

In Council packet

CITY OF CAMBRIDGE
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EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

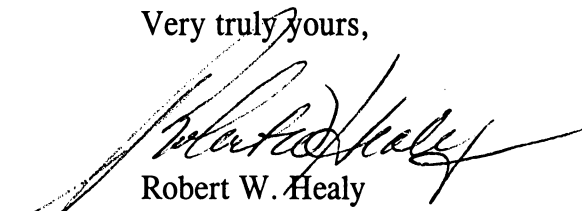
RICHARD C. ROSSI
Deputy City Manager

July 24, 1998

To The Honorable, The City Council:

Please find attached for your information a communication from Assistant City Manager for Community Development Susan Schlesinger, relative to 929 House status.

Very truly yours,


Robert W. Healy
City Manager

RWH/mec
Attachment



CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT

SUSAN B. SCHLESINGER

*Assistant City Manager for
Community Development*

BETH RUBENSTEIN

*Deputy Director for
Community Development*

MEMORANDUM

TO: Robert W. Healy, City Manager

FROM: ^{SRS} Susan Schlesinger, Assistant City Manager for Community Development

DATE: July 21, 1998

RE: 929 House Status

We have learned that the owners of 929 House, McNeil Real Estate Group, intend to prepay their HUD-insured mortgage and refinance the property. There is also the likelihood that the owners will sell the property to a real estate investment trust, Grove Property Trust, based in Connecticut.

929 House is one of the city's "expiring use" properties. We have known for several years that the property was at high risk of prepayment since the owners attempted to participate in the now-defunct federal Low Income Housing Preservation & Resident Homeownership Act (LIHPHA) program 3 years ago. There are 58 affordable units of 127 total units in the property. Twenty-four of these 58 units will remain affordable in perpetuity due to a condition upon which the BZA granted a zoning variance in 1971 that enabled the building to be constructed.

We have talked with McNeil Real Estate Group and their financial consultants, Recapitalization Advisors, Inc. about their plans for the property and the City's interest in preserving the affordability of the expiring use properties. As you know, we have also sent a letter to the prospective owners, Grove Property Trust, to inform them of the zoning restriction on the property maintaining 24 affordable units. We also conveyed the City's strong interest in preserving the long-term affordability of the property.

A meeting to talk with residents about the status of the property was held at the Senior Center on July 9, 1998. At the meeting, Community Development Department (CDD) and CEOC staff talked with 929 House residents about McNeil's plans, prepayment, and the likelihood of a new owner. We are also in the process of applying for an Intermediary Technical Assistance Grant (ITAG) from HUD which will allow us to obtain the necessary financial, legal, technical, and resident organizational help in negotiating a positive outcome for the tenants.

The ITAG application will be submitted at the end of July. We should hear from the local agency administering the program, Community Economic Development Assistance Corporation (CEDAC) about funding by the middle of September. In the meantime, we have secured a verbal commitment from the owners (current and prospective) that at a minimum, all existing tenancies will be preserved through the acceptance by the owners of enhanced Section 8 vouchers.

Over the next two to three months, CDD and CEOC will work to negotiate a written agreement with the owners to preserve existing tenancies, assist tenants with obtaining enhanced vouchers, ensure that the 24 units required by zoning are maintained as affordable, and attempt to secure all, or a majority of the balance of the currently assisted units (34) as affordable.

The owner has indicated that they want to prepay and refinance the property by the end of October. We will keep you informed as things progress.

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Information relative to 929 House
status.