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Somerville Housing Needs Assessment

Somerville Community Corp. – St. Polycarp Village

Prepared For:

City of Somerville

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1. Executive Summary

Overview

The City of Somerville hired LDS Consulting Group, LLC (LDS) in August 2015 to prepare a Housing Needs Assessment in compliance with requirements of the City of Somerville's Inclusionary Zoning Ordinance (IZO), a copy of which is attached to this report as **Exhibit 1**. The purpose of the Housing Needs Assessment (HNA) required under Somerville's IZO is to identify the supply and demand for affordable housing in Somerville and to see if the current ordinance can be improved.

Provisions for preparing a housing needs assessment are described under Article 13.8 – Inclusionary Housing, Needs Assessment Review – of the City of Somerville Zoning Ordinances, which calls for the Planning Board to work with relevant agencies to: "undertake an economic and housing market needs assessment not less than every fifth calendar year from the date of enactment of this Ordinance. The purposes of said assessment shall be to assess the performance of the provisions herein in terms of resultant affordable housing units, to assess any need for improved rules and regulations regarding implementation, and to ascertain the need for revision of any provisions of this Ordinance relative to the provision of affordable housing units in the City."

Aspects of the ordinance to be to reviewed are to include, at a minimum:

- revisions to applicability requirements of this Article,
- revisions to percentage requirements of affordable units in inclusionary housing developments,
- revisions to income and affordability guidelines,
- and revisions to methodologies for monetary payments or other in lieu of means of compliance with provision of on-site units.

The process for considering recommended revisions to the ordinance is outlined as follows: "Upon completing [this] assessment, the Planning Board shall recommend to the Board of Aldermen any amendments to this Ordinance deemed necessary to improve the means of providing affordable housing in the City. The Planning Board shall also recommend to the SPGA (Special Permit Granting Authority) any improvements deemed necessary in the SPGA's Rules and Regulations pertaining to this Article."

It is LDS's understanding that at some point, the information from this document may be developed into a full Affordable Housing Production Plan (Plan) for submission to the Massachusetts Department of Housing and Community Development (DHCD). If the City is able to follow and implement the plan, it would be eligible to become a "certified community" by DHCD.

Acknowledgements

We would like to thank City of Somerville staff members Kelly Donato, Assistant Housing Director/Housing Counsel, Mike Feloney, Director of Housing, Dan Bartman, Senior Planner, Alex Bob, Housing Program Coordinator and Stephanie Hirsch, Consultant to OSPCD Housing on the City's Sustainable Neighborhoods Initiative. They helped us gather information from various City Departments and answered many questions. We could not have completed this report without their time and dedication.

In addition, Noah Hodgetts and Tom Anderson at LDS provided much of the research and graphics for the report.

Methodology

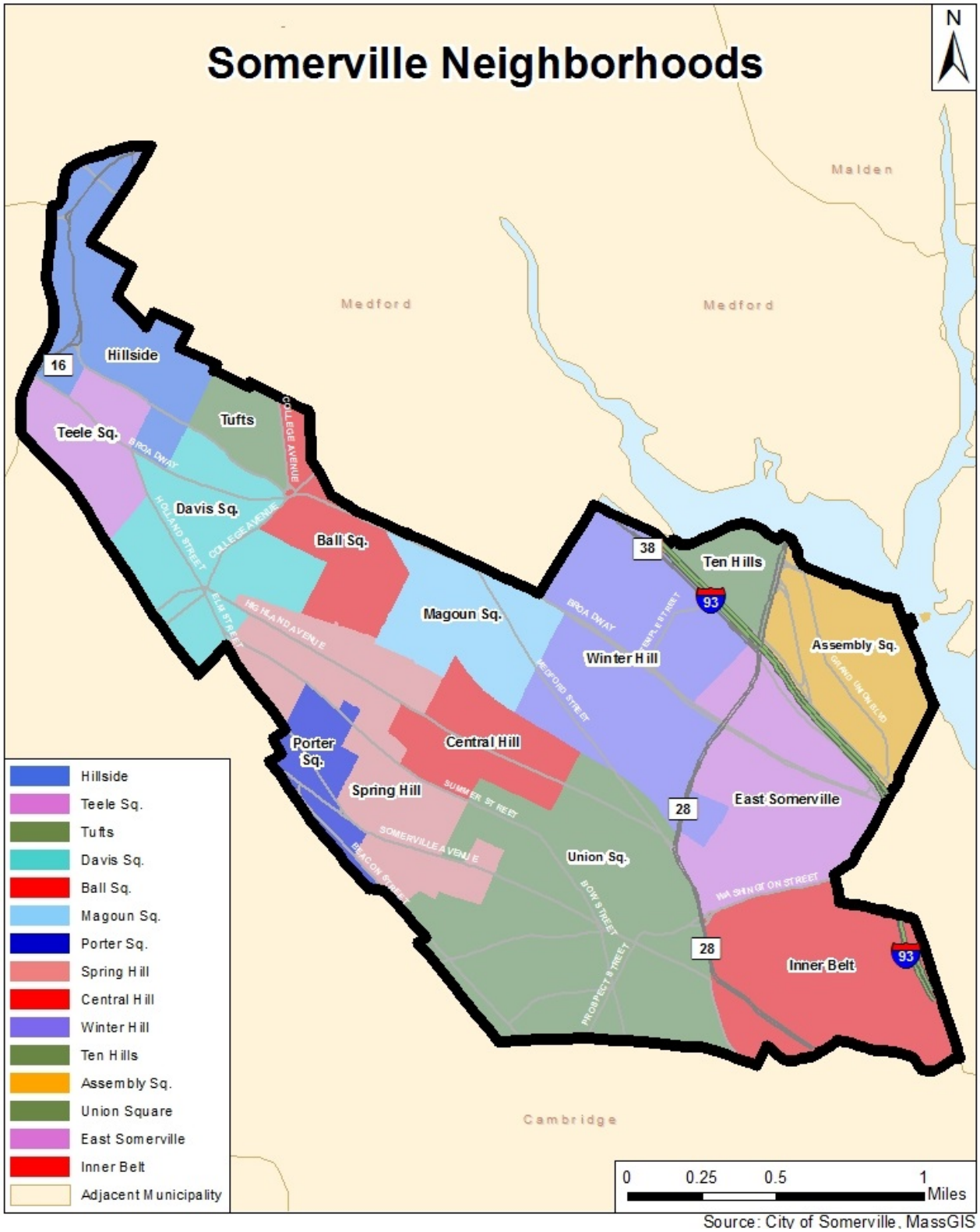
The information in this assessment was compiled after reviewing demographic data, reviewing and speaking with managers and developers of the affordable housing supply in Somerville, and speaking to local officials and stakeholders. This report is reflective of the data, market conditions and conclusions considered at this point in time. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

For purposes of this effort, we looked at Somerville both as a whole and at the neighborhood level in order, to examine demand and supply. According to information available through the Somerville OSPCD (Office of Strategic Planning and Community Development), the City of Somerville has 15 distinct neighborhoods composed of U.S. Census Bureau-defined block groups, shown on **Map 1** on the following page. For discussion of housing demand considered in Section 6, we examined data at the census tract level, as data at the neighborhood level was not available.

With regard to housing supply, we researched affordable housing throughout the City. We narrowed our market rate research to two bedroom rental units and our ownership research on two bedroom condominiums and three bedroom homes, so that we could consistently compare and contrast rents and pricing across the City.

The majority of the work for this study was performed in August and September of 2015. We have provided a summary of the sources utilized in this study at the end of the Study in Section 7 titled "Other Matters."

Map 1



Source: City of Somerville, MassGIS

Affordable Housing – Definitions and Glossary of Terms

In order to assist readers in understanding terms used through the study, we have provided an overview of affordable housing following by a Glossary of Terms. The term "affordable housing" can have different meanings in different contexts. Typically we refer to affordable housing by the income one needs to earn in order to qualify to live in affordable housing. According to HUD, housing is considered affordable if a household pays no more than 30% of its income toward housing costs.

Affordable housing can be subsidized (i.e. a resident pays 30% of their income for rent and the government subsidizes the rest) or "self – pay" (i.e. the rent is lower than market and the tenant pays the lower rent). Examples of subsidized housing are most public housing units and persons that utilize a Section 8 mobile voucher to pay rent. Note that affordable housing that is "self – pay", insofar as it is not subsidized on the rental side, often has received capital or development subsidies that enable developers/owners to charge below market rents.

Area Median Income ('AMI") is tied to the income limit in a particular location. HUD starts by calculating income limits based on median family income which is a four person household. It then adjusts for household size. It then adjusts for income limit. Extremely low income is 30% of AMI, very low income is 50% of AMI, and low income is 80% of AMI.

The term "low-income" housing generally refers to housing that is affordable to households earning up to 80% of AMI. According to HUD, Somerville is located in the Boston-Cambridge-Quincy Service Area for purposes of calculating affordable income limits, rents and homeownership prices. A household qualifying at 80% of AMI in this area could earn no more than $55,800 for a two-person household, or $69,700 for a four-person household.

"Very low-income" housing is typically affordable to qualifying households earning no more than 50% of AMI; that would be $39,400 for a two-person household or $49,250 for a four-person household. These two income levels – 50% and 80% of AMI – are used in "Chapter 40B projects" (see glossary for information on Massachusetts General Law Chapter 40B following this section). For units to qualify for inclusion on the Commonwealth's Subsidized Housing Inventory, among other things, they need to be income restricted to less than 80% of AMI. **Table 2** below shows the income limits for households in Somerville by household size.

Table 1

2015 Boston-Cambridge-Quincy HUD Income Limits						
AMI	**1 Person**	**2 Person**	**3 Person**	**4 Person**	**5 Person**	**6 Person**
30% AMI	$20,700	$23,650	$26,600	$29,550	$31,950	$34,300
50% AMI	$34,500	$39,400	$44,350	$49,250	$53,200	$57,150
60% AMI	$41,400	$47,280	$53,220	$59,100	$63,840	$68,580
80% AMI	$48,800	$55,800	$62,750	$69,700	$75,300	$80,900
110% AMI	$75,900	$86,680	$97,570	$108,350	$117,040	$125,730

Table 2 below identifies the maximum allowable rents for affordable housing in Somerville in 2015. It shows, for example, that the monthly rent of a one-bedroom unit in

Somerville that is affordable to households earning no more than 80% AMI cannot exceed $1,307. The rents listed below assume that the landlord pays all utilities.

Table 2

2015 Boston-Cambridge-Quincy Maximum Affordable Rents					
AMI	**Studio**	**1 Bedroom**	**2 Bedroom**	**3 Bedroom**	**4 Bedroom**
30% AMI	$517	$554	$665	$768	$857
50% AMI	$862	$923	$1,108	$1,280	$1,428
60% AMI	$1,035	$1,108	$1,330	$1,536	$1,714
80% AMI	$1,220	$1,307	$1,568	$1,812	$2,022
110% AMI	$1,897	$2,032	$2,439	$2,817	$3,143

Table 4 below shows Fair Market Rents ("FMRs") for the Boston-Cambridge-Quincy (which includes Somerville) HUD Service Area. These rents are used for several purposes, including determining the amount of contract rent used for the Housing Choice Voucher program, commonly known as the Section 8 mobile voucher program. This is the amount of rent a landlord can get for a unit occupied by a tenant with a mobile voucher. Updated and published annually, FMRs represent HUD's estimate of the actual market rent for an apartment in the conventional marketplace. HUD sets FMRs by unit size (0-bedroom, 1-bedroom, etc.) and regions within each state. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service.

Under this kind of arrangement, the tenant pays 30% of their gross income towards rent and the federal government pays the remaining amount to the landlord. Some communities are located in high wealth/housing cost areas and agencies administering vouchers may be able to charge 110% or 120% of the HUD-determined FMR. Other communities that are lower wealth with lower housing costs may not be able to charge up to 100% of FMR if the market rents are less than HUD's FMR for the service area.

Table 3

2015 Section 8 FMR's - Boston-Cambridge-Quincy HMFA					
# of Bedrooms	**0**	**1**	**2**	**3**	**4**
Contract Rent	$1,071	$1,196	$1,494	$1,861	$2,023

We have attached as Exhibit 2 a glossary of terms that are used within this document:

2. Summary of Key Findings

The City of Somerville, much like most of Massachusetts, is experiencing a residential housing building boom to make up for seven years of comparatively little construction. Somerville is a substantially built-out community, with only selected neighborhoods that have any significant amounts of buildable area, including the master-planned areas of Assembly Square and Union Square. One area that is in the planning stages that currently is of limited density and therefore has the potential for development, is the Inner Belt.

Demographic Conclusions

Somerville is once again experiencing population growth after a decade of decline from 2000-2010. Household incomes have risen modestly but have been far outpaced by increases in housing costs, as reflected in increasing rates of rent burden and housing cost burden. For well over a decade household sizes have shrunk, pointing to fewer family households and large cohorts of young adults in the 25-34 age group that have historically not aged in place within Somerville. Whether the 35-44 year old household group will expand as projected by ESRI, or remain disproportionately small as it has in the past, is uncertain. The housing stock also appears to be undergoing a gradual shift from rental to ownership, with the overall number of rental units decreasing while the number of ownership units has expanded by 16.4% in just 13 years (U.S. Census 2000, 2010) (ACS 2013).

There are stark disparities in incomes and poverty rates along the lines of race (African Americans are three times more likely to live in poverty than whites), disability (nearly a quarter of disabled adults are in poverty), and family status (42% of single female-headed households with children are in poverty). These disparities have a geographic component as well, with higher incomes and property values throughout a wide belt running along the western border with Cambridge, while lower incomes and more affordable homes cluster in the east (Winter Hill, East Somerville, the Inner Belt) and the extreme north (parts of Teele Square and Hillside).

Housing Supply

<u>Total Affordable Housing Units</u>

According to the Subsidized Housing Inventory ("SHI") as of December 5, 2014 there were 3,258 SHI units in Somerville which accounted for 9.69% of the City's 2010 housing stock. Our research identified a total of 3,341 affordable units in Somerville. This includes 3,166 actual affordable SHI units as well as affordable units created under the City's IZ ordinance. This discrepancy arises because not all rental units counted on the SHI are actually affordable units, as with Chapter 40B properties where up to 75% could be market rate rental units.

Only 112 of these units are affordable ownership units, with over-two thirds for households earning at or below 80% AMI and only 35 priced for households earning up to 110% of AMI. The remainder are rental units, the majority of which are subsidized, including group homes, SHA public housing, housing for formerly homeless and/or veterans, and other privately owned subsidized housing. City wide there are only 140 units actually affordable to those at 50% AMI, 289 at 60% AMI, and 54 at 80% AMI.

IZ Units

The city's inclusionary zoning ordinance is responsible for the production of 374 inclusionary units - 91 ownership at 80% and 110% of AMI and 283 rental at 50% and 80%. Included in this total are Somerville Community Corporation's 204 affordable units which, while purpose-built affordable housing, were also subject to the requirements of the inclusionary zoning ordinance.

Expiring Use Units

Over the next five years, 285 affordable units are at risk of losing their affordability according to the SHI and CEDAC's Expiring Use Inventory (CEDAC 2015). These are predominantly rental units concentrated in the southeastern half of Somerville. Further research beyond the scope of this report is necessary to better understand which of these properties are at greatest risk of losing their affordability restriction. Given the significant increase in the city's housing stock with the construction of several hundred new market rate units, if all 285 at-risk affordable units were to expire the percentage of subsidized units on the SHI would decline following the housing count taken at the 2020 decennial census.

Homeless Housing and Population

Overall, Somerville has a very small unsheltered homeless population. In 2015 only six individuals were observed living unsheltered on the street, according to Somerville's annual "Point In Time Count". While Somerville's sheltered homeless population grew between 2012 and 2015 from 126 to 152, much of the growth is due to the Somerville Continuum of Care's reclassification of the PASS program from permanent housing to transitional housing. The opening of Massachusetts Bay Veterans Center's 22 transitional beds for veterans in 2014 accounts for a rise in the homeless veterans' population over the past two years.

Public Housing/Subsidized Units

The Somerville Housing Authority (SHA) owns and manages 674 family units and 782 elderly units. All units are fully occupied with long wait lists. In particular, nearly four fifths of households waiting for a family unit are waiting for a one or two bedroom unit. This is reflective of Somerville's declining average household size. The SHA also administers 1,193 Section 8 tenant based mobile vouchers. Wait times for a mobile voucher average two plus years. A significant amount of public and subsidized rental housing in Somerville is concentrated in Winter Hill, Union Square, and Teele Square. The SHA has found that many tenants with Section 8 vouchers are having trouble finding housing in Somerville due to the high rents requested by landlords. This has led some SHA mobile voucher holders to look for

housing outside of Somerville. We also identified 474 privately owned subsidized family units and 381 privately owned subsidized elderly units.

Purpose-Built Affordable Housing

There is an extremely constrained supply of non-subsidized affordable housing and very little affordable ownership housing in Somerville. The Somerville Community Corporation (SCC) developed 181 affordable rental units between 1992 and 2014. However, only 50 units are not subsidized through a project based or mobile voucher. SCC's affordable rental units typically are fully occupied with over 2,200 households waiting for an affordable rental unit. In particular, 42% of households are waiting for a three bedroom unit, demonstrating clear demand for larger rental units in Somerville. The SCC has also developed 23 affordable ownership units.

Rental

Market rate rents for a two bedroom unit average $2,567 city wide based on current listings on the Multiple Listing Service (MLS). Rents are highest in neighborhoods closest to an MBTA Red Line Station (Davis Square and Porter Square) and in neighborhoods which are bordered by Cambridge to the west. These neighborhoods have also seen the highest number of condominium conversions over the past five years. Two bedroom rents average $3,533 per month at the newly built developments, Maxwell's Green and Avalon at Assembly Row. These units appear to be priced higher than most Somerville residents can afford.

Ownership

Condominium and single family home prices are too high for the majority of middle income households in Somerville to afford. For example, three bedroom single family home sales prices averaged $693,028 over the past six months. In addition there is a very constrained supply of single family homes currently on the market. While there is a larger supply of two bedroom condominiums on the market, condominium sales prices over the past six months have averaged $543,417 with sales prices averaging $680,064 for units built since 2000. Similar to rental cost patterns, condominium prices are highest in neighborhoods closest to an MBTA Red Line Station and in neighborhoods which are bordered by Cambridge to the west.

Pipeline

Special permits have been issued for the construction of over 1,900 housing units since July 2009. However, only 306 of these units will be affordable. The majority of the units are located in Assembly Square. Other neighborhoods which have seen a high number of housing permits issued include Inner Belt and Union Square in southeastern Somerville. Based on interviews with several large developers, the majority of these units appear to be rental. The majority of the affordable units will be affordable to households at the 50% and 80% AMI levels. Further development is also planned for Assembly Square and Union Square. However, the number of planned affordable units pales in comparison to Somerville's affordable housing needs.

Stakeholder Interviews

We interviewed 12 community stakeholders including social service organizations, municipal committees, large developers, and managers of both affordable and market rate housing. The general consensus is that the existing affordable housing supply in Somerville is inadequate.

The majority of stakeholders also believe there is a significantly greater immediate need for affordable rental housing. Stakeholders noted a specific need for more rental housing affordable to households earning less than 30% of AMI as well as for middle income households earning up to 120% AMI. Stakeholders believe the IZ ordinance should target renter households earning less than 40% of AMI.

The majority of stakeholders also believe the current 50% and 80% AMI income limits which IZ rental units are tied to should not be based on HUD HOME rents, as these rents do not directly correlate to the 50% and 80% AMI levels. Most stakeholders also believe the threshold under which the IZ ordinance should be applied should remain at eight plus units, but that the IZ ordinance's bedroom requirements should allow for the production of more affordable three bedroom units.

Market rate developers are satisfied with the IZ process, but are concerned with how the process will be managed if the IZ ordinance is expanded to cover additional units. Developers provided mixed opinions on whether 12.5% is a sufficient percentage of units that should be affordable. Some said they would support increasing the percentage of units required to be affordable to 20% in exchange for more generous density bonuses.

No developers expressed reservation with the City's desire that IZ units be built on site. Developers of purpose built affordable housing and subsidized housing for specific populations also noted rising land and site acquisition costs in Somerville have made development of affordable housing increasingly difficult.

Demand Analysis Conclusions

The table below compares the annual median household incomes of renters and owners to the household incomes that would be necessary to rent the average apartment or purchase the average condominium or single family home without becoming cost burdened. The table displays data from the multiple listings service (MLS) for rented apartments and home sales, the 2009-13 ACS for median income, and 2014 HISTA estimates for the income distribution of Somerville households. While these figures are broad averages across all household sizes and all housing unit sizes, they give an important high-level look at the inability of most households to afford the housing that is available in the Somerville market.

The table shows that while the median income for renter households is just $58,510 per year, it would take an income of $95,360 to afford the $2,384 average monthly rent of apartments rented in the last year. This means that the 73.8% of Somerville renter households who earn less than $95,360 per year are unable to afford the average market rent without becoming rent burdened.

Table 4

Percent of Somerville Households That Can Afford Average Rents/Purchase Prices, by Tenure					
Somerville Resident Tenure Type	Median HH Income	Average Rent or Sale Price	Monthly Housing Cost for Avg. Rent/Sale Price	Necessary Annual HH Income for Avg. Mo. Cost	% of renter or owner HHs below necessary income level
Renters	$58,510	$2,384*	$2,384	$95,360	73.8%
Owners	$87,295	$593,479-condo**	$4,250	$170,000	82.5%
Owners	$87,295	$772,577 - SFH***	$5,239	$209,547	88.9%[1]
*** Mean of previous 12 months (9/10/14 – 9/9/15), totaling 383 rented units.**					
**** Mean of previous 6 months (3/10/15 – 9/9/15), totaling 243 condominium sales.**					
*****Mean of previous 6 months (3/10/15 – 9/9/15), totaling 48 single family home sales.**					
[1] HISTA data counts all income over $200,000/year in one bracket. As a result, this figure may slightly understate the actual percentage of current owner households that cannot afford the average SFH purchase price					
Sources: MLS Listings, HISTA 2014 Estimates, 2009-13 ACS					

Households seeking to become homeowners face affordability challenges at an even higher rate. The average condo sale price in the last six months, $593,479, would require an annual household income of $170,000 to be affordable, far above the $87,295 median income of current owner-occupied households in Somerville. For single family homes the affordability gap is even larger, with an average purchase price in the last six months of $772,577 necessitating a $209,547 annual income to become affordable. At these prices, 82.5% of current Somerville homeowners would be unable to afford the average condominium, and 89% would be unable to afford the average single family home.

The trends described in the Demographics and Supply Analysis sections, together with the analysis in the Demand section, point to a Somerville that is experiencing significant tension between market trends and demographic realities. ***The challenges facing low income households in the rental market are likely to intensify, given recent rent increases that have led to a monthly affordability gap over $1,000 for renter households with incomes under 80% of AMI (See Table 38) and the fact that such households outnumber the supply of affordable units by 7,649 (See Table 60)***.

These affordability issues are extending up the income distribution on the ownership side as well, with even moderate to middle income households in the 80%-110% and 110%-170% of AMI ranges facing growing difficulties in achieving homeownership. There are just 35 affordable ownership units for those above 80% of AMI. Even households earning 170% of AMI face an affordability gap of over $120,000, compared to the average two bedroom condominium sales price in Somerville (See ***Table 48***).

These pressures may have several significant consequences for the City of Somerville. Rising rents may result in displacement of low income households, likely having a disproportionate impact on minorities, the disabled, and the elderly. Out-of-reach homeownership costs also may cause continued distortion of Somerville's age distribution, making it a city largely of young professionals who leave to form families elsewhere. Somerville

baby boomers are aging in large homes and going from larger households to smaller one and two person households. They are living on fixed incomes and may be over housed. Additionally, these effects have the potential to significantly alter the social fabric of Somerville, making it a less diverse and inclusive community than it has been historically.

Inclusionary Zoning Recommendations

In this section we have examined the IZ ordinance and have suggested a number of changes that would help address the City's affordable housing needs as identified in our affordable housing needs assessment. In addition, we have provided density recommendations based on our understanding of the economics of transactions. Lastly, we have made some suggestions to streamline the inclusionary process and take some of the burden off of housing authority and City Staff.

In making our recommendations, we looked at several national studies including "Making Inclusionary Housing More Flexible: Four Ideas for Urban Settings" (National Housing Conference 2015) and "Inclusionary Housing, Creating and Maintaining Equitable Communities" (Lincoln Institute of Land Policy 2015).

13.1, 13.4 Off-Site

Land is very scarce in Somerville and land costs are very high; therefore building off site and / or accepting cash payments may not always result in affordable housing production. These recommendations are an attempt to have these options only allowed in certain circumstances as well as insure that affordable units get produced.

- Granted only with a compelling reason and only if a site(s) have been located and site control has been obtained.
- Cash Payments can only be made if a designee site is provided to receive such funds (e.g., the Somerville Community Corp.)
- This would apply in the case of homeownership if there is more than 100% difference between the market price and the affordable price.

13.3.1 Implementation Plan

While the IZ ordinance does not specifically say that all IZ units shall be rented or sold to persons who live or work full time in Somerville, it is our understanding from Somerville housing staff that this is the actual practice. Therefore, while lotteries are open to anyone, if you do not currently live or work full time in Somerville, you do not receive a preference. Furthermore, Somerville's 100% local housing preference is contrary to the current recommended fair housing standards set forth by DHCD for affordable housing developments that have received local, state or federal funding which is a maximum of a 70% local housing preference. In addition, we have provided below the allowable categories that fit into the DHCD local preference category:

1. *Current Residents:* A household in which one or more members is living in Somerville at the time of application for an affordable housing unit.

2. *Municipal Employees:* Employees of the City of Somerville, such as teachers, janitors, firefighters, police officers, librarians or town hall employees.
3. *Employees of Local Businesses:* Employees of a business located in Somerville.
4. *Households with children attending Somerville Public Schools*

- The City should set forth its local preference policy in the IZ. With regard to units created with federal, state or local funding and/or with the intent of being placed on the SHI, careful consideration should be given to adopting DHCD's standard cap of 70% and policy as noted above.

13.2.2 Household Income

Households at the 30%, extremely low level of income have the least amount of housing choice due to their limited income.

- On rental, consider establishing a density bonus associated with units at the 30% level.

There are no affordable housing programs in Somerville for middle income homeowners and there is a great need.

- Under ownership, consider establishing a middle income threshold of 110%-170% of AMI.

13.3.3 Affordability

The homeownership calculation is very difficult for developers, funders and would-be homeowners to follow. DHDC and other funding sources in Massachusetts have set forth a standard formula that allows units to be affordable to persons at 70% of AMI as set forth in the example below:

Table 5

Purchase Price Limits	
Sales Price	$224,000
5% Down payment	$11,200
Mortgage	$212,800
Interest rate	4.14%
Amortization	30
Monthly P&I Payments	$1,033.19
Tax Rate (per $1,000 of assessed value)	$12.61
Monthly property tax	$235
Hazard insurance	$112
PMI	$138
Condo/HOA fees (if applicable)	$0
Monthly Housing Cost	$1,519
Necessary Income:	$60,756
Household Income:	
# of Bedrooms	3
Sample Household size	4
80% AMI/"Low-Income" Limit	$69,700
Target Housing Cost (80%AMI)	$1,743
10% Window	$60,988
Target Housing Cost (70%AMI)	$1,525

- Consider following the DHCD standard ownership calculation at 70% of AMI

If a property is financed with HOME funds, the funding agency will dictate the rental rate requirements so the rental rates will by default be set at HOME rents. In contrast, most large rental developments such as those developed under IZ, Chapter 40B and Chapter 40R, do not use HOME funds. These types of developers are more familiar with HUD rental standards. Therefore, using rent limits known to them and at potentially higher rents may encourage the creation of more affordable units.

- Consider tying IZ rental rents to actual HUD 50% and 80% rents rather than High and Low HOME Rents.

13.3.4 Quantity and Distribution

The three factors a developer considers in development are the cost of the land, the cost to develop the building and the income that can be derived from the development. As projects become larger on the same area of land, there are some economies of scale to the development, income increases, and therefore larger developments should be able to absorb more affordable units. Keep in mind that Chapter 40B requires 20% and/or 25% affordable units, so clearly larger developments can be built with higher levels of affordability. The Lincoln Institute report noted 20% IZ ordinances in Santa Monica, CA, Boulder, CO, Fairfax, VA, a 25% IZ Ordnance in Burlington, VT and a 35% IZ Ordinance in Davis, CA.

- Consider raising the quantity to 15% or 20% as follows:
    - 15% would apply to all rental projects over 100 units
    - 20% would apply to all rental projects over 150 units

Studies have shown that households have fewer cars when located adjacent to transit. Furthermore, given higher rents, would-be renters opt out of owning a car due to the cost of ownership and parking. Studies have shown that the cost for owning and maintaining a car could be on average $10,000 a year. This would include lease payments, gas, insurance and parking.

- Consider allowing higher density in transit-oriented locations. In addition, reduce the parking requirements and require developers to charge for extra parking.

Somerville has lost larger rental units to condominium conversions. In addition, wait lists for certain developments with three bedroom units are high. Therefore, due to scarcity of supply, pricing for larger units may be out of reach for many families.

- Consider requiring that 5% of all affordable units be 3 bedroom units.

13.35. Disposition

The language in this section is awkward and does not offer time limits. Typically, right of first refusal is only in the event of a resale and not an original sale. We suspect that the SHA or the

Trust do not want to be homeowners, but instead would prefer to assist if there is an issue with a sale in order to preserve affordability.

- Consider amending this provision to match the state's deed rider language, a copy of which is attached as **Exhibit 6**.

Information from both the Somerville staff and SHA staff show that the existing language has proved to be time consuming and cumbersome for both staff and consumers, and has not resulted in any qualified consumers renting new units.

- Change the language so that priority given to SHA is only for those rental units under 50% of AMI.

As noted above, it appears the lottery process has been using precious housing staff time. These suggestions are a way to keep the housing staff involved as an oversight agency while delegating the bulk of the work and cost to developers.

- Allow outside lottery agents to qualify residents on behalf of developers with the City as Monitoring Agent or some outside party on behalf of the City as monitoring agent rather than have the City handle the lottery process. Developers will bear the cost of the lottery agent.
- Consider establishing a Somerville universal wait list for homeownership and rental units. This is being done by some municipalities and some community development corporations.

3. Demographic Analysis

As noted in the Methodology Section, LDS examined a variety of demographics for the City of Somerville. For the most part we looked at neighborhood-level data and in some instances census tracts. For the majority of the demographics, we examined data from the United States Census Bureau and American Community Survey.

The ACS is a nationwide survey that provides communities with a fresh look at how they are changing. It is a critical element in the Census Bureau's reengineered decennial census program. The ACS collects and produces population and housing information every year instead of every 10 years. In addition, we ran ESRI reports which are based on actual census data and project to the current year and estimate for five years.

Population and Household Growth

Somerville experienced a modest population decline of 2.3% from 2000 to 2010. The total number of households increased by 1.7% during the same period, accounting for a reduced average household size. According to the ACS 2013 one year estimate, the total Somerville population has since grown to 78,814, already exceeding the previous peak in 2000 (ACS 2013). As shown in **Table 6** below, the trend towards smaller households is projected to continue, albeit at a slower rate from 2010 to 2020, as population increases by 5.9% but is still slightly outpaced by household growth at 7.1% (ESRI 2015).

Table 6

Household and Population Change, City of Somerville, 2000-2020

	2000 Actual	2010 Actual	2000-2010 Actual Change	2020 Projection	2010-2020 Projected Change
Total Population	77,478	75,754	-2.3%	80,255	5.9%
Total Households	31,555	32,105	1.7%	34,382	7.1%
Avg. Household Size	2.38	2.29	-0.09	2.27	-0.02

Housing Tenure

A significant shift appears to have taken place over the last 15 years in the housing stock of Somerville, from rental to ownership units. From 2000 to 2010 and again from 2010 to 2013, rental units declined both in absolute number and as a proportion of the total housing stock. In particular, 952 rental units were lost in that thirteen year period, or 4.3% of the city total. In that same period, the number of units that were owner-occupied increased by 1,583, or 16.4%. The result of this rapid growth in owner-occupied units and somewhat slower decline in rental units is a slight increase in housing units overall (up 2% from 2000 to 2013), but more critically, a shift in the proportional balance of ownership and rental units. While rental units comprised 69.4% of the housing stock in 2000, by 2013 they accounted for less than two thirds (65.1%).

Table 7

Somerville Households by Tenure, 2000-2013								
	2000		2010		2013		Change 2000-2013	
	#	%	#	%	#	%	#	%
Total Occupied Housing Units	31,555	-	32,105	-	32,186	-	631	2.0%
Owner-Occupied Households	9,656	30.6%	10,395	32.4%	11,239	34.9%	1,583	16.4%
Renter-Occupied Housing Units	21,899	69.4%	21,710	67.6%	20,947	65.1%	-952	-4.3%

It is important to note that ACS figures based on sampling from 2011-2013 do not capture recently completed developments nor those in the production pipeline, which are discussed later in this report in the Supply Analysis section. The current and expected growth in transformative neighborhoods such as Inner Belt and Assembly Square may alter the tenure composition of the city somewhat. ***Nevertheless, the overall trend away from rental and towards ownership units is clear, and points to a more fundamental change in tenure models in established neighborhoods*** (U.S. Census 2000, 2010) (ACS 2013). This does not take into account the large rental development that has/will be taking place in Assembly Square.

Population Growth by Neighborhood

In examining previous and projected population growth, there is a noticeable variation by neighborhood. A majority of neighborhoods lost population between 2000 and 2010, as did the city as a whole. Tufts, Davis Square, and Inner Belt were the most significant exceptions, and each posted only modest gains.

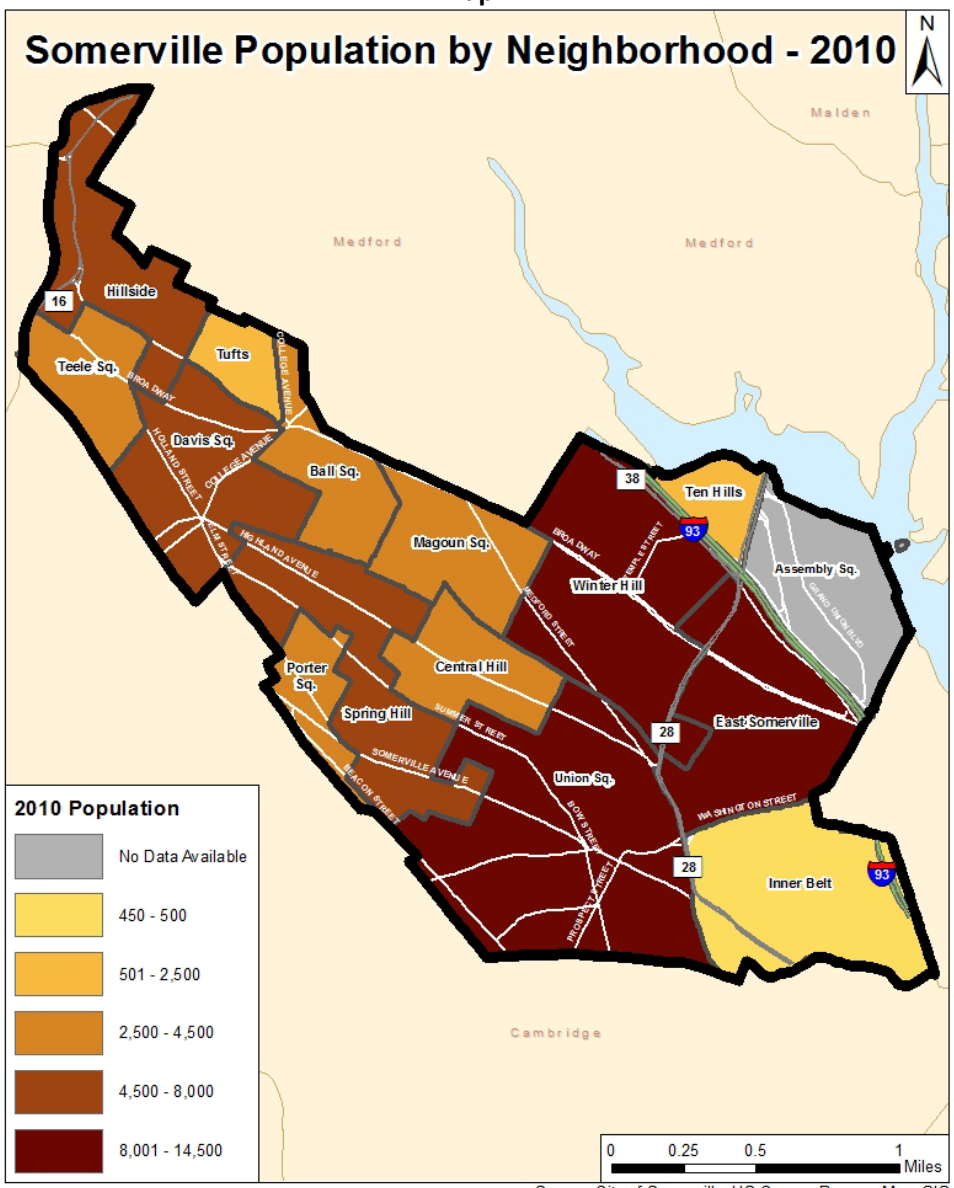
Table 8

Population Growth by Neighborhood, 2000-2020					
Neighborhood	**2000 Actual**	**2010 Actual**	**% Change 2000-2010**	**2020 Projection**	**% Change 2000-2020**
SOMERVILLE TOTAL	77,384	75,754	-2.1%	80,255	3.7%
Assembly Sq.*	N/A	N/A	N/A	N/A	N/A
Ball Sq.	4,308	4,104	-4.7%	4,208	-2.3%
Central Hill	3,748	3,659	-2.4%	3,814	1.8%
Davis Sq.	6,290	6,416	2.0%	6,609	5.1%
East Somerville	8,656	8,170	-5.6%	8,838	2.1%
Hillside	4,713	4,640	-1.5%	5,653	19.9%
Inner Belt	425	468	10.1%	480	12.9%
Magoun Sq.	3,979	3,817	-4.1%	3,985	0.2%
Porter Sq.	2,438	2,504	2.7%	2,878	18.0%
Spring Hill	8,150	7,913	-2.9%	8,496	4.2%
Teele Sq.	4,141	4,131	-0.2%	4,204	1.5%
Ten hills	1,201	1,210	0.7%	1,218	1.4%
Tufts	1,568	1,656	5.6%	1,685	7.5%
Union Sq.	14,428	14,453	0.2%	15,220	5.5%
Winter Hill	13,339	12,613	-5.4%	12,967	-2.8%
***Sufficient data is not available for this geography/time period**					

***All neighborhoods are projected to grow between 2010 and 2020, with some of the biggest gains expected in Spring Hill, Porter Square, and Hillside*. Table 8** above displays 2000 and 2010 populations by neighborhood, as well as projections for 2020 (ESRI 2015). The statistical projections from ESRI do not take into account policy changes of the kind that open up large new areas for development (such as Assembly Square) or incentivize greater density (as in Union Square). Nevertheless, by extrapolating trends from the most recent sample data from 2013 and 2014, these projections enable us to identify which neighborhoods are likely to see the most growth regardless of policy change.

Map 2 below shows the neighborhoods with the highest total populations as of the 2010 census. It shows that the bulk of Somerville's population is in the Winter Hill, East Somerville, and Union Square neighborhoods.

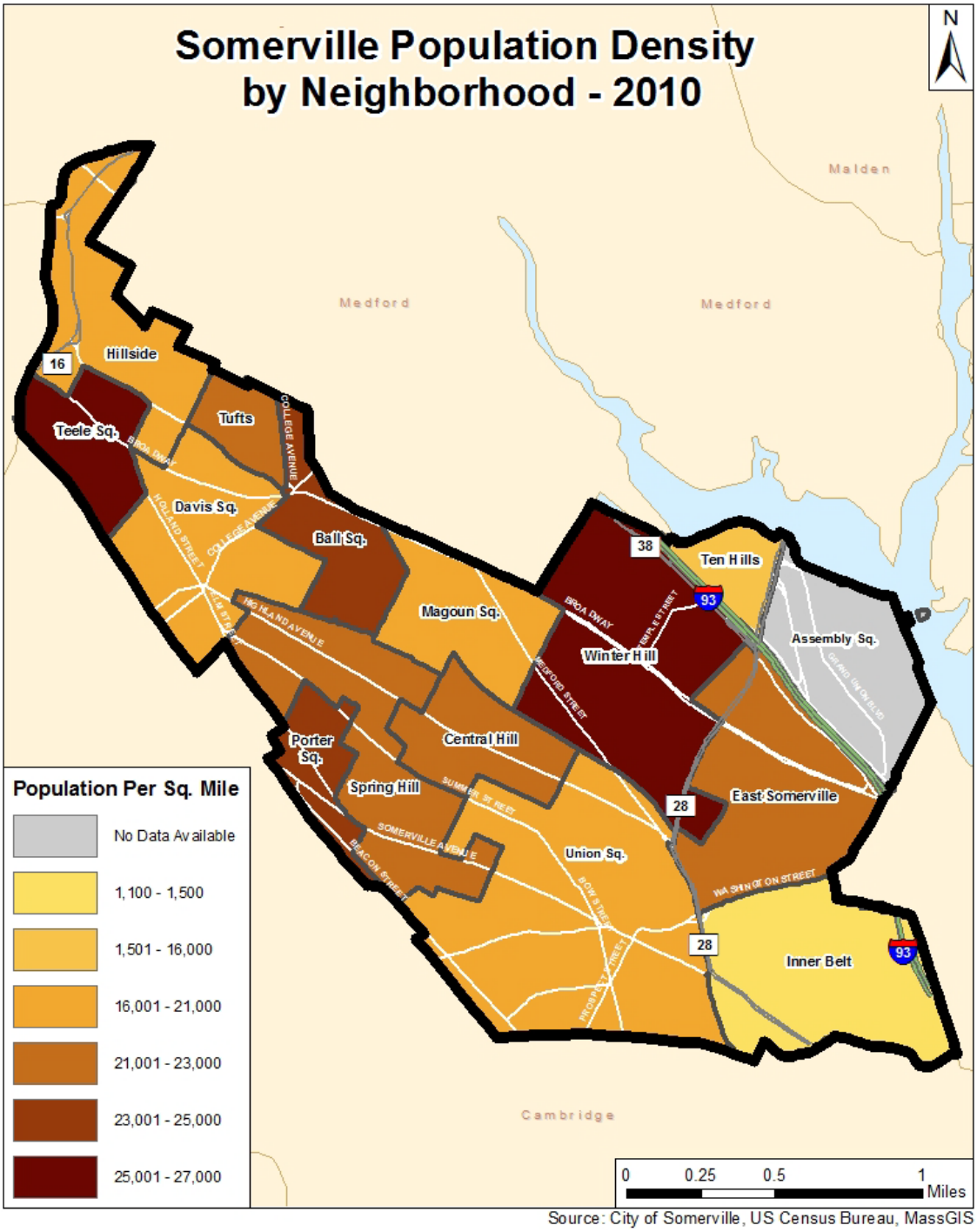
Map 2



Source: City of Somerville, US Census Bureau, MassGIS

Map 3 shows the neighborhoods with the highest population density, measured as residents per square mile. Davis Square and East Somerville do not rank among the densest neighborhoods despite their large populations, likely due to their large geographic size and the presence of significant amounts of unpopulated industrial land. Winter Hill is both populous and dense, while the smaller Teele Square neighborhood has a small population but is equally dense.

Map 3



Source: City of Somerville, US Census Bureau, MassGIS

Population and Households by Age

The age distribution of the Somerville population shown in **Table 9** below displays some interesting variations from what might be expected based on state or regional demographics. Children make up a relatively small proportion of the population, particularly the school age groups between 5 and19 years old, which all experienced large declines from 2000 to 2010. The 20-24 year old age bracket is significantly overrepresented at 12.2% of the total population (compared to just 7.3% statewide (ACS 2010)), which is perhaps unsurprising given the large student population of Tufts and other nearby colleges and universities. ***The 25-34 age group represents the largest population group in Somerville, and at 31.4% of the total population (compared to just 12.9% statewide) it was more than twice the size of any other age group in the city in 2010*** (US Census 2000) (ESRI 2015).

Somerville has somewhat fewer older working age households than would be expected, but a more noticeable scarcity in the senior population (all age brackets over 55). ***While Somerville does show a slight demographic bulge from the baby boomer generation (mostly within the 45-54 age group in 2000 and the 55-64 age group in 2010), at 8.0% it is much less pronounced in Somerville than it is statewide, where the 55-64 age group made up 12.3% of the population in 2010*** (ACS 2010).

Table 9

Somerville Population by Age, 2000-2020

Age	2000 Actual		2010 Actual		Actual Change 2000-2010		2020 Projection		Projected Change 2010-2020	
	#	%	#	%	#	%	#	%	#	%
Total	77,478	100%	75,754	100%	-1,724	-2.2%	80,255	100%	4,501	5.9%
0 - 4	3,500	4.5%	3,499	4.6%	-1	0.0%	3,525	4.4%	26	0.7%
5 - 9	3,085	4.0%	2,344	3.1%	-741	-24.0%	2,520	3.1%	176	7.5%
10-14	3,086	4.0%	1,958	2.6%	-1,128	-36.6%	2,221	2.8%	263	13.4%
15 - 19	4,156	5.4%	3,451	4.6%	-705	-17.0%	3,150	3.9%	-301	-8.7%
20 - 24	9,992	12.9%	9,222	12.2%	-770	-7.7%	7,047	8.8%	-2,175	-23.6%
25 - 34	21,362	27.6%	23,805	31.4%	2,443	11.4%	24,038	30.0%	233	1.0%
35 - 44	11,623	15.0%	10,766	14.2%	-857	-7.4%	13,952	17.4%	3,186	29.6%
45 - 54	7,802	10.1%	7,771	10.3%	-31	-0.4%	7,865	9.8%	94	1.2%
55 - 64	4,773	6.1%	6,029	8.0%	1,256	26.3%	7,088	8.8%	1,059	17.6%
65 - 74	4,059	5.2%	3,523	4.7%	-536	-13.2%	5,080	6.3%	1,557	44.2%
75 - 84	2,934	3.8%	2,310	3.0%	-624	-21.3%	2,598	3.2%	288	12.5%
85+	1,106	1.4%	1,076	1.4%	-30	-2.7%	1,171	1.5%	95	8.8%

Table 10 and **Figure 1** below show households by age as measured in 2000 and 2010, as well as projections for 2020 (U.S. Census 2000, 2010) (ESRI 2015). Looking at the population by the age of householder mostly confirms the observations made above about the distribution of the population as a whole. *Overall, Somerville shows an age distribution that is unusually small at either end (children and seniors) and heavily weighted towards younger adults (20-34 years old).* This

could be a result of a number of factors, but one clue may be found in the persistent drop off from the 25-34 year old bracket to the 35-44 bracket.

The ESRI projections for 2020 expect a major increase in 35-44 year old households, which would be reasonable if the very large 25-34 year old household group aged in place within Somerville. However, despite a persistently large 25-34 year old group in both 2000 and 2010, the 35-44 year old household group actually declined during that period by 5.8%, indicating that a large number of younger adults in their late 20's and early 30's do not stay in Somerville into their late 30's and early 40's. Since people are generally waiting longer than in previous generations to get married and have children, this late 30's and early 40's age group is when many families are forming or expanding. Housing costs, perceptions of school quality, and desire for single family homes or more suburban lifestyles are just some of the factors that may cause these households to leave Somerville. These "missing" 35-44 year old households may also help account for declining number of school age children in the city.

Whether the 35-44 year old household group will expand as projected by ESRI or remain disproportionately small as it has in the past is uncertain. Steep rises in rents and for-sale housing prices in recent years may be expected to drive younger households out of the city or reduce family formation within it, yet the total number of births per year has increased by 10% from 2009 to 2014 (Somerville City Clerk's Office 2014). Somerville Public Schools have also seen improved test scores in recent years (as measured by Student Growth Percentiles), which may encourage more young families to stay (MA Dept of Elementary and Secondary Education 2015). Ultimately, whether Somerville can remain attractive and affordable enough to keep these prime working and family-rearing age households in the city will have a large impact on its future.

Figure 1

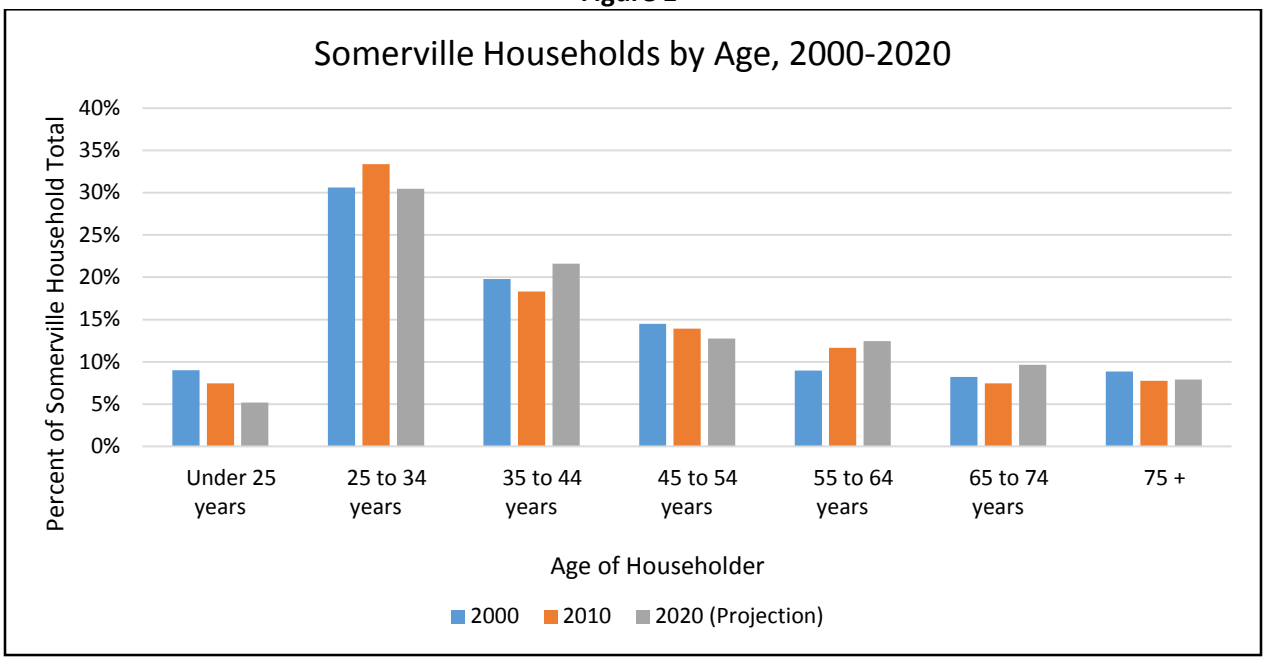


Table 10

Somerville Households by Age of Householder, 2000-2020										
	2000 Actual		2010 Actual		Actual Change 2000-2010		2020 Projection		Projected Change 2010-2020	
	#	%	#	%	#	%	#	%	#	%
Total Households	31,555	100.0%	32,105	100.0%	550	1.7%	34,382	100.0%	2,277	7.1%
Under 25 years	2,839	9.0%	2,400	7.5%	-439	-15.5%	1,778	5.2%	-622	-25.9%
25 to 34 years	9,662	30.6%	10,716	33.4%	1,054	10.9%	10,475	30.5%	-241	-2.2%
35 to 44 years	6,249	19.8%	5,885	18.3%	-364	-5.8%	7,434	21.6%	1,549	26.3%
45 to 54 years	4,573	14.5%	4,474	13.9%	-99	-2.2%	4,390	12.8%	-84	-1.9%
55 to 64 years	2,837	9.0%	3,743	11.7%	906	31.9%	4,275	12.4%	532	14.2%
65 to 74 years	2,598	8.2%	2,390	7.4%	-208	-8.0%	3,313	9.6%	923	38.6%
75 +	2,797	8.9%	2,497	7.8%	-300	-10.7%	2,717	7.9%	220	8.8%

Household Size

As noted previously, the average household size in Somerville has declined since 2000. However, **Table 11** below uses Census data to show that there are significant differences between family and nonfamily households, as well as between different neighborhoods. Unsurprisingly, family households are 1.2 persons per household larger than nonfamily households, as they are more likely to contain children. The neighborhoods of East Somerville and Winter Hill have the largest family and overall average household sizes, at 3.2 persons per household. Interestingly, they also have some of the smallest nonfamily households at 1.6 persons (ESRI 2015). Inner Belt is an outlier with its very small 1.4 persons per household overall average, but this is likely skewed by the presence of the Cobble Hill Apartments, a large Section 8-assisted senior housing development with many one person households in a neighborhood with an otherwise very small population.

Table 11

Average Household Size by Family Status by Neighborhood			
Neighborhood*	**Overall Avg. Household Size**	**Avg. Family Household Size**	**Avg. Nonfamily Household Size**
SOMERVILLE	2.3	2.9	1.7
Ball Sq.	2.4	2.8	2.1
Central Hill	2.1	2.9	1.6
Davis Sq.	2.1	2.7	1.9
East Somerville	2.6	3.2	1.6
Hillside	2.3	2.8	1.9
Inner Belt	1.4	2.4	1.1
Magoun Sq.	2.3	3.0	1.6
Porter Sq.	2.1	2.5	2.0
Spring Hill	2.2	2.7	1.9
Teele Sq.	2.0	2.7	1.6
Ten hills	2.4	3.0	1.6
Union Sq.	2.2	2.8	1.7
Winter Hill	2.6	3.2	1.6
***Assembly Square and Tufts are not included due to insufficient data**			

Household Income

The table below shows median household income for Somerville in 2000, 2010, and 2013, both in nominal (i.e., unadjusted) and inflation-adjusted dollars. These figures show that while nominal incomes have risen steeply since 2000, in terms of actual purchasing power household income has increased by only $2,413, or 3.7%, in a 13 year period (US Census 2000) (ACS 2010, 2013). While income growth that outpaces the national consumer price index used to adjust for inflation is encouraging, this growth rate is far exceeded by the increased cost of housing locally, as will be discussed later in this report.

Table 12

Median Household Income, 2000-2013			
	2000	**2010**	**2013**
Median Household Income (in actual dollars)	$46,315	$61,731	$67,118
Median Household Income (in 2015 inflation-adjusted dollars)	$66,341	$67,557	$68,754

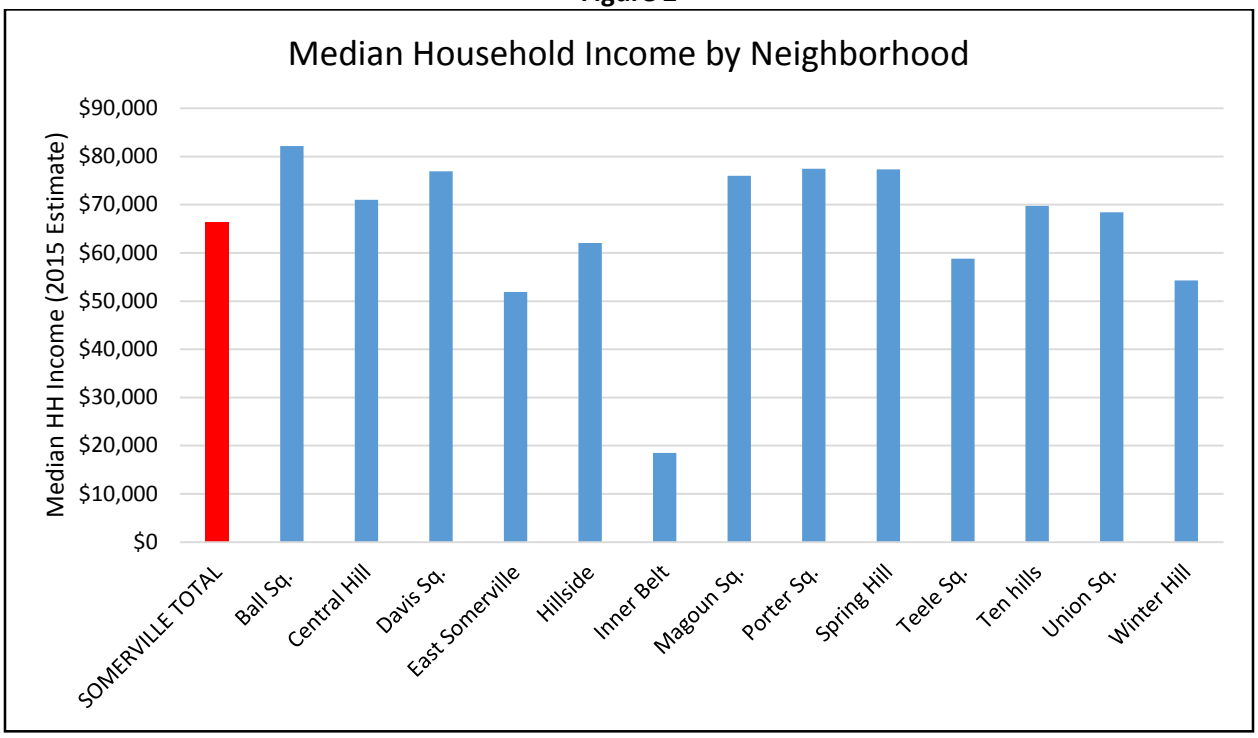
Household incomes vary considerably by neighborhood, as the ESRI estimates and projections in the table and figure below illustrate. The Inner Belt is a very low outlier, with an estimated median annual household income of only $18,493 (ESRI 2015). As with the low average household size in this neighborhood, this extremely low income figure is likely a product of the large concentration of affordable senior units in the Cobble Hill Apartments in such a sparsely populated neighborhood. Aside from the extreme example in Inner Belt, the lowest income neighborhoods are East Somerville, Winter Hill and Teele Square, all of which have median household incomes below $60,000 per year and are projected to see slower income growth than the citywide rate of 14.8% (unadjusted) over the next five years.

Table 13

Median Household Income by Neighborhood, 2015-2020			
Neighborhood*	**2015 Estimate**	**2020 Projection**	**Projected Change 2015-2020**
SOMERVILLE	$66,343	$76,166	14.8%
Ball Sq.	$82,164	$92,348	12.4%
Central Hill	$71,057	$78,892	11.0%
Davis Sq.	$76,910	$92,260	20.0%
East Somerville	$51,895	$59,437	14.5%
Hillside	$62,049	$70,672	13.9%
Inner Belt	$18,493	$19,121	3.4%
Magoun Sq.	$76,033	$78,773	3.6%
Porter Sq.	$77,491	$81,418	5.1%
Spring Hill	$77,358	$85,113	10.0%
Teele Sq.	$58,809	$66,903	13.8%
Ten hills	$69,773	$76,881	10.2%
Union Sq.	$68,405	$76,865	12.4%
Winter Hill	$54,278	$61,617	13.5%
***Assembly Square and Tufts are not included due to insufficient data**			

The highest household income neighborhoods are Ball Square ($82,164), Spring Hill ($77,358) and Porter Square ($77,491), while by far the neighborhood with the largest projected income growth by 2020 is Davis Square with 20% (ESRI 2015). Again, these projections rely on past demographic sampling data, and thus cannot take into account the changes brought by large amounts of recent or potential development in neighborhoods such as Assembly Square.

Figure 2



Finally, more detail can be seen when looking at **Table 14** below. It shows estimated and projected median household incomes for 2015 and 2020, not only by neighborhood, but also by age of householder. In general these incomes tend to follow a predictable pattern as they move through age groups. Those under 25 tend to have low incomes, since they are generally students or workers at the start of their careers.

Incomes gradually increase with each working age bracket, typically peaking in the 45-54 year old age cohort which mostly includes people established in their careers and few if any retirees. Finally, incomes decline throughout the senior age brackets, reaching their low point among households headed by an individual 75 years or older. Citywide for 2015, these 75+ age bracket households have an estimated median income of just $30,913, compared to $80,776 for 45-54 year old householders, and $51,759 for under 25 year old householders (ESRI 2015).

This table also shows how the differences between low income and high income neighborhoods are often most pronounced at the far ends of the age spectrum. The median 75+ household in Teele Square earns $17,237, or just 34% of what the same age household earns in Hillside ($50,248). Similarly, under 25 year old households in Winter Hill earn $36,890, just 61.8% of the $59,697 earned by their peers in Porter Square (ESRI 2015).

Table 14

Projected Median Income by Neighborhood by Age of Householder, 2015-2020

NEIGHBORHOOD*		All Households	<25 years	25 to 34 years	35-44 years	45-54 years	55-64 years	65-74 years	75 +
SOMERVILLE	2015	$66,343	$51,759	$75,416	$75,884	$80,776	$66,597	$46,551	$30,913
	2020	$76,166	$55,961	$80,977	$81,428	$87,565	$77,173	$53,474	$36,159
	% Change	14.8%	8.1%	7.4%	7.3%	8.4%	15.9%	14.9%	17.0%
Ball Sq.	2015	$82,164	$55,976	$89,695	$83,575	$105,426	$100,446	$62,553	$49,021
	2020	$92,348	$60,207	$100,092	$92,165	$109,021	$102,986	$72,152	$53,609
	% Change	12.4%	7.6%	11.6%	10.3%	3.4%	2.5%	15.3%	9.4%
Central Hill	2015	$71,057	$45,195	$76,730	$79,713	$90,343	$77,198	$46,290	$31,542
	2020	$78,892	$53,005	$80,904	$84,469	$94,619	$84,632	$55,182	$38,675
	% Change	11.0%	17.3%	5.4%	6.0%	4.7%	9.6%	19.2%	22.6%
Davis Sq.	2015	$76,910	$55,878	$81,569	$84,100	$100,000	$82,776	$57,433	$38,669
	2020	$92,260	$57,888	$100,184	$99,681	$110,568	$102,055	$64,254	$43,239
	% Change	20.0%	3.6%	22.8%	18.5%	10.6%	23.3%	11.9%	11.8%
East Somerville	2015	$51,895	$41,791	$52,745	$65,035	$70,343	$51,207	$35,078	$24,196
	2020	$59,437	$47,399	$60,213	$74,754	$80,085	$59,330	$39,453	$25,771
	% Change	14.5%	13.4%	14.2%	14.9%	13.8%	15.9%	12.5%	6.5%
Hillside	2015	$62,049	$38,740	$71,578	$69,493	$80,858	$63,367	$57,122	$50,248
	2020	$70,672	$43,045	$80,255	$77,863	$88,443	$72,437	$63,808	$55,574
	% Change	13.9%	11.1%	12.1%	12.0%	9.4%	14.3%	11.7%	10.6%
Magoun Sq.	2015	$76,033	$48,147	$76,422	$80,730	$78,755	$75,565	$69,839	$38,613
	2020	$78,773	$55,679	$78,852	$82,361	$81,667	$78,236	$75,932	$42,107
	% Change	3.6%	15.6%	3.2%	2.0%	3.7%	3.5%	8.7%	9.0%
Porter Sq.	2015	$77,491	$59,697	$80,703	$81,496	$100,000	$77,394	$54,660	$47,992
	2020	$81,418	$65,267	$84,483	$84,125	$106,214	$84,617	$58,569	$53,433
	% Change	5.1%	9.3%	4.7%	3.2%	6.2%	9.3%	7.2%	11.3%
Spring Hill	2015	$77,358	$54,970	$80,698	$81,133	$96,823	$80,499	$57,612	$42,688
	2020	$85,113	$62,262	$87,363	$90,662	$106,519	$89,849	$64,579	$49,677
	% Change	10.0%	13.3%	8.3%	11.7%	10.0%	11.6%	12.1%	16.4%
Teele Sq.	2015	$58,809	$55,139	$75,646	$74,019	$77,421	$49,524	$37,039	$17,273
	2020	$66,903	$55,392	$79,824	$77,992	$81,893	$56,657	$48,752	$19,415
	% Change	13.8%	0.5%	5.5%	5.4%	5.8%	14.4%	31.6%	12.4%
Ten hills	2015	$69,773	$57,480	$67,581	$71,362	$116,609	$102,626	$63,582	$40,579
	2020	$76,881	$57,819	$75,730	$80,722	$133,611	$110,056	$68,419	$47,182
	% Change	10.2%	0.6%	12.1%	13.1%	14.6%	7.2%	7.6%	16.3%
Union Sq.	2015	$68,405	$55,428	$76,569	$76,540	$79,329	$69,574	$45,803	$28,784
	2020	$76,865	$61,470	$81,217	$80,411	$83,469	$78,546	$52,837	$33,478
	% Change	12.4%	10.9%	6.1%	5.1%	5.2%	12.9%	15.4%	16.3%
Winter Hill	2015	$54,278	$36,890	$56,692	$64,065	$70,359	$54,705	$36,439	$26,071
	2020	$61,617	$40,232	$64,005	$73,624	$78,846	$63,675	$40,719	$27,863
	% Change	13.5%	9.1%	12.9%	14.9%	12.1%	16.4%	11.7%	6.9%

*** The neighborhoods of Assembly Square, Tufts, and the Inner Belt are not included due to lack of available data or the statistical insignificance of small sample sizes**

Poverty

The poverty rate in Somerville for all families is 9.5%, slightly exceeding the statewide level of 8.1% (ACS 2013). However, there are very large disparities among the different family types categorized by the American Community Survey. Among families with children, the poverty rate rises to 15.7%. The difference between married households and those categorized as "female householder, no husband present" is 22.3 percentage points, with over a quarter of single female householder families in poverty. ***Most significantly, among the 1,595 female householder families with children under 18 years, the poverty rate reaches 41.9%*** (ACS 2013). These disparities are shown in **Table 15** below.

Table 15

Poverty by Household/Family Type, 2013			
	Total	**# in Poverty**	**% in poverty**
All families	14,317	1,360	9.5%
With related children under 18 years	6,033	947	15.7%
Married couple families	9,854	424	4.3%
With related children under 18 years	3,984	247	6.2%
Families with female householder, no husband present	3,174	847	26.7%
With related children under 18 years	1,595	668	41.9%

The Somerville poverty rate of 14.8% for individuals also exceeds the statewide rate of 11.4%, but is virtually identical to neighboring Cambridge (14.7%) and well below the City of Boston (21.4%) (ACS 2013). As with family poverty rates, there are wide disparities between different groups. As the table below illustrates, ***more than one in five children under 18 are in poverty, or 22.8%*** (ACS 2013). Women are just over four percentage points more likely to be in poverty than men, 16.8% to 12.7%. The largest dividing line appears to be race and ethnicity, with just 11.8% of individuals identifying as "white alone" in poverty, compared to 19% of Asians, 26% of Hispanics/Latinos, and 36.6% of African Americans.

Table 16

Poverty by Age, Sex, and Race, 2013			
	Total	**Below poverty level**	
		#	**%**
Population for whom poverty status is determined	74,138	10,989	14.8%
AGE			
Under 18 years	10,261	2,336	22.8%
18 to 64 years	56,904	7,805	13.7%
65 years and over	6,973	848	12.2%
SEX			
Male	36,480	4,651	12.7%
Female	37,658	6,338	16.8%
RACE AND HISPANIC OR LATINO ORIGIN			
One race	72,153	10,623	14.7%

Poverty by Age, Sex, and Race, 2013			
White	57,103	6,734	11.8%
Black or African American	5,269	1,929	36.6%
American Indian and Alaska Native	191	5	2.6%
Asian	6,905	1,315	19.0%
Native Hawaiian and Other Pacific Islander	0	0	-
Some other race	2,685	640	23.8%
Two or more races	1,985	366	18.4%
Hispanic or Latino origin (of any race)	7,475	1,947	26.0%
White alone, not Hispanic or Latino	52,755	5,856	11.1%

Disability

Disability status provides another perspective from which to view intra-community disparities within Somerville. As shown in **Table 17** below, 9.7% of the total population has a disability, or 7,374 residents (ACS 2012). While the $4,703 gap between median earnings for disabled and nondisabled adults is notable, more telling is the fact that the poverty rate for disabled adults is nearly twice as high as for the nondisabled, at 24.5% compared to 13.3%. One reason for the earnings and poverty divide is likely found in the labor participation rate, which appears highly correlated with disability status. Fully 64.1% of disabled adults are not in the labor force, as compared to just 19.8% of the nondisabled.

Table 17

Income and Employment by Disability Status, 2012					
	Total Population	With a Disability		No Disability	
		#	%	#	%
Total civilian noninstitutionalized population	75,772	7,374	9.7%	68,398	90.3%
Population Age 16 and Over	66,743	7,117	10.7%	59,626	89.3%
Employed	70.1%	2,263	31.8%	44,541	74.7%
Not in Labor Force	24.5%	4,562	64.1%	11,806	19.8%
Median Earnings	$35,442	$31,071	-	$35,774	-
Below 100 percent of the poverty level	14.5%	1,807	24.5%	10,078	13.3%

Table 18 below draws on ACS data to enhance understanding of the nature and prevalence of disability conditions within Somerville. As the table makes clear, 40.6% of seniors age 65 and over report some type of disability, compared to just 7.4% of the working age population (18-64 years old) and 5.5% of school age children (5 to 17 years old) (ACS 2012). By far the most common disability for seniors is "ambulatory difficulty," affecting over one quarter of all 65+ Somerville residents. The 2,636 disabled seniors over age 65 constitute 35.7% of the total disabled population in Somerville, meaning that they likely account for a sizeable portion - although certainly not all - of the labor force participation discrepancy between disabled and nondisabled adults noted above.

Table 18

Disability Type by Age, 2012			
	Total Population	With a disability	
		#	%
Total civilian noninstitutionalized population	75,772	7,374	9.7%
Population under 5 years	**4,010**	**50**	**1.2%**
Population 5 to 17 years	**6,101**	**334**	**5.5%**
Population 18 to 64 years	**59,172**	**4,354**	**7.4%**
With a hearing difficulty	-	804	1.4%
With a vision difficulty	-	1,834	3.1%
With a cognitive difficulty	-	1,772	3.0%
With an ambulatory difficulty	-	1,308	2.2%
With a self-care difficulty	-	699	1.2%
With an independent living difficulty	-	1,200	2.0%
Population 65 years and over	**6,489**	**2,636**	**40.6%**
With a hearing difficulty	-	1,127	17.4%
With a vision difficulty	-	441	6.8%
With a cognitive difficulty	-	662	10.2%
With an ambulatory difficulty	-	1,722	26.5%
With a self-care difficulty	-	661	10.2%
With an independent living difficulty	-	1,161	17.9%

Rent Burden

Rent burden refers to housing expenditures as a percentage of gross household income: renter households paying over 30% of their income towards housing costs are said to be "rent-burdened," while households paying 50% or more of their incomes towards housing are categorized as "severely rent-burdened." **Table 19** and **Figure 3** below use Census data from 2000 and three-year pooled-sample ACS data from 2008-2010 and 2011-2013 to chart the fluctuations in rent burden over time in Somerville. ***Overall, 21% of Somerville renter households are rent-burdened and 17.8% are severely rent-burdened. This adds up to 8,114 households, or 38.7% of all renters, paying above 30% of their incomes towards housing.***

While both of these rent burden categories have declined in the years since 2010, the overall trend since 2000 is still an increase in both rent burden and severe rent burden. Since 2000, the proportion of renter households that are severely rent-burdened has increased by 1.6 percentage points, while the proportion of more moderately rent-burdened households (paying 30%-50% of income) increased by 0.4 percentage points (US Census 2000) (ACS 2010, 2013). The spike in rent burden in 2010 may be accounted for by the recession, while the 2013 figures likely do not capture steep rises in rents and property values over the last few years. In short, the current picture is likely somewhat less encouraging than the 2010-2013 decrease in rent burden that appears in the table below.

Table 19

City of Somerville Rent Burden, 2000-2013						
	2000		2010		2013	
	#	%	#	%	#	%
Total Renter-Occupied Housing Units	21,892		21,441		20,947	
Rent-Burdened Households (30%-50%)	4,513	20.6%	4,687	21.9%	4,392	21.0%
Severely Rent-Burdened Households (>50%)	3,553	16.2%	4,352	20.3%	3,722	17.8%
Total Rent-Burdened (>30%)	8,066	36.8%	9,039	42.2%	8,114	38.8%
Not computed	776	3.5%	466	2.2%	795	3.8%

Figure 3

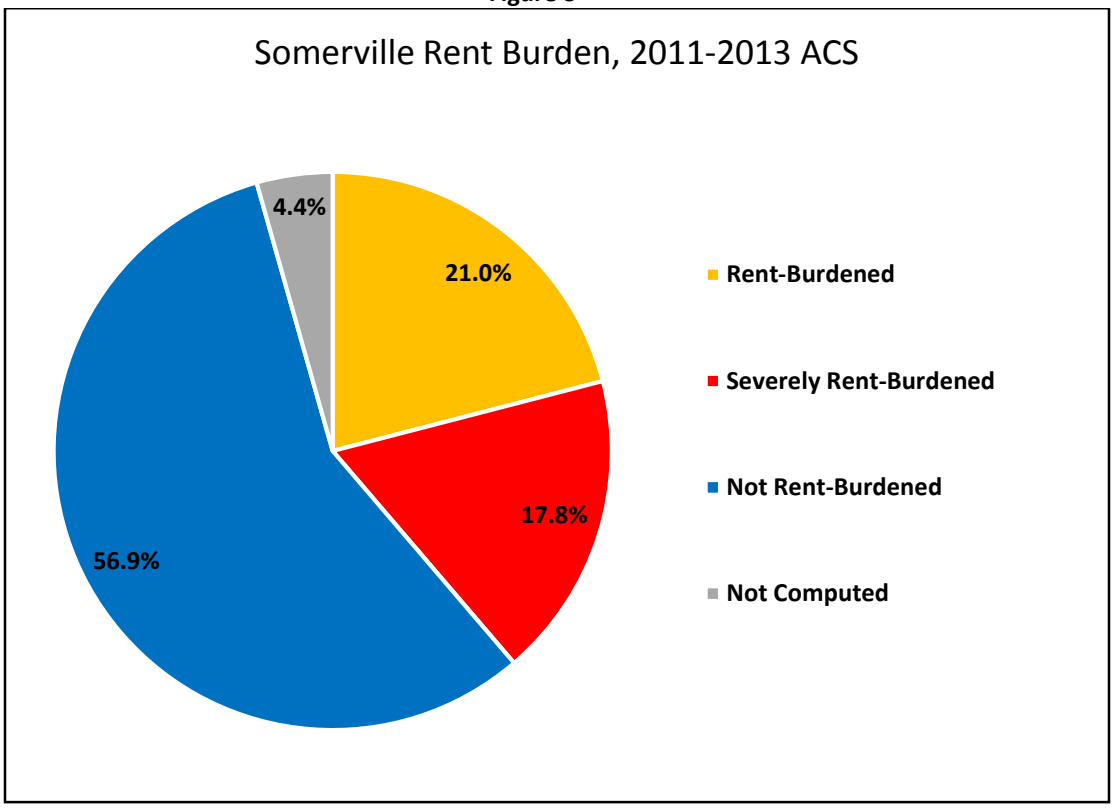


Table 20 below shows rent burden at the neighborhood level, using five-year pooled ACS estimates from 2009-13. While using five-year estimates limits the ability to identify changes within the sampling period (2010 vs. 2013, for example), it allows for a much higher degree of statistical significance and enables us to calculate rent burden for smaller geographies than would be possible with one- or three-year estimates.

The Central Hill neighborhood leads in total rent burden (both rent-burdened and severely rent-burdened households) at 52.3%. No other neighborhood has more than half its renter households burdened, although Davis Square, East Somerville, Spring Hill, and Winter Hill are all over 40%. Spring Hill faces the highest rate of severe rent burden at 23.9%. ***No***

neighborhood has less than a quarter of its renters facing some kind of cost burden; however Magoun Square comes closest at 27.7%. In terms of sheer numbers, Union Square contains the most rent-burdened households, although it also contains the most renters overall (ACS 2013).

Table 20

City of Somerville Rent Burden by Neighborhood						
NEIGHBORHOOD		**Total Renter-Occupied Units**	**Rent-Burdened (30-50%)**	**Severely Rent-Burdened (>50%)**	**Total Rent-Burdened (>30%)**	**Not Computed**
SOMERVILLE	**#**	20,657	4,492	3,581	8,073	795
	%	100%	21.7%	17.3%	39.1%	3.8%
Ball Sq.	**#**	865	118	128	246	0
	%	100%	13.6%	14.8%	28.4%	0.0%
Central Hill	**#**	945	323	171	494	0
	%	100%	34.2%	18.1%	52.3%	0.0%
Davis Sq.	**#**	1,866	497	258	755	45
	%	100%	26.6%	13.8%	40.5%	2.4%
East Somerville	**#**	1,935	461	370	831	105
	%	100%	23.8%	19.1%	42.9%	5.4%
Hillside	**#**	1,322	195	254	449	133
	%	100%	14.8%	19.2%	34.0%	10.1%
Magoun Sq.	**#**	754	146	63	209	35
	%	100%	19.4%	8.4%	27.7%	4.6%
Porter Sq.	**#**	762	110	120	230	14
	%	100%	14.4%	15.7%	30.2%	1.8%
Spring Hill	**#**	2,445	406	584	990	121
	%	100%	16.6%	23.9%	40.5%	4.9%
Teele Sq.	**#**	1,324	379	136	515	4
	%	100%	28.6%	10.3%	38.9%	0.3%
Union Sq.	**#**	4,746	985	735	1,720	148
	%	100%	20.8%	15.5%	36.2%	3.1%
Winter Hill	**#**	3,265	777	674	1,451	175
	%	100%	23.8%	20.6%	44.4%	5.4%

*** The neighborhoods of Assembly Square, Tufts, Ten Hills and the Inner Belt are not included due to lack of available data or the statistical insignificance of small sample sizes**

Housing Cost Burden

Housing cost burden is identical to rent burden in its formulation, except that it applies to homeownership costs rather than to rent. ***According to the 2011-2013 ACS, 38.4% of homeowner households in Somerville were paying more than 30% of their gross income towards housing (including units both with and without a mortgage).*** Of those 4,318 cost-burdened households, approximately half were paying between 30% and 50% of their incomes

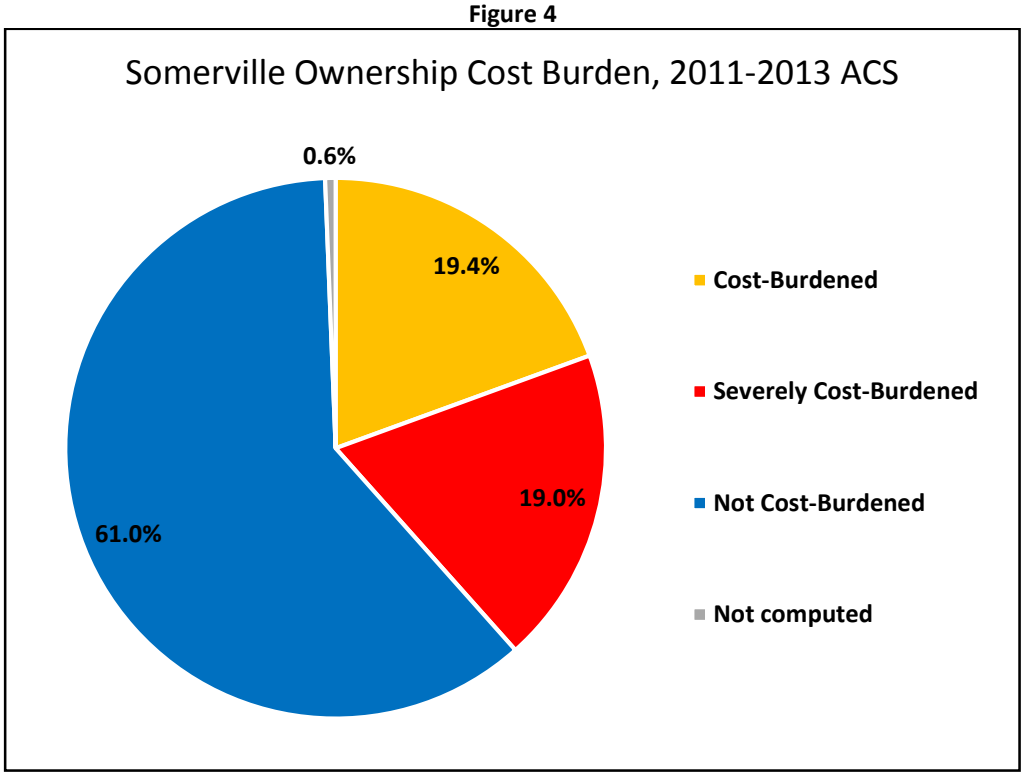
towards housing, while half were paying more than 50% of their income, making them severely cost burdened.

Like what was seen above in the discussion of rent burden, **Table 21** and **Figure 4** below show a trend towards higher owner cost burden over time. This trend is even stronger with owner cost burden, however, with the proportion of owner households paying between 30% and 50% increasing by 3.5 percentage points, while the proportion paying over 50% increased by a startling 7.6 percentage points (US Census 2000) (ACS 2013). This data, combined with the previously noted general shift over time from rental to ownership units, paint a concerning picture. ***Somerville has become more of a homeowner city over the last 15 years; at the same time, the proportion of homeowners who are facing cost burden and severe cost burden has increased significantly.***

Table 21

Ownership Cost Burden, 2000-2013						
	2000		**2010**		**2013**	
	#	**%**	**#**	**%**	**#**	**%**
Total Owner-Occupied Households	2,712*		9,749		11,239	
Cost-Burdened (30%-50%)	430	15.9%	2,132	21.9%	2,184	19.4%
Severely Cost-Burdened (>50%)	310	11.4%	1,743	17.9%	2,134	19.0%
Total Cost-Burdened (>30%)	740	27.3%	3,875	39.7%	4,318	38.4%
Not computed	24	0.9%	0	0.0%	70	0.6%
* The 2000 Census relied on a sampling of owner-occupied households to determine ownership cost burden, meaning that the number of "total owner-occupied households" for 2000 is not comprehensive.						

Figure 4



Age of Housing Stock

Table 22 below displays the age of the housing stock in each neighborhood within Somerville, according to the 2009-13 ACS. There is fairly limited variation across neighborhoods, with almost all having a majority of their housing stock coming from the pre-World War II period (1939 or earlier). The one exception is Teele Square, which had a very slight majority of its housing units built after 1939 (50.5%). The neighborhoods that saw the most new housing units in the previous decade (2000-2009) are Union Square, Winter Hill, Spring Hill, Central Hill, and Hillside.

Table 22

Age of Housing Units by Neighborhood

NEIGHBORHOOD		Total	Built 1939 or Earlier	Built 1940 to 1949	Built 1950 to 1959	Built 1960 to 1969	Built 1970 to 1979	Built 1980 to 1989	Built 1990 to 1999	Built 2000 to 2009
SOMERVILLE	#	32,743	21,708	1,940	1,964	1,774	1,919	1,461	721	1,174
	%	100%	66.3%	5.9%	6.0%	5.4%	5.9%	4.5%	2.2%	3.6%
Ball Sq.	#	1,562	1,147	125	163	75	0	8	19	25
	%	100%	73.4%	8.0%	10.4%	4.8%	0.0%	0.5%	1.2%	1.6%
Central Hill	#	1,619	1,031	94	156	52	66	80	0	140
	%	100%	63.7%	5.8%	9.6%	3.2%	4.1%	4.9%	0.0%	8.6%
Davis Sq.	#	3,248	2,433	158	112	124	133	95	85	92
	%	100%	74.9%	4.9%	3.4%	3.8%	4.1%	2.9%	2.6%	2.8%
East Somerville	#	3,170	2,164	162	137	88	104	254	189	72
	%	100%	68.3%	5.1%	4.3%	2.8%	3.3%	8.0%	6.0%	2.3%
Hillside	#	1,957	1,355	226	104	40	43	8	24	120
	%	100%	69.2%	11.5%	5.3%	2.0%	2.2%	0.4%	1.2%	6.1%
Magoun Sq.	#	1,614	1,199	62	85	94	100	7	16	30
	%	100%	74.3%	3.8%	5.3%	5.8%	6.2%	0.4%	1.0%	1.9%
Porter Sq.	#	1,182	735	74	107	114	0	118	17	17
	%	100%	62.2%	6.3%	9.1%	9.6%	0.0%	10.0%	1.4%	1.4%
Spring Hill	#	3,703	2,516	230	142	360	138	78	93	146
	%	100%	67.9%	6.2%	3.8%	9.7%	3.7%	2.1%	2.5%	3.9%
Teele Sq.	#	1,957	968	105	200	311	233	70	20	50
	%	100%	49.5%	5.4%	10.2%	15.9%	11.9%	3.6%	1.0%	2.6%
Ten hills	#	507	363	31	11	8	0	92	2	0
	%	100%	71.6%	6.1%	2.2%	1.6%	0.0%	18.1%	0.4%	0.0%
Union Sq.	#	6,748	4,469	199	387	221	739	365	30	330
	%	100%	66.2%	2.9%	5.7%	3.3%	11.0%	5.4%	0.4%	4.9%
Winter Hill	#	5,208	3,235	474	356	287	315	168	221	152
	%	100%	62.1%	9.1%	6.8%	5.5%	6.0%	3.2%	4.2%	2.9%

Age of Housing Units by Neighborhood
* The neighborhoods of Assembly Square, Tufts, and the Inner Belt are not included due to lack of available data or the statistical insignificance of small sample sizes.
** Housing units built in 2010 or later are not included due to limited data availability in the ACS

This table does not show units built in 2010 or after, as the data for that period is limited. As such, neighborhoods that currently have a very small amount of housing stock that make sample data unreliable (Tufts) and those that can be expected to expand their housing stock in the near future (Assembly Square, the Inner Belt) are not included.

Educational Attainment and School System

The table below shows the educational attainment levels of Somerville residents as compared to its neighbors Cambridge and Boston, as well as statewide rates. In general, Somerville has a more educated population than Boston or Massachusetts as a whole, with a lower proportion of adults with a high school degree or less, and much higher rates of college graduates. Cambridge is 20.3 percentage points higher than Somerville in its proportion of the population with a bachelor's degree or higher (ACS 2013).

Table 23

Educational Attainment Levels, Somerville and Comparison Jurisdictions, 2013				
	Massachusetts	**Boston**	**Somerville**	**Cambridge**
Population 25 years and over	4,510,714	410,047	55,070	72,386
High School Degree or less	**36.4%**	**37.4%**	**32.2%**	**16.2%**
Some college, no degree	16.5%	14.1%	10.5%	7.7%
Associate's degree	7.7%	4.6%	4.0%	2.5%
Percent bachelor's degree or higher	39.4%	43.9%	53.2%	73.5%

4. Supply Analysis – Affordable Housing Inventory

An evaluation of affordable housing need requires an analysis of the current and planned rental and homeownership affordable housing within Somerville. This section discusses the competitive environment that presently exists for market rate and affordable rental housing, including age restricted rental housing, as well as homeownership housing. Providers were analyzed with regard to location, product type, target population, and inventory. In order to locate developments, we reviewed internet web sites, the Commonwealth of Massachusetts Subsidized Housing Inventory, OSPCD's Affordable Housing Inventory, MassHousing and HUD websites.

Chapter 40B

The Massachusetts Legislature enacted Massachusetts General Law Chapter 40B in 1969 to "help address the shortage of affordable housing statewide by reducing unnecessary barriers created by local approval processes, local zoning and other restrictions" (Citizen's Housing and Planning Association 2009). Known as the "Comprehensive Permit Law" or "Anti-Snob Zoning," MGL 40B streamlines the permitting process for low- and moderate-income housing projects by allowing developers to apply for a single permit, known as a Comprehensive Permit, from a local Zoning Board of Appeals (ZBA) instead of having to obtain approvals from numerous boards.

Projects must meet certain criteria in order to qualify for consideration under Chapter 40B. For example, at least 25% of units must be affordable to households earning at or below 80% of AMI, or 20% of units must be affordable to households earning at or below 50% of AMI (Citizen's Housing and Planning Association 2009). These affordability restrictions must run for at least 30 years. In exchange for committing to these and certain other requirements, 40B-qualified projects are not subject to local zoning in communities where less than 10% of the housing inventory is defined as affordable (e.g., with long-term affordability restrictions) by the Commonwealth's Department of Housing and Economic Development (DHCD).

Subsidized Housing Inventory and Affordable Housing Supply

The state's Subsidized Housing Inventory (SHI) is used to determine if a municipality has reached the 10% affordable housing threshold. According to DHCD's SHI, Somerville had 33,632 Year-Round Housing Units – based on the 2010 Census – and 3,258 SHI units as of December 5, 2014, meaning that 9.69% of the City's housing stock is considered to be affordable (Massachusetts Department of Housing and Community Development 2014). Being beneath the 10% affordability threshold means that Somerville may be subject to Chapter 40B proposals that preempt local zoning requirements. Somerville's Planning and Zoning Department maintains that the city has met one of the threshold safe harbor provisions of Chapter 40B which is that 1.5% of its land area contains affordable housing. Therefore, it believes it may preempt hostile Chapter 40B developments.

For rental developments that are permitted under Chapter 40B, all units, regardless of whether they are market rate or affordable are counted on the SHI. Of the 3,258 SHI units,

3,166 are affordable units and 92 are market rate rental units. Somerville's SHI is included as Exhibit 3.

Actual Affordable Housing Supply

Table 24 summarizes Somerville's affordable housing supply, based on the Commonwealth's SHI and an affordable housing inventory maintained by the Office of Strategic Planning and Community Development's Housing division. As far as LDS could determine from review of these resources, the units included in the table below have affordability restrictions.

Table 24

Affordable Housing in Somerville	
DMH/DDS Group Homes	163
SHA Elderly/Disabled	782
SHA Family	674
Other Subsidized Family	474
Other Subsidized Senior	381
Affordable Family	357
Affordable Senior	145
Adult Disabled	180
Formerly Homeless	36
Veterans	29
Other	8
Ownership	112
Total	**3,341**

As illustrated, there are 3,341 affordable units in Somerville. Only 112 of these units are affordable ownership units. The majority of the units are also subsidized, including group homes, Somerville Housing Authority (SHA) public housing, housing for formerly homeless and/or veterans, and other privately owned subsidized housing. The "Other" category refers to housing for women and children fleeing domestic abuse or non-formerly homeless single room occupancy units.

Table 25 breaks down these units by income level and tenure. The table does not include the 163 units contained in state-run group homes. Units with project based vouchers (PBVs) and public housing units have been categorized at the 30% AMI level. While households up to 50% AMI can utilize a PBV and households up to 80% AMI can live in public housing, providers reported the vast majority of these units are filled by households earning 30% of AMI or less.

Table 25

Somerville Affordable Housing Units By Income Level							
% of AMI	**PBV**	**30%**	**50%**	**60%**	**80%**	**110%**	**Total**
Rental	**1,217**	**2,583**	**140**	**289**	**54**		**3,066**
Ownership					**77**	**35**	**112**
Total	**1,217**	**2,583**	**140**	**289**	**131**	**35**	**3,178**

This table shows that the majority of affordable rental units are for extremely low income households who are eligible for a project-based vouchers or live in public housing. Only 140 units are truly affordable to those at 50% AMI level, 289 at 60% AMI, and 54 at 80% AMI. Note this table does not account for units occupied by a mobile voucher holder. **Table 25** also shows that, of the 112 affordable ownership units, over-two-thirds are for households earning at or below 80% AMI while only 35 are priced for households earning up to 110% of AMI.

Expiring Use Units

Table 26 below shows that 279 units at 13 properties listed on the SHI may be at risk of losing their affordability over the next five years. All units at risk of losing their affordability by 2020 are rental. We also note that the affordability of three ownership units located at 9 Marion Street expired in 2014.The affordability expiration date listed for each project on the SHI was cross referenced against the Community Economic Development Assistance Corporation's (CEDAC) Expiring Use Inventory. CEDAC's Expiring Use Inventory is current as of July 2015 (Massachusetts Department of Housing and Community Development 2014, CEDAC 2015).

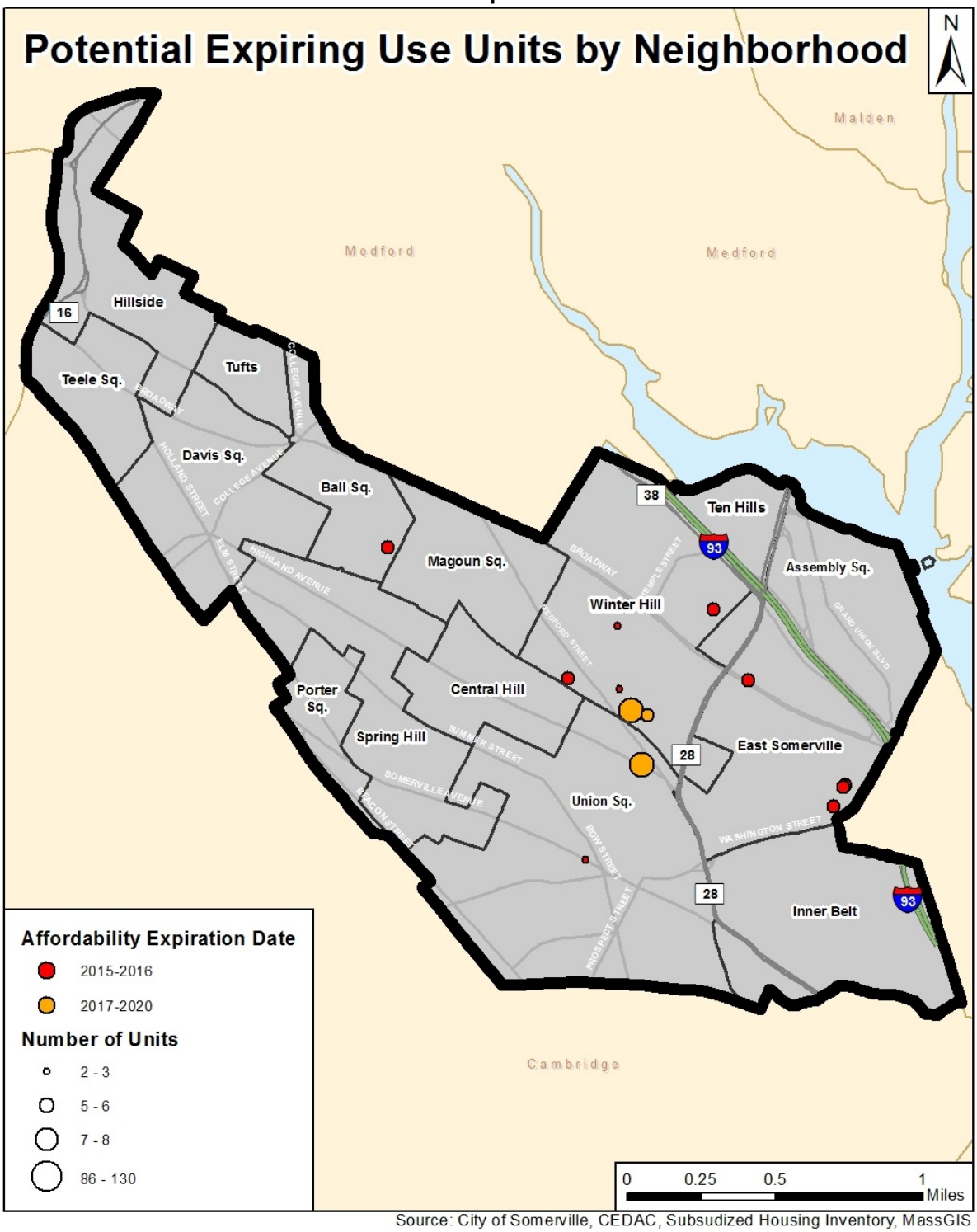
Table 26

Somerville Potential Expiring Affordable Units				
Project	**Address**	**Expiration Date**	**Units**	**Type**
Mt. Vernon I	54 Mt. Vernon Street	2015	8	Rental
Mt. Vernon II	58 Mt. Vernon Street	2015	8	Rental
Mt. Vernon III	80 Mt. Vernon Street	2016	7	Rental
Wheatland Street	53 Wheatland Street	2016	7	Rental
Richdale Avenue	26 Richdale Avenue	2016	6	Rental
Boston Avenue	38 Boston Avenue	2016	5	Rental
Somerville Avenue	320 Somerville Avenue	2016	3	Rental
Marshall Street	86 Marshall Street	2016	3	Rental
School Street	236 School Street	2016	2	Rental
Broadway Residence	181 Broadway	2016	8	Rental
B.F. Faulkner Tower	25 Highland Avenue	2018	130	Rental
Pearl St. Park	238 Pearl Street	2018	86	Rental
219-221 Pearl Street	219 Pearl Street	2019	6	Rental
Total			**279**	

Further research beyond the scope of this report is necessary to better understand which of these properties are at greatest risk of expiring. Because the SHI is based on the number of housing units counted at each decennial census, with the significant increase in the city's housing stock from the construction of several hundred new units at Assembly Square, if all 285 units were to expire, the percentage of subsidized units on the SHI will decline.

The location of each development at risk of losing its affordability is shown on the map below by a dot. The size of each dot varies based on the total number of affordable units at risk of being lost. The color of each dot varies based on the affordability expiration date as follows. Units at risk of losing their affordability in 2015 or 2016 are shown in red and between 2017 and 2020 in orange.

Map 4



Source: City of Somerville, CEDAC, Subsudized Housing Inventory, MassGIS

This map shows that the majority of units at risk of losing their affordability are located in the eastern section of Somerville, in the neighborhoods of Union Square, Winter Hill, and East Somerville.

Inclusionary Housing Units

Article 13 of the Somerville Zoning Ordinance requires developers of eight (8) or more "residential developments seeking special permits with site plan review whether new construction, substantial rehabilitation, Planned Unit Development, residential conversion, or adaptive reuse" to "provide twelve and a half percent (12.5%) of the total units in the subject development as affordable housing units" (Somerville Zoning Ordinance, Article 13 2015). In 2006, the percentage of units required to be affordable in Transit Oriented Districts (TOD) with height limitations of 55 to 100 feet increased to 15% and in Transit Oriented Districts with height limitations of 135 feet to 17.5%. To date, however, only two inclusionary units have been constructed in a TOD district.

Somerville's Office of Strategic Planning and Community Development (OSPCD) Housing Division administers the Inclusionary Zoning Ordinance. According to OSPCD Housing staff, as of August 16, 2015 the inclusionary ordinance had resulted in the construction of 1 ownership unit affordable to a household earning at or below 50% of AMI, 67 ownership units for households earning nor more than 80% or 110% of AMI, and 104 rental units affordable to households earning no more than 50% and 80% of AMI (Somerville OSPCD 2015).

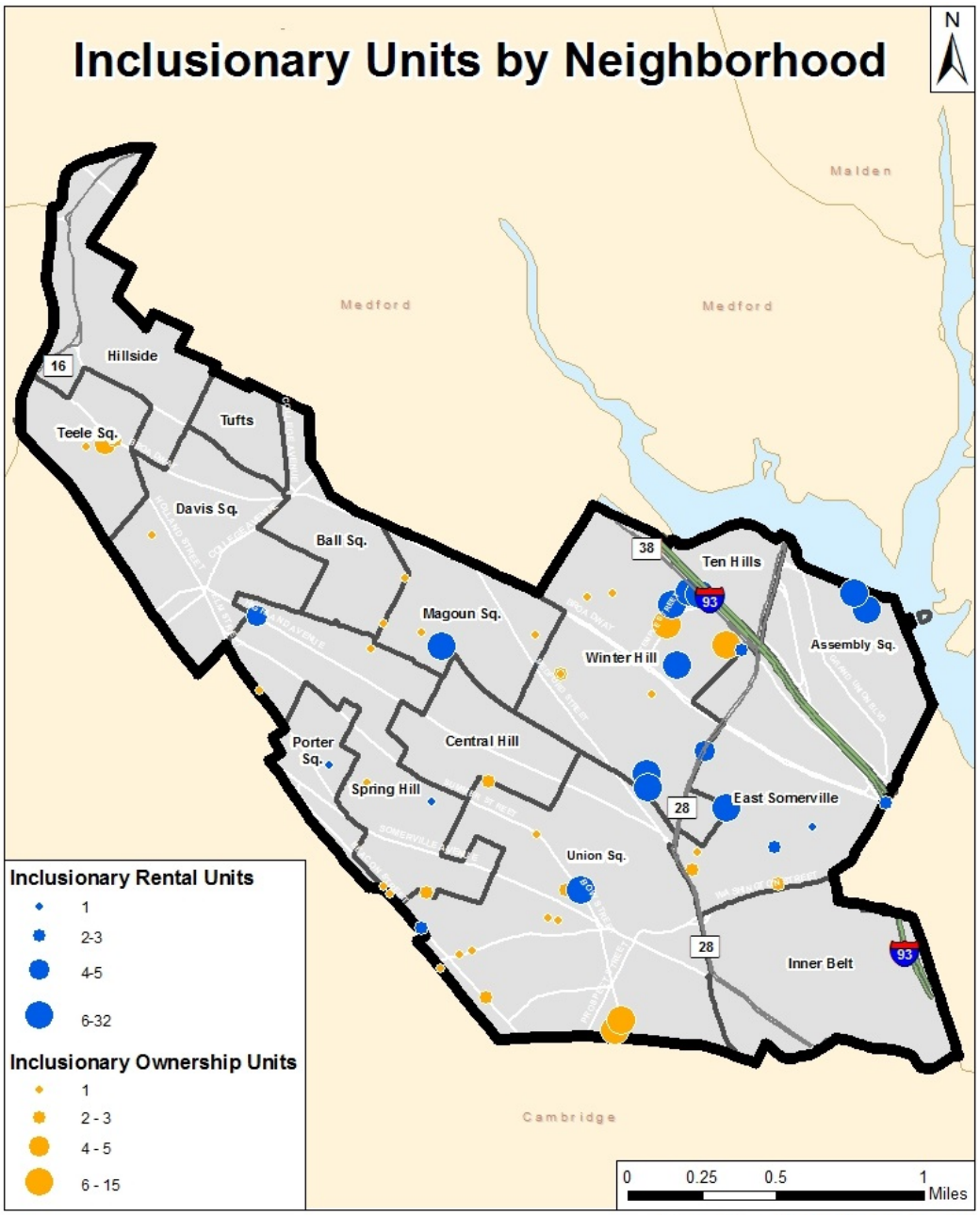
This total of 172 inclusionary units does not include residential developments approved via special permit which exceed the affordability requirements of the inclusionary ordinance. The majority of these units have been produced by the Somerville Community Corporation (SCC), a non-profit community development corporation whose mission is in part to "create and preserve housing affordability in Somerville" (Somerville Community Corporation 2015). SCC has developed 204 affordable units, 23 ownership units and 181 rental units at eleven different sites throughout Somerville (D. LeBlanc 2015). Including SCC's affordable units yields a total of 374 inclusionary units, 91 ownership and 283 rental. **Table 27** below provides a breakdown of the inclusionary units by tenure and neighborhood.

Table 27

Somerville Inclusionary Units by Tenure and Neighborhood			
Neighborhood	**Homeownership**	**Rental**	**Total**
Assembly Sq.	0	56	56
Ball Sq.	1	0	1
Central Hill	0	0	0
Davis Sq.	2	0	2
East Somerville	4	10	14
Hillside	0	0	0
Inner Belt	0	0	0
Magoun Sq.	3	24	27
Porter Sq.	0	1	1
Spring Hill	7	6	13
Teele Sq.	7	0	7
Ten Hills	0	0	0
Tufts	0	0	0
Union Sq.	38	61	99
Winter Hill	29	125	154
Total (Somerville)	**91**	**283**	**374**

This table shows that the majority of inclusionary ownership units are concentrated in Union Square and Winter Hill and that the majority of inclusionary rental units are located in Assembly Square, Union Square, and Winter Hill. This table also shows that seven of Somerville's fifteen neighborhoods currently contain no inclusionary ownership units, while eight contain no inclusionary rental units. The location of each inclusionary ownership and rental project is shown in the **Map 5** below. Inclusionary rental units are represented by a blue dot and inclusionary ownership units are represented by an orange dot. The size of each dot varies based on the total number of inclusionary units.

Map 5



Source: Somerville OSPCD, SHI, MassGIS

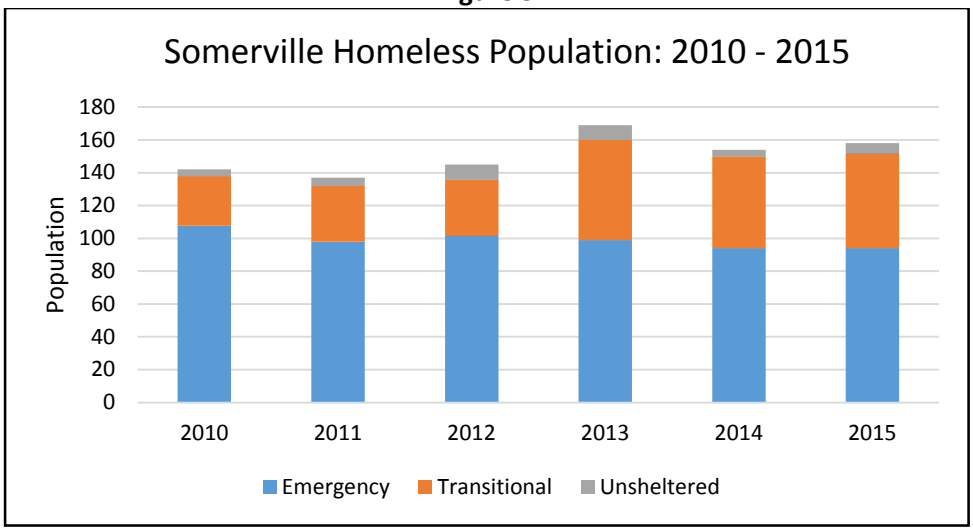
Map 5 shows that while inclusionary ownership units are scattered across Somerville, the majority are located in the eastern half of the city. This map also shows that almost all of the inclusionary rental units are also located in the southeastern half of the city with none in the northwestern half of Somerville.

We note that the 56 rental units in Assembly Square located at Avalon at Assembly Row and AVA Somerville are the newest inclusionary units having been completed between 2014 and 2015. They are also the largest-sized projects, with 171 and 218 total units respectively (Unhjem 2015). These large build outs are because this area of the city is a "transformational area" and planned for in the SomerVision comprehensive plan.

Homeless Housing and Population

We also examined point-in-time data the Somerville Continuum of Care provides to HUD, to assess how Somerville's homeless population changed between 2010 and 2015 (HUD 2015). This data is based on annual counts of the homeless population. **Figure 5** below summarizes Somerville' sheltered and unsheltered homeless population.

Figure 5



This figure shows that from 2010 to 2014 Somerville's sheltered homeless population increased from 138 to 152 people, peaking at 160 people in 2013. The increase in Somerville's sheltered homeless population is attributable to a revision in the way in which the Somerville CoC classified the PASS Program. Prior to 2013 the PASS Program was considered a Permanent Housing Program; after extensive consultation with HUD and related research, in 2013 the Somerville CoC reclassified the PASS Program as a Transitional Program due to its 24 month limit.

Somerville's homeless population in emergency shelters decreased from 108 to 94 between 2010 and 2015. Somerville's unsheltered population, meanwhile, has remained close to 0 over the past five years, increasing from four to six people from 2010 to 2015 and peaking at

nine in in 2012 and 2013. The following figure shows the break down the number of homeless individuals and families, followed by a table on the number of homeless veterans.

Figure 6

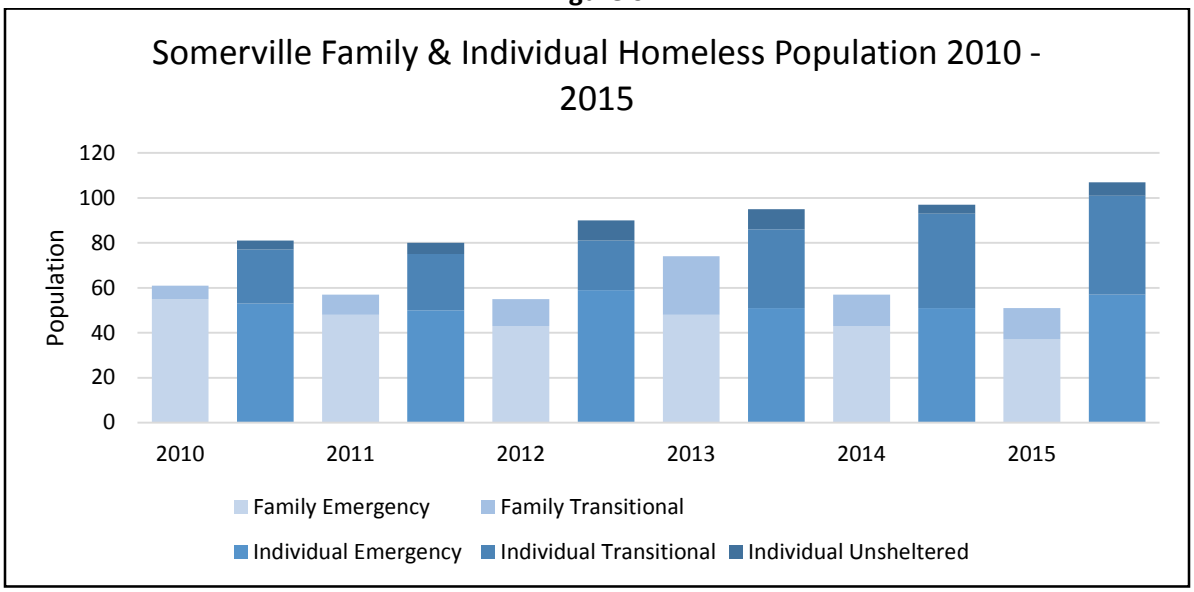


Table 28

Somerville Veterans Homeless Population: 2010 - 2015				
Year	**Sheltered**			**Unsheltered**
	Emergency	**Transitional**	**Total**	
2015	1	13	14	0
2014	1	14	15	0
2013	1		1	0
2012	9		9	0
2011	1		1	0
2010	3		3	0

A similar pattern can be observed in the rising number of homeless individuals (adults or children) as well as families living in transitional housing between 2012 and 2013 due to the reclassification of the PASS program. The individual homeless population living in emergency shelters increased from 2010 to 2015 from 53 to 57 people while the family homeless population living in emergency shelters decreased from 55 people to 37 people between 2010 and 2015. The homeless veteran's population accounted for a fairly small portion of Somerville's homeless population prior to 2014, when Volunteers of America opened 22 new transitional housing units for veterans. The unsheltered homeless population is constituted of only homeless individuals due to Massachusetts being a "right to shelter" state. This requires the state to house all homeless families in shelters or motels.

Rental Housing Supply

Table 29 breaks down the affordable rental units by income level at the neighborhood level. The table below does not include the 163 units contained in state-owned group homes as the locations of these properties is confidential.

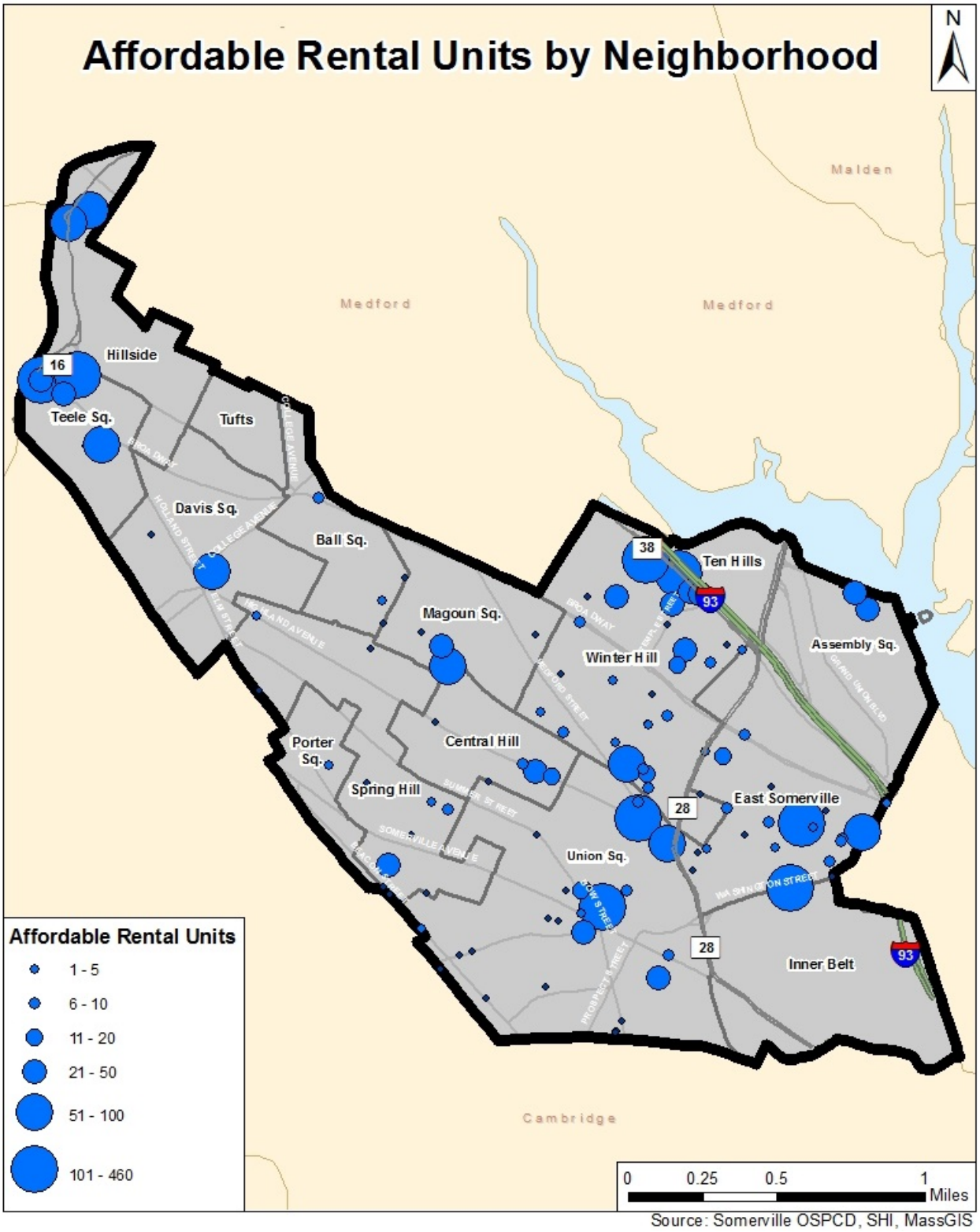
Table 29

Somerville Affordable Rental Units by Income Level						
Neighborhood	**PBV**	**30%**	**50%**	**60%**	**80%**	**Total**
Somerville Total	**1,217**	**2,583**	**140**	**289**	**54**	**3,066**
Assembly Sq.	0	0	28	0	28	**56**
Ball Sq.	13	13	0	0	0	**13**
Central Hill	28	70	49	24	0	**143**
Davis Sq.	0	53	0	0	0	**53**
East Somerville	124	260	6	0	4	**270**
Hillside	102	365	32	15	0	**412**
Inner Belt	224	224	0	0	0	**224**
Magoun Sq.	0	0	12	0	12	**24**
Porter Sq.	0	0	1	0	0	**1**
Spring Hill	8	16	4	32	2	**54**
Teele Sq.	388	468	0	113	0	**581**
Ten Hills	0	0	0	0	0	**0**
Tufts	0	0	0	0	0	**0**
Union Sq.	152	370	7	51	1	**429**
Winter Hill	178	744	1	54	7	**806**

This table shows that the majority of the extremely low income units (either public housing or privately subsidized) are concentrated in Winter Hill, Union Square, and Teele Square. A smaller, but still significant number of low income affordable units are located in East Somerville, Hillside, and Inner Belt. The majority of the 60% AMI rental units are located in Teele Square. This table also shows that no affordable units are located in the Ten Hills or Tufts neighborhoods.

The location of each affordable rental unit is shown in **Map 6** below by a blue dot. The size of each dot varies based on the total number of affordable units. It shows that affordable rental units tend to be situated in the northwestern section of the city in Teele Square, and in the eastern half of the city in Union Square, East Somerville, and Winter Hill. There is relatively little affordable rental housing in the middle of Somerville in the neighborhoods of Davis Square, Ball Square, Spring Hill, Porter Square, and Central Hill. This map also shows that there presently is no affordable rental housing in the neighborhoods of Tufts or Ten Hills.

Map 6



Source: Somerville OSPCD, SHI, MassGIS

Public Housing and Subsidized Housing

In most instances, public housing authorities provide subsidized housing; residents pay one third of their income towards rent and the federal or state government pays the remainder of the rent as further described below. While the maximum income for eligible residents in Somerville (and other jurisdictions) can be no more than 80% of AMI, in fact most public housing tenants have much lower incomes, at or below 30%. Family and Elderly/Disabled public housing is owned and managed by the Somerville Housing Authority (SHA). In addition, the SHA administers project-based and mobile vouchers used out in the community in housing that is privately owned. The table below summarizes the units owned and operated by the SHA, as well as the vouchers the SHA administers.

Table 30

PUBLIC HOUSING IN SOMERVILLE	
Family Housing	
Family Units	**674**
Total Households Waiting for Family Unit	1,671 - closed since October 2010
One Bedroom	652
Two Bedroom	653
Three Bedroom	312
Four Bedroom	54
Average Wait Time for Family Unit	Somerville Residents - 1-3 yrs., Non-Residents - 3+ years
Elderly/Disabled Housing	
Elderly/Disabled units (62+)	**782 - 95 units designated for disabled**
Households Waiting for Elderly/Disabled Unit	2,325 elderly, 4,246 disabled
One Bedroom	6,445
Two Bedroom	219
Three Bedroom	26
Average Wait Time for Elderly/Disabled Unit	Somerville Residents – 1 to 2 yrs., Non-Residents: 3+ years
Mobile Vouchers	
Section 8 Mobile Vouchers	1,193
Households Waiting for a Voucher	2,041
Wait Time	2+ years
Project Based Vouchers	
Scattered site Project Based Vouchers*	54: 20 families, 23 adult disabled, 11 SRO
Wait Time	n/a - maintained by management companies of individual projects

*Does not include 95 project based vouchers in use at Capen Court, as these units are owned and operated by the SHA and are already counted in the Elderly/Disabled housing unit count

In total, the SHA owns and manages 1,456 public housing units of which 674 units are for families and 782 units are for the elderly/disabled. All family and elderly/disabled SHA-owned properties are fully occupied. Of note, 78% of the 1,688 households waiting for a family unit are waiting for a one or two bedroom unit. This may be reflective of Somerville's declining average household size as its population ages and goes from households with children to single

person households. The wait time for a family unit is one to three years for a Somerville resident, with longer wait times for non-Somerville residents.

Of the 782 elderly/disabled units, only 95 units are specifically designated for disabled individuals. Due to the relatively small number of disabled units, the majority of the 6,571 households waiting for an elderly/disabled unit, 4,246 households or 65% are waiting for a disabled unit. The wait time for an elderly/disabled unit is one to two years for a Somerville resident and longer for non-residents. Average wait times for a disabled unit were not available, but SHA personnel noted that the wait time for such a unit is significantly longer. The SHA also noted very little turnover in its public housing units (Bonilla-Cruz 2015).

SHA also administers 1,193 Section 8 tenant-based mobile vouchers and 54 project based vouchers. The agency does not administer any Massachusetts Rental Voucher Program (MRVP) mobile vouchers, which is the Commonwealth's rental assistance program funded through DHCD. There are currently 2,041 households waiting for a mobile voucher with an average wait time of two plus years.

Due to the relatively low payment standard shown in the table below, at 97% of FMR for two and three bedroom units, SHA has found that a lot of tenants with Section 8 vouchers are having trouble finding housing in Somerville due to the high rents requested by landlords. This has led some SHA mobile voucher holders to look for housing outside of Somerville. So the issue is two-fold; first that rents are too high, and second that the payment standard is too low.

Table 31

Somerville Housing Authority 2014 - 2015 Payment Standard		
# of Bedrooms	**Payment Standard**	**% of 2015 FMR**
0	$1,138	106%
1	$1,234	103%
2	$1,448	97%
3	$1,798	97%
4	$2,023	100%
5	$2,326	100%

SHA also administers 149 project based vouchers, 95 of which help subsidize rents at Capen Court, one of SHA's elderly/disabled developments. The remaining 54 project- based vouchers are used across the city with 20 designated for family units, 23 designated for adult disabled units, and 11 for single room occupancy (SRO) units. As these units are owned and managed privately, wait times for project based vouchers was not available.
As noted above, we also identified 474 privately owned subsidized family units and 381 privately owned subsidized elderly units. This could be a stand-alone building or subsidized units located in a mixed income rental development.

Private Affordable Multi-Family Rental Housing Supply

The Somerville Community Corporation (SCC) owns 184 rental units at nine different sites. Of these 184 units, 181 are affordable and 3 are market rate. These properties have developed between 1992 and 2014. We interviewed Winn Management Company, which manages SCC's rental unit portfolio to obtain information on unit mix, occupancy, and demand. This information is summarized in **Table 32** below and detailed by property in **Exhibit 5.**

Table 32

SCC Affordable Multi-Family Rental Development Summary	
Total # Units	184
Affordable Units	181
Market Units	**3**
SRO	2 (1%)
Studios	12 (6.5%)
1 BRs	22 (12%)
2 BRs	101 (55%)
3 BRs	44 (24%)
4 BRs	3 (2%)
Occupancy/Waitlist	
Affordable Occupancy	99%
Total Households Waiting for a Unit	2,253
One Bedroom	330
Two Bedroom	973
Three Bedroom	943
Four Bedroom	7
Average Affordable Wait Time	3 - 5 years
# of Project Based Vouchers	77
# of units filled by mobile voucher holders	54
Affordable Units by AMI Level	
<50%	82
60%	98
80%	1

This table shows that the majority of SCC's rental unit portfolio, 145 units (79%) are two and three bedroom units. The remainder are SRO, studios, one bedroom, and four bedroom units. SCC's 181 affordable rental units are 99% occupied, with two vacant units which are in the process of being filled from waitlists. In total there are 2,253 households waiting for a unit at one of SCC's nine rental properties. The vast majority of households -- 1,916 or 85% -- are waiting for a two or three bedroom unit, reflective of the fact that 79% of SCC's rental portfolio is comprised of two and three bedroom units. Note that 943 households are currently waiting

for a three bedroom unit, offering further evidence that demand for larger rental units remains high.

Table 32 above also shows that 131 units are subsidized through a project-based voucher or tenant-based mobile voucher. The remaining 50 affordable units are self-pay affordable units for households up to 60% of AMI. This means that the units are not subsidized, but instead have a lower rent than market rent, typically based on income and household size. Affordable rents were not available as the affordable rents vary by property; Winn personnel report, though, that generally the rents are at or near the maximum allowed (Huang 2015).

Market Rate Rental Housing Supply

In analyzing market rate rental developments we first examined "one-off" units most typically found in two-family homes and triple decker buildings in Somerville. For these data, we examined the Multiple Listing Service (MLS) for current two bedroom rental listings throughout Somerville. This information is summarized in **Table 33** below, both for Somerville as a whole and at the neighborhood level.[1]

Table 33

TWO-BEDROOM RENTAL LISTINGS as of 9/10/2015							
Neighborhoods	**Rent**	**Square Feet**	**Rent Per SF**	**Utility Adjusted Rent**	**Adj. Rent/ Sq. Ft.**	**Days on Market**	**# of Listings**
Low	$1,800	**540**	$1.09	**$2,046**	**$1.13**	**3**	35
High	$3,900	**2,415**	$3.70	**$4,054**	**$3.97**	**105**	
Average	$2,393	**1,145**	$2.20	**$2,567**	**$2.36**	**29**	
Neighborhoods							
Assembly Sq.	no listings						
Ball Sq.	$1,800	1,000	$1.80	$2,046	**$2.05**	**17**	1
Central Hill	$1,950	1,000	$1.95	$2,184	**$2.18**	**5**	1
Davis Sq.	$2,575	1,050	$2.48	$2,729	**$2.62**	**36**	2
East Somerville	$2,808	1,802	$1.63	$2,962	**$1.72**	**47**	3
Hillside	$2,000	1,146	$1.75	$2,185	**$1.91**	**20**	3
Inner Belt	no listings						
Magoun Sq.	$2,000	900	$2.24	$2,077	**$2.33**	**16**	2
Porter Sq.	$2,900	1,162	$2.51	$3,146	**$2.73**	**19**	3
Spring Hill	$2,350	1,050	$2.25	$2,504	**$2.40**	**31**	2
Teele Sq.	no listings						
Ten Hills	$2,100	1,033	$2.04	$2,285	**$2.22**	**27**	3
Tufts	no listings						
Union Sq.	$2,550	1,122	$2.46	$2,715	**$2.63**	**30**	12
Winter Hill	$2,048	1,060	$1.97	$2,233	**$2.15**	**45**	3

[1] Note that we adjusted the rent for each listing to include all utilities based on the Somerville Housing Authority (SHA) Utility Allowance Schedule attached as **Exhibit 4**. We assumed gas heat and hot water. We did not include average year built, as many listings did not state a year built. Many units have also been renovated, making it difficult to pin point an average age of the units.

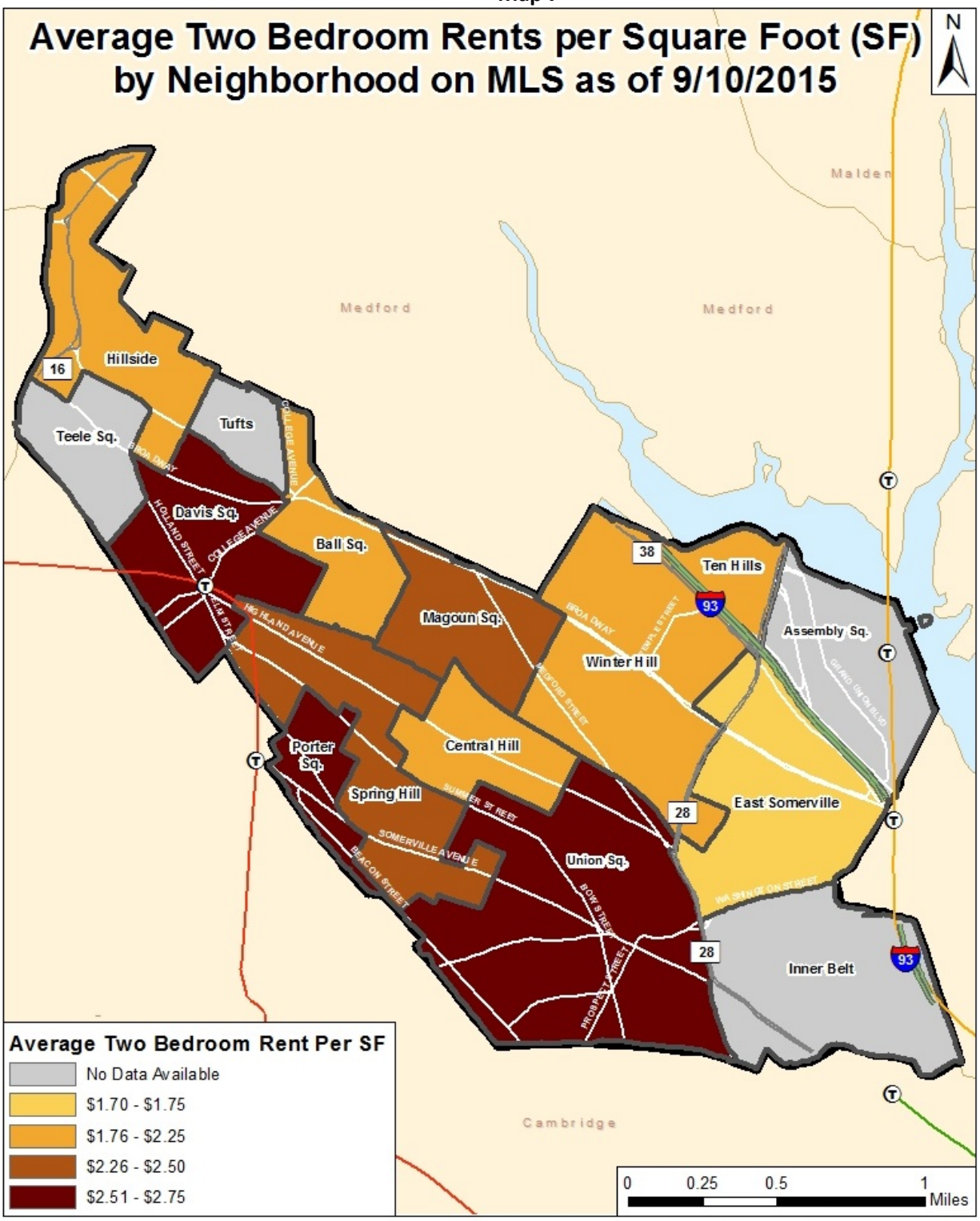
Table 33 shows that there were 35 MLS listings for two bedroom rental units in Somerville as of September 10th, 2015. Since many rental units have leases which begin on September 1st, this number is not fully representative of the total number of two bedroom rental units across Somerville. The Union Square neighborhood has the most number of listings, at 12; note also though that Union Square also covers the largest land area of any neighborhood in Somerville.

Citywide, the average rent for a two bedroom unit with all utilities included is $2,567 per month. We did not identify any two bedroom rental listing for less than $2,046. Two bedroom rentals are also averaging only 29 days on the market. ***Taken together, these data points offer further confirmation that Somerville is currently a very" hot" market for rental housing and has a constrained rental supply as well.***

Map 7 below shows average utility adjusted two bedroom rental listings per square foot rent price by neighborhood. We examined rents per square foot rather than absolute rents, to account for the range in unit sizes. Neighborhoods in which we found no listings are shown in gray. Neighborhoods for which we were able to calculate an average price per square foot are color coded, from lowest price per square foot in yellow, to highest price per square foot in dark brown.

Map 7 shows that average two bedroom rents per square foot are highest in neighborhoods closest to an MBTA Red Line Station (i.e., Davis Square and Porter Square). The map also shows that average two bedroom rents are, on average, 50 cents higher per square foot in neighborhoods which are bordered by Cambridge to the west as compared to the neighborhoods which are bordered by Medford to the north including Hillside, Ball Square, Winter Hill, and Ten Hills.

Map 7



Source: City of Somerville, MassGIS, MLS

Rent Increase by Neighborhood

We also examined two bedroom units rented on MLS for the two year period between September 10th, 2013 and September 9th, 2014 and September 10th, 2014 and September 9th, 2015. The change in rent per square foot over this two year period is summarized in the table below by neighborhood. Rents have been utility adjusted to include all utilities in rent based on the Somerville Housing Authority Utility Allowance Schedule attached as **Exhibit 4**.

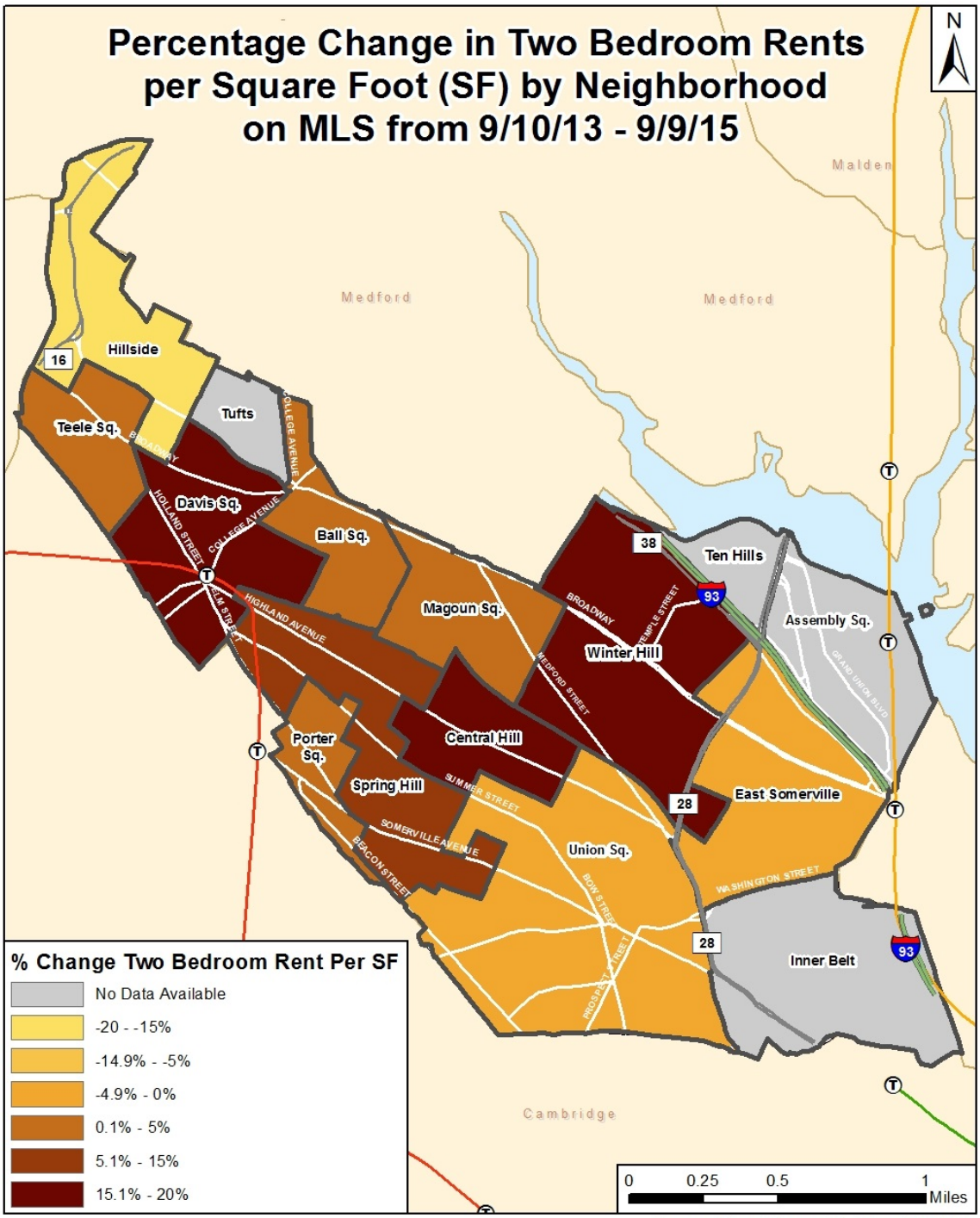
Table 34

Two-Bedroom Rent Per Square Foot Change by Neighborhood: September 2013 - September 2015				
	Sept. 2013 – Sept. 2014	Sept. 2014 – Sept. 2015	Sept. 2013 – Sept. 2015 Change	
			Actual	%
Somerville Average	$2.24	$2.38	$0.14	6.2%
Neighborhoods				
Assembly Sq.	no rentals			
Ball Sq.	$2.31	$2.37	$0.05	2.3%
Central Hill	$1.81	$2.12	$0.31	17.1%
Davis Sq.	$2.35	$2.81	$0.46	19.5%
East Somerville	$2.05	$1.99	-$0.06	-2.7%
Hillside	$2.40	$2.03	-$0.37	-15.4%
Inner Belt	no rentals			
Magoun Sq.	$2.09	$2.11	$0.02	1.0%
Porter Sq.	$2.69	$2.80	$0.11	4.3%
Spring Hill	$2.30	$2.45	$0.15	6.7%
Teele Sq.	$2.06	$2.07	$0.01	0.3%
Ten Hills	no rentals			
Tufts	no rentals			
Union Sq.	$2.49	$2.47	-$0.02	-0.7%
Winter Hill	$1.92	$2.25	$0.33	17.3%

This table shows that citywide, between September 2013 and September 2015 the average rent per square foot for a two bedroom unit increased by 6.2% from $2.24 per square foot in September 2013 to $2.38 per square foot in September 2015. This table also shows that the Central Hill, Winter Hill, and Davis Square neighborhoods saw the largest increases in rent per square foot between September 2013 and September 2015. The Hillside neighborhood saw the largest decline in rent per square foot (-15.4%). The significant decline in rent per square foot in the Hillside neighborhood can be attributed to the fact that the majority of the two bedroom units rented between September 2013 and September 2014 were recently renovated with higher end finishes while the majority of the units rented between September 2014 and September 2015 were older renovated units.

The map below shows the change in the average adjusted two bedroom rent per square foot between September 2013 and September 2015. Neighborhoods in which we found no rentals are shown in gray and include Assembly Square, Inner Belt, and Ten Hills. Neighborhoods for which we were able to calculate a percentage change in average rent per square foot are color coded from greatest decrease in price per square foot in yellow to greatest increase in price per square foot in dark brown.

Map 8



Source: City of Somerville, MassGIS, MLS

This map shows that average two bedroom rents per square foot have increased the most over the past two years in neighborhoods closest to an MBTA Red Line Station (Davis Square and Porter Square). Over the past two years two bedroom rents have increased by 46 cents per square foot or 19.5% in Davis Square. This map also shows that rents are increasing the most in neighborhoods bordered by Cambridge to the west. The two exceptions to this

trend are the increases in rent observed in the Central Hill and Winter Hill neighborhoods which respectively saw a 17.1% and 17.3% increase in rent per square foot.

The change in two bedroom monthly rent for each neighborhood between September 2013 and September 2015 is summarized in the table below based on the change in rent per square foot and average two bedroom unit sizes for each neighborhood. The average unit sizes for each neighborhood were calculated based on the MLS rental data described above.

Table 35

Two-Bedroom Monthly Rent Change by Neighborhood: September 2013 - September 2015					
	Square Feet	Sept. 2013 – Sept. 2014	Sept. 2014 – Sept. 2015	Sept. 2013 – Sept. 2015 Change	
				$	%
Somerville Average	1,044	$2,339	$2,485	$146	6.2%
Neighborhoods					
Assembly Sq.	no rentals				
Ball Sq.	1,035	$2,395	$2,452	$56	2.3%
Central Hill	1,197	$2,167	$2,537	$370	17.1%
Davis Sq.	1,117	$2,624	$3,137	$513	19.5%
East Somerville	1,111	$2,278	$2,216	-$62	-2.7%
Hillside	1,064	$2,552	$2,160	-$392	-15.4%
Inner Belt	no rentals				
Magoun Sq.	993	$2,075	$2,096	$22	1.0%
Porter Sq.	1,054	$2,833	$2,954	$121	4.3%
Spring Hill	1,032	$2,372	$2,530	$158	6.7%
Teele Sq.	1,148	$2,366	$2,373	$7	0.3%
Ten Hills	no rentals				
Tufts	no rentals				
Union Sq.	940	$2,342	$2,325	-$17	-0.7%
Winter Hill	1,054	$2,022	$2,372	$350	17.3%

This table shows that on average two bedroom rents increased by $146 per month throughout Somerville between September 2013 and September 2015. In Davis Square where rent per square foot increased by 19.5% over the past two years, rents increased on average by $513 per month. In Central Hill and Winter Hill where rent per square foot increased by 17% over this two year period, rents on average increased by $370 and $350 per month, respectively.

Table 36 below offers a summary of newly constructed market rate rental developments that have one hundred-plus units. We identified two in Assembly Square and one in Maguon Square. As required by Somerville's Inclusionary Zoning Ordinance, 12.5% of the units at each of these developments are affordable to households at the 50% and 80% AMI levels. We have included both market rate and affordable occupancy information in the table below.

Table 36

Newly Constructed Market Rate Multi-Family Rental Developments			
Development	**Maxwell's Green**	**Avalon at Assembly Row**	**AVA Somerville**
Neighborhood	Magoun Square	Assembly Square	Assembly Square
Year Built	2013	2014	2015
Total Units	184	195	250
Market Units	160	171	218
Affordable Units	24	24	32
Market Occupancy	96.7%	95%+	95%+
Affordable Occupancy	95.8%*	100%	87.5%*

*Affordable units are in the process of being filled from waitlist

Together these three developments have a total of 629 units, of which 549 are market rate and 80 are affordable. Specific occupancy information was not available for the two Avalon developments in Assembly Square, but both are stabilized with market occupancy rates above 95%. Maxwell's Green currently has 5 vacant market units giving it a market occupancy rate of 96.7%. The 24 affordable units at Avalon at Assembly Row are fully occupied. Maxwell's Green has one vacant affordable unit and AVA Somerville has five vacant affordable units which are in the process of being filled from each properties respective affordable waitlist.

We spoke with the developers and managers of these developments. Avalon Bay Communities, reports that only 20% of its residents at Avalon at Assembly Row are young professionals while 60% are young professionals in their adjacent AVA Somerville property. The remaining 80% of residents at Avalon at Assembly Row are comprised of an equal number of mid-career professionals and empty nesters while at AVA Somerville mid-career professionals and empty nesters only account for 40% of residents. The difference in the customer bases at these two developments is largely a reflection of how each development is marketed.

Avalon at Assembly Row emphasizes privacy, while AVA Somerville accentuates common amenities and is more "youthful minded" (Unhjem 2015). Windsor Communities, the current manager of Maxwell's Green, reported that 45% of their residents are between the ages of 25 and 44 and that the average age of residents is 32 (M. LeBlanc 2015). Both Avalon properties reached stabilized occupancy in 10 months, while Maxwell's Green reached stabilized occupancy within 9. Such short periods to attain stabilized occupancy reflect the strong demand for high end market rate rental housing in Somerville, driven by young-professionals as along with mid-career professionals and empty nesters.

Table 37 below provides a comparison of market rate rents for two bedroom flat units adjusted so that all utilities are included in rent (i.e. heat, hot water and electricity). Again, utility adjustments are based on the Somerville Housing Authority (SHA) Utility Allowance Schedule attached as **Exhibit 4**. We assumed gas heat and hot water.

Table 37

TWO-BEDROOM RENTS AT NEW MULTIFAMILY MARKET RATE DEVELOPMENTS							
Development	**Rent**	**Square Feet**	**Rent Per SF**	**Utilities Included in Rent**	**Utility Adjustment**	**Utility Adjusted Rent**	**Adj. Rent/ Sq. Ft.**
Avalon at Assembly Row	$3,420	**1,089**	$3.14	none	$115	**$3,535**	**$3.25**
Maxwell's Green	$3,415	**1,102**	$3.10	none	$115	**$3,530**	**$3.20**
Average	**$3,418**	**1,096**	**$3.12**			**$3,533**	**$3.22**
MLS Average	$2,393	1,145	$2.20			$2,567	$2.36

This table demonstrates that adjusted two bedroom rents at these recently built developments average $3.22 per square foot or $3,533 per month. These rents are on average 86 cents per square foot or $966 higher than the average rent for a two bedroom unit currently listed on MLS. The units appear to be priced higher than most Somerville residents can afford.

Rental Affordability Gap

Not surprisingly, market rents are especially out of reach for lower and middle-income residents in Somerville. The table below shows the gap between the price of a two bedroom apartment a three person household can afford at 80%, 110%, and 170% of AMI, and the average price for a two bedroom apartment in Somerville based on current MLS listings and rents reported at the newly constructed developments including Maxwell's Green and Avalon at Assembly Row. As noted previously, average market rents have been adjusted to include all utilities based on the SHA Utility Allowance Schedule attached as **Exhibit 4**.

Table 38

Affordability Gap – Two Bedroom Rental Unit				
Percent of AMI	**50%**	**80%**	**110%**	**170%**
3 Person Maximum Affordable Monthly Rent	$1,108	$1,568	$2,439	$3,767
Average Market Rate Rent for MLS Listings	$2,567	$2,567	$2,567	$2,567
Affordability Gap for MLS Listings (monthly)	**$1,459**	**$999**	**$128**	**($1,200)**
Average Market Rate Rent for New Construction Large Developments	$3,533	$3,533	$3,533	$3,533
Affordability Gap for New Construction Large Developments	**$2,425**	**$1,965**	**$1,094**	**($235)**

Table 38 shows that there is a $1,000 plus gap between the price of a two bedroom apartment a family of three can afford – at the 50% and 80% of AMI levels and the average rent for a two bedroom apartment listed on MLS. This gap is even larger when comparing what an 80% AMI household can afford to the average two bedroom rents at the newly constructed developments. While that gap is relatively small ($128/month for households earning up to 110% of AMI when compared to current MLS listings), there is a $1,094 monthly gap between what households at 110% AMI can afford and average rents at the newly constructed market rate developments.

Note too that there are no two bedroom apartments affordable to households earning as high as 80% of AMI currently on the MLS and only 19 two bedroom apartments affordable to households at 110% of AMI. While three person households at 170% of AMI can afford the average rent for a two bedroom household listed on MLS and those in one of the new developments, typically households at 170% of AMI are more likely to own then rent.

The table below uses data from the MLS on rented apartments and for-sale homes, as well as 2014 HISTA estimates for household incomes and HUD guidelines on affordability, to show the extremely limited housing supply available on the open market to low- and middle-income households. It uses all 186 two-bedroom apartments rented in the last year for which rents could be determined, and compares them to the income distribution among renter households in Somerville. Of those 186 apartments, none were rented as low as the $1,108 per month that a three person household making 50% of AMI could afford to pay, meaning over a third (35%) of the Somerville renter population has zero market rate units available to them. Only six apartments were affordable to households making 80% of AMI, meaning that 47% of the Somerville renter population (10,715 households) would be competing for just 3.2% of the market rate rental housing stock.

Table 39

2BR Apartments Affordable by AMI Level, Rented in Previous Year			
AMI Level	**50%**	**80%**	**110%**
Total 2BR Apartments Rented in last year (9.10.14 - 9.9.15)	186		
HUD 3 Person Maximum Affordable Monthly Rent	$1,108	$1,568	$2,439
# of rented units affordable by income level	0	6	141
% of rented units affordable by income level	0.0%	3.2%	75.8%
# of Renter Households at or below income level	7,904	10,715	15,775
% of Renter Households at or below income level	35%	47%	69%

Ownership Housing Supply

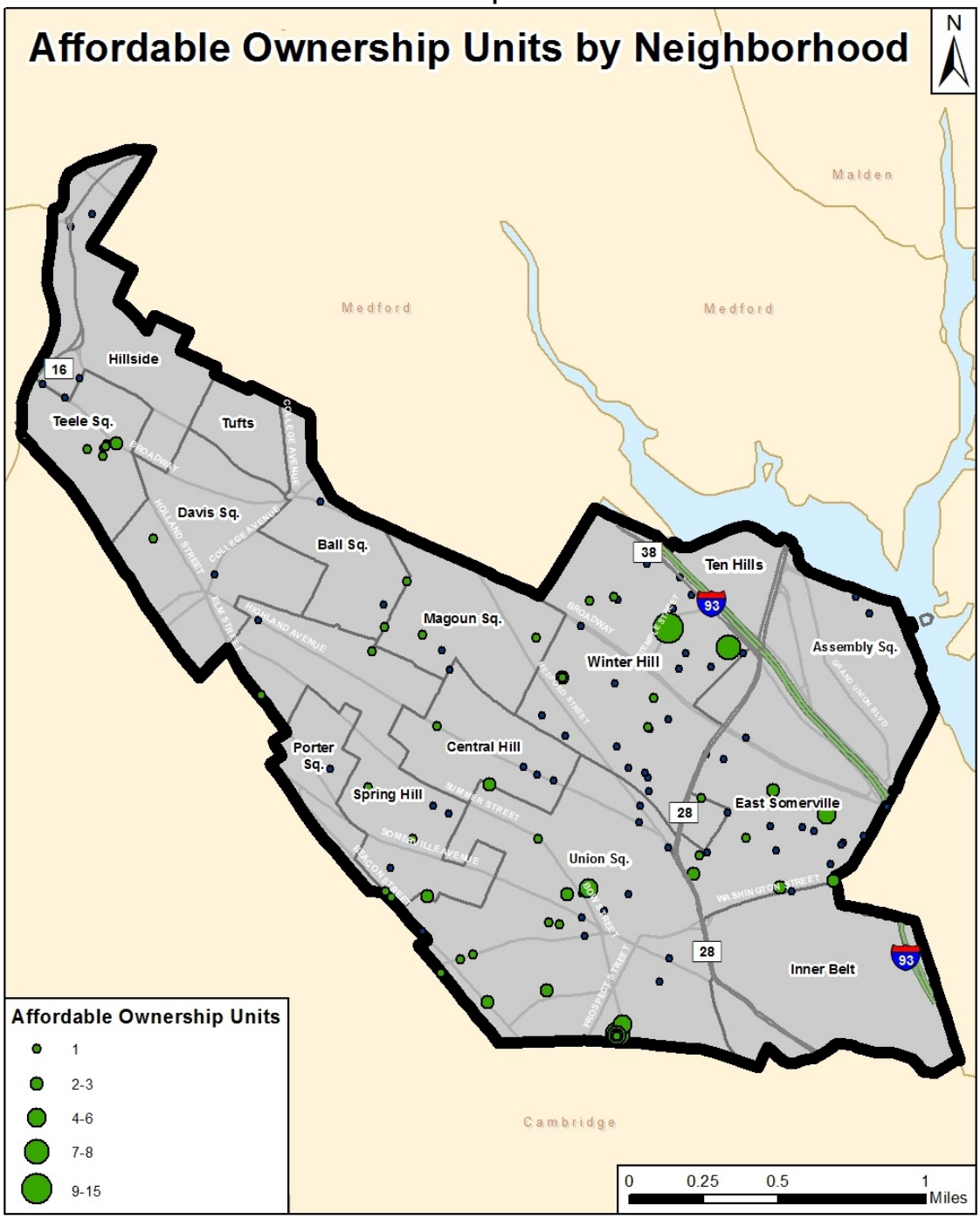
This section considers competitive information with regard to Somerville's homeownership housing supply. **Table 40** below breaks down the affordable ownership units by income level at the neighborhood level.

Table 40

Somerville Affordable Ownership Units by Income Level			
Neighborhood	**80%**	**110%**	**Total**
Somerville Total	**77**	**35**	**112**
Assembly Sq.	0	0	**0**
Ball Sq.	1	0	**1**
Central Hill	1	0	**1**
Davis Sq.	1	1	**2**
East Somerville	14	1	**15**
Hillside	0	0	**0**
Inner Belt	0	0	**0**
Magoun Sq.	3	0	**3**
Porter Sq.	0	0	**0**
Spring Hill	7	1	**8**
Teele Sq.	4	3	**7**
Ten Hills	0	0	**0**
Tufts	0	0	**0**
Union Sq.	23	21	**44**
Winter Hill	23	8	**31**

This table shows that the majority of the affordable 80% AMI ownership units are situated in Union Square and Winter Hill. A small number of 80% AMI ownership units are also located in East Somerville. A majority of the 110% AMI ownership units are also located in Union Square. The table also indicates that six of Somerville's fifteen neighborhoods currently contain no affordable ownership units.

Map 9



Source: Somerville OSPCD, SHI, MassGIS

Map 9 above illustrates the location of each affordable ownership unit by a green dot. The size of each dot varies based on the total number of affordable units. The map reflects that, while affordable ownership units are located throughout Somerville, six of Somerville's fifteen neighborhoods currently contain no affordable ownership units.

Single Family Home and Condominium Prices and Sales

Table 41 and **Figure 7** provide the median sales price for single family homes and condominiums for each of the past ten years, as well as the first six months of 2015, as tracked by Banker and Tradesman. The chart reflects the decline or stagnation of prices from 2007 to 2012, as well as the rapid appreciation that has occurred since. ***Since 2012, the median single family home sale price has increased by $145,900, or 30.5%. Condominium sale prices have increased even faster over the same period, by 35.7% or $150,000*** (Warren Group 2015).

Table 41

Median Sales Price of Single Family Homes & Condominiums, 2009 - 2014				
Year	**SFH**		**Condominium**	
	Price	**% Change**	**Price**	**% Change**
2015*	$594,900	9.2%	$525,000	10.5%
2014	$545,000	0.1%	$475,000	16.1%
2013	$544,350	21.2%	$409,000	9.1%
2012	$449,000	-0.2%	$375,000	4.2%
2011	$450,000	12.5%	$360,000	2.9%
2010	$400,000	7.4%	$350,000	-2.8%
2009	$372,500	-4.7%	$360,000	2.1%
2008	$391,000	-13.1%	$352,500	0.0%
2007	$450,000	6.5%	$352,500	2.2%
2006	$422,500	-1.4%	$344,950	-4.2%
2005	$428,500	9.9%	$360,000	10.8%
2004	$389,900	-	$325,000	-
***2015 data include the period of Jan-July only**				

Figure 7

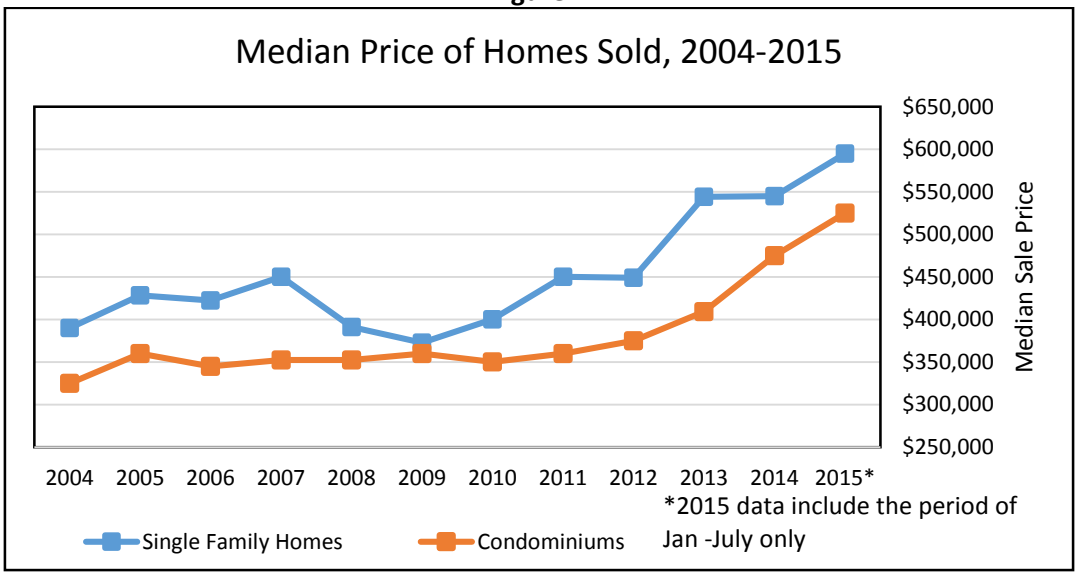
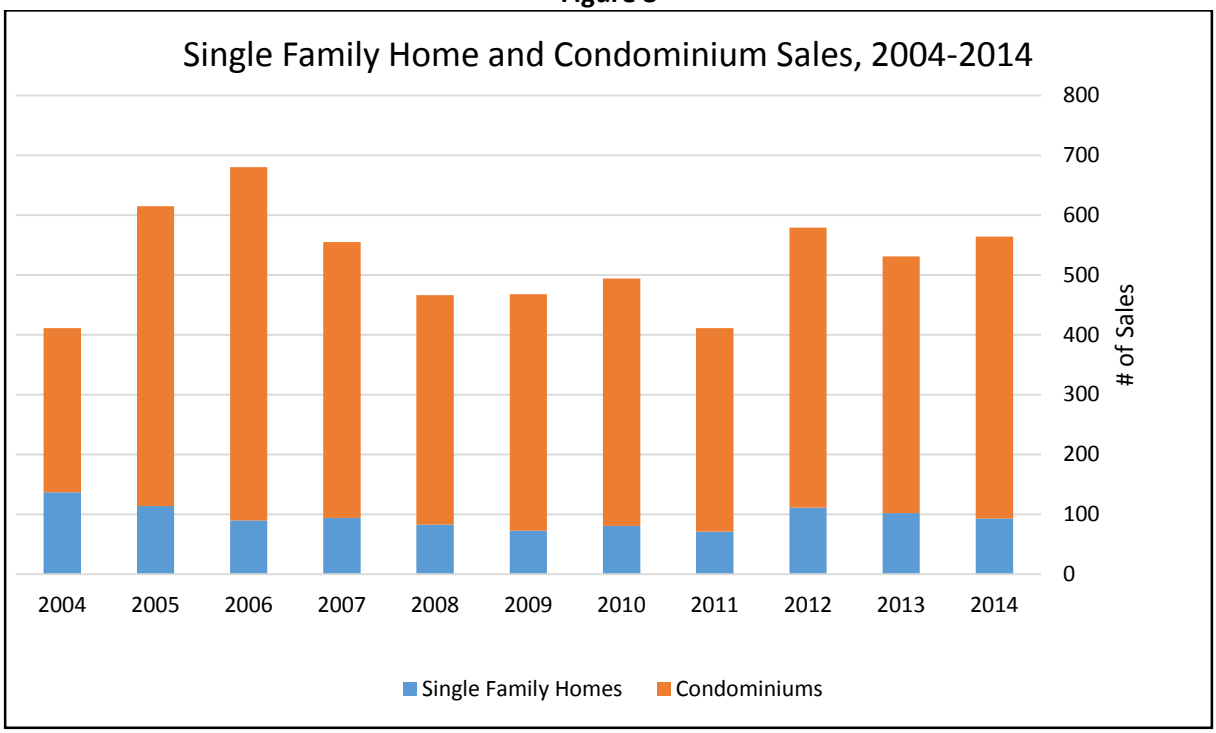


Table 42 and **Figure 8** also draw on Banker and Tradesman data, displaying the number of single family home and condominium sales each year since 2004. Because of the relative scarcity of single family homes within the Somerville market, it is difficult to identify single year trends with any confidence. ***However, there has been a definite increase in single family home sales since 2012, after a period of lower sales from 2008-2011. Condominium sales have followed a similar pattern, with well over 400 sales in each of the last three years*** (Warren Group 2015).

Table 42

Number of Sales of Single Family Homes & Condominiums, 2009 - 2014				
Year	**SFH**		**Condominium**	
	#	**% Change**	**#**	**% Change**
2014	93	-8.8%	471	9.8%
2013	102	-8.1%	429	-8.3%
2012	111	56.3%	468	37.6%
2011	71	-12.3%	340	-17.7%
2010	81	11.0%	413	4.6%
2009	73	-12.0%	395	3.1%
2008	83	-11.7%	383	-16.9%
2007	94	4.4%	461	-21.9%
2006	90	-21.1%	590	17.8%
2005	114	-16.8%	501	82.8%
2004	137	-	274	-

Figure 8



Multiple Listing Service Research

LDS also examined home sales and listings on the Massachusetts Multiple Listing Service (MLS). This is used by real estate brokers in Massachusetts to advertise, among other things, residential sales and listings. Please note that the Multiple Listing Service does not include off market sales or reflect adjustments made for closing costs. The table below shows a summary of the sales of three bedroom single family homes in Somerville in the past 6 months as of September 10, 2015 (Multiple Listing Service 2015).

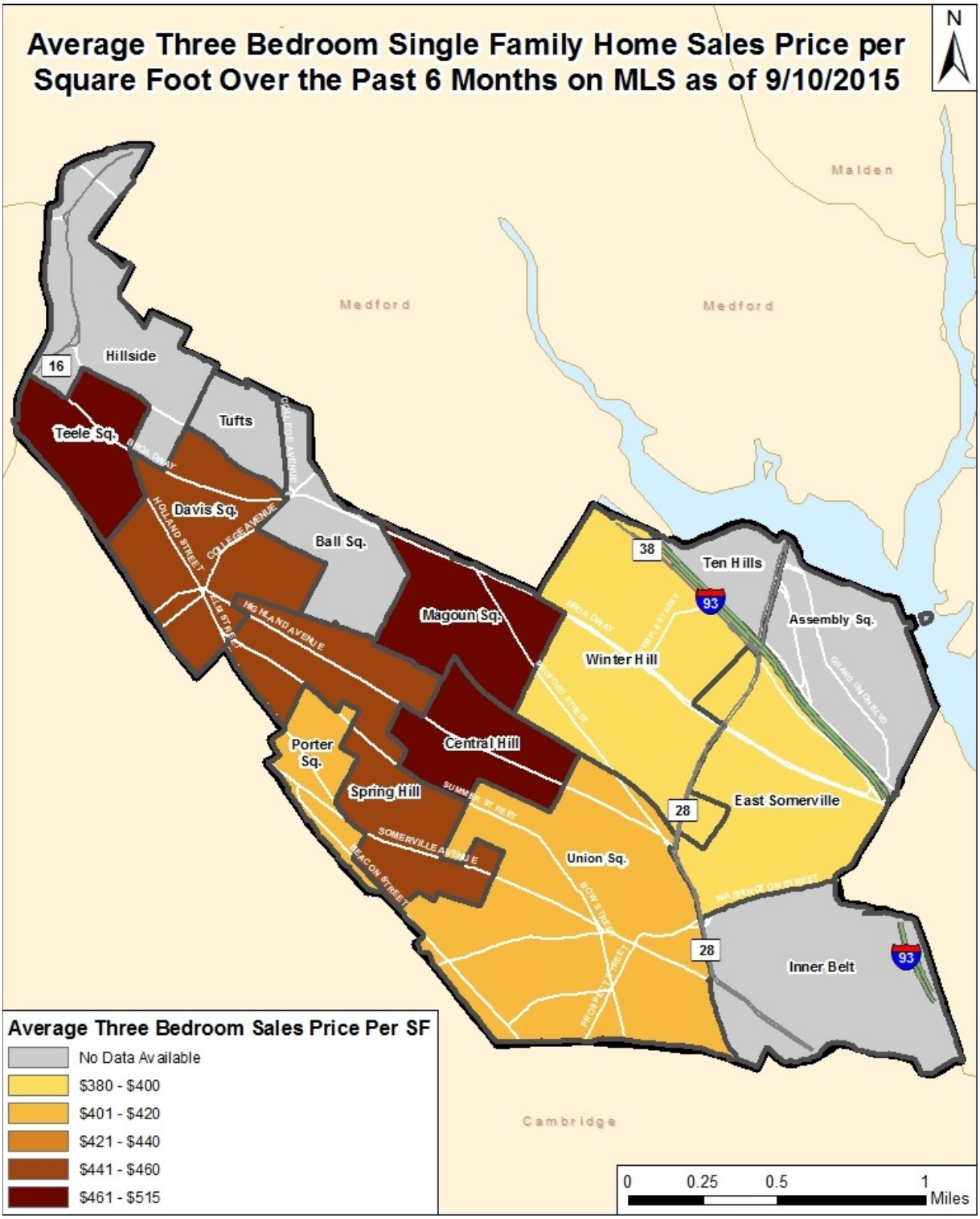
Table 43

3 Bedroom Single Family Home Sales in the last 6 Months as of 9/10/2015						
Neighborhood	**Sales Price**	**Sq. Ft.**	**Price/Sq. Ft.**	**Year Built**	**Days on Market**	**# Sales**
Somerville						
Low	$385,000	896	$257	1850	3	25
High	$1,310,000	3,179	$594	1956	98	
Average	$693,028	1,679	$428	1903	31	
Neighborhoods						
Assembly Sq.	no sales					
Ball Sq.	no sales					
Central Hill	$725,000	1,409	$515	1910	6	1
Davis Sq.	$984,400	2,261	$441	1908	23	3
East Somerville	$557,500	1,495	$381	1903	37	2
Hillside	no sales					
Inner Belt	no sales					
Magoun Sq.	$543,525	1,171	$464	1908	48	4
Porter Sq.	$594,900	1,424	$418	1905	56	1
Spring Hill	$612,500	1,413	$460	1910	12	2
Teele Sq.	$849,000	1,654	$513	1900	22	1
Ten Hills	no sales					
Tufts	no sales					
Union Sq.	$758,300	1,875	$406	1889	37	5
Winter Hill	$649,667	1,807	$393	1908	27	6

This table shows that 25 three single family homes were sold in the past six months. It also shows that the three bedroom homes are quite old; the newest three bedroom home sold was built in 1956. Due to the small inventory of three bedroom single family homes, on average homes remained on the market for a month (31 days). The average sales price for a three bedroom single family home was $693,028 or $428 per square foot. This price is out of reach for most Somerville households.

The map below shows average sales price per square foot for each neighborhood to the extent information was available. Average sales price per square foot are color coded from lowest price per square foot in yellow to highest price per square foot in dark brown. Neighborhoods with no data are shaded in gray.

Map 10



Source: City of Somerville, MassGIS, MLS

An additional indicator of constrained supply of three bedroom single family homes is the fact that currently there are only three 3-bedroom single family homes listed on the MLS, city wide. While these homes have an average list price of $933,233 due to their larger size they are going

for $428 per square foot. This is the same price per square foot as the average sales price per square foot of three bedroom single family homes over the past six months.

Table 44

3 Bedroom Single Family Listings as of 9/10/2015						
	List Price	Sq. Ft.	Price/Sq. Ft.	Year Built	Days on Market	# of Listings
Low	$624,900	1,690	$345	1870	1	3
High	$1,449,900	2,550	$569	2015	16	
Average	$933,233	2,113	$428	1933	6	

The table below shows a summary of the sales of two bedroom condominium homes in Somerville in the past six months as of September 10, 2015.

Table 45

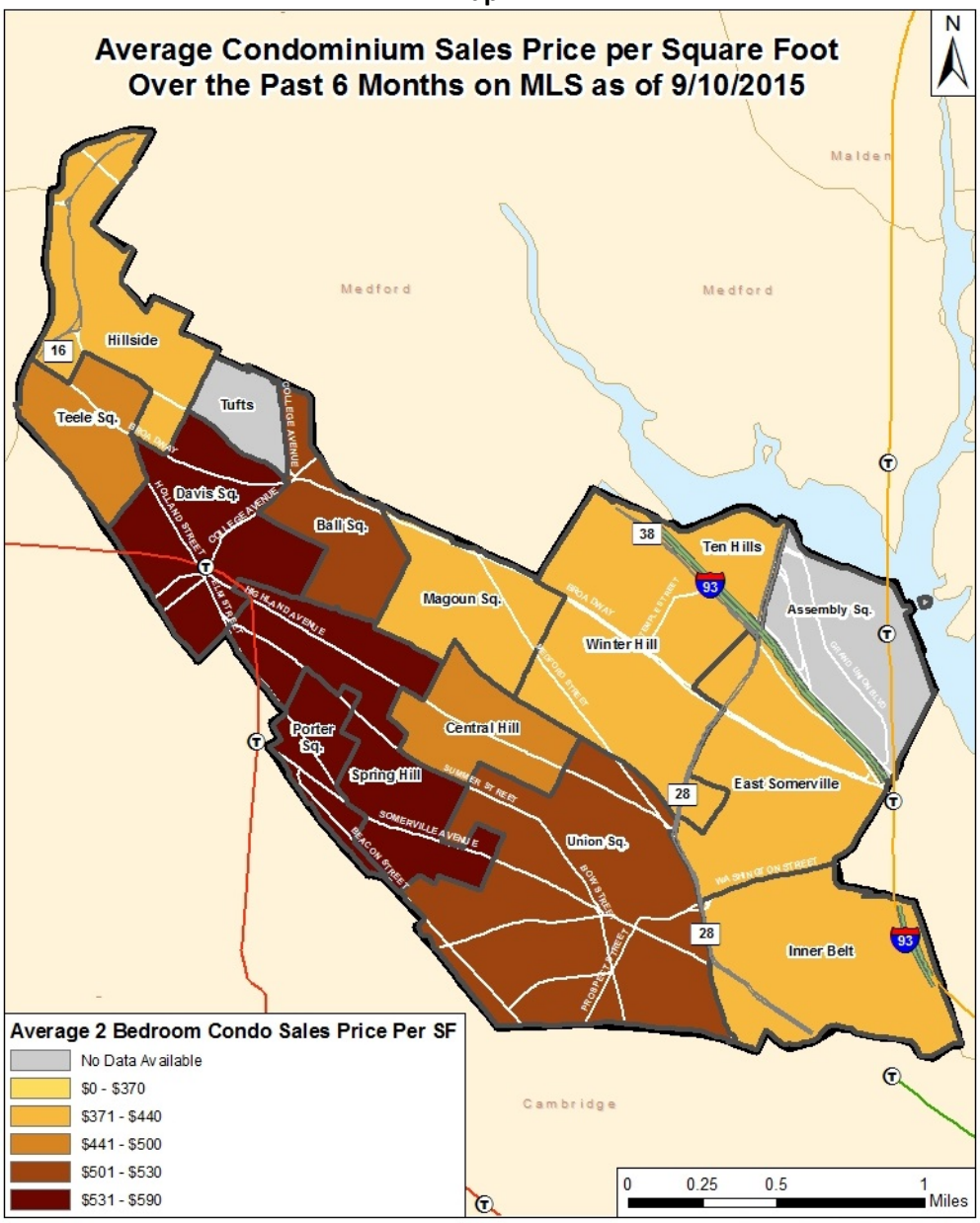
2 Bedroom Condominium Sales in the last 6 Months as of 9/10/2015							
Neighborhood	Sales Price	Sq. Ft.	Price/Sq. Ft.	HOA Fee	Year Built	Days on Market	# Sales
Somerville							
Low	$249,000	640	$265	$60	1845	2	126
High	$1,248,700	2,621	$717	$671	2015	198	
Built Before 2000	$530,346	1,117	$487	$205	1913	30	
Built Since 2000	$680,064	1,336	$528	$219	2012	30	
Average	$543,417	1,136	$491	$206	1921	30	
Neighborhoods							
Assembly Sq.	no sales						
Ball Sq.	$619,167	1,219	$511	$174	1918	33	9
Central Hill	$631,500	1,313	$491	$200	1958	18	9
Davis Sq.	$692,633	1,312	$542	$233	1930	25	9
East Somerville	$477,667	1,181	$425	$166	1901	58	12
Hillside	$597,667	1,390	$429	$198	1907	73	3
Inner Belt	$577,000	1,547	$373	$671	1880	23	1
Magoun Sq.	$488,842	1,226	$427	$196	1907	32	12
Porter Sq.	$580,000	995	$589	$254	1922	12	4
Spring Hill	$567,251	1,070	$547	$205	1930	25	20
Teele Sq.	$533,200	1,163	$470	$208	1907	18	5
Ten Hills	$400,000	1,067	$375	$0	1900	85	1
Tufts	no sales						
Union Sq.	$520,988	1,013	$520	$216	1923	23	25
Winter Hill	$463,594	1,150	$409	$188	1926	39	16

There has been a comparatively large number of two bedroom condominium sales over the past six months, at 126, than three bedroom single family home sales. The newest two bedroom condominiums were built in 2015, but the majority are located in buildings that are fifty plus years old. We note that many condominiums were converted from rental units and were renovated to include higher end condominium grade finishes upon conversion.

On average, two bedroom condominiums remained on the market for only one month. The average sales price for a two bedroom condominium built before 2000 was $530,346 or $487 per square foot. This is out of reach for most Somerville households. The average sales price per square foot for a two bedroom condominium built since 2000 is $41 per square foot higher or $528 per square foot. These units are even further out of reach for most Somerville households.

To illustrate the price of new high-end condominiums, we note the sale of 29 Day Street in Davis Square, near the Cambridge border, which sold for a record $1,504,900 or $636 per square foot in August 2015 (Acitelli 2015). We did not include this sale in our analysis of condominium sales on MLS as this is a four-bedroom townhouse-style 2,366 square foot condominium.

Map 11



Source: City of Somerville, MassGIS, MLS

Map 11 above shows average sales price per square foot for each neighborhood. Average sales price per square foot are color coded from lowest price per square foot in yellow to highest price per square foot in dark brown. Neighborhoods that had no sales are shaded in gray.

This map shows that average two bedroom condominium sales per square foot are highest in neighborhoods closest to an MBTA Red Line Station (Davis Square and Porter Square). The map also shows that average two condominium sales prices average $100 higher per square foot in neighborhoods which are bordered by Cambridge to the west as compared to the neighborhoods which are bordered by Medford to the north (including Hillside, Magoun Square, and Winter Hill) as well as neighborhoods bordered by Boston and Cambridge to the east (including East Somerville and the Inner Belt).

We also examined two bedroom condominium listings on MLS shown in the table below by neighborhood.

Table 46

2 Bedroom Condominium Listings as of 9/10/2015							
Neighborhood	**List Price**	**Sq. Ft.**	**Price/Sq. Ft.**	**HOA Fee**	**Year Built**	**Days on Market**	**# Listings**
Somerville							
Low	$349,000	653	$337	$64	1890	0	21
High	$1,199,900	1,951	$724	$900	2015	147	
Built Before 2000	$535,100	1,103	$497	$217	1905	34	
Built Since 2000	$729,813	1,362	$548	$271	2013	58	
Average	$609,276	1,202	$516	$238	1946	43	
Neighborhoods							
Assembly Sq.	no listings						
Ball Sq.	$591,500	1,047	$561	$161	1933	58	4
Central Hill	no listings						
Davis Sq.	$1,024,450	1,926	$531	$625	1952	144	2
East Somerville	$498,267	1,053	$481	$173	1940	39	3
Hillside	$577,450	1,450	$410	$156	1920	1	2
Inner Belt	no listings						
Magoun Sq.	$404,000	908	$462	$170	1903	1	2
Porter Sq.	no listings						
Spring Hill	$619,200	1,514	$419	$208	1952	15	2
Teele Sq.	no listings						
Ten Hills	no listings						
Tufts	no listings						
Union Sq.	$652,225	1,081	$605	$325	1986	51	4
Winter Hill	$537,450	986	$546	$105	1963	15	2

Currently there are 21 two-bedroom condominiums listed on the MLS city wide. These units have an average list price per square foot of $516. The average list price is $25 per square foot higher than the average six month sales price. This shows that two bedroom condominium prices will likely remain high and continue to rise in the near term. Due to the relatively few number of listings in each neighborhood we did not map these units.

In **Table 47** we have shown the 2015 estimated median household income by neighborhood compared to the average two bedroom rent per square foot, two bedroom condominiums sales price per square foot, and three bedroom single family home sales price per square foot.

Table 47

Median Income and Rental/Ownership Average Cost by Neighborhood				
Neighborhood	**2015 Estimate Median Income**	**2 BR Rent/SF**	**2 BR Condo Sales Price/SF**	**3 BR SFH Sales Price/SF**
Assembly Sq.	n/a			
Ball Sq.	$82,164	$2.05	$511	no sales
Central Hill	$71,057	$2.18	$491	$515
Davis Sq.	$76,910	$2.62	$542	$441
East Somerville	$51,895	$1.72	$425	$381
Hillside	$62,049	$1.91	$429	no sales
Inner Belt	$18,493	n/a	$373	no sales
Magoun Sq.	$76,033	$2.33	$427	$464
Porter Sq.	$77,491	$2.73	$589	$418
Spring Hill	$77,358	$2.40	$547	$460
Teele Sq.	$58,809	n/a	$470	$513
Ten Hills	$69,773	$2.22	$375	no sales
Tufts	n/a			
Union Sq.	$68,405	$2.63	$520	$406
Winter Hill	$54,278	$2.15	$409	$393

This table shows that in most neighborhoods there is a clear relationship between median income and average rental and ownership costs. In higher income neighborhoods including Davis Square, Porter Square, and Spring Hill housing costs are higher. In lower income neighborhoods including East Somerville, Inner Belt and Hillside housing costs are lower.

Homeownership Affordability Gap

The average sales price of three bedroom single family homes in Somerville that sold within the last six months is $693,028. Homes currently listed for sale have an average asking price of $933,233 according to MLS. The average sales price of a two bedroom condominium in Somerville that sold within the last six months is $543,817.

Condominiums currently listed for sale have an average asking price of over $609,276. While single family home pricing is higher, it is important to consider the additional burden that condominium association fees at these properties can add to a household's monthly housing costs. For the 126 properties sold within the last six months, monthly condominium fees ranged from $60 to $671. These additional monthly costs can drive up the monthly costs for a household of a condominium unit and is beyond what a household at an affordable income level can afford.

The table below shows the gap between the price of a two bedroom condominium a three person household can afford at 80%, 110%, and 170% of AMI and the average price for a two bedroom condominium in Somerville based on current MLS listings.

Table 48

Affordability Gap - Two Bedroom Condominium			
Percent of AMI	**80%**	**110%**	**170%**
3 Person Maximum Affordable Purchase Price	$158,000	$286,000	$487,000
Average 2 BR Condominium Price	$609,276	$609,276	$609,276
Affordability Gap	**$451,276**	**$323,276**	**$122,276**

This table shows that there is a substantial gap between the purchase price of a two bedroom condominium a family of three can afford – at the 80%, 110%, and 170% of AMI levels and the average two bedroom condominium price. Not surprisingly the gap is greatest at the 80% of AMI level where there is a gap of $451,276, over three times the maximum affordable price. Note that even for households earning as much as 170% of AMI who can afford a $487,000 two bedroom condominium, there is still a $122,276 gap.

To illustrate this gap we note that of the 21 current listings for two bedroom condominiums on MLS, none are affordable for households earning at or below 80% and 110% of AMI and only six are affordable for households earning less than 170% of AMI. As noted in the ownership burden section, this means homeowners are paying more than 30% of their income towards housing costs, and in many instances, more than 50% of their income towards housing costs.

The table below shows sales prices over the last six months. It shows that of the 126 recent two-bedroom condominium sales in Somerville, none were affordable to households earning 80% of AMI, and just 2 were affordable to households at 110% of AMI. This means that the 55% of current owner households at or below 110% of AMI would be able to afford only 1.6% of condominiums on the market. Going higher up the income ladder, even households at 170% of AMI could afford only a fraction (31%) of market rate condominiums, meaning that for three-quarters of homeowners, less than a third of condominiums on the market are affordable.

Table 49

2BR Condo Sales Affordable by AMI Level, Previous 6 Months			
AMI Level	**80%**	**110%**	**170%**
Total 2BR condo sales six month period ending 9/10/ 2015	126		
3 Person Maximum Affordable Purchase Price (LDS Estimate)	$158,000	$286,000	$487,000
# of sales affordable by income level	0	2	39
% of sales affordable by income level	0.0%	1.6%	31.0%
# of Owner Households at or below income level	3,787	5,913	8,161
% of Owner Households at or below income level	35%	55%	76%

The table below shows the gap between the price of a three bedroom single family home a four person household can afford at 80%, 110%, and 170% of AMI and the average sales price for a three bedroom single family in Somerville based MLS sales listed over the past 6 months.

Table 50

Affordability Gap - 3 Bedroom Single Family Home			
Percent of AMI	**80%**	**110%**	**170%**
4 Person Maximum Affordable Purchase Price	$224,000	$362,000	$580,000
Average 3 BR Single Family Home Price	$693,028	$693,028	$693,028
Affordability Gap	**$469,028**	**$331,028**	**$113,028**

This table shows that there is also a substantial gap between the price of a three bedroom single family home a family of four can afford – at the 80%, 110%, and 170% of AMI levels and the average three bedroom single family home sales price. The gap is greatest at the 80% of AMI level where there is a gap of $469,028. We note that even for households earning as much as 170% of AMI, who can afford a $580,000 three bedroom single family home, there is still a gap of $113,028.

We also note that there are no three bedroom single family homes affordable to household earning even as high as 170% of AMI currently on the MLS. Over the past six months none of the three bedrooms sold were affordable to four person households earning less than 110% of AMI and only seven would have been affordable for households earning between 110% and 170% of AMI.

The table below shows three-bedroom single family home sales in the last six months. Assuming a four person household that achieves a low interest rate 30 year mortgage on reasonably favorable terms, none of the homes sold in the last six months would be affordable at 80% of AMI, or even at 110% of AMI. In effect, a 55% majority of current homeowners would not be able to afford any of the three-bedroom houses sold in the last six months. Even households at 170% of AMI would only be able to afford 28% of homes sold.

Table 51

3BR Single Family Homes Affordable by AMI Level, Previous 6 Months			
AMI Level	**80%**	**110%**	**170%**
Total 3BR SFH sales, six month period ending 9/10/2015	25		
4 Person Maximum Affordable Purchase Price (LDS Estimate)	$224,000	$362,000	$580,000
# of sales affordable by income level	0	0	7
% of sales affordable by income level	0.0%	0.0%	28.0%
# of Owner Households at or below income level	3,787	5,913	8,161
% of Owner Households at or below income level	35%	55%	76%

Condominium Conversions

We also examined data from the Somerville Condominium Review Board on units converted from market rate rental units to condominiums between 2010 and August 2015 (Somerville Condominium Review Board 2015). This data is summarized in the table below.

Table 52

Condominium Conversions: 2010 - 2015 (August)	
Year	**Units Converted**
2015 (through August)	94
2014	136
2013	161
2012	143
2011	122
2010	159
Total	**815**

Figure 9

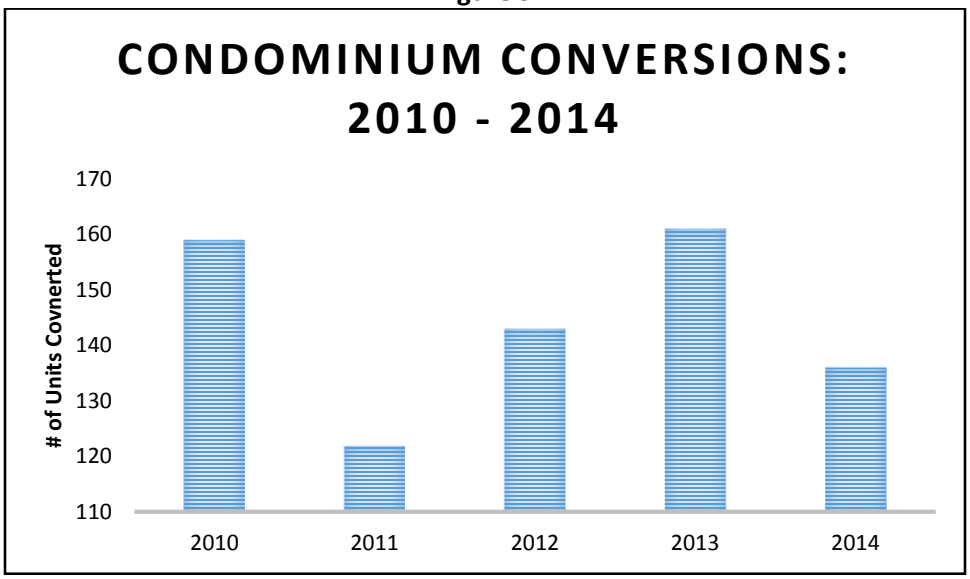
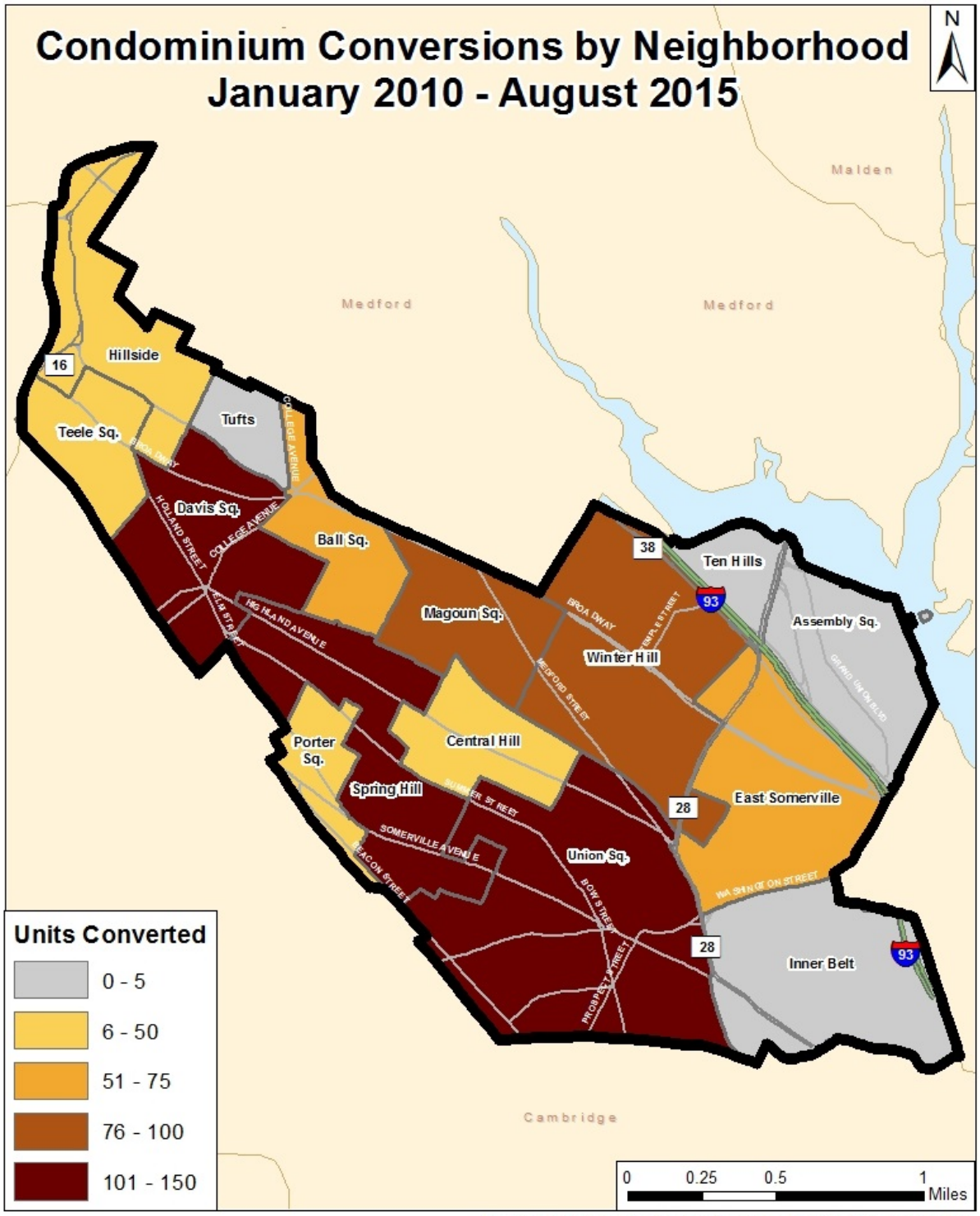


Table 52 shows that 815 rental units were converted to condominiums between the beginning of 2010 and August 2015, the most recent month for which data was available. On average 144 rental units were converted to condominiums per year between 2010 and 2014. While 629 new rental units were created during this time at Maxwell's Green, Avalon at Assembly Row, and AVA Somerville, the number of new rental units constructed does not appear to be keeping up with the number lost to condominium conversion.

This trend points to a shrinking rental housing stock in Somerville discussed more extensively in the housing tenure section of the demographic analysis. The map and table below show the location of condominium conversions by neighborhood.

Map 12



Source: City of Somerville Condominium Review Board, MassGIS

Table 53

Condominium Conversions by Neighborhood			
Neighborhood	**Units Converted***	**Total Units****	**% Units Converted**
Assembly Sq.	no condominium conversions		
Ball Sq.	71	1,562	4.5%
Central Hill	42	1,619	2.6%
Davis Sq.	102	3,248	3.1%
East Somerville	56	3,170	1.8%
Hillside	37	1,957	1.9%
Inner Belt	no condominium conversions		
Magoun Sq.	77	1,614	4.8%
Porter Sq.	22	1,182	1.9%
Spring Hill	146	3,703	3.9%
Teele Sq.	34	1,957	1.7%
Ten Hills	4	507	0.8%
Tufts	no condominium conversions		
Union Sq.	126	6,748	1.9%
Winter Hill	98	5,208	1.9%
Source: Somerville Condo Review Board*, 2009 - 2013 ACS**			

Together the table and map show that the number of condominium conversions is highest in the Davis Square, Spring Hill, and Union Square neighborhoods.

Pipeline

This next section examines potential new housing product including: Housing Permits, Projects Under Construction or Nearing Construction, and Planned Developments.

Housing Permits

The housing market is influenced largely by local and national economic trends. Housing permit data from the U.S Census Bureau's Building Permit Survey was not available for Somerville. To understand housing permit activity we analyzed data on special permits issued for residential projects in Somerville between July 2009 and May 2015. Special permits do not capture all housing permits issued as special permits are only required for four plus unit projects, per Article 7 of the Somerville Zoning Ordinance. However this was the best data available on housing permit activity citywide.

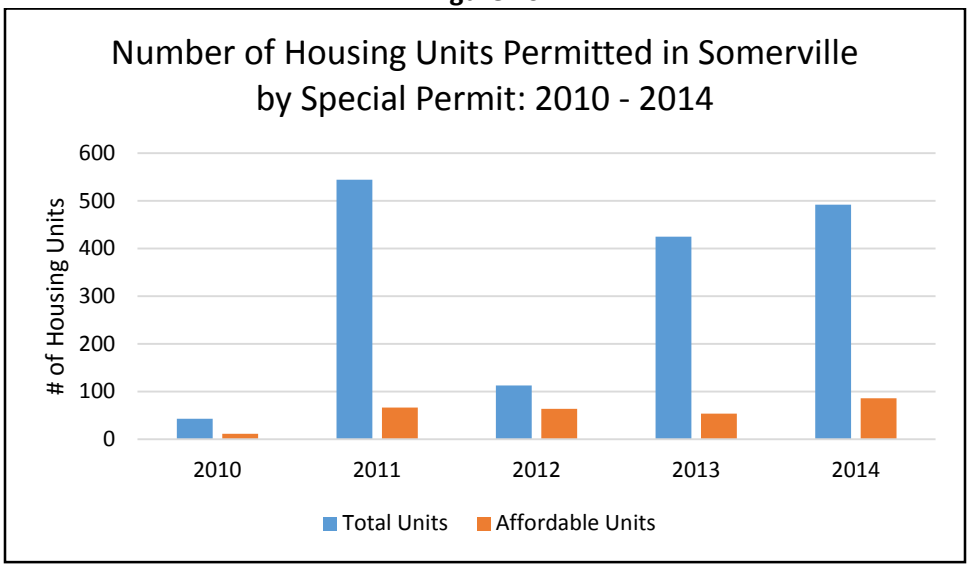
The permit data does not begin and end with the calendar year, as the City of Somerville operates on a fiscal calendar which begins in July of each calendar year. From July 2009 to May 2015 special permits were issued for 1,906 units, 306 of which are considered affordable under the city's Inclusionary Zoning Ordinance. Permit activity was highest in 2011 when permits for 544 units were issued. On average 323 units were issued per full calendar year between 2010

and 2014 (Somerville OSPCD 2015). It is not known at this time how many of these units have been built.

Table 54

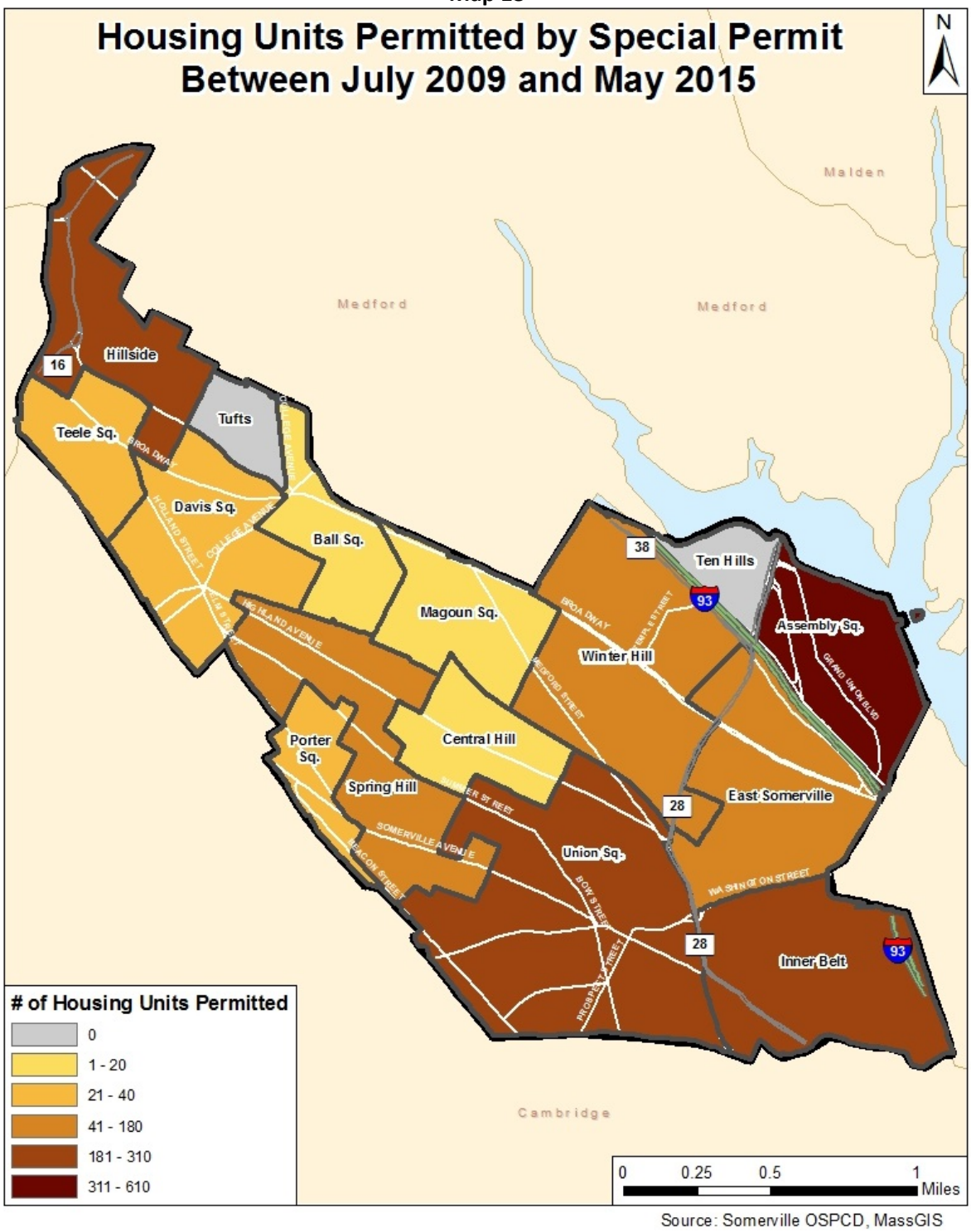
Number of Housing Units Permitted in Somerville by Special Permit - July 2009 - May 2015			
Year	**Period**	**Residential Units**	**Affordable Units**
2015	Jan - May	245	20
2014	Jan - Dec	492	86
2013	Jan - Dec	425	54
2012	Jan - Dec	113	64
2011	Jan - Dec	544	67
2010	Jan - Dec	43	12
2009	July - Dec	44	3
Total		**1,906**	**306**

Figure 10



As **Map 13** below shows, the majority of these units, 603, are located in Assembly Square. As outlined above, 445 of these units are located at Avalon at Assembly Row and AVA Somerville. Information on the remaining units permitted at Assembly Square that currently are under construction are detailed in the "Projects under construction "section below. Other neighborhoods which have seen a high number of housing permits issued include Hillside (305 units), Inner Belt (259 units), and Union Square (235 units). No permits were issued in the Tufts or Ten Hills neighborhoods.

Map 13



Source: Somerville OSPCD, MassGIS

Projects Under Construction or Nearing Construction

We spoke with developers of large projects and also examined affordable housing tax credit award lists and various websites to gain additional details about projects which have received special permits and are under construction or nearing construction. We learned of

three purpose-built affordable housing projects and several market rate developments summarized in the table below and shown in **Map 13** above (Hayman 2015, McMahon 2015). We note that this is not an exhaustive list of all planned or permitted developments in Somerville.

Table 55

Select Multifamily Developments Under Construction or Nearing Construction in Somerville							
Project	**197 Union Square**	**Assembly Row**	**Union Sq. Apartments**	**Glen St. Condos**	**Assembly Row**	**Mystic Waterworks**	**Total**
Neighborhood	Union Square	Assembly Square	Union Square	East Somerville	Assembly Square	Hillside	
Developer	Cathartes	Federal Realty Trust	SCC	SCC	Federal Realty Trust	SHA	
Rental or Ownership	Ownership	Rental	Rental	Ownership	Ownership	Rental - Elderly/Disabled	
Total Units	30	447	35	11	130	25	**678**
Market Units	26	391	0	4	114	0	**535**
Affordable Units	4	56	35	8	16	25	**144**
Affordable Units by AMI Level							
# of Project Based Units			8			8	**16**
50%		28				17	**45**
60%			27				**27**
80%	2	28		4	8		**42**
100%				4			**4**
110%	2				8		**10**
Construction Start Date	under construction	under construction	end of September 2015	end of 2015	January/ February 2016	TBD - received tax credit funding iSeptember 2015	
Expected Occupancy Date	end of 2015	August 2017 - December 2017	end of 2016	end of 2016	end of 2017	to be determined	

Table 55 shows that there are 507 rental units and 171 are ownership units under construction and/or permitted. It also shows that the majority of the affordable units are at the 50% or 80% AMI level and are rental units. The table provides additional context to the previous section showing that the majority of special permits issued for new housing units have been in the Assembly Square, Union Square, and Hillside neighborhoods. SCC's Glen Street Condo project, while located in East Somerville, is just north of Washington Street and adjacent to the Inner Belt neighborhood.

Planned Developments

The City of Somerville, with the support of the Principal Group, has prepared a Neighborhood Plan for Union Square. US2 Associates, is the selected master developer for seven parcels in Union Square. To date, US2 has announced plans to construct up to 925 residential units on the first two parcels. (Atkinson 2015). Federal Realty Trust also has plans to construct up to 800 additional units at Assembly Square, in 2017/2018 (McMahon 2015). However, none of these units have been permitted yet.

5. Stakeholder Interviews

In order to add context to LDS's statistical review of affordable housing needs in Somerville and to elicit feedback of Somerville's existing IZ ordinance, LDS conducted interviews with 12 community stakeholders to get their perspectives on Somerville's affordable housing needs. They included representatives from social service organizations and municipal committees as well as large developers and managers of affordable and market rate housing in Somerville. Representatives from the following organizations, committees, and businesses were interviewed:

Avalon Bay Communities
Cambridge and Somerville Legal Services
CASCAP, Inc.
Community Action Agency of Somerville
Federal Realty Trust
Gateway Residential
Somerville Community Corporation (SCC)
Somerville Council on Aging
Somerville Homeless Coalition
Somerville Sustainable Neighborhoods Working Group
Volunteers of America
Windsor Communities
Winn Residential

Many stakeholders that we spoke to are involved directly or indirectly with affordable housing matters in Somerville. Several, including Avalon Bay Communities, CASCAP, Inc., Gateway Residential, Volunteers of America, Windsor Communities, and Winn Residential develop or manage affordable housing on a local and regional basis. Several also develop or manage market rate housing.

SCC develops purpose built affordable housing throughout Somerville and also advocates for greater economic diversity throughout the City. The Somerville Homeless Coalition is an organization that serves the homeless population of Somerville by providing 175 individuals and families with permanent housing as well as providing a community meals program, and transitional support services, including life skills training. The Coalition also helps fund emergency shelters throughout Somerville and manages a Rapid Response Program and a Prevention and Stabilization Services Program ("PASS program") (Allston-Follansbee 2015).

The Somerville Council on Aging provides support and assistance to seniors searching for housing as well as those at risk of eviction in addition to several other supportive services. These services include transportation throughout Somerville, fitness classes, free meals daily at one of three senior centers, and assistance to seniors applying for Medicare (Hickey 2015). Other organizations providing eviction prevention services include the Community Action Agency of

Somerville, a federally designated anti-poverty agency, and Cambridge & Somerville Legal Services. Still others including Volunteers of America and CASCAP develop and serve veterans and disabled populations living in subsidized or affordable housing.

While not mission driven, large market rate residential developers such as Avalon Bay Communities, Federal Realty Trust, and Gateway Residential create affordable housing in meeting requirements of Somerville's IZ ordinance. The Somerville Sustainable Neighborhoods Working Group, a 29 member task force, has been charged with "recommending bold and innovative ways that the City can address affordability for families" as part of Mayor Joseph A. Curtatone's "Sustainable Neighborhoods Initiative" (City of Somerville 2015).

Each stakeholder was asked the following questions:

Table 56

Stakeholder Questions
1. What did you think of the IZ process for your project? Submission of Implementation Plan?
2. What do you think about current IZ requirements (12.5% for 8+ unit projects), 15%-17.5% in TOD districts
3. What parts of IZ are working well and what parts are not working well?
4. What type of affordable housing is most in demand?(i.e. by AMI level, family vs. senior/disabled)
5. In general, what AH needs to you feel have been met in Somerville? What pricing and/or income level?
6. In general, what AH needs to you feel have not been met in Somerville? What pricing and/or income level?

The level of knowledge about the City's existing IZ ordinance varied greatly. In many instances, this impacted the level of detail stakeholders were able to provide as to what is and is not working well under the existing IZ ordinance.

Affordable Housing Needs

The general consensus of the stakeholders we interviewed is that the existing affordable housing in Somerville is inadequate, in terms of both the amount of product and the level of affordability, as well as the quality of some of the older product. Some stakeholders that work with specific populations, such as elderly, special needs, or veterans, emphasized more housing choices for these populations, but all agreed that more affordable housing overall is needed for all segments of the population. Several stakeholders noted a need for more affordable ownership housing, but the majority believe there is a significantly greater immediate need for additional affordable rental housing.

While there are close to 1,500 subsidized age-restricted and disabled-restricted units in Somerville, stakeholders who work with senior and disabled populations consistently see a need for more housing for their clients. For the disabled and special needs populations, Somerville is seen as a community where they can live mostly independently, thanks to the

walkability of the City and the variety of services, amenities, and activities available. Between 1980 and 2001 CASCAP developed 43 units of adult disabled subsidized housing at scattered sites throughout Somerville.

However rising land and site acquisition costs in Somerville have made development of special needs housing in Somerville difficult for CASCAP over the past fifteen years. This is primarily due to an inability to compete with market rate developers (Haran 2015). The Somerville Council on Aging ("COA"), which serves half of Somerville's senior population, identified a need for more rental housing for seniors earning $65,000 to $100,000 annually. The COA stakeholder interviewed saw a specific need for single-level living that allows seniors to age in place similar to the style of SHA's five-year old 95-unit Capen Court development in the Hillside neighborhood (Hickey 2015).

Stakeholders from a variety of social service organizations expressed particular concern with the inability of an increasing number of families earning less than 30% AMI to afford much of the housing available in Somerville. The Somerville Homeless Coalition noted that a large number of extremely low-income individuals and families living in subsidized or public housing, especially in West Somerville, who are struggling to get by, are increasingly seeking out the services of the Homeless Coalition. The Somerville Housing Coalition also reports that the majority of people seeking their services that are not living in subsidized housing, live east of McGrath O'Brien Highway (Route 28) in East Somerville (Allston-Follansbee 2015).

Rental units at affordable rents are continuously in demand in Somerville, according to most of the stakeholders. Market rents in Somerville are increasingly not affordable for many families and individuals, increasing the demand for affordable units. Several stakeholders also noted an increasing number of individuals with Section 8 mobile vouchers being evicted from their apartments, especially in two to six unit buildings.

Landlords reportedly were looking to rent the units for rents above the voucher amounts, due to the increasing difference between what a voucher pays and average market rents. Therefore, these individuals were forced to find apartments outside of Somerville. This further demonstrates a need for more affordable rental housing, including for extremely low income individuals and families. Several stakeholders also noted that several families have left the Somerville School system in the past year due to the rising cost of housing in Somerville. Rental housing that offers supportive services, especially for seniors, mentally ill, and disabled residents appears to be an additional area of need in Somerville as well based on stakeholder responses.

Based on comments regarding the lack of rental housing truly affordable to households earning less than 30% of AMI, a majority of stakeholders believe there is a significant need for more subsidized and affordable rental units specifically for formerly homeless, very low income, and low income households. Many stakeholders, including several developers, also spoke of the need for more rental housing that is affordable to middle income households earning up to 120% of AMI.

Given the variety of populations served by the stakeholders we spoke to, it is not surprising that many different needs for affordable housing were indicated. All stakeholders agree that housing in Somerville is priced out of the reach of many, and that affordable housing needs should be a priority for the City. Some stakeholders are especially concerned that long-time Somerville residents are no longer able to afford the rents being demanded, forcing them to move to less expensive surrounding communities including Everett and Malden.

Stakeholder Suggested Changes to the Inclusionary Zoning Ordinance

Developers who have interacted with the OSPCD Housing Division as part of compliance with the existing IZ ordinance feel that overall the existing IZ implementation process works well and that the City is receptive to developers' needs. However, several developers noted that due to the time it took the City to income qualify individuals applying to live in IZ units, affordable units sat vacant in a few cases for several months. Developers are concerned that if the IZ ordinance is expanded to apply to a larger number of units this will become a larger issue. It is possible that developers are not aware that they could do this process on their own.

Developers held a variety of views on whether 12.5% was a sufficient percentage of units that should be affordable. Some felt that it would be virtually impossible to underwrite a rental project in Somerville if the IZ ordinance requirement increased from 12.5% to 20% and others suggested it might work with an offsite option.

In contrast, SCC supports raising the percentage of units required to be affordable to 20%, citywide. The majority of homeless and social service providers believe that the minimum percentage of units required to be affordable under the IZ ordinance should be 20%, while a few believe it should be higher. One stakeholder said it should be as high as 40%.

Most stakeholders believe the threshold under which the IZ ordinance should be applied should remain at eight-plus units. SCC's advocacy position is that the threshold under which the IZ ordinance should be applied should be lowered from eight-plus unit to six-plus unit projects. However members of SCC's real estate development team believe that lowering the minimum unit threshold may place an undue burden on developers of small projects (Hayman 2015).

Gateway Residential, the developer of Maxwell's Green, stated that it was not economically feasible to utilize the density bonuses provided under the existing IZ ordinance at Maxwell's Green. This is because it would have required switching from wood frame to steel construction in order to build greater than five stories. Several developers also noted that dimensional requirements in several zoning districts limiting new development to 50 feet make utilization of the greater Floor Area Ratio provided under the density bonus provision of the existing IZ ordinance, unusable. This appears to be the case for Davis Square.

Developers reported little interaction with the "payment in lieu" and off-site unit provisions of the existing IZ ordinance and none reported an issue with building all IZ units on

site. However, one developer noted that the "payment in lieu of" provision of the ordinance which applies to half units is currently not well defined (Unhjem 2015).

The majority of stakeholders feel that any changes to the IZ ordinance should target extremely low income rental households earning less than 40% AMI, while also targeting households earning up to 120% AMI. However, one stakeholder noted that for the IZ ordinance to be successful in targeting extremely low income households, there needs to be some form of subsidy attached. This same stakeholder from the Somerville Homeless Coalition also noted that one of its clients living in an emergency shelter was chosen from the lottery held for one of the 24 affordable units at Avalon at Assembly Row.

However, that client did not end up qualifying due to inability to meet the minimum income requirements (Allston-Follansbee 2015). The majority of stakeholders also feel that the IZ ordinance's bedroom requirements should allow for the production of more affordable two and three bedroom units, and not simply mirror the same unit mix as the market rate units. (The majority of market units tend to be one bedroom or two bedroom units with few or no three bedroom units.)

A few stakeholders also believe it does not make sense for households on SHA's public housing waitlist who are not income qualified or who do not have a mobile voucher to get priority to live in an IZ unit. This is because there is no history of SHA residents being able to afford units because the majority of residents are extremely low income. These stakeholders suggested creating a centralized wait list, but did not provide recommendations on how wait list position should be prioritized (LeWinter 2015).

Other stakeholders noted that IZ rents should be income based rather than fixed, so as to prevent IZ residents who lose their job and are no longer able to make rent from being evicted. In particular, several stakeholders including both developers and social service providers noted that the current 50% and 80% AMI income limits which IZ rental units are tied to should not be based on HUD HOME rents as these rents do not directly correlate to the 50% and 80% AMI levels.

In regard to 80% AMI units, stakeholders reported HOME rents being capped at 65% AMI, which creates an overly narrow band of income qualified households who can afford to live in an IZ unit. A few stakeholders also noted a need for stronger eviction prevention language in the IZ ordinance. Other stakeholders also had concerns about whether there are adequate monitoring mechanisms in place to ensure the long-term affordability of the IZ units.

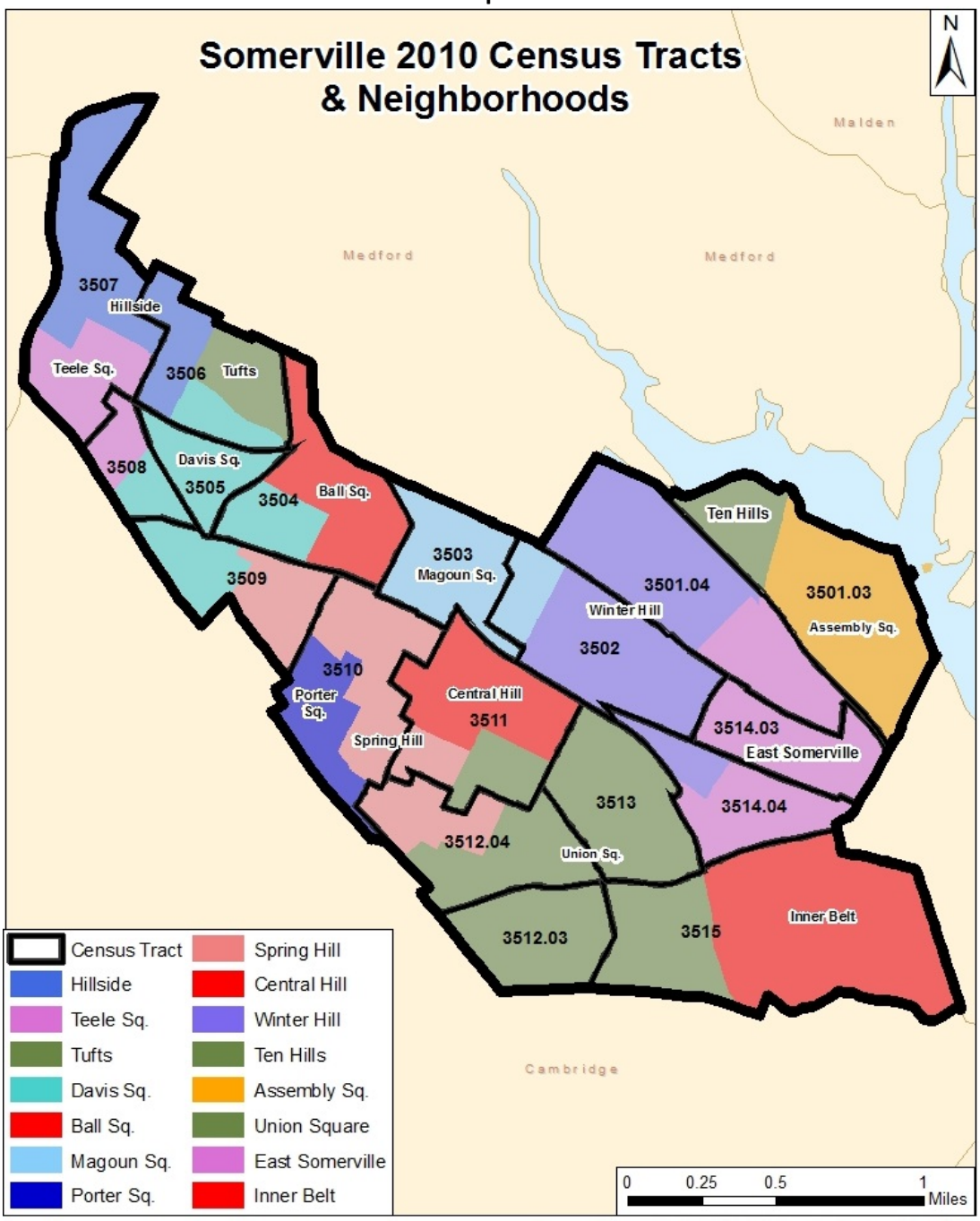
Conclusion to Supply Analysis

Overall the housing supply and stakeholder interviews show there is a need for more affordable ownership housing – both condominiums and single family homes for households earning up to 170% AMI. There is also a need for more affordable rental housing for households earning up to 110% AMI. Section 6, which follows, calculates the actual demand based on income and household size.

6. Demand Analysis

Section 6 examines the type, and location of demand for affordable housing units in Somerville. Due to data constraints as noted in the report's methodology section, we were only able to examine income at the Census Tract level. In order to provide a sense of which neighborhoods are included in each census tract, we have provided an overlay map below:

Map 14



Source: Somerville OSPCD, US Census Bureau, MassGIS

We calculated the number and proportion of households within different income brackets, according to tenure type. These brackets are defined as a percentage of the 2015 Area Median Income (AMI) for the Boston-Cambridge-Quincy HUD-defined market area, which varies depending on household size. For renters, we calculated the number of households in the following brackets: less than 30% of AMI, 30%-50%, 50%-80%, 80%-110%, 110%-170%, and 170%+. For homeowners, the brackets were slightly different, owing to the rarity of extremely low income homeownership and the income standards of various subsidy programs: <60% of AMI, 60%-80%, 80%-110%, 110-170%, and 170%+. These income limits follow either existing funding and/or zoning programs and/or were prescribed by City Planning and Zoning Staf.

Renters by AMI Level

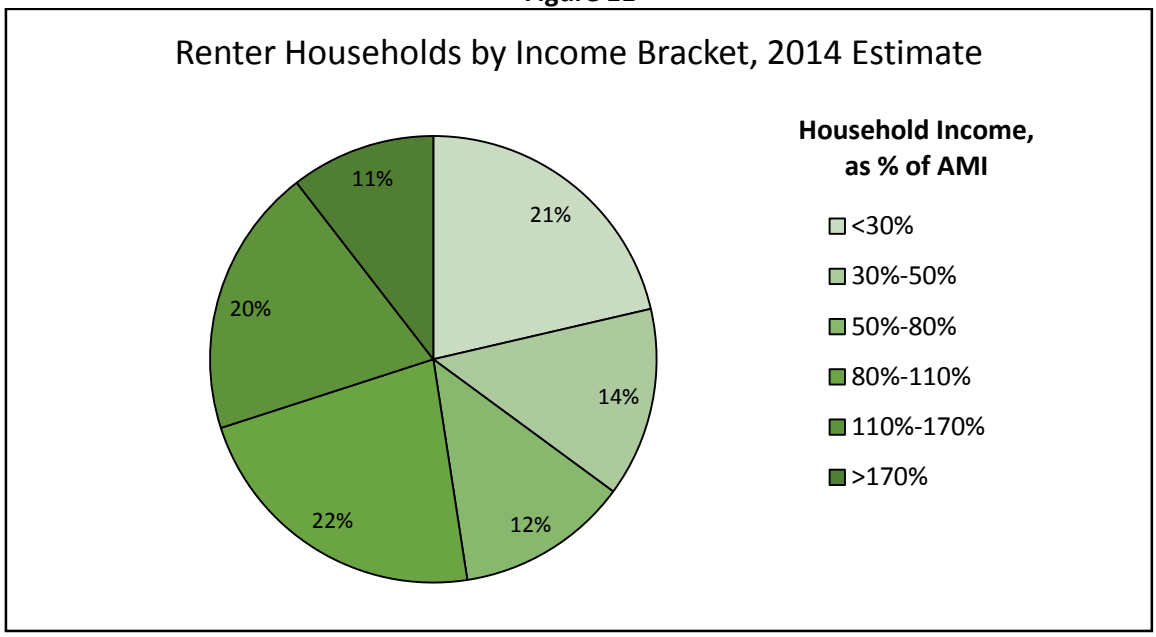
The table below displays the number and percentage of renter households in each income bracket citywide, as well as the proportion within each census tract. ***Citywide, just 29% of renter households exceed 110% of AMI.***

Table 57

Renter-Occupied Households by AMI Level by Census Tract, 2014 Estimates								
Tract ID		**<30%**	**30%-50%**	**50%-80%**	**80%-110%**	**110%-170%**	**>170%**	**Renter HHs (All Levels)**
2015 Annual Income Limits	(4-person HH)	<$29,550	$29,550-$49,250	$49,250-$69,700	$69,700-$108,350	$108,350-$167,450	>$167,450	
Somerville Total (18 Tracts)	#	4,815	3,089	2,811	5,060	4,392	2,361	22,527
	% of Renters	21%	14%	12%	22%	19%	10%	-
3501.03	% of Renters	45%	14%	17%	19%	5%	1%	277
3501.04	% of Renters	34%	14%	13%	19%	13%	6%	2,088
3502	% of Renters	20%	11%	13%	28%	18%	11%	1,629
3503	% of Renters	13%	17%	15%	22%	24%	10%	591
3504	% of Renters	13%	8%	7%	30%	33%	8%	1,574
3505	% of Renters	6%	10%	10%	23%	27%	24%	503
3506	% of Renters	14%	16%	8%	21%	25%	18%	745
3507	% of Renters	30%	16%	12%	19%	16%	7%	2,167
3508	% of Renters	12%	20%	9%	34%	23%	3%	576
3509	% of Renters	11%	9%	14%	18%	34%	15%	1,103
3510	% of Renters	15%	11%	12%	26%	20%	17%	2,185
3511	% of Renters	20%	15%	17%	23%	19%	6%	1,879
3512.03	% of Renters	15%	7%	9%	28%	24%	16%	1,376
3512.04	% of Renters	14%	17%	14%	21%	21%	13%	1,308
3513	% of Renters	26%	8%	16%	23%	15%	12%	1,518
3514.03	% of Renters	31%	16%	14%	13%	15%	10%	1,195
3514.04	% of Renters	35%	25%	11%	18%	5%	6%	999
3515	% of Renters	22%	25%	12%	17%	15%	8%	814

The figure below displays the number and percentage of renter households in each income bracket citywide.

Figure 11



The largest bracket of renter households (5,060) or 22% earn at between 80%-110% of AMI annually. However, nearly as many households (4,815) or 21% of all renters earn at or below 30% AMI annually (Ribbon Demographics 2014). For a family of four, the highest income a household in this <30% AMI bracket could earn is $29,550, meaning that to avoid being rent-burdened they could not pay more than $739 per month for all their housing costs.

The most populous tract is numbered 3510, and is composed of part of the Porter Square and Spring Hill neighborhoods, with 2,185 renters. It is also a higher income tract, with 37% of its renters falling in the top two income brackets, as opposed to 29% for the city as a whole. The highest income renter tract is 3505, which falls within the center of the Davis Square neighborhood and has 51% of its renter households earning greater than 110% of AMI.

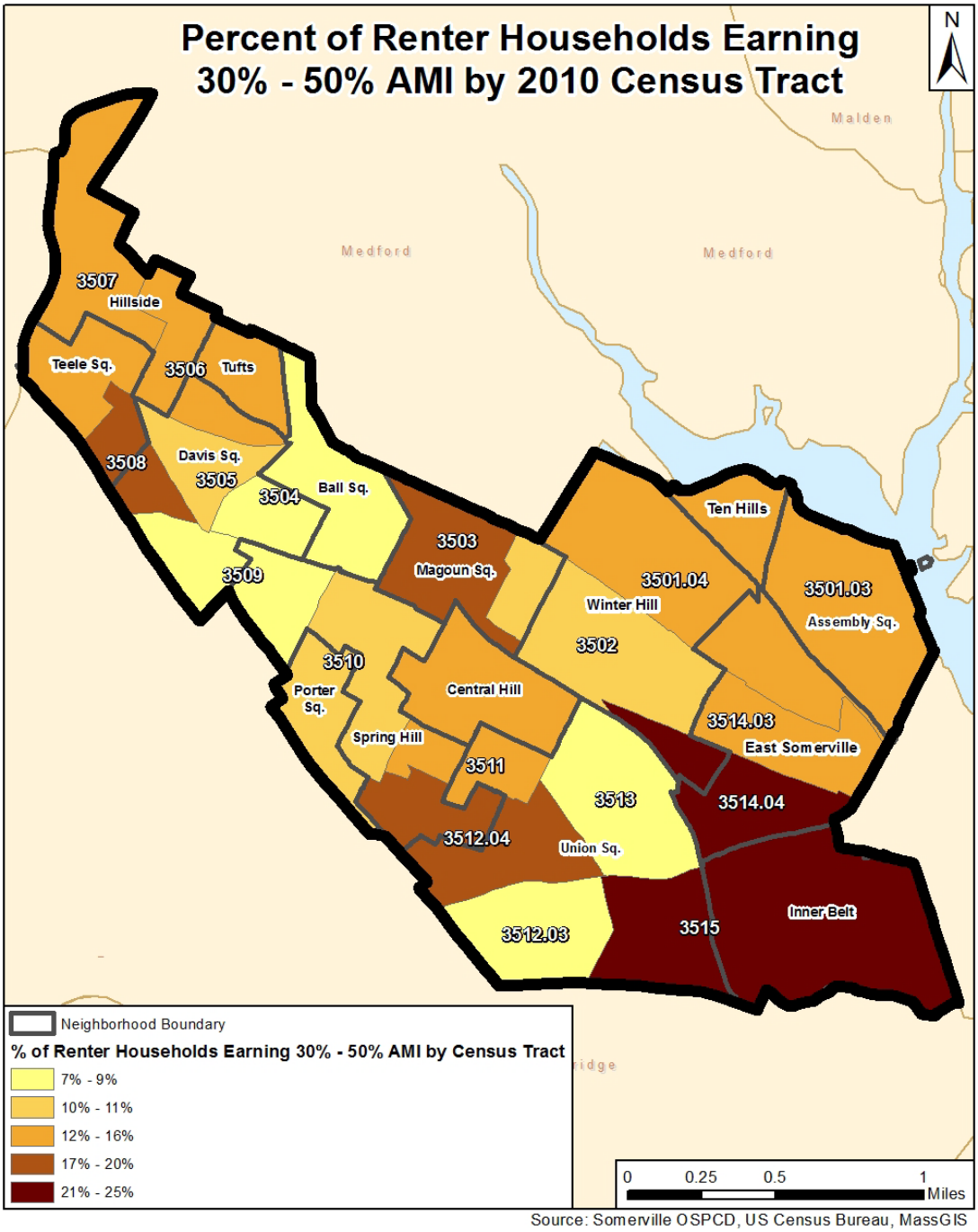
The next two largest tracts in terms of renter population, 3507 and 3501.04, both exceed 2,000 renters and are both lower income than the city at large. Tract 3507 in the far North is composed of large sections of the Teele Square and Hillside neighborhoods, and has a renter population of 2,167, 58% of whom live in households that are below 80% of AMI. Tract 3501.04 is composed of the northern sections of Winter Hill and East Somerville, bordering Interstate 93. Of its renter population of 2,088, over a third (34%) are extremely low income households below 30% of AMI. The two other tracts containing parts East Somerville, numbers 3514.03 and 3514.04, also have significant renter populations that are skewed towards the lower end of the income spectrum.

The lowest income tract is 3501.03, which includes just 277 renter households and is composed of the Assembly Square and Ten Hills neighborhoods. However, this low income and

sparse population do not include recent Assembly Square developments that have not yet been captured in the census data used by Ribbon Demographics to formulate its estimates, so these figures should be taken with caution.

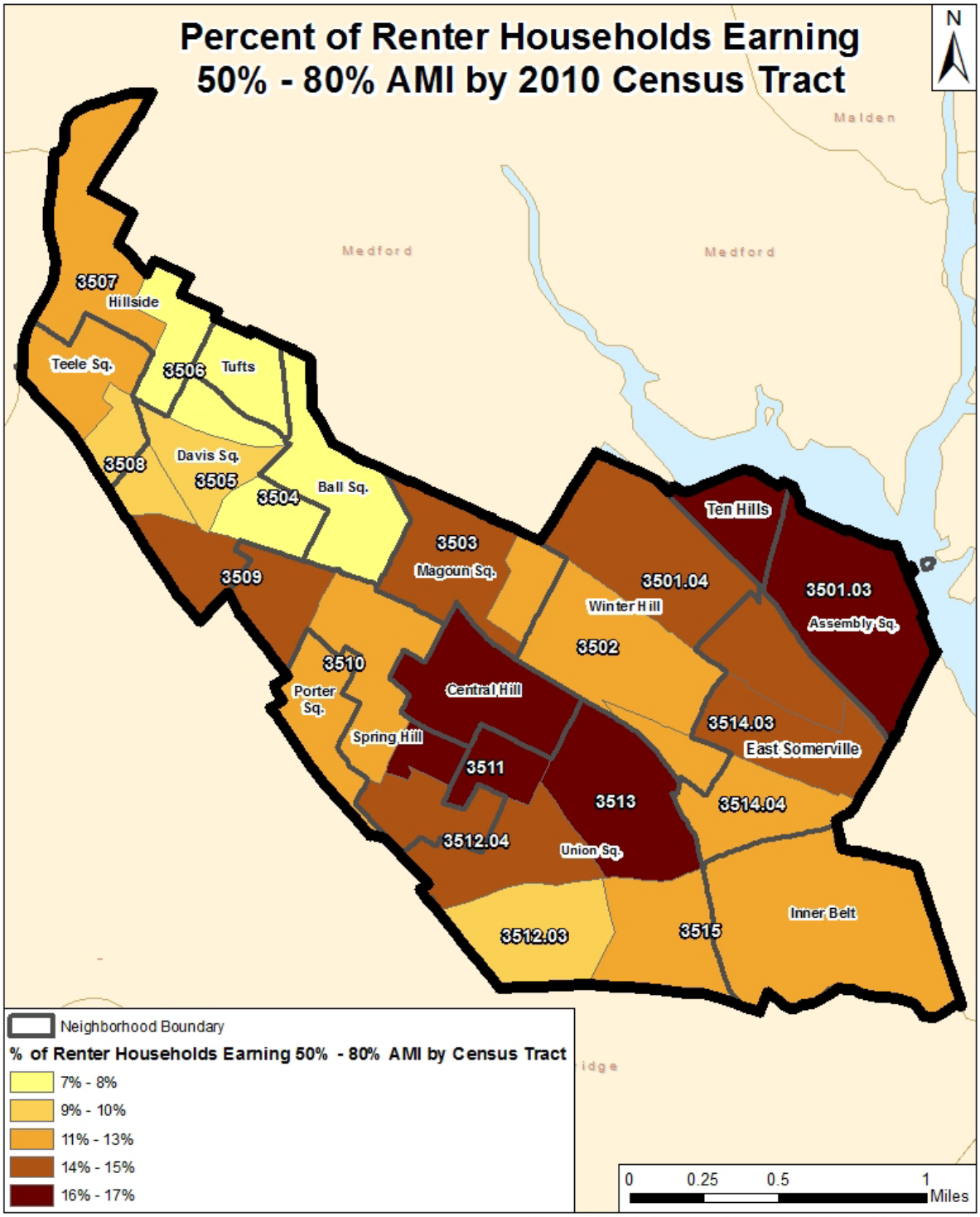
Maps 15 below and **16** on the following page illustrate renters earning 30%-50% of AMI annual by census tract and earning 50%-80% of AMI annually by census tract.

Map 15



Source: Somerville OSPCD, US Census Bureau, MassGIS

Map 16



Source: Somerville OSPCD, US Census Bureau, MassGIS

Owners by AMI Level

The table below provides the number and percentage of homeowner households within each income bracket in each census tract. Overall, the 10,829 homeowner households within Somerville have significantly higher incomes than the 22,527 renter households. ***While 66% of***

owner households are above 80% of AMI, only 51% of renters are above that level. **The differences are even more apparent at the extremes:** *one quarter of owner households earn over 170% of AMI compared to just 10% of renter households, and just 12% of homeowners are extremely low income (below 30% AMI, not pictured below) compared to 21% of renters* (Ribbon Demographics 2014).

Table 58

Owner-Occupied Households by AMI Level by Census Tract, 2014 Estimates							
Tract ID		**<60%**	**60%-80%**	**80%-110%**	**110%-170%**	**>170%**	**Owner HHs (all levels)**
2015 Annual Income Limits	(4-person HH)	<$59,100	$59,100-$69,700	$69,700-$108,350	$108,350-$167,450	>$167,450	
Somerville Total (18 Tracts)	#	3,169	618	2,126	2,248	2,668	10,829
	% of Owners	29%	6%	20%	21%	25%	-
3501.03	% of Owners	25%	10%	29%	20%	15%	241
3501.04	% of Owners	43%	15%	18%	12%	12%	759
3502	% of Owners	32%	7%	25%	19%	17%	1,097
3503	% of Owners	25%	5%	17%	29%	24%	534
3504	% of Owners	24%	2%	12%	26%	36%	882
3505	% of Owners	44%	3%	7%	25%	20%	264
3506	% of Owners	26%	3%	11%	22%	38%	396
3507	% of Owners	27%	7%	27%	20%	19%	785
3508	% of Owners	24%	1%	12%	27%	35%	402
3509	% of Owners	25%	5%	11%	18%	41%	526
3510	% of Owners	32%	6%	11%	25%	27%	897
3511	% of Owners	22%	5%	20%	24%	28%	901
3512.03	% of Owners	31%	3%	13%	26%	27%	583
3512.04	% of Owners	29%	6%	9%	19%	36%	567
3513	% of Owners	28%	6%	32%	13%	22%	568
3514.03	% of Owners	31%	9%	40%	13%	7%	474
3514.04	% of Owners	28%	1%	36%	13%	22%	613
3515	% of Owners	35%	4%	21%	26%	15%	340

The tract with the highest number of homeowners is 3502, composed mostly of the Winter Hill neighborhood. This tract contains a large number of moderate income homeowner households (80%-110% of AMI), and is bordered by the three tracts with the highest proportions of such households: 3513, 3514.03 and 3514.04. Together, these four tracts cover the southern portions of Winter Hill and East Somerville, as well as the northernmost part of Union Square, and form by far the largest block of moderate income homeownership in the city.

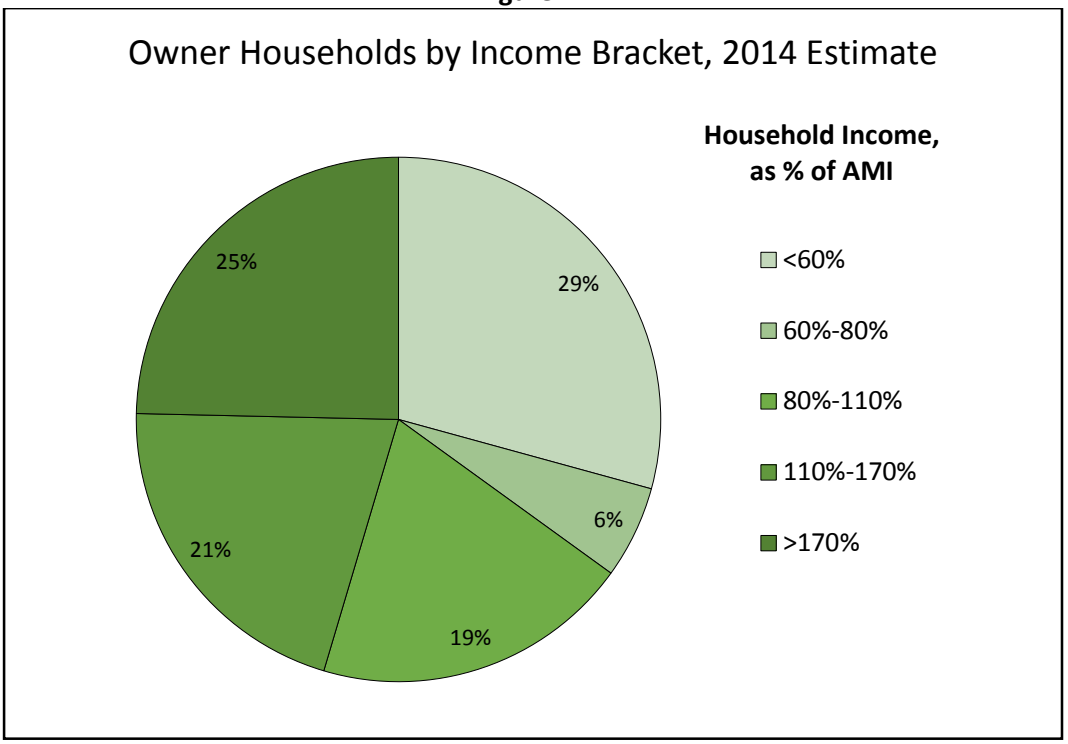
Of particular note, the tract with the highest proportion of low income homeowners (<60% AMI) is also the tract that had the wealthiest renter population: tract 3505, in the center of the Davis Square neighborhood. This incongruous result may be due to the fairly small overall

number of owner households in that tract 3505 (just 264), which could allow it to be skewed fairly easily. Yet what makes this finding stranger is that tract 3505 is surrounded on all sides by the four wealthiest homeowner tracts, each with 35% of owner households in the top income bracket (tracts 3504, 3506, 3508, and 3509). These four wealthier tracts each contain a section of the Davis Square neighborhood, as well as Ball Square, Tufts, and parts of Spring Hill and Teele Square.

The next highest proportion of low income homeowners can be found in tract 3501.04, which is more expected as it is forms the northern parts of East Somerville and Winter Hill and is also a low income renter tract. With 43% of its 759 owner households in the bottom income bracket, it has 326 low income homeowners – more than any tract except its neighbor to the south, tract 3502 (which is also mostly made up of Winter Hill).

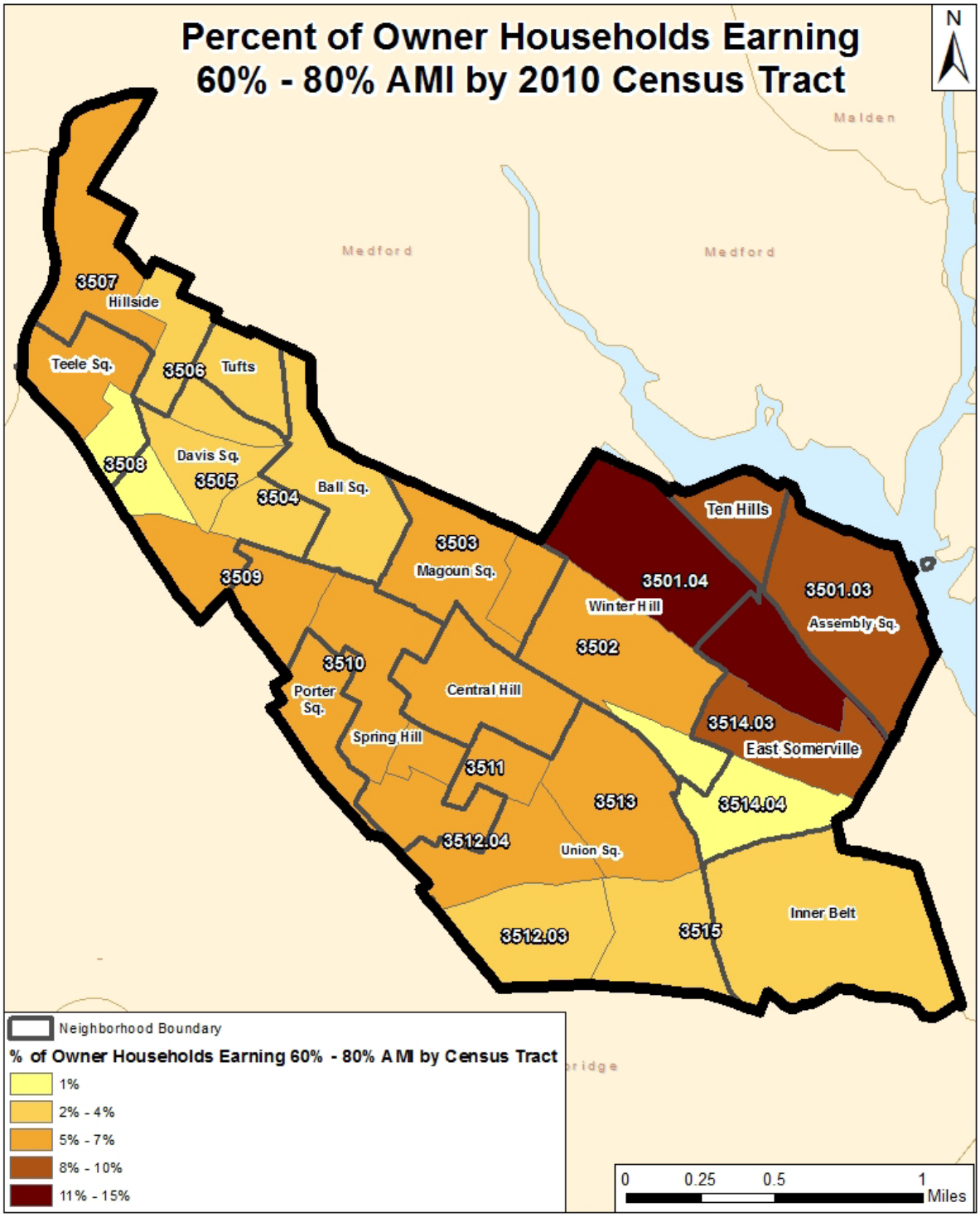
The figure below displays the number and percentage of owner households in each income bracket citywide.

Figure 12



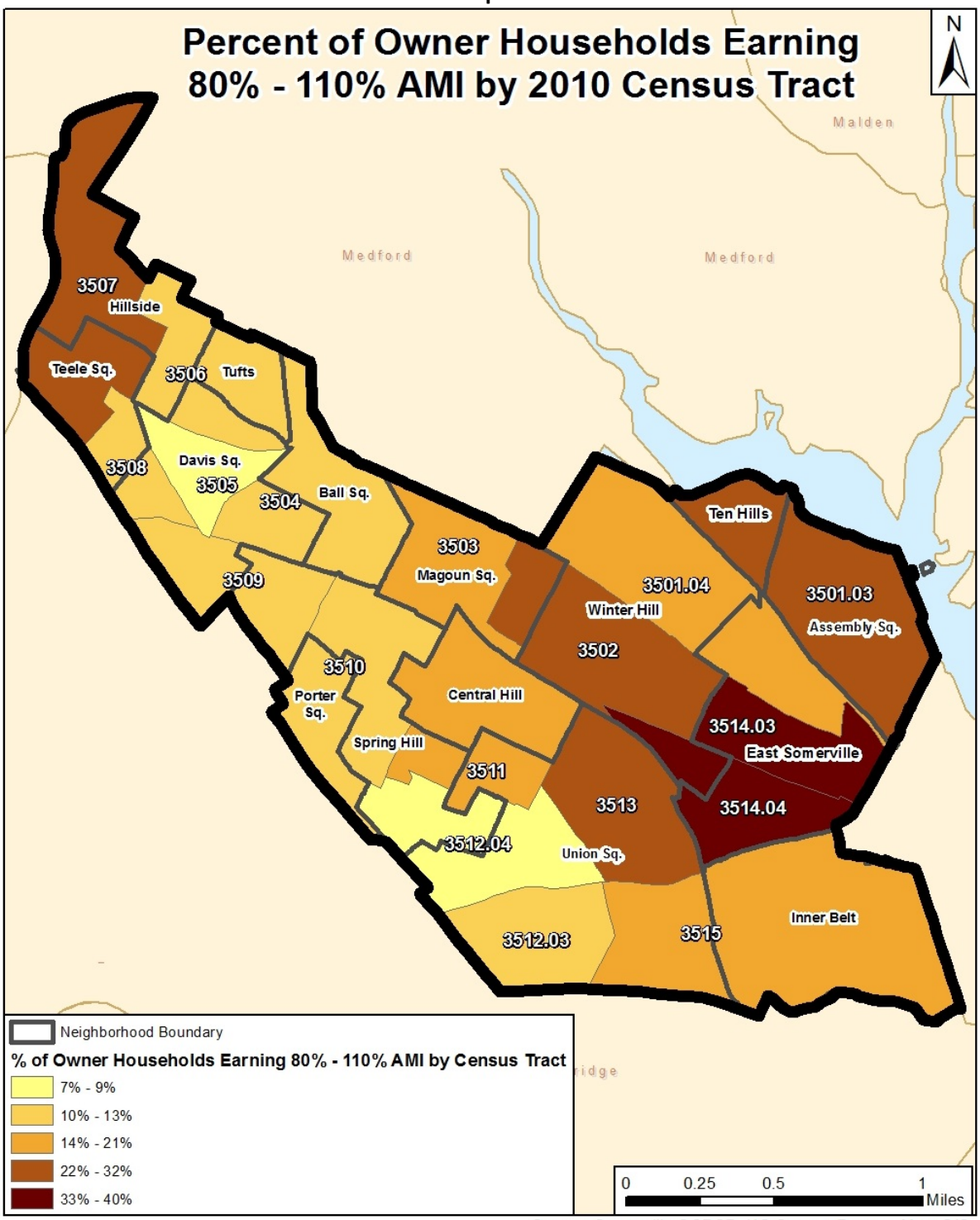
Maps 17 and **18** on the following pages illustrate owners earning 60%-80% by census tract and 80%-110% by census tract.

Map 17



Source: Somerville OSPCD, US Census Bureau, MassGIS

Map 18



Source: Somerville OSPCD, US Census Bureau, MassGIS

Demand for Affordable Rental Units

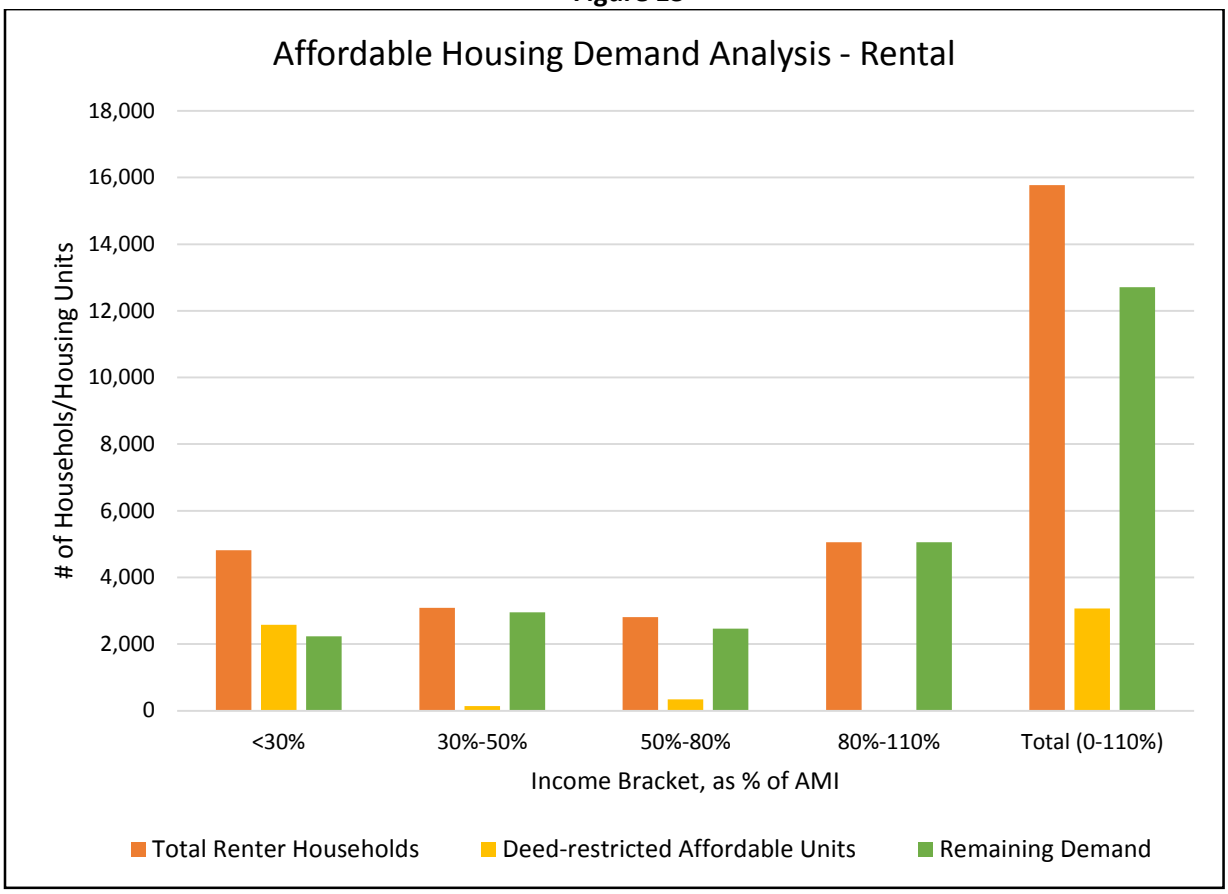
To calculate the estimated demand for affordable units by tenure type for each income bracket, we used the HISTA household estimates discussed above and subtracted from them the total inventory of deed-restricted affordable units discussed previously in the Supply

Analysis section. The table and figure below show the number of rental households in each AMI income bracket, the number of affordable rental units targeted to that income bracket, and the number of households left over to find a unit they can afford on the open market.

Table 59

Rental - Unmet Demand for Affordable Units by Income Bracket					
	<30%	**30%-50%**	**50%-80%**	**80%-110%**	**Total (0%-110% AMI)**
Renter Households	4,815	3,089	2,811	5,060	15,775
Deed-restricted Affordable Units	2,583*	140	343**	0	3,066
Remaining Demand	**2,232**	**2,949**	**2,468**	**5,060**	**12,709**
***As noted in the Supply Analysis, this total includes all project-based vouchers and public housing units in Somerville, for which exact income levels are variable but who serve overwhelmingly <30% AMI households. **289 units in this category are restricted to 60% AMI or below**					

Figure 13



As shown above, the number of renter households with annual income below 110% of AMI that would not be able to obtain a deed-restricted affordable unit is 12,709. The largest single group is the 5,060 households in the 80%-110% AMI bracket, for which there are no targeted affordable units (obviously, however, this is the group with the best chance of finding an affordable unit in the private rental market). There are over 2,000 households left without

affordable units in each of the three lower income brackets, including 2,232 extremely low income (<30% of AMI) households, despite the fact that this income bracket has by far the most affordable units.

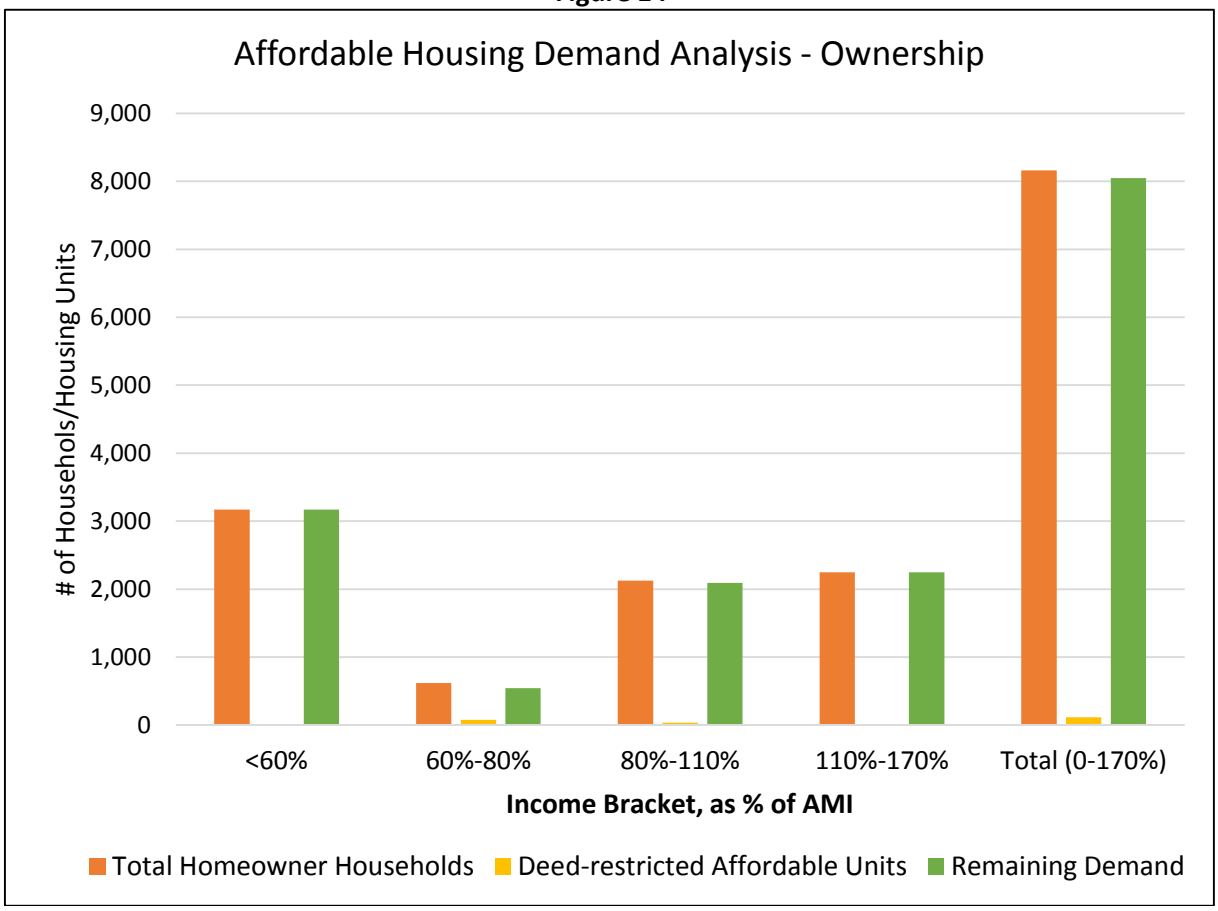
Demand for Affordable Homeownership Units

The table and figure below offer a similar calculation for affordable homeownership demand, based on the following income brackets: <60% of AMI, 60-80%, 80%-110%, and 110%-170%. While there are fewer low and moderate income owner households than renters, they also face a greater affordability gap, meaning that even owner households in the 110%-170% AMI bracket are likely to have difficulty finding an affordable home.

Table 60

Ownership - Unmet Demand for Affordable Units by Income Bracket					
	<60%	**60%-80%**	**80%-110%**	**110%-170%**	**Total (0%-170% AMI)**
Homeowner Households	3,169	618	2,126	2,248	8,161
Deed-restricted Affordable Units	0	77	35	0	112
Remaining Demand	**3,169**	**541**	**2,091**	**2,248**	**8,049**

Figure 14



The lack of deed-restricted affordable homeownership units is immediately apparent, with just 112 units in the entire city serving only incomes between 60% and 110% of AMI. While not all 3,169 homeowners in the "remaining demand" category under <60% of AMI are likely to need an affordable units, (for example, some are likely to be seniors who own their homes free and clear but live on low, fixed incomes) this gap between homeowner incomes and the number of deed-restricted units, combined with information presented earlier on the affordability gap facing low-moderate income households, points to a significant demand for affordable homeownership support.

Section 2 of the report provides our key findings and recommendations.

7. Other Matters

This section has a list of the works cited in the report along with some housekeeping matters.

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Possession

This report was prepared for the City of Somerville Planning and Zoning department in connection for the purposes noted in the opening paragraphs of the report. Possession of this report, or a copy thereof, does not carry with it the right of publication other than for the purposes set forth herein which may include distributing in full to other city departments and placement for public viewing on its web site. It may not be used for any other purpose by any person other than the party to whom it is addressed without the written consent of the author, and in any event only with the proper written qualifications and only in its entirety.

Certification

LDS certifies that recommendations and conclusions are based solely on professional opinion and best efforts.

Exhibit 1 Inclusionary Zoning Ordinance

ARTICLE 13. - INCLUSIONARY HOUSING

Section 13.1. - Purpose.

The purpose of this Article is to promote the public welfare by:

a) encouraging housing opportunities for people of mixed income levels;

b) increasing the supply of housing that is available and affordable to low- and moderate- income people, with an emphasis on the type of housing currently most needed in the City — housing for households with children and for low-income households;

c) ensuring that such housing is affordable over the long term; and

d) preventing the displacement of low-to-moderate income Somerville residents; and

e) maintaining an economically integrated community; and

f) mitigating the impacts of market-rate housing on the supply and cost of low- and moderate-income housing in that the creation of new market-rate housing:

   1. decreases the available supply of future developable land in the City of Somerville;

   2. creates upward pressure on the pricing of all housing in the City of Somerville;

   3. exclusive of the creation of low- and moderate-income housing, impedes the goal of maintaining an economically integrated community."

This Article provides incentive for the voluntary development of housing affordable to low- and moderate-income households within applicable residential projects that are larger in terms of total number of dwelling units and/or density than that normally permissible by right. Developers may request approval of such development through the special permit with site plan review process set forth in Article 5 and in accordance with the provisions of this Article 13. The Special Permit Granting Authority (SPGA) shall have sole authority to review and approve such requests under the provisions of Article 5 and 13 herein.

It is intended that affordable housing units provided under the terms herein be located on-site within the proposed housing development. Off-site location or other in-lieu means of compliance with this Article may be approved by the SPGA only in strict accordance with the provisions of this Article authorizing such alternative means.

Section 13.2. - Applicability.

The provisions of this Article shall apply to all residential developments seeking special permits with site plan review to develop eight (8) or more dwelling units, whether new construction, substantial rehabilitation, Planned Unit Development, residential conversion, or adaptive reuse. Developments shall not be segmented or phased in a manner to avoid compliance with these provisions. No provisions of this Article shall substitute for any other provisions of this Ordinance.

Nothing contained in this Article shall be construed to apply to the use of land or structures for religious or educational purposes in the University District or in any other district if doing so would violate the applicable provisions of M.G.L. Chapter 40A, Section 3.

Note— § 13.2 was amended by Ordinance 2000-5 on September 28, 2000, Ordinance 2000-8 on May 25, 2000, and Ordinance 2002-4 on April 25, 2002.

Section 13.3. - General Requirements.

Note— § 13.3 was amended by Ordinance 2000-5 on September 28, 2000.

13.3.1. Implementation Plan. Those developers seeking special permits with site plan review for projects subject to compliance with this Article shall submit a full, written proposal of the methods to be used in providing affordable dwelling units that conform with all requirements herein. At the time of application for a special permit with site plan review for inclusionary housing, the applicant shall submit, for SPGA review and approval, an implementation plan in accordance with the Rules and Regulations established under Section 13.7.1, and shall include, at minimum:

a) the methods of disposition of the affordable housing units,

b) provisions for the selection of buyers or tenants of the affordable units,

c) plans for income verification of tenants and/or buyers,

d) plans for management of units, particularly with respect to maintenance and insurance of long-term affordability,

e) financial information or analysis necessary to satisfy the provisions of this Article, particularly Sections 13.3.3, 13.3.5 and 13.4.2,

f) a relocation plan for tenants affected by substantial rehabilitation projects,

g) and any additional information the Applicant desires to present that demonstrates compliance with other provisions of this Article.

The SPGA may request additional information as an aid in its review, and may reject any application not providing the minimum implementation plan elements noted above.

13.3.2. Household Income. Inclusionary dwelling units which will be available for rental shall be affordable to low- and moderate-income households as defined below, adjusted to applicable household size:

a) Low-income households, defined herein as earning income up to fifty percent (50%) of the Boston Standard Metropolitan Statistical Area (SMSA) median household income; and

b) Low moderate-income households, defined herein as earning income of fifty-one percent (51%) to eighty percent (80%) of the Boston SMSA median household income.

Inclusionary dwelling units which will be available for purchase shall be affordable to low-moderate and moderate- income households as defined below, adjusted to applicable household size:

a) Low moderate-income households, defined herein as earning up to eighty percent (80%) of the Boston Standard Metropolitan Statistical Area (SMSA) median household income; and

b) Moderate income households, defined herein as earning income of eighty one (81%) to one hundred and ten percent (110%) of the Boston SMSA median household income.

The SPGA may adopt other Federal or State income guidelines, such as those of the U.S. Department of Housing and Urban Development adjusted to applicable household size, but only after consideration of any comments offered by the Planning Board, Planning Office, and the Office of Housing and Community Development on the appropriateness of any such alternative method. The SPGA shall conduct a public hearing in accordance with its Rules and Regulations to receive comment prior to adopting another standard. In adopting any such separate standard(s), the SPGA shall cause such standard(s) to be published in a format available to the public, and shall utilize such standard consistently among all similar projects it reviews.

13.3.3. Affordability. Housing affordability under this Article means:

I. Rental

Payment of housing and related costs for rental units shall be set at the following levels:

a) in the case of low-income households, rental costs (including utility costs for heat, electricity, and hot-water) shall be set at a level not to exceed the then current "LOW HOME" RENTS published by HUD for its Home Investment Partnership Program at 24 CFR 92 as they may be amended

from time to time. These rents are set by HUD to be affordable to households with incomes up to fifty (50) percent of area median income.

b) in the case of low moderate-income households, rental costs (including utility costs for heat, electricity, and hot water) shall be set at a level not to exceed the then current "HIGH HOME" RENTS published by HUD for its Home Investment Partnership Program at 24 CFR 92 as they may be amended from time to time. These rents are set by HUD to be affordable to households with up to eighty (80) percent of area median income.

II. Homeownership: The maximum sale price for an inclusionary unit shall be set at a level that allows a household at eighty (80) percent or one hundred ten (110) percent of Boston area median income, as the case may be, to pay no more than twenty-eight (28) percent of household income for housing costs. The maximum sales price shall be calculated as follows:

• Determine the maximum household size for an inclusionary unit based on one (1) person per bedroom (one (1) person in the case of a studio).

• Determine the maximum monthly income (MMI) for such household size, using income figures published annually by the U.S. Department of Housing and Urban Development (HUD) for households at eighty (80) percent and one hundred ten (110) percent of Boston area median income.

• Multiply MMI by twenty-eight (28) percent.

• Subtract the estimated cost of Private Mortgage Insurance (PMI), Real Estate Taxes (RET), Condominium Fees (CF), Homeowners Insurance (HI) if not included in the CF, and required parking fees (PF), if any, if not included in the CF, to arrive at a maximum monthly mortgage payment (MMP).

• Calculate a maximum mortgage loan (MML) based on the MMP, assuming a 30-year term and at the then current conventional interest rate.

• Multiple the MML by 1.03 to arrive at a Maximum Sales Price (MSP) based on a ninety-seven (97) percent MML.

It is understood that these guidelines are to supersede those calculations currently set-forth in Section 13.3.3 until such time as they are again amended or revised.

The SPGA may adopt other Federal or State affordability guidelines, such as those of the U.S. Department of Housing and Urban Development adjusted to applicable household size, but only after consideration of any comments offered by the Planning Board, Planning Office, and the Office of Housing and Community Development on the appropriateness of any such alternative method. The SPGA shall conduct a public hearing in accordance with its Rules and Regulations to receive comment prior to adopting another standard. In adopting any such separate standard(s), the SPGA shall cause such standard(s) to be published in a format available to the public, and shall utilize such standard consistently among all similar projects it reviews.

Note—§ 13.3.3-II was amended by Ordinance 2006-02 on January 12, 2006.

13.3.4. Quantity and Distribution of Units. Developers shall provide twelve and a half percent (12.5%) of the total units in the subject development as affordable housing units, with the exception that Developers in TODs shall provide affordable housing as shown in Table 6.5.F in Article 6. Not less than fifty percent (50%) of said affordable units shall serve the lower income range households and the balance of affordable housing units shall serve the higher income range households (as defined in this article at 13.3.2). Thus, not less than six and a quarter percent (6.25%) of the total units in the development shall serve low-income households. Nothing in this Article shall preclude a developer from providing more affordable units than the minimum twelve and a half percent (12.5%).

In determining the total number of affordable units required, calculation of a fractional unit of 0.5 or more shall be regarded as a whole unit. When less than a fractional unit of 0.5 is required, the developer may satisfy his/her obligation by means of the alternative methods of compliance specified in Section 13.4.

In general, affordable units provided under terms of this Article shall be provided on-site in the subject residential development. The affordable housing units shall be intermixed with the market rate units, dispersed throughout the building(s) on the development site, and shall be comparable to market-rate units in every respect, including location, quality and character, room size, and external appearance. The bedroom distribution in the affordable units should be consistent with the purposes of this Article and should include two- (2) and three- (3) bedroom units.

Construction of off-site units or other alternative methods of compliance with the normal requirement for construction of on-site affordable units is strongly discouraged, and shall be an exception to the City's policy and intention to require construction of affordable units on the same site as the proposed market rate development. The SPGA may authorize or require that affordable housing units be provided off-site, or that an alternative method of compliance be used, consistent with Section 13.4 of this Article.

(Ord. No. 2009-03, § 21, 4-23-2009)

13.3.5. Disposition and SPGA Right of First Refusal/Option to Purchase. Affordable housing units may be either for sale or for rent, consistent with the method of disposition of market-rate units. Developers may propose any method(s) of disposition of affordable units consistent with the intent and specific standards of this Article, but the SPGA alone shall have the authority to approve any proposals and may require specific methods of disposition related to its findings under special permit with site plan review.

The SPGA or its designee (the Affordable Housing Trust Fund, Somerville Housing Authority, or other entity) reserve the right of first refusal or option to purchase all "affordable" for-sale units at the point of original sale or any subsequent resale. This also applies to any subsequent sale of a rental property or units in a rental property.

A. Rental Units. Developers may rent affordable units to eligible low- and/or moderate-income tenants consistent with the provisions of Sections 13.3.2, 13.3.3 and 13.3.4 of this Article. Priority shall be given to selection of tenants from the Somerville Housing Authority (SHA) waiting lists; however, in the case of a substantial rehabilitation, current resident tenants meeting appropriate income qualifications of Section 13.3.2 shall be given priority.

Developers may also lease units to the SPGA or its designee (the Affordable Housing Trust Fund, Somerville Housing Authority, or other entity) for residential use. The lease rate shall not exceed thirty percent (30%) of the resident(s)' income, unless the unit is rented under a state or Federal rent subsidy program, in which case the maximum rent shall be that maximum allowable rent under the applicable program.

B. For-Sale Units. The SPGA may require developers to sell inclusionary affordable units to the Somerville Housing Authority (SHA) or its designee (the Affordable Housing Trust Fund or other entity) at a price per unit equivalent to that price affordable to a household with an income of eighty-five percent (85%) of the Boston SMSA median income. The SPGA/designee may resell the units to low/moderate- or moderate-income households at a price which shall not exceed the maximum sales price calculated in accordance with § 13.3.3-II. Alternatively, the SPGA/designee may rent the units to low income households, consistent with Sections 13.3.2 and 13.3.3.

If the SPGA/Designee does not exercise its right of first refusal/option to purchase inclusionary units, the developer/owner shall submit a plan of disposition for SPGA approval, and such plan shall ensure that the required percentage of low-income affordable units will be maintained in the development and made available for sale to low moderate and moderate-income households as defined in this Ordinance.

Note—§ 13.3.5.B was amended by Ordinance 1991-1 on January 10, 1991, and by Ordinance 2006-02 on January 12, 2006.

13.3.6. Long-term Affordability. Units required by and provided under the provisions of this Article shall remain affordable to the designated income group in perpetuity, or for as long as legally permissible. Sales prices, resale prices, initial rents, and rent increases for the affordable units shall be restricted by legally permissible instruments such as, but not limited to, deed covenants or restrictions, contractual agreements, or land trust arrangements to ensure long-term affordability and compliance with this Article.

The SPGA, or its designee (Office of Housing and Community Development or other entity), shall require that buyers or lessees of affordable units meet income and other certification requirements initially and then upon any subsequent resale or renewal of lease terms (at least annually), with income based on the provisions of Section 13.3.2. The SPGA or its designee may require a developer or property owner renting directly to low and low moderate-income tenants to submit an annual statement and documentation as to the rental income derived from the affordable housing units. In the longer term, a developer or owner shall be responsible for reporting compliance to the enforcement entity(-ies) established per Section 13.7.1 of this Article. The SPGA shall administer these provisions through Rules and Regulations established under Section 13.7.1 herein.

Section 13.4. - Alternative Methods of Compliance.

13.4.1. Establishment and Finding of Need. Though it is intended that affordable units be included on-site in a subject development, the SPGA may authorize or require that the provisions of this Article be met through an alternative method(s) of compliance in cases where there is establishment of a need(s) including, but not limited to:

a) a finding that provision of on-site units is not in the best interest of the City and low/moderate-income households in particular, or

b) a finding that provision of off-site units or some other method of compliance is desirable and in keeping with the intent of this Article and with the plans, goals and objectives of the City.

c) those projects where the number of affordable units to be provided is calculated to include a fractional number not rounding up to the next whole number (see Section 13.3.4), in which case a cash payment shall be made for the fractional unit in accordance with Section 13.4.2. As an example, a fifty (50) unit project would require 6.25 units (12.5% of 50), and the last 0.25 unit would require the appropriate cash payment described in Section 13.4.2.

In making its finding, the SPGA shall consider such factors as location, accessibility to schools and other services, whether off-site units would provide more appropriate family housing than on-site units would, availability of parking, proximity to public transportation, availability of usable open space, etc.

Note—§ 13.4.1 was amended by Ordinance 2000-5 on September 28, 2000.

13.4.2. Compliance.

A. Alternative Methods. The SPGA may approve compliance through one or more of the methods below or through a combination of these methods and provision of on-site units. In all cases utilizing said alternative methods, the SPGA shall find that any proposed alternative method of compliance is advantageous to the City in creating or preserving affordable housing and does not result in undue geographic concentration of affordable units.

Affordable units provided through the alternative methods below shall comply in all respects other than on-site location with the requirements of this Article.

1) Off-site location. Affordable units may be located on an alternative site(s) in Somerville suitable for housing use, preferably in the same neighborhood as the on-site development. Affordable off-site units may be located in an existing structure, provided that their construction constitutes a net increase in the number of affordable dwelling units contained in the structure. The number of off-site units shall be, at minimum, equal to that number of units otherwise required to be provided on-site. Off-site units shall be compatible in all respects with the market rate units built on-site, including quality and character, construction value, and site amenities (yards, parking, laundry

facilities, etc.); however, inclusionary units should generally be designed to house three- (3) person or larger households, even if the market rate units are designed primarily to house one- and two- person households. Any units provided in an off-site development should also be compatible with the off-site neighborhood, in terms of design, to the degree practical.

Note—§ 13.4.2A, item 1, was amended by Ordinance 2000-5 on September 28, 2000.

2) Cash payment. Developers may make a cash payment to the SPGA or its designee. Cash payments shall be used only for purposes of providing affordable housing for low- and moderate-income persons as defined by and pursuant to this Article, with payment determined by the SPGA using the method below as a guideline.

3) Conveyance of land and/or buildings. Developers may donate to the SPGA or its designee (Affordable Housing Trust Fund or other entity) land and/or buildings suitable for housing use, preferably in the same neighborhood as the on-site development. Developers shall document fee simple title ownership of said land and/or buildings at the time of application for a special permit with site plan review for inclusionary housing development. Such land and/or buildings shall have a current appraised fair market value no less than that value determined in accordance with the method below. Donations of land and/or buildings shall be conveyed to the SPGA or its designee and shall be used only for purposes of providing housing affordable to low and moderate income persons as defined by and pursuant to this Article.

B. Calculating Dollar Value. For alternative methods (2) and (3) above, the following shall serve as guidelines for determining dollar value of any cash payment or donation of land/buildings:

1) Cash payment (or equivalent value in land/buildings) in lieu of providing less than 0.5 affordable units (see Section 13.4.1.(c)) shall be based on the formula below.

2) Cash payment (or equivalent value in land/buildings) in lieu of providing 0.5 or more affordable units shall be based on the formula below multiplied by two (2).

3) Formula

"A" multiplied by ("B" minus "C")

where, "A" equals the number of affordable units not constructed, in lieu of a cash payment and/or donation of land/buildings.

"B" equals the median market sales price for comparable unit types over the preceding four quarters. This data shall be available to the public through a published source identified in the SPGA Rules and Regulations.

"C" equals the purchase price affordable to a moderate-income household with an income of sixty-five percent (65%) of the Boston area SMSA median income, consistent with the provisions of Section 13.3.3.

The above is meant to serve as a guideline. The SPGA may approve use of another accepted method of valuation, but only after consideration of any comments offered by the Planning Board, Planning Office, and the Office of Housing and Community Development on the appropriateness of any such alternative method.

Note—§ 13.4.2.B, items 1 and 2, were amended on January 10, 1991 by Ordinance 1991-1.

Section 13.5. - Incentives for Provision of Additional Affordable Housing Units.

Developers providing more than twelve and a half percent (12.5%) of the total units in the development as affordable units may apply for an additional density bonus under the terms of this Article, and in accordance with the special permit with site plan review provisions of Article 5. Bonuses may be awarded

on the basis of a two-to-one ratio of market rate units to affordable housing units. For every additional affordable unit provided beyond the twelve and a half percent (12.5%) required, two (2) additional market rate units may be authorized. The additional affordable units provided shall continue to be offered at the rate of not less than fifty percent (50%) affordable to lower income range households and the remainder affordable to moderate income range households, as stipulated in Section 13.3.4. Any bonus may be awarded only by the SPGA, and shall not exceed twenty percent (20%) of the number of units normally permissible under the lot area per dwelling unit requirements of Article 8 and Article 16 of this Ordinance. This incentive shall not apply in Residence A or Residence B zoning districts.

In determining any density bonus, the SPGA shall consider relevant facts and make findings as to the following:

a) that the affordable units provide housing to households with children;

b) that the affordable units provide rental units;

c) that analysis of the financial feasibility of the project demonstrates that award of bonus market-rate unit(s) will in part finance the affordable unit(s) such that there need not be full reliance on public subsidies to support rent payments for the affordable unit(s), regardless of whether such subsidies are available;

d) that the proposed development site plan is designed in its site location, proportions, orientation, materials, landscaping and other features as to provide a stable and desirable character, complimentary and integral with the site's natural features and neighborhood context;

e) that such development is generally consistent with the purposes of the Somerville Zoning Ordinance, and the density increase or relaxation of zoning standards has no material detrimental effect on the character of the neighborhood; and

f) that the proposed development is consistent with relevant municipal plans and objectives.

Note— § 13.5 was amended by Ordinance 2000-5 on September 28, 2000, Ordinance 2000-8 on May 25, 2000, and Ordinance 2006-07 on January 26, 2006.

Section 13.6. - Procedures.

13.6.1. General. All developments subject to the provisions of this Article require special permit with site plan review. Applicants shall submit applications in accordance with the procedures for special permit with site plan review specified in Article 5 of this Ordinance. In reviewing applications under this Article, the SPGA may require modifications, conditions and safeguards, including documentation regarding permanent affordability and funding commitments, reasonably related to the requirements of this Article.

The Applicant(s) are strongly encouraged to meet with the Planning Director or his/her designee and the Office of Housing and Community Development's Housing Director or designee at least three (3) weeks prior to formal submission of an application, to help determine applicable informational requirements and discuss project compliance in a preliminary sense. At the time of such meeting, the applicant is encouraged to submit plans showing the number and size of the affordable units, their proposed sale prices and/or rent levels, method(s) of financing and/or subsidy, proposed mechanisms to ensure long-term affordability, proposals for alternative methods of compliance (if applicable), and such other information as the Planning Director, his/her designee, or the Office of Housing and Community Development may request as pertinent to the SPGA's review of the merits of the application.

Note—§ 13.6.1 was amended by Ordinance 2000-5 on September 28, 2000.

13.6.2. Fast-Tracking of Permit Process. Development proposals providing affordable housing units in the following amounts shall qualify for fast-tracking of the permit process:

a) Projects including more than twelve and a half percent (12.5%) affordable housing units, provided that all affordable units (excluding a fractional unit of less than 0.5) are on-site with the market rate development and provided the developer is not seeking an additional density bonus under the provisions of Section 13.5

b) Projects including twelve and a half percent (12.5%) or more low-income affordable units as set forth in this Article 13, provided that all such units (excluding a fractional unit of less than 0.5) are on-site with the market rate development.

c) Projects including fourteen percent (14%) or more affordable housing units, provided that a minimum of seven percent (7%) of the total project units shall serve low-income households as defined in this Article 13

d) Projects including twenty-five percent (25%) or more affordable housing units.

Fast-tracking of projects begins when the first application for special permit with site plan review is submitted. The applicant must identify the project as qualifying for and request fast-tracking at the point of this application. No project shall be allowed to request fast-tracking after the review process has begun, unless the review process begins again with a new application for the project.

Fast-tracked projects shall be subject to every legal requirement for notices and hearings, but every effort shall be made to expedite public review. The project shall be scheduled for appropriate review on the first available agenda (of the appropriate Board) after the application date which allows for proper notifications to occur. The SPGA shall adopt additional measures to streamline and expedite review of a fast-track project within its Rules and Regulations.

Note—§ 13.6.2 was amended by Ordinance 2000-5 on September 28, 2000.

13.6.3. Fee Waiver. In cases where a project includes fourteen percent (14%) or more affordable housing units and where a minimum of seven percent (7%) of the total project units are provided for low-income households, various permit and hearing fees may be waived at twice the percentage of affordable housing provided (e.g. fourteen (14) percent affordable/twenty-eight (28) percent fees waived) for projects which include up to twenty-four percent (24%) affordable units. For projects which include twenty-five percent (25%) or more affordable units, one hundred percent (100%) of fees may be waived. The SPGA shall establish guidelines for administration and applicability to various fees in its adopted Rules and Regulations.

Section 13.7. - Implementation, Compliance and Enforcement.

13.7.1. Rules and Regulations. The SPGA shall promulgate Rules and Regulations necessary to implement the requirements of this Article, including designation of an appropriate entity (Office of Housing and Community Development or other entity/entities) to enforce such Rules and Regulations.

13.7.2. General Compliance and Enforcement. All deed covenants, contractual agreements, and other documents necessary to ensure compliance with this Article shall be submitted to and approved by the SPGA or its designee (Office of Housing and Community Development or other entity). Such documents shall be executed prior to and as a condition of the issuance of any occupancy permit.

No certificate of occupancy shall be issued for any market-rate units in a development subject to the requirements of this Article until:

a) all of the required affordable units have obtained a certificate of occupancy, or bonding or other equivalent security arrangements have been made satisfactory to the SPGA to ensure the provision of such units;

b) any required cash payment has been made to the SPGA or its designee or, in the alternative, the SPGA has approved a definitive schedule for payment(s); and/or

c) any land required to be donated to the SPGA or its designee has been conveyed in fee simple title, or contracted for conveyance in fee simple, or in a manner acceptable to the SPGA and the City Solicitor.

Any violation of this ordinance either prior to or following the issuance of a Certificate of Occupancy is subject to the maximum fine per day set forth in Section 3.1.8 and the other penalties contained in Article 3. Violations of this Ordinance following issuance of a Certificate of Occupancy imposed as the result of proceedings brought under Article 3 must be imposed at the maximum level set in Section 3.1.8. Fines imposed as a result of proceedings brought under Article 3 must be paid to the Somerville Housing Trust to be used for affordable housing purposes.

Note—§ 13.7.2 was amended by Ordinance 2000-5 on September 28, 2000.

Section 13.8. - Needs Assessment Review.

The Planning Board, in cooperation with the SPGA, the Office of Housing and Community Development, and relevant agencies, shall undertake an economic and housing market needs assessment not less than every fifth calendar year from the date of enactment of this Ordinance. The purposes of said assessment shall be to assess the performance of the provisions herein in terms of resultant affordable housing units, to assess any need for improved rules and regulations regarding implementation, and to ascertain the need for revision of any provisions of this Ordinance relative to the provision of affordable housing units in the City. Provisions subject to review shall include, at minimum: revisions to applicability requirements of this Article, revisions to percentage requirements of affordable units in inclusionary housing developments, revisions to income and affordability guidelines, and revisions to methodologies for monetary payments or other in lieu of means of compliance with provision of on-site units.

Upon completing its assessment, the Planning Board shall recommend to the Board of Aldermen any amendments to this Ordinance deemed necessary to improve the means of providing affordable housing in the City. The Planning Board shall also recommend to the SPGA any improvements deemed necessary in the SPGA's Rules and Regulations pertaining to this Article.

Note— § 13.8 was amended by Ordinance 2000-5 on September 28, 2000.

Exhibit 2 Glossary of Terms

ACS – American Community Survey – a survey prepared and conducted by the US Census that estimates population, housing, social, and economic statistics in the years between the decennial censuses.

Affordable Deed Rider - Addendum to a deed that guarantees affordability status for a unit through future sales.

Affordable Housing – Housing with costs at or below 30% of a household's annual income. It can have a rental subsidy (see definition below), or it can be built with some type of capital subsidy, therefore lowering carrying costs and allowing the landlord to charge less rent. Affordable or private pay units charge rent based on 30% of income but the tenant must pay all of that rent and typically will need to be employed and pass a criminal background check.

Area Median Income ("AMI") – AMI is tied to the income limit in a particular location. HUD starts by calculating income limits based on median family income which is a four person household. It then adjusts for household size. It then adjusts for income limit. Extremely low income is 30% of AMI, very low income is 50% of AMI, and low income is 80% of AMI.

Chapter 40B – The State's comprehensive permit law, enacted in 1969, which established an affordable housing goal of 10% for every community. A state statute, which enables local Zoning Boards of Appeals to approve affordable housing developments under flexible rules if at least 20%-25% of the units have long-term affordability restrictions. Also known as the Comprehensive Permit Law.

Community Development Corporation (CDC) - A form of community-based organization engaged in local housing and economic development activities.

Condominium - A type of real estate ownership in which owners own their own units plus an undivided share of all common areas. In Massachusetts, condominiums are established under MGL Chapter 183A. Limited equity condominiums are those where the resale price is regulated, through a deed covenant, a regulatory agreement, land trust or other mechanism.

DHCD – Department of Housing and Community Development, Commonwealth of Massachusetts.

Esri – Data source that projects statistics such as population, income, and households based on US Census data.

Extremely Low-Income - Household with income below 30% of area median, as defined by HUD for its own programmatic purposes.

Fair Housing Act - Federal legislation, first enacted in 1968 and expanded by amendments in 1974 and 1988, that provides the Secretary of HUD with investigation and enforcement responsibilities for fair housing practices. Prohibits discrimination in housing and lending based on race, color, religion, sex, national origin, handicap, or familial status. There is also a Massachusetts Fair Housing Act, which extends the prohibition against discrimination to sexual orientation, marital status, ancestry, veteran status, children, and age. The state law also prohibits discrimination against families receiving public assistance or rental subsidies, or because of any requirement of these programs.

Fair Market Rents (FMRs) - Maximum rents allowed by HUD under subsidized housing programs. Updated and published annually, FMRs represent HUD's estimate of the actual market rent for an apartment in the conventional marketplace. HUD sets FMRs by unit size (0-bedroom, 1-bedroom, etc.) and regions within each state. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service.

HISTA Data – This is data produced by Ribbon Demographics. Ribbon Demographics uses detailed census information to provide reports on age and income by number of households as well as by tenure. They estimate and project this income data to future years.

HOME funds – Program that provides funding under formula grants to states and localities that communities use, often in partnership with local nonprofit groups, to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people.

Housing Appeals Committee (HAC) - A quasi-judicial body within DHCD, which hears appeals by developers, local zoning boards on comprehensive permit (Chapter 40B) decisions by local Zoning Boards of Appeal and other land use permitting matters.

Household vs. family – According to the United States Census, a **family** includes a householder and one or more people living in the same household who are related to the householder by birth, marriage, or adoption. All people in a household who are related to the householder are regarded as members of his or her family. A family household may contain people not related to the householder, but those people are not included as part of the householder's family in census tabulations. Thus, the number of family households is equal to the number of families, but family households may include more members than do families. A household can contain only one family for purposes of census tabulations. Not all households contain families since a household may comprise a group of unrelated people or one person living alone.

According to the United States Census, a **household** refers to all individuals who live in the same dwelling. Household types are arranged into two groups: family households and nonfamily households. A family household contains at least two persons -- the householder and at least one other person related to the householder by birth, marriage, or adoption -- and is

categorized into three types: married couple; female householder with no spouse present; and male householder with no spouse present. A nonfamily household may contain only one person -- the householder -- or additional persons who are not relatives of the householder. Nonfamily households may be classified as either female nonfamily or male nonfamily households. For each year, the total number of households is the sum of the five mutually exclusive household types. By census definition, householders must be at least 15 years of age.

HUD – U.S. Department of Housing and Urban Development

Inclusionary zoning - Planning ordinances that require a share of new construction to be designated as affordable for households with low to moderate incomes.

Local Initiative Program (LIP) - A state program under which communities may use local resources and DHCD technical assistance to develop affordable housing that is eligible for inclusion on the State Housing Inventory. LIP is not a financing program, but the DHCD technical assistance qualifies as a subsidy and enables locally supported developments that do not require other financial subsidies to use the comprehensive permit process. At least 25% of the units must be set aside as affordable to households earning less than 80% of the area median.

Low-income - Low-income households are those households making at or below 50%-80% of the Area Median Income as defined by HUD.

Median Income – A central point in a sample of household incomes where half of the income range is above the median point and half of the income range is below the median point.

Mixed Income Housing - Developments that include housing for various income levels. In urban neighborhoods, it is a tool to deconcentrate poverty. In suburban neighborhoods, it is a design principle that designates a percentage of housing to different price ranges and may include persons with very low-income.

Mixed Use - Development projects that combine different types of development such as residential, commercial, office, industrial and institutional into one project. Mixed-use redevelopment of neighborhoods promotes comprehensive revitalization through retention or addition of housing, services and jobs.

Multiple Listing Service ("MLS") –An online data base used by brokers and consumers to rent and sell real estate.

New England Fund (NEF) - An affordable housing program run by the Federal Home Loan Bank of Boston (FHLBB), NEF provides advances (loans) to member financial institutions to finance affordable housing. NEF is one of the most widely used programs for the development of new mixed income ownership housing under the comprehensive permit.

Overlay Zoning - A zoning district, applied over one or more other districts that contains additional provisions for special features or conditions, such as historic buildings, affordable housing, or wetlands.

Rent Burdened – Households that are paying more than 30% of their annual income towards rent. Severely rent burdened households are those households paying more than 50% of their annual income towards rent.

Section 8 – Program through which the federal government authorizes housing assistance payments to private landlords in order to provide housing for low-income households. Refers to the major federal (HUD) program— actually a collection of programs—providing rental assistance to low-income households to help them pay for housing. Participating tenants pay 30% of their income (some can pay more) for housing (rent and basic utilities) and federal subsidy pays balance of rent.

Smart Growth - The term used to refer to a rapidly growing, and widespread, movement that calls for a more coordinated, environmentally sensitive approach to planning and development. A response to the problems associated with unplanned, unlimited suburban development—or sprawl—smart growth principles call for more efficient land use, compact development patterns, less dependence on the automobile, a range of housing opportunities and choices, and improved jobs/housing balance.

Stakeholder – an individual, group of individuals, or organization with an interest in the issue at hand.

Subsidized Housing Inventory ("**SHI") –** A listing of all units within the state that receive federal or state-level subsidies**.** This is the official list of units, by municipality, that count toward a community's 10% goal.

Subsidized Rental Housing - Housing for moderate to low income individuals and households supported by government funding. Households pay 1/3 of their income towards rent and the government pays the remainder.

The Warren Group – Data source that provides housing sales and building permit data from Banker and Tradesman based on individual municipality's registry of deeds.

Transitional Housing - Temporary housing for families or individuals who do not have permanent housing but require more stability than an emergency shelter.

Very Low Income Households - Very low-income households are those households making below 50% Area Median Income as defined by HUD.

Zoning Board of Appeals - ("**ZBA**") – The local permitting authority for Chapter 40B.

Exhibit 3 Subsidized Housing Inventory

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT CH40B SUBSIDIZED HOUSING INVENTORY

Somerville

DHCD ID #	Project Name	Address	Type	Total SHI Units	Affordability Expires	Built w/ Comp. Permit?	Subsidizing Agency
2779	Brady Towers	252 Medford St.	Rental	84	Perp	No	*HUD*
2780	Highland Gardens	114 Highland Avenue	Rental	42	Perp	No	*HUD*
2781	Mystic View	5-25,40-60,70-90 River Rd., 5-25,10-30 Canal Lane	Rental	215	Perp	No	*HUD*
2782	Weston Manor	15 Weston Avenue	Rental	80	Perp	No	*HUD*
2783	Clarendon Hill Apartments	North Street, Powderhouse Blvd, Alewife Br. Parkway	Rental	216	Perp	No	*DHCD*
2784	Mystic River Apartments	500 Mystic Ave., Memorial Rd	Rental	240	Perp	No	*DHCD*
2785	Bryant Manor	75 Myrtle St.	Rental	134	Perp	No	*DHCD*
2787	Ciampa Manor	27 College Ave.	Rental	53	Perp	No	*DHCD*
2788	Clarendon Hill Towers	1366 Broadway	Rental	41	2089	No	*DHCD*
2789	Corbett Apts.	32 &125 Jacques St.	Rental	100	Perp	No	*DHCD*
2790	Properzi Manor	13-25 Warren Ave.	Rental	109	Perp	No	*DHCD*
2791	Monmouth Street	17 Monmouth St.	Rental	10	Perp	No	*DHCD*
2792	Hagan Manor	268 Washington St.	Rental	24	Perp	No	*DHCD*

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

Somerville

DHCD ID #	Project Name	Address	Type	Total SHI Units	Affordability Expires	Built w/ Comp. Permit?	Subsidizing Agency
2793	Prospect House	386 Broadway	Rental	10	Perp	No	*DHCD*
2794	Fountain/Sycamore Sts.	Sycamore St.; Fountain St	Rental	3	Perp	No	*DHCD*
2795	110 Walnut St.	110 Walnut St.	Rental	12	perp	No	*DHCD* *HUD*
2797	219-221 Pearl St.	219-221 Pearl St.	Rental	6	3/4/2019	No	*HUD* *HUS*
2798	33 Bow Street	33 Bow Street, Wesley Park	Rental	18	2095	No	*MHP* *DHCD* *DHCD*
2799	B.F. Faulkner Tower	25 Highland Avenue	Rental	130	2018	No	*MassHousing*
2800	Broadway Residence	181 Broadway	Rental	8	2025	No	*EOHHS* *HUD*
2801	Center House	167 Highland Ave.	Rental	9	2021	No	*HUD*
2802	Clarendon Hill Towers	1366-1374 Broadway	Rental	460	Perp	No	*DHCD/ MassHousing* *HUD*

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DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT CH40B SUBSIDIZED HOUSING INVENTORY

Somerville

DHCD ID #	Project Name	Address	Type	Total SHI Units	Affordability Expires	Built w/ Comp. Permit?	Subsidizing Agency
2803	Cobble Hill Apartments	84 Washington St.	Rental	224	9/30/2016	No	*HUD*
							HUD
2804	Giles Park/Glen St.	38,40 Glen St./8, 10,12 Giles Pk	Mix	7	2028	No	*DHCD*
							DHCD
2805	Kent Street Apartments	29-38 Kent Street	Rental	40	Perp	Yes	*FHLBB*
							MHP
							DHCD
							DHCD
							DHCD
2806	Lincoln/Perkins Streets	28-38 Lincoln Street	Ownership	5	Perp	No	*DHCD*
2807	Merriam Street Community Residence	57 Merriam Street	Rental	8	2034	Yes	*DHCD*
2808	Mt. Pleasant Apartments	70 Perkins Street	Rental	65	2031	No	*MassHousing*
2809	Mt. Vernon I	54 Mt. Vernon St.	Rental	8	2015	No	*HUD*
2810	Mt. Vernon II	58 Mt. Vernon St.	Rental	8	2015	No	*HUD*
2811	Mt. Vernon III	80 Mt. Vernon St.	Rental	7	2016	No	*HUD*

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DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT CH40B SUBSIDIZED HOUSING INVENTORY

Somerville

DHCD ID #	Project Name	Address	Type	Total SHI Units	Affordability Expires	Built w/ Comp. Permit?	Subsidizing Agency
2812	Pearl St. Park	238 Pearl St.	Rental	86	9/15/2018	No	*HUD*
2813	Pearl Street House	86 Pearl Street	Rental	10	2036	No	*EOHHS* *HUD*
2815	Wheatland St FHTB	Wheatland Street	Ownership	8	Perp	Yes	*DHCD*
2817	Sewall Place SRO	10 Sewall St.	Rental	14	2029	Yes	*DHCD* *FHLBB*
2818	Somerville Place	131 Highland Ave	Rental	8	2030	No	*HUD* *EOHHS* *DHCD*
2819	VNA Estates	259 Lowell Street	Rental	97	Perp	No	*DHCD* *MHP* *DHCD*
2820	Walnut St. Center, Scattered Site	23-27 Bonair St.;464 Broadway	Rental	18	2022	No	*HUD*
2844	Marion Street	Marion Street	Ownership	3	12/23/14	No	*HUD*
2850	34 Linden Street	34 Linden Street	Rental	42	Perp	Yes	*DHCD*

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DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT CH40B SUBSIDIZED HOUSING INVENTORY

Somerville

DHCD ID #	Project Name	Address	Type	Total SHI Units	Affordability Expires	Built w/ Comp. Permit?	Subsidizing Agency
2850	34 Linden Street	34 Linden Street	Rental	42	Perp	Yes	*DHCD*
							DHCD
							FHLBB
							HUD
							HUD
2851	6-8 Walnut Road	6-8 Walnut Road	Rental	6	2037	No	*HUD*
2852	Next Step House	299 - 303 Medford Street	Rental	6	2043	Yes	*DHCD*
							Somerville
							FHLBB
							HUD
4459	DDS Group Homes	Confidential	Rental	71	N/A	No	*DDS*
4605	DMH Group Homes	Confidential	Rental	92	N/A	No	*DMH*
5314	Flint Street FTHB	Flint Street	Rental	2	2012	No	*DHCD*
5315	Flint Street FTHB	Flint Street	Ownership	1	Perp	No	*DHCD*
5316	Pitman Street FTHB	Pitman Street	Mix	1	Perp	No	*DHCD*

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DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT CH40B SUBSIDIZED HOUSING INVENTORY

Somerville

DHCD ID #	Project Name	Address	Type	Total SHI Units	Affordability Expires	Built w/ Comp. Permit?	Subsidizing Agency
5317	Pearl Street FTHB	Pearl Street	Mix	1	Perp	No	*DHCD*
5319	Somerville Avenue	Somerville Avenue	Rental	3	2016*	No	*HUD*
5320	Somerville YMCA	101 Highland Avenue	Rental	43	perp	No	*HUD*
5321	Wheatland Street	Wheatland Street	Rental	7	2016*	No	*HUD*
5322	Richdale Avenue	Richdale Avenue	Rental	6	2016*	No	*HUD*
5323	Boston Avenue	Boston Avenue	Rental	5	2016*	No	*HUD*
5324	Marshall Street	Marshall Street	Rental	3	2016*	No	*HUD*
5325	School Street	School Street	Rental	2	2016*	No	*HUD*
5327	Highland Avenue	Highland Avenue	Ownership	1	Perp	No	*HUD* *Somerville AHTF*
6506	Temple Street Condos	65 Temple Street	Ownership	8	2105	Yes	*DHCD* *DHCD*
6507	Highland Commons	373 Highland Avenue	Rental	5	perp	No	*DHCD*

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DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT CH40B SUBSIDIZED HOUSING INVENTORY

Somerville

DHCD ID #	Project Name	Address	Type	Total SHI Units	Affordability Expires	Built w/ Comp. Permit?	Subsidizing Agency
6508	Franklin Street	Franklin Street	Rental	2	perp	No	*DHCD*
6509	Myrtle Street Townhouses	Washington Street	Ownership	2	perp	No	*DHCD*
7171	VNA Living Community	405 Alewife Brook Parkway	Rental	99	2036	Yes	*HUD* *HUD*
8745	1-16 Capen Court	1-16 Capen Court	Rental	95	perp	YES	*MHP* *MHP* *HUD*
8746	109 Gilman St	109 Gilman St	Rental	6	2047	NO	*HUD* *HUD* *DHCD* *DHCD*
8747	Mary's Trust	confidential	Rental	8	2047	NO	*DHCD* *DHCD* *HUD*
9030	St. Polycarp's Village -Phase I	460 Mystic Ave	Rental	24	2058	NO	*DHCD* *DHCD* *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

Somerville

DHCD ID #	Project Name	Address	Type	Total SHI Units	Affordability Expires	Built w/ Comp. Permit?	Subsidizing Agency
9364	St. Polycorp Aparments- Phase II	16 Butler Drive	Rental	29	2111	NO	*DHCD*
9638	VOA Somerville	1323 Broadway	Rental	29	2112	NO	*DHCD*
							MassHousing
							MHP
9639	75 Cross Street	75 Cross Street	Rental	8	2062	NO	*MHP*
							MassHousing
							DHCD
9641	St. Polycorp Aparments- Phase III	5 Memorial Road	Rental	31	2113	NO	*MassHousuing*
							MHP
							DHCD
	Somerville Totals			3,258	**Census 2010 Year Round Housing Units**		33,632
					Percent Subsidized		9.69%

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.

Exhibit 4 Somerville Housing Authority Utility Allowance

Summary
Allowance for Tenant-Furnished Utilities and Other Services

Locality : **Somerville Housing Authority**	Nstar/Nstar Gas	Date : 07/01/2015

5630 AHDD	Monthly Dollar Allowances							
Unit Type	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR	7 BR
Mobile Home (Manufactured Home)*								
a. Natural Gas	30	37	47	61	76			
b. Electric	47	56	73	93	117			
c. Bottle Gas	93	112	144	185	231			
d. Oil	77	93	121	155	193			
High-Rise with Elevator								
a. Natural Gas	31	35	42	51	58	72	83	94
b. Electric	42	52	63	78	97	113	130	147
Row House/Garden Apt (Rowhouse/Townhouse)*								
a. Natural Gas	30	40	55	68	82	96	110	124
b. Electric	46	62	84	105	127	147	169	191
c. Bottle Gas	92	123	166	207	251	292	336	379
d. Oil	77	103	139	173	210	244	280	317
Two-Three Family/Duplex (Semi-Detached)*								
a. Natural Gas	36	47	62	77	91	103	119	134
b. Electric	56	72	96	119	139	159	182	206
c. Bottle Gas	111	144	190	236	276	314	362	409
d. Oil	93	120	159	197	231	263	302	341
Older Multi-Family (Low Rise)*								
a. Natural Gas	33	43	57	71	85	97	112	127
b. Electric	50	66	88	109	131	150	172	195
c. Bottle Gas	100	131	174	215	259	297	342	387
d. Oil	83	109	146	180	216	248	286	323
Older Home Converted (Semi Detached)*								
a. Natural Gas	35	45	60	74	88	99	114	129
b. Electric	54	69	92	114	136	152	175	198
c. Bottle Gas	106	136	182	226	270	302	348	393
d. Oil	89	114	152	189	225	253	290	328
Single Family Detached								
a. Natural Gas	40	54	65	81	92	107	123	139
b. Electric	61	83	99	125	142	165	189	214
c. Bottle Gas	121	165	197	248	281	326	375	424
d. Oil	101	137	165	207	235	273	314	355
All Unit Types-Cooking								
a. Natural Gas	5	7	9	12	14	16	18	20
b. Electric	11	15	19	24	30	32	37	42
c. Bottle Gas	17	21	29	36	44	47	55	62
All Unit Types-Electricity	39	50	66	82	102	110	126	143
All Unit Types-Water Heat								
a. Natural Gas	7	9	12	15	18	20	22	25
b. Electric	15	19	26	32	40	43	50	56
c. Bottle Gas	21	27	36	45	55	60	69	77
d. Oil	16	20	27	34	42	45	52	59
Range (Tenant Owned)								
Refrigerator (Tenant Owned)								
Water	18	26	34	44	50	60	71	82
Sewer	31	44	58	75	85	102	118	134

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*HUD 50058 Unit Type in Parenthesis where Different

Exhibit 5 SCC Property Details

Exhibit 5– Details on Somerville Community Corporation Affordable Rental Housing Portfolio

Somerville Community Corporation Affordable Multi-Family Rental Developments									
Development	**Sewall Place SRO**	**33 Bow Street**	**34 Linden Street**	**110 Walnut Street**	**109 Gilman Street**	**75 Cross Street**	**St. Polycarp's Village**		
							Phase I	**Phase II**	**Phase III**
Year Built/ Year Renovated	1900/1992	1900/ 1997	2002	1950/ 2004	1900/ 2005	2012	2010	2013	2014
Total Units	14	**18**	42	12	6	8	24	29	31
Affordable Units	13	**16**	42	12	6	8	24	29	31
Market Units	1	**2**	0	0	0	0	0	0	0
Formerly Homeless	13	**0**	0	0	2	8	2	2	3
# of Project Based Vouchers	13	**0**	11	12	0	8	11	11	11
# of units filled by mobile voucher holders	0	**12**	17	0	3	0		22	
Affordable Units by AMI Level									
30%	13	**0**	11	12	2	8	11	11	11
50%		**3**			0				
60%	0	**13**	31	0	3	0	13	18	20
80%	0	**0**	0	0	1	0	0	0	0
110%	0	**0**	0	0	0	0	0	0	0
Unit Mix									
SROs	2								
Studios	12								
1 Bedrooms				6			6	3	7
2 Bedrooms		**14**	30	6		2	12	20	17
3 Bedrooms		**2**	11		6	6	6	6	7
4 Bedrooms		**2**	1				0	0	
Occupancy/Wait List									
Market Occupancy	100%	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Affordable Occupancy	92%	**100%**	100%	92%	100%	100%	100%	100%	100%

Exhibit 6 Standard Form of Deed Rider