

# Somerville Affordable Housing Trust Fund

## Semi-annual Community Preservation Act Progress Report

Prepared for Somerville Community Preservation Committee October, 2019

### Background

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

### Summary of FY20 Somerville Affordable Housing Trust Funds

#### *Recent CPA Housing Funds appropriated to the Trust*

Estimated FY20 Community Preservation Act funds

On June 27, 2019 the City Council voted to appropriate \$1,160,394 of estimated FY20 Community Preservation Act funds for Community Housing Purposes in the City of Somerville. Of that amount, \$848,241 will be administered by the Trust support of affordable housing projects and housing support programs, and \$312,153 will be used for debt service on bond financing for the 100 Homes Program, with \$110,000 for principal and \$202,153 for interest payments.

#### *FY20 non-CPA revenue for the AHTF*

Expected non-CPA revenue sources for FY20 are summarized in Table 1 immediately below, with detailed information by source and project address in Tables 2 and 3, respectively.

Table 1 – FY20 AHTF Non-CPA Revenue

FY20 AHTF Non-CPA Revenue Sources		Notes
Linkage payments	\$1,363,408.90	See Table 2 for further detail
Inclusionary Fractional payments	Estimates pending information available toward project completion	See Table 3 for further information
Loan repayments (not including payments based on cash flow)	\$25,346.67	
<b>Total Non-CPA Projected Revenue</b>	<b>\$1,388,755.57</b>	

#### *Linkage*

The linkage payment due from Federal Realty Investment Trust (FRIT) to the Trust for the Block 5A Row Hotel project in Assembly Square was made in August, 2019. Linkage payments for six other FRIT projects in Assembly Square are scheduled to be made December, 2019. They will be the second set of five sets of annual payments for the six projects.

A third linkage payment for Greentown Labs in Union Square will also be due in December, 2019. The fifth and final payment for the Partners HealthCare project is scheduled for May, 2020. Table 2 below lists all linkage payments expected in FY20.

Table 2 – Linkage payments received or expected in FY20

FY20 Linkage payments		Projected or Actual Timeframe	Notes
FRIT Block 5A Row Hotel	\$127,358.47	August, 2019	2 <sup>nd</sup> of 5 payments
FRIT Block 3	\$143,080.19	December, 2019	2 <sup>nd</sup> of 5 payments
FRIT Block 10	\$3,519.00	December, 2019	2 <sup>nd</sup> of 5 payments
FRIT Block 1	\$53,491.93	December, 2019	2 <sup>nd</sup> of 5 payments
FRIT Block 2B	\$103,966.90	December, 2019	2 <sup>nd</sup> of 5 payments
FRIT Block 4	\$33,299.12	December, 2019	2 <sup>nd</sup> of 5 payments
FRIT Block 2A	\$2,693.21	December, 2019	2 <sup>nd</sup> of 5 payments
Greentown Labs	\$26,374.18	December, 2019	3 <sup>rd</sup> of 5 payments
Partners HealthCare	\$869,625.90	May, 2020	4 <sup>th</sup> of 5 payments
<b>Total Linkage Payments</b>	<b>\$1,363,408.90</b>		

*Inclusionary Fractional Payments*

For projects consisting of a minimum of six residential units where the number of affordable units required under the ordinance results in a fraction of less than .5, a “fractional payment” is due to the Trust. The ordinance calls for payments to be made at the time of certificate of occupancy. A fractional payment for the 400 Mystic Avenue project was made on October 16, 2019. Seven residential projects that were permitted under the inclusionary housing ordinance are yet to make a fractional payment, as summarized in Table 3.

Table 3 – Inclusionary Fractional payments

Project Address	Notes
400-406 Mystic Ave.	\$66,676.84 received on 10/16/19
231 Lowell St./29 Woodbine St.	\$177,276.75 due (Certificate of occupancy is expected shortly)
44-46 Medford St.	Other projects listed are under construction. Fractional payments are calculated and due before a certificate of occupancy is issued for a project.
13 Alpine St.	
10-12 Ward St.	
17-27 Holland St.	
17-25 Murdock St.	
32 Glen St.	

**History of CPA Allocations to the Affordable Housing Trust Fund**

Prior fiscal years’ CPA revenue designated for housing is summarized in Table 4 on the following page, “CPA Allocations by Fiscal Year”.

Table 4 – CPA Allocations by Fiscal Year

<b>CPA Funding allocated to Trust for Affordable Housing</b>	<b>Appropriation Amount</b>
FY14 + FY15	\$2,206,028
FY16	\$1,834,675
FY17	\$880,416
FY18	\$1,200,402
Bond revenue for 100 Homes	\$6,000,000
FY19	\$1,396,986
FY20 (estimated)	\$1,160,394
100 Homes debt service (from FY20)	-\$312,153
<b>Total CPA</b>	<b>14,366,748</b>

### **FY19 CPA Community Housing Requests for Proposals**

In December 2018 the Trust issued two Requests for Proposals for FY19 CPA Community Housing funds as listed below:

- The CPA FUNDING OPPORTUNITY FOR DEVELOPMENT PROJECTS RELATED TO HOUSING UNITS, designated for projects that acquire, create or preserve affordable housing units. One proposal was received in response to the RFP.
- The 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. Five proposals were received in response.

### **CPA Community Housing Proposals received in FY19**

Table 5 lists the Housing Development Project proposal received in response to the FY19 CPA Funding Opportunity for Development Projects Related to Housing Units, with notes on funding decisions.

Table 5 – FY19 CPA Development Project Proposal submitted, and status of funding decisions

<b>FY19 CPA Development Projects Related to Housing Units Proposal Received</b>		
Somerville Community Corporation (SCC)	24-28 Mt. Pleasant Street (for acquisition and development of six new affordable units at 80% AMI)	\$1,620,000 \$200,000
Decision/status: A request from SCC for \$1,620,000 was approved by the Trust on April 11, 2019. On May 9 <sup>th</sup> the Trust approved an additional allocation of \$200,000 for a total of \$1,820,000 in CPA funds for the project. Unfortunately, a funding request SCC subsequently submitted to the state Department of Housing and Community Development (DHCD) was not funded. SCC consequently had to withdraw its offer to purchase the property, which was contingent on the funding award. On September 12 <sup>th</sup> the Trust therefore voted to rescind its funding commitments to the project.		

Table 6 on the following page lists Housing Program Proposals received in response to the FY19 CPA Funding Opportunity for Housing Programs.

Table 6 – FY19 CPA Housing Program Proposals submitted

<b>FY19 CPA Housing Program Proposals Received</b>		
<b>Agency:</b> RESPOND, Inc.	<b>Program:</b> Emergency Shelter and Homeless Program (to provide flexible rental assistance for up to six months for survivors of domestic violence who meet the HUD definition of homeless)	<b>Amount requested:</b> \$11,412
<b>Decision/status:</b> The Trust voted to approve the request from RESPOND Inc. for \$11,412 of CPA funds to support its Housing Program for Victims of Domestic Violence. The contract with RESPOND for this new program is expected to be executed by December 2019.		
<b>Agency:</b> Somerville Homeless Coalition	<b>Program:</b> Leasing Differential –Better Homes (to cover the gap between HUD Fair Market Rent assistance limits and actual market rent for 13 formerly homeless households )	<b>Amount requested:</b> \$73,884
<b>Decision/status:</b> The Trust voted to approve the request from the Somerville Homeless Coalition for \$73,884 of CPA funds to support the Leasing Differential Program. The contract was executed and the program is currently operating using FY19 CPA funds with a contract term ending in June, 2020.		
<b>Agency:</b> Community Action Agency of Somerville	<b>Program:</b> Homelessness Prevention Assistance Fund (to provide up to \$3,000 of assistance to households at risk of homelessness to secure a new apartment or pay emergency rental arrears)	<b>Amount requested:</b> \$50,000
<b>Decision/status:</b> The Trust voted to hold in reserve \$50,000 of CPA funds requested by CAAS to support the Homelessness Prevention Program until Trustees can review program progress reporting later in the current contract’s term. The program is currently operating using FY18 CPA funds with a contract term ending in June, 2020.		
<b>Agency:</b> Heading Home	<b>Program:</b> Somerville Better Homes 3 (to cover the gap between HUD Fair Market Rent assistance limits and actual market rent for 16 chronically homeless households)	<b>Amount requested:</b> \$50,000
<b>Decision/status:</b> The Trust voted to hold in reserve \$50,000 of CPA funds requested by CAAS until Trustees can review program progress reporting later in the current contract term. Program is currently operating using FY18 CPA funds with contract term ending in June, 2020.		
<b>Agency:</b> Somerville Homeless Coalition	<b>Program:</b> CPA PASS Expansion (to provide two years of rental subsidy for six Somerville households at risk of homelessness)	<b>Amount requested:</b> \$199,952
<b>Decision/status:</b> The Trust voted to hold in reserve \$199,952 of CPA funds until later deliberation by Trustees after CPA funds previously awarded to the program have been spent down. Program is currently operating using FY15-FY18 CPA funds with contract term ending in June, 2021.		

**Total requested for projects and programs: \$2,205,248**

**Total of awards and commitments: \$385,248**

FY19 CPA Housing funds that have not yet been committed will be made available through the Trust’s FY20 RFP process. The FY20 RFPs were made available on October 23, 2019 and proposals are due on December 9, 2019. RFP documents were posted online and also were available at the Community Preservation Committee public meeting on the evening of October 23rd. The RFP opportunities will be advertised in the Somerville Times.

## Updates on CPA Funded Projects

### 100 Homes Program

Prior Trust reports to the CPC provided background and updates on Somerville’s 100 Homes initiative, which is based on a partnership between the City of Somerville and the Somerville Community Corporation (SCC). This semi-annual report offers a brief summary of the program and information on two funding allocations made by the Trust to pay carrying cost expenses incurred by SCC. The report also provides updates to changes in the status of 100 Homes units.

As background, the Somerville Affordable Housing Trust’s support that is possible through Community Preservation Act funding sustains the initiative’s work toward a goal to create 100 new affordable units through the acquisition and renovation of existing properties. The introduction of deed restrictions on each unit ensures sustained housing affordability provided to households at a variety of income levels.

Table 7 shows each tranche of CPA Community Housing funds committed by the Trust to the 100 Homes Program and the date of allocation.

Table 7 – CPA funding allocations to the 100 Homes Program

<b>Trust allocations of CPA funds to 100 Homes Program</b>	
<b>Date</b>	<b>Amount</b>
6/25/2015	\$1,200,000
5/12/2016	\$1,200,000
9/14/2017	\$731,608
2/8/2018	\$6,000,000
11/8/2018	\$275,709
9/12/2019	\$103,880
<b>Total</b>	<b>\$9,511,197</b>

### Recent new funding allocation to 100 Homes

On September 12, 2019 the Affordable Housing Trust approved a SCC request from SCC for \$103,880 of CPA funds to compensate SCC for additional expenses incurred beyond those budgeted during the initiative’s pilot phase of the 100 Homes Program. Specifically, the funds will provide reimbursement for costs incurred by bridge loan interest payments for three properties: 72 Marshall St. which had a City of Somerville CDBG Acquisition Bridge Loan; and 355 Broadway and 11 Austin St., both of which were purchased partially with bridge loans from East Boston Savings Bank.

## Update on program progress

Table 8 below offers a summary of properties acquired and affordable units created.

Table 8 – Summary of 100 Homes units acquired to date

<b>100 Homes Program progress</b>	
# of scattered site residential properties acquired to date	13
# of scattered site units acquired to date (total)	51
# of scattered site rental units	48
# of scattered site homeownership units	3
# of new affordable units occupied	39
# of units undergoing renovation	8

Table 9 shows commitments made to each 100 Homes property to create the 51 units acquired to date, and the amount drawn down to date from the Trust CPA Housing account for 100 Homes units. Funding commitments have provided an average subsidy of \$181,730.86 per unit to ensure the affordability of all units in perpetuity.

Table 9 – Distribution of CPA funds committed by the Trust to 100 Homes properties

<b>CPA funds committed to 100 Homes by project as of 10/1/19</b>			
<u>PROJECT</u>	<u>TOTAL</u>	<u>DRAWN DOWN</u>	<u>BALANCE</u>
52 Sydney + 293 Alewife	487,219	487,219	0
29 Jackson	693,658	625,000	68,658
31-33 Cross Street	498,000	498,000	0
94-96 Grant Street	430,000	430,000	0
35 Merriam Street	600,000	600,000	0
18-20 Illinois Ave.	315,559	315,559	0
Sydney Alewife additional	196,621	196,621	0
11 Austin St.	460,250	460,250	0
355 Broadway	3,135,000	3,135,000	0
72 Marshall St.	772,300	772,300	0
Pilot Phase shortfall	275,709	275,709	0
FY17-FY18 100 Homes Operating	200,000	200,000	0
210 Highland Ave	209,078	0	209,078
31-35 Richardson	171,000	0	171,000
27 Everett Ave.	620,000	0	620,000
FY19 100 Homes Operating	100,000	0	100,000
Pilot Phase additional funding	103,880	0	103,880
<b>TOTAL</b>	<b>9,268,274</b>	<b>7,995,658</b>	<b>1,168,736.0</b>

Since submittal of the spring 2019 semi-annual report to the CPC, five additional households have moved into 100 Homes rental units. Occupancy of two rental units at 18-20 Illinois was scheduled for November 2019 upon completion of renovations; residents moved in the week ending November 16<sup>th</sup>. Renovations are expected to be completed at 72 Marshall soon after turn of the New Year, enabling five more households to take occupancy.

One unit at 27 Everett is also undergoing renovation now and a unit at 35 Merriam was just vacated and is undergoing turnover maintenance. Homeownership units are vacant until sold.

## 100 Homes – additional information and selected stories

Households are selected through a lottery process and all households who have taken occupancy had priority status - meaning that they were facing imminent displacement. Four were experiencing homelessness before moving into their unit and eight were facing no-fault evictions. Remaining households had rental assistance vouchers that were going to expire if they could not use find a unit whose owner would accept them. Some of their experiences and stories are noted below.

- DZ had been living at the VA for years before moving in to a 100 Homes property.
- AA was at a shelter with her two kids and mother for over a year before their move.
- YD was served a no-fault eviction because the property owner was going to sell. She was facing the prospect of having to leave the city before her two kids could finish at Somerville High.
- GA was also served a no fault eviction notice and had no idea where he and his family of seven were going to be able to move until they were able to move into a 100 Homes apartment.
- JF is a bus driver who was also served a no fault notice and feared he would have to take his three kids out of Somerville schools because he wouldn't be able to find a family sized apartment affordable on his salary.

## 163 Glen Street

163 Glen Street is an eleven-unit mixed-income condominium project currently under construction. Eight units will be available to low- and moderate-income first-time homebuyers. Of those 8 units, four will be available to low-income households (defined as households earning <80% of the Area Median Income). Two units will be available to moderate income households (defined as earning between 81% - 100% of the Area Median Income) and two units will be available for moderate income households up to 110% of AMI (defined as households earning between 101-110% of the Area Median Income). The affordable condominium units will be available for sale in a price range from \$198,214 up to \$330,000. The remaining three units will be sold as unrestricted market rate units and are now under agreement.

Final construction completion for the project has been delayed by utility work beyond the contractor's control to complete. As of the date of this report, National Grid has completed the gas work and Eversource has completed the first of three stages of the electrical connection. Each stage of the Eversource work to get full permanent power to the building involves a different division and work crew. The project team has estimated that approximately one month of construction remains till completion, which can be conducted once permanent electric power is installed.

## **Clarendon Hill**

As noted in previous semi-annual Trust reports to the CPC, in 2017 the Somerville Housing Authority (SHA), working with Preservation of Affordable Housing and SCC, requested funds for replacement of 216 deeply affordable public housing units and the creation of 70 additional low- and moderate income units at Clarendon Hill. The project would draw from multiple subsidy sources to replace all existing affordable units with upgraded apartments, and provide temporary relocation with a guaranteed right of all tenants in good standing to return.

Progress at Clarendon Hill has continued since the spring 2019 report was transmitted to the CPC, with that work focusing on efforts to close an estimated \$15 million funding shortfall. As previously noted, this shortfall resulted from an amendment to one of two Home Rule Petitions approved by the state legislature. The amendment required prevailing wages to be paid to workers on the entire project, rather than solely the portion of the project funded with public resources (as had been proposed by the Housing Authority and its nonprofit and private partners). DHCD extended the commitment of state funding to allow time for the development team to explore strategies to meet the implications of the full prevailing wage requirement.

Since that time, a term sheet for project financing was signed by an equity investor willing to accept a slightly below-market return, and the project team engaged the project architect to prepare detailed design drawings. The project team provided a revised plan to the City for review that increased the overall number of units in the project – with a proportional increase in the number of affordable units. Another feature of the revised plan is a new modular construction type that will result in a shorter relocation time for residents and reduced costs to help address cost-related challenges.

The project team has met with residents and with the community to review these proposed revisions. Residents sought assurance that an agreement negotiated with the project team -- concerning the size and scope of the project and relocation during the project's construction would remain in place. A Clarendon resident who is an officer of the Clarendon resident council (and was recently appointed to the Trust) reported last summer that that residents had expressed satisfaction with the revised plans and the preservation of prior commitments by the development team.

Other community concerns have included the configuration of bike lanes, one-way streets, and plans for parking within and around the project. Discussions of these plans is ongoing. The project will also involve creation of a signaled intersection at the traffic circle. The project team expects that there will be additional community meetings; meanwhile, a request for zoning relief was submitted in late October.

## **Updates on CPA funded housing programs**

The FY19 RFPs represent the fifth year that the Trust has made CPA Housing funding awards. Previously, between FY15 and FY18, the Trust issued four CPA Housing RFPs specifically for Housing Support Programs. During that period, funds were awarded to five housing programs through eleven separate awards. Table 10 on the following page summarizes previous housing program-related requests up to FY18.

Table 10 – Housing Support Programs supported by CPA funding up to FY18

<b>TRUST CPA HOUSING RFP AWARDS FY15 to FY18</b>					
Fiscal Year CPA Funds	Agency	Program	Amount funded	Amount disbursed	Balance
FY14-FY15	SHC	CPA PASS Expansion	\$89,250	\$21,995	\$67,255
	SHC	Better Homes Leasing Differential	\$35,820	\$35,820	\$0
FY16	SHC	Better Homes Leasing Differential	\$56,868	\$56,868	\$0
	Wayside	Shortstop Leasing Differential	\$26,107	\$26,107	\$0
FY17	SHC	CPA PASS Expansion	\$93,728	\$0	\$93,728
	SHC	Better Homes Leasing Differential	\$57,825	\$57,825	\$0
	Wayside	Shortstop Leasing Differential	\$25,000	\$25,000	\$0
FY18	SHC	Better Homes Leasing Differential	\$62,523	\$52,329	\$10,194
	SHC	CPA PASS Expansion	199,952	\$0	\$199,952
	CAAS	CAAS Homelessness Prevention	\$50,000	\$8,268	\$41,732
	Heading Home	PSH Leasing Differential	\$45,000	\$1,546	\$43,454
			\$742,082	\$285,758	\$456,315

## **Selected CPA-funded housing program descriptions and housing program stories**

### **CPA PASS Program Expansion**

The Prevention and Stabilization Services Program provides rental assistance to make housing affordable for income eligible Somerville residents and offers them supportive case management services to promote housing stability. The rental assistance is typically utilized as a two-year deep housing subsidy for each household. The Somerville Homeless Coalition (SHC) has operated the PASS Program since 2002. This year, financial support from the City of Somerville’s CPA funds have allowed SHC to provide rental assistance to five additional Somerville households for up to two years in order to make housing affordable. Each household had income below 50% AMI at the time they entered the program.

In conjunction with receiving rental assistance, each participant meets with a case manager on a regular basis. During these meetings, participants work on searching and applying for alternative affordable housing options in preparation for when PASS rental assistance concludes; budgeting; and when appropriate, clients are referred to job training programs or other vocational rehabilitation services. Participants also craft an individual service plan outlining any other housing barriers and a plan to address those obstacles. Case management services provided by the program are funded using a completely separate outside source; CPA funds are applied only to rental assistance, with up to 15% of CPA funds allowed for administrative costs.

SHC’s PASS program is the only program in Somerville that provides two years of rental assistance to income eligible households as a way to keep housing affordable in our community. The Somerville Housing Authority’s (SHA) state and federal family housing waitlists have been closed for years. Over 10,000 households are on the SHA public housing waitlist—2,600 are Somerville residents; and 5,500 people are on the SHA Section 8 waitlist—over 3,000 are Somerville residents.

As a result, families facing displacement have very few options to secure affordable housing in the near future. It is extremely difficult to locate suitable housing that has lower asking rents; they also face the prospect of having to “double up” in housing situations that are overcrowded and potentially unsafe. By providing support to low- and moderate-income households that struggle to make ends meet and feel pressure to leave Somerville, the PASS program helps keep them in their homes and in their community, and allow them time to explore a variety of other housing options.

Previous and current households served by the PASS program include:

- One family received a PASS subsidy due to an eviction from the SHA. The household consists of a single mother with two children; the mother works full-time. The family lives in a market rate apartment. The PASS subsidy has assisted in maintaining the household’s housing while they address their arrearages with SHA. The mother meets with a case manager twice a month to apply for alternative housing and address any other needs. At the time the report was presented to the Trust in spring 2019, the family was in their second year of subsidy.
- One household consists of a single mother with one child and the grandmother. The grandmother works full time, while her daughter completes her degree in a health related field; the goal is for mom to use her education to increase her income. PASS assists the family in maintaining their housing. Mom meets with a case manager every two weeks to apply for alternative housing and address any other needs. Participant is in their second year of PASS.
- One household consists of a couple with 2 children. One household member was in need of a kidney transplant; he left for Nigeria where he later passed away due to kidney failure. The PASS program helps the family maintain housing in a market rate unit while mom works full time. The mother meets with a case manager twice a month for housing search assistance.
- Another household consists of a couple with four children. The PASS program helps the family maintain their housing in a market rate apartment. The father works two jobs. They meet with a case manager twice a month for housing search assistance. The household was referred to a First Time Homebuyers Program. The family is in their second year of PASS.
- One household being served reports having been able to focus on prioritizing their bills and paying down their debts and has been able to do this without the additional challenge of being extremely rent burdened. The household has also been consistently applying for affordable housing opportunities.
- As a part of the PASS program assistance SHC has made referrals to area providers for PASS participants. Households have attended the First Source Jobs program through SCC, accessed assistance from Cambridge and Somerville Legal Services, requested clothing from Second Chances, connected with Elder Services, and participated in on-line credit counseling.

### **CPA Homelessness Prevention Program**

The Community Action Agency of Somerville’s (CAAS) Homelessness Prevention Program operates its Assistance Fund to help families and individuals achieve safer, more stable living situations. The program provides housing assistance payments on behalf of eligible households who have a documented need for financial support to stabilize their housing situation and prevent homelessness. Assistance can be in the form of a security deposit, first and last month’s rental payments, or emergency rental assistance to cover rent arrearages.

All assistance is limited to eligible uses of Community Preservation Act Housing Support funds, and all assistance is paid directly to the tenant's landlord.

Grant amounts are limited to up to \$3,000. The amount of assistance granted is based on financial need when considered together with other available resources. The assistance provided is targeted to be sufficient to resolve the need based on income certification. The presenting need should not be indicative of a continuing need that will result in continuing requests for financial assistance. The program primarily assists individuals with incomes at or below 50% AMI. However in cases where adhering rigidly to that cutoff would result in significant hardship, they accept applications from clients with incomes up to 80% of AMI.

From April to June 2019, CAAS was able to provide monetary housing assistance to six households comprised of 15 individuals. Four households were able to avoid eviction and maintain stable housing, while two households were able to secure new, stable housing.

By way of example, CAAS worked with a young mother residing in an inclusionary zoning unit with her child in Somerville. She came to CAAS looking for financial assistance to cover one month of arrears. She became behind on her rent when her household experienced a sudden loss of income due to her partner leaving. The client had received a Notice to Quit and was facing eviction. The client is working hard to pay back her debt; working extra hours and diligently saving a portion of her income. She is also hoping to get her GED. Assistance from this program brought the client's balance down to \$0 and enabled her continued progress towards economic security.

### **Affordable Housing Trends**

The Housing Division works with the City of Somerville Planning and Zoning Division to commission a housing needs assessment (HNA) every 3 to 5 years. (The City's Inclusionary Zoning Ordinance requires that a needs assessment be conducted at least every 5 years.) In December, 2018 the City contracted with the Barrett Planning Group to prepare a Housing Needs Assessment; the firm will also analyze the effect to date of changes to the City's Inclusionary Zoning Ordinance adopted in May, 2016. Housing Division staff will share updated housing trend data when it is available.

# Somerville Affordable Housing Trust Fund

## Semi-annual Community Preservation Act Progress Report

### Appendix: General Background Information

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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.