



CITY OF CAMBRIDGE
Community Development Department

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Affordable Housing Trust

June 25, 2020, 4:00 p.m.

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

https://cambridgema.zoom.us/webinar/register/WN_1L2ZMpKjTcqcppnwQ5-CQQ

AGENDA

- Review of Meeting Minutes
- Update from the Community Development Department
- Request from Just A Start for Rindge Commons: Just A Start Corporation is requesting \$4,250,000 to create 24 affordable rental units in a mixed-use building that will include both residential and training programs in Phase 1 of their Rindge Commons development
- Request for Annual Appropriations for FY2021: CDD is requesting \$659,615 to support non-profit housing providers affordable housing preservation and development programs, CDD Housing Division staff, and CDD Housing Division program support
- Adjournment

CAMBRIDGE AFFORDABLE HOUSING TRUST
MEETING MINUTES
March 2, 2020 at 4:00 p.m.

Ackerman Room, Cambridge City Hall
795 Massachusetts Ave.

Trustees Present: Louis DePasquale, Chair; Peter Daly, Florrie Darwin, Elaine DeRosa, Gwen Noyes, Susan Schlesinger, Jim Stockard, Elaine Thorne

Trustees Absent: Bill Tibbs

Staff Present: Iram Farooq, Asst. City Manager for CDD, Chris Cotter, Housing Director; Cassie Arnaud, Housing Planner; Emily Salomon, Associate Housing Planner

Others Present: Mayor Sumbul Siddiqui, Maura Pensak, Housing Liaison to the City Manager

The meeting was called to order at 4:07 p.m.

MEETING MINUTES

Upon a motion moved and seconded, it was voted unanimously to approve the minutes for the meeting of Thursday, January 23, 2020.

UPDATE FROM CDD

Incentive Zoning – The Ordinance Committee met to review the Incentive Zoning Nexus Study and a zoning amendment was put forward by the City Council to increase housing contribution rate from the current \$17.10 per square foot to \$19.10 per square foot. The Ordinance Committee recommended the new rate be \$20.10. The amendment will soon be before the City Council for a vote.

2072 Mass Ave. – City staff will meet with Capstone/Hope to review their plan to begin the community process, apply for zoning relief, and seek funding to redevelop this site which was purchased with financing from the Trust.

Squirrelwood – Construction is nearing completion at one of the properties in this development.

Frost Terrace – Construction is underway.

Finch Cambridge – The applicant lottery has been completed. HRI is notifying applicants of their status.

Homeownership Resale Pool – There are 14 active units.

HomeBridge – There are seven approved buyers seeking units. One unit is currently under agreement. To-date, 68 units have been purchased by first-time homebuyers through HomeBridge and the city’s prior financial assistance programs.

EXPANDING ELIGIBILITY FOR HOMEBRIDGE FUNDING

In October 2019, the City Council passed a policy order asking that eligibility for the HomeBridge program be expanded to serve households earning between 100% and 120% area median income (AMI). For a limited period, there was a HomeBridge pilot opportunity to serve households within this income bracket through mitigation funds. The pilot was met with a strong demand. When the mitigation funds were exhausted, CDD established a waiting list for additional applicants within this income range, but have been unable to serve them as other funds could not be identified.

Mayor Siddiqui shared that the City Council’s policy order was adopted unanimously. The Order stemmed from conversations with Cambridge families that want to remain in the city but do not meet current program income requirements.

The current income limit for HomeBridge and other homeownership programs utilizing Trust funds is 100% AMI. In order for Trust-funded programs to serve applicants earning between 100 and 120% AMI, the Trust declaration will need to be amended to allow assistance for these households.

City staff note there is generally more interest for middle-income homeownership opportunities versus the rental program, and that the homeownership market is increasingly changing for households earning between 100-120% AMI. The composition of middle-income households’ mirrors that of low-moderate homeownership applicants. Most market homeownership opportunities for middle-income households are outside of Cambridge, and there are a few affordable options within the City’s affordable stock that have been created through zoning efforts. The deed restrictions associated with HomeBridge could limit the interest of some prospective buyers, but it offers a way to stabilize housing costs and for owners to look at other vehicles to save money.

Trust members asked about the financial implications of the HomeBridge program if the income limits increase to 120% AMI. Staff explained that there are two ways to approach the change. One approach would be to maintain the existing price limits for HomeBridge-eligible units to keep the same subsidy levels. A second consideration would be to maintain the existing ratio of assistance so if a buyer could afford more, they could buy a higher priced unit.

City staff typically approach the Trust to ask for increased commitment for HomeBridge on an 12- to 18-month basis. Increasing the income limit of households served by HomeBridge may require the City to request funds from the Trust more frequently.

Upon a motion moved and seconded, it was unanimously voted to move the proposal forward.

City staff reiterated that the first step will be to amend the Trust declaration to define moderate-income households as earning up-to 120% AMI. City staff will prepare these changes with the City's Law Department for consideration by the Trust.

MOVE TO EXECUTIVE SESSION

The Chair indicated that the next item for discussion before the Trust pertained to details regarding the acquisition and value of real property funding. Due to the sensitive information to be discussed, continuing in open session might have a detrimental effect on the negotiations. At 4:34 PM, the Chair entertained a motion to go into Executive Session to discuss this matter and indicated that the Trust would adjourn at the conclusion of the Executive Session.

Upon a motion moved, seconded and approved by a 8-0-1 roll call, the meeting went into executive session.

The Chair announced that all votes taken in executive session would be taken by roll call, and that the Trust would not convene in Executive Session.

ADJOURNMENT

Meeting adjourned at 4:34 pm. Next meeting will be March 26, 2020.

Materials:

- Meeting Agenda
- Meeting Minutes from the Trust's January 23, 2020
- Project update: Status of Active Commitments and Active Inclusionary Housing Developments
- October 7, 2019 City Council Order to increase funding to City's HomeBridge program for wider range of incomes
- Memorandum: Preservation of Fresh Pond Apartments

Cambridge Affordable Housing Trust

Status of Active Commitments

June 25, 2020

	Active Projects	Sponsor	Rental Units	Ownership Units	Status	Total Cost	Trust Commitment	Loan Amount Per Unit	Trust Approval Date
1.	HomeBridge program	CDD	<i>currently approved buyers: 7</i>	15	68 scattered site units purchased by first time buyers to-date.	N/A	\$15,200,000	1-br: 40% sale 2-br: 45% sale 3-br: 50% sale	May 2011
2.	Homeownership Resale Program	CDD	<i>currently active units:</i>	11	Re-purchase, rehab and re-sale of affordable homeownership units to new homebuyers.	N/A	\$5,500,000		December 2011
3.	671-675 Concord Ave	HRI	98		Construction underway and near completion, after temporary shutdown due to covid-19. Tenant selection process underway.	\$58,228,753	\$23,803,176	\$242,890	March 2016
4.	Frost Terrace 1971 Mass Ave	Capstone Hope	40		Construction underway, after temporary shutdown due to covid-19.	\$27,219,486	\$10,785,358	\$269,634	March 2016 and December 2018
5.	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
6.	Squirrelwood (multiple addresses, corner of Broadway and Market)	JAS	23		Construction underway, after temporary shutdown due to covid-19.	\$9,505,726 (new units only)	\$4,115,457	\$178,933	January 2018 and December 2018
7.	2072 Mass Ave	Capstone Hope	TBD	TBD	Capstone/Hope purchased site in April 2018. Will begin community process later this year with goal of securing permitting and assembling financing in order to begin construction in ~2022	TBD	\$3,800,000	TBD	February 2018
8.	52 New St	JAS	TBD	TBD	JAS purchased the site in early 2020 and will begin a community process later this year with a goal of securing permitting and financing in time to begin construction in 2022	TBD	\$9,800,000	TBD	October 2019
9.	Fresh Pond Apartments	Schochet	504		In March 2020, the Trust committed funding for the preservation of Fresh Pond Apartments. This commitment will be combined with \$15 million in City funding which was appropriated by the Council to the Trust for Fresh Pond Apartments. Together, these funds will be used to buy down 50 years of affordability and to capitalize a rent phase reserve to transition current tenants to the new affordable program.	TBD	TBD	TBD	March 2020

Total Units 665

Cambridge Affordable Housing Trust
Status of Active Inclusionary Housing Developments

June 25, 2020

	Approved Active Projects	Developer	Status	Rental Units	Ownership Units	Applicable zoning
1.	305 Webster Ave.	305 Webster Ave. Condominiums L	Covenant Recorded 8/11/17. Expecting completion Fall 2020.		4	Ordinance prior to revision
2.	Mass & Main (multiple addresses, Mass Ave. & Columbia St.)	Twining	Covenant Recorded 11/24/17. Construction complete. Tenant Selection underway.	58		Zoning provisions for Mass & Main
3.	249 Third Street	Equity	Covenant Recorded 12/22/17. Complete. Tenant selection underway.	12		Ordinance prior to revision
4.	Tempo (203 & 205 Concord Tpk. (formerly Lane & Games)	Criterion	Covenant Recorded 3/16/18. One building complete and tenant selection underway. Second building under construction.	44		Revised ordinance at 15% sf requirement
5.	St. James (1991 & 2013 Mass. Ave.)	Oak Tree	Covenant Recorded 11/21/17. Under Construction.	5		Ordinance prior to revision
6.	77 New Street	Abodez	Covenant Recorded 9/14/16. Under Construction.	11		Ordinance prior to revision
7.	95 Fawcett Street	Ed Doherty	Covenant Recorded 12/29/2016. Under Construction		5	Ordinance prior to revision
8.	Alexandria - 50 Rogers Street	Alexandria	Covenant Recorded 6/4/19. Expecting completion late fall 2020	44		Zoning for Alexandria PUD
9.	Charles & Hurley Streets	Urban Spaces	Covenant recorded 8/6/19. Building Permit issued 9-3-19(Charles Street) and 12-23-19 (Hurley Street)	16		Ordinance prior to revision
10.	50 Cambridgepark Drive	Hanover	Covenant recorded 8/6/19. Building Permit issued 12-5-19.	55		Revised ordinance at 20% sf requirement
11.	165 Main Street	Mitimco	IHP Covenant recorded 12/17/19. Building Permit issued 12-20-19	63		Zoning for MIT

Under Development:	308	9
Completed Units:	<u>751</u>	<u>202</u>
All Units:	1069	211

1280

	Active Pipeline Projects	Developer	Status	Rental Units	Ownership Units	Applicable zoning
1.	Cambridge Crossing, Building I	DivcoWest	Covenant recorded; pending building permit	54		Ordinance prior to revision
2.	605 Concord Ave.	Abodez Acorn	Covenant recorded; pending building permit	7		Revised ordinance at 15% sf requirement
3.	95-99 Elmwood	95-99 Realty	Covenant recorded. Pending building permit		4	Ordinance prior to revision
4.	212 Hampshire Street (Ryles)	212 Hampshire LLC, Binoj Pradhan	Voluntary affordable unit.	1		BZA requirement of affordable unit
5.	3-5 Linnean	Willow Land Corp.	Covenant signed; pending recording	1		Zoning for basement overlay
6.	55 Wheeler Street	Toll Brothers	IHP plan under review	99		Revised ordinance at 20% sf requirement
7.	1043-1059 Cambridge St.	418 Real Estate	IHP plan under review		3	Revised ordinance at 20% sf requirement
8.	270 Thorndike St. Court House	Leggat/McCall	Housing plan under review	48		All units are affordable



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MEMORANDUM

To: Cambridge Affordable Housing Trust
From: Project Review Committee
Date: June 25, 2020
Re: Rindge Commons Phase 1 – funding request

Just A Start (JAS) is proposing a new development, Rindge Commons, which would involve the construction of two new buildings at the site of their existing Rindge Towers development located at 402 Rindge Avenue in North Cambridge. The project will be undertaken in two phases and will result in the creation of 101 new units of affordable rental housing.

JAS is requesting \$4,250,000 in Trust Funding to support the first phase of Rindge Commons which will include the new construction of 24 affordable rental units.

Phase 1: The first phase of Rindge Commons will involve site work and the construction of a six-story mixed-use structure, Building A, at the corner of Rindge Avenue and Alewife Brook Parkway, across from the Alewife MBTA station. The building will be approximately 64,500 square feet in total, including approximately 38,500 square feet of non-residential space and 24,000 square feet of residential space.

The residential portion of Building A will be located on the upper floors and include 10 one-bedroom and 14 two-bedroom units. JAS believes that smaller-sized units will be more compatible the non-residential uses in Building A. (They will include units for larger families in the second phase, as shown below).

The non-residential portion of Building A will be located on the ground floors, and is being designed to accommodate JAS' existing training and education programs, including their Biomedical and Information Technology adult career programs and YouthBuild program. The space will include a combination of classrooms, workshop and laboratory space to allow JAS to consolidate its workforce programs in a single location which is easily accessible to program participants. In addition, JAS is in conversations with the City about creating new early childhood education classrooms in the remainder of the non-residential space.

Phase 2: The construction of the second phase of Rindge Commons, Building B, will begin after the first phase is complete. Building B will be located at other edge of the property along Alewife Brook Parkway, closer to the existing 402 Rindge building. An interior courtyard will be created between the two buildings to provide an enhanced play space. Building B will be entirely residential, consisting of 77 apartments including 22 three-bedroom, 39 two-bedroom and 16 one-bedroom apartments.

Unit Mix and Income Levels: All units in both phases will be affordable to households earning less than 80% of AMI. At this time, it is expected that all units will also be tax credit eligible, which would allow for them to be more deeply affordable with eligibility targeted at households earning less than 60% AMI. Eligibility will be limited to households earning less than 30% AMI for 10% of units. .

The bedroom size breakdown for the both phases of Rindge Commons is as follows:

	Phase 1	Phase 2	Total	% of Total
1-Bedrooms	10	16	26	26%
2-Bedrooms	14	39	53	52%
3-Bedrooms	0	22	22	22%
Total	24	77	101	100%

Permitting and Zoning Relief: JAS has applied for a comprehensive permit in order to obtain the relief necessary for the project, including relief for density, height, setbacks and parking. The proposed project, while needing relief from current zoning, has been designed to comply with the City’s urban design and sustainability goals. The project is being designed to meet Passive House standards, and will include a number of desirable features including enhanced open space and a new Blue Bikes station. Over the past year, JAS has held multiple public meetings to obtain community input and met frequently with staff from several City departments to review and refining their site, open space, and building designs.

Construction Costs and Financing: At this time, JAS is requesting funding for Phase 1 and will apply for Phase 2 funding at a later date. The total development cost (TDC) for Phase 1, including site work and the construction of Building A, is expected to be approximately \$30.9 million.

The estimated TDC for the residential portion of Phase 1 is expected to be \$12,685,231 or \$528,551 per unit. In addition to the \$4,250,000 (\$177,083/unit) being requested from the Trust, funding for the residential portion is anticipated to include \$4.4 million in 4% tax credit equity, \$2.5 million in combined DHCD funds, and a first mortgage of approximately \$1.5 million.

The TDC for the non-residential portion of Phase 1 is estimated to be \$18,197,199 and will be funded with a combination of New Market Tax Credit equity, deferred developer fee and first mortgage debt.

JAS has applied for both DHCD funding and New Market Tax Credits. They expect to secure the New Market funding shortly. They will need to reapply for DHCD funding as the project was not invited into DHCD's 2020 funding round because permitting approvals were not yet in place.

Schedule and Next Steps: The COVID-19 crisis has necessitated a number of delays in JAS' original schedule. At this time, JAS is beginning the permitting process and hopes to have approvals secured in the coming months, and financing committed in time to allow them to begin construction on Phase 1 in spring 2021, with an anticipated completion date of September 2023. Phase 2 will be built after Phase 1 is completed.

Summary:

Rindge Commons will create needed affordable housing that is near the many amenities of the Fresh Pond neighborhood and across the street from Alewife MBTA. Moreover, the development will have community-wide benefits by addressing climate mitigation and sustainability goals, and enhancing the experience of pedestrians and cyclists along Alewife Brook Parkway and Rindge Avenue. Finally, the consolidation of JAS' many highly valued training programs into a single, well-designed space will benefit both current program participants and staff, as well as the broader community who will be better able to access these resources in a centralized location.

The \$4,250,000 in funding requested from the Trust amounts \$177,083 per unit which is consistent with prior Trust commitments. Staff will continue to work with JAS to refine the budget, including seeking opportunities to reduce the amount of Trust funding for the project through identification of other available funding.

Note on COVID-19:

The impact which the COVID-19 crisis has had on the community, including the affordable housing finance system, is yet to be determined. We also do not yet know whether there will be COVID-related impacts to construction pricing or other development costs. Like all past Trust approvals for development funding, this commitment will be conditioned on JAS obtaining firm written commitments from all other funding sources needed to complete the project. Staff will continue to monitor the project and keep the Trust apprised of any challenges as the development planning continues.

Recommendation:

Given the need for new affordable housing and the challenges in securing new sites on the open market, we value and support Just A Start's efforts to create new affordable opportunities on properties they own. When both phases are completed, Rindge Commons will create 101 affordable rental units to the City's affordable housing stock.

The Project Review Committee recommends that the Trust approve the request from Just A Start for up to \$4,250,000 in Trust funding for the first phase of Rindge Commons, as described above and subject to the following conditions:

Loan shall be subject to standard Trust terms and conditions including, but not limited to:

- All affordable units will be subject to the City's standard affordable housing restriction to be signed at loan closing, which shall have a term of XXXXXX.
- Loan will have an interest rate of 3% compounding, or such other rate approved by CDD Staff, and a term of 50 years;
- Loan will be subject to a penalty rate of 8%. The penalty rate is only applied upon violation of the affordability restriction.
- Loans shall be non-recourse.

Prior to loan closing:

- CDD staff approval of final design and development plan;
- CDD staff approval of the final development and operating budgets;
- Zoning and permitting necessary to complete project;
- CDD staff approval of a repayment provision(s) of Trust financing, whereby 50% of net cash flow be used to repay Trust loan or such other similar provision;
- CDD staff approval of construction plans and specifications;
- Firm written commitments from all project funding sources sufficient to complete Phase 1, including both commercial and residential space;
- CDD staff approval of the tenant selection and marketing plan, which shall conform to Trust's selection priorities and include provisions to ensure maximum local preference in tenant selection expected to be limited to 70% local preference per state requirements.

During the construction period:

- Notify CDD staff of all construction meetings and copy on meeting minutes;
- Copy CDD on all change orders;
- Copy CDD on all funding requisitions to all other sources.



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MEMORANDUM

To: Cambridge Affordable Housing Trust
From: Christopher Cotter, Housing Director
Date: June 25, 2020
Re: Request for Annual Appropriations for FY2021

As the beginning of the new fiscal year approaches, we are requesting approval of \$659,615 in Trust funds for the FY2021 annual housing preservation and development contracts and operating support for CDD’s Housing Division as described below.

Non-Profit Housing Preservation & Development

Non-Profit Agency Contracts:

For FY2021, we are requesting \$445,115 in support for Homeowner's Rehab, Inc. (HRI) and Just A Start Corporation (JAS) to be used to support their efforts to develop and preserve affordable rental and homeownership housing in Cambridge. This funding is provided in addition significant funding provided by the Trust to each agency for specific affordable housing developments.

The following table summarizes the funding being requested to support each agency's housing development and preservation work in FY2021, as well as what was approved for FY2020:

	<u>FY2020</u>	<u>FY2021</u>
Just A Start	\$191,767	\$191,767
Homeowner’s Rehab, Inc.	<u>\$253,348</u>	<u>\$253,348</u>
Total – Housing Pres. & Dev. Contracts	\$445,115	\$445,115

For FY2021, we are maintaining the approach taken in recent years and requesting that the Trust fully fund the non-profit development contracts, while both HOME and CDBG funding will remain available to assist directly with affordable housing development and preservation efforts. In addition, CDBG funds will continue to be used to fund other City housing programs including the home improvement programs run by HRI and JAS, CEOC’s tenant organizing work, and JAS’ Mediation Services and Youthbuild programs.

Expiring-use Funding:

In addition, we are also requesting \$40,000 in funding for ongoing expiring-use preservation work. As you may recall, when the Trust made its first authorization of expiring-use preservation funding in 2009, there were ten privately-owned properties in Cambridge which had affordability restrictions due to expire by 2021. Since that time, we have been successful at preserving nine of these properties, containing more than 1,100 affordable units, and are now in the process of completing the preservation of the remaining property, Fresh Pond Apartments, which is due to expire at the end of 2020. We typically request expiring-use funding from the Trust on an as-needed basis rather part of the annual contracts. However, we are making this request at this time in order to ensure that there is funding available to pay for third-party costs such as preservation consulting services which are needed to complete the preservation of 504-unit Fresh Pond Apartments.

CDD Housing Division Staffing and Programs

CDD Staffing:

Since 2017, the Trust has provided funding to support additional CDD staffing for housing development and preservation work. The funding provided by the Trust has funds one full-time staff position and one part-time intern position. This Trust-funded staffing is in addition to the current 12 full-time positions in the Housing Division which are funded by the City. In FY2021, 3.5 new positions will be added to the Housing Division: a housing development and preservation planner, a compliance and asset manager, and one full-time and one part-time staff for the inclusionary rental program.

For FY2021 we are requesting \$140,000 which will continue funding for one full time position in the Housing Division and one part-time intern position. The following table summarizes the funding provided in FY2020 and the funding being requested for FY2021:

	<u>FY2020</u>	<u>FY2021</u>
CDD Staffing	\$140,000	\$140,000

Homeownership Management Software:

In FY2021, we are requesting \$13,000 in funding to cover the cost of our homeownership management software. This system is used for the ongoing management of the homeownership portfolio, including homeowners, applications, affordability restrictions, unit turnover, and financial management of the program. In FY2021 we will add a Housing Counseling module we will need for required HUD reporting to enable certification as a HUD-approved Housing Counseling Agency; this request includes additional funding for that new component, including \$2,500 in one-time set-up costs cost of adding a Housing Counseling module to the program. The following table summarizes the

funding being requested for this homeownership software in FY2021, as well as what was approved last year for FY2020:

	<u>FY2020</u>	<u>FY2021</u>
Homeownership Management Software	\$9,000	\$13,000

Legal Services and Administrative Costs:

For FY2021, we are requesting \$14,000 for the CDD’s legal services contract and are requesting \$7,500 for miscellaneous administrative items. These amounts are level-funded from FY2020.

	<u>FY2020</u>	<u>FY2021</u>
Legal Services	\$14,000	\$14,000
Administrative Costs	\$7,500	\$7,500

Recommendation: Staff recommends that the Trust approve the following funds for FY2021 affordable housing efforts as outlined herein:

Non-profit Housing Preservation & Development	\$445,115
Expiring Use Preservation Funding	\$40,000
CDD Staffing	\$140,000
Homeownership Software	\$13,000
Legal Services	\$14,000
Miscellaneous / Administrative	\$7,500
TOTAL:	\$659,615