



JOSEPH A. CURTATONE
MAYOR

CITY OF SOMERVILLE, MASSACHUSETTS COMMUNITY PRESERVATION COMMITTEE



MINUTES AUGUST 16, 2017

The Community Preservation Committee (CPC) held a regular meeting at 6:30pm in the third floor community room at the Visiting Nurse Association, 259 Lowell Street, Somerville, MA 02144. An audio recording of the meeting is available upon request.

Members Present Chair Dick Bauer, Vice Chair Michael Fager, Michael Capuano, Arn Franzen, James McCallum, and Uma Murugan

Members Absent Elizabeth Duclos-Orsello, Ezra Glenn, and Jessica Palacios Yamakawa

Staff Present Kristen Stelljes

Others Present *Somerville Affordable Housing Trust Fund representatives:* Heidi Burbidge, Mary Cassesso, Lisa Davidson, Michael Feloney, Donna Haynes, Danny LeBlanc, and Andrea Shapiro
Preservation of Affordable Housing (POAH) representatives: Cory Mian and Jon Springfield
Somerville Community Corporation (SCC) representatives: Scott Hayman

MEMBERS

Dick Bauer, Chair
Michael Fager, Vice Chair
Michael A. Capuano
Elizabeth Duclos-Orsello
Arn Franzen
Ezra Glenn
James McCallum
Uma Murugan
Jessica Palacios Yamakawa

STAFF

Kristen Stelljes

The chair opened the meeting at 6:35p.m.

Agenda item 1: Public comment period

No members of the public were present

Agenda item 2: Consideration of Somerville Affordable Housing Trust Fund request to bond for two community housing projects: 100 Homes and Clarendon Hills/North Street

Mr. Bauer reminded the group of his conflict of interest on the Clarendon Hills/North Street as an Access to Justice Fellow for Greater Boston Legal Services which represents the POAH/Mass Pike tenants' association joint venture. This conflict has been submitted in writing and Mr. Bauer wanted to ensure that the CPC and Trust Fund members were aware of this.

Ms. Cassesso shared her experiences with the great need for affordable housing in Somerville. She said both of these projects provide a greater opportunity to provide new affordable housing units in Somerville than will likely arise for some time. She thanked the CPC members for their support of affordable housing and the Somerville Affordable Housing Trust Fund.

Ms. Mian shared that the site plan has been evolving for the Clarendon Hills/North Street project to respond to the City's concerns, such as breaking up one large building into multiple town house style buildings and improving the intersection with Alewife Brook Parkway. They have secured \$10.8 million from the state.

Mr. Capuano asked what the relocation plan is for the project. Ms. Mian responded that POAH is working with the tenants on this issue and is negotiating a relocation agreement. POAH is paying for their relocation and is working with the school system to ensure that children can remain in the Somerville public schools. The state is contributing \$7.2 million for the relocation expenses. She added that all current tenants will have the option to return once the project is complete.

Mr. Bauer asked about the affordability limits. Ms. Mian responded that for the 216 public housing units, those households will pay 30% of their income and their income cannot be more than 50% of the area median income (AMI). For the other 60 workforce housing units, the rent is set at 105% of the area median income. Ms. Mian said that CPA funds will not be used for the workforce housing units because of the restriction that CPA funds cannot be used for units at more than 100% AMI. 276 units of the 533 total will be permanently affordable.

Mr. Feloney said the City's Housing Division hired a consultant to review the Clarendon Hills budget to confirm the budget is reasonable and they have tapped all possible funding sources. The consultant confirmed that both of these are the case. He said that the City of Somerville will need to provide at least \$6 million for the project, of which the Trust is currently considering requesting \$4 million in CPA funds.

Mr. Bauer said that because bonding is requested, his expectation is that the CPC would recommend one bond for the project rather than multiple smaller bonds because the impact on the CPA fund would be the same but it would be more work administratively to have two bonds. He said that the Trustees should consider how much they want to request in total and ask for that amount for each project in one request. He defers to the Trust's opinion on what is the best allocation for each project.

Ms. Murugan asked about the market rate units and their integration with the public housing units. Mr. Hayman said that there will be amenities on the site that will be shared by all residents within the complex, which will foster interactions between the residents in market rate and public housing units. SCC will be providing programming and servicing for the housing complex. Additional services, such as a day care, are still under negotiation.

Mr. Bauer asked for an update on the Trust's thinking about the total amount to request for the project. Ms. Cassesso said that the current thinking of the Trust is to ask for \$8 million total- \$4 million for each project- knowing that an additional request would be made for \$2 million for the Clarendon Hills project. Mr. Feloney added that non-CPA funds within the Trust would be used towards the additional \$2 million needed to make up the difference between the \$4 million being requested for bonding for Clarendon Hills and the \$6 million needed for the project. He said that the development team is currently working

to finalize the budget for the project given the changes requested by the City. Mr. LeBlanc said that the Trust had considered requesting a \$10 million bond and suggested the Trust reconsider this recognizing Mr. Bauer's comments that the CPC would not likely bond again for affordable housing in the short term. Mr. LeBlanc noted that the 100 Homes need is more fungible because the program can change its pace based on funding available. However, if the Clarendon Hills project doesn't receive full funding, it won't go forward.

Mr. Fager asked what future affordable housing projects are anticipated that may be impacted by funds being committed for debt service. Ms. Shapiro said that the Trust did not factor in any state matching CPA funds in their projections and anticipates they will be receiving other funds within the Trust that can be used to support other housing development opportunities in the early years when the debt service will be at the highest percentage of the Trust's estimated CPA allocation.

Mr. Capuano asked why bonding is needed for the 100 Homes project because of the additional funding from Federal Realty Investment Trust (FRIT). Mr. Hayman responded that the FRIT funds are meant to create units as part of the affordable housing inclusionary requirement for that building. If additional funds do not go into 100 Homes, the FRIT funds will be net neutral in terms of affordable housing availability. Ms. Shapiro added that the Clarendon Hill and 100 Homes projects should be considered separately. They serve different populations and serve different parts of the City.

Mr. Capuano asked what the impact of the bonds would be on future applicants and where CPA funds go. Ms. Cassesso said the Trust has been hoping for greater numbers of applications. They have also been very conservative in their estimates so they anticipate having sufficient funds for future projects. Ms. Haynes said these opportunities are very unique and she wishes that more opportunities had come before like this before the housing situation had become so difficult in Somerville. As a banker, she thinks this is an appropriate risk to take. Ms. Burbidge said that 18% of the housing funds have gone to support housing programs such as rental assistance.

Mr. Fager asked POAH the timeline for the Clarendon Hill project. Ms. Mian responded that she would need to know the final funding decision by January.

CPC Members' Discussion of the Projects:

Mr. Capuano agrees this is a unique opportunity, even though he is general reluctant to bond. He supported delegating the authority to manage the affordable housing CPA funds to the Trust because he trusts their professional opinion. He puts a lot of credit in the request of the Trust to bond for these projects because they would not make these requests if they did not understand what the impact would be on other projects. He believes the project needs to go forward and the CPC should recommend funding for the amount needed and rely on the advice of the Trust on how much funding should go to 100 Homes.

Mr. Fager said one way to look at this project is as a 30 year mortgage but does not like to think of burdening the residents of Somerville. This is something about which he needs to put in a lot of thought.

Ms. Murugan said this is a once in a lifetime opportunity. She knows POAH and said they have a great reputation. She said that she has concerns about using almost all of the CPA housing funding for one project. However, it will be creating 60 net new units of affordable housing which may be sufficient benefit.

Mr. McCallum asked about the state match. Ms. Stelljes said that Community Preservation Coalition is working with supportive officials in the State House to fund the CPA state trust fund more sustainably but the outcome of those efforts is not guaranteed.

Mr. Bauer said he agrees with colleagues about the value of the projects proposed but is cautious about bonding. He wants to ensure that there are rainy day funds available to support projects with emergency needs, like the Mystic Water Works the CPC received last year.

Agenda item 3: Fall events update

Ms. Murugan updated the committee that the CPC is hosting the CPA and the City forum on September 16th and the 5th anniversary celebration on September 9th. The 5th anniversary celebration is a walking tour that culminates with a celebration at Prospect Hill Park. The forum will focus on the unique challenges that cities that have adopted CPA face. Approximately 35 people will attend from CPA cities from around the state.

Ms. Stelljes requested that CPC members volunteer for the 5th anniversary celebration on September 9th.

Mr. Bauer announced that the Community Preservation Coalition will be having a conference in 2018 with a cities track. Ms. Stelljes said that Mr. Bauer will represent Somerville on the content committee for that conference. There will be a graphic facilitator to document the forum's outputs to be able to share at the Coalition's conference.

Next meeting: The next CPC meeting will be held at 6:30pm on September 27, 2017 at the Visiting Nurse Association.

Meeting Adjournment

Upon motion from Mr. Capuano, seconded by Ms. Murugan, the Committee voted 6-0 to adjourn at approximately 8:40.

Documents and Exhibits

1. Agenda
2. FY17 Housing Bond Estimated Debt Service
3. 100 Homes Initiative draft funding recommendation
4. 100 Homes Update memo

5. Clarendon Hill Apartments draft funding recommendation



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CITY OF SOMERVILLE, MASSACHUSETTS COMMUNITY PRESERVATION COMMITTEE



AGENDA

DATE: Wednesday, August 16, 2017
TIME: 6:30pm
PLACE: Visiting Nurse Association, Third Floor Community Room
259 Lowell St.

1. Public comment period (10 minutes)
2. Consideration of Somerville Affordable Housing Trust Fund request to bond for two community housing projects: 100 Homes and Clarendon Hills/North St.
3. Fall events update
4. Next meeting: Wednesday, September 27th at 6:30 p.m. (Visiting Nurse Association)

MEMBERS

Dick Bauer, Chair
Michael Fager, Vice Chair
Michael A. Capuano
Elizabeth Duclos-Orsello
Arn Franzen
Ezra Glenn
James McCallum
Uma Murugan
Jessica Palacios Yamakawa

STAFF

Kristen Stelljes

FY17 Housing Bond Estimated Debt Service
5/19/17

Short-term rate	1.75%				
Long-term rate	4.75%				
Bond amount	\$8,000,000				
	Year #	Debt Service	Principal	Interest	Principal Balance
FY2018	1	\$140,000		\$140,000	\$8,000,000
FY2019	2	\$140,000		\$140,000	\$8,000,000
FY2020	3	\$579,198	\$199,198	\$380,000	\$7,800,802
FY2021	4	\$579,198	\$208,659	\$370,538	\$7,592,143
FY2022	5	\$579,198	\$218,571	\$360,627	\$7,373,572
FY2023	6	\$579,198	\$228,953	\$350,245	\$7,144,619
FY2024	7	\$579,198	\$239,828	\$339,369	\$6,904,791
FY2025	8	\$579,198	\$251,220	\$327,978	\$6,653,571
FY2026	9	\$579,198	\$263,153	\$316,045	\$6,390,418
FY2027	10	\$579,198	\$275,653	\$303,545	\$6,114,766
FY2028	11	\$579,198	\$288,746	\$290,451	\$5,826,020
FY2029	12	\$579,198	\$302,462	\$276,736	\$5,523,558
FY2030	13	\$579,198	\$316,829	\$262,369	\$5,206,729
FY2031	14	\$579,198	\$331,878	\$247,320	\$4,874,851
FY2032	15	\$579,198	\$347,642	\$231,555	\$4,527,209
FY2033	16	\$579,198	\$364,155	\$215,042	\$4,163,054
FY2034	17	\$579,198	\$381,452	\$197,745	\$3,781,602
FY2035	18	\$579,198	\$399,571	\$179,626	\$3,382,030
FY2036	19	\$579,198	\$418,551	\$160,646	\$2,963,479
FY2037	20	\$579,198	\$438,432	\$140,765	\$2,525,047
FY2038	21	\$579,198	\$459,258	\$119,940	\$2,065,789
FY2039	22	\$579,198	\$481,073	\$98,125	\$1,584,717
FY2040	23	\$579,198	\$503,924	\$75,274	\$1,080,793
FY2041	24	\$579,198	\$527,860	\$51,338	\$552,933
FY2042	25	\$579,198	\$552,933	\$26,264	\$0
	TOTAL	\$13,601,544	\$8,000,000	\$5,601,544	
Year 1 payment due 12 months after debt issued --> debt issued in June 2017 will have Year 1 payment due June 2018.					

	Housing Estimated Debt Service	Projected CPA Revenue				Housing Estimated Debt Service as % of Projected CPA Revenue				Housing Estimated Debt Service as % of Projected CPA Revenue Less 45% for Community Housing			
		Surcharge Only	Surcharge + State Match	Surcharge + State Match + Max. City Approp.		Surcharge Only	Surcharge + State Match	Surcharge + State Match + Max. City Approp.		Surcharge Only	Surcharge + State Match	Surcharge + State Match + Max. City Approp.	
FY2017	0	1,779,058	2,199,739	4,015,104		0.0%	0.0%	0.0%		-45.0%	-45.0%	-45.0%	
FY2018	140,000	1,928,774	2,249,004	4,588,124		7.3%	6.2%	3.1%		-37.7%	-38.8%	-41.9%	
FY2019	140,000	2,089,688	2,436,867	4,971,405		6.7%	5.7%	2.8%		-38.3%	-39.3%	-42.2%	
FY2020	579,198	2,292,550	2,668,693	5,443,789		25.3%	21.7%	10.6%		-19.7%	-23.3%	-34.4%	
FY2021	579,198	2,446,762	2,859,421	5,834,179		23.7%	20.3%	9.9%		-21.3%	-24.7%	-35.1%	
FY2022	579,198	2,589,170	3,029,587	6,181,815		22.4%	19.1%	9.4%		-22.6%	-25.9%	-35.6%	
FY2023	579,198	2,734,343	3,200,393	6,530,453		21.2%	18.1%	8.9%		-23.8%	-26.9%	-36.1%	
FY2024	579,198	2,886,786	3,378,968	6,894,856		20.1%	17.1%	8.4%		-24.9%	-27.9%	-36.6%	
FY2025	579,198	3,073,485	3,593,106	7,331,292		18.8%	16.1%	7.9%		-26.2%	-28.9%	-37.1%	
FY2026	579,198	3,104,220	3,657,447	7,465,927		18.7%	15.8%	7.8%		-26.3%	-29.2%	-37.2%	
FY2027	579,198	3,135,262	3,694,022	7,540,586		18.5%	15.7%	7.7%		-26.5%	-29.3%	-37.3%	
FY2028	579,198	3,166,615	3,730,962	7,615,992		18.3%	15.5%	7.6%		-26.7%	-29.5%	-37.4%	
FY2029	579,198	3,198,281	3,768,271	7,692,152		18.1%	15.4%	7.5%		-26.9%	-29.6%	-37.5%	
FY2030	579,198	3,230,264	3,805,954	7,769,073		17.9%	15.2%	7.5%		-27.1%	-29.8%	-37.5%	
FY2031	579,198	3,262,566	3,844,014	7,846,764		17.8%	15.1%	7.4%		-27.2%	-29.9%	-37.6%	
FY2032	579,198	3,295,192	3,882,454	7,925,232		17.6%	14.9%	7.3%		-27.4%	-30.1%	-37.7%	
FY2033	579,198	3,328,144	3,921,278	8,004,484		17.4%	14.8%	7.2%		-27.6%	-30.2%	-37.8%	
FY2034	579,198	3,361,425	3,960,491	8,084,529		17.2%	14.6%	7.2%		-27.8%	-30.4%	-37.8%	
FY2037	579,198	3,395,039	4,000,096	8,165,374		17.1%	14.5%	7.1%		-27.9%	-30.5%	-37.9%	
FY2038	579,198	3,428,990	4,040,097	8,247,028		16.9%	14.3%	7.0%		-28.1%	-30.7%	-38.0%	
FY2039	579,198	3,463,280	4,080,498	8,329,498		16.7%	14.2%	7.0%		-28.3%	-30.8%	-38.0%	
FY2040	579,198	3,497,913	4,121,303	8,412,793		16.6%	14.1%	6.9%		-28.4%	-30.9%	-38.1%	
FY2041	579,198	3,532,892	4,162,516	8,496,921		16.4%	13.9%	6.8%		-28.6%	-31.1%	-38.2%	
FY2040	579,198	3,568,221	4,204,141	8,581,890		16.2%	13.8%	6.7%		-28.8%	-31.2%	-38.3%	
FY2041	579,198	3,603,903	4,246,182	8,667,709		16.1%	13.6%	6.7%		-28.9%	-31.4%	-38.3%	
FY2042	579,198	3,639,942	4,288,644	8,754,386		15.9%	13.5%	6.6%		-29.1%	-31.5%	-38.4%	
Total	13,022,346	75,392,818	88,735,504	180,636,968		17.3%	14.7%	7.2%		-27.7%	-30.3%	-37.8%	

Assumptions: 1) state match rate without City match = 18%; 2) state match rate with maximum City match = 19.2%

FY17 Housing Bond Estimated Debt Service

3/8/17

Short-term rate	1.75%				
Long-term rate	4.75%				
Bond amount	\$4,000,000				
	Year #	Debt Service	Principal	Interest	Principal Balance
FY2018	1	\$70,000		\$70,000	\$4,000,000
FY2019	2	\$70,000		\$70,000	\$4,000,000
FY2020	3	\$289,599	\$99,599	\$190,000	\$3,900,401
FY2021	4	\$289,599	\$104,330	\$185,269	\$3,796,072
FY2022	5	\$289,599	\$109,285	\$180,313	\$3,686,786
FY2023	6	\$289,599	\$114,476	\$175,122	\$3,572,310
FY2024	7	\$289,599	\$119,914	\$169,685	\$3,452,396
FY2025	8	\$289,599	\$125,610	\$163,989	\$3,326,786
FY2026	9	\$289,599	\$131,576	\$158,022	\$3,195,209
FY2027	10	\$289,599	\$137,826	\$151,772	\$3,057,383
FY2028	11	\$289,599	\$144,373	\$145,226	\$2,913,010
FY2029	12	\$289,599	\$151,231	\$138,368	\$2,761,779
FY2030	13	\$289,599	\$158,414	\$131,185	\$2,603,365
FY2031	14	\$289,599	\$165,939	\$123,660	\$2,437,426
FY2032	15	\$289,599	\$173,821	\$115,778	\$2,263,605
FY2033	16	\$289,599	\$182,078	\$107,521	\$2,081,527
FY2034	17	\$289,599	\$190,726	\$98,873	\$1,890,801
FY2035	18	\$289,599	\$199,786	\$89,813	\$1,691,015
FY2036	19	\$289,599	\$209,276	\$80,323	\$1,481,740
FY2037	20	\$289,599	\$219,216	\$70,383	\$1,262,523
FY2038	21	\$289,599	\$229,629	\$59,970	\$1,032,895
FY2039	22	\$289,599	\$240,536	\$49,062	\$792,358
FY2040	23	\$289,599	\$251,962	\$37,637	\$540,397
FY2041	24	\$289,599	\$263,930	\$25,669	\$276,467
FY2042	25	\$289,599	\$276,467	\$13,132	\$0
	TOTAL	\$6,800,772	\$4,000,000	\$2,800,772	
Year 1 payment due 12 months after debt issued --> debt issued in June 2017 will have Year 1 payment due June 2018.					

	Housing Estimated Debt Service	Projected CPA Revenue				Housing Estimated Debt Service as % of Projected CPA Revenue				Housing Estimated Debt Service as % of Projected CPA Revenue Less 45% for Community Housing			
		Surcharge Only		Surcharge + State Match		Surcharge + State Match + Max. City Approp.		Surcharge Only		Surcharge + State Match		Surcharge + State Match + Max. City Approp.	
		Surcharge Only	Surcharge + State Match	Surcharge + State Match	Surcharge + State Match + Max. City Approp.	Surcharge Only	Surcharge + State Match	Surcharge + State Match + Max. City Approp.	Surcharge Only	Surcharge + State Match	Surcharge + State Match + Max. City Approp.		
FY2017	0	1,602,547	2,023,228	3,658,480	0.0%	0.0%	0.0%	-45.0%	-45.0%	-45.0%	-45.0%		
FY2018	70,000	1,737,409	2,025,867	4,132,910	4.0%	3.5%	1.7%	-41.0%	-41.0%	-41.5%	-43.3%		
FY2019	70,000	1,882,358	2,195,091	4,478,163	3.7%	3.2%	1.6%	-41.3%	-41.3%	-41.8%	-43.4%		
FY2020	289,599	2,065,093	2,403,917	4,903,679	14.0%	12.0%	5.9%	-31.0%	-31.0%	-33.0%	-39.1%		
FY2021	289,599	2,204,005	2,575,721	5,255,336	13.1%	11.2%	5.5%	-31.9%	-31.9%	-33.8%	-39.5%		
FY2022	289,599	2,332,283	2,729,004	5,568,482	12.4%	10.6%	5.2%	-32.6%	-32.6%	-34.4%	-39.8%		
FY2023	289,599	2,463,053	2,882,864	5,882,530	11.8%	10.0%	4.9%	-33.2%	-33.2%	-35.0%	-40.1%		
FY2024	289,599	2,600,371	3,043,721	6,210,777	11.1%	9.5%	4.7%	-33.9%	-33.9%	-35.5%	-40.3%		
FY2025	289,599	2,768,547	3,236,614	6,603,912	10.5%	8.9%	4.4%	-34.5%	-34.5%	-36.1%	-40.6%		
FY2026	289,599	2,796,232	3,294,571	6,725,189	10.4%	8.8%	4.3%	-34.6%	-34.6%	-36.2%	-40.7%		
FY2027	289,599	2,824,195	3,327,516	6,792,441	10.3%	8.7%	4.3%	-34.7%	-34.7%	-36.3%	-40.7%		
FY2028	289,599	2,852,436	3,360,792	6,860,365	10.2%	8.6%	4.2%	-34.8%	-34.8%	-36.4%	-40.8%		
FY2029	289,599	2,880,961	3,394,399	6,928,969	10.1%	8.5%	4.2%	-34.9%	-34.9%	-36.5%	-40.8%		
FY2030	289,599	2,909,770	3,428,343	6,998,259	10.0%	8.4%	4.1%	-35.0%	-35.0%	-36.6%	-40.9%		
FY2031	289,599	2,938,868	3,462,627	7,068,241	9.9%	8.4%	4.1%	-35.1%	-35.1%	-36.6%	-40.9%		
FY2032	289,599	2,968,257	3,497,253	7,138,924	9.8%	8.3%	4.1%	-35.2%	-35.2%	-36.7%	-40.9%		
FY2033	289,599	2,997,939	3,532,226	7,210,313	9.7%	8.2%	4.0%	-35.3%	-35.3%	-36.8%	-41.0%		
FY2034	289,599	3,027,919	3,567,548	7,282,416	9.6%	8.1%	4.0%	-35.4%	-35.4%	-36.9%	-41.0%		
FY2037	289,599	3,058,198	3,603,223	7,355,240	9.5%	8.0%	3.9%	-35.5%	-35.5%	-37.0%	-41.1%		
FY2038	289,599	3,088,780	3,639,256	7,428,793	9.4%	8.0%	3.9%	-35.6%	-35.6%	-37.0%	-41.1%		
FY2039	289,599	3,119,668	3,675,648	7,503,081	9.3%	7.9%	3.9%	-35.7%	-35.7%	-37.1%	-41.1%		
FY2040	289,599	3,150,864	3,712,405	7,578,111	9.2%	7.8%	3.8%	-35.8%	-35.8%	-37.2%	-41.2%		
FY2041	289,599	3,182,373	3,749,529	7,653,892	9.1%	7.7%	3.8%	-35.9%	-35.9%	-37.3%	-41.2%		
FY2040	289,599	3,214,197	3,787,024	7,730,431	9.0%	7.6%	3.7%	-36.0%	-36.0%	-37.4%	-41.3%		
FY2041	289,599	3,246,339	3,824,894	7,807,736	8.9%	7.6%	3.7%	-36.1%	-36.1%	-37.4%	-41.3%		
FY2042	289,599	3,278,802	3,863,143	7,885,813	8.8%	7.5%	3.7%	-36.2%	-36.2%	-37.5%	-41.3%		
Total	6,511,173	67,912,662	79,973,281	162,756,670	9.6%	8.1%	4.0%	-35.4%	-35.4%	-36.9%	-41.0%		

Assumptions: 1) state match rate without City match = 18%; 2) state match rate with maximum City match = 19.2%

Assumptions: 1) state match rate without City match = 18%; 2) state match rate with maximum City match = 19.2%



JOSEPH A. CURTATONE
MAYOR

CITY OF SOMERVILLE, MASSACHUSETTS COMMUNITY PRESERVATION COMMITTEE



COMMUNITY PRESERVATION COMMITTEE FY17 FUNDING RECOMMENDATION FOR *100 HOMES INITIATIVE, SOMERVILLE COMMUNITY CORPORATION*

PROJECT DESCRIPTION

The Somerville Community Corporation (SCC) is requesting funding for the 100 Homes Initiative, which seeks to secure 100 new units of affordable housing in Somerville through purchasing existing multi-family properties and converting them to affordable housing. The award to the joint venture would be a loan managed by the Somerville Affordable Housing Trust Fund, the housing arm of the Community Preservation Committee.

ELIGIBILITY

Community Housing: This project will create new housing for low and moderate income individuals and families.

RECOMMENDED FUNDING- PRELIMINARY DISCUSSION

On [Date, 2017] by a vote of [x-x] the Community Preservation Committee recommended bonding [\$x,xxx,xxx] for this project from the community housing reserve budget to the control of Clarendon Hill Apartments joint venture for the overall purposes summarized in this document.

OR

On [Date, 2017] by a vote of [x-x] the Community Preservation Committee recommended not funding this project from the Community Preservation Fund.

Project Budget

Expenses	Amount
Study	\$0
Soft costs	\$603,585
Acquisition	\$5,270,000
Construction	\$0
Total	\$5,873,585
Sources	
CPA community housing funds- requested	\$2,193,000
Permanent mortgages and other subsidy	\$3,680,585
Total	\$5,873,585

ALIGNMENT WITH FY17 COMMUNITY PRESERVATION PLAN

100 Homes will provide for affordability in perpetuity.

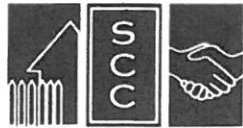
SPECIAL ISSUES CONSIDERED BY THE CPC

[Heading]

[Description issue that would be useful to document for the CPC or would be of interest to the Board of Alderman or community]

FUNDING CONDITIONS

1. Upon commencement of the Project and as appropriate, the [applicant] agrees to post a sign stating that the Project was funded through the City of Somerville's Community Preservation Act program. [for all construction projects]
2. Other conditions as necessary



SOMERVILLE COMMUNITY CORPORATION

337 Somerville Avenue, 2nd Floor
Somerville, MA 02143
Phone (617) 776-5931
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100 Homes Initiative – CPC MEMO
August 14, 2017

The Somerville Community Corporation (SCC) is pleased to update the Community Preservation Committee (CPC) on the status of the 100 Homes Initiative since the joint meeting of the CPC and the Affordable Housing Trust back in May. As you know, in February, prior to the joint meeting in May, SCC applied for \$2M to continue advancing the 100 Homes Initiative. Our projection stands that the \$2M would enable SCC to secure 17 more affordable housing units towards the goal of acquiring 100 units total.

To date, with the initial commitments of subsidy of CPA funds, which is now nearly all obligated, we have acquired 20 units. These commitments of subsidy have helped us leverage public subsidy from the Commonwealth of Massachusetts as well as Federal funds administered by the OSPCD Housing Division. The effect of this leveraging is that, in addition to helping households earning at or below 80% and 100% area median income (AMI) we have been able to provide permanent, affordable housing to households who earn at or below 50% AMI including homeless families and households in danger not being able to use their Section 8 vouchers in Somerville due to high market rents.

Currently we are closing on permanent funding for the first two 100 Homes properties acquisitions with the Commonwealth of Massachusetts, the City's OSPCD and Winter Hill Bank. We also just recently submitted an application to the Commonwealth of Massachusetts' Mass Development for Tax Exempt Bond financing that will provide permanent financing for a favorable rate for 4 more 100 Homes properties by October. These closings will enable us to pay down our acquisition/construction credit line with the Massachusetts Housing Investment Corporation (MHIC) and move forward with more acquisitions, assuming CPC subsidy is made available.

We understand that the SAHT is prepared to recommend bonding of \$8M, of which \$4M would be utilized to advance the 100 Homes Initiative and \$4M would be used to fund the first phase of the Clarendon Hill project. This possible allocation of CPA housing funds is much needed to keep the 100 Homes Initiative going.

Please see below for requested responses to questions raised following the most recent meeting.

Size of Request

SCC would welcome a \$2-4M allocation of subsidy as generated from the proposed bonding. In terms of scale, a \$4M or greater allocation provides for more continuity, more innovation and more confidence to our partner acquisition and permanent lenders such as MHIC, Mass Development, and local-regional permanent lenders. The estimated annual cost to service a \$4M bond at 4.5% for 25 years is \$273,660. This accounts for roughly 30% of the total CPA dollars available for affordable housing.

Flexibility

As stated above, the initial allocation of CPA housing subsidy to the 100 Homes is nearly depleted. If a renewed commitment of CPA subsidy is not secured, the impact would be to stall the Initiative. The CPA housing subsidy commitments are the lynchpin and only subsidy for the program and are what enables us to secure the Acquisition/Construction Credit line from MHIC. There are no subsidy programs available at the State or Federal level that would enable this unique program.







Other Funding Sources (subsidy sources)

As mentioned above, the 100 Homes program is unique and designed to enable SCC to compete in the fast paced, high cost, often “cash-buyer” Somerville housing market with a goal of permanently removing as many units from the speculative and escalating housing market as quickly as possible and avoiding the displacement of as many low-to-moderate income households as possible. The CPA subsidy is an invaluable resource. By utilizing the MHIC credit line, backed with CPA subsidy, SCC is able to both acquire properties, secure favorable permanent lending rates, and, when available, secure additional subsidy.

Categories of tenants who will get units

The income eligibility limit for CPA funds is 100% of AMI, which is \$82,700 for a household of two. The 80% AMI limit is \$66,160 for a family of two.

Income Limits for 2017
(Based on 2017 AMI Income Limits)

	Charts	60.00%	50.00%	60.00%	80.00%	100.00%
1 Person		43,440	36,200	43,440	57,920	72,400
2 Person		49,620	41,350	49,620	66,160	82,700
3 Person		55,860	46,550	55,860	74,480	93,100
4 Person		62,040	51,700	62,040	82,720	103,400
5 Person		67,020	55,850	67,020	89,360	111,700
6 Person		71,940	59,950	71,940	95,920	119,900

Long-term fiscal impact of paying off the bonds

As mentioned above, annual payments for bonding the \$4 million would be on the scale of \$273,660 annually, assuming monthly payments for 25 years at 4.75% interest. This accounts for roughly 30% of the total CPA dollars available for affordable housing.

Impact on other affordable housing proposals that might be under consideration

We understand the need to maintain funding for other opportunities that may come along in the future. We believe that bonding allows for the greatest level of flexibility in maintaining funds for other projects. We would also emphasize that outside of 100 Homes and Clarendon Hill there is nothing of this scale in Somerville addressing the affordability crisis. 100 Homes is a unique, local program for which CPA funds are the best and only alternative to make immediate strides in addressing the acute affordable housing need across all incomes in the face of a “red-hot” Somerville housing market.



JOSEPH A. CURTATONE
MAYOR

CITY OF SOMERVILLE, MASSACHUSETTS COMMUNITY PRESERVATION COMMITTEE



COMMUNITY PRESERVATION COMMITTEE FY17 FUNDING RECOMMENDATION FOR *CLARENDON HILL APARTMENTS, JOINT VENTURE BETWEEN PRESERVATION OF AFFORDABLE HOUSING AND SOMERVILLE COMMUNITY CORPORATION*

PROJECT DESCRIPTION

Preservation of Affordable Housing (POAH) and the Somerville Community Corporation (SCC) are requesting funding for the construction of 73 new low- and extremely low-income rental housing, plus 20 units of workforce housing, as part of a new mixed income community. The new development will include a total of 530 units that will house the current Clarendon Hill residents as well as provide additional workforce and market rate housing. The development will include a large common green and a community garden area as well as new streets and pedestrian paths. The award to the joint venture would be a loan managed by the Somerville Affordable Housing Trust Fund, the housing arm of the Community Preservation Committee.

ELIGIBILITY

Community Housing: This project will create new housing for low and moderate income individuals and families.

RECOMMENDED FUNDING- PRELIMINARY DISCUSSION

On [Date, 2017] by a vote of [x-x] the Community Preservation Committee recommended bonding [\$x,xxx,xxx] for this project from the community housing reserve budget to the control of Clarendon Hill Apartments joint venture for the overall purposes summarized in this document.

OR

On [Date, 2017] by a vote of [x-x] the Community Preservation Committee recommended not funding this project from the Community Preservation Fund.

Project Budget

Expenses	Amount
Study	\$
Soft costs	\$
Construction	\$203,156,396
Total	\$203,156,396
Sources	
CPA community housing funds- requested	\$4,500,000
First Mortgage	\$85,564,360

Private Equity	\$32,364,159
LIHTC Equity- 4%	\$25,602,736
Cross Subsidy	\$16,000,000
MassHousing- Workforce Funds	\$5,900,000
MassWorks	\$5,250,000
Somerville Affordable Housing Trust Fund non-CPA funds	\$1,500,000
State support	\$17,904,057
FHLB funds	\$1,100,000
Deferred Developer Fee	\$7,471,085
Total	\$203,156,396

ALIGNMENT WITH FY17 COMMUNITY PRESERVATION PLAN

This project is in alignment with multiple priorities established in the FY17 plan. SCC and POAH have stated their commitment to achieving the highest new construction sustainability performance standards and anticipate the project will achieve Enterprise Green Communities Standards. It leverages almost \$200 million in other funding sources. It would also preserve affordable units, replacing 216 units that are about to become obsolete. Five percent of units will be ADA compliant.

SPECIAL ISSUES CONSIDERED BY THE CPC

[Heading]

[Description issue that would be useful to document for the CPC or would be of interest to the Board of Alderman or community]

FUNDING CONDITIONS

1. Upon commencement of the Project and as appropriate, the [applicant] agrees to post a sign stating that the Project was funded through the City of Somerville's Community Preservation Act program. [for all construction projects]
2. Other conditions as necessary



CLARENDON HILL – CPC MEMO

August 15, 2017

Somerville Community Corporation (SCC) and Preservation of Affordable Housing (POAH) are excited to provide an update of activity with respect to Clarendon Hill since the CPC meeting in May.

As the CPC will recall, the team applied back in February for a \$2M request for the first phase, but noted that the project would eventually need approximately \$6M in support. Since that time, the Affordable Housing Trust has reviewed our request and our forecast, as well as the other requests in their anticipated pipeline, and is prepared to make a recommendation to the CPC to bond their authority to leverage a larger capital amount to support this project now. Our understanding is that the AHT will propose bonding up to \$8M, with that bond leverage being split 50% between Clarendon and the 100 Homes Initiative. The SCC and POAH team supports this recommendation as an important step towards realizing these critically important projects that promote deep affordability and maintain Somerville's vibrant and diverse community.

Clarendon Hill has achieved some significant milestones since May, and we are working closely with the City to finalize an improved site plan that responds to City and community desires. Clarendon Hill has also made progress in lining up additional funds for the project; in addition to the \$10.8 million state grant from the Department of Housing and Community Development, we have also received verbal confirmation that the \$7.2 million requested for relocation assistance has been set aside and will be available to the project. Additionally, the City has submitted an application for MassWorks to support infrastructure work on the site, including the new roads, sidewalks, and utility connections. Finally, the SCC and POAH have made good progress with residents in gathering community input and formalizing a relocation agreement, working closely with the tenant association Clarendon Residents United.

Please see below for requested responses to questions raised following the most recent meeting.

Size of Request

We hope to discuss at Wednesday's CPC meeting the scale of this bonding and how it relates to future funding available via the CPA and other local sources. We realize that the \$4 million of bonding will deploy a significant amount of the current annual allotment of the 45% of CPA available for affordable housing, and we emphasize the unique scale, impact, and leverage of other sources that this project achieves with 261 units of both deeply affordable and moderate-income housing.

Flexibility

If the Clarendon request were reduced or denied outright it would mean that the project would not proceed. There are a few reasons for this unfortunate lack of flexibility:

- No flexibility in "scaling down" the project. The unit count is fixed since we need to replace all 216 existing deeply affordable units to provide homes for all families who currently live at Clarendon. Furthermore, the 60 moderate income "workforce" units help stabilize the ongoing

operations as well as achieve the desired mixed-income site. Without all 60 moderate income units, the long-term financial health of the project is threatened.

- The state has maxed out their contribution, federal tax credit and rental assistance programs are also at their limit – the gap that CPC is filling is a very real gap that has no other available sources.
- There also is no real possibility to reduce the project's scope in terms of site work and other costs outside of the units themselves, as the City has made it clear that it requires certain elements that come with associated costs. These elements include townhouses and pedestrian-scale streetscape amenities, green and open space, and structured parking that achieves a reasonable parking ratio. These are reasonable components of a high-quality, attractive community, and our budget is already stripped of any "extras" that aren't critical to the success of the project and the support of the City.

Other Funding Sources

As mentioned above, State and Federal resources are included in the redevelopment. The CPA funding would leverage the following sources, which comprise 94% of the total development budget:

- Secured:
 - \$16M cross-subsidy payment from Gate
 - \$10.8M from DHCD PEHO
- Yet to be committed, non-competitive
 - \$31.3M 4% LIHTC Equity
 - \$25.8M Tax-Exempt Bonds (mortgage debt)
 - \$7.2M from DHCD MTW (relocation)
- Yet to be committed, competitive
 - \$6M from Somerville CPA
 - \$6M MassHousing Workforce (verbal commitment for first phase)
 - \$4.9M Massworks (applied for on August 4th)
 - \$500,000 Federal Home Loan Bank

Categories of tenants who will get units

All 216 current residents have the right to return to replacement units. These units are restricted to low-income residents (below 50% of area median income), and in reality the vast majority are extremely low income (below 30% of area median income, with incomes below \$31,000 for a family of four). Many of the households are single parents with young children, and there are many first-generation immigrants.

The moderate-income "workforce" units are intended to serve a segment of Somerville residents who earn the area median income, but who are unable to afford market-rate rents in the area. Our proforma has set the rent for these units at a level that would be affordable to a household earning 105% of area median income, or \$86,112 for a two person household.

Long-term fiscal impact of paying off the bonds

As mentioned above, annual payments for bonding the \$4 million would be on the scale of \$273,660 annually, assuming monthly payments for 25 years at 4.75% interest. This accounts for roughly 30% of the total CPA dollars available for affordable housing.

Impact on other affordable housing proposals that might be under consideration

We understand the need to maintain funding for other opportunities that may come along in the future. We believe that bonding allows for the greatest level of flexibility in maintaining funds for other projects. We would also emphasize that outside of Clarendon and 100 Homes, there is nothing of this scale in Somerville addressing the affordability crisis. Clarendon is a high visibility, critically important project that has been heavily vetted by stakeholders and leverages significant State and Federal resources. We believe bonding the CPA will signal your support for this critical project without forgoing support of other future projects that are also deserving of your support.