

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, December 12, 2024 Meeting – 5:15 pm**

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

Staff attending: Paul Goldstein, Joe Theall, Alexis Turgeon (OSPCD Housing Division)

Members of the public attending: Noah Sawyer, Connor Ring (Just-A-Start), Ben Baldwin (Somerville Community Land Trust)

The meeting started at 5:18 pm, with Andrea Shapiro serving in the role of chairperson.

*1. November 14, 2024 Meeting Minutes review and approval*

Diane Cohen made a **motion** to accept the November meeting minutes. Donna Haynes seconded the motion which **passed** unanimously by roll call vote.

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

Prior to reviewing the financial reports, Paul Goldstein noted he had made some formatting revisions to the reports in an effort to make them easier to read. Paul shared that the Trust's non-CPA account received a linkage payment in November of just over \$500,000 made by US2 for its 10 Prospect Street project, and a fractional payment of a little over \$185,000. As of November 30, the non-CPA account had just under \$1.4 million available for new commitments. That amount is not inclusive of the remaining balance of the Trust's Early Action Acquisition Fund, which as of the end of November is just under \$3.5 million. The only other activity Paul highlighted for the November non-CPA report was that there was a transfer of approximately \$6.6 million for various program and project costs related to outstanding commitments that were incurred over the past several months.

Paul continued his review of the financial reports by noting there was no activity in the Trust's CPA account in the month of November other than a transfer of just under \$240,000 out of the account for various expenses. As of November 30, the Trust had just under \$1.2 million available for new commitments in its CPA account.

Mary Cassesso made a **motion** to accept the November financial reports. Diane seconded the motion, and the motion **passed** unanimously by roll-call vote.

3. *New Business*

**Request from Somerville Community Corporation (SCC) to modify/subordinate the Trust loan for 34 Linden Street to allow the property to take out a new loan to fund rehabilitation work at the building.** Paul shared that this agenda item was added the day before the meeting, and was included due to the time sensitive nature of the request. Paul proceeded to give a brief overview of the memo he prepared that outlined the details of SCC's request. SCC is asking permission from the Trust to modify an existing Trust loan that was made in 2001 for 34 Linden Street in order to secure new financing which will partially fund necessary rehabilitation work at that property and SCC's property located on Bow Street. Specifically, SCC is requesting that the Linden Street loan be made subordinate to the new Massachusetts Housing Partnership (MHP) financing being sought, that the Trust loan be in second position with the other public lenders, that the loan is reassigned to a new entity (Bow Linden, LLC), and that the term of the loan be extended to be coterminous with the other loans at the project.

SCC is hoping to close on the new financing before the end of 2024, and for that reason they requested that the Trust take the necessary vote at its December meeting. Paul noted that Housing Grants Manager Alexis Turgeon and Housing Counsel Joe Theall have been working with SCC on this project, and were in attendance at tonight's meeting to address any Trustee questions about the request.

Trustees asked about the details of the original Trust loan for Linden Street. Alexis explained that at the time the Trust loan was provided, the Trust was in fourth position, but that since that time SCC has paid off other senior loans. The new financial structure would have the Trust loan sharing position with the remaining HOME and Executive Office of Housing and Livable Communities loans, with the new MHP loan in first position.

Mike Feloney noted that along with funding needed rehab work at the properties, a major purpose of SCC's request is that the project will yield significant revenue from these properties. The expectation is that the net proceeds SCC realizes from the project will support SCC's ongoing efforts to secure financial stability.

Andrea Shapiro noted her comfort level with this request being brought to the Board for approval, rather than her just signing on behalf of the Trust as the Managing Trustee. Joe Theall confirmed that while requests of this nature traditionally have not gone before the Trust for approval, the governing documents do indicate that the Board is to approve any extension of loan terms.

Mary made a **motion** to approve SCC's request that the existing Trust loan for 34 Linden Street be modified by 1) subordinating the loan to the new MHP loan for the property, 2) placing the existing Trust loan in second position *pari passu* with the other public lenders, 3), assign the Trust loan to Bow Linden, LLC, and 4) extend the term of the loan to 24 years after the initial closing. Loan documents will be signed by the Managing Trustee as part of the closing process for the proposed refinancing. Donna Haynes seconded the motion, and the motion **passed** unanimously by roll-call vote.

**Review and deliberations on proposals received for CPA-funded Housing Assistance programs, in response to Request for Proposals issued by the Trust on September 18, 2024.** Paul noted that this agenda item was originally slated for the November meeting, but was moved to December so that Trustees could have time to review all the materials related to the proposals received.

Paul shared that in response to the RFP issued earlier this fall, the Trust had received two applications from providers for funding to operate a rental assistance program: one from the Somerville Homeless Coalition (SHC), and one from the Community Action Agency of Somerville (CAAS). SHC

requested \$250,000, and CAAS requested \$200,000. Both agencies are in the process of rolling over unexpended funds from their now expired rental assistance contracts (per Trust approval) into new contracts. Paul explained that his expectation is that any additional funds awarded will be added to those contracts via a contract amendment, rather than creating a separate contract for the same program. This approach has typically been the most efficient way to keep the program running.

Paul felt that both applications presented favorably following his review using the criteria matrix he created. He scored SHC higher given their track record of strong performance operating a rental assistance program. CAAS received a lower score due to concerns Paul had about their organizational capacity and the difficulty they have had to date administering a rental assistance program. Paul did note that CAAS' most recent rental assistance contract was its first, and they have been making improvements as the contract has progressed.

Paul recommended that each agency receives a funding award. Paul reminded Trustees that the Trust had voted to allocate \$400,000 of CPA funds for the RFP, and a total of \$450,000 was requested between the two applications. The Trust may opt to fund each program for the full amount requested if that is preferred. Paul suggested that given his evaluation of each proposal, SHC receive the full \$250,000 requested due to their strong track record of successfully operating a rental assistance program, and that CAAS be awarded \$150,000 instead of the full \$200,000 due to the concerns Paul raised during his review of the application.

Mary expressed support for funding both applications for the full amount requested, and noted the challenging nature of the work done by each agency and how important it was to try to provide as many resources as possible. Other Trustees were in favor of Paul's recommendation for funding.

Following an informal poll by Andrea to see how many Trustees were in favor of full funding for both applications versus only fully funding SHC, Donna made a **motion** to approve CPA Trust funding in the amount of \$250,000 for Somerville Homeless Coalition's rental assistance program, and \$150,000 of funding for the Community Action Agency of Somerville's rental assistance program. The motion **passed** by roll call vote, with six yes votes and one Trustee (Mary) abstaining.

**Project introduction: All affordable development project at 297 Medford Street being proposed by Just-A-Start and Somerville Community Land Trust.** Paul introduced Ben Baldwin from the Somerville Community Land Trust (SCLT), as well as Noah Sawyer and Connor Ring from Just-A-Start (JAS). JAS and SCLT were in attendance to introduce a project to the Trust that the two organizations are partnering on: the acquisition and subsequent redevelopment of a parcel located at 297 Medford Street into a large scale affordable rental project.

The project team proceeded to give a brief overview of the prospective project. The project site had been occupied by an autobody shop, and the original building collapsed in 2021, leaving a vacant lot. The SCLT had initiated conversations about acquiring the site with the owners last summer. During that time, SCLT reached out to JAS about a potential partnership given JAS' capacity and experience with larger development projects.

The JAS and SCLT team have had an offer accepted to acquire the site for \$3.45 million, and have executed a Purchase & Sales Agreement, which includes a six-month timeframe for the project team to secure financing for the acquisition. The project team anticipates there will be some environmental remediation needed at the site. A zoning amendment will also be needed which will allow construction of a six-story building consisting of approximately 50 rental units, serving households earning between 30 and 60% of Area Median Income. The project team is hoping the project will be

complete by 2029, and anticipates making a request to the Trust for an acquisition loan in January or February.

Trustees expressed excitement for the potential project, noting that the site was close to the Green Line extension stop at Gilman Square, making it a transit-oriented development in a vibrant area of the City. Paul asked if the project was prepared to take on carrying costs for the several years before construction begins at the site, Noah Sawyer acknowledged that while the project team would prefer a shorter timeline, they are taking a conservative approach given how long it may take to acquire development funding at the state level. While the site will remain vacant for the entire carrying period, the project team is confident that it can handle the carrying costs, especially if it is able to secure a loan with favorable terms from the Trust's Early Action Acquisition Fund.

The project team thanked the Trustees for their time, and left the meeting.

4. *Standing Business (Board Reappointments)*

Paul noted that earlier this month, Trustees should have received via email a communication from the Mayor's office regarding the upcoming reappointment process. There is currently no action needed by Trustees at this time. However, Paul shared that he anticipates that the reappointment process for the Trust will begin shortly after the new year, as the Mayor's office has indicated to him that they will be working with Boards and Commissions in alphabetical order.

5. *Communications and Announcements*

Mary shared that the recent community meeting to discuss Permanent Supportive Housing (PSH) resources in Somerville went well. Brielle Calderan suggested that the Trust talk further about asking for proposals for development funding to consider attaching PSH units to their project as a condition of Trust funding.

Mike shared his congratulations for the successful ballot measure to increase the CPA property tax surcharge from 1.5% to 3%. Trustees were pleased that the passage of this measure would yield significantly more CPA funds for the Trust.

6. *Adjournment*

The meeting was adjourned at 6:25 PM.

**Documents distributed:**

- Draft November 14, 2024 Meeting Minutes
- Financial Reports for November, 2024 (CPA and non-CPA)
- Memo from SCC re: request to modify existing Trust loan for 24 Linden Street
- RFP applications for Housing Assistance programs for CPA Trust funds from CAAS and SHC
- Copy of 297 Medford Street project introduction presentation