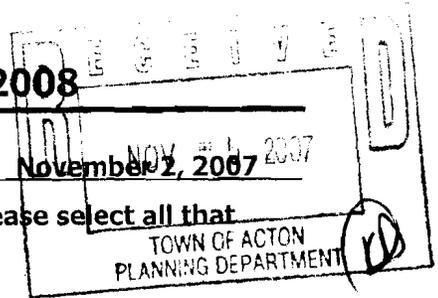


**PROJECT APPLICATION FORM – 2008**



**Applicant:** Acton Housing Authority      **Submission Date:** November 2, 2007

**Applicant's Address, Phone Number and Email**      **Purpose: (Please select all that apply)**

Kelley Cronin, Executive Director  
Acton Housing Authority, P.O. BOX 681  
Acton, MA 01720 phone) 978-263-5339  
kelley@actonhousing.net

- Open Space
- Community Housing
- Historic Preservation
- Recreation

**Town Committee (if applicable):** Acton Housing Authority

**Project Name:** Pre-development Funds

**Project Location/Address:** Sachem Way, Acton, MA 01720

**Amount Requested:** \$ 136,000

**Project Summary:**

In the 2008 Community Preservation Plan the CPC listed the following as a goal to address the housing needs in the community:

**"Acquire, create, preserve and support community housing and rehabilitate or restore community housing that is acquired or created under the CPA. Give preference to the reuse of existing buildings and to the construction of new buildings on previously developed sites," and**

**"Support the Acton Housing Authority's plan to increase the inventory of affordable rental housing for families by developing more units on existing AHA land and/or purchasing additional condominium units."**

The Acton Housing Authority (AHA) is requesting \$136,000 for pre-development funds. The AHA seeks to construct new buildings, for affordable rental housing for families below 80% of median income, on our previously developed site located on Sachem Way in Acton (see map). The funds will be used towards pre-development costs, including feasibility analysis of the site, for the "creation... and support of community housing in the Town of Acton."

In 2006, the Town approved Community Preservation funds for resources to the AHA for a Planning and Feasibility Study. The AHA hired a development consultant and legal consultant to help determine the most cost effective way to assist the Town of Acton in its objectives (as stated in the Master Plan) to promote a range of economic diversity in housing, including low and moderate income housing, and to promote a range of choice in the types of homes to allow residents' changing capacities and preferences. The consultants were hired to provide the following scope of services:

- Conduct a feasibility review including looking at the regulatory environment, possible funding sources and preparing sample pro-formas.

- Analyze different institutional arrangements to carry out the proposed housing development.
- Design planning to include selecting two or three models as a starting basis for design recommendations, market analysis and zoning issues.

One result of this process was the determination that there is only one site readily available to the AHA for affordable housing development, our property on Sachem Way. The development consultant provided a pro-forma and pre-development budget for developing affordable housing at this location.

The AHA intends to use the remaining \$10,000 in unexpended CPC funds for the Planning and Feasibility Study to support this pre-development work, as envisioned under the original funding proposal. The funds will be used for the development consulting and feasibility analysis as described in the scope below and last year's application. The pre-development funds will be used by the AHA for architectural, engineering, legal, financial and development services, including but not limited to site planning, zoning analysis, civil engineering, environmental engineering, and development consulting.

**Site Control:**

The Acton Housing Authority owns a large parcel of land on Sachem Way. Currently there are approximately two acres of undeveloped, wooded land.

Please see attachment A.

**Project Scope:**

General Pre-development costs:

<b>USE</b>	<b>COST</b>
<b>Architectural and civil engineering</b> Architect and Civil Engineer to site adapt housing and make design Modifications, parking lots, drainage, trash location, etc.	<b>\$60,000</b>
<b>Survey and engineering</b> Site plan survey, topographic survey, boundaries	<b>\$35,000</b>
<b>Environmental engineering</b> 21 E and Green Design	<b>\$7,000</b>
<b>Legal</b> Create limited liability entity, zoning and permit analysis	<b>\$15,000</b>
<b>Development/financial consulting</b> Assist with zoning and planning analysis, financing applications (\$10,000 of this cost will be covered by existing CPC funds)	<b>\$29,000</b>
<b>Staff Time</b> Acton Housing Authority staff time coordinating project (AHA will fund and is not included in the CPC request)	<b>\$20,000</b>
<b>TOTAL</b>	<b>\$166,000</b>
<b>CPC REQUEST</b>	<b>\$136,000</b>

**Cost Estimate:**

\$166,000

(3)

**Feasibility:**

The AHA has site control of the property. Foresite Engineering conducted a percolation test (see attachment B) and found that there is on site septic capacity. Our housing consultants have analyzed and presented different development models used by Housing Authorities through out the Commonwealth and provided a report (see attached C) to the AHA. Our consultants have also presented the AHA with different institutional arrangements for housing development. Our housing consultant developed a pro-forma and concluded that developing housing at the site is financially feasible. (see attachment D)

**Maps:**

See attachment E and F

**Photographs:**

See attachment G

**Estimated Date for Commencement of Project:**

June 2008

**Estimated Date for Completion of Project:**

November 2009

MARY JOHANSEN of Concord, Massachusetts, PATRICIA RYAN of Concord, Massachusetts, KATHERINE J. MCCARTHY, a/k/a KATHRYN J. MCCARTHY and formerly known as KATHERINE J. WOHLMAKER of Acton, Massachusetts, and THOMAS LEO MCCARTHY, JR. of McGraw, New York

being unmarried, for consideration paid, and in full consideration of Fifty-two Thousand and 00/100 (\$52,000.00) Dollars

grant to ACTON HOUSING AUTHORITY, a housing authority established pursuant to Massachusetts General Laws, Chapter 121

of 68 Windsor Avenue, Acton, Massachusetts

with quitclaim covenants

the location

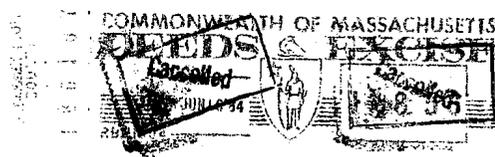
[Description and encumbrances, if any]

A certain parcel of unimproved land off the Northeasterly side of Great Road and the Northerly side of Harris Street in Acton, Middlesex County, Massachusetts, being shown as Lot B on a plan entitled, "Compiled Plan of Land in Acton Owned by T. Leo McCarthy" dated May 9, 1961, drawn by Harlan E. Tuttle, Surveyor, and recorded with Middlesex South District Deeds at the end of Book 10980, with an appurtenant 20 foot wide right of way to Great Road, which right of way is more particularly shown on a plan entitled, "Land in Acton Owned by T. Leo McCarthy" dated May 17, 1948 and recorded with said Deeds in Book 7307, Page 529. This parcel is a portion of the premises conveyed to T. Leo McCarthy and recorded with said

Deeds in Book 7307, Page 136.

" 4377 " 110

PROPERTY ADDRESS: 2 Harris Street Rear, Acton, Massachusetts



Witness ...our hands and seals this 15<sup>TH</sup> day of JUNE, 1984

Thomas Leo McCarthy, Jr.  
Katherine J. McCarthy by Richard S. Ryan under Power of Attorney

Mary Johansen  
Patricia Ryan

The Commonwealth of Massachusetts

MIDDLESEX

ss.

June 15 19 84

Then personally appeared the above named Thomas Leo McCarthy, Jr.

and acknowledged the foregoing instrument to be his free act and deed, before me

Signature of Steven R. Graham

Steven R. Graham, Notary Public — State of Massachusetts

My commission expires March 19 19 87

(\*Individual — Joint Tenants — Tenants in Common.)

CHAPTER 183 SEC. 6 AS AMENDED BY CHAPTER 497 OF 1969

Every deed presented for record shall contain or have endorsed upon it the full name, residence and post office address of the grantee and a recital of the amount of the full consideration thereof in dollars or the nature of the other consideration therefor, if not delivered for a specific monetary sum. The full consideration shall mean the total price for the conveyance without deduction for any liens or encumbrances assumed by the grantee or remaining thereon. All such endorsements and recitals shall be recorded as part of the deed. Failure to comply with this section shall not affect the validity of any deed. No register of deeds shall accept a deed for recording unless it is in compliance with the requirements of this section.



Commonwealth of Massachusetts  
 City/Town of  
**Percolation Test**  
 Form 12

Percolation test results must be submitted with the Soil Suitability Assessment for On-site Sewage Disposal. DEP has provided this form for use by local Boards of Health. Other forms may be used, but the information must be substantially the same as that provided here. Before using this form, check with the local Board of Health to determine the form they use.

**Important:**  
 When filling out forms on the computer, use only the tab key to move your cursor - do not use the return key.



**A. Site Information**

Acton Housing Authority  
 Owner Name  
McCarthy Village  
 Street Address or Lot #  
Acton MA 01720  
 City/Town State Zip Code  
Foresite Engineering (978) 461-2350  
 Contact Person (if different from Owner) Telephone Number

**B. Test Results**

	<u>08/24/06</u> Date	<u>10:30</u> Time	<u>08/24/06</u> Date	<u>10:30</u> Time
Observation Hole #	<u>PT-A</u>		<u>PT-B</u>	
Depth of Perc	<u>56"</u>		<u>54"</u>	
Start Pre-Soak	<u>10:31</u>		<u>10:40</u>	
End Pre-Soak				
Time at 12"	<u>10:46</u>		<u>10:55</u>	
Time at 9"	<u>11:00</u>		<u>11:14</u>	
Time at 6"	<u>11:21</u>		<u>11:43</u>	
Time (9"-6")				
Rate (Min./Inch)	<u>7 MPI</u>		<u>10 MPI</u>	
	Test Passed: <input checked="" type="checkbox"/>		Test Passed: <input checked="" type="checkbox"/>	
	Test Failed: <input type="checkbox"/>		Test Failed: <input type="checkbox"/>	

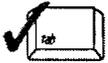
Scott P. Hayes, P.E.  
 Test Performed By:  
Brent Reagor, B.O.H.  
 Witnessed By:  
 Comments:  
 \_\_\_\_\_  
 \_\_\_\_\_



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 Street Address or Lot #  
Acton MA 01720  
 City/Town State Zip Code  
Foresite Engineering (978) 461-2350  
 Contact Person (if different from Owner) Telephone Number

**B. Test Results**

	<u>08/24/06</u> Date	<u>11:15</u> Time	<u>8/24/06</u> Date	<u>11:45</u> Time
Observation Hole #	<u>PT-C</u>		<u>PT-D</u>	
Depth of Perc	<u>60"</u>		<u>60"</u>	
Start Pre-Soak	<u>11:23</u>		<u>11:56</u>	
End Pre-Soak				
Time at 12"	<u>11:39</u>		<u>12:17</u>	
Time at 9"	<u>12:13</u>		<u>11:44</u>	
Time at 6"	<u>12:58</u>		<u>1:38</u>	
Time (9"-6")				
Rate (Min./Inch)	<u>15 MPI</u>		<u>18 MPI</u>	
	Test Passed: <input checked="" type="checkbox"/>		Test Passed: <input checked="" type="checkbox"/>	
	Test Failed: <input type="checkbox"/>		Test Failed: <input type="checkbox"/>	

Scott P. Hayes, P.E.  
 Test Performed By:  
Brent reagor, B.O.H.  
 Witnessed By:

Comments:  
 \_\_\_\_\_  
 \_\_\_\_\_



Commonwealth of Massachusetts  
 City/Town of  
**Percolation Test**  
 Form 12

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**A. Site Information**

Acton Housing Authority  
 Owner Name  
McCarthy Village  
 Street Address or Lot #  
Acton MA 01720  
 City/Town State Zip Code  
Foresite Engineering (978) 461-2350  
 Contact Person (if different from Owner) Telephone Number

**B. Test Results**

	<u>08/24/06</u>	<u>12:30</u>		
	Date	Time	Date	Time
Observation Hole #	<u>PT-E</u>			
Depth of Perc	<u>58"</u>			
Start Pre-Soak	<u>12:37</u>			
End Pre-Soak				
Time at 12"	<u>12:52</u>			
Time at 9"	<u>1:12</u>			
Time at 6"	<u>1:40</u>			
Time (9"-6")				
Rate (Min./Inch)	<u>10 MPI</u>			
	Test Passed: <input checked="" type="checkbox"/>		Test Passed: <input type="checkbox"/>	
	Test Failed: <input type="checkbox"/>		Test Failed: <input type="checkbox"/>	

Scott P. Hayes, P.E.  
 Test Performed By:  
Brent Reagor, B.O.H.  
 Witnessed By:

Comments:  
 \_\_\_\_\_  
 \_\_\_\_\_



SOUTH EAST DISTRICT  
 CONDUCTED BY: [Name]  
 DATE: [Date]  
 LOCATION: [Location]  
 TIME: [Time]

DISTRICT OFFICE  
 [Address]  
 [City]



**MHJ Associates**  
41 Coolidge Street  
Brookline, MA 02446

March 12, 2007

Ms. Kelley Cronin, Executive Director  
Acton Housing Authority  
68 Windsor Avenue  
Acton, MA 01720

Re: Housing Authority Development Models

Dear Ms. Cronin:

This document represents the first in a series of reports to the Acton Housing Authority designed to provide information on development models used by housing authorities in the Commonwealth to expand the supply of affordable housing in their communities.

With the elimination of programs for the construction of public housing units, local housing authorities (LHAs) have increasingly turned towards new funding sources and different institutional structures to meet the growing need for affordable housing. Since the early 1990's, LHAs have assumed the role of developers or played an increasingly large role in facilitating the development of affordable housing. This has taken the form of both rental and ownership options and has included, in some instances, the creation of market-rate housing as well. While most of the funding that has been sought has been controlled by the state, some authorities and their non-profit off-shoots have also utilized federal as well as conventional sources.

In the following pages you will find an analysis of the models that have been utilized by Massachusetts housing authorities. There is clearly no one model that fits all. The models and organizational structures used in Massachusetts vary based on the capacity of the LHA, the goals of the organization, the target population and the requirements of the funding sources. There are three models that will eventually be discussed in this report:

1. Leasing of land to a non-profit or for-profit developer.
2. Direct development by the LHA.
3. Creation of a non-profit with some LHA participation on the board of directors.

#### Housing Authority Goals

In reviewing the structures created by housing authorities, the goals of a particular LHA strongly influenced the organization's role. There appears to be three main goals that have affected a housing authority's decision on a particular institutional arrangement:

1. Facilitate the expansion of the supply of affordable housing

2. Create additional management opportunities and/or revenue
3. Rehabilitate existing public housing (including an expansion of units).

While all LHAs interested in development will obviously have the first goal as part of their mission, many will limit their involvement in the process. This is particularly true of many small housing authorities who have a legitimate concern of staff capacity. Even though consultants may perform the bulk of the required development tasks, managing several firms will add a significant burden onto the executive director. With many small authorities employing part-time directors, this additional workload is often too much to incorporate into the job description. Thus, many authorities have limited their role to leasing land to developers.

A second goal of an LHA is to add units under management or increase revenue to compensate for the insufficient funding generated by DHCD and to a lesser extent, HUD. This requires a greater level of control of the development process. Direct housing authority development is the approach with the greatest assurance that an LHA will reap benefits from additional cash flow and management fees. While other approaches such as LHA involvement in a non-profit and a ground lease can help an authority achieve this goal, they may also add obstacles into the equation.

Finally, some authorities have seen development potential within existing sites, including subdividing "excess" land as well as redeveloping units under management. This type of approach will often lead to a direct development model by the housing authority to avoid conflicts between two different management entities.

### Development Models

#### *Ground Lease Structure*

There have been many examples of housing authorities encouraging new development by transferring site control to an experienced developer. This approach typically involves the drafting of a Request for Proposals (RFP) in order to choose a developer to take a project through the development process. Once a developer is selected following public bidding procedures, there are no requirements to utilize the Designer Selection process, filed sub-bids or prevailing wages as long as the lease is correctly drafted. Those requirements are contained in a memorandum drafted by DHCD's former chief counsel providing guidance on long-term leasing. There is a hazy line in the sand which states that a public agency exerting too much control over a construction project during a public lease might trigger public bidding laws. Added to this threshold is the caution that improvements constructed during the lease period that revert to the municipality might mean that public bidding laws should apply. Thus, according to DHCD, there are at least three caveats that must be incorporated into the process:

1. The lease term should exceed the actual useful life of the housing (50 to 99 years);
2. The housing authority should not control the construction and the operation of the housing during the term of the lease; and
3. If the housing authority wishes to manage the leased property, it must compete with others for the contract.

The primary advantage to the ground lease is that it limits the housing authority's role to selecting a competent developer. It may also provide some opportunity for revenue generation in three areas: (1) Ground lease payments; (2) Management contract; and/or (3) Monitoring fees.

The amount of ground lease payment that can be charged is loosely governed by the DHCD memorandum previously discussed. While the payment may be limited based on the low income restriction (i.e. the value of the land must be based on its use as affordable housing), there is probably some flexibility on how it is determined. Again, the authority, in issuing the RFP, will need to balance a desire for revenue enhancement against its impact on the developer's cost structure, project feasibility, and goals of maximum affordability. The authority should also be aware that while long-term deed restrictions can survive foreclosure in a rental or ownership situation, lease payments may not.

As was previously discussed, DHCD advises that a LHA compete to manage the property. However, the developer/owner is typically not under any legal obligation to bid the contract out and may have initially participated in the RFP with the goal of managing the property.

There are certain legal questions concerning the selection of a housing authority as management agent which will need to be answered in a follow-up with Authority-selected counsel. They include:

1. Can the RFP contain language that will give preference (or award additional points) to a respondent that utilizes a local affordable management organization with experience managing in the community (i.e., the local housing authority);
2. If the authority is represented on a non-profit board that is competing under the RFP, can the non-profit simply select the authority as the managing agent without going through a formal process?

#### *The Housing Authority as Developer*

In some limited circumstances in Massachusetts, housing authorities have chosen to develop property themselves. There are several instances that have led LHAs down this path:

1. A project is significantly integrated with an existing public housing development including the redevelopment/rehabilitation of the property;

2. A housing authority wants to maintain full control over the development process and wants to ensure that the units remain under its management;
3. A housing authority would forfeit control over acquired land if it did not assume the development function (e.g., through reverter clauses contained in land transferred by the Division of Capital Asset Management)

This road has been problematic for a variety of reasons. First and foremost is the cost and time premiums added by prevailing wages and filed sub-bids. While the former may be less of an issue if the funding source already requires this condition, the latter will add time as well as significantly reduce the pool of competent general contractors or construction management firms that will be interested in the project.

Equally important to many authorities is the time demands placed on the executive director and board as well as the capacity of a small authority to add a major new initiative to a full plate.

A third concern has been the legal ability of the authority to develop market-rate housing as part of the process. The “subsidy” generated by market units is particularly attractive in communities with strong housing markets. Eliminating this option will force a housing authority into applying for a much larger subsidy request from the federal and/or state governments.

Finally, up until recently, many lenders required the establishment of single purpose entities in order to provide financing. This is still required for projects using Low Income Housing Tax Credits and may be required for projects financed by either MassHousing or MassDevelopment bond issues.

#### *Non-Profit Development Model*

Since 1993 when the Wayland Housing Authority created a non-profit development corporation, housing authorities have utilized this approach to create new affordable housing. There are two subsets within this approach: (1) identity of interest boards; and (2) boards that would not be considered related parties to an LHA board.

The first approach would probably be limited to situations where an authority was directly undertaking the development function but needed to create a single purpose entity because of lender or investor requirements. This model has been rarely used.

In the second approach, a non-profit is created which will have minority representation by the housing authority (no more than two commissioners out of at least 5 board members). In some instances, the LHA executive director will be a board member (in place of a commissioner), an ex-officio board member or the executive director of the non-profit. Boards such as this may be created to undertake a variety of development projects or may be

formed for a very specific project (e.g., joint ventures between housing authorities and social service organizations to develop service-enriched housing.)

There are several important benefits to the non-profit approach: (1) Prevailing wages and filed sub-bids are not required, saving potentially 10% to 15% in construction costs; (2) Mixed-income development is made possible; (3) Lender or investor requirements for a single-purpose entity are met. There are two interrelated disadvantages: control and specific benefits to the authority.

In order to avoid classification as a public entity, a non-profit must walk a fine line in terms of LHA representation and control. The clearer this line is, the more difficult it may be for a housing authority to easily obtain benefits such as cash flow and a management contract.

However, while there are no guarantees that this structure will work for an LHA, there appears to be a potential upside in considering this approach:

1. In many instances, while representing a minority on a non-profit board, there is a clear understanding among remaining board members that there is a two-fold purpose to the non-profit: increasing the supply of affordable housing and enhancing the capacity of the housing authority. This is further reinforced if there is one executive director for both organizations.
2. While there are differing opinions concerning the awarding of management contracts, either of two approaches could result in a contract between the non-profit and housing authority: (a) a competitive bid process which values local knowledge of the housing market, the management of affordable units in the community and other criteria which would require serious consideration of the housing authority; (b) an award without a competitive bid process. There are some authorities who have created non-profits that have taken a position at variance with DHCD. Specifically, they believe that if no promises are made by any party during a developer selection process, the winning bidder is free to select a managing agent, including the authority. This is an issue that requires careful legal advice.
3. The same ground lease revenue opportunity that is available to the authority in its role as lessor is obviously available in the non-profit situation. There may be a possibility of further enhancements with a non-profit who understands the authority's cash needs. For example, an escalator clause or revenue sharing feature above a certain debt service coverage level might be added to the ground lease.

### Development Models: Examples

The following pages contain a brief summary of a variety of efforts undertaken by Massachusetts housing authorities.

#### *Westford: Lease: Non-Profit*

Westford has been involved in two projects. One involves the construction of 15 affordable family units on donated town-owned land. A 30B disposition process was followed and a 99-year ground lease was executed with a Lowell-based non-profit, Common Ground. Construction financing was provided by the Massachusetts Housing Investment Corporation (MHIC), permanent financing through the Massachusetts Housing Partnership (MHP), and subsidies were made available through DHCD (\$ 1million of HOME), Westford (\$250,000 of Community Preservation Act [CPA] monies) and MHP (second mortgage financing).

The housing authority, along with Elder Services of Merrimack Valley, Inc. formed a non-profit and successfully obtained HUD 202 funding on land that was partially owned by the authority. This source is difficult to obtain and is limited to small projects (30 units or less). There is one commissioner on the non-profit board. The Westford executive director expects that the housing authority will successfully obtain the management contract.

#### *Groton Housing Authority: Housing Authority Developer*

Through an inclusionary zoning bylaw, the Groton Housing Authority was provided with the opportunity to purchase 9 units out of a larger 82-unit private development. Using a method called a Unique Acquisition, the GHA advertised in the Central Register and was then able to purchase the units. Funding is provided by a first and second mortgage financing through MHP as well as \$750,000 of HOME funds. They are currently exploring developing a 10-acre parcel donated by the town. There is discussion between the board, which would like to develop the project directly and the executive director, who, as a part time director, prefers a ground lease arrangement.

#### *Chatham Housing Authority: Lease*

The authority issued an RFP and awarded a 99-year ground lease to TCB (The Community Builders, a non-profit developer). They will be developing 49 rental units and three single family lots. MHP paid for a site and financial feasibility analysis prior to the issuance of the RFP

#### *Manchester: Lease, Non-Profit*

The Manchester Housing Authority issued an RFP for a 2-acre parcel it purchased. An award was made to the Manchester Affordable Housing Corporation, which has some MHA representation on its board. There is a long-term ground lease for a 21-unit apartment

building. Eighteen (18) condominium units were sold, of which five (5) were affordable. Affirmative Investments was the consultant to the non-profit.

*Chelmsford: Lease, Non-Profit*

The Chelmsford Housing Authority, like Groton, partnered with Elder Services of the Merrimack Valley on a HUD 202 project under a long-term ground lease arrangement. They are currently working with another disposition in which land will be leased (and which their non-profit will compete). They hope to receive the management contract.

*Amherst: Housing Authority Developer*

The Amherst Housing Authority purchased two vacant parcels and constructed two duplex units. To minimize the impact of prevailing wages, the AHA utilized a Modular Infill Pilot Program (a MHP-DHCD effort). Several authorities have utilized this program, relying on one architect selected through the Designer Selection process. An RFP was issued for a modular contractor certified by the Commonwealth's Division of Capital Asset Management (DCAM). In addition, the authority purchased an existing house with four units. MHP provided both first mortgage monies as well as a low-interest deferred payment second mortgage loan. Affordable Housing Trust Fund and CPA monies were also part of the financing structure.

*Foxboro: Housing Authority Developer*

The Foxboro Housing Authority faced a unique situation for development. They obtained land through the sale of a state hospital through a DCAM disposition process. They were able to acquire it without a public bid but were required to develop the land themselves if they wanted to avoid a reversion back to the state. The chairman of the authority, a real estate attorney, led the 40B zoning process. Like Amherst utilized the modular infill program for 18 of the 20 units in the project (the last two are in a Victorian). Architectural work, engineering, and site investigation work were paid for by DHCD and MHP. Funding for the project included \$ 1million from the Affordable Housing Trust Fund as well as monies from DHCD's Housing Stabilization Fund as well as a new program called Community-Based Housing. It appears that even without the DCAM restriction, the Authority would have pursued the direct development model, since its chairman wanted to keep the units directly under control of the authority and the FHA had a goal of increasing cash flow.

*Falmouth: Non-Profit*

The Falmouth Housing Authority and the non-profit it created, the Falmouth Housing Corporation, has been one of the most active affordable housing developers among housing-authority-related non-profits.

The FHA and FHC share an executive director and there is some board overlap (two members). Beyond that, the finances are separate, with the non-profit responsible for collecting rent and paying bills.

The non-profit has undertaken several projects. One project consists of the development of 90 rental units on three sites (72 of which will be affordable). Eight units for previously homeless individuals are being developed in collaboration with the Cape Cod Council of Churches, who will provide supportive services monies as well as service coordination. Funding is provided through HOME, the HUD McKinney program, the Affordable Housing Trust Fund, MHP and project-based Section 8 provided by the FHA.

The FHC also partnered with a development firm (Affirmative Investments) to construct 58 units of rental housing and 10,000 square feet of commercial space. 44 of the units are reserved for households at or below 60% of area median income. Financing was provided through Low Income Housing Tax Credits, HOME, the Affordable Housing Trust Fund, and project-based Section 8. The Cape Cod Five Cent Savings Bank provided construction and permanent financing. In addition, the remaining 14 units were purchased by the FHC and reserved for individuals up to 120% of area median income.

#### *Needham: Housing Authority Developer*

The Needham Housing Authority is developing one of the more complex projects. The project involves the redevelopment of an existing 80 unit public housing site. 20 existing units will be torn down and replaced with 20 duplex units. In addition, there will be 20 home ownership units.

Because 60 units of existing public housing will remain, it was important to have integrated management. This has pushed the authority into being the developer/owner, although it is possible they may create an identity of interest non-profit if required by MassHousing (MHFA) in order to qualify for their financing. Like Amherst and Foxboro, Needham will utilize the Modular Infill Program. Financing is to be provided by MHFA, with subsidies consisting of \$200,000 of local HOME, \$325,000 of the town's CPA funds, and \$1.5 million of MHFA's Priority Development Fund (PDF) program. In addition, the housing authority will contribute project-based Section 8.

#### Conclusion

In the public housing and affordable development world, there are numerous opinions on the approaches that small housing authorities should take. As can be seen from the above examples, no one model fits all. And in some cases, authorities used combinations of models. Some approaches were created because of the specific needs of a particular project (land restrictions, financing requirements) and others were generated because of a particular philosophical bent of a board or executive director.

The purpose of this report is not to recommend a specific model for Acton, but to provide background about the types of issues that influence the decision making process of a board. As the board identifies specific sites for consideration and defines both broad authority development goals as well as specific project requirements, the institutional arrangements needed to develop a successful project will become clearer.

I look forward to presenting this report at next week's board meeting.

Cordially,

Michael Jacobs

ACTON-12 UNITS (6 DUPLEX BLDGS)-100% PROJ-BASED SECT 8

06/18/07

UNIT DESCRIPTION	UNITS	% OF TOTAL	AVG NSF	TOTAL SF	ANNUAL TOTAL	MONTHLY TOTAL	PER UNIT MONTHLY	RENT PER S.F.
1 BR 1 BA Market	0	0.00%	0	0	\$0	\$0	\$0	\$0.00
1 BR 1 BA Market	0	0.00%	0	0	\$0	\$0	\$0	\$0.00
2 BR 1 BA Market	0	0.00%	0	0	\$0	\$0	\$0	\$0.00
2 BR 1 BA Market	0	0.00%	0	0	\$0	\$0	\$0	\$0.00
2 BR 1 BA Market	0	0.00%	0	0	\$0	\$0	\$0	\$0.00
3 BR 2 BA Market	0	0.00%	0	0	\$0	\$0	\$0	\$0.00
1 BR 1 BA 50% AMI	0	0.00%	750	0	\$0	\$0	\$788	\$1.05
1 BR 1 BA 60 % AMI	0	0.00%	750	0	\$0	\$0	\$946	\$1.26
1 BR 2 BA Section 8	0	0.00%	750	0	\$0	\$0	\$1,164	\$1.55
2 BR 1 BA 50% AMI	0	0.00%	1,000	0	\$0	\$0	\$946	\$0.95
2 BR 1 BA 60 % AMI	0	0.00%	1,000	0	\$0	\$0	\$1,135	\$1.14
2 BR 1 BA Section 8	0	0.00%	1,000	0	\$0	\$0	\$1,366	\$1.37
3 BR 2 BA 50% AMI	0	0.00%	1,200	0	\$0	\$0	\$1,093	\$0.91
3 BR 2 BA 60 % AMI	0	0.00%	1,200	0	\$0	\$0	\$1,311	\$1.09
3 BR 2 BA Section 8	12	100.00%	1,200	14,400	\$210,960	\$17,580	\$1,634	\$1.36
<b>12 UNITS</b>					<b>\$210,960</b>	<b>\$17,580</b>	<b>\$1,465</b>	<b>\$1.22</b>
<b>PCTGE AFFORDABLE 100.00%</b>								
<b>OTHER INCOME-Clubhouse</b>								
OTHER INCOME-Parking	\$0		0	Efficiency 95.0%	\$0			
OTHER INCOME-Laundry	\$0		0	<b>GSF= 15,120</b>	\$0			
OTHER-INCOME-	\$0		0		\$0			
<b>GROSS POTENTIAL INCOME</b>					<b>\$210,960</b>			
<b>VACANCY</b>								
Market	5.00%				(\$10,548)			
Affordable	5.00%							
Other Income	5.00%							
<b>EFFECTIVE RENTAL INCOME</b>					<b>\$200,412</b>			
<b>OPERATING EXPENSES</b>					<b>ANNUAL TOTAL</b>	<b>MONTHLY TOTAL</b>	<b>PER UNIT ANNUAL</b>	<b>PER GSF ANNUAL</b>
MANAGEMENT FEE	5.00%				\$10,021	\$835	\$835	\$0.66
PAYROLL					\$12,000	\$1,000	\$1,000	\$0.79
ADMINISTRATION					\$10,000	\$833	\$833	\$0.66
MAINTENANCE					\$20,000	\$1,667	\$1,667	\$1.32
CONTRACT SERVICES					\$0	\$0	\$0	\$0.00
MAKE READY					\$1,500	\$125	\$125	\$0.10
UTILITIES					\$10,800	\$900	\$900	\$0.71
INSURANCE					\$4,800	\$400	\$400	\$0.32
REAL ESTATE TAXES					\$14,400	\$1,200	\$1,200	\$0.95
MORTGAGE INSURANCE PREMIUM					\$0	\$0	\$0	\$0.00
REPLACEMENT RESERVE					\$3,900	\$325	\$325	\$0.26
<b>TOTAL OPERATING EXPENSES</b>					<b>\$87,421</b>	<b>\$7,285</b>	<b>\$7,285</b>	<b>\$5.78</b>
EXPENSES AS A PERCENTAGE OF INCOME					43.62%			
<b>NET OPERATING INCOME</b>					<b>\$112,991</b>			
<b>OTHER ASSUMPTIONS</b>					UTILITY ALLOW.			
MARKET RATE INFLATION	3.00%					1 BR	\$106.00	
AFFORDABLE INFLATION	2.50%					2 BR	\$140.00	
OPERATING EXPENSE INFLATION	3.00%					3 BR	\$169.00	

**ACTON-12 UNITS (6 DUPLEX BLDGS)-100% PROJ-BASED SECT 8**

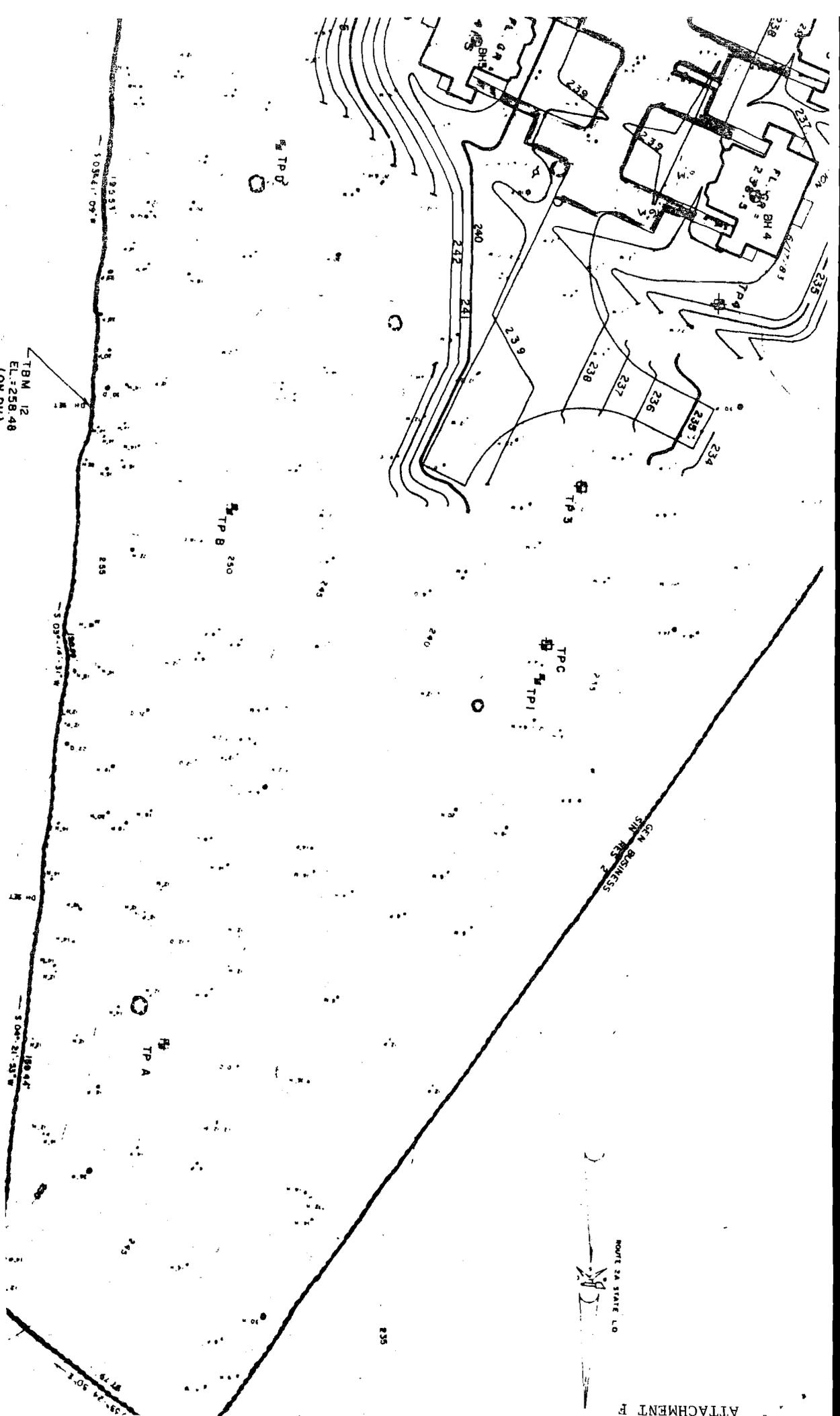
<b>DEVELOPMENT BUDGET</b>			
<b>USES</b>	<b>TOTAL COST</b>	<b>COST PER UNIT</b>	<b>COST PER G.S.F.</b>
<b>ACQUISITION COSTS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0.00</b>
<b>CONSTRUCTION COSTS</b>	<b>\$2,212,560</b>	<b>\$184,380</b>	<b>\$146.33</b>
RESIDENTIAL	\$1,663,200	\$138,600	\$110.00
SITE IMPROVEMENTS/LANDSCAPING	\$444,000	\$37,000	\$29.37
COMMUNITY	\$0	\$0	\$0.00
OFF-SITE	\$0	\$0	\$0.00
CONTINGENCY	\$105,360	\$8,780	\$6.97
<b>SOFT COSTS</b>	<b>\$596,280</b>	<b>\$49,690</b>	<b>\$39.44</b>
PERMITS AND FEES	\$21,072	\$1,756	\$1.39
ARCHITECTURE & ENGINEERING	\$160,000	\$13,333	\$10.58
SURVEY/TESTING	\$25,000	\$2,083	\$1.65
LEGAL	\$100,000	\$8,333	\$6.61
TITLE & RECORDING	\$15,000	\$1,250	\$0.99
INSURANCE	\$15,488	\$1,291	\$1.02
PROPERTY TAXES	\$5,000	\$417	\$0.33
ACCOUNTING/COST CERTIFICATION	\$20,000	\$1,667	\$1.32
MARKETING	\$15,000	\$1,250	\$0.99
FURNITURE, FIXTURES & EQUIPMEN	\$0	\$0	\$0.00
CONSTRUCTION INSP FEE (MHFA)	\$0	\$0	\$0.00
PERMANENT FINANCING FEES	\$22,200	\$1,850	\$1.47
MORTGAGE INSURANCE PREMIUM	\$0	\$0	\$0.00
CONSTRUCTION LOAN FEES	\$37,200	\$3,100	\$2.46
CONSTRUCTION LOAN INTEREST	\$48,800	\$4,067	\$3.23
APPRAISAL	\$11,000	\$917	\$0.73
BOND	\$22,126	\$1,844	\$1.46
OTHER-CONSULTING	\$50,000	\$4,167	\$3.31
OTHER-LOC FEE	\$0	\$0	\$0.00
SOFT COST CONTINGENCY	\$28,394	\$2,366	\$1.88
<b>DEVELOPER FEE</b>	<b>\$371,326</b>	<b>\$30,944</b>	<b>\$24.56</b>
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$3,180,166</b>	<b>\$265,014</b>	<b>\$210.33</b>
0% LOC	\$0		
<b>SOURCES</b>	<b>\$3,180,166</b>	<b>\$265,014</b>	
MORTGAGE LOAN	\$1,220,000	\$101,667	
DEVELOPER FEE CONTRIBUTED	\$130,166	\$10,847	
LAND CONTRIBUTION	\$0	\$0	
TAX CREDIT EQUITY(FED LIHTC)	\$0	\$0	
PDF	\$0	\$0	
AHT	\$75,000	\$900,000	\$75,000
HSF	\$62,500	\$750,000	\$62,500
CPA	\$180,000	\$15,000	
OTHER	(\$0)	(\$0)	

<b>BUDGET DETAIL</b>			
<b>ACQUISITION</b>			<b>\$0</b>
BUILDING COST			\$0
LAND COST	acres: 9.9	\$0	\$0
GROUND LEASE			\$0
OTHER			\$0
BROKERAGE COSTS			\$0
<b>CONSTRUCTION COSTS</b>	\$110.00	\$146.33	<b>\$2,212,560</b>
RESIDENTIAL BUILDING	15,120	\$110.00	\$1,663,200
OTHER	0		\$0
COMM SPACE	0		\$0
OFF-SITE		\$0	\$0
SITE IMPROVEMENTS		\$35,000	\$420,000
LANDSCAPING		\$2,000	\$24,000
GEN COND	0.0%		\$0
OVERHEAD & PROFIT	0.0%		\$0
CONTINGENCY	5.0%		\$105,360
<b>PERMITS AND FEES</b>			<b>\$21,072</b>
BUILDING PERMIT	1.0%	\$1,756	\$21,072
WATER HOOK-UP FEES		\$0	\$0
SEWER HOOK-UP FEES		\$0	\$0
OTHER			\$0
OTHER FEES/INSPECTIONS			\$0
<b>ARCHITECTURE &amp; ENGINEERING</b>	7.2%		<b>\$160,000</b>
ARCHITECTURE			\$75,000
OTHER			\$0
ENGINEERING			\$75,000
LANDSCAPING			\$0
PEER REVIEW CONSULTANTS			\$10,000
OTHER			\$0
<b>SURVEY/TESTING</b>			<b>\$25,000</b>
ALTA/SURVEY/TOPOGRAPHY			\$15,000
WETLANDS			\$0
ENF/EIR			\$0
TRAFFIC			\$5,000
GEOTECH			\$5,000
MATERIAL TESTING			\$0
<b>OTHER</b>			
INSURANCE	0.70%		
TAX RATE	0.01458		
0 SOFT COST CONTING	5.0%		
<b>BRIDGE FINANCING</b>			
0 LOAN			\$0
RATE		0.00%	
TERM			0
<b>LEGAL</b>			<b>\$100,000</b>
ORGANIZATIONAL			\$5,000
PERMITTING			\$25,000
FINANCING			\$60,000
OTHER			\$10,000
<b>MARKETING</b>			<b>\$15,000</b>
STAFFING			\$0
COLLATERALS			\$0
ADVERTISING			\$0
RENT CONCESSIONS			\$0
OTHER-LOTTERY			\$15,000
<b>FF&amp;E</b>			<b>\$0</b>
MODEL UNIT			\$0
EQUIPMENT			\$0
COMM SPACE			\$0
<b>CONSTRUCTION LOAN</b>			
LOAN AMT			\$1,220,000
LOAN INTEREST		8.00%	
LOAN FEES		1.00%	
AVG BALANCE		50.0%	
TERM (MOS)		12.0	
OTHER COSTS(Legal, appraisal, inspection)			\$25,000
<b>PERMANENT LOAN</b>			
MAX LOAN AMT			\$1,224,224
LOAN AMT			\$1,220,000
LOAN TO VALUE		90.0%	
CAP RATE		7.00%	
DEBT SERVICE CVGE		1.10	
INTEREST RATE		7.50%	
AMORTIZATION		30.00	
LOAN CONSTANT		0.083906	
OTHER(LEGAL, APRSL)			\$10,000
ADMIN FEE			0.0%
FINANCING FEES			1.00%
CONS INSP FEE			0.0%
MORTG INSUR PREM			0.000%
			\$0

**ACTON-12 UNITS (6 DUPLEX BLDGS)-100% PROJ-BASED SECT 8**

	1	2	3	4	5	6	7	8	9	10
AFFORDABLE RENTAL INCOME	\$210,960	\$216,234	\$221,640	\$227,181	\$232,860	\$238,682	\$244,649	\$250,765	\$257,034	\$263,460
MARKET RENTAL INCOME	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
GROSS POTENTIAL INCOME	\$210,960	\$216,234	\$221,640	\$227,181	\$232,860	\$238,682	\$244,649	\$250,765	\$257,034	\$263,460
OTHER INCOME	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LESS VACANCY	(\$10,548)	(\$10,812)	(\$11,082)	(\$11,359)	(\$11,643)	(\$11,934)	(\$12,232)	(\$12,538)	(\$12,852)	(\$13,173)
EFFECTIVE RENTAL INCOME	\$200,412	\$205,422	\$210,558	\$215,822	\$221,217	\$226,748	\$232,416	\$238,227	\$244,183	\$250,287
OPERATING EXPENSES										
MANAGEMENT FEE	\$10,021	\$10,271	\$10,528	\$10,791	\$11,061	\$11,337	\$11,621	\$11,911	\$12,209	\$12,514
PAYROLL	\$12,000	\$12,360	\$12,731	\$13,113	\$13,506	\$13,911	\$14,329	\$14,758	\$15,201	\$15,657
ADMINISTRATION	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299	\$12,668	\$13,048
MAINTENANCE	\$20,000	\$20,600	\$21,218	\$21,855	\$22,510	\$23,185	\$23,881	\$24,597	\$25,335	\$26,095
CONTRACT SERVICES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MAKE READY	\$1,500	\$1,545	\$1,591	\$1,639	\$1,688	\$1,739	\$1,791	\$1,845	\$1,900	\$1,957
UTILITIES	\$10,800	\$11,124	\$11,458	\$11,801	\$12,155	\$12,520	\$12,896	\$13,283	\$13,681	\$14,092
INSURANCE	\$4,800	\$4,944	\$5,092	\$5,245	\$5,402	\$5,565	\$5,731	\$5,903	\$6,080	\$6,263
REAL ESTATE TAXES	\$14,400	\$14,832	\$15,277	\$15,735	\$16,207	\$16,694	\$17,194	\$17,710	\$18,241	\$18,789
MORTGAGE INSURANCE PREMIUM	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
REPLACEMENT RESERVE	\$3,900	\$4,017	\$4,138	\$4,262	\$4,389	\$4,521	\$4,657	\$4,797	\$4,940	\$5,089
TOTAL OPERATING EXPENSES	\$87,421	\$89,993	\$92,642	\$95,368	\$98,175	\$101,065	\$104,040	\$107,104	\$110,257	\$113,504
NET OPERATING INCOME	\$112,991	\$115,429	\$117,916	\$120,454	\$123,042	\$125,683	\$128,376	\$131,123	\$133,925	\$136,783
DEBT SERVICE	\$102,365	\$102,365	\$102,365	\$102,365	\$102,365	\$102,365	\$102,365	\$102,365	\$102,365	\$102,365
CASH FLOW	\$10,626	\$13,064	\$15,551	\$18,089	\$20,677	\$23,318	\$26,011	\$28,758	\$31,560	\$34,418
DEBT SERVICE COVERAGE	1.10	1.13	1.15	1.18	1.20	1.23	1.25	1.28	1.31	1.34





ATTACHMENT F

ROUTE 2A STATE L.O.

ROUTE 2A STATE L.O.

TBM 12  
EL: 258.48  
(LOW POINT)

TP B 250

TP C  
TPI

TP A

TP D

235





MARY JOHANSEN of Concord, Massachusetts, PATRICIA RYAN of Concord, Massachusetts, KATHERINE J. MCCARTHY, a/k/a KATHRYN J. MCCARTHY and formerly known as KATHERINE J. WOHLMAKER of Acton, Massachusetts County, Massachusetts and THOMAS LEO MCCARTHY, JR. of McGraw, New York

being unmarried, for consideration paid, and in full consideration of Fifty-two Thousand and 00/100 (\$52,000.00) Dollars

grant to ACTON HOUSING AUTHORITY, a housing authority established pursuant to Massachusetts General Laws, Chapter 121

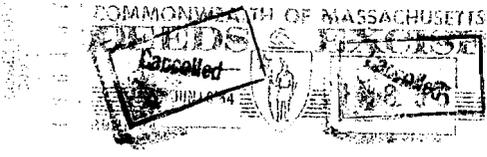
of 68 Windsor Avenue, Acton, Massachusetts with quitclaim covenants

~~the within~~

[Description and encumbrances, if any]

A certain parcel of unimproved land off the Northeasterly side of Great Road and the Northerly side of Harris Street in Acton, Middlesex County, Massachusetts, being shown as Lot B on a plan entitled, "Compiled Plan of Land in Acton Owned by T. Leo McCarthy" dated May 9, 1961, drawn by Harlan E. Tuttle, Surveyor, and recorded with Middlesex South District Deeds at the end of Book 10980, with an appurtenant 20 foot wide right of way to Great Road, which right of way is more particularly shown on a plan entitled, "Land in Acton Owned by T. Leo McCarthy" dated May 17, 1948 and recorded with said Deeds in Book 7307, Page 529. This parcel is a portion of the premises conveyed to T. Leo McCarthy and recorded with said Deeds in Book 7307, Page 529.

PROPERTY ADDRESS: 2 Harris Street Rear, Acton, Massachusetts



Witness our hands and seals this 15<sup>TH</sup> day of JUNE, 1984  
Thomas Leo McCarthy, Jr. Mary Johansen  
Katherine J. McCarthy by Richard S. Ryan under Power of Attorney Patricia Ryan

The Commonwealth of Massachusetts

MIDDLESEX ss. June 15 19 84

Then personally appeared the above named Thomas Leo McCarthy, Jr. and acknowledged the foregoing instrument to be his free act and deed, before me Steven R. Graham, Notary Public — My commission expires March 19 19 87

(\*Individual — Joint Tenants — Tenants in Common.)

CHAPTER 183 SEC. 6 AS AMENDED BY CHAPTER 497 OF 1969  
Every deed presented for record shall contain or have endorsed upon it the full name, residence and post office address of the grantee and a recital of the amount of the full consideration thereof in dollars or the nature of the other consideration therefor, if not delivered for a specific monetary sum. The full consideration shall mean the total price for the conveyance without deduction for any liens or encumbrances assumed by the grantee or remaining thereon. All such endorsements and recitals shall be recorded as part of the deed. Failure to comply with this section shall not affect the validity of any deed. No register of deeds shall accept a deed for recording unless it is in compliance with the requirements of this section.

ATTACHMENT F

