

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

Mary Cassesso, Managing Trustee

Trustees
Lisa Davidson
Michael Feloney
Donna Haynes
Daniel LeBlanc
Beth Monroe-Howe
Mark Niedergang
Martin Polignone
Andrea Shapiro

Minutes
November 1, 2017 Meeting – 9:30am
City Hall, 2nd Floor BOA Committee Room, Room 217
93 Highland Avenue, Somerville, MA 02143

Trustees present: Mary Cassesso, Lisa Davidson, Mike Feloney, Donna Haynes, Danny LeBlanc, Mark Niedergang, and Andrea Shapiro

Trustees not present: Beth Monroe-Howe, Martin Polignone

Staff attending: Michael Glavin, Executive Director, Mayor’s Office of Strategic Planning and Community Development; Heidi Burbidge, City of Somerville Housing Division

Others attending: Cory Mian, Vice President, Real Estate Development, Preservation of Affordable Housing and Scott Hayman, Director of Real Estate, Somerville Community Corporation

The meeting began and 9:35am with Andrea Shapiro serving as chair.

1. Review and Approval of Meeting Minutes

Trustees reviewed Meeting Minutes of the September 14, 2017 Trust meeting drafted by Heidi Burbidge. A **motion** to approve the September 14, 2017 meeting minutes was introduced, seconded and PASSED, 6-0.

2. Communications

Draft FY17 Annual Report status – Mike Feloney reported that a draft FY17 Annual Report would be available for the November (9th) Trust meeting.

Trust Audit status - Mike reported on a conversation with Richard Sullivan, who completed field work for Powers and Sullivan recently. Mike had requested a draft for the Board’s November meeting, which wasn’t possible. Dick Sullivan indicated a draft would be complete for the start of December.

Request to DOR for funding eligibility clarification – Mike Glavin updated Trustees that the City’s solicitor’s office is submitting a request on behalf of the Trust for an opinion from the Department of Revenue regarding eligibility of housing support programs for Trust funding, as previously discussed with Trustees.

Community Preservation Committee meeting -- 11/14/17, 6:30pm at the VNA – Mike confirmed the date and location of the CPC’s November 14th meeting, which will be held at the VNA at 259

Lowell Street starting at 6:30pm. Emily Monea from OSPCD is providing temporary staff support to the CPC. Housing staff will continue to communicate with Emily about the meeting's agenda and any Trust-related updates.

Additional items announced – Two other items were noted:

- Waterworks construction completion: A ribbon-cutting for SHA's Waterworks project is scheduled for Thursday, November 2, 9:30am at the Waterworks building. The Trust provided funds that were critical for this project to proceed to completion.
- Trust updates to the BOA: Mark Niedergang shared that at the most recent BOA meeting he provided highlights prepared by Housing staff of July, August and September Trust activity with BOA members. His next quarterly update to the BOA will be prepared by Housing staff and will cover Trust activity during October, November and December.

3. Unfinished Business

Action on 2017 CPA Housing Project proposals – The status of Clarendon Hill and 100 Homes were discussed as follows:

- Clarendon Hill: Mike Feloney and Mike Glavin introduced work done by POAH and other development team members since the Trust's September meeting. Mike Feloney and Mike Glavin also noted that City staff has been working to identify possible sources (such as HOME funds) that could help reduce the need for Trust funds. Possible City sources that have been identified total \$10 million. Mike Glavin described the City's goal to reserve CPA funding flexibility to the greatest extent possible (in part by identifying other funding sources.)

To that end, Mike Glavin requested that the development explore the extent to which a tax increment financing approach (in which the portion of the project's real estate tax burden would be temporarily relieved) could increase the amount of debt the project could carry. Such financing and tax relief requires action by the BOA, and would involve a contracted responsibility by the Clarendon Hill developer to deliver on the project's affordable units and other public benefits. Temporary relief would involve only affordable 'work force' units; the developer would pay full real estate tax on market-rate units.

Cory Mian provided an estimate that a request from the development team for tax relief would total about \$170,000 per year which could translate into an amount of debt financing in the range of \$1.7 to 2.5 million. Efforts to confirm the viability of such an approach are continuing, with a meeting with Somerville Assessing Department personnel to be set.

Mike Feloney shared work Housing Division staff has been doing to confirm HUD HOME resources that could be allocated to the project. At this time staff is comfortable going from a previously identified level of \$650,000 up to approximately \$800,000 as/if necessary. This consideration will continue as an iterative process while the overall project financing is finalized. Building permit relief of up to roughly \$1.6 million is another possible source of local support.

Mike Glavin noted that the amount of CPA funding available each year will be variable. He suggested that the Trust's recommendation to the CPC for funds financed through bonding be a total figure that represents a range of amounts that can be allocated by the Trust to the Clarendon Hill project and a range of amounts that can be allocated by the Trust for the creation of 100 Homes units. The overall amount raised through bonding will be split, with specific amounts for each project to be determined by the Trust as the two projects move forward.

(Mike Glavin and Cory Mian each left the meeting after Clarendon Hill discussion, about 10:25).

- 100 Homes: Mike Feloney introduced 100 Homes discussion by noting that Housing Division and SCC staff have been meeting to work toward closing 100 Homes properties that were not part of the HPSTF closing in September. Mike noted that Scott Hayman could share information on 3 properties that SCC has placed under agreement, and which would involve a total of 25 units. Mike noted that the opportunity also brings challenges that the group has begun discussing, in terms of the level of subsidy needed to close on the properties and the timeframe in which it is expected to be available.

Scott offered details on properties under agreement and possible funding sources. On permanent financing, SCC is working with MassDevelopment on issuance of a 501(c)3 bond that would be purchased by East Boston Savings Bank (EBSB). CPA subsidy would need to go into the property at the time of permanent closing.

- 355 Broadway – 16 occupied units. On acquisition financing, EBSB is prepared to participate in bridge financing with MHIC until a tax-exempt bond issuance and purchase can be completed. Other properties under control and financing options being explored include:
- 11 Austin Street – 6 units
- 35 Merriam – 3 units

SCC would like these two properties to be part of closing now being targeted, based on most recent calls with Mass Development staff, for end of December. Housing Division staff are exploring financing options, including using CDBG as a source of bridge financing.

Recommended bonding approval request level(s) associated with project requests - Trustees agreed that a bonding request to the CPC should reserve the Trust's ability to determine how final project awards split the amount of the bond revenue, perhaps within a specified range for each project.

(Mary Cassesso joined the meeting at 10:40am).

Trustees discussed making a request to bond for \$10 million, and expressed a general consensus for that amount.

(Scott Hayman left the meeting at the conclusion of 100 Homes discussion, at 10:47am).

4. New Business

Tenancy Stabilization Program RFP – timeline to issue for FY18 – Heidi Burbidge recommended that the Trust vote to issue a Request for Proposals for administration of the Trust's Tenancy Stabilization Program. Heidi noted clarifications made last year by the DOR that apply to the uses of funds belonging to municipal trusts that were created through state enabling legislation. These clarifications indicate that uses such as rental and utility arrears are not eligible to be included as a part of municipal trust funding and are not included as a part of this RFP as drafted. Heidi also said that the draft RFP includes a contract term of 18 months. A contract term that is longer than three years would require a BOA approval process.

Andrea Shapiro introduced a **motion** that 1) the Trust issue a Request for Proposals for the Tenancy Stabilization Program, 2) the RFP state that other uses for TSP funds may be allowed if they are determined to be eligible and 3) the RFP allow a contract term of up to three years, and invite proposers to submit a preferred term for it. The motion was seconded and PASSED 7-0.

A question was raised as to whether there would be interest in responding to the RFP, in light of current prohibition against funds being applied to rent arrearages. Heidi will work to clarify that issue, as soon as possible.

Monthly financial reports - Review of monthly financial reports was postponed until the next meeting.

Next meeting date – The next meeting date will be November 9th with an adjusted start time of 5:30pm.

The meeting adjourned at 10:50am with a motion adopted 7-0.

Documents distributed:

- September 14, 2017 meeting minutes
- Draft Request for Proposals for the Tenancy Stabilization Program
- Monthly financial reports for May, June, July and August