

CAMBRIDGE AFFORDABLE HOUSING TRUST
MEETING MINUTES
December 15, 2011

Ackerman Room, City Hall
795 Massachusetts Ave.

Trustees Present: Robert W. Healy, Beverly Bates, Florrie Darwin, Michael Haran, Gwen Noyes, Susan Schlesinger, Jim Stockard, Bill Tibbs

Trustees Absent: Peter Daly

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: James Williamson

The meeting was called to order at 4:00 pm.

Upon a motion moved and seconded, it was voted to approve the minutes from the October 27, 2011 meeting.

PROJECT UPDATES

Craigie/Chapman Arms - Acquisition closing expected 12/19.

Lincoln Way/Jackson Gardens – Jackson Gardens is complete and families are moving in. Phase I of Lincoln Way will be complete in early 2012.

Cambridge YWCA – The partnership agreement is complete, and the transfer of the pool building to the CHA will take place in the next few weeks. After the ground lease closes, the YWCA will close on rehab funding.

7 Temple Street –CHA preparing to close on the pool building ground lease with the YWCA. The CHA is soliciting bids from tax credit investors and receiving strong pricing.

625 Putnam Avenue – Project is under construction. Completion expected early in 2012.

Cambridge Court – Closing expected by the end of 2011.

YMCA Central House – All financing closed and rehab of the occupied building is underway.

Inman/CAST – Rehab of the occupied building is underway. Completion is expected in this month. An event will be held to mark the preservation of the building.

424-430 Windsor Street - Construction is underway with an expected completion in Fall 2012. Marketing will begin in the early part of the year.

MOVE TO EXECUTIVE SESSION

The Chair indicated that the next item for discussion before the Trust pertained to details regarding the potential acquisition of real estate, and that continuing in open session might have a detrimental effect on the negotiations. At 4:13 PM, the Chair entertained a motion to go into Executive Session to discuss this matter, and indicated that the Trust would resume in Open Session at the conclusion of the Executive Session.

Upon a motion moved, seconded and approved by an 8-0 roll call, with Mr. Daly recorded as absent, the meeting went into executive session.

Executive Session

RETURN TO OPEN SESSION

At 4:35, the Chair entertained a motion to return the meeting to Open Session. Upon a motion moved, seconded, and approved by an 8-0 roll call, with Mr. Daly recorded as absent, it was voted to return to Open Session.

Webster 5 / 2103 Mass Ave Construction Loan

Mr. Haran left the room for this discussion.

Staff presented a request from Cascap for a partial reduction in the principal and interest of the \$750,000 Harvard 20/20/2000 construction loan for the Webster 5 Condominium project. They had anticipated a shorter sales period which would have resulted in an earlier payoff of the loan and less accumulated interest. This final unit is a studio, and in the past several years there have been a large number of studio and one-bedroom units available in the same price range. Additionally, the overall economic downturn and changes in the mortgage industry which have made accessing credit more difficult for some buyers added to the delay in selling the final units.

The delay increased project costs by approximately \$33,000, including \$14,000 in holding costs and \$19,000 in additional construction loan interest. The outstanding loan balance, including interest, is approximately \$148,000.

The Trust previously discussed a price reduction on the final unit to make it available to more buyers. The sales price was reduced by \$26,000, from \$136,000 to \$110,000. Staff requested that the price reduction take the form of a reduction in the principal balance owed by Cascap on the Harvard loan which would be made up with other Trust funds. Cascap also requested an interest reduction of up to \$13,500 so that the loan is fully satisfied with proceeds from the sale of the final unit. Sales proceeds are anticipated to be approximately \$108,500.

Upon a motion moved and seconded, with Michael Haran absent from the discussion and vote, it was:

VOTED: To 1) reduce the sales price from \$136,000 to \$110,000 in the form of forgiveness of principal and interest on the Harvard 20/20/2000 loan and 2) to provide additional forgiveness of up to \$13,500 of accrued interest on the Harvard 20/20/2000 loan and 3) to make up this difference with CPA funds to ensure that funds are available to repay the Harvard loan.

Resale Fund Recapitalization

Staff presented a request for \$1,500,000 in CPA funds to recapitalize the Resale Fund. The fund was established to maintain the more than 500 units in the affordable ownership stock by supporting the repurchase, rehabilitation, and resale of existing units to eligible households.

The Resale Fund was established with Trust appropriations in 2006 and 2008 totaling \$2,000,000. The Fund was intended to revolve and sink. Since its inception, the City has used the fund to repurchase 34 units. The Resale Fund has permanently decreased by \$450,000, which was permanently invested in units needing significant rehab or a price writedown to remain affordable. The remaining funds are committed for repurchase loans for units being held while work is completed in the unit and an eligible buyer is selected through the City's homebuyer program.

Based on information from past resale rates, staff anticipate that twelve units per year will turn over. Staff will facilitate direct sales of units to new buyers where appropriate and use the fund when it is advisable to repurchase a unit. Staff analysis shows that the requested \$1,500,000 will enable the City to exercise its repurchase right where appropriate, allowing the City to select an appropriate buyer, maintain housing quality for new buyers, and ensure that the affordability is continued. Additional funds may be requested to replace the "sinking" funds. Staff will consider whether an annual request is advisable.

Upon a motion moved and seconded, it was:

VOTED: To approve the request to recapitalize the Resale Fund with an additional \$1,500,000 in CPA funds to assist in managing and maintaining the condition and affordability of the affordable ownership stock through repurchase and reinvestment in these units as approved by staff. Proceeds from sales to new buyers will be returned to the Fund.

The funds are contingent on the following:

1. CDD staff approval of renovation budgets and affordable resale prices;
2. CDD staff approval of renovation plans and specifications;
3. CDD staff approval of the new homebuyer;
4. Standard Trust terms and conditions.

Other Business

The Trust offered congratulations to staff on Homeowner's Rehab, Inc.'s successful purchase of 25 affordable and 25 market-rate units at Craigie/Chapman Arms.

The Trust requested an update on the Kendall/Central study, specifically on plans for housing activities related to MIT's requested rezoning. Staff stated that the City was working to ensure an appropriate number of housing units was included in any plan for Kendall or Central Squares. Everyone involved in the planning process agrees that housing is necessary to create vibrant areas. However, it remains challenging to define and develop mixed-income or middle-income housing. Staff will continue to keep the Trust updated on the process.

ADJOURNMENT

The meeting adjourned at 5:02. The next meeting is scheduled for Thursday, January 26, 2012 at 4:00 p.m.

OTHER MATERIALS

- Meeting Minutes from the Trust's October 27, 2011 meeting
- Status of Active Projects – Cambridge Affordable Housing Trust
- Predevelopment Funding – Norstin Apartments
- Webster 5/2103 Mass Ave Construction Loan
- Resale Fund Recapitalization