

FREQUENTLY ASKED QUESTIONS DANVERS HOUSING TRUST WARRANT ARTICLE

1. Why is the creation of a local housing trust a benefit to the community?

A housing trust can advance the Town's local housing goals and help to ensure that we continue to have 10% of our housing stock certified as affordable. By establishing designated funds and creating a board to oversee their use, Danvers would provide a local way to advocate for, and facilitate the development of, affordable housing. Using such a tool represents an alternative to the creation of affordable units under the State's Comprehensive Permit statute, Chapter 40B. As we are aware, many of our children, Town employees and current Danvers' residents cannot afford to purchase a home in town because of the high cost of housing; the trust would help Danvers establish a locally-directed process to help meet this need.

2. What can a local housing trust do?

A local housing trust allows municipalities to designate certain funds for affordable housing, segregate them out of the general municipal budget into a trust fund, and use the funds for local initiatives to create and preserve affordable housing. Examples of what a local affordable housing trust fund can do include:

Provide financial support for the construction of affordable homes by private developers (non-profit or for-profit);

Rehabilitate existing homes to convert to affordable housing;

Increase affordability in new housing development projects;

Develop surplus municipal land or buildings;

Preserve properties faced with expiring affordability restrictions;

Create programs to assist low and moderate income homebuyers;

Create programs to help low and moderate income families make health and safety repairs;

Educate and advocate to further affordable housing initiatives.

3. Can't town staff and town meeting perform these functions now?

Yes, however many of the activities listed above require a lengthy process which currently requires further Town Meeting action. By establishing a housing trust the trust would be able to buy and sell property without waiting for a Town Meeting to be scheduled – often, real estate opportunities that would preserve and create affordable housing are highly time-sensitive. It would operate in a similar fashion to the procedure used to acquire open space in the community. Town meeting voted more than 20 years ago to allow the Town Manager to negotiate and acquire open space without further Town Meeting action as long as the parcels were listed in the Town's Open Space and Recreation Plan. Through the years this has allowed for the acquisition of many parcels in a timely fashion without further approval from Town Meeting.

4. Would the trust be able to sell property owned by the Town without Town Meeting Action?

No, in this case the transference of town property to the trust would require a 2/3 vote of the Town Meeting.

5. What funds can be used in a local housing trust?

The sources vary among housing trusts. Under MGL c.44 s.55C sources of funding for trusts include: Community Preservation Act funds, inclusionary zoning payments, negotiated developer fees, the town's general fund and private donations. However, any funding from the Town's general fund would require a Town Meeting action. In addition the Town of Danvers receives approximately \$80,000 a year through the HOME Investment Partnership Program (HOME) which could also be allocated to the Housing Trust. It is important to note that these HOME funds are reallocated if not committed within a one year period.

6. Who would be members of the trust?

The trust would consist of seven voting trustees. The Board's membership would always include one member of the Board of Selectmen and one representative from the Danvers Housing Authority. The Town Manager, or his designee, would serve as a non-voting member. Remaining trustees must be Danvers' residents with expertise and experience relative to housing management and development, to include attorneys, realtors, and financial professionals.

7. Who would appoint members to the housing trust?

The Board of Selectmen would be the appointing body and at least one Selectman would be a member of the trust.

8. What would be the term of office for the trustees?

Trustees would serve for a term of two years except that three of the initial trustee appointments would be appointed for one year in order to stagger terms. They would be re-appointed at the discretion of the Board of Selectmen.

9. What controls the limits of the Housing Trust's authority?

Although the concept of local housing trusts is not new, the state legislature concluded that - due to increased availability of local funding through inclusionary zoning, negotiated development fees, and state and federal funding - there was a need to provide specific legislation to allow communities to form their own municipal affordable housing trust funds. In 2005, the Massachusetts legislature passed the Municipal Affordable Housing Trust Fund Law (MGL c.44 s.55C), which effectively simplified the process of establishing a local housing trust and allows it to be created through the town meeting process.

The new law also set guidelines on what local housing trusts can do, specifies who can serve on a local housing trust board and establishes the powers a community can grant the board. Since the new law passed approximately 30 communities in Massachusetts have established municipal affordable housing trust funds, raising the overall total of communities with local housing trusts to 55.

10. Are meetings of the trust subject to the open meeting law?

Yes, all meetings are posted and open to the public.

11. What financial oversight of the trust will be required?

The books and records of the trust are required to be audited annually by an independent auditor in accordance with accepted accounting practices and are available to the public.

12. Can you give me some examples of things that have been accomplished by local housing trusts in recent years?

Andover's Affordable Housing Trust Fund has made it possible for the town to create affordable housing more efficiently. The Planning Director explains: "With our housing trust, we've definitely been able to help projects get off the ground that wouldn't have had that chance without the trust. Even though we don't have to go back to town meeting for every decision, we do still maintain strong communication with town meeting members and our town officials so that we are working together to support Andover's housing goals." In a development known as Cheever Circle, a modestly-priced three bedroom home was built in partnership with the trust; the home was sold to an income-eligible family, with a ground lease and permanent affordability restrictions. The home, the fourth affordable home developed by the trust, received a historic preservation award for its contextual design in an established neighborhood.¹

In Sudbury, the first project their trust funded was the development of a duplex by Habitat for Humanity on tax-title land purchased at auction by the trust. The project received broad community support as demonstrated through the strong commitment from the project's bi-weekly building volunteers. Sudbury's housing trust is now working on a second small-scale development project on a one-acre parcel of land it recently acquired. The trust hired an architect to create conceptual designs for six units of attached housing, and recently selected a developer through a request for proposals. The trust has also created two ongoing programs. A Home Preservation Program is a type of buy-down program that secures market-rate properties and matches the property with a qualified homebuyer through its ready-buyer list and a lottery. It subsidizes the sale of the property to the homebuyer at an affordable price. The program results in permanently deed-restricted affordable units that count on the Commonwealth's Subsidized Housing Inventory, which must meet the 10% level to allow a community to reject so-called "unfriendly 40B's." The Small Grants Program provides assistance to seniors and other low-income homeowners to fund health and safety repairs to their homes with a simple application process that streamlines access to these small grants.²

(NOTE: QUESTION 13 ADDED AFTER SELECTMEN'S MEETING OF TUESDAY, APRIL 27, 2010)

13. FAQ: What is the advantage to creating a local housing trust when we already have the Danvers Housing Authority (DHA)?

¹ See the excellent reference, "Municipal Affordable Housing Trust Guidebook" prepared by the Mass Housing Partnership, November 2009, p. 4. Available online at [www. http://www.mhp.net/uploads/resources/municipal_affordable_housing_trust_guidebook.pdf](http://www.mhp.net/uploads/resources/municipal_affordable_housing_trust_guidebook.pdf)

² "Municipal Affordable Housing Trust Guidebook" (see above) p.19.

According to DHA Director Cindy Dunn, the mission and agenda of the DHA's is different than the Town's. The DHA operates under State statute, and is regulated through the Department of Housing and Community Development. It is not part of DHA's mandate to buy and sell real estate, although they are able to acquire and hold property on a self-supporting basis. DHA can purchase real property but can not sell property unless a legislative act is proposed and approved. DHA has very limited financial home ownership opportunities through its voucher program - DHA supports its tenants on a **rental basis**.

DHA is regulated by DHCD and HUD and rental opportunities under most circumstances will mirror those regulations. The Trust could be more flexible in its rental structures.

A local housing trust could, for example, acquire property, partner with Habitat for Humanity, and eventually sell the completed units to income-qualified individuals to expand home ownership opportunities in Danvers. This type of project could not be conducted by the Housing Authority.

Contributions from the new Multi-Family Affordability Provision (made as payment-in-lieu of units) directed to the trust could be used in a variety of ways – for example, funds could be used to “buy down” market-rate housing and, with a deed restriction, keep the unit permanently affordable to all subsequent owners. Again, such a process would be outside the scope of the Housing Authority.

The housing trust could work cooperatively with the DHA, however, and there might well be opportunities to collaborate on a range of rental projects through tenant selection, project management and exploration of joint funding options. Each entity could serve complementary functions in working to expand the supply of affordable housing in Danvers. DHA may well be an applicant for trust funds but could not adequately distribute funds without also creating another trust entity.

A final note: the DHA Director, Cindy Dunn, sat on the subcommittee that drafted the Trust warrant article - the DHA looks forward to working with the trustees on increasing housing opportunities for Danvers residents and enthusiastically supports the effort to create a Trust.