

## COMMUNITY PRESERVATION ACT (CPA) COMMITTEE MEETING

### Organizing Meeting + Public Hearing

Wednesday, June 10, 2020, 6:00 P.M. – 7:20 P.M.

#### Meeting Intro & Zoom Process Explanation

- Chair Lisa Peterson opens meeting and summarizes process for Committee and public through Zoom, consistent with Governor Baker’s Executive Order of March 12, 2020, due to the current State of Emergency in the Commonwealth due to the outbreak of the COVID-19 Virus.
  - This is the first meeting of the CPA Committee conducted through Zoom. Appreciate patience as we work through any issues tonight.
  - Meeting will begin with Committee discussion; then presentation from City staff on a CPA funding request for the COVID-19 Housing Stabilization Program.
  - Will have a public comment period. Before public comment, members of the public will be muted.
  - If anyone is having technical difficulties and cannot hear during the Committee discussion or staff presentation portions, please use zoom “raise your hand” feature. Staff will work to assist you.
- Chair Peterson calls the roll for Committee:
  - Corinne Espinoza – present
  - Susan Schlesinger – present
  - Kaki Martin – present
  - Chandra Harrington – present
  - Ellen Shachter – present
  - Kevin Foster – present
  - Victoria Bergland – absent
  - David Kale – present
- Anytime a committee member or city staff speak tonight, ask that they first identify themselves by name. Speak clearly.
- For public comment period:
  - Will recognize member of the public by name and allow them to speak. Please state your full name and address before you speak, and limit your comments to 3 minutes.
  - If member of the public has materials to share or submit, ask that they describe them during comment; then email them to [lisap@cambridgema.gov](mailto:lisap@cambridgema.gov) or [jmathews@cambridgema.gov](mailto:jmathews@cambridgema.gov) for the record. Both contact emails are listed on the City’s CPA website.

#### Agenda Overview

- Chair Peterson outlines agenda. Will proceed in a slightly different order than posted agenda because some Committee members need to leave at 7pm and Committee would like to have discussion, comment and vote with as many members as possible.

1. FY21 Funding Estimates
2. City staff presentation of COVID-19 Housing Stabilization Program
3. Committee Discussion
4. Public Comment
5. Committee Discussion and Vote on Program
6. 2020 Meeting Schedule & Process

### **FY21 Funding Estimates**

- David Kale provides FY21 funding estimate:
  - It is anticipated that the FY21 CPA allocation will total \$15,330,000, which reflects a \$2.1M increase over FY20. This increase anticipates a significant increase in the State Match component received by the City based on the statutory increase, approved last year, in the statewide filing fees collected by the State's Registry of Deeds – which is the revenue source of the State Match for CPA Communities. This estimate is subject to revision based on further information received on collections.
- David Kale reports that City Manager's commitment to increased affordable housing funding, of which CPA funds are a component, is going well.
  - For FY21, from all sources, support for affordable housing is \$27.3M total. This doubles the FY19 amount ahead of the original 3-5 year schedule goal.
- Corinne Espinoza asks to receive finance summary/breakdown in writing.

### **City Staff Presentation of COVID-19 Housing Stabilization Program**

- Chair Peterson summarizes:
  - Before Committee tonight is request for \$1M in funding to the COVID-19 Housing Stabilization Program, to provide emergency rental assistance during the pandemic. Committee members should have received program summary, and summary is also posted on CPA website.
  - City staff will present on the program. Will then open to Committee discussion and public comment. Ask that committee members hold their questions until the presentation is complete.
- Funding:
  - David Kale explains proposed source of funding for program, which is distinct from estimated FY21 revenue distinguishes – request is for \$1M from the undesignated CPA Fund Balance, not from anticipated FY21 revenues. Fund balance remains after previous fiscal years, and is not reserved for particular funding category (affordable housing, historical preservation, open space).
  - Chair Peterson reiterates – this allocation would have no impact on funding for FY21; and is not subject to/will not impact the 80/10/10 split or funding percentages moving forward.
- Chair Peterson introduces City staff presenting:
  - Maura Pensak, City Manager's Housing Liaison
  - Maria Melo, Director of DHSP's Multi-Service Center

- Chris Cotter, Housing Director for CDD
- Maura Pensak provides overview of need behind funding request:
  - General eligibility criteria of 80% AMI, paying 40% or more of income to rent, and program would subsidize payments to reduce rent to no more than 40% of income. [See attached program description.]
  - Mayor’s Disaster Relief Fund, which has provided rental and other housing supports, informed this request. MDRF received 1,737 applications, and has distributed more than \$3.2M to 1400+ households. Of the households, 557 received rental support.
  - MDRF efforts made a huge impact but there is continuing need to support residents. This program would provide additional funding for ongoing support as well as new support options for others.
  - Recommend a duration of two months, knowing that if/when the state’s eviction moratorium ends you are going to see issues. Getting through the moratorium period without renters being in arrears provides significant advantage.
  - Based on program criteria, the averages subsidy is estimated at \$1200. With the \$1M CPA funding alone, you can assist 400+ households.
- Maria Melo discusses plan for program implementation:
  - Program aligns with Multiservice Center’s function and practical experience.
  - Staff are ready to assist and implement quickly by revising the application form used for the MDRF and utilizing the knowledge gained from that process.
  - Will use an online application process but also offer in-person appointments and undertake extensive outreach.
  - Aim to have applications available first week in July.
- Chris Cotter adds context from other aspects of the program/additional funding mechanisms:
  - CPA funding of \$1M would be part of a broader program and City funding request.
  - Also seeking \$500k in Community Development Block Grant (CDBG) funding from the CARES Act.
  - Those additional funds would be used to support income-eligible owners in limited equity condominiums, as well as providing rental assistance.

### **Committee Discussion of COVID-19 Housing Stabilization Program**

- Ellen Schachter asks if staff anticipate \$1M is enough to meet demand and whether there will be a priority system for applicants.
  - Maura Pensak answers that it will be a first come, first serve application process; anticipate the funding will come close to meeting demand, but recognize that’s hard to predict. Some percentage of people won’t be able to rejoin the workforce as the pandemic goes on and any longer-term temporary subsidies are helpful.
  - Lisa Peterson notes that Mayor will continue fundraising for MDRF.
- Susan Schlesinger asks if there are any metrics on the household characteristics of those served by MDRF – subsidized or market rate housing, single residents, families, etc.
  - Maura Pensak and Maria Melo answer that there are no detailed metrics released yet. Anecdotally – many initial/early applicants were households with flat subsidies,

where there were more applications for market rate units toward the end of the application period. Family size ran the gamut as did the rental arrangements.

- Kevin Foster asks who will be eligible to receive these funds. Are those who've already received MDRF funding still eligible? And who didn't get funding through MDRF? Want to make sure this would reach those who really need it.
  - Maura Pensak clarifies that eligibility overlaps with MDRF, so you will not be ineligible just because you received those funds. Discussed prioritizing those who didn't get MDRF but feel there's still need for recipients. All eligible applicants received support from MDRF. Those who did not receive didn't meet eligibility criteria. With COVID-19 Housing Stabilization Program, reducing income eligibility to 80% AMI and opening application process to in-person appointments will help staff serve the most needy.
- Chair Peterson confirms no more Committee questions for staff at this point.

## Public Comment

- Chair Peterson opens the meeting to public comment.
  - Chair will go in order of Zoom attendee list, recognize member of the public by name and allow them to speak.
  - Members of the public will enter the meeting on "mute" – so please unmute yourself to provide comment.
  - Please state your full name and address before you speak, and limit your comments to 3 minutes.
  - Again, if member of the public has materials to share or submit, ask that they describe them during comment; then email them for the record.
- Number of public attendees clarify they are just listening to meeting and do not want to provide comment.
- James Williamson:
  - Would like to know about eligibility for Section 8 recipients. Feels large part of the problem are the exorbitant rents charged by landlords. Wants the burden to stay with them rather than using public resource to subsidize, so is there a way to ask landlords to do this. Can you use the budget – which will be before Council Monday night – to put to the landlords first and go back to the CPA Committee for money if needed?
- Lee Palmer:
  - Attorney with Cambridge and Somerville Legal Services; would like to reiterate the online comments submitted by CSLS attorney Susan Hegel. Lee reads comments. [*See full comments attached.*]
- Jennifer Mathews summarizes written public comment received online prior to the meeting. Generally, 4 commenters support where 2 oppose. Opposition focuses on preserving funds for permanent housing production and preservation. [*See full comments attached.*]
- Chair Peterson closes public comment.

## Further Committee Discussion

- Ellen Schacter appreciates point on high rents, but in the real world without rental assistance it's the tenants at risk of eviction – not a risk to the landlord. Appreciates program eligibility parameters that consider availability of support for market rate tenants v. those who already have subsidies because the market rate units may need more assistance.
- Corinne Espinoza asks for clarification on the 40% of income to rent threshold and how the subsidy would work, as well as on the 80% AMI limit and where that came from. Don't we want to help those with subsidized rents?
  - Maura Pensak answers that the eligibility would be 80% or less of the AMI plus paying more than 40% of that income toward rent. Program would pay rent above the 40%. This excludes people who qualify for other housing subsidies, as most are for families paying more than 30% of income toward rent. It's not that the City doesn't want to help people with subsidized rents; but they already have options to reduce rents to 30% of income. This program limit allows City to stretch resources further to help more people who don't have the opportunity to benefit from other programs.
- Corinne Espinoza asks about other budget resources and funding availability. Why aren't we using other options for this program?
  - Lisa Peterson and David Kale note there are often limits on using free cash or tax revenues directly for funding streams like rental assistance as opposed to housing production. However, CPA statute explicitly allows use of funds for rental assistance.
  - So CM has recommended use of other funds for production but use of this CPA allocation for rental assistance.
  - This would be a short-term program where other funds are going to long-term housing production – and will continue to do so.
- Susan Schlesinger asks applicants' assets will be examined to determine eligibility.
  - Maura Pensak answers City will examine bank statements and savings but not retirement assets. Didn't want to make process too burdensome.
- Susan Schlesinger generally does not support use of CPA funds for rental assistance in the long-term. But, where this is coming from the reserves/Fund balance, and we still have possibility of 80% of new funding to go to production, just want to emphasize this is a unique situation with COVID and short-term program response.
- Kevin Foster asks Chris Cotter, if Committee gave \$1M to the Affordable Housing Trust rather than this rental program, what would AHT do with it?
  - Chris responds that typically such funding would go toward affordability restrictions, at approximately \$150-200k per unit.
- Corinne Espinoza generally supports this funding to prevent evictions and support residents during the emergency. Would like to prioritize the poorest residents and subsidize rents to 30% of income, though.
  - Maura Pensak and Chris Cotter reiterate that 30% threshold was considered. But some do go to 40% and staff felt it was fair to accommodate for market rate. Keeping at 40% acknowledges the cost burden but tries to target those who need assistance now. Going to 30% opens up to some receiving affordable housing subsidies, and you could miss those with more acute need.

- Ellen Schacter expresses she is most concerned about families who are paying more than 40% of income to rent and have no money now. Realistically may need to be thinking about longer-term support for people and addressing gaps.
- Kaki Martin notes that a number of questions have come in through the Zoom Q&A feature.
- Chair Peterson addresses James Williamson’s questions:
  - This funding is not subject to the 80/10/10 split requirement between affordable housing, historic preservation, and open space categories because it’s not annual revenues. It’s coming from the fund balance.
  - No, individuals in CHA housing would not be eligible for this program.

### **Vote on Program Funding**

- Chair Peterson asks if we have a motion that the Community Preservation Committee recommend the allocation of \$1,000,000 from the CPA Fund Balance to the City’s Covid-19 Housing Stabilization Program.
- Ellen Schacter moves to approve funding.
- Committee vote by roll call:
  - Corinne Espinoza – present
  - Kaki Martin – in favor
  - Chandra Harrington – in favor
  - Ellen Shachter – in favor
  - Kevin Foster – in favor
  - David Kale – in favor
  - Lisa Peterson – in favor
  - Susan Schlesinger & Victoria Bergland absent.

### **2020 Meeting Schedule & Process**

- Chair Peterson thanks Committee for tonight’s meeting. Remainder of the year’s CPA meetings will be held virtually through Zoom. Schedule will be:
  - **Wednesday, July 1, 2020** – Public Hearing to receive project requests for FY21 funding
  - **Wednesday, August 5, 2020** – Public Hearing on FY21 Funding Allocation Percentages
  - **Wednesday, September 9, 2020** – Committee vote meeting. Recommend projects to the City Manager/City Council.
- Meeting adjourns at 7:20 P.M.

# KEY INITIATIVES

## AFFORDABLE HOUSING

The FY21 budget again includes a significant increase in funding for the development and preservation of affordable housing in Cambridge. Similar to last year, as part of the FY21 Budget, the City has committed to 25% of building permit revenue (\$4,998,630) in capital funding to the Affordable Housing Trust. In addition, in FY21, \$10 million of property tax revenue will be used to provide funding to the Affordable Housing Trust. This totals \$14,998,630 in the FY21 Capital Budget to directly support the development and preservation of affordable housing. These funds will supplement anticipated FY21 Community Preservation Act (CPA) funds as well as federal funding. Through these sources, and the FY21 budget, the City will reach its goal of doubling the amount of funds dedicated to creating and preserving affordable housing from FY19 (\$13,626,000) within 3-5 years.

- 25% of FY21 Building Permit Revenue \$4,998,630
- FY21 Property Tax \$10,000,000
- Estimated FY21 CPA allocation \$12,256,000\*

**FY21 TOTAL \$27,254,630**

\*Assumes 80% CPA allocation for affordable housing

Through FY20, the City has appropriated more than \$219 million to invest in affordable housing initiatives. These funds have been used to preserve or create more than 3,075 affordable units to date. The City will also continue to commit resources to this effort through zoning tools to promote affordable housing, providing access to affordable rental housing, homeownership education, and counseling and financial assistance.

In FY21, the City will continue work with the City Council to examine using a percentage of potential new revenue sources related to local option taxes from short term rentals and adult use cannabis, and other mechanisms to create dedicated revenue for affordable housing such as through real estate transfer fees.

## FRESH POND APARTMENTS

In FY20, \$15,000,000 was appropriated to the Affordable Housing Trust to assist in preserving affordability of units at Fresh Pond Apartments at 362 and 364 Rindge Avenue. Under terms of the restrictions in place here, affordability of the 504 units was set to expire on December 31, 2020. As part of this successful effort, the Affordable Housing Trust will make available up to \$40 million to ensure the continued affordability of Fresh Pond Apartments. This commitment will include providing financing to the owner to reflect the value discount needed to continue affordability, and a rent reserve, which will be used to assist in transitioning some residents to a new affordable rent structure over the next ten years.



# KEY INITIATIVES

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## BUILDING AND PRESERVING AFFORDABLE HOUSING

- Concord Highlands/Finch Cambridge: completing construction and leasing of 98 new units of mixed-income affordable housing on Concord Avenue. Designed to meet Passive House standards, the highest energy-efficiency and sustainability standards, Finch is the largest new construction of affordable housing in Cambridge in 40 years.
- Frost Terrace: 40 new units of affordable rental housing will be completed in FY21 in Porter Square.
- Squirrelwood: 23 new affordable rental units will be completed in FY21 as part of an effort to recapitalize and preserve affordability of 65 affordable units between Linwood Court and Squirrel Brand Apartments.
- Rindge Commons: planning for the development of approximately 100 units of affordable housing in a two-phased mixed-use development in Alewife.
- Jefferson Park Federal Public Housing: working with the Cambridge Housing Authority to plan for the revitalization of this development to ensure it continues to provide needed affordable housing that will remain viable into the future.
- 2072 Massachusetts Avenue: planning for the redevelopment of this property as affordable housing near Porter Square.
- 884 Main Street: preliminary planning for the redevelopment of this property, which will be given to the City by MIT for creation of affordable housing.
- 52 New Street: preliminary planning for the redevelopment of this property as affordable housing, adjacent to Danehy Park.

## INCLUSIONARY HOUSING

More than 1,300 housing units have been completed or are now approved pending construction under the City's Inclusionary Housing provisions. More than 635 applicants have been housed in inclusionary rental units in the past 5 years. With more than 225 new inclusionary units now under construction, the City will continue to see new inclusionary housing becoming available throughout FY21.

## INCENTIVE ZONING NEXUS ZONING STUDY

In FY20, the City completed the Incentive Zoning Nexus Study which reevaluated the Incentive Zoning provisions and the nexus between new commercial development and projected affordable housing needs. The City will continue discussion of study recommendations in FY21.

## AFFORDABLE HOMEOWNERSHIP

The City oversees more than 500 affordable homes. Over 75 residents purchased their homes with assistance from the City in the last 5 years, and more than 200 residents have purchased a City-assisted affordable home in the last decade.

## EVALUATION OF RESIDENT EXPERIENCE IN INCLUSIONARY HOUSING IN CAMBRIDGE

In FY20, the City initiated a process to assess the experience of residents who live in inclusionary housing in Cambridge. This evaluation will commence in FY21 as the City works with a consultant, who will conduct a study to identify issues and/or biases faced by residents living in inclusionary housing and recommend how the City might improve the experience of residents living in inclusionary housing.

**COVID-19 Housing Stabilization Program**  
**Request for CPA Funds**  
**Use of Funds Summary**  
**June 10, 2020**

An allocation of \$1million is requested from CPA funds to establish the *COVID-19 Housing Stabilization Program*. If approved, these funds will be combined with other resources, including Community Development Block Grant (CDBG) funds, to provide short term financial assistance to individuals and families who are experiencing financial instability due to the COVID-19 crisis and as a result may be at risk of losing their home because they are unable to pay rent.

This program is the second phase of City efforts to dedicate resources to housing assistance in response to the COVID-19 crisis, continuing certain housing assistance supports allocated through the Mayor's Disaster Relief Fund, and will be administered jointly by the City Manager's Office through the Office of the Housing Liaison, the Department of Human Services Programs (DHSP) through the Multi-Service Center (MSC) and the Community Development Department's (CDD) Housing Division.

The program will subsidize households whose incomes are at or below 80% of Area Median Income (AMI) and whose rent is more than 40% of their income at the time of application, and reduce their housing costs to 40% of their current income.

Funds will be disbursed in the form of a two-month rental subsidy. Subject to funding availability, the program could be extended beyond two months, but will remain a temporary program responding to the COVID-19 crisis.

# CPA - Public Comment - Rental Assistance



Name	Address	Resident/Owner	Comments on Proposed Rental Assistance
1 James Williamson	Jackson Place, Cambridge		How can you possibly expect anyone to comment meaningfully on this when you don't tell us anywhere what it actually is?? You couldn't fo a link to a brief description?? I just don't get it.
2 Susan Hegel	60 Gore Street, Suite 203		<p>I support the City's use of CPA (and other) funds for a short term rental assistance. I did have some specific comments on the proposal which are listed below:</p> <ol style="list-style-type: none"> <li>1. Given the various eviction moratoria (federal, state, and local) currently in effect, tenants may not be "at risk of losing their homes" at this point in time, but still owe rent and will be at risk of losing their homes once the moratorium ends. It should be clear that, despite the current moratoria, those tenants are eligible for the assistance now.</li> <li>2. An income limit of 80% AMI seems reasonable. In determining income eligibility, the city should use the definition of income which is used for the federal Section 8 program (which I believe is what the CDD already uses for its inclusionary zoning program).</li> <li>3. In determining eligibility, rent plus utilities should exceed 40% of income (i.e. not just rent). The city can use the CHA's utility allowance for tenant-paid utilities in calculating the 40%</li> <li>4. The assistance should reduce the housing costs (rent plus utilities) to 30% of income (not 40%). In my experience, a shelter burden of more than 30% of (gross) income is often unaffordable and due to COVID-19, it is likely that households have other increased expenses at this time.</li> <li>5. The rental assistance should be for 3 months (including the current month if needed).</li> </ol> <p>Thank you. 3.</p>
3 Cathleen Higgins	345 Norfolk St, #3F	Resident	<p>As a 40+ year resident of Cambridge and a renter, I strongly support using CPA funds to provide emergency housing rental assistance to qualifying residents. During the COVID-19 pandemic and beyond people should not have to worry that their basic needs like food and shelter will not be met. A recent report entitled "Impact of the COVID-19 Pandemic on New England Homeowners and Renters" by Nicholas Chiumenti for the Federal Reserve Bank of Boston details the impact on both homeowners and renters, but concludes that the burden is greater on renters. "This report estimates that without any intervention, 11 percent of all homeowners and 33 percent of all renters in New England would be at risk of falling behind on their monthly housing payments." Although the intervention of the federal CARES Act assistance reduced these numbers, the report estimates that "...9 to 13 percent of renters and 2 to 3 percent of homeowners are likely still at risk of nonpayment." Without a vaccine, the economy will continue to be impacted by the need for public health safety measures to contain the virus. People who whose jobs or livelihoods are affected should receive the rental assistance they need so that they don't lose their homes. Knowing that such assistance is there for them will ease their anxieties about the months ahead.</p>
4 Elaine DeRosa	4 Pleasnt Place	Resident	<p>I am asking that you do not take one million dollars of Community Preservation Act (CPA) funding to cover rent for a temporary two-month period. This action would be a complete contradiction of the purpose of the CPA funds, which is to build permanent affordable housing for low-income individuals and families.</p> <p>This limited subsidy would only reward property owners who are charging some of the highest rents in the country and deprive non-profit developers with the precious resources that are needed to build permanent affordable housing in Cambridge, especially as the City Council is pursuing the implementation of the Affordable Housing Zoning Overlay.</p> <p>Cambridge has a long and proud history of its commitment to CPA funding and building affordable housing for low-income individuals and families. We should not waver from this history with an action that will set president for seeking future uses of CPA funding that does not result in permanent affordable housing. Cambridge should seek out other sources of funding to address this issue.</p>

Name	Address	Resident/Owner	Comments on Proposed Rental Assistance
5 Tina Alu	113 1/2 Pleasant Street	Resident	<p>As a Cambridge resident and as Director of CEOC, I am writing to oppose the allocation of \$1 million of CPA funding to establish the COVID-19 Housing Stabilization Program. Although I appreciate the City's desire to support individuals that may need additional financial supports to maintain their housing, the use of CPA funds for this purpose seems to run counter to the historical intent of utilizing these funds to support the creation and preservation of affordable housing.</p> <p>During this CPA committee meeting, the City Council is also meeting and will again be discussing and hopefully passing the Affordable Housing Overlay. If this zoning change does indeed pass, it will be even more critical to have every dollar of CPA funds available to devote to new opportunities that will arise to create additional affordable units. We saw this year how important it was to have the funds to utilize for the preservation of the Fresh Pond Apartments which will maintain the tenancy of over 500 individuals and families.</p> <p>In addition, if the funds from the COVID-19 Housing Stabilization Program are distributed in the same manner as the City's Disaster Funds were, then individuals and families who have subsidized housing will not be eligible. Although their rents were adjusted to maintain it at 30% of their reduced income, they are still struggling to pay these amounts with all the additional expenses that they are incurring during the pandemic. Using CPA funds in this manner would be supporting many people who I would imagine, if they are paying market rents, have more financial reserves than those in subsidized housing.</p> <p>When the question was asked about what would happen once the Disaster Fund was expended, City representatives said that there were many corporations that would be willing to donate to this effort. I would encourage the Committee to recommend that the City seek out funds from other sources and not utilize CPA funds for this purpose.</p> <p>Thank you for your efforts and attention to this matter.</p>
6 Kevin Wentworth	45 Pemberton St., Unit 2, Cambridge, MA	Resident	<p>I firmly agree with the City Manager on this item, utilizing this funding to assist our neighbors during this unprecedented pandemic is extremely important, and a way to ensure we even have a community worth preserving in the future. Thank you.</p>
7 Lee Farris	269 Norfolk St.	Resident	<p>I have reviewed the proposal and support it. I served for many years as a member of the Community Preservation Act Committee when the CPA was first passed.</p> <p>I think it will be effective at preventing homelessness in a cost-effective way. Residents will still pay 40% of their income for rent. I would encourage the city to work with recipients to obtain employment and/or other benefits so that they will be able to pay rent in the future.</p> <p>I also support the \$1 million ceiling on the expenditures.</p> <p>Thank you for your consideration.</p>