

# **AFFORDABLE HOMEBUYER ASSISTANCE PROGRAMS**

## **Survey of Other Massachusetts Municipal Programs**



AND

**LexHAB**

Lexington Housing Assistance Board

**October 2008**

Karen Sunnarborg Consulting

# AFFORDABLE HOMEBUYER ASSISTANCE PROGRAMS

## Table of Contents

	<b>Page</b>
<b>I. Introduction</b>	<b>1</b>
<b>II. Project Summaries</b>	<b>8</b>
Acton	11
Bedford	18
Bourne	22
Brookline	28
Cambridge	32
Chatham	
First Time Homebuyer Asst. Program	35
Balfour Lane project	37
Chilmark/Martha's Vineyard	
Aff. Housing Mortgage Asst. Program	39
Helm Home Loan	40
Land Lease Program	42
Marshfield	46
Newton	52
Sandwich	56
Sudbury	59
Waltham	62
<b>III. Conclusion</b>	<b>66</b>
Attachment 1 – Summary of Programs	69
Attachment 2 – Similarities and Differences with Lexington	72

# **AFFORDABLE HOUSING ASSISTANCE PROGRAM**

## **Survey of Existing Programs**

### **I. INTRODUCTION**

The Lexington Housing Partnership and LexHAB have long recognized the need to diversify the town's housing stock, providing a mix of affordable opportunities for those who are priced out of the existing housing market. LexHAB has in fact made considerable progress in producing affordable rental housing with 57 new units built to date, providing housing for 142 persons this year. Nevertheless, to make additional headway in promoting diversity, the Housing Partnership and LexHAB recognize the need to also provide opportunities for young families, allowing them to make a long-term investment in Lexington through homeownership. In fact, the Town has documented this need through prior planning efforts.

As the 2002 Comprehensive Plan indicates, "Even as Lexington's average household size has steadily grown smaller, our housing units have continued to grow larger. Young adults are largely priced out and disproportionately so, too, are most ethnic minorities. We applaud diversity, but we are losing it along a number of dimensions. One clear housing goal is to seek to enable at least our own children to live here, and more broadly to provide housing opportunities for a broad social and economic spectrum. We want to accommodate not only the classic American husband/wife/kids family but also individuals living alone, seniors, young adults, those with physical or mental disabilities and variety of others". The Plan also stated that the Town needs to develop sources of financing to support affordable housing such as the "development of a program for first-time homebuyers in conjunction with local banks."

In this context of promoting diversity in the midst of such high housing prices, is the fact that there are limited opportunities for new development given that almost all of the housing that the Town will have at build-out already exists. The Comprehensive Plan indicates that Lexington will have about 12,000 units at build-out, an increase of fewer than 1,000 units. Consequently the focus on converting the existing housing stock to affordability and mitigating against teardowns makes immense strategic sense.

Analyzing Lexington's demographic and housing trends, the two organizations identified the following conditions that suggest the need and desirability for the Town to promote first-time homeownership opportunities:

- There has been a considerable decline of those 20 to 24 years old, who are entering the labor force and beginning to form their own families. From 1990 to 2000, this population declined by one-third when compared to the number expected on a statewide basis. Additionally, the number aged 25 to 34 was less than half the expected level. These declines are directly related to the fact that few young adults can afford to live in Lexington and are forced to find more affordable housing elsewhere.

- The percentage of those age 20 to 34 decreased from 16.8% of the population in 1990, or 4,875 persons, to 8.6% or 2,622 persons in 2000. In contrast, this age group comprised 21% of the state's population in 2000. Also, given the increases in Lexington's housing prices since 2000, it is likely that this segment of the population has continued to decline.
- The 2006 Housing Strategy shows an affordability gap of \$357,000, the difference between what a household earning the median income of \$96,825 could afford, a house priced at about \$293,000, and the median priced home of \$650,000. Prices have increased since 2006 and thus the gap has grown.
- The median single-family home price as of July 2008 was \$740,000, requiring an income of more than \$200,000, based on conventional lending practices. Most households in the state could not afford to live in Lexington much less young adults without considerable financial assets and income or subsidy funds.
- Condominium prices are more affordable but still largely beyond the means of those earning below median income. For example, the median condominium price of \$402,000, as of July 2008, requires an income of \$130,000 assuming condo fees of about \$300 per month and other conventional lending requirements.
- Many families start out as renters but desire to own a home for reasons related to pride of ownership, tax advantages, living under more flexible terms (pets, home decoration, etc.), a greater sense of stability and security, an investment in the community and the future, etc.
- The FY 2006-2010 Consolidated Housing Strategy that is required as a condition of receiving federal HOME Program funding, states that, "of the 49 single-family homes built in 2004, all but one were tear downs". The Plan also recommends in its strategic plan that emphasis must be placed on how the existing housing stock can be modified to achieve more diversity and affordability. The same deed restriction that controls resale prices could also reduce the loss of small, older homes that are the targets of teardowns, maintaining these homes as affordable components of the Town's housing stock in the long-term.
- The Consolidated Housing Strategy also indicates that Lexington's more moderate-income renters, with incomes somewhat above 80% of area median and ineligible for public housing or Section 8 rental assistance, had the highest cost burdens in relationship to housing, meaning that they were spending well over 30% of their income on housing expenses. There were more of these renters than available rental units that they would find affordable. These renters would likely benefit from an affordable homeownership program if requirements allowed those earning over 80% of area median income to participate.
- There have been very limited affordable homeownership opportunities produced to date. The Battle Green condo conversion project will create three (3) units and the Jefferson Union project will produce one (1) unit of affordable housing available to qualifying households earning at or below 80% of area median income, selected through lotteries. The Muzzey School condominiums provide affordable condos for income eligible households. In the Muzzey case, there are ongoing concerns regarding the original deed restrictions.

- Another recent opportunity to promote affordable homeownership was defeated at the 2007 Town Meeting when the Planning Board's inclusionary zoning bylaw proposal was voted down. Town Meeting members claimed that they supported affordable housing but suggested that CPA funding, drawn from the Town as a whole, would be a better mechanism for creating affordable housing units.

Prior generations have had the advantage of GI loans and other favorable mortgage lending options with reasonable down payments. Also, in prior years the average home price to average income ratio was much lower than it is today, making homeownership more accessible. Given current economic conditions, the ability to obtain financing will likely become only more challenging for today's first-time homebuyers without subsidized mortgage instruments.

In order to explore the prospects of promoting affordable homeownership in Lexington, the Housing Partnership commissioned a report from the Community Opportunities Group, Inc. in August of 2007, to explore the implications of establishing a program that would use CPA funds to buy-down the price of housing for sale to program-eligible homebuyers. Concerned by the high per-unit subsidy cost estimate in the report, the Housing Partnership then developed an alternative proposal as a pilot initiative that would make use of the state's Soft Second Loan Program for a buyer's primary financing, and use CPA funds for a subordinate loan. The proposed program was called the "Lexington Homebuyer Assistance Program" and \$470,000 was requested from the Community Preservation Committee in late 2007. However, the request was withdrawn after it met with some initial resistance from the CPC and some residents at a December 2007 CPC public hearing, including some opposition to the fundamental concept of using CPA funds to support homeownership.

Over the last year, the Lexington Housing Partnership and LexHAB became aware of additional Massachusetts communities that had implemented affordable housing assistance programs, many of which used CPA funding, and decided it would be useful to learn more about these initiatives before proceeding further in its advocacy and program development efforts. Therefore, the Housing Partnership and LexHAB amended its previous CPA funding request and received funding approval to survey other existing comparable programs and to define the parameters for an achievable program that suits Lexington's needs and concerns. Both the Housing Partnership and LexHAB wanted to learn from the experience of other communities to establish a Statement of Programmatic Objectives and a Program Summary to meet these Objectives, leaving program details for another day.

Unlike most affordable housing units that are part of specific new developments, homebuyer assistance programs are typically targeted to existing housing that is for sale and scattered throughout the community. This approach meets a number of positive local outcomes including:

- Promotes smart growth as it focuses on existing housing in already built-up neighborhoods with infrastructure;

- Provides a means to convert current more modestly priced homes or condos to long-term affordability;
- Does not carry a stigma as subsidized housing as the homes are already integrated into existing neighborhoods;
- Provides access to homeownership for first-time homebuyers of modest means including potentially young adults who were raised in the community but priced out of the existing market;
- Does not involve building ratios of three market units to get one affordable one and requires no comprehensive permitting; and
- Realizes an increase in its inventory of affordable workforce housing in months not years.

There are a number of key ingredients that all of the programs shared with some notable variation as summarized in the following:

- *Municipal oversight*  
All of the communities had identified a particular municipal committee or department to oversee the development and implementation of the program that was accountable to the municipal executive – either the Board of Selectmen or Mayor.
- *Professional coordination*  
All of the communities, with the exception of Acton, had professional staff on board to administer their programs. Such professional oversight took different forms ranging from the Housing Authority in Chatham (supported by CPA funds); to CPA-funded professional staff in Bourne, Sudbury, and Marshfield; to larger housing staffs and funding levels in the cities of Brookline, Cambridge, Newton and Waltham; and to regional management in the case of Chilmark and other towns on Martha’s Vineyard.
- *Hands on implementation*  
Beth Rust, the Housing Specialist from Sudbury, characterized this type of program as a “high touch” one indicating that it involves considerable contact with applicants. The Director of Waltham’s Housing Division stated that, “The program requires more hand-holding and education of prospective buyers than our other programs, however is rewarding when the right family is matched with the right property.”
- *Low volume in smaller communities*  
Without substantial federal subsidies, these homeownership programs tend to be able to assist only several applicants per year given typically high per unit subsidies that make such programs low volume efforts.
- *Focus on condos*  
Most of the units produced through these initiatives have been condominiums as they are typically the most affordable type of dwellings in the private housing market. The table on page 5 presents median housing values for both single-

family homes and condos in the communities included in this report, clearly demonstrating the relative affordability of condominiums. As the Acton contact person, Nancy Tavernier, noted, condo buy-down programs tend to work better in hot market situations where the differential between the market price and affordable purchase price is large enough to interest prospective purchasers in entering into long-term deed restrictions. What works instead in more depressed markets is to sell units to housing authorities or other housing organizations that are interested in providing subsidized rental opportunities.

Some communities have a significantly greater supply of condo units. Census data does not differentiate condos from other types of homeownership units. However, in an effort to obtain some indicator of the relative availability of condos in each community, this report researched the level of condo sales in comparison to single-family sales and as a proportion of all sales as presented in the following table.

**Table 1**  
**Condo Sales vs. Single-family and All Sales**  
**For Surveyed Communities**  
**2007 and as of 8/2008**

<b>Community</b>	<b># Single-family Sales 2007/as of 8/08</b>	<b>#Condo Sales 2007/as of 8/08</b>	<b># All Sales 2007/as of 8/08</b>	<b>Condo Sales as a % of All Sales 2007/as of 8/08</b>
Acton	165/124	143/79	348/238	41%/33%
Bedford	136/62	55/25	238/115	23%/22%
Bourne	187/149	72/32	328/209	22%/15%
Brookline	192/112	768/507	1,024/660	75%/77%
Cambridge	138/68	1,306/761	1,656/942	79%/81%
Chatham	171/84	25/17	252/136	10%/12%
Chilmark	17/10	0/0	238/27	0/0
Marshfield	253/157	47/39	345/215	14%/18%
Newton	665/428	334/249	1,130/759	30%/21%
Sudbury	227/133	14/12	272/165	5%/7%
Waltham	325/195	385/196	802/463	48%/42%
Lexington	385/265	58/28	468/311	12%/9%

Source: The Warren Group, October 5, 2008 and Karen Sunnarborg Consulting.

As the table demonstrates, the availability of condos varies widely among the communities that were surveyed. While Chilmark appears not to have any condos by the data, at least none that have sold as far back as 1988, Sudbury's sale transactions for condos were only 5% of all sales last year, now up a bit to 7%. The level of condos sales were quite similar in Chatham and Lexington, ranging from 9% to 12% with Marshfield a bit higher at 14% last year and 18% as of this past August. Bedford, Bourne, Acton and Newton all had condos sales within one-quarter to one-half of all sales. Not surprisingly, Brookline and Cambridge

had substantial numbers and percentages of condo sales of approximately three-quarters of all sales despite some of the highest sales prices in the state (see Table 2 on page 9 for median sales information).

In addition to the relatively lower number of condos in Lexington, it should also be noted that there has been some local resistance from existing condominium associations about being targeted for possible buy-down efforts. Therefore, the design and outreach for any new initiative that might involve subsidizing existing condos will require consideration and sensitivity regarding these concerns. Moreover, while condo fees for affordable condos can be calculated differently in new developments (related to a percentage of the particular unit's interest in the entire project based on purchase prices), fees in existing condo associations are already established and purchasers may require some subsidy relief to reduce these fees to affordable levels as the Town of Bedford has done (see page 18 for program description).

- *Governmental funding requirements*  
About half of the programs surveyed were following state LIP requirements to insure that units counted towards the Town's 10% affordability goal and could be included in the Subsidized Housing Inventory. As such they had to follow all state requirements related to affirmative marketing, eligibility, lotteries, Ready Buyer Lists, standard deed rider, etc. Despite these requirements, programs did have quite a bit variation, particularly in how properties are purchased and subsidized. The other programs, typically those operating in cities, relied on federal funds and needed to follow these specific requirements. Only Cambridge, which has its own Affordable Housing Fund, was able to establish its own criteria and was not subject to external governmental scrutiny.<sup>1</sup>
- *Sound housing conditions*  
Most of the programs focused solely on properties that were in very good condition to avoid significant additional costs related to home improvements. All programs required a home inspection to determine the appropriateness of the property for participation in the program and to establish what specific improvements might be necessary and what they would cost. It should be noted that the home inspection is key to approval by DHCD for those communities that want the properties included in the Subsidized Housing Inventory, and DHCD wants to see at least ten (10) to 15 years of useful life on all major structural elements as well as utilities. This is to ensure that the homeowner will not immediately be strapped with high repair and operating costs.

---

<sup>1</sup> It should be noted that when units are to be counted as part of the Subsidized Housing Inventory they are processed as Local Action Units under the state's Local Initiative Program (LIP) through DHCD, which considers the list good for two years.

- *Lead paint*  
All programs that involve state or federal program subsidies must comply with state and federal lead paint regulations that require an inspection and remediation if children will be moving into the property, for all units with two or more units in the case of HOME Program funding. Some of the programs we examined were administering lead paint abatement programs and had the internal capacity to deal with this issue prior to occupancy, while others referred buyers or sellers to lead paint programs operated by other entities. Most put the onus for deleading on the seller, to be done prior to the closing.
  
- *Deed restrictions*  
All of the programs involve some type of deed restriction, with the exception of Waltham, and those that want to have their units counted as part of the Subsidized Housing Inventory must use the deed rider required under the state's Local Initiative Program (LIP). The LIP deed rider dictates the following:
  - The resale price is based on a prescribed formula indexed to HUD area median income.
  - The property must be sold to another income-eligible homebuyer.
  - The seller must notify the monitoring agent designated to enforce the deed rider and follow the procedures in the deed rider. DHCD is now taking the lead as monitoring agent for all LIP-sponsored units, but municipalities also have a role in monitoring, ensuring that units remain occupied as the principal residence of the purchasers and have the right of first refusal upon resale.
  - The participant must live in the home as their principal residence.
  - Approval must be obtained from the monitoring agent to refinance a first mortgage, take out a second mortgage or add an equity line of credit. Such permission is typically granted only if the terms of the mortgage are consistent with LIP guidelines and the loan to value ratio of all mortgages on the property does not exceed 95% of the resale price.

According to the Waltham's Housing Director, the use of deed restrictions for this type of program has been a major point of discussion in the Metro West HOME Consortium, of which Lexington is a member.

## II. PROGRAM SUMMARIES

A summary of the programs described in this report is included in a spreadsheet format as Attachment 1 and another spreadsheet assessing similarities and differences in the programs from Lexington is included as Attachment 2. A quick glance at Attachment 1 indicates that there are a handful of programs that have produced significant numbers of units through their initiatives, all of which are operated by cities or on a regional basis. Project outcomes vary widely from a program that was introduced in Chilmark that never attracted any interest as it did not provide sufficient incentives for entering into long-term deed restrictions, to Waltham with 94 participants to date, operating without deed restrictions.

This report summarizes 15 programs in 12 communities, all of which involve the infusion of subsidy funds to cover the affordability gap or the difference between market prices and affordable purchase prices, to a greater or lesser extent, based on what the program's target population can afford. This report identifies several programmatic approaches that are defined as follows:

- *Mortgage Assistance Programs*  
Most of the programs described in this report involve direct payments to purchasers after they have been determined eligible to participate in the program and have located a property in which to purchase that meets program requirements.  
Examples: Brookline, Cambridge, Chatham, Chilmark/Martha's Vineyard, Marshfield, Newton, and Waltham.
- *Buy-down Programs*  
This report applies this term to describe those programs where units are purchased and, if necessary, rehabbed by some identified entity or organization and then subsidized and sold to qualifying first-time homebuyers.  
Examples: Bedford, Chatham's Balfour Land project and the Sandwich Home Ownership Program (SHOP)
- *Hybrid*  
These programs involve a combination of the above approaches, where pre-approved homebuyers purchase properties that have been identified by the Town, however, the applicants enter into the Purchase and Sale Agreement with the seller and are given the subsidy directly at the closing.  
Examples: Acton, Bourne and Sudbury
- *Land Trust*  
In this case properties are acquired by or conveyed to a land trust, and a ground lease is executed between the land trust and purchasers of the new housing.  
Example: Martha's Vineyard through the Island Housing Trust

As there are substantial variations in how properties are purchased and subsidized, there is also a wide range of market conditions among the communities examined in this report. The higher the market prices, the larger the affordability gap and correspondingly the need for higher subsidies to fill the gap as demonstrated in the following table:

**Table 2  
Market Prices and Subsidy Levels**

<b>Community</b>	<b>Median Purchase Price for Single-family Home as of July 2008</b>	<b>Median Purchase Price for Condos as of July 2008</b>	<b>Maximum Subsidy Level</b>
Acton	\$494,888	\$252,500	\$25,000 to 150,000; typically \$60,000
Bedford	\$493,500	\$404,250	Not set
Bourne	\$309,000	\$195,000	\$20,000/bedroom
Brookline	\$1,040,000	\$451,250	Up to \$175,000
Cambridge	\$852,500	\$410,000	Up to \$130,000
Chatham	\$560,000	\$246,500	Up to \$60,000
Martha's Vineyard	\$1,455,000	NA	Up to \$25,000 on top of subsidized new units
Marshfield	\$386,000	\$215,000	\$45,000 to \$75,000 based on # bedrooms
Newton	\$745,000	\$447,000	Up to \$115,000
Sudbury	\$577,500	\$519,900	Up to \$200,000
Waltham	\$400,000	\$291,253	Up to \$62,000
<b>Lexington</b>	<b>\$740,000</b>	<b>\$402,000</b>	<b>--</b>

Source: The Warren Group, September 1, 2008 and Karen Sunnarborg Consulting.

Acton has the ability to spend up to \$150,000 per unit in its Condo Buy-down Program, but has determined that it is too much for any one household and has therefore kept subsidy levels to about \$60,000 per unit (see program summary on page 11 for details). Bourne likewise wanted to keep the per unit subsidy low, at no more than \$20,000 per bedroom, but is finding that market conditions have not softened sufficiently to make the program work for anything other than very small condos and may have to increase their maximum subsidy amount. Higher market areas such as Brookline, Newton and Cambridge have made their programs work on subsidies ranging from \$115,000 to \$130,000 but once again focus on the more affordable condo stock. Lexington has already had some feedback on projected subsidy levels through the report it commissioned by the Community Opportunities Group, Inc. While subsidy amounts that range from \$100,000 to \$200,000 may seem extremely high and may be challenging to sell politically, it should be recognized that subsidy amounts needed for new construction are typically well above \$200,000 per unit.

Related to this gap between the market and affordable purchase prices, some communities have chosen to subsidize those earning beyond 80% of area median income,

reaching up to 100% in the case of Cambridge and up to 140% in the case of Martha's Vineyard. While CPA funds can cover households earning up to 100% of area median income, these particular programs also have access to funds that are not constrained by state or federal requirements and consequently have more flexibility in establishing program parameters.

In regard to individual program summaries, this report includes as much detail as possible on each program and as a result there is considerable variation in the depth of information provided. All summaries were reviewed by the identified contact persons in an effort to insure accuracy.

## TOWN OF ACTON

**Name of Program:** Condo Buy-down Program

**Type of Program:** Hybrid (Homebuyers purchase properties identified by the Town, however, the applicants enter into the Purchase and Sale Agreement and are given the subsidy directly at the closing.)

**Contact:** Nancy Tavernier, Chairman of the Acton Community Housing Corp. (ACHC), 978-263-9611, [ntavern@comcast.net](mailto:ntavern@comcast.net)

**Funding Commitments:** \$300,000 in Community Preservation funding has been approved to date as well as some additional funding from developers of non-40B projects, a developer of a 40B project in an abutting town, and a local foundation.<sup>2</sup> ACHC gets administrative funds from CPA and members can be reimbursed for expenses but is an all-volunteer board. Nevertheless, the Chair of ACHC spends about 15 to 20 hours per week on committee activities.

**Current Status:** The ACHC<sup>3</sup>, an organization very similar to LexHAB, has assisted with the purchase of eight (8) units to date through the program with some units purchased by eligible homebuyers and others by the Acton Housing Authority for rental to qualifying low-income tenants. To date, approximately \$280,000 in subsidy funds has been spent. ACHC has found that most of the demand for these units has come from single women with children. In addition, funds have been used for closing costs and down payment assistance by five first-time homebuyers who participated in the program or bought other 40B units.

**Summary Description:** The program is directed to subsidizing the cost of purchasing an identified condominium in town to enable a qualifying purchaser earning between 60% and 80% of area median income to become a first-time homeowner. The subsidy reduces the principal amount of the mortgage and is provided to the seller at the time of the closing. The affordable purchase price is based on the state's Local Initiative Program (LIP) formula and, factoring in the condo fees, the maximum purchase price has been about \$110,000, assuming a \$300 monthly condo fee. The subsidy amount can range

---

<sup>2</sup> Each year the Town allocates CPA funding to the Community Housing Program Fund, administered by the ACHC. Funding is requested annually at various levels with several eligible uses such as the Condo Buy-down Program. Another \$500,000 in funding came from negotiations with a developer of a 40B project that needed access from Acton for housing that was being built in Concord. A local foundation has also provided about \$100,000 in funding towards the Town's affordable housing efforts and a local developer donated another \$400,000 to the Town for affordable housing. The CPA and Foundation funds are held by ACHC with BOS approval for expenditure.

<sup>3</sup> The Acton Community Housing Corp. administers the program, which is the Town board charged with providing "affordable housing opportunities for working families with modest incomes" and facilitating local affordable housing initiatives and working with developers on new development. This is a quasi-public body that was created by a home rule petition in 1996 that grew out of a private non-profit housing organization created in 1986. The Board of Selectmen appoints all members.

from \$25,000 to \$150,000, however is targeted by ACHC at about \$60,000 per unit for garden-style units selling at market prices of \$150,000 to \$175,000.

Initially ACHC contracted with a lottery agent to do the necessary marketing and lottery to create a Ready Buyers List that met all LIP requirements as part of a pilot effort to test the program. After extensive outreach, this lottery only attracted 12 applicants at the program's inception.<sup>4</sup> ACHC then worked with a local real estate agent to identify properties to purchase focusing on the most affordable segment of Acton's housing market, garden-style condos, and those developments that were not reliant on septic systems.<sup>5</sup> ACHC put two of these condominiums under agreement with contingencies (e.g., an eligible buyer would be found, unit would be approved by DHCD, property would meet inspection standards), however, no one on the list was interested in purchasing this type of unit. The units were then made available on a first-come, first-served basis with additional outreach, and finally a buyer was found for one of the units and the seller backed-out of the other. This initial condo was on the market for about \$150,000 and sold for \$100,000, requiring a \$50,000 subsidy.

ACHC found that applicants were not interested in purchasing this type of apartment, but wanted a door that opened directly to the outside. As one applicant on the list indicated, "I've lived in an apartment all of my life, why do I want to buy one?" Units that were more desirable, such as townhouses, were selling for at least \$235,000 that would require a subsidy of about \$135,000. While the program has the flexibility to go up to \$150,000 in subsidy, the ACHC was reluctant to provide this amount of subsidy to just one household.

The program has maintained some flexibility to be able to respond to opportunities as they arise including:

- Twenty new condominiums were being developed that included one (1) affordable unit as a result of the Town's negotiations with a developer who requested a sewer connection. The unit will be sold for \$150,000 while the market units were priced at \$330,000, beyond what the Town could "buy-down" for additional affordable units. The Ready Buyer List will be used for this unit. The ACHC may further subsidize the price to help the buyer meet the affordability requirements.
- Another opportunity surfaced when a developer who was converting a garden-style apartment complex to condominiums was required by the Town to create four (4) affordable units including a one-bedroom unit for the Acton Housing Authority. The developer hired a lottery agent who marketed the units and held a lottery, but no applicants were found so the units went on a first-come, first-served basis. Two single-person household buyers were found to purchase two of the condos, a one-bedroom priced at \$115,000 and a two-bedroom priced at

---

<sup>4</sup> This summer ACHC sent letters to all those on their Ready Buyer List and determined that only three were interested in remaining on the List and in possibly participating in the program.

<sup>5</sup> It should be noted that about one-third of Acton's housing stock is comprised of multi-family dwellings, most of which are apartments that have been converted to condominiums.

\$130,000. The Housing Authority purchased the remaining two (2) units, one that had been earmarked for them and a second with ACHC program funds after ACHC had entered into an agreement to purchase with the seller. The Housing Authority owns and manages both units, renting them to eligible tenants. The total subsidy amount for these four units was \$160,000, averaging \$40,000 per unit.

- ACHC also subsidized three units in a Chapter 40B development. The units were sold to first-time homebuyers for \$150,000 (one-bedroom) and \$167,000 (three-bedroom) and another three-bedroom unit was sold to the Acton Housing Authority for \$270,000. The program subsidy of \$76,000 came from foundation funds.

***Eligibility Criteria:*** All units are expected to be counted as part of the Subsidized Housing Inventory as LIP Local Action Units, and consequently must meet all state LIP requirements and be deed restricted. (See Bourne and Marshfield summaries for more detail on these requirements.)

***Application and Selection Process:*** The ACHC engaged a consultant, Maureen O'Hagan, to conduct the initial marketing and lottery per LIP requirements. A Ready Buyers List was created that included 12 qualified applicants. DHCD ruled the List could stay active for two years due to the sporadic nature of the program. When everyone on the List indicated that they were not interested in purchasing the units that ACHC had put under agreement, the organization began to identify prospective purchasers on a first-come, first-served basis. There are only three (3) persons on the current Ready Buyer List.

***Property Inspection:*** ACHC hired an independent home inspector to inspect properties and identify any needed repairs, including those in common spaces. Thus far only one unit needed a significant repair, the replacement of an electrical box, and the seller and ACHC split the costs. Lead paint has not been an issue to date, and if lead was found ACHC would likely back away from the deal or insist that the seller do the deleading prior to the closing.

***Success Factors in Adoption and Implementation:*** As ACHC was processing applications, it found that applicants were having a great deal of difficulty affording the associated closing costs and down payments so they established a program to provide up to a \$10,000 grant to qualifying first-time homebuyers to offset the purchase a unit. Five purchasers have participated in the program since it was introduced in 2007, three from the Condo Buy-down Program.

ACHC has also maintained the flexibility and foresight to respond to opportunities as they arose such as entering into an agreement on units it sold to the Housing Authority rather than have the AHA go through a lengthy RFP process.

In regard to success factors in adoption, this type of program, focused on the existing housing stock, was being heavily promoted by a number of very vocal community leaders

as a preferable alternative to unwanted 40B's. Consequently it was an easier political sell when time came to approve CPA funding for the initiative.

***Issues to Consider/Do Differently:*** The main problem with Acton's Condo Buy-down Program was the product itself. The affordable market units are all older less desirable garden-style units, that are roughly 850 square feet in size with two-bedrooms and some limited amenities such as swimming pool but without inside parking or much storage. Because Acton has so many condo units, there are always more desirable units on the market such as townhouses but at prices that would require a subsidy greater than politically practical (\$150,000+). In a down market, the gap between the market price and affordable price is not that great, making it less attractive to a first-time homebuyer, who not only gives up that eligibility for future 40B new construction units, but also takes on a deed restricted unit with accompanying red tape and documentation of income, assets, etc. and a lack of equity building. If there were fewer 40B units available, the buyers might have been more interested. There is also strong competition with the current rental market, as a large Avalon project has attracted this clientele as has lower rents in general.

One revision could be to work with each applicant on the Ready Buyer List and take them around to units on the market to see if they would select something they considered desirable and then work with them to come up with a reasonable subsidy. New construction units are definitely on the top of every buyer's list, buying those down would be a winner for the buyers but not for the longevity of the program as funds would soon be depleted especially since CPA funding is expected to drop.

ACHC has developed a list of reasons that they believe are contributing to problems with the program including:

1. Applicants prefer new construction over existing units
2. Apartment conversion garden-style units are not considered desirable
3. Applicants have poor credit with large credit card debt
4. Mortgage crisis fears
5. No savings for closing and down payment
6. Not ready for the responsibility of homeownership
7. This may be only property can own in the life and they want it to be the right opportunity
8. Willing to wait for lotteries and take their chances for a newly-constructed unit
9. Negative press on 40B's and affordable housing in general
10. Large 40B rental projects are driving down market rents, making it more affordable to stay in a rental and opening up luxury affordable units
11. Tax advantages of homeownership are not widely known
12. Households with incomes below \$35,000 cannot obtain mortgage financing
13. Households with incomes over \$66,500 cannot qualify for affordable unit but cannot afford the prices of available market units
14. It's just easier to maintain the status quo
15. Wrong time of the year to make a move

16. Job insecurity without prospect for increasing income
17. Program might work for townhouses or duplexes with higher per unit subsidies
18. No washer or dryer in unit which is OK for an apartment but not for a condo
19. Acton schools are less of an attraction since school systems in general are improving in more affordable communities
20. High taxes
21. Deed restricted unit with inability to grow equity
22. Red tape for income, assets, mortgages
23. Reluctance to provide financial documents, in this era of identity theft, even though information is kept confidential

**A SAMPLE GARDEN-STYLE CONDOMINIUM UNIT IN ACTON  
2-Bedrooms, 1-bath with 842 square feet**



Garden-style building



Living room



Bedroom #1



Bedroom #2



Bathroom



Kitchen

## TOWN OF BEDFORD

**Name of Program:** Condo Buy-Down Program

**Type of Program:** Buy-down Program (units purchased and rehabbed by some entity and then subsidized and sold to qualifying first-time homebuyers)

**Contact:** Joanna Nickerson, Assistant Town Manager, 781- 275-1111,  
[joannan@town.bedford.ma.us](mailto:joannan@town.bedford.ma.us)

**Funding Commitments:** \$161,200 of CPA funds was approved in October 2001.

**Current Status:** One condominium purchase was processed through the program to date back in 2002, and while the unit has not been included in the Subsidized Housing Inventory, the Town is continuing to work with DHCD to count it. Approximately \$145,000 remains in escrow for the purchase of more units and to subsidize the condo fees.

**Summary Description:** In September of 1986, John Callahan, a Trustee of Meadowbrook Realty Associates, and Michael Callahan and William Callahan applied to the Bedford Planning Board for a special permit to construct a planned residential development (PRD) on a 10-acre site known as 45 Shawsheen Road. Built in 1987, the project involved the development of 36 townhouse-style units for sale as condominiums as well as the preservation of seven acres of open space. The developer also proposed to set-aside six of these units as affordable, having this affordability managed through perpetuity through the Town of Bedford. In fact these six affordable units became the motivating force for forming the Town's Affordable Housing Committee that shortly after evolved into the Bedford Housing Partnership. The affordability of these six units has been targeted to those earning within 150% of the area's median income.

Unfortunately, at the time of this development the state had no mechanism in place to allow affordable units, created without state or federal subsidies, to be counted as part of the 10% standard. Subsequently, the state established the Local Initiative Program (LIP) that would allow units that are made affordable through internal subsidies to be counted if they are processed through a comprehensive permit and receive DHCD technical assistance.

This program involves the Bedford Housing Trust purchasing market rate or restricted units (those units set-aside at the Shawsheen Ridge project as affordable) as well as potentially other condominium units in Bedford, subsidizing the units to affordable prices, and selling them to qualified families with requisite deed restrictions to protect long-term affordability and to enable the units to ideally be included in the Town's Subsidized Housing Inventory. Community Preservation Funds were earmarked in 2001 to fund the gap between market or restricted prices and affordable sales prices.

Another important program component involved subsidizing the monthly condo fee

The Housing Trust explicitly identified the program’s goal of providing affordable housing opportunities without making significant changes to the built or natural environment.

When the program was initially conceived, the Housing Trust projected the following program costs:

*Based on the acquisition of six market rate condominiums, the estimated costs are as follows –*

		Costs	
Acquisition Costs	\$ 1,650,000	Sales	\$712,680
Hard Costs	\$15,000		
Soft Costs	\$15,000	CP	\$967,320
Total	\$1,680,000	Total	\$1,680,000

Total Development Costs/Unit = \$280,000

Total Subsidy/Unit = \$161,220 (Community Preservation Funds and other sources)

Projected sales price = \$118,780 (affordable to someone earning approximately \$47,500 annually based on participation in the state’s Soft Second Loan Program and LIP.)

*Based on the acquisition of six affordable condominiums, such as those at Shawsheen Ridge, the estimated costs are as follows –*

		Costs	
Acquisition Costs	\$ 840,000	Sales	\$712,680
Hard Costs	\$15,000		
Soft Costs	\$15,000	CP	\$157,320
Total	\$870,000	Total	\$870,000

Total Development Costs/Unit = \$145,000

Total Subsidy/Unit = \$26,220 (Community Preservation Funds)

Projected sales price = \$118,780 (affordable to someone earning approximately \$47,500 annually based on participation in the state’s Soft Second Loan Program and LIP.)

\*\* Ideally, the project will involve primarily the affordable units, resulting in a considerable savings of Community Preservation Funds. However, some combination of affordable and market rate units was judged to be likely.

**Eligibility Criteria:** All units were expected to count as part of the Subsidized Housing Inventory, and meet all state LIP requirements and be deed restricted. However, the first unit is not yet included, but the Town continues to work with DHCD to have it counted.

***Application and Selection Process:*** The Bedford Housing Trust was responsible for establishing a marketing/outreach effort to attract eligible purchasers, for managing the application and pre-approval process for interested purchasers, as well as coordinating a lottery system to select the new first-time homebuyers. The Housing Trust has hired a part-time affordable housing consultant who provides professional support on a wide-range of affordable housing initiatives including these activities when they arise.

***Property Inspection:*** The buyers were required to hire their own home inspector to view the property and identify any problems.

***Success Factors in Adoption and Implementation:*** The Town of Bedford has been acknowledged as a community that has really “stepped-up” in regard to the issue of affordable housing, and in fact, last year received an award from CHAPA in recognition of the progress that has been made in promoting affordable units. The Town was the first to pass the Community Preservation Act that provided financial support for local housing initiatives. The combination of progressive leadership from the Board of Selectmen and Housing Partnership and Trust as well considerable professional support through its Assistant Town Manager and Affordable Housing Consultant, has enabled the Town to increase its level of affordable housing from 4.5% in 2004 to its current level of 18.3%, remarkable progress in only a few years. CPA funding was available sooner than in most communities to fund housing activities, there was strong local leadership that identified the promotion of affordable housing as a priority need and the Housing Partnership/Trust had the credibility to obtain funding for its work. Another compelling justification for obtaining funding for the Buy-down Program was the availability of condos that, while not eligible for inclusion in the Subsidized Housing Inventory, were being sold at below market prices, thus decreasing the funding gap.

In regard to implementation, the Housing Trust was able to move quickly in acquiring its first condo in 2002, but ran into obstacles that decreased interest in eagerly pursuing additional purchases. The major obstacle to acquiring more units is that none of the other owners of the five remaining owners of the restricted units has expressed any interest in moving and selling.

***Issues to Consider/Do Differently:*** The Town might consider looking beyond the Shawsheen Ridge condo development for other condos that become available in town that might be included in the program.

Comments regarding the program stressed the need for the following considerations in developing a comparable initiative:

- The age and condition of the condo is a major concern. They were looking for units without the need for unreasonable repairs or cleaning.
- Whether the condo association is likely to require a special assessment in the near future that would provide additional and potentially unaffordable cost burdens on the purchaser.

- Need for full disclosure to prospective purchasers on condo ownership that goes beyond the general first-time buyer workshops. They provided copies of the condo association documents at the open house and other supportive information.
- Clear information to prospective purchasers and sellers on the length of time needed for fair marketing, the lottery and even resale required by affordable housing requirements.

## TOWN OF BOURNE

**Name of Program:** Bourne Housing Opportunity Purchase Program -- BHOPP

**Type of Program:** Hybrid (Homebuyers purchase properties identified by the Town, however, the applicants enter into the Purchase and Sale Agreement and are given the subsidy directly at the closing.)

**Contact:** Kerry Horman, Bourne Affordable Housing Specialist, 508-457-1005, [bournehousingpartnership@hotmail.com](mailto:bournehousingpartnership@hotmail.com)

**Funding Commitments:** The Bourne Housing Partnership received \$298,000 in CPA funding over two years to start the program and anticipates additional funding next year to continue operations.

**Current Status:** The Program was recently launched and is in the process of working with those on its Ready Buyers List to obtain financing and is also searching for suitably priced properties in Bourne to direct its prospective homebuyers. From a total of 13 applicants, seven (7) were determined to be likely eligible and participated in the lottery. The program is currently working simultaneously with about five applicants. The Housing Partnership is also resolving some issues that have arisen during implementation including the following:

- DHCD expressed concerns that if homebuyers obtained financing from the U.S. Department of Agriculture, which, given very low interest rates and other advantageous terms and conditions, would allow lower income purchasers to access more expensive homes, it might be difficult to resell the units to qualifying purchasers with financing from conventional sources, assuming the U.S.D.A. no longer had some advantageous mortgages available. Consequently, the program had to establish maximum purchase prices based on the existing LIP formula.
- The program wanted each potential property to be inspected prior to including it in the program, and wanted to make sure that it used inspectors that had the appropriate credentials. Questions were raised as to how to deal with existing lead paint and how to pay for necessary repairs to bring any homes up to HUD's Housing Quality Standards. It was the intention of B-HOPP to only approve units that needed little or no repair work, the costs of which could be covered by the available subsidy.
- While the program established maximum subsidy levels of \$15,000 per bedroom for single-family homes and \$20,000 per bedroom for condominiums (acknowledging that the inclusion of condo fees in mortgage underwriting reduces the amount a purchaser can borrow based on existing income), housing values may not have declined as much as the Housing Partnership expected and because of the LIP loan limits the program may be adjusted by increasing the maximum subsidy for single-family homes to \$20,000 per bedroom.
- As with other comparable programs, B-HOPP involves considerable assistance to program participants, and as opposed to working with the top ranking applicant

first and then incrementally working its way down the Ready Buyers List, the Housing Partnership, through its Affordable Housing Specialist, is working simultaneously with all five (5) current applicants on the List, directing them to the U.S.D.A. and other lenders to obtain a mortgage commitment and searching for suitably sized and priced properties. This would have not been the case if there were more eligible applicants as they had planned to go through the list with particular properties and work with those who were immediately ready to move ahead.

***Summary Description:*** The Bourne Housing Partnership has created B-HOPP to help meet local affordable housing needs by identifying an eligible group of buyers (as defined by the Commonwealth of Massachusetts's Local Initiatives Program) that it can work with over a period of two years to purchase their first homes and when necessary, makes essential repairs. Assistance to eligible applicants will be in the form of a direct subsidy to reduce the principle of a mortgage in an amount that is the minimum reasonably necessary under current market conditions, initially planned not to exceed \$15,000 per bedroom for single-family homes and \$20,000 per bedroom for condominiums.

In developing the program, the Partnership worked with the U.S. Department of Agriculture to identify opportunities for program participants to secure mortgage financing at very attractive rates and terms<sup>6</sup> that would enable lower income purchasers to finance more expensive units than available under more conventional terms and conditions. The Partnership was also committed to coordinating funding sources for down payment purposes and mortgages from the state and other sources in cooperation with local lenders and through other public subsidy programs. The intent of the Housing Partnership was to combine existing programs with B-HOPP in such a way as to help as many applicants as possible.

The other major program component was matching purchasers from a pre-approved Ready Buyers List to identified properties on an Approved Properties List, with the Housing Partnership taking the lead in locating more affordably priced homes and condos in the existing housing market and referring prospective buyers to specific units based on size and price.

***Eligibility Criteria:*** *Eligible applicants* must meet a number of requirements to be eligible for participation in B-HOPP including having gross combined household incomes at or below 80% of area median income and have combined assets of no more than \$75,000 per state requirements under DHCD's Local Initiative Program (LIP). It is the intention of the Housing Partnership that all units purchased under this program be eligible for inclusion in the Subsidized Housing Inventory and count towards the Town's 10% affordable housing goal.

Besides income and asset limits, other B-HOPP requirements include the following:

---

<sup>6</sup> These funds are only available to designated rural counties, not Middlesex County.

- A prerequisite of purchase will be the completion of a homeowner training program acceptable to the Bourne Housing Partnership.
- All applicants will be required to apply for mortgage pre-approval from both a conventional lender and the U.S. Department of Agriculture’s Rural Home Loan Partnership Program or other available mortgage programs. The Housing Partnership had reached out to a number of local lenders and included a list at the end of the application package, although applicants were not specifically required to work solely with those on the list. Applicants were encouraged to discuss the availability of the Soft Second Loan Program and other advantageous mortgage programs directed to first-time homebuyers.
- Applicants had to demonstrate the ability to secure a combination of mortgage and down payment funds equal to at least \$130,000. This requirement does not guarantee that the applicant will be able to access a property through the program, however, the Housing Partnership determined that without such financial capacity, even with the variety of subsidies and mortgage programs available, properties would not be found in reasonable repair that applicants without this financial ability could afford based upon the level of subsidy available.
- All purchasers must execute the Massachusetts Local Initiative Program Deed Rider. The Deed Rider was included in the application package. It should be noted that the program was able to get the U.S. Department of Agriculture’s approval for using the deed rider in concert with its mortgage financing – not a simple task.
- The total sale price and combined subsidies and renovations were not to exceed 100% of the “as rehabilitated” appraised value of the property with the exception of when it is determined necessary and eligible by the approved lender and public agencies involved for approved closing costs and professional review expenses (such as a home inspection and cost estimation services) to be included.

To participate in the lottery, applicants must provide mortgage pre-approval for not less than \$130,000 (this may include the applicant’s down payment), and mortgage financing must meet all of the following requirements based on LIP guidelines:

- The loan must have a fixed interest rate through the full term of a 30-year mortgage.
- The loan must have a current fair market interest rate of not more than two (2) percentage points above the current MassHousing Rate. MassHousing posts this rate on its website.
- The buyer must provide a down payment of at least 3%, 1.5% of which must come from the buyer’s own funds.
- The loan can have no more than two (2) points.
- The buyer may not pay more than 38% of their monthly income for the mortgage.

In addition to identifying eligible purchasers, the program was also designed to locate specific *eligible properties* in the private housing market for purchase, creating an Approved Property List. It was expected that this List would continue to grow as

properties were identified that were likely to be affordable to qualifying households given available subsidy levels from the Partnership. It was also recognized that there might be occasions where an eligible household might be next in turn yet the available property that meets their household size needs on the Approved Property List is beyond their financial range. In such cases that property would be offered to the next household of appropriate size that can meet the financial requirements to purchase the property. The Partnership will also consider properties identified by eligible applicants if it is clear that funds will be available when their turn arrives, that the property is within their financial means, and that available properties on the approved list do not meet their needs by type or size. All properties must meet DHCD minimum square footage requirements.

***Application and Selection Process:*** Following an extensive affirmative marketing and outreach effort to notify potential purchasers of the availability of the program, applications with complete information packages were made available during a 60-day marketing period beginning on February 29, 2008 at the public library, Bourne Housing Authority, Town Hall, the Planning Department and at the Bourne Memorial Community Building as well as online. Applications were due on April 30<sup>th</sup> and in March the Housing Partnership held four (4) information sessions at various times and locations to explain the program and answer questions.

The lottery was held on May 14, 2008 to determine the order in which eligible applicants will be able to receive benefits with preference given to those who meet community preference criteria. As such, a 70% local preference allowance was utilized to rank applicants from two separate lottery pools – the community preference pool for those who meet the Town’s criteria as having a connection to Bourne<sup>7</sup> and a combined pool for all eligible applicants. Through the lottery applicants were ranked according to the following sequence: 2 from the local preference pool, next one from the combined pool, 2 more from the local pool, one from the combined pool, 2 more from the local pool, one from the combined pool, next 3 from the local, 2 combined, 1 local, and then a repeat of the sequence. This standing and ranked group of eligible homebuyers is called the Ready Buyers List, and the program was developed to assist them in order of priority until all were assisted, funding no longer available or until 24 months had passed from the initial lottery.

State LIP requirements also require a preliminary lottery if the percentage of minority applicants in the local preference pool is less than 6.6%, the level of minorities in Barnstable County per the 2000 census. In compliance with this requirement, the Housing Partnership moved a minority applicant who lived in Wareham into the community preference pool.

Moreover, the Program allows applicants who do not meet the application deadline but are found to be eligible to be placed on a waiting list and be assisted

---

<sup>7</sup> Community preference criteria for Bourne includes current residents, past Bourne residents, those currently working in the Town of Bourne, and immediate family (grandparents, parents, children or siblings) of those who currently live in Bourne.

after all those who have applied on time and found eligible are assisted.

***Property Inspection:*** The Housing Partnership will engage an appropriately licensed home inspector to inspect the properties and identify any deficiencies that must be corrected to insure that the units will ultimately meet the U.S. Department of Housing and Urban Development's Housing Quality Standards as well as those required by the U.S. Department of Agriculture for their home purchase mortgage program. The report will include not only a list of deficiencies but also cost estimates for the necessary improvements. No additional subsidies beyond the program limits will be made available for these repairs, although purchasers will be encouraged to seek financial and technical assistance through existing rehab programs.

***Success Factors in Adoption and Implementation:*** The ability of the Housing Partnership to secure CPA funding and initiate the program is primarily due to the following factors:

- As mentioned in the introduction, these programs that are directed to converting existing housing in the private housing market to long-term affordability tend to be very *popular politically*. Moreover, because the housing market in Bourne tends to be more affordable on a whole, with median housing values at \$309,000 and \$195,000 for single-family homes and condominiums, respectively (as opposed to \$740,000 and \$402,000 for Lexington), the subsidy levels per unit were likely considered more reasonable.
- The *Housing Partnership* has established substantial credibility in Bourne over the past few years. It has completed a number of special projects including the development of three affordable homes on scattered Town-owned lots in existing neighborhoods and the rehab of a tax-foreclosed property into affordable housing. The Housing Partnership has been a vocal advocate for affordable housing, supporting a number of progressive zoning changes, and certain developments that include affordable housing. They are the first municipal entity that meets with developers who are proposing new housing development and have provided important feedback to both the developers and the Town. Through its Affordable Housing Specialist, the Housing Partnership has established an organizational framework for all affordable units in town, including the various terms of the deed restrictions and a process for annually recertifying affordability. It has also recently received approval from Town Meeting to establish a Municipal Affordable Housing Trust that will provide the Town of Bourne with greater powers with respect to producing affordable housing.
- The Housing Partnership hired an effective *Affordable Housing Specialist* who has taken the lead in designing the program as well as coordinating program development with other entities such as DHCD, lenders and the U.S. Dept. of Agriculture. His commitment to getting the program up and running and making it work was an essential ingredient to making the program happen as it has taken considerably more time than what the various volunteer members of the Housing Partnership could have committed.

- The Housing Partnership issued an RFP to bring on a *housing consultant* (me) on board to help them implement the program, providing the necessary capacity building to develop a Ready Buyers List in conformance with state requirements, facilitate the information sessions, and continue as a technical resource during program implementation.

***Issues to Consider/Do Differently:*** The Housing Partnership has already adjusted several program requirements including increasing the subsidy per unit for single-family homes to \$20,000 per bedroom and may in fact be forced to increase levels again if market conditions do not decline further. In fact, despite decreasing housing values, the housing market has not likely softened to the point the Housing Partnership had predicted, and to date only small condominiums have been identified that might qualify for purchase under existing subsidy levels.

## TOWN OF BROOKLINE

**Name of Program:** Homebuyer Assistance Program

**Type of Program:** Mortgage Assistance Program (direct financial assistance to qualifying purchasers who locate their own unit)

**Contact:** Francine Price, Housing Development Manager, Housing Division of Brookline's Department of Planning and Community Development, 617-264-6482, [Fran\\_Price@town.brookline.ma.us](mailto:Fran_Price@town.brookline.ma.us) and Bruce Genest, Housing Project Planner, 617-730-2092, [bruce\\_genest@town.brookline.ma.us](mailto:bruce_genest@town.brookline.ma.us)

**Funding Commitments:** The program is federally funded through the HOME and Community Development Block Grant (CDBG)<sup>8</sup> Programs, and is in some ways a “filler program” according to the Town's Housing Development Manager, as they process applications on a first-come, first-served basis with up to four (4) loans permitted this year involving an estimated \$400,000 to \$700,000 in HOME and CDBG funds. This funding level was projected only because there is not a substantial development project on the horizon that would encumber funds and reduce the available funding. It is otherwise difficult for the Town to use HOME and CDBG because the Town receives relatively little from each program each year and is under pressure to spend it quickly.

The program was introduced in 1993, and funding assistance has been adjusted over the years in response to market conditions as follows:

- Began at \$25,000 in 1993, at which time Brookline's median priced condo was selling for \$141,138;
- Raised to \$50,000 in 1998, when the median priced condo was \$200,000;
- Raised again to \$75,000 in 2001, at which time the median priced condo was \$330,000; and
- Raised to \$125,000 in 2004, when the median priced condo was \$429,000.

Maximum subsidy amounts were increased again just recently as noted below under the program description.

**Current Status:** A total of 61 buyers have participated in the program to date. The program has been required to provide no more than four (4) loans this year without prior approval to go higher. While it has always been challenging for income eligible buyers to identify sufficiently affordable units on the market to make the program work, the increasing difficulty in identifying affordable market rate units may explain why the most recent successful buyers have been purchasers of *condo rooms in congregate housing facilities*. This is despite considerable program outreach.

---

<sup>8</sup> Under CDBG regulations, any CDBG funding used for this purpose must be matched by another source – HOME funding in the case of Brookline.

**Summary Description:** Brookline's Homebuyer Assistance Program provides the following maximum loan amounts by type of dwelling unit:

- \$100,000 for an SRO/room in a group or congregate setting
- \$125,000 for a studio
- \$150,000 for a one-bedroom unit
- \$175,000 for a unit of two or more bedrooms

These limits were just recently approved from the \$125,000 maximum across the board that had been in effect since 2004. This change was made in recognition that despite the relative leveling in the median condo price since 2004 (\$465,000 in 2005 and down somewhat to \$452,500 during the first five months of 2008), it still requires almost \$9,000 more in income to currently afford a median priced unit. Also, inflation during this period (15% in the consumer price index for urban consumers in the Northeast) means that families with eligible incomes are less likely to have discretionary income or savings than in 2004.

Assistance is provided through a 0% interest rate loan with no monthly payments on a first-come, first-served basis. The loans are secured with a 30-year second mortgage and a promissory note, which requires repayment of the loan and in some cases a deed restriction (for condos in associations with six or more units) that provides the Town with the right of first refusal when and if the property is resold. The program does not require any repayment of the loan for at least the first 30 years of occupancy, and refinancing is not allowed without the Town's permission. The Town provides the minimum subsidy necessary to make the purchase possible, and refers applicants to other sources of financing instead or in conjunction with its funding such as the Soft Second Program and MassHousing's First Time Homebuyer Program. The amount of the subsidy is based on the participant's income and savings, the cost of the property, and the amount and terms of other (first mortgage) financing available.

For single-family homes and condo associations with fewer than six (6) units, participants must repay the loan upon sale, transfer, and death of the borrower(s) or after 30 years of residency that also includes a *share of appreciation* in the market value of the unit. The *share* is proportional to the Town's investment in the property that is the amount of the subsidy in relation to the owner's cash plus amount of principal paid. The *appreciation* is the increase in the property's market value, excluding up to 5% for a brokerage fee, an appraisal if necessary, and the documented costs of capital improvements made to the property up to a total of 1% of the initial sales prices for each full year of ownership. The borrower's obligation will be written as a 30-year promissory note, secured by a second mortgage and subordinate to the private first mortgage. The second mortgage will be extended only if necessary based upon the documented hardship of the borrower.

For condo associations with six (6) or more units, the Town's subsidy requires a deed restriction, which not only limits the resale price but also gives the Town the right of first refusal upon resale. The formula for the resale price is based on the original sales prices,

minus the Town subsidy, increased by the percentage of increase in the median income of families in the Boston metropolitan area since the original purchase. The seller may also recoup up to 1% of the original sales price per full year(s) of ownership for documented costs of capital improvements. If the Town chooses not to exercise its right to purchase, the seller can then sell the unit on the open market and share the appreciation with the Town in accordance with the formula described for single-family homes or condos in small associations above.

Upon the death of the purchaser, the property may continue to be occupied by the applicant's spouse or minor children with a guardian. The property may also be transferred to an adult heir with the Town's approval if the heir meets the program's eligibility criteria and is willing to execute and comply with all of the program's terms and conditions.

***Eligibility Criteria:*** Participants must meet federal requirements associated with the use of the HOME and CDBG Programs. Specific eligibility criteria include:

- Gross combined total household income must be no greater than 80% of area median income adjusted by household size.
- Federal guidelines do not provide asset limits, but require that 1% of actual assets or actual income from assets be included in the gross income calculations.
- Participants must have sufficient income to pay housing expenses (mortgage debt service generally not exceeding 33% of their gross household income as well as property taxes, insurance, water and sewer fees, and condo fees).
- Neither the purchase price nor the appraised value of the property can exceed \$460,000.
- No more than two persons should be required to share a bedroom and at a maximum, spouses/partners are expected to share a bedroom as are children of the same gender. Couples qualify for one-bedroom units only.
- The Town's subsidy may not be used to purchase a property with an existing tenant who would be displaced involuntarily. If the unit to be purchased is occupied by a renter, a notice of intent to vacate, signed by the tenant and dated prior to the initial negotiations between the buyer and seller, must be provided to the Town.
- The property must meet all HUD Housing Quality Standards and federal and state lead paint regulations as well.
- The condo association, if applicable, must have sufficient resources to carry out operations and have sufficient replacement reserves. If the association involves ten or more units, the association should preferably be professionally managed.
- The borrower must use the property as its primary residence and may not lease the property. The borrower is also not allowed to convert the property to a nonresidential use.

***Application and Selection Process:*** Applications are available at the Housing Division's Office or online, and they are reviewed in the order they are submitted. Following the initial review, applicants will be notified in writing and through the mail as to their

preliminary status. Incomplete applications are returned without an initial review. The Town's Housing Project Planner then meets with the initially qualifying applicants and provides counseling regarding the next steps for purchasing in Brookline. Applicants are also encouraged to attend a homebuyer education course.

In order to secure a funding commitment the applicant must submit an executed Purchase and Sale Agreement and provide or authorize the collection of additional documentation including the verification of all income, assets and liabilities, and other sources of cash for purchase, proof of citizenship or legal residency, condo documents (if applicable), and a copy of the first mortgage commitment letter. The Town's Housing Project Planner then carries out the following tasks:

- Inspects the unit to insure compliance with all applicable federal and state standards, including common areas in the case of condos;
- Makes a finding regarding the financial stability of the condo;
- Prepares a financial pro forma reflecting the purchase and monthly costs;
- Works with the applicant's proposed lender on a financing package;
- Prepares a final determination of eligibility and a final commitment letter (the Town's commitment expires upon the expiration of the P&S Agreement and/or the first mortgage loan commitment, whichever expires first), including conditions for closing;
- Prepares all legal documents for the closing; and
- Schedules the closing to occur simultaneously to that of the first mortgage.

***Inspection Process:*** The Town's Housing Project Planner inspects the property, including all common areas in the case of a condo, to insure that it meets all state and federal standards, including those related to lead paint. The seller must test all surfaces with loose, peeling or chipped paint for the presence of lead. If no lead is found, the area must be scraped, patched and painted. If lead is found, the area must be remediated in accordance with applicable federal and state regulations by a licensed lead-abatement contractor prior to move-in. If the seller chooses not to achieve compliance prior to the sale, proof of the abatement costs and owner funds must be documented prior to the final loan commitment.

***Success Factors in Adoption and Implementation:*** The program relies on a trained professional housing staff that is supported by federal funding, providing the professional expertise necessary for oversight and coordination. The program also relies on a relatively steady stream of federal funds that are more predictable sources of future funding versus annual requests for CPA funds by Town Meeting.

***Issues to Consider/Do Differently:*** As noted above, the Town just recently changed its maximum loan amounts.

## CITY OF CAMBRIDGE

**Name of Program:** Financial Assistance Program

**Type of Program:** Mortgage Assistance Program (direct financial assistance to qualifying purchasers who locate their own unit)

**Contact:** Antonia Finley, Homebuyer Coordinator, Cambridge Department of Community Development, 617-349-4643, [aray@cambridgema.gov](mailto:aray@cambridgema.gov)

**Funding Commitments:** Since the program was introduced in 2002, more than \$4.6 million in assistance has been provided from Cambridge's Affordable Housing Trust Fund. The Trust does not fund the program through regular annual allocations, but appropriates additional funding on an as-needed basis. For example, last year the program was recapitalized with \$2.6 million. The program does not use any state or federal funding sources.

**Current Status:** The program has served 41 purchasers to date. The average purchaser's income has been 77% of area median income, and the average purchase price has been \$315,000. Only one of the program participants purchased a single-family house, the remaining 40 purchasing condos in a wide variety of dwelling types from condos in triple-deckers, to townhouses, to units in large buildings, and to units in larger developments. Units are subject to a maximum price limit based on the size and type of the household.

**Summary Description:** The program grew out of a couple of previous programs that the City introduced to promote homeownership, using relatively small amounts of subsidy and directed to middle-income purchasers who were still priced out of Cambridge's private housing market. The Financial Assistance Program offers need-based financial assistance to eligible first-time homebuyers to subsidize the price of a home in Cambridge, providing grants of up to \$130,000.

Long-term deed restrictions are required in perpetuity. The resale formula is based on a return on equity that is tied to the 20-year Treasury rate calculated on an annual basis. So if a property is sold after five years of ownership, the program would calculate the return for each of the years and add it up. The other requirement is that the unit continues to be affordable and is resold to an income-eligible buyer. The deed restriction allows the reimbursement of certain capital improvements up to 1% of the purchase price per year in aggregate.

**Eligibility Criteria:** Purchasers can have incomes up to 100% of area median and must live in the property as their primary residence. Program participants must be current Cambridge residents and have resided in the city for at least one year. They also must be a first-time homebuyer, access all other available resources including maximizing mortgage financing, and be otherwise unable to purchase the home without City assistance.

***Application and Selection Process:*** Applicants must submit the following documents as part of the application process:

- Application form;
- Gross annual household income from all sources of income;
- Copy of most recent tax return;
- Amount of current monthly debt such as car loans, student loans, minimum credit card payments, etc.);
- A credit report;
- Copy of social security card;
- Amount of savings available for a down payment; and
- Estimated purchase price of Cambridge properties they may be interested in buying (potential applicants should be familiar with market prices of real estate in Cambridge).

The program works with applicants in response to inquiries or the submission of actual applications. Typically staff initially speaks to prospective applicants over the phone to preliminarily gauge their eligibility and to answer questions. Those who are likely to qualify are encouraged to apply and then come into the office to further review program requirements. When the applicants are approved, they must sign a Terms and Conditions sheet. They are then given an approval letter that includes the maximum amount of subsidy. They can show this letter to the seller when making an offer as well to lenders when applying for mortgage financing. Applicants come into the program at different states of readiness, some already with an identified property and pre-approval for mortgage financing.

***Property Inspection:*** Buyers are responsible for hiring licensed home inspectors and are required to submit the inspection report to program staff, which is reviewed by the office's Construction Manager.

As the subsidy involves no federal money, the program does not have to comply with federal lead paint requirements. For one-bedroom units or if the applicant does not involve a household with children under the age of six, the program does not require deleading. Otherwise, the seller must delead the unit prior to closing.

***Success Factors in Adoption and Implementation:*** Because the program does not involve state or federal requirements, the City is able to formulate its own program requirements, providing substantial flexibility in meeting its programmatic goals based on local needs. The program not only has considerable funding, but also offers capable staff support that provides substantial assistance to applicants throughout the application and purchase processes. Cambridge also has a diverse housing stock, that while expensive, allows purchasers to buy units in a wide range of housing types, creating mixed-income housing throughout the city as a natural outcome of the purchasers' own housing searches.

***Issues to Consider/Do Differently:*** The program has successfully addressed the needs of small households, even young single adults, but it is difficult for these households to make the leap to larger more expensive units in Cambridge as their households grow based on affordability restrictions and maximum incomes of 100% of area median income. The Financial Assistance Program is limited to first-time homebuyers, so the program cannot assist these households. It does, however, allow single adults to purchase two-bedroom units as long as the unit does not exceed the maximum price limit for the household size and type.

## TOWN OF CHATHAM

**Name of Program:** First Time Homebuyers Assistance Program

**Type of Program:** Mortgage Assistance Program (direct financial assistance to qualifying purchasers who locate their own unit)

**Contact:** Valerie Foster, Executive Director of the Chatham Housing Authority, 508-945-0478, [chathamha@verizon.net](mailto:chathamha@verizon.net)

**Funding Commitments:** Thus far the program has received \$255,000 in Community Preservation funding from the Town of Chatham through Town Meeting actions in May 2006 and May 2007, of which \$15,000 was for administrative purposes to support the Housing Authority's management functions.

**Current Status:** The Town has processed one purchaser to date for the full amount of the subsidy of \$60,000, but was unable to count the unit as part of the Subsidized Housing Inventory because all of the affirmative marketing required under the state's Local Initiative Program had not been undertaken, including the preparation of a Ready Buyers List. At this time there are six (6) applicants on this pre-qualified Ready Buyers List.

**Summary Description:** Chatham's First Time Homebuyers Assistance Program provides CPA funds to fill the gap between the market price of a home and an affordable one for first-time homebuyers, making up to \$60,000 per household available. The maximum affordable purchase price is now \$180,000, and therefore the maximum market price is currently \$240,000. Purchasers are encouraged to explore more affordable mortgage financing, such as loans through the state's Soft Second Loan Program.

**Eligibility Criteria:** Purchasers must meet all requirements under the state's Local Initiative Program (many of which are presented under Bourne's program summary above) as the Town intends to have all additional units purchased under this program qualify for inclusion in the Subsidized Housing Inventory and count towards the Town's 10% affordable housing goal. Purchasers are required to attend first-time homebuyer workshops and attend a financial budgeting course prior to closing on their new home, providing a certificate of completion. All properties must be purchased in the town of Chatham.

**Application and Selection Process:** As required by LIP, the program 1.) affirmatively advertises the availability of assistance, 2.) holds information sessions, 3.) determines eligibility based on a completed application that includes income and asset documentation as well as a pre-approval letter from a lending institution, 4.) holds a lottery, and 5.) prepares a Ready Buyers List that includes those qualifying applicants. The Housing Authority provides prospective purchasers with an eligibility letter/Letter of Compliance that states the terms and conditions of the program and indicates that if they find a home that meets program requirements they can proceed with an offer to purchase the home and be eligible for the subsidy provided such funding is still available. They

provide these letters to all those on the Ready Buyer List and the subsidy is provided on a first-come, first-served basis.

Since funds are available on a first-come, first-served basis, program outreach and affirmative marketing will be done on a periodic basis with information sessions held quarterly throughout the year. In addition to following LIP guidelines with respect to marketing, the Housing Authority will continue meeting with lenders to discuss the program and solicit their interest in providing those on the Ready Buyers List with financing.

Once an applicant from this list is successful in selecting a unit to purchase, additional documentation is required such as a home inspection report, an appraisal, a signed Purchase and Sale Agreement and a mortgage commitment. Participants must also enter into the standard deed restriction required by LIP. When the purchaser has the signed Purchase and Sale Agreement and mortgage commitment in place, the Housing Authority sends this information, as well as the contact information of the purchaser's closing attorney, to DHCD, which following review and approval issues the deed rider and Resale Price Certificate, that must be fully executed at the closing and recorded with the title at the Registry of Deeds.

***Property Inspection:*** The home inspection is done first, right after the prospective purchaser has identified a suitable property. If there are no short-term major repairs (e.g., windows need replacing, roof is in need of replacement or has only about five years or less on its useful life, heating system is in need of updating to energy efficiency, etc.), then this house would qualify as meeting the standards required for purchase. Otherwise, the Housing Authority would insist that the repairs be done by the seller prior to signing a Purchase and Sales Agreement or it would recommend that the prospective homebuyer continue looking for another property. Lead paint must be removed by the current owner prior to the P&S – no exceptions.

***Success Factors in Adoption and Implementation:*** The Program was initially the idea of the Town's Affordable Housing Committee, which approached the Chatham Housing Authority about submitting a joint application for Community Preservation funding. The Chatham Housing Authority administers the program, which has substantial expertise in qualifying applicants for housing program assistance. It should also be recognized that the Town of Chatham has been quite proactive in supporting local needs for more affordable housing and is working with the Chatham Housing Authority on a range of other new housing initiatives that rely on Community Preservation Funds.

***Issues to Consider/Do Differently:*** Given changes in LIP guidelines and early program experience, the Chatham Housing Authority has adapted their program guidelines accordingly and is now incorporating a rigorous affirmative marketing and buyer pre-qualification process into the program.

**Name of Program/Project:** Balfour Lane Development

**Type of Program:** Buy-down Program (units purchased and rehabbed by some entity and then subsidized and sold to qualifying first-time homebuyers)

**Contacts:** Elizabeth Bridgewater, Executive Director, Lower Cape Cod CDC, 508-240-7873, [eliz@lowercape.org](mailto:eliz@lowercape.org) and Valerie Foster, Executive Director of the Chatham Housing Authority, 508-945-0478, [chathamha@verizon.net](mailto:chathamha@verizon.net)

**Funding Commitments:** Friends of Chatham Affordable Housing (FoCAH), a private affordable housing advocacy organization, raised private funds and secured \$135,000 in CPA funds to acquire the property. Funding for the rehabilitation of the property included an additional \$150,000 of Community Preservation funding, substantial private funding raised by FoCAH, and a grant from Bank of America. FoCAH and the Lower Cape Cod CDC worked with an abutting property owner to secure a donation of excess sewer capacity, which resulted in the ability to hook-up to the Town sewer and support the property's change in use from commercial to residential. The Lower Cape Cod CDC also contributed funding towards the project by lowering its developer's fee. TD Banknorth was used for construction period financing.

**Current Status:** The closing took place on February 29, 2008, and all units were occupied soon after.

**Summary Description:** The Lower Cape Cod CDC and the Friends of Chatham Affordable Housing (FoCAH) redeveloped a large commercial condominium unit on the first floor and basement of an existing building on Balfour Lane. The building also includes three (3) market-rate units on the second floor, which were not purchased and remain as market rate housing. The commercial condominium unit that had served as the offices of the Cape Cod Visiting Nurses Association. The space was converted into four (4) affordable homeownership condominiums, all two-bedroom units available to households earning under 80% of area median income with purchase prices of \$154,000.

The Friends of Chatham Affordable Housing (FoCAH), a local organization that raises private funds and provides advocacy for affordable housing, initially conceived the project. FoCAH identified the property and raised money from the local community and CPA to fund the cost of acquisition. Working with FoCAH, the Lower Cape Cod CDC purchased the space in 2006, and assumed responsibilities for redevelopment.

**Eligibility Criteria:** For this particular project, the Town wanted all of the units to be reserved exclusively for qualifying Chatham residents and therefore the units are currently unlikely to be included in the Subsidized Housing Inventory. Nevertheless, the units are restricted as affordable in perpetuity, and still fill a compelling local need for affordable housing. Otherwise the units are still directed to state LIP requirements regarding income, assets and first-time homeownership.

***Application and Selection Process:*** The Chatham Housing Authority was hired to conduct marketing and buyer qualification. The Chatham Housing Authority held the lottery and received 24 applications of which six (6) were qualified.

***Property Inspection:*** The Lower Cape Cod CDC managed this redevelopment project, working with architects, engineers and a selected contractor to convert the existing office space to residential condos that meet all health and safety codes and HUD Housing Quality Standards.

***Success Factors in Adoption and Implementation:*** This project clearly demonstrates how effective private fundraising efforts can be in affordable housing development, lead by a local organization of concerned citizens. It also shows how a partnership of these citizens, local government, a capable housing authority, and an experienced regional non-profit development corporation can effectively collaborate, each contributing their own resources and expertise.

The project involved substantial Town support throughout the permitting process, which was done locally without the use of Chapter 40B. The Board of Selectmen, in their role as Sewer Commissioners, approved a connection to the Town sewer in spite of a moratorium on sewer transfers and connections. The Chatham Planning Board approved a special permit for the change of use from commercial to residential, and the Historic Business District Committee approved improvements to the structure and grounds. Support resulted from the recognized need for affordable homeownership opportunities in town, the strong partnership between FoCAH and the CDC, the use of local donations, and the redevelopment of an existing property within a designated growth zone. A change in use from commercial to residential was also appropriate because of the existing market-rate residential units on the second floor.

The Lower Cape Cod CDC worked with the existing market-rate owners to allay concerns about the new affordable units, and to lay the groundwork for a healthy condominium association. The existing owners were reassured by the CDC's plans for significant improvements to the shared grounds and building exterior. Existing residents were also interested to learn that their new neighbors would be purchasing the units at prices fairly comparable (with inflation) to what the market-rate units had originally sold for when built twenty years ago. The new owners would therefore not have significantly different incomes than the original occupants.

This project is also an example of Cape Cod appropriate "smart growth." The project reused an existing building, created density in a designated growth zone, supported residential development in a mixed-use village center, and incorporated "green" or "sustainable" design principles in the construction.

***Issues to Consider/Do Differently:*** There may be some opportunities to include a few of the units in the Subsidized Housing Inventory in the future as units turnover and affirmative marketing is conducted. The Housing Authority suggests that the lottery agent should be brought on board as early as possible to insure that the project sponsors, including all those who are raising funds, are aware of Fair Housing laws and other requirements for insuring that the units meet relevant state and federal laws and regulations such as being affirmatively marketed throughout the region and with community preference reserved for no more than 70% of the affordable units.

## TOWN OF CHILMARK

**Name of Program:** Affordable Housing Mortgage Interest Assistance Program

**Contact:** Chuck Hodgkinson, 508-645-2114, [chodgkinson@ci.chilmark.ma.us](mailto:chodgkinson@ci.chilmark.ma.us)

**Type of Program:** Mortgage Assistance Program (direct financial assistance to qualifying purchasers who locate their own unit)

**Funding Commitments:** \$65,000 in CPA funding approved in 2002

**Current Status:** There were no applicants interested in participating in the program since funding was approved in 2002. Funding was recently reappropriated to a new, low interest second mortgage program administered by the Island Affordable Housing Fund (see description below).

**Summary Description:** The Program offered mortgage interest subsidies that would cover one-third of a qualifying purchaser's monthly mortgage interest payment in exchange for a deed restriction on the property that ran in perpetuity. For example, if the monthly mortgage cost was \$2,000, and the interest component was \$1,800, the program would pay the owner \$600 per month. The monthly subsidy amount would decline over time as the interest component of the mortgage payment decreased. The purchasers had to be determined eligible based on the income requirements and close on a mortgage prior to receiving any subsidy.

**Eligibility Criteria:** Purchasers had to have incomes at or below 100% of area median income.

**Application and Selection Process:** There were no applicants.

**Success Factors in Adoption and Implementation:** The program was initially successful in making the case that some CPA assistance would be helpful in promoting more affordable homeownership.

**Issues to Consider/Do Differently:** Clearly the amount of the subsidy was an insufficient incentive for potential purchasers to be willing to enter into permanent deed restrictions. The Town determined that the funding would be better used in the second mortgage program administered by the Island Affordable Housing Fund that had matching funds available (see description below).

## MARTHA'S VINEYARD

***Name of Program:*** Helm Home Loan (formerly the Helm Foundation<sup>9</sup> Second Mortgage Program)

***Type of Program:*** Hybrid (participating homebuyers purchase properties that are identified by the program, however, the applicants enter into the Purchase and Sale Agreement and are given the subsidy directly at the closing)

***Contact:*** Patrick Manning, Executive Director of the Island Affordable Housing Fund, 508-696-0943 ext. 2, [pat@islandaffordable.org](mailto:pat@islandaffordable.org) and Terri Keech, Administrator and CFO, Dukes County Regional Housing Authority, 508-693-4419, [t.keech@verizon.net](mailto:t.keech@verizon.net)

***Funding Commitments:*** Has raised \$265,000 for the program from a combination of CPA funding from five communities on Martha's Vineyard and private fundraising.

***Current Status:*** As of November 2007, the program had assisted nine (9) families in accessing affordable homeownership and between 2006 and 2007 had made more than \$114,000 available through the Program.

***Summary Description:*** The program is administered through the Island Affordable Housing Fund that raises the funding and provides second mortgage loans to homeowners who are ground leasing land from the Island Housing Trust (see program description below on the Land Lease Program). The purpose of the loan is to bridge the gap between what the homeowner has in savings and the amount that he/she qualifies to borrow. The loan is not to exceed \$25,000 with a term of 30 years and at a fixed interest rate of 1%. The amount borrowed is determined by the lender in conjunction with the Housing Authority and then reviewed and approved by the Island Affordable Housing Fund. Participants are required to have a down payment of 5% and at least 3% must come from their own funds. The remaining 2% can come from a gift, grant, or a private loan not related to the program.

The IAHF asks all Island towns to participate in the Program through allocating CPA funds, which the Fund matches dollar for dollar. Consequently, Chilmark's \$65,000 has been committed to the program with the expectation that it will leverage another \$65,000 in subsidy funds from the IAHF. Funding from a particular town is not restricted to units located there, however, but directed to projects as they are developed with the clear expectation that all towns will ultimately benefit.

***Eligibility Criteria:*** The program serves households with incomes of up to 100% of area median income who are purchasing homes under the Land Lease Program (see description below). Asset limits are the same as those under the state's Local Initiative

---

<sup>9</sup> The Helm Foundation was the original benefactors for the Program, but recently closed down operations.

Program (LIP). The program is need based, and is dependant on the median income limits that the identified dwelling unit is serving – 80% or 100% of area median income.

***Application and Selection Process:*** The Dukes County Regional Housing Authority (DCRHA) manages the application and selection process for the program, including the lottery, to create a Ready Buyers List. They require a pre-approval letter from a lender that includes the review of credit. Moreover, the program requires applicants to attend a homebuyer workshop provided by DCRHA prior to submitting an application, and the course pays particular attention to describing the terms and conditions of the ground lease to make sure that applicants clearly understand this arrangement.

***Property Inspection:*** The program is piggy-backed onto the Land Lease Program, described below, that involves the development of new units, rehabilitation of existing units or mixed-use development, all managed by the Island Housing Fund who supervises development and owns the land through a ground lease. No separate housing inspections are therefore necessary.

***Success Factors in Adoption and Implementation:*** The program operates regionally offering some economies of scale in program administration so that each town does not have to establish separate bureaucracies to manage operations. The program also relies on the coordinated efforts of three separate agencies or organizations, all of which play a key role in the program including the Island Affordable Housing Fund, Island Housing Trust, and Dukes County Regional Housing Authority. It appears that each of these organizations understands its specific responsibilities and there has been good cooperation. All of these organizations also have to interface with the participating communities, and most of these towns are contributing to Helm Home Loan.

Another important factor is the ability of the Island Affordable Housing Fund to not only obtain commitments of CPA funding from the individual communities, but to also raise significant amounts of private funding for a range of affordable housing initiatives, including Helm Home Loan and the Land Lease Program. Their annual report includes an impressive list of contributors who raise approximately \$1.3 million annually.

## MARTHA'S VINEYARD

**Name of Program:** Land Lease Program

**Type of Program:** Land Trust

**Contact:** Phillippe Jordi, Executive Director of the Island Housing Trust, 508-693-1117, [Phillippe.Jordi@vineyard.net](mailto:Phillippe.Jordi@vineyard.net)

**Funding Commitments:** Funding is available from the Island Affordable Housing Fund to support the Land Lease Program as well as CPA funding from the participating towns on the Vineyard.

**Current Status:** Thus far the program has produced 22 units, having just closed on nine (9) units at Jenney Way in Edgartown. It should be mentioned that at this point Chilmark wants to control their own housing development efforts, not involving the Island Housing Trust, but still agrees to use the Trust's basic program parameters. All of the other towns are working with the Trust.

**Summary Description:** With funding from the Island Affordable Housing Fund (IAHF)<sup>10</sup>, the Island Housing Trust develops and manages land lease projects modeled after community land trusts that create permanently affordable housing by selling homes to qualifying homebuyers and leasing the land beneath the homes for a discounted fee through a long-term renewable ground lease. The ground lease is the legally binding agreement that gives the lessee or homebuyer the right to use the land and runs for a term of 99 years and may be renewed by the homebuyer or their heirs for an additional 99-year term. The homebuyer owns all of the improvements on the land, including all structures and fixtures, but the Trust controls the use and sale of these improvements.

The Trust typically develops clusters of single-family houses or duplexes that include a mix of one, two and three-bedroom units that are sold affordably between \$140,000 and \$330,000 to a mix of income earners. The Island Housing Trust usually is able to acquire property at a discounted price ranging from about \$25,000 to \$35,000 per unit in acquisition costs. The Towns on the Vineyard are also beginning to convey property to the Trust for development. While most of the properties the Trust purchases are developed for homeownership, the Trust is also working with the Dukes County Regional Housing Authority on a rental opportunity such that the Trust would acquire the property

---

<sup>10</sup> The Island Affordable Housing Fund (IAHF) raises funding from individuals, businesses, and foundations to provide loans, grants and technical assistance to organizations working to increase the supply of year-round affordable housing on Martha's Vineyard. The focus of their efforts has been on the use of existing structures and, when not possible, small-scale development opportunities as opposed to larger projects, promoting perpetual affordability through deed restrictions and land trusts. In fiscal year 2006-2007 the organization raised \$1,116,964 in private contributions, \$172,521 through special events and about \$3,000 in investment income. It provided grants of almost \$600,000 and spent about \$130,000 on program expenses.

and develop it and at some point would ideally convey the improvements to the Housing Authority that would manage the units.

Examples of projects include:

- *150 State Road in Tisbury*  
This one-acre parcel was purchased by the Island Housing Trust from an existing estate at a significant discount. The existing property on site was developed into two condos. Additionally, a property from the organization's House Moves Program, which moves homes that are planned to be torn down to other sites for affordable housing, was redeveloped into two affordable condominiums. The Island Housing Trust received \$350,162 in support of this project with another \$150,000 coming from Tisbury's CPA funding and the remainder from the IAHF. The new owners have a long-term, renewable ground lease with the Island Housing Trust.
- *Jenney Way in Edgartown*  
The IAHF provided the Island Housing Trust with \$800,000 for the acquisition of property and development of nine (9) affordable new homes as a "pocket neighborhood" in Edgartown Center. The project was also the first affordable housing development to achieve LEED platinum certification (the highest standard for Leadership in Environmental Design awarded by the U.S. Green Building Council). The project was funded by a generous donation from the Jenney Family Nominee Trust, an additional private donor and \$300,000 from Edgartown's Community Preservation Fund. Once again, key to this development was a ground lease that the individual homebuyers enter into with the Island Housing Trust, which maintains ownership of the land virtually in perpetuity.
- *Bradley Square in Oak Bluffs*  
The Bradley Memorial Church, named for the founder of a small missionary settlement over a hundred years ago, has been the center of African-American heritage and culture on Martha's Vineyard. The church unfortunately closed and has fallen into disrepair. The IHT purchased the church and the land surrounding it to both restore the building and create a multi-use cultural space on the ground floor with affordable residential units above. The site will also accommodate two additional buildings that will be built to develop more affordable housing including some live/work spaces for Island artists. The Island Housing Trust will develop the properties in conformance with high performance, green building standards and under a land lease. The IAHF expects to raise \$1.7 million for this project.

**Eligibility Criteria:** The program provides subsidies to individuals and families earning a range of income levels, from \$30,000 to \$90,000 or between 50% and 140% of area median income, establishing several income tiers in each of the Island Housing Trust's projects to the greatest extent possible. They focus the CPA funding on those earning at or below 100% of area median income, work with Habitat for Humanity on homebuyers earning less than 80% of area median income, and have the flexibility to reach those

earning up to 140% of area median income but still priced out of the Island's staggeringly high housing market. Typically, at least 25% of the units are directed to those earning at or below 80% of area median. For example, the 150 State Road project in Tisbury created four units, one of which was targeted to a household earning at or below 80% of area median income, another at 100% of area median income, another at 120% area median and the remaining one up to 140% of area median income. In regards to assets, DCRHA relies on state LIP requirements. Community preference per project is negotiated with the town in which the project is located and typically correlated to the level of the Town's investment in the project up to 70% of the units.

Homebuyers must live in the property for at least 11 months out of each calendar year, and the unit can only be subleased to income-qualified persons approved by the Trust for an amount that does not exceed the homebuyer's carrying costs. The buyer pays a ground lease fee of \$50 per month, \$600 a year, to the Trust, however this amount does not come close to covering the Trust's administrative costs but does cover its general liability insurance policy. This lease amount is included in the calculations for determining the amount of financing the buyer can borrow. The purchaser is also responsible for all property taxes and any condo fees or special assessments, also incorporated into the mortgage financing calculations. Mortgage financing must come from a lending institution that meets the Trust's and federal lending criteria, such as Fannie Mae.

Homeowners are allowed to make improvements to their homes without having to obtain approval from the Trust, however, resale price limits may result in the investment not being recovered. They are also able to sell or transfer the home but only back to the Trust or to an income-qualified purchaser for no more than the maximum resale price as stipulated in the deed rider. The Trust's resale formula strikes a balance between the goal of allowing a fair return to the seller (maximum of 4% annual appreciation) and the goal of limiting the price to a level that will insure continued affordability. The formula is the same for all deals, no matter what the purchaser's income and purchase price. Prices upon resale will be set at 10% less than the maximum purchase price, for example, directed to those earning at 70% of area median income for a unit that is targeted to households earning at or below 80% of area median.

***Application and Selection Process:*** The Dukes County Regional Housing Authority manages the application and selection process. See Helm Home Loan info above.

***Property Inspection:*** Because the Island Housing Trust is developing all of the units either through new construction or substantial rehabilitation, all units are brought up to all relevant health and building codes, including any necessary deleading of units.

***Success Factors in Adoption and Implementation:*** See Helm Home Loan above. Additionally, community land trusts have been proven models for enforcing use restrictions for new development. For example, if DHCD is not involved in the development of the deed rider, the property can only be restricted through deed restrictions for a period of up to 30 years. That means that properties that are sold to

those earning more than 80% of area median income and without DHCD involvement, cannot be controlled for more than 30 years unless some other kind of legal basis is established such as a land trust.

It should be noted that the Island Housing Trust has used Chapter 40B comprehensive permits for some of its developments and therefore all these requirements must be met. They were the first community land trust to in fact obtain approval from DHCD on the use of their ground lease. They are working with MassHousing to get their approval as well. Most lenders on the Vineyard are now acquainted with the program and interested in participating.

***Issues to Consider/Do Differently:*** The Island Housing Trust is tweaking the program all the time, particularly with respect to legal documents adjusting them to various projects such as to duplexes or mixed-use, for example.

## TOWN OF MARSHFIELD

**Name of Program:** Marshfield Housing Opportunity Purchase Program

**Type of Program:** Mortgage Assistance Program (direct financial assistance to qualifying purchasers who locate their own unit)

**Contact:** Dan Gaulin, Consultant to the Marshfield Housing Partnership, 617-584-5424, [dan@elmwoodhomesllc.com](mailto:dan@elmwoodhomesllc.com) or Jack Mather, Marshfield Housing Coordinator, 781-834-1051, [marshfld.housing.coordinator@gmail.com](mailto:marshfld.housing.coordinator@gmail.com).

**Funding Commitments:** The Town of Marshfield approved \$225,000 in Community Preservation funding to initiate the program anticipating that it could make between three to five awards. A second round of funding of \$260,000 was approved last spring.

**Current Status:** The program received eight applications, two of which were determined ineligible. Of the remaining six, four were chosen as “winners” through the lottery and one closed a two-bedroom condo in August using \$45,000 of program funds. Two of the first four chosen applicants ultimately dropped-out as they discovered that they could purchase without the help of the program and without the need to enter into a deed restriction. The program coordinator indicated that they anticipated that this might happen and that such a result was actually a side benefit of the program. One applicant made an offer that was not accepted and is still looking for another property within the program limits. Another person (one of the waitlisted applicants who moved up when two initial winners dropped-out) found a house and has decided to purchase using gift funds from relatives instead of the program.

**Summary Description:** The Marshfield Housing Opportunity Purchase Program (MHOPP) provides subsidies in the form of a grant based on the number of bedrooms and whether the property is a condominium or a single-family house, similar to the Bourne program, based on the following grant amounts and price limits:

Size/Type of Unit	Maximum Sale Price	Maximum Subsidy	Purchase Price
1 bedroom condo	\$165,000	\$45,000	\$120,000
2 bedroom condo	\$196,000	\$60,000	\$136,000
2 bedroom house	\$229,000	\$60,000	\$169,000
3 bedroom condo	\$235,000	\$75,000	\$160,000
3 bedroom house	\$262,500	\$75,000	\$187,500

Grant winners can use a one-bedroom grant to purchase a two-bedroom house as long as the unit is within the \$165,000 maximum sales price or similarly use a two-bedroom grant to purchase a three-bedroom unit for no more than the two-bedroom maximum price.

The Marshfield Housing Partnership is the program manager, the entity to which the Housing Coordinator who is administering the program reports, and the Marshfield Housing Authority was designated as the lottery agent.<sup>11</sup>

**Eligibility Criteria:** The program is directed to first-time homebuyers<sup>12</sup> earning at or below 80% of area median income and meeting all state requirements under the Local Initiative Program (LIP) so that all units can be counted as part of the Subsidized Housing Inventory. The Town is able to make seven out of every ten grant awards to those with a specified connection to the community based on its definition of community preference.<sup>13</sup>

Program guidelines also state that the subsidy cannot be used to purchase a unit that is already included in the Subsidized Housing Inventory unless deed restrictions are not in perpetuity in which case the grant will be the lesser of 35% of the sale price or the applicable maximum grant included in the table above.

Other criteria include that a non-household member cannot act as a co-signer of the mortgage and at least one member of the household must have completed a Homebuyer Education Workshop within the last two years and prior to the closing. South Shore Housing Development Corporation agreed to conduct a workshop in Marshfield, but the application materials list other available workshops as well.

**Application and Selection Process:** Program materials cleverly emphasize that buying a home under the program is as easy as A-B-C (A – Apply, B – Be selected, and C – Commence the housing search). The application process involves completing and submitting an application that includes a pre-approval letter from a lender. Like other comparable programs, information sessions and guidelines are available to help potential applicants determine whether they are eligible for the program in addition to contact

---

<sup>11</sup> It should be mentioned that the Marshfield Housing Authority had experience in conducting the necessary outreach and lotteries for other local affordable housing developments, initially hiring a consultant (me) to help them build this capacity.

<sup>12</sup> The LIP definition of a first-time homebuyer is:

1. An individual who is an adult, who has owned a home only with a spouse, who is legally separated from the spouse, and who does not currently own the home previously owned with a spouse;
2. A household that owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations;
3. A household that owned a property that was not in compliance with state, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure; or
4. A household in which at least one member is age 55 or older.

<sup>13</sup> Marshfield's community preference criteria include those who have a principal residence in Marshfield, are parents/step-parents, or child/step-child of someone with their principal residence in Marshfield or are employees of the Town of Marshfield or of local Marshfield businesses. To conform to recent changes in state LIP requirement, children or parents of a Marshfield resident will no longer be eligible for a community preference. Also, in compliance with state LIP requirements, local preference is subject to the addition of non-resident minorities when the proportion of minorities in the local preference pool is less than the percentage of minorities in the Boston area per the 2000 census (20.7%). Documentation is required to earn community preference status.

information for the Housing Coordinator. Also like most of the other programs, a lottery was held to establish a Ready Buyers List and winning applicants are further required to submit updated and detailed income and asset documentation for a final determination of eligibility. They must also complete a homebuyer workshop prior to closing.

The program sponsored two information sessions to present information on the application and selection process and answer questions. As is typically the case, representatives from participating banks were also available to discuss mortgage financing options and requirements. The program reached out to lenders and included a list of those that had been briefed on the program and understood what was required with respect to a pre-approval letter and mortgage financing. Applicants were not required to solely rely on lenders from this list however. The program specified that the pre-approval letter be included in the application and that lenders look carefully at an applicant's credit score and current financial situation and be willing to provide financing within the constraints of LIP requirements (see Bourne summary for a list of these). The pre-approval letter must further be from a bank or credit union, not from a mortgage company or an online letter.

Applications were due on February 29, 2008, and the lottery was held on March 27, 2008, allowing sufficient time for the Housing Authority to review applications to determine eligibility for the lottery and to get back to all applicants concerning their status. The lottery included two pools – the community preference or “local” pool and what they called the “everybody” pool, and the draw occurred with the first two drawn through the local pool, the third through the “everybody” pool, the next two through the local pool, the next one through the “everybody” pool, etc. until all those in each pool had a ranking through the lottery which created the Ready Buyers List. Those in the community preference/local pool would also receive a ranking in the “everybody” pool, but it is the top ranking that applies.

As the program anticipated that it only had funding available to make three to five grant awards, it determined that if four awards were going to be made (working from the top of the Ready Buyers List), the remaining applicants, in the order of priority in which they had been drawn, would be alternates. Should any grant winner be unable to find and close on a home within the time required by the program, the next highest-ranking alternate from the same pool would be offered the grant. If the returned grant were for a larger unit than the next highest-ranking alternate qualified for, the grant would be reduced accordingly. If the returned grant were smaller than the next highest-ranking alternate qualified for, the grant would be offered to the next highest-ranking alternate who could choose to accept or pass on the grant. If they passed on the grant, they would still maintain their position in the ranking. If program funds remained available, the program could use them to augment any returned grants up to the amount that the next highest-ranking alternate qualified for. Any alternate who accepted an award would be deemed a grant winner and must follow the prescribed post lottery process. If a grant is returned from a local preference applicant and there are no other local alternates who wanted the grant, the grant would be offered to the next highest alternate in the “everybody” pool. Likewise, if an “everybody” grant was returned and there were no

“everybody” alternates who wanted the grant, the grant would be offered to the next highest alternate in the local pool.

In addition to replacing grant winners who were unable to complete the purchase of a home or dropped-out of the program for another reason, the Housing Partnership would be able to use the list of alternates in the Ready Buyer List if funding could be accessed through the Town’s inclusionary zoning bylaw that permits cash in lieu of actual affordable unit production. In such case, the Town would choose from the next pool in the prescribed sequence. If new funding was made available from a source other than the inclusionary zoning bylaw, the alternate list would not be applicable and a new application and selection process would have to take place but alternates would be welcomed to reapply for the new funding.

All grant winners must submit documentation on income and assets per LIP requirements at the time they are in line for program funding, and grant winners are given 120 days from the date of the lottery to find and close on a home (subject to permitted extensions), or in the case of the alternates, from the date they are taken off the alternate list and deemed a winner. Grant winners must also be represented by an attorney to assist them with the legal work of the closing and to explain the deed restrictions.

***Property Inspection:*** The program requires the following inspections in the following order to help reduce costs to both the owner and Housing Partnership:

- The Marshfield Housing Authority will inspect the property to determine if it meets HUD’s Housing Quality Standards. This inspection is paid by the Housing Partnership as part of the program.
- Water quality testing is required for homes on both the public water supply (testing from an interior faucet to insure that the water meets HUD/FHA requirements for Coliform, E. coli, lead, nitrates and nitrites) and with private wells (same as with public water but also must meet local requirements per Marshfield’s Private Drinking Water Well regulations). The cost of these tests will be paid by the Housing Partnership.
- A Home Inspection Report must be completed by a qualified Massachusetts-licensed inspector (the buyer chooses the inspector) which addresses all of the items normally covered in a standard home inspection report<sup>14</sup> and includes inspection for wood boring insects, air testing for radon, hazardous materials such as asbestos and lead (if the property was constructed prior to 1978), smoke detectors, and moisture damage. The purchaser is required to pay for this report, provided that the Housing Partnership approves the property. If the Housing Partnership does not approve the property, it will reimburse the homebuyer for the cost of the inspection.
- A current Title V inspection if the property is not on Town sewer.
- Any additional testing if the presence of any hazards or hazardous chemicals are detected or if there are water quality problems. Additional testing will be

---

<sup>14</sup> Per 266 CMR 6:00 Standards of Practice.

reimbursed by the Housing Partnership up to 25% of the cost of the required testing or a maximum of \$1,000, the buyer paying any remaining balances.

The Housing Partnership currently expects that any repairs will be either inconsequential or be completed by the seller prior to the closing. As such the Partnership will not pay for or reimburse the homebuyers for any required repairs nor the costs of essential smoke or carbon monoxide detectors. The Housing Partnership anticipated that most of the prospective purchasers would be buying condos that are more affordable and in relatively good shape in Marshfield. Any presence of lead paint was considered to be likely handled through an existing lead paint program, such as the state's Get the Lead Out Program, and wrapped into the price of the home. All inspections are required to be completed within three weeks after the acceptance by the seller of an Offer to Purchase Real Estate.

Those program participants seeking to purchase a condominium must provide a copy of the following documents to be obtained by either the seller or condo association:

- Condominium association's declaration, by-laws and regulations
- Condominium association's reserve fund plan
- Disclosure of any judgments against the condo association or any pending lawsuits or other legal proceedings against the condo association
- Current condominium fee
- Current special assessment, if any
- Balance sheet
- Statement of income and expenses
- Condominium association's annual budget
- Disclosure of any anticipated increases in contributions beyond inflation

The Housing Partnership has the discretion to deny approval of a grant if it determines that the condo association is unstable, has pending or proposed lawsuits against it that might render it financially unstable, or is considering special assessments that might make the condo unaffordable to the purchaser. In such case, the Housing Partnership will reimburse the grant winner for the costs of any inspections.

***Success Factors in Adoption and Implementation:*** The Town had the capacity to develop and implement this program through the following important operational components:

- The Town had a designated municipal entity to oversee the program, the *Housing Partnership*, which had been instrumental in preparing a *Housing Plan* that included this affordable housing strategy.
- The program secured the expertise of the *Marshfield Housing Authority* to coordinate the application and selection processes, the determination of eligibility and the lottery process.

- The Town had the professional expertise of a CPA-funded *Housing Coordinator* and *Housing Consultant* who have substantial experience in affordable housing finance and development.

***Issues to Consider/Do Differently:*** The Town is seeking to amend the program regulations to extend the life of the Ready Buyer List. It was initially good for only one funding cycle; therefore, if any applicants had not been offered an award, they would have had to reapply in the next funding round. Now, if there are more applicants than available funding, rather than reapply in future rounds, they would simply be subject to re-verification.

The Town will amend its application to ask about previous foreclosures or bankruptcy. One applicant was able to obtain a pre-qualification letter in spite of serious credit issues. Not surprisingly, this applicant had difficulty obtaining a mortgage that meets LIP guidelines and has decided to purchase outside of the program with assistance from relatives. Although the Town would allow someone in the lottery even if past credit issues were disclosed, earlier notice of potential credit issues will allow the Town to work more intensively with the applicant and the lender to be sure that financing will be in place when needed.

The Town continues to look at the issue of whether it should consider building in a more robust way to handle homes that might require a modest amount of work. This would expand the number of homes that would be acceptable under program guidelines, but at higher cost to the program both in terms of funding and administrative time.

## CITY OF NEWTON

**Name of Program:** First Time Homebuyer Program (FTHP)

**Type of Program:** Mortgage Assistance Program (direct financial assistance to qualifying purchasers who locate their own unit)

**Contact:** Julia Harnatz McAneny, City of Newton Housing Office, 617-796-1149, [jmcaneny@newtonma.gov](mailto:jmcaneny@newtonma.gov)

**Funding Commitments:** More than \$1.8 million has been committed to the FTHP and NX Program (described below) since these initiatives were introduced in 2001, leveraging almost \$6.5 million in total financing. The program has expended almost \$600,000 in CPA funding to date with more than another million dollars coming from HOME and CDBG funding. The Housing Office is in the process of requesting an additional \$968,800 in CPA funds. Approximately two-thirds of the funding is directed to FTHP and the other third to the NX Program to the greatest extent possible.

**Current Status:** The program has assisted 25 purchasers thus far (they will hold the closing for another homebuyer next month) with average incomes of about \$75,000. Ten of these purchasers have participated in the Newton Connection Program (see below). The average purchase price has been \$274,332. Two of the properties have been single-family homes, one a two-family home, and the remaining units have been condos.

**Summary Description:** The Program was developed to help qualifying applicants purchase their first home. A *deferred loan* of up to \$100,000 is offered as buy-down assistance toward the purchase of an eligible property through a combination of federal HOME funding and local CPA funds as well. The funds are not required to be paid back provided that the homebuyer has complied with the deed restrictions and other program terms and conditions including that the property be used as the owner's principal residence. No payments are required unless the property is refinanced or conveyed.

Funding assistance may also include a *forgivable grant* of up to a maximum of \$15,000 in CDBG funding that can be used toward either the good faith offer made on a Purchase and Sale Agreement or for closing costs. The grant cannot be used to pay points on a mortgage, reduce the interest rate or exceed the actual amount of closing costs although applicants may be reimbursed for closing costs up to the maximum. The grant is secured as a lien against the property and forgiven at 20% per year over five (5) years. If the property is sold or conveyed during the five years, the applicants must repay the grant on a pro rata basis. For example, if the property were sold during the third year following the closing, 60% of the grant would have to be repaid. Applicants must submit a HUD-1 RESPA form if they want to receive closing cost assistance. Upon the buyer's request, this form can be provided by the mortgage lender and includes a good faith estimate of all closing costs.

Program participants can obtain mortgage financing from the lender of their choice but are encouraged to explore special mortgage programs such as MassHousing’s Municipal Mortgage Program and MHP’s Soft Second Loan Program.

The Program also has maximum purchase prices that vary by dwelling type as follows:

<b>Type of Property</b>	<b>Maximum Purchase Price</b>
Single-family	\$555,750
Two-family	\$570,000
Three-family	\$562,875
Condominium	\$384,750

Newton’s Community Development Authority acts as the contracting party and signatory on behalf of the Newton Housing Office with respect to the provision of funding assistance.

**Eligibility Criteria:** Applicants must have combined household gross income at or below 80% of area median income and must demonstrate that they have had no ownership interest in real estate for the prior three (3) years, unless they are a displaced homemaker. Additionally, 1% of the combined household assets is also added to the gross income figure. The property must be located within the City of Newton boundaries.

All applicants must complete a certified homebuyer course, submitting a copy of the Certificate of Completion prior to closing. They must also attend a post purchase counseling class provided by the City of Newton within six (6) months following the closing. Moreover, if the applicants have less than perfect credit, they may also be required to take credit and/or financial management classes as a prerequisite to the receipt of funding assistance.

All of the CPA funding is used for those who meet community preference criteria and can document that they live or work in Newton, have a child enrolled in Newton schools (Kindergarten through 12<sup>th</sup> grade in public or private schools), or have graduated from a Newton high school.

**Application and Selection Process:** Applications are available at the City’s Housing Office as well as online. Applicants are required to be in regular contact with the Housing Office throughout the process, extending through the search for a property and the closing. Funds are available on a first-come, first-served basis to eligible applicants, provided funds remain available. Documents that must be submitted include:

- A completed application (consists of personal and household composition information, as well as extensive income, financial liability and employment information).
- The application must also include a pre-approval letter from a lending institution indicating willingness to provide mortgage financing.

Following approval of the application, the applicants must submit additional documentation including:

- Authorization and permission for their lender to provide financial information to the Newton Housing Office including the mortgage commitment that demonstrates financing must be within the affordability limit based on a 33% front-end ratio meaning that no more than 33% of the applicant's total gross income shall be paid toward principal, interest, taxes and insurance. The lender must also provide the Housing Office with a certified appraisal of the property and any other materials deemed relevant by the Newton Housing Office.
- HUD-1 RESPA form if the applicant wants to receive closing cost assistance that includes a good faith estimate of all closing costs that can be provided by the lender upon the request of the applicant.
- Signed Offer to Purchase Real Estate.
- Notice of Visual Inspection.
- Signed Purchase and Sale Agreement.
- A declaration of affordable housing covenant (deed rider) that is recorded at the Registry of Deeds that ensures that the property remains affordable in perpetuity upon resale indexed to increases in HUD area median income and with some allowance for capital improvements. At closing the applicant will also be asked to sign a Mortgage, Note, Grant Agreement, a Uniform Commercial Code Form 1, a Truth in Lending Disclosure Statement and a Lead Notification document.
- Certificates of Completion of necessary homebuyer courses.

After receiving a copy of the executed Purchase and Sale Agreement, the Newton Housing Office issues a commitment letter that details its funding assistance, conditions for receiving this assistance, and other materials that are necessary to get to closing.

***Property Inspection:*** The Newton Housing Office sends an inspector out to the property to determine compliance with HUD Housing Quality Standards, but also strongly encourages prospective purchasers to hire their own licensed home inspector. This inspection is conducted at no expense to the seller or prospective purchasers.

Prior to occupancy the property must comply with the HUD Housing Quality Standards as required by the federal HOME Program and lead paint regulations. Therefore, all necessary improvements or lead paint remediation must be completed, and homebuyers are required to delead the unit within six (6) months of occupancy, if the inspection indicates that lead paint exists. Homebuyers may be able to access the City's Housing Rehabilitation Fund for financial assistance to make the needed improvements as grant funds and low-interest loans are available to qualifying applicants.

***Success Factors in Adoption and Implementation:*** The City of Newton has a professional housing staff to coordinate the program and a substantial and relatively predictable funding stream. They are not constrained by LIP requirements and can use their CPA funding more flexibly even restricting these funds to those who meet community preference criteria.

**Issues to Consider/Do Differently:** There has been some thought on reducing the 33% front-end ratio to 30% for the purposes of reselling units to those earning at a lower income level – at 70% of area median income. However, there have only been four resales to date, none of which have involved any additional infusions of subsidy funds.

---

**Name of Program:** Newton Connection Homebuyer Program (NX)

**Type of Program:** Mortgage Assistance Program (direct financial assistance to qualifying purchasers who locate their own unit)

**Contact:** Julia Harnatz McAneny, City of Newton Housing Office, 617-796-1149, [jmcaneny@newtonma.gov](mailto:jmcaneny@newtonma.gov)

**Funding Commitments:** See FTHP above – program allocations are combined.

**Current Status:** Thus far ten (10) purchasers have been assisted through the NX Program and another will receive their subsidy next month.

**Summary Description:** The Program operates the same as the First Time Homebuyer Program described above except for the following major components:

- There are no maximum purchase price limits.
- Applicants must have a connection to Newton and can document that they live or work in Newton, have a child enrolled in Newton schools (Kindergarten through 12<sup>th</sup> grade in public or private schools), or have graduated from a Newton high school.

If an applicant owns any property outside of Newton, the equity on that property is added to their income in the determination of eligibility making it very difficult to qualify for program assistance. Newton residents, on the other hand, may own other existing property that is not taken into consideration in determining eligibility.

## TOWN OF SANDWICH

**Name of Program:** Sandwich Home Ownership Program (SHOP)

**Type of Program:** Buy-down Program (units purchased and rehabbed by some entity and then subsidized and sold to qualifying first-time homebuyers)

**Contact:** Nancy Davison, Housing Assistance Corporation (HAC), 508-771-5400, [ndavison@haconcapecod.org](mailto:ndavison@haconcapecod.org)

**Funding Commitments:** The Town of Sandwich secured \$1.25 million as a payment in lieu of four (4) affordable units being built on a residential development project in East Sandwich that was under Cape Cod Commission review. This was accomplished via negotiations with a private developer, the Cape Cod Commission, and Housing Assistance Corporation (HAC).

**Current Status:** Seven (7) existing single-family homes (one two-bedroom and six, three-bedroom units) in the private housing stock were converted to long-term affordability, enabling qualifying first-time homebuyers to purchase their own homes and afford to remain in Sandwich. The houses were scattered throughout the town, indistinguishable from neighboring homes as subsidized. Five (5) of the homes were sold to first-time buyers who lived, worked or had immediate family living in Sandwich prior to purchasing.

HAC completed the project within twelve (12) months, from designation as the project administrator to final occupancy of the units. The houses were sold for approximately \$150,000 and the subsidy per unit was a bit higher at about \$200,000.

**Summary Description:** The Cape Cod Commission selected the Housing Assistance Corporation (HAC), the Cape's regional nonprofit housing organization, to coordinate this effort to invest the \$1.25 million in a buy-down project involving the purchase of existing housing units, completion of necessary improvements, and the use of subsidies to enable first-time homebuyers earning at or below 80% of area median income to purchase the units. HAC was also able to secure some additional funding from the Federal Home Loan Bank and Barnstable HOME Consortium of \$7,500 and \$20,000 per unit, respectively.

**Eligibility Criteria:** As the Town wanted the units to count as part of the Subsidized Housing Inventory, all applicants had to meet Local Initiative Program (LIP) requirements.

**Application and Selection Process:** Eligible buyers were identified from HAC's Ready Buyers List, which had been effectively used to identify potential buyers for the resale of deed restricted homes. All applicants on this list had self-certified their household income and supplied a pre-approval letter from a lending institution. The Ready to Buy applicants were selected a first-come, first-served basis. The list was affirmatively marketed to the community via print media, public information sessions, and by mailings to the affirmative marketing mailing list currently used by HAC to market affordable housing opportunities as they arise.

**Inspection Process:** HAC has its own internal capacity to hire licensed inspectors to determine what repairs would be necessary, estimate the costs of these improvements, and contract out for the work prior to occupancy. HAC looked for properties that required only minor work of not more than about \$5,000.

**Success Factors in Adoption and Implementation:** Negotiations among the Town, Commission staff, and HAC produced a plan for the use of the funds that would create more than the 10% affordable units required by the Commission. This plan was critical in enabling the Commission to be willing to relax its regulatory prohibition against cash in lieu of actual units.

While the developer’s liability was to provide enough funding to support a projected four (4) affordable units, HAC was able to make the program work for seven (7) instead given their ability to purchase homes in the more affordable range of the private housing market, leverage some additional subsidy funds from the Federal Home Loan Bank and Barnstable HOME Consortium, control the costs of repairs, and efficiently oversee the project.

HAC had the capacity to coordinate the purchase of the units as well as the management of the purchaser selection process through its Cape Community Real Estate Program and insure that the units would fulfill all state requirements under the Local Initiative Program (LIP) to allow them to count as affordable and part of the Subsidized Housing Inventory. It also had the internal capacity to make all necessary repairs to ensure that new owners would be free from any major expenses for at least the first five (5) years, managed by HAC’s Development Department.

The project involved a true partnership between the public, private and non-profit sectors with the Town and the Commission negotiating with a private developer on the amount of subsidy for the project and working with HAC on project development and implementation.

This is a prototype that could be used by communities with subsidies from the Community Preservation Fund and/or HOME funding. The following is a proposed breakdown of the budgetary requirements per unit, premised on being able to find a suitable home or condo on the market for \$300,000<sup>15</sup>:

<b>PROPOSED USES</b>	
Acquisition costs	\$300,000
Legal fees	\$2,000
Home inspection	\$500
21E inspection <sup>16</sup>	\$850
2 mos. mortgage/interest payments	\$2,000
Insurance	\$120
Repairs	\$5,000
Utilities/heat	\$1,000
Overhead/administration	\$15,000
<b>Total Uses</b>	<b>\$326,470</b>

<sup>15</sup> More subsidy funds would be required for those communities with higher market values such as Lexington.

<sup>16</sup> Environmental inspection required if HOME funding is used.

**PROPOSED SOURCES<sup>17</sup>**

Selling price	\$150,000
CPA funds	\$176,470
<b>Total Sources</b>	<b>\$326,470</b>

---

<sup>17</sup> For some of the SHOP homes HOME and Federal Home Loan Bank funds were used which equaled \$20,000 and \$7,500 per home respectively.

## TOWN OF SUDBURY

**Name of Program:** Home Preservation Program

**Type of Program:** Hybrid (homebuyers purchase properties identified by the Town, however, the applicants enter into the Purchase and Sale Agreement and are given the subsidy directly at the closing)

**Contact:** Beth Rust, Housing Specialist/Program Administrator, 978-639-3388,  
[rustb@sudbury.ma.us](mailto:rustb@sudbury.ma.us)

**Funding Commitments:** \$500,000 in Community Preservation funding approved at Town Meeting in 2005 for buy-down of market units.

**Current Status:** The Home Preservation Program has provided funding for the purchase of two (2) properties by qualifying households to date, the second closing taking place just recently on August 26, 2008.

**Summary Description:** This program is another hybrid of the more conventional mortgage assistance programs which provide subsidy funds directly to prospective purchasers who find the property in the private housing market, and what are typically referred to as buy-down programs, where some entity, in this case the Town, acting through the Sudbury Housing Trust, locates the property to be purchased. The Home Preservation Program was a specific use of CPA funds to purchase small, single-lot, detached older homes (or “tear downs”), and preserve them for first-time homebuyers. The funding appropriation was directed to not only purchasing existing homes in the private housing market, but also to subsidizing additional units in private comprehensive permit projects to create more affordable units in these developments. In the program, the properties are subject to an affordable housing restriction, and the Town subsidizes the difference between the market price and the affordable price from the previously appropriated Community Preservation Act funds.

The Town has hired a Housing Specialist that coordinates affordable housing issues and administers this program. The Town in fact searches the market for a property within its “price point”, at about \$350,000 in the case of Sudbury, which is at the lowest end of the market in this community. [Currently, there are only twenty homes for sale under \$500,000 in Sudbury.] This market price, plus consideration for some repairs, creates a gap of approximately \$200,000 given the maximum affordable purchase price of about \$175,000 when using state LIP requirements. Thus \$200,000 has been the maximum per unit subsidy for the program.

Once a property has been located and a price negotiated, the Town, now through the Sudbury Housing Trust, enters into an Offer to Purchase and obtains an option on the property with nominal and fully refundable funds from the program allocation. At this point, the top “ready buyer” from the Ready Buyer List, created through a prior lottery held for this purpose, is asked to view the property and if still interested, enters into a

Purchase and Sale Agreement. To date, buyer and CPA funding have also been used to fund the buyer's costs in securing the PSA. Those who view an identified home but are not interested in purchasing it for any reason can still remain on the Ready Buyers List, but go to the bottom of the list and the next applicant on the list is notified and asked to view the home.

***Eligibility Criteria:*** These units are considered Local Action Units under the state's Local Initiative Program (LIP) and thus all LIP eligibility requirements must be met. These are described in more detail in the Bourne and Marshfield summaries.

***Application Process:*** The Town, now through the Sudbury Housing Trust, coordinates the marketing of the program and pre-qualifies applicants to create a Ready Buyers List. Through a lottery these pre-qualified applicants are ranked and the Town begins working with the first ranking applicant, helping them purchase an identified property, and proceeds down the list to encumber available funds.

***Inspection Process:*** The program has engaged licensed local home inspectors to inspect the homes prior to the execution of a Purchase and Sale Agreement to determine repair needs. The program obtains three estimates for any necessary major repair work and pays the selected contractor directly. In one case they also gave the new buyer an allowance to have the more minor improvements done.

In regard to lead paint, the first house had a lead paint inspection revealing small amounts on the old windows. These were all replaced. No inspection was commissioned for the second home, as the buyer had a child in high school. The Sudbury Housing Trust understands that lead remediation may be needed in a future resale.

***Success Factors in Adoption and Implementation:*** The program maintains some flexibility with respect to each purchase, allowing procedures to respond to the diverse needs of buyers and sellers as well as the conditions of the property. This hands-on approach, while more time-consuming, has been responsive to the individual needs of each of the purchasers, allowing them to ultimately purchase their first home.

Additionally, the program is designed to not only take advantage of the more affordable units in the existing private housing market, but also to increase the number of affordable units in private Chapter 40B developments. The Town has negotiated three additional units in three specific comprehensive permit projects, but sluggish market conditions have substantially delayed the construction of these developments.

***Issues to Consider/Do Differently:*** In the future, the Town will compensate the buyer for the increased property taxes on the HUD-1 settlement statement at the closing until the assessment cycle can adjust the value of the home. It is important to work with the Assessor's Office for this transaction as well as the Bank's appraiser as the value of the property changes significantly during the closing. Depending on the timing, the property taxes may be reflecting the market value before the restriction was placed for almost a

full fiscal year. Needless to say, this impacts the affordability of the housing unit for the buyer.

## CITY OF WALTHAM

**Name of Program:** Downpayment Assistance Program

**Type of Program:** Mortgage Assistance Program (direct financial assistance to qualifying purchasers who locate their own units)

**Contact:** Janet Barry, Director, Waltham Housing Division – Planning Department, 781-314-3382, [jbarry@city.waltham.ma.us](mailto:jbarry@city.waltham.ma.us)

**Funding Commitments:** The program is funded with federal HOME funds at approximately \$270,000 annually.

**Current Status:** Since the Program was introduced in 1995, 94 first-time homebuyers have been assisted through the program and 23 have already repaid their loan. There are currently 12 prospective purchasers participating in the program, looking for properties.

**Summary Description:** The City of Waltham provides HOME Program funding to subsidize first-time homebuyer opportunities for those interested in purchasing a home or condo in Waltham, providing up to 17% of the purchase price not to exceed \$62,000, holding a second mortgage on the property. The subsidy is in the form of a no interest, nonamortizing deferred loan, the full amount that is due upon the sale or transfer of the property unless the homeowner fails to meet the conditions of the program including but not limited to the following:

- The unit does not meet HUD Housing Quality Standards
- The property ceases to be the primary residence of all the borrowers for the full term of the loan
- Any applicable limitations on tenant income and rent are not met and an updated and signed Homeowners Performance Agreement is not submitted to the City

The purchase price of the property may not exceed the following limits imposed under the federal HOME Program:

- |                      |           |
|----------------------|-----------|
| • Condominium        | \$300,000 |
| • Single-family home | \$362,790 |
| • Two-family house   | \$461,113 |
| • Three-family house | \$560,231 |
| • Four-family house  | \$646,421 |

**Eligibility Criteria:** All program participants must have income at or below 80% of area median income and meet other criteria including:

- Provide at least a 3% down payment, using their own funds;

- Combined household assets should not exceed \$50,000<sup>18</sup>;
- Borrower(s) must obtain a first mortgage with a fixed rate from a lending institution;
- First-time homebuyer;
- Must complete an approved first-time homebuyer class;
- If assistance is requested for multi-family properties, federal HOME Program requirements apply with respect to rent levels, tenant incomes, and tenant protections;
- In the event that an applicant purchases a multi-unit property, no tenant can be displaced in the purchase process;
- The property must meet HUD Housing Quality Standards; and
- The property must meet state and federal lead paint regulations.

***Application and Selection Process:*** Applicants are required to complete an application, which includes the submission of all income and assets documentation and the certification of completion of an approved homebuyer education class.<sup>19</sup> The application form includes a list of available classes with contact and location information.

Applications are reviewed for initial eligibility in the order they are received by the Waltham Housing Department. Following this review, the Housing Department will notify applicants by mail whether they are ineligible or are determined eligible on a preliminary basis, which is not a financial or legal commitment on the part of the City to issue a loan. Nevertheless, at this point the Housing Department sets-aside funds for this applicant for a period of one year. If such funding is not available, the applicant is placed on a waiting list until new funding becomes available. At this point applicants are encouraged to look for a home or condo. Applicants are instructed to keep the Housing Department informed of their progress, and the City reserves the right to remove an applicant from the list for failure to purchase a home within one year after they received their preliminary determination of eligibility.

It is strongly advised that the applicants contact a local lender for a mortgage pre-approval before entering into a Purchase and Sale Agreement, and they must provide such letter to the City at the Purchase and Sale stage.

After signing the P&S and satisfactory completion of all its requirements, the City issues a Commitment Letter to the applicant. The City of Waltham does not provide rehabilitation funds for perspective properties. However, it does provide lead paint removal funding, and the removal must be done BEFORE the owner moves in.

---

<sup>18</sup> Assets include liquid assets such as cash in checking or savings accounts, stocks, bonds, certificates of deposit, Treasury bills, equity in real estate and other forms of capital investments, excluding equity accounts in homeownership programs or state-assisted public housing escrow accounts. Retirement accounts and pension funds, IRA, 401K, Keogh Accounts are considered assets if the applicants has access to these funds. Personal property such as furniture and automobiles not held as investments are excluded.

<sup>19</sup> Married couples must attend these homebuyer courses together.

The Housing Department requires four weeks, at a minimum, to prepare for the closing that includes completion of the following items:

- Notice of Non-Displacement or notice of Eligibility will be sent to the existing tenants, if applicable;
- Notice will be sent to the seller regarding program participation;
- An environmental review will be conducted to insure that the property is not in a Flood Zone;
- Applicant forwards the appraisal from the lender to the Housing Department; and
- Applicant signs a lead paint notification, a HOME Loan Commitment Letter and a Truth in Lending Statement, the forms provided by the Housing Department.

The City requires at least 30 days notice to close, and the HOME Program loan will be closed at the Housing Department. The borrower and a representative from the Housing Department will then proceed to the closing on the first mortgage.

The Housing Department will contact applicants every six months to insure that it has updated income documentation to reverify eligibility.

***Inspection Process:*** The Waltham Housing Department's rehab program inspector will inspect the identified property at no cost to the applicant to determine if it meets HUD Housing Quality Standards and state and federal lead paint regulations and if not, what specific repairs and costs are involved. The City also pays for the lead paint inspection and any necessary removal with its HOME and/or CDBG funding. The Housing Department typically does not support the purchase of units that require much work.

***Success Factors in Adoption and Implementation:*** The Program is administered by experienced staff who have worked in the housing and community development field for years and have expertise in complying with federal HOME Program requirements. Additionally, because the program uses HOME funding, it is more likely to have access to greater amounts of funding on a more predictable annual basis. The Housing Department also has the capacity to coordinate its own property inspections and cover some costs through its existing lead paint abatement program. It can also provide funding through its rehab program if the owners are eligible and apply at some point after occupancy.

One issue that other HOME consortium members struggle with is whether or not to place deed restrictions on these properties. Waltham does not, and this policy may be one of the reasons it has been such a successful program. The Housing Department feels it is sufficient to recapture the monies invested upon resale. The small number of DPA loans they provide in a year, about eight, do not have any major effect on the Subsidized Housing Inventory, although it is likely to have a greater impact in other communities.

Because it is so difficult financially for low-income buyers to afford these properties, the Housing Department does not support the purchase of housing that requires rehabilitation immediately. It has been fortunate, so to speak, that the real estate market has stagnated a

bit, and that there are some condo developments where the units are substantially below the HOME purchase price limits.

***Issues to Consider/Do Differently:*** The Housing Department may raise the asset limits at some point in the future, perhaps to \$75,000.

### III. CONCLUSION

As mentioned in the introduction, the programs summarized in this report represent a relatively wide variety of approaches for promoting and subsidizing homeownership. In moving forward towards developing a Statement of Objectives, it will be important to consider the following issues:

- Availability of professional support to manage the program;
- Relative roles of the Housing Partnership and LexHAB;
- Importance of having units count as part of the Subsidized Housing Inventory and meet LIP requirements and/or ability to serve those earning up to 100% of area median income;
- Consider programmatic approaches (Are properties available – even adaptive reuse – that can be purchased at reasonable cost? Would prospective buyers be able to locate such properties? Would it be feasible to have LexHAB purchase the properties and manage the resale to eligible homeowners?);
- Potential for piggy-backing subsidies onto private development to increase numbers of affordable units;
- Implement program as a pilot effort to determine effectiveness and fine-tune program parameters as necessary; and
- Opportunities to piggyback administration on another existing program.

In the context of this report and through future deliberations, it will also be useful to prioritize program goals and objectives. Overall program goals did vary by community in large part related to local needs and unique circumstances. For example, the program manager in Cambridge indicated that a major goal was to provide support to enable individuals and families to permanently settle in Cambridge, not just stay for awhile and move to another place to raise their families, and to provide assistance for those who are not eligible for other programs given state or federal restrictions. In Martha's Vineyard there was a defined goal of providing affordable housing for a wide range of incomes to the greatest extent possible, including its workforce. In Bourne there was a keen interest in investing CPA funding to promote scattered-site homeownership opportunities. In Newton there was a clear recognition of the importance of maintaining social and economic diversity by providing permanent homes for those priced out of the housing market. Local conditions and priorities will drive program development efforts in Lexington, leading into the next phase of program planning.

**ATTACHMENT 1**

**Summary of Programs**

**Lexington Housing Partnership Survey of Affordable Homeowner Assistance Programs**

<b>Community</b>	<b>Type</b>	<b>Funding</b>	<b>Status</b>	<b>LIP</b>	<b>Deed Rider</b>	<b>Max. Subsidy</b>	<b>Target Market</b>
<b>Acton</b>	Hybrid*	\$300,000 CPA plus other funding	8	Yes	Yes	\$150,000 (average is much less)	At or below 80% AMI
<b>Bedford</b>	Buy-down	\$161,200 CPA	1 in 2002	No for 1st	Yes	Not set	At or below 80% AMI
<b>Bourne</b>	Hybrid*	\$298,000 CPA	Recently implemented: no units to date	Yes	Yes	\$20,000/bedroom	At or below 80% AMI
<b>Brookline</b>	Mortgage Assistance Program (MAP)	\$400K to \$700K in HOME and CDBG	61	No	For condos in 6+- unit condo associations	\$100K to \$175K depending on type of unit	At or below 80% AMI
<b>Cambridge</b>	MAP	\$4.6 million in own funds	41	No	Yes	\$130,000	At or below 100% AMI
<b>Chatham</b>	MAP	\$255,000 CPA	1 to date	Yes*	Yes	\$60,000	At or below 80% AMI
<b>Chatham Balfour Lane project</b>	Buy-down, Lower Cape Cod CDC	\$285,000 CPA	4	Yes*	Yes	NA	At or below 80% AMI
<b>Chilmark Aff. Housing Mortgage Interest Asst. Program</b>	MAP	\$60,000 CPA Funding reallocated to Helm Home Loan	0	No	Yes	1/3 of monthly mortgage interest payments	At or below 100% AMI
<b>Chilmark/Martha's Vineyard Helm Home Loan</b>	Hybrid*	\$265,000 CPA and IAHF	9	No	Yes	Up to \$25,000 piggy-back to Land Lease Program	At or below 140% AMI
<b>Martha's Vineyard Land Lease Program</b>	Land lease	Funding from AIHF and CPA	22	No but some 40B's	Yes	Varies by project	At or below 140% AMI
<b>Marshfield</b>	MAP	\$485,000 CPA	Working with 2 purchasers	Yes	Yes	\$45,000-\$75,000 depending on # bedrooms	At or below 80% AMI
<b>Newton</b>	MAP	\$1.8 million CPA, HOME and CDBG	26	No	Yes	\$115,000	At or below 80% AMI
<b>Sandwich</b>	Buy-down Housing Assst. Corp.	\$1,442,500 in subsidies	7	Yes	Yes	NA	At or below 80% AMI
<b>Sudbury</b>	Hybrid*	\$500,000 CPA	2	Yes	Yes	\$200,000	At or below 80% AMI
<b>Waltham</b>	MAP	\$270,000/year HOME funds	94	No	No	\$62,000	At or below 80% AMI

\*Hybrid represents a mix of techniques, such as the town setting up properties for purchase with the qualified homeowners given a subsidy at closing.

**Attachment 2**

**Similarities and Differences with Lexington**

**Similarities and Differences with Lexington**

<b>Community</b>	<b>Similarities</b>	<b>Differences</b>	<b>Findings</b>
<b>Acton</b>	<p>AChC operates like LexHAB, allocated CPA funds Provide \$10K Down Payment Assistance</p>	<p>Condos not stand alone homes Uses Housing Authority to manage rentals</p>	<p>New construction preferred Homeownership tax advantages not widely known</p>
<b>Bourne</b>	<p>Works with pre-approved Ready Buyers List Establishes Approved Properties List Inspects properties, follows DHCD guidelines</p>	<p>Housing Specialist Can use Dept. of Agriculture Mortgages \$20,000 per bedroom subsidy limit</p>	<p>Only Condos so far Considering increasing subsidy limits</p>
<b>Brookline</b>	<p>Loan assistance to qualified buyers Buyers locate own unit Authorized 4 loans per year \$460,000 property limit, 80%AMI</p>	<p>Housing Development Manager and Housing Project Planner HOME and CDBG funds no CPA</p>	
<b>Cambridge</b>	<p>Loan assistance to qualified buyers, CPA funds First-Time Homebuyers locate own unit \$130,000 grant ceiling, deed restriction, 100%AMI Equity sharing and allowance for capital improvements</p>	<p>Large population of Condos Homebuyer Coordinator Buyers responsible for inspections</p>	<p>Loan limits recently increased City able to formulate own requirements 40 of 41 participants chose condos</p>
<b>Chatham</b>	<p>Inspects properties, follows DHCD guidelines Seller pays required fixups inc. lead paint rem.</p>	<p>Chatham Housing Authority (\$15K CPA funds) \$60K Subsidy, max market price \$240K</p>	<p>Rigorous affirmative mktg and buyer pre-qual implemented now</p>
<b>Chatham Balfour Lane project</b>	<p>Chatham preference (non SHI now, maybe later) 4 80% condo units (3 mkt units) CPA and Private Funds</p>	<p>Lower Cape Cod CDC managed redevelopment Moving to fair marketing and 70% Chatham for future owners</p>	
<b>Chilmark Aff. Housing Mortgage Interest Asst. Program</b>	<p>Mortgage interest subsidies, deed restriction</p>	<p>Now using Island Afford. Housing Fund</p>	<p>Incentive insufficient with deed restriction</p>
<b>Chilmark/Martha's Vineyard Helm Home Loan</b>	<p>Subsidy thru IAHF (30 yr 1 %int. loan) Ground leasing (80%-100%AMI) and 2nd Mortgage CPA and private funds</p>	<p>Regional IAHF Management and matching funds Island Housing Trust and Dukes County Regional Housing Authority Helm Home Loan involved</p>	<p>Success based on \$1.3M raised annually</p>
<b>Martha' Vineyard Land Lease Program</b>	<p>Homeowner owns improvements Land Trust controls use and sale 50%-140% AMI, \$140K-\$330K sale prices CPA funds from participating communities</p>	<p>Island Housing Trust develops properties Trust acquires property @ \$25-\$35K per unit Housing Authority would manage rentals</p>	<p>Program tweaked as lessons learned</p>
<b>Marshfield</b>	<p>CPA funding, Housing Partnership administers program Uses Mansfield Housing Authority for applic./selection Bedroom based grants for house or condo Grant doesn't apply to SHI units Follows DHCD LIP procedures, comprehensive inspection rules</p>	<p>Marshfield Housing Coordinator and fHousing Consultant Plan to extend life of Ready Buyer list Inclusionary Zoning ByLaw contributes funds</p>	<p>Tightening credit rules Considering including homes that require a modest amount of work</p>
<b>Newton</b>	<p>HOME, CDBG and CPA funds CPA funds used with Newton preference (80%AMI)</p>	<p>Newton Community Development Authority Well staffed Newton Housing Office</p>	

**Community**

**Similarities**

Deferred loan up to \$100,000, Purchase Limits to \$570K  
Forgiven at 20% per year over 5 yrs.  
Deed rider with some allowance for improvements  
Not constrained by LIP requirements  
Forgivable closing cost grant (up to \$15K)

**Differences**

Newton housing office inspects properties  
Newton Connection (NX) Program has no purchase price limit

**Findings**

Considering modifying resale conditions

**Sandwich**

Units purchased and rehabbed  
CPA subsidy per unit \$200K  
HOME and Fedl Home Loan Bank Funds used  
1st Time Homebuyers 80%AMI, LIP process

Cape Cod Commission  
Housing Assistance Corp.  
Used \$1.25M in lieu of affordable housing

Developer produced 3 added affordable units

**Sudbury**

Town locates property and pre-qualifies unit  
CPA funds to \$200K per unit, LIP 80%AMI  
Property purchase point around \$350K  
Town inspects and pays for mods

Sudbury Housing Trust used to make purchase offer  
Housing Specialist

Added 40B development units are considered  
Need to work with Assessor re. Property taxes

**Waltham**

Loan 17% of Purchase Price up to \$62K  
No interest deferred loan to 1st time homebuyers  
80%AMI, HOME funds \$270K per year.

Waltham Housing Division  
Experienced housing specialists on staff

Considering deed restrictions in the future  
May raise asset limits to \$75K in future

**Community**

**Similarities**

Deferred loan up to \$100,000, Purchase Limits to \$570K  
Forgiven at 20% per year over 5 yrs.  
Deed rider with some allowance for improvements  
Not constrained by LIP requirements  
Forgivable closing cost grant (up to \$15K)

**Differences**

Newton housing office inspects properties  
Newton Connection (NX) Program has no purchase price limit

**Findings**

Considering modifying resale conditions

**Sandwich**

Units purchased and rehabbed  
CPA subsidy per unit \$200K  
HOME and Fedl Home Loan Bank Funds used  
1st Time Homebuyers 80%AMI, LIP process

Cape Cod Commission  
Housing Assistance Corp.  
Used \$1.25M in lieu of affordable housing

Developer produced 3 added affordable units

**Sudbury**

Town locates property and pre-qualifies unit  
CPA funds to \$200K per unit, LIP 80%AMI  
Property purchase point around \$350K  
Town inspects and pays for mods

Sudbury Housing Trust used to make purchase offer  
Housing Specialist

Added 40B development units are considered  
Need to work with Assessor re. Property taxes

**Waltham**

Loan 17% of Purchase Price up to \$62K  
No interest deferred loan to 1st time homebuyers  
80%AMI, HOME funds \$270K per year.

Waltham Housing Division  
Experienced housing specialists on staff

Considering deed restrictions in the future  
May raise asset limits to \$75K in future