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AMHERST MUNICIPAL AFFORDABLE
HOUSING TRUST
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TO: Nate Budington, Chair, Community Preservation Act Committee (CPAC)
Sonia Aldrich, Interim Finance Director

FROM: John Hornik, Chair
Amherst Municipal Affordable Housing Trust (AMAHT)

RE: Recommendations for Community Housing Proposal Submitted for CPA
Funding

DATE: January 23, 2019

Members of the Housing Trust met on January 10th to consider the six community housing proposals submitted for CPA funding. This included the following:

- 1) Studio Apartment Supportive Housing - Valley Community Development
- 2) Consulting Support for Affordable Housing - Municipal Affordable Housing Trust, Town of Amherst
- 3) Development Support for Affordable Housing - Municipal Affordable Housing Trust, Town of Amherst
- 4) First Time Home Buyers Mortgage Subsidy Program - Valley Community Development
- 5) Rental Subsidy Program - Amherst Community Connections
- 6) Phase III Supportive Housing Program - Amherst Community Connections

By a vote of 5-0, members of the Housing Trust voted to recommend the following:

- CPA support for all six proposals.
- Place the highest priority on Proposals 1 and 2.
- No comparative rankings among the remaining four proposals.
- Bonding of the proposals 1 and 3

Explanation of Recommendations

As described below, we believe that each proposal is worthy of CPA funding. Although the proposals are quite different from each other, each contributes to the goal of significantly expanding access to affordable housing. As described further below, by bonding the larger proposals, CPAC can accommodate all of them within a multi-year budget.

Priority 1: Studio Apartment Supportive Housing - Valley CDC

The Trust is recommending that the CPAC recommend to Town Council full funding of the \$500,000 requested by Valley Community Development to support the creation of 28 affordable studio apartments close to the center of Amherst. To the best of our knowledge, there is no equivalent structure in Amherst, although there are at least four in Northampton. Valley CDC promises to include studios with a range of affordability. This will accommodate persons with very low income, including persons with less than 80% AMI and persons who are currently homeless with even lower income.

According to the Housing Production Plan (2013) there are a large number of individuals who would benefit from this development, much larger than 28 units can accommodate. Nonetheless, it is a good start, and one that this community has been slow to recognize. We applaud the work that Valley Community Development has done to bring this project to its current status. Because of the large amount of funding requested, we further recommend that the \$500,000 be bonded over a reasonable period of years.

Priority 2: Consulting Support for Affordable Housing - Municipal Affordable Housing Trust, Town of Amherst

The Trust is also strongly recommending the continuation of funding of a Housing Trust consultant. As described in the proposal, this person has played a critical role in supporting the development of the Trust's East Street School project, including the development of the Request for Proposals (RFP), and due diligence in assessing wetlands issues, site survey, and architectural and land use possibilities. Without this professional support, the East Street School project would still be back in the "hmmm...what shall we do about this" stage of development, rather than providing a draft RFP to Town Council that should result in 20-30 units of affordable housing.

We expect that the East Street School project is only the first of Trust projects that will go into the affordable housing development pipeline. Our goal, as described in a plan for expanding affordable housing in Amherst, is to see the development of 240 total units over the next five years. In order to make this pipeline a reality, the continuing services of a housing consultant are a critical need.

Priorities 3 Plus:

- Development Support for Affordable Housing - Municipal Affordable Housing Trust, Town of Amherst
- First Time Home Buyers Mortgage Subsidy Program - Valley CDC
- Rental Subsidy Program - Amherst Community Connections
- Phase III Supportive Housing Program - Amherst Community Connections

As stated above, we are not presenting the remaining requests in a priority order. The order below is a convenience for presentation.

3a. Expansion of Housing Trust Fund to Support Development of Affordable Housing.

As stated above, our goal is to see the development of 240 total units over the next five years. We will be seeking CPA support for these initiatives. We do not expect to act as developers, but as facilitators of development. The East Street School project is a good example. We are bringing this project to the point where an experienced developer, responding to an RFP, can take over the project and move it to completion. We have \$150,000 of CPA funds in reserve that can be used for this purpose. However, it is very likely that a developer of the East Street Project will require additional local funding for a project of the size anticipated. We would like to be in a position to provide funding for this or other projects. In order to accomplish this, we have taken two actions.

- First, we have requested funding for Trust development projects this year, and will continue to do so in subsequent years;
- Second, we have developed an application for Trust funding that can be found here [<https://www.amherstma.gov/DocumentCenter/View/46367/AMAHT-Program-Guidelines-and-Application-Form>] The criteria for Housing Trust funding are consistent with CPA criteria, but exceed them.

The expansion of funding that we have in reserve to support new developments is obviously a high Trust priority.

3b. First Time Homebuyers Mortgage Subsidy Program

Valley Community Development is requesting support for a first-time homebuyers' mortgage subsidy program. We have previously submitted a letter of support to CPAC for this program. Briefly, we are supporting this proposal because

1. It creates permanent affordable housing (affordable for 30 years);
2. It promotes the important goal of home ownership; and
3. It does this at a very reasonable cost to CPA, about \$60,000 per unit.

Valley Community Development has a record of successfully adding four affordable homeownership houses to Amherst for 30 years as a result of prior support from

CPA. Increasing access to homeownership is different than increasing access to rental units and should be part of the CPA funding mix. The request to support four additional units deserves our full support.

3c. Rental Subsidy Program - Amherst Community Connections

3d. Phase III Supportive Housing Program - Amherst Community Connections

Projects 1 and 3a are 2-3 years away from the day that the first tenant will walk through the door of a new residential unit. Yet we have many persons in need now, as identified in the Housing Production Plan (2013). While we wait for the development of new units of affordable housing, we cannot ignore the current need. Both proposed programs 3c and 3d provide us with a path to meeting some of the need. The Rental Subsidy Proposal and the Phase III Supportive Housing Proposal together can help, per year---at least nine (9) Amherst residents who are homeless and/or at risk of becoming homeless to get off the streets and to secure stable housing. This helps to meet part of the goal of providing 40 units of housing per year for persons who are homeless and at risk of becoming homeless.

By creating local rental subsidy programs, we support another way to address a part of the unmet need in the community. Although a different mechanism for providing access to affordable housing than the other proposals, it also should be a part of the CPA funding mix.

I would be pleased to provide additional information and respond to questions, either in writing or in person. Thank you for your consideration.