



Phil Chadwick  
Chair

Charles E. Gagnon  
Chief Executive Officer

Paul Goldstein  
Housing Programs Coordinator  
City of Somerville  
Mayor's Office of Strategic Planning & Community Development  
93 Highland Avenue  
Somerville, MA 02143

RE: Waiver request for the cash flow distribution due to the City of Somerville by VOA Somerville Veterans Housing Inc.

Dear Mr. Goldstein and Trustees of the Somerville Affordable Housing Trust Fund,

VOA Somerville Veterans Housing Inc., owner of the Massachusetts Bay Veterans Center (MBVC), is asking for a waiver of a \$16,154.12 distribution due to the City of Somerville based on the surplus cash available for distribution for the fiscal year ended June 30, 2023. We are asking to have this distribution moved into MBVC's replacement reserves as there are upcoming capital projects at MBVC that will require funding. Surplus cash was generated in 2023 for the first time since the property opened in 2015 because supplemental COVID relief funding was received from the Department of Veteran Affairs that generated a profit. This funding was discontinued in May of 2023. VOA Somerville Veterans Housing Inc. is owned by Volunteers of America of Massachusetts Inc.

MBVC recently undertook a \$370,000 renovation using the proceeds of a capital grant. During those renovations, it was discovered that many of the original Whalen vertical stack fan coil units, which both cool and heat individual rooms and common areas of the building, were leaking into the walls. There were no additional grant funds available to address this problem. A master plumber recommended the replacement of at least 25 units due to their age and the failures noted. Each unit is estimated to cost \$5,000, installed, for a minimum total cost of \$125,000. The property has also completed a Green Capital Needs Assessment (GCNA) performed by On-Site Insight. We await receipt of that report but anticipate that there will be additional capital needs to be addressed. We hope that the report also identifies green alternatives to conventional replacement of major components and systems; these findings are anticipated to be costly but worthwhile to pursue.

Property reserves have a current balance of \$212,000, due principally to the waiver of a \$140,413 surplus cash payment that would have been due to CEDAC, the second mortgage holder. We expect that the items noted above will deplete these reserves to a level that will require rebuilding.

We are further requesting a clarification of the priority of surplus cash distributions in the future as the loan agreements are silent on this matter. We believe that any surplus available would first go to CEDAC who holds a second mortgage on the property and then to the City of Somerville who holds a third mortgage position. We respectfully ask the SAHTF to consider this request and provide guidance so that there is clarity in the future.

**Care Today. Opportunity Tomorrow.**

441 Centre St. | Jamaica Plain, MA 02130 | T: 617.522.8086 | F: 617.522.4533 | [www.voamass.org](http://www.voamass.org)



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We appreciate your consideration of this request and look forward to an engaging discussion at the Somerville Affordable Housing Trust meeting on November 14<sup>th</sup>.

Sincerely,

Gayle Lacroix, Chief Financial Officer  
glacroix@voamass.org  
617-390-0227

Attachments

- Exhibit 1: FY2023 annual cash flow
- Exhibit 2: Waiver letter provided by CEDAC

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### Somerville AFT Annual Cash Flow Reporting

<b>DEVELOPER:</b>	Volunteers of America of Massachusetts, Inc.	
<b>PROJECT:</b>	VOA Somerville Veterans Housing, Inc.	
<b>YEAR END:</b>	6/30/2023	
		From Profit and Loss Statement (note on accrual basis) or Cash Flow Statement (note on cash basis)
<b>FUNDS RECEIVED</b>		
Base Rental	\$175,132.00	Profit and Loss
less vacancies	\$0.00	Profit and Loss
less bad debts	\$0.00	Profit and Loss
<b>Effective Rental Income</b>	\$175,132.00	(Base Rental minus vacancies minus bad debts)
Interest Income	\$334.00	Profit and Loss
Program grant	\$664,745.00	VA Per Diem Grant
<b>Effective Income</b>	\$840,211.00	(Effective Rental Income plus Interest Income plus Misc. Income)
Received from Reserves	\$0.00	Cash Flow
Received from Escrows	\$0.00	Cash Flow
<b>TOTAL FUNDS RECEIVED</b>	\$840,211.00	(Effective Income plus Received from Reserves and Escrows)
<b>FUNDS DISBURSED</b>		
Administration	\$203,053.99	Profit and Loss
Utilities	\$64,105.82	Profit and Loss
Maintenance	\$88,748.19	Profit and Loss
Marketing and Leasing	\$0.00	Profit and Loss
Resident Services	\$0.00	Profit and Loss
Taxes and Insurance	\$21,762.56	Profit and Loss
Deposits to Reserves	\$9,034.00	Cash Flow
Deposits to Escrows	\$0.00	Cash Flow
Capital Expenditures	\$0.00	Cash Flow
Debt Service*	\$144,802.12	Cash Flow for Principal and Profit and Loss for Interest
Miscellaneous Disbursed	\$276,396.08	Program Expenses
<b>TOTAL FUNDS DISBURSED</b>	\$807,902.77	(Sum of Funds Disbursed)
<b>NET CASH FLOW</b>	\$ 32,308.23	(Total Funds Received minus Total Funds Disbursed)
Due to Somerville	\$ 16,154.12	

Prepared By (Please Print): Gayle Lacroix

Signature: 

Phone Number: 617-390-0227

Date: 10/28/2024

Email: [glacroix@voamass.org](mailto:glacroix@voamass.org)

December 13, 2023

Gayle Lacroix  
Chief Financial Officer  
Volunteers of America of Massachusetts  
441 Centre Street  
Jamaica Plain, MA 02130

Re: VOA Somerville Surplus Cash Waiver FY23

Dear Ms. Lacroix,

CEDAC has reviewed your request to waive the surplus cash requirement on the HIF loan on VOA's Veterans Supportive and Permanent Housing aka 1323 Broadway project (Somerville, MA).

The attached FY23 cash flow template and audited financials that you provided demonstrates that the Veterans Supportive and Permanent Housing project generated \$140,064 in excess of 105% of the project's expenses for FY23."

According to the HIF Promissory Note made to CEDAC, the "Borrower shall pay to Holder an amount equal to the amount by which Gross Cash Receipts for the fiscal year just ended exceeds one hundred five percent (105%) of Gross Cash Expenditures for the same period..."

CEDAC agrees to waive the HIF requirement so that \$140,064 that would otherwise be repaid to CEDAC may be used exclusively for deposit into the replacement reserve account described in your letter. Please send documentation of the deposit to the replacement reserve to Veronica Pelletier at [vpelletier@cedac.org](mailto:vpelletier@cedac.org).

Sincerely,



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Debbie Schnitzer  
Chief Financial Officer  
Chief Operations Officer