

CAMBRIDGE AFFORDABLE HOUSING
TRUST MEETING MINUTES
March 28, 2019

Ackerman Room, Cambridge City Hall
795 Massachusetts Ave.

- Trustees Present: Louis DePasquale, Chair; Peter Daly, Florrie Darwin, Gwen Noyes, Cheryl-Ann Pizza-Zeoli, Susan Schlesinger, Elaine Thorne, Bill Tibbs
- Trustees Absent: James Stockard
- Staff Present: Iram Farooq, Assistant City Manager for Community Development; Chris Cotter, Housing Director; Cassie Arnaud, Housing Planner; Anna Dolmatch, Housing Planner;
- Others Present: Councilor Dennis Carlone, Councilor Sumbul Siddiqui, Dennis Friedler, Lisa Jacobson, Maureen McNamara, John Nesby

The meeting was called to order at 4:09 with the Chair noting that a quorum was present and that one member, Ms. Pizza-Zeoli, had notified him of her desire to participate remotely in the meeting and had identified the reason and facts supporting her request.

The Chair noted that he determined that because Ms. Pizza-Zeoli 's physical attendance at today's meeting would be unreasonably difficult, that Ms. Pizza-Zeoli would remotely participate in the meeting by phone. The Chair verified that Ms. Pizza-Zeoli could hear the proceedings and confirmed that she was audible to other members and the public and could.

Upon a motion moved and seconded, it was voted unanimously, by roll call: To approve the minutes for the meeting of Thursday, March 14, 2019, with one change to reflect that Elaine Thorne was present at the meeting.

PROJECT UPDATE

Squirrelwood – Just A Start is preparing to close in mid to late April. They expect to hold a ground breaking sometime in May.

Frost Terrace – Capstone/Hope are preparing to close in mid to late April.

Concord Highlands – Construction is ongoing and is expected to be complete in early 2020.

Inclusionary – The Covenant for the next phase of the Alexandria PUD is close to approval. This includes both standard inclusionary and middle-income rental units. Peter Daly asked about the demand for the existing middle-income rental units, as the Concord Highlands project will contain some of these units. Staff stated that there is demand, but there are fewer applicants than for the low/mod units. Staff noted that there is strong demand for middle-income homeownership units.

NEW BUSINESS

Parkview Cooperative Funding Request

Staff presented a request for \$1,394,000 in funding to assist the Parkview Cooperative preserve twelve units of affordable limited-equity cooperative housing. The Parkview Cooperative was created in 1984 as part of a City program to assist residents in purchasing their buildings during rent control. No permanent public subsidy was provided at that time.

The cooperative has invested in maintaining the building over the years, including replacement of some plumbing, a new heating system, and some new kitchens and baths. However, the building now has rehab needs that are beyond their capacity to address. The building is considered historically significant and has many features that increase the cost of a rehab, such as a slate roof and stucco exterior.

The cooperative initially approached the City for assistance replacing the roof. As the larger rehab needs became evident, staff requested that the coop perform a full capital needs assessment. The immediate scope of work includes the roof; replacement of historic windows; new exterior material; upgraded electrical to replace knob-and-tube wiring; insulation; and water and sewer connection upgrades. Estimated hard costs are approximately \$1.9MM. This is beyond the capacity of the coop to fund through reserves and fees.

Given the scope of the project, staff requested that the coop hire a development consultant. Staff worked with the project team to leverage other funding sources. Many affordable housing programs are not accessible to a cooperative, and the coop is also not able to use home equity loan products. The coop has worked with several banks, and expects to secure a mortgage in the amount of \$500,000.

In addition, the coop will contribute a significant portion of their reserves, while ensuring that they will be able to maintain enough capital reserve to address future rehab needs. They have also secured a \$100,000 grant from the Cambridge Historical Commission. They will also pursue an energy efficiency grant. The remaining gap is \$1,394,000, which is being requested from the Trust.

Susan Schlesinger noted that she worked for the City when the coop program was first created, and that the building needed more rehab than was possible at the time of purchase. She emphasized that although this was a unique request, the limited-equity coops are part of the City's affordable housing stock and should be viewed as a preservation opportunity.

Bill Tibbs noted that while he was supportive of the request, he questioned why the bank loan could not be higher. Staff explained that the debt service would require an increase in the monthly charges, and the \$500,000 loan amount would prevent displacement of any of the very-low-income shareholders.

Mr. Tibbs stated that he would like to discuss how coops would be dealt with in the future in terms of criteria for providing Trust assistance. He did not want this to be viewed as a routine request.

Chris Cotter noted that the limited-equity cooperatives formed during rent control remain some of the most affordable housing types, and the Trust funds would assist in keeping the carrying charges low. In exchange, the coop would enter into an affordable housing

restriction that will protect the long-term affordability of the building. In addition, at the request of the PRC members, the coop will commit to ensuring outreach to Section 8 voucher holders when they have a vacancy.

Gwen Noyes asked about how units appreciate. Staff stated that the limited-equity coops have share appreciation formulas in their by-laws and each one is unique. Parkview's formula is a combination of CPI and the amount each shareholder pays towards any loan principal paid by the coop. A new first mortgage on the property will contribute to increased share value over time.

Susan Schlesinger emphasized that this should be viewed as a City-supported project, but one that was not adequately rehabbed in the beginning. She noted that the original affordability restriction was tied to rent control, so placing an affordable housing restriction on the building would help preserve the affordability for the long-term.

Bill Tibbs reiterated the importance of having more of a conversation about these types of requests and develop some structure and guidelines for decision making. As this funding request could set a precedent, there should be a framework for determining how these types of housing projects compare to other types of projects funded by the Trust. There was also concern about if the coop would seek additional Trust funds if actual costs are higher than expected. Coop members stated that they had a plan to deal with higher costs through value engineering.

Cheryl-Ann Pizza Zeoli stated that she was supportive and was especially pleased about the commitment for outreach to Section 8 voucher holders. Peter Daly observed that the Housing Authority has been discussing how vouchers can be used for homeownership, and this is one option.

Florrie Darwin said that she felt positive about approving the request, but wondered what would prevent affordable condominium associations from making similar requests? Trust members noted that it was important to document what is unique about this project. They also discussed that the creation of guidelines for this type of request are essential.

Bill Tibbs suggested that approval be delayed until the Trust could adopt guidelines for future requests. Several members of the Parkview cooperative were present at the meeting, and at the pleasure of the Chair, they were asked if there would be a negative impact if the approval was delayed. They stated that they were unable to spend coop funds for additional predevelopment work until the cooperative board had a City commitment. A delay could impact the ability to complete the project before the impact of winter conditions.

Susan Schlesinger suggested that the funding request be voted on at the current meeting, with a condition that guidelines for future requests be brought for a vote at the April Trust meeting.

Upon a motion moved and seconded, by unanimous roll call, it was

VOTED: to approve the request for up to \$1,394,000 in Trust non-CPA funds for the Parkview Cooperative as described in the Trust briefing materials, with the addition of a condition that the Trust approve guidelines for future requests for funding from resident-owned housing projects.

ADJOURNMENT

Upon a motion moved and seconded, by unanimous roll call, it was voted to adjourn the meeting at 4:47 p.m. The next meeting date is Thursday, April 25, 2019.

Materials:

- Parkview Cooperative Funding Request
- Meeting Minutes from the Trust's March 14, 2019 meeting
- Project Update