

Affordable Housing in Acton, MA

The topic of “affordable housing” can be a confusing one for many reasons, not the least of which being that often people mean different things when they use the term because the term has different meanings. Affordable to whom? Affordable for how long? Affordable for rental or ownership?

Affordable Housing - the official statutory definition: “Affordable Housing is defined in MGL 40B regulations as housing for households with incomes not exceeding 80% of the area median income, and requires deed restrictions on rents or home prices for a specific period of time, generally in perpetuity. These households are designated as “low and moderate income.”¹

Other definitions of affordable housing:

- Housing that is affordable does not exceed 30-35% of a household's gross income. Housing costs considered in this guideline generally include taxes and insurance for owners, and usually include utility costs. When the monthly carrying costs of a home (ownership or rental), including insurance, taxes, and condo association fees exceed 30–35% of household income, then the housing is considered unaffordable for that household. Households who pay more than 30-35% of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

Question: How do home prices in Acton compare in this affordability test for household incomes in Acton and the surrounding region?

- **Sustainable affordable housing (Affordable Housing Institute – US)**

- **Housing.** The housing must be *market-competitive quality that can blend in to its neighborhood*. Thus we are explicitly *excluding* substandard locations, configurations, constructions, maintenance. Such ‘structures’ — to use the Kenyan euphemism — may be ‘shelter’ but are not *housing*.
- **Affordable.** The housing must be *affordable for its target market*. This means *what the householder pays*. Affordability must also continue throughout the expected life of the tenancy.
- **Sustainable.** Housing quality and housing affordability must continue over the housing’s expected useful life (typically 30-50+ years). This implies that the *housing must take in enough cash flow to cover its expenditures, including capital expenditures*.

- “Affordable Housing” means housing that that can be purchased by first-time homebuyers, including workforce participants seeking to purchase housing within

¹ MGL Chapter 40B was enacted in 1969 to help address the shortage of affordable housing statewide by reducing barriers created by local zoning, and other restrictions. The law was upheld in a 2010 referendum.

a reasonable distance of their place of work, that is priced no higher than the median price for housing in the purchaser's region and requires an expenditure of monthly income on housing costs that does not exceed 30% of gross income.(CA Ass. of Realtors).

Key choices need to be made among different ways to provide affordable housing.

The price and type of housing is critical in creating and maintaining its affordability, regardless of which definition is being used. Specifically:

- Mixes of housing types in terms of architectural styles, square footage of homes and lots, numbers of bedrooms, and types of structure (single- or multi-family) enable diversity in population (ages, income, and household size).
- Supporting such diversity is one of the seven planning goals.

History of “affordable housing” in Acton

Acton needs 3.9% more of its housing stock to be affordable to provide a minimum of 10% of its housing inventory as affordable.

Homes meeting the state definition of affordability. Given the current figure of 519 affordable units, 378 additional affordable units would be needed to achieve the ten percent (10%) figure.

- Extending achievement of the target to 2030 (9,595 total year-round housing units) means that 40% of all new housing units between 2010 and 2030 would need to be “affordable”.
- This is an annual rate of 22 units if the target is to be met by 2030.
- The 2011 median 4-person household income for the Boston Metropolitan area that includes Acton is \$96,500.
- For a household of four, 80% of the median household income is \$66,150. This is the maximum

qualifying income allowed, capped by a Federal (HUD) formula based on national medium income. The actual 80% on medium income figure for the Boston Metropolitan area is \$77,200².

Twenty-six percent (26%) of Acton’s households are estimated to be income eligible for affordable housing, using the 80% criterion.

Town efforts through The Acton Community Housing Corporation and 40B housing developments have helped to raise the number of units that count towards the state’s figure from 2.5% in the previous decade.

- Avalon Bay, a 40B development, with its 296 units of rental housing is a major factor in bringing this number up since all units count in a rental development, affordable or not.

² This potentially creates a class of households that cannot afford available market rate housing but that is not eligible for affordable housing consideration as defined by MGL 40B regulations.

Currently 6.1% or 519 units in Acton are considered affordable, using Commonwealth of Massachusetts statutory definitions.

Affordable Homes in Acton The average selling price of all residential units in Acton was \$459,900 in 2010.

- The annual income needed to buy the average priced home is \$131,567, based on a 5% down payment, 30% of income dedicated to home purchase, a 4.5% fixed-rate 30-year mortgage, and annual payments for homeowners insurance (\$2,760) and local real estate taxes (\$8,316).

This means that about half of the households in Acton could not afford to buy an average priced home in the town today, if they were to move here now.

40B is one way to create affordable housing but not the only way.

The following two agencies work on creating housing opportunities for low and moderate income individuals.

Acton Community Housing Corporation³

³ The responsibilities of the ACHC include: Acting as the Town's initial contact and preliminary negotiating agency with developers of proposed affordable residential housing projects (40B's), Reviewing design and density, Determining consistency with Comprehensive Permit Policy, Initiating action to create affordable residential housing developments on Town-owned properties, monitoring Deed Riders used to ensure continued affordability resale of affordable units

The Acton Community Housing Corporation (ACHC) is appointed by the Board of Selectmen and charged with facilitating affordable housing for working families and individuals with modest incomes⁴. The Board oversees First Time Homebuyer programs and moderate income rental units. ACHC was instrumental in the creation of 47 additional ownership units.

- Acton has created 23 deed restricted home ownership units without using 40B.
- These local action units are approved by the Mass. Department of Housing and Community Development for counting toward the Town's goal of 10% affordable housing
- ACHC has funded the construction of new units and has subsidized the purchase of several existing market units and made them deed restricted.
- Creation of more rental housing would address a major housing need and also contribute to the goal of creating more affordable housing.

Acton Housing Authority

The Town of Acton, at its Annual Town Meeting in 1970, established the Acton

⁴ **Funding:** The Corporation has a Community Housing Program Fund using Community Preservation Act funds. In 2011 it received \$150,000 from these sources. In 2007 ACHC initiated a pilot Condo Buy-Down Program with its funds with limited success. Housing gift funds from some developers of housing projects have also been used by ACHC.

Housing Authority (AHA)⁵. The AHA has a five person Board of Commissioners, four are elected and one is appointed by the Governor. The Board is responsible for setting policy and for budget oversight. The AHA was established to create affordable rental housing for elderly, disabled and low-income families.

In 1980, the Acton Housing Authority (AHA) welcomed its first residents at Windsor Green, a sixty-eight unit affordable housing complex for elderly and disabled residents of Acton. The Housing Authority has continued to meet its commitment to providing affordable rental housing to Acton residents over the past three decades, adding to the inventory by building and buying new units. The AHA has two developments for elderly and/or handicapped individuals; 68 units located on Windsor Avenue and 23 units located on Sachem Way. The AHA has a 12 unit home for people with disabilities which was purchased in 1985 and built in 1900. The AHA has 12 family units in six duplexes and 31 condominium units scattered throughout Acton. The AHA also manages 170 rental subsidies. These rental subsidies are used to assist low-income individuals and families rent housing in the private market.

The AHA gives preference to local residents, who live and/or work in Acton, that are on our waiting list. Currently, 164 local residents are on the waiting list. The wait for affordable rental housing is long. These residents are placed on a waiting list where they will stay for 6 months to a year if they are elderly, 2-3 years if they are a family, and years if they are disabled.

⁵ Funding. Funding for the AHA for the housing units it owns has been provided by the Commonwealth of Massachusetts under its housing programs. In 2010 the Town of Acton provided \$250,000 from its Community Preservation Act Fund for the creation of 12 new housing units. AHA projects have also received funding from the Steinberg-Lalli Charitable Trust.

Acton’s “Affordable Housing” Inventory as compared to surrounding towns

Community	2010 Census Year Round Housing Units	Total Development Units	SHI Units⁶	%
Acton	8,475	897	519	6.1%
Boxborough	2,062	324	24	1.2%
Carlisle	1,740	52	46	2.6%
Concord	6,852	738	713	10.4%
Littleton	3,443	420	269	7.8%
Maynard	4,430	365	365	8.2%
Stow	2,500	301	143	5.7%
Sudbury	5,921	422	281	4.7%
Westford	7,671	667	371	4.8%

What do YOU think about Acton’s “affordable housing”?

Some Acton Voices⁷

- *“Acton has too much affordable housing”*
- *“Acton needs more affordable housing”*
- *“We should focus on meeting Acton’s specific affordable housing needs and not on meeting 40B requirements”*
- *“Housing that is affordable to seniors, young families, town employees and others should be located in small, scattered sites”*
- *“The town should just build large rental and affordable housing developments to meet 40B requirements so as to get this regulation off our backs.”*

⁶ SHI=Subsidized Housing Inventory: The inventory includes 40B units and other deed restricted units including housing authority units, and state group homes. . The inventory is current as of June 30, 2011.

⁷ Some comments collected in community conversations with Acton residents.

1 & 2BR Units for sale in Acton less than \$175,000 as of 1/11/11

Unit address	Sq ft, bedrooms	Condo fee monthly	Selling price	Affordable price*	Deed rider subsidy
382 Great Rd	770 sf, 1 BR	\$323	\$69,900	\$105,000	0
11 Davis rd	690 sf, 1BR	\$255	\$89,900	\$107,000	0
48 Great Rd.	661 sf, 1BR	\$281	\$95,000	\$108,000	0
9 Davis Rd.	679 sf, 1BR	\$255	\$99,900	\$106,000	0
384 Great Rd.	770 sf, 1BR	\$326	\$104,500	\$104,000	0
405 Great Rd.	654 sf, 1BR	\$214	\$109,900	\$115,000	0
420 Great Rd.	652 sf, 1BR	\$300	\$114,000	\$108,000	\$6000
388 Great Rd.	770 sf, 1BR	\$323	\$114,200	\$105,000	\$9200
209 Great Rd.	652 sf, 1BR	\$291	\$114,900	\$110,000	\$4900
386 Great Rd.	770 sf, 1BR	\$326	\$116,000	\$105,000	\$11,000
380 Great Rd.	770 sf, 1BR	\$326	\$123,000	\$105,000	\$18,000
405 Great Rd.	818 sf, 1BR	\$301	\$150,000	\$107,000	\$43,000
					Total \$92,100
Median selling price			\$112,000		
Average affordable price for 1BR				\$107,083	
Average subsidy					\$7675

DHCD guidelines square footage for affordable units:

- 1BR 700 sf
- 2BR 900 sf
- 3BR 1200 sf

*Calculated using 5% mortgage rate, 5% down payment, \$18.08 tax rate, actual monthly condo fee, and household income below 80% of the Area Median Income (AMI). This is the DHCD approved formula that is used to set the affordable selling price.

1 & 2BR Units for sale in Acton less than \$175,000 as of 1/11/11

Unit address	Sq ft, bedrooms	Condo fee monthly	Selling price	Affordable price*	Deed rider subsidy
118 Parker St.	820 sf, 2BR	\$305	\$125,000	\$125,000	\$0
388 Great Rd	920 sf, 2BR	\$357	\$127,500	\$125,000	\$2500
274 Main St.	863 sf, 2BR	\$250	\$129,000	\$131,000	\$0
19 Davis Rd.	796 sf, 2BR	\$320	\$134,900	\$123,000	\$11,900
386 Great Rd.	920 sf, 2BR	\$357	\$135,000	\$120,000	\$15,000
15 Davis Rd.	868 sf, 2BR	\$330	\$144,900	\$122,000	\$22,900
132 Parker St,	842 sf, 2BR	\$300	\$147,900	\$125,000	\$22,900
12 Wampus	763 sf, 2BR	\$212	\$167,500	\$135,000	\$32,500
274 Main St.	859 sf, 2BR	\$250	\$170,000	\$132,000	\$38,000
					Total \$145,700
Median selling price			\$135,000		
Average affordable price for 2BR				\$126,444	
Average subsidy					\$16,188

DHCD guidelines square footage for affordable units:

- 1BR 700 sf
- 2BR 900 sf
- 3BR 1200 sf

*Calculated using 5% mortgage rate, 5% down payment, \$18.08 tax rate, actual monthly condo fee, and household income below 80% of the Area Median Income (AMI). This is the DHCD approved formula that is used to set the affordable selling price.

Chapter 40B Projects Approved/Constructed in Acton (9/17/2011)						
Project Name	Street	Rental/Ownership	Total Units approved	Total SHI Units* (affordable)	Subsidizing Agency/Program (arranged chronologically)	Year Approved
Windsor Green (AHA)	Windsor Ave	Rental	68	68	low income elderly	1980
McCarthy Village (AHA)	Sachem Way	Rental	35	35	low income elderly, handicapped, family	1986
Westside Village	Westside Drive	Ownership	16	4	DHCD LIP	1998
Crossroads Condominiums	Main Street	Ownership	12	3	New England Fund	2002
Franklin Place	Main Street	Ownership	12	3	MassHousing Finance Agency	2004
Fort Pond Brook Place	River Street	Ownership	8	2	DHCD LIP	2005
Woodlands at Laurel Hill (Avalon at Acton)	Nagog Park	Rental	296	296*** (60 affordable)	MassDevelopment	2005
Willow-Central	Central/Willow St.	Ownership	3	3	DHCD LIP	2006
Blanchard Place	Prospect Street	Ownership	12	3	DHCD LIP	2006
Davis Place	Prospect Street	Ownership	8	2	DHCD LIP	2006
Madison Place	Main Street	Ownership	8	2	DHCD LIP	2007
Lalli Terrace	Mass Ave	Ownership	4	3	DHCD LIP	2008
Old High School Commons	Mass Ave	Rental	15	15	Mass Housing Partnership Fund/DHCD	2008
Marsh View	Central Street	Ownership	4**	1**	MassHousing Finance Agency	2010
Richardson Crossing	Central Street	Ownership	4**	1**	MassHousing Finance Agency	2010
99 Parker Street	Parker Street	Ownership	5	2	DHCD LIP	2010
McCarthy Village II (AHA)	Sachem Way	Rental	12**	12**	Mass Housing Partnership Fund	2010
Total 40B units approved			510	455 (219 affordable)		
Total 40B units constructed			490	441 (205 affordable)		
* Total MA Dept. of Housing & Community Development (DHCD) Subsidized Housing Inventory (SHI) Units. Affordable units counted toward Town's 10%						
** This project has not been constructed as of 8/17/11						
*** Only 20% of the 296 rental units (60 units) are affordable but all count toward the Town's 10% since 40B rentals count 100%						
Nancy Tavernier	9/21/11					