



CITY OF CAMBRIDGE
Community Development Department

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Affordable Housing Trust

June 24, 2021, 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_z9_ubbAHRoGV6ct0evzvpA) in advance of the meeting.

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AGENDA

- Review of Meeting Minutes
- Update from the Community Development Department
- 52 New Street: Just-A-Start Corporation is requesting up to \$850,000 to assist with pre-development work for this proposed affordable housing development
- Adjournment

CAMBRIDGE AFFORDABLE HOUSING TRUST
MEETING MINUTES
May 27, 2021 at 4:00 p.m.

Conducted virtually via Zoom

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

Trustees Absent: Elaine Thorne

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

Others Present via Zoom: Michael Brandon, Lisa Case, James Dean, Lisa Dreier, Bo Fuji, Lisa Jacobson, Ausra Kubilius, Andrew Larsen, John Nesby, Patricia Ramsey, Catherine Tutter, Paul Vermouth, Nicola Williams

The acting chair, Jim Stockard, called the meeting to order at 4:01 p.m. Chris Cotter explained that this meeting of the Affordable Housing Trust would be held virtually pursuant to the temporary emergency orders currently in place, 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 4:08 p.m.

MEETING MINUTES

Upon a motion moved and seconded, with absent, by roll call of six in favor and three absent (Mr. DePasquale, Mr. Noyes, Ms. Thorne) to approve the minutes for the meeting of Thursday, May 6, 2021.

UPDATE FROM CDD

SquirrelWood: Construction at this site continues and is on schedule to be completed in the coming months. Some units are already online, and others will phased-in as they are completed. Applications are now being accepted for 17 available new units.

Cherry Street: The meeting to discuss this project has been rescheduled for next Thursday, June 3rd. The City Council has asked staff to establish a community process for developing this site.

Community Preservation Act (CPA) Public Hearings: The FY22 CPA allocation process will be underway this spring. The CPA committee will hold a first public hearing on June 6, 2021 and a second public

hearing on July 14, 2021 to hear comments on how the FY21 CPA funding should be allocated among the 3 eligible CPA uses.

“Missing Middle Housing” Zoning Petition: The Planning Board did not recommend adoption of this petition. The Ordinance Committee is holding another hearing on this petition on June 10th.

PARK VIEW COOPERATIVE REQUEST

The Park View Coop request for additional funding was brought back to the Trust for a final vote. The request was deferred from the 5/6/21 Trust meeting to allow staff to further review the terms and conditions that Park View Cooperative members presented, and to get back additional information from Cooperative regarding operating projections.

The terms and conditions presented by the Park View Cooperative at the 5/6/21 Trust meeting along with terms suggested by staff last year were reviewed along with new operating projections prepared by the Cooperative. A revised set of terms were brought back to the Trust with a recommendation for the approval of this funding request.

Discussion included that the final terms were a good compromise between the unique needs of the a cooperative and the needs of the Trust to maintain appropriate oversight of its investment and would concerns that this be concluded so that work can begin before the winter.

Upon a motion moved and seconded, with Ms. Thorne absent, by roll call of eight in favor and one absent, it was:

VOTED to approve the Parkview Cooperative’s request for a loan commitment for an increase of up to \$2,805,215 to bring the total Trust commitment to up to \$4,199,215.

2072 Mass Ave

The team of Capstone Communities LLC and Hope Real Estate Enterprises LLC (Capstone/Hope) is requesting up to \$1,271,000 in additional predevelopment financing from the Trust for its proposed development of 2072 Mass Ave. The developers will be seeking additional funding from the Trust, and to convert this loan into permanent financing, prior to construction. They are also seeking State funding which will be needed for construction. The request for a comprehensive permit for the proposed development, continued from several months ago, was at the Board of Zoning Appeals last week. The development team shared design changes they made to respond to community feedback. The project received a great deal of support in public comments along with a considerable amount of opposition at the meeting. The BZA questioned why this was not consistent with the guidelines for the Affordable Housing Overlay. The BZA did not make a decision, but again agreed to continue a hearing in September 2021. The developers are working to process and respond to comments and concerns heard at the hearing, and to prepare to return to BZA in September.

Staff explained that this request would provide funding needed to continue predevelopment work up to the construction phase. The development team is also pursuing other financing commitments which will be needed for construction, and will submit an additional request to the Trust for funding needed from

the Trust for construction. There will be a disbursement agreement in place to set parameters of when funds would be released as progress is achieved.

Trust members discussed the pending request for a permit from the BZA and that the Trust remains in support of the affordable housing proposal here.

Upon a motion moved and seconded, with Ms. Thorne absent, by roll call of eight in favor and one absent, it was:

VOTED to approve Capstone/Hope's request for a loan commitment of \$1,271,000.

Harvard Loan

The Trust received a \$6 million loan made by Harvard University under its 20/20/2000 Initiative through which Harvard offered low interest financing to assist affordable housing efforts in both Cambridge and Boston. The City is approaching the end of the term for the initial loan commitment, and staff have been working with Harvard to prepare for a renewal of this commitment so that the funds will continue to be a resource for the Trust and affordable housing in Cambridge.

The funds were loaned to the Trust at 2% interest in two loans originated in 2000 and 2001. Funds were offered by the Trust to affordable housing providers at the same 2% interest rate. Loan funds have been used to assist affordable housing providers with permanent and construction financing. After a few permanent loans made in the early 2000's staff found that the funds were most valuable as construction or other short-term financing to lower development period borrowing costs for new developments due to the shorter available amortization period.

For the loan renewal, it is proposed that the interest rate will be fixed at a lowered rate of 1.85%. Similar to the original loan, payments will be interest only for the first 10 years, with the loan fully amortizing during years 10-20. Unlike the original loan, there will be no requirements for 10% loss reserve, so the full amount of the loan will be available for the Trust to lend to affordable housing builders.

Upon a motion moved and seconded, with Ms. Thorne absent, by roll call of eight in favor and one absent, it was:

VOTED to approve the Trust to authorize the Managing Trustee to execute documents necessary to enter into a new loan of up to \$6 million from Harvard University so that the Trust can continue to offer access to low-interest loan funds for affordable housing.

Annual Appropriations for FY2022 – funding request

Prior to discussion, Mr. Daly and Ms. DeRosa recused themselves from the discussion and left the meeting.

CDD is requesting \$696,615 to support non-profit housing provider's affordable housing preservation and development programs, CDD Housing Division staff, and CDD Housing Division program support including homeownership management software, and legal services and administrative costs.

Trust members discussed their support for this continuing work.

Upon a motion moved and seconded, with Mr. Daly, Ms. DeRosa and Ms. Thorne absent, by roll call of six in favor and three absent, it was:

VOTED to approve the following annual FY2022 contracts as outlined below and summarized in the Trust briefing materials:

Non-profit Housing Preservation & Development	\$445,115
Expiring Use Preservation Funding	\$75,000
CDD Staffing	\$140,000
Homeownership Software	\$15,000
Legal Services	\$14,000
Miscellaneous / Administrative	\$7,500
TOTAL:	\$696,615

Following the vote, Peter Daly and Elaine DeRosa rejoined the meeting.

The Chair, City Manager DePasquale, and Ms. Darwin left the meeting at 4:52pm.

Homeownership Policy Orders

The City Council recently adopted two policy orders to request information and planning for expanding the creation of affordable homeownership units, and to request changes to City homeownership programs, both with a policy goal of promoting racial equity and socioeconomic justice through homeownership.

Staff shared that the City's homeownership programs have been focused on maintaining a inventory of permanently affordable homes, and that requested program changes are in line with work CDD has been preparing to examine the equity return for owners to facilitate greater wealth-building among owners and to examine options for owners to pass on their homes to heirs. It was encouraged that the Trust members think about city resources and where they go to determine how the portfolio of affordable homes shapes over time. Staff are working on ideas for changes in policies for affordable homeownership for discussion.

Trust members encouraged City staff to stay abreast of what other communities across the country are doing to address systemic racism in housing and zoning policy and to use data to inform any policy changes. Members note that there are many considerations need to make, including the need to balance long-term affordability with changes that can better to mirror market-rate homeownership, wealth building, fair housing practices, and emerging best practices around new housing programs to address systemic racism.

ADJOURNMENT

Upon a motion moved and seconded, Ms. Darwin, Mr. DePasquale, Ms. Thorne absent, by roll call of six in favor and three absent, it was voted to adjourn the meeting at 5:18 pm.

The next meeting is scheduled for June 24, 2021.

Materials:

- Agenda
- Meeting Minutes from the Trust's May 6, 2021 meeting
- Project update: Status of Active Commitments
- Project Review Committee Memo May 27, 2021: Parkview Cooperative Funding Request
- Project Review Committee Memo May 27, 2021: 2027 Mass Ave Predevelopment Funding Increase
- CDD Memo May 27, 2021: Request for Annual Appropriations for FY2022
- CDD Memo May 27, 2021: Update on Renewing Harvard Loan Fund Committee
- CDD Memo May 27, 2021: Policy Orders Regarding the City's Affordable Homeownership Program
 - City Council Policy Order 83
 - City Council Policy Order 95

Cambridge Affordable Housing Trust

Status of Active Commitments

June 24, 2021

	Active Projects	Sponsor	Rental Units	Ownership Units	Status	Total Cost	Trust Commitment	Loan Amount Per Unit	Trust Approval Date
1.	HomeBridge program	CDD	<i>currently approved buyers: 10</i>	19	74 scattered site units purchased by first time buyers to-date. Program expansion up to 120% AMI now active. 2 units under agreement.	N/A	\$18,200,000	1-br: 40% sale 2-br: 45% sale 3-br: 50% sale	May 2011
2.	Homeownership Resale Program	CDD	<i>currently active units:</i>	22	Re-purchase, rehab and re-sale of affordable homeownership units to new homebuyers.	N/A	\$7,500,000		December 2011
4.	Frost Terrace 1971 Mass Ave	Capstone Hope	40		Construction underway, after temporary shutdown due to covid-19; July 2021 completion expected. Marketing and resident selection process underway.	\$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. Marketing of available new units underway.	\$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. Project is seeking a comprehensive permit; presented to Planning Board 12/1; PB recommended proposal to BZA and confirmed recommendation at 5/4/21 PB hearing; first BZA meeting held 12/10/20 was continued to 5/20/21; BZA continued again to September 2021.	TBD	\$3,800,000	TBD	February 2018
8.	52 New St	JAS	TBD	TBD	JAS purchased the site in early 2020 and anticipates permitting the project through the recently adopted Affordable Housing Overlay. JAS will be seeking state funding in an upcoming application round with a goal of securing permitting and financing in time to begin construction in ~2022. JAS has held community meetings on 2/25, 3/25 and 4/15 to discuss their ideas for the site in advance of submitting final plans for the project.	TBD	\$9,800,000	TBD	October 2019
9.	Park View Coop	Park View Coop		12	Funds committed May 2021; Preparing to close on funding commitment	TBD	\$4,199,215	\$349,935	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; finalizing closing of funding.	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.	TBD	\$4,250,000	\$177,083	June 2020

Total Units 644

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. Nearing completion. Marketing of affordable units to begin soon.		4	Ordinance prior to revision
2.	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
3.	St. James (1991 & 2013 Mass. Ave.)	Oak Tree	Converting to ownership. Nearing completion. Marketing of affordable units to begin soon.	5		Ordinance prior to revision
4.	77 New Street	Abodez	Covenant Recorded 9/14/16. Complete. Tenant selection underway.	11		Ordinance prior to revision
5.	95 Fawcett Street	Ed Doherty	Covenant Recorded 12/29/2016. Under Construction. Will convert to rental		5	Ordinance prior to revision
6.	Alexandria - 50 Rogers Street	Alexandria	Covenant Recorded 6/4/19. Complete. Tenant selection underway.	44		Zoning for Alexandria PUD
7.	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. Completion expected Fall 2021.	16		Ordinance prior to revision
8.	50 Cambridgepark Drive	Hanover	Covenant recorded 8/6/19. Building Permit issued 12-5-19. Under Construction	55		Revised ordinance at 20% sf requirement
9.	165 Main Street	Mitimco	IHP Covenant recorded 12/17/19. Building Permit issued 12-20-19. Under Construction	63		Zoning for MIT
10.	95-99 Elmwood	95-99 Realty	Covenant recorded. Building Permit issued 7-2-20. Under construction.		4	Ordinance prior to revision
11.	Cambridge Crossing, Building I	DivcoWest	Covenant recorded; Building Permit issued 8-24-20 Under construction.	54		Ordinance prior to revision
12.	212 Hampshire Street (Ryles)	212 Hampshire LLC, Binoj Pradhan	Covenant recorded. Construction complete. Tenant selection underway	1		BZA requirement of affordable unit
14.	55 Wheeler Street	Toll Brothers	Covenant recorded 3/12/21. Building Permit issued 3/16/21. Under Construction	99		Revised ordinance at 20% sf requirement

Under Development:

392 13

Completed Units:

831 202

All Units:

1223 215

1438

	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.	1043-1059 Cambridge St.	418 Real Estate	IHP plan was submitted. Property is under agreement for new ownership. IHP plan under review with buyer.		3	Revised ordinance at 20% sf requirement
4.	270 Thorndike St. Court House	Leggat/McCall	Covenant in signature process.	48		All units are affordable



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To: Affordable Housing Trust
From: The Project Review Committee
Date: June 24, 2021
Re: 52 New Street - predevelopment funding increase

Just a Start (JAS) is requesting up to \$850,000 in additional predevelopment financing from the Trust for the development of 52 New Street. This request supplements the \$9,800,000 previously provided by the Trust for acquisition and initial predevelopment work.

As you may recall, 52 New Street is a one-acre site located immediately adjacent to Danehy Park in West Cambridge. Since acquiring the site in 2020, JAS has completed a range of predevelopment activities including design and development planning, environmental, civil and geotechnical work.

JAS is designing the project to be able to be permitted under the Affordable Housing Overlay. The proposed design envisions a six-story building containing one hundred and six units including twenty-one one-bedrooms, 63 two-bedrooms and 22 three-bedroom units designed to PassivHaus standards. Under the current plan, fourteen units will be restricted to households at incomes of 30% of the Area Median Income (AMI) or below, and ten units will be restricted to households earning 100% AMI or below. Seventy-two units will be restricted at up to 60% of the AMI and the remaining ten units will be restricted to households earning between 60% and 80% of AMI. The proposed project will also include approximately 3,000 square feet of ground-floor commercial space, as well as approximately 2,500 square feet for management offices, lobby space and amenities for tenants. Parking will be provided for 43 cars and one hundred and 20 bicycles.

The development team has worked with Dellbrook JKS to develop an estimate of construction costs based on the current drawings. They have completed initial site environmental and civil tests. The initial environmental test showed numerous contaminants that exceed the allowable thresholds. These reports have been shared with Dellbrook JKS and have been incorporated into the current construction pricing. JAS is undertaking additional testing to obtain more information about the subsurface conditions at the site. The existing building is still being leased by a gym facility. The current lease expires in December 2021. JAS has been working to extend the lease term until September 2022.

At this time total development costs are estimated at \$63.5 million or \$599,000 per unit assuming 106 units. Just A Start is anticipating an additional Trust funding request of approximately \$7,100,000 which would be the total, including this request, and previous acquisition and predevelopment funding to approximately \$16,850,000 for permanent financing from the Trust. The Trust per unit contribution would be \$158,962 including acquisition costs which is in line with or less than recently funded projects). Other funding sources Just A Start is pursuing include both State and Federal (4%) tax credits, DHCD program funding, and deferred fee and income from rents collected. CDD staff will continue to work with JAS to refine the budget as the project proceeds.

Just A Start has held three AHO community meetings to date and is preparing to submit its formal Affordable Housing Overlay application in advance of the first AHO Planning Board design review. Just A Start will be submitting a funding application to DHCD in their Winter Funding round in early 2022, anticipating a Summer of 2022 funding award and a construction closing by December 2022.

Predevelopment Loan Increase

Just A Start is requesting the increase in predevelopment funds to bring them to construction close. Anticipated predevelopment activity includes bringing plans to construction documents level, completing additional environmental testing and reports, preparing legal documents for organizational structure and closings, and to cover carrying costs such as taxes and insurance. To date, the Trust has provided \$500,000 in predevelopment funding and \$9,300,000 for acquisition. The proposed predevelopment budget for the additional funding is summarized below:

Remaining Predevelopment Costs		Notes
A&E	596,915	Design Development, Permitting and CD's Design costs
Environmental Engineering and Testing/Geotech	19,511	Phase I and Phase II reporting, RAO statement, and monitoring wells
Application Fees	10,000	Loan and LIHTC Application fees
Clerk of Works	29,040	Precon consulting with owner's rep
Insurance	26,431	Renewal of commercial property insurance
Legal	12,851	Acquisition costs, zoning and permitting, financial structuring
Appraisal/Market Study	45,424	Appraisal/market study
Property Taxes	97,828	FY 2022 taxes
Other Consultants	12,000	Traffic, Geotechnical, Communications, Permitting
Subtotal:	850,000	

RECOMMENDATION:

This project is an excellent opportunity to create much needed affordable housing in an ideal location which will create a significant number of family-sized units. The site is located next to Danehy Park, and close to Fresh Pond and is a short walk to the Alewife MBTA station and multiple bus lines. The project is also located near the entry point of Route 2 which makes it convenient to regional employment centers. It will also transform an underutilized parcel into an attractive, sustainable building.

The Project Review Committee recommends that that the Trust approve Just A Start's request for an increase of \$850,000 in predevelopment funds. This request would bring the Trust's total commitment to date to \$10,650,000, of which \$9,753,966 has already been disbursed for acquisition and predevelopment.

Staff will continue to work with Just A Start and regularly update the Trust during the upcoming months as the project proceeds through the Affordable Housing Overlay process and the project scope and budget are refined.

The predevelopment loan increase shall be subject to the following terms:

1. CDD staff approval of predevelopment budget, and scope of work;
2. The increase shall be structured as either an amendment to the existing CAHT mortgage or a new mortgage, *pari passu* with the existing CAHT financing;
3. Loan term shall be 36 months or until construction loan closing, whichever occurs sooner;
4. Interest shall accrue at a rate of 3% annually;
5. Principal and accrued interest shall be due and payable at loan maturity; however, at construction closing, accrued interest shall either be waived, at Lender discretion, or deferred; and,
6. Funds will be disbursed in accordance with the Loan Disbursement Agreement to be entered into at or prior to loan closing.