

**TOWN of EASTHAM
AFFORDABLE HOUSING TRUST
PROGRAM GUIDELINES**

Adopted January 18, 2018



Eastham Affordable Housing Trust

Program Guidelines

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**Town of Eastham
Affordable Housing Trust Fund
Housing Guidelines**

I. Eastham Affordable Housing Trust Vision Statement

The purpose of the Trust shall be to provide for the creation and preservation of affordable housing in the Town of Eastham for the benefit of low and moderate income households.

Recognizing this purpose and the Housing Needs Assessment/Housing Production Plan prepared for the Board of Selectmen in February 2010, the Eastham Affordable Housing Trust adopted a formal vision statement for the direction of future Trust activities on August 2, 2011. The Housing Needs Assessment/Housing Production Plan was revised in March 2016.

The Affordable Housing Trust's efforts and projects will include but are not limited to:

- Engage the community in discussions to build support for affordable housing and dispel myths and negative attitudes about such projects.
- Assess whether existing market-rate housing units can be modified into affordable units with affordable housing restrictions.
- Foster development of affordable housing on available municipal property and appropriate infill lots that blends with the surrounding neighborhood and is sensitive to the environment.
- Encourage private developments to increase the number of affordable units to meet local housing goals, including mixed-income developments.
- Support the Eastham Housing Authority efforts to secure and provide more rental housing opportunities.
- Work with the Eastham Board of Selectmen, Planning Board and the Local Comprehensive Planning Committee to strategize and develop plans and projects to meet future affordable housing needs.
- Work with the Eastham Business Community to identify needs for Workforce Housing
- Continue to seek available state, federal and/or other funding sources to provide capital for affordable housing developments.
- Create innovative programs and make use of existing methods in an effort to financially assist low and moderate income homebuyers, homeowners, and renters.

II. Roles and Responsibilities of the Affordable Housing Trust

The Eastham Affordable Housing Trust (the "Trust") was created with the approval of Town Meeting on May 5, 2008 pursuant to the provisions of G.L. c.44 Section 55C, and a Declaration of Trust was signed on October 6, 2009. The purpose of the Trust is to provide for the creation and preservation of affordable housing in the Town for the benefit of low and moderate income households. The Trust is managed by a Board of Trustees (the "Trustees" or the "Board"), who initiate programs and expend funds for the creation and preservation of affordable housing in Eastham. The Trust may solicit and accept grants, gifts, devises and bequests or otherwise acquire real or personal property, and use and expend such property in such a manner as the

Trustees shall deem most appropriate to carry out the purpose of the Trust. In no event shall the activities of the Trust consist of propaganda or otherwise attempt to influence legislation or participation in or intervention in any political campaign on behalf of any candidate for public office and no part of net earnings of this Trust shall inure or be payable to or for the benefit of any private individual or corporation.

Details of the Trust are as follows:

- Management of the Trust – The Trust is administered by a Board of Trustees consisting of five (5) Trustees, who are appointed by the Board of Selectmen for a term not to exceed two (2) years, but may be re-appointed at the discretion of the Board of Selectmen. A quorum of the Board of Trustees shall be the majority of the Trustees, qualified and present in person. A majority of the Trust may exercise any and all powers of the Trustees and may execute on behalf of the Trustees any and all instruments with the same effect as though executed by all the Trustees.
- Powers of Trustees - As stated in the Declaration of the Trust, the Trustees may undertake any activity that would create and preserve affordable housing for the benefit of low and moderate income households. Their powers include, but are not limited to, the right to receive, purchase, and convey real or personal property; to execute deeds, contracts, and various other legal documents in connection with the Trust’s activities; to employ and compensate advisors and agents; to conduct itself in its discretion with respect to legal claims by or against the Trust; to manage or improve real property and to abandon property when the Trustees deem advisable; and to extend the time for payment of any obligation to the Trust.
- Legal Status of the Trust - The Trust is deemed to be a public employer and municipal agency pursuant to MGL Chapter 268A. Likewise, the Trustees are classified under the Act as public employees and special municipal employees, also in accordance with the terms of MGL Chapter 268A. As a governmental body, the Trust must comply with the open meeting requirements set forth under MGL Chapter 39 and is likewise subject to MGL Chapter 40, Section 15A and MGL Chapter 30B with the exception that agreements and conveyances between a Trust and other public instrumentalities are excluded from the application of MGL Chapter 30B.
- Community Preservation Act (CPA) - Section 5 of the Community Preservation Act (MGL Chapter 44B) permits cities and towns to appropriate money from the Community Preservation Act (CPA) Fund into an Affordable Housing Trust Fund (“AHTF”). Funds paid to the AHTF are specifically limited to affordable housing purposes and not for general administrative expenses. Under the CPA, funds may be used for the acquisition, creation, preservation, rehabilitation (in some cases) and support of community housing, including, without limitation, assistance provided directly to qualified households, all in compliance with the CPA.
- Non-Community Preservation Act Funding - From time to time and as provided by the Town, the Trust may fund its mission and programs by monies from sources other than the

CPA. These funds must be used for the purpose for which the Trust was created, but the Trustees are not required to comply with CPA requirements for such non-CPA funds.

III. Guiding Principles

Eastham's Affordable Housing Trust and the Board of Selectmen adopted the following guiding principles for pursuing affordable housing opportunities:

1. Increase housing opportunities to those who live and/or work in the community, to the extent permitted by law, by prioritizing opportunities that support its local citizenry and others and that serve a range of local housing needs, , even if the units may not be eligible for inclusion in the state Subsidized Housing Inventory (SHI).
2. Develop year-round affordable rental units to serve Eastham's most financially vulnerable residents and others, including its service workers.
3. Identify properties that have reduced or nominal acquisition costs.
4. Support the subsidization of rental housing and the construction of new housing developments.
5. Maximize the use or reuse of existing buildings by prioritizing projects that convert existing housing into affordable units (accessory apartments, small in-fill developments, buy-down initiatives).
6. Develop projects that serve a wide range of housing needs including families, single occupants, seniors and special needs populations.
7. Encourage a diversity of housing types including clustered mixed-income and scattered single and multi-family units.

IV. Eligible Activities

The Housing Trust Fund can be used in support of the following activities. Note that CPA funds must be used only for those purposes specified in the CPA as allowable activities, while the Trustees may use non-CPA funds for programs offering a broader range of purposes that are consistent with the Declaration of Trust and the provisions of MGL Chapter 44, Section 55C.

1. PRESERVATION PROGRAMS

A. Housing Preservation and Improvement Activities – In certain instances, the Trustees may use funds to preserve affordability of private unsubsidized housing units and units already included in the Town's Subsidized Housing Inventory ("SHI") by providing funds for repairs necessary to enable residents to continue to reside in their homes.

CPA Allowable Activities: CPA funds may be used for repairs that are necessary to preserve affordable housing from injury, harm or destruction, which may include, but are not limited to, the following:

- Building envelope and site work to preserve the structural integrity of the homes
- Roof, siding and window replacements to assure the water tightness of the housing units
- Upgrading of dangerous electrical or plumbing systems
- Replacement of dangerous building systems that threaten the housing units
- Failed Septic Systems
- Installation of hard-wired smoke alarms, sprinklers and other building fire suppression systems
- Funds cannot be spent for maintenance or operating costs

Whether the Trustees will fund a particular project depends on the facts involved in each case, the amount of funds sought, the eligibility of persons seeking assistance, the necessity of the repairs, the funds available to the Trustees to support such program, whether the homes were acquired or created originally with CPA funds and other factors. The Trustees may obtain deed restrictions on properties to ensure the future affordability of the homes. There is no guarantee of financial assistance.

2. SUPPORT PROGRAMS

A. LEASE TO OWN PROGRAM

Assistance provided to income eligible participants by leasing properties owned by the Trust with an option to purchase. – The leases will include affordability restrictions and the properties shall be sold subject to affordable housing deed riders

CPA Allowable Activities:

CPA funds may be used for the support of affordable housing, defined as including “programs that provide grants, loans, rental assistance, security deposits, interest-rate write downs or other forms of assistance directly to individuals and families who are eligible for community housing or to an entity that owns, operates or manages such housing, for the purpose of making housing affordable”

B. CLOSING COST ASSISTANCE PROGRAM

Trust assists income eligible buyers with closing costs/down payment to pass underwriting

CPA Allowable Activities:

Grants, Loans, Rental assistance, interest-rate write downs or other assistance directly to individuals who are eligible for community housing for the purpose of making housing affordable

C. RENTAL SUBSIDY PROGRAM

Provide monthly rent subsidy & financial counseling to income eligible program participants

CPA Allowable Activities:

Grants, loans, rental assistance, interest-rate write downs or other assistance directly to individuals who are eligible for community housing for the purpose of making housing affordable

3. CREATION PROGRAMS

A. RENTAL EXPANSION PROGRAM

- **New Construction Units**
Provide funding assistance to developers for construction of new affordable rentals with deed restrictions required for long-term affordability, if permitted under zoning

- **Accessory Dwelling Units**
If Provide assistance to homeowners to create new Accessory Dwelling subject to affordable housing deed restrictions, subject to zoning

- **Seasonal/Year Round Property Conversion**
Provide assistance to property owners to convert seasonal dwellings to year round affordable dwellings subject to deed restrictions, subject to zoning

- **Motel Conversion To Affordable Housing**
Provide assistance to property owners to convert existing motels to affordable units, if permitted under zoning, subject to affordable housing deed restrictions

V. Funding Guidelines

The Board of Trustees has established the following funding guidelines for eligible activities:

- All financial transactions undertaken by the Trust where Community Preservation Act (CPA) funds are used must comply with the requirements of the Community Preservation Act (CPA).

- Funding for Preservation Program activities up to \$25,000 per home will be provided in the form of a fifteen (15) year, 0% interest, forgivable mortgage that is recorded on the property at the Barnstable County Registry of Deeds. The mortgage shall be between the Trust and the homeowner. The mortgage shall be paid back to the Trust if the home is sold, transferred, refinanced to a reverse mortgage, or refinanced with a \$50,000 or more equity cash out. If the home is sold or transferred to a family member, the mortgage may be transferred if the new owner is income-eligible.

- All affordable units created under the Rental Expansion Program must be deed restricted

- Development loans provided under the Rental Expansion Program are limited to up to \$100,000 per unit. The Board of Trustees will determine the interest rate of between 0% and 3%, depending upon project feasibility. Payments will be deferred until the property is transferred unless the recipient is determined to be in violation of loan terms (allowances for extenuating circumstances, appeal process) in which case payments will be due. Any loan proceeds will be deposited into the Housing Trust Fund. All loans must be in the form of a mortgage against the property and may be subordinated to other

project lenders. Deed riders for 10-15 years are required for projects where the loan is more than \$20,000 per unit and required for at least 30 years or in perpetuity for loans of more than \$50,000/unit.

- Funding guidelines can be waived or modified upon a unanimous vote of the Board of Trustees.

VI. Project Monitoring

The Board of Trustees, with staff support from the Planning Department and/or management agency, will work with the state's Department of Housing and Community Development (DHCD) and project sponsors to insure that all units that have been funded by the Affordable Housing Trust Fund to be eligible for inclusion on the Subsidized Housing Inventory (SHI), meet all requirements to get counted as part of the SHI and are monitored to insure the continued affordability of such units.

It will also be important to monitor the affordability of units that have received Affordable Housing Trust funding but are not eligible for inclusion on the SHI. In these cases, the Board of Trustees, with support from the Planning Department and/or a management company, will annually confirm the continued occupancy and eligibility of unit occupants by:

- Checking Assessors records and resident mail listings to verify the continued occupancy of the units. If the units involve homeownership, the deed rider will require that the occupant notify the Town upon any intent to sell, and the Town will have an opportunity to purchase or resell the unit based on a prescribed process included in the deed rider (adaptation of DHCD's deed rider). If the units involve rentals, send a letter to the project sponsor requesting documentation listing the incomes of the tenants and a copy of their leases to insure that the tenants meet the income qualifications and the rents continue to be affordable.
- Checking the Barnstable County Registry of Deeds to make sure that there have been no changes in ownership/residency.
- Preparing an annual compliance report that documents the continued affordability of these units.

VII. Reporting

With staff support from the Planning Department, the Board of Trustees must prepare an annual report that summarizes the use of Housing Trust funds during the fiscal year including amounts of funding, type of funding, project description and status, as well as the balance in the Affordable Housing Fund. The books and records of the Trust shall be maintained by the Town Accountant and audited annually as part of the annual audit of the Town of Eastham. The results of the audit shall be provided to the Town.

VIII. Periodic Updating of Housing Guidelines

These Housing Guidelines must be reviewed and updated a minimum of once every three (3) years by the Board of Trustees with input from the CPC and the AHC. The Board of Trustees is responsible for approving any changes and can also choose to amend the Guidelines within the 3-year period if it determines that certain requirements are no longer effective or viable.

IX. Application Process

The application process involves providing information to the Eastham Affordable Housing Trust before funding approvals can be granted. All submissions, scheduling and communications will be coordinated through the Eastham Planning Department. The Board of Trustees will accept applications on a rolling basis.

Only those projects that receive the approval of the Board of Trustees are eligible to access funding from the Affordable Housing Trust Fund. In making its determinations on funding, the Trust may consult with the Eastham Community Preservation Committee, Planning Commission, Zoning Board of Appeals, and/or other Town commissions or boards. The approved applicant must enter into a contract with the Eastham Affordable Housing Trust that specifies the purpose and scope of the project, projected timeframe, and approved funding for the project. The applicant must submit an original copy of the signed contract to the Eastham Planning Department.

X. Selection Criteria

The Board of Trustees will apply the following selection criteria in its review of applications:

| Selection Criteria |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The project/program proposal is consistent with the Board of Trustees’ Funding Priorities. These include the following:</p> <p>Highest priority</p> <ol style="list-style-type: none"> 1. Increase housing opportunities to those who live and/or work in the community to the extent permitted by law, by prioritizing opportunities that support its local citizenry and that serve a range of local housing needs – even if the units may not be eligible for inclusion in the state Subsidized Housing Inventory (SHI). 2. Develop year-round affordable rental units to serve Eastham's most financially vulnerable residents and other income-qualified persons and households. <p>Lower priority</p> <ol style="list-style-type: none"> 1. Identify and take advantage of properties that have discounted or nominal acquisition costs, such as town owned or tax foreclosure properties, to make the development of affordable housing more financially feasible. 2. Minimize impacts on the built environment such as accessory apartments, small infill developments in existing neighborhoods, or buy-down initiatives that convert existing housing into affordable units. 3. Develop a range of projects to serve a range of housing needs including housing for families, seniors, and special needs populations. 4. Encourage mixed-income development to minimize stigmas associated with concentrations of low-income units. |
| The funding request is reasonable as a portion of the overall project costs and on a per-unit basis and adheres to the Trust’s Funding Guidelines. |
| The development pro forma demonstrates that the project is feasible (not applicable if Trust Funds are requested for predevelopment activities to determine feasibility of a project). |
| The applicant has demonstrated significant leveraging of the requested Trust Funds with other public and/or private funding sources. |
| The applicant is qualified to undertake the project and has demonstrated success in similar capacity with comparable projects. |
| The applicant has demonstrated appropriate site control. |
| Projects provide additional public benefits such as open space, historic preservation, public safety, economic development, etc. |
| The project meets demonstrated community needs. |
| The applicant has demonstrated project support by other Town boards, committees, the Cape Cod Commission, other pertinent organizations, and Eastham citizens, as appropriate. |

**Town of Eastham
Affordable Housing Trust
Application Package**

APPLICATION FORM

Project/Program Name: _____

Trust Program: _____

Project Location

Street Address: _____ Assessor's Map & Lot #: _____

Legal Property Owner of Record: _____

Sponsor(s)/Organization: _____

Contact Person Name & Title: _____

Telephone: _____ Email: _____

Mailing Address: _____

Budget Summary

Total Trust Funds Requested: _____

Total Project Cost: _____

Sponsor's Signature: _____ Date: _____

5. Unit Composition (If Applicable): *List number of units in each category*

| | Total | <=30% AMI | <=50% AMI | <=80% AMI | <=100% AMI | <=120% AMI | Market Rate |
|--------|-------|--------------|--------------|--------------|---------------|---------------|----------------|
| SRO | | | | | | | |
| 1 Br | | | | | | | |
| 2 Br | | | | | | | |
| 3 Br | | | | | | | |
| 4 Br/+ | | | | | | | |

Note: Refer to (www.huduser.org) for latest fair housing rates.

Submission: All completed application packets should be submitted to:
 Town of Eastham Affordable Housing Trust
 Paul Lagg, Town Planner
 2500 State Hwy, Eastham, MA 02642
 PH: 508.240.5900

I. ATTACHMENTS CHECKLIST

Asterisks (*) indicate required attachments for DEVELOPMENT PROJECTS, ** required for OPERATIONAL PROJECTS, all others are optional as applicable to the project.

1. Financial

- *Development pro forma using the state's One Stop Application Format (download the state's One-Stop Application form at: www.mhic.com/onestop_downloads.cfm and 10 year operating budget if available for rentals, once again using the state's One Stop format)
 - *Identify all proposed housing-related expenses (e.g., utilities, condominium fees, parking fees, etc.)
 - *Letters of financial commitment or description of all financing and finance sources planned
 - **Five year operating budget
 - N/A (Provide an explanation why these attachments are not applicable or available) _____
-

2. Qualifications

- *Describe applicant's capacity for undertaking project and previous experience developing similar, successfully completed projects
 - *References (e.g., banks, affordable housing clients, municipal/state agencies, etc.) Describe applicant's qualifications and capacity for undertaking the project including experience developing similar, successfully completed projects. For nonprofit organizations: Submit organization mission statement and audited financial statements for past 2 years.
 - Photographs of similar projects or other applicable built projects
 - Past 2-years of audited financial statements, if applicable
 - N/A (Provide an explanation why these attachments are not applicable or available) _____
-

3. Community Need

- Describe how the proposed project meets Eastham's housing needs identified in the following:
 - Housing Production Plan, 2016, see link:
http://www.eastham-ma.gov/Public_Documents/EasthamMA_BComm/Eastham%20Housing%20Production%20Plan%204-15-16%20FINAL.pdf

4. Community Support

- Letters of support/describe any efforts made to communicate with neighbors and abutters (unless resident clients are a protected class or require confidentiality)

N/A (Provide an explanation why this attachment is not applicable or available) _____

5. Evidence of Site Control/Value

- *Purchase and sale agreement, option, or deed
- *Requests involving acquisition: Provide appraisal by an independent, certified real estate appraiser
- N/A (Provide an explanation why these attachments are not applicable or available) _____

6. Site Plans & Zoning/Permitting

- *Map and photos of the project site and neighborhood
- *Describe applicable environmental requirements including evidence that the property is free of hazardous materials or the status of a remediation plan and any pertinent natural resource data.
- *For new construction or redevelopment projects: preliminary site plans, schematics, floor plans, elevations, and renderings, as available.
- *Identify any zoning/permitting relief required and proposed schedule for zoning/permitting review if applicable to project. Identify proposed sustainable or energy efficient components of the project, if any.
- N/A (Provide an explanation why these attachments are not applicable or available) _____



Equal Housing Opportunity