

Securing Revenue for a Municipal Affordable Housing Trust

Sources of Revenue:

- Community Preservation Act funds
 - Many housing trusts rely on CPA funding as a reliable source of annual revenue. Often, the trust will be required to apply to the Community Preservation Committee for annual funding based on a proposed budget with funding priorities clearly specified. The towns of Easton, Medway, Westford, and Westport are all examples of housing trusts that make an annual request for CPA funds.
- Inclusionary Zoning payments
 - Municipalities that enact inclusionary zoning bylaws can allow an option for cash payments in lieu of developing the required affordable units per the bylaw. The level of the cash payments are based on a formula that varies between bylaws. The cash payment can be designated as revenue for a housing trust, as the Town of Westport's Inclusionary Zoning bylaw does. In the case of Westport's bylaw, it also allows donation of land to the Trust in lieu of unit development. Among examples of other communities with provisions for cash in lieu payments to the housing trust include Barnstable and Danvers.
- Negotiated developer payments
 - Municipalities that have negotiated developer payments for community benefits, including for affordable housing, can direct these funds to the municipal affordable housing trust. The City of Salem and town of Westford and Andover are examples of communities that have secured developer payments for the housing trust.
- Sale of tax title properties
 - Municipalities can designate proceeds from the sale of tax title properties as revenue for the housing trust. In addition, tax title properties can be transferred to the Trust for development of affordable housing.
- Private fund raising
 - At least one community, Wellfleet, has undergone private fundraising. Note: the Wellfleet housing trust predates the 2005 legislation and was created under special legislation.
- Special bylaws/ordinance
 - Newburyport is an example of a community with a special provision in the zoning ordinance that generates revenue for the housing trust. The provision is referred to as Section 6C and it allows more than one residential structure per lot with a special permit if a clear public benefit is provided which includes the creation of affordable housing. This bylaw provision has manifested two \$15K payments to the housing trust to date.
- Cell tower payments
 - At least one town, Harwich, uses the proceeds from a lease of town property for a cell tower to fund the housing trust. This arrangement generates approximately \$50K per year.
- Resale of Affordable Units as Market Rate
 - If a qualified buyer is unable to be secured for resale of an affordable unit and is sold as a market rate unit, the housing trust can be designated to

receive the difference between the affordable and market rate price. The City of Newburyport has secured revenue for the housing trust in this way.

- Lottery/resale agent
 - The Trust can perform the services of a lottery/resale agent and create revenue through payments from developers for these services. The Town of Sudbury housing trust is very active in this regard and has generated a steady stream of revenue for its trust through its housing coordinator acting in this regard.

Tips for Securing Funding

Composition of the Board of Trustees: The composition of the Board of Trustees can potentially make or break the ability of the housing trust to secure funding. It is important to craft the Board with representatives from key municipal boards/committees as well as professionals with expertise in real estate, banking, development, etc. The professional expertise combined with municipal representation provides the credibility and capacity to be effective.

Communication & Building Relationships: An important element of securing revenue for the housing trust is strong communication to demonstrate the trust's capability, accountability, and funding priorities. It is vital to foster support from the key decision-makers in the community including the Community Preservation Committee (CPC), Board of Selectmen(BOS)/Mayor, Finance Committee, and members of your legislative body.

Adopt an Action Plan: Many communities are reluctant to fund the housing trust if it's not clear what the funding will be used for. Housing trusts have successfully secured funding through the development of an action plan showing clear funding priorities that are based on:

- community input
- demonstrated housing needs
- a realistic budget

The Board of Trustees can present the Action Plan to the decision makers, such as the CPC or BOS, when requesting funding.