

## Article 8 - Frequently Asked Questions about Municipal Affordable Housing Trusts

### **Why is the creation of a local housing trust a benefit to the community?**

A housing trust can advance the Town's local affordable housing goals which can be found in the current five-year Housing Production Plan adopted by the Select Board and Redevelopment Board in 2016. By establishing designated funds and creating a board to oversee their use, Arlington can provide a local way to advocate for and facilitate the development of affordable housing. Many current and future residents cannot afford to purchase or rent a home in town because of the high cost of housing; the trust can establish a locally-directed and coordinated process to help meet this need.

### **What can a local housing trust do?**

A local housing trust allows municipalities to collect funds for affordable housing, separate them from the general fund into a trust fund, and designate and use the funds for local initiatives to create and preserve affordable housing.

Examples of what a local affordable housing trust fund can do include:

- Provide financial support for the construction of affordable homes by private developers (non-profit or for-profit);
- Rehabilitate existing homes and apartments to convert to affordable housing;
- Increase affordability in existing and future housing developments;
- Develop surplus municipal property for affordable housing;
- Preserve properties faced with expiring affordability restrictions;
- Create programs to assist low- and moderate-income homebuyers;
- Create programs to help low- and moderate-income families make health and safety repairs; and
- Educate and advocate to advance affordable housing initiatives.

Further, it is often the case when developing affordable housing that local funds are the first committed funds to a project. A Trust can serve as a vehicle to aggregate existing resources as well as leverage new public and private resources to support the creation and preservation of affordable units by entities such as the Arlington Housing Authority, the Housing Corporation of Arlington.

The Massachusetts Housing Partnership regularly collects and disseminates information about Municipal Affordable Housing Trusts through their Community Assistance Team. The most recent guidebook provides additional background and information about Trusts, including examples of Trusts in practice. See the link at the end of the FAQ.

### **Can't Town staff and Town Meeting perform these functions now?**

Yes, however many of the activities listed above require a lengthy process which currently requires further Town Meeting action. By establishing a housing trust, the trust is able to move swiftly with Select Board approval – often, real estate opportunities that would preserve and create affordable housing are highly time-sensitive. Additional oversight will be provided by the Select Board which must review and approve any purchase, sale, lease, exchange, transfer or conveyance of any interest in real property, as well as borrowing, mortgaging, and pledging of Trust assets. Further, the bylaw restricts any borrowing, mortgaging, and pledging of Trust assets up to 80 percent of all of the Trust's assets.

### **What controls the limits of the Trust's authority?**

Although the concept of local housing trusts is not new, the state legislature concluded that – due to increased availability of local funding through inclusionary zoning, negotiated development fees, and state and federal funding – there was a need to provide specific legislation to allow communities to form their own municipal affordable housing trust funds. In 2005, the Massachusetts legislature passed the Municipal Affordable Housing Trust Fund Law (MGL c.44 s.55C), which effectively simplified the process of establishing a local housing trust and allowed it to be created through the Town Meeting process. Prior to 2005, municipalities were required to file Home Rule petitions to establish Trusts.

This law also set guidelines on what local housing trusts can do, specifies who can serve on a local housing trust board, and establishes the powers a community can grant the board. Since the new law passed, 115 communities in Massachusetts have established municipal affordable housing trust funds. Should Arlington Town Meeting accept the legislation and adopt the proposed bylaw, the Trust would be required to comply with the local bylaw.

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### **Who would be members of the Trust?**

The trust consists of seven voting Trustees appointed by the Select Board, and the Town Manager or the Town Manager's designee would serve as an ex officio non-voting member. The Trust's membership would always include one member of the Select Board, representatives of local housing organizations, and one resident who earns a low- or moderate-income, resides in subsidized housing units as defined by G.L. c.40B or who receives state- or federally-sponsored rental subsidies, and demonstrates knowledge of tenant issues. Remaining trustees must be Arlington residents with relevant experience in the fields of real estate, housing, banking, finance, law, architecture, social services, or other areas of expertise.

### **What is the term of office for the trustees of the Housing Trust?**

Trustees serve for a term of two years except that two of the initial trustee appointments would be appointed for one year in order to stagger terms. They may be re-appointed at the discretion of the Select Board.

### **Are the Trustees subject to the Conflict of Interest Law and are Trust meetings subject to the Open Meeting Law?**

The Trust and the Trustees would be subject to the Conflict of Interest Law and the Open Meeting Law.

### **What funds can be used in a local housing trust?**

The sources vary among housing trusts. Under MGL c.44 s.55C sources of funding for trusts include: Community Preservation Act (CPA) funds, inclusionary zoning payments, negotiated developer fees, the Town's general fund, payments or fees from special bylaws such as short term rentals, grants, gifts, and private donations. However, any funding from the Town's general fund or from the CPA would require Town Meeting action. Approximately 77% of the communities with a housing trust have also adopted the CPA.

### **What financial oversight of the trust will be required?**

The Trustees will work with the Arlington Treasurer/Collector, who will be custodian of the funds. The Trustees will also need to work with the Arlington Comptroller. The books and records of the Trust are required to be audited annually by an independent auditor in accordance with accepted accounting practices and are available to the public. All funds, property and other assets will be accounted for by the Comptroller who shall issue quarterly reports to the Trustees, Select Board, Town Manager and the Finance Committee, and in an annual report to the Town Meeting.

### **Will the Trust's activities (including potential borrowing or property purchase) have the potential to negatively affect the Town, the Town's financial stability, bond rating or borrowing capacity?**

A trust is a separate legal entity from the municipality, and as such, its financial actions would not impact the Town's financial actions.

### **How can the trust work with the Arlington Housing Authority and the Housing Corporation of Arlington?**

A housing trust can work cooperatively with the Arlington Housing Authority (AHA) and the Housing Corporation of Arlington (HCA). Each entity could serve complementary functions in working to expand the supply of affordable housing in Arlington. Both AHA and HCA may be an applicant for trust funds in order to pursue new opportunities for both agencies. However, both AHA and HCA only provide rental opportunities. A trust can expand homeownership opportunities in the community. For example, a trust could acquire market property, permanently protect it, and sell it to an income-eligible household. Additionally, the trust could support buydown or down payment assistance programs or exercise Arlington's right of first refusal on existing affordable units to assist income-eligible households to access the homeownership market in Arlington.

### **Where I can I learn more?**

- The Housing Toolbox has a wealth of information on municipal affordable housing trusts: <https://www.housingtoolbox.org/local-tools/housing-trust-funds>.
- The Massachusetts Housing Partnership's Municipal Affordable Housing Trust Guidebook: [https://www.housingtoolbox.org/writable/files/resources/MAHTGuidebook\\_2018.pdf](https://www.housingtoolbox.org/writable/files/resources/MAHTGuidebook_2018.pdf)
- The Arlington Housing Production Plan and Housing Plan Implementation Committee: <https://www.arlingtonma.gov/town-governance/boards-and-committees/housing-plan-implementation-committee>