

In October 2019, the Affordable Housing Trust(AHT) of Great Barrington applied to the Community Preservation Committee for funding to purchase the Alden Property on Route 41 in the village of Housatonic, Town of Great Barrington, for the purpose of developing affordable housing on the lot.



In January 2020, The Community Preservation Committee recommended this project for funding and referred the proposal to town meeting. The AHT had two abutters meeting and hired Construct to do a feasibility study of the project. Construct and Habitat for Humanity met with the neighbors over coffee at Pleasant and Main in March 2020.

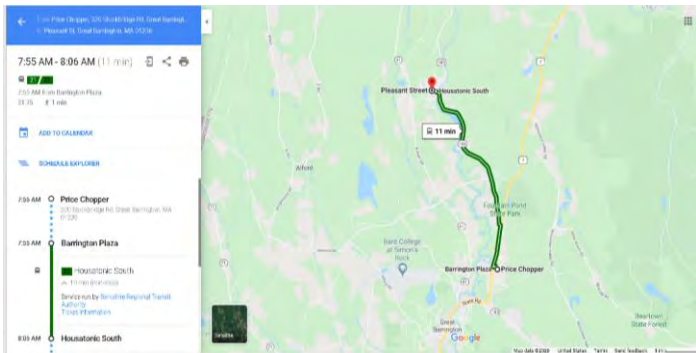
The concerns of the neighbors included environmental issues and road access which are addressed in the engineer's report. They expressed a preference for a homeownership development and expressed their support for Habitat for Humanity. One person expressed a preference for single story homes.

The consensus of the neighbors, the housing trust and the town of Great Barrington is the project should target homeownership. Since the Central Berkshire chapter of Habitat for Humanity is interested in both expanding to south county and increasing the size of their developments, the feasibility study focuses on the following proposition:

Habitat For Humanity will build at least 14 units (but no more than 20) of simple decent affordable homes on 7.25 acres on North Plain Road. The development will be clustered in the center of the acreage, leaving a buffer of trees between the new houses and the existing abutters. In concordance with the recommendation of White Engineering (see engineering report), the development will be accessed by a new, more visible curb cut onto North Plain Rd, which will come into a cul-de-sac. Water will be provided by Housatonic water company by extending the line from the corner of Oak and Main in Housatonic. Sewer will be provided by the town of Great Barrington. The town will apply for a MASSWORKS grant to fund the infrastructure.

I. Feasibility of Location

- A. Suitability of the Neighborhood: The Alden property in Housatonic is zoned R1A. The neighborhood is medium density residential. (average density is 1/2 acre lot). The lot is surrounded by single family homes of one or two stories located on Wyantenuck St, Comstock Lane, Linda Lane and North Plain Road. The median home price in Housatonic is \$190,400. The average sale value of the neighboring homes is \$305,050, with a range from \$194,000 to \$428,000.
- B. Proximity to Town and amenities: The lot is .6 miles from the center of Housatonic where there is a restaurant and general store, a library and a Post Office. Bus Service is available in the center of town.



The lot is also walking distance to Old Maid's, a park on the Williams river.

- C. Visibility and Privacy: The property has 210 feet of road frontage on North Plain Rd. 200 feet from North Plain Rd, the property widens to an average width of 691'. The back line of the lot is 580 feet from North Plain Road. It is possible, with the proposed number of units, to cluster the units in the center of the lot. In addition to reducing the cost of paving and utilities, this could also create a natural buffer between the new development and the existing neighbors and create a privacy screen from the road.



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- D. Road Frontage and Road Access: As the engineering report recommends, the existing curb cut could easily be abandoned and a new one put in 100' North between 391 and 383 North Plain Road, resulting in better visibility and less interference with the driveway on the opposite side of North Plain Rd.

II. Feasibility of Home Ownership: In Great Barrington, the median sales price of a home is \$311,600 and the average value of a single-family home is \$319, 056. The rule of thumb in affordability is that a household should spend no more than 2.6 years of income on a home. That makes the median house price affordable to households making \$119, 846 or more. This is out of reach for 93% of Great Barrington renters.

Chapter 40B, the commonwealth’s affordable housing law, requires that 10% of the housing units in every town qualify as affordable. Great Barrington is fast approaching that threshold with the development of many new affordable rental units. However, the development of affordable homeownership lags behind. This is true in all of Massachusetts – there is very little funding or opportunity to develop affordable home ownership. One of the few entities successfully creating affordable homes for ownership is Habitat for Humanity.

III. Size and Number of Units: The proposal calls for a total of 14 units, including 10 single family homes and two townhouse style duplexes. Thus, the land will be subdivided into 12 lots with a subdivision road. The units would be a combination of Two-bedroom units at 900 square feet, three-bedroom units at 1070 square feet and possibly a four-bedroom unit at 1230 square feet.

A. Conformity to R1A Zoning:

4.1.2 Schedule of Dimensional Requirements

District	Minimum lot area (sq. ft.)	Width (ft.)	Minimum front yard 1 (ft.)	Minimum side yard (ft.)	Minimum rear yard (ft.)	Maximum lot coverage by buildings (percent)	Stories 2	Height (ft.)
R1A	10,000	100	25	20	30	20	2 ½	35

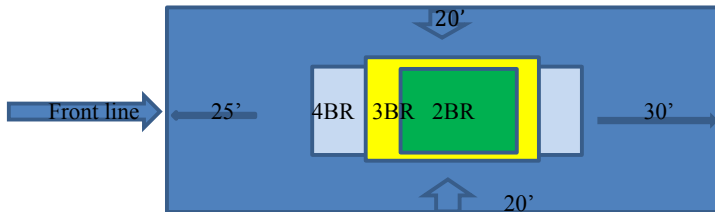
The lot size is 315,810 square feet, or an average of 26,318 square feet for each of twelve lots, easily more than the 10,000 square foot minimum. No buildings, as proposed would exceed 2.5 stories or 35 feet. The largest unit would cover 12% of the lot.

Unit size	Story	Lot Cover	Width	Length	Front Setback	Rear Setback	Side Setback	Side Setback
2BR	1	9%	30	30	25	45	35	35
3BR	1	10%	33	33	25	42	33	34
3BR	2	5%	16	33	25	42	42	42
4BR	1	12%	31	40	25	35	34	35
4BR	2	6%	16	40	25	42	42	42
Town	2	11%	33	40	25	35	33	34

If all the square footage were to exist in a single story, the buildings would easily fit within the required lot setbacks. (See example, below). Due to cost considerations, some or most units will be

two story, fitting onto the lots even better, with room for a buffer between neighborhoods.

- Example: 4 Bedroom Unit 1230sq' = 31' wide by 40' long
- 3 Bedroom Unit 1070sq' = 32.7' wide by 32.7' long
- 2 Bedroom Unit 900sq' = 30.75' wide by 40' long



IV. Site Control: With a vote of approval from the town, the Affordable Housing Trust will be able to purchase the lot as planned. Through the 30B procurement process, the AHT will create a Request for Proposals that includes granting the land to an entity that can create an affordable homeownership development. The entity which submits the best proposal and wins the grant will become the landowners and have site control.

V. Timeline:

	Ideal	Realistic	Protracted
Town Meeting	June 22, 2020	June 22, 2020	6/22/2020
Land Purchase	July 2020	July 2020	7/2020
AHT Request for Proposals	July 2020	August 2020	9/2020
Mass Works Grant	January 2021	July 2021	July 2022
Infrastructure Request for Proposals	October 2021	May 2022	May 2023
Construction Begins	March 2022	June 2022	June 2023
Construction Completion	March 2024	June 2024	June 2025
Move-in	April 2024	July 2024	July 2025

VI. Budget

A. Proposed Costs: The total budget will depend on three important factors; affordability, unit mix and qualifying for the Mass Works Grant.

1. Appendix A is an affordability matrix, showing the highest price at which a house could sell for a household at the prescribed income to have an affordable monthly payment. For the budget to be feasible, the developer should not be left out of pocket on expenses. The prices range from \$96,250 for a two-bedroom unit for a three person family at 40% Area Median Income to \$270,000 for a four bedroom unit for a five person family at 80% of Area Median Income.
2. Appendix B shows the construction costs for four different unit mix scenarios, with or without the MassWorks grant. The range in budget s with the grant is from \$2,519,000 - \$2,612,200 and the range without the grant is from \$3,219,700-\$3,312,200.

3. Appendix C shows the construction scenarios again, but this time it includes the Return on Investment (ROI) if the proposed number of units are sold at the average affordable price. The average ROI is 90% of construction costs. To bring that percentage to 100% and pay for soft costs, the developer has some options:
 1. Build more units at 60% and 80% AMI than at 40%, increasing the average sale price.
 2. Apply for other funding sources, such as the Small Town Housing Initiative, the Federal Home Loan Bank's Affordable Housing Program and CPA funds.
 3. Seek donations of materials and professional labor as well as volunteer labor, a regular practice of Habitat for Humanity.

B. Proposed Sources:

Small Town Housing Initiative: Started in 2018 by the Baker administration, this \$100,000 grant is specifically for towns with populations under 7000. Great Barrington won this grant in FY2019 and will be eligible for it again in FY 2021 (see timeline).

Federal Home Loan Bank Affordable Housing Program: One of the few programs that fund homeownership, this is a competitive grant program that funds up to \$30,000 per unit.

Community Preservation Act: The town of Great Barrington's Community Preservation Committee is well-versed in affordable housing programs. This money is available for both pre-development and development funding. Limited by current availability of funds.

C. Budgets:

These budget scenarios outline the highest cost unit mix in appendix B with the Mass Works grant or without. The budgets make the following assumptions:

USES:

1. The project will be granted the land and won't have acquisition costs.
2. Hard Cost Contingency is 10%, Soft Costs are 5%, Developer fees (which include Developer overhead, developer fee and development consultant fees) are limited to 12%, but can be lower. Or, the developer can maximize the developer fee, but loan part of it to the project (not depicted here)

SOURCES:

3. The funding sources shown are potential and must be applied for in a competitive process. Where possible, the limits of the funding sources are shown to the right of the table.
4. Habitat for Humanity's model relies on volunteer labor and generous donations of materials and time from construction professionals. By adjusting safety protocol, Habitat has continued to build during the pandemic and is considered essential. The donations have not diminished during this time. The "limits" in this case are the usual expected percentage of donations. They have been exceeded in the past.
5. The sales price must pay back the construction loan and the owner equity in order for the project to be feasible. Therefore, as costs increase, either the sale price total must increase (building more units for 60% and 80% AMI) or the donations and funding sources must increase. The limits show the extent to which those increases are possible.
6. "Total Down Payment" shows the owner equity plus funding sources. It is meant to illustrate the likelihood of the construction loan amount. For the purposes of this exercise it does not include donations or land value. Loan fees are included in soft costs.

BUDGETS

USES	WITH MASS WORKS	Maximum
Acquisition	0	0
Infrastructure	0	700,000
Hard Costs	2,612,000	2,612,000
Hard Cost Contingency	261200	261200
Soft Costs	130600	130600
Developer Fees	360456	370380
TOTAL USES	3364256	4074180

TOTAL USES	3,364,256	4,074,180.00	LIMITS
Volunteer Labor	336,426	407,418	10% Hard Costs
Donated Materials and in-kind	438,194	937,061	25% Total
USES AFTER DONATIONS	2,589,636	2,729,700.60	
FUNDING SOURCES			
STHI	100,000	100,000	100,000
FHLB AHP	200,000	340,101.00	420000
CPA	200,036	200,000	TBD
Funding Gap	2,089,600	2,089,600	
Owner Equity	589,600	589,600	TBD
Total Down payment	2,679,200	2,679,200	
Construction Loan	1,500,000	1,500,000	
Sales (80% of appraised value)	2089600	2089600	
Feasible	Sales = Owner Equity + Loan	increase FHLB, donations	

VII. Condominium Operating Pro-Forma: If the Request for Proposals is granted to Habitat for Humanity, the development will almost certainly be a condominium development. The purpose of the Pro-Forma then, is to determine if the HOA funds collected can sustain the development over time. (See Appendix D) Since the HOA funds are determined by the size of the unit and the unit, we return to the unit mix scenarios to determine the HOA income. Using Scenario 4 as we did in the budget, we can calculate the annual HOA income. No fee increases have been included over the 20 year period.

The following assumptions were made for expenses:

1. Although the residents will pay property taxes on their units, the HOA, owned by a non-profit, will not pay property tax on the land.
2. After 5 years, the electrical and insurance expenses will increase at a rate of 1% per annum.

VIII. Conclusion: The neighborhood of the Alden property is an ideal place for a mixed-income affordable housing homeownership condominium. The neighbors are a welcoming group who care about their community and support Habitat for Humanity. The size, style and price point of the units will fit in with the neighborhood. The new development will have privacy and access to Housatonic's amenities. If the Mass Works grant is realized, it may bring benefits to the neighboring houses as well, by giving them the choice to connect to a sewer system and abandon their old septic systems. As a condominium subdivision, the units fit the R1A zoning. The engineering report shows that the lot is devoid of environmental and drainage concerns.

The proposed number of units and buildings is fewer than the land can support. The unit mix is unknown at this time as it is based on local need, but the scenarios in Appendix A show that more than one unit mix is feasible.

With the cost of acquisition removed, and potentially the cost of infrastructure as well, the budget scenarios become very reasonable. In year 19, the net operating income of the HOA becomes slightly negative, but the accumulated net operating income will cover the deficit until re-financing. The cumulative reserve fund is more than adequate to cover capital needs after 20 years. Habitat includes a right to assess for emergency repairs before 20 years. Thus, the HOA income is sufficient to meet HOA needs over time as illustrated by the pro-forma. This project, as proposed, is feasible.

Appendices:

A. Affordability Matrix

B. Unit Mix Scenarios

C. Unit Mix Scenarios with Return on Investment

D. HOA Pro-forma

Addendum: Engineering Report

Appendix A: Affordability

	<u>2BR 40%</u>	<u>2BR60%</u>	<u>2BR80%</u>	<u>3BR 40%</u>	<u>3BR60%</u>	<u>3BR 80%</u>	<u>4BR 40%</u>	<u>4BR 60%</u>	<u>4BR 80%</u>
Sales Price	97500	162000	227000	96250	181000	227500	115700	193500	270000
5% down	4875	8100	11350	4812.5	9050	11375	5785	9675.00	13500
Mortgage	92625	153900	215650	91437.5	171950	216125	109915	183825	256500
Interest	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Amort	30	30	30	30	30	30	30	30	30
Payments/year	12	12	12	12	12	12	12	12	12
Total Payments	360	360	360	360	360	360	360	360	360
Monthly P&I	\$494.02	\$820.83	\$1,150.18	\$487.68	\$917.10	\$1,152.71	\$586.23	\$980.44	\$1,368.05
Prop.tx rate	15.75	15.75	15.75	15.75	15.75	15.75	15.75	15.75	15.75
PROP TAX	127.96875	212.625	297.9375	126.3281	237.5625	298.59375	151.8563	253.96875	354.375
Haz. Ins	120	120	120	120	120	120	120	120	120
Mo. PMI	38.59	64.13	89.85	38.10	71.65	90.05	45.80	76.59	106.875
Mo HOA	100	100	100	118	118	118	150	150	150
Mo.PYMT limit	879	1318	1758	890	1464	1780	1054	1581	2108
Mo. PYMT	880.58	1317.58	1757.97	890.11	1464.31	1779.35	1053.89	1581.00	2099.30
annual income	31,960	47,940	63,920	32,360	53,220	64,720	38,320	57,480	76,640
monthly income	2663.333333	3995	5326.666667	2696.667	4435	5393.333333	3193.333	4790	6386.667
33% monthly income	878.9	1318.35	1757.8	889.9	1463.55	1779.8	1053.8	1580.7	2107.6
Non mortgage expenses	386.5625	496.75	607.7916667	402.4271	547.2083	626.65	467.6542	600.56	731.25

Appendix B: Unit Mix Scenarios

Scenario 1

	Number	Size Units	Sq feet	Total sq'	Cost
	8	2BR	900	7200	1332000
	6	3BR	1070	6420	1187700
	0	4BR	1230	0	0
TOTAL	14			13620	2519700
No Mwork	700000				3219700

Scenario 2

	Number	Size Units	Sq feet	Total sq'	Cost
	8	2BR	900	7200	1332000
	5	3BR	1070	5350	989750
	1	4BR	1230	1230	227550
TOTAL	14			13780	2549300
No Mwork	700000				3249300

Scenario 3

	Number	Size Units	Sq feet	Total sq'	Cost
	7	2BR	900	6300	1165500
	6	3BR	1070	6420	1187700
	1	4BR	1230	1230	227550
TOTAL	14			13950	2580750
No Mwork	700000				3280750

Scenario 4

	Number	Size Units	Sq feet	Total sq'	Cost
	6	2BR	900	5400	999000
	7	3BR	1070	7490	1385650
	1	4BR	1230	1230	227550
TOTAL	14			14120	2612200
No Mwork	700000				3312200

Appendix C: Unit Mix Scenario Costs with Return on Investment.

Scenario 1							
Number	Size	Sq feet	Total sq'	Cost	AVG sale \$	ROI	
8	2BR	900	7200	1332000	162167	1297336	
6	3BR	1070	6420	1187700	168250	1009500	
0	4BR	1230	0	0	193067	0	
TOTAL	14		13620	2519700		2306836	
No Mwork	700000			3219700			

Scenario 3							
Number	Size	Sq feet	Total sq'	Cost	AVG sale \$	ROI	
7	2BR	900	6300	1165500	162167	1135169	
6	3BR	1070	6420	1187700	168250	1009500	
1	4BR	1230	1230	227550	193067	193067	
TOTAL	14		13950	2580750		2337736	
No Mwork	700000			3280750			

Scenario 2							
Number	Size	Sq feet	Total sq'	Cost	AVG sale \$	ROI	
8	2BR	900	7200	1332000	162167	1297336	
5	3BR	1070	5350	989750	168250	841250	
1	4BR	1230	1230	227550	193067	193067	
TOTAL	14		13780	2549300		2331653	
No Mwork	700000			3249300			

Scenario 4							
Number	Size	Sq feet	Total sq'	Cost	AVG sale \$	ROI	
6	2BR	900	5400	999000	162167	973002	
7	3BR	1070	7490	1385650	168250	1177750	
1	4BR	1230	1230	227550	193067	193067	
TOTAL	14		14120	2612200		2343819	
No Mwork	700000			3312200			

Appendix D: HOA 20 year Pro-Forma

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20
	2024.00	2025	2026	2027	2028	2029	2030	2031	2032	2033	2043
	(a)										
HOA fees (annual)	18912.00	18912	\$18,912	\$18,912	\$18,912	\$18,912	\$18,912	\$18,912	\$18,912	\$18,912	\$18,912
Gross Potential Income	18912.00	18912.00	18912.00	18912.00	18912.00	18912.00	18912.00	18912.00	18912.00	18912.00	18912.00
Less vacancy	1323.84	1323.84	1323.84	1323.84	1323.84	1323.84	1323.84	1323.84	1323.84	1323.84	1323.84
Total Gross Income	17588.16	17588.16	17588.16	17588.16	17588.16	17588.16	17588.16	17588.16	17588.16	17588.16	17588.16
Operating Subsidies	\$-										
Total Effective Income	17588.16	17588.16	17588.16	17588.16	17588.16	17588.16	17588.16	17588.16	17588.16	17588.16	17588.16
Management	879.41	879.41	879.41	879.41	879.41	879.41	879.41	879.41	879.41	879.41	879.41
Maintenance	8794.08	8794.08	8794.08	8794.08	8794.08	8794.08	8794.08	8794.08	8794.08	8794.08	8794.08
Resident Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Security	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Electrical	1000.00	1000.00	1000.00	1000.00	1000.00	1010.00	1040.30	1071.51	1103.65	1136.76	1511.90
Replacement Reserve	5000.00	5000.00	5000.00	5000.00	5000.00	5000.00	5000.00	5000.00	5000.00	5000.00	5000.00
Real Estate Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Insurance	1000.00	1000	1000.00	1000.00	1000.00	1010.00	1040.30	1071.51	1103.65	1136.76	1511.90
Total Operating Expenses	16673.49	16673.49	16673.49	16673.49	16673.49	16693.49	16754.09	16816.51	16880.80	16947.02	17697.28
NOI	914.67	914.67	914.67	914.67	914.67	894.67	834.07	771.65	707.36	641.14	-109.12
Debt Service	NA										
Debt Service Coverage	NA										
Project Cash Flow	914.67	1829.34	2744.02	3658.69	4573.36	5468.03	6302.10	7073.76	7781.12	8422.27	8313.15
Deferred Development payment	unkown										
Cumulative Reserve	5000.00	10000	15000	20000	25000	30000	35000	40000	45000	50000	100000