

CAMBRIDGE AFFORDABLE HOUSING TRUST
MEETING MINUTES
May 23, 2013

Ackerman Room, City Hall
795 Massachusetts Ave.

Trustees Present: Robert Healy, Chair; Peter Daly, Michael Haran, Susan Schlesinger, James Stockard, William Tibbs

Trustees Absent: Florrie Darwin and Gwen Noyes

Staff Present: Brian Murphy, Assistant City Manager for Community Development; Chris Cotter, Housing Director; Cassie Arnaud, Housing Planner; Anna Dolmatch, Housing Planner; Linda Prosnitz, Housing Planner

Others Present: Elaine DeRosa; Cheryl-Ann Pizza-Zeoli; James Williamson

The meeting was called to order at 4:05 pm.

Upon a motion moved and seconded, it was voted to approve the minutes from the March 28, 2013 meeting.

PROJECT UPDATES

117 Rindge Ave – Heading Home has applied for DHCD funds. A contractor has been selected.

Bishop Allen Apartments (aka Norstin) – Just A Start did not receive an award in the October round, and is preparing to reapply for state funds.

Chapman Arms – HRI received an award from DHCD funding in the October rental round. HRI is preparing for rehabilitation and closing.

Cambridge Court – Financing closed and construction is nearing completion.

Lincoln Way/Jackson Gardens – Jackson Gardens is done and fully occupied. First phase of Lincoln Way is complete; construction on the second phase is proceeding well.

7 Temple Street – CHA completed redesign after bids came back higher than expected. Project has been redesigned and rebid. Bids are due late in May.

Cambridge YWCA – Construction closing complete; rehab is now underway. Demo on pool building is underway.

191-195 Prospect Street – Bridge financing closed; working on other permanent financing and rehab plan.

78-80 Porter Road – CAHC did not receive DHCD funding in the October round. Next step is to look at other financing options in conjunction with 195 Prospect Street.

New Business

131 Harvard Street

Staff presented a request from Capstone Communities and Hope Real Estate Enterprises for a loan up to \$3,048,656 for the development of 20 affordable rental units at 131 Harvard Street. In June of 2012 the Trust conditionally approved funding of the project, deferring full approval until the project was more fully developed. The project is now fully permitted, bid, and a contractor and management company have been selected. All environmental and geo technical work is complete. Capstone and HREE have submitted a pre-application for state financing. They have received favorable feedback from funders and have a letter of interest from a tax credit syndicator.

The project has shown significant progress in the past year. The developers have worked with the community and CDD staff. The project will consist of 13 two bedroom units, 3 three bedroom units, and 4 one bedroom units.

Upon a motion moved and seconded, it was:

VOTED: to approve the request of up to \$3,048,656 for the development of 121 Harvard Street into 20 affordable units. The funds are contingent upon:

1. All required zoning relief granted;
2. Trust approval of unit configuration and design;
3. CDD staff final approval of budgets and operating proforma;
4. CDD staff approval of design, construction plans and specifications;
5. Firm written commitments from all project funding sources;
6. CDD staff approval of the tenant selection and marketing plan;
7. Environmental assessment and/or remediation plan acceptable to staff;
8. Standard Trust terms and conditions, including but not limited to:
 - a) All twenty (20) units will be subject to the City's standard Affordable Housing Agreement (AHA) to be signed at loan closing.
 - b) All twenty (20) units will be restricted to households earning below 80% of Area Median Income as defined in the AHA.
 - c) All loans will have an interest rate of 2% compounding, or such other rate established in consultation with Low Income Housing Tax Credit syndicators or investors.
 - d) All loans will be subject to a penalty rate of 8%. The penalty rate is only applied upon violation of the AHA.
 - d) The loan will be due and payable at the end of the term; however, the repayment date can be extended for an additional term upon extension of the affordability period.
 - f) All loans will be non-recourse.

Putnam Square Apartments/2 Mt. Auburn Street

Mr. Daly recused himself from discussion and left the room at 4:25.

Staff presented Homeowner's Rehab Inc.'s request for up to \$4,848,750 in acquisition financing for the purchase and preservation of affordability at Putnam Square Apartments. Putnam Square is an 11 story, 94-unit, affordable development for elderly and disabled tenants.

The property is owned by an entity controlled by Harvard University. The sale is subject to Chapter 40T, the state's affordable housing preservation statute. HRI's offer was accepted by Harvard in March 2013. It is expected that CEDAC will provide the additional acquisition financing. The Trust acquisition financing will be repaid at the construction closing. It is anticipated that the need for permanent financing from the Trust will be less than this amount.

The Trust discussed the condition of the building. The capital needs study prepared for HRI indicates that the building requires significant work including extensive exterior work, new windows, new boiler, new elevators, life safety and handicap-accessibility improvements. Given the critical nature of some of the capital needs, HRI may undertake some of the work prior to the construction closing if possible.

Upon a motion moved and seconded, it was:

VOTED: with Mr. Daly abstaining and not present to approve the request for up to \$4,848,750 in acquisition financing. The funds are contingent on the following conditions:

1. CDD staff approval of the acquisition, development and operating budgets;
2. Appraisal adequate to support acquisition price;
3. Firm written commitments from all acquisition funding sources;
4. Acquisition loan term of up to 24 months;
5. That no payments are made on the CNAHS acquisition loan while Trust financing to the project remains outstanding.
6. Standard Trust terms and conditions.

Chapman Arms

Staff presented Homeowner's Rehab Inc.'s request that the Trust's existing acquisition loan to HRI for Chapman Arms of \$4,078,181 be converted to permanent financing. Chapman Arms is a 50-unit mixed income, mixed use building. Since acquiring the building, HRI has been developing the scope of rehab work, which has increased as HRI was able to make a more detailed examination of the building and will result in a more comprehensive rehab. Financing for the construction closing is in place and includes state CIPF/HSF, 4% and historic tax credits, a first mortgage, deferred fee and sponsor equity, a CNAHS loan, and accumulated cash flow. HRI is preparing to close on construction this summer. The Trust discussed and confirmed that the commitment would be consistent with the original requirements of the Trust loan.

Upon a motion moved and seconded, it was:

VOTED: with Mr. Daly abstaining and not present to approve the request to convert the Trust's existing acquisition loan of \$4,078,181 to permanent financing. The funds are contingent on the following conditions:

1. CDD staff approval of the final development and operating budgets;
2. Firm written commitments from all permanent funding sources;
3. That no payments are made on the CNAHS acquisition loan while Trust financing to the project remains outstanding;
4. Standard Trust terms and conditions.

Peter Daly returned at 4:47.

The Trust discussed the issue of local preference and the options for complying with the state's requirements that 70% of the units be local preference and 30% be open with no preference.

Central Square – Draft Zoning and Middle Income Housing

Staff updated the Trust on the draft zoning language to encourage middle income housing in Central Square. The Trust discussed how to determine what incentives, such as increased density and height, would encourage developers to building housing, and particularly middle income housing. Other issues mentioned included setting of rents, encouragement of family size units, unit location, and off site compliance. The role of the Trust in advising the Planning Board in permitting for housing with middle income units was discussed and will require further discussion.

ADJOURNMENT

The meeting adjourned at 5:25. The next meeting is scheduled for Thursday, June 27, 2013 at 4:00 p.m.

OTHER MATERIALS

- Meeting Minutes from the Trust's March 28, 2013 meeting
- Funding request for 131 Harvard Street
- Funding Request for Putnam Square Apartments/2 Mt. Auburn Street
- Funding Request for Chapman Arms
- Update on Central Square Draft Zoning and Middle Income Housing