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## CITY OF CAMBRIDGE

Community Development Department

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# Affordable Housing Trust

December 16, 2020, 4:00 p.m.

To participate in this meeting hosted on the Zoom video meeting platform, please register using this [link](https://cambridgema.zoom.us/webinar/register/WN_YkFDhCxrQLiu8WTBsFt8Sg) in advance of the meeting.

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## AGENDA

- Review of Meeting Minutes
- Update from the Community Development Department
- Homeownership Resale Program: CDD is requesting that the Trust commit \$2 million in CPA funds to the Homeownership Resale Fund to assist with upcoming resales while CDD launches a revamped unit showing process to restart sales repurchased homes to new buyers through the Homeownership Resale Program;
- Adjournment

CAMBRIDGE AFFORDABLE HOUSING TRUST  
MEETING MINUTES  
November 19, 2020 at 4:00 p.m.

Conducted virtually via Zoom

Trustees Present via Zoom: Louis DePasquale, Chair; Bill Tibbs, Peter Daly, Florrie Darwin, Elaine DeRosa, Gwen Noyes, , Jim Stockard, Elaine Thorne

Trustees Absent: Susan Schlesinger

Staff Present via Zoom: Iram Farooq, Asst. City Manager for CDD; Chris Cotter, Housing Director; Cassie Arnaud, Housing Planner; Janet Haines, Associate Housing Planner; Maura Pensak, Housing Liaison to the City Manager; Linda Prosnitz, Housing Planner; Emily Salomon, Associate Housing Planner

Others Present via Zoom: Mayor Sumbul Siddiqui, Jessica De Acevedo, Gregggy Bazile, Michael Brandon, Mary Baine Campbell, Bo Fuji, Aleida Inglis, Edward Kawash, Michael Kennedy, Peter Kroon, Marilee Meyer, Matt Pesci, Jeff Rosenblum, Dana Schaefer, Colin Wilson

The acting chair, Florrie Darwin, called the meeting to order at 4:03 p.m. prior to the Chair joining the meeting. Chis Cotter explained that this meeting of the Affordable Housing Trust would be held virtually pursuant to the temporary emergency orders currently in place, and that all votes would be taken by roll call, and that there would be no public comment. Mr. Cotter then coordinated to confirm that each participant was audible to each of the other Trust members.

The Chair, City Manager DePasquale joined the meeting at 4:06 p.m.

#### **MEETING MINUTES**

Upon a motion moved and seconded, it was voted unanimously by a raise of hands to approve the minutes for the meeting of Thursday, October 22, 2020.

#### **UPDATE FROM CDD**

**HomeBridge:** There are nine approved buyers seeking units with one home under agreement. Inventory is limited, but approved buyers continue to look for units to purchase. To date, 70 units have been purchased by first-time homebuyers through HomeBridge and the City's prior financial assistance programs.

**Homeownership Resale Pool:** In response to COVID-19, city staff are adapting the typical process to show new units to prospective buyers in the Resale waiting pool, which will be launched in the next few weeks. The new process will include a video tour of each property. There are 18 units in the queue to be shown, with new units coming into pipeline. There may be the need for additional funding to repurchase units since there is a backlog of units that have not been shown because of the pandemic.

**Finch Cambridge:** Construction is complete, and the property is fully leased up and occupied. Due to the pandemic, HRI has been unable to showcase the property to the public but is working with the City to provide a video tour/virtual walk-through of the building.

**Vail Court:** Litigation continues with no news to report as the case continues.

**SquirrelWood:** Construction was delayed due to the pandemic but is on schedule to be completed in early 2021. Some units are already online, and others will be phased-in over the next few months. The construction delays incurred significant cost increases, which are being monitored by staff.

**Frost Terrace:** The application process began on Nov. 9 and is open through mid-January 2021. Applicants will be selected via a lottery process. Construction is anticipated to be complete by late-Winter/early-Spring 2021, with occupancy in May 2021.

**2072 Mass Ave.:** Capstone/Hope held their first public meeting for the project in September 2020 and is holding another community meeting next week. The project will be seeking a comprehensive permit and will be applying for state funding in the upcoming application round with the goal of securing permitting and financing in order to begin construction in 2022.

**52 New Street:** Just A Start is planning for the development of their New Street site, including the community and permitting processes, with a goal to secure permitting and financing to begin construction in 2022.

**ParkView Cooperative:** City staff met with Cooperative residents in early October to discuss their concerns about the City's proposed terms and conditions and to identify areas that are workable for the residents. The Cooperative is revising their operating budget and preparing for further discussion of terms and conditions of funding with the Trust; staff expect to hear from the Coop in the next few weeks.

**Fresh Pond Apartments:** HUD has approved the new affordability program terms for the remaining third of the units which will take effect when the current use agreement expires. HUD has also approved the owner's request for Enhanced Vouchers which will facilitate the transition to the new affordable program. The Cambridge Housing Authority will be administering the Enhanced Vouchers and is screening for eligibility right now. In November, staff held two tenant meetings to share these updates and discuss next steps.

**Rindge Commons:** In June 2020, the Trust approved funding for the first phase of Rindge Commons. Following the planning board hearing in early August, the BZA voted to approve a comprehensive permit for the project in late August. Just A Start is in the process of securing the necessary financing to begin construction of Phase 1 and will be applying for state funding in the upcoming application round.

## **NEW BUSINESS**

### **Declaration of Trust**

Trust members reviewed and discussed an Amended and Restated Declaration of Trust. The primary goal in the proposed updates is to increase the income eligibility limit for households assisted by the Trust to 120% of area median income (AMI). This comes in response to a request from the City Council to expand HomeBridge program eligibility to households earning between 100% and 120% AMI. The Amended and Restated Declaration of Trust also includes updates to language and references to align with the City's Zoning Ordinance. The Declaration of Trust was last amended in November 2000.

City staff will also be preparing proposed changes to the Trust's Rules and Regulations, which describe how the Trust reviews requests for funding and conducts its business. It is expected to bring these to the Trust for review and discussion at an upcoming meeting.

Trust members asked if there is a trend among higher-income participants to be more resistant to the City's deed restrictions. Staff explained that prospective buyers that want to be in Cambridge are typically comfortable signing on to the deed restriction. If they are concerned about the deed restrictions, households in this income bracket may have market-rate options in other communities.

Staff described a HomeBridge pilot a few years ago where the City was able to serve households the 100-120% AMI range. The City was only able to help a few buyers before the funding source for the pilot program was exhausted because of a strong interest from participants.

Upon a motion moved and seconded, it was voted unanimously by roll call with eight in favor and one absent, to adopt the changes to the Declaration of Trust.

### **HomeBridge**

The City Council adopted a policy order last year requesting that the Trust expand eligibility for HomeBridge to include households earning more than 100% but less than 120% of AMI. This ties into the proposed changes to the Affordable Housing Trust's Declaration of Trust. Staff recommends that the Trust approve expanding eligibility for the HomeBridge program to households earning up to 120% of area median income, and that Trust commit \$3,000,000 in City budget funds to the HomeBridge program to serve households in this bracket.

Upon a motion moved and seconded, it was voted unanimously by roll call with eight in favor and one absent, to expand eligibility for the HomeBridge program to households earning up to 120% of area median income, and to commit \$3,000,000 in the Trust's city budget funds to the HomeBridge program.

### **2072 Mass Ave Update**

City staff provided an update on the proposed redevelopment of 2072 Massachusetts Avenue. The developers have applied for a Comprehensive Permit for the project and are hosting their second community meeting next week to share their updated design. They expect to be before the Planning Board and Board of Zoning Appeal, and plan to apply for funds in state's 2021 funding round. Staff shared renderings and elevations of the proposed 49-unit affordable rental building with the Trust, noting the recent design changes including a reduction to six-stories at the rear of the building and an increase to nine-stories along Mass Ave. This and other design changes such as moving the pedestrian

entrance to Mass Ave and widening Walden Street were in done after consultation with the City staff and following discussions with abutters and the surrounding community.

Staff indicated that they expect to bring a request for an increase in the Trust's pre-development loan for the project to an upcoming meeting. In the meantime, staff will put together a letter of support for the project for Trust members to review and sign-on as individuals.

Trust members asked about the anticipated development budget and whether the most recent design changes impacted feasibility. Staff said that two of the design changes do not have major cost implications, including moving a vehicle and pedestrian entrance from Walden Street to the front of the building, and lowering elevation in rear of the building. The detailed cost impact of going to nine stories is still being studied but the overall total development cost estimates remain on par with the TDCs of other recent affordable new construction projects..

### **MEETING SCHEDULING**

It was proposed to move next Trust meeting to Wed. Dec. 16 at 4 pm instead of Thursday, December 17. Trust members agreed to move the next meeting to the proposed date. City staff will confirm the date change to Trust members via email.

### **ADJOURNMENT**

Meeting adjourned at 5:10 pm upon a motion moved and seconded, with absent, by roll call of **eight** in favor and **one** absent. The next meeting is scheduled for December 16, 2020.

### **Materials:**

- Meeting Minutes from the Trust's October 22, 2020 meeting
- Project update: Status of Active Commitments
- November 19, 2020 Memo: Amending and Restating Declaration of Trust
- Draft for Discussion and Review: Cambridge Affordable Housing Trust Amended and Restated Declaration of Trust, November 19, 2020
- November 19, 2020 Memo Expanding HomeBridge Eligibility to Homebuyers earning between 100% to 120 % AMI and Additional Funding Request

**Cambridge Affordable Housing Trust**

**Status of Active Commitments**

**December 16, 2020**

	<b>Active Projects</b>	<b>Sponsor</b>	<b>Rental Units</b>	<b>Ownership Units</b>	<b>Status</b>	<b>Total Cost</b>	<b>Trust Commitment</b>	<b>Loan Amount Per Unit</b>	<b>Trust Approval Date</b>
1.	HomeBridge program	CDD	<i>currently approved buyers: 9</i>	17	71 scattered site units purchased by first time buyers to-date. 8 approved buyers, 1 unit under agreement.	N/A	\$15,200,000	1-br: 40% sale 2-br: 45% sale 3-br: 50% sale	May 2011
2.	Homeownership Resale Program	CDD	<i>currently active units:</i>	20	Re-purchase, rehab and re-sale of affordable homeownership units to new homebuyers.	N/A	\$5,500,000		December 2011
3.	671-675 Concord Ave	HRI	98		Construction complete. Residents began to move into new units in July.	\$58,228,753	\$23,803,176	\$242,890	March 2016
4.	Frost Terrace 1971 Mass Ave	Capstone Hope	40		Construction underway, after temporary shutdown due to covid-19; spring 2021 completion expected. Applications now being accepted for new units; initial lottery application deadline is January 15, 2021	\$27,219,486	\$10,785,358	\$269,634	March 2016 and December 2018
5.	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
6.	Squirrelwood (multiple addresses, corner of Broadway and Market)	JAS	23		Construction underway, after temporary shutdown due to covid-19.	\$9,505,726 (new units only)	\$4,115,457	\$178,933	January 2018 and December 2018
7.	2072 Mass Ave	Capstone Hope	TBD	TBD	Capstone/Hope purchased site in April 2018. First community meeting held on Tuesday 9/28/20; second meeting 11/24/20. Project is seeking a comprehensive permit and will be applying for state funding in the upcoming application round with the goal of securing permitting and financing in order to begin construction in ~2022. Comp permit request was heard by BZA 12/10/20 with deliberation to continue 1/7/21.	TBD	\$3,800,000	TBD	February 2018
8.	52 New St	JAS	TBD	TBD	JAS purchased the site in early 2020 and will begin a community process later this year with a goal of securing permitting and financing in time to begin construction in ~2022. JAS anticipates permitting the project through the recently adopted Affordable Housing Overlay and will be seeking state funding in the upcoming application round.	TBD	\$9,800,000	TBD	October 2019
9.	Park View Coop	Park View Coop		12	Reviewing new request from coop for additional funds needed to fully fund rehab given increased costs	TBD	\$1,394,000	\$116,167	March 2019
10.	Fresh Pond Apartments	Schochet	504		In March 2020, the Trust committed funding for the preservation of Fresh Pond Apartments. This commitment will be combined with \$15 million in City funding which was appropriated by the Council to the Trust for Fresh Pond Apartments. Together, these funds will be used to buy down 50 years of affordability and to capitalize a rent phase-in reserve to transition current tenants to the new affordable program. Tenant update/informational meetings held on 11/4/2020 and 11/13/2020; meetings with individual households to look at eligibility and options underway December 2020.	TBD	TBD	TBD	March 2020
11.	Rindge Commons - Phase 1	JAS	24		In June 2020, the Trust approved funding for the first phase of Rindge Commons. Following PB hearing in early August, BZA voted to approve a comprehensive permit for the project on August 23, 2020. JAS is in the process of securing the necessary financing to begin construction of Phase 1; will be applying for state funding in the upcoming application round.	TBD	\$4,250,000	\$177,083	June 2020

**Total Units 738**

**Cambridge Affordable Housing Trust**  
**Status of Active Inclusionary Housing Developments**

	Approved Active Projects	Developer	Status	Rental Units	Ownership Units	Applicable zoning
1.	305 Webster Ave.	305 Webster Ave. Condominiums L	Covenant Recorded 8/11/17. Completion expected early 2021.		4	Ordinance prior to revision
2.	Mass & Main (multiple addresses, Mass Ave. & Columbia St.)	Twining	Covenant Recorded 11/24/17. Construction complete. Tenant Selection nearing completion.	58		Zoning provisions for Mass & Main
3.	Tempo (203 & 205 Concord Tpk. (formerly Lane & Games)	Criterion	Covenant Recorded 3/16/18. Complete. Tenant selection underway.	44		Revised ordinance at 15% sf requirement
4.	St. James (1991 & 2013 Mass. Ave.)	Oak Tree	Converting to ownership. Completion expected early 2021	5		Ordinance prior to revision
5.	77 New Street	Abodez	Covenant Recorded 9/14/16. Nearing completion. Tenant selection to begin early 2021.	11		Ordinance prior to revision
6.	95 Fawcett Street	Ed Doherty	Covenant Recorded 12/29/2016. Under Construction		5	Ordinance prior to revision
7.	Alexandria - 50 Rogers Street	Alexandria	Covenant Recorded 6/4/19. Expecting completion March 2021.	44		Zoning for Alexandria PUD
8.	Charles & Hurley Streets	Urban Spaces	Covenant recorded 8/6/19. Building Permit issued 9-3-19(Charles Street) and 12-23-19 (Hurley Street) Under Construction.	16		Ordinance prior to revision
9.	50 Cambridgepark Drive	Hanover	Covenant recorded 8/6/19. Building Permit issued 12-5-19. Under Construction	55		Revised ordinance at 20% sf requirement
10.	165 Main Street	Mitimco	IHP Covenant recorded 12/17/19. Building Permit issued 12-20-19. Under Construction	63		Zoning for MIT
11.	95-99 Elmwood	95-99 Realty	Covenant recorded. Building Permit issued 7-2-20. Under construction.		4	Ordinance prior to revision
12.	Cambridge Crossing, Building I	DivcoWest	Covenant recorded; Building Permit issued 8-24-20 Under construction.	54		Ordinance prior to revision
13.	212 Hampshire Street (Ryles)	212 Hampshire LLC, Binoj Pradhan	Covenant recorded. Construction complete. Tenant selection to begin.	1		BZA requirement of affordable unit

**Under Development:**

**351                      13**

**Completed Units:**

**773                      202**

**All Units:**

**1124                      215**

**1339**

	Active Pipeline Projects	Developer	Status	Rental Units	Ownership Units	Applicable zoning
1.	605 Concord Ave.	Abodez Acorn	Covenant recorded; pending building permit	7		Revised ordinance at 15% sf requirement
2.	3-5 Linnean	Willow Land Corp.	Covenant signed; pending building permit	1		Zoning for basement overlay
3.	55 Wheeler Street	Toll Brothers	IHP plan under review	98		Revised ordinance at 20% sf requirement
4.	1043-1059 Cambridge St.	418 Real Estate	IHP plan under review		3	Revised ordinance at 20% sf requirement
5.	270 Thorndike St. Court House	Leggat/McCall	Housing plan under review. Applying for Building permit by early November 2020.	48		All units are affordable



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### MEMORANDUM

**TO:** Cambridge Affordable Housing Trust

**FROM:** Christopher Cotter, Housing Director  
Anna Dolmatch, Housing Planner

**DATE:** December 16, 2020

**RE:** Homeownership Resale Fund Request

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We are requesting a commitment of \$2,000,000 of Community Preservation Act funds to increase the principal balance of the Homeownership Resale Fund ("Fund"). These funds are needed to continue to repurchase units with the assistance of Just-A-Start, perform rehab work, and hold the units while we select a new eligible buyer. The COVID-19 pandemic has prevented us from showing units for the past nine months. The Fund is currently nearly fully invested in units in the resale process. New funds will allow us to continue to work with owners who wish to sell while we clear our backlog of units in the coming months. This is a unique circumstance, and we could consider reducing the principal balance of the Fund once we return to a normal volume of resale units.

In 2006, 2008 and 2011, the Affordable Housing Trust approved a combined \$3,500,000 in funding for the Resale Fund. The Trust made additional commitments of \$1,000,000 in January 2019 and January 2020, for a total fund capitalization of \$5,500,000. The Fund revolves and sinks by providing temporary loans for the repurchase of existing units, as well as permanent subsidy for necessary rehab work and price reduction to keep the units affordable. Since 2006, the City has exercised the repurchase right on more than 120 units. We typically have an average of 15 units distributed through the stages of the resale process, ranging from owners who have given notification of sale to units under agreement to a new buyer. At the time of the last funding request in January 2020, there were eleven units in process.

The COVID-19 pandemic has created major disruptions and delays in our program. These include longer lead times for construction materials and to complete rehab work, as well as the need to develop a new COVID-safe process for showing units to potential buyers. In March we suspended our process of scheduling group showings for interested buyers. We were able to complete the sale of three units already in process, but could not move any



additional forward under our group showing process. The funds to purchase remain invested in those units until we can complete sales to new buyers. We currently have 19 units in process, including three where owners have given notification but we have not yet committed to repurchasing. We currently have funds available for only one of these three units. There are additional owners who have indicated they will start the process soon.

To restart selling units, we have developed a new system for showing units. Our new process will allow a group of buyers to virtually tour units and decide whether they want to submit a letter of interest within a specific timeframe. Like our prior process, we will then select the highest priority applicant with the earliest application date and provide them the opportunity to see the unit before moving forward with the purchase. We announced this new process to applicants last month and conducted an information session earlier this month to present the changes and discuss with buyers.

We are now finalizing the details and technology needed for the new showing process, and will have four units to show to applicants in early January. These sales will bring almost \$900,000 back into the Fund in March or April when they are expected to sell. There are three additional units which will also be ready for new buyers early next year, and another three now in construction.

However, without additional interim funding, we will not be able to exercise the City's purchase right on any units until some units are sold. This would not impact the affordability of the units. When the City does not elect to repurchase units, owners are required to find an income-eligible buyer and can sell for no more than the affordable price. While the owner is free to select the eligible buyer of their choice, the City must approve the eligibility of the buyer for eligibility.

For more than ten years, we have worked with Just-A-Start to buy and hold units, investing funds in both rehab and price subsidy where needed to maintain both the affordability and condition of the stock. The pandemic has revealed and exacerbated some vulnerabilities in this system, showing how quickly funding can be tied up when units cannot be sold. As we begin to sell units again, we are also looking at how we manage the resale unit process to assess how we are using the Resale Fund and CDD and JAS staff capacity.

We expect that both the investment needs for certain units and the overall volume of resale units will increase as the homeownership stock continues to mature and longer-term owners begin to consider selling. While there is value

in repurchasing a unit to ensure needed rehab and recapitalization is done appropriately after 15 or 20 years, there may not be the same value-add for units that come up for sale a few years after a repurchase.

We are taking this opportunity to assess how our system has worked over the past decade plus, and considering if there are adjustments we should consider to ensure that program resources are used most effectively going forward. As we do this, we will bring ideas we develop to improve the oversight and administration of Trust-funded affordable homeownership units to the Trust for discussion.

However, in the short term, we are requesting an additional \$2,000,000 to allow us to continue to repurchase units as we evaluate our resale program and consider improvements.

**RECOMMENDATION:**

We recommend that the Affordable Housing Trust approve the request to recapitalize the Homeownership Resale Fund with an additional \$2,000,000 to address the ongoing need to purchase and maintain the condition and affordability of the existing affordable homeownership stock. Proceeds from the unit sales will return to the Fund.

The funds should be made contingent on the following:

1. CDD staff approval of renovation budgets;
2. CDD staff approval of renovation plans and specifications;
3. Selection of new homebuyers from the Homeownership Resale Pool.