



City of Cambridge

Consent Agenda #33

IN CITY COUNCIL

June 24, 1996

- WHEREAS:** Section 108 of the CDBG Program established by the U.S. Housing and Community Development Act of 1974, as amended, provides the City of Cambridge with the opportunity to borrow funds on favorable terms for eligible community development activities; and
- WHEREAS:** The City of Cambridge desires to support the preservation of 212 affordable dwelling units at 808 Memorial Drive; and
- WHEREAS:** Homeowners Rehab Inc. and the tenants of 808 Memorial Drive have requested that the City apply for Section 108 funding in order to allow the preservation project to move forward;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF CAMBRIDGE:

That the City Manager is authorized and requested to:

1. Prepare an application for a loan of up to \$2,500,000 under the Section 108 provisions of the Federal CDBG Program, on terms practical for the City, for use in helping finance the 808 Memorial Drive Preservation Project or other expiring-use projects;
2. Submit said application to the U.S. Department of Housing and Urban Development, with all related understandings and assurances, as early as all CDBG and Section 108 pre-application requirements have been met;
3. Administer the Section 108 Project, upon approval of the application, in compliance with all Federal regulations, including, where necessary, the processing of amendments to the Federal contract, as well as transmittal to the Federal Government of any and all information it requests about the Project's administration.

In City Council June 24, 1996.

Adopted by a yeas and nays vote:-

Yeas 9; Nays 0; Absent 0.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

D. Margaret Drury

ATTEST:-

D. Margaret Drury
City Clerk



CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT

SUSAN B. SCHLESINGER
*Assistant City Manager for
Community Development*

ELIZABETH EPSTEIN
*Deputy Director for
Community Development*

MEMORANDUM

TO: Robert W. Healy, City Manager

FROM: Susan Schlesinger, Assistant City Manager for Community Development

DATE: June 24, 1996

RE: Request for Authorization to Submit Section 108 Loan Guarantee Application to U.S. Department of Housing and Urban Development

The purpose of this memorandum is to request the authorization by the City Council for the City to submit an application for a \$2.5 million Section 108 Loan Guarantee to the United States Department of Housing and Urban Development (HUD). This Section 108 Loan Guarantee would be used by the City to support an Expiring Use Restriction Housing Preservation Program.

The City intends to use the Section 108 funds to support the acquisition and rehabilitation of the 301-unit 808-812 Memorial Drive property by a partnership between Homeowner's Rehab, Inc. and building residents. HRI and the residents have requested a Section 108 Loan from the City to cover a portion of the total cost, which is estimated at approximately \$37.5 million. The current estimate is for a Section 108 Loan in the amount of \$1.3 million. This amount may change, however, based on final decisions by other project funders, including state allocated tax credits. The City would have the ability to increase the loan amount up to \$2.5 million under this proposal. A public hearing on this proposal was held at the Community Development Department on June 20, 1996.

HRI and the residents are attempting to take advantage of the final pool of federal funds allocated to preserving expiring use restriction buildings. They have submitted a Plan of Action to HUD on June 15, 1996 which describes the proposed acquisition and rehabilitation of the property. The Plan also serves as an application for a federal grant of approximately \$15.7 million. These funds are available to allow non-profit and tenant purchasers to acquire expiring use buildings, but there is great demand and funds may not be available to assist all proposed sales.

Memorandum to Robert W. Healy
June 24, 1996
Page 2

In addition to the federal funds, HRI and the residents have applied to the state's Executive Office of Communities and Development (EOCD) for an annual allocation of \$800,000 in Low Income Housing Tax Credits. EOCD is expected to make its funding decision shortly. This is a critical piece of the proposed financing.

In addition to the Section 108 funds, the City expects to allocate additional project financing to support this sale. The current projection for additional financing is \$1.3 million.

This would be the third use of Section 108 funds by the City of Cambridge. The City has successfully used Section 108 funds to support the commercial development of biotech firms and to assist in the development of the 77-unit Auburn Court housing located along Brookline Street in University Park.

Preserving expiring use restriction housing is a top priority of the City's housing policies. City Council approval of this request will allow the City to move forward with plans to preserve 808 Memorial Drive.



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

June 24, 1996

To The Honorable, The City Council:

Attached please find a request for Authorization to Submit Section 108 Loan Guarantee Application to U. S. Department of Housing and Urban Development, submitted by Susan Schlesinger, Assistant City Manager, Community Development.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Healy", is written over a horizontal line.

Robert W. Healy
City Manager

RWH/dls
enclosure

Consent Agenda #33

F-104

Relative to a request for authorization
to submit section 108 loan guarantee
application to U.S. Department of
Housing and Urban Development.

In City Council June 24, 1996

Order Adopted
9-0-0 .