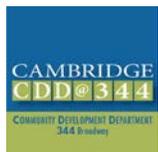


City of Cambridge
Community Development Department

Affordable Homeownership Program Review Update: Homeowner Listening Session Summary and Resale Pool Applicant Survey Results

December 20, 2022



Program Review Process Engagement

Survey for all current owners
completed July 2022

Listening sessions for current
owners through October 2022

Survey for applicants currently
waiting for housing December 2022

Housing Committee hearing
January 2023



Listening Sessions

- Twelve sessions – ten virtual, two in-person
- 69 participants – 16% of current owners
- Approximately 50% of spaces registered but did not attend

- Small group sessions – smallest 3, largest 12
- ~90 minutes
- Professional facilitation
- Housing staff for technical expertise and questions
- Feedback on current program, priorities for changes, thoughts on value increase and inheritance

Attendee Overview

- **Length of Tenure**
 - 61% owned more than ten years
 - 17% owned twenty or more years
- **Unit size distribution:**
 - 38% studio or 1 BR
 - 40% 2 BR
 - 22% 3 or more BR

Attendee Overview By Unit Program Type

- **100% affordable and Inclusionary:**
 - 45% of participants
 - 76% of unit stock
- **Financial Assistance/HomeBridge:**
 - 39% of participants
 - 21% of unit stock
- **“Other” – older, one-off projects**
 - 13% of participants
 - 3% of unit stock

Listening Session Feedback

What did we ask?

Meetings evolved over process

- Adapted to participant feedback
- Shift from questions on specific models
- Focus on feedback and priorities

Discussion topics:

- What does the current program do well
- What is your priority for program change?
- Overview of current resale formula
- Priorities for an updated resale formula
- Priorities for inheritance, assuming some ongoing eligibility restriction

What did we hear?

Many different experiences with the program

Almost all expressed appreciation for some aspect of the program

All care about continuing access to affordable homes for the future

Range of issues raised, both within and outside the scope of this process – things to look at going forward

Not consensus, but many frequent themes

Frequent Themes

Program plays important role in keeping people in Cambridge with stable housing

Combination of limited resale price and market prices limits owners' options to move on

Understand challenge of keeping units affordable while increasing return but current formula too limited

Restrictions make program feel less than full ownership

Less incentive to invest in unit condition

Priority for inheritance is opportunity for family members to remain in Cambridge

Purpose of the program

- *The point is, if the goal is to get people in houses so that they can move up into regular and that's equity, is one thing. If the goal is to keep families, middle class families, in Cambridge, that's a whole different thing.*
- *How do you help the most people and how much of that help should go to me?*
- *It's about people that want to live here and stay here, not want to invest some money and then make a ton of money off it. Then you don't go into a program like this.*

What the program does well

- *I can live here, and I can live here next year and as long as I can keep affording the mortgage and the condo fees, I am allowed to live here. That's a big deal. I've been a renter my whole life before coming to this opportunity, and I calculated once and I have paid over \$300,000 in rent and so have nothing for it. I think that's the situation a lot of us find ourselves. If you don't have money for a down payment, you're forever in a rent cycle and a cycle of instability, so I definitely appreciate the stability.*
- *A lot of my friends who live in public housing, every time they get a raise, their rent goes up. That's awful, and so you can never really get ahead. So, the fact that you are fixed is really helpful. I live in a three-bedroom, so my daughter is living with me. I have friends who rent, they had to downsize to one bedroom. The kids are grown. The kids have nowhere to come back to, if they need to come home. So that part, I think, is an example of something it does well.*
- *As a single mother of a daughter, we were living in an attic just so she could go to Cambridge public schools, it was a lifesaver to be able to move into a home that the mortgage was less than what I was paying to live in an attic just to stay in Cambridge.*

Building wealth and assets

- *I think most people would say, "This is a good thing for Cambridge to have people at a variety of income levels who can live here." And at the same time, I think for us as individuals, everyone in America thinks of a home as an investment and it's very hard to accept that in this case it's a low-return investment.*
- *I never thought that I could be an owner here, so I felt like I hit the jackpot when I bought through the resale pool. And now that it's 10 years later and I have a little bit more understanding under my belt of the equity that my neighbors are building, and I am sitting on the tiniest, tiniest little nest egg, I'm like, "Oh dang, what am I doing? Is this a wise place to be financially,"*
- *I want to stay in Cambridge, but if this isn't something that I can say, "This is now their property", I would have to think about where do I get them that property, or where do I build that wealth, for my family.*
- *And I also feel like as a person of color, this isn't necessarily helping me at all or making up for the gaps that already are there for being a person of color buying something in a city when everybody else is so outpacing you. So I mean, it gets balanced out by the fact that what you pay monthly is fairly low.*

Inability to move on

- *It's like the deal is actually so good that it doesn't make you want to leave your place or sell your place because it's very hard to go out there and try to find something at the same rate...Sometimes it's a great blessing but in some ways I felt like it's not enough incentive to make you want to move on and turn your unit over to someone else that could make use of it.*
- *I do feel I'm not able to adjust as my needs change. I do wonder what's going to happen and sort of if I were going to sell, I wouldn't be able to go somewhere else in Cambridge...And certainly I knew what the downfalls were at the beginning, I understood them, but to the extent the program can adjust as individuals adjust and families adjust, that would be great as well.*
- *If I were to outgrow it...how do I leverage this as a way that builds wealth? Could I leverage it into a bigger place in Cambridge? If I were to ever leave here, it feels like I'd never be able to live in Cambridge again unless I have a massive financial change..*
- *I live on the second floor, and I realized, oh if I'm ever going to become, God forbid, disabled, in a way that I can't make it to the second floor, I'm in trouble. I can't buy another place in Cambridge.*

Affordable program versus the market

- *When we bought here, we always thought, oh we would be able to do better and be able to buy something on the market and then hand this back. But the way that the economy went, that was never ever a chance because it just went so crazy.*
- *One element of this program is that given the nature of Cambridge's market is that once you're in this unit, you have to face the reality that you may not be able to live in Cambridge when you're not living in this unit anymore, and that seems like a reality worth spending some time with.*
- *I'm looking at my neighbors who have gone up five, six, eight times what they put in and it's hard because we still would never be able to go someplace else.*
- *It's hard to imagine that if I were to sell that my next step from here, I would still be able to remain in Cambridge. And that's a hard thing to think about.*

Investing in home/keeping up condition

- *I think right now there is not a lot of motivation to try and upgrade or make anything better because you know you're not going to get a lot of money out of it. And I think that this would make people want to do more to keep their property up. But like I said, I think it would also be hard like, how do you keep it affordable if you do that?*
- *I kind of have to go back every so often because I have to repair things in my home. I'm like, oh man, I can't believe I bought a house and I have to pay for this and whatever, but then I'm like, you know what? You don't have to be certified every year, you don't have to have people come into your home and saying you can't do this and whatever.*
- *If we have to borrow money to do structural maintenance and we're sort disincentivized to do that because we have to wait 10 or 20 years to get the money back. And in the meantime, we feel sort of like tenants rather than owners in a way. But we still have to do it...I'd like to see some consideration about long term maintenance and upkeep so that when the city does take the property, it's not completely run down and they'll have to spend a lot of money at that point to bring it back up to code or whatever.*
- *I feel like in the past I haven't gotten the sense that I'm going to have return on equity and so I'm less inclined to update things that need to be updated in the kitchen for example, or in the bathroom. And I think that then falls on the next owners or just in terms of quality of housing that the city is offering to people.*

Not true homeownership

- *With owning a home through the city, as amazing as it is, there comes limitations, and there's restrictions that the first person talked about, briefly. That can be a little bit limiting. And there are times, as she mentioned, that it can feel like, yeah, you're not really owning this unit, kind of feeling, and that's always in the back of my mind.*
- *It's like you got to stay or you got to go or you got to leave it empty and be bleeding out money every month so that you can help your family elsewhere. That's an unusual thing for the home ownership program through this, is that you just don't have another option. You're kind of stuck and it doesn't feel like home ownership. It feels like a dirty trap.*
- *Can this be a home? At this point of time, I feel that the landlord is in a way the city. I hate to say that, but it's not entirely my home. That's not the way it feels like.*

Resale Formula Concepts

- *And I think that the fact that the apartment won't go underwater, financially, that's good. That's reassuring. 2008, 2009 seems like a long time ago, but I had family members who really were in terrible situations then. So I think that stability is important.*
- *That's another option. To let us buy the city out of what it was that we would've paid had it been market rate and to be able to sell it at market rate. Then of course that goes away. Then the city gets some money. But it's almost a flip of what we get. We get very little money and we've lived here for all these years. In the current situation, the city keeps its affordable housing and we don't get as much. But they could build more affordable housing.*
- *I think this program fundamentally changes ...for whom it is possible to remain in Cambridge. And I think that is so important and wanting to maintain that as much as possible, but also maybe some long overdue tweaks or changes to the formula to make it more of a... To not go so far to that balance that the individual homeowners are not realizing any type of increase.*
- *I don't think when I bought into this program, there's no way I was expecting a market rate return. But maybe if it were half of that or a quarter of that even, that could be a good compromise.*

Resale Formulas Continued

- *From my family's viewpoint, it would be hard to argue against any changes to the resale formula that ended up benefiting us financially when we do sell. But I guess I'd say from what I would see as a public good standpoint, keeping homes affordable for future families would be the most important*
- *I guess the one that sticks out to me most though is increasing at the same rate as market units, because I can see that we paid less so we wouldn't make as much on a unit as people in the city are making. But it would give us a chance to be able to make something, have equity, as opposed to like now, it feels like we won't have much of anything more than what we pay.*
- *This doesn't come close to the market itself and the rise in cost in the market. So it's not fair.*

Inheritance

- *I raised one daughter here, she's 25. She's known from day one that she wouldn't inherit this if anything happens to me. And it's okay, I'm putting money not into my home like other units that are not affordable in my building (that) have more than doubled in value, but I'm putting money in my retirement account.*
- *I would not want anyone to be displaced. This program was such a savior to me in a time in my life where my housing was really unstable. I would never want anyone else to go through that. I think that would be really important for me.*
- *I don't know if that's a good thing or not. I would love it, because I would think that would be wonderful. But on the other hand, I worry that you're creating kind of a closed system. Then what happens with the next generation? It passes on to them. Then you've taken all these units basically out of the running for other people.*
- *(I) feel like I've sort of come full circle back here. And I think my mother and her family would be happy if they were, my mother if she was alive, to know that I've sort of come back here to Cambridge and I think it's important to be able to pass that along to another family member.*

Inheritance

- *But I understand the challenge for you guys, because it kind of replaced rent control. And then that's what happens, it gets passed down, passed down, then there's a Harvard professor at the rent control apartment because they never want to get rid of them. I would see that's the danger of the inheritance part.*
- *I would want you guys to have slightly higher limits for our kids, to maintain their citizenship in the city. I mean, not at all costs, but it should be considered a valuable asset to this community's health and well-being, that our children can continue to contribute.*
- *The most important change would be, I should be able, if my kids choose to live there, that no matter what their income is at the time, they should be able to live where their parents raised them.*
- *Well, I think for some, stability of family staying in Cambridge is important, not just the payout. And I think for me personally, that is more important to me. At least having a viable chance of them inheriting if you're income eligible or at least close.*
- *And as much as I'd like my children to inherit or to do something with the home, I also know that maybe in the future, there might be another young dad like me who is looking for a home. And if not inheriting would mean they get it, maybe that would be beneficial to them as it was to me getting a home when we really needed it.*

Resale Pool Applicant Survey Results

Goals of the Applicant Survey



Bring applicants into the conversation on program changes



Assess awareness of current program terms



Introduce some of the questions to consider for potential policy changes



Gauge priorities



Identify where current owners and applicants may agree or differ



Survey Outreach and Response

- Cambridge resident applicants only
- Applicants with email on file – 93%
- Two follow up emails

TOTAL RESPONSES:

493 Applicants contacted

94 total responses 19%

80 complete responses 16%



Respondent Overview

- 67 % in Resale Pool for more than 3 years
- 43% waiting for 3 BR or larger
- 18% waiting for 1 BR
- 84 % currently living in affordable housing



Respondent Overview

- 90 % have taken a FTHB education class
- 50% earn between \$50K and \$75K annually
- Race/ethnicity (optional):
 - 44% Black or African American
 - 21% white
 - 15% Asian
 - 16% Hispanic

Housing Challenges

- 19% state no challenges with current housing
- 38% reported rent being increased beyond affordability
- 24% overcrowded
- 19% paying more than 50% of income for rent

Most Frequently Cited Reason to Buy a Home

49% selected:

Stay even if income increases

43% selected:

Low risk I will have to move

42% selected:

**Part of monthly payment
comes back as equity**

Least Frequently Cited Reason to Buy a Home

18% selected:

**Make changes without asking
landlord**

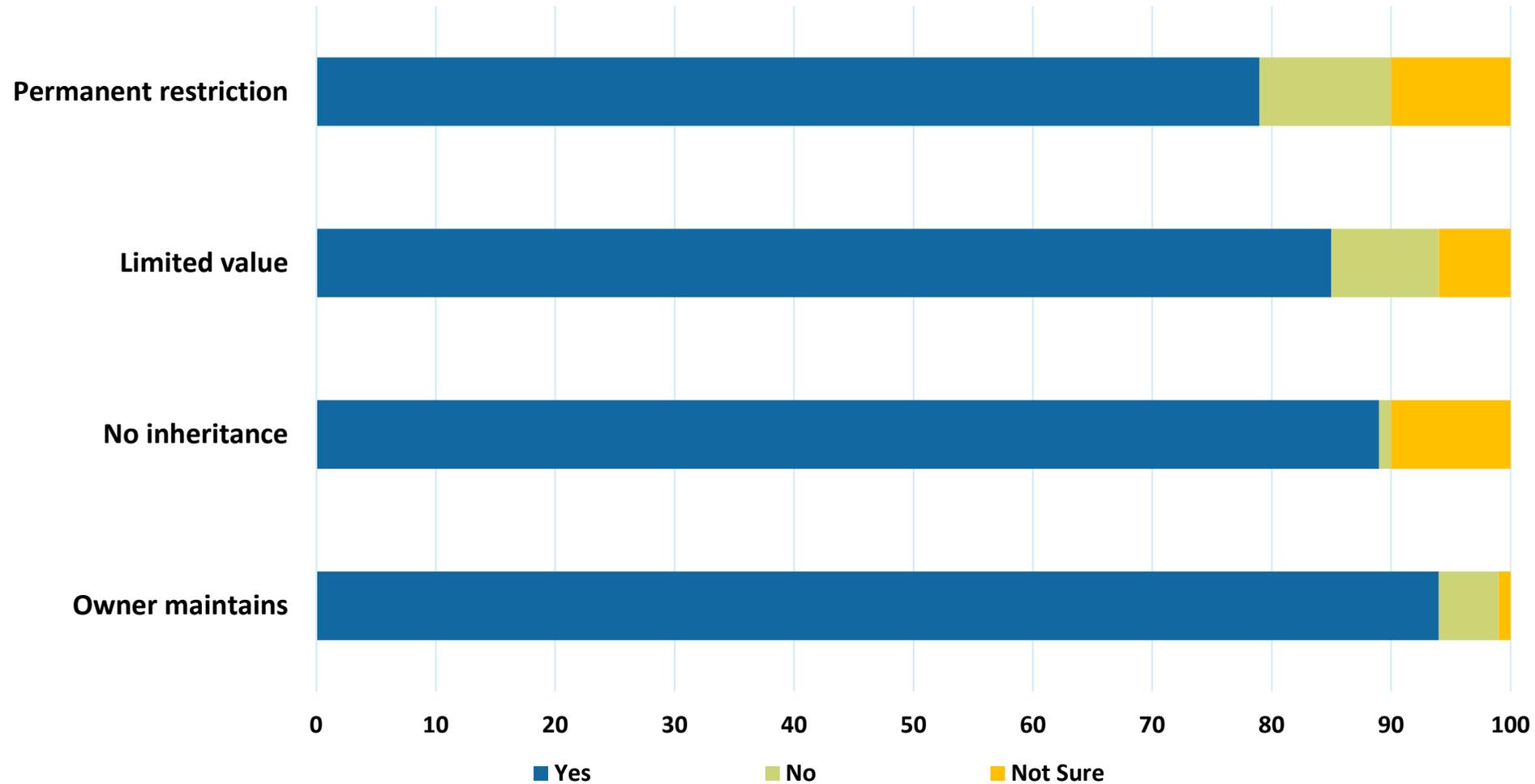
12% selected:

Make a profit on price increase

2% selected:

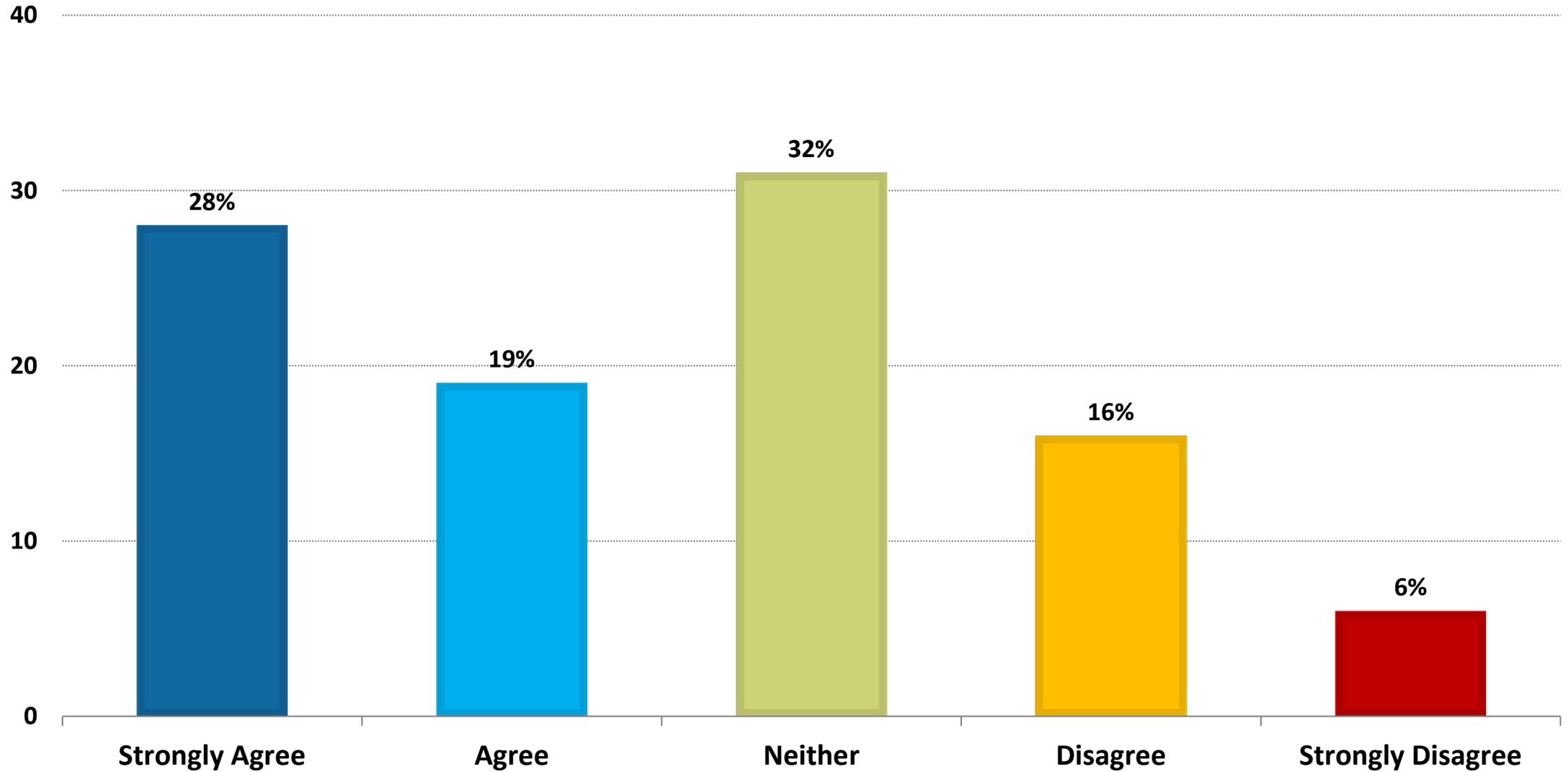
**Be involved in building
decision-making**

Are you aware of these program requirements?

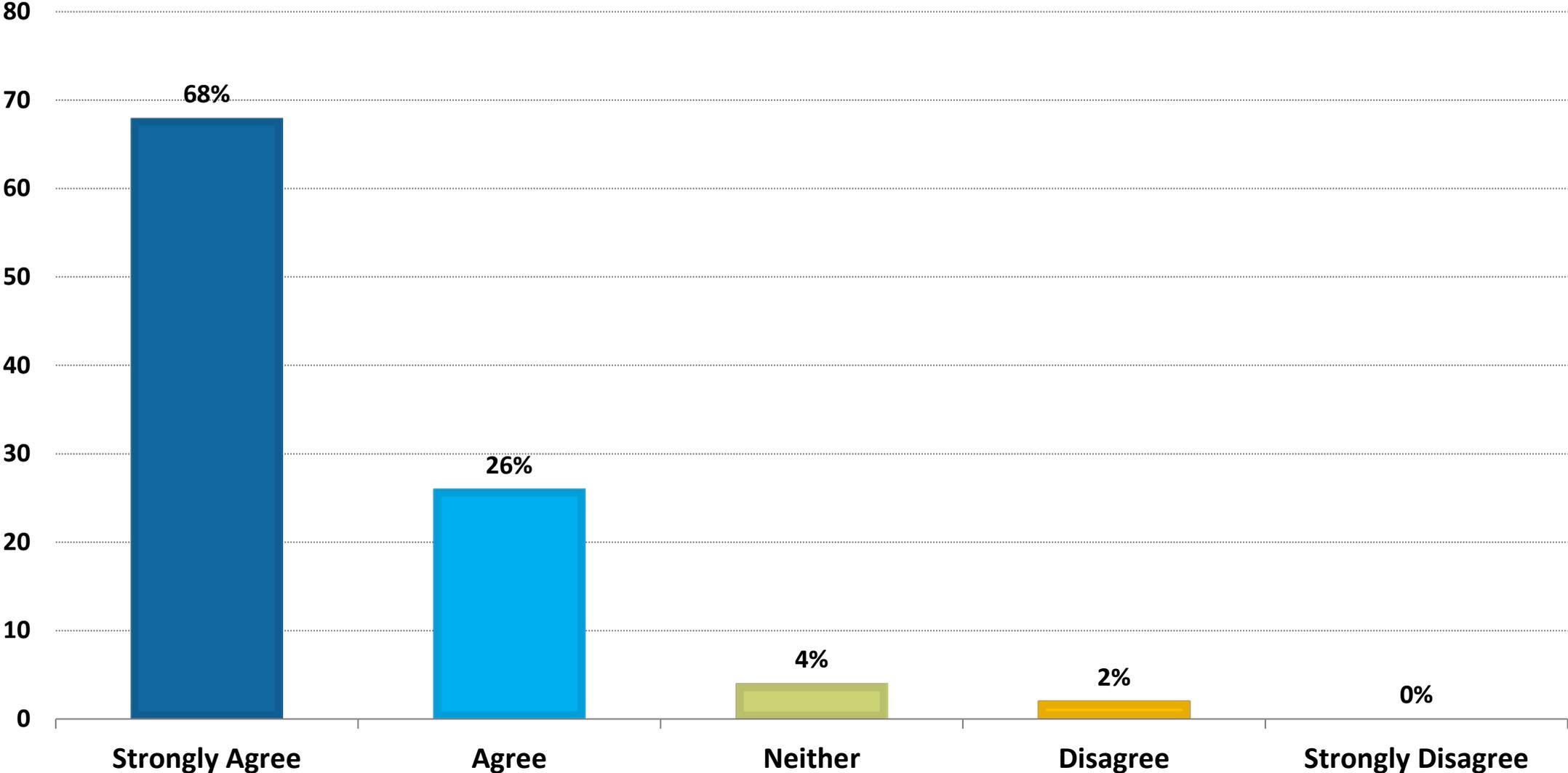


Views on Affordable Housing Value

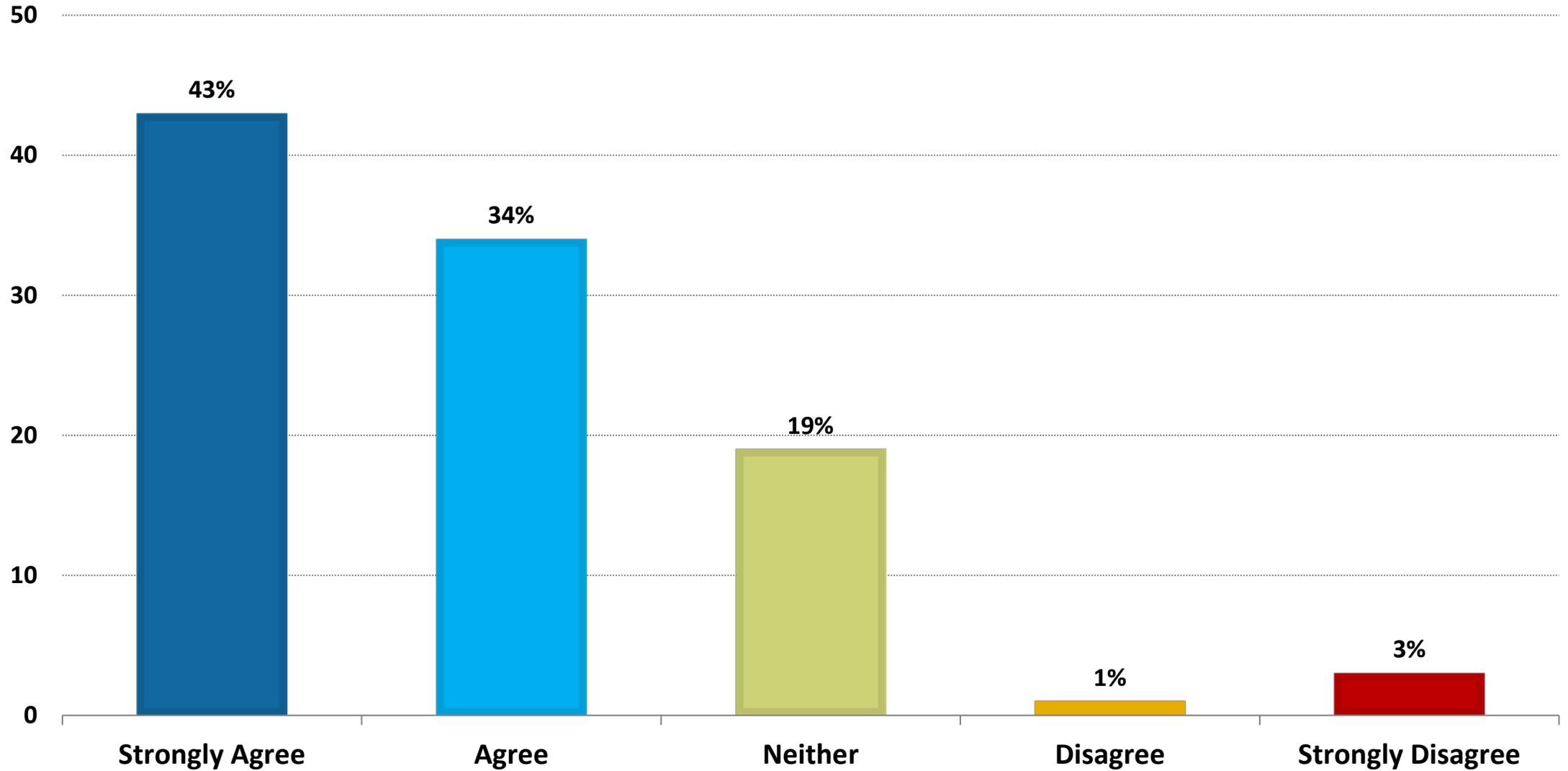
Affordable homes should appreciate the same percentage as market homes



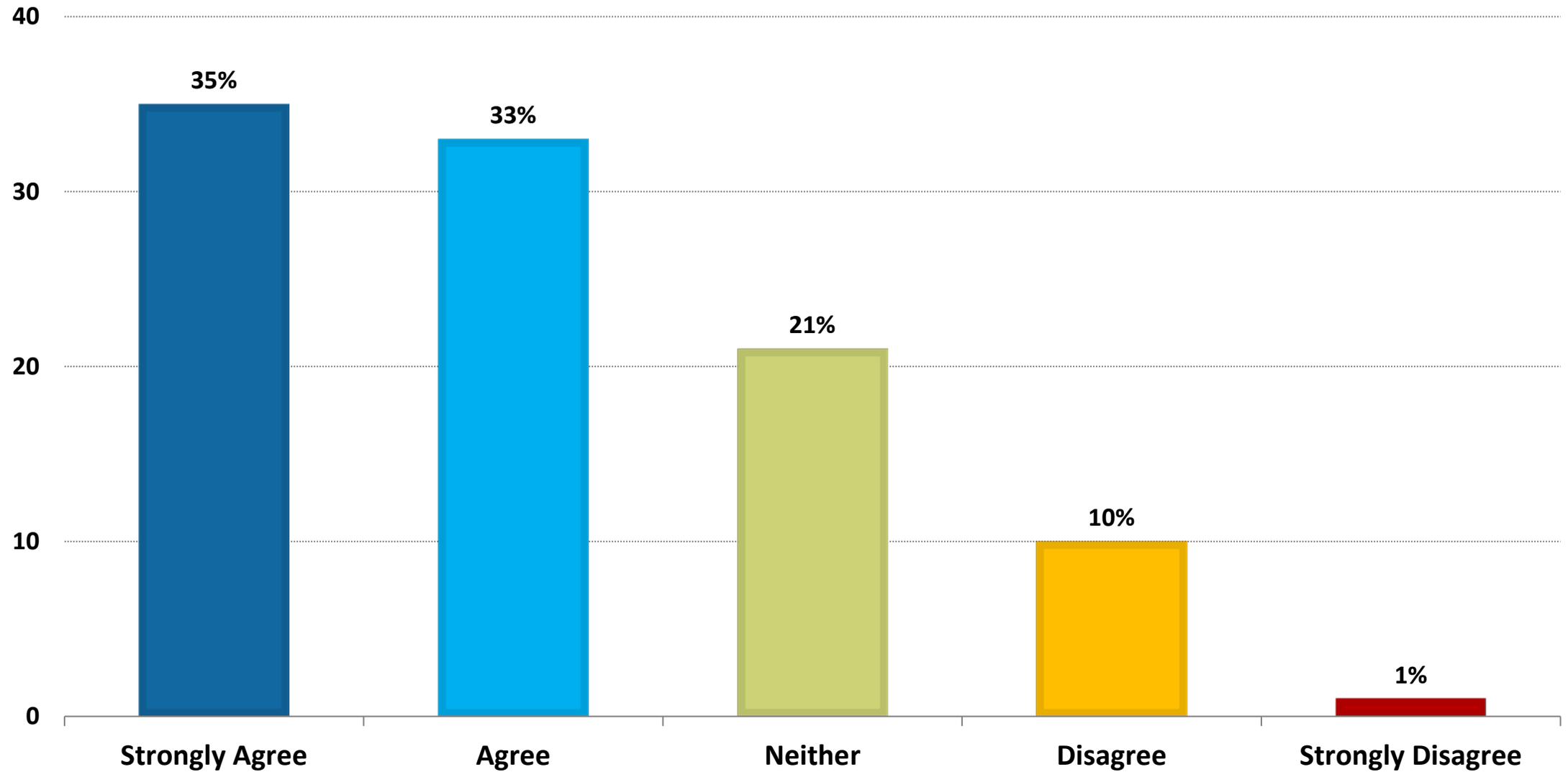
It is important that these homes stay affordable



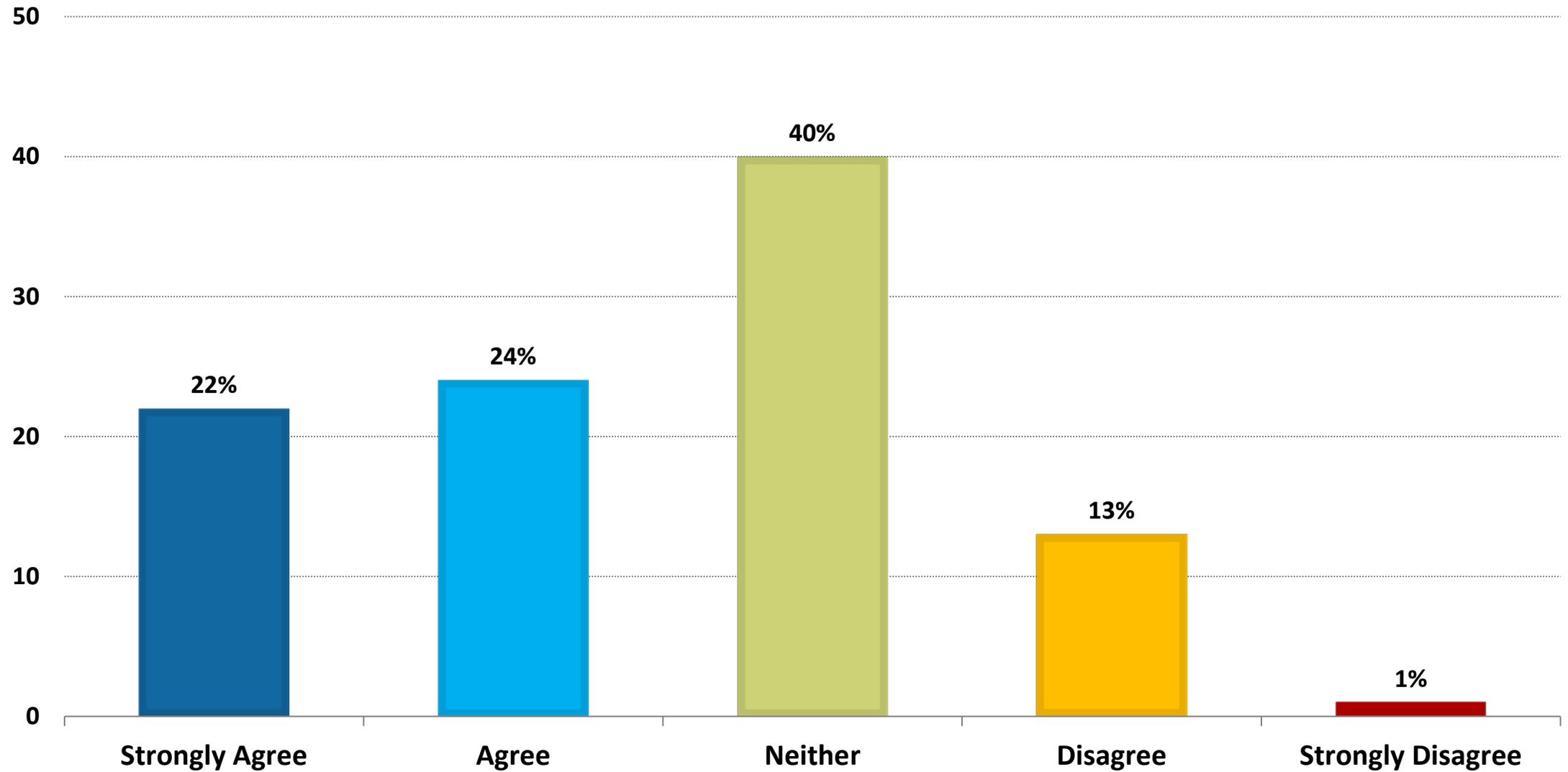
Value should increase at a steady, predictable rate



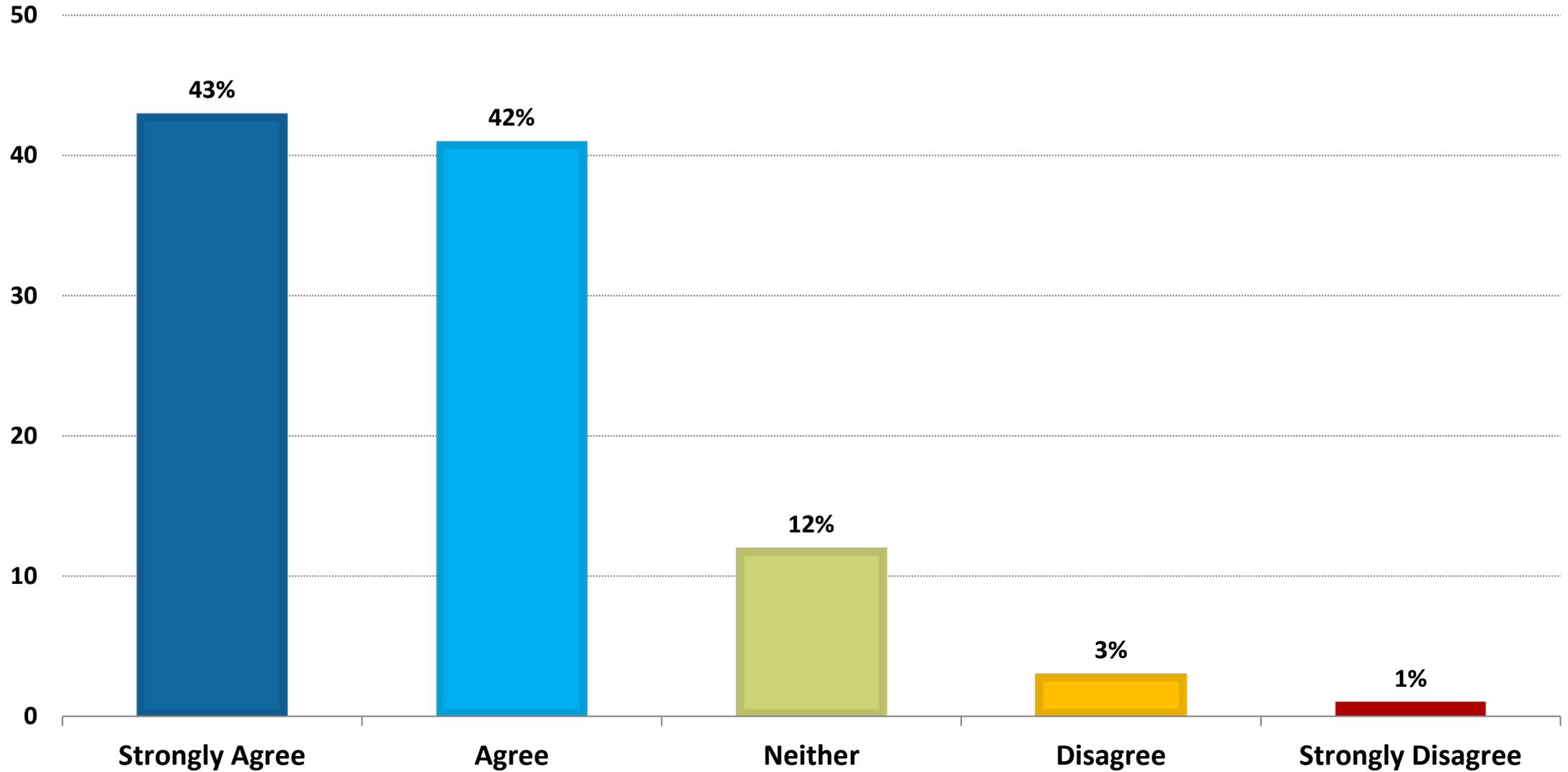
The value should not decrease, only increase



I would pay more for a home if it would increase more in value



It should be easy to understand how the value changes

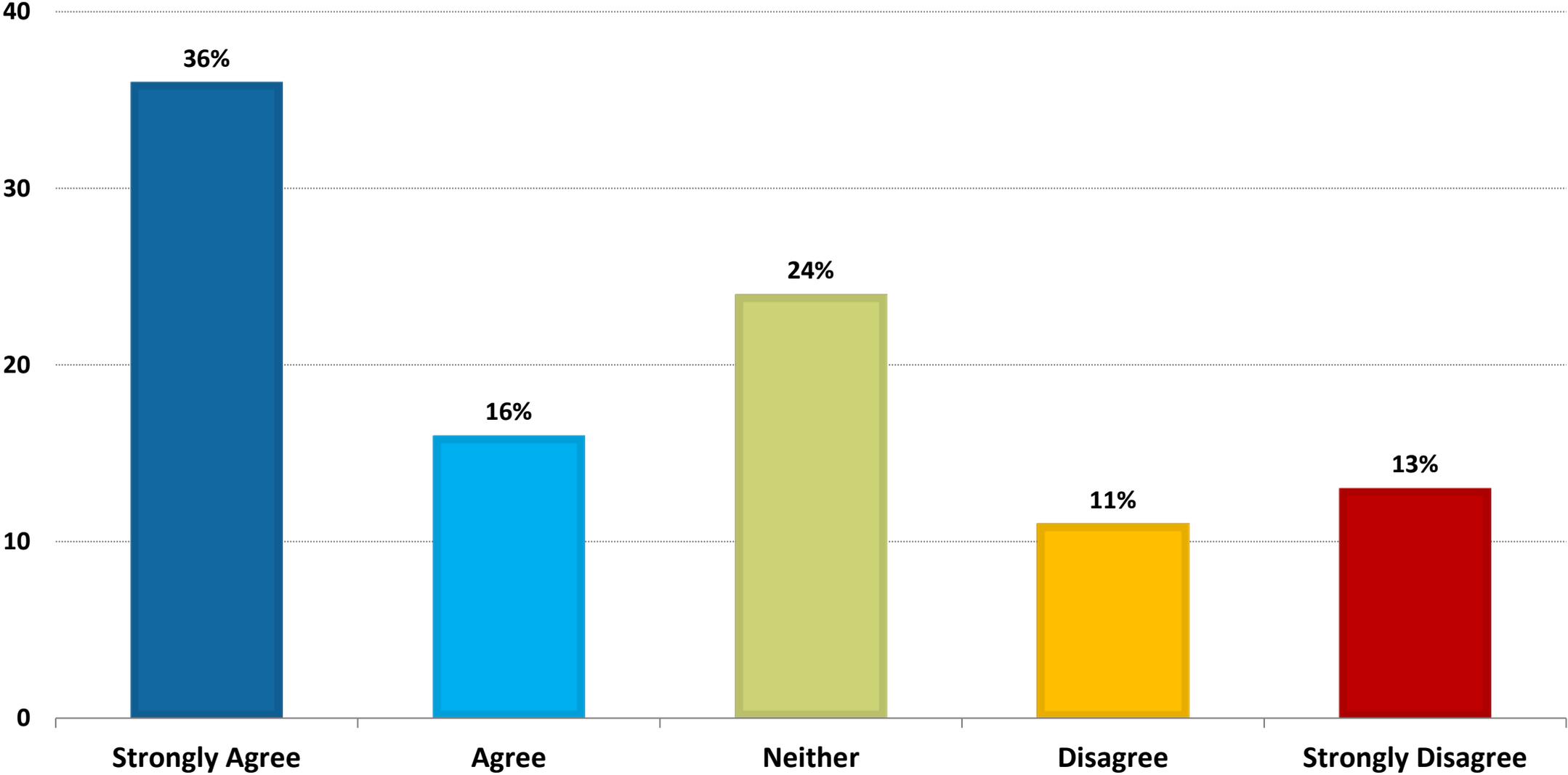


Priorities for Affordable Homeownership Program

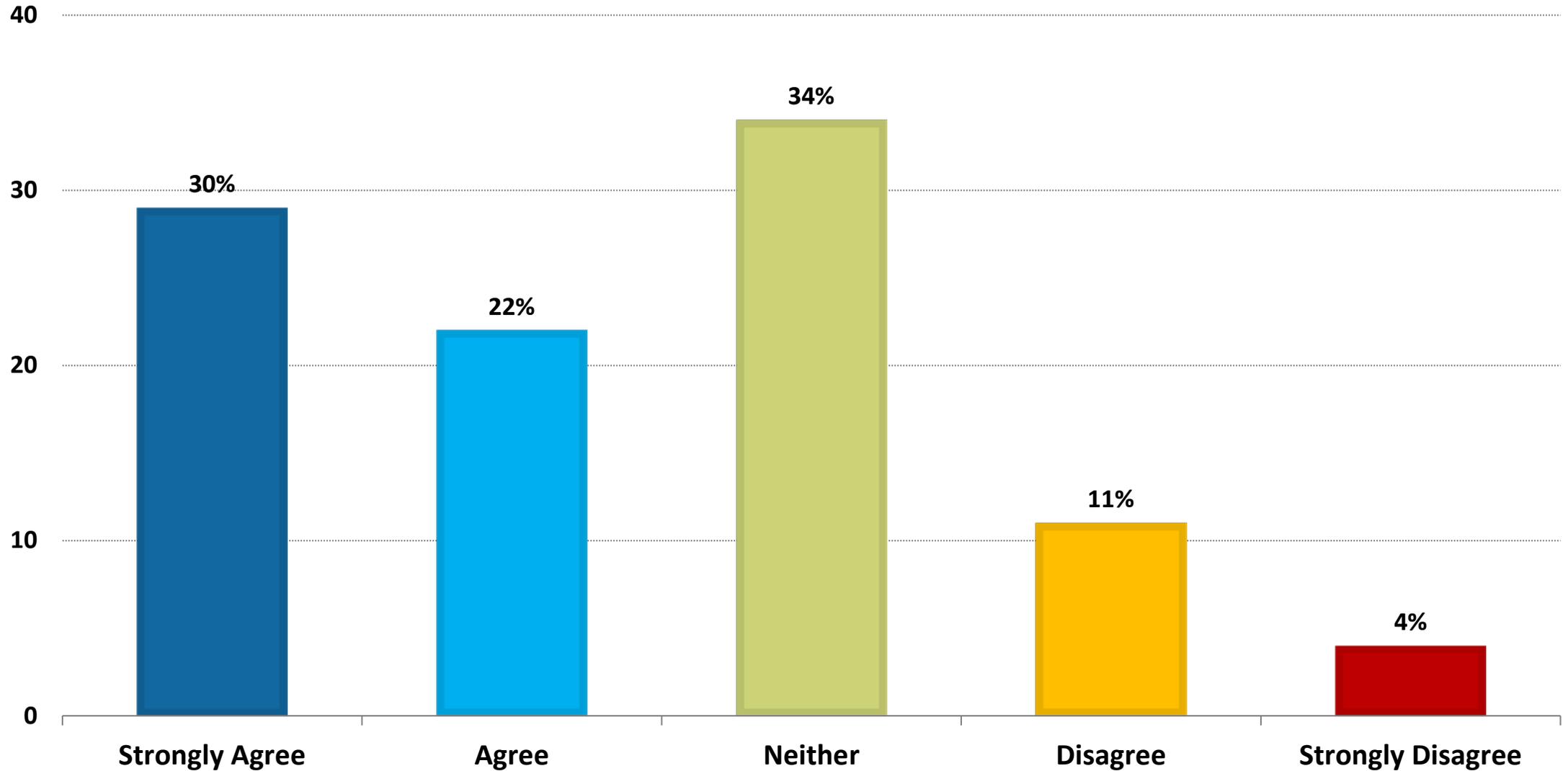
	Ranked Most Important - #1	Ranked Least Important - #5	Average Ranking
Provide low-cost housing	43%	3%	3.9
Allow residents to remain in community	35%	7%	3.8
Help keep community diverse	9%	24%	2.8
Build assets for owners	12%	18%	2.8
Provide enough profit to buy a market home	3%	49%	1.9

Views on Inheritance Policy

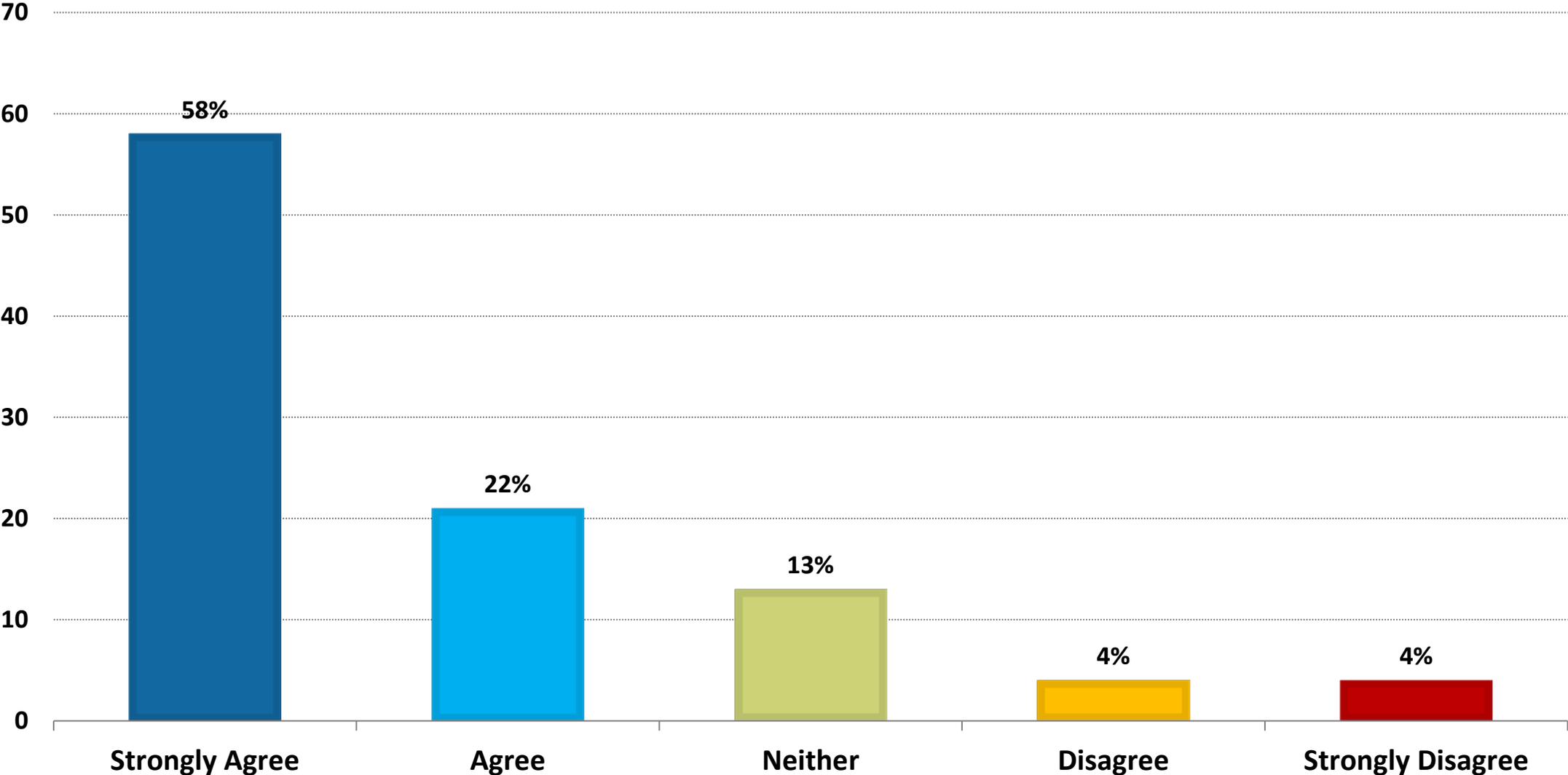
Owners should be able to leave their home to whomever they choose



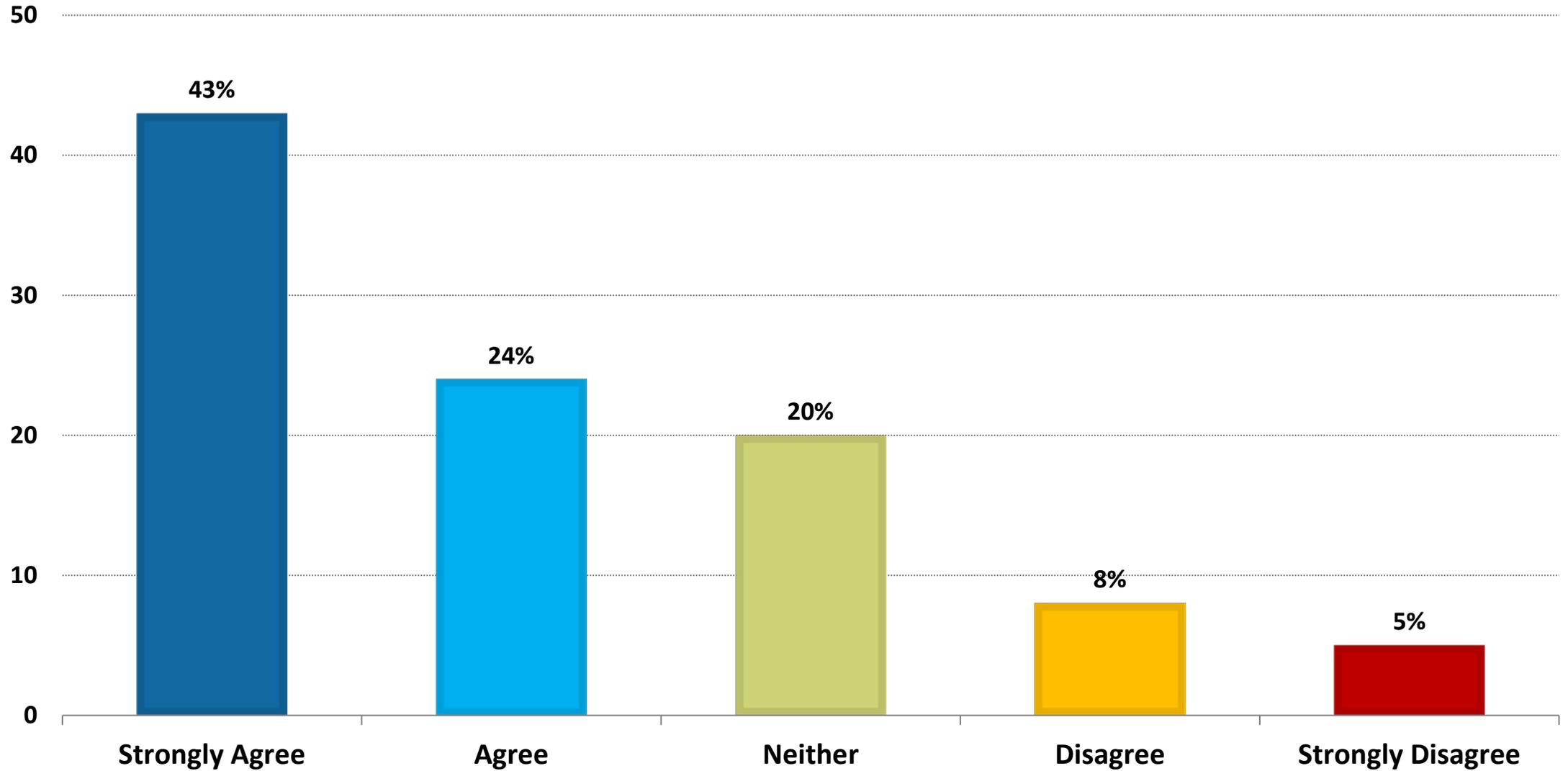
Inheritance should be allowed, even if fewer homes will become available



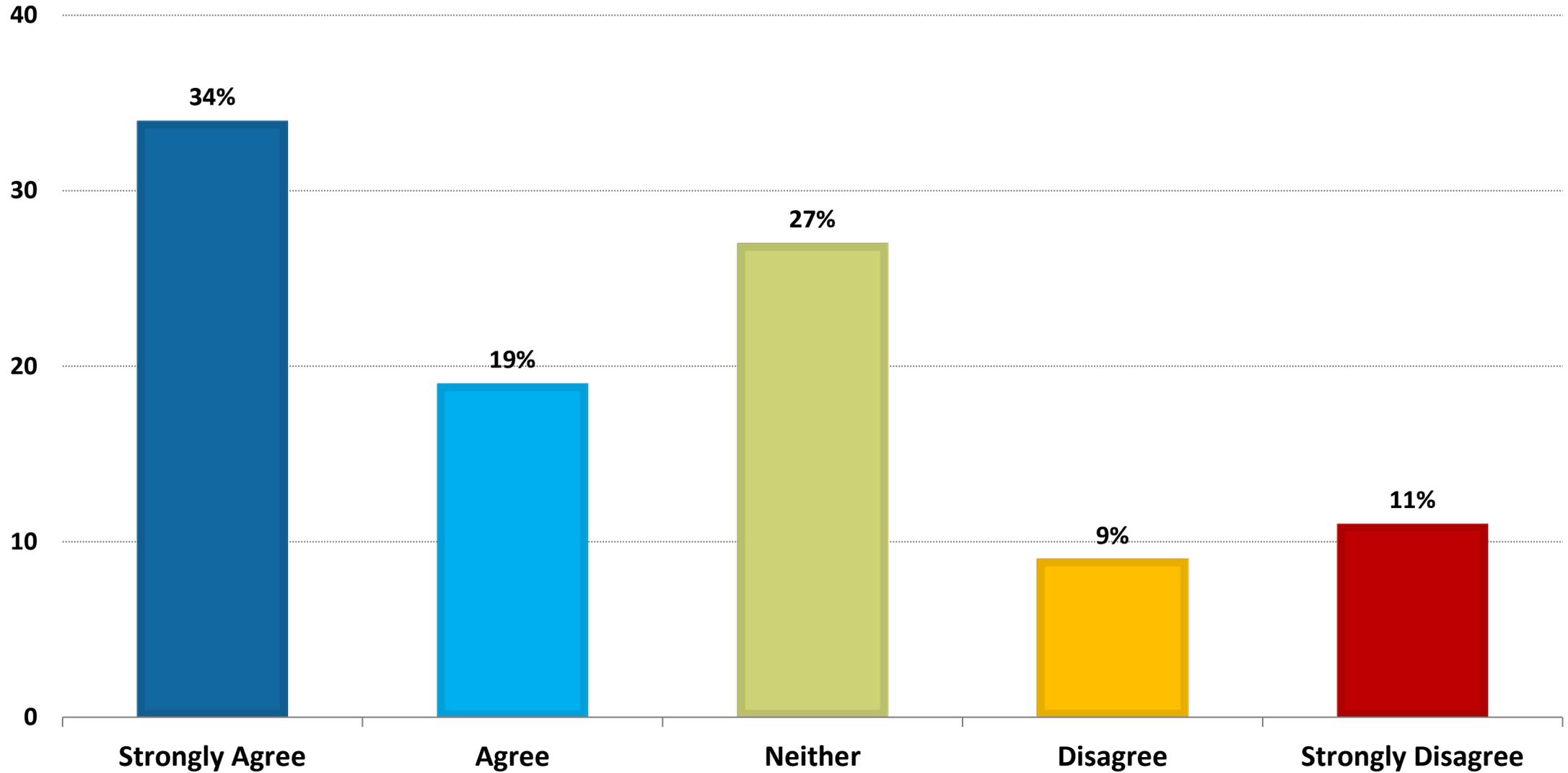
A close family member should be able to inherit



Someone already living in the home should be able to inherit



Making homes available is more important than allowing inheritance



Program Review Process Next Steps

- City Council Housing Committee Tuesday, January 10 1-3 pm
- Continuing consideration of alternative models and policies
- Development of recommendations
- Share draft recommendations from owners; opportunity for feedback
- Ongoing legal review of options

