

CITY OF SOMERVILLE, MASSACHUSETTS  
SOMERVILLE AFFORDABLE HOUSING TRUST FUND  
KATJANA BALLANTYNE  
MAYOR

*Andrea Shapiro, Managing Trustee*

*Trustees*

Mary Cassesso  
Michael Feloney  
Kathryn Gallant  
David Gibbs  
Donna Haynes  
Councilor Charlotte Kelly  
Brielle Short  
Jessica Turner

**Minutes**

**Thursday, February 10, 2022 Meeting – 5:15 pm**

Trustees attending: Mary Cassesso, Mike Feloney, Katie Gallant, David Gibbs, Donna Haynes, Charlotte Kelly, Andrea Shapiro, Brielle Short, Jessica Turner

Staff attending: Lisa Davidson, Paul Goldstein, Alan Inacio

Members of the public attending: Benjamin Baldwin, Elizabeth Haney, Adam Dash, Cherai Mills, Courtney Morgan Pollack, Jill Arnold, Mike Gintz, Vicky I, Hannah Carrillo, Josh McLinden, Keira Horowitz, Thalia Tringo, Frank Lee

Meeting started at 5:15 pm, with Andrea Shapiro serving in the role of chairperson.

*1. Review and Approval of January Meeting Minutes*

Donna Haynes put forth a **motion** to approve the January meeting minutes. Mike Feloney asked that the motion be amended to allow for selected corrections of a clerical nature to be made. Mary Cassesso seconded the motion as amended to approve the minutes and the motion **passed** unanimously by roll call vote.

*2. Continued Business*

**7-9 Summer St.- Funding request by Somerville Community Land Trust (SCLT), updating Trustees on progress since January meeting.** Elizabeth Haney and Benjamin Baldwin provided an update on behalf of SCLT on progress relating to the proposed purchase of the above-referenced property. Elizabeth began with a brief update on organizational progress, noting that SCLT was moving forward with interviews for two finalists for the Executive Director position, with a March start date in mind. Regarding work on the Trust's request that SCLT pursue other sources to reduce the amount being requested of the Trust, Elizabeth shared that OSPCD staff had identified \$1,000,000 in CDBG funding it is prepared to make available in support of the property's purchase.

Elizabeth noted that the initial funding request to the Trust was reduced by \$500,000 on the most recent pro forma. She also indicated costs of affirmative marketing plan development and selected other soft costs not broken out on previous pro formas had been itemized on the updated version. Benjamin Baldwin walked Trustees through other budget-related progress since the January meeting.

Benjamin first pointed out that three units which had been previously designated at a purchase price based on 110% AMI were now designated for purchase by households at up to 80% AMI. This adjustment reduced projected sales price of those units. Benjamin explained that this was the primary reason the revised request decreased by \$500,000 rather than by the full amount of City funding.

Benjamin also outlined need for a short term bridge loan, which would be paid back from unit sale proceeds, and reviewed soft costs Elizabeth had generally referenced, including an updated projection for real estate taxes, and 5% developer fee sized to reflect the advanced state at which SCLT is becoming involved with the project. (Industry standards for such new construction projects typically range from 10 to 15% of total development costs.) SCLT next noted one other, short term source of City funding necessitated by the unit pricing changes and need for an affordable housing restriction to be placed on the property while the primary, private source of acquisition financing is still in place.

OSPCD Director of Administration and Community Development Alan Inacio explained the City is in position to participate in acquisition lending to make up an acquisition funding shortfall resulting from the reduced appraisal amount (resulting from sales price reductions and associated restrictions) that had decreased the amount Winter Hill Bank could provide in acquisition lending.

An additional update on progress since the Trust's meeting pertained to unit resale formulas. Elizabeth noted that the SCLT had voted on a resale formula with a 2% annual appreciation limit. Based on prior experience of SCLT board members and research conducted, Elizabeth expressed confidence this would allow the units to serve those at the prescribed income tiers in perpetuity.

Questions posed to SCLT representatives by Trustees included what amount, if any, SCLT was budgeting for potential rehab and repair on the units. Elizabeth shared that the condominium budget included reserves which would allow the owners to maintain the condo as part of a condo association, and noted that since the project is new, potential rehab should not be needed for some time. Benjamin added that the SCLT would maintain an interest in the property over the long term and would be assessing the need for any future repairs.

Prior to discussion of SCLT's update, Paul Goldstein and Lisa Davidson briefly reviewed documents distributed prior to the meeting, which Trustees had asked to be prepared to help inform consideration of the funding request before the Trust. Those documents included information on recent trends in linkage payments and projections and historic per unit subsidy data for SAHT-funded projects.

Trustees asked for clarification on the per unit subsidy document, as there was some lack of clarity about CPA- and non-CPA subsidy amounts. Mike clarified that CPA and non-CPA funding are both sources of Trust funding, and also noted that 'apple to apple' comparisons can be difficult to make. As one example, it was noted that the Mystic Waterworks development had a far lower per-unit subsidy because of a \$1 acquisition price.

Andrea Shapiro thanked the representatives of the SCLT and those who were in attendance to show support for the meeting.

*Elizabeth and Benjamin left the meeting at 5:54 PM.*

Trustees proceeded to deliberate on the SCLT's funding request. Reservations expressed about the funding request included concerns regarding the relative inexperience, or lack of track record at least, SCLT brings to the project. Specific potential concerns included ability to market and sell the units in a timely fashion. Other concerns noted included the lack of ADA units, the overall circumstances of how the project came to the SAHT's attention and the tight timeframe for acting on the request, and concerns regarding what could happen in the event SCLT encountered financial difficulties of its own and potential impacts on maintaining the affordability of the units.

Perspectives expressed in support of the project included the following points:

- SCLT has worked in good faith and effectively to address initial feedback from Trustees to their proposal, most notably being their pursuit of other City funding sources.
- Regarding concerns about SCLT experience, it was noted that the organization has been in existence for several years, and during that time has been building organizational capacity, including the imminent hire of an executive director. Mike Feloney noted that the SCLT completed a strategic business plan in 2021 and has been pursuing potential projects since that time.
- Funding requested was the minimum amount needed to acquire the project; it did not include funding that would result in anything other than enabling the developer to cover their costs. In the absence of Trust and City funding, the developer would most likely make the case that if they sold units at 190% AMI they would be complying with the letter, if not intent, of zoning requirements.

During deliberation a question was posed as to how the Trust might help address capacity concerns, such as through a Right of First Refusal. Following discussion of that and other issues, the following **motion** was put forth by Mike Feloney, that *The Trust is prepared to provide funding up to \$1,200,000 in Trust funding subject to City staff pursuing a right of first refusal and other mechanisms to ensure affordability in perpetuity above and beyond the restrictions in place.* Katie Gallant seconded the motion. A roll call vote was taken, and the motion **passed** with seven yes votes, one no vote, and one abstention.

*Charlotte Kelly left the meeting at 6:45 PM.*

**Strategic Visioning-find draft RFPQ.** Paul informed Trustees that he is close to completing the solicitation document which will be used to hire a consultant to produce the Trust’s new Strategic Visioning plan. Paul indicated he would share the final draft with Trustees ahead of issuance.

3. *Annual Meeting-Election of Officers*

**Election of officers (potentially including Managing Trustee, Assistant Managing Trustee, Treasurer, and Assistant Treasurer).** After extended discussion on officer roles and desire to encourage participation of newer board members as officers, Mike introduced a **motion** for Andrea to continue as Managing Trustee, Katie to serve as Assistant Managing Trustee, and Jess Turner to serve as Treasurer. The motion **passed** after a roll call vote with seven yes votes and one abstention. Trustees agreed that officer roles should be revisited to consider how well they suit the Trust as part of the upcoming Strategic Visioning undertaking, which could be a vehicle for those discussions and potential adjustments moving forward.

4. *New Business*

**Financial report(s) review: CPA account and non-CPA account (December, 2021)** Paul walked Trustees through the December financial reports for the CPA and non-CPA accounts. He noted the only activity in the CPA account was a transfer of expenses incurred through housing assistance programs, and that the non-CPA account received two linkage payments. Mary made a **motion** to accept the financial reports, which was seconded by David. The motion **passed** unanimously by roll call vote.

5. *Communications*

**Status update on standing agenda items** Paul provided the following updates on standing agenda items:

- Annual Report preparation: Paul is continuing work on preparing the next Annual Report for the Trust, and hopes to share a draft prior to the next meeting.

- Home Rule Petition (HRP): Paul noted the Mayor's Legislative Liaison, Hannah Carrillo, informed him she would follow up with him on recommendations on where to direct further advocacy efforts for the HRP as it moves through the state legislature.
- Board Reappointments: Staff noted that the current focus of the office which handles appointments for boards and commissions is still focused on filling vacant positions to boards which are unable to reach a quorum.

6. *Announcements*

Paul informed Trustees that he would be reaching out next week via email to distribute the summary of Conflict of Interest Law and acknowledgement of receipt form Trustees are required to complete due to their status as special municipal employees.

7. *Adjournment*

The meeting was adjourned at 7:15 PM.

**Documents distributed:**

- January meeting minutes
- Financial reports, CPA and non-CPA accounts, December, 2021
- Summer of Trustee questions and response from SCLT re: 7-9 Summer St.
- Linkage payments (past and projected) document
- Per-unit subsidy document for recent SAHT supported projects
- 7-9 Summer St. Updated Pro Forma