

\_\_\_\_\_, 2018

Joseph R. Macaluso, Executive Director  
Somerville Housing Authority  
30 Memorial Road  
Somerville, MA 02145

Daniel LeBlanc, Executive Director  
Somerville Community Corporation  
337 Somerville Avenue, 2<sup>nd</sup> Floor  
Somerville, MA 02143

Aaron Gornstein, CEO & President  
Preservation of Affordable Housing, Inc.  
40 Court Street, Suite 700  
Boston, MA 02108

Gregory Bialecki, Executive Vice President  
Gate Residential Properties, LLC  
265 Franklin Street, 6<sup>th</sup> Floor  
Boston, MA 02110

Re: Clarendon Hill Public Housing Reconstruction Project  
Conditions of City Funding Award

Gentlemen:

The City of Somerville strongly supports the efforts of the Somerville Housing Authority (“SHA”) to provide newly built, quality designed, and deeply affordable replacement housing for the tenants of the Clarendon public housing project as part of a mixed-income comprehensive redevelopment of the site. As currently proposed, and in accordance with the SHA’s approval, the planned project will include a total of 539 rental units. A joint venture of Preservation of Affordable Housing, Inc. (“POAH”) and the Somerville Community Corporation (“SCC”)(together, “POAH-SCC”) will develop 261 of these units, while Gate Residential Properties, LLC (“Gate”) will develop 278 units. As part of the development plan, the 216 existing public housing units will be demolished and replaced, with 201 of the replacement units to be built by POAH-SCC and the remaining 15 by Gate (collectively, the “public housing replacement units”). POAH-SCC will also construct 60 moderate income workforce housing units, and Gate will construct 10 low income units, for a total of 70 low- and moderate income units (collectively, the “low- and moderate income workforce units”). An additional 253 market-rent units (the “market-rent units”) will be constructed by Gate. The relocation of current SHA tenants, demolition of existing structures, redesign of the roadway network, and construction of the public housing replacement units, low- and moderate income workforce units, and market-rent units, and all acts related thereto, shall be referred to herein as the “Project”.

To accomplish the overall goals of the Project, the City of Somerville intends to provide financial support to the developers of the Project in order to address critical gaps in Project funding and to improve Project feasibility. In recognition of the positive impact the Project will have on the lives of current SHA tenants and the significant physical improvement that the Project will make to the entire surrounding neighborhood, the City intends – upon satisfactory documentation of all other public and private funding sources necessary for the development and satisfactory evidence of the Project’s feasibility – to (1.) provide up to \$10 Million in subsidy value to the Project, subject to all necessary local approvals, either in direct funding or permitting forgiveness; and (2.) ensure that no funds will be released nor other subsidy value conferred until the issuance of a written determination by the City’s Office of Strategic Planning and Community Development (“OSPCD”) that each of the following funding conditions have been satisfactorily met:

1. Execution of one or more land disposition/development agreement(s) between the appropriate owner entity or entities and SHA. Each of these agreements shall require deed restrictions to be held by the City preserving the affordability of all public housing replacement units and low- and moderate income workforce units for the maximum duration of time permitted by law.
2. Execution of all necessary ground leases between the appropriate development team entity or entities and SHA.
3. Execution of one or more regulatory and operating agreements between SHA, the appropriate owner entity or entities and/or the Massachusetts Department of Housing and Community Development (“DHCD”).
4. Adoption of a grievance procedure for the 70 low- and moderate income workforce units, satisfactory to the City’s Housing Office, but which is, at minimum, consistent with and affords the same tenant protections as the grievance procedure for the public housing replacement units.
5. Approval by DHCD of the tenant relocation plan dated \_\_\_\_\_ and executed by Clarendon Residents United and SHA.
6. Execution of a binding Memorandum of Understanding or other agreement between SHA, POAH, SCC, Gate and the Somerville Public Schools (“SPS”), in form acceptable to SPS, regarding school transportation and related costs, and confirming the continuing attendance in the Somerville school system of Somerville children temporarily relocated to neighborhood communities.
7. Development of a contingency plan for the permanent relocation of displaced tenants should a phase of development not go forward, such plan to be acceptable to the City.

8. Issuance of a final Chapter 40B decision, after expiration of all appeals, providing zoning approval for the Project.
9. Execution of an agreement with the City regarding the public/private status of the internal roadways within the Project which would address, among other things, construction of the roadways in accordance with the specifications of the City's Engineering Department, the respective maintenance responsibilities of the parties, and related issues.
10. The nine preceding documents shall be known collectively as the "Governing Documents". The Governing Documents and any deed or other instrument conveying a portion of the Project shall provide that:
  - a. the market-rent units and the low- and moderate income workforce units cannot be converted into condominium units; and
  - b. The Project's housing units, other than the 216 public housing replacement units, cannot be leased or occupied as sole-purpose student housing for full-time enrolled undergraduate or graduate students, except as specifically provided herein. As used in this subparagraph, "sole-purpose student housing" shall mean households composed of all full-time enrolled undergraduate or graduate students. For the public housing replacement units with Section 8 and/or low income tax credits, the student restrictions of the applicable program shall apply.
11. Evidence that Article 97 legislative authorization has been granted by the General Court and any other necessary action by the Massachusetts Department of Conservation and Recreation ("DCR") has been taken to allow the proposed re-alignment and reconstruction of the intersection of Powderhouse Boulevard and Alewife Brook Parkway, as set forth more particularly in a plan dated 10/16/2017 and entitled "Ground Level" by ICON Architecture, Sheet A102.
  - a. The costs for any work described in the plan entitled "Ground Level" shall be the sole responsibility of POAH-SCC and/or Gate, regardless of whether the Project is funded by MassWorks grant. The City shall in no event be responsible for costs of any work described in the plan.
12. Evidence of the commitment of adequate funding to the Project by public and private sources for the construction, development and operation of each phase of the redevelopment, including appropriate contingencies for delays or difficulties in such construction and development.

13. Evidence of the engagement by Gate and POAH of a qualified independent third-party consultant, such consultant to be approved by the Mayor and the President of the Board of Aldermen, to review, verify and monitor compliance with prevailing wage rules, MBE/WBE contracting commitments, minority/women/local resident hiring commitments, \$20/hour minimum wage commitment, correct classification of workers, payment of social security, unemployment insurance and other taxes, compliance with occupational health and workplace safety requirements and wage/benefits/insurance requirements of the Project. A narrative report that highlights any infractions or failure to meet these standards as well as copies of all supporting documentation of Gate's and POAH's compliance with the rules, commitments, and requirements set forth herein shall be provided to the City on a quarterly basis, beginning with commencement of any site preparation, demolition or construction activity, and due on February 1, May 1, August 1, and November 1 of each year as long as construction activity continues. In addition, Gate shall provide, in the event that prevailing wages are not required by law to be paid, any data and information relating to the Project which would have been required to be provided to the City, if the prevailing wage law applied to Gate's portion of the Project.
14. The final design of the Project will be substantially consistent, as determined by the City's Director of Planning, with the design set forth more particularly in a plan dated 10/16/2017 and entitled "Ground Level" by ICON Architecture, Sheet A102 .
15. Submission of a Mobility Management Plan according to the standards established by the City's Director of Transportation and Infrastructure.
16. Within one hundred and eighty (180) days of the approval by the Somerville Board of Aldermen of a home rule petition seeking passage of an act authorizing the SHA to reconstruct the state funded Clarendon Hill Housing Project, the SHA shall obtain and provide to the City a written formal opinion from the State Department of Labor Standards relative to whether prevailing wages are required by law to be paid for the Project.
17. Any amendment to this letter agreement shall be subject to the review and approval of the Somerville Board of Aldermen.

The City looks forward to working with the Housing Authority, POAH, SCC, and Gate in the creation of new quality housing units at the Clarendon site.

Very truly yours,

Joseph A. Curtatone  
Mayor

Mary Cassesso  
Managing Trustee  
Somerville Affordable Housing Trust Fund

Agreed and accepted:

Somerville Housing Authority

Somerville Community Corporation

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By: Joseph Macaluso  
Its: Executive Director

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By: Daniel LeBlanc  
Its: Executive Director

Preservation of Affordable Housing, Inc.

Gate Residential Properties, LLC

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By: Aaron Gornstein  
Its: CEO & President

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By: Gregory Bialecki  
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