



CITY OF CAMBRIDGE

Community Development Department

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To: Affordable Housing Trust
From: Cassie Arnaud, Senior Manager for Housing Development
Janet Haines, Housing Development Planner
Date: March 28, 2024
Re: 87-101 Blanchard Road

B'nai B'rith Housing, a Boston-based non-profit housing developer, is requesting up to \$18,169,120 in Trust financing to assist with their plans to develop 110 units of affordable senior housing at 87 – 101 Blanchard Road in the Concord Highlands neighborhood.

Background on B'nai B'rith Housing

B'nai B'rith Housing (BBH) was founded in 2003 and specializes in the development and management of affordable, non-sectarian, senior housing in the Greater Boston area. While the Blanchard Road project would be BBH's first development in Cambridge, BBH is an experienced affordable housing provider with a strong history of affordable housing development in the Boston area. BBH's Board of Directors and Real Estate Council of Advisors currently includes representatives from Mass. Housing Partnership, Goulston & Storrs, Housing Partners, Winn Companies, Beacon Communities Development, Schochet Companies, JPND, Keith Construction, and Drucker Companies, among others. BBH was among the developers solicited to provide feedback for EOHLC (formerly DHCD)'s Senior Housing Design Guidelines that are a part of the State's Qualified Allocation Plan.

BBH has a total of 422 affordable rental housing units in their portfolio and another 63 in development. All but one of their five properties are senior housing. BBH's housing model for their senior housing is to provide "high quality supportive services that help residents age in-place and access additional help as needed to live actively, in dignity and with independence." Their resident service coordinators are trained social workers who deliver one-on-one case management, providing residents with referrals and linkages to community-based resources.

Proposed Blanchard Road Project

The proposed project is located at 87-101 Blanchard Road, on the corner of Blanchard Road and Normandy Ave. on the Belmont line, which currently consists of a strip of vacant two-story retail/office space and surface parking. It was offered for sale by the owners of the adjacent Blair Pond Estates, an 80-unit residential property. To accommodate the sale, the parcel was separated from Blair Pond Estates through the creation of a condominium entity. BBH purchased the Blanchard condominium in July 2023 for \$6,250,000.

BBH is proposing a six-story building stepping down to 4 stories with 110 one bedroom units of affordable rental housing for seniors with 5000 sq.ft. of community space. Amenities will include community space, fitness room, library, solarium, a dog washing room, and bike storage. Other amenities and site improvements include new landscaping and pathways, as well as a patio on the front of the building and a community roof deck and solarium on the 5th floor overlooking Blair Pond and surrounding green space. The existing parking lot is being redesigned to provide 30 dedicated parking spaces for the new building while the remaining 80 spaces will be reserved for residents living at the adjacent Blair Pond Estates.

All units will be restricted to 60% of average median income (AMI) under the Low-Income Housing Tax Credit program and BBH plans to offer 33 of those units to very low income residents at or below 30% AMI with state project-based Section 8 and MRVP vouchers.

BBH is planning for Blanchard Road to be affordable serviced-enriched senior housing and has included funds in their operating proforma to pay for these services. The plan assumes that there will be a full-time resident service coordinator who is a trained social worker and who will deliver one-on-one case management, assisting residents access benefits including health care, Medicare, Medicaid, connect with providers, stay current on eligibility, help with setting up appointments, and transportation. The resident service coordinator will also plan and implement social programming including concerts, movie nights, group fitness classes, money management and financial literacy training, intergenerational programming as well as field trips, gardening, and cooking classes.

BBH has also had conversations with several of the local social service agencies to investigate how they can work together. They anticipate collaborating with the Cambridge Council on Aging, Somerville-Cambridge Elder Services, the Cambridge Multi-Service Center, Paine Senior Services, Cambridge Housing Authority, and Cambridge Health Alliance to connect residents with needed services.

Demand for Senior Housing in Cambridge:

While the Trust has funded other affordable senior housing in the past, including the preservation of Cambridge Court Apartments and the acquisition and preservation of Putnam Square Apartments, this will be the first senior project the Trust has seen in several years and the first new construction senior project since Harvard Place many years ago. As a result, staff asked BBH to provide information on the existing demand for affordable senior housing in Cambridge.

They have shared data from the Metropolitan Area Planning Commission (MAPC) which shows that senior populations in Cambridge, which are defined as over 55, have increased in the last 10 years from 21% of the total city population to 25% or 28,461 seniors in the last 10 years. The data indicates that approximately 30% of those seniors are in the lowest income bracket representing approximately 8,500 seniors. MAPC is projecting that the senior population in Cambridge will increase to 35,467 by 2030 which, assuming the proportion of low income seniors remains at 30%, would result in 10,640 seniors in the lowest income bracket. BBH also shared information they had

collected regarding waiting lists for affordable senior housing and had conversations with local senior agencies who confirmed the need.

Staff has confirmed with the CHA that of the 1,124 CHA senior housing units there are 1,703 senior applicants on the waiting list, 540 of whom have a Cambridge preference. In CHA family housing, 411 senior Cambridge preference applicants compete with 1,157 non-senior for one bedroom units. Cambridge Court and Putnam Square Apartments have 350 distinct Cambridge applicants on their waitlists.

Proposed Development Budget

BBH estimates that the total development cost (TDC) for the project will be \$71,068,794 or \$646,080 per unit. In order to maximize tax credit equity, the TDC shows an increase of \$3,100,000 to the acquisition line item which will be fully offset by a subordinate seller note. BBH is also seeking to maximize available tax credit equity and EOHL funding by splitting the project into two projects, to be undertaken simultaneously. The “twinned phases” will allow them to apply for both 9% and 4% tax credits and potentially double the allowable amount of state funding and project-based vouchers. In addition to their request for \$18,169,120 in Trust funding (\$165,174 per unit), BBH anticipates that the project will be funded with \$33,161,874 in state and federal tax credits, \$11,000,000 in state, and approximately \$5,637,800 in hard debt. They anticipate submitting their state application later this year.

BBH is proceeding with the project under the Affordable Housing Overlay (AHO). They completed the AHO community process in December, and have begun the advisory design review at the Planning Board. Their first Planning design review was held in January. BBH is currently reviewing comments from that initial meeting in preparation for the second Planning Board meeting which has not yet been scheduled. They will be replace 50% of the existing retail with other non-residential space by locating a portion of their community space at the front of the building and opening up a number of their programs through the above mentioned agencies to other Cambridge residents which will comply with AHO requirements.

Recommendation

BBH’s 87-101 Blanchard Road development will create 110 much needed, high-quality housing units with expanded services for seniors in an area of the city where there is not currently a lot of affordable housing. This is a good location for new housing, within a mile of shopping, medical offices, a Social Security Administration office, as well as open space amenities including Fresh Pond Reservation, Fitchburg Cutoff Bike path and Clay Pit Pond Park within a 10 minute walk.

Staff note that while the City and Trust have traditionally prioritized its funding for the creation of family-sized housing, BBH’s proposed building design and the services and amenities which BBH will offer, will be designed specifically for low-income seniors, including essential resident support, differentiating them from other smaller affordable units being added to the stock.

Housing staff recommends that BBH’s request for up to \$18,169,120 in permanent financing be approved by the Trust subject to the following conditions. In preparing this request and

recommendation, we reviewed BBH's request with Susan Schlesinger, Alyson Stein, and Jim Stockard, who agreed with our recommendation to bring this request to the Trust with recommended approval.

The loan commitment shall be made subject to the Trust's standard terms and conditions including, but limited to, the following:

- CDD staff approval of the final development and operating budgets;
- Evidence of value sufficient to support acquisition, acceptable to Staff;
- Environmental assessment and/or remediation plan, acceptable to staff.
- CDD staff approval of construction plans and specifications;
- Submission of final construction bid and trade items from general contractor along with construction contract Borrower has entered into with contractor;
- Firm written commitments from all funding sources, sufficient to complete transaction, including a commitment of sufficient project-based vouchers to support operating budget;
- CDD 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 Trust's review and consideration of Planning Board final AHO advisory design review report;
 - Standard Trust terms and conditions, including:
 - All affordable units shall be subject to the City's affordable housing covenant to be signed at loan closing; the term of the Trust AHC shall be fifty (50) years or one year longer than the longest restriction on the property;
 - All units shall be restricted to households earning below 80% AMI, as defined in the affordable housing restriction;
 - The loan shall be secured as a second mortgage loan;
 - The loan shall have an interest rate of 3% compounding, or such other rate approved by Housing Staff;
 - Loan shall be subject to a penalty rate of 8% compounding; applicable upon violation of the affordability restriction;
 - 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 other terms acceptable to staff;
 - Loan shall be non-recourse;
 - Any reductions in project costs or increases in non-Trust funding sources shall be used to reduce the amount of the Trust commitment.