

Brief Description of Project

Include the address/location and current owner of the property, as well as any critical dates. Please attach supplemental information (photographs, drawings, documents, etc.) as desired.

Across the state, municipalities use CPA funds for affordable housing development, either by funding an identified project or by transferring funds to their Housing Trust to act expediently on emergent opportunities that fit within CPA guidelines. Transferring funds to a Housing Trust is an innovative approach that more than 50 CPCs have implemented to expand affordable housing.

The Belmont Housing Trust is applying for \$275,000 for the purpose of creating more affordable housing in town, with \$25,000 set aside for administrative support to vet applications for eligibility and monitor funded projects for compliance. The Housing Trust is establishing regular funding rounds for developers, so they can apply to create more affordable homes and/or more deeply affordable homes in their developments. These funds would be added to the prior two awards that the Housing Trust has received, providing the Housing Trust with the ability to offer multiple funding rounds and establishing the Housing Trust and the Town of Belmont as a reliable funding source for the creation of new affordable housing. Administrative funds will provide the professional support and technical assistance needed to establish regular funding rounds that will create high-quality affordable homes to move Belmont forward on the state's subsidized housing inventory and to meet peoples' needs as identified in Belmont's Housing Production Plans.

On December 1, 2023, the Housing Trust voted to approve a CPA Funding Notice that is ready to issue, once it has been reviewed and approved by Town Counsel. It is the Trust's intention to issue this Notice of Funding Availability (NOFA) as soon after January 1, 2024 as possible. The funds will be expended at the discretion of the Housing Trust under terms of a grant agreement signed spring 2022 by the Town of Belmont, the Community Preservation Committee, and the Housing Trust.

The Housing Trust's Fund to Support the Creation of New Affordable Housing sets the following as the minimum requirement for affordability: that at least one unit in the proposed development will be for persons/households at or below 60% AMI or that the proposed development includes at least one unit *more* than the inclusionary zoning requirement for the building's size. In recognition of increased financing and construction costs, the award level will be up to \$250,000. The Housing Trust and the Town will establish a contract agreement with awarded developers.

With additional funding, Belmont Housing Trust can have a greater impact on more developments and expand affordable housing in alignment with priorities identified in the recently approved Housing Production Plan. In addition, with new multifamily zoning put in place as required by state law, Belmont will have more potential development opportunities than we have in the past. By setting up strong funding now, Belmont Housing Trust is well positioned to expand affordable housing as part of new housing development.

Project Goals

- Ensure that Belmont increases affordable and mixed income housing when new development happens, particularly in the new multifamily zones that are required by state law for all 177 MBTA communities;
- Invest in affordable housing to lower the rents more than can be done through zoning alone;
- Work with affordable housing developers to leverage local funding to obtain state funding so that housing developments have more homes with rents that are affordable to households with low incomes; and
- Fund pre-development work to determine if sites are suitable for community housing development.

Community Need

In spring 2023, the Town and the Commonwealth gave final approval to an updated **Housing Production Plan** for Belmont. The Plan amply demonstrates the scale and nature of housing needs and lays out goals and strategies for meeting those needs over the next five years. The Housing Trust's Fund to Support the Creation of New Affordable Housing is a critical tool for doing so.

The costs of land and construction in Belmont are frequently identified as the main barriers to building housing that includes affordable homes. Housing costs are rising, as is the cost of living overall, and incomes are not keeping pace. The updated Housing Production Plan indicates that **about 30% of both homeowners and renters in town are cost-burdened, paying more than 30 percent of their incomes for housing.**

Building new housing that is priced appropriately for current Belmont residents and for a full range of household income levels helps us to be a welcoming, thriving, and strong community. The new MBTA Communities zoning currently under development will spur interest in new development in Belmont. The timing of this CPA request is to ready Belmont to maximize this opportunity to advance affordable housing. It also will help Belmont to achieve the 10% benchmark set by the state for affordable housing in each community.

Spending guidelines for CPA funds indicate that for each fiscal year, towns must spend or reserve at least 10% of the annual revenues in the CPA fund for community housing. This project proposes a carefully constructed mechanism to use the funds to create affordable housing that sustains the unique character of each neighborhood and serves the needs of new generations. As evidenced in other towns, transferring funds to the town Housing Trust increases the likelihood towns are in compliance with the CPA law.

This revision to the Trust's application recognizes the need for administrative funding to manage the issuance of the Notice of Funding Availability (see attached), screen and evaluate submissions received in response, support the selection process, and monitor and report on the performance of awardees. As an all-volunteer organization with limited support from the Town's Planning Department, the Trust deems it prudent to have professional assistance on these tasks. We are therefore requesting \$25,000 in CPA administrative funds to draw on as we seek developer proposals.

Community Support

Since the adoption of Belmont's first Housing Production Plan in 2018, Town Meeting has approved multiple policies to implement our Housing Production Plan. This includes strengthening Belmont's Inclusionary Zoning policy to develop more affordable homes when multifamily development occurs; dedicating \$250,000 in CPA funds to the Housing Trust for affordable housing development; supporting zoning changes at McLean, championed by the Housing Trust, that will bring 150 new homes to Belmont (20% of the apartments and 15% of the ownership opportunities will be affordable to households with moderate incomes and 5% of the apartments will be affordable to households with low incomes); supporting the Housing Trust in reallocating funds for affordable housing development into emergency rental assistance early in the pandemic before federal funds were available; and once again approving \$250,000 for the Housing Trust to use for affordable housing development. Ultimately, the Housing Trust aims to expand affordable housing in Belmont. These funds, combined with the funds now being sought, provide the Trust with the ability to invest in affordable housing. When the Town invests in housing, we are a partner in development and can support more affordability.

Project Documentation

- Financial accountability and reporting requirements are outlined in an executed grant agreement between the Town, the Community Preservation Committee and the Housing Trust.
- The CPA Funding Notice approved by the Housing Trust on December 1, 2023 (and only pending Town Counsel review) is attached to this application.

Project Timeline

The Housing Trust is ready to move forward as soon as funds are approved. The Housing Trust has finalized a Notice of Funding Availability (NOFA) for the amounts previously authorized by the CPC and Town Meeting (see attached). The NOFA will be issued as soon as review by Town Counsel is completed. Adding an additional \$250,000 to the NOFA will provide the Housing Trust with more ability to influence housing development in town and increase the affordable homes that will be included in future developments. Information about the NOFA will be posted to the Town website and shared with the Planning Department and Town officials. The Trust also plans to promote the NOFA among area developers.

Credentials

Across the state, towns use CPA funds for affordable housing projects, by funding an identified project or by transferring funds for the Housing Trusts to enable them to act expediently on emergent opportunities that fit within CPA guidelines. The Housing Trust has effectively managed CPA funds for emergency rental assistance. Members of the Housing Trust have expertise in a range of subject matters related to affordable housing development, including architecture, public policy, smart growth, public housing, and research.

Success Factors

Using the funds to create a greater number of and more affordable homes than can be created through zoning alone will be the measure of the project's success.

Budget

\$275,000

ATTACHMENT

CPA FUNDING APPLICATION FOR AFFORDABLE HOUSING PRODUCTION

[DRAFT PENDING FINAL TOWN COUNSEL REVIEW]

CPA Background: In April 2012, Belmont voters approved a 1.5% Community Preservation Act (CPA) surcharge on net property taxes. Belmont Town Meeting has approved grants totaling \$500,000, which are to be administered by the Belmont Housing Trust to promote the production of affordable housing in Belmont.

What is an Eligible Project? Projects that result in the creation of new affordable housing in Belmont are eligible to apply.

How Can the Funds Be Used? Pre-development activities that include but are not limited to site assessment, site preparation, site acquisition, and design development. A perpetual affordable housing deed restriction shall be executed for each unit of housing created by this grant and must be approved by the Town.

How Much is Each Award? Up to \$250,000 will be awarded to the successful applicant by fulfilling the criteria stated below.

When Are Grant Applications Due? Beginning January 1, 2024, applications will be accepted on a rolling basis until December 31, 2025 depending on funding availability. The period of performance for this funding will be within 18 months of the award. Any funds not expended within the allotted time frame must be returned to the Belmont Housing Trust. Extensions may be considered.

Award Selection Criteria and Priorities

Criteria:

- Developments must meet or exceed one of the following requirements: 1) the creation of an additional affordable home above the number of homes at or below the inclusionary zoning requirement of 80% area median income (AMI); and/or 2) that at least one (1) home in the project is affordable at 60% AMI or below.
- Greater weight in award determination will be given to applications that include homes serving households at or below 60% of the area median income.
- The new development will provide a measurable impact by delivering sustainable affordable housing, as referenced in the application.

- The applicants have a demonstrated capacity to carry out the program for which they seek funding.

Priorities

- Address the housing need as described in The Town of Belmont's 2023 Housing Production Plan (<https://belmont-ma.sharefile.com/share/view/s2efaa0537acf4691825442c449b055e4>)
- Reuse existing buildings or build on previously developed sites where possible.
- Maximize focus on sustainability and energy efficiency standards.
- Demonstrate qualifications and capacity to proceed with the project.

Additional Information

Please provide direct responses to each question on the application form.

Responses are to be submitted electronically and should be sent by email to Christopher Ryan, Director of Planning at cryan@belmont-ma.gov.

OTHER PROVISIONS

The Belmont Housing Trust reserves the right to deny funding to projects that fail to meet with Community Preservation Act requirements or fail to satisfy basic criteria on unit affordability sustainability, site control, and the observed capacity of the applicant.

Grant funds must be deposited in an interest-bearing account until ready for use in the proposed project. Earned interest income may be used by the Awardee provided it is used within the scoped project timeline.

Awardees That Do Not Meet Minimum Requirements

For circumstances where an Awardee does not meet one or more requirements of their grant contract, the Belmont Housing Trust reserves the right to demand the return of distributed funds, including any accrued interest.

Projects Not Initiated by Deadline

Awardees have 18 months to initiate the approved project as scoped. In the event that a project has not commenced in this time period, the Trust reserves the right to demand the return of distributed funds, including any accrued interest. The Trust may also choose to work with the Awardee as follows:

- **Request for no-cost extension of the approved project:** When the progress on the approved project has been delayed, but is continuing, and no additional project funding is anticipated from the Trust, a no-cost 6-month extension of the original performance end date may be requested. If the Trust provides written approval for a no-cost extension of the period of performance, the unexpended funds will be retained and the existing contract will be extended through the end date of the approved extension. In extenuating circumstances an additional extension may be considered.
- **Request for carryforward of unexpended funding for a continuing project:** If renewal funding for the project is awarded and Trust administrative practices require separate accounting for the renewal funding, the Trust may submit a written request justifying how the next phase of the project will be enhanced by use of the funding remaining from the earlier period. If the Trust provides written approval to add unexpended funds to the subsequent Trust award, the final financial report for the earlier award will be submitted and the unexpended funds will be retained and transferred by the Trust in the project close-out process to the project subject to the new award.
- **Request for use of unexpended balance:** Consideration will be given to requests for retention of funds beyond the project period of a completed project. The developer may request to use unexpended funds for CPA eligible activities in furthering the goals of housing affordability with approval of the Belmont Housing Trust

Reporting

Recipients of Trust grant awards are required to submit a quarterly report using a Trust generated reporting form. The scope and contract developed for a project shall detail the steps required for reporting.