

02 FY25

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PLANNING & LAND MGT
TOWN OF CONCORD, MA



TOWN OF CONCORD
COMMUNITY PRESERVATION COMMITTEE
141 KEYES ROAD, CONCORD, MA 01742
TEL. (978) 318-3290 FAX (978) 318-3291

Application for CPC Funding
Due no later than 12:00 noon on Friday, September 8, 2023

Applicant*: Concord Housing Development Corporation

Federal Tax Id. No.*: 61-1573215

Co-Applicant (if applicable): _____

Project Name*: _____

Project Location/Address (if applicable): _____

Purpose*: (Select all that apply)

- Open Space Community Housing Historic Preservation Recreation

Project Budget*:

Amount of CPC Funds Requested:	\$	<u>267,180</u>
Amount from Other Funding Sources:	\$	<u>233,880</u>
Total Project Budget:	\$	<u>500,000</u>

(If multi-year project, note current phase only)

Please check which of the following is included with this Application:

- | | |
|---|---|
| <input checked="" type="checkbox"/> One Paragraph Project Summary * | _____ Architectural plans, site plans, photographs (if appropriate) |
| _____ Map (if applicable) | _____ Copy of IRS determination letter (Non-profit Organizations only)* |
| <input checked="" type="checkbox"/> Narrative * | _____ Copy of Audit or most recent Financial Information (Non-profit Organizations only)* |
| <input checked="" type="checkbox"/> Selection Criteria and Needs Assessment | _____ Letters of Support (if any) |
| _____ Detailed Project Budget * | |
| _____ Feasibility Assessment | |
| _____ Statement of Sustainability (if applicable) | |
| _____ Timeline * | |

Project Contact Person*: Lee Smith, President

Project Contact Address*: 141 Keyes Road

Project Contact Phone*: _____ Email*: LeeSmith125@gmail.com

Authorized Signature of Applicant*: *Lee S. Smith*

Authorized Signature of Property Owner* (if different): _____

* Required

For Historic Preservation Projects Only – please check the box below left and acknowledge:

- I/We have read the U.S. Secretary of the Interior's Standards for the Treatment of Historic Properties and understand that planning for and execution of this project must meet these standards.



Concord Housing Development Corporation

Concord Housing Development Corporation – CPA Buydown Program FY 25

Project Summary

The CHDC requests \$267,180 from the CPC to fund a “Buydown Program” for the preservation or creation of additional affordable housing units in Concord. The program works by “buying down” market-rate units to thereafter sell or rent to eligible buyers or renters. A hypothetical example of a “buy down” is a home becomes available for purchase and is worth \$800,000 on the open market. The hypothetical purchase price for an “affordable home” is \$500,000. Thus, \$300,000 is needed to pay the seller the market price, then sell the home as a deed restricted property for affordable housing for \$500,000, with the \$500,000 being paid as proceeds to CHDC.

This request for \$267,180, is to augment previously appropriated CPA funds in 2020 of \$233,880, to total \$500,000 from the Community Housing funding category. This request meets the CPC guidelines for community housing, and is specifically called out as a strategy in the 2022 Housing Production Plan.

These funds will enable the CHDC to preserve existing housing stock while creating affordable units, providing housing to an income-eligible households with long-term affordability restrictions. It should be noted that as of September, 2023, Concord remains three units below the 10% statutory minimum for its subsidized housing inventory (SHI).

Narrative

The ‘buy-down’ strategy is not a new for Concord. It is an identified strategy in the 2015 Housing Production Plan, the 2018 Envision Concord Comprehensive Plan, and a specific CPC criterion for Community Housing, as well as Strategy # 27 in the 2022 Housing Production Plan:

27. PROVIDE FUNDING SUPPORT TO THE CONCORD HOUSING DEVELOPMENT CORPORATION TO CREATE AND PRESERVE EXISTING AFFORDABLE UNITS.

In past years, the CHDC has worked with the Town to set aside CPA funding on a nearly annual basis, which assists with preserving existing affordable housing units subject to older restrictions that allow their resale at well above the current affordable levels. Should affordability be at risk with previously appropriated CPA funds, the Concord Housing Development Corporation is poised to preserve existing affordable units. Concord housing entities, such as the Trust or CHDC, intend to continue to purchase higher-priced units when they turn over to preserve these variable rates of affordability.

Community Preservation Act (CPA) funds will continue to be important resources to preserve existing units. This will continue to be an important function to ensure that existing affordable units are not converted to market-rate units and in the process, are removed from the Town’s affordable housing stock and the State Subsidized Housing Inventory. Other sources of funding for affordable housing are the American Rescue Plan Act (ARPA), Free Cash, and HOME funds.

A buy-down program can preserve existing housing, to prevent demolition of smaller single-family homes while creating affordable housing opportunities for eligible households.



Concord Housing Development Corporation

The buy-down strategy requires available funds on hand to be able to act promptly when the opportunity presents itself. It is rare that a seller is willing to wait for a municipal funding cycle that would make funds available needed for the purchase. Without funds on hand and available for spending, opportunities to purchase real property are lost.

The CHDC has been successful in its buy-down strategy. In 2019, the CHDC facilitated the purchase of a single-family home on Main Street, with previously appropriated funds from the CPC. The funds were combined with contributions from the Concord Housing Foundation, the Town (from previously appropriated funds from free cash), and the CHDC. This project created two SHI units of housing in a partnership with Greater Lowell Habitat for Humanity.

Another potential use for buy-down funds is to preserve affordable units with expiring deed restrictions should they come up for resale. There are presently four homeownership units in Concord with deed restrictions that will expire in the near future, as well as restricted units that are no longer affordable at resale. The buy-down program would enable CHDC to keep the unit affordable by contributing the sum between market rate and the affordable rate and placing a new long term restriction on the property. . Because the timing of the resale of such a unit is usually unknown and unpredictable, it is critical to have usable funds on hand when such an opportunity arises. If there is no buy-down funding source, the unit will be sold at market rate and another affordable unit is lost from Concord's inventory.

The amount of funding required for each buy-down unit, equates to the market price of the home, plus transaction costs and necessary repairs, less the proceeds of sale to an eligible purchaser. An example is shown below, though of course the actual details will be different for a specific property.

Market Price	\$800,000
Transaction/Renovations	\$ 50,000
Resale Proceeds to CHDC	\$500,000
Subsidy Needed	\$350,000

Note that the CPA funds will be reserved for the approved use, so any unused funds remain with the CPC.

The CHDC is a 501c3 corporation, separate from the Town and has no current source of recurring revenue. The CHDC was initially funded from its development of Lalli Woods on Elm Street in 2010, and those funds have been depleted through its Small Grants Program from its account, as well as its annual cost to operate.

The CHDC can utilize its organizational structure and authority to purchase, hold, renovate and sell real estate outside the municipal procurement process.

With funds appropriated, the CHDC will search for housing opportunities for buy-down. Using the Main Street project as an example of the timeline, the opportunity first became available in February



Concord Housing Development Corporation

2019, and the CHDC completed the purchase in August 2019, the units were restricted in 2021, and sold to Eligible Purchasers (and added to the SHI) in 2022.

Letters of Support: The CHDC will seek support from the Concord Municipal Affordable Housing Trust, the Concord Housing Authority, and the Concord Housing Foundation for this proposal.

CPC's Selection Criteria:

As mentioned above, the CHDC Buy-down program meets both the CPC's General Selection Criteria and the Specific Use Criteria for the Community Housing project category, as detailed below.

1. The Buydown Program is eligible under the CPA statute as it provides a long-term affordable housing restriction under the CPA definitions.
2. The Buydown Program is consistent with the Town-wide planning efforts and reports that have received broad-based scrutiny and input, including the 2022 Housing Production Plan and the 2018 Comprehensive Long Range Plan. It increases housing choice and affordability and promotes inclusion and social equality on the "Systems Checklist".
3. The Buydown Program serves underserved populations.
4. The Buydown Program is administered by the CHDC who has demonstrated the ability to complete similar projects successfully in the past and has complied with all CPC reporting requirements.
5. The CHDC will endeavor to seek other sources of funding to leverage the town CPA funds.
6. The Buydown Program is generally sustainable by reusing existing housing stock for affordable housing.
7. The Buydown Program creates long term affordability through deed restrictions. Units created through the Buydown Program will be eligible for the State Housing Inventory units to reach its goal of 10% affordability consistent with Chapter 40B.
8. The Buy-down Program meets the Community Preservation Committee goal of the reuse of existing buildings or the construction of new buildings on previously developed sites.
9. The units created under the Buy-down Program may be eligible for a local preference if more than one unit is included in the project.
10. The Buy-down Program will create units where the opportunity is offered and does not intend to locate community housing in any one area in the Town.

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

NOV 25 2008

Date:

CONCORD HOUSING DEVELOPMENT
CORPORATION
C/O PETER B FARROW ATTORNEY
69 PLEASANT STREET
CONCORD, MA 01742

Employer Identification Number:
61-1573215
DLN:
108256000
Contact Person:
MS. Y. ABSTON ID# 75091
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
June 30
Public Charity Status:
170(b)(1)(A)(vi)
Form 990 Required:
Yes
Effective Date of Exemption:
April 12, 2007
Contribution Deductibility:
Yes
Addendum Applies:
No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

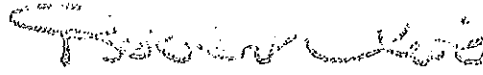
Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.

Letter 947 (DO/CG)

CONCORD HOUSING DEVELOPMENT

Sincerely,



Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Enclosures: Publication 4221-PC

**CONCORD HOUSING DEVELOPMENT
CORPORATION AND AFFILIATE**

FINANCIAL STATEMENTS

With Independent Accountant's Compilation Report

June 30, 2022

**CONCORD HOUSING DEVELOPMENT
CORPORATION AND AFFILIATE**

Financial Statements

June 30, 2022

C O N T E N T S

Independent Accountant's Compilation Report

Statement of Financial Position

Statement of Activities and Change in Net Assets

Statement of Functional Expenses

Statement of Cash Flows

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To The Board of Directors
Concord Housing Development Corporation and Affiliate
Concord, Massachusetts

Management is responsible for the accompanying financial statements of Concord Housing Development Corporation and Affiliate (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2022, and the related Statements of Activities and Change in Net Assets, Functional Expenses and Cash Flows for the year then ended in accordance with generally accepted accounting principles in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Scheid Deignan Brown, PC

Scheid Deignan Brown, PC
Concord, MA
November 4, 2022

CONCORD HOUSING DEVELOPMENT CORPORATION AND AFFILIATE

Statement of Financial Position June 30, 2022

Assets

Current assets

Cash	\$ 35,220
Accounts receivable	13,174

Total current assets 48,394

Non-current assets

Restricted land - Junction Village	143,601
Restricted land - Assabet River Bluff	70,874
Restricted land - 188A Concord Turnpike	<u>136,712</u>

Total non-current assets 351,187

Total assets \$ 399,581

Liabilities

Current liabilities

Accounts Payable	<u>\$ 400</u>
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Total liabilities 400

Net Assets

Net Assets

Without donor restriction	59,679
With donor restriction	<u>339,502</u>

Total net assets 399,181

Total liabilities & net assets \$ 399,581

See accompanying independent accountant's compilation report.

CONCORD HOUSING DEVELOPMENT CORPORATION AND AFFILIATE

Statement of Activities and Change in Net Assets
For the Year Ended June 30, 2022

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>
Revenue:			
Assabet River Bluff income	\$ -	\$ 63,174	\$ 63,174
Junction Village revenue	-	20,067	20,067
Donations	<u>4,175</u>	<u>-</u>	<u>4,175</u>
Total revenue	<u>4,175</u>	<u>83,241</u>	<u>87,416</u>
Expenses:			
Program services	9,133		9,133
Supporting services	<u>7,869</u>	<u>-</u>	<u>7,869</u>
Total expenses	<u>17,002</u>	<u>-</u>	<u>17,002</u>
Change in net assets	(12,827)	83,241	70,414
Net assets, beginning of year	<u>72,506</u>	<u>256,261</u>	<u>328,767</u>
Net assets - end of year	<u>\$ 59,679</u>	<u>\$ 339,502</u>	<u>\$ 399,181</u>

See accompanying independent accountant's compilation report.

CONCORD HOUSING DEVELOPMENT CORPORATION AND AFFILIATE

Statement of Functional Expenses For the year ended June 30, 2022

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Expenses:			
Accounting	\$ -	\$ 6,050	\$ 6,050
Administrative	5,000	-	5,000
Grants awarded	3,205	-	3,205
Insurance expense	928	1,089	2,017
Filing fees	-	539	539
Office expenses	-	191	191
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 9,133</u>	<u>\$ 7,869</u>	<u>\$ 17,002</u>

See accompanying independent accountant's compilation report.

CONCORD HOUSING DEVELOPMENT CORPORATION AND AFFILIATE

Statement of Cash Flows
For the Year Ended June 30, 2022

Cash flows from operating activities:	
Increase in net assets	\$ 70,414
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Change in:	
Accounts receivable	1,056
Accounts payable	200
	<hr/>
Net cash used in operating activities	71,670
Cash flows from investing activities:	
Payments for restricted land - development costs	(94,927)
Decrease in cash	(23,257)
Cash, beginning of year	<hr/> 58,477
Cash, end of year	<hr/> <hr/> \$ 35,220

See accompanying independent accountant's compilation report.

