

Waterbury Housing Trust Fund - Allowable Uses

BACKGROUND

The Town of Waterbury recognizes that access to affordable housing continues to be a challenge in the community. This issue was one of the core reasons behind the implementation of the Local Options Tax. When the tax was adopted, the Town designated its use for efforts that support economic development and strengthen community vitality.

On August 19, 2024, the Town established a Housing Trust Fund to directly support local housing initiatives.

At the November 18, 2024 Select Board meeting, the Town set a long-term housing goal to increase the local rental housing supply by 1% each year with affordable options for the next 8 years. To help achieve this goal, the Town allocated \$100,000 from the 2024 Local Options Tax revenue to the Housing Trust Fund. These funds are earmarked for projects and programs that support the fund's mission, with the following guidelines:

- Funds will remain in a Town-managed account.
- Programs will be administered by a qualified third-party affordable housing organization.
- Any funds not immediately used will stay in the fund and be available for future affordable housing projects.

The Town of Waterbury remains committed to supporting housing solutions that help meet the needs of all community members.

AFFORDABLE HOUSING

In the context of the Housing Trust Fund, affordable housing refers to housing that is priced to be accessible to individuals and families earning up to 120% of the area median income (AMI) for rental or purchase, ensuring that essential workers—such as educators, healthcare workers, first responders, municipal employees, and small business staff—can afford to live within the communities they serve.

Units developed with assistance from the trust fund should target individuals who earn too much to qualify for traditional subsidized housing, but not enough to compete in high-cost housing markets. By keeping housing costs around 30% of household income, these units support economic diversity, local workforce development and retention, and reduced environmental footprint.

ALLOWABLE USES

The Housing Trust Fund may be used to support:

- **Small-Scale Development Programs:** These include assistance for projects of one to four units such as accessory dwelling units (ADUs), duplexes, and small-scale multifamily conversions that are integrated into existing neighborhoods with minimal impact on infrastructure and community character. These projects are usually initiated by individual homeowners, small contractors, or community-based developers, and serve to increase availability and affordability of housing. All such programs must be approved by the Select Board, and administered by a third-party affordable housing organization. INCLUDE A STATEMENT ON ADMINISTRATIVE COSTS AT NO MORE THAN 10%.
- **Grants and Loans for Mid- and Large-Scale Housing Development:** Professional real estate developers, both for-profit and nonprofit, and public housing agencies are eligible to apply for support when constructing or substantially rehabilitating housing that includes affordable units, including homeownership or rental properties. For such projects, applications must contain a specific funding request, total number of units, and number of units that meet the definition of affordable housing. All applications will be reviewed and approved by the Select Board.

In addition, any funds recaptured will be reallocated to the housing trust.