MEMORANDUM

TO: Thomas A. Golden, Jr., City Manager

FROM: Yovani Baez-Rose, Assistant City Manager/DPD Director

CC: Phil Ferreira, Housing and Energy Manager
               Francesca Cigliano, Senior Planner

SUBJECT: MOTION RESPONSE: 2/7/23 - Councilor Nuon – Request The City Manager Update The City Council On Status Of Adopting An Affordable Housing Trust Fund, Pursuant To MGL C. 44 S. 55C.

At the request of the Council DPD previously prepared a motion response regarding the creation of an Affordable Housing Trust Fund (AHTF) program for the City of Lowell (please see attached).

DPD will work closely with the Law Department to ensure we are prepared for a future housing subcommittee discussion on this topic and prepare the vote language to create a fund for this purpose.

DPD recommends waiting until the Lowell Forward Master Plan and the Housing Production Plan are complete before moving ahead with the creation of this fund. These two complementary planning processes are underway and have incorporated robust public engagement, which thus far has included surveys, steering committee meetings, a public workshop, and over thirty (30) focus group conversations with community organizations and neighborhood groups.

DPD believes waiting until these critical planning efforts are complete better understand the needs and priorities of the community. Both the Master Plan and Housing Production Plan will provide several concrete action items for the city to pursue, including what the city can do to support the creation of more affordable housing. DPD, in collaboration with other city departments and community partner organizations, will work to implement the goals and action items from these plans.

The goal of this extensive community engagement is to create a shared vision and framework to shape Lowell's future. These goals and strategies will guide policy, zoning changes, and other ways the city can make the vision a reality. The Lowell Forward comprehensive plan update and Housing Production Plan are expected to be finalized in Spring 2024.

YBR

Attachments

The City of Lowell • Department of Planning and Development
JFK Civic Center • 50 Arcand Drive • Lowell, MA 01852
P: 978.674-4252 • F: 978.970.4262
www.LowellMA.gov

Christine McCall
Assistant City Manager/DPD Director

MEMORANDUM

TO: Eileen M. Donoghue, City Manager   *EMD*

FROM: Christine McCall, Assistant City Manager/DPD Director

DATE: March 8, 2022

SUBJECT: MOTION OF 1/11/2022 BY COUNCILOR NUON REQUESTING CITY
MANAGER HAVE CFO/DPD INVESTIGATE THE BENEFIT OF
ESTABLISHING AN AFFORDABLE HOUSING TRUST

Pursuant to MGL c. 44 s. 55C, the Lowell City Council can vote to establish a local housing trust. In addition, this legislation dictates what the local housing trust can do, who can serve on the local housing trust board, and what powers a community can grant the board. There are approximately one hundred (100) communities in Massachusetts that have established municipal affordable housing trusts.

A local housing trust allows municipalities to collect funds for affordable housing, segregate them out of the general municipal budget into a trust fund, and use the funds for local initiatives to create and preserve affordable housing. Examples of what a local affordable housing trust can do include:
- Provide financial support for the construction of affordable homes by private developers (non-profit or for-profit);
- Rehabilitate existing homes to convert to affordable housing;
- Increase affordability in new housing development projects;
- Develop surplus municipal land or buildings;
- Preserve properties faced with expiring affordability restrictions;
- Create programs to assist low-and moderate-income homebuyers;
- Create programs to assist low-and moderate-income homebuyers;
- Educate and advocate to further affordable housing initiatives.

It is important to note that a local housing trust is a municipal body and is subject to all laws applicable to municipal bodies including those relevant to the purchase of real property, procurement, designer selection, and public construction laws. The statute dictates that municipalities must create a board of trustees with a minimum of five members and it is recommended that the board composition include members with expertise in affordable housing development, real estate development, finance, and real estate law. One trustee must be the chief executive office of the municipality. The chief executive office is responsible for appointing all members of the housing trust and each term shall not exceed two (2) years.

The City of Lowell, in addition to the Community Preservation Committee, has significant financial programs that provide financial support for the construction of affordable homes, assist low-and moderate-income homebuyers, assist low-and moderate-income homeowners, and rehabilitate existing homes to convert to affordable housing.

The City of **LOWELL** *Alive. Unique. Inspiring.*

First Time Home Buyer (FTHB) Program
The City of Lowell has a federally funded program for down payment and closing cost assistance for first-time homebuyers. This is a no-interest loan program. The loan does not need to be paid back until the house is sold, transferred, or refinanced. The amount of assistance provided is based on need and the maximum amount of assistance is $11,800. There are restrictions on this program that prevent assistance to properties with substantial sanitary code violations. There were several properties that were denied assistance for this reason.

Rehabilitation Program
The Rehab Program is designed to help residents upgrade their homes and improve living standards. The program is available to low to moderate-income earners. Homeowners use the program for a combined or single project such as electrical upgrades, plumbing and heating systems, kitchen and bathroom upgrades, roofs, flooring, and windows. This is an excellent way for elders and other homeowners to invest in their homes with loans at 0% interest. The project manager supervises the work through the DPD. The home will meet health and safety requirements once the work is completed. Homes built before 1978 may require de-leading as part of rehabilitation. Loans are repaid when the homeowner sells, refinances transfer the deed.

Rental Housing Development
HOME funds have been used to help fund major development projects in the City including Mass Mills III, Boott Mills, and Hamilton Canal Innovation District to name a few. These funds are most commonly used for construction costs but can also be used as rental assistance and refinancing. This program has worked well with rental housing developers in creating new affordable housing.

The Community Preservation Committee (CPC), with unanimous support from the City Council, have funded the following projects and organizations that will support the creation of affordable housing:

- 555 Merrimack Street - $ 220,000 to create 27 affordable units with supportive services for persons and families with Substance Use Disorders. The City has committed an additional $125,000 in HOME funds to support this project.

- One Plus Lowell -$500,000 to create an affordable homeownership program

- Acre Crossing - $760,000 to support the construction of 32 units for first time homebuyers with incomes between 70%-100% AMI. This project is also supported by a $1.72 million MassWorks grant.

- 21 W Adams Street - $72,800 to support redevelopment of existing property into 24-30 single occupancy units of affordable housing.

An Affordable Housing Trust could support existing funding programs, however, we would want to ensure that we were not creating additional barriers. The DPD recommends this motion response be referred to the Housing Subcommittee for further discussion and exploration to determine if a local housing trust could help meet Lowell's housing needs. This discussion should include an evaluation of regulatory barriers to affordable housing production and whether or not other programs or ordinances could be adopted and/or created to support the construction of affordable housing.

The Massachusetts Housing Partnership is hosting a Municipal Affordable Housing Trust Fund 101 webinar on Wednesday, March 30, 2022. The DPD intends to attend this webinar.

CMM

Cc: Philip Ferreira, Housing and Energy Program Manager