

# Manchester-by-the-Sea

## Affordable Housing Trust Questions

March 2016

### What is the town trying to achieve?

Manchester is trying to increase its diversity of housing options to meet the needs of low and moderate income households.

### Affordable for residents? Others? Mix?

The goal for affordable housing is to allow households of varying incomes to live in Manchester.

Affordability and eligibility for a housing unit is determined by Area Median Income (AMI) levels as calculated by the Department of Housing and Urban Development (HUD). Manchester-by-the-Sea is part of Greater Boston Metropolitan Statistical Area for HUD calculations. For a family of four, the AMI applied to Manchester-by-the-Sea is \$98,500; for a two-person household, the AMI is about \$78,880; for a single person, it is about \$69,000.

For most affordability programs, a household's income must be at or below 80% of AMI to be eligible. In the Greater Boston area, a four-person household at 80% would be earning \$69,700; a two-person household, \$55,800; and a single person \$48,800. For a good explanation on how the AMI and its percentages are calculated, please see this fact sheet from the National Multifamily Housing Council: [http://nmhc.org/uploadedFiles/Articles/Analysis\\_and\\_Guidance/NMH-NAA-Briefing-How-Subsidized-Rents-Set.pdf](http://nmhc.org/uploadedFiles/Articles/Analysis_and_Guidance/NMH-NAA-Briefing-How-Subsidized-Rents-Set.pdf) or page 10 of Manchester's 2015 Housing Production Plan.

According to the Housing Production Plan, the median sales price of a single family home in Manchester was \$780,000 in July 2015, and a household income of at least \$144,000 would be required to afford a home at the median sales price. Thus, most of Manchester's housing is out of reach for low, moderate, and even median income households. The Housing Production Plan is available on the Town's website: [http://www.manchester.ma.us/Pages/ManchesterMA\\_BComm/ApprovedMHPP.pdf](http://www.manchester.ma.us/Pages/ManchesterMA_BComm/ApprovedMHPP.pdf)

In no event may a local preference exceed 70% of the affordable units in a Project. If a community wishes to implement a local selection preference, it must demonstrate in the Affirmative Fair Housing Marketing Plan (AFHMP) the need for the local preference. Click here to access the Department of Housing and Community Development's (DHCD) AFHMP guidelines: <http://www.mass.gov/hed/docs/dhcd/hd/fair/afhmp.pdf>

Allowable Preference Categories include:

**Current residents:** A household in which one or more members is living in the city or town at the time of application. Documentation of residency should be provided, such as rent receipts, utility bills, street listing or voter registration listing.

**Municipal Employees:** Employees of the municipality, such as teachers, janitors, firefighters, police officers, librarians, or town hall employees

**Employees of Local Businesses:** Employees of businesses located in the municipality.

**Local Students:** Households with children attending the locality's schools.

Note: Family members of a current resident that are not living in Manchester are non-residents, even if they previously lived in Manchester.

## What are the goals – number of units? Metrics?

### Number of units

Manchester's goal is to incrementally increase the number of affordable housing opportunities in a manner complimentary to the Town's traditional development patterns.

To reach the state's minimum threshold of 10% of all housing being affordable, Manchester would need to create 115 additional affordable housing units, based on the 2010 Census figures of 2,275 year round housing units.

Note: All rental units within a rental housing project with at least 25% affordable units, priced for individuals earning 80% of AMI or less, count toward the town's goal. For example, a 32 unit rental project, with just 8 affordable units, would count as 32 units on the town's Subsidized Housing Inventory (SHI). In a homeownership development, only the designated affordable units would count on the SHI.

### Metrics

An increase in affordable housing (listed on SHI) by 0.5% of year round housing stock (11 units in a single year, or 22 within a two year period) would bring the Town into 40B compliance (allowing the Town to deny 40B applications deemed inappropriate). Production goals and implementation strategies are detailed in the Housing Production Plan.

### People who benefit?

Everyone benefits from a diverse and inclusive community that has housing stock available to multiple income levels, ages, and life stages. But specifically, Manchester's Housing Production Plan notes that young families seeking starter homes, low and moderate-income workers, particularly those in service or community jobs, and aging seniors wishing to downsize are priced out of Manchester's current housing inventory.

The generally accepted rule for the affordability of housing is a resident paying no more than 30% of their income on housing costs (either rent or mortgage and associated utilities, taxes, and fees); those who pay more than this are considered "cost-burdened," and those paying half or more of their income are considered "severely cost-burdened." Manchester's Housing Production Plan identifies that one-

third of Manchester residents are housing cost-burdened. So current residents could also benefit from a more diverse approach to housing.

### **What are the estimated costs?**

#### **Direct costs: employee costs, planning, 3<sup>rd</sup> party services, etc.**

The direct costs of creating a Municipal Affordable Housing Trust vary by community and resources available. Generally they are minimal, but depending on the size of the town, there may be a need for a consultant to help guide the creation of the Trust, or for additional staff time to help the Trust develop its priorities and function.

#### **Indirect costs: potential burden on services and school**

Same as any other new housing development. The incremental housing unit increase listed as the goal in the above question on metrics as well as in the Housing Production Plan will not have any substantial impact. School enrollment data shows a decrease since 2012 in elementary school enrollment, indicating new families will not have any substantial impact. (Dept of Ed. Enrollment data by year for Manchester Essex Regional:

<http://profiles.doe.mass.edu/profiles/student.aspx?orgcode=06980000&orgtypecode=5&fycode=2016>)

#### **Partnering costs and obligations**

None, unless the town decides to partner with another entity.

#### **Debt cost and obligations**

None unless the town decides to float bonds for a project. Many communities use only the resources which they have and do not bond against future proceeds, others choose to have a bigger impact and do bond against future funds.

#### **Impact on tax revenue**

The impact on tax revenue from activities of the Housing Trust are related to housing production in general; it can be neutral, positive or negative, depends on a host of local conditions. Relevant research on this topic can be found at [www.massgrowth.net](http://www.massgrowth.net)

### **Time Frame?**

#### **What is done now, next year, future years?**

Massachusetts Housing Partnership is available to assist new Trusts in getting organized and operational, frequently attending Housing Trust's first meetings for this purpose. Among the first steps for a Housing Trust are setting priority and longer range goals through a transparent and inclusive public process and forecasting a budget based on those goals. Manchester's Housing Production Plan which includes goals is an excellent place to start. Visiting and learning about what other towns are doing can also be instructive and inspiring.

Next steps depend on the Trust's goals, and might include working with Planning and Zoning Boards to seek ways to diminish impediments to the development of Community Housing, identifying and assessing town properties that might be suitable for Community Housing, and/or creating an RFP to identify potential developers. The Trust should reassess its goals annually, each time involving the public in this process.

### **Tie in to Master Plan? Timing?**

The Trust could be a key player in helping meet local housing goals as identified in both the 2015 Housing Production Plan and the Master Plan in progress, and could be named as such in the Master Plan.

### **What do Citizens of Manchester really want?**

A good, open community process can help the Town and the Trust identify housing concerns and priorities.

### **What hard evidence and data do we have?**

Manchester's 2015 Housing Production Plan is full of excellent data on both demographics and housing conditions, as well as strategies to address housing needs and ways to implement them. It is a great resource to refer to, especially since the data is so recent. It identifies multifamily rental housing available to both young families and seniors as a top priority based on data.

The Metropolitan Area Planning Council's Housing MA Data Portal is another great resource for town-specific data. Simply go to [www.housing.ma](http://www.housing.ma), type in "Manchester" and you can browse relevant data about population trends and projects, housing needs and housing affordability.

## **Governance and Structure**

### **Trust Board**

According to the state statute that enables Municipal Affordable Housing Trusts, the board should have a minimum of five members. Most trusts have somewhere between five and nine members. One member should be the chief executive officer of the community (in Manchester's case, a member of the Board of Selectmen). The remaining members, appointed by the chief executive officer, could be community members with expertise in real estate, finance, banking, real estate law, or affordable housing development, or they could be representatives of other town committees or organizations such as the Community Preservation Committee, Housing Authority, Planning Board, etc. MHP's Guidebook on Trusts mentioned earlier lays out in details the membership, governance, and terms of the Trust Board.

## **Voter Influence and Time Frame**

Manchester-by-the-Sea has a town meeting form of government, so acceptance and establishment of a Municipal Affordable Housing Trust depends on how quickly a bylaw can be drafted and when it can go before Town Meeting.