



CITY OF CAMBRIDGE

Housing Department

Christopher Cotter
Director of Housing

MEMORANDUM

To: Affordable Housing Trust
From: Cassie Arnaud, Senior Manager for Housing Development
Christine Yu, Associate Housing Development Planner
Date: September 26, 2024
Re: Rindge Commons South - Phase II at 432 Rindge Avenue – Request for Predevelopment and Permanent Funding

Just A Start (JAS) is requesting up to \$9,051,615 in CAHT funding to support the construction of Phase II of their Rindge Commons infill project, which will be called Rindge Commons South. They are requesting that \$750,000 of this funding be advanced early as predevelopment funding.

Background

In September 2020, JAS received a comprehensive permit to enable the construction of two new affordable rental buildings on portions of the parking lot at their existing Rindge Tower Apartments development at 402 Rindge Avenue. The new Rindge Commons development is being built in two phases.

The first phase, Rindge Commons North, was completed in June 2024 and is now fully occupied. Located at 430 Rindge Avenue, Rindge Commons North consists of a six-story mixed-use building with 24 affordable rental units on the top three floors, and non-residential space on the bottom three floors for JAS's offices, JAS training and educational programs, and City-sponsored early childhood education classrooms. The unit mix at Rindge Commons North consists of 10 one-bedroom and 14 two-bedrooms apartments). The Trust provided \$3,706,658 (\$154,444 per unit) for this phase of the project.

The second phase, Rindge Commons South, will be built on the southern edge of the parcel at 432 Rindge Avenue. The Trust approved the concept of the second phase of the project when the Trust approved permanent funding for the first phase in June 2020. Rindge Commons South will be a new seven-story building containing 77 new affordable rental units, bringing the total number of new units on site to 101.

The 77 units in the second phase will primarily be family sized and will consist of 16 one-bedroom (21% of total), 39 two-bedrooms (51%), and 22 three-bedrooms (29%). All units at Rindge Commons South will be affordable to households earning up to 60% AMI, with ten of those units deeply affordable to households earning up to 30% AMI. Eight of the ten deeply affordable units will be supported by Project Based Vouchers (PBVs) and two will be supported by Community Based Housing funding (CBH), which is intended to support those with a permanent physical or psychiatric disability.

Unit Mix	1 Bedroom	2 Bedrooms	3 Bedrooms	Total Units
30% AMI - CBH	2	0	0	2
30% AMI - PBV	1	5	2	8
60% AMI	13	34	20	67
Total Units	16	39	22	77

Under the comprehensive permit, 210 parking spaces will be shared among Rindge Tower Apartments, Rindge Commons North, and Rindge Commons South buildings, including 51 car parking spots underneath Rindge Commons South. Additionally, JAS’s plans for the new building include 96 long-term bicycle parking spaces and 10 additional short-term bicycle parking spaces located on the ground floor underneath the building.

The second phase will also expand the existing open space by adding a playground between Rindge Tower Apartments and Rindge Commons South, as well as creating a private outdoor patio area on the second floor of Rindge Commons South for residents. Additional trees will be planted around the property and parking lot to create more shade. JAS is developing Rindge Commons South in compliance with Passive House and Cambridge Climate Vulnerability standards.

Budget/Funding Request

JAS estimates that the TDC for Rindge Commons South will be approximately \$56,649,163 or \$735,703 per unit. Much of the groundwork for underground systems has been completed during the first phase of this project, as well as the sidewalk and curbs cuts, which reduced some of the construction costs. Hard costs including contingency are budgeted at \$480.04 per square foot, which are in line with other recent comparable developments. Soft costs are estimated at \$105,832 per unit, which is similar to Rindge Common North’s soft costs. Budget cost estimates will be refined as designs are finalized.

For the operating budget, the project will benefit from some economies of scale as the three rental developments (Rindge Commons North, Rindge Commons South and Rindge Tower Apartments) will share some staffing and maintenance. Rindge Commons South’s operating cost per unit is budgeted at \$13,813. This is comparable to other recent development projects.

JAS’s request for \$9,051,615 in Trust funding is \$117,553 per unit. In addition to the requested Trust funding, the project is expected to be funded with approximately \$9.9 million in permanent debt, \$26.5 million in federal 4% tax credit equity, \$3.8 million in state low-income housing tax credit, \$5.6 million in other state soft funding, and \$1.0 million in deferred developer fee.

JAS is requesting that up to \$750,000 of the Trust funding be made available early for predevelopment activities. The proposed predevelopment budget is as follows:

Predevelopment Budget	
A&E	\$550,000
Survey/Permits	\$20,000
Clerk	\$30,000

Environmental	\$70,000
Legal	\$20,000
Title & Recording	\$5,000
Insurance	\$10,000
Appraisal/Market Study	\$15,000
Security	\$5,000
Financing Fees	\$15,000
Misc.	\$10,000
Total	\$750,000

NEXT STEPS AND PROJECT SCHEDULE:

JAS is preparing to submit a pre-application for state funding in October 2024, and hopes to submit a full application in the state’s Winter 2025 funding round. This would enable a construction start in late 2025 and occupancy in Fall 2027. A commitment of local funding is required for their pre-application.

RECOMMENDATION:

Rindge Commons South will create 77 much-needed, high-quality, family-sized affordable housing units in the Alewife neighborhood. It is located within walking distance to the Alewife train station, Danehy Park, Jerry’s Pond, Russell Field Athletic Complex, and retail amenities. Future residents will also have access to JAS’s career and educational programs, as well as the Pre-Kindergarten space at Rindge Commons North.

Housing staff recommend that the Trust approve JAS’s request for up to \$9,051,615 in Trust funding, as described in more detail above, to support the construction and predevelopment activities related to Rindge Commons South. In preparing this request and recommendation, staff reviewed JAS’s request with Susan Schlesinger, Alyson Stein, and Jim Stockard, who agreed with our recommendation to bring this request to the Trust and recommend approval.

The funding should be made contingent on standard Trust terms and conditions including, but not limited to, the following:

The closing and disbursement of up to \$750,000 in predevelopment funding shall be made contingent on the following:

1. Staff approval of predevelopment budget and scope of work;
2. Funds will be disbursed for approved predevelopment costs in accordance with Loan and Security Agreement to be entered into prior to closing;
3. Term shall be 36 months or until construction loan closing, whichever occurs sooner;
4. Interest shall accrue at a rate of 3% annually compounding;
5. All principal and interest shall be due at maturity; however, at construction closing, accrued interest shall either be waived or deferred, at staff discretion.

At or prior to full loan closing, the closing and disbursement of the remaining balance of

\$9,051,615 as permanent financing shall be made contingent on the following conditions:

1. Standard Trust terms and conditions, including:

- Staff approval of final design and development plan;
- Staff approval of the final development and operating budgets;
- Staff receipt and approval of final ground lease and condominium documents, if applicable;
- Zoning and permitting necessary to complete project;
- Environmental assessment and/or remediation plan, if required, acceptable to Staff;
- All units shall be subject to the Trust's affordable housing covenant to be signed at or prior to loan closing; the term of the affordable housing covenant shall be fifty (50) years or one year longer than the longest restriction on the property;
- All units shall be restricted to households earning at or below 80% of Area Median Income (AMI), as defined in the affordable housing covenant;
- The loan shall be secured as a second mortgage loan of up to \$9,051,615
- The loan shall have an interest rate of 3% compounding annually, or such other rate approved by staff at or prior to loan closing;
- The loan shall be subject to a penalty rate of 8% compounding applicable upon violation of the Trust affordability restriction;
- Loan proceeds will be disbursed in accordance with the Loan and Security Agreement to be entered into at or prior to loan closing;
- All principal and accrued interest shall be due and payable at the end of the term; however, the repayment date may be extended for an additional term upon approval by the Trust and extension of the affordability period;
- The loan documents shall provide for repayment of principal and interest from 50% of net cash flow from the development, or on such other terms acceptable to Housing staff;
- Loan shall be non-recourse;
- Any reductions in project costs or increases in non-Trust funding sources shall be used to reduce the amount of the Trust commitment to the project; and,
- Staff approval of the tenant selection and marketing plan, which shall be consistent with the City's marketing preferences including but not limited to maximum preferences for Cambridge residents.

While construction is underway, the Borrower shall comply with the following requirements:

- Notify Lender's Construction Manager of all construction meetings and copy on meeting minutes;
- Copy Lender on all change orders;
- Copy Lender on all funding requisitions to other sources; and,
- Submit requisitions in form acceptable to Lender.

Following lease-up, the Borrower shall comply with the following requirement:

- Provide demographic information on the race and ethnicity of applicants at initial marketing, initial lease up, initial occupancy, and on waitlists and ongoing occupancy over time, as requested and in a form acceptable to the Lender; such reporting requirements will be included in the tenant selection plan documentation approved by staff at or prior to Loan closing.