



CITY OF CAMBRIDGE
INTEROFFICE CORRESPONDENCE

To Robert W. Healy, City Manager
From Paul E. Healy, City Clerk
Subject Agenda Items 3-5 of December 16, 1985
(responses to Awaiting Reports)

Date December 19, 1985

Reference

Please be advised that at the City Council meeting of December 16th, Councillor Alice Wolf brought out the following points & suggestions with reference to the following items:-

1. Agenda Item No. 3 - Re: repair of fence & sidewalk areas along the Concord Avenue side of the Fresh Pond Reservation. She suggested that the Police Dept. be taken into consultation on this matter, from a public safety standpoint.
2. Agenda Item No. 4 - Re: speeding bicyclists. This item was referred back to you, on motion of Councillor Wolf, with the request for the inauguration of Bicycle Safety Month, with programs, etc.; also, for the placement of signs on the Common & to improve the lighting on the Common.
3. Agenda Item No. 5 - Re: UDAG loan repayments. This communication was placed on file and Councillor Wolf requested in connection with this matter that the City Manager notify the City Council before each UDAG payment & hold hearings prior to the allocation of monies.

I hope you will find the above information of assistance.

PEH/mh



CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT
City Hall Annex - Inman & Broadway - Cambridge, Mass. 02139

498-9034

To: Robert W. Healy, City Manager October 7, 1985
From: Jim Campbell, East Cambridge
Project Director
Re: UDAG Loan Repayments

In response to City Council Order~~6~~, dated September 9, 1985, submitted by Councilor Wolf, below is a summary of UDAG loan repayments.

The City currently has three UDAG's under agreement with the U.S. Department of Housing and Urban Development (HUD): 1) the East Cambridge Riverfront Project, \$6.8 million; 2) the Lechmere Canal Development Project, \$4.905 million; and 3) the Neighborhood Energy Program, \$.368 million.

East Cambridge Riverfront

The East Cambridge Riverfront UDAG did not include any direct loans to private entities. The funds were used by the City for the construction of the Lechmere Canal Park, the construction of the East Cambridge Parking Facility, Phase I, and the design of the roadway improvements to O'Brien Highway, Cambridge St., First St., Commercial Ave., and Cambridge Parkway. Also, a direct grant was given to the Cambridge Multi-Cultural Art Center to assist in the renovation of the Bulfinch Buildings.

Lechmere Canal Development

The Lechmere Canal Development UDAG includes a \$680,000 loan to the Marcus Organization for the renovation of the historic Davenport Building. The loan should be disbursed by February 28, 1986, at which time Marcus will have to pay monthly interest payments at an annual rate of two percent (\$1,133/month). Upon completion of the renovation, principal and interest will be paid based on a 25 year amortization period (\$2,882/month).

If the Davenport Project is successful the City will also receive "contingent interest". Contingent interest will be equal to ten percent of the net annual cash flow, (total cash flow minus operating expenses -- as specified on federal tax returns -- and a ten percent return on equity). It will be paid annually until the full loan is paid off or until ten years from the grant award.

Also, until the loan is paid off or until ten years after the date grant award, the City will receive ten percent from the net

of the

proceeds of a sale or refinancing of the Davenport Project. Net proceeds are defined as total amount received minus the payment of first and second mortgages, UDAG loan, documented closing costs, and developer equity.

UDAG repayments are considered by HUD to be "program income" and must be spent on Community Development Block Grant (CDBG) eligible activities. To date, none of the projected income has been encumbered, however representations were made to the East Cambridge neighborhood that neighborhood stabilization activities would be a top priority for use of the funds.

The remaining \$4.225 million of the Lechmere Canal Development UDAG is being used by the City for the construction of the East Cambridge Parking Facility, Phase II.

Neighborhood Energy

The Neighborhood Energy UDAG made only two small loans (at 0% interest) to non-profit organizations, totalling \$9,750. \$3,982 has been paid back, and the remaining \$5,767 will be paid back over the next 19 months. The paybacks are considered "program income" and must be used for CDBG eligible activities. To date, they have not been encumbered.

We have just received an unofficial notification that a UDAG for the U.S. Trust Project has received preliminary approval from HUD for approximately \$1 million. The funds would be loaned to U.S. Trust. Terms and conditions are still under negotiation. Although no payback funds have been encumbered, representations were made to the neighborhood that payback funds would be used for CDBG eligible activities in Neighborhood Four.

JC/tm

cc: Mary Flynn



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
TEL. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

December 16, 1985

To the Honorable, the City Council:

In response to Awaiting Report No. 25 regarding the schedule of loan repayments from existing UDAG grants, please see the attached response from Jim Campbell of the Community Development Department.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Robert W. Healy", is written over the typed name and title.

Robert W. Healy
City Manager

Agenda Item No. 5 F-427

Re: response to Awaiting Report Item No. 25
on UDAG loan repayments.

Letter sent to the City Manager
outlining action taken by Council
copy within 1/19/85 ab

In City Council,

December 16, 1985

12/16/85
Placed on File
Work requested
City Mgr to notify
City Council before
call bond payment
and full handling
prior to allocation
of monies -