

CAMBRIDGE AFFORDABLE HOUSING TRUST
MEETING MINUTES
June 26, 2014

Ackerman Room, City Hall
795 Massachusetts Ave.

Trustees Present: Richard Rossi, Chair; Peter Daly, Michael Haran, Gwen Noyes, Cheryl-Ann Pizza-Zeoli, Susan Schlesinger, James Stockard, William Tibbs

Trustees Absent: Florrie Darwin

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

Others Present: Elaine DeRosa; Peter Graham; James Williamson

The meeting was called to order at 4:06 pm.

Upon a motion moved and seconded, it was voted to approve the minutes from the May 22, 2014 meeting as submitted.

PROJECT UPDATE – Upon a recommendation by the Managing Trustee, the Trust moved to forgo the discussion of Project Update and proceed to New Business. Project Update information was handed out to all attendees.

New Business

Annual Contracts

Expiring Use

Staff presented a request for \$50,000 to fund a contract outside services to support work on expiring use properties. Trust members asked how much has been spent through previous expiring use contracts. Staff estimated that \$180,000 has been spent in the past four years, mainly on consultants and appraisals. The Trust then discussed the current situation at Briston Arms, a privately-owned property with more than 100 affordable units that has reportedly been offered for sale. Staff discussed ongoing efforts to preserve the affordability at the property.

Upon a motion moved and seconded, it was:

VOTED: To approve the request for \$50,000 to fund the contract for services related to expiring use housing.

At 4:18 p.m., Peter Daly, Michael Haran and James Stockard left the room.

Operating Contracts

Staff presented a request for funding for annual contracts to support non-profit housing development operating costs; the multi-family rehab program; legal services; and miscellaneous administrative costs.

The non-profit development contracts have increased over previous years due to changes in eligible uses for CDBG funding. While the total amount of City support has not changed, the amount funded by the Trust has increased. The breakdown of the request is:

Non-profit housing development:	\$511,265
Multi-family rehab program:	\$ 30,000
Legal Costs FY2014:	\$ 6,000
Legal Costs FY2015:	\$ 5,000

Trust members asked if the shift from CDBG to Trust funding meant that the CDBG funds could be used for other housing needs. Staff stated that while CDBG funds could no longer be used to support general development activities, the funds not used in the contract were available as subsidy for identified eligible projects. The increased use of Trust funds for the contracts represents a shift in funds, not a reduction in total funding. CDBG funds, however, have been cut in recent years and may be subject to further future cuts.

Staff informed the Trust that HOME funds can be used to support agency activities for FY2015 as both CHDO agencies have active Home projects underway. However, going forward, HOME funds will only be available when directly committed to active HOME development projects (similar to project commitments made by the Trust).

Trust members asked that an annual report with the budget for CAHT funds be provided. Staff agreed, and informed the Trust that the auditors have been engaged and should begin work in early FY2015.

Changes in requirements for funding used to support non-profit development results in a choice to either shift contract funding to other sources, such as the Trust (as prosed for FY2015), or to allow the non-profits to increase their development fees to make up for reductions in annual City/Trust support. Trust members asked about their role in oversight if Trust funding increased, and whether the Trust should require more performance information from the agencies it directly supports. This would represent a change in Trust role and oversight, but more closely mirrors a traditional board of directors. Trust members agreed to discuss the Trust's role going forward and suggested staff discuss in more detail and report back on best approach for FY2016 and beyond.

Staff also discussed the rental rehab program, noting that the program has seen lower production in recent years. This is mainly due to the rise in market prices, which makes it more attractive for an owner of a multi-family building to sell than to renovate and remain affordable. Staff will continue to evaluate the program with HRI to determine if it might be made be more effective moving forward. The Trust contract funding for the rental rehab program supports administrative costs.

The legal services contracts represent funds to pay attorney outside legal counsel for FY2015, and to cover higher than anticipated costs incurred in FY2014. This is mainly due to

unanticipated costs for the new affordable housing restriction for the Forest City/University Park development.

Upon a motion moved and seconded, with Peter Daly, Michael Haran and James Stockard abstaining, it was:

VOTED: To approve the requests for FY2015 Contract Funding as submitted.

Peter Daly, Michael Haran and James Stockard returned to the room.

Trust members again discussed the need to look at the role of the Trust in agency oversight given the shift from using Trust funds primarily for capital projects to programmatic support. Trust members agreed that more information would be appropriate as the Trust's support increases.

The issues with new housing production were also discussed. Trust members agreed that they need to look at current development issues, including the difficulty in acquiring sites in this market. Some Trust members stated that they would like Cambridge to have an application for 9% Low Income Housing Tax Credits in each competitive funding round. Other members discussed the need to balance new production with the funding needs for preservation.

Trust members discussed the need to understand the current funding landscape, including CPA and incentive zoning payments, to better develop a long-term strategy for preservation and development. This includes understanding the likely costs for upcoming preservation deals.

Staff informed the Trust that a discussion of development strategies could be held at the July Trust meeting. Trust members expressed a desire to review the Trust's statement of goals and purpose to determine if it should be updated.

Homeownership Management Software

Staff presented a request for \$6,000 to fund annual costs for the Homekeeper software program. Implemented at the end of 2013, this system manages data for all homeownership properties, current and former owners, and the Homeownership Resale Pool. The annual costs include the software license and related operating system licenses.

Upon a motion moved and seconded, with Peter Daly, Michael Haran and James Stockard abstaining, it was:

VOTED: To approve the request for \$6,000 for FY2015 Contract Funding for Homeownership Management Software as submitted.

Other Business

Inclusionary Zoning Policies

Staff hope to bring the Inclusionary Zoning Policy document to the July Trust meeting for discussion. There will also be a process for public meetings and comment.

Alexandria Middle Income Units

Discussions are ongoing to determine the rent method for the middle-income units at the Alexandria development currently under construction. CDD is continuing to work with the developer on a two-tiered rent structure for these units, applications for which will be administered by CDD in addition to the required inclusionary housing units.

Housing Committee Meeting

Trust members requested information on the format of the upcoming City Council Housing Committee meeting to be held on July 9th. The meeting will start with an overview of housing programs, including methods for creating and preserving affordable housing. Other topics will include incentive zoning; expiring use housing preservation, including changes to 40T; and inclusionary zoning. Trust members asked about their role at the meeting. Staff requested that they give input on any relevant topic, including incentive and inclusionary zoning, as well as helping the Housing Committee to understand current housing policy matters.

The meeting adjourned at 5:11 p.m. The next meeting is scheduled for Thursday, July 24 at 4 p.m.

OTHER MATERIALS

- Meeting Minutes from the Trust's May 22, 2014 meeting
- Project Update