

Affordable Housing Trust Fund Spring CPA Report

Introduction

The purpose of this report is to inform the CPC about projects funded this year and to provide updates on previously funded projects. Note that a description of the application process, funding availability, and goals will be provided in Fall Report.

As of the date of this report (June 21, 2022) the Somerville Affordable Housing Trust has received or expects to receive the funding amount shown below, along with funding sources:

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Table 1: FY22 Funding

Funding Source	Amount
Linkage and Fractional Payments	\$1,160,639.68
Other (Loan repayments and bank interest)	\$544,443.31
FY22 CPA Appropriation (minus FY21 debt service)	\$1,491,908.58
Total	\$3,196,991.57

Prior to the Trust's monthly meetings, Trust staff prepares financial reports for each of the Trust's accounts: CPA Trust funds and non-CPA Trust funds. The reports indicate how much funding is available for potential new commitments. As of March, 2022 (the date of the most recent financial reports), the Trust has **\$1,690,572.65** available in its CPA account, and **\$5,447,982.78** in its non-CPA account available for funding new commitments, for a total of **\$7,138,555.43** of funds available to commit.

FY 22 Projects

In years past, the Trust has received applications for programmatic funding in the fall. This past fiscal year that process took place over the summer. The Trust will evaluate the need to make funds available during the course of each fiscal year, and as such the application cycle may differ in ensuing years.

For development projects, the Trust is open to hear any proposals which may be eligible for both non-CPA and CPA funds on an ongoing and as warranted basis. Developers are responsible for providing any and all information that the Trustees need to review prior to voting on the funding request.

The Trust has recently issued Requests for Proposals for Trust CPA funding for housing programs. Only programs which did not receive funding in FY21, or have spent down the entirety of their FY21 award at time of application will be considered. At its April meeting the Trust voted to make \$149,190.86 available for Tenancy Stabilization Programs, and \$149,190.86 for other housing programs. Further information on the basis for the decision to proceed in this manner for the FY22 fiscal year is included in the "Lessons Learned" section of this report.

Table 2: FY22 Spending (CPA and non-CPA)

FY22 CPA Spending

Expense Type	Amount
Housing Assistance Programs	\$ 434,540.43
Development	\$ -
Total	\$ 434,540.43

FY22 non-CPA Spending

Expense Type	Amount
Housing Assistance Programs	\$ 72,516.42
Development	\$ 2,000,000.00
Total	\$ 2,072,516.42

The Trust has to date not set aside a certain amount of funding for the construction or acquisition of affordable housing developments. However, that is slated to change, as Mayor Ballantyne recently announced that her FY23 budget proposal includes an infusion of approximately \$8.3 million dollars to the Trust to be used exclusively for early acquisition funding. This funding as currently proposed will be part of the Trust's non-CPA account.

Project Updates

Development Projects

A total of **85** affordable housing units have been created by using and/ or leveraging Trust CPA funds. Those units are in table 2:

Table 3: CPA Funded Affordable Housing Units

# of units	Initiative/Program/Project	Area Median Income (AMI)
54	100 Homes Initiative (rental)	50% to 80% AMI
25	Mystic Waterworks development (rental)	30%-50% AMI
6	163 Glen Street (home ownership)	80%-100% AMI

A breakdown of the funding sources for these units, including Trust CPA subsidy, is included as Attachment 1 to this report.

Brief updates on recent project milestones or ongoing initiatives:

163 Glen Street: The Somerville Community Corporation recently closed on the sale of the last remaining available affordable unit at 163 Glen St. The project, which received Trust CPA and non-CPA subsidy (as well as other City funding sources) yielded a total of 11 new homeownership units sold to first time home buyers. Of those 11 units, 8 are affordable, with 6 being created with assistance from CPA funds.

Clarendon Hill: The proposed demolition and reconstruction of Clarendon Hill is a project that the Somerville Housing Authority initiated in 2015 and has been in development since that time. After years of effort, the project is heading toward a financial closing and construction start in the summer of 2022. The project will replace all 216 deeply affordable public housing units, as well as create 80 new affordable units and 295 market rate units, for a total of 591 units.

The Trust voted at its March meeting to request that the CPC vote to approve and forward a recommendation for CPA bonding to the City Council in the amount of \$4 million to help fund the project. The request was just approved by City Council earlier in June.

Programs

Since the 2015 Fiscal Year, the first fiscal year where CPA funds were made available, the Trust has awarded CPA funds to several agencies to administer three kinds of housing assistance programs:

- **Rental Assistance:** Provides program participants up to 24 months of rental assistance while working towards housing self-sufficiency (Prevention and Stabilization Services, PASS)
- **Leasing Differential:** Agencies who operate a HUD funded Continuum of Care Permanent Supportive Housing (PSH) program use these funds to make up the differential between HUD program leasing dollars and the actual rent cost
- **Tenancy Stabilization Programs:** Provides program participants with assistance for start-up cost (first/last month rent, security deposit) assistance and/or assistance with curing rental arrears to stabilize their housing situation

These housing assistance programs are designed to target populations who qualify as Low to Moderate Income (LMI) households (at or below 50% AMI is considered low, at or below 80% AMI is considered moderate), with a special emphasis on households who are considered to be low or very low (less than 30% AMI) income. Currently Housing staff is working with agencies to standardize the process for administering these programs.

Additionally, the Trust has awarded the Somerville Community Corporation (SCC) two CPA grants (a total of \$325,000) for the purposes of 100 Homes Program Management. This funding has been a critical source for SCC staff who work to identify and maintain properties to add to SCC's 100 Homes portfolio of affordable rental housing.

The agencies who have received programmatic funding include

- Somerville Community Corporation (SCC)

- Somerville Homeless Coalition (SHC)
- Community Action Agency of Somerville (CAAS)
- Respond (housing assistance for victims of domestic violence)
- Heading Home
- Wayside (transitional housing for homeless young adults)

Table 3 below provides information when funding was awarded, which agency received the funding, the amount received, and the term of the contract. Programs which are still ongoing are highlighted in yellow:

Table 4: Trust CPA Housing Program Awards FY15 to FY21

Fiscal Year CPA Funds Awarded	Agency	Program Type	Funding Awarded	Contract Term
FY14-FY15	SHC	CPA PASS Expansion (rental assistance)	\$89,250	9/1/2018-8/31/2020
	SHC	CPA Leasing Differential	\$35,820	7/1/2015-6/30/2017
FY16	SHC	CPA Leasing Differential	\$56,868	7/1/2015-6/30/2017
	Wayside	CPA Leasing Differential	\$26,107	7/1/2016-6/30/2018
FY17	SHC	CPA Leasing Differential	\$57,825	7/1/2016-6/30/2018
	SHC	CPA PASS Expansion	\$93,728	9/1/2018-8/31/2020
	Wayside	Shortstop Leasing Differential	\$25,000	7/1/2016-6/30/2018
FY18	SHC	CPA PASS Expansion	\$199,952	9/1/2018-6/30/2021
	SHC	CPA Leasing Differential	\$62,523	7/1/2017-6/30/2019
	CAAS	CAAS Homelessness Prevention (TSP)	\$50,000	4/1/2019-3/31/2020
	CAAS	CAAS Homelessness Prevention (TSP)	\$150,000	4/1/2019-6/30/2021
	Heading Home	Perm Sup Housing Leasing Differential	\$45,000	4/1/2019-3/31/2020
FY19	SHC	CPA Leasing Differential	\$73,884	7/1/2019-6/30/2020
FY20	SCC	100 Homes Program Management	\$200,000	1/1/2019-12/31/2020
	SHC	CPA Leasing Differential	\$66,108	7/1/2020-6/30/2021
	SHC	CPA PASS	\$199,952	7/1/2020-6/30/2023
FY21	CAAS	CAAS Homelessness Prevention (TSP)	\$40,000	4/1/2019-2/28/2022
	SHC	Leasing Differential	\$109,730	7/1/2021-7/1/2022
	SHC	CPA PASS	\$207,781	7/1/2021-6/30/2023
	SHC	Tenancy Stabilization Program	\$180,000	7/1/2021-6/30/2024
	CAAS	CPA Rental Assistance (PASS)	\$300,000	7/1/2021-6/30/2022
	CAAS	CAAS Tenancy Stabilization Program	\$200,000	7/1/2021-6/30/2022
	Respond	Housing Victims of Domestic Violence	\$73,941	7/1/2020-6/30/2023
	SCC	100 Homes Program Management	\$125,000	1/1/2021-12/31/2021
TOTAL			\$2,668,469	

Housing Division staff recently compiled information on the remaining balances for CPA contracts as part of the FY22 RFP process. Funds remain in three contracts which have an expired term: SHC's FY19 Leasing differential contract (\$1,108 remaining), SHC's FY20 Leasing Differential Contract (\$1,007.58 remaining), and SHC's 2018 CPA PASS contract (\$118,454.26 remaining).

The Trust recently voted to approve a request SHC submitted that allows SHC to rollover the unexpended amount from its 2018 PASS contract to a PASS contract with a current contract term. Trust staff hopes to engage the Trust on potential options for the unexpended balances of the Leasing Differential contracts, including removing that amount from the list of committed funds and have it available for new commitments.

Lessons Learned

In FY21, the Trust voted to award a total of **\$1,236,452** to agencies who operate housing assistance programs. This amounts to the highest total of funding awarded to housing assistance programs since the Trust began making these awards in FY15. At the time of this report, a significant portion of those awards remains available to providers to administer these programs.

Due to the significant amount of programmatic funding remaining, Trust staff recommended at the January Trust meeting proceeding with a limited RFP process for FY22. The Trust agreed that only programs which were *not* funded in FY21 or have spent down the entirety of their FY21 award will be considered. This approach will allow providers to focus on expending the funding made available from previous awards instead of going through the process to either amend a contract term or roll over funds in order to accommodate additional funding awards. The Trust will reassess the funding available to providers in FY23 in advance of CPA funds being made available.

Other AHT News

So far in FY22, the Trust has committed \$3.2 million of non-CPA Trust funds to two development projects which will be 100% affordable: 31 Tufts Street, a rental project with 16 units ranging from 50%-100% AMI, and 7 Summer Street, a newly constructed building which the Somerville Community Land Trust is in the process of acquiring and will contain 5 home ownership units ranging from 80%-110% AMI. These commitments came from the Trust's non-CPA funds as that source currently has significantly more available for new commitments than the Trust's CPA funds. The Trust is eager to explore funding development projects with its CPA funds in the future, especially for potential projects which can leverage other sources of CPA funding.

The influx of an additional \$8.3 million to the Trust for the purpose of early acquisition funding as proposed by Mayor Ballantyne will be a significant tool at the Trust's disposal to help fund the development and construction of affordable housing. Early acquisition funding is especially needed in order to compete with market rate developers who often are able to purchase development opportunities before the Trust's local non-profit partners even have a chance to consider the acquisition.