

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 Short  
Jessica Turner

**Minutes**

**Thursday, April 14, 2022 Meeting – 5:15 pm**

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

Trustees not attending: Jessica Turner

Staff attending: Tom Galligani (OSPCD Economic Development Division), Paul Goldstein (OSPCD Housing Division)

Members of the public attending: Eliza Datta, Bonnie Dennis, Miranda Strominger, Benjamin Baldwin, Morena Zelaya

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

*1. Review and Approval of March Meeting Minutes*

Donna Haynes put forth a **motion** to approve the March meeting minutes. Katie Gallant seconded the motion, and the motion **passed** unanimously by roll call vote.

*2. Continued Business*

**31 Tufts St. supplemental funding request.** Paul Goldstein introduced Eliza Datta of E3 Development, who was in attendance to review its supplemental funding request for the 31 Tufts St. project and respond to questions on it. Andrea Shapiro asked Ms. Datta to briefly summarize the memo circulated in advance of the meeting, which outlined the basis for a third funding request of \$500,000.

Eliza noted that the last time E3 had approached the Trust was due to rapid construction cost escalations primarily caused by supply chain disruptions associated with the coronavirus pandemic. Continued cost escalations, together with the cost impact of recent increases in interest rates, have necessitated an additional funding request to the Trust. Eliza was pleased to share that the project hopefully is only weeks away from construction beginning. She further noted that, while the project design remains the same, the affordability of the project has been deepened through 4 project-based vouchers secured from DHCD which will be attached to units targeting tenants at the 50% AMI level, an increase of one unit at that income tier.

Trustee questions and responses from Eliza (and/or others where noted) included the following, with questions in italics followed by response information:

*When costs go up it is common for developers to 'take a hit' in the form of a reduction in fee. Are there reasons for why that is not the case here?* Eliza noted that while the fee hasn't changed, E3 has increased their equity contribution by \$50,000. She also noted that the developer fee amount is roughly half of what DHCD guidelines allow for.

*DHCD has documented that construction costs on average increased by 62%, a number that is quite jarring. Could costs go even higher due to inflation?* If the closing schedule is met, then the current interest rates and construction costs in the budget will be able to be used. Further delays could lead to more costs escalations, as the current rates and construction estimate are set through early May.

*What is the status of the building permit fee waiver E3 is seeking for the project?* OSPD Economic Development Director Tom Galligani noted the expectation is that the City will waive the fee. The City's current policy only allows for non-profit entities to seek a building permit waiver; that policy needs to be amended in order to accommodate E3's request as they are a not a non-profit. Tom expressed hope that this could be accomplished within the next couple of weeks.

*Is the building permit fee waiver a common practice?* No. Mike Feloney noted that SCC's 163 Glen St. project is the only Trust-assisted project in at least 7 years to secure such a waiver.

Andrea thanked Eliza and asked Trustees if there were further questions prior to discussion and deliberations on the funding request.

*Eliza Datta left the meeting at 5:34 PM*

Katie noted that cost escalation issues have been extremely prevalent on affordable housing (among other) construction projects over the past 2+ years. She has seen the same set of issues, and resulting increases in request amounts, in the public housing arena. With there being no further comments or questions, Katie introduced a **motion** that the Trust approve the funding request for an additional \$500,000 of non-CPA Trust funds for the project. Mary seconded the motion, which **passed** unanimously by roll call vote.

**Strategic Visioning-review and potential action on JM Goldson proposal.** Paul gave a brief overview of the proposal received by JM Goldson for the Trust's upcoming Strategic Visioning process. Paul noted that the solicitation document was circulated to a list of six potential consultants. JM Goldson was the only firm to submit a proposal. Charlotte Kelly asked if any other proposals were expected at this point. Paul explained that with the submittal deadline having passed, no other proposals were expected (or could be accepted).

Mary Cassesso indicated that she is in favor of accepting the proposal from JM Goldson, noting that it is a woman-owned business, and that the Trust was very satisfied with the firm's work when it provided services in 2013-14. Mary noted that she had hoped more proposals were submitted in response to the solicitation. Paul and Mike noted follow-up outreach that Paul conducted with consultants identified as firms that could provide the services involved. Paul heard back from 3 of those firms, who indicated they were not in position to submit a proposal due to current project commitments.

Charlotte Kelly asked if there would be an opportunity to begin engaging with the selected consultant at the next Trust meeting, and what the overall timeline for engagement would be. Paul explained that the firm's proposal identified the Trust's June meeting as the first engagement point with Trustees, and noted that work was scheduled to be completed by the end of calendar year 2022. Mike referred to JM Goldson's proposal for further information, as it included a helpful timeline for the project.

Mike noted that the proposal cost is just slightly under the \$10,000 budget threshold. Trustees noted that while it is unfortunate that the budget only provided for virtual meetings, virtual meetings may make the most sense in light of continued potential increases in COVID-19 rates.

Mary proposed a **motion** to accept the Strategic Visioning proposal from JM Goldson. Donna seconded the motion, and the motion **passed** unanimously by roll call vote.

3. *New Business*

**Financial report(s) review: CPA account and non-CPA account (February 2022).** Paul briefly reviewed the two reports included with materials circulated prior to the meeting. He noted that the CPA account had little activity for the month of February, and that the non-CPA account received a linkage payment along with several loan repayments. Paul also noted that the 7 Summer St. commitment was included on the non-CPA report. Donna offered a **motion** to accept the financial reports. Mary seconded the motion and the motion **passed** unanimously by roll call vote.

**FY22 CPA RFP's.** Paul noted he is preparing two housing program Request for Proposals (RFP) for CPA Trust funds. A vote on the amount of funding being made available is needed before the RFP's are issued. The proposed amount of funding to be made available is \$149,190.86 for Tenancy Stabilization Programs, and \$149,190.86 for other Housing Programs, including SCC's 100 Homes Program Management. Paul explained that the \$149,190.86 is 10% of the FY22 CPA allocation to the Trust. Proposals will only be accepted for programs which did not receive FY21 funding, or programs which have expended the entirety of their FY21 funding at the time of application.

David Gibbs made a **motion** to accept the amount of funding being made available for the FY22 RFP's. Mike seconded the motion, and the motion **passed** unanimously by roll call vote.

4. *Communications*

**Project update: 7 Summer St.** Paul noted that the Somerville Community Land Trust (SCLT) is proceeding with due diligence work in association with the acquisition of 7 Summer St., including a zoning and permitting review, execution of a purchase and sales agreement, and a building inspection. The proposed closing date is July 1<sup>st</sup>. The SCLT has proposed that they serve as monitoring agent for the property. Housing Division staff are working on a template for an annual monitoring report which will be reviewed by the City each year.

Trustees reminded staff about the request for a contingency plan if the SCLT ceased to exist or ceased to be able to operate, and asked that it be noted in the monitoring documents. Mike referred to a prior recommendation to include a right of first refusal in the motion to approve the funding, which will be memorialized in the loan documents and would serve as part of the requested contingency plan.

**SCC/100 Homes update-tax abatements.** Paul noted that following extensive efforts and follow-up by SCC staff with the City Assessor's office, SCC has been notified it is receiving approximately \$200,000 in tax abatements for 100 Homes properties. Mike noted that Trustees had been tracking this item for some time and that its stated desire to submit a letter of concern on the issues status may have helped prompt resumption of follow-up work of considering SCC's abatement requests. Trustees noted they were pleased with this outcome and emphasized the importance of making sure the non-profits who receive Trust funding are able to access that funding without delay.

Concern was shared on a related subject, an invoice that submitted for a Trust-funded housing program that reportedly was complete yet remained pending. Corresponding concern was also shared, in regard to an assertion being made as to completeness without staff being in position to respond, and whether a Trust meeting was the correct forum in which to raise the issue. The Trust's managing trustee expressed a desire for the issue(s) to be taken up and resolved offline.

**Open Meeting Law training session.** Paul reminded Trustees of the mandatory Open Meeting Law training session scheduled for April 25<sup>th</sup>, which will be held on GoToWebinar.

**Community Preservation Act Memorandum of Agreement (FY22 CPA Allocation).** Paul noted that the Memorandum of Agreement for the Trust's FY22 CPA allocation in the amount of \$1,491,908.58 is currently routing through City Hall for required signatures, and that he will follow

up accordingly on the status of the transfer to the Trust's CPA account. Last year's transfer of funds was completed in June, 2021.

5. *Announcements*

There were no announcements.

6. *Adjournment*

The meeting was adjourned at 6:06 PM.

**Documents distributed:**

- March meeting minutes
- Financial reports, CPA and non-CPA accounts, February, 2022
- Memo from E3 Development re: additional funding request for 31 Tufts St.
- JM Goldson Strategic Visioning proposal