

Affordable Housing Trust Fund Fall CPA Report

Introduction

The purpose of this report is to update the CPC and to provide a picture of funding availability and goals to inform prospective applicants and community partners. Note that a full description of AHT projects will be provided in Spring Report.

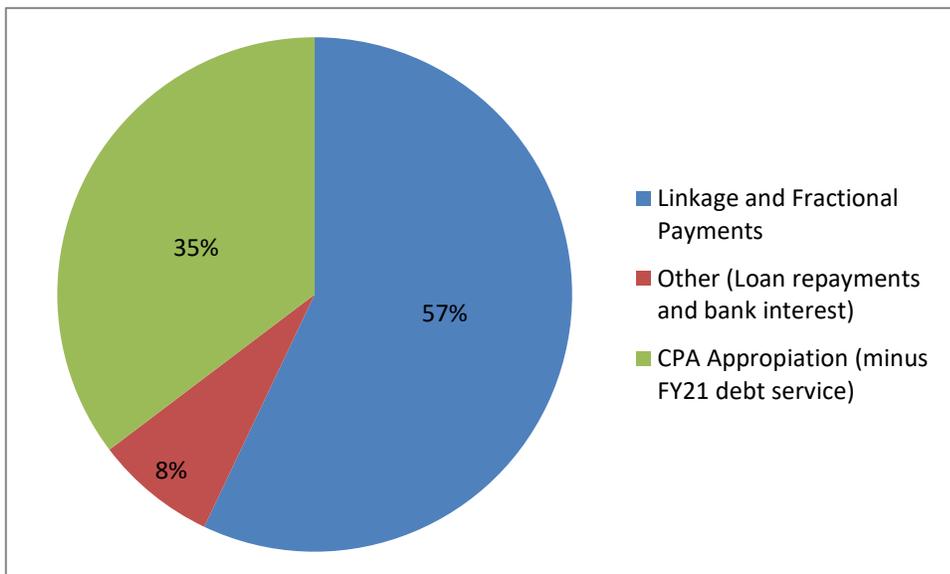
Somerville’s Affordable Housing Trust Fund (known alternately as the Trust and SAHTF) is pleased to transmit this semi-annual update on Trust-funded activities to Somerville’s Community Preservation Committee (CPC). The Trust was designated by the CPC to administer the Community Preservation Act funds set aside for affordable housing, and began receiving an appropriation of CPA funds in the 2015 fiscal year. RFP’s for CPA funded housing programs are typically solicited in late fall and early winter (November and December), which are then reviewed and voted on by the Trust, and awards to the selected proposals are made in the winter (February and March).

Table of Contents	
Introduction	1
Funding Availability	1
Goals	3
Recent Highlights	5

Funding Availability

Sources of Revenue

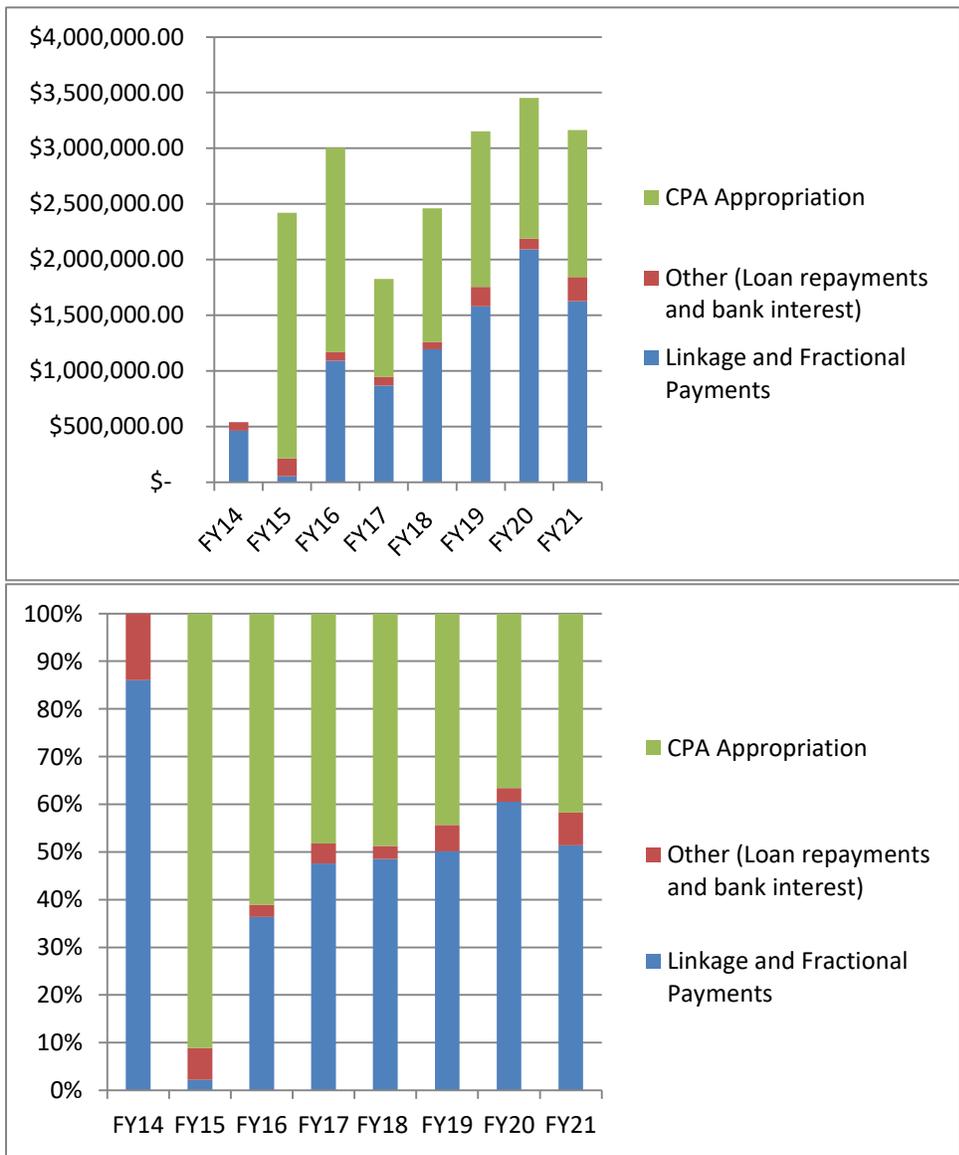
Funding Source	FY21
Linkage and Fractional Payments	\$ 1,625,459.60
Other (Loan repayments and bank interest)	\$ 217,375.47
CPA Appropriation (minus FY21 debt service)	\$ 1,005,971.00
Total	\$ 2,848,806.07



Funding History

Notes: The first CPA appropriation was transferred to the Trust in FY15, and included the appropriation from FY14. The funding history charts do not include the proceeds from the \$6,000,000 received by the Trust in FY18. The proceeds from that bond issuance are exclusively used to fund acquisitions for the 100 Homes Program. Beginning in FY20, debt service to pay back the principal with interest was taken out of the Trust's yearly CPA appropriation.

Funding History Charts: Dollar Amount and Percentage of Funding Source



CPA Allocations by Year				
Year	% of CPA Revenue	Appropriation	Debt Service	Net CPA Revenue
FY14	45%			\$ -
FY15	45%	\$ 2,206,028.00		\$ 2,206,028.00
FY16	45%	\$ 1,834,675.00		\$ 1,834,675.00
FY17	45%	\$ 880,416.00		\$ 880,416.00
FY18	45%	\$ 1,200,402.00		\$ 1,200,402.00
FY19	50%	\$ 1,396,986.00		\$ 1,396,986.00
FY20	50%	\$ 1,263,752.00	\$ (312,153.00)	\$ 951,599.00
FY21	50%	\$ 1,320,471.00	\$ (314,500.00)	\$ 1,005,971.00

Goals

Background

Legislation

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 pursuant to the city's Inclusionary Zoning Ordinance (fractional payments). 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

Planning and Context

Historically, the Housing Division has worked with Somerville’s Planning and Zoning Division to commission a Housing Needs Assessment (HNA) every 3 to 5 years. The most recent iteration of this document is under final review and is scheduled to be made public once that review is complete. Data from the HNA in reference to Somerville’s affordable housing stock demonstrates a significant need for housing for low-moderate income households (80% AMI and below). The Trust actively addresses this demand by prioritizing programs and projects which serve this demographic.

The Trust will typically work with a consultant to create a Strategic Visioning plan every five to seven years which defines eligible purposes and goals of the Trust. The most recent of these plans was completed in 2014; among other stated goals identified supporting efforts to ensure housing opportunities for households with low to moderate income levels as a priority for the Trust. At the time of this report, the Trust is actively engaging with consultants to create a new Strategic Visioning plan which we expect to complete in 2022.

Additionally, the Trust looks to fund programs and projects which contribute to the goals outlined in the comprehensive SomerVision plan as it relates to housing. SomerVision calls for 20% of housing stock to be perpetually affordable by the year 2040. The Trust has made significant contributions toward achieving this goal by facilitating the acquisition of properties which go on to have a permanent affordable housing deed restrictions placed on them. The 100 Homes Program, which has received a significant amount of CPA funding, is a crucial piece in this effort, and will continue to be so as it is expanded to the 2,000 Homes Program.

Priorities and Criteria

In addition to meeting the proper AMI level (at or below 110% AMI) and project use, the following priorities apply:

- preserve or increase the supply of affordable housing in Somerville
- help low -to -moderate households gain access to or retain housing

The following criteria apply:

- measurable impact
- applicants have a demonstrated capacity to carry out the program for which they seek funding
- ability to continue a program beyond the funding period
- applications from a non-profit preferable. If two non-profits propose similar programs, Trustees will analyze the need within the community (is the need great enough to support the work of two agencies) and preference will be given to agencies based in Somerville.

Recent Highlights

In FY21, nine new affordable units were created with CPA funding by the Somerville Community Corporation (SCC). The units break down as follows:

- 1 unit at 50% AMI (2BR)
- 5 units at 80% AMI (one 2BR, two 2BR, two 4BR)
- 3 units at 100% AMI (one 2BR, two 3BR)

These units are part of SCC's 100 Homes portfolio, and received a total of \$2,678,490 in CPA funding to assist with acquisition costs. To date, 54 affordable units have been created thanks to the 100 Homes Program, and the program has spent down \$5,726,064 of the \$6,000,000 bond that was issued by the City in FY18. Starting in FY20, principal and interest on the bond is repaid each year using a portion of the Trust's annual CPA appropriation.

CPA grants (a total of \$208,075) awarded to local Somerville providers in FY20 were used to support 40 affordable units through rental assistance and tenancy stabilization programs which prioritized residents at low or very low income levels. Providers are continuing to draw down on those funds in FY22.

In February 2021, the Trust awarded a total of \$1,236,452 of FY21 CPA funds to local providers who submitted RFP's in the fall of 2020. The FY21 awards will fund a variety of programs, including rental assistance, tenancy stabilization, leasing differential, housing assistance for victims of domestic violence, and program administration for 100 Homes. The contracts for these awards are currently being reviewed internally by Housing Division staff before they are routed through City hall for required signatures prior to execution.