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Littleton Planning Board
37 Shattuck Street, Room 303
Littleton, MA 01460
Attention: Maren Toohill

Dear Maren and Members of the Board,

The Applicant of the Hager Homestead Project would like to revise the proposed number of affordable units from 5 units to a total of 6 units which represents an affordable unit quantity equal to 25% of the total units proposed in the Project and 27% of the 22 new units that are proposed to be added to the site.

The estimated total Project cost, based on the currently proposed plan, is \$11,500,000.00. The Project has two extraordinary costs, 1) the cost of the 15 acres of land (less than 3 acres are actually being disturbed), and 2) the cost of acquiring and retrofitting the Federal Home for conversion into the proposed Common House – an almost 5,000 square foot amenity available to all units including the affordable units. In total, the Project amenities (Additional Land and the Common House) add more than \$1,000,000 of extraordinary cost – however amenities that the Applicant believes make the Project a desirable Senior Housing community that will provide its residents with an increased level of social connectedness, allow them to age in place, but most importantly provide for accessible common space outside of the unit where the community can walk, congregate and interact.

Additionally, the market rate unit prices are impacted by the number and type of affordable units proposed. The price for the market rate units are going to be increased by an “affordable subsidy”, that amount being the difference between what the affordable units are sold for and the cost of producing those units. The higher the quantity of affordable units, the greater this subsidy becomes (numerator). Additionally, the number of market rate units that absorb this subsidy, and therefore accept the price adjustment, decreases (denominator) as the number of affordable units is increased, thus having a compounding impact on price.

Based upon the estimated Project costs, the average unit price without an affordable subsidy would be \$479,166.67 to cover the land acquisition, common house, cost of construction, architecture and

engineering, finance, and general and administrative costs. With the proposed 6 affordable units, the remaining 18 market rate units will need to be sold, on average, for \$529,183.33. This represents a \$50,000 per unit price increase to the non-affordable units in order to provide 6 affordable units – moving the average price point well above the half million-dollar mark. We feel that this is a significant price increase and that further adjustment to market rate unit prices, as a function of increasing the affordable subsidy and decreasing the number of units to which this subsidy is spread, will increase the market rate prices to a point that the market will not accept and to a level that is not affordable to those that are seeking this senior housing option.

We are proposing the following affordable Units for the Project. The number of one bedroom and two-bedroom units are commensurate with the Project totals.

1. One Bedroom Unit at 80% of AMI – Price approximately \$205,000
2. One Bedroom Unit at 100% of AMI – Price Approximately \$275,000
3. One Bedroom Unit at 120% of AMI — Price Approximately \$325,00
4. Two Bedroom Unit at 100% of AMI – Price Approximately \$306,000
5. Two Bedroom Unit at 120% of AMI – Price Approximately \$378,000
6. Two Bedroom Unit at 150% of AMI – Price Approximately \$450,000

We proposed to set aside two units with a local preference – the one bedroom at 80% of AMI and the two bedroom at 120% of AMI. The 80% of AMI unit will be offered through a lottery process by a consultant and the 5 other units will be offered for sale with perpetual deed restrictions and only to buyers that meet the income qualifications, as verified through a third party consultant.

Alternatively, we would offer as an option, 5 affordable units (listed below), and a \$125,000 payment to the Littleton Affordable Housing Trust.

1. One Bedroom Unit at 80% of AMI – Price approximately \$205,000
2. One Bedroom Unit at 100% of AMI – Price Approximately \$275,000
3. One Bedroom Unit at 120% of AMI — Price Approximately \$325,00
4. Two Bedroom Unit at 120% of AMI – Price Approximately \$378,000
5. Two Bedroom Unit at 150% of AMI – Price Approximately \$450,000

These six (or 5) units will bring unit prices to the Project ranging from the very low \$200,000's and offer multiple affordable price points in the \$200,000's and \$300,000's.

Exhibit A includes a summary of the calculations for the affordable subsidy and the impact that providing 25% and 50% affordable units has on the Project price points for the market rate units.

Exhibit A

Total Revenue Required to Cover Cost - 0 Affordable Units

Market Units	24	\$	479,166.67	\$ 11,500,000.00
Affordable Units	0	\$	-	\$ -
				<u>\$ 11,500,000.00</u>

Impact on Market Rate Prices - 6 Affordable Units (25%)

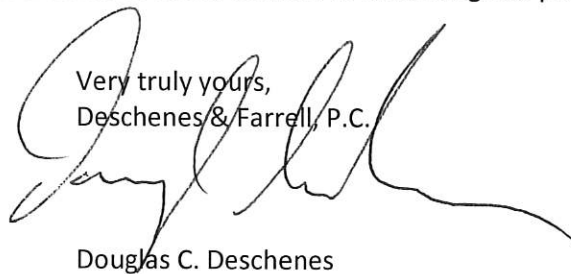
Market Rate Subsidy for Affordable Units		\$	900,300.00
Impact per Market Rate Unit		\$	50,016.67
Market Rate Average Price		\$	529,183.33

Impact on Market Rate Prices - 12 Affordable Units (50%)

Market Rate Subsidy for Affordable Units		\$	1,800,600.00
Impact per Market Rate Unit		\$	150,050.00
Market Rate Average Price		\$	629,216.67

Thank you for your time and consideration. We look forward to discussing this proposal with the Board.

Very truly yours,
Deschenes & Farrell, P.C.



Douglas C. Deschenes