

HOUSING

Data collected from the EO418 plan (2004) and the Housing Production plan (2006)

FACTS

SPIKE IN REAL ESTATE MARKET INCREASES HOUSING PRICES AND DEMAND

In the last few years, the residential real estate market in Easthampton has experienced a significant spike in activity. Increasing demand for housing has fueled rising sales prices and assessed values. The median sales price for single family homes was \$218,950 in 2005. Average assessed values have gone up 7% since the last assessment. While good news for homeowners, these increases have made it harder for first-time buyers and for those with limited incomes to purchase homes. This increase in demand is attributed to a number of factors including record low interest rates, a relatively affordable supply of homes (relative to Northampton for example), and the renewed energy stemming in part from the growth in commercial and artistic enterprises in the community.

SIGNIFICANT NEED FOR AFFORDABLE HOUSING OWNERSHIP AND RENTAL

While housing remains affordable for those in the middle-income range and up, households earning less do have problems affording housing. Rental and ownership opportunities for low-income households are limited in Easthampton. Currently just 6.6% of housing units are considered affordable under state guidelines (Chapter 40B). The state's goal is to ensure that 10% of a municipality's housing units are affordable under the Chapter 40B standards. A number of projects containing affordable units are currently working their way through the various permitting processes in the city.

1. HOUSING SUPPLY AND INVENTORY

NEW HOUSING PRODUCTION SUPPLEMENTS OLDER STOCK (2000)

Easthampton had 7,083 housing units in year 2000, representing an increase of 10.3% over the 6,421

housing units present in 1989. (Source: 2000 U.S. Census). Nearly 700 units have been constructed since the census (another 10%). This reflects a significant growth in housing production as compared to the Commonwealth as a whole (6.0% increase) and the Pioneer Valley region (4.9% increase) over the same time period. Even with the relatively high percentage increase in the number of homes in Easthampton over the last decade, the age of the housing stock is generally older than the regional average. Almost 34% of the homes in Easthampton are more than sixty years old (Source: 2000 U.S. Census). The largest difference between Easthampton and the rest of the region is the bump in housing construction from 1995 to 1998.

HIGH HOUSING OCCUPANCY RATE (2000, US CENSUS)

Easthampton has a high housing occupancy rate, with 96.8% of all housing units occupied and only 3.2% vacant (Source: 2000 U.S. Census). Many of the vacant units were for rent (36.7%). Other significant numbers of vacant units were for sale (15.3%) or were seasonal and recreational units (10.9%). Easthampton's housing is mostly owner occupied (60.7%), with 39.3% renter occupied. This is just slightly lower than the regional rate of 62.6% as owner-occupied units.

76% OF PARCELS DEVELOPED AS SINGLE FAMILY HOMES (2001, MA DEPT REV)

Considered by land parcels, 76% of Easthampton's land parcels are developed for single family residential uses, while 18% were used for multi-family residential, condominiums or apartments (Source: Mass. Department of Revenue). Although single-family homes predominate, the land use data reveals a broad range of housing types in Easthampton. As of 2001, commercial and industrial parcels account for only 6% of total parcels (though 9% of the assessed land value, 2006).

MAJORITY OF HOUSING IS SINGLE FAMILY HOMES (2000, US CENSUS)

Most (56%) of Easthampton's housing units are single family detached houses, followed by duplex units at 13% and then by 3- to 4-unit buildings at 10%. This distribution closely resembles the distribution for the Pioneer Valley in general. Because of the range of housing types in the city, most households should be in a better position to secure housing that fits their needs compared to communities that rely on a single housing type. The size of typical homes varies, with the predominant sizes being 4 rooms (18.7%), 5 rooms (25.6%) or 6 rooms (18.6%). Almost all housing units (95.2%) in Easthampton have one occupant or less per room, indicating that overcrowding does not appear to be an issue.

In 2000, there were 6,859 households in Easthampton; 2,432 households are low income and 1,417 are moderate income households. Twenty-three percent of all households are elderly; of that the majority, 66.5% own their own homes.

COUNSELING AVAILABLE FOR FIRST TIME HOMEBUYERS

The City subcontracts Community Development Block Grant funds to the Valley Community Development Corporation for a First-Time Homebuyer Program. Valley CDC counsels on credit and debt reduction, affordability options, housing rehabilitation, and foreclosure prevention. Since October 2006 they have counseled 10 households and have given away two down payment and closing cost assistance grants (Nov 2006 and Feb 2007). Historically, when this program is available, the City is able to serve approximately forty moderate income households annually. (Source: Valley Community Development Corporation).

Easthampton participates in the Soft Second loan program which provided 11 loans in 2001, 9 loans in 2002, and 5 in 2003. This program continues to be used in conjunction with First Time Homebuyer

Counseling and Downpayment Assistance. The Soft Second program is sponsored by the Massachusetts Housing Finance Agency (MHFA) and the Massachusetts Housing Partnership Fund (MHP) and administered by HAP, Inc. The program subsidizes a second mortgage on a home to help cover interest on the first mortgage for lower income families. (Source: MHFA and HAP, Inc.)

HOMELESSNESS IS A REGIONAL ISSUE

The Town Lodging House is the homeless shelter in Easthampton and has been in continuous operation since the 1890s. It's the oldest "poor house or poor farm" in the northeast. The Town Lodging House has capacity for 23 individuals. It was rehabbed in 2000, creating some accessible units. Lead abatement was conducted in one wing, allowing families to stay there. Until 2006, the facility is directly operated by the City of Easthampton. The City currently leases the property to the South Middlesex Opportunity Corporation for housing for low and moderate income persons. The site is located at 75 Oliver Road and is surrounded by city-owned farmland.

According to the Donahue Institute's Needs Assessment Report for the Hampshire County Action Commission, homelessness is an issue in the Pioneer Valley Region. Of the 172,916 individuals serviced by the Food Bank of Western Massachusetts, over 16,000 people (9.4% of those served by the Food Bank) identified themselves as homeless. If we consider Western Massachusetts to include Berkshire, Franklin, Hampshire, and Hampden Counties, the total population of the region according to the 2000 Census was 814,967 individuals. The homelessness rate according to the statistics from the Food Bank of Western Massachusetts is therefore approximately 2% in Western Massachusetts. However, homelessness may be more pronounced in more urban areas such as Springfield and Holyoke – a plausible possibility that is not reflected in the rate of homelessness based on the Food Bank statistics. The Food Bank statistics are not encompassing of all homeless persons in western Massachusetts, meaning homelessness may be a real concern in the area.

In another measurement of homelessness as part of the 2000 Census, researchers visited all known emergency and transitional shelters in counties with at least 100 shelter beds on the same day (March 27, 2000) to gauge the relative problems of homelessness by state and county. The shelter population for Massachusetts was 5,405 individuals, including the 163 individuals sheltered in Hampshire County (102 of whom were located in Northampton). Not

included in the shelter population were individuals in shelters for victims of domestic violence, nor were waiting lists for shelter beds taken into account in the survey. As the Donahue Report points out, more comprehensive services for homeless people may be available in more urban areas such as Springfield and Boston, therefore attracting homeless individuals to those areas from more rural settings such as many found in western Massachusetts.

2. HOUSING DEMAND

As of January 2007, Easthampton had 188 state and no federal public housing units. Of the 188 state units, 151 units are for elderly and 37 are family units. These units are maintained by the Easthampton Housing Authority and will remain affordable in perpetuity. The family units have a waiting list of 2 to 5 years long; the elderly units have a waiting list of 1 to 3 years.

All of the Housing Authority's units have a local-- and a veteran preference. With both of these preferences, there is a 1 year wait for the senior and disabled units. With only a local preference, the wait climbs to 2 to 3 years and 3 + years with no preferences. Six of these units are reserved for handicapped individuals and there is no waitlist for these. The family units also have very long waitlists: 2, 3 or 4 bedroom units have a waitlist of 2 to 5 years. Regarding maintenance of these units, the special needs housing has been recently rehabbed with Community Development Block Grant (CDBG) funding. There is a laundry list of other needed upgrades, from windows to roofs, but there is no funding currently available. (Source: Easthampton Housing Authority, 2007)

There are two federally subsidized housing complexes in town; College Highway Apartments and John Sullivan Housing each provide 1 bedroom and efficiency apartments. In the past, the community also has units receiving rental assistance through the Section 8 federal rental assistance program and through the Massachusetts Rental Voucher Program (Source: MA Department of Housing and Community Development and HAP, Inc.).

CHAPTER 40B

Chapter 40B is the Comprehensive Permit law, which authorizes a housing agency or developer to obtain a single comprehensive permit for the construction of subsidized low or moderate-income housing if less than 10% of the total year-round housing in the community is subsidized low or moderate-income housing. Chapter 40B counts units subsidized under 21 different state housing

assistance programs, and 13 federal housing programs, toward the 10% goal. Easthampton can put out "Request For Proposals" or RFP's to encourage affordable housing development, this is often referred to as a "Friendly 40B".

In 2006, Easthampton had 466 subsidized housing units meeting the criteria for M.G.L. Chapter 40B, or 6.6% of its total housing stock. One hundred eighty-eight of these units are administered by the Easthampton Housing Authority. The remainder of these affordable units range from single-family owner-occupied homes to two forty-unit senior and disabled apartments.

The affordability restriction expires on 9 units in 2011, 22 units in 2012, 12 units in 2014, 40 units in 2029, 23 units in 2030 and 40 units in 2031. Upon expiration, an owner is no longer required to maintain the affordability requirements and may rent or sell at market rates. It will be important for Easthampton to work with the various property owners to ensure that these units remain affordable so the City is not continuously adding new units to simply replace existing affordable units for no net gain.

Easthampton is below the state's 10% Chapter 40B goal for subsidized housing, which makes the city vulnerable to a Comprehensive Permit application, unless the town undertakes efforts to expand its supply of subsidized housing. The other difficulty hindering Easthampton's drive to reach the 10% goal is the addition of new market rate units. The more total units in the city, the more subsidized units are needed to simply maintain the existing percentage. This "moving target" essentially means that a larger percentage of affordable units must be created to improve on the overall percentage considered affordable. Two recent 40B projects will add new affordable units. The Treehouse project is a unique project combining senior housing with foster housing. The Treehouse project will add 102 total units, of which 69 will be affordable under 40B. The other new 40B project is Mountain View Condominiums on East Street. Ten units out of the 32 total units will be affordable.

AFFORDABLE HOUSING UNITS CREATED

What is particularly notable is the boom in new single family homes sales during 2000 to 2005, overall a 35% increase. In 2006 the number of new single family home sales, 171 units, was the same as 1999 levels, indicating that the housing boom might be deadening. There has been a significant increase in the number of condominiums, from 2000 to 2005 an overall increase of 277%; there were 102

condominiums that sold in 2006. (Source: The Warren Group, 2007).

There are a number of new homes valued at over \$300,000. In FY2001, 92.3% of the 39 new single family homes constructed in Easthampton were within the affordable purchase price range of \$241,960 for the Springfield Metropolitan Statistical Area (Source: PVPC Western Subregional Housing Plan, 2002). This affordable threshold is calculated based on 150% of the area's median income. It is clear that a low or moderate income family would not be able to purchase a price at the high end of this range. The affordable rental price according to DHCD guidelines is \$1,268 per month. All (100%) of the units with known rents were within the affordable threshold.

CURRENT HOUSING COSTS

In year 2000, the median monthly cost for homeowners to own a home in Easthampton was \$1,101, and the median rental cost was \$597 (Source: 2000 U.S. Census). In year 2000, 18.5% of homeowners in Easthampton were paying more than 30% of their total household income for housing costs (Source: 2000 U.S. Census). According to federal guidelines, 30% of household income is used as a reasonable upper limit. In addition, 33% of renters in Easthampton were paying more than 30% of their total household income for housing costs (Source: 2000 U.S. Census). When more than one-third of renters are paying more than 30% of their income for rent, this indicates a need for more affordable rental units.

In the ten years from 1996-2006, the median sale price for a house in Easthampton rose 67.88% from \$134,913.96 to \$226,500 in 2006 dollars (Source: The Warren Group). With this great an increase, homes that are affordable for low and moderate-income households will become harder and harder to find. There is a real possibility of gentrification occurring, displacing long time residents, because of the rapidly appreciating values and sales prices.

The rate of single family home sales in Easthampton grew at a moderate pace between 1996 and 2006, increasing 4.2% over that period from 164 units to 171 units. The most astonishing growth was seen in condo sales which grew 783% from 1996 (12 units) to 2006 (106 units). All sales (condos and single family homes) grew 33 % over the ten year period. The (Source: The Warren Group, 2007).

Most home mortgage applications for home purchases in Easthampton are approved. Only 11.4% of all home financing applications in

Easthampton were denied, and only 5.9% of conventional home purchase loans applications were denied (Source: Federal Financial Institutions Examination Council). Almost all of Easthampton's housing stock meets health and sanitary standards. In 2000, only 1.2% of Easthampton's homes had inadequate facilities for plumbing and kitchens.

HOUSING REHABILITATION

(source: Community Development Block Grant application)

The Easthampton Housing Rehabilitation Program has rehabilitated a total of 52 units since 1997 using both CDF and HOME funding. The current wait list consists of 11 applicants. In addition, calls for assistance are received on a regular basis. In 2000, the Easthampton Community Development Office conducted a windshield survey of the community's housing stock. The results of this survey noted that 25% of the units surveyed needed roof repair, nearly 22% needed siding repair, nearly 21% of the units had deteriorating front stairs and porches, and approximately 17% of the units needed window replacement. In January 2004, Easthampton applied for \$500,000 in funds to extend the rehab program. According to the Building Inspector many rental units do not have adequate second story egresses. The Inspections Department is working with property owners to ensure that their properties are complying with the fire code.

EXTENT OF VACANT AND ABANDONED HOUSING

Easthampton has low housing vacancy rates. In year 2000, Easthampton had 6,854 occupied housing units (85.3%), while only 229 units, including seasonal units, were vacant (3.2%). Not including seasonal rental units, the rental vacancy rate was 3% in year 2000 (Source: 1990-2000 U.S. Census). In general a rental vacancy rate below 5% can indicate limited choices and increasing rents. The homeowner vacancy rate provides more bad news for prospective home buyers.

LENGTH OF VACANCY

In 2001, the average time on the market for homes that were sold was 50 days and 85 days for homes that were on the market, but not sold during the year. On average, 98.83% of the list price was received by the sellers in Easthampton, compared to the 97.01% received by all sellers in Franklin and Hampshire Counties. (Source: Franklin/ Hampshire County Association of Realtors and MA Department of Revenue)

PERCENTAGE OF UNITS ON MARKETS

For the year 2006, 178 single family homes were sold, plus an additional 111 condominiums, and 92 other residential sales. This is a general indicator of the percentage of units on the market.

For the longest time, Easthampton has averaged 35 to 40 new housing units built per year. In 2002, though, Easthampton experienced a significant increase with 66 building permits. There were 36 permits in 1999; 42 in 2000; and 40 in 2001. With the development of condominiums, particularly for residents over age 55, the number of building permits in the past 2 to 3 years for new housing has nearly doubled.

NUMBERS AND TYPES OF SUBDIVISIONS

Easthampton has seen a number of residential subdivisions, as well as condominium projects, over the past 10 years. Two have been Open Space Residential Developments, which have conserved farmland and open space. More recently, age-restricted projects have come on-line. The following is a list of the Over-55 housing units that have been built since the adoption of the bylaw in 1995.

South Street (7 units)
Kulig Mt. Tom Village East Street (28 units)
Harvest Valley, East Street (64 units)
Lathrop Community, Florence Road (117 units)
The Hamptons, Main Street (44 units)
Brickyard Hollow, Clark Street (29 units proposed)

CHALLENGES & OPPORTUNITIES

(From presentation at MPC Dec meeting)

APPROPRIATE BALANCE BETWEEN HOUSING DENSITY AND COMMERCIAL SPACE

FLAG LOTS AND BACKLOTS

HOW MANY RENTAL UNITS ARE IN DUPLEXES OR HAVE BEEN LOST TO CONDOS

PERCENTAGE OF AFFORDABLE UNITS

TOOLS AND CASE STUDIES

REGULATORY

Inclusionary Zoning

The adoption of an Inclusionary Zoning Bylaw for Affordable Housing would promote the construction of affordable housing for low and moderate-income residents. Inclusionary housing bylaws promote the private market development of affordable housing by offering developers residential density bonuses. In return, the developer must set aside a percentage of housing units in the development for low and moderate income residents. In existing inclusionary bylaws, the percentage of affordable units generally ranges from 10 to 25% of the total units being developed. As alternatives, communities may allow developers to construct some of the required affordable units off-site, or allow the developer to make a cash payment to the community equal to the value of the affordable units to be used by the community to develop affordable units. *Examples: Amherst, MA; Wellesley, MA; Newton, MA; Quincy, MA*

Overlay Zoning Districts

Many communities in Massachusetts have created senior housing, assisted living, and artists live/work overlay districts to add diversity to a community's housing stock. A community can gain affordable units within these overlay districts if they include an inclusionary mandate within the regulations.

Mixed-Use Zoning Districts

Allowing housing in existing non-residential zones can encourage a more efficient use of infrastructure, and vitality to an area, and promote better access to employment opportunities and services.

Development on Substandard Lots

Lots having less than the prescribed basic minimum area and/or minimum frontage, width, yard, or depth requirements may be appropriate candidates for development of housing if the resulting use is not substantially different in character or detrimental in its effect to the neighborhood. Some communities may limit the development on these lots to affordable housing. *Examples: Chicopee, MA (drafted but not adopted); Ware, MA*

Zoning for Higher Density Housing

Increasing the variety of housing options and reducing production costs by allowing a higher density of development is one of the most fundamental ways to increase affordability. Higher densities can be achieved by-right or by special permit.

Chapter 40R Smart Growth Districts

Passed in 2004 by the state legislators, Chapter 40R allows cities and towns to adopt smart growth zoning districts that would be superimposed over one or more existing zoning districts in eligible locations within the community. The law seeks to encourage communities to adopt such districts by providing for a variety of financial incentives from the state. Eligible locations are defined in the law as areas that: (1) are near transit stations; (2) have concentrated development, including town and city centers; or (3) are, by virtue of their infrastructure, transportation access, existing underutilized facilities and/or location, highly suitable for residential or mixed use. Financial incentives include (1) zoning incentive payments, ranging from \$10,000 to \$600,000 based on the number of projected housing units; (2) density bonus payments, of \$3,000 per unit, and (3) priority of discretionary funds from certain state offices (EOEA, EOTC, EOAF, and DHCD). The City of Easthampton, as part of a regional application with Holyoke and Westfield, recently received a grant from DHCD to explore the possibility of several Chapter 40R districts in Easthampton. *Examples: Adopted – Plymouth, Norwood, North Reading, Dartmouth. In process – Chelsea, Lunenburg, Kingston, Somerville, Bolton.*

NON-REGULATORY

Community Land Trusts (CLTs)

A CLT is a member controlled nonprofit organized to acquire and hold land, but lease its use to community residents. Sometimes CLTs buy undeveloped land and arrange to have new home built on it; other times they buy land and buildings together. In either case the CLT retains ownership of the land and sells (or rents) the properties thereon to the residents. When the CLT homeowners decide to move on, they can sell their homes but not the land. There are 14 CLTs in Massachusetts, many of them created on a regional basis. *Examples: Community Land Trust of Cape Ann (CLTCA) and Housing Land Trust of Cape Cod (HLTCC).*

Housing Trusts

Housing Trusts are nonprofit corporations, often established by a city or town, to undertake affordable housing projects that reflect the goals of the community. Governed by local residents, the trusts are usually empowered to acquire and/or produce affordable housing. They may also receive gifts of money or property, access technical assistance, and apply for and expend funds in the production of affordable housing. *Examples: Town of Concord; Rural Development Inc. (RDI) in Franklin County.*

Reuse of Vacant, Obsolete, or Surplus Properties

The identification of land and/or buildings with residential reuse potential should be a key element of any local affordable housing strategy. Potentially suitable properties may be acquired through tax taking, brownfields remediation, donation, negotiation, distress sale, back foreclosure, or purchased at full market value. Residential reuse may require zoning changes and/or special permit. *The pending cleanup and redevelopment of 154 Everett Street is a local example.*

Homebuyer Counseling and Education

Homebuyer counseling and education are valuable marketing and outreach tools that can bridge the information gap and expand the pool of potential homebuyers, preparing them for a successful application and ownership experience.

Housing Rehab Program

Upkeep of old housing can be costly for low-income homeowners, especially the elderly who often rely on fixed incomes. Homeowner rehabilitation programs are available to low and moderate income households to assist them with indoor plumbing, repairs, correcting health and safety issues, increasing energy conservation, and preventive home maintenance. Assistance is usually provided as a low-interest loan, through Community Development block Grant and HOME funds directly from HUD. Funding is also available through DHCD.

FINANCIAL

Capital Improvement and Preservation Fund

The Capital Improvement and Preservation Fund is a state bond funded program that seeks to preserve and improve existing privately owned, state or federally assisted affordable rental developments. Eligible properties include risk of losing affordability restrictions due to the potential for the prepayment of its mortgage or housing in which a project-based rental assistance contract has expired. For-profit and non-profit developers and local housing authorities are eligible to apply for CIPF funds. CIPF funds can be used for the acquisition, refinance and/or rehabilitation of existing rental property. Available through DHCD.

Housing Stabilization Fund

The Housing Stabilization Fund (HSF) is a state funded bond program that assists in the production and preservation of affordable housing for low and moderate-income families and individuals. For profit developers, non-profit developers, local housing authorities and municipalities in cooperation with for-profit or non-profit developers are eligible to apply for HSF funds. HSF monies can be used for the acquisition and/or rehabilitation of existing structures for rental use, including distressed or failed properties, or for the new construction of rental projects. Projects seeking HSF funds must have a minimum of 5 HSF-assisted units, maximum of \$750,000. In general, HSF monies are structured as a 50-year deferred payment loan at 0% interest. Available through DHCD.

Housing Innovations Fund (HIF)

HIF provides funding for the creation and preservation of alternative forms of affordable housing. These forms include, but are not limited to, single room occupancy (SRO) units; limited equity cooperative housing; transitional housing for the homeless; battered women's shelters; mutual housing; employer assisted housing; and lease to purchase housing. HIF loans may be used for the reasonable and necessary hard and soft costs to develop an eligible project, including costs of acquisition, construction, architecture/engineering, environmental testing and remediation, insurance, taxes, surveys and permits, development consultants, legal services, financing, relocation, title and recording, inspection services, marketing and rent-up, and developer overhead and fees. Loans are issued with a Land Use Restriction, recorded in the registry of deeds, providing that the land will be used for the purpose of providing alternative forms of rental and ownership housing for up to 99 years. Available through DHCD.

Affordable Housing Trust Fund

The Affordable Housing Trust Fund (AHTF) was created in state FY2001 as a revolving trust fund to foster the production and preservation of affordable housing. MassHousing and the Department of Housing and Community Development (DHCD) jointly administer the funds, which are awarded to support private housing. Private housing activities eligible for AHTF funding include those that create or preserve housing affordable to people with incomes that do not exceed 110% of the area's median income. Developments are underwritten by MassHousing staff, recommended by a selection committee of senior staff of the two agencies, and approved by the director of DHCD.

Priority Development Fund

In response to the critical need for new housing units, MassHousing has created the Priority Development Fund, a source of funding that will help to increase the supply of mixed-income housing (primarily rental) without the use of new taxpayer dollars. Funds for the program, totaling \$100 million, will be provided by MassHousing, the state's quasi-public affordable housing bank, and will be used in conjunction with MassHousing mortgage loans made to real estate developers. The bulk of the funds will likely be awarded as a "gap filler" to help achieve financial viability for housing development proposals that reserve at least 20% of the units for low-income residents. Preference will be given to proposals that adhere to Smart Growth principles. Of the \$100 million in PDF funding, \$3 million has been set aside to provide housing planning assistance for municipalities (see link below for additional information).

The 80/20 Program

This program is tax-exempt and/or taxable financing for the acquisition, rehabilitation and/or new construction of multifamily rental apartments in developments that reserve at least 20% of units for occupancy by households earning less than 50% of the median area income. The remaining units, comprising up to 80% of the total, may be rented at market rental rates. The 80/20 program has been utilized by developers of new, market-driven rental housing as well as by owners of previously all-market rate developments who wish to refinance with MassHousing. Both construction and permanent loans are available under this program for a term of up to 40 years.

Permanent Rental Financing Program

PRFP is available to for-profit and nonprofit borrowers, and provides loan amounts between \$250,000 and \$15 million. It can be used for new production, acquisition, acquisition and rehab, and for refinancing of existing debt. Customarily, Mass Housing Partnership financing is used to pay off and replace a construction loan upon completion and lease-up of an affordable rental project.

Massachusetts Tax-Exempt Credit for Housing (MATCH)

Obtaining tax-exempt financing has long been a challenge for affordable housing developers. Recognizing this, Mass Housing Partnership offers two types of low-rate, tax-exempt bond financing. MATCH makes low-rate, tax-exempt bond financing available for affordable housing developments from \$2.75 million and \$15 million. MATCH offers tax-exempt bond financing to owners of affordable multi-

family rental housing, through the issuance of 501(c)(3) bonds or volume cap bonds. Four percent (4%) Low Income Housing Tax Credits are also available for properties financed with volume cap bonds. Bond proceeds may be used for acquiring expiring use properties, refinancing existing properties, or financing newly constructed properties.

LITE Bond Program

The LITE Bond Program was created in 2005 by Mass Housing Partnership, MassDevelopment and The Life Initiative. The LITE Bond Program makes low-rate, tax-exempt bond financing available for affordable housing developments from \$1 million to \$2.75 million. Bonds are issued by MassDevelopment on behalf of MHP and are purchased directly by The Life Initiative. The direct purchase of bonds by The Life Initiative eliminates the cost and complexity of a public offering, makes the closing process simpler and helps make tax-exempt bond financing for smaller developments possible.

Tax-Exempt Bonds

Provides very low interest rate financing for capital projects. Projects financed must be eligible for tax-exempt financing under the federal tax code, and include the following: 501(c)(3) nonprofit real estate and equipment, municipal and governmental projects, waste recovery and recycling facilities, manufacturing facilities and equipment, affordable residential rental housing. Available through Mass Development.

4% Federal Low Income Housing Credits

Available for projects where 20% of the units are affordable to renters earning up to 50% of area median income, or 40% of units affordable to renters earning up to 60% of area median income. MassDevelopment helps get the financing structure that best suits the project's needs, including variable rate or fixed rate with prepayment options. MassDevelopment charges an issuance fee on the amount financed, and all other closing costs are the responsibility of the borrower.

Low Income Housing Tax Credit Program (LIHTC)

The Low Income Housing Tax Credit (LIHTC or Tax Credit) program was created by the Tax Reform Act of 1986 as an alternate method of funding housing for low- and moderate-income households, and has been in operation since 1987. Tax Credits must be used for new construction, rehabilitation, or acquisition and rehabilitation. Projects must also meet the following requirements:

- 20 percent or more of the residential units in the project are both rent restricted and

occupied by individuals whose income is 50 percent or less of area median gross income or 40 percent or more of the residential units in the project are both rent restricted and occupied by individuals whose income is 60 percent or less of area median gross income.

- Properties receiving tax credits were required to stay eligible for 30 years.

In Massachusetts, the Department of Housing and Community Development is the allocating agency for tax credits. Developers must apply to DHCD for tax credits. Syndicates raise money for the developer's project by selling these tax credits to investors. Typically, additional financing is required in the form of debt.

HOME

HOME is a federally funded program that assists in the production and preservation of affordable housing for low and moderate-income families and individuals. The program funds a broad range of activities including new construction, acquisition and rehabilitation of rental properties. For-profit developers, non-profit developers, non-profit organizations designated as Community Housing Development Organizations (CHDOs), and municipalities in cooperation with any of the above are eligible to apply for HOME funds.

HOME funds can be used for the acquisition and/or rehabilitation of existing structures for rental use, including distressed or failed properties, or for the new construction of rental projects. Projects seeking HOME funds must have a minimum of 5 HOME-assisted units. All units receiving HOME assistance must be occupied by households earning no more than 60% of the area median income. At least 20% of the HOME units must be affordable to households earning no more than 50% of area median income.

Community Preservation Fund

Easthampton adopted the Community Preservation Act five years ago, creating a fund from a tax surcharge to address open space, affordable housing, and historic preservation. To date the City has been challenged in its efforts to use CPA funds for housing. Spending in this area lags behind open space due to the complexity of putting together projects. Funds have been used for repairs and for matching housing rehabilitation grants.

GOALS AND STRATEGIES