



CITY OF SOMERVILLE, MASSACHUSETTS
OFFICE OF STRATEGIC PLANNING & COMMUNITY DEVELOPMENT
JOSEPH A. CURTATONE, MAYOR

Housing Division

MEMORANDUM

TO: Board of Aldermen

FROM: **Dana LeWinter, Director of Housing**

DATE: November 25, 2013

SUBJECT: Somerville Affordable Housing Trust Fund

At the November 19th Board of Aldermen Land Use Committee Meeting, several questions were posed regarding the Somerville Affordable Housing Trust. This memo serves to answer these questions.

In 1989, the City established the Affordable Housing Trust Fund to provide for the preservation and creation of affordable housing for low and moderate income households. The mission of the Affordable Housing Trust, as set forth in the Ordinance, is three-fold:

1. To assist in the creation of new rental units and homes;
2. To help preserve the existing stock of affordable rental units and homes; and
3. To provide financial assistance to renters and homeowners in peril of losing affordable shelter.

To better realize this mission, and to establish benchmarks for progress over the coming years, the Affordable Housing Trust in 2008 established the following specific objectives in its strategic plan:

- Create rental housing for residents with incomes up to 110% of the Average Median Income (AMI);
- Make special efforts for elderly households and for families below 50% of AMI
- Create more homeownership opportunities for those with incomes up to 110% of AMI;
- Preserve the existing stock of affordable housing, and encourage innovative efforts to acquire and preserve unassisted stock;

- Be a voice for affordable housing, encouraging awareness of the issue through public forums and other outreach activities;
- Insure the long-term viability of newly created affordable housing;
- Carve out a unique niche as a source of financing, providing funds that other programs cannot provide;
- Help to effectively leverage state, federal, and private programs of affordable housing;
- Focus on projects and programs with measurable goals and the likelihood of high impact.

The principal sources of funds to finance the activities of the Trust come from an initial capitalization from the City, in 1990, of \$400,000, which has been supplemented by fees paid by private commercial interests under the Inclusionary Zoning Ordinance fractional payments and the Linkage Ordinance. Linkage Fees have resulted in more than \$2 million in funds for the Trust.

Programs Funded by the Trust

Under the **Loan Program**, which accounts for approximately 75% of the Trust’s annual budget, the Trust finances acquisition and construction – both new construction and rehabilitation – of affordable housing for renters and homeowners. These development loans can be short term financing for acquisition or development soft costs, or longer term gap financing, which can be subordinate debt and may leverage state, federal and private financing. When considering what projects to finance, the Trust considers such factors as:

- Positive impact of the project on the quality of life in Somerville including the project’s ability to preserve economic diversity.
- Capacity of the development entity; (Preference for Somerville non-profit developers)
- Total number of units
- Percentage of affordable units
- Percentage of units serving very low income or homeless households
- Amount of AHT invested per unit
- Leverage of State, Federal and other funds.

Since its creation, the Somerville Affordable Housing Trust Fund has made loans to assist in the development of 355 affordable units in 14 developments, in the amount of \$2,132,655.21. 229 of these units are for family households, 97 for elderly households and 29 for veteran households. A breakdown of this funding is below.

Project	Developer	Units	Amount
32 Kent Street	The Community Builders	40	\$ 150,000.00
301 Medford Street	Just A Start	6	\$ 100,000.00
DV Shelter	Mary's Trust	8	\$ 180,000.00
Pearl-Pitman-Flint Homebuyer	Somerville Community Corporation	5	\$ 107,655.21
24 Linden Street	Somerville Community Corporation	42	\$ 210,000.00
110 Walnut Street	Somerville Community Corporation	12	\$ 75,000.00
109 Gilman Street	Somerville Community Corporation	6	\$ 150,000.00
Saint Polycarp Village Phase 1	Somerville Community Corporation	24	\$ 245,000.00

Saint Polycarp Village Phase 2	Somerville Community Corporation	29	\$ 250,000.00
Saint Polycarp Village Phase 3	Somerville Community Corporation	31	\$ 95,000.00
75 Cross Street	Somerville Community Corporation	8	\$ 70,000.00
33 Bow Street	Somerville Community Corporation	18	\$ 200,000.00
VNA Lowell Street Assisted Living	Visiting Nurse Association of Eastern Massachusetts	97	\$ 150,000.00
1323 Broadway	Volunteers of America	29	\$ 150,000.00
		355	\$ 2,132,655.21

In addition, the Trust funds the following programs:

- The **Closing Cost Assistance Program**, administered by the City, provides qualifying first-time homebuyers who make between 80 and 110% of the Average Median Income (AMI) with up to \$3,500 towards closing costs and down payment assistance when purchasing a condominium or home in Somerville. The homebuyer must occupy the unit as their primary residence. The loans do not incur interest and are forgiven at the rate of 20% per year up to five years as long as the borrower remains in this home. This program assists about 10 households annually, depending on funding availability.
- The **Tenancy Stabilization Program**, administered by the Somerville Homeless Coalition, is designed to help preserve tenancies or to help tenants access housing. It provides up to \$3,000 to assist residents who are behind in their rent payments, or for security deposits, First and Last Month's Rent, utility arrearages, and moving costs. To qualify for assistance, residents' income must be below 80% of AMI. Program administrators often assist with negotiating payment terms. The program administrators also provide an array of support services and track clients to help ensure that this assistance is used to stabilize their housing in a sustainable way. This program assists about 60-70 households annually, depending on funding availability.
- **Program Grants** are available on a limited basis for programs that support activities and services that help Somerville residents with housing problems. About 10% of the Trust Fund's budget is allocated to these grants. Priority is given to organizations and programs that help low and moderate income residents find affordable housing, stay in their homes and stay in their homes, and increase or preserve the supply of affordable housing.

Since it was created, the Trust Fund has awarded these types of grants to a variety of organizations that work to fight eviction and prevent homelessness, provide counseling and job training and placement services, enhance building safety and security and similar services. Organizations applying for grants must be nonprofits, preferably based in Somerville, and they must demonstrate the ability to leverage the grant funds and continue the proposed activity beyond the grant period. The Trust makes \$55,000-60,000 available for Program Grants annually, depending on funding availability.

I am including a copy of the most recent Somerville Affordable Housing Trust Fund Guidelines, accepted in April 2008, as a reference. The Trust is currently in discussions to update the Strategic Vision Guidelines, and will be issuing an RFP to begin this process shortly.