



CITY OF CAMBRIDGE

Community Development Department

MEMORANDUM

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Community Development

SANDRA CLARKE
Deputy Director
Chief of Administration

To: Cambridge Affordable Housing Trust
From: Anna Dolmatch, Senior Manager for Homeownership
Christine Yu, Associate Housing Development Planner
Date: May 23, 2024
Re: 35 Cherry Street – Predevelopment Funding Request

Just A Start (JAS) is requesting \$300,000 in predevelopment funding to assist with their plans to develop 35 Cherry Street into affordable homeownership units.

35 Cherry Street is a 10,593 square foot vacant lot in The Port neighborhood. Previously owned by the Massachusetts Institute of Technology (MIT), the lot was acquired by the City as part of a community benefits agreement. The City conducted an extensive community process to determine how best to develop the property for affordable housing. The community process resulted in a set of guidelines, including the creation of affordable ownership housing at the site.

The City Council transferred the property to the Trust in March 2022. The Trust put out an RFP to select a developer in July 2023. In October 2023, the Trust voted to designate JAS as the developer. Since then, JAS has worked on developing initial project designs to incorporate the required 35 Cherry Street design guidelines as well as the Homeownership Livability Standards included in the RFP. JAS will use the Affordable Housing Overlay (AHO) and will incorporate those design guidelines as well.

The design will focus on creating family-sized units with private open space at a scale that fits with the surrounding neighborhood. JAS hopes to build to Passive House standards. The units will include a range of affordability levels.

JAS has begun outreach and held their first community meeting on May 15th. The meeting was a general introduction to JAS and an overview of the project timeline. JAS will hold additional meetings to share preliminary designs for community feedback.

FUNDING REQUEST:

JAS is requesting a commitment of \$300,000 in Trust funding to support ongoing predevelopment work. They are working with Davis Square Architects on preliminary design options. A survey has been completed to ensure the design

complies with the City's flood resiliency requirements, and soil testing has begun. The proposed predevelopment budget is:

Anticipated Predevelopment Budget	
Architectural & Engineering	\$205,000
Survey/Civil & Permits	\$ 20,000
Clerk of the Works	\$ 5,000
Environmental Engineer/Geotech	\$ 20,000
Legal (Borrower/Lender)	\$ 20,000
Title & Recording	\$ 5,000
Insurance	\$ 10,000
Appraisal/Market Study	\$ 5,000
Security	\$ 5,000
Other	\$ 5,000
Total Costs:	\$300,000

JAS plans to complete the community process and have final designs by the end of the summer. They will then begin the AHO process with the planning board.

RECOMMENDATION:

The 35 Cherry project will create high quality affordable homeownership units that incorporate community input. This long-vacant site will be transformed into a neighborhood asset, providing opportunities for families to own a home in the Port.

Staff recommend that the Trust approve JAS's request for \$300,000 in predevelopment funding for 35 Cherry Street. We have discussed this request with Susan Schlesinger, Alyson Stein, Jim Stockard, and Bill Tibbs who agreed with our recommendation to bring this to the Trust and recommend approval.

1. Staff approval of predevelopment budget and scope of work;
2. The predevelopment loan shall be secured by a first mortgage;
3. Loan term shall be 36 months or until construction loan closing, whichever occurs sooner;
4. Interest shall accrue at a rate of 3% annually;
5. Principal and accrued interest shall be due and payable at loan maturity; however, at construction closing, accrued interest shall either be waived, at staff discretion, or deferred; and,
6. Funds will be disbursed in accordance with the Loan Disbursement Agreement to be entered into at or prior to loan closing.

Prior to construction closing, the conversion of any predevelopment funds to permanent financing shall be subject to additional conditions including, but not limited, to the following:

7. Staff approval of final design and development plan;

8. Staff approval of final budgets;
9. Agreement to enter into the City's affordable housing covenant, restricting all units built to households earning at or below 80% of Area Median Income (or other standard approved in advance by CAHT); and,
10. Marketing and buyer selection plan acceptable to Staff.

In addition, upon request, Borrower shall provide written updates to the Cambridge Affordable Housing Trust on project status including proposed design and development scenarios, proposed budgets, and anticipated development timeline.