



# City of Somerville, Massachusetts

## City Council Finance Committee

### Meeting Minutes

**Tuesday, February 21, 2023**

**6:00 PM**

This meeting was held via GoToWebinar and was called to order by Chair Wilson at 6:00 pm and adjourned at 9:02 pm with a roll call vote of all in favor (Councilor Pineda Neufeld, Councilor Clingan, Councilor Kelly, Councilor Scott, and Chair Wilson), none opposed, and none absent.

Others present: Hannah Carrillo – Mayor’s Office, Brad Rawson – OSPCD, Catherine Lester Salchert – Law Office, Viola Augustin – OSPCD, Rachel Nadkarni – OSPCD, Thomas Galligani – OSPCD, Alexis Turgeon – OSPCD, Francis Golden – Assessing, Damien Chaviano – Mark Development LLC, Robert Korff – Mark Development LLC, Scott Lombardi – Mark Development LLC, Beverly Gallo – Peregrine Group, Barry Abramson – Abramson & Associates, Adam Dash – Adam Dash Law, Stephanie Widzowski – Clerk of Committees.

#### Roll Call

**Present:** Chairperson Jake Wilson, Vice Chair Jefferson Thomas (J.T.) Scott, Charlotte Kelly, Jesse Clingan and Judy Pineda Neufeld

1. Committee Minutes (ID # 23-0208) Approval of the Finance Committee Minutes of February 7, 2023.

**RESULT:** ACCEPTED

**AYE:** Chairperson Wilson, Vice Chair Scott, City Councilor At Large Kelly, Ward Four City Councilor Clingan and Ward Seven City Councilor Pineda Neufeld

#### Financing - Public Hearing re: Item# 23-0110

2. Mayor's Request (ID # [23-0110](#)) Requesting approval of the Urban Center Housing Tax Increment Financing (UCH-TIF) Zone, Plan, and Form of Agreement for Winter Hill.

#### **Public Hearing re: Item#23-0110**

Chair Wilson announced that written comments will be accepted until noon EST on Thursday, February 23, 2023 and can be submitted to [CityClerk@somervillema.gov](mailto:CityClerk@somervillema.gov).

1. Carlos DeSouza, representing carpenters in residential sectors in New England, commented on how rising rents impact working families and asked the Committee to require developers to use local, union labor for this project.
2. Ron Cavallo talked about high taxes on his properties and how Somerville

policy around small-scale development harms the economic base and is driving small developers out.

3. Tori Antonino expressed support for the project and asked if UCH-TIF can be used in other parts of the city to incentivize other developers to build affordable housing. Ms. Nadkarni replied that it can be used, but only in primarily commercial districts.

4. Chris Dwan spoke in favor of the project, but asked the Committee to add any controls possible to make sure developers are taking care of the neighborhood during construction.

5. Ian Chin asked if the consultant for feasibility studies for UCH-TIF have been selected yet, and where to find the documents for this item. Ms. Nadkarni said that the plan is to continue working with Abramson & Associates on feasibility.

6. Crystal Huff asked if Mark Development LLC knew about the asbestos at the start of this process, and they commented that they do not think the remediation is the responsibility of small organizations. Robert Korff said that the process started in summer of 2021, and the asbestos was discovered in February 2022 while doing geotechnical work.

Acting Director of Economic Development Nadkarni gave a presentation on the UCH-TIF tool and the timeline and terms of the exemption. She reviewed three attached documents: the draft UCH-TIF zone and plan, the draft agreement between the city and 299 Broadway Property Owner LLC, and a memo from Abramson & Associates. She highlighted that a provision was added such that the UCH-TIF will need to be approved again before the first building gets a vertical building permit.

Councilor Scott said that their concerns relate mostly to enforceability of the agreements, and asked about Sec. 7.4.a in the revised financing agreement. Mr. Chaviano of Mark Development LLC said that the intent was to create a standard in the event of a transfer to ensure the accepting party would be in good standing. There was discussion of what the terms of the transfer notice should be. Councilor Scott also asked about an interaction between sections 8.1.a and 9.4 of the updated draft agreement, and then about Sec. 9.7 relating to public access easement agreements.

Councilor Kelly asked a question about municipal improvements in Sec 5, Appendix B, and another in Sec 9.1, Appendix B about municipal improvements and regulatory operating agreements for affordable and market-rate units. She asked what additional financial support mentioned in Appendix C could look like. Ms. Nadkarni said that the Affordable Housing Trust is one tool to use if more funding is needed, but there is a question to how to configure the local match. Mr. Abramson spoke to the wide financial range on the project based on factors such as construction costs, but said he felt that the city is not committing to more than 100% of the TIF at this point. Other questions focused on the return on cost (ROC) in Appendix C, the Acquisition of Land, Developer Fee and Overhead lines on page 309 of

the Development Budget in Appendix A, and market rates on page 320 of Appendix A. Mr. Chaviano said that a concern for developers is that cost escalation will far exceed rent growth. He added that the market rates listed here are needed to make the project feasible, but those numbers are expected to be static for the next few years. Last, Councilor Kelly asked when the affordable building will break ground. Ms. Nadkarni said that the market rate building cannot start construction until the affordable building receives its low income housing tax credits.

Councilor Clingan asked if any other bodies could assist with remediation and whether that would be an additional cost. Mr. Korff said he was not aware of any brownfield funds, but parking was removed from the project in part to cut costs. Dir. Galligani said that funds are available from the state and EPA, but probably less than \$1 million. Councilor Clingan also asked about the parcels. Ms. Nadkarni said that the buildings must go forward together. Attorney Salchert added that there are two parcels and agreements, but one UCH-TIF, and that the allocation of that TIF between the parcels would need to be decided by those parties.

Chair Wilson said that he would like the city to invest in additional benefits to the community if made feasible as the project goes on. He asked if the developer would be responsible for the full tax liability on improvements to the site before the 20-year period starts. This led to a conversation about assessment and the optimal start date of the TIF from differing perspectives. Another focus was on what should be done if the development struggles to reach 92% occupancy, and one suggestion was that this provides an incentive for the developer to lower rents until the 92% rate is reached. Chair Wilson also asked why the developer is keeping the Sewell parcel, to which Ms. Nadkarni said that the reason is because of zoning standards and utility access.

*Councilor Scott made a motion recommending support for an amended UCH-TIF agreement to take into account the issues raised at this meeting. Approved by roll call vote of all in favor (Councilor Pineda Neufeld, Councilor Clingan, Councilor Kelly, Councilor Scott, and Chair Wilson), none opposed, and none against.*

Chair Wilson moved to discharge the item without recommendation.

**RESULT:**      **RECOMMENDED TO BE DISCHARGED WITH NO RECOMMENDATION**

**AYE:**            Chairperson Wilson, Vice Chair Scott, City Councilor At Large Kelly, Ward Four City Councilor Clingan and Ward Seven City Councilor Pineda Neufeld

3. Mayor's Request (ID # [22-2041](#))

Requesting approval of the Alternative Transportation Corridor Lease Agreement with the Massachusetts Bay Transportation Authority (MBTA).

Councilor Scott asked for clarification that the agreement reflects the current status of discussion around the Poplar Street Access Point. Attorney Salchert said that Poplar Street is a known area of interest being discussed with the MBTA and referred to Exhibit G, which gives the city the ability to add new access points in conjunction with the MBTA. There was a conversation about the process and timeline of creating access points.

Councilor Kelly asked about provisions for renegotiation or termination of the lease. The end year stated in the agreement is 2121. Attorney Salchert talked about a provision that designates MBTA representatives to contact, and explained the purpose of the 2-year inception period.

Councilor Pineda Neufeld asked staff to confirm that maintenance will be the city's responsibility; Attorney Salchert directed the Committee to Exhibit C, but said that if there are items that the city does not have the resources to maintain, they could seek to amend Exhibit C. Dir. Rawson stated that maintenance of large structural elements are excluded from the city's duties. There was discussion over MBTA taking charge of snow removal on the path and assuring the continued quality of that work. Another topic discussed was public art along the path.

Councilor Clingan expressed concern that EMS would be able to access the path and asked about equipment, vehicles, and storage space needed to ensure access. He also asked about the status of call boxes.

Chair Wilson requested additional signage for educational purposes to reduce speeding along the community path.

**RESULT: RECOMMENDED TO BE APPROVED**

**AYE:** Chairperson Wilson, Vice Chair Scott, City Councilor At Large Kelly, Ward Four City Councilor Clingan and Ward Seven City Councilor Pineda Neufeld

Grant Acceptances

4. Mayor's Request (ID # [23-0186](#))

Requesting approval to accept and expend a \$45,406.77 grant with no new match required, from the Urban Areas Security Initiative (UASI) to the Fire Department for maritime related equipment.

**RESULT: RECOMMENDED TO BE APPROVED**

**AYE:** Chairperson Wilson, Vice Chair Scott, City Councilor At Large Kelly, Ward Four City Councilor Clingan and Ward Seven City Councilor Pineda Neufeld

5. Mayor's Request (ID # [23-0185](#)) Requesting approval to accept and expend a \$3,348.18 grant with no new match required, from the Urban Areas Security Initiative (UASI) to the Fire Department for the purchase of residential lock boxes.

**RESULT:** **RECOMMENDED TO BE APPROVED**

**AYE:** Chairperson Wilson, Vice Chair Scott, City Councilor At Large Kelly, Ward Four City Councilor Clingan and Ward Seven City Councilor Pineda Neufeld

Referenced Documents:

- Finance - 2023-02-21 Memo SFD Grants (with 23-0186, 23-0185)