

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

Mary Cassesso, Managing Trustee

Trustees
Michael Feloney
Kathryn Gallant
David Gibbs
Donna Haynes
Councilor Stephanie Hirsch
Andrea Shapiro
Brielle Short
Jessica Turner

Minutes
February 13, 2020 Meeting – 5:15pm
Somerville City Hall 3rd floor Conference Room
93 Highland Avenue, Somerville, MA 02143

Trustees present: Mary Cassesso, Mike Feloney, Kathryn Gallant, David Gibbs, Stephanie Hirsch, Andrea Shapiro, Brielle Short, Jessica Turner

Trustees not present: Donna Haynes

Staff attending: Heidi Burbidge, OSPCD Housing Division

Others attending: Eliza Datta, E3 Development, Danny LeBlanc, Somerville Community Corporation, Amanda Pelcher, Somerville Community Corporation

Meeting started at 5:20pm with Andrea Shapiro serving as chair.

1. Review and Approval of Meeting Minutes

Trustees reviewed draft minutes of the January 9, 2020 Trust. Katie Gallant introduced a **motion** to approve the January 9, 2020 meeting minutes which was seconded by Brielle Short and PASSED, 7-0.

2. Communications

Trustee reappointments – status

- Heidi Burbidge reported that she requested reappointment interviews for Mary Cassesso and Donna Haynes to take place at the March 4th meeting of the Committee on Appointments and Personnel Matters. Mary had confirmed availability and Donna’s availability was pending.

Clarendon Hill – update on project status-

- Katie reported that the development team’s relocation consultant was surveying residents to determine relocation needs. Mike Feloney indicated that the development team (POAH, Redgate and SCC) provided an overview presentation of the project at the Zoning Board of Appeal meeting held January 22, 2020; the presentation was an initial step in the M.G.L. 40B comprehensive permit process. Another public hearing will be held at a future date at which public comment would be solicited.

Trust ordinance revision - Home Rule Petition status

- Heidi reported that the Affordable Housing Trust Fund Home Rule Petition (HRP) was reported out favorably by the Legislature’s Joint Committee on Housing on January 14th. Heidi noted that the Mayor had testified in support of the HRP and other housing legislation.

Heidi also noted that the HRP is currently with the Legislature's Revenue Committee and that a deadline for reporting out the Trust HRP, the transfer fee bills and other housing-related bills that are in the Revenue Committee (both Home Rule and Enabling) had been extended to March 16th.

3. Ongoing/Unfinished Business

Presentation/discussion on project request - E3 Development, 31 Tufts St.

- Heidi introduced Eliza Datta from E3 Development, the developer selected by the city for development of the city-owned property comprising approximately 3,000 square feet at 31 Tufts Street. Eliza noted that specific parameters for the project were under consideration and may include a unit mix in the range of 15 to 17 studio, one-bedroom and two-bedroom apartments with affordability levels at 50%, 80% and 100% AMI. A three-bedroom unit is being considered. The building is expected at this point to be three stories. A lobby or community space is proposed for one portion of the ground floor.

Stephanie Hirsch noted a need in Somerville for units that can accommodate small families who are doubled up in current living situations, and asked if the one-bedroom units could be designed to accommodate a parent and child. Mike noted that Housing staff who work with applicants for inclusionary units have seen an increase in number of households in this demographic requesting one-bedroom units to maximize affordability. Jessica Turner noted that the units seemed small. Eliza reported that should would seek to include compact interior designs that could accommodate families in the one-bedroom units.

Mary Cassesso joined the meeting at roughly 5:35pm.

Eliza reported E3 expects to pursue the following sources in upcoming funding rounds: SAHTF funds, MassHousing's Workforce Housing fund, DHCD's Community Scale Housing Initiative (CSHI) and private debt through Mass Housing Partnership. She reported that she had met with DHCD staff who indicated that the project's application should show progress through the City's zoning process to be considered in DHCD's spring round for a CSHI funding commitment. Eliza noted that a closing in 2021 may be possible.

Stephanie asked what the subsidy per unit would be under the proposal. Eliza reported that she anticipated that workforce housing units would require a subsidy of \$100,000 per unit and that the 50% and 80% units would require an average of \$200,000 per unit. She estimated that \$66,000 of CPA/Trust fund subsidy would be used per unit in the overall mix.

Heidi agreed to schedule updates from E3 to the Trust as plans for the project progressed.

Eliza Datta left the meeting at approximately 5:45pm.

Request from SCC to hold 75 Cross Street payment as replacement reserves-

- Heidi distributed a memo from Amanda Pelcher, Chief Financial Officer at SCC, requesting that the Trust allow 75 Cross Street LLC to use a \$56,057 cash flow payment due to the Trust to fund a replacements reserve that would in turn fund needed capital upgrade work. SCC CEO Danny LeBlanc and Amanda Pelcher attended to present the request. Danny reported that SCC was requesting deferral of the payment currently due (as distinct from forgiveness; he clarified that SCC was not asking for a change in the amount of the loan due).

SCC staff further explained that under the terms of the loan paid, loan payments made prior to the developer fee being paid equaled 50% of cash flow. Upon payment of the developer fee, the loan payments were to have equaled 100% of cash flow. The developer fee had been fully paid as of 2016.

Amanda Pelcher reported that in 2019, SCC made payments equal to two years' of cash flow (for 2017 and 2018), in a single payment. Danny noted in the course of discussion that at some point in the last several years SCC had made a loan of \$10,000 to the project. Danny noted that the replacement reserve balance for the project was \$17,000 as of November 30, 2019, and that the level needed to address existing needs at a property with such intense daily use was closer to between \$75,000 and \$100,000.

Danny went on to note that for a time three years ago the project's cash flow had been zero, due to operating costs associated with A/C operation, and legal costs necessary for an eviction (as well as associated lost rent). SCC indicated that while the property's cash flow position had improved, it could still face difficulties if unforeseen expenses were to arise. Danny reported that SCC would be initiating a capital needs assessment (CNA) for all of its properties, including 75 Cross Street.

Danny LeBlanc and Amanda Pelcher left the meeting at roughly 6:10pm.

Trustees noted that the payment of \$56,057 would have retired the loan. Andrea asked whether Trustees would consider making a loan to provide funds for needed work once an inventory of repairs had been identified.

In response to a question as to whether questions posed to SCC had been addressed, Mike noted on behalf of Housing Division staff that questions generated by staff and Trustees after the January meeting - and subsequently transmitted to SCC with a request for a written response, had not been fully addressed. While some issues were clarified through the presentation, others remained. Trustees noted that it wasn't clear whether a plan to grow the replacement reserve on an ongoing basis going forward had been developed. Trustees wished to act on to the request in a timely way, once issues previously identified were addressed. Trustees asked staff to follow up with SCC to complete due diligence.

Mike Feloney and Jessica Turner left the meeting at roughly 6:20pm.

Andrea noted that SCC should provide an explanation of how the project's reserve fund will be replenished. She noted that SCC should provide a clarification of which repairs have been completed and which repairs were to be done. Mary noted that SCC had not yet started their capital needs assessment. Trustees requested staff continue due diligence regarding SCC's request, including soliciting written responses from SCC regarding remaining questions.

Trust contract status

- Heidi reported that 1 contract was routing, 2 contracts would be ready for the managing trustee's signature on February 13th, and she was waiting on contract documents to be submitted by agencies for 3 contracts.

Heidi noted that RESPOND staff had reported that they had not expended any funds in anticipation of the execution of a contract for the FY19 CPA funds. Heidi reported that RESPOND staff anticipated being able to spend the FY19 and FY20 awards in one year. She noted that she had given them a deadline of 2/25/20 for them to provide contract documents and a two-year budget. Heidi also noted that this could be an agenda item for the March Trust meeting - i.e. to act on RESPOND's FY20 request and then combine the funds into a contract with a term beginning July 1, 2020 and ending June 30, 2021.

Heidi noted that Heading Home staff had reported that they would not be able to spend down the remainder of their FY18 contract funds and that they had withdrawn their request for FY19 funds. She noted that she would prepare follow-up by Trustees for the March meeting, as/if necessary.

4. New Business

Draft Trust MOA with Community Preservation Committee

- Heidi distributed a copy of a FY20 MOA between the Trust and the Community Preservation Committee. She noted that the conditions in the MOA have been consistent since FY18. Andrea Shapiro introduced a motion to authorize Mary Cassesso on behalf of the Trust to sign the FY20 MOA between the Trust and the Community Preservation Committee. Katie Gallant seconded the motion and it PASSED 5-0.

Monthly financial reports

- Heidi reviewed a summary of CPA funds available, non-CPA funds available, linkage payments expected to be received by the end of FY24, and HOME and CDBG resources available. She also reviewed a December non-CPA Trust financial report and a January CPA financial report.

A **motion** was made to adjourn which was seconded and PASSED, 5-0.

Next meeting date – The next meeting date will be Thursday, March 12, 2020 at 5:15pm in the Somerville City Hall 3rd floor conference room.

Documents distributed:

- Draft January Trust meeting minutes
- Request letter from SCC re: Cross Street
- Document with 75 Cross Payment details prepared by Housing staff
- Trust Memorandum of Agreement with Community Preservation Committee
- Summary of available funds and projected linkage revenue
- Monthly CPA financial report for January
- Monthly non-CPA financial report for December