

CAMBRIDGE AFFORDABLE HOUSING TRUST  
MEETING MINUTES  
December 18, 2019 at 4:00 p.m.

Ackerman Room, Cambridge City Hall  
795 Massachusetts Ave.

Trustees Present: Louis DePasquale, Chair; Peter Daly, Gwen Noyes, Susan Schlesinger, Jim Stockard  
Trustees Absent: Florrie Darwin, Elaine Thorne, Bill Tibbs  
Staff Present: Chris Cotter, Housing Director; Cassie Arnaud, Housing Planner; Janet Haines, Associate Housing Planner; Linda Prosnitz, Housing Planner; Emily Salomon, Associate Housing Planner  
Others Present: Maura Pensak

The meeting was called to order at 4:13 p.m.

## MEETING MINUTES

Upon a motion moved and seconded, it was voted unanimously to approve the minutes for the meeting of Wednesday, Oct. 30, 2019.

## PROJECT UPDATES

**Finch Cambridge** – On December 15, 2019, the application period to be considered for the building lottery closed with an estimated 2,500 applications. HRI will have detailed information on the total number of applicants, demographics, residency and bedroom size break-down after they review all applications. HRI is planning for a lottery in January. Trustees congratulated HRI on recent WGBH press coverage for the project.

**Frost Terrace** – Construction is underway.

**Squirelwood** – Construction is underway.

**2072 Mass Ave.** – Capstone/Hope are putting together plans for a community and permitting process. Trust members suggested that the developers look at what would have been possible under the proposed Affordable Housing Overlay.

**52 New Street** – Just A Start is expected to close on the property in January 2020.

**HomeBridge** – There are five approved buyers seeking units and four more applicants are under review. One unit is pending purchase.

**Inclusionary Housing** – There are now over 1,200 inclusionary units built or under construction. Another 100 inclusionary units are in the pipeline and will be coming on-line in the coming months. The program is growing and there is expected to be significant new inclusionary development in 2020. The

majority of projects that include inclusionary units continue to be rental housing. There are a few homeownership projects with inclusionary units underway, including units that will be marketed next year.

- **50 Cambridge Park Drive:** a building permit has been issued. This rental property is subject to the new Inclusionary Ordinance and will have 55 affordable units.
- **Cambridge Crossing:** this rental development is moving forward and will have 54 affordable apartments.
- **55 Wheeler Street:** this property was sold in November and the new buyer is working toward obtaining a building permit. Staff are reviewing a preliminary inclusionary housing plan. The property will have roughly 100 affordable rental units.
- **165 Main Street:** this is a new MIT residential building. The affordable deed restriction was recorded this week. The property will include 63 affordable rental units, 9 of which will be middle-income units.
- **Watermark Central:** Inclusionary rental units will soon be ready for showing to applicants here.
- **Inman Crossing:** This will be first the homeownership project with Inclusionary units in 2020. The property is still under construction. The lottery marketing for the affordable condos is expected in early 2020.

Trustees inquired if staff get inquiries from other municipalities interested in inclusionary housing. It was noted that there are discussions with neighboring local governments (e.g. Boston and Somerville) and at times other large cities. Cambridge is unusual in that it has the inclusionary housing policy is now administered by floor area instead of units.

Trust members also asked about residency and demographic information on residents living in the City's inclusionary housing stock. It was explained that the majority households that move to inclusionary units are existing Cambridge residents, largely due to the program's residency preference. The Community Development Department plans to update the 2018 Inclusionary Housing Report with updated data, which will provide details on the inclusionary portfolio, as well as demographics, household composition, and other information about inclusionary housing residents.

### **Inclusionary Housing Monetary Contribution Rate**

The Inclusionary Housing provisions of the Zoning Ordinance require that a monetary contribution be established for cases in which the total amount of inclusionary housing floor area cannot fully be accommodated in units in new buildings. The monetary contribution is made when the final amount of the net floor area of all the inclusionary units is less than the affordable dwelling unit net residential floor area required in a new building. The current monetary contribution rate is currently \$397 per square foot, and contributions are made to the Affordable Housing Trust.

Analysis of recent trust-funded new construction calculated the average subsidy needed to create one square foot of affordable housing to be \$450. This amount of subsidy for each development has been adjusted to 2019 dollars based on changes in construction pricing using a construction industry standard pricing index.

To date, the Monetary Contribution for fractional unit floor area has generated almost \$80,000. It was commented that increasing the Monetary Contribution will only raise a modest amount of funds going forward, but it is important to update it. The goal of the inclusionary provisions is for as much floor area as possible to be built in new buildings, with this contribution provision there to make up for small

amounts floor area that would not allow for an additional unit. Trust members noted that they would be happy to see requests for funding to “round up” this fractional unit floor area to a full unit with the Trust providing subsidy for the floor area in excess of the 20% inclusionary floor area at the contribution rate.

Upon a motion moved and seconded, it was voted unanimously to confirm the information on the recent Trust-funded developments used to analyze the revised contribution rate so that CDD can use this information to update the monetary contribution rate.

### **Cambridge Incentive Zoning Nexus & Jobs Linkage Study**

This study is a reevaluation of the 2015 Incentive Zoning Nexus and analyzes the impact of projected non-residential development on the need for affordable housing. It also analyzes jobs linkage component for the first time. The Nexus Study recommends an \$2.00 increase of the housing contribution rate for non-residential development from the current \$17.10 per square foot to \$19.10 per square foot, with subsequent annual increases.

In calendar year 2019, over \$12 million was raised from the housing contribution rate for the Affordable Housing Trust. Development activity now underway will bring tens of millions in additional contributions over the next few years, which will be a very significant source of funding for the Trust.

The City Manager and Assistant City Manager for Community Development sent the Nexus Study to City Council last week where it was referred to the Ordinance Committee. The Council is interested in raising the contribution rate to the recommended \$19.10 quickly and also having a deeper discussion of other what the appropriate rate should be. Other Study recommendations include updating the Nexus Study every five years instead of every three years, as more time after a change would allow for a better gauge the state of development in Cambridge. The Study looked at a job linkage component, but did not recommend that it be adopted. The report author, Karl F. Seidman, will present the Study to the Ordinance Committee in 2020.

There was discussion of how the updated Nexus study considers the housing contribution rate in a regional context. The contribution rate in Cambridge is much higher than neighboring communities including Somerville and Boston. Trust members asserted that it is important to ensure the Incentive housing contribution rate does not increase to a point where it will impact the pace of development in Cambridge and slow growth.

### **78-80 Porter Road**

Peter Daly left meeting in order to discuss next agenda item (4:54pm)

In 2009, the Cambridge Affordable Housing Trust provided \$4.35 million in two loans to the Cambridge Affordable Housing Corporation (CAHC), an affiliate of the Cambridge Housing Authority, as acquisition financing for CAHC to purchase this 26-unit rental property. CAHC purchased the property to convert the market rate units to affordable housing. At the time, however, CAHC was unable to assemble funding needed to undertake the planned renovations. CAHC is now completing plans to secure funding needed for this rehab work. Building residents have been relocated in order for building improvements to begin.

CAHC requested the Trust to convert existing repayable acquisition period financing into deferred permanent financing, and to forgive a portion of the accrued interest on that funding. Consolidating these two loans, reducing amounts currently payable, and converting the acquisition period loan to a permanent loan will allow CAHC to close on the package of financing it has assembled to make necessary building renovations. No additional new funding is being requested now from the Trust as CAHC has assembled funds from other sources, and made a commitment of its own funds to assist in funding the rehab.

Trust members noted that forgoing repayment is similar to putting new funds in, however appreciated the new funding CAHC had put together to finance the planned rehab, which they noted is more comprehensive than initially planned. Trust members supported CAHC's plan to fully address conditions in the building.

Upon a motion moved and seconded, it was voted unanimously to approve the CAHC's request as described in the briefing materials.

## **ADJOURNMENT**

Meeting adjourned at 5:07 pm. Next meeting will be January 23, 2020.

### Materials:

- Meeting Minutes from the Trust's October 30 , 2019 meeting
- Memorandum: 78-80 Porter Rd. – Permanent Financing Request
- Memorandum: Monetary Contribution for Inclusionary Housing Projects
- Cambridge Incentive Zoning Nexus & Jobs Linkage Study