

Affordable Housing Preservation in Boston: AOP & CAMA

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August 11, 2020

*Department of
Neighborhood
Development*



City of Boston
Mayor Martin J. Walsh

AGENDA

1. Welcome and Introductions
2. Boston's Preservation Goals
3. AOP
4. CAMA
5. Buyer Profiles





BOSTON'S PRESERVATION GOALS

WHO?

Department of Neighborhood Development (DND):

- *We work with communities to improve Boston's neighborhoods through investing public resources. Our main jobs are to create housing options, support tenants, and manage the City's real estate.*



Neighborhood Housing Development Division @ DND:

- *keep affordable housing options on the market,*
- *create open spaces in the City,*
- *fix up abandoned properties, and*
- *offer housing services to low-income and homeless residents.*



CONTEXT: HOUSING BOSTON 2030



MAYOR MARTIN J. WALSH

HOUSING A CHANGING CITY BOSTON 2030 2018 UPDATE



THE 1,000 UNIT CAMPAIGN

In the *Housing a Changing City: Boston 2030* 2018 update, **the City of Boston has made a commitment to preserving 1,000 units of naturally occurring affordable housing.**

- *The fastest way to increase supply of affordable housing and prevent displacement is to acquire, not build.*
- *Expand the pool of restricted units while investing in and improving existing rental housing stock.*



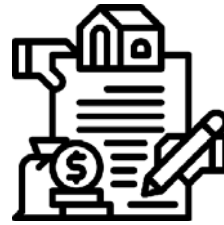
ACQUISITION OPPORTUNITY PROGRAM (AOP)

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AOP Goals:

1. To **increase the share of Boston's rental housing stock that is protected from market forces** and is affordable to households that cannot afford market-rate rents,
2. To **prevent displacement of tenants** threatened by the forces of gentrification by ensuring that their apartments will not become unaffordable over the long term, and
3. To **support and retain mixed income communities** by capturing moderately priced housing from the speculative market.

AOP PROCESS



**1. Developers
pre-approved**

**2. Find AOP
opportunities**

**3. Bidding and
due diligence**

4. Timely closing

**5. Displacement
prevented**

AOP PROPERTIES

What is a typical AOP Property?

- *Occupied rental property*
- *Safe and habitable condition*
- *“Naturally affordable” properties with rents below market value*
- *Small or moderate sized multifamily building (~3-20 units)*
- *However, one size does not fit all*



851 Saratoga St., East Boston
East Boston CDC
3 units



422 River St., Mattapan
Arx Urban LLC
23 units



14-16 Woodward St., South Boston
South Boston NDC
6 units



81-83 Fayston St., Roxbury
JPND
12 units



875-889 American Legion Highway,
Roslindale
Southwest CDC
8 units



218 East Eagle St., East Boston
NOAH
3 units



INCOME AND RENT LIMITS

HUD Income and Rent Limits (7/1/20 Update)

Annual Household Income, As a Percentage of Area Median Income (AMI), by Household Size

Household Size	30% AMI, HOME Extremely Low (1)	50% AMI, HOME Very Low (1)	60% AMI, HOME (1)	80% AMI, CDBG Low to Moderate, same as HOME Low	70% AMI, Inclusionary Rental (3)	80% AMI, Inclusionary Homeownership (3)	100% AMI, Inclusionary Homeownership (3)	120% AMI, NSP (4)	135% AMI (4)
1 person	\$26,850	\$44,800	\$53,760	\$67,400	\$55,550	\$63,500	\$79,350	\$107,450	\$112,450
2 persons	\$30,700	\$51,200	\$61,440	\$77,000	\$63,450	\$72,550	\$90,650	\$122,800	\$128,500
3 persons	\$34,550	\$57,600	\$69,120	\$86,650	\$71,400	\$81,600	\$102,000	\$138,150	\$144,600
4 persons	\$38,350	\$63,950	\$76,740	\$96,250	\$79,300	\$90,650	\$113,300	\$153,500	\$160,650
5 persons	\$41,450	\$69,100	\$82,920	\$103,950	\$85,650	\$97,950	\$122,400	\$165,750	\$173,500
6 persons	\$44,500	\$74,200	\$89,040	\$111,650	\$92,000	\$105,200	\$131,450	\$178,050	\$186,350

(1, 2) Issued by HUD 7/01/20. Note, CDBG @ 80% = HOME Program Low Income. (3) BPDA set for 2020, unchanged from 2019 (4) Incomes calculated based on HUD median for HH of 4, adjusted for family size and rounded to nearest 50.

Monthly Rent Limits (Inclusive of Utilities)

Bedroom Size	30% AMI, Homeless Set-Asides	50% AMI, Low HOME (1)	65% AMI, High HOME (1)	50% AMI, DHCD LIHTC (3)	60% AMI, DHCD LIHTC (3)	80% AMI, CDBG Affordable (2)	70% AMI, Inclusionary Limits (4)	100% AMI, Fair Market, See Max	Fair Market, See Notation Below (5)	Fair Market at 110% AMI, See Notation Below (5)
SRO	\$503	\$840	\$1,077	\$840	\$1,008	\$1,286	\$844	\$1,226	\$1,286	\$1,415
0 BR/Efficiency	\$671	\$1,120	\$1,436	\$1,120	\$1,344	\$1,715	\$1,125	\$1,635	\$1,715	\$1,887
1 BR	\$719	\$1,200	\$1,540	\$1,200	\$1,440	\$1,900	\$1,318	\$1,913	\$1,900	\$2,090
2 BR	\$863	\$1,440	\$1,849	\$1,440	\$1,728	\$2,311	\$1,492	\$2,172	\$2,311	\$2,542
3 BR	\$997	\$1,663	\$2,129	\$1,663	\$1,995	\$2,691	\$1,672	\$2,437	\$2,880	\$3,168
4 BR	\$1,112	\$1,855	\$2,355	\$1,855	\$2,226	\$3,001	\$1,850	\$2,700	\$3,131	\$3,444

(1) Issued by HUD, eff 7/01/20. (2) Calculated by DND based on lower of 80.9% of AMI or 100% FMR (4/10/20). (3) Issued by HUD eff 4/1/20. For units in service prior, use calculator at <http://www.novoco.com/tenant/rentincome/calculator/z2.jsp>. (4) Set by BPDA for 2020; unchanged from 2019. (5) Issued by HUD, eff 4/10/20. Note: For underwriting purposes: BHA uses 110% FMR in zip codes where SAFMR at or below 110% of FMR. BHA uses SAFMR rent in zip codes where SAFMR is above 110%. See BHA for details: <http://www.bostonhousing.org/en/News/Boston-Housing-Authority-Implements-Small-Area-Fair-Market-Rent>



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AOP SUCCESS

AOP Summary Report as of May 5th, 2020

Developer	Units proposed	Units created	Buildings purchased	Share below 60% AMI
East Boston CDC	37	42	11	43%
NOAH	66	50	17	50%
JPND	137	137	14	83%
South Boston NDC	15	15	2	60%
ARX Urban LLC	50	23	1	48%
Chinatown CLT	7	7	2	0%
Southwest CDC	38	21	5	43%
Total	350	295	52	63%

By Neighborhood:

Neighborhood	Units created	Buildings purchased
East Boston	95	29
Roxbury	131	12
Dorchester	6	2
Roslindale	14	3
South Boston	15	2
Chinatown	8	2
Charlestown	3	1
Mattapan	23	1
Total	295	52

By Income:

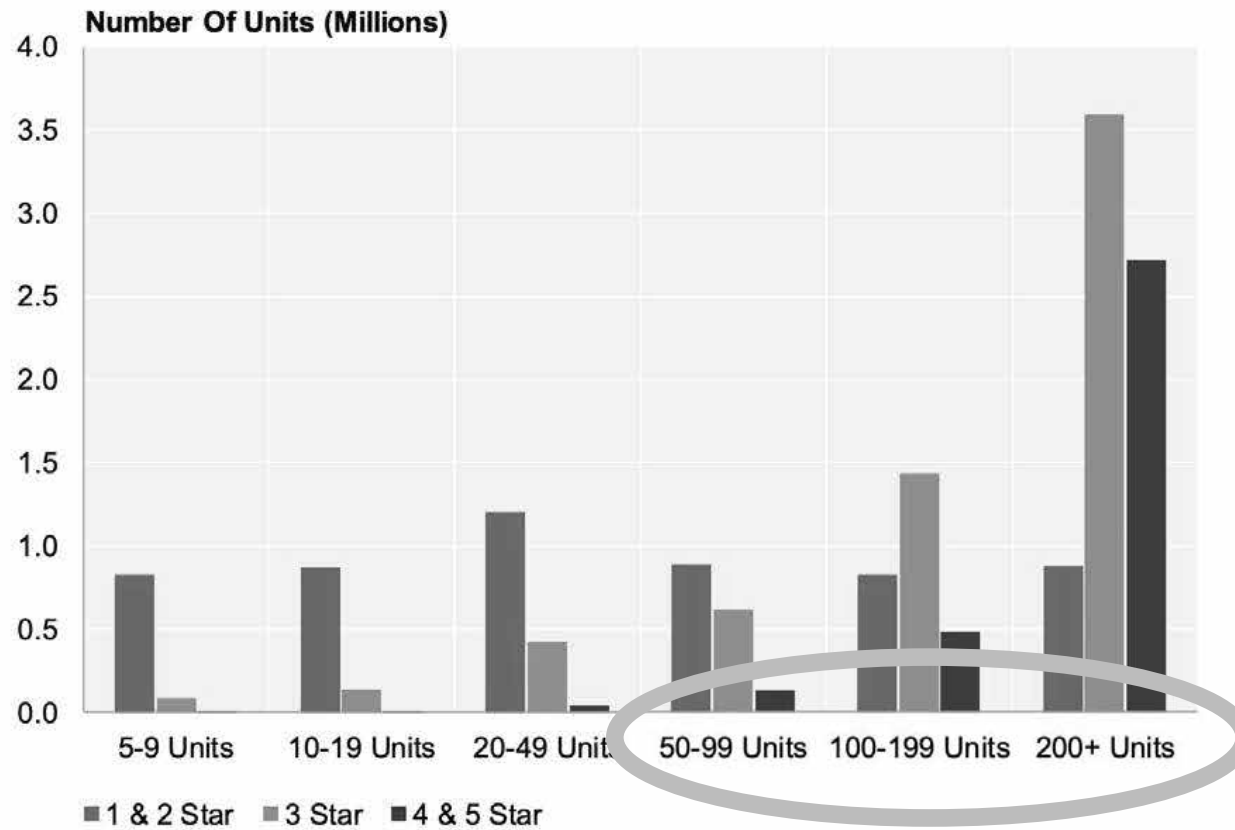
Income Target	Units	Share of total
30% AMI	14	5%
60% AMI	172	58%
80% AMI	39	13%
100% AMI	70	24%
Total	295	100%



Almost Half Of 1 & 2 Star Inventory In 50+ Unit Buildings



Number Of Units By Building Size And Star Rating



Source: CoStar Group

As of August 2016



CAPTURING AFFORDABILITY THROUGH MARKET ACQUISITIONS (CAMA)

WHAT IS CAMA?

An initiative to support high capacity developers to acquire larger portfolios (40+ units) of naturally occurring affordable market developments.

- Need to move quickly in hot real estate market.
- Preserve culturally rich neighborhood assets and support existing residents.
- Counteract gentrification and speculation

CAMA STRUCTURE

- “Enhanced AOP”
- Acquisition gap funding
- Partnership between 8 MA originators and public funders
- Partners are able to provide different financing products, serve different needs
- Expedited and coordinated review of potential acquisition deals

Acquisition Originators



Permanent Originators

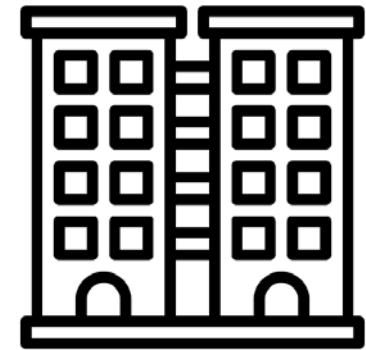


Public Funders

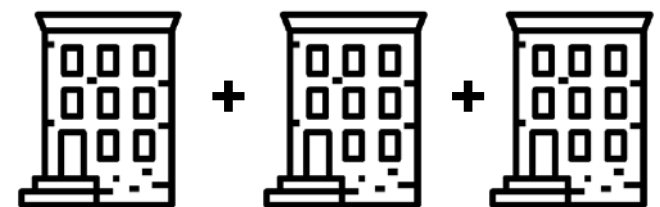


POTENTIAL CAMA PROPERTY CHARACTERISTICS

- 40+ units in a single building or in a marketed portfolio
- Unrestricted, below-market rents on all or some units
- Building(s) meets health & safety requirements
- Tenant-based voucher holders are often a sign of a deal that could work in the CAMA framework, but are not a requirement



or



POTENTIAL CITY SUBSIDY OPPORTUNITY FOR A CAMA DEAL

REQUIREMENTS

1. **No displacement of current residents.**
2. Majority of units are income restricted in perpetuity
3. As many units are restricted at lower income levels (60% AMI or below) as possible
4. Limit rent increases year over year

FUNDING

1. Acquisition subsidy based on property size and condition
2. Quick turnaround on subsidy
3. Support in pursuing other resources



BUYER PROFILE

BUYER PROFILES

Through AOP and CAMA, the City is open to working with non-profit, for-profit and individual buyers who have a history of responsible property stewardship locally and/or nationally.

- To date, buyers have included community development corporations and private affordable housing developers, both local and national.
- Because of the variety of size and scale in AOP and CAMA, the City hopes to expand the pool of buyers with whom we work to expand the Boston's affordable housing stock. This could to include locally-owned developers, national players not yet in the Boston market, community land trusts, and even families or individuals.
- We welcome any ideas about new ways to open the program up to different types of buyers and sellers.



THANK YOU!

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