

**Affordable Housing Trust**

August 27, 2026, 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. Inman Square Apartments and CAST I & II: request from Homeowners Rehab Inc. for \$4,244,897 to assist with the rehabilitation of Inman Square Apartments and CAST I & II;
4. 2072 Massachusetts Avenue: request from Capstone Communities and Hope Real Estate LLC for \$17,055,000 to assist with the construction of 2072 Massachusetts Avenue;
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 & CAMBRIDGE COMMUNITY PRESERVATION
ACT COMMITTEE (CPC)
JOINT MEETING MINUTES
July 23, 2026 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

Trustees Present via Zoom: Krissandra Robinson, Jim Stockard, Alyson Stein

Trustees Absent: Elaine DeRosa, Raffi Freeman, Susan Schlesinger, Elaine Thorne

CPAC Members Present in Person: Teresa Cardosi, Kevin Foster, Chandra Harrington, Taha Jennings, David Lyons, John Nardone

CPAC Members Present via Zoom: Mary Flynn

CPAC Members Absent: Elaine DeRosa, Ellen Shachter

Staff Present: Chris Cotter, Director of Housing; Anna Dolmatch, Senior Manager of Homeownership; Cassie Arnaud, Senior Manager of Housing Development; Alexis Turgeon, Housing Development Planner; Christine Yu, Associate Housing Development Planner; Daniel Liss, Principal Budget Analyst

Others Present: Sara Barcan, Kate Gilmore, James Williamson, Melissa Liu, Peggy Kutcher, Sophia Campbell, Will Monson, Matt LaRue, Susan Twomey

The meeting was called to order at 4:13 p.m. Mr. Cotter explained that this meeting of the Affordable Housing Trust is being held in a hybrid fashion pursuant to applicable requirements, and that all votes would be taken by roll call. He noted that there will be no public comment. He then confirmed via roll call that each remote participant could hear the meeting and was audible to others.

Mr. Cotter noted that this is a joint meeting of the Trust and the Community Preservation Act Committee to give the Committee more insight into the work of the Trust and how the Trust uses CPA funding after it is recommended for affordable housing by the Committee.

Housing staff, Trustees, and CPC members introduced themselves to each other.

MEETING MINUTES

Upon a motion moved, seconded, and approved by roll call of five in favor and four absent (Ms. DeRosa, Mr. Freeman, Ms. Schlesinger, and Ms. Thorne), it was voted to approve the minutes for the meeting of June 25, 2026.

HOUSING DEPARTMENT UPDATE

In lieu of providing updates due to the late start time, Mr. Cotter asked the Trustees if they had any specific questions about the Project Update provided in the Trust materials prior to moving into new business. Trustees did not have any questions and continued to the new business items.

NEW BUSINESS

CAHT Presentation

Mr. Cotter presented an overview of the Cambridge Affordable Housing Trust (CAHT) to the Community Preservation Committee (CPC). Members of the CPAC Committee discussed how many homeownership units have been supported by the Trust, how popular the City's homeownership programs are, and how the affordability restriction is imposed, especially on households who want their children to inherit their affordable home.

In response to a question regarding whether the Trust sets an annual budget for the HomeBridge Program and Resale Fund, Mr. Cotter replied that there is no annual budget. A funding request to recapitalize the two sets of funds is brought to the Trust when needed.

In response to a question regarding whether there is a preference for Cambridge residents in the homeownership programs, Ms. Dolmatch answered that there is a ranking preference for current Cambridge residents, then preferences for households with children and, for non-residents, households that work in Cambridge. In response to a question on how developers are balancing parking demands with adding new units to a neighborhood, Mr. Cotter explained that while there is no requirement for new developments to include parking spaces, developers typically will examine whether a specific project has sufficient public transportation options and their expected need for parking for residents as they determine whether and how much parking to build.

In response to a question regarding the process in preserving Fresh Pond Apartments, Mr. Cotter explained that City staff worked with the private owner to preserve affordability there, and that the Trust made very large funding commitment to support the preservation of affordable units there. He also noted that preservation composed of most of the Trust work in the 2000's to early 2010's.

In response to a question regarding the affordability level that the Trust supports, Mr. Cotter explained units are mostly restricted to 60% to 80% AMI, but Trust-supported units span from those available to households earning less than 30% AMI and up to 120% AMI, depending on the development.

In response to a question regarding how staff interact with new developers, Mr. Cotter responded that staff deal with many of the same local developers (JAS, HRI, and CHA) quite frequently and also review requests from other affordable housing developers (both private and non-profit). Staff will meet with any new developer to review both specific project ideas and/or funding requests and, for affordable housing developers that are new to the Trust, to review their capacity and experience to ensure that they have a good track record of developing successful projects prior to presenting a funding request to the Trust.

In response to a question on how much Trust funding is invested into a project in order to leverage other funds, Mr. Cotter responded that the Trust supports approximately 25-40% of a project's budget, though that can vary depending on the project, and is higher for buyer-based assistance provided to homebuyers.

In response to a question regarding how much impact Community Preservation Act (CPA) funds have on Trust-funded affordable housing projects, Mr. Cotter explained that CPA funds have supported Trust projects since its inception. There has been a significant increase in City and CPA funds in the last several years, which has allowed the Trust to support new developments and homeownership opportunities on a level that has never been done before, but noted that construction costs have also risen considerably in recent years.

Chair Huang commented that the focus of the Trust has moved from having a large number of expiring-use properties be the priority several years ago to focusing on constructing new affordable units, which also came around the same time when the City Council adopted the Affordable Housing Overlay A(HO) zoning to encourage more affordable housing developments. Mr. Jennings mentioned that because Cambridge is one of the first cities that adopted the CPA, Cambridge has been able to receive a higher CPA match from the state, which has added to the financial impact that the Trust is able to have.

In response to a question regarding whether the City will continue its investment in affordable housing in the City's budget, Mr. Cotter responded that the City's budget continues to have funding for the Trust and support other housing needs in Cambridge. Chair Huang added that the increase of financial support from the City is based initially on the increases in building permits, and other fees, but has now become a standard part of the City's budget.

Mr. Lyons commented that as much as he would like more funding for open space, as the CPAC open space representative, he acknowledges that there is a priority to support affordable housing developments. Mr. Cotter responded that it is expensive to develop housing anywhere, but it is especially expensive in Cambridge.

At 5:15 p.m., one Trustee departed, resulting in a loss of a quorum. No further official business was conducted and the meeting ended.

ADJOURNMENT

Lacking a quorum of the Trust present, the meeting was adjourned at 5:28 PM.

The next Trust meeting is scheduled for August 27, 2026 at 4:00 p.m.

Meeting Materials:

- Agenda
- Minutes from the Trust's June 25, 2026 meeting
- Project Update
- Cambridge Affordable Housing Trust Overview Presentation
- Inman/CAST I & II Funding Request – 7.23.2026 memo (not discussed)

Cambridge Affordable Housing Trust

August 27, 2026

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	Housing Dept.	<i>currently approved buyers:</i>	13	130 scattered site units purchased by first time buyers to-date. Trust approved expanded subsidy share in August 2023. Seven units under agreement.	N/A	\$44,200,000	1-br: 50% sale 2-br: 60% sale 3-br: 65% sale	several, including most recent: March 2026
2.	Homeownership Resale Program	Housing Dept.	<i>currently active units:</i>	23	Re-purchase, rehab and re-sale of affordable homeownership units to new homebuyers. Two units under agreement with a new buyer.	N/A	\$16,000,000		several, including most recent: March 2026
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 but that process was put on hold while the litigation was pending. Now that the litigation has been settled, planning for next steps underway. Community meeting held on 5/20/26; RFQ being drafted.	TBD	TBD	TBD	N/A
4.	2072 Mass. Ave.	Capstone Hope	74		Capstone/Hope purchased site in April 2018 and initially sought a comprehensive permit for an affordable housing development but withdrew their request at the September 2021 BZA hearing; they remain committed to creating affordable housing at this site and are proceeding under the AHO. AHO community meetings held on 10/9/24, 10/30/24 (repeat of first meeting), and 5/29/25. Planning Board Advisory Design Consultations held on 10/7/25 and 3/3/26. A request for additional Trust funding for construction is being brought to the August 2026 Trust meeting.	TBD	\$5,071,000	TBD	February 2018 and June 2021
5.	52 New Street	JAS	106		JAS purchased the site in early 2020 and completed the AHO process in early 2022. Construction began in December 2023 and is underway. JAS received more than 2,000 applications and is in the process of selecting residents. JAS held a ribbon-cutting event on June 8, 2026. Lease-up is underway.	\$90,359,816	\$18,025,390	\$170,051	October 2019, June 2021, and January 2022
6.	Broadway Park (240 Broadway)	JAS	16		In March 2021, the Trust approved funding to create 15 affordable homeownership units at this JAS-owned site. JAS began a community process but put the FTHB project on pause and is now planning to develop the site as rental housing in conjunction with 37 Brookline Street. JAS has applied for state funds for the scattered-site Broadway Park/Brookline St development. AHO community meetings held on 7/24/25, 9/18/25 (repeat of first meeting), and 11/6/25. Planning Board Advisory Design Consultation held on 3/10/26. JAS seeking to secure remaining financing needed to begin construction.	\$12,391,000	\$2,394,400	\$149,650	May 2021 and April 2026
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. The CHA completed the AHO process in early 2022 and began construction of Phase 1 in early 2024 and began Phase 2 in August 2025. Construction is proceeding on schedule to be completed in phases, starting this summer.	\$309,675,326	\$43,611,615	\$156,876	September 2021
8.	4 Mellen / 1627 Mass. Ave.	HRI	29		In January 2022, the Trust approved funding for 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 and completed the AHO process in late 2023. State funding approved June 2024. HRI closed on construction on 5/16/25. Groundbreaking event held on 6/17/25. Construction underway. Tenant selection underway.	\$33,034,091	\$10,425,000	\$359,483	January 2022, August 2022, and January 2024
9.	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. Just A Start selected as developer in October 2023. All financing closed 12/10/2025. Construction underway. Completion expected mid-2027.	\$8,352,000	\$7,734,000	\$773,400 (\$475,200 permanent)	March 2022, May 2024, June 2025

10.	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 closed on construction on 6/16/25. Construction underway.	\$44,050,313	\$11,250,000	\$244,565	October 2022, March 2024, and August 2024
11.	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. Design work is underway. Community meeting to update abutters on new design held on 4/16/26. JAS seeking to secure remaining financing needed to begin construction.	\$12,542,258	\$3,407,586	\$262,122	March 2023 and April 2026
12.	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. Increase of Trust funds request approved 3/28/24. Neville closed on the refinancing of their existing mortgage and Trust funding in February 2025. The initial capital repairs underway include the replacement of the roof and the replacement of immediate building system components, including two HVAC chillers. Initial work complete.	\$5,670,500	\$5,670,500	\$79,866	May 2023 and March 2024
13.	28-30 Wendell Street	HRI	95		HRI purchased 30 Wendell Street from Lesley University on 11/30/23 and purchased 28 Wendell from Lesley on 6/7/24. An initial AHO meeting for the 30 Wendell site was held 2/14/24. HRI restarted the process with AHO community meetings for the combined sites held 6/20/24, 11/14/24, and 3/6/25. Planning Board Advisory Design Consultations held on 8/5/25 and 11/18/25. Trust approved funding for construction at its February 2026 meeting; HRI seeking to secure remaining financing needed to begin construction.	\$95,595,872	\$30,357,000	TBD	August 2023, March 2024, and February 2025, February 2026
14.	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 completed the AHO process on 6/18/24. State funding awarded in February 2025. Construction underway.	\$75,055,215	\$18,169,120	\$165,174	August 2023 and March 2024
15.	Print Shop Condominiums	Print Shop Condominiums		24	In October 2023, the Trust approved up to \$3,000,000 to assist this all-affordable condominium building with building envelope repairs starting with the replacement of the roof. First phase of loan (up to \$820,000) closed 11/21/24. Roof replacement complete. Predevelopment work for second phase is ongoing.	TBD	\$3,000,000	TBD	October 2023
16.	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 Consultations 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. State funding award in July 2025. Beginning to prepare for construction closing.	\$80,413,447	\$18,750,000	\$197,368	June 2024
17.	Rindge Commons South	JAS	77		JAS will be 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. JAS seeking to secure remaining financing needed to begin construction.	TBD	\$9,051,615	\$117,553	September 2024
18.	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. JAS has held informal community meetings in October 2025 and on June 30, 2026.	TBD	\$10,900,000	TBD	September 2024
19.	1, 3, 5 Frost Street & 20, 22, 28 Roseland Street/ Frost Terrace II	Capstone Hope Zahler	TBD		Trust approved funding for the development team behind Frost Terrace I Apartments to purchase six sites in Porter Square to develop a second affordable housing development, Frost Terrace II Apartments, as well as some predevelopment funding. Properties were acquired 12/13/24.	TBD	\$19,839,500	TBD	September 2024
20.	12-14 Laurel Street	JAS		4	Trust approved funding to assist with predevelopment activities related to the development of 12-14 Laurel Street. Predevelopment funding closed 1/12/26. Construction and permanent financing committed April 2026.	TBD	\$2,290,584	\$572,646	June 2025 and April 2026
21.	31-37 Mellen Street	CHA	TBD		Trust approved funding to assist with acquisition of 31-37 Mellen Street. Properties were acquired on 12/31/25.	TBD	\$9,800,000	TBD	September 2025

22.	Corcoran Park - Phase 1	CHA	67		Trust approved funding to assist with the construction of 67 rental units in this first phase. The CHA held AHO community meetings on 2/13/25 and 10/9/25. Planning Board Advisory Design Consultations held on 12/16/25 and 3/10/26. CHA seeking to secure remaining financing needed to begin construction.	TBD	\$14,405,000	\$215,000	September 2025
23.	1648 & 1654 Massachusetts Avenue	CHA	TBD		Trust approved funding to assist with acquisition of new site. Properties were acquired on 5/14/2026 and will be transitioned to affordable housing on unit turnover.	TBD	\$18,565,000	TBD	December 2025
24.	16-28 Porter Street	CHA	TBD		Trust approved funding to assist with acquisition of 16-28 Porter Street. Properties were acquired on 4/15/2026.	TBD	\$6,000,000	TBD	January 2026
25.	729-755 Concord Avenue	HRI	TBD		Trust approved funding to assist with acquisition of new site. Six adjacent parcels were acquired on 6/1/2026.	TBD	\$11,875,000	TBD	February 2026
26.	65 Chilton Street	CHA	2		Trust approved funding to assist with renovation of 65 Chilton Street.	TBD	\$400,000	\$200,000	June 2026
27.	(confidential until purchased)	CHA	TBD		Trust approved funding to assist with acquisition of new site.	TBD		TBD	June 2026
			1,153	Total Units					

Cambridge Affordable Housing Trust
Status of Active 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 Advisory Design Consultations held on 10/26/21 and 1/4/22. Final Planning Board report issued 1/20/22 and was transmitted to the Trust on 1/27/22.	106		AHO Process 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 Advisory Design Consultations held 11/9/21 and 2/15/22. Final Planning Board report issued 3/9/22 and transmitted to the Trust on 3/24/22.	278		AHO Process 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 Consultations 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		AHO Process Complete; see above
4.	49 6th Street	POAH & Urban Spaces	AHO Community meetings held on 7/27/21 and 11/3/21. Planning Board Advisory Design Consultations held 4/5/22 and 6/28/22. Planning Board report issued 7/14/22 and transmitted to the Trust on 8/4/2022.	46		AHO Process Complete; see above
6.	1627 Mass. Ave./4 Mellen	Homeowner's Rehab Inc	AHO community meetings held 9/15/22 and 3/15/23. Planning Board Advisory Design Consultations held 7/18/23 and 12/5/23. Final Planning Board report issued 12/20/23 and transmitted to the Trust on 1/25/2024.	29		AHO Process Complete; see above
7.	87-101 Blanchard Road	B'nai Brith Housing	AHO community meetings held 10/4/23 and 11/10/23. Planning Board Advisory Design Consultations held 1/23/24 and 6/4/24. Final Planning Board report issued 6/18/24 and transmitted to the Trust on 6/27/24.	110		AHO Process 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, 11/14/24, and 3/6/25. Planning Board Advisory Design Consultations held on 8/5/25 and 11/18/25. Final Planning Board report issued 12/11/25 and transmitted to the Trust on 1/22/26.	95		AHO Process Complete; see above
9.	35 Cherry Street	Just-A-Start Corporation	AHO community meetings held 5/15/24, 6/26/24, and 8/21/24.		10	AHO Process Complete; see above
10.	37 Brookline Street	Just-A-Start Corporation	AHO community meetings held 7/24/24 and 9/11/24.	13		AHO Process Complete; see above
11.	2072 Massachusetts Avenue	Capstone Communities	AHO community meetings held on 10/9/24, 10/30/24 (repeat of first meeting), and 5/29/25. Planning Board Advisory Design Consultations held on 10/7/25 and 3/3/26. Final Planning Board report issued 3/24/26 and transmitted to the Trust on 4/30/26.	74		AHO Process Complete; see above
12.	Corcoran Park - Phase 1	Cambridge Housing Authority	AHO community meetings held on 2/13/25 and 10/9/25. Planning Board Advisory Design Consultations held on 12/16/25 and 3/10/26. Final Planning Board report issued 3/31/26 and transmitted to the Trust on 4/30/26.	67		AHO Process Complete; see above

13.	71 Cherry Street	Cambridge Redevelopment Authority	First AHO community meeting held on 2/19/25.	TBD		AHO community meetings underway
14.	Broadway Park	Just-A-Start Corporation	AHO community meetings held on 7/24/25 and 11/6/25. First and only Planing Board Advisory Design Consultation held on 3/10/26. Final Planning Board report issued 4/6/26 and transmitted to the Trust on 4/30/26.	16		AHO Process Complete; see above
15.	12-14 Laurel Street	Just-A-Start Corporation	First AHO community meeting held on 9/11/25.		4	AHO Process in Progress
16.	336-350 Rindge Avenue	Boston Communities and Affordable Housing & Services Collaborative (AHSC)	AHO community meetings held on 6/3/26 and 8/5/26.	~92		AHO community meetings underway
				943		Total Units

Status of Active Inclusionary Housing Developments

	Approved Active Projects	Developer	Status	Rental Units	Ownership Units	Applicable zoning
1.	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
2.	8 Winter Street	S. Jafry	Covenant recorded 7/18/2024. Building permit issued 1/6/25. New ownership; reviewing application to amend building permit; under construction. 19 total units	3		11.203 @ 20% of floor area
2.	34 Wendell Street	ZRE	Covenant recorded 4/23/2026. Building permit issued 6/15/26. 43 total units		8	11.203 @ 20% of floor area
3.	5 Craigie Circle	Rothman	Covenant recorded 4/24/2026. Building permit issued 6/24/26. 12 total units	2		11.203 @ 20% of floor area
2.	235 Third Street	DND Homes	Covenant recorded 8/13/2026. 55 total units	11		11.203 @ 20% of floor area

Under Development:

118 8

Completed Units:

1,279 215

All Units:

1,397 223

1,620

	Active Pipeline Projects	Developer	Status	Affordable Units	Total Units	Applicable zoning
1.	75 First Street	Urban Spaces	IHP plan approved; AHC recorded; sitework permit approved; building permit pending	16	90	11.203 @ 20% of floor area
2.	1740 Mass Ave	SGL Development	Finalizing IHP plan; AHC in process	14	71	11.203 @ 20% of floor area
3.	9 Wyman Road	DND Homes	Reviewing IHP plan	10	56	11.203 @ 20% of floor area
3.	86 Ellery Street	DND Homes	Reviewing IHP plan	13	72	11.203 @ 20% of floor area
3.	29 Sargent Road	ESG Group	Reviewing IHP plan	2	10	11.203 @ 20% of floor area
Current subsidy amount needed to create Affordable Dwelling Unit Net Floor Area for Inclusionary Housing not created pursuant to Section 11.203.3 (j):				\$534 / per square foot		last update: 1/23/2025

Incentive Zoning Contributions - FY2026

	Development	Contribution Amount	Rate	
1.	320 Third aka 585 Kendall	\$16,433,853	\$ 33.34	
2.				
3.				
		\$16,433,853	Total FY2027	
		\$15,532,039	Total FY2026	
Current Incentive Zoning Housing Contribution Rate pursuant to Section 11.202 (b):		\$37.72 / per square foot		last update: 4/1/2026



To: Affordable Housing Trust

From: Cassie Arnaud, Director of Housing Development
Christine Yu, Housing Development Specialist

Date: August 27, 2026

Re: **CAST I, CAST II + Inman Square Apartments (Inman/CAST I & II) – Construction Funding Request**

Homeowner's Rehab, Inc. (HRI) is requesting up to \$4,244,897 in CAHT funding to support the rehabilitation of two existing affordable projects, CAST I and Inman/CAST II. Both projects were former expiring-use properties which HRI purchased and preserved, and together consist of five scattered-site buildings containing a total of 167 affordable rental units.

HRI will be consolidating these two projects into a one scattered-site project, referred to as Inman/CAST I & II. The consolidation, which will exist under a single ownership entity, will allow HRI to secure the resources needed to undertake necessary capital work at all buildings, streamline and minimize operating and administrative processes and costs, and create economies of scale.

BACKGROUND:

CAST I (55-59 Columbia Street and 3-10 Columbia Terrace):

HRI purchased and preserved 42-unit CAST I, three three-story buildings located in The Port neighborhood, in 2002 when the affordable housing restrictions were set to expire. The City provided \$483,485 in HOME funding to assist with the acquisition. At the time of acquisition, HRI completed some immediate upgrades to the buildings to address immediate capital needs and life safety issues, as well as limited upgrades to common areas and unit interiors.

CAST I consists of a large number of family-sized units, including 4-bedroom and 5-bedroom apartments. The unit mix is as follows: 6 one-bedrooms, 12 two-bedrooms, 16 three-bedrooms, 5 four-bedrooms, and 3 five-bedrooms. Out of the total 42 units, 29 units are restricted to households making up to 60% Area Median Income (AMI), 5 units are restricted to 80% AMI, and the remaining 8 have project-based vouchers.

August 27, 2026

Inman Square Apartments (1221 Cambridge Street)/CAST II (49-53 Columbia Street):

In 2011, HRI purchased and preserved 116-unit Inman Square Apartments, a thirteen-story residential building located in the Wellington-Harrington neighborhood, and CAST II, a 9-unit three-story residential building located in The Port neighborhood, when affordability restrictions for both properties were set to expire. Financed together and known as Inman/CAST, the CAHT provided \$2,798,000 to assist with the acquisition, preservation, and moderate rehabilitation of these two properties.

Inman Square Apartments consists of mostly studios and one-bedroom units with family-sized townhouses on the ground floor. The unit mix is as follows: 20 studios, 77 one-bedrooms, 1 two-bedroom, 17 three-bedrooms, and 1 four-bedroom. CAST II consists of 3 one-bedrooms and 6 two-bedrooms. All units at Inman/CAST have project-based vouchers. HRI is not proposing to change the affordability mix at any property.

Collectively, the three properties, Inman/CAST I & II, consist of 167 rental units and are all subject to existing City or Trust affordability restrictions, which run for fifty years. CAST I's affordability restriction runs through December 2052. Inman Square Apartment's and CAST II's affordability restriction runs through April 2061. Any new Trust funding approved for these properties would require a new extended affordability restriction to be put in place.

Rehabilitation Needs and Proposed Scope

Neither property has had a major rehabilitation since their acquisition. While HRI has been able to use the projects' reserves for limited renovation work and to address immediate life safety concerns, all three properties are now in need of a more comprehensive rehabilitation, particularly Inman Square Apartments. HRI has been developing a plan and seeking new funding sources to address this much needed capital work.

The primary scope of work for Inman/CAST I & II is to address critical long-term capital repairs, such as replacing the roofs and outdated systems, renovating bathrooms and kitchens as needed (some have been done upon unit turnover), swapping gas stoves with electric stoves, and updating handicapped units to meet MAAB codes.

At Inman Square Apartments specifically, the bathrooms will be upgraded simultaneously with plumbing system replacements to resolve consistent leaking issues. To increase insulation and air tightness, the existing exterior siding will be removed, and a brand-new façade will be added to increase insulation and air tightness, along with new windows and doors. Additionally, a geothermal ground source heat pump will be installed, which uses the earth's underground temperature to heat and cool buildings and is expected to reduce utilities cost.

Response to Inman/CAST I & II – Construction Funding Request

August 27, 2026

HRI explored whether they may need limited zoning relief to allow the exterior work at Inman Square Apartments, as was needed at 808 Memorial Drive, but at this time they believe that will not be necessary. (The existing building's front setback is already non-conforming and any additional exterior insulation, which is part of HRI's rehabilitation plans, will further protrude on that.) Staff will continue to work with HRI to review their scope of work.

The rehabilitation planned for CAST I & CAST II is not as extensive as at Inman Square Apartments. The primary scope includes system upgrades and limited work to unit interiors. A new semi-centralized energy recovery ventilator system will be installed, and the existing heating and cooling system will be upgraded to ducted heat pumps, which is more energy efficient as they transfer existing heat rather than generating it. New insulation will be added to the interior side of the buildings as the exterior brick cannot be touched due to its historic significance.

PROPOSED BUDGET AND FUNDING REQUEST:

The total budget for this consolidation, refinance, and rehabilitation is estimated at \$134.5 million (approximately \$805,300 per unit or \$477,000 per bedroom), including \$37.15M in "acquisition" costs which primarily consists of existing financing that will be paid off or rolled over at closing, as shown below. When the carried "acquisition" cost is removed, the total development cost per unit is \$582,831 per unit, reflecting the actual cost of the consolidation and renovation work.

Hard costs, including a 10% contingency, are currently estimated at \$383,690 per unit, or \$480 per square foot, and total soft costs are budgeted at \$118,709 per unit. Reserves are budgeted at \$2,984,565 or \$17,872 per unit, which includes \$3,000 per unit for an initial replacement reserve contribution and operating reserves equal to six months' debt and operating expenses, as required by the tax credit investors. Staff will work with HRI to explore whether there are alternatives to capitalizing the operating reserve upfront, including exploring whether the Trust could hold these funds as a line of credit to be disbursed if needed and to be recaptured by the Trust if and when the reserve is no longer necessary.

USES	Total	Per Unit	Notes
Acquisition:			Carried over debt/repaid debt/new value as shown below
<i>Existing MassHousing & MHP Mortgages/ Investor Exit Taxes</i>	<i>13,980,000</i>	<i>83,713</i>	<i>To be paid off at construction closing</i>
<i>Existing Debt to be Rolled-Over</i>	<i>14,992,522</i>	<i>89,776</i>	<i>See below for details</i>
<i>New appraised value</i>	<i><u>8,177,478</u></i>	<i><u>48,967</u></i>	<i>Based on new appraisal to maximize LIHTC equity; offset by Sponsor Note of same amount</i>

Response to Inman/CAST I & II – Construction Funding Request

August 27, 2026

Total Acquisition	37,150,000	222,455	
Hard Costs	64,076,239	383,690	Contingency at 10% (\$5,825,113)
Soft Costs	19,824,351	118,708	A & E at \$3,197,619
Reserves (Operating and Replacement)	2,984,565	17,872	\$501,000 for replacement reserves and \$2.4 million for operating reserves
Developer Fee/Overhead	10,447,559	62,560	\$4.1 million deferred fee and \$6.3 million paid; calculated on standard QAP formula
TDC:	134,482,713	805,286	
TDC w/o “Acquisition”	97,332,713	582,831	

The following table summarizes the existing debt and accrued interest on the property which will be rolled over as part of the new transaction.

Lender	Type	Property	Principal	Interest *	Total
CAHT	Existing/Rollover	Inman/CAST II	2,798,000	1,086,785	3,884,785
City of Cambridge (HOME)	Existing/Rollover	CAST I	483,485	613,415	1,096,900
EOHLC	Existing/Rollover	CAST I	840,000	774,733	1,614,733
HRI	Existing/Rollover	Inman/CAST II	350,000	154,125	504,125
CNAHS	Existing/Rollover	CAST I	126,000	718,161	844,161
CNAHS	Existing/Rollover	Inman/CAST II	5,400,000	1,339,286	6,739,286
CNAHS	Existing/Rollover	Inman/CAST II	180,000	128,532	308,532
MHP	Existing Pay-off	CAST I	1,919,648		1,919,648
MassHousing	Existing Pay-off	Inman/CAST II	11,444,600		11,444,600
Sponsor Note	New	Both	8,793,229		8,793,229

*accrued interest will be updated at closing

TOTAL 37,150,000

HRI has applied for and been awarded funding through the Massachusetts Community Climate Bank (MCCB), a new initiative started by the Healey-Driscoll Administration to support the decarbonization of affordable housing developments in the state. In 2025, Inman/CAST I & II was selected as one of the first projects to be supported by the MCCB. Funding from the MCCB can be used to create energy efficient housing, improve the energy performance of existing housing, and advance clean energy technologies.

Other new sources include Capital Magnet Fund (CMF) funding, which supports the rehabilitation of existing affordable housing, and Climate Ready Housing (CRH), which finances deep energy retrofits in existing multi-family affordable housing. HRI is also working to make the project eligible

Response to Inman/CAST I & II – Construction Funding Request

August 27, 2026

for historic tax credit equity through the historic certification of CAST I and CAST II, and has already gained Part I approval through the Massachusetts Historical Commission.

In addition to the \$4.2 million in requested new Trust funding, the project will be funded with approximately \$31.9 million in new permanent debt, \$52.6 million in federal 4% tax credit equity, \$1 million from the CMF, \$7 million in MCCB funding, \$6.7 million in federal and state historic tax credits, \$1.5 million in CRH funding, \$2.3 million in Investment Tax Credit, almost \$15 million in existing soft debt, \$8.1 million in a seller note, and \$4.1 million in deferred developer fee. Staff expect that HRI will defer more fee if costs turn out higher than budgeted.

The state historic tax credits are not provided in a lump sum and will be awarded three times a year so long as HRI continues to apply and is approved for them. In the event that HRI is not able to secure the budgeted historic tax credit equity in time, they are prepared to bridge or replace the gap with HRI financing. In addition to the potential bridge loan, HRI is providing almost \$2.8 million of their own funds, at a 3.85% interest rate, to finance all predevelopment activities, which will be repaid at construction closing.

SOURCES	Total	Per Unit	Notes
CAHT	4,244,897	25,419	New Trust funding; does not include existing debt
New Debt	31,890,000	190,958	New MassHousing Risk Share mortgage
Existing/Roll-Over Debt	14,992,522	89,776	Includes soft debt on Inman and CAST I/II, which will have extended terms and will be subordinate to new first mortgage
Federal LIHTC 4%	52,575,394	314,823	
Fed/State Historic Equity	6,716,691	40,220	Approx. \$3.6M in fed. and \$3M in state
Capital Magnet Fund	1,000,000	5,988	0% interest rate with a 40-year term
MCCB Retrofit Demonstration Loan	7,000,000	41,916	Funding that focuses on decarbonization of affordable housing developments
Climate Ready Housing (CRH)	1,500,000	8,982	To be confirmed prior to closing, but likely 0% interest with a 30-year term
Investment Tax Credit (ITC)	2,261,952	13,545	Federal financing for government subsidized projects in three categories: renewable energy, affordable housing, and historic rehabilitation
Sponsor Note	8,177,478	48,967	
Def Fee/Eq	4,123,779	24,693	
Total Sources	134,482,713	805,286	

August 27, 2026

Staff will continue to work with HRI to review and refine their budget, including seeking opportunities to reduce costs to the extent possible. HRI has also committed to continue to seek additional funding sources, any of which would reduce the amount of Trust funding to the project.

NEXT STEPS AND PROJECT SCHEDULE:

The Trust funding being requested is the last major piece of financing needed for this consolidation and rehabilitation project. HRI hopes to have all funding secured in time to close by the end of 2026 as CMF's \$1 million funding has a year-end deadline. They anticipate starting construction in early 2027 and expect completion in two years.

HRI will continue to work with residents on relocation planning. Current residents will be temporarily relocated for approximately two months during construction. Households will be able to return to their unit once completed. In cases where households do not exercise their right to return, PBV units will be filled through the CHA's waitlist and any of the non-PBV units at CAST I will be filled through CAST I's existing waitlist.

As noted, staff will also continue to work with HRI to review the scopes of work and budgets in order to see whether there are opportunities to reduce the amount of Trust funding needed for the project.

RECOMMENDATION:

The Inman Square and CAST properties are an important existing affordable housing resource and HRI's planned renovation work will ensure that current and future tenants will continue to enjoy high-quality, energy-efficient homes for the long term. Investing in the buildings' major rehabilitation will ensure the future financial viability of these properties by reducing reliability on operating and replacement reserves to address capital needs and by making improvements which will improve livability for residents and reduce operating costs. The decarbonization aspect of the renovation work will have the broad benefit of reducing greenhouse gas emissions, as well as increasing livability for residents by providing energy-efficient, updated, and healthier homes, as well as reducing operating costs.

Requests like this are somewhat atypical for the Trust, as Trust funding is typically used to create new affordable units, to deepen existing affordability, and/or to extend expiring affordability restrictions. When evaluating requests for Trust funding to support renovation work only, which is not also accompanied by those other elements, a number of criteria are taken into consideration. These considerations include a review of how the properties have been managed, including a review of operating budgets and the use of replacement reserves. Review also includes ensuring that other potential funding sources have been sought in order to ensure that the amount of Trust being

August 27, 2026

provided is the minimum amount needed and that the Trust funding is being used to leverage other sources.

The Inman Square and CAST properties were among the first expiring-use projects to be preserved in 2011 with the primary focus on preserving affordability that was then at-risk. We expect that we may receive similar requests for funding to support capital work at other former-expiring use properties where there may now be similar deferred capital needs. An infusion of new funding may be required in cases where needed capital work was not able to be fully addressed at the time of initial acquisition, or covered through operating budgets and reserves.

Staff plan to prepare some guidelines to proposed for use in reviewing of requests for new Trust funding of existing Trust-funded housing, in cases which do not also involve the creation of new or significantly extended affordability.

Housing Staff recommend that the Trust approve HRI's request for up to \$4,244,897 in new Trust funding to support the rehabilitation of Inman/CAST I & II, as described in more detail above and subject to the conditions outlined below. In preparing this request and recommendation, we reviewed HRI's request with Susan Schlesinger, Alyson Stein, and Jim Stockard, who agreed with Staff's recommendation to bring this request to the Trust for discussion and approval.

The loan commitment for up to \$4,244,897 in new permanent Trust funding shall be made contingent on the following terms and conditions:

1. Staff approval of final rehabilitation plans;
2. Staff approval of final rehabilitation and operating budgets, including twenty (20) year operating proforma;
3. Firm written commitments from all funding sources, sufficient to complete transaction;
4. Environmental assessments and/or remediation plans, if necessary;
5. Staff approval of the tenant selection and marketing plan, which shall be consistent with the City's marketing preferences including but not limited to maximum preferences for Cambridge residents; the tenant selection plan will also include the City's demographics reporting requirements, as requested and in a form acceptable to Staff;
6. Staff approval of relocation plan;
7. Staff approval of construction plans and specifications;
8. Submission of final construction bid and trade items from general contractor along with construction contract Borrower has entered into with contractor;
9. Zoning approval and permitting necessary to project, as applicable;
10. Standard Trust terms and conditions, including, but not limited to:
 - All affordable units shall be subject to an affordable housing covenant to be signed at or prior to loan closing; prior to loan closing, Staff shall be authorized to decide whether the existing affordable housing restrictions should be amended and restated and remain as individual covenants or replaced by a single combined covenant;

-
- The term of the affordable housing covenant(s) shall be the longest period allowable by law, or fifty (50) years or one year longer than the longest restriction on the property now or in the future, as approved by Staff;
 - All units shall be restricted to households earning at or below 80% AMI, as defined in the amended affordable housing covenant(s);
 - The existing Trust loan of \$2,798,000 shall be amended and restated to be combined as a single permanent financing loan with the new Trust financing of \$4,244,897, totaling \$7,042,897;
 - The new Trust financing of up to \$4,244,897 and the existing Trust financing (\$2,798,000 plus accrued interest) shall be combined and secured by a new shared second mortgage subordinate only to private first mortgage financing on terms acceptable to Staff; this is anticipated to be accomplished through an amendment and replacement of the existing Trust loan documents or other approach acceptable to Staff;
 - The combined loan shall have an interest rate of 3% compounding annually, or such other rate approved by Staff;
 - The term of the amended and restated combined loan shall be fifty (50) years;
 - The combined loan shall be subject to a penalty rate of 8% compounding annually; applicable upon violation of the affordability housing covenant;
 - Any funds loaned to the project by HRI or an affiliated entity shall be subordinate to Trust funding and have an interest rate no greater than 3% compounding or such other rate approved by Staff. In the event that HRI or an affiliate needs to provide financing to bridge, or replace, the anticipated historic tax credit equity, it is expected that that funding shall be subject to the following additional conditions:
 - If the historic funding is awarded, any funds advanced under the HRI bridge loan shall be repaid and replaced by the historic financing;
 - If the historic funding is not awarded, HRI bridge loan shall be converted to a permanent loan and remain subordinate to the Trust, at an interest rate not exceeding the rate of the Trust financing;
 - Execution of all loan documents, including but not limited to the Loan and Security Agreement;
 - All principal and accrued interest shall be due and payable at the end of the term; however, the repayment date may be extended for an additional term upon approval by the Trust and extension of the affordability period;
 - The combined loan shall provide for repayment of principal and interest from 50% of net cash flow from the development, or through other means, or other terms acceptable to Staff;
 - Loan shall be non-recourse; and,
 - Any reductions in project costs or increases in non-Trust funding sources shall be used to reduce the amount of the Trust commitment, as determined and approved by Staff.

Response to Inman/CAST I & II – Construction Funding Request

August 27, 2026

During the construction period, the Borrower shall comply with the following requirements:

- Notify Lender’s Construction Manager of proposed renovations, construction meetings, and copy on meeting minutes;
- Copy Lender on all change orders;
- Copy Lender on all funding requisitions to other sources; and,
- Submit requisitions in form acceptable to Lender.

Following lease-up, the Borrower shall comply with the following requirements:

- Provide required demographic information per approved tenant selection plan;
- Provide data on the project’s as-built and operating costs in format acceptable to Staff.



To: Affordable Housing Trust

From: Cassie Arnaud, Director of Housing Development
Alexis Turgeon, Senior Housing Development Planner

Date: August 27, 2026

Re: **2072 Massachusetts Avenue – Permanent and Pre-Development Funding Request**

Capstone Communities and Hope Real Estate Enterprises are requesting up to an additional \$17,055,000 in Trust financing as the final funding needed to proceed with their plans to develop 74 affordable rental units at 2072 Massachusetts Avenue in North Cambridge. The \$17,055,000 in new Trust funding would bring the total Trust support of this project to \$22,126,000 or \$299,000 per unit, as the Trust has already provided \$5,071,000 in acquisition and predevelopment financing. They are requesting that a portion of this funding be advanced early to cover the cost of pre-construction activities, as described in further detail below. All existing short-term financing will be converted to permanent financing at construction closing.

BACKGROUND:

The development team acquired the 8,515 square foot site in 2018 with the assistance of the Trust. It is located on the corner of Massachusetts Avenue and Walden Street, abutting a small City-owned parking lot to the south and the Cambridge Housing Authority's (CHA) Russell Apartments, a six-story elderly housing building to the east. The Porter Square MBTA station and shopping center, multiple bus routes, and Gerard Bergin Park are all within a quarter mile of the site. During the predevelopment phase, a small fast-food restaurant operated on the site, covering a portion of the carrying costs.

Initially, the project was conceived as a 9-story, stepping down to 5-story, Chapter 40B development with 49 units. The project received support from the Planning Board in 2020 but, following a lack of support from the Board of Zoning Appeals (BZA), the development team rescinded the Chapter 40B application. The subsequent adoption and amendment of the Affordable Housing Overlay (AHO) created the opportunity to develop a by-right project of a larger scale at the site, and the development team began redesigning the project.

August 27, 2026

In 2024, the project was introduced as a reimagined 12-story building that could be permitted by-right under the AHO. The updated design will create 74 affordable rental units for households earning at or below 60% of the area median income, with up to 12 units affordable to households at or below 30% of the area median income depending on the number of rental vouchers secured. The proposed unit and affordability mix is as follows:

Unit Mix	1 BR	2 BR	3 BR	Total
30% AMI	0	6	6	12
60% AMI	21	36	5	62
Total	21	42	11	74

The building will also include a ground floor lobby and community room, common laundry, onsite management, long-term bicycle parking spaces, and an outdoor rooftop amenity space. The development plan assumes no on-site parking, but the team will offer residents a range of amenities to encourage and support their use of alternative modes of transportation. While Transportation Demand Management (TDM) measures are no longer required under zoning, the team plans to voluntarily offer TDM benefits which will include informational packets detailing the nearby public transit routes and how to apply for discounted Bluebikes and/or MBTA memberships, and may also include free or discounted annual Bluebikes memberships, credits for ride-share services such as Uber or Lyft, and free or discounted short-term MBTA LinkPasses.

Estimated Costs and Construction Approaches

There are a number of specific cost drivers that are unique to this project including the added costs related to high-rise construction (e.g., fire-proofing and structural requirements), challenges of construction on a tight site with limited staging options along one of Cambridge’s busiest streets, and the need to cantilever the building to accommodate the widening of Walden Street. The protracted history of this project has also added costs.

The current AHO project budget has had to absorb some “sunk costs” related to the original 40B project, including the developing and presenting of multiple designs and redesigns as the team sought to develop a scheme that would gain BZA approval under Chapter 40B. Those costs are estimated at roughly \$437,500 in architectural, engineering, consultant, and legal fees, adding nearly \$6,000 per unit and representing 3% of the project’s total soft costs. In addition to these sunk costs, the delays due to resistance of the original Chapter 40B plans have meant that the project also is now being advanced during a time of significant construction cost and interest rate escalation.

August 27, 2026

In its efforts to find the most cost-effective approach to constructing a 12-story building, the team had initially planned to use a construction technique that uses laminated wood, known as “mass timber” or “cross-laminated timber” or “CLT” construction as it was believed to be more cost-efficient than steel construction, due to its faster construction timeline and because steel prices were escalating. CLT had the added benefits of also being more environmentally friendly and aesthetically interesting than standard steel-frame construction.

However, in the last few months, the development team revisited the more traditional steel construction approach, specifically the “Can Am system” which relies on light-gauge steel and has the promise of being more cost effective. They sought construction pricing for both CLT and light-gauge steel options and, unexpectedly, the CLT pricing came in substantially higher than the light gauge steel option. While CLT may offer savings through quicker construction, the cost implications of needing specialized factories, contractors, engineers and consultants – all of which are in limited supply – seems to have offset its benefits. In addition, the fact that steel prices have since stabilized makes the light gauge steel system the most cost-effective approach, costing approximately \$6 million less than CLT, a savings of \$81,030 per unit. As a result, the development team is pivoting to a light gauge steel construction method. The switch from CLT to light-gauge steel will not impact the Passive House design, unit layouts, or exterior façade.

The team continues to explore other cost-saving measures, and it’s possible that some construction costs may further decrease as additional value engineering is undertaken.

PROPOSED BUDGET AND FUNDING REQUEST:

The TDC assuming light-gauge steel construction is estimated at \$71.86 million or approximately \$971,000 per unit. This TDC includes hard costs and contingency at roughly \$49 million or \$541 per square foot. The TDC also includes an operating reserve of approximately \$835,000, or \$11,300 per unit, which is a requirement of tax credit investors and is equal to 6 months operating expenses and debt service.

With the light gauge steel pricing, this project’s TDC per unit is now in line with or lower than that of other recently approved budgets for new construction projects. However, when acquisition is removed, 2072 Massachusetts Avenue’s costs exceed those of other recent projects due to its significantly lower per unit acquisition costs.

Staff will continue to work with the development team to explore other cost reduction measures, including value engineering, to bring costs down where possible.

2072 Massachusetts Avenue – Permanent & Predevelopment Funding Request

August 27, 2026

The table below provides a summary of the estimated development budget compared to other recent projects. While the per unit development costs exceed those of other projects when acquisition is netted out, the project compares favorably on a per bedroom basis as it prioritizes family-sized units.

Project	2072 Mass Ave	28-30 Wendell Street	4 Mellen / 1627 Mass Ave	87-101 Blanchard
Budget Type + Date	Proposed Permanent Budget - August 2026 (Can Am)	Approved Permanent Budget - Feb 2026	Construction Closing - June 2025	Construction Closing - May 2026
Total Units	74	95	29	110
Total Bedrooms	138	172	55	110
Total Sq Ft	90,682	110,920	34,707	97,279

TDC	71,860,506	95,595,871	32,201,631	75,055,215
TDC/Unit	971,088	1,006,272	1,110,401	682,320
TDC/Bedroom	520,728	555,790	585,484	682,320
Acquisition/Unit	48,649	168,421	248,276	85,000
Hard Costs/Unit	662,616 (541/sf)	573,548 (491/sf)	577,558 (483/sf)	409,258 (463/sf)
Fees & OH/Unit	56,565	77,963	84,000	52,884

City & CAHT/Unit	299,000	319,547	359,483	165,174
------------------	---------	---------	---------	---------

The development team's request for up to an additional \$17,055,000 would bring the total Trust funding for this project to \$22,126,000, or \$299,000 per unit.

In addition to the Trust funding request, the project is expected to be funded with approximately \$7.6 million in permanent debt, \$26.8 million in federal 4% low-income housing tax credit equity, \$9.2 million in state low-income housing tax credit equity, \$5.25 million in other state soft funding, \$250,000 in Passive Housing energy rebates, \$185,845 in deferred developer fees, and utilize \$371,307 in rental income from the restaurant located at the project site during the predevelopment phase.

Predevelopment Funding Increase Request

The team has estimated that they will need an additional \$2,410,288 to get them to construction closing, including \$1.3 million in final architectural and engineering work, \$175,127 in other pre-construction costs, and \$891,520 to pay the building permit fee prior to construction closing.

August 27, 2026

The team is requesting that up to \$2,410,288 of the requested construction/permanent funding be made available in advance of construction closing to cover these remaining pre-construction costs.

As of August 2026, the development team has expended all \$1,471,000 in CAHT predevelopment funds awarded since 2018, as well as nearly all the other funding they have been using to cover carrying costs and pay for predevelopment work. In addition to CAHT predevelopment funding, Capstone was able to maintain operations of the kebab restaurant at the site from 2018 until July 2025 when the restaurant owner voluntarily terminated the lease. The restaurant generated roughly \$371,300 in income that was reinvested into the project and used to cover carrying costs. The restaurant income represents nearly 9% of all predevelopment costs for the project, including this additional request.

NEXT STEPS:

The development team completed the final AHO Planning Board Advisory Design Consultation in March 2026 and plans to submit a pre-application for the upcoming state funding round in September 2026. Having all anticipated local funds fully committed could increase their competitiveness by demonstrating local support as well as the project's "readiness to proceed." If the project is funded in the upcoming round, the development team anticipates starting construction within a year of funding announcements with completion in 2029, following a 20-to-24-month construction schedule.

To meet this timeline, the development team aims to utilize the additional predevelopment funds they are seeking to finalize design plans and have a shovel ready project.

RECOMMENDATION:

2072 Massachusetts Avenue is a long-awaited project that will provide 74 high-quality rental units to low- and moderate-income families and will enliven an underutilized parcel along the Massachusetts Avenue corridor. The project will benefit the broader community by enabling the widening of Walden Street by providing a portion of the site for the public right of way and by cantilevering the building to accommodate the widening. The site is well suited for new housing, situated near shops, restaurants, and other amenities, the Porter Square MBTA station and shopping center, Davis Square MBTA station, multiple bus routes providing service to the surrounding communities, and multiple open space locations, including Danehy Park. The development of this site will result in the creation of a significant number of high-quality affordable housing for the neighborhood, including deeply affordable family-sized units.

2072 Massachusetts Avenue – Permanent & Predevelopment Funding Request

August 27, 2026

Housing staff recommends that the Trust approve the request from Capstone Communities and Hope Real Estate Enterprises for up to \$17,055,000 in new Trust permanent financing, as described in more detail above, to support the construction of 2072 Massachusetts Avenue, and that the existing \$5,071,000 in short-term financing, which has been already committed for acquisition and predevelopment, be combined with the new permanent financing as a single permanent loan commitment of \$22,126,000.

Staff also recommend that up to \$2,410,288 be allowed to be advanced early to cover approved pre-construction costs. This funding will be made available through an amendment to the Trust's existing short-term financing as described below.

Staff have reviewed this request with Raffi Freeman, Jim Stockard, Susan Schlesinger, and Alyson Stein, who agreed with the recommendation to bring this request to the Trust and recommend approval.

The funding should be made contingent on standard Trust terms and conditions including, but not limited to, the following:

Predevelopment Funding increase:

The increase of up to \$2,410,288 in new predevelopment funding shall be made contingent on the following:

1. The increase of up to \$2,410,288 shall be structured as an amendment to the existing CAHT acquisition and predevelopment loan of \$5,071,000;
2. Staff approval of final predevelopment budget and scope of work;
3. Funds will be disbursed for approved predevelopment costs in accordance with an amended Loan and Security Agreement to be entered into prior to predevelopment closing;
4. Term of the combined short-term loan of \$7,481,288 (including \$5,071,000 of prior funding and \$2,410,288 of new predevelopment funding) shall be 24 months or until construction loan closing, whichever occurs sooner;
5. Interest shall accrue at a rate of 3% annually compounding;
6. At construction closing, all accrued interest shall be deferred and reflected in the new permanent loan; and,
7. Loan shall be non-recourse.

Permanent Financing:

The permanent loan of up to \$22,126,000, plus accrued interest from the Trust's short-term financing, shall be made contingent on the following terms and conditions including, but not limited to:

-
1. Staff approval of final design and development plan;
 2. Staff approval of final development and operating budgets, including twenty (20) year operating proforma;
 3. Firm written commitments from all funding sources, sufficient to complete transaction;
 4. Environmental assessment and/or remediation plan, satisfactory to Staff;
 5. Staff approval of tenant selection and marketing plan, which shall be consistent with the City's marketing preferences including but not limited to maximum preferences for Cambridge residents, the tenant selection plan will also include the City's demographics reporting requirements, as requested and in a form acceptable to Staff;
 6. Staff approval of construction plans and specifications;
 7. Submission of final construction bid and trade items from general contractor along with construction contract Borrower has entered into with contractor;
 8. Zoning approval and permitting necessary for project;
 9. The Trust's review and consideration of Planning Board final AHO advisory design review report and any responses from Capstone Communities and Hope Real Estate Enterprises pursuant to the advisory design review; [This condition has already been met]
 10. Standard Trust terms and conditions, including:
 - All affordable units shall be subject to the Trust's affordable housing covenant to be signed at or prior to loan closing;
 - The term of the affordable housing covenant shall be for the longest period allowable by law, or fifty (50) years or one year longer than the longest restriction on the property now or in the future, as approved by Staff;
 - All units shall be restricted to households earning at or below 80% AMI, as defined in the affordable housing covenant;
 - The loan shall be secured as a shared second mortgage loan of up to \$22,126,000 (including funding previously disbursed for acquisition and predevelopment activities), subordinate only to private bank financing on terms acceptable to Staff;
 - The loan shall have an interest rate of 3% compounding annually, or such other rate approved by Staff;
 - The term of the loan shall be fifty (50) years;
 - The loan shall be subject to a penalty rate of 8% compounding annually; applicable upon violation of the affordability housing covenant;
 - Execution of all loan documents, including but not limited to the Loan and Security Agreement;
 - All principal and accrued interest shall be due and payable at the end of the term; however, the repayment date may be extended for an additional term and extension of the affordability period, subject to approval of the Trust and extension of the affordability period;
 - The loan shall provide for repayment of principal and interest from 50% of net cash flow from the development, or through other means, or other terms acceptable to Staff;
 - Loan shall be non-recourse; and,

-
- Any reductions in project costs or increases in non-Trust funding sources shall be used to reduce the amount of the Trust commitment.

During the construction period, the Borrower shall comply with the following requirements:

- Notify Lender’s Construction Manager of all construction meetings, change orders, and copy on meeting minutes;
- Copy Lender on all change orders;
- Submit requisitions in form acceptable to Lender; and,
- Copy Lender on all funding requisitions to other sources.

Following lease-up, the Borrower shall provide the following:

- Provide required demographic information per approved tenant selection plan; and,
- Provide data on the project’s as-built and operating costs in format acceptable to Staff.