CITY OF CAMBRIDGE
Housing Department

Christopher Cotter
Director of Housing

**MEMORANDUM**

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| **To:** | **Cambridge Affordable Housing Trust** |
| **From:** | **Anna Dolmatch, Senior Manager for Homeownership** |
| | **Christine Yu, Associate Housing Development Planner** |
| **Date:** | **June 26, 2025** |
| **Re:** | **12-14 Laurel Street Predevelopment Funding Request** |

Just A Start (JAS) is requesting up to $125,000 in predevelopment funding to assist with the proposed development of four affordable homeownership units at 12-14 Laurel Street.

Located in Cambridgeport, the site currently has a 2.5-story duplex operated as low-cost communal housing. There are seven current residents. The building is owned by a non-profit created solely to operate the building. The long-term owners approached JAS to transfer the building for redevelopment as affordable housing.

In January 2024, JAS signed a Memorandum of Understanding (MOU) with the owners to purchase the site for $1, as long as JAS can get financing for the development. Another condition is rehousing one elderly resident when the new building is complete. Other residents will be provided with relocation assistance as required. Income-eligible residents have been connected to other affordable housing options. JAS expects all residents to be relocated by the end of 2025.

Through a competitive process, JAS selected Boehm Architects to complete preliminary designs. The principal is an abutter to the site. The building, which dates from 1840, is not feasible for renovation. JAS proposes demolishing the existing building and replacing it with a building with a similar façade design along Laurel Street and expanded space to the side and rear of the original footprint. The Cambridge Historical Commission (CHC) has reviewed the conceptual plan and confirmed that they will not oppose demolition or put any conditions on the project.

The proposed design creates family-sized units with separate entrances and private outdoor space. There will be four spacious units consisting of three 3-bedrooms and one 1-bedroom unit. The one-bedroom unit will be reserved for the current elderly tenant to return. All units will be restricted to households at or below 80% AMI. The homes will be designed to meet the Housing Division's Homeownership Unit Livability Standards.

The project will proceed as-of-right under the Multi-Family Zoning (MFZ). Housing staff have reviewed the initial plans and are satisfied with the preliminary design. Staff will continue working with JAS as designs progress.

**FUNDING REQUEST:**

JAS is requesting a commitment of $125,000 in Trust funding to support predevelopment work. They have already invested $25,000 of their own funds and secured a $15,000 loan from CEDAC for predevelopment activities. Preliminary design and environment testing are underway. The completed Phase I environmental report showed no issues. The anticipated predevelopment budget uses are:

| **Category** | **Cost** |
|---|---|
| A&E | $ 52,000 |
| Survey/Civil and Permits | $ 10,000 |
| Environmental | $ 3,000 |
| Legal | $ 22,500 |
| Title and Recording | $ 2,500 |
| Relocation | $ 35,000 |
| **TOTAL** | **$125,000** |

JAS anticipates a future Trust request for permanent and construction financing. The estimated permanent Trust request is around $2.2MM. In addition to sales proceeds, other expected sources include a construction loan from East Cambridge Savings Bank. JAS has received a $210,000 award from the Federal Home Loan Bank of Boston's Affordable Housing Program (AHP). They are also working with the Cambridge Redevelopment Authority (CRA) to explore potentially receiving $300,000 for the project. Staff are reviewing the terms and conditions of the FHLBB and CRA funding sources to determine compatibility with the Trust's affordability and buyer selection priorities.

**NEXT STEPS AND PROJECT SCHEDULE:**

JAS will complete designs and final budget. They plan to host at least one community meeting in Summer or Fall 2025. Residents of the building will relocate by January 1, 2026. JAS anticipates construction will begin in 2026 and be complete in 2027.

**RECOMMENDATION:**

12-14 Laurel Street is a unique opportunity to work with community members who want to donate a site to create new affordable housing. Located between Central Square and the Charles River, the site is close to transit, amenities, and open space. The proposed project will create three large family homeownership units and an adaptable one-bedroom.

JAS has invested their own equity as well as taken a CEDAC loan for predevelopment work. Staff recommend that the Trust approve JAS's request for up to $125,000 in predevelopment funding for 12-14 Laurel Street.

The funds should be made contingent on standard Trust terms and conditions including, but not limited to, the following, satisfactory to Lender in its sole discretion:

- The loan shall be structured as a first mortgage loan of up to $125,000;
- Term shall be 36 months or until construction loan closing, whichever occurs sooner; it is anticipated that some or all of the loan will be converted to permanent financing at construction loan closing;
- Interest shall accrue at a rate of 3% annually;
- Zoning approval and permitting necessary to project;
- All principal and interest shall be due at maturity; however, at construction closing, accrued interest may either be waived or deferred, at Lender discretion;
- Loan shall be non-recourse.

At or prior to loan closing, the following conditions shall be met, satisfactory to Lender in its sole discretion:

- Staff approval of predevelopment budget;
- Evidence of site control;
- Execution of all loan documents including but not limited to the Loan Agreement;
- Environmental assessment and/or remediation plan.

Prior to construction closing, the conversion of any funds to permanent financing shall be subject to additional conditions including, but not limited, to the following, satisfactory to Lender in its sole discretion:

- Final design and development plan;
- Final budgets and operating proforma;
- Agreement to enter into the City's Affordable Housing Covenant, restricting all units built to households earning at or below 80% of Area Median Income (or other standard required by Trust); and,
- Final buyer selection plan.

In addition, written updates shall be provided, upon request, to the Cambridge Affordable Housing Trust on project status including proposed design and development scenarios and anticipated development timeline.