

ATTACHMENT C

STATE-AIDED PUBLIC HOUSING MIXED-INCOME COMMUNITY DEMONSTRATION

APPLICATION COVER SHEET FORM

Housing Authority:	Somerville Housing Authority
Development(s) Name:	Clarendon Hill
Development Number:	200-1
Development Address:	34 North Street, Somerville, MA 02144
Developer Co-Applicant:	Preservation of Affordable Housing, Somerville Community Corporation, and Gate Residential

(Please print)

Contact Person:	Joseph Macaluso		
Title:	SHA Executive Director		
Address:	30 Memorial Road, Somerville, MA	Zip Code:	02145
Email:	JoeM@sha-web.org	Telephone:	617-625-1258

PROJECT SUMMARY:

The requested funds will allow the POAH-SCC-GateR team to further explore and plan for the redevelopment of the SHA's Clarendon Hill site. As you will see in the submitted materials, our redevelopment proposal serves to transform the Clarendon Hill site into a mixed-income community that is accessible to a broad range of renters. We hope that the State will be as excited as we are about this partnership and this redevelopment opportunity.

Total Funding Request: \$ 400,000

I approve submission of this application.


Signature of LHA Executive Director

Joseph Macaluso
Name (print)


06.28.2016
Date


Signature of Developer Co-Applicant

Aaron Gornstein
Name (print)

President & CEO, POAH
Title

6-28-2016
Date


Signature of Developer Co-Applicant

Danny LeBlanc
Name (print)

CEO, Somerville Community Corp.
Title

6-28-2016
Date


Signature of Developer Co-Applicant

Gregory Bialecki
Principal, Gate Residential
Title

6-29-16
Date



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a REDGATE COMPANY



June 29, 2016

Paul McPartland
Asset Management Coordinator
MA Department of Housing and Community Development
100 Cambridge Street, Suite 300
Boston, MA 02114

RE: Response to NOFA for New Mixed-Income Community Demonstration Program

Dear Mr. McPartland:

On behalf of our four organizations – the Somerville Housing Authority (SHA), Preservation of Affordable Housing (POAH), Gate Residential, and the Somerville Community Corporation (SCC) – it is our great pleasure to submit this application to you for predevelopment and planning funding. The requested funds will allow us to further explore and plan for the redevelopment of the SHA's Clarendon Hill site. As you will see in the submitted materials, the SHA embarked on a full procurement process to solicit proposals and qualifications of developers. From that process, the SHA determined that the proposal and the qualifications of the POAH-SCC-GateR team demonstrated the strongest qualifications, creativity, and commitment to the success of the project for the extensive amount of stakeholders.

Together, these three organizations bring a unique combination of strengths to this opportunity: deep Somerville roots and neighborhood-specific knowledge; a solid track record developing comparably large and complex projects that include both affordable and market-rate housing; a network of relationships with funders, public officials, and real estate professionals; and a strong commitment to making urban revitalization projects like this one happen. We hope that the State will be as excited as we are about this partnership and this redevelopment opportunity.

If you have any questions, please contact Cory Mian, Vice President for Real Estate Development at POAH, at 617.449.0867 or cmian@poah.org. We appreciate your consideration of our proposal, and look forward to hearing from you.

Sincerely,

Joseph Macaluso
Executive Director
Somerville Housing
Authority

Aaron Gornstein
President & CEO
Preservation of
Affordable Housing

Greg Bialecki
Executive Vice
President
Gate Residential

Daniel LeBlanc
CEO
Somerville Community
Corporation

CLARENDON HILL REDEVELOPMENT

PROJECT OVERVIEW

Clarendon Hill Apartments has provided much-needed affordable housing to the Somerville community since its construction in 1948. However, the property is in great need of rehabilitation and its current orientation towards Alewife Brook Parkway and Powder House Boulevard currently isolates residents from nearby amenities and opportunities. Led by the Somerville Housing Authority (SHA) who began this process, a team made up of Preservation of Affordable Housing (POAH), Gate Residential, and Somerville Community Cooperation (SCC) plan to rebuild the existing 216 units with a 526-unit mixed-income community that will house current Clarendon Hill members as well as provide additional affordable, workforce, and market rate housing to the City of Somerville.

PLANNING + DESIGN

The team's plan consists of four new residential structures, each interwoven with:

- landscaped green spaces
- bicycle, pedestrian, and vehicular pathways
- shared community facilities for recreation, meetings, training, and continued education
- strong connections to employment opportunities
- a neighboring supermarket
- convenient public transit options



Architect's rendering

Sustainability is also key to the project's design. Its buildings will meet Massachusetts Stretch Code requirements as well as other green certification standards by utilizing Energy Star appliances, high-performance building systems, and innovative storm water management. Various housing types ranging in bedroom sizes, location, and style will accommodate the diversity of households that will call Clarendon Hill home.

UNIT MIX	NUMBER OF UNITS	AVERAGE AREA
studio	30	EST. 500 SF
one-bedroom	214	EST. 650 SF
two-bedroom	225	EST. 875 SF
three-bedroom	57	EST. 1100 SF
common areas + amenity space	varied	12,000+ SF

FINANCING AFFORDABILITY

Of the 526 proposed new units, 272 will have affordable rent restrictions. All of the existing 216 units will be replaced as deeply affordable housing for ELI families: 162 units will utilize DHCD state-aided housing operating subsidy while 54 units will use Project-Based Vouchers (PBVs) from the SHA. The addition of PBVs will help stabilize and sustain the cash flow for positive operating success.

SUBSIDY SOURCE	NUMBER OF UNITS	REPLACEMENT
Place-Based Vouchers	54	replace existing
Other Replacement units	162	replace existing
Workforce Housing	56	new

The remaining 254 market rate housing units will leverage the site's market potential to reduce the public funding needed to support the project while ensuring its long-term operational success. Other proposed resources that will contribute to the project's completion include:

- \$33M in Private Equity
- 4% Low Income Housing Tax Credit equity
- \$15M in Cross Subsidy
- MassHousing Workforce Funds
- Real Estate Tax DIF
- State and City Soft Funds

PHASING

The plan's three phase approach will allow existing residents to remain in place for a longer period of time with the intention of reducing relocation stress and cost. The phasing plan also enables continued public resources to be secured while construction begins on the first two buildings.

Upon completion, Clarendon Hill will transform a socially and economically isolated enclave into a community of opportunity fully integrated into its surrounding neighborhood for the City of Somerville as a whole.

THE TEAM

Preservation of Affordable Housing (POAH), Gate Residential, and Somerville Community Corporation (SCC) are committed to working with the Somerville Housing Authority (SHA) to extend and preserve the long-term affordability of the existing units in a vibrant, sustainable, mixed-income community.

- POAH has worked collaboratively with existing resident populations and neighborhoods, myriad public and private agencies, as well as local officials to deliver quality housing developments across many regions of the country. POAH has strong relationships with local public agencies as well as private funders, and has the experience needed to ensure Clarendon Hill's successful redevelopment.
- With recently completed projects in Somerville, Quincy, and Chelsea, Gate Residential's expertise with financing and building high-quality, market rate housing projects and collective knowledge of the local market will ground the project's success and completion.
- SCC brings decades of grassroots experience and extensive knowledge of the Somerville community, where it has deep roots and a rich network of relationships. SCC is skilled at engaging residents and the broader community in thinking about how property development goals are achieved in a way that meets their needs.

COMPARITIVE EVALUATION CRITERIA

Our submission meets the comparative evaluation criteria identified in the NOFA as follows:

1. Overall project plan: Our proposal brings together a development team with experience in Somerville and the State working with local and regional stakeholders to produce housing that meets community needs at a variety of levels. Our initial plans enable the redevelopment of all of the State-public housing units while also increasing housing density and housing alternatives at a significant scale. Furthermore, we have demonstrated consistency with the Commonwealth's Sustainable Development Principles (Attachment A) and DHCD's Fair Housing Principles (Attachment B).
2. Housing production impact: Utilizing a significant cross-subsidy from the market-rate units, our initial plan more than doubles the existing density and allows for new housing at a range of income levels in addition to the replacement of the existing deeply affordable units.
3. Capital and/or Operating Leverage: Our proposed plan delivers approximately \$59,000 per market rate unit (\$15M) to the full redevelopment as well as the potential to finance approximately \$7M more with the utilization of a tax-increment exemption. With these funds, the proposal is able to limit the State and City resource request to less than \$100,000 per affordable unit – our proforma currently shows the request at approximately \$85,000 per affordable unit.
4. Project feasibility: We are confident that the project can achieve the market rents required to allow for the amount of cross subsidy identified in our response. With DHCD's support and commitment, we expect that we could adhere to a time that would allow for an initial ground breaking within two-years.
5. Community Factors: If funded via this Demonstration Grant, we expect to use those funds to embark on an extensive community engagement process as further described in our full RFP response. Since designation of the POAH-SCC-GateR team, we have met with a representative group of residents of Clarendon Hill as well as members of local elected and planning and zoning officials. We have found each of these groups to be supportive of the redevelopment and expect to continue to work with them going forward.

APPLICATION QUESTIONS

1. Overall Project Plan:

- a. Provide a summary of the proposed mixed-income redevelopment project and the capacity of the development team, including but not limited to:
 - i. What type of public housing (Chapter 200, 667, 705), and how many units currently exist at the site?

The Clarendon Hill apartment complex is currently owned by the Somerville Housing Authority (SHA). The property is sited on 5.16 acres and contains nine identical three-story buildings with 216 total dwelling units for individuals, families, seniors, and disabled households (Chapter 200 public housing).

- ii. How many units of new housing do you expect to create, and what income levels and target populations do you expect to serve?

Our proposed plan provides long-term, replacement affordable housing for all of the 216 units and ensures a right of return to the families currently living at Clarendon Hill. The development plan, described in "Chapter 2: Development Concept" (pp. 55-72) of the SHA's RFP response, supplements replacement public housing units with units targeting households across a wide range of incomes. We propose to demolish all 216 units in phases and rebuild on-site approximately 526 units. This housing will serve to create a mixed-income community that is accessible to a broad range of renters – from lower-income working households, to targeted middle-income "workforce" housing and unrestricted market-rate residences.

- iii. Do you anticipate infill development, demolition/new construction, or a combination of both?

Clarendon Hill was developed in 1948, and similar to many public housing developments built decades ago, the property remains isolated from its surroundings. The site is configured in a superblock with no through-streets or private space for residents and poorly-oriented homogenous buildings that are not integrated well with the surrounding community. The design and overall condition of the development is obsolete by today's standards. The rehab needs of the existing buildings are too extensive to make renovation cost-effective, and it is impossible to attain the site density we believe is necessary to achieve a significant level of cross subsidization while retaining any existing buildings. Our plan therefore assumes demolition of the existing buildings, to be replaced by 100% newly-constructed buildings (detailed in "Chapter 2:

Development Concept” - pp. 55-72 of the SHA’s RFP response). The POAH-SCC-GateR development team will work closely with the SHA and with the residents to create a plan for temporary relocation of all tenants prior to the demolition of their building and the construction of new buildings.

- iv. Provide two site plans: one illustrating the current layout of the development and one with the proposed layout of the redeveloped site.

The current layout of the development is included for reference in Attachment B: Site Plan of the Current Layout. We have explored two slightly different options for the proposed layout of the redeveloped site, with design and financial information for both described in “Chapter 2: Development Concept” (p. 55-72) and “Chapter 3: Conceptual Drawings” (p. 73) of the SHA’s RFP response. These preliminary site designs represent our best efforts to create a thriving new community that accomplishes a series of goals:

- 1) Replacing old buildings and an outdated site design with a contemporary community that better meets today’s needs;
- 2) Reconnecting to and enhancing the surrounding neighborhood and its green spaces;
- 3) Achieving the requisite density and unit mix to meet program and financial feasibility objectives, without sacrificing livability;
- 4) Creating much-needed new common spaces, green space, and amenities for residents;
- 5) Creating new units with sufficient proprietary space as well as access to sunlight, views, and other natural attributes.

We want to emphasize that the plans advanced here are meant to introduce our perspective and ideas in response to the goals set out in the RFP, yet we see it as only the beginning of a dialogue with the SHA, Clarendon Hill residents, and other stakeholders in the community.

- v. What progress has been made to date in advancing this project - studies, designs, financial analyses, etc.?

The development team worked with a diverse group of architects, designers, planners, lawyers, and engineers to prepare conceptual designs that highlight our implementation strategy. Professional services from the following groups were received throughout the preliminary planning stage: Davis Square Architects (architects and planners), Cube 3 Studio (architects, planners, and interior designers), Ground, Inc. (landscape architects), Nitsch Engineering (civil engineers), Design Consultants, Inc. (traffic engineers), Nolan Sheehan Patten LLP (legal services), and CLEARResult (energy/sustainability consulting). Summary information about each of the team’s

members and their key staff is provided in “Chapter 1-D: Other Team Members” (p. 38) of the SHA’s RFP response. In an effort to ensure cost discipline, we are in the process of bidding the longer-term services for this project. Team members may change as a result of that process.

In addition, a financial analysis was conducted to provide an overview of the mixed-income financial structure that we are proposing. “Chapter 2-C: Project Financing” (p. 65) of the SHA’s RFP response clarifies our financial objectives for each phase of the redevelopment and details the project’s development sources/uses and operating revenues and expenses. We have also included a revised proforma projection based upon updated information received post-designation from the SHA (see Attachment E: Project Development Budget). Further information on these financial analyses are detailed below in Section 4, Project Feasibility.

- vi. What specific planning and pre-development activities will Demonstration grant funds support? Describe how these activities will enable the project to move to construction within two years.

Demonstration grant funds will support various costs related to pre-development, including: payment to a third party development consultant to the SHA, legal fees, design charrettes & master planning services, zoning analysis and processing, the development of relocation plans, and resident engagement activities. These activities will position the redevelopment to be poised to proceed towards action as per the proposed development schedule (see Attachment F: Project Development Schedule). We have included a proposed budget for the Demonstration grant funds within Attachment E: Project Development Budget.

- vii. Describe the capacity of the developer Co-Applicant and its past experience and success with developing/serving mixed-finance and mixed income communities that include a state or federal public housing component, a significant affordable housing tier under 50% of AMI and a significant market rate tier.

The development team, comprised of Preservation of Affordable Housing (POAH), the Somerville Community Corporation (SCC), and Gate Residential, is committed to creating housing for all market segments.

- 1) While Preservation of Affordable Housing’s roots are in developing and managing low- to moderate-income housing, an increasing number of its projects are mixed-income, including a market-rate component. POAH has successfully developed nine mixed-income properties, with at least five more expected to close in the next 12 months. These 14 mixed-income projects

include a total of over 1,200 units, and over half of these properties include 100+ units.

- 2) Somerville Community Corporation brings decades of grassroots experience and extensive knowledge of the Somerville community, where it has deep roots and a rich network of relationships. SCC is skilled at engaging Somerville residents, which aids in our efforts to ensure that the redevelopment of Clarendon Hill is done in a way that meets the community's need.
- 3) Gate Residential brings deep expertise and success in getting high-quality, market-rate housing projects financed and built. Their team knows the local market, with projects recently completed or underway in Somerville, Quincy, and Chelsea. The firm's principals have decades of local experience, a strong network of personal relationships, and a reputation for cost discipline while consistently delivering high-quality project.

Each of the three developers' profiles, resumes, financial information, proposed teams, and listings of projects developed are described in "Chapter 1: The Development Team" (pp. 5-54) of the SHA's RFP response. These documents present the group's combined experiences with projects of similar scale and complexity as the proposed Clarendon Hill redevelopment.

Additionally, as further described in Attachment O, the Somerville Housing Authority has a track record of being a high-quality and high-performing housing authority, protecting the interests of their residents as well as maintaining their housing stock in a responsible and financially sound manner. The SHA has contracted with Charleen Regan, a third party consultant with extensive experience advising housing authorities on large-scale public housing redevelopments.

viii. Describe the proposed roles for the LHA and the developer Co-Applicant in the redevelopment project and the proposed ownership structure.

The RFP that was used to solicit a proposal from POAH-SCC-GateR laid out an initial understanding of the roles and responsibilities of the SHA versus the Co-Applicant. Those are described on p. 8 of the SHA's RFP request, but are quickly summarized as follows:

Role of the Authority: It will be the role of the Authority to work with the Co-Applicant in pursuit of DHCD approvals, to provide capital funding and operating subsidies that need to flow through the LHA, to take the lead on relocation in partnership with the Co-Applicant, and to serve as long-term steward and asset manager on behalf of the public housing residents. The

Authority will also enter into a long-term ground lease with the ultimate owner entity of the new development.

Role of the Co-Applicant: It will be the role of the Co-Applicant to provide the necessary staffing, expertise, supervision, and guarantees to implement all aspects of the redevelopment fully and expeditiously as required by the Land Disposition and Development Agreement. The Co-Applicant will develop a financing plan to secure all resources needed for redevelopment of the property, and while overseeing the redevelopment plan, the Co-Applicant will implement quality assurance and control measures to ensure effective performance by all parties in all aspects of the program. In cooperation with the Authority, the Co-Applicant will facilitate and foster the involvement of public housing residents and neighborhood residents in project planning and design. The Co-Applicant will sustain communication regarding project progress with the Authority, DHCD, and the residents by developing and maintaining a detailed Development Schedule and a Critical Path Schedule for all phases of construction, lease-up, and stabilization. In addition, the Co-Applicant will assist in providing job opportunities for residents during and after implementation and develop a strategy to maximize contracting opportunities for minority and women-owned businesses.

The Development Team and the Somerville Housing Authority have signed a Memorandum of Understanding that further details the various roles and responsibilities of the two entities (see Attachment J: Memorandum of Understanding with the Developer Co-Applicant) and in Chapter 1 “The Development Team” (pp. 5-54) of the SHA’s RFP response.

- b. Based on your experience and available data, what are the greatest unmet housing needs in your community and region?
 - i. Please analyze as feasible by type of housing, location, demographic groups served, accessibility, household size, and any other relevant factors.

Across all demographics, the provision of affordable low-, moderate-, and even middle-income rental housing is one of the greatest unmet housing needs in Somerville. Recent data reports from the 2015 Somerville Housing Needs Assessment underscore the issue we face today. Market rents for 2-bedroom apartments averaged \$2,567 city-wide based on current listings on MLS. The affordable rent for 2-bedroom apartments would be \$2,439 for households at 110 % AMI (affordable median income), \$1,568 at 80% AMI, and \$665 at 30% AMI. 73.8% of Somerville renters have a median income below what they need to live affordably at market rent. Meanwhile, the development of market and luxury housing is quickly outpacing that of affordable housing. Since 2009, special permits have been issued for 1,900 units, and of those,

only 306 will be affordable (including over 100 for SCC's purpose built housing). Anecdotally, SCC recently had over 3,500 applications submitted for 35 low- and moderate-income units at 181 Washington Street in Union Square.

The City of Somerville, much like most of Massachusetts, is experiencing a residential construction boom to make up for seven years of comparatively little development. Somerville is a substantially built-out community, with only selected neighborhoods that have any significant amounts of buildable area, including the master-planned areas of Assembly Square and Union Square. Somerville is once again experiencing population growth after a decade of decline from 2000-2010. Household incomes have risen modestly but have been far outpaced by increases in housing costs, as reflected in increasing rates of rent burden and housing cost burden. For well over a decade household sizes have shrunk, pointing to fewer family households and large cohorts of young adults in the 25-34 age cohort that have historically not aged in place within Somerville.

ii. How will the proposed project meet these needs?

The proposed project will meet these unmet needs by preserving critical low-income family rental housing in a higher cost neighborhood of Somerville (West Somerville). In addition, our plan contemplates the addition of between 40-50 middle-income units, a severe unmet need not only in the West Somerville/Clarendon Hill neighborhood, but across the City of Somerville.

c. Description of how the proposed project is consistent with the Commonwealth's Sustainable Development Principles.

The development team believes in creating green, sustainable, energy-efficient properties as a core organizational principle. POAH was one of the first 50 housing organizations in the country to sign up for the Department of Energy's Better Building Challenge, and has committed to a 20% reduction in energy use portfolio-wide by 2020. The Clarendon Hill redevelopment will feature energy-efficient, sustainable buildings designed to Massachusetts Stretch Code, as well as ENERGY STAR and LEED standards, with features including Zipcar parking and electric car charging stations, a green roof/community gardens, sustainable landscaping, and innovative approaches to managing and utilizing stormwater. Please see Attachment M, which details the Clarendon Hill project's consistency with the Commonwealth's Sustainable Development Principles.

d. Description of how the proposed project is consistent with DHCD's Fair Housing Principles.

Our proposal is grounded in a shared commitment to the Somerville Housing Authority's fundamental goals for the residents and for the property: to create a vibrant mixed-income community that leverages the site's underlying value, to avoid displacement of current residents and preserve the affordability of their units over the long-term, and to strengthen the property's connections and contributions to the surrounding community. Please see Attachment N, which details the Clarendon Hill project's consistency with DHCD's Fair Housing Principles.

e. Description of how any proposed sale or lease of land and/or buildings and the proposed ownership structure for the new development will be consistent with any State laws applicable to disposition of real property by an LHA, including M.G.L. c. 30B and M.G.L. c. 121B.

The proposed lease of land is being carried out pursuant to M.G.L. c. 30B. The SHA procured the Co-Applicant pursuant to a Request for Proposals that, following the format offered by DHCD, incorporated and followed the requirements of Chapter 30B. The SHA will continue to comply with Chapter 30B in connection with the ground leasing of the site – including determination of the value to be paid under such leases under Section 16. Similarly, relative to Chapter 121B, the SHA incorporated language in its RFP making clear that the selected developer must be willing to work within a joint venture or other structure with the SHA satisfactory to DHCD and any other governmental agencies having jurisdiction over the Redevelopment Project and which meets the requirements of M.G.L. c. 121B and any applicable regulations or administrative guidance issued by DHCD regarding the ownership and operation of state-aided public housing units. The SHA and the development team are conferring about how best to structure the ownership entity and address related questions (such as procurement). The SHA and its team members are familiar with these standards, as highlighted by DHCD in its NOFA and related materials. We will comply with those requirements or, in consultation with DHCD, may request limited regulatory or legislative relief.

2. Housing Production Impact:

a. Provide an analysis of existing and projected site density, and the factors underlying the proposed number and configuration of units.

The current density per acre at the site is approximately 41 units per acre; our proposal, at its high end, proposes a density close to 100 units per acre. We have proposed this level of density in order to be able to replace all 216 existing public housing units, bring in market-rate units for cross subsidization, and to allow a certain level of income mixing across unit types throughout the site. These total unit figures are based on market data and a successful

financial model (described further in “Chapter 2-A: Units- Number, Size, and Affordability” - p. 59 of the SHA’s RFP response), as well as an appealing site plan that responds to its topographical and neighborhood context, provides more proprietary space and sense of ownership for residents, and offers new common spaces and amenities for both current and future residents.

b. Describe any anticipated zoning or other regulatory approvals needed to increase site density.

As described in “Chapter 5-B: Outline of Anticipated Land Use, Zoning, and Other Permits and Approvals” (p. 81) of the SHA’s RFP response, the site’s current zoning and the proposed rezoning do not support the proposed development program at this time. The development team therefore intends to establish dimensional use and other criteria which address this particular site, and reflect the particular proposed development program, by either: (a) apply for a comprehensive permit (a so-called “friendly 40B”) for the project site, or (b) advocate for an alternative rezoning of the project site, that accommodates the proposed development program. Since the time of original submission to the SHA, we have met with the City Planning and Zoning Director who has indicated that he would recommend we pursue our zoning needs through a ‘friendly 40B’ process.

3. Capital and/or Operating Leverage:

a. Describe the capital and/or operating funding from non-public housing units expected to be available to support rehabilitation and/or ongoing operations for the public housing units.

Our proposed redevelopment program assumes a \$15 million cash cross subsidy from the predominantly market-rate buildings (Blocks A and B). Additionally, the operational income of the market units in those building will continue to support the operations of the roughly 46 public housing units that will be located in those buildings. Within Blocks C and D, the balance of the public housing units will have received the up-front capital funding resource from the direct cross subsidy payment, but will also have a portion of moderate units that will also continue to strengthen long-term operations of those blocks. Generally, our initial proformas do assume that the State continues to fund the existing operating funds to the project and that residents pay 30% of their income. This approach permits the complete redevelopment of all 216 public housing units at a cost of less than \$100,000 per unit of State and City subsidies. “Chapter 2-C: Project Financing” (p. 65) of the SHA’s RFP response clarifies our financial objectives for each phase of the redevelopment and details the project’s development sources/uses and operating revenues and expenses.

b. What other resources do you anticipate will be needed to make this project a reality?

A number of additional resources remain necessary to make this project a reality. We have briefly summarized them below:

- **Tax-Exempt Bond Issuance and 4% Tax Credits:** The construction of Blocks C and D do rely on use of the 4% tax credit program and as such would need to have a bond allocation sufficient to meet the various tests associated with the bonds. MassHousing and MassDevelopment each submitted letters of interest in financing the bonds for these phases, as included in Appendix 6 of the SHA’s RFP response. Additionally, that original application includes letters of interest from two equity providers to purchase the 4% tax credits.
- **Massachusetts Rental Voucher Program:** To minimize the cost of relocation for the existing residents, we anticipate that we will need an allocation of temporary vouchers from the Massachusetts Rental Voucher Program (MRVP). The development team will procure a housing relocation consultant to assist residents in finding suitable replacement housing options and to help coordinate their personal needs, but to minimize the housing cost, we have assumed the SHA will prioritize Clarendon residents upon turnover of portfolio units, reach out to other LHAs who may have available units and also provide a modest number of Section 8 vouchers if possible. The SCC will also review potential in their portfolio for relocation units. We will also phase the project carefully to maximize the new units as relocation resources. However, there will still likely be a relocation resource gap and we anticipate the project may need approximately 80 MRVPs for use as a temporary relocation resource.
- **Tax-Incentive Exemption/Tax-Increment Financing:** As further described in “Chapter 2-C: Development Sources and Uses” (p. 66) in the SHA’s RFP response, the redevelopment’s new market-rate units are expected to generate an estimated \$900,000 in annual property tax revenue. We have proposed using a TIF or a TIE structure to use a portion of that tax revenue, proposed to be 50%, to create an additional capital sources. We have estimated that resource at approximately \$7M.
- **MassHousing Workforce Funds:** We have assumed that some portion of the units in Blocks C and D would be eligible for funding under the MassHousing Workforce program. These funds would enable the team to enrich the income mixing at the site. We recognize that the request in aggregate is more than MassHousing’s \$5M cap, but we anticipate MassHousing would review on a per deal basis.
- **Financial Support from the City of Somerville:** We will need the support of the City as well. This could support could come from Community Preservation Act funding or other funds available through the City’s Affordable Housing Trust.

- **Financial Support from the Commonwealth:** The project will require State Public Housing bond funds as a primary resource that in addition to the market rate leverage, will fund the 216 replacement public housing units.

4. Project Feasibility:

- Provide a market analysis demonstrating that the market rents and/or sales prices exceed the estimated cost of developing and operating the market units.

Gate Residential is one of the most active market-rate multi-family residential developers in the Greater Boston metro, especially within the “outer urban” neighborhoods of Somerville, Chelsea, Quincy and Revere. In those efforts, Gate Residential is continuously assessing the market for current information on apartment rents, construction costs, development expenses, and operating expenses. Based on its recent experience with Maxwell’s Green in Somerville, its opening of two new apartment developments this spring in Chelsea and Quincy, and its on-going exploration of other opportunities in the Greater Boston area, Gate Residential conducted an intensive internal market analysis of the opportunity at Clarendon Hill. We are highly confident in the development’s projected rents and costs, which demonstrate an ability to generate an internal cross-subsidy for the public housing units of approximately \$15 million. For example, the project is currently underwritten with rents that are approximately 90% of the current achieved market rents at the comparable apartment development Maxwell’s Green, a conservative projection. This information is demonstrated in the proforma submitted with our response in Attachment E: Project Development Budget. Additionally, please see Attachment A: Market Analysis, which demonstrates the area’s current market conditions.

- Describe the scope and cost of the capital needs of the existing public housing units that you will address as part of the proposed project.

Clarendon Hill was developed in 1948, and similar to many public housing developments built decades ago, the property remains isolated from its surroundings. The site is configured in a superblock with no through-streets or private space for residents and poorly-oriented homogenous buildings that are not integrated well with the surrounding community. The design and overall condition of the development is obsolete by today’s standards. The rehab needs of the existing buildings are too extensive to make renovation cost-effective, and it is impossible to attain the site density we believe is necessary to achieve a significant level of cross subsidization while retaining any existing buildings. Our plan therefore assumes demolition of the existing buildings, to be replaced by 100% newly-constructed buildings (detailed in “Chapter 2: Development Concept” – pp. 55-72 of the SHA’s RFP response).

c. Provide a development budget for the project.

The development budget for Clarendon Hill is included in Attachment E: Project Development Budget. We have also included a predevelopment budget to support our request for Demonstration Grant funding.

d. Provide a proposed operating budget for the completed project.

The proposed operating budget for Clarendon Hill is included in Attachment G: Proposed Operating Budget.

e. Provide a realistic project development schedule with key development milestones that demonstrates the likelihood that completion of Demonstration Grant-funded activities will lead to project groundbreaking within the following two years.

The proposed project implementation timetable, comprised of key project milestones, benchmarks, required approvals, and other timeframes is included for reference in "Chapter 5-A: Preliminary Development Schedule" (p. 80) of the SHA's RFP response. The POAH-SCC-GateR development team has already begun working in an effort to stay true to the timeline presented in that response. A big unknown in the proposed time line is the timeline for the availability of State and City funds; if a commitment for the State and City funds is available on the timeline submitted, the project may be able to bridge the amount of that funding until such time that the State and the City can make the funds available.

f. Describe any potential barriers (community, environmental, financial, etc.) to moving the project forward, and your plans to address them.

The development team has identified potential barriers that could temporarily impact the project moving forward. These include relocation, permitting/zoning, and community barriers:

- 1) **Relocation Barriers:** Our plan assumes demolition of the site's existing buildings, to be replaced by 100% newly-constructed buildings. We have proposed the construction at the site in such a way that it could be phased. In any circumstance, however, the logistics and costs associated with relocating 216 families in the high-value market of Somerville will prove to be a significant challenge and cost burden. The development team and the SHA will work closely together and with the residents to create a plan for temporary relocation of all tenants; however, we do recognize that this negotiation process could delay our proposed project implementation timeline. Additionally, the process of applying for and receiving MRVPs, identifying a suitable site for relocation, and holding vacant units may temporarily constrain the project's ability to move forward. These concerns will be

prioritized throughout the pre-development planning process to preserve residents' housing security during the relocation phases of construction.

- 2) **Permitting/Zoning Barriers:** As described in "Chapter 5-B: Outline of Anticipated Land Use, Zoning, and Other Permits and Approvals" (p. 81) of the SHA's RFP response, the site's current zoning and the proposed rezoning do not support the proposed development program at this time. We have met with the Planning Office for the City of Somerville and are poised to begin working on a 'friendly' 40B submission to the City to gain the necessary permitting.
- 3) **Community Barriers:** The area's surrounding residential communities and businesses may react less favorably to the development during its initial construction phase. These local objections are often related to the temporary inconveniences associated with any new form of construction and increases in urban density, which may include concerns about traffic congestion, construction noise, and overall neighborhood aesthetics. As described in "Chapter 4-B: Ongoing Property Management" (p. 76) of the SHA's RFP response, we recognize that community support and engagement in the development process will be central to the success of the project. To prevent impedances on the development program, the POAH team, SCC, and its partners expect to form strong relationships with existing residents and the surrounding community during the planning stages, which will be sustained long beyond the completion of construction. The development team is fully prepared and equipped to become a partner with and a resource to the Somerville community.

5. Community Factors:

- a. Is the community supportive of this project? Please attach evidence such as current local financial, zoning and/or political support for the proposed project. If available, provide evidence of community support for the development of multi-family housing development. Please describe the process you intend to undertake to engage residents in the design of and planning for the project.

We strongly believe that redevelopment efforts are most effective when residents and community stakeholders are involved in the planning process from the very beginning, thereby becoming active participants in their neighborhood's transformation. We have put forward an initial vision for revitalizing Clarendon Hill, but, since selection, the development team has begun the process of engaging community residents in an effort to shape the most compelling, shared vision for the site. Initially, the team will engage in listening-oriented activities, in order to build trust, to learn how residents view the development's existing assets and challenges and what they envision for its future, and to use this input to shape the redevelopment plan. The redevelopment team's outreach and community engagement strategies are detailed in "Chapter 2-D: Community Engagement" (p. 70) of the SHA's RFP response.

Since designation of the POAH-SCC-GateR team, we have met with local elected officials, local planning and zoning officials, and resident representatives from Clarendon Hill. These stakeholders have indicated a willingness and excitement to work with the team through the redevelopment of this project and view its success as an opportunity to improve conditions for existing residents and the neighborhood at large. Please see Attachment Q, which includes letters of community support for the development of multi-family housing.

Somerville Market Analysis

Clarendon Hill



Site Description

The market-rate portion of the proposed Clarendon Hill redevelopment has undergone a thorough internal market analysis that supports and justifies Gate Residential's unit mix, income and expense assumptions. The 5.16-acre site, located at 34 North Street, is currently comprised of 216 public housing units in 9 three-story buildings. For the market-rate portion of the redevelopment, Gate Residential, is proposing to build 2 five-story buildings each over 2 levels of structured parking consisting of approximately 300 units, of which 254 units would be market-rate.

Submarket Analysis

The Somerville/North Cambridge submarket is popular with renters who want to live close to Boston and East Cambridge without the high rental costs of the urban-core apartment market. As a result, demand for rental product, priced at a discount to Downtown Boston and East Cambridge, has been very strong. When compared to rents in the Harvard/Central/Kendall/Cambridge Submarket, the average rental rates in the Somerville/North Cambridge submarket are priced at approximately a 40% discount.

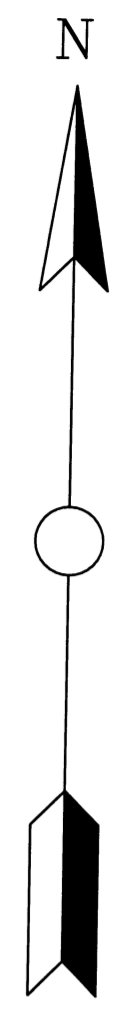
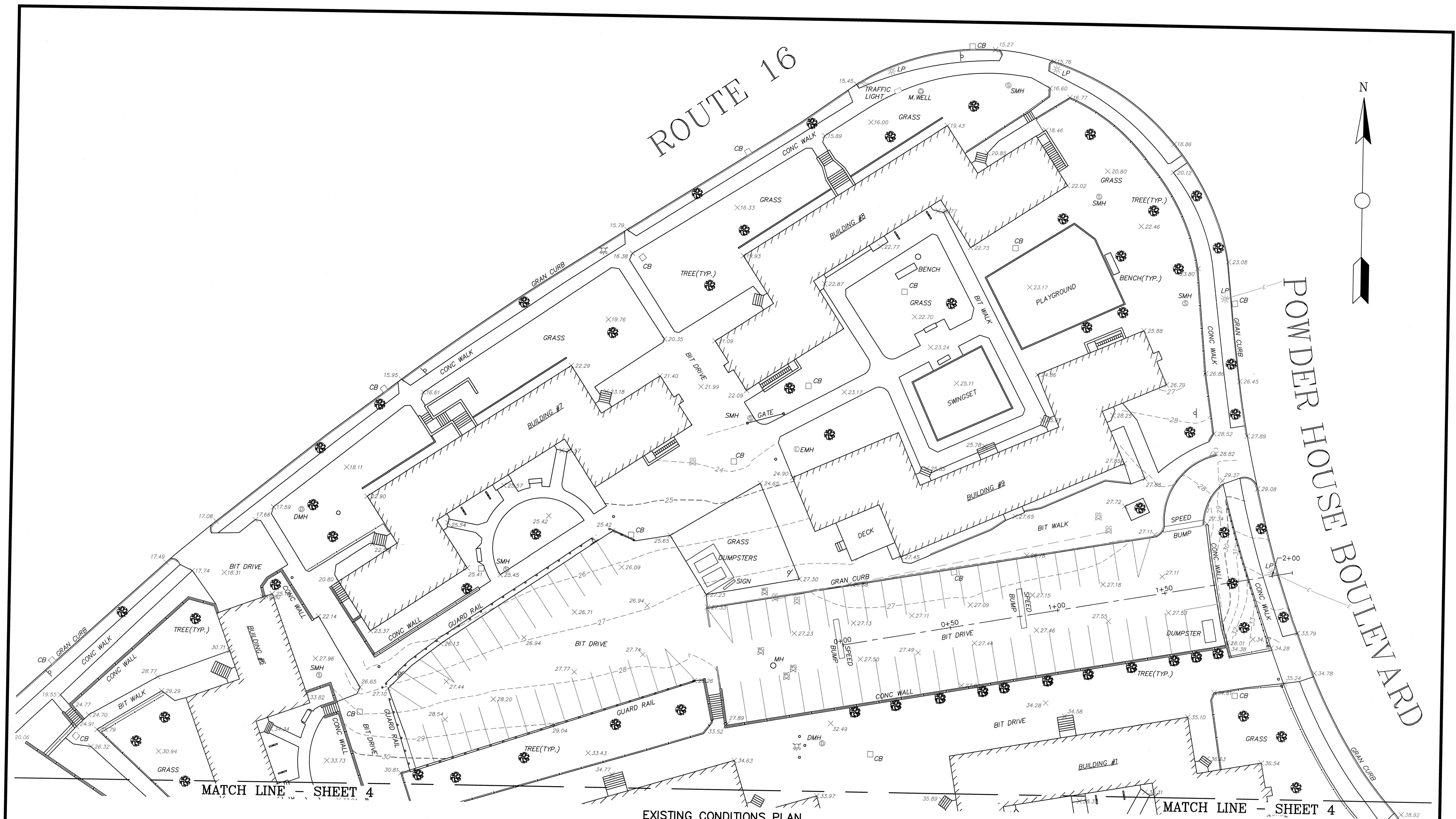
The Somerville/North Cambridge housing submarket is made up of predominately renters. According to the American Community Survey, almost 67% of Somerville's occupied housing units are renter-occupied, as opposed to 37% at the Greater Boston metro level. Proximity to Tufts University and Harvard helps make this a young and well-educated population, where about one-third of the population is between 20 to 34 years of age versus one-fifth of the Boston metro area. Household incomes in the Somerville/North Cambridge submarket are only slightly below the area median income average at \$70,500 per year, but the cost to own is approximately 6.5% higher than the metro. As a result, high cost of homeownership and a young population have contributed to a high concentration of renter-occupied households.

Projected Unit Mix and Rents

Gate Residential is one of the most active market-rate, multi-family residential developers in the Greater Boston metro area, specifically within the "outer urban" municipalities including Somerville, Chelsea, Quincy and Revere. Gate Residential is continuously assessing the market for current information on apartment rents, operating expenses, and construction and development costs. Based on its recent experience with Maxwell's Green in Somerville, its

opening of two new apartment developments this spring in Chelsea and Quincy, and its ongoing exploration of other opportunities in the Greater Boston area, Gate Residential is highly confident of the projected rents and costs contained in the pro forma submitted with its response to the RFP. Based upon these assumptions, Gate Residential has demonstrated an ability to generate an internal cross-subsidy for the public housing units of approximately \$15 million. The project is currently underwritten with rents that are approximately 90% of the current achieved market rents at Maxwell's Green, arguable the most comparable apartment development. Similarly, the projected rents are priced competitively at other comparable developments (see attached chart). The proposed unit mix and square footages are comparable to surrounding Class A multifamily product, where 10% of the units are studios averaging 490 square feet, 50% are one bedrooms averaging 690 square feet, 10% one bedroom with a den averaging 820 square feet, 25% two bedrooms averaging 1,025 square feet, and 5% three bedrooms averaging 1,250 square feet.

Please see below for a competitive set analysis, which compares our underwritten rental rates to comparable product in the area.



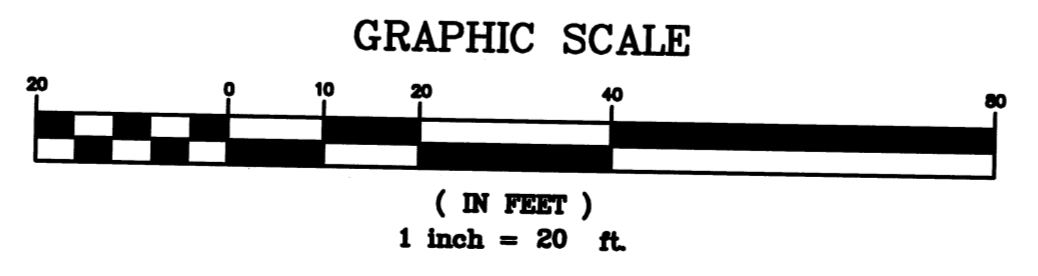
ROUTE 16

POWDER HOUSE BOULEVARD

MATCH LINE - SHEET 4

MATCH LINE - SHEET 4

EXISTING CONDITIONS PLAN
SCALE: 1"=20'



Current Site Layout (1 of 2)

SOMERVILLE HOUSING AUTHORITY
SOMERVILLE, MASSACHUSETTS
CLARENDON HILL (200-1)
SITE IMPROVEMENTS
EXISTING CONDITIONS PLAN

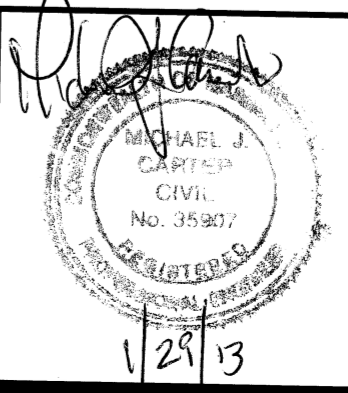
GCG ASSOCIATES, INC.
WILMINGTON MASSACHUSETTS

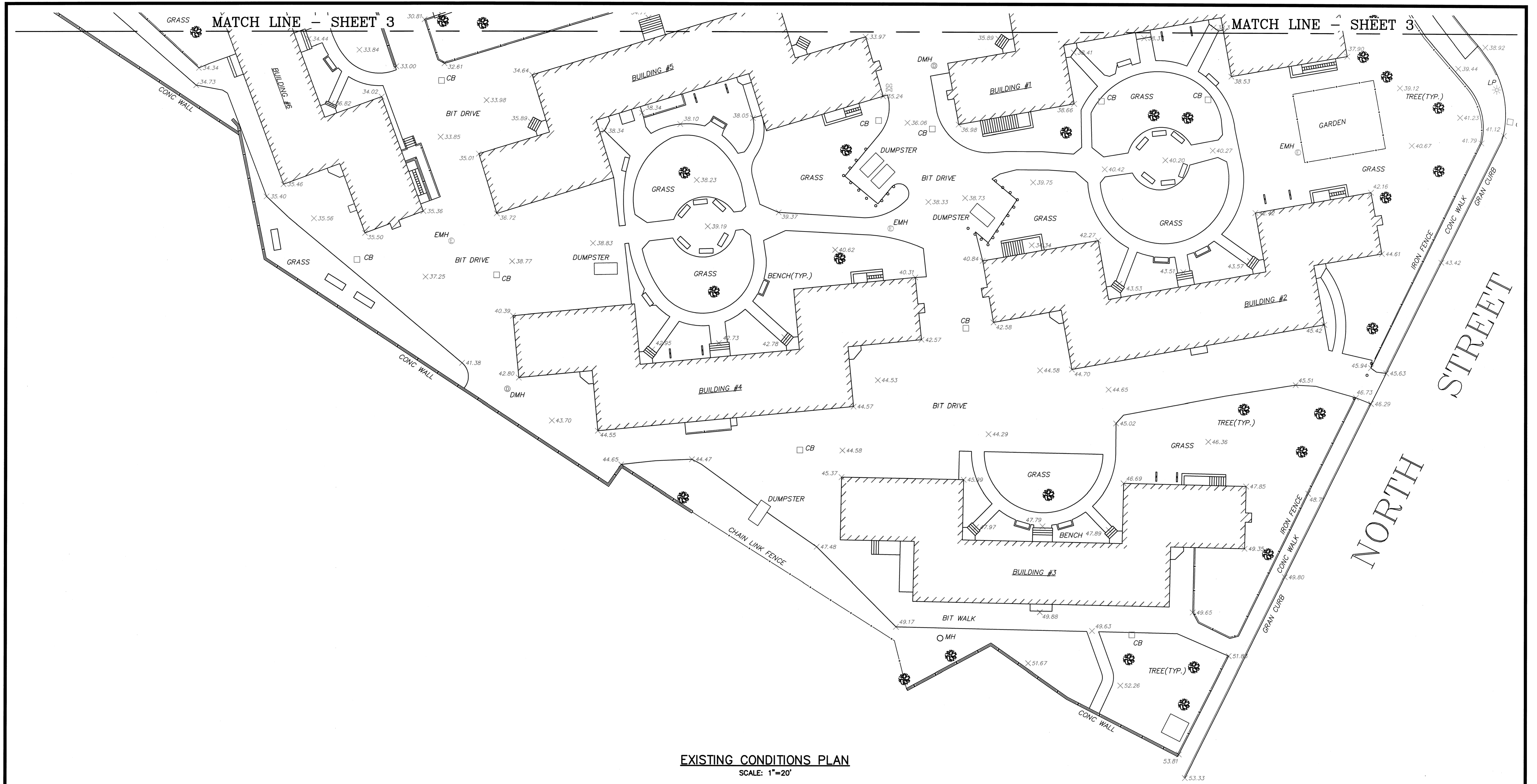
SCALE: AS NOTED DATE: NOVEMBER 13, 2012

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DESIGNED BY: W.D.S.
DRAWN BY: W.D.S.
CHECKED BY: M.J.C.

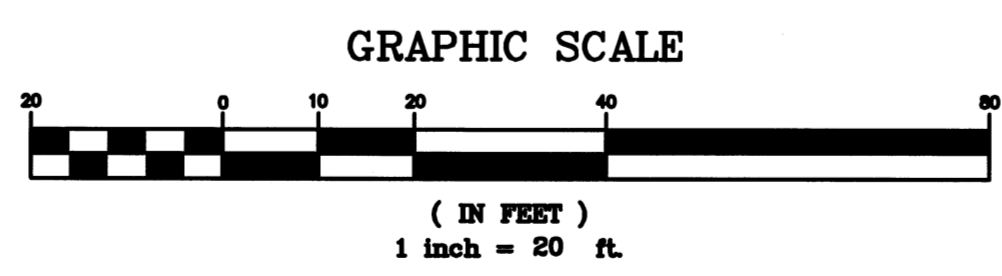
PLAN NO.
3 OF 11

NO.	DATE	REVISION DESCRIPTION	BY
2	01/28/13	BID COMMENTS	RPL
1	01/14/13	CITY ENGINEER'S COMMENTS	WDS



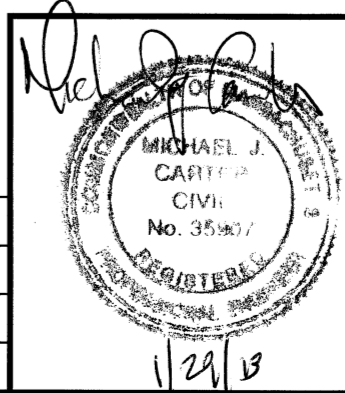


EXISTING CONDITIONS PLAN
SCALE: 1"=20'



Current Site Layout (2 of 2)

NO.	DATE	REVISION DESCRIPTION	BY
2	01/28/13	BID COMMENTS	RPL
1	01/14/13	CITY ENGINEER'S COMMENTS	WDS



SOMERVILLE HOUSING AUTHORITY SOMERVILLE, MASSACHUSETTS		
CLARENDON HILL (200-1) SITE IMPROVEMENTS EXISTING CONDITIONS PLAN		
GCG ASSOCIATES, INC.		
WILMINGTON		MASSACHUSETTS
SCALE: AS NOTED	DATE: NOVEMBER 13, 2012	
JOB NO./FILE NAME: 1213-DESIGN	DESIGNED BY: W.D.S. DRAWN BY: W.D.S. CHECKED BY: M.J.C.	PLAN NO. 4 OF 11

CONCEPTUAL DRAWINGS

Please see Appendix 4 of the Clarendon Hill Redevelopment Proposal for conceptual design drawings, including site plans, landscape plan, and concept images.









ATTACHMENT D

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is entered into as of the 28th day of June, 2016 by and between Somerville Housing Authority, a body politic and corporate having an address of 30 Memorial Road, Somerville, Massachusetts (“Authority”), and a to-be-formed Joint Venture between POAH LLC, Gate Residential, and Somerville Community Corporation, a to-be-formed Massachusetts Limited Liability Corporation having an address at 40 Court Street, Suite 700, Boston, MA 02108 (“Developer”) in connection with the proposed redevelopment of the Clarendon Hill state-aided public housing development in Somerville, Massachusetts.

RECITALS

- A. Authority is the owner of the Clarendon Hill state-aided public housing development (the “Existing Development”), and is submitting an application (the “Application”) to the Massachusetts Department of Housing and Community Development (“DHCD”) for a demonstration grant (the “Grant”) in accordance with the November, 2015 Notice of Funding Availability for DHCD’s State-Aided Public Housing Mixed-Income Community Demonstration Program (the “NOFA”).
- B. Developer is a real estate developer with expertise in developing and operating mixed-income multifamily housing communities that include a significant market rate tier.
- C. Following a procurement in accordance with M.G.L. c. 30B, Authority has selected Developer to partner with it in carrying out a comprehensive local planning process and developing a plan for a mixed-income development project involving the development of new affordable and/or market-rate units at the Existing Development and/or other Authority-owned land, as well as rehabilitation and preservation of existing public housing units at the Existing Development (collectively, the “Redevelopment Project”).
- D. Pursuant to the NOFA, Authority will serve as the Applicant for the Grant and Developer will serve as Co-Applicant for the Grant. Other parties will play additional roles as principal team members, which roles are further addressed in the Application.

AGREEMENT

- A. Commitment to Work Collaboratively. Authority and Developer each commit to work collaboratively throughout the entirety of the Grant.
- B. Co-Applicant Liability. Developer, as Co-Applicant, agrees that it will be jointly and severally liable with Authority, as Lead Applicant, for performance of the Grant.
- C. Legal Contract Requirement. The parties acknowledge that, should the Application be

successful under the NOFA, as a condition of funding DHCD will require a legal contract detailing specific roles and responsibilities consistent with the description of roles and responsibilities attached as Exhibit A. Each party commits to negotiating such contract in a manner consistent with this MOU and the requirements of DHCD. The parties more particularly agree that any Master Development Agreement or Development Agreement(s) must be negotiated and executed in accordance with any applicable procurement standards and must be submitted to DHCD for its approval prior to advance of any funds under the Grant.

The parties additionally agree that if the grant is not awarded to the Clarendon Hills redevelopment, the SHA designation of the developer entity shall, subject to the next sentence, no longer be in effect. However, the parties agree to work together in good faith to identify alternative feasible development scenarios and may agree to enter into a disposition agreement to advance the redevelopment of Clarendon Hills as long as the preservation of the existing state assisted public housing units is assured.

D. Commitment to Redevelopment. Authority and Developer acknowledge that they each:

1. Have reviewed the NOFA and any related guidance from DHCD;
2. Have participated in preparation of the Application and any related materials and submissions, and
3. Are fully committed to the goals and requirements of the NOFA and the Application.

E. Incorporation of Application. The parties agree that, in addition to the summary attached to this MOU as Exhibit A, their respective responsibilities and relationships are further detailed in the Application, which is incorporated in this MOU by reference.


F. Incorporation of NOFA Requirements. The parties are entering into this MOU in furtherance of the Application, and as required by the NOFA. The parties intend that this MOU shall conform to and satisfy all requirements of the NOFA. In the event of any inconsistency between any NOFA requirement and the provisions of this MOU, or in the event of a failure to include a provision necessary to satisfy such NOFA requirements, then this MOU shall be construed to incorporate a provision satisfying such NOFA requirements and (while not required) the parties agree to amend this MOU as necessary.

[signatures on next page]

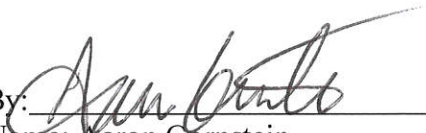
IN WITNESS WHEREOF, the parties have duly executed this Memorandum of Understanding, which may be executed in multiple counterparts, on or as of the date first written above.

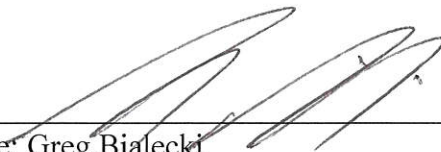
AUTHORITY:


SOMERVILLE_HOUSING AUTHORITY

By: 
Name: Joseph Macaluso
Title: Executive Director, Somerville Housing Authority
Authorized by Authority Resolution No. 2016-07 adopted 6/8/16 (attach copy)

DEVELOPER:

By: 
Name: Aaron Gornstein
Title: President and CEO, POAH LLC

By: 
Name: Greg Bjalecki
Title: Executive Vice President, Gate Residential

By: 
Name: Daniel LeBlanc
Title: Executive Director, Somerville Community Corporation

**BOARD RESOLUTION
NO. 2016-07**

REGULAR MEETING OF THE SOMERVILLE HOUSING AUTHORITY
HELD JUNE 8, 2016

- 7 (c) Consideration of request by the Executive Director to Authorize entering into the Memorandum of Agreement for Predevelopment and Planning Services, to The Preservation of Affordable Housing, Inc., of Boston, MA for SHA Job No. 1608, Long-Term Lease of Authority Land at Clarendon Hill Apartments and the Development of This Land For Mixed-Income Housing. **(Roll Call Vote Required).**

Upon motion made by Comm. McCallum, seconded by Comm. Santana, it was voted to approve Item 7(c).

Upon roll call the ayes and nays is as follows:

Ayes

Nays

Absent

Comm. McCallum

Comm. McDonald

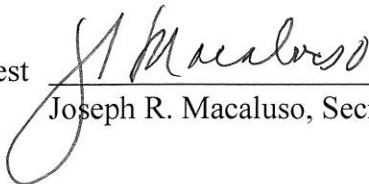
Comm. Santana

Comm. Racicot

Chairman Bonney

SO VOTED

Attest



Joseph R. Macaluso, Secretary

Exhibit A: Clarendon Hills Mixed-Income Redevelopment Roles & Responsibilities

SHA	Dev	Enter a 1 or 2 in the left hand column to indicate the level of responsibility that each party has in completing the listed tasks. The party with the ultimate responsibility should be ranked 1. The party that assists in task completion should be ranked 2. If there is joint responsibility for the particular task by either party there is no ranking and should be left blank.
		General Project Administration Required by Both Parties
		Review and agree upon Roles/Responsibilities
		Review and Execute MOA/MOU
		Predevelopment Activities
2	1	Prepare and develop project budget (predevelopment/total development)
2	1	Develop master plan for site
2	1	Develop/maintain detailed development schedule & critical path schedule
2	1	Hire/manage consultants/contractors necessary to implement project
2	1	Ensure MBE/WBE participation
2	1	Structure and implement participatory planning process
2	1	Be responsive to local community, neighborhood and City residents
2	1	Foster resident project planning and implementation
2	1	Secure letters of support
2	1	Prepare response to the DHCD Mixed-Income RFP due June 26, 2016 (confirm date- RFP says June 26 th ; NOFA dates not updated)
1		Seller/Lessor
1	2	Coordinate with developer relative to eligibility for Payment in Lieu of Taxes and/or any related Cooperation Agreements with the City of Somerville
1	1	Review and sign LDA
1	2	Negotiate DHCD approvals re: state-public housing disposition
1	2	Seek waiver from DHCD in order to continue to receive operating subsidy
2	1	Secure Funding; SHA to provide capital/operating funds available for public housing
2	1	Conduct any necessary environmental/geotechnical studies; prepare appropriate abatement plans
1	2	Relocate residents in consultation with the developer.
		Develop a relocation plan- jointly develop
2	1	Maintain communication regarding project progress
2	1	Secure all necessary permits
	1	Provide evidence of adequate zoning
	1	Develop organizational documents for owner
2	1	Prepare Management Agreement/Management Plan
2	1	Advise on creation of management documents (site-based waiting list, leases, etc.,)
		Development Activities
	1	Obtain building permit/street opening permits
2	1	Maintain detailed development schedule & critical path schedule
2	1	Be responsive to local community, neighborhood and City residents
2	1	Continue w/relocation implementation

1		Provide operating subsidy
	1	Ensure quality control relative to construction best practices and workmanship
		Comply with all applicable federal, state, and local laws
	1	Develop a strategy for utilization of MBE/WBE and Section 3 firms.
		Operations
1	2	Asset management of SHA units
	1	Asset management of non-SHA units



SOMERVILLE HOUSING AUTHORITY

30 Memorial Road
Somerville, Massachusetts 02145
Telephone (617) 625-1152 Fax (617) 628-7057 TDD (617) 628-8889

June 28, 2016

MA Department of Housing and Community Development
100 Cambridge Street, Suite 300
Boston, MA 02114
Attention: Paul McPartland

RE: New Mixed-Income Community Demonstration Program-Compliance with 760 CMR 11.00:

Dear Mr. McPartland,

Please accept this letter as confirmation that the Somerville Housing Authority (SHA) is in compliance with the intent of **760 CMR 11.10 Tenant Participation in Modernization Projects**

In addition to a tenant meeting held on June 27, 2016, SHA took the following affirmative steps to provide tenant comment and participation;

1. SHA posted all respondent proposals on our web-site;
2. SHA appointed a current Clarendon Hill tenant to our Selection Committee;
3. SHA Board of Commissioners discussed the NOFA at an advertised public hearing and solicited comment;
4. SHA posted Clarendon's main announcement board with proposal content and contact information.

Moving forward with our selected partners, we will continue outreach efforts and intend to hire a tenant coordinator to distribute information on upcoming project-proposal meetings.

Please do not hesitate to contact me should you have any questions.

Sincerely,

Joseph Macaluso
Executive Director

Translation services available upon request, by appointment only
Services d'interprétation est disponible. <<Sur rendez-vous>>
Servicio de traducción está disponible, con cita, unavez que lo solicite



SUSTAINABLE DEVELOPMENT PRINCIPLES

The SHA-POAH-SCC-GateR development team is dedicated to integrating the Commonwealth's Sustainable Development Principles into the redevelopment of the Clarendon Hill site. The principles serve as the foundation of the enclosed preservation and redevelopment concept. Specifically, the proposal for Clarendon Hill meets the Commonwealth's Sustainable Development Principles in the following ways:

1. **CONCENTRATE DEVELOPMENT AND MIX USES:** We envision a vibrant new community at Clarendon Hill that includes replacement of the existing public housing units within the context of a new, mixed-income, amenity-rich urban community. We propose to demolish all 216 units in phases and rebuild on-site approximately 500 mixed-income units. The redevelopment's mix of housing types will appeal to different market segments, including townhouse style units in 4-story buildings along the quieter residential edge of the site and higher-density units with a range of bedroom sizes in slightly taller buildings. The site's surrounding neighborhood offers mixed-use amenities, including: an extensive green space and a bike path, access to Dilboy Field and a public pool, a supermarket next door, frequent and quick bus service to Davis Square and Arlington Center, adjacency to academic and cultural offerings at Tufts University, and the beautiful new North Street Veteran's playground.
2. **ADVANCE EQUITY:** The preservation and redevelopment of affordable housing in Clarendon Hill promotes equitable housing access in an area where quality, deeply affordable housing is needed. Our redevelopment proposal transforms a socially isolated enclave into a great new community, fully integrated into and benefitting the surrounding neighborhood-- a community that everyone, regardless of income, would choose to live in. In renting and maintaining these units, POAH and its property manager, POAH Communities, will continue to advance equity, diversity, and accessibility in housing for all members of the communities we serve.
3. **MAKE EFFICIENT DECISIONS:** The developers, architects, and engineers on our team all bring a commitment to sustainability as well as extensive expertise in creatively building green, energy-efficient, and sustainable elements into our projects. All buildings will be built to meet or exceed the Massachusetts Stretch Code levels that will be in place at the time of permitting. Individual structures may, in addition, be designed and built to qualify for third-party certification/verification systems, e.g. ENERGY STAR, LEED, Enterprise Green Communities, etc. All building materials will be high-quality, low-maintenance, with long expected useful lives. The team will implement best practices for optimizing air quality, building durability, efficient use of energy and other resources, and occupant comfort.

CLARENDON HILL
SOMERVILLE, MASSACHUSETTS

4. **PROTECT LAND AND ECOSYSTEMS:** Reinvestment in Clarendon Hill prevents the unnecessary development of ‘greenfield’ sites. As a relatively dense residential property, reinvestment in the land beneath these existing apartments promotes the efficient use of land and infrastructure in the region. The team will create clear pathways for the neighborhood that link to the expansive Dilboy/Alewife Brook Park green spaces, maximizing the number of units with great views over these green spaces.
5. **USE NATURAL RESOURCES WISELY:** The redevelopment of Clarendon Hill uses existing infrastructure, including public water and sewer service, which prevents the unnecessary expansion of the town’s roadways and utilities. As part of the proposed redevelopment, Clarendon Hill will feature energy-efficient, sustainable buildings designed to Massachusetts Stretch Code, as well as ENERGY STAR and LEED standards, with features including Zipcar parking and electric car charging station, green roof/community gardens, sustainable landscaping and innovative approaches to managing and utilizing stormwater.
6. **EXPAND HOUSING OPPORTUNITIES:** Clarendon Hill currently serves a very- low-income population of elders, families, and people with disabilities (Chapter 200 public housing). The team plans to supplement replacement public housing units with units targeting a broad range of incomes, including both workforce and market-rate housing, with units at varying income levels integrated within each building. Additionally, the team has proposed that some of the replacement housing units may be located in approved off-site locations. This diversity of locale would expand housing opportunities for the existing residents.
7. **PROVIDE TRANSPORTATION CHOICE:** Clarendon Hill is within walking and biking distance of jobs, retail services, and recreational amenities; including: the Davis transit stop (0.9 mile), the Alewife transit stops (1.2 miles), and the Clarendon Hill busway (0.2 miles). The proposed designs aim to create natural, safe, welcoming pathways for pedestrians/bikes, providing new linkages through the site as well as from the site across the Parkway to the recreational fields, Dilboy, and the green space/bike path located there. A new pathway will also be created to the grocery store next door, making it easier for residents to walk over and buy groceries.
8. **INCREASE JOB AND BUSINESS OPPORTUNITIES:** Clarendon Hill is located along Alewife Brook Parkway and in close proximity to Broadway, a retail service corridor. Investment in this property improves the marketability and attractiveness of this prominent commercial corridor. The proposed design includes a total of approximately 12,000 SF in indoor space for amenities, including space within each of the buildings. These will likely include a combination space for community meetings and job-training services like tutoring, after-school programming, and employment-link services.

CLARENDON HILL
SOMERVILLE, MASSACHUSETTS

9. **PROMOTE CLEAN ENERGY:** The new technologies brought in as part of the redevelopment of this site will greatly improve the energy efficiency of the site through the investment in low-consumption systems and fixtures. As owners of Clarendon Hill, the team will continue to systematically track energy consumption and continually evaluate opportunities for cost-effective energy savings that benefit both residents and operating budgets.

10. **PLAN REGIONALLY:** The redevelopment of Clarendon Hill supports the development and implementation of local and regional, state, and interstate plans, particularly satisfying the regional need for improvements in housing and neighborhood quality. Our proposal aims to bring the maximum amount of market resources to bear on transforming Clarendon Hill into a “vital, healthy, inclusive and distinctive urban neighborhood” (Somerville Vision Neighborhood Goal Statements, p. 18).

FAIR HOUSING PRINCIPLES

The SHA-POAH-SCC-GateR development team is dedicated to achieving fair housing goals and principles. Specifically, the proposal for Clarendon Hill meets the Commonwealth's DHCD Fair Housing Principles in the following ways:

1. **ENCOURAGE EQUITY:** Fair housing is at the core of the development team's mission to preserve at-risk affordable housing for low-income families, and Clarendon Hill will be no exception. In renting and maintaining these units, POAH and its property manager, POAH Communities, will continue to promote equity, diversity, and accessibility in housing for all members of the communities we serve.
2. **BE AFFIRMATIVE:** All parties of the development team have broad experience promoting the goals of fair housing at affordable housing developments locally, regionally, and nationally. In recent years, Somerville has become one of the hottest residential markets in the Boston metro area, with significant investments by developers attracting new residents to the city. The Clarendon Hill redevelopment will preserve and enhance the affordability at the site while utilizing market-rate forces to accomplish these goals.
3. **PROMOTE HOUSING CHOICE:** Clarendon Hill offers one-bedroom, two-bedroom, and three-bedroom units for individuals, families, seniors, and disabled households. Units will range in size and bedroom mix to fit residents' multiple lifestyles and needs. The redevelopment meets all applicable unit accessibility requirements, with the goal of creating universally accessible unit and common area spaces. Units will include ample maneuvering space, usable kitchens and baths, and building elements that are easy to operate by all types of people.
4. **ENHANCE MOBILITY:** At Clarendon Hill, we will advance fair housing goals by working with community partners to make affirmative efforts to enhance mobility by reaching out to potential residents who may not otherwise be notified of housing availability.
5. **PROMOTE GREATER OPPORTUNITY:** This proposal for Clarendon Hill involves the private investment of a tax credit investor and a market-rate equity investor. These investments will go towards redeveloping this critical affordable housing asset to the City of Somerville and the larger region. Clarendon Hill is centrally located with access to quality resident services and neighborhood amenities. Preserving and enhancing this property not only provides for a dynamic quality of life for the residents but also supports the stability of the surrounding neighborhood as well.

**CLARENDON HILL
SOMERVILLE, MASSACHUSETTS**

6. **REDUCE CONCENTRATIONS OF POVERTY:** Clarendon Hill offers residents a home within a stable and active community, as the immediate neighborhood is diverse both economically and programmatically. The development team will work closely with organizations that serve Somerville's low-income residents, ensuring an equitable geographic distribution of housing and community development resources. These organizations include Cambridge-Somerville Legal Services, Community Action Agency or Somerville, Somerville Homeless Coalition, and others. All community outreach activities will be co-sponsored by the Somerville Housing Authority, in coordination with key local officials including the Ward 7 Alderman.
7. **PRESERVE AND PRODUCE AFFORDABLE HOUSING CHOICES:** Consistent with the development team's ongoing mission to preserve and create affordable housing, this proposal aims to recreate and enhance the existing affordable housing on site to ensure its continued contribution to the surrounding community by providing stable, clean, safe, equitable, and affordable housing for a wide-range of income levels.
8. **BALANCE HOUSING NEEDS:** The development team proposes to use state and city resources in an efficient way to redevelop the site in a way that will not recreate the existing affordable housing, but also increase affordability to a wider range of incomes and also create market-rate housing which will serve to furnish a cross subsidy to the balance of the site. This proposed redevelopment, though it will require temporary relocation, will ultimately, prolong the affordability at this site and contribute to improvement of the neighborhood without displacement.
9. **MEASURE OUTCOMES:** POAH and its management company, POAH Communities, are committed to systematically gathering and analyzing data to understand and improve the quality of our affordable housing developments. We will work in close collaboration with DHCD and other state, regional and local organizations as appropriate to assess the characteristics and qualities of local housing needs and the effectiveness of our activities at Clarendon Hill.
10. **RIGOROUSLY ENFORCE ALL FAIR HOUSING AND ANTI-DISCRIMINATION LAWS AND POLICIES:** As stated above, the development team is committed to the principles of fair housing and anti-discrimination. We will ensure compliance with applicable laws and policies; Clarendon Hill has already been complying with these policies and laws and will continue to do so.

Somerville Housing Authority Developer and Property Management Profile



The Somerville Housing Authority (SHA) owns and manages 1,453 residential units located at 17 separate properties, all located in Somerville, Massachusetts.

Annual Budget: \$30,809,701

The most recently completed relevant development project is Capen Court.

CAPEN COURT SENIOR HOUSING - BRIEF SUMMARY

The Somerville Housing Authority completed construction on the redevelopment of Capen Court, an elderly housing development on Mystic Valley Parkway built with state public housing funds in 1955. The original project consisted of 64 very small units in eight two-story walk-up buildings, scattered around a small community building. After fifty years, the property was terribly obsolete and the buildings and site were heavily worn. The units were too small and had no handicapped accessibility or a adaptability for frail elders. In short, the property no longer served the needs of low income seniors who are increasing in their seventies and eighties and require suitable housing and supportive services to maintain independent living.

Due to the scarcity of public housing funds, the Capen Court redevelopment was planned to be financed through a mixture of public and private resources. The project was one of the first examples of using “mixed financing” to complete a major overhaul of state public housing. The result is a relatively modest use of public housing funds, and a significant private investment in low-income housing that continues to be operated as public housing for low income seniors.

Somerville Housing Authority was able to attract investors and lenders in the most difficult investment climate of our generation.

The Capen Court redevelopment had total costs of roughly \$25 million. Nearly two-thirds of the long-term funding is private investment and lending including Low Income Housing Tax Credits (LIHTC).



The Somerville Housing Authority also has a track record of managing large scale redevelopments over the years and has dedicated significant funding and staffing to the effort.

Additional successful redevelopments efforts include:

- Modernization of 215 units at Mystic View: \$28 million
- Modernization of Weston Manor: \$12 million
- Modernization of 240 units at Mystic River (State-Aided) \$35 million expansion of kitchens and baths using modular additions.
- Mystic Water Works, currently close to a financial closing represents the most recent development capacity of the Somerville Housing Authority. The development will restore an historic water-works building into 25 units of permanently affordable housing for elderly and disabled families. SHA has demonstrated capacity to obtain multiple funding sources and manage complex regulatory processes.

In addition, the Somerville Housing Authority manages approximately \$800,000 of Federal and \$500,000 of State modernization projects each year.

To assist SHA in the mixed-income, mixed finance transformation of Clarendon Hill, SHA contracted with Charleen Regan, a housing and community development consultant with a practice focused on public housing finance and development. She brings experience in public housing policy work in general and in state mixed finance project development in particular. Ms. Regan is the author of *Protecting our Investment: Securing the Future of State-Aided Public Housing*, which analyzed the state assisted portfolio and provided detailed recommendations for policy, regulatory and financing innovations required to stabilize and improve the State-Aided portfolio.

Ms. Regan has provided technical assistance and developed financing strategies for a significant number of PHA transactions including work on HOPE VI, ARRA, Choice, Project based Section 8 conversions, HILAPP and other mixed finance transactions of federal and state public housing.



June 29, 2016

Paul McPartland
Asset Management Coordinator
MA Department of Housing and Community Development
100 Cambridge Street, Suite 300
Boston, MA 02114

RE: Support for Somerville Response to New Mixed-Income Community Demonstration Program

Dear Mr. McPartland,

I am writing to express my support for the POAH-SCC-Gate Residential response to DHCD's Mixed-Income Community Demonstration Program NOFA. As Alderman, Ward 7 in the City of Somerville, my district includes the North Street/Clarendon Hill state-assisted public housing development that is targeted for redevelopment under this application. I have had the opportunity to speak with representatives of the development team and am confident that they represent both the market knowledge to complete such a complex project, and the commitment to engaging public housing residents and the broader community alike throughout the development process.

Prior to my time on the Board of Aldermen I served as a member of the board of directors at SCC. I have worked closely with their organization leadership and real estate development staff and know they will ensure an open and transparent process that results in the highest quality housing for the current and future residents at North Street/Clarendon Hill. In addition, I am aware of the strong reputation and industry expertise that both POAH and Gate Residential bring to this project and I look forward to working with them on this important public housing transformation project.

Thank you for considering this team's proposal under the DHCD mixed-income NOFA. Please do not hesitate to reach out to me if you have any questions.

Sincerely,

Katjana Ballantyne
Alderman, Ward 7 Somerville



CITY OF SOMERVILLE, MASSACHUSETTS
JOSEPH A. CURTATONE
MAYOR

June 29, 2016

Paul McPartland
Asset Management Coordinator
MA Department of Housing and Community Development
100 Cambridge Street, Suite 300
Boston, MA 02114

RE: Support for Somerville Response to New Mixed-Income Community Demonstration Program

Dear Mr. McPartland,

As Mayor of the City of Somerville, I am pleased to lend my support for the SHA-POAH-SCC-Gate Residential response to DHCD's Mixed-Income Community Demonstration Program NOFA. I have previously urged the Somerville Housing Authority to pursue a public-private partnership for the redevelopment of their portfolio and am satisfied that the Somerville Housing Authority is committed to making the project a positive transformation that will benefit North Street residents and the surrounding neighborhood.

The POAH-SCC-Gate development team brings experience working in Somerville and a clear track-record delivering quality affordable and market rate housing.

With my full confidence in Executive Director Joe Macaluso and his team at the SHA, I am excited to provide the City of Somerville's support for this application and the North Street/Clarendon Hill redevelopment. I am happy to speak with you further about my support for this important project .

Thank you,



Joseph A. Curtatone
Mayor

CC: Joe Macaluso

