

Article 32: Frequently Asked Questions about Municipal Affordable Housing Trusts

This Frequently Asked Questions (FAQ) document is intended to outline some common questions and concerns related to Canton's housing challenges and address them.

Why is the creation of a local housing trust a benefit to our Canton community?

Housing is not only where we live. It's how we preserve and protect what's best about a community, where community is a function of generations of families who have created a sense of place as well as a constant influx of new families to provide richness and diversity. Housing issues can be complex, and require long term strategies and solutions.

A housing trust can advance our affordable housing goals which can be found in Canton's Housing Action Plan (2015) and the Canton Master Plan adopted by the Planning Board in 2020. A housing trust can ensure that we continue to have a minimum of 10% of our housing stock certified affordable. By establishing designated funds and creating a board to oversee their use, Canton can provide a local way to advocate for and preserve its affordable housing. Many current and future residents cannot afford to purchase or rent a home in town because of the high cost of housing; the trust can establish a locally-directed and coordinated process to help meet this need.

Don't we have enough affordable housing already?

There are two key reasons why any town wishes to have a housing inventory that includes moderately priced housing options. The first and most important is to provide housing to their residents who need it. This includes lifelong Canton residents who tend to be older, with grown children who want to downsize and move into more manageable space. It also includes young families just starting out who are new to Canton, as well as town employees or those grew up here and want to move "home".

Fully thirty percent of Canton households could be considered income qualified for what is considered as "Affordable Housing." This means almost 2,700 households of our 9,000 Canton households would be income qualified for one of those affordable homes – such as the apartments or condos designed to be affordable in the new Revere development. But there are only about 500 homes in Canton, including apartments, condos, and single-family homes, that have affordability restrictions. Some of these restrictions are legally "in perpetuity" meaning they last forever. But some restrictions are term limited, meaning they will expire after a certain period of time, after which the rent or purchase price on that home can revert back to market prices. In Canton, we know that restrictions on almost 300 homes are due to expire in the next 15 years. In other words, we currently have about 2,700 households who would qualify for affordable housing but only about 500 of such "affordable" homes, and most of those will lose their affordability restrictions over time. So, it is really important to do something now to preserve the affordable homes – we can also call them moderately priced housing choices - we have now.

The second key reason is because having enough affordable housing preserves local control and planning to be sure we have the right fit of housing style for Canton. As a result of a Massachusetts law known as Chapter 40B, whenever a town's inventory of affordable housing choices falls below 10%, then private developers who want to build affordable housing are not subject to many of the town's zoning bylaws.

This sometimes means that outside developers who may care more about building the highest density project with the highest financial returns are able to build a development that the town would otherwise believe is in the wrong spot, of the wrong height or design, or wrong density to suit the character or needs of the town. This is a reality. In the town of Milton, there are currently 7 pending 40B projects that will not have to abide by local zoning districts, that many in the town are concerned about. We are fortunate that as a result of proactive management by local officials, Canton has an enviable 12% of our housing inventory that qualifies as moderately priced or “affordable” using the housing lingo.

But our 12% status is at risk for two reasons. The first is that as more housing units are developed, the denominator grows. We will fall behind 10% unless we are doing a good job of incrementally creating new deed-restricted moderately priced units.

The second reason is a unit is affordable only if its rent or sale price is subject to a legally enforceable restriction. Some restrictions are forever. If restrictions are not in perpetuity they are time based, usually for 10, 15 or 20 years, after which they expire and the property reverts to market rates. Over the next 15 years, the restrictions on 296 Canton homes are due to expire. Without action, Canton’s affordability restriction could drop to 8.8% by 2035. And this calculation INCLUDES the 76 affordable units gained as part of the Revere Copper Works project as well as another property being developed.

There is no current mechanism in place in Canton to protect against the expiring affordability restrictions. We need a dedicated effort with the legal authority, sources of funding, competence and expertise to really dig into and start to propose solutions to these issues. Most of all we need to be proactive because preserving and creating affordable housing takes time – often 10 to 15 years. A Canton Housing Trust could be part of our long-term plan to address our housing challenges.

Won’t more affordable housing mean more apartment buildings and large condo buildings in town? This will create traffic nightmares on the town’s thoroughfares.

Over the last 30 years there have been noticeable changes in our community. Many Canton residents cite over development as a big problem. Development is not always, but usually related to residential building. We have seen a great increase in condominiums, apartments and particularly, single family homes in areas that were once woods or undeveloped open spaces. This development, some say, has resulted in chronic traffic congestion and growing demands on our public services. Some claim that as a result of the development, Canton feels less and less like a small New England town, and more and more like a bedroom community that is a suburb of Boston.

Most of the large-scale apartment buildings that have been put in Town are as a result of 40B development. That means, the Town had little to no say in the scale or location of these large-scale developments, because at the time they were developed the Town was not at a 10% threshold of affordable housing units. Now that over 10% of the Town’s housing units are counted on its Affordable Housing Unit inventory, the Town is back in the driver’s seat and can permit apartment buildings or condo buildings where it is zoned to do so. A municipal affordable housing trust can both preserve Canton’s affordable housing inventory over 10%, as well as thoughtfully allow for more deed restricted affordable housing at an appropriate scale and location.

Affordable housing can take many forms. Indeed, much of the housing built in Canton in the last 20-30 years have been either large, expensive single-family homes or larger condo or apartment buildings. There is also a need and desire for the so-called “missing middle” of housing. For example, this might include small single-family homes/ “cottages,” two-family, three-family, quads, townhomes, or small apartment buildings. These are both more naturally affordable due to their smaller sizes, and also can be deed restricted and placed on the Affordable Housing Inventory. New affordable housing units do not necessarily need to take the form of a very large apartment complex with hundreds of units.

Will more affordable housing impact our schools and burden our community?

Some people who hear “affordable housing” think only of large, public housing projects for the very poor. Actually, affordable housing can be publicly or privately owned. Affordable housing can be an entire building or development, or it can be a portion of the homes in a larger building. For example, 15 of the over 55 apartments at the Paul Revere Heritage Site are affordable. The key is that the rent or purchase price on an affordable home – be it an apartment, condo or single-family home - is legally capped at an amount that is deemed to be affordable by persons of certain income and asset levels. But these levels are definitely not limited to the very poor. In fact, some might consider eligibility to include many middle-income families. To give you an example, a family of 4 is income eligible for affordable housing if the household income is about \$96,000 per year. A single person is income eligible for affordable housing if his or her income is about \$67,000 per year. This means for example, many town employees – including police, fire, teachers or DPW workers – could be considered income eligible for affordable housing.

Despite all the residential development in the past 30 years, Canton’s housing challenges are worsening. Median sales price of single-family home in Canton has climbed to over \$600K. Exacerbated by low inventory, bidding wars are causing buyers to routinely make cash offers above asking price. We know this phenomenon is not unique to Canton. This is a desirable place to live. Ironically, even during a world pandemic when loss of jobs has made it difficult for many to pay their mortgage or rent, the housing market is as hot as ever. The current real estate market makes it a great time for sellers. Unless someone is a seller who wants to downsize and remain in Canton. That’s because median condo prices have risen to over \$400k and average rents for 2 bedrooms exceed \$2,300 a month, which is the highest rental market of all surrounding towns except Sharon.

Beyond the very high prices, Canton’s status as one of the oldest villages in New England works to create housing challenges. That’s because our housing stock, which includes many older homes, is disproportionately conventionally sized single-family homes of 3-4 bedrooms, all on the upper floors. There are, relatively speaking, many fewer town houses, duplexes, 2 families, or homes of 1 or 2 bedrooms with an open design and ground floor bedroom.

Changing demographics will profoundly affect what kind of housing choice is required to meet the needs of our residents. Consider that today 30% of all residents are persons over 50 years old. By 2030 – less than 10 years from now, the percentage of persons over 50 is projected to be 44% of our population, with the fastest growing segment those over 65. And what do we know about older adults, many of whom are empty nesters? They want housing choices that have fewer bedrooms, with a master on the first floor, little to no outdoor maintenance, and barrier free designs which have bigger openings

and fewer stairs. Consider that today, almost half our residents over 65 have a disability that translates to housing needs. Consider as well the very high cost of living in Boston that is forcing many young families or single professionals to flee the city in search of more affordable options, and a changing economy that is making it easier to work remotely. These 20 or 30 something young adults often do not want or need a 4-bedroom colonial.

So, people moving into so-called affordable housing are actually more likely working middle-income people, who either have no children, very few children, or are older empty nesters looking to downsize.

What can a local housing trust do? A local housing trust allows municipalities to collect funds for affordable housing, separate them from the general fund into a trust fund, and designate and use the funds for local initiatives to create and preserve affordable housing. Examples of what other nearby local affordable housing trust funds have done include:

- Provide financial support for the construction of affordable homes by private developers (non-profit or for-profit); (Medfield, MA)
- Rehabilitate existing homes and apartments to convert to affordable housing; (Milton has a condo conversion bylaw draft; Norfolk, MA)
- Increase affordability in existing and future housing developments; (Medfield, MA)
- Develop surplus municipal property for affordable housing; (Norwell)
- Preserve properties faced with expiring affordability restrictions; (Newburyport)
- Create programs to assist low- and moderate-income homebuyers; (Easton)
- Create programs to help low- and moderate-income families make health and safety repairs; and (Southborough)
- Educate and advocate to advance affordable housing initiatives. (many trusts)

Further, it is often the case when developing affordable housing that local funds are the first committed funds to a project. A Trust can serve as a vehicle to aggregate existing resources as well as leverage new public and private resources to support the creation and preservation of affordable units by entities such as the Canton Housing Authority and the Community Preservation Committee.

What kind of affordable housing would the Trust seek to create? I don't want my next-door neighbor's house to be converted to affordable housing and risk reducing the resale value of mine.

As stated previously, affordable housing can take many forms. There is also a need and desire for the so-called "missing middle" of housing. For example, this might include small single-family homes/ cottages, two-family, three-family, quads, townhomes, or small apartment buildings. These are both more naturally affordable due to their smaller sizes, and also can be deed restricted and placed on the Affordable Housing Inventory. New affordable housing units do not necessarily need to take the form of a very large apartment complex with hundreds of units.

One of the main goals of the trust will be to simply preserve the affordable housing units that Canton already has, rather than immediately go to building new units. Another housing goal for Canton is to increase the affordability of the existing market-rate housing. That can be done through first-time homebuyer programs or rental assistance. Finally, the Trust may seek to selectively and thoughtfully

increase new affordable housing –as a part of a “missing middle” smaller scale housing development in a location close to transit and services.

Can’t Town staff and Town Meeting perform these functions now?

Yes, in part. Though housing strategies often required dedicated subject matter experts, who have the time and resources to focus on housing. We have no such dedicated or focused bodies in Canton. Moreover, many of the activities listed above require a lengthy process which currently requires further Town Meeting action. By establishing a housing trust, the trust can move swiftly with Select Board approval – often, real estate opportunities that would preserve and create affordable housing are highly time-sensitive. Additional oversight will be provided by the Select Board which must review and approve any purchase, sale, lease, exchange, transfer or conveyance of any interest in real property. The bylaw restricts any borrowing, mortgaging, and pledging of Trust assets, employment of lawyers and full or part-time staff, and settlement or otherwise adjustment of claims in favor or against the Trust without Select Board approval.

What controls the limits of the Trust’s authority?

Although the concept of local housing trusts is not new, the state legislature concluded that – due to increased availability of local funding through inclusionary zoning, negotiated development fees, and state and federal funding – there was a need to provide specific legislation to allow communities to form their own municipal affordable housing trust funds. In 2005, the Massachusetts legislature passed the Municipal Affordable Housing Trust Fund Law (MGL c.44 s.55C), which effectively simplified the process of establishing a local housing trust and allowed it to be created through the Town Meeting process. Prior to 2005, municipalities were required to file Home Rule petitions to establish Trusts.

This law also set guidelines on what local housing trusts can do, specifies who can serve on a local housing trust board, and establishes the powers a community can grant the board. Since the new law passed, 115 communities in Massachusetts have established municipal affordable housing trust funds (One-third of Massachusetts cities and towns). Should Canton Town Meeting accept the legislation and adopt the proposed bylaw, the Trust would be required to comply with the local bylaw.

Who would be members of the Trust?

The trust would consist of seven voting Trustees: The Town Administrator, the Finance Director, the Town Planner, one member of the Select Board (chosen by the Select Board), a member of the Housing Authority (chosen by the Housing Authority), a member of the Community Preservation Committee (chosen by the Community Preservation Committee), and one citizen-at-large (appointed by the Select Board).

What is the term of office for the trustees of the Housing Trust?

Trustees serve for a term of two years except that three of the initial trustee appointments would be appointed for one year to stagger terms. They may be re-appointed at the discretion of the Select Board. Vacancies shall be filled by the Select Board for the remainder of the unexpired term. Any member of the Board of Trustees may be removed by the Select Board for cause after the opportunity of a hearing.

Are the Trustees subject to the Conflict of Interest Law and are Trust meetings subject to the Open Meeting Law? The Trust and the Trustees would be subject to the Conflict of Interest Law and the Open Meeting Law.

What funds can be used in a local housing trust?

The sources vary among housing trusts. Under MGL c.44 s.55C sources of funding for trusts include: Community Preservation Act (CPA) funds, inclusionary zoning payments, negotiated developer fees, the Town's general fund, payments or fees from special bylaws such as short-term rentals, grants, gifts, and private donations. However, any funding from the Town's general fund or from the CPA would require Town Meeting action. Approximately 80% of the communities with a housing trust have also adopted the CPA. One of the biggest benefits of a trust is its ability to be funded through a variety of sources.

What financial oversight of the trust will be required?

The Treasurer/Collector shall be the custodian of the Trust Fund's funds and shall maintain separate accounts and records for such funds. Any income or proceeds received from the investment of funds shall be credited to and become part of the Trust Fund. In accordance with MGL c. 44, § SSC, the books and records of the Trust shall be audited annually by an independent auditor in accordance with accepted accounting practices. Upon receipt of the audit by the Board of Trustees, a copy shall be provided to the Select Board.

Will the housing trust have a plan and/or a budget?

Transparency and visibility through strong public communications will greatly enhance the effectiveness of the trust. There would be a housing needs/priority planning process, regular report, publicizing milestones, and maintaining an up-to-date online presence via a website and social media.

The trust would report annually to the Select Board and may also report regularly to the Community Preservation Committee annually as needed (if receiving CCPC funds). The trust would work to identify priorities consistent with the Canton Master Plan (2020), Housing Action Plan (2015), and Community Preservation Plan (2019). The Trust would engage community members and other public and private stakeholders while identifying and creating priorities. This would be done in the Trust's first year.

As a part of the initial planning/ start-up process a budget would be created, most likely depicting multiple years. This budget would indicate estimated revenue as well as expenditures by initiative. The trust's budget would track the money it uses in a clear, concise way and convey the work the trust is supporting. It would track money by source to help track use restrictions that often come with different sources.

Will the Trust's activities (including potential borrowing or property purchase) have the potential to negatively affect the Town, the Town's financial stability, bond rating or borrowing capacity?

A trust is a separate legal entity from the municipality, and as such, its financial actions would not impact the Town's financial actions.

What is the advantage to creating a local housing trust when we already have the Canton Housing Authority (CHA)?

The Canton Housing Authority (CHA) is a state-controlled entity. It is funded and managed by the State and while it works in partnership with the Town, the CHA does not derive funding from any Town source other than Community Preservation funds, nor does it act at the direction of the Town management. The use of the title “Canton” is the State’s method of delineating the community the Housing Authority serves.

As identified by the CHA Director Mark Roy, the mission and agenda of the CHA is different than the Town’s. The CHA operates under State statute, and is regulated through the Department of Housing and Community Development (DHCD). It is not part of CHA’s mandate to buy and sell real estate, although it is able to acquire and hold property on a self-supporting basis. CHA can purchase real property but cannot sell property unless a legislative act is proposed and approved. CHA supports its tenants on a **rental basis**.

CHA is regulated by DHCD and rental opportunities under most circumstances will mirror those regulations. Also, both the future housing trust and the housing authority want to help local people. However, the Housing Authority’s ability to help local people is more limited than it used to be, while housing trusts offer more flexibility.

The Trust could be more flexible in its rental versus ownership structures. A local housing trust can, for example, acquire property, partner with Habitat for Humanity, and eventually sell the completed units to income-qualified individuals to expand home ownership opportunities in Canton. This type of project could not be conducted by the Housing Authority.

Contributions negotiated as a part of special permits or affordable housing development requirements (made as payment-in-lieu of units) directed to the trust can be used in a variety of ways – for example, funds could be used to “buy down” market-rate housing and, with a deed restriction, keep the unit permanently affordable to all subsequent owners. Again, such a process would be outside the scope of the Housing Authority.

A final note: the CHA Director and the Chair of the Canton Housing Authority Board sat on the subcommittee that drafted the Trust warrant article – the CHA looks forward to working with the trustees on increasing housing opportunities for Canton residents and enthusiastically supports the effort to create a Trust. The CHA will also be represented as a voting Trustee member.

What is the advantage to creating a local housing trust when we already have the Canton Community Preservation Committee (CCPC)?

A housing trust can work cooperatively with the Canton Community Preservation Committee. The CCPC would be represented on the Trust, and could serve complementary functions in working to expand and preserve the supply of affordable housing in Canton. The Canton Housing Authority could apply to both the Community Preservation Committee and the Housing Trust for funds to pursue new opportunities. However, applications to the Trust could happen at any time of year (contingent on funds available) and would allow more flexibility to fund programs or repairs if an urgent need arises. For example, the COVID-19 Emergency Housing Relief Program the Town put in place last September could

have begun much sooner if a funded Housing Trust had been in place. Similarly, if any emergency repairs needed to happen at a Housing Authority property, they could apply to the Trust outside of a Town meeting cycle. Finally, if an affordable unit came up for sale, the Town could exercise its right of first refusal to purchase the unit and sell it to a qualified buyer, rather than letting the affordability restriction expire (which has happened several times in the past few years). The CCPC has expressed support for the trust via recommending \$50,000 in start up funds for initial planning work (contingent upon the Trust's formation at Town Meeting 2021).

Who supports the Municipal Housing Trust?

The potential Municipal Housing Trust is supported by the Planning Board, Select Board, Housing Authority, and Community Preservation Committee. It is currently before the Finance Committee for a vote.

Where I can I learn more?

- The Canton Planning Department webpage: <https://www.town.canton.ma.us/839/Housing>
- The Canton Housing Action Plan: <https://www.town.canton.ma.us/DocumentCenter/View/3774/Canton-Housing-Action-Plan-2015-PDF>
- The Canton Master Plan 2035: www.cantonmasterplan.com
- The Housing Toolbox has a wealth of general information on municipal affordable housing trusts: <https://www.housingtoolbox.org/local-tools/housing-trust-funds>.
- The Massachusetts Housing Partnership's Municipal Affordable Housing Trust Guidebook: https://www.housingtoolbox.org/writable/files/resources/MAHTGuidebook_2018.pdf