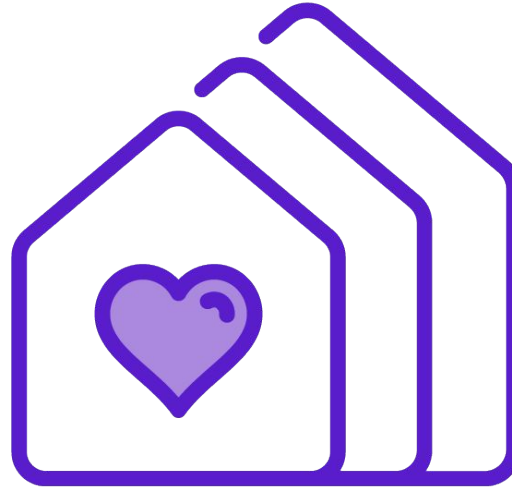




Arlington Affordable Housing Trust Fund (AHT)



**Five Year Action Plan (2022 – 2027)
Select Board Meeting November 7, 2022**

Get updates from the Trust by signing up on our page of the Town website!
www.tinyurl.com/ArlingtonAH

About the Affordable Housing Trust

- ✓ Special Town Meeting voted (221-13) in November of 2020 to establish a municipal affordable housing trust fund to support the preservation and creation of low- and moderate-income housing.
- ✓ After the Trust was approved by the Attorney General, Trustees were first appointed in October of 2021. After a brief orientation period, they began planning for a 5-year Action Plan for a proactive affordable housing agenda.
- ✓ The Trust's bylaw uses the same definition of affordable housing that is used by the Community Preservation Act ("community housing"), which Arlington adopted in 2014.
- ✓ At least 75 other Massachusetts towns have created municipal affordable housing trusts for similar purposes.



Beth Elliott
Trustee



Eric Helmuth
Trustee
(Select Board
Rep.)



Karen Kelleher
Trustee
(Chair)



Neil Mongold
Trustee
(HCA Rep.)



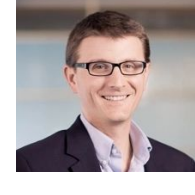
Jack Nagle
Trustee
(AHA Rep.)



Jaclyn Pacejo
Trustee
(Treasurer)



Vicmarie
Santiago
Trustee



Phil Tedesco
Trustee
(Vice Chair)



Kelly Lynema
Assistant Director
DPCD



Marisa Lau
Senior Planner
DPCD



Rebecca Gruber
Community
Outreach Committee
Chair



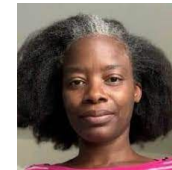
Beverly Gallo
Action Plan
Consultant



Sue Doctrow
CPAC Liaison



Dave Swanson
CPAC Liaison



Calpurnia
Roberts, Ph.D.
Former
Trustee

Arlington Affordable Housing Trust (AHT)

Preparing the Action Plan



Preparing the AHT Action Plan

Community Engagement: June-August, 2022



COMMUNITY ENGAGEMENT

Summer

Trustees facilitate an inclusive process for community input on housing needs and priorities, the principles that should guide the plan and the strategies that should be advanced.



Affordable Housing Survey June 16 - July 5, 2022

The Affordable Housing Survey was made available online and via volunteers using a “street intercept” format. Outreach efforts included email and postcard outreach as well. We received more than 800 responses.



Targeted Listening Sessions July 30 - August 11, 2022

We conducted six small sessions specifically to hear from under-represented groups, including seniors, young people, renters, people who live in affordable housing, people of color and people with disabilities or special needs.



Public Forum July 28

A July 28 forum was held to review the Affordable Housing Survey results and general listening session. Another public meeting is being held tonight (9/21) to present the draft plan, answer questions and receive comments.



Housing Stakeholder Meeting August 23, 2022

Initial joint meeting of Town bodies and private organizations with interest in or authority over housing to build alignment across stakeholders before a draft Action Plan is released.

Community Engagement Regarding the Draft Action Plan



REVIEW
PERIOD

September

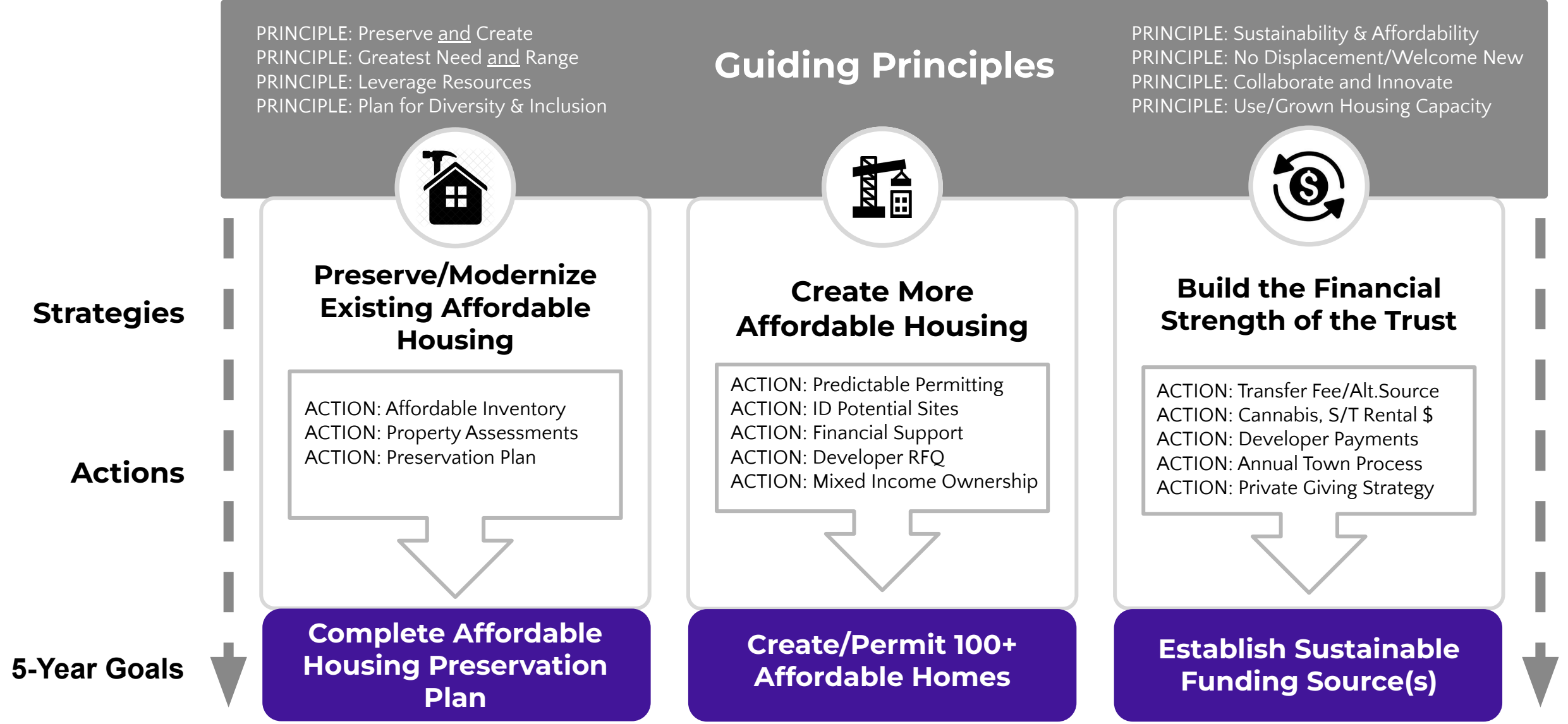
A draft Action Plan is published for review and comment by all stakeholders. The Trustees host information session(s) for the public and a joint meeting of organizations with housing-related responsibilities and missions.

October

- ✓ **Draft Action Plan Published, September 15, 2022**
A draft Action Plan was published for review and comment by all stakeholders.
- ✓ **Public Comment Period, September 15-October 3, 2022**
A guided comment form is open until October 3, 2022,
- ✓ **Town Day Booth, September 17, 2022**
Trustees and volunteers hosted a Town Day booth.
- ✓ **Housing Stakeholder Meeting, September 20, 2022**
The second joint meeting of Town bodies and private organizations with interest in or authority over housing to solicit input and build alignment around the Action Plan.
- ✓ **Public Forum September 21, 2022**
This is the second public forum for the Action Plan, in which Trustees will present the draft and invite comments and questions.
- ✓ **Affordable Housing Professionals Meeting, Sept. 28, 2022**
Trustees will host a meeting of affordable housing professionals who live or work in Arlington to request their feedback on the Action Plan and ideas for implementation.
- ✓ **Final Action Plan Approved by Trustees, October 20, 2022**
- ✓ **Action Plan Review by Select Board, November 7, 2022**

Overview of the Action Plan

The ambitious but realistic goals proposed for the Trust's first five years will create a strong foundation for the Trust and the Town to advance a proactive, effective, long-term affordable housing strategy.



Guiding Principles for the Action Plan

1. Preserve and/or modernize existing affordable housing and create more.
 2. Prioritize those with the greatest need and advance solutions for a range of affordable housing needs.
 3. Leverage resources for maximum impact.
 4. Plan for diversity and inclusion in our community.
 5. Advance sustainability and climate resiliency while increasing affordability.
6. Limit involuntary displacement and welcome new residents.
 7. Collaborate and innovate with other Town bodies and organizations that are housing stakeholders.
 8. Use and grow the affordable housing knowledge and capacity in our community.



STRATEGY 1

Preserve and modernize existing affordable housing

There are 1,211 units of deed restricted affordable housing in Arlington, created between the 1960's and 2022. Protecting them requires legal, financial and physical planning.

Strategy 1: Planning for Preservation



Preserve/Modernize Existing Affordable Housing

ACTION: Complete an Affordable Housing Inventory

ACTION: Complete Capital Needs or Property Assessments or Plans for Existing Affordable Housing

ACTION: Create Affordable Housing Preservation Plan

**5-Year GOAL
Complete Affordable Housing
Preservation Plan**

Planning for preservation reduces the likelihood of unplanned demands on limited local funds.

Planning increases leverage of other funds for better outcomes, and avoids competing housing stakeholders and needs.



STRATEGY 2

Create additional affordable housing

Affordable housing requires subsidy to be financially feasible. A minimum subsidy of \$400K - \$500K is required per rental unit. With expertise, flexibility and smart planning, we can stretch limited local dollars a long way.

Strategy 2: Leveraging Subsidy

In the first 8 months of 2022,
DHCD awarded developers

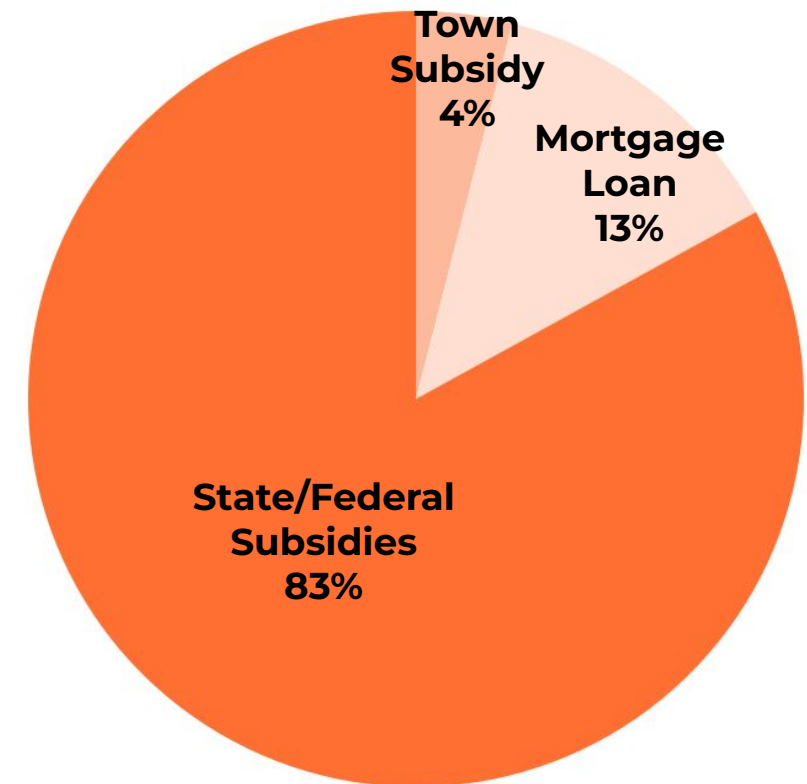
\$435 Million

for 52 affordable housing deals in
31 other communities.

Requests
from
Arlington

\$0

Downing Square Broadway Initiative Leverage for Town Subsidies



Strategy 2: Two Ways to Subsidize Affordable Housing

1. Leverage State & Federal Subsidies

State and federal subsidy is limited and competitive, but multiple projects move forward regularly in other communities attracting affordable housing developers with regulatory and financial expertise. HCA's most recent project received more than **\$22 million, leveraged with only about \$1M of local funds** - just about 4% of total development costs. There are limits on how much subsidy will flow to one developer or one town, but we have far to go before we maximize it.

2. Get Developers to Pay for It

We have two laws designed to capture the value of high market costs to subsidize affordable housing.

- Arlington's **Inclusionary Zoning Bylaw**
- State **Comprehensive Permit Law (Chapter 40B)**

Both require market rate developers to provide long-term, use-restricted affordable housing at no cost to the Town. Combined, these laws have produced ~3-4 units/year over the last 40 years, because our zoning laws make market-rate housing difficult to build. Two new 40B's may change that.

Strategy 2: Actions, 5 Year Goal, and Income Levels



Create Additional Affordable Housing

- ACTION:** Identify public and private **sites** for new **construction or acquisition** and conversion
- ACTION:** Provide **predictable permitting** for mission-aligned affordable housing.
- ACTION:** Pilot two+ local **funding** strategies.
- ACTION:** Issue an **RFQ for developers** interested in creating the affordable housing we want.
- ACTION:** Encourage **mixed income homeownership** to get developers to meet this subsidy need.

5-Year GOAL
Create/Permit 100+ Affordable Homes

“It’s easy—projects where Town players can help to fast-track: land + financing + community support + permitting and transparency have our interest.”

– Affordable Housing Developer

Strategy 2: Actions, 5 Year Goal, and How to Achieve It



Create Additional Affordable Housing

- ACTION:** Identify public and private **sites** for new **construction or acquisition** and conversion
- ACTION:** Provide **predictable permitting** for mission-aligned affordable housing.
- ACTION:** Pilot two+ local **funding** strategies.
- ACTION:** Issue an **RFQ for developers** interested in creating the affordable housing we want.
- ACTION:** Encourage **mixed income homeownership** to get developers to meet this subsidy need.

5-Year GOAL
Create/Permit 100+ Affordable Homes

One Pathway to 100 New Affordable Homes in 5 Years

35

One deeply-affordable development by the Housing Corporation of Arlington

35

One deeply-affordable development by another developer working with AHA or HCA

15

Trust funding of affordable ADUs, small acquisition/conversion, affordable homeownership units or other Trust financing programs.

15

The Trust supports private developers of mixed income housing in creating approximately 15 low- and moderate-income housing units that exceed affordable housing requirements under zoning and permitting laws.

100 = 20 New Units/Year

3X our annual average for last 35 years

(But still only 20% of the Housing Plan target of 99 units/year.)



STRATEGY 3

Build the financial strength of the Trust

For the Trust to realize its mission, it will require a sustainable source of annual funding that exceeds the Town's existing resources for affordable housing.

Strategy 3: Build the Financial Strength of the Trust



Build the Financial Strength of the Trust

- ACTION: Support passage of a **real estate transfer fee** or other sustainable taxpayer funding
- ACTION: Secure revenue streams from **short term rental fees and cannabis sales tax**.
- ACTION: Explore options to increase inclusionary zoning payments to the Trust
- ACTION: **Align annual process** for Town housing investments with Trust Action Plan
- ACTION: Develop and launch a **private giving** strategy for the Trust

5-Year GOAL
Sustainable Funding Source(s)

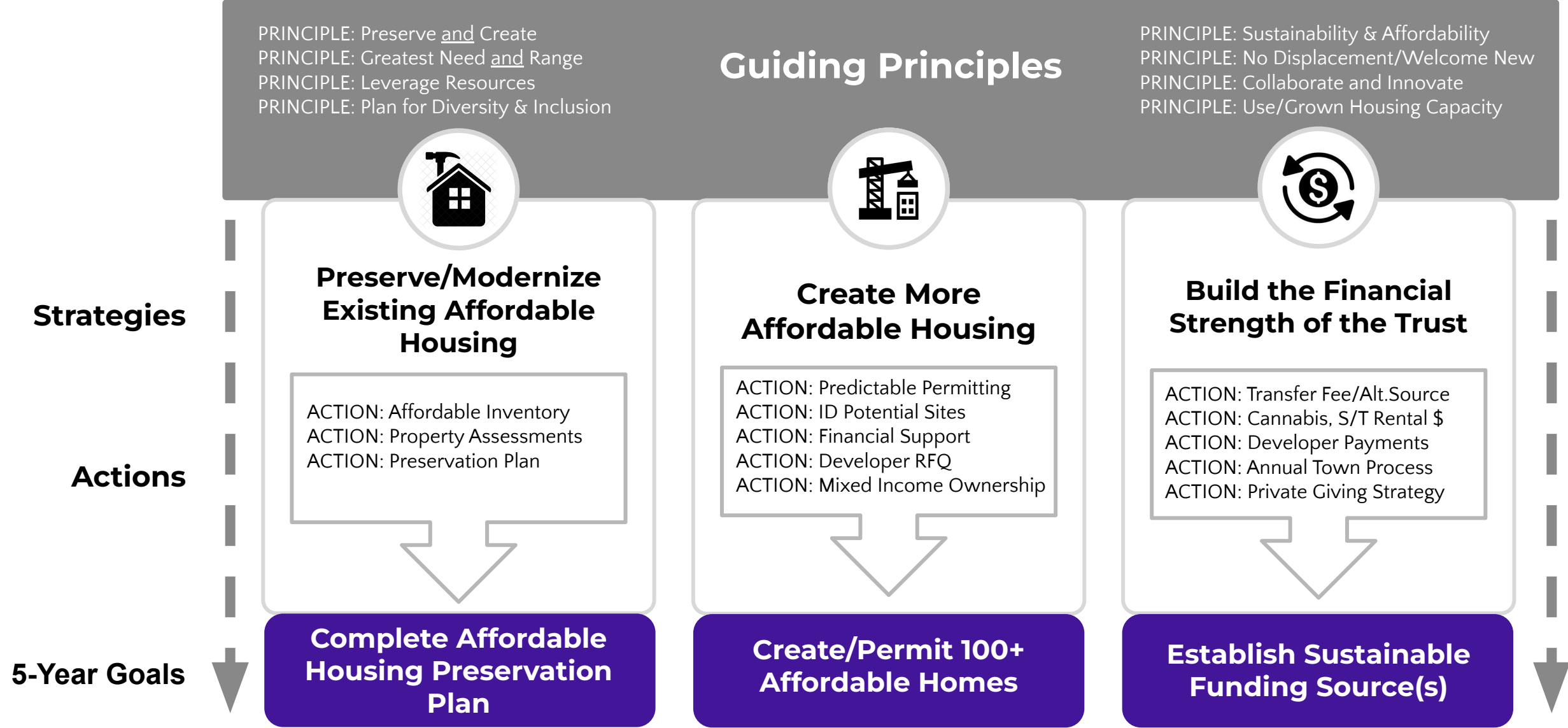
Creating and preserving affordable housing is a long-term and a costly investment.

The early funding sources available to the Trust are critical to the execution of this initial Plan.

During the first year(s) of this Plan, the Trust will refine this goal to include an annual funding target to be sustained over time.

Overview of the Action Plan

The ambitious but realistic goals proposed for the Trust's first five years will create a strong foundation for the Trust and the Town to advance a proactive, effective, long-term affordable housing strategy.





**ARLINGTON
AFFORDABLE
HOUSING TRUST**

Thank you!



Arlington Affordable Housing Trust Fund (AHT)

**Five Year Action Plan (2022 – 2027)
Select Board Meeting November 7, 2022**

Additional Slides for Reference

Survey Results - Need for Affordable Housing

812 Total
Responses

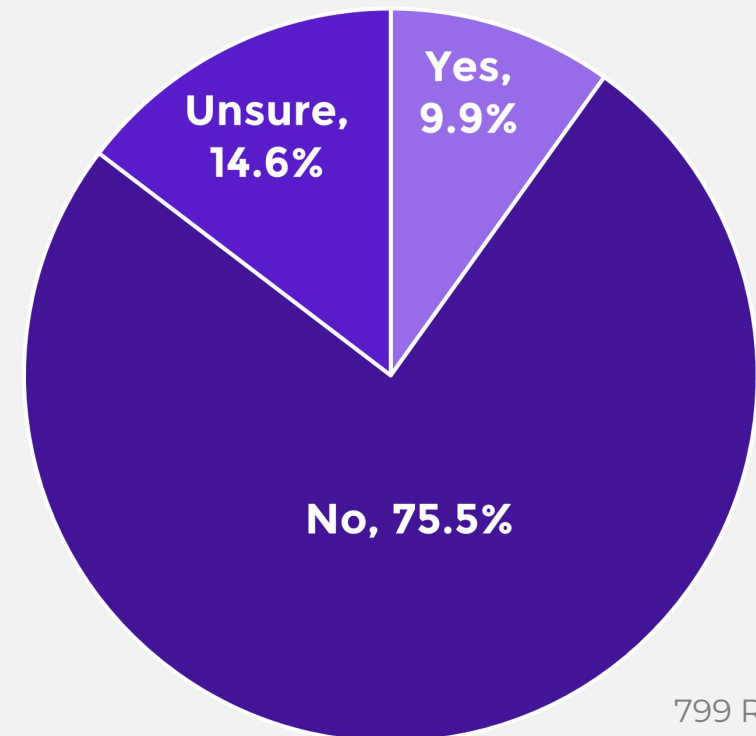
- 75.5% of respondents think Arlington does not have enough affordable housing.

“We need to make it possible for our teachers, librarians, shop and restaurant owners and workers to live in the Town. “

“Housing, along with health care and education, is such a basic need. Providing a wide range of affordable housing (not just the top end) is crucial to building and maintaining a truly inclusive community.”

“Housing costs currently take 57% of my income. I do not believe I will still be in Arlington in another two years.”

Do you think that Arlington has enough affordable housing?



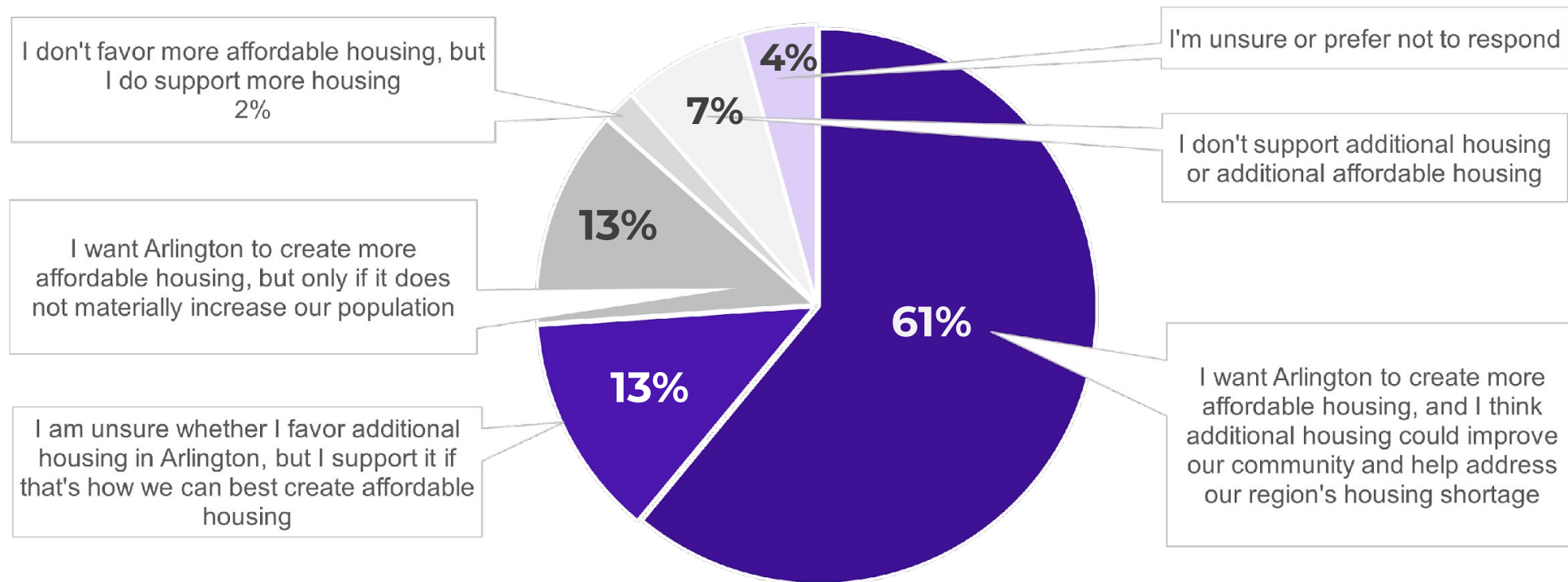
799 Responses

Survey Results - Support for More Housing?

812 Total
Responses

- 87% of respondents want Arlington to create more affordable housing.
- 61% of them also favor more housing generally.
- 13% more are unsure about more housing, but favor more if it is affordable.
- 13% only support more affordable housing if it does not increase population.

Which of the following statements do you most agree with?



782 Responses

What Do We Mean When we Say Affordable Housing?

Income targeting goals will prioritize those with lowest incomes, while retaining flexibility.

The Trust can fund housing for this range of incomes

| | Extremely Low ~30% AMI (less than \$42,050/yr) | Very Low 50% AMI (less than \$70,100/yr) | Low 80% AMI (less than \$111,850/yr) | Moderate 100% AMI (less than \$140,200/yr) | Middle 120% AMI (less than \$168,250/yr) |
|-----------------------|--|--|--|--|--|
| Family size: 4 | Affordable 3BR rents \$734 | \$1,303 | \$2,154 | \$2,721 | \$3,290 |
| | Affordable 3BR sales n/a | \$160,900 | \$290,300 | \$368,500 | \$445,300 |

| | Extremely Low ~30% AMI (less than \$33,650/yr) | Very Low 50% AMI (less than \$56,100/yr) | Low 80% AMI (less than \$89,500/yr) | Moderate 100% AMI (less than \$112,200/yr) | Middle 120% AMI (less than \$134,640/yr) |
|-----------------------|--|--|---|--|--|
| Family size: 2 | Affordable 2BR rents \$659 | \$1,164 | \$1,921 | \$2,426 | \$2,931 |
| | Affordable 2BR sales n/a | \$137,000 | \$252,000 | \$326,000 | \$394,100 |

| | Extremely Low ~30% AMI (less than \$29,450/yr) | Very Low 50% AMI (less than \$49,100/yr) | Low 80% AMI (less than \$78,300/yr) | Moderate 100% AMI (less than \$98,200/yr) | Middle 120% AMI (less than \$117,840/yr) |
|-----------------------|--|--|---|---|--|
| Family size: 1 | Affordable 1BR rents \$590 | \$1,031 | \$1,695 | \$2,136 | \$2,577 |
| | Affordable 1BR sales n/a | \$113,100 | \$213,700 | \$280,700 | \$343,000 |

Sources:

Extremely Low, Very Low, and Low income limits: HUD FY2022 Income Limits Summary (<https://www.huduser.gov/portal/datasets/il.html>)
 Moderate income limit obtained by multiplying 50% AMI by two; Middle income limit obtained by multiplying Moderate income limit by 1.2.
 Price limits: BPDA Income, Asset, and Price Limits (2022): <http://www.bostonplans.org/housing/income-asset-and-price-limits>

Income Targeting Goals

50% of Units Affordable to Households Making 60% of AMI or Less

The Trust will endeavor to have at least fifty percent (50%) of all housing units funded by the Trust during the term of the Plan be reserved for households with incomes less than or equal to 60% of areawide median income.

15% of Units Affordable to Households Making 50% of AMI or Less

The Trust will also endeavor to have at least 15% of all housing units in projects funded by the Trust during the term of the Plan be reserved for Extremely Low-Income (“ELI”) households with incomes less than 30% of areawide median income or Very Low Income (“VLI”) households with incomes less than 50% of areawide median.

Why Flexibility Matters

Here are six reasons why our goals and guiding principles point to retaining some flexibility to serve a range of incomes.

| | | |
|----|-----------------------------------|--|
| 01 | Range of Housing Needs | Data and community feedback show moderate- and middle income residents with high housing cost burdens and/or excluded altogether. Residents want solutions to a range of housing needs. |
| 02 | Avoiding Displacement | Converting existing apartments to affordable affects current residents, who may not fit into income bands needed to access other critical subsidies. We need flexibility to ensure moderate income families stay in their homes. |
| 03 | Income Diversity | The housing market favors high income residents. We can't retain meaningful income diversity by just subsidizing the lowest income residents. We need moderate and middle income housing too. |
| 04 | Leveraging Other Resources | Limited local resources mean we must follow public and private subsidy dollars and be flexible to make projects feasible and maximize outcomes. A 70%, 80% AMI or even 100% of AMI unit a developer agrees to build is better than a 50% of AMI unit they won't. |
| 05 | Homeownership | Ownership is entirely out of reach in Arlington for moderate income residents, and challenging for VLI or ELI households to reach or sustain anywhere. Our best opportunities to put ownership in reach for people who need it is likely between 60-100% of AMI. |
| 06 | Vouchers | Most extremely low-income and very low-income renters who receive housing vouchers from AHA are unable to find an apartment in Arlington with low enough rent. 70-100% AMI units could fix that. |

Strategy 2: What the Experts Said

When asked what would cause them to create affordable housing here, experienced developers' responses were very consistent.

“It’s easy—projects where Town players can help to fast-track: land + financing + community support + permitting and transparency have our interest.”

— Affordable Housing Developer

Identify & offer public sites for redevelopment, such as underutilized commercial sites. ID and negotiate or purchase other acquisitions.

Sites

Funding

Early local financing commitments, affordable ADU funding, subsidy for small acquisitions for conversion to affordable.

Affordable housing overlay, friendly 40B, permitted site disposition, MBTA Communities opportunities.

Permits

Alignment

Clear, consistent indication of what community wants, the resources & will it offers to support the development (i.e., RFQ).

Strategy 2: Income Targeting



Create Additional Affordable Housing

- ACTION:** Identify public and private **sites** for new **construction or acquisition** and conversion
- ACTION:** Provide **predictable permitting** for mission-aligned affordable housing.
- ACTION:** Pilot two+ local **funding** strategies.
- ACTION:** Issue an **RFQ for developers** interested in creating the affordable housing we want.
- ACTION:** Encourage **mixed income homeownership** to get developers to meet this subsidy need.

5-Year GOAL
Create/Permit 100+ Affordable Homes

Housing for Households that Make Very Low and Extremely Low-Incomes.

- Lower incomes = lower rents = more subsidy
- There is a need for both deeper capital subsidy AND ongoing operating subsidy to make them financially feasible
- There are no new subsidies for public housing or project-based Section 8.
- The most common new subsidy for extremely low income and very low income housing is project-basing of mobile housing vouchers.

Income Targeting GOAL
15% of new affordable housing
affordable to ELI or VLI households

The Downing Square Broadway Initiative recently developed by the HCA includes **16 units available to extremely low income households** (at or below 30% of AMI), made financially feasible by 6 project-based Section 8 vouchers provided by the Somerville Homeless Coalition and 10 vouchers from other programs.

39% of AHA mobile vouchers are used in Arlington