Great Barrington Affordable Housing Trust
Accessory Dwelling Unit Pilot Program

Terms and General Information

ADU – Accessory Dwelling Unit. In Great Barrington, Accessory Dwelling Unit is defined in the Zoning Bylaw as follows: "a subordinate dwelling unit on the same lot as a primary single unit dwelling or two-unit dwelling, whether in an accessory building or within the same building as the primary dwelling, with provisions for independent cooking, living, sanitation and sleeping. A Movable Tiny House (MTH) connected to electricity, water, and sewer or septic that has its chassis, wheels, and hitch concealed shall be considered an accessory dwelling unit." (Section 11.0)

AMI – Area Median Income is the area median income as determined by the United States Department of Housing and Urban Development and applicable to the Town of Great Barrington. Affordable Housing Trust (AHT) funding may only be used for housing for people with incomes of up to 100% AMI.

AMI Restrictions – Where the AHT uses funds to create housing, the housing must have a period of time during which that housing will be restricted as affordable housing and tied to a minimum AMI. The minimum period of restriction is 10 years.

1. ADU Pilot Purpose
   - Leverage the resources of the AHT to add affordable ADUs to the local housing market;
   - Test viability of utilizing direct partnerships with resident homeowners to increase AMI protected housing in Great Barrington;
   - Provide an opportunity for resident homeowners with financial need – including those with incomes over 100% AMI, but who experience difficulty meeting the cost of living in Great Barrington – to support their cost of living by leveraging AHT funds for construction or renovation to create additional rental income as a means to become financially secure.

2. Applicant Criteria
   The criteria by which homeowner/landlord applications will be evaluated and selected, as well as the criteria for the homeowner/landlord application, are as follows:

   i. **Applicants:** Applicants must currently be legal residents of Great Barrington (their primary residence), or have a current and valid purchase and sale agreement to buy a home in Great Barrington that will be used as their primary residence, with a commitment to maintain that residence for 10-years.
   ii. **Residency**: The proposed ADU will be located on the same Great Barrington property that is also the primary residence of the applicant.
   iii. **Project Viability**: In cases where the total project costs will exceed the amount requested of the AHT by the applicant, the applicant must demonstrate, at the time of

application, the financial ability to complete the total construction of the ADU building or renovation project. Evidence of this ability may include savings, other loans, or labor to be contributed to the project.

iv. **Resident-Landlord Financial Need:** Applications that demonstrate that the ADU rental income will assist the applicant in being able to afford their Great Barrington housing costs and contribute to allowing them to remain a resident of Great Barrington will be prioritized.

3. AMI Tenant Requirement

The AMI requirement for the tenant of the proposed ADU and income verification process are as follows:

- **AMI:** Maximum income for the tenant of the rental unit (ADU) is 100% of Great Barrington AMI.[i] Rents may not exceed 30% of tenant income at time of lease and verification.
- **Verification:** Income eligibility will be verified at the time of lease. On the first anniversary of the lease date, and at the same time in subsequent years of the lease, the applicant must submit to the AHT or its administrator verification that same tenant remains in the unit. Any change of tenant requires approval of the AHT or its administrator and verification that the proposed new tenant meets the income eligibility requirement.
- **Verification Administration:** The AHT will subcontract income eligibility verification to a third-party organization or corporation acting as program administrator.

4. Loan Program Structure & Administration

This section describes how the loan can be used, its structure and administration.

- **The Loan:** A 0% interest, 10-year loan to resident-landlords to create an ADU on their property on which they primarily reside. The loan shall be tied to a minimum 10-year restriction on the ADU, requiring its use as an affordable rental to persons with income of no more than100% of AMI. If the unit is occupied continuously for 10 years by an eligible tenant or tenants, the loan will be 100% forgiven after that 10-year period.
- **Disbursement**: Up to 50% of the loan amount will be available for disbursement at the start of the project. The remaining portion will be distributed as a cost reimbursement upon verification of completion of work, or portions thereof, and at such intervals as the AHT determines appropriate for the project being funded. The loan documents must be signed prior to any disbursement.
- **Lien for indebtedness:** The loan documents may include a statement of lien, or similar document, as evidence of the loan, and to be recorded at the Registry of Deeds at the time of the initial disbursement.
- **Continued residency required until construction completion:** Should the owner/applicant fail to maintain primary residency at the property after loan approval, whether before or during construction, approval of the application will be rescinded and the applicant must return to the AHT any loan funds disbursed.

- **Requirements after construction**: Owners/applicants 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 in accordance with the ADU loan program within 60 days of completion of construction, or who fail to rent to a qualified tenant within 180 days of completion of construction will not be eligible for any loan forgiveness and repayment of the full loan amount will be due 12 months from the first date of non-compliance.
- **Timeframe:** Each application must include a timeline for completion of construction and proposed rental of the ADU. As part of the loan approval process, the AHT or its administrator will set a project-specific schedule and construction completion deadline. In the event that a project is delayed by 6 months or more beyond the construction completion deadline, the AHT or its administrator will conduct a project review and set a revised timeline and completion deadline, by amendment of the loan documents and written agreement with the applicant. If no agreement can be reached or if the applicant fails to meet the new construction deadline, no further disbursement will be made and the AHT may take legal action against the applicant to recover funds previously disbursed.
- **Property sale:** The restriction established by the loan documents shall run with the land; however, in the event of a property sale within 10 years after the date of the loan documents, repayment of the entirety of the loan shall be due in full at the time of sale, and there shall be no eligibility for loan forgiveness.
- **Administration issues:** When determined necessary or appropriate, the AHT will seek Town counsel input regarding loan document requirements and program compliance and enforcement mechanisms, including applicability of fair housing laws to loan applicants and program participants and, to the extent necessary, the application of "Mrs. Murphy's" rule. The pilot will adopt the recommendation of counsel on both issues during implementation phases.

5. Public Relations and Marketing

The success of the ADU Pilot Program rests on effective outreach and marketing in order to maximize the applicant pool and ensure community awareness. The AHT will work with the Town to generate and disburse information about the Pilot Program and application process. The following provides an outline for further implementation:

- **Target Audience:** Homeowners in the Town of Great Barrington, with efforts to generate word-of-mouth information sharing among all residents.
- **Community-based Information Outlets:** The NEWSletter, Senior Center Newsletter, Shopper's Guide, Social Media, AHT Website, Town Website, Town social media, School District E-blasts
- **AHT Website:** Posted program updates, press release, general information about the Pilot Program, and a link to the application form.
- **In person:** Information session.

- **News Media:** Target local news outlets for in depth stories, Spectrum News, The Edge, The Eagle and WAMC.
- **Materials to Create:** Short-form program description, press release, website content, hard copy flyer and social media "flyer." 25

6. Budget Line

The Pilot Program budget includes $150,000 for disbursements in loans to selected applicants.

- $150,000.00 – To be disbursed to selected applicants, with selection to be based on whether and how well the application meets program criteria. There will be no minimum loan amounts or number of applications for program participation.
- The total number of applications funded will be determined during the evaluation process. If no applicants sufficiently meet program criteria for approval, then no funds will be disbursed.
- No single loan may exceed $100,000.00.
- **In the event** no viable applications are received, the funds budgeted for the Pilot Program will be returned to the general fund of the AHT for use in other AHT programs.

7. Application and Selection

The Application

- **Accessibility:** To the extent possible, the application form program information documents will use straight forward language to describe the program and the evaluation process.
- **Timeline**: The application period will be 3 months, starting upon completion of the Pilot Program design and the start of program marketing activities. The program administrator will begin the application review and selection process following the close of the application period.
- **In the event no applicants are selected:** If there are no viable applications, the budgeted funds will revert back to general fund of the AHT for other programming.

Selection Criteria

Applications will be evaluated, compared, ranked, and ultimately selected using the criteria outlined below. All applicants must meet the residency requirement, with no exceptions. Applications will be evaluated on:

I. <u>Project viability</u> – ability to complete the construction, renovation and/or physical improvements proposed. The program administrator may consider additional funding/cost savings sources (such as personal savings, another loan, or sweat equity/labor on the project).

II. <u>Living space proposed</u> – the extent to which the proposed ADU is appropriate for use as a living space

III. <u>Location</u> – The extent to which the proposed ADU location is accessible to food shopping sites and the downtown area, and has cell phone (wireless communications) and highspeed internet coverage.

IV. Resident-Landlord Financial Need – the extent to which the landlord/applicant demonstrates financial difficulty meeting the cost of living in Great Barrington that an income restricted ADU would help alleviate.

V. Cost Effectiveness – the extent to which the project is cost effective.

VI. Impact – the extent to which the application demonstrates a likelihood to provide secure housing for the most people possible – considering ADU capacity and the size of the resident landlord's household in total – consistent with the goals of the Pilot Program.

The attached detailed assessment rubric will be used to evaluate and select applications.

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Community	Area Median Income	Moderate Income Limits (100%) By Household Size							
		1	2	3	4	5	6	7	8
Great Barrington	$112,900	$79,030	$90,320	$101,610	$112,900	$121,932	$130,964	$139,996	$149,028