

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, March 10, 2022 Meeting – 5:15 pm

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

Trustees not attending: Donna Haynes

Staff attending: Lisa Davidson, Paul Goldstein (OSPCD Housing Division)

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

1. Review and Approval of February Meeting Minutes

Katie Gallant put forth a **motion** to approve the February meeting minutes. Brielle Short seconded the motion, and the motion **passed** unanimously by roll call vote.

2. Continued Business

31 Tufts St. Funding request-loan terms for Trust commitment. Paul Goldstein informed Trustees that the 31 Tufts St. project is working towards a project closing by the end of April, and explained that specific terms for the Trust loan voted on at its September 2021 meeting were not considered at the time of that vote. (Paul explained that staff expects to prompt Trustees to get back to voting on terms at the time commitments are made, and called attention to the Loan Terms Worksheet he circulated to Trustees prior to the meeting that will be presented as part of funding requests to the Trust going forward.) Paul noted that when E3 Development first approached the Trust for funding in 2020, the Trustees voted to approve the amount requested as a 0% interest loan; further terms were not considered at that time. E3 has since clarified to staff that the terms they are seeking for the full \$1.5 million Trust loan is a 0% interest loan over a 40-year term, with payments based on cash flow. Paul noted the requested terms were consistent with similar projects the Trust had funded in the past.

David Gibbs asked if there was an actual dollar amount for the yearly repayments. Lisa Davidson noted that since the repayment would be based on actual cash flow, an actual amount wasn't available yet since the project has not come online. Lisa further noted that in some cases a deferred development fee is incorporated into the loan repayment.

There was a follow-up question on necessity of a "balloon payment" if the loan has not repaid in full by the end of the amortization term. Lisa noted that a balloon payment is a possibility in that scenario, and referenced a recent project where a mortgage subordination was done in lieu of such a payment.

Katie put forth a **motion** to accept the loan terms proposed by E3: a 0% interest loan with a term of 40 years with a cash flow payback. David seconded the motion and the motion **passed** unanimously by roll call vote.

Strategic Visioning-final draft RFPQ and timeline for consultant procurement. Paul called Trustees' attention to the final draft consultant solicitation document for the Trust's Strategic Visioning process included with materials sent to Trustees ahead of the March meeting. The solicitation document will be issued to a list of potential consultants in the next several days, with proposals received to be considered at the April meeting if possible.

Staff expects that a recommendation on consultant selection can be discussed and voted on at either the April or May Trust meeting. The hope is that the selected consultant will be able to begin work in June or July at the latest. Mary Cassesso asked that Paul share the list of potential consultants with Trustees, and Andrea Shapiro asked that Trustees reach out to Paul to share any other consultants who they feel should be considered.

Clarendon Hill CPA bonding request. Paul summarized the memo he circulated to Trustees prior to the meeting which provided an update on the Clarendon Hill redevelopment, and outlined the process followed when the Trust recommended issuance of a CPA-funded bond to finance 100 Homes property acquisitions in 2018. The memo recommended the Trust proceed in the same manner for the Clarendon Hill redevelopment, as the project is now moving toward a financial closing and construction start in or around summer 2022. With that timeline in mind, staff recommended that the Trust vote on a motion to request that the Community Preservation Committee (CPC) authorize up to \$4 million of CPA bonding in support of the project, which would then be voted on by the City Council, contingent on CPC approval.

Mike Feloney offered some further context, as some Trustees were not on the board when bonding for the project was first discussed. The Clarendon Hill development team gave multiple presentations to the Trust prior to an initial vote for bonding for both Clarendon Hill and 100 Homes in 2017. The Clarendon Hill project team has since worked to overcome several issues and challenges encountered since that time. Trust staff have touched base with the CPC program manager regarding the anticipated timeline for having the bonding authorized in time to secure City Council approval by June if possible.

Katie Gallant and Jess Turner, in light of their respective roles as an employee of the Somerville Housing Authority and president of the Clarendon Hill Tenant's Union, noted that they would be recusing themselves from voting on any motion involving the Clarendon Hill redevelopment. Mike put forward a **motion** that the Trust vote recommending that the CPC authorize bonding for \$4 million in support of the Clarendon Hill redevelopment. Mary seconded the motion, and the motion **passed** by roll call vote with 6 yes votes and 2 recusals.

David Gibbs left the meeting at 5:41 PM

3. *New Business*

Financial report(s) review: CPA account and non-CPA account (January, 2022). Paul noted there was little activity to share on the January financial reports. He mentioned that he and Jess Turner had met in had her role as newly elected Treasurer and walked through the process of how the monthly financial reports are prepared. Trustees noted that the commitment for funding acquisition of the 7-9 Summer Street project had not been included on the January reports. Paul explained that commitment would be reflected on the February reports, which is when the Trust approved the funding request. Trustees requested that all new commitments be presented on the financial reports

going forward, to ensure that Trustees had current “total commitments” information as the basis for funding decisions that may be considered at a given meeting.

Trustees also requested that Paul follow up as warranted regarding the annual transfer of CPA funds dedicated to affordable housing from the CPC to the Trust. Mary made a **motion** to accept the January financial reports. The motion was seconded by Charlotte Kelly, and was **passed** unanimously by roll call vote.

4. *Communications*

Project update: Mystic Waterworks Phase II. Paul provided an update on the second phase of the Mystic Waterworks development. At a meeting with the Somerville Housing Authority and its consultant Russell Tanner, staff was informed that the project is currently slated to receive City HOME funds. HOME funds were identified as a funding source for the project through collaborative efforts from Housing Division staff and the Waterworks project team. As a result, the project will not be seeking an additional funding commitment from the Trust at this time. The Trust had previously been prepared to commit approximately \$1.7 million to the project, contingent on other City funding sources being explored.

Trustees asked if potential cost escalations, such as increased construction costs, are likely to create a need for SHA to approach the Trust for additional funding. Staff expressed cautious optimism that this would not be necessary, but acknowledged that if a situation arose which resulted in a funding gap for the project, the Trust could be an option. Mike noted that the 31 Tufts St. project had found itself in such a scenario, and that the Trust was asked to increase its funding due to a funding gap created by escalating costs. (Mike further noted that there are already indications that E3 Development may need to approach the Trust for additional funding at the April meeting for this reason.)

Open Meeting Law Memorandum. Paul referred to a memo he distributed relating to Open Meeting Law, in response to questions Trustees had posed at their February meeting on public attendance during Trust deliberations. Paul further noted that he would provide information on the Open Meeting Law training session being conducted by OSPCD and the City’s Law Department sometime next month as it becomes available.

Two Trustees expressed discomfort with members of the public attending meetings and having the ability to use the “chat” feature of the Zoom webinar to voice their opinions, that in some cases comments in the chat feature could be intimidating, and potentially lead to a vote or votes being swayed. Mike shared his perspective in that of OSPCD’s Executive Director that there needs to be a mechanism through which the public has an opportunity to offer public comment. One example cited was the CPC, which includes as a standing agenda item a time for public comment. Trustees noted they look forward to receiving further clarification on Open Meeting Law as it pertains to Trust meetings at the upcoming training session.

5. *Announcements*

Paul noted he would be working to put together draft Request for Proposals (RFP) for housing programs to be funded by CPA Trust funds based on the parameters Trustees were in favor of at the January meeting, and hopes to have the RFP’s issued prior to the start of the new fiscal year in July. Paul reminded Trustees that the Housing Needs Assessment is scheduled to be presented to the City Council at this evening’s Council meeting.

6. *Adjournment*

The meeting was adjourned at 6:13 PM.

Documents distributed:

- February meeting minutes
- Financial reports, CPA and non-CPA accounts, January, 2022
- Open Meeting Law memorandum and related guidelines
- Strategic Visioning RFPQ final draft
- Memorandum on process for CPA bonding
- Loan Terms Summary Worksheet