

CITY OF WORCESTER

Affordable Housing Trust Strategic Plan

FY2026-2030

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Prepared For:

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CHAPTER 1: INTRODUCTION

PLAN'S PURPOSE

The Worcester Affordable Housing Trust Fund (AHTF) Strategic Plan (this plan) serves as a focused roadmap to guide the Trust's efforts over the next five years. Rooted in the city's values and priorities, this plan aims to update the Trust's mission, describe five-year goals, and lay out clear priorities for action.

This plan reflects a commitment to creating and preserving affordable housing opportunities that meet the diverse needs of Worcester residents—whether that's supporting the production of deeply affordable homes, promoting housing stability, or helping to make homelessness in Worcester brief and non-recurring. By identifying funding sources, fostering partnerships, and outlining practical steps, the Strategic Plan ensures the Trust-funded initiatives are both effective and sustainable.

Ultimately, this plan empowers the AHFT Board to act strategically and transparently, helping to shape a vibrant and inclusive Worcester for years to come. It is intentionally aligned with the City's 2025 Housing Production Plan, the Now|Next long-range plan, and the Age Friendly Worcester Initiative, ensuring that Trust investments support Worcester's broader vision for equitable growth, community resilience, and as a livable place for everyone.

BACKGROUND

Purpose of Municipal Affordable Housing Trusts

A Municipal Affordable Housing Trust (MAHT) in Massachusetts is a powerful local tool designed to help communities create and preserve affordable housing. Established by enabling legislation in 2005 under Massachusetts General Laws Chapter 44, Section 55C, MAHTs provide municipalities with greater flexibility and control over local housing initiatives.

The law allows municipalities to establish trusts that can acquire, manage, and invest funds specifically for affordable housing efforts, without needing further approval from the local legislative body (e.g., City Council) or the local chief executive (e.g., Mayor) for each expenditure.

This structure empowers communities to act swiftly and strategically, whether that means supporting new housing development, preserving existing affordable homes, or offering direct financial assistance to residents. In short, an MAHT gives local leaders the authority and resources they need to address housing needs in a way that reflects their community's unique characteristics and goals.

Adoption of the Worcester Affordable Housing Trust

The AHTF was established in 2021 by a City ordinance to help address affordable housing needs in the community. The pandemic highlighted the challenge of housing quality and instability, and community input underscored affordable housing as a critical, urgent need. As a result, \$28,000,000 in American Rescue Plan Act (ARPA) funding was dedicated to housing. Of this amount, \$15,000,000 was initially allocated to the AHTF and committed to thirteen projects that are leveraging over \$380M of investment into projects that are creating 512 affordable housing units.

Per the AHTF Ordinance, the function of the AHTF board shall be to 1) advise and assist the city manager and administration in efforts to create and preserve affordable housing; 2) receive and accept contributions to the AHTF and oversee the monies in the AHTF. Per section (f)(3), the AHTF Board duties and responsibilities include the sale, lease, etc., for the creation and preservation of affordable housing for the benefit of low and moderate-income households, as defined by the U.S. Department of Housing and Urban Development. HUD defines *low- and moderate-income households* based on Area Median Income (AMI), with low-income typically defined as up to 80% of AMI, though moderate-income thresholds vary by program and can extend up to 120% of AMI in certain programs such as the Neighborhood Stabilization Program (NSP).¹

Role of the AHTF Board

The AHTF is governed by a nine-member AHTF Board responsible for overseeing the Trust's funds and activities.² Guided by Massachusetts General Laws Chapter 44, Section 55C, the Board manages the Trust's assets with the goal of creating and preserving affordable housing opportunities in Worcester. The Board acts much like a financial steward. Their powers include accepting and receiving real property, funding, grants, gifts, etc., for the purpose of purchasing, managing, or improving real property to be used as affordable housing.

The AHTF Board is an executive board that is appointed by the City Manager without the need for City Council confirmation. Note that Worcester's Home Rule charter, as approved by the voters of Worcester in 1986, established a Citizen Advisory Council (CAC), whose function is to assist the City Manager in selecting candidates for appointment to boards and commissions, including the AHTF. The CAC actively recruits nominees, accepts all applications, and submits recommendations for appointments to the City Manager.

Reflecting City's commitment to diverse expertise and inclusive representation, the AHTF Board membership includes members from different City districts, including at least two

¹ <https://www.hudexchange.info/programs/nsp/nsp-eligibility-requirements/>

² Note: On January 11, 2022, the City Council approved an amendment to the original ordinance establishing the AHTF to increase the membership from seven to nine, increase the requirement for at least one member to be an affordable housing tenant to two, and reduce the requirement for at least two members to have experience in housing development or financing housing development projects to one.

members who are tenants of affordable housing and at least one member with experience in housing development or finance. All members have an interest in increasing quality affordable housing options and are appointed to two-year terms.

The City is committed to filling all designated seats on the AHTF Board, and while finding the right mix of lived experience and professional expertise takes time, recruitment remains ongoing. This approach helps ensure that the Board reflects the voices and perspectives critical to advancing affordable housing in Worcester. The AHTF Board, supported by the City's AHTF Manager, provides strategic leadership to ensure the AHTF operates effectively and advances the City's affordable housing goals.

Funding Sources for Housing Trusts

Municipal Affordable Housing Trusts across Massachusetts have access to a range of potential funding sources to support their work. These can include appropriations from the City's Community Preservation Act fund, other City funds, grants from state and federal programs (including federal American Rescue Plan Act (ARPA) funds), inclusionary zoning in-lieu payments, negotiated payments through development agreements, proceeds from the sale of tax-title properties, revenue from municipal leases, and private donations.³

HOUSING NEEDS: A SNAPSHOT FROM THE HOUSING PRODUCTION PLAN

Worcester is experiencing a period of sustained growth, both in population and employment. With projections showing the city surpassing 230,000 residents by 2050, new housing will be critical to meeting future demand. The city's growing appeal among young people and families is influenced by its position as a relatively more cost-accessible option in the region, strong transit access, and vibrant mix of urban amenities. As Worcester attracts new residents, particularly higher-income earners and remote workers, the demand for both market-rate and affordable housing options continues to climb. However, rising home prices and rents are outpacing what many existing residents can afford, placing considerable pressure on the city's lower- and moderate-income households. Despite a notably high pace of residential construction in recent years, supply continues to lag behind demand, intensifying affordability challenges for many long-term residents.

The draft Housing Production Plan finds a substantial affordability gap across the city, especially among renters. Nearly one-third of Worcester's renter households earn less than \$50,000 per year, making the city's estimated median 2022 rent of \$1,718 increasingly unattainable.⁴ At the same time, the number of higher-income renters has grown dramatically – a 112% increase in renter households earning over \$100,000. This trend, driven in part by homeownership challenges and preference for rental living, further

³ *Inclusionary zoning in-lieu payments* refer to funds paid by developers as an alternative to building affordable housing units within a new development. These payments are typically allowed when on-site affordable unit construction is deemed impractical or undesirable. The collected funds are then directed to a municipal Affordable Housing Trust or similar entity to support the development or preservation of affordable housing elsewhere in the community.

⁴ Source for the estimated median 2022 rent is the American Community Survey (ACS) 5-Year Estimates for 2022.

tightens competition in the rental market, reduces vacancy rates, and accelerates rent inflation.

Worcester's planning strategy must not only prioritize housing production but also strengthen housing stability. Anti-displacement measures, including direct subsidies and rental assistance programs for eligible households, are essential to ensure long-time residents can remain in their homes and neighborhoods as the city grows and changes.

As Worcester's economy expands, adding over 8,000 jobs in the past decade and with projections for 14,000 more by 2034, the demand for housing is expected to intensify. The city's zoning and development environment, however, has not kept pace. Outdated dimensional standards and strict parking requirements create significant barriers to both preserving historic buildings and developing new homes. Many existing structures would not be legal to build under current zoning. This not only limits reinvestment in Worcester's unique housing stock but also deters new production that could ease the housing crunch.

Addressing Worcester's housing needs will require a multifaceted strategy. The draft Housing Production Plan emphasizes the need for zoning reform, increased investment in affordable housing, and development of a diverse mix of housing types. Just as importantly, the city must focus on policies that promote long-term housing security. Stabilizing neighborhoods through anti-displacement efforts and targeted support for low-income households will help ensure that all residents, not just newcomers, benefit from the city's progress. With a shared commitment across city agencies, local institutions, and community members, Worcester can create a future where everyone has a chance to thrive.

HOUSING PRODUCTION PLAN STRATEGIES RELATED TO THE AHTF

The draft Housing Production Plan (HPP) identifies the AHTF as a key partner in implementing several high-impact housing strategies. These strategies align with the Trust's mission to expand and preserve affordable housing opportunities, promote long-term housing stability, and support the city's most vulnerable residents. Within the Action Plan Matrix, the AHTF is named as the responsible entity for one strategy and as a supporting entity for four others, demonstrating the Trust's central role in the city's affordable housing efforts.

Strategies for which AHTF is the Responsible Entity:

- **Strategy 29:** *Ensure the monitoring and implementation of this plan through quarterly updates from the Affordable Housing Trust Fund, promoting accountability and transparency in achieving the plan's goals.*

Strategies for which AHTF is a Supporting Entity:

- **Strategy 17:** *Continue to support Worcester's population of people struggling with homelessness and substance abuse, including with integrated supportive housing models, as well as pathways to long-term housing stability and homeownership.*
- **Strategy 19:** *Ensure that CPA funds are consistently allocated to Community Housing projects and the Worcester Affordable Housing Trust, preferably above the statutory minimum.*
- **Strategy 20:** *Preserve existing affordable housing in Worcester by ensuring that subsidized units are not lost due to the expiration of affordability restrictions. When possible, pursue opportunities for permanent affordability.*
- **Strategy 32:** *Prioritize the production of affordable, deed-restricted housing units on surplus municipal land with local organizations that build deeply affordable and supportive housing.*

Addressing Worcester's housing needs will require coordinated investment, policy alignment, and sustained collaboration across sectors. The Housing Production Plan outlines a path forward through zoning reform, expanded affordable housing opportunities, and the development of diverse housing types that reflect the city's evolving needs. Equally important are strategies that promote long-term housing stability, particularly for low-income households vulnerable to displacement.

The AHTF is a key funding partner that helps move priority initiatives from planning to implementation. By directing resources to impactful projects and aligning with citywide goals, the AHTF plays a vital role in fostering equitable development and ensuring that Worcester's growth benefits all residents.

STRATEGIC PLANNING PROCESS

To guide its next phase of work, the Worcester Affordable Housing Trust Fund held a working session on March 3, 2025. The session brought together the AHTF Board to reflect on past funding decisions, align on future priorities, and generate strategic ideas for the next five years. Through four interactive exercises, Trustees worked in small groups to articulate a common vision, identify barriers, and propose innovative strategies. The working session established this plan's strong foundation, clarifying a shared vision rooted in equity, sustainability, and long-term community impact. Participants voiced a deep commitment to addressing the urgent needs of unhoused residents, supporting low- and moderate-income households, and promoting inclusive development practices.

Recurring themes included the importance of preserving existing affordable housing, increasing housing access for those with the greatest need, and removing systemic barriers—financial, regulatory, and social—that limit progress. Trustees expressed a desire to strengthen partnerships, explore innovative funding tools, and pursue bold solutions such as

tiny home communities and accessory dwelling unit (ADU) programs to broaden Worcester's housing options.



*AHTF Board members and City staff at the March 3, 2025 Trust Working Session, working in small groups.
Photo Credit: Jenn Goldson, 2025*

PLAN'S ORGANIZATION

This Strategic Plan is organized to provide a clear and actionable framework for the AHTF Board's work over the next five years. Each chapter builds on the last, ensuring that the Board, municipal partners, and community members have a shared understanding of the AHTF's mission, goals, and operating structure.

- **Chapter 1: Introduction** offers essential context by outlining the AHTF's purpose, history, housing needs, and funding sources, setting the stage for the detailed strategies that follow.
- **Chapter 2: Mission, Goals, and Priorities** defines the AHTF's guiding mission, long-term goals, and key priority actions.
- **Chapter 3: Application Process and Operating Approach** explains how the AHTF Board will conduct its work and the application process. It emphasizes best practices for transparency, accountability, and collaboration.
- **Chapter 4: Five-Year Funding Plan** outlines the AHTF Board's financial strategy, potential funding sources to support its initiatives and target allocations.

CHAPTER 2: MISSION, GOALS, & PRIORITY ACTIONS

In Worcester, where housing costs continue to climb and pressure on low- and moderate-income households intensifies, the Affordable Housing Trust Fund is stepping forward with a clear purpose. Chapter 2 outlines the Trust's renewed mission and strategic direction for the next five years, grounded in Worcester's unique context and a commitment to inclusive, lasting solutions.

The updated mission builds on the Trust's statutory role by emphasizing long-term affordability, climate resilience, and equity. It reflects the Trust's identity as both a funder and a proactive leader, investing in housing solutions and advocating for policies that ensure all Worcester residents can thrive in safe, stable homes.

The AHTF Board developed the goals presented here, which align closely with the Worcester Housing Production Plan and the Worcester Now | Next Citywide Plan. This plan draws on the broader community engagement that informed those companion efforts, ensuring consistency with citywide housing priorities.

Finally, this chapter introduces the AHTF's priority actions—focused, achievable steps that build momentum while laying the groundwork for deeper impact. From launching targeted funding programs to strengthening partnerships and engaging the public, these actions turn the mission into measurable progress.

MISSION

The mission statement serves as the foundation for the AHTF's work, describing its core purpose, who it serves, and the values that guide decision-making. This revised mission statement builds upon the AHTF's original mission statement, with a stronger emphasis on equity, visibility, and long-term affordability.

The Worcester Affordable Housing Trust creates and preserves affordable rental and homeownership housing for low- and moderate-income residents, especially those at risk of housing instability or displacement. Through equitable investment, cross-sector partnerships, and bold initiatives, the AHTF Board aims to reduce homelessness, increase housing access, and support long-term affordability throughout Worcester.

GUIDING PRINCIPLES

Guiding principles describe the core values and commitments that consistently inform the AHTF Board's decision-making. They are enduring beliefs that help ensure the Trust's work supports Worcester's broader housing vision and aligns with long-term City plans and community needs.

The AHTF Board will prioritize funding for projects, including new construction as well as rehabilitation and conversions of existing buildings, that:

1. Reflect high standards of design, quality, and livability
2. Promote efficient and sustainable land use
3. Are located near jobs, services, transportation, and community amenities
4. Advance fair housing, equity, and long-term affordability
5. Align with the priorities and recommendations outlined in the Worcester Housing Production Plan (HPP) and the Worcester Now | Next Citywide Plan

FIVE-YEAR GOALS

The following five-year goals articulate the broad outcomes the AHTF Board is working toward through its programs, partnerships, and funding. These goals are aspirational but grounded in the realities and opportunities identified in both the strategic planning session and the draft Housing Production Plan. Together, they provide a framework for advancing housing affordability, equity, and resilience in Worcester.

1. Strengthen Financial Sustainability

The AHTF Board will build a strong and reliable financial foundation by diversifying its funding sources and leveraging public investments to attract private and philanthropic capital. Long-term financial stability will position the Trust to respond flexibly to emerging needs and opportunities.

2. Expand Housing Creation, Preservation, and Accessibility

The AHTF Board will support the development and preservation of affordable and accessible housing that serves a range of household types and incomes, with priority to create and preserve deeply affordable units. The AHTF Board aims to direct approximately 35 percent of its total five-year funding toward the creation and preservation of deeply affordable units—those affordable to households earning at or below 30 percent of AMI. This target is grounded in identified needs from the most recent Housing Production Plan. While not a guarantee, it sets a clear direction for funding priorities, contingent on the alignment of submitted proposals with this objective.

5. Prevent Displacement and Reduce Homelessness

The Trust will work to stabilize vulnerable households by funding initiatives that prevent displacement and expand access to permanent housing solutions. This

includes supporting efforts to reduce homelessness and preserve existing affordable homes before they are lost.

3. Support Community-Based Development and Emerging Developers

The Trust will prioritize partnerships that build local capacity by supporting small-scale, community-based, and Black Indigenous People of Color (BIPOC) led developers. By investing in a more diverse development pipeline, the Trust will contribute to equitable economic opportunity and neighborhood revitalization.

4. Foster Public Understanding and Support

The Trust will build broad-based community support for affordable housing through transparency, public education, and ongoing engagement. Sharing data, stories, and outcomes will help elevate housing as a shared community value and generate momentum for long-term impact.

FIVE-YEAR PRIORITY ACTIONS

This section outlines phased actions that the AHTF Board can take over the next five years to advance its goals through strategic funding. As a well-resourced city trust, the AHTF Board will primarily act as a funder, allocating resources through formal application and review processes. Actions focus on seeking a reliable and robust funding stream, tailoring funding availability to key priorities, and ensuring equitable access for established and emerging developers.

Note: The fiscal year in Worcester runs from July 1 through June 30. So, for example, Fiscal Year 2026 (FY26) begins on July 1, 2025, and ends on June 30, 2026.

Year 1 (FY26)

- Capitalize the Trust through targeted state and federal grants, Community Preservation Act (CPA) allocations, Inclusionary Zoning payments, and private donations.
- Review and refine the Trust's existing application process and evaluation criteria to ensure it is streamlined, transparent, and aligned with the Trust's mission, guiding principles, and goals. This includes reducing barriers for emerging and small-scale developers while maintaining project quality.
- Revise the former Request for Proposals (RFP) for general housing production and preservation projects, including new construction, rehabilitation, conversion, and predevelopment funds. The RFP would include consideration for targeted initiatives, such as tiny homes for the unhoused or direct assistance programs, allowing the Trust to signal its priorities to the market.
- Establish a clear pathway for predevelopment funding focused on emerging and small-scale developers. Funds would be structured as low-risk, recoverable advances and support activities like site surveys, title research, environmental assessments, market studies, early design, and permitting. A per-project cap will be explored to

distribute resources fairly, and the Trust will assess options to secure loans, such as using a lien. Application materials will clarify terms and provide examples. Outreach efforts will raise awareness and promote access, especially for underrepresented developers.

- Begin building a pipeline of eligible projects by engaging nonprofit and for-profit developers early in the funding cycle, including and especially supporting emerging developers with additional technical support.
- Develop and implement a Trustee onboarding process and packet that introduces new members to the AHTF's mission, strategic goals, funding processes, and legal responsibilities. The packet will also include foundational information on affordable housing development and finance—covering key funding sources (e.g., LIHTC, HOME, CPA), feasibility considerations, and regulatory requirements—to ensure Trustees are prepared to evaluate proposals and make informed decisions. This resource will be updated regularly and shared with all new appointees.

Year 2 (FY27)

- Explore and, if feasible, adopt a local housing subsidy program in partnership with regional banks, modeled after the Federal Home Loan Bank's Affordable Housing Program, to write down interest rates for affordable housing development.
- Continue efforts to capitalize the AHTF by seeking allocations from a diversity of funding sources.
- Continue to issue RFPs to align with the AHTF funding round cycle.
- Evaluate the early outcomes of the new funding process and make improvements as needed, with a focus on balancing inclusivity and project readiness.
- Continue outreach and technical support through partnerships to assist emerging developers in preparing competitive applications.

Year 3 (FY28)

- Continue efforts to capitalize the AHTF by seeking allocations from a diversity of funding sources.
- Continue issuing RFPs to align with the AHTF funding round cycle and refining the RFP to deepen funding alignment with city priorities by targeting resources toward gaps identified in previous rounds (e.g., geographic, population-specific, or unit-type needs).
- Explore opportunities to co-fund projects with other entities (e.g., Worcester Housing Authority, local CDCs, private foundations) for greater leverage.
- Maintain visibility of the Trust's role as a funder through regular reporting, community events, and impact storytelling.

Year 4-5 (FY29-30)

- Continue efforts to capitalize the AHTF by seeking allocations from a diversity of funding sources.
- Continue to issue RFPs aligned with emerging needs and evolving Trust goals.
- Evaluate the long-term outcomes of funded projects and use this data to inform the next strategic plan.
- Establish a five-year review cycle to refresh the Trust's funding priorities and ensure sustained alignment with the City's Housing Production Plan and Worcester Now | Next Citywide Plan, and adopt an updated AHTF Strategic Plan.

Ongoing Actions

- Ensure the monitoring and implementation of the Housing Production Plan through quarterly updates, promoting accountability and transparency in achieving the plan's goals.
- Monitor the progress and impact of funded projects through annual reporting and documentation.
- Maintain open communication with city leadership, housing stakeholders, and the broader community.
- Stay informed on emerging funding opportunities and policy changes at the state and federal levels.
- Ensure transparency and accountability in all funding decisions through clear documentation, public engagement, and alignment with municipal plans, including maintaining alignment with the Housing Production Plan, Worcester Now | Next Citywide Plan, and other local planning efforts.
- Set aside funding annually for Trustee professional development to support ongoing learning and informed decision-making. This may include covering costs such as registration for relevant trainings or events, such as the annual MHP Housing Institute. Investing in Trustee capacity helps ensure the Board remains current on housing trends, funding tools, and best practices.

CHAPTER 3: APPLICATION PROCESS AND OPERATING APPROACH

As Worcester's housing needs evolve, the Affordable Housing Trust Fund (AHTF) is positioned to serve as a critical local funder, supporting projects that create, preserve, and expand access to affordable housing across the city.

Chapter 3 outlines the Trust's approach to project funding, including improvements to the application process, clarification of the Board's role, and strategies to build developer capacity while maintaining a realistic operational model for the volunteer Board. This operating approach is designed to be transparent, predictable, and equitable, anchored in the Trust's mission and guided by best practices in local housing investment.

AHTF BOARD'S ROLE

The Worcester AHTF Board serves as a funder. While some smaller municipalities take a more active development role, Worcester's size, market complexity, and available staff capacity make a funder model more appropriate. The Board's key responsibilities in this model include:

- Setting funding priorities
- Issuing RFPs
- Reviewing applications and hearing project presentations
- Making awards
- Monitoring funded projects for performance and compliance

City staff supports the board's work by handling technical review, outreach, and administrative oversight. This division of roles ensures that the Board can focus on high-impact decision-making while maintaining accountability and transparency.

BOARD RESPONSIBILITIES

The AHTF Board will continue to meet monthly to provide consistent oversight, guide Trust activities, and help maintain momentum toward achieving Worcester's affordable housing goals.

As part of its regular monthly meetings, the Board is minimally responsible for:

- Requesting and securing funding to capitalize the Trust Fund.
- Issuing RFPs to solicit project proposals aligned with the Trust's mission. The Board will review submissions, evaluate them using established criteria, and select proposals for funding.
- Conducting an annual audit, as required by statute.

In addition to these core responsibilities, the Board may choose to take on the following activities to enhance its effectiveness and foster transparency:

- **Preparing and submitting an annual report** that includes a summary of accomplishments and funding allocations, updates on funded projects and partnerships, measurable outcomes such as housing units created or preserved, community impact stories, financial statements, and forward-looking priorities.
- **Participating in an annual retreat**, ideally facilitated by a neutral third party, to reflect on progress, reassess goals, refine strategies, and foster shared vision. The retreat offers a valuable opportunity to step back from routine operations and focus on long-term impact.
- **Reviewing and updating this strategic plan** to evaluate implementation progress and develop priorities for the next five-year planning cycle.

BUILDING CAPACITY THROUGH A FUNDRAISING SUBCOMMITTEE

To enhance the AHTF Board's long-term sustainability, the Board should consider forming a Fundraising Subcommittee tasked with cultivating private donations and philanthropic support. Importantly, this subcommittee could include non-Board members, such as community advocates, housing leaders, and philanthropic advisors, to expand its reach and effectiveness.

This structure respects the limited time of volunteer Board members while acknowledging the importance of diversifying the Trust's revenue base. As described in the Priority Actions section, securing private donations will be key to advancing innovative housing initiatives beyond what public funds can support.

APPLICATION PROCESS

To improve accessibility and efficiency, the Trust will shift from a rolling application process to offering three funding rounds each year. This rhythm will enable the Board to organize its review schedule, focus discussions, and provide timely feedback to applicants. It also creates space for fundraising, reflection, and planning, ensuring that operations remain aligned with the strategic plan's goals and priorities.

Each funding round will be publicly announced through a Request for Proposals (RFP), outlining available funds and the AHTF Board's current priorities. The first round of each year will focus on allocating that year's Community Preservation Act (CPA) funds and is expected to be the largest round. Subsequent rounds—Rounds 2 and 3—are contingent on securing additional resources such as Inclusionary Zoning payments, returned or unspent funds, or private donations.

All applicants may be required to present their proposals directly to the Board, allowing for discussion, questions, and clarification prior to any funding decision.

To ensure consistency and fairness, the AHTF Board will evaluate proposals using a scoring system aligned with this Strategic Plan's principles and goals. This process allows the Board

to compare applications to each other and make funding decisions that are both strategic and transparent. The Board is not obligated to award funds in any round, even if applications are submitted.

Applicants whose proposals are deemed strong and aligned with the Trust's goals but not funded due to limited availability of funds will be invited to reapply in a future round within the same fiscal year, if additional funding becomes available. However, applications that are denied due to low or non-competitive scores will be subject to a one-year cooling-off period before they may reapply.

Recognizing that previous materials were tailored to federal ARPA requirements, the Trust will revise its application forms and evaluation guidance to reflect the shift toward local and more flexible funding sources, such as CPA and Inclusionary Zoning. These updates will include:

- Streamlined forms that focus on core elements like site control, development feasibility, affordability levels, and alignment with Trust priorities.
- The removal of federal constraints such as Qualified Census Tract targeting, while retaining meaningful standards like the 10% minimum for accessible units.
- Clearer guidance on budget assumptions, especially for operating budgets in rental projects.

These improvements will help applicants understand expectations more clearly and allow the Board to make more consistent and equitable decisions.

SUPPORT FOR EMERGING DEVELOPERS

To promote equity and broaden participation in Worcester's affordable housing landscape, the AHTF will consider enhancing its support for small-scale and emerging developers. These developers bring valuable community knowledge and fresh perspectives, often grounded in lived experience and neighborhood trust.

Emerging developers may include individuals or organizations that are newer to affordable housing development, those working on smaller-scale or first-time projects, or developers led by and serving communities historically underrepresented in real estate and housing finance.

Emerging developers are well-positioned to lead impactful projects but may benefit from additional support to navigate financial documentation such as proformas and to engage more confidently with underwriting standards. Providing this kind of support can help unlock their full potential and ensure a more diverse, community-rooted pipeline of projects.

To this end, the AHTF Board will consider retaining a consultant on contract to offer technical assistance for emerging and small-scale developers. The need to support

underrepresented developers from diverse backgrounds and provide them with the information and tools to thrive in the real estate industry is crucial for achieving equitable outcomes. By supporting and enabling historically marginalized developers to undertake affordable housing projects, the program could help expand opportunities that will lead to more inclusive and desired development outcomes.

To this end, the AHTF Board will consider retaining a consultant on contract to offer technical assistance during the application process. This consultant's scope could include:

- Reviewing and troubleshooting draft proformas
- Coaching applicants on key underwriting assumptions and best practices
- Offering small group workshops on affordable housing financing
- Providing templates and plain-language guidance materials
- Supporting BIPOC-led and community-based organizations newer to development finance

The consultant would collaborate with AHTF staff to identify applicants who would most benefit from this support. Investing in these services is not only consistent with the AHTF's equity goals, but it also strengthens Worcester's broader housing ecosystem by cultivating new leadership and project innovation.

The ideal consultant would bring deep expertise in affordable housing development. They should have a proven track record of working with both public and private funding sources, including local, state, and federal programs relevant to Massachusetts and the broader New England region. Familiarity with common affordable housing tools, such as Low-Income Housing Tax Credits (LIHTC), HOME funds, and local trust funding, is essential. In addition, they should be well-versed in the requirements of Affirmative Fair Housing Marketing planning and execution and demonstrate a commitment to equity-driven development and have experience coaching or mentoring newer developers, especially those from historically marginalized communities. The consultant's ability to translate complex financial concepts into accessible guidance and tools will be key to building long-term capacity among emerging developers in Worcester.

RECOMMENDED YEAR 1 IMPLEMENTATION SCHEDULE

The following timeline outlines a proposed Year 1 schedule for the AHTF Board, reflecting a shift to three structured funding rounds per fiscal year. This rhythm ensures sufficient time for outreach, technical assistance, reflection, and planning, while aligning the Trust's internal operations with its strategic goals and responsibilities.

This schedule also includes time for an annual retreat, developing and presenting an annual report, and submitting a CPA funding request to support future activities.

Note that the annual schedule should be adjusted to align with CPA funding application deadlines, including a Step 1 and Step 2 application after the initial pilot funding round.

Spring 2025 (Pre-Fiscal Year Preparation)

- **May–June 2025**
 - Finalize CPA funding commitments based on the Spring 2025 pilot round
 - Revise and streamline application materials to reflect local funding sources and priorities
 - Update the RFP and scoring criteria to align with the Strategic Plan

Summer 2025 (Launch Phase)

- **July 2025**
 - Confirm FY2026 CPA funding allocation
 - Finalize application materials and internal review tools
- **August 2025**
 - Issue an RFP for Funding Round 1

Funding Round 1 – Fall 2025

- **September 2025**
 - Host public info sessions and outreach events
- **October 7, 2025**
 - Application deadline
- **October–November 2025**
 - Staff review applications
 - Applicants present proposals to the Board
 - Board deliberates and approves awards by the end of November

Funding Round 2 – Winter 2026

- **December 2025**
 - Host additional workshops and info sessions
- **January 7, 2026**
 - Application deadline
- **January–February 2026**
 - Review of applications and applicant presentations
 - Board votes on funding recommendations by late February

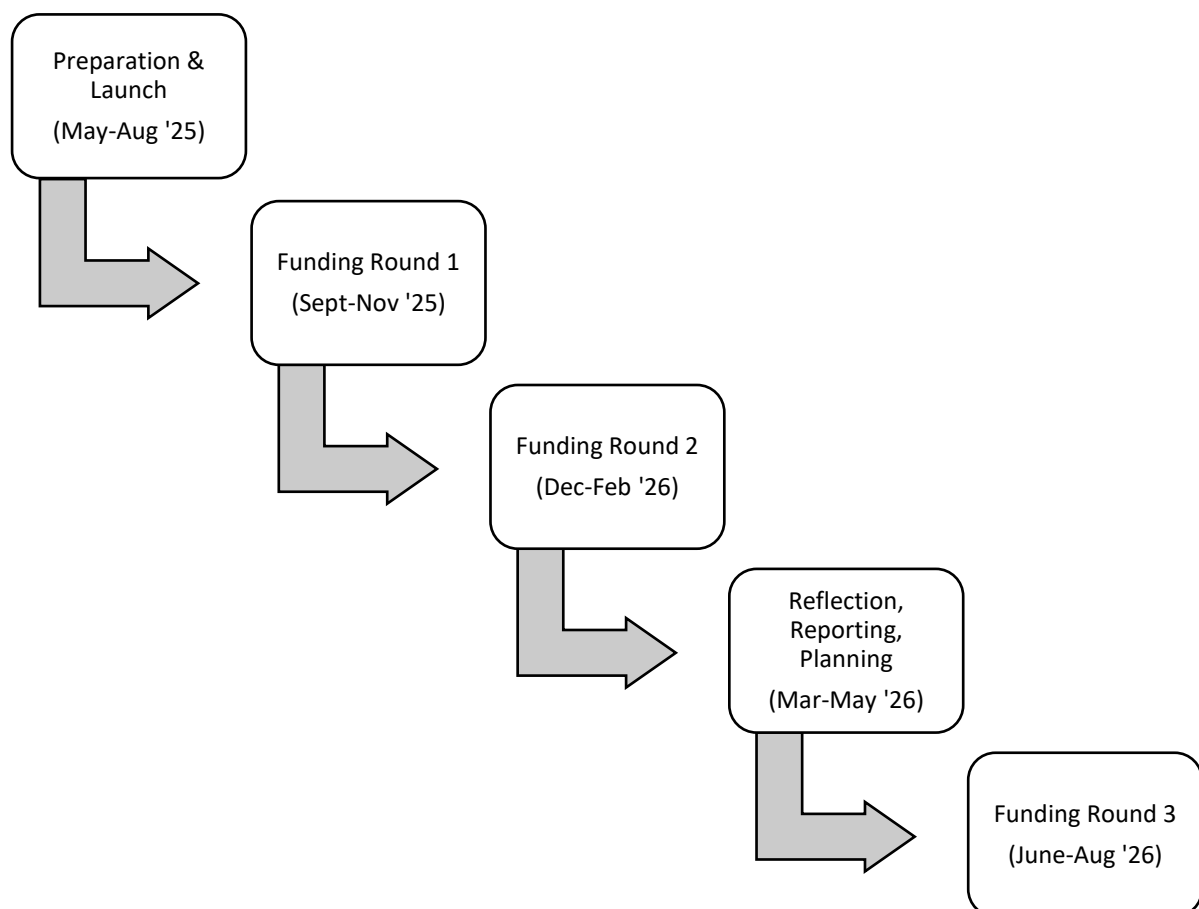
Spring 2026 – Reflection, Reporting, and Planning

- **March 2026**
 - Hold an annual Board retreat, ideally with a third-party facilitator, to reflect on Year 1, revisit goals, and refine strategies
- **March–April 2026**
 - Prepare and finalize the Trust's Annual Report, summarizing funding allocations, project outcomes, community impact, and alignment with strategic goals
 - Retain a consultant to assist emerging developers with proforma development and application readiness

- **April 2026**
 - Present the Annual Report to the City Council
 - Begin preparing and submitting the Trust's CPA funding request for FY2027
- **May 2026**
 - Complete the CPA request and review evaluation data from the first two funding rounds (adjust the timeframe as needed to align with the CPA application deadlines for the anticipated two-step process)

Funding Round 3 – Summer 2026

- **June 2026**
 - Launch third funding round with a new RFP and public info sessions
 - Consultant begins offering one-on-one and small group technical assistance to emerging developers
- **July 7, 2026**
 - Application deadline
- **July–August 2026**
 - Application review and developer presentations
 - Board votes on final funding awards for FY2026



This implementation schedule supports transparency, accountability, and thoughtful pacing. It provides developers with predictable funding opportunities, ensures robust support for emerging developers, and empowers the Board to lead with purpose while respecting the time commitment of its volunteer members.

CHAPTER 4: FIVE-YEAR FUNDING PLAN

A strong, sustainable financial foundation is essential for the Worcester Affordable Housing Trust to achieve its mission and respond effectively to the city's evolving housing needs. The Trust's success depends not only on sound stewardship of its resources but also on its ability to secure and grow funding from a range of sources.

This chapter outlines the Trust's funding strategy for the next five years, emphasizing key revenue streams and the Trust's approach to leveraging and aligning resources to maximize community impact.

STRATEGIC FUNDING APPROACH

The Trust's funding model is grounded in diversification, predictability, and alignment with community values. Rather than relying on a single funding source, the Trust seeks to braid together public, private, and philanthropic dollars to support its priorities. This diversified approach helps mitigate risk, enhances flexibility, and ensures the Trust can fund a variety of housing initiatives—from new construction and rehabilitation to homelessness prevention and housing stabilization.

The primary funding sources anticipated for FY2026–FY2030 include: Community Preservation Act Funds, Inclusionary Zoning Payments, and Private Philanthropy and Fundraising.

Community Preservation Act Funds

The Community Preservation Act (CPA) is a cornerstone of the Trust's financial strategy. Worcester voters adopted CPA in 2022, and the City released its first *Community Preservation Plan* in April 2025. The plan prioritizes affordable housing as one of three core funding categories, alongside historic preservation and open space/recreation. The alignment between the CPA Plan and the Affordable Housing Trust's goals is strong, particularly in areas such as permanent affordability, energy efficiency, and housing for vulnerable populations.

Over the next five years, the Trust is targeting a total of \$5 million in CPA allocations to support affordable housing projects. This equates to approximately \$1 million annually, although actual requests may vary based on project readiness and available CPA revenues. Importantly, CPA dollars are flexible, allowing the Trust to support both capital and predevelopment expenses, gap financing, or innovative pilot programs.

To ensure the Trust's proposals are competitive, staff will continue to coordinate closely with the Community Preservation Committee (CPC), aligning application timing and project narratives with the CPC's funding criteria. As a public, voter-approved funding source, CPA

offers a stable foundation for the Trust's long-term efforts and helps demonstrate local commitment when seeking outside funds.

Inclusionary Zoning Payments

In 2023, the City adopted an Inclusionary Zoning Ordinance designed to increase the supply of affordable housing in tandem with market-rate development. The ordinance applies to residential developments resulting in twelve or more net new units and offers multiple compliance options:

- A minimum of 15% of units affordable at 80% AMI,
- 10% of units affordable at 60% AMI,
- A proportional mix of both, or
- A one-time payment-in-lieu equal to 3% of total construction value.

Developers choosing the payment-in-lieu option will direct those funds to the Affordable Housing Trust Fund. While no payments have been received yet, this mechanism is expected to become a meaningful revenue stream as larger-scale development projects move forward. The Trust's role will be to ensure these funds are used strategically, supporting housing that meets the city's greatest needs, including deeply affordable and supportive housing options.

Private Donations

Public dollars, while critical, often come with restrictions and cannot always support the full scope of community needs. To increase flexibility and fund innovation, the Trust is exploring private donations and philanthropic partnerships as a third major source of support. These funds could be particularly valuable in piloting new models, such as tiny homes, accessory dwelling units, or supportive housing for unhoused residents, that may not fit into traditional funding streams.

To advance this goal, the Trust is considering forming a Fundraising Subcommittee. This body could include both Board and non-board members with experience in fundraising, housing advocacy, and nonprofit development. Their charge would be to cultivate relationships with local donors, foundations, and corporate sponsors and identify philanthropic funding opportunities that align with the Trust's mission.

Philanthropic funds can also enhance the Trust's ability to provide technical assistance to emerging developers, support community outreach, or seed projects that are not yet eligible for public financing.

Other Funding Sources

In addition to the three primary sources outlined above, the Trust remains open to other funding opportunities as they arise. These may include:

- Competitive grants from state or federal agencies
- Revenue from the sale or lease of city-owned land

- Negotiated developer agreements outside of Inclusionary Zoning
- Collaborations with mission-aligned foundations or community-based lenders

The Trust will continue to monitor emerging funding opportunities, and staff will work to position the Trust to be nimble and responsive when new sources become available.

SCORING CRITERIA & TRANSPARENCY

The Board is committed to the responsible, transparent stewardship of public and private funds. This includes clear application and reporting processes, annual evaluations of funding impact, and public communication about how resources are being used.

To guide its decision-making, the AHTF Board will develop and implement a transparent scoring system to evaluate all funding applications. These criteria will be rooted in this Strategic Plan's guiding principles and goals. They will allow the Board to consistently assess how well each proposal advances the Trust's mission. Funding decisions will prioritize projects that create or preserve deeply affordable units (at or below 30% of AMI) and support emerging or historically underrepresented developers. These and other high-impact elements will be given greater weight in the scoring process to reflect their importance in achieving equitable outcomes.

Applications will be reviewed competitively, with the Board comparing proposals against one another within each funding round. The scoring system will ensure fairness, but the Board retains complete discretion. It is not obligated to allocate funding in any given round if proposals do not meet the threshold for quality and alignment.