



CITY OF CAMBRIDGE

Community Development Department

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MEMORANDUM

TO: Cambridge Affordable Housing Trust

FROM: Christopher Cotter, Housing Director
Anna Dolmatch, Senior Manager for Homeownership

DATE: March 28, 2024

RE: Print Shop Condominium Loan Term

In October 2023, the Affordable Housing Trust approved up to \$3,000,000 in funding for exterior work at the Print Shop Condominium. The Trust is funding this work to address major water penetration issues that have been impacting the condo in recent years. The project is necessary to preserve the building.

The Trust vote included terms and conditions for the funding, including the following:

11. *Standard Trust terms and conditions including but not limited to:*
 - a. *Loan will have an interest rate of 0% and a term of 50 years;*
 - b. *Principal shall not be due and payable until the end of the term, and may be forgiven.*

This is the first time that the Trust has committed funding to a 100%-affordable condominium association. During the preparation for loan closing, we have determined that making funds available with a 50-year loan term is not the most advisable approach for this loan.

Because the loan is being made to the condominium association, the building will not be collateral. No repayment is anticipated from the association if the project is completed in compliance with the terms. Affordability of all units is already secured by a Master Affordable Housing Covenant on the property which is separate from this funding. The affordability will continue no matter what happens with this loan.

The Trust funding included requirements for the execution of the project and increases to reserve contributions. Allowing a loan term of less than 50 years will give flexibility to work with the condo association to select a term that works best for both the condominium structure and the Trust's terms and conditions. If a term of less than 50 years is determined to be the best option and extended monitoring of reserve levels is needed at the end of the term, this can be a requirement of loan forgiveness.

RECOMMENDATION:

We recommend that the Affordable Housing Trust approve an amendment to Item #11 in the conditions for the funding request for the Print Shop Condominium voted and approved on October 26, 2023 to:

11. Loan will have an interest rate of 0% and a term acceptable to CDD staff

All other terms and conditions shall remain unchanged.