

Affordable Housing Funding Committee



AHFC@CONCORDMA.GOV

SELECT BOARD MEETING

OCTOBER 29, 2018

2017 Town Meeting Charge



- “The committee shall, generally, be charged with the responsibility of studying and determining cost-effective means by which the town may fund the continuing expansion of its inventory of affordable housing.”

Committee Members



- **Ray Andrews, Todd Benjamin (Chair), Vince Carlson, Holly Darzen (Clerk), Sue Myers**
- **Previous members: Ruthy Bennett, Elisabeth Elden**
- **Select Board Liaisons: Steve Ng, Linda Escobedo (current)**

Thank You



- Assessor's Office – Lane Partridge-Town Assessor
- Concord Housing Authority
- Concord Housing Development Corporation
- Concord Housing Foundation – Charles Phillips
- Concord Recreation – Ryan Kane- Director
- Finance Committee
- Finance Department – Kerry Lafleur – Finance Director
- Planning Department – Marcia Rasmussen-Director of Planning and Land Management
- Regional Housing Services Office – Liz Rust - Director
- Town manager's office and numerous town staff

Key Points



- 1) This process requires change. Change requires leadership. Concord has the opportunity to lead the way for other municipalities to find solutions for their communities.
- 2) We took a wide perspective. We explored ways to develop a strategy that was fair and that did not overly rely on one group of people or on one resource.
- 3) By acting now, to implement consistent, substantial funding, we can support affordable homes in ways that best fit into the town.
- 4) By acting now, the town has more control over the process. We can avoid the divisiveness other towns experience due to 40B and other challenges. (Quarry North in Sudbury and Powder Mill Place in Acton & Maynard.)
- 5) This is the beginning of the process. It will take time. We must start now.

Funding Recommendations



1. Annual budget line item
2. Building permit fee surcharge
3. Local Real Estate Transfer Fee Surcharge (also mentioned in CLRP)
4. Payments in Lieu of Taxes (PILOT)

Also looked at

- Change the Community Preservation Act Rate or Allocation
- Corporate Donations
- Free Cash
- Local Sales Tax
- Payment in Lieu of Units (PILU)
- Reverse Mortgages

Annual Budget Line Item



Key Points

- Quick implementation
- Concord could allocate funds to affordable housing annually
- Allocations could be included in yearly budgets to provide predictability
- Seed money for a set period while other options ramp up
- Concord can control this process
- Residents show their commitment
- Annual tax impact of a 1% property tax increase is \$124 for a single-family at median assessed value of \$839k
- Projected 2019 Revenue: \$916k
- Page 5 of the report shows potential revenue

Building Permit Fee Surcharge



Key Points

- A surcharge based on per \$1,000 of construction value, in accordance with the Town's existing building permit fee structure (now \$12 per \$1000 of construction value)
- The proposed surcharge rate would vary from \$9 to \$20 per \$1,000 of construction value
- Housing related fee borne primarily by large builders
- Based on Charles Phillips' concept
- This is a progressive approach. Larger projects pay more than smaller projects
- Revenues could be \$900,000 to \$1m/year, at 2016 building permit levels
- Page 6 of the report shows potential revenue
- Requires state legislative approval

Local Real Estate Transfer Fee Surcharge

Key Points

- Real estate transfer fees are imposed by 35 states when property changes hands
- MA has one of the lowest transfer fees in NE – This brings us in line w/ our neighbors
- This will be paid by buyers
- Recommended by the Concord Long Range Plan
- If the future value of sold properties approximates values of 2012-2017, \$3m annually would be generated.
- This has been successful for open space, land banks – communities received local and state approval
- Require town meeting vote, then state legislation
- See page 7 of the report

PILOT: Payment in Lieu of Taxes



Key Points

- A way tax-exempt property owners participate in the financial health of communities
- Massachusetts leads the nation in collecting PILOT. Over 80 municipalities collect PILOT
- An issue of fairness. Not equitable that large, wealthy institutions consume land and services, but don't pay taxes to support the community
- The 6 largest exempt entities do not pay tax on over 1,000 acres of land with a property value over \$228m
- The five concord entities generate over \$320m in annual revenues
- The four educational institutions based in Concord have total endowments over \$243m
- This can be done now, without state legislation
- Concord would gain more than \$3.2m in annual revenue if these six entities paid the tax they would owe as non-exempt properties

Managing Affordable Housing Funds



Key Points

- Must have transparency and accountability
- Must be able to act fast – flexibility of disbursement, nimble
- We identified 3 options
 - Affordable Housing Trust Fund
 - Revolving fund
 - Non-profit

Zoning



Key Points

- Sustainable solutions to supporting affordable homes cannot be successful without zoning reform
- We encourage the town to reform zoning as soon as possible
- Not the focus of our group but it's importance can't be understated

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