

CITY OF SOMERVILLE, MASSACHUSETTS
SOMERVILLE AFFORDABLE HOUSING TRUST FUND

KATJANA BALLANTYNE

MAYOR

Andrea Shapiro, Managing Trustee

Trustees

Mary Cassesso
Michael Feloney
Kathryn Gallant
David Gibbs
Donna Haynes
Councilor Charlotte Kelly
Brielle Calderan
Jessica Turner

Minutes

Thursday, September 22, 2022 Meeting – 5:15 pm

Trustees attending: Mary Cassesso, Mike Feloney, Katie Gallant, David Gibbs, Donna Haynes, Charlotte Kelly, Andrea Shapiro, Brielle Calderan, Jessica Turner

Trustees not attending: Charlotte Kelly

Staff attending: Lisa Davidson, Paul Goldstein, Alexis Turgeon (OSPCD- Housing Division)

Members of the public attending: Noah Sawyer, Molly Kaviar, Carl Nagy-Koechlin (Just-A-Start)

The meeting started at 5:15 pm, with Andrea Shapiro serving in the role of chairperson.

1. Review and Approval of July 2022 Meeting Minutes

Mike Feloney noted a clerical error on page 2 of the minutes. Paul Goldstein stated that he would correct the typo prior to a final version of the minutes being made public. Donna Haynes made a **motion** to accept the minutes as corrected. Mike seconded the motion and the motion **passed** unanimously by roll call vote.

2. New Business

24 Webster Ave Just-A-Start housing development funding request. Paul introduced Noah Sawyer (Real Estate Director), Molly Kaviar (Project Manager) and Carl Nagy-Koechlin (Executive Director) of Just-A-Start (JAS) who were in attendance to present a funding request to the Trust for the development of 24 Webster Avenue.

Noah gave a brief presentation on the proposed project which included background information, project details, project timeline, and proposed budget. Highlights of the presentation included the following:

- The project will be 100% affordable, and expected to include 46 units consisting of one-, two-, and three-bedroom units which will be made available to households earning up to 60% of Area Median Income (AMI), with six units being reserved for households earning no more than 30% AMI.
- The project is being designed to meet passive house standards, and to meet Somerville's Net Zero guidelines.
- The project is expected to have a first-floor commercial space, and include 9 parking spots.

Noah went on to explain that construction cost increases and inflation have presented a budget challenge: the estimated development budget for the project at this time is \$35 million, which includes the amount requested from the Trust, \$4.6 million. If the funding application JAS intends to submit to the Department of Housing and Community Development (DHCD) for state funds is accepted on its first submission, construction is expected to begin in January 2024.

Noah noted in the time from which Trustees received materials about the project to review and the meeting, the project design has since been revised to comply with Somerville zoning requirements, which resulted in the amount of units being reduced from 46 to 41. He explained that JAS intends to pursue the original design of the project, but in order to be ready to apply for DHCD funding this fall, however, the project must be consistent with City zoning requirements to be considered for those state funds. Another requirement for the DHCD funds is a local commitment at the time of application.

Trustee questions/comments and responses from JAS included the following, with questions in italics followed by response information.

- *Has JAS considered accessing Continuum of Care (CoC) Permanent Supportive Housing funding, which would allow them to capture 100% of Fair Market Rents at the project?* JAS expects to apply for the maximum amount of state housing vouchers allowed. Supportive housing programs is not something JAS has traditionally managed, and currently have very few units in their portfolio set aside for supportive housing. Trustees noted that local providers receive CoC funding which allow them to collaborate with developments such as 24 Webster Ave. Noah indicated that he would follow up offline with Trustees about this possible funding source.
- *Are there any plans for the commercial space?* Currently there are no specific plans for the commercial space on the first floor. The types of businesses that JAS typically collaborates with (such as other non-profits or childcare centers) do not plan 3 years in advance of filling a space.
- *It would be preferable for the project not to have to reduce the amount of units in order to comply with zoning. Is there a reason that JAS did not pursue a zoning variance in order to prevent this?* In their discussions with elected officials on the project design, JAS was advised not to seek a zoning variance, as an adjustment to the overlay zoning is the more preferable approach for affordable housing projects. A zoning variance would also complicate moving forward with a DHCD funding application.
- *Would JAS consider using the first-floor commercial space as a “workspace” for ADA households who are prohibited from using any part of their unit for work purposes?* Noah indicated this has been an issue JAS has encountered in the past. They would be interested in following up further about this possibility.
- *Cost overruns are a concern, especially given that construction is not slated to begin for quite some time.* JAS acknowledged that cost overruns are an unfortunate reality in today’s development climate. They are working with contractors on this issue.
- *What other City funding sources are available, and has JAS begun the process of pursuing those funds?* JAS has had preliminary conversations with Housing Division staff on other possible sources of funding, and intends to apply for other funds to the extent that they are available. Paul and Alexis Turgeon, Housing Development Manager, noted that the availability of City HOME funds would not be known until FY24, when HUD appropriates that funding to the City. Staff did confirm that the current ask to the Trust of \$4.6 million could be reduced if/when other sources of City funding are identified and secured.

Trustees noted their excitement for a large project which is 100% affordable, and would serve the AMI tiers the Trust is prioritizing in its Strategic Plan currently in preparation. Trustees also noted that despite the size of the total request, the per unit subsidy level is consistent with other projects the Trust has funded.

Carl provided a closing comment from the JAS team, noting that JAS is in a phase where they are integrating their workforce development programs with their housing development projects, so that residents of these developments can succeed in the community where they are able to access affordable housing. The JAS team thanked the Trustees for their time, and left the meeting.

Trustees proceeded to deliberate on the funding requested presented by JAS. David Gibbs asked that staff clarify if the Trust were to make a commitment, that money could be not used for other projects despite the 24 Webster Ave. project not needing the funds until a final construction closing. Paul confirmed that would be the case, that any commitment made would be carried as an “outstanding commitment” on the financial reports until it has been drawn down on.

Trustees expressed a fairly high comfort level with the amount of funding requested, due to the healthy revenue stream for the non-CPA account and the availability of the newly appropriated Early Action Acquisition Fund. Paul confirmed that the Trust would be receiving a steady stream of linkage payments through at least FY25, and several other projects which will generate linkage revenue are currently in the planning process.

Donna asked about the possibility of the project being eligible for Historic Preservation Community Preservation Act (CPA) funds since it is incorporating a historic feature from the existing building into the design. Andrea Shapiro noted that JAS would have to apply directly to the Community Preservation Committee (CPC) for that funding. Paul noted that he would follow up with the Roberta Cameron, staff liaison to the CPC on the next steps to determine eligibility and if funding applications are currently being accepted.

Andrea suggested that vote be taken to gauge Trustee’s comfort level with the funding request, and that a final vote be taken at the October meeting when the JAS team can provide revised project details, and other sources of funding have been researched. Andrea made a **motion** to provide up to \$4.6 million in funding to the project, pending an additional final vote when more information on the design of the project and other sources of funding is available. Mary seconded the motion, and the motion **passed** unanimously by roll call vote.

3. *Continued/Standing Business*

Financial report(s) review: CPA account and non-CPA account (June-August, 2022). Paul walked Trustees through the financial reports for both the CPC and non-CPA Trust accounts. In June, the non-CPA account received several linkage payments and a fractional payment. The June non-CPA report also notes an expense in the amount of \$284,654.82. Paul explained that amount should have been transferred out of the CPA account for housing program expenses, but was mistakenly transferred from the non-CPA account. That expense was transferred back into the non-CPA account in August, and was transferred out of the CPA account that month as well. The other items of note on the financial reports were a fractional payment received in July to the non-CPA account, and a sizable linkage payment, the first of three annual payments, was received in August. That payment has not yet been transferred to the non-CPA account, so it is noted under “New Revenue that Hasn’t Cleared Bank Account” on the August report.

Andrea requested that Paul color code each report so that Trustees could easily differentiate the CPA reports from the non-CPA ones.

Selected project updates: 7 Summer St. and 184 Broadway. Paul noted that marketing efforts are underway for the 5 home ownership units at 7 Summer St. Applications are being accepted from

interested buyers through November 8th, and a lottery will take place following the application period. SCC is expected to close on the acquisition of 184 Broadway the week of September 23rd.

October meeting schedule. Paul identified October 20th as the best choice for rescheduling the October 13th meeting in order to accommodate the availability of the JM Goldson team, and indicated he would follow up with a calendar invite.

Early Action Acquisition Fund-brief update. Paul explained that Housing Division staff are preparing funding criteria for the Early Action Acquisition Fund. Staff expect the guidelines will be fairly similar to programs administered by organizations such as CEDAC (Community Economic Development Assistance Corporation) and MHIC (Massachusetts Housing Investment Corporation). The funds are set to be transferred to the non-CPA account this month, and will be carried on the September financial report.

Home Rule Petition and Board Reappointments. Paul noted that there were no current updates to provide on the status of the HRP and board reappoints, the state legislature is not back in session until January, and staffing boards unable to meet quorum requirements remain a priority for the Mayor's office. Andrea noted that she had received confirmation of other Home Rule Petitions being passed, and asked if the Trust's HRP had been included in those votes. Paul indicated he was not aware of any other Somerville HRP's that were voted on, and asked Andrea to forward him that information and he would follow up accordingly.

4. *Announcements*

Paul called attention to the Housing Services Fair scheduled for September 29th at 6:00 PM at the Somerville Armory in conjunction with the ongoing Evicted exhibit. The event will include a discussion about housing services with local Somerville providers.

5. *Adjournment*

The meeting was adjourned at 6:24 PM.

Documents distributed:

- Draft July minutes
- Developer application for 24 Webster Ave. funding request
- Project narrative for 24 Webster Ave.
- Proforma for 24 Webster Ave.
- Financial report(s)-CPA and non-CPA July-August, 2022