

COMMONWEALTH OF MASSACHUSETTS

CITY OF LOWELL

In City Council

VOTE

Authorizing an amendment to the City of Lowell's prior Order approving CPC Recommendation to Fund Acre Crossing Project.

-----

WHEREAS, on February 15, 2022, the City Council approved an Order relative to the funding of the Acre Crossing Project, attached hereto; and

WHEREAS, a modification in the CPC approval was adopted by the CPC on June 15, 2023; and

WHEREAS, pursuant to a vote of the CPC provision, Acre Crossing, LLC was awarded \$763,200 of CPA funding for the construction of seventeen (17) affordable homeownership units for families and individuals earning up to 80% AMI. Acre Crossing, LLC has requested a modification to allow the units be restricted to individuals and families earning up to 100% AMI.

NOW THEREFORE, BE IT VOTED BY THE CITY COUNCIL OF THE CITY OF LOWELL, as follows:

The following project requirement as part of the funding agreement be hereby amended by allowing the \$763,000 of CPA funds awarded to Acre Crossing to subsidize the construction of all 32 units for all buyers, at or below 100% of AMI.



## **Order Approving CPC Recommendation to Fund Acre Crossing Affordable Homeownership Condominiums, Appropriate \$763,200**

**Whereas**, residents of the City of Lowell voted to accept the Community Preservation Act in November of 2019, in accordance with Chapter 267 of the Acts of 2000; and

**Whereas**, a Community Preservation Fund has been created using 1% of the City’s property tax levy, excluding: (1) the first \$100,000 of residential property value; (2) full commercial property value, and (3) property owned and occupied as a domicile by a person who would qualify for low-income housing or low- or moderate-income senior housing; and

**Whereas**, a Community Preservation Committee was created by Ordinance of the City Council found in Chapter 9, Article XIV, §9-46 to §9-51; (“Ordinance”) and

**Whereas**, each fiscal year the Community Preservation Committee shall make recommendations to the City Council in accordance with the provisions of the Ordinance and General Laws of Massachusetts in the form of a budget for appropriations and/or reserves from the Community Preservation Fund; and

**Whereas**, based on the Community Preservation Committee’s recommendation the City Council shall make such appropriations or reserves from the Community Preservation Fund that spend or set aside not less than 10% of the annual revenues in the Community Preservation Fund for open space, not less than 10% of the annual revenues for historic preservation, not less than 10% of the annual revenues for community housing, and any remaining amount into budgeted reserves; and

**NOW THEREFORE BE IT ORDERED**, that, pursuant to the recommendation of the Lowell Community Preservation Committee, the following FY2022 Community Preservation Act funds be appropriated for expenditure; and further that such expenditure, and any additional appropriations deemed necessary to carry out the recommendations of the Community Preservation Committee, be under the Committee’s direction and in accordance with the terms of any grant agreement; memorandum of understanding; CPA Ordinance; and/or, General Laws of Massachusetts.

**Appropriation:**

Applicant: Acre Crossing, LLC

Project: Create 17 affordable homeownership units

Recommended Amount: \$763,200

<b>From: 17130005</b>	<b>584601</b>	<b>Community Housing</b>	<b>\$196,516.70</b>
<b>From: 1713</b>	<b>386300</b>	<b>Community Housing</b>	<b>\$68,476.44</b>



**From: 1713**

**359000**

**General Reserve**

**\$498,206.86**

In City Council February 15, 2022, Read twice and adopted on roll call vote 11 yeas. So Voted./s/Michael Q. Geary, City Clerk

Approved by City Manager Eileen M. Donoghue February 16, 2022.

A true copy

ATTEST:

Michael Q. Geary  
City Clerk

## Memorandum

To: City of Lowell Community Preservation Committee (CPC)

From: Acre Crossing Development team

Re: CPA funding requirements for Acre Crossing condos

Date: 4.26.23

The Acre Crossing development project submits this memo to the CPC to update you on the Acre Crossing status and request a change in the use of awarded CPA funds.

The full Acre Crossing project - the Residences and the commercial component - is well underway with an estimated completion date of December 2023 and occupancy in April 2024. Early delays have been made up with on-site efficiency and a team of dedicated and talented contractors. We are pleased with how the project is going and do not expect any delays going forward.

We are working with Merrimack Valley Housing Partnership (MVHP) as our marketing and lottery agent in order to maximize outreach to eligible homebuyers at all income levels, but with a focus on buyers between 70-100% of AMI

Due to volatility and increases in interest rates, the pricing for all 32 units has been set by MassHousing and DHCD at prices that are affordable for buyers at 100% of AMI. This means that the lottery will be open to all homebuyer applicants earning 100% or less of Area Median Income. The Acre Crossing unit pricing is currently pegged at \$324,800 for the 2-BR units (24) and \$346,100 for the 3-BR units (8).

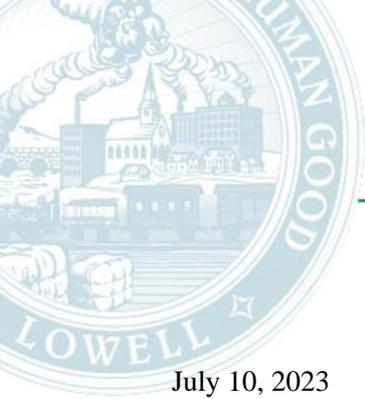
These prices, though higher than the 80% of AMI pricing we were working toward, are well below market rate prices. A survey of recent condo sales in Lowell reveals that the median sale prices are \$380,000 (2 BR) and \$420,000 (3 BR), well out of the recommended 30% of income that households spend on housing costs, even for those earning 100% of AMI. We believe that the pricing set by DHCD, even though higher than our anticipated prices for 80% buyers, will remain affordable for buyers at 80% of AMI. This is because the prices set by DHCD do not reflect the actual mortgage costs the homebuyers will ultimately carry. As you are aware, there are multiple state, city and private products available to lower income homebuyers that reduce mortgage principal and interest rates. Through our partnership with MVHP, we are building an outreach and marketing plan that ensures prospective buyers are tapping into these products and opportunities that can effectively lower their mortgage principal by up to \$45,000.

The \$763,000 of CPA funds awarded to Acre Crossing stipulates that these funds shall flow to construction costs of at least 17 units that are sold to homebuyers earning 80% or less of AMI. Due to the pricing and lottery requirements, we have no possible way of guaranteeing that 80% buyers will be selected in the lottery.

We are requesting that this requirement be waived, allowing the \$763,000 to subsidize the construction of all 32 units for all buyers, at or below 100% of AMI.

Please consider this memorandum as a request to be placed on the CPC May 25th meeting agenda to formally present this amendment and respond to questions.

Acre Crossing appreciates your consideration of this request and looks forward to working with the CPC on a recommendation to the City Manager and City Council.



Thomas A. Golden, Jr.  
City Manager

July 10, 2023

Mayor Sokhary Chau  
And  
Members of the Lowell City Council

Dear Mayor Chau and Members of the Lowell City Council,

I respectfully request that the City Council vote to modify the Acre Crossing Community Preservation Act approval. Acre Crossing, LLC was awarded \$763,200 of CPA funding for the construction of seventeen (17) affordable homeownership units for families and individuals earning up to 80% AMI. Acre Crossing LLC has requested a modification to allow the units be restricted to individuals and families earning up to 100% AMI. The modification received a positive recommendation at the June 15, 2023 Community Preservation Committee meeting.

Please find the modification request from Acre Crossing, LLC.

Sincerely,

Thomas A. Golden, Jr.  
City Manager

CC: Yovani Baez-Rose, Assistant City Manager / DPD Director  
Lloyd DeJesus, Director of Development Services  
Francesca Cigliano, Senior Planner  
Dylan Ricker, Associate Planner