CITY OF CAMBRIDGE
Housing Department

Christopher Cotter
Director of Housing

Affordable Housing Trust

December 12, 2024, 4:00 p.m.
Ackermann Room, City Hall, 795 Massachusetts Avenue
Cambridge, Massachusetts

OR

Webinar Registration - Zoom

To participate in this meeting through the Zoom video meeting platform, please register using this link in advance of the meeting.

AGENDA

1. Review of Meeting Minutes

2. Update from the Housing Department

3. Print Shop Condominium & Affordable Homeownership Program: continued discussion of requests from Print Shop Condominium owners and background information on other homes in the Affordable Homeownership Program;

4. Neville Place: update on terms of proposed refinancing of this 71-unit mixed-income assisted living residence for seniors;

5. Adjournment

Members of the public can provide written comments to the Affordable Housing Trust by email sent to affordablehousingtrustcomment@cambridgema.gov, or by delivery to the Housing Department, by 5:00 p.m. the day before the meeting.

Cambridge Affordable Housing Trust

December 12, 2024

Status of Active Commitments

	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:*	7	101 scattered site units purchased by first time buyers to-date. Trust approved expanded subsidy share in August 2023. Online application now available. Two units under agreement - one 3-bed and one 2-bed.	N/A	$34,200,000	1-br: 50% sale 2-br: 60% sale 3-br: 65% sale	several, including most recent: November 2024
2.	Homeownership Resale Program	CDD	*currently active units:*	21	Re-purchase, rehab and re-sale of affordable homeownership units to new homebuyers.	N/A	$10,000,000		December 2011
3.	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. Additonal public meetings will be scheduled but are currently on hold pending the legal action taken by former owner.	TBD	TBD	TBD	N/A
4.	2072 Mass. Ave.	Capstone Hope	TBD	TBD	Capstone/Hope purchased site in April 2018 and sought a comprehensive permit to enable the construction of a new 48 unit affordable housing building but withdrew their request at the September 2021 BZA hearing; they remain commited to creating affordable housing at this site and are assessing next steps and options. First AHO community meeting held on 10/9/24; due to technical issues, repeat of this community meeting to be held on 10/30/24.	TBD	$5,071,000	TBD	February 2018 and June 2021
5.	52 New Street	JAS	106		JAS purchased the site in early 2020 and is permitting the project through the Affordable Housing Overlay. After JAS held 3 AHO community meetings, the proposal was reviewed by the Planning Board at the two advisory design review meetings on 10/16/21 and 1/4/22 and a final Planning Board report has been issued. Construction closing completed in December 2023; construction underway.	$81,059,816	$18,025,390	$170,051	October 2019, June 2021, and January 2022
6.	Broadway Park (240 Broadway)	JAS		15	In March 2021, the Trust approved funding to create 15 affordable homewnership units. JAS began the community process with the intention of seeking a comprehensive permit for this development but put the project on pause and will be revisiting plans for the site including potentially a rental AHO development.	TBD	$3,600,000	$240,000	March 2021
7.	Jefferson Park Federal (45-60; 61-75; 77-92; 93-108; Jackson Circle; 1; 2-19, 21-42; 109-124; 1000 Jackson Place)	CHA	278		In September 2021, the Trust approved funding to assist with the comprehensive modernization of Jefferson Park Federal. After the CHA held 3 AHO community meetings, the proposal was reviewed by the Planning Board at the two advisory design review meetings required by the AHO on 11/9/21 and 2/15/22. A final Planning Board report has since been issued. The CHA completed a 'dry closing' in late December 2023, in preparation of the full construction closing to occur in 2024. Construction closing completed July 2024. Under construction.	$309,675,326	$43,611,615	$156,876	September 2021
8.	35 Harvey Street	HRI / Cascap	12		In November 2021, the Trust approved funding to assist with the renovation and reconfiguration of Harvey Street from SROs to studio apartments. HRI closed on funding in November 2023. The majority of renovations completed in August 2024, with final punchlist items completed in early fall. HRI is holding a ribbon cutting event on 11/19/24.	$ 5,364,143	$3,339,437	$278,286	November 2021
9.	4 Mellen / 1627 Mass. Ave.	HRI	29		In January 2022, the Trust approved funding to assist with the purchase of this property from Lesley University to create affordable housing. The Trust approved additional predevelopment funding in August 2022. HRI acquired the site in August 2022. AHO community meetings held on 9/15/22 and 3/15/22. Advisory design consultation with Planning Board held 7/18/23 and 12/5/23. Planning Board final design report issued on 12/20/23. State funding approved June 2024. HRI is beginning to prepare for construction closing.	TBD	$10,425,000	$359,483	Janaury 2022, August 2022, and January 2024
10.	116 Norfolk Street	CHA	62		In August 2022, the Trust approved funding to assist in the renovation and expansion of an existing 38-unit SRO to create 62 studio apartments for indivduals moving beyond homelessess. CHA completed AHO advisory design review in late 2022 and closed on funding in December 2022; construction is underway to be completed in early 2025.	$ 41,830,167	$10,161,150	$163,890	August 2022
11.	35 Cherry Street	JAS		10	In March 2022, City Council approved the disposition of this property to the Trust for creation of affordable homeownership housing. Transfer from MIT complete. After RFP, Just A Start selected as developer at its October 2023 Trust meeting. AHO Community meetings held 5/15/24, 6/26/24, and 8/21/24. JAS preparing for Planning Board AHO advisory design review.	TBD	$300,000	TBD	March 2022 and May 2024
12.	49 Sixth Street	POAH	46		In October 2022, the Trust approved funding to assist in the conversion of a portion of the Sacred Heart church property to affordable housing. POAH has completed the AHO process. POAH is assembling remaining financing in advance of beginning construction in 2024. Increase of Trust funds request approved 3/6/24; increase of Trust funds approved at 8/1/24 meeting. POAH is preparing for construction closing.	TBD	$11,250,000	$244,565	October 2022, March 2024, and August 2024
13.	37 Brookline Street	JAS	13		JAS acquired the site in July 2023 and held a meet and greet meeting on 4/25/24. AHO community meetings held 7/10/24 and 9/11/24. JAS preparing for Planning Board AHO advisory design review.	TBD	$2,064,000	TBD	March 2023
14.	650 Concord Ave	Neville Communities Inc (NCI)	71		In May 2023, the Trust approved funding to assist with capital repairs at Neville Place, the affordable assisted living portion of its campus. Staff are working with NCI on due diligence items in advance of closing, including the forming of a working committee to review tenant selection procedures. Increase of Trust funds request approved 3/28/24. Preparing for closing with NCI and other funders.	$2,445,000	$5,670,500	$79,866	5/1/2023 and March 2024
15.	28-30 Wendell Street	HRI	TBD		HRI completed the acquisition of 30 Wendell Street from Lesley University on 11/30/23. First AHO meeting held 2/14/24 and hosted a Balden neighborhood walking tour with neighbors in April 2024. AHO community meetings for combined sites held 6/20/24 and 11/14/24.	TBD	$16,657,000	TBD	August 2023 and March 2024
16.	87-101 Blanchard Rd	B'nai B'rith	110		In March 2024, the Trust approved $18,169,120 in funding to BBH for the new construction of 110 affordable rental units for seniors. BBH plans to permit the site under the AHO. AHO PB meetings held on 1/30/24 and 6/4/24. Planning Board final design report issued on 6/18/24.	TBD	$18,169,120	$165,174	August 2023 and March 2024
17.	16-18 Wendell Street	CHA	22		Trust approved funding for CHA to purchase an existing 24-room dormitory to convert to new permanent supportive housing; property acquired 7/2/24. Residents have begun moving into the property, and Elliot Services is fully staffed and on site.	$8,609,800	$4,950,000	$225,000	April 2024

18.	102 Sherman St/Walden Square Apartments II	Winn	95		Trust approved funding for the construction of two new buildings containing 95 affordable rental units on a portion of the existing Walden Sq I site; Winn completed the AHO community process in Fall 2023 and presented the proposed to the Planning Board at the two advisory design review meetings on 3/12/24 and 7/2/24. Planning Board final design report issued on 8/1/2024 and accepted by Trust on 10/24/24.	$80,413,447	$18,750,000	$197,368	April 2024
19.	Rindge Commons South	JAS	77		JAS is seeking the remaining financing needed to begin construction on the second phase of their two-phase Rindge Commons development which received a comprehensive permit in August 2020. The Trust approved funding of $9,051,615 for the second phase, Rindge Commons South, at its September 2024 meeting.	TBD	$9,051,615	$117,553	September 2024
20.	1826 & 1840 Massachusetts Avenue	JAS	TBD		Trust approved funding for JAS to purchase two parking lots from Lesley University to develop into new affordable housing, as well as some predevelopment funding. Properties were acquired 11/26/24.	TBD	$10,900,000	TBD	September 2024
21.	(confidential until purchased)	Capstone Hope Zabler	TBD			TBD		TBD	September 2024
			974		**Total Units**				

Cambridge Affordable Housing Trust

Status of Affordable Housing Overlay (AHO) Developments

	AHO Development	Developer	AHO Status & Activity	Rental Units	Ownership Units	Development Status
1.	52 New Street	Just-A-Start Corporation	AHO Community meetings held on 2/25/21,3/25/21, and 4/15/21. Planning Board design consultation held on 10/26/21 and 1/4/22. Design consultation completed January 2022; Final Planning Board report issued 1/20/22 and was transmitted to the Trust on 1/27/22. Construction underway.	106		Design Consultation Complete; see above
2.	Jefferson Park Federal (45-60; 61-75; 77-92; 93-108; Jackson Circle; 1; 2-19, 21-42; 109-124; 1000 Jackson Place)	Cambridge Housing Authority	AHO Community meetings held on 3/2/21, 4/1/21, and 10/19/21. Planning Board design consulation held 11/9/21 and 2/15/22. Final Planning Board report issued 3/9/22 transmitted to the Trust on 3/24/22. Construction underway.	278		Design Consultation Complete; see above
3.	Walden Square II (102 Sherman Street)	WinnDevelopment Companies	AHO Community meetings held on 3/23/21, 4/13/21 and 5/27/21. Submission for first Planning Board advisory design consultation was withdrawn by developer on 11/16/21. Design revised based on community comments. Community meetings held 2/23/22, 8/29/23 (rescheduled from 8/1/23) and 9/14/23. Planning Board advisory design meetings held 3/12/24 and 7/2/24. Final Planning Board report issued 7/24/23 transmitted to the Trust on 8/1/24.	95		Design Consultation Complete; see above
4.	49 6th Street	POAH & Urban Spaces	AHO Community meetings held on 7/27/21 and 11/3/21. First Planning Board advisory design consultation meeting held 4/5/22. Second design consultation meeting was held on 6/28/22; Planning Board report issued 7/14/22 and transmitted to the Trust on 8/4/2022. Preparing for construction closing.	46		Design Consultation Complete; see above
5.	116 Norfolk Street	Cambridge Housing Authority	First AHO community meeting held 2/10/22. Second community meeting held 4/26/22. First Planning Board advisory design consultation meeting was held on 7/5/22. Second advisory design consultation held 9/13/22. Planning Board report issued on 10/28/22 and transmitted to the Trust on 11/17/22. Construction underway.	62		Design Consultation Complete; see above
6.	1627 Mass. Ave./4 Mellen	Homeowner's Rehab Inc	First AHO community meeting held 9/15/22. Second community held 3/15/23. First advisory design consultation with Planning Board held 7/18/23, second design consultation held 12/5/23. Final Planning Board report issued 12/20/23 and transmitted to the Trust on 1/25/2024. Preparing for construction closing.	29		Design Consultation Complete; see above
7.	87-101 Blanchard Road	B'nai Brith Housing	AHO community meetings held 10/4/23 and 11/10/23. First Planning Board advisory design meeting held 1/23/24 and 6/4/24. Final Planning Board report issued 6/18/24 and transmitted to the Trust on 6/27/2024.	110		Design Consultation Complete; see above
8.	28-30 Wendell Street	Homeowner's Rehab Inc	First AHO community meeting held 2/14/24. HRI restarted the AHO community meeting to include 28 Wendell Street. AHO community meetings for combined sites held 6/20/24 and 11/14/24.	TBD		AHO community meetings underway.
9.	35 Cherry Street	Just-A-Start Corporation	AHO community meetings held 5/15/24, 6/26/24, and 8/21/24. JAS preparing for Planning Board AHO advisory design review.		10	AHO community meetings complete; design consultation process in progress.
10.	37 Brookline Street	Just-A-Start Corporation	AHO community meetings held 7/24/24 and 9/11/24. JAS preparing for Planning Board AHO advisory design review.	13		AHO community meetings complete; design consultation process in progress.
11.	2072 Massachusetts Avenue	Capstone Communities	First AHO community meeting held on 10/9/24 and 10/30/24 (repeat meeting due to technical issues).	TBD		AHO community meetings underway.
12.	Corcoran Park	Cambridge Housing Authority	AHO community meetings to begin in 2025.	TBD		AHO community meetings to begin in 2025.
				749		**Total Units**

Status of Active Inclusionary Housing Developments

	Approved Active Projects	Developer	Status	Rental Units	Ownership Units	Applicable zoning
1.	55 Wheeler Street	Toll Brothers	Covenant recorded 3/12/21. Building permit issued 3/16/21. Residents moving in; tenant selection continuing; units in final phase now being leased.	99		Revised ordinance at 20% sf requirement
2.	40 Thorndike Street, Court House	Leggat/McCall	Covenant recorded 7/23/21. Building permit issued 3/2/21. Tenant selection underway.	48		All units are affordable
3.	605 Concord Ave.	Abodez Acorn	Covenant recorded 1/6/20. Building permit issued 12/9/21. Under Construction. Preparing fro tenant selection.	7		Revised ordinance at 15% sf requirement
4.	121 Broadway	Boston Properties (BXP)	Covenant recorded 12/28/23. Building permit issued 3/21/24. Under construction.	102		MXD zoning - 20% Inclusionary + 5% Middle-Income
5.	8 Winter Street	DND Homes	Covenant recorded 7/18/2024. Building permit pending.		3	Revised ordinance at 20% of requirement.
			Under Development:	**256**	**3**	
			Completed Units:	**1125**	**215**	
			All Units:	**1381**	**218**	
				1599		

	Active Pipeline Projects	Developer	Status	Rental Units	Ownership Units	Applicable zoning
Subsidy amount needed to create Affordable Dwelling Unit Net Floor Area for Inclusionry Housing not created pursuant to Section 11.203.3 (i):				$450 / per square foot		

CAMBRIDGE AFFORDABLE HOUSING TRUST
MEETING MINUTES
November 21, 2024 at 4:00 p.m.
Conducted via Zoom and in person (City Hall, Ackermann Room)

Trustees Present in Person:	Yi-An Huang, Chair; Teresa Cardosi, Elaine DeRosa, Raffi Freeman, Krissandra Robinson, Jim Stockard, Elaine Thorne
Trustees Absent:	Susan Schlesinger, Alyson Stein
Staff Present:	Iram Farooq, Assistant City Manager of Community Development; Chris Cotter, Housing Director; Cassie Arnaud, Senior Manager for Housing Development; Janet Haines, Housing Planner; Christine Yu, Associate Housing Development Planner; Antonia Finley, Homebuyer Coordinator
Others Present:	Harlan Ellison, Jean Hannon, Ahlam I., , Catiana Jean Pierre, Sue Reinert, Joshua Williams

The meeting was called to order at 4:02 p.m. Mr. Cotter explained that this meeting of the Affordable Housing Trust is being held in a hybrid fashion pursuant to applicable requirements, that all votes would be taken by roll call.

MEETING MINUTES

Upon a motion moved, seconded, and approved by roll call of seven in favor and two absent (Ms. Schlesinger and Ms. Stein), it was voted to approve the minutes for the meeting of October 24, 2024.

HOUSING DEPARTMENT UPDATE

35 Harvey Street: Homeowners Rehab Inc. (HRI) held a ribbon cutting event on November 19th.

2072 Massachusetts Avenue: The Capstone/Hope development team has begun the AHO community process and will be scheduling their second AHO community meeting soon.

28-30 Wendell Street: HRI held their second AHO community meeting on November 14th.

4 Mellen/1627 Massachusetts Avenue: HRI is preparing for construction closing.

49 6th Street: Preservation of Affordable Housing (POAH) is preparing for construction closing.

Neville Place: Staff are in discussion with Neville Communities about construction closing happening in early 2025.

16-18 Wendell Street: Renovations are completed. The Cambridge Housing Authority (CHA) has begun moving residents in.

OTHER UPDATES

40 Thorndike Street: Leasing of rental units at this property has begun.

Ms. Thorne asked if there is an update on Vail Court, to which Mr. Cotter answered that there is no update on that project.

NEW BUSINESS

HomeBridge Recapitalization Request

Mr. Cotter presented a funding request of $3,000,000 to recapitalize the HomeBridge program for buyers earning between 100% and 120% Area Median Income (AMI). The demand for HomeBridge continues to increase, particularly with people in this income range. However, there are limited financial assistance options for those buyers. The affordability requirements are the same for all HomeBridge buyers, regardless of income level.

In response to a question regarding how many units this amount of funding could support, Ms. Finley responded that while it is difficult to estimate, it could be anywhere between six and eight units. In response to a question regarding what the demand is for HomeBridge, Ms. Finley answered that the program has gone very popular and that she is working with over ten applicants. She mentioned that this program is more appealing because it mirrors the market and allows people to pick a home that best fits their needs. Mr. Cotter added that there are more larger units being purchased with HomeBridge funding in recent months.

Mr. Stockard asked if there is any update on the policy regarding the resale formula. Mr. Cotter answered that the change was made earlier this year, and that staff have begun to implement the changes for buyers who are selling their homes. Staff are also preparing to inform homeowners about how they can also opt into this change. In response to a question about how the change will affect ongoing funding needs for the homeownership program, he acknowledged that it may take a while to see what the impact of the policy change is. Mr. Stockard followed up with a comment that this is a great opportunity to study how the City maintains its stock of affordable homeownership units.

Upon a motion moved, seconded, and approved by roll call of seven in favor and two absent (Ms. Schlesinger and Ms. Stein), it was:

VOTED: to approve the request of an additional $3,000,000 in City Budget funds for the HomeBridge program to assist homebuyers with incomes between 100% and 120% AMI.

2072 Massachusetts Avenue

Mr. Cotter presented a request to extend the maturity date of the Trust's acquisition and predevelopment loan for 2072 Massachusetts Avenue by 36 months. The Trust committed $5,071,000 in funding to assist with the acquisition and predevelopment of 2072 Massachusetts Avenue a few years ago. The project was put on hold in 2021 after an attempt was made to permit the development with an approval from the Board of Zoning Appeal (BZA).

The Capstone/Hope development team is now proceeding to develop the site under the provisions of the Affordable Housing Overlay (AHO). They have already held one AHO community meeting and are scheduling a second one soon. As the development team is continuing its efforts to build affordable housing on the site, staff recommend extending their loan term by 36 months.

In response to a question regarding the unit mix of the original proposal, Mr. Cotter answered that he did not recall the specific details but noted that the plan included a significant number of 2- and 3-bedroom units.

Upon a motion moved, seconded, and approved by roll call of seven in favor and two absent (Ms. Schlesinger and Ms. Stein), it was:

VOTED: to approve Capstone/Hope's request for a 36-month extension of their acquisition and predevelopment loan on the same terms and conditions as the original commitments, as described in more detail in the Trust's November 2024 briefing materials.

Multi-Family Zoning Petition

Mr. Cotter summarized the Multi-Family Housing zoning petition (MFH), which would allow multi-family housing in residential zoning districts in all city neighborhoods with the goals of increasing housing in the city and would adjust dimensional requirements, such as height, to encourage the creation of new multi-family housing. He reviewed the processes underway for review of the petition by both the Ordinance Committee and Planning Board with several meetings to review and discuss the matter scheduled in December and into January.

He noted that while the Trust does not have a formal role in reviewing zoning petitions, this petition touches on the work of the Trust as it is focused on building new market-rate housing, which could include inclusionary housing across the City. Additionally, the impact on the AHO has been a big consideration in the development and review of the petition to ensure that affordable housing buildings were not disadvantage when compared to changes made through this petition for new market-rate housing. The intent of MFH is increase housing production in the city while not making it harder for affordable housing developments going through the AHO process.

Mr. Cotter noted that the MFH zoning petition is comprised of two complimentary zoning petitions, which should be seen as a package. He added that this week, the Community Development Department (CDD) shared work it had done to model different scenarios that the City Council had wanted to consider as potential alternatives. The modeling work was conducted to allow some analysis of how different approaches to allowing multi-family housing across the City might compare to each other in creating both new market and affordable housing.

Mr. Freeman commented that this topic is important to discuss. Affordable housing developers would have the option to build taller in Cambridge, even though not everyone will build to the maximum height. New technologies are coming along the market, such as mass timber, that would allow projects to be taller while being financially viable. He also mentioned that he ran some hypothetical scenarios and found out that the proposed MFH changes would have a positive impact on affordable housing development and would have a slight advantage over non-affordable housing developments.

Trustees and staff members discussed the impact that this would have on land cost and on affordable housing builders' ability to purchase land. Mr. Cotter commented that the ability to purchase new sites is directly tied to the Trust's ability to provide funding for these purchases. Affordable housing developers should know that the City will continue to assist them in identifying and purchasing new development sites. Ms. Farooq added that it is possible that land will cost more in the future. The number of acquisitions that the Trust has funded in recent years is quite large and uncommon, so the number of new acquisitions may taper as affordable housing builders focus on building on recently acquired sites. However, staff will continue to work with the housing providers to search for new opportunities.

In response to a question regarding what a six-story building could look like, staff answered that the design itself depends on the lot, but the new zoning petition would allow more flexibility on the design. Mr. Stockard asked if staff looked into various stress testing scenarios, to which Mr. Cotter answered that staff modeled several rezoning scenarios to show how different approaches might compare to one another. Mr. Stockard explained that he had asked about stress scenarios because there could be some negative impact cause by the MFH zoning despite best intentions. Ms. Farooq responded that in a worst-case scenario where this new zoning had unwanted impacts, staff would bring it up to the City Council's attention and adjustments will be made accordingly. In some cases, staff will do a five-year review to evaluate the impact of a zoning change, and in many cases, the impetus for changes to zoning often start from the community's feedback.

Ms. Thorne mentioned how some people have strongly negative feelings about the petition. Chair Huang responded that Cambridge is one of the most expensive cities to live in, but rising housing costs are not unique to Cambridge. Other cities are facing the same issue, though not to the same extent, so many communities are figuring out ways to keep up with demand. He acknowledged that the Trust being able to fund projects is an important solution, but looking into zoning changes is also part of a comprehensive approach.

ADJOURNMENT

Prior to adjournment, Ms. Thorne asked if there is any update on the Print Shop. Mr. Cotter answered that they are expected to close on the Trust loan very soon and staff were preparing materials to continue the discussion with the Trust at the December meeting.

Upon a motion moved, seconded, and approved by roll call of seven in favor and two absent (Ms. Schlesinger and Ms. Stein), it was voted to adjourn the meeting.

The meeting adjourned at 5:00 p.m.

The next meeting is scheduled for December 12, 2024 at 4:00 p.m.

Meeting Materials:

- Agenda
- Minutes from the Trust's October 24, 2024 meeting
- Project Update
- HomeBridge Recapitalization Funding Request Memo
- 2072 Mass Ave Loan Extension Request Memo

CITY OF CAMBRIDGE
Housing Department

Christopher Cotter
Director of Housing

MEMORANDUM

TO: Affordable Housing Trust Members

FROM: Christine Yu, Associate Housing Development Planner

SUBJECT: Affordable Housing Trust Meeting Schedule For 2025

DATE: December 12, 2024

The Cambridge Affordable Housing Trust Meetings for 2025 are scheduled to take place virtually via Zoom and in the Ackermann Room at City Hall at 4:00 p.m. on the following days:

January 23, 2025
February 27, 2025
March 27, 2025
April 24, 2025
May 22, 2025
June 26, 2025
July 24, 2025
August 28, 2025
September 25, 2025
October 23, 2025
November 20, 2025
December 18, 2025

Please note that **these dates are subject to change or be cancelled**. Any cancellations or changes to the date or location of a meeting will be communicated to the Trust members in advance and will be updated accordingly on the City's Affordable Housing Trust webpage.

City of Cambridge
Housing Department

Affordable Homeownership Program

Capital Needs Challenges

December 12, 2024

Executive Summary

- The City's affordable homeownership program has created 570+ units over the past 30 years, and the diversity of the program means that there's no "typical" homeownership unit.
- While both provide affordable housing for low-and moderate-income households, there are key tradeoffs between owning an affordable home and renting an affordable home, including:
  1. Homeowners have the responsibility to maintain their home via condo fees or special assessments
  2. Homeowners capture upside from appreciation at the time of sale
- Owners at the Print Shop, a 100%-affordable ownership development, expressed multiple concerns with the building and have made several requests to the City and to the Trust, including help with capital repairs.
- While the exact causes of these issues are not known to the City, the Trust has already committed up to $3M in public funding for certain capital projects and a Capital Needs Assessment (CNA)
- Furthermore, while relatively high for a 100% affordable building, the Print Shop's condo fees are comparable to buildings with similar needs.
- Before making any additional commitments, the Trust should consider the following:
  - **Resource considerations**, including financial and staff capacity required
  - **Legal considerations**, including constraints imposed by state and federal law and on the sources of Trust funding
  - **Equity considerations**, including tradeoffs with rental housing and existing inequities between owners
  - **Paradigm shifts**, including the potential for fundamental changes to the program's mission and/or shifting eligibility requirements or unit pricing to make the program more sustainable long-term

Agenda for today's discussion

1) Homeownership program context
2) Print Shop challenges
3) Policy considerations

1) **Homeownership program context**

2) Print Shop challenges

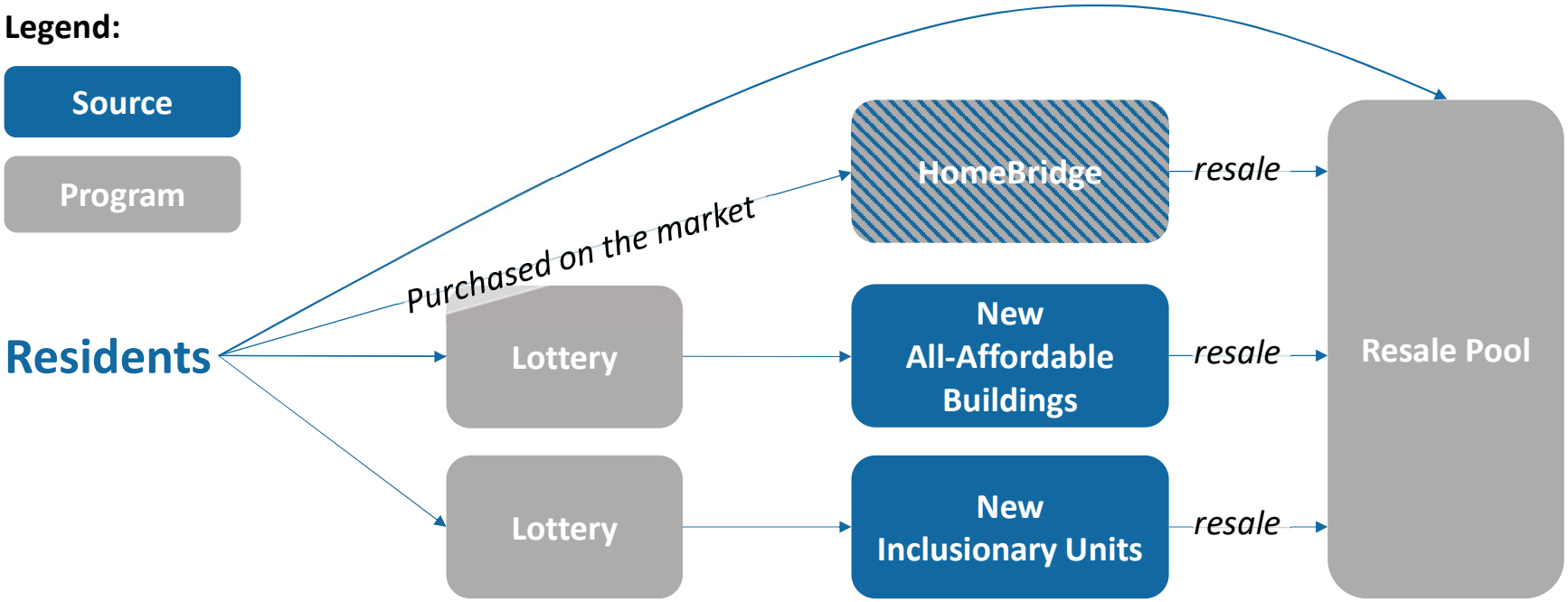
3) Policy considerations

There are several ways affordable homeownership units are created in the City…

Source	Description	Share (%)
Inclusionary Zoning	Affordable units created by market-rate developers through zoning requirements	38%
HomeBridge	Affordable units purchased on the market by income-eligible buyers with City assistance	26%
All-affordable buildings	100% affordable buildings typically developed by non-profits	36%

575+ units

… And there's also several ways residents access the homeownership stock



The City can set initial sales prices and screen buyers to ensure affordability at purchase, but future cost changes are driven by variable factors, most outside the City's control

Cost bucket	Description	Volatility	City control	Owner control
Condominium fees Common Utilities Property management Maintenance and repair	Condominium fees cover expenses in multi-unit buildings that might include: - Common utilities/consumables - Managing common areas and services (e.g., snow removal) - Maintaining shared spaces and infrastructure (e.g., roof)			
Property taxes	Local taxes to maintain infrastructure and services			
Owners' insurance	Payments for property insurance to protect owners from risk/financial loss			
Mortgage	Principal and interest payments to finance the purchase price of the home			

 Higher  Lower

When condominium associations plan for a major capital expense, they can pay from reserves or by levying a special assessment

Scenario: two pathways to a $1M expense expected in fifteen years

Situation: Condominium is planning for a $1M expense due 15 years from now
- 30-unit building
- $50k initial reserve balance

A **Add to condo fee to build-up reserves over time**
Adds $150/month to condo fee for reserves

→ **$4,700** *special assessment in Year 15*

B **Pay for expense without reserves**
Adds nothing to monthly condo fee

→ **$31,700** *special assessment in Year 15*

Home Improvement Program (HIP) can help pay for an assessment but CDBG cannot be used for higher condominium fees

While both provide affordable housing for low- and moderate-income households, there are some key tradeoffs between owning and renting an affordable home

Tradeoff	Affordable homeownership	Affordable rental
Financial windfalls	Homeowners have potential to capture upside when their income increases and from appreciation when they sell	Renters do not build equity, and rents are adjusted when their income increases
Financial risk	Housing costs do not change with income, so there's some risk if costs increase or income decreases	Costs are fixed at 30% of income, resulting in greater long-term certainty over housing cost as a share of income
Long-term stability	Greater certainty that home will be a long-term residence (i.e., can't be asked to move)	Greater uncertainty over long-term home (i.e., could be asked to relocate if income or household size changes, etc.)
Income verification	Homeowners verify income only at time of purchase	Renters must verify their income annually
Utilities	Utility costs are responsibility of the homeowner	Utility costs included in rent calculation
Individual control	Homeowners have greater control over their living space and building decision-making	Renters have less control over their living space and limited influence over building decision-making
Property responsibility	Homeowners have financial responsibility for shared expenses (e.g., snow removal, capital repairs) Condo association requires owner participation and can involve a large time commitment from board members	No responsibility for property, including maintenance, repair, and governance

To highlight the long-term financial tradeoffs, we modeled homeownership cost, relative to the affordable rental program, over a 15-year period

Both cases were modeled for a household of three at 65% Area Median Income (AMI)

Assumptions in our *illustrative model:**

Renter assumptions

- Rent is set at 30% gross income
- Landlord pays for utilities

Homeowner assumptions

- Home purchased at $175k, with 3% down payment
- Mortgage financed at 4.375%
- Condo fee $271 at purchase, compounding at 3% annually
- Utilities $2,400 annually, compounding at 3% annually
- 2.5% annual value appreciation
- Excludes any capital improvement reimbursement

Initial monthly cost

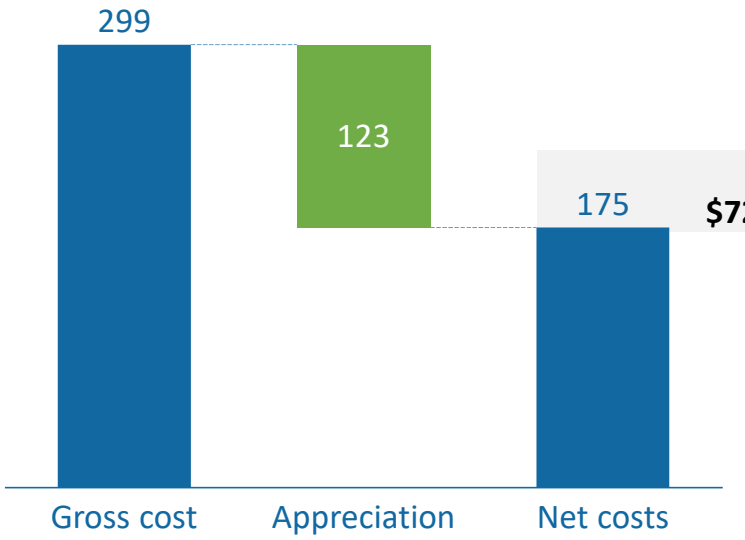
Renter assumptions	**$1,376**
Homeowner assumptions	**$1,374**

Also assumes homeowner contributes $30k for maintenance and repair

*** This is model is a simplification and not a real-world simulation**

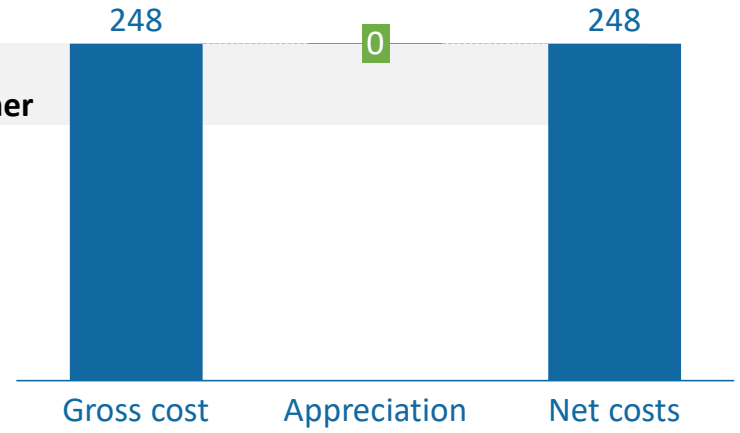
While gross costs are higher for homeowners over the 15-year period, appreciation that the owner recoups at sale will reduce net cost significantly

Homeowner costs after 15 years, modeled with **no income changes** ($k)



At sale, net costs are **$72k less for the homeowner**

Renter costs after 15 years, modeled with **no income changes** ($k)



1) Homeownership program context

2) Print Shop challenges

3) Policy considerations

Owners at the Print Shop condominiums have reported multiple concerns with the building since completion

Issue or concern	Description	Context
Leaks – Roof	Leaks from both the roof and siding have been reported	▪ 2019 report did not determine the exact cause and noted several possible sources, including “penetrations” on the roof and damage from snow removal in 2015 ▪ Trust has committed funds for complete replacement (now available)
Leaks – Siding		▪ 2019 study did not determine cause, but noted that current best practices for flashing siding did not exist at the time of construction ▪ Trust has committed funding for the Association to work with Just-A-Start (JAS) to identify and address causes
Leaks – Burst pipe	Interior pipe burst in 2023, damaging three units + some common areas	▪ Cause not known to City ▪ Repairs completed and fully covered by the Association’s master insurance policy
Garage pipes	Garage pipes not insulated during construction, causing leaks	▪ Association has paid for repairs using reserves (no assessments) ▪ Costs are fully reimbursable at sale as capital improvement (no net cost)
Sprinkler system	Sprinkler system needs maintenance and repairs	▪ Cause not known to City; systems typically last 15-25 years and require regular maintenance ▪ Assessment levied + Home Improvement Program (HIP) funding offered
Elevator	Elevator door motor replacement required	▪ Assessment levied + Home Improvement Program (HIP) funding offered (work is complete)
Solar panels	Some outlets did not work at the time of purchase	▪ Solar panels are not functional, and removal is part of roof project; panels only connected to common areas ▪ Outlets are checked during a home inspection and issues should be corrected prior to sale ▪ Cause not known to City, but units have continuously been re-sold since 2013 without noting any wiring or electrical issues.
Garage door	Several issues with the garage door, which has been replaced several times since 2009	▪ Cause of frequent need for repair not known to City

… And have made several requests for the City and the Trust to address (1/2)

Print Shop owner requests

Focus for today

For the Trust

1. Return owners to first-time homeowner status, so they may relocate and purchase a at a different property *(also requested priority for new construction units and subsidy to make costs and equity percentage level for a new purchase)*
2. Provide grant funding to make necessary repairs in a timely manner, as residents are facing multiple urgent needs
3. Lift deed restrictions so owners may recoup costs by having roommates, subletting, or allowing higher returns at sale

For City staff

4. Meet with the City Manager and Housing Department staff that are directly connected with the building's issues
5. Host the City Manager and Inspectional Services Department (ISD) on-site to review building structural issues

… And have made several requests for the City and the Trust to address (1/2)

Owner requests

1. Return owners to first-time homeowner status, so they may relocate and purchase a at a different property *(also requested priority for new construction units and subsidy to make costs and equity percentage level for a new purchase)*
2. Provide grant funding to make necessary repairs in a timely manner, as residents are facing multiple urgent needs
3. Lift deed restrictions so owners may recoup costs by having roommates, subletting, or allowing higher returns at sale

For Trust consideration…

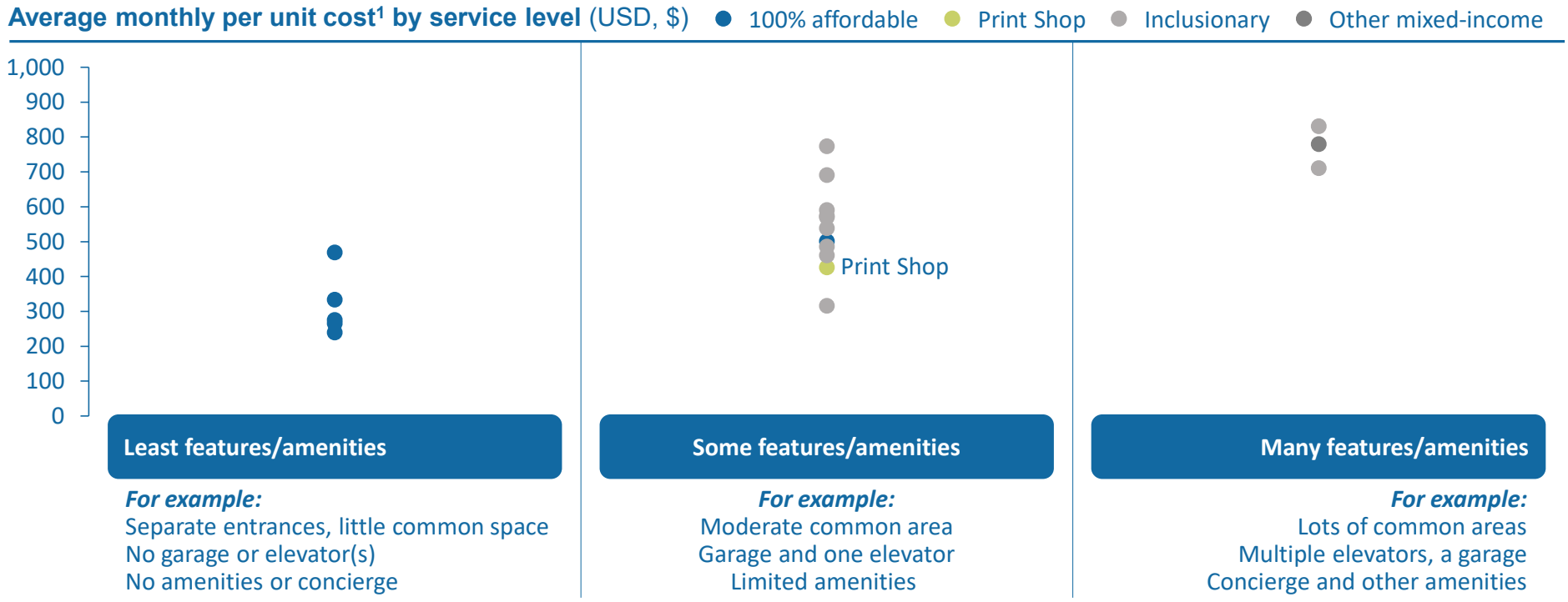
- First-time homebuyer status is defined by the federal government and may only be restored after three years without owning a home
- HomeBridge is open to current owners
- There are few new construction units available and extensive community demand

- Public funds for roof replacement and exterior project are committed and available, including funds for consultant and Capital Needs Assessment
- HIP loans are available for eligible applicants, and multiple owners have used HIP for interior rehab and assessments

- Multiple public subsidy sources in the building create a range of affordability requirements and restrictions, including state, federal, and Inclusionary
- State and City require permanent affordability: if a restriction is lifted, all "excess proceeds" must be used to repay funders (no windfall)
- Requests for roommates to help with costs can be made to the Housing Department

While relatively high for a 100% affordable building, the Print Shop's condo fees are in line with similar buildings:

Average monthly per unit cost[1] by service level (USD, $)



For example:
Separate entrances, little common space
No garage or elevator(s)
No amenities or concierge

For example:
Moderate common area
Garage and one elevator
Limited amenities

For example:
Lots of common areas
Multiple elevators, a garage
Concierge and other amenities

1. The "average" monthly fee is based on dividing the budget by the number of units. This is for ease of comparison. Actual fees are based on percent interest in the condo.

1) Homeownership program context

2) Print Shop challenges

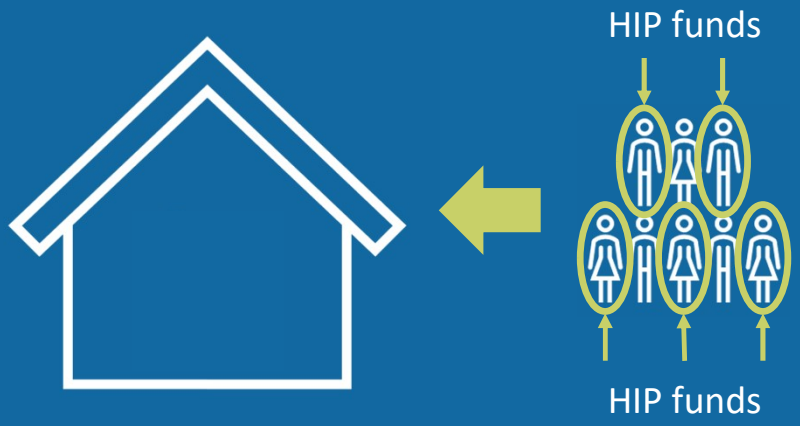
3) Policy considerations

At a programmatic level, there are intervention points at all stages of the ownership lifecycle for the Trust to address these challenges, including several untapped pre-sale interventions

Program stage	Intervention point	Approach	Status	Costs
Pre-sale	Eligibility requirements	Raise income or asset requirements to better position buyers in the long-term, and/or lower maximum % for housing	☐	No costs
	Unit pricing	Consider lowering initial purchase prices to reduce baseline housing costs and better support future increases	☐	Indirect costs
Occupancy	Low-interest financing	Leverage the Home Improvement Program (HIP) funding to secure low- or no-cost financing for capital improvements	☑	Indirect costs
	Direct subsidy	Provide direct funding for condominium costs and/or payment of individual owners' costs	☑	Direct costs
Exit	Resale formula	Adjust the resale formula to provide greater value increases or reimbursements for capital improvements	☑	Direct costs

The City has provided millions to affordable condominiums for capital projects through the Home Improvement Program (HIP), which provides low-interest and deferred payment loans with CDBG funding to individuals—not buildings

Typically, HIP assistance is provided to individual, income-eligible homeowners…

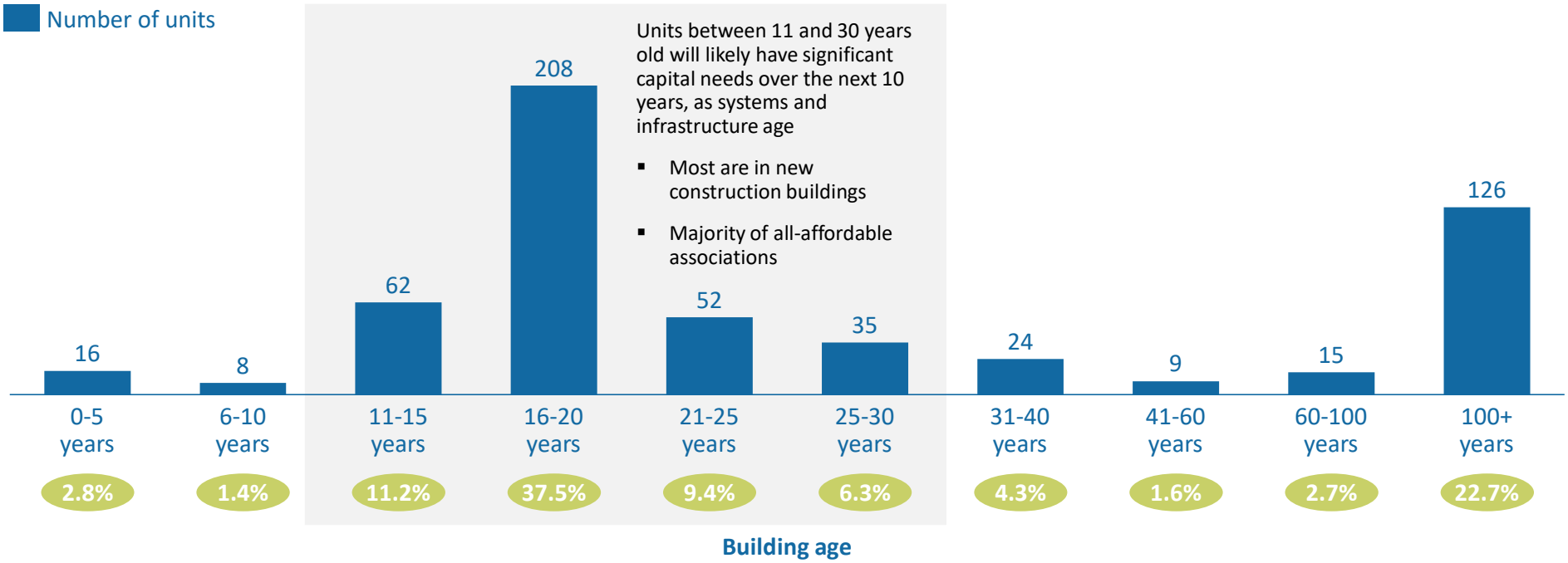


Print Shop owners are also asking for assistance as a building…

CDBG funds have restrictions that require income eligibility for program recipients

Furthermore, based only on the age of the stock, almost two thirds of the City's affordable homeownership portfolio could be facing similar capital needs soon

Units in portfolio by building age (count, units)



When approaching capital needs challenges across the homeownership program more broadly, we recommend the Trust consider the following:

Resource considerations

- What **financial resources** are required for the Trust to provide this type of assistance across the program, and how would that impact the Trust's ability to address priorities going forward?
- Would **additional resources** be required, such as increased staff capacity to process requests?

Legal considerations

- What is within the limits of how **sources of Trust funding** (e.g., Community Preservation Act) can be used?
- How are we constrained by **state and federal laws**, including the anti-aid amendment?

Equity considerations:

- Given the **tradeoffs versus rental housing**, what are equitable expectations for homeowner responsibility for regular maintenance and repair costs?
- How does assistance to certain buildings/homeowners **impact existing inequities between owners**, such as owners with much lower base prices who receive smaller annual appreciation, or owners who have already invested in large capital projects?

Paradigm shifts

- Would a shift in **eligibility requirements and/or unit pricing** support more sustainable long-term ownership for buyers?
- Is the current model **meeting the program's mission**, or are there more fundamental changes the Trust wants to consider?

Questions?

CITY OF CAMBRIDGE
Housing Department

Christopher Cotter
Director of Housing

MEMORANDUM

To:	Affordable Housing Trust
From:	Janet Haines, Housing Development Planner
	Cassie Arnaud, Senior Manager for Housing Development
Date:	December 12, 2024
Re:	Neville Place Update

The Trust has a commitment to provide up to $5,670,500 in funding to Neville Communities, Inc. (NCI) for renovations to their 71-unit assisted living facility, Neville Place. A condition of the commitment was staff approval of their first mortgage refinancing terms. A condition of the commitment was staff approval of their first mortgage refinancing terms. The refinancing terms have changed since the Trust's funding approval and, given this change, staff wish to update and review the current refinancing plan with the Trust.

As you may remember, NCI was formed in 2000 to create Neville Place and Neville Manor, a 112-bed skilled nursing facility with funding from the Trust, the City and DHCD (now known as EOHLC). A City affordability restriction requires fifty-seven (57) of the assisted living units be affordable for households earning up to 80% AMI. Additionally, the CHA provides 30 project-based vouchers to Neville Place to increase the affordability for these units. Representatives from the Cambridge Health Alliance, Cambridge Housing Authority, the Cambridge Affordable Housing Trust, and City serve on NCI's board. As the cost of assisted living is out of reach to many, the availability of 57 affordable units is increasingly important.

Neville's request was spurred by their need to refinance their mortgage from Rockland Trust and their need for additional funding for major capital improvements, including a new roof. The refinancing was complicated due to the financial ties between the skilled nursing and assisted living facilities. The skilled nursing facility, Neville Center, as is true for many such facilities, has struggled financially. Rockland Trust holds mortgages on both properties both of which must be refinanced.

Through the refinancing, the financial ties between the two entities would be cut, a condition of both the Trust commitment and Rockland Trust. Neville Place has shown increased financial stability over the last year and NCI is working to improve the use of its project-based vouchers.

Rockland Trust's proposed refinancing will combine the debt due for mortgages on both facilities into a single mortgage loan to Neville Place. By eliminating the need for debt service, the skilled nursing facility will be more financially stable. Neville Place's improved operations appear to provide adequate cash flow to meet the debt service. We had previously anticipated a first mortgage of approximately $6,000,000. The new loan total is $13,864,500. As holders of mortgages and/or affordability restrictions on Neville Place, the Trust, CEDAC and EOHLC will all be required to consent to the new Rockland Trust mortgage. Staff are now completing with state funders a review of recent financials and other materials to evaluate Neville Place's ability to service this loan.

NCI is working to close on their loan with Rockland Trust in early 2025 and the Trust loan at the same time or shortly thereafter. They have begun the roof replacement and Housing staff is now monitoring the work. The commitment provides for funding for the roof and other immediate capital needs and the balance upon completion of other conditions of the Trust commitment. Work on all conditions of the commitment is advancing including the formation of the task force the Trust had asked be assembled to review demand for affordable units at Neville and how residents in need can access affordable units there.

Recommendation

Neville Place's ability to provide welcoming and comfortable assisted living at significantly less than market rates is an important community benefit. While Neville is still in need of funding for vital capital work, recent improvements to operations, as reflected in their recent financials, demonstrate that operating projections with the increased mortgage are achievable. To ensure continued attention to capital needs funding and continued stability, staff recommends that new conditions be included in the Trust's funding commitment to require that:

- 50% of net cash flow after expenses be placed in Neville Place's capital reserve; and,
- At least 50% of cash flow remaining after reserve contributions be used to repay the new Trust funding.

We have reviewed the revised request and these recommendations with Jim Stockard, Susan Schlesinger and Elaine Thorne who supported this recommendation being advanced to the Trust. They noted that recommended repayment requirements would reflect those included in many recent funding commitments.

Staff recommends the Trust approve the commitment of $5,670,500 to NCI with revised terms as noted herein.