

Ron and Kyle,

As you consider the forecasted \$20m in cumulative operating deficits, the Finance Commission needs to be aware of potential programs being presented in the draft Housing Element that may have an additional financial impact.

I have attached one such program, rehabilitation loans, that is currently under consideration in the draft Housing Element. Before the Housing Element is finalized, someone needs to review this proposal as well as others that are in the draft HE to determine financial feasibility. If the Town has no ability to execute such a program, why have it in the Housing Element where it will be tracked by the State?

Perhaps I am missing something, but for a Town that is projecting approximately a \$20m cumulative operating deficit over the next 5 years with no plan to turn this around, it is not apparent how the Town can under write a rehabilitation loan program. I am concerned that the HEAB may not fully appreciate the Town's projected financial condition and there is a disconnect here.

Thank you.

Phil Koen

Programs	Implements Which Policy(ies)	Responsible Supporting Department(s)	Time Frame	Funding Source
<p>Affordability covenants are essentially deed restrictions on the property that retain the affordable housing price of the unit for a certain period of time. The covenants must be in place for at least 55 years for rental properties when using BMP funds. In existing and new rental developments, the Town could provide a rehabilitation loan or another form of subsidy to a rental property owner in exchange for securing affordability covenants on a percentage of units and the owner's agreement to restrict rents on these units to levels that would be affordable to very low- and low-income households. Each affordability covenant acquisition opportunity is unique because the owner may negotiate for a varying proportion of units to be restricted as well as the level of affordability. The Town will work to secure units for very low- and low-income households through this program. In order to have a successful policy or program for purchasing affordability covenants, the Town must have a legal counsel that is familiar with structuring effective agreements, as well as dedicated resources for periodic monitoring to ensure that the agreements are met. The Town investigate the potential of purchasing and buying-down affordability covenants for new rental developments coming on-line and existing apartments. The program shall identify a preliminary list of sites for acquiring covenants. In order to target existing apartments, the condition of the property and the background of the property owner should be assessed. The Town may then issue a Notice of</p>				