



Affordable Housing Funding Committee

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.”



Affordable Housing Funding Committee

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)



Affordable Housing Funding Committee

Key Points

- 1) A wide perspective that is fair and does not rely on one group.
- 2) Success requires change and leadership but the benefits are worth it.
- 3) Support affordable homes now to best fit the town.
- 4) Residents have more control now. (Quarry North-Sudbury: 274 units; Powder Mill Place-Acton & Maynard: 254 units.)
- 5) This is the beginning of the process. We must start now.



Affordable Housing Funding Committee

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) (Only for the 6 largest exempt entities.)



ARTICLE 23. APPROPRIATE FUNDS FOR AFFORDABLE HOUSING DEVELOPMENT

To determine whether the Town will vote to raise and appropriate, or transfer from available funds the sum of \$500,000, or any other sum, for the purpose of developing affordable housing within the Town, said funds to be expended under the direction of the Town Manager on such terms and conditions as the Select Board may determine, or take any other action relative thereto.



Article 23: Appropriate Funds for Affordable Housing Development

... appropriate Free Cash to support affordable housing within Concord when the Free Cash balance is higher than 5% of the annual operating budget.

The Select Board anticipates annually requesting an appropriation of Free Cash to support affordable housing until such time as other housing revenues are generated should Articles 24, 25 and 26 be approved and the necessary special legislation enacted.

*The AHFC report can be reviewed on the Town's website at:
(<https://concordma.gov/DocumentCenter/View/16975/Affordable-Housing-Funding-Committee---Preliminary-Report-10-29-2018>)*



Article 23: Appropriate Funds for Affordable Housing Development

Preliminary Report to the Concord Select Board - Appendix A: Other Funding Sources

AHFC Discussion:

- Temporary
- A free cash floor of 7%.
- FC between 7%-8% (not over \$1m) to reduce next year's tax levy.
- Free cash between 8% and 10% would go to affordable homes.

Brookline: “Affordable Housing Trust Fund (AHTF) – in order to support the Town’s efforts toward creating and maintaining affordable housing, 15% of remaining Free Cash shall be appropriated into the AHTF if the unreserved fund balance in the AHTF, as calculated in the Town’s financial system, is less than \$5m.”



ARTICLE 24. AUTHORIZATION TO ACCEPT M.G.L. c. 44, § 55C – Municipal Affordable Housing Trust Fund

To determine whether the Town will vote to accept Massachusetts General Laws c. 44, § 55C, to authorize the creation of a Municipal Affordable Housing Trust Fund, or take any other action relative thereto.



Article 24: Authorization to Accept M.G.L. c. 44, § 55C - Municipal Affordable Housing Trust Fund

Management of dedicated revenues for affordable homes

Looked at 7 options - proposed one of the three following options:

- municipal affordable housing trust fund
- non-profit fund
- revolving fund

Flexibility for funds to be used in a timely manner and a transparent, clearly defined process for dispersing these funds should be an integral part of this process.



Article 24: Authorization to Accept M.G.L. c. 44, § 55C - Municipal Affordable Housing Trust Fund

- Creates a Concord Affordable Housing Trust
- Board of trustees appointed by the Select Board will:
 - “accept & receive real property, personal property or money, ...”
- This will create a town entity that will manage revenues generated for affordable housing if Articles 25 and 26 are approved and the necessary special legislation is enacted.
- Since Affordable Housing Trust Fund Law passed in 2005, over 70 communities have established trust funds.



ARTICLE 25. AUTHORIZE SPECIAL LEGISLATION – REAL ESTATE TRANSFER TAX FOR AFFORDABLE HOUSING

As printed in the Warrant.



Article 25: Authorize Special Legislation – Real Estate Transfer Tax for Affordable Housing

- Imposed by 35 states when property changes hands
- MA has one of the lowest transfer fees in NE
- Paid by buyers
- Recommended by the Concord Long Range Plan
- \$3m annually could be generated.
- Successful for open space, land banks – communities received local and state approval



Article 25: Authorize Special Legislation – Real Estate Transfer Tax for Affordable Housing

Some towns with supplementary transfer fees:

- Cape Cod
- Martha's Vineyard
- Nantucket



Article 25: Authorize Special Legislation – Real Estate Transfer Tax for Affordable Housing

Transfer Fees of New England States

| State | Fee | Paid By |
|-------|--|--------------|
| CT | .75% - 1.25% (most municipalities: additional fee of .25%; 18 charge an extra .5%) | Seller |
| ME | 0.44% | Seller/Buyer |
| MA | 0.456% | Seller |
| NH | 1.50% | Seller/Buyer |
| RI | 0.46% | Seller |
| VT | .5% to 1.45% | Buyer |



ARTICLE 26. AUTHORIZE SPECIAL LEGISLATION – BUILDING PERMIT FEE SURCHARGE FOR AFFORDABLE HOUSING

As printed in the Warrant.



Article 26: Authorize Special Legislation – Building Permit Fee Surcharge for Affordable Housing

- Based on Charles Phillips' concept
- Assessed per \$1,000 of construction value, like Town's existing building permit fee structure (\$12 per \$1000 of construction value)
- Varies from \$9 to \$20 per \$1,000 of construction value
- Housing related fee borne primarily by large builders
- This is a progressive approach. Larger projects pay more than smaller projects
- Revenues could be \$900,000 to \$1M/year



Article 26: Authorize Special Legislation – Building Permit Fee Surcharge for Affordable Housing

| Construction Value | Current Base Permit Fee (\$12/\$1,000*) | Proposed Rate |
|---|---|------------------------|
| < \$50,000 (\$20,000 new bathroom) | \$240 | \$9/\$1k => \$180 |
| \$50,000 - \$100,000 (\$100k addition) | \$1,200 | \$10/\$1k => \$1,000 |
| \$100,001 - \$500,000 (\$500k home) | \$6,000 | \$15/\$1k => \$7,500 |
| >\$500,000 (\$1.5M large home) | \$18,000 | \$20/\$1ks => \$30,000 |
| *Excludes plumbing, electrical, mechanical fees | | |