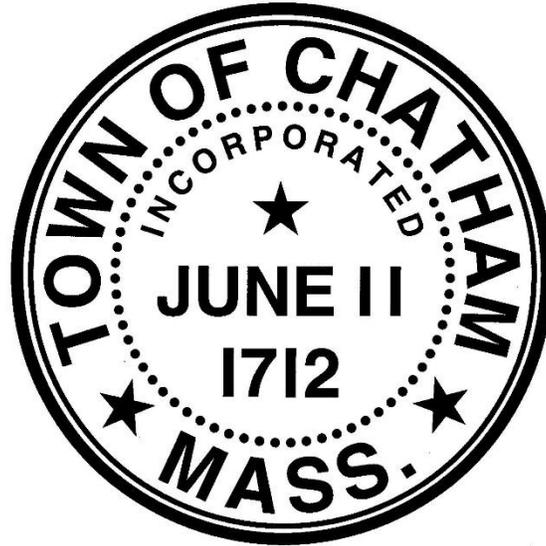


TOWN of CHATHAM, MASSACHUSETTS



HOUSING GUIDELINES AND APPLICATION PACKAGE

Chatham Affordable Housing Trust Fund

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Approved November 25, 2019

Chatham Affordable Housing Trust Fund Housing Guidelines and Application Package

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Town of Chatham Affordable Housing Trust Fund Housing Guidelines

I. Roles and Responsibilities of the Affordable Housing Trust¹

The purpose of an Affordable Housing Trust under Chapter 44, Section 55C is to provide for the creation and preservation of affordable housing for the benefit of low and moderate-income households.

In 2006, on the recommendation of the Affordable Housing Committee (AHC), Chatham Town Meeting approved Article 16 creating an Affordable Housing Trust Fund (AHTF) for the specific purpose of establishing a mechanism for the Town to receive funds to plan for and create affordable housing. The Trust is managed by a Board of Trustees, made up of members of the Board of Selectmen and two (2) appointees, who appropriate funds for the creation and preservation of affordable housing in Chatham. The Trust Fund can be funded through contributions from developers under the Inclusionary Zoning Bylaw, as well as funds appropriated under the Community Preservation Act (CPA), MGL Chapter 44B and Chapter 267 of the Acts 2000 as amended, and other sources as they become available.

Details of the Trust are as follows:

- Management of the Trust - Administered by a Board of Trustees (the “Trustees”) which includes seven (7) trustees, including all of the members of the Board of Selectmen, with the remaining two (2) members to be appointed by the Board of Selectmen. Trustees serve for a term not to exceed three (3) years. A quorum of the Board of Trustees shall be the majority of the number of authorized Trustees, four (4), except when voting to appropriate funds and in that instance the minimum necessary members present shall be five (5).
- Powers of Trustees - As stated in the Act, the Trustees may undertake any activity that would create and preserve affordable housing for the benefit of low and moderate income households. Their powers include, but are not limited to, the right to receive, purchase, and convey real or personal property; to exchange deeds, contracts, and various other legal documents in connection with the Trust’s activities; to employ and compensate advisors and agents; to conduct itself in its discretion with respect to legal claims by or against the Trust; to manage or improve real property and to abandon property when the Trustees deem advisable; and to extend the time for payment of any obligation to the Trust.²
- Trust Assets - The Act provides that any money paid to the Trust through grants, a zoning ordinance or bylaw, as an exaction fee, or from private contributions shall be deposited directly into the Trust’s account and need not be appropriated or accepted and approved into the Trust. When general revenues of a municipality are appropriated to the Trust, the Trust retains money so appropriated as Trust property and may expend it without further appropriation. Moreover, funds remaining in the Trust at the expiration of a fiscal year stay with the Trust, irrespective of

¹ Created pursuant to Massachusetts General Law Chapter 44, Section 55C.

² Eliminating the Trust’s ability to borrow money requires amending §10-5. Affordable Housing Trust Fund of the General Bylaws to make distributions or divisions of principal in kind.

when such money was received. The Trustees are required to obtain an independent audit of all books and records on an annual basis, in accordance with accepted accounting practices.

- Legal Status of the Trust - The Trust is deemed to be a public employer and municipal agency pursuant to MGL Chapter 268A. Likewise, Trustees are classified under the Act as public employees and special municipal employees, also in accordance with the terms of MGL Chapter 268A. As a governmental body, the Trust must comply with the open meeting requirements set forth under MGL Chapter 39 and is likewise subject to MGL Chapter 40, Section 15A and MGL Chapter 30B with the exception that agreements and conveyances between a Trust and other public instrumentalities are excluded from the application of Chapter 30B.
- Community Preservation Act - Section 2 of Chapter 491 of the Acts of 2004, “Municipal Affordable Housing Trust Fund” bill (effective April 7, 2005) amended Section 5 of the Community Preservation Act (MGL Chapter 44B) by giving cities and towns the right to appropriate money from the Community Preservation Act funds into an Affordable Housing Trust. Funds paid to the AHTF are specifically limited to affordable housing purposes and not for general administrative expenses.
- Respective Roles of the Trustees and Other Local Housing Entities - The role and purpose of the Board of Trustees is to manage the Affordable Housing Trust Fund in order to create and preserve affordable housing. The Board has the authority to use the Trust funds to purchase real estate, among other powers listed above. Therefore, the Board of Trustees will take an active and direct role in creating and preserving affordable housing in Chatham - a “brick and mortar” approach.

The Affordable Housing Committee (AHC) is a policy and advocacy entity without control of any funds and without any real estate powers. The AHC will continue to serve as a resource on issues relating to affordable housing in Chatham in addition to advocating for affordable housing opportunities, recommending changes to Town bylaws, and establishing standards of eligibility for affordable housing in Chatham.

The Chatham Housing Authority was established by the state pursuant to MGL Chapter 121B, Section 3 to build, maintain and administer affordable housing with particular attention to the elderly, disabled and families. While not a part of municipal government, the Housing Authority has been an effective partner with the Town in promoting affordable housing opportunities. The Authority not only has been involved in the development and/or management of 158 units of affordable housing but also manages five (5) Section 8 Housing Choice Vouchers and four (4) MRVP vouchers. The Chatham Housing Authority has also been effectively administering a number of special programs that have assisted qualifying residents in accessing homeownership and rental opportunities (Chatham Housing Opportunities Program/CHOP, MCI Rent Escrow Program, Chatham Voucher Program, etc.).

II. Definitions

Low-income housing – Housing for those persons and families whose annual income is at or below 80% of the area median income (AMI) for the Barnstable County area as determined annually by the U.S. Department of Housing and Urban Development (HUD) and adjusted by household size.

Moderate-income housing – Housing for those persons and families whose annual income is above 80% AMI but at or below 100% AMI for the Barnstable County area as determined annually by the U.S. Department of Housing and Urban Development and adjusted by household size.

While funded projects can include income tiers above the 100% AMI threshold, the Affordable Housing Trust Fund cannot be used for projects that are solely targeted to income levels above the 100% level.

III. Funding Priorities

The Trustee Board has prepared a Housing Policy Statement that provides information on the local housing goals and priority housing needs that were identified in the Town's 2012 and 2018 Housing Production Plans as well as **seven (7) guiding principles**. Whenever possible, the Town of Chatham will pursue affordable housing development opportunities that:

1. Increase housing opportunities available to those who live or work in the community but are hard-pressed to find affordable housing in Chatham or are finding it difficult to continue to afford to live in the community. While the goals set forth in the Housing Production Plan suggests the need to make strides towards reaching the 10% state affordability goal under Chapter 40B, the Town will pursue housing opportunities that support its local citizenry even if some may not be eligible for inclusion in the state Subsidized Housing Inventory (SHI). The Town, however, should take steps to prevent disparate impacts or discriminatory effects in violation of federal and state fair housing laws.
2. Develop year-round affordable rental units to serve Chatham's most financially vulnerable residents.
3. Identify and take advantage of properties that have discounted or nominal acquisition costs, such as Town-owned or tax-foreclosure properties, to make the development of affordable housing more financially feasible.
4. Minimize impacts on the built environment such as accessory apartments, small infill developments in existing neighborhoods, or buy-down initiatives that convert existing housing into affordable units.
5. Develop a range of projects to serve a range of housing needs including housing for families, seniors, and special needs populations.
6. Encourage mixed-income development to minimize stigmas associated with concentrations of low-income units.
7. Promote smart growth development principles that guide development to appropriate locations, mixed-use and multi-family development in particular.

These principles continue to serve as a context for the housing strategies that are proposed in the Housing Production Plan. This important connection between funding priorities and HPP strategies includes:

- Housing production goals target approximately 80% of the affordable units that are produced to rentals. There is also a specific strategy to explore tax relief for year-round rentals in order to further incentivize such units.
- While there is limited availability of developable property, publicly-owned property included, there are significant precedents for conveying Town-owned property at a nominal price for the purposes of producing affordable housing. The HPP continues to highlight the development of public property as a major component of the Town's housing agenda.

- In an effort to minimize development impacts in neighborhoods and on the environment, the HPP includes specific strategies for guiding new housing on infill sites in existing neighborhoods and existing properties through zoning amendments to better promote accessory dwelling units, small nonconforming lot development under appropriate circumstances, and apartments in commercial structures. The HPP also encourages development that converts existing housing into long-term affordability.
- The HPP emphasizes the need to serve the wide range of community housing needs and provides a projected distribution of targeted affordable units to address various target populations including individuals, families, seniors and people with disabilities. The specific production and direct assistance strategies also provide approaches for supporting the housing needs of these populations including a specific strategy for encouraging special needs housing.
- In addition to striving to meet the housing needs of various target populations, the HPP suggests housing creation approaches that incorporate a wide range of income levels including lower income tiers in rental housing that serve the community’s most vulnerable residents, to mixed-income housing through the “friendly 40B” process as part of the state’s Local Initiative Program (LIP), and “attainable” housing opportunities for moderate-income earning households through a Buy-down Program for example.
- The HPP also provides guidance on how to create more diverse housing types that would address a wider range of local housing needs, particularly for increasing numbers of smaller households. It also emphasizes smart growth principles of denser and more compact development patterns in appropriate locations to attain the economies of scale which are so important to the financial feasibility of affordable housing development while also preserving open space.

By establishing this proactive affordable housing policy, Chatham plans to continue to shape its housing agenda to fit its own needs for more diversity in housing types and cost, while still complementing the community’s traditional development patterns and advancing efforts to meet state affordability and sustainability goals as opportunities arise.

IV. Eligible Activities

The Housing Trust Fund can be used in support of the following activities:

- Predevelopment Activities – Includes costs related to architect and engineering fees, legal fees, financial feasibility analyses, permits, appraisals, 21E reports, property acquisition, and other costs associated with examining the feasibility of a potential development including improving projects such as septic upgrades, creating additional open space, designing passive/active recreational space, etc.
- Development Activities – Includes costs related to filling the gap between total project costs (minus other private and public funding) and what qualifying occupants (owners or renters) can afford to pay. Development activities include new construction, rehabilitation and redevelopment. This includes buy-down efforts where funding is provided to an entity that coordinates the acquisition, improvement and occupancy of properties that are directed to those earning no more than 100% of area median income (AMI).
- Housing Preservation and Improvement Activities – Includes costs related to preserving the relative affordability of private unsubsidized housing units (little “a” affordable units), insuring the continued affordability of SHI units (big “A” affordable units), as well as making necessary

improvements or replacing unsound structures, thus enabling residents to afford to remain in the community. Housing rehabilitation efforts could be directed to supporting the costs of correcting code violations, creating an accessory dwelling unit, or making emergency repairs, although funding would have to come from a source other than CPA subsidies which can only be used to rehab units that were acquired or built with CPA funds.

- Direct Assistance Activities – Includes direct support to eligible households to lower the costs of obtaining housing in Chatham and/or affording to remain in the community. The Town of Chatham has been a pioneer in its creation of special programs that provide important assistance to residents, establishing models that other communities have adopted such as Chatham Housing Opportunities Program (CHOP), MCI Rent Escrow Program, Chatham Voucher Program, etc. Such direct assistance has been important in addressing the local needs of some of the community's most "at risk" residents, but the Town is also committed to providing a wide range of housing opportunities for those more moderate-income households who are still priced out of the local housing market. It should also be noted that direct assistance can include funding to those who participate in mortgage assistance or down payment and closing cost assistance programs that directly subsidize the costs of homeownership to qualifying households.
- Multiple Use Activities – Includes support for developments that incorporate housing and one or more of the other categories of CPA funding – historic preservation, open space preservation and eligible recreational opportunities.

V. Funding Guidelines

The Board of Trustees has established the following funding guidelines for eligible activities:

- All financial transactions undertaken by the Trust must comply with Community Preservation Act (CPA) guidelines unless the activity is supported by another funding source and also specifically addresses the funding priorities included in these Guidelines.
- The Trustees may authorize a self-initiated grant for projects involving predevelopment and/or acquisition for any amount of funding.
- All funding in support of the development of affordable homeownership units will require deed restrictions in perpetuity, based on a form approved by the state, for subsidy amounts of more than \$50,000 per unit and 15 years for subsidies below \$50,000 per unit.
- For rental developments, the project sponsor must enter into a Regulatory Agreement with the Town and subsidizing agency that insures affordability in perpetuity to the greatest extent possible.
- Repayment of the subsidy will be due if the Trustees find that the recipient is in violation of loan terms (allowances for extenuating circumstances, appeal process). The loan proceeds will be deposited into the Housing Trust Fund.
- Funding guidelines can be modified upon a two-thirds vote of the Trustees.

Loans

The Affordable Housing Trust Fund is largely a revolving fund, and with the exception of grants and forgiven deferred payment loans, a substantial portion of the funding is intended to be repaid. Loans are provided at favorable terms and rates to make affordable housing creation and preservation feasible. The Trustees have the discretion to establish specific loan terms and conditions.

Loans to Individuals (Direct Assistance Activities)

Loans will be offered at 0% interest with deferred payments for a period of 15 years when issued to individuals which are to be forgiven at the end of this term or when the property is transferred, whichever comes first. The Trustees also have the discretion to negotiate repayment terms based on the income of the homeowner/tenant and appreciation of the property.

Development Loans can be provided in the following two categories:

- Short-term financing for acquisition, predevelopment, or development soft costs.
- Longer term gap financing that can be subordinate to debt and may leverage state, federal and private sources of financing.

The interest rate and amount of the loan will depend on a number of factors including the amount of Trust funding available, minimum amount necessary for feasibility, demand for the Fund, and how well a project meets the funding priorities.

In regard to loan terms, loans are generally intended to fill short-term gaps or to provide flexible, more streamlined access to funding to enable a developer to take advantage of housing opportunities. In most cases, the Trustees expect that funds will be repaid so that new projects or individuals can access funding. Short-term acquisition or pre-development funds will be due upon the closing of the construction loan; but in some cases may be deferred until the closing of the permanent financing. Permanent loans will be due at the point of project refinancing (which will vary by project) or at the end of the affordability period. Repayment from cash flow will be encouraged where feasible.

All funds will be secured by a Promissory Note and Mortgage which must be recorded at the Barnstable County Registry of Deeds and subordinated to other lenders. An Affordable Housing Restriction (deed rider), in the form approved by the state, must also be executed and recorded at the Registry of Deeds for homeownership activities. A contract in the form of a Loan Agreement must also be executed between the Trust and funding recipient that further establishes the terms and conditions of the loan funding.

The Trustees recognize that more highly leveraged funding will likely involve negotiations of terms with other lenders. In determining the terms of the loan, the Trustees will evaluate the following key considerations:

- Level of and percentage of affordability.
- Long-term use and affordability restrictions.
- Ability of the project's cash flow to absorb repayment while maintaining affordability.
- Leverage of the Trust's loan.

Grants

Program grants are available on a limited basis for programs that support activities and services that help residents with housing problems. Priority is given to assistance that helps low and moderate-income residents to access and sustain affordable housing.

A contract between the Housing Trust and funding recipient must be executed for all grants, stating the terms and conditions of the funding. The Trustees have discretion in determining the grant amounts.

Summary of Funding Guidelines

TYPE OF FINANCING	PURPOSE	CONDITIONS
<u>Loans</u>	Loans are provided at favorable terms and rates to support efforts to create and preserve affordable housing.	The interest rate and amount of the loan will depend on a number of factors including the amount of Trust funding available, minimum amount necessary for feasibility, demand for the Fund, and how well a project meets the funding priorities. Must be secured by a Promissory Note and Mortgage and include a loan agreement and deed rider to be recorded at the Barnstable County Registry of Deeds.
Short Term Loans	Acquisition, predevelopment, soft costs.	Due upon the closing of the construction loan; but may in some cases be deferred until the closing of permanent financing.
Longer Term Loans		
Direct Assistance	Direct support to eligible households to lower the costs of obtaining housing in Chatham and/or affording to remain in the community.	0% deferred payment loans will be provided that are forgiven after 15 years or upon property transfer, whichever comes first. A 15-year deed restriction will apply to funds of more than \$50,000 per unit.
		Repayments terms, if any, will be negotiated.
Project Development	Longer term gap financing that can be subordinate to debt and may leverage state, federal and private sources of financing. Loans are generally intended to fill short-term gaps or to provide flexible, more streamlined access to finding to enable a developer	The interest rate and amount of the loan will depend on a number of factors including the amount of Trust funding available, minimum amount necessary for feasibility, demand for the Fund, and how well a project meets the funding priorities. In most cases, the

	to take advantage of housing opportunities.	Trustees expect that funds will be repaid so that new projects or individuals can access funding. Permanent loans will be due at the point of project refinancing (which will vary by project) or at the end of the affordability period. Repayment from cash flow will be encouraged where feasible.
<u>Grants</u>	Available on a limited basis for activities and services that help residents with housing problems. Priority is given to assistance that helps low and moderate-income residents access and sustain affordable housing.	A contract between the Trust and funding recipient must be executed for all grants, stating the terms and conditions of the funding. The Trustees have discretion in determining the grant amounts.

VI. Application Process

The application process involves providing information to the Town’s Affordable Housing Committee and Housing Trust before funding approvals can be granted. All submissions, scheduling and communications will be coordinated by the Chatham Community Development Department. The Board of Trustees will entertain applications on a rolling basis.

The process includes two stages, the first being the submission of a one page project summary or pre-allocation which will be reviewed by the Affordable Housing Committee and Board of Trustee as to whether the project is eligible based on funding priorities and Housing Guidelines. If the Board of Trustees determines that the proposed project meets these priorities and Guidelines, applicants will be invited to submit a full application.

Only those projects that receive the approval of the Board of Trustees will be eligible to access funding from the Affordable Housing Trust Fund. The approved applicant must enter into a contract with the Affordable Housing Trust that specifies the purpose and scope of the project, projected timeframe, and approved funding for the project. The applicant must submit an original copy of the signed contract to the Community Development Department which will forward it to the Community Preservation Committee (CPC).

VII. Selection Criteria

The Board of Trustees will apply the following selection criteria in its review of applications that will help it rank the relative strength of submissions:

Total Points	Selection Criteria
10 points for each of the 7 funding priorities	<p>The project/program proposal is consistent with the Board of Trustees’ Funding Priorities. These include the following:</p> <ol style="list-style-type: none"> 1. Increase housing opportunities available to those who live or work in the community but are hard-pressed to find affordable housing in Chatham or are finding it difficult to continue to afford to live in the community. While the goals set forth in the Housing Production Plan suggests the need to make strides towards reaching the 10% state affordability goal under Chapter 40B, the Town should give top priority to pursuing housing opportunities that support its local citizenry even if the units may not be eligible for inclusion in the state Subsidized Housing Inventory (SHI). 2. Develop year-round affordable rental units to serve Chatham’s most financially vulnerable residents. 3. Identify and take advantage of properties that have discounted or nominal acquisition costs, such as town owned or tax foreclosure properties, to make the development of affordable housing more financially feasible. 4. Minimize impacts on the built environment such as accessory apartments, small infill developments in existing neighborhoods, or buy-down initiatives that convert existing housing into affordable units. 5. Develop a range of projects to serve a range of housing needs including housing for families, seniors, and special needs populations. 6. Encourage mixed-income development to minimize stigmas associated with concentrations of low-income units. 7. Promote smart growth development principles that guide development to appropriate locations, mixed-use and multi-family development in particular.
20	The funding request is reasonable as a portion of the overall project costs and on a per-unit basis and adheres to the Town’s Funding Guidelines.
10	The development pro forma demonstrates that the project is feasible (not applicable if Trust Funds are requested for predevelopment activities or direct assistance to determine feasibility).
10	The applicant has demonstrated significant leveraging of the requested Trust Funds with other public and/or private funding sources.
10	The applicant is qualified to undertake the project and has demonstrated success in similar capacity with comparable projects.
10	The applicant has demonstrated appropriate site control.
10	Projects providing additional public benefits such as open space, historic preservation, public safety, economic development, etc.
10	The project meets demonstrated community needs.
10	The applicant has demonstrated project support by other Town boards, committees, the Cape Cod Commission, other pertinent organization, and Chatham citizens, as appropriate.

VIII. Project Monitoring

The Board of Trustees, with staff support from the Community Development Department, will work with the state’s Department of Housing and Community Development (DHCD) and the project sponsors to insure that all units that that have been funded by the Affordable Housing Trust Fund to be included in the Subsidized Housing Inventory (SHI) meet all requirements for inclusion and are annually monitored to insure continued affordability.

It will also be important to monitor the affordability of units that have received Affordable Housing Trust funding but are not eligible for inclusion on the Subsidized Housing Inventory (SHI). In these cases, the Board of Trustees, with support from the Community Development Department (CDD), must annually confirm the continued occupancy and eligibility of unit occupants. At the beginning of each calendar year, the CDD will do the following:

- Check Assessors records and resident mail listings to verify the continued occupancy of the units. If the units involve homeownership, the deed rider will require that the occupant notify the Town upon any intent to sell, and the Town will have an opportunity to purchase or resell the unit based on a prescribed process included in the deed rider (adaptation of DHCD's deed rider). If the units involve rentals, send a formal certified letter to the project sponsor requesting documentation regarding the incomes of the tenants and a copy of their leases to insure that the tenants are within prescribed income limits and have rents that do not exceed acceptable Fair Market Rents (FMR's).
- Check the Barnstable County Registry of Deeds to make sure that there have been no changes in ownership/residency.
- Prepare an annual compliance report that documents the continued affordability of these units.

IX. Reporting

With staff support from the Community Development Department, the Board of Trustees must prepare and submit an annual report that summarizes the use of Housing Trust funds during the fiscal year including the source of funds, amounts of project funding, type of project funding, project descriptions and status, the balance in the Affordable Housing Fund, as well as other information deemed appropriate. The Trustees will also be required to obtain an independent audit of all books and records on an annual basis, in accordance with accepted accounting practices.

X. Periodic Updating of Housing Guidelines

These Housing Guidelines must be reviewed and updated a minimum of once every five (5) years by the Board of Trustees with input from the CPC and the AHC. The Board of Trustees is responsible for approving any changes and can also chose to amend the Guidelines within the five-year period if it determines that certain requirements are no longer effective or viable.

Town of Chatham Affordable Housing Trust Application Package

I. Application Process

Pre-application/Project Summary

Applications will be received on a rolling basis throughout the year as long as funds remain.

As the initial phase in the application process, you must submit a one-page pre-application summary of your project at any time to the Chatham Community Development Department via the contact information provided below. The Community Development Department will coordinate the review of this summary with the Affordable Housing Committee which will then make a recommendation to the Board of Trustees. You may submit the pre-application by email or hard copy to the Community Development Department, which will manage all submissions, scheduling and communications.

For informational purposes, the project developer and/or representatives of the housing groups in support of the application should also present the project to the Chatham Community Preservation Committee (CPC). The CPC shall not endorse or deny the project as the presentation is solely required to keep the CPC apprised of any action to potentially drawdown funding from the Chatham Affordable Housing Trust Fund.

The Board of Trustees will then review the pre-application in the context of AHC's recommendation and determine funding eligibility based on their funding priorities and Housing Guidelines. If the Board of Trustees determines that the proposed project meets these priorities and Guidelines, you will be invited to submit a full application.

Full Application

It will be necessary to submit six (6) hardcopies of your complete application to the following:

Board of Trustees, Affordable Housing Trust Fund
C/o Community Development Department
261 George Ryder Road
Chatham, MA 20633

Email a pdf of the complete application to the Community Development Department or mail or deliver to the above.

If you have any questions, please email the Community Development Department or call at 508-945-5169 ext. 477.

This Application Package is available in hard copy form at the Community Development Department or online at <https://www.chatham-ma.gov/>.

II. Eligible Activities

The Housing Trust Fund can be used in support of the following activities:

- Predevelopment Activities – Includes costs related to architect and engineering fees, legal fees, financial feasibility analyses, permits, appraisals, 21E reports, property acquisition, and other costs associated with examining the feasibility of a potential development including improving projects such as septic upgrades, creating additional open space, designing passive/active recreational space, etc.
- Development Activities – Includes costs related to filling the gap between total project costs (minus other private and public funding) and what qualifying occupants (owners or renters) can afford to pay. Development activities include new construction, rehabilitation and redevelopment. This includes buy-down efforts where funding is provided to an entity that coordinates the acquisition, improvement and occupancy of properties that are directed to those earning no more than 100% of area median income (AMI).
- Housing Preservation and Improvement Activities – Includes costs related to preserving the relative affordability of private unsubsidized housing units (little “a” affordable units), insuring the continued affordability of SHI units (big “A” affordable units), as well as making necessary improvements or replacing unsound structures, thus enabling residents to afford to remain in the community. Housing rehabilitation efforts could be directed to supporting the costs of correcting code violations, creating an accessory dwelling unit, or making emergency repairs, although funding would have to come from a source other than CPA subsidies which can only be used to rehab units that were acquired or built with CPA funds, which may be limited from time to time.
- Direct Assistance Activities – Includes direct support to eligible households to lower the costs of obtaining housing in Chatham and/or affording to remain in the community. The Town of Chatham has been a pioneer in its creation of special programs that provide important assistance to residents, establishing models that other communities have adopted such as Chatham Housing Opportunities Program (CHOP), MCI Rent Escrow Program, Chatham Voucher Program, etc. Such direct assistance has been important in addressing the local needs of some of the community’s most “at risk” residents, but the Town is also committed to providing a wide range of housing opportunities for those more moderate-income households who are still priced out of the local housing market. It should also be noted that direct assistance can include funding to those who participate in mortgage assistance or down payment and closing cost assistance programs that directly subsidize the costs of homeownership to qualifying households.
- Multiple Use Activities – Includes support for developments that incorporate housing and one or more of the other categories of CPA funding – historic preservation, open space preservation and eligible recreational opportunities.

III. Funding Guidelines

The Board of Trustees has established the following funding guidelines for eligible activities:

- All financial transactions undertaken by the Trust must comply with Community Preservation Act (CPA) guidelines unless the activity is supported by another funding source and also specifically addresses the funding priorities included in these Guidelines.
- The Trustees may authorize a self-initiated grant for projects involving predevelopment and/or acquisition for any amount of funding.
- All funding in support of the development of affordable homeownership units will require deed restrictions in perpetuity, based on a form approved by the state, for subsidy amounts of more than \$50,000 per unit and 15 years for subsidies below \$50,000 per unit.
- For rental developments, the project sponsor must enter into a Regulatory Agreement with the Town and subsidizing agency that insures affordability in perpetuity to the greatest extent possible.
- Repayment of the subsidy will be due if the Trustees find that the recipient is in violation of loan terms (allowances for extenuating circumstances, appeal process). The loan proceeds will be deposited into the Housing Trust Fund.
- Funding guidelines can be modified upon a two-thirds vote of the Trustees.
- Funding is directed to creating and preserving affordable housing for low- and moderate-income households as defined below:

Low-income housing – Housing for those persons and families whose annual income is at or below 80% of the area median income (AMI) for the Barnstable County area as determined annually by the U.S. Department of Housing and Urban Development (HUD) and adjusted by household size.

Moderate-income housing – Housing for those persons and families whose annual income is above 80% AMI but at or below 100% AMI for the Barnstable County area as determined annually by the U.S. Department of Housing and Urban Development and adjusted by household size.

While funded projects can include income tiers above the 100% AMI threshold, the Affordable Housing Trust Fund cannot be used for projects that are solely targeted to income levels above the 100% level.

Loans

The Affordable Housing Trust Fund is largely a revolving fund, and with the exception of grants and forgiven deferred payment loans, a substantial portion of the funding is intended to be repaid. Loans are

provided at favorable terms and rates to make affordable housing creation and preservation feasible. The Trustees have the discretion to establish specific loan terms and conditions.

Loans to Individuals (Direct Assistance Activities)

Loans will be offered at 0% interest with deferred payments for a period of 15 years when issued to individuals which are to be forgiven at the end of this term or when the property is transferred, whichever comes first. The Trustees also have the discretion to negotiate repayment terms based on the income of the homeowner/tenant and appreciation of the property.

Development Loans can be provided in the following two categories:

- Short-term financing for acquisition, predevelopment, or development soft costs.
- Longer term gap financing that can be subordinate to debt and may leverage state, federal and private sources of financing.

The interest rate and amount of the loan will depend on a number of factors including the amount of Trust funding available, minimum amount necessary for feasibility, demand for the Fund, and how well a project meets the funding priorities.

In regard to loan terms, loans are generally intended to fill short-term gaps or to provide flexible, more streamlined access to funding to enable a developer to take advantage of housing opportunities. In most cases, the Trustees expect that funds will be repaid so that new projects or individuals can access funding. Short-term acquisition or pre-development funds will be due upon the closing of the construction loan; but in some cases may be deferred until the closing of the permanent financing. Permanent loans will be due at the point of project refinancing (which will vary by project) or at the end of the affordability period. Repayment from cash flow will be encouraged where feasible.

All funds will be secured by a Promissory Note and Mortgage which must be recorded at the Barnstable County Registry of Deeds and subordinated to other lenders. An Affordable Housing Restriction (deed rider), in the form approved by the state, must also be executed and recorded at the Registry of Deeds for homeownership activities. A contract in the form of a Loan Agreement must also be executed between the Trust and funding recipient that further establishes the terms and conditions of the loan funding.

The Trustees recognize that more highly leveraged funding will likely involve negotiations of terms with other lenders. In determining the terms of the loan, the Trustees will evaluate the following key considerations:

- Level of and percentage of affordability.
- Long-term use and affordability restrictions.
- Ability of the project's cash flow to absorb repayment while maintaining affordability.
- Leverage of the Trust's loan.

Grants

Program grants are available on a limited basis for programs that support activities and services that help residents with housing problems. Priority is given to assistance that helps low and moderate-income residents to access and sustain affordable housing.

A contract between the Housing Trust and funding recipient must be executed for all grants, stating the terms and conditions of the funding. The Trustees have discretion in determining the grant amounts.

Summary of Funding Guidelines

TYPE OF FINANCING	PURPOSE	CONDITIONS
<u>Loans</u>	Loans are provided at favorable terms and rates to support efforts to create and preserve affordable housing.	The interest rate and amount of the loan will depend on a number of factors including the amount of Trust funding available, minimum amount necessary for feasibility, demand for the Fund, and how well a project meets the funding priorities. Must be secured by a Promissory Note and Mortgage and include a loan agreement and deed rider to be recorded at the Barnstable County Registry of Deeds.
Short Term Loans	Acquisition, predevelopment, soft costs.	Due upon the closing of the construction loan; but may in some cases be deferred until the closing of permanent financing.
Longer Term Loans		
Direct Assistance	Direct support to eligible households to lower the costs of obtaining housing in Chatham and/or affording to remain in the community.	0% deferred payment loans will be provided that are forgiven after 15 years or upon property transfer, whichever comes first. A 15-year deed restriction will apply to funds of more than \$50,000 per unit. Repayments terms, if any, will be negotiated.
Project Development	Longer term gap financing that can be subordinate to debt and may leverage state, federal and private sources of financing. Loans are generally intended to fill short-term gaps or to provide flexible, more streamlined access to finding to enable a developer to take advantage of housing opportunities.	The interest rate and amount of the loan will depend on a number of factors including the amount of Trust funding available, minimum amount necessary for feasibility, demand for the Fund, and how well a project meets the funding priorities. In most cases, the Trustees expect that funds will be repaid so that new projects or individuals can access funding. Permanent loans will be due at the point of project refinancing

		(which will vary by project) or at the end of the affordability period. Repayment from cash flow will be encouraged where feasible.
Grants	Available on a limited basis for activities and services that help residents with housing problems. Priority is given to assistance that helps low and moderate-income residents access and sustain affordable housing.	A contract between the Trust and funding recipient must be executed for all grants, stating the terms and conditions of the funding. The Trustees have discretion in determining the grant amounts.

IV. Selection Criteria

The Board of Trustees will apply the following selection criteria in its review of applications to determine the relative merit of submissions:

Total Points	Selection Criteria
10 points for each of the 7 funding priorities	<p>The project/program proposal is consistent with the Board of Trustees’ Funding Priorities. These include the following:</p> <ol style="list-style-type: none"> 1. Increase housing opportunities available to those who live or work in the community but are hard-pressed to find affordable housing in Chatham or are finding it difficult to continue to afford to live in the community. While the goals set forth in the Housing Production Plan suggests the need to make strides towards reaching the 10% state affordability goal under Chapter 40B, the Town should give top priority to pursuing housing opportunities that support its local citizenry even if the units may not be eligible for inclusion in the state Subsidized Housing Inventory (SHI). 2. Develop year-round affordable rental units to serve Chatham’s most financially vulnerable residents. 3. Identify and take advantage of properties that have discounted or nominal acquisition costs, such as town owned or tax foreclosure properties, to make the development of affordable housing more financially feasible. 4. Minimize impacts on the built environment such as accessory apartments, small infill developments in existing neighborhoods, or buy-down initiatives that convert existing housing into affordable units. 5. Develop a range of projects to serve a range of housing needs including housing for families, seniors, and special needs populations. 6. Encourage mixed-income development to minimize stigmas associated with concentrations of low-income units. 7. Promote smart growth development principles that guide development to appropriate locations, mixed-use and multi-family development in particular.
20	The funding request is reasonable as a portion of the overall project costs and on a per-unit basis and adheres to the Town’s Funding Guidelines.
10	The development pro forma demonstrates that the project is feasible (not applicable if Trust Funds are requested for predevelopment activities or direct assistance to determine feasibility).

10	The applicant has demonstrated significant leveraging of the requested Trust Funds with other public and/or private funding sources.
10	The applicant is qualified to undertake the project and has demonstrated success in similar capacity with comparable projects.
10	The applicant has demonstrated appropriate site control.
10	Projects providing additional public benefits such as open space, historic preservation, public safety, economic development, etc.
10	The project meets demonstrated community needs.
10	The applicant has demonstrated project support by other Town boards, committees, the Cape Cod Commission, other pertinent organization, and Chatham citizens, as appropriate.

APPLICATION FORM

Project/Program Name: _____

Project Location

Street Address: _____ Assessor's Map & Lot #: _____

Legal Property Owner of Record: _____

Sponsor(s)/Organization: _____

Contact Person Name & Title: _____

Telephone: _____ Email: _____

Mailing Address: _____

Budget Summary

Total Trust Funds Requested: _____

Total Project Cost: _____

Sponsor's Signature: _____ Date: _____

Sponsor's Printed Name & Title: _____

Project Summary: *Please summarize the proposed project and any special features (support services, sustainability or energy conservation components, historic preservation, etc.). Attach additional pages if necessary.*

Suggested Vote Language (only for use by the Affordable Housing Trustees)

1. Sources of Funds: Check all that apply, include dollar amount, and circle if funds are committed or proposed.

- | | | |
|--|----------|--------------------|
| <input type="checkbox"/> Chatham Affordable Housing Trust | \$ _____ | committed/proposed |
| <input type="checkbox"/> Chatham Community Preservation Fund | \$ _____ | committed/proposed |
| <input type="checkbox"/> Private Bank Loan | \$ _____ | committed/proposed |
| <input type="checkbox"/> Sales Revenue | \$ _____ | committed/proposed |
| <input type="checkbox"/> Other: _____ | \$ _____ | committed/proposed |
| <input type="checkbox"/> Other: _____ | \$ _____ | committed/proposed |
| <input type="checkbox"/> Other: _____ | \$ _____ | committed/proposed |

2. Uses of Funds: Check all that apply.

- Predevelopment (feasibility, engineering, appraisals, environmental studies/testing/mitigation, legal work, etc.)
- Acquisition
- Rehabilitation/Capital Improvements
- Site Preparation (tree clearing, earth removal, etc.)
- New Construction
- Redevelopment
- Other (please explain) _____

3. Targeted Population: Check all that apply.

- Family Senior/Elderly
- Homeless/At Risk of Homelessness Special Needs (identify population): _____
- Housing with Support Services (identify service providers): _____
- Other (identify): _____

4. Type of Housing: Check all that apply.

Homeownership:

- Single-family
- Condominium
- Cooperative
- Other (identify) _____

Rental:

- Single Room Occupancy
- Individual/Family
- Group Residence, Congregate
- Other (identify): _____

5. Unit Composition: *List number of units in each category*

	Total	<=30% AMI	<=50% AMI	<=80% AMI	<=100% AMI	> 100% AMI (identify)	Market Rate
SRO							
1 Br							
2 Br							
3 Br							
4 Br/+							

Note: 2014 Fair Market Rents: \$787 (Efficiency); \$877 (1 Br); \$1,176 (2 Br); \$1,538 (3 Br); \$1,615 (4 Br)
www.huduser.org

ATTACHMENTS CHECKLIST

Asterisks (*) indicate required attachments for DEVELOPMENT PROJECTS, all others are optional as applicable to the project. Please contact the Community Development Department if you need guidance on the submission requirements.

1. Financial

- *Development pro forma using the state's One Stop Application Format (download the state's One-Stop Application form at: www.mhlc.com/onestop_downloads.cfm and 10 year operating budget if available for rentals, once again using the state's One Stop format)
 - *Identify all proposed housing-related expenses (e.g., utilities, condominium fees, parking fees, etc.)
 - *Letters of financial commitment or description of all financing and finance sources planned
 - N/A (Provide an explanation why these attachments are not available) _____
-

2. Qualifications

- *Describe applicant's capacity for undertaking project and previous experience developing similar, successfully completed projects
 - *References (e.g., banks, affordable housing clients, municipal/state agencies, etc.) Describe applicant's qualifications and capacity for undertaking the project including experience developing similar, successfully completed projects. For nonprofit organizations: Submit organization mission statement and audited financial statements for past 2 years.
 - Photographs of similar projects or other applicable built projects
 - Past 2-years of audited financial statements, if applicable
 - N/A (Provide an explanation why these attachments are not available) _____
-

3. Community Need

- Describe how the proposed project meets Chatham's housing needs identified in the following:
 - Housing Production Plan, 2018, see link: https://www.chatham-ma.gov/sites/chathamma/files/uploads/chatham_housing_production_plan_2018_final.pdf
 - Comprehensive Master Plan, 2009, see link: http://www.town.chatham.ma.us/Public_Documents/ChathamMA_planning/CLRPTOC
 - N/A (Provide an explanation why this attachment is not available) _____
-

4. Community Support

- Letters of support/describe any efforts made to communicate with neighbors and abutters (unless resident clients are a protected class or require confidentiality)
 - N/A (Provide an explanation why this attachment is not available) _____
-

5. Evidence of Site Control/Value

- *Purchase & Sale Agreement, option, or deed
 - *Requests involving acquisition: Provide appraisal by an independent, certified real estate appraiser
 - N/A (Provide an explanation why these attachments are not available) _____
-

6. Site Plans & Zoning/Permitting

- *Map and photos of the project site and neighborhood
 - *Describe applicable environmental requirements including evidence that the property is free of hazardous materials or the status of a remediation plan and any pertinent natural resource data.
 - *For new construction or redevelopment projects: preliminary site plans, schematics, floor plans, elevations, and renderings, as available.
 - *Identify any zoning/permitting relief required and proposed schedule for zoning/permitting review if applicable to project. Identify proposed sustainable or energy efficient components of the project, if any.
 - N/A (Provide an explanation why these attachments are not available) _____
-



Equal Housing Opportunity