

1. COMMUNITY PRESERVATION FUND APPLICATION

Date Submitted: October 29, 2020

Name of Project: Affordable Housing Development Reserve Fund

Name of Applicant: Rick Leif, Treasurer, Northborough Affordable Housing Corporation

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Sponsoring Organization: Northborough Affordable Housing Corporation

CPA Category: Housing

Location:

Amount of Request: \$50,000

Other Funding Sources: None

Total Cost of Project: \$50,000

Project Description: Increase and extend NAHC Affordable Housing Funding

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CPA Project Description

At Town meeting in April 2015, \$500,000 of CPA funding was approved for use by NAHC for the development of affordable housing in the future. At Town Meeting in April 2016, \$100,000 of CPA funding was approved for use by NAHC for the development of affordable housing in the future. At Town Meeting in April 2017, \$100,000 of CPA funding was approved for use by NAHC for the development of affordable housing in the future. At Town Meeting in April 2018, \$100,000 of CPA funding was approved for use by NAHC for the development of affordable housing in the future. At Town Meeting in April 2019, \$150,000 of CPA funding was approved for use by NAHC for the development of affordable housing in the future. These funds are to be held by the Town and only disbursed to NAHC after review and approval by the CPC and Board of Selectmen of affordable housing projects presented by NAHC.

Currently, \$450,000 of the total of \$950,000 approved in 2015, 2016, 2017, 2018, and 2019 remains unallocated. In March of 2016, the CPC and Board of Selectmen approved the use of \$400,000 from the funding approved in 2015 to support the purchase and redevelopment as affordable housing of the properties located at 33 – 35 and 37 – 39 Main Street previously owned by TriCo Inc. In May of 2018 the CPC and Board of Selectmen approved an additional \$50,000 from the funding approved in 2015 to complete this project. In September of this year, the CPC and Board of Selectmen approved the use of the remaining \$50,000 from the 2015 funding for the renovation and resale to a qualified low-income family of the affordable condominium at 24 Hitching Post Lane by Habitat for Humanity. This renovation is currently underway. All of the funding approved in 2015 has now been approved for use. The balance of the funding available comes from the approvals granted in 2016, 2017, 2018, and 2019.

Need continues to exist in Northborough for affordable housing for families and seniors. NAHC continues to have discussions with representatives from the Mass Housing Partnership (MHP), the Community Preservation Coalition, and the Metrowest/ Greater Worcester office of Habitat for Humanity, and all have verified that the need continues to exist for the creation of affordable housing. These organizations have also indicated that creation of more units of housing should be the priority for NAHC and we should view programs which offer financial assistance to low income families to acquire existing housing as a low priority. In addition, NAHC played an active role in helping to develop the updated Town Master Plan with special emphasis on the housing section of the Plan.

NAHC feels that future development of affordable housing in Northborough should address the following priority needs:

1. Rental housing for low-income elderly people including expanding the supply of handicapped accessible units. NAHC will pursue a partnership with the Northborough Housing Authority to develop this type of housing on vacant land owned by the Housing Authority that abuts existing Housing Authority elderly rental units on Village Drive.
2. Home ownership units of two bedrooms or more for low-income families. NAHC will pursue opportunities to acquire land for the creation of new units or look for opportunities to renovate existing properties. NAHC may undertake this type of project on its own or may look to enter into a partnership with another non-profit developer such as Habitat for Humanity in order to create this housing.

3. Based on analysis provided in the updated Town Master Plan which was completed in 2019, need exists for affordable housing options for older Town residents who wish to remain in Town and younger residents looking to purchase their first home. NAHC continues to pursue opportunities in Northborough to develop affordable housing. NAHC met with the Northborough Housing Authority (NHA) Board and received approval to pursue with the state Department of Housing and Community Development (DHCD) the possibility of creating additional senior affordable rental units on property owned by NHA at Colonial Village on Village Drive. DHCD has visited the site and has met with representatives from NAHC and Lynne Trombley, Director of NHA. DHCD feels that creating additional senior rental housing is viable at the site, but does not currently have funding available to partner with NAHC. NHA and NAHC will continue to evaluate new developments in state affordable housing programs and will pursue this opportunity when funding is available.

In addition, Habitat for Humanity is currently in negotiation with a bank trying to foreclose a second affordable condominium at 15 Hitching Post Lane. HFH, the Town Planner, and DHCD are currently in discussions about this situation. As was done with 24 Hitching Post Lane, the possibility exists for a partnership between HFH, NAHC, and the Town to rehabilitate this property using CPA funds to offset part of the cost of the rehabilitation. HFH would then conduct a lottery to offer this unit to an eligible low-income family and return the unit to the Northborough Subsidized Housing Inventory.

NAHC has also had discussions with Town Planner Kathy Joubert about the potential to acquire town owned land on Boundary Street or use of some of the Westborough State Hospital property that may be transferred to the town. Either of these scenarios would offer a good possibility for another partnership with Habitat for Humanity or another affordable housing developer to create additional units for families. The updated Town Master Plan also recommends evaluation of these sites for possible affordable housing development.

NAHC feels that maintaining an on-going balance of \$500,000 in a reserve account for future affordable housing projects would give us good flexibility to respond to potential projects as they present themselves in the future. Since \$450,000 currently remains from the \$950,000 approved in 2016, 2017, 2018 and 2019 NAHC requests that \$50,000 of CPA funds be added to this reserve in 2021.

The funding approved in 2016, 2017, 2018, and 2019 carried the condition that if not all the funding was used in two years, NAHC would need to request that the CPC consider extending the funding beyond two years. The \$100,000 approved in 2016 was approved by the CPC for extension until July 1, 2020 and requires further extension, the \$100,000 approved in 2017 was approved by the CPC for extension until July 1, 2020 and requires further extension, the \$100,000 approved in 2018 was approved by the CPC for extension until July 1, 2020 and requires further extension, and the \$150,000 approved in 2019 requires extension making a total of \$450,000 expiring on July 1, 2020. NAHC therefore requests that this \$450,000 be extended for use until July 1, 2021. In total, the \$50,000 requested for approved in 2021, plus the extension to July 1, 2021 of \$450,000 of prior approved funding expiring on July 1 2020 would maintain the balance of funds available for future affordable housing development at \$500,000.

As has been agreed to in prior years, all CPA funding reserved for use by NAHC would conform to the following conditions:

These funds would be held by the Town of Northborough until appropriate projects are discovered and evaluated.

The housing would be made available to people making no more than 80% of area median income as determined by HUD

The housing would carry a perpetual affordability deed restriction

Local preference would be granted to Northborough residents as allowable under DHCD guidelines

The housing would be added to the town's Subsidized Housing Inventory (SHI)

Appropriate appraisals and home inspections would be completed before property acquisitions would be done to verify the suitability for development and resale as affordable housing. These appraisals and inspections would be funded from the approved CPA grant.

Any property determined to be suitable for acquisition would be subject to review by the CPC and Board of Selectmen before CPA funds were released for the acquisition and development or renovation of the property.

Any proceeds from the sale of properties owned by NAHC would be returned to the CPA Affordable Housing Account for use in other acquisitions under the same guidelines outlined above.

The funding approved would be effective for a period of two (2) years at which time NAHC would review progress on affordable housing development with the CPC and the CPC would have the option to have the remaining funds returned to the CPA account and a new application submitted for funding, or if experience warrants, the remaining funding would continue to be available for additional affordable housing development per the guidelines above or modified guidelines as determined by the CPC.

If the funding requested is approved, NAHC would enter into a funding agreement with the Town of Northborough which would include the provisions outlined in this application as well as any other provisions jointly agreed to by NAHC, the CPC, and the Town of Northborough

Based on the information included in this application, NAHC requests that \$50,000 of new CPA funding be added to the NAHC reserve in 2021 and the \$450,000 in funding remaining unallocated from the 2016, 2017, 2018 and 2019 approved funding be extended until July 1, 2021.