



# The City of **WORCESTER**

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**Affordable Housing Trust Fund  
Board of Trustees**

**Meeting Minutes  
Monday, August 8, 2022 5:30 PM  
Esther Howland Chamber, City Hall**

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**Virtual/Remote Participation: Via Webex**

**Call 1-415-655-0001 Access Code: 2315 664 2143 #**

**Or use Meeting Link:**

**<https://cow.webex.com/cow/j.php?MTID=m39c22f9f49f3f56792f99a9735997f1c>**

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**Present:**

*Affordable Housing Trust Fund Board of Trustees*

Victor Agudelo Ortiz  
James Brooks, Ex-Officio  
Lucelia DeJesus  
Gabriel Rodriguez  
Jackson Restrepo  
Xaulanda Thorpe (remote participation)  
Keith Krikorian  
Johanna Hampton Dance  
Benetta Kuffour

*Staff*

Peter Dunn, Chief Development Officer

**1. Call to Order**

Mr. Dunn called the meeting to order with a roll call at 5:35 PM.

**2. Approval of minutes from June 15, 2022 meeting**

Mr. Brooks made a motion to approve the minutes. Mr. Agudelo Ortiz seconded the motion. The minutes were approved 8-0 on a roll call (Xaulanda Thorpe subsequently joined the meeting).

Mr. Dunn provided a couple of updates to the Board of Trustees. Victor Agudelo Ortiz has been appointed as the Chairperson, and Jeanette Tozer has been hired as the Affordable Housing Trust Fund Program Manager with a start date in September 2022.

**3. Review of ARPA Application for 1<sup>st</sup> Time Homeownership Development**

Mr. Brooks walked the Board of Trustees through the ARPA application for the 1<sup>st</sup> Time Homeownership Development program, which is not under the purview of the Affordable Housing Trust Fund; however, the Board is invited to review and provide input about the draft application, and they will be provided quarterly updates about the program. There is \$2.5 million of ARPA funding set aside for the program, which is targeted to the development of 1-4 unit properties located within one of the 16 Census Tracts within the city that have a less than 30% homeownership rate. Up to \$100,000 per unit may be awarded for hard or soft costs on a reimbursement basis.

Mr. Brooks addressed a typo on page 15 of the application, clarifying that a property receiving 1<sup>st</sup> Time Homeownership Development funds must remain the purchaser's primary residence for a period of no less than ten (10) years or they will have to repay the ARPA funds.

Ms. Kuffour inquired about the timeframe for a purchaser to complete a HUD-approved homeownership course, and the Board discussed requiring that the purchaser complete the course no more than one year prior to closing on the property.

Mr. Agudelo Ortiz inquired about program income generated from the potential return of ARPA funding and whether or not it would go into the Affordable Housing Trust Fund. Mr. Dunn responded that if the program income is generated after ARPA funds expire, the ARPA-specific rules and regulations no longer apply. At that juncture, it may be ideal for the returned funds to go into the Affordable Housing Trust Fund, and the Board would then be able to decide how to allocate the funds.

Mr. Agudelo Ortiz asked for clarification about site control and leased land, and Mr. Brooks responded that it could apply to condominiums, further noting that for a land lease the minimum will be 50 years and can go up to 99 years.

Mr. Dunn provided a few clarifying comments, noting that applications would be accepted on a rolling basis. Mr. Brooks further noted that the rolling basis would continue until all funds were committed, which must be completed by the end of 2024. All funds must be expended by the end of 2026.

Mr. Agudelo Ortiz inquired about the definition of a "unit" and Mr. Brooks stated that it has to have its own independent kitchen and bathroom facilities and a minimum of one bedroom, but ideally two or more bedrooms.

Mr. Dunn inquired about staff review of condominium projects, and Mr. Brooks stated that they would be involved in the review to the extent that is needed to ensure all requirements are met, including the prorating of common area fees for affordable units versus market rate units.

Mr. Brooks stated that the two proposed amendments to the application are as follows:

Amendment #1 – Change typo on page 15 of the application to state that a property receiving 1<sup>st</sup> Time Homeownership Development funds must remain the purchaser's primary residence for a period of no less than ten (10) years rather than five (5) years.

Amendment #2 – A first-time homebuyer will have to complete the homeownership course within one (1) year of purchasing the property.

Mr. Brooks made a motion to approve the 1<sup>st</sup> Time Homeownership Development application as amended. Mr. Restrepo seconded the motion. The motion was approved 9-0 on a roll call.

#### **4. Review of Affordable Housing Trust Fund Developer Application**

Mr. Brooks walked the Board of Trustees through the Affordable Housing Trust Fund (AHTF) Request for Development Proposal. The first part of the document includes ARPA regulations, including the requirement that all \$15 million of ARPA funds must be obligated by the end of 2024 and expended by the end of 2026. Mr. Brooks also noted that a private developer paid an additional \$100,000 to the AHTF that is not subject to the same time requirements.

Mr. Brooks then walked the Board through the second portion of the RFP. Applications will be accepted on a rolling basis until all funds are expended. The AHTF funds may be used for both rental and first-time homeownership units. The maximum grant proposed is \$150,000 for each unit up to 25% of the total development cost, with \$25,000 bonus funding for each unit restricted to 30% area median income and/or each ADA unit over the minimum required 10% threshold. Mr. Dunn further clarified that the recommendation for a 10% minimum for ADA units is higher than the mandated 5% requirement, and is intended to reflect the great need for accessible units in the city of Worcester.

Mr. Agudelo Ortiz inquired about the minimum number of units someone would apply for, and Mr. Brooks noted that there is no listed minimum but one could be established. He further noted that 1-4 unit homeownership projects should apply for the 1<sup>st</sup> Time Homeownership Development program until those \$2.5 million of funds are expended.

Ms. Hampton Dance inquired about the goal for the number of units to be built under the umbrella of the AHTF overall. Mr. Brooks responded that it will be determined through a number of means including staff underwriting and through the Board. Developers will present projects and at that point Board members will discuss the number of units to be made affordable. Mr. Dunn further noted that at \$150,000 per unit, the ARPA allocation of \$15 million will create 100 units; however, it is important to remember that the AHTF dollars will help leverage other money and the impact will be greater than just the approximately 100 affordable housing units. In addition, the amount allocated per unit may be less than \$150,000.

Ms. Kuffour asked how the credibility and capacity of developers will be reviewed in the AHTF process, and Mr. Dunn noted that the RFP includes a robust underwriting process to assess the viability of projects and the capacity of the developer/organization, including the submission of portfolios and descriptions of their past experience.

Ms. Kuffour inquired about the eligibility of projects that have either already begun or are in the planning stages, and Mr. Dunn responded that projects already underway are not eligible because of federal review requirements, particularly the environmental review. An example of a competitive application is a shovel ready project that perhaps has gone before the Zoning Board of Appeals or Planning Board and has had an architect prepare development plans.

Mr. Restrepo asked about who makes the final decision regarding the number of units supported by AHTF dollars in a given project, and Mr. Brook responded that the AHTF will not want to be the sole source of funding for a project. The AHTF dollars will serve as gap funding, which means funding needed to make a project move forward outside of the normal market means. It will also be up to the Board of Trustees to look at the project and what makes sense; it can be up to \$150,000 per unit but it could also be less than that. It will be up to the Board once the internal underwriting is completed and staff provides recommendations.

The Board discussed the restriction that a property must remain the purchaser's primary residence for a period of no less than five (5) years and agreed that it should be no less than ten (10) years.

Mr. Agudelo Ortiz inquired about the economic studies requirement, and Mr. Brooks responded by describing the underwriting excel sheet that will be completed by an applicant that includes a sources and uses budget, construction budget, ratios that are required for bank financing, and for rentals, an operating pro forma to ensure long-term sustainability of the project. The applicant will also be required to submit a market analysis to support the project, which is a typical requirement for housing development projects.

Mr. Agudelo Ortiz asked about relocation plans for a tenant with a disability, and Mr. Brooks referred to ADA requirements and the relocation requirement that a tenant be provided with a comparable or like- for-like unit. Mr. Brooks further confirmed that the relocation plan is a written policy that the applicant will be held to if awarded funding.

Ms. DeJesus asked about how rent is determined for eligible units. Mr. Brooks referred to the HUD Fair Market Rents that are based on number of bedrooms. The rent will be calculated using those rents minus any utilities that the tenant is responsible for paying. Staff will complete annual monitoring to ensure that the appropriate rents are being charged and that income-eligible tenants are occupying the rental units. Mr. Dunn further added that the Board of Trustees will be provided information about the fair market rents.

Ms. Hampton Dance asked about the process for ensuring that qualified contractors are used for AHTF projects. Mr. Brooks responded that all licenses and insurance is checked, OSHA

requirements apply to both prime and subcontractors, and that licensed architects and engineers sign off on AIA forms for payment.

Ms. Kuffour inquired about workforce goals for AHTF funded projects. Mr. Dunn responded that the federal Section 3 requirements apply to AHTF projects, which provide workforce participation goals.

Mr. Agudelo Ortiz recommended that a B Corporation be added to the application as a type of entity.

Mr. Brooks reviewed the proposed amendments to the Affordable Housing Trust Fund Developer application:

Amendment #1 – Page 12 – Maximum grant per unit changed to \$150,000 per unit from \$100,000.

Amendment #2 – Page 14 – A first-time homebuyer will have to complete the homeownership course within one (1) year of purchasing the property.

Amendment #3 – Page 14 – Change to state that a property receiving AHTF funds must remain the purchaser's primary residence for a period of no less than ten (10) years rather than five (5) years.

Amendment #4 – Page 24 – Add B Corporation as an option for how the property title will be held.

Mr. Agudelo Ortiz made a motion to approve the Affordable Housing Trust Fund Developer application as amended. Ms. Thorpe seconded the motion. The motion was approved 9-0 on a roll call.

**5. Potential future agenda items**

Mr. Dunn stated that the Board would be able to review applications for other ARPA-funded housing projects as they are drafted.

**6. Adjournment**

There being no further business, Ms. DeJesus made a motion to adjourn the meeting. Ms. Hampton Dance seconded the motion at 7:33pm.