

# ADU PILOT PROPOSAL

July 18 2023

## THE SUBCOMMITTEE CONSIDERED & MADE RECOMMENDATIONS IN 7 AREAS

1. Purpose
2. Applicant Criteria
3. AMI Tenant Requirement
4. Loan Structure & Administration
5. PR and Marketing
6. Budget Line
7. Applicant Selection

## PILOT PURPOSE

- 1.) Add affordable ADU to the market;
- 2.) Test viability of partnering with resident homeowners directly to increase AMI protected housing in Great Barrington;
- 3.) Provide an opportunity for resident homeowners who may not meet 100% AMI but experience strain meeting cost of living in Great Barrington to meet those costs with additional ADU income with support for construction/renovation costs.

## APPLICANT CRITERIA

CRITERIA BY WHICH HOMEOWNER/LANDLORD APPLICATIONS WILL BE EVALUATED AND SELECTED AND THE HOMEOWNER/LANDLORD APPLICATION ITSELF:

1. **Applicants** – Applicants must current reside in GB as their primary residence, or be buying a home in GB that will be used their primary residence for 10-years.
2. **Residency** – The proposed ADU will be on the GB property that is also the primary residence of the applicant.
3. **Project Viability** – In cases where the total project costs will exceed the amount requested by the applicant, applicants must demonstrate ability to complete the total of the ADU building or renovation project at time of application – this may include use of savings, other loans, or labor contributed.
4. **Purpose 3** – Applicants who demonstrate that the ADU rental income at 100% AMI will assist owner to be able to afford their household's GB housing cost and remain in residence, will be prioritized.

## AMI TENANT REQUIREMENT

WHAT THE AMI REQUIREMENT WILL BE FOR THE TENANT & HOW TO ADMINISTER IT.

- **AMI:** AMI minimum of 100% for the tenant of the rental unit (ADU).
- **Verification:** Verify income eligibility at the time of lease, in subsequent years, verify it is the same tenant. New leases/tenants require new verification.
- **Verification Capacity:** Subcontract verification to community partner.

2023 Area Median Income Limits							
Household Size	1	2	3	4	5	6	7
100% Income Limit	\$71,700	\$81,900	\$92,100	\$102,300	\$110,500	\$118,700	\$126,900
80% Income Limit	\$57,360	\$65,520	\$73,680	\$81,840	\$88,400	\$94,960	\$101,520
70% Income Limit	\$50,190	\$57,330	\$64,470	\$71,610	\$77,350	\$83,090	\$88,830
60% Income Limit	\$43,020	\$49,140	\$55,260	\$61,380	\$66,300	\$71,220	\$76,140

# LOAN STRUCTURE & ADMINISTRATION

WHAT THE LOAN IT CAN BE USED FOR, HOW IT IS STRUCTURED, ADMINISTERED ETC., WHAT PARTS OF THE BARNSTABLE MODEL TO INCORPORATE.

- **The Loan:** No interest 10-year loan tied to minimum 10-year restriction to 100% AMI. With compliance, 50% forgiven at 10 years. Option to extend AMI restriction to 20 years for additional 50% forgiveness.
- **Disbursement:** 50% up front, 50% cost reimbursement. With grant contract signed prior to disbursement.
- **Repayment:** At year 10, 3 options: 1.) 50% (unforgiven) is due; 2.) monthly payments over 10 years on remaining 50%; or 3.) Extend an additional 10 years of AMI restriction and have the remainder of the loan forgiven at the end of 10 years.
- **Lien:** occurs at time of last disbursement.\*

\*Seek town council on lien vs. contract only for enforcement mechanisms.

- **Prior to construction completion:** Should the landlord/applicant fail to maintain primary residency on the property after loan approval, before or during construction, funds will be withdrawn.
- **After construction:** Owners who cease to reside on the property after occupation of the ADU by a qualified tenant, or who fail to make the property available for rental, or who fail to rent to a qualified tenant will not be eligible to turn 50% of the loan into a grant and the loan will be due in full 12 months from the first date of non-compliance.
- **Timeframe:** determined on a project-basis in final stages of application process. 6 months over project deadline, triggers review and revised timeline agreement with the AHT. If no agreement can be reached, no further disbursement will be made and legal action against grantee may be taken.
- **Property sale:** In the event of a property sale within 10 years – or 20 years, in cases in which the property owner has extended to 20 years – the entirety of the AHT loan is due in full at the time of sale. (No grant eligibility.) The new owner may keep the lien in place and continues program under same terms.
- **Outstanding issues:** Chris will get input from town counsel. The policy we recommend to the AHT will be the advice we receive from counsel.

# MARKETING PLAN

THE ELEMENTS NECESSARY TO MAXIMIZE APPLICATION POOL AT PILOT STAGE AND  
COMMUNITY AWARENESS.

- **Audience** – Homeowners in Town of GB & and generating word of mouth information sharing
- **Community-based** – Eileen’s Newsletter, Senior Center Newsletter, Shopper’s Guide, social media (FB, IG, TikTok), Website, Town Website, Town social media, School District Eblasts
- **AHT Website** – Press release, general information about the pilot, and link to application.
- **In person** – Info session
- **Press Release** – Target local news outlets for in depth stories, Spectrum News, The Edge, The Eagle and WAMC
- **Materials to create** – Shortform program description, press release, website content, flyer and social media “flyer”
- **Content** – Use straight forward language in all materials including website, flyers and application.



## **AHT ADU PILOT BUDGET LINE**

SIZE OF THE TOTAL POT AVAILABLE TO DISBURSE IN PILOT PHASE.

- \$150,000.00 – Disbursed to selected applicants, selection is based on criteria match, no minimum or maximum limit on what can be funded or number of applications.
- \$5000.00 – Administration, flat fee to subcontractor for project administration.
- The number of proposals funded will be determined in the evaluation process and based on strongest matches to meet project criteria.

**APPLICATION SELECTION**  
CRITERIA BY WHICH APPLICATIONS WILL BE COMPARED,  
RANKED AND ASSESSED FOR VIABILITY.

- **Accessibility** – Use straight forward language in application and evaluation process.
- **Timeline** – Open application window for 3-month period once pilot design is finalized. Select recipients the following month.
- **Selection** – Score applications on:
  1. Project viability – may consider additional funding/cost savings sources (savings, other loan, or sweat equity/labor on project)
  2. Residency – meets residency requirements and is likely to continue to do so.
  3. Living space proposed – the extent to which the proposed ADU is appropriate for a living space
  4. Purpose 3 – the extent to which the landlord applicant meets purpose 3 of the pilot goals.
- **Backup plan** – If no viable applications, budget funds revert back to general fund for other programming.
- **Pending** – Proposal to subcontract application process to 1.) protect privacy of applicants; 2.) resource the administration needed for the application and selection process; 3.) brings a greater expertise in housing and serving communities to the process.