

CAMBRIDGE AFFORDABLE HOUSING TRUST  
MEETING MINUTES  
October 28, 2010

Ackerman Room, City Hall  
795 Massachusetts Ave.

Trustees Present: Robert W. Healy, Beverly Bates, Peter Daly, Florrie Darwin, Gwen Noyes, James Stockard, Bill Tibbs

Trustees Absent: Michael Haran, Susan Schlesinger

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

Also Present: Sheila Mae, Patricia C. Galvin

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 September 23, 2010 meeting.

#### **PROJECT UPDATES**

**Inman/CAST** – HRI is preparing to acquire properties and begin renovations. Trust approved a predevelopment loan at the September meeting.

**Cambridge Court** – Owner resubmitted an application for financing to the state in the September funding round.

**YMCA Central House** – Caritas submitted an application to the state for the September funding round. They were approved for 4% tax credits and bond financing.

**Lincoln Way/Jackson Gardens** – Construction is underway at both sites. Groundbreaking event was held on September 20. Staff noted that a groundbreaking was also held for the CHA's LBJ Apartments project.

**Cambridge YWCA** – The YWCA is awaiting word on their application to the state in the September funding round.

**78-80 Porter Road** – CHA is also awaiting word on its application to the state for the fall funding round.

**625 Putnam Avenue** – HRI received a funding award from the state. HRI is finalizing contractor selection process.

**7 Temple Street** – Appeal process is underway. CHA resubmitted to the state for funding in the fall round.

**1066 Cambridge Street** – Construction is underway. Completion expected spring 2011.

**424-430 Windsor** – JAS continues to conduct predevelopment activities. A request to the Trust for predevelopment funds is outlined below.

**823 Main Street** – Final unit has been sold; project is complete.

**125 Harvard Street (Print Shop)** – Construction is complete. Almost all units sold or under agreement; working to identify buyers for 3-4 remaining one-bedroom units.

## **NEW BUSINESS**

### **625 Putnam - permanent financing request**

Mr. Daly left the room for the discussion of this request.

Staff presented a request from Homeowner's Rehab Inc. (HRI) for \$970,133 in permanent financing for the new construction of 40 units of rental housing at 625 Putnam Avenue in Cambridgeport. This request would bring the Trust's total commitment to the project to \$5,392,288, including previous Trust commitments.

HRI acquired the property in April 2009. To date, they have obtained permitting, completed designs, and received a commitment of \$1 million in State HOME funds, \$1 million in state Affordable Housing Trust funds, 9% tax credits which will yield \$6,732,452 in equity, and \$525,000 in Community Based Housing funds.

The development will include 10 one-bedroom, 20 two-bedroom, and 10 three-bedroom units, as well as underground structured parking. The total development budget is \$18,001,740, or approximately \$450,000 per unit. In response to questions, staff explained that there are a number of costs built into the project which account for the very high TDC, including acquisition, structured parking, demolition of the large existing building, and the fact that the project will be paying prevailing wage rates for construction. The total Trust commitment to the project would be \$134,807 per unit. HRI is in the process of selecting a contractor and preparing to close by the end of 2010.

Upon a motion and seconded, with Mr. Daly absent, it was:

VOTED: to approve the request from Homeowner's Rehab Inc. for \$970,133 in permanent funding for their 625 Putnam Avenue project as described above and as outlined in greater detail in the Putnam Avenue project recommendation memo dated October 28, 2010 from the Project Review Committee to the Trust. The funds were made contingent on the following:

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.

## **MOVE TO EXECUTIVE SESSION**

At 4:24pm, The Chair indicated that the next business item before the Trust pertained to an active negotiation regarding the purchase of real estate, and that continuing in open session might have a detrimental effect on the negotiations. 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 a 6-0-1 roll call, with Mr. Daly recorded as absent, the meeting went into Executive Session.

## **RETURN TO OPEN SESSION**

At 4:42, the Chair entertained a motion to return the meeting to Open Session.

Upon a motion moved and seconded, approved by a 6-0-1 roll call, with Mr. Stockard recorded as absent, it was voted to return to Open Session.

Mr. Stockard and two members of the public returned to the room.

### **424-430 Windsor Street – Predevelopment Request**

Staff presented a request from Just A Start Corporation (JAS) for an increase of \$150,000 to their existing acquisition and predevelopment loan of \$1,585,000 approved by the Affordable Housing Trust in June 2007 and increased to \$1,675,000 in August 2008 to assist in the redevelopment of the former Immaculate Conception church at 424-430 Windsor Street.

The Trust was updated on the project. JAS received a Special Permit in 2008 to convert the existing church and rectory buildings into 14 homeownership units, including two 1-bedrooms, five 2-bedrooms, six 3-bedrooms, and one 4-bedroom unit. The permit was appealed by abutters and JAS spent more than two years working towards a resolution. At this time, the appeal has been fully resolved, with one abutter withdrawing and an agreement signed with the remaining appellant.

The funds being requested will be used for design and engineering work, as well as carrying costs. Just A Start estimates that an additional \$195,798 is needed to cover costs through construction closing. They are requesting \$150,000 from the Trust. Just A Start will use \$45,798 of their funds, in addition to the \$40,202 already spent, for a total of \$86,000 in developer equity to bridge expenditures through construction closing.

Upon a motion and seconded, it was:

VOTED: to approve Just A Start's request for a \$150,000 increase in the existing acquisition and predevelopment loan of \$1,675,000 to the Affordable Housing Trust to support the redevelopment of 424-430 Windsor Street as described above and as outlined in greater detail in the 424-430 Windsor Street project recommendation memo dated October 28, 2010 from the Project Review Committee to the Trust. The funds were made contingent on the following:

1. CDD staff approval of the predevelopment and development budgets;
2. Standard Trust terms and conditions.

This loan will be converted to a permanent commitment, subject to the following conditions:

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 buyer selection and marketing plan;
5. Standard Trust terms and conditions.

#### **ADJOURNMENT**

The meeting adjourned at 4:50 pm. The next meeting is scheduled for November 25, 2010 at 4pm but will be rescheduled due to the Thanksgiving holiday. Confirmation of rescheduled time and date to follow.

#### **OTHER MATERIALS**

- Draft Meeting Minutes from the Trust's September 23, 2010 meeting
- Status of Active Projects – Cambridge Affordable Housing Trust

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MINUTES OF EXECUTIVE SESSION  
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Trustees Present: Robert W. Healy, Beverly Bates, Peter Daly, Florrie Darwin, Gwen Noyes, James Stockard, Bill Tibbs

Trustees Absent: Michael Haran, Susan Schlesinger

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

Also Present:

**MOVE TO EXECUTIVE SESSION**

At 4:24pm, The Chair indicated that the next business item before the Trust pertained to an active negotiation regarding the purchase of real estate, and that continuing in open session might have a detrimental effect on the negotiations. 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 6-0-1 roll call, with Mr. Daly recorded as absent, the meeting went into Executive Session.

The Chair explained that the following discussion would be held in Executive Session in order to discuss ongoing negotiations regarding HRI's efforts to acquire two privately-owned expiring use properties. Aspects of the request, including a possible commitment by the City and/or Trust to assist in financing the acquisition, could impact negotiations.

**Inman Square & CAST II Apartments - permanent financing request**

Staff presented a request from Homeowner's Rehab Inc. (HRI) for \$2,000,000 in permanent financing to assist in their efforts to acquire and preserve the affordability of a total of 125 apartments at two privately-owned expiring use properties, Inman Square Apartment and CAST II Apartments. This amount includes the \$235,425 in predevelopment funding approved by the Trust at the September meeting.

Staff requested that the Trust consider increasing the amount considered to \$2,300,000 due to HUD's approving the CAST II transaction with rents lower than those presented to the Project Review Committee subsequent to the Committee's review of the request. Lower rents reduce the amount of serviceable debt and increase the need for gap financing by \$300,000.

As discussed at the last meeting, HRI has signed a P&S for both buildings and is working quickly to assemble a financing and preservation package to enable them to purchase and preserve the properties. The current P&S expires in December 2010 so HRI is planning to either close this year, or negotiate an extension to close in early 2011. The advantages and

disadvantages of both options were discussed, including ways in which the City or Trust might be able to provide assistance.

The total development cost to acquire, rehab, and preserve all 125 units is estimated at \$31 million. The project will be financed with \$14,450,000 in MHFA traditional first mortgage financing, \$1.7 million in IRP “decoupling” financing from MHFA, \$5.5 million in 4% tax credit equity, \$5.4 million CNAHS loan, and the \$2.3 million from the Cambridge Affordable Housing Trust. (The CNAHS loan represents the difference between the \$14.6M purchase price from seller and the unrestricted value of the property; this acquisition structure is being used to generate sufficient tax credit equity to complete the project).

Mr. Daly remained absent from the room for the discussion of this request.

Upon a motion and seconded, and approved by a 6-0-1 roll call, with Mr. Daly recorded as absent, it was:

VOTED: to approve the request from Homeowner’s Rehab Inc. for \$2,300,000 in permanent funding for the acquisition, rehab, and preservation of Inman Square Apartment and CAST II Apartments as described above and as outlined in greater detail in the Inman/CAST project recommendation memo dated October 28, 2010 from the Project Review Committee to the Trust. The funds were made contingent on the following:

1. CDD staff approval of the final development budget;
2. Appraisal adequate to support acquisition price;
3. CDD staff approval of construction plans and specifications;
4. Firm written commitments from all project funding sources;
5. Standard Trust terms and conditions.

The Chair indicated that the next business item before the Trust was a funding request which involved a project currently in litigation, and that returning to open session might have a detrimental effect on the litigating position of the City. The Chair entertained a motion to remain in 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 a 6-0-1 roll call, with Mr. Daly recorded as absent, the meeting remained into Executive Session.

Mr. Stockard left the room and Mr. Daly reentered the room for the discussion.

### **Temple Street/YWCA Pool Building – Predevelopment Request**

Staff presented a request from Cambridge Affordable Housing Corporation (CAHC), a subsidiary non-profit of the Cambridge Housing Authority, to authorize a disbursement of \$250,000 from the Trust’s existing acquisition financing commitment for ongoing predevelopment expenses related to the redevelopment of the Cambridge YWCA pool building site, located on Temple Street in Central Square.

In May 2008, the Trust approved a loan of \$3,010,000 of which \$250,000 was committed predevelopment expenses with the remaining \$2,760,000 approved to acquire the site. In July 2008, CAHC received a comprehensive permit for 42 rental units and 19 parking spaces. However, the permit was appealed by abutters in August 2008. Since that time, CAHC has been working to resolve the appeal and proceed with development. They have reapplied for

funding in the current DHCD rental round and, after a number of delays, a trial is scheduled to begin in early December 2010.

To date, CAHC has spent approximately \$585,000 on predevelopment soft costs, of which \$250,000 was paid for with Trust funding and \$335,000 was paid by the CHA. In addition, in order to preserve its option to purchase the site, CAHC has made a series of deposits to the YWCA totaling \$500,000 to date. The \$250,000 of predevelopment funds being requested will be used to offset costs of addressing the appeal and design development work necessary to be prepared to apply for a building permit.

Mr. Stockard remained absent from the room for the discussion of this request.

Upon a motion moved and seconded, by a 6-0-1 roll call, with Mr. Stockard recorded as absent, and it was:

VOTED: to approve Cambridge Affordable Housing Corporation's request to modify the terms of the Trust's commitment so that \$250,000 of the remaining \$2,760,000 commitment may be used for predevelopment soft costs related to the development of Temple Street Apartments, as described above and as outlined in greater detail in the 7 Temple Street project recommendation memo dated October 28, 2010 from the Project Review Committee to the Trust. The funds were made contingent on the following:

1. CDD staff approval of the predevelopment and development budgets;
2. Standard Trust terms and conditions.

#### **RETURN TO OPEN SESSION**

At 4:42, the Chair entertained a motion to return the meeting to Open Session.

Upon a motion moved and seconded, approved by a 6-0-1 roll call, with Mr. Stockard recorded as absent, it was voted to return to Open Session.