

SELECT BOARD RECOMMENDS AFFIRMATIVE ACTION on ARTICLE 17: Appropriate Funds for Affordable Housing

The Annual Town Meeting (ATM) 2021 Motion for Article 17 reads as follows: Ms.

Escobedo moves that the Town vote to transfer from free cash, the sum of \$500,000, for the purpose of developing or supporting affordable housing within the Town, to be expended under the direction of the Town Manager on such terms and conditions as the Select Board may determine, including transferring the funds to the Municipal Affordable Housing Trust Fund.

Concord's 2019 ATM passed four separate warrant articles as part of a long-term strategy to build and provide an ongoing revenue stream for affordable housing. These articles required the State Legislature to approve two home rule petitions, which are still pending. In the interim, it is essential for the town to continue to make annual appropriations for affordable housing to ensure adequate funds are available to act on opportunities as they arise between Town Meetings to add affordable homes to our Town's State Subsidized Housing Inventory (SHI) to stay above the 40B threshold number for Concord, which will change when the new census data is released.

Simultaneously, the Select Board has also supported zoning bylaw amendments to increase the number of non-subsidized affordable homes. Already applications have been approved for a number of accessory dwelling units since the 2020 ATM. All of these efforts have been taken to address the needed range of affordable housing options the town has identified as a priority in its long-range plan whether it be for seniors "aging in place", younger residents staying in Concord, etc.

According to the Regional Housing Services Office (RHSO), Town Meeting's appropriation of \$1,000,000 for affordable housing over the last two years will have resulted in the successful creation of 4 new SHI units and preservation of 1 existing housing unit:

- Feasibility of CHA Gerow Development – 1 SHI Unit
- 930 Main Street – 2 SHI Units
- Emerson Annex preservation – 1 Unit
- Elm Brook Lane – 1 SHI unit

The timing of all of these opportunities was not predictable but allowed the Town and Select Board to act quickly as needed with a level of working capital to execute transactions even when applicable resale funds of existing deed-restricted units might be returned to the fund eventually. Use of Town appropriated funds have also been leveraged to bring in additional non-town sources of funding for these projects. Approximately \$230K from the past two year's appropriation is currently uncommitted for any further affordable housing action to be taken at this time.

The Select Board is aware that Concord's free cash balance is tight this year, but the need for affordable housing in Concord is greater than ever. The July 1, 2020 certified Free Cash Balance is in conformance with the policy for this year's appropriation request. Having adequate accessible funds to act on these opportunities is a critical component of Concord's affordable housing production strategy, and aligns the Town's actions in the *Envision Concord: Bridge to 2030* comprehensive long-range plan.

The Select Board strongly urges your support for this article.

Frequently Asked Questions about Article 17

Why is the appropriation being requested from Free Cash?

The Affordable Housing Funding Committee recommended in its 2018 report to the Select Board that the Town appropriate free cash to support affordable housing when the Town's free cash balance is higher than 5% of the annual operating budget. The Select Board anticipates requesting an annual appropriation from free cash until such time as other housing revenues are generated. Concord has home rule petitions before the Legislature now that could help generate this revenue in the future.

Does the Free Cash Certified Balance allow for this request?

As of the date of the printed warrant, Certified Free Cash is \$6,398,206, representing 5.54% of the Operating Budget. Due to the timing of grant proceeds, the 7/1/20 Certified Free Cash balance is understated by \$1,461,265. Had they been received on time, the Town's Free Cash balance would have been \$7,859,471, or 6.8%. Grant proceeds have been received and will be included in the next free cash certification. Should this request for appropriation be approved, the effective free cash would be \$7,353,471, or 6.3%, which is in conformance with the Town's Use of Free Cash policy.

Will this appropriation of free cash affect the Town's bond rating?

The Town recently again received a Aaa bond rating from Moody's Investor Services citing its fiscally conservative policies, stable tax base, and voter support when needed to approve debt exclusions and general overrides to the Proposition 2 ½ tax levy limit.

What is a good working balance of affordable housing funds to have on hand to act immediately on unforeseen opportunities to either develop new or add units to the SHI, or preserve expiring deed restrictions on existing affordable housing homes?

A minimum reserve of between \$1 million-\$2 million dollars provides the working capital to seize opportunities including the purchase and resale of homes already restricted as affordable housing units to preserve that affordability. Currently, the balance of the last two year's town appropriations for affordable housing is \$270K in uncommitted funds, well under the working capital needed.