

CAMBRIDGE AFFORDABLE HOUSING TRUST
MEETING MINUTES
May 26, 2016

Ackermann Room, City Hall
795 Massachusetts Ave.

Trustees Present: Richard Rossi, Chair; Peter Daly, Florrie Darwin, Michael Haran, Gwen Noyes, Cheryl-Ann Pizza-Zeoli, Bill Tibbs

Trustees Absent: Susan Schlesinger, James Stockard

Staff Present: Iram Farooq, Assistant City Manager for Community Development; Chris Cotter, Housing Director; Cassie Arnaud, Housing Planner; Linda Prosnitz, Housing Planner;

Other Attendees: Peter Graham

The meeting was called to order at 4:08.

Upon a motion moved and seconded, it was

VOTED: To approve the minutes for the meeting of Thursday, April 28, 2016 as submitted.

PROJECT UPDATE –

Briston Arms – Renovation is ongoing.

463 Cambridge Street - The project was awarded state funds and is working to close with DHCD.

Jefferson Park State Public Housing – Relocation and demolition are complete. Construction is underway.

131 Harvard Street/Port Landing – Construction is ongoing. Expected completion is in the fall 2016.

Inclusionary Housing – The Covenant was recorded for Avalon North Point II in May. With the addition of these units, the number of inclusionary units has exceeded 900.

NEW BUSINESS - UPDATES

Inclusionary Housing Study

Staff presented a draft of a letter to be submitted on behalf of the Trust to the City Council on the Trust's recommendations and comments on the Inclusionary Housing Study. At the April Trust meeting, the Trust discussed the recommendations from the study and the draft letter is based on the results from that discussion. Staff want to review the draft letter with the Trust and get additional feedback so the letter can be completed and submitted. The Trust proceeded to discuss the recommendations.

Set-Aside Ratio – The Trust agreed with the letter as drafted to support the increase in the set aside of inclusionary units to a net 20% of units in new buildings.

Income eligibility and targeting – Given the huge demand for affordable rental units in the 50% to 80% AMI range and the marginal demand for middle income rental units, the consensus was to support the continuation of the current income eligibility of the rental program to be up to 80% AMI. For homeownership, the consensus was to support increasing the income eligibility to 100% AMI since there is a demand for homeownership units in this income range.

Density Bonus – The study recommendation is to maintain the current 30% density bonus. Staff explained that developers report that many developments cannot or do not use the density bonus due to a variety of factors, including dimensional limitations and community concerns. In a brief survey of recent projects, it was found that only one in ten used the bonus. The circumstances vary from site to site. The Trust discussed why projects do not take advantage of the bonus and how it might be unlocked. Trust members asked if it would be possible to survey developers and get a detailed response to understand the issues with the bonus. Members asked what zoning changes would be required in order to unlock the bonus for developments. Trust members suggested the recommendation voice the concern that the 30% density bonus was not attainable for many projects without additional relief.

Creation of Family Units – The study recommendation is to consider mechanisms to create large units through looking at a percentage of square feet or number of bedrooms instead of units. The Trust supports the recommendation if there can be a clear process and clear criteria. It was pointed out that the Trust can't make discretionary approval of projects. Regulations would need to be set instead and implemented by staff. Regulations could be reviewed annually.

Studio units – The study recommended that either studio units be disallowed or have a separate pricing methodology. The Trust does not support the idea of completely eliminating studios though it would be preferable if they could be traded for larger units. It would be more desirable to adjust the rent so, for instance, households pay 25% of their income for rent for a studio.

Threshold size – The report suggested that the City could consider lowering the project size for triggering inclusionary units. Staff explained that based on housing starts in the last few years, there were a small number of projects with 6-10 units. The Trust discussed that since lowering the threshold would result in very few inclusionary units and would expand the inclusionary requirements to a new group of smaller properties, it did not make sense to change the current standards. The Trust supports maintaining the current threshold of 10 units or 10,000 square feet.

Contributions for partial units – The study recommendation is to establish a housing contribution if the calculation of inclusionary units results in a partial unit. Currently, when the inclusionary calculation results in a partial unit, it is rounded up or down to result in a whole unit. As a result, many projects are submitted to be just under the .5 unit. It was discussed whether there could be a fee for a partial unit under .5 but still round up for partial units above .5. Members agreed that establishing a contribution for all partial units will treat all projects equally and discourage projects which are sized to avoid creating an

additional inclusionary unit. The fee should be updated annually. Trust supports the study recommendation.

Accepting less premium units in exchange for additional units – This is controversial recommendation. Staff recounted that at the Housing Committee meeting people voiced concern that if enacted this could be a slippery slope for locating inclusionary units. Developers are interested in an exchange for larger units, not more units. The intent of the recommendation is to consider an exchange for units only in the highest floors in a high rise building. Ways to approach this issue and its implementation were discussed. It was suggested to first talk about building on the success of the program to date and the commitment to larger and more units. Basic program goals can be discussed. One suggestion was if there was a way to include a statement about staff working to get the best proposal. It was mentioned that Boston gives the option of building off site units. However, Boston has neighborhoods that are more economically diverse than Cambridge. Off-site compliance does not make sense in Cambridge because all of the City is prime real estate.

There are a couple of issues about the creation of family sized units and location of units brought up again. The Trust suggested that there be a review committee. It was explained that the decisions on projects can't be tied to discretionary approval by the Trust. Specific guidelines and standards, which will have to be fairly specific, can be set. Few boards have the authority to decide on specific development projects. In addition, developers want predictability. The regulations or guidelines can be reviewed annually and would build in adaptability.

Grandfathering Provisions– Trust members though this is a legitimate and difficult issue. How do you capture the most units and also give enough time for projects already in process? There are several questions in play when addressing this issue. It is clear that projects which have their Special Permit will not be subject to new regulations. However, what date will be the effective date of the ordinance: when the petition is published or perhaps an effective date in the future? City staff are looking at what options exist as to how changes might become effective.

It was suggested that perhaps DRA could give us advice on their experience in other communities with this issue. DRA's experience is primarily in California, and state laws which govern zoning law vary, so their experience on this issue is not relevant to Massachusetts.

Middle Income Pilot Update

Staff presented a memo updating the status of the 15 middle income rental units at 270 Third Street. These are the first middle income rental units that the City has marketed. A lottery was held in October 2015, and 41 applications were received by the lottery deadline. However, all of the units were not filled with the lottery participants so applications were continued to be accepted. To date another 28 have been received. Of the total of 69 applications, 41 are from Cambridge residents. Twenty-five were not income eligible. The middle income units are comprised of two tiers: one for households with incomes between 80%-100% AMI and the other for households with incomes between 100%-120% AMI. Twice as many applications were received from households in the 80%to 100% AMI range than the higher income tier. The total number of income eligible applicants is intended to show overall demand. The Trust would like some more information on the applicant pool. However, not all of the income eligible applicants had an opportunity to be offered a unit. For instance, as units were leased up, there were no more units available for particular household sizes and income ranges.

Thirteen of the fifteen units are leased. Two one bedroom units in the 100%-120% range remain and applications are being accepted on a first come, first serve basis.

ADJOURNEMENT

The meeting adjourned at 5:10 p.m. The next meeting is scheduled for June 23, 2016 at 4:00 p.m.

- Meeting Minutes from the Trust's April 28, 2016 meeting.
- Project Update
- Draft Trust letter on Inclusionary Study Recommendations
- Memorandum on Middle Income and Inclusionary Rental Applicant Updates