

COMMUNITY PRESERVATION ACT (CPA) COMMITTEE
Thursday, January 27, 2011
Minutes

Members Present: Elizabeth Simmons, Judy Poulin, Robert Mumford, Tom Johnson, Lucy Cookson

Members Absent: Robert Finlay, Ed Brookshire

Others Present: Andrew Cederbaum, Leedara Zola, Tim Buhler

Chair Lucy Cookson called the meeting to order at 5:30 PM.

The Eastham Affordable Housing Trust application was discussed. The Eastham Affordable Housing Trust and the Eastham Housing Authority have discussed a joint effort to purchase the existing four unit property, or a similar property, at 3150 Herring Brook Road. The budget for the project, financing options and the roles of the Trust and the Housing Authority were discussed.

The minutes of the January 27, 2011 CPA Committee meeting were reviewed. Approval of the minutes was moved by Johnson, seconded by Poulin and voted 5-0.

There was further discussion of the Eastham Affordable Housing Trust application. The CPA Committee voted to recommend to Town Meeting that \$345,000 of CPA funds be awarded to the Eastham Affordable Housing Trust contingent on the purchase of the property at 3150 Herring Brook Road (moved Johnson, seconded Simmons, voted 5-0).

The next meeting of the Eastham CPA committee is February 10, 2011 at 5:30 PM.

The meeting adjourned at 6:50 PM.

Respectfully submitted,



Robert L Mumford, Clerk

Approved 7-0 2/10/2011

TOWN OF EASTHAM • COMMUNITY PRESERVATION COMMITTEE

PROJECT APPLICATION and INFORMATION FORM

PROJECT TITLE: Eastham Affordable Housing Trust, Herring Brook Rd DATE: January 27, 2010

PURPOSE (*check appropriate category*):

Open Space

Affordable Housing

Historic Preservation

Recreation

NAME OF APPLICANT: Eastham Affordable Housing Trust

Check one: Town Committee or Department Public Charity/Not-for-profit Private Group/Individual

ADDRESS: 2500 State Highway, Eastham, MA 02642

TELEPHONE: contact: Leedara Zola 508-430-4499x3 FEDERAL TAX ID NBR (*if not-for-profit*): 043-222-474

EMAIL: lzola@baileyboyd.com WEBSITE: www.eastham-ma.gov

NAMES OF GOVERNING BOARD, TRUSTEES, DIRECTORS, OR MEMBERS:

Mr. William Burt, Dr. Andrew Cederbaum, Ms. Kyle Hinkle, Mr. John Knight, Rev. Matthew Wissell

SUBMITTER or PROJECT DIRECTOR (Name, address, phone number): Dr. Andrew Cederbaum, Chairman

Eastham Affordable Housing Trust and Leedara Zola, Bailey Boyd Associates, Consultant to the Trust

FUNDING AMOUNT REQUESTED FROM CP FUNDS: \$345,000

Please address the following questions (*see Guidelines for Project Submission, over*):

1. Project description and specific objectives for the project.
2. How does this project accomplish the goals of the CPA?
3. How is it compatible with the Town's Comprehensive Long Range Plan?
4. How does this project impact Eastham's citizens and address current need(s)?
5. What is the estimated or target number of people this project will benefit/affect?
6. How will you measure the success of this project?
7. Projected Action Plan and Timeline: List the steps needed to complete the project.
8. Provide a full budget including the following information, as applicable:
 - a. Total budget for the project.
 - b. Additional revenue sources including private/ public/ in-kind.
 - c. Annual costs/ expenditures once the project is operational.
 - d. Annual cost to the town once the project is operational.
 - e. Potential revenue from the project on an annual basis.
 - f. What is the basis for your budget? What are the sources of information you used? Include three (3) cost estimates/competitive bids.
 - g. Financial sustainability -- how will the continuation of the project be secured after the grant?
9. Are there any legal ramifications/impediments to this project? What permits/variances will be needed?
10. If this project entails work done on property owned/controlled by another entity, do you have the authorization of the property owner?

Please submit **12 copies** of all project materials to the attention of the Chairperson of the Community Preservation Committee, Eastham Town Hall, 2500 State Highway, Eastham, MA. 02642

(*see over for additional information*)

Updated 10/14/10

EASTHAM AFFORDABLE HOUSING TRUST PROJECT FUNDS

GENERAL TRUST DESCRIPTION:

The Eastham Affordable Housing Trust (a municipal entity) was established in May 2008, pursuant to a Town Meeting Vote as provided for by the Municipal Affordable Housing Trust Fund bill, Chapter 491 of the Acts of 2004 (MGL c. 44 Sec 55C). The purpose of the Trust, by statute, is to provide for the creation and preservation of affordable housing in municipalities for the benefit of low and moderate income households. MGL c. 44 Sec 55C Trust may have the ability, among other powers, to accept/receive real property, personal property and money; to purchase and retain real or personal property; to sell, lease exchange, transfer or convey personal, mixed or real property; to execute acknowledge and deliver deeds, assignments, etc.; to employ advisors and agents; and to manager or improve real property. For Eastham specifically, the Trust looks to take advantage of the flexibility inherent in a Housing Trust by creating and funding housing opportunities that need action more quickly than a yearly Community Preservation Grant Cycle may allow. Examples of such projects could include taking advantage of traditional real estate market opportunities, purchasing real property in a short sale or foreclosure, as well as exercising a municipality right of first refusal on a already deed restricted property.

The Eastham Affordable Housing Trust is comprised of the five members: Mr. William Burt, Dr. Andrew Cederbaum, Ms. Kyle Hinkle, Mr. John Knight, Rev. Matthew Wissell; the Town Administrator also attends meetings. The Trust, while new, has already made significant strides, including:

- **Housing Production Plan** – the Trust completed a Housing Production Plan (HPP), which encompassed both a Housing Needs Assessment as well as a Housing Action Plan. The HPP was approved by the Department of Housing and Community Development (DHCD) pursuant to 760 CMR 56.03(4) effective August 17, 2010. This means that Eastham may request DHCD “Certification of Municipal Compliance” if Eastham meets the production goal of 13 affordable units in a given year (.5% of year round housing stock). Certification of Municipal Compliance then allows Eastham more local control over Chapter 40B Comprehensive Permit applications.

- **Roach Property/Habitat for Humanity Homes** – The Trust issued a Request for Proposal (RFP) to seek a developer to take title to property (a portion of the Roach property, approximately 80,000 square feet) and build homes that would then be sold affordably to income qualified households. Habitat for Humanity for Cape Cod was the selected responder. Habitat proposes building two affordable three-bedroom homes using their tried-and-true “sweat equity” model. Habitat will also be leveraging over \$250,000 in funds, including the Christopher Lovelock bequest of over \$150,000. Habitat’s schedule

has family selection occurring in early 2011, build starting Summer 2011 and project completion Spring 2012. Currently the Trust is working with Town Administration on the legal conveyancing documents, and working through endangered plant species issues with Massachusetts Natural Heritage and Endanger Species (NHESP). Outcome of the species assessment (broom crowberry) cannot be certain until spring, the approved time for the plant viewing, however based on preliminary work by Town Administration, it is believed that there is ample area on the lot for a sufficient build envelope, and if not, there are mitigation measures that do not appear to be financially onerous.

- **Preserving Affordability** – Eastham has an inventory of affordable, deed restricted homes that have the potential to come up for re-sale (affordable homebuyer now looking to sell the home they purchased affordable). With some of the older deed riders, there is a set window of time for the affordable re-sale process. If a sale is not completed within this time, there may be an avenue where the home can be sold on the open market, free of the deed rider, and so no longer part of Eastham’s affordable housing inventory (note, the newer, updated deed rider, the “Local Initiative Program Affordable Housing Deed Rider, for Projects in which Affordability Restrictions Survive Foreclosure” has provisions that prevent this escape). The situation may also arise where an affordable home goes into foreclosure, and may be in danger losing its affordability if the deed rider was not designed to survive foreclosure. It is a critical role of the Trust to work to preserve affordability, and “save” these units if/when they come on the market, by stepping in and purchasing, using the flexibility of the Trust structure to move quickly and acquire real property. It is typically much more cost effective to preserve a unit’s affordability than it is to create a new affordable unit. The Trust may also examine creating a “Deed Rider Inventory” which would detail the different possible scenarios with existing deed restricted units, so the Trust could be educated, ready and prepared for all possibilities.

PROJECT SPECIFICS:

Purchase of Land for Rental Housing – The Trust is actively working on a project in collaboration with the Eastham Housing Authority where the Trust would assist the Eastham Housing Authority in purchasing an Eastham property, and the Housing Authority would then own/manage/lease out, adding four units of affordable rental housing to Eastham’s inventory.

The property being examined is 3150 Herring Brook Road. The structure is a two story building, built in 1973, on a lot that is slightly larger than a half acre. The building has a total of 3,906 sq feet of living area and a full basement. It contains four two-bedroom units ranging from 961 square feet to 992 square feet; each with separately metered utilities. The property includes a two car garage with loft storage. Septic was installed in 2004 and has capacity for eight bedrooms. The home is listed on the State’s database as a “lead safe home” (property had lead paint, but appropriate mitigation was performed and all units are now in full “deleading compliance”). The property is listed for sale at \$678,000. It is assessed at \$375,800. An appraisal previously prepared for the Eastham Housing Authority valued the property at \$620,000 (appraisal dated March, 2010). The Trust, if it pursues this project, will have its own,

independent, qualified appraisal prepared by an appraiser well versed in municipal appraisal standards. The Trust's funding of this project will be contingent on the purchase price being at or below this new appraisal. For more information on the property, please see the following documents:

- Town of Eastham, Assessor Data
- Multiple Listing Service Listing Sheet
- Previous Appraisal
- Photos, Floor Plan

Also included with this application is a budget analysis prepared using the Massachusetts Housing Investment Corporation's "One Stop2000 Affordable Housing Finance Application." This is a standard format for funding applications, and provides a comprehensive pro-forma. Numbers are based on the (old) appraisal of \$620,000. If this changes with the new appraisal the Trust would update budget figures accordingly. Of note:

- Rehab of \$20,000 is estimated. We will know more on this after having done a series of inspections as part of the purchase (home inspection, pest inspection, energy efficiency, etc). If rehab is not needed, either some optional upgrades could be performed (for instance, creating additional storage areas in the basement for tenants) or funds could be allocated to a reserve account for future needs.
- Funds are a combination of Eastham Housing Authority funds (funds from a previous Community Preservation award) and this current Eastham Affordable Housing Trust request. Other funds are not being sought as the Eastham Housing Authority prefers projects with the flexibility to rent at rates affordable to households earning up to 80% of area median income, and the currently available funds would limit occupancy to households earning up to 60%.
- Rents are initially set at \$625 (this number does not include utilities). This is slightly below the maximum for affordability to a household earning 60% of area median income. As the property has existing tenants, and the Housing Authority and Trust would do all within their abilities to keep these tenants and not displace year-round families, initial rents may need to be adjusted (one of the reasons behind the desire for flexibility in the 60% - 80% range)
- The Housing Authority will be committing \$300,000 towards this purchase. The Trust anticipates providing the remaining \$345,000. These funds would be structured in part as a grant and in part as a loan, as the property operations will provide some net cash flow after expenses to support borrowing.
- There is no annual cost to the Town for this project; all ongoing expenses, including replacement reserves and operating reserves, have been accounted for in the budget (see page 15 of the "one stop")
- The project is financially sustainable as rental income in the future will support all future expenses

ACCOMPLISHES GOALS OF THE CPA:

The Eastham Affordable Housing Trust goals and CPA goals are congruent. The Trust looks to create and preserve affordable housing in Eastham for the benefit of low and moderate income households. This meets the Community Preservation Act "core community concerns [of] creation and support of affordable housing." Specifically, the Herring Brook project, a project that takes an existing building and turns it into affordable housing, fits squarely into the concepts outline in the Community Preservation legislation, Section 5(b)(2):

With respect to community housing, the community preservation committee shall recommend, wherever possible, the reuse of existing buildings or construction of new buildings on previously developed sites.

COMPATIBLE WITH TOWN PLANNING:

The Eastham Affordable Housing Trust goals and projects are compatible with the Town's Comprehensive Long Range Plan and the Town's Housing Production Plan. The Comprehensive Plan calls for efforts to purchase existing housing units. The Housing Production Plan calls for creation of rental units. The Herring Brook property meets both these goals.

IMPACT ON EASTHAM CITIZENS/ADDRESSING CURRENT NEEDS:

The Eastham Affordable Housing Trust will impact Eastham citizens as a whole because a town with ample affordable housing is a strong and vibrant community. The Herring Brook project will directly impact four households/families by providing safe, stable and high-quality affordable housing.

NUMBER OF BENEFICIARIES:

As noted, the Herring Brook project will assist four households/families by providing affordable housing. The hope is that the tenants currently residing in the property will be able to remain.

MEASUREMENTS OF SUCCESS:

Success for the Herring Brook project will be the purchase of the property, the performance of any rehabilitation/upgrades necessary, the income-qualification of families, and the leasing of the units to the qualified families.

ACTION PLAN/TIMELINE:

The following list outlines a general action plan/timeline. Note that times may change.

- Jan/Feb: Preliminary Funding commitments secured
- Feb: Housing Authority issues RFP (Request for Proposal) for Real Property Acquisition
- March: property purchase due diligence, inspections
- March/April: entities enter into P&S (Purchase and Sale Agreement)
- Inter-municipal Agreement between Eastham Affordable Housing Trust and Eastham Housing Authority (to authorize fund disbursement)
- May: Housing Authority takes title
- May: Housing Authority seeks new tenant for vacant unit
- May/June: Housing Authority works to determine eligibility of existing tenants

BUDGET:

See attached pro-forma.

LEGAL IMPEDIMENTS:

Not an impediment, but there must be an RFP issued by the Housing Authority for purchase, and the Housing Authority will examine all suitable properties submitted. There's a working assumption that the Herring Brook property will be pursued, but the process must be followed and it is possible that another more suitable property may become evident.

WORK ON PROPERTY OWNED/CONTROLLED BY ANOTHER:

The project is intended to be a joint project, Eastham Housing Authority and Eastham Affordable Housing Trust. The Trust would be providing funds for purchase; Housing Authority would be performing any necessary work, and if performing work, would do so once title is in the Housing Authority's name.

Goals of CPA

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GUIDELINES FOR PROJECT SUBMISSION

In order to be considered for recommendation at the Annual Town Meeting in **May 2011**, applications must be received by the close of business on **December 2, 2010**. The Community Preservation Committee (CPC) reserves the right to reject an application received after December 2, 2010.

Funds become available on July 1 following the Annual Town Meeting. Projects may have timelines extending to a maximum of five years.

Be sure to include any maps, diagrams, photos, bids, cost estimates and other supporting documentation that pertains to your project. Also indicate any permits, variances, etc. which may be required under Eastham's Zoning By-law. *It is the responsibility of the applicant to ensure the completeness of the application.*

Please consider the following category-specific factors, as applicable. A project need only address some of the factors in a specific category: For additional information, please view "Project Criteria and Guidelines" on the Eastham CPC website.

OPEN SPACE:

- Protects water supply/aquifer
- Protects or borders wetlands
- Linkage with existing conservation lands
- Wildlife preserve/plant habitat
- Open, visible space along roadway
- Enhances or creates a scenic vista
- Preserves a threatened resource

AFFORDABLE HOUSING:

- Reuses existing buildings
- Involves construction of new buildings on a previously developed site
- Helps people become first-time home buyers
- Promotes/maintains diversity in housing
- Creates rental housing

HISTORIC PRESERVATION:

- Long-term historical significance
- Preserves a significant historical Eastham feature
- Available for public use
- Has long-term multi-generational benefits
- Provides educational component

RECREATION:

- Acquires land suitable as is for recreation
- Creates recreational facilities (The Act prohibits CP funds from being used to acquire or create or preserve facilities or land for a stadium, gymnasium, or similar structures.)
- Preserves or restores existing recreational facilities (The Act prohibits funds from being used for maintenance.)

If you have any questions, please contact the Community Preservation Committee well in advance of the project submission date. For your guidance, the Town Clerk's office maintains copies of prior successful projects.

Eastham Community Preservation Committee

Lucy Cookson, Chair	Historical Commission	508-255-5206
Robert Mumford, Clerk	Open Space Committee	508-255-3689
Lorraine Giovinazzo	Conservation Commission	508-255-7063
Howard Sandler	Planning Board	508-255-4902
Edward Brookshire	Eastham Housing Authority	508-255-4061
Robert Finlay	At Large	774-722-4414
<i>(member to be named)</i>	At Large	
<i>(member to be named)</i>	At Large	
<i>(member to be named)</i>	Recreation Commission	
John Knight	Board of Selectmen Liaison	508-240-5054

3150 HERRING BROOK - Budget Summary, 01/21/2011 draft

Sources of Funds

Housing Authority, previous CPC award	\$ 300,000.00
Eastham Affordable Housing Trust, current CPC request	\$ 345,000.00
	<u>\$ 645,000.00</u>

Use of Funds

Acquisition / Purchase Price	\$ 620,000.00
Rehab Reserves	\$ 19,950.00
Transaction Costs	
Legal - purchase	\$ 2,500.00
Legal - loan/regulatory documents	\$ 1,250.00
Appraisal	\$ 500.00
Inspections	\$ 800.00
	<u>\$ 645,000.00</u>

Total Development Cost per unit: \$ 161,250.00

Operating, Yearly

Rental Income (less 10% Vacancy Allowance) \$ 27,000.00

Expenses

Management Fee (per contract - \$70/unit/month)	\$ 3,360.00
Accounting	\$ 600.00
Landscaping	\$ 2,250.00
Trash Removal	\$ 750.00
Snow Removal	\$ 1,500.00
Other	\$ 600.00
Electric (common areas, laundry, well)	\$ 700.00
Gas (common areas, laundry)	\$ 300.00
Septic Pumping	\$ 550.00
Insurance	\$ 2,000.00
Replacement Reserves	\$ 4,000.00
Operating Reserves	\$ 4,000.00
	<u>\$ 20,610.00</u>

Net Operating Income \$ 6,390.00
Debt Service \$ 5,476.00

Debt Service Coverage Ratio 1.17