

CAMBRIDGE AFFORDABLE HOUSING TRUST
MEETING MINUTES
April 24, 2014

Ackerman Room, City Hall
795 Massachusetts Ave.

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

Staff Present: Brian Murphy, Assistant City Manager for Community Development; Cassie Arnaud, Housing Planner; Anna Dolmatch, Housing Planner;

Others Present: Elaine DeRosa

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 April 10, 2014 meeting.

PROJECT UPDATE –

Jefferson Park State Public Housing – The CHA received award of DHCD HILAPP funding and is now preparing for zoning process and next steps.

Putnam Square/2 Mt Auburn – Work on early stage construction is underway; HRI preparing for full construction financing; request for permanent financing to be discussed at April 24, 2014 meeting (see below).

131 Harvard Street/Port Landing – Reapplied to DHCD for funding in the spring round.

117 Rindge Ave. – Construction is underway, with completion anticipated for Summer 2014.

Bishop Allen Apartments (aka Norstin) – Just A Start is preparing for construction closing.

Chapman Arms – Construction is underway and is nearing completion.

7 Temple Street – Construction is underway.

Project Update/Project Pipeline discussion: Following project update, Trust members held a brief conversation about the current overall pipeline of housing projects. It was noted that it would be ideal to have a tax-credit project in each DHCD funding application round. However, it was also acknowledged that given the difficulty in gaining control of sites for new tax-credit developments, due to escalating land costs and continued competition by market-rate purchasers, finding a feasible tax-credit project is a challenge. Trust members agreed that they should continue to discuss ways to enable new projects, including possibly accepting higher development costs per unit to the extent possible given DHCD caps on project costs. Trust members also discussed the need to balance resources between new construction and

preservation, and voiced their support for holding a more detailed conversation on anticipated preservation needs at an upcoming Trust meeting.

New Business

Bishop Allen Apartments – Permanent and Bridge loan requests

Mr. Stockard recused himself from discussion and left the room.

Staff presented a request from Just A Start Corporation for up to \$4,521,394 in permanent financing from the Trust to rehab and preserve affordability at Bishop Allen Apartments, a 32-unit former expiring use property in Central Square. Bishop Allen Apartments, also known as Norstin Apartments, consists of four individual buildings located on the corners of Norfolk and Bishop Allen. The property contains all large family-sized units including 27 three-bedroom and 5 two-bedroom units. JAS purchased and preserved the property in 2012 and is preparing to begin a significant renovation of each building. In addition to funds requested from the Trust, the City will be providing \$535,000 in City HOME funds to the project, bringing the total City/Trust contribution to \$5,056,394 or \$158,012/unit. This is slightly less than the estimated City/Trust permanent contribution presented to the Trust in 2012.

Since acquiring the property, JAS has been able to refine and expand its scope of work, as a result of their success in obtaining more funding for the project than originally anticipated. While the initial scope was limited to minimal updates to unit interiors and almost no exterior improvements, the current scope of work now includes a deeper rehab of all 32 units as well as additional exterior work. While these changes have led to a higher TDC, the cost of the expanded scope is offset by increases in equity and debt, most significantly with commitments of historic tax credits that were not included in the original pro forma. While the use of historic tax credits requires some additional work to be included in the scope (for instance the preservation of historic interior elements), they are facilitating a more comprehensive rehab of the buildings which will better serve residents, JAS, and the community for the long-term.

In addition to the request for permanent financing, JAS also requested up to \$300,000 in short-term bridge financing to bridge a portion of the State Affordable Housing Trust funding which will not be available until November 2015, several months after the project's anticipated completion date. The bridge loan being requested from the Trust would not need to be funded until April 2015 and would be repaid in full in November 2015, as discussed in further detail in the Trust's briefing materials.

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

VOTED: To approve Just A Start's request for up to \$4,521,394 in permanent financing to rehab and preserve Bishop Allen Apartments and for up to \$300,000 in short-term financing to bridge MAHT funds, as described in greater detail in the Trust's April 24, 2014 briefing materials.

The funds should be made contingent on the following:

1. CDD staff approval of the final development and operating budgets;
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, including but not limited to:
 - a) All 32 units will be subject to the City's standard Affordable Housing Covenant;
 - b) All 32 units will be restricted to households earning below 80% of Area Median Income;
 - 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, and will be subject to a penalty rate to be only applied upon violation of the AHC;
 - 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 approval by the Trust and extension of the affordability period.

Upcoming City Council Roundtable Meeting

The Trust discussed preparation for the upcoming Roundtable Meeting with the City Council, scheduled for June 23rd including possible topics for discussion and potential approaches to presenting various housing topics and data. Trust members suggested that, ideally, staff would find a way to quickly and thoroughly describe housing policy, including challenges of developing affordable housing, and then get into individual topics of concern such as family housing, expiring use, siting of new projects, support for housing production and preservation, CHA policies and new programs, middle income housing, ownership housing, and Inclusionary and Incentive Zoning programs. As the conversation continued, Trust members raised the possibility of having a series of meetings with the Council, and/or preparing materials in advance, as the scope of items to discuss could be more than could be addressed at a single meeting. The Managing Trustee proposed that this idea could be shared with the Mayor and that staff would be in touch with Trust members on next steps.

The meeting adjourned at 5:30 p.m. The next meeting is scheduled for Thursday, May 22, 2014 at 4 p.m.

OTHER MATERIALS

- Meeting Minutes from the Trust's April 10, 2014 meeting
- Project Update
- Bishop Allen Apartments funding request