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**CITY OF CAMBRIDGE**  
Community Development Department

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**IRAM FAROOQ**

*Acting Assistant City  
Manager for Community  
Development*

To: Members of the Planning Board and Cambridge Affordable Housing Trust

From: Community Development Department staff

Date: July 28, 2015

Re: Briefing materials for August 4, 2015 Planning Board discussion on affordable housing with Cambridge Affordable Housing Trust

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In preparation for next week's discussion of affordable housing, we thought it would be useful to share some recently prepared materials which provide context and background on current affordable housing discussion topics. Enclosed please find the following documents:

General Overview Materials

- Cambridge Affordable Housing Overview (presentation prepared for October 6, 2014 City Council Roundtable with the Affordable Housing Trust)
- Affordable Housing Glossary (prepared for October 2014 Roundtable)
- Housing Preservation Fact Sheet (prepared for October 2014 Roundtable)
- 2015 Income Limit Chart
- Affordable Housing Production & Preservation Activity in Cambridge FY05 to Present (prepared for March 2015 Trust meeting)

Affordable Housing Development Challenges

- Development challenges faced by affordable housing developers seeking to create new affordable units (Staff memo dated July 24, 2014)
- Potential Zoning Changes for Affordable Housing (Staff memo dated May 28, 2015)
- Affordable Housing Production and Goal-setting (Staff memo dated May 28, 2015)

Affordable Housing Needs (low/moderate/middle incomes, family-sized housing etc)

- Analysis of Income in Cambridge since 1990 (Staff memo dated August 28, 2014)
- Cambridge Housing Affordability Gap Chart (prepared May 5, 2015)



City Council &  
Affordable Housing Trust  
Roundtable Meeting  
October 6, 2014

## City Council Goals:

- Preserve and create affordable housing for low, moderate and middle-income families and other residents across the city
- Value and support the racial, socioeconomic, cultural and religious diversity of our city

## Affordable Housing Trust Goals:

- Creation of new affordable ownership and rental units
- Preservation and rehab of existing affordable homes and rental units
- Support for housing where income-eligible residents pay no more than 30% of their income
- Establishing affordability of assisted housing through long-term affordability restrictions



Bishop Allen Apts.:  
32 rental units  
preserved and now  
being rehabbed



Putnam Square Apts.: 94 rental  
units preserved and now being  
rehabbed for senior and  
disabled tenants



## City Housing Policy:

It is the City's policy to preserve the diversity of the community by offering a wide range of housing programs to meet the needs of very low, low, moderate, and middle-income residents. Wherever possible such rental and homeownership housing is made permanently affordable, and built in areas throughout the city, with particular emphasis on production of units of appropriate size for families with children.

The City has a long-standing commitment to supporting high-quality housing that is well integrated into the community and that will remain affordable for future generations.



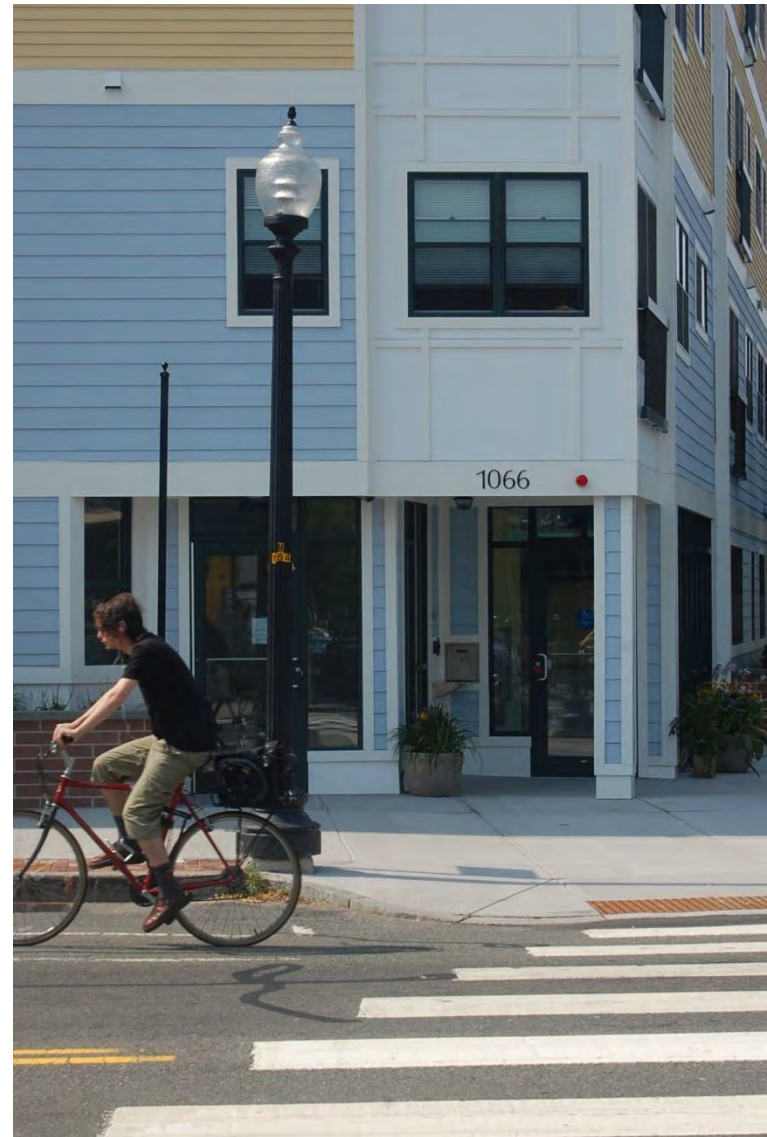
Main Street Condominiums: 10 affordable units

Switch House: 33 mixed-income affordable condominiums

Bigelow Street: 10 affordable rental units

# Strategies: Advancing City Council and Affordable Housing Trust Goals

- Preservation of existing affordable housing
  - units with expiring use restrictions
  - units in need of rehab or revitalization
- Development of new affordable housing:
  - acquisition & rehab of existing residential buildings
  - new construction
  - conversion of non-residential buildings to housing
  - condominium unit acquisition
- Zoning-based programs – incentive and inclusionary
- Offering affordable housing to residents



Elm Place: 19 affordable rental units



# Strategy: Preservation of Existing Affordable Housing

## PRIVATELY-OWNED EXPIRING-USE PROPERTIES

Many privately-owned affordable housing developments were built in the 1960s, 70s, and 80s with affordability restrictions which ran for 30-50 years. Without intervention, the affordable units at these properties are at risk of market-rate conversion when restrictions expire. In 2010, 1,094 units at 10 properties were subject to restrictions expiring before 2021.

- Outcomes:
- since 2011 affordability at 7 properties containing more than 424 affordable units preserved with City assistance
  - \$17.7 million CPA used in \$111 million combined preservation transactions

- Current:
- rehab of 94 units underway at HRI's Putnam Sq. Apts.
  - rehab of 32 units at JAS's Bishop Allen Apts.
  - rehab of 50 units at HRI's Chapman Arms
  - Briston Arms preservation pending
  - 670 affordable units remain at-risk:
    - Briston Arms (105 affordable, 154 total units)
    - Close Building (61 units)
    - Fresh Pond Apts. (504 units)

- Challenges:
- owner intent
  - Chapter 40T regulation changes
  - rising Cambridge real estate values
  - timing and availability of funds



Inman Square Apts.: 116 affordable units preserved



Cambridge Court Apartments: 92+ affordable units preserved

# Strategy: Preservation of Existing Affordable Housing

## REVITALIZATION OF EXISTING (NON-EXPIRING USE) AFFORDABLE HOUSING

Physical and financial feasibility can also threaten affordable housing. Ensuring buildings are well-capitalized and rehabbed appropriately is also necessary to ensure long-term affordability.

- Outcomes:
- since 2009, 440 affordable units at 4 properties have been assisted with City funding for rehab and reinvestment and/or reconstruction
  - \$17.6 million CPA funding

- Current:
- CHA's 104-unit Jefferson Park reconstruction to begin 2015

- Challenges:
- often requires significant funding commitments
  - funds used to revitalize existing housing not available for new production



Lincoln Way: 70 reconstructed public housing units



Cambridge YWCA: ribbon cutting for 103 renovated units



# Strategy: Affordable Housing Development

1. NEW CONSTRUCTION
2. PURCHASE OF EXISTING MARKET-RATE HOUSING
3. CONVERSION OF NON-RESIDENTIAL BUILDINGS TO HOUSING

- Outcomes:
- 147 new units have been assisted with City funding
  - 124 newly constructed housing units complete or underway
  - \$16.7 million CPA

- Current:
- CHA's 40-unit Temple Place development under construction
  - construction to begin 2015 on 20-unit Port Landing

- Challenges:
- availability of sites and buildings with sufficient scale to be feasible
  - high purchase cost of land and buildings
  - high development costs which often exceed limits of other funders: potential loss of leveraged funding
  - other funding: requires significant funding commitments of capital and operating subsidies
  - zoning relief often needed for feasibility
  - opposition to developments, permitting challenges, costly appeals



Port Landing



Temple Place





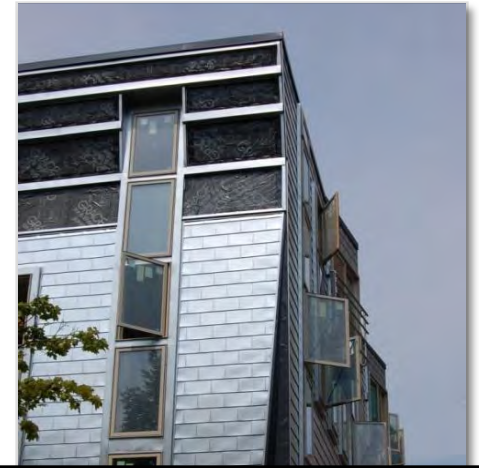
# Strategy: Zoning-based Programs

## INCENTIVE ZONING ORDINANCE:

- Established in 1988, applies to commercial developments of 30,000 SF or greater seeking certain types of special permits for increased density and intensity of use
- Nexus study establishes legal basis for this requirement
- requires developers to provide a per/SF payment (Incentive Contribution) to offset the impact of increased housing costs attributable to new commercial development
- Current Incentive contribution rate is **\$4.58/SF**, last adjusted by Trust February 2014
- Incentive contribution rate may be adjusted annually by the Trust for inflation, and every 3 years by the City Council, based on current economic data
- Incentive funds raised go to the Trust: approximately **\$4.3 million** since inception, \$3.5 million 2002-2014

## Current:

- new nexus study is now underway to evaluate and recommend rate
- will establish link between new commercial development and need for affordable housing and measure impact to determine rate recommendation
- recommendations will be made in January 2015



# Strategy: Zoning-based Programs

## INCLUSIONARY ZONING:

- Established in 1998, after a rationale study determined that, for each 10 units of new market housing, an additional 1.5 units of affordable housing would be needed to maintain the then-existing affordable housing proportion
- Rationale study establishes legal basis for this requirement
- Applies to residential developments of 10 units or greater and/or 10,000 SF or greater, and requires developers to set aside affordable units
- Allows 30% density bonus, 2 bonus units for each required affordable unit
- **816** units completed or underway in 55 developments:
  - 623 rental units (411 completed)
  - 193 ownership units completed

## Current:

- new study to look at updating requirements
- can ratio be increased to create more units?
- can requirement be adjusted to create larger units?



# Strategy: Offering Housing and Services for Residents

## RENTAL HOUSING

- 242 households housed in inclusionary rental housing in last 5 years
- **Rental Applicant Pool (RAP)** : CDD-managed access to 411 affordable units at 28 completed properties
  - For households earning 50% and 80% of area median income (AMI), or who have a rental voucher
  - 334 resident applicants
  - 884 total current applicants



Recently leased 2-br inclusionary rental unit

## HOMEOWNERSHIP

- 137 homebuyers assisted with purchasing affordable homes in last 5 years
- **Homeownership Resale Pool**: CDD-managed access to City-assisted stock of 520 affordable units
  - open to applicants earning between 40% and 100% of area median income (AMI)
  - 164 resident applicants
  - 212 total current applicants
- Financial Assistance for First-time Homebuyers
- First-time Homebuyer Education & Counseling
- Homeowner support



Recently sold 3-br homeownership resale unit



# Strategy: Offering Housing and Services for Residents

## RESIDENT SELECTION PREFERENCE POLICIES

1. Local Preference
  - Current Cambridge residents
  - Cambridge-based workers receive secondary preference (i.e. after resident served)
2. Families with Children
  - Families with children under 18
  - Additional preference for families with younger children (under 6)
3. Emergency housing needs (rental only)
  - Court-ordered no-fault eviction
  - Paying more than 50% of income for rent
  - Overcrowded
  - Living in a property with code violations
  - Homeless



Trolley Square: 40 affordable rental and ownership units

### Current:

- CDD and Trust discussing possible preference policy changes:
- expand criteria for preference (e.g. add to local preference definition)?
- change criteria (e.g. increase child age from 6 to 10 for young children preference)?
- revisiting how preferences interact (e.g. should emergency need confer higher priority)?
- other changes?

# Affordable Housing Outcomes:

## SINCE THE END OF RENT CONTROL:

- **4,281** units of affordable housing created or preserved
- **669** new affordable units newly constructed with City/Trust funding
- **798** affordable units newly created through conversion of market-rate housing with City/Trust funding
- **1,770** affordable units with expiring use restrictions preserved with assistance from the City/Trust
- **440** affordable units recapitalized / rehabbed and/or revitalized or soon to be with City/Trust funding
- **604** affordable units completed through inclusionary requirements with an additional **212** units now underway

## IN THE PAST 5 YEARS:

- **1,354** units of affordable housing created or preserved
- **147** newly created affordable units, including **124** new construction units
- **424** units with expiring use restrictions preserved
- **440** affordable units recapitalized, rehabbed and/or revitalized or soon to be with City/Trust funding
- **343** affordable units completed or now under construction under inclusionary requirements
- **379** low, moderate, and middle-income households have moved into new homes, including **242** renters and **137** homebuyers, through City-administered applicant pools



Chapman Arms: 25 rental units preserved and rehabbed

# Affordable Housing Glossary

- 40B:** State law that allows developers to build by obtaining zoning approval through one comprehensive permit if a community has less than 10% affordable housing and the project contains a minimum percentage of affordable units.
- 40T:** State law enacted in 2009 to assist in the preservation of affordable housing. The statute contains notification provisions; a right of first offer for DHCD or its designee; and tenant protections for projects where affordability restrictions terminate.
- Affordable:** Housing where the costs do not burden a household. Usually defined as no more than 30% of gross income for housing costs.
- Affordable Housing:** Housing with a legal restriction limiting the occupancy or ownership to households earning at or below a specified income level.
- AMI:** Area Median Income. This is the midpoint household gross income for a specified geographic area. Determined by the US Department of Housing and Urban Development (HUD).
- CAHT:** Cambridge Affordable Housing Trust. Chaired by the City Manager, the Trust is a nine-member board acting as both a policy advisory board and a loan committee. The Trust meets monthly to review funding requests and discuss City housing policy.
- CDBG:** Community Development Block Grant. These are federal funds provided to the City and can be used for certain affordable housing activities, among other uses.
- CEDAC:** Community Economic Development Assistance Corporation. CEDAC is a state quasi-public community development finance agency. CEDAC is a key partner in the preservation of expiring use housing.
- CHA:** Cambridge Housing Authority. The CHA is an independent public authority funded directly by the Federal government. The CHA receives no operating funds from the City. The CHA owns and operates all public housing in Cambridge and administers the Housing Choice Voucher (Section 8) program.
- Deed Restriction:** A recorded legal document that outlines the affordability requirements for a property. Also called an Affordable Housing Agreement or Affordable Housing Covenant.
- DHCD:** Commonwealth of Massachusetts Department of Housing and Community Development. Part of the Executive Office of Housing and Economic Development, DHCD provides a variety of funding for creation and preservation of affordable rental and ownership housing, including expiring use projects.
- Expiring Use:** Privately owned housing under a time-limited affordability restriction. After expiration, the owners may convert units to market rate housing.
- Extremely Low Income:** Defined by HUD as earning at or below 30% of Area Median Income (AMI) for household size.



<b>Family Housing:</b>	Housing units with a minimum of two bedrooms.
<b>FAP:</b>	Financial Assistance Program. This City program provides funds for first-time homebuyers to purchase a unit on the open market in exchange for placing a permanent affordability restriction on the unit.
<b>FTHB:</b>	First-time homebuyer. The City uses the HUD definition, which generally requires that households not have owned a home for at least three years.
<b>HIP:</b>	Home Improvement Program. This is a City-funded program administered through two local non-profits. The program stabilizes housing by providing funding for rehab for one to four unit owner-occupied buildings. Participants must be income eligible.
<b>HOME:</b>	HOME Investment Partnerships Program. This is a federal funding program that can be used only for certain affordable housing activities.
<b>Incentive Zoning:</b>	City ordinance adopted in 1988 requiring a contribution of a certain amount per square foot for commercial projects of more than 30,000 square feet. The Incentive contribution is based on the estimated impact of these projects are expected to have on the housing market. Funds are received by the CAHT to fund programs and developments to mitigate these housing impacts.
<b>Inclusionary Zoning:</b>	City ordinance adopted in 1998 requiring developers of residential buildings of more than ten units or 10,000 square feet to provide a certain number of units as affordable housing. Units are administered through the Community Development Department Housing Division.
<b>LIHTC:</b>	Low Income Housing Tax Credit. Federal program that is the largest source of subsidy for new affordable rental projects. These tax credits are issued by the Federal government and are awarded to states based on population. DHCD awards the credits to rental housing projects on a competitive basis. Credits are sold to investors who can use them to reduce their tax burden. Proceeds from the sale are used as equity for affordable housing development.
<b>Limited Equity:</b>	Homeownership or cooperative units where the amount of appreciation is limited by a written restriction on the property.
<b>Low Income:</b>	Defined by HUD as earning at or below 80% of Area Median Income (AMI) for household size.
<b>MassDevelopment:</b>	MassDevelopment is a state quasi-public economic development agency that provides financing for affordable housing projects.
<b>MassHousing:</b>	MassHousing is a state quasi-public housing finance agency. They provide financing for affordable housing projects and homebuyer mortgage products.
<b>MHP:</b>	Massachusetts Housing Partnership. MHP is a state quasi-public housing finance agency that provides financing for affordable housing projects. MHP also offers the One Mortgage, a first-time homebuyer mortgage product utilized by the majority of Cambridge affordable homeowners.

<b>MBHP:</b>	Metropolitan Boston Housing Partnership. Regional provider of housing assistance, with a focus on rental subsidy including mobile rental vouchers. They also provide stabilization and homelessness prevention services.
<b>Middle Income:</b>	While there is no standard federal definition of middle-income, it is generally defined as households earning between 80% and 120% of Area Median Income (AMI) for household size.
<b>Mobile voucher:</b>	Rental subsidy provided to an individual, also known as the Housing Choice Voucher. These vouchers can be used for any housing unit meeting quality standards, regardless of the location. Mobile vouchers can be issued by the CHA, DHCD, MBHP or other municipal housing authority.
<b>Moderate Income:</b>	Earning between 60% and 80% Area Median Income (AMI) for household size. Sometimes defined as up to 95% AMI.
<b>MRVP:</b>	Mass Rental Voucher Program. State funded rental subsidy program that provides both mobile and project-based vouchers, allocated by the State through DHCD to local housing authorities or directly to affordable housing projects.
<b>MTW:</b>	Moving to Work. This is a HUD demonstration program that allows certain public housing authorities to develop new programs and strategies by exempting them from certain rules and allowing more flexible use of funds. The CHA is a Moving to Work public housing agency.
<b>Nexus Study:</b>	A study that looks at the connection between two things. In housing, generally the study of the relationship between non-residential development and the availability of housing for low- and moderate-income residents.
<b>OneMortgage/ Soft Second Loan:</b>	Mortgage product available statewide to income-eligible first time homebuyers. This product provides financing for up to 97% of a purchase price at a below-market interest rate with no mortgage insurance required.
<b>PBV:</b>	Project Based Voucher. These are rental subsidies allocated by the Cambridge Housing Authority or DHCD. These subsidies are committed to a specific unit, not a specific tenant.
<b>RAD:</b>	Rental Assistance Demonstration Program. Established in 2014, HUD program allowing housing authorities to convert public housing to project-based Section 8 program.
<b>Section 8:</b>	Commonly used name for the Housing Choice Voucher rental subsidy voucher program. Section 8 is a reference to the authorizing federal act from 1937. Section 8 can refer to both mobile and project-based subsidies under the Housing Choice Voucher program.
<b>SRO:</b>	Single-room occupancy. This housing type has individual bedrooms with shared common facilities, such as bathrooms and kitchens.
<b>Very Low Income:</b>	Defined by HUD as earning at or below 50% of Area Median Income (AMI) for household size.

# Housing Preservation – Fact Sheet

## OVERVIEW

Many privately-owned affordable housing developments were built in the 1960s, 70s, and 80s with state and federal funding which included affordability restrictions which ran for 30-50 years. Without intervention, the affordable units at these “expiring use” properties are at risk of market-rate conversion when the restrictions expire or, in certain cases, when the owners have the right to prepay their mortgages.

In the late 1990s and early 2000s, the City successfully preserved 813 units in the “first wave” of expiring-use developments built in the 1960s and 70s as many owners then had the ability to pre-pay mortgages and opt out of affordability commitments:

- 808 Memorial Drive and 402 Rindge were purchased and preserved by local non-profits
- Fresh Pond Apartments – City negotiated extended affordability commitments through 2020
- Walden Square Apartments – City negotiated permanent affordability with owner
- (However, not all projects had good outcomes– affordability was lost at Huron Towers in 1997 and mostly lost at 929 House in 1999)

## RECENT SUCCESSES

In recent years, CDD has been focused on addressing preservation needs at the “second wave” of expiring use developments as the termination dates for many buildings developed through these programs occur between 2010-2020:

- City completed an analysis which found 1,094 affordable units subject to restrictions which were at risk of expiring by 2021.
- City advocated for the enactment of Chapter 40T, passed in 2009, which offers new tools, safeguards, and purchase mechanisms to encourage preservation of expiring use housing. Cambridge has been a statewide model of how 40T can be used successfully. CDD and its partners facilitated the first 40T preservation sale (Chapman Arms).
- CDD has had discussions with owners, local non-profits, tenants, advocates, CHA, other public agencies and funders to facilitate creation of preservation plans tailored to each property
- CDD and its partners (CHA, housing advocates, tenants, affordable housing providers) created new program model to project-base enhanced vouchers (i.e. attach new subsidies from HUD to units to leverage increased private funding), bringing substantial new funding to preservation projects

To date through these efforts, affordability has been preserved at 7 properties comprising 424 affordable units, 479 total units. CPA funds have been essential in these efforts and have assisted in preservation and rehab transactions which have totaled approximately \$111M.:

- Inman Square Apartments (116 units) – sold by private owner to HRI in 2011
- CAST II Apartments (9 units) – sold by private owner to HRI in 2011
- Chapman Arms (25 affordable units, 50 total) – sold by Harvard to HRI (40T sale) in 2011
- Cambridge Court (92+ affordable units, 122 total) – private owner extended affordability in 2012
- Bishop Allen Apts (32 units) – private owner sold to JAS (40T negotiated preservation sale) in 2012
- Putnam Square Apartments (94 units) – sold by Harvard to HRI (40T sale) in 2013
- Harwell Homes (56 units) – cooperative owners extended affordability (without City/Trust funding) in 2013



## CURRENT NEEDS

There remain 670 affordable units at 3 privately-owned properties where affordability is at risk by 2021:

- Close Building (61 affordable units)
- Briston Arms – (105 affordable, 154 total)
- Fresh Pond Apartments (504 affordable units)

## NEXT STEPS

Next steps to encourage preservation of these units include:

- Continuing discussions with owners, affordable housing providers, other public agencies, tenants, and advocates Continue to proactively communicate with owners to understand intentions and begin early stage discussions about preservation options
- Gather property information including: capital needs, current financial condition, changes to affordability commitments, etc
- Be ready to seize on opportunities to preserve these properties when they present, ie:
  - An owner wants to preserve affordability before restrictions come due
  - Unexpected resources become available which could encourage preservation and/or improve leveraging of available resources
  - Owner markets property in advance of restriction expiration

## PRESERVATION CHALLENGES

- Cambridge real estate values: high market rents and sales prices mean that there are incentives for owners to convert to market-rate housing or to sell to market-rate buyers. Makes preservation more expensive.
- Chapter 40T changes – recent changes to 40T regulations have weakened notice provisions and increased potential of owners to negotiate sales before tenants or the City are notified, which could leave less time to develop a viable preservation plan that competes with market offer.
- Funding – significant resources will be necessary to preserve the remaining developments
- Building conditions– these buildings will be 40-50 years old when restrictions expire and may have capital needs requiring rehab making preservation more costly
- Owner intent - potential preservation plans are dependent on owner:
  - Owner may choose to retain property and agree to extend affordability
  - Owner may choose to sell property to preservation purchaser
  - Owner may choose to sell property to market purchaser
  - Owner may choose to keep property but convert to market-rate housing
  - CDD staff and partners are available to and have worked with owners who are interested in exploring opportunities to preserve affordability.
- Timing/availability of funds– owner's timing for engaging on preservation could impact ability to successfully finance preservation at other properties. Timing also affects property values which will increase as end of restrictions approach. CPA commitments for completed transactions have ranged from less than \$10,000/unit for larger buildings to more than \$100,000/unit to purchase and undertake significant rehab at smaller properties. CPA funds leverage other resources, availability and terms of which varies (e.g. interest rates, tax credit equity yields)

**City of Cambridge**  
**Community Development Department Housing Division**  
**2015 Income Limits\*** Effective 3/6/15

1

HH Size	30% of Median	40% of Median	50% of Median	60% of Median	65% of Median	HUD 80% of Median (HUD Limit)	100% of Median	110% of Median	120% of Median	City 80% of Median (actual)
1 person	\$20,700	\$27,600	\$34,500	\$41,400	\$44,850	\$48,800	\$69,000	\$75,900	\$82,800	\$55,200
2 persons	\$23,650	\$31,520	\$39,400	\$47,280	\$51,220	\$55,800	\$78,800	\$86,680	\$94,560	\$63,040
3 persons	\$26,600	\$35,480	\$44,350	\$53,220	\$57,655	\$62,750	\$88,700	\$97,570	\$106,440	\$70,960
4 persons	\$29,550	\$39,400	\$49,250	\$59,100	\$64,025	\$69,700	\$98,500	\$108,350	\$118,200	\$78,800
5 persons	\$31,950	\$42,560	\$53,200	\$63,840	\$69,160	\$75,300	\$106,400	\$117,040	\$127,680	\$85,120
6 persons	\$34,300	\$45,720	\$57,150	\$68,580	\$74,295	\$80,900	\$114,300	\$125,730	\$137,160	\$91,440
7 persons	\$36,730	\$48,880	\$61,100	\$73,320	\$79,430	\$86,450	\$122,200	\$134,420	\$146,640	\$97,760
8 persons	\$40,890	\$52,040	\$65,050	\$78,060	\$84,565	\$92,050	\$130,100	\$143,110	\$156,120	\$104,080

\* Income limits are based on the FY15 HUD figures issued for the Boston-Cambridge-Quincy, MA-NH Metro FMR Area. The 30%, 50%, and HUD 80% are supplied by HUD. All other percents are extrapolated from the 50% figure. There is an exception: the City 80% of Median figures which are calculated and set by the Cambridge Affordable Housing Trust. All income limits are subject to change.

# Affordable Housing Creation & Preservation Activity in Cambridge: FY05 to Present

March 2015 (updated)

## PRODUCTION SUMMARY

<b>New Development</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>Complete</b>	<b>Underway</b>	<b>Grand Total</b>
Rental units- new construction:	32	0	0	35	40	40	0	0	0	0	20	107	60	167
FTHB - new construction:	39	13	34	14	0	0	0	0	0	0	0	100	0	100
<b>subtotal new development:</b>	<b>71</b>	<b>13</b>	<b>34</b>	<b>49</b>	<b>40</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>207</b>	<b>60</b>	<b>267</b>
<b>Conversion from Market-Rate</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>Complete</b>	<b>Underway</b>	<b>Grand Total</b>
Rental - acq/conversion:	1	8	26	16	35	0	0	0	14	0	10	100	10	110
FTHB/FAP:	6	10	7	3	2	2	2	0	2	0	3	37	0	37
<b>subtotal - conversion:</b>	<b>7</b>	<b>18</b>	<b>33</b>	<b>19</b>	<b>37</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>13</b>	<b>137</b>	<b>10</b>	<b>147</b>
<b>Inclusionary (rental &amp; FT HB)</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>Complete</b>	<b>Underway</b>	<b>Grand Total</b>
<b>subtotal - inclusionary:</b>	<b>92</b>	<b>150</b>	<b>71</b>	<b>9</b>	<b>0</b>	<b>6</b>	<b>10</b>	<b>91</b>	<b>178</b>	<b>29</b>	<b>57</b>	<b>542</b>	<b>151</b>	<b>693</b>
<b>TOTAL UNITS CREATED:</b>	<b>170</b>	<b>181</b>	<b>138</b>	<b>77</b>	<b>77</b>	<b>48</b>	<b>12</b>	<b>91</b>	<b>194</b>	<b>29</b>	<b>90</b>	<b>886</b>	<b>221</b>	<b>1107</b>
<b>PRESERVATION OF EXISTING STOCK</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>Complete</b>	<b>Underway</b>	<b>Grand Total</b>
Expiring Use Preservation	27	0	0	0	0	0	125	205	0	94	119	314	256	570
Recapitalization	0	17	45	0	0	115	0	231	0	0	103	408	103	511
<u>FTHB Resales*</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12</u>	<u>8</u>	<u>12</u>	<u>14</u>	<u>7</u>	<u>53</u>	<u>0</u>	<u>53</u>
<b>TOTAL UNITS PRESERVED:</b>	<b>27</b>	<b>17</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>115</b>	<b>137</b>	<b>444</b>	<b>12</b>	<b>108</b>	<b>229</b>	<b>775</b>	<b>359</b>	<b>1134</b>

**Notes:**

Data from City budget reporting since FY05 (July 1, 2004)

Includes City/Trust-funded units/projects which closed during FY05 through FY15, to date

Includes private Inclusionary projects which were put under covenant restriction since FY05 (July 1, 2004)

\*remaining preservation needs include 565 units, at two properties, with restrictions expiring by 2021

\*FTHB Resales tracked differently prior to FY11





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**CITY OF CAMBRIDGE**  
Community Development Department

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**BRIAN P. MURPHY**

Assistant City Manager for  
Community Development

**MEMORANDUM**

**To:** Cambridge Affordable Housing Trust  
**From:** Chris Cotter, Housing Director *CC*  
Anna Dolmatch, Housing Planner *AD*  
**Date:** July 24, 2014  
**Re:** Development challenges

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The purpose of this memo is to update the Trust on some of the current barriers to affordable housing development in Cambridge, and to begin a conversation about Trust priorities in the current market.

In the past four years, City-supported affordable housing developers have not been able to successfully acquire developable land, especially in less-dense neighborhoods that have traditionally seen less affordable housing development. In addition, affordable housing developers have been unsuccessful in bidding for existing buildings in these neighborhoods. CDD and non-profit staff have looked at many buildings in recent years and found high asking prices, a need for significant and costly repairs in many, and often smaller units that did not match well with Trust priorities. In most cases where housing providers have considered or made offers, they have been significantly outbid.

Housing providers have historically been strong competitors for multi-family buildings, which have been the most cost effective way to create new affordable housing. CDD has tracked sales of many of these multi-family properties (which could be of interest for acquisition and creation of new affordable units) and has seen median market acquisition price for these buildings rise to almost \$400K per-unit. For units in good condition or in desirable locations, prices are much higher. We are also seeing higher acquisition costs in areas that have traditionally been more affordable. Some recent examples of these trends are:

- A twelve unit building in decent condition in Wellington-Harrington. It was marketed as "Kendall Square" and was purchased for \$490,000 per unit by an investor.
- A ten unit building located in East Cambridge with five units designated as affordable through the CNAHS program. HRI made an offer of \$350,000 per unit, but the owner already had an offer of \$400,000 per unit.
- Ten large units located close to Harvard Square. The building was heavily damaged in a fire and needs extensive work to be inhabitable. The property sold in June for \$728,000 per unit.

- A six unit building in Central Square sold for more than \$3MM, with per-unit acquisition at more than \$520,000.

These examples show that in the current market, affordable housing developers are not able to compete with market buyers to acquire these buildings.

The properties that have recently been most accessible to affordable developers have been smaller buildings in denser neighborhoods. We have looked at a series of 4-8 unit buildings in East Cambridge, North Cambridge, Area Four and Wellington-Harrington. While affordable developers can make competitive offers for these properties, they present the following challenges:

- Projects are too small to be competitive for state funding, resulting in a high per-unit Trust request despite a reasonable TDC;
- These projects rely on CHA project-based assistance to carry debt, straining a resource we have wanted the CHA to reserve to assist new LIHTC projects;
- Even with extensive rehab, these older units tend to be smaller and have sub-optimal layouts;
- Building conditions are poor, with rehab needs too excessive for long-term affordable use when combined with the expected market price and available rehab budget;
- Affordable units are created in areas with higher existing concentrations of affordable units, which does not address interest in creating new affordable housing in areas with fewer affordable units.

It has been difficult to evaluate these projects because they do not meet Trust and City goals of creating family-sized units, leveraging commitments from other funders, and creating housing in under-served areas.

Acquiring sites that are suitable for new development is equally challenging. There have been several properties in the past few years where new construction seemed feasible, however housing providers have been outbid or out-competed by market developers. The last successful market site acquisition was 625 Putnam Ave. in 2009. Other recent land purchases, such as the NBC site or the Temple Street property, were not market sales. Staff have considered approximately 15 such sites; examples of parcels which seemed feasible but where offers were rejected include:

- A portfolio of several parcels where a non-profit offered \$135,000 per unit for land acquisition to build family sized units. They were outbid by an institutional buyer.

- A property where a non-profit planned to build up to 15 units. Their offer of more than \$166K per unit land acquisition was not accepted and the sellers chose a buyer with no contingencies who paid \$190K per unit.
- A non-profit bid over-asking for a site to develop 10 to 12 units. This would have put land acquisition in a range from \$168-\$202K per unit. The property sold for almost 20% more than was offered or approximately \$277,000 per proposed unit.

While offers were made when a development proposal seemed feasible, review of many sites did not move forward due to:

- Asking price too high, with per-unit costs financially infeasible as affordable development
- Significant zoning approvals needed to make project feasible, such as significant density relief as opposed to dimensional relief
- Unit count too low for financial feasibility
- Project type with higher risk, such as building conversion with a risk of unpredictable excessive costs

An additional challenge is that many properties are now changing hands without any public offering. There are projects currently under construction where the land was never offered on the open market. These projects often have reasonable acquisition costs of between \$130K and \$145K, which would be feasible for an affordable project. These opportunities are rarely made known to the City prior to a sale.

The availability of access to sites large enough to support affordable housing development proposals is the biggest challenge facing new development. This is an issue across the city and is more pronounced when we examine sites in areas with less affordable housing. There are sites in lower density areas that could be feasible for affordable housing development if zoning were conducive to multi-family development. The biggest barrier to development is cost per allowable unit. If a project proposes more units than allowed by zoning, there are concerns about challenges and the ensuing costs and delays.

One recent example is a single-family on a parcel of more than 22,000 square feet in Neighborhood 10. The property was sold for \$2.75MM, and is being redeveloped as into two single family homes, one new and one renovated. The zoning allows three units as of right. For example, if development to C-1 standards were allowed on large lots in A or B districts, higher acquisition costs often seen in these areas may be attainable if a larger number of units could be constructed as of right. Since increased as-of-right density would drive up the market value, it would need to be available only for affordable projects. This is one idea we have discussed internally and think would be worth discussing with



the Trust. We are not sure if there is significant untapped potential in these types of sites; however, there may be limited opportunities where this change could help in making land acquisition financially feasible for affordable housing development.

No matter where new development occurs, if affordable housing developments must support current market acquisition prices, per-unit TDCs will increase. Based on the costs of developing tax credit rental projects at Temple Street and Port Landing, we estimate that new construction of similar buildings on a market-acquired site would cost between \$550K and \$600K per unit. If state subsidy funding amounts and project-based voucher rents stay flat, this will increase the amount of Trust subsidy needed. We anticipate subsidy ranges may be in the range of \$180K to \$250K per-unit

At this time, staff would like to discuss with the Trust development goals going forward to provide direction as we evaluate new acquisition opportunities.

- State funding is more competitive than ever, and fewer projects will meet the DHCD priorities for funding. What is the Trust's direction on pursuing projects that are unlikely to receive state funding, such as existing buildings with fewer, smaller units?
- For projects that can compete for DHCD funding, the state TDC limit remains at \$400K as per-unit costs to build in Cambridge continue to increase. If City TDCs increase, this will lead to a larger portion of City funds being "off budget". Will this be an issue for the Trust?
- How should maximum TDCs be evaluated? How are the priorities of limiting costs, targeting areas of the city, providing housing of certain sizes or types best balanced?
- Recent examples show that offers at the asking price of a property are often not enough to obtain high-demand properties. Is the Trust willing to fund acquisitions high enough to compete for these sites, potentially driving the market?
- Should the Trust suggest an affordable housing overlay district for areas with Res-A and Res-B zoning? While this will not assist in the purchase of existing buildings, it could make projects with high land-acquisition costs in less-dense areas more feasible for affordable developers, allowing them to make more competitive offers.

These questions are intended as a starting point for a larger discussion of the Trust's goals, priorities and guidelines for using Trust resources to create new affordable housing in a high-cost, competitive development climate.



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**CITY OF CAMBRIDGE**  
Community Development Department

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**IRAM FAROOQ**

Acting Assistant City Manager  
for Community Development

**MEMORANDUM**

**To:** Cambridge Affordable Housing Trust  
**From:** Chris Cotter, Housing Director *CC*  
Anna Dolmatch, Housing Planner *AD*  
**Date:** May 28, 2015  
**Re:** Zoning Changes for Affordable Housing

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Based on discussions of tools to increase the production of affordable housing in Cambridge, staff have been looking at potential zoning changes that could increase the ability of affordable housing developers to purchase developable sites in the current market.

There are two main goals for these zoning tools. The first is to assist affordable developers in their pursuit of sites where, given strong competition in the market, they are often outbid for sites where affordable development would be financially feasible. Affordable housing developers cannot pay as much per developable unit as market-rate developers, and are also challenged with the costs, capacity needs and risks of lengthy permitting processes.

The second goal is to expand areas in which all-affordable developments are feasible. For example, the development standards in the Residence A and B zoning districts, combined with high land costs, have always been prohibitive for the development of affordable housing. The creation of an affordable housing zoning overlay or other zoning changes could make affordable development more feasible in these districts and other areas where affordable development is currently infeasible.

To begin this analysis, the first step was to look at some sites that were recently sold to develop case studies. We then asked three affordable housing developers to analyze the sites to suggest zoning standards they would need to allow for financially feasible affordable developments on those sites.

Case Studies

We provided four sites that were sold in the past few years. The size of the parcel and the acquisition price were held constant. We requested that the developers provide us with information on the density they would need (FAR, height, lot area per dwelling unit, parking) for a feasible development. We did not initially focus on more detailed dimensional elements such as setbacks. We asked them to model 100% affordable rental projects with a TDC of \$550,000. The following recently-sold parcels were used:

- 6,554 sf                   \$ 996,000
- 8,000 sf                   \$2,552,000
- 10,524 sf                 \$2,100,000
- 22,262 sf                 \$4,950,000

The responses we received varied somewhat, however we were able to arrive at some initial conclusions as to the FAR, parking and lot area per dwelling unit ranges which provide a starting point for looking at what zoning would be necessary to allow affordable housing developers to compete for sites such as these.

Dimensional Standards

Based on this initial analysis, the following development standards would greatly increase the feasibility of acquiring sites in areas where these standards were allowable for all-affordable housing development:

FAR	2.0
Lot area per dwelling unit	600-800
Parking ratio	.5 spaces per unit
Height	45 feet

We have not yet looked at the specifics of setbacks and requirements for open space, but those standards likely need to be similar to standards in multi-family districts to achieve the allowable density within the height limit.

As we move forward we will work with an architect to create some models of what projects with these dimensions might look like on hypothetical sites.

Permitting

One key element echoed by all affordable developers was that any zoning changes targeted at increasing affordable housing production allow for a clear path for approval without the potential for lengthy and costly delays from legal challenges to permitting approvals. To be successful, any zoning incentives for affordable housing would need to be as of right.

While as-of-right approvals would help facilitate new affordable housing development, we would also need to ensure adequate design review, especially if an affordable development is proposed at a density greater than that of the base district. It is important to balance the need for new affordable units with urban design and other planning considerations and ensure that new development meets high design standards and has a positive impact on the neighborhood. How this

design review would occur while maintaining the as-of-right path for the development will be a question to consider.

### Next Steps

While there are still many elements of this concept to work on, we wanted to discuss our progress to date and highlight some of the continuing questions. Some of the outstanding questions to consider are:

- What type of role should the Trust play in approving these projects?
- Should any zoning changes apply citywide or to certain areas only?
- What is the design review process for these projects if they are “as-of-right”, assuming that any such project would need funding from the Trust? Would CDD design review be useful for the Trust to consider? Would an advisory opinion of the Planning Board be appropriate?
- Would there be the minimum ratio of affordable units required to qualify for advantages given to “affordable” developments? Would 70%, 80%, 90% or all units be required to be affordable?
- What criteria would be used to qualify as an “affordable” unit – low, moderate, middle income, etc.?

As we continue to refine the concept, we will speak further with practitioners, including architects, developers and others to develop a set of recommendations. We will present updated findings to the Trust at a future meeting.





IRAM FAROOQ

Acting Assistant City  
Manager for Community  
Development

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## CITY OF CAMBRIDGE

Community Development Department

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### MEMORANDUM

**To:** Cambridge Affordable Housing Trust  
**From:** Chris Cotter, Housing Director  
Cassie Arnaud, Housing Planner  
**Date:** May 28, 2015  
**Re:** Affordable Housing Production and Goal-setting

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As you know, the City Council has asked staff to assess the “feasibility of having the City commit to constructing 1,000 brand new affordable housing units in the City by the end of this decade,” an idea which we discussed at the March Trust meeting on housing production strategies.

It is clear that both staff and Trust members share the Council’s interest in increasing the city’s supply of affordable housing. As housing prices continue to rise, the only way to maintain the socio-economic diversity of Cambridge will be to create new and preserve existing affordable housing.

So far, thanks to the city’s solid commitment to affordable housing, we have been able to keep up with the changing market. At the end of rent control, approximately 15% of the city’s overall housing stock was affordable. Today, that proportion remains largely the same at 14.6%, thanks to the success of our production and preservation efforts over the years. However, retaining that ratio – or increasing it – will require a substantial increase in new affordable units in the coming years.

Establishing an ambitious goal for affordable housing production may be one way to stimulate support for affordable housing throughout the community and help focus efforts on housing creation.

However, as has been discussed, maintaining current levels of production has become more challenging than ever before. The need for resources, while important, is not the most intractable problem. The primary barrier to development is finding and securing developable sites. Unless we can implement some of the tools we have been exploring to overcome these barriers – such as providing density bonuses and other relief to affordable housing developers, prioritizing publicly-owned land for affordable housing, and creating a predictable permitting process for affordable projects – we will be unlikely to meet substantial goals for production.

This memo presents a framework for establishing a production goal for affordable housing, including a discussion of some of these issues, as well as data on the existing stock, past production and preservation activity, and anticipated growth projections for Cambridge. We would like to use this to discuss the Council’s request for information related to setting specific production goal. We also expect that the citywide planning process will be an opportunity to have further discussion with residents on what kind of community residents want Cambridge to be in ten, twenty, thirty years in which any such goal could be adjusted or further refined given the range of identified housing needs and policy goals.

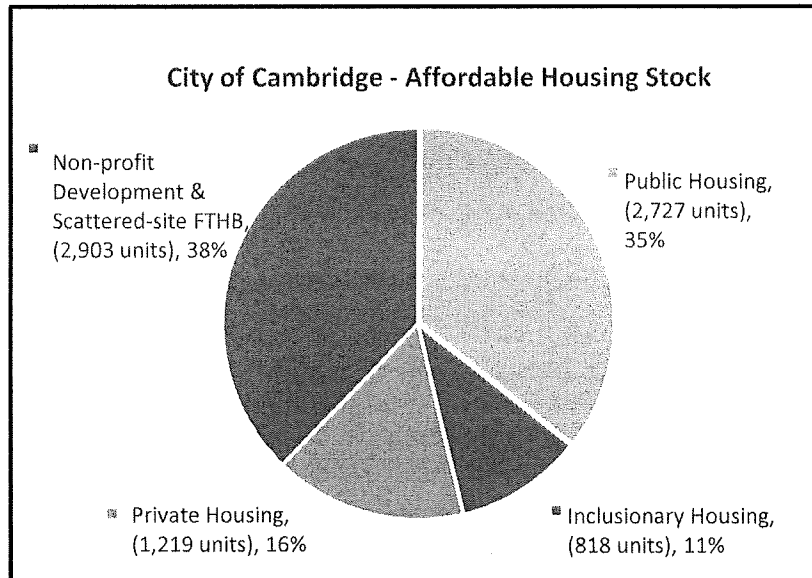
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### Background

There are currently more than 7,670 affordable housing units in Cambridge completed or now under construction that are restricted to low-, moderate-, or middle-income households. The chart below shows how this stock is comprised of public housing, inclusionary housing, other privately-owned affordable housing, and non-profit owned and City-funded homeownership units.



### Recent Development and Preservation Activity

Over the last ten years, the City has created more than 1,100 new affordable units and has preserved more than 1,120 existing affordable units. In just the last 5 years, a total of more than 1,370 units have been preserved or created, including 400 newly created units during which time the City has invested more than \$50 million in affordable housing efforts.

Preservation has been a major focus during this time to ensure no loss of existing affordable stock to market-rate conversion or other physical or financial risk. To date we have successfully preserved seven of the ten expiring use properties identified in 2009 as being at-risk before 2021, with the eighth to be preserved next month. Together, this totals more than 529 affordable units preserved since 2011. However there remain 565 units with restrictions which will expire by 2021. Preservation of these units must remain a priority.

Despite the priority focus on preservation, we have continued to seek opportunities to create new affordable units. CDD staff and local non-profits have assessed more than 50 potential sites since 2010, but have only been successful in purchasing 3 properties among those identified as feasible for affordable housing creation. While we have several new construction projects now or soon to be underway, there are currently no other new construction projects in the pipeline.

Finding and purchasing sites for new affordable housing development will continue to be very challenging. Furthermore, while opportunity and cost are major factors, they are not the only barriers to development. The need for zoning approvals to make a development feasible is oftentimes the most challenging aspect of new development.

Conversely, during the past 5 years production through the inclusionary housing requirements has been dramatic. In this time 395 new inclusionary units have been approved. There are now approximately 200 new rental units being built across the city.

#### Establishing a Housing Production Goal

One of the first questions to resolve as we look to establish a housing production goal is how realistic the goal should be. Does it need to be achievable? Are there benefits to setting an aspirational goal that may be infeasible? Or do we set an ambitious goal that is likely to be achievable?

The second question is what should be measured. While this may be the least interesting part of setting the goal, it matters when we begin to count units. Do we wait to count units until a substantial milestone has been achieved, such as acquisition or construction start? Do we count units at permitting? Or do we count units when completed and ready for occupancy? The difference in results could be substantial, as the time between milestones could be years.

The third question is timeframe. As we all know, building housing can take years, even when everything goes right. While some projects may be quicker than others, we would that most projects would take at least several years to reach occupancy. Setting a short timeframe, such as five years, would likely omit much of the activity which would get underway during the goal period.

Finally, while there is flexibility to set any goal we choose, tying the goal to an existing established measure could give it added credibility. While few would argue that Cambridge does not need more affordable housing, some do question how much housing is needed. We believe that it is important to consider projected housing growth, affordable housing needs, and socio-economic goals to identify what the goal being established is designed to achieve. For instance, the following are some questions which might inform how a goal could be established:

- Growth in the Housing Stock: should the goal be tied to growth? How many housing units will there be in 2025? 2030? 2040? Given growth projections, how many units should be market and how many below-market, and at what affordability levels given the desired socio-economic mix in the community?
- Affordable Housing Need: should the goal be tied to existing affordable housing needs in Cambridge? Should it anticipate needs among residents?
- Community Socio-economic Diversity Goals: should the goal be tied to what the community would like Cambridge to be in the future? What balance of very low, low, moderate, middle, upper middle and market-rate housing would be ideal in the community? How is this mix distributed across household sizes and types? If there were such a goal, how would it best be determined?
- Historical Benchmarks: should the goal be tied to what the community was like at the end of rent control in 1995 or some other benchmark?

### Housing Demand Projections

The Metropolitan Area Planning Council (MAPC) has prepared population and housing demand projections for the metro Boston region. The MAPC forecasts include data on what they refer to as “status quo” projections, which assume a continuation of existing trends, and “stronger region” projections, which explore how changing trends could result in greater demand for housing.

MAPC’s “stronger region” growth projections for Cambridge estimate that there will be a demand for 53,448 total housing in Cambridge by 2030, an increase of 6,157 units from the 47,291 units they estimated were in Cambridge in 2010. Their “status quo” projections call for an increase of 3,088 units by 2030. According to City data, we are tracking right between the two projections, having reached 52,646 total units in 2014.

We will continue to track this data, as well as update our analyses of the changing demographics of Cambridge. Our most recent analysis indicated that there has been a significant decrease in the numbers of households earning between 50% to 100% AMI over the last several years, and that there remains a large number of households who are housing-cost burdened. We expect that we will be getting updated analyses as part of the ongoing Inclusionary rationale study currently underway. As this new data comes in, we will combine that information with work we are currently doing to estimate the current and future affordable housing needs in Cambridge.

### Proposed 1,000 Unit Goal

To accomplish a goal of producing 1,000 by the end of 2020, we would need to double our production activity over the next five years. Staff estimate that there are approximately 250 Inclusionary units already in pipeline which are likely to come on-line in next five years. If that is the case, we would need to produce 750 units by the end of 2020 to meet the proposed goal. Given the current development challenges, this would be difficult to accomplish.

However, as you know, staff has been investigating a range of measures designed to help create opportunities for affordable housing development. Ideas being explored include providing density bonuses and other relief to affordable housing developers, prioritizing publicly-owned land for affordable housing, creating a predictable permitting process to support affordable projects once they get underway, inventorying underutilized parcels for possible purchase and development, purchasing additional units in market-rate developments as affordable housing, and exploring creative ways to finance development once sites are identified and secured.

Whatever the goal ends up being, large-scale production of affordable housing will only be possible if some of these tools become available to affordable housing developers.

### Next Steps

Our baseline goal for the next five years is to preserve the 565 privately-owned expiring-use units most at risk, significantly increase the production of new affordable housing in the city, and reinvest in the existing affordable stock where appropriate.

We recommend that a working group be formed to develop a specific production goal that would be recommended to the Council. The working group would review data on current and projected affordable housing needs, housing growth projections, and goal-setting approaches in order to develop a goal for consideration by the Trust and to be recommended to the Council.





**CITY OF CAMBRIDGE**  
Community Development Department

**BRIAN P. MURPHY**

Assistant City Manager for  
Community Development

**MEMORANDUM**

To: Cambridge Affordable Housing Trust  
From: CDD Staff *ad*  
Date: August 28, 2014  
Re: Analysis of Incomes in Cambridge since 1990

CDD staff have been conducting an analysis of changing demographics in Cambridge. We would like to share the first part of our analysis which looks at changing income levels in Cambridge since 1990.

We have heard from residents who are concerned that Cambridge is at risk of losing its diversity, and expect that there will be continued discussion on how to ensure that Cambridge retains households who reflect a wide range of income levels. Our initial review of the most current data, as shown in the following analysis, indicates that there has been a steady decline in the number and ratio of 50-100% AMI households living in Cambridge and we expect that that trend is continuing.

Distribution of Income

The data for the analysis comes from a special analyses conducted by the U.S. Census Bureau for HUD using data from the decennial census and the American Community Survey. In order to conduct a relevant analysis, data on changes in household incomes needs to account for the size of the household (e.g. \$60,000 for a family of five indicates a different level of income than \$60,000 for an individual or couple). The 2010 Census did not collect data on income. As a result, our analysis relies on 1990 and 2000 Census data and 2007-11 American Community Survey data, the most recent 5-year ACS data.

The following table provides an overview of changing income levels of households in Cambridge since 1990. Data includes both renter and owner households.

Income Level	1990 Census	2000 Census	2007-11 ACS	Net Δ since 1990	State (2007-11 ACS)
Below 50%	27.8%	27.7%	28.9%	1.1%	27.5%
50-80%	18.1%	16.0%	8.3%	(9.8%)	11.8%
80-120%	21.4%	20.6%	15.7%	(5.7%)	18.3%
Over 120%	32.8%	35.7%	47.0%	14.2%	42.3%

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In general, household income figures have shifted to the upper and lower ends of the income spectrum, with the greatest shift at the higher end of the range. This table shows the net percentage change between 1990 and most recent ACS data, as well a comparison to our most recent statewide ACS data.

As you can see, there has been a slight increase in the proportion of low-income households since 1990 and a substantial increase of higher-income households, while the number of households earning between 50-120% has substantially decreased. The biggest changes occurred among the households earning 50-80% AMI. While the pattern of changes in the income distribution of Cambridge households is similar to that found statewide, the changes here are greater in magnitude.

### Number of Households by Income

The following chart uses data to extrapolate an estimate of the number of households in each range for each period of time, and includes a more detailed breakdown of income ranges. The chart provides an estimate of the changes in the overall number of households in each income range since 1990.

	<b>1990 Census</b>	<b>2000 Census</b>	<b>2007-11 ACS</b>	<b>Change Since 1990</b>	<b>% Change Since 1990</b>
Total HHs	39,405	42,615	44,032	4,544	11.5%
Below 30%	15.7% 6,200	16.6% 7,000	18.8% 8,300	2,100	5.3%
30-50%	12.1% 4,800	11.1% 4,700	10.1% 4,400	(400)	(1%)
50-80%	18.1% 7,100	16.0% 6,800	8.3% 3,600	(3,400)	(8.6%)
80-100%	11.8% 4,700	9.7% 4,100	8.1% 3,500	(1,100)	(2.5%)
100-120%	9.6% 3,800	10.9% 4,600	7.6% 3,300	(500)	(1.3%)
Over 120%	32.8% 12,900	35.7% 15,200	47.0% 20,700	7,800	17.7%

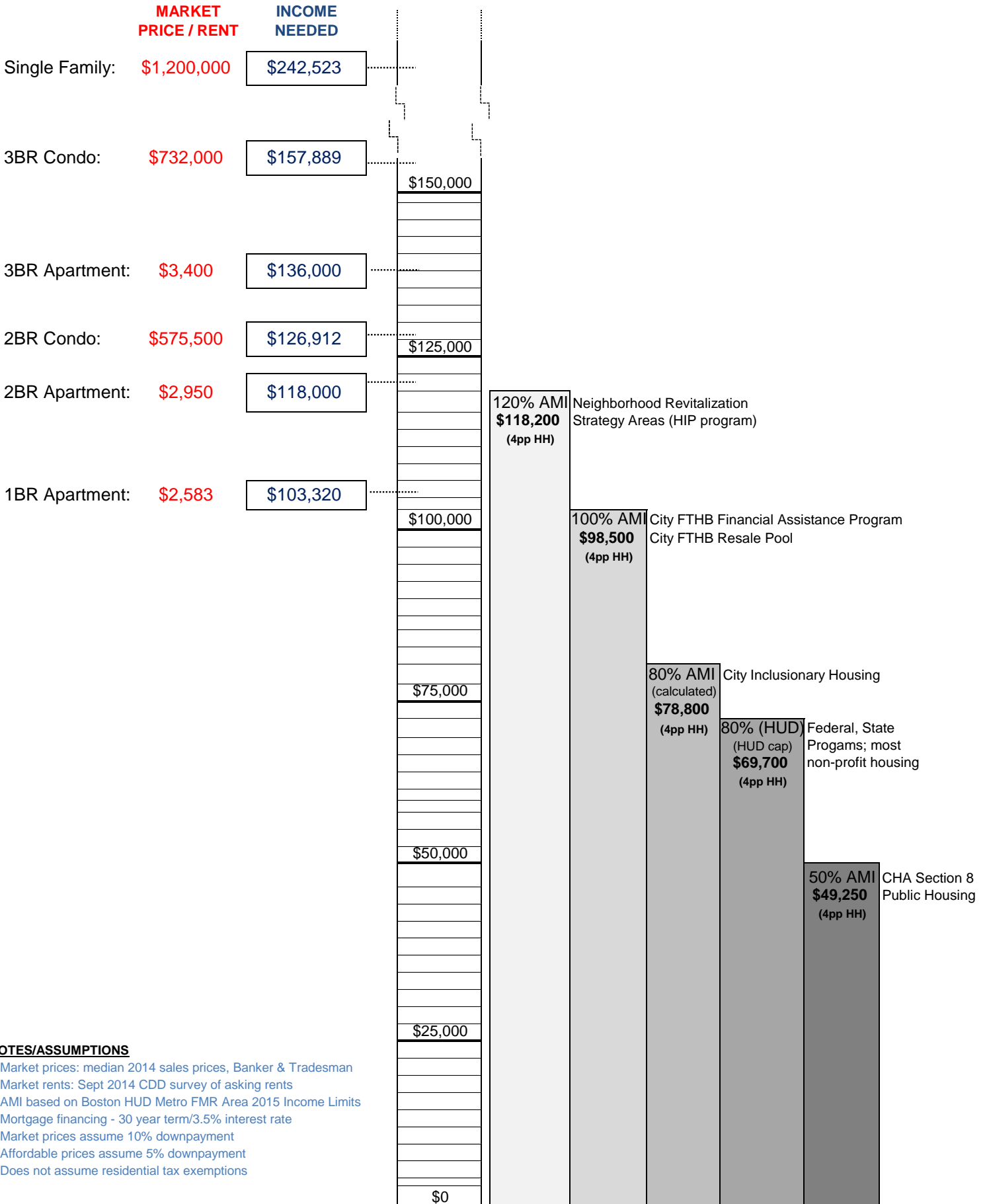
*(figures rounded to nearest 100<sup>th</sup>)*

The number of households in Cambridge has increased by approximately 4,500 since 1990. However, while the data indicates that there are approximately 7,800 more higher-income (over 120%) households, there are approximately 4,500 fewer 50-100% households. The estimated number of households in Cambridge earning 50-80% today, based on most current data, has declined by almost 49% since 1990, while the overall number of households has increased by 11.5%. In the same period, the estimated number of households earning over 120% has increased by 60% since 1990.

These findings are consistent with the analysis we shared with the Trust in 2013 which also indicated decreases in ratios of households earning 60% to 120% AMI. We will continue to review and refine this income analysis, as well as complete our examination of other demographic changes including: changes in household size and composition, housing costs, and changes to the housing stock in terms of tenure type and unit size.

# Cambridge Housing Affordability Gap Chart

## INCOME LADDER



**NOTES/ASSUMPTIONS**

- Market prices: median 2014 sales prices, Banker & Tradesman
- Market rents: Sept 2014 CDD survey of asking rents
- AMI based on Boston HUD Metro FMR Area 2015 Income Limits
- Mortgage financing - 30 year term/3.5% interest rate
- Market prices assume 10% downpayment
- Affordable prices assume 5% downpayment
- Does not assume residential tax exemptions