



Warrant Article 30
Finance Committee
Public Hearing
February 28, 2017



Warrant Article 30

Mr. Lawson moves:

To determine whether the Town will vote to appropriate the sum of \$1,000,000 from Free Cash, and a \$350,000 appropriation from CPA funds for a combined total appropriation of \$1,350,000 to be expended under the direction of the Town Manager for the purpose of constructing affordable housing units in the Junction Village Affordable Assisted Living Development.



Free Cash

The Town's Free Cash Balance as of June 30, 2016, or 2.83% above the adopted Policy Maximum. This year's proposed Free Cash allocations are:

1. Supplemental Appropriation for the Schools
2. Budget to Reduce Property Taxes
3. Acquisition of 55 Church Street
4. Contribution to the Junction Village Assisted Living Development
5. Potential Allocation to Support Concord's Energy Goals.

These allocations total \$3,800,000 and if approved, Concord's Free Cash balance would be \$8,805,955 or 8.93% of the budget. This balance would be within the Policy range for between 5% and 10%, and would not jeopardize the Town's Bond Rating or compromise the Town's strong financial position.



Junction Village Project

The project consists of 83 units of affordable assisted living located at the Junction Village property which was given to the CHDC by the State in 2013 with restrictions that the property could only be used for affordable housing and open space. The proposed buildings would occupy approximately 4 acres of the site and the remaining approximate 8 acres would be protected open space.



The Need

- 10% of Concord's housing stock as affordable is a goal in accordance with State statute (GL Ch. 40B).
- Currently Concord is at 10.55% - 38 units about the 10% threshold.
- Without the Junction Village project, the Regional Housing Services Office estimates that at the time of the next census, 2020, Concord will be approximately 39 units short of our goal.
- There is a waiting list for current affordable units in Town.
- Demographic trends suggest a growing demand for assisted living facilities.
- Because of a lack of affordable assisted living options, many Concord citizens cannot afford to remain in town.



Junction Village Project

Breakdown of the Types of Affordable Units and Monthly Charges:

UNITS	INCOME	MONTHLY CHARGES
17	30% of Median < \$20,700	\$2,300*
26	60% of Median <\$41,400	\$3,000**
40	150% of Median <\$103,425	\$4,200

* Service Fee of approximately \$1,700.00 per month paid by Mass Health

** Service Fee partially paid by resident and partially paid by Mass Health

- All Units would count as part of the Town's Subsidized Housing Inventory (SHI).
- Concord residents would have first priority for 70% of the units during the initial lease-up period of approximately 15-18 months.
- The average stay in assisted living facilities is 2.6 years.



Financing

- The Grantham Group will develop the property and manage the assisted living facility.
- The construction of the facility is financed by:
 - A mortgage of \$8,322,000 given by the Grantham Group
 - \$4,600,000 in Federal Tax credits, distributed by the State and for which there is competition (Equity Stake provided by institutional investors)
 - DHCD/MHP subsidy of \$1,000,000
 - \$2,000,000 Contribution by the Town -- \$1,000,000 from Free Cash and \$1,000,000 over a three year period from the CPA. (Note – only \$350,000 is being appropriated this year and only this year's appropriation has been approved by the CPC)



Why does Concord Need to Contribute?

- Without Concord's contribution, the development would not take place. Concord's contribution is necessary to successfully compete for the tax credits.
- Grantham's revenue is constrained because all units are affordable – there are no market-rate units.
- The development fee and management fee Grantham can earn is regulated by the State.
- The 'profits' are also regulated.
- The land remains the property of the CHDC and has no 'market' value due to the deed restrictions.
- The facility, in the future, could be sold only to another organization that would manage a 100% affordable facility.
- There is no way for the developer to internalize the \$2,000,000 Concord contribution.



Other Concord Affordable Housing Project Costs

Project	SHI Units	Contribution	Cost per Unit
Emerson Annex Unit 4	1	\$274,000	\$274,000
Lalli Woods	1	\$140,000	\$140,000
405 Old Bedford Road	4	\$410,000	\$102,000
Peter Bulkeley – Phase 2	4	\$371,000	\$92,750
1888 Main Street	1	\$90,000	\$90,000
Walden Street	5	\$385,000	\$77,000
129 Old Bedford Road	3	\$222,000	\$74,000
Emerson Annex Unit 10	1	\$71,400	\$71,000
Peter Bulkeley – Phase 1	24	\$1,000,000	\$41,667
Junction Village	83	\$2,000,000	\$24,100



Examples of Local Contributions to Affordable Housing Projects

	Project	SHI	Local	Cost
		<u>Units</u>	<u>Contribution</u>	<u>Per Unit</u>
	Pearl Street, Newton	3	\$1,145,000	\$381,667
	Myrtle Village, Newton	7	\$1,853,858	\$264,837
	South Street, Needham	5	\$500,000	\$100,000
	SHA Duplexes, Sudbury	11	\$750,000	\$68,182
	Beals Street, Brookline	31	\$1,983,920	\$62,546
	Dummer Street, Brookline	32	\$1,944,401	\$60,763
	Junction Village	83	\$2,000,000	\$24,100



Benefits to Concord

- 83 Affordable Assisting Living Units.
- Open Space.
- Meeting our Affordable Housing Goals.
- Maintaining diversity of housing and providing housing options for Concord seniors.



Work in Progress

- The application is pending before the Planning Board.
- If approved at Town Meeting, we will work with MassDOT and the DOC to again access for construction vehicles to the site from behind MCI- Concord.
- CHDC is working with the Natural Resources Department to determine if a Conservation Restriction can be granted to the NRC on the undeveloped land.
- The Town Manager is developing a MOU between the Town, the Grantham Group and the CHDC to address outstanding questions such as: 1) Who assumes responsibility for any construction cost overruns, 2) An affirmation that no additional facilities will, at a later date, be proposed on the site and 3) the intent to secure a conservation restriction.



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