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July 20, 2021

Mr. Conor Eckert, Executive Director
Town of Montgomery Industrial Development Agency
110 Bracken Road
Montgomery, New York 12549

Dear Conor:

This letter supplements the application of Walden Construction Enterprise, LLC (the “Company”) and is submitted in response to the Agency’s questions related to whether the proposed senior (age 55+) rental housing project constitutes affordable housing for local residents and whether the rental housing will be readily accessible to local residents. In response to such questions and concerns of the Agency, certain commitments are made by the Company herein contingent upon IDA financial assistance.

The United States Department of Housing and Urban Development (“HUD”) defines “Affordable Housing” as “housing in which the occupant is paying no more than thirty percent (30%) of gross income for housing costs, including utilities.” See HUD’s definition of “Affordable Housing” attached. **The Company will commit to rent, plus \$150 monthly in utilities, not exceeding thirty percent (30%) of the median gross household income for the Village of Walden, as reported by the latest US Census data available, for any resident of the Village of Walden or the Town of Montgomery that rents a unit during the term of a lease between the Company and the Agency (the “capped rent”).** Should the Agency’s lease with the Company expire or terminate for any reason, the capped rent may be subject to adjustment above the 30% cap.

In terms of availability to local residents, the Company will advertise the rental units locally for sixty (60) days before advertising outside of the local area. This method of offering the units first to local residents avoids any potential breach of renters’ confidentiality and may be easily proven.

The median household income for the Village of Walden is \$74,107. Thirty percent of this gross income is \$22,232.10; this number divided by twelve (12) months is \$1,852.67 per month. Therefore, the proposed monthly rent of \$1,700 plus utilities meets the HUD definition of Affordable Housing for median income households in the Village of Walden. See Census Data Table B19013 attached. For comparison purposes to the age 55+ population, the median household income for a householder age 45 to 64 in the Village of Walden is \$73,512 and for a householder age 65+ is \$60,423. See Census Data Table B19049 attached.

The median household income for the Town of Montgomery is \$80,500. Thirty percent of this gross income is \$24,150; this number divided by twelve (12) months is \$2,012.00 per month. Therefore, the proposed monthly rent of \$1,700 plus utilities meets the HUD definition of Affordable Housing for median income households in the Town of Montgomery. See Census Data Table B19013 attached. For comparison purposes to the age 55+ population, the median household income for a householder age 45 to 64 in the Town of Montgomery is \$104,978 and for a householder age 65+ is \$46,500. See Census Data Table B19049 attached.

According to the latest census data available, in the Town of Montgomery, of those age 65 and older who rent, 19% are paying more than 35% of household income in rent plus utilities, and of those, ages 35 to 64 years who rent, 25.7% are paying more than 35% of household income in rent plus utilities. See Census Data Table B25072 attached.

As of the latest available census data, the median gross rent for a two bedroom apartment in the Town of Montgomery is \$1,548 with a margin of error of \$156+/- . The median gross rent for a two bedroom apartment in the Village of Walden is \$1,050 with a margin of error of \$528+/- . See Census Data Table B25031 attached. Given that the vacancy rates of all housing units in the Town of Montgomery and the Village of Walden respectively are 4.2% and 6.5%, and of these vacant housing units, no housing units are available for rent according to the latest census data available, the median gross rent for a two bedroom apartment will tend higher within or above the margin of error. See Census Data Tables B25002 and B25004 attached and the expert report of Dr. Cynthia Falk submitted with the Company's application.

The proposed project, as required by the Village of Walden land use approvals, offers the following amenities: a pedestrian connection to downtown, onsite walking paths, trails or gardens, a library, an exercise room, twenty-four hour security, elevator service, a caretaker's dwelling, a management office, a game room or recreation room, and a community room or social hall. These amenities, including the staffing and maintenance costs related to the amenities, add value, but also increased cost to the proposed project.

The project must be affordable for residents and viable and sustainable for the Company. To fund the project, \$12,000,000 will be mortgaged; annual debt service is anticipated to cost approximately \$900,000 per year over 30 years. An additional \$1,888,000 must be provided in equity by the Company to fund the project.

With approximate debt service of \$900,000 annually plus the following costs:

- (1) equity contribution spread over 10 years at a cost of \$188,800 per year,
- (2) total employee and independent contractor compensation anticipated to cost annually at least \$100,000, and
- (3) PILOT payments plus existing tax and special district taxes expected to cost \$92,935 annually,

the project must net at least \$1,218,803 to cover just these costs. At \$1,700 in rent per month per unit, the project is expected to gross approximately \$1,387,200 *if all 68 rentable units are rented all of the time*. (As a reminder, one unit of the total 69 units planned will be a designated caretaker's unit.) This leaves a margin of \$168,397 per year for ongoing operation and maintenance costs, including utilities, labor and materials, liability insurance and potential vacancies.

For all of the foregoing reasons, the Agency's financial assistance is essential to offer affordable rents and housing availability to the age 55+ population in the Town of Montgomery and the Village of Walden.

Sincerely,

Michelle L. Kennedy

Michelle Kennedy

cc: Walden Construction Enterprise, LLC
Richard Golden, Esq., IDA Counsel
Ashley Torre, Esq., IDA Counsel



Glossary of Terms to Affordable Housing

Administrative Processes & Streamlining: Contains procedures by which developers receive permission to develop affordable housing. It includes the process for obtaining zoning changes, building permits, and occupancy permits. The topic also refers to receiving approvals from each government agency involved in the development process, as well as any required public hearings or citizen meetings. It includes both the pre-construction planning activities and the review activities that occur during construction.

Reference: www.huduser.org/rbc/categories.html

Affordable Housing: Affordable housing is generally defined as housing on which the occupant is paying no more than 30 percent of gross income for housing costs, including utilities.

Reference: www.hud.gov

Building and Housing Codes: State and local ordinances that prescribe certain minimum standards for construction, rehabilitation, or occupancy of affordable housing. It also relates to the acceptance or rejection of new building designs, materials, or technology intended to reduce the cost of affordable housing.

Reference: www.huduser.org/rbc/categories.html

Fair Housing and Neighborhood Deconcentration: This category refers to state and local laws that prohibit discrimination based on race, color, religion, sex, handicap, familial status, and national origin. It also refers to actions taken by state and local governments to enforce or evade these laws.

Reference: www.huduser.org/rbc/categories.html

Fees and Dedications: This category contains state and local requirements for the payment of fees, dedication of property, or installation of infrastructure to meet the increased demand on public services that result from a particular development.

Reference: www.huduser.org/rbc/categories.html

Housing Authority: Housing authorities are public corporations with boards appointed by the local government. Their mission is to provide affordable housing to low- and moderate-income people. In addition to public housing, housing authorities also provide other types of subsidized housing.

Reference: http://www.phada.org/ha_list.php

Impact Fees: Impact fees are imposed to charge the owners of newly developed properties for the "impact" the new development will have on the community. Fees can be used for such things as transportation improvements, new parks, and expansion of schools. Impact fees are not used to maintain existing facilities, but instead are used to create new facilities in proportion to the number of new developments in the area.

Reference: www.answers.com

Inclusionary Zoning: Usually practiced in urban areas, is planning communities and developments that will provide housing to all income brackets. Inclusionary zoning ordinances often require any new housing construction to include a set percentage of affordable housing units.

The positive aspects of Inclusionary zoning include the production of affordable housing at little cost to local government, the creation of income-integrated communities, and the lessening of sprawl. Negative aspects of inclusionary zoning may include shifting the cost of providing affordable housing, segmenting the upwardly mobile poor, and inducing growth.

Reference: www.answers.com

Land Trusts: A trust created to effectuate a real estate ownership arrangement in which the trustee holds legal and equitable title to the property subject to the provisions of a trust agreement setting out the rights of the beneficiaries whose interests in the trust are declared to be personal property.

Reference: www.answers.com

Low income Housing Tax Credit: Many for-profit and nonprofit-developed rental properties use these federal income tax credits. The Washington State Housing Finance Commission allocates these credits to developers to build or fix up low-income housing. Large corporations, institutions, pension funds, and insurance companies invest in the housing as a method to gain the tax credits and reduce their income tax obligations. These apartments serve residents below 60% of median income and must accept Section 8 vouchers.

Reference: www.phada.org/ha_list.php

Market Rate Rent: The prevailing monthly cost for rental housing. It is set by the landlord without restrictions.

Reference: www.phada.org/ha_list.php

Median Income: This is a statistical number set at the level where half of all households have income above it and half below it. The U.S. Department of Housing and Urban Development Regional Economist calculates and publishes this median income data annually in the Federal Register.

Reference: www.phada.org/ha_list.php

Nonprofit Housing: Nonprofit housing is developed by nonprofit corporations with a community board of directors and mission. Most housing developed by nonprofit housing developers is affordable with rents or prices below market-rate. Income generated from the housing is put back into the mission of the organization, rather than being distributed to stockholders or individual investors as would be the case in for-profit housing.

Reference: www.phada.org/ha_list.php

Nonprofit Housing Developer: A nonprofit organization with a mission that involves the creation, preservation, renovation, operation or maintenance of affordable housing.

Reference: www.phada.org/ha_list.php

Operating Subsidy: This is a type of subsidy going to property owners to reduce the management, maintenance and utility costs of housing. It is needed for projects housing extremely low-income residents who can't afford rents covering the actual costs of housing.

Reference: www.phada.org/ha_list.php

Planning & Growth Restrictions: This refers to barriers and solutions included relate to the process of developing a comprehensive land use plan and the restrictions placed on future development based on a map of the community. The topic also covers activities such as smart growth programs, sewer and building permit moratoriums, or requirements for fiscal impact studies.

Reference: www.huduser.org/rbc/categories.html

Rent Controls: Defined as state and local government actions that restrict rent increases or service fee charges to tenants.

Reference: www.huduser.org/rbc/categories.html

Redevelopment/ Infill: This refers to the rules under which abandoned or underused property is redeveloped. This topic includes inner city redevelopment, single lot infill, and brownfields redevelopment, as well as the process for obtaining the state and local government authorization to proceed with such work.

Reference: www.huduser.org/rbc/categories.html

Section 8 Housing: Many Section 8 contracts have expired or will expire soon, and the property owners must now decide whether to renew their contract or leave the program ("opt out"). Most of these contracts are now renewed on a one-year basis. Projects with high risk of opting out typically have rents set by the Section 8 contract below the prevailing market rents for comparable units. Owners thus have an incentive to leave the program and convert their property to private market rentals.

Reference: www.huduser.org/rbc/categories.html **Section 8 Vouchers:** This federal program is administered by the local housing authority. Eligible tenants receive vouchers they can use to help them pay for apartments in the private market.

Reference: www.huduser.org/rbc/categories.html

State and Local Tax Policies: Barriers and solutions which impact housing affordability, and include laws related to property taxes, tax assessments, transfer taxes, and sales taxes on building materials. It also refers to tax abatements or concessions and homestead exemptions.

Reference: www.huduser.org/rbc/categories.html

Subsidized Housing: A generic term covering all federal, state or local government programs that reduce the cost of housing for low- and moderate-income residents. Housing can be subsidized in numerous ways—giving tenants a rent voucher, helping homebuyers with downpayment assistance, reducing the interest on a mortgage, providing deferred loans to help developers acquire and develop property, giving tax credits to encourage investment in low- and moderate-income housing, authorizing tax-exempt bond authority to finance the housing, providing ongoing assistance to reduce the operating costs of housing and others. Public housing, project-based Section 8, Section 8 vouchers, tax credits, the State Housing Trust Fund, and Seattle Housing Levy programs are all examples of subsidized housing. Subsidized housing can range from apartments for families to senior housing high-rises. Subsidized simply means that rents are reduced because of a particular government program. It has nothing to do with the quality, location or type of housing. In fact, a number of Seattle's subsidized housing developments have received local and national design awards.

Reference: http://www.phada.org/ha_list.php

Zoning, Land Development, Construction and Subdivision Regulations: Rules and regulations that affect the use of land. It also contains rules and regulations that permit an owner to divide his land into smaller tracts. These activities include barriers, such as exclusionary zoning, as well as solutions, such as bonus density zoning. It also includes private restrictions on the use of property, such as deed restrictions.

Reference: www.huduser.org/rbc/categories.html

Content Archived: August 18, 2011



Median Household Income in the Past 12 Months (In 2019 Inflation-adjusted Dollars)

Table

Map

Distribution

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Table B19013 [Change](#)

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Table universe: Households

Click a row to highlight

Column	Montgomery, NY	Orange County, NY	Walden, NY
Median household income in the past 12 months (in ...	\$80,500 ±\$25,026	\$79,944 ±\$1,449	\$74,107 ±\$17,417

Citation: U.S. Census Bureau (2015–2019). *Median Household Income in the Past 12 Months (In 2019 Inflation-adjusted Dollars) American Community Survey 5-year estimates*. Retrieved from <<https://censusreporter.org>>

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Median Household Income in the Past 12 Months (In 2019 Inflation-adjusted Dollars) by Age of Householder

Table

Map

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Table universe: Households

Click a row to highlight

Column →	Montgomery, NY	Walden, NY
Total:	\$80,500 ±\$25,026	\$74,107 ±\$17,417
Householder under 25 years	\$86,000 ±\$19,653	±
Householder 25 to 44 years	\$82,375 ±\$53,164	\$88,345 ±\$2,764
Householder 45 to 64 years	\$104,978 ±\$27,885	\$73,512 ±\$14,358
Householder 65 years and over	\$46,500 ±\$14,252	\$60,423 ±\$6,870

Citation: U.S. Census Bureau (2015-2019). *Median Household Income in the Past 12 Months (In 2019 Inflation-adjusted Dollars) by Age of Householder American Community Survey 5-year estimates*. Retrieved from <<https://censusreporter.org>>

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Age of Householder by Gross Rent as a Percentage of Household Income in the Past 12 Months

Table

Map

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ACS 2019 5-year

Table universe: Renter-occupied Housing Units

[Switch to totals](#)

Click a row to highlight

Column	→	Montgomery, NY	Walden, NY
Not computed		0% ±1.9%	0% ±2.3%
Householder 25 to 34 years:			
Less than 20.0 percent		11.7% ±8.6%	43.5% ±12.5%
20.0 to 24.9 percent		4.3% ±4.1%	16.8% ±11.7%
25.0 to 29.9 percent		3.1% ±3.3%	11% ±10.4%
30.0 to 34.9 percent		0% ±1.9%	1.3% ±2.4%
35.0 percent or more		0% ±1.9%	4% ±6.2%
Not computed		4.3% ±6.9%	7.6% ±5.1%
Householder 35 to 64 years:			
Less than 20.0 percent		0% ±1.9%	2.8% ±4.5%
20.0 to 24.9 percent		49.5% ±16.5%	43.9% ±14.1%
25.0 to 29.9 percent		10.2% ±8.4%	8.8% ±5.8%
30.0 to 34.9 percent		4.6% ±4.4%	4.2% ±4%
35.0 percent or more		1.4% ±2.1%	6.2% ±7.7%
Not computed		7.6% ±10.2%	1.3% ±2.2%
Householder 65 years and over:			
Less than 20.0 percent		25.7% ±14%	23.2% ±13.3%
20.0 to 24.9 percent		0% ±1.9%	0.1% ±1.7%
25.0 to 29.9 percent		32% ±10.8%	6.8% ±4.8%
30.0 to 34.9 percent		0% ±1.9%	2.4% ±2.7%
35.0 percent or more		3.6% ±2.8%	1.5% ±2.2%
Not computed		6.5% ±8.1%	0% ±2.3%
		2.9% ±3.3%	1.6% ±2.6%
		19% ±8.9%	1.3% ±2.1%
		0% ±1.9%	0% ±2.3%

Citation: U.S. Census Bureau (2015-2019). *Age of Householder by Gross Rent as a Percentage of Household Income in the Past 12 Months American Community Survey 5-year estimates*. Retrieved from <<https://censusreporter.org>>

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Median Gross Rent by Bedrooms

Table

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Table universe: Renter-occupied Housing Units Paying Cash Rent

Click a row to highlight

Column →	Montgomery, NY	Orange County, NY	Walden, NY
Total:	1,298 ±132	1,259 ±26	1,024 ±153
No bedroom	±	948 ±101	874 ±270
1 bedroom	1,035 ±117	1,029 ±24	928 ±99
2 bedrooms	1,548 ±156	1,382 ±34	1,050 ±528
3 bedrooms	1,888 ±304	1,556 ±61	1,700 ±79
4 bedrooms	±	1,737 ±103	±
5 or more bedrooms	±	1,701 ±241	±

Citation: U.S. Census Bureau (2015–2019). *Median Gross Rent by Bedrooms American Community Survey 5-year estimates*. Retrieved from <<https://censusreporter.org>>

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Occupancy Status

Table

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ACS 2019 5-year

Table universe: Housing Units

[Switch to totals](#)

Click a row to highlight

Column →	Montgomery, NY	Walden, NY
Occupied	95.8% ±12.7%	93.5% ±9.6%
Vacant	4.2% ±4.2%	6.5% ±4.1%

Citation: U.S. Census Bureau (2015-2019). *Occupancy Status American Community Survey 5-year estimates*. Retrieved from <<https://censusreporter.org>>

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Vacancy Status

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Table B25004 [Change](#)

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ACS 2019 5-year

Table universe: Vacant Housing Units

[Switch to totals](#)

Click a row to highlight

Column →	Montgomery, NY	Walden, NY
For rent	0% ±16.9%	0% ±11.1%
Rented, not occupied	0% ±16.9%	0% ±11.1%
For sale only	43.7% ±51.6%	0% ±11.1%
Sold, not occupied	0% ±16.9%	0% ±11.1%
For seasonal, recreational, or occasional use	12.7% ±16.9%	0% ±11.1%
For migrant workers	0% ±16.9%	0% ±11.1%
Other vacant	43.7% ±57%	100% ±0%

Citation: U.S. Census Bureau (2015-2019). *Vacancy Status American Community Survey 5-year estimates*. Retrieved from <<https://censusreporter.org>>

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