

TO: Symmes Advisory Committee
FROM: Laura Wiener, Director of Housing
DATE: [October 2002]
RE: Resources for affordable housing at Symmes

CC: Arlington Redevelopment Board
Alan McClennen, Director of Planning and Community Development

I am writing to clear up some possible misconceptions about the development of affordable housing at Symmes. Affordable housing may be unlike many of the other proposed public benefit uses at Symmes in that there are significant financial resources that can be tapped to help support it. There is no requirement that the affordable units be subsidized internally. Any developer experienced with mixed income housing would expect to tap into all available resources, local, state or federal, to subsidize the affordable portion of the project. Therefore, affordable housing can actually bring money into the Symmes project.

Allocation of some of the sources of funds, particularly federal funds, is directly controlled by the town, and is therefore pretty reliable. These might include CDBG, HOME, and Section 8.

CDBG comes directly to Arlington from US Department of Housing and Urban Development (HUD), and must be used to benefit low and moderate income households. Over the past 2 years, the Town has allocated a total of \$800,000 to affordable housing. Since we would expect the Symmes development to take place over a 2-3 year period, it would be realistic to think that the Town could allocate \$500,000 to \$1,000,000 for affordable housing at Symmes.

HOME is another federal program, allocated directly to communities, for affordable housing. In this case, Arlington participates in a consortium of 7 cities and towns that receive the money together (Arlington, Medford, Melrose, Malden, Everett, Revere and Chelsea together make up the North Suburban HOME Consortium, or NSC). The Consortium receives just over \$2,000,000 per year for housing in those 7 communities. Again, because this is a multi-year project, and because Arlington has never had a project of this scope, it would be likely that funding on the order of \$500,000 to \$1,000,000 would be available.

Project based Section 8's come from HUD and are allocated by the local Housing Authority. Under this program, a low income tenant pays only 30% of their income for rent, and HUD makes up the difference between the tenant's share and what it determines to be the Fair Market Rent (FMR). Right now, HUD will pay roughly \$1250/month for a 2 bedroom apartment, and \$1550/month for a 3 bedroom apartment (not including utilities) in Arlington. That means the owner collects the same rent from a very low income tenant (less than 30% of median income) as a moderate income tenant (80% of median income). The Housing Authority can commit Section 8 subsidies for up to 25% of all units constructed.

State Funding. The State also allocates funds for affordable housing. One of its stated goals is to de-centralize the supply of affordable housing by supporting development outside the major cities. Arlington would certainly qualify, and rate competitively for any affordable housing project. I have had an initial conversation with Kate Racer, Director of Private Housing at the State Department of Housing and Community Development. She indicates that the State would "want to work closely with Arlington on the redevelopment of the Symmes site to include affordable housing". She also said she would be happy to meet with us at any time, to help us shape the deal in such a way that it would be most likely to receive funding. Some of the sources of funds controlled by the state are:

Affordable Housing Trust Fund can provide up to \$50,000 per affordable unit, with a limit of \$1,000,000 per project. New construction is a priority. Can be used for rental or home ownership.

State HOME will fund up to \$40,000 per affordable unit, maximum \$500,000 per project. Must be matched with local (CDBG or HOME) funds. Can be used for rental or homeownership

Low Income Housing Tax Credits can provide up to 87% of construction costs per affordable unit of rental housing. Allocation of tax credits is done by the state Department of Housing and Community Development and can be very competitive. It sometimes takes a couple of rounds to get funded, but projects are encouraged to "wait in line".

In conclusions, there most definitely is money available to subsidize affordable housing. A creative and aggressive developer can use the funding sources described here, with no direct cost to the project, because the subsidized units are supported by grants, not the rest of the development. All funds will be available at closing.