

IN CITY COUNCIL
CITY OF CAMBRIDGE

November 1, 1999

INTRODUCED BY CITY MANAGER ROBERT W. HEALY

AN ORDER CONCERNING APPROPRIATION FOR THE FISCAL YEAR BEGINNING JULY 1, 1999

ORDERED: That in addition to sums previously appropriated by the City Council for the fiscal period 1998-99 the following sum is hereby accepted in accordance with General Laws Chapter 44, Section 53A and appropriated in the Grant Fund of the City of Cambridge:

FUNCTION	DEPARTMENT OR PROGRAM	SALARIES & WAGES	OTHER ORDINARY MAINTENANCE	TRAVEL & TRAINING	EXTRAORDINARY EXPENDITURES	APPROPRIATION
Community Maintenance & Development	Community Development				\$2,500,000	\$2,500,000

BE IT FURTHER ORDERED: That the above acceptance and appropriation in the Grant Fund to be financed by estimated revenues drawn from the following sources:

FINANCING PLAN	REVENUE
Free Cash	\$2,500,000

In City Council November 1, 1999.

Adopted by a yeas and nays vote:-

Yeas 9; Nays 0; Absent 0.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-


D. Margaret Drury
City Clerk

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D. Margaret Drury
City Clerk

City of Cambridge

MASSACHUSETTS

In City Council Nov. 1, 19999

Agenda # 1 - 2,500,000 for loan guarantee

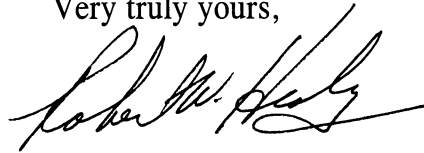
	YEA	NAY	ABSENT	PRESENT
Ms. Kathleen L. Born	✓			
Ms. Henrietta Davis	✓			
V. Mayor Anthony Galluccio	✓			
Mr. Kenneth E. Reeves	✓			
Ms. Sheila T. Russell	✓			
Mr. Michael A. Sullivan	✓			
Mr. Timothy J. Toomey, Jr.	✓			
Ms. Katherine Triantafillou	✓			
Mayor Francis H. Duehay	✓			

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The Honorable, The City Council
November 1, 1999
Page 2

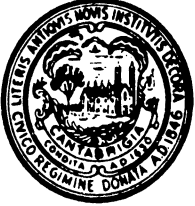
It is important for the City Council to understand that this process is rather unique in regards to municipal finance law and it is possible that between the time of this appropriation and the loan closing an adjustment to the wording of this appropriation may be required to satisfy the lenders attorneys.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Healy", written in a cursive style.

Robert W. Healy
City Manager

RWH/mec



CITY OF CAMBRIDGE
CAMBRIDGE, MASSACHUSETTS 02139

TEL. 349-4300
FAX. 349-4307



EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

November 1, 1999

To The Honorable, The City Council:

RECOMMENDATION: Appropriate \$2,500,000 to the Community Development Department Extraordinary Expenditures Account from Free Cash to be used as a loan guarantee towards the purchase of 95 units of affordable housing in Areas 1, 3 and 4. Said appropriation to lapse on June 30, 2000 should the loan guarantee not be required.

BACKGROUND: Homeowner's Rehab, Inc. (HRI) has requested \$5,000,000 in funding from the Affordable Housing Trust to assist in the purchase of 95 units located in 17 properties scattered throughout Areas 1, 3 and 4.

These 17 structures are owned by a single owner and have 75 units either vacant or housing households receiving some form of formal rent subsidy, primarily Section 8. The units consist primarily of 2,3, and some 4-bedroom units. All 95 units will be under long-term affordability restrictions. The sale price that has been negotiated by HRI is \$13,400,000. The sale has been structured so that at the time of transfer HRI will be required to provide \$4 million dollars to the seller with the remaining \$9.4 million made available through seller's financing. The seller financing is being provided at a 3% interest rate, amortized over 35 years with a 22-year term.

Due to the amount of the current Trust funds available, HRI is proposing to borrow \$2.5 million now in order to make it possible to purchase the property before the end of the year. The remaining \$2.5 million of the request will be allocated after July 1, 2000 based on the assumption that the Trust will receive City funding in FY2001. In the meantime, HRI will be executing a bridge loan with The Life Initiative, a fund capitalized by the life insurance industry that will be secured with a commitment from the City to take out the loan shortly after July 1, 2000. Securing the loan against future Trust allocations will require City Council approval in the form of this appropriation request. The closing agreement with the lender will contain language that this \$2,500,000 appropriation will not be accessed unless the FY2001 City appropriation to the Affordable Housing Trust is less than \$2,500,000. Should the loan guarantee not be required, the appropriation requested in this letter will lapse.

Consent Agenda #1

172F

Appropriation of \$2,500,000
to be used as a loan guarantee
towards the purchase of 95 units
of affordable housing in Areas 1, 3
and 4.

In City Council November 1, 1999

ORDER ADOPTED

9-0-0.