

CAMBRIDGE AFFORDABLE HOUSING TRUST
MEETING MINUTES
March 6, 2024 at 4:00 p.m.

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

Trustees Present in Person: Yi-An Huang, Chair; Teresa Cardosi, Susan Schlesinger, Jim Stockard, Bill Tibbs

Trustees Present via Zoom: Florrie Darwin, Alyson Stein

Trustees Absent: Elaine DeRosa, Elaine Thorne

Staff Present: Chris Cotter, Housing Director; Cassie Arnaud, Senior Manager for Housing Development; Janet Haines, Housing Planner; Christine Yu, Associate Housing Development Planner; Anna Dolmatch, Senior Manager for Homeownership; David Guzman, Asset and Compliance Manager

Others Present: Ammarah Rehman, Lahcen Medhat, Lee Faris, Sue Reinert, Marcel Merwin, Olivia McGeever, Banti Gheneti, Dane Harvey, Zara

The meeting was called to order at 4:01 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 six in favor and three absent (Ms. DeRosa, Ms. Thorne, Mr. Stockard) to approve the minutes for the meeting of January 25, 2024.

CDD UPDATE

Jefferson Park Federal: Demolition is complete and site work is underway.

4 Mellen/1627 Mass Ave: HRI has applied for state funding and is working on assembling financing before construction.

Neville Place: Staff are reviewing a funding request from Neville Place and are preparing the request for the Trust.

Chair Huang mentioned that the City is also in discussions with the Neville Communities regarding its broader capital funding needs and emphasized the need to work quickly on this project.

87-101 Blanchard Road: B'nai B'rith had its first AHO advisory design review meeting with the Planning Board on January 30. Its second Planning Board meeting has not yet been scheduled yet. Staff are preparing a funding request to bring to the Trust at the next meeting.

30 Wendell: HRI held their first AHO community meeting on February 14th.

Ms. Schlesinger asked how the meeting went. Ms. Arnaud answered that it went well as many neighbors were excited that there would be more affordable housing in the area.

Rindge Commons: Construction is almost complete, and the lease-up process will begin soon. Staff are in discussions with JAS about the second phase of this project.

Walden Square: Winn will have its first Planning Board design advisory meeting on Tuesday, March 12th.

Ms. Schlesinger asked which active Trust projects are in the rounds for state funding. Mr. Cotter confirmed that one development is in the current in the round, two have recently had state funds committed and three others are preparing to apply this year. Trustees and staff discussed if and how the Trust can play a bigger role in getting state funding for active projects and if rising total development costs affect if projects are approved for state funding. Ms. Arnaud mentioned that the Affordable Housing Overlay shows that Cambridge is committed to creating more affordable housing in the City. Ms. Stein commented that volume cap impacts how state funding is allocated.

NEW BUSINESS

49 6th Street Funding Request

Mr. Cotter presented a funding request from Preservation of Affordable Housing (POAH) for up to \$3,000,000 in additional Trust funding for their 46-unit affordable housing development at 49 6th Street. He mentioned that \$7,750,000 was already approved by the Trust in October 2022, and that this additional request would bring the total Trust commitment to \$10,750,000 or a little less than \$234,000 per unit. This project has recently been awarded state funding from EOHLIC and received historic tax credits.

The current total development cost is estimated at almost \$44 million. Like other development projects, development costs for this project have increased significantly due to rising construction costs, soft costs, and interest rates. Additionally, POAH needed to meet several conditions set by historic agencies in order to receive historical funding, which added to costs. However, staff will work with POAH to explore ways to reduce costs and that any reductions in final development costs prior to construction closing will be reflected in a reduction in Trust contribution.

Ms. Arnaud mentioned that this project has been well received and noted that the Planning Board commended POAH for how they plan on designing the space given the historical limitations. POAH hopes to move quickly with this project, given that they have been approved for state funding.

Mr. Tibbs asked if POAH received additional funding from other sources outside of the Trust. Mr. Cotter answered that POAH has received more funding from the state than initially expected as well as increases in historic tax credits. Ms. Schlesinger asked if there is an update on the ground lease. Ms. Arnaud answered that POAH and the Archdiocese are working through an updated lease and staff have reviewed an updated draft of the lease. Mr. Stockard asked if Urban Spaces, the original developer, plans on stepping out of this project, to which Ms. Arnaud explained that they will be.

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

VOTED: to approve the Trust funding request of up to \$3,000,000 from POAH for 49 6th Street and to convert the \$7,750,000 already committed in short-term funding to a single permanent loan of \$10,750,000 at construction closing, all as further described in the meeting materials.

Homeownership Resale Fund Request

Mr. Cotter presented a request for \$2,500,000 in additional funding for the Homeownership Resale Fund. The fund is used to repurchase, rehab, and re-subsidize existing affordable homeownership units for sale to new homebuyers. Since 2006, the Trust has committed \$7,500,000 to the Resale Fund. More than 160 units have been repurchased using the Fund.

Ms. Dolmatch added that the fund is set up to revolve and sink. Currently, there are a number of units that are being held while pending issues are resolved. This has prevented a portion of the funds from revolving, increasing the short-term need for more funding. The future sale of units will return a significant portion of revolving funds back into the fund, but the current funding position constrains the program's ability to exercise the City's purchase right. When this happens, the units remain affordable, but are not offered to buyers waiting in the City's Homeownership Resale Pool. Additional funding will allow the continued flow of available homes through the Pool.

In addition, the fund has been sinking more rapidly in recent years due to factors including increased rehab costs and higher interest rates. Recapitalizing the funds enables the program to continue to reinvest in units when needed to preserve the unit and maintain similar affordability levels.

Mr. Stockard asked what does sunk funds mean. Ms. Dolmatch answered that some repurchased units require extensive rehab. The costs cannot fully be recaptured through the sales price to a new buyer, requiring additional permanent subsidy to be invested in the unit. Investing these funds causes the total Resale Fund to "sink". She noted that with interest rates doubling in recent years it is expected that more funds will need to be invested to subsidize prices to maintain access for new buyers at the same affordability levels. More investment is also sometimes needed to keep these homes affordable and in good condition.

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

VOTED: to approve the request to recapitalize the Homeownership Resale Fund with an additional \$2,500,000 to assist with ongoing efforts to purchase and maintain the condition and affordability of the existing affordable homeownership stock.

ADJOURNMENT

Prior to adjournment, Ms. Darwin asked if staff had an update on the Housing Committee meeting that occurred on March 6th. Mr. Cotter answered that the Committee approved of two members for the

Cambridge Housing Authority Board of Commissioners and discussed potential changes to zoning language related to unrelated people living together and the definition of family in the Zoning Ordinance

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

The meeting adjourned at 4:44 p.m.

The next meeting is scheduled for March 28, 2024 at 4:00 p.m.

Meeting Materials:

- Agenda
- Minutes from the Trust's January 25, 2024 meeting
- Project Update
- 49 6th Street Funding Increase Request Memo POAH 3.6.2024
- Homeownership Resale Fund Recapitalization Memo 3.6.2024