

CAMBRIDGE AFFORDABLE HOUSING TRUST
MEETING MINUTES
June 26, 2013

Ackerman Room, City Hall
795 Massachusetts Ave.

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

Trustees Absent: Florrie Darwin, Gwen Noyes and William Tibbs

Staff Present: Chris Cotter, Housing Director; Cassie Arnaud, Housing Planner; Anna Dolmatch, Housing Planner; Linda Prosnitz, Housing Planner

Others Present: Victoria Bergland, Elaine DeRosa, Cheryl-Ann Pizza-Zeoli, James Williamson

The meeting was called to order at 4:08 pm.

Upon a motion moved and seconded, it was voted to approve the minutes from the May 23, 2013 meeting.

PROJECT UPDATES

Putnam Square – HRI preparing to close; request for construction financing presented at June CAHT meeting (see below).

131 Harvard – Preparing to reapply to DHCD in August round; going to BZA for reduction in required parking.

Bishop Allen Apartments (aka Norstin) – Preparing to reapply to DHCD in August round; also submitting applications for Historic Tax Credits.

Chapman Arms – HRI preparing for loan closing and rehabilitation start.

Cambridge Court – Financing closed and rehab is complete.

Lincoln Way/Jackson Gardens – First phase of Lincoln Way is complete; construction on the second phase is almost complete.

Cambridge YWCA – Construction nearly complete; well-attended ribbon cutting held in June to celebrate the YWCA renovations.

7 Temple Street – Project has been redesigned and bids came back on target; CHA preparing to close on construction funding later this summer.

Windsor Street Condominiums – last unit has been sold, project complete.

117 Rindge Ave – Heading Home was awarded DHCD funds out of round; a contractor has been selected. Request to covert Trust bridge funding to permanent loan to be brought to an upcoming meeting.

New Business

Putnam Square/2 Mt Auburn – Request for Harvard 20/20/2000 Construction Financing

Staff presented a request from Homeowner's Rehab, Inc for a loan of up to \$1,300,000 in Harvard 20/20/2000 short-term construction financing to pay for early-stage renovation work at 2 Mt Auburn. At its May 2013 meeting, the Trust approved HRI's request for acquisition financing to acquire and preserve affordability at Putnam Square Apartments, an 11-story affordable senior housing development located at 2 Mt. Auburn Street in Harvard Square. It was noted at that time that HRI would likely be seeking additional funding to enable them to complete renovation work which could not reasonably wait until a full construction closing in two to three years.

Based on HRI's capital needs assessment of the property, the cost of the total scope of work is expected to be approximately \$6 million, including exterior work, improved life safety features, improved handicap-accessibility, and other upgrades. However, HRI has determined that a number of items cannot wait until construction closing in two or more years. HRI put together a scope of early-stage rehab, estimated at \$1.3 million, which would include replacement of the two elevators, replacement of the heating and hot water systems, new appliances, and some limited building envelope work, among other items. HRI is looking at options for funding this work and, given the timing, requested that the Trust approve up to \$1.3 million in Harvard 20/20/2000 funds for use if they cannot identify an alternative source of funds to pay for the work.

Upon a motion moved and seconded, with Mr. Daly not present for the discussion and abstaining from voting, it was:

VOTED: to approve HRI's request for up to \$1,300,000 in Harvard 20/20/2000 construction financing. The funds should be made contingent on the following conditions:

1. CDD staff approval of the project budget and scope of work;
2. Term of up to 24 months, with one year extension;
3. Interest rate of 2%;
4. Confirmation, to staff's satisfaction, that a portion, or all of, this funding is necessary;
5. Standard Trust terms and conditions.

Chapman Arms – Change in Financing Terms

At its May 2013 meeting, the Trust authorized that its existing \$4,078,181 acquisition loan to Homeowner's Rehab, Inc. (HRI) for Chapman Arms be converted to permanent financing. In addition to the Trust financing, the project will be funded with a variety of funding sources including an Acquisition Note from CNAHS. The Trust approved the structure with the condition that no payments be made on the CNAHS Acquisition Loan while the Trust loan is outstanding unless an alternative proposal is brought back to the Trust for review and approval.

In order to make aspects of the transaction work for all project funders, HRI proposed an alternative structure which would involve full repayment of the CAHT loan by having 50% of net cash flow go towards repayment of the public subsidy lenders on a basis proportionate to their loans, and for the remaining cash flow be split between the developer and repayment of the CNAHS Trust loan. In order for this to work, HRI also requested that the interest rate on the Trust financing be reduced from the standard rate to zero percent (0%) given the fact that the funds will actually be repaid.

Upon a motion moved and seconded, with Mr. Daly not present for the discuss and abstaining from voting, it was:

VOTED: to approve HRI's request that the Trust's May 2013 approval be amended in regard to the repayment of the Trust loan and the CNAHS Acquisition loans which shall be authorized to be repaid as described above, and to approve the change in the annual interest rate on the Trust financing to zero percent (0%). All other terms and conditions remain unchanged.

Temple Place Apartments – confirmatory vote

Staff updated the Trust on the status of the Cambridge Housing Authority's Temple Place Apartments project. Since the last formal update in February 2013, bids for the redesigned building came back within the anticipated budget and the CHA is now preparing for construction closing.

Based on the new budget for the redesigned project, staff anticipate that the total Trust contribution will be \$4,500,000 (down from the \$4,997,921 already approved) and that approximately \$876,563 in City HOME funds will also be provided, as discussed in more detail in the Trust's briefing materials.

The City Manager noted that the renovated YWCA and the new Temple Place Apartments would help anchor that section of Central Square, at a time when the neighborhood was poised for substantial change. After a brief conversation about the project, staff asked the Trust to reconfirm its existing commitments to the project, given the length of time it has taken to reach this milestone in the project.

Upon a motion moved and seconded, with Mr. Stocakrd not present for the discussion and abstaining from voting, it was:

VOTED: to confirm the authorization that an additional \$525,000 in Trust funds be committed to the redesigned project, bringing the Trust's overall contribution to the project to \$4,500,000. The funds should be made contingent on the following conditions:

1. CDD staff approval of the final development budget;
2. CDD staff approval of construction plans and specifications;
3. Firm written commitments from all project funding sources;
4. CDD staff approval of the tenant selection and marketing plan;
5. Standard Trust terms and conditions.

Preservation Funding

Staff presented a request for up to \$25,000 in Trust funds to be used to fund activities related to preserving the remaining expiring use properties in Cambridge. It was explained that these activities would likely include early stage analyses such as capital needs assessments and appraisals, as well as preservation consulting services.

Trust members noted the significant progress which had been made since the Trust's first authorization of preservation funding in 2009. Specifically, seven formerly expiring-use properties, containing more than 420 affordable units, have been preserved or are in the process of being preserved: Inman Square Apartments, CAST 2 Apartments, Cambridge Court Apartments, Bishop Allen/Norstin Apartments, Chapman Arms, Harwell Homes, and Putnam Square Apartments.

Upon a motion moved and seconded, it was:

VOTED: to approve an additional \$25,000 to be used for preservation-related activities.

Annual Contract Appropriations

Staff presented a request for \$408,265 in Trust funds for the Fiscal Year 2014 annual contracts. These contracts are used to provide operating support to the non-profit housing development functions of Homeowner's Rehab, Inc. (HRI), Just A Start Corporation (JAS) and Cascap, Inc.

The \$359,265 request for the Affordable Housing Development contracts will be used as follows:

Cascap, Inc	\$ 66,150
JAS	\$115,767
HRI	<u>\$177,348</u>
Total	\$359,265

The remaining funds in the request will be used as follows: \$30,000 to fund the Multi-family rehab program available through HRI/CNAHS; \$14,000 to fund the Housing Division's legal services contract; and \$5,000 for miscellaneous administrative items.

HRI – Multifamily Rehab Program	\$ 30,000
Legal Services	\$ 14,000
Miscellaneous	\$ 5,000
Housing Development	<u>\$359,265</u>
Total	\$408,265

Upon a motion moved and seconded, with Peter Daly and Michael Haran absent from discussion and abstaining from voting, it was:

Voted to approve funding the FY14 contracts as proposed.

Other Updates

Chapter 40T: Staff updated the Trust on changes being proposed by DHCD to the Chapter 40T regulations. The changes would affect notice provisions of the statute and could impact the designee process. Staff submitted a letter on behalf of the City and the Trust with comments on the proposed changes, and Trust members encouraged staff to continue conversations with DHCD to try to ensure that 40T remains as effective and successful as it has been shown to be in Cambridge.

CPA Hearing Update: Staff updated the Trust on the upcoming meeting schedule for the Community Preservation Act fund FY14 allocation process. The first committee meeting was held in May, followed by a public hearing on June 20, 2013. A secong public hearing has been scheduled for August 12th and the Committee is expected to make its recommendation on the FY14 CPA allocation at a meeting on September 10, 2013.

Jefferson Park State Update: The Trust was informed that the CHA has applied for more than \$6,000,000 in Trust funding to assist with the revitalization of Jefferson Park State, the last remaining state-assisted public housing development in the city. The request is currently under review by staff and will be brought to the next Trust meeting.

Farewell to City Manager and Managing Trustee: Trust members expressed their gratitude for the City Manager's many years of dedicated service to the City and longstanding commitment to and support for affordable housing. Trust members wished him well in his retirement. The City Manager thanked Trust members and staff for the successes achieved to date and encouraged them to continue to push for affordable housing in the future.

ADJOURNMENT

The meeting adjourned at 5:15. The next meeting is scheduled for Thursday, July 25, 2013 at 4:00 p.m.

OTHER MATERIALS

- Meeting Minutes from the Trust's May 23, 2013 meeting
- Funding Request for Putnam Square Apartments/2 Mt. Auburn Street
- Update on Temple Place and confirmatory vote
- Annual FY14 Contracts request
- Expiring Use Preservation funding request