

PROJECT APPLICATION FORM – 2011

Applicant: Acton Community Housing Corporation (ACHC)

Submission Date: 11/15/10

Applicant's Address, Phone Number and Email
Acton Community Housing Corporation
Nancy Tavernier, Chair

Purpose: (Please select all that apply)

Open Space

Community Housing

Historic Preservation

Recreation

Acton Town Hall
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Town Committee (if applicable): Acton Community Housing Corporation (ACHC)

Project Name: Community Housing Program Fund

Project Location/Address: ACHC c/o Acton Town Hall

Amount Requested: \$150,000

Project Summary: In the space below, provide a brief summary of the project.

ACHC is requesting \$150,000 to be added to the existing Community Housing Program Fund for "the acquisition, creation, preservation, and support of community housing in the Town of Acton."

The Fund is used to finance new affordable housing initiatives. This set-aside fund is retained by the ACHC and earmarked for appropriate affordable housing activities recommended by the ACHC or any other community housing entity approved by the Board of Selectmen. Expenditures from this Fund must be approved by the Board of Selectmen under the ACHC powers established through Home Rule petition (Chapter 143 of the Acts of 1996, § 1).

The value of such a Fund is in the broad definition for its use that allows the ACHC, or other affordable housing groups, to react to opportunities as they are identified and not to restrict it to specific projects or activities. Very often these specific uses are not known in advance of the normal Community Preservation Act (CPA) funding cycle which is six months in advance of the Town Meeting vote. The Fund is used only for allowable CPA affordable housing purposes to provide a diversity of affordable housing opportunities for Acton residents and employees who work for and in the Town, as well as new residents from outside of Acton.

With this request, ACHC proposes to continue its current programs and initiate new ones. Uses of the Fund in 2010 include providing funds to the Acton Housing Authority (AHA) for enhanced landscaping and screening for its expansion of low-income rental units at McCarthy Village on Sachem Way; closing costs assistance to four first time homebuyers of affordable units; the purchase of a unit at Lalli Terrace for the AHA's low income rental program; and funding the

Housing Inventory for the Acton 2020 Community Master Plan. Total spending on these initiatives in 2010 was \$135,600.

Among the proposed new programs is a financial literacy course that ACHC will co-sponsor in conjunction with the Acton-Boxborough United Way. A new Capital Improvement program for existing deed restricted units for specific CPA eligible uses has also been established this year. As the monitoring agent for resales of affordable units, ACHC may use the Fund to cover the cost of an agent to handle the resale to an income eligible buyer, as well as fund any necessary inspections, repairs or improvements.

The Fund also will allow the ACHC to pursue suitable opportunities under the Condo Buydown program that ACHC created in 2007. The Condo Buydown program applies to existing housing units or new construction units in non-40B developments in Acton. It is not normally used for units in 40B developments except to increase the number of affordable units beyond what is required. The seller receives a payment from ACHC at the time of closing to subsidize (“buy down”) the selling price to a pre-determined affordable level so the unit may be sold to a household earning up to 80% of the Area Median Income. The state Department of Housing and Community Development (DHCD) Local Action Unit program requires that ACHC market the units to potential buyers in the moderate-income bracket. The seller receives the full negotiated selling price. In exchange, a deed restriction is placed on the property to keep the unit affordable in perpetuity and the unit is added to the Town’s Subsidized Housing Inventory. ACHC has created one affordable unit to date with a subsidy of \$60,000. The program is currently in hiatus due to the housing market where many market units are selling at the same affordable prices that ACHC would be creating with the buy down. The existing financial climate has also been a deterrent to buyer interest.

An alternative approach to the current Condo Buydown program would be to provide a grant of \$60,000 for a 2 bedroom unit or \$80,000 for a 3 bedroom unit to eligible first time homebuyers selected in a lottery process. They would then select a unit of their own choosing, negotiate a selling price using the grant to off-set the mortgage, and in turn would accept a deed rider on the unit to keep it affordable in perpetuity. ACHC would require a home inspection and would reserve the right to turn down a unit should it not meet its standards.

Currently, desirable two and three bedroom units that meet the housing needs and square footage guidelines of DHCD are selling for \$188,800 to \$300,000. The DHCD-determined affordable selling price for these, depending on the monthly condo fee, would be roughly \$155,000 to \$185,000. Selling price subsidies from ACHC for these units would range from \$33,000 to \$115,000 per unit. ACHC would consider using up to \$100,000 of the Fund to subsidize a minimum of one unit for purchase by a first-time homebuyer. Resuming the Condo Buydown program will require that ACHC contract with a lottery agent to create a new Ready Buyer List using the DHCD approved affirmative marketing process; the cost of the lottery agent would be approximately \$5000 even if only one unit were offered for sale. Determining buyer interest in the program is an essential first step.

As an alternative to a Condo Buydown, the ACHC could partner with the AHA, as ACHC has in the past, to assist in buying an existing condo unit for the AHA’s low income rental program. A combination of CPA, AHA, and housing gift funds has been used to fund such acquisitions in the past. ACHC has funded three of these units to date, supplemented with additional gift funds, for a total of \$355,000. In addition to the \$100,000 from ACHC, other housing funds would be necessary to cover the full purchase cost of one unit. The ACHC’s programs

1) are consistent with the Goals established by the Community Preservation Committee to address the housing needs of the community as detailed in the 2011 Community Preservation Plan;

2) are consistent with the following Goal in the Acton Master Plan

Goal: Encourage diversity in Acton's population by achieving a mix of homes that enhances Acton's town character and provides needed choices for our residents.

Objective: Preserve the character of Acton's established residential neighborhoods.

Objective: Promote a range of economic diversity in housing including low and moderate income housing.

Objective: Promote a range of choice in the types of homes to allow for residents' changing capacities and preferences; and

3) address the five priority housing needs identified in Acton's Community Development Plan entitled "To Live in Acton."

- #1 Low-Income Rental Units
- #2 Affordable Senior Apartments
- #3 Moderate-Income Homeownership
- #4 More Choices for Seniors
- #5 Below-Market Homeownership

Finally, ACHC has access to privately funded housing gift funds that would be used as leverage for these programs in addition to the requested CPA funds.

Estimated Date for Commencement of Project: ongoing

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