

BERKSHIRE REGIONAL PLANNING COMMISSION

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Community Housing Trust Steering Committee
September 20, 2005
Meeting #3

Present: Tom Unsworth, Lee Bank; Roger Bolton, Williams Rural Land Foundation; Tad Ames, Berkshire Natural Resources Council; Brad Gordon, Berkshire Regional Housing Authority; Sara Hathaway, Habitat for Humanity-Central Berkshire County; Lisa Wright, Berkshire Housing Development Corporation; Cara Davis, Construct, Inc.; Tim Geller, Tri-Corner, CDC; Kathy Orlando, Community Land Trust of Southern Berkshires/Sheffield Land Trust; Fred Chapman and Michael Storch, Town of Monterey; Billie Best, Town of Alford; Duane Nealon, Nat Karns and Jennifer Kenny, Berkshire Regional Planning Commission.

Absent: Gail Charpentier, Town of Tyringham

- I. Meeting was called to order about 9:35 a.m.
- II. An acknowledgement of two new attendees (Lisa Wright & Billie Best).
- III. Mr. Nealon asked if there were any changes to minutes from June meeting. Mr. Unsworth moved to approve the minutes as written, Mr. Ames seconded it. Approval was unanimous.
- IV. Mr. Nealon briefly reviewed discussions from past meetings, offering the highlights from the models of CLTs that were studied.
 - Holyoke Community Land Trust (28 housing units).
 - HAP, Inc. CLT Business Plan for Hampden and Hampshire Counties (self-sustaining at 300-500 units).
 - Community Land Trust of the Southern Berkshires (established 1980) CSA and 23 units on two sites.
 - Burlington CLT (established 1983) 370 owner-occupied units and 270 apartments.

He also presented program highlights on the Burlington Community Land Trust (BCLT), which was established in 1983. Of note:

- 370 resale restricted, owner occupied units have been created with approximately 200 located in an urban setting and 170 are located in a rural setting.

- Retained project subsidies appreciated in value from \$1.5 million to \$2.1 million.
- 74% of those selling their BLCT homes purchased market-rate housing within six months.
- BCLT homeowners realized a 31% average annualized return on investment upon resale.
- On average, BCLT home at resale was affordable to households earning 67.8% of the Area Median Income.

V. Mr. Chapman suggested that, rather than applying the state's minimum of 10 percent affordable housing for each individual town, that this 10 percent affordable housing goal should be applied on a county-wide basis. Ms. Best said that the requirement put on every town is the only way to ensure that affordable housing isn't concentrated in urban areas, and that farm workers in need of rural, affordable housing are aided. Mr. Chapman explained that he believes there should be some percentage of affordable housing in each town, more housing in some case and less in others, depending on a range of individual needs. Ms. Hathaway interjected that the 10 percent minimum is not the best measure of success in affordable housing, but rather a figure randomly chosen by the state. Ms. Orlando added that the type of housing provided should reflect the character of the town or city in which it is built. Mr. Karns indicated that only North Adams has satisfied this 10 percent affordable housing threshold in Berkshire County.

Mr. Nealon then presented a **"Housing Trust Fund Model"** that was based upon discussions at previous meetings and by Susan Witt's offer to assign an existing 501 (c)(3) not-for-profit organization (The Fund for Affordable Housing) as a legal corporate shell. The merits of pursuing a "Housing Trust Fund," as opposed creating a new housing trust organization based the community land trust model, are several:

- The Berkshire Housing Trust Coalition members could focus their initial efforts on capitalizing a Housing Trust Fund that would make resources available to local housing trust development proposals.
- Utilizing existing community land trust organizations to manage ground leases and existing affordable housing organizations to produce housing under the land trust model would strengthen these existing organizations by increasing project/program revenues, while avoiding increasing competition that a new organization would create for already limited operating and project funds.
- The timeframe for establishing an operational "Housing Trust Fund" and the administrative costs associated with managing a "Housing Trust Fund," as opposed to establishing a regional housing trust organization based on the "Community Land Trust" model, are minimal by comparison.
- Supporting locally defined housing trust initiatives and development teams (municipality, community land trust organization, and not-for-profit housing developers) could be effectively encouraged with the availability of a housing trust fund.

VI. The discussion then turned to the pros and cons of non-profit and for-profit status. Ms. Orlando mentioned that her organization operates as a non-profit without the federal tax exempt status. Mr. Gordon said that his organization has a dormant 501(c) (3) CDC that may be useful for a Community Housing Trust (CHT). Mr. Karns pointed out that most towns rely on BRPC or other organizations to administer housing programs. Mr. Gordon further mentioned that towns may perceive a burden on municipal services and resources created by new homes, but Ms. Hathaway said that they are likely to resent it less than they do second homeowners. Mr. Nealon commented that the fiscal impact on local infrastructure should be assessed. Mr. Bolton said that taxable properties have been reduced by land held in Chapter 61. Mr. Karns said that policy decisions need to be made on a town by town basis. Ms. Orlando commented on how the State of Vermont's property transfer tax is used to fund land preservation

and affordable housing. Mr. Chapman gave an example from Monterey, describing how some residents are upset that the Town owns a unit it rents as affordable housing which doesn't generate tax revenue, however, the Town earns more money in rent. Mr. Storch indicated that land trusts are exempt from property taxes in the Town of Monterey. Mr. Nealon indicated that land trusts, with conservation easements, reduce the economic value and thereby the assessed value of land; and, that the diminished land value is used as a tax credit for the party entering into the conservation easement. In addition, matching land conservation easements with housing land trust development should have a net increase to the overall tax base.

VII. The discussion next turned to the conceptual framework of a CHT, and whether it is agreed that there is actually a need for a CHT. Mr. Bolton wondered what the alternatives might be, and Mr. Storch inquired about a definition of a CHT. Mr. Nealon and Ms. Hathaway distinguished a CHT from other models in describing how it holds land in perpetuity, and therefore maintains the affordability. Mr. Nealon also noted that any subsidies placed into a housing trust project are retained and are not dissolved or forgiven overtime. Mr. Bolton added that it is a private and not public approach. Mr. Gordon expressed concern about the viability of the Housing Model, citing his own organization's difficulty when pursuing the idea, which they ultimately abandoned. Mr. Unsworth wondered how the Committee might estimate the chance of success. In response, Mr. Nealon suggested a transitional approach in which an affordable housing fund is used to raise capital for local, worthwhile projects to be carried out by existing entities. Mr. Karns added that funding would be given with the expectation that the land trust ground lease model would be used and the program would build from there. As a starting place, there are ample opportunities for tax foreclosure properties within the City of Pittsfield. Mr. Ames expressed his feelings that setting up such a fund would a round about way to support affordable housing. Mr. Nealon said that the advantage would be that such a fund could attract new money sources, would not compete for the same funds with similar groups, have lower overhead and present a relatively no risk or less operational complexity than to the creation of a new, housing development organization based on the community land trust model. Mr. Gordon added that such an approach could expand mission beyond just fundraising.

Mr. Geller said that the benefit of the CHT /CLT could be that the market and income-qualified buyers would work together, and that the subsidy would allow homebuyers to have greater housing choices. Mr. Storch suggested that realtors could assist in matching qualified buyers with housing trust opportunities. Ms. Hathaway responded that the term affordable housing or similar terms invokes "not in my backyard" public reaction. A brief discussion followed as to what the day-to-day management of such a program would be. Ms. Orlando described the need to verify the ongoing condition of properties, occupancy, manage escrow accounts, as well as manage property transfers.

VIII. The Committee discussed what next steps need to be addressed at future meetings. These include:

Next Meeting Topics:

- New organization –vs – capacity building of existing organization.
- Regional –vs – local control and project acceptance.

Future Meeting Topics:

- Inquire if representative from BCLT could speak to at future meeting.
- Recapture mechanisms.

Mr. Nealon asked the Committee whether they were leaning toward establishing a new organization with a dedicated staff, or whether it was preferable to use an existing nonprofit. Mr. Ames said that he preferred a new, staffed CHT that could perhaps obtain a grant for a feasibility study. Mr. Karns said that it may be better to work within an existing, regional organization, emphasizing that too many groups with similar goals has been a problem in the past throughout the county. Ms. Davis responded that additional resources would be necessary for a group to build capacity. Mr. Gordon agreed, saying that additional

capacity would be needed. In considering the next meeting, Mr. Nealon requested that Committee members set the agenda by emailing him topics. Mr. Bolton asked BRPC to instead present specific ideas that the group could consider, and to send out materials in advance of the meeting. This idea was echoed by other Committee members. Ms. Hathaway suggested that BRPC could provide possible grant opportunities for building a CHT. Mr. Nealon responded that most of the representatives of housing organization at the table are aware of many of the available sources of operating and project housing funds, and that these would be the same primary sources of funds that a new CHT would be competing for. He did mention that MassHOUSING, Priority Development Fund specifically mentioned housing trust in their funding guidelines, which was a \$50,000 maximum grant.

The next meeting was set for Tuesday October 25, 9:30a.m.-11:30a.m. at Berkshire Regional Planning Commission.

IV. The meeting adjourned 11:45 a.m.