

**Housing and Sheltering Committee  
FY2016 CPA Proposal—Municipal Affordable Housing Trust Fund**

**Questions for CPA presenters:**

- 1. What other funds will be used for this project? Have you done additional fundraising or leveraged other funds that would match the CPA expenditures?**

At this time, the Trust has not raised funds from other sources. CPA funds and payments from inclusionary zoning are the two most common sources of funding for a Municipal Affordable Housing Trust Fund. The trust can also accept donations, hold fundraising campaigns and accept other types of payments.

- 2. How will you deal with long-term maintenance issues regarding your proposal?**

There are no long-term maintenance issues with the proposal.

- 3. Do you anticipate requesting future funds from the CPA committee, for what?**

Many of the Municipal Affordable Housing Trust Funds in Massachusetts receive funding through the CPA in the form of an annual appropriation each year. Amherst's Trust may ask for an annual appropriation and they could request funds for specific projects.

- 4. Is the timeline for the expenditure of CPA funds in your proposal realistic?**

There is no timeline for expending these funds. Once established, the Trust will develop its own strategic plan by synthesizing the priorities from the Amherst Master Plan, Housing Production Plan and Housing Market Study. This plan will help guide their initiatives as they work with local property owners and developers.

**Proposal 7. Housing & Sheltering Committee on behalf of the Amherst Municipal Housing Trust Fund. \$50,000**

**Exactly how would the money be spent?**

The Trust will develop its own strategic plan by synthesizing the priorities from the Amherst Master Plan, Housing Production Plan and Housing Market Study. Expenditures of the trust will follow their plan and will be guided by the Trust's bylaw and by a grant agreement between the Town and Trust that explains the allowable uses of the funds.

The Housing Trust would use these funds for predevelopment costs such as appraisals, surveys, market feasibility assessments for specific developments, engineering studies, and architectural studies.

**Typically we approve funding for specific projects, how would we assure that the money was spent according to the CPA guidelines?**

The Town and Housing Trust could enter into a grant agreement that would clearly outline the requirements—income limits, purpose, and types of housing projects—of the CPA

legislation as it applies to community housing projects. Municipal Affordable Housing Trust Funds in over a dozen communities have received CPA funds in the past five years, with many of the allocations not specifying a project.

The CPA legislation explicitly allows communities to appropriate funds to a municipal affordable housing trust. MGL ch. 44B, Section 5 (f) states *“A city or town may appropriate money in any year from the Community Preservation Fund to an affordable housing trust fund.”*

**What is the timeline for committee appointments?**

The Select Board plans to appoint the full seven members to the trust in the coming weeks. According to the Trust’s bylaw, one member will be from the Housing & Sheltering Committee, one from the Select Board, and five from the general public.

**Is it for predevelopment costs or is it broader?**

This request is similar to the due diligence requests for Open Space. The Housing Trust would use these funds for predevelopment costs such as appraisals, surveys, market feasibility assessments for specific developments, engineering studies, and architectural studies.

The amount of funds requested is not substantial enough to help fund construction costs or to buy down affordable units in a development.

**If the entity receiving the money is not the requesting entity who monitors the expenditures?**

The finances of the trust will be managed by Town staff, while the expenditures would be guided by the Trust’s bylaw and by a grant agreement between the Town and Trust that explains the allowable uses of the funds.

**Are there any other funds that have been contributed to this?**

At this time, the Trust has not raised funds from other sources. CPA funds and payments from inclusionary zoning are the two most common sources of funding for a Municipal Affordable Housing Trust Fund. The trust can also accept donations, hold fundraising campaigns and accept other types of payments.

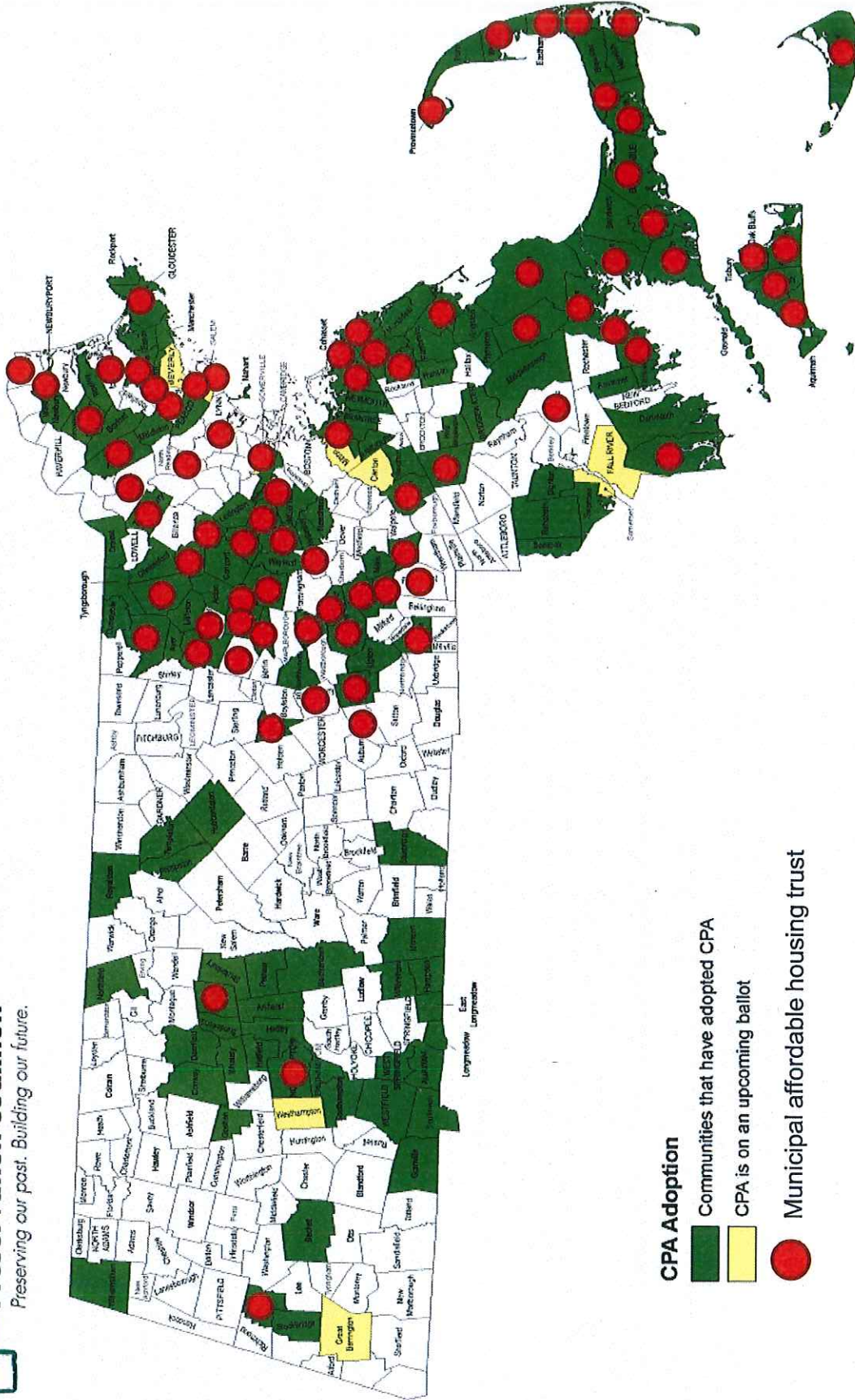
**Can we get more specificity on the timeline for expenditures?**

There is no timeline for expending these funds. Once established, the Trust will develop its own strategic plan by synthesizing the priorities from the Amherst Master Plan, Housing Production Plan and Housing Market Study. This plan will help guide their initiatives as they work with local property owners and developers.

**Should this award be delayed until the committee is actually appointed?**

The Trust will be appointed and active by Town Meeting, and would be able to use the funds immediately as of July 1, 2015.

INFORMATION FROM 10-12-2012 WORKSHOP  
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- CPA Adoption**
- Communities that have adopted CPA
  - CPA is on an upcoming ballot
  - Municipal affordable housing trust

Last updated: September 5, 2012





Published on *Community Preservation Coalition* (<http://www.communitypreservation.org>)

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## When CPA Funds a Housing Trust, a Grant Agreement is a Must!



**October 13, 2014:** Appropriating CPA funds to housing trusts has become a popular way for Community Preservation Committees to help meet the housing needs of their community. As of the end of FY13, over \$180 million of CPA generated or leveraged funds have been appropriated to Municipal Affordable Housing Trusts, other housing trusts and community development corporations.

If your Community Preservation Committee is considering appropriating funds to a housing trust or development corporation, we strongly urge that you consider having your legal counsel draft a grant agreement between the municipality (acting through the Selectmen, Mayor and/or Community Preservation Committee) and the housing trust or corporation.

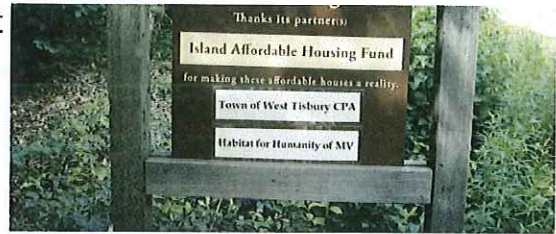
Absent a grant agreement, it may be unclear which rules apply to housing trust expenditures; do the appropriated funds follow the rules set by CPA or are the funds only subject to the bylaws of the housing trust or corporation? For example, CPA requires that residents in developments supported by CPA have incomes at or below 100% of the Area Median Income (AMI), whereas a housing trust or corporation may follow different AMI guidelines for prospective tenants.

To avoid this type of conflict, your grant agreement should either detail the specific project or initiative that the CPA funds will go toward, or it should limit the use of the funds to all CPA-eligible expenditures. At a minimum, your agreement should detail within what timeframe the funds will be used, what will happen to any excess funds, what reporting and accountability will be required (you will want to be able to show what the money was used for) and whether or not the trust will be able to pay for overhead with the funds or just direct project costs, etc.

The Community Preservation Coalition has drafted a sample grant agreement that your community can customize when appropriating funds to a housing trust. **[Click here to download our sample draft grant agreement.](#)** The download



contains not only sample grant agreement text, but an explanation of why various issues should be included in the agreement. Of course you'll want to have municipal counsel review this document and customize it for your community.



If you spend the time to carefully outline all the details of the grant agreement up front, you'll avoid potential problems down the road. Plus, you will have a blueprint to follow for future appropriations to housing trusts and development corporations.

**Source URL:** <http://www.communitypreservation.org/news/7136>