



City of Cambridge

Committee Report #7

IN CITY COUNCIL

December 4, 2000

COUNCILLOR BRAUDE

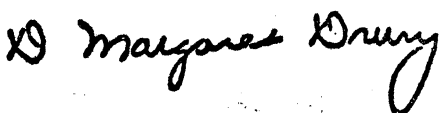
ORDERED: That the Housing Committee hold a public hearing on the Community Preservation Act.

In City Council December 4, 2000.

Adopted by the affirmative vote of nine members.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:- 

D. Margaret Drury
City Clerk

City of Cambridge

HOUSING COMMITTEE MEMBERS

*Councillor Jim Braude, Chair
Councillor Kathleen L. Born
Councillor Henrietta Davis
Councillor Marjorie C. Decker
Vice Mayor David P. Maher*

In City Council December 4, 2000

The Housing Committee held a public hearing on October 12, 2000, beginning at 4:15 P.M. in the Ackermann Room for the purpose of meeting with the Affordable Housing Trust (AHT) to receive an update on the work of the trust and the state of affordable housing in Cambridge.

Present at the hearing were Jim Braude, Chair of the Committee, Vice Mayor David P. Maher, Councillor Kathleen L. Born, Councillor Henrietta Davis, Councillor Marjorie C. Decker, Councillor Michael A. Sullivan and City Clerk D. Margaret Drury. Present from the AHT were City Manager Robert W. Healy, Managing Trustee of the AHT, Gwen Noyes, Kathy Spiegelman, Peter Daly, Michael Haran, Jim Stockard, Susan Schlesinger and Florrie Darwin. Also present were Beth Rubenstein, Assistant City Manager for Community Development (CDD), and Darcy Jameson, Housing Director, Housing Director of CDD.

Councillor Braude convened the hearing and thanked the members of the AHT for meeting with the Housing Committee. He made brief introductory comments and recognized Mr. Healy to begin the AHT presentation.

Mr. Healy distributed a copy of a new report from the Trust in booklet form (on file at the City Clerk's Office, summary pages included this report as **Attachment A**). He gave an overview of the work of the Trust (See **Attachments A and B**).

Beth Rubenstein, Assistant City Council for Community Development, emphasized the flexibility of the AHT funds and the importance of this flexibility to the work of the Trust. She then introduced Darcy Jameson who distributed and reviewed a CDD report "Developing Affordable Housing." Also distributed was a flyer for the newly developed expanded income eligibility Cambridge Home Buyer Program, using Harvard funding under its new affordable housing initiative (**Attachment C**).

James Stockard stated that in his work as a housing consultant, he has had the opportunity to become aware of the affordable housing programs in many other cities. Cambridge does more than any other city that he is aware of, but Cambridge also has the worst problem: Cambridge has the high demand and production costs of New York City, San Francisco and Honolulu, and those cities all have more land. He then outlined the elements of a successful affordable housing program which exist in Cambridge:

- Consistent principled leadership;
- Regular contribution of property tax dollars for affordable housing;
- Three strong community development corporations (CDCs) from which the City demands excellence, and which the City leaves alone to achieve that excellence without undue meddling;
- The membership of the AHT, which pulls together community stakeholders and housing practitioners committed to affordable housing;
- Flexibility – the ability to adjust to changing conditions of the environment.

Mr. Stockard concluded his presentation by noting what is needed to provide more affordable housing – more land and more money.

Susan Schlesinger then made a presentation on the future of affordable housing. She began by pointing out that, although Senator Kerry has filed legislation for a national affordable housing trust, affordable housing is still not a big federal priority. She added that the state is not much better. There is an affordable housing crisis all across the state and yet the state spending on affordable housing has gone down from 3% to 1% of the budget.

Ms. Schlesinger stated that the most important recent development for affordable housing is the recently enacted Community Preservation Act (CPA). See attached summary, Attachment D. The act allows a 3% surcharge on property taxes for 3 years, of which at least 10% must be spent on affordable housing, 10% on open space and recreation and 10% on historic preservation. The first step is acceptance of the act by the City Council. The CPA is then submitted to voters at the next regular election as a ballot question. If the voters approve acceptance of the CPA, the City Council appoints a Community Preservation Committee holds public hearings, consults local boards and makes specific recommendations on CPA projects. After receiving these recommendations, the City Council authorizes CPA funding.

Ms. Schlesinger noted that the Planning Board's proposed Citywide Rezoning contains opportunities for increasing the overall supply of housing, which would supplement affordable housing through the inclusionary zoning requirements. She also emphasized the importance of requiring and providing incentives for the universities to house their own students, even though this will mean allowing more density. Ms. Schlesinger concluded by emphasizing the importance of strong support by the City Council for affordable housing. Affordable housing projects will always face opposition by neighbors claiming the project is too dense or the neighborhood has already "done its share." If affordable housing is the City Council's number one goal, then to achieve that goal, the members of the Council must be strong and united in their support.

Councillor Braude then invited questions and discussion, in which the following information was elicited.

- ◆ The AHT currently has \$850,000 remaining from its \$4.5 million FY2001 allocation. Mr. Healy stated that the City will not pass up an opportunity for a viable project just because the FY4001 funds have already been earmarked.
- ◆ The same amount of AHT funds buy 20% less than they did when the AHT began.
- ◆ All units of housing which have been funded by the AHT have deed restrictions which give the City the first option to purchase.
- ◆ By the special act establishing the AHT, it is a nine-member board appointed by the City Manager and chaired by the City Manager

Trust members had the following suggestions for the committee:

- ◆ Mr. Stockard urged the members of the committee to evaluate the trust not by whether its members are tenants, but rather by what the AHT produces for tenants.
- ◆ In response to a question as to how the City Council could use zoning to increase affordable housing, Mr. Stockard said that upzoning Massachusetts Avenue and the major squares is one way to increase affordable housing. Ms. Schlesinger suggested eliminating the special permit requirement for putting multifamily housing in residential zones.
- ◆ Ms. Rono noted that while allowing more time and more requests for information from neighbors whose real agenda is a “NIMBY” agenda may seem relatively harmless, affordable housing projects often have complicated and tenuous funding schemes that can be destroyed by delay.

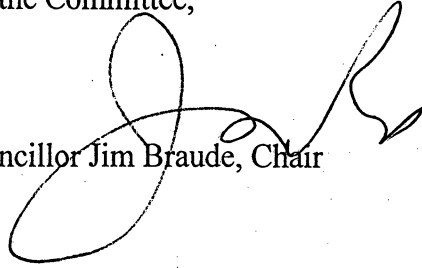
Councillor Braude thanked the members of the Affordable Housing Trust and all those present for their participation. Several members of the committee expressed a desire to have regular meetings with the members of the trust. The Committee also urged the AHT to take an active advisory role with respect to the City Council’s policy-making functions in the area of affordable housing.

Councillor Braude moved that the Housing Committee hold a public hearing on the Community Preservation Act. The motion passed without objection on a voice vote. He said that he believed that gaining community support for the Community Preservation Act would not only produce needed dollars, but also force a public debate that could clarify and strengthen the city's real commitment to affordable housing.

The meeting was adjourned at 5:53 p.m.

For the Committee,

Councillor Jim Braude, Chair

A handwritten signature in black ink, appearing to read 'Jim Braude', written over the printed name 'Councillor Jim Braude, Chair'.

ABOUT THE TRUST

The Cambridge Affordable Housing Trust was established in 1988 to help provide a solution to the City's affordable housing crisis. The nine-member Trust provides loan funding to help non-profit housing organizations and the Cambridge Housing Authority (CHA) build new affordable housing units, and finance the acquisition and substantial renovation of distressed properties.

The Declaration of Trust, adopted by the Trust Board in 1989, includes the following criteria for the Trust's evaluation of projects:

- Creation of long-term affordability
- Maximization of the number of low-income units and family-size units (two or more bedrooms)
- Utilization of Trust Fund money to leverage other funds
- Minimization of negative impacts on surrounding neighborhoods and displacement of existing tenants

In July 1995, the City of Cambridge began the CITYHOME Initiative, allocating \$2 million to the Affordable Housing Trust. The goal of the Initiative is to preserve and increase affordable rental and

homeownership opportunities for low and moderate-income Cambridge residents. The CITYHOME Initiative is the City's primary response to the major changes occurring in the Cambridge housing market, including the termination of rent control, changes in federal housing program policy, and escalating land and development costs.

CITYHOME is comprised of four programs. These include non-profit or CHA acquisition of multifamily properties, financial assistance for low and moderate-income buyers, the preservation of expiring use properties, and incentives for private owners to provide affordable housing through a rehab loan program.

Cambridge is one of only a few cities nationwide that spends significant local funds on affordable housing. Since 1995, the City has contributed over \$24.5 million to its CITYHOME program, and from the inception of the Affordable Housing Trust, more than 1,300 affordable* units have been created or preserved, including completed projects as well as those currently under development.

DEMOGRAPHICS OF FIRST-TIME HOMEBUYER HOUSEHOLDS SERVED BY THE TRUST

62% are households with children

30% are single-parent households

32% are two-parent households

28% are single-person households

34% have annual incomes below \$33,000

23% have annual incomes between \$33,000 and \$39,000

43% have annual incomes between \$39,000 and \$50,000

24% households are African-American

54% households are Caucasian

9% households are Hispanic

13% households are Asian

DEMOGRAPHICS OF RENTER HOUSEHOLDS SERVED BY THE TRUST

45% are households with children

33% are single-parent households

12% are two-parent households

42% are single-person households

6% are elderly households

60% have annual incomes below \$33,000

20% have annual incomes between \$33,000 and \$39,000

20% have annual incomes between \$39,000 and \$50,000

49% households are African-American

34% households are Caucasian

12% households are Hispanic

5% households are Asian

CITYHOME INITIATIVES

City funding, combined with federal Community Development Block Grant (CDBG) and HOME funds, has provided critical financing for the development of 1,022 completed units from 1989-1999. An additional 357 units are currently under development.

NON-PROFIT ACQUISITION AND DEVELOPMENT OF MULTIFAMILY PROPERTIES

With financial support from the Trust, the City's non-profit and public housing agencies have acquired formerly rent-controlled properties for long-term affordable housing use, and taken advantage of rare opportunities for new development.

HOMEBUYER INITIATIVE

This homeownership program provides financial and technical assistance to first-time homebuyers purchasing a condominium, townhouse, single family, or multifamily home in Cambridge. First-time homebuyer classes are conducted each month.

PRESERVATION OF EXPIRING USE RESTRICTION PROPERTIES

Cambridge has devoted significant resources to preserving federally-assisted rental housing that is in danger of being converted to market-rate housing. The City has provided both technical and financial assistance to tenants and owners of these properties. The City's efforts have succeeded in preserving the long-term affordability of four properties with over 1,000 affordable units.

AFFORDABLE HOUSING REHAB LOAN PROGRAM

Working with our non-profit partner, Cambridge Neighborhood Apartment Housing Services, Inc. (CNAHS), this program provides low-interest rehabilitation financing to private owners of multifamily properties in return for a set-aside of units for low and moderate-income tenants.

*Affordable means that the tenant or homebuyer pays no more than 30% of their income for housing costs, and that the tenant or homebuyer has an annual income at or below 80% of the area median income. Affordable rental and ownership units developed through the City of Cambridge programs remain affordable through a long-term deed restriction. On the rental side, these restrictions limit how much rent can be charged and the income of the household that can rent the unit. On the ownership side, the restrictions limit the resale price of the unit and income limits of new buyers, therefore, securing the long-term affordability of the units for income-eligible households.

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1989-1999 CAMBRIDGE AFFORDABLE HOUSING TRUST: COMPLETED PROJECTS

PROJECTS	SPONSORS*	TOTAL UNITS	PROJECT TYPES	TRUST FUNDS	LEVERAGED FUNDS
1. Portland Street/Marcella Street	HRI	9	rental	\$ 25,000	\$ 770,000
2. Howard Street	APC	3	rental	\$ 30,000	\$ 164,000
3. Magazine Street	CASCAP	10	SRO	\$ 131,000	\$ 768,000
4. Pearl Street	JAS	3	rental	\$ 45,000	\$ 181,000
5. Roberts Road	CHA	1	rental	\$ 28,000	\$ 22,000
6. YWCA	YWCA	109	SRO	\$ 60,000	\$ 1,130,000
7. Columbia Street	HRI	6	ownership	\$ 101,000	\$ 568,000
8. Pearl Street - SRO	Second Home	10	SRO	\$ 30,000	\$ 530,000
9. St. Patrick's Project	JAS	32	rental	\$ 125,000	\$ 3,794,000
10. Richdale Avenue	HRI	7	rental	\$ 100,000	\$ 722,000
11. Hildebrand Homes	Hildebrand	5	rental	\$ 83,114	\$ 328,000
12. Green Street	CASCAP	10	SRO	\$ 228,000	\$ 412,000
13. Swartz Properties	HRI	59	rental	\$ 250,000	\$ 4,495,000
14. Putnam Place	JAS	12	rental	\$ 133,600	\$ 1,354,000
15. RUAH	Ruah	7	SRO	\$ 70,000	\$ 372,000
16. Allston Street	HRI	6	rental	\$ 152,000	\$ 506,000
17. Auburn Court - Phase I	HRI	77	rental	\$ 500,000	\$ 12,759,000
18. Hampshire/Columbia	HRI/JAS	16	ownership	\$ 250,000	\$ 1,154,000
19. Garfield Street	CHA	8	rental	\$ 250,000	\$ 850,000
20. Pleasant Street	JAS	6	ownership	\$ 204,316	\$ 332,000
21. Webster/Bristol	JAS	9	rental	\$ 450,000	\$ 410,000
22. Memorial Drive	HRI	300	rental	\$ 203,000	\$ 39,800,000
23. Harvard Properties	HRI	100	rental	\$ 750,000	\$ 4,383,000
24. Harvard Place	CASCAP	22	rental	\$ 77,250	\$ 2,699,000
25. Webster Avenue	JAS	5	rental	\$ 266,200	\$ 418,000
26. Cardinal Medeiros Avenue	JAS	6	rental	\$ 374,500	\$ 301,000
27. CHA Condo Program	CHA	9	rental	\$ 354,400	\$ 797,000
28. Berkshire Street	JAS	6	rental	\$ 345,995	\$ 342,000
29. Affordable Housing Rehab	CNAHS	54	rental	\$ 663,000	N/A

Projects are listed in chronological order. Leveraged Funds are all non-Trust funds used in the development. Funds are rounded to the nearest hundred.

*Sponsors

APC - Apostolic Pentecostal Church
 CAHC - Cambridge Affordable Housing Corporation
 CASCAP - Cambridge and Somerville Cooperative Apartment Program

CDD - Cambridge Community Development Department
 CHA - Cambridge Housing Authority
 CNAHS - Cambridge Neighborhood Apartment Housing Services
 HRI - Homeowner's Rehab, Inc.
 JAS - Just A Start Corporation
 YWCA - Young Women's Christian Association

A4

30. Western Avenue	CASCAP	9	rental	\$ 325,916	\$ 746,000
31. Spring Street	JAS	6	ownership	\$ 408,000	\$ 506,000
32. Cambridge Homebuyer Initiative	CDD	51	ownership	\$ 1,250,918	N/A
33. Otis Street	JAS	8	rental	\$ 280,000	\$ 1,127,500
34. Elm Street	HRI	6	rental	\$ 386,750	\$ 632,500
35. Churchill Court	JAS	12	rental	\$ 395,000	\$ 2,565,000
36. Union Street	HRI	6	rental	\$ 240,525	\$ 465,000
37. Hovey Avenue	JAS	17	rental	\$ 1,129,200	\$ 1,250,000
TOTALS:		1,022		\$ 106,969,684	\$ 876,538,000

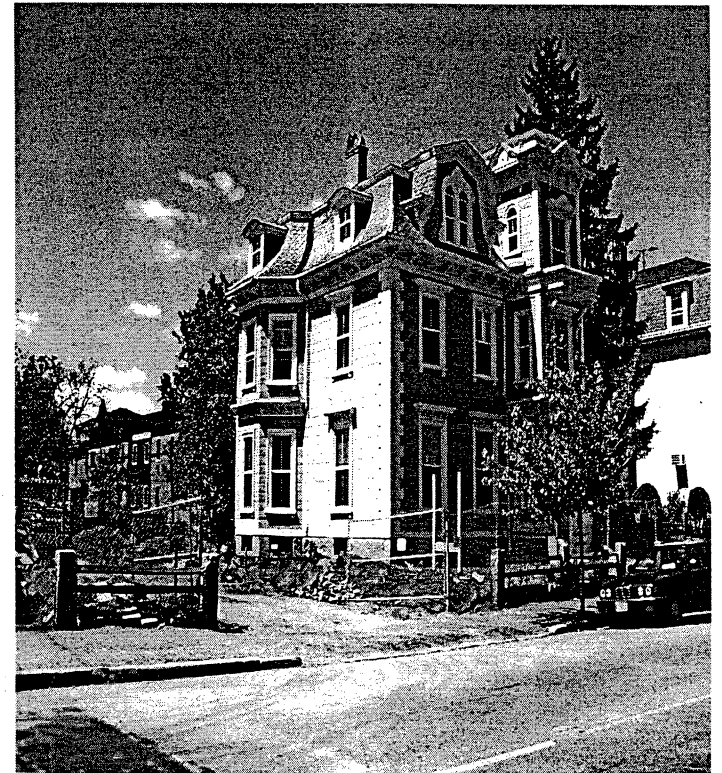
CAMBRIDGE AFFORDABLE HOUSING TRUST: PROJECTS UNDER DEVELOPMENT

PROJECTS	SPONSORS*	TOTAL UNITS	PROJECT TYPES	TRUST FUNDS	LEVERAGED FUNDS
38. Cambridge Homebuyer Initiative	CDD	14	ownership	\$ 359,082	N/A
39. Auburn Court - Phase II	HRI	60	rental	\$ 1,318,197	\$ 10,884,000
40. Alewife Condos - Rindge Avenue	JAS	12	ownership	\$ 450,000	\$ 1,977,000
41. Putnam Avenue	CASCAP	8	rental	\$ 280,000	\$ 855,000
42. Norfolk Street	JAS	8	rental	\$ 525,000	\$ 988,000
43. Cambridge Street	CASCAP	14	rental	\$ 609,906	\$ 1,534,000
44. Bigelow Street	CASCAP	10	rental	\$ 810,000	\$ 1,117,000
45. Squirrel Brand Properties	JAS	21	rental	\$ 1,600,000	\$ 3,858,000
46. Squirrel Brand Properties	JAS	3	ownership	\$ 450,000	\$ 540,000
47. Cedar Street	Laity & Clergy	3	ownership	\$ 169,000	\$ 281,000
48. Affordable Housing Rehab	CNAHS	25	rental	\$ 500,000	N/A
49. CHA Condo Acquisition Program	CHA	5	rental	\$ 250,000	\$ 612,000
50. Prospect Street	CNAHS	6	rental	\$ 321,938	\$ 608,000
51. Bedrick Properties	HRI	95	rental	\$ 5,000,000	\$ 10,615,000
52. Lancaster Street	CAHC	65	rental	\$ 3,850,000	\$ 7,570,206
53. Cambridge Street	JAS	8	rental	\$ 493,315	\$ 1,307,674
TOTALS:		357		\$ 16,986,438	\$ 42,746,880

Developing Affordable Housing in Cambridge, MA

Joint Meeting of
Cambridge Affordable Housing
Trust
and
City Council Housing Committee

October 12, 2000



Cambridge's Approach to Affordable Housing Creation and Preservation ...

- Local Support
- Partnerships
- Strategies and Tools

Local Support: Strong support from ...

City Council and City Manager:
Housing is a top priority

\$4.5 m annual commitment of
City tax revenue to Affordable
Housing Trust

\$22.25 m committed since 1995

Affordable Housing Trust



Under Construction ...
Housing Development with
11 Affordable Inclusionary
Rental Units

B3

Affordable Housing Trust

- 9 Member Trust
- Trustees with expertise in affordable housing development, design, finance, and policy
- Trust serves as
 - Loan Committee
 - Policy Advisory Group

Partnerships: Strong relationships with ...

- Local non-profits

- CASCAP

- Homeowner's Rehab

- Just A Start

- Cambridge Housing
Authority

- Local Banks



Partnerships, cont...

- Federal and state agencies
 - U.S. Department of Housing and Urban Development
 - Mass. Department of Housing and Community Development
- Harvard University through the 20/20/2000 Initiative

Strategies and Tools: An array of approaches ...

- City-funded development and preservation

- Recent Examples ...

 - 65 rental units on Lancaster Street

 - 95 scattered site rental units in Eastern Cambridge

 - 12 home ownership units on Ringe Avenue (former Joyce Chen site)



Lancaster Street
65 Affordable Rental Units

B7

Strategies and Tools, cont...

- First-time Homebuyer Initiative
 - Education (over 400 participants last year)
 - Financial Assistance

- Preservation of "expiring use" properties
 - Fresh Pond Apartments
 - 808 Memorial Drive

Strategies and Tools, cont. ...

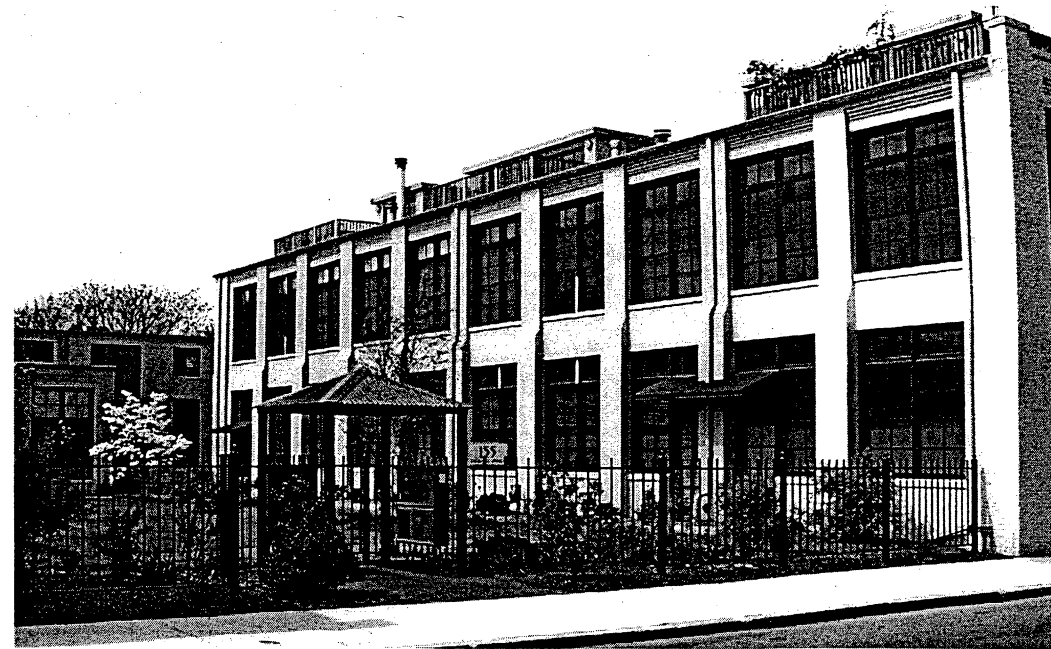
Zoning Tools

Inclusionary

requires residential developers to dedicate 15% of units as affordable in developments with 10 or more units

Incentive (Linkage)

requires nonresidential developers to support affordable housing development through cash contributions

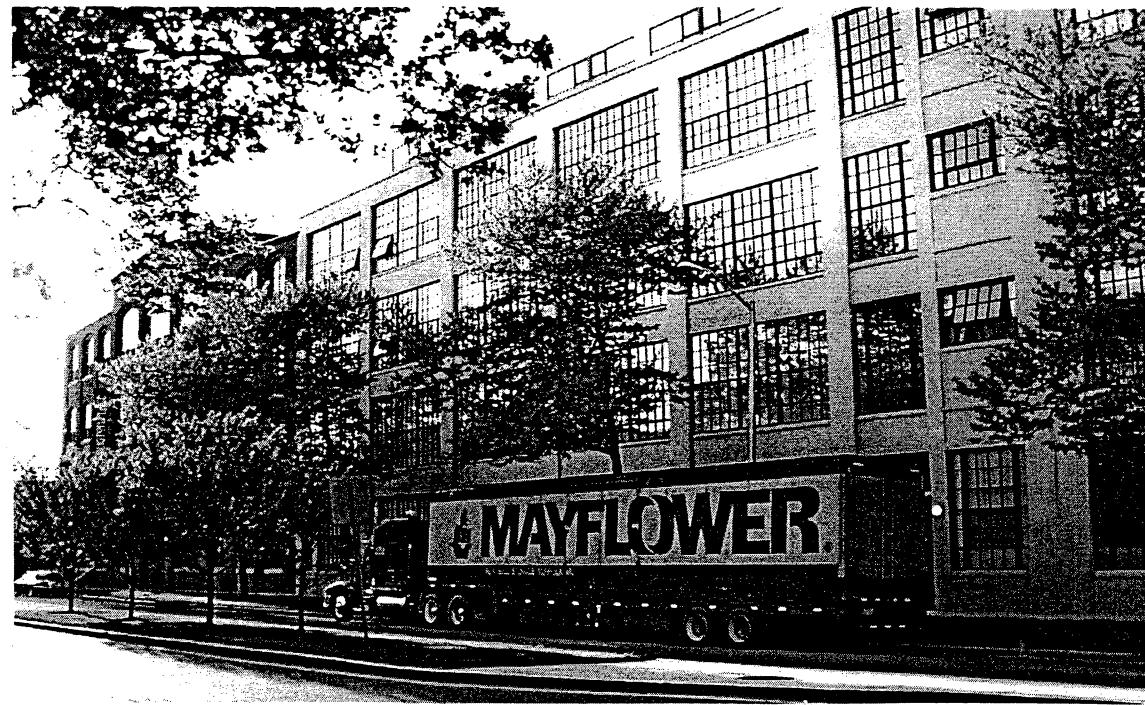


155 Brookline Street
2 Homeownership Inclusionary Units

Strategies and Tools, cont ...

Affordable Housing Covenant

Deed restriction ensures long-term affordability on both rental and home ownership units



Worthington Place
Recently converted to housing

C

City of Cambridge

is pleased to announce



New!

Expanded Income Eligibility

Cambridge Homebuyer Program

ABOUT THE PROGRAM

The Cambridge Homebuyer Program is designed to assist Cambridge residents who want to purchase a home and need additional funds to help make it possible. Under the expanded income eligibility guidelines households earning up to \$78,600 (family of 4) are eligible for assistance. The City can offer up to \$35,000 of financial assistance in the form of a low-interest loan to help bring the cost of a home within reach. Approved loans will require a low monthly payment and will be made available in exchange for a long-term deed restriction on the property.

WHO IS ELIGIBLE?

A household is eligible for assistance if it meets the following requirements:

- Current Cambridge resident
- First-time homebuyer
- Graduate of the City's First-Time Homebuyer Training Program
- Income eligible (maximum income limits set by household size):

Household Size:	1 person	2 persons	3 persons	4 persons	5 persons
Income	\$55,000	\$62,800	\$70,800	\$78,600	\$84,800

- Other City eligibility requirements

INFORMATION SESSIONS

To learn more about the program, please attend one of the following information sessions:

DATES: October 23, November 1, November 6, & November 13

PLACE: The Senior Center, 806 Massachusetts Ave.

at 7 p.m. each night

Please pre-register to attend the sessions by calling 617-349-4612.

Hearing impaired: TTY 617- 349-4621

The City of Cambridge Community Development Department does not discriminate on the basis of disability. The Department will provide auxiliary aids and services, written materials in alternative formats, and reasonable modifications in policies and procedures to persons with disabilities upon request.



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A BRIEF SUMMARY OF THE CPA

1. The "local legislative body" -- either town meeting or city council -- votes to adopt the Community Preservation Act.
2. The community determines the amount of the surcharge, up to 3%, that will be assessed on the real property tax levy. They also can choose to make certain exemptions to the surcharge.
3. The CPA is submitted to voters at the next regular municipal or state election as a ballot question. Citizens can place the CPA on the ballot through the initiative process.
4. Town meeting or city council appoints a Community Preservation Committee, according to guidelines set forth in the Act.
5. The Community Preservation Committee holds public hearings, studies the municipality's needs and resources, consults local boards, and makes specific recommendations on CPA projects. Citizens can also make recommendations for CPA projects.
6. After receiving the CPC's recommendations, town meeting or the city council authorize CPA spending. The municipality must spend at least 10% of its funds on open space and recreation, 10% on historic preservation, at least 10% on affordable housing, and no more than 5% on administration and operation of the program.
7. The city or town notifies the Department of Revenue that it has adopted the CPA, and certifies the percentage of the surcharge and the amount raised by the surcharge in the past fiscal year.
8. The state contributes to community preservation efforts by collecting a surcharge of \$20 on filings at the Registry of Deeds. This money is put in the Massachusetts CPA Trust Fund, administered by the DOR.
9. Declarations of a Homestead are exempt from the CPA surcharge at the Registry.
10. Municipal Lien Certificates are subject to a \$10 surcharge.

D2

11. The Revenue Commissioner determines the annual distribution of state CPA money according to a formula in the Act. The formula divides the available CPA money into 2 pots. The first, consisting of 80% of the total pot, goes to participants in proportion to the amount that city or town raised through its own CPA surcharge. The second pot is 20% of the total pot; this pot is divided according to an equitable distribution formula to aid smaller or less affluent communities. Every participant receives some additional money from the equitable distribution. No city or town is eligible for a state match that is more than the revenue raised through the real property surcharge.
12. The community is eligible for the state grant every year it maintains its own CPA surcharge. This state contribution is permanent, not based on bonding or legislative appropriation.
13. Cities and towns can opt out of the CPA in 5 years and end the surcharge on their property tax.
14. The CPA, and the new CPA surcharge on fees at the Registries of Deeds, will become effective ninety days from September 14, 2000.
15. It is estimated that the annual state revenue dedicated to Community Preservation will be approximately \$26.4 million dollars.

S 441

Committee Report #7

Committee Report from Councillor
Jim Braude, Chair of the Housing
Committee for a meeting held on
October 12, 2000 to receive an
update on the work of the trust and
the state of affordable housing in
Cambridge.

In City Council December 4, 2000

Report accepted

PLACED ON FILE

ORDER ADOPTED