

Image Courtesy of Robert Benson Photography

City of Cambridge Housing Department

Cambridge Affordable Housing Trust Overview

Joint Session: Housing Committee and
Finance Committee

July 10, 2024





Executive Summary

- The Cambridge Affordable Housing Trust (CAHT) is a nine-member board that supports the City's affordable housing initiatives, serving income ranges up to 120% of the Area Median Income (AMI) with a focus on households under 80% AMI
- Across all tenures, the Trust helps fund three different types of projects that preserve or create affordable housing:
 - New affordable housing production
 - Expiring-use preservation
 - Recapitalization and rehab of existing affordable stock
- Over time, new City policies have expanded the Trust's scope and resources, resulting in ~2,500 City-funded new and preserved affordable housing units since FY05.
- The Trust plays a role by providing funding commitments that developers then use to leverage other funds
- Funds from the City budget and the Community Preservation Act (CPA) are the most consistent revenue streams in a diverse array of Trust funding sources
- Given the unpredictability of the development cycle, and the robust pipeline of projects requesting funds, the Trust must maintain high balance to satisfy existing commitments and have the ability to remain opportunistic as new opportunities develop

The Cambridge Affordable Housing Trust (CAHT) is a nine-member board that supports the City's affordable housing initiatives



9 members with various housing backgrounds



Serves as a policy advisory board and loan committee



Provides financing for housing development and programs



Reviews proposals for housing preservation and development efforts and other housing programs

... And there are four documents that establish, govern, and administer the Trust

Home Rule Enabling Legislation

Zoning Ordinance

Declaration of Trust

Trust Rules and Regulations



Trust funded affordable housing initiatives serve incomes up to 120% Area Median Income (AMI), with a focus on households under 80% AMI

Housing Program Income Limits*

Cambridge Community Development Department | May 1, 2024

Below are the current income limits that are used by the Community Development Department and other agencies to determine eligibility for housing assistance programs.



	City 50% of Median	HUD 50% of Median	HUD 60% of Median	HUD 80% of Median	100% of Median	City 120% of Median
1 person	\$52,100	\$57,100	\$68,520	\$91,200	\$104,200	\$125,080
2 persons	\$59,550	\$65,300	\$78,360	\$104,200	\$119,100	\$142,940
3 persons	\$67,000	\$73,450	\$88,140	\$117,250	\$134,000	\$160,810
4 persons	\$74,450	\$81,600	\$97,920	\$130,250	\$148,900	\$178,680
5 persons	\$80,400	\$88,150	\$105,780	\$140,700	\$160,800	\$192,970
6 persons	\$86,350	\$94,700	\$113,640	\$151,100	\$172,700	\$207,270
7 persons	\$92,300	\$101,200	\$121,440	\$161,550	\$184,600	\$221,560
8 persons	\$98,250	\$107,700	\$129,240	\$171,950	\$196,500	\$235,860

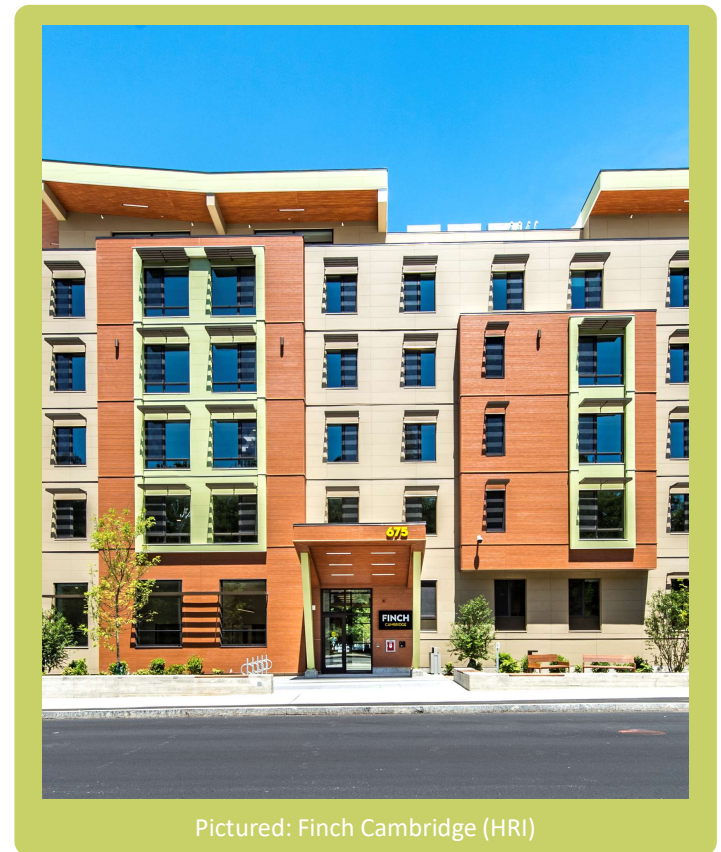
<p>Maximum for: • CHA Housing Choice Voucher (Section 8) Program</p>	<p>Maximum for: • CHA Elderly & Family Housing Programs • Home Improvement Program • FTHB Downpayment Assistance • Most private & non-profit affordable housing</p>	<p>Maximum for: • Home Improvement Program (for NRSAs)***</p>
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<p>Inclusionary Housing Rental Program**</p>	<p>Homeownership Resale Pool</p>	<p>Homebridge</p>	<p>Middle-Income Rental Housing Program</p>
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* Income limits are calculated by HUD (U.S. Dept. of Housing and Urban Development) for the Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area, with the exception of the City median income limits which are calculated by the City with information from the Boston-Cambridge-Quincy, MA-NH HUD Metro FMR Area. All income limits are subject to change.

** Inclusionary Housing Rental Program income guidelines are waived for households with Section 8 mobile rental vouchers.

*** NRSA is a **Neighborhood Revitalization Strategy Area**. These are designated areas where regular HUD income limits can be increased. [Click here](#) to view a map of Cambridge NRSAs.



Pictured: Finch Cambridge (HRI)



Trust membership is diverse, including a mix of recent appointments and longtime board members—all serving three-year terms

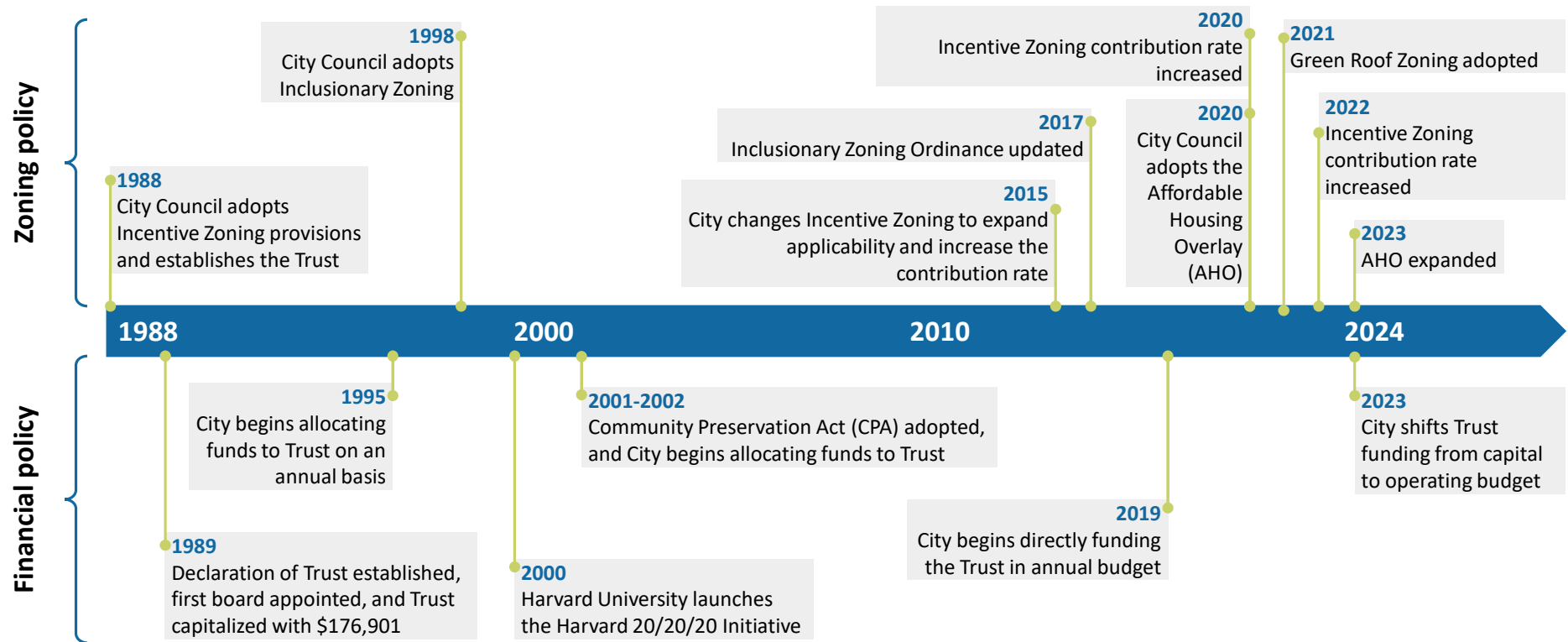
CAHT Membership:

Yi-An Huang* Since 2022	James Stockard Since 1988	Susan Schlesinger Since 2000
Elaine Thorne Since 2016	Elaine DeRosa Since 2020	Teresa Cardosi Since 2024
Alyson Stein Since 2024	Krissandra Robinson Since 2024	Raffi Freeman Since 2024

Representation:

- Members are recommended for appointment by the City Manager and approved by the City Council
- Members serve a three-year term
- City Manager serves as the Managing Trustee
- Three members have lived experience in affordable housing

... And since its creation in 1988, the City's zoning initiatives and financial policies have helped expand the Trust's resources and scope

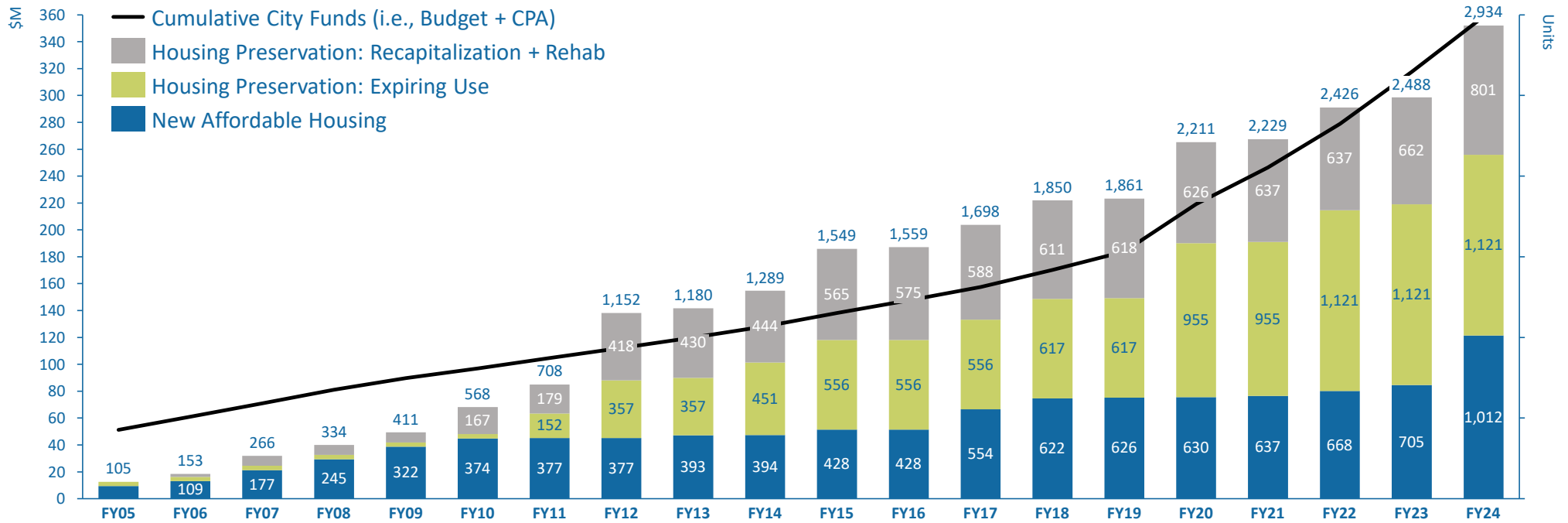


Across all tenures, the Trust helps fund three different types of projects that preserve or create affordable housing

Project type	Applicable tenure	Description
New affordable housing production	Rental	Creates new affordable rental units, either through new construction (including additions and infill on existing affordable sites), non-residential conversions, or acquisitions of market-rate housing
	Homeownership	Creates new affordable homeownership units by providing funding to developers for new construction and conversions <i>or</i> to individuals as subsidies for eligible buyers to purchase units on the open market in exchange for permanent affordability (i.e., HomeBridge)
Expiring-use preservation	Rental	Extends affordability protections on units where they would otherwise expire
Recapitalization for existing affordable stock	Rental	A needed for periodic revitalization, redevelopment, or rehabilitation of existing rental units
	Homeownership	Trust funding for the Homeownership Resale Pool, which enables the City to re-purchase, rehabilitate, maintain affordability, and re-sell homeownership units to new buyers, and other stewardship and reinvestment as needed

... Which has resulted in ~2,500 cumulative new or preserved units of affordable housing since FY05

Cumulative City-Funded Affordable Housing Development and Preservation, FY05-24

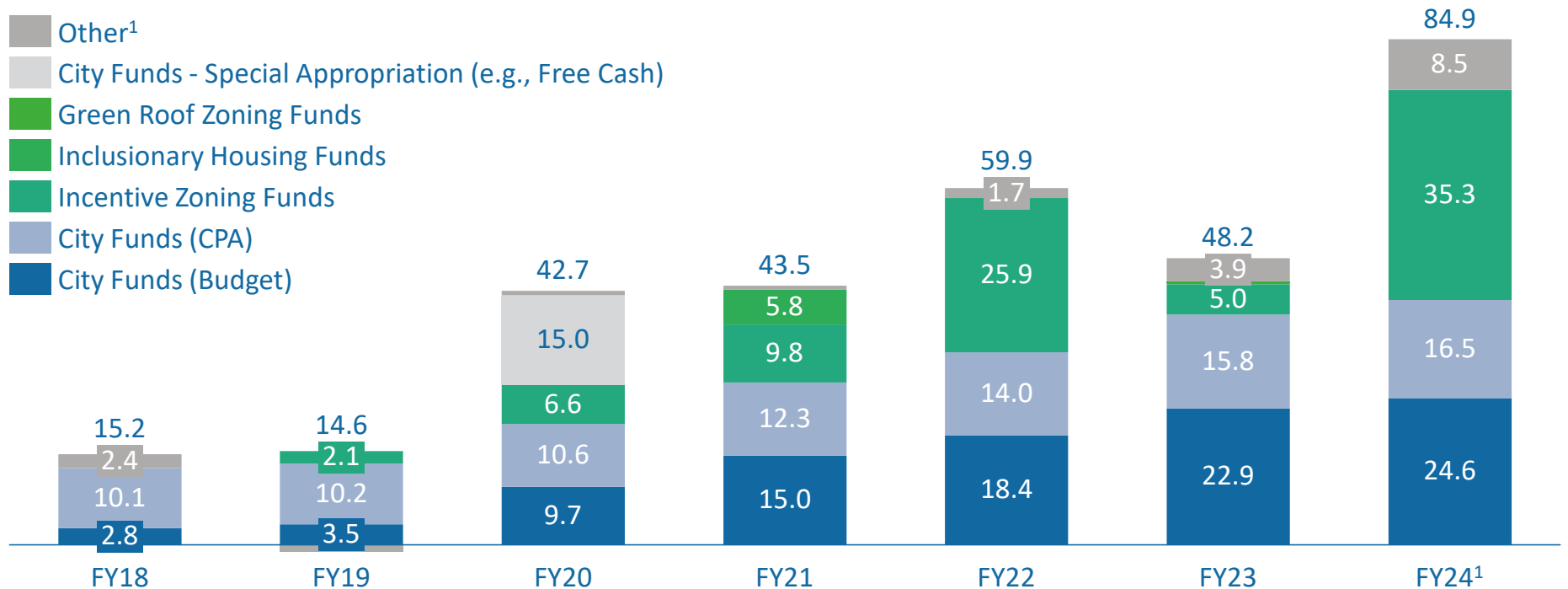


Trust funding comes from a diverse array of funding sources, where the City has varying levels of control

	Source	Description	Control
Contribution generated	City Budget	Funds appropriated to the Trust in the City's annual operating budget, including building permit fees, short-term rental fees and other General Fund revenue	●
	Community Preservation Act (CPA)	Funds appropriated through the CPA, including funds generated locally through a 3% property tax surcharge and matching funds from the state	◐
	Incentive Zoning Contributions	Funds collecting through Incentive Zoning, sometimes called linkage fees, which requires large non-residential developments to contribute to the Trust	◐
	Inclusionary Housing Contributions	Funds collected from residential developments where Inclusionary Housing applies but not all Inclusionary Housing can be included in designated units (i.e. 'fractional units')	◐
	Green Roof Zoning	Funds collected from developers that have received a special permit from the Planning Board to lower the amount of "green roof" they're required to build	◐
	Harvard Loan Fund	Through the Harvard 20/20/2000 Initiative, which the university launched in 2000 to finance for affordable housing, the Trust manages a \$6M revolving loan fund	◐
Trust generated	Loan Repayments	Loaned funds repaid to the Trust mostly through 'cash flow' notes, but also from "bridge" or "construction" financing, etc.	◐
	Interest	Interest received on unexpended Trust fund balance	◐

Over the last five years, the City budget and CPA contributions have been the most consistent revenue streams for the Trust

Annual Trust Fund Revenues, Cambridge Affordable Housing Trust FY18-24 (\$M)



The Trust plays a role by providing funding commitments that developers then use to leverage other funds

1. Trust receives a request for funding for a development



2. Trust commits funds to the project



3. Developer uses commitment to leverage funds from other sources

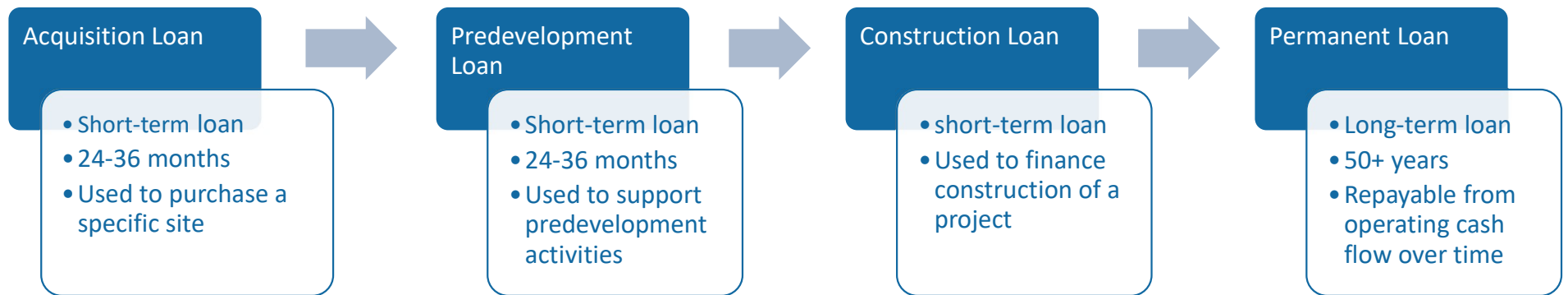




Trust funding criteria

- Creation and preservation of long-term affordability
- High-quality sustainable design to benefit housing residents and the surrounding neighborhood and community
- Use of energy-efficient materials, and environmentally-friendly construction techniques
- Emphasis on the creation of family-sized housing (i.e., units with two or more bedrooms)
- Leveraging of Trust funds by other public and private financing sources

There are four types of loans the Trust provides to development projects:



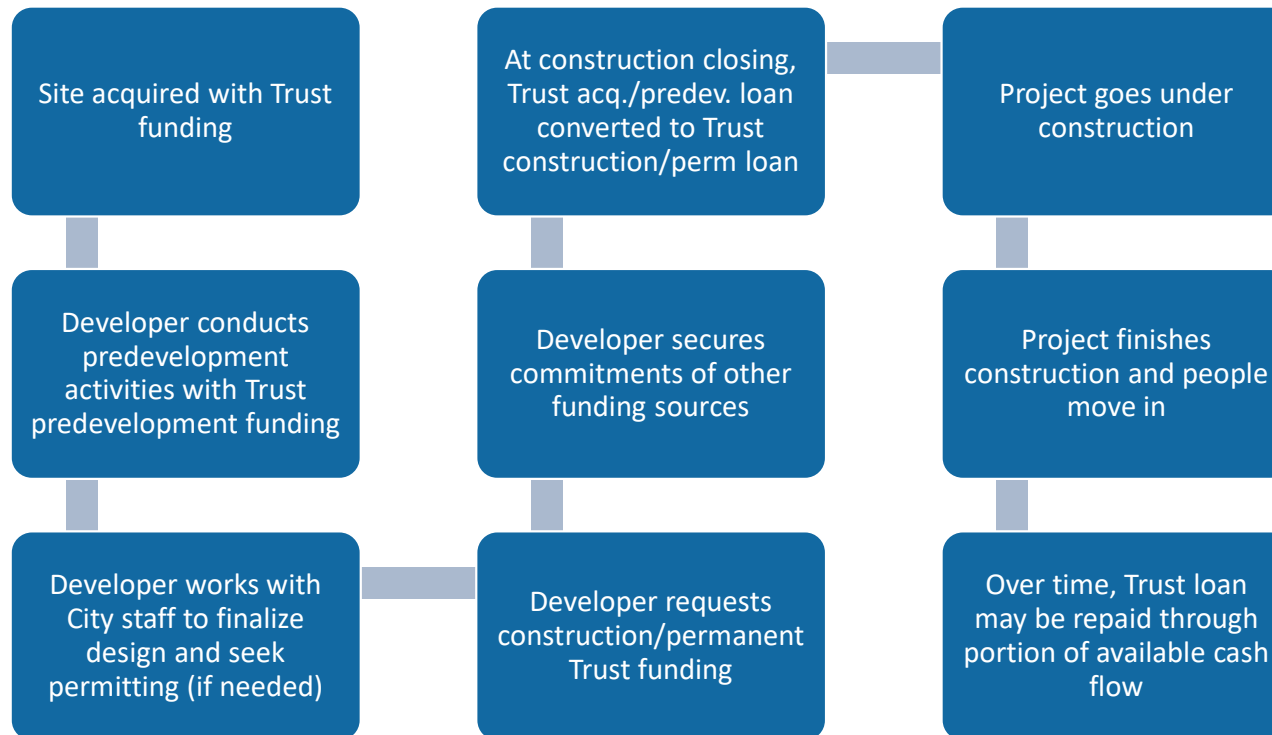
Acquisition and predevelopment loans often requested together, and specific details about the project (e.g., number of units, design, total costs) are often not known at this early stage

Acquisition /predevelopment loans become construction/permanent loans, or are later repaid

Construction and permanent loans often requested together, and specific details about the project will be known at this stage

Construction loans often become permanent loans, or are repaid, after construction is complete

... And most development projects need multiple funding requests for at different points in the development cycle:

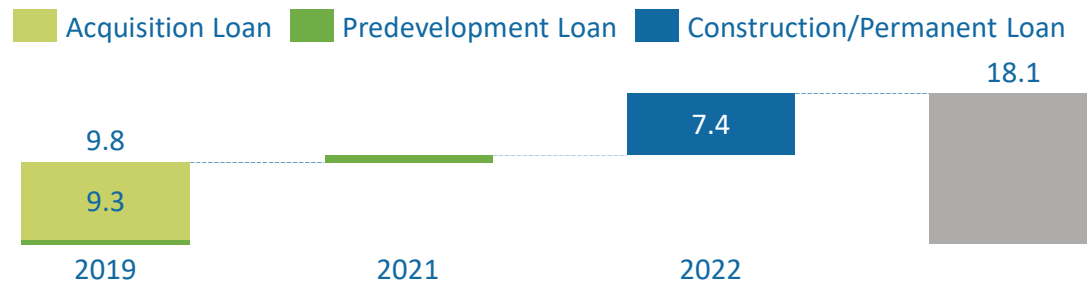


Sample Project: 52 New Street

Project Description

106 new affordable rental units under construction for households earning up to 80% AMI, with 79 units available to residents earning less than 60% AMI and 17 units available to residents earning less than 30% AMI

Funding Timeline (\$M)



2018: Housing Department identifies opportunity

2019: Trust commits \$9.8M in acquisition and predevelopment loans

2020: Developer closes on acquisition and predevelopment loans

2021: Trust votes to increase predevelopment commitment by \$850k

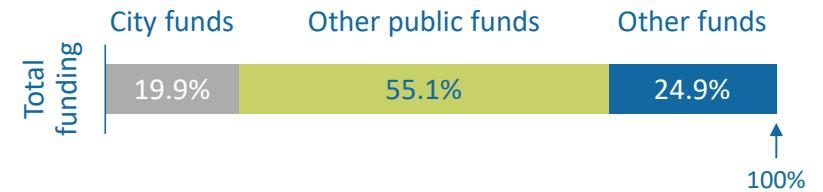
2022: Trust approves \$7.4M for a permanent loan, converts predevelopment loans

2024: Developer closes on construction and permanent financing and starts construction

2024-25: Build

Funding Sources

- \$90.4M in total funding, \$18M from CAHT/City
- CAHT/City funds secured 1:4 total leverage ratio
- CAHT/City funds unlocked \$49.8M in other public funds
- CAHT/City funded \$170k per unit, which is 19.9% of total development cost of \$852k per unit

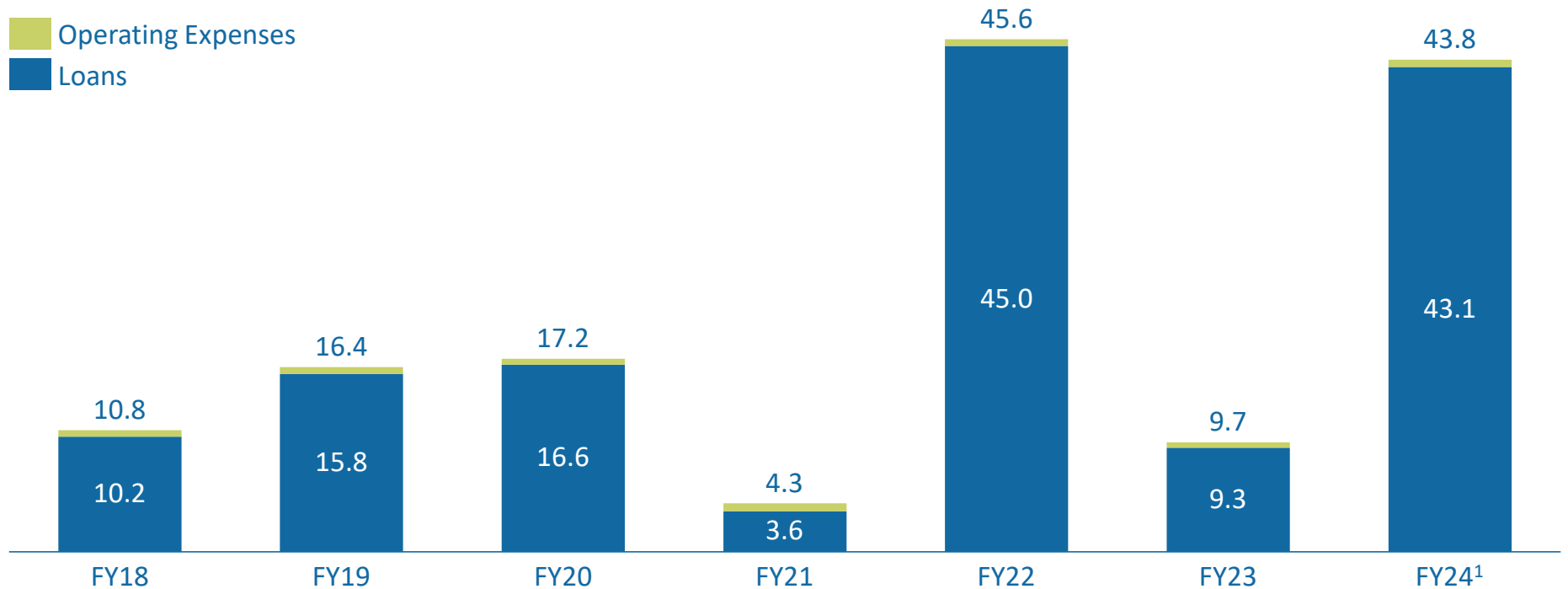


Funding Partners (not exhaustive)



Expenses vary year-to-year and are dependent on development schedules that are hard to predict

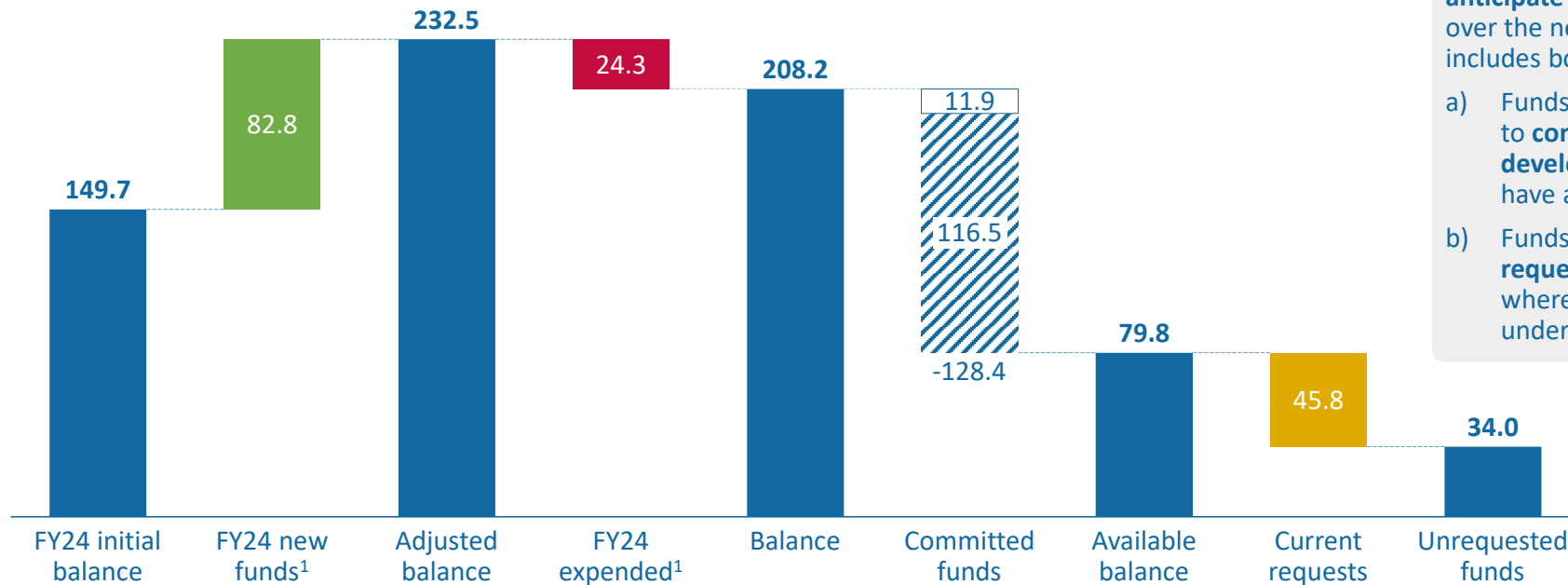
Annual Trust Fund Expenses, Cambridge Affordable Housing Trust FY18-24 (\$M)



Given the unpredictability of the development cycle, the Trust must maintain high balance to satisfy existing commitments and remain opportunistic

Trust Fund Balance, FY23 to FY24 (\$M)

Encumberances Commitments Current requests



Housing Department staff anticipate \$182.5M new requests over the next five years, which includes both

- a) Funds that will be requested to **complete the financing of developments** where funds have already been committed
- b) Funds that **may soon be requested for site acquisition** where negotiations are underway / offers are pending

... And there were more than 15 active projects with Trust commitments in FY24, including several where additional requests for funding are expected:

	Development project	New units	Preserved units	AHO units	Total units	Completed	Under construction	Permit-ready
CAHT has committed funds	Rindge Commons 1	24	-	-	24	24	-	-
	116 Norfolk	37	25	62	62	-	62	-
	35 Harvey	12	-	-	12	-	12	-
	52 New Street	106	-	106	106	-	106	-
	Jefferson Park Federal	118	160	278	278	-	278	-
	49 Sixth Street	46	-	46	46	-	-	46
	4 Mellen Street	29	-	29	29	-	-	29
	87 Blanchard Road	110	-	110	110	-	-	110
	Walden Square II	95	-	95	95	-	-	-
	37 Brookline Street	TBD	-	TBD	TBD	-	-	-
	30 Wendell Street	TBD	-	TBD	TBD	-	-	-
	28 Wendell Street	TBD	-	TBD	TBD	-	-	-
	16-18 Wendell Street	22	-	-	22	-	-	n/a
	2072 Massachusetts Avenue	TBD	-	TBD	TBD	-	-	-
	35 Cherry Street	TBD	-	-	TBD	-	-	77
No existing CAHT commitment	Neville Place		57	-	57	-	-	-
	Park View Coop		-	-	12	12	-	-
	HomeBridge	TBD	-	-	TBD	-	-	-
	Rindge Commons 2	77	-	-	77	-	-	77
	Corcoran Park	TBD	-	TBD	TBD	-	-	-
	New Site Acquisitions	TBD	-	TBD	TBD	-	-	-
	Total:	676+	242	726+	930+	36	458	262



Questions?

Affordable Housing Trust Fund Status Report (6/1/2024)

AFFORDABLE HOUSING TRUST FUND STATUS REPORT

6/1/24

		<u>as of</u>
AHT Fund Beginning Balance	\$ 149,728,223	7/1/23
<u>New Funds</u>		
City Funds (Budget)	\$ 24,645,750	
City Funds (CPA)	\$ 16,480,000	
Incentive Zoning Funds	\$ 35,301,548	
Inclusionary Housing Funds	\$ -	
Green Roof Zoning Funds	\$ -	
Loan Repayments	\$ 761,852	3/31/24
Interest	\$ 5,567,976	3/31/24
Total Fund Balance	\$ 232,485,350	
<u>Expended / Encumbered / Committed</u>		
Expended FY24	\$ (24,338,244)	3/31/24
Encumbered Funds	\$ (11,917,107)	3/31/24
Committed Funds	\$ (116,512,373)	
Total	\$ (152,767,724)	
Available Balance	\$ 79,717,626	
<u>Current & Anticipated Requests / Reservations</u>		
Current Requests*	\$ (45,750,000)	
Anticipated Requests / Reservations**	\$ (182,545,000)	
Total	\$ (228,295,000)	
Balance - unrequested/unreserved funds	\$ (148,577,374)	

Snapshot: CAHT Active Commitments (3/31/24)

AHT Active Commitment Detail		All Time		3/31/24 unless noted*			
Development / Program	Total Units	Total Commitment	Expended Prior FYs	Expended FY24	Encumbered	Committed	Funding Note
HOUSING - Fresh Pond Apts. Reserve	n/a	\$ 5,000,000	\$ 2,072,367	\$ 640,183	\$ 2,287,450	\$ -	reserve held by AHT
JAS - Rindge Commons phase 1	24	\$ 4,250,000	\$ 1,733,295	\$ 1,973,363	\$ -	\$ 543,342	
Park View Coop	12	\$ 4,199,215	\$ 938,878	\$ 2,505,223	\$ 755,114	\$ -	
CHA - 116 Norfolk	62	\$ 10,161,150	\$ 2,423,181	\$ 6,904,234	\$ 833,735	\$ -	
52 New Street	106	\$ 18,025,390	\$ 9,300,000	\$ 2,437,954	\$ 3,487,436	\$ 2,800,000	
CHA - Jefferson Park Federal	278	\$ 43,611,615	\$ -	\$ -	\$ -	\$ 43,611,615	
HRI - 35 Harvey Street	12	\$ 3,339,437	\$ 180,000	\$ 1,552,516	\$ 1,606,921	\$ -	
POAH - 49 Sixth Street	46	\$ 10,750,000	\$ -	\$ -	\$ -	\$ 10,750,000	additional funding request anticipated
CAPSTONE - 2072 Mass. Ave.	TBD	\$ 5,071,000	\$ 4,069,227	\$ -	\$ 1,001,773	\$ -	additional funding request anticipated
HRI - 1627 Mass. Ave. / 4 Mellen	29	\$ 10,425,000	\$ 7,662,164	\$ 244,153	\$ 18,683	\$ 2,500,000	additional funding request anticipated
JAS - Broadway Park	TBD	\$ 3,600,000	\$ -	\$ -	\$ -	\$ 3,600,000	
JAS - 35 Cherry Street	TBD	\$ -	\$ -	\$ -	\$ -	\$ -	
JAS - 37 Brookline	TBD	\$ 2,064,000	\$ 1,714,849	\$ 82,709	\$ 266,442	\$ -	additional funding request anticipated
Neville Place	57	\$ 5,670,500	\$ -	\$ -	\$ -	\$ 5,670,500	
HRI - 30 Wendell	TBD	\$ 6,357,000	\$ -	\$ 5,826,753	\$ 530,247	\$ -	additional funding request anticipated
HRI - 28 Wendell	TBD	\$ 10,300,000	\$ -	\$ -	\$ -	\$ 10,300,000	additional funding request anticipated
JAS - Condo Acq. Neighborhood 9	1	\$ 550,000	\$ -	\$ -	\$ -	\$ 550,000	
B'NAI BRITH - Blanchard Road	110	\$ 18,169,120	\$ -	\$ -	\$ -	\$ 18,169,120	
CHA - Site Confidential	22	\$ 4,950,000	\$ -	\$ -	\$ -	\$ 4,950,000	
WINN - Walden Square 2	95	\$ -	\$ -	\$ -	\$ -	\$ -	\$18.75M request to AHT 6/27/24
JAS - Rindge Commons 2	77	\$ -	\$ -	\$ -	\$ -	\$ -	funding request under review
CHA - Corcoran Park	291	\$ -	\$ -	\$ -	\$ -	\$ -	funding request anticipated
New Site Acquisition	291	\$ -	\$ -	\$ -	\$ -	\$ -	funding requests under review
HOUSING - Print Shop Condos	24	\$ 3,000,000	\$ -	\$ -	\$ -	\$ 3,000,000	
HOUSING - HomeBridge	TBD	\$ 21,200,000	\$ 15,589,188	\$ 1,078,016	\$ 715,000	\$ 3,817,796	
HOUSING - HomeBridge (100%-120% AMI)	TBD	\$ 3,000,000	\$ 849,399	\$ -	\$ 247,149	\$ 1,903,452	
HOUSING - FT HB Resale Fund	preservation	\$ 10,000,000	\$ -	\$ 614,654	\$ -	\$ 3,759,912	
HOUSING - FT HB Buydown Funds	n/a	\$ 500,000	\$ 108,424	\$ -	\$ -	\$ 391,576	
HOUSING - Agency Contracts Consulting, Admin	admin	n/a	n/a	\$ 478,486	\$ 167,157	\$ 45,060	
HOUSING STAFF	admin	n/a	n/a	\$ -	n/a	\$ 150,000	
TOTAL	1537			\$ 24,338,244	\$ 11,917,107	\$ 116,512,373	