

CITY OF SOMERVILLE, MA

**MAYOR'S OFFICE OF STRATEGIC PLANNING AND COMMUNITY
DEVELOPMENT**

HOUSING DIVISION

**SOMERVILLE AFFORDABLE HOUSING TRUST:
EARLY ACTION ACQUISITION FUND**

APPLICATION FORM

INSTRUCTIONS: This application contains the minimum information necessary for proposal review. Additional information should be included as necessary. Use extra sheets if needed. The Housing Division may request more information from the sponsor.

Please contact Paul Goldstein, the City's Housing Programs Coordinator, before beginning your application to introduce your project and confirm eligibility for Early Action Acquisition Funds. Contact Paul at 617-625-6600 Ext 2587 or pgoldstein@somervillema.gov.

See Attachment 1 for the Early Action Acquisition Fund Guidelines, which includes eligibility and loan terms.

If you have drafted or recently submitted another funding application for your project, such as for other city or state funds, you may submit relevant portions instead of the corresponding parts of the Trust application. However, please be sure to include the following:

1. The cover page form from this application;
2. All applicable attachments listed in this application;
3. A predevelopment budget; and
4. The three most recent years of audited financials (Uniform Guidance Single Audit, Subpart F, formerly A-133, if applicable), as well as management letters and board responses from each of those years, if any. In addition, applicants should provide the organization's most recent quarterly financial statements. (Not required if the City's Housing Division already has this information on file (e.g., from a past application to the Trust)).

Applications are due two weeks before meetings of the Board of Trustees. For a list of Board dates, please contact the Housing Programs Coordinator who serves as staff liaison to the Board. The Board prefers to receive applications electronically as a PDF, if possible.

COVER PAGE

SECTION 1: APPLICANT INFORMATION

1. Name of Applicant: _____

2. Address: _____

3. Type of Applicant (check):

☐ Public Non-Profit ☐ Private Non-Profit ☐ Public Agency

☐ Private Developer ☐ CHDO ☐ Other (specify)

(Attach copies of Articles of Incorporation & By-Laws and/or W-9 if not already on file w/City of Somerville)

4. Applicant Contact Information:

Contact Person: _____ Title: _____

Phone: () _____ E-Mail: _____

SECTION 2: PROJECT DESCRIPTION

1. Property Location (address and/or assessor's parcel ID): _____

2. Type of Property/Anticipated Project (check):

☐ Vacant & Developable ☐ Tear Down & Redevelopment ☐ Rehabilitation & Reuse

3. Project Narrative: Provide a short description of the proposed project:

4. Have you formed a single-purpose entity to own the property? Yes No

A. If yes, include the entity name and type: _____

5. How long do you anticipate holding this property prior to construction closing? _____

6. What is the anticipated annual income during the carrying period, if any? _____

7. What portion of the requested acquisition loan will cover carrying costs, if any? _____

Estimated Annual Carrying Costs		
	Amount	Funding Source(s)
Taxes		
Insurance		
Utilities		
Security		
Interest		
Maintenance		
Relocation		
Other:		
Other:		
Total	\$	

SECTION 3: PROPOSED PROJECT FINANCING

1. Acquisition Funding Request & Appraisal

FUNDING REQUEST	
Trust Funds	
Other City Funds (<i>outside of this request</i>)	
Other Non-City Funds (<i>Specify source(s)</i>)	
Total	

APPRAISAL	
Total Appraised Value	
Source of Appraisal (<i>Name of appraiser and company</i>)	
Date of Appraisal	
Appraisal Method(s) (<i>e.g., sales comparison; cost; or income</i>)	

2. Non-Acquisition Funding - *To the extent known, at this early stage, provide the following information regarding proposed project financing.*

A. Include a detailed predevelopment budget and attach it to your application.

PROPOSED PROJECT FINANCING				
Uses	Amount	Sources	Amount	Status
Predevelopment		Source: Source: Source:		
Construction		Source:		
Soft Costs		Source: Source: Source:		
Developer Fee		Source: Source:		
Developer Overhead		Source: Source:		
Other (Capitalized Reserve)		Source: Source:		
Other ()		Other ()		
Total Uses:	\$	Total Sources:	\$	
Operating Subsidy (if applicable):				
Status: P=Proposed; L=Letter of Interest; A=Application Pending; C=Commitment				

SECTION 4: TEAM AND PERFORMANCE HISTORY

1. Current Team

A. Name all entities currently involved with this project (your organization/agency; lawyer; development consultant; architect; etc.). Add a sheet if you have more than three entities currently involved.

A. Role on Project Team: _____

Name: _____

Address: _____

Contact Person & Tel. #/e-mail: _____

Minority Owned Business (MBE): Yes No

Minority Women Owned Business (WMBE): Yes No

B. Role on Project Team: _____

Name: _____

Address: _____

Contact Person & Tel. #/e-mail: _____

Minority Owned Business (MBE): Yes No

Minority Women Owned Business (WMBE): Yes No

C. Role on Project Team: _____

Name: _____

Address: _____

Contact Person & Tel. #/e-mail: _____

Minority Owned Business (MBE): Yes No

Minority Women Owned Business (WMBE): Yes No

2. Other Potential Team Members: On a separate sheet, list other entities you are anticipating adding as the project moves forward, if known (*role, name of firm, MBE/WMBE status*)

3. History of Performance

Please provide basic information about the history of your agency's performance. List the last five projects, regardless of whether they were funded with public or private funds, and indicate which projects are underway or completed.

Project	Funding Source	Status

SECTION 5: PROPERTY INFORMATION

1. Site description (*physical and environmental characteristics, neighborhood context, current use*):
2. Size of Lot(s) (s.f.):): _____
3. Number and Gross S.F. of Any Buildings:
4. Zoning District(s) (*if the site is split between two or more districts, include the acres in each zoning district*):
5. State if the property is a designated historic property or in a historic district: Yes No
 1. If yes, identify the designation type (*e.g., National Register, State Register, Local Historic District, etc.*): _____
6. Describe the plan to acquire the site, including public designation, if relevant. Note the form of site control and provide evidence. (*Attach option to purchase.*) *If this is a preservation project, please address the status of the MGL C.40T process.*

7. Attach all relevant due diligence documentation to this application, such as environmental assessments, including lead-based paint and asbestos, land survey, title search, inspection, etc.

A. Has a title search been conducted for the property? Yes No

B. If yes, identify any title flaws or encumbrances on the property and describe the planned remedy:

8. Is the property presently occupied by commercial or residential tenants? Yes No

9. If the property has existing tenants, please provide a summary of the relocation plan for the existing tenant(S).

10. OTHER: Please provide any additional information that you would like to be considered.

SECTION 6: ORGANIZATIONAL EXPERIENCE & CAPACITY

1. Please attach a) list of directors and officers, along with their agency affiliations, b) description of the organizational target area, and (c) organizational history/experience, unless the City Housing Division already has these on file.

2. Is your organization current on all financial obligations to city funding sources? Yes No

3. Who is on your staff management team? How long have they been in this role? Have there been any significant changes to your management team during the past year? If you have a real estate department, how many staff are in this department? How many finance staff are there in total and what are their roles?

4. Describe your existing real estate portfolio and development pipeline. Describe the number of properties and housing units, your current project pipeline, and how this project fits into the pipeline.

Please complete the following chart:

Has the Executive Director served more than 2 years?	yes/no
Is there a Senior Fiscal person?	yes/no
Have they served more than 2 years?	yes/no
Are financials generated internally?	yes/no
Are financials reviewed by board?	yes/no
Frequency of financial review by board?	monthly/quarterly/other. If other, please clarify:
Does the organization monitor cash flow formally?	yes/no
Is this reviewed by board?	yes/no
Frequency of review?	monthly/quarterly/other. If other, please clarify:

SECTION 7: ATTACHMENTS CHECKLIST

- ☐ Detailed site map
- ☐ Site Control Agreement
- ☐ Appraisal
- ☐ Environmental Reports
- ☐ Relocation Plan (if appropriate)
- ☐ Financing Commitments/Letters of Interest
- ☐ Project Team Member Qualifications
- ☐ Articles of Organization and Bylaws
- ☐ List of Directors and Officers
- ☐ Description of Organizational Target Area
- ☐ Description of Organizational History/Experience
- ☐ Audited Financial Statement (3 years) & YTD Financials
- ☐ Current Organizational Operating Budget
- ☐ Predevelopment Budget

ATTACHMENT 1

Somerville Affordable Housing Trust Fund - Early Action Acquisition Fund: Guidelines

February 16, 2023

Background and Fund Purpose

In July 2022, the City Council voted to approve a request submitted by Somerville's Mayor to repurpose \$8,288,903 originally allocated for the Green Line Extension Fund, to the Somerville Affordable Housing Trust Fund (SAHTF) to serve as an Early Action Acquisition Fund (the Fund). The purpose of the Fund is to help enable affordable and/or mixed-income housing developers to acquire property, whether raw land or containing structures, with the speed and flexibility of terms needed to compete with developers able to pay quickly and willing to do so with their own funds (i.e. without need to incur debt financing). Through Early Action Fund lending, affordable and mixed-income developers would thereby be able to control properties with 'patient capital' during development periods that can extend for several years.

Eligible Applicants and Uses

The types of projects which would be eligible for accessing the Fund include the following:

- Eligible applicants: For-profit and nonprofit developers are eligible to apply.
- Acquisition of vacant sites which will be developed into new affordable housing.
- Acquisition of existing structures which involve demolition and/or new construction to create new affordable housing.
- Acquisition of existing structures for the purpose of providing affordable housing which will involve rehabilitation and/or other capital improvements prior to the units being move in-ready.

Fund Terms

Loan terms and related conditions at the time of Fund launch include the following:

- Interest rate: Loans are expected to be made at rates of 2-2.5% (fixed) interest, consistent with rates for other forms of lending referenced in the SAHT's 2023 Strategic Plan. If the Trust elects to change rates for other lending, it expects the rate(s) likewise to change for Fund lending.
- Interest payments: Payments will be made quarterly.
- Loan duration: Lending period is expected to be for between 2–3-years, with the possibility of to extend as circumstances warrant, contingent on Trust approval.
- Ability to convert acquisition loan to permanent subsidy: The expectation is that the Fund will be a revolving fund and that loans will be paid back in full at the end of the term. In the event that sufficient sources of permanent financing cannot be secured, the Trust may consider conversion of loan(s) to permanent financing at the end of its term. Requests to convert any portion of the loan to permanent subsidy will be considered by the Trust on a case-by-case basis, and any requests should be made at least one year prior to the maturity date of the loan.
- Loan ratios : Loans shall not exceed 100% loan-to-value ratio, with value to be established through an appraisal prior to loan issuance. Projects which leverage other funding sources for acquisition will be prioritized in order for the Fund to be dispersed as widely as possible.
- Carrying costs: A certain percentage of the loan may be used for carrying costs (such as taxes and insurance). The Trust may consider providing additional funding for carrying costs if the terms of the loan are extended.
- Reconveyance agreement: In lieu of a Restriction, projects which receive acquisition lending will need to execute a reconveyance agreement, requiring the project be sold to a developer

for creation of affordable housing on the site in the event a project does not proceed beyond the acquisition phase.

Living Document

- The Guidelines may be updated by the Trust when it sees fit to be responsive to changing market conditions.

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