



City of Cambridge Inclusionary Housing Study

City of Cambridge
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Study Elements

- Socioeconomic Diversity Analysis
- Economic Feasibility Analysis
- Practices in Other Cities



Socioeconomic Diversity Analysis

- Analysis of housing and demographic changes in Cambridge since 1997 and 1998 original inclusionary housing studies



Economic Feasibility Analysis

- Estimated effects of alternative inclusionary housing standards on residential financial feasibility and land values in Cambridge using prototypical housing developments



Practices in Other Cities

- Review of inclusionary housing practices in selected cities nationwide



Trends in Income and Housing Costs

- Increases in residential market rents and sales prices have outstripped increases in area median income (AMI) since 1997.



Total Increase: 2007 to 2014

Area Median Income:	14%
Median 2 BR Asking Rent	31%
Average Condo Sales Price	33%
Average SF Sales Price	45%



Results

- Marked reduction in housing affordability
- Increase in cost-burdened households
- Decline in proportion of households with incomes under 100% of AMI.



Ratio of 80% AMI to Market Rents

1997	2000	2014
99.3%	72.1%	63.8%



% of AMI Required to Afford Average Home Sales Price

	2007	2014
Condos	145%	151%
Single-Family	226%	257%



Cost-Burdened Renter Households (% of HH)

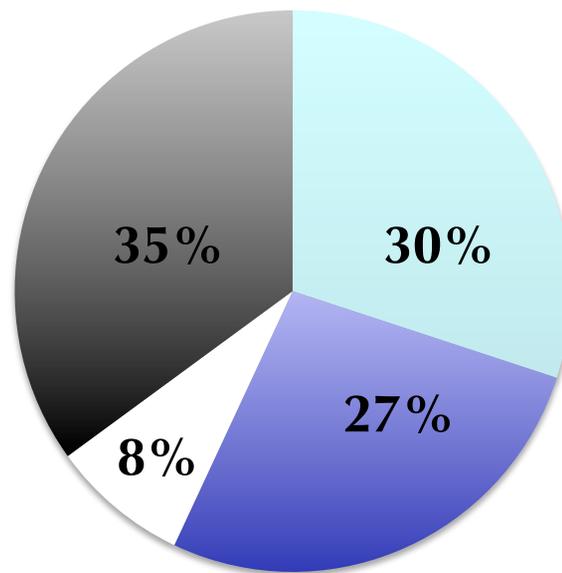
	2000	2011
All Renter Households		
Paying >30% of Income	40%	45%
Paying >50% of Income	19%	24%
Renter Households Earning 50% to 80% AMI		
Paying >30% of Income	56%	74%
Paying >50% of Income	10%	25%



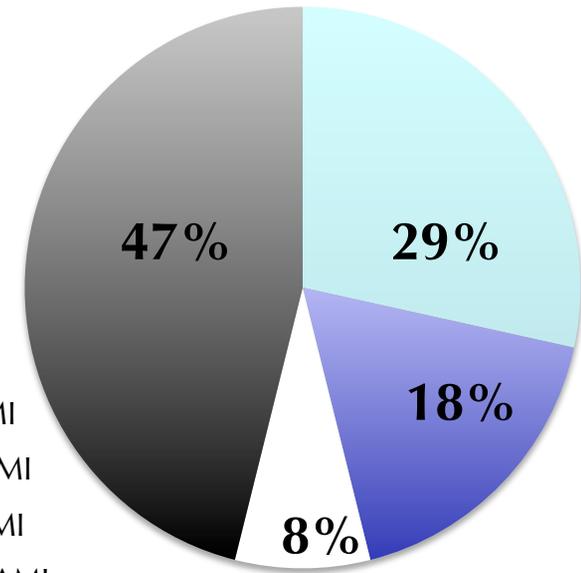
Household Income Distribution

(% of Households)

2000



2011



- Less than 50% AMI
- 50% and 100% AMI
- 100% to 120% AMI
- More than 120% AMI



Affordable Housing Stock

- The proportion of the restricted affordable housing stock has remained at approx. 15% of total units
- Result of success of City's IHO, AHT and other City programs



Importance of IHO

- Development of new affordable housing is more challenging
 - Competition for sites
 - Declining state and federal funding
- IHO has contributed increasing share of new affordable units



Future of IHO

- Analysis concludes there is room for Cambridge to increase its inclusionary standard without rendering housing development economically problematic



Recommendation #1

Affordability Requirements

<p>Rental Housing</p>	<p>15% of units at 65% of AMI plus 5% of units at 100% AMI</p> <p>OR</p> <p>20% of units at 65% of AMI</p>
<p>Owner Housing</p>	<p>20% of units</p> <p>Income Limit 100%</p> <p>Mortgage affordable at 75%-90% of AMI</p>



Recommendation #2: Density Bonus

- Retain existing density bonus
- Enact zoning changes to add additional affordable units when conditions warrant



Recommendation #3: Family Units

- Disallow provision of studio units to meet IHO obligations or offer them at lower cost than one-bedroom units



Recommendation #4: Threshold Size

- Consider reduction of threshold size
- Accept fractional unit fee for fractional units



Recommendation #5: Location of Affordable Units

- Allow option of selecting less premium units in exchange for an increase in the number of affordable units



Recommendation #6: Residential Vs. Commercial

- Consider the impacts of IHO standards on the market competitiveness of residential versus commercial land uses



Recommendation #7: Grandfathering

- Changes do not apply to projects in construction or with a recorded affordable housing covenant.



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