

CITY OF SOMERVILLE, MASSACHUSETTS
SOMERVILLE AFFORDABLE HOUSING TRUST FUND
JOSEPH A. CURTATONE
MAYOR

Mary Cassesso, Managing Trustee

Trustees

Lisa Davidson
Ben Ewen-Campen
Michael Feloney
Kathryn Gallant
Donna Haynes
Daniel LeBlanc
Martin Polignone
Andrea Shapiro

Minutes

October 11, 2018 Meeting – 6:15pm
Somerville Central Library Auditorium
79 Highland Avenue, Somerville, MA 02143

Trustees present: Mary Cassesso, Lisa Davidson, Mike Feloney, Kathryn Gallant, Donna Haynes, Danny LeBlanc, Martin Polignone, Andrea Shapiro

Trustees not present: Ben Ewen-Campen

Staff attending: Heidi Burbidge, OSPCD Housing Division

Others present: Scott Hayman, Director of Real Estate, Somerville Community Corporation

Meeting started at 6:20pm with Mary Cassesso serving as chair.

1. Review and Approval of Meeting Minutes

Trustees reviewed draft minutes of the September 13, 2018 Trust meeting that Heidi Burbidge had drafted. Andrea Shapiro introduced a **motion** to approve the September 13, 2018 meeting minutes which was seconded by Danny LeBlanc and PASSED, 8-0.

2. Communications

Clarendon Hill redevelopment update

- Trustees reviewed a letter from DHCD to the Somerville Housing Authority dated September 28, 2018 that provided notice of an award extension for the Clarendon Hill redevelopment project until November 16, 2018. Danny provided an update on the project team’s continued efforts to secure additional and alternative funding sources such as mission-driven investors to help close the estimated \$15-20 million shortfall. The project team is simultaneously exploring alternative construction methods that could yield significant cost savings.

Update on status of Trustee reappointments and upcoming vacancy

- Heidi reported that she had submitted requests via the City’s MinuteTraq system to initiate reappointment of Trustees Mary Cassesso, Lisa Davidson, Donna Haynes and Danny LeBlanc. She noted that the upcoming opening for the low-income tenant position on the Trust had been publicly advertised along with a number of open positions to serve on other City boards and commissions. Heidi hosted a table at a Boards and Commissions information fair in September to publicize board and commission vacancies.

The application process for the Trustee position will include interviews of one or more candidates by the Appointments Advisory Committee. The application deadline was Monday, October 15th. She distributed copies of the posting for the position.

Quarterly update to BOA

- Heidi noted that she would be sharing a quarterly update on Trust activities with Ben Ewen-Campen.

3. Unfinished Business

88 Wheatland Street purchase

- Heidi shared a memo to Trustees recommending that the Trust issue a loan to the Somerville Community Corporation (SCC) to enable the purchase of 88 Wheatland Street Unit 3. As described in a September memo to the Trust, in order to ensure the preservation of the affordability restriction of the condominium the City had limited time to find an eligible and qualified buyer with income at or below 80% AMI. Mike Feloney reported that the seller of the unit had granted an extension to October 23rd to allow for a sale.

Mike noted that SCC had agreed to purchase, hold and then resell the unit at its affordable price to a qualified buyer. Danny noted that SCC had previously served that role on when an affordability restriction on a unit would otherwise have expired or been otherwise lost. The purchase price of 88 Wheatland Street Unit 3 would be \$138,301 and SCC would incur additional costs to close, carry and resell the unit. A household had been identified and was confirmed as eligible.

Danny recused himself and left the meeting at 6:45pm.

Andrea Shapiro introduced a **motion** for the Trust to issue a zero percent interest, deferred payment loan up to \$160,000 in Trust funds to the Somerville Community Corporation to enable the purchase of 88 Wheatland Street, Unit 3 Somerville MA 02145 and the subsequent resale to an income-eligible household at or below 80% of Area Median Income at a purchase prices of \$138,301, and that SCC will repay the purchase price to the Trust upon resale of the affordable unit to the eligible buyer. Andrea made a further **motion** that SCC's carrying costs, costs of rehabilitation of the affordable unit if necessary, administrative fees and related attorney and closing costs while holding title to the unit, in an amount not to exceed the remainder of the loan amount, do not need to be repaid to the Trust. The motions were seconded by Martin Polignone and passed, 7-0.

Danny returned to the meeting at 6:55pm.

Status of Trust contracts

- Heidi reported that twelve Trust contracts were complete and funds expended. Two contracts had been executed since the September meeting. Another contract was pending approval by the Law Department of the signature authority document. Two agencies are in the process of submitting documents for two new contracts. Two new awards will be added as amendments to current contracts.

Draft fall 2018 semi-annual report to Community Preservation Committee

- Heidi noted that she had sent an email to Trustees with the draft report attached, and asked them to provide any comments they had to her by October 15th.

4. New Business

Monthly non-CPA financial reports for June, July and August

- Heidi reviewed the monthly non-CPA Trust financial reports for June, July and August. It was noted that staff salary transfers listed each month needed corrections. Danny LeBlanc introduced a **motion** to accept the non-CPA Trust financial reports with corrections for June, July and August.

Monthly CPA financial reports for June, July, August and September

- Heidi reviewed the monthly CPA financial reports for June, July, August and September. She also provided an update about drawdowns on outstanding commitments for projects and programs, where some activity was suspended pending execution of contracts. Trustees requested that the monthly reports include a line showing the balance remaining on 100 Homes CPA commitments. Danny LeBlanc introduced a **motion** to accept the CPA financial reports for June, July, August and September.

At 7:25pm Danny Le Blanc recused himself and left the meeting and Scott Hayman joined the meeting.

Memo and recommendation on anticipated SCC request for CPA funding to support costs incurred on 100 Homes acquisitions to date

- Scott Hayman presented a request from Somerville Community Corporation (SCC) for additional funding to support SCC's costs to complete the Alewife Sydney homeless project. The Trust previously allocated \$487,219 of CPA funds to the project, and the city provided \$172,800 of Community Development Block Grant funds for rehab. Scott noted that with City zoning approvals SCC had created five units on the two properties, one more than had been anticipated when the Trust committed the CPA funds. DHCD awarded Housing Preservation and Stabilization Trust funds to enable the five units of housing to be set-aside for formerly homeless households. All five units are now occupied.

SCC requested an additional allocation of \$196,621 of CPA funds which in part would cover \$161,621 in hard and soft costs that had exceeded the project budget after the addition of the fifth unit. Increased expenses included additional costs for architect and engineering, construction and repairs, loan interest, real estate taxes, insurance, permitting and legal expenses. The new request would also allow SCC to be paid a \$35,000 developer fee that had originally been budgeted. The original Trust commitment together with this additional request would result in a per unit subsidy of \$136,768 for the five units.

Memo and motion to amend 100 Homes Program Management contract

- Scott presented a second request from SCC asking the Trust to allocate \$275,709 in Trust or CPA funds to fill the gap in the acquisition and initial operation of 38 of the first 43 units acquired by SCC in the pilot phase of the 100 Homes program. The summary of sources and uses presented to the Trustees as part of the request package showed costs that had increased over the course of program implementation. SCC request that the Trust review the request in the context of 100 Homes program as one large project. Scott stated that incremental cost overruns were being absorbed by SCC and that other uses were being deferred. SCC's request for an additional \$275,709 indicated that the funds would pay the originally budgeted \$101,000 for developer fees and \$144,000 in improvements to some of the properties, and would also compensate for some of the interest payments that had exceeded project budgets.

In response to questions from Trustees, Scott noted that the proposal did not include consideration of the four units at 210 Highland or 29 Jackson. He also responded that SCC had used all available subsidy and subsequently took out a bridge loan with East Boston Savings Bank in anticipation of receipts from CPA bonding.

Following SCC's review the two requests, Mike Feloney noted that there had been limited time to review requests that had been transmitted a day or so before the meeting. He noted staff support in general terms, as to the basis for each while also noting the need for further review. He expressed particular concern regarding the presentation of some of the information in the request regarding gap funding for the pilot phase of 100 Homes.

With that in mind, prior to having to leave the meeting. Mike expressed support for a resolution on the Sydney/Alewife request, subject to staff review. He also noted that SCC and City Staff were also working on execution of a contract for Program Management totaling \$200,000 from CPA funds already allocated by the Trust for 100 Homes on which SCC should be able to invoice for payment within a short period of time.

Scott and Mike each left the meeting at 7:55 pm.

Andrea Shapiro made a **motion** to approve the request by SCC for \$196,621 in CPA funds to close the gap in the Alewife-Sydney Homeless project, subject to staff review, which was seconded by Katie Gallant and passed, 5-0.

Donna Haynes made a **motion** that the Trust express support to SCC for closing the gap on the 100 Homes program and that staff work with SCC to finalize documentation for this request and submit a package for the next Trust meeting, which was seconded by Donna Haynes and passed, 5-0.

Discussion of agenda items for November and December meetings

- Heidi noted that she anticipated that potential items for upcoming meeting could include the Community Land Trust working group (which has asked to present to the Trust), and a presentation by Office of Housing Stability Director Ellen Shachter.
- Trustees noted a prior request to continue holding a place for discussion of Housing Programs and the Trust Statute.

At 8:20 Lisa Davidson made a **motion** to adjourn that was seconded by Donna Haynes and passed, 6-0.

Next meeting date – The next meeting date will be Thursday, November 8, 2018 at 5:30pm.

Documents distributed:

- Draft September Trust meeting minutes
- Letter from DHCD to Somerville Housing Authority dated 9/28/18 regarding Clarendon Hill Award Extension
- Open Trust position description
- Memo from Heidi Burbidge to Trust regarding 88 Wheatland acquisition
- Memo from SCC dated 10/9/18 requesting \$196,621 to close gap in the Alewife-Sydney Homeless Project
- Memo from SCC dated 10/9/18 requesting \$275,709 to close gap in Pilot Phase of 100 Homes Program