

Cambridge Affordable Housing Trust



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Cambridge City Council

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Letter from the Mayor



Dear Fellow Residents:

As Cantabrigians, we are proud of the diversity of our City. We treasure the variety of cultures, language groups, lifestyles, households, and income groups, for this diversity is critical to the richness and the health of our City.

Without affordable housing we cannot maintain this vital mix. Nor can we rely on the private market to provide housing for our low and moderate income residents. Cambridge has, therefore, traditionally promoted the development of affordable housing, despite lapses in funding from federal and state governments.

The Affordable Housing Trust is the most recent example of our creative local response to housing needs. The Trust has moved quickly to support a variety of types of housing — from individual home ownership to SRO's to rental housing — for lower income families and individuals.

The City Council, which created the Trust, has been able to expand its efforts through a recent \$1 million appropriation. With this infusion of funds, the Trust will be able to keep affordable housing developments in the pipeline.

I congratulate the Trust on its work to date, which has resulted in 183 units of affordable housing. I look forward to working with the Trust in the future to ensure that all Cambridge residents receive decent, safe, and affordable housing which is their basic right.

Sincerely,

Kenneth E. Reeves

Mayor

Message From The City Manager



In these difficult times, government is sometimes seen as more of a problem than a solution. It is, therefore, heartening and encouraging to discover that intelligent government programs, combined with private sector contributions, can truly serve the needs of the entire community by providing for those among us who are most in need. The need for affordable housing in Cambridge is critical. The soaring housing costs of the eighties, coupled with withdrawal of both federal and state funds for low income family housing, have created severe hardship for many of our residents. Consequently, the waiting list for public housing and rental subsidies has grown substantially, while the option of homeownership has virtually disappeared for most low and moderate income households. We continue to see more and more families and individuals on the streets and in shelters with no permanent place to live. Recent housing studies emphasize the particularly critical housing needs of low income families with children, as well as those of individuals and families who may require supportive services as an integral part of a housing package.

In order to provide an effective tool for dealing with the City's affordable housing crisis, the City Council in 1988 established the Cambridge Affordable Housing Trust. The purpose of this nine-member Trust is to "encourage the expansion and upgrading of the City's housing stock." The Trust is charged with providing loan funds to build new affordable units, as well as with helping nonprofit

housing organizations finance substantial rehab of distressed properties.

After its appointment in early 1989, the Trust Board adopted the Declaration of Trust, its governing document, and established policies and procedures for applying for Trust funds. These procedures included criteria for the Trust's evaluation of projects. Among the review criteria which emphasize public benefits are:

- 1. Long term affordability;*
- 2. Priority for projects with maximum number of low income units;*
- 3. Use of Trust Fund monies to leverage other funds;*
- 4. No negative impacts on surrounding neighborhoods and no displacement of existing tenants.*

With these criteria established, the Trust began accepting applications for funds. The Apostolic Pentecostal Church, located in Riverside, made the first request for loan funds. They proposed the conversion of an abandoned, uninhabitable three-family building, next door to the church, into affordable rental housing for low income families. The Trust loan, along with sweat equity from church members, volunteer labor from Tufts students, and development consulting from Homeowner's Rehab enabled the successful rehabilitation of the property.

Since that time, the Trust has made commitments to eight other projects, ranging from rental housing for formerly homeless families (Portland-Marcella) to the rehab of 109 single room occupancies (YWCA). Trust-funded developments have also included new construction on City-owned land as well as the reuse of a Church structure for affordable rental units. Public benefits of these projects include the creation or rehabilitation of fifty-four family units, 119 SRO's, and a ten-bed special needs facility. The vast majority of these units are for lower income families and individuals (below 50% of median income). At present, the Trust has committed over \$700,000 and leveraged another \$8 million (in public and private investments). The Trust, acting in its capacity as the Cambridge Housing Partnership, has also reviewed and actively supported applications for state funding for a variety of Cambridge developments. Last year the City Council appropriated \$1,000,000 to the Trust. The Trust has also received approximately \$241,000 from developer contributions and \$125,000 from Rent Control settlements. Together these funds will ensure that a pipeline of affordable housing projects will continue providing critically needed opportunities for lower income Cambridge residents.

Architect's drawing of renovations to the church as part of the St. Patricks Place project. Drawing courtesy of Hammer Kiefer and Todd, Inc.

The current tight economy, coupled with insufficient federal and state funding for affordable housing, is of grave concern to our community. Clearly, Cambridge's ability to create affordable housing is limited by these factors. In the face of these limitations, the City of Cambridge has chosen not only to create the Affordable Housing Trust, but even more importantly, to continue to support the Trust through significant financial contributions. In these uncertain times, this is a considerable accomplishment.

*Robert W. Healy, City Manager
Managing Trustee for the
Affordable Housing Trust*



Trust Projects



- 1. 391 Portland/6-8 Marcella
- 2. 37 Howard Street
- 3. Magazine House,
77 Magazine Street
- 4. 230-232 Pearl Street
- 5. 15 Roberts Road
- 6. YWCA
- 7. Columbia Street Townhouses,
65-69 Columbia Street
- 8. Cornerstone Community,
30 Pearl Street
- 9. St. Patricks Place

Portland/Marcella



Project Type
RENTAL; SUBSTANTIAL REHABILITATION

Sponsor
CAMBRIDGE COMMUNITY HOUSING, INC.

Completion Date
SPRING 1992

Housing Type
9 LOW INCOME RENTAL UNITS

Amount of Trust Financing
\$100,000

Type of Trust Financing
CONSTRUCTION LOAN

Project Description

Cambridge Community Housing, Inc. (CCHI) purchased this partially vacant fire-damaged and distressed building in the Wellington-Harrington area from HUD. The building was in need of substantial rehabilitation. CCHI will own the property and operate it as long-term affordable housing for nine low income families. Permanent financing was supplied by the Federal Home Loan Bank's Affordable Housing Program.

Public Benefit

Before the rehabilitation, there were three vacant and uninhabitable units because of a fire. These units were restored to the rental stock. Nonprofit ownership and deed restrictions guarantee affordability of this rental housing. Tenant selection criteria establish a preference for homeless families.

37 Howard Street



Project Description

This vacant distressed property was purchased in 1987 by the Apostolic Pentecostal Church. Homeowner's Rehab assisted the church in developing the project as long-term affordable housing. Howard Street was the first project to receive funds from the Cambridge Affordable Housing Trust. With the assistance of Tufts University student volunteers and members of the Church, a substantial amount of sweat equity was contributed. In June 1990, three families from the Cambridge Housing Authority waiting list were selected and moved in.

Public Benefit

In addition to providing three units of low-income affordable housing for the next thirty years, the rehabilitation of the vacant building provides neighborhood stabilization benefits. The project represents a partnership effort involving the City, a local nonprofit housing development agency, and a church.

Project Type

LOW INCOME RENTAL; SUBSTANTIAL REHABILITATION

Sponsor

APOSTOLIC PENTECOSTAL CHURCH/
HOMEOWNER'S REHAB, INC.

Completion Date

APRIL 1990

Housing Type

3 LOW INCOME RENTAL UNITS

Amount of Trust Financing

\$30,000

Type of Financing

PERMANENT DEFERRED LOAN

Magazine House



Project Description

In 1989, Cambridge and Somerville Cooperative Apartment Project (CASCAP) applied for Trust financing to assist in the acquisition of a three-family building on Magazine Street to provide a group residence for ten mentally ill adults. HUD had notified CASCAP that funding for the project would be awarded but that the award process could take up to a year. Trust funding provided the bridge financing until the closing on the HUD loan two years later.

Public Benefit

This project will create a group home for ten low and moderate income mentally ill adults. Affordability is guaranteed for forty years. This residence builds bridges between neighbors and differently abled persons. It provides an opportunity for differently abled persons to live as members of the community and introduces additional diversity into the community.

Project Type

10 BED RESIDENCE FOR MENTALLY ILL ADULTS; SUBSTANTIAL REHAB

Project Sponsor

CAMBRIDGE AND SOMERVILLE COOPERATIVE APARTMENT PROJECT

Completion Date

SPRING 1992

Housing Type

GROUP RESIDENCE FOR TEN LOW AND MODERATE INCOME MENTALLY ILL ADULTS

Amount of Trust Financing

\$131,000; \$5,000

Type of Trust Financing

\$131,000 BRIDGE LOAN; \$5,000 GRANT

230-232 Pearl Street



Projection Description

In 1990, Just A Start purchased this three-unit building for redevelopment as affordable family housing. A ground lease was used to ensure affordability of all units for low and moderate income households. Under the ground lease, the owner of the property purchases the house and Just A Start retains title to the land.

Public Benefit

The lease extends over 99 years, stipulates maximum resale price and requires resale and rental opportunities to be targeted to low and moderate income families.

Project Type

1 OWNERSHIP UNIT, 2 RENTAL UNITS;
MODERATE REHAB

Sponsor

JUST A START CORPORATION

Completion Date

DECEMBER 1990

Housing Type

1 MODERATE INCOME OWNER UNIT,
2 LOW INCOME RENTALS

Amount of Trust Financing

\$45,000

Type of Trust Financing

PERMANENT DEFERRED LOAN

15 Roberts Road



Project Description

Cambridge Affordable Housing Corporation (CAHC), a nonprofit established by the Cambridge Housing Authority, (CHA) purchased one unit of a newly constructed building consisting of four condominiums. The CHA rents this unit to a low income family.

Public Benefit

Through this project, a family-sized condominium unit has been dedicated to continued occupancy by a lower income family. Affordability is guaranteed through ownership of the unit by the CAHC as well as the Trust's loan terms.

Project Type

1 LOW INCOME RENTAL UNIT;
NEW CONSTRUCTION

Project Sponsor

CAMBRIDGE HOUSING AUTHORITY

Completion Date

JUNE 1990

Housing Type

1 LOW INCOME RENTAL UNIT

Amount of Trust Financing

\$15,000

Type of Trust Financing

PERMANENT DEFERRED LOAN

Cambridge YWCA



Project Description

The Cambridge YWCA, the largest provider of SRO units for women in the City of Cambridge, substantially rehabilitated its 100-year-old building in order to continue to supply residences for low and moderate income women. As well as being upgraded, rooms were made handicapped accessible.

Public Benefit

The largest source of affordable SRO units for women in Cambridge has been preserved. A number of rooms are used by formerly homeless women with children. The YWCA also provides comprehensive support services to these families which will help break the cycle of homelessness. Affordability is guaranteed for 50 years through a deed restriction.

Project Type

109 SINGLE ROOM OCCUPANCY (SRO)
UNITS; SUBSTANTIAL REHAB

Sponsor

CAMBRIDGE YWCA

Completion Date

AUGUST 1991

Housing Type

109 SINGLE ROOM OCCUPANCY UNITS:
78 LOW INCOME, 25 MODERATE,
6 MARKET

Amount of Trust Financing

\$60,000

Type of Trust Financing

PERMANENT DEFERRED LOAN

Columbia Street Townhouses



Project Type
HOME OWNERSHIP; NEW CONSTRUCTION

Sponsor
HOMEOWNER'S REHAB, INC.

Completion Date
JUNE 1991

Housing Type
6 MODERATE INCOME TOWNHOUSE
CONDOMINIUM UNITS

Amount of Trust Financing
\$70,000

Type of Trust Financing
CONSTRUCTION LOAN,
PERMANENT DEFERRED LOAN

Project Description

This six-unit townhouse development was constructed on a formerly city-owned vacant lot, across from Columbia Street Park in Cambridge. Homeowner's Rehab acquired the parcel and developed six two- and three-bedroom townhouses for low and moderate income families. Construction financing was supplied through the Cambridge Banks Housing Association — a consortium of four local banks including Cambridge Savings, Cambridge Trust, Cambridgeport Savings and East Cambridge Savings Bank.

Public Benefit

Deed restrictions and limitations on equity will keep these units affordable for ninety-nine years. The families who moved into these units were all former residents of publicly assisted rental housing, and their former rental units were made available to six more low-income families. In addition, development of the units leveraged a state and city commitment for park improvements. Both the park and the formerly vacant lot on which the new housing was located were seen by the neighborhood as sites of significant drug activity. The new housing as well as the park improvements will assist in stabilizing the neighborhood.

Cornerstone Community



Project Description

Second Home, Inc. purchased this deteriorated, vacant rent controlled rooming house on Pearl Street to create ten single room occupancy (SRO) units for formerly homeless individuals. The project includes provision of on-site support services. Additional financing sources included the Harvard HELP Fund and three local banks — Cambridge Savings, Cambridge Trust and East Cambridge Savings Bank.

Public Benefit

Ten SRO units for formerly homeless individuals have been created, in a project design that ensures that residents will have the services necessary to keep them from becoming homeless again. Affordability to low income persons is guaranteed for forty years through deed restrictions, with an option for the City to purchase in case of sale. Additional public benefits include the contribution to neighborhood stability by rehabilitating and occupying a vacant, deteriorated building.

Project Type

10 SINGLE ROOM OCCUPANCY UNITS;
SUBSTANTIAL REHAB

Project Sponsor

SECOND HOME, INC.

Completion Date

JULY 1991

Housing Type

10 SINGLE ROOM OCCUPANCY UNITS FOR
FORMERLY HOMELESS INDIVIDUALS

Amount of Trust Financing

\$30,000

Type of Trust Financing

PERMANENT DEFERRED LOAN

St. Patricks Place



Project Description

After the closing of St. Patrick's Catholic Church, a long-standing center of religious and community activity in the Wellington-Harrington neighborhood, the Archdiocese conveyed the church property to Just A Start for use as affordable housing. The property includes the sanctuary, parish hall, rectory and a distressed six-unit rent controlled apartment building. Just A Start will rehabilitate the existing apartments and convert the church and hall to create new residential units.

Public Benefit

This project will create twenty-six new rental residences out of space that was not formerly used for apartments. Twenty-nine of the project's units will be occupied by low and moderate income families, all of whom will have incomes of less than sixty percent of median income. Long-term affordability is ensured by the non-profit ownership component, along with the Trust's loan terms. An existing distressed six-family rent controlled building will be rehabilitated. In addition, long-term neighborhood residents are pleased that the structure of the church, which was an important neighborhood center for years, will not be demolished.

Project Type

32 RENTAL UNITS; SUBSTANTIAL REHAB

Project Sponsor

JUST A START CORPORATION

Completion Date

SPRING 1993

Housing Type

29 LOW AND MODERATE INCOME RENTAL UNITS, 3 MARKET-RATE RENTAL UNITS

Amount of Trust Financing

\$125,000

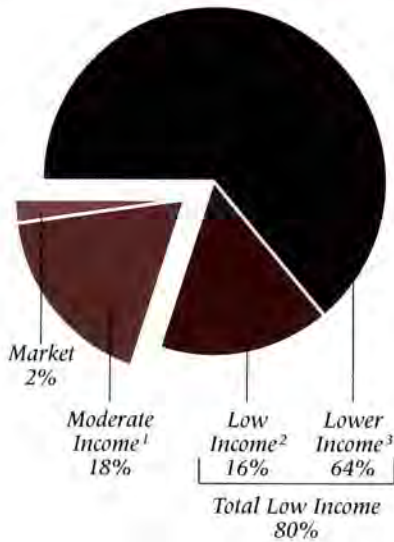
Type of Financing

LOAN

The Trust has adopted criteria for evaluating requests for funding which emphasize the public benefit requirements imposed by its regulatory framework. In reviewing applications, the Trust considers the number of affordable units to be developed, the number of years that the project shall remain affordable and the strength of the enforcement mechanisms offered to ensure this long-term affordability. The Trust criteria favor housing for lower income people and require that all Trust funding benefit low and moderate income people. Trust funds can be used in mixed-income projects; however, all Trust monies are used to finance the low and moderate income portion. In line with the housing needs which the City has identified as most pressing, the Trust criteria also emphasize housing for families.

Other review criteria are aimed at ensuring that the limited amount of Trust funds available contribute to the maximum number of affordable units possible. The criteria relating to this issue include the amount of funds requested per affordable unit and the degree to which Trust fund monies are used to leverage additional funds.

DISTRIBUTION OF TRUST BENEFITS
BY INCOME



¹ Between 60% and 80% of median income

² Between 50% and 60% of median income

³ 50% of median income or lower

The Trust also assesses the extent to which the project is capable of repayment, so that the Trust funds can be used for another project.

In order to assure that the projects which the Trust supports will actually be completed and well managed, the Trust has several criteria related to the feasibility of the proposed project. In this category, the Trust looks at the developer's capacity, determined through consideration of the developer's track record in completing projects of similar scale and nature. In the case of developers proposing rental housing, the Trust will evaluate the property management history of the developer and management agent. The Trust also considers the timeliness with which the units will be developed.

Other criteria relate to community concerns and safeguards. If there are existing tenants, the Trust must be satisfied that the project minimizes any negative impacts on them and that no involuntary displacement occurs. The Trust will also look at the extent to which the developer has addressed or intends to address neighborhood and community concerns related to the project.

Financial Status of the Trust

I. OTHER FINANCING LEVERAGED BY TRUST DOLLARS

Millions \$



The Trust was initially capitalized in the amount of \$176,901 in 1988. Funding in the first year came from profit sharing associated with the development of the Lincoln School, contributions from a developer of the East Cambridge Riverfront and a judgment related to a rent control case. As of March 24, 1992, the fund balance was \$1,418,492. Funds are held by the City Treasurer's office and the fund is audited annually as a part of the City of Cambridge's audit procedures.

Figure 1 illustrates the amount of additional financial assistance to affordable housing projects leveraged by the Trust funding. Figure 2 shows the total commitment of funds made by the Trust to affordable housing projects, as well as the amount allocated for each project.

2. TOTAL COMMITMENT OF FUNDS

| Project | No. of Units | Amount | Finance Type | Project Type |
|---------------------------|----------------|-----------|--------------|---------------|
| 391 Portland/6-8 Marcella | 9 Units | \$100,000 | Loan | Rental |
| 37 Howard Street | 3 Units | 30,000 | Loan | Rental |
| Magazine House | 10 Beds | 131,000 | Loan | Rental |
| | | 5,131 | Grant | |
| 230 Pearl Street | 3 Units | 45,000 | Loan | Homeownership |
| 15 Roberts Road | 1 Unit | 15,000 | Loan | Rental |
| YWCA | 109 SROs | 60,000 | Loan | Rental |
| Columbia St. Townhouses | 6 Units | 70,000 | Loan | Homeownership |
| Cornerstone Community | 10 SROs | 30,000 | Loan | Rental |
| St. Patricks Place | 32 Units | 125,000 | Loan | Rental |
| Total | 183 Units/Beds | \$611,131 | | |

Trust Members



ROBERT W. HEALY
City Manager and Managing Trustee

PETER DALY
Executive Director
Homeowner's Rehab, Inc.
Cambridge Neighborhood
Apartment Services

FLORRIE DARWIN
Chairperson
Cambridge Rent Control Board

MICHAEL HARAN
Executive Director
CASCAP

JOHN LOWRY, JR.
Sr. Mechanical Engineer
On Site, Insight

GWENDOLEN RONO
Principal
UNI HAB, Inc.

KATHY SPIEGELMAN
Director of Planning
Harvard University

JAMES STOCKARD, JR.
Principal
Stockard and Engler

Staff to the Trust are employees
of the City of Cambridge
Community Development Department

MICHAEL ROSENBERG
Assistant City Manager for
Community Development

SUSAN SCHLESINGER
Housing Director

MARGARET DRURY
General Counsel for Affordable Housing

How to Apply

The Cambridge Affordable Housing Trust welcomes applications for funding from developers of affordable housing. Applications can be obtained from the City of Cambridge Community Development Department (CDD), 57 Inman Street, 3rd floor, Cambridge, MA 02139. Information as to the application process and the criteria the Trust will use to evaluate the application is also available, along with technical assistance in completing the application.

For further information, please contact Susan Schlesinger, Director of Housing, CDD, 349-4600.



Design

Robert Chester
Community Development
Department

Cover Photograph

Joe Wrinn
Harvard University,
Office of News and
Public Affairs

Photography

Roger Boothe
Community Development
Department
Barbara Shaw
Joe Wrinn