



CITY OF CAMBRIDGE

Community Development Department

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Affordable Housing Trust

November 29, 2018

Ackerman Room

AGENDA

- Old Business
- Project Update
- New Business
 - Squirrelwood
 - Preference Changes
- Adjournment

Cambridge Affordable Housing Trust

Status of Active Commitments

November 29, 2018

	Active Projects	Sponsor	Rental Units	Ownership Units	Status	Total Cost	Trust Commitment	Loan Amount Per Unit	Trust Approval Date
1.	HomeBridge program	CDD	currently approved buyers: 3	7	58 scattered site units purchased by first time buyers to-date. New program rollout June 2017; new HomeBridge name, inclusion of "work in Cambridge" eligibility; pilot 120% AMI program. Two units have closed in 120% pilot. Five units under 100% have closed; one under agreement.	N/A	\$7,200,000	1-br: 40% sale 2-br: 45% sale 3-br: 50% sale	May 2011
2.	Homeownership Resale Program	CDD	currently active units:	12	Re-purchase, rehab and re-sale of affordable homeownership units to new homebuyers.	N/A	\$3,500,000		December 2011
3.	Harvard Properties	HRI	50 Trowbridge #6	Currently active units: 1	100-unit portfolio acquired. Rehab of units on-going upon first vacancy in each unit, building systems and exterior renovations ongoing per approved portfolio plan. ~86 units completed to-date.	\$7,220,999	\$750,000	\$7,500	March 1997
4.	Bedrick Properties	HRI	34 Willow St #3	Currently active units: 1	95-unit portfolio acquired. Rehab of units on-going upon first vacancy in each unit, building systems and exterior renovations ongoing per approved portfolio plan. ~64 units completed to-date.	\$15,615,000	\$5,586,000	\$58,800	November 1999
5.	Jefferson Park -State Public Housing (1 Jackson Place) (Rindge Ave)	CHA	104		Construction complete; tenants moved in.	\$50,800,000	\$7,934,000	\$76,288	August 2013 October 2015
6.	671-675 Concord Ave	HRI	98		Phase 1 site work underway, Phase 2 closing complete; full construction to begin in October; groundbreaking event held October 5th.	\$58,228,753	\$23,803,176	\$242,890	March 2016
7.	Frost Terrace 1971 Mass Ave	Capstone Hope	40		Comp permit approved. DHCD funding was approved July 2018. Finalizing design and budget in advance of construction closing in early 2019. Bringing perm funding request to December Trust meeting.	TBD	\$7,210,000	TBD	March 2016
8.	Vail Court (139 Bishop Allen)	TBD	TBD	TBD	Trust and City hosted public meeting on 7/24/17 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 City receiving a response from the Court regarding the legal action taken by former owner.	TBD	TBD	TBD	N/A
9.	Squirrelwood (multiple addresses, corner of Broadway and Market)	JAS	23		JAS building 23 new units as part of the consolidation/renovation of Linwood and Squirrel Brand Apartments; received conditional approval of Trust funding in January 2018 and comp permit approved at 2/15/18 BZA hearing. Bringing perm funding request to December Trust meeting.	TBD	\$4,600,000	\$200,000	January 2018
10.	2072 Mass Ave	Capstone Hope	TBD	TBD	Capstone/Hope purchased site in April 2018.	TBD	\$3,800,000	TBD	February 2018

Total Units 265

Cambridge Affordable Housing Trust

Status of Active Inclusionary Housing Developments

November 29, 2018

Approved Active Projects	Developer	Status	Rental Units	Ownership Units
1. 88 Ames Street	Boston Properties	Covenant Recorded 1/28/16. Tenant selection underway.	36	
2. 262 Monsignor O'Brien Highway	Mingo Corp.	Covenant Recorded 3/8/16. Buyers selected. Closings to be scheduled.		6
3. 88 Cambridge Park Drive	Hanover Company	Covenant Recorded 9/30/16. Tenant selection underway.	30	
4. 77 New Street	Abodez	Covenant Recorded 9/14/16. Under Construction.	11	
5. 253 Walden Street	Observatory Hill Apartments LLC/ Eric Hoagland	Covenant Recorded 11/18/2016. Under Construction	3	
6. 95 Fawcett Street	Ed Doherty	Covenant Recorded 12/29/2016. Under Construction		5
7. 10 Essex Street	Morris Naggar	Covenant Recorded 3/9/2017. Under Construction.	5	
8. 1699 Mass. Ave.	Lotus Harvard Enterprise	Covenant Recorded 3/30/2017. revised 6/28/18. Under construction	2	
9. 305 Webster Ave.	305 Webster Ave. Condominiums LLC	Covenant Recorded 8/1/17. Under Construction		4
10. 47 Bishop Allen	Twining	Covenant Recorded 10/13/17. Under Construction	3	
11. St. James (1991 & 2013 Mass. Ave.)	Oak Tree	Covenant Recorded 11/21/17. Under Construction	5	
12. Mass & Main (multiple addresses, Mass Ave. & Columbia St.)	Twining	Covenant Recorded 11/24/17. Under Construction	58	
13. 249 Third Street	Equity	Covenant Recorded 12/22/17. Under Construction	12	
14. Lane & Games (195&211 Concord Tpk.)	Criterion	Covenant Recorded 3/16/18. Under Construction	44	
15. 14-16 Chauncy Street	Chestnut Hill Realty	Covenant Recorded 4/20/18. Under Construction	1	

Total Units under IHP Covenants:

891 rental
211 ownership
1102 total

Active Pipeline Projects	Developer	Status	Rental Units	Ownership Units
1. 16-18 Elliot Street	Charles River Holdings	IHP plan under review.	2	
2. 605 Concord Ave.	Abodez Acom	IHP plan review complete. Covenant being drafted.	7	
3. Alexandria - 50 Rogers Street	Alexandria	IHP plan under review. Includes middle income units.	~47	
4. 107 First & 22 Hurley Streets	Urban Spaces	Preliminary IHP plan submitted.	~16	

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CAMBRIDGE AFFORDABLE HOUSING TRUST
MEETING MINUTES
October 25, 2018

Ackerman Room, Cambridge City Hall
795 Massachusetts Ave.

Trustees Present: Louis DePasquale, Chair; Peter Daly, Florrie Darwin, Gwen Noyes, Cheryl-Ann Pizza-Zeoli, Susan Schlesinger, James Stockard, Elaine Thorne, Bill Tibbs

Trustees Absent: None

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

Others Present: Hiroshi Yamanoh, Tanaya Srini, Shail J. Shu, Michelle Zucker, Radhika Singh

The meeting was called to order at 4:08.

Upon a motion moved and seconded, it was voted

VOTED: To approve the minutes for the meeting of Thursday, September 27 as submitted.

PROJECT UPDATE

Concord Highlands - All funding has closed. A groundbreaking ceremony was held October 5. Construction is expected to take 18 months.

Squirrelwood – The project received a funding award from DHCD. Just A Start is completing predevelopment work with a goal to secure additional funding and begin construction early next year.

Frost Terrace – Capstone/Hope received a funding award from DHCD. They are finalizing predevelopment work and will be looking to secure additional funding and begin construction early next year.

Vail Court - Demolition is underway. The foundation will be removed, and then the site will be backfilled and fenced. The legal process with the former owner is still in the discovery phase, so the redevelopment process will not begin until that case is

Jefferson Park – Certificates of Occupancy are being issued.

Inclusionary – The pipeline is active but no new projects have come under covenant since the previous meeting. Some projects are currently coming in for building permits, including the second phase of the Alexandria residential development on Binney Street that will contain both low/mod and middle-income units.

NEW BUSINESS

Staff presented recommendations from the Trust's Preference Review Working Group on potential changes to the preference policies used to select housing applicants for City housing programs.

The Preference Review Working Group was established to look at these policies as part of the update to program regulations after the passage of the updated Inclusionary Zoning Ordinance. The Housing Committee has asked for the Trust's input on the preference system.

Bill Tibbs asked for clarification on the role of the Trust and the Council in making any changes. Chris Cotter stated that any recommendations from the Trust would go to the Housing Committee. The City Manager has the authority to issue regulations under the Inclusionary Ordinance. The preference policies will be a part of those regulations, which will go through a public hearing process before being finalized.

Florrie Darwin asked if there was a difference between regulations for Inclusionary housing and other Trust-funded housing. Chris Cotter stated that it has always been the goal to have the regulations as similar as possible, but it is challenging for projects with other funders, such as the state, who may have different requirements for things like local preference. Peter Daly noted that Inclusionary units all follow a local preference, which is a fundamental difference from state-funded units.

The starting point for the working group was to keep local preference to the full extent possible, meaning that a preference is given for Cambridge residents. The current definition of residency for preference is currently living in Cambridge; the working group did discuss the possibility of reexamining that definition, and what documentation would be required. Trust members asked if residency applied to former residents who wanted to return. Chris Cotter stated that previous Cambridge residents displaced from Cambridge did not currently receive residency preference. The working group discussed this issue but could not come to consensus and wanted to discuss that aspect with the Trust.

One idea that was discussed was to give residency preference to applicants who hold a mobile rental voucher from the Cambridge Housing Authority (CHA) that they use to rent outside of the City. The CHA currently uses a broader definition of resident, including anyone who works in Cambridge or has been hired to work in Cambridge. This would give preference to applicants who potentially had never lived in Cambridge versus a displaced former resident. Another issue is that this change would not assist former residents without vouchers. Including this group in the residency preference would require developing documentation requirements that would be very difficult to administer. Former residency could be very difficult to determine consistently.

Cheryl-Ann Pizza-Zeoli noted that the CHA had recently surveyed voucher holders who had moved out of Cambridge to offer them the opportunity to return to Cambridge. Only 13 out of 746 voucher holders contacted chose to come back. Others noted that a CHA analysis found that almost half of CHA non-resident voucher holders never lived in Cambridge. James Stockard noted that there are many people with a severe need for affordable housing who do not have vouchers.

Susan Schlesinger asked about the working group's proposal to make an emergency need a ranking preference above households with children without an emergency. Chris Cotter stated that under the current system, there are applicants with housing emergencies who are never served because they now are considered after families with children. Trust members stated that an emergency should mean something. Susan Schlesinger asked if the severe need for affordable housing was driving people to have emergencies? And out of applicants given preference for emergency need, how many of those are housed?

Chris Cotter stated that most applicants with emergency need and children under six have been considered for units; however, that does not mean they are housed as they still must meet the income eligibility and building screening criteria.

Staff stated that one proposed change would be to refine what qualifies as an emergency. The current system gives emergency preference for no-fault eviction; overcrowding; rent burden; code violations in the current residence; and homelessness. The Trust asked if displacement was considered an emergency? Chris Cotter stated that many displacement cases would receive the emergency preference by being given a no-fault eviction notice, but a notice to quit would not meet that criteria.

The working group discussed tightening the definition of emergency to focus on the most pressing needs, therefore making the category more meaningful. Jim Stockard recommended that the language be tightened, as the current definitions allow almost any situation to be described as an emergency. He noted that the CHA goal is to serve emergency cases within two weeks.

Some ideas for changes to the emergency category would eliminate overcrowding as an emergency; require that a rent-burdened household have lived in their unit for at least a year; limit the types of code violations that qualify; and add domestic violence as an emergency category. These changes could greatly reduce the number of applicants who put themselves into an expensive apartment, or double up in a room for a short period of time, to jump to the front of the Rental Applicant Pool. One of the other proposed changes is that if an applicant has emergency preference and declines a unit, the emergency status is eliminated.

Bill Tibbs asked how many applicants applied with an emergency and were not served. Chris Cotter shared the example of the two-bedroom applicants with Cambridge residency and emergency need. There are currently ten households with children and an emergency need waiting for housing; there are 19 all-adult emergency need households. Under the current system, a household with a child under 6 but no emergency would be served before an all-adult household with emergency need. The proposed changes would allow all Cambridge resident households with an emergency to be served prior to any non-emergency households.

Trust members asked about the current ability to serve families with children under 18, but not under 6. Chris Cotter noted that one of the ideas suggested by the working group was to have every third unit have a preference for households with children under 18, so that there would be no additional preference given for a child under 6. The rental pool is not currently able to serve families without young children or an emergency need; this change would create some opportunities for those applicants. Susan Schlesinger noted that changing emergency need to a ranking preference would mean serving fewer families with children.

Chris Cotter stated that the last sample of newly-housed rental tenants showed that 34% had an emergency need preference. Trust members asked how that would change if the proposed

emergency need criteria modifications were implemented. Chris Cotter stated that these changes should reduce the number of emergency need cases by eliminating the category of overcrowding; requiring a one-year duration for cost-burdening; and narrowing the code violation definition to encompass only the most severe building conditions.

Staff noted that emergency preference allows an applicant to go ahead of households who may have been waiting for years, so it is important to set the priorities. Jim Stockard noted that with any changes, the impacts can be monitored and changes can be made in the future. Chris Cotter stated that the goal with the regulations would be to review them every year and make changes. Cheryl-Ann Pizza-Zeoli said that the public comment period would provide an opportunity for other issues to be raised that may not have been considered.

Chris Cotter recommended that the Trust members review the recently completed Inclusionary Report, which has information about how applicants and units being filled.

Susan Schlesinger asked about applicants coming out of homelessness, who qualify for emergency preference, but may need services that Inclusionary buildings do not provide. Chris Cotter discussed an ongoing pilot program where the City has partnered with property owners and service providers to deliver services to Inclusionary tenants. Without services, some tenants coming out of homelessness have struggled to stabilize their housing.

Trust members discussed what should be the top priority for emergency. No-fault evictions and severe cost-burdening were discussed. Gwen Noyes asked if there could be a priority for longer-term residents facing these issues. Chris Cotter stated that durational requirements are not advisable under Fair Housing guidance.

Trust members asked about the higher preference for families with children under 6. Chris Cotter stated that the preference exists to support moving younger children out of apartments that may put them at risk from lead paint, and to help retain families who will have children in the school system for the maximum amount of time. Susan Schlesinger noted that the “young child” preference used to be for households with children under 10 but was lowered to 6.

Trust members asked about next steps. Chris Cotter noted that there were several issues that the Trust had not had a chance to discuss, including any potential changes to bring more CHA voucher holders back into Cambridge. He stated that the staff could provide additional information or answer any other questions prior to the Trust forwarding recommendations to the Housing Committee.

Bill Tibbs requested that the data on applicants with emergency need be presented in charts. Florrie Darwin requested a projection on how adopting the working group recommendations would impact who is served. Chris Cotter stated that information can be provided on which preference groups are being served. Trust members requested to see who was housed in the past year by category. The Trust agreed to continue the conversation at a later meeting.

Other Business

Trust members requested an update on the proposed Affordable Housing Overlay. The idea has been discussed at several public Envision meetings. At those meetings, there was a lot of opposition from residents of lower density neighborhoods who have expressed concerns

about possible changes. Trust members thought it important for the Trust to take a position and make a recommendation to the Council.

Trust members agreed that presenting images of affordable developments would be helpful. Staff agreed to send images of housing that would be typical of the density being discussed for the Overlay.

ADJOURNMENT

The meeting adjourned at 5:23. The next meeting date is to be determined.

Materials:

- Preference Review Working Group Recommendation Memo
- Meeting Minutes from the Trust's September 27, 2018 meeting.
- Project Update

November 29, 2018

AFFORDABLE HOUSING TRUST

RESIDENT SELECTION PREFERENCE POLICY CHANGES

Proposed Changes - areas for continued discussion

1. Change ordering of preferences to prioritize all local preference rental applications with emergency need over all applications without emergency need (this change only applicable to 2-br and 3-br bedroom units, as this is the current system for studio and 1-br units)
 - CDD model of impact of that on units expected to filled in the next year
2. Create an open "family with children under 18" preference for 1/3 of 2- and 3-bedroom rental and homeownership units
 - CDD modeling shows expected outcome will be that 1/3 of units will be offered to families with children between 6 and 18
 - For rental – if order of preferences changed, this could be applied to all applications or only to non-emergency preference applicants (i.e. emergency applications would only ordered by date of application)
3. Including former residents in local preference category
 - Non-resident holders of CHA vouchers
 - Former residents without vouchers
 - Displaced for residents (voucher & non-voucher)

Proposed Changes

- Prioritize emergency preference applicants
- Eliminate emergency need preference for overcrowded and code violations
- Every third unit, will be offered to applicants with children under 18

Current System:

Chart 1 represents the average annual number of local preference applicants for two and three-bedroom units. Under the current preference system, there are 27 applicants in the two-bedroom pool and 16 applicants in the three-bedroom pool with emergency preference.

Chart 1- applicants with no changes, annual average local preference applicant

Unit Size/BR	Emergency preference	Non-Emergency	% of applicants with emergency need
2	27	67	29%
3	16	27	37%

Chart 2 shows the number of two and three-bedroom units expected to be completed in the next year. Using the current system, the chart illustrates that applicants with emergency preference would be considered for 83% of the two-bedroom units. Applicants with emergency preference would be considered for all three-bedroom units.

Chart 2- projected applicants housed with no changes

Unit Size/BR	# of Units	Emergency preference	Non-Emergency	% of tenants housed with emergency need
2	29	24*	5	83%
3	12	12	0	100%

* This number does not include all adult households (3 applicants) since they are not considered before households with children.

The oldest emergency need applicant in the two-bedroom pool is May 2013 and the oldest three-bedroom applicant is February 2013.

Proposed System:

Under the proposed changes to the preference system, **chart 3** shows that there would be 15 applicants in the two-bedroom pool and 4 applicants in the three-bedroom pool who would have an emergency preference. The elimination of overcrowding and code violations as emergency needs significantly decreases the number of emergency need applicants.

Chart 3 – Applicants under proposed system

Unit Size/BR	Emergency preference	Non-Emergency	% of applicants with emergency need
2	15	78	16%
3	4	37	10%

Chart 4 shows the number of two and three-bedroom units expected to be completed in the next year. Using the proposed preference system, the chart illustrates that applicants with emergency preference would be considered for 52% of the two-bedroom units. Applicants with an emergency preference would be considered for 33% of the three-bedroom units.

Chart 4 – Projected Applicants Housed under proposed system

Unit Size/BR	# of Units	Emergency	Non-Emergency	% Emergency
2	29	15	14	52%
3	12	4	8	33%

PROPOSED CHANGES TO PREFERENCE BASED ON AGE OF CHILDREN

Chart 5 illustrates the impact of changing the model from a preference for families with children under 6 for all units to an open preference through which every third two or three-bedroom unit would have a preference for a household with a child under 18. (i.e. no additional preference for children under 6)

Unit Size/BR	# of Units	Units for families with child under 6	Units for families with child under 18
2	29	20	9
3	12	8	4

THOUGHTS

Since overcrowding and code violations would no longer be criteria for emergency need, there would be fewer applicants receiving an emergency preference.

As the availability of two & three-bedroom units continues, the model proposed would allow all local preference applicants with an emergency need to be considered. This includes families with children and households without children.

As noted above, there will be fewer emergency need applicants. Therefore, more applicants who do not have an emergency need would be considered under the proposed system than are considered under the current system.

Domestic violence would be added as a criterium for emergency preference. This will have an impact on the numbers of applicants qualifying for the emergency need preference.

First Time Homebuyer Program

Proposed Change

For units larger than one bedroom, every third unit, by bedroom size and maximum income level (HUD 80, City 80, 100) will give equal preference to 5- and 6- point applicants (child under 18), without any additional preference for a child under 6.

Current system

In the three-year period FY2016 through FY2018, 37 units were sold, including two new IZ lottery units but excluding HomeBridge units.

Chart 1 – units sold FY2016 through FY2018 by actual buyer under current preference system

Unit Size	Number Sold	Resident	Non-Resident	6 point	% 6 point	5 point	% 5 point
1	16	15	1	n/a	n/a	n/a	n/a
2	17	17	0	10	59%	7	41%
3	4	4	0	4	0%	0	0%

There are several reasons for the sale of 2-bedroom units to lower preference families. These units tend to be significantly smaller, older, or lack features such as parking.

If there are no changes to the system, Chart 2 uses the following assumptions to project the next three years of sales:

- Available unit income levels will match the distribution of applicant incomes
- All units are equally desirable, and the next person in the pool will take the next unit
- Only applicants with income on file between 50 and 100% AMI are included.

Chart 2 – family sized unit sales projection, no changes to preferences

Unit Size/BR	# of Units	6 point	% 6 point	5 point	% 5 point
2	17	17	100%	0	0%
3	4	4	100%	0	0%

Proposed system

If every third unit was equally available to all Cambridge resident households with children under 18, based on the above assumptions, we would expect the following changes:

Two Bedrooms –

There are currently twelve applicants in the 5-point pool who applied prior to the oldest 6-point applicant. Therefore, the model assumes that these twelve applicants will take the first twelve

combined preference units. After those households are served, households will be served in the order they are in the pool.

Three-year projection:

Two-bedroom units = 17

Child under 6 = 12

Child under 18 = 5

If the rate of availability remains steady, it will take an estimated seven years to serve the oldest 5-point applicants with combined preference units. During that time, more than 25 6-point households will be served via standard preference units. After that seven-year period, there will be another group of 5-point households who have been in the pool longer than the 6-point applicants, most of whom will have been served. Therefore, it is likely that the combined preference units will continue to go to 5-point households indefinitely, unless there is a large drop in 6-point applications.

Three Bedrooms –

There are currently eleven applicants in the 5-point pool who applied prior to the oldest 6-point applicant. Based on the same assumptions, with four three-bedrooms in three-year period, it will take approximately 24 years to serve those first eleven applicants with combined preference units.

Three bedroom units = 4

Child under 6 = 3

Child under 18 = 1

There are likely to be more three-bedroom units created under the new Inclusionary ordinance, so the actual wait should be shorter if there is any homeownership production.

It is also worth noting that many of these households will become 4-point households prior to being served under with a combined preference unit.