

COMMUNITY MASTER PLAN PAXTON, MASSACHUSETTS

HOUSING CHAPTER



HOUSING

Trends in Population and Housing

Population:

The US Census reports the population of Paxton as 4,386 residents in 2000, an 8.6% increase over the 1990 count of 4,047 residents. In comparison the 40-town CMRPC region grew at a rate of 7.5% through the 1990's with 17 of the 40 communities growing at a faster rate than Paxton and only 3 communities losing population.

Paxton is comprised of 14.73 square miles of land and has a population density of 297.7 people per square mile. The table below illustrates Paxton's population growth over the last 80 years with population projections for the years 2010 and 2020.

Table H-1
Population Growth 1920-2000

<u>Year</u>	<u># of People</u>	<u>Numerical Change</u>	<u>% Change</u>
1920	489	-----	-----
1930	672	183	37.4%
1940	791	119	17.7%
1950	1,066	275	34.7%
1960	2,399	1333	125.0%
1970	3,731	1332	55.6%
1980	3,762	31	1.0%
1990	4,047	285	7.6%
2000	4,386	339	8.6%
2010*	4,800	414	9.4%
2020*	5,100	300	6.3%

Source: US Census Bureau, 2000 Census; * 2010 & 2020 estimates provided by CMRPC.

Table H-1 illustrates a strong pattern of growth in Paxton in the early part of the century. A population boom in the 1950s, with the addition of 1333 residents, more than doubled Paxton's population. The number of residents added was nearly duplicated in the 1960s, but since then, growth has slowed to an average of 0.6% annually or a total of 17.6% over the last 30 years. If the Central Massachusetts Regional Planning Commission (CMRPC) regional growth forecast is correct the trend of slow steady growth should continue for Paxton.

The chart below illustrates Paxton's population growth over the last 80 years. Note the sharp increase in the 1950's and 1960's and the recent trend of slower growth.

Figure 1
Population Growth in Paxton: 1920 - 2000

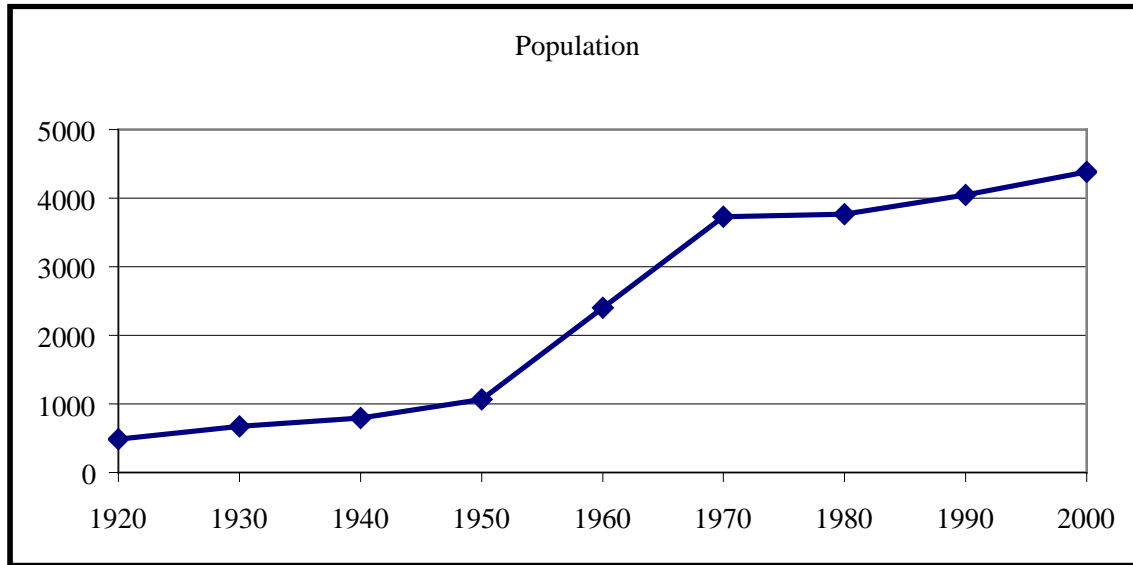


Table H-2 shows that in the 1980's, of Paxton's neighbors only Worcester (4.9%) grew more slowly than Paxton (7.6%). While in the 1990s only Rutland (28.7%) and Oakham (11.3%) grew at a faster rate than Paxton, over the last 20 years Paxton has had the smallest numeric growth among its neighbors at 624 new residents. Worcester (10,849) had the highest growth followed by Holden (2,285), Rutland (2,019), Oakham (1,574), Leicester (1,025) and Spencer (917). The CMRPC 2010 forecasts for Paxton and its neighbors show three communities growing at a faster rate(Oakham, Rutland and Holden) and three growing slower (Spencer, Leicester and Worcester).

Table H-2
Population Growth in Neighboring Communities

	<u>1980</u>	<u>1990</u>		<u>2000</u>		<u>2010*</u>	
Paxton	3,762	4,407	(7.6%)	4,386	(8.6%)	4,800	(9.4%)
Worcester	161,799	169,759	(4.9%)	172,648	(1.7%)	179,000	(3.7%)
Holden	13,336	14,628	(9.7%)	15,621	(6.8%)	17,500	(12.0%)
Rutland	4,334	4,936	(13.9%)	6,353	(28.7%)	8,400	(32.2%)
Leicester	9,446	10,191	(7.9%)	10,471	(2.7%)	11,000	(5.1%)
Spencer	10,774	11,645	(8.1%)	11,691	(0.3%)	12,300	(5.2%)
Oakham	994	1,503	(51.2%)	1,673	(11.3%)	2,100	(25.5%)

Source: US Census Bureau, 2000 Census; * population estimates for 2010 provided by CMRPC.

Housing:

Table H-3 below illustrates the growth of Paxton's housing stock over the past 40 years and allows for a comparison to the population growth over the same period of time. Please note this table only reflects Paxton's year-round occupied housing units. During each decade housing unit

growth has declined; between 1990 and 2000, occupied housing units increased by 9.0%. During the 40 year period, Paxton's housing stock grew by 104%.

Table H-3 illustrates Paxton's housing stock grew at a much faster rate than its population between 1960 and 2000 (104% growth in housing units and 83% growth in population). This is not peculiar to Paxton; all of the neighboring communities' housing stock is growing at a faster rate than the population. This reflects a national decrease in the average household size and could continue in the future.

Table H-3
Occupied Housing Units: 1960 - 2000

<u>Year</u>	<u># of Occupied Housing Units</u>	<u>Numerical Change</u>	<u>% Change</u>
1960	700		
1970	951	251	35.8%
1980	1,133	182	19.1%
1990	1,310	177	15.6%
2000	1,428	118	9.0%

Source: US Census Bureau, 2000 Census

Table H-4
Housing Unit Growth Neighboring Communities

	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
Paxton	951	1,133 (19.1%)	1,310 (15.6%)	1,428 (9.0%)
Worcester	56,606	58,720 (3.7%)	63,884 (8.8%)	67,028 (4.9%)
Holden	3,798	4,536 (20.1%)	5,281 (16.4%)	5,715 (8.2%)
Rutland	881	1,411 (60.2%)	1,677 (18.9%)	2,253 (34.3%)
Spencer	2,772	3,708 (33.8%)	4,321 (16.5%)	4,583 (6.1%)
Leicester	2,489	2,961 (20.0%)	3,458 (16.8%)	3,683 (6.5%)
Oakham	214	362 (69.2%)	522 (44.2%)	578 (10.7%)

Source: US Census Bureau, 2000 Census

Housing Unit Inventory:

Tables H-5 and H-6 illustrate *all* of the housing units located in Paxton, including vacant and seasonal residences. Table H-5 indicates that over 95% of the housing stock in Paxton is comprised of single-family units. This is the highest in the area with Oakham (93%) second, followed by Holden (89%), Rutland (81%), Leicester (76%), Spencer (60%) and Worcester (44%). This is indicative of an urban center (Worcester) and its surrounding bedroom and rural communities.

The composition of the Town's housing stock **does not** indicate a diverse mix of housing opportunities for current and future residents of Paxton. The lack of multi-family housing not only eliminates opportunities for low and moderate-income families, it also prevents young professionals who are likely to become homeowners in the near future and the children of current

residents from starting a household in Town prior to owning a home. As the population of Paxton ages and housing prices grow this will become more apparent and more pressing.

Table H-5
Type of Housing Units – Year 2000

	<u># of Units</u>	<u>Percent of Total</u>
One Unit (detached):	1,397	95.6%
One Unit (attached):	13	0.9%
Two Units:	8	0.5%
3 or 4 Units:	21	1.4%
5 to 9 Units:	-----	-----
20 or more Units:	22	1.5%
Mobile Home:	-----	-----
Total:	1,461	100%

Source: US Census Bureau, 2000 Census

Table H-6
Type of Housing Units in Neighboring Communities –Year 2000

<u>Town</u>	<u>One Unit</u>	<u>Two Units</u>	<u>3-4 Units</u>	<u>5+ Units</u>	<u>Mobile Homes</u>
Paxton	1,420	8	21	0	0
Worcester	25,937	7,426	18,695	5,652	211
Holden	5,185	192	219	82	3
Leicester	2,901	259	223	81	7
Spencer	2,945	675	734	342	18
Rutland	1,942	73	75	24	53
Oakham	548	20	2	2	19

Source: US Census Bureau, 2000 Census

Housing Tenure:

Not surprisingly Tables H-7 and H-8 indicate that almost 95% of Paxton's housing stock is owner occupied. This number almost mirrors the percent of single family housing in Town. Of Paxton's neighbors only Oakham has more than 90%, but its housing stock is about 1/3 the size and it has nearly 2/3's the number of rentals that exist in Paxton.

Table H-7
Type of Tenure (Owner/Renter – 2000)

	<u># of Units</u>	<u>Percentage</u>
Owner Occupied Units:	1,354	94.8%
Renter Occupied Units:	74	5.2%

Source: US Census Bureau, 2000 Census

Table H-8
Type of Tenure in Neighboring Communities (Owner/Renter – 2000)

	<u>Paxton</u>	<u>Worcester</u>	<u>Holden</u>	<u>Leicester</u>	<u>Spencer</u>	<u>Rutland</u>	<u>Oakham</u>
Owner Units:	1,354	29,054	5,053	2,811	2,871	1,793	531
Renter Units:	74	37,974	662	872	1,712	460	47
Percent Owner:	95%	50%	88%	76%	63%	80%	92%

Source: US Census Bureau, 2000 Census

Housing Vacancy Rates:

Regarding occupied versus vacant units, the 2000 Census reported that 97.7% of Paxton's housing units were occupied, indicating a vacancy rate of 2.3%. Of the 33 housing units deemed vacant in 2000, 6 were associated with seasonal use. Only two of Paxton's neighbors (Holden 1.9% and Oakham 2.2%) had lower vacancy rates, while Spencer had the highest vacancy rate (7.2%).

Age of Housing Stock:

Table H-9 below indicates that a relatively small amount of Paxton's housing stock was constructed prior to World War II. However 30% of the Town's housing stock was constructed in the next twenty years. Combined, 42.9% of Paxton's housing stock is over 40 years old. By comparison only two of Paxton's neighbors (Oakham 36.5% and Rutland 42.6%) have a smaller percentage.

Table H-9
Age of Housing Stock

<u>Year Structure Built</u>	<u>Number of Units</u>	<u>% of Housing Stock</u>
1990-2000	149	10.2%
1980-1990	197	13.5%
1970-1980	204	14.0%
1960-1970	284	19.4%
1940-1960	439	30.0%
1939 or earlier	<u>188</u>	<u>12.9%</u>
TOTAL:	1,461	100%

Source: 2000 Census US Census

Types of Households:

While homeownership and single-family housing stock percentages are near 95% Table H-10 below shows that about 80% of the households in Paxton comprise family-households, with about 6% of these being female headed households. The Census also indicates there were 426 senior households (65 years of age and older) in 2000, an increase of 15% over the 369 reported in 1990. As this population begins to grow the lack of housing options outlined previously will become more of an issue.

Table H-10
Paxton Households by Type (2000)

	<u># of Households</u>	<u>Percentage</u>
Family Households:	1,154	80.8%
Non-Family Households:	274	19.2%

Source: US Census Bureau, 2000 Census

Table H-11 indicates that Paxton and Oakham have the highest percentage of family-households. This is in part due to the character of the towns, with a high percentage of single-family homes and agrarian pasts. It speaks well of Paxton that it is a family community and a desirable place to raise a family. Of course, conditions are changing that make the Town less affordable for young families to live here.

Table H-11
Households by Type – Neighboring Communities (2000)

	<u>Paxton</u>	<u>Worcester</u>	<u>Holden</u>	<u>Leicester</u>	<u>Spencer</u>	<u>Rutland</u>	<u>Oakham</u>
Family Households:	1,154	39,228	4,422	2,708	3,094	1,694	467
	80.8%	58.5%	77%	73.5%	67.5%	75.2%	80.8%
Non-Family Households:	274	27,800	1,293	975	1,489	559	111

Source: US Census Bureau, 2000 Census

Average Household Size:

A comparison of the tables above indicates that Paxton's housing growth has exceeded its population growth over the last 10 years. This is not unusual if one looks at the national trends of household sizes becoming smaller. This is due in part to parents having fewer children and the number of single-parent households growing ever larger. Historically, Paxton reflects these trends; in 1970, the average household in Paxton contained 3.54 people. In just 10 years this number was down to 3.12 persons per household and in 20 years it fell to 2.88 persons per household. By the 2000 Census the town-wide average fell again to 2.79 persons per household. The statewide average in 2000 was 2.51 persons per household, reflecting Paxton's high rate of family households shown in Table H-11.

Age Group Distribution:

Table H-12 indicates that 29.4% of Paxton's population consists of pre-school and school-aged children. This is an increase from 1990 when 28.1% of the population consisted of pre-school and school-aged children. However, the number of pre-school aged children decreased significantly (-19.8%); this may be due to the decreasing household size mentioned above or a reflection of the difficulty of young families being able to afford to buy a home in Paxton. The only other age bracket to lose population in Paxton was the 20-44 bracket, which fell by 1.6% from 1990 to 2000. Without more housing options this group's numbers will continue to decline. In contrast both the senior (age 65 and older) and soon to be senior (45-64) age brackets show growth over the 1990 Census. Each group gained about 100 people in total population.

Table H-12
Age Characteristics, 2000

<u>Age Group</u>	<u>Number</u>	<u>% of Total Population</u>	<u>% Change From 1990</u>
Under 5 years of Age	219	5.0%	-19.8%
5-19	1,074	24.4%	23.6%
20-44	1,402	31.9%	-1.6%
45-64	1,051	24.0%	11.3%
65 Years of Age and Over	<u>640</u>	<u>14.6%</u>	19.2%
TOTAL:	4,386	100%	

Source: US Census Bureau, 2000 Census

Income Levels:

As shown in Table H-13, Paxton's median income far exceeds that of both the State and Worcester County. This is indicative of a professional and skilled workforce in a bedroom community that is close to an abundance of high-paying jobs. The difference may not be as large if the City of Worcester's median household income (\$35,623) were removed from the Worcester County calculation.

Table H-13
Median Household Income Comparison, 2000

Paxton Median Household Income:	\$72,309
State Median Household Income:	\$50,502
Paxton as a Percent of State Average:	143.1%
Worcester County Median Household Income:	\$47,874
Paxton as a Percent of Worcester County Average:	151.0%

Source: US Census Bureau, 2000 Census

Paxton's per capita income also exceeds the State and County averages as shown in Table H-14. Notice though that the difference is not as drastic as the median household numbers. This could indicate households with more children or a higher percentage of single income households. The gap between the Worcester County calculation and the Paxton per capita income would be reduced if the City of Worcester figure (\$18,614) were removed.

Table H-14
Per Capita Income Comparison, 2000

Paxton Per Capita Income:	\$29,573
State Per Capita Income:	\$25,952
Paxton as a Percent of State Average:	114%
Worcester County Per Capita Income:	\$22,983
Paxton as a Percent of Worcester County Average:	128.7%

Source: US Census Bureau, 2000 Census

It is a telling sign that while Paxton had 141 households with a total income of less than \$25,000, it also had 175 whose total household income was more than \$150,000. With a majority of households earning in the \$50,000 to \$150,000, this is indicative of a professional workforce engaged in good paying occupations.

Table H-15
Household Income Distribution, 2000

<u>Income Categories</u>	<u># of Households</u>	<u>% of Total</u>
Less than \$15,000:	62	4.3%
\$15,000 - \$24,999:	79	5.5%
\$25,000 - \$34,999:	140	9.8%
\$35,000 - \$49,999:	143	10.0%
\$50,000 - \$74,999:	302	21.2%
\$75,000 - \$99,999:	288	20.2%
\$100,000 - \$149,999:	236	16.6%
\$150,000 and over:	175	12.3%

Source: US Census Bureau, 2000 Census

Education Levels:

Table H-16 indicates that over 90% of Paxton's adult population consists of High School graduates, and more than 55% have an advanced degree of some kind. More interestingly 20% of the adult population holds a post-graduate degree. This widespread, advanced level of educational attainment is reflected in the high median household and per capita incomes figures and is generally higher than most of Paxton's neighbors.



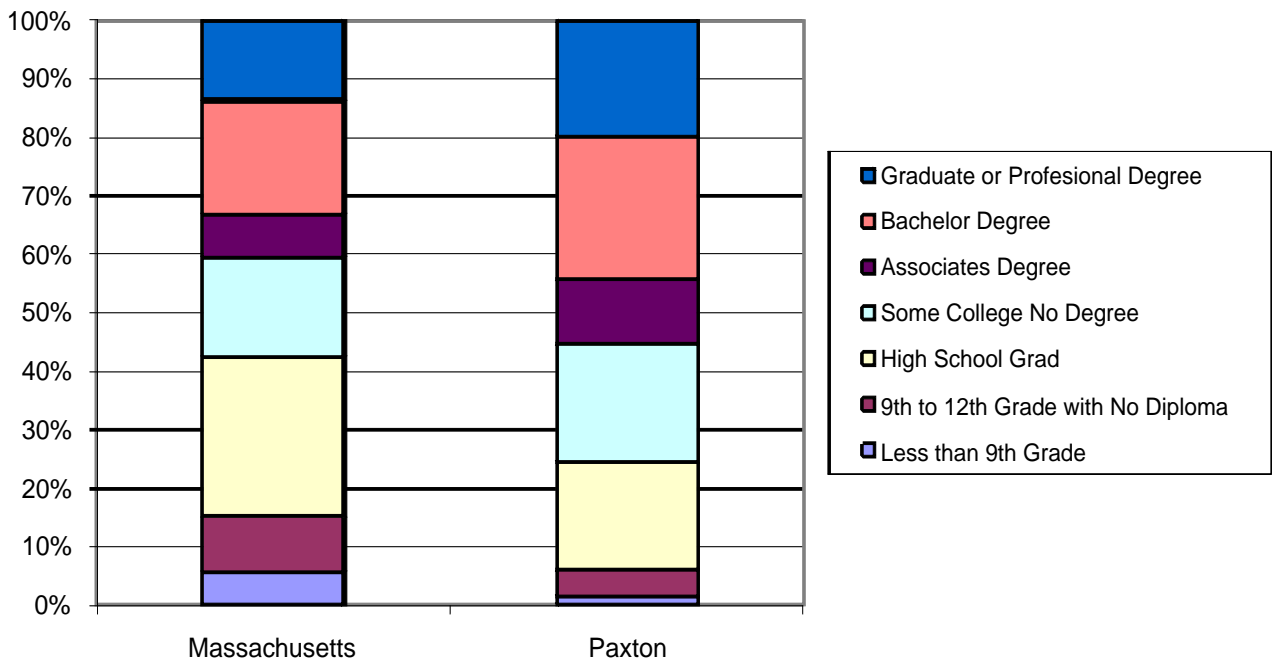
Table H-16
Paxton Educational Attainment, 2000

<u>Education Level</u>	<u>Paxton</u>		<u>State</u> <u>Percent</u>
	<u>Number</u>	<u>Percent</u>	
Less than 9 th grade:	40	1.5%	5.8%
9 th to 12 th grade with no diploma:	126	4.6%	9.4%
High school graduate:	498	18.2%	27.3%
Some college, no degree:	563	20.6%	17.1%
Associate's degree:	300	11.0%	7.2%
Bachelor's degree:	664	24.2%	19.5%
Graduate or professional degree:	549	20.0%	13.7%

Source: US Census Bureau, 2000 Census

Figure 2 below illustrates Paxton residents' educational attainment compared to the state. This chart clearly indicates that Paxton has a significantly higher percentage of residents that have more education than the rest of Massachusetts. Conversely the chart also indicates that there is a significantly smaller percentage of Paxton residents lacking in conventional education.

Figure 2
Educational Attainment



Housing Demand Assessment & Needs Analysis

The following analysis will document the demand for housing in Paxton, the housing needs of local residents, and what is actually available (and affordable) for housing opportunities. Before going any further, it is important to outline the assumptions used in this analysis.

- The analysis makes use of year 2006 statistics.
- The median family income for a family of four for the Worcester Metropolitan Statistical Area (MSA) as determined by the federal Department Housing & Urban Development (HUD) for the year 2006 is \$71,700.
- The median family affordable purchase price for a new home in the Worcester MSA is \$333,000. This is the price that a household earning 150% of the Area Median Income could afford to purchase.
- Paxton's poverty-level income figure was obtained from HUD for 2006. The income for a family of four is \$19,484.
- Housing demand and need was calculated for poverty-level households, poverty-level to 50% of the Area Median Income (AMI), 50%-65% of the AMI, 65-80% of the AMI (moderate-income), 80-150% of the AMI (middle-income) and above 150% of the AMI (upper income).
- It was assumed that households making up to 65% of the AMI would not be in the market for buying a home but instead would most likely rent their housing.
- It was assumed that households making more than 65% of the AMI would most likely be in the market for buying a home.
- For renters, an affordable rent is generally considered one where tenants pay no more than 30% of their household's monthly income for rent and utilities.
- For homebuyers, the analysis contains standard assumptions for homebuyer qualification: 28% of monthly household income for mortgage principal and interest, a 5% down payment, a term of 30-years, and a mortgage interest rate of 7%, a rate generally available in 2006.
- The number of rental units and their price ranges were estimated from the 2000 Census.
- The number of households per income category was extrapolated from the 2000 Census using a standard mathematic formula.
- Year 2006 home sales data was obtained from the Paxton Assessor's Office and only arms-length home sales were considered qualified in the ensuing analysis. An "arms-length" sale is a sale between a willing buyer and a willing seller with no unusual circumstances involved (i.e. sale between members of the same family, sale in proceedings of bankruptcy, etc.)

Table H-17 provides an affordability analysis for Paxton rental units. The table outlines the various renter income categories, the number of Paxton households fitting the income categories, the number of rental units in Paxton that are affordable to the various income categories, and the gap/surplus for such rental units.

Table H-17
Rental Unit Need/Demand Analysis

<u>Income Group</u>	<u>Range of Incomes</u>	<u>Range of Affordable Rents</u>	<u># of Households</u>	<u># of Units</u>	<u>Deficit/Surplus</u>
Poverty	\$19,484 and Below	\$487 and Below	98	0	-98
Poverty to 50%	\$19,484 - \$35,850	\$487 - \$896	192	36	-156
50% to 65%	\$35,850 - \$46,605	\$896 - \$1,165	237	10	-227

Table H-17 indicates that Paxton has a shortage of affordable rental units with each income level lacking increasingly more units. For those living in poverty (98 households) there are no rental units available at a rent of \$487 or less, which is 30% of the monthly income of a household at the poverty line. For those households making up to 50% of AMI (192 households) there are 36 units available at an affordable rent, and for those making up to 65% of AMI (237 households) there are 10 units affordable to such households. The 2000 Census further supports this statement, as 14 Paxton households, comprising 19.2% of renters, are paying more than 35% of their monthly income toward rent. It is generally assumed that renters paying more than 30% of their monthly income toward rent are classified as “housing cost burdened”. In comparison, 34.1% of all Worcester area renters pay more than 30% of their monthly income for rent and utilities. It should also be noted that currently Paxton has a homeownership rate of nearly 95%.

Paxton currently has a strong homeownership base and the data indicates that this trend will continue. In the first half of 2006 there were 20 arms-length single-family property sales. Table H-18 below provides an analysis of the demand for homeownership in Paxton. This table displays homeownership income ranges, the affordable sale price, the number of households in Paxton that are associated with each range and the number of arms length transactions in the first six months of 2006. This table indicates the majority of current households in Paxton fall into the 85 – 150% AMI range. However, in the first half of 2006 more than half of the arms-length sales were affordable only to those in the upper income range, and there have been no arms-length sales in the 65 – 85% AMI range. This shows an influx of higher income households that may be seen as a good indicator of the strength of Paxton’s housing market, but may have detrimental implications in the long term. The lack of affordable units could limit opportunities for Town employees, teachers and young Paxton families looking to become homeowners in Paxton.



Table H-18
Homeownership Need/Demand Analysis

<u>Income Group</u>	<u>Range of Incomes</u>	<u>Range of Affordable Housing Prices</u>	<u>Number of Households</u>	<u>Number of Sales 2006</u>
Moderate-Income	\$46,605 - \$57,350	\$144,368 – \$177,632	119	0
Middle Income	\$57,350 - \$107,550	\$177,362 - \$333,053	537	9
Upper Income	\$107,550 and Above	\$333,053 and above	376	13

2006 Median Sales Price for Single Family Home: \$352,600 (22 arms-length transactions)

Meeting the State's Affordable Housing Goal

Chapter 40-B of Massachusetts General Laws outlines a municipality's responsibilities regarding the provision of low and moderate-income housing. The law defines low and moderate-income housing as "...any housing subsidized by the federal or state government under any program...". Thus, by definition, a government subsidy is required in order to qualify as low and moderate-income housing. This subsidy usually takes the form of an affordability restriction written into the deed (home-ownership units) or lease agreement (rental units). The restriction limits the sale/resale price or rental price to only those households making no more than 80% of the median area household income. The restriction must be applicable for a period of at least 15 years, although many communities insist that the restriction be in place for perpetuity. Paxton falls within the Worcester MA-CT Primary Metropolitan Statistical Area, which has a 2006 median household income figure of \$71,700 for a family of four. Thus, in the Worcester area, for a four-person household to be eligible for a subsidized unit, the maximum allowable income, at 80% of the AMI, is \$57,360.

Chapter 40-B states that at least 10% of a community's housing stock should consist of low and moderate-income housing (keep in mind the State's definition). Currently, there are 47 municipalities in Massachusetts that have achieved this 10% threshold, but only Worcester exceeds the 10% threshold in the 40-town CMRPC region. (Westborough at 9.8% nearly exceeds the standard).

For municipalities that do not meet the 10% threshold, the practical consequences are as follows (beware the hammer!): A subsidized housing development that sets aside at least 25% of its units for low and moderate-income housing (i.e. affordable to households earning less than 80% of the AMI) is exempt from local zoning and subdivision requirements and can be built in any zoning district, regardless of suitability. In most cases, but not always, low and moderate-income housing developments are built in areas that have suitable infrastructure and convenience amenities (water, sewer, proximity to public transportation, etc.).

Currently there is a Department of Mental Retardation group home in Paxton comprising 12 units that qualify as affordable housing under Chapter 40B. This calculates to 0.82% of Paxton's year round housing stock as of the 2000 Census. With 1,455 year-round units, Paxton falls 133 units short of meeting its 10% goal.

Housing -Goal:

Provide housing opportunities while ensuring that new residential development is created in a controlled and well-planned manner that is consistent with the preservation of Paxton's rural small-town character.

Housing – Objectives:

- ◆ Ensure the enforcement of the Town's housing-related bylaws and regulations.
- ◆ Provide housing opportunities that will allow residents to remain in Paxton through all stages of life and allow children of residents to establish families in Town.
- ◆ Require developers to incorporate open space provisions into new housing projects.
- ◆ Maintain the 60,000 square foot lot size requirement for the GRB zoning district.
- ◆ Increase the efficiency and quality of the review process for new residential development through increased training for land use boards.
- ◆ Ensure that housing regulations and bylaws are kept current to address changing concerns and legal precedents.
- ◆ Encourage the use of environmentally sensitive development strategies, including Low Impact Development techniques.

Housing – Recommendations:

1. Obtain Planning Board Procedural Training: The Paxton Planning Board would benefit from training on Planning Board procedures, with an emphasis on accepting and reviewing applications, holding public hearings and rendering decisions. While the majority of petitioners before the Board are currently in-town landowners looking to create a few new lots through the Approval Not Required (ANR) process, extensive residential development in surrounding towns will soon begin to spill over into Paxton. The Board would be well served by brushing up on its procedural responsibilities for those occasions when it will be handling multiple subdivision applications at once. There are two entities in Massachusetts that could provide training in this regard: the Massachusetts Municipal Association and the Citizen Planner Training Collaborative (CPTC) operating out of UMass-Amherst. Responsible Municipal Entity: The Planning Board.
2. Obtain Training on Chapter 40-B Housing Proposals: The Zoning Board of Appeals (ZBA) should continue to receive training on how to deal with Comprehensive Permits as they relate to low/moderate income housing projects as defined by Chapter 40-B of Massachusetts General Laws. The law and its concomitant regulations are periodically modified, and the ZBA should keep abreast of these changes. The UMass Extension's Citizen Planner Training Collaborative (CPTC) offers classes on this subject on an annual basis and will even provide customized training sessions to individual communities. In addition, the Department of Housing and Community Development (DHCD) has

prepared a procedural “how to” booklet for local communities. Responsible Municipal Entity: The Zoning Board of Appeals.

3. Investigate LIP/Friendly 40B: Paxton should explore the possibility of using the LIP program. The LIP Program affords the Town the opportunity to work closely with a developer on all aspects of a project. Even if no financial subsidy is provided, the technical assistance provided but the State is deemed a subsidy and units count towards the Chapter 40B goal of 10%. Responsible Municipal Entity: The Board of Selectmen, the Zoning Board of Appeals and the Planning Board.
4. Investigate Housing Rehab Programs: There are a variety of State programs designed to assist low and moderate-income households to make an improvement to their property. Paxton can apply for CDBG, HOME, “Get the Lead Out” or other State funds to start a housing rehabilitation program. This will enable elderly and low and moderate-income households to make needed repairs to their property and to continue to live in their home. Responsible Municipal Entity: The Board of Selectmen in conjunction with the Building Inspector.
5. Adopt the Community Preservation Act: (Housing Chapter Recommendation #5) Adoption of the CPA was narrowly defeated as a ballot measure during the general election of 2006. The small margin of defeat indicates there is some support for the CPA. Town officials should look to identify the reasons the measure was defeated and try to bring the measure before the voters again.

The Community Preservation Act (CPA) is a program that was designed by the Commonwealth of Massachusetts to help communities preserve open space, fund historic preservation efforts, create affordable housing and build recreational facilities. Currently over 100 Massachusetts cities and towns have adopted the CPA program. Since 2002, the Commonwealth has contributed over \$180 million dollars in matching funds to communities that have chosen to participate in the Community Preservation Act. The Community Preservation Act is essentially a voluntary program that establishes up to a 3% surcharge on local property taxes. Any local funds collected by the community are currently matched dollar for dollar by the Commonwealth. For instance a community collecting \$150,000 would be entitled to an additional \$150,000 cash payment from the State. The match is an annual payment distributed every October and remains in place for as long as the community participates in the program. The match is funded through the collection of fees from the Registry of Deeds.

Roadmap to the CPA: When a community is considering adopting the CPA, it can design the program to meet its specific needs and financial situation. There are a number of exemptions that the town can include in the act in order to protect people on fixed incomes or those facing financial hardships. The community can even limit the total financial impact of the program on property owners. The three major exemptions that can be included in the CPA are; senior, low income and property value exemptions.

Low Income and Senior Exemptions:

Community Preservation Act – Senior and Low Income Program Exemptions

Resident Class	One Person Household	Two Person Household	Four or More Person Household
Seniors (residents 60 and over)	\$50,960	\$58,240	\$72,800
Low Income Residents	\$40,768	\$46,592	\$58,240

Exemptions are based on net income.

Source: The senior and low-income household income figures are for Paxton households as determined by the federal Department of Housing and Urban Development (HUD) based on 2007 income limits.

The above chart denotes the income exemptions that would apply for seniors and people of low income if the CPA was adopted with these exemptions. The listed income levels are based on net income amounts, i.e. the amount used to determine a person's taxable earnings. Taxable income is income less all qualified tax deductions such as mortgage interest, qualified medical expenses, and so on. The authors of the CPA were acutely aware that many people, especially seniors, live on fixed incomes and are facing financial hardships. Consequently, many of those facing financial hardships will easily qualify for the program's income exemptions, regardless of the value of their homes. Since the CPA is a local option, all one would have to do would to receive an exemption would be to submit a short simple form found at the town's tax assessor's office.

Partial Property Value Exemptions and Assessment Rates: In addition to the senior and low income exemptions, when adopting the CPA, the municipality can choose to exempt the first \$100,000 of a property's assessed value from the annual CPA assessment. This would be a blanket exemption and apply to every property in town that is participating in the program. The community can also set the assessment rate at 1%, 2%, or 3%. The actual assessment is based on the taxes paid, **not** the valuation of the property. Below is an example of the impact of the CPA on an average property owner. The example shows the Act with a \$100,000 exemption and a 3% assessment.

What the CPA Means for the Average Paxton Property Owner:

Average Paxton Home – Assessed Value:	\$362,000
Less \$100,000 Exemption:	- \$100,000
Net House Value Subject to CPA Surcharge:	\$262,000
Municipal Tax Rate (per \$1,000 of assessed valuation):	\$11.42*
Municipal Property Tax (amount subject to CPA Surcharge):	\$2992.04
CPA Surcharge Rate (3% x \$2992.04):	3%
Annual Amount Paid to the CPA Fund:	\$89.76
Monthly Impact on Household Finances (\$89.76/12 months):	\$7.48

* = MA Department of Revenue 2007/2008 Fiscal Year.

As noted from the above example, the total annual impact of the CPA program on an average Paxton homeowner would be \$89.76, or \$7.48 per month. This number might be smaller or larger depending on the actual value of the property. According to the 2000 US Census, 1,354 eligible households in Paxton would contribute approximately \$121,535

annually to the Community Preservation Act. When this amount is combined with the Commonwealth's current match, Paxton would have \$243,070 to spend each and every year on CPA housing, historic preservation and land protection programs.

Example: What the CPA would mean for the average homeowner in Paxton

Average Home Value: Paxton \$362,000

Addition to Annual Property Tax Bill
Using Average Assessed Home Value
(only pick one value below)

Assessment rates, no exemption:

1.0%	\$41
1.5%	\$62
2.0%	\$83
3.0%	\$124

Assessment rates, with \$100,000 exemption:

1.0%	\$30
1.5%	\$45
2.0%	\$60
3.0%	\$90

For instance, a 1.5% assessment with no exemptions would mean a homeowner would pay an additional \$62 per year, or \$5.17 per month of their property tax bill.

Source: Tax rate is based on FY07 tax figures from the Massachusetts Department of Revenue (\$11.42 per thousand).

Community Preservation Act Program Requirements: Once a community has passed the CPA by local ballot initiative, the municipality must remain the program for a minimum of five years. But during the initial five-year period, the Town can make changes to the property surcharge amounts and program exemptions at any time. After the initial five-year period, the community can opt out of the program at any time. As part of its obligations under the CPA, the municipality must establish an oversight committee that manages the program's funds and selects projects. 30% of the money (both public and state match) must be spent on historic preservation (10%), affordable housing projects (10%), and open space protection/or the creation of recreational facilities (10%). The remaining 70% of the funds can be spent in any amount on these three categories either singly or in any combination.

Benefits of the Community Preservation Act Program: Property taxes traditionally fund the day-to-day operating needs of a town safety, health, schools, roads, maintenance and so on. But with lean municipal budgets, there is no steady funding source for preserving and improving a community's most important assets. Oftentimes these same assets, whether they are farmland or historic buildings are what make a community special for the residents who live there. The CPA is one way a town such as Paxton can help protect and preserve some of these properties. The renovation of historic Town Hall and the

acquisition preservation of important properties would qualify for funding under the CPA.

More importantly, many state and federal grants now require cost matches. Communities that cannot provide these matches are effectively blocked from applying for many of these grants. Using funds from the CPA would allow Paxton to leverage its program money as a cost match and allow it to apply for and receive some of these grants. Using just one year's annual CPA assessment of \$243,070 would allow the town to pursue a \$1,215,350 grant that requires a 20% cost match (20% of \$1,215,350 = \$243,070).

In this time of constrained municipal budgets and vast tracts of unprotected space within its borders, Paxton should seriously consider adopting the CPA. Over 100 communities in Massachusetts have adopted the Act and have received over \$180 million dollars from the Commonwealth to date. Paxton could tap into this funding source with little financial hardship and potentially earn a significantly large return on its investment. Responsible Municipal Entity: The Board of Selectmen in conjunction with the Town Administrator.

6. Partner with a Non-Profit Housing Trust: The Town should explore working with an experienced non-profit housing developer. This can bring in expertise in affordable housing development not otherwise available to the Town. Also, such an entity offers flexibility in creating affordable housing since it can accept gifts of land or money and can borrow funds to build housing. RCAP is one such agency that has a mission to work with towns on affordable production. In addition, the Citizen's Housing and Planning Association (CHAPA) is an affordable housing advocacy organization that offers a variety of information and technical assistance to help communities build affordable projects. Responsible Municipal Entity: Paxton Housing Partnership.
7. Investigate Self-Help Housing Programs: The Town could explore Self-Help Housing programs as a way to expand the number of affordable units in Paxton. Self-Help programs involve sweat-equity by the homebuyer and volunteer labor of others to reduce construction costs. Some communities have donated building lots to Habitat for Humanity to construct affordable single housing units. Under the Habitat for Humanity program, homebuyers contribute between 300 and 500 hours of sweat equity while working with volunteers from the community to construct the home. The homeowner finances the home with a 20-year loan at 0% interest. As funds are paid back to Habitat for Humanity, they are used to fund future projects. Responsible Municipal Entity: Paxton Housing Partnership in conjunction with the Board of Selectmen.
8. Identify Tax Title Property that is Suitable for Housing: The Town could identify land in tax delinquency that may be suitable for housing. Continue with the tax title process for promising sites and offer such properties to developers or first-time homebuyers who will agree to long-term affordability restrictions. Lots could also be given to Habitat for Humanity to start a self-help project in Paxton. Responsible Municipal Entity: Board of Selectmen in conjunction with the Town Treasurer.