



# FAIRHAVEN

## Affordable Housing Action Plan

Prepared for the  
Fairhaven Housing Authority

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## INTRODUCTION

The Fairhaven Housing Authority (FHA) engaged consultant John Ryan, Development Cycles of Amherst MA to prepare an affordable housing needs assessment for the Town of Fairhaven and recommend options to address those needs over the next five years. The following represents the consultant's recommended Affordable Housing Action Plan.

## KEY AREAS OF IDENTIFIED NEEDS

The Fairhaven Housing Needs Assessment identified four key areas of affordable housing need in Fairhaven. These include:

- *Non-elderly Rental Housing Need:* 60 units for work-age residents focusing on those earning less than 50 percent of AMI.
- *First Time Homeownership Ownership Need:* 30 new homeownership opportunities over the next several years to address the needs of moderate-income renters, especially single person households.
- *Senior Housing Need:* 60 units of service-enriched rental housing for older seniors earning less than 80 percent of AMI; and 40 units of age-appropriate ownership housing for seniors addressing issues of maintenance and accessibility.
- *Special Needs Housing:* Eight (8) new community-based rental units for very-low income residents with physical disabilities; seven (7) new rental units for very-low income units for mentally disabled residents living independently or with staffed assistance; and a need for financial assistance to 25 low-income homeowners with physical disabilities to retrofit their home for greater accessibility.

## ACTIONS TO ADDRESS NEEDS

The consultant recommends the following nine actions to address these affordable housing needs. Figure 1 summarizes these actions in terms of their recommended priority, with suggestions on who may be best suited to take the lead, who can support these efforts, what key funding source is needed, what realistic levels of need can each action address, and what level of financial resource is needed.

Fairhaven, MA  
Affordable Housing Action Plan  
Fairhaven Housing Authority

Figure 1

**Matrix of Recommended Actions**

Proposed Action	Priority	Lead Entity Locally	Supporting Entities	Primary Funding Source	Realistic Timeframe	Likely Impact on Need	Estimated Cost
Low Income Housing Tax Credit Rental Development	High	FHA, Private developers	Development consultants, Town	LIHTC	3-5 years	30-40 family rental units	\$6.0-\$8.0 million
HUD 202 Elderly Housing with Services	High	FHA	Service providers, RFP respondents, Town	HUD 202	2-5 years	30-40 senior rental with service units	\$6.0-\$8.0 million
Rental Housing for Residents with Physical and Mental Disabilities	Medium	Local Service Providers	FHA, Town	MA DDS and DMH	2-5 years	5-10 rental units	\$200,000+/unit
Support Age Appropriate Ownership	Medium	Private Developers	Town Planner	Private Capital	2-5 years	30-40 ownership units	\$7.5-\$10.0 million
Offer Home Modification Loans & Grants	Medium	SMOC	COA, FHA (outreach)	MA Health & Human Services	Available Now	2-3 units/year	Up to \$30,000/unit
Create an Accessory Dwelling By-law	Low	Planning Board	Town Meeting	N/A	1-2 years	2-3 rental units/year	\$0 to change by-law
Renovate Blighted Properties	Low	Town Planner	Board of Selectmen, CPA	CDBG, CPA, HOME	1-2 years	2-3 rental unit/year at most	\$60,000-\$100,000/unit
Create Inclusionary Zoning By-law	Low	Planning Board	Town Meeting	N/A	1-2 years	Occasional ownership unit	\$0 to change by-law
Offer Purchase Buy Downs and Down Payment Assistance	Low	CPA, Town Planner	Town Meeting	CPA	1-2 years	2-5/ year	Up to \$50,000/unit

*High Priority*

**1. Low Income Housing Tax Credit Rental Development**

The consultant recommends that the non-profit development entity of the Fairhaven Housing Authority pursue the option of developing a new 30- to 40-unit housing development utilizing the Low Income Housing Tax Credit (LIHTC) program. This program, administered by the US Treasury Department through the MA Department of Housing & Community Development (DHCD), is the primary way that new rental development occurs in Massachusetts. The program offers 15-years worth of tax credits to corporations or individuals who provide upfront equity to develop housing that is rented at an affordable level to residents earning less than 60 percent of Area Median Income (AMI). The more competitive nine percent tax credits typically generate about 50 percent of the total development costs of a project. Other grants and/ or borrowing supported by rents cover the remaining costs. Given the current market rents as well as the population with the greatest need in Fairhaven, a successful project in this community would likely need to have 100 percent of its units be affordable to tenants at 60 percent of AMI. Again, given the market conditions and population in need, the project would also need to secure the maximum number of project-based Section 8 certificates allowed.

While the FHA's development entity may need to take the lead in creating such a development, there are a number of experienced for-profit and not-for-profit developers with LIHTC projects in Bristol County who could be more or less active partners in the development of such a project. Appendix A lists contact information for a number of such potential partners.

Working with the Town Planner, the consultant identified only one privately owned parcel (Map 31B-302A) capable of supporting a development of this scale within an existing multi-family zone. While it is worth exploring the feasibility of obtaining this parcel, there is a much greater likelihood that this type of development would utilize the Chapter 40B Comprehensive Permitting process. Such a development could be permitted through the 40B process in full partnership between the Town, the FHA, and a development partner.

The LIHTC option is highly competitive for funding and currently faces a limited market of potential investors for the tax credits that make the program possible. To increase the project's competitive standing, the Town may wish to consider making available a town-owned parcel for re-use as non-elderly rental housing. The most attractive site is the vacant Oxford School at 347 Main Street in North Fairhaven (Map 22A-192). This 48,000 square foot building sits on 0.727 acres of land. It may be possible to combine the re-use of the Oxford School with parking on a privately owned site immediately across Main Street between Deane and Morton Streets (Map 22B-383). Combining development at the Oxford School with new development at the former Sacred Heart church site at 382 Main Street is also possible. The Roman Catholic

Diocese of Fall River owns a series of parcel between Morgan and Dover Streets with a combined size of nearly 1.5 acres (Maps 19-245,246,288,289,298,377 and 21-004).

The current School Administration building at 128 Washington Street represents a second town-owned site that could eventually serve, in combination with other privately-held parcels (Maps 38-016 S,C,N and R), as home to a non-elderly rental development, that would abut the FHA's existing McGann Terrace project. The assemblage of properties would create at least a six-acre site and could adapt the roughly 5,000 square feet of space in the School Administration building. It should be made clear that such an option would only follow a decision by the School Department to relocate these administrative functions to a more appropriate location for these purposes.

The time needed to take a rental development through the LIHTC process has grown and now typically takes three to five years from start to finish. New tax credit development is the only realistic option capable of making a serious dent in the non-elderly rental need over the five-year timeframe considered in the needs assessment. As such, it represents one of two development options that the consultant recommends be the highest priority to get started.

## **2. HUD 202 Elderly Housing with Services**

The Housing Needs Assessment indicated that, while there is not a need for additional independent senior housing units in Fairhaven, nor is there a need for additional market-rate assisted-living facilities, there is a need for service-enriched housing for frail, low-income seniors.

HUD's Section 202 program helps expand the supply of affordable housing with supportive services for the elderly. It provides very low-income elderly with options that allow them to live independently but in an environment that provides support activities such as cleaning, cooking, transportation, etc. HUD provides interest-free capital advances to private, nonprofit sponsors to finance the development of supportive housing for the elderly. The capital advance does not have to be repaid as long as the project serves very low-income elderly persons for 40 years. Project rental assistance funds are provided to cover the difference between the HUD-approved operating cost for the project and the tenants' contribution towards rent. Project rental assistance contracts are approved initially for three years and are renewable based on the availability of funds.

Fairhaven Town Meeting helped the FHA secure a potential development site for a Section 202 development adjacent to the Authority's existing Oxford Terrace Apartments. The FHA plans to develop the roughly two-acre property for this purpose.

Federal funding for the 202 Program underwent drastic cuts for FY 2011. It may be some time before Fairhaven is competitive for this reduced level of funding. As such,

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if there is any possibility of moving forward with an application for FY 2010 funding, it should be considered.

Nearby examples of HUD 202 projects may be found in New Bedford (Interchurch Elderly Housing and King Village) and Dartmouth (Solemar II).

*Medium Priority*

### **3. Support Rental Housing for Residents with Physical and Mental Disabilities**

It is important to recognize that rental housing needs for residents with disabilities varies significantly by the nature of the disability. Housing is also just one of a range of program services available to such residents. The general movement of the key funding sources at the state level is to integrate residents as fully as possible within the community. Area service providers tend to take the lead in developing housing opportunities. Community support for and initiation of efforts to address the needs of this resident population is significant and relatively rare. The consultant recommends a number of specific actions that the FHA and Town of Fairhaven can make to more clearly express and offer support for the creating opportunities for residents with physical and mental disabilities to live independent in the community. Appendix B lists a number of key service providers and funders that serve the South Coast region. The consultant recommends that the FHA and Board of Selectmen convene a roundtable and invite these representatives in to explore opportunities for the community to support specific efforts to meet local needs. Secondly, any efforts to develop town-owned sites, such as the Oxford School could include some requirement to provide housing options for residents with disabilities. Thirdly, the FHA may wish to explore the development of new housing for residents with disabilities under either HUD's Section 811 or MA Chapter 689 housing.

### **4. Support Private Market Development of Age Appropriate Ownership**

Fairhaven has a large concentration of home-owning seniors whose incomes are too high to be eligible for subsidized rental housing as they age and become less able to support the cost and maintenance of their larger homes. There is clearly the need for a market-rate ownership option in the community that is designed with the needs of this aging population in mind. These "age-appropriate" characteristics typically include first floor bedroom/ bathroom suites, accessible grades, attached garages, maintenance support, handicapped adaptable first floor bathrooms, and storage options that limit the need for excessive reaching or bending. Such housing is typically developed as either attached or detached condominiums.

The Fairhaven Planning Board may wish to look at ways to promote this form of development in the community including expansion of zoning areas where such developments may occur, and density bonuses for housing characteristics that clearly serve the needs of an older population. There are important distinctions to be made between housing that has the accessibility and design characteristics to meet the physical needs of older residents, and housing that is reserved exclusively for such residents. In this community, with its limited supply of ownership housing suitably sized for single person households, the expansion of housing to serve older residents can meet the needs of a larger market of potential buyers.

## **5. Offer Accessibility Loans/ Grants for Existing Property Owners**

The state-funded Home Modification Loan Program (HMLP) provides loans to make modifications to the primary, permanent residence of elders, adults with disabilities, and families with children with disabilities. Such modifications allow people to remain in their homes and live more independently in their communities.

There are six agencies throughout the state that administer the program for the MA Department of Health & Human Services. For Fairhaven, the provider is the Southern Middlesex Opportunity Council ([SMOC](#)); contact Mary Ann Walsh, 508-202-5919). The program lends money to homeowners who wish to start new modification projects, but does not reimburse for work that has been already completed.

Based on the [income guidelines](#), homeowners may borrow from \$1,000 up to \$30,000 (inclusive of all costs) in either a deferred payment loan (DPL) or an amortized loan, which is secured by a promissory note and a mortgage lien, except in cases of loans that are under \$2,500 which are only secured by the promissory note. An HMLP loan may be obtained only one time per property. Borrowers may not come back for more funding for the same property once their project is complete.

Homeowners eligible for a 0% DPL will not have to repay the loan until the property is sold or has its title transferred. 3% DPL or 3% amortizing loans must be repaid in 5 to 15 years, depending on the amount of the loan, and require monthly payment schedules.

In addition to the HMLP, CPA, HOME, and CDBG funding has also been used to provide similar loans and grants in communities throughout the Commonwealth.

The consultant recommends the FHA in conjunction with the Town Planner, the local Council on Aging, area providers of services to residents with disabilities, and SMOC initiate an outreach campaign to increase awareness and provide technical support to residents who may benefit from this assistance.

*Low Priority*

## **6. Create Accessory Dwelling By-law**

According to Commonwealth Capital Scorecard data, over 100 communities in Massachusetts have some form of accessory dwelling by-law. The accessory dwelling is typically a separate apartment created within or as an extension of an existing dwelling, and allowed by special permit wherever single-family homes are permitted within the community. Typically, the accessory dwelling is limited in square footage or bedroom size. Often provisions must be made to provide additional off-street parking as a condition of use. Some communities require that the primary dwelling be owner-occupied. A few communities allow accessory dwellings only if they are rented to low and moderate-income residents. A Model Accessory Dwelling By-Law may be found at [http://www.mass.gov/envir/smart\\_growth\\_toolkit/bylaws/ADU-Bylaw.pdf](http://www.mass.gov/envir/smart_growth_toolkit/bylaws/ADU-Bylaw.pdf).

In the consultant's experience, the Accessory Dwelling By-law is most successfully used in communities, like Fairhaven, with a relatively high concentration of older homeowners. For older residents, the accessory dwelling provides a means to downsize without leaving the home. It can provide a supplemental income and provide closer access to emergency or regular support without sacrificing the privacy of a separate living space. Occasionally, single-person elders will move into the accessory dwelling and rent the primary dwelling to a family. Working in scores of communities in Massachusetts, the consultant has observed that the Accessory Dwelling by-law is seldom utilized extensively. Even if supported by low-interest or deferred loans for creating the accessory apartment, the consultant would not expect to see more than three to five new rental units created per year from this option. Any effort to insure that these accessory dwelling units count as part of the state's Subsidized Housing Inventory (a requirement for being part of a Town's obligation to provide 10 percent affordable units) would require restrictive covenants that would likely limit the utilization even further.

During the Housing Needs Assessment, it was pointed out that Fairhaven has a number of single-family homes that have "illegal" apartments. To the extent that these may not be identified as such by Census data or Town records, they may constitute an additional rental housing option for residents and may contribute to addressing the town's housing needs. While these illegal or informal apartments may help provide rental housing for residents, they are commonly criticized for their impact on neighbors (parking, noise, etc.) and their potential for not having adequate health and safety provisions. A few communities in the Commonwealth have taken the approach of notifying residents that they will be cracking down on these illegal dwellings, but first offering residents the option of reporting the dwelling as an apartment (without penalty) and retaining the right to use it as an apartment if it is brought up to necessary building code standards. Barnstable and Provincetown further require that these apartments be rented at prices affordable to low or moderate-income residents earning less than 80



percent of AMI. The consultant recommends only that the community consider the costs and benefits of combining a more aggressive inspection process with an amnesty program such as described for Barnstable at <http://www.town.barnstable.ma.us/GrowthManagement/CommunityDevelopment/AssessoryHousing/BROCHURE.pdf>

## **7. Fund Renovation of Blighted Properties**

Within the CDBG-eligible Census tracts, the Town of Fairhaven may use its CDBG block grant funds to support the purchase and/ or renovation of blighted residential properties. There may be opportunities to utilize this tool to support either affordable family rentals or rentals for special needs populations. CPA funds may also be used for this purpose.

## **8. Create Inclusionary Zoning to Support First Time Homeownership**

Inclusionary zoning is one of the more common zoning approaches in Massachusetts to produce affordable housing directly or as a means to provide financial support for affordable housing developments. Generically, inclusionary zoning requires that as a condition of the subdivision approval or special permit process for a specified minimum number of market rate housing units, the developer build a certain percentage of units affordable to residents at a certain level of income (most commonly 80 percent of AMI). These affordable units carry covenants that limit their re-sale value so that they remain affordable for an extended period of time. Commonly, these zoning provisions provide an option for the developer to pay a sum of money, in lieu of building units, that may only be used to support other affordable housing efforts in the community. The consultant recommends that the Town's Planning Board consider the utilization of inclusionary zoning as another tool to address the community's affordable housing needs. A model for inclusionary zoning bylaws may be found at: [http://www.mass.gov/envir/smart\\_growth\\_toolkit/bylaws/IZ-Bylaw.pdf](http://www.mass.gov/envir/smart_growth_toolkit/bylaws/IZ-Bylaw.pdf)

## **9. Offer Purchase Buy Downs and Down Payment Assistance for Buyers of Existing Properties**

A number of communities in Massachusetts use their Community Preservation Act (CPA) funding or federal HOME funds to buy down the cost of existing properties to the point where they become affordable to lower income residents. In return for a reduced purchase price, the buyer agrees to place a restrictive covenant on the property that limits the resale value of the home so that it remains affordable to lower income residents for an extended period of time (in many cases in perpetuity). Even more communities use CPA

or HOME funds to provide down payment assistance to lower income buyers. The consultant recommends that the Town consider the utilization of this approach to address the gap that does exist between the cost of housing and the capacity of lower income first-time buyers to purchase a home in the community. There are a number of issues involved in operating a successful Homeowner Assistance Program. These generally focus on identifying the appropriate resource to administer the program; establishing realistic goals, subsidy limits, and eligibility requirements; creating effective deed restrictions; understanding the market need; and determining whether the funder will get involved in either identifying or approving appropriate housing options. Referenced below are two reports on the subject of Homebuyer Assistance Programs prepared for the Town of Lexington, MA. They outline in greater depth key issues to consider and provide a survey of programs around the state.

[http://www.lexingtonhousingpartnership.org/Afford\\_Buyer\\_Asst\\_Programs/Assistance\\_Programs\\_with\\_Attachments.pdf](http://www.lexingtonhousingpartnership.org/Afford_Buyer_Asst_Programs/Assistance_Programs_with_Attachments.pdf)

[http://www.lexingtonhousingpartnership.org/Afford\\_Buyer\\_Asst\\_Programs/Attachment\\_1.pdf](http://www.lexingtonhousingpartnership.org/Afford_Buyer_Asst_Programs/Attachment_1.pdf)

Appendix A

**Potential Development Partners for LIHTC Rental Development**

Developer	Address	City	State	Zip	Phone	LIHTC Projects
Andella Homes	P.O. Box 250	New Ipswich	NH	03071	(603) 878-2400	Wareham, Marion
Beacon Communities	150 Federal Street, 5th Floor	Boston	MA	02110	(617) 574-1100	Brockton
Gatehouse Group	120 Forbes Boulevard	Mansfield	MA	02048	(508) 337-2525	Plainville, Raynham
HallKeen	320 Norwood Park South	Norwood	MA	02062	(781) 762-4800	New Bedford
Karam Financial	456 Rock Street	Fall River	MA	02720	(508) 679-2704	Swansea
Parallax Corporation	291 Middle St	Fall River	MA	02724	(508) 677-9234	Westport
South Shore Housing	169 Summer Street	Kingston	MA	02364	(781) 422-4200	Taunton, Wareham
Two K Development	14 Page Terrace	Stoughton	MA	02072	(781) 828-8100	Taunton
Winn Development	6 Faneuil Hall Marketplace	Boston	MA	02109	(617) 742-4500	New Bedford
Women's Institute, Inc.	14 Beacon Street	Boston	MA	02108	(617) 367-0520	New Bedford

Appendix B

**Potential Invitees to Disability Roundtable**

*Developmental Disabilities*

Charlie Murphy  
MO, LIFE, Inc.  
Fairhaven  
(774) 930-5226

Philip Tully, Area Director  
MA Department of Developmental Services  
New Bedford  
(508) 992-1848

Louis Nisenbaum  
Nemasket Group, Inc.  
56 Bridge Street  
Fairhaven  
508-999-4436

Tom Riley  
Southeastern MA Educational Collaborative (SMEC)  
New Bedford  
508-998-5599

John Latawiec, President  
LifeStream  
New Bedford  
508-991-5228

*Mental Health Disabilities*

Mark Bilton  
DMH Area Housing Coordinator  
New Bedford  
508-897-2023

Buddy Baker Smith  
DHM SE Regional Office  
Brockton  
508-897-2044

Kim Mello  
Fellowship Health Resources  
New Bedford Region  
508-994-2511x3002

Joyce O' Connor  
DMH Site Director  
New Bedford Region  
508-996-7902

*Physical Disabilities*

Ann Shore  
Community Living Services  
MA Rehabilitation Commission  
Boston, MA  
617-204-3602