

CAMBRIDGE AFFORDABLE HOUSING TRUST
MEETING MINUTES
August 25, 2022 at 4:00 p.m.

Conducted virtually via Zoom

Trustees Present via Zoom: Owen O’Riordan, Acting Chair; Peter Daly, Elaine DeRosa, Gwen Noyes, Susan Schlesinger, Jim Stockard, Elaine Thorne

Trustees Absent: Florrie Darwin, Bill Tibbs

Staff Present via Zoom: Iram Farooq, Assistant City Manager for Community Development; Cassie Arnaud, Senior Housing Planner; Anna Dolmatch, Homeownership Program Manager; Janet Haines, Housing Planner; Emily Salomon, Associate Housing Planner

Others Present via Zoom: None

Cassie Arnaud called the meeting to order at 4:05 p.m. Ms. Arnaud explained that this meeting of the Affordable Housing Trust would be held virtually pursuant to the temporary emergency orders currently in place, that all votes would be taken by roll call, and that there would be no public comment. She then coordinated to confirm that each participant was audible to each of the other Trust members.

MEETING MINUTES

Upon a motion moved and seconded, by roll call of seven in favor and two absent (Ms. Darwin, Mr. Tibbs) to approve the minutes for the meeting of Thursday, August 4, 2022.

UPDATE FROM CDD

HomeBridge: Seven buyers have active commitments, one home closed last month, and three homes are under agreement.

Homeownership Resale Program: Two units are under agreement. Staff are waiting for offers of another unit that has recently been marketed.

2072 Mass Ave.: The Capstone/Hope team withdrew their request for a comprehensive permit at the September 2021 BZA hearing but remain committed to creating affordable housing at this site. The developers are assessing their next steps and options.

Park View Cooperative: Staff are working with Cooperative residents in preparing to close on the loan commitment.

Fresh Pond Apartments: Staff are in the final phase of implementing the preservation of Fresh Pond Apartments. The Cambridge Housing Authority will be sending out information to residents about creating new project-based voucher units, which may lower rents for some eligible households.

Rindge Commons Phase 1: JAS has closed on construction financing and construction of Phase 1 has begun, which will include 24 new rental units, JAS program space and space for City-sponsored pre-kindergarten classrooms.

Broadway Park: JAS has had several community meetings to review its development proposal and is assessing financing and permitting options for this development.

35 Harvey Street: HRI is preparing to renovate this property from SROs to studio apartments. DHCD funding award was announced in July, and HRI is in the process of assembling the remaining financing needed with a goal of beginning construction later this year.

1627 Mass Ave.: HRI purchased this property from Lesley University to create affordable housing. In September, they will host their first meeting to formally introduce project as an overlay proposal. HRI attended the Baldwin Neighborhood Council's June meeting where they introduced themselves and provided an initial overview of anticipated next steps for the site.

35 Cherry St.: In March 2022, the City Council approved the disposition of this property to the Trust to initiate the creation of affordable homeownership housing. The City will begin the process of selecting an affordable housing developer in the coming months through an RFP process. The City will share the RFP with the Trust at an upcoming meeting prior to the selection process.

AFFORDABLE HOUSING OVERLAY (AHO) UPDATES

52 New St: The Affordable Housing Overlay process is complete. JAS completed its second advisory design consultation with the Planning Board in January 2021. The Planning Board issued the final Planning Board advisory design review report. DHCD awarded funding for this project in July, and JAS is assembling the final pieces of funding needed to begin construction.

Jefferson Park Federal. The Affordable Housing Overlay process is complete. The Cambridge Housing Authority completed its second advisory design consultation with the Planning Board in February. The Planning Board issued the final Planning Board advisory design review report. The Affordable Housing Overlay process for this project is now complete and the CHA is now in the process of securing remaining funding needed to begin construction.

116 Norfolk Street: The Cambridge Housing Authority is proposing to renovate and expand its existing property at 116 Norfolk Street under the Affordable Housing Overlay. The CHA hosted the first community meeting in February and a second meeting in April. CHA had its first advisory design review with the Planning Board in early July. A request for Trust funding was discussed in more detail at the last Trust meeting.

Walden Square II: Winn Development is proposing a new infill AHO project on a portion of their existing Walden Square Apartments site. They held three AHO community meetings and had been scheduled to present their plans to the Planning Board in late 2021 but requested a delay to allow them time to revise their design. The developers held a community AHO meeting in March to present their revised plan to the public and will restart the advisory design review process at the Planning Board. A request for Trust funding is anticipated in the coming months.

49 6th Street/Sacred Heart conversion: POAH & Urban Spaces are proposing the adaptive re-use of a portion of the Sacred Heart property into 46 units of affordable rental housing. They held two AHO community meetings in 2021; the first AHO advisory design consultation by the Planning Board was held on April 5, 2022, the second was June 28, 2022. The Affordable Housing Overlay process is complete. The Planning Board issued the final Planning Board advisory design review report. A request for Trust funding is anticipated in the early fall.

Inclusionary Housing: Staff are working with homebuyers to complete purchase of new inclusionary homeownership units at St. James Place and Inman Crossing.

Tenant selection at 165 Main Street is moving forward. There are 63 affordable units at this property, with 9 of the units designated for middle-income residents.

OTHER UPDATES

Community Preservation Act (CPA)

The Community Preservation Act (CPA) process for FY23 is nearing completion. There were two recent hearings about this, including one in late July to hear public comments on the FY23 CPA allocations. The Committee meeting will meet on September 6th to make its final recommendations for FY23 funding allocations to the City Manager.

City Budget

The FY23 City budget has been adopted and was approved with \$22.9 million for the Trust. With the expected CPA funds, the combined total will be \$38 million. This is nearly triple the amount in FY2019.

Incentive Zoning

A Petition to amend the Incentive Zoning contribution to \$33.34 dollars had a hearing at the Planning Board in late June and the Ordinance Committee in late July. Both bodies will continue to discuss this amendment and CDD staff are responding to committee members' questions. One raised concern is how to mitigate impacts of the contribution on small developments. The Ordinance Committee has asked how different approaches to the system might work, such as setting a higher rate for larger developments, or implementing a marginal rate which might only be applied to GFA over 30,000 square feet. The next Ordinance Committee meeting is on September 7th and Planning Board meeting is on September 13th, where discussions of the proposed increase in the contribution rate will continue.

Staff have provided the City Council with projections that estimate the Incentive Zoning contribution will generate \$65m in the next four years. Staff will share those projections with Trust. Trust members expressed interest in reviewing an analysis on how revenues would be impacted with different Incentive Zoning models based on discussion for potential changes.

The City has now received more than \$45 million since the 2015 incentive zoning amendments were adopted. The Trust would like to know how the funding generated through Incentive Zoning compares to other affordable housing investments in Cambridge.

Homeownership Program

The Housing Division Homeownership Team is continuing engagement with owners of affordable, deed-restricted homes around their experiences to help with consideration of program policy changes, including the resale formula. Staff have completed a survey for owners to share their experience and thoughts about the program. Staff will also hold a series of listening sessions with residents in the fall.

NEW BUSINESS

Affordable Housing Overlay Annual Report

Per the requirements of the Zoning Ordinance, the City has completed its first Annual Report of the Affordable Housing Overlay (AHO), which provides a summary of affordable housing development activity under the AHO. The report was provided to the City Council at their August meeting, and was referred to the City Council's Housing Committee for further review and discussion.

Staff asked for Trust feedback on the report in advance of the anticipated Housing Committee meeting. One Trust member said that the report confirms what they already know: that more affordable units are being built in the City because the Affordable Housing Overlay passed.

Trust members suggested that the report also raises questions about the AHO and policy changes that might be needed going forward. For example, are the allowable AHO densities appropriate? Is the AHO facilitating affordable housing development in city neighborhood areas that are predominantly white and upper-income? Are there changes that can make the AHO process more predictable and streamlined?

Trust members requested a map to display AHO developments by neighborhood as a tool to present the information to the Housing Committee. They suggested that it would be helpful to break down the costs of housing development and to explain that density can help with costs. Another Trust member shared observations about the AHO process, and how it would be good to look at how the review process has worked and whether there might be ways it could be optimized to allow for new developments to move through it most efficiently and cost effectively.

There was discussion about how sites are identified for new development, as well as whether the AHO has increased interest in smaller neighborhood sites across the city. Staff explained that a mix of methods are used to identify potential sites including property owners and brokers reaching out to affordable developers and/or City staff directly, as well as outreach by developers to owners of sites. It was noted that small sites present challenges in terms of overall acquisition cost as well as limitations on funding sources beyond the Trust. Typically, the Trust expects its funds to leverage additional state and federal funding in order to make a project financially feasible. However, small rental projects will not be eligible for tax credits or competitive for soft funding from the state, and no state sources currently exist to subsidize affordable homeownership in neighborhoods which do not meet MassHousing criteria. It was also noted that small projects are not the most cost-effective types of properties to develop and operate from the housing provider perspective given the lack of economies of scale.

Several Trust members noted that it may be time to discuss approaching small neighborhood sites differently, possibly as a pilot program with different expectations around funding and project costs. One Trust member agreed, noting that the recent acquisition of 1627 Mass Avenue is an illustration of a tradeoff that was made to spend greater funds to acquire an available site because of the location, where it has traditionally been hardest to create new affordable housing.

Trust members decided to continue the conversation at future meetings.

ADJOURNMENT

Upon a motion moved, seconded and approved by a roll call of seven in favor with 2 absent (Ms. Darwin and Mr. Tibbs) to adjourn the meeting.

The meeting adjourned at 4:56 p.m.

The next meeting is scheduled for Sept. 22, 2022 at 4:00 p.m.

Meeting Materials:

- Agenda
- Meeting Minutes from the Trust's August 5, 2022 meeting
- Project update: Status of Active Commitments
- Community Development Department Memo, August 25, 2022:
 - Affordable Housing Overlay Annual Report Community Development Department Memo, August 1, 2022:
 - Affordable Housing Overlay Annual Report