

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 Munroe-Howe
Mark Niedergang
Martin Polignone
Andrea Shapiro

Minutes
January 12, 2017 Meeting – 6:15 PM
City Hall, 3rd Floor Conference Room
93 Highland Avenue, Somerville, MA 02143

Trustees present: Mary Cassesso, Mike Feloney, Donna Haynes, Danny LeBlanc, Beth Munroe-Howe, Mark Niedergang, Martin Polignone, and Andrea Shapiro

Clerk to Trust: Heidi Burbidge, City of Somerville Housing Division

Member of the Public: Ben Marlow, Somerville resident

The meeting began at 6:20p.m. with Mary Cassesso serving as chair.

1. New Business

- Review of Minutes from December 8, 2016 Meeting
A **motion** to approve the December 8, 2016 Meeting Minutes was introduced by Danny LeBlanc with a second by Donna Haynes. The motion PASSED 8-0.

Danny Le-Blanc recused himself from the meeting at 6:21pm because the next order of business was a potential Somerville Community Corporation (SCC) project. Scott Hayman from SCC joined the meeting to present on it.

- 100 Homes opportunity: 29 Jackson Road
SCC Director of Real Estate Scott Hayman presented information on 29 Jackson Road, a two-unit property for which SCC is seeking financing assistance from the Trust using Community Preservation Act (CPA) funds to purchase and redevelop the existing two-unit property into three affordable two-bedroom homeownership units. The property was purchased by its current owners as affordable housing, and is encumbered by an existing affordability restriction in perpetuity. The property has been well-cared for and is good condition.

Similar two-family properties in the immediate neighborhood have sold for approximately \$900,000 in the last year. SCC has negotiated a \$625,000 purchase price for this property, which reflects the restrictions in place on one of the two existing units.

Along with a request for funding that would ‘stay in the project’ as permanent subsidy, SCC also requested short term assistance to use Trust funds in lieu of Massachusetts Housing Investment Corporation (MHIC) acquisition funding, which has been used on other 100 Homes acquisitions. (SCC has temporarily reached its MHIC line of credit limit.) SCC requested support of up to \$782,500 in CPA Housing Funds. SCC requested that \$101,560 of Trust CPA Housing funds remain in the project as a permanent subsidy at permanent closing.

The development budget presented at the meeting and included in the information packet showed the amount of subsidy that would be required to support the creation of three affordable homeownership units, with one at 80% AMI and two at 100% AMI. Scott indicated that the unit pricing that is proposed is conservative, and that SCC plans to set the price on the lower side of what is considered affordable for each AMI category to help maximize the pool of potential buyers. Upon completion and marketing to eligible households, anticipated sales prices of the two-bedroom units are \$197,000 for an 80% AMI two-bedroom unit and \$269,000 for the two two-bedroom units. (As a comparison, two-bedroom condos in this neighborhood have sold for \$550,000 in the past year.)

Following discussion of affordability goals, trustees requested that SCC prepare a pro forma scenario that shows how much subsidy would be required to create two units at 80% AMI and one unit 100% AMI, i.e., adding a second unit at greater affordability. It was noted that the pro forma presented at the meeting had a per unit subsidy that is significantly lower than what other 100 Homes acquisition efforts supported by the Trust have required, due to the existing restriction.

SCC’s proposal noted that the project will require Zoning Board of Appeal and Condo Review Board approval to create the third proposed unit.

Scott Hayman left the meeting at 6:33pm following his presentation.

Some discussion followed about timing of approvals and related issues. Comments included the observation that could be a challenge to get the project through Planning and Zoning reviews within 6 months, given the heaviness of Planning Board and ZBA scheduled. Trustees agreed that they are in support of the project, in any event.

A **motion** to support SCC’s purchase of the property at 29 Jackson Road with available CPA/AHTF funds, as appropriate, was introduced by Mark Niedergang with a second by Donna Haynes. The motion PASSED 7-0-1, with Danny recused from the vote.

Danny LeBlanc re-joined the meeting at 6:40pm.

2. *Follow-up from December Meeting*

- Trustee’s term expiration and next steps

Heidi Burbidge gave a summary of the status of Lisa Davidson’s reappointment. The recommendation for her reappointment was advancing through the City approval process for the BOA’s final vote.

Mark Niedergang left the meeting at about 6:50pm.

- Housing Support grants: update on status of contracts and research into potential other approaches to funding

Heidi Burbidge offered a brief update on the status of contracts for Housing Support grants, and ongoing efforts to clarify issues regarding eligibility. Concern was expressed as to why execution of contracts had not moved forward despite a motion adopted in December to authorize contracts. Mike Feloney noted that meeting minutes from December also noted that staff had indicated it might not be possible to certify the contracts as legal and 'executable' due to issues identified.

Concern was further expressed that the potentially-affected programs are now half-way through their program year. Mike Feloney noted that, while that was far from ideal, it actually was not significantly different from the timetable for the preceding year. Mike summarized efforts undertaken to date to identify alternative funding sources, as had been done for SHC's Passages Program that previously had been funded by HUD. The City identified CDBG and Health and Human Services funds in that case. Mike reported that he had been informed by OSPCD staff that CDBG funds were not an option in this instance, because the City had already reached the program's statutory limit on funds that could be funded for service-related purposes. He noted also that he had raised the issue of other alternative funding sources with OSPCD's Executive Director and in weekly meetings OSPCD staff have with Mayor Curtatone.

It was noted that the Mayor's office and Michael Glavin at the Office of Strategic Planning and Community Development could probably expect to hear from Trustees and Program administrators if this funding is not forthcoming. In response to Trustee concerns on the amount of time that had elapsed since the issue was initially identified. Mike offered his perspective that staff had worked diligently to call attention to the issue and find means of resolving it.

He noted that staff had called the issue to Trustees' attention at the meeting immediately following Massachusetts Housing Partnership (MHP) training (at which it was identified) held on September 16, 2016; had extended discussion with MHP staff, and arranged for MHP to attend the Trust's November meeting in an effort to further clarify issues involved.

Further discussion followed that consultants familiar with Trust and CPA issues had not identified the eligibility issue. Housing staff had contacted consultant Jennifer Goldson, who confirmed that the issue was a new development since she had provided services to the Trust in 2014. Both MHP staff and Jennifer Goldson noted that part of the challenge is a lack of written guidance on the subject from Massachusetts Department of Revenue, which has been the source of the issue. Mike Glavin has asked the Executive Director of the MHP about the confusion regarding new interpretations of the legislation and whether there is some way to address these issues with the Commonwealth.

It was suggested that Trustees send a letter to the Mayor and Michael Glavin stating the concern that award letters sent in July, 2016 (following Trustees' approval of applications at its July 20, 2016 meeting) created a binding obligation on the City's part. It was also suggested that someone from the City Solicitor's office be invited to the next meeting.

A **motion**, to send a letter to the Mayor and Michael Glavin requesting action on the Housing Program NOFA grant awards and attendance by appropriate OSPCD and City Solicitor staff was introduced by Danny LeBlanc and seconded by Mary Cassesso. The motion PASSED 6-0-1, with Mike Feloney abstaining.

- Research on “non-MAHT” Trusts

Heidi Burbidge presented a list of non-MAHT Trusts that have been identified with a description of each. Trustees requested further research focused on Provincetown, Boston, Watertown, Lexington and Tewksbury.

- FY17 CPA award and timetable; review of draft SAHT 2017 CPA Development Project and Housing Program RFPs

The draft SAHT 2017 CPA RFPs were reviewed with a description of edits that had been made to each document.

A **motion** to approve the 2017 CPA Development Project and Housing Program RFPs was introduced by Danny LeBlanc with a second by Andrea Shapiro. The motion PASSED 7-0.

A request was made for Housing staff to share the list of developers to whom the RFPs are sent.

3. *Announcements:*

- There were no announcements.

The meeting adjourned at 8:04pm with a motion from Martin Polignone seconded by Danny LeBlanc and adopted 7-0.

Documents Distributed:

- Draft December, 2016 Minutes
- 29 Jackson Road request and information package
- List of non-MAHT Trusts
- Draft SAHT 2017 CPA Development Project RFP
- Draft SAHT 2017 Housing Program RFP