

CAMBRIDGE AFFORDABLE HOUSING TRUST
MEETING MINUTES
June 25, 2020 at 4:00 p.m.

Conducted virtually via Zoom

Trustees Present via Zoom: Louis DePasquale, Chair; Peter Daly, Florrie Darwin, Elaine DeRosa, Gwen Noyes, Susan Schlesinger, Jim Stockard, Elaine Thorne, Bill Tibbs

Staff Present via Zoom: Iram Farooq, Asst. City Manager for CDD; Chris Cotter, Housing Director; Cassie Arnaud, Housing Planner; Anna Dolmatch, Housing Planner; Linda Prosnitz, Housing Planner; Jessica Kahlenberg, Business Analyst; Janet Haines, Associate Housing Planner; Jeff Roberts, Zoning Director

Others Present via Zoom: Craig Nicholson, Maura Pensak

The Chair called the meeting to order at 4:00 p.m. and explained that this meeting of the Affordable Housing Trust would be held virtually pursuant to the temporary emergency orders currently in place, and that all votes would be taken by roll call, and that there would be no public comment. Mr. Cotter then coordinated to confirm that each participant was audible to each of the other Trust members.

MEETING MINUTES

Upon a motion moved and seconded, it was voted unanimously by roll call to approve the minutes for the meeting of Thursday, March 2, 2020.

UPDATE FROM CDD

HomeBridge – There are seven approved buyers seeking units. Inventory is limited, likely due to COVID-19, but approved buyers hope to find units. To date, 68 units have been purchased by first-time homebuyers through HomeBridge and the city's prior financial assistance programs.

Homeownership Resale Pool– There are 11 units in progress. Staff are working on new ways to show units to potential buyers, such as virtual open houses, in order to keep program active despite constraints of COVID-19.

Finch Cambridge – Construction had been on hold due to the pandemic but is underway again and near completion. HRI has recertified lottery applicants in anticipation of residents moving into the new property in July.

Frost Terrace – Construction had been on hold due to the pandemic but is underway again and proceeding well.

Vail Court – Litigation continues with no news to report as the case remains deep in the discovery process and the former owner continues to challenge both the valuation and taking.

SquirrelWood – Construction had been on hold due to the pandemic but is underway again and nearing completion.

2072 Mass Ave. – Capstone/Hope are beginning to plan for the development of this site, including a community and permitting process, with a goal of securing permitting and financing in time to allow them to begin construction in 2022.

52 New Street – Just A Start is beginning to plan for the development of their New Street site with a goal of securing permitting and financing in time to begin construction in 2022.

Fresh Pond Apartments – Staff are working to complete the preservation of this expiring use property and are in active discussions with the owner and with HUD on the terms of the new affordability agreement which will take effect when the current use agreement expires.

Other Updates/General Discussion

Trust members asked staff if there were signs of softening in the real estate market, given the broader economic strain caused by the pandemic. Staff said it was likely still too early to say and that as time passes and data is compiled, the picture will become clearer. While there is some anecdotal evidence of landlords offering rent concessions, the homeownership inventory remains very limited with prices seemingly holding steady. Staff noted that the private commercial market is still active, with new projects continuing to seek permitting. However, many of these projects had site control which predates the pandemic so it is yet to be seen whether there will be an impact among developers seeking to acquire new sites in the post-COVID era.

Community Preservation Act Update

The Trust was informed that the FY21 CPA allocation process was underway. The CPA committee will hold a public hearing on July 1, 2020 and will be holding second public hearing on August 5, 2020 to hear comments on how the FY21 CPA funding should be allocated among the 3 eligible CPA uses.

Staff also noted that the CPA Committee had voted in June 2020 to allocate \$1 million in CPA funding for a temporary emergency community housing rent subsidy program to help cost-burdened tenants paying more than 40% of their income for rent. This funding is in addition to the support made available through the Mayor's fund and the new allocation of \$500,000 in CDBG/CARES Act funding. In response to questions from several Trust members, staff confirmed that tenants in all types of affordable units, including Inclusionary units, were aware of and taking advantage of the assistance.

Affordable Housing Overlay Update

Staff informed the Trust that the zoning proposal for an affordable housing overlay had been refiled in early 2020 and that both the Ordinance Committee and Planning Board have scheduled public meetings as each considers the petition and makes recommendations to the City Council. The Ordinance Committee hearing is scheduled for July 8, 2020 and the Planning Board hearing is expected to be held in early August. Trust members encouraged each other to participate in the upcoming meetings.

Rindge Commons – funding request

Prior to discussion, Mr. Stockard recused himself and left the meeting.

Staff presented a request from Just A Start for \$4,250,000 to support the first phase of Rindge Commons. The total Rindge Commons project will be undertaken in two phases and will result in the creation of 101 new units of affordable rental housing. The first phase will include the new construction of 24 affordable rental units as well as non-residential space. In response to a question from a Trust member, staff confirmed that Trust funding would only be used to fund the residential portions of the project. In terms of timing, it was noted that the Covid-19 crisis has necessitated a number of delays in JAS' original schedule but that JAS hopes to have permitting secured in the coming months and financing secured in time to allow them to begin construction on Phase 1 in 2021, with an anticipated completion in 2023.

Several Trust members asked about the bedroom size breakdown. It was explained that while units created in the first phase would be one- and two-bedrooms, the second phase would include a generous number of three-bedroom units. Trust members expressed support for the project, noting its good design, and that it made sense for non-profits to look for development opportunities within their own stock.

Upon a motion moved and seconded, with Mr. Stockard absent, by a roll call with eight in favor and one absent, it was:

VOTED: To approve Just A Start's request for up to \$4,250,000 in financing for the Rindge Commons development, as described in further detail in the Trust's June 25,2020 briefing materials, and subject to the following conditions:

Prior to loan closing:

- CDD staff approval of final design and development plan;
- CDD staff approval of the final development and operating budgets;
- Obtain necessary zoning and permitting to complete project;
- CDD staff approval of a repayment provision(s) of Trust financing, whereby 50% of net cash flow be used to repay the loans or such other similar provision;
- CDD staff approval of construction plans and specifications;
- Firm written commitments from all project funding sources sufficient to complete all of Phase 1, including both commercial and residential space;
- CDD staff approval of the tenant selection and marketing plan, which shall include provisions to ensure maximum local preference in tenant selection expected to be limited to 70% local preference per state requirements;

Loan shall be subject to standard Trust terms and conditions including, but not limited to:

- All affordable units will be subject to the City's standard affordable housing restriction to be signed at loan closing;
- Loan will have an interest rate of 3% compounding, or such other rate approved by CDD Staff, and a term of 50 years;
- Loan will be subject to a penalty rate of 8%. The penalty rate is only applied upon violation of the affordability restriction;
- Loans shall be non-recourse;

During the construction period:

- Notify Lender’s Rehabilitation Specialist of all construction meetings and copy on meeting minutes;
- Copy Lender on all change orders;
- Copy Lender on all funding requisitions to other sources.

Annual Appropriations for FY2021 – funding request

Prior to discussion, Peter Daly recused himself and exited the meeting and Mr. Stockard remained absent.

Request for Annual Appropriations for FY2021: CDD is requesting \$659,615 to support non-profit housing providers, affordable housing preservation and development programs, CDD Housing Division staff, and CDD Housing Division program support including homeownership management software, and legal services and administrative costs.

Upon a motion moved and seconded, with Mr. Daly and Mr. Stockard absent, by roll call of seven in favor and two absent, it was:

VOTED: to approve the following annual FY2021 contracts as outlined below and summarized in the Trust briefing materials:

Non-profit Housing Preservation & Development	\$445,115
Expiring Use Preservation Funding	\$40,000
Homeownership Software	\$13,000
CDD Staffing	\$140,000
Legal Services	\$14,000
Miscellaneous / Administrative	\$7,500
TOTAL:	\$659,615

ADJOURNMENT

Meeting adjourned at 5:00 pm upon a motion moved and seconded, with Mr. Daly and Mr. Stockard absent, by roll call of seven in favor and two absent. Next meeting is scheduled for July 23, 2020.

Materials:

- Meeting Minutes from the Trust’s March 2, 2020 meeting
- Project update: Status of Active Commitments
- Memorandum: Rindge Commons Funding Request
- Memorandum: Annual FY2021 Appropriation Funding Request