

Mr. Healy said that after a great deal of inquiry, the answer to the question of whether this appropriation can be counted for the purpose of state matching funds is "we think so." He has not been able to obtain an opinion from the DOR in writing but the DOR has given a very favorable interpretation in discussions with Cambridge.

Councillor Braude said that if this is indeed the outcome, it is an enormous accomplishment by Mr. Healy, Mr. Maloney and Representative Jarret Barrios. He noted that the City Council must vote to put the CPA on the ballot and then the CPA must be accepted by voters in the November elections. The election will take place after the tax bills go out, so the City will have to do estimated tax bills.

Mr. Healy said that the City Council may want to take the sums that would otherwise be allocated to the capital budget for the three programs - affordable housing, open space and historic preservation, and lump them together in a stabilization account, if the City Council decides to place the question of acceptance of the Community Preservation Act (CPA) on the ballot. If the voters approve the CPA, the tax revenues in the stabilization fund could be allocated to housing, open space and historic preservation.

Mr. Maloney then discussed the estimated tax bills. He explained that a city is not allowed to use an estimated tax bill for anything except a recertification process. This year Cambridge is in the middle of recertification, which is reason enough for estimated tax bills. He went on to explain that the City could not appropriate and spend the money put in a stabilization fund between July 1 and November 6, when the voters decide. Mr. Maloney also said that Mr. Healy's proposed budget will contain an estimated tax levy of 7% - 8%.

Councillor Braude said that there is an estimated potential of \$25-28 million to be used statewide for matching funds. State officials do not expect many applicants for this first round of matching funds. He noted that the CPA was defeated in Framingham. He said that the law provides for a Conservation Preservation Committee of five to nine members who would decide how to apportion the 70% left after 10% is allocated to each of the three program areas. The City Council would decide on the number of committee members, and the City Manager would appoint the members to the committee.

--Councillor Braude then invited questions and comments from those present.

In response to a question from Ms. Bowdoin, Mr. Maloney said that coincidentally, the total amount of capital spent on the three program areas amounts to 3% of the budget.

Councillor Braude stated that once implemented, the CPA must continue for five years, although the City would have the power to go back to the voters to change the percentage. Once this step is taken, the City is locked in for five years. This legally binding long-term commitment would also be a first for the City.

Mr. Maloney said that affordable housing has always been funded with \$2.25 million tax levy funds and \$2.25 million free cash. Since only tax levy funds count for matching funds, the City would want to use only tax dollars for the entire appropriation. Also, the CPA provides for this 3% "surcharge" to be exempt from Proposition 2½.

Richard Brown, former member of the Green Ribbon Open Space Committee asked if the additional funds could potentially be \$5 million for five years. Councillor Braude answered in the affirmative.

Lydia Vickers, School Street, asked for further explanation.

Mr. Maloney explained the tax bills.

Councillor Braude expressed hopes for a quick response from the DOR. Then the Housing Committee will meet to decide on a recommendation.

Councillor Braude thanked all those present for their participation. The meeting was adjourned at 6:45 P.M.

For the Committee,

A handwritten signature in cursive script that reads "Jim Braude".

Councillor Jim Braude, Chair

City of Cambridge

HOUSING COMMITTEE MEMBERS

Councillor Jim Braude, Chair

Councillor Kathleen L. Born

Councillor Henrietta Davis

Councillor Marjorie C. Decker

Vice Mayor David P. Maher

In City Council June 4, 2001

The Housing Committee held a public hearing on April 5, 2001, beginning at 6:10 P.M. in the Sullivan Chamber for the purpose of continuing discussion of the Community Preservation Act (CPA).

Present at the hearing were Councillor Jim Braude, Chair of the Committee, Robert W. Healy, City Manager, James Maloney, Assistant City Manager for Fiscal Affairs, Richard Brown, Green Ribbon Open Space Committee, Sally Zimmerman, Historical Commission, Lydia Vickers, Area 4 Coalition, Julia Bowdoin, Executive Director of the Conservation Commission, Gwen Noyes, Affordable Housing Trust, Sarah Klipfel, Chamber of Commerce, Terrie Lurie, Cambridge Housing Authority and D. Margaret Drury, City Clerk.

Councillor Braude convened the hearing and explained the purpose. He welcomed all those in attendance and then invited Mr. Healy to begin discussion.

Mr. Healy explained that at the last meeting the question he was requested to pursue was whether Cambridge could get the benefit of the \$4.5 million appropriation of tax revenue that Cambridge has been making for affordable housing. The law provides for a state matching fund for the tax funds spent for affordable housing, open space and historic preservation up to 3% of the tax levy. The Department of Revenue (DOR) guideline says that the money cannot supplant existing programs. But the \$4.5 million is funding that the City is not legally obligated to continue to provide; the appropriation is an annual decision by the City Council. The question is whether this \$4.5 million can be counted for the purpose of calculating the state matching funds.

Mr. Maloney said that the DOR first said that Cambridge could not count annual appropriations to the Affordable Housing Trust. However, the prohibition is on counting funds used for "maintenance of efforts" that are ongoing, and the DOR defines "maintenance of efforts" to mean funds that the City is already legally required to appropriate every year. For example, the City is legally obligated to repay debts from bonds or other loan programs specifically borrowed for affordable housing so that debt payment funds couldn't be counted towards the calculation of state matching funds. However, no legal obligation underlies the appropriation that the City has been making to the Affordable Housing Trust. The fact that the City has appropriated the same amount of tax revenue to the Affordable Housing Trust for a few years does not mean that the City has a legal obligation to maintain this effort.

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Committee Report #1

Committee Report from Councillor
Jim Braude, Chair of the Housing
Committee, for a meeting held on
April 5, 2001 for the purpose of
continuing discussion of the
Community Preservation Act.

In City Council June 4, 2001

Report Accepted

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