

CITY OF SOMERVILLE, MASSACHUSETTS
SOMERVILLE AFFORDABLE HOUSING TRUST FUND
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September 21, 2020

**CPA FUNDING OPPORTUNITY FOR HOUSING PROGRAMS
FY21 RFP #2C – LEASING DIFFERENTIAL PROGRAMS**

RFP Information

Issue Date: Monday, September 21, 2020
Closing Date: Monday, November 2, 2020, 3pm

Contact

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Office of Strategic Planning and Community Development - Housing Division
City Hall Annex
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Email: kdonato@somervillema.gov (preferred form of contact)

Application Deadline

Submit applications by Monday, November 2, 2020, at 3pm to kdonato@somervillema.gov

Due to Covid-19 and the temporary closure of City Hall Annex we are accepting applications by email only. Please ensure submissions are emailed on or before the deadline date and time. Late applications will not be reviewed.

**SOMERVILLE AFFORDABLE HOUSING TRUST
CPA FUNDING OPPORTUNITY FOR HOUSING PROGRAMS
FY21 RFP #2C – LEASING DIFFERENTIAL PROGRAMS**

CPA Background

In November 2012, Somerville voters overwhelmingly approved a 1.5% Community Preservation Act (CPA) surcharge on net property taxes. The Somerville Community Preservation Committee subsequently voted to empower the Somerville Affordable Housing Trust Fund (the “Trust”), which has 30 years of experience preserving, creating, and supporting affordable housing in Somerville, to serve as the housing arm of the Committee. Since Fiscal Year 2015, the Trust has administered CPA funds designated for community housing purposes. It is anticipated that in Fiscal Year 2021, a total of at least \$767,982 of CPA funds will be available for a combination of 1) the acquisition, creation, preservation or rehabilitation (only if the property was purchased with CPA funding) of affordable housing units in Somerville 2) housing programs supporting sustainable tenancies. The Trust is issuing one Request for Proposals (RFP) for affordable housing units and four RFPs for different types of Housing Programs.

Housing Programs and CPA Eligibility

This RFP is designated for housing programs that either create permanently affordable housing units, or provide rental assistance or other financial assistance to income eligible households for the purpose of making housing affordable, resulting in an affordable unit for a defined period of time. The period of program performance for this funding will be July 1, 2021 to June 30, 2022.

CPA funds can serve individuals and households up to 100% AMI. Eligible uses include:

- *Support* – to provide grants, loans, rental assistance, security deposits, interest-rate write downs or other forms of assistance on behalf of an income eligible household for the purpose of making housing affordable. Payments will be made directly to an entity that owns, operates or manages such housing and must be directly tied to a physical unit through a lease or other legal agreement. CPA funds cannot be used for utility payments, moving costs, or case management.

Priorities, Criteria and Requirements

In addition to meeting the proper AMI level and project use, the following priorities apply:

- preserve or increase the supply of affordable housing in Somerville, and
- help low- to moderate-income households gain access to or retain housing that is generally affordable (where monthly housing costs represent between 30-40% of household income) and sustainable.

The following criteria apply in reviewing applications:

- The program will provide a measurable impact.
- The agency has a demonstrated capacity to carry out the program for which they seek funding.
- The agency demonstrates an ability to continue the program beyond the funding period.
- The agency demonstrates a commitment to conform to the requirements of the MA Department of Revenue (DOR) regarding the use of CPA funds, and to the requirements of the City of Somerville and the Trust for the administration of Trust-funded housing programs.
- Applications from non-profit agencies are preferable. If more than one agency is selected to administer the same or similar programs, the agencies shall, through coordination with the OSPCD Housing Division, adopt identical program operations, agreements and applications.
- The agency must demonstrate ability to collaborate and work with other local agencies, and coordinate referrals in case of limited funding.

- The agency must demonstrate an ability to leverage Trust awarded funding, and to ensure that enough other sources of funds can cover arrears where Trust funding will be committed.

This document is **RFP #2C Leasing Differential Program**. For the scope see Appendix 1 of this RFP. The other RFPs are also posted on the Trust's webpage at:

<https://www.somervillema.gov/departments/affordable-housing-trust-fund>.

The Trust may award funding to operate a Leasing Differential Program to one or more agencies. If more than one proposal is received, the Trust may provide funding for any number of them or choose not to fund any.

Regulatory and Program Requirements

The following program requirements for CPA Trust and non-CPA Trust funded rental housing programs apply:

- In order to show documented need for assistance for the Leasing Differential program, tenants must have met the federal definition of homelessness before the tenancy was established.
- The agency must determine whether a household is income eligible using 24 CFR Part 5.609 income certification process. See Appendix 2 for Fiscal Year 2021 income limits. Income certification is considered current for 12 months from the date issued. Households with applications over 12 months old will be asked to complete a new application to ensure that the information about household and income are current. Income certification documentation must be kept on file until the end of the contract plus 7 years.
- Unrelated occupants in one unit are counted as members of one household.
- There must be an Agency/Owner subsidy agreement in place in the format provided by the City.
- There must be a lease in place that is signed by both the landlord and the agency. The signed lease must cover the current term with a start and end date listed.
- There must be a sub-lease in place that is signed by both the agency and the tenant. The signed sub-lease must cover the current term with a start and end date listed.
- Assistance must be paid directly to the property owner. It cannot be made to the tenant directly or on behalf of a subtenant to a primary tenant.
- The agency will enter into a contract with the Trust and the City of Somerville in the City's standard contract format. The contract will include invoicing and progress reporting procedures.
- The agency will require clients to sign waivers of confidentiality.
- The agency will share completed client application documents including those used by the agency to establish eligibility for each client in order for the OSPCD Housing Division to monitor compliance. At the time of issuance, there is a COVID 19 pandemic, and in person monitoring visits are not possible. Once the pandemic safely ends, it is possible that in person monitoring visits will occur.

Additional Information and Application Deadline

Responses are due electronically by 3pm on Monday, November 2, 2020. The electronic copy should be saved as a PDF and sent by email to Kelly Donato at kdonato@somervillema.gov.

If you have any questions, please do not hesitate to contact Kelly Donato via email at the email address listed above.

FY21 RFP #2C – LEASING DIFFERENTIAL PROGRAMS

Housing Program Application for CPA Funds

Date of Application _____

A. Agency Information

1. Agency Name and Address: _____

2. Non-profit designation (if applicable): Yes No
3. Contact name, phone number and email address for program manager:

4. Contact name, phone number and email address for contract manager:

5. Contact name, phone number and email address for invoicing:

6. Agency's DUNS # _____
7. Agency's Tax ID # _____

B. Program Information

8. Amount of request (CPA): _____
9. Describe details about the number of households or individuals you intend to serve.

10. Timeframe for performance: July 1, 2021 to June 30, 2022
11. Describe the need within the community for the type of program proposed. List other agencies that may be addressing it. If there are differences between this proposal and the operation of other agencies administering this or a similar program please note the differences. Is there a gap in funding to meet the need within the community? If so describe how the amount/size of the gap is determined/measured.

12. Describe other sources of funding available for the type of program proposed. Describe the degree to which your agency is leveraging other sources.

13. Provide the income level of targeted beneficiary/beneficiaries. See Appendix 2 for Fiscal Year 2021 income limits.

14. Description of who the program will benefit (veteran population, chronically homeless, fragile elderly, youth aging out of foster care, etc.) and please note the extent to which beneficiaries are Somerville residents):

15. Will your agency provide case management services and quarterly follow-up with clients after assistance is provided using other sources of funding beyond CPA funds? Please describe.

Program Impacts

16. Describe the program’s performance objectives, and how outcomes of the program will be measured and tracked:

17. Note if your agency has previously been funded by the Trust and, if yes, a concise summary of the number of residents served in the prior fiscal year and the impact of the program:

Financial Information

18. Please attach a complete program budget and include the status of all funding source (note any funds pending or already received) and all sources and uses and the amount of funds that will be leveraged.

19. Describe whether the proposed activity will be carried out with or without any other funding from the Trust.

20. If the agency has operated this program in the past, what is the average amount that each tenant contributes to their rent?

21. If the agency has operated this program in the past, what proportion of clients served were tenants in market-rate housing? What percentage of clients served were tenants in affordable housing?

22. If the agency has a current contract to operate this program, what is the current balance on the contract. Provide a time frame for when you anticipate the remainder of the funds will be spent

down, and what is the basis for your expectation. How many households do you expect to serve with the balance?

Organizational Capacity

23. Experience and capacity of the agency and staff – please describe staff available to work on the project (and note if staff need to be hired) and describe any similar successful programs operated by the agency and how they relate to other programmatic activities. Does your agency have adequate staffing to manage the program’s administrative requirements?

24. Is your agency monitored by HUD or another funder for housing programs?
Yes No

25. If yes, has the monitoring resulted in any currently open findings?
Yes No

26. Does your agency agree to in person monitoring by OSPCD staff when/if possible?
Yes No

Compliance with Requirements for Use of Funds

27. Does your agency agree to share completed client application documents with the Housing Division? These documents will include those used to establish eligibility for each client according to program requirements, and to those used to determine the sustainability of each client’s tenancy after assistance is provided.
Yes No

Does your agency agree to administer the program in accordance with Trust guidelines, and if necessary, agree to work with OSPCD Housing to implement any new guidance or to ensure uniformity?
Yes No

Does your agency agree to in person monitoring by OSPCD staff when/if possible?
Yes No

Furthering the City of Somerville’s Housing Plans and Objectives

28. Explain how the proposed activities/project addresses a need and/or strategy in City of Somerville’s 5 Year Consolidated Plan (Can be viewed online at www.somervillema.gov).

29. Explain how the proposed activities/project addresses a Goal or Action Step in the SomerVision Comprehensive Plan (Can be viewed online at www.somervillema.gov).

APPENDIX 1 – LEASING DIFFERENTIAL PROGRAM MODEL SCOPE OF SERVICES

A. GRANTEE’S SERVICES:

The Grantee shall operate a Leasing Differential Program to make permanent supportive housing units affordable to formerly homeless households and individuals. The Grantee shall provide the following services:

_____ (the “Agency”) will:

1. Be operating a HUD Continuum of Care funded Permanent Supportive Housing Program (PSH).
2. As a part of the PSH program, directly lease apartment units located in Somerville and subsequently sublet to income eligible program participant households using rents up to Fair Market Rents established by HUD.
3. Use HUD PSH leasing dollars to pay rents on the leases directly to the landlords.
4. Where there is a differential between HUD program leasing dollars and actual rent costs, use CPA funds to pay the differential.
5. CPA funding shall be used to pay the landlord(s) of the units directly as assistance with leasing costs for the purpose of making the housing affordable.
6. SHC will concurrently use other non-CPA funding to provide supportive services performed by home-based outreach workers to participant households.
7. Certify income eligibility using 24 CFR 5.609 income certification process. “Annual Income” is defined under 24 CFR 5.609, or as shall be defined in any successor regulation, is the anticipated total income from all sources received by all members of the Family over the age of eighteen, including members who are temporarily absent. Without limiting the generality of the foregoing, Annual Income includes interest income from assets. Verify that applicants have a household income less than or equal to 100% of Area Median Income. Most applicants served will have household income less than or equal to 50% of Area Median Income. When certifying household income, a household is defined as all occupants residing in a unit.
8. Obtain from the landlord an attestation that they are the Owner of the building at the building’s address, and copy of their W-9.
9. Enter into a lease or be bound by an existing lease for twelve months with the landlord. The lease must be signed by both the agency and the landlord.
10. Enter into a sub-lease that is signed by both the agency and the tenant. The signed sub-lease must cover the current term with a start and end date listed.
11. Enter into a subsidy agreement between the Agency and the landlord in the format provided by the City. The agreement shall include that the landlord agrees to accept rental payment from the Agency and provides a W-9.
12. Distribute Funds for Assistance. The contracted Agency will be expected to make the rent

payments to be reimbursed by the City at a later date. Checks must be directly payable to the landlord.

13. Maintain case files that include application, head of household contact information, verified proof of income eligibility, proof of Somerville residence, property owner contact information, proof of the landlord's ownership or the property such as tax bill, mortgage statement, water bill or deed, landlord's W-9, and the lease.
14. Submit quarterly progress reports to the City in the format to be included in the Agency's contract with the Trust.
15. Furnish such information relating to financial assistance and services provided or to documentation of labor or expenses as may be requested by the City. Under the terms of the contract, the City requires that the Agency submit to the City application materials for clients on behalf of whom assistance was given since the beginning of the contract period. During the pandemic and for a reasonable period after, the City will work with the Agency to determine when these materials can be provided, taking into account any limitations presented by the COVID-19 pandemic.
16. Follow guidance from the City regarding accommodations that can be made up until the end of the COVID-19 pandemic.

B. INVOICING:

- (1) The Grantee shall invoice for differentials in rent costs up to but not in excess of **(Amount of contract)**. The Grantee can invoice up to 15% of the contract amount for administrative costs.
- (2) Any invoice for rent costs shall be accompanied by a use of funding spreadsheet containing an alphabetical listing of clients; addresses of units; name of PSH program, month(s) the rent payment, amount of overall rent payment, amount of differential to be paid by CPA, landlords' names and addresses; number of bedrooms in the unit; total funds for which the Grantee is seeking reimbursement. The invoice shall also include backup documentation in the form of copies of cancelled checks or rent receipts, copies of leases, copies of Agency/Owner Subsidy agreements and client application materials including income certifications.
- (3) Invoices shall bear the signature of the Grantee's Executive Director or Chief Operating Officer.

APPENDIX 2 – FISCAL YEAR 2021 INCOME LIMITS

A comprehensive list of Fiscal Year 2021 Income Limits for the City of Somerville is provided on the next page.

Please note:

- The maximum household income limit for CPA-funded housing programs is 100% AMI, adjusted by household size.
- Refer to other AMI thresholds listed for income limits if your program will target very-low, low and/or moderate income households as described in your application.

HOUSING PROGRAM INCOME LIMITS

HOUSEHOLD SIZE	2020 PMSA Boston, MA Area Median Income \$119,000									10% Increase from prior
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person	Each Addition ¹ Person	
HWAP, WAP, LIHEAP & EFSP	60% of State Median (4)									
Effective 10/1/2019	\$37,360	\$48,855	\$60,351	\$71,846	\$83,341	\$94,837	\$98,429	\$102,022	see footnote 5	
Federal FY 2020										
30% AMI CDBG	\$26,850	\$30,700	\$34,550	\$38,350	\$41,450	\$44,500	\$47,600	\$50,650	see footnote 2	
30% AMI for HOME	\$26,850	\$30,700	\$34,550	\$38,350	\$41,450	\$44,500	\$47,600	\$50,650	see footnote 2	
30% (HOME) effective date	7/1/2020									
Extremely Low Income (CDBG) effective	4/1/2020									
Income Targeting Standard (Sec. 8) effectv.	4/1/2020									
50% AMI CDBG	\$44,800	\$51,200	\$57,600	\$63,950	\$69,100	\$74,200	\$79,300	\$84,450		
50% AMI for HOME	\$44,800	\$51,200	\$57,600	\$63,950	\$69,100	\$74,200	\$79,300	\$84,450		
Very Low Income (HOME) effective date	7/1/2020									
Low Income (CDBG) effective	4/1/2020									
Very Low Income (SEC. 8) effective date	4/1/2020									
60% AMI for HOME	\$53,760	\$61,440	\$69,120	\$76,740	\$82,920	\$89,040	\$95,160	\$101,340	see footnote 2	
60% (HOME) effective date	7/1/2020									
80% AMI CDBG (1)	\$67,400	\$77,000	\$86,650	\$96,250	\$103,950	\$111,650	\$119,350	\$127,050	see footnote 2	
80% AMI for HOME (1)	\$67,400	\$77,000	\$86,650	\$96,250	\$103,950	\$111,650	\$119,350	\$127,050	see footnote 2	
80% AMI for CPA (7)	\$66,640	\$76,160	\$85,680	\$95,200	\$102,816	\$110,432	\$118,048	\$125,664		
Low Income (HOME) effective	7/1/2020									
Low / Mod (CDBG) effective	4/1/2020									
Low / Mod (SEC. 8) effective	4/1/2020									
Uniform Relocation Act (URA) 49 CFR 24.402(b)	4/1/2020									
Low Income (CPA) effective	4/1/2020									
100% MEDIAN INCOME (3) CPA	\$83,300	\$95,220	\$107,100	\$119,000	\$128,520	\$138,040	\$147,560	\$157,080	see footnote 2	
Moderate Income (CPA) effective	4/1/2020									
110% MEDIAN INCOME (3)	\$91,650	\$104,750	\$117,850	\$130,900	\$141,400	\$151,850	\$162,350	\$172,800	see footnote 2	
140% MEDIAN INCOME (3)	\$116,650	\$133,300	\$149,950	\$166,600	\$179,950	\$193,300	\$206,600	\$219,950	see footnote 2	
Somerville Affordable Housing Trust effective	7/1/2020									
Somerville Zoning Ordinance effective	7/1/2020									
MassHousing (formerly MHFA)	1-2 persons: 3+ persons: check www.masshousing.com									
Get The Lead Out - current as of revised date	\$118,500	\$134,700								
Home Improvement Loan Prgm (HILP) - "	\$100,000	\$114,000								
Purchase & Rehab Program - "	\$107,800	\$145,300								
140% of 50% MFI (6)	\$62,700	\$71,650	\$80,600	\$89,530	\$96,700	\$103,900	\$111,050	\$118,200	see footnote 2	
140% of 80% MFI (6)	\$94,350	\$107,800	\$121,300	\$134,750	\$145,550	\$156,350	\$167,100	\$177,900	see footnote 2	
Inclusionary Max. Recert. Income	07/01/20									

Footnotes: (1) The 80% Median Income* has been capped by HUD for Boston PMSA; It is actually 80.88% of AMI. True 80% AMI for 4-prsn hhhd is \$95,200 HUD 80% is HUD 80% is

(2) 9 person household is 140% of 4 person household. Add 8% for each additional person thereafter; round UP to nearest \$50.

(3) 100%, 110%, and 140% incomes are calculated directly on Median Income, and are NOT rounded. Effective date is the same as HOME effective date.

(4) Program opens for applications in November. Camb/Somerville FA using 60% of State Median for eligibility as of FFY2010.

(5) Add 3% to 6-person limit for each additional person. Uses State Median Income not Boston Area Median Income. STATE Median Income 10, 2019 Printed on 06/18/20

(6) 140% of the then-current 50% or 80% income limit (rounded up to nearest \$0). Only used for Inclusionary Housing recertifications.

(7) The CPA Low Income Limits are 80% of the area-wide median income and are slightly different from HUD's Low Income figures.

* The comparison of the capped HUD 80% to true 80% uses the CDBG limits. Until HOME adopts the CDBG limits the comparison may not be accurate for HOME.