

CAMBRIDGE AFFORDABLE HOUSING TRUST
MEETING MINUTES
August 27, 2015

City Manager's Office, City Hall
795 Massachusetts Ave.

- Trustees Present: Richard Rossi, Chair; Florrie Darwin, Michael Haran, Cheryl-Ann Pizza-Zeoli, James Stockard; Bill Tibbs
- Trustees Absent: Peter Daly, Gwen Noyes, Susan Schlesinger
- Staff Present: Iram Farooq, Acting Assistant City Manager for Community Development; Chris Cotter, Housing Director; Cassie Arnaud, Housing Planner; Anna Dolmatch, Housing Planner; Linda Prosnitz, Housing Planner;
- Others Present: Lauren Curry, Elaine DeRosa, MD Jamal

The meeting was called to order at 4:08.

PROJECT UPDATE –

Briston Arms – Renovation will begin shortly. An event for the residents was held in July.

463 Cambridge Street - HRI is waiting to hear from DHCD on their application for rental funds.

Jefferson Park State Public Housing – Demolition is complete. Construction closing is expected in the fall.

Putnam Square/2 Mt Auburn – Rehab is complete. An event is scheduled for September 16.

131 Harvard Street/Port Landing – Construction continues on the fourth building. An groundbreaking event is scheduled for September 21.

Bishop Allen Apartments (aka Norstin) – The third building is under construction. A ribbon cutting event is scheduled for October 1.

Temple Place Apartments – Construction is ongoing with anticipated completion in the fall.

OLD BUSINESS - UPDATES

Meeting with Planning Board

Thanks was given to the Trust members for attendance at the meeting with the Planning Board on August 4 to discuss affordable housing issues and goals. The Planning Board was

very interested in understanding the Trust's priorities, and follow up meetings will be scheduled.

Incentive Zoning

The Incentive Zoning Petition was moved to a second reading at the summer City Council meeting. There were a number of questions that came up at the public hearings on the petition, including how the ordinance would apply to substantial building rehabs in addition to new construction. In addition, the Council suggested that the automatic \$1 per year increase to continue beyond the proposed three years until a new study is completed. Also discussed was whether a limit should be placed on funds used for middle-income households. Trust members expressed a desire to maintain flexibility in uses of funds to preserve the ability to use of the funds received under the revised ordinance to respond quickly to opportunities.

Staff will address these questions prior to the next City Council meeting on September 21. The petition could be moved forward for a vote at this meeting.

Upon a motion moved and seconded, it was voted to approve the minutes from the June 25 and July 23, 2015 meetings as submitted.

NEW BUSINESS

Private Building Issues / Opportunities to create Affordable Units

Staff has been asked to look at issues surrounding changes at two privately-owned market-rate buildings. Tenants at 295 Harvard Street had their leases non-renewed so that the building could be emptied to undergo an extensive renovation. Two buildings on Harding Street were recently sold and large rent increases implemented, resulting in significant hardships for some tenants.

The City Council passed an order requesting that the Affordable Housing Trust look at "getting involved" in these issues, including looking at purchasing these buildings. However, neither building is being offered for sale.

295 Harvard Street has been owned by the same family for approximately 50 years. They have emptied the building in order to do extensive rehab. Inclusionary zoning requirements are not triggered by the rehab. Staff will ask the consultant currently working on the Inclusionary Zoning study to look at the feasibility of requiring affordable units in certain rehab projects. It may be difficult to justify the creation of affordable units based solely on needed rehab.

At this time, staff have begun conversations with the owners' representative about the possibility of purchasing affordability for a group of units. This would require substantial subsidy funding to make up for the difference between market and affordable rent. In addition, CHA participation with project-based vouchers may also be necessary.

Staff are also looking at expanding on this concept to talk with Inclusionary developers and other owners of large market-rate buildings about purchasing affordability for additional units. Staff discussed the idea of issuing a Notice of Funding Availability (NOFA) to help

cast a wide net for ideas and proposals to create new affordable units by purchasing affordability in existing market units and/or through the Trust's investment in new development. Trust members thought this was a good idea and requested that staff further develop this idea.

This concept is currently being discussed for additional units that could be achieved at Mass + Main. Staff are still waiting for a proposal from the developer. However, initial indications are that the price will be very high to create additional affordable units there. The developer will be coming before the council for additional easements, and this issue may be discussed further at that time.

The Harding Street buildings are more challenging to assist. The new owner has a large mortgage with requirements for achieving very high rents. In addition, the units are reportedly not in good shape, and lack adequate systems. Trust members questioned whether these mortgage issues are genuine. Representatives of the new owner are talking with City staff however do not seem inclined to sell. In order to retain long-term tenants at lower rents, the owner was looking for funds to make up the difference in rent, however without an affordability restriction.

Trust members wondered what the Trust could do in these cases of smaller buildings where rents have traditionally been below-market, and when they sell the rents are increased dramatically. They questioned whether there it was possible to get involved with small buildings such as triple-deckers. Staff stated that they would talk to anyone who was considering selling, and would not exclude small properties from the affordability purchase program to be included in the upcoming NOFA.

Staff stated that in advance of the NOFA, the Trust should think about what parameters they would want to see for units receiving funding, including leverage of other funding sources, which would be less likely in smaller buildings.

The Trust also discussed publicizing the tax benefits of selling a property for affordable housing. Staff stated that they always inform potential sellers of the "bargain sale" tax benefits.

Increase in Funding for Inclusionary Zoning Study

Staff presented a request for a \$5,000 increase in funding for the Inclusionary Zoning study currently underway. The consultants are currently working with staff on the recommendations for the study. CDD has requested that the consultant look at an expanded set of development prototypes, and a range of new scenarios including lower thresholds to trigger Inclusionary requirements and different ranges of developer returns.

These additional prototypes and scenarios are beyond the original study scope for which the consultant was hired. However, staff feel that the expansion of the scope is important for creating the best possible study.

The Trust approved \$80,000 in December 2014 for the completion of the study. The current contract with DRA is for \$75,250.00. The increase in Trust funding to \$85,000 will allow the increased study scope to move forward with some funds available for supplemental services such as an economic research consultant if necessary.

Upon a motion and seconded, it was

VOTED: To approve an additional \$5,000 for the completion of the Inclusionary Zoning study.

Funding for Staff Positions

Staff presented a request for \$130,000 in Trust funding to create an additional staff position and an intern focused on housing development. As the Trust has discussed, the expansion of the housing program, particularly the Inclusionary Rental program, has required that significant staff time be redirected from development to program management. CDD would like to have improve its capacity to assist affordable housing developers in finding opportunities to create more housing, and responding quickly when those opportunities arise.

The Housing Division has historically had a staff of ten. A new position was added in June 2015 for the first time in more than 15 years. However, the growth of the housing programs has increased greatly in that time. There are now more than 850 Inclusionary rental units created or under construction, and the rental program housed more than 120 households in the past year. In addition, staff are responsible for annual recertifications and working with property managers at more than 35 different sites.

The homeownership program has also expanded. Between 15-20 units turnover through the resale process each year, and there is extensive work to maintain the stock on turnover and work with unit owners.

As the demands of these programs increase, certain senior planner positions have had to shift to more program oversight, planning and administrative roles. This shift was less of an issue when it was easier to bring new sites into the development pipeline and housing preservation was the primary focus. However, this will become more of an issue as we focus efforts on expanding the affordable housing stock.

Rich Rossi stated that given the anticipated increase in revenue from Incentive Zoning payments, funding these positions will in no way impact the Trust's ability to fund new project. He stated that there will be more staff, but there is more to do, and the burden on the division is huge.

Staff stated that there are several large Incentive payments recently received from Carpenter & Company and EF, and these funds are a more flexible source for uses such as this. Bill Tibbs stated that he was in support of the request, but would be interested in seeing a graphic representation of the changes in the housing programs over time as backup for the new position. Trust members agreed to vote on the request now and receive the data at a later date. The data update will be a meeting agenda item for a future Trust meeting.

Upon a motion and seconded, it was

VOTED: To approve up to \$130,000 to fund a full-time housing planner and a part-time intern to help respond to new housing opportunities, work with developers to identify new opportunities, and to help research, develop and implement other housing production strategies.

OTHER BUSINESS

Cheryl-Ann Pizza-Zeoli asked for an update on the Inclusionary Rental Program policies and procedures manual. Chris Cotter responded that the document continues to evolve as administrative practices are reviewed and improved. He stated that this is an example of an item that will benefit from increased attention when staff capacity is increased.

Ms. Pizza-Zeoli clarified that she was especially interested in the definition of emergency need for preference for Rental Program units as it related to tenants being displaced in cases like the Harding Street buildings.

Chris Cotter stated that the emergency need preferences were part of a larger discussion of the preference system that is ongoing. In addition to the Trust, the Housing Committee of the City Council has previously looked at this issue and may take it up again. As previously discussed, there are advantages and disadvantages to changes.

One of the options is to create “prevailing” preferences for emergency need that jumps those households to the top, regardless of their actual preference points. Jim Stockard stated that the question of what an emergency is can be difficult. Chris Cotter stated that the CHA is currently broadening their definition of emergency to include cases that are covered under the City’s emergency preference. He stated that a fuller discussion of the current system and ideas for changes can be an agenda item for a future meeting.

Staff provided an update on the Community Preservation Act (CPA) process. The meeting for the public to make recommendations on the split will be held on September 15, and the council will vote on the CPA Committee’s recommendations at the Council Meeting on September 21.

City staff met with DHCD to discuss the changes to the 40T regulations that governs the requirements for notification upon offering expiring-use affordable housing properties for sale and the minimum required term of affordability extensions for sales that are exempted from 40T. DHCD is reviewing these regulations and may make changes. Staff discussed Cambridge experiences with 40T and how it has been most successful and can best remain the important tool it has become in preserving affordable units.

The Trust was informed that marketing has begun for the middle-income rental units at the Alexandria building at 270 Third Street. In addition to the regular Inclusionary Zoning units for low- and moderate-income households, there are 15 units for households earning between 80% and 120% AMI. The flyers and applications were made available today.

Secretary of Housing and Urban Development Castro visited HRI’s project at 625 Putnam on August 14.

The meeting adjourned at 4:57 pm. The next meeting is scheduled for Thursday, September 24 at 4 p.m.

OTHER MATERIALS

- Meeting Minutes from the Trust’s June 25 and July 23, 2015 meetings
- Project Update