

FREQUENTLY ASKED QUESTIONS ABOUT TRURO'S PROPOSED MUNICIPAL AFFORDABLE HOUSING TRUST



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1. What is a Municipal Affordable Housing Trust (MAHT)?

A Municipal Affordable Housing Trust is a legal entity created under Massachusetts General Law Chapter 44, Section 55C that allows municipalities to collect funds for affordable housing, segregate them from the general municipal budget, and use them for local initiatives to create and preserve affordable housing for the benefit of low and moderate income households.

2. Why is Truro establishing a MAHT?

Truro is establishing a MAHT to have a dedicated vehicle for addressing the town's affordable housing needs. At the 2022 Annual Town Meeting, voters approved adopting MGL c.44 Sec.55C to establish a Municipal Affordable Housing Trust Fund to help create and preserve Affordable housing in the community.

Truro's original Affordable Housing Trust Fund (AHTF) was created in 2001 and approved by the Commonwealth on August 13, 2002, through Acts 2002 Chapter 274. This original trust fund is different from the newer Municipal Affordable Housing Trust Fund that Truro voters accepted in 2022 by adopting MGL c. 44, §55C. The original 2002 AHTF is still being utilized, but is only a fund not a trust fund. The select board makes the decisions about this fund. The 2022 MAHT would establish both a trust fund and a board of trustees as required by state law.

3. How would a MAHT be different from the existing Affordable Housing Trust Fund in Truro?

The proposed MAHT would replace the current Affordable Housing Trust Fund with a more formal structure that has specific powers granted under state law. While the current Trust Fund receives AMI-restricted funds (Area Median Income restricted), the MAHT would be specifically designated to receive all AMI-restricted funds. The MAHT could also receive other funds such as a portion of the affordable housing stabilization

fund and free cash that town meeting votes to be placed into the trust for Affordable housing programs and initiatives.

Once any funds go into the MAHT they become restricted at 100% AMI, unless the funds carry lower AMI requirements. This is true regardless of the source of the funds, even if they are unrestricted prior to transfer into the MAHT.

4. Who would serve on the MAHT board?

According to the Truro Housing Authority's draft recommendations, the MAHT would have 5 voting members, the town manager or designee (non-voting), and 2 alternates.

Members would include:

- Town Manager or designee (non-voting)
- A Select Board member (as mandated by statute)
- A Housing Authority member (as recommended by THA and appointed by Select Board)
- Other appointees with certain skills or backgrounds

5. What qualifications would MAHT members need?

The Truro Housing Authority recommends that the Select Board consider appointing people with expertise such as developers (particularly those who develop affordable housing), individuals with financial services backgrounds, realtors, attorneys with land use or real estate law expertise, and at least one member who either rents or owns affordable housing in Truro or has experienced housing insecurity.

All members should have a demonstrated commitment to affordable housing development and advocacy.

6. Would there be residency requirements for MAHT members?

Yes. All appointees except for the town manager or designee must be full-time residents, with the exception that the Select Board may appoint one part-time resident.

7. How long would MAHT members serve?

Members' Terms: MGL c. 44 Sec.55 states that members "shall serve for a term not to exceed 2 years." Some members can be appointed for a one-year term and some for a 2-year term. This would ensure that there was some continuity on the Trust.

8. How will the MAHT be funded?

MAHT could receive funds from multiple sources including CPA funds, free cash, the Affordable Housing Stabilization Fund (which receives 33% of the short-term rental tax), and donations.

The MAHT could then distribute these funds to support housing for those at 80% AMI and below (for all funding sources) and up to 100% AMI (using only CPA funds).

The THA recommends at least all restricted funds currently in the Affordable Housing Fund be transferred into the MAHT.

9. What powers would the MAHT have?

The MAHT would have the powers outlined in the statute that were accepted at Town Meeting, including:

- Accept and receive property or money by gift, grant, contribution, devise or transfer from any source
- Purchase and retain real or personal property, including investments that yield high income or no income

- Sell, lease, exchange, transfer or convey property at public auction or by private contract
- Execute, acknowledge and deliver deeds, assignments, transfers, pledges, leases, covenants, contracts, promissory notes, releases, and other instruments
- Employ advisors and agents such as accountants, appraisers and lawyers as needed
- Pay reasonable compensation and expenses to all advisors and agents
- Apportion receipts and charges between incomes and principal, amortize premiums, and create reserves for depreciation
- Participate in reorganization, recapitalization, merger or similar transactions
- Deposit securities with protective reorganization committees and delegate powers to such committees
- Carry property for accounting purposes other than acquisition date values
- Borrow money, mortgage and pledge trust assets as collateral
- Make distributions or divisions of principal in kind
- Comprise, attribute, defend, enforce, release, settle or adjust claims in favor or against the trust
- Manage or improve real property; abandon any property deemed not worth retaining
- Hold all or part of trust property uninvested for such purposes and time as appropriate
- Extend the time for payment of any obligation to the trust

The statute also specifies that a city or town may, by ordinance or by-law, omit or modify any of these powers and may grant additional powers consistent with the section.

Many Massachusetts cities and towns have MAHTs. Some build, preserve, and manage hundreds of affordable housing units. Some of these powers are much more likely to be needed by large cities and towns who have very large budgets.

Additionally, the trust has these characteristics:

- Funds paid to the trust don't need to be appropriated or accepted

- General revenues appropriated to the trust become trust property
- The trust is a public employer and trustees are public employees in the same way that local elected officials are
- The trust is exempt from certain tax provisions
- Trust records must be audited annually
- The trust is subject to Open Meeting Law
- The trust is subject to procurement laws with certain exemptions

10. Would Town Meeting still have control over MAHT funding?

Yes. Town Meeting would retain the same powers as it relates to funding and other financial matters such as borrowing. The transfer of funds to the MAHT (except for donations and interest) would continue to require a vote by Town Meeting.

11. What types of funding sources could the MAHT use?

The MAHT could utilize various funding sources, including:

- Community Preservation Act (CPA) funds (with Community Preservation Committee and Town Meeting approval)
- Affordable Housing Stabilization Funds (with Town Meeting approval)
- Free Cash (with Town Meeting approval)
- Donations
- Interest earned on trust assets

12. What would happen to AMI-restricted funds currently in the existing Affordable Housing Account?

The Truro Housing Authority recommends that all AMI-restricted funds in the existing Affordable Housing Account be transferred into the MAHT, and all new AMI-restricted funds related to housing go to the MAHT.

The THA is also recommending the Select Board consider moving other available funds such as a portion of the Affordable Housing Stabilization Fund or free cash to the MAHT for AMI-restricted housing and projects related to providing, building, and maintaining affordable housing.

13. What would happen to non-AMI restricted funds?

The existing Affordable Housing Account would continue to function and receive/distribute funding until the establishment of a Truro Seasonal Communities Trust Fund or another Trust Fund created to fund non-AMI restricted projects.

14. What transparency measures would be in place for the MAHT?

The Truro Housing Authority recommends that the Trust would comply with all reporting requirements and more, including:

- Semi-annual reports of activities, funds received, and funds expended
- Reports available to the Select Board and public on Town website and in print at town hall
- Complete accounting of CPC fund use
- Public meetings and documents (except those related to property acquisition negotiations)
- Hybrid meetings to maximize participation
- Public policies on the MAHT's website

15. What's the process for establishing the MAHT?

The next steps to establish the MAHT are for the Select Board are to:

- The Select Board will accept or amend these recommendations
- Appoint the members of the MAHT
- Transfer appropriate funds to the MAHT
- Ensure trustees receive proper training and continuing education

Work with the MAHT to:

- Review powers to ensure alignment with Truro Bylaws, Town Charter, and Select Board policies
- Complete a Declaration of Trust

16. How does a MAHT differ from other affordable housing entities?

A MAHT is a municipal entity with specific powers granted under state law.

A MAHT requires town meeting approval to receive many of their funds, but once they receive funds, they can expend them without requiring a second town meeting approval. An example of funds that don't require town meeting approval would be direct donations or interest.

The Truro Housing Authority is not a trust. The THA's role is to advocate for affordable and attainable housing, look for opportunities for affordable housing, and affect policy change in Truro, as well as run programs like the rental assistance program.

As the MAHT comes into creation, the THA and MAHT will work together to define the scope of each entity's focus in moving forward in order to create an effective and collaborative partnership that plays to each entity's strengths.

17. What kinds of housing initiatives could the MAHT support?

The MAHT could support various initiatives including:

- Providing financial support for construction of affordable homes
- Rehabilitating existing homes for affordable housing
- Increasing affordability in new housing developments
- Developing surplus municipal land or buildings
- Preserving properties with expiring affordability restrictions

- Supporting rental assistance programs and other programs that help people to stay in their homes or find safe, secure housing

18. Would the MAHT be subject to state laws like other municipal entities?

Yes, the MAHT would be subject to various laws applicable to municipal bodies, including those relevant to purchasing real property, procurement, designer selection, public construction laws, the Open Meeting Law, and the Conflict of Interest Law.

19. Would the MAHT develop its own policies and procedures?

Yes, as part of the establishment process, it is recommended that the MAHT develop a mission and vision statement as well as policies and procedures. These would balance the need for the MAHT to be nimble and fast-acting with genuine concerns regarding financial controls and practices.

20. Would there be staff support for the MAHT?

Yes, the Truro Housing Authority recommends that there be staff support to help with the work of the MAHT, as deemed possible and appropriate by the town manager.

21. How could the community stay informed about MAHT activities?

The community could stay informed through:

- Semi-annual reports posted on the Town website
- Public meetings of the MAHT
- Documents and policies posted on the MAHT's Truro website
- Select Board updates on MAHT activities
- Hybrid meeting formats to maximize public participation

22. How many other towns on Cape Cod have established Municipal Affordable Housing Trusts?

Seven of the eight Lower Cape Towns (Brewster, Chatham, Eastham, Harwich, Orleans, Truro, and Wellfleet) have accepted MGL c. 44, §55C, while Provincetown created its own Affordable Housing Trust Fund through special legislation.

23. What lessons have other Cape Cod towns learned from establishing Municipal Affordable Housing Trusts?

Key lessons from neighboring towns include the importance of dedicated staff support, clear roles and responsibilities, and strong communication and collaboration across town administration, boards, and the community. Many towns emphasize ongoing outreach, education, and training as crucial to success, as affordable housing is complex and requires significant ongoing training.

More lessons learned from other towns can be learned in the attached report.