

Blessed Sacrament CAC

7/17/06

**DRAFT** Notes

**CAC Members Present:** Rafael Benzan, Clara Garcia, Fernando Mercedes, Damaris Pimentel, Michael Reiskind, Jennifer Spencer, Carmen Velazquez, Sylvia Villar, Ashley Cotton, BRA: Ines Soto, Randi Lathrop, Jonathan Greeley, DND: David West, Office of Rep. Sanchez: Andrea Martinez

**Welcome and Introductions:** Ines Soto (BRA) welcomed the group and introduced David West from the Department of Neighborhood Development. The CAC reviewed the agenda as well as the JPNDC responses to the CAC questions.

**Project Financing and Affordability:**

David West (DND) introduced a packet that began with an overview of the Blessed Sacrament ProForma. He then reviewed the HUD income limits for affordable housing ownership as well as the BRA's Inclusionary Development Fact Sheet. Finally, he reviewed state information on maximum sales prices if a development received state funds.

Carmen Velazquez (CAC) asked if this information applies to both houses and condos. David (DND) replied that it did. For condos though, there is some calculation to include condo fees.

David (DND) stated that the sales prices of units in the church are market rate. Out of 41 total units, 4 are affordable. The developer has asked for some city and state funds to help make the units affordable. On the ProForma sheet it is important to look at the *per unit cost w/ parking* row for the Church Condos, as the listed cost is 396, 757, which is very high for subsidized units. It is important to note that different funding sources target different areas of the project. The main funding source for the affordable rental housing is Low Income Housing Tax Credits (LIHTC). This will apply to the Single Room Occupancy (SRO) units in the convent as well as the mixed-use building. There is also some Transit Oriented Development (TOD) money, which is from the state and used for affordable housing.

Carmen (CAC) asked about LIHTCs. David replied that this is a federal program run largely through the IRS. It is a federal program that allows corporations to purchase tax liability losses from brokers packaged as part of a development deal. This program generates 50-60% of funding for affordable rental housing.

Clara Garcia (CAC) asked if this was related to expiring use. David (DND) replied no.

David (DND) stated that getting tax credits for a development is a competitive state process where developers compete to get funding. There is also a timing issue as there are funding rounds and projects rarely will get funded the first time. The next round of funding is in September.

Ines (BRA) asked why projects usually have to wait. David (DND) replied that the state likes to see that Zoning and Article 80 has been accomplished or is at least close to completion. They are also forced to choose between a number of "ready" projects because many are ready to go. After September, the next round is June '07. For DND/Neighborhood Housing Trust (NHT) funding, the next round is at the end of July. This group has been asked to fund the affordable

units in the Church because they are extremely expensive for affordable units and require a high subsidy.

Clara (CAC) asked what would happen if some of these funding sources are declined. David (DND) did not know. The project can build different parts of the projects at different times. This is a good question for developers. The longer the funding process takes, the more expensive the project becomes due to increasing construction costs.

Clara (CAC) asked why the city might not fund the affordable units in the Church. David (DND) replied that the city has guidelines on what is reasonable to fund per affordable units. It simply comes down to a wise use of public funds.

Jennifer Spencer (CAC) asked what the per-unit cost for the Church condos was. David (DND) replied that the cost is \$396,757.

Michael Reiskind (CAC) asked that due to the cross-subsidy from the market rate to help fund the affordable units in the Church, aren't those affordable units sold for less?

David (DND) stated that it is figured in. The max price for an affordable 2-unit condo is 182,000. The higher per-unit cost combined with the state limit on the sale price, requires a higher subsidy.

Randi Lathrop (BRA) stated that the developer is interested in asking for city funds from the BRA Inclusionary Zoning Fund. David (DND) stated that if the BRA did that, they would be the sole provider of subsidy for those units.

Michael (CAC) stated that to his mind, he likes affordable units in expensive developments to avoid segregation, but these funding issues seems to go against that social goal. David (DND) replied that this is how the government works and it does not want to waste funds.

Michael (CAC) stated that there seems to be no cross-subsidy between the elements of the project.

David (DND) stated that the only part of the development that could help fund the other parts of the project is the Church. The problem is that the market is not as strong in Jamaica Plain as it would be in the South End or Back Bay. It is also a fact that it is very expensive to remodel a church.

Jennifer (CAC) asked if it was possible to shift units within the project. David (DND) stated that the only place this would be possible is the Church, but those units cost too much. It could be argued that the Church would be better balanced with more affordability, perhaps the same mix as the Creighton Condos, but that does not make sense financially.

Jennifer (CAC) asked of affordability levels could be mixed. David (CAC) stated no because nothing built with tax credits can be above 60% affordable.

Jennifer (CAC) stated that due to the nature of the project, income levels have to be segregated in order to get public funds. David (DND) replied yes. In addition, construction cost levels are extremely prohibitive in Boston.

Carmen (CAC) asked if there is a funding source that could make the building 1/3 market, 1/3 80-120% and 1/3 60-80% for rental properties? David (DND) stated that there is no rental housing subsidy to fund anything in the middle range, above 80%. Also, Community Development Block Grants (CDBG) are difficult to pair with tax credit financing.

Randi (BRA) stated that many of the 1/3-1/3-1/3 projects you have seen are made possible through the BRA giving away BRA land at little or no cost. Without an acquisition cost, structuring this kind of project is possible.

David (DND) stated that overall, the project is well-constructed financially.

Michael (CAC) asked what would happen if the affordable units in the Church cannot get funding. David (DND) replied that the units would go to market rate. A lot will also depend on the market at the time of sale.

Jennifer (CAC) asked what the overall increase in cost was due to the moving of the rectory versus new construction. Carmen (DND) stated that it cost \$450,000 to move the rectory. David (DND) thought the difference between the two was \$175,000. Randi (BRA) added that the issue was moot as the rectory is due to be moved based on the Landmark Commission.

Damaris Pimentel (CAC) asked if this was going to hurt the overall affordability.

David (DND) stated that it breaks down to about \$5-7,000 per unit. It does hurt the per-unit cost of Creighton Street.

Randi (BRA) asked David to recap the city's overall point of view.

David (DND) felt that the affordable units in the Church are probably not going to work. He felt the Creighton condos would be approved during their second eligible funding round. The SRO/Convent piece is very strong as the site strongly favors that type of project. Finally, the mixed-use piece is asking for a lot of funding but will probably be ok.

Carmen (CAC) asked if the affordable church units were iffy and David (DND) replied yes.

Michael (CAC) asked if the entire project cost was just over \$42 million, including non-housing components. Also, should we talk about the non-housing piece?

David (DND) replied that any retail component in the mixed-use building would get public funds in the form of New Market Tax Credits. Also, whatever happens to the Cheverus is still an issue.

Randi (BRA) stated that the developers do not need this building (Cheverus) to make it work financially.

Jennifer (CAC) asked if the sale value of the Cheverus is higher, how would this affect the project?

David (DND) responded that overall, the non-housing piece needs to raise \$2 million for the project as this income needs to help pay the debt service on the project. That being said, if the funds generated by the Cheverus were higher than anticipated, this could help the project.

Carmen (CAC) asked about the convent. David (DND) stated that the convent is scheduled to be developed first, then leased to take advantage of the available tax credits for the project.

Randi (BRA) stated that if after the CAC process, the developers have to change the number of affordable units, it will have to go back to the BRA Board and this is something that has happened with developments in the past.

At this point, the meeting shifted to the discussion of CAC questions for the developers. Listed below is the final list of questions compiled by the CAC and the BRA as of 7/17/06. These questions have been sent to the development team for response. Feel free to send in any additional questions by Monday 7/24 12pm.

Blessed Sacrament CAC  
Questions as of 7/17/06

The following questions are from the Blessed Sacrament Community Advisory Board. Please bring your responses to the meeting scheduled for Monday, July 24, 2006.

**Project Program**

- Is there a way to better integrate the project by income [market-rates, middle income, lower income]?

**Church**

- How will the developer ensure that the 4 affordable units will remain within the "Church building"?

**Cheverus School**

- What are the possible uses of the Cheverus and can any of these uses fund other aspects of the project?
- What about the possibility of elderly housing at the Cheverus?

**Convent**

- Would the development team consider selling the convent before developing it?
- In terms of the Pine Street Inn SROs, what type of programming will there be and what guarantees are there for the longevity of that aspect of the project?

**Design**

- In terms of the mixed-use building, can you reduce the size of the building and/or increase the overall size of the units to accommodate families?
- Discuss the overall size of units in the co-op and church and factor in that average size of JP family is 3.3. Can they create more family units?
- Please discuss the overall massing of the mixed-use building.
- What is the overall plan to service the buildings, especially the mixed-use building?

**Zoning**

- Should consideration be given to extending the LC Zoning instead of the NS? What are the implications for the project?

**Transportation**

- Discuss the Centre Street curb cut and its effect on traffic. Is it a two-way? Are there any plans for the traffic light at Creighton Street?

### **Community Process**

- Since the Article 80 public meeting is scheduled in July and many residents are on vacation, can we have two public meetings with the second meeting in September as a follow up?

### **CAC Meeting Schedule**

There will be two (2) working sessions to be held 7/24 and 7/31 from 6pm to 8pm.

-Working Session I agenda: Site Program, Design, and Zoning.

-Working Session II agenda: Transportation, Site Use [parking, open space etc]