



CITY OF SOMERVILLE, MASSACHUSETTS CLERK OF COMMITTEES

May 31, 2018

REPORT OF THE COMMITTEES ON LEGISLATIVE MATTERS AND FINANCE MEETING IN JOINT SESSION AS A COMMITTEE OF THE WHOLE

Attendee Name	Title	Status	Arrived
William A. White Jr.	Alderman at Large	Present	
Mary Jo Rossetti	Alderman At Large	Present	
Ben Ewen-Campen	Ward Three Alderman	Present	
Matthew McLaughlin	Ward One Alderman	Present	
Katjana Ballantyne	Ward Seven Alderman	Present	
Jefferson Thomas ("J.T.") Scott	Ward Two Alderman	Present	
Jesse Clingan	Ward Four Alderman	Present	
Mark Niedergang	Chair	Present	
Lance L. Davis	Vice Chair	Present	
Stephanie Hirsch	Alderman At Large	Present	
Wilfred N. Mbah	Alderman at Large	Present	

Others present: Eileen McGettigan - Law, Brad Rawson - OSPCD, George Proakis - OSPCD, Michael Feloney - OSPCD, Joe Macaluso - SHA, Paul Mackey - SHA, Steve Perdue - Redgate, Scott Hayman - SCC, Danny LeBlanc - SCC, Aaron Gornstein - POAH, Andrew Spofford - POAH, Stephen Nolan - Nolan Sheehan Patten LLP, Annie Connor - Legislative Liaison, Peter Forcellese - Legislative Clerk.

The meeting took place in the Aldermen's Chamber and was called to order at 6:09 PM by Chairman Niedergang and adjourned at 10:27 PM.

205685: That the Director of SPCD advise this Board on any conditions to be imposed on the developers of the Clarendon Hill housing project regarding property ownership and land use, relocation of tenants, local and state approvals, financing and construction, occupancy requirements, and project design.

Alderman Ballantyne explained that the project was viewed as one single development to protect the affordable units as a group. The letter with conditions of award for the \$10 million that the City is proposing to contribute to the project was intended to identify and make clear various pieces of the development so that they can be monitored for developer compliance by the City.

Alderman Davis' question about what would happen if the market-rate units were turned into condos led to a lengthy discussion about representation, voting rights and access to common areas and amenities. Ms. McGettigan noted that Sec 10-b deals with that possibility, however Alderman Scott stated that he can't see a practical way to give voting rights to the residents of the

affordable housing units. Mr. Perdue told the committee that Redgate is not contemplating converting any units to condos but having the option to do so is desirable should market conditions change. His presumption was that should a conversion to condos occur, more than likely there would be a single owner controlling a block of votes for the non-market rate units. All parties stated that they had not contemplated what would happen if units were converted to condos.

Alderman Mbah made a ***motion to amend Sec 10-a by striking the words “non-market rate” and to delete Sec 10-b.*** Alderman Ballantyne proposed an ***amendment to the motion for Sec 10-a to add language preventing low and moderate workforce units from being converted into condos.*** The amendment and motion were unanimously APPROVED.

Ms. McGettigan pointed out that public housing cannot be converted to condos, by law, and she suggested alternate language to be more precise, however the committee felt that it wasn't necessary. Mr. Macaluso cautioned against putting restrictions on public housing units, saying that it is not inconceivable in the future that the state may want to sell them. He noted that unless the state decided to change something, the units will be protected in perpetuity.

Alderman Davis spoke about defining and using other precise terms consistently throughout the document. He suggested a number of language changes to clarify the document and Ms. McGettigan will make those changes in it.

Aldermen Rossetti and Davis questioned the term "developer" in Sec 11-a of the agreement that deals with the reconstruction of the roadway and rotary and Alderman Ballantyne explained that the intent was to make it clear that the city would not be responsible for the cost of any road work described in the plan. Alderman Davis proposed a ***language change to Sec 11-a by replacing the word “developer” with the names of the development team parties.*** APPROVED unanimously.

Alderman White questioned why a time limit to secure the ruling from the State Department of Labor Standards (DLS) on whether the market-rate housing developer Redgate would need to pay prevailing wage wasn't included in Sec 16. Mr. Macaluso suggested that language could be added to allow a period of “within 180 days of the signing of the agreement”. Mr. Perdue told the committee that Redgate would proceed “at risk” and draw up plans while awaiting the ruling from DLS on prevailing wage. Alderman Ballantyne commented that the property belongs to the state and it's her understanding that the SHA won't look for another developer if this plan falls through. Ms. McGettigan informed the committee that the responsibility for obtaining the ruling falls upon the SHA. Alderman White proposed an ***amendment to Sec 16 that provides a time period of 180 days and places the responsibility upon the SHA, as discussed above.*** APPROVED unanimously.

Alderman Scott questioned the figures on page 4 of the development team's letter (Clarendon Hill Follow-up, dated May 30, 2018) and asked for an explanation of how those numbers were calculated. Mr. Perdue explained that the numbers shown are at the point when the developer is capitalizing costs, i.e., spending the initial capital dollars to develop the project. Mr. Hayman believes that these are solid numbers representing the basic cost to 'buy out' the inclusionary zoning and he pointed out that the developers are not subject to the city's inclusionary zoning requirements. He went on to explain that the average debt that can be supported is calculated by various means, including interest rates, operating costs, rents, debt service, etc. Alderman McLaughlin, who was initially supportive of the proposal, stated that the more details are made

available, the more doubtful he becomes. He stated that this project is taking public land that's designated for public housing and losing half of it to market rate units. He called this project 'segregated housing' and said that it has become a fight between good jobs vs. housing affordability. He noted that this is the third big developer who has said that the 20% inclusionary requirement doesn't apply to them. He also said that the committee has been told that this development is one single project for one condition and then two different projects in order to satisfy another condition. Alderman McLaughlin summed up his argument by saying that, basically, he is asking for the full 20% inclusionary, and he would be satisfied with 31 additional market rate units instead being affordable units at 110% AMI.

Mr. Purdue agreed to take another look at the numbers and Alderman Ballantyne asked that they be provided by next Tuesday, as that is the last available date, until July, for the committee to meet on this matter. Chairman Niedergang commented that he had a conversation with Mr. Bialecki (from Redgate) who stated that the cost for those units (\$125,000 x 31 units) would have to be deducted from the \$16 million purchase price for the land. Alderman Davis pointed out that the committee already went through this analysis, explaining that if the money is deducted from the \$16 million purchase price, then POAH would receive less funds and wouldn't be able to develop their part of the project.

Mr. Proakis posed a question to the committee, asking where the real need is, and explained the tradeoffs, noting that some of the ways to achieve the 20% inclusionary number may not be worth it. Alderman Scott commented that if the developer built the 31 units at 140% AMI (or some other point), nothing would change for the developer regarding leveraging. Alderman McLaughlin said that he is looking for the extra units and expects there to be a cost to the developer, making it clear that in order for him to vote for this project, the developer would have to agree to either the 20% inclusionary number or pay prevailing wages. Alderman Clingan stated that he believes in the state-required competitive procurement process and has problems with many aspects of this proposal, however, he's willing to overlook things in exchange for 20% on-site inclusionary housing or payment of the prevailing wage. Mr. Proakis told the committee that if there is a way to achieve the committee's goals without adding cost to the developer, that would be fine, but if not, then the city should use its funds elsewhere and move onto another project. Mr. Feloney stated that tremendous effort and investment have been made to get to this point, and that the process is coming dangerously close to blaming the victims for a systemic reduction in funding for public housing over decades. There are no federal funds available for public housing, so if the city wants to improve living conditions here, or anywhere else, the inherent value of the land must be used to help fund such a project.

Alderman Rossetti inquired about Redgate's dealing with the labor unions and Mr. Purdue stated that they were willing to continue conversations with the unions to reach an agreement, noting that they would be adding an additional \$2 million for hiring union labor to their contingency. Alderman Rossetti asked that the amount of their contingency be provided to the committee next week. Alderman Rossetti asked what the anticipated permit fees from the Redgate portion of the project are and Mr. Proakis said that he will provide the amount prior to next Tuesday's meeting. She also asked what effect Redgate's \$2 million increase to its "cost premium" budget for union contractors would have on the 35% level of union hires and raised the question of whether the BOA was willing to commit to adding more money to the pot to increase the 35%.

Mr. Purdue said that they don't believe they can get to 20% affordable units. He also stated that paying the prevailing wage will not work for the Redgate side of project. Once again, Alderman

Scott commented that the 20% affordable option is revenue neutral. Mr. Perdue disagreed and explained that as income goes up, rents don't necessarily follow, and he told the committee that their best offer is on the table now.

Alderman Scott offered an amendment to condition #1 of the Conditions of City Funding Award document by inserting, before the last period, the words “and that the total number of deed restricted units be 20%”. Ms. McGettigan pointed out that the Redgate portion of the project is at 8.9% affordable units and that adding 31 more units would probably kill the project.

Chairman Niedergang stepped down from the Chair to state that he is strongly in favor of the project but believes that this proposed amendment is a poison pill that will kill the project. He stated that he is not thrilled about the project except for the benefit it would provide to the residents, adding that it's an unfortunate choice between doing something the way you want to or the way you have to. Alderman White expressed his opposition to the proposed amendment by commenting that what is before the committee has nothing to do with prevailing wages and that if the HRP is not passed, conditions won't get better and residents will be condemned to continue living in deplorable conditions. Alderman Rossetti was opposed to the proposed amendment and commented that the state used the current residents as pawns in their plan and said that she wants to support the residents and children to give them better living conditions. Alderman Davis expressed his opposition to the proposed amendment and said that if he is forced to choose between keeping money in the pockets of hard working people or providing decent, affordable housing for the Clarendon Hill residents, he'll vote for the latter and will support the HRP. Alderman Mbah said he is against the proposed amendment.

Alderman Clingan supports the proposed amendment and stated, for the record, that he would have entertained an offer of 20% affordable housing, adding that this is not a true affordable housing project. Alderman McLaughlin stated support of the proposed amendment and said that he doesn't think any of the relocated residents will come back to Somerville. He said that this is not the first time this has happened here, because developers have the city's number. He said that the city enables this kind of action and that minimally acceptable is no longer acceptable. Alderman Ewen-Campen supports the proposed amendment and he asked that residents not consider the unions as their enemy, saying that the enemy is the 1% and that if he could cast a vote against capitalism, he would. Alderman Hirsch supports the project and those who worked on it and said that it may not be perfect, but it offers much to the residents and the community. There are many other issues, besides this, that need to be tackled and she suggested that the committee channel its frustration regarding this issue to deal with other things. Alderman Scott explained that the amendment was not made in the spirit of a poison pill, but with a desire to see the project move forward. He went on to say that he's done arguing about the many issues he has with the proposal and he is asking, by this amendment, for a way to vote for it.

Alderman Scott's proposed amendment was NOT APPROVED on a roll call vote of 3 in favor (Ald. Scott, Clingan, McLaughlin) and 8 against (Ald. Mbah, Rossetti, White, Ewen-Campen, Davis, Hirsch, Ballantyne, Niedergang).

Alderman Davis's motion to adopt the Administration's letter of agreement as the current draft was APPROVED. Alderman Davis' motion to adopt the amendments to the draft of the Funding Award was APPROVED.

Alderman Ballantyne's motion to adopt the conditions of the funding award letter, as amended, was APPROVED unanimously on a roll call vote of 11 in favor (Ald. Scott, Mbah, Rossetti, Clingan, White, Ewen-Campen, Davis, Hirsch, Ballantyne, McLaughlin, Niedergang to 0 opposed.

RESULT:	APPROVED AS AMENDED. [UNANIMOUS]
AYES: White Jr., Rossetti, Ewen-Campen, McLaughlin, Ballantyne, Scott, Clingan, Niedergang, Davis, Hirsch, Mbah	

205250: Recommend Requesting approval of a Home Rule Petition to authorize the Housing Authority to reconstruct the state funded Clarendon Hill Public Housing Project.

Alderman Ballantyne addressed the committee and told them about the deplorable living conditions she witnessed about ten years ago at the Clarendon Hill housing project. Sadly, the conditions have not improved, and the buildings need to be rebuilt. There are limited resources available and the state has made it clear that it will not carry over the \$17 million of funding that's presently being offered to assist this development if the state legislature has not approved the Home Rule Petitions by July 31 of this year. Alderman Ballantyne also pointed out that the original RFP for this project, issued two years ago by the SHA, did not require prevailing wages to be paid. Since that time, this project has proceeded through the design phases and is at the point of putting real numbers on paper to make the development real. The development team has continued to meet with the unions and has reached an understanding with several large unions, but one large coalition of unions, the Metro Boston Building & Construction Trades Council, is still opposed to the project. That coalition is seeking something more definitive from the developer. Alderman Ballantyne stated that State Representative Barber informed her that it will be difficult to get legislative approval of this home Rule Petition, but that she is ready to push it forward and try.

Alderman Ewen-Campen's motion to adopt the version of HRP currently before the committee as the current version was APPROVED UNANIMOUSLY.

Alderman Ewen-Campen then moved to approve the HRP, which carried 8-3.

RESULT:	APPROVED AS AMENDED. [8 TO 3]
AYES: White Jr., Rossetti, Ewen-Campen, Mbah, Ballantyne, Niedergang, Davis, Hirsch	
NAYS:	McLaughlin, Scott, Clingan

205906: Recommend - Requesting approval of a Home Rule Petition to authorize the Division of Capital Asset and Maintenance to convey land to the Housing Authority.

The committee agreed to dispense with a prepared slide presentation in an effort to move this item along. Members were reminded that this Home Rule Petition is necessary to transfer ownership of a parcel of land that is critical to the redesign of the traffic pattern and rotary at the development site. The committee was asked to approve the HRP and forward it to the Legislature for the Legislature's action prior to the end of their current session on July 31st. Approval of the HRP does not commit the city to anything - it merely allows the project to proceed to the next step. Mr. Rawson stated that the Administration fully supports this HRP and

that it will assist with the city's goal of improving a dangerous and ineffective traffic pattern and to add some additional open space. The current rotary is dangerous and the redesign will create a safer, urban grid thoroughfare.

RESULT:

APPROVED [UNANIMOUS]

AYES: White Jr., Rossetti, Ewen-Campen, Mbah, Ballantyne, Niedergang, Davis, Hirsch
McLaughlin, Scott, Clingan

Handouts:

- ClarendonFollowup_05.302018 Final (with 205250, 205685)
- BOA letter 5-30-18 Redgate (with 205250, 205685)
- Clarendon Hill Funding Conditions Letter Agmt 5-31-18 (with 205685)
- BOA Hearing 5.31.2018 Article 97_Vcirculate (with 205906)