CITY OF MARLBOROUGH MEETING POSTING

Meeting Name: City Council Urban Affairs Committee

Date: February 13, 2018

Time: 5:30 PM

Location: City Council Chamber, 2nd Floor, City Hall, 140 Main Street

02-05-2018 – **Order No. 17/18-1006979B**: Communication from Metropolitan Area Planning Council:

1) Multifamily Design Review Guidelines;
2) Multifamily Development Review Criteria;
3) Background information on TDR;
4) MA Subsidized Housing Inventory for Marlborough; and
5) Housing Needs Assessment.

-REFER TO URBAN AFFAIRS

THE LISTING OF TOPICS THAT THE CHAIR REASONABLY ANTICIPATES WILL BE DISCUSSED AT THE MEETING IS NOT INTENDED AS A GUARANTEE OF THE TOPICS THAT WILL HAVE BEEN DISCUSSED. NOT ALL TOPICS LISTED MAY IN FACT BE DISCUSSED, AND OTHER TOPICS NOT LISTED MAY ALSO BE BROUGHT UP FOR DISCUSSION TO THE EXTENT PERMITTED BY LAW.

The public should take due notice that the Marlborough City Council may have a quorum in attendance due to Standing Committees of the City Council consisting of both voting and non-voting members. However, members attending this duly posted meeting are participating and deliberating only in conjunction with the business of the Standing Committee.

Electronic devices, including laptops, cell phones, pagers, and PDAs must be turned off or put in silent mode upon entering the City Council Chamber, and any person violating this rule shall be asked to leave the chamber. Express authorization to utilize such devices may be granted by the President for recordkeeping purposes.

IN CITY COUNCIL

Marlborough, Mass., FEBRUARY 5, 2018

ORDERED:

That the Communication and documents from the Metropolitan Area Planning Council re: 1) Multifamily Design Review Guidelines 2) Multifamily Development Review Criteria, 3) Background information on TDR, 4) MA Subsidized Housing Inventory for Marlborough & 5) Housing Needs Assessment, be and is herewith refer to **URBAN AFFAIRS COMMITTEE**.

ADOPTED

ORDER NO. 17/18-1006979B

From: City Council
Sent: Wednesday, January 31, 2018 9:02 PM
To: Lisa Thomas
Cc: Steven Kerrigan; Sara Corbin
Subject: For February 5, 2018 Agenda: From MAPC: 1) Multifamily Design Review Guidelines 2) Multifamily Development Review Criteria, 3) Background information on TDR, and 4) MA Subsidized Housing Inventory for Marlborough 5) Housing Needs Assessment
Attachments: Guiding document and Point System for Multi-Family Residential Developme.._.docx; List of Marlborough SHI units 2017.docx; Marlborough Multi-Family Design Guidelines-Progress-01-31-18.pdf

`From: James Tarr
Sent: Wednesday, January 31, 2018 5:32 PM
To: City Council
Ed Clancy
Cc: Meredith Harris
Subject: FW: Materials for Council and UAC: 1) Multifamily Design Review Guidelines 2) Multifamily Development Review Criteria, 3) Background information on TDR, and 4) MA Subsidized Housing Inventory for Marlborough 5) Housing Needs Assessment

Hello Everyone,

Mark Racicot and the MAPC Team have sent over the following email, attached you will find:

- Guiding Document and Point System for Multifamily Residential Developments
- Multifamily Design Guidelines

Additionally, Mark has provided us with links to some information on transfer of development rights and some various other MAPC projects involving housing development.

Please let us know if there is anything else that we can do. We will be happy to provide a cover sheet or letter, if necessary.

Best,
Jim

James Tarr
Deputy Director
91 Main Street, Suite 204
Marlborough, MA 01752
(P): 508.229.2010
Follow us on **Twitter** & **Facebook**: MarlboroughEDC
Live, Work, Play! **Marlborough Video**

Marlborough
ECONOMIC DEVELOPMENT CORPORATION

From: '
Sent: Wednesday, January 31, 2018 5:22 PM
To: Meredith Harris ; James Tarr
Subject: Materials for Council and UAC: 1) Multifamily Design Review Guidelines 2) Multifamily Development Review Criteria, 3) Background information on TDR, and 4) MA Subsidized Housing Inventory for Marlborough 5) Housing Needs Assessment

From: Racicot, Mark
Sent: Wednesday, January 31, 2018 4:22 PM
To: 'Meredith Harris' ; 'James Tarr'
Cc: Wall, Cynthia ; Fiala, Josh ; Adelman, Karen

Subject: RE: Materials for Council and UAC: 1) Multifamily Design Review Guidelines 2) Multifamily Development Review Criteria, 3) Background information on TDR, and 4) MA Subsidized Housing Inventory for Marlborough 5) Housing Needs Assessment

Meredith and James,

I am re-sending this email, removing the largest file so that it does not overload your email filter. This file is available through one of the links below.

Attached is the updated version of the Development Review Criteria (DRC) which we believe includes all of the suggested changes from our most recent phone conference. The Development Review Criteria now includes a Point System for Evaluating Responsiveness to City Criteria. HOWEVER, note that this is a DRAFT that is meant to show relative priorities of each element. This point system, IF it is retained, must be evaluated by

- discussions about the relative importance of the criteria (the scores attributed to each element may need adjusting), and
- testing against example developments that the city likes, and some that it does NOT like, to see if the Point System will appropriately score future developments. We also feel that this should be used only as an initial scoring of developments; this should be followed by negotiation with developers regarding the finer grain details of the proposals.

The updated version of the Design Review Guidelines (DRG), which includes changes to clarify the types of developments appropriate for the various locations, is available on the MAPC File Transfer site at
ftp://ftp.mapc.org/Marlborough%202016/Marlborough%20Multi-Family%20Design%20Guidelines-Progress-01-31-18.pdf (Note that we anticipate being able to make additional changes to the DRG to provide details related to the actual design elements prior to the UAC meeting scheduled for 2-13-18).

Regarding the additional information requested for discussion at the upcoming Council and UAC meetings:

- The best summary of Transfer of Development Rights for the state of Massachusetts is probably the TDR section in the Massachusetts Smart Growth/Smart Energy Tool Kit. The TDR main page is at
  http://www.mass.gov/envir/smart_growth_toolkit/pages/mod-tdr.html
  A Case study of TDR in Falmouth, MA is found in this Tool Kit at
  http://www.mass.gov/envir/smart_growth_toolkit/pages/CS-tdr-falmouth.html

- The Subsidized Housing Inventory (SHI) for Marlborough, MA as shown on the September 2017 listing on the Department of Housing and Community Development (DHCD) web site at https://www.mass.gov/files/documents/2017/10/10/shiinventory_0.pdf is 11.4%. See the attached file (List of Marlborough SHI Units 2017) for details. Note that the affordability requirements on SOME of these units are slated to expire in 2018, and many more within the next 5 years, unless they are extended!

- Regarding future housing unit need, the Housing Needs Assessment undertaken by MAPC in 2014 indicated that there is a market demand for continuing housing growth in Marlborough; estimated market demand was for between 1,300 and 1,800 unit growth between 2010 and 2030 (see page 4 of Housing Needs Analysis at ftp://ftp.mapc.org/Marlborough%202016/Marlborough_HOUSING_NEEDS_ANALYSIS_FINAL.pdf). This equates to an average growth of 90 units per year. Note that Marlborough could also CHOOSE to grow more than this; encouraging household growth is one way to support local business growth, as the households will support additional businesses.

An finally, note that neither the Design Review Guidelines nor the Development Review Criteria have yet incorporated sustainability/energy efficiency (e.g., LEED, NetZero); we intend to do that in future editions of the materials.

Mark Racicot
Director, Land Use Division
Metropolitan Area Planning Council
60 Temple Place, 6th Floor
Boston, MA 02111
Please note that my phone numbers have recently changed:
617-451-2770 ext 752
Direct dial: 617-933-0752
mracicot@mapc.org

1.Multifamily Design Review Guidelines

City of Marlborough

Multifamily Design Guidelines

DRAFT FOR DISCUSSION

FEBRUARY 8, 2018

Marlborough Multifamily Design Guidelines

The City of Marlborough Multifamily Design Guidelines (MDG) are intended to assist the City Council and Urban Affairs Committee with the review of multifamily development that may be proposed throughout the City.

The document is also intended to provide multifamily development teams with an indication of the types of projects that may be deemed suitable for specific areas of the City and to communicate the types of features that are desired by the City for investments to successfully contribute to the community.

Questions relating to the multifamily design guidelines should be directed to

Marlborough Multifamily Design Guidelines
Initial Approach and Organization

The City of Marlborough is drafting Multifamily Design Guidelines (MDG) to align residential investments with City goals, elevate the design quality of those investments, and to assist in the review and approval process. Design Guidance is not being provided for single family homes. The MDG build on the recently completed *Multifamily Market and Fiscal Impact Analysis* by RKG Associates in July 2017.

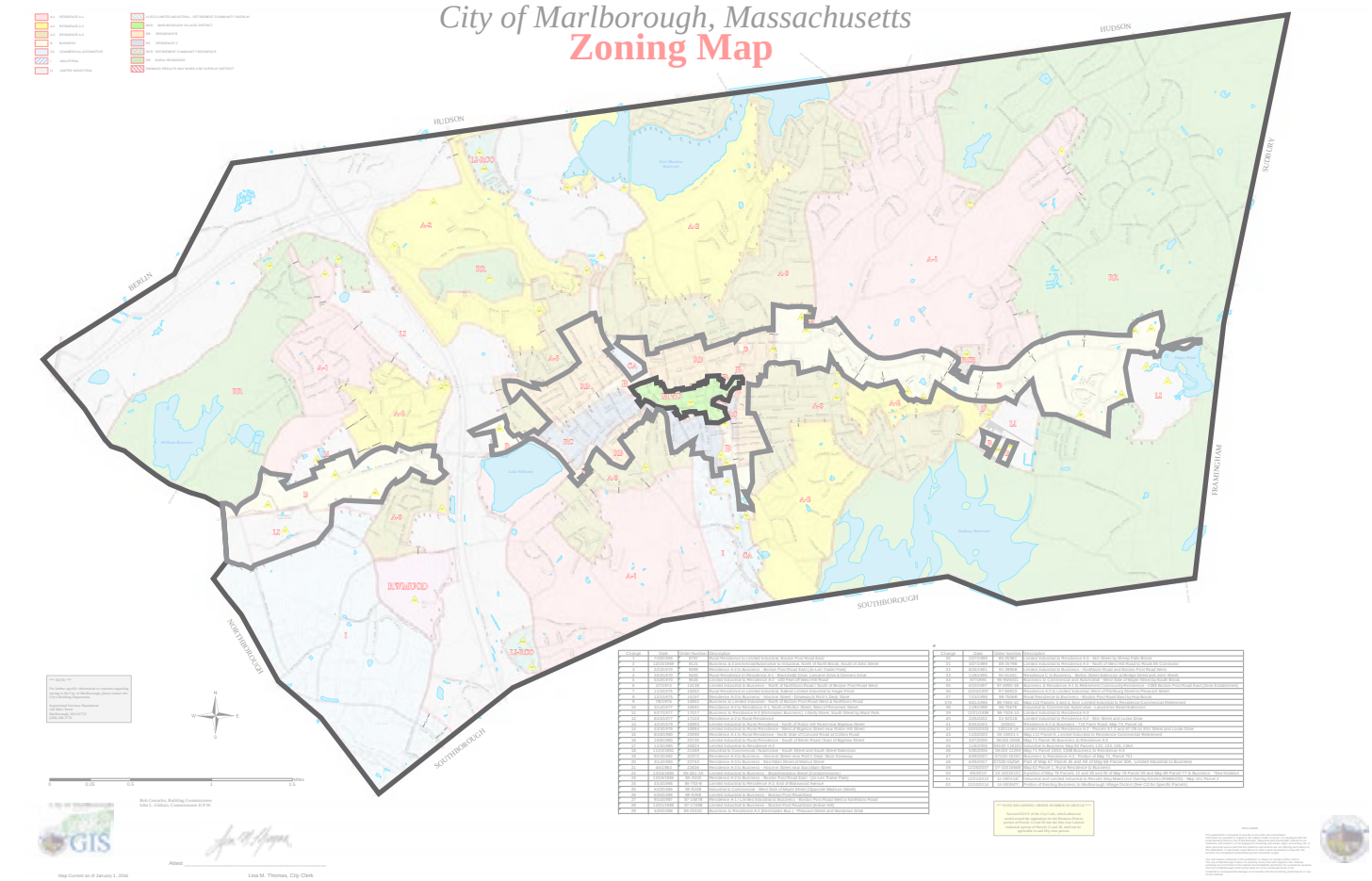
This initial approach and organization memorandum describes the general neighborhood districts that would be the focus of the MDG combined with an approach to the design guidance within each district including a neighborhood area analysis and design review guidelines outline.

Study Context

In the City of Marlborough, multifamily housing is allowed through two primary sections of the zoning ordinance - Multifamily by Special Permit and Comprehensive Developments. The applicable locations for these two approaches to multifamily housing are illustrated on the City of Marlborough Zoning Map below. Multifamily by Special Permit is allowed in the Marlborough Village District (MVD), Business Districts (B), Residence B (RB), and Residence C (RC) districts. Comprehensive Developments are allowed anywhere in the City, except the Marlborough Village District (MVD). The districts for the design guidelines respond to this regulatory context.

Legend

- **Multifamily by Special Permit**
- **Comprehensive Developments**
  (Excludes MVD)



Design Guideline Districts

The Multifamily Design Guidelines (MDG) appear to be well-suited to a multiple district approach with design guidance that is specific to the needs of each district. An initial delineation of these districts is based on the *Multifamily Market and Fiscal Impact Analysis*' "Location Opportunities and Recommendations", the multifamily regulatory context of the zoning ordinance, and the characteristics of the existing housing patterns in the City.

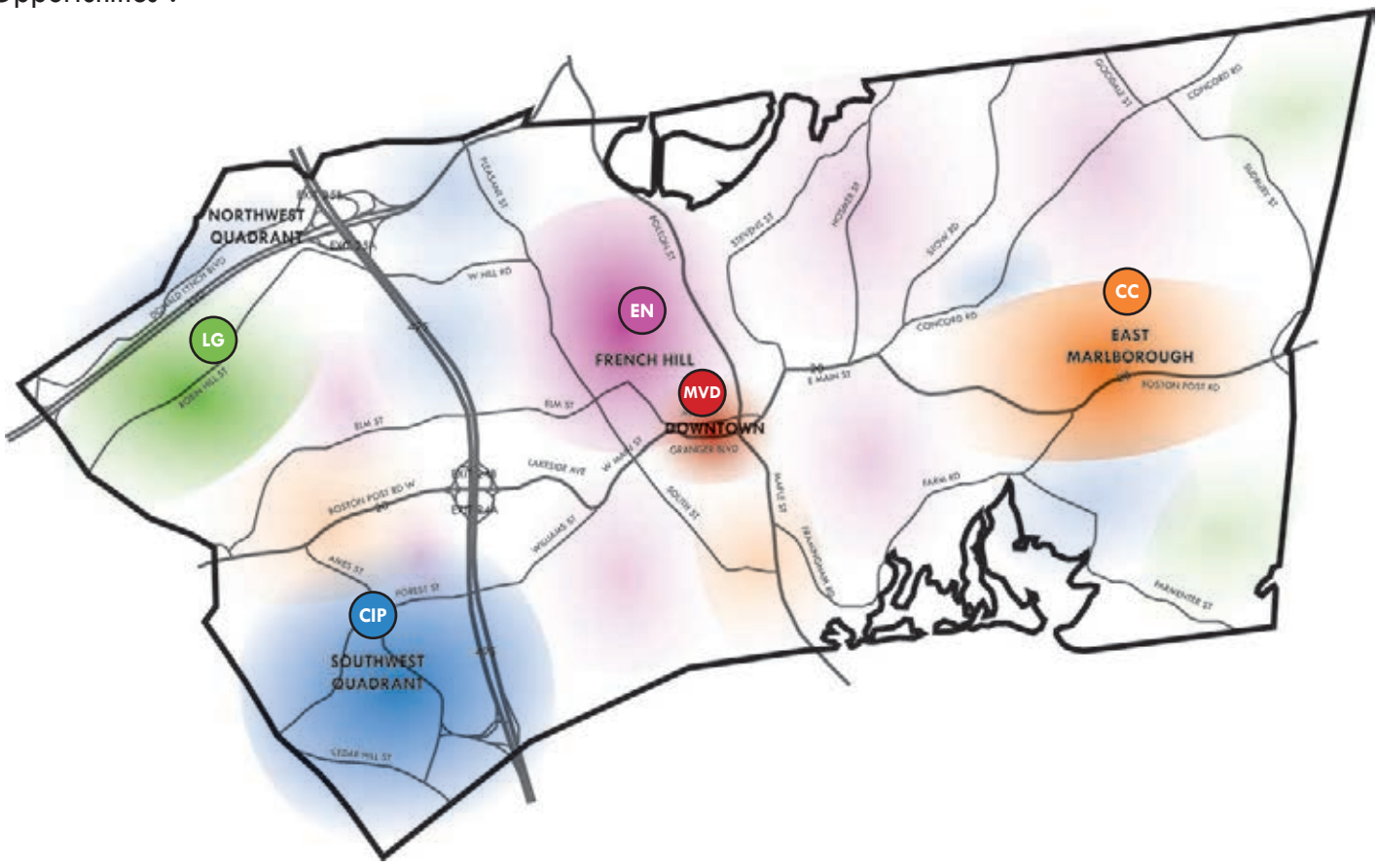
The ambition of a multiple district approach is to address specific guidance to the specific needs of a particular area within the City and to also apply the same guidance to other parts of the City that may have similar considerations in the future. In other words, it is not necessary to identify different types of districts for the entirety of the City, but to identify districts that are differentiated enough as to provide guidance for most relevant scenarios.

The recommended districts mirror the "Location Opportunities":

- **Established Neighborhood** (EN, *example:* French Hill)
- **Commercial Corridor** (CC, *example:* East Marlborough)
- **Commerce/Industrial Park** (CIP, *example:* Southwest Quadrant)
- **Large-scale Greenfield** (LG, *example:* Northwest Quadrant)

The *Multifamily Market and Fiscal Impact Analysis* also identifies Downtown Marlborough as a location opportunity. Downtown is the subject of *Design Review Guidelines for the Marlborough Village District*. The multifamily design guidance will be developed as a companion and complement to the Downtown Marlborough design guidelines drafted in 2014, but will not focus on it as a district.

On November 30th, MAPC undertook a driving photo tour of the context within each of these general areas to build an understanding of the current conditions of each district. The design guidelines will define the most appropriate types of multifamily development for each district and the most suitable design characteristics for the existing context.



A brief summary of thoughts about each district following initial review of recent documents, aerial photographs, driving tour, and discussion with the Marlborough Economic Development Corporation (MEDC).

EN Established Neighborhood (*example:* French Hill)

Approach:
Smaller infill to retain scale and character of traditional neighborhood with walkable streets

Potentially Suitable Housing Types:
Multiple units in house, townhouse, multiple unit building

Example aerial:

Example photograph:

CC Commercial Corridor (*example:* East Marlborough)

Approach:
Moderate scale to reinforce walkable nodes and attractive corridor frontage

Potentially Suitable Housing Types:
Townhouse, multiple unit building, multiple unit building over parking

Example aerial:

Example photograph:

CIP Commerce/Industrial Park (*example:* Southwest Quadrant)

Approach:
Incremental introduction of residential uses to other existing uses integrating multiple housing types, amenities and open space in long term transformation into walkable nodes

Potentially Suitable Housing Types:
Townhouse, multiple unit building, multiple unit courtyard building, multiple unit building over parking, multiple unit building next to parking

Example aerial:

Example photograph:

LG Large-scale Greenfield (ex: Northwest Quadrant)

Approach:
Large scale development of undeveloped site integrating multiple housing types, amenities and open space to enhance walkability and bikability

Potentially Suitable Housing Types:
Cluster of small houses, multiple units in house, townhouse, multiple unit building, multiple unit courtyard building, multiple unit building over parking, multiple unit building next to parking

Potential Housing Types and Suitability Matrix

A check mark indicates a housing type that is potentially suitable for the district listed.

Potential Multifamily Housing Types:

	Established Neighborhood (EN)	Commercial Corridor (CC)	Commerce / Industrial Park (CIP)	Large-scale Greenfield (LG)	Marlborough Village District (MVD)
1 Cluster of Small Houses *Modest buildings purposefully arranged around small open spaces* 				✓	
2 Multiple Units in House *Multiple units in a larger structure typically accessed from a common entry and stair* 	✓			✓	
3 Townhouse *Units sharing side walls, may shared common entries or stairs, may be stacked on a garage* 	✓	✓	✓	✓	
4 Multiple Unit Building *Multiple units served by a common entry and common interior corridor to access units* 	✓	✓	✓	✓	✓
5 Multiple Unit Courtyard Building *Multiple units served by a common entry and interior corridor that connect to form an interior courtyard* 			✓	✓	
6 Multiple Unit Over Parking *Multiple units served by a common entry and interior corridor that include parking in the building base* 		✓	✓	✓	✓
7 Multiple Unit Next To Parking *Multiple units arranged to conceal a parking structure* 			✓	✓	

MARLBOROUGH CITY-WIDE CONTEXT

ALL CALCULATIONS ARE APPROXIMATE ESTIMATES

NUMBER OF PARCELS: **10,560**

TOTAL LAND AREA: **14,208 acres**

AVERAGE PARCEL SIZE: **1.33 acres**

STREET ROW AREA: **1,339 acres** *(Source: Marlborough Land Parcel Data 2012, most recent available)*

TOTAL NUMBER OF RESIDENTIAL UNITS: **16,560** *(Source: US Census ACS Estimate 2011-15)*

DENSITY OF UNITS: **1.2 units per acre**

APPROXIMATE APPLICABILITY OF GUIDELINES

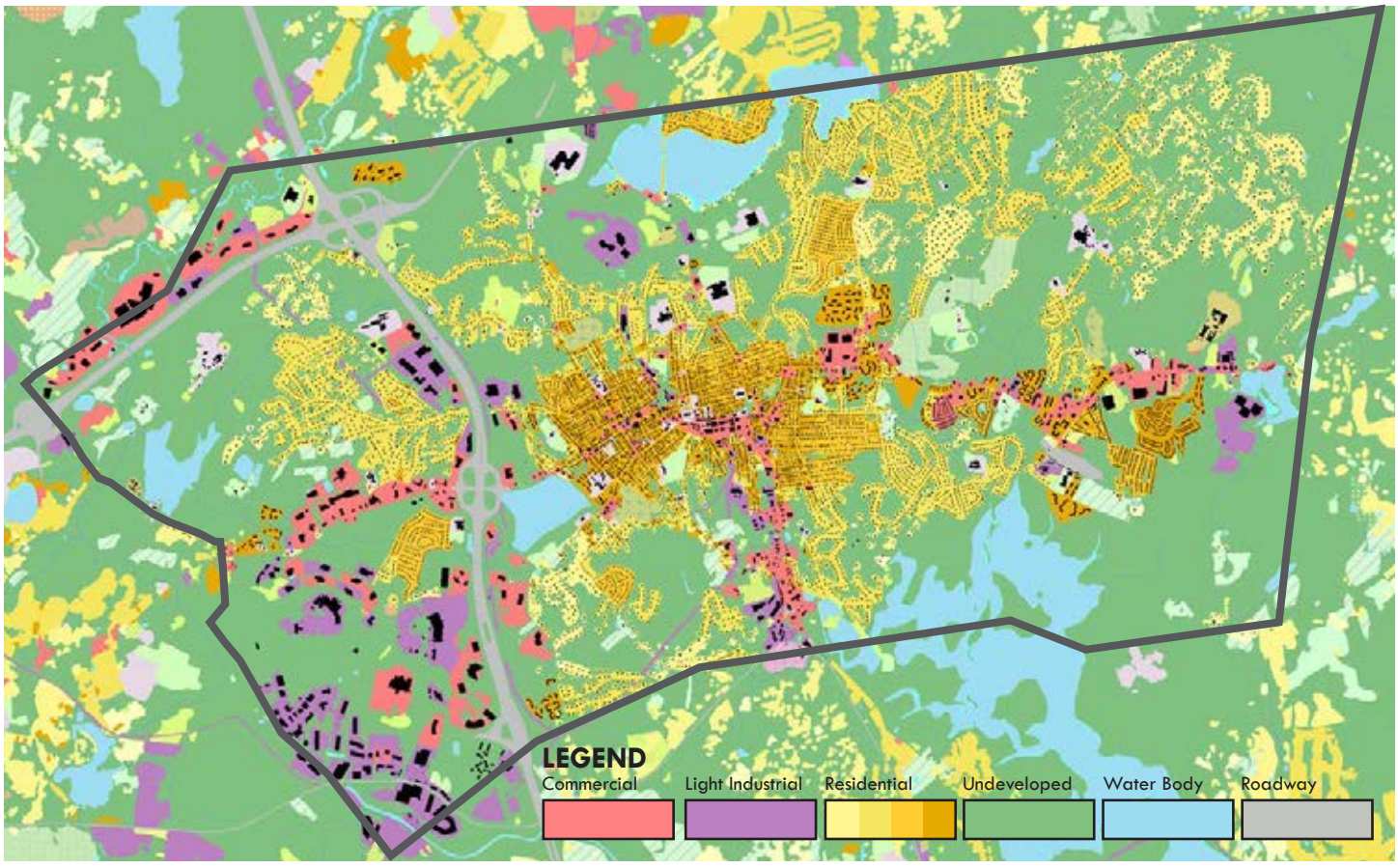
% OF TOTAL PARCELS BY DISTRICT *(+/-1.5% MARGIN OF ERROR)*

EN	CC	CIP	LG	MVD
86%	7%	4%	1%	2%

% OF TOTAL LAND AREA BY DISTRICT *(BETWEEN 6-8% IS UNACCOUNTED, MAY BE WATER BODIES)*

EN	CC	CIP	LG	MVD
40%	13%	27%	13%	<1%

CITY-WIDE LAND USE DIAGRAM



EN ESTABLISHED NEIGHBORHOOD (EN)

CONTEXT DESCRIPTION




GENERAL CHARACTER: The "Established Neighborhood" context is characterized by large and modest single-family and multifamily residential buildings, interspersed with smaller commercial or institutional uses. These uses are organized with a traditional street and block grid with sidewalks and mature trees.
STREET AND BLOCK PATTERNS: Most of these areas are set apart from the major roadway connections in the City. Most blocks are of a walkable traditional neighborhood scale with a network of connecting streets. Some areas are more suburban with winding streets that don't connect as frequently and end in a cul-de-sac.
BUILDING PLACEMENT AND LOCATION: Buildings are oriented to the street typically set back behind a front yard.
BUILDING HEIGHT: A height of two-stories is most prominent with variation including one-story and three-story buildings occasionally.
MOBILITY: Walking and driving are the primary forms of transportation in these areas.

EN ESTABLISHED NEIGHBORHOOD (EN)

CONTEXT APPLICABILITY

NUMBER OF PARCELS: 9,020 (approximately)
TOTAL LAND AREA: 5,604 acres (approximately)
AVERAGE PARCEL SIZE: **0.62 acres** (approximately)
EXAMPLE: **FRENCH HILL**

APPROACH:
Smaller infill to retain scale and character of traditional neighborhood with walkable streets

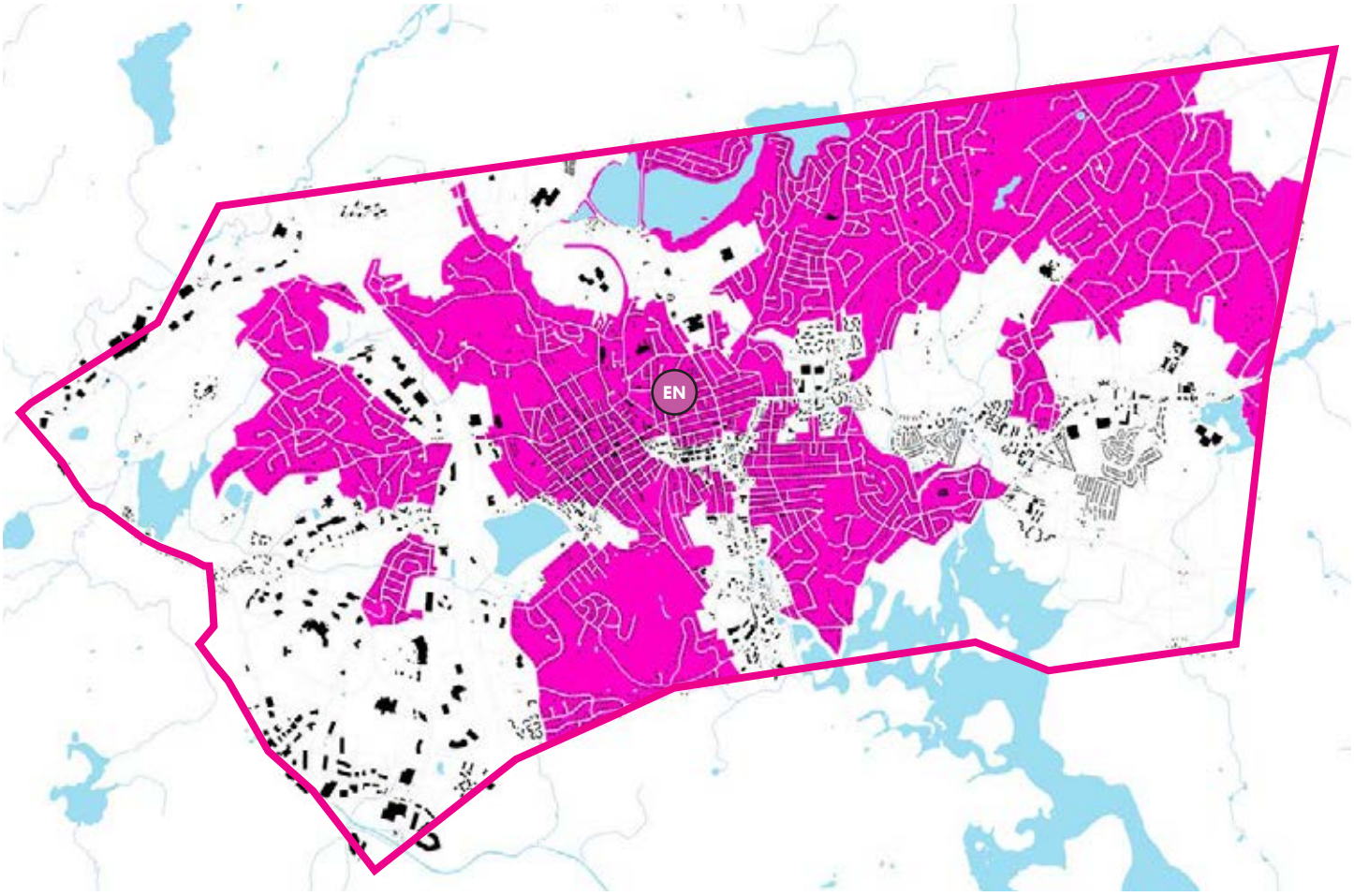
CONTEXT SUITABILITY

POTENTIALLY SUITABLE HOUSING TYPES:

Multiple Units in House

Townhouse

Multiple Unit Building



MAP OF CONTEXT APPLICABILITY:
Generalized boundaries of where this type of design guidance may be applicable in the City

EN ESTABLISHED NEIGHBORHOOD (EN)

DESIGN GUIDELINES

[DRAFT CONTENT]

SITE DESIGN

Context Sensitive

1 • **Setbacks** - Respect abutting setbacks working within a range of about 5 feet of the typical front and side setbacks in the immediate context

2 • **Orientation of Building** - Buildings should be oriented to the street

3 • **Transitions and Buffers** - Building orientation and placement should respond to the surrounding properties and be sensitive to the scale of neighboring buildings by stepping down building massing, buffers to adjacent properties should include landscape screening, trees, fencing or other screening methods. Preserving mature trees at the property edges is preferred

4 • **Open Spaces or Plazas** - Site open space and plazas should be located and positioned to expand existing and adjacent amenities to allow for continuous visual connections and physical connections to existing open spaces or plazas

Site Configuration

5 • **Positioning of Building** - Placed nearly centered on the property side to side and biased to the front of the property

6 • **Location of Parking** - Placed to the rear of the building, if parking is placed in the side yard it must be integrated with landscaping and screened from the frontage

7 • **Location of Service, Loading and Utility Areas** - Placed to the rear of the property and screened

Parking and Circulation

8 • **Driveways** - Curb cuts and site vehicular access should be minimized and should be combined with adjacent properties when the opportunity exists

9 • **Walkways** - Pedestrian access should be provided to the building entries and parking areas connecting to the sidewalk at the street frontage, pedestrian connections should be provided to adjacent amenities, paths or trails, other connections to adjacent properties should occur as possible

10 • **Vehicular Circulation** - Circulation in parking areas should be designed to allow for connections to existing parking areas on adjacent properties, internal circulation should be designed to allow for the convenient and efficient shared use of parking between properties in the future

11 • **Alternative Modes of Travel** - Convenient locations for bicycle parking should be provided and locations for car share spaces in the parking lot should be considered

External Materials and Landscape

12 • **Quality Materials** - Selection of external site materials should focus on quality, durability, and sustainability and should elevate the quality of its context

13 • **Material Palette** - Selection of site materials should complement the existing context and should include granite curbs, concrete sidewalks, and accent features such as pavers

14 • **Landscape** - Plantings should be species native to Eastern Massachusetts, long-lived and hardy, and include shade trees in the site design

15 • **Sustainable Design** - Integrate low impact development techniques and sustainable stormwater management features into the site design

Amenities and Lighting

16 • **Site Furnishings** - Seating, benches, trash receptacles, bike racks, and screening elements should be coordinated with consistent materials and appropriate locations

17 • **Site Lighting** - Lighting should be of a pedestrian-scale and focused on safe lighting levels for use of the property while avoiding light spill onto adjacent properties and light impact on the night sky

EN ESTABLISHED NEIGHBORHOOD (EN)

DESIGN GUIDELINES

[DIAGRAM ILLUSTRATING DESIGN GUIDELINES WITH HOUSING TYPES AND AVERAGE PARCEL SIZE]

Context Average Parcel Size:
0.62 acres


14


15


16


17

EN ESTABLISHED NEIGHBORHOOD (EN)

DESIGN GUIDELINES

[DRAFT OF CONTENT]

BUILDING DESIGN

Context Sensitive

1 • **Orientation of Building** - The building should be designed to be face the primary street of the property frontage, this orientation is achieved through the layout of the plan, design of the building form, and location of building entries and lobby

2 • **Transitions and Buffers** - The building should step down in height, or reduce the volume of roof form adjacent to an existing building of a lower height

3 • **Complementary Building Forms** - The layout of the building plan and design of building massing should complement adjacent structures by providing a similar scale at the street frontage

Building Configuration

4 • **Height** - Within the zoning limitations on height, further reductions in height should be used to respond to the surrounding context near property edges

5 • **Scale** - The scale of a building should be biased toward the portion of the site least visible from the street frontage with the intention of allowing larger scale structures that fit into the context

6 • **Roof Form** - The roof form should be used to reduce the overall scale of large structures, add visual interest to the building, and complement the immediate context of structures

Facade and Appearance

7 • **Entrances** - The primary building entry should be a feature of the building facade and be anchored by the building massing; avoid the appearance of the entry "tacked on" to the building

8 • **Garage Doors** - Garage doors should not be the prominent feature of the front building facade, placement of garages should be on the rear or side of the building

9 • **Windows** - Windows should be used as a primary feature of facades to provide a sense of scale and relate to the surrounding building context through window size, pattern, and spacing

10 • **Horizontal Definition** - The building facade should be composed of several horizontal bays to form a visually distinct pattern that reduces the overall scale of the structure; avoid complete repetition across a flat facade, provide variety in the design and depth of these bays

11 • **Vertical Definition** - The building facade of a large scale structure should also relate to the surrounding context by differentiating materials of the facade vertically, a base material may relate to an adjacent single-story structure or a third-story may be a different material than the lower stories

External Materials

- **Quality Materials** - Exterior building materials should be high quality, durable, and sustainable and avoid materials not consistent with the context such as stucco products

Additional Considerations

- **Sustainable Design** - The integration of sustainable design approaches and features into the building are encouraged including participating in a sustainability guidance and rating system such as Leadership in Energy and Environmental Design (LEED green buildings).
- **Historic Structures** - If the property includes historic structures, the structures should be integrated into the redevelopment design with renovation and additions that are complementary to the historic structure and consistent with the Secretary of the Interior's Standards for Rehabilitation.
- **Signage** - If signage is required for the property, it should be minimized and designed to be consistent with address numbers and to integrate with the design of the building facade

EN ESTABLISHED NEIGHBORHOOD (EN)

DESIGN GUIDELINES

[DIAGRAM ILLUSTRATING DESIGN GUIDELINES WITH HOUSING TYPES AND AVERAGE PARCEL SIZE]

Context Average Parcel Size:
0.62 acres


6


9


10


11

CC COMMERCIAL CORRIDOR (CC)

CONTEXT DESCRIPTION




GENERAL CHARACTER: The "Commercial Corridor" is characterized by the presence of a major roadway in the City and frequent commercial uses. The residential context includes multifamily residential buildings set within the larger commercial context.
STREET AND BLOCK PATTERNS: The streets and blocks are oriented to the primary roadway (State Routes 20 and 85.
BUILDING PLACEMENT AND LOCATION: Buildings are often placed setback from the commercial corridor with parking in between the building and roadway.
BUILDING HEIGHT: Multifamily residential buildings vary from 2-story to 4-story, most commercial and retail buildings are one-story.
MOBILITY: The pattern is distinctly auto-oriented, pedestrian activity is constrained by automobile circulation and distances to be traveled.

CC COMMERCIAL CORRIDOR (CC)

CONTEXT APPLICABILITY

NUMBER OF PARCELS: 700 (approximately)
TOTAL LAND AREA: 1,756 acres (approximately)
AVERAGE PARCEL SIZE: **2.5 acres** (approximately)
EXAMPLE: **EAST MARLBOROUGH**

APPROACH:
Moderate scale to reinforce walkable nodes and attractive corridor frontage

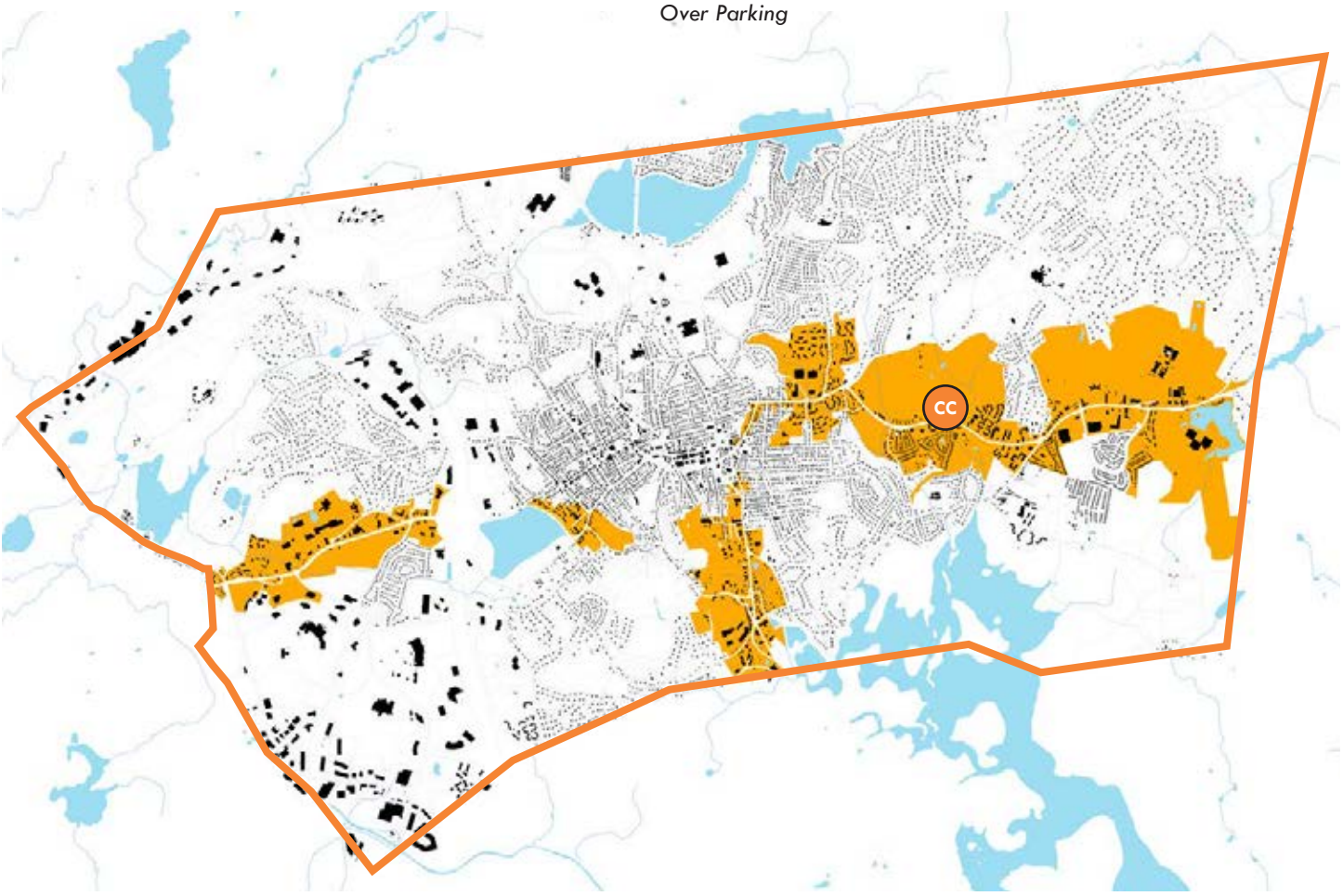
CONTEXT SUITABILITY

POTENTIALLY SUITABLE HOUSING TYPES:

Townhouse

Multiple Unit Building

Multiple Unit Building Over Parking



MAP OF CONTEXT APPLICABILITY:
Generalized boundaries of where this type of design guidance may be applicable in the City

CC COMMERCIAL CORRIDOR (CC)

DESIGN GUIDELINES

[DRAFT OUTLINE OF CONTENT]

SITE DESIGN

Context Sensitive

- **Setbacks** - [to be written]
- **Orientation of Building** - [to be written]
- **Transitions and Buffers** - [to be written]
- **Open Spaces or Plazas** - [to be written]

Site Configuration

- **Positioning of Building** - [to be written]
- **Location of Parking** - [to be written]
- **Location of Service, Loading and Utility Areas** - [to be written]

Parking and Circulation

- **Driveways** - [to be written]
- **Walkways** - [to be written]
- **Vehicular Circulation** - [to be written]
- **Alternative Modes of Travel** - [to be written]

External Materials and Landscape

- **Quality Materials** - [to be written]
- **Material Palette** - [to be written]
- **Landscape** - [to be written]
- **Sustainable Design** - [to be written]

Amenities and Lighting

- **Site Furnishings** - [to be written]
- **Site Lighting** - [to be written]

CC COMMERCIAL CORRIDOR (CC)

DESIGN GUIDELINES

[DIAGRAM ILLUSTRATING DESIGN GUIDELINES WITH HOUSING TYPES AND AVERAGE PARCEL SIZE]

Context Average Parcel Size:
2.5 acres

CC COMMERCIAL CORRIDOR (CC)

DESIGN GUIDELINES

[DRAFT OUTLINE OF CONTENT]

BUILDING DESIGN

Context Sensitive

- **Orientation of Building** - [to be written]
- **Transitions and Buffers** - [to be written]
- **Complementary Building Forms** - [to be written]

Building Configuration

- **Height** - [to be written]
- **Scale** - [to be written]
- **Massing** - [to be written]
- **Roof Form** - [to be written]

Facade and Appearance

- **Entrances** - [to be written]
- **Garage Doors** - [to be written]
- **Windows** - [to be written]
- **Horizontal Definition** - [to be written]
- **Vertical Definition** - [to be written]

External Materials

- **Quality Materials** - [to be written]

Additional Considerations

- **Sustainable Design** - [to be written]
- **Historic Structures** - [to be written]
- **Signage** - [to be written]

CC COMMERCIAL CORRIDOR (CC)

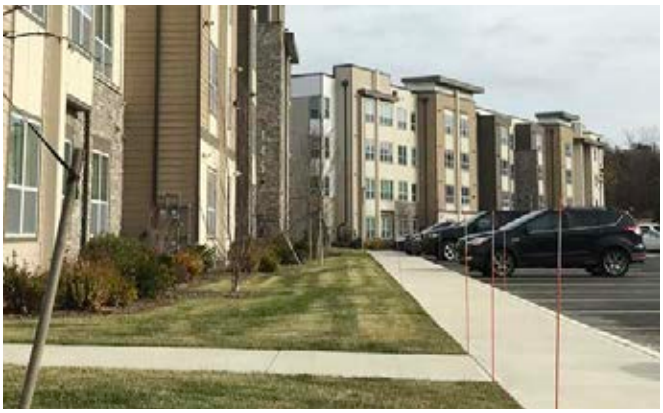
DESIGN GUIDELINES

[DIAGRAM ILLUSTRATING DESIGN GUIDELINES WITH HOUSING TYPES AND AVERAGE PARCEL SIZE]

Context Average Parcel Size:
2.5 acres

CIP COMMERCE/INDUSTRIAL PARK (CIP)

CONTEXT DESCRIPTION




GENERAL CHARACTER: The "Commerce/Industrial Park" is characterized by large properties of predominantly commercial or light industrial uses arranged with access drives and large parking areas set within wooded areas of the City.
STREET AND BLOCK PATTERNS: Sites are designed for internal circulation and result in a disconnected pattern of streets where circulation is only possible by automobile.
BUILDING PLACEMENT AND LOCATION: Buildings are arranged around an internal logic of the design of the property, little regard is given to the surrounding context.
BUILDING HEIGHT: Buildings range from 1-story to 5-story.
MOBILITY: The scale of the properties and the distance between destinations reduces the viability of non-auto modes of travel.

CIP COMMERCE/INDUSTRIAL PARK (CIP)

CONTEXT APPLICABILITY

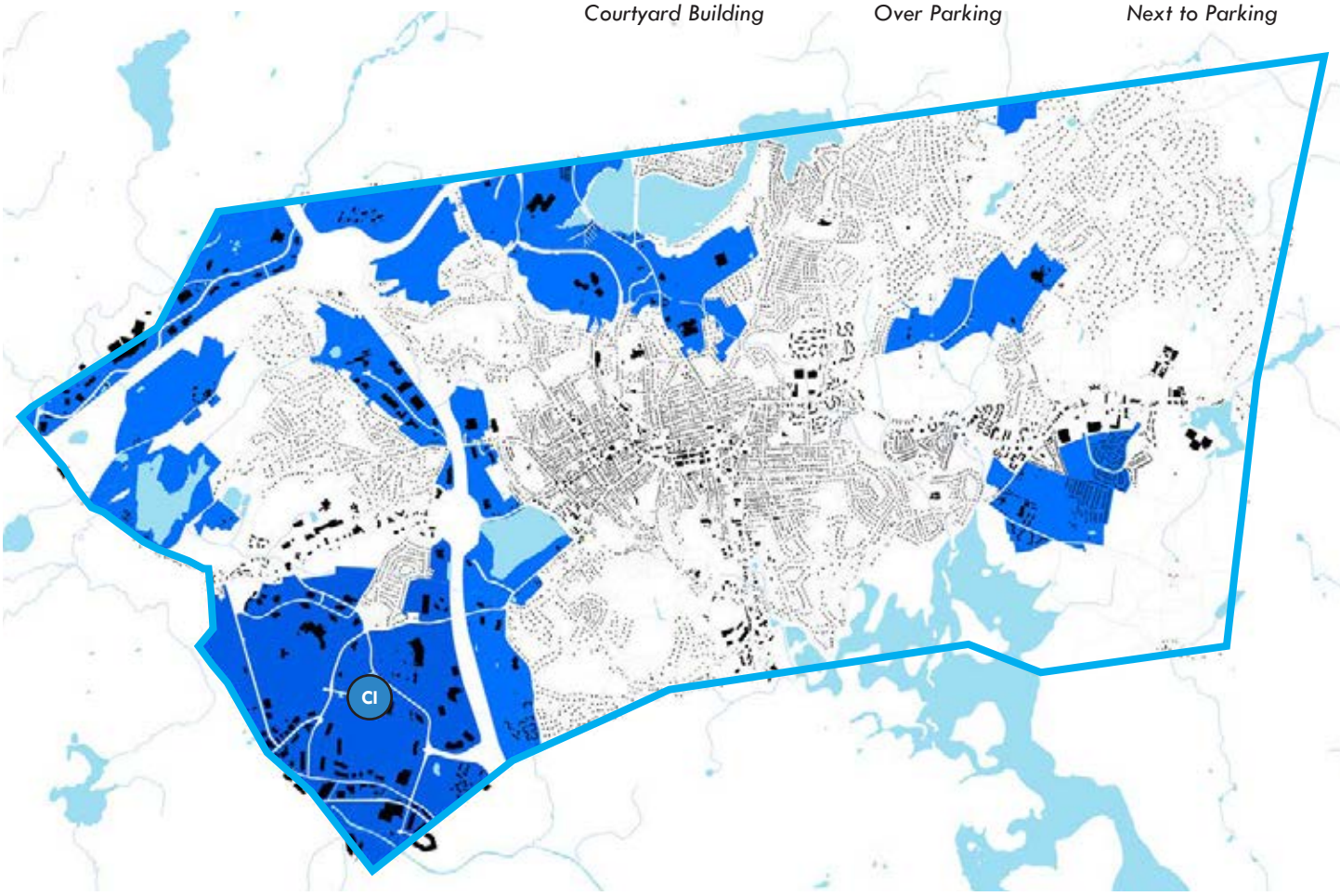
NUMBER OF PARCELS: 418 (approximately)
TOTAL LAND AREA: 3,720 acres (approximately)
AVERAGE PARCEL SIZE: 8.90 acres (approximately)
EXAMPLE: **SOUTHWEST QUADRANT**

APPROACH:
Large scale development integrating multiple housing types, amenities and open space to enhance walkability and bikability

CONTEXT SUITABILITY

POTENTIALLY SUITABLE HOUSING TYPES:

Townhouse | *Multiple Unit Building* | *Multiple Unit Courtyard Building* | *Multiple Unit Building Over Parking* | *Multiple Unit Next to Parking*



MAP OF CONTEXT APPLICABILITY:
Generalized boundaries of where this type of design guidance may be applicable in the City

CIP COMMERCE/INDUSTRIAL PARK (CIP)

DESIGN GUIDELINES

[DRAFT OUTLINE OF CONTENT]

SITE DESIGN

Context Sensitive

- **Setbacks** - [to be written]
- **Orientation of Building** - [to be written]
- **Transitions and Buffers** - [to be written]
- **Open Spaces or Plazas** - [to be written]

Site Configuration

- **Positioning of Building** - [to be written]
- **Location of Parking** - [to be written]
- **Location of Service, Loading and Utility Areas** - [to be written]

Parking and Circulation

- **Driveways** - [to be written]
- **Walkways** - [to be written]
- **Vehicular Circulation** - [to be written]
- **Alternative Modes of Travel** - [to be written]

External Materials and Landscape

- **Quality Materials** - [to be written]
- **Material Palette** - [to be written]
- **Landscape** - [to be written]
- **Sustainable Design** - [to be written]

Amenities and Lighting

- **Site Furnishings** - [to be written]
- **Site Lighting** - [to be written]

CIP COMMERCE/INDUSTRIAL PARK (CIP)

DESIGN GUIDELINES

[DIAGRAM ILLUSTRATING DESIGN GUIDELINES WITH HOUSING TYPES AND AVERAGE PARCEL SIZE]

Context Average Parcel Size:
8.9 acres

CIP COMMERCE/INDUSTRIAL PARK (CIP)

DESIGN GUIDELINES

[DRAFT OUTLINE OF CONTENT]

BUILDING DESIGN

Context Sensitive

- **Orientation of Building** - [to be written]
- **Transitions and Buffers** - [to be written]
- **Complementary Building Forms** - [to be written]

Building Configuration

- **Height** - [to be written]
- **Scale** - [to be written]
- **Massing** - [to be written]
- **Roof Form** - [to be written]

Facade and Appearance

- **Entrances** - [to be written]
- **Garage Doors** - [to be written]
- **Windows** - [to be written]
- **Horizontal Definition** - [to be written]
- **Vertical Definition** - [to be written]

External Materials

- **Quality Materials** - [to be written]

Additional Considerations

- **Sustainable Design** - [to be written]
- **Historic Structures** - [to be written]
- **Signage** - [to be written]

CIP COMMERCE/INDUSTRIAL PARK (CIP)

DESIGN GUIDELINES

[DIAGRAM ILLUSTRATING DESIGN GUIDELINES WITH HOUSING TYPES AND AVERAGE PARCEL SIZE]

Context Average Parcel Size:
8.9 acres

LG LARGE-SCALE GREENFIELD (LG)

CONTEXT DESCRIPTION




GENERAL CHARACTER: Large undeveloped lot typically with mature tree cover for most of the lot.
STREET AND BLOCK PATTERNS: Sites are designed for internal circulation and result in a disconnected pattern of streets where circulation is only possible by automobile.
BUILDING PLACEMENT AND LOCATION: Buildings are arranged around an internal logic of the design of the property, little regard is given to the surrounding context.
BUILDING HEIGHT: Where recently built in a large-scale greenfield location, multifamily residential buildings have varied from 2-story to 3-story. Other areas remain undeveloped and wooded.
MOBILITY: The scale of the properties and the distance between destinations reduces the viability of non-auto modes of travel.

LG LARGE-SCALE GREENFIELD (LG)

CONTEXT APPLICABILITY

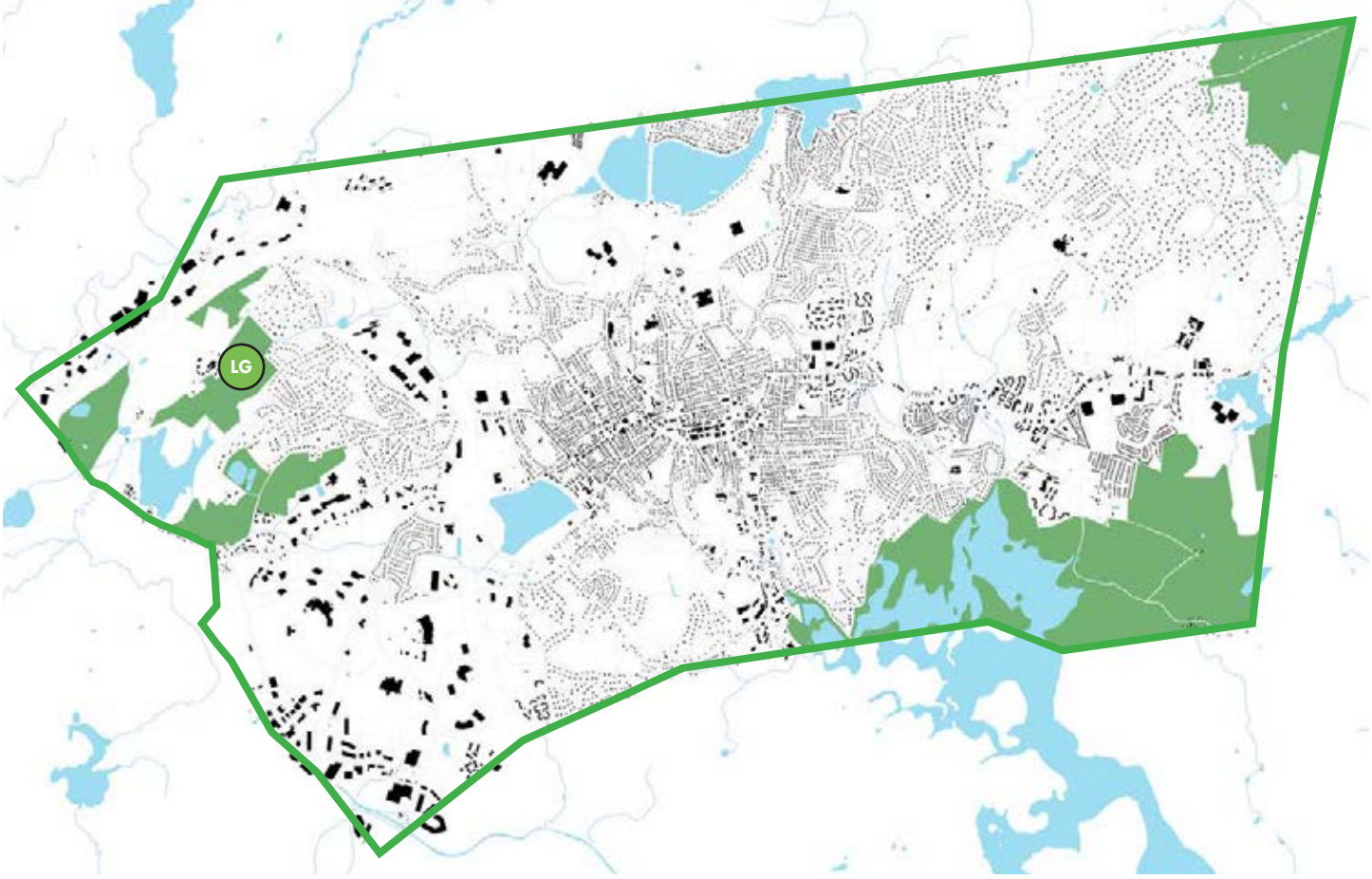
NUMBER OF PARCELS: 83 (approximately)
TOTAL LAND AREA: 1,831 acres (approximately)
AVERAGE PARCEL SIZE: 22.06 acres (approximately)
EXAMPLE: **NORTHWEST QUADRANT**

APPROACH:
Incremental introduction of residential uses in long term transformation into walkable nodes

CONTEXT SUITABILITY

POTENTIALLY SUITABLE HOUSING TYPES:

Cluster of Small Houses | *Multiple Units in House* | *Townhouse* | *Multiple Unit Building* | *Multiple Unit Courtyard Building* | *Multiple Unit Building Over Parking* | *Multiple Unit Next to Parking*



MAP OF CONTEXT APPLICABILITY:
Generalized boundaries of where this type of design guidance may be applicable in the City

LG LARGE-SCALE GREENFIELD (LG)

DESIGN GUIDELINES

[DRAFT OUTLINE OF CONTENT]

SITE DESIGN

Context Sensitive

- **Setbacks** - [to be written]
- **Orientation of Building** - [to be written]
- **Transitions and Buffers** - [to be written]
- **Open Spaces or Plazas** - [to be written]

Site Configuration

- **Positioning of Building** - [to be written]
- **Location of Parking** - [to be written]
- **Location of Service, Loading and Utility Areas** - [to be written]

Parking and Circulation

- **Driveways** - [to be written]
- **Walkways** - [to be written]
- **Vehicular Circulation** - [to be written]
- **Alternative Modes of Travel** - [to be written]

External Materials and Landscape

- **Quality Materials** - [to be written]
- **Material Palette** - [to be written]
- **Landscape** - [to be written]
- **Sustainable Design** - [to be written]

Amenities and Lighting

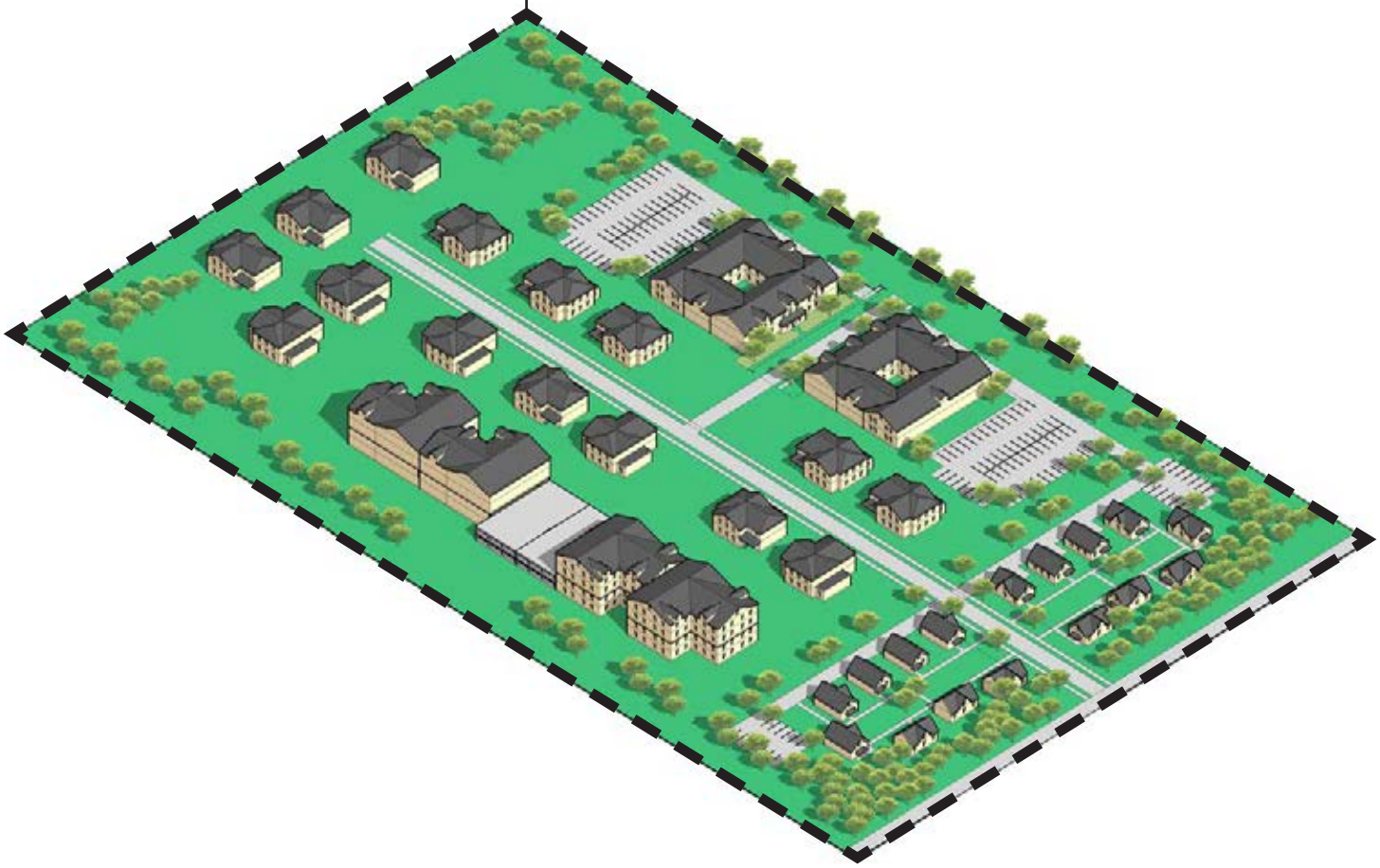
- **Site Furnishings** - [to be written]
- **Site Lighting** - [to be written]

LG LARGE-SCALE GREENFIELD (LG)

DESIGN GUIDELINES

[DIAGRAM ILLUSTRATING DESIGN GUIDELINES WITH HOUSING TYPES AND AVERAGE PARCEL SIZE]

Context Average Parcel Size:
22.06 acres



LG LARGE-SCALE GREENFIELD (LG)

DESIGN GUIDELINES

[DRAFT OUTLINE OF CONTENT]

BUILDING DESIGN

Context Sensitive

- **Orientation of Building** - [to be written]
- **Transitions and Buffers** - [to be written]
- **Complementary Building Forms** - [to be written]

Building Configuration

- **Height** - [to be written]
- **Scale** - [to be written]
- **Massing** - [to be written]
- **Roof Form** - [to be written]

Facade and Appearance

- **Entrances** - [to be written]
- **Garage Doors** - [to be written]
- **Windows** - [to be written]
- **Horizontal Definition** - [to be written]
- **Vertical Definition** - [to be written]

External Materials

- **Quality Materials** - [to be written]

Additional Considerations

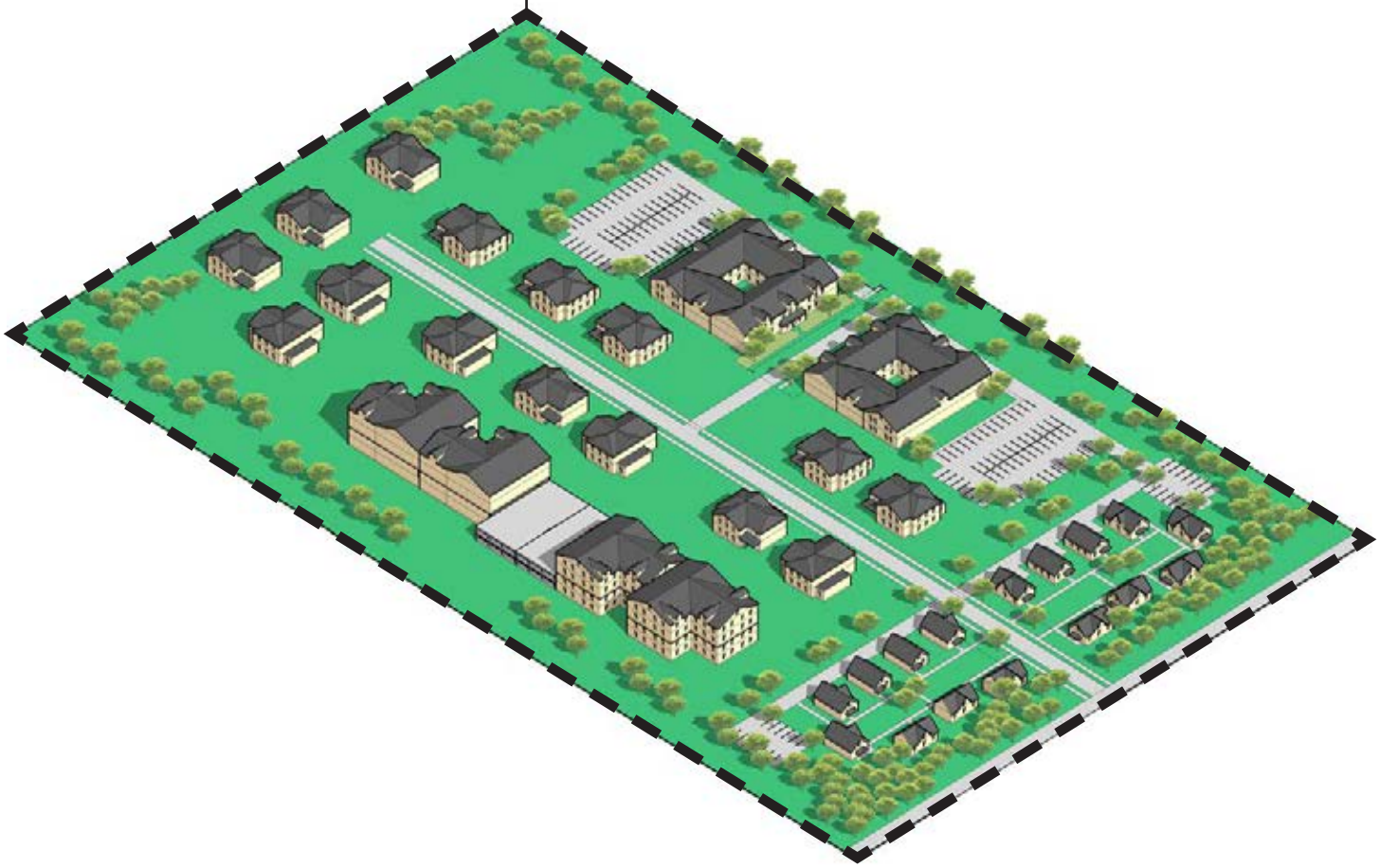
- **Sustainable Design** - [to be written]
- **Historic Structures** - [to be written]
- **Signage** - [to be written]

LG LARGE-SCALE GREENFIELD (LG)

DESIGN GUIDELINES

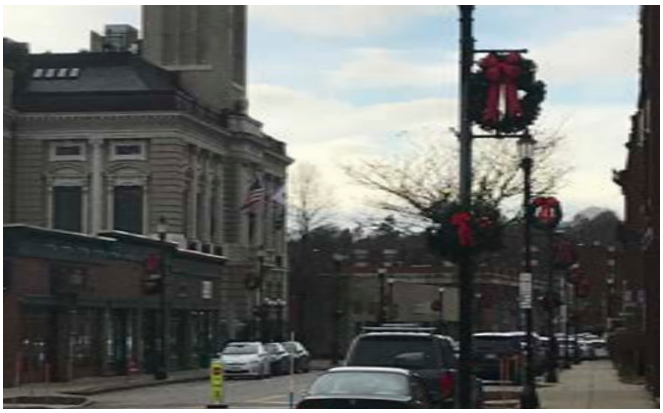
[DIAGRAM ILLUSTRATING DESIGN GUIDELINES WITH HOUSING TYPES AND AVERAGE PARCEL SIZE]

Context Average Parcel Size:
22.06 acres



MARLBOROUGH VILLAGE DISTRICT (MVD)

CONTEXT DESCRIPTION



GENERAL CHARACTER: The central downtown district of the City of Marlborough includes retail, commercial, institutional and municipal uses in a traditional downtown main street configuration.
STREET AND BLOCK PATTERNS: Main Street is the primary focus of the district. It forms a walkable block patterns with a parallel street Granger Boulevard. Cross Streets include Newton Street, Florence Street, Court Street and S. Bolton Street.
BUILDING PLACEMENT AND LOCATION: Buildings align along the Main Street frontage to define a consistent row of building facades at the back of the sidewalk.
BUILDING HEIGHT: Building height is generally one- and two-story with several buildings reaching up to four- and five-story.
MOBILITY: A traditional block structure, generous sidewalks and marked mid-block crossings contribute to walkability, MWRTA operates several bus routes (07, 07C, BSCS) and vehicular access and parking is convenient.

MVD MARLBOROUGH VILLAGE DISTRICT (MVD)

CONTEXT APPLICABILITY

NUMBER OF PARCELS: 192 (approximately)
TOTAL LAND AREA: 48.47 acres (approximately)
AVERAGE PARCEL SIZE: 0.25 acres (approximately)
EXAMPLE: **DOWNTOWN MARLBOROUGH**

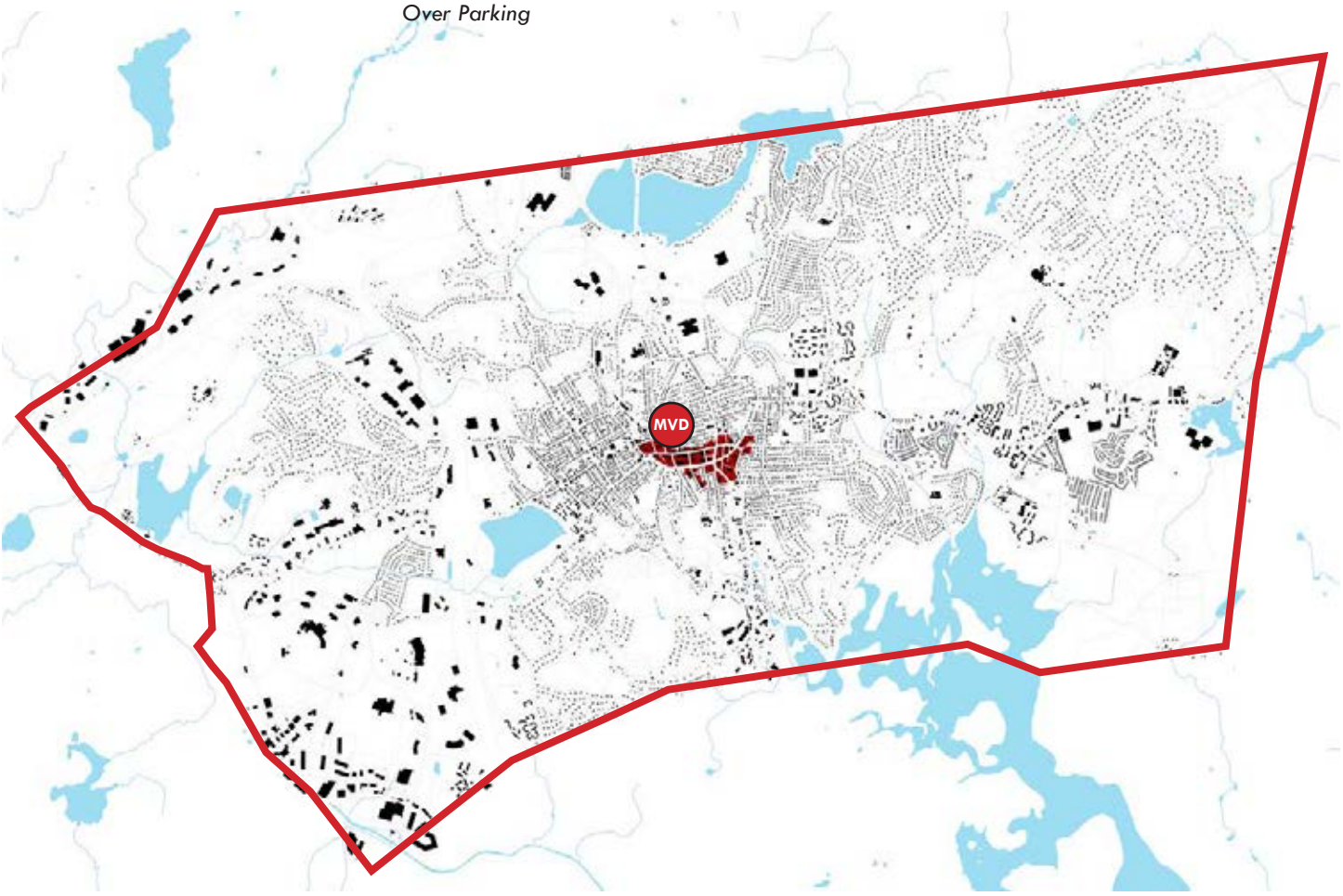
APPROACH:
Use current *Design Review Guidelines for the Marlborough Village District*

CONTEXT SUITABILITY

POTENTIALLY SUITABLE HOUSING TYPES:

Multiple Unit Building

Multiple Unit Over Parking

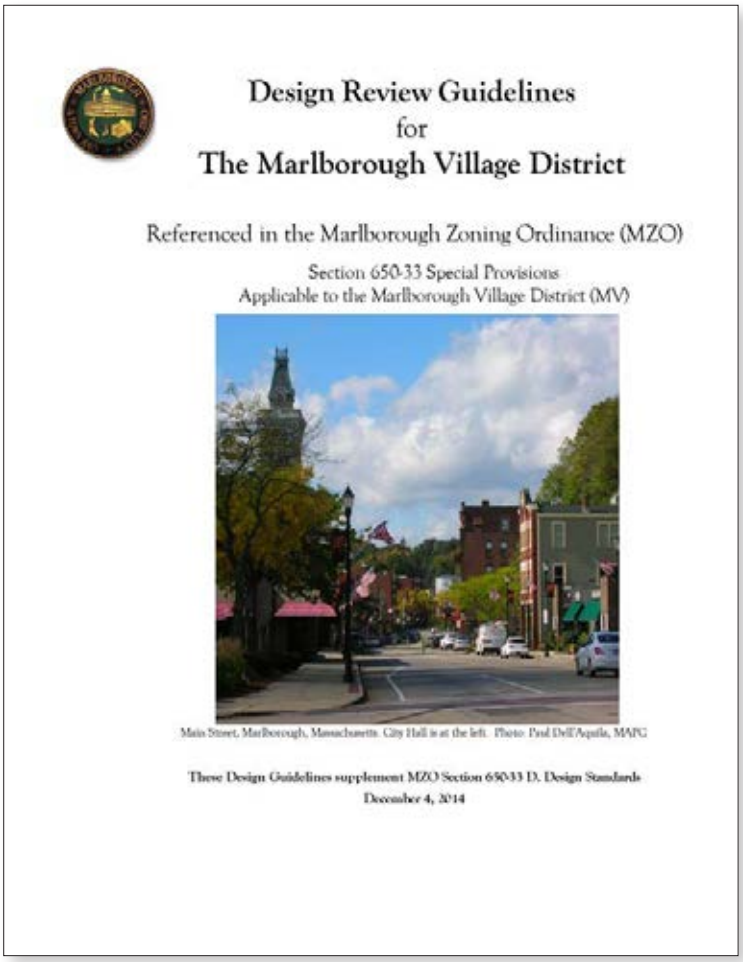


MAP OF CONTEXT APPLICABILITY:
Generalized boundaries of where this type of design guidance may be applicable in the City

MVD MARLBOROUGH VILLAGE DISTRICT (MVD)

DESIGN GUIDELINES

PREVIOUSLY PREPARED DESIGN REVIEW GUIDELINES FOR THE MARLBOROUGH VILLAGE DISTRICT


Design Review Guidelines
for
The Marlborough Village District

Referenced in the Marlborough Zoning Ordinance (MZO)

Section 650-33 Special Provisions
Applicable to the Marlborough Village District (MV)

Main Street, Marlborough, Massachusetts. City Hall is at the left. Photo: Paul Dell'Aquila, MAPC

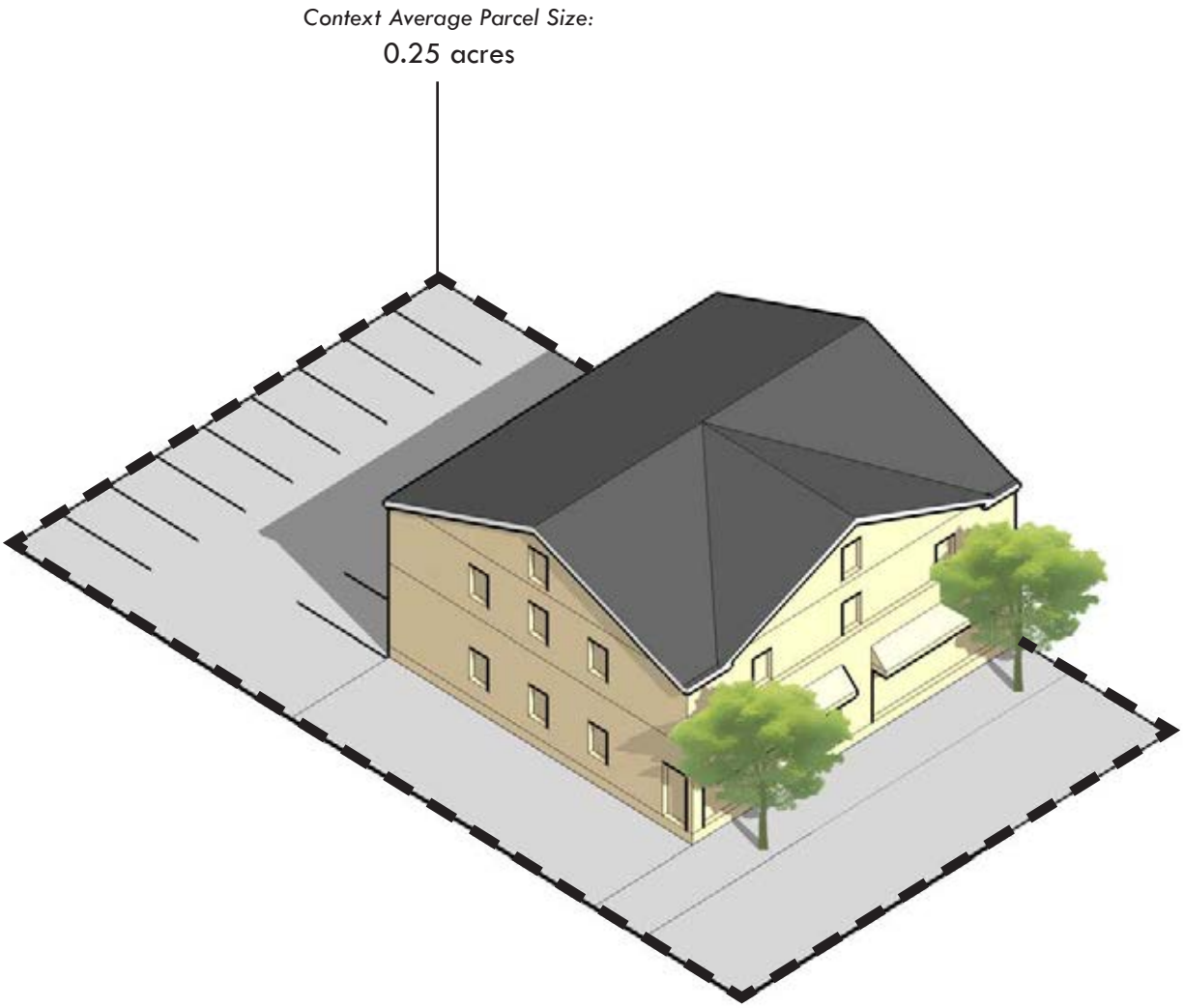
These Design Guidelines supplement MZO Section 650-33 D. Design Standards
December 4, 2014

Design Guidelines in this document include:

- Building Scale
- Roof Form
- Entrances
- External Materials and Appearance
- Landscaping and Sidewalk Amenities
- Service Areas, Utilities and Equipment
- Vehicle and Pedestrian Features
- Parking, including bicycle parking
- Signage
- Sustainable Building Design
- Historic District and Other Historic or Landmark Structures

MARLBOROUGH VILLAGE DISTRICT (MVD)

EXAMPLE ILLUSTRATION:



2. Multifamily Development Review Criteria

Multifamily Development Review Criteria for the City of Marlborough
DRAFT 1-31-18

Note to Council and MEDC reviewers: *This DRAFT Development Review Criteria document now includes a Point System for Evaluating Responsiveness to City Criteria. HOWEVER, note that this is a DRAFT that is meant to show relative priorities of each element. This point system, IF it is retained, must be evaluated by*

- *discussions about the relative importance of the criteria (the scores attributed to each element may need adjusting), and*
- *testing against example developments that the city likes, and some that it does NOT like, to see if it will appropriately score future developments.*

We also feel that this should be used only as an initial scoring of developments; this should be followed by negotiation with developers regarding the finer grain details of the proposals.

The purpose of these Multifamily Development Criteria is to assist developers and the City of Marlborough in the appropriate design and municipal review of multi-family developments proposed in the City. The intent is to provide information to prospective developers regarding the scale, type, design, tenure, and municipal benefits related to multi-family development the City prefers within the various areas and neighborhoods of the City, so that the developments may be designed in a manner that meets municipal goals and needs. Developments that do not meet these standards may not receive the necessary approvals for zoning changes and/or special permits for development from the City Council.

The City of Marlborough recognizes that residential development is beneficial to the City

- to meet the housing needs of the current and projected population growth of the City and the region,
- to provide housing for the future residents/employees needed to continue strong regional and local economic growth, and
- to provide residents whose purchasing power will support the economic vitality of the City's retail and commercial establishments and districts.

Based upon the finding of the 2013 *Marlborough Housing Supply/Demand Needs Analysis* (prepared by Metropolitan Area Planning Council - MAPC) and the 2017 *Multifamily Market and Fiscal Impact Analysis* (prepared by RKG Associates), the City of Marlborough supports proposals for well-constructed and designed residential development that is in keeping with the high standards of the municipality and which meet the contextual design of, and have a positive impact on, the neighborhoods in which the development is proposed.

<u>When evaluating Multifamily Residential Developments in the City, the following questions, without limitation, will be used to evaluate the project under the Special Permit provisions of the zoning ordinance. Project proponents should provide answers to these questions prior to meeting with the City to discuss the proposal. The city may also use this form in evaluating the proposals</u>:

1. Does the proposed development meet the Multifamily Development Design Guidelines (an accompanying document prepared by MAPC for the City) for multifamily development, including

both the type of structure and the design details, for the neighborhood or neighborhood type? For larger developments, does the proposed development provide a diversity of housing types/ unit mixes[1], etc. to ensure that it provides for a diversity of residential types as recommended by past planning studies? Copies of Plans should be provided for review.

Proposal Corresponds to Design Review Guidelines (DRG)	30 points
Plan Somewhat/partially consistent with DRG	10 points
Plan not consistent with DRG	0 points

Plan has a diversity of types/units	5 points
Plan does not contain diversity of types/units	0 points

2. Is the overall site design of the development respectful of the neighborhood, inclusive of appropriate landscaping and park space[2] for residents and guests, and one that integrates parking within an attractive layout that supports walkability? The proposal should detail how the development meets the standards set forth in these Criteria, the accompanying Design Guidelines, and the other provisions of the City Code[3]. Does the development provide adequate buffer to adjacent residential uses, or does it incorporate lower density/scale elements (e.g., townhomes) to provide a buffer for adjacent uses? Multifamily developments that are proposed at the edges of different types of land uses (e.g., between a commercial/office area and a single-family neighborhood) should be designed so that the multi-family development type proposed (see accompanying Design Guidelines document) is appropriate for the lower-intensity land use (e.g., in the commercial/single family edge example above, the development should be designed to fit with the single family development). In cases where the site to be developed is larger, then a gradation of types may be appropriate, with lower scale development near the abutting lower density adjacent uses, to provide a buffer.

   Is the Development proposal appropriate in scale or provide a buffer to adjacent residential uses?

Yes	10 points
No	0 points

   Is the development's parking appropriately located to ensure easy walkability to residences, does not form a barrier between sidewalk and any first-floor commercial space in mixed use developments, and is screened from abutting uses?

Yes	10 points
Partially	5 points
No	0 points

[1] Housing type/unit mixes may include such items as live-work units, universal-design units, studios, units with varying numbers of bedrooms, etc.

[2] For instance, Zoning Code Section 650-40 F (8) states "In all districts in which multifamily dwellings are allowed, there shall be provided with each apartment building a landscaped area equal to the greatest single floor area of the building." Landscaping requirements are also included in Zoning Code Section 650-47.

[3] See Marlborough Code 270-2 Site Plan Review and Approval, sub-section D Site Plan Review Criteria, for a list of design elements and standards that should be incorporated into any multifamily proposal review.

3. If proposing a re-zoning to enable residential development – does the proposed project fit with, or conflict with, adjacent land uses. Residential development may be compatible with adjacent retail or office or mixed uses, but may conflict with nearby heavy industrial uses (with potential negative impacts for both uses).

   Is there inherent conflict with abutting uses (e.g., placing residential adjacent to heavy industrial or heavy trucking)
   Yes -30 points
   No 0 points

4. Will the proposed development provide beneficial impacts on abutting or nearby uses, such as providing residents/customers for nearby walkable retail districts?

   Are there defined beneficial impacts on nearby uses?
   Yes 10 points
   No (or limited) 0 points

5. Is the development proposal consistent with a vision for the area as determined by the City through a public planning process (e.g., the Visioning and re-zoning process for the Marlborough Village District)?

   Is the proposed development consistent or inconsistent with a recent local planning effort?
   Consistent 10 points
   Inconsistent -30 points
   No recent planning
   In area 0 points

6. What are the anticipated impacts of the development (e.g., traffic, water use, sewage generation, school costs[4], emergency services calls, etc.), and does the City have adequate public infrastructure for such development, or does the developer propose adequate mitigation to offset these impacts (e.g., installation of sidewalk to connect the development to existing sidewalk network to promote walkability and thereby reduce vehicular trips)?

City has adequate public infrastructure capacity	0 points
Developer has proposed to undertake mitigation of Inadequate infrastructure to enable development	20 points
Some development mitigation provided	5 points

7. Does the proposed housing tenure (i.e., rental versus ownership of units) meet the needs of the city as outlined in the above-referenced reports (e.g., mix of tenure within larger proposed developments), to maintain a diversity of not only housing types but also a mix of housing tenure.

   Is there a mix of housing tenure within the development?

   OR

   Does the proposed housing tenure within the development meets the goals of the City (based upon the proposed plans and recently approved and built projects elsewhere in the City)?

Yes	10 points
No	0 points

8. What specific benefits to the municipality is the developer proposing in exchange for the special permit for increased density (e.g., retail on ground floor on a main street/commercial area providing for tax revenue from mixed uses, improvements to nearby sidewalk network as part of development construction, sponsorship of annual maintenance of adjacent public park, etc.)?

   Are there significant benefits to the City proposed as part fo the development?

Significant	10 points
More limited	5 points
None or very limited	0 points

[4] See *The Waning Influence of Housing Production on Public School Enrollment*, by MAPC, at https://www.mapc.org/enrollment/ which indicates that Marlborough, from 2010 to 2016, experienced a reduction in school enrollment of 48 students (-1.05%) during the same time that 173 units were constructed (increase in 1.05%).

9. The City has a goal of providing adequate supply of affordable housing for its residents, and also a goal for remaining above 10% on the State's Subsidized Housing Inventory (SHI). The developer should detail how the proposed development will meet the Affordable Housing requirements of the City Zoning Code, using one of the three methods listed below:
   A) All multi-family residential development proposals are expected to provide the minimum number of affordable units as specified by Zoning Ordinance Section 650-26 A (1) (a), equal to 15% of the total number of units in developments over 20 units; note however, that subsection 650-26 A (2) also states that the City Council may apply these same standards to developments of fewer than 20 units. Does the proposed development include the appropriate number of affordable units (as counted on the state's Subsidized Housing Inventory for the City)?
   B) Zoning Code section 650-26 A (1) (i) allows the project proponent to seek a permit to construct some or all of the Affordable Housing units off-site. In order to maintain diversity of affordability in all neighborhoods of the City, the off-site Affordable Units should be constructed within the same neighborhood/area as the market rate units. Does the proposal comply with this requirement?
   C) The Affordable Housing Bylaw Section 650-26 A (1) (a), does allow for a payment-in-lieu-of-units (PILU) payment, but the City's strong preference is for the production of actual affordable units to ensure that the housing needs of the community are being met, and the City's SHI total does not fall below 10%. Note that the City Code provision for PILU sets a minimum payment of $50,000 per unit. The City recognizes that this minimum payment is far lower than the cost of providing actual units (either on-site or off-site). Therefore, if a developer proposes a PILU instead of on-site units, the City will look more favorably on proposals for special permits where the PILU offered is equal to the cost of producing units within the development (as determined by the total cost of the development – including but not limited to land, permits and design, and all construction costs) divided by the total number of units within the development.[5]
   Are the Required Affordable Units

[5] See as alternative to the above calculation, the following text from the Maynard Zoning Bylaw that uses comparable sales to set the PILU value:

Payment in lieu of units. As an alternative to construction of affordable units within the locus of the proposed development or at another locus, an equivalent payment in lieu of units (PILU) may be made to the Maynard Affordable Housing Trust Fund.

The payment shall be an amount equal to the required number of affordable housing units multiplied by the median price of a Maynard market-rate home comparable in type, size, and number of bedrooms reported for a minimum of three (3) home sales over a period of twelve (12) months prior to the date of application submission, if available. Median home cost utilized in the formula must be approved by the Maynard Affordable Housing Trust, or designee, or the Town Administrator, or designee. The applicant shall calculate the proposed sum based on an appraisal of the comparable home sales and submit documentation of the relevant data source(s) as part of the application.

If there is not a comparable housing unit, the payment shall be equal to the most current Total Development Cost as articulated in DHCD's Qualified Allocation Plan for Low Income Housing Tax Credit, for the areas described as Within Metro Boston/Suburban Area, as adjusted for the type of project and number of units.

PILU shall not be accepted as part of rental development, either multifamily or mixed-use.

Within the proposed development	30 Points
Off Site	20 points
In cash payments at/near $50,000/unit	5 points
In cash payment per calculation	10 points

OR (see item #10 below)

10) As an alternative to #9 above, is the proposed multi-family residential development a "friendly 40B" comprehensive permit proposal that includes the 20% or 25% affordability requirements of Comprehensive Permit developments? Where re-zoning to allow for residential development is proposed, which will provide significant benefits for the developers by enabling residential uses where they are not currently allowed, preference will be given to projects that propose "friendly 40B" developments which include the appropriate 20 – 25% affordable units (with the percentage based upon the affordability levels within the development).

As an alternative to #9 above:
If the developer is proposing a zoning change, is the proposed development one that is a "friendly 40B" such that units will be countable on the City's Sustainable Housing Inventory?

Yes	30 points
No	0 Points

Maximum Possible Points	145
Minimum Possible Points	-60

3. Background Information on TDR

Smart Growth / Smart Energy Toolkit Modules -Transfer of Development Rights (TDR)

Learn about the Smart Growth/Smart Energy Transfer of Development Rights (TDR) module.

Overview

TDR is a regulatory strategy that harnesses private market forces to accomplish two smart growth objectives.

1. Open space is permanently protected for water supply, agricultural, habitat, recreational, or other purposes via the transfer of some or all of the development that would otherwise have occurred in these sensitive places to more suitable locations.
2. Other locations, such as city and town centers or vacant and underutilized properties, become more vibrant and successful as the development potential from the protected resource areas is transferred to them.

In essence, development rights are "transferred" from one district (the "sending district") to another (the "receiving district"). Communities using TDR are generally shifting development densities within the community to achieve both open space and economic goals without changing their overall development potential. While less common, TDR can also be used for preservation of historic resources.

The Problem

Development problems include:

- Conventional zoning has failed to prevent, and is often the cause of, suburban sprawl in Massachusetts. It has become clear that conventional zoning is an obstacle to the goals of many communities.
- Highly valued areas of forest or farmland are zoned for low-density residential or residential/agricultural development - otherwise known as sprawl.
- In existing or potential community centers current zoning often does not allow for density levels appropriate to a vibrant commercial or mixed-use district.

Traditional planning techniques to address these situations, such as large land acquisitions in open space areas, whole-sale rezoning of downtown centers, or down-zoning of agricultural areas, are politically sensitive, costly, and often impractical as they reduce the development potential of a landowner's property.

Preservation and revitalization can both be hampered by existing zoning codes that allow for extensive sprawl but do not allow for higher densities in what would otherwise be viable economic activity centers. These pictures illustrate what can happen to conventionally zoned areas. TDR offers an alternative that protects agricultural lands from this type of sprawling growth.

Images taken from *Above and Beyond, Visualizing Change in Small Towns and Rural Areas*. Campoli et, al. APA Planners Press, 2001

Introduction to Transfer of Development Rights

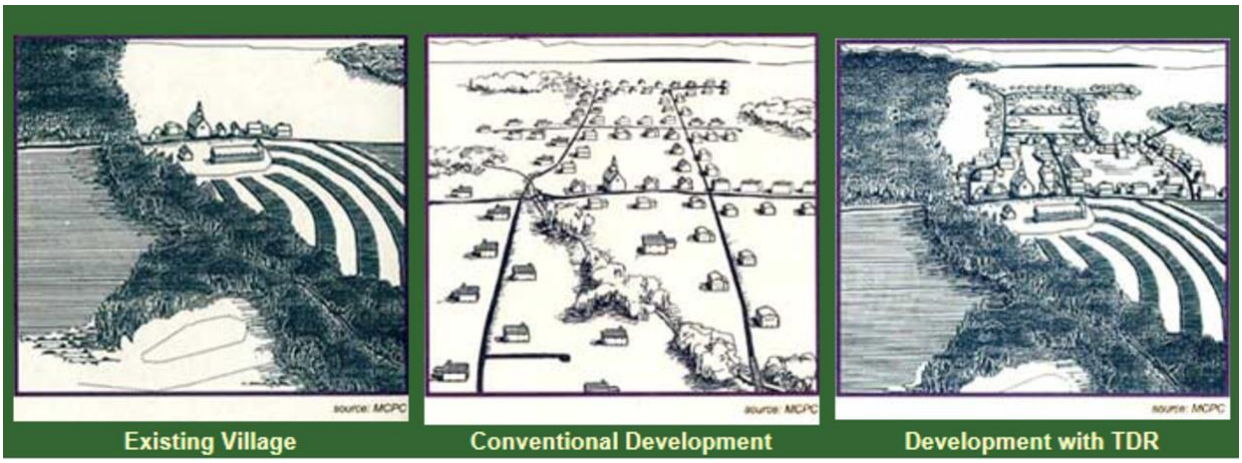
Transfer of Development Rights (TDR) represents an innovative way to direct growth away from lands that should be preserved to locations well suited to higher density development. Areas that may be appropriate for additional development include pre-existing village centers or other districts that have adequate infrastructure to service new growth.

The approach begins with planning processes that will identify specific preservation areas as "sending areas" and specific development districts as "receiving areas".

Once these areas are identified, Zoning Bylaw amendments can be adopted which authorize landowners in the sending areas to sell their development rights to landowners in the receiving areas. The amount of money required to purchase these development rights is influenced by the Zoning Bylaw provisions, but is generally negotiated between the landowners. This approach allows market forces to enter into the transaction and requires land owners to negotiate the final value of development rights.

In return for the purchase, landowners in the sending area place a restriction on their property, which is generally recorded as a deed restriction. This restriction can be determined through explicit zoning provisions or can be negotiated as part of the permitting process, perhaps via a special permit. Restrictions can limit the level of potential development, the type of development, or some combination of both.

Developers who buy development rights are acquiring the capacity to build higher density in a receiving area, which can mean different types of the same use (apartments in addition to single family homes), higher densities of the same use (single family homes on ¼ acre lots instead of 1 acre), or different higher intensity uses (commercial or industrial use in addition to residential).



TDR can be an effective tool to simultaneously limit development in valuable open space areas while stimulating additional development in areas well suited to higher densities. Although some transfers are based on a "one to one" ratio (one housing unit in the sending area grants one housing unit in the receiving area) in order to provide an incentive other programs have increased the value of a development right if it is transferred. For example, a single development right in the sending area could provide multiple development rights in the receiving area.

Characteristics that Support Transfer of Development Rights

Communities that can implement Transfer of Development Rights on a broad scale will generally have the following characteristics:

Clearly Identified Resource Areas for Protection. The foundation of any TDR program is a resource area that requires protection. Sending area communities should clearly identify the resources they would like to protect as these choices will shape many of the TDR program elements such as the method of calculating development rights, the types of incentives that will be offered to developers, and the type of restriction recorded.

Consensus Regarding the Location and Extent of Receiving Areas. Communities must develop consensus regarding which areas will receive higher densities than what is allowed under existing zoning. Higher density development is a difficult, politically charged topic in communities and often requires a significant outreach effort to gain acceptance. Detailed discussion regarding the intensity and types of use should be a part of the TDR planning process.

Infrastructure that can Support Increases in Density. Another critical element to TDR program is the district(s) to which increased growth will be directed. Communities should be able to identify areas where existing infrastructure can accommodate higher densities. Infrastructure concerns include wastewater, water supply, traffic, and other utilities. Market considerations

should also be evaluated when residential and/or commercial development rights may be transferred as the market in receiving areas must be able to support increased densities.

A Clearly Written Bylaw. TDR legislation can become very complex as municipalities attempt to create guidelines for market transactions with various incentives to the development community. The goal of a community should be to develop a concise permitting process that does not add unnecessary layers of review for the development community. Bylaws should include an attractive incentive for TDR transactions in the form of density above that otherwise possible in the receiving zone.

Strong Market Conditions. The goal of increased density in receiving areas must be supported by a strong market demand for either residential or commercial development. Communities should consider enlisting the help of a qualified real estate or economic development professional to assess whether the market in receiving areas is strong enough to support increases in growth.

TDR Credit Bank. Due to the complexity of TDR transactions, the timing involved with buying, selling, and developing properties may not always be seamless. In the event that specific elements of a transaction are delayed, it may be beneficial for a community to establish a TDR Credit Bank where development rights can be temporarily stored before being purchased by a developer. Communities can also use these banks to store credits that are purchased by the Town for parcels of high conservation priority.

A Sophisticated Reviewing/Permitting Authority. The permitting authority for a TDR transaction should have a clear understanding of the program guidelines to ensure that development rights and density increases are correctly calculated in permit applications. Reviewing agencies should also be able to prioritize those design elements that are most important to the final project and identify alternative approaches that may simplify the application process.

Open Communication between Local Agencies. The permitting authority for TDR transactions should have access to other agencies that may help to clarify opportunities or constraints associated with either the sending or receiving districts. Inter-agency cooperation can be formally integrated into the review process using the provisions of the TDR bylaw where commentary may be required from other agencies such as the Conservation Commission, the Board of Health or the Town Engineer. Other agencies or groups that could be involved in the review process, formally or informally, include local watershed groups, the local Open Space Committee, or the Agricultural Commission.

Implementation

Background Research: Completion of a real estate market analysis (REMA) is highly recommended. The overall purpose of the analysis is to validate the transfer system prior to the adoption of the implementing bylaw or ordinance. Demand for growth is necessary for TDR to

succeed, and a REMA will determine market strength. It will also help a community comprehend land values and the types of growth that the market will support. Knowing the economic value of development rights generated in the sending area and the capacity of the market to absorb that value in the receiving zone is critical. Moreover, a community must ensure that the rate of transfer (the number of development rights generated multiplied by the expected sale price of each right) adequately compensates the landowner in a sending area for forgone development on their parcel. Similarly, an understanding of the value of additional density in the receiving area is important to establishing the amount of additional density permitted per credit acquired.

Drafting the Bylaw or Ordinance: The process typically begins with translation of master plan goals into preservation or "sending areas" and specific development districts or "receiving areas". Once these areas are identified, zoning bylaw amendments can be drafted and adopted which authorize landowners in the sending areas to sell their development and developers in receiving areas to grow more intensely by purchasing them.

1. Designate sending areas
Sending areas are portions of the community that are ideal for preservation and very limited or no development. These are often areas of agricultural, environmental or historic importance. To preserve these areas, TDR enables landowners to sell the development rights associate with their property, thus transferring development to more appropriate areas.

2. Designate receiving areas
The preservation of agricultural lands conserves prime agricultural soils. The protection of naturally vegetated open space conserves wildlife habitat and maintains recharge to groundwater.

3. Create a formula for allocating rights
The development rights or credits can be assigned in a variety of ways, and can accommodate transfers involving (and between) residential, commercial, and industrial uses. Perhaps the simplest way to calculate the number of credits allocated to landowners in the sending area would be to make them equal the number of potential building lots in the sending area. The resulting number of credits generated could then by used as a starting point for calculating the amount of additional density each acquired credit provides in the receiving area.

4. Determine the value of a credit in the receiving area
After determining the number of credits generated in the sending zone(s) the community should be sure that more density is possible in the receiving zones than the number of generated credits will allow. This will help create demand for credits. Each credit acquired by a developer or landowner in the receiving zone must also have more "value" in additional density than its acquisition cost. In turn, the acquisition cost must be sufficient to compensate the landowner in the sending area. Due to the potential complexity of these calculations municipalities are encouraged to complete and use a REMA to determine credit values.

5. Establish administrative/permitting procedures
Administration of TDR systems requires different permitting procedures than conventional zoning. Communities should be prepared to address the recording of deed restrictions, tracking of credits, and other tasks associated with TDR.

Benefits

Transfer of Development Rights benefits communities by providing a mechanism with which to achieve a municipalities land protection goals without spending local money. Market forces are harnessed to protect land while also encouraging greater prosperity, and tax revenue, in suitable locations of the community. Local governments also spend less for ongoing maintenance, as roads and other infrastructure are reduced and concentrated in city and town centers and other suitable locations as discussed under financial consideration below.

Depending on the design of the program, the benefits of TDR are also evident in how TDR implements many Sustainable Development Principles including:

• **Concentrate Development and Mix Uses:** TDR is designed to curb sprawl and encourage development in areas with adequate infrastructure.

• **Use Natural Resources Wisely:** The preservation of agricultural lands conserves prime agricultural soils. The protection of naturally vegetated open space conserves wildlife habitat and maintains recharge to groundwater.

• **Protect Land and Ecosystems:** Conservation restrictions that may be placed on sending areas can provide permanent protection for wildlife habitat and significant cultural or historic landscapes.

• **Expand Housing Opportunities:** TDR programs create higher density neighborhoods and can be designed with density bonuses or approval contingencies based on the inclusion of affordable housing in the receiving district.

Financial Considerations

TDR provides several financial benefits to local governments, private developers, and the general community:

- Limiting development in outlying open space or agricultural areas will reduce municipal infrastructure costs that would result from large scale subdivision development. Preservation of these areas therefore decreases the local tax burden required to keep pace with sprawl.

- Conversely, because this technique does not limit the overall development potential within a community, the act of preserving land does not translate into a loss for the community's tax base.
- TDR allows a community to preserve land without using public funds, a cost that otherwise would be borne by the municipality's taxpayers.

Land owners in sending areas and private developers can realize significant financial gains through TDR programs especially if development rights are increased through density bonuses during the transaction:

- Landowners in the sending areas can actually demand a higher price for their land than if they were to convert it to residential development.
- Developers in the receiving district can also realize a higher investment on their property when it is developed at a higher density than what was allowed under conventional zoning.

RELATED

- **Case Studies - Transfer of Development Rights (TDR)**

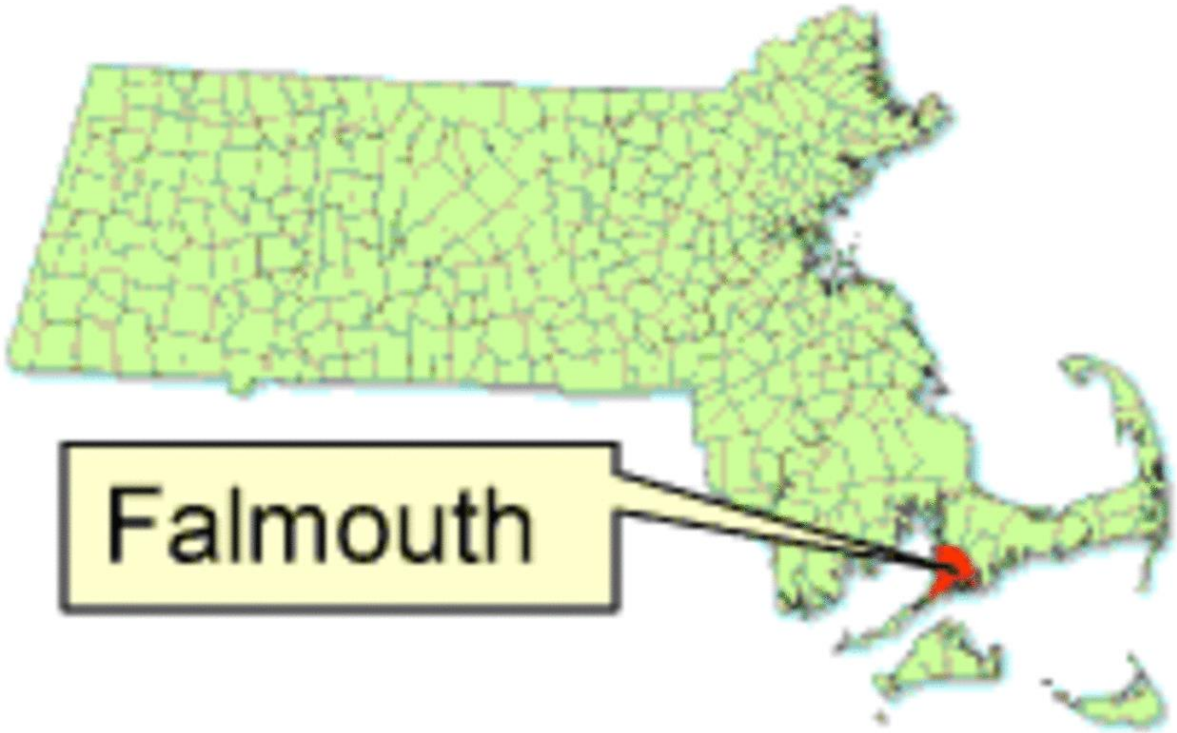
Case Studies - Transfer of Development Rights (TDR)

View case studies conducted on the Transfer of Development Rights (TDR) module.

Falmouth, MA

McKenna Ridge Road, Falmouth, MA

The Town of Falmouth is a coastal community rich in natural resources including marine recharge areas, Areas of Critical Environmental Concern (ACEC's), and aquifers for municipal water supply. As with many communities in Massachusetts, local decision makers realized that considerable tracts of open space were zoned for residential sprawl in many of these resource areas. As part of a suite of zoning based tools targeted toward more efficient use of undeveloped land, Falmouth adopted one of the Commonwealth's first TDR Bylaws.



The Program

The Falmouth TDR Bylaw establishes "donor" and "receiving" districts based on a variety of criteria such as allowable use and the size of the parcel(s) in either district.

- Donor districts were originally established based upon existing Chapter 61A parcels, recharge areas to sensitive surface waters, or the contributing zones to the public water supply.
- The Bylaw has been amended to include ACEC's and the Coastal Resources Overlay in the donor district areas.
- Receiving areas are listed in the zoning bylaw and include those districts already zoned for residential use.

The program can only function as part of a subdivision application and adds a Special Permit requirement. However, this additional requirement is streamlined by having the Planning Board named as the permitting authority for both requirements. Furthermore, incentives are added in the form of density bonuses. Bonuses vary between 20 to 40%depending on which area is sending and which area is receiving.

McKenna Ridge Road

This subdivision is one of several success stories in Falmouth implemented through the TDR Program. The donor parcel identified in this instance was located in the Water Resource Protection District and covered approximately 12.5 acres. Yield calculations developed for the parcel showed that six lots could reasonably be developed under the standard subdivision process. Because the developer was using the TDR Program, he was granted a 20% increase on this base yield value, bringing the yield value up to eight lots.

The receiving subdivision was a 16.4 acre parcel just outside the donor district boundary in an area already well developed for residential use. The site plan development process showed that seven lots would have been a reasonable expectation for this parcel under standard zoning provisions. The result, therefore, is a 15 lot subdivision that uses approximately half the space normally required under existing regulations. Furthermore, more than 12 acres of open space in the Water Protection District has been permanently protected.

Montgomery County, Maryland

Montgomery County, Maryland lies adjacent to Washington D.C. Hesitant to downzone any further in the interest of protecting the investment potential of these lands for local owners, the county instituted a TDR program.

The Sending Area:

To establish the TDR program, a 110,000-acre area, called the **Agricultural Reserve**, was established and over 90,000 acres in this Reserve were rezoned to a Rural Density Transfer Zone (RDTZ). After rezoning, density in the RDTZ was limited to one unit per 25 acres for development.

This density provided an obvious disincentive to building on sending sites, but the program provides other incentives that protect the economic investment of local farmers. If these landowners choose to enter into the TDR process, the density that they can transfer reverts back to the original one unit per five acres. In return for this increase in development potential, farmers place a permanent deed restriction on the land precluding it from future development.

The Receiving Area:

The County also identified specific receiving areas as part of the TDR program. These areas are appropriate for higher density development because they are readily served by essential public services such as transportation, wastewater and public water supply. Receiving areas were also rezoned and assigned two densities:

- a baseline density for developers who have not acquired TDRs
- a higher development density for those who have.

For example, one such receiving area is normally zoned at 5 units per acre, but a maximum of 7 units per acre can be allowed for those developers who have acquired TDRs. Again, this provided the receiving incentive.

The Benefits to Farmers:

- Agricultural activities are protected in this zone and fewer people in the area makes for easier farming.
- The development equity of their land is protected and expanded farm uses are allowed.

- Once TDRs are sold, land within the RDTZ can still be purchased at agricultural value to expand farming operations.

In essence, a farmer can retain the title to his or her land and continue farming while still realizing the development equity of his or her land as needed by selling TDRs.

The Benefits to Others:

Anyone can buy TDRs, however, TDRs may only be used in designated receiving areas within the County. TDRs may be purchased on a speculative basis for resale, as the buying and selling of TDRs is market driven. Most developers have found it more profitable to buy TDRs to achieve higher densities in receiving site projects.

Seattle, WA

In 1985, the City of Seattle, Washington, began a comprehensive Downtown Restoration effort that focused on optimizing the economic vitality of the district while maintaining the city's cultural integrity. The four central goals to the effort are:

1. retain low-income housing
2. preserve historic landmarks
3. encourage infill development in historic districts that is compatible with the district character
4. create incentives for varying building scale

Existing resources that were targeted for preservation include:

- historic buildings
- arts institutions
- structures containing units of affordable housing

As part of the overall revitalization effort, Seattle developed an intricate TDR program that has successfully preserved several landmark structures and hundreds of units of affordable housing.

Program Overview

The Seattle downtown revitalization program created a complex schema of sending and receiving areas based on specific planning objectives for particular areas of the downtown. As a result, the mechanisms and guidelines used to transfer development rights in Seattle's downtown area vary between different districts.

For example, in a few of the districts established by the program, density cannot be transferred to receiving districts. These districts are static relative to the TDR program and rely on other aspects of the overall revitalization plan for improvements. In other districts, transfers can only

take place between buildings on the same block. The provisions of these districts are aesthetically driven and are specifically designed to maintain a mixed building height appearance in these areas for retail use.

A base density was determined for each district (generally lower that what was allowed prior to the program) and a list of incentives were created for developers who wish to develop beyond that density. Incentives are provided in two general categories: use incentives and design incentives.

Some of the use incentives available to developers include:

- the provision and/or maintenance of affordable housing
- adding day-care facilities to commercial/office space development
- creating theater space
- setting aside ground floor space for retail use

Design incentives can include:

- pedestrian or bicycle amenities
- atriums, green rooftops
- art display areas

The Paramount Theater was redeveloped as part of a tdr transaction and now includes a performing arts center and 40 units of sin

Calculating Development Rights

Since a highly urbanized setting provides the backdrop for this program, the City chose to frame the valuation process more on the bulk of prospective development than the specific use. Although the specific use determines eligibility for sending areas (affordable housing, historic landmarks, etc.) and receiving areas, the value of rights is determined on square footage alone. This framework allows buildings that are primarily residential to transfer rights to buildings with other primary uses such as office space.

The TDR Bank:

Seattle officials recognized that the City itself would need to provide a mechanism that makes it easier for developers to purchase TDRs without going through the complicated process of determining the number of development rights for individual sites. The answer to this problem, a TDR bank, has come to be the most successful aspect of the TDR program.

During the first 12 years of implementation, the City served as the sole purchaser of TDRs, acquiring nearly $4 million worth of development rights from 8 separate sites in the sending districts. These purchases effectively preserved 372 units of affordable housing and facilitated the restoration of two performing arts centers. More importantly to the long term viability of the program, these purchase placed several million dollars worth of development rights within easy grasp of the development community.

Restoration of the historic ymca building was acoompished with funds generated from the Seattle TDR bank.

RELATED

- **Smart Growth / Smart Energy Toolkit Modules -Transfer of Development Rights (TDR)**
- **Glossary**

4. MA Subsidized Housing Inventory for Marlborough

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT CH40B SUBSIDIZED HOUSING INVENTORY

Marlborough

DHCD ID #	Project Name	Address	Type	Total SHI Units	Affordability Expires	Built w/ Comp. Permit?	Subsidizing Agency
1825	n/a	29 Pleasant St.	Rental	42	Perp	No	*DHCD*
1826	n/a	397 Bolton St.	Rental	60	Perp	No	*DHCD*
1827	Liberty Hill Apts	240 Main St.	Rental	125	Perp	Yes	*DHCD*
1828	n/a	20 Front St.	Rental	7	Perp	No	*DHCD*
1829	Lambert Street	Lambert St	Ownership	2	Perp	No	*DHCD*
1830	Roosevelt Street	Roosevelt Street	Ownership	2	Perp	No	*DHCD*
1831	182 West Main Street	182 West Main St	Rental	6	2018	No	*MHP*
1832	Lincoln St	Lincoln St	Ownership	2	Perp	No	*DHCD*
1835	271 Boston Post Road	271 Boston Post Road	Ownership	1	Perp	No	*DHCD*
1838	Dow Place	Dow Place	Ownership	2	Perp	No	*DHCD*
1840	35 High Street	35 High Street	Ownership	1	Perp	No	*DHCD*
1841	Emmett Street	Emmett Street	Ownership	1	Perp	No	*DHCD*
1842	Academy Knoll	22 Broad Street	Rental	81	2036*	No	*MassHousing* *HUD*

This data is derived from information provided to the Department of Housing and Community Development (DHCD) by individual communities and is subject to change as new information is obtained and use restrictions expire.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT CH40B SUBSIDIZED HOUSING INVENTORY

Marlborough

DHCD ID #	Project Name	Address	Type	Total SHI Units	Affordability Expires	Built w/ Comp. Permit?	Subsidizing Agency
1843	Coolidge Manor	55 Howland Street	Ownership	2	Perp	No	*DHCD*
1844	Countryside Village	450-460 Boston Post Road	Rental	118	2029	No	*DHCD* *DHCD* *HUD*
1845	Crystal Brook	Crystal Brook Way	Ownership	4	Perp	No	*DHCD*
1846	Greater Marlboro Residence B	235 Pleasant St.	Rental	8	2021	No	*HUD*
1847	Greater Marlboro Residence A	90 Onamog St.	Rental	12	2022	No	*HUD*
1848	Indian Hill	Dicenzo Boulevard	Ownership	25	Perp	No	*DHCD*
1849	Lincoln St. in Marlborough	496-498 Lincoln St.	Rental	36	2021	No	*DHCD*
1851	Mechanic Street	57 Mechanic St.	Rental	27	Perp	No	*DHCD*
1852	Options Mechanic Street Project	153 Mechanic St	Rental	6	2044	No	*FHLBB* *HUD*
1853	Prospect St. Apartments	120 Prospect St.	Rental	7	2035	No	*HUD* *FHLBB*

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT CH40B SUBSIDIZED HOUSING INVENTORY

Marlborough

DHCD ID #	Project Name	Address	Type	Total SHI Units	Affordability Expires	Built w/ Comp. Permit?	Subsidizing Agency
1854	The Meadows, The Ledges at New Horizons	370 & 420 Hemenway Street	Rental	120	2032	No	*DHCD*
1855	Stevens Housing	25 Stevens St.	Rental	8	2034	No	*HUD*
1856	Jefferson at Wheeler Hill	Donald Lynch Boulevard	Rental	274	2042	Yes	*FHLBB*
1857	Avalon Orchards	81-119 Boston Post rd East	Rental	156	Perp	Yes	*MassHousing*
4355	DDS Group Homes	Confidential	Rental	73	N/A	No	*DDS*
4578	DMH Group Homes	Confidential	Rental	41	N/A	No	*DMH*
4684	Pleasant Gardens	515 Pleasant Street	Ownership	5	2103	Yes	*FHLBB*
6703	Fairfield Green	155 Northborough Road (off of Crane Meadow Road)	Rental	302	Perp	Yes	*MassHousing*
8150	Shane's Lane	37 Russell St	Ownership	2	perp	YES	*MassHousing*
9386	Christopher Heights	84 Chestnut St	Rental	83	2058	NO	*DHCD*
10012	The Preserve @ Ames	155 Ames Street	Rental	225	Perp	YES	*MassHousing*
	Marlborough Totals			1,866	**Census 2010 Year Round Housing Units**		16,347
					Percent Subsidized		11.41%

This data is derived from information provided to the Department of Housing and Community Development (DHCD) by individual communities and is subject to change as new information is obtained and use restrictions expire.

5. Housing Needs Assessment

Marlborough Housing Supply/ Demand Needs Analysis

Funding provided by:
City of Marlborough

January 2013

Prepared for:

City of Marlborough Zoning Board of Appeals
City of Marlborough
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Tel (508) 543-1250

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Acknowledgments

This document was produced with input from the City of Marlborough. Professional technical assistance provided by the Metropolitan Area Planning Council: Jennifer M. Raitt, Chief Housing Planner; Matthew Smith, Regional Planner; and Clayton Martin, Research Analyst.

Table of Contents

Tables and Figures

I. Introduction

This housing demand/supply and needs analysis was prepared for the City of Marlborough's Zoning Board of Appeals to better understand unmet housing needs within the city, and as the potential first phase to a larger Housing Production Plan. The analysis was therefore developed so as to comply with the requirements of Massachusetts Department of Housing and Community Development's regulation 760 CMR 56.03(4), Housing Production Plans. The analysis was performed with input from various City of Marlborough staff members.

II. Inventory/Supply and Demand

A community's housing needs depend on its people and their preferences, on its housing stock, prices and availability, and how these factors change over time. In this section we look at the people of Marlborough, focusing on characteristics directly related to housing, such as age, income, and household size. We also look at Marlborough's housing stock and how it has developed over the last 50 years. Finally, we will look at how the current housing stock meets the needs of Marlborough's residents, and how that stock will need to change in order to meet the needs of future residents.

Population and Households – Key Findings

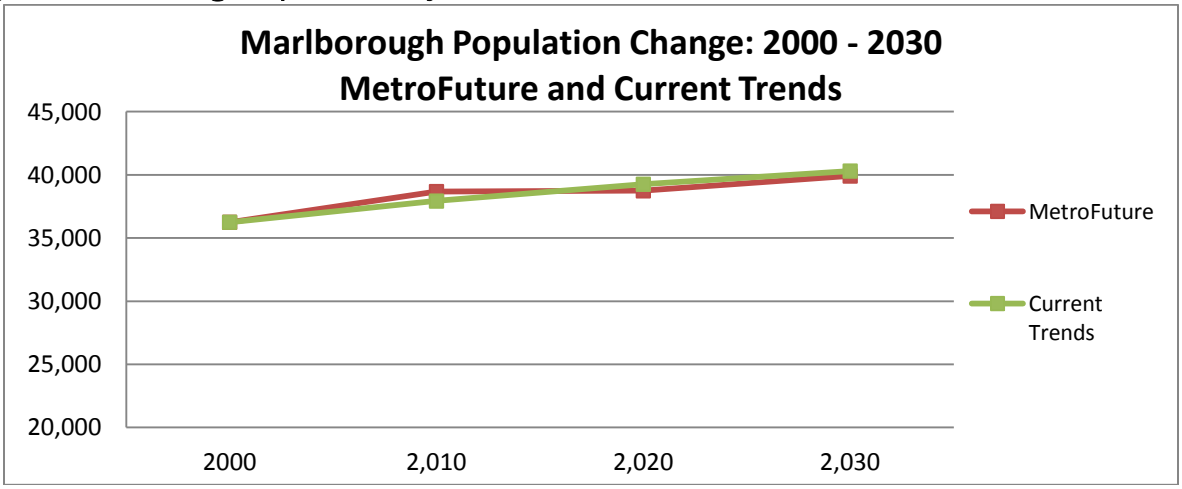
In 2010, Marlborough had a population of 38,499. Population in the city grew between 2000 and 2010, adding roughly 2,244 people (6.2 percent) over the ten year span. The city's population is projected to continue its upward trajectory over the next 20 years. According to projections, Marlborough's population is estimated to increase somewhere between 1,178 new residents (Metro Future Projections[1]) and 2,390 (Current Trends Projections) residents by 2030. Please refer to Table1 and Figure 1 for more information.

Table 1: Total Population Change, Census vs. MAPC Projections

	2000	2010	2020	2030
CENSUS	36,255	38,499	n/a	n/a
METROFUTURE	36,255	38,708	38,738	39,886
CURRENT TRENDS	36,255	37,928	39,262	40,308

Source: MAPC Metro Future and Current Trends Analysis

Figure 1: Marlborough Population Projections, MetroFuture vs. Current Trends

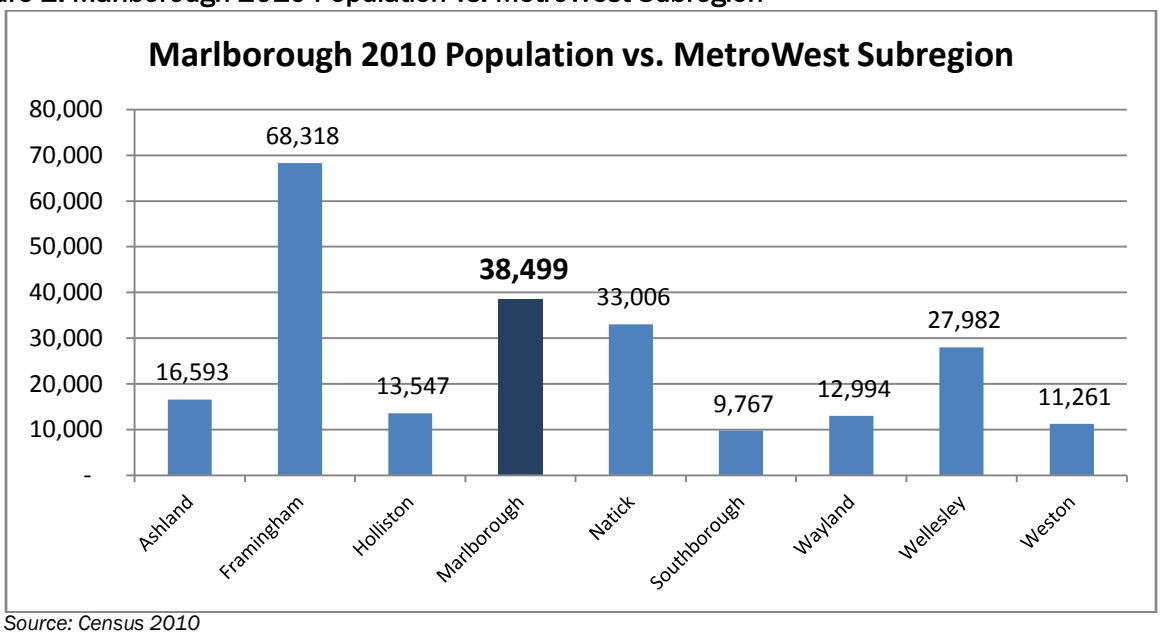


[1] MetroFuture projections are built on extensive technical analysis that was developed to quantitatively analyze patterns of future growth based on a vision of a region where growth is focused in areas where it already exists and linked by an efficient transportation system; our land and natural resources are conserved; we invest in our residents by improving their health and education; opportunities are available to all residents of the region, regardless of race or ethnicity; and expanding prosperity benefits all of us. The Current Trends projections are based on a picture of likely future growth patterns if historical trends in population change are extended. A summary of MetroFuture's technical analysis and methodology for Current Trends projections can be found here: http://www.metrofuture.org/content/metrofutures-technical-analysis.

The City of Marlborough is characterized as a regional urban center using the MAPC typology of the region's community types. Regional urban centers are defined as historic settlements and densely settled suburbs that offer residents many urban amenities at a relatively small scale. They typically include compact downtown commercial centers, a mix of homes and businesses, and a high proportion of rental and multi-family housing. Lower-density, single family homes, open space, and recreational opportunities are also found in these communities, including developable land and redevelopment opportunities. Approximately 11 out of the 101 municipalities in the MAPC region are characterized as such.

Marlborough is a member of the nine-community MetroWest[2] subregion, one of MAPC's eight subregions. In each subregion, an MAPC staff member works with municipal officials and regional and community stakeholders to develop an annual work plan and priorities. The grouping of municipalities in each subregion was determined by the communities themselves with some input from MAPC. Marlborough is the second largest community in the subregion by population, behind Framingham. Please refer to Figure 2.

Figure 2: Marlborough 2010 Population vs. MetroWest Subregion



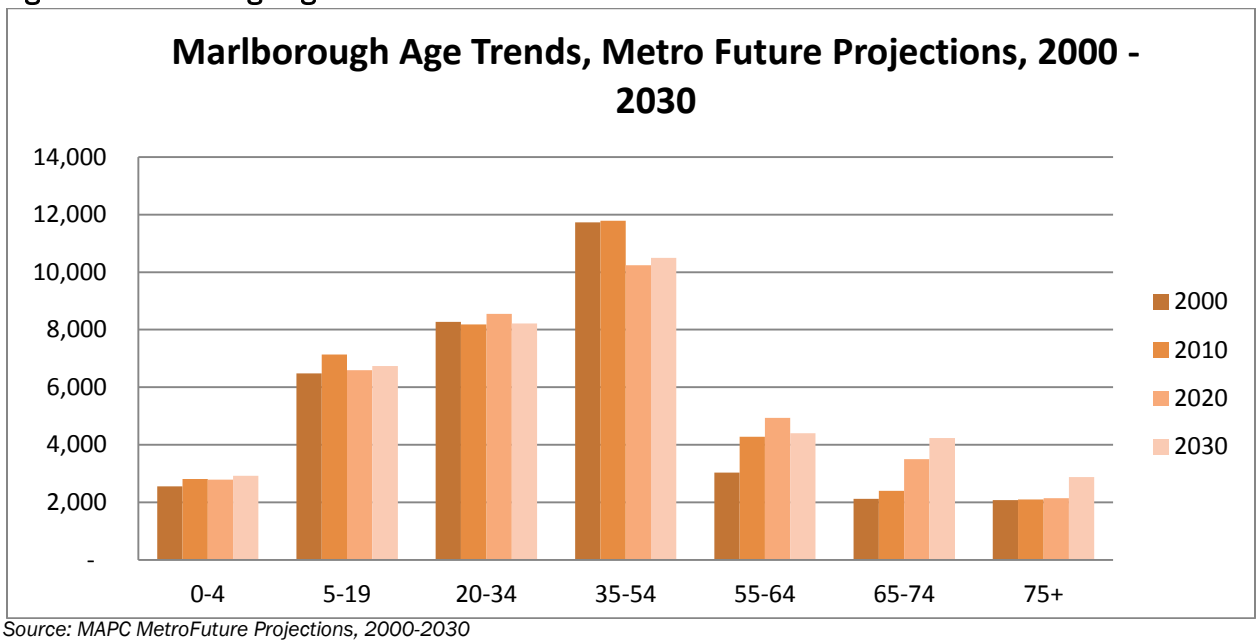
Source: Census 2010

Age

Similar to regional and national demographic trends, the age of city residents is projected to change significantly in the coming decades. According to MetroFuture projections for the 2000-2030 period, the middle-age population (54 and under) is projected to decline by over 1,200 persons, whereas the 55+ population is projected to grow significantly by over 4,000 persons. The largest growth is projected in the 65+ population. At the same time, the number of people aged 20 to 34 – those most likely to start families - is projected to remain steady over the same time period. These changes will result in an increase in both the number of non-family households and a significant increase in family households without children.

[2] Many of the preceding tables contrast Marlborough to neighboring communities in the MetroWest subregion. These comparisons are not intended to represent an analysis of communities with comparable markets, but to simply to illustrate how Marlborough compares to the other communities in its subregion. A MetroWest subregion average is provided in some data tables.

Figure 3: Marlborough Age Trends



Source: MAPC MetroFuture Projections, 2000-2030

Table 2: Marlborough Population by Age Group - MetroFuture Projections

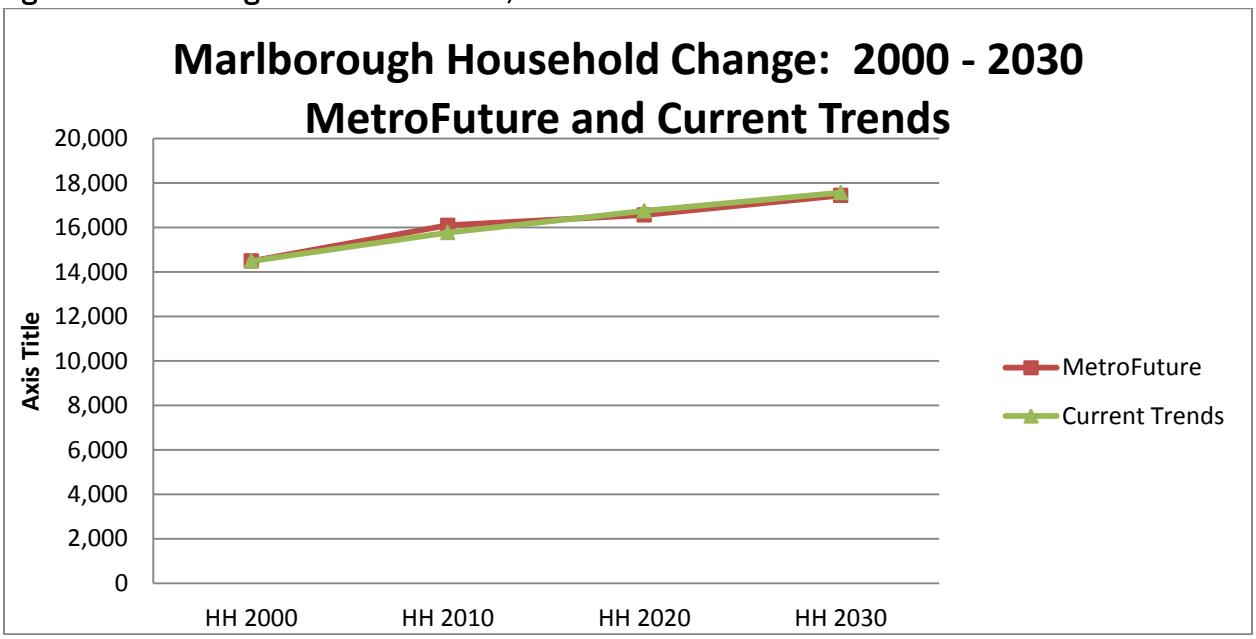
Age Range	2000	2010	2020	2030	Change, 2000-2030	Percent Change, 2000-2030
0-4	2,554	2,809	2,791	2,921	367	14.4%
5-19	6,480	7,142	6,588	6,736	256	4.0%
20-34	8,270	8,188	8,550	8,221	-19	-0.5%
35-54	11,731	11,786	10,237	10,499	-1,232	-10.5%
55-64	3,030	4,280	4,931	4,396	1,366	45.1%
65-74	2,118	2,400	3,495	4,233	2,115	99.9%
75+	2,072	2,103	2,146	2,880	808	39.0%

Source: MAPC MetroFuture Projections, 2000-2030

Households

The number of households in Marlborough is projected to increase over the next two decades. Projected household change is an important factor, as the number of households correlates more directly to housing unit demand than population, since each household resides in one dwelling unit, no matter the number of household members. Based on the two projections, the number of households is likely to increase by 1,348 (MetroFuture) to 1,801 (Current Trends). However, given the expected increase in the elderly population, and decrease in the middle aged population, many of these households will not include children, which will influence the type of housing units that will be needed to accommodate them in the future.

Figure 4: Marlborough Household Trends, MetroFuture vs. Current Trends



Source: MAPC, Metro Future and Current Trends Analysis

Table 3: Marlborough Household Projections, MetroFuture vs. Current Trends

	HH 2000	HH 2010	HH 2020	HH 2030	Change 2010-2030
Census	14,501	15,395	n/a	n/a	n/a
MetroFuture	14,501	16,102	16,570	17,450	1,348
Current Trends	14,501	15,777	16,757	17,578	1,801

Source: MAPC, Metro Future and Current Trends Analysis

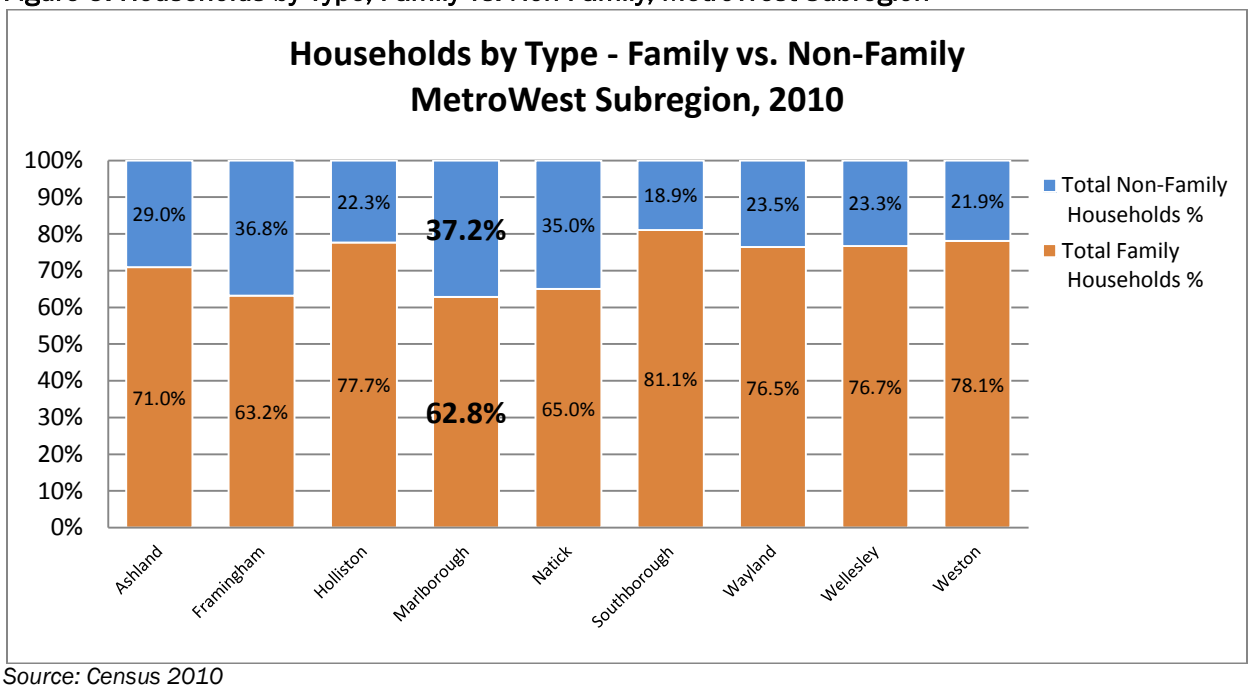
Although the majority of Marlborough households are family households (63 percent), the city has a higher percentage of non-family households (singles, more than one non-related person living together) than other communities in the MetroWest subregion, and the number of non-family households and family households without children is likely to increase in the coming decades as the population ages.

Table 4: Households by Type, Family vs. Non-Family, MetroWest Subregion

	Total Family Households	Total Non-Family Households
Ashland	4,531	1,854
Framingham	16,535	9,638
Holliston	3,838	1,102
Marlborough	**9,672**	**5,723**
Natick	8,714	4,692
Southborough	2,702	630
Wayland	3,676	1,132
Wellesley	6,669	2,026
Weston	2,948	828

Source: Census 2010

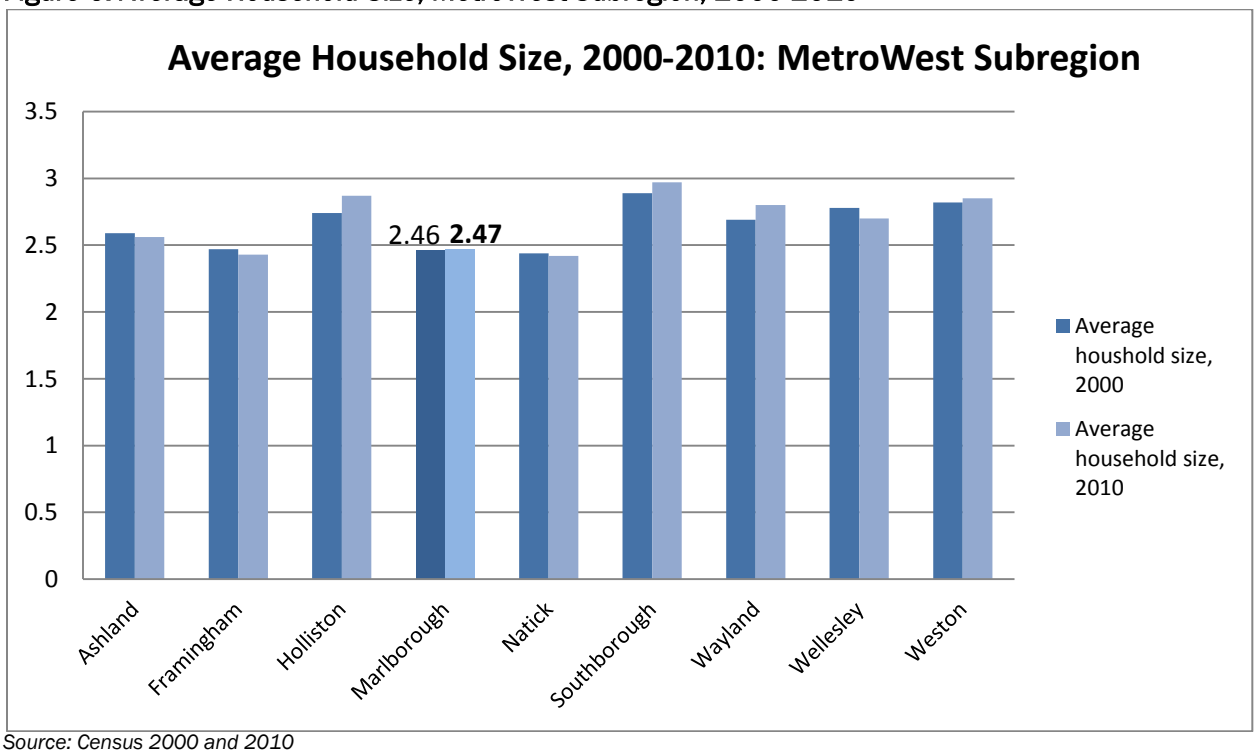
Figure 5: Households by Type, Family vs. Non-Family, MetroWest Subregion



Source: Census 2010

Marlborough's average household size held steady between 2000 and 2010 (2.47 in 2010, up from 2.46 in 2000), however, household size is likely to decrease over the next 20 years once again as a result of an aging population.

Figure 6: Average Household Size, MetroWest Subregion, 2000-2010



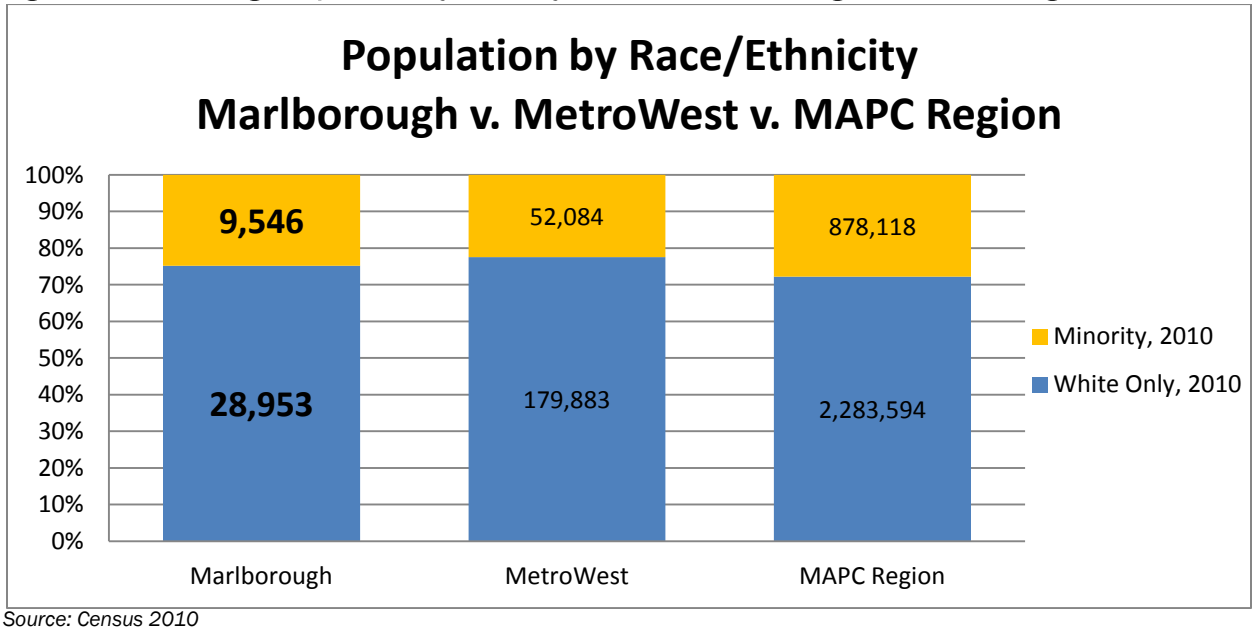
Source: Census 2000 and 2010

These changes in age, household type and size will potentially result in increased demand for a variety of housing units, including attached housing and multi-family units which are often appealing to older residents looking to lower associated housing costs and maintenance responsibilities.

Race and Ethnicity

Marlborough has grown more diverse over the last decade, and has a slightly higher percentage of minority residents when compared with other communities in the MetroWest subregion. The greatest growth was observed in the Other Race population (+974 people), followed by growth in the Asian/Pacific Islander population (+572 people), and the Two or More Races population (+279 people). Over the same time period, Marlborough also experienced a six percent decline in the white population (-1,835 people). There was also a significant increase (+1,978) in those reporting to be of Hispanic/Latino (of any race) ethnicity. Please refer to Figure 7 and Table 5 for more information

Figure 7: Marlborough Population by Ethnicity vs. MetroWest Subregion vs. MAPC Region



Source: Census 2010

Table 5: Marlborough Population by Race and Ethnicity, 2000-2010 Change

	2000 Population	2010 Population	Change	Percentage Change
White Alone	30,788	28,953	-1,835	-6.0%
Black/African American Alone	724	981	257	35.5%
Native American/ Alaskan Native Alone	43	52	9	20.9%
Asian or Pacific Islander Alone	1371	1,943	572	41.7%
Other Race Alone	409	1,383	974	238.1%
Two or More Races	734	1,013	279	39.4%
Latino	2,196	4,174	1,978	90.1%

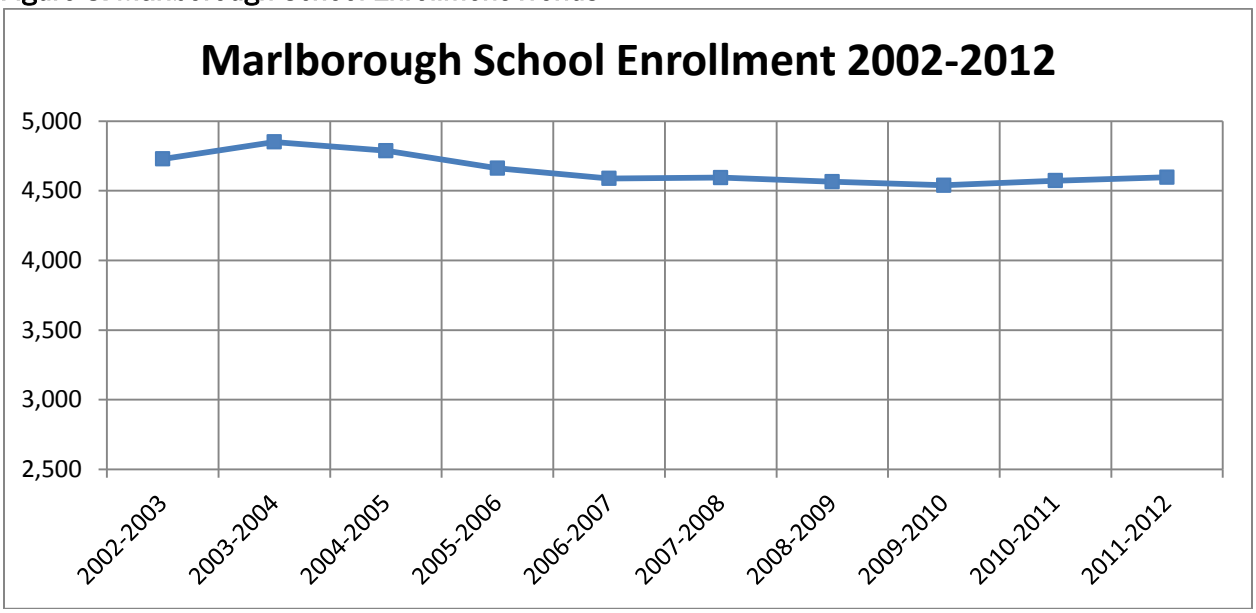
Source: Census 2000 and 2010

School Enrollment

A look at the population enrolled in the Marlborough School District over a ten-year period (2002 to 2012) indicates minor shifts in families with school-age children and the changing needs of the student population.

Data on school district enrollment over a ten-year period (2002-2012) shows that Marlborough's total public school population from pre-K to grade 12 declined slightly. After increasing slight in the early 2000s, the school population decreased by nearly 3 percent through 2010, before increasing slightly over the last two years.

Figure 8: Marlborough School Enrollment Trends



Source: Mass Department of Elementary and Secondary Education, 2012

In terms of additional educational needs which have associated costs, the percentage of enrolled students receiving some form of special education for disabilities has remained consistent over the last decade, representing roughly 20 to 22 percent of the student body. However, as the population has grown more ethnically diverse, the district has seen a steady increase in the percentage of students whose first language is not English. However, although this figure increased, the percentage of students with limited English proficiency remained around 12 percent over the time period.

Of greater concern, since 2006 (the first year from which data for Marlborough is available) the number of low-income students who qualify for free or reduced-price lunch (i.e., students from households meeting federal low-income eligibility guidelines) increased by over 50 percent to a high of 1,820 students (or 39.5 percent of total enrollment) in the 2011-2012 year.

Existing Housing Stock – Key Findings

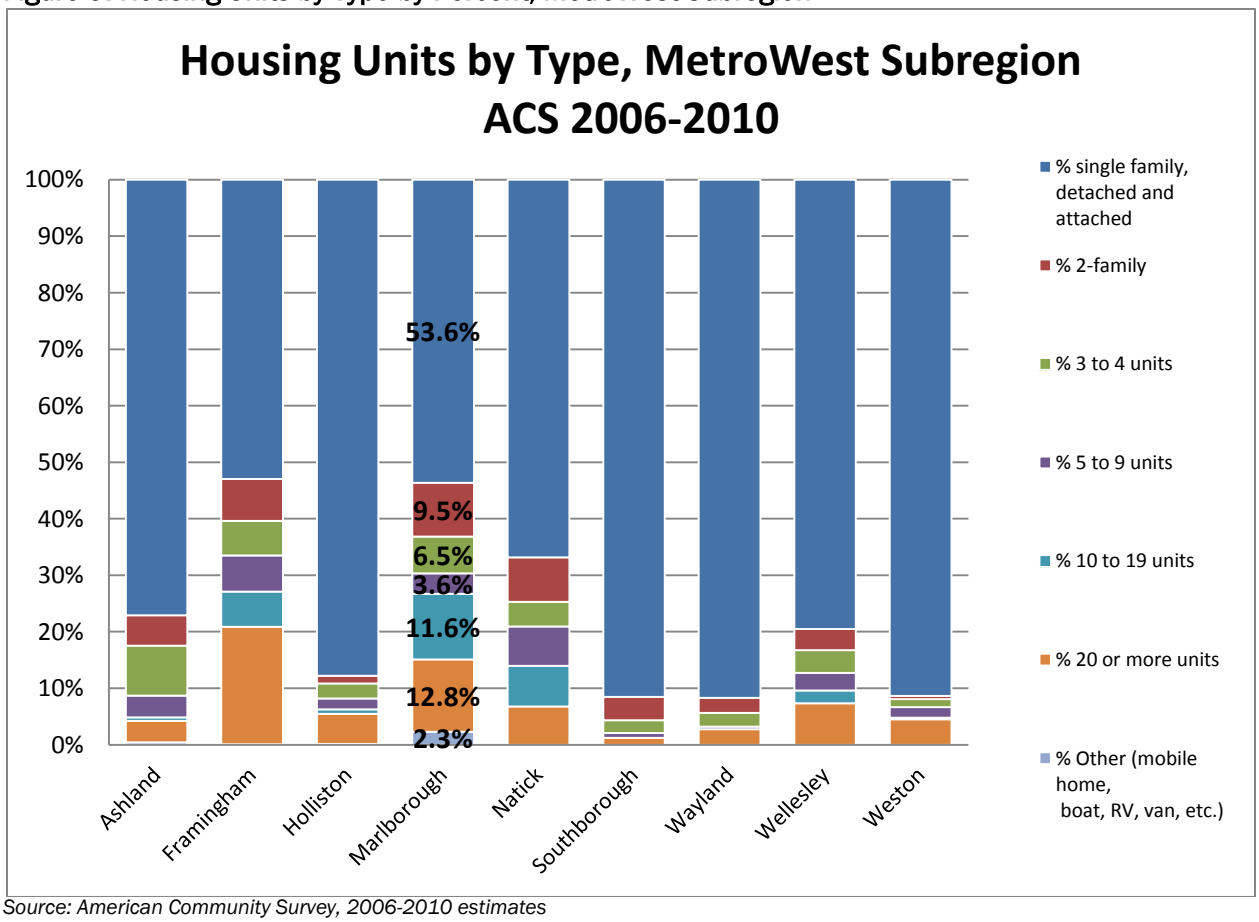
The following section provides a snapshot of Marlborough's existing housing stock, examining structures by number of units, buildings and units permitted, occupancy by tenure, median sales prices, annual sales, foreclosures, and the town's Subsidized Housing Inventory.

Housing Stock by Type

Marlborough has a good balance of housing unit types to meet the diversity of households within the city. While this diversity of housing unit types is similar to that found in Framingham and to a lesser extent, Natick, it is very different from other communities in the MetroWest subregion where single-family units dominate the landscape.

According to Census estimates, single family units (detached or attached) make up a little over half (53.6 percent) of Marlborough's total housing stock with a total of 9,040 units. Marlborough has a large supply of multi-family housing, with nearly 20 percent of units found in 2-9 unit structures (3,433 total units), and nearly a quarter found in structures with 10 or more units (4,111 total units). (See Figure 9 and Table 6 below for more detail.)

Figure 9: Housing Units by Type by Percent, MetroWest Subregion



Source: American Community Survey, 2006-2010 estimates

Table 6: Total Housing Units by Type, MetroWest Subregion

Geography	# single family, detached and attached	2-4 units	Housing units: 5 to 9 units in structure	10 or more units	Other (mobile home, boat, RV, van, etc.)
Ashland	4,924	909	238	281	28
Framingham	14,635	3,739	1,415	7,469	21
Holliston	4,421	204	119	307	8
Marlborough	**9,040**	**2,697**	**736**	**4,111**	**392**
Natick	9,157	1,682	851	1,918	0
Southborough	3,069	216	44	42	0
Wayland	4,665	259	32	140	0
Wellesley	7,216	702	211	874	0
Weston	3,415	73	62	180	0

Source: US Census Bureau, American Community Survey, 2006-2010 Estimates

Building Permits

According to the "Permit Listing Report" from the Marlborough Building Department, there were 264 building permits issued for new housing structures between 2000 and 2012. Of the 264 building permits issued, the vast majority (141) were for single-family and multi-attached single-family (townhouse) units. Five were for structures with 2 family units, 9 were manufactured homes, and 15 were for multifamily residential structures, one of which was the 302-unit Stone Gate complex.

Table 7: Marlborough Building Permits, 2000-2010

TYPE	Building Permits
Residential – Single Family	141
Duplex	5
Multifamily	15
Multi-Attached Single-Family	94
Manufactured	9
TOTAL	264

Source: City of Marlborough, Permit Listing Report, December 2012

Since building permits don't confirm the structure permitted was actually built, nor the total number of units in each project, Census estimates of total housing units were used to estimate total new units added in Marlborough compared to other towns and cities in the MetroWest subregion. Based on 2010 and 2000 census figures for total housing units, the number of housing units in Marlborough increased by 1,513 (10.2 percent) over the ten year period. Based on this data and comparable data for other MetroWest communities, Marlborough's housing production over the last decade was considerably higher in numbers than other subregion communities. However, both Ashland and Southborough had a higher percentage increase.

Table 8: Total Housing Units in MetroWest Communities: Change 2000 to 2010

	Housing Units 2000	Housing Units 2010	Change	
			Number	Percent
Ashland	5,794	6,609	815	14.1%
Framingham	26,734	27,529	795	3.0%
Holliston	4,868	5,087	219	4.5%
Marlborough	**14,903**	**16,416**	**1,513**	**10.2%**
Natick	13,368	14,121	753	5.6%
Southborough	2,997	3,460	463	15.4%
Wayland	4,735	5,021	286	6.0%
Wellesley	8,861	9,189	328	3.7%
Weston	3,825	4,008	183	4.8%

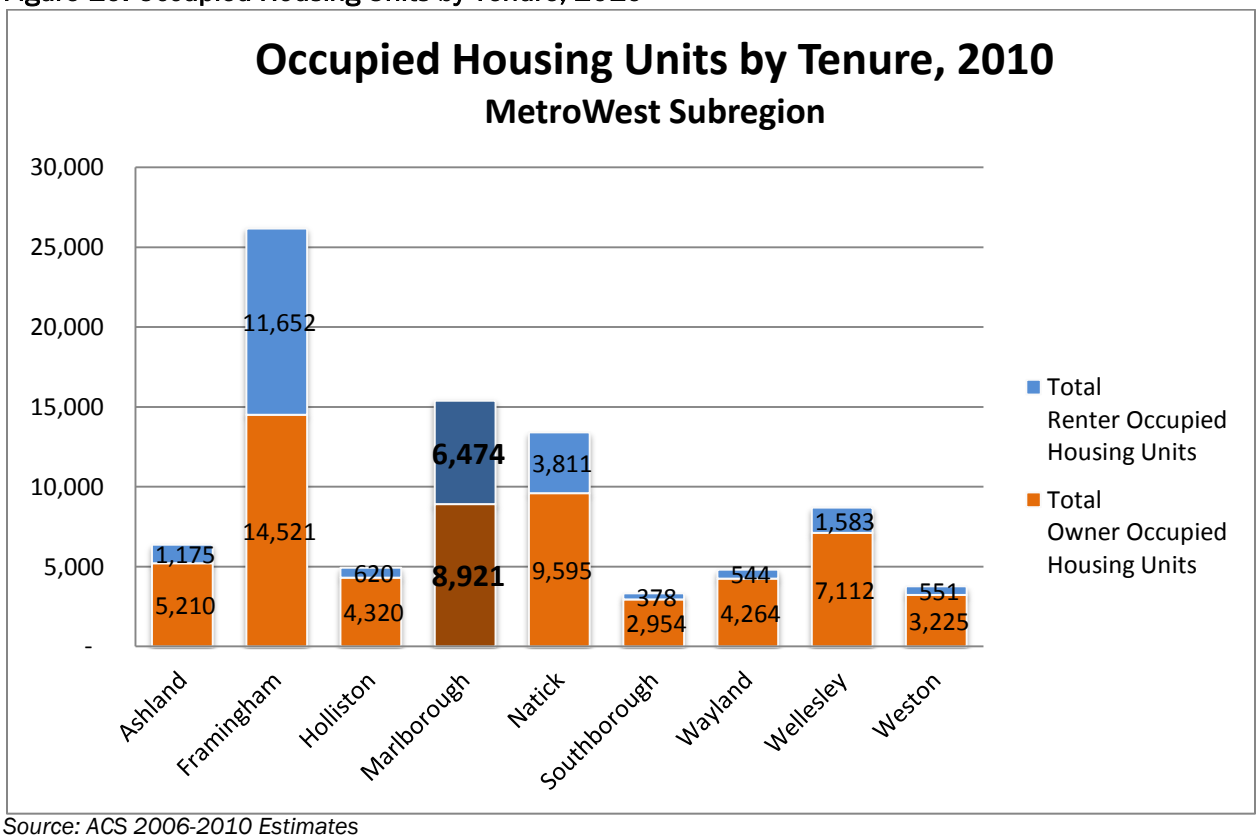
Source: Census 2000 and 2010

To identify the type of housing units added in Marlborough over the 10 year timeframe, ACS 2006-2010 estimates were analyzed, which showed that the majority of units added were either single-family (approximately 2/3 of new units) or units in multifamily structures with 10 or more units (approximately 1/3 or new units).

Occupancy by Tenure

A larger percentage of Marlborough's housing stock is occupied by owners. According to American Community Survey 2006-2010 estimates, 8,921 units are owner-occupied, and the remaining 6,474 occupied units are renter-occupied.

Figure 10: Occupied Housing Units by Tenure, 2010

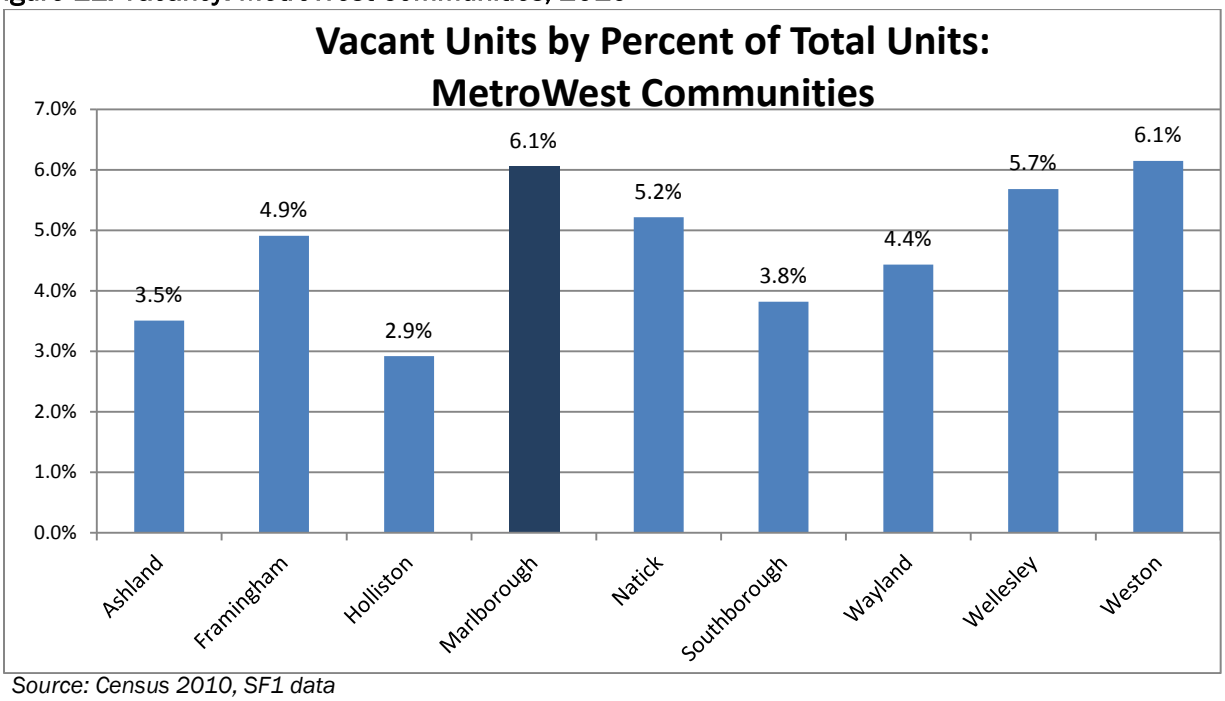


Source: ACS 2006-2010 Estimates

Vacancy

According to Census 2010, approximately 6.1 percent of Marlborough's housing units are vacant. This is similar to the MAPC region (6.0 percent) and slightly higher than the MetroWest subregion (4.2 percent), but several points lower than the state rate of 9.4 percent. (See Figure 11 and Table 9 below.)

Figure 11: Vacancy: MetroWest Communities, 2010



Source: Census 2010, SF1 data

Table 9: Vacant Units: MetroWest and MAPC Region, 2010

	Vacant Units				
	Total	For Rent	For Sale	Other	Percent
MAPC Region	**78,595**	**31,019**	**10,158**	**37,418**	**9.40%**
MetroWest	**4,530**	**1,844**	**867**	**37,418**	**4.3%**
Ashland	*224*	*57*	*53*	*114*	*3.5%*
Framingham	*1,356*	*776*	*164*	*416*	*4.9%*
Holliston	*147*	*43*	*38*	*66*	*2.9%*
Marlborough	***1,021***	***500***	***157***	***364***	***6.1%***
Natick	*715*	*261*	*200*	*254*	*5.2%*
Southborough	*128*	*22*	*25*	*81*	*3.8%*
Wayland	*213*	*46*	*57*	*110*	*4.4%*
Wellesley	*494*	*98*	*127*	*269*	*5.7%*
Weston	*232*	*41*	*46*	*145*	*6.1%*

Source: Census 2010, SF1 data

Annual Housing Sales and Median Prices

During the two-decades from 1991-2011, median sales prices for homes in Marlborough fluctuated significantly. While prices continued to rise throughout the 1990s and early 2000s, hitting an all-time high of $334,000 in 2005, prices fell dramatically between 2006 and 2011. The annual number of sales followed a similar pattern, with the highest number of sales occurring in the late 1990s/early 2000, before dropping below 1991 levels in the years and from 2007 to 2011.

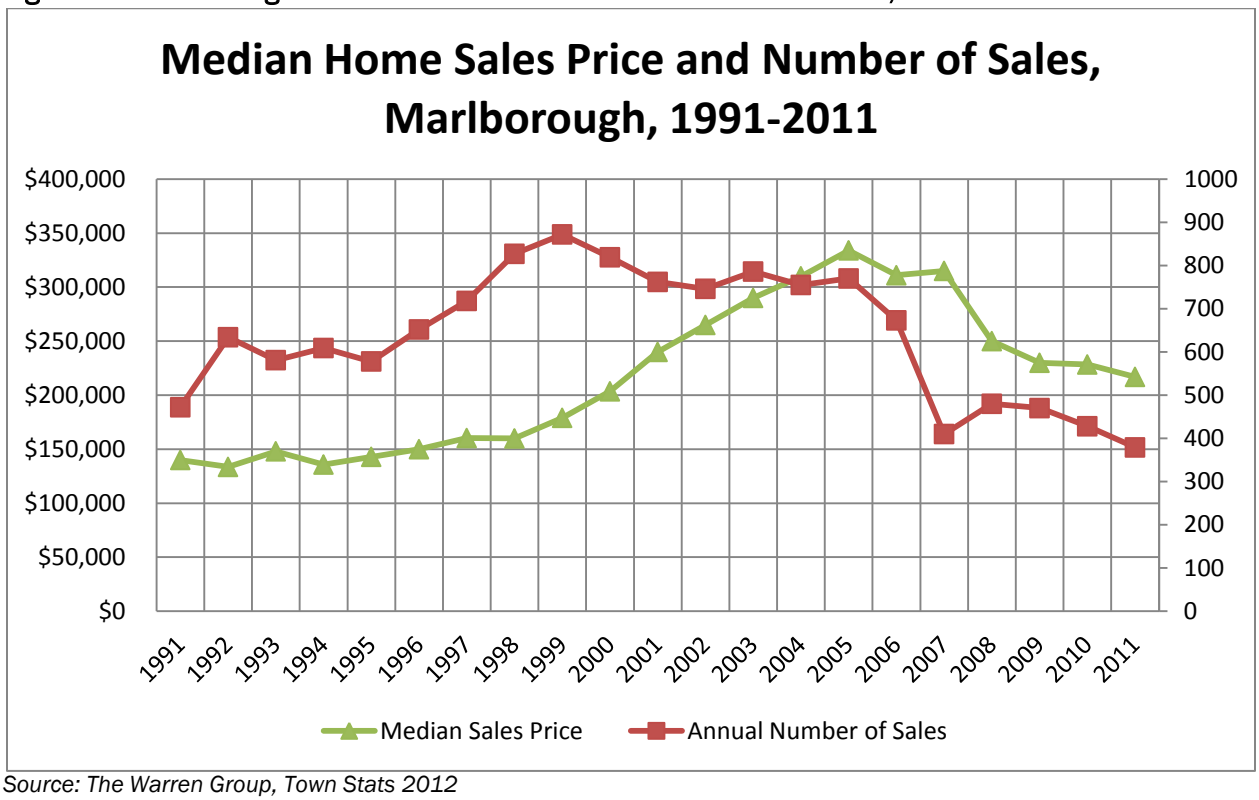
Table 10: Marlborough Median Home Sales Price and Number of Sales, 1991-2011

Year	Median Sales Price	Annual Number of Sales
1991	$140,000	472
1992	$133,569	634
1993	$148,000	581
1994	$135,775	609
1995	$142,900	578
1996	$149,950	652
1997	$160,285	718
1998	$159,900	827
1999	$179,000	872
2000	$203,525	819
2001	$240,000	762
2002	$265,000	746
2003	$290,000	786
2004	$310,000	755
2005	$334,000	770
2006	$311,000	673
2007	$315,000	410
2008	$250,000	480
2009	$229,950	470
2010	$228,375	428
2011	$216,900	379

Source: The Warren Group, TownStats 2012

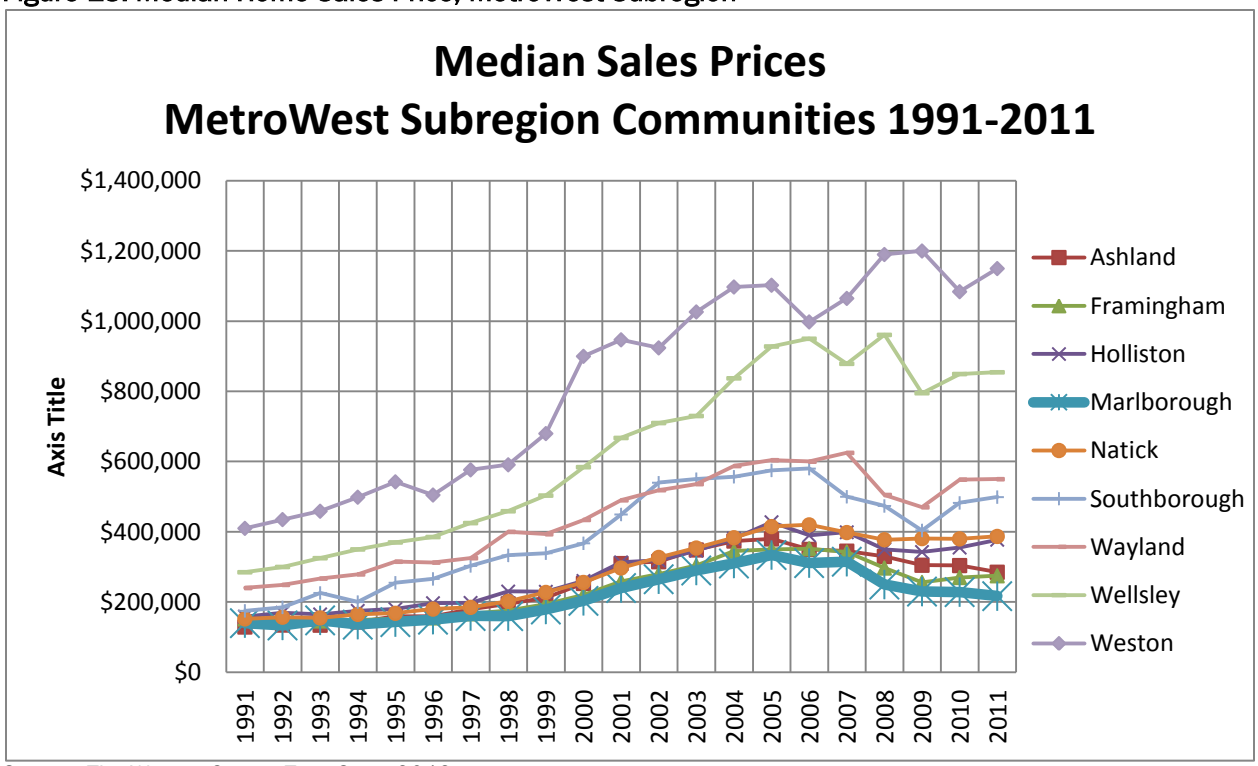
Although annual sales and median prices in Marlborough continue to decline slightly, they have steadied since the worst of the recession and may take time to fully stabilize or increase. However, when we compare Marlborough median sales prices for single family and condos in the MetroWest subregion, we see that sales prices in Marlborough are lagging behind the majority of its neighboring communities, most of which have seen median sales prices tick upwards over the last few years. (See Figure 13.)

Figure 12: Marlborough Median Home Sales Price and Number of Sales, 1991-2011



Source: The Warren Group, Town Stats 2012

Figure 13: Median Home Sales Price, MetroWest Subregion



Source: The Warren Group, TownStats 2012

Foreclosures

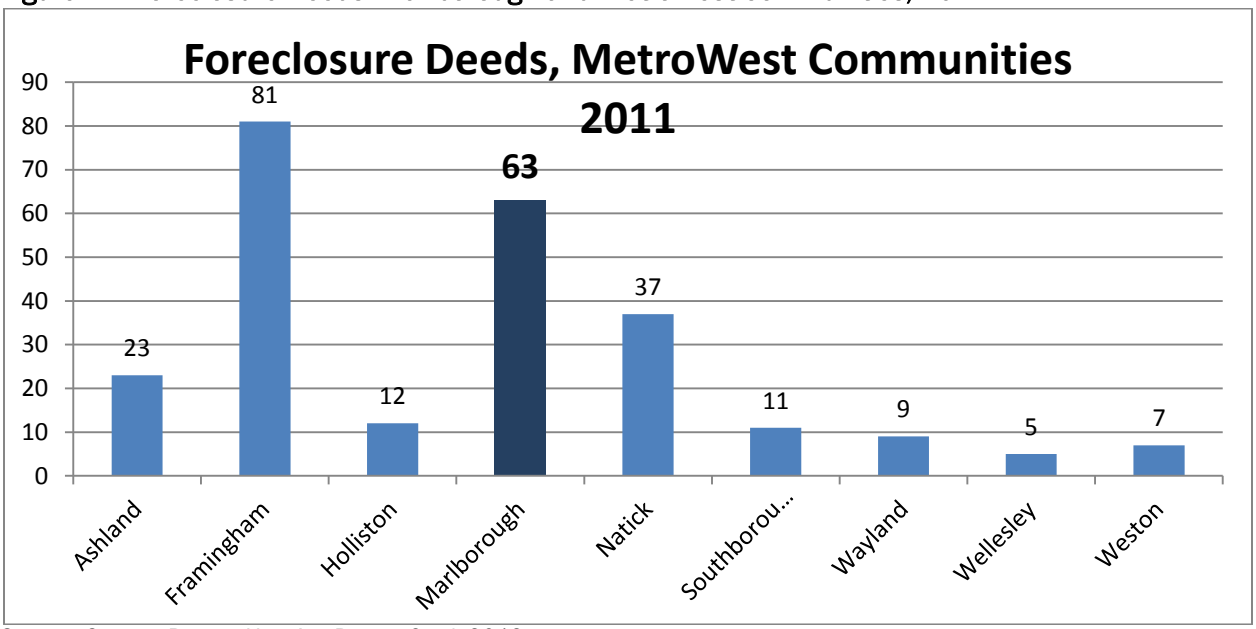
There were 102 petitions to foreclose on housing units in Marlborough in 2011, down from 120 in 2010; and 63 foreclosure deeds, down significantly from the 120 in 2010. While the downward trend in foreclosures is a positive sign for the community, Marlborough had the highest percentage of foreclosures in the subregion as a percentage of total units. It is also significant because of foreclosures' impact on household displacement. That is, as homes become foreclosed, households are forced to relocate, often increasing demand for affordable housing options, particularly rental housing units. While the units themselves might present an opportunity for new development, there are often significant unintended consequences to a foreclosed unit in a neighborhood associated with abandoned or vacant housing.

Table 11: Foreclosure Information, Marlborough and MetroWest Communities, 2011

Community	Petitions to Foreclose, 2011	Foreclosure Auctions, 2011	Foreclosure Deeds, 2011	Foreclosure Deeds (2011) as a percentage of total units (2010)
Ashland	36	60	23	0.35
Framingham	103	205	81	0.29
Holliston	19	34	12	0.24
Marlborough	**102**	**150**	**63**	**0.38**
Natick	27	57	37	0.26
Southborough	6	20	11	0.32
Wayland	9	24	9	0.18
Wellesley	9	14	5	0.05
Weston	6	12	7	0.17

Source: Greater Boston Housing Report Card, 2012

Figure 14: Foreclosure Deeds: Marlborough and MetroWest Communities, 2011



Source: Greater Boston Housing Report Card, 2012

Current M.G.L. Chapter 40B Subsidized Housing Inventory

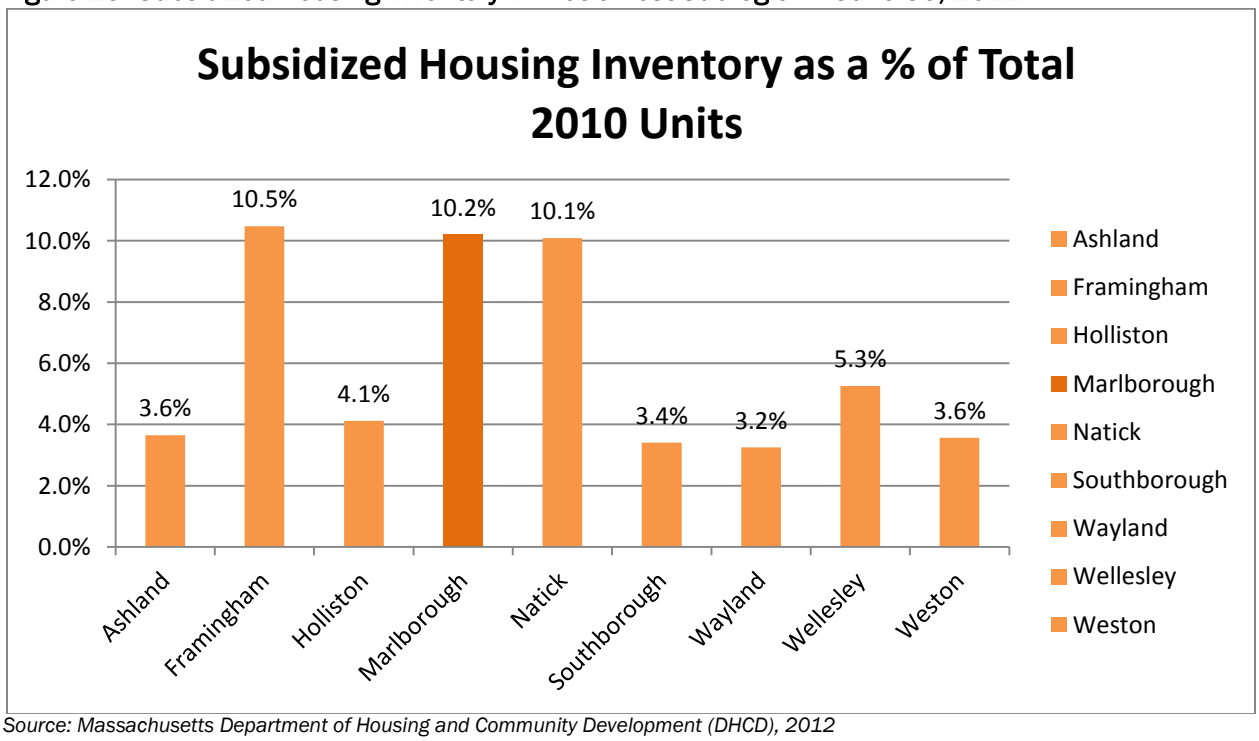
For the purposes of this needs assessment and for any subsequent Housing Production Plan, affordable housing has a specific definition by law. That definition is as follows:

"Low or Moderate Income Housing means any units of housing for which a Subsidizing Agency provides a Subsidy under any program to assist the construction or substantial rehabilitation of low or moderate income housing, as defined in the applicable federal or state statute or regulation, whether built or operated by any public agency or non-profit or Limited Dividend Organization. If the applicable statute or regulation of the Subsidizing Agency does not define low or moderate income housing, then it shall be defined as units of housing whose occupancy is restricted to an Income Eligible Household."[3]

Marlborough SHI

As of May 10, 2012, Marlborough's SHI was 10.2% with a total of 1,668 affordable units. This is above the 10 percent of the total Census 2010 housing stock, the threshold needed to be exempt from the Chapter 40B comprehensive permit process. The SHI of other communities in the MetroWest subregion ranged from a low of 3.2 percent to a high of 10.5 percent, placing Marlborough in the top third within the subregion.

Figure 15: Subsidized Housing Inventory in MetroWest Subregion – June 30, 2011



Source: Massachusetts Department of Housing and Community Development (DHCD), 2012

Only 475 of Marlborough's SHI units (28 percent) are affordable in perpetuity. As shown below, over 1,000 units will expire at some point over the next 50 years. All of these units are rentals. Although the majority of units are set to expire after 2030, if the 115 units set to expire by 2016/2018 are not recertified, and no other affordable units are added to the SHI, it will bring the SHI to 9.5 percent.

[3] MA DHCD Comprehensive Permit Guidelines, Introduction, July 30, 2008.

Similarly, if the additional 174 units that are set to expire between 2021 and 2030 are not recertified, it would bring the SHI to 8.4 percent, based on total units in 2010.

Table 12: Chapter 40B Subsidized Housing Inventory as of May 10, 2012

	Units	Percent SHI
Census 2010 Year Round Housing Units	16,347	n/a
Marlborough SHI as of March 29, 2012	**1,668**	**10.2**
Number of units affordable in perpetuity:	475	n/a
Number of units at risk of expiring:	1094	n/a
Expire by 2016/2018	*115*	*9.5%*
Expire 2021-2030	*174*	*8.4%*
Expire 2030 or later (many expire after 2050 or 2100)	*805*	*3.5%*
N/A - group home[4]	99	n/a

Source: Massachusetts DHCD, May 2012

For Marlborough to maintain an SHI above 10 percent, the city will need to work with owners of expiring units to potentially recertify those rental units currently on the SHI, and/or add additional units to the inventory by 2016. Additionally, new qualifying units will likely be needed by 2020 to stay above the 10 percent threshold. Because the SHI is determined using the total number of housing units from the current decennial census, as the number of total units increases through 2020 (the denominator), the number of SHI units (the numerator) must keep up. If the number of Marlborough's SHI units stays the same, but the total number of housing units increases in 2020, the percentage of total SHI units will decrease, and likely fall below 10 percent.

Figure 16: SHI Formula

$$\text{\# of subsidized units} \div \text{total year round housing units per last decennial census} = \text{SHI \%}$$

[4] Affordability expiration is N/A for 46 rental units managed by DDS Group Homes.

III. Housing Needs Analysis

The Housing Needs Analysis is organized into three sections: the community profile analyzes demographic information about Marlborough's current and projected population, income, and educational attainment. The next section analyzes Marlborough's housing characteristics, including age and ownership of existing housing, home sales activity, and housing values. The last section examines the housing affordability gap.

Community Profile – Key Findings

Population and Households

As previously noted in Section II, the middle aged population (35-54) is expected to decline by over 1,200 people from 2000 and 2030, whereas the 55+ population is projected to grow significantly by over 4,000 people over the same time period. Over two thirds of this growth will be those 65+.

In addition, 2010 estimates of Marlborough households by type indicate that 63 percent are family households and 37 percent are non-family households, with non-family households expected to grow as a percentage through 2030.

Taken as a whole, these changes have major implications for the type of housing available and needed along with its attendant costs, particularly for elderly residents 65+. These changes will result in a smaller average household size, and an increasing demand for accessible, senior housing.

Table 13: Current and Projected Population in Marlborough, 2000-2030

Age Range	2000		2010		2020		2030		Projected Change 2000-2030	
	#	%	#	%	#	%	#	%	%	#
0-4	2554	7.0%	2809	7.3%	2791	7.2%	2921	7.3%	367	14.4%
5-19	6480	17.9%	7142	18.5%	6588	17.0%	6736	16.9%	256	4.0%
20-34	8270	22.8%	8188	21.2%	8550	22.1%	8221	20.6%	-49	-0.6%
35-54	11731	32.4%	11786	30.4%	10237	26.4%	10499	26.3%	-1232	-10.5%
55-64	3030	8.4%	4280	11.1%	4931	12.7%	4396	11.0%	1366	45.1%
65+	4190	5.8%	4503	6.2%	5641	14.6%	7113	18.8%	2923	69.8%
Total Pop.	36255		38708		38738		39886		808	10.0%

Source: MAPC MetroFuture Projections

Households and Housing Unit Type

As previously noted in Section II, between 2000 and 2012, the majority of building permits issued in the city of Marlborough were for single-family structures. And according to census figures, single family structures represented 2/3rds of new housing units added to the town's inventory. Only one third of new units were located in multi-family structures with 10 or more units.

The table below compares housing type and unit projections between 2000 and 2030 according to MAPC's Current Trends and MetroFuture projections. Whereas Current Trends projects a major increase in single family housing units in Marlborough over the three-decade period, the MetroFuture development scenario projects less than a third as many. Rather, MetroFuture projects many more multifamily homes or townhouses, apartments and condo buildings, and accessory apartments/adaptive reuse units, with two thirds of new unit development is projected to occur on previously developed land. These are the types of units that often appeal to older populations, small families, and non-family single and unmarried households, all of which are expected to increase over the next 20 years.

Table 14: Household Type Projections, Current Trends vs. MetroFuture, 2000-2030

Marlborough	Current Trends	MetroFuture
Projected Population, 2030	*39,807*	40,017
Projected Housing Units, 2030	17,263	17,515
Projected Housing Unit Change, 2000 - 2030	2,762	3,014
Single Family Housing Units, 2000 - 2030	1,754	540
Units in Multifamily Homes or Townhouses, 2000 - 2030	211	709
Units in Apartment or Condo Buildings, 2000 - 2030	758	1,535
Accessory Apartments or Adaptive Reuse Units 2000 - 2030	39	229
Units on Previously Developed Land, 2000 - 2030	610	2,086
Units in Mixed Use Developments, 2000 - 2003	396	801
New Residential Development (acres), 2000 - 2030	6,290	5,201

Source: MAPC MetroFuture and Current Trends Projections

Household Income

The median household income for Marlborough in 2010 (2006-2010 estimates) was $71,617, up 25.9 percent from the 2000 median household income of $56,879. However, when 2000 dollars are converted to 2010 dollars, incomes appear to be up only slightly ($72,065).

As shown in Table 15, of total households in 2010, 5,786 households (36.8 percent) had incomes below $50,000, and 5,688 (36.2 percent) had incomes above $100,000. It is important to understand household income as it relates to what households can afford to rent or purchase housing and how much assistance a family might need. These numbers indicate that a significant number of households in Marlborough could potentially qualify for housing assistance, depending on family size, since they earn less than 80 percent of the Area Median Income, which determines eligibility for housing assistance (For more information, see Section IV. Affordability.)

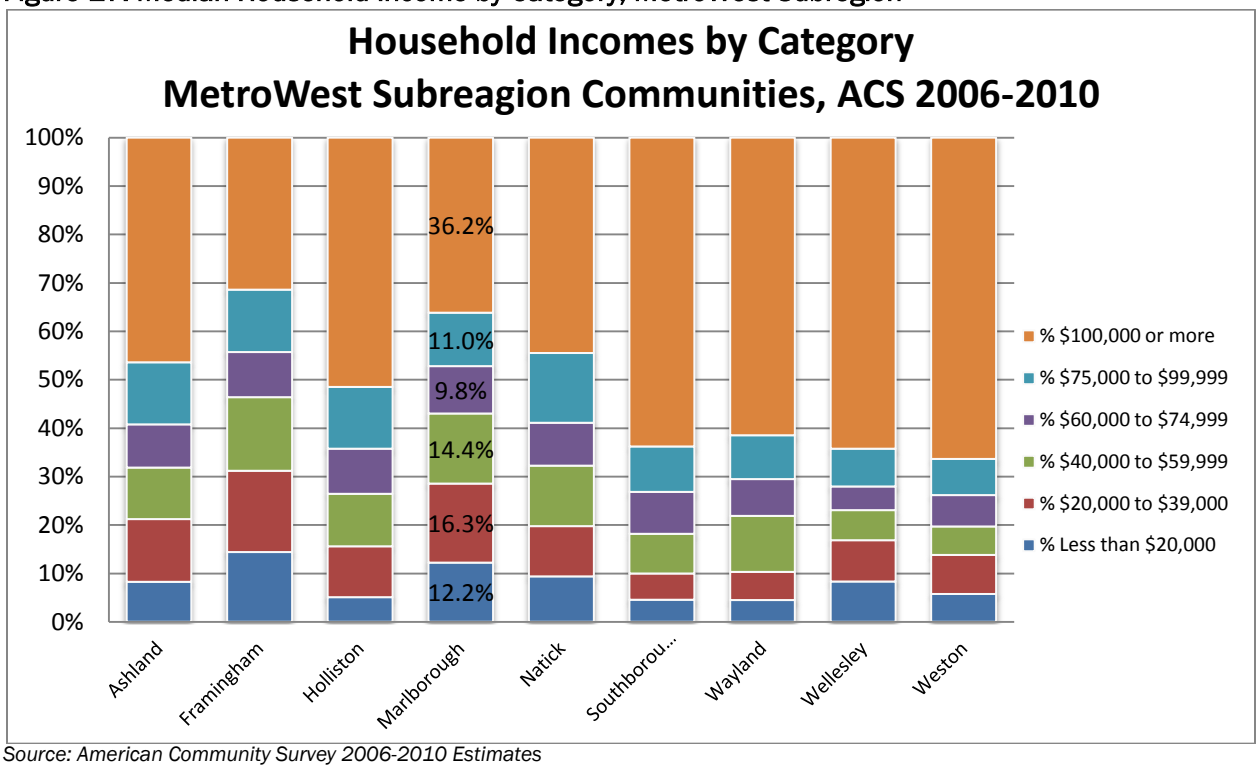
Additionally, when comparing incomes to those in other MetroWest subregion communities, Marlborough incomes are among the lowest. Only Framingham has a larger percentage of households earning $20,000 or less, or fewer household earning $100,000 or more. (See figure 17.)

Table 15: Income Distribution by Households, 2000-2010

Income Category	2000		2010	
	#	% of Total	#	% of Total
less than $19,999	2,172	15.0%	1,923	12.2%
$20,000 to $34,999	1,822	12.6%	1,855	11.8%
$35,000 to $49,999	2,303	15.9%	2,008	12.8%
$50,000 to $74,999	3,103	21.4%	2,522	16.0%
$75,000 to $99,999	2,160	14.9%	1,736	11.0%
$100,000 or more	2,956	20.4%	5,688	36.2%
Median Household Income	$56,879		$71,617	
Total Households	14,516		15,732	

Source: US Census 2000 and ACS 2006-2010 Estimates

Figure 17: Median Household Income by Category, MetroWest Subregion



Source: American Community Survey 2006-2010 Estimates

Poverty Status

The following table indicates the poverty status in the community. In general, the percentage of Marlborough individuals and families living below the poverty level increased from 2000 to 2010, with the percentage of all individuals increasing from 6.8 to 8.0 percent, and of all families from 4.7 to 5.2 percent. Significantly, households headed by a female had the highest percentage living below poverty at 17.8 percent, whereas the percentage of individuals aged 65 and over was the only subgroup to see a decrease over the time frame (10.3 to 6.6 percent). The data underscores the need for affordable housing options for many in the community, particularly those headed by females with children. (Important note: 2010 poverty increases are within the margins of error, which are high.)

Table 16: Poverty Status, 2000-2010

	2000		2010	
	#	% of category	#	% of category
Individuals	2,455	6.8%	n/a	8.0%* +/-1.9
Families	445	4.7%	n/a	5.2%* +/-1.9
Female-Headed Households	194	16.7%	n/a	17.8%* +/-9.3
Individuals 65 and over	404	10.3%	n/a	6.6%* +/-2.5

Source: Census 2010 and American Community Survey 2006-2010
**Figures with high margins of error*

Educational Attainment

The educational attainment of Marlborough residents is generally consistent with that of the Commonwealth, but trails that of Middlesex County. Compared to the county, more of Marlborough's population lacks a high school diploma, and far fewer hold a bachelors degrees or higher. Given the lower incomes within the community, the lower educational attainment may be impacting resident's ability to acquire high wage jobs compared to residents throughout Middlesex County and the region.

Table 17: Educational Attainment in Marlborough, Middlesex County, and State, 2010

	% High School Without Diploma	% Completed High School	% Completed Some College or Associates	% Completed Bachelors Degree or Greater
Marlborough	**11.6**	**29.0**	**20.6**	**38.9**
Middlesex County	8.4	22.6	19.7	49.3
State	11.3	26.7	23.7	38.3

Source: Census 2010

Housing Characteristics

The age of Marlborough's housing stock varies. While nearly 20 percent of the housing stock was built prior to 1939, the majority of units were built during the post war housing boom, more than half of total units built between 1960 and 1999. Housing production was down over the last 10 years, with less than 10 percent of units were built between 2000 and 2010, significantly less than in the proceeding two decades.

In terms of occupancy by tenure, in 2010, 61 percent of all occupied units were owner-occupied, and 39 percent are renter-occupied, the highest percentage of any MetroWest town. Significantly, for the first time, between 2000 and 2010, more new units built were renter occupied than owner occupied, reversing the trend of previous decades where more owner occupied units were built.

Table 18: Housing Stock Age by Housing Units by Tenure in Marlborough, 2006-2010 Estimates

Year Built	Age of Structure	Owner-Occupied Units	Renter-Occupied Units	Percent of Total Occupied Structures
Built 2000 to 2010:	2 - 12 years	487	837	8.4%
Built 1980 to 1999:	13 - 32 years	3,214	1,068	27.2%
Built 1960 to 1979:	33 - 52 years	2,778	1,839	29.3%
Built 1940 to 1959:	53 - 72 years	1,388	1,147	16.1%
Built 1939 or earlier:	73+ years	1,673	1,301	18.9%
Total Occupied Structures (est.):	15,732	9,540	6,192	100.0%

Source: American Community Survey 2006-2010

Table 19: Median Sales Price and Number of Sales, Marlborough 1991-2011
Calendar Year Jan - Dec

Year	One-Family	Condo	All		Year	One-Family	Condo	All
2011	$256,000	$130,000	$216,900		2011	191	117	379
2010	$268,000	$90,750	$228,375		2010	241	118	428
2009	$265,000	$91,000	$229,950		2009	241	145	470
2008	$300,000	$170,000	$250,000		2008	264	137	480
2007	$340,000	$239,500	$315,000		2007	237	119	410
2006	$350,000	$172,750	$311,000		2006	306	240	673
2005	$259,950	$191,500	$334,000		2005	384	242	770
2004	$335,800	$172,000	$310,000		2004	337	252	755
2003	$315,000	$155,000	$290,000		2003	407	245	786
2002	$288,000	$144,950	$265,000		2002	349	264	746
2001	$270,000	$115,000	$240,000		2001	330	279	762
2000	$249,900	$96,750	$203,525		2000	358	298	819
1999	$207,000	$125,450	$179,000		1999	415	286	872
1998	$177,250	$128,000	$159,900		1998	426	227	827
1997	$176,500	$134,900	$160,285		1997	419	136	718
1996	$174,250	$114,450	$149,950		1996	421	134	652
1995	$157,707	$123,250	$142,900		1995	329	118	578
1994	$150,500	$123,760	$135,775		1994	318	136	609
1993	$163,000	$108,866	$148,000		1993	347	83	581
1992	$153,250	$105,100	$133,569		1992	342	108	634
1991	$152,000	$92,000	$140,000		1991	277	69	472

Source: The Warren Group, TownStats 2012

Housing Sales Activity

Table 19 lists single family and condominium median sales prices and the total number of annual sales for the two-decades between 1991 and 2011. The median sales price for single-family homes

was at an all-time high of $350,000 in 2006, whereas condominium prices were at an all-time high of $239,500 in 2007. The greatest volume of single-family sales occurred in the mid to late 1990s, with annual sales above 400 houses a year. Condominium sales peaked in the late 1990s to early 2000s with a high of 298 units, with strong sales continuing through 2006. Sales and prices for both single-family and condos have experienced a significant decline over the last half decade, with the lowest number of sales over the 20 year period occurring in 2011, and significant price decreases since the peak in the mid 2000s.

Housing Development Pipeline

As highlighted earlier, housing sales and prices experienced a sharp decline over the last half decade during the economic downturn. However, new housing construction is likely to pick up as the economy recovers.

Currently, there are several housing developments in the pipeline, with a total of 630 units. This includes the 225 unit rental project, Brookview Village, 350 units at the recently approved Results Way Mixed Use District, and 55 single family units within several developments around the city. The majority of units will be in multi-family, rental structures.

Impact on Marlborough's SHI

The number of total new units added will impact the total number of housing units that the city's SHI is based upon. If many more units are added, this could result in the city falling below the 10 percent threshold that exempts the city from the Chapter 40B Comprehensive Permit.

With 115 affordable units set to expire by 2018, the city's SHI would fall below 10 percent, if the units are not recertified. Should the Brookview Village development proceed as expected, the city will add 225 units to its inventory, thus ensuring its status above 10 percent through 2020. However, with more units expected to be built between now and 2020, and an additional 174 units potentially expiring between 2020 and 2030, it is important for the city to plan now for more affordable units, both to house those in need, and to stay above the 10 percent threshold.

Future Housing Considerations

The city must consider the types of units approved for future development given the reality of changing demographics. With a large increase of elderly residents expected, and families with children expected to remain steady, the need for smaller units such as townhouses, condominiums and multi-family developments will likely increase more than for new single-family homes.

IV. Affordability

HUD Income Limits for Affordable Housing

The U.S. Department of Housing and Urban Development (HUD) provides annual estimates of area median income (AMI) for communities across the United States. HUD calculates percentages of affordability using AMI, which is calculated for metro areas. All information presented below applies to the Boston-Cambridge-Quincy, MA-NH HUD Metro Fair Market Rent (FMR) Area, of which Marlborough is a part. Only income-eligible households can live in qualifying affordable housing units.

Table 8 outlines households that qualify for affordable housing using FY2013 income limits by different household sizes. The incomes represent 30 percent of the AMI up to 80 percent of the AMI. Various government programs provide housing for varying income levels, with the households earning up to 30 percent of AMI generally targeted for rental opportunities, while those earning 50 to 80 percent AMI are eligible for ownership opportunities. However, in Massachusetts, many rental units in projects built under the 40B Comprehensive Permit process are set for those in the 50 to 80 percent AMI category.

Table 20: FY2013 Individual Income Limits for Affordable Housing: Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area

FY 2013 Boston-Cambridge-Quincy Median Income: $94,400

FY2012 Income Limit Category	Extremely Low (30%) Income Limits	Very Low (50%) Income Limits	Low (80%) Income Limits
1 Person	$19,850	$33,050	$47,150
2 Person	$22,650	$37,800	$53,900
3 Person	$25,500	$42,500	$60,650
4 Person	$28,300	$47,200	$67,350
5 Person	$30,600	$51,000	$72,750
6 Person	$32,850	$54,800	$78,150
7 Person	$35,100	$58,550	$83,550
8 Person	$37,400	$62,350	$88,950

Source: Department of Housing and Urban Development, 2013

The National Low Income Housing Coalition has analyzed affordable rents for both renters and people at 30% of AMI, which is categorized as very low income. Based on their analysis using the Boston-Cambridge-Quincy area median income, of which Marlborough is a part, the rent amount for someone earning the mean hourly wage of $20.32 is $1,057, however according to Boston-Cambridge-Quincy AMI, an affordable rent is $2,445.

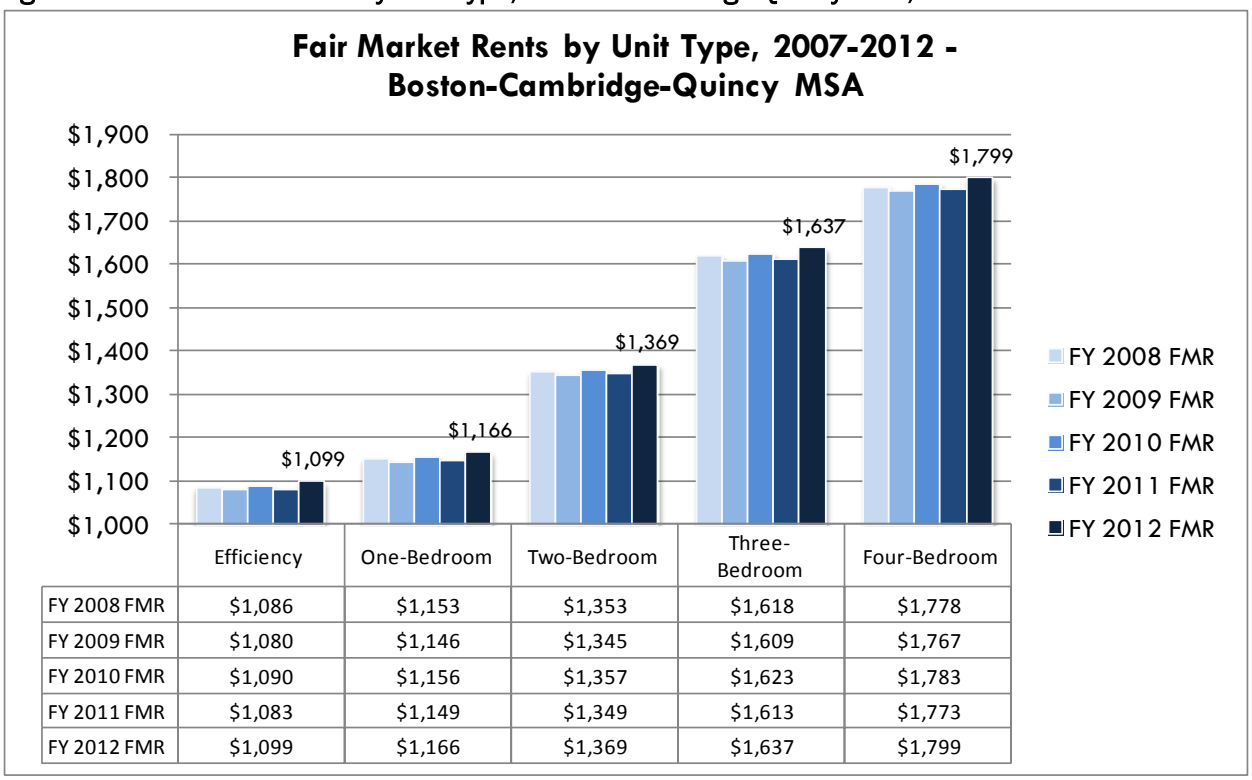
Table 21: Measuring Affordability: Fair Market Rents, Affordable Rents, and Mean Renter Wages

2010 Boston-Cambridge-Quincy Fair Market Rent (FMR) Median Family Income Estimate	$97,800.00
FY2012 Massachusetts Area Median Income (AMI)	$89,029.00
30% of FY2012 Boston-Cambridge-Quincy AMI	$29,340.00
2012 rent affordable at Boston-Cambridge-Quincy AMI	$2,445.00
2012 rent affordable at 30% of Boston-Cambridge-Quincy AMI	$734.00
2012 Fair Market Rent (FMR) for a two-bedroom	$1,369.00
FY2012 wage necessary to afford two-bedroom at FMR	$26.33
FY2012 estimated mean renter hourly wage	$20.32
FY2012 rent affordable at mean renter hourly wage	$1,057.00

Source: National Low Income Housing Coalition Statistics, 2012

The figure below shows the FMRs or maximum allowable rents (not including utility and other allowances) for subsidized units in the Boston MSA. The upward trend is reflective of the annual adjustment factor that occurs to reflect market demands for rental housing. Given the many constraints on the Greater Boston rental housing market, this is not a surprising trend and only makes the need for more rental housing at multiple price points a priority.

Figure 18: Fair Market Rents by Unit Type, Boston-Cambridge-Quincy MSA, 2007-2012



	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2008 FMR	$1,086	$1,153	$1,353	$1,618	$1,778
FY 2009 FMR	$1,080	$1,146	$1,345	$1,609	$1,767
FY 2010 FMR	$1,090	$1,156	$1,357	$1,623	$1,783
FY 2011 FMR	$1,083	$1,149	$1,349	$1,613	$1,773
FY 2012 FMR	$1,099	$1,166	$1,369	$1,637	$1,799

Source: Department of Housing and Urban Development

Housing Affordability Gap

As housing prices increase, the affordability gap widens. The affordability gap is defined as the difference between the cost of housing and the proportion of income that is reasonable to pay for housing, typically defined as 30 percent of gross income. Thirty percent of gross income is also referred to as a household's "borrowing power".

Affordability of Existing Housing by Type

To afford the median sales price of $256,000 for a single family house in Marlborough in 2011 (from Table 19), a household would have to earn $68,880 annually, or approximately $2,737 less than the 2010 median household income of $71,617. A household earning the median income of $71,617 could afford a home priced at approximately $265,000, assuming it spent no more than 30% of gross income on housing costs. Thus, when looking at medians, there doesn't appear to be an affordability gap in Marlborough, since the 2011 median sales price of $256, 000 is $9,000 less than the $265,000 that is affordable to those earning the median income or more. However, for those earning below 80 percent AMI, housing affordability is an issues. And further, when looking at housing units currently on the market, the issue of affordability differs by housing unit type and size.

Table 22 estimates the income required to purchase different types of homes or condominiums in Marlborough in 2012. The figures were calculated by averaging sales prices of units on the market by type during December of 2012. The monthly cost and annual income calculations assume the following: a good credit profile; a fixed rate conforming loan interest rate of 5 percent; projected tax and private mortgage insurance (PMI) costs; and an annual income where no more than 30% is spent on housing (mortgage and utilities).

Table 22: Affordability of Existing Housing

House Type	Average Price	Down Payment (5%)	Loan amount	Estimated Monthly Cost	Annual Income Required
Condominium: 2 BR, 1-2 baths	$203,941	$10,197	193,744	$1,372	$60,892
Condominium: 2 BR, 3 baths	$268,967	$13,448	255,519	$1,810	$78,396
Condominium: 3 BR, 3 baths	$315,399	$15,770	299,629	$2,122	$90,893
House, single family, 3 BR, one bath	$206,725	$10,336	196,389	$1,391	$61,644
House, single family, 3 BR, 2-3 baths	$247,822	$12,391	235,431	$1,668	$72,704
House, single family, 4 BR, 2-3 baths	$373,306	$18,665	354,641	$2,512	$106,479

Source: Multiple Listing Service affiliate Zip Realty's listing of home and condominium sales prices collected on December 12, 2012.

The analysis shows that while the average prices for 2 bedroom condominiums with one to two baths, and 3BR single family homes with 2-3 baths, are within reach of those earning Marlborough's median income, other unit types are not, including townhouse condominiums with 3 bedrooms or more, and single-family houses with four bedrooms or more. The housing affordability gap for larger households and families seeking these larger homes is $50,399 and $108,306, respectively.

Marlborough Housing Authority

According to the Marlborough Community Development Authority Housing Director, MCDA operates three senior housing properties with a total of 231 housing units and one disabled property with 4 units. All units are one bedroom. There are no future units proposed or planned within the city, and the current waiting list for existing units is 241 people. According to MCDA, the need for affordable housing for seniors is increasing, as the waiting list has recently been increasing by 2 percent per month.

MCDA units do not serve family populations in need.

Affordable Housing and MGL Chapter 40B

In 1969, Chapter 40B, the Massachusetts Comprehensive Permit Law, was passed to facilitate the development of affordable housing for moderate and low income households within the Commonwealth. The legislation defined affordable housing to include any housing subsidized by the federal or state government under any program to assist in building housing for those earning less than 80% of area median income (AMI). In communities where less than 10 percent of their year round housing is available for low and moderate income households, Chapter 40B allows developers creating units for low and moderate households to obtain a Comprehensive Permit that overrides local zoning and other restrictions.

As stated previously, as of May 2012, the City of Marlborough had 1,668 units in its Subsidized Housing Inventory, or SHI, representing 10.2% percent of the city's total housing stock, thus exempting the community from the 40B Comprehensive Permit.

In December 2012, the Zoning Board of Appeals approved the Brookview Village 40B Comprehensive Permit proposal off Ames Road near the new Forest Park Mixed-Use overlay District. The project was approved by the Zoning Board of Appeals (3-2, split vote) pending approval of conditions. The project will add 225 apartment units to the city's SHI, with 25 percent affordable to those households earning up to 80 percent AMI. When built, the project will assist the community to maintain its 10 percent SHI status.

At this time, the community has not identified priority sites for additional housing development.

Housing Cost Burden:
Analysis of Households by HUD Income Segment and Household Type

As noted in the Affordability section of this section, HUD provides annual estimates of area median income (AMI) for communities across the United States. HUD uses this figure to calculate percentages of affordability using this AMI. Most state and federal programs are available for households earning up to 80 percent AMI adjusted for household size (please see Table 16). This section analyzes the housing needs of particular segments of the community according to the three income groups and the needs of priority populations such as the elderly.

Analysis is based on CHAS (Comprehensive Housing Affordability Strategy) data collected by HUD through the Census Bureau's 2005-2009 American Community Survey. CHAS data demonstrates the extent of housing problems and needs in a community, particularly for households with low incomes, including the number of households in need of housing assistance, those with certain housing problems, and those with incomes low enough to qualify for HUD programs. There are three HUD levels, Extremely Low Income, Very Low Income, and Low Income, which are detailed below.

Extremely Low Income: These are households with incomes from 0 to 30 percent of AMI. Approximately 2,210 of the total of 15,445 households in Marlborough are classified as extremely low income. A majority of extremely low income households are renters: of the total number in this category, 545 are owner-occupied households and 1,665 are renter-occupied households. The total number of extremely low income households represents 14.3 percent of all households. FY2013 extremely low income limits range from $19,850 for 1-person households to $37,400 for 8-person households.

Very Low Income households have incomes from 31 to 50 percent of AMI. Approximately 1,875 of the total of 15,445 households in Marlborough are classified as very low income. Very low income households are almost evenly split between homeowners and renters: of the total number in this category, 920 are owner-occupied households and 955 are renter-occupied households. The total number of very low income households represents 12.1 percent of all households. FY2013 very low income limits range from $33,050 for 1-person households to $62,350 for 8-person households.

Low Income households have incomes from 51 to 80 percent of AMI. Approximately 2,020 of the total of 15,445 households in Marlborough are classified as low income. These low income households are evenly split between owner-occupied and renter-occupied households: of the total number in this category, 1,010 are owner-occupied households and 1,010 are renter-occupied households. The total number of low income households represents 13.1 percent of all households. FY2013 low income limits range from $47,150 for 1-person households to $88,950 for 8-person households.

Households with incomes greater than 80 percent of AMI constitute approximately 9,340 households in Marlborough. Of the total number in this category, 7,000 are owner-occupied households and 2,340 are renter-occupied households. This segment of households represents 60.5% percent of all households.

Key Findings

It is a significant issue when over 30 percent of renters or owners are cost-burdened (paying more than 30 percent of household income on housing) and when over 15 percent of renters or owners are severely cost-burdened (paying more than 50 percent of household income on housing). The following is a summary of cost-burdened households by type (elderly, small related, and large related households). When we look at total households earning 30, 31-50, 51-80, or 80 percent or more of MFI, we see that:

- 30.4 percent of all owner-occupied households are cost-burdened, and 13.4 percent are severely cost-burdened
- 43.1 percent of all renter-occupied households are cost-burdened, and 20.2 percent are severely cost-burdened

- A majority of owner-occupied households in each of the low income ranges (Under 30 percent, 31 to 50 percent, and 51 to 80 percent), with one exception, are cost-burdened. The majority are severely cost burdened.
- A majority of renter-occupied households in most of the low income ranges (Under 30 percent, 31 to 50 percent, and 51 to 80 percent), are cost burdened. The majority of households in the Under 30 percent HHI income range are significantly cost-burdened

Severely Cost Burdened
(spending more than 50 percent of HHI on housing)

Owner Occupied Households

- 73 percent of all owner-occupied households with a household income (HHI) of less than 30 percent of MFI are paying more than 50 percent of their income on housing. This include:
    - 60 percent of elderly, 1-2 person owner-occupied households;
    - 100 percent of small related owner-occupied households,
    - 100 percent of large related owner-occupied households; and
    - 100 percent all other owner-occupied households
- 41 percent of owner-occupied households with a household income (HHI) between 31 and 50 percent of the MFI are paying more than 50 percent of their income on housing, including:
    - 75 percent of owner-occupied households with 2-4 related people;
    - 100 percent of owner-occupied households with 5+ related people; and
    - 65 percent of all other households
- 55 percent of owner-occupied households with 5 or more related people, and 55 percent of all other owner-occupied households with a HHI between 51 and 80 percent are paying more than 50 percent of their income on housing

Renter Occupied Households

- 56 percent of all renter-occupied households with a household income (HHI) of less than 30 percent of MFI are paying more than 50 percent of their income on housing, including:
    - 56 percent of elderly 1-2 person renter-occupied households;
    - 90 percent of large related renter-occupied households; and
    - 61 percent of all other renter-occupied households
- 23 percent of renter-occupied households with a household income (HHI) of between 31 and 50 percent of MFI are paying more than 50 percent of their income on housing, including:
    - 29 percent of Elderly 1&2 member renter-occupied households
    - 36 percent of small related renter-occupied households
- 21 percent of Elderly 1-2 member households with a household income (HHI) of between 51 and 80 percent MFI are paying more than 50 percent of their income oh housing.

Cost Burdened
(spending more than 30 percent of HHI on housing)

Owner Occupied

- 92 percent of all owner-occupied households with a household income (HHI) of less than 30 percent of MFI are paying more than 30 percent of their income on housing, including:
    - 88 percent of elderly, 1-2 person owner-occupied households;
    - 100 percent of small related owner-occupied households,
    - 100 percent of large related owner-occupied households; and
    - 100 percent all other owner-occupied households

- 65 percent of all owner-occupied households with a household income (HHI) between 31 and 50 percent of MFI are paying more than 30 percent of their income on housing, including:
    - 75 percent of small related owner-occupied households,
    - 100 percent of large related owner-occupied households; and
    - 65 percent all other owner-occupied households
- 57 percent of all owner-occupied households with a household income (HHI) between 51 and 80 percent of MFI are paying more than 30 percent of their income on housing, including:
    - 55 percent of large related owner-occupied households; and
    - 55 percent all other owner-occupied households

Renter Occupied

- 76 percent of all renter-occupied households with a household income (HHI) of less than 30 percent of MFI are paying more than 30 percent of their income on housing, including:
    - 68 percent of elderly, 1-2 person renter occupied households;
    - 84 percent of small related renter-occupied households;
    - 100 percent of large related renter-occupied households; and
    - 77 percent all other renter occupied households
- 77 percent of all renter-occupied households with a household income (HHI) between 31 and 50 percent of MFI are paying more than 30 percent of their income on housing, including:
    - 69 percent of elderly, 1-2 person renter-occupied households;
    - 79 percent of small related renter-occupied households;
    - 37 percent of large related renter-occupied households; and
    - 88 percent all other renter-occupied households
- 38 percent of all renter-occupied households with a household income (HHI) between 51 and 80 percent of MFI are paying more than 30 percent of their income on housing, including:
    - 68 percent of elderly 1-2 person renter-occupied households; and
    - 44 percent of small related renter-occupied households

This data underscores the need for affordable and accessible housing for elderly residents and housing for small and large related 2-4 and 5+ person households. Affordable alternatives to single-family housing for small and larger families are needed particularly for renter households earning 51 to 80 percent of MFI who may aspire to own. As MetroFuture and Current Trends projections indicate, the elderly population is expected to grow significantly over the next several decades. Additional housing will be necessary to meet the needs of these households, particularly those in the Under 30 percent MFI and 31-50 percent MFI categories, both ownership and rental.

Table 23: Housing Expenditures by HUD Income Categories: Owners

Housing Expenditures by HUD Income Categories					
Owners					
Household by Type, Income, & Housing Problem	Elderly 1 & 2 member Households	Small Related (2 to 4)	Large Related (5 +)	All Other Households	Total Owners
Household Income (HHI)<=30% MFI	375	80	10	80	545
% Cost Burden >30%	88.0	100	100	100	91.7
% Cost Burden >50%	60.0	100	100	100	72.5
HHI >30% to <=50% MFI	595	140	100	85	920
% Cost Burden >30%	52.9	82.1	100	82.4	65.2
% Cost Burden >50%	20.2	75	100	64.7	41.3
HHI >50 to <=80% MFI	390	260	110	245	1010
% Cost Burden >30%	37.2	67.3	68.2	75.5	57.4
% Cost Burden >50%	12.8	28.8	54.5	55.1	31.7
HHI >80% MFI	960	4,400	790	845	7,000
% Cost Burden >30%	6.9	14.2	12.9	17.3	17.1
% Cost Burden >50%	0	2.8	1.5	2.0	2.5
Total Households	2,320	4,880	1,010	1,245	9,475
% Cost Burden >30	40.9	21.8	31.2	44.2	30.4
% Cost Burden >50	17.0	8.1	18.3	23.7	13.4

Source: U.S. Department of Housing and Urban Development (HUD) CHAS Data: Housing Problems Output for all Households, 2005-09.

Table 24: Housing Expenditures by HUD Income Categories: Renters

Housing Expenditures by HUD Income Categories					
Renters					
Household by Type, Income, & Housing Problem	Elderly 1 & 2 member Households	Small Related (2 to 4)	Large Related (5 +)	All Other Households	Total Renters
Household Income (HHI)<=30% MFI	665	280	95	620	1665
% Cost Burden >30%	67.7	83.9	100	77.4	75.7
% Cost Burden >50%	55.6	35.7	89.5	61.3	56.2
HHI >30% to <=50% MFI	175	210	95	470	955
% Cost Burden >30%	68.6	78.6	36.8	88.3	77.0
% Cost Burden >50%	28.6	35.7	0	19.1	22.5
HHI >50 to <=80% MFI	95	410	0	510	1010
% Cost Burden >30%	68.4	43.9	0	27.5	38.1
% Cost Burden >50%	21.1	0	0	3.9	4.0
HHI >80% MFI	205	665	55	1410	2340
% Cost Burden >30%	22.0	7.5	0	7.1	8.3
% Cost Burden >50%	7.3	0	0	0	0.6
Total Households	1,140	1,565	245	3,010	5,970
% Cost Burden >30	59.6	40.3	53.1	37.7	43.1
% Cost Burden >50	39.9	11.2	34.7	16.3	20.2

Source: U.S. Department of Housing and Urban Development (HUD) CHAS Data: Housing Problems Output for all Households, 2005-09.

Gaps between Existing Needs and Current Supply

Marlborough renters and owners are facing housing constraints. Lower-income renter and owner households are facing great cost burdens in Marlborough; owners are facing this burden even more significantly.

Figure 16 shows that there are a greater number of owner households at or below 50 percent of the Area Median Income than there are units affordable within that income range. Similarly, those households earning between 50 percent and 80 percent of the Area Median Income are unlikely to find units to purchase that are affordable within their income range. Owner households earning above 80 percent AMI are not constrained. There are more housing units affordable to these households than there are households. This indicates that many of the housing units affordable to those earning above 80 percent AMI are actually occupied by households who cannot afford these units – those earning below 80 percent AMI.

Renters face similar challenges. Renter households earning at or below 50% of the Area Median Income are constrained by affordable housing availability. There are fewer units available that are affordable to these households than the number of households. The opposite appears to be the case for households earning between 51 and 80 percent AMI – there are many more units than households. Conversely, higher income households appear to be significantly constrained by too few units available. However, this is more likely a sign of a housing mismatch. When looking at the limited number of units priced for those making above 80 percent AMI, and the high number of units affordable to those in the 51 to 80 percent AMI, it is likely the higher earners are residing in the more affordable units. Thus, many earning less than 50 or 80 percent AMI are likely residing in units that are too expensive. This notion is supported by the high percentage of households earning below 80 percent of AMI that are cost burdened or severely cost burdened.

Further, Figure 17 summarizes the needs of all households, renter and owner combined. The major finding is that there is a gap between the number for households earning at or below 50% of the Area Median Income and the number of housing units affordable within this income range. The opposite appears to be true for those earning between 51 and 80 percent AMI – there are more units available than there are households. Finally, there is a short supply of housing units affordable to households earning greater than 80% of the Area Median Income. Again, this likely indicates a housing mismatch, where higher income households are occupying the units affordable to lower incomes, thus indicating a need for more housing units specifically dedicated to households earning below 80 percent AMI.

Figure 19: Housing Gap for Affordable Housing by Type in Marlborough

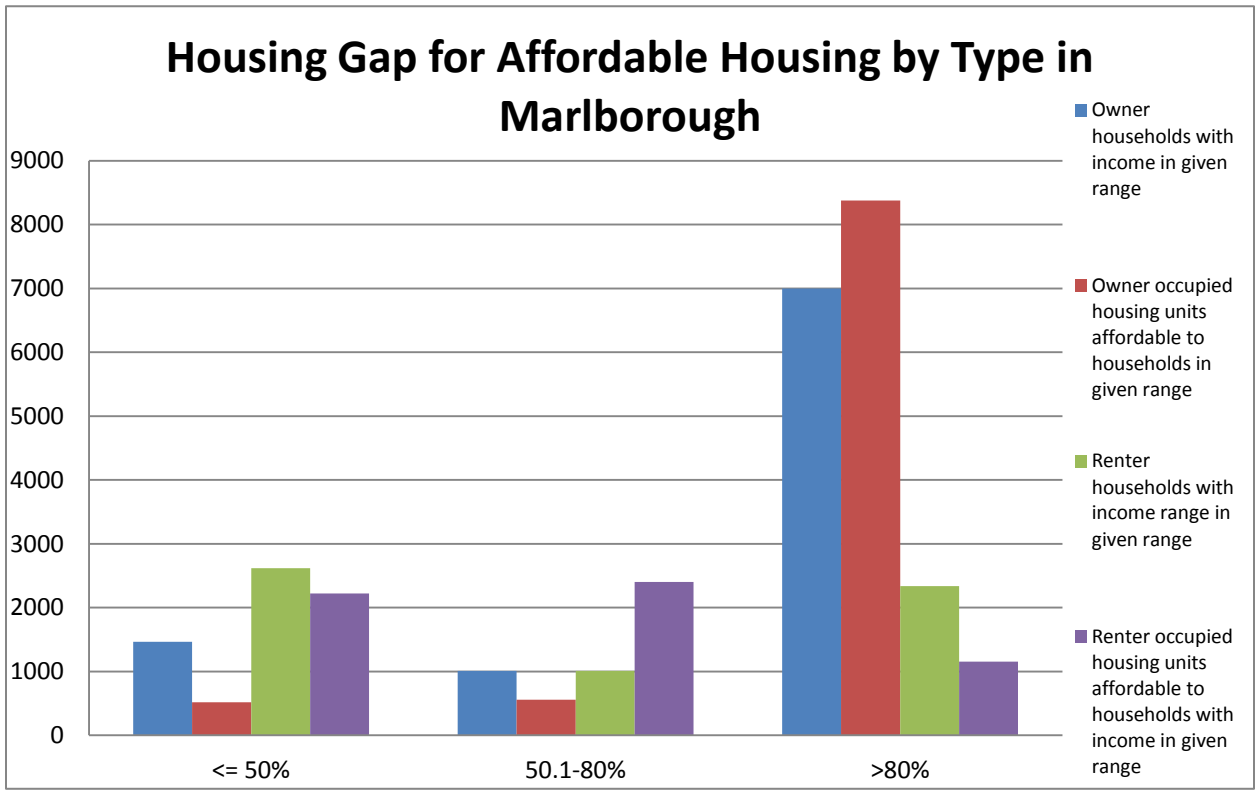
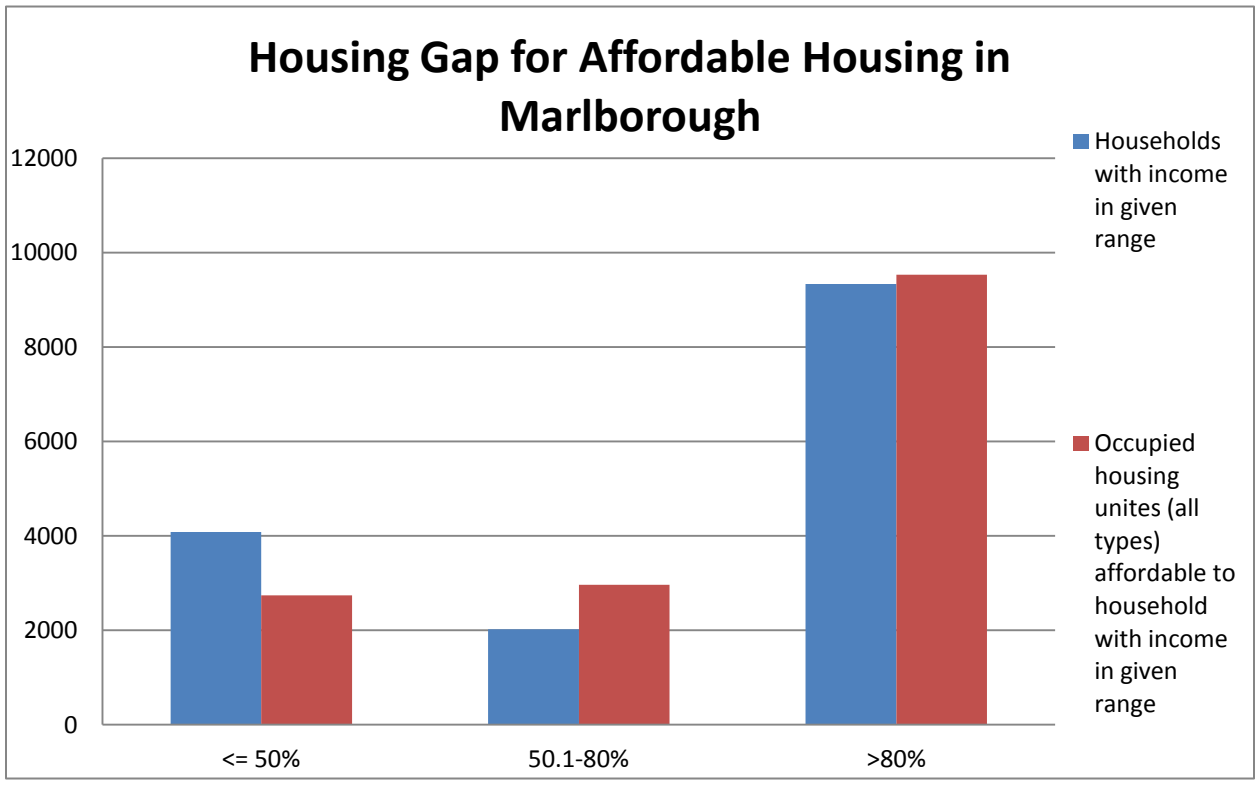


Figure 20: Housing Gap for Affordable Housing in Marlborough



V. SUMMARY

Marlborough has a well balanced housing stock that meets the needs of a diversity of residents and household types within the community, including ownership and rental units in single, two-family and multifamily housing structures. However, there remains a considerable need for more affordable housing within the city.

Marlborough has exceeded the 10% State Subsidized Housing Inventory goal (1,668 units, or 10.2%) and will likely stay above 10% though 2020 should proposed developments go forward as planned and/or expiring units be recertified. However, despite reaching this goal, more than 30 percent of owner households and over forty percent of renter households are cost burdened, meaning they spend more than 30 percent of their income on housing. Many of these households are severely cost burdened, spending more than 50 percent of their income on housing. The most impacted are households earning below 50 percent AMI - there are more households (both renter and owner) than there are affordable units within the community. Other indicators further highlight growing need in the community, including a higher level of foreclosure activity than surrounding communities, and growing numbers of children receiving free or reduced lunch at school.

Additionally, Marlborough's demographics are projected to change significantly over the next decades. Most significantly, the city's elderly population (55+) is expected to increase by over 4,000 persons, as adults 35 to 54 are expected to decline and young adults 20 to 34 are expected to remain constant. This will impact housing decisions as household size and households with children at home will decrease, and unit preferences and price points potentially shift.

In summary, Marlborough's changing demographics and existing housing need point to the necessity for additional planning now so that the city can meet the future housing needs of its residents. This includes identifying housing goals for the community, types of housing units needed, where they should be located, and strategies to achieve the goals.

IN CITY COUNCIL

DECEMBER 18, 2017

Marlborough, Mass.,

ORDERED:

Suspension of the Rules requested - granted

That the Housing Study Report compiled by RKG Associates, Inc., be and is herewith **IN URBAN AFFAIRS COMMITTEE & CARRIED OVER TO THE 2018/2019 LEGISLATIVE SESSION**.

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July 2017

Multifamily Market and Fiscal Impact Analysis
City of Marlborough, Massachusetts



Prepared by:

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City of Marlborough, Massachusetts

July 2017

Prepared for

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1 INTRODUCTION

The City of Marlborough has become a very attractive place for people to live, and for people to work. The city's unique location provides easy access to multiple regional roadways including I-495, I-290, the Mass Pike, Route 20, and Route 9. Marlborough is also home a bourgeoning downtown with new housing, commercial development, and restaurants. Substantial increases in employment and wages, and access to a skilled labor pool have attracted businesses of all sizes to Marlborough over the last three decades. Economic success has also created a substantial supply pipeline for multifamily housing development across the city.

Faced with these individual multifamily housing development proposals, the City Council and Mayor Vigeant worked to place a six-month stay on the consideration of new housing developments. This provided an opportunity for the city to take a proactive approach to gain insight into the current and future market for housing, as well as assess the potential fiscal impact multifamily housing may have on city finances. This effort will also provide the city with an opportunity to better understand the housing proposals that are before them, assess their effectiveness in addressing housing needs, and determine appropriate locations for housing in Marlborough.

The city retained RKG Associates, Inc. of Boston to perform the market and fiscal impact analyses for multifamily development. RKG Associates analyzed current and future multifamily housing demand within the city, corroborating those findings with local employers and real estate professionals to ensure the findings accurately reflected current and potential supply and demand levels. RKG worked closely with the Marlborough Economic Development Corporation (MEDC), an appointed Steering Committee and two focus groups to vet those findings and present recommendations based on the results. RKG also held a public session to ensure residents and business leaders had the opportunity to hear the results first-hand and provide their vision/feedback on the analysis. The following report summarizes the analysis and its conclusions.

The report includes the following components:

Chapter 1 – Introduction
Chapter 2 – Recommendations
Chapter 3 – Multifamily Market Analysis
Chapter 4 – Fiscal Impact Analysis

2 *RECOMMENDATIONS*

RKG Associates was charged with providing the city with recommendations and best practices regarding the need and impact of new multifamily development within Marlborough. The following narrative provides that feedback, organized into two separate discussions. First, this chapter focuses on the 'lessons learned' from the empirical analysis, feedback from key stakeholders and the general public, and guidance from the designated working group. This section provides guiding principles for decision making. Second, this chapter assesses various locations within the city on their appropriateness for multifamily development. This effort includes recommended approaches and potential tools the city can use to implement the proposed concepts.

A. GUIDING PRINCIPLES

This section provides the City leadership guiding principles to consider when establishing policies that affect multifamily development. These principles synthesize the market analysis and fiscal impact assessment findings with feedback for key industry and leadership stakeholders and the observations of the consultant team. These guiding principles are intended to help the city's decision makers to enact policies and make decisions that benefit current and future residents as well as the existing and potential employment base of Marlborough.

- ***Future residential development should balance all market opportunities.*** The market analysis indicates there are opportunities for new development across all residential development types. Currently, multifamily residential offers the most profitable and least risky opportunity for the development community. In contrast, age-restricted housing would provide the most lucrative fiscal impact to the City (greater discussion on this finding is in the Implications section of the Fiscal Impact Analysis chapter). Anecdotal data from local real estate professionals indicate demand for single family detached housing is substantially greater than available supply. All that said, there is substantial research that indicates communities with a diverse housing supply (both in terms of type and price) tend to have greater economic sustainability and resilience over time. To this point, the analysis indicates that the city leadership should continue to encourage a mixture of residential housing development over concentrating growth in one market niche.

- ***Allow vision to guide decisions.*** The City already has experienced substantial interest from residential developers to build a variety of housing projects throughout the City. This is not surprising, given the City leaders' reputation for supporting new development and the documented unmet demand. However, the proposed development interest is based on market opportunity, and not necessarily guided by a long-term strategic plan that best meets the community's needs. Rather, it is driven by opportunity and availability. Simply put, there are few developable parcels of any size left in Marlborough. Developers who can acquire these properties are trying to maximize their return by targeting the most lucrative development programs that can be accommodated.

  While understandable, allowing development to occur unchecked has the potential to adversely affect the long-term sustainability for both the site in question as well as the surrounding neighborhood. Thus,

the city leaders should codify a vision for the various development areas and use this vision to consider current/future development programs. The following recommendations provide one perspective on defining the vision for certain areas of the city. Additional efforts should be made to refine this proposed vision for areas where other perspectives differ from the prescribed recommendations.

- ***Certain development types are more appropriate than others in certain areas.*** RKG Associates' experience in housing market analysis indicates that multifamily housing development has the longest sustainability when it is integrated with employment, entertainment, and service amenities. Households that seek rental housing typically prefer having work, shopping, and support services within a convenient distance to their homes. Areas that offer this proximity oftentimes are—and typically remain—the most desired locations to live (i.e. Cambridge). Conversely, multifamily rental developments built away from convenient employment, shopping, transportation, and services tend to become less competitive as they age and newer product is built in the marketplace.

  In contrast, owner-occupants tend to be more sensitive to the neighborhood context and make location decisions based on a myriad of factors including proximity and convenience. This is not to say there is not overlap of preference in the rental and ownership markets, rather it is a recognition that the city leadership should review its limited land resources strategically to maximize the benefit to the consumers and enhance the city's livability.

- ***Focus should be on quantity AND quality.*** The market analysis revealed that demand for new multifamily housing is strong, and will remain strong into the foreseeable future. Data provided to RKG Associates indicates there are several multifamily projects proposed or under consideration by the city. This amount is consistent with market demand, and likely will be produced at a pace consistent with local absorption patterns. It is not likely this development will 'overburden' the local market, given the projected employment growth locally and regionally. While controlling the amount of development on a year over year basis is prudent to maintaining healthy pricing and absorption levels, the development community shares this concern and wants to preserve the profitability of their investments.

  However, location (discussed in the previous bullet) and pace of development should not be the only concerns for the city. The issue of quality also should be a priority when determining the suitability of a proposed residential development. Simply put, a well-located, scale-appropriate development will not maximize the benefit to Marlborough if the looks and quality of the project are not meeting the vision of the community.

- ***New development should support price diversity.*** The employment analysis revealed that the jobs being created within Marlborough range in average wages. The strongest growth areas in the service industries range in average wages from $31,350 (support services) to $137,186 (professional services). In comparison, new multifamily development is being built at the highest end of Marlborough's housing market with new rental and ownership product capturing a premium ranging from 25% to 40% above costs for older stock. As with the principle regarding balance of housing type, it is in the city's long-term interest to monitor and promote diversity of cost as well. Considering strategies to encourage a mix of housing prices within larger multifamily developments (similar to the Talia development) will serve a broader range of Marlborough workers while supporting efforts to enhance housing conditions citywide.

B. LOCATION OPPORTUNITIES AND RECOMMENDATIONS

As noted, some of the existing proposed projects do not follow a defined growth vision for the City of Marlborough. The 'scatter shot' pattern of these projects reflects the overall strength of the multifamily market combined with the dearth of suitable developable properties within Marlborough. From RKG Associates' perspective, the city would be best served by establishing and following an overarching vision for the development of new multifamily development. The following section details RKG Associates recommendations for establishing that vision for the city by looking at the various development areas. It is important to note these recommendations reflect a market/economic perspective for the city to consider. There are other perspectives—such as transportation, urban design, and infrastructure, not incorporated into this assessment that could help refine and expand these recommendations. To this point, RKG Associates recommends the city leadership consider these other perspectives when finalizing the residential development vision for the community.

1. Downtown Marlborough

Downtown Marlborough is a unique mix of historic buildings, established residential enclaves, and a highly charismatic commercial core bounded by Main Street and Granger Boulevard. Residential investment already is underway in downtown as a result of the city's planning and rezoning efforts in 2014, with a few current and proposed projects to intensify underutilized parcels with multi-story mixed-use development buildings. Given the area's civic and cultural importance to the City, accommodating investments that will secure and enhance downtown's economic health is encouraged. Specific opportunities include:

- ***Encourage infill development that is consistent with the existing scale of downtown.*** As stated in the recommendations by MAPC in 2014, there are several underutilized parcels—both vacant parcels and currently built parcels—within the downtown that could accommodate additional residential development. The city subsequently underwent a rezoning effort to realize this opportunity. RKG Associates encourages the city's leadership to continue to support and encourage the (re)development of these properties to increase the live-recreate market in the downtown and enhance the aesthetics of the downtown core. Creating mixed-use buildings with commercial space on the ground floor and residential above—as defined in the previous planning efforts—should remain the preferred approach. RKG Associates recommends the city maximize the development intensity within the downtown, requiring buildings be no less than three stories in the downtown core. Residential uses could either be rental or ownership, depending on market conditions.

Buildings could be 4-stories on both sides of Main Street.

- ***Capitalize on underutilized commercial sites away from Main Street.*** The commercial core is not the only opportunity to encourage and accommodate additional residential development in the downtown area. A windshield survey of the adjacent neighborhoods witnessed corner parcels where the existing commercial use does not maximize the market potential. These were properties where the building did not maximize the potential for the site and/or the building condition could be a concern. Encouraging these property owners to consider a multi-story, mixed-use redevelopment opportunity could enhance the aesthetics of the surrounding neighborhood while offering new downtown housing opportunities.

- ***Consider a housing revitalization program for downtown neighborhoods.*** Anecdotal information from local residential brokers indicate there has been substantial conversion of the single-family homes adjacent to downtown that have been converted for multifamily rental use. The city leadership could create a revitalization program for potential owner occupants to acquire converted properties in the downtown area and convert them back into homeownership. These programs oftentimes offer low or no-interest loans, offer matching grants based on the level of investment, and/or provide tax breaks for the incremental increase in value and/or the rehabilitation investment.

- ***Continue to encourage the design guidelines for reinvestment.*** The existing interest in downtown residential development proves there is market demand for this area. However, accommodating this new development does not serve the city's long-term vision if the building is constructed in a substandard manner. To this point, the city leadership should create design guidelines for new development in the downtown area that ensures any construction is done to a scale, quality, and aesthetic that enhances the existing built environment. There are many tools available to the city including the use of form based codes, planned unit development regulations, overlay districts with design guidelines.

- ***Actively support the reactivation of historic properties in the downtown.*** There are a few historic and culturally significant buildings in the downtown that currently are underutilized or vacant. These properties, while not necessarily residential opportunities, could help catalyze additional residential development within the downtown area. Increasing commercial activity while strengthening building conditions and perceptions of downtown will only enhance future residential interest. RKG understands the City already is actively engaged in bringing these building assets online. However, RKG also recommends the City be more creative and flexible in [1] potential uses and [2] partnership strategies to accelerate the process. One opportunity is to engage in a design charrette with the community and potential investors to brainstorm possible uses.

A catalytic project waiting to happen

2. Commercial Corridors

There are three primary commercial corridors through Marlborough, Route 20, Donald Lynch Boulevard, and Route 85. These corridors have varying development patterns, with clusters of commercial activity interspersed with civic and residential uses. Donald Lynch Boulevard has the mall and larger retail centers on the west side and commerce-based development on the east side adjacent to Interstate 495. The residential market analysis indicates these corridors could support redevelopment and/or infill development to accommodate multifamily uses. Specific recommendations include:

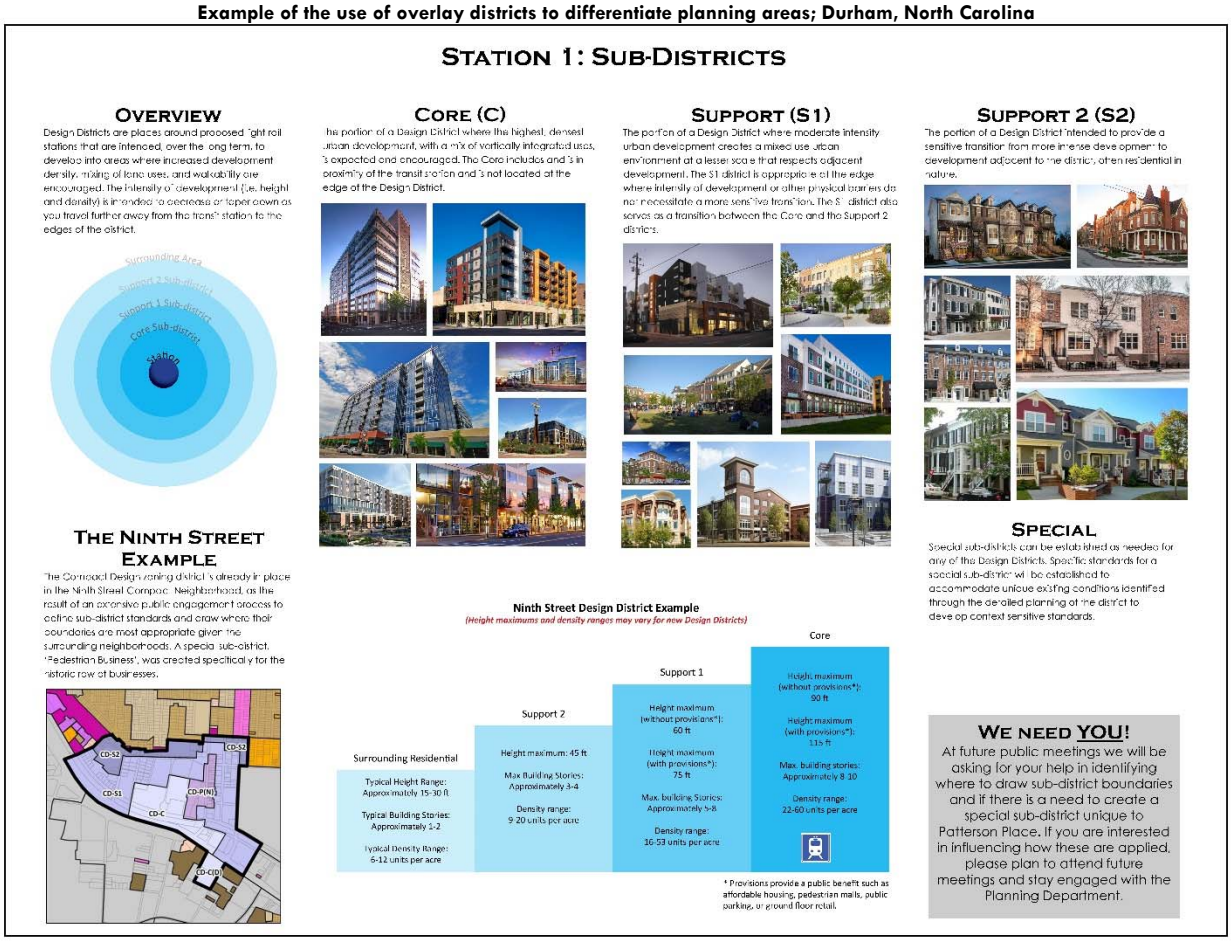
- ***Identify potential reinvestment sites along the corridors.*** One of the first steps the city can undertake is to identify those commercial and vacant parcels that are prime candidates for reinvestment. This would require analytical research to define the criteria to determine suitability, identification of sites that meet the criteria, and substantial outreach to gauge the interest of property owners to consider reinvestment. Ultimately, this effort would assist the city leadership in making informed decisions while determining whether the community wants to proactively pursue potential opportunities.

- ***Encourage mixed-use development.*** For properties that front these commercial corridors, RKG Associates recommends the city encourage the use of mixed-use development. Integrating a commercial component with residential investment will preserve the commercial presence in areas not well served (i.e. Route 20 west of downtown) while strengthening the commercial market in those locations. For larger sites, the uses can cohabitate the site without integrating uses in the buildings (i.e. a commercial frontage development with multifamily development behind). For smaller parcels, a vertically integrated mix of uses will be necessary. Mixed-use development adjacent to the corridors could be either rental or ownership, to be determined by the marketplace. Assets without visual connectivity to the roads and/or do not have convenient access to the surrounding services should be encouraged to focus on multifamily owner occupants.

- ***Employ design guidelines like those for downtown.*** Similar to the discussion for downtown, development without a focus on the quality and aesthetics of the product does not serve the long-term sustainability of the city's efforts. To this point, the city should consider establishing fixed design guidelines for commercial corridor reinvestment.

- ***Consider a corridor overlay district.*** One method currently used by the city to deliver design guidelines is through an overlay district. RKG Associates envisions the corridor overlay district addressing two needs. First, it establishes the target area for the commercial corridor reinvestment efforts. This is important when considering the potential for encroachment into stable neighborhood areas. Defining the boundaries also helps clarify any differences between areas considered commercial corridors and areas considered downtown. Second, the overlay will be easier than rezoning, by allowing owners to maintain their land rights while offering an alternative for them to consider that allows a greater intensity of use in exchange for aesthetic and design input from the community.

Example of the use of overlay districts to differentiate planning areas; Durham, North Carolina



Source: City of Durham, NC

Any efforts to create a commercial corridor overlay district should be done to coordinate with the existing overlay district within the downtown area. RKG envisions the commercial corridor overlay district will complement effort already underway in the downtown. The example provided in this section details how other communities have created coordinated overlay districts. Furthermore, any area incorporated into this new overlay district should not be included in other planning overlay districts. Creating multiple overlays can be confusing to the development community and harm the city's attempts to encourage (re)investment.

3. Southwest Quadrant/Commerce Parks

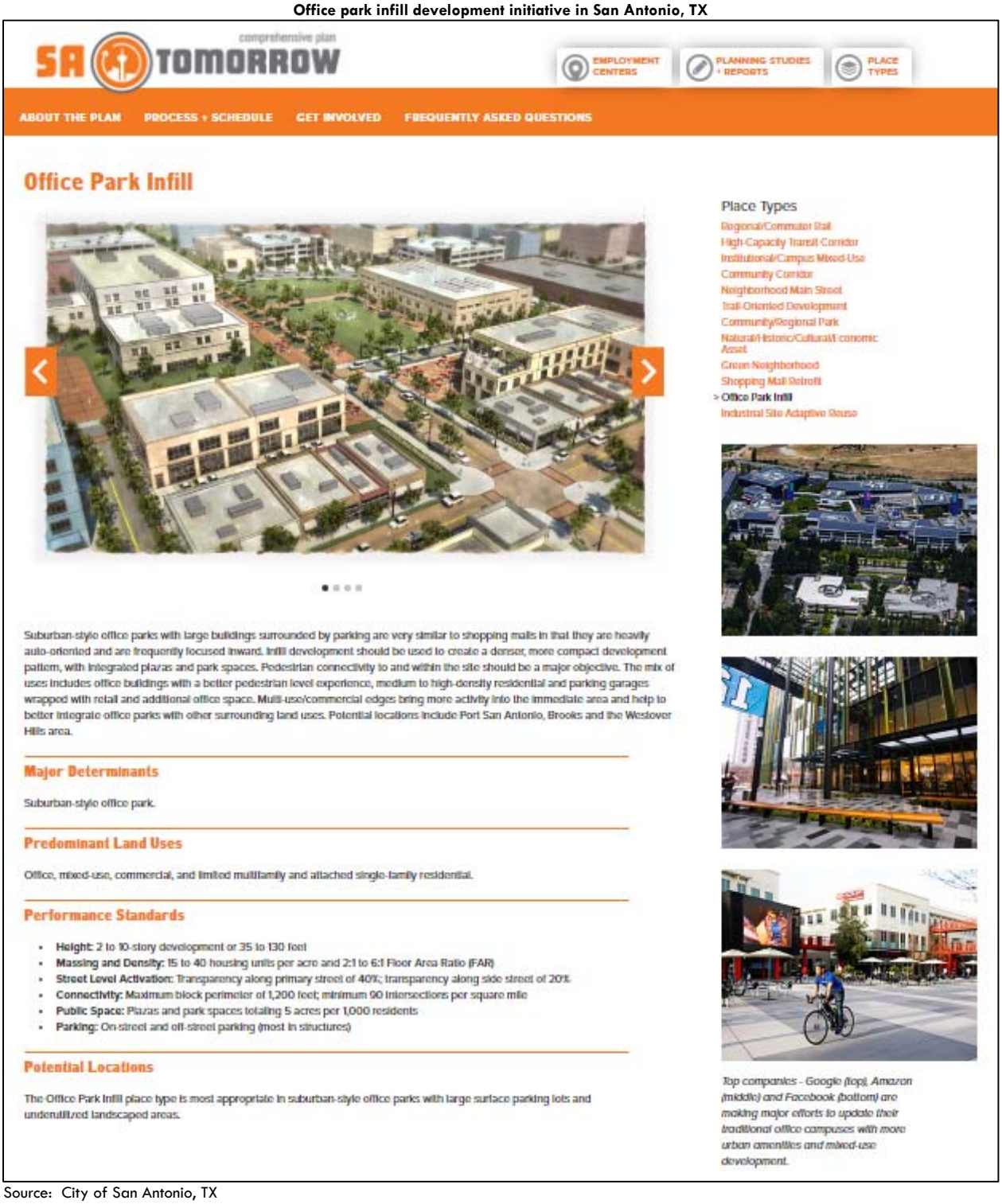
The City of Marlborough is a regional employment center for Metro West. Most of the city's employment concentration is west of Interstate 495 along Donald Lynch Boulevard and in the Southwest Quadrant area of the city. Community assets ranging from Solomon Pond Mall and the New England Sports Center to The Campus at Marlborough, Marlborough Hills, and the Marlborough Technology Park are all located in western Marlborough. Each of these assets is critical to the economic health of the community and helps define Marlborough as an economic engine for the region. However, the development intensity of the area offers the city an opportunity to develop a live-work-play environment that would be unique to Metro West. Specific opportunities include:

- ***Create a town center environment in the Southwest Quadrant.*** The various commerce parks located south of Route 20 and west of Interstate 495 were developed in a suburban scale. The buildings were built on large lots with substantial surface parking and open space. While this development pattern was popular in the 1980s and 1990s, it is an inefficient use of land. Given the growth and development pressures facing Metro West and the entire Boston Metropolitan area combined with the increasing popularity of new urbanist development patterns, employment center communities such as Marlborough are increasingly seeking to maximize the potential of these inefficient development patterns. To this point, the city leadership can encourage infill development within the commerce parks to introduce more living, dining, and support services. This development program will benefit the employees of these parks by providing convenient living opportunities as well as services within walking distance of their jobs. It also will benefit the businesses by providing greater housing choice close to their locations. While the market will dictate ownership/rental patterns, the consultant recommends the city focus on multifamily development for this infill development to maximize the market potential.

Example of town center development; Robbinsville, NJ

- ***Consider public-private partnerships to create structured parking.*** As mentioned, one of the common characteristics in this area is large parking fields to support the individual buildings. While financial feasibility makes creating structured parking at this scale more challenging, a higher intensity development (i.e. FAR levels at or above 1.0) would make structured parking more feasible. Opening the parking fields for redevelopment creates two primary benefits. First, it helps meet the vision for creating greater activity in this area. Second, it reduces the amount of current greenspace that would need to be consumed to accommodate the infill development. The city leadership would need to review each proposed partnership on a case-by-case basis to ensure the respective project would not be feasible without public involvement. The consultant recommends the city require a pro forma analysis for any applicant seeking public investments.

Office park infill development initiative in San Antonio, TX



Source: City of San Antonio, TX

- ***Require that infill development enhance multimodal connectivity.*** Much of the existing development in the Southwest Quadrant is automobile oriented. Most of the buildings are oriented internally to the parcel (rather than to the road network), and pedestrian and bicycle access between buildings/adjacent developments is not consistent. Any new infill development should be encouraged to orient to the road, and be required to create better intra-connectivity with other buildings on the parcel as well as inter-

connectivity within adjacent developments. Enabling residents, visitors, and workers the means to access these new amenities without their car will enhance the attractiveness of the living and employment centers.

4. Established Neighborhoods/Infill

While this analysis focuses on multifamily (both rental and owner) development, the data indicate there is unmet demand across all housing types. Both empirical and anecdotal data reveal that the demand for owner-occupant housing is greater than the available supply within the City of Marlborough. As noted in the guiding principles, RKG Associates recommends the city strive to retain a balance of residential development across all product types. The current inventory of proposed projects includes some that are located within established neighborhood areas and/or are convenient to the city's commercial, employment, transportation, services, and public amenities. The analysis indicates these land assets are better suited to accommodate new owner-occupant residential development. This could be in the form of garden condominiums, townhomes, or any of the potential single-family detached housing forms available.

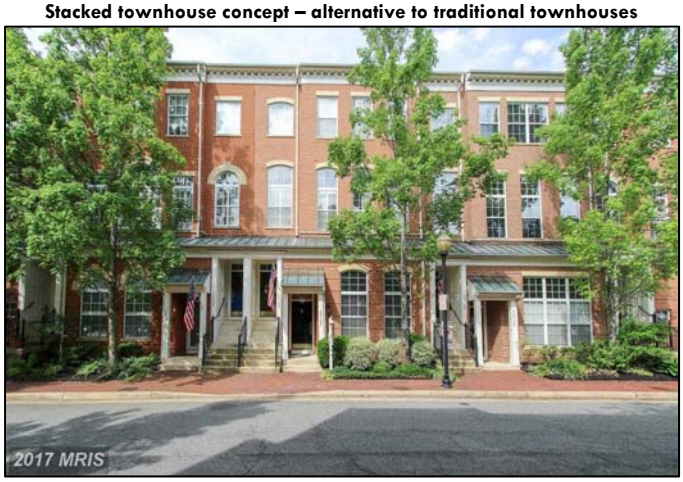
- ***Consider the use of cottage-scale single family development.*** Feedback from residential brokers indicates that the demand for owner-occupant housing ranges in both housing type and cost. This reportedly creates a challenge to lower density homeownership development, as land costs make it financially challenging to build to the market with a low yield of units per acre. Using a development method, such as cottage-scale development, that enables a greater number of units per acre effectively reduces per-unit land costs. Employing this non-traditional approach could encourage greater interest in building more single-family, owner-occupant housing.

Cottage scale houses increase homeownership opportunities

- ***Promote owner-occupancy in waterfront areas.*** The city has a handful of larger waterbodies, generally located away from the commercial and employment centers of the city. Given this, the city leadership should encourage homeownership for any development or redevelopment projects proposed to be near these water bodies. More strategically, any residential investment in these areas should be encouraged to maximize the unit yield, as access and visibility to water amenities typically have a premium over the rest of the market. Maximizing these assets to promote greater homeownership will help in maintaining development balance within the city.

- ***Encourage a mixture of ownership units for larger development projects.*** Whether located near a water body or in an established neighborhood area, larger projects should be encouraged to incorporate a mixture of ownership units. Providing a mix of garden condominium, townhome, cottage units, or traditional single-family detached housing has several benefits. First, encouraging higher intensity ownership types will maximize the yield of the project. Creating a variety of choice will appeal to a broader demand base. To this point, incorporating an age-restricted component to a larger project should be allowed. Second, varying the product also will vary the range of pricing. Creating a price-diverse program also expands access for the marketplace. As noted, the diversity of housing cost is as important as the diversity of housing supply.

Stacked townhouse concept – alternative to traditional townhouses



3 *MULTIFAMILY MARKET ANALYSIS*

The multifamily market analysis focuses on understanding the local and regional supply and demand trends, conditions, and projections as they relate to the City of Marlborough. The city leadership currently is considering several proposed multifamily (both rental and ownership) development projects throughout Marlborough. This analysis will shape the recommendations on whether the scale of proposed development is consistent with existing and future market demand. This chapter concludes with an assessment of the proposed development pipeline.

While the analysis focuses on trends and projections in Marlborough, RKG Associates also analyzed three other geographic areas. The first is a collection of the immediate surrounding towns of Hudson, Sudbury, Northborough, Westborough, Southborough, Framingham, and Berlin. For the purposes of this analysis, these communities are referred herein as the "Surrounding Communities." RKG Associates also analyzed trends for Middlesex and Worcester counties. This regional assessment was completed to identify potential opportunities and challenges for the Marlborough multifamily market resulting from supply and demand changes in neighboring areas.

C. DEMAND ANALYSIS

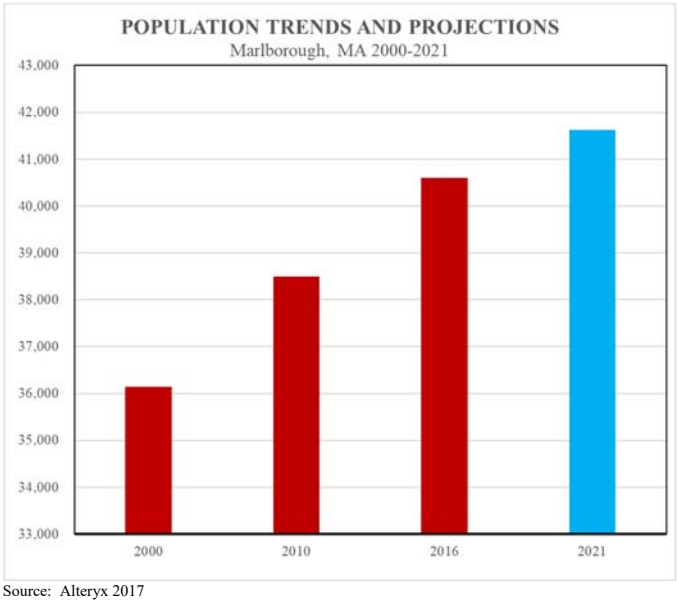
The following section presents an overview of selected socioeconomic trends and projections for the City of Marlborough, Massachusetts and the surrounding market. Understanding socioeconomic changes frames current and projected demand for housing.

1. Population

The population of Marlborough increased by 2, 350 persons during the last census decade, from 36,150 to 38,500 persons representing a growth rate of 6.5 percent (Figure 3-1). Population growth continued through 2016, increasing to more than 40,600 residents. Projections provided by Alteryx[1] indicate the city's population will increase by more than 1,000 new people by 2021. This projection is slightly higher, but still consistent with, MAPC's population projections (41,140 for the 'strong' scenario).

From a regional context, the city's population has increased faster than each of the other study areas since 2000. Marlborough's population growth rate has exceeded the

Figure 3-1

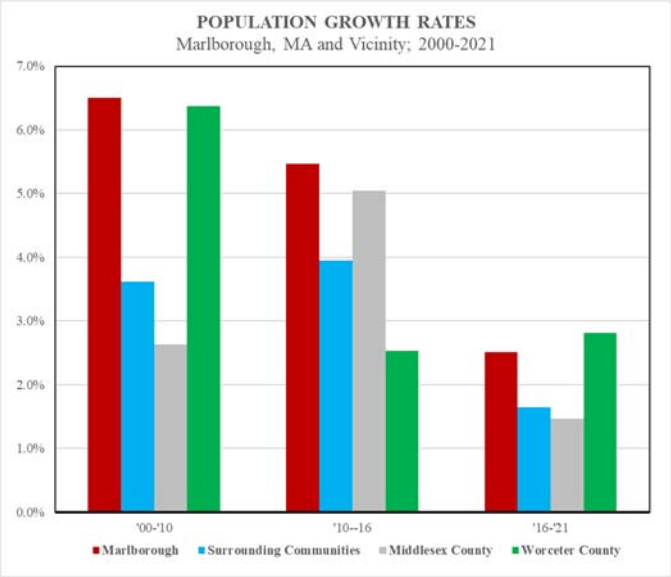


Source: Alteryx 2017

[1] Alteryx is an internationally renowned third-party socioeconomic data vendor. Alteryx uses a proprietary algorithm to forecast demographic and economic changes.

Surrounding Communities, Worcester County and Middlesex County since 2000 (Figure 3-2). Projection data indicate Marlborough likely will continue to grow faster than the Surrounding Communities and Middlesex County, while Worcester County is projected to grow at a slightly faster rate (2.8% compared to 2.5%). This strong pace of growth is consistent with the city's development trends. Marlborough has been progressive in supporting new residential growth—particularly multifamily growth—enabling the healthy population increase. The projection data reflects the city leadership maintaining that progressive approach to development. Regardless, the data indicate that demand to locate in Marlborough is substantial.

Figure 3-2



Source: Alteryx 2017

2. Population by Age

Since 2010, Marlborough has experienced a net increase in each studied age cohort (Table 3-1). The greatest observed is among the pre-retirement age population (55 to 64-years cohort), followed by the retirement aged population at 65 and older. However, the city experienced net gains in each age cohort. In contrast, each of the other study areas experienced a net decline in persons aged 35 to 54. This disparity reflects the city's strong employment recovery following the Great Recession in 2006-07. The City experienced substantial employment loss prior to 2011, but has recovered to higher than pre-recession levels (detailed in later in this section). Attracting so many jobs back into the community positively impacted the city's growth of working-aged persons.

Table 3-1
Net Change in Population by Age Trends and Projections
Marlborough, MA and Vicinity

	Marlborough	Surrounding Communities	Middlesex County	Worceter County
2010-2016				
Under 20	316	733	9,246	(7,133)
20 to 34	68	1,303	26,083	12,616
35 to 54	225	(1,148)	(4,124)	(12,635)
55 to 64	1,263	1,797	20,282	13,979
Over 65	638	2,203	24,320	13,353
Total	2,510	4,888	75,807	20,180
2016-2021				
Under 20	(22)	(825)	(7,324)	(4,096)
20 to 34	(16)	715	(291)	7,769
35 to 54	(57)	(1,625)	(12,862)	(8,651)
55 to 64	379	1,153	9,160	8,183
Over 65	734	2,698	34,403	19,828
Total	1,018	2,116	23,086	23,033

Source: U.S. Census, Alteryx, and RKG, 2017

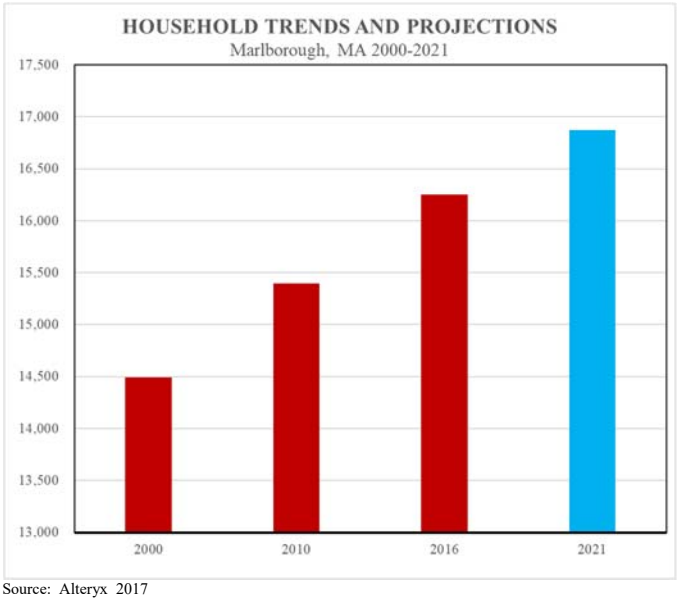
Projection data indicate that future population changes likely will favor the older (55 and up) cohorts. Each of the four study areas are projected to lose population levels for persons under the age of 55, while experiencing substantial gains in the 55 and older cohorts. This data is not surprising, as the Baby Boomer generation continues to age. These individuals constitute the largest portion of the population, and increasingly surpass the 55-year old threshold. Along these lines, the Millennial cohort—the second largest cohort—is responsible for the projected increase in persons between 20 and 34-years old for the Surrounding Communities and Worcester County.

The growth of the Baby Boomer and Millennial generations likely will increase demand for multifamily housing over the next five to ten years. Most Millennials will still not have begun families by 2021, making multifamily housing (both ownership and rental) an attractive, cost-effective housing alternative. For Baby Boomers, the need for larger single-family homes will continue to decline as they age and their dependents form new households.

3. Household Formation

Household formation trends closely reflect those for population changes. The City of Marlborough has experienced steady household formation growth since 2000, and it is projected to continue through 2021. The number of households in the city grew by more than 1,760 between 2000 and 2016, for an increase of 12.2% (Figure 3-3). Alteryx projections indicate there will be approximately 620 new households in Marlborough by 2021. While household formations ultimately will depend upon new residential development (given the low housing vacancy rate), the data indicate there is sufficient demand to support new residential housing.

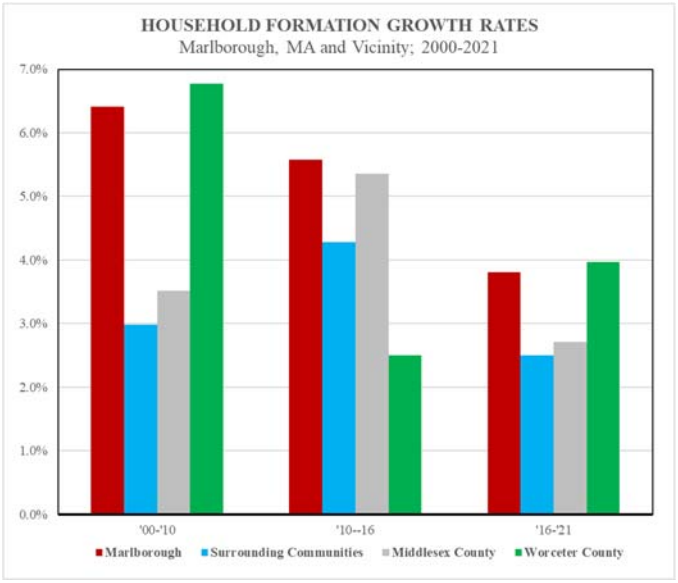
Figure 3-3



Source: Alteryx 2017

The regional comparison for household formation is almost identical to the population graphic. Marlborough has experienced faster household formations than the surrounding market since 2000, apart from Worcester County from 2000 to 2010. Worcester County had a slightly higher household formation rate (6.8% compared to 6.4%). However, household formations in Worcester County have slowed substantially since 2010 (Figure 3-4) compared to Marlborough. Projections indicate that Marlborough likely will to continue to outpace the Surrounding Communities and Middlesex County in household formations through 2021 (Figure 3-4). As noted, the data indicate Marlborough's more progressive policy toward residential development has influenced the marketplace.

Figure 3-4



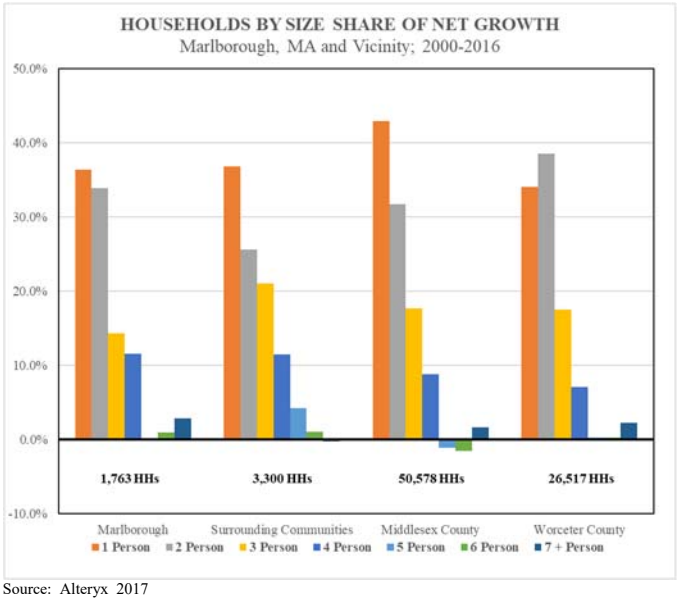
Source: Alteryx 2017

4. Households by Size

The growth in households has not been uniform across all household sizes. Marlborough historically maintained a smaller average household size than the surrounding area. The average household size for the city has steadily declined from 2.47 in 2000 to 2.44 in 2016. In comparison, the three other study areas have maintained average household sizes between 2.56 persons and 2.48 persons during the study period. That said, almost all new households formed in Marlborough and the immediate market area have been 1-person and 2-person households. More than 1,200 of the approximately 1,800 new households formed in Marlborough between 2000 and 2016 are 1-person or 2-person households (Figure 3-5).

Regional household formation trends are similar, with households with less than two people accounting for at least 62% of all new household formations since 2000. Projection data for Marlborough indicate this growth pattern likely will continue through 2021. Strong growth of households with one or two people means demand most likely will be for smaller housing units. Simply put, most small households do not seek large (3+ bedroom) units. Thus, the interest to build multifamily units is consistent with demand.

Figure 3-5

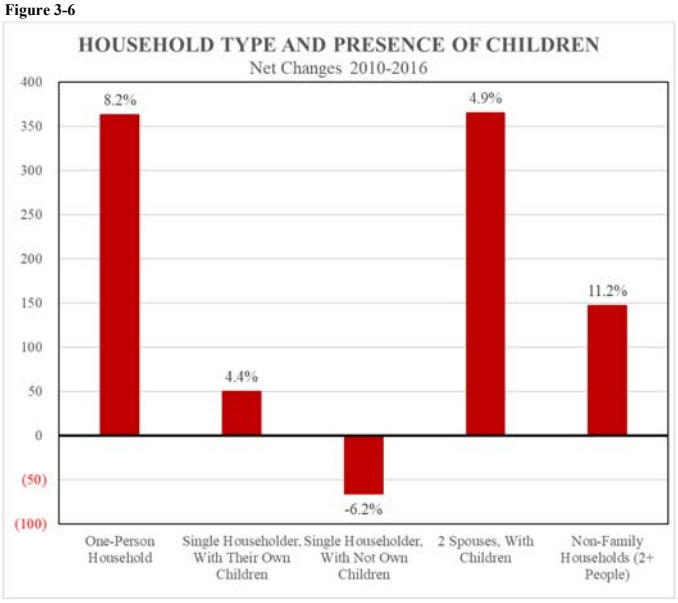


Source: Alteryx 2017

5. Family Households

RKG Associates also assessed the formation of family households to better understand the trends and projections on changes in the number of school-age children. The analysis indicates that Marlborough is experiencing growth in both non-children households and those with children. Approximately 60% of newly formed households since 2010 did not have any children. Of those that did, the predominance were two-spouse households. The data reflect the desirability of Marlborough across all household types. However, very few of the households with children were occupying newly constructed multifamily developments (discussed in more detail in the Fiscal Impact chapter). Only 13 school-aged children in public schools live in the apartments built since 2010 despite a net increase of approximately 350 households with children (Figure 3-6). Projection data provided by Alteryx suggests that the growth in non-children household likely will continue to outpace households with children, continuing to account for approximately 60% of the projected new households.

Figure 3-6



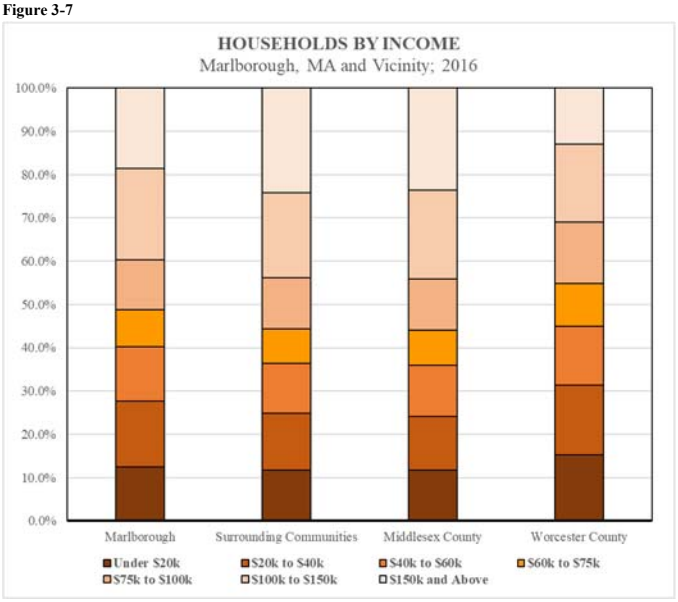
Source: Alteryx 2017

6. Households by Income

Household income in Marlborough is diverse, and is consistent with the regional marketplace. Approximately 40% of the city's households earn over $100,000, compared with 44% for the Surrounding Communities and Middlesex County as a whole (Figure 3-7). Only 30% of households in Worcester County earn over $100,000. Conversely, less than 28% of households in Marlborough earn less than $40,000, slightly more than the Surrounding Communities (25%) and Middlesex County (24%). More than 30% of Worcester County households earn less than $40,000.

That said, changes in households by income since 2010 have been disproportionate. Within Marlborough, the number of households earning over $100,000 increased by almost 950 between 2010 and 2016. In contrast, the number of households earning less than $100,000 declined by 65 households (Table 3-2). While some of this change is due to increasing salaries, local and regional income increase metrics suggest most of this change is due to migration. The city is experiencing substantial increases in more affluent households. This trend is consistent with the region as well. Each of the three other study areas had similar changes, with the net number of households earning over $100,000 increasing and the net number earning less than $100,000 decreasing.

Figure 3-7



Source: Alteryx 2017

It is important to note that Marlborough did experience a net increase in households earning less than $40,000 during this period (approximately 102 households). However, most of that growth was in households headed by people over 45-years old. This likely is due to relative availability of more modest-valued housing as well as natural aging-in-place of households already located in the city. The Surrounding Communities study area experienced a similar trend, gaining households earning below $20,000. In fact, most of the gains in households earning below $100,000 regionally were from households headed by people over 45-years old. Anecdotal data from local real estate professionals indicate these households may have greater resources (i.e. equity from the sale of a house elsewhere), enabling them to enter the Marlborough/Metro West market more easily than younger households that have not accrued that wealth. Regardless, the disparity indicates there remains a barrier to entry for the regional housing market that most modest-income households cannot overcome.

Despite this last finding, Alteryx's projections for households by age and income suggest the disproportionate growth for the wealthiest households will accelerate in the near future. The net change for each income group earning less than $100,000 is projected to decline in each of the four study areas, including Marlborough (Table 3-3). The limited increase in new housing combined with the projected growth in jobs (detailed later in this chapter) and locational advantages of Metro West will provide more affluent households an advantage in acquiring housing regionally.

Table 3-2
Households by Age of Householder and Income
2010-2016 Net Change

	Under 25	25-34	35-44	45-54	55-64	Over 64	Total	% Change
CITY OF MARLBOROUGH								
Under $20,000	(50)	(4)	6	20	63	7	42	2.1%
$20,000 to $39,999	23	(22)	(26)	16	26	45	62	2.6%
$40,000 to $59,999	4	12	(62)	(34)	52	12	(16)	-0.8%
$60,000 to $74,999	(9)	1	(44)	(49)	24	31	(46)	-3.2%
$75,000 to $99,999	6	5	(82)	(71)	(29)	64	(107)	-5.5%
$100,000 to $149,999	9	64	(42)	(42)	48	125	162	4.9%
$150,000 and Above	3	133	204	177	153	116	786	35.2%
TOTAL	(14)	189	(46)	17	337	400	883	5.7%
SURROUNDING COMMUNITIES								
Under $20,000	(50)	(3)	(67)	70	116	(35)	31	0.6%
$20,000 to $39,999	(2)	(7)	(26)	(59)	81	(9)	(21)	-0.3%
$40,000 to $59,999	(9)	141	(129)	(150)	(93)	27	(214)	-3.5%
$60,000 to $74,999	(16)	(16)	(157)	(145)	(13)	164	(184)	-4.5%
$75,000 to $99,999	(13)	(70)	(329)	(213)	(56)	233	(448)	-7.2%
$100,000 to $149,999	15	43	(209)	(328)	195	396	112	1.2%
$150,000 and Above	13	277	459	781	847	620	2,996	34.3%
TOTAL	(62)	364	(458)	(44)	1,078	1,395	2,273	4.9%
MIDDLESEX COUNTY								
Under $20,000	(932)	78	(514)	325	1,258	(1,784)	(1,569)	-2.1%
$20,000 to $39,999	20	(503)	(713)	(445)	390	(598)	(1,849)	-2.4%
$40,000 to $59,999	(365)	956	(1,435)	(1,797)	(666)	1,091	(2,216)	-2.9%
$60,000 to $74,999	(158)	(1,126)	(1,657)	(2,299)	(919)	1,478	(4,681)	-8.7%
$75,000 to $99,999	(84)	(177)	(2,797)	(3,223)	(461)	2,591	(4,151)	-5.1%
$100,000 to $149,999	95	1,869	(609)	(2,085)	2,525	5,021	6,816	5.8%
$150,000 and Above	197	6,050	7,117	9,238	9,852	8,217	40,671	39.7%
TOTAL	(1,227)	7,147	(608)	(286)	11,979	16,016	33,021	5.7%
WORCESTER COUNTY								
Under $20,000	(745)	175	(705)	130	1,026	(1,492)	(1,611)	-3.3%
$20,000 to $39,999	23	244	(989)	(397)	848	216	(55)	-0.1%
$40,000 to $59,999	(137)	832	(1,596)	(1,569)	(560)	958	(2,072)	-4.5%
$60,000 to $74,999	(47)	(44)	(1,032)	(788)	642	1,429	160	0.5%
$75,000 to $99,999	64	300	(1,699)	(1,035)	1,175	1,809	614	1.4%
$100,000 to $149,999	100	370	(1,329)	(1,465)	1,713	2,229	1,618	3.0%
$150,000 and Above	53	928	1,501	2,917	2,647	2,556	10,602	35.6%
TOTAL	(689)	2,805	(5,849)	(2,207)	7,491	7,705	9,256	3.1%

Source: Alteryx 2017

Table 3-3
Households by Age of Householder and Income
2016-2021 Projected Net Change

	Under 25	25-34	35-44	45-54	55-64	Over 64	Total	% Change
CITY OF MARLBOROUGH								
Under $20,000	(10)	(35)	(48)	(95)	(29)	(61)	(278)	-13.7%
$20,000 to $39,999	(25)	(79)	(65)	(60)	(24)	34	(219)	-8.9%
$40,000 to $59,999	(14)	(77)	(50)	(74)	(31)	43	(203)	-10.0%
$60,000 to $74,999	(11)	(65)	(46)	(85)	(26)	38	(195)	-13.9%
$75,000 to $99,999	(4)	(42)	(64)	(108)	(52)	52	(218)	-11.8%
$100,000 to $149,999	13	162	167	55	144	201	742	21.6%
$150,000 and Above	13	174	269	159	242	141	998	33.0%
TOTAL	(38)	38	163	(208)	224	448	627	3.9%
SURROUNDING COMMUNITIES								
Under $20,000	(53)	(87)	(107)	(216)	(168)	(168)	(799)	-14.1%
$20,000 to $39,999	(40)	(124)	(82)	(178)	(104)	7	(521)	-8.2%
$40,000 to $59,999	(27)	(174)	(96)	(226)	(177)	(1)	(700)	-12.5%
$60,000 to $74,999	(26)	(110)	(138)	(180)	(133)	8	(580)	-15.0%
$75,000 to $99,999	(13)	(81)	(248)	(319)	(179)	189	(651)	-11.4%
$100,000 to $149,999	23	352	199	(70)	385	819	1,709	18.0%
$150,000 and Above	27	261	328	415	992	748	2,770	23.6%
TOTAL	(109)	37	(144)	(774)	615	1,602	1,228	2.5%
MIDDLESEX COUNTY								
Under $20,000	(963)	(1,310)	(967)	(2,920)	(2,066)	(1,490)	(9,716)	-13.6%
$20,000 to $39,999	(535)	(1,748)	(1,055)	(2,102)	(1,206)	327	(6,319)	-8.5%
$40,000 to $59,999	(663)	(2,257)	(1,345)	(3,204)	(2,047)	307	(9,209)	-12.9%
$60,000 to $74,999	(312)	(1,955)	(1,183)	(2,429)	(1,397)	459	(6,817)	-13.9%
$75,000 to $99,999	(499)	(2,219)	(2,565)	(4,762)	(2,992)	1,308	(11,729)	-15.1%
$100,000 to $149,999	620	4,785	4,485	207	4,409	9,591	24,097	19.4%
$150,000 and Above	98	5,098	6,620	4,630	10,153	10,272	36,871	25.7%
TOTAL	(2,254)	394	3,990	(10,580)	4,854	20,774	17,178	2.8%
WORCESTER COUNTY								
Under $20,000	(500)	(676)	(903)	(2,214)	(1,371)	(791)	(6,455)	-13.7%
$20,000 to $39,999	(183)	(702)	(1,077)	(1,527)	(882)	376	(3,995)	-8.0%
$40,000 to $59,999	(199)	(774)	(1,228)	(2,275)	(1,261)	676	(5,061)	-12.0%
$60,000 to $74,999	(27)	(733)	(1,147)	(1,889)	(860)	683	(3,973)	-13.0%
$75,000 to $99,999	63	467	(312)	(1,290)	1,166	2,690	2,784	6.3%
$100,000 to $149,999	247	2,980	2,518	1,822	4,056	4,384	16,007	28.6%
$150,000 and Above	112	1,264	2,038	2,365	3,606	3,758	13,143	32.5%
TOTAL	(487)	1,826	(111)	(5,008)	4,454	11,776	12,450	4.0%

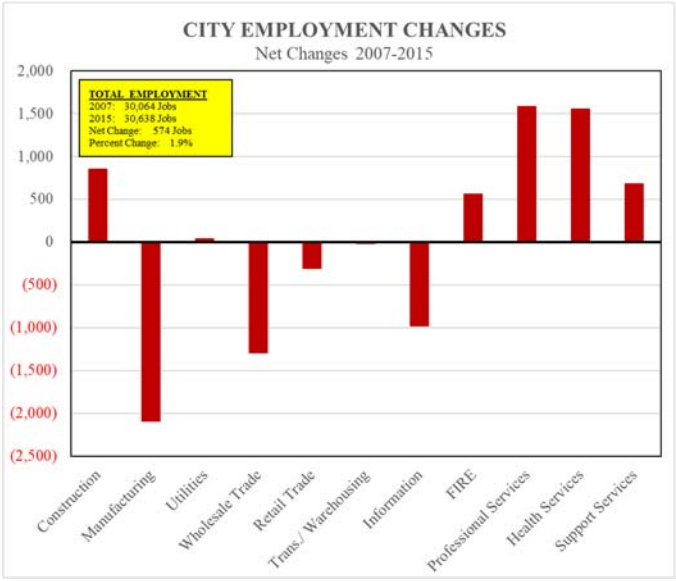
Source: Alteryx 2017

7. Employment Trends and Projections

Employment within Marlborough was influenced by the Great Recession. Prior to 2007, the city's total private sector employment levels were 30,064. During the Recession, employment fell to as low as 27,572 (in 2013). However, the city has experienced substantial recovery since then, with a total employment level of 30,638 in 2015, or 574 jobs more than the city had prior to the recession. Anecdotal data indicate current levels are even higher.

Despite the general recovery within the city, employment changes were not uniform across all market sectors. The city experienced substantial shifts from production-based markets to service-based markets. Most notably, the city experienced a net decline of almost 2,100 manufacturing jobs and 1,300 wholesale trade jobs between 2007 and 2015 (Figure 3-8). In contrast, the city experienced a net increase of nearly 3,600 in office-based employment, led by health care & social assistance (1,553 jobs). This transition is consistent with regional and national trends.

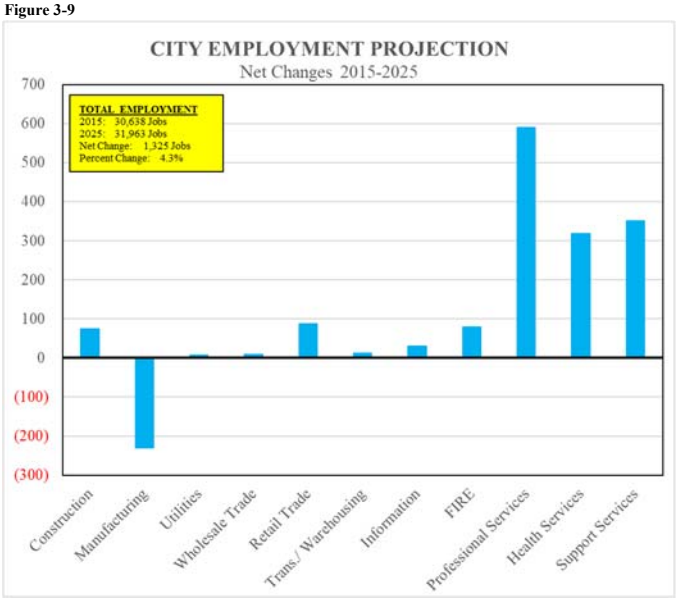
Figure 3-8



Source: ES-202; 2017

Projection data indicate the city's positive employment growth and the transition to service-based jobs likely will continue into the near future. Marlborough is projected to experience a net increase of 1.325 jobs by 2025, or a 4.3% increase. However, production-based (except manufacturing) and trade-based sectors are projected to remain stable through 2025, experiencing modest employment growth. Manufacturing is projected to continue to decline by approximately 320 jobs (Figure 3-9). In comparison, service-based sectors, particularly professional services and health services, are projected to continue to experience substantial growth. It is important to note that these figures do not consider the Apex development, which has announced there could be as many as 1,600 service-based and trade-based jobs on site when construction is complete.

Figure 3-9



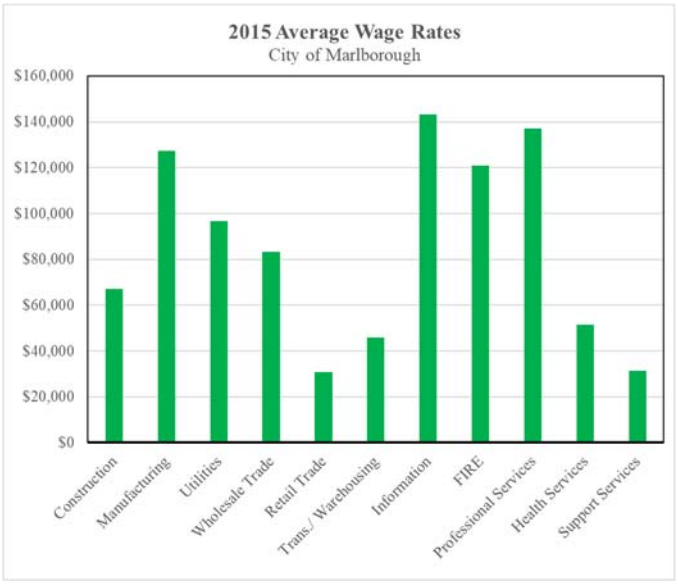
Source: RKG Associates; 2017

The net growth in employment since 2007 has had a positive impact on housing demand, increasing the number of people working in Marlborough. The projected increase in jobs through 2025 suggest demand will continue to rise. Thus, the development interest expressed in Marlborough is consistent with the changing market demand dynamics.

8. Employment by Wages

The transition of employment from production-based markets to service-based markets likely is influencing multifamily demand levels. The average annual wage rates for the growth sectors vary from those that are experiencing net declines. The professional services sector, which experienced the strongest growth since 2007 and is projected to have the strongest growth through 2025, has an average annual wage rate of $137,186. This is higher than the manufacturing sector's average rate of $127,400. However, the city's second (health services) and third (support services) strongest growth sectors have average wage rates of $51,324 and $31,350 respectively (Figure 3-10). While average wage rates are not a complete picture of what new households will ear collectively, the data indicate that demand for housing in Marlborough from local workers will be across a broad spectrum of income levels.

Figure 3-10



Source: ES-202; 2017

9. Commuting Patterns

The City of Marlborough is a regional employment center. In 2014, the city had more than 7,500 more in-commuters (people who commuted to Marlborough for work) than it had out-commuters (people who lived in Marlborough and worked elsewhere). Most in-commuters live in Middlesex and Worcester counties, including close to 2,000 from the City of Worcester alone (Table 3-4). Approximately 4,000 more people from Middlesex and Worcester counties commute into Marlborough than Marlborough residents who work elsewhere in either of the two counties. Another 6,350 commuted from other parts of Massachusetts (Table 3-4). Only 1,348 Marlborough residents, or 7% of the city's working residents, commute into Boston for work. These findings indicate that people who work in Marlborough tend to locate close by. As the city's employment base continues to grow, it is likely that those workers will want to live in or around the city. Providing greater housing type and housing cost choices most likely will draw these households into the city.

Table 3-4
City of Marlborough Commuting Patterns
2014 Census Data

Location	In Commuters	Out Commuters	Difference	% of City Workforce
Marlborough	2,592	2,592	0	9.7%
Worcester	1,963	900	1,063	7.4%
Rest of Middlesex/Worcester Counties	13,786	10,739	3,047	51.7%
Boston	785	1,348	(563)	2.9%
Rest of Massachusetts	5,565	2,728	2,837	20.9%
Out of State	1,971	812	1,159	7.4%
TOTAL	26,662	19,119	7,543	100.0%

Source: U.S. Census 2017

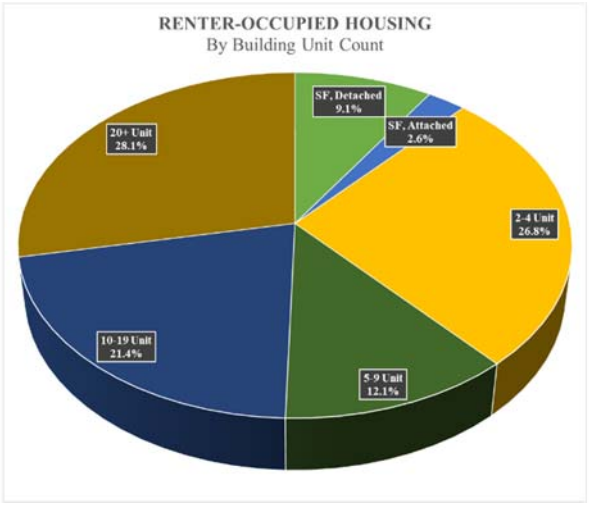
D. SUPPLY ANALYSIS

The supply-side analysis provides the market perspective on whether additional multifamily development (both ownership and rental) is appropriate for Marlborough; and how much can be absorbed if it is appropriate.

1. Housing by Tenure

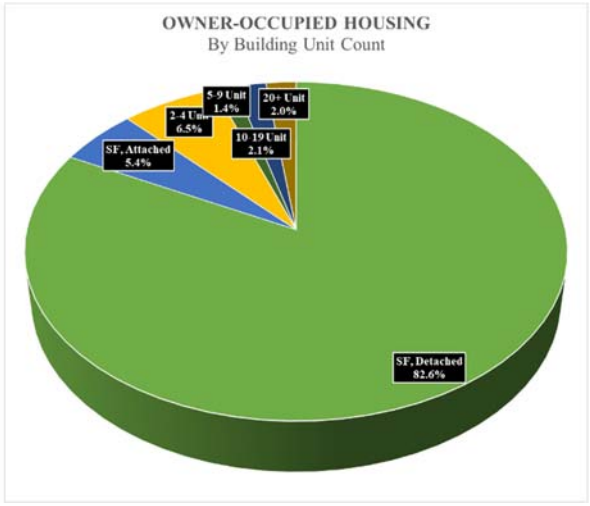
The City of Marlborough has a diverse housing supply. Based on U.S. Census data, approximately 55%, or 8,842 units, of the city's housing is owner-occupied. The remaining 7,291 units are renter-occupied. Slightly less than half of the city's housing is single-family detached units. Multifamily structures with at least five units constitute approximately 4,750 units, or roughly 28% of the supply. However, housing diversity varies for renter-occupied housing and owner-occupied housing. Rental housing is very diverse, with much of rental housing units within larger buildings. This is typical for rental housing, as apartment complexes oftentimes constitute most rental units. That said, more than 11% of the rental housing supply is traditional single-family ownership units converted for rental use (Figure 3-11). Duplexes, triplexes, and quadraplexes constitute more than 25% of the rental housing supply. In contrast, owner-occupied housing is almost exclusively single-family detached and single-family attached housing units (Figure 3-12). Condominium-style units account for 2,392 units of the total housing supply, and less than 10% of the owner-occupied housing supply.

Figure 3-11



Source: U.S. Census 2017

Figure 3-12

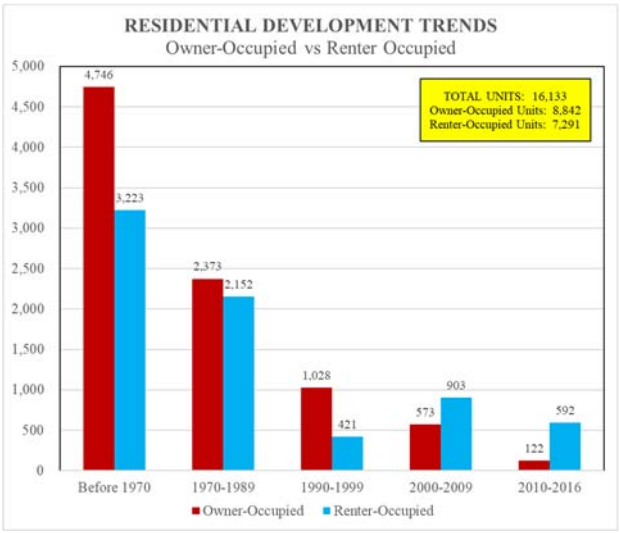


Source: U.S. Census 2017

2. Development Trends

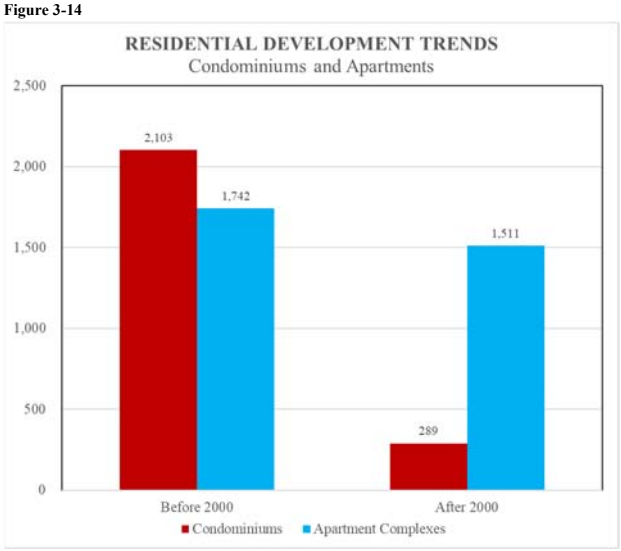
Residential development has been consistent in Marlborough since 1990. Approximately 12,500 of the 16,133 housing units in Marlborough were built prior to 1990. Since then, approximately 145 housing units have been delivered annually. The development pace since 2010 has been slightly behind that of the 1990s and 2000s, but only slightly so. However, the type of development has changed over the years. Prior to 2000, the development of owner-occupied housing outpaced the development of renter-occupied housing (Figure 3-13). Since 2000, rental housing development outpaced ownership housing by a ratio of more than 2 units to 1 unit. Even within the multifamily development activity, Marlborough recently experienced substantially more rental unit development than owner-occupied projects. Multifamily development prior to 2000 was balanced, with condominium units (2,103 units) being more numerous than apartments (1,742 units). In contrast, development of apartments has outpaced condominiums by more than 5 units to 1 unit since 2000 (Figure 3-14).

Figure 3-13



Source: U.S. Census 2017

Figure 3-14



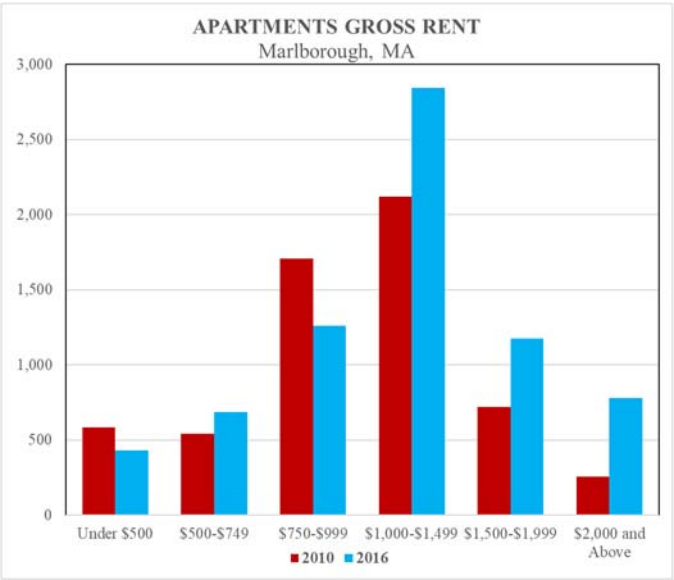
Source: U.S. Census 2017

This shift reflects the changing market dynamics locally, regionally, and nationally. From a broad perspective, the two largest demand markets (Baby Boomers and Millennials) have a higher propensity to rent than other segments. The Baby Boomers are seeking to downsize and become more mobile as they move into retirement. Millennials continue to exhibit typical housing consumption patterns for young adults, with preference towards smaller rental units to accommodate their financial situations and mobile professional life. On a more local level, Metro West has continued to build out and has fewer large-scale greenfield development areas. As growth continues to happen in the area, supply and demand equilibriums for land has continued to push costs higher. As land costs increase, developers need to increase unit yield to make investments financially feasible. This natural market pressure is pushing these traditionally suburban communities towards higher intensity developments, like townhomes, condominiums, and apartment complexes. The focus on apartment development also reflects the recent changes in real estate financing, as banks have become more conservative in condominium financing and federal regulators have tightened lending practices for home purchase.

3. Rental Pricing

The increased development of multifamily rental housing has not kept pace with demand. Despite the increase in the production of multifamily development, rent rates for apartments have continued to increase faster than the pace of inflation. In 2010, there were 2,834 rental units with monthly gross rents below $1,000. These units constituted approximately 53% of all rental units in Marlborough. By 2016, the number of units with monthly gross rents below $1,000 had declined by more than 450 and only accounted for 35% of all rental units. While rents continue to range within the City, the pressure from demand has shifted rents higher (Figure 3-15).

Figure 3-15



Source: U.S. Census 2017

Part of this shift is due to the impact of new apartment development and major renovations. Since 2000, four apartment complexes have been built and one has been substantially renovated (Bell Marlborough). None of these complexes offer market-rate rents below $1,500. Two-bedroom unit rents range from $2,070 per month to $2,970 per month (Table 3-5). Rents on a per square foot basis for these complexes range from $1.57 to $3.00, with a median value of $2.10. In contrast, the median rent for the rest of the apartment stock is approximately $1.60. The average size of unit also has increased over older developments further separating prices between existing and new constructions.

Table 3-5
Renter-Occupied Housing
Pricing of Recent Projects

Bedroom Count	Minimum Rent	Maximum Rent	Minimum Rent PSF	Maximum Rent PSF
Talia				
1-Bedroom	$1,845	$2,785	$2.24	$3.01
2-Bedrooms	$2,380	$3,300	$1.92	$2.68
Avalon Marlborough				
1-Bedroom	$1,720	$2,105	$1.68	$2.43
2-Bedrooms	$2,070	$2,835	$1.54	$2.00
Avalon Orchards				
1-Bedroom	$1,810	$2,275	$1.49	$2.19
2-Bedrooms	$2,160	$2,285	$1.51	$2.35
Bell Marlborough				
1-Bedroom	$1,810	$2,190	$2.21	$2.43
2-Bedrooms	$2,280	$2,330	$1.58	$1.61
Stone Gate				
1-Bedroom	$1,595	$2,435	$2.00	$3.16
2-Bedrooms	$2,050	$2,970	$1.66	$2.41
3-Bedrooms	$2,300	$3,060	$1.72	$2.28

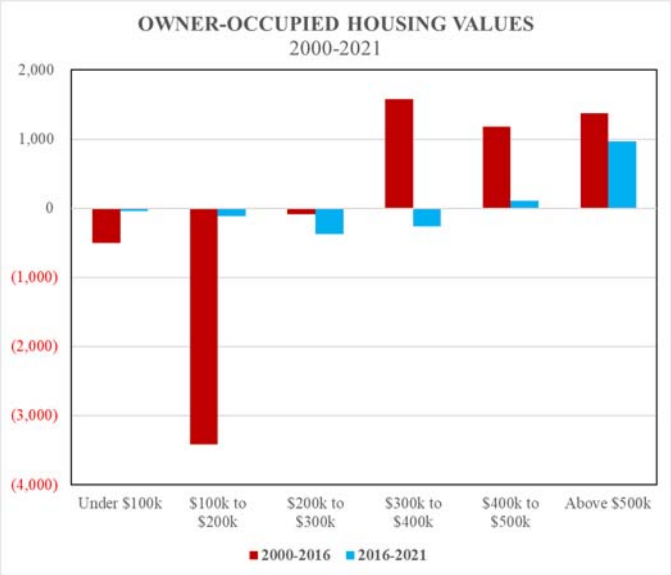
Source: Apartments.com 2017

The data indicate that demand for new rental housing continues to outpace the delivery of rental housing. Since 2000, the city has absorbed approximately 100 rental units per year, and new development continues to push price points higher. While the market is not limitless, the projected growth in employment combined with the conveniences of being centrally located to Metro West's economic and employment activity will continue to drive demand to Marlborough.

4. Condominium Pricing

Like the apartment analysis, ownership housing values have continued to appreciate faster than inflation. Since 2000, the median home value has increase from $181,119 to $328,430, or an 81% increase. The number of ownership housing units priced below $200,000 declined by more than 3,900 units. IN contrast, the number of units valued over $300,000 increased by over 4,100 units (Figure 3-16). The disparity reflects recent development trends, where almost all new ownership units constructed in Marlborough are valued over $300,000.

Figure 3-16



Source: U.S. Census 2017

Within the condominium market, there is a substantial disparity between newly constructed condominium units and older stock. Condominiums built since 2010 are larger, higher valued, and higher cost than the rest of the supply. The average size for a newly built unit is 41% bigger; the average market value is 76% higher, and the average sale price is 81% higher (Table 3-6). This substantial disparity reflects the disparity between market demand and the availability of supply. Like the rental rate analysis, new condominium units command a sale price more

than 25% higher than existing units on a per square foot basis. That said, the sales data indicate that older units also sell above their market value (104.3%), indicating that demand for smaller, more modest priced units remains greater than the local supply.

Table 3-6
Condominium Sales To Value Comparison
Sales From 2013-2015

	Year Built		Net	Percent
	Prior to 2010	2011-2016	Difference	Difference
Total Arms Length Sales	330	84		
Median Sales Price	$209,422	$379,089	$169,667	81.0%
Average Sales Price	$195,255	$348,522	$153,267	78.5%
Average Market Value	$187,264	$328,911	$141,647	75.6%
Sales to Value Ratio	104.3%	106.0%	1.7%	1.6%
Average Size (Living Area)	1,254	1,772	518	41.3%
Average Sales PSF	$156	$197	$40.98	26.3%

Source: City of Marlborough 2017

E. IMPLICATIONS

The data indicate that the demand for multifamily housing has been, and remains, strong within Marlborough. Production of multifamily housing has been consistent for almost 30 years, and pricing for new multifamily housing continues to achieve top-of-the-market values. Continued interest in multifamily development is consistent with existing demand, and will be supported by imminent and projected employment growth in Marlborough.

The pace of multifamily development has been constant at approximately 145 units annually. Pricing, absorption, and vacancy (for rental housing) trends indicate this pace is healthy and has not disrupted (or even stabilized) price and cost escalations. While demand for new multifamily is not limitless, continuing this pace of development most likely will not adversely impact the local market. That said, the push to develop rental housing likely will continue to exceed ownership multifamily development into the near future. As mentioned, the debt financing and mortgage lending markets have adversely impacted profitability for condominium development. While this finding is not absolute across all condominium development types and locations, it is likely that condominium development interest will occur in very select locations (i.e. waterfront property).

Ultimately, the issue for Marlborough is not whether there is sufficient demand for new rental and ownership multifamily housing. From a market perspective, the local and regional market demand for multifamily housing is sufficient to support new development into the foreseeable future. Rather, the issue the city leadership must address is whether a particular multifamily proposal is the most desired development for a specific area or parcel within the city. Multifamily development, particularly rental housing, typically can sustain pricing levels longer when built in areas convenient to employment centers, transportation systems, retail and support services, and entertainment/recreation venues. Creating a pathway to accommodate both ownership and rental multifamily housing in a manner that maximizes their respective sustainability should be the focus for Marlborough's leaders. The Recommendations chapter details RKG Associates proposed approach to making those determinations.

4 *FISCAL IMPACT ANALYSIS*

As part of this assessment, RKG Associates was tasked with understanding the potential fiscal impacts that new multifamily housing could have on the city's finances.

A. METHODOLOGY

To complete this analysis, RKG Associates used an incremental impact methodology to assess the potential revenues and expenditures related to ownership and rental multifamily development. The incremental impact methodology assumes that a portion of the cost to administer a governmental body is inherent in the structure, and is 'fixed.' The best example is having a City Clerk. The City Clerk position is fixed whether Marlborough has 1,000 residents or 100,000 residents. Thus, adding new housing units or households (from a residential perspective) and new businesses or employees (from a commercial and industrial perspective) will not change these 'fixed' costs. That said, adding more residents to Marlborough may require the hiring of an additional assistant city clerk to delegate some responsibilities that build with a larger city. This cost would be an incremental cost that is born by each new housing unit/household or business/employee. For the purposes of this analysis, the incremental revenues and expenditures were calculated on a per household basis.

Furthermore, the incremental impact methodology only considers expenditures and revenues are spent/received directly by the city. External or indirect costs, such as intergovernmental transfers and state appropriations for pupils, that are tied to new development activity are excluded from this analysis since the inflow (income) and outflow (expenditure) of that money will balance out.

Finally, the analysis relies on existing rate rates, and current market valuations to determine impact. Using locally-relevant data ensures the results are relevant to Marlborough. That said, building a model that reflects the unique characteristics of each potential development program is not realistic given this is a theoretical analysis and not based on a specific project.

B. REVENUES

The primary revenues generated by a multifamily development come from real property taxes, automobile excise fees, and the city's fines and fees collected for various conveniences and infractions. The fiscal impact model used fiscal year 2017 tax rates for real property and automobile excise. The fee and fine calculation allocates the total collected by the city and assigning the proportional share to residential development (which totals 72% of the city's assessed value), and then allocating that value to each household. Table 4-1 details the inputs used.

Table 4-1
Revenue Sources for Residential Development
Marlborough, MA

Real Property Tax Rate (per $1,000)	$15.32
Auto Excise Tax Rate (per $1,000)	$25.69
Fees and Fines per Household	$38.06
2017 Revenue	$852,892
Residential Share (72%)	$614,082
Number of Households	16,133

Source: City of Marlborough and RKG Associates 2017

1. Valuation

For the real property and excise tax, RKG Associates had to calculate an average value per unit as well as an average value for cars per household. For the real property values, RKG Associates used the average market value for new construction apartments and condominiums as reported in the city's property assessment database. The average value for condominium units built since 2011 is $328,911 (detailed in Table 3-6 in the previous chapter). For the rental multifamily valuation, RKG averaged the total market value ($180,919,900) for the five complexes that were built/substantially renovated since 2000 (this does not include Talia, since the assessment database did not have a competed value for the project). This came to an average value of $140,684.

Table 4-2
Apartment Complex Market Valuation
Properties Built/Renovated since 2002 [1]

	Total Value	Units	Average Value
Avalon Orchards	$21,047,300	156	$134,919
Heights at Wheeler Hill	$35,952,900	274	$131,215
Bell Marlborough	$19,792,200	164	$120,684
Stone Gate	$43,473,000	332	$130,943
204-206 West Main Street	$2,049,200	10	$204,920
Avalon Marlborough	$58,605,300	350	$167,444
TOTAL	$180,919,900	1,286	$140,684

Source: City of Marlborough and RKG Associates 2017
[1] Talia is not included since it did not have a market value in the assessment database

To determine the average automobile value, RKG used the total passenger vehicle assessment for 2016 and divided it by the total number of registered cars. RKG then applied a 30% income premium to account for the difference in housing value between new construction and existing development (detailed in the Market Analysis chapter). The average car value for new construction multifamily development is $10,221.

Table 4-3
Calculation of Auto Excise Tax (2017 Dollars)
Marlborough, MA

Number of Passenger Vehicles in 2016	30,675
Total Passenger Vehicle Assessment in 2016	$241,180,640
New Construction Income Premium	30%
Avg. Assessment per Passenger Vehicle	$10,221

Source: City of Marlborough and RKG Associates; 2017

2. Calculations

Utilizing the methodology detailed above, RKG Associates could calculate the potential local-sourced revenues for the City of Marlborough. Auto excise tax revenue ($496 per household) and fees/fines revenue ($38 per household) were consistent for rental and ownership multifamily units. The disparity resulted from the differential in market value per unit. Rental multifamily is projected to generate $2,155 per unit in real property tax revenue, while condominiums are projected to generate $5,039 per unit (Table 4-4). In total, each apartment unit is projected to generate $2,689, while each condominium generates $5,573.

Table 4-4
Fiscal Impact Revenue Generation
Apartments and Condominiums

Category	New Construction Apartments	New Construction Condominiums
Real Property	*$2,155*	*$5,039*
Average Assessed Value	$140,684	$328,911
2017 Tax Rate (Per $1,000)	$15.32	$15.32
Auto Excise	*$496*	*$496*
Average Value Per Vehicle	$10,221	$10,221
Vehicles Per Household	1.89	1.89
2017 Excise Tax Rate (per $1,000)	$25.69	$25.69
Fines and Fees (Per Household)	*$38*	*$38*
Total Revenues	*$2,689*	*$5,573*

Source: RKG Associates; 2017

C. EXPENDITURES

RKG Associates went through the city's FY2017 budget to determine the proportional share and incremental costs associated with new residential development.

1. Non-School Costs

The base proportional share allocation is 72%, reflecting the pro rata share of residential uses in the city's total taxable Grand List valuation. That said, several adjustments were made based on the primary beneficiary of various categories. For examples, 100% of the expenditures for human services, library services, celebrations, and parks and recreation were allocated to residents, since residents benefit disproportionately from these services. Similarly, the efficiency adjustment varies by expense category due to RKG Associates' calculation of fixed cost. Efficiency adjustments range from 20% to 75% for these fiscal cost categories (Table 4-5).

Table 4-5
Calculation of Unit Costs for Residential Land Uses
Marlborough, MA

Expense Category	FY 2017	Residential Proportional Share @ 72%	Efficiency Adjustment	Adjusted Expenses
General Government	$19,456,704	$14,051,854	20%	$2,810,371
Inspection Services [1]	$703,485	$0	30%	$0
All Other Protective & Emergency Services	$14,723,069	$10,633,169	75%	$7,974,876
Public Works	$6,170,220	$4,456,203	20%	$891,241
Health and Licensing [2]	$359,350	$107,805	30%	$32,342
Human Services [3]	$550,995	$550,995	30%	$165,299
Library Services [3]	$949,485	$949,485	50%	$474,743
Celebrations [3]	$57,800	$57,800	0%	$0
Parks & Recreation [3]	$280,655	$280,655	20%	$56,131
Capital Outlays	$124,500	$89,915	0%	$0
Total	$43,376,263	$31,177,881		$12,405,001
Total Housing Units (2015 Estimate)			16,133	
Incremental Fiscal Costs Per Household				**$769**

Source: RKG Associates; 2017
[1] 0% of the costs are allocated to residential uses since inspection services are for businesses
[2] 30% of the costs are allocated to residential uses due to the commercial focus of licensing
[3] 100% of the costs are allocated to residential uses due to residents receive 100% of the benefit

Of the $43,376,263 that Marlborough spends in these departments and cost centers, approximately $31.2 million has been proportioned to residential uses. The incremental cost related to increases in new households totals approximately $12.4 million. Based on the 2015 estimate of 16,133 households, this translates into a per household incremental cost of $769.

2. School Costs

School costs were calculated separately from non-school costs due to the unique nature of education funding for Marlborough pupils. The school cost analysis was brought together through data and feedback from the City of Marlborough, Marlborough Public Schools (MPS), Assabet Valley Regional Technical High School, and the Advanced Math and Science Academy (AMSA) Charter School.

The first step in analyzing the impact of new pupils was to understand the local-share per pupil cost. Based on budget data provided by the City and MPS, the total local cost per pupil is approximately $15,000. Nearly all education costs are incremental since almost all school expenditures are based on pupil counts, particularly personnel and materials costs. The primary difference is for fixed costs, including administrative staff, that remain fairly constant despite changes in enrollment. RKG Associates estimates that $13,480 of the $14,965 per pupil expenditure is incremental (Table 4-6).

The second step in understanding the fiscal impact of new multifamily development was to understand the pupil generation rate for new construction multifamily development. MPS worked with Assabet and AMSA to gather enrollment data by residential community earlier in 2017. The data is confidential, but revealed that the six apartment complexes built/rehabbed since 2002 generated an average of 0.06 pupil per unit, or approximately one pupil per 16.1 units. In comparison, condominium development built since 1990 (excluding age-restricted communities) generated 0.27 pupils per unit, or one pupil per 3.7 units. The higher generation rate for condominiums translates into a higher per household pupil cost. New construction apartments have an estimated local school cost of $835 per household, while new construction condominiums have a local school cost of $3,608 per household (Table 4-7).

Table 4-6
Calculation of Local Costs for Public School Students
Marlborough, MA

Expense Category	2016-2017	Efficiency Adjustment	Adjusted Costs
Personnel	$6,135	100%	$6,135
Operating Budget	$3,867	100%	$3,867
Fixed Costs	$1,856	20%	$371
Outside Expenses	$1,950	100%	$1,950
Assabet	$1,054	100%	$1,054
Materials	$103	100%	$103
Cost per Pupil	$14,965		$13,480
Total 2016-17 Enrollment			5,401

Source: MPS, AMSA, Assabet, and RKG; 2017

Table 4-7
Fiscal Impact Expenditure Impacts
Apartments and Condominiums

Category	New Construction Apartments	New Construction Condominiums
General Governement Services	*$769*	*$769*
Schools Impact	*$835*	*$3,608*
Local Expenditure Per Student	$14,965	$14,965
Incremental Cost for New Puils	$13,480	$13,480
Pupil Generation (per Unit)	0.06	0.27
Total Expenditures	*$1,604*	*$4,377*

Source: RKG Associates; 2017

3. Calculations

Combining the non-school and school costs results in per household costs of $1,604 for rental multifamily development and $4,377 for ownership multifamily development.

D. IMPLICATIONS

The data indicate that both condominium and apartment development generate positive fiscal impacts for Marlborough. The higher market value (and therefore real property tax revenue) effectively is offset by the higher pupil generation in the condominium development. The net fiscal impacts are $1,085 for apartments and $1,195 for condominiums (Table 4-8). The data table includes the fiscal impact of age-restricted condominiums as well ($4,804), which is substantially higher than either of the other housing types due to the lack of pupil generation.

Table 4-8
Fiscal Impact Expenditure Impacts
Apartments and Condominiums

Category	New Construction Apartments	New Construction Condominiums	New Construction Condominiums Age Restricted
Incremental Revenues	$2,689	$5,573	$5,573
Incremental Expenditures	$1,604	$4,377	$769
NET IMPACT (Per Unit)	$1,085	$1,195	$4,804

Source: RKG Associates; 2017

At face value, this finding suggests age-restricted housing is the most lucrative fiscal strategy, and encouraging age-restricted housing will yield better fiscal benefits. The current market demand for age-restricted housing is substantially stronger because Baby Boomer households (disproportionately numerous compared to the following generations) continue to reach and exceed the typical age threshold (55-years old). Thus, the supply of age-restricted housing is increasing rapidly as communities continue to encourage this development type to capture the fiscal value.

However, the subsequent generations are not as numerous as Baby Boomers, thus these age-restricted communities must capture a greater percentage of the next generation of active adults as Baby Boomers transition to higher-needs facilities and eventually pass away. This means demand for age-restricted housing—particularly for the earlier communities that will have older units—will need to increase on a percent of eligible households for these communities to remain market viable. If demand diminishes compared to the supply of age-restricted housing, communities may experience loss of value and/or need to have the age restriction requirement removed.

While there is no guarantee the disruption of the age-restricted housing market will happen, or even happen in Marlborough, focusing solely on this housing type may not be in the city's best long-term interest. Rather, RKG Associates recommends that Marlborough should focus on encouraging a variety of multifamily housing product including age-restricted housing. Implementing a strategy of diversity enables the city to capture the fiscal benefits of having some additional age-restricted development while minimizing the risk of having to develop a strategy of how to repurpose less competitive projects in the future.