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**CITY OF CAMBRIDGE**  
Community Development Department

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**IRAM FAROOQ**  
Assistant City Manager for  
Community Development

**SANDRA CLARKE**  
Deputy Director  
Chief of Administration

**KHALIL MOGASSABI**  
Deputy Director  
Chief of Planning

## Affordable Housing Trust

May 27, 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_vyt5DIPURvumfP2vcqAAgA) in advance of the meeting.

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### AGENDA

- Review of Meeting Minutes
- Update from the Community Development Department
- Request from Park View Cooperative: the Park View Cooperative is requesting an increase of up to \$2,805,215 to the Trust's commitment of \$1,394,000 to assist this limited equity cooperative in undertaking necessary rehab and capital improvements
- 2072 Massachusetts Avenue: Capstone Communities and Hope Real Estate are requesting up to \$1,271,000 to assist with pre-development work for this proposed affordable housing development
- Request for Annual Appropriations for FY2022: CDD is requesting \$696,615 to support non-profit housing providers affordable housing preservation and development programs, CDD Housing Division staff, and CDD Housing Division program operations in FY2022
- Harvard 20/20/2000 Loan Closeout and Re-commitment: Update on preparation for closing out the \$6 million loan from 2000 and closing on a new loan commitment from Harvard University
- City Council Policy Orders regarding the Affordable Homeownership Program: Policy Orders 2021 #83 and 2021 #95 were recently

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344 Broadway  
Cambridge, MA 02139  
Voice: 617 349-4600  
Fax: 617 349-4669  
TTY: 617 349-4621  
[www.cambridgema.gov](http://www.cambridgema.gov)

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adopted by the City Council and request a plan for expanding the creation of affordable homeownership units and options to make changes to City homeownership programs to promote racial equity and socioeconomic justice

- Adjournment

CAMBRIDGE AFFORDABLE HOUSING TRUST  
MEETING MINUTES  
May 6, 2021 at 4:00 p.m.

Conducted virtually via Zoom

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

Trustees Absent: Elaine DeRosa

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: Dennis Carlone, Lisa Case, Dennis Friedler, Bo Fuji, Lisa Jacobson, Andrew Larsen, John Lester, Ann Lurie, Judith Morse, John Nesby, Cody Thornton, Catherine Tutter, Paul Vermouth, James Williamson, Alan Zimlicki

The chair, Louie DePasquale, called the meeting to order at 4:02 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.

## MEETING MINUTES

Upon a motion moved and seconded, it was voted unanimously by a roll call to approve the minutes for the meeting of Thursday, March 25, 2021.

## UPDATE FROM CDD

**Zoning Petitions:** the “Missing Middle Housing” petition, which would permit multifamily housing development throughout the city to allow for multi-family housing to be built in residential zoning districts which currently only allow single and two-family dwellings continues to be discussed. At initial hearings before the Ordinance Committee and Planning Board there was discussion about the impact of this change on the 100% Affordable Housing Overlay (AHO), which proponents are now considering. This petition will be return to the Planning Board next week and then later to the Ordinance Committee for continued discussion.

**Staffing updates:** The Housing Director introduced Gabby Geller, Housing Development Planner, to the Trust. He also notified Trust members that Anna Dolmatch will be leaving CDD to work on affordable housing at the State level.

**HomeBridge:** The City recently approved its first commitment of new funding under the increased income eligibility of 120% AMI. Six buyers have active commitments and three homes are under agreement.

**Homeownership Resale Program:** City staff have modified the resale process to ensure health and safety of all parties due to the pandemic, which include virtual tours of available units. Resale units are now being made available to new buyers under this new process.

**Frost Terrace:** Construction is still underway and expected to be complete in late June 2021. The screening process to select eligible applicants for the units is underway and occupancy is expected this summer.

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

**SquirrelWood:** Construction at this site continues and is on schedule to be completed in early 2021. Some units are already online, and others will be phased-in as they are completed. Marketing of 17 available new units is now underway.

**2072 Mass Ave.:** Capstone/Hope is seeking a comprehensive permit for project, which remains under review. The developers presented their proposal to the Board of Zoning Appeal (BZA) on December 10, 2020 after receiving favorable recommendation from Planning Board on December 1, 2020. The BZA will continue its hearing to May 20, 2021. They hosted a community meeting on March 30, where they shared building design changes with the public. They were at a Planning Board meeting last past week ahead of the May 20<sup>th</sup> return to the BZA. City staff circulated a support letter to Trust members and will submit it to the BZA.

**52 New Street:** Just A Start held community meetings in February, March, and April to discuss their design ideas for the building and site. They plan to permit the project through the recently adopted Affordable Housing Overlay (AHO).

**Park View Cooperative:** City staff are reviewing a new request from the Park View Cooperative. This will be discussed in more detail later in the meeting.

**Fresh Pond Apartments:** This is a complex closing process to finalize the preservation of units, which is expected to be complete later this month. The Cambridge Housing Authority continues to screen residents in BMIR units for enhanced vouchers. Based on this information, staff will soon be able to finalize details for the new affordability program at property, the amount of funding to be provided to the owner for continued affordability, and to calculate rent phase-in assistance needs for residents, and prepare to close on preservation funding.

**Rindge Commons:** This is a two-phase project, which received a comprehensive permit for both phases of development. Just-A-Start applied for state funding but was recently notified that it will not be funded from by the state this funding round. City staff will work with JAS to determine other funding opportunities, and plans to engage with state staff to learn more broadly about their funding allocations and to review developments expected to request state funds.

**55 Wheeler Street:** The affordable housing covenant was recorded and the building permit was approved in March.

### **PARK VIEW COOPERATIVE REQUEST**

The Park View Cooperative is requesting an increase of up to \$2,805,215 to the Trust's commitment of \$1,394,000 to assist this limited equity cooperative in undertaking necessary rehab and capital improvements. Cooperative residents have been engaged in conversations with CDD staff to refine their rehab plan and budget, and about the suggested loan terms and condition.

Cooperative resident, Catherine Tutter, President of ParkView Cooperative, and Dennis Friedler, ParkView Cooperative Capital Needs Assessment Team Member, were invited to present to the Trust the Coop's request as submitted in the Trust's briefing material, and to discuss Coop's approach to their annual budgeting and explain the Cooperative's concerns about the Trust's loan terms and condition, and answer Trust Member's questions.

The conversation centered around the Cooperative's plans to use "criteria-based budgeting", which would allow them to keep changes in carrying costs and operating revenues limited to actual increases in expenses. Trust members noted that this approach leaves no room for error if unexpected expenses arise and expressed serious concern about this approach for the long-term viability.

After a lengthy discussion, Staff and Trust Members suggested it would be helpful to look at the terms and conditions suggested by the Coop in comparison to what was proposed by CDD staff last fall. The Trust would also like to review the Cooperative's budget projections, as well as plans for tenant selection, Section 8 outreach, and better understand where excess income goes and to be sure budgeted reserves were adequate and could not be reduced without the involvement of CDD. The Trust recommended that this detailed review take place with the Project Review Committee, and that they bring back recommendations for the Trust when it's ready for a vote.

### **ADJOURNMENT**

Meeting adjourned at 5:49 pm by roll call. The next meeting is scheduled for May 27, 2021.

#### **Materials:**

- Agenda
- Meeting Minutes from the Trust's March 25, 2021 meeting
- Project update: Status of Active Commitments
- CDD Memo: Parkview Cooperative Funding Request
- CDD Memo May 6, 2021: Park View Request for Additional Funding
- Park View Cooperative Memo April 13, 2021: Park View Request for Additional Funding
- Park View Cooperative Materials:
  - Summary of Material Terms for Trust Approval
  - Considering Affordability Standards
  - How to Understand Park View Share Values
  - Park View Cooperative Financial Practices
- CDD September 24, 2020 Memo: Park View Cooperative Funding Request
- CDD August 6, 2020 Memo: Park View Cooperative Funding Request

**Cambridge Affordable Housing Trust**

**Status of Active Commitments**

**May 27, 2021**

	<b>Active Projects</b>	<b>Sponsor</b>	<b>Rental Units</b>	<b>Ownership Units</b>	<b>Status</b>	<b>Total Cost</b>	<b>Trust Commitment</b>	<b>Loan Amount Per Unit</b>	<b>Trust Approval Date</b>
1.	HomeBridge program	CDD	<i>currently approved buyers: 8</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>	21	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; spring 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	Reviewing new request from coop for additional funds needed to fully fund rehab given increased costs	TBD	\$1,394,000	\$116,167	March 2019
10.	Fresh Pond Apartments	Schochet	504		In March 2020, the Trust committed funding for the preservation of Fresh Pond Apartments. This commitment will be combined with \$15 million in City funding which was appropriated by the Council to the Trust for Fresh Pond Apartments. Together, these funds will be used to buy down 50 years of affordability and to capitalize a rent phase-in reserve to transition current tenants to the new affordable program. Tenant update/informational meetings held on 11/4/2020 and 11/13/2020; new 2021 rent information to be provided to tenants once income-certification process is complete; preparing to close and complete preservation.	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 643**

**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 LLC	Covenant Recorded 8/11/17. Nearing completion. Marketing of affordable units to begin soon.		4	Ordinance prior to revision
2.	Mass & Main (multiple addresses, Mass Ave. & Columbia St.)	Twining	Covenant Recorded 11/24/17. Construction complete. Tenant Selection nearing completion.	58		Zoning provisions for Mass & Main
3.	Tempo (203 & 205 Concord Tpk. (formerly Lane & Games)	Criterion	Covenant Recorded 3/16/18. Complete. Tenant selection underway.	44		Revised ordinance at 15% sf requirement
4.	St. James (1991 & 2013 Mass. Ave.)	Oak Tree	Converting to ownership. Nearing completion. Marketing of affordable units to begin soon.	5		Ordinance prior to revision
5.	77 New Street	Abodez	Covenant Recorded 9/14/16. Complete. Tenant selection beginning.	11		Ordinance prior to revision
6.	95 Fawcett Street	Ed Doherty	Covenant Recorded 12/29/2016. Under Construction. Will convert to rental		5	Ordinance prior to revision
7.	Alexandria - 50 Rogers Street	Alexandria	Covenant Recorded 6/4/19. Complete. Tenant selection underway.	44		Zoning for Alexandria PUD
8.	Charles & Hurley Streets	Urban Spaces	Covenant recorded 8/6/19. Building Permit issued 9-3-19(Charles Street) and 12-23-19 (Hurley Street) Under Construction.	16		Ordinance prior to revision
9.	50 Cambridgepark Drive	Hanover	Covenant recorded 8/6/19. Building Permit issued 12-5-19. Under Construction	55		Revised ordinance at 20% sf requirement
10.	165 Main Street	Mitimco	IHP Covenant recorded 12/17/19. Building Permit issued 12-20-19. Under Construction	63		Zoning for MIT
11.	95-99 Elmwood	95-99 Realty	Covenant recorded. Building Permit issued 7-2-20. Under construction.		4	Ordinance prior to revision
12.	Cambridge Crossing, Building I	DivcoWest	Covenant recorded; Building Permit issued 8-24-20 Under construction.	54		Ordinance prior to revision
13.	212 Hampshire Street (Ryles)	212 Hampshire LLC, Binoy 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:**

**450**

**13**

**Completed Units:**

**773**

**202**

**All Units:**

**1223**

**215**

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**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 discussion 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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**CITY OF CAMBRIDGE**  
Community Development Department

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**MEMORANDUM**

**IRAM FAROOQ**  
Assistant City Manager for  
Community Development

**SANDRA CLARKE**  
Deputy Director  
Chief of Administration

**KHALIL MOGASSABI**  
Deputy Director  
Chief Planner

**To: Affordable Housing Trust**  
**From: Project Review Committee**  
**Date: May 27, 2021**  
**Re: Park View Cooperative Funding Request**

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We are providing this additional information for the Trust consideration of the request from the Park View Cooperative for up to an additional \$2,805,215 in Trust funding which was shared with the Trust at its last meeting. This new funding request is needed to fully fund the extensive rehab of a twelve-unit limited equity cooperative and would be in addition to the commitment for up to \$1,394,000 made by the Trust in March 2019. When completing the plan and budget for renovations, costs were significantly higher than projected which has led to the Coop’s request for additional funding.

March 2019 commitment	\$1,394,000
August 2020 increase request	\$1,533,368
May 2021 increase request	\$1,071,847
May 2021 – sprinkler allowance	<u>\$ 200,000</u>
<b>Total Requested Commitment</b>	<b>\$4,199,215</b>

In previous discussions, the Trust had requested recommendations for conditions to consider when discussing the additional funding request. The goal of these recommendations is to ensure that subsidy funding provided by the Trust furthers the Trust’s priorities in an equitable and sustainable way. We have reviewed terms and conditions recommended by CDD staff as well as those suggested by the Coop at our last meeting. We have included below terms and conditions which we feel are appropriate for a commitment of this amount and are tailored to the operations of the Coop.

At our last meeting we heard representatives of the Cooperative who presented their proposal for terms and conditions to the Trust. At the request of the Trust, the Coop sent a revised operating budget to CDD which made clear its trending policies and commitment to reserves when developing the annual budget. This operating budget was consistent with our understanding of how the Coop plans to conduct its annual budgeting.

The Coop will fund a replacement reserve, operating reserve, share buydown reserve and refinancing reserve. An additional reserve will be created to capture cash flow, if available, to be used for the operation of the building. We have reviewed these in detailed and compared with what was previously recommended by Staff. We note that staff’s suggested terms and conditions were based on earlier projections which



showed more operating revenue. We have adjusted our recommended terms and conditions based on the current operating projection.

Park View has indicated that their carrying costs are not automatically increased with inflation each year. They use a criteria-based budgeting system determining the anticipated costs to operate the building based on the previous year's performance and projected cost increased. The operating projection they have submitted projects that carrying costs for shareholders will increase an average of 1.25% each year.

Based on a thorough review of the operating budget and projections, with annual increases in carrying charges, the building will produce cash flow each year. Operating projections include adequate reserve for capital need, operations, debt stabilization. We believe the operating revenue is also sufficient to establish a new reserve fund for use to reduce the share value amount at transfer to assist income eligible households who might not be able to fully fund the share purchase. Share values are currently in the range of \$35,000. The Coop has suggested using funds to fund a reserve of \$2,000 a year for 12.5 years. We think the Coop should continue this funding on an ongoing basis and should be able to accommodate that in their annual budget.

As you know, the Trust has a fiduciary responsibility to the taxpayers and the City, to manage the funds taxpayers have entrusted to us to fulfill our mission to expand and preserve affordable housing in Cambridge equitably. Terms and conditions of our loans are developed to ensure the long-term viability and affordability of buildings assisted with Trust funds. The larger the proportionate share of funding needed for a project requires a larger role in the operations of the project in the form of closer scrutiny of operations and approval of certain financial elements of operations. With that understanding, we recommend that the Trust subsidize the full requested amount.

As an incentive for the Coop to continue budgeting responsibly, we recommend that cash flow that is available after expenses, debt service and required reserves be available to the Coop for use as they determine. The Coop has suggested an additional reserve, which we find to be a prudent idea.

#### **RECOMMENDATION:**

Staff recommends that the Trust approve the Parkview Cooperative's request for a commitment for an increase of up to \$2,805,215 to bring the total Trust commitment to up to \$4,199,215. The funds should be made contingent on the following:

#### **Standard Trust Terms & Conditions**

1. CDD staff final approval of budgets and proforma;
2. CDD staff approval of design, construction plans and specifications;
3. Firm written commitments from other funding sources as needed to complete the project;
4. An Affordable Housing Covenant acceptable to CDD staff;

5. Loan advances shall be made only for approved project costs in accordance with the Loan Disbursement Agreement to be entered into at closing;
6. Standard Trust terms and conditions, including but not limited to:
  - a) Loan(s) will have an interest rate of 3% compounding, or such other rate approved by CDD Staff, and a term of 50 years; which may be extended by mutual agreement.
  - b) Interest shall accrue, but principal and accrued interest shall not be due and payable until the end of the term. If, prior to maturity, loan term is extended, the accrued interest shall either be waived, at lender discretion, or deferred.
  - c) Loan(s) will be subject to a penalty rate of 8%. The penalty rate is only applied upon violation of the affordability restriction.
  - d) All loans will be non-recourse.

## **Additional Terms and Conditions**

### **1. Affordability and Carrying Charges**

- a. Create separate reserve accounts for the following:
  - i. Capital Reserve – funded annually at \$9,600 first year with a 2.5% annual increase;
  - ii. Operating Reserve – funded annually at \$2,000 the first year with a 2% annual increase;
  - iii. Refinance Reserve – funded annually at no more than \$2,000;
  - iv. Share Buydown Reserve Fund to be used to permanently reduce the cost of share purchase for future cooperative members, funded initially at a minimum of \$2,000, with 2% annual increase.
  - v. Reserve accounts and required contributions to be reviewed and revised as necessary at 5 year intervals by CDD staff and the Coop.

Any residual cash flow beyond payment of approved operating costs, debt service and required reserve contributions shall be available to the Coop and may be used to fund a Sinking Fund Reserve or as otherwise determined by the Coop.

### **2. Shareholder Selection**

- a. Income eligibility for new shareholders shall be set at City 80% of Area Median Income (AMI);
  - i. income eligibility for family members under the Coop's share purchase option shall be set at 95% AMI;
- b. CDD approval of a written shareholder selection plan that includes:
  - i. outreach targeted to Section 8 voucher holders and households who would be eligible for Section 8 vouchers;
  - ii. Preference system shall include the following:
    - 1) Preference for Cambridge resident for all units;
    - 2) Preference for current members of the Coop who are over or under housed.
    - 3) Preference for families with children for two-bedroom units;

- 4) Preference for households with a Section 8 voucher, or who would be eligible for a Section 8 voucher until at least 3 such members have been selected;
- c. Provisions to ensure that new shareholder selection contribute to the racial and economic diversity of the Coop;
- d. Provisions to ensure that new shareholders are willing to meet the obligations of cooperative membership, including participating in the work of managing the building;
- e. Provisions for a Trust designee to have an observatory role in the shareholder selection process to ensure selection follows the approved plan, and which shall include review of applications, observation of interviews with prospective shareholders, and the development of recommendations for City approval of new shareholders;

### **3. Share Transfer Appreciation**

- a. Exclusion of all mortgage principal payments for any financing associated with this project, including the proposed CSB first mortgage or any additional mortgage financing;
- b. Establishment of a Share Buydown Reserve Fund for use to reduce the share buy-in costs for new shareholders by agreed upon amounts;
  - i. Use of Share Buydown Reserve Funds shall permanently reduce the value of shares by amount proposed by the Coop and approved by CDD and which shall not be recoverable by the Cooperative or the shareholder in any subsequent sale or transfer of the share.

### **4) Monitoring and Oversight**

- a. The Coop shall enter into a Monitoring Agreement, satisfactory to the Trust, which includes but is not limited to the following:
- b. Annual report to be submitted for CDD for review which shall include:
  - i. prior year income and expenses;
  - ii. current year income and expenses;
  - iii. notification of filings with the Secretary of State;
  - iv. proposed annual budget for review and approval, which shall not be unreasonably withheld, and which shall include:
    - a. proposed carrying cost increases;
    - b. proposed uses of Capital Reserve, Operating Reserve, Share Buydown Reserve and Refinancing Reserve funds;
    - c. detail of any proposed capital work to be undertaken;
- c. Provision of any other information relating to the operation or finances of the Coop as requested.
- d. Creation and maintenance of separate reserve accounts for Capital Reserve, Operating Reserve, Refinance Reserve, and Share Buydown Reserve;
- e. CDD approval, which shall not be unreasonably withheld, of any withdrawal or combination of withdrawals from Capital Reserve account totaling more than \$5,000 or other higher amount determined by CDD per year;

- f. CDD approval, which shall not be unreasonably withheld, of any withdrawal or combination of withdrawals from Operating Reserve account totaling more than \$2,500 or other higher amount determined by CDD per year;
- g. CDD approval, which shall not be unreasonably withheld, of any withdrawal from the Refinance Reserve account;
- h. CDD approval, which shall not be unreasonably withheld, of any withdrawal from the Share Buydown Reserve account;
- i. Provision of a new or updated Capital Needs Assessment and Capital Plan no more than once every five years;
- j. Building inspection upon request from CDD;

All other Terms and Conditions from the March 2019 Trust commitment not otherwise modified by these Terms and Conditions shall remain in effect.



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**IRAM FAROOQ**

Assistant City Manager for  
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**SANDRA CLARKE**

Deputy Director  
Chief of Administration

**KHALIL MOGASSABI**

Deputy Director  
Chief of Planning

**To: Affordable Housing Trust**  
**From: Project Review Committee**  
**Date: May 27, 2021**  
**Re: 2072 Mass Ave predevelopment funding increase**

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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 development of 2072 Mass Ave. The Trust previously funded \$3,800,000 in 2018 for acquisition and initial predevelopment for the 8,514 sq.ft. site located in North Cambridge on the corner of Walden Street and Mass Ave.

The proposed design envisions a 9 story building on Mass. Ave stepping down to 5 stories in the rear and includes 48 residential units including 16 one-bedroom, 20 two-bedroom and 12 three-bedroom units plus 995 sq.ft. of retail space on Mass Ave. The project will also contain a small, planted roof deck on the 5<sup>th</sup> floor roof. There will be 48 bike parking spaces and vehicle parking will be limited to three handicap spaces and two drop off and pick up spaces.

The development team has worked with Callahan Construction to develop an estimate of construction costs based on the current plan. They have completed initial site environmental and civil tests. The existing building presently houses a single story restaurant still in operation.

Capstone/Hope is anticipating an additional request of \$5,527,682 bringing the total, including this request, and previous acquisition and predevelopment funding to \$10,598,682 in permanent financing from the Trust. The Trust/City per unit contribution would be \$220,806 including acquisition costs which is in line with or less than recently funded projects. Other funding sources Capstone/Hope are pursuing include both State and Federal (9%) tax credits, DHCD program funding, and energy rebates in addition to deferred fee and income from rents collected from the existing restaurant. CDD staff will continue to work with the developers to refine the budget and reduce costs.

The developers are seeking a Comprehensive Permit for the project and began the process in late 2020. The project received a favorable recommendation by the Planning Board at its December 1, 2020 meeting and was heard by the BZA on December 10, 2021. After several continuations, and some interim design changes, the development team presented the current 9-story proposal to the Planning Board on May 4, 2021 and the BZA on May 20, 2021. While the Planning Board reconfirmed its support of the project's design, the BZA had a number of questions and continued the hearing again until September 2021 in order to give the development team time to prepare a response, while avoiding a BZA hearing over the summer months for a project which is garnering a lot of public response.

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344 Broadway  
Cambridge, MA 02139  
Voice: 617 349-4600  
Fax: 617 349-4669  
TTY: 617 349-4621  
[www.cambridgema.gov](http://www.cambridgema.gov)

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Predevelopment Loan Increase

The funds being requested by Capstone/Hope should be sufficient to carry the project to construction close. Remaining anticipated predevelopment activity includes bringing plans to construction documents level, completing environmental testing and reports, and preparing legal documents for organizational structure and construction closing.

To date, the Trust has provided \$200,000 in predevelopment funding and \$3,600,000 for acquisition. The proposed budget for the additional predevelopment funding is summarized below:

<b>Remaining Predevelopment:</b>	
A&E	623,055
Environmental	5,000
Geotech/testing	20,000
Permits/Fees	50,000
Civil Engineering	35,000
Clerk of Works	25,000
Survey	10,000
Insurance	75,000
Legal	130,000
Accounting	13,000
LEED Consultant	25,000
Financing Fees	99,425
Miscellaneous	100,000
Contingency	60,520
<b>Subtotal:</b>	<b>1,271,000</b>

**RECOMMENDATION:**

This project is an opportunity to create much needed affordable housing in an excellent location creating a significant number of family-sized units. It will also transform an underutilized parcel into an attractive, sustainable building.

The Project Review Committee recommends that the Trust approve Capstone/Hope’s request for an increase of \$1,271,000 in predevelopment funds bringing the total Trust commitment to date to \$5,071,000, of which \$3,800,000 has already been disbursed for acquisition and predevelopment.

The \$1,271,000 increase in predevelopment loan funding should be made contingent on the following:

1. CDD staff approval of predevelopment budget, and scope of work;
2. The loan shall be structured as either an amendment to the existing CAHT mortgage or a new first 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.  
Funds will be disbursed in accordance with the Loan Disbursement Agreement approved by staff.



**CITY OF CAMBRIDGE**  
Community Development Department

**IRAM FAROOQ**

Assistant City Manager for  
Community Development

**SANDRA CLARKE**

Deputy Director  
Chief of Administration

**KHALIL MOGASSABI**

Deputy Director  
Chief Planner

**MEMORANDUM**

**To: Cambridge Affordable Housing Trust**  
**From: Christopher Cotter, Housing Director**  
**Date: May 27, 2021**  
**Re: Request for Annual Appropriations for FY2022**

As the beginning of the new fiscal year approaches, we are requesting approval of \$696,615 in Trust funds for the FY2022 annual housing preservation and development contracts and operating support for CDD’s Housing Division as described below.

Non-Profit Housing Preservation & Development

*Non-Profit Agency Contracts:*

For FY2022, we are requesting \$445,115 in support for Homeowner’s Rehab, Inc. (HRI) and Just A Start Corporation (JAS) to be used to support their efforts to develop and preserve affordable rental and homeownership housing in Cambridge. This funding is provided in addition significant funding provided by the Trust to each agency for specific affordable housing developments.

The following table summarizes the funding being requested to support each agency’s housing development and preservation work in FY2022, as well as what was approved for FY2021:

	<u>FY2021</u>	<u>FY2022</u>
Just A Start	\$191,767	\$191,767
Homeowner’s Rehab, Inc.	<u>\$253,348</u>	<u>\$253,348</u>
Total – Housing Pres. & Dev. Contracts	\$445,115	\$445,115

For FY2022, we are maintaining the approach taken in recent years and requesting that the Trust fully fund the non-profit development contracts, while both HOME and CDBG funding will remain available to assist directly with affordable housing development and preservation efforts. In addition, CDBG funds will continue to be used to fund other City housing programs including the home improvement programs run by HRI and JAS, CEOC’s tenant organizing work, and JAS’ Mediation Services and Youthbuild programs.



*Expiring-use Funding:*

In addition, we are also requesting \$75,000 in funding for ongoing expiring-use preservation work. As you may recall, when the Trust made its first authorization of expiring-use preservation funding in 2009, there were ten privately-owned properties in Cambridge which had affordability restrictions due to expire by 2022. Since that time, we have been successful at preserving nine of these properties, containing more than 1,100 affordable units, and are now completing the preservation of the remaining property, Fresh Pond Apartments. As we complete the preservation of the 504-unit Fresh Pond Apartments, we expect there to be additional services we will need in FY 2022 as we compete the transition of the new affordable program for the 166 City-assisted units and set up operation of the rent phase-in reserve and other new components of the new affordable housing program for these units.

CDD Housing Division Staffing and Programs

*CDD Staffing:*

Since 2017, the Trust has provided funding to support additional CDD staffing for housing development and preservation work. The funding provided by the Trust has funds one full-time staff position and one part-time intern position. This Trust-funded staffing is in addition to the current 16.5 full-time positions in the Housing Division which are funded by the City, including new asset and compliance manager position which will soon be posted. The FY2022 City budget includes another new position, a project manager position for the homeownership team.

For FY2022 we are requesting \$140,000 which will continue funding for one full time position in the Housing Division and one part-time intern position. The following table summarizes the funding provided in FY2021 and the funding being requested for FY2022:

	<u>FY2021</u>	<u>FY2022</u>
CDD Staffing	\$140,000	\$140,000

*Homeownership Management Software:*

In FY2022, we are requesting \$15,000 in funding to cover the cost of our homeownership management software. This system is used for the ongoing management of the homeownership portfolio, including homeowners, applications, affordability restrictions, unit turnover, and financial management of the program. In FY2022 we will add a Housing Counseling module we will need for required HUD reporting to enable certification as a HUD-approved Housing Counseling Agency; this request includes additional funding for that new component. The following table summarizes the funding being requested for this homeownership software in FY2022, as well as what was approved last year for FY2021:

	<u>FY2021</u>	<u>FY2022</u>
Homeownership Management Software	\$13,000	\$15,000

*Legal Services and Administrative Costs:*

For FY2022, we are requesting \$14,000 for the CDD's legal services contract and are requesting \$7,500 for miscellaneous administrative items. These amounts are level-funded from FY2021.

	<u>FY2021</u>	<u>FY2022</u>
Legal Services	\$14,000	\$14,000
Administrative Costs	\$7,500	\$7,500

Recommendation: Staff recommends that the Trust approve the following funds for FY2022 affordable housing efforts as outlined herein:

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



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Chief Planner*

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## CITY OF CAMBRIDGE

Community Development Department

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### MEMORANDUM

**To:** Cambridge Affordable Housing Trust  
**From:** Christopher Cotter, Housing Director  
**Date:** May 27, 2021  
**Re:** Update on Renewing Harvard Loan Fund Commitment

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As you know, the Trust has benefitted from 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. We are approaching the end of the term for the initial loan commitment, and 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 we 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.

As we approach the end of the loan term, we have been preparing to renew the loan with Harvard. The proposed terms we have discussed will vary slightly from the original loan. 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.

As CDD staff envision on how the funds might be best deployed, we believe there continues to be great value in providing access to lower cost construction and other short-term financing. We would expect to look at new developments in our pipeline to determine where Harvard loan funds might be best utilized. We would however, recommend that the rate the Trust uses to lend funds to developments vary based on an assessment of the cost of the

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344 Broadway  
Cambridge, MA 02139  
Voice: 617 349-4600  
Fax: 617 349-4669  
TTY: 617 349-4621  
[www.cambridgema.gov](http://www.cambridgema.gov)

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funds to the Trust. As noted, the Trust has always offered these funds at 2% interest. However, after investment rates dropped significantly in the early years of the loan, there were periods when the cost of funds could not be covered in short-term investments when the funds were held by the Trust between loan commitments. As we look at continuing to offer funds as construction financing, we think it is advisable to consider building in a spread to cover a portion of the interest costs for when the funds are being held between loan commitments.

We wanted to share with you this update on our efforts to renew this important loan commitment, and begin to discuss with you how we might use the funds in the coming years.

#### RECOMMENDATION

Staff recommend that the Trust authorize the Managing Trustee to execute documents necessary to enter into a new loan of up to \$6 million from Harvard University with terms as described herein or otherwise acceptable to the Managing Trustee so that the Trust can continue to offer access to low-interest loan funds for affordable housing.



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## CITY OF CAMBRIDGE

Community Development Department

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### MEMORANDUM

**To: Cambridge Affordable Housing Trust**  
**From: Christopher Cotter, Housing Director**  
**Date: May 27, 2021**  
**Re: Policy Orders regarding the City's Affordable Homeownership Program**

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We are sharing with you two policy orders recently adopted by the City Council which relate to the City's affordable homeownership program. Both orders note goals of expanding homeownership opportunities to communities affected by discrimination and systemic racism in housing.

Policy Order 2021 #83 was adopted on May 3, 2021, and requests information on the estimated cost of constructing new affordable homeownership units and to establish a plan to expand the stock of affordable homeownership units over the next 10 years.

Policy Order 2021 #95 was also adopted on May 3, 2021, and asks for updates to policies in the HomeBridge and other City affordable homeownership programs. The Policy Order notes that making changes to the program to enhance opportunities for generational wealth-building would align well with City Council goals, and specifically notes the return on investment and equity an owner builds in an affordable home and the inability for owner's to pass on units on to children.

As you know, affordable homeownership units funded by the Affordable Housing Trust, including units purchased through the HomeBridge program, require owners to sign affordable housing covenants to ensure units remain affordable and available to eligible households when owners decide to sell. Specific provisions include a limit on the return on an owner's investment in their unit over time. An owner's investment includes their downpayment, their payments of loan principal over time, and certain capital improvements. This investment yields a return similar to savings accounts over time. The affordable housing covenant also includes a right for the City to repurchase units when owners decide to sell, which allows us to offer the unit again to homebuyers in the community.

As we noted at a recent meeting, we have been reviewing policies in our homeownership program and agree that changes should be made. We have begun to assess questions and considerations, and have been especially focused on these two issues as we think about how the affordable homeownership program could evolve at this point.

We greatly appreciate the City Council's interest in the affordable homeownership program. We are now discussing these Policy Orders and wanted to share these with the Trust so that the Trust can also begin to consider them. The Trust's consideration and discussion of these orders will help as we prepare responses for the City Council.



# City of Cambridge

O-1  
FIRST IN COUNCIL

~~April 26, 2021~~

May 3, 2021

COUNCILLOR ZONDERVAN  
COUNCILLOR SIMMONS

WHEREAS: [Envision](#) Cambridge includes the following goals:

- **Racial Justice:** End race-based disparities and achieve racial equity
- **Affordable Housing:** Maintain and expand affordable rental and *homeownership opportunities* to enable Cambridge to thrive as a mixed-income community that includes very low-, low-, moderate, and middle-income individuals and families.
- **Housing Stability:** Support the ability for current Cambridge residents and families to remain in Cambridge and contribute to the community.

WHEREAS: Affordable housing is key to supporting and maintaining an ethnically and economically diverse community; and

WHEREAS: We acknowledge that our city is challenged to maintain an ethnically diverse community because of historic discrimination against Black and Brown people by federal, state and local agencies; and

WHEREAS: These racially discriminatory practices denied them access to the housing market; and

WHEREAS: We acknowledge that this discrimination continues to have social, economic, and educational ramifications on the health of our city and our citizens; and

WHEREAS: Increasing the availability of housing that increases affordable ownership opportunities for families denied such opportunities in the past because of their race is a major community need and remains a primary goal of the City Council; and

WHEREAS: The city's [current](#) stock of affordable homeownership units is about 500, or roughly 1% of the [total](#) housing stock; now therefore be it

ORDERED: That the City Manager be and hereby is requested to direct the appropriate City staff to report back to the City Council on the total estimated cost of constructing each new home ownership unit; and be it further

ORDERED: That the City Manager be and hereby is requested to establish an aggressive plan to more than double the City's stock of affordable home ownership units over the next ten years at a rate of at least 100 additional units per year, and to determine the most viable plan for funding this endeavor in such a way as to ensure that the City's bond rating is not harmed; and be it further

ORDERED: That the City Manager be and hereby is requested to direct the appropriate City staff to review all applicable Fair Housing laws to determine if there is a path towards ensuring that any new units resulting from this new plan be made available preferentially to first generation, first-time home buyers who grew up in Cambridge, so as to maximize the potential for redressing past racial discrimination; and be it further

ORDERED: That the City Manager be and hereby is requested to issue a preliminary report back to the City Council on this matter prior to the relevant FY22 budget hearings, and to commit to presenting a full report back no later than the Special Summer Meeting of the City Council.

In City Council May 3, 2021.

Order Adopted as Amended by a ye and nay vote:-

Yeas 9; Nays 0; Absent 0.

Attest:- Anthony I. Wilson, City Clerk

A true copy;

ATTEST:-

A handwritten signature in black ink, reading "Anthony I. Wilson", enclosed in a thin black rectangular border.

Anthony I. Wilson, City Clerk



**History:**  
**04/26/21 City Council**

**CHARTER RIGHT**

**Next: 05/03/21**



# City of Cambridge

O-6  
FIRST IN COUNCIL  
May 3, 2021

VICE MAYOR MALLON  
MAYOR SIDDIQUI

WHEREAS: The City's [HomeBridge Program](#) assists first-time homebuyers by offering low to moderate income residents up to 50% of the purchase price of their home; and

WHEREAS: In return, participating residents must agree to the City's Affordable Housing Covenant, which limits the return on an owner's investment in their home and does not allow for owner's to pass the home on to their children, and more; and

WHEREAS: The HomeBridge Program was implemented to assist income-eligible owners afford homes in the market as home prices skyrocket to help residents stabilize their housing costs by becoming homeowners, however these provisions were not intended to, and do not, address [the impacts of historic racist housing policies](#), such as redlining, that have historically shut people of color out of home buying opportunities, and therefore the ability to [build generational wealth](#); and

WHEREAS: The City's [Affordable Home Ownership Program](#) has similar requirements; and

WHEREAS: An [affordable homeownership project](#) was recently announced by [Just-A-Start](#) involving the donation of a four-family home that focuses on the importance of wealth-building and closing the racial wealth gap, and for true housing justice, we need a broader effort that does not rely on the generosity of private residents; and

WHEREAS: Reforming the HomeBridge and Affordable Home Ownership Programs to enhance generational wealth-building opportunities would better align the program with the [City Council's goals](#) of "[increasing] access to affordable housing for all income groups" and "[ensuring] that Cambridge offers economic [...] opportunity to all; now therefore be it

ORDERED: That the City Manager be and hereby is requested to confer with the Community Development Department, the Affordable Housing Trust, and other relevant City departments to provide options to update the HomeBridge and Affordable Home Ownership Programs to better align with the City's values, and promote racial equity and socioeconomic justice; and be it further

ORDERED: That the City Manager be and hereby is requested to report back to the City Council in a timely manner.

In City Council May 3, 2021.  
Order Adopted as Amended by a ye and nay vote:-  
Yeas 9; Nays 0; Absent 0.  
Attest:- Anthony I. Wilson, City Clerk

A true copy;

ATTEST:-

A handwritten signature in black ink, reading "Anthony I. Wilson", enclosed within a thin black rectangular border.

Anthony I. Wilson, City Clerk