

# **BOXFORD COMMON DEVELOPMENT PRESENTATION TO THE SELECT BOARD**

## **INTRODUCTION**

Boxford Commons (originally known as the Hayes Property) was purchased in 2007 with CPA funds. As such, it is subject to all the restrictions associated with the CPA. For housing that means the residents must be at or below 100% of the local area median income (AMI) and there are no limits on assets. The 13.4-acre lot, that is now called use area 3, was originally identified for community housing. The long history of that lot has been presented in previous Select Board meetings and will not be repeated here.

The Housing Partnership would like to propose a warrant article in the 2024 Town meeting for the development of affordable, accessible senior housing on that 13-acre community housing portion of Boxford Commons. The Committee has completed a detailed study, funded by a CPA grant, to examine conceptual design options and the financial viability of such a development. We have found that construction of a small cluster configuration development consistent with Board of Health septic requirements is viable, assuming a Town subsidy of the approximately \$2. Million in CPA funds that are specifically designated for community housing and that are currently available. The exact amount of the subsidy will be determined by those who respond to the RFP. Because of the physical constraints of the property, it is proposed that it be developed under Chapter 40B Comprehensive Permit rather than as an Elderly Housing District (EHD).

## **THE STUDY**

In 2022 the Housing Partnership Committee was awarded CPA funds to hire an architect to help us determine if an attractive, feasible development could be created on the site. An architect, Clay Smook, was selected a year ago to present possible designs and associated configurations of units.

The primary goal of the architect's study was to determine what a development might look like, assuming that the subsidy that the Town would provide would not exceed \$2.0M from the CPA funds designated for community housing. It was desired not to commit future funds unless needed. The objective would be to optimize the size of the livable units for accessible, affordable senior living. The financial criteria would be as required under the CPA guidelines for moderate income residents at 100% AMI and no restrictions on assets.

The Housing Partnership's evaluation process, with the study as a core piece, consists of 2 phases: an evaluation phase (to examine details of possible construction for financial viability) and a final phase (to share with appropriate town board and to obtain public input). The study will be used to educate the Town as to the details and issues associated with such a development so that an effective RFP can be generated for a developer, as well as an appropriate review process of all responses. There was never any intention that this would be a Town controlled development since Boxford does not have a housing authority or similar resources to undertake the development, and we always presumed the Select Board would undertake a Request for Proposals for sale and development of the parcel. We have completed

phase 1 to examine design options and the financial viability of a development. This is more than the half way point in the study and have spent approximately half the funds.

In phase 2, the Committee will make presentations to regulatory boards to inform them of the anticipated warrant articles and solicit input: Planning Board, the ZBA, Board of Health and the CPC. In the middle of April, we will then present to the public in two scheduled meetings to obtain their input and educate them as to the issues and need. The meetings will be recorded for later viewing. In advance of the meetings, a town wide mailing will be sent out by the end of March, informing residents of the upcoming meetings and describing the warrant article. The meetings will also be posted on Boxford 2.0. This will ensure that all voters will be informed about the potential development.

Because of limitations imposed by the Boxford Board of Health on the septic system, 6 duplexes (12 units) were selected for the study. The architect has presented two possible designs for evaluation, including a two bedroom (950 sq ft) and a single bedroom (800 Sq. Ft.) each with an attached garage. Two possible foot unit prints are shown in Figures 1 (one bedroom) and Figure 2 (two bedroom). These show that the size of the units can be modified to adjusted for construction costs and still provide a livable unit.

An arial view of Boxford Commons is shown in Figure 3. Several possible configurations of the duplexes on the property were presented to show the flexibility of the layout (See attached Figures 5 to 8). Please note the 100-foot setback from the property lines in Figure 4. This will reduce the visibility of the development from the street and reduce the built area to a few acres. It is anticipated that this setback be added as a deed restriction to the property. Note that all the 4 configurations fit comfortably with this setback and a developer should have sufficient flexibility to implement his or her own design.

## **FINANCIAL REVIEW**

Once the Housing Partnership Committee was satisfied that we had acceptable design options, this information was presented to a housing financial consultant (Lynn Sweet) to provide an estimate on the development costs and financial sources needed for both ownership and rental options. We advised the financial consultant that the subsidy that the Town would provide should not exceed \$2.0M from the current Boxford CPA funds designated for community housing. Local contractors provided estimates of typical costs for paving, septic, etc. for the financial model. A construction cost of \$220/ sq. ft. was used. This was determined as reasonable because of the single level, slab construction and the fact that the land was Town owned. This assumption of construction cost was confirmed by a contractor.

Chapter 40B requires that 25% of the units would be available to senior applicants at 80% of the Area Median Income and \$275,000 in maximum assets. the remainder by CPA restrictions for moderate income senior residents (100% AMI and no asset restrictions). The current Area Median Income for the area that includes Boxford is \$83,020 for a one-person household and \$94,880 for a two-person household.

## **OWNERSHIP**

Ownership was considered first. The Committee was introduced to the affordable housing industry and we were taken back by current construction costs that have been rapidly escalating. The method of using downpayment in calculating the purchasing power added an additional complication.

As a 40B development, 25% of the units (3) would be available to residents at 80% of the AMI with a maximum 5% down payment. The remainder of the units (9) would be sold at closer to “market rates”, which would, normally, help offset the cost of the affordable units. However, because of CPA restrictions, these remaining units must be available to residents at 100% of the AMI, which would reduce the selling price of the units.

In this situation of a 5% downpayment, the mortgage that someone could afford at 100% AMI would result in purchasing power of around \$270,000, hence resulting in a smaller size unit with a maximum \$2.M subsidy. If, however, the residents were at 100% AMI and had sufficient assets (typically from the sale of a house) to put more money down (say 20%) then they would have a purchasing power of around \$340,000. This additional revenue would support our desire of a two-bedroom unit of over 900 sq. ft. and a garage with the same \$2.0M subsidy. As a result of our analysis, 40B would require 3 sales units for buyers at 80% area median income and 5% down payment, and 9 sales units would be available for buyers between 80% and 100% area median income with 20% down payments.

We have met with Town Counsel to determine the use of a two-tier financial model in which some units would be available at 5% down and some at a higher level of downpayment while ensuring that it is consistent with fair housing laws. Counsel has responded that, for the “market rate” units, that we may use a higher down payment. This information will have to be articulated in an RFP so the developer will be able to present a competitive bid.

## **RENTAL**

We also considered the possibility of the 12 affordable, accessible senior units to be managed by the developer as rental property with the same Town subsidy of \$2.0M for development. In the process, the Committee discovered that the financial challenges were more significant than with ownership since the monthly cash flow from rent may not be sufficient to cover the operating costs as well as the principal and interest payments on the loan. In addition, it may be difficult to attract a property manager for such a small project. A developer may have access to other State subsidies to compensate for this. However, there is considerable uncertainty that such a small senior project in a rural community could be competitive in obtaining Federal or State subsidies.

Also, the developer interest may be limited because management of a small number of units (i.e., 12) is not cost efficient, resulting in high fixed management costs. Small projects are typically a disincentive for any developer because the administrative (soft) costs (design, permitting, construction management) are essentially the same as in a larger project. Also, there is no long-term benefit to a for-profit developer

because the in-perpetuity affordability requirement limits unit value appreciation over time. A mission-driven, non-profit developer may be more likely to respond.

## **WARRANT ARTICLE**

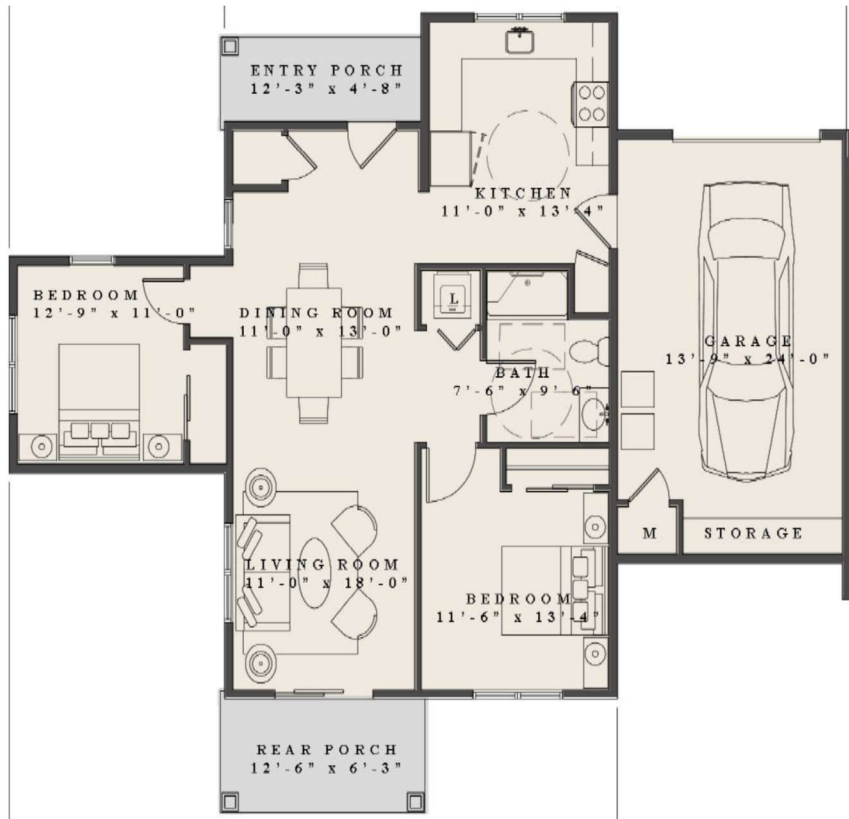
Based upon our work to date, the Housing Partnership requests that the Select Board place an article on the warrant of 2024 to transfer use area 3 of Boxford Commons to the care and custody of the Select Board for development as community housing and place all appropriate and required restrictions on the property. For those restrictions, we recommend the following for consideration as a minimum: Permanent restriction on the property for community housing as required by the CPA, residents be age limited such that one person be over 55, a permanent easement for the ball fields (use area 2) to access Middleton rd. (Cashman Way), a permanent easement for public access to existing hiking paths and 100-foot set back to the property lines for residence buildings. The Housing Partnership will provide support for this article by soliciting input from the community with the public meetings, as described above in phase 2 of the study.

## **CONCLUSION**

The Housing Partnership seeks support from the Select Board in the potential development of Boxford Commons as has been presented here and we welcome comments and suggestions. In addition to providing housing to seniors in the affordable income bracket below 80% of the AMI, the proposed Boxford Commons development will address an underserved demographic, seniors between 80% and 100% AMI. This group has an income level that prevents them from accessing affordable units, but their income and assets may not allow them to qualify for market rate units in today's current market.

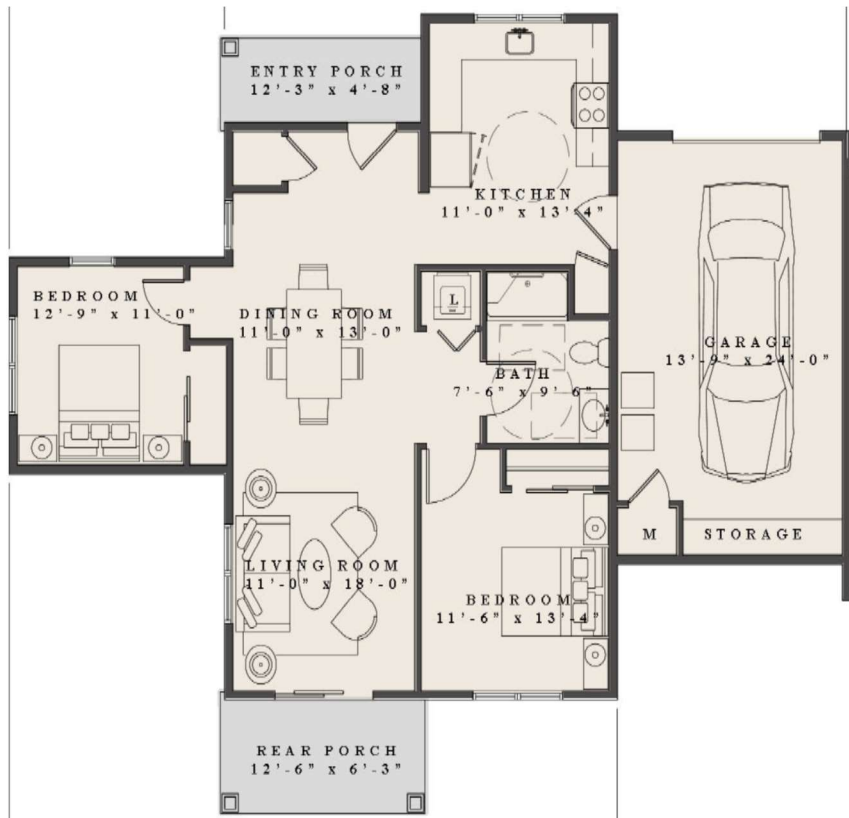
The Committee would like to thank the CPC for the grant that was awarded at the 2022 Town meeting. Without this study, the Committee would have never understood the complexities and limitations of the financial models that are currently used in the housing industry and the Town would not have been able to prepare an effective and properly specified RFP.

Joe Hill, Chair  
Jim Barnes  
The Boxford Housing Partnership



**FIGURE 1: ONE BEDROOM FLOOR PLAN**

**FIGURE 2: TWO BEDROOM FLOOR PLAN**





**FIGURE 3: ARIAL VIEW OF BOXFORD COMMONS, SHOWING THE BALL FIELDS AND COMMUNITY HOUSING AREA.**

**FIGURE 4: SCHEMATIC CLOSE UP OF THE BUILDABLE AREA OF THE COMMUNITY HOUSING AREA SHOWING THE 100 FOOT SETBACK TO PROPERTY LINES**







**FIGURE 5: SMOOK PLAN 1**

**FIGURE 6: SMOOK PLAN 2**





**FIGURE 7: SMOOK PLAN 3**

**FIGURE 8: SMOOK PLAN 4**

