

CITY OF SOMERVILLE, MASSACHUSETTS  
SOMERVILLE AFFORDABLE HOUSING TRUST FUND

KATJANA BALLANTYNE

MAYOR

*Andrea Shapiro, Managing Trustee*

*Trustees*

Brielle Calderan

Mary Cassesso

Diane Cohen

Michael Feloney

Donna Haynes

Councilor Wilfred N. Mbah

Cassie Walston

**Minutes**

**Thursday, October 10, 2024 Meeting – 5:15 pm**

Trustees attending: Brielle Calderan, Mary Cassesso, Diane Cohen, Mike Feloney, Wil Mbah, Andrea Shapiro, Cassie Walston

Staff attending: Paul Goldstein (OSPCD Housing Division)

Members of the public attending: Gonzalo Puigbo, Laurie Calvert (Somerville Community Corporation), Cory Mian, Marcel Merwin (Preservation of Affordable Housing)

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

*1. September 12, 2024 Meeting Minutes review and approval*

Mary Cassesso made a **motion** to accept the September meeting minutes. Cassie Walston seconded the motion which **passed** unanimously by roll call vote.

*2. Financial Report(s) review: Community Preservation Act (CPA) account and non-CPA account (September, 2024)*

Paul Goldstein shared that as of September 30, the Trust had just over \$4.1 million available in its non-CPA account available for new commitments. The Early Action Acquisition Fund has a balance of ~\$3.3 million which is available for new acquisition loans. Paul concluded his overview of the Financial Reports by noting the Trust's CPA account has a little over \$1.1 million available for new commitments as of the end of September.

Mary made a **motion** to accept the October Financial Reports. Wil Mbah seconded the motion, and the motion **passed** unanimously by roll call vote.

*3. Continued Business*

**Request from Somerville Community Corporation (SCC) to direct St. Polycarp's loan repayments to project reserves.** Paul introduced Gonzalo Puigbo, CEO of SCC, and Laurie Calvert, SCC's Director of Finance and Administration, who were in attendance to provide additional information regarding SCC's request to direct annual loan repayments for certain of its St. Polycarp's properties into operating and replacement reserves. Specifically, staff from SCC had prepared information on the current balances for each of the properties' reserves.

Ms. Calvert gave a brief overview of the request, and called attention to selected areas of the materials circulated prior to the meeting which indicated the current balances of operating and replacement reserves for each St. Polycarp's property, the target balance for those reserves, and what the balance of the reserves would be if the Trust approves SCC's request. She noted that the balance

for both the operating and replacement reserves for St. Polycarp's 2 were currently healthy, and for that reason SCC was amending its request to limit it to St. Polycarp's 1 and 3 (and not SP2) for the years 2021, 2022, and 2023.

Mike Feloney asked the SCC team to confirm (or correct if necessary) his understanding that the request pertained solely to net cash flow from the year's 2021, 2022, and 2023 and that- following deposit of those funds into property reserves- no action would be needed on the Trust's part to return to existing loan terms with annual payments to the Trust based on net cash flow. The SCC team confirmed Mike's understanding and noted that SCC would make subsequent requests to the Trust as/if needed regarding repayments in future years based on the annual cash flow report for the project.

Trustees thanked the SCC team for the additional information regarding the request, and were pleased to hear that SCC is planning to undertake a Capital Needs Assessment for the properties. The SCC team thanked the Trustees for their time and left the meeting. Trustees expressed support for SCC's request, and noted that it is important to preserve existing affordable housing whenever possible given the high costs of acquiring or developing new affordable housing projects.

Mary made a **motion** to approve SCC's request to make payments into the operating and replacement reserves for St. Polycarp's 1 and 3 instead of making scheduled loan repayments to the Trust. The payments into reserves will be from the net cash flow from the years 2021, 2022, and 2023, and will be distributed into the operating and replacement reserves as identified in the supporting documents SCC provided to the Trust for this request. As noted above, any additional payments into the reserve accounts would need to be approved by the Trust following a review of the most recent annual cash flow report for those properties. Mike seconded the motion, and the motion **passed** unanimously by roll call vote.

#### 4. *New Business*

**Funding request: Preservation of Affordable Housing (POAH)/Parcel D4.3 affordable housing development project in Union Square.** Paul introduced Cory Mian and Marcel Merwin from the Preservation of Affordable Housing who were in attendance along with Gonzalo Puigbo to present a funding request to the Trust for the development of an all-affordable rental project at Parcel D4.3 in Union Square. The project was introduced to Trustees at its September meeting. Paul noted that the project team submitted two options for funding, with one option requesting more funding than the 'base request', in order to achieve deeper affordability than the smaller request by increasing the number of 50-60% Area Median Income (AMI) units.

Mr. Merwin gave a brief overview of the proposed project at the parcel located at 41 Webster Avenue. POAH is partnering with SCC on the project, which is currently designed to consist of 52 rental units of various sizes and space for three commercial spaces on the ground floor. The project also includes a space for a community garden.

Marcel next outlined the two funding scenarios referenced above for Trust consideration. Option A requested \$2,704,000, which would position the project to move forward with 11 units at 30% AMI, 23 units at 60% AMI, and 18 units at 80% AMI. Option B requested \$3,954,000 from the Trust, and would increase the number of 60% AMI units from 23 to 28, and reduce the number of 80% AMI units from 18 to 13. To summarize, Option B would enable the project team to deepen the affordability of the project by accessing additional subsidy (to make up for the reduced private debt service the project could support in serving more low income households and lowered rental income).

Trustee questions and responses offered by the project team included the following, with questions in italics followed by response information:

1. *Has the Union Square Neighborhood Council been involved in this process, and has US2 (the private developer of neighboring parcels) been held to their development covenant with the City?*  
The project team and US2 have involved the Neighborhood Council throughout the process, and

the project has received lots of support from the Neighborhood Council, who like others in the City are eager for the parcel to be developed into affordable housing. City staff clarified that while US2 is beholden to specific conditions, the enforcement of those conditions is outside of the Trust's purview, and the Trust's only role at that evening's meeting was to consider the funding request.

2. *What is the project team's desired loan terms for a potential commitment?* POAH expressed it has some flexibility on loan terms; all things being equal, they of course would prefer the most favorable terms possible. If a commitment is made, the project team may wish to access the funds during the predevelopment process. Trust staff confirmed that it is possible to consider such a request on and as/if needed basis.

The Trustees thanked the project team for their time, and project team members left the meeting. Trustees proceeded to deliberate on the funding request and the two options that were presented. Trustees expressed support for the project, noting it was encouraging to see an all-affordable project of this scale was still possible given current market conditions. Trustees agreed that Option B was preferable, based on the way its deepened affordability was most consistent with the priorities established in the Trust's current Strategic Plan.

Mary made a **motion** to approve the funding request for \$3,954,000 (Option B) to support the project at Parcel D4.3. The exact amount of CPA and non-CPA funds for the loan will be determined at a later date and based on availability of funds for each source. Terms of the loan shall be 2.5% simple interest for a 40-year term, with annual repayments based on excess cash flow. Wil Mbah seconded the motion, and the motion **passed** unanimously by roll call vote.

#### 5. *Standing Business*

Paul noted that his update on Board reappointments had not changed since the September meeting. The Mayor's office will be reaching out to each Board/Commission staff liaison beginning in January of 2025 to begin the application process for reappointments. Any non-ex officio Trustee who has served two consecutive terms or more will have to apply for reappointment.

Paul provided an update on the Trust's Home Rule Petition. The Mayor's office let him know that unfortunately they will have to prepare to refile the HRP in January, as it was not brought to a vote during the last legislative session, and will likely not come to a vote at any informal session between now and next year. Paul noted he will continue to follow up with the Mayor's office about any action that Board members can take to advocate for passage of the HRP.

On that subject, Paul shared that Housing Counsel Joe Theall has been working with the Law Department to reexamine the need for the Trust's HRP, and whether there may be sufficient legal precedent to allow for the Trust to resume funding various supportive services programs without the HRP being passed. Paul said he will provide updates on this effort as well as they become available.

#### 6. *Adjournment*

The meeting was adjourned at 6:07 pm.

#### **Documents distributed:**

- Draft October 10, 2024 Meeting Minutes
- Financial Reports for September, 2024 (CPA and non-CPA)
- Memo and related materials from SCC re: request to use loan repayments for St. Polycarp's to replenish property reserves
- Funding application from POAH for all affordable development at Parcel D4.3 in Union Square