



City of Cambridge

Agenda Item Number Four

IN CITY COUNCIL

May 2, 1983

WHEREAS:

Homeowner's Rehab, Inc., a non-profit corporation located at 678 Massachusetts Avenue, Cambridge, proposes to construct houses for lower-income families on land owned by the City of Cambridge and commonly known as 138-166 Cherry Street, Cambridge, Massachusetts; and more particularly described in Exhibit A attached hereto (the Property); and

WHEREAS:

The City Council has, at the request of neighborhood residents, submitted a Home Rule Petition to the Great and General Court on June 29, 1981, requesting development of the property originally taken by eminent domain for the provision of open space, for low- and moderate-income housing by a non-profit community corporation; and

WHEREAS:

The Great and General Court of the Commonwealth of Massachusetts did enact said Home Rule Petition as Chapter 490 of the Acts and Resolves of 1981; and

WHEREAS:

NEIGHBORHOOD 4 residents have participated in the development of Selection Criteria and measures to render the proposed housing more affordable to Neighborhood 4 residents; and

WHEREAS:

The Community Development Department has allocated an additional \$40,000 of CDBG funds to lower housing costs for Neighborhood 4 who would not otherwise meet bank underwriting criteria; and

WHEREAS:

This City Council desires to convey this property to Homeowner's Rehab, Inc., subject to the restriction that Homeowner's Rehab, Inc., continue to coordinate the development process with the Cambridge Community Development Department to ensure that the purposes of the Home Rule Petition to provide homeownership opportunities for lower-income Cambridge residents are fully implemented; and

WHEREAS:

The City Manager has taken into account to maximum extent as requested by the City Council, the points enumerated in the communication dated August 2, 1982 received from neighborhood residents of Area 4, which reads as follows:

1. In the selection process, priority be given to those with the greatest financial need and those with the greatest need for space. This should be in addition to the residency priorities already agreed by Homeowner's Rehab, Inc.
2. At least four units be sold to families with incomes \$15,000 or less.
3. In the residency priorities, there should be no time limit in establishing the priority for former residents of Area 4 who were displaced because they could not obtain affordable housing in Area 4.
4. Two representatives from Area 4 sit as observers during Homeowner's Rehab, Inc.'s selection of home buyers. They should be elected at a publicly advertised meeting of Area 4 residents.
5. Any complaints by the observers about the selection process be made public at the time they are submitted to the Community Development Department, without revealing the identity of any applicant.
6. The City--not Homeowner's Rehab, Inc.,--be given right to buy back any unit put up for resale, at the original price plus a reasonable appreciation. The City should then sell the unit using the same priorities developed for the original buyers. Homeowner's Rehab, Inc., is using City land and City money (its operating costs are paid by the City under contract) to build these units. We cannot see where Homeowner's Rehab, Inc., has earned the equity in this project to entitle it to the right of first refusal in case of resale..
7. Finally, all these assurances should be included in a sales contract between the City and Homeowner's Rehab, Inc., before the land is turned over to Homeowner's Rehab, Inc. That is the best protection for residents of Area 4 and the City. We want to make sure that public funds are used in the public interest; and

WHEREAS:

The City Manager, Area 4 neighborhood residents and Homeowner's Rehab, Inc. have reached agreement on the conditions governing the development as expressed in Contract 56-83 between the City of Cambridge and Homeowner's Rehab, Inc.; Now, therefore, be it

ORDERED:

That the City Manager is authorized to execute and deliver a Purchase and Sale Agreement concerning the Property by and between the City of Cambridge and Homeowner's Rehab, Inc., in form acceptable to him and containing such terms and conditions as he shall deem necessary. The City Manager is further authorized to execute and deliver any amendments or additions to said Purchase and Sale Agreement as he shall deem necessary. Notwithstanding the preceeding two sentences, the City Manager shall not be required to enter into such a Purchase and Sale Agreement if, in his sole discretion, he does not deem said Purchase and Sale Agreement to be necessary for the conveyance authorized below; and be it further

ORDERED:

That the City Manager is hereby authorized and directed to convey the Property and improvements thereon to Homeowner's Rehab, Inc., for consideration of One Dollar (\$1.00) and other good and valuable considerations which are not monetary; and be it further

ORDERED:

That the City Manager is hereby authorized and directed to execute and deliver to Homeowner's Rehab, Inc., in the name of and on behalf of the City of Cambridge in such form as the City Manager shall approve (such approval to be conclusively evidenced by such execution and delivery) such documents, instruments, agreements, deeds, warranties, indemnifications, releases or certificates, or amendments thereto, required by Homeowner's Rehab, Inc., as the City Manager may deem necessary, desirable or appropriate to accommodate the intent of the foregoing resolutions; and be it further

ORDERED:

That the City Manager is hereby authorized to execute, accept and deliver such supplemental or ancillary documents as are reasonably necessary to implement the intent of these resolutions and to execute, accept and deliver amendments thereto.

In City Council May 2, 1983.

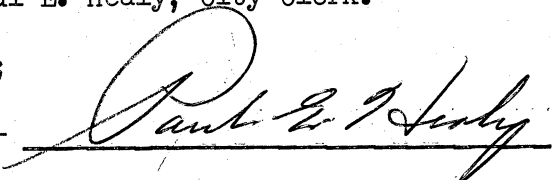
Adopted by a yea and nay vote:-

Yeas 5; Nays 0; Absent 4.

Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:-


Paul E. Healy, City Clerk.

#4 Agenda

City of Cambridge

MASSACHUSETTS

In City Council

May 2 1983

YEA

NAY

ABSENT

PRESENT

Mr. Daniel J. Clinton

Mr. Thomas W. Danehy

Mr. Francis H. Duehay

Ms. Saundra Graham

Mr. Leonard J. Russell

Mr. David E. Sullivan

Mr. Walter J. Sullivan

Mr. Wylie

Mayor Vellucci

5 0 4

HOMEOWNER'S REHAB, INC.
678 Massachusetts Avenue
Room 206
Cambridge, Massachusetts 02139
868-4858

April 27, 1983

Michael Rosenberg, Housing Director
Cambridge Community Development Department
City Hall Annex
57 Inman Street
Cambridge, Massachusetts 02139

RE: 138-166 Cherry Street Infill Housing Development

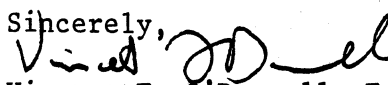
Dear Mike:

In connection with the above-captioned development, a technical problem has arisen concerning the quality of title to the land which Homeowner's Rehab, Inc. will obtain from the City. The nature of the problem, as well as a straightforward solution, are described in the attached letter of April 27, 1983 from Lyne, Woodworth & Evarts, counsel to the construction lender for this project. Basically, the solution requires an amendment to the language of the August 2, 1982 City Council Order authorizing the sale of land to HRI.

We regret the fact that this action is necessary at all, but we and the lender's counsel have exhausted our best efforts to solve the problem in any other way. Again, unfortunately, time is of the essence, since we need to keep to a tight schedule in order to hold a new permanent financing commitment from MHFA at substantially lower interest rates than previously available. Both the interest rate (below 11%) and the liberalized underwriting standards (31% debt - to-income ratio) will enable HRI to qualify purchasers whose income is several thousand dollars lower than previously projected.

Because it will assure that clear title ultimately passes to the lower-income families buying these houses, we feel that this requested action is both necessary and in the best interests of the project's beneficiaries. Please let me know if you require any further information concerning this matter.

Sincerely,


Vincent F. O'Donnell, Executive Director

enclosures

ALBERT L. HYLAND
JOHN A. LONG
EDWARD J. DUGGAN
E. F. HARRIGAN
RODERICK M. CONNELLY
GEORGE E. DONOVAN
WILLIAM B. O'KEEFE
JOSEPH F. RYAN
EDWARD R. MCPARTLIN
WALTER J. CONNELLY
NORMAN M. GOLDBERG
FRANCES X. HOGAN
RICHARD P. CALLAHAN
EDWARD S. ROONEY, JR.
NORMAN C. SABBAY
RICHARD A. FREEDMAN
GERARD F. MACKIN, JR.
JOHN P. CARR
KENNETH A. JOHNSON
STEPHEN M. SHEEHY
WILLIAM H. OHRENBERGER, III
MARY BASSETT-STANFORD

LYNE, WOODWORTH & EVARTS

SEVENTY FIVE FEDERAL STREET
BOSTON, MASSACHUSETTS 02110

TELEPHONE (617) 482-6655

CABLE ADDRESS "LYNEWOOD"

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DANIEL J. LYNE
1912-1957
S. C. WOODWORTH
1912-1963
RICHARD C. EVARTS
1916-1972

OF COUNSEL
JOHN J. FITZGERALD

April 27, 1983

Vincent F. O'Donnell, Executive Director
Homeowner's Rehab, Inc.
678 Massachusetts Avenue
Cambridge, MA 02139

Re: 138-166 Cherry Street
Cambridge, MA

Dear Vince:

Please be advised that this office represents Shawmut County Bank of Cambridge in connection with its construction mortgage commitment to Homeowner's Rehab, Inc. for the improvement of the property located at 138-166 Cherry Street by locating thereon eight units of pre-manufactured single family attached townhouses for sale to lower income families.

Our representation of the Bank included a review of the title to the real estate. Based on said examination, we have determined that ownership stands in the name of the City of Cambridge. However, in order to be certain that no question can be raised as to the validity of the deed from the City to Homeowner's Rehab and, ultimately, to protect the lower-income families who will be the purchasers, it will be necessary, in order for us to recommend to Shawmut Bank that this mortgage be funded, for certain modifications to be adopted amending the order of the Cambridge City Council dated August 2, 1982.

The particular concerns which we have on behalf of the Bank are:

(1) The fact that the City is conveying City owned property for only \$1.00 and

(2) The fact that there is an ambiguity concerning the rights of the City to repurchase the property. Such rights must be clarified so that there is no question that the Bank will have a good first mortgage of record protecting it and its successors and assigns whether by foreclosure or deed in lieu thereof.

Mr. Vincent F. O'Donnell

Page 2

April 27, 1983

I am enclosing a draft of a revised order which will take care of these technical problems. Please let me hear your comments.

I will be happy to discuss this matter further with you or City representatives at the convenience of the parties.

Very truly yours,

LYNE, WOODWORTH & EVARTS

By Frances X. Hogan
Frances X. Hogan

FXH/lmm
Enclosure



CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT
City Hall Annex Inman & Broadway

To Robert W. Healy, City Manager
From Kathy A. Spiegelman, Assistant City Manager for Community Development **Date** April 28, 1983
Subject Sale of 138-166 Cherry Street to Homeowner's Rehab, Inc.
for Low- and Moderate-Income Housing

The Council Order of August 2, 1982 authorizing the sale of the Cherry Street site to HRI contains certain technical problems which have been identified by the bank's attorney and which must be corrected by Council action in order for HRI to obtain clear title from the City and then convey title to the selected home buyers. The accompanying letter from the attorney, Frances Hogan, explains these technical problems and the accompanying draft Council Order contains the necessary language that would resolve these problems.

The draft order is faithful to the terms and conditions of the Council's original order of August 2, 1982. I understand that Ms. Hogan has reviewed this matter with Russ Higley and that he has no objection to the wording proposed.

In view of the limited time with which to obtain the favorable MHFA mortgages, it is important that the Council act on this matter on May 2, 1983. Ms. Hogan is prepared to attend the Council session to answer any questions.



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139

Tel. 498-9011

EXECUTIVE DEPARTMENT

ROBERT W. HEALY

City Manager

May 2, 1983

To the Honorable, the City Council:

Enclosed please find copy of a communication from Kathy A. Spiegelman, Assistant City Manager for Community Development, relative to making a few changes in the City Council Order of August 2, 1982 on the sale of 138-166 Cherry Street to Homeowner's Rehab, Inc. for low and moderate income housing.

Very truly yours,

Robert W. Healy
City Manager

RWH/mbf
Encs.

Re: comm. from the Community Development
Dept. requesting changes in the Council Order
dated August 2, 1982 on the sale of 138-166
Cherry St. for low & moderate income housing.

*Copy sent to Homeowner's Rehat
May 16, 1983 mh*

In City Council,

May 2, 1983

5/2/83

Order Adopted

5-1-4