

**MEMORANDUM**

To: Cambridge Affordable Housing Trust
From: Cassie Arnaud, Senior Manager of Housing Development
Christine Yu, Associate Housing Planner
Date: February 26, 2026
Re: 28-30 Wendell Street – Construction Funding Request

Homeowner’s Rehab, Inc. (HRI) is requesting up to \$13,000,000 in Trust financing to assist with their plans to construct 95 affordable rental units at 28-30 Wendell Street in the Baldwin neighborhood. The Trust has already provided \$15,900,000 to acquire both sites and \$1,457,000 in predevelopment funds. This additional request would bring the total Trust funding for this project to \$30,357,000 (or approximately \$320,000 per unit).

BACKGROUND:

The development of 28-30 Wendell Street involves the new construction of an eight-story building, with six-stories at the two front corners, under the provisions of the Affordable Housing Overlay (AHO). The 30 Wendell Street site presently is a tennis court and was purchased in November 2023. The 28 Wendell Street site currently contains a former dormitory and a vacant residential building and was acquired in June 2024.

As discussed at the Trust’s February 2025 meeting, HRI plans to include a senior component at this development, whereby 40 of the units will be set aside for seniors and the remaining 55 units will be family-housing. Staff are also discussing with HRI the possibility of including up to four Permanent Supportive Housing (PSH) units within the senior component.

HRI’s plan for an intergenerational program will both help address a need for this type of housing and will also improve the financing plan as the inclusion of one-bedroom units for seniors would enable them to access a greater amount of tax credit equity through a twinned 4% and 9% transaction. This approach will also allow them to increase the number of project-based vouchers (PBVs) and will also lower the total development cost (TDC) per unit because of the significant number of one-bedroom units.

The total unit mix will include 44 one-bedrooms, 25 two-bedrooms, and 26 three-bedrooms units. All units will be restricted to households making at or below 80% Area

Median Income (AMI), with at least thirty-two units being more deeply affordable as they will be supported by PBVs.

The current anticipated affordability mix is as follows:

| Unit Mix | 1 BR | 2 BR | 3 BR | Total |
|-----------------|-------------|-------------|-------------|--------------|
| 30% AMI | 16 | 6 | 10 | 32 |
| 60% AMI | 26 | 11 | 9 | 46 |
| 80% AMI | 2 | 8 | 7 | 17 |
| Total | 44 | 25 | 26 | 95 |

The development plan includes a range of amenities, including common rooms, resident services office, a sunroom, a private residential courtyard, and an on-site property management office. The development plan also contains what HRI is referring to as a “Hub” space, which will be an additional community space on the first floor for community events and workshops that will be accessible to the 28-30 Wendell Street residents and residents of other HRI buildings in the neighborhood. HRI is proposing that the cost to build this space will be paid by non-housing sources and is carrying fundraising money in the budget. The building will be staffed with a community engagement coordinator, as well as a part-time resident service coordinator who specializes in assisting older adults. The project is expected to meet Passive House and Enterprise Green Communities standards.

PROPOSED BUDGET AND FUNDING REQUEST:

The total development cost (TDC) is currently estimated at \$94,605,025 (\$995,842 per unit; \$555,790 per bedroom). Hard costs, including a 5% contingency, are budgeted at \$491 per square foot. Soft costs are estimated at \$162,000 per unit. Included in the TDC is almost \$1.2 million, or \$12,415 per unit, in operating reserves, which reflects what has become a standard tax credit investor requirement of reserves equal to six months of operating expenses and debt service. Staff are interested in exploring whether there are alternatives to capitalizing this reserve upfront, including the possible idea of having the Trust 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.

In addition to the \$30,357,000 in Trust funding, the project will be funded with approximately \$14.7 million in permanent debt, \$20.5 million in federal 4% tax credit equity, \$8.7 million in federal 9% tax credit equity, \$10.7 million in state low-income housing tax credit, \$8.2 million in EOHLC soft funding, \$1.5 million in deferred developer fee, \$381,250 in energy rebates, and \$448,905 in fundraising for the Hub. While the building will be constructed as one project, HRI is financially structuring it as a twinned 9% and 4% tax credit transaction to maximize the amount of tax credits and to access a greater number of PBVs.

The following table provides a summary of HRI’s proposed development budget for 28-30 Wendell compared to other recent projects of roughly similar scale:

| PROJECT NAME: | 28-30 Wendell Street | 52 New Street | 4 Mellen / 1627 Mass | 49 6th Street | JP Federal - All Phases | 87-101 Blanchard |
|---------------------------|-----------------------------------------------|----------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------------|--------------------------------------------|
| <i>Budget Type + Date</i> | <i>Proposed Constr- February 2026</i> | <i>Construction - January 2024</i> | <i>Construction - June 2025</i> | <i>Construction - June 2025</i> | <i>Construction - August 2025</i> | <i>Draft Constr - January 2026</i> |
| Total Units | 95 | 106 | 29 | 46 | 278 | 110 |
| TDC/unit | 995,842 | 852,451 | 1,110,401 | 957,616 | 1,112,223 | 683,982 |
| TDC/unit w/o acq | 827,421 | 764,715 | 862,125 | 902,826 | 1,102,896 | 561,080 |
| CAHT/unit | 319,547 | 170,051 | 359,483 | 244,565 | 156,876 | 165,174 |
| Total Bedrooms | 172 | 212 | 55 | 91 | 666 | 110 |
| TDC/bedroom | 550,029 | 426,226 | 585,484 | 484,069 | 464,261 | 683,982 |
| CAHT/bedroom | 176,494 | 85,025 | 189,545 | 123,626 | 65,483 | 165,174 |

| | | | | | | |
|--------------------------|------------|------------|------------|------------|-------------|------------|
| USES: | | | | | | |
| Acquisition | 16,000,000 | 9,300,000 | 7,200,000 | 2,520,325 | 2,592,900 | 9,350,000 |
| Total Hard Costs | 54,487,085 | 56,819,783 | 16,749,173 | 30,189,496 | 246,634,528 | 44,794,596 |
| Total Soft Costs | 15,355,639 | 15,696,485 | 5,321,628 | 8,195,097 | 51,132,016 | 14,169,185 |
| Fee/OH + Reserves | 8,762,301 | 8,543,548 | 2,930,830 | 3,145,395 | 8,838,600 | 6,924,208 |
| TOTAL USES (TDC): | 94,605,025 | 90,359,816 | 32,201,631 | 44,050,313 | 309,198,044 | 75,237,989 |

| | | | | | | |
|--------------------------|------------|------------|------------|------------|-------------|------------|
| SOURCES: | | | | | | |
| City/CAHT | 30,357,000 | 18,025,390 | 10,425,000 | 11,250,000 | 43,611,615 | 18,169,120 |
| Debt | 14,690,000 | 15,417,500 | 4,970,000 | 6,646,012 | 79,533,000 | 6,150,000 |
| EOHLC/State Soft | 7,235,000 | 6,750,000 | 4,100,000 | 2,469,000 | 8,410,000 | 8,000,000 |
| Tax Credit Equity | 39,902,164 | 43,045,463 | 11,487,021 | 15,219,478 | 121,179,902 | 35,622,742 |
| Def Fee/Eq | 1,516,553 | 4,408,380 | 392,070 | 200,000 | 54,056,503 | 249,126 |
| Other Sources | 904,308 | 2,713,082 | 827,540 | 8,265,822 | 2,407,024 | 7,047,000 |
| TOTAL SOURCES: | 94,605,025 | 90,359,815 | 32,201,631 | 44,050,312 | 309,198,044 | 75,237,988 |

The table includes sources and uses information, as well as comparisons by unit and by bedroom to compare budgets of current developments with varying unit mix sizes. Staff have found it useful to look at costs per bedroom as we are now seeing some developments with many one-bedroom units which result in a larger range of costs per-unit. Reviewing costs per-bedroom is another helpful comparison. For instance, while the TDC per unit for B’nai B’rith’s senior development at 87-101 Blanchard Road is expected to be only \$683,982 per unit, lower than all of the other projects in the table, its TDC per bedroom is also \$683,982 (as all of the units are one-bedroom apartments for seniors) which is highest in the group. In the case of HRI’s 28-30 Wendell, the TDC/unit is in the middle of the group but when acquisition is removed, the Wendell TDC is among the

lowest at \$827,421 per unit. Unsurprisingly, on a per bedroom basis, the TDC at 28-30 Wendell where half of the development is one-bedroom senior housing, is higher (\$550,029 per bedroom) than the per bedroom costs of the family-housing developments in the group but lower than the per bedroom costs of the fully senior-housing development.

Staff will continue to work with HRI on refining these numbers as they move towards a construction closing, including seeking ways to further reduce costs and subsidy needs where possible.

NEXT STEPS:

HRI completed the AHO community process in March 2025 and the Planning Board Advisory Design Consultations in November 2025. They are applying to the Executive Office of Housing and Livable Communities for state funding in the Winter 2026 round. HRI is hoping to have all required financing secured in time to begin construction in Summer 2027 with initial occupancy in early 2029.

RECOMMENDATION:

Housing staff recommends that the Trust approve HRI's request for up to \$13,000,000 in new Trust permanent financing, as described in more detail above, to support the construction of 28-30 Wendell Street, and that the existing \$17,357,000 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 \$30,357,000.

In preparing this request and recommendation, Housing Staff reviewed CHA's request with Raffi Freeman, Susan Schlesinger, Alyson Stein, and Jim Stockard, who agreed with Staff's recommendation to bring this request to the Trust for discussion.

At or prior to loan closing, the funding should be made contingent on the following Trust terms and conditions including, but not limited to, the following:

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;
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 to project;
9. The Trust's review and consideration of Planning Board final AHO advisory design review report and any responses from HRI pursuant to the advisory design review;

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 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 \$30,357,000, subordinate only to private first mortgage 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 upon approval by 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 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; and,
- Project's as-built and operating budget; and,
- Provide data on the project's operating costs, upon request, in format acceptable to Housing Staff.