



CITY OF CAMBRIDGE

Community Development Department

IRAM FAROOQ

Assistant City Manager for
Community Development

SANDRA CLARKE

Deputy Director
Chief of Administration

Affordable Housing Trust

March 28, 2024, 4:00 p.m.

Ackermann Room, City Hall, 795 Massachusetts Avenue
Cambridge, Massachusetts

OR

[Webinar Registration - Zoom](#)

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

AGENDA

- Review of Meeting Minutes
- Update from the Community Development Department
- 87-101 Blanchard Road: B'nai Brith Housing is requesting \$18,169,120 to create 110 new affordable rental units for seniors;
- Print Shop Condominiums: request to modify terms of a \$3,000,000 commitment to assist with building envelope repairs;
- Neville Place: Neville Communities, Inc. is requesting an increase of for a total commitment of \$2,445,000 to assist with completing needed capital improvements at this mixed-income assisted living residence for seniors;
- Move to Enter Executive Session to Discuss:
 - A Request for Homeowners Rehab Inc. for Funding for Acquisition of New Property:

344 Broadway
Cambridge, MA 02139
Voice: 617 349-4600
Fax: 617 349-4669
TTY: 617 349-4621
www.cambridgema.gov

Members of the public can provide written comments to the Affordable Housing Trust by email sent to affordablehousingtrustcomment@cambridgema.gov, or by delivery to the CDD office, by 5:00 p.m. the day before the meeting.

- The acquisition and value of real property will be discussed in executive session as discussing it in open session could have a detrimental effect on negotiations;
 - all votes will be taken by roll call; and,
 - the Trust will not reconvene in open session.
-
- Adjournment

CAMBRIDGE AFFORDABLE HOUSING TRUST
MEETING MINUTES
March 6, 2024 at 4:00 p.m.

Conducted via Zoom and in person (City Hall, Ackermann Room)

Trustees Present in Person: Yi-An Huang, Chair; Teresa Cardosi, Susan Schlesinger, Jim Stockard, Bill Tibbs

Trustees Present via Zoom: Florrie Darwin, Alyson Stein

Trustees Absent: Elaine DeRosa, Elaine Thorne

Staff Present: Chris Cotter, Housing Director; Cassie Arnaud, Senior Manager for Housing Development; Janet Haines, Housing Planner; Christine Yu, Associate Housing Development Planner; Anna Dolmatch, Senior Manager for Homeownership; David Guzman, Asset and Compliance Manager

Others Present: Ammarah Rehman, Lahcen Medhat, Lee Faris, Sue Reinert, Marcel Merwin, Olivia McGeever, Banti Gheneti, Dane Harvey, Zara

The meeting was called to order at 4:01 p.m. Mr. Cotter explained that this meeting of the Affordable Housing Trust would be held in a hybrid fashion pursuant to applicable requirements, that all votes would be taken by roll call, and that there would be no public comment. He then confirmed via roll call that each remote participant could hear the meeting and was audible to others.

MEETING MINUTES

Upon a motion moved and seconded, by roll call of six in favor and three absent (Ms. DeRosa, Ms. Thorne, Mr. Stockard) to approve the minutes for the meeting of January 25, 2024.

CDD UPDATE

Jefferson Park Federal: Demolition is complete and site work is underway.

4 Mellen/1627 Mass Ave: HRI has applied for state funding and is working on assembling financing before construction.

Neville Place: Staff are reviewing a funding request from Neville Place and are preparing the request for the Trust.

Chair Huang mentioned that the City is also in discussions with the Neville Communities regarding its broader capital funding needs and emphasized the need to work quickly on this project.

87-101 Blanchard Road: B'nai B'rith had its first AHO advisory design review meeting with the Planning Board on January 30. Its second Planning Board meeting has not yet been scheduled yet. Staff are preparing a funding request to bring to the Trust at the next meeting.

30 Wendell: HRI held their first AHO community meeting on February 14th.

Ms. Schlesinger asked how the meeting went. Ms. Arnaud answered that it went well as many neighbors were excited that there would be more affordable housing in the area.

Rindge Commons: Construction is almost complete, and the lease-up process will begin soon. Staff are in discussions with JAS about the second phase of this project.

Walden Square: Winn will have its first Planning Board design advisory meeting on Tuesday, March 12th.

Ms. Schlesinger asked which active Trust projects are in the rounds for state funding. Mr. Cotter confirmed that one development is in the current in the round, two have recently had state funds committed and three others are preparing to apply this year. Trustees and staff discussed if and how the Trust can play a bigger role in getting state funding for active projects and if rising total development costs affect if projects are approved for state funding. Ms. Arnaud mentioned that the Affordable Housing Overlay shows that Cambridge is committed to creating more affordable housing in the City. Ms. Stein commented that volume cap impacts how state funding is allocated.

NEW BUSINESS

49 6th Street Funding Request

Mr. Cotter presented a funding request from Preservation of Affordable Housing (POAH) for up to \$3,000,000 in additional Trust funding for their 46-unit affordable housing development at 49 6th Street. He mentioned that \$7,750,000 was already approved by the Trust in October 2022, and that this additional request would bring the total Trust commitment to \$10,750,000 or a little less than \$234,000 per unit. This project has recently been awarded state funding from EOHLIC and received historic tax credits.

The current total development cost is estimated at almost \$44 million. Like other development projects, development costs for this project have increased significantly due to rising construction costs, soft costs, and interest rates. Additionally, POAH needed to meet several conditions set by historic agencies in order to receive historical funding, which added to costs. However, staff will work with POAH to explore ways to reduce costs and that any reductions in final development costs prior to construction closing will be reflected in a reduction in Trust contribution.

Ms. Arnaud mentioned that this project has been well received and noted that the Planning Board commended POAH for how they plan on designing the space given the historical limitations. POAH hopes to move quickly with this project, given that they have been approved for state funding.

Mr. Tibbs asked if POAH received additional funding from other sources outside of the Trust. Mr. Cotter answered that POAH has received more funding from the state than initially expected as well as increases in historic tax credits. Ms. Schlesinger asked if there is an update on the ground lease. Ms. Arnaud answered that POAH and the Archdiocese are working through an updated lease and staff have reviewed an updated draft of the lease. Mr. Stockard asked if Urban Spaces, the original developer, plans on stepping out of this project, to which Ms. Arnaud explained that they will be.

Upon a motion moved, seconded, and approved by roll call of seven in favor and two absent (Ms. DeRosa and Ms. Thorne), it was:

VOTED: to approve the Trust funding request of up to \$3,000,000 from POAH for 49 6th Street and to convert the \$7,750,000 already committed in short-term funding to a single permanent loan of \$10,750,000 at construction closing, all as further described in the meeting materials.

Homeownership Resale Fund Request

Mr. Cotter presented a request for \$2,500,000 in additional funding for the Homeownership Resale Fund. The fund is used to repurchase, rehab, and re-subsidize existing affordable homeownership units for sale to new homebuyers. Since 2006, the Trust has committed \$7,500,000 to the Resale Fund. More than 160 units have been repurchased using the Fund.

Ms. Dolmatch added that the fund is set up to revolve and sink. Currently, there are a number of units that are being held while pending issues are resolved. This has prevented a portion of the funds from revolving, increasing the short-term need for more funding. The future sale of units will return a significant portion of revolving funds back into the fund, but the current funding position constrains the program's ability to exercise the City's purchase right. When this happens, the units remain affordable, but are not offered to buyers waiting in the City's Homeownership Resale Pool. Additional funding will allow the continued flow of available homes through the Pool.

In addition, the fund has been sinking more rapidly in recent years due to factors including increased rehab costs and higher interest rates. Recapitalizing the funds enables the program to continue to reinvest in units when needed to preserve the unit and maintain similar affordability levels.

Mr. Stockard asked what does sunk funds mean. Ms. Dolmatch answered that some repurchased units require extensive rehab. The costs cannot fully be recaptured through the sales price to a new buyer, requiring additional permanent subsidy to be invested in the unit. Investing these funds causes the total Resale Fund to "sink". She noted that with interest rates doubling in recent years it is expected that more funds will need to be invested to subsidize prices to maintain access for new buyers at the same affordability levels. More investment is also sometimes needed to keep these homes affordable and in good condition.

Upon a motion moved, seconded, and approved by roll call of seven in favor and two absent (Ms. DeRosa and Ms. Thorne), it was:

VOTED: to approve the request to recapitalize the Homeownership Resale Fund with an additional \$2,500,000 to assist with ongoing efforts to purchase and maintain the condition and affordability of the existing affordable homeownership stock.

ADJOURNMENT

Prior to adjournment, Ms. Darwin asked if staff had an update on the Housing Committee meeting that occurred on March 6th. Mr. Cotter answered that the Committee approved of two members for the

Cambridge Housing Authority Board of Commissioners and discussed potential changes to zoning language related to unrelated people living together and the definition of family in the Zoning Ordinance

Upon a motion moved and seconded, by roll call of seven in favor and two absent (Ms. DeRosa and Ms. Thorne) to adjourn the meeting.

The meeting adjourned at 4:44 p.m.

The next meeting is scheduled for March 28, 2024 at 4:00 p.m.

Meeting Materials:

- Agenda
- Minutes from the Trust's January 25, 2024 meeting
- Project Update
- 49 6th Street Funding Increase Request Memo POAH 3.6.2024
- Homeownership Resale Fund Recapitalization Memo 3.6.2024

Cambridge Affordable Housing Trust

March 28, 2024

Status of Active Commitments

	Active Projects	Sponsor	Rental Units	Ownership Units	Status	Total Cost	Trust Commitment	Loan Amount Per Unit	Trust Approval Date
1.	HomeBridge program	CDD	currently approved buyers:	12	91 scattered site units purchased by first time buyers to-date. Trust approved expanded subsidy share in August 2023. Online application now available. One unit under agreement.	N/A	\$24,200,000	1-br: 50% sale 2-br: 60% sale 3-br: 65% sale	several, including most recent: February 2023
2.	Homeownership Resale Program	CDD	currently active units:	22	Re-purchase, rehab and re-sale of affordable homeownership units to new homebuyers. Two units under agreement.	N/A	\$10,000,000		December 2011
3.	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
4.	2072 Mass. Ave.	Capstone Hope	TBD	TBD	Capstone/Hope purchased site in April 2018 and sought a comprehensive permit to enable the construction of a new 48 unit affordable housing building but withdrew their request at the September 2021 BZA hearing; they remain committed to creating affordable housing at this site and are assessing next steps and options.	TBD	\$5,071,000	TBD	February 2018 and June 2021
5.	52 New Street	JAS	106		JAS purchased the site in early 2020 and is permitting the project through the Affordable Housing Overlay. After JAS held 3 AHO community meetings, the proposal was reviewed by the Planning Board at the two advisory design review meetings on 10/16/21 and 1/4/22 and a final Planning Board report has been issued. Construction closing completed in December 2023; construction underway.	TBD	\$18,025,390	\$170,051	October 2019, June 2021, January 2022
6.	Park View Coop (24-26 Corporal McTernan Street)	Park View Coop		12	Funds committed May 2021; closing completed October 2022; renovations nearing completion.	\$4,986,321	\$4,199,215	\$349,935	March 2019 and May 2021
7.	Rindge Commons - Phase 1 (site of 402 Rindge Ave)	JAS	24		In June 2020, the Trust approved funding for the first phase of Rindge Commons. Project received a comprehensive permit in August 2020 and began construction in June 2022. The CAHT loan at closing was \$3,706,358 or \$154,444 per unit. This is a \$543,342 reduction from the original loan commitment. Construction nearing completion.	\$17,307,771	\$4,250,000	\$177,083	June 2020
8.	Broadway Park (240 Broadway)	JAS		15	In March 2021, the Trust approved funding to create 15 affordable homeownership units. JAS has had several community meetings to review its proposal with the intention of seeking a comprehensive permit for this development. JAS also will be seeking to assemble remaining funding needed for this development.	TBD	\$3,600,000	\$240,000	March 2021
9.	Jefferson Park Federal (45-60; 61-75; 77-92; 93-108; Jackson Circle; 1; 2-19; 21-42; 109-124; 1000 Jackson Place)	CHA	278		In September 2021, the Trust approved funding to assist with the comprehensive modernization of Jefferson Park Federal. After the CHA held 3 AHO community meetings, the proposal was reviewed by the Planning Board at the two advisory design review meetings required by the AHO, first on 11/9/21, and again on 2/15/22. A final Planning Board report has since been issued. The CHA completed a 'dry closing' in late December 2023, in preparation of the full construction closing to occur in early 2024. Demolition complete. Site work underway.	TBD	\$43,611,615	\$156,876	September 2021
10.	35 Harvey Street	HRI / Cascap	12		In November 2021, the Trust approved funding to assist with the renovation and reconfiguration of Harvey Street from SROs to studio apartments. HRI has closed on funding 11/2023 and work is now underway.	TBD	\$3,339,437	\$243,139	November 2021
11.	4 Mellen / 1627 Mass. Ave.	HRI	29	TBD	In January 2022, the Trust approved funding to assist with the purchase of this property from Lesley University to create affordable housing. The Trust approved additional predevelopment funding in August 2022. HRI acquired the site in August 2022 and held first AHO Community meeting on 9/15/22. Second community meeting held 3/15/22. First advisory design consultation with Planning Board held 7/18/23 and second advisory design consultation held 12/5/23. Planning Board final design report issued on 12/20/2023. State funding application submitted.	TBD	\$10,425,000	TBD	January 2022 and August 2022
12.	116 Norfolk Street	CHA	62		In August 2022, the Trust approved funding to assist in the renovation and expansion of an existing 38-unit SRO to create 62 studio apartments for individuals moving beyond homelessness. CHA completed AHO advisory design review in late 2022 and closed on funding in December 2022; construction is underway.	TBD	\$10,161,150	\$163,890	August 2022
13.	35 Cherry Street	TBD	TBD	TBD	In March 2022, the City Council approved the disposition of this property to the Trust for creation of affordable homeownership housing. Transfer from MIT complete. After RFP, Just A Start selected as developer at its October Trust meeting. JAS preparing for community process.	TBD	TBD	TBD	March 2022
14.	49 Sixth Street	POAH	46		In October 2022, the Trust approved funding to assist in the conversion of a portion of the Sacred Heart church property to affordable housing. POAH has completed the AHO process. POAH is assembling remaining financing in advance of beginning construction in 2024. Increase of Trust funds request approved March 6, 2024.	TBD	\$10,750,000	\$233,696	October 2022
15.	37 Brookline Street	JAS	TBD	TBD	JAS acquired the site in July 2023 and will begin a community process in 2024 to review design and development plans for the site.	TBD	\$2,014,000	TBD	March 2023
16.	650 Concord Ave	Neville Communities Inc (NCI)	71		In May 2023, the Trust approved funding to assist with capital repairs at Neville Place, the affordable assisted living portion of its campus. Staff are working with NCI on due diligence items in advance of closing, including the forming of a working committee to review tenant selection procedures. Additional funds being requested.	\$2,445,000	\$2,445,000	\$34,437	May 2023
17.	30 Wendell Street	HRI	TBD	TBD	HRI completed the acquisition of 30 Wendell Street from Lesley University on 11/30/23. First AHO meeting held 2/14/24.	TBD	\$6,357,000	TBD	August 2023

Total Units 689

Cambridge Affordable Housing Trust

Status of Affordable Housing Overlay (AHO) Developments

	AHO Development	Developer	AHO Status & Activity	Rental Units	Ownership Units	Development Status
1.	52 New Street	Just-A-Start Corporation	AHO Community meetings held on 2/25/21, 3/25/21, and 4/15/21. Planning Board design consultation held on 10/26/21 and 1/4/22. Design consultation completed January 2022; Final Planning Board report issued 1/20/22 and was transmitted to the Trust on 1/27/22. Construction closing occurred on 12/29/2023.	106		Design Consultation Complete; see above

2.	Jefferson Park Federal (45-60; 61-75; 77-92; 93-108; Jackson Circle; 1; 2-19; 21-42; 109-124; 1000 Jackson Place)	Cambridge Housing Authority	AHO Community meetings held on 3/2/21, 4/1/21, and 10/19/21. Planning Board design consultation held 11/9/21 and 2/15/22. Final Planning Board report issued 3/9/22 transmitted to the Trust on 3/24/22. Preparing for construction loan closing.	278		Design Consultation Complete; see above
3.	Walden Square II (102 Sherman Street)	WinnDevelopment Companies	AHO Community meetings held on 3/23/21, 4/13/21 and 5/27/21. Submission for first Planning Board advisory design consultation was withdrawn by developer on 11/16/21. Design revised based on community comments. Community meetings held 2/23/22, 8/29/23 (rescheduled from 8/1/23) and 9/14/23. First Planning Board advisory design meeting held 3/12/24.	95		Original submission withdrawn; AHO community meetings complete; preparing to begin Design Consultation process underway.
4.	49 6th Street	POAH & Urban Spaces	AHO Community meetings held on 7/27/21 and 11/3/21. First Planning Board advisory design consultation meeting held 4/5/22. Second design consultation meeting was held on 6/28/22; Planning Board report issued 7/14/22 and transmitted to the Trust on 8/4/2022. Assembling remaining funding needed to begin construction.	46		Design Consultation Complete; see above
5.	116 Norfolk Street	Cambridge Housing Authority	First AHO community meeting held 2/10/22. Second community meeting held 4/26/22. First Planning Board advisory design consultation meeting was held on 7/5/22. Second advisory design consultation held 9/13/22. Planning Board report issued on 10/28/22 and transmitted to the Trust on 11/17/2022. Closed 12/2022; under construction.	62		Design Consultation Complete; see above
6.	1627 Mass. Ave./4 Mellen	Homeowner's Rehab Inc	First AHO community meeting held 9/15/22. Second community held 3/15/23. First advisory design consultation with Planning Board held 7/18/23, second design consultation held 12/5/23. Final Planning Board report issued 12/20/23 and transmitted to the Trust on 1/25/2024.	29		Design Consultation Complete; see above
7.	87-101 Blanchard Road	B'nai Brith Housing	AHO community meetings held 10/4/2023 and 11/10/2023. First Planning Board advisory design meeting held 1/23/2024.	110		AHO community meetings complete; Design Consultation process underway.
8.	30 Wendell Street	Homeowner's Rehab Inc	First AHO community meeting held 2/14/24.	TBD		AHO community meetings underway.

Status of Active Inclusionary Housing Developments

	Approved Active Projects	Developer	Status	Rental Units	Ownership Units	Applicable zoning
1.	95-99 Elmwood	95-99 Realty	Covenant recorded. Building Permit issued 7-2-20. Lottery application period closed 9/18. All buyers selected; two units have closed.		4	Ordinance prior to revision
2.	55 Wheeler Street	Toll Brothers	Covenant recorded 3/12/21. Building Permit issued 3/16/21. Under Construction. First phase complete. Residents moving in; tenant selection continuing.	99		Revised ordinance at 20% sf requirement
3.	40 Thorndike Street, Court House	Leggat/McCall	Covenant recorded. Building Permit issued. Under construction	48		All units are affordable
4.	605 Concord Ave.	Abodez Acorn	Covenant recorded; Building Permit issued 12/9/21. Under Construction.	7		Revised ordinance at 15% sf requirement
5.	3-5 Linnaean	Willow Land Corp.	Covenant recorded; Tenant selection underway.	1		Zoning for basement housing overlay
6.	1043-1059 Cambridge St.	418 Real Estate	Covenant recorded. Building permit issued 7/11/22. CDD currently accepting applications through April 29.		3	Revised ordinance at 20% sf requirement
7.	121 Broadway	Boston Properties (BXP)	Covenant recorded 12/28/23. Building permit issuance pending.	102		MXD zoning - 20% Inclusionary + 5% Middle-Income

Under Development:	257	7
Completed Units:	1124	211
All Units:	1381	218
	<hr/>	
	1599	

	Active Pipeline Projects	Developer	Status	Rental Units	Ownership Units	Applicable zoning
1.	8 Winter Street	8 Winter St LLC, DND Homes	Inclusionary Housing Plan approved; preparing Covenant	3		Revised ordinance at 20% sf requirement
Subsidy amount needed to create Affordable Dwelling Unit Net Floor Area for Inclusionary Housing not created pursuant to Section 11.203.3 (i):				\$450 / per square foot		



CITY OF CAMBRIDGE

Community Development Department

IRAM FAROOQ
*Assistant City Manager
for Community
Development*

SANDRA CLARKE
*Deputy Director
Chief of Administration*

To: Affordable Housing Trust
From: Cassie Arnaud, Senior Manager for Housing Development
Janet Haines, Housing Development Planner
Date: March 28, 2024
Re: 87-101 Blanchard Road

B'nai B'rith Housing, a Boston-based non-profit housing developer, is requesting up to \$18,169,120 in Trust financing to assist with their plans to develop 110 units of affordable senior housing at 87 – 101 Blanchard Road in the Concord Highlands neighborhood.

Background on B'nai B'rith Housing

B'nai B'rith Housing (BBH) was founded in 2003 and specializes in the development and management of affordable, non-sectarian, senior housing in the Greater Boston area. While the Blanchard Road project would be BBH's first development in Cambridge, BBH is an experienced affordable housing provider with a strong history of affordable housing development in the Boston area. BBH's Board of Directors and Real Estate Council of Advisors currently includes representatives from Mass. Housing Partnership, Goulston & Storrs, Housing Partners, Winn Companies, Beacon Communities Development, Schochet Companies, JPNDC, Keith Construction, and Drucker Companies, among others. BBH was among the developers solicited to provide feedback for EOHLC (formerly DHCD)'s Senior Housing Design Guidelines that are a part of the State's Qualified Allocation Plan.

BBH has a total of 422 affordable rental housing units in their portfolio and another 63 in development. All but one of their five properties are senior housing. BBH's housing model for their senior housing is to provide "high quality supportive services that help residents age in-place and access additional help as needed to live actively, in dignity and with independence." Their resident service coordinators are trained social workers who deliver one-on-one case management, providing residents with referrals and linkages to community-based resources.

Proposed Blanchard Road Project

The proposed project is located at 87-101 Blanchard Road, on the corner of Blanchard Road and Normandy Ave. on the Belmont line, which currently consists of a strip of vacant two-story retail/office space and surface parking. It was offered for sale by the owners of the adjacent Blair Pond Estates, an 80-unit residential property. To accommodate the sale, the parcel was separated from Blair Pond Estates through the creation of a condominium entity. BBH purchased the Blanchard condominium in July 2023 for \$6,250,000.

BBH is proposing a six-story building stepping down to 4 stories with 110 one bedroom units of affordable rental housing for seniors with 5000 sq.ft. of community space. Amenities will include community space, fitness room, library, solarium, a dog washing room, and bike storage. Other amenities and site improvements include new landscaping and pathways, as well as a patio on the front of the building and a community roof deck and solarium on the 5th floor overlooking Blair Pond and surrounding green space. The existing parking lot is being redesigned to provide 30 dedicated parking spaces for the new building while the remaining 80 spaces will be reserved for residents living at the adjacent Blair Pond Estates.

All units will be restricted to 60% of average median income (AMI) under the Low-Income Housing Tax Credit program and BBH plans to offer 33 of those units to very low income residents at or below 30% AMI with state project-based Section 8 and MRVP vouchers.

BBH is planning for Blanchard Road to be affordable serviced-enriched senior housing and has included funds in their operating proforma to pay for these services. The plan assumes that there will be a full-time resident service coordinator who is a trained social worker and who will deliver one-on-one case management, assisting residents access benefits including health care, Medicare, Medicaid, connect with providers, stay current on eligibility, help with setting up appointments, and transportation. The resident service coordinator will also plan and implement social programming including concerts, movie nights, group fitness classes, money management and financial literacy training, intergenerational programming as well as field trips, gardening, and cooking classes.

BBH has also had conversations with several of the local social service agencies to investigate how they can work together. They anticipate collaborating with the Cambridge Council on Aging, Somerville-Cambridge Elder Services, the Cambridge Multi-Service Center, Paine Senior Services, Cambridge Housing Authority, and Cambridge Health Alliance to connect residents with needed services.

Demand for Senior Housing in Cambridge:

While the Trust has funded other affordable senior housing in the past, including the preservation of Cambridge Court Apartments and the acquisition and preservation of Putnam Square Apartments, this will be the first senior project the Trust has seen in several years and the first new construction senior project since Harvard Place many years ago. As a result, staff asked BBH to provide information on the existing demand for affordable senior housing in Cambridge.

They have shared data from the Metropolitan Area Planning Commission (MAPC) which shows that senior populations in Cambridge, which are defined as over 55, have increased in the last 10 years from 21% of the total city population to 25% or 28,461 seniors in the last 10 years. The data indicates that approximately 30% of those seniors are in the lowest income bracket representing approximately 8,500 seniors. MAPC is projecting that the senior population in Cambridge will increase to 35,467 by 2030 which, assuming the proportion of low income seniors remains at 30%, would result in 10,640 seniors in the lowest income bracket. BBH also shared information they had

collected regarding waiting lists for affordable senior housing and had conversations with local senior agencies who confirmed the need.

Staff has confirmed with the CHA that of the 1,124 CHA senior housing units there are 1,703 senior applicants on the waiting list, 540 of whom have a Cambridge preference. In CHA family housing, 411 senior Cambridge preference applicants compete with 1,157 non-senior for one bedroom units. Cambridge Court and Putnam Square Apartments have 350 distinct Cambridge applicants on their waitlists.

Proposed Development Budget

BBH estimates that the total development cost (TDC) for the project will be \$71,068,794 or \$646,080 per unit. In order to maximize tax credit equity, the TDC shows an increase of \$3,100,000 to the acquisition line item which will be fully offset by a subordinate seller note. BBH is also seeking to maximize available tax credit equity and EOHL funding by splitting the project into two projects, to be undertaken simultaneously. The “twinned phases” will allow them to apply for both 9% and 4% tax credits and potentially double the allowable amount of state funding and project-based vouchers. In addition to their request for \$18,169,120 in Trust funding (\$165,174 per unit), BBH anticipates that the project will be funded with \$33,161,874 in state and federal tax credits, \$11,000,000 in state, and approximately \$5,637,800 in hard debt. They anticipate submitting their state application later this year.

BBH is proceeding with the project under the Affordable Housing Overlay (AHO). They completed the AHO community process in December, and have begun the advisory design review at the Planning Board. Their first Planning design review was held in January. BBH is currently reviewing comments from that initial meeting in preparation for the second Planning Board meeting which has not yet been scheduled. They will be replace 50% of the existing retail with other non-residential space by locating a portion of their community space at the front of the building and opening up a number of their programs through the above mentioned agencies to other Cambridge residents which will comply with AHO requirements.

Recommendation

BBH’s 87-101 Blanchard Road development will create 110 much needed, high-quality housing units with expanded services for seniors in an area of the city where there is not currently a lot of affordable housing. This is a good location for new housing, within a mile of shopping, medical offices, a Social Security Administration office, as well as open space amenities including Fresh Pond Reservation, Fitchburg Cutoff Bike path and Clay Pit Pond Park within a 10 minute walk.

Staff note that while the City and Trust have traditionally prioritized its funding for the creation of family-sized housing, BBH’s proposed building design and the services and amenities which BBH will offer, will be designed specifically for low-income seniors, including essential resident support, differentiating them from other smaller affordable units being added to the stock.

Housing staff recommends that BBH’s request for up to \$18,169,120 in permanent financing be approved by the Trust subject to the following conditions. In preparing this request and

recommendation, we reviewed BBH's request with Susan Schlesinger, Alyson Stein, and Jim Stockard, who agreed with our recommendation to bring this request to the Trust with recommended approval.

The loan commitment shall be made subject to the Trust's standard terms and conditions including, but limited to, the following:

- CDD staff approval of the final development and operating budgets;
- Evidence of value sufficient to support acquisition, acceptable to Staff;
- Environmental assessment and/or remediation plan, acceptable to staff.
- CDD staff approval of construction plans and specifications;
- Submission of final construction bid and trade items from general contractor along with construction contract Borrower has entered into with contractor;
- Firm written commitments from all funding sources, sufficient to complete transaction, including a commitment of sufficient project-based vouchers to support operating budget;
- CDD 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;
- The Trust's review and consideration of Planning Board final AHO advisory design review report;
 - Standard Trust terms and conditions, including:
 - All affordable units shall be subject to the City's affordable housing covenant to be signed at loan closing; the term of the Trust AHC shall be fifty (50) years or one year longer than the longest restriction on the property;
 - All units shall be restricted to households earning below 80% AMI, as defined in the affordable housing restriction;
 - The loan shall be secured as a second mortgage loan;
 - The loan shall have an interest rate of 3% compounding, or such other rate approved by Housing Staff;
 - Loan shall be subject to a penalty rate of 8% compounding; applicable upon violation of the affordability restriction;
 - 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 shall provide for repayment of principal and interest from 50% of net cash flow from the development, or other terms acceptable to 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.



CITY OF CAMBRIDGE

Community Development Department

IRAM FAROOQ

Assistant City Manager for
Community Development

SANDRA CLARKE

Deputy Director
Chief of Administration

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.



CITY OF CAMBRIDGE

Community Development Department

IRAM FAROOQ

*Assistant City Manager
for Community
Development*

SANDRA CLARKE

*Deputy Director
Chief of Administration*

To: Affordable Housing Trust
From: Janet Haines, Housing Development Planner
Cassie Arnaud, Senior Manager for Housing Development
Date: March 28, 2024
Re: Neville Place Funding Increase

Neville Communities, Inc. (NCI) is requesting an increase of \$3,225,500 in Trust funding to the \$2,445,000 the Trust committed in May 2023 for renovation work at their 71-unit assisted living facility, Neville Place. This would bring total Trust funding for the project to \$5,670,500, or \$99,482 per affordable assisted living unit.

The City, Cambridge Health Alliance, and Cambridge Housing Authority and the Trust formed a partnership to create Neville Place, a 71-unit assisted living facility, and Neville Manor, a 112-bed skilled nursing facility under the parent entity Neville Communities, Inc. with funding from the Trust, the City and DHCD. A City affordability restriction requires fifty-seven (57) of the assisted living units be affordable to households earning up to 80% AMI. Additionally, the CHA provides 30 project-based vouchers to Neville Place to increase the affordability for these units. Representatives from the Cambridge Health Alliance, Cambridge Housing Authority, Cambridge Affordable Housing Trust, and City serve on NCI's board.

Last year, the Trust committed \$2,445,000 to Neville Place to assist with replacement of the roof and various capital projects identified in a five-year Capital Needs Assessment (CNA) prepared in 2021. The other work included replacement of mechanical systems, carpeting, window replacement and upgrades to 6 assisted living units. Approximately 65% of the work was to be undertaken immediately with the remainder to be addressed over 5 years. The approved plan allowed up to \$1,600,000 of the Trust commitment to be disbursed at loan closing, and that the balance of \$845,000 to be disbursed as needed upon meeting specified benchmarks. A condition of closing was to obtain a commitment to refinance the existing mortgage.

The Trust discussed a number of concerns at the time of approval, including potential intermingling of Neville Place's operating capital and reserves with Neville Center, the skilled nursing facility; affordability of the assisted living; ability for low-income Cambridge residents to secure housing at Neville Place; and, underutilization of the project-based vouchers. The commitment conditioned funding on addressing these concerns. A commitment letter was issued but was not executed by Neville.

The Trust funding approval was also subject to other conditions, including formation of a working group to review and update the tenant selection procedures, a commitment to working with relevant agencies on tenant referrals, and creation of a plan to increase utilization of the project-based voucher resources.

- Working Group & Resident Referrals: we have assembled an 11-person working group to review and improve the tenant selection and intake process. CDD staff will participate in and staff the working group. We hope that the working group will begin to meet this spring.
- Project-based voucher utilization: NCI will need to provide an acceptable written plan to reach full project-based voucher utilization. Since the funding was approved, NCI has been working with the CHA with some success. Eighteen of the thirty project-based units are being utilized by voucher-eligible tenants, and CHA has increased project-based rents following NCI's request. Recent financials indicate that the CHA approved rent increases have greatly improved the financial performance.

Current Request:

The current request is for \$5,670,500, an increase of \$3,225,500, to complete planned capital repairs over the next 5 years. The bulk of funding increase is attributed to a large increase in the estimated cost for the roof replacement work from the 2023 estimate of \$1,225,000 to a current bid of \$2,973,100. Inflation and expanded scope of work accounts for the balance of the increase in requested funds. Proposed work from the original request includes new windows, new flooring, unit upgrades, replace kitchen equipment, replace HVAC equipment, and repairs to railings, sidewalks, asphalt, etc. While many items show minor cost increases which are expected in the current market, there are a number of items with notable increases. These include:

- Roof work cost more than doubled;
- Window work costs tripled;
- Paving costs tripled;
- Remodeling/unit cost almost doubled;
- Brick repointing work increased from \$7,500 to be undertaken in year 5, to an allowance of \$15,000 per year for 4 years.

The updated CNA also expanded the scope of work, adding in an additional \$712,000 of work. The additional scope includes replacing kitchen equipment and mechanicals which will reach the end of its useful life over the next 5

years, kitchen flooring, and exterior and stairwell doors. These would be typical additions to a new CNA. The additional scope also includes remodeling an additional 9 units over 3 years at \$15,000 plus inflation per unit, for an additional \$200,000 and an allowance of \$230,000 for unit furniture. The expanded scope and pricing in the updated CNA was completed by the facilities and finance team at Senior Living Residences (SLR), the operator of Neville Place. SLR operates 18 independent assisted living facilities across Massachusetts, New Hampshire and Connecticut, and are experienced with capital planning and work in these communities. Staff are continuing to review the submitted materials, but recommend a new 5-10 year Capital Needs Assessment by a third party professional which identifies and prioritizes the capital needs as a planning tool for NCI.

Conclusion:

Neville Communities, Inc. still needs to refinance the current mortgages on both the assisted living and the skilled nursing facility, which now mature in May 2024. We understand that in order to commit to refinancing this loan, lenders will require evidence of funding to complete needed capital work on both properties. Neville is presently working to identify options to fund the needed capital work to the skilled nursing facility, Neville Center, while also requesting additional funds from the Trust for work at Neville Place, the assisted living facility.

Recommendation:

Given the pressing need to refinance out of their existing mortgages, CDD Staff recommend the Trust consider an approval of an “up to” funding amount in a way that allows the refinancing to move forward and for immediate capital needs be undertaken, while holding funding not immediately needed pending further work to identify, prioritize and approve needed capital work, and address resident selection and operational questions as noted above.

Neville Place’s ability to provide welcoming and comfortable assisted living at significantly less than market rates is an important community benefit. While a number of questions remain, it is clear that the property has been successfully serving low- and moderate-income households in need of assisted living and that efforts should be made to enable this important resource to remain available over the long-term.

In preparing this request and recommendation, we reviewed Neville’s request with Alyson Stein, Jim Stockard, and Bill Tibbs who agreed with our recommendation to bring this request to the Trust and recommend approval.

CDD staff recommends that the Trust review and approve Neville Communities Inc. request for up to \$5,670,500 in Trust permanent financing for Neville Place; subject to the funding conditions approved in 2023 listed below, and modified to include new conditions of the completion of a 5-year CNA, and the annual submission of operating and replacement reserve activity reports, financial and operating reports for Neville Place, and rent rolls and income certification.

This commitment should be made contingent on:

- Formation of working group to review and make recommendations for revisions to the Tenant Selection Plan as described above;
- Commitment to work with CHA, Cambridge Council on Aging and other community partners on resident referrals;
- Plan to reach full project-based voucher utilization acceptable to Staff;
- 20-year operating proforma acceptable to Staff;
- Long term capital needs schedule acceptable to Staff;
- Schedule and budget for immediate capital repairs acceptable to Staff;
- Staff approval of construction plans and specifications;
- Loan to be structured as a Reserve Loan, restricted to Neville Place, to be drawn in accordance with a loan distribution agreement which will allow \$3,350,000 to be disbursed after loan closing for immediate needs and the balance disbursed in accordance with the conditions described more fully below;
- Annual Capital Reserve contribution, restricted to Neville Place, acceptable to Staff, that provides for continued upkeep of property;
- First mortgage financing in an amount and on terms acceptable to Staff;
- Standard terms and conditions, including:
- 57 units are subject to the City's standard affordable housing restriction to be amended or replaced at loan closing;
- 57 units will be restricted to low- and moderate-income households earning at or below 80% of Area median income as defined in the affordable housing restriction;
- Loan term shall be 50 years;
- Loan shall be secured by a second mortgage that is subordinate only to private bank funding;
- Loan will have an interest rate of 3% compounding, or such other rate approved by Staff;
- The loan will be subject to a penalty rate of 8%, applicable upon a violation of the affordable housing restriction;
- All principle and accrued interest will 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; and,
- Loan shall be non-recourse.

Up to \$3,350,000, reflecting the estimated cost for immediate capital needs, may be disbursed in accordance with the loan agreement subject to the Trust's standard terms and conditions after loan closing. The balance of the loan commitment, \$2,410,500, will be disbursed in accordance with the loan agreement subject to the following conditions:

- Completion of 5-year CNA by a third party professional accepted by Staff;
- Affirmative Marketing and Tenant Selection Plan acceptable to Staff;
- Review and approval of proposed capital repairs by Staff;
- Review and approval of operating proforma by Staff;
- Compliance with Affordable Housing Restriction.

After Loan closing, the Borrower shall comply with the following requirements:

- Notify Lender's Rehabilitation Specialist of all construction meetings and copy on meeting minutes;
- Copy Lender on all change orders;
- Submit requests for disbursements in requisition form acceptable to Lender;
- Provide demographic information on the race and ethnicity of residents at requested point in time and of applicants on waitlists in a form acceptable to the Lender including a break-down by preference category;
- Provide annual report on all operating and reserve activity;
- Provide annual financial and operating statements for Neville Place; and,
- Provide rent rolls and income certification as requested by Lender.