

# APPLICATION FOR COMMUNITY PRESERVATION FUNDING

## Submit to: Community Preservation Committee

Wellesley Town Hall  
525 Washington Street  
Wellesley, Massachusetts 02482  
Email: [cpc@wellesleyma.gov](mailto:cpc@wellesleyma.gov)

**Name of Applicant/Contact Person:** Thomas Schnorr, Chair, WHDC

**Sponsoring Organization, if applicable:** Wellesley Housing Development Corporation

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**Name of Proposal:** WHDC Affordable Housing Equity Capital Request

**Date:** December 29, 2008

**CPA Category** (circle all that apply): **Open Space** **Historic Preservation** **Recreation** **Community Housing**

**CPA Funding Requested:** \$350,000 Equity Capital

**Total Cost of Proposed Projects:** \$350,000-\$400,000

**PROJECT DESCRIPTION:** *In describing the project, please include answers to the following questions. Applications will be returned as incomplete if all relevant requested information is not provided. Include supporting materials and exhibits as necessary.*

### 1. **Goals:**

- *What are the goals of the proposed project?*

The goal of the proposed project is to increase the stock of affordable housing in the Town and to preserve the existing stock. The specific purpose of requesting \$350,000 for equity capital is to enable the Wellesley Housing Development Corporation (WHDC) to purchase, build, renovate, and/or accept a gift of one or two family dwellings or properties for the purpose of creating one or two units of affordable housing at each location or to preserve existing stock.

- *Who will benefit and why?*

Families who are in need of housing and qualify for moderate-income affordable housing will benefit. Each time the Town adds a unit to Wellesley's affordable house stock (according to the "Affordable Housing Inventory" maintained by the Massachusetts Department of Housing and Community Development (DHCD), only 5.5% of the Town's housing is currently considered affordable) the Town will demonstrate its commitment to affordable housing and its good faith effort toward the 10% affordable housing goal of Chapter 40B and will better position the community against hostile comprehensive permits that override the Town's zoning by developers.

- *How will success be measured?*

Success will be measured by the addition of one or more affordable housing unit(s) to the Town's housing stock or by preventing the loss of existing affordable housing and executing the mission of the WHDC.

**2. Community Need:**

- *Why is this project needed?*

The project is needed because there is a demonstrated need for affordable community housing in the Town. Recent housing lotteries in Wellesley have had more applicants than available units. The Town of Wellesley is required by law to make a good faith effort to provide housing opportunities for persons of low and moderate income. DHCD considers only 5.5% of the Town’s housing stock to be affordable. The goal of every community is 10%. Housing prices in the community have escalated to such a degree that persons of modest means are excluded from the community and the Town’s residential mix is becoming more homogeneous. The WHDC and the Planning Board cosponsored a study to analyze and report on the specific types of housing needs in Wellesley. The study will be completed early in 2009.

- *Does it address needs identified in existing Town plans?*

Yes. Several official Town plans have stated that a more diverse socio-economic community is desirable. Existing Town plans have identified a need for affordable community housing, including:

2008	CPC Report
2001	Wellesley Housing Development Corporation Report to Annual Town Meeting
2000	Wellesley Housing Development Corporation Mission Statement
1998	Commonwealth of Massachusetts Acts of 1998, ch. 311. An Act establishing the Wellesley Housing Development Corporation.
1997	Annual Town Meeting vote to establish a housing development corporation
1996	Wellesley Housing Partnership Committee Mission Statement
1994	Wellesley Comprehensive Plan
1989	Adoption of Town of Wellesley Affordable Housing Policy by Annual Town Meeting
1988	Affordable Housing Committee Report

In addition, this project specifically addresses most of the Town’s Community Preservation Plan decision guidelines (*see Appendix A: Decision Guidelines*) and Community Housing Goals (*see Appendix B: Community Housing Goals*).

**3. Community Support:**

- *What is the nature and level of support and/or opposition for this project?*

The community, represented by elected Town Meeting members, has demonstrated support for the concept of providing affordable housing through votes at several Town Meetings. While some prior proposals for affordable housing have been opposed by neighbors when the proposals are perceived to be too large (density, traffic, etc.) for a neighborhood, opposition to the concept of affordable housing has not been expressed. The Town (evidenced by the numerous Town plans identified above) has expressed a desire for affordable housing that is in keeping with the single-family nature of the community and where reuse of existing structures is possible. The 2004 Annual Town Meeting voted to support the WHDC in its pursuit of

affordable housing at the Walnut Street Firehouse and the 2005 Annual Town Meeting approved a \$450,000 capital equity grant from CP funds to the WHDC. There is now one unit of affordable housing at the Firehouse and the WHDC used a large portion of the \$450,000 CP grant to purchase and convert a single family house to affordable family housing.

#### **4. Budget:**

- *What is the total budget for the project and how will CPA funds be spent?*

Until the opportunity to acquire a specific property or specific properties presents itself on the market, it is impossible to predict the total budget for the project. CPA funds in the amount of \$350,000 would provide the WHDC with equity capital to take advantage of opportunities to build, purchase, renovate, move, and accept a donation of property that will result in one or two units of affordable housing. This capital, combined with bank financing, developers fees, and the homebuyer's equity will be sufficient to balance the budget for one or more property being acquired and/or converted for use as affordable housing. Reuse of the purchased, donated, or renovated property would meet all WHDC criteria for affordable housing and all persons considered for this housing will be required to meet the HUD income criteria for a moderate-income affordable unit. Under the WHDC's charter, the final budget for the acquisition of a particular property will require the approval of the Board of Selectmen.

- *All items of expenditure must be clearly identified and back-up documentation provided. Distinguish between hard and soft costs. (NOTE: CPA Funds may NOT be used for maintenance), Include a two to five year budget, if appropriate. None of the \$350,000 equity funds sought by this proposal will be used for maintenance.*

#### **5. Funding:**

- *What funding sources are available, committed or under consideration? Include commitment letters, and describe any other attempts to secure funding for this project.* Local lenders, such as the Boston Private Bank and Trust Company and Wellesley Cooperative Bank, have expressed interest in working with the WHDC on community housing projects. The Wellesley Bank provided the WHDC with bridge financing when we purchased a home using previously granted CPA funds and has expressed interest in continuing to provide the WHDC with similar financing for future projects. In addition to local lenders, funding will be provided by the home buyer and other funds on hand with the WHDC.

#### **6. Timeline:**

- *What is the schedule for project implementation, including a timeline for all critical elements? This should include the timeline for expenditures, receipt of other funds and/or other revenues, if any.* The timeline for the WHDC project will be governed by real estate market conditions, namely when an opportunity to acquire a property presents itself. The need for the \$350,000 housing investment equity capital is to position the WHDC to take advantage of market opportunities for affordable housing that would otherwise be lost.

#### **7. Implementation:**

- *Who will be responsible for implementing the project?* The WHDC would be responsible for acquiring and/or converting the properties to affordable housing use, in conjunction with a private developer and/or other Town partners, such as the Board of Selectmen. Since this proposal is asking for equity capital to enable WHDC to seize market opportunities as they become available in order to further affordable housing in Wellesley, the implementation specifics will not be available until the time of such an opportunity.
- *Who will the project manager be?* The project manager will be the WHDC.
- *What relevant experience does the proposed project manager have?* The resumes of the members of the WHDC include the following relevant expertise and experience: real estate lawyer, developer, CPA, finance, and a former president of activist organization. The WHDC has already successfully implemented a project like this.
- *Who else will be involved in project implementation and what arrangements have been made with them?* N/A

#### **8. Maintenance:**

- *If ongoing maintenance is required, who will be responsible and how will it be funded? Please include a detailed five-year budget.* N/A. All maintenance would be covered by the first-time homeowner. If the WHDC maintains ownership of a property, maintenance would be covered by the rent collected from a tenant.

**ADDITIONAL INFORMATION:** *Provide the following additional information, if applicable.*

9. **Further Documentation:** *Documentation that you have control over the site, such as a Purchase and Sale Agreement, option or deed.* The purpose of the project is to provide the WHDC with the funds needed to obtain site control and/or to renovate or build upon a property or to prevent the loss of an existing unit of affordable housing.

10. **Feasibility Reports:** *Any feasibility reports, renderings or other relevant studies and material.* n/a Specific information will not be available until a market opportunity presents itself.

11. **Historical Preservation:** *documentation that the proposed project meets at least one of the Wellesley Historical Commission's three conditions for funding.* N/A

12 **Zoning Compliance:** *Evidence that the project does not violate any zoning by-laws or any other laws or regulations, including environmental, and/or plans to obtain necessary approvals.* Acquiring and reusing existing housing for affordable housing purposes will generally assure that the housing acquired under the project will comply with the Wellesley Zoning Bylaws, either as of right or as a pre-existing non-conforming use or structure. To the extent a specific housing opportunity requires zoning relief, the WHDC would make sure the specific housing obtained any necessary permits under the Wellesley Zoning Bylaws and/or state law.

13. **Basis of Eligibility for CPA funds:** *By State Statute, the Town may expend Community Preservation funds to*

- *Acquire, create, and preserve open space.*
- *Acquire, preserve, rehabilitate and restore historic resources.*
- *Acquire, create and preserve land for recreational use.*
- *Acquire, create, preserve and support community housing, including provide funds for the community's affordable housing trust fund.*
- *Rehabilitate and restore open space, land for recreational use and community housing acquired or created with fund monies.*

*Please describe the basis under which the proposed project qualifies.*

The WHDC would use the funds granted to create, preserve and support community housing. Until an opportunity arises we are unable to be more specific.

**Other Information:** *Any additional information that might benefit the CPC in consideration of this project. See Appendices.* The WHDC believes that this project constitutes the type of project that the CPC considers eligible for funding in fiscal 2010. In particular, without the requested CPA funding the WHDC will continue to be unable to seize the opportunity to acquire modestly priced properties as they become available on the market. Given the dynamics of the residential real estate market, unless the WHDC has funds on hand to make an offer immediately once a property goes on the market, those opportunities to reuse existing housing for affordable purposes will be forever lost.

Appendix A: Decision Guidelines

<b>Decision Guidelines</b>	<b>How Project Addresses Specific Guidelines</b>
Preservation of a resource or opportunity that would otherwise be lost.	Appendix D evidences that the WHDC has already lost at least seven opportunities to acquire and preserve existing houses and relocate and/or reuse those houses for affordable community housing purposes due to a lack of funds. Given the short period of time that residential properties in Wellesley remain on the market, the WHDC is unable to compete with local developers when suitable properties become available unless it has the funds on hand to obtain site control quickly.
Involvement of two or more of the purposes designated for funding under the CPA.	The Project may involve more than one CPA purpose if the property is of historical significance, as was the Firehouse.
Involvement of multiple sources of funding, including leveraging other public and/or private funds.	All housing acquired and developed under the Project will involve at least three sources of funding: CPA funds; other funds on hand with the WHDC and the purchase price paid by the initial first-time homebuyer of each homeownership unit or the rent paid by the tenant of each rental unit. In addition, private bank bridge financing may also be involved.
Creation of incentives for other public and/or private projects and/or collaborations to occur.	The Project, by demonstrating the willingness of the Town to contribute CPA funds to the creation of new affordable housing, will stand as a model and an incentive for other funding sources, such as the State Department of Housing and Community Development, private foundations and others, to provide matching funds for WHDC's acquisition of other housing units. The renovations to the Marshall Road project were completed with a combination of CP and State funds.
Demonstration that the proposal is feasible and the most reasonable plan to implement the project.	The WHDC has shown that the plan is feasible by implementing such a plan with previously granted CP funds. It is not only the most reasonable, it is the only way, currently, for the WHDC to obtain funds for such a project.
Provision for cost/funding that is compatible with the Town's financial plan.	Other than the CPA funds, the Project is financed with private funds, not tax-levy funds.
Consistency with Town-wide planning efforts/reports that have received broad-based scrutiny and input.	Previously cited Town Meeting votes, in both 2004 and 2005, supported the WHDC's efforts to provide units of affordable housing. The 2005 vote was for a grant exactly like the one requested here.
Consideration of recent Town Meeting actions, supported by other Town boards and/or by the community.	The Project, by acquiring and/or reusing existing housing and/or constructing new housing on Town-owned land, is consistent with the Town's Affordable Housing Policy, and achieves at least nine of the Community Housing Goals set forth in the Town's 2008 Community Preservation Plan.
Provision for a dedicated source of funding (other than CPA) for on-going maintenance, if applicable.	Once a house is acquired under the Project, on-going maintenance becomes the obligation of the homebuyer. In the case of affordable rental units, maintenance units would be funded out of the stream of rent payments.
Compliance with Wellesley's Zoning Bylaw and Town Bylaws and/or the laws of the Commonwealth.	Acquiring and reusing existing housing for affordable housing purposes will generally assure that the housing acquired under the Project will comply with the Wellesley Zoning Bylaws, either as of right or as a pre-existing non-conforming use or structure. To the extent a specific housing opportunity requires zoning relief, the WHDC would obtain any necessary permits under the Wellesley Zoning Bylaws and/or state law.

## Appendix B: Community Housing Goals

<b>Community Housing Goals</b>	<b>How Project Addresses Specific Goals</b>
<p>Create new and preserve existing community housing that is consistent with the Town's affordable housing policy adopted under Article 31 of the 1989 Annual Town Meeting and modified under Article 42 of the 1997 Annual Town Meeting.</p>	<p>Housing funded under the Project will directly satisfy seven of the eight criteria adopted in the Town's Affordable Housing Policy:</p> <ol style="list-style-type: none"> <li>1. By focusing on existing houses and new construction on existing Town-owned lots, the housing will be predominately single family and residential in character.</li> <li>2. The Project is principally designed to work with existing housing, so it will not involve construction of large, urban-scale design that is incompatible with the Town's existing housing stock.</li> <li>3. All housing units funded under the Project will be sold and/or rented only to persons whose household incomes will enable the units to contribute to the Town's 10% target under the Comprehensive Permit Act.</li> <li>4. All housing units funded under the Project and sold to homebuyers will, to the extent possible, be made subject to a recorded restriction that ensures that all units remain affordable in perpetuity. All housing units acquired with Project funds that are used for rental housing (e.g., if a 2-family house becomes available), too, would be subjected to a recorded affordability restriction.</li> <li>5. As discussed elsewhere, the WHDC will offer the housing funded under the Project to first-time homebuyers or tenants selected through a lottery process that gives preference to households with existing Wellesley connections.</li> <li>6. By focusing on the reuse of existing housing and on Town-owned lots in residential neighborhoods, the Project will respect the Town's open space plans.</li> <li>7. By focusing on the reuse of existing housing or existing Town-owned lots, affordable housing developed with Project funds will have minimal to no impact on the Town's existing utility systems.</li> <li>8. By conducting a lottery for the sale or rental of housing funded under the Project to income-eligible households, the WHDC will ensure that the Town's Fair Housing Policy is respected.</li> </ol>
<p>Create new and preserve existing community housing that is well designed and maintained, is of high quality and based on sound planning principles.</p>	<p>To the extent that the WHDC renovates or builds new housing, such housing will be well designed and of high quality.</p>
<p>Disperse community housing throughout the Town by siting new community housing in neighborhoods that currently have little or no affordable housing.</p>	<p>The Project is designed to enable the WHDC to acquire individual affordable housing units on scattered sites throughout the Town as property becomes available.</p>
<p>Provide and preserve community housing that promotes age and income diversity.</p>	<p>The Project addresses this goal, by increasing the availability in the Town of housing set aside for households of low-to-moderate income.</p>
<p>Ensure the long-term affordability of community housing, and in perpetuity wherever possible.</p>	<p>All housing units funded under the Project and sold to homebuyers will, to the extent possible, be made subject to a recorded restriction that ensures that all units remain affordable in perpetuity. All</p>

	housing units acquired with Project funds that are used for rental housing would also be subjected to a recorded affordability restriction.
Create new and preserve existing community housing that will contribute to the state's mandated target of having 10% of the Town's housing stock affordable to households with incomes at or below 80% of the Boston area's median income.	The WHDC will conduct an affordable housing lottery to ensure that the homebuyers and tenants of all housing funded under the Project will have incomes that enable the housing to contribute to the 10% target established under the State's Comprehensive Permit Act.
Provide a mix of low income, moderate income and market rate housing.	By focusing on the acquisition of individual existing houses and lots in residential neighborhoods, the Project will help scatter low and moderate income housing throughout the Town.
Provide community housing opportunities that give priority to local residents, Town employees and families of students enrolled in the Town's public schools.	The WHDC will conduct a lottery using eligibility criteria designed to give a preference to households with Wellesley connections such as these.
Reuse existing buildings or use previously developed or Town-owned sites for new community housing.	This is one of the specific purposes of the Project.
Acquire and convert market rate housing into community housing.	This is one of the specific purposes of the Project.

### Appendix C: Lost Opportunities

Location	Opportunity	Comment
Various	Houses on market ~\$500,000	WHDC could purchase and sell for ~\$200,000
7 Burke Lane	Agent called WHDC to bid on home, closed bids	Lost opportunity. Minimum bid was \$400K. WHDC did not have sufficient funds to purchase and renovate property
119 Cliff Road	Relocation opportunity-single family residence	WHDC: no working funds to pay for 1 mile move to Town owned land on Woodlawn Avenue
140 Wellesley Ave	Relocation opportunity-single family residence	WHDC: no working funds to move ½ mile to Town owned land near WHS, could not meet timing deadline
Forest Street	Relocation opportunity-single family residence	WHDC: no working funds to pay for move or meet timing deadline
Walnut Place	Burnt single family residence	WHDC: no working funds to invest for rehab to affordable unit and meet timing of seller
Phillips Park	Senior condos: 5 units available for Town to buy at market rate	WHDC: no working funds to buy down unit price as they become available for resale as moderate unit
Cedar Street	Burnt single family residence: offered to Wellesley Housing Partnership	Wellesley Housing Partnership Committee: Town appointed committee with no mechanism or capital to take advantage of discount price and necessary quick action required by seller

## **Appendix D: Plans, Documents and Studies**

**Community Housing: The following documentation has already been distributed to the CPA. This documentation details the need for affordable housing in Wellesley.**

- Town of Wellesley Affordable Housing Reference Guide (1995)
- Housing Partnership Committee Report on Oakland Street and Woodland Avenue Sites (1996)
- Wellesley Housing Partnership Committee Report to the Board of Selectmen on Article 37 of the 1996 Town Meeting: Potential Affordable Housing Sites Oakland Street – Woodlawn Avenue – Alhambra Road (1996)
- Wellesley Housing Partnership Committee Report to the Board of Selectmen on Article 38 of the 1996 Town Meeting: Wellesley Non-Profit Development Corporation (1996)
- Introductory Report of the Wellesley Housing Development Corporation to Annual Town Meeting. (2001)
- Reports and Studies vis à vis Housing: Wellesley Housing Authority (2003)
- Report of the Wellesley Housing Development Corporation in the Town's Annual Report 2007-2008
- In addition, upon completion of the Affordable Housing Needs and Demand Study that the Planning Board and the WHDC have jointly asked LDS Consulting Group LLC to perform, such study will be distributed to the CPC.