

CMA 2025 #20  
**IN CITY COUNCIL**  
January 27, 2025

To the Honorable, the City Council:

Please find attached a memorandum regarding Awaiting Report 24-60, Pathways to Removing Obstacles to Housing (PRO Housing) from Assistant City Manager for Finance, Claire Spinner and Director of Housing, Chris Cotter.

Very truly yours,

Yi-An Huang  
City Manager



To: Yi-An Huang, City Manager

From: Claire Spinner, Assistant City Manager for Finance  
Chris Cotter, Director of Housing

Re: Awaiting Report 24-60, Pathways to Removing Obstacles to Housing (PRO Housing)

Date: January 22, 2025

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In response to the above-mentioned Awaiting Report 24-60 related to federal grant funding through Pathways to Removing Obstacles to Housing (PRO Housing), we submit the following.

**Pathways to Removing Obstacles to Housing Grant:**

HUD's Pathways to Removing Obstacles to Housing (PRO Housing) offers competitive grant funding to communities that are taking steps to address housing challenges to assist in identifying and removing barriers preventing affordable housing development and preservation in each community. In August 2024 HUD issued a Notice of Funding Opportunity (NOFO) for its second round of PRO Housing funding. City staff reviewed the NOFO and were familiar with the program from the prior year's NOFO and successful application. The City did not submit an application for funding in response to this 2024 NOFO as staff determined that the capacity needed to apply for and manage funding for this grant would need to come from staff who manage the City's work to create new affordable housing and could therefore take away from work we have underway creating new affordable housing. Staff also thought that it would be unlikely that HUD would award funding in 2024 after the City was part of a successful application in 2023.

In response to the first round of PRO Housing funding offered in 2023, the City partnered with MAPC, Boston, Everett, and Newton to apply for PRO Housing funds. That effort secured a grant of \$3,000,000 announced last summer to explore how the barrier of high costs to build new housing could be reduced through off-site construction approaches. The PRO Housing funds will assist with efforts to study how offsite construction could help lower costs to build new housing in the region, the efficacy of building a regional manufacturing facility, and to develop a pipeline of developments that could support a regional manufacturing facility. While off-site construction provides many benefits including lower costs and faster on-site assembly, the cost to transport and stage modular construction from existing manufacturing facilities reduces the cost savings from off-site construction, and a facility that is closer to the region might assist in unlocking the potential of this approach.

HUD's process to award PRO Housing grant funds is very competitive and the application is quite lengthy. For the first funding round HUD received applications from more than 175 communities and made only 21 awards totaling \$85 million. In 2024, HUD received more than 200

applications and earlier this month announced 18 awards totaling \$100 million. We do not know if PRO Housing funds will again be offered competitively in 2025, however anticipating that funds may be available, it would be good to consider if there are barriers to creating new affordable housing in the city or region that we would want to address through a PRO Housing grant request in advance of the NOFO being issued.

### **Grants Management Process**

Grants management, including the identification and application for grants that support city programming and the subsequent management of those grant funds, is handled by individual departments. Department-based staff have the technical and programmatic knowledge required to identify, apply for and manage the grants related to their department's functional areas. Additionally, department staff are best able to ascertain whether the grant is aligned with the City's programming/goals, and whether the department has the internal capacity to take on the grant funded activities. While there is no formal framework for decision-making about whether to apply for a grant, decisions to apply are based on a combination of factors, including:

1. Alignment with department or City priorities and workplan. Occasionally, though, there have been instances where a big grant has changed the workplan for a staff person or a team.
2. Potential grant amount — larger grants are more likely to be worth the effort.
3. Simplicity/complexity of application — some grant applications are complex and time-consuming and only worth the time and effort to apply if we have high likelihood of success and/or a big potential award.
4. Competitiveness/likelihood of success — some grants are almost always worth the effort, even at smaller amounts, because they are almost guaranteed. However, sometimes a grant has a particular emphasis that does not work in our favor, or it is clear that our project is unlikely to prevail.
5. Complexity of implementation and reporting — reporting can be a huge burden for some grants, especially Federal grants. These often also come with specific constraints that make implementation and use of the funds challenging.
6. Staff capacity to successfully take on the additional task(s) to manage both the implementation and reporting if we receive the grant.
7. Prioritization of the grant compared to other tasks that the relevant staff are engaged in.

The City's approach to grants management generally works well; however, we are working to identify areas in which process improvements will benefit our overall management of grants. This will be especially important given the uncertainty about how the new administration may impact federal grant funding. As an initial step, the Finance Department will convene monthly meetings with the departments that typically manage grants. The purpose of these meetings will be to share information about upcoming grant applications and pending awards, to provide support related to post award activities, and to learn of any anticipated reductions in grant funding.