

Ensuring Long-Term Regulatory Compliance in Housing Developments

For 40B Projects Monitored by CHAPA

8th Annual Massachusetts Housing Institute

CHAPA Presentation

2014

CHAPA Mission & Role

Citizens' Housing and Planning Association (CHAPA) is a non-profit, statewide organization whose mission is to encourage the production and preservation of housing that is affordable to low and moderate-income individuals and families.

As the monitoring agent for over two thousand affordable housing units, CHAPA is responsible for ensuring that owners comply with the terms of their deed rider

Chapter 40B Overview

Chapter 40B, also known as the Comprehensive Permit Law, was enacted in 1969 to help expand the number of communities where households with low and moderate incomes could afford a safe and affordable home. The law helps to reduce barriers to production created by local approval processes, local zoning, and other restrictions.



In 2010, 58% of voters in Massachusetts overwhelmingly supported keeping Chapter 40B as a tool for providing affordable homes for seniors and working families.

Affordable units are reserved for seniors or families and individuals who make less than 80% of the area median household income.

- Most of the residents in the affordable homes earn less than \$50,000 per year.

Chapter 40B Homeownership

Buyers of affordable homes purchased under Chapter 40B are required to sign a deed rider. The deed rider describes the owner's responsibilities under the program.

General deed restrictions include*

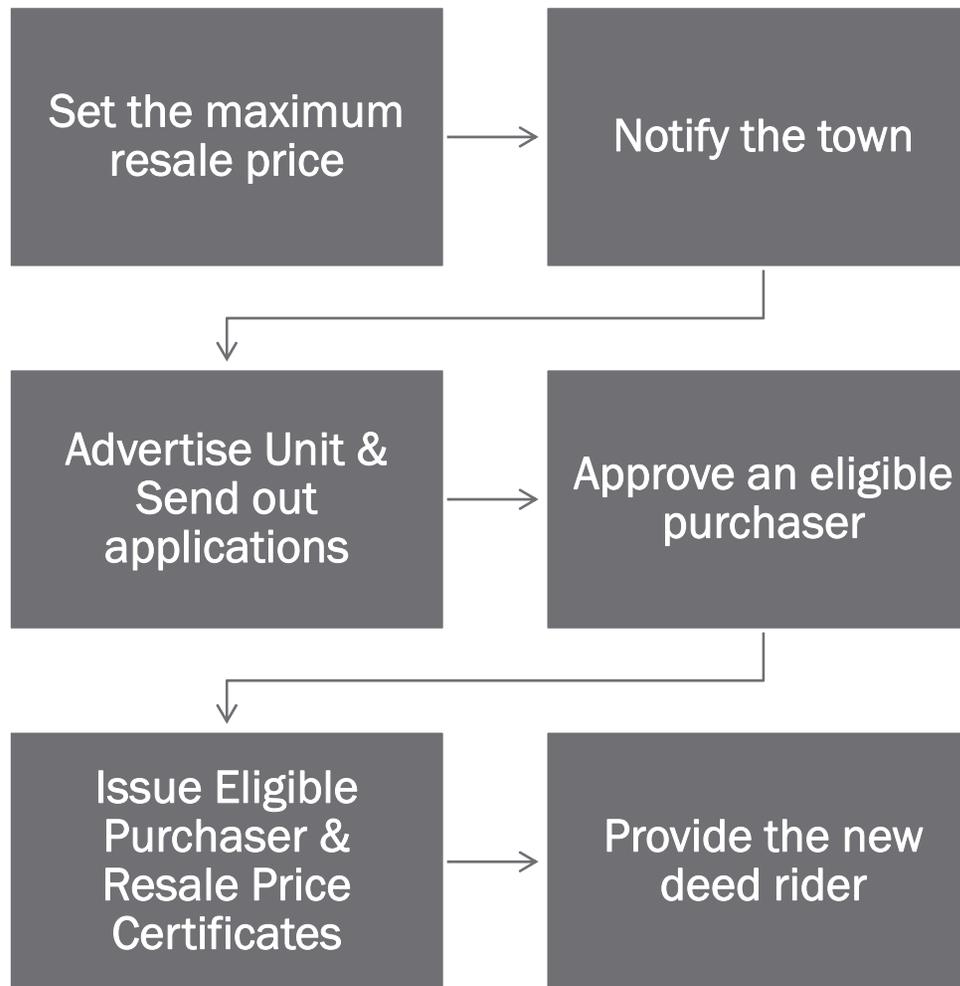


*More detailed information on homeowner responsibilities and CHAPA's role are in the unit's Deed Rider.

Homeowner Resale Responsibilities



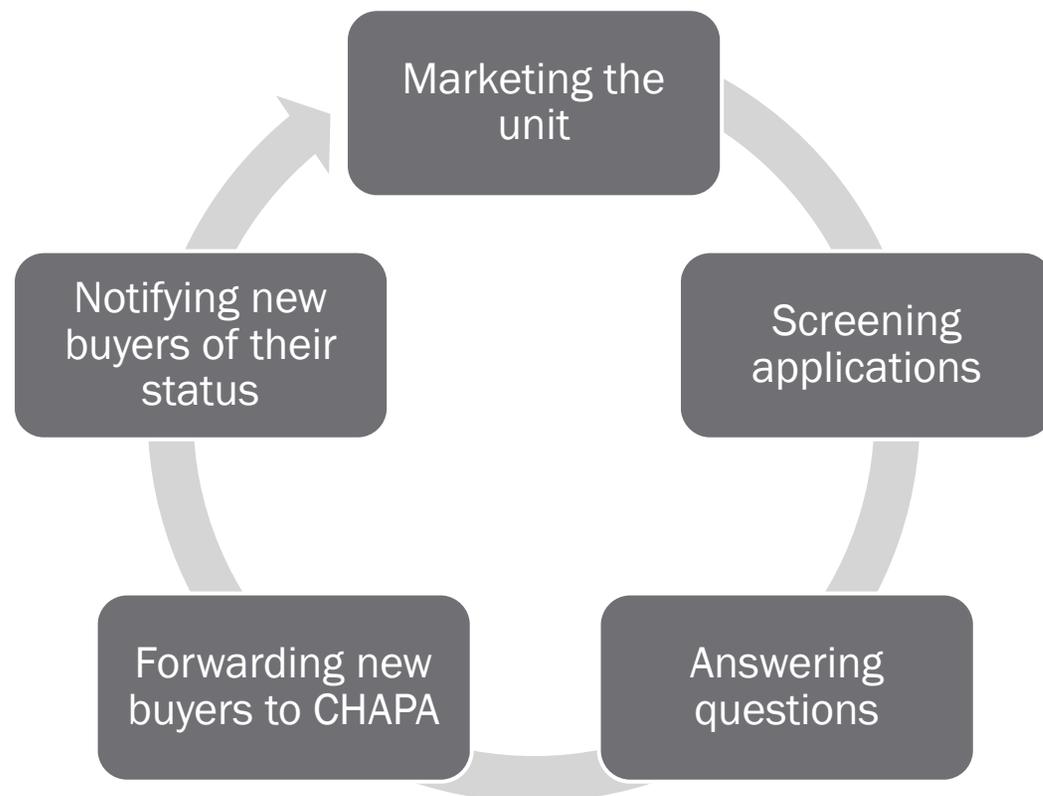
CHAPA Responsibilities



CHAPA Seller Assistance

Part of the seller's resale fee goes toward CHAPA's assistance in the marketing of the unit. CHAPA does this by contracting with a local real estate professional to act as a "housing consultant" for the seller.

The housing consultant is responsible for:



Working with the Town

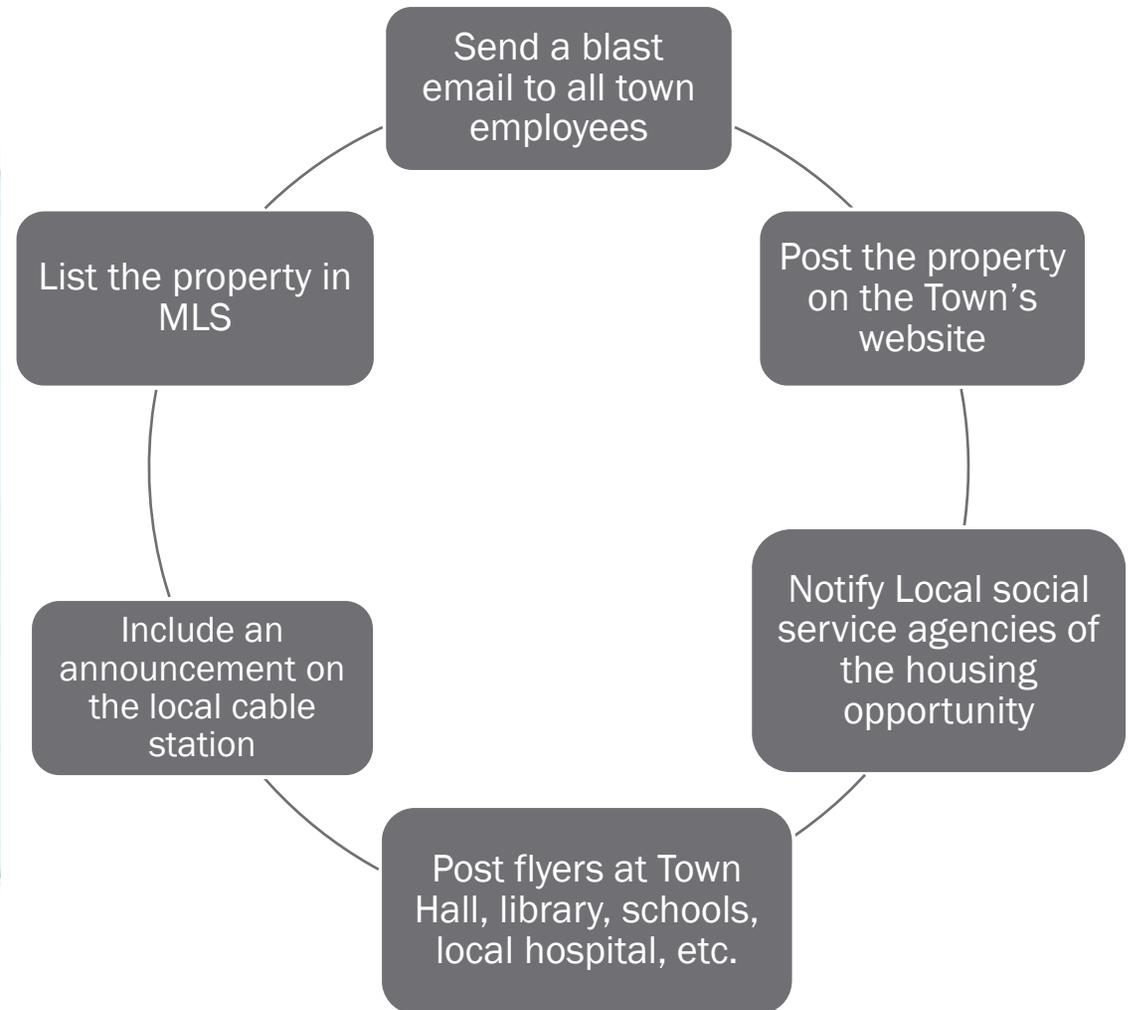
The current economic downturn & housing market have made finding income-eligible buyers more difficult. Depending on the Deed Rider it is possible the town may lose the unit from the SHI list.

While CHAPA will provide a housing consultant to assist the seller with the process, some Cities and Towns also choose to be more pro-active in the resale process to help avoid losing an affordable unit.

As the Town has a right under the Regulatory Agreement to act as an enforcer on the 40B units in their community there are other areas they may assist in maintaining the affordability restrictions for the units such as instances of foreclosure and deed violations by the homeowner.

Town Marketing Ideas

There are several ways a Town can be more involved in helping a homeowner sell their affordable unit such as marketing, covering the costs of the MLS listing, paying a percentages of the seller's broker fee, offering down payment or closing cost assistance and approving the Universal Deed Rider.



Listing Units on MLS

Certain marketing procedures **MUST** be met when posting an affordable unit on MLS.

All MLS listings and materials **MUST** be approved by CHAPA prior to posting

MLS listings & ads must include 40B deed restriction language & include income & asset limits

Information on how a buyer can apply must be included.

**Close Communication
is Key!**

*Units must also be advertised on
MassAccessHousingRegistry.org
and in the local newspaper*

(CHAPA will do this)

Universal Deed Rider

- All of CHAPA's 40B Developments were established prior to 2006 before the Universal Deed Rider (UDR) was implemented.
- Universal Deed Rider ensures affordability for the life of the unit and survives foreclosure.
- After the affordable marketing period expires the unit can be sold to a higher income bracket with the UDR allowing the unit to remain on the SHI list.
- CHAPA requires for the Town and Seller approval before switching a unit to the UDR
- Resale price is calculated using a resale price multiplier. Many of CHAPA's units with older Deed Riders use a percentage of the appraised value to calculate the resale price which is not tied into the HUD income limits.

In no event can a unit with the UDR have a resale price greater than the purchase price for which a credit-worthy Eligible Purchaser earning 70% of the AMI could obtain mortgage financing.

Open Market Period

Open Market

- Appraisal needed for CHAPA to set FMV
- Sell at FMV (\$ difference goes to town)
- Sell to any buyer
- Deed restrictions removed and unit lost on SHI

Universal Deed Rider

(option in some towns)

- Must have town approval
- Sell at affordable price
- Sell to buyers between 80% - 120% AMI
- Deed restrictions remain

Open Market Period: The deed rider allows owners to sell their unit to any willing buyer, without income restrictions, if the unit is unsold within 90 or 120 days (depending on the deed rider) of the initial advertising period.

Contact Information

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www.chapa.org

www.massaccesshousingregistry.org