



City of Cambridge

To: Robert W. Healy, City Manager

From: Affordable Housing Trust

Subject: Development of Land Bank Program

Date: May 8, 1990

Increasing the supply of housing, particularly affordable housing, is a vital piece of the City's housing policy. The City was able, during the period of 1970 to 1980, to support the development of significant portions of the affordable housing stock. More than 3,000 subsidized units were built which included both family sized units as well as units for the elderly. Examples of projects built during the 70's include 808 Memorial Drive, L.B.J. Apartments, Millers River and Rindge Towers.

A number of factors made this level of production possible including an array of predictable federal subsidies to support new construction, the City's support of increasing densities and, in some cases, subsidized land cost.

Today, there are no significant Federal subsidies to assist in new construction. Existing State programs, like SHARP, which has supported the development of 119 low and moderate income rental units in Cambridge, have also been cut. Significant increases in densities, which allow land costs to be spread over a large number of units, therefore reducing the cost of land per unit, are not realistic. However, unless, the problems of the cost related to new construction, particularly land costs, can be addressed, the City will not see production of units at any scale.

There are a number of ways the City may be able to make land available at low cost. The first and most immediate way the City can support new construction of affordable units is to make City-owned parcels available at no costs to non-profit housing developers. This effectively reduces the cost of the unit by \$15,000 - \$30,000 depending on the location and size of the parcel. The developer then must assemble the subsidy necessary to fill the gap between what a low/moderate household can afford and the cost of construction plus related development costs. This gap could be as much as \$45,000 per unit without land costs.

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In the past the City has sold, for nominal amounts, parcels to non-profit developers. Two examples of the type of housing that was built on City-owned sites are the five-unit townhouse development on Hayes Magee Street and the eight-unit development on Cherry Street. Both these projects are designed to fit into scale of the existing neighborhood, provide homeownership opportunity for moderate income families and include limited equity provisions which will ensure ongoing affordability. In many of the smaller City-owned parcels, this is the type of development that can be anticipated.

The City can also act now to ensure that opportunities in the future to make available land at low costs for affordable housing are not missed. Procedures that ensure speedy tax title proceedings in cases where properties might be suitable for low and moderate income housing must be developed. The tax title list needs to be reviewed and criteria established for when to begin the taking process (ie. amount of liens, length of time taxes, etc. not paid, size, location of parcel.)

In addition, in the future, if and when the City acquires land or buildings or, if City owned property currently in use becomes surplus, a review process should be established to evaluate the use of any sites for housing.

Finally, the Land Bank Program can also be a vehicle for private individuals, churches, and institutions to donate land or buildings and be assured that the property will be used for affordable housing.

The Trust is currently developing a list of City-owned properties which are potential housing sites and meet the following criteria:

1. Vacant lots over 3000 sq. ft.
2. Buildings not presently used for the purpose they were originally designated
3. Properties which are underutilized
4. Sites where amenities necessary to support residential uses exist, i.e., closeness to transportation, schools, shopping areas, etc.

The Trust is recommending that City Council convey these City-owned lots to the Trust. The Trust will hold these parcels in a Land Bank until appropriate proposals and financing sources are identified for each site. Establishing a Land Bank Program was one of the Trust's original purposes, and its By-laws and

organizational form are designed to allow the Trust to fulfill this role. By conveying this group of parcels to the Trust, the Council is making a clear commitment that, over a period of time, affordable housing units will be built in a number of different neighborhoods throughout the City.

Prior to presenting specific sites to the Council, there are technical issues which need to be resolved. The issues include:

1. Review of how the City originally acquired land and determination of disposition process for each parcel.
2. Survey of parcels currently part of larger sites.
3. Legal descriptions for each site either developed or assembled.
4. Legal review of any liability issues involved in Trust owning land and/or buildings.
5. Declaration of surplus by relevant City Board or Departments.
6. Drafting of all orders, votes necessary to dispose of parcels.

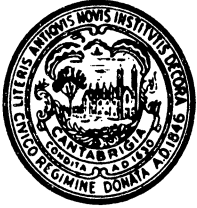
The resolution of these issues could take up to six months.

The Trust has previously established procedures and eligibility criteria for the distribution of funds. These criteria can also be used to guide the Trust in selection of developers for City owned parcels. Development proposals will be solicited from Cambridge-based non-profits. The criteria for project review and selection include priority for projects which create the largest number of affordable units, ensure affordability for the longest period of time, include family sized units, make units available for lower income households, and leverage significant additional funds. The Trust's disposition process will ensure input from the neighborhoods where the sites are located, particularly about issues of design and densities.

The disposition of a package of properties will allow the creation of a significant number of affordable units for Cambridge families. These units will be scattered throughout the City and be designed to fit in the scale of surrounding neighborhoods. Their affordability will be ensured for the longest period of time possible. The conveyance of the parcels is an important piece of the overall City effort to deal with the growing housing needs of Cambridge residents.

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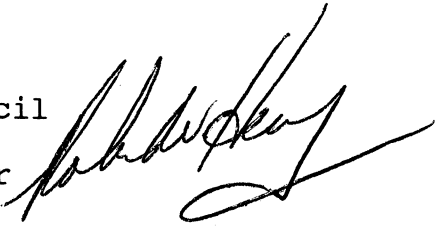


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EXECUTIVE DEPARTMENT
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To: The Honorable, The City Council
From: Robert W. Healy, City Manager 
Subject: Council Order #23,
Creation of Affordable Housing Land Bank
Date: May 8, 1990

Attached please find a proposal from the Affordable Housing Trust recommending the development of a Land Bank Program. A Land Bank is an entity which can hold property both City owned and privately donated, until proposals for affordable housing on specific sites are developed. The establishment of this type of program was an original mandate of the Trust as well as an important piece of the City's affordable housing effort.

Agenda # 6 S-507

Regarding the creation of an Affordable
Housing Land Bank.

In City Council,

May 14, 1990

*Referred to the Housing &
Community Development
Committee.*

*Copy sent to Housing &
Community Development
Committee 5/15/90 *de**