



JOSEPH A. CURTATONE  
MAYOR



**CITY OF SOMERVILLE, MASSACHUSETTS  
COMMUNITY PRESERVATION COMMITTEE  
MINUTES  
MAY 25, 2016**

**MEMBERS**  
Dick Bauer, Chair  
Michael Fager, Vice Chair  
Michael A. Capuano  
Elizabeth Duclos-Orsello  
Arn Franzen  
Ezra Glenn  
Courtney Koslow  
James McCallum  
Uma Murugan

**STAFF**  
Kristen Stelljes

The Community Preservation Committee (CPC) held a regular meeting at 7:00pm 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, Arn Franzen, Ezra Glenn, and Uma Murugan
- Members Absent** Mike Capuano, Elizabeth Duclos-Orsello, Courtney Koslow, and James McCallum
- Staff Present** Mike Feloney, Kristen Stelljes
- Others Present** Greg Walsh and Mike Cucchiara, Potomac Capital; Paul Mackey, Somerville Housing Authority; Danny LeBlanc and Lisa Davidson, Somerville Affordable Housing Trust Fund

The chair opened the meeting at 7:11p.m.

**Agenda item 1: Discussion of the Affordable Housing Trust Fund request for additional funds for the Somerville Housing Authority’s Mystic Water Works housing development**

Mr. Glenn disclosed that he is on the board of the Somerville Community Corporation (SCC) because the SCC works in affordable housing and applies to the Affordable Housing Trust Fund for funding. It also collaborates with the Somerville Housing Authority.

Mr. Feloney, City of Somerville Housing Director and member of the Affordable Housing Trust Fund, presented the request of the Affordable Housing Trust Fund for an additional \$250,000 in FY16 CPA funds to support the Somerville Housing Authority’s (SHA) Mystic Water Works project. The project would create 25 units of affordable housing for seniors, people living with disabilities and formerly homeless.

The SHA encountered a very competitive construction climate and significant inflation of costs since the budget was developed in 2014, resulting in a current deficit of \$1.5 million. The SHA hopes that the state will provide an additional \$750,000 for the project and the City is working to identify funds to contribute an additional \$500,000, including existing Trust funds. The Trust is requesting the Community Preservation Committee recommend an additional appropriation of \$250,000 to the Trust so the City

can match the funds requested from the state. Funding is needed before the end of June so SHA can close the project in July. This is necessary in order for them to keep their tax credits which will expire in December 2017 if the units are not fully occupied.

Mr. Walsh, Mr. Cucchiara, and Mr. Mackey explained in detail the process for hiring contractors, managing an affordable housing development project and affordable housing tax credits.

Mr. Glenn asked the Trust representatives to speak to the demand they are experiencing for funding and what they feel they need to fund valuable projects in FY16 because 45% of the total CPA revenue may not be the most appropriate amount to allocate to the Affordable Housing Trust Fund. Mr. Feloney responded that the Trust has received requests for funding above the FY16 funding available and so would need the additional \$250,000 to be able to respond to the great need for affordable housing in the city. Mr. Feloney said he estimated that 50% of estimated CPA revenue may be closer to the actual demand for funding for affordable housing projects than the 45% currently allocated, but the Trust is also anticipating additional revenue from linkage payments.

Ms. Murugan asked what percentage of the FY15 grant requests the Trust Fund received were funded. Mr. Feloney said that all of the funding was committed and there were eligible requests that they could not fund. Mr. LeBlanc shared that he sees the Mystic Water Works project as an exemplar CPA project because it is both historic preservation and affordable housing. The Trust Fund would like to support the project but does not currently have sufficient funding to match the request to the state to ensure the project goes forward. Mr. LeBlanc thinks that the additional \$250,000 request will be sufficient to support the Mystic Water Works project and the other priority CPA funding requests received by the Trust Fund.

Mr. Glenn moved that up to \$338,000 of remaining CPA FY16 funds be allocated to the Affordable Housing Trust Fund. This motion was seconded by Uma Murugan.

Mr. Feloney shared that the additional funds beyond the \$250,000 requested would be used to fund the requests the Trust Fund has received that it currently cannot fund.

Mr. Fager suggested that the CPC recommend no more than the \$250,000 requested so it could keep some funding in reserve. Ms. Murugan said she would support this if the funds were used for the Mystic Water Works project. Mr. Glenn also said he would support recommending \$250,000. Mr. Franzen said he was supportive of the approach to not spend down all of the CPA funds because that approach is what made it possible for the CPC to be able to consider the emergency request from the Trust Fund.

Mr. Franzen asked what the other funding sources for the Mystic Water Works project are and if there is a cushion to ensure the project can go forward. Mr. Feloney responded that the director of OSPCD said that some Community Development Block Grant funds could be used, likely around \$200,000.

Mr. Bauer said that he supports the idea to not bring the CPA balance to \$0 so there is flexibility to support other projects that come in with urgent needs. He said he would like to provide the additional

\$250,000 needed to support the project but also wants to respect the process that the CPC undertook to determine the 45% allocation of annual CPA funds to affordable housing.

Mr. Glenn moved that the CPC recommend an additional \$250,000 in CPA funds to the Affordable Housing Trust Fund. The motion was seconded by Ms. Murugan. It passed by a vote of 5-0.

Mr. Glenn suggested the written funding recommendation to submit to the Board of Aldermen be clear that the CPC is not directly funding the Mystic Water Works project with this additional appropriation and that the funding is going directly to the Affordable Housing Trust Fund to allocate. Mr. Bauer and Mr. Fager would like to make sure that the language is clear that the Affordable Housing Trust Fund will use the funds in support of the Mystic Water Works project. Ms. Stelljes said she would change the funding conditions to clarify that the funding will be governed by the grant agreement between the CPC and the Trust Fund.

The Committee voted 5-0 to approve the draft funding recommendation with the suggested changes, that the funds will go to the Affordable Housing Trust Fund and will be managed according to the FY16 grant agreement, and to clarify that the funds will be used for the Mystic Water Works project, to the funding conditions.

**Agenda item 2: Discuss Affordable Housing Trust Fund report**

Mr. Glenn asked that future reports include more detail about the status of funded projects and the demand that the Trust Fund is experiencing for CPA funds. This will help the CPC have a better understanding of what the affordable housing needs are as well as how the funds are being spent. Mr. Feloney responded that they will add a committed column to their report to be more clear how Trust Fund monies are allocated. The Trust would like to make the report as useful for the CPC as possible.

Committee members would like the report to include details on the total amount of requests that the Trust Fund receives, which are funded and how funding is leveraged.

Mr. Feloney explained that affordable housing projects take a very long time to be completed because of the regulatory processes they must follow, such as the tax credit process.

**Agenda item 3: Discuss FY16 Affordable Housing Trust Fund grant agreement**

The Trust Fund had requested that the grant agreement be changed so that the Trust is required to submit one annual report as opposed to reports every six months as currently required. Mr. Feloney added that the Housing Division has been short staffed and so would appreciate a reduced reporting requirement.

Mr. Bauer said that he is a strong proponent for the Trust to submit reports every six months and thinks that once the template is finalized it should not be overly burdensome to complete. Mr. Franzen agreed and asked when the reports should be submitted. Ms. Stelljes requested that one of the reporting dates

be April 1 in order to use it as an input for the CPA's annual report, which would mean that the second report should be submitted by October 1. Mr. Feloney said that this would be reasonable.

Ms. Stelljes will update the FY16 grant agreement to include the additional \$250,000 appropriation if it is approved by the Board of Aldermen and will add the reporting dates agreed upon during the meeting.

**Agenda item 4: Public comment period**

No members of the public present provided additional comments.

**Agenda item 5: Update on FY16 project recommendations**

- a) *Community Path projects*- The Board of Aldermen will be voting on the repaving project on May 26. The Finance Committee asked if pervious pavement was considered for this project. Ms. Stelljes is working with the City Engineers to prepare a memo for the committee explaining why the City is choosing to use impervious pavement rather than pervious pavement. For the design project, Ms. Stelljes added that because of a question of which City department would manage the project, she was not able to submit the funding recommendation with the repaving recommendation. It was submitted for the May 26 meeting and the Aldermen are expected to refer it to the Finance Committee for their consideration. It is unclear when the Aldermen will provide their final approval because they are entering the budget process in June.
- b) *Open Space Land Acquisition Fund*- The Finance Committee is holding the funding recommendation for the acquisition fund in committee because they would like to see the proposed terms for the fund before they vote on the recommendation. Ms. Stelljes will be following up with OSPCD to begin discussions about the terms. Mr. Bauer added that Aldermen expressed the concern that the Aldermen should have oversight on the use of City funds by the administration to acquire property. Mr. Franzen suggested the City advocate for a process that is as nimble as possible to be flexible given that we do not know yet what properties will become available. Mr. Glenn said it is possible that the legal requirements for municipalities to acquire property may be sufficient to allay the Aldermen's concerns.
- c) *31 Union Square*- Ms. Stelljes shared that the 31 Union Square property owners have declined the proposal to offer \$50,000 to support the design of the historic storefront to construction documents in order to be able to determine an accurate budget for the construction.
- d) *West Branch Library bonding*- The debt service payments will come out of the CPA unrestricted funds and it will be up to the discretion of the CPC if those payments will count toward the allocation toward historic resources.

**Process to develop the FY17 Community Preservation Plan**

The Committee discussed the timing and process for developing the FY17 plan. Mr. Bauer suggested that the Committee could approve the plan and application packet at the same meeting as the public hearing. Mr. Glenn and Mr. Fager expressed concerns about voting on the plan at the same meeting because new additional information may arise that needs consideration. Ms. Stelljes suggested it would be helpful to have a conversation with the Committee about what information they would like to have

to determine the success of CPA projects first so that could be included in the plan and application materials.

Mr. Bauer asked if it would be appropriate to have a public hearing in July. Mr. Fager said that most people take their vacations in July and August. Mr. Franzen added that the City tries not to have community meetings in July and August because so many people are out of town.

Mr. Glenn suggested that the hearing could be before the draft is written. Mr. Bauer added that the FY16 plan could be shared so the community could respond to the existing priorities. Ms. Murugan said that she does not see any problems with sharing the existing plan. The Committee agreed the hearing should be held in June.

#### **Update on Prospect Hill Tower event**

The event had to be cancelled because of rain, but in the last few days, the City learned that in order to have the Tower open for events, the City must first have a waiver from the Massachusetts Architectural Access Board. Ms. Stelljes is working through the process to get this waiver, but as it requires multiple steps, she is not able to set a date to the reschedule the event at this point.

#### **CPA Logo**

Ms. Stelljes provided a draft of a new CPA logo for initial comments. The Committee agreed that a new housing image. Ms. Murugan and Mr. Franzen said that this design is on the right track.

Discussion on the additional items on the agenda was postponed to a future meeting, scheduled for June 2.

**Next meeting:** An additional meeting of the CPC will be held at 7:00pm on June 2, 2016.

#### **Meeting Adjournment**

Upon motion from Mr. Franzen, seconded by Mr. Fager, the Committee voted 5-0 to adjourn at 9:38.

#### **Documents and Exhibits**

1. Agenda
2. Memo from Affordable Housing Trust Fund requesting additional FY16 funds
3. Memo from Potomac Capital Advisors: Updated Mystic Water Works Sources & Uses Budget
4. Draft FY16 Affordable Housing Trust Grant Agreement
5. CPA Non-bonded FY16 Funding Reserve Allocations by Project



JOSEPH A. CURTATONE  
MAYOR

Somerville CPA



**CITY OF SOMERVILLE, MASSACHUSETTS  
COMMUNITY PRESERVATION COMMITTEE  
AGENDA**

**DATE:** Wednesday, May 25, 2016  
**TIME:** 7:00pm  
**PLACE:** Visiting Nurse Association, Third Floor Community Room  
259 Lowell St.

**MEMBERS**  
Dick Bauer, Chair  
Michael Fager, Vice Chair  
Michael A. Capuano  
Elizabeth Duclos-Orsello  
Arn Franzen  
Ezra Glenn  
Courtney Koslow  
James McCallum  
Uma Murugan

**STAFF**  
Kristen Stelljes

1. Discussion of Affordable Housing Trust Fund request for additional funds for the Somerville Housing Authority's Mystic Water Works housing development
2. Discuss Affordable Housing Trust Fund report
3. Discuss FY16 Affordable Housing Trust Fund grant agreement
4. Public comment period (10 minutes)
5. Update on FY16 project recommendations
  - a. Community Path projects
  - b. Open Space Land Acquisition Fund
  - c. 31 Union Square
  - d. West Branch Library bonding
6. Administrative items
  - a. Approve minutes from 4/27/16, 3/30/16, 12/3/15, 10/28/15, 9/29/15, and 7/22/15
  - b. Approve draft FY16 annual report
  - c. Appearance of permanent CPA signs and CPA logo
  - d. Prospect Hill Tower event update
7. FY16 application process review
  - a. What worked really well this year that we want to keep for future years?
  - b. What did we learn that we want to incorporate into next years' process?
    - i. Applicant workshops
    - ii. CPC site visits
8. FY17 Funding Cycle
  - a. Community Preservation Plan
    - i. Process to develop the FY17 plan
    - ii. Desired changes? Edits?
    - iii. Engaging the community
      1. Somerville residents
      2. City of Somerville departments and community organizations
  - b. Schedule for the FY17 funding round
9. Other business
10. Next meeting: Wednesday, June 22<sup>nd</sup> at 7 p.m. (TBD- CPP community meeting)

## MEMORANDUM

To: Kristen Stillges, City of Somerville, Community Preservation Act Program Manager  
From: Mike Feloney, Housing Director – Mayor’s Office of Strategic Planning and Community Development (OSPCD)  
CC: Somerville Affordable Housing Trust Fund (SAHTF)  
Date: May 25, 2016  
Re: Discussion of SAHTF Request for additional funds for Somerville Housing Authority’s Mystic Water Works housing development project

---

On behalf of the Somerville Affordable Housing Trust Fund, thank you and the membership of the Somerville Community Preservation Committee (CPC) for the opportunity to request additional funds in support of the Somerville Housing Authority’s (SHA) Mystic Water Works housing development project.

Accompanying this memorandum is a detailed memo prepared by SHA development consultant, Potomac Capital Advisors, on the project’s status and on the need for supplemental funding requests SHA has prepared for the consideration of Somerville’s Housing division and SAHTF, along with this request by SAHTF to the CPC in support of the Water Works project. The project has at this point been in development for approximately three years, and SHA is working to close a funding gap related to a dramatic escalation in construction costs since the first cost estimate for the project prepared in 2014. Along with efforts to secure additional local funding commitments, SHA has also been working with its development consultant to maximize private capital resources and state funding sources, and on “value-engineering” efforts to bring down the most recent current estimate to a figure that will enable the project to close on financing by the end of June and begin construction this by this summer.

A construction start this summer is needed if the project is to make critical deadlines associated with its largest single source of funds, approximately \$4.78 million in federal Low Income Housing Tax Credit (LIHTC) equity. With these deadlines in mind, the City has been working with Potomac and SHA over the last several weeks to identify how we can support the project, which would provide 25 critically-needed units of housing for elderly and disabled residents. As reflected in the Sources and Uses budget included in Potomac Capital Advisors’ accompanying memo, SAHTF indicated to SHA at its May, 2016 meeting its desire to help meet the project’s funding shortfall.

OSPCD Housing staff has likewise conveyed the City’s willingness to participate in helping the project move forward. Between potential City sources (likely CDBG funds) and remaining available 2016 SAHTF funding, I am confident that the City and SAHTF together can address up to \$500,000 out of a total ‘local match’ request of \$750,000. The remaining \$250,000 needed would be filled by the additional CPA funds being requested. Should the need for local resources turn out to be less than \$750,000, I expect to recommend to senior City staff and SAHTF that the level of additional CPA funds requested decrease, before additional City and Trust support are reduced. (I do not anticipate any reduction at this point.)

Factors that could potentially result in a final request of less than \$250,000 would be final results of value-engineering efforts, and the result of SHA negotiations with the state Department of Housing and Community Development (DHCD) for supplemental assistance that currently are underway. As we have discussed, I and SAHTF members who are available will plan to attend Wednesday evening’s CPC meeting. SHA will also plan on having representatives attend to help answer project-specific questions.

Again, thank you and CPC Chairperson Bauer for your availability last week to discuss a possible request, and to the entire CPC for its willingness to consider it.

Attachment: Potomac Capital Advisors memorandum



# Memo

---

**TO: Somerville Housing Division; Somerville Affordable Housing Trust Fund;**  
**FROM: Potomac Capital Advisors**  
**CC: Somerville Housing Authority**  
**DATE: May 23, 2016**

## **RE: Updated Mystic Water Works Sources & Uses Budget**

### **Overview:**

Potomac Capital Advisors, Inc. on behalf of the Somerville Housing Authority, is seeking additional funding resources from the Somerville Affordable Housing Trust Fund (AHTF) and the City of Somerville to cover the increase in construction costs for the Mystic Water Works redevelopment project. The Mystic Water Works project has been the victim of a hot construction market in the Metro Boston. The cost overruns on the Project over the projected costs contained in the original 2014 OneStop Funding Application are entirely due to the labor cost escalation in Boston construction industry, costs which are increasing quarterly. Highlighted below are the variations in construction costs between the original OneStop budget and the Current estimates as prepared by the Mystic Water Works Construction Manager.

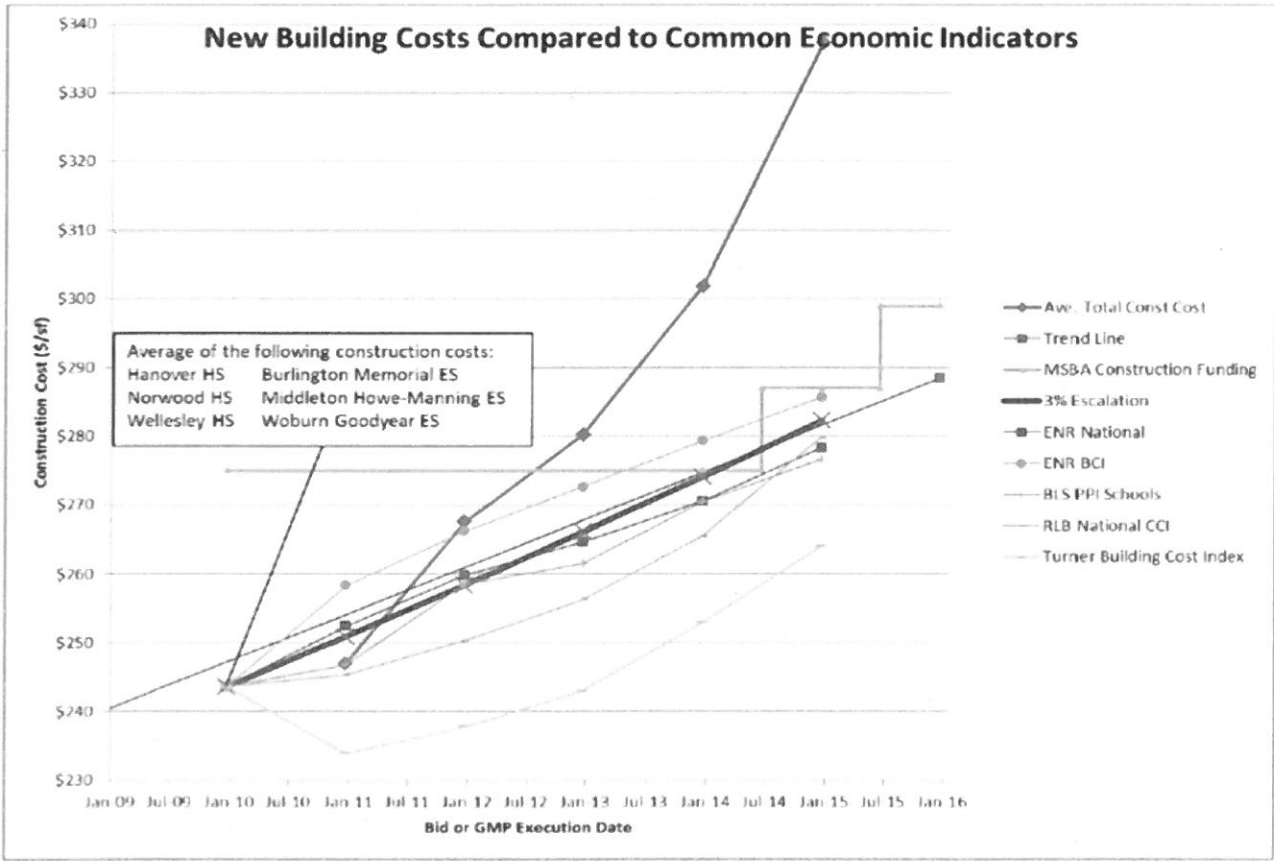
The Somerville Housing Authority filed for Low Income Housing Tax Credit (LIHTC) funding for the project with the Massachusetts Department of Housing and Community (DHCD) in 2014 and was awarded tax credits in 2015 based on a total project cost of \$9,474,198. Since 2014 when the initial project construction estimate figures were prepared and today, construction costs in the Boston area have escalated significantly, particularly with public sector projects. The Mystic Water Works project was no exception to this prevailing trend in the marketplace and has experienced significant increases in construction costs of approximately \$3 million over its initial estimate (see Sources and Uses chart below). Here is a summary of the cost drivers for the SHA Waterworks project.

The Somerville Housing Authority Mystic Water Works project construction costs were estimated in 2014 during the design development phase to be \$5.9 million. Since that time to current there have been many forces that have driven up construction costs to the current \$9.9 estimate. The project anticipated an escalation rate of 3% per year and



anticipated the costs to be around \$6.1M. The actual escalation rate is much higher which has been driven upward by a very busy construction market which the private sector drawing away many of the players in the public construction realm. With less competition in the public sector the pricing has jumped approximately 18% for many key trades. In addition there have been significant annual increases in the labor rates for public works projects, this factors has added approximately 7% to the construction costs.

To further support this, the Mass School Building Authority released a report on trends in Public School construction costs, in it there is a chart (below) which shows the Massachusetts Public Construction costs for school construction escalating a staggering rate well above all other National trends. They attribute the complex rules and regulations that are associated with public construction, along with increased code energy requirements, prevailing wages and a significant amount of private / public construction all weighing heavily on construction costs. Currently school construction is at \$430 to \$450/sqft. The SHA Waterworks project is at \$389 / sqft for a historic adaptive reuse which would be comparable to new construction costs.



Massachusetts School Building Authority

**Note:** In general new construction costs less on a per square foot basis as compared with historic rehabilitation projects, which given the intrinsic nature of these projects, tend to cost more a per square foot basis. Note in the chart above that public construction projects since January of 2013 have rapidly outpaced the national rate of escalation on a per square foot basis, with a significant almost exponential increase from January of 2014 onwards.

**Mystic Water Works Project Sources and Uses: Original & Updated Budget:**

The “OneStop” Column refers to the original project budget submitted to DHCD in April of 2014. The “Current” column refers to the updated project figures that reflect the project costs and sources as of May 2016. The budget “Use” budget has been revised as well to remove costs that the Somerville Housing Authority has already expended directly and will not recover from the Project financing so as to assist in closing the Project funding gap. The “Variance” Column reflects the difference between the 2014 figures and the 2016 actual project figures.

**Project Funding Sources**

Sources of Funds	OneStop	Current	Variance
Somerville Housing Authority <sup>1</sup>	\$0	\$492,483	\$492,483
LIHTC Equity <sup>2</sup>	\$4,207,976	\$4,771,932	\$563,956
Federal HTC Equity	\$1,344,972	\$2,100,000	\$755,028
State HTC Equity	\$1,344,972	\$1,373,978	\$29,006
Somerville HOME	\$500,000	\$500,000	\$0
Somerville CPA	\$243,000	\$243,000	\$0
Somerville CPA 2nd Round	\$0	\$250,000	\$250,000
Somerville AHTF	\$257,000	\$257,000	\$0
Somerville AHTF/HOME/Other Sources	\$0	\$500,000	\$500,000
DHCD AHTF	\$0	\$750,000	\$750,000
Permanent Loan <sup>3</sup>	\$1,576,278	\$2,000,000	\$423,722
<b>Total Sources of Funds</b>	<b>\$9,474,198</b>	<b>\$13,238,393</b>	<b>\$3,764,195</b>

<sup>1</sup> The Somerville Housing Authority will be providing a “Sponsor Loan” to the Project, meaning that the Housing Authority will be paying for this debt outside of the project structure. As a Housing Authority most of the funds the SHA handles are federally restricted and cannot be used to fund non-federal housing.

<sup>2</sup> Since 2014, the market for tax credits has significantly improved and pricing of individual credits has exceeded original estimates and thus the Project can avail its of approximately \$1,347,990 more in tax credit equity, thereby helping to close the Project gap.

<sup>3</sup> Potomac has determined that based on current Project Operating Revenues, the Project can support an additional \$423,722 in project debt for a total of \$2 million in permanent debt.

Uses of Funds	OneStop	Current	Variance
Acquisition	\$1	\$1	\$0
Construction	\$5,930,107	\$9,900,000	\$3,969,893
Construction Contingency	\$593,011	\$593,011	\$0
Architecture & Engineering	\$384,670	\$774,297	\$389,627
Survey & Permits	\$133,967	\$33,967	(\$100,000)
Clerk of the Works	\$80,000	\$80,000	\$0
Environmental Engineer	\$25,000	\$25,000	\$0
FF&E	\$0	\$0	\$0
Bond Premium	\$65,981	\$0	(\$65,981)
Legal	\$220,000	\$220,000	\$0
Title & Recording	\$32,000	\$32,000	\$0
Accounting & Cost Certification	\$35,000	\$35,000	\$0
Marketing & Rent Up	\$17,500	\$17,500	\$0
Real Estate Taxes	\$0	\$0	\$0
Insurance	\$25,000	\$25,000	\$0
Relocation	\$0	\$0	\$0
Appraisal	\$16,000	\$16,000	\$0
Security	\$0	\$0	\$0
Construction Loan Interest	\$276,000	\$184,996	(\$91,004)
Predevelopment Loan Interest & Fees	\$0	\$0	\$0
Inspecting Engineer	\$34,000	\$34,000	\$0
Construction Loan Fees	\$73,000	\$0	(\$73,000)
Permanent Loan Fees	\$60,750	\$0	(\$60,750)
LIHTC Fees	\$19,521	\$19,522	\$1
Mortgage Insurance Premium	\$0	\$0	\$0
Credit Enhancement Fees	\$0	\$0	\$0
Letter of Credit Fees	\$0	\$0	\$0
Other Financing Fees	\$0	\$0	\$0
Development Consultant <sup>4</sup>	\$0	\$0	\$0
Historic Consultant	\$31,000	\$0	(\$31,000)
DHCD Application Fees	\$2,100	\$2,100	\$0
Soft Cost Contingency	\$153,149	\$200,000	\$46,851
Capitalized Reserves	\$400,441	\$180,000	(\$220,441)
Developer Overhead	\$433,000	\$433,000	\$0
Developer Fee <sup>5</sup>	\$433,000	\$433,000	\$0
Total Uses of Funds	\$9,474,198	\$13,238,393	\$3,764,195

<sup>4</sup> The SHA has incurred substantial predevelopment costs (close to \$1 million in sunk costs) which include architectural fees, development consultant fees, legal fees, that will not be recovered by the SHA via the project's financing. If any developer fee is paid it will be used to reimburse the SHA for costs it has already incurred on the project.

<sup>5</sup> A Developer Fee is necessary in order to increase the amount of tax credits a project can receive, it is likely that with the Mystic Water Works that the developer fee will have to be deferred and paid out of cash flow from Project operations (if at all).

**CITY OF SOMERVILLE, MASSACHUSETTS**

**Community Preservation Act Grant Agreement for  
Somerville Affordable Housing Trust Fund**

This GRANT AGREEMENT made this April 11, 2016, by and between the City of Somerville (hereinafter the “CITY”), a municipal corporation duly organized under the laws of Massachusetts and having its usual place of business at 93 Highland Avenue, Somerville, MA 02413, acting by and through its Community Preservation Committee (hereinafter the “COMMITTEE”), and the Somerville Affordable Housing Trust Fund, established pursuant to City of Somerville Ordinance 1989-3, acting by and through the Mayor’s Office of Strategic Planning and Community Development (hereinafter, the “TRUST”), having its usual place of business at 93 Highland Avenue, Somerville, MA 02143:

WITNESSETH:

WHEREAS, the COMMITTEE voted on August 6, 2014 to authorize the TRUST to serve as the housing arm of the COMMITTEE and to allocate Community Preservation Act (“CPA”) funding for community housing purposes consistent with the CPA, G.L. c.44B; and

WHEREAS, Mayor Joseph A. Curtatone recommended that the Board of Aldermen appropriate the funds herein described for community housing purposes consistent with the CPA, G.L. c.44B; and

WHEREAS, the Board of Aldermen on February 25, 2016 pursuant to Agenda Item 200655 (“Agenda Item”) voted to appropriate \$1,584,675 in fiscal year 2016 CPA revenue from the Community Preservation Fund Community Housing Reserve (the “Funds”) to the TRUST; and

WHEREAS, the purpose of the within Grant Agreement is to ensure that the Funds are used for the acquisition, creation, preservation and support of community housing as defined by the CPA, G.L. c.44B;

NOW THEREFORE, the COMMITTEE and the TRUST agree as follows:

1. Contract Documents. The Contract Documents consist of this Grant Agreement, a certified copy of the Agenda Item, and all documents attached thereto. The Contract Documents constitute the entire Agreement between the parties concerning the Application, and all are as fully a part of this Agreement as if attached hereto.
2. The Work. The Work consists of community housing projects and programs subject to the following conditions:

- a. Notwithstanding the TRUST's bylaws, all funds expended pursuant to this Grant Agreement shall be limited to the allowable spending purposes as defined under M.G.L c.44B.
  - b. The TRUST shall provide the COMMITTEE with an itemized written update in a form satisfactory to the COMMITTEE on the progress toward completion of the Work every six months, or as requested.
  - c. Consistent with the provisions of M.G.L. c.44B Section 5(b)(2), under no circumstances shall the Funds be used to rehabilitate existing community housing units, unless those units were acquired or created with CPA funds.
  - d. Consistent with the provisions of M.G.L. c.44B Section 5(b)(2), when creating community housing the TRUST shall, wherever possible, reuse existing buildings or construct new buildings on previously developed sites.
  - e. Consistent with the provisions of M.G.L. c.44B Section 6, the Funds shall not replace existing CITY operating funds nor reimburse the CITY for services provided to the TRUST.
  - f. If the Funds are the sole funding source for a project involving the acquisition of real property, the property shall only be used for community housing as defined in M.G.L. c.44B Section 2. In all other cases, the Funds may be used to cover a share of the project expenses proportionate to the part of the project that will qualify as community housing as defined in M.G.L. c.44B Section 2. The TRUST shall track the cost of the allowable scope through a reasonable means of cost estimating, and only use the Funds for the allowable portion of the project cost.
3. Restriction. With respect to any real property purchased using the Funds or housing created or preserved using the Funds, the TRUST shall execute or obtain a perpetual affordable housing restriction meeting the statutory requirements of G.L. c.184 and G.L. c.44B, §12, and running to the benefit of the CITY.
  4. Liability of the TRUST. In the event the Trust does not comply with the terms established above, the TRUST is responsible for reimbursing the CITY with non-CPA TRUST funds for an amount equal to the total amount of CPA funds expended on CPA- ineligible activities. The reimbursed funds shall be deposited into the CPA Fund account from which the Funds were originally appropriated.

5. Record Keeping. The TRUST shall keep such records with respect to the utilization of the Funds as are kept in the normal course of business and such additional records as may be required by the COMMITTEE. Should the TRUST have multiple funding sources, the TRUST shall track specific expenditures of the Funds separate from other funding sources. The COMMITTEE shall have full and free access to such records and may examine and copy such records. The TRUST further agrees to meet from time to time with the COMMITTEE or its designee(s), upon reasonable request, to discuss expenditures of the Funds.
  
6. Termination. This Grant Agreement shall terminate upon the TRUST's final disbursement of all Funds and the delivery of copies of any restrictions recorded pursuant to paragraph 3 hereof. In the event that the COMMITTEE alleges that the TRUST has failed to fulfill its obligations under the terms of this Grant Agreement and is in breach, the COMMITTEE shall deliver written notice to the TRUST indicating such, and the TRUST shall have ninety days, or a reasonable time as agreed by the parties, to cure the breach. In the event the TRUST requires further time to correct the breach and demonstrates a good faith effort to do so, the TRUST and COMMITTEE may extend the time to correct in writing by mutual agreement. If the Trust fails to do so, the COMMITTEE shall have the right, in its sole discretion, to terminate this Grant Agreement upon written notice to the TRUST. Upon receipt of such notice, the TRUST shall refund all undisbursed Funds to the CITY, and such funds shall be returned to the CPA Fund account from which the Funds were originally appropriated.
  
7. Severability. If any term or condition of this Grant Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining terms and conditions of this Grant Agreement shall not be deemed affected thereby unless one or both parties would be substantially or materially prejudiced.
  
8. Governing Law. This Grant Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first written above.

\_\_\_\_\_  
Dick Bauer, Chair, City of Somerville Community Preservation Committee

\_\_\_\_\_  
Mary Cassesso, Managing Trustee, Somerville Affordable Housing Trust Fund

\_\_\_\_\_  
Joseph A. Curtatone, Mayor, City of Somerville

I certify than an appropriation of \$1,584,675 is available for the purposes of this Agreement:

\_\_\_\_\_  
Edward Bean, City Auditor, City of Somerville

Approved as to Form:

\_\_\_\_\_  
Francis X. Wright, Jr., City Solicitor, City of Somerville

### CPA Non-bonded FY16 Funding Reserve Allocations by Project

Updated 5/17/16

	Open space/Recreation	Historic Preservation	Undesignated	Total
<b>Total Available</b>	<b>\$1,036,105</b>	<b>\$329,973</b>	<b>\$1,118,198</b>	<b>\$2,484,276</b>
Allen Street Mixed Use	\$20,000			\$20,000
Hoyt Sullivan Playground	\$400,000			\$400,000
Open Space & Recreational Land Acquisition Fund	\$340,945		\$409,055	\$750,000
South Street Farm	\$60,160			\$60,160
Repaving the Somerville Community Path	\$140,000			\$140,000
Design for the Somerville Community Path	\$75,000			\$75,000
Somerville Museum		\$329,973	\$93,507	\$423,480
LHD Property Owner Preservation Fund			\$150,000	\$150,000
Milk Row Cemetery			\$26,808	\$26,808
<b>Remaining Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$438,828</b>	<b>\$438,828</b>

### Funding earmarked for projects in FY17

Purpose	Amount
Rollover to FY17 from undesignated reserve	\$438,828
Central Library Mold Remediation	\$100,000
31 Union Square Design	\$0
	Declined by applicant
<b>Total unrestricted funding for new FY17 projects</b>	<b>\$338,828</b>