

Somerville Affordable Housing Trust Fund

Semi-annual Community Preservation Act Progress Report

Presented to Somerville Community Preservation Committee July, 2018

Background

Somerville's Affordable Housing Trust Fund (known alternately as the Trust and SAHTF) is pleased to provide this semi-annual update on Trust-funded activities to the City of Somerville Community Preservation Committee (CPC). For general information about the Trust, please see Appendix 1.

Summary of FY18 Somerville Affordable Housing Trust Funds

On February 28, 2018 the CPC voted to recommend an allocation of \$1,200,402 of FY18 Community Preservation Act funds to be administered by the Trust in support of affordable community housing projects and housing support programs in the City of Somerville. The City's Board of Aldermen approved the CPC's recommendation on March 8, 2018.

FY18 non-CPA revenue for the AHTF:

Expected non-CPA revenue sources for FY18 are summarized in Table 1, and broken down by source in Table 2.

Table 1 – FY18 AHTF Non-CPA Revenue

FY18 AHTF Non-CPA Revenue Sources	
Linkage payments	\$936,437
Inclusionary Fractional payments	\$188,505
Loan repayments	\$43,175
Total Non-CPA Projected Revenue	\$1,168,117

Table 2 – Breakdown of Linkage and Inclusionary Fractional payments

FY18 Linkage payments	
Partners	\$869,626
Coresite (Inner Belt)	\$40,437
Greentown Labs	\$26,374
Total Linkage	\$936,437
FY18 Inclusionary Fractional payments	
FRIT Block 5	\$107,285
116-118 Holland Street	\$81,220
Total Inclusionary Fractional	\$188,505

CPA Allocations to the Affordable Housing Trust Fund

Prior fiscal years' CPA revenue designated for housing is summarized below in Table 3, CPA Allocations by Fiscal Year.

Table 3 – CPA Allocations by Fiscal Year

CPA Funding allocated to Trust for Affordable Housing	Appropriation Amount
FY14 + FY15	\$2,800,784
FY16	\$1,239,919
FY17	\$880,415
FY18	\$1,200,402
Total CPA	\$6,121,520

FY18 Requests for Proposals

On April 19, 2018, the Trust issued two Requests for Proposals for FY18 CPA Community Housing funds:

CPA FUNDING OPPORTUNITY FOR DEVELOPMENT PROJECTS RELATED TO HOUSING UNITS, designated for projects that acquire, create or preserve affordable housing units. By the deadline of May 24th, one proposal was received.

CPA FUNDING OPPORTUNITY FOR HOUSING PROGRAMS, designated for programs that either create affordable housing units or provide rental assistance or other financial assistance to income eligible households for the purpose of making housing affordable. By the deadline of May 23rd, five proposals were received from four agencies.

Notice of the RFPs was advertised in the Somerville Times, posted on the City of Somerville website, and sent to the Somerville Homeless Providers Group/Continuum of Care listserv.

Table 4 lists all proposals received.

Table 4 – Housing Development Project and Housing Program Proposals Received in FY18

All FY18 CPA Housing Proposals Received		
Somerville Community Corporation	31-35 Richardson Street (acquisition)	\$171,000
Somerville Homeless Coalition	PASS CPA	\$199,952
Somerville Homeless Coalition	Leasing Differential (Better Homes)	\$62,532
Community Action Agency of Somerville	Homelessness Prevention Assistance Fund	\$50,000
Heading Home	Somerville Better Homes 3	\$45,000
RESPOND	Emergency Shelter and Homeless Program	\$16,500
		\$544,984

ACTION BY TRUST: In July the Trust voted to allocate \$171,000 for the housing development project and \$357,484 for four housing programs. One housing program request (from RESPOND) was found to be for ineligible activities.

The project and programs to receive funding are listed in Table 5 and Table 6.

Table 5 - FY18 Housing Development Project CPA Funding Awards

FY18 Housing Development Project CPA Funding Awards				
Program	Applicant	Request	Funded	Purpose
31-35 Richardson Street	Somerville Community Corporation (SCC)	\$171,000	\$171,000	Acquisition --Purchase two adjoining parcels in Winter Hill neighborhood. Preserve one parcel as permanently restricted open space. On the other parcel, preserve one existing single-family 3BR home to be sold at market-rate, and build two additional units. One new approximately 900sf 2BR unit will be sold at market-rate (estimated market-rate purchase price: \$650,000) and one new approximately 900sf 2BR unit will be sold as affordable to households with incomes at or below 100%AMI (affordable purchase price at current limits: \$335,000).

Table 6 - FY18 Housing Program CPA Funding Awards

FY18 Housing Program CPA Funding Awards				
Program	Applicant	Request	Funded	Purpose
Leasing Differential Program	Somerville Homeless Coalition (SHC)	\$62,532	\$62,532	Rental assistance for formerly homeless and disabled residents living in 13 rental units at scattered sites throughout Somerville. Units are leased by SHC and sublet to tenants for permanent supportive housing (PSH). Assistance pays for gap between HUD payment for monthly rent and actual rent. Most clients have incomes below 30% AMI. Nine of the clients qualify as chronically homeless people. Clients include families and individuals with disabilities, including mental health, developmental, substance dependence, trauma and other physical medical conditions. All beneficiaries are Somerville residents and some grew up in the City.
CPA PASS Expansion: Prevention and Stabilization Services Housing Program	Somerville Homeless Coalition (SHC)	\$199,952	\$199,952	Two-years of rental subsidy for 6 Somerville households at risk of homelessness, or in transition out of emergency shelter system into apartments. Case management is also provided as part of the program. (\$170,000 client rental subsidies for two years and \$29,952 for management activities for two years. Generally, households will have incomes at or below 60% AMI. SHC requests

				flexibility to serve households up to 100% AMI should they apply and meet all other eligibility criteria. The program is designed to work with Somerville residents experiencing a housing crisis (for instance burdensome rental increases and/or losses in income) to allow them to remain in the City.
Somerville Better Homes 3 Permanent Supportive Housing Program	Heading Home	\$45,000	\$45,000	Rental assistance for 13 chronically homeless and disabled residents with incomes below 30% AMI. Units are leased by Heading Home and sublet to tenants for permanent supportive housing (PSH). Assistance pays for gap between HUD payment for monthly rent and actual rent. Heading Home is currently securing leases for some participants. Residents may have disabilities, a criminal record or behavioral health instability.
Homelessness Prevention Assistance Fund	Community Action Agency of Somerville	\$50,000	\$50,000	Up to \$4,000 assistance in the form of grants and loans to households for homelessness prevention (including first and last month's rent and security deposits). Estimated number of households: 11 to 25+. Most households will have income at or below 50% AMI. CAAS will also assist applicants with income up to 80% AMI in cases of severe hardship.

FY17 Requests for Proposals--Updates on FY17 funding requests

FY17 Housing Development requests

As reported in April and November of 2017, two housing development project requests were received in response to a Request for Proposals for CPA Housing funds that was issued by the Trust in third quarter FY17.

100 Homes

The Somerville Community Corporation submitted a proposal for CPA funding for 100 Homes Initiative unit acquisitions. The initial FY17 request from SCC identified an immediate need of at least \$2 million to complete acquisitions on existing 100 Homes properties, and contemplated a further request through bonding using CPA funds for debt service. With previously purchased 100 Homes units mostly occupied, Trustees voted to request that the CPC make a recommendation to the Board of Aldermen for bonding of CPA funds to support the 100 Homes program. The CPC's subsequent recommendation for a \$6 million bond has since been approved by the BOA.

The 100 Homes Initiative has been responsive to opportunities to create affordable housing units in Somerville. To date, SCC has completed acquisition of 47 units, or nearly half of the one hundred that was set as the program's initial goal.

Clarendon Hill

The Somerville Housing Authority, working with Preservation of Affordable Housing and SCC, requested funds for replacement of 73 deeply affordable public housing units, and the creation of 20 new affordable workforce units. The project will draw from multiple subsidy sources to replace all existing affordable units with upgraded apartments, provide temporary relocation with option for all current residents to return, and create a mixed-income community in a development where currently residents are segregated from the broader community according to their income level. Given the complexity of this project, SAHT reviewed analysis of project sources, uses and subsidy needed to meet affordability goals.

Since the submission of this request, the Trust indicated support for bonding of CPA funds to support the Clarendon Hill project, with that funding contingent on a further Trust vote, a vote by the CPC to recommend bonding for the project to the BOA, and BOA approval.

During the Clarendon Hill pre-development process the development team determined that the project would require two home rule petitions to the Massachusetts Legislature. One petition would allow for transfer of state property, to allow reconfiguration of a roadway nearby the development, and another for an exception to the prevailing wage requirements for the market-rate developer's portion of the project. At the time of this report, the Home Rule petitions have been brought to legislative committee for further consideration. Should the Home Rule petitions be approved, project financing can move forward and redevelopment and improvements of the Clarendon Hill public housing community can proceed towards local zoning approvals.

Clarendon Hills Redevelopment Unit Breakdown		<30%	<50%	<80%	<100%	<110%	Total	
Clarendon	2BR	22	0	45			67	rental
Clarendon (cont'd)	3BR	2	0	4			6	rental
	total	24	0	49			73	

FY17 Housing Program requests

As noted in April and November of 2017, the Trust approved three housing program requests for CPA funds in 2017. Table 7 below summarizes housing program-related requests.

Table 7 – FY17 Housing Program requests

Program	Applicant	Funded	Purpose
Leasing Differential Program	Somerville Homeless Coalition (SHC)	\$57,825	This award provided rental assistance for formerly homeless people living in 17 rental units at scattered sites throughout Somerville, leased by SHC and sublet to homeless and disabled Somerville residents. The 17 formerly homeless Somerville households encompassed 21 individuals.

			<p>Most clients that were served in FY17 had incomes below 30% AMI. Nine of the clients qualified as chronically homeless people as defined by HUD. Clients included families and individuals with disabilities. All beneficiaries were Somerville residents.</p>
<p>PASS 3: Prevention and Stabilization Services Program (expansion)</p>	<p>Somerville Homeless Coalition (SHC)</p>	<p>\$93,728</p>	<p>PASS funding has been deferred while the contract is pending further review. SHC and Housing staff are working to move the contract to final execution.</p> <p>The PASS 3 expansion program will provide rental subsidy to 6 Somerville households at risk of homelessness, or in transition out of emergency shelter system into permanent housing. Case management will be provided using other sources. (CPA funds will pay for \$85,000 in client rental subsidies and \$8,728 in administrative costs).</p> <p>Generally, households will have incomes at or below 60% AMI, while allowing flexibility to serve households up to 100% AMI should such households apply and meet all other eligibility criteria. The program is designed to work with Somerville residents experiencing a housing crisis (for instance burdensome rental increases and/or losses in income) to allow them to remain in the City. The contract includes an award of \$89,250 from FY15 together with the FY17 award.</p>
<p>ShortStop</p>	<p>Wayside Youth and Family Support Network</p>	<p>FY17: \$25,000 FY16: \$26,107</p>	<p>This award filled the gap in building lease costs and the amount HUD provides in leasing assistance at 116-118 North St. and 10 High St. The buildings house the ShortStop program which provided transitional housing and case management services to 9 homeless young adults to support development of client self-sufficiency. Participants are extremely low- and low-income. The program prioritizes serving youth and young adults from Somerville. The FY16 and FY17 program awards combined for two years of support of \$51,107.</p> <p>Over the course of the first seven quarters from 7/1/16 to 3/31/18, ShortStop served 34 young adults. Of 24 youth who exited the program, 100% transitioned to permanent housing. Educational and employment stability for youth residing in the building is supported through case management which continues after exit. Contract funds have been fully expended and invoicing will be complete upon submission of final progress report.</p>

FY15-FY16 Requests for Proposals—Other Updates on FY15-FY16 Funding Awards

Updates on Other Development Projects previously funded using FY14-FY16 CPA allocations from the CPC

For summary updates of FY15 and FY16 Housing Development project that received CPA Community Housing funding, see Table 8.

Table 8 – Other Project Updates

Updates on Other Housing Development Projects									
Project	Applicant	Funded	Committed	Disbursed	Update	Ward	# new units/ # HH	Mixed use	TOD
Mystic Waterworks (acquisition loan)	Somerville Housing Authority	\$507,000	\$507,000	\$507,000	The building is fully occupied. Residents of the 25 units are seniors (aged 62 and up) and households that include a disabled resident. The 25 households selected by application for initial occupancy began move-in February 2018. Several residents have described moving in to their new home as a life-changing experience providing them security, dignity and a home that is affordable for a resident on a fixed budget. Waitlist applications are continuing to be accepted to fill vacancies. The effort to bring the Waterworks project to completion and occupancy required both collaboration from multiple funding sources and perseverance by all stakeholders.	7	25	N	Y
100 Homes FY15, FY16, FY17 (small site acquisition loans)	Somerville Community Corporation	\$3,131,608	\$3,131,608	\$2,907,056	SCC has now purchased 47 units in 10 properties ranging in size from two-family properties to a 16-unit property. These units have been permanently removed from the speculative market. The ongoing effort has also prevented the displacement of 26 households, including 5 households in danger	NA	47	N	varied

					of losing their mobile Section 8 voucher. Five units purchased will serve homeless families and individuals. Add occupancy information.				
163 Glen St.	Somerville Community Corporation	\$915,000	\$915,000	\$819,862 (corrected)	163 Glen Street is 70% complete construction with expected completion by August of 2018. SCC is commencing the affirmative fair marketing of the 8 affordable condos, starting with a Lender Fair at the East Somerville Community School on May 31 st from 6-8 pm. The affordable condo units will be available for sale in a range of \$198,214 up to \$330,000.	1	8	N	Y

Other information requested on projects previously funded follows below.

Table 6 – Project Information

PROJECTS AWARDED CPA FUNDING	BR MIX	UNITS BY AMI LEVELS						TOTAL UNITS	TYPE
		<30%	<50%	<60%	<80%	<100 %	<110 %		
SHA Waterworks	25 1BR	5	20					25	rental
163 Glen St.	7 2BR, 1 3BR				4	2	2	8	ownership
31-35 Richardson	1 2BR					1		1	
100 Homes Homeownership - 29 Jackson Rd.	1 2BR 1 5BR				1	1		2	ownership
100 Homes Rental – all other units	1 Studio 14 1BR 13 2BR 9 3BR 7 4BR 1 5BR		13	12	12	8		45	rental
TOTAL UNITS BY % AMI		5	33	12	17	12	2	81	

CPA funded affordable units created as of July, 2018:	81	
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Affordable Housing Trends

The Housing Division works with the City of Somerville Planning and Zoning Division to commission a housing needs assessment (HNA) at least every 5 years. The most recent assessment was completed by LDS Consulting Group in December, 2015. (The Housing Division will be issuing an RFP in summer 2018 for a consultant to complete the next assessment.) Information on housing trends in Somerville, including information drawn from the previous HDA is listed below.

- % of housing stock that is affordable
 - 9.69%
- Total number of affordable units (disaggregated by % of AMI)
 - 3,178 rental (voucher: 1,217; 30%: 2,583; 50%: 140; 60%: 289; 80%: 54) 112 ownership (80%: 77; 110%: 35)
- % of households who are rent burdened
 - 38.7% (8,114/20,947)
- % of households who are severely rent burdened
 - 17.8% (3,722/20,947)
- % of households who are cost burdened

- 38.7% (4,318/11,239)
- % of households who are severely cost burdened
 - 19.0% (2,134/11,239)
- # of affordable units expiring in the next five years
 - Between 279 and 285
- SCC average wait time
 - 3-5 years
- # of homeless individuals in Somerville
 - 10 unsheltered; 124 sheltered

CPA Stories – WaterWorks*

William (age 54) moved to WaterWorks in February 2018. After undergoing a leg amputation in the summer of 2017 and dealing with other health issues, it became difficult for William to live independently. It was hard for him to walk up the stairs and navigate his wheelchair throughout his apartment. When he heard of wheelchair accessible apartments becoming available at the WaterWorks he was hopeful he would be selected and could finally live in a space that suited his needs. William stated that he “has gotten his life back since moving” to WaterWorks. He says he is able to be independent and does not have to rely on his family and friends to help him clean his apartment or do other chores. The apartment at WaterWorks is designed so that it is easy for William to utilize his kitchen and move around freely in the open living space in his wheelchair. There is also a laundry room on his floor and the elevator is right next to his unit. At his previous apartment he suffered a few falls, and now his risk of falling has greatly decreased.

Jane moved into WaterWorks in February 2018. She reports that she fell in love with the building and that she and other residents feel that it is “like heaven”. She sees birds and trees and feels close to nature, and she loves being able to walk to Mystic Lakes and to Arlington Center. She says that her apartment is just the right size for her. She used to live in Winter Hill where she had a beautiful apartment; however she could not afford it anymore. During the many years that she has lived in Somerville, she has served on a City task force, and the Mayor also invited her to display her artwork in City Hall. She appreciates being able to stay in Somerville where she sees people that she knows on the street.

A year and a half before Sheila moved into WaterWorks, she fell and broke her hip. She needed a place to live that is wheelchair accessible. She moved to WaterWorks in February 2018, where she is near her sons so that they can help her out. In her new apartment she has found that she can wash dishes and cook because the kitchen is designed for that. Her shower and bathroom are accessible--she said it is like everything was designed for her. She is working on a transition from the wheelchair back to her walker, and is now practicing standing up.

**Interviews with two residents were conducted by Housing Staff; one interview was conducted by an service provider agency staff person.*

Lessons Learned, Looking Ahead

With funding made available through bonding the Trust will respond quickly to opportunities for 100 Homes sites that are identified. As described in previous communications, the developer must have resources readily accessible to move quickly when properties come available in order to compete with the rate of market acquisition of such housing.

The Trust is deliberating how much funding to set aside for development projects beyond 100 Homes.

Other areas identified in previous reports for attention:

- Exploring more affordable property insurance (vacant property insurance is very costly).
- Considering further homeownership options.
- Formation of a local lending consortium around the 100 Homes.

Staff and trustees and will continue outreach to housing program providers and developers of affordable housing to identify new opportunities.

Appendices

1) SOMERVILLE AFFORDABLE HOUSING TRUST FUND: GENERAL BACKGROUND INFORMATION

2) COMPARISON OF CPA HOUSING PROGRAM AWARDS BY FISCAL YEAR

Somerville Affordable Housing Trust Fund

Semi-annual Community Preservation Act Progress Report

Appendix 1: General Background Information

The City of Somerville Community Preservation Committee has designated the Somerville Affordable Housing Trust Fund (SAHTF or Trust) to administer Community Preservation Act (CPA) Community Housing funds. The Trust was created in 1989 by city ordinance, and its first programs began in 1991. Its purpose is to preserve and create affordable rental and homeownership units in Somerville and carry out programs to assist homeowners and renters directly. All of its activities must benefit low and moderate-income households (with incomes at or below 110% of area median income).

The Trust was initially capitalized by a \$400,000 allocation of municipal funds and federal program income. All linkage fees from commercial development in Somerville are administered by the Trust, as are payments made in lieu of units pursuant to the city's Inclusionary Zoning Ordinance. Repayment of loans provided by the Trust to affordable housing developers, first time homebuyers and renters receiving security deposit, arrearage or other loans are reinvested by the Trust into new affordable housing projects and programs.

The projects and programs receiving CPA funds must constitute a CPA allowable spending purpose as defined by the state Department of Revenue. CPA Community Housing eligible uses include the following five categories:

- *Acquisition* – to obtain property interest by gift, purchase, devise, grant, rental, rental purchase, lease or otherwise. Eminent domain takings only as provided by G.L. c.44B.
- *Creation* - to bring into being, cause to exist.
- *Preservation* - protect personal or real property from injury, harm or destruction.
- *Support* - provide grants, loans, rental assistance, security deposits, interest-rate write downs or other forms of assistance directly to individuals and families eligible for community housing or to an entity that owns, operates or manages such housing for the purpose of making housing affordable.
- *Rehabilitation and Restoration* – eligible if property was acquired or created with CPA funds. Capital improvements to comply with federal, state or local building or access codes or federal standards for rehabilitation of historic purposes.

Priorities and Criteria

Housing developed with CPA funds may be offered to those persons and families whose annual income is less than 100% of the area-wide median income, as determined by HUD. The following priorities apply when CPA funds are allocated by the Trust:

- Preserve or increase the supply of affordable housing in Somerville.
- Mitigate displacement of low-to-moderate income households.

The following criteria are used when the Trust considers project- and program-funding requests:

- Demonstrated capacity to carry out the project/program and ability to continue the project/program beyond the funding period.
- Preference for non-profit applicants. If two non-profits propose similar projects/programs, Trustees assess the need within the community (i.e., is the need great enough to support the work of two agencies?).
- Preference for agencies based in Somerville.
- Viable development/program budget and secure funding status, with ability to leverage other funding.
- Ability to document a measurable impact.
- Development projects and housing programs that foster SomerVision goals and other City plans, including those of the Community Preservation Committee.

In addition, the Declaration of Trust for the AHTF requires that:

- at least 20% of the trust funds must serve households with incomes between 0-50% of median
- at least 20% must serve households with incomes between 51-80% of median
- at least 10% must serve households with incomes between 81-110% of median.

Fifty percent (50%) of Trust funds are discretionary and can be allocated over these three target income categories. The Trust regularly reviews its allocation of funds by income category to ensure that the income requirements of the Trust are met. The Trust encourages deeper affordability where possible, to the extent it is consistent with project feasibility. Many housing development loans and grant-funded programs serve households with incomes below 30% of AMI. The Trust also seeks to encourage projects and programs that serve homeless households. Trustees also require a commitment to the preservation of affordability in perpetuity.

For more information about the Trust, contact the City of Somerville Office of Strategic Planning and Community Development, Housing Division.

APPENDIX 2

COMPARISON OF CPA HOUSING PROGRAM AWARDS BY FISCAL YEAR

CPA HOUSING PROGRAM AWARDS BY FISCAL YEAR		
FY18		
SHC	PASS CPA	\$199,952
SHC	Leasing Differential (Better Homes)	\$62,532
CAAS	Homelessness Prevention Assistance Fund	\$50,000
Heading Home	Somerville Better Homes 3	\$45,000
		\$357,484

FY17		
SHC	PASS CPA	\$93,728
SHC	Leasing Differential (Better Homes)	\$57,825
Wayside	Leasing Differential (ShortStop)	\$25,000
		\$176,553

FY16		
SHC	Leasing Differential (Better Homes)	\$56,868
Wayside	Leasing Differential (ShortStop)	\$26,107
		\$82,975

FY15		
SHC	PASS CPA	\$89,250
SHC	Leasing Differential (Better Homes)	\$35,820
		\$125,070