



# 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

A community effort. Organizations in town and beyond provided insight and guidance:

Assessor's Office

Concord Housing Authority

Concord Housing Development Corp.

Concord Housing Foundation

Finance Committee

Finance Department

League of Women Voters

Parks Department

Planning Department

Regional Housing Services Office

Select Board

Town Manager's office



# Affordable Housing Funding Committee

## Key Points

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



# Quarry North-Sudbury: 274 units

# Introduction



Melone Site Sudbury, MA

Proposed Plan

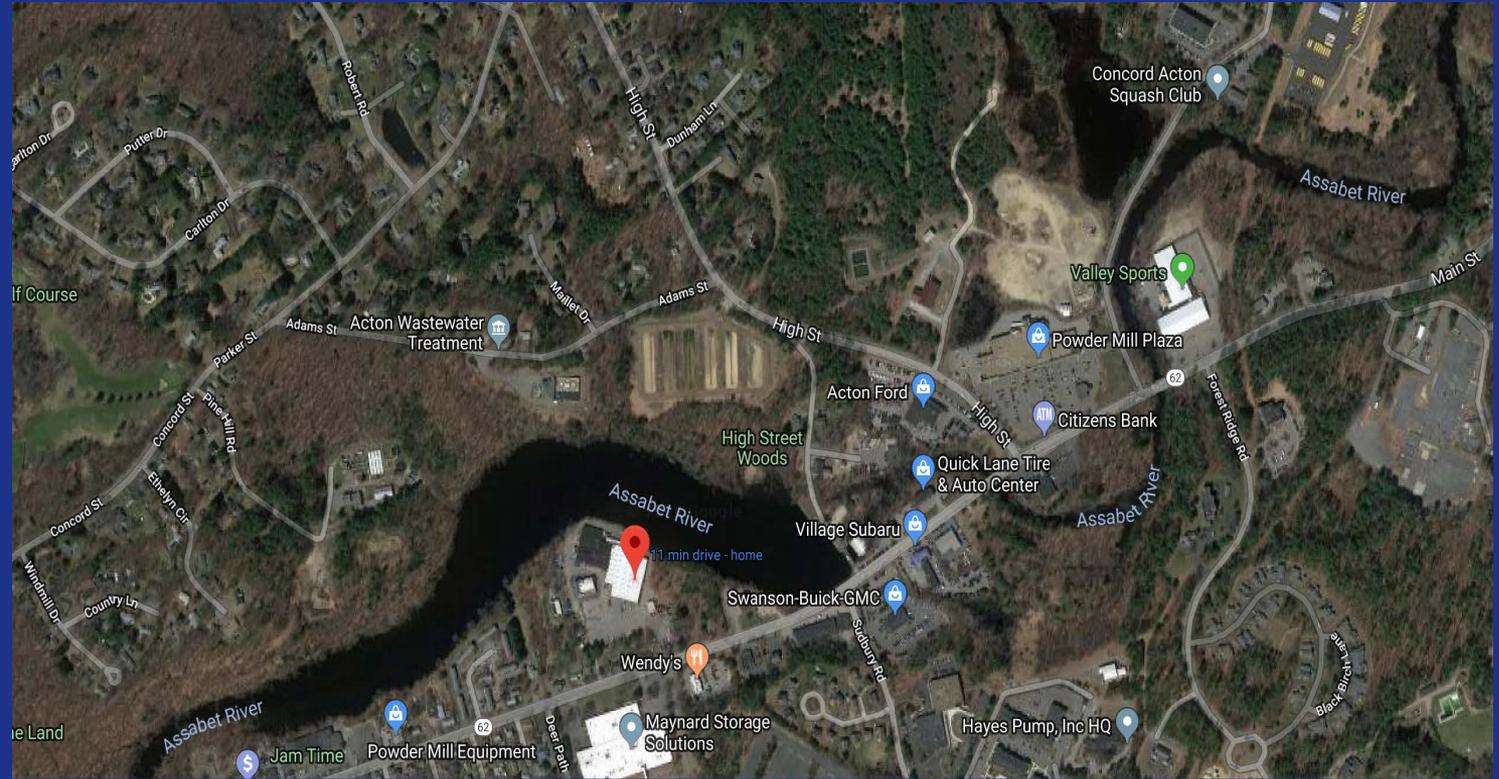
06.22.2018





# Powder Mill Place-Maynard/Acton: 254 units

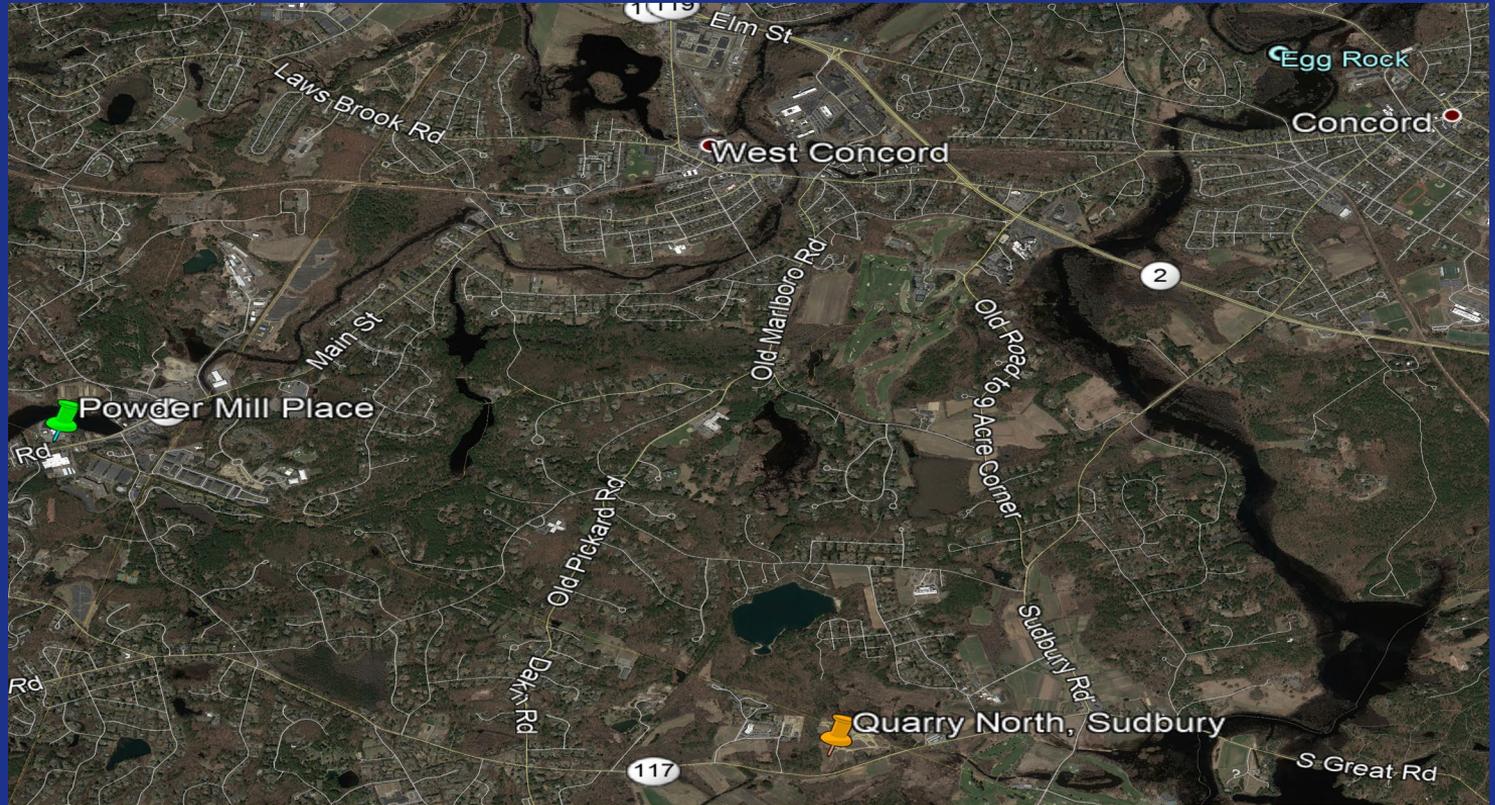
# Introduction





# Powder Mill Place and Quarry North

## Introduction





## Economic Benefit of Affordable Homes

- 1) Affordable homes help employers attract and keep workers for town, retail, health, education, and restaurant opportunities
- 2) Residents of affordable homes generate earnings for local businesses and revenue for local governments
- 3) Increases revenue & decreases traffic: essential employees' long daily commutes increase congestion. Congested roads reduce profitability of local businesses by increasing costs and shrinking the area from which to draw customers and workers (Cambridge Systematics, Inc. 2005).
- 4) **Of Concord's 277 town employees, only 9% live in our town.**



## Article 23 – APPROPRIATE FUNDS FOR AFFORDABLE HOUSING DEVELOPMENT

Introduction

### Temporary Strategy

- 1) Allocation must be voted on at each future Town Meeting.
- 2) Funds for this strategy already exist.
- 3) This strategy is only to begin the practice of funding affordable homes while the other articles are going through the process.
- 4) Once the other strategies are in place, this strategy can be kept, reduced, or discontinued.



# Process: Articles 24, 25, & 26

Introduction

**Now: Approve  
articles to authorize  
Town to talk to the  
State**



State decides  
whether or not to  
allow Town's request



Residents vote at a  
future Town Meeting  
to determine details  
of final articles



## 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 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

### Process: Article 24

**Now: Approve  
article to authorize  
Town to talk to the  
State**



State decides  
whether or not to  
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Residents vote at a  
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## 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 FEE FOR AFFORDABLE HOUSING**

As printed in the Warrant.



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

### Process: Article 25

**Now: Approve article to authorize Town to talk to the State**



State decides whether or not to allow Town's request



Residents vote at a future Town Meeting to determine details of final articles



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

### Towns with supplementary transfer fees

#### Local Transfer Charge and a State Transfer Fee:

- Barnstable County/Cape Cod – 15 towns
  - Bourne                      Barnstable                      Brewster                      Eastham
  - Sandwich                  Dennis                              Harwich                      Wellfleet
  - Falmouth                  Yarmouth                      Chatham                      Truro
  - Mashpee    Orleans                              Provincetown

#### Additional 2% transfer fee on real estate sales approved by State:

- Martha's Vineyard
- Nantucket



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

### Somerville Transfer Fee Analysis

- RKG Associates, Inc. - Economic, Planning & Real Estate Consultants
- All real estate professionals interviewed were **unanimous** - a 1% **transfer fee would not substantially change the behavior of buyers and sellers or impact the volume of transactions**
- Interviewed real estate brokers, developers, closing agents, & lenders - all work closely with property buyers and sellers



## Article 25: Authorize Special Legislation – Real Estate Transfer Fee 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

### Process: Article 26

**Now: Approve article to authorize Town to talk to the State**



State decides whether or not to allow Town's request



Residents vote at a future Town Meeting to determine details of final articles



## 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		



# Conclusion

- 1) Approving these articles is a first step to reaching residents' goals.
- 2) Approving these articles helps residents have more control.
- 3) Affordable homes help local businesses and town employees.
- 4) We are not alone. Other communities are also acting proactively and many more will follow.