

Community Preservation Act Committee Proposal Request Form for FY 2014

Date: December 11, 2013

Submitting Entity: Town of Amherst

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CPA funding category

Check all that apply

- Community Housing
- Open Space
- Historic Preservation
- Recreation

Overview of Proposal:

The Town of Amherst is requesting \$750,000 in CPA funds to help with the acquisition and pre-development costs of Echo Village and/or Rolling Green.

Rolling Green apartments is a 204 unit multi-family development owned and managed by Equity Residential. It was purchased in 2000 by its current owners for approximately \$6.5 million. Echo Village Apartments is a 24 unit rental development purchased in January 2013 by Eagle Crest Property Management.

The Town is optimistic that with the right developer and combination of state and local resources, Echo Village and/or Rolling Green can be preserved in part or in total as permanent affordable housing. Town staff anticipates making a thorough presentation to the Committee later in the process.

Describe how your request meets the CPA criteria:

1. Description of funding needed including:

a. Documentation of cost estimates

The Town has partnered with the Massachusetts Housing Partnership (MHP) to determine preliminary financial feasibility of preserving affordable housing at Echo Village and Rolling Green. MHP is also coordinating meetings and discussions with potential developers, who will refine budget estimates. At this time, a budget has not been established. However, using the assessed values of the properties—\$2 million for Echo Village and \$9 million for Rolling Green—the Town and MHP anticipate total development costs well in excess of \$10 million.

b. Other sources of funding, e.g., grants, self-funding, fund-raising

The CPA funds would be used by the Town and a developer to leverage additional grant funds and other sources of funding. The Town and MHP expect that much of the funding will come from state and federal funding, through tax credit programs, preservation of affordable housing programs, and other sources.

c. Timeline on how CPA funds, if awarded, would be spent

The funds would be packaged into acquisition and/or pre-development costs, such that they would be drawn down in one lump sum. The actual expenditure of the funds

depends on negotiations between property owners and securing financing, which could take 1-2 years.

d. Timeline for spending funds; expectation for spending over multiple years

See answer above. Although the funds may not be expended in the first year after award, the entirety of the funding would be spent quickly in one lump-sum as part of the acquisition or pre-development of Echo Village and/or Rolling Green.

2. Urgency of the Project, if any

The affordable housing that remains at Echo Village and Rolling Green is not protected by a deed restriction or regulatory agreement, and is being rapidly converted to market rate displacing families and individuals. The loss of these affordable family housing units is a serious concern. Amherst's Housing Production Plan (HPP) states that "young families are rapidly declining as adults age 25 to 44 decreased from 7,323 in 1990 to 4,009 by 2010, a drop of 45.3%. The widening affordability gap will continue to present a substantial obstacle to young families being able to live in Amherst."

Echo Village apartments were purchased by Eagle Crest Property Management in January 2013. At the time of the transaction, 19 of the 24 units were occupied by families and individuals, and 13 units included Section 8 voucher holders. Since the acquisition, new market rate rents are approximately \$400-\$700 higher than the maximum HUD fair market rent, making many of the units too expensive for tenants with Section 8 vouchers. This has forced nearly half a dozen families to leave their apartments while those that remain face the uncertainty of yet higher rents and eviction.

At Rolling Green, the 41 affordable units (also all tenants with Section 8 vouchers, many of which are administered by the Amherst Housing Authority) are no longer protected by the regulatory agreement, such that the owner of the property, Equity Residential, has indicated that they will raise rents 5 percent per year until all these units are at market rate. The rent differential between the affordable units and the advertised market rents is, on average, \$400-500/month. The impact of this rental increase will inevitably drive low- and moderate-income tenants from Rolling Green who will struggle to find other affordable rental units in town.

3. Estimated timeline from receipt of funds to Project completion

The acquisition and/or pre-development of Echo Village and/or Rolling Green is a complicated project that involves negotiations between the property owners, developers, financiers and the Town. The transfer of one or both of the properties to an affordable housing developer may take 1-2 years, however, the upshot will be permanent deed restricted affordable housing for a number of rental units. To date, the owners of both properties have been very cooperative and remain open to a process of possible acquisition.

4. Acquisition or preservation of threatened resources

CPA funds would help preserve affordable rental housing in Amherst. The recently completed Housing Production Plan emphasizes the need in the community to preserve and create more rental units that are affordable to families and individuals. The acquisition of Echo Village and/or Rolling Green would preserve at a minimum, 65 units of affordable housing. Otherwise, the units will be converted to market-rate rentals and the likelihood is that most of them will be rented by students.

Currently, Equity Residential maintains Rolling Green as a mixed-income, mixed tenant neighborhood that is an exemplary model of multi-family housing.

5. Population(s) to be served by the Project

The acquisition of Echo Village and/or Rolling Green would help preserve long-term affordable housing in Amherst. The 24 units at Echo Village include a number of 3- and 4-bedroom units, a size that is difficult to find in town, but is needed by families. Rolling Green has a range of bedroom sizes that can accommodate individuals to families. As stated above, the goal is to preserve at a minimum, 65 units of affordable rental housing. There is a possibility that a majority of the total number of units (229) would be permanently protected as affordable housing. In this scenario, over 100 units would be reserved for low- and moderate-income households.

6. How the Project is prioritized by requesting Town committees or commissions

The Housing and Sheltering Committee has yet to review CPA proposals for community housing but we expect that to occur in January.

7. Other information regarding the Project deemed necessary for CPAC

While \$750,000 is a significant amount of CPA funds to request for any project, it will be used to leverage much greater amounts from state, federal and private sources to preserve affordable housing in Amherst in perpetuity. The total project cost to acquire Echo Village and/or Rolling Green is a long term solution to securing affordable housing in Amherst, and when viewed as a cost per unit, is the most effective and financially feasible strategy. As a long-term solution, the Town would suggest that the CPA Committee consider bonding the amount over a period of 20 years to reduce the annual debt service.