Municipal Affordable Housing Trusts
Chapter 44, section 55c

STATEWIDE 109 housing trusts
89 Municipal Affordable Housing Trusts ● 11 Pre-2005 housing trusts
What is a Municipal Affordable Housing Trust (MAHT)?

- Public entity
- Created by local legislative body
- Create & preserve affordable housing
- Led by Board of Trustees

Subject to public procurement, designer selection, conflict of interest and public meeting laws
What can a housing trust do?

Broadly

• Address affordable housing needs
• Support local control of housing initiatives
• Engage in real estate activity
• Make timely decisions
• Collect $ from variety of sources
Why a trust for Canton?

• The affordable housing ratio is projected to **drop below 10% by 2035**.

• We expect strong continued growth, and large number of affordable housing units to expire starting in 2030. That works out to creating or preserving an average of **8-9 units a year for the next 16 years** to make up for the difference.

• We don’t have an effective mechanism to fund or preserve affordable housing units outside of an annual Town Meeting cycle.

• We haven’t been able to fully realize the potential of the Community Preservation funds set aside for affordable housing.

• We do not have a straightforward way to use developer (or other funding streams) to create or preserve affordable housing.
Why? Home prices have surged

Median Purchase Price for All Homes

Source: The Warren Group

*The cost of buying a new home is increasing not only in the area, but statewide.*
Why? Rents are high

Gross Monthly Rent

- Canton: $1,473
- Dedham: $1,460
- Milton: $1,349
- Norwood: $1,350
- Randolph: $1,267
- Sharon: $1,738
- Stoughton: $1,217
- Westwood: $1,418
- Norfolk County: $1,379

Rents are higher in the area, and Canton ranks at the top.

Source: 2016 American Community Survey 5-Year Estimates
Residents are cost burdened

2/3 of renters are paying too much for housing in Canton.

Source: 2016 American Community Survey 5-Year Estimates

One indicator of housing affordability is the percent of income spent on housing. When housing costs (rent, mortgage, insurance, utilities, fees, real estate taxes, etc.) are more than 30% of a household's income, a household is considered to be "burdened." If it spends more than 50% of its income, it is severely cost burdened.
Nearly 1/3 of Canton households had incomes less than 80% of the area median income.

<table>
<thead>
<tr>
<th>Breakout of Median Income</th>
<th>Estimate</th>
<th>% of Total Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households</td>
<td>8,750</td>
<td>-</td>
</tr>
<tr>
<td>Households with Extremely Low Income (&lt;= 30% HAMFI)</td>
<td>1,130</td>
<td>12.9%</td>
</tr>
<tr>
<td>Households with Very Low Income (&gt; 30% &lt;= 50% HAMFI)</td>
<td>600</td>
<td>6.9%</td>
</tr>
<tr>
<td>Households with Low Income (&gt; 50% &lt;= 80% HAMFI)</td>
<td>1,125</td>
<td>12.9%</td>
</tr>
<tr>
<td>Households with Moderate Income (&gt; 80% &lt;= 100% HAMFI)</td>
<td>755</td>
<td>8.6%</td>
</tr>
<tr>
<td>Households with Upper Income (&gt; 100% HAMFI)</td>
<td>5,135</td>
<td>58.7%</td>
</tr>
</tbody>
</table>

HAMFI is calculated by the US Department for Housing and Urban Development (HUD). This is the median family income calculated by HUD for each jurisdiction, in order to determine Fair Market Rents (FMRs) and income limits for HUD programs. HAMFI will not necessarily be the same as other calculations of median incomes (such as a simple Census number), due to a series of adjustments that are made. For Massachusetts, the HAMFI in 2015 was $87,300.

HUD Comprehensive Housing Affordability Strategy (CHAS) program data based on 2015 American Community Survey 5-Year Estimates (most current available).
Silver Tsunami

The most significant cost burden is among older households (aged 65+) – 21% of total, 47% earn below 80% AMI; This is likely to rise as the population of people aged 65 years and older increases significantly.

Keys to Success

1. Money
2. Vision
3. Leadership
4. Transparency
What funds can be used?

- Special bylaw/ordinance payments
- CPA Municipal bond
- Developer negotiated fees
- Cell phone tower lease payments
- Tax title sales
- General fund/free cash
- Tax override
What do you want to accomplish?

- Determining needs
- Setting priorities
- Create benchmarks
It takes teamwork

- Dedicated chairperson
- Technical & administrative support
- Capable and committed trustees
Trust membership options

• 5 members+, at least one BOS member
• Recommended to include members with expertise in affordable housing, real estate, banking, finance, law
• Having more flexibility in membership is easier to fill vacancies – but expertise is needed
• Staggered terms recommended
Trust power options

- **Option 1:** the full-spectrum of powers as written in the statute (see above for summary, and MGL c44 s. 55C for full details)
  - Accept and receive real property, personal property or money, by gift, grant, or contribution...including but not limited to money, grants of funding or other property....
  - Purchase and retain real or personal property, including instruments
  - Sell, lease, exchange or convey any personal, mixed, or real property at public auction or by private contract...

- **Option 2:** more narrowly focused powers
- **Option 3:** more detailed descriptions of the statutory powers tailored to the municipality
Ensure transparency

Communicate

- Report back regularly
- Promote efforts
- Use webpage and social media
Eligible Activities for Trusts
Acquire
Cromwell Court Apartments -- Barnstable

• 124 units of affordable family rental housing
• $500,000 CPA funds
Dennis

• Melpet Farm- new construction
• Disposition town owned land
• 27 affordable townhouses, 1-, 2-, 3-bedroom units
• 60% AMI, family rental housing
• $475,000 CPA funds
Re-use

- **Shoe Shop Place**
  - Middleboro
  - 25 rental
  - (family housing)

- **Stevens Corner**
  - North Andover
  - 42 rental
  - (family housing)

- **Rockport HS Apartments**
  - Rockport
  - 31 rental
  - (age restricted)
Amherst
Rolling Green affordable units preserved

- 204 unit multi-family development
- Refinanced in 1998 under Mass Housing’s 80/20 prepayment program (15 year restrictions)
- 41 affordable units/Section 8 vouchers, $1.25m bonded w/CPA
Lenox
Sawmill Brook site

- Town acquired land
- MAHT and town planner working with MHP on RFP
- Flexible, but affordable housing is priority
Next Steps

- **12/3/18**: Decide on whether to establish a trust in 2019.
- **12/3- 12/17**: Laura and MHP continue outreach to stakeholders and boards (Housing Authority and Community Preservation Committee).
- **12/18**: BOS discuss and decide on how to modify MAHT statute (if at all); Decide on Housing Trust membership structure.
- **12/18-1/8/18**: LS, MHP, and Town Counsel - write modified bylaw (if needed)
- **1/11/18**: Add to spring warrant
- **Winter-Spring**: After it is included in the warrant, regroup to plan outreach, education and promotion of the article.