

Affordable Housing Deed Restriction Program: Frequently Asked Questions

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What is the CPC Affordable Housing Deed Restriction program?

The Community Preservation Committee (CPC) is sponsoring a program in which it will purchase deed restrictions for existing housing in Stow in exchange for a contractual guarantee (deed restriction) making the housing affordable in perpetuity. To be affordable, housing units, when they are eventually sold, must be sold to individuals or families who earn less than 80% of the median household income for this area.

Why is the CPC sponsoring this program? What are the benefits of this program?

As a town, we need to increase our affordable housing stock to support a diverse, vibrant community and to meet our 10% affordability requirements mandated by the Commonwealth of Massachusetts (Chapter 40B). This program will help the Town provide additional affordable housing without creating new housing. The houses will help the Town meet its state-imposed 10% certified affordable housing requirement, provide affordable housing to families and individuals who need it, and help enable existing homeowners, such as our senior citizens who have fixed incomes, to continue living in their homes. Specifically, Stow benefits from:

- Increased affordable housing without additional housing construction
- Diversity in our population
- Continued diversity in our housing architecture
- Assisting residents, especially those with modest incomes, to remain living in their Stow homes
- Enabling our public employees and young adults, such as our grown children, to purchase a starter home in Stow

Why would I want to do this?

If you participate in this program, you will receive money from selling the deed restriction, and your property tax burden will most likely be reduced. Additionally, you will be helping the community reach its affordability requirement without increasing housing stock and demand on Town services.

While the Deed Restriction Program is an exciting opportunity to sell a portion of the equity in your home without altering your living arrangements, this program is not for everyone. You may have other legal and financial options available. You should seek the advice of legal and financial professionals before entering into this program. Additionally, senior citizens can contact the Stow Council on Aging for a list of assistance programs.

Does housing that participate in this program qualify towards our mandated 10% affordable housing?

This program is part of the housing plan EO418 already approved by the Department of Housing and Community Development (DHCD) for Massachusetts.

Who is eligible?

Anyone who owns a house in Stow is eligible, but the best candidates today will have homes with a market value of about \$325,000 or less. Approved participants will receive up to \$50,000 for selling a deed restriction for their house, reducing the maximum value of their home to the maximum level for affordability when it is sold.

**Do I have to have an “affordable income” in order to participate in this program?
Can I stay there if my income is higher than the state limits for “low-income” families?**

No income level is required to sell a deed restriction for your home; however, we reserve the right to favor sellers whose income meets the requirements for affordable housing. Only those individuals or families who have qualifying incomes will be eligible to purchase a dwelling that has an affordable housing deed restriction.

What criteria do I need to qualify for this program?

The CPC will evaluate a range of criteria, including whether you qualify for affordable housing, want to remain in your home, how long you have lived in Stow, whether you are a municipal employee, the number of bedrooms your house has and appraisal results. For a complete list of how candidates will be evaluated, see the Stow Affordable Housing Deed Restriction Program Data Sheet (available from the CPC or online on the Stow CPC web site).

What steps should I take if I am interested in this program?

1. Get an estimate of the assessed value of your house. You can contact the Board of Assessors Office at the Stow Town Building but realize that the Town conducts appraisals for its own purposes. Eventually, you may also want to get a separate appraisal as well.
2. Speak to the CPC for more information, then complete the Stow Affordable Housing Deed Restriction Program Data Sheet (this is the application form). We'll go from there.

You can schedule an appointment with the CPC by contacting CPC Administrator, Deb Seith at dseith@comcast.net or 978-562-5464.

How will you protect and keep private my financial information?

The only case in which the CPC will need financial information is if you want to prove that you are eligible for affordable housing yourself. In this case, CPC members will work with the Stow Housing Authority and Council on Aging to keep your information confidential.

How do you determine the value of my house?

If you apply for this program, the CPC will perform an independent appraisal to determine the value of your house in order to validate that the Town will receive at least the value of the deed restriction payment. In the event the reduction in value of your house is greater than the amount you received from the CPC, based on the day you sell the deed restriction, you may be entitled to a tax deduction.

How much can I sell my house for?

The deed restriction contains a formula to determine the selling price when an affordable house is to be sold. The formula, which is tied to the current interest rate, goes into effect the day that a Purchase and Sales Agreement is signed by a new buyer.

Does this program reduce my property value?

It reduces your property value to at most the maximum level for affordability. At the same time, your property tax burden will most likely be reduced as a result.

How will my tax rate be affected?**Will I save in tax payments if I participate in this program?**

The Board of Assessors determines how much you must pay in taxes. You can make the case that you should have a reduction in property taxes by participating in this program.

How soon can a change in property taxes take affect?

Any changes in property taxes would go into affect the following year from which you signed the deed restriction.

If I participate in this program, will you cover my lawyer fees?

We encourage you to get your own legal counsel, but we will pay relevant closing costs.

Can I make improvements to my house if it has a deed restriction?

Absolutely, improvements can increase the marketability of your house, but they may not affect the market value of your house. The market value is determined by the formula that is in the deed restriction.

Will I lose my house after a certain number of years?**Will I have to leave my house after a certain amount of time?**

No, you can remain in your house as long as you want under this program. When you or your heirs do decide to sell your house, it must be sold or transferred to a qualified purchaser.

What restrictions are there for selling my house?**Can I sell it to anyone?**

When you decide to sell your house, you must sell to a qualified buyer, someone who makes 80% of the median income for a family of four for the Greater Boston area. The Stow Housing Authority is a resource that is available to help you find a qualified buyer should you need assistance.

Can I sell my deed restriction back to the Town if I change my mind later on?

No, when a deed restriction is purchased, it remains in effect in perpetuity or as long as law allows.

How do I confirm that a buyer is eligible?

You can work with the Stow Housing Authority for assistance.

Can I sell my house to family members who are eligible?

Yes, if you have family members who meet the income requirements for affordability, they can buy your house.

What happens if there is no buyer when I want to sell my house?

This situation is extremely unlikely. You have one year in which to sell your house to a qualified buyer, and you can get assistance from the Stow Housing Authority to identify potential buyers.

What happens to my heirs if I participate in this program?

Can I hand down my house to my children?

Your heirs would have to qualify for affordable housing in order to live in your house.