CITY OF CAMBRIDGE
Community Development Department

IRAM FAROOQ
Assistant City Manager for Community Development

SANDRA CLARKE
Deputy Director
Chief of Administration

KHALIL MOGASSABI
Deputy Director
Chief of Planning

Affordable Housing Trust

September 24, 2020, 4:00 p.m.

To participate in this meeting hosted on the Zoom video meeting platform, please register using this link in advance of the meeting.

https://cambridgema.zoom.us/webinar/register/WN_eefSLIi1RUKW1iaCupY10Q

AGENDA

- Review of Meeting Minutes
- Update from the Community Development Department
- Request from Park View Cooperative Corporation: the Park View Cooperative is requesting an increase of $1,533,368 to the Trust's commitment of $1,394,000 to assist this limited equity cooperative in undertaking necessary rehab and capital improvements
- Project Ideas submitted as part of FY2021 CPA allocation process: as part of its work to recommend allocation of CPA Funds for FY2021, the CPA Committee sought ideas from the community for projects that could be undertaken with CPA Funds
- Adjournment

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CAMBRIDGE AFFORDABLE HOUSING TRUST
MEETING MINUTES
August 6, 2020 at 4:00 p.m.

Conducted virtually via Zoom

Trustees Present via Zoom:	Peter Daly, (acting Chair); Florrie Darwin, Elaine DeRosa, Gwen Noyes, Susan Schlesinger, Jim Stockard, Elaine Thorne, Bill Tibbs
Trustees Absent:	Louis DePasquale, Chair
Staff Present via Zoom:	Iram Farooq, Asst. City Manager for CDD; Chris Cotter, Housing Director; Cassie Arnaud, Housing Planner; Janet Haines, Associate Housing Planner; Lisa Peterson, Assistant. City Manager Emily Salomon, Associate Housing Planner;
Others Present via Zoom:	Suzanne Blier, Elizabeth Case, David Dodge, Dennis Friedler, John Hall, Lisa Jacobson, Sarah Lawson, Maureen McNamara, Judith Morse, John Nesby, Tom Nutt-Powell, Cody Thornton, Catherine Tutter, Paul Vermouth, Steve Wineman, Matthew Yarmolinsky

The acting Chair, Peter Daly, called the meeting to order at 4:04 p.m. and explained that this meeting of the Affordable Housing Trust would be held virtually pursuant to the temporary emergency orders currently in place, and that all votes would be taken by roll call, and that there would be no public comment. Mr. Cotter then coordinated to confirm that each participant was audible to each of the other Trust members.

MEETING MINUTES

A Trust member noticed that a paragraph in the June 25, 2020 meeting minutes was duplicated and requested that they be amended to correct the mistake. Upon a motion moved and seconded, it was voted unanimously by roll call to approve the amended minutes for the meeting of Thursday, June 25, 2020.

UPDATE FROM CDD

Finch Cambridge – Construction was delayed due to COVID-19 but is now near completion. Residents began moving in in July and the property is expected to be fully occupied by August 2020. Due to the pandemic, HRI has been unable to showcase the property to the public but is working with the City to provide a video tour/virtual walk-through of the building. There were approximately 2,600 applicants for the 98-units, and applications are still being submitted for the property's waitlist.

HomeBridge – There are seven approved buyers seeking units. Inventory is limited, but approved buyers hope to find units. To date, 68 units have been purchased by first-time homebuyers through HomeBridge and the city's prior financial assistance programs.

Homeownership Resale Pool– There are 11 units in progress. Staff are working on new ways to show units to potential buyers, such as virtual open houses, in order to keep program active despite constraints of COVID-19.

Frost Terrace – Construction is underway again and proceeding after pandemic-related delays.

SquirrelWood – Construction was delayed due to the pandemic but is underway again and nearing completion.

2072 Mass Ave. – Capstone/Hope are in early stages of planning for the development of this site, including preparing to begin the community and permitting process. Their goal is to secure permitting and financing to allow construction to begin in 2022.

52 New Street – Just A Start is also beginning to plan for the development of their New Street site, including beginning the community and permitting processes, with a goal to secure permitting and financing in time to begin construction in 2022.

Fresh Pond Apartments – Staff are working to complete the preservation of this expiring use property. Two-thirds of the property was preserved in late 2019 through a new Section 8 contract with HUD. Staff are actively working with the owner and HUD on finalizing the terms of new use agreement and terms for the remaining third of the units. Staff are working with the owner as they develop their approach to provide more detailed updates to residents in a way which is consistent with COVID-19 safety measures regarding group gatherings.

Vail Court – Litigation continues with no news to report as the case remains deep in the discovery process and the former owner continues to challenge both the valuation and taking.

Rindge Commons – Just A Start is seeking a comprehensive permit for this two-phased mixed-use project. The project received a favorable recommendation from the Planning Board earlier this month and will be heard at the August 23, 2020 Board of Zoning Appeal (BZA) meeting.

Other Updates/General Discussion

There was discussion on the state of the rental and homeownership market during the pandemic. Staff indicated that there are still many questions about the rental inventory and pricing, which is expected to be impacted by whether college and university students return in the Fall.

City officials are also hearing from Cambridge residents that are struggling to make their housing payments due to job loss and economic strain. Although the state rent moratorium was extended until October 18, 2020, the City has allocated resources to assist struggling residents to stay current with rental payments to help them avoid the eviction process when it resumes. To that end, the City has launched the Housing Stabilization Program (HSP) to make resources available to income-eligible residents with partial rental payments, assisting households paying more than 40% of their income on rent. The HSP is a separate program from the Mayor's Disaster Relief Fund, which launched in March. A portion of the funds that support the HSP are from the Community Preservation Act.

On the homeownership side, eligible homeowners struggling with condo fees are able to apply for assistance through the Housing Stabilization Program. For prospective buyers, inventory remains very

limited with prices seemingly holding steady as a result of low interest rates and pent-up demand. It is a very difficult market for prospective HomeBridge buyers.

Community Preservation Act Update

The Community Preservation Act (CPA) Committee has held three meetings to discuss the Housing Stabilization Program and FY21 allocation of funds. In past years, CPA funds have been split 80/10/10 percent to housing, open space, and historic preservation, respectively. It was noted that there although there is continued support for maintaining the existing 80/10/10 split, the CPA Committee is reviewing public comment and testimony to inform their decision. In recent years, public comment has trended towards greater support for open space funding. This year, all public comment is being submitted virtually due to the pandemic, which has changed typical participation. Trust members noted that it is important for the CPA committee to hear ongoing support for affordable housing from individuals during the public comment period, which closes in September.

Trust members discussed whether they should collectively submit public comment to the CPA committee on behalf of the Trust, or to do so individually. After a discussion, it was concluded that individual testimony would be valuable and appropriate.

Request from Park View Cooperative Corporation

Last year, members of the Park View Cooperative approached the AHT for financial assistance to make needed building repairs. City staff worked with Coop member to assess the construction needs and financial position of the Cooperative, and their need for a subsidy to pay for renovations. In March 2019, the Trust committed $1,394,000 to assist the cooperative with this rehab project.

The Park View Cooperative have requested an increase of $1,533,368 to assist this limited equity cooperative in undertaking necessary rehab and capital improvements. The total Trust commitment, if approved, is approximately $2.9 million, or close to $244,000 per unit. The rehab costs of older buildings like the ParkView Coop tend to be high when there is need for the property to be brought to current codes and building standards (ex. knob/tube wiring).

City staff drafted a memo that provides details on the current building needs and construction costs, as well as issues and ideas to preserve long-term affordability of the cooperative, shareholder selection, share transfer appreciation, and monitoring and oversight. The memo is a starting point for a discussion with Trust members to consider what terms and conditions should be made in exchange for financial assistance that further Trust policy goals.

Trust members discussed ideas in the memo, including having a AHT member representative available to work with coop shareholders; developing a preference or requirement for shareholders to consider voucher-holders in the resident selection process; and normalizing housing costs via increased carrying charges to create an internal subsidy to offset costs for lower-income shareholders to ensure funding would be available to avoid revisiting another round of subsidy need in the future. Trust members discussed preference for aspects of Coop operations to mirror the City's rental and homeownership programs, including tenant selection plan criteria and unit appreciation/ resale formula. It was also suggested that the Coop review affirmatively furthering fair housing (AFFH) marketing plans used by cohousing communities as model for the Coop to market unit vacancies.

Based on the discussion of meeting recommendations, Trust members asked staff to take ideas from the memo and create stronger recommendations for the Trust to vote on at a later meeting.

ADJOURNMENT

Meeting adjourned at 5:15 pm upon a motion moved and seconded, with Mr. DePasquale absent, by roll call of eight in favor and one absent. Next meeting is scheduled for September 24, 2020.

Materials:

- Meeting Minutes from the Trust's June 25, 2020 meeting
- Project update: Status of Active Commitments
- Memorandum: Park View Cooperative Request for Additional Funding
- Affordable Ownership at ParkView Cooperative: Project Update for CAHT

Cambridge Affordable Housing Trust

Status of Active Commitments

September 24, 2020

	Active Projects	Sponsor	Rental Units	Ownership Units	Status	Total Cost	Trust Commitment	Loan Amount Per Unit	Trust Approval Date
1.	HomeBridge program	CDD	*currently approved buyers: 7*	15	68 scattered site units purchased by first time buyers to-date. 7 approved buyers, 2 units under agreement.	N/A	$15,200,000	1-br: 40% sale 2-br: 45% sale 3-br: 50% sale	May 2011
2.	Homeownership Resale Program	CDD	*currently active units:*	15	Re-purchase, rehab and re-sale of affordable homeownership units to new homebuyers.	N/A	$5,500,000		December 2011
3.	671-675 Concord Ave	HRI	98		Construction complete. Residents began to move into new units in July.	$58,228,753	$23,803,176	$242,890	March 2016
4.	Frost Terrace 1971 Mass Ave	Capstone Hope	40		Construction underway, after temporary shutdown due to covid-19.	$27,219,486	$10,785,358	$269,634	March 2016 and December 2018
5.	Vail Court (139 Bishop Allen)	TBD	TBD	TBD	Trust and City hosted public meeting in 2017 to hear from the community on affordable housing needs and ideas for the redevelopment of Vail Court. Additonal public meetings will be scheduled but are currently on hold pending the legal action taken by former owner.	TBD	TBD	TBD	N/A
6.	Squirrelwood (multiple addresses, corner of Broadway and Market)	JAS	23		Construction underway, after temporary shutdown due to covid-19.	$9,505,726 (new units only)	$4,115,457	$178,933	January 2018 and December 2018
7.	2072 Mass Ave	Capstone Hope	TBD	TBD	Capstone/Hope purchased site in April 2018. Beginning community process with goal of securing permitting and assembling financing in order to begin construction in ~2022. First community meeting scheduled for Tuesday 9/28/20.	TBD	$3,800,000	TBD	February 2018
8.	52 New St	JAS	TBD	TBD	JAS purchased the site in early 2020 and will begin a community process later this year with a goal of securing permitting and financing in time to begin construction in ~2022	TBD	$9,800,000	TBD	October 2019
9.	Park View Coop	Park View Coop		12	Reviewing new request from coop for additional funds needed to fully fund rehab given increased costs	TBD	$1,394,000	$116,167	March 2019
10.	Fresh Pond Apartments	Schochet	504		In March 2020, the Trust committed funding for the preservation of Fresh Pond Apartments. This commitment will be combined with $15 million in City funding which was appropriated by the Council to the Trust for Fresh Pond Apartments. Together, these funds will be used to buy down 50 years of affordabilty and to capitalize a rent phase-in reserve to transition current tenants to the new affordable program.	TBD	TBD	TBD	March 2020
11.	Rindge Commons - Phase 1	JAS	24		In June 2020, the Trust approved funding for the first phase of Rindge Commons. Following PB hearing in early August, BZA voted to approve a comprehensive permit for the project on August 23, 2020. JAS is hoping to secure the remaining financing needed for phase 1.	TBD	$4,250,000	$177,083	June 2020
		Total Units	**731**						

Cambridge Affordable Housing Trust

Status of Active Inclusionary Housing Developments

	Approved Active Projects	Developer	Status	Rental Units	Ownership Units	Applicable zoning
1.	305 Webster Ave.	305 Webster Ave. Condominiums L	Covenant Recorded 8/11/17. Expecting completion Fall 2020.		4	Ordinance prior to revision
2.	Mass & Main (multiple addresses,Mass Ave. & Columbia St.)	Twining	Covenant Recorded 11/24/17. Construction complete. Tenant Selection underway.	58		Zoning provisions for Mass & Main
3.	249 Third Street	Equity	Covenant Recorded 12/22/17. Complete. Tenant selection underway.	12		Ordinance prior to revision
4.	Tempo (203 & 205 Concord Tpk. (formerly Lane &Games)	Criterion	Covenant Recorded 3/16/18. One building complete and tenant selection underway. Second building under construction.	44		Revised ordinance at 15% sf requirement
5.	St. James (1991 & 2013 Mass. Ave.)	Oak Tree		5		Ordinance prior to revision
6.	77 New Street	Abodez	Covenant Recorded 9/14/16. Under Construction.	11		Ordinance prior to revision
7.	95 Fawcett Street	Ed Doherty	Covenant Recorded 12/29/2016. Under Construction		5	Ordinance prior to revision
8.	Alexandria - 50 Rogers Street	Alexandria	Covenant Recorded 6/4/19. Expecting completion late fall 2020	44		Zoning for Alexandria PUD
9.	Charles & Hurley Streets	Urban Spaces	Covenant recorded 8/6/19. Building Permit issued 9-3-19(Charles Street) and 12-23-19 (Hurley Street)	16		Ordinance prior to revision
10.	50 Cambridgepark Drive	Hanover	Covenant recorded 8/6/19. Building Permit issued 12-5-19.	55		Revised ordinance at 20% sf requirement
11.	165 Main Street	Mitimco	IHP Covenant recorded 12/17/19. Building Permit issued 12-20-19. Under Construction	63		Zoning for MIT
12.	95-99 Elmwood	95-99 Realty	Covenant recorded. Building Permit issued 7-2-20		4	Ordinance prior to revision
13.	Cambridge Crossing, Building I	DivcoWest	Covenant recorded; Building Permit issued 8-24-20	54		Ordinance prior to revision
			Under Development:	**362**	**13**	
			Completed Units:	**761**	**202**	
			All Units:	**1123**	**215**	
					1338	

	Active Pipeline Projects	Developer	Status	Rental Units	Ownership Units	Applicable zoning
1.	605 Concord Ave.	Abodez Acorn	Covenant recorded; pending building permit	7		Revised ordinance at 15% sf requirement
2.	212 Hampshire Street (Ryles)	212 Hampshire LLC, Binoj Pradhan	Voluntary affordable unit.	1		BZA requirement of affordable unit
3.	3-5 Linnean	Willow Land Corp.	Covenant signed; pending building permit	1		Zoning for basement overlay
4.	55 Wheeler Street	Toll Brothers	IHP plan under review	99		Revised ordinance at 20% sf requirement
5.	1043-1059 Cambridge St.	418 Real Estate	IHP plan under review		3	Revised ordinance at 20% sf requirement
6.	270 Thorndike St. Court House	Leggat/McCall	Housing plan under review	48		All units are affordable

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Community Development Department

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KHALIL MOGASSABI
Deputy Director Chief Planner

MEMORANDUM

To: **Affordable Housing Trust**
From: **Chris Cotter, Housing Director**
Date: **September 24, 2020**
Re: **Park View Cooperative Funding Request**

We are providing this additional information for the Trust consideration of the request from the Park View Cooperative for an additional $1,533,368 in Trust funding which was shared with the Trust at its last meeting. This new funding request is needed to fully fund the extensive rehab of a twelve-unit limited equity cooperative, and would be in addition to the commitment for up to $1,394,000 made by the Trust in March 2019. When completing the plan and budget for renovations, costs were significantly higher than projected which has led to the Coop's request for additional funding.

In previous discussions, the Trust had requested recommendations for conditions to consider when discussing the additional funding request. The goal of these recommendations is to ensure that subsidy funding provided by the Trust furthers the Trust's priorities in an equitable and sustainable way.

Based on Trust feedback, staff developed additional recommendations noted below for four areas:

- Monthly carrying charges and affordability;
- Shareholder selection;
- Share transfer appreciation; and
- Monitoring and oversight.

We have discussed these recommendations with representatives from the Cooperative. There was agreement in principal in all areas other than the carrying charges and targeting affordability.

The Trust had discussed an interest in bringing carrying charges in line with other deeply affordable housing. This would involve targeting affordability as we might when creating housing to serve households in the income range of many Coop residents. We looked at increasing carrying charges over a five-year period to a target of 30% of income for a household at 35% AMI. Targeting affordability at that income level and payment ratio would be consistent with similar projects where Trust funding is being used to preserve existing affordable housing for very low-income residents. To do this we modeled carrying costs increases at 4% per year for the first five years, with subsequent increases at the 3% annual increase the Coop has shown in its projections. Increasing carrying charges and operating revenue more quickly would enable the Coop to carry additional first mortgage debt while still fully

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funding all reserves, and having funds to help buy-down future share prices to protect future affordability.

However, in reviewing this approach with the Coop representatives we heard that any increase in carrying charges beyond the 3% annual increase anticipated in their projections would likely not be acceptable to the Coop. The Coop has modeled their carrying charges in a budget-based manner over the course of their existence, but plan to implement annual 3% increases beginning in January 2021.

We have not yet been able to resolve this difference. However, given our desire to bring this request back to the Trust at this meeting, we are presenting detail on both approaches and some context to help the Trust consider how significant the difference is. To illustrate the difference, staff looked at projections based on both approaches and the resulting impact on long-term operations and supportable debt. The Coop's approach of annual increases of 3% provides adequate resources to funds operations and reserves and can support debt of $500,000. The model we had looked at would likewise support operations and reserves, but might allow for an additional $100,000-150,000 in mortgage debt. This might reduce the additional Trust request by 7-10%.

	Monthly Carrying Charges		
Unit Size	Current	with 3% increase	with 4% increase
1-br	$608 / $617	$626 / $636	$632 / $642
2-br	$638	$657	$664

We have no recommendation on the increase in carrying charges, and can implement an increase that the Trust finds reasonable to include in any commitment. However, for the purposes of preparing conditions outlined below for consideration, we are noting herein annual increases of 3% per year which would ensure a Trust commitment would be accepted by the Coop. These can be modified if the Trust wants to include a different approach to increasing carrying costs.

Based on a thorough review of the operating budget and projections, with annual increases in carrying charges, the building will produce healthy cash flow each year. Operating projections include adequate reserve for capital need, operations, and debt stabilization. We believe the operating revenue is also sufficient to establish a new reserve fund for use to reduce the share value amount at transfer to assist income eligible households who might not be able to fully fund the share purchase. Share values are currently in the range of $35,000. The Coop has also expressed its interest in using funds to write down share costs at transfer.

We recommend that the Trust subsidize the full requested amount, and require that the residual cash flow also be used to benefit the community. The options include an additional contribution to the share transfer buy-down reserve describe above, and/or requiring a portion of cash flow be used to repay a portion of the Trust loan to enable the funds to be used to support additional affordable housing projects.

Given the complications involved with repayment relative to the expected amounts and total Trust loan, we prefer that remaining cash flow supplement the share transfer buy-down reserve for use in benefitting future members.

RECOMMENDATION:

Staff recommends that the Trust approve the Parkview Cooperative's request for a commitment for an increase of $1,533,368 to bring the total Trust commitment to up to $2,927,368. The funds should be made contingent on the following:

Standard Trust Terms & Conditions

1. CDD staff final approval of budgets and proforma;
2. CDD staff approval of design, construction plans and specifications;
3. Firm written commitments from other funding sources as needed to complete the project;
4. An Affordable Housing Covenant acceptable to CDD staff;
5. Loan advances shall be made only for approved project costs in accordance with the Loan Disbursement Agreement to be entered into at closing;
6. Standard Trust terms and conditions, including but not limited to:
   a) Loan(s) will have an interest rate of 3% compounding, or such other rate approved by CDD Staff, and a term of 50 years;
   b) Interest shall accrue, but principal and accrued interest shall not be due and payable until the end of the term. If, prior to maturity, loan term is extended, the accrued interest shall either be waived, at lender discretion, or deferred.
   c) Loan(s) will be subject to a penalty rate of 8%. The penalty rate is only applied upon violation of the affordability restriction.
   d) All loans will be non-recourse.

Additional Terms and Conditions

1. Affordability and Carrying Charges

   a. Carrying charges to be increased 3% annually, with increases documented to CDD;
   b. Create separate reserve accounts for the following:
      i. Capital Reserve – funded at $9,600 first year with 3% annual increase;
      ii. Operating Reserve – funded at $2,000 first year with 3% annual increase;
      iii. Refinance Reserve – funded at no more than $2,000 annually;
      iv. Share Buydown Reserve Fund to be used to permanently reduce the cost of share purchase for future cooperative members – funded at a minimum $5,000 annually;
   c. Any residual cash flow beyond payment of approved operating costs, debt service and reserve contributions shall be contributed to affordable housing through either:

i. Additional contribution to the Share Buydown Reserve Fund; or,
ii. Repayment of the Trust loan.

2. <u>Shareholder Selection</u>

a. Income eligibility for new shareholders shall be set at City 80% of Area Median Income (AMI);
    i. income eligibility for family members under the Coop's share purchase option shall be set at 95% AMI;
b. CDD approval of a written shareholder selection plan that includes:
    i. outreach targeted to Section 8 voucher holders and households who would be eligible for Section 8 vouchers;
    ii. Preference system shall include the following:
    iii. Cambridge resident preference for all units;
    iv. Preference for families with children for two-bedroom units;
    v. Preference for households with a Section 8 voucher, or who would be eligible for a Section 8 voucher until at least 3 such members have been selected;
c. Provisions to ensure that new shareholder selection contribute to the racial and economic diversity of the Coop;
d. Provisions to ensure that new shareholders are willing to meet the obligations of cooperative membership, including participating in the work of managing the building;
e. Provisions for a Trust designee to have an active role the shareholder selection process to ensure selection follows the approved plan, and which shall include review of applications, observation of interviews with prospective shareholders, and making recommendations for City approval of new shareholders;

3. <u>Share Transfer Appreciation</u>

a. Exclusion of all mortgage principal payments for any financing associated with this project, including the proposed CSB first mortgage or any additional mortgage financing;
b. Establishment of a Share Buydown Reserve Fund for use to reduce the share buy-in costs for new shareholders by agreed upon amounts;
    i. Use of Share Buydown Reserve Funds shall permanently reduce the value of shares by amount approved by CDD and which shall not be recoverable by the Cooperative or the shareholder in any subsequent sale or transfer of the share.

4) <u>Monitoring and Oversight</u>

a. The Coop shall enter into a Monitoring Agreement, satisfactory to the Trust, which includes but is not limited to the following:
b. Annual report to be submitted for CDD for approval which shall include:
    i. prior year income and expenses;

ii. current year income and expenses;
iii. proposed annual budget which shall include:
    a. proposed carrying cost increases;
    b. proposed uses of Capital Reserve, Operating Reserve and Refinancing Reserve funds;
    c. detail of any proposed capital work to be undertaken;

c. Provision of any other information relating to the operation or finances of the Coop as requested.
d. Creation and maintenance of separate reserve accounts for Capital Reserve, Operating Reserve, Refinance Reserve, and Share Buydown Reserve;
e. CDD approval of any withdrawal or combination of withdrawals from Capital Reserve account totaling more than $5,000 or other higher amount determined by CDD per year;
f. CDD approval of any withdrawal or combination of withdrawals from Operating Reserve account totaling more than $2,500 or other higher amount determined by CDD per year;
g. CDD approval of any withdrawal from the Refinance Reserve account;
h. CDD approval of any withdrawal from the Share Buydown Reserve account;
i. Notification of filings with the Secretary of State;
j. Provision of a new or updated Capital Needs Assessment and/or building inspection upon request from CDD;

All other Terms and Conditions from the March 2019 Trust commitment not otherwise modified by these Terms and Conditions shall remain in effect.

August 20, 2020

Christopher Cotter, Housing Director
Cambridge Community Development
51 Inman Street
Cambridge, MA 02139

Dear Mr. Cotter,

As President of the Park View Cooperative Corp. ("Park View" or "Co-op"), I want to thank you and the staff at Cambridge Community Development (CCD) for your ongoing commitment to preserving affordable housing and for supporting us in our ambitious goal to rehabilitate our aging building on Corporal McTernan Street. I was present at the August meeting of the Affordable Housing Trust and appreciated how well you represented our community.

We are eager to continue our work with you and the CCD staff to finalize a deal with the Trust to fully fund our project and to meet the policy goals that I know we all largely share. To that end, and in light of the Trust's stated goals and concerns, I am pleased to present the following proposal that I believe would be met with approval from our Board of Directors.

1) The Co-op will likely agree to relinquish all of the additional principle that would be added to our share values for the $500K commercial loan from Cambridge Savings Bank.

2) The Co-op appears very ready to ensure that the selection of new members is in alignment with fair housing principles and City of Cambridge affordable housing priorities and to market the opportunities to a broad community of potential newcomers. In particular, I believe that we can get the Board to agree to:

- Reserve one of our two-bedroom units at turnover for a family with children or other dependents;
- Formulate a criteria-based selection process with transparency to the City and Trust, knowing that we still need clarification from CCD on what would be a viable framework for our specific housing community to move forward;
- Offer CCD information about our member selection process and to provide CCD with the opportunity to comment and assent to member selection, but with no direct intervention;
- Market to a broad group of potential members using fair housing principles; and/or
- Provide preference for Section 8 voucher holders if the approach can be achieved in a workable fashion that meets the Co-op's ongoing management needs.

3) The Co-op is prepared to build up Co-op's cash reserves to fund one or more of the following as may be appropriate in the future context:

- Provide a reduction in share value for family-size unit;
- Supplement share loans at 0% interest; and/or
- Supplement carrying charges for "rent" burdened members

4) The Co-op has long planned for long-term financial stability and will continue to do so, potentially with additional criteria-based budgeting with your feedback and consent. In particular we likely can commit to:

- Provide budget transparency, but with no direct City or Trust decision making;
- Fund an adequate 20-year reserve plan, reviewed every 5 years (fully funding at ~$9,600/year);
- Ensure a minimum of six months of operating expenses in cash reserves;
- Develop additional reserves for principal pay down of our commercial loan (if necessary) in 20 years (budgeted at ~$2,000/year);
- Seek to build cash reserves to fund item number three above; and/or
- Budget annually based on prior the year's expenses and anticipated needs.

In the interest of moving forward expeditiously, I would like to request a meeting as soon as possible to discuss the above.

Thank you in advance for your thoughtful consideration.

Sincerely yours,

Catherine Tutter
President, Park View Cooperative
24-26 Corporal McTernan Street
Cambridge, MA 02139
ctutter@gmail.com
857-201-3103

cc:
Anna Dolmatch, Janet Haines, Dennis Carlone, Cody Thornton, Dennis Friedler, and John Nesby

Cotter, Chris

From: Cody Thornton <cody@projectlawgroup.com>
Sent: Tuesday, September 22, 2020 10:02 AM
To: Cotter, Chris
Cc: Dolmatch, Anna; Haines, Janet; Carlone, Dennis; stockard@gsd.harvard.edu; dennis friedler; Catherine Tutter; John Nesby
Subject: Park View Cooperative — Topics for Final Round of Negotiation
Attachments: Park View Response Letter to Cambridge Community Development - August 20, 2020.pdf

Dear Chris,

With a broken heating system awaiting repair as the cold weather arrives and a real need to act quickly to get the Park View Cooperative project off the ground as soon as possible, I am writing this message to interject some core points into your internal conversation prior to our next meeting. We are grappling with what we heard from the Trust in the last meeting and what we are now sensing you believe the Trust wants.

We start with the simple statement that the equitable nature and self-management structures of the Co-op are very different from subsidized affordable rentals and from condo ownership. The Co-op is focused on affordability, *lifelong* resiliency, community, and stewardship. We suspect the Trust shares these goals.

Based on what we heard the Trust say, there are still some lingering misconceptions about the Co-op that are impeding our way forward. One of the trust board members stated that the City should not put forward a deal the Co-op cannot accept. The letter that Catherine Tutter sent several weeks ago after the Trust meeting was a very good faith effort on our part to respond to what the Trust said it wanted within the bounds of what we believe we can get the Co-op board to accept. We knew we would have to move fast, so we put almost everything that we can offer right up front.

We hope that you will return there and restart your internal conversation based on those points with the following additional core issues in mind.

Issue #1: The Co-op is not too affordable, and carrying charges should not be raised arbitrarily.

We are getting mixed messages between the Trust's desire for affordability and CCD's desire to raise carrying charges without a real understanding about where CCD wants the money to be used. We feel that negotiating based on current members and their current situations is logically flawed, and their situations have largely only worsened with the pandemic. They also don't benefit the way that other ownership structures work, such as having no property tax breaks.

These inconsistencies risk the egalitarian nature of the group-managed corporation and the harmony of their agreed-upon communal arrangement. Asking members with relatively more means to subsidize others not only undermines affordable housing *ownership*, but losing these members could increase the risk overall for the entire Co-op. The rental model also ignores the sweat equity contributions of all of these members and their willingness to help incoming members reach into the ownership realm when they can.

After buying the building in an already dilapidated, even dangerous, state in the 80s with just a loan and resident equity, the Co-op has operated efficiently for 36 years without substantial outside intervention. Their team is organized and responsible and have done capital budgeting with a level of predicability largely unseen in a cooperative like theirs. The fact that they are seeking funds now is a testament to their going without for almost four decades. They are perfectly poised to take the renovated building and carry on this tradition, preserving the value the Trust is ready to infuse into he

building, where it legally must stay. The project is a benefit to the community, from both a social and a physical perspective.

The Co-op now has a new capital budgeting plan that is 100% funded as planned. A raise in carrying charge to some arbitrary rent standard will not only harm affordability, but it could make the Co-op less resilient. They are prepared to raise their budgeting plans over time if needed and have offered transparency to the City in that process. This possibility is yet another risk to the most burdened members.

Our question for you: if you have already assessed that the Co-op cannot afford additional major outlays, what exactly are you hoping to fund with the additional carrying charges that is not already covered in the capital plan?

Issue #2: The Co-op members will personally benefit less by accepting the Trust's capital infusion.

We sense an undercurrent that somehow the Co-op is unfairly seeking to benefit from the Trust's capital infusion. The trust's infusion is not about injecting luxuries into the members' lives. The members are permanently offering to give up significant amounts of money just to bring their building up to code and to fix problems that the city helped create decades ago.

The relatively high share prices compared to some other Co-ops reflect the members' substantial private outlays at very high interest rates over decades. The idea that they somehow did not do enough to save up for this inevitable project is belied by all that they did do. The cost today to the Trust compared to what it would have been in the 80s or 90s is relatively small and exceedingly reasonable. There is no desire to unfairly benefit from these funds. The only desire is to secure affordability and a minimum level of safety and very basic comfort for many more decades.

Our question for you: what is it about the project that you believe is excessive or from which individual members will unreasonably benefit?

Issue #3: The Co-op could make additional concessions, but they will come at a cost to affordability.

We were surprised that the Trust appeared not to realize that the Co-op has engaged in internal affordability measures, such as offering pass-through share loans for members, for a very long time. They are willing to continue those programs, among other options, but they cannot do that if they are required to push funds in some other direction that they would not otherwise choose.

You all also appear to agree based on the memo you provided the Trust that an increased third-party loan amount is not advisable. The payment of additional interest to for-profit institutions also drives that value outside of the Co-op and Trust where they can be leveraged with greater efficiency.

We would add that, even with a 15% contingency, the Co-op is taking on additional risk that the project cannot be completed even with the projected budget. This risk increases daily with COVID insecurity, which includes a residential construction boom that is driving price uncertainty, and the looming winter.

Our question for you: if the Co-op increases carrying charges for capital budgeting, are you ready to accept that their other affordability programs will get reduced or cut altogether? It is largely a zero-sum scenario for them. They have offered changes to share value formulas, share values, share loans, and even subsidies for rent burdened. It raises the question of whether the Co-op is even the most appropriate organization to fulfill some of these policy goals for the Trust, if it even requires them. It might, in fact, make sense for the City to offer subsidy items like a share-loan program to all co-ops rather than have low-income residents be expected to provide those for each other.

We hope you will return to the attached letter that Catherine Tutter sent weeks ago. We were very sincere about these elements being very near the limits of what the Co-op can accept going forward. We think we are close to an agreement on most of the terms, but arbitrarily raising carrying charges without a clear goal for that money and a clear policy

statement about why it is in the Trust's best interests to require subsidization by low-income individuals of members of even lesser means is essential to the Trust's mission.

Thank you for your time and help.

Sincerely,
Cody

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Cotter, Chris

From: Cody Thornton <cody@projectlawgroup.com>
Sent: Wednesday, September 23, 2020 4:37 PM
To: Cotter, Chris
Cc: Dennis Friedler; Catherine Tutter; John Nesby; Carlone, Dennis; Haines, Janet; Dolmatch, Anna
Subject: Park View Cooperative Negotiation Update for the Affordable Housing Trust
Attachments: MEMO - 2020-08-20 - Park View Memo Regarding Trust Requests.pdf; EMAIL - 2020-09-22 - Park View Cooperative.pdf

Please find below a memo that Park View Cooperative has drafted for the Affordable Housing Trust along with two prior messages. We would request that these topics be discussed in the Trust meeting this week. We assert again that the Co-op is more likely than not to accept a deal within the bounds established in the August 20, 2020, memo from Catherine Tutter. Thank you for your time and help.

_____

Dear Trust Members:

I am Park View Cooperative's attorney. Several representatives from the Co-op and I observed your video meeting on August 6, 2020, in which you discussed their renovation project at 24–26 Corporal McTernan Street. As you know, the project does the very minimum to bring a unique building in a prominent location in an important neighborhood up to a standard it should have enjoyed in the 1980s when it was purchased. We were elated with and grateful for your willingness to help provide a large amount of funding to finally bring it into the present.

For 36 years the members of the Co-op have sustained their dilapidated building through the substantial efforts of their robust community alone. During that time, they have funded $1.8 million of maintenance and repairs using their own funds and high-interest debt. They have done everything they could for this building for almost four decades and have done it very well at very low cost.

We took to heart the conditions and concerns you all expressed in the meeting, and we set out to negotiate a complex set of proposals among the Co-op's members that we felt would address all of your requirements. We also wanted to ensure a level of autonomy necessary for the Co-op to continue to do what it does best: work together efficiently to maintain a building and a community. A fair and reasonable level of oversight and involvement from the Trust's designees at CDD were also willingly and happily envisioned.

With little time to spare and a broken furnace reminding us of what needed to be done quickly, we pushed what is probably our best deal right to the forefront of the urgent conversation with CDD. On August 20, 2020, we delivered to them the attached memo from the Co-op's President Catherine Tutter outlining the proposal. We were then, and remain still, confident that the Co-op board could accept this arrangement.

We eventually were offered a meeting with CDD on September 10, 2020, in which we appeared to be on the same page on most of the topics, with most of the contention surrounding setting a standard for carrying charges. We proceeded to schedule another meeting on September 17, 2020, to finalize the issues, but that meeting was canceled the morning of. It was never rescheduled. We waited for any additional feedback.

Expecting a final call before the Trust's September meeting, we followed up with the attached email dated September 22, 2020, outlining where we thought there was still some confusion about the cooperative model of affordable housing

as it might plug into CDD's oversight role. We offered insights into how this project can be an exemplar of co-op funding and asked three simple questions that we hoped would inform a final proposal to the Trust:

1. If you have already assessed that the Co-op cannot afford additional major outlays, what exactly are you hoping to fund with the additional carrying charges that is not already covered in the capital plan?
2. What is it about the project that you believe is excessive or from which individual members will unreasonably benefit?
3. If the Co-op increases carrying charges for capital budgeting, are you ready to accept that their other affordability programs will get reduced or cut altogether?

We also expressed a concern that the policies CDD intended to implement appeared to place the burden of subsidy on low-income members simply because they are currently relatively better resourced than the lowest-income members. It seems reasonable to question why it is in the Trust's interests to force low-income individuals to provide the subsidies the Trust was established to provide, especially when it throws into turmoil the mutual commitment that a cooperative requires that can lead to resentment based on uneven cost burdens and responsibilities—at least without some justification as to why the differential is warranted.

On September 23, 2020, we received a copy of CDD's final proposal for the Trust's consideration. It contained many requests that were more expansive than we had been negotiating for years. It contained characterizations of the Co-op's likely ability to undertake certain programs that do not align with where we believe the Co-op is today, especially with the uncertainty the COVID-19 pandemic has stirred.

Shortly after receiving this memo, we were offered a 15-minute call with Chris Cotter to address our concerns that we were under the impression would require a more extensive negotiation after four years of collaboration. We were told that this was the proposal that would go to the Trust. Meanwhile, most of the concerns that we have raised in the August 20, 2020, memo and the September 22, 2020, email have not been addressed.

We heard you all say that you wanted to turn the project back to CDD for a thoughtful discussion about a way forward that can serve as a template for other cooperatives. We heard you say that you do not want to force a project that a cooperative like this one cannot accept. We heard you say that you do not want to be the ones who are conducting extensive oversight or trying to control the Co-op.

The Co-op is willing to accept reasonable increases in carrying charges as long as the budgeting reasons and social policies for those increases are clear. We think that already cost-burdened, low-income members are owed an explanation as to why the Trust expects them to subsidize even lower-income members. We also think that set percentage increases may be detrimental given exponential growth issues that are not usually offset by income increases.

The Co-op is very likely to accept oversight that is based on clear criteria and rules that CDD can oversee and enforce when necessary. We do not think it is in anyone's best interests to overly impede the Co-op's work with a paternalistic level of involvement, especially with the team's fantastic track record of managing their own building for almost 40 years.

The Co-op cannot, unfortunately, undertake all of the affordability measures and remain within the arbitrary 30%-of-income standard that may be more suitable to rental housing than it is for cooperative housing. Accepting new members at that standard will mean that they instantly become rent burdened with any increase. These carrying-charge measures should be limited to standards of reasonability that are set in each budgeting cycle. We are happy to set criteria with CDD for these periodic carrying charge updates. We would also like to see if the Co-op could not be affordable to members of even lesser means.

We hope that you might consider the proposal we made in the August 20, 2020, memo as a path forward. We welcome your other insights, critique, and recommendations and are thankful for your time.

Sincerely,

Cody Thornton

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CPA Comments_Projects

Name	Resident/Owner	Project Request - Title	Project Request - Summary Description	General Comment - CPA Area	General Comment - Summary
Joseph Rose	Resident			Open Space	Close off the one way street with the current bicycle counter-flow section of Fulkerson St from Spring to Charles and extend the existing Ahern Field into the newly acquired former Eversource parcel. From my understanding this was a planned and agreed upon idea from over a decade ago. Give the students more outdoor space- possibly a football field or tennis courts. Tie it directly into the grand junction path and if feasible add walkway over train tracks to the Linden Court area.
Hasson Rashid	Resident	Homelessness Tiny House Village	My project calls for the creation of a Tiny House Village (a new part of the Tiny House movements) designed to house the Homeless (https://www.shareable.net/blog/11-tiny-house-villages-redefining-home). Tiny houses are inexpensive to buy and maintain; they require less energy and have a smaller carbon footprints; and they naturally encourage sharing and consuming less. This project calls for offering affordable housing to chronically homeless citizens in a Tiny House Village. The price of a Tiny House Village for the homeless will cost tax payers less than what it cost to not house the homeless. The creation of Tiny Houses for the homeless should be the next step toward solving homelessness in Cambridge, MA. A Tiny House Village is a low-cost way to house the city's homeless. A "tiny house" is defined as a small structure (from 70—200 square feet in size) designed to provide temporary shelter for the homeless, usually with insulation and electrical wiring but without bathroom or cooking facilities (although they are provided nearby). Tiny homes are usually intended to be used as an interim step until permanent housing is found. These small structures are viewed as being a better option than having people sleep on the streets or in tents, especially during the cold and wet winter months. Tiny houses are not an "end all" solution, but they are a low-cost method for housing the homeless, at least on a temporary basis, and this is one approach that Cambridge, MA should consider using when addressing homelessness in the future. AttachmentSize Beloved Community Village – A Tiny Homes Community.html 92.34 KB City Builds Tiny Village For Homeless Veterans With 50 Tiny Houses So They Could Live There For Free | Bored Panda.html 391.44 KB How Cities Launch Tiny House Villages to Shelter the Homeless | EfficientGov.html 150.24 KB Seattle's first tiny house village for homeless women opens.html 65.34 KB Seattle's first tiny house village for homeless women to open on Wednesday | KOMO.html 288.56 KB Tiny Houses for the Homeless_ An Affordable Solution Catches On.html 84.04 KB Welcome to the City of Cambridge - City of Cambridge, MA.html 132.07 KB Submit Ideas for CPA Funding of Housing, Open Space, or Historic Preservation Projects - City of Cambridge, MA.html 99.45 KB Community Preservation Act - City of Cambridge, MA.html https://www.cctvcambridge.org/node/573334 https://www.shareable.net/blog/11-tiny-house-villages-redefining-home	Affordable Housing	Tiny house villages are a new part of the tiny house movement, yet they hold a lot of potential to transform lives and communities. The idea behind these villages is straightforward. It's about bringing tiny houses together in one place to create communities that share land, time together, skills, support, and other resources. Some tiny house villages are still in the planning phase or are demonstration villages. Many are designed to house the homeless. But as the tiny house movement grows, so does the desire to live a simple life in community. What we see today may be the beginnings of a large and diverse tiny house village movement. Below are 11 tiny house villages leading the way.

Name	Resident/Owner	Project Request - Title	Project Request - Summary Description	General Comment - CPA Area	General Comment - Summary
Zusy, Catherine	Resident	Transform a Derelict Parking Lot into a Grassy Beach at Magazine Beach	Magazine Beach Partners (MBP), the friends group for Magazine Beach Park, ask that the City invest $150k in CPA funds, matching Mass. Department of Conservation and Recreation (DCR) Partnership Matching Funds, to remove sunken pavement at the western end of the park and in the process create attractive, useable park space. Background: Thanks to the City's matching investment, over the past eight years DCR has dedicated its limited capital funds to restoring the 1818 Powder Magazine; removing a broken wading pool and play structure; building a canoe and kayak launch and spraydeck; and, most recently, expanding the patio and adding terracing at the Powder Magazine and redoing the shoreline path, widening and regrading it and adding thousands of native plants. What was once destitute 17-acre riverside park is now well on its way to being one of Cambridge's most significant open space attractions. While MBP have not been able to host park programs this summer due to the pandemic, as we have done since 2012, Magazine Beach Park's natural landscape, shade trees and cool river breeze, picnic benches, and free swimming pool and spraydeck have drawn drawn thousands to the park this year. Project Goal: Now it is time to bring the beach area up to the level we together have reached in the rest of the park by removing the ugly sunken parking lot at its western end. The attached Crosby Schlesinger Smallridge (CSS) Phase II-2 landscape plans and rendering illustrate what the grassy beach could look like with the paving removed. Also attached are a letter of support from DCR and the project budget. Please let me know if you have questions. And thank you so much for recognizing the importance of this open space to City residents and inspiring its transformation. To read about the most recent improvements at the park, go to: https://www.cambridgeday.com/2020/08/01/now-open-for-your-social-distancing-recreation-up-to-17-acres-of-newly-restored-magazine-beach/. To learn more about the park and Magazine Beach Partners, go to: magazinebeach.org	Open Space	I'm still waiting on a letter of support and budget from DCR. I'll forward these as soon as I receive them. DCR contact: Jennifer Norwood, Dir. of External Partnerships, jennifer.norwood@state.ma.us Thank you for all of your past support!
Meskerem	Resident			Affordable Housing	

Project Requests & Comments – Hasson Rashid Attachments


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