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Director

Community Preservation Committee Funding Recommendation for the Newton Affordable Housing Trust Fund

Date: August 19, 2022
From: Community Preservation Committee
To: The Honorable City Council
CC: Her Honor Mayor Ruthanne Fuller

PROJECT GOALS & ELIGIBILITY

CPA Community Housing funding is requested to provide the initial funding for the newly established Newton Affordable Housing Trust (NAHT). The Trust was created in December 2021 to provide a more efficient and streamlined process for funding new affordable housing projects in Newton. This funding will be used by the Trust to fund future affordable housing projects which acquire, create, preserve, restore, rehabilitate or support affordable housing in Newton.

The project is eligible for CPA funding as the funds will be used in the future for CPA eligible projects which further the City's existing and future affordable housing goals.

RECOMMENDED FUNDING At its monthly meeting on Tuesday, August 9, the Community Preservation Committee unanimously recommended, with a vote of 9 to 0, that \$1,948,056, which represents 35% of the Community Preservation Program's FY23 annual funds, in Community Preservation Act funding be appropriated, with \$556,588 to come from the FY23 Community Housing Reserve Account and \$1,391,468 to come from FY23 Unrestricted Funding Account, to the control of the Planning & Development Department to provide funding to the Newton Affordable Housing Trust for future projects that meet one or more of the CPA's eligible funding categories for Community Housing projects.

Proposed CPA Funding Accounts for the Newton Affordable Housing Trust			
Account Name	Account Number	Amount Currently Available	Proposed Amount for the NAHT
Community Housing FY23 Reserve Account	#58R10498 57900B	\$556,588	\$556,588
FY23 Unrestricted Funding Account	#58R10498 579000	\$3,092,471	\$1,391,468
Total Project Funds			\$1,948,056

www.newtonma.gov/cpa

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SPECIAL ISSUES CONSIDERED BY THE CPC

Community Needs: City Council passed the enabling ordinance to create the new municipal affordable housing trust in December 2021 after several years of studying the potential benefits and requirements of these programs. The new Trust will assist the City in meeting its affordable housing goals by creating a streamlined process for funding new projects and developments. This proposal for initial funding of the Trust meets multiple goals listed in the Comprehensive Plan by creating a resource for preserving and creating affordable housing while also strengthening the City's financial resources for these affordable housing goals. Funding of the Trust also addresses the goals of the City's Consolidated Plan for FY21-FY25 by providing a funding resource for projects that produce new units, preserve existing units, support affordable housing, and further Newton's Fair Housing goals.

Development Uses and Sources: This proposal will use CPA funds to establish the Affordable Housing Trust Fund and build a reserve fund for future affordable housing projects. Any future project requesting this funding from the Trust will still be required to meet all of the requirements of the Community Preservation Act.

Project Finances: CPA funding was noted to be the primary funding source for the Trust Fund during the review process for the enabling ordinance. As part of these discussions, the CPC agreed to set aside its annual target amount for affordable housing, currently 35% of the program's annual funding, to the Trust once it was established. This recommendation is only for FY23 funding and the Trust is required to apply on an annual basis for any future CPA funds. While 35% of annual funding is the CPC's current target for Community Housing funding, a future Committee may choose to change its category funding targets at any time and would adjust future funding recommendations to the Trust accordingly. The Trust may also receive Inclusionary Zoning funds from time to time, but this is not anticipated to be a regular or reliable funding source.

ADDITIONAL RECOMMENDATIONS *(funding conditions)*

1. Funding is to be used at the discretion of the Newton Affordable Housing Trust (NAHT) for any project which acquires, creates, preserves, rehabilitates/restores, or supports affordable housing as defined in the Community Preservation Act.
2. The CPC shall receive copies of all relevant plans, drawings, schematics, budget and marketing materials, etc. associated with the use of the CPA funding.
3. The CPC shall receive regular updates from the NAHT on the status of the Trust funds, how they are being used, and any plans for future projects or initiatives which might involve CPA funding.
4. Any CPA funds appropriated but not used for the purposes stated herein shall be returned to the Newton Community Preservation Fund.

KEY OUTCOMES

The Community Preservation Committee will evaluate this project based on its success in furthering the City's goals for affordable housing and in completing projects eligible for community housing funding as defined by the Community Preservation Act.

ATTACHMENTS

- July 2022 Proposal submitted to the CPC for the July 12, 2022 public hearing

Additional information not attached to this recommendation, including petitions and letters of support, are available on the CPC's website at: <https://www.newtonma.gov/government/planning/community-preservation-program/proposals-projects/newton-affordable-housing-trust-funding>