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**CITY OF CAMBRIDGE**  
Community Development Department

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**IRAM FAROOQ**

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Community Development

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Deputy Director  
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Deputy Director  
Chief of Planning

## Affordable Housing Trust

December 7, 2023, 4:00 p.m.

Ackermann Room, City Hall, 795 Massachusetts Avenue  
Cambridge, Massachusetts

OR

[Webinar Registration - Zoom](#)

To participate in this meeting through the Zoom video meeting platform, please register using this [link](#) in advance of the meeting.

### AGENDA

- Review of Meeting Minutes
- Update from the Community Development Department
- Update on Development Pipeline and Upcoming Requests: CDD staff will preview several requests for Trust funding which are now being reviewed and which are expected to be before the Trust early in 2024
- Adjournment

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Members of the public can provide written comments to the Affordable Housing Trust by email sent to [ccotter@cambridgema.gov](mailto:ccotter@cambridgema.gov), or by delivery to the CDD office, by 5:00 P.M. the day before the meeting.

CAMBRIDGE AFFORDABLE HOUSING TRUST  
MEETING MINUTES  
October 26, 2023 at 4:00 p.m.

Conducted via Zoom and in person (City Hall, Ackerman Room)

Trustees Present via Zoom: Yi-An Huang, Chair; Florrie Darwin, Peter Daly, Bill Tibbs

Trustees Present in Person: Elaine DeRosa, Jim Stockard, Susan Schlesinger

Trustees Absent: Gwen Noyes, Elaine Thorne

Staff Present: Iram Farooq, Assistant City Manager for Community Development; Chris Cotter, Housing Director; Janet Haines, Housing Planner; Cassie Arnaud, Senior Manager for Housing Development; Christine Yu, Associate Housing Development Planner; Anna Dolmatch, Senior Manager for Homeownership

Others Present via Zoom: Catiana Jean-Pierre, Lara Plaskon, Carl Wilson

The meeting was called to order at 4:03 p.m. Mr. Cotter explained that this meeting of the Affordable Housing Trust would be held in a hybrid fashion pursuant to applicable requirements, that all votes would be taken by roll call, and that there would be no public comment. He then confirmed via roll call that each remote participant could hear the meeting and was audible to others.

#### **MEETING MINUTES**

Upon a motion moved and seconded, by roll call of seven in favor and two absent (Ms. Noyes and Ms. Thorne) to approve the minutes for the meeting of September 28, 2023.

#### **PROJECT UPDATE**

**HomeBridge:** There are currently 10 applicants in this program looking for a home.

**Resale Program:** There are 16 resale units in process.

**JP Federal:** CHA is beginning the construction closing process; demolition is underway and full construction will begin in 2024.

**52 New Street:** JAS working to close on construction financing by the end of the year.

**35 Harvey Street:** Closing is underway, with construction beginning immediately thereafter and is expected to begin as early as late October.

**Walden Square:** WinnCompanies held its final AHO community meeting on September 14<sup>th</sup> and are preparing to begin the Planning Board advisory design review, to be scheduled.

**New Homeownership Lottery:** Last month, staff received over 400 applications for 4 homeownership units. Staff are going through the process of selecting residents for those units.

Ms. Schlesinger asked what the percentage of applicants were Cambridge residents. Ms. Dolmatch answered that about 15% of the applicants were non-Cambridge residents and provided insight into how high the demand was for these units. Mr. Daly asked if the selected applicants would meet the income requirements. Ms. Dolmatch said that applicants were not screened for income prior to the lottery to increase access. Staff will analyze the outcomes of this approach to determine best practices for future lotteries.

**Neville Place:** Staff is working with Neville to form a working group to review tenant selection.

**1627 Mass Ave:** HRI is preparing for a second Planning Board advisory design review meeting, to be scheduled.

**87-101 Blanchard Road:** B'nai B'rith is proposing a new building for seniors and had their first AHO community meeting on Wednesday, October 4<sup>th</sup>. There will be a second meeting in November.

## **OTHER UPDATES**

**Incentive Zoning Contributions:** The City recently received \$10.5M in incentive zoning contributions totaling to almost \$23.0M since July.

**Affordable Housing Overlay (AHO) Changes:** The new changes to the AHO have been approved by the City Council and are now in place.

**Affordable Housing Trust vacancy:** Staff is reviewing applications and interviewing potential candidates for an upcoming vacancy on the Trust.

Trustees and Mr. Cotter discussed what projects are in the pipeline and what kind of barriers are making development difficult. Mr. Stockard mentioned how his students have been interested in Cambridge housing development.

## **NEW BUSINESS**

### **Print Shop Condominium Request for Funding**

Mr. Cotter introduced a request for approval of up to \$3,000,000 for rehabilitation and preservation of the Print Shop Condominium. Located at 125 Harvard Street, the Print Shop is a 24-unit all-affordable condominium developed by CASCAP and completed in 2008. Since completion, the building has experienced escalating issues with water penetration. Staff have been talking with the condo Trustees about the need to address these issues to ensure the building is sustainable in the long term. It is anticipated that the scope of work will involve a full roof replacement and some work on the exterior siding. Determining the full scope of the exterior project requires additional analysis.

The request is for an immediate commitment of \$820,000 and a conditional approval for the remaining \$2,180,000. The first phase will include roof replacement and further analysis for the exterior cladding project. The second phase will address the exterior cladding. Once the scope of the cladding project is finalized, staff will bring a final request for the remaining funds.

Many affordable homeownership projects have received funding for rehab either through the HIP program or on turnover through the Resale Fund. This is the first time that funding for homeownership preservation has been requested directly from the Trust. In this case, the issues are persistent and significant, and are beyond what an association of affordable unit owners can reasonably address with reserves and assessments.

Staff noted that if the Trust required oversight of the funding by an experienced project manager, Just A Start (JAS) has offered to be an option. They have experience with all-affordable condo developments and have expressed a willingness to work on the project if needed.

Mr. Stockard asked what kind of financial assistance this would be. Ms. Dolmatch answered that the recommendation is a loan to the condo association with zero percent interest. A grant could potentially have tax implications. Ms. DeRosa asked about how extensive the water damage is to the units. Mr. Cotter mentioned that there was one unit that was severely impacted, but the immediate issues have been addressed. Ms. DeRosa asked if the solar panels will be replaced. Ms. Dolmatch answered that the panels are no longer functional and will need to be removed, and the condo had not indicated they were interested in replacing them.

Ms. Schlesinger mentioned that the Project Review Committee discussed this and recommended that the Trust provide funding to address these issues. She noted that this is similar to the need for rental buildings to recapitalize to address rehab needs which are cyclical in rental buildings. Mr. Stockard asked about the reserves and condo fees. Ms. Dolmatch answered that the condo fees are high and recently went up significantly due to increased insurance costs, and that they have already spent thousands of dollars addressing immediate issues with localized repairs and patches. While the reserves are strong, a project of this scale could not be funded by fees or assessments without losing affordability.

Ms. DeRosa asked what the relocation plan will be like. Ms. Dolmatch answered that long-term relocation is not needed, but short-term relocation may occur depending on the final scope for exterior work.

Trustees and staff discussed that there are likely to be additional requests in the future to assist all-affordable associations, and it will be important to have policies for reviewing these requests. Guidelines were previously developed for assessing requests from resident-controlled housing; these should be further expanded.

Upon a motion moved and seconded, by roll call of seven in favor and two absent (Ms. Noyes and Ms. Thorne), it was:

VOTED: to approve the request of up to \$3,000,000 for rehabilitation and preservation of the Print Shop Condominium, with \$2,180,000 conditionally approved.

### **35 Cherry Street Designation**

Chair Huang left the meeting prior to the discussion of this matter.

Mr. Cotter informed the Trust that the Cherry Street Request For Proposals (RFP) Review Committee had met to review the one response to the RFP. That response was submitted by Just-A-Start (JAS). The

Committee and determined that JAS meets the qualifications outlined in the RFP, scored highly on other enumerated criteria, and should be designated developer for 35 Cherry Street. It was also noted that JAS has extensive homeownership development experience in Cambridge.

Mr. Tibbs asked if the RFP is a public document, to which Mr. Cotter answered that it is. Mr. Tibbs noted that it was useful to clarify that the proposed designs which JAS included in their submission are only conceptual, and that the actual designs for the site will be developed in consultation with the Trust, staff and community.

Upon a motion moved and seconded, by roll call of five in favor, one abstaining (Mr. Stockard) and three absent (Chair Huang, Ms. Noyes, and Ms. Thorne), it was:

VOTED: to approve the recommendation by the Cherry Street Request for Proposal (RFP) committee to designate Just A Start (JAS) as the developer for 35 Cherry Street, as described in more detail in the Trust briefing materials and RFP documents.

#### **ADJOURNMENT**

Upon a motion moved and seconded, by roll call of seven in favor and two absent (Ms. Noyes and Ms. Thorne) to adjourn the meeting.

The meeting adjourned at 4:47 p.m.

The next meeting is scheduled for December 7, 2023 at 4:00 p.m.

Meeting Materials:

- Agenda
- Minutes from the Trust's September 23rd, 2023 meeting
- Project Update
- 125 Harvard Street/Print Shop Condominium Building Envelope Memo
- 35 Cherry Street – Developer Designation Memo

**Cambridge Affordable Housing Trust**

December 7, 2023

**Status of Active Commitments**

	Active Projects	Sponsor	Rental Units	Ownership Units	Status	Total Cost	Trust Commitment	Loan Amount Per Unit	Trust Approval Date
1.	HomeBridge program	CDD	currently approved buyers:	12	91 scattered site units purchased by first time buyers to-date. Trust approved expanded subsidy share in August 2023. New three-bedroom unit closed December 1. Online application now available.	N/A	\$24,200,000	1-br: 50% sale 2-br: 60% sale 3-br: 65% sale	several, including most recent: February 2023
2.	Homeownership Resale Program	CDD	currently active units:	17	Re-purchase, rehab and re-sale of affordable homeownership units to new homebuyers. One unit under agreement.	N/A	\$7,500,000		December 2011
3.	Vail Court (139 Bishop Allen)	TBD	TBD	TBD	Trust and City hosted public meeting in 2017 to hear from the community on affordable housing needs and ideas for the redevelopment of Vail Court. Additional public meetings will be scheduled but are currently on hold pending the legal action taken by former owner.	TBD	TBD	TBD	N/A
4.	2072 Mass. Ave.	Capstone Hope	TBD	TBD	Capstone/Hope purchased site in April 2018 and sought a comprehensive permit to enable the construction of a new 48 unit affordable housing building but withdrew their request at the September 2021 BZA hearing; they remain committed to creating affordable housing at this site and are assessing next steps and options.	TBD	\$5,071,000	TBD	February 2018 and June 2021
5.	52 New Street	JAS	107		JAS purchased the site in early 2020 and is permitting the project through the Affordable Housing Overlay. After JAS held 3 AHO community meetings, the proposal was reviewed by the Planning Board at the two advisory design review meetings required by the AHO, first on 10/16/21, and again on 1/4/22. A final Planning Board report has since been issued. The Trust increased its predevelopment loan for the project in January 2022. JAS is preparing for construction closing.	TBD	\$18,025,390	\$168,462	October 2019, June 2021, January 2022
6.	Park View Coop (24-26 Corporal McTernan Street)	Park View Coop		12	Funds committed May 2021; closing completed October 2022; renovations underway. New shareholder selection process for one bedroom vacancy has begun.	\$4,986,321	\$4,199,215	\$349,935	March 2019 and May 2021
7.	Rindge Commons - Phase 1 (site of 402 Rindge Ave)	JAS	24		In June 2020, the Trust approved funding for the first phase of Rindge Commons. Project received a comprehensive permit in August 2020 and began construction in June 2022. The CAHT loan at closing was \$3,706,358 or \$154,444 per unit. This is a \$543,342 reduction from the original loan commitment. Construction is underway with completion expected in early 2024.	\$17,307,771	\$4,250,000	\$177,083	June 2020
8.	Broadway Park (240 Broadway)	JAS		15	In March 2021, the Trust approved funding to create 15 affordable homeownership units. JAS has had several community meetings to review its proposal with the intention of seeking a comprehensive permit for this development. JAS also will be seeking to assemble remaining funding needed for this development.	TBD	\$3,600,000	\$240,000	March 2021
9.	Jefferson Park Federal (45-60; 61-75; 77-92; 93-108; Jackson Circle; 1; 2-19; 21-42; 109-124; 1000 Jackson Place)	CHA	278		In September 2021, the Trust approved funding to assist with the comprehensive modernization of Jefferson Park Federal. After the CHA held 3 AHO community meetings, the proposal was reviewed by the Planning Board at the two advisory design review meetings required by the AHO, first on 11/9/21, and again on 2/15/22. A final Planning Board report has since been issued. The CHA has begun preparing to close on construction, with demolition underway and full construction to begin in early 2024.	TBD	\$43,611,615	\$156,876	September 2021
10.	35 Harvey Street	HRI / Cascap	12		In November 2021, the Trust approved funding to assist with the renovation and reconfiguration of Harvey Street from SROs to studio apartments. HRI has closed on funding 11/2023 and work is now underway.	TBD	\$3,339,437	\$243,139	November 2021
11.	1627 Mass. Ave.	HRI	TBD	TBD	In January 2022, the Trust approved funding to assist with the purchase of this property from Lesley University to create affordable housing. The Trust approved additional predevelopment funding in August 2022. HRI acquired the site in August 2022 and held first AHO Community meeting on 9/15/22. Second community meeting held 3/15/23. First advisory design consultation with Planning Board held 7/18/23 and second advisory design consultation held 12/5/23.	TBD	\$7,925,000	TBD	January 2022 and August 2022
12.	116 Norfolk Street	CHA	62		In August 2022, the Trust approved funding to assist in the renovation and expansion of an existing 38-unit SRO to create 62 studio apartments for individuals moving beyond homelessness. CHA completed AHO advisory design review in late 2022 and closed on funding in December 2022; construction is underway.	TBD	\$10,161,150	\$163,890	August 2022
13.	35 Cherry Street	TBD	TBD	TBD	In March 2022, the City Council approved the disposition of this property to the Trust to initiate the creation of affordable homeownership housing. Transfer from MIT complete. RFP was issued on 7/13/23 with a deadline to respond of 9/14/23; one proposal was received; Trust approved RFP Committee's recommendation to designate Just A Start as developer at its October Trust meeting.	TBD	TBD	TBD	March 2022
14.	49 Sixth Street	POAH	46		In October 2022, the Trust approved funding to assist in the conversion of a portion of the Sacred Heart church property to affordable housing. POAH has completed the AHO process. POAH is assembling remaining financing with a goal of beginning construction in 2024.	TBD	\$7,750,000	\$168,478	October 2022
15.	37 Brookline Street	JAS	TBD	TBD	JAS acquired the site in July 2023 and expects to begin a community design review process in early 2024.	TBD	\$2,014,000	TBD	March 2023
16.	650 Concord Ave	Neville Communities Inc (NCI)	71		In May 2023, the Trust approved funding to assist with capital repairs at Neville Place, the affordable assisted living portion of its campus. Staff are working with NCI on due diligence items in advance of closing, including the forming of a working committee to review tenant selection procedures.	\$2,445,000	\$2,445,000	\$34,437	May 2023
17.	30 Wendell Street	HRI	TBD	TBD	HRI completed the acquisition of 30 Wendell Street from Lesley University on November 30, 2023. HRI will begin a community process in 2024 to review design and development plans for the site.	TBD	\$6,357,000	TBD	August 2023
<b>Total Units</b>				<b>656</b>					

**Cambridge Affordable Housing Trust**

**Status of Affordable Housing Overlay (AHO) Developments**

	AHO Development	Developer	AHO Status & Activity	Rental Units	Ownership Units	Development Status
1.	<a href="#">52 New Street</a>	Just-A-Start Corporation	AHO Community meetings held on 2/25/21, 3/25/21, and 4/15/21. Planning Board design consultation held on 10/26/21 and 1/4/22. Design consultation completed January 2022; Final Planning Board report issued 1/20/22 and was transmitted to the Trust on 1/27/22. Preparing for construction closing.	106		Design Consultation Complete; see above

2.	<a href="#">Jefferson Park Federal (45-60; 61-75; 77-92; 93-108; Jackson Circle; 1; 2-19; 21-42; 109-124; 1000 Jackson Place)</a>	Cambridge Housing Authority	AHO Community meetings held on 3/2/21, 4/1/21, and 10/19/21. Planning Board design consultation held 11/9/21 and 2/15/22. Final Planning Board report issued 3/9/22 transmitted to the Trust on 3/24/22. Preparing for construction closing.	278		Design Consultation Complete; see above
3.	<a href="#">Walden Square II (102 Sherman Street)</a>	WinnDevelopment Companies	AHO Community meetings held on 3/23/21, 4/13/21 and 5/27/21. Submission for first Planning Board advisory design consultation was withdrawn by developer on 11/16/21. Design revised based on community comments. Community meetings held 2/23/22, 8/29/23 (rescheduled from 8/1/23) and 9/14/23. Winn is now preparing a revised submission for Planning Board advisory review, to be scheduled.	95		Original submission withdrawn; AHO community meetings complete; preparing to begin Design Consultation process.
4.	<a href="#">49 6th Street</a>	POAH & Urban Spaces	AHO Community meetings held on 7/27/21 and 11/3/21. First Planning Board advisory design consultation meeting held 4/5/22. Second design consultation meeting was held on 6/28/22; Planning Board report issued 7/14/22 and transmitted to the Trust on 8/4/2022. Assembling remaining funding needed to begin construction.	46		Design Consultation Complete; see above
5.	<a href="#">116 Norfolk Street</a>	Cambridge Housing Authority	First AHO community meeting held 2/10/22. Second community meeting held 4/26/22. First Planning Board advisory design consultation meeting was held on 7/5/22. Second advisory design consultation held 9/13/22. Planning Board report issued on 10/28/22 and transmitted to the Trust on 11/17/2022. Closed 12/2022; under construction.	6		Design Consultation Complete; see above
6.	<a href="#">1627 Mass. Ave.</a>	Homeowner's Rehab Inc	First AHO community meeting held 9/15/22. Second community held 3/15/23. First advisory design consultation with Planning Board held 7/18/23, second design consultation held 12/5/23.	29		Design Consultation meetings underway.
7.	<a href="#">87-101 Blanchard Road</a>	B'nai Brith Housing	First AHO community meeting held 10/4/23. Second AHO community meeting held for 11/10/23.	TBD		AHO community meetings complete; preparing to begin Design Consultation process.

**Status of Active Inclusionary Housing Developments**

	Approved Active Projects	Developer	Status	Rental Units	Ownership Units	Applicable zoning
1.	95-99 Elmwood	95-99 Realty	Covenant recorded. Building Permit issued 7-2-20. Lottery application period closed 9/18. Applications under review. Lotteries held October 2023.		4	Ordinance prior to revision
2.	55 Wheeler Street	Toll Brothers	Covenant recorded 3/12/21. Building Permit issued 3/16/21. Under Construction. First phase complete. Preparing for tenant selection.	99		Revised ordinance at 20% sf requirement
3.	40 Thorndike Street, Court House	Leggat/McCall	Covenant recorded; Building Permit issued. Under construction	48		All units are affordable
4.	605 Concord Ave.	Abodez Acorn	Covenant recorded; Building Permit issued 12/9/21. Under Construction.	7		Revised ordinance at 15% sf requirement
5.	3-5 Linnaean	Willow Land Corp.	Covenant recorded; Building Permit issued.	1		Zoning for basement housing overlay
6.	1043-1059 Cambridge St.	418 Real Estate	Covenant recorded. Building permit issued 7/11/22. Under construction. Completion expected early 2024.		3	Revised ordinance at 20% sf requirement

<b>Under Development:</b>	<b>155</b>	<b>7</b>
<b>Completed Units:</b>	<b>1124</b>	<b>211</b>
<b>All Units:</b>	<b>1279</b>	<b>218</b>
	<b>1497</b>	

	Active Pipeline Projects	Developer	Status	Rental Units	Ownership Units	Applicable zoning
1.	121 Broadway	Boston Properties	Finalizing Covenant for recording	~102: 81 (inclusionary), 21 (middle income)		MXD zoning - 20% Inclusionary + 5% Middle-Income
2.	8 Winter Street	8 Winter St LLC, DND Homes	Inclusionary Housing Plan approved; preparing Covenant	3		Revised ordinance at 20% sf requirement
Subsidy amount needed to create Affordable Dwelling Unit Net Floor Area for Inclusionary Housing not created pursuant to Section 11.203.3 (i):				\$450 / per square foot		



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# CITY OF CAMBRIDGE

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**IRAM FAROOQ**

Assistant City Manager for  
Community Development

**SANDRA CLARKE**

Deputy Director  
Chief of Administration

To: Affordable Housing Trust  
From: Chris Cotter, Housing Director  
Cassie Arnaud, Senior Manager for Housing Development  
Date: December 7, 2023  
Re: Trust Development Pipeline Update + Upcoming Funding Requests

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The pipeline of Trust-funded affordable housing developments continues to be very active. We now have thirteen active Trust-supported developments in various stages of activity, including four developments under construction or renovation; two new construction projects preparing for construction closings; and seven sites where plans for new affordable housing are at various stages of pre-development.

Sites where construction or renovation is underway:

- 12-unit Park View Cooperative
- 24-unit Rindge Commons North
- 12-unit 35 Harvey Street
- 62-unit 116 Norfolk Apartments

Sites where construction closing preparation is now underway:

- 106-unit 52 New Street
- 278-unit Jefferson Park Federal

Sites where new affordable housing has been or will be proposed:

- 2072 Massachusetts Avenue
- Broadway Park
- 1627 Massachusetts Avenue/4 Mellen
- 49 Sixth Street
- 37 Brookline Street
- 35 Cherry Street
- 30 Wendell Street

In addition to these 13 projects already familiar to the Trust, we wanted to provide a brief overview of three new projects, as well as a preview of the funding requests we expect to bring to the Trust in 2024.

In recent weeks, staff have received three funding requests which we are now starting to review. Two of the requests are for developments which have been previously discussed with the Trust and one is new:



- 1627 Massachusetts Avenue/4 Mellen Street: request from Homeowner’s Rehab Inc (HRI) for \$2,500,000 in Trust funding which, in addition to Trust funds previously provided for acquisition and predevelopment, would be the final piece of Trust funding needed for the new construction of 29 family rental units in the Baldwin neighborhood.
- Walden Square 2: request from Winn Development for \$33,250,000 in Trust funding for the new construction of two buildings containing 95 affordable family rental units adjacent to their existing Walden Square I development in Neighborhood 9.
- 87-101 Blanchard Road: request from B’nai B’rith Housing for \$18,169,120 in Trust funding for the new construction of 110 affordable 55+ senior housing in Cambridge Highlands.

In addition, staff expects to receive two additional funding requests in the coming weeks, one from a project already known to the Trust and one for a new development opportunity:

- 49 Sixth Street: Preservation of Affordable Housing (POAH) will be seeking an increase to their existing Trust funding commitment for the new construction of 46 affordable family rental units in East Cambridge.
- 103-109 School Street: Heading Home is expected to seek Trust funding for the conversion of a former homeless shelter to permanent supportive housing in the Port neighborhood.

The remainder of this memo provides a short update on the current state of development costs which is impacting some of the current funding requests, and then some background on new funding requests.

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### **Current Development Costs**

We wanted to share some general trends we are seeing with regard to changes in development costs. The most dramatic change has been to construction costs, which have been steadily increasing since the pandemic, and we are currently seeing hard costs in the upper \$400 and 500’ s per square foot as compared to costs in the mid \$200s/sf only a few years ago. The impact of this on total development costs (TDCs) is significant. Certain soft costs are also up, such as insurance, architectural and engineering. Some soft cost increases are due to associated increases in construction costs (e.g. higher construction loan interest due to larger construction loans), but in other cases the increases may be less connected. We are beginning our review of the recently submitted development budgets, and will be seeking to understand whether all soft cost increases are unavoidable or whether options potentially exist to avoid increases. Finally, in addition to increased development costs, significant changes in in the interest rate environment are impacting development financing as new developments can support less debt due to recent increases in interest rates.

Given these changes, we have been expecting to see higher TDCs and greater needs for subsidy funding in order for developments to be feasible. However, we are concerned about the cost and

subsidy needs of new requests we are now reviewing. We will be working with each housing provider now requesting Trust funding to understand their individual funding requests and to ensure that all reasonable steps have been taken to minimize costs and maximize opportunities to leverage requested Trust funding with other available subsidy funding. We are beginning review of these funding requests, and the overviews below summarize what has been shared by the developers. Prior to bringing formal funding requests to the Trust for a decision, we will complete a thorough evaluation and underwriting of each request and provide a detailed overview of each for the Trust.

### **1627 Massachusetts Avenue**

Homeowners' Rehab Inc (HRI) has submitted a request for an additional \$2.5 million in Trust funds for its redevelopment of 1627 Mass Avenue/4 Mellen as 29 units of affordable family rental housing. This request is in addition to the \$7,925,000 already committed by the Trust for the property acquisition and predevelopment.

Since acquiring the property from Lesley in August 2022, HRI has been working on refining their design and development plans for the site. HRI's current plan will create a total of 29 affordable rental units, including 4 apartments in the existing building and 25 apartments in a rear addition. The rear addition will be 6-stories, stepping down to 5-stories. HRI is developing this site under the Affordable Housing Overlay (AHO). While the recently amended AHO zoning would allow significantly greater height and density than is proposed for the site, HRI's proposed plan reflects the original AHO requirements. While adding additional stories would have the benefit of creating more affordable housing, it is not clear whether building higher would result in lower per unit costs.

The current TDC is estimated at \$31,908,050, or \$1,100,278 per-unit for 29 units. This unusually high TDC is due in part to significantly higher than typical acquisition costs (over \$250,000 per unit, compared to \$100,000 or less for other recent projects), the complexity of creating housing in the existing historic building, and the reality of hard costs of over \$500/square foot. (The TDC without acquisition is \$852,002 per unit). HRI looked at alternative unit mixes as they were developing their plans, including options which included a greater number of smaller units in order to reduce per-unit development costs by spreading costs over more units. However, they decided to retain their current proposed unit mix, which maximizes family-sized housing, based on feedback from the Trust. The current unit mix includes ten 1-bedroom, twelve 2-bedroom and seven 3-bedroom units.

The new funding requested would bring the total Trust request to \$10,425,000 or \$359,482 per unit for 29 units. While this is substantially higher than other recent projects, where Trust funding has more typically ranged from \$150,000 to \$200,000, we expected higher costs for this development given the high acquisition cost for this property given its premium location and the opportunity to create new affordable units in the Baldwin neighborhood. Higher construction costs and reduced access to debt also add to the overall cost and need for subsidy here.

HRI completed the AHO community process in March 2023, and is scheduled to had its second Planning Board advisory design review meeting on December 5, 2023. HRI has also submitted a pre-application for funding from the state in the 2024 winter funding round.

## **Walden Square 2 – Winn Development**

Winn Development has submitted a request for \$33,250,000 in Trust funds to support the construction of 95 new units in two separate buildings at their existing Walden Square site (\$350,000 per unit for 95 units). We introduced this project to the Trust in 2021, and shared some information on Winn’s development and financing plan. The Trust had several questions regarding Winn’s early budgets for the project. While Winn had begun addressing some of those comments, including removing an acquisition line item from their budget and increasing the number of family-sized units at the site, Winn decided to pause work on their new project to focus on making improvements to their existing housing at Walden Square, and also to explore alternative designs for the new housing. The Walden Square 2 proposal presented to the Trust in May 2021 assumed a single 103-unit building and a Trust request in the range of \$17-19 million (\$165,000 – \$185,000 per-unit for 103 units).

Winn has reportedly made good progress at addressing identified issues at Walden Square I and has revised their proposed designs for Walden Square 2. Winn is now proposing the construction of two separate smaller buildings containing a total of 95 affordable units, including many family-sized units. The proposed unit mix includes 33 1-bedroom, 33 2-bedroom, 23 3-bedroom and 6 4-bedroom units.

Winn restarted the AHO community process to review updated designs and is now preparing for Planning Board advisory design review in early 2024. While Housing staff have been aware of Winn’s redesign process and have attended Winn’s AHO meetings with the community and design meetings with City staff, we have only recently received updated development budgets which we are now reviewing.

Their estimated total development cost has increased from approximately \$60 million or \$589,000 per-unit in 2021, to a current estimated total cost of \$78,211,025 or \$823,274 per-unit for 95 units. A large portion of this increase is likely attributable to the fact that there are now two buildings as compared to the single building plan. In addition, Winn’s projected construction costs have increased from \$266 per-square-foot in their 2021 pro forma to \$470 per-square-foot in the request just submitted. Finally, Winn’s current proposal continues to include many family-sized units which results in a higher cost per-unit than if they retained their initial unit mix which included several studio units.

As we begin to review their request more closely, we will look to understand the basis for the substantial increase in requested Trust funding, including what measures Winn has taken to reduce costs, and whether they have sought all other reasonable funding sources available to offset the amount of Trust funding needed.

## **87-101 Blanchard Road – B’nai B’rith Housing**

B’nai B’rith Housing (BBH) is requesting \$18,169,120 in Trust funds for new construction of 110 units of affordable senior housing for residents who are 55 or older. BBH acquired the site at 87-101 Blanchard Road for \$6,250,000 in July 2023.

The site is in the Cambridge Highlands neighborhood on the Belmont line and was part of a larger property which has been divided into two condominium units. BBH plans to redevelop the front portion of the site, while the rear portion will remain separately owned with 80 units of market-rate rental housing in two buildings. The BBH site currently contains a row of vacant commercial spaces.

BBH plans to redevelop the site under the AHO and build a single 110-unit residential development for low-income seniors, with a variety of amenity space for residents as well as outdoor amenity space for residents as well as the surrounding community. Their estimated TDC is \$71,068,794 or \$646,080 per-unit for 110 units. We have been familiar with the Blanchard Road project from attending BBH's AHO meetings with the community and with City staff, but only recently received BBH's funding request and development budget. BBH is proposing a 'two-phase twinned' development to allow them to combine both 4% and 9% tax credits, by financing the two phases separately but constructing the entire building at the same time.

BBH completed the AHO community process in November 2023, and is now preparing for the Planning Board AHO advisory design review in early 2024. They have also submitted a pre-application for state funding in the 2024 winter round.

### **Other upcoming requests**

#### **49 Sixth Street**

We expect POAH to submit a request for additional Trust funds for POAH's 49 Sixth Street, where the Trust has already committed \$9,750,000 for the project. POAH has been faced with increases in construction pricing. POAH has been working to reduce costs through value engineering, increase their funding request to the state, obtain commitments other available subsidy funds, and to finalize the ground lease with the Archdiocese on terms which will keep this affordable housing development feasible. As you may recall, this project involves the conversion of a portion of the Sacred Heart property in East Cambridge to 46 units of affordable housing, including 14 1-bedroom, 20 2-bedroom, 11 3-bedroom and 1 4-bedroom units. POAH completed the AHO design review consultation in July 2022.

#### **103-109 School Street**

We recently heard from Heading Home about their plan to convert their existing School Street building to permanent supportive housing. Heading Home has operated this property as an emergency shelter in the past, and now wants to create permanent housing there. Heading Home expects to begin its community process in early 2024. We expect to learn more about Heading Home's proposal soon, including their request for funding from the Trust. Heading Home has also submitted a pre-application to for state funding in the 2024 funding round.

### **Next Steps**

We will continue review and underwriting for the new funding requests from HRI, Winn and BBH, and will do the same for requests anticipated from POAH and Heading Home, in advance of bringing these requests to the Trust in 2024 for decisions. As part of our review, we will assemble and share

more information on the comparative costs of these and recent developments to assist in the evaluation.

Looking ahead further, staff continue to work with housing providers to assess several new sites for affordable housing development. We will also bring requests for acquisition funding for those sites if and when such funding is needed to purchase other new properties.