

# Fair Housing Plan

FY2016 to 2020

City of Cambridge, Massachusetts

May, 2015

This document contains the Analysis of Impediments to Fair Housing Choice (AI) for the City of Cambridge, Massachusetts for the Fiscal Year 2016 to 2020



## Table of Contents

I.	Introduction .....	page 1
II.	Overview of Fair Housing .....	page 4
III.	Jurisdictional Background Data.....	page 6
	A. Demographic	
	1. Population Growth	
	2. Youths	
	3. Younger Adults	
	4. Elderly	
	5. Diversity	
	6. Persons with Disability	
	7. Household Composition	
	B. Income Data	
	1. Very Low, Low and Moderate Income	
	2. Poverty	
	C. Employment Data	
	1. The Cambridge Labor Force	
	2. Resident Unemployment	
	3. The Cambridge Workforce	
	D. Housing Data	
	1. Housing Stock	
	2. Age and Type of Housing	
	3. Condominiums	
	4. Housing Tenure	
	5. Housing Costs	
	6. Cost Burden	
	7. Public Housing	
IV.	Evaluation of Cambridge’s Current Fair Housing Legal Status.....	page 24
	A. Fair Housing Discrimination Complaints Filed at the Cambridge Human Rights Commission (CHRC)	
	1. Type of case filed by protect class of complainant	
	2. Disposition by protected class	
	3. Disposition of category of case	
	B. Summary of Trends or Patterns	
V.	Analysis of Impediments to Fair Housing Choice.....	page 28
	A. Public Sector	
	1. Zoning and Site Selection	
	2. Neighborhood Revitalization	
	3. Public Housing Authority Tenant Selection	

- 4. Sale of Subsidized Housing and Possible Displacement
    - 5. Property Tax Policies
    - 6. Planning and Zoning Boards
  - B. Private Sector
    - 1. Mortgage Lending
    - 2. Rental Housing
  - C. Public and Private Sector
    - 1. Fair Housing Enforcement
    - 2. Informational Programs
  - D. Actions to Be Taken If There Is a Determination of Segregation
- VI. Assessment of Current Public and Private Fair Housing Programs and Activities.....page 36

## **I. INTRODUCTION**

This Fair Housing Plan, that includes the Analysis of Impediments to Fair Housing Choice, was developed by the City of Cambridge to accompany the City’s Five Year Consolidated Plan (FY2016 to FY2020). The Plan was completed to comply with the federal requirements administered by the U.S. Department of Housing and Urban Development (HUD) regulations.

### **Plan Conducted by**

The City of Cambridge designated the Community Development Department (CDD) to be responsible for development of both the Consolidated Plan and the Fair Housing Plan. CDD interviewed organizations and people listed below to solicit input for this report, and compiled and gathered the statistical data presented in this report, and reviewed policies and procedures that affect location, availability, and accessibility of housing.

### **Participants**

Input for this Fair Housing Plan was gathered from a number of organizations throughout the city, including Just A Start, Mediation For Results, Cambridge Housing Authority, Cambridge Economic Opportunity Committee, Cambridge Somerville Legal Services, Wingate Management Company, and HomeStart. Input was also gathered from other City departments and commissions, including the Community Development Department, Cambridge Human Rights Commission, Human Services Department, Cambridge Multi Service Center, and the Commission on Disability. Specific details on fair housing complaints were supplied by the Cambridge Human Rights Commission.

### **Methodology of the Plan**

The report was developed to accompany the FY2016 to FY2020 Consolidated Plan. The framework for this housing plan follows the suggested format presented by the “Fair Housing Planning Guide” developed by HUD.

### **Funding of the Plan**

The Fair Housing Plan was funded as part of the City of Cambridge Community Development Program with assistance from the Community Development Block Grant program (CDBG) and the HOME Investment Partnership program (HOME).

## **Conclusions**

One of the most significant barriers to fair housing in Cambridge is the shortage of affordable housing in the city. This need for additional affordable housing was expressed many times in almost all of the interviews with outside organizations and departments within the city during the informational gathering phase of the plan. The City's commitment to affordable housing stems from this barrier and the impact that escalating housing costs have had on the diversity of the community. The City's housing programs are designed to preserve the socio-economic diversity of the city.

Cambridge is a very desirable place to live. It attracts individuals and families due to its location, city services, schools, and diversity of population. In addition individuals are attracted by the many job opportunities in the city's growing number of large biotech, software, and internet services companies. All of this demand has increased the cost of rental and homeownership units so that they are unaffordable to many in Cambridge.

Although many apartments have been de-leaded in Cambridge, there are still many apartments that are not de-leaded, where landlords might not want to rent to families with young children. Likewise, although it is true that market rent levels are above current Section 8 Fair Market Rents, many housing search professionals believe that some landlords don't rent to households with Section 8 Assistance because they are concerned about housing inspections or other program requirements. These situations have led to a diminishing housing stock of affordable housing, with lower income families competing for the same limited housing, driving up the cost of housing and ultimately impacting the ability of residents to remain in the city. Further, many tenants as well as some property owners and managers may not be aware of their rights and obligations under applicable fair housing laws.

## **Actions to Address Impediments**

The City has provided significant technical and financial support to the non-profit development organizations in the city to create affordable housing. There are currently more than 7000 units of affordable rental and homeownership in the City of Cambridge. These affordable units consist of a variety of housing types including SROs, congregate living, townhouses, units in two family homes, condominiums, larger developments, and more. The units range from studios to 3 and 4 bedrooms and serve all low and moderate income levels. Affordable units have been created using Federal CDBG and HOME funds, State funds, City of Cambridge funds and funding from private lenders. Units have also been created using the city's inclusionary zoning program.

But the need for more affordable housing is still strong and the City plans on continuing its affordable housing programs and financial support in order for additional rental and homeownership affordable units to be created. The City has also passed regulations, such as the Inclusionary Zoning Ordinance and the Incentive Zoning Ordinance, to promote incentives to private developers to create affordable housing.

The City has had great success at addressing the preservation needs of expiring-use properties in Cambridge. In the last five years, the City has successfully preserved seven of the 10 properties that had been subject to affordability restrictions due to expire by 2021. The three remaining developments, containing a total of 670 units, have affordability restrictions that will begin expiring in the next five years. One of these properties, containing 154 units, is in the process of being preserved through an anticipated sale to a non-profit preservation buyer. The City is in contact with the owners of the two remaining properties and will make every effort to ensure that no affordable unit is lost.

The City has continued to promote the de-leading of housing units by providing financial assistance to assist homeowners and owners of rental units in de-leading apartments. The City has also established the Cambridge Human Rights Commission to provide assistance to housing consumers, owners and managers regarding federal, state, and local fair housing requirements. The Commission is also an enforcement agency which investigates complaints about housing discrimination and assists in addressing and resolving fair housing violations. Commission staff are available to educate housing consumers, owners, managers, brokers, and other professionals about fair housing requirements. The Commission conducts workshop presentations on fair housing and discrimination for a variety of groups.

## II. OVERVIEW OF FAIR HOUSING

The Fair Housing Act (FHA), Title VIII of the Civil Rights Act of 1968 as amended in 1975 and 1988 by the Fair Housing Amendments Act, prohibits discrimination in the sale, rental and financing of dwellings, and in other housing-related transactions. The impediments to fair housing choice are any actions, omissions, or decisions taken because of:

- race,
- color,
- religion,
- sex,
- disability,
- familial status,
- or national origin

In addition to the requirements of the Federal Government, the state and city have a different and more extensive list of protected classes.

The state of Massachusetts, according to the General Laws Chapter 151B, Section 4.6, has the following protected classes for housing discrimination:

- race
- color
- religion
- national origin
- ancestry
- sex
- gender identity
- age
- criminal record (inquiries only)
- disability
- sexual orientation
- genetics
- active military personnel,
- or past involvement in a discrimination complaint (retaliation)

The City of Cambridge, according to municipal code 14.04.040, has the following protected classes for housing discrimination:

- race
- color
- sex
- age
- religious creed
- disability



- national origin or ancestry
- sexual orientation
- marital status
- family status
- military status
- or source of income

The Fair Housing Act prohibits the following conduct

In the Sale and Rental of Housing:

- Refuse to rent or sell housing
- Refuse to negotiate for housing
- Make housing unavailable
- Deny a dwelling
- Set different terms, conditions or privileges for sale or rental of a dwelling
- Provide different housing services or facilities
- Falsely deny that housing is available for inspection, sale, or rental
- For profit, persuade owners to sell or rent (blockbusting) or
- Deny anyone access to or membership in a facility or service (such as a multiple listing service) related to the sale or rental of housing.

In Mortgage Lending:

- Refuse to make a mortgage loan
- Refuse to provide information regarding loans
- Impose different terms or conditions on a loan, such as different interest rates, points, or fees
- Discriminate in appraising property
- Refuse to purchase a loan or
- Set different terms or conditions for purchasing a loan.

The following types of housing are covered by the Fair Housing Act:

- Single-family homes owned by private persons when a real estate broker and/or discriminatory advertising is used to rent or sell the home;
- Single-family homes not owned by private persons (such as corporations or partnerships), even if a broker is not used to rent or sell the home;
- Owner occupied multi-family buildings when a real estate broker and/or discriminatory advertising is used to rent or sell the home

### **III. JURISDICTIONAL BACKGROUND DATA**

#### **A. DEMOGRAPHIC DATA**

Vibrant neighborhoods, a dynamic entrepreneurial business culture, internationally known universities, historic structures, close proximity to public transportation, and access to parks, restaurants, and entertainment make Cambridge a desirable and attractive place to live. These features and others have attracted individuals and households over the years, shaping the overall demand for housing in Cambridge.

##### **A.1 Population Growth**

The 2010 U. S. Census recorded a population of 105,162. This figure is an increase of 3.8% from the figure recorded in 2000 and was the fourth consecutive population increase recorded by the decennial census. According to the latest Census Bureau estimate, the resident population totaled 107,289 as of July 1, 2013. This latest figure places the City within striking distance of the 1960 population count of 107,716.

A boom in multi-family housing construction starting in the mid-1990s is largely responsible for the population increase. While the rate of housing development responds to market forces, shrinking, growing or changing its product mix as conditions require, Cambridge has experienced steady growth in the housing stock throughout recent years. Estimates produced by the Boston Metropolitan Area Planning Council suggest that continued growth will place the population between 108,000 and 112,000 by 2020.

##### **A.2 Youths**

The expansion of the City's population in recent years has been accompanied by changes in the underlying age distribution. As recently as 1960 youths made up 25% of the population. By 2010 persons under 18 comprised just 11.4% of the City's population, one of the lowest proportions in the state. The decline in youths is not evenly distributed across the age spectrum. In the past several years Cambridge has experienced a stable or increasing number of births; the decline in youths has affected just the 5 to 17 year old range.

The driver of the decrease in youths is twofold. From 1960 to 1980 the number of families declined from 70.1% of all households to just 44.8% of households. Since that time the count of families has remained stable, at around 17,500 during each decennial census. However, since 1980 an increasing number of nonfamily households and a declining number of children per family have further driven down the proportion of youths.

According to the 2010 Census, 63% of Cambridge residents under 18 live in two parent families. Another 29% live in a single parent household. Most of those remaining live in other family arrangements. While relatively few Cambridge children live in a household

headed by a grandparent, in two-thirds of such cases the grandparent holds primary responsibility for care of the child.

### A.3 Younger Adults

Cambridge has long had a large population of persons in their 20s and 30s, attending school here or nearby, starting a career, or raising a family. By 1970 the population distribution came to center around this cohort, as the peak of the postwar baby boom moved into higher education and began to enter the workforce. That year the U. S Census recorded 40.9% of the population as being between 20 and 39. In the decades since this age group has continued to grow in numbers, and by 2010 over 50% of the City's population fell in this age range.

### A.4 Elderly

At the time of the 2010 Census persons 65 and older comprised 9.5% of all Cambridge residents and totaled almost 10,000, an increase in both number and proportion from 2000. This was the first decennial census since 1960 which recorded an increase in elders using either metric. With the aging of the baby boom generation – the first boomers turned 65 in 2011 – this trend is likely to continue over the coming decade.

According to the 2011 – 2013 American Community Survey, 46% of elders reside as a member of a married couple household, 40% live alone, and most of the rest live in another family arrangement. About 4% reside in group quarters, primarily nursing homes.

### A.5 Diversity

The minority population of the City of Cambridge has increased markedly during the past several decades. According to the 2010 Census, 37.9% of Cambridge residents were either non-White, Hispanic, or both.

**Table 1: 2010 Census Racial and Hispanic Diversity<sup>1</sup>**

	<b>Total Population</b>	<b>Youths</b>	<b>Elders</b>
White	66.6%	49.9%	79.0%
Black	11.7%	24.0%	12.9%
Asian	15.1%	11.2%	5.3%
Other Race	2.4%	4.5%	1.3%
Two or More Races	4.3%	10.5%	1.5%
Hispanic	7.6%	12.4%	3.3%
White Non-Hispanic	62.1%	44.2%	77.3%

<sup>1</sup> Note that since the 2000 Census respondents may pick more than one race category. Persons who do so are included in the "Two or More Races" category.

In recent decades, the fastest growing minority group in Cambridge has been Asians. While in 1980 Asians comprised 3.8% of the population, by 2010 this figure almost quadrupled to 15.1%. Asians themselves are a heterogeneous group. A plurality, 6.2%, is of Chinese origin. Other larger groups include Asian Indians at 3.5%, Koreans at 2.2% and Japanese at 0.8%. In contrast to some communities in Massachusetts, Cambridge does not have a significant population of Southeast Asians, such as Vietnamese or Cambodians.

Cambridge has historically been home to a significant Black population. Since 1950 this group has grown steadily as a proportion of the overall population, rising from 4.3% in 1950 to 13.5% in 1990. As of 2010 Blacks included 13.3% of the population, including those who selected multiple racial categories.

In all, 4.3% of the 2010 population selected two or more racial categories. If one includes those who designated themselves as Some Other Race as well as those who belong to other smaller groups, 6.4% of the population does not consider itself belonging to one of the three main racial groups in Cambridge – Whites, Blacks, and Asians.

As of 2010 7.6% of the population of Cambridge identified as Hispanic<sup>2</sup>. Unlike some communities, Hispanics in Cambridge originate from a wide range of countries of origin; no single origin contributes more than roughly a fifth of the Hispanic population. Puerto Ricans and Mexicans are the two largest places of origin for Cambridge Hispanics, comprising 1.6% and 1.4% of the total population respectively.

The 2000 Census recorded that among residents under 18 Cambridge had become a “minority majority” community. By 2010 racial and Hispanic minorities comprised 56% of the youth population. At that time the proportion of Whites was one-fourth less than among the general population. Among youths Blacks and persons of Two or More Races, were present in at least twice the proportion found in the overall population. Hispanics were two third larger in proportion. Only Asians were present in smaller numbers when comparing to the total population. According to the 2011-13 ACS, among those 5 to 17, 30% did not speak English at home and 6% spoke English less than very well.

In general, Cambridge elders are less diverse than the population as a whole. In 2010 Non-Hispanic Whites comprised about two-thirds of the overall population, while among the elderly 77.3% fell in this group. The minority group with the largest presence among Cambridge elderly was Blacks at 12.9%. No other group exceeded 5.3% in size. According to the 2011-13 ACS, about 27% of the elderly spoke a language other than English at home, 14% speak English less than very well, and 7.7% did not speak English well.

During the past several decades there has been a marked influx of foreign immigrants into Cambridge, notably including from China, Korea, India, Haiti as well as Africans from various countries, and Portuguese-speaking families. According to the 2011-13 ACS, 28.4% of persons in Cambridge described themselves as foreign-born and 33.2%

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<sup>2</sup> Hispanic Origin is evaluated separately from race; one can be Hispanic and a member of any racial category.

spoke a language other than English at home. Oftentimes these newcomers face economic challenges, which force families to double up or live in overcrowded housing. The City recognizes the language and cultural differences facing these growing populations and offers a variety of programs and services to meet their unique housing needs.

While neither the Census nor the ACS ask about sexual orientation and neither at this time report same-sex marriages, unmarried partner households are included in several tables. Past practice of the Census Bureau has been to recode same sex marriages as unmarried partners, and presumably this practice continues. The 2010 Census found 693 same sex couples in Cambridge, or 1.6% of all households in the City. Of these, at least 125 included at least one child related to one or both of the partners.

### **A.6 Persons with Disabilities**

Like many people with low and moderate incomes, those with disabilities experience difficulty in finding affordable housing in Cambridge. Many also require specialized services and modified housing units in order to live independently. Nationally, according to the Cambridge Commission on Persons with Disabilities, 17% to 20% of the adult and child population has some kind of disability.

Using the more limited definition of disability employed the American Community Survey, the 2011-13 ACS found that 7.3% of the population five and older had some sort of disability. Among those 18 to 64 the most common disability reported was a cognitive disability found among 2.3% of the population. Among those 65 and older the most common disability reported was an ambulatory disability reported by 21.5% of the population. Disabilities cover a wide range of problems, which affect communication, mobility, self-care, and employment. A frequent result is that, compared to the general population, disabled persons are more than twice as likely to be unemployed, twice as likely to be not in the labor force, and almost twice as likely to have an income below the poverty line.

### **A.7 Household Composition**

One of the most notable features of the Cambridge population in recent decades is the change in the composition of households. In 1950 families constituted 87% of all local households; by 2010 this figure had decreased to 40% of the total. A steady stream of non-family individuals who chose to live here either alone or as roommates has replaced departing families and fully absorbed housing added to the market. These non-family households have increased more than six-fold from 4,281 in 1950 to 26,612 in 2010; in 1950 they constituted only 13% of all households and now comprise 60% of the total.

The number and proportion of single person households in Cambridge is particularly high. The 2010 Census found that 41% of all households consisted of a single person living alone. This is an unusually high rate of single person households compared to other

Massachusetts communities, to 29% found in Massachusetts as a whole, and to 27% reported for the nation.

Although the percent of families has decreased over the past few decades, the overall number of families in Cambridge has remained stable since 1980. In 2010 Cambridge was home to 17,420 families compared to 17,415 in 1980. Among those families recorded by the 2010 Census, 40% were families with children, 27% consisting of two parent families and 13% headed by single parents. The proportion of families with children declined by 2.6% from 2000. The bulk of the decline was experienced by single parent families, which declined as a proportion of all households by 2% over the period and which declined in number by 13% from 2000. The 2011-13 ACS suggests that the proportion of families with children has continued to decline, dropping to 38% of all families, and single parent families have again borne the brunt of the change, dropping to about 11% of all families.

Looking at the type of households in which children reside, 63% live in a married couple family, 29% in a single parent family, 4% in a household headed by a grandparent, and the remainder with other relatives or in a variety of nonfamily arrangements.

According to the 2010 Census, 18% of Cambridge households include one or more people 65 or older. Over half of these households consist of a single person 65 or older, with women outnumbering men by a ratio of approximately two to one. Another third of the elderly belong to married couple households. The remaining households consist of other types of family arrangements and a small number of nonfamily households.

According to 2010 Census data, the average household size decreased 18% in the last forty years, from 2.43 persons per household in 1970 to 2.00 persons per household in 2010. Large households of five or more persons comprised only 3% of all households and 8% of families in 2010. Similar declines were recorded for family size and children per family. By 2010 the average family comprised 2.76 persons, including 0.69 children. While the biggest declines occurred between 1970 and 1980, they continued throughout the period.

## B. INCOME DATA

Cambridge has experienced steadily rising levels of household, family and per capita income for several decades. The 2011-13 ACS found that the median family income for Cambridge had reached \$93,406 in inflation adjusted 2013 dollars, rising from \$83,706 in 2000, an increase of 12%. After adjusting for inflation, median household income and per capita income both experienced similar increases over the same period. The 2011-13 ACS reported that household income had reached \$73,780 and per capita income had reached \$46,529, inflation adjusted increases from 2000 of 10% and 7% respectively.

Comparing Cambridge income levels reported by the 2011-13 ACS to those reported during the Great Recession by the 2008-10 ACS, the City's median household income continued to rise throughout a period which much of the country experienced a contraction of income, increasing in inflation adjusted terms from \$71,872 to \$73,780, a 2.6% jump. Other hand, median family income and per capita income both decreased, by about 2% and 3% respectively.

### B.1 Very Low, Low and Moderate Income

Obvious signs of growing affluence in Cambridge do not tell the whole story. A substantial population of lower and moderate income family and non-family households remain. Cambridge retains households with a diverse range of incomes for a number of reasons, two of which stand out. Various public and nonprofit entities directly or indirectly control a large stock of permanently assisted housing, around 14% of the overall housing stock. In addition, the many graduate student households living off campus often have access to funds beyond those traditionally reported as income, in the form of loans, grants, and fellowships.

According the 2007-11 Comprehensive Housing Strategy (CHAS) data set compiled from the ACS for HUD, the ACS found that 37.2%, or 16,925, of all Cambridge households could be classified as very low, low, or moderate income, using the HUD Area Median Family Income (HAMFI) standard. Very low-income households earn less than 30% of HAMFI, low-income households or earn between 30% and 50%, and moderate-income households earn between 50% and 80%. Among family households, the same analysis found that 29.6% are classified as very low, low, or moderate income:

**Table 2: 2007-11 Comprehensive Housing Strategy Income Data**

	<b>Very Low Income (&lt;30%)</b>	<b>Low Income (30-50%)</b>	<b>Moderate Income (50-80%)</b>	<b>As % of All</b>
<b>Families</b>	2,830 14.9%	1,550 8.1%	1,255 6.6%	5,635 29.6%
<b>Households</b>	8,555 18.8%	4,590 10.1%	3,780 8.3%	16,925 37.2%



A separate analysis for HUD drawn from the 2006-10 ACS examined the income status of individuals living in households. The 2006-2010 Low and Moderate Income Summary Data report that 34% of Cambridge residents reside in households earning less than 50% of HAMFI and another 11% are classified as moderate income, for a total “low mod” population of 46% of household members.

The 2011-13 ACS found that certain minority groups have lower household incomes than Whites. The 2011-13 ACS median household income for Blacks was \$31,625. This figure was not only substantially lower than that of Whites (\$84,848), and of the City as a whole (\$73,780), but lower than for all other minority groups. Among Black households 61% earned less than \$40,000 per year and 75% earn less than \$60,000 per year. While Hispanics have a somewhat higher median income than Blacks at \$43,424, 48% of Hispanics households earned less than \$40,000 and 62% earned less than \$60,000. The median household income reported for Asians was \$74,712, slightly higher than the figure for all households. Despite the difference in median income, the distribution of Asian household incomes is fairly similar to that of White households.

According to the 2007-11 CHAS, 47.4% of households headed by a person 65 or older are very low, low or moderate income, a substantial decrease from the 64% reported by CHAS in 2000. While such households comprised only 20% of all households in Cambridge, elderly households comprised a higher proportion of both the very low and low income categories than the general population:

**Table 3: Comprehensive Housing Strategy Income Elder Data**

Income Category	Elderly	
	As % Elderly HHs	As % All Such HHs
Very Low Income (<30%)	28.1%	29.8%
Low Income (30-50%)	11.4%	22.5%
Moderate Income (50-80%)	7.9%	18.9%
All Others (>80%)	52.6%	16.8%
Elderly HHs as % All HHs	--	20.0%

## B.2 Poverty<sup>3</sup>

Among the general population the 2011-13 ACS found that 14.2% of Cambridge residents had an income below the poverty line. Children had a slightly higher level at 14.4% while among elders the poverty level declined slightly to 12.2%. Unrelated persons, those who either reside alone or who share a residence with nonfamily members reported a poverty rate of 20.2%. Analysis of ACS data suggests that many of these unrelated persons are graduate students who reside in the community, rather than in on-campus housing.

<sup>3</sup> The poverty rate is determined for persons who live in housing units, whether they reside alone, with roommates, or family members. The poverty measure is defined using household income; as such persons who live in group quarter arrangements, like dormitories and group homes rather than in housing units, are evaluated for poverty status.



Non-White Racial groups and Hispanics reported much higher poverty levels than the general population. Among Hispanics the poverty rate rose to 25.5% and among Blacks to 23.3%. Asians, despite a distribution of household incomes in some respects not that different than Whites, reported a poverty rate of 19.1%. In contrast, the 2011-13 ACS recorded an 11.1% poverty rate among White residents.

Education also is an indicator of poverty. Among those with less than a Bachelor degree 19.4% lived in poverty while among those with at least a Bachelor degree 8.8% lived below the poverty line.

## **C. EMPLOYMENT DATA**

By the first decade of the 21<sup>st</sup> century the Cambridge economy had largely completed a transformation from a blue collar workplace to one driven by a combination of biotechnology, software and internet services, higher education, medical services and government.

### **C.1 The Cambridge Labor Force**

According to the 2011-13 ACS, the 60,980 person Cambridge labor force is dominated by management and professional occupations<sup>4</sup>. Dominant labor force industries include professional, scientific, and technical services, as well as education, and health care. Collectively, these fields include 62% of employed Cambridge residents.

At one time the bulk of Cambridge residents worked in blue collar industries. As recently as 1990 almost 10% of Cambridge residents were employed in manufacturing, but this proportion has been declining for several decades. By the time of the 2011-13 ACS manufacturing employed just 5.4% of the workforce and an additional 0.9% was employed in the construction industry.

While a majority of Cambridge residents now work in well-paying occupations, many still hold jobs where the median wage is under \$35,000 per year. This includes persons employed in food prep, building maintenance, personal care services, retail sales, clerical support, and transportation and moving. With the unsubsidized portion of the housing market catering to the incomes and needs of persons in well-paying professions, persons employed in these lower wage occupations face a challenge in finding housing in Cambridge, unless they are able to obtain an income qualified unit.

These labor force findings reflect the high level of education among Cambridge residents. The 2011-13 ACS found that 74% of adults 25 or older have at least a bachelor degree and 44% have gone on to obtain a graduate degree. Only 7% of adults had not finished high school, while an additional 9% had completed their education with a high school diploma and 10% had less than four years of college. Residents without a college degree face a challenge integrating into a technology driven economy.

### **C.2 Resident Unemployment**

According to Massachusetts Office of Labor and Workforce Development, since the early 1980s the unemployment rate among Cambridge residents has consistently fallen below the level found in the Commonwealth and in the United States. During the Great Recession and the following recovery period, the Cambridge resident seasonally unadjusted unemployment rate ran about 2.5% below the state rate and about 3% to 4% below the national rate. More recently the gap has narrowed. In March of 2015 the state

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<sup>4</sup> The labor force refers to persons who reside in a place who work, regardless of the location of employment. The work force refers to all those persons employed within a particular area.

reported that Cambridge resident unemployment stood at 2.8%. At the same time the Massachusetts rate stood at 5.0% and the national rate at 5.6%.

While not directly comparable to results reported by the state, the ACS also records unemployment both among the population as a whole and among various subpopulations. The 2011-13 ACS found a citywide unemployment rate of 6.0%. However, certain groups were found to be experiencing a much higher rate of unemployment, including youths (14.9%), Blacks (11.1%), Hispanics (11.0%), persons earning below the poverty line (24.2%), and persons with a disability (17.4%).

Level of education clearly correlates with unemployment among the Cambridge population. Persons with at least a college degree had an unemployment rate of 4.3%, whereas persons without a high school diploma experienced an 18.5% unemployment rate. High school graduates and those with some college, including those with an associate's degree, also had higher unemployment rates of 8.5% and 8.0% respectively.

### **C.3 The Cambridge Workforce**

As with the mix of jobs held by residents, jobs held by those who work in Cambridge have shifted in response to changes in the types of industries present in the City. The Commonwealth of Massachusetts reports that in the third quarter of 2014 manufacturing and construction together supported just 4% of the jobs in the city. In contrast, approximately 28% of persons working in Cambridge were employed in professional and technical services, 24% in education, and 10% in health care. Accommodations and food services account for 8% of the City's employment base, while retail and wholesale trade employ another 8% of those working in Cambridge.

For the third quarter of 2014, the most recent reporting period available, the state reported 111,311 persons working in Cambridge. The American Community Survey also reports on the size of the workforce, including categories of employees not reported by the state, which collects data through the unemployment insurance system. The 2011-13 ACS found 122,000 workers in Cambridge.

While rates of pay have moved up and down with the economy over the past decade, Cambridge wages have risen steadily above their level ten years earlier. During the third quarter of 2014 the Commonwealth reported that the average person employed full time in Cambridge earned \$95,600. Adjusting for inflation, a person employed in Cambridge in 2004 earned an average annual wage of \$78,400. In contrast, average annual statewide wages remained unchanged at \$60,500 over the same period.

The level of interdependence between the institutional sector and the business community is high. Major non-profit employers in Cambridge include educational institutions (Harvard, Lesley University, and MIT), large hospitals and health systems (Cambridge Health Alliance, Mt. Auburn Hospital, and Spaulding Hospital Cambridge), and local, and federal governmental agencies. Due to the proximity of MIT and associated research institutes, biotechnology companies dominate the list of large private sector employers.

Cambridge serves as a major employment center for large biotechnology companies such as Novartis, Biogen, Sanofi/Genzyme, Takeda/Millennium, and Pfizer. Another larger cluster of firms fall into the software and internet services category and includes firms such as Akamai Technologies, Google, Microsoft, HubSpot, and Pegasystems.

## **D. HOUSING DATA**

The phase out of Cambridge's rent control system, ending in 1996, had a significant impact on all segments of the housing market. In the years since, there has been a dramatic increase in housing production, many existing structures have undergone rehabilitation, many older units have been converted to condominiums from rental housing, and both rents and sales costs have undergone large increases.

### **D.1 Housing Stock**

After a hiatus during World War II, housing construction slowed and moved ahead incrementally during the ensuing decades. A sizable number of units were constructed during the 1970's, when the City supported an ambitious program of large public housing and moderate-income high-rise developments through state and federal programs. Another burst of large scale residential development occurred in East Cambridge during the late 1980s. By 2000 the decennial census recorded 44,729 housing units, an increase of around 2,700 units from 1990. While some of the increase was likely due to undercounting of units at the time of 1990 Census, during the latter part of the 1990s the City new construction led to a net increase of over 1,300 housing units.

The 2010 decennial census counted 47,291 dwelling units in Cambridge. Since that date building permits have been issued for over 3,000 more. New issuance of permits has slowed over the past year as the market works to complete construction on several major apartment projects and absorb new stock. Nonetheless, the proximity of Cambridge to workplaces, entertainment venues, and public transportation along with the desire for a variety of housing options for those who can afford them appears to ensure a stream of new housing production for the foreseeable future.

### **D.2 Age and Type of Housing**

According to the 2011-2013 ACS, 53% of the dwelling units recorded in Cambridge were built prior to 1939, with a number remaining from the late eighteenth century and earlier. Between 8% and 15% of the housing stock was constructed in each of the ensuing decades.

In contrast to many communities around the country, more than 85% of the dwelling units in Cambridge are located in multi-unit buildings, those with two or more units. Another 6% consist of attached townhouses. More than 30% of these units are found in buildings with 20 or more units. Single family homes account for only 9% of total housing units. Two family homes include 14% of the residential unit stock and three families another 13%.

About 15% of the housing stock of Cambridge consist of affordable housing units. Many of which, but not all, receive direct public subsidies. Traditional public housing managed by the Cambridge Housing Authority includes over 2,700 units in family, elderly, and

special needs housing. There are an additional 4,900 units of affordable housing that include large and small rental developments as well as affordable homeownership units. This results in a total of over 7,500 units of affordable housing. Many privately owned affordable rental units are managed by established and experienced non-profits. There are also a substantial number of rental units owned and managed by for-profit owners.

While the housing stock includes restored or well-maintained mansions in the more affluent local neighborhoods of the city, the condition of the great majority of residential buildings fall in to the average to good range. Neighborhoods in the eastern half of the City are dominated by housing in the fair to average range, while western neighborhoods have many structures judged to be in very good condition.

### **D.3 Condominiums**

In recent decades a major trend in the Cambridge housing market has been the increasing number of condominium developments. The first condominium was established in Cambridge in 1970. By the end of 2012 condominiums approached 30% of the housing stock in Cambridge. Significantly, only a quarter of the condominium stock comprises buildings constructed specifically for use as residential condominiums. The rest of the condominium stock is found in largely in residential buildings converted from rentals or owner occupied two or three family structures. As a result, condos are found throughout Cambridge in all building types, from Victorian homes to townhouses to modern high rises. The rate of conversion to condominiums has slowed in the last few years, but condominium conversions still continue in the city.

During the 1970s the bulk of converted buildings had 4 or more units. By the late 1980s and early 1990s the conversion market had come to focus on two and three family buildings, many converted from owner occupancy. The last 15 years have seen an upswing in the number of mid-size 4 to 13 units buildings converted to condominiums, but two and three families still comprise 70% of conversions. There was also a surge in the construction of condominiums, including townhouses, during the 1980's in response to an overheated housing market and again in late 1990's after the end of rent control. In recent years a substantial number of new luxury market units have been built for owner-occupancy.

The increasing number of condominiums has been one of the factors fueling price increases in both the rental and ownership markets. The rental supply has been constricted by conversions to condominiums, which has had a role in driving up rents. Also, the wholesale conversion of two and three family buildings has led to a fundamental shift in the market for these types of homes. At one time two-families, in particular, provided a point of entry to the housing market. Many of these buildings were both reasonably priced and offered the guarantee of rental income from a second unit. Now two family homes are priced more like two individual and independent units, since many of these smaller structures could easily be converted to condominiums and offer a quick profit, compared to long term rental income.

#### **D.4 Housing Tenure**

Historically, the majority of housing units in Cambridge have been renter occupied. From 1950 through 1980 the Census recorded between 77% and 81% renter occupancy. After a steady stream of condo conversions and a moderate amount of new condo construction, the percentage of owner occupancy began to increase. By the time of the 1990 Census 30% of housing units were owner occupied. The 2000 Census recorded another small increase to 32% owner occupancy. The 2011-2013 ACS recorded an owner occupancy rate of 36%. While new construction accounts for some of the increase, conversion of existing rental units to condominiums accounts for more than half of the increase.

The 2011-2013 ACS made it clear that not only are there substantially more renters than owners in Cambridge but that renters have lower incomes than owners. The ACS reported a citywide median household income \$73,780 in inflation adjusted 2013 dollars. In contrast, the median income for renters was \$56,178. Owners reported a median income of \$110,145 in inflation adjusted 2013 dollars. While this is a substantial gap, the relative difference between the two median incomes has narrowed in recent years. The 2011-2013 found that the median renter income was 49% less than that of owners. In contrast the 2007-2009 ACS found the gap to be 56%. The narrowing appears to be a product of both increasing renter income and stagnating owner income.

In terms of numbers of households eligible for affordable housing, the 2007-11 Consolidated Planning data set reported that 16,925, or 52%, of all households had extremely low, low and moderate-incomes. The figure was 48% for renters and 17% for homeowners.

#### **D.5 Housing Costs**

The boom in the real estate market in the Boston region during the 1990's and early 2000's, coupled with the end of rent control in the mid-1990s, had a dramatic impact on the cost of housing in Cambridge. The median price of both single-family and two-family homes doubled during the 1990s to \$525,000 and \$550,000 respectively. In addition, the median price of condominiums almost doubled to \$302,500.

Since then, Cambridge housing prices have been sustained by the City's strong employment base underpinned by universities and pharma and technology sectors, combined with ready access to public transportation and amenities such as parks and nightlife. Though a strong market has attracted a substantial investment in new market rate housing production, as well as sustained growth in affordable housing, prices continued to rise steadily through the early part of the decade further reducing affordability. After a temporary slowdown during the recession, the housing market has moved past the previous high of 2005. Despite increased production, the cost of owning or renting in Cambridge is increasingly out of reach for low, moderate and middle-income households.

As of 2014, median sales prices were \$858,300 for a single family, \$775,000 for a two family, and \$510,000 for a condominium.

The following table summarizes median Cambridge housing prices over the past 15 years:

Table 4 – Housing Prices

	<b>Single Family</b>	<b>Two Family</b>	<b>Condominium</b>
<b>1995</b>	\$275,250	\$263,000	\$159,000
<b>2000</b>	\$525,000	\$457,500	\$302,500
<b>2005</b>	\$725,000	\$709,000	\$419,500
<b>2010</b>	\$685,000	\$615,000	\$415,000
<b>2014</b>	\$858,300	\$775,000	\$510,000

Since the end of rent control in 1996, rents in Cambridge have continued to rise. At that time typical rents stood at \$1,000 for a one bedroom apartment, \$1,200 for a two bedroom, and \$1,500 for a three bedroom unit. Since 2000, many large rental developments have come on line and both Harvard and MIT have expanded their campus housing opportunities for graduate students. These events increased the rental housing supply in the middle and upper ends of the market. Nonetheless, in the past ten years, rental prices have increased, with a dramatic rise in the past five years. According to the Community Development Department survey of asking rents, in September 2014, the median rents for the City of Cambridge were \$2,583 for a one bedroom, \$2,950 for a two bedroom and \$3,400 for a three bedroom.

At current levels there are numerous affordable market rate housing options for middle income households, those at or above 100% of median income, limited options for moderate income households, and essentially no options for low and extremely low income households. Low and extremely low income households without subsidy are shut out of the Cambridge rental market.

Table 5 – Rental prices

	<b>One Bedroom</b>	<b>Two Bedroom</b>	<b>Three Bedroom</b>
<b>1997</b>	\$1,000	\$1,200	\$1,500
<b>2000</b>	\$1,383	\$1,817	\$2,000
<b>2005</b>	\$1,500	\$1,995	\$2,200
<b>2010</b>	\$1,725	\$2,180	\$2,613
<b>2014</b>	\$2,583	\$2,950	\$3,400



## **D.6 Cost Burden**

Given the cost of housing in Cambridge, it is not surprising that a large number of households pay more than 30% of their incomes on housing-related costs; and that a substantial number pay more than 50%. The cost burden is greater among renters than owners. According to 2007-2011 ACS, 45% of renters in Cambridge are paying more than 30% of their income for housing compared to only 27% of homeowners.

Low and moderate-income households bear substantial cost burdens. While 70% of all low- and moderate-income households are cost burdened, only 19% of households earning more than 80% of median income face the same economic challenge.

The most affected group are low-income renters (e.g. earning between 30% and 50% of median income), 80% of whom pay more than 30% of their income on housing. Among all very low and low-income renters (e.g. earning less than 50% of median), 70% pay more than 30% of their income on housing and 53% pay more than 50%. Among moderate-income renters (e.g. earning between 50-80% of median), 73% pay more than 30% of their income on housing and 25% pay more than 50%. Among renters earning over 80% of median, only 21% pay more than 30% of income on housing and 2% pay more than 50% of income on housing.

## **D.7 Lead Based Paint Hazards**

Like many older cities, more than 70% of the housing stock in Cambridge was built prior to 1950, when virtually all residential paints contained lead. To address lead paint hazards in older housing, Massachusetts laws require landlords who rent properties built before 1978 (when lead was banned from paint in the U.S.) to families with children under the age of six to have their properties de-lead by a licensed lead paint abatement contractor. This regulation was passed to prevent childhood lead poisoning by encouraging the creation of lead-safe housing. An unintended outcome of the law is that some landlords may attempt to avoid complying by rejecting applications from households with children under age six.

From 1995 to 2010, the City of Cambridge administered the Lead Safe Program that provided funds to homeowners to help them de-lead their homes. The Program was funded through HUD's Healthy Homes and Lead Hazard Control NOFA. During its 15 years of existence, the Lead Safe Program funded the de-leading of over 800 housing units in Cambridge. In addition the Cambridge Housing Authority has a de-lead program that has de-lead over 800 housing units.

Currently the City of Cambridge offers a Home Improvement Program (HIP) that provides funding to eligible homeowners for rehabilitation. The funds can also be used to de-lead both the homeowner's units and eligible rental units. Another option for de-leading is the MassHousing Get the Lead Out Program. As part of the standard

rehabilitation work done on low and moderate-income residential units the City's non-profit partners utilize this program in conjunction with their CDBG funds. Get the Lead Out is run as a partnership with the Massachusetts Departments of Public Health and Housing and Community Development.

## **D.8 Public Housing**

The Cambridge Housing Authority's (CHA) maintains over 2,500 hard units of housing across the City of Cambridge. At the time of this writing, CHA is in the process of migrating federal public housing operating and capital funds to Section 8 project-based subsidies. CHA is using HUD's new demonstration effort, the Rental Assistance Demonstration (RAD), to make this conversion. Additionally CHA is exercising its Moving to Work (MTW) authority to provide supplemental operating assistance so that there is sufficient operating income to allow properties to take on debt. Debt, coupled with the significant equity contribution from Low Income Housing Tax Credits (LIHTC) investors then drives the redevelopment of all our existing federal public housing properties.

All of the RAD units will be redeveloped through Limited Liability Corporations (LLCs) using non profit affiliates. The LLCs will then contract back to CHA for fee management services. This transformation will require CHA's full attention for at least the next two years as the CHA establishes the proper operating and business process changes needed to succeed in reshaping the housing stock and our organization.

Implementation consists of RAD Phase I (1,153 federal public housing units, of which Putnam Gardens will be the first to undergo substantial modernization improvements) already underway in 2015 and RAD Phase II (979 remaining federal public housing units), currently in the planning phase. The core goal is to integrate MTW with RAD as premised in the RAD Revision to our FY15 Annual Plan. CHA will continue to operate our housing, subject to tax credit and related requirements, as closely as possible to the current public housing program (especially resident protections and the current MTW rent simplification).

In addition to RAD, Jefferson Park State (CHA's last large state-supported property of 109 units) will be completely demolished and replaced with construction of 104 new units of Project-Based Section 8 housing. CHA will use its MTW authority to execute a HAP contract for those units and continue operating the site with their Public Housing policies retained.

Temple Place is a 100% low-income housing tax credit (LIHTC) property that will complete construction and be fully leased up by the close of CHA's FY16. It is anticipated that the units at Temple Place (25 two-bedroom units and 15 one-bedroom units) will be used to assist with the extensive relocation needs triggered by RAD.

Lastly, in 2015, HUD Special Applications Center approved the disposition of Millers River under Section 18 of the U.S. Housing Act of 1937. The 302-unit senior/younger

disabled building in East Cambridge will be completely revamped and modernized fully in place. The site has capital needs totaling \$60 million and as part of the disposition process, tenant protection vouchers will be provided. CHA will use its MTW authority to project-base these vouchers and create another opportunity for tax credit equity investment and debt on the property. Although the approach through disposition is different from RAD, the project will adopt the same financing mechanisms used in RAD to meet its capital needs.

#### IV. EVALUATION OF CAMBRIDGE'S CURRENT FAIR HOUSING LEGAL STATUS

##### A. Fair Housing Complaints Filed at the Cambridge Human Rights Commission

From fiscal years 2009 through 2014, one hundred and seventeen (117) cases of housing discrimination have been processed at the Cambridge Human Rights Commission. 94 of those cases were covered by the federal Fair Housing Act. The other 23 cases were covered under state and city laws and ordinances, where the discrimination was not covered by the Fair Housing Act (sexual orientation and source of income). The three tables below provide details on the types of cases according to protected class and the disposition of those cases.

**TABLE 6:** This table shows the type of cases according to protected class that were filed in each of the last six years

	2009	2010	2011	2012	2013	2014	Total
<b>Disability</b>	6	6	8	7	4	6	37
<b>Family Status</b>	3	2	3	0	4	0	12
<b>Marital Status</b>	0	2	0	0	3	0	5
<b>Source of Income</b>	1	4	2	1	2	2	12
<b>Race &amp; Color</b>	5	0	4	2	7	1	19
<b>National Origin</b>	1	1	1	1	2	0	6
<b>Sex</b>	1	1	0	0	2	0	4
<b>Retaliation</b>	2	3	2	1	1	2	11
<b>Religion</b>	0	0	1	1	2	0	4
<b>Age</b>	1	0	0	0	0	0	1
<b>Total Cases</b>	20	19	21	13	27	11	111

**TABLE 7:** This table shows the disposition of the cases according to protected class within the past six years.

	<i>Settled</i>	<i>Lack of Probable Cause</i>	<i>Probable Cause</i>	<i>Withdrawn</i>	<i>Lack of Jurisdiction</i>	<i>Open</i>	<i>Reactivated</i>	<i>Lack of Cooperation</i>	<i>Admin Closure</i>	<i>Total</i>
<b>Race &amp; Color</b>	1	14	3	0	0	1	0	0	0	19
<b>Marital Status</b>	0	2	1	0	1	1	0	0	0	5
<b>Sex</b>	1	1	0	0	0	1	0	0	0	3
<b>Source of Income</b>	0	10	3	0	0	0	0	1	0	14
<b>Disability</b>	3	19	5	4	0	3	0	0	1	35
<b>National Origin</b>	0	6	0	0	0	0	0	0	0	6
<b>Familial Status</b>	1	4	3	3	0	2	0	0	0	13
<b>Sexual Orientation</b>	0	0	0	0	0	3	0	0	0	3
<b>Retaliation</b>	0	7	3	1	0	3	0	0	0	14
<b>Religion</b>	0	2	1	1	0	0	0	0	0	4
<b>Age</b>	0	1	0	0	0	0	0	0	0	1
<b>Total Cases</b>	6	66	19	9	1	14	0	1	1	117

*Please note: The total number of cases filed and the total number of cases disposed may not agree because cases may be filed in different years than they are disposed.*

**TABLE 8:** This table shows the disposition of the cases covered under the federal Fair Housing Act, versus those cases that are not covered by the federal Fair Housing Act, but are covered under state and city ordinances

	<i>Settled</i>	<i>Lack of Probable Cause</i>	<i>Probable Cause</i>	<i>Withdrawn</i>	<i>Lack of Jurisdiction</i>	<i>Open</i>	<i>Reactivated</i>	<i>Lack of Cooperation</i>	<i>Admin Closure</i>	<i>Total</i>
<b>HUD Cases</b>	6	53	14	9	0	10	0	1	1	94
<b>Non HUD, CHRC Cases</b>	0	13	5	0	1	4	0	0	0	23
<b>Total Cases</b>	6	66	19	9	1	14	0	1	1	117

*Please note: The total number of cases filed and the total number of cases disposed may not agree because cases may be filed in different years than they are disposed.*

**B. Summary of Trends or Patterns**

Over the last six years, the majority of cases filed at the CHRC involved allegations of discrimination based on disability, race/color, familial status, source of income and retaliation. When these cases are examined by outcome, we see the highest number of probable cause cases (5) filed on the basis of disability, followed in number (3) by source of income, race/color, family status and retaliation, with the highest number of settled cases (3) filed on the basis of disability.

Cases filed with the CHRC on the basis of disability often involve issues of reasonable accommodation in policies and modification of premises for current occupants, while cases filed on the basis of familial status and source of income most frequently involve refusal to rent situations. There is some amount of ignorance of the law by some of the property owners named in these matters. The distribution of cases suggests that many property owners are either unaware of or choose to ignore their responsibilities involving the granting of reasonable accommodations and modifications, their responsibility to make property lead-safe and the acceptance of Section 8 vouchers.

Most recently, the CHRC has partnered with the National Center for Lesbian Rights (NCLR), Gay and Lesbian Advocates and Defenders (GLAD) and local community organization Youth on Fire (YOF), which serves homeless LGBTQ youth, about LGBTQ housing rights and changes in the federal law as a result of HUD's Equal Access Rule. CHRC also partnered with the Boston Office of Fair Housing & Equity in its programs addressing Childhood Lead Paint Poisoning and Enforcement of Lead Laws through Discrimination Law Enforcement. CHRC works in networks with other metro-Boston and greater Massachusetts FHAP & FHIP agencies, to address issues of mutual concern and to share best practices.

## V. ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

### A. *Public Sector*

#### A.1 Zoning and Site Selection

The Cambridge Community Development Department (CDD) has worked for many years to support zoning policies that would promote incentives to encourage developers to provide affordable housing throughout the city. In March 1998, the Cambridge City Council passed an Inclusionary Zoning Ordinance that requires any new or converted residential development with ten or more units to make 15% of the units affordable to low and moderate income households. In return, the developer receives up to a 30% increase in density. CDD staff monitors compliance with this ordinance and works with the private developers to design and implement the marketing and sale or leasing of units to low-income residents. The Inclusionary Zoning Ordinance has resulted in the creation of more than 820 affordable units now complete or under construction.

Cambridge also has an Incentive Zoning Ordinance for commercial development over 30,000 square feet requiring special permits. This ordinance provides for payments to the Affordable Housing Trust to be used to create and preserve affordable housing. In 2015, based on the findings of an updated Incentive Zoning nexus study, CDD recommended increasing the Incentive contribution rate from the current \$4.58 per square foot to \$12.00 per square foot.

In addition, a city-wide rezoning effort in 2001 made housing a by-right use in all zoning districts, streamlined the process for converting industrial buildings to residential buildings and reduced the commercial floor area ratios (FARs) to encourage and promote the development of new housing around the City.

Cambridge is a very built-up city with very little vacant land available for development. But the city, through CDD and partner affordable housing developers, does attempt to make use of what vacant land is available to create affordable housing. The city has occasionally used city owned land in the past. There is, however, strong competition from the private sector to use any vacant land or any available property for the development of high end market-rate housing. This competition has driven prices for land and buildings even higher and made development of affordable housing more difficult.

#### A.2 Neighborhood Revitalization

Cambridge began its Neighborhood Revitalization Strategy (NRS) in 2002. Following HUD mandated guidelines the City has identified those portions of Cambridge most in



need of targeted funds and programs. The city currently has two NRS areas, one in the eastern part of the City that runs from Charles River across Central Square to the Somerville line and another in the north part of the city that incorporates much of northern Massachusetts Avenue, as well as the Rindge Housing Towers, and extends to the Arlington Line.

The NRS program is aimed primarily at the stabilization of neighborhoods through assistance to middle income homeowners and economic empowerment for low-mod-income residents through job and financial awareness training and small business assistance. Cambridge plans on re-submitting its NRS to coincide with the next five year consolidated plan that will run from 2016 to 2020.

There are a number of successful programs in the NRS areas that help both residents and business owners in the neighborhood. There are currently four programs that target the NRS areas – Cambridge Biomedical Careers Program, Best Retail Practices, Cambridge Entrepreneurship Assistance Program, and Business Development workshops.

The Cambridge Biomedical Careers Program is run by Just-A-Start. This free nine-month certificate program is only available to income eligible residents of one of the two NRS areas of Cambridge. The program includes a comprehensive laboratory skills course, as well as career counseling and job placement assistance. After the course, participants of the program come out with nineteen (19) college credits from Bunker Hill Community College. The program prepares participants for a variety of jobs within the Cambridge biomedical community, including laboratory technician/assistant, quality control technician, biotechnology manufacturing assistant, and animal care technician.

The Best Retail Practices (BRP) Program reaches out to Cambridge retailers and restaurant owners seeking to improve their establishments' interior appearance, marketing, advertising, and operations. Components of the Program include free workshops covering such topics as best practices in interior design, marketing and management. In addition to the workshops, the program offers individual in-store consultations and grant assistance. The program is offered to income-eligible micro-enterprises and those business owners who are both located within and serving the residents of one of the two NRS areas. The program has a track record of helping participants increase sales by an average of 10%.

The Cambridge Entrepreneurship Assistance Program (CEAP) is a collaboration between The Capital Network (a local non-profit) and the City to provide fundraising education to early-stage entrepreneurs. The Cambridge Entrepreneurship Assistance Program provides five (5) NRS eligible Cambridge early-stage entrepreneurs in the consumer products, clean energy, high tech, and life sciences clusters a scholarship to participate in The Capital Network's Accelerated Education Program.

The Economic Development Division works with the Center for Women & Enterprise, Commonwealth of Massachusetts, and local organizations to provide business development programs and services to Cambridge residents, entrepreneurs, and

businesses. Workshops and seminars are offered to income-eligible micro-enterprises and those business owners who are both located within and serving the residents of one of the two NRS areas. The program has provided assistance to over 500 people since 2007.

### **A.3 Public Housing Authority Tenant Selection**

Cambridge Housing Authority's (CHA) tenant selection policy and waiting list preferences remain largely the same, with two noteworthy changes. First, CHA restructured its site-based waiting lists in order to better accommodate public housing applicants. Smaller, slower waiting lists merged into existing lists for larger developments. The restructured waiting lists went into effect on April 8<sup>th</sup>, 2013. Overall, the transition went smoothly and has resulted in greater balance between lists, increased fairness and opportunity for applicants, and decreased vacancy times.

Second, over the next three to five years, CHA is embarking on an unprecedented amount of capital improvement activity throughout its public housing portfolio as part of its participation in the HUD Rental Assistance Demonstration (RAD) Program. The activities are divided into two phases and a review of the construction work planned for Phase I of RAD indicates that temporary relocation of residents will be required for at least three of the sites. Although each of the three projects involving relocation are anticipated to have staggered relocation requirements, the efficiency of the project administration will be significantly enhanced by stockpiling as wide a variety of vacant units throughout the portfolio to provide sufficient options to meet the varied relocation needs of the residents impacted. In November 2014 CHA anticipated needing approximately 250 public housing units to meet the relocation needs for RAD and at the time were approximately 200 units short of that goal. As a result CHA has decided to hold any newly vacated units in the foreseeable future, as part of the RAD conversion. On January 1, 2015, the Family and Elderly/Disabled Public Housing Wait Lists were closed and CHA has not been taking applications for either of these lists.

In conjunction with CHA's RAD conversion, the agency has undertaken extensive analysis of the existing waiting lists and engaged in conversations with legal services and Alliance of Cambridge Tenants (ACT) regarding RAD's impact on the waiting list. CHA is sensitive to the fact that holding units to meet RAD's relocation needs will mean that applicants, some of whom have been screened and certified, will sit in their current position on the waiting lists until units are released in late 2016 or early 2017. As a result, in March 2015 CHA decided that 250 housing choice vouchers will be allocated to current family and elderly/disabled public housing waiting list applicants that will be impacted by RAD relocation efforts.

### **A.4 Sale of Subsidized Housing and Possible Displacement**

The City has had great success at addressing the preservation needs of expiring-use properties in Cambridge. In the last five years, the City has successfully preserved seven of the 10 properties which had been subject to affordability restrictions which were due to

expire by 2021. The three remaining developments, containing a total of 670 units, have affordability restrictions which will begin expiring in the next five years. One of these properties, containing 154 units, is in the process of being preserved through an anticipated sale to a non-profit preservation buyer. The City is in contact with the owners of the two remaining properties and will make every effort to ensure that no affordable unit is lost.

In addition, through the Cambridge Economic Opportunity Committee (CEOC), the City funds a Tenant Organizer who works directly with tenants living in expiring use buildings that may be at-risk of being converted to market-rate housing. The City's housing preservation strategy also includes enforcing local use restrictions resulting from zoning or tax agreements.

### **A.5 Property Tax Policies**

The property tax rates in Cambridge favors residential over commercial uses. The proportion of residential versus commercial tax revenues is decided by the City Council within limits set by State law which requires residential taxes to be limited to 60% of the equalized tax rate. The FY15 residential exemption is \$239,500, which results in a tax bill reduction of \$1,872.89 for those residents that are both owners and occupiers of the property. This is one of the highest exemptions allowed by law. There is no tax policy, however, that specifically favors affordable housing.

Local real estate taxes levied on residents and businesses help to cover the costs of all the programs in the Plan either through project delivery costs or actual "bricks and mortar" costs. It also provides some funding for the City's Community Preservation Act (CPA). The city's funding of the CPA is then matched by funds from the Commonwealth of Massachusetts.

### **A.6 Planning and Zoning Boards**

A typical affordable housing project may require approvals from several City agencies, such as the Historical Commission, the Board of Zoning Appeals, and the Inspectional Services Department. Since affordable housing projects operate on a tight budget, it is important to receive the necessary public approvals as expeditiously as possible. The City of Cambridge has developed excellent informal networks to help the developers of affordable housing move through the process as quickly as possible. The city agencies have been supportive of affordable housing and understand the timing that is needed.

## ***B .Private Sector***

### **B.1 Mortgage Lending**

There are many lending institutions that provide funding for low and moderate individuals who purchase an affordable home in Cambridge. Some of these are located in Cambridge, while others are regional or national institutions. Many of these same lending institutions provide some of the financing for development of low and moderate income housing projects in Cambridge. Over the past five years, CDD has assisted over 140 applicants that have purchased an affordable house in Cambridge and used these lending institutions. Many of these applicants have been minorities, some of these applicants have had disabilities. The CDD staff has not seen or been aware of any patterns of discrimination from any of these lending institutions when they are processing mortgage applications

There are a number of financial lending programs that help moderate and low income applicants receive funding for their mortgages. The program that was used the most for many years was the SoftSecond Program that was available to offer second mortgages to low- and moderate-income first-time homebuyers, to reduce their first mortgage amounts and to lower their initial monthly costs. A few years go this program was transformed into the ONE Mortgage program that offers similar advantages to low and moderate homebuyers but has an easier process where there is only one mortgage rather than two. For eligible home buyers, the ONE Mortgage offers low downpayment, lower interest rates than the market rate, and no Private Mortgage Insurance (PMI). This program has increase sustainability and has helped minorities be successful in home ownership.

### **B.2 Rental Housing**

Brokers, property managers, and individual landlords and property owners who show rental units or homeownership units to prospective tenants and homeowners must follow fair housing laws. Housing professionals who hear from housing consumers about issues they have in renting units report that some private owners and managers of rental units may not be aware of the applicable fair housing regulations. Access to technical assistance for fair housing questions and education for property managers, brokers and landlords would increase the knowledge of fair housing requirements.

Housing search professionals reported that some landlords do not understand Section 8 regulations. These tend to be the owners of properties with a smaller number of units. Because of their lack of knowledge they are afraid of the inspections that happen if they have a Section 8 tenant. As a result these landlords avoid accepting a tenant with Section 8 assistance.

Housing search professionals have also stated that the companies that do CORI checks for landlords or property managers do report errors for the applicants. These errors can be corrected, but it takes time to correct the errors and even after the errors have been corrected, the damage to the applicant's reputation as a good tenant can remain for some time.

Some tenants or applicants looking to rent may not know their rights as tenants under fair housing laws. They might be discriminated against but are not lodging an official complaint because of their lack of knowledge. Resources and education for tenants which would assist in their understanding their legal rights under fair housing laws could address this.

Housing professionals believe that other tenants who do know their legal rights and do feel that they are discriminated against, many times choose not to go through the legal complaint process. These applicants decide that they do not have the time or resources to go through that process. Their primary focus is getting a place to live as soon as possible and finding a landlord who does not discriminate against them.

### ***C. Public and Private Sector***

#### **C.1 Fair Housing Enforcement**

The Cambridge Human Rights Commission (CHRC) is a city law enforcement agency that investigates complaints of discrimination that occur in Cambridge in housing, employment, education and public accommodation. With regard to Fair Housing enforcement, the CHRC is a FHAP agency which investigates dual-filed fair housing complaints under a Memorandum of Understanding and Cooperative Agreement with HUD. The Cambridge Municipal Code allows the Commission to investigate Fair Housing complaints on the basis of race, color, sex, age, religious creed, mental and physical disability, national origin or ancestry, marital status, familial status, sexual orientation, military status and source of income. In addition to investigating, mediating and processing discrimination cases, the Commission aids the City of Cambridge by educating both businesses and residents, providing community outreach, and cooperating with other city, state and federal agencies.

#### **C. 2 Informational Programs**

The City's Human Rights Commission is an agency that affirmatively seeks to eliminate all prohibited practices under the City's Municipal Code. To this end, the Commission conducts community outreach to address issues of discrimination in Cambridge. The CHRC provides Fair Housing trainings to Adult Basic Education and English Language Learner programs, community organizations and schools and holds an annual Fair Housing poster and essay contest for students in grades 5-8. The CHRC has an annual Fair Housing month celebration to honor contest winners and commemorate Fair Housing Month. The CHRC has a website and brochures available in multiple languages

to help educate community members about their rights. Additionally, the CHRC publishes an annual newsletter which provides the public with equal housing opportunity information and links to the Commission's services. Most recently, the CHRC has partnered with the National Center for Lesbian Rights (NCLR), Gay and Lesbian Advocates and Defenders (GLAD) and local community organization Youth on Fire (YOF), which serves homeless LGBTQ youth, about LGBTQ housing rights and changes in the federal law as a result of HUD's Equal Access Rule. CHRC also partnered with the Boston Office of Fair Housing & Equity in its programs addressing Childhood Lead Paint Poisoning and Enforcement of Lead Laws through Discrimination Law Enforcement. CHRC works in networks with other metro-Boston and greater Massachusetts FHAP & FHIP agencies, to address issues of mutual concern and to share best practices.

***A. Actions to be Taken if there is a Determination of unlawful Segregation or other housing discrimination by a court***

Not Applicable

## **VI. ASSESSMENT OF CURRENT PUBLIC AND PRIVATE FAIR HOUSING PROGRAMS AND ACTIVITIES**

Over the last five years 1370 units of affordable housing in the City of Cambridge have been created or preserved over the last 5 years. Likewise, more than 140 families have become homeowners by purchasing units offered through City housing programs, and the City has assisted in leasing more than 280 rental units to eligible tenants in the past five years. Additional affordable units have been completed by non-profit housing agencies and the Cambridge Housing Authority, all of which help to preserve the diversity of the community.

All units assisted by the City house families of low and moderate-income. Through targeted outreach, the City has filled barrier-free units with households who benefit from those features, and has worked with local non-profits to create affordable units for residents with special needs. City staff have also worked with tenants and owners to address requests for reasonable accommodations in City-assisted units.

The Cambridge Human Rights Commission has continued its work promoting awareness of fair housing requirements and investigating complaints of housing discrimination. The Commission held its annual Fair Housing Month events in April, 2015 which engage the community on fair housing issues and assist in making more residents aware of their right to fair housing. Commission staff have also assisted tenants, prospective tenants, and housing providers with fair housing concerns and questions.

To further assist residents looking for affordable housing, the City continues to offer the following programs:

### **Community Development Block Grant Program**

The City of Cambridge is an entitlement City that annually receives a direct allocation of CDBG funds. A majority of the City's CDBG funds are used for affordable housing development activities and services, such as acquisition, rehabilitation, and new construction of affordable housing units by non-profit housing development agencies in Cambridge. The CDBG funds leverage additional funding from state, local and private sources. These resulting affordable units are occupied by renters and homeowners who have low and moderate incomes. The CDBG funds also supports a variety of housing services and activities, including case management, tenant and landlord mediation services, for low and moderate income residents. The funds also support homelessness prevention and other services for the homeless.

### **HOME Entitlement Grant**

The City of Cambridge is a participating jurisdiction that receives HOME entitlement funds that assist in carrying out the City's housing strategies. These housing strategies include providing loans to support the acquisition, new construction, and rehabilitation of affordable rental and homeownership housing units for low- and moderate-income households. These funds have also leveraged other public and private funds to help make



new projects feasible. The affordability of the housing is protected through long-term deed restrictions.

### **Cambridge Affordable Housing Trust**

The City established the Cambridge Affordable Housing Trust in 1989 to promote, preserve and create affordable housing. Since 1995, the Trust has received a significant funding through the Community Preservation Act (CPA). The CPA funds are a combination of city property tax surcharges and matching funds from the state. In FY2015, the Trust received \$10 million through the CPA. The Trust lends these funds to local nonprofit housing development organizations to develop affordable housing for low and moderate income residents. The Trust also administers the Harvard 20/20/2000 Loan Fund in Cambridge. Under this Harvard University initiative, the Trust manages a \$6 million low-interest loan fund to provide low-interest loans for construction and permanent financing for the development of affordable housing. The trust also received contributions from commercial developers through the Incentive Zoning Ordinance. Passed by the City Council in 1988, the ordinance requires large commercial developers seeking a Special Permit to make a contribution of to the Cambridge Affordable Housing Trust Fund in the amount of \$4.58 per square foot.

### **Limited Equity Unit Resales**

For limited equity units that have been developed with City support, the Community Development Department and local nonprofit agencies make affordable units available to low- and moderate-income first-time homebuyers. The resale of affordable owner-occupied units is controlled through deed restrictions that limit the price and target the availability of these units to low-income buyers. On average, ten to twelve units are resold to First Time Homebuyers each year.

### **Inclusionary Zoning Program**

The City of Cambridge has an Inclusionary Zoning Ordinance that requires any new or converted residential development with ten or more units to set aside 15% of the total number of units as affordable units. The Community Development Department implements the program and monitors compliance with this ordinance. Staff work with the private developers to design and implement the marketing and sale or leasing of units to low and moderate-income Cambridge residents. Since the Ordinance was passed in 1998, more than 800 affordable units have been permitted in all areas of the City. Long-term affordability of these units is ensured by a permanent deed restriction.

### **Fair Housing Initiatives**

The Cambridge Human Rights Commission receives an annual allocation of Fair Housing Assistance Program (FHAP) funds from HUD in support of their fair housing investigation and enforcement activities. The FHAP grants are allocated to local Fair Housing Agencies, on an as-needed basis, for their education and outreach work through the formula grant proposal system used. The amount of FHAP grant awarded is based on the number of housing complaints resolved in that particular fiscal year.

**Downpayment and Closing Cost Assistance**

The City offers downpayment and closing cost assistance to income-eligible first-time homebuyers purchasing a home in Cambridge. Qualified buyers are eligible for assistance in an amount of up to 6% of the purchase price, or \$10,000, whichever is greater. This assistance is in the form of a grant, with 20 percent of the grant forgiven each year over a five-year period provided the buyer uses the home as their primary residence.

**Homebuyer Classes and Counseling**

The City offers a free four-week workshop which provides participants with an overview of the home buying process from professionals that are involved in the process. Classes include a combination of presentations by City homebuyer counselors and local real estate professionals. The classes are held 10 times per year. The topics include, credit, finding a home, qualifying for a mortgage, home inspections, and the purchase process. Class graduates are eligible for individual counseling to help them tailor a plan for achieving homeownership. Mortgage products for first-time homebuyer and City affordable housing programs require individuals to complete the first-time homebuyer course in order to receive financial assistance

**Financial Assistance Program for First-time Homebuyers**

The City provides financial assistance income to eligible first-time homebuyers who are interested in purchasing homes in Cambridge on the open market. This assistance is available to residents earning up to 100% of the area median income who have graduated from the City's First-time Homebuyer class, and is combined with individual homebuyer counseling from City staff to help families become homeowners. Units remain affordable under the terms of a deed restriction held by the City. This program is funded by the Cambridge Affordable Housing Trust.

**ONE Mortgage Program**

ONE Mortgage program is a mortgage product available in Massachusetts that increases homeownership opportunities to low and moderate income first time homebuyers. For eligible home buyers, the ONE Mortgage offers low downpayment deposit, lower interest rates than the market rate, and no Private Mortgage Insurance (PMI). This program has increased sustainability and has helped minorities be successful in home ownership.