

TOWN OF MERRIMAC Housing Production Plan

OCTOBER 2010

Merrimac Valley Planning Commission
Haverhill, Massachusetts

First Published March 2005;
Amended July 2005 by:

Community Opportunities Group, Inc.
Boston, Massachusetts

Table of Contents

I. COMMUNITY STATEMENT OF SUPPORT FOR AFFORDABLE HOUSING	1
II. INTRODUCTION	2
PLANNED PRODUCTION	3
III. COMPREHENSIVE NEEDS ASSESSMENT	6
HOUSING NEEDS	6
HOUSING BARRIERS	7
POPULATION CHARACTERISTICS	10
HOUSEHOLD & FAMILY INCOMES	13
LABOR FORCE & EMPLOYMENT CHARACTERISTICS	15
HOUSING INVENTORY	16
HOUSING MARKET	18
HOUSING AFFORDABILITY	19
IV. OPPORTUNITIES & CONSTRAINTS	23
PLANNING & ZONING	23
INFRASTRUCTURE, PUBLIC FACILITIES & SERVICES	24
V. GOALS, POLICIES & STRATEGIES	26
GOALS	26
POLICIES	26
TOOLBOX	27
ESTIMATED CHAPTER 40B PRODUCTION SCHEDULE	29
SAMPLE AFFORDABLE HOUSING RESTRICTION	30

I. COMMUNITY STATEMENT OF SUPPORT FOR AFFORDABLE HOUSING

Merrimac wants to maintain a housing stock that can accommodate every age group, family size and income level. We are proud of our existing mix of housing and the choices available to people who want to live in our town. The Board of Selectmen and Planning Board continue to endorse the goals for future housing as recommended in the 202 Merrimac Master Plan and the 2005 Housing Plan.

- Provide housing choice throughout the community
- Protect and enhance the historic, intimate character of existing neighborhoods
- Use regulations effectively to promote neighborhood scale design in new residential developments

We will continue work to implement the major housing and land use recommendations in the Master Plan and in the 2005 Housing Plan goals and policies by encouraging development or reuse of housing units that are affordable. Many recommendations from these plans have been adopted and implemented in the past few years:

- Encourage a mix of residential use types throughout Merrimac, but focus higher density housing in existing developed areas with adequate infrastructure along Route 110, when carried out in support of mixed-use development, around Merrimac Square, and as replacement uses if the town's mobile home parks cease to operate.
- Encourage housing for restricted occupancy by elderly residents -assisted living facilities and "over-55" housing developments
- Tailor local policies to encourage work-at-home activity.
- Establish a Village Residential District to encourage a greater mix of housing stock, reuse of existing structures and more affordable housing near Merrimac Square, including accessory apartments and multifamily conversions that meet the requirements of the Local Initiative Program (LIP).
- Establish a local housing trust to develop, advise, and promote affordable housing.
- Seek, obtain and use public and private resources to provide housing units that are affordable to and suitable to low and moderate-income and middle-income families and the disabled and elderly: CDBG, HOME.
- Identify town owned land, including tax title parcels that can support small-scale affordable housing development by such organizations as Habitat for Humanity

II. INTRODUCTION

Merrimac is a small town in northern Essex County, bounded by Amesbury, West Newbury, Haverhill, and Newton, N.H. From its distinctive Town Square to the unspoiled hills and farms near the state line, Merrimac has much to offer: an unusual mix of homes, breathtaking views of the Merrimack River, villages and lakeside neighborhoods, and a pastoral countryside. Like most rural economic centers, Merrimac is geographically small –about 8.6 square miles –and it is organized around a compact industrial village with adjacent, densely settled neighborhoods. Agricultural land and forests characterize the town’s outlying areas, yet largely because of regional market forces, both the supply of open space and the agricultural economy it supported have declined considerably over the past 30 years. In 1971, 68% of Merrimac’s total land area was forested or used for farming. By 1999, forests and agricultural land had dropped to 55% of the town.

Evidence of modern ideas about development can be found just about everywhere in Merrimac today: larger house lots with homes set back uniformly from the street, and new subdivision roads lined with granite curbing, wider than some of the old country ways that collect and move the majority of traffic in Merrimac. The force that accelerated Merrimac’s growth, I-495, serves as imposing testimony to the irrevocable land use changes that many small towns faced during the last half of the 20th century. For Merrimac, regional highway improvements meant more than its discovery by a new generation of homebuyers. I-495 also severed the entire southern end of Merrimac from the rest of town, leaving intact only a few of the old roads that once led from New Hampshire south to the Merrimack River.

Out of concern about the impacts of residential development, a weak tax base and the incremental loss of open space along Merrimac’s rural roads, the Town decided to prepare a new master plan at the end of the 1990s. For nearly two years, a committee of local officials and interested citizens worked with a consulting team and steered the plan’s development. In August 2001, the Merrimac Master Plan was adopted by the Planning Board. The Master Plan promotes guiding future growth toward established neighborhoods around Merrimac Square and along Route 110 – areas with adequate infrastructure and utilities to support more development – while reducing pressure on the agricultural and forested landscapes of northern Merrimac. Specifically, the Master Plan recommended the following land use policies, and to the Towns credit, several of the recommendations have been enacted and adopted and are now in place.

1. A variety of regulatory options to encourage multifamily housing, elderly housing and a mix of residential and office uses adjacent to Merrimac Square;
2. Upper story residential uses in Merrimac Square’s commercial buildings;
3. Infill residential development in the Town Center neighborhoods;
4. Mixed use, predominantly commercial development along Route 110, subject to strong site plan and design review guidelines;
5. More flexible regulations for the use of vacant land in Merrimac’s industrial district;

6. No extensions of sewer service into outlying parts of Town in order to preserve remaining treatment plant capacity for future growth along Route 110;
7. Open space zoning and flexible development regulations for rural areas; and
8. Stronger protection for wetland resources, scenic roads and historic buildings.

Against the backdrop of these and other Master Plan recommendations, the Planning Board established a special committee to work on zoning bylaw amendments. Merrimac requested and received permission to use most of an Executive Order 418 grant to update its zoning regulations. However, the entire bylaw was so weak that the committee and consulting team opted for a comprehensive zoning revision. In May 2004, town meeting gave nearly unanimous support to the proposed Zoning Bylaw and a new zoning map.

This Affordable Housing Plan relies on the Merrimac Zoning Bylaw, Chapter 40B and access to state and federal financial resources to assure that Merrimac remains affordable to people living in or seeking to move to the Merrimack Valley region. Merrimac is a pleasant, low-key town that values its close-knit neighborhoods, charming town square, working farms, and views of the water. Its small local government and limited financial resources have not prevented the Town from successfully negotiating the best possible outcomes for several Chapter 40B developments. Unlike many communities across the state, Merrimac has not resisted every comprehensive permit that reached the Board of Appeals, and the Town has 6.5% of its housing stock as affordable. Its accomplishments are impressive, and if all 40B projects that were approved had been built, Merrimac would be over the statutory minimum of 10% affordable housing. Due to the housing collapse which began around 2006, the "Chellis Hill" 40B project was never constructed. This project alone would have put the Town at 10%. In addition, the Town has lost some "expiring-use" housing units; thus the total number of affordable housing units has dropped to 146. Currently, the Town's Subsidized Housing Inventory (SHI) is 82 units short of the 10% statutory minimum.

PLANNED PRODUCTION

A community's growth from village to modern suburb can be traced through the styles, age and location of its homes. As fields and forests gradually gave way to development, the homes that replaced them tell a story about the physical evolution of each city and town. This can be seen in Merrimac, where a Victorian town square surrounded by late 19th-century homes serves as a legacy of the Town's renowned horse drawn carriage industry. In many communities across the Commonwealth, however, the loss of open space to new growth has led residents to oppose more housing developments. Concerned about town character, natural resources and the cost of public schools, local officials seek ways to limit growth. Oftentimes, the techniques they choose bring unintended consequences, one of which is the demise of housing choice. In Merrimac, housing choice is not a euphemism for low-income housing. Rather, it means a range of housing types and prices so that homebuyers and renters have meaningful choices about where they will live.

In 2002 and again in 2008, the Massachusetts Department of Housing and Community Development (DHCD) issued new regulations that reward communities for making steady progress toward providing their regional "fair share" of housing affordable to low and moderate-

Income people. Known as “planned production,” the 2002 regulation invited local governments to develop a plan for increasing the supply of affordable housing at an annual rate of at least .75 of 1% of their year-round homes. The plan must meet a series of state requirements, and ultimately it must be approved by DHCD. Once a community issues permits for enough units to satisfy the regulatory minimum, local officials may deny new applications from affordable housing developers for up to 12 months and in some cases, 24 months if a 1.5% threshold was met.

The production plan regulation offers an incentive to cities and towns that do not meet a statewide affordable housing goal established by the legislature in 1969. When less than 10% of a community’s housing units are affordable to low and moderate-income people, G.L. c.40B, Sections 20-23 (“Chapter 40B”) all but directs local officials to grant a “comprehensive permit” to qualified affordable housing developers. A comprehensive permit overrides zoning and other local requirements that interfere with the feasibility of building affordable housing units. By consolidating the approval powers of multiple town boards into one permit issued by the Board of Appeals, legislators hoped to accelerate low-income housing production in the suburbs. Chapter 40B allows a board of appeals to approve, conditionally approve or deny a comprehensive permit, but in communities that do not meet the 10% statutory minimum, a denied or conditionally approved permit can be appealed by the developer to the state Housing Appeals Committee (HAC). After achieving the statutory minimum of 10%, a board of appeals may still approve comprehensive permits, but its denial of one is no longer vulnerable to a state appeal process. By taking the lead in affordable housing development, the Town can avoid the HAC, and achieve a greater level of local control.

In the absence of a state approved production plan, communities that fall below the 10% goal are vulnerable to poorly planned developments. Other regulations that went into effect more several years ago buffer towns from very large affordable housing developments and establish a “grace period” for denying additional comprehensive permits even without a production plan. For example, the “large-scale project cap” limits a single affordable housing development to a maximum of 150 units in Merrimac, and under the “recent progress rule,” Merrimac would be able to deny a comprehensive permit for 12 months after approving one (or more) with at least 46 low-income units. With a DHCD approved and certified production plan however, under the new 2008 guidelines, Merrimac could deny a comprehensive permit for 12 months following the approval of at least 12 new low-income housing units. According to DHCD regulations, if a community has achieved certification within 15 days of the opening of a local Comprehensive Permit hearing, the ZBA shall provide written notice to the applicant, with a copy to DHCD, that it considers that a denial of the permit or the imposition of conditions or requirements would be “consistent with local needs”, the grounds that it believes have been met, and the factual basis for that position, including any necessary supportive documents. If the applicant wishes to challenge the ZBA’s assertion, it must do so by providing written notice to DHCD, with a copy to the ZBA, within 15 days of its receipt of the ZBA’s notice, including any documentation to support its position. DHCD shall review the materials provided by both parties and issue a decision within 30 days. The ZBA shall have the burden of proving satisfaction of the grounds for asserting that a denial or approval with conditions would be consistent with local needs, provided, however, that any failure of the DHCD to issue a timely decision shall be deemed a determination in favor of the municipality. This procedure shall toll the requirement to terminate the hearing within 180 days.

By offering the production plan option, DHCD hoped to inspire communities to become more proactive about affordable housing. An issue for Merrimac and most towns in Massachusetts was

whether the 2002 planned production standard of .75 of 1% was realistic. The new 2008 guidelines lowered the threshold to .5 of 1% for a 12 month comprehensive permit denial and to 1% for a 24 month denial. Given the housing recession, these thresholds may also be unrealistic. If the Town relied entirely on new construction to provide more affordable housing units, Merrimac's production pipeline would have to increase significantly, with new affordable units supplementing market rate housing development. In fact, Merrimac's minimum annual planned production requirement of 12 units is roughly the same as the total number of new market rate homes built per year since 2000. So until the housing market rebounds these thresholds, as stated, appear unrealistic. Nonetheless, the Town will certainly attempt to achieve the production goal.

The decision to prepare a Chapter 40B production plan is important because it signals a commitment by cities and towns to produce affordable housing. Several communities have submitted production plans to DHCD because they anticipated a large Chapter 40B development and hoped to gain some protection after issuing a comprehensive permit, but Merrimac has different interests. The Town has already thought through such basic issues as locations suitable for higher density development, the kinds of residential uses it wants to encourage, the relationship between higher density development and the location of goods and services, public transportation, and access to sewer service. What is most impressive is that the Town has adopted new zoning bylaws to insure this vision would become reality. It also has boards and committees with considerable experience reviewing Chapter 40B projects. The Town has by no means shied away from 40B, but has approved several, and worked very hard to make sure they were appropriate projects for the Town. With no professional planning staff to serve the town of 6,500 (2008 Town census), Merrimac has demonstrated a commitment to and progress in the development of affordable housing.

III. COMPREHENSIVE NEEDS ASSESSMENT

HOUSING NEEDS

Chapter 40B focuses on low and moderate-income units, so it is not surprising to find that most local housing plans emphasize ways to create more low-income housing. Under Chapter 40B, a community is said to have unmet housing needs when less than 10% of its homes are affordable to low and moderate-income people. "Low and moderate-income" means households with income at or below 80% of area median income (AMI), adjusted for household size, for the urban or rural area in which a community is located. In Merrimac (Lawrence PMSA), a family of four with annual income of \$48,650 is "moderate income" and would qualify for affordable housing. According to the most recent Subsidized Housing Inventory, the state recognizes 6.40% all 2,281 year-round homes in Merrimac as housing affordable to low and moderate-income people.²

Unfortunately, using Chapter 40B as the basis for measuring housing need means that communities often strive to meet an affordability target that does not match local reality. Three factors make Chapter 40B statistics a poor tool for estimating unmet housing needs. First, economic areas do not follow town boundaries. Second, Chapter 40B developments are not designed to meet local housing needs; instead, they respond to the strength of a regional housing market, and this is exactly what has happened in Merrimac. Third, the 10% statutory minimum was intended to promote a regional distribution of affordable housing, not to suggest that only 10% of the Commonwealth's households are low and moderate income. Throughout the state and in Merrimac's own region, low and moderate-income households comprise a significantly larger percentage of all households than 10%.

Under Chapter 40B definitions, 6.4% of Merrimac's housing units are currently affordable. With 146 of Merrimac's housing units now appearing on the state's Subsidized Housing Inventory (SHI), 83 new SHI units are needed for Merrimac to meet its Chapter 40B threshold of 10%. Assuming no loss of SHI units through expiring use, Merrimac would qualify for a one-year comprehensive permits exemption with 12 SHI units produced annually, and a two year exemption for 23 SHI units produced annually. It must be remembered that Chapter 40B percentages represent the ratio of SHI units to the total stock of housing units as measured in the most recent federal Census. Currently, the count of units from the 2000 Census is being used. The ratio may change significantly once 2010 Census data are released.

Understanding housing needs requires an analysis of housing needs and barriers that exist within a regional market area. For Merrimac's plan, the regional area includes Merrimac, Amesbury, Salisbury, Newbury, Newburyport, Rowley, Georgetown, Haverhill, Groveland and West Newbury. According to the Subsidized Housing Inventory, these ten cities and towns have a combined total of 4,045 Chapter 40B units today, or 7.44% of their total year-round homes. Only one of the ten communities –Georgetown –currently exceeds the 10% statutory minimum. Meeting the state's 10% target on a region wide basis requires 5,440 affordable units, or 1,395 Chapter 40B units in addition to the existing inventory. However, there are about 21,759 low and moderate-income households in Merrimac and the surrounding cities and towns.³ The

²Massachusetts Department of Housing and Community Development (DHCD), Subsidized Housing Inventory, Rev. 1 April 2010 <<http://www.mass.gov/dhcd/Toolkit/shi.htm>>.

potential to underestimate housing needs is obvious, for even if all ten communities satisfied the state's goal, there would be 4.01 low and moderate-income households for every one Chapter 40B unit, although this is not to say no other housing in the community is affordable to them. The same condition exists statewide.

It is tempting to measure housing needs by looking only at conditions in a single city or town, without regard for problems that exist in larger regions or among communities with overlapping market demands. Nearly 83,000 of all 275,419 households in Essex County qualify as low or moderate income and 46% live in non-urban communities like Merrimac. Federal census data indicate that 41% of Essex County's present population is comprised of people who moved into their present home after 1995 and more than 75% of them came from elsewhere within Essex County or another part of Massachusetts.⁴ Although local officials in most cities and towns worry about the social, economic and fiscal impacts that affordable housing developments may bring to their communities, many households can choose to move from one town to another because they have economic mobility. For low or moderate-income households, there are fewer housing choices.

Chapter 40B focuses on low and moderate-income units, but housing needs are not limited to low or moderate-income people. Accessible homes for households with a disabled family member, small housing units for older people who do not want the maintenance responsibilities of a single-family home and a base of modestly priced rental units for young citizens entering the workforce are common needs in communities across the state. About 9% of Merrimac's working age population has a disability,⁵ but except for elderly public housing and a small inventory of group homes, Merrimac has no barrier free housing. In addition, while Merrimac's region has attracted over-55 housing developments, most are expensive condominiums or cottage size single-family homes with sale prices that far exceed the means of many senior citizens, especially households headed by people over 75. Although many age restricted Chapter 40B developments have been approved in Massachusetts, the income and asset tests for eligibility to buy a Chapter 40B homeownership unit create more marketing and sales challenges than many people realize. Merrimac has already seen evidence of this dilemma in the over-55 comprehensive permit development on West Main Street, The Village at Merrimac. In recent years, developers of many over 55 projects have been requesting to sell the units without the restriction in place because the supply exceeds the demand.

HOUSING BARRIERS

Planning & Zoning

The conditions that impede affordable housing development are complex, intertwined and deeply rooted. The most oft-cited barrier to new affordable housing is the shortage of available land in Eastern Massachusetts. The land shortage stems from three conditions: the mature land use pattern in communities near Boston, physical constraints, and regulatory barriers to new growth. During the 1990s, land prices skyrocketed as the demand for homes outpaced the land supply. Zoning regulations that require homes to consume a large amount of land per dwelling unit contribute to this problem. In suburbs and small towns, most land is zoned for single-family residential development, primarily on one acre or larger lots; in Merrimac, the minimum lot size for most of the Town's remaining land is 80,000 square feet. While some communities have multi-

family zoning districts, the land is largely built out. Merrimac has addressed this challenge by offering several options for higher density development in areas with sewers near the Town Center and along Route 110. Regionally, however, there is a lack of developable land zoned for two-family and multi-family housing.

The word “density” is mainly discussed and embraced at “smart growth workshops”, yet resistance to zoning for a mix of high, moderate, and low-density development contributes to the conditions that suburban and small-town residents protest about growth. Excessive traffic, the loss of open and forested land along rural byways, and the fragmentation of wildlife habitat have occurred primarily due to a widespread, non-strategic application of low-density zoning. Merrimac has adopted zoning that couples low-density with higher-density development policies, but the Town is unusual. Here, local officials identified the resource areas that merit protection and consciously zoned other areas to receive development.

Environmental & Public Health Regulations

Zoning makes affordable housing difficult to build, but it is not the only regulatory barrier to housing production. Federal and state authorities administer environmental laws to protect wetlands and water resources, clean up hazardous waste contamination, reduce non-point source pollution, manage storm water runoff, and remove lead paint from older homes. About 13.5% of Merrimac is comprised of wetlands and open water, which helps to explain the prevalence of poorly drained soils and Title V constraints in many parts of town.⁶ Title V regulations effectively require more land per dwelling unit in areas that directly influence drinking water supplies. While shared septic systems and alternative wastewater technologies may increase the development potential of marginal land, few alternative systems have been approved by DEP and they tend to be expensive. Finally, the presence of lead paint in older homes is particularly significant because many communities want to use existing housing stock for affordable units. Lead-based paint was banned in the United States in the 1970s, but large inventories of pre-1970 housing stock exist in Merrimac and throughout the immediate region. In Merrimac, 54% of all housing units and 57% of all renter-occupied units are in structures built prior to 1970.⁷

Race, Class and Cultural Divides

Lack of population diversity usually signals a short supply of affordable housing and reinforces geographic barriers for minorities, low-income families and the elderly. Even though the state’s population has become more diverse, its suburbs and small towns remain fairly homogenous. In Merrimac and nearly all neighboring communities, more than 94% of the population is white and less than 1% of all white people are Hispanic. In addition, the overall aging of the region’s population has created a market for over-55 housing, but most over-55 developments and assisted living facilities built since 1995 are priced for high-end homebuyers and renters. A limited inventory of affordable, accessible housing exists for low-income people, but outside of Haverhill, the most accessible housing affordable to those of modest means is the 40B housing units built in the last several years.

⁶MassGIS, DEP Wetlands (1:12,000) GIS Database. <<http://www.mass.gov/mgis/wetdep.htm>>.

⁷Census 2000, Summary File 3 Tables P34, P3

Housing Finance

Housing finance policies exacerbate the physical, regulatory and ideological barriers to decent housing for the poor. Before 1960, the nation's affordable housing was primarily public housing: units built and operated by housing authorities with federal financial support. Public housing and urban renewal dominated the federal housing agenda until the late 1960s, when new programs paved the way for private developers to build affordable housing. At the same time, the federal government created tenant based rental assistance for low-income tenants to rent apartments from private landlords. These changes in federal policy occurred in the same era that produced Chapter 40B (1969). The earliest comprehensive permits included a privately developed project that produced the first Supreme Court decision on Chapter 40B, and many more like it were built in Boston area suburbs throughout the 1970s. By the early 1980s, however, federal funding for affordable housing had begun to decline and states assumed increasing responsibility.

Mixed income housing came into vogue to make affordable housing feasible with less federal or state financial support. Today, mixed income developments serve as the primary supplier of affordable housing and a majority of the units are sold or rented at market rates. For example, the Cobblers Brook Condominiums on Broad Street brought 24 new homeownership units into Merrimac, but only six are affordable to moderate-income homebuyers. Since the feasibility of these projects hinges on the market, they tend to be built in high growth areas. Moreover, the affordable units are usually sold or rented at prices affordable to people at the high end of the income limits that govern most housing subsidy programs. As a result, many people who need low-cost housing cannot find a unit affordable to them, including but not only the elderly.

Public Finance

The system of public finance creates major barriers to housing development of any kind, and affordable housing in particular. In Massachusetts, communities depend on property tax revenue to pay for community services and land use decisions often reflect concerns about the fiscal impacts of new growth. Schools are the most expensive service supplied by local governments, so winning support for housing is difficult because local officials and the public associate new homes with school enrollment growth. In most suburbs, the sale of new homes and re-sale of existing homes attract buyers with children. Townhouses and multifamily housing units became popular because they served a pent-up demand by offering choices to a restricted group of homebuyers or renters: the elderly, singles, and childless couples. To reduce conflicts with local permitting authorities, multifamily developers agreed to build age restricted housing or they excluded three bedroom units from their projects, even in most Chapter 40B developments, while spacious single-family homes on large lots proliferated throughout the suburbs.

In contrast to the large, expensive single-family homes associated with market rate development, very little housing suitable and affordable for low or moderate-income families has been built in Merrimac's region. "Childproof" housing has emerged as a preferred strategy to contain growth in community service costs, not only in Massachusetts but also in some other parts of the country. This is not a particularly healthy scenario. If we do not welcome families with children we will end up with communities mostly comprised of older "baby boomers" and the elderly. Jobs will move to where the young families live, like the south and west. Also, recurring Proposition 2½ overrides create a host of conflicts and serve as catalysts for another kind of housing affordability problem, particularly for the elderly, so communities are loath to promote them. Furthermore, local aid from state government is unreliable and vulnerable to changing political and economic climates. Inadequate tax revenue, inconsistent state aid policies and societal uneasiness about the poor have merged to make low-income families with children the least well served of all people who need affordable housing.

Development and Management Capacity

A final barrier that disproportionately affects non-urban communities is lack of capacity to develop, build and manage affordable housing. Funding for new public housing is all but non-existent, and while many federal and state programs offer grants and low-interest loans to non-profit development organizations, very few non-profits serve suburban and rural communities. There are at least two reasons: critical mass, and easier access to financing in the cities. Without a locally based non-profit developer or a stronger presence by regional organizations, communities like Merrimac have to rely on for-profit developers to provide some affordable units in their projects or to build mixed-income developments under Chapter 40B. Neither is an optimal solution.

POPULATION CHARACTERISTICS

The character of Merrimac is visually defined by scenic landscapes and historic buildings, but the Town's most important attribute is its people. Working-class and upper-middle-income households, lifelong residents and newcomers, young families and seniors all give Merrimac the feel of a down-to-earth small town that welcomes everyone. Although Merrimac is home to a large number of families with children, it also has a growing population of elderly residents. On both ends of the age spectrum, Merrimac is different from the state as a whole. For example, while the Commonwealth's under-18 population grew by 10.9% during the past decade, Merrimac's increased by 30%. As measured by the 2000 Census, the average number of children under 18 in Merrimac families is .97, and nearly 40% of the town's family homeowners have children. Similarly, Merrimac's over-65 population increased 21.4% compared to 17.2% statewide. Merrimac's elderly population percent lags slightly behind Essex County and state averages, but it is roughly at the midpoint for communities in the immediate region.

Table 1: Comparison Population Statistics, Merrimac and Surrounding Communities

Community	Census 2000			% Change 1990-2000	
	Population	% Under 18	% Over 65	Persons <18	Persons >65
Amesbury	16,450	26.1%	12.0%	8.5%	8.5%
Georgetown	7,377	28.6%	9.4%	24.4%	11.5%
Groveland	6,038	29.6%	10.3%	30.9%	20.4%
Haverhill	58,969	25.7%	12.8%	22.6%	3.3%
MERRIMAC	6,138	29.0%	11.0%	30.1%	21.4%
Newbury	6,717	27.1%	10.7%	26.1%	12.7%
Newburyport	17,189	20.7%	14.0%	6.0%	4.5%
Rowley	5,500	28.0%	9.4%	26.1%	24.7%
Salisbury	7,827	23.6%	11.9%	9.7%	14.2%
West Newbury	4,149	30.0%	8.8%	27.1%	29.9%

Source: Bureau of the Census, Census 2000, SF1 Table P-12; 1990 Census, SF1 Table P0-11.

American Community Survey (ACS) data is collected by the Census Bureau on a frequent basis. These data are not sufficiently precise to determine demographics for towns as small as Merrimac. However, for the region, ACS data indicate population growth of 2.42% took place between 2000 and 2008. A recent Census Bureau estimate suggests that Merrimac's population growth may be outstripping that of its region. With an estimated 6,504 residents as of 2008, Merrimac's population may have grown by more than 5.96% since the 2000 Census.⁸

⁸ Bureau of the Census, Population Estimates 2008 • Massachusetts Institute for Social and Economic Research

Household Composition

Merrimac's population has grown 38% between 1980-2000, outpaced both the Merrimack Valley region (22%) and Essex County (11%).⁹ Completion of I-495 in the 1960s facilitated travel between outlying areas and allowed greater housing choice to those commuting to work inside the Metropolitan Boston area. Growth rates nearby reinforce the role that highway improvements play in opening small towns to new development; for example West Newbury, Newbury and Rowley have also experienced substantial population increases in the past 20 years. Merrimac's desirability to an expanding market of homebuyers is evident in its regionally high rate of population growth, even in an era of declining household size. In 1970, the typical Merrimac household consisted of 3.31 people.⁹ The town's average household size subsequently declined, consistent with national trends, but stabilized toward the end of the 20th century. Despite an influx of families with school children during the 1990s, Merrimac's average household size held to a constant of 2.7 people, in part because the number of nonfamily households grew at a somewhat faster rate than the number of families. Merrimac also has more "empty nester" families today than it did 10 years ago.¹⁰ The community's mix of people remains one of its strong suits.

Table 2: Comparison Profile of Households

Community	Total Households	Household Type by % All Households		
		% Families	% 1-Person	% Non-Family
Amesbury	6,380	66.3%	26.8%	6.9%
Georgetown	2,566	78.9%	16.9%	4.2%
Groveland	2,058	82.9%	14.0%	3.0%
Haverhill	22,976	64.7%	28.6%	6.7%
MERRIMAC	2,233	76.1%	19.8%	4.1%
Newbury	2,514	72.2%	22.6%	5.2%
Newburyport	7,519	58.9%	33.1%	8.0%
Rowley	1,958	75.0%	20.1%	5.0%
Salisbury	3,082	64.6%	26.6%	8.8%
West Newbury	1,392	85.0%	11.9%	3.2%

Source: Census 2000, SF1, Table P-18.

Among the factors that attract families to Merrimac, the quality of its K-12 regional school district ranks very high. Merrimac children attend elementary school locally, joining their peers from West Newbury and Groveland in grades 7-12. Not surprisingly, all three communities have regionally high percentages of family households, as shown in Table 2. Trends reported by the Massachusetts Department of Education (DOE) indicate that between the 1992-1993 and 1998-1999 school years, Merrimac's share of region wide K-12 enrollments climbed from 961 students to 1,204, or a 25.29% increase in six years: above average for the state as a whole.¹¹ Census 2000 data shed light on what happened. During the 1990s, the population of 10 to 14-year olds in Merrimac jumped by nearly 50%. Moreover, while the population percent of children under 5 years of age dropped 3% across the state, the same age group increased by 15.8% in Merrimac.¹² For the 2008-2009 school year, there were a total of 1,282 public school students from Merrimac in its regional school system, indicating a more modest growth since the year 2000.

⁹ Merrimac Master Plan (2001), 23.

¹⁰ Census 2000, Summary File 1 P20; 1990 Census, Summary File 1 Table P018.

¹¹ Massachusetts Department of Education, "Long-Term Trends in Individual District Enrollments PK-12," Statistical Comparisons <<http://finance1.doe.mass.edu/statistics/>>. ¹² Census 2000, Summary File 1 Table P12.

Households in Merrimac and other small towns nearby differ from their counterparts across the state in a variety of ways. For example, Merrimac has a much smaller percentage of very young households –headed by persons under 25 –and a significantly larger percentage of householders between 35-44 years of age. Only Haverhill and Amesbury have sizeable shares of young families, nonfamily and one-person households. In addition, Haverhill is the only community that is comparable to Essex County or the Commonwealth for percentage of households headed by persons over 75. The region’s small towns serve as a magnet for families looking for homes outside the city, and in virtually all cases, most new residential development consists of single- family dwellings that are designed to capture the family homebuyer market. Another significant feature of households in Merrimac and several neighboring towns is that married couples make up a much larger percentage of all families than is true elsewhere in the state or throughout Essex County. Single parent families are less likely to live in Merrimac than in Haverhill, Amesbury or Salisbury, and they are much less likely to live in Georgetown or West Newbury. The communities with the largest percentages of married couple families also have more children per family, yet in Amesbury, Haverhill and Merrimac, the average number of children per family is higher in single parent families headed by women than in married couple families.

Table 3: Families by Type and Average Number of Children per Family

Community	Total Families	Family Type by %			Average # Children <18		
		Married Couples	Single Parents Men	Single Parents Women	Married Couples	Single Parents Men	Single Parents Women
Amesbury	4,228	77.3%	5.6%	17.1%	0.92	0.76	1.05
Georgetown	2,025	89.7%	2.4%	7.9%	1.03	0.57	0.84
Groveland	1,707	87.3%	3.1%	9.6%	1.03	0.74	0.87
Haverhill	14,858	72.7%	6.5%	20.8%	0.91	0.78	1.08
MERRIMAC	1,699	82.6%	3.8%	13.6%	0.97	0.83	1.01
Newbury	1,815	85.2%	4.5%	10.3%	0.95	0.64	0.82
Newburyport	4,429	80.9%	4.7%	14.4%	0.76	0.52	0.80
Rowley	1,468	86.0%	3.7%	10.3%	1.01	0.95	0.95
Salisbury	1,991	76.1%	7.1%	16.8%	0.82	0.75	0.85
West Newbury	1,183	90.4%	2.4%	7.3%	1.05	0.75	0.74

Source: Census 2000, SF1, Tables P34, P36.

Group Quarters Population

About 3.5% of the Commonwealth’s population lives in group quarters housing, both institutional and non-institutional settings. Although prison inmates comprise the largest institutional population nationwide, this is not the case in Massachusetts. Here, most people living in institutional facilities are nursing home patients. The same is true in Merrimac’s region, for nursing homes account for 87% of the institutionalized population, mainly in Haverhill, Amesbury and Newburyport. By definition, the non-institutional group quarters population includes students in college dormitories, soldiers in military barracks, and persons in group homes, shelters and rooming houses. In 2000, students at Bradford College in Haverhill made up nearly half of the region’s non-institutional group quarters population, but Bradford College closed a few weeks after the effective date of Census 2000, but reopened as Zion Baptist College. In small towns such as Merrimac, group homes for adults with disabilities are the primary source of group quarters housing for non-institutionalized people.¹³

¹³ Census 2000, Summary File 1 Tables P37, P38.

Race and Ethnicity

Although Merrimac's population is mixed by age and household income, the Town has a strikingly small minority population. Its population is 98% white, which is generally true for all of the region's small towns. The only community with a racial make-up similar to that of Essex County overall is Haverhill, where 10.3% of the population is comprised of minorities. Compared to Merrimac's nearly all white population, the racial and ethnic make-up of families with children is somewhat more diverse. In Merrimac's two elementary schools, 96.9% of the children are white, 1.1% African American, 0.3% Asian, and .06% Native American. Hispanic persons constitute 0.90% of the total population, and 1.1% of local school enrollments.¹⁴

HOUSEHOLD & FAMILY INCOMES

Merrimac's median household income of \$58,692 is roughly at the middle of the immediate region and higher than the median for the state as a whole, \$50,502. According to Census 2000 data, Merrimac ranks 138 out of 351 cities and towns for median household income; in contrast, its 1990 state rank was 161 and its 1980 rank, 196. As Merrimac's population has grown, its population wealth has increased. However, a striking aspect of Merrimac's income profile is its small percentage of very affluent households, i.e., those with annual incomes over \$200,000: .7% locally compared to 3.8% for the state as a whole. Table 4 shows that the percentage of affluent households is larger in nearly all nearby communities.

Table 4: Economic Position of Households in Merrimac's Region

Community	Median Household Income	Percent Low-or Moderate-Income Households	Percent Affluent Households	Income of Affluent Householders as Percent of Aggregate Household Income
Amesbury	\$51,906	44.2%	1.5%	8.3%
Georgetown	76,260	28.7%	4.0%	12.6%
Groveland	69,167	31.7%	3.1%	9.6%
Haverhill	49,833	47.3%	1.6%	9.7%
MERRIMAC	58,692	41.2%	0.7%	4.0%
Newbury	74,836	29.8%	5.9%	24.3%
Newburyport	58,557	36.0%	4.5%	21.3%
Rowley	62,130	32.8%	4.3%	13.4%
Salisbury	49,310	48.8%	0.2%	0.9%
West Newbury	92,828	20.3%	8.4%	23.0%

Sources: Census 2000, U.S. Department of Housing and Urban Development.

Households in Merrimac are more likely to approximate the town wide median income than is the case in many communities: the percentages of households at high and low ends of the income spectrum are much smaller. Even though the Town's population represents a mix of incomes, there are relatively few extremes. However, Merrimac's nonfamily households generally have much lower incomes than others, and among nonfamily households, the elderly tend to have very low incomes. As a result, the difference between the median income for elderly residents and that of the Town as a whole is somewhat more pronounced, as shown in Table 5. It is noteworthy that seniors comprise a larger percentage of nonfamily households in Merrimac (41%) than in any other community nearby, yet the Town's percentage of elderly households overall (20%) is roughly

¹⁴ Census 2000, Summary File 1 Tables P-7, P-8; Department of Education School Profile Series.

average for the region as a whole. Its nonfamily households are more likely to be one-person households, and most are elderly persons living alone.

Table 5: Economic Position of Elderly Households

Community	Median Household Income				
	All Households	Age 65-74	Age 75+	Women Over 65 Living Alone	Men Over 65 Living Alone
Amesbury	\$51,906	\$30,769	\$17,313	\$13,673	\$16,628
Georgetown	76,260	26,250	16,563	11,799	12,222
Groveland	69,167	48,625	24,931	20,357	23,264
Haverhill	49,833	30,536	17,639	12,608	18,688
MERRIMAC	58,692	34,620	18,393	16,908	28,750
Newbury	74,836	41,510	20,000	12,308	50,125
Newburyport	58,557	28,958	18,576	12,958	18,929
Rowley	62,130	22,250	15,792	11,736	9,922
Salisbury	49,310	27,313	17,938	11,859	15,139
West Newbury	92,828	66,094	36,000	11,645	31,042

Source: Census 2000, Summary File 3 Tables P53, P56.

Families in Merrimac have higher incomes than households in general, but this is true in virtually all communities in the region. The wealthiest families are married couple families, the poorest, single women with children under 18. Less than 9% of the Town's families are single women with dependent children, a statistic that places Merrimac below national and state averages. However, its percentage of single parent females exceeds that of most small towns nearby. Only Haverhill and Amesbury have larger percentages, and their single parent females are among the lowest income families in the region. More than half of all families living below the poverty thresholds in Haverhill and Amesbury are single parent females with children under 18.¹⁵

Table 6: Economic Position of Families by Family Type

Community	Median Family Income	Married Couples	Single-Parent Males	Single-Parent Females	Single-Parent Females with Children <18
Amesbury	\$62,875	\$69,913	\$55,313	\$31,222	\$26,106
Georgetown	79,649	82,344	79,289	36,389	24,792
Groveland	73,996	77,695	32,143	44,306	40,417
Haverhill	59,772	68,442	39,297	30,551	23,691
MERRIMAC	69,118	75,572	36,923	36,250	32,500
Newbury	83,428	90,000	60,104	51,058	32,917
Newburyport	73,306	82,065	58,333	43,306	44,676
Rowley	75,527	85,000	61,528	45,573	22,917
Salisbury	56,327	62,017	50,893	34,792	31,331
West Newbury	99,050	103,448	200,000+	41,932	27,344

Source: Census 2000, Summary File 3 Tables P77, PCT40.

¹⁵Census 2000, Summary File 1 Table P34; Summary File 3 Table P90.

Recent information on poverty rates at the municipal level will become available when 2010 Census data are released. ACS data on Merrimac's region indicate a poverty rate of 6.77%.¹⁵

Despite the similarities in household wealth that can be seen town wide, there are some differences in the economic position of Merrimac households by section of town. Middle and upper income couples and families are concentrated more in neighborhoods to the south toward the Merrimack River and north of Route 110. The Town Center neighborhoods and Merrimac Square area are more mixed income and have a higher percentage of lower income households. The same areas tend to have absorbed a much lower rate of population change than the rest of Merrimac, i.e., north of Route 110. Since most of Merrimac's new homes are north of Route 110, the presence of many newcomers there makes sense. Also, these incoming families most likely have higher incomes than longer-term residents. In general, many of Merrimac's homes are fairly affordable to young, middle-income homebuyers, such as households trading up from a condominium or a small house.

LABOR FORCE & EMPLOYMENT CHARACTERISTICS

Merrimac's labor force includes about 3,400 people, or 76% of the population over age 16.¹⁶ A very small percentage of the employed labor force in Merrimac and West Newbury work locally (13.1%). In fact, only Newburyport exceeds the state average (31%) for residents working in their home city or town. While most of the region's labor force commutes to a job elsewhere in Essex County, a relatively large percentage of people in Merrimac, Haverhill and Salisbury work in New Hampshire. From a housing perspective, there are important relationships between a community's labor force, employment base and housing stock. When large numbers of residents have to commute to other communities for work, the reason is usually a small, weak local economy or a mismatch between housing prices and local wages. These conditions impede a town's ability to attract and keep a diverse base of businesses: a weak local economy does not appeal to desirable companies in an expansion mode, and a mismatch between housing prices and local wages increases the risk that businesses will find it too difficult to house their own workers.

Compared to the size of Merrimac's labor force, its employment base is extremely small. In a given year, local establishments employ approximately 691 workers, down 18% from five years ago. This means the jobs-to-labor force ratio in Merrimac is only .20. Most local wages run 50-80% below average wages for the state as a whole, and 60-90% of wages paid throughout Essex County.¹⁷ Wholesale trade and professional and technical services provide the most competitively priced jobs, but the Town has only eleven such establishments and they have a combined total of 27 employees. However, other higher wage industries are conspicuously under-represented in Merrimac or not represented at all, while lower wage industries comprise much larger shares of the overall employment base. Not surprisingly, Merrimac has lost businesses in recent years in this recession, and it has also lost 18% of the jobs that existed locally in 2005, including jobs that paid relatively high weekly wages.

Measured in location quotients, Merrimac's local economy is fairly similar to the state for the percentage of jobs in food services and non-durable goods manufacturing, far below the state in

¹⁵Bureau of the Census, 2006-2008 American Community Survey "PUMA" data. ¹⁶Census 2000, Summary File 3 Table P43. ¹⁷Massachusetts Department of Employment and Training

retail trade, professional services, finance and information services, and health care, and highly dependent on transportation and warehousing and the construction trades. Given the relatively high cost of housing and low wages paid by local establishments, the small percentage of Merrimac residents working in town makes sense. Unfortunately, the wage gap, the Town's limited number of jobs, the types of businesses located in Merrimac and the amount of vacant and underutilized commercial land all point to a small, weak economy. The weak economy is not surprising in today's climate, but it has been the norm for quite some time. There is also a significant disparity between the cost of living in Merrimac and the economic value of the local employment base. Merrimac does not have a "wage-earner" economy, a fact reinforced by the 3.6-to-1 commuter-to-local employment ratio that exists in town. For the most part, its economy is insular and susceptible not only to economic events far beyond Merrimac's borders, but also to sudden changes in local and sub regional conditions.

According to data published by Massachusetts' Executive Office of Labor and Workforce development, Merrimac's unemployment rate was 8.7% in April of 2010, which is up from 7.7% a year ago, and up from 4.6% in 2008. The current unemployment rate is slightly better than the statewide rate. Compared to the rest of Essex County or the state as a whole, Merrimac's adult population has a somewhat lower level of educational attainment. About 31% of the town's over-25 population holds a college or graduate degree, but for nearly 60% the highest level of educational attainment is a high school diploma or an associate degree.¹⁹ While Merrimac residents work in a wide range of occupations, economic data suggest that townspeople have quite different skills from the jobs generated by local establishments, which coincides with the commuting data discussed previously. Slightly less than 3% of Merrimac's labor force works at home, which is similar to the state average. When 2010 census data is released, this figure may increase substantially, not only for Merrimac, but for the state and the nation. An increasing number of people now are encouraged by their employer to work from home.

HOUSING INVENTORY

Residential land use is Merrimac's principal type of development. In addition to established neighborhoods around Merrimac Square and along River Road in Merrimacport, residential development extends north of Route 110 along the valleys toward the New Hampshire state line. Since 1970, most of the growth along Merrimac's north-south roadways has consisted of incremental "Form A" or "Approval Not Required" lots, i.e., house lots with enough area and frontage on a public way to be exempt from subdivision approval. However, the Merrimac Planning Board also endorsed several new residential subdivisions during the 1990s. From 1994-2004, the number of housing units in Merrimac increased by 12.2%, but the amount of land used for residential purposes increased by 42.3%.²⁰ From 2000-2004, Merrimac issued building

¹⁸ DET, "Labor Force and Unemployment Data: Local Unemployment Rates," Economic Data Programs, <http://lmi2.detma.org/lmi/lmi_lur_a.asp>.

¹⁹ Census 2000, Summary File 3 Tables P-37, P-49.

²⁰ Town of Merrimac Assessor's Office, FY02 Parcel Database; MassGIS, "Land Use," GIS Database; Census 2000, Summary File 1 Tables P1, H1.

permits for approximately 115 new dwelling units. Nearly all were single-family home permits except the Cobblers Brook Condominium development. From 2005 to 2008, 152 permits were issued for new dwelling units.²¹ With the economic downturn, the pace has slowed, with town Inspectional Services office reporting that 10 permits were issued for 1 & 2 family dwellings in 2009, and none for developments with the three or more units.

Composition and Age of Housing Stock

For a small town, Merrimac has an unusual mix of housing units. Although its Census 2000 inventory of 2,295 homes is dominated by detached single-family dwellings (64.4%), they differ by age, style, size and setting. The spacious, late 19th century residences on West Main Street and around Merrimac Square are not the same as the large homes in new subdivisions, just as converted cottages at Lake Attitash are unlike the small capes and ranch-style homes in neighborhoods built during the 1950s. Large farmhouses and small homes dot the landscape throughout Merrimac, and along some of the town's oldest streets – Bear Hill Road, River Road, Middle Street, Birch Meadow and Main – stand numerous homes that pre-date 1800. Two-family and multi-family buildings, some owner-occupied, others for rent, along with elderly apartments and two mobile home parks enrich the town's housing stock and enable people from all walks of life to live here. Many turn of the century mixed-use buildings with homes and businesses under one roof can be found all over town.

Despite Merrimac's colonial roots, its housing stock is relatively new. Over half of all housing units in Merrimac today were built after 1960. More significantly, over half of Merrimac's single-family homes were built after 1980. The completion of I-495 triggered a wave of residential growth, and each decade since then has seen a relatively high rate of unit production, from a low of 225 units in the 1960s to a high of 351 units in the 1980s. Two decades ago, Merrimac experienced a surge of condominium development that produced 92 of the town's 128 condominiums. Except for Chapter 40B developments, no new multifamily housing has been built in Merrimac since the 1980s, but single-family to two-family conversions are not uncommon. Table 7 provides a snapshot of the region's housing inventory.

Table 7: Housing Units by Type of Structure and Units Built 1995-2000

Community	Total	Units by Type of Structure					% Built 1995- 2000
		Detached Single- Family	2-4 Family	Multi- Family 5+ Units	Condo- minium	Mobile Homes & Other	
Amesbury	6,607	49.6%	22.3%	20.6%	7.28%	0.30%	5.9%
Georgetown	2,616	88.3%	8.1%	2.2%	1.38%	0.00%	9.3%
Groveland	2,096	86.5%	10.5%	1.9%	1.05%	0.00%	9.3%
Haverhill	23,737	42.6%	26.9%	20.4%	9.91%	0.15%	6.9%
MERRIMAC	2,295	64.7%	14.2%	6.7%	5.62%	8.71%	11.9%
Newbury	2,816	86.8%	7.7%	3.0%	1.63%	0.82%	6.1%
Newburyport	7,913	51.8%	19.7%	18.6%	9.76%	0.13%	4.4%
Rowley	2,004	76.3%	6.0%	15.4%	1.80%	0.45%	9.9%
Salisbury	4,156	56.4%	23.6%	9.5%	3.34%	7.17%	5.8%
West Newbury	1,423	93.0%	2.9%	0.7%	3.02%	0.42%	7.1%

Source: SF3, Tables H30, H56

²¹Census Bureau, "Building Permits."

Merrimac's newest single-family homes are larger than their predecessors. On average, homes built before 1940 contain 1,684 square feet (ft²) of living area, with 6.5 rooms and 3.0 bedrooms, and they occupy 1.1-acre lots. In contrast, single-family homes built between 1940-1969 are somewhat smaller: an average of 1,460 ft² of living area with 5.4 rooms and 2.7 bedrooms on 0.89-acre lots. However, the newest homes—those built from 1995-2000—are much larger and they also have absorbed more land: 2,230 ft² of living area, with 7.5 rooms and 3.3 bedrooms, and 1.4-acre lots. Town wide, the average size of a single-family home is 1,851 ft² (living area), and the average lot size, 1.29 acres. Compared to other towns in the region, Merrimac's homes are fairly small. Housing units with 7 or more rooms comprise well over half of all owner-occupied dwellings in all towns nearby except Salisbury, while the proportion of larger homes in Merrimac (48%) is closer to that of urban Haverhill and Newburyport.²² To some extent, the percentage of smaller, owner-occupied dwellings in Merrimac is skewed by the Town's inventory of 240± mobile homes.

Condition of Housing Stock

Overall, Merrimac's housing stock is in good condition. The Board of Assessors rates more than 90% of the town's single-family homes, condominiums, two-family homes and multifamily buildings as "average" or better. Where housing quality problems exist, they are more obvious in older mixed-use buildings and on parcels with more than one house.

HOUSING MARKET

Regional market conditions favor large single-family homes with modern amenities, and the same trend can be seen in Merrimac. Two-acre zoning, moderately priced land, Merrimac's natural resources and high quality schools make the Town attractive to single-family home buyers. Merrimac, like most communities, saw its housing prices escalate significantly from 1998 to 2005. The median sale price of single-family homes spiked from \$187,700 in 1998 to \$372,500 in 2004, for a five-year increase of 99%. From 2005 through 2009 home prices have dropped 22% in Merrimac, which is slightly higher than the average for the region. By comparison, during this period, single-family home prices dropped 26% in Groveland and 9% in West Newbury.

In 1990, 77.7% of all occupied housing units in Merrimac were owner-occupied and 22.3%, renter occupied. According to Census 2000, 82.9% of the town's occupied housing units are owner-occupied and 17.1% renter occupied. Merrimac experienced not only a shift in the proportion of rental occupancy, but also an actual reduction in the number of renter occupied units during this time period: from 425 (1990) to 383 (2000). A high rate of homeownership typically correlates with stability and creates a base for community investment. Conversely, a limited number of rental units can act as a barrier to population diversity by narrowing the field of housing choice. The trend began to reverse and more rental units became available in the mid 2000's, but due to the economic climate, very little housing is being built or proposed.

Of note, when the new Master Plan was prepared in 2000-2001, the executive director of the Merrimac Housing Authority described the Town's rental housing as "non-existent." His sentiments were echoed by many respondents to a survey distributed by the Master Plan Steering Committee: 48% said the town has a rental housing shortage.

²²Census 2000, Summary File 3 Table H26.

Table 8: Change in Single-Family Home and Condominium Sale Prices, 2005-2009

Community	Single-Family Homes			Condominiums		
	2009	2005	% Chg	2009	2005	% Chg
Amesbury	\$289,500	\$350,000	-17%	\$159,000	\$218,000	-27%
Georgetown	\$365,450	\$450,000	-19%	\$370,000	\$499,000	-26%
Groveland	\$285,750	\$386,750	-26%	\$244,000	\$340,000	-28%
Haverhill	\$246,000	\$320,000	-23%	\$160,000	\$219,000	-27%
MERRIMAC	\$290,750	\$372,500	-22%	\$245,000	\$264,900	-8%
Newbury	\$377,000	\$452,500	-17%	\$571,000	\$665,000	-14%
Newburyport	\$397,950	\$456,175	-13%	\$287,600	\$288,250	-0.5%
Rowley	\$420,000	\$466,250	-10%	\$349,900	\$199,900	75%
Salisbury	\$276,000	\$335,000	-18%	\$262,450	\$295,000	-11%
West Newbury	\$435,000	\$480,000	-9%	\$522,133	No sales	

Source: The Warren Group.

HOUSING AFFORDABILITY

Some people think “affordable housing” means subsidized housing: apartments or homes financed by tax dollars and occupied by low-income families, the elderly or persons with disabilities. To others, it means a modestly priced home that a town employee or school teacher could buy, an old house that needs work, or a “starter home” for young couples. In an effort to combat public resistance, housing advocates and policy makers sometimes substitute other euphemisms when they promote affordable housing: workforce housing, attainable housing, or simply, “Not Section 8.” In the past four years, state government has also encouraged communities to broaden the definition of affordable housing by including middle-class affordability as well: homes that can be purchased or rented by households with incomes between 81-110% of the median income.

To people who cannot find a home or apartment at a price that fits their household budget, affordable housing is an immediate, real life problem. The shortage of housing affordable to lower and middle-income people is gradually restructuring the age and class composition of high growth communities, affecting the elderly, modest wage earners and young families. Whether publicly subsidized or moderately priced in comparison to other homes on the market, “affordable housing” means this: the combined cost of rent and utilities, or the combined cost of a mortgage payment, insurance and property taxes is equal to or less than 30% of the household’s monthly gross income.

Not long ago, Merrimac contributed to the region’s supply of homes that sold at the lower end of the market. Since Chapter 40B does not recognize lower end market housing as low-income housing because it is not deed restricted, Merrimac’s affordably priced homes and cottages and mobile homes never counted toward the 10% statutory minimum. Towns have been arguing to count these “affordable” homes towards their 10% goal for many years, but to no avail. They were nonetheless important to maintaining the town’s socio-economic mix. There are many single-family homes assessed for tax purposes in a range that would be affordable to Merrimac’s or the region’s median income families. The homes are generally smaller and older than the balance of

Merrimac's housing stock. In general, they are 1,182 ft², 5.2 rooms and 2.5 bedrooms, built during the 1930s and located on lots of about .25 acres.

Homes like these traditionally supplied avenues to homeownership in Merrimac, but the rising home prices we experienced from the late 1990's to 2006 jeopardized their affordability by the same forces that drove up home prices around Lake Attitash and in neighborhoods near Merrimac Square during this same period. The market attracted homebuyers in search of a good investment opportunity: a home that could be acquired at a relatively low price, renovated and modernized, resulting in a substantial increase in value. Building permit records reinforced what became evident from a tour of the Town. Major alterations, substantial reconstruction and "gut-rehab" projects flourished in Merrimac as elsewhere. The volume of reinvestment in these older homes indicated Merrimac's desirability, but as property values rose, the base of affordable homes declined. With the recession, home prices have declined to what they were in 2001-2002, interest rates have remained very low, and tax rebates have been offered by the federal government, all making it possible again for gainfully employed moderate income families to enter the housing market.

Merrimac's two mobile home parks continue to provide low-cost housing and choice to small, primarily elderly households. Despite their exclusion from the Chapter 40B subsidized housing inventory, the mobile homes create a sizeable base of housing affordable to moderate-income households: about 8% of all housing units in Merrimac today. If Chapter 40B had been amended to recognize mobile homes as affordable housing, Merrimac's 200+ mobile homes would have placed the Town well above the 10% statutory minimum.

Subsidized Housing

The Chapter 40B Subsidized Housing Inventory shows that 145 units, or 6.40% of all year-round homes in Merrimac, meet the state's definition of low and moderate-income housing. For Merrimac, Chapter 40B units include both conventional public housing and subsidized, privately owned affordable housing, much of it restricted for the elderly. When the Master Plan was completed in 2001, however, Merrimac's Subsidized Housing Inventory included only 76 units, all limited to elderly tenants. Since 2001, the Town has approved three comprehensive permits for which building has been completed or in process:

- Cobbler's Brook Condominiums: 24 units, including 6 for low and moderate-income homebuyers.
- The Village at Merrimac: 30 units of over 55 housing, including 7 for low and moderate-income seniors.
- Greenleaf Apartments: an expansion of a 26-unit rental development on W. Main Street to include 28 new apartments. Under an agreement negotiated with the owner, all 54 units are now subject to rental affordability restrictions.

Furthermore, 10 group home units were added to Merrimac's Subsidized Housing Inventory, although 8 expiring use units were lost to the inventory, for a net gain of 70 affordable units since 2002.²³ During the same period, Merrimac began negotiating with the developer of large Chapter 40B development on East Main Street. What began as a proposal for 468 rental units on 70+ acres eventually changed to a 216-unit homeownership project. The original comprehensive permit application was submitted to the Board of Appeals one day before the large-scale project cap

regulations went into effect. With assistance from attorneys and several consultants, the Town was able to negotiate with the developer who acquired the site from the first comprehensive permit applicant, a local property owner. The Board of Appeals approved the project, but the economic decline began at about the same time, and the project was never built. If it had been, it would have put the town at over 10% affordability. The project may again surface in a rebounding economy, but the housing market could also be in a slump for several years.

Regionally, Chapter 40B units constitute nearly 8% of all year-round homes. According to the most recent Subsidized Housing Inventory (April, 2010), Georgetown, with 362 housing units on the SHI, is the only community in the region that exceeds the 10% statutory minimum. Salisbury has experienced the greatest percentage increase in 40B units since 2005, increasing to 8.6% from 5.1%.

Table 8: Subsidized Housing Inventory in Merrimac and Surrounding Communities

Community	2000 Census Year-Round Housing Units	Total Development Units	Total Subsidized Units	Percent Subsidized Units
Amesbury	6,570	859	495	7.50%
Georgetown	2,601	374	362	13.90%
Groveland	2,090	132	75	3.60%
Haverhill	23,675	2,308	2,086	8.80%
MERRIMAC	2,281	402	146	6.40%
Newbury	2,614	94	94	3.60%
Newburyport	7,717	722	629	8.20%
Rowley	1,985	118	88	4.40%
Salisbury	3,456	514	298	8.60%
West Newbury	1,414	26	26	1.80%
Total	54,403	5,549	4,299	7.90%

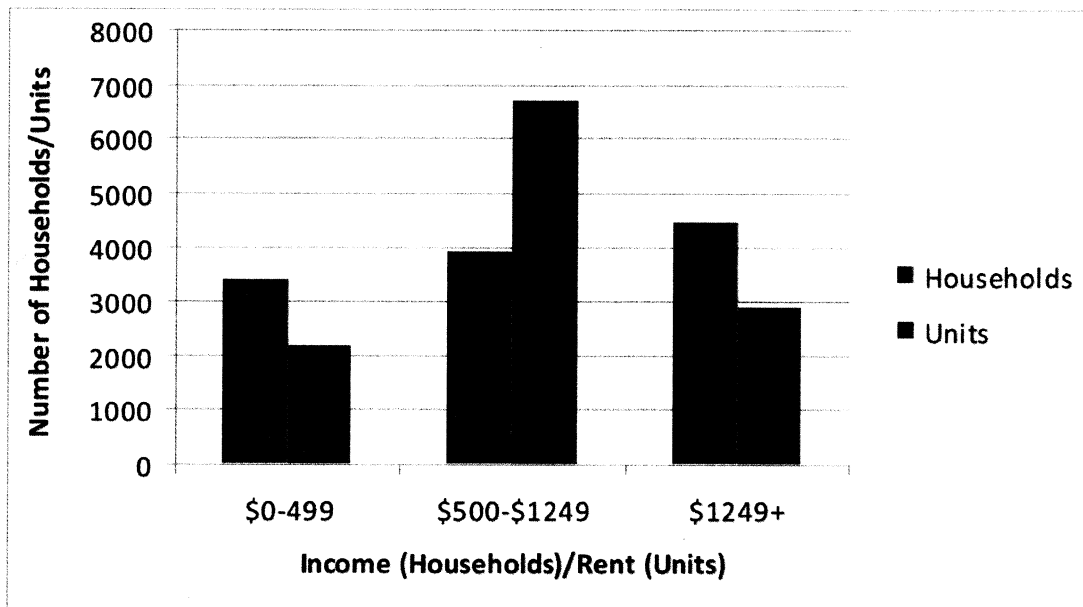
Source: DHCD (April 2010).

Housing Cost Burden

Monthly rents in Merrimac approximate HUD's Section 8 Fair Market Rents (FMR) for the Lawrence area. Supply more than cost appears to be the Town's primary rental housing barrier, but federal census data suggest that Merrimac does have a rental affordability gap. In 1990, 36.6% of Merrimac renters between 15-64, and 27.8% of those over 65, were housing cost burdened, i.e., they paid 30% or more of their monthly income on rent and utilities. By 2000, 50% of Merrimac's elderly renters were housing cost burdened but the incidence of younger cost burdened tenants had not changed substantially (37%). While lower income households comprised more than one-third of all housing cost burdened renters in Merrimac a decade ago, the situation had changed dramatically by 2000: 90% of Merrimac's cost burdened renters had incomes in the low or moderate-income range.

Housing affordability, particularly for households living in rental units, is a major regional issue. Data from HUD for the Lawrence region in which Merrimac is located are revealing. At the 2009 HUD fair market rent for the region, 28.4% of area households, or 60% of area renters, are considered unable to afford a 2-bedroom unit. At least 21% of renter households must devote more than half of their income to their rent. This far exceeds the 30% maximum generally accepted by both fair housing advocates and the mortgage industry. The affordability gap can be measured

overall, and within income groups. In the following graph, the number of units at various levels of rent (in red) is compared to the number of households able to afford these rents (in blue).



Sources: Bureau of the Census, 2006-2008 American Community Survey "PUMA" data; HUD Fair Market Rent data.

In conclusion, there are simply more renter households at lower income levels than there are units affordable to these households. Many of these households only have a choice to rent units that are well beyond their means. There are also more renter households at higher income levels than there are units affordable to these households. This means that some of the units affordable to people at both middle and low incomes are occupied by more well-off households. At least 1,200 rental units affordable to low-income households have to come to market to begin to close the regional gap. Proportional to its share of the regional population, this would mean 64 units in Merrimac.

IV. OPPORTUNITIES & CONSTRAINTS

PLANNING & ZONING

Housing Incentives

According to build out studies prepared for the Merrimac Master Plan (2001) and the Executive Office of Environmental Affairs (2000), Merrimac's "by right" residential development potential is 600-620 additional housing units, which seems low compared to future growth estimates for many communities in Massachusetts.²⁵ However, Merrimac is small and since a majority of its vacant residential land is in the Agricultural Residential District, most of its new homes require at least 80,000 ft² of lot area. To provide residential development alternatives, the new Zoning Bylaw encourages multifamily housing and mixed-use developments where sewer service is available along Route 110 and around the Town Center (see Land Use Policies MAP).

Although local officials also considered transfer-of-development-rights (TDR) regulations when the new Zoning Bylaw was written in 2003-2004, the concept was tabled because Merrimac does not have the professional staff or resources to manage such a complex regulatory scheme. Instead, they decided to encourage open space residential development plans, and the new Zoning Bylaw also provides more flexibility for landowners to create larger than required lots north of Route 110 in exchange for frontage waivers. These techniques may be inadequate for curbing sprawl, but they are appropriate land use tools for a very small town in a state with a weak zoning act. As for steering higher-density housing to suitable areas, Merrimac chose to focus attention on development incentives and design regulations for the center of town.²⁶ Today, local regulations do not create artificial barriers to new housing development. Moreover, they will bring about superior commercial projects when the market is strong enough to attract new commercial investment.

Environmental & Cultural Resources

Merrimac has outstanding and irreplaceable natural assets that the Town needs to protect from adverse impacts of existing and future development: the Merrimack River, a rolling landscape with vast tracts of agricultural land, large, still unaltered forests, and an intricate system of wetlands, surface water and ground water resources that support local and regional populations (see Environmental Resources Map). The location and extent of these resource areas have little relationship to the political boundaries that separate Merrimac from adjacent communities or the Commonwealth of Massachusetts from the State of New Hampshire. There are several habitat areas along the Merrimack River and north of Route 110, where large, contiguous tracts of undeveloped land serve as a buffer to riparian corridors and help to protect the quality of surface and ground water resources. For the most part, the open landscapes of northern Merrimac adjoin

²⁵The Master Plan was prepared concurrently with the EOEa build out study series conducted from 1999-2001. For Merrimac, the Master Plan and EOEa build out estimates were developed by analysts using different methodologies, yet they reached very similar conclusions.

²⁶See V. Goals and Strategies, Toolbox.

a simple frame of north south byways that supported early colonial settlement patterns. Today, the same roads channel a significant amount of cut through traffic between New Hampshire and I-495, a task for which they are poorly equipped by design and general condition.

All of Merrimac is located in the Merrimack River Watershed, which covers approximately 5,000 square miles in Massachusetts and New Hampshire. Lake Attitash, located along Merrimac's eastern boundary, doubles as a recreational and scenic resource for the region and a source of drinking water for neighboring Amesbury. The Town is crossed by a number of major and minor streams, such as Cobbler's Brook, which runs through the center of town to the Merrimack River and the Back River that drains into Lake Attitash. Water quality is a major issue in Merrimac, in part because of past experience with polluted waters, but also the Town cannot afford to lose one of its wells to ground water contamination. In fact, Merrimac's water supplies are hard-pressed to meet existing demand and the Town lacks a workable, near-term solution to the problem.

Despite the wealth of historic architecture around Merrimac Square and north of the Merrimack River, Merrimac has very little in place to protect its historic built assets. Town officials disagree about the merits of creating local historic districts or instituting demolition delay. The Zoning By-law requires a special permit for new construction in Merrimac Square and encourages building alterations that conform to the Secretary of the Interior's Standards for Rehabilitation, but these are the only historic preservation tools in Merrimac today. It is hoped that new regulatory incentives to reuse older, obsolete buildings for a mix of uses, including multifamily housing, will dissuade property owners from resorting to demolition/rebuild projects.

INFRASTRUCTURE, PUBLIC FACILITIES & SERVICES

Drinking Water Supplies: Water supply remains a significant challenge to Merrimac's future development. According to the Water Master Plan completed in November, 2009, Merrimac obtains water from two well fields, the East Main Street well field and the Sargent Pit well field. The Town is registered to withdraw a total of 0.36 MGD from these supply sources, and is permitted to withdraw an additional 0.1 MGD for a total Water Management Act Authorized withdrawal of 0.46MGD, or 167.9 MG/year from its supply sources. The system provides municipal water to approximately 5,200 persons, or 80% of the town's total population and the average water use per person is 64 gallons per day. The Town anticipates that water demand will increase from current average daily flows of 0.396 Mgal/day, to 0.422 Mgal/day in 2020, and 0.450 Mgal/day in 2030. Merrimac's efforts in promoting water conservation and aggressively correcting leaks when detected are very effective in managing a limited supply with few options for expansion.

Sewer Service: Sewer capacity affects the location, rate and magnitude of development, especially commercial and industrial development and higher density housing. The Merrimac Wastewater Treatment Facility (WWTF) was recently upgraded in 2005. It has a discharge license that limits its total discharge flow rate to 450,000 gallons per day calculated on a 12-month running average. This flow rate was exceeded from May to September, 2006 due to severe storms that exposed the vulnerability of the system to infiltration and inflow into the collection system. The town has since been aggressive in eliminating infiltration/inflow to seep into the system. These efforts have been successful in reversing the increase in the 12-month running average to its current level of approximately 359,000 gallons per day. The difference of this number from the discharge license limit of 91,000 gallons per day does provide the town with a meaningful reserve that can be used

to support continued but controlled growth in the community. The 450,000 gallon per day limit is not likely to be increased, so the continued efforts to remove infiltration and inflow will be the towns' primary means for preserving allowance for growth.

Public Schools: Merrimac is a member of the Pentucket Regional School District, a K-12 regional system that also serves West Newbury and Groveland. Each town provides its own elementary school building(s) and under the aegis of the Regional School Committee, the district provides middle and high school facilities. Several years ago, Merrimac invested in updating and improving the Sweetsir and Donaghue elementary schools. Rising K-6 enrollments during the 1990s absorbed the limited amount of reserve capacity in each building, although not to the point that classrooms became overcrowded. Like a number of Massachusetts communities, Merrimac has begun to experience stabilized enrollments and the Town believes it has enough classroom and core facility space for an average rate of housing growth, based on current enrollment projections.

V. GOALS, POLICIES & STRATEGIES

GOALS

Consistent with the Master Plan (2001) and the 2005 Merrimac Affordable Housing Plan, the 2010 Merrimac Housing Production Plan is governed by three goals:

Provide housing choice throughout the community

Protect and enhance the historic, intimate character of existing neighborhoods

Use regulations effectively to promote neighborhood scale design in new residential developments

POLICIES

The Town's policies for affordable housing production include:

Wherever possible, provide permanent affordability and assure that affordable housing restrictions meet the requirements of the Local Initiative Program. Specifically, the Town will require that affordable units serve households with incomes no greater than 80% AMI and that affordability be protected by the following means:

A deed restriction in perpetuity for new construction and completion of rehabilitation; and

A Regulatory Agreement executed by the developer and the applicable housing subsidy program, unless the subsidy program does not require such an agreement. The units will also be marketed according to a fair and open process consistent with state and federal fair housing laws.

Increase housing options for individuals and families at intermediate income levels. Specifically, pursue initiatives that will foster the creation of units within the financial reach of households at 80% to 120% of area median income.

Retain the existing stock of public housing units. Pursue funding for maintenance of these units through sources such as the housing trust fund. Advocate for increased federal support.

Increase the number of affordable rental units. Mandate that 33% of units meet SHI requirements in all new multifamily projects produced under the Local Initiative Program.

Give preference to infill development in and adjacent to the Town Center.

Target affordable and below-market homes for young families, the elderly and persons with disabilities.

Encourage development that provides direct access to public transportation and/or main roadways.

Design for compatibility with Merrimac's rural, low-density development pattern. Comprehensive permits for single-family home development in non-sewered areas should aim for a gross density of four units per acre and townhouse or garden apartment developments, 7-10 units per acre.

Design for sensitivity in scale. Ideally, a comprehensive permit development should not exceed 100 units.

Locate developments to avoid land use conflicts. New housing next to a farm or an industrial facility would be considered a potential land use conflict; new housing in established neighborhoods or in areas designated for mixed-use development will most likely be considered a compatible land use.

Avoid locations in a Water Resource Protection Overlay District.

Include mix of unit sizes –one, two and three-bedroom units.

Use opportunities to convert older buildings as a source of affordable housing. The conversion of large, older single family to duplex or multifamily units would generally be considered compatible with the Master Plan if the historic architectural features of the building are substantially preserved.

Use opportunities to add an accessory apartment to existing single-family dwellings as a source of affordable units. Merrimac already allows accessory apartments as of right in the Village Residential District and by special permit in the Suburban Residential and Agricultural Residential Districts. The Town should consider using CDBG or other funds to assist homeowners with creating accessory apartments that will be affordable to low or moderate-income people, and ask DHCD to place the units on the Subsidized Housing Inventory through the Local Initiative Program (LIP).

TOOLBOX

Zoning

To achieve these goals and policies, the Town has adopted a new Zoning Bylaw (2004) that promotes:

Mixed-use development by right, subject to site plan and design review, in Merrimac Square.

A mix of residential uses and infill development by right, subject to site plan and design review, in neighborhoods adjacent to Merrimac Square.

Mixed income housing development options for land that currently supports mobile home parks.

Mixed income multi-family housing development by special permit along Route 110.

Housing for older persons, including independent living and assisted living units, by special permit.

Accessory dwellings by right in established neighborhoods and by special permit in outlying sections of the Town.

A wide range of home occupations by right, from specialty retail in the neighborhoods around Merrimac Square to wood lots and carpentry shops in the northern part of town.

Architectural design guidelines and site development standards for all zoning districts.

Comprehensive Permits

Since 2000, the Town has used comprehensive permits to create or preserve 69 units of affordable housing:

Cobblers Brook Condominiums, a 24-unit homeownership development on Broad Street with 6 affordable units.

The Village at Merrimac, an “over-55” development with 7 affordable homeownership units on West Main Street.

Greenleaf Apartments, a pre-existing 28-unit rental development that has added 27 new units and placed all 56 under affordable rent restrictions.

Additionally, a large condominium development on East Main Street including 54 affordable two-and three-bedroom units was approved, but the developer chose not to build.

Future Considerations

In addition to these tools, Merrimac is exploring some related techniques to produce affordable homeownership and rental housing:

Use HOME or CDBG funds to subsidize improvements to existing housing stock or to facilitate conversions that require a special permit.

The Affordable Housing Board of Trustees working with the Planning Board for zoning changes will consider an inclusionary zoning bylaw with a continuum of incentives for the Rural Highway District (Route 110) and the Agricultural-Residential District, (2011), such as:

1. Require developments over certain size to include affordable units on site or elsewhere in Town, or to pay a fee in lieu of building affordable units.
2. Apply revenue to acquisition of existing units and protect them with a long-term affordable housing restriction, such as the LIP model deed rider.

Be creative in using frontage waivers to encourage affordable housing in the Village Residential and Suburban Residential Districts:

1. Require extra land and affordable units
2. Require that a portion of the extra land be deeded to the Town for future scattered site affordable housing.

Establish a fund to cover management and oversight of units, and compensate an appropriate non-profit agency for management services.

Consider another attempt at adoption of the Community Preservation Act (CPA). It is noteworthy that a CPA vote in Merrimac in 2001 garnered the support of 49% of voters. The proposal was for a 3% surcharge. A new proposal of a more modest surcharge of 1% or 2% might be more successful, particularly if it includes exemptions for low-income households and first \$100k of assessed home value. This measure, which will be spearheaded by the Open Space Committee, will have to wait until the economy reverses and the unemployment rate drops which may not occur until 2012-2014.

Review the mandated ratio of commercial to residential development components for mixed use projects in the Rural Highway district. Consider amending the Zoning By-law to permit reduced commercial use when residential components include a specified percentage of affordable units.

Pursue the development of affordable housing on appropriate parcels of town-owned property.

The Board of Selectmen and the Director of Public Works will pursue creation of a sewer service area in 2011-2012.

PRODUCTION SCHEDULE

The current economic climate has significantly reduced housing production throughout the state and nation-wide. In addition, 2010 Census figures will be coming out soon and this will change the 40B math – so at this point the Town of Merrimac has determined it is futile to talk about projections.

L:\DeedRider\SAR-Massachusetts(Universal)
5/30/16

LOCAL INITIATIVE PROGRAM
AFFORDABLE HOUSING DEED RIDER

*For Projects in Which
Affordability Restrictions Survive Foreclosure*

made part of that certain deed (the "Deed") of certain property (the "Property") from _____ ("Grantor") to _____ ("Owner") dated _____, 200_. The Property is located in the City/Town of _____ (the "Municipality").

RECITALS

WHEREAS, the Grantor is conveying that certain real property more particularly described in the Deed to the Owner at a consideration which is less than the fair market value of the Property; and

WHEREAS, the Property is part of a project which was: [check all that are applicable]

- (i) ☐ granted a Comprehensive Permit under Massachusetts General Laws Chapter 40B, Sections 20-23, from the Board of Appeals of the Municipality or the Housing Appeals Committee and recorded/filed with the _____ County Registry of Deeds/Registry District of Land Court (the "Registry") in Book _____, Page _____/Document No. _____ (the "Comprehensive Permit");
- (ii) ☐ subject to a Regulatory Agreement among _____ (the "Developer"), [☐] Massachusetts Housing Finance Agency ("MassHousing"), [☐] the Massachusetts Department of Housing and Community Development ("DHCD") [☐] the Municipality; and [☐], dated _____, and recorded/filed with the Registry in Book _____, Page _____/as Document No. _____ (the "Regulatory Agreement"); and
- (iii) ☒ subsidized by the federal or state government under the Local Initiative Program, a program to assist construction of low or moderate income housing the "Program"; and

WHEREAS, pursuant to the Program, eligible purchasers such as the Owner are given the opportunity to purchase residential property at less than its fair market value if the purchaser agrees to certain use and transfer restrictions, including an agreement to occupy the property as a principal residence and to convey the property for an amount not greater than a maximum resale price, all as more fully provided herein; and