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CAMBRIDGE MA.

November 18, 1987

Alfred Vellucci-Vice-Mayor
Joseph E. Connarton- City Clerk
City of Cambridge
City Hall
Cambridge, MA 02139

Dear Mr. Vellucci & Mr. Connarton:

I am in receipt of your letter dated November 12, 1987 inviting me to attend the November 23 meeting of the City Council. Regrettably due to the Thanksgiving Holiday I will not be able to attend. Allow me to address Vice-Mayor Vellucci's questions in this letter and if further explanation is required I will be glad to meet with him or the Council.

Thorndike Place Condominiums is a completed development at the corner of Thorndike and Fulkerson in Cambridge containing 59 units. The status of the ownership follows:

Neighborhood Units sold at \$60,000	5
Market Rate Units sold	47
Market Rate Units under agreement	1
Market Rate Units unsold	6
Total Units	59

Nine of the market market rate condominiums were sold to the Massachusetts Institute of Technology.

Thorndike Place History

The story behind Thorndike Place is unique in the Cambridge development community. It is the first project in the City of Cambridge to have a form of voluntary **linkage**, unique also because the linkage was proposed by us, the developers, and accepted by the East Cambridge neighborhood and expanded by the Cambridge City Council. It is also a story of cooperation between a developer, East Cambridge neighborhood groups, the City Council and eventually MIT.

In May 1984 we put 217 & 218 Thorndike Street under agreement. The area along Fulkerson Street where both 217 and 218 Thorndike Street are located, in 1979, was rezoned residential C-1 from Industrial. The emphatic desire of the neighborhood has been for housing in that area. We were welcomed by the neighborhood when we made our initial inroads. Please remember that 217 Thorndike Street was a deteriorating building which we eventually took down and 218 Thorndike Street manufactured the insides of commercial refrigerators and generated a significant amount of pollution and truck traffic along Fulkerson Street.

After three meetings with both the East Cambridge Planning Team and Stabilization Committee we adjusted the height, reduced the density, and conformed to the final neighborhood desire of putting the parking underground (this decision eventually come to plague us financially because of the extreme increase in building costs in a wet area underground).

At these meetings we offered three Limited Equity Condominiums, price fixed at \$60,000 for East Cambridge residents, a form of neighborhood voluntary linkage. Thorndike Place took shape as a 59 unit condominium in two buildings, a first phase of new construction replacing the existing 217 Thorndike Building and containing 27 units and a second phase of 32 units in a renovation and expansion of the brick mill building.

We received a unanimous vote of approval from both the East Cambridge Planning Team and Stabilization committee and moved on to the planning board. During this period several linkage plans had been proposed by various groups in Cambridge. It was clear however that these plans did not have enough merit to be carried out by the City Council.

We had three meetings with the Cambridge Planning Board which resulted in our guaranteeing five parking spaces for the abutting neighbors. However the Planning Board granted us 55 units and then so as to encourage us to acquire the dead end portion of Thorndike Street (we abut Conrail's property), linked the remaining four units to the acquisition of Thorndike Street from the City. We quickly realized that a private way between our two buildings, planted, paved and well lighted would add value to our project. So we approached the City Council.

After three sessions at the Council we agreed to increase the Limited Equity Condominium units to five and to grant a total of five additional parking spots in our development to several abutting neighbors. Since that time we have volunteered to give an additional spot and some of our land to a neighbor to be used as their driveway.

During the course of construction of the underground parking garage we encountered significant structural problems because of the condition of the soil. In fact it was councilor Vellucci who related the conditions and the history of Millers River to me. We were compelled to renegotiate our loan with our bank. Our lender required a significant amount of the units to be pre-sold in order to increase our construction loan and we approached MIT to purchase, at market price and with proper restrictions, nine units in Thorndike Place. Had we not reached a significant level of pre-sales we would not have been able to complete the project and fulfill our commitment for the five sixty thousand dollar neighborhood units. It is therefore fair to say that without MIT's participation, our voluntary linkage would not have been realized.

Please remember that these neighborhood five units that we sold in total for \$300,000 could have sold on the open market for \$740,000. In fact, the sales price of these units was significantly less than our actual construction costs not to mention acquisition and soft costs. We received no grants of any kind.

During the last two years we negotiated with Conrail to acquire the land behind Thorndike Place. We contacted the St. Anthony's Rectory because their church also abutted this land. We initiated a survey of the railroad land and donated the church's portion of this survey (approximately \$2500) and negotiated a fixed, below market rate for the church's land.

We are currently working on other condominium projects where we have approached corporations to pre-buy a block of units so as to reduce our up front financial costs. This process will allow us to continue our tradition of offering neighborhood units at significantly reduced prices to Cambridge residents.

I hope this letter addresses the question raised. I am enclosing pictures of the development and the names and brief biographies of the owners of the five, sixty thousand dollar units.

Sincerely,



Joel Altstein

JA:jp

enclosures

cc: Cambridge City Councilors
CC14-TP

\$60K Unit Owners

Bldg Unit Buyer

- 217 101 Joseph Micelli - retired Cambridge Policeman
- 217 104 Deborah Dottin- From a reknown Cambridge family
- 217 208 Nancy/Anthony Chesnakes- Born in East Cambridge two sons ages 7 & 13 attending Cambridge schools. Lived in a three family house removed from rent control.
- 218 102 Maureen/Jim Monagle- Both long time East Cambridge residents.
- 218 206 Joan/Michael Arruda-Both long time East Cambridge residents. Two young children.

Unit owners selected by lottery administered by Just-A-Start and FAR Group. Reduced rate financing secured by Just-A-Start.

All 60,000 units have same amenities as market rate (including parking) and are equally spaced in development (not bunched together).

Neighborhoods

CAMBRIDGE

Lucky draw gives family a new home

Five condos go to low-income households

By Paul Hirshson
Globe Staff

CAMBRIDGE - Michael and Joan Arruda were typical of many residents of East Cambridge: They were born and raised in the neighborhood; they're in their early 30s; they have one child and one on the way and they earn a modest paycheck - and they could not afford the neighborhood's housing prices.

"We looked and looked, but we couldn't find anything under \$180,000 - anything that was fit to live in," Joan Arruda said in an interview.

However, the Arrudas, who are now renting an apartment that will soon be too small, and four other families literally hit the jackpot when their names were drawn in a lottery held in August that made them eligible to buy a condominium in a new development for about one-third the market price.

Happy compromise

How the Arrudas got to their sparkling new home - they expect to take title before the end of the year - is a story of a happy compromise between a developer's interest in making a profit and the residents' concerns over the supply of affordable housing shrinking yearly.

About 2 1/2 years ago, the FAR Group, developers, bought two old industrial buildings on Thorndike Street and proposed building 60 condominiums, with three of them designated low-income. Ac-

ording to Joel Alstein, a FAR Group partner, the neighbors objected to that many units, citing concerns over traffic and parking.

The East Cambridge area is made up of dozens of narrow, crisscross streets, each packed tightly with two- and three-family homes, many built side by side. It is one of the city's most stable neighborhoods, with generations of blue-collar families living on the same street.

It is also a neighborhood in transition, with millions of dollars worth of development planned for the nearby Lechmere Canal area, including a shopping center, office buildings and luxury condos.

So, Alstein said, "We went back to the drawing board." After the initial opposition to the project, there began a lengthy process of negotiation among the FAR Group, the neighborhood civic group and the city government.

Finally, last year, the FAR Group started work on 59 condominiums, with five for low-income families. The price of those is \$60,000, compared with \$175,000 to \$180,000 for the remainder. All the units contain the same amenities, Alstein noted.

Selection process

The task of selecting the five families was given to Just-a-Start, a nonprofit self-help group. Barbara Shaw, its director, said they initially had more than 200 applicants for the five units.

But by narrowing the choice - sifting through such factors as income, neighborhood ties, minority status - they eventually got the pool down to about 25 and drew five names from that group.

She said that one element of the bargain condos is that each deed contains a limited-equity provision. That means that if the Ar-



Globe staff photo/Jim Wilson

Michael and Joan Arruda and their daughter, Amy, won the right to buy a condo at 217 Thorndike St. in Cambridge. With them is developer Joel Alstein.

rudas want to sell their unit, they must sell it back to Just-a-Start, which helped arrange the financing, at a price that can increase only 7 percent a year.

This gives the owner an opportunity to build equity and participate in the financial rewards of the housing boom, but it also ensures that the condo will remain available to a low-income family.

Michael Arruda, who is service manager for Warner Cable in Medford, said the family's housing cost, including their mortgage payment and condo fee, will increase by about \$250 a month, which he says is a tight squeeze -

but reasonable.

"We would have gone anywhere," Joan Arruda said, "to Montana, even, to buy a house. But we really wanted to stay here."

"We were seriously thinking of getting into a trailer camp, living in a trailer, just to own something," Michael Arruda added.

Their condo will not be ready until the spring but already they are eager to move. When asked to compare the condo, with its bright white walls, carpeting and shiny kitchen, to their present home, Joan Arruda said, "It's nicer. Plus you own it."

Cambridge Chronicle

TWENTY-EIGHT PAGES

THURSDAY, MARCH 12, 1987

VOL. 141, NO. 11

A new home for a down payment, luck of the draw

By Jay Weaver
Staff writer

It didn't happen in Atlantic City or Las Vegas. It happened in East Cambridge.

And for the five lucky winners, it was probably their last chance to buy a home in the city.

"I thought it was a golden opportunity to find something on my own that I could afford," said Joseph Miceli, a retired Cambridge police officer. "I couldn't believe it...because I'm not a lucky person."

Miceli was among the five low- to moderate-income Cambridge families whose names were drawn in a lottery held last summer: they instantly became eligible to buy their own condominiums at Thorndike Place — a new East Cambridge development — for the anachronistic price of \$60,000.

Miceli, 61 and disabled, moved out of his rent-controlled apartment at 570 Cambridge St. and into his new one-bedroom home two weeks ago. He was the first of the five winners to move into Thorndike Place.

Another winner, Deborah Dottin, moved into her one-bedroom home last weekend. For the past 15

'I thought it was a golden opportunity to find something on my own that I could afford. I couldn't believe it...because I'm not a lucky person.'

Joseph Miceli
Condo 'lottery' winner

years, Dottin had lived with her teenage daughter in public housing in North Cambridge.

While searching in vain for a reasonably priced condo in Cambridge and greater Boston, she learned about the lottery.

"I really wanted to purchase a condo," said Dottin, a flight attendant for Pan Am. "But houses nowadays...God, they start off at \$150,000, and that's kind of hard" for low- and moderate-income people, she said.

Dottin considered herself a long shot to win in the drawing and said she was "shocked" afterwards. Another pair of winners, Anthony and Nancy

Continued on page 6A

Lucky new home owners

Continued from page 1

Chesnakas, plan to move into their new two-bedroom home by the end of March. They have two sons.

Faced with the possibility of having to move out of their rent-controlled apartment at 400 Cambridge St., the Chesnakases started to scour the city for a permanent home early last year. Frustrated, they considered buying a house in southern New Hampshire.

If it hadn't been for the lottery, "we wouldn't have been able to stay in Cambridge," said Anthony Chesnakas, who is 40 and an accounting technician for the federal government. "I am happy for my wife. Cambridge is everything to her."

The 35-year-old Nancy Chesnakas, a native of East Cambridge, has closely witnessed the past decade's impact on this once-stable and mostly traditional blue-collar community.

The lottery itself was the product of cooperation between the developer, civic groups, and city officials.

More than two years ago, the FAR Group, developer of Thorndike Place, bought two old industrial buildings on Thorndike street and proposed building 62 condominiums, including three units for low- to moderate-income residents.

But the proposal quickly met neighborhood resistance. The East Cambridge Stabilization Committee, in particular, sharply criticized the size of the project, citing potential traffic and parking problems, and called for more affordable units.

As area residents pressured FAR, the developer and city officials reached a compromise agreement. The city decided to sell FAR part of Thorndike street, between Fulkerson street and the nearby railroad tracks, for \$1. And the Cambridge firm agreed to build 59 condominiums with five units for low- to moderate-income families, according to Joel Alstein, a FAR partner.

"The end result was not money; the end result was units" for neighborhood residents, Alstein said in describing the so-called linkage package. (see story inside) "We decided not to give money (to the community) but something that was more lasting," he added.

Phase one of Thorndike Place was finished last December. Phase two will be completed in late May. The project is a mixture of one- and two-bedroom condos priced at about \$130,000 and \$180,000, respectively.

The process of selecting families for the five low-priced units was handled by Just-A-Start, a nonprofit East Cambridge development group.

Just-A-Start established a point system to judge the most qualified candidates for the lottery. Points were given for such household factors as income, long-term East Cambridge residency, minority status, children and senior citizenship. Each of the applicants also had to meet the special mortgage requirements.

More than 250 Cambridge residents submitted inquiries; 58 of them completed applications; and 22 ultimately qualified for the drawing, according to Barbara Shaw, Just-A-Start's director. The five families were drawn from this final pool, Shaw said.

Yet despite their luck, the families faced some restrictions in buying these bargain condos, she said.

Each deed contains a limited-equity provision, which means that the condos can only be resold to Just-A-Start. Moreover, the \$60,000 price tag for each unit can only increase seven percent per year, she said.

This enables Just-A-Start to sell the homes to families who don't stand a chance in the booming East Cambridge real estate market. "This (program) perpetuates affordable housing and allows the owners to make a profit," Shaw said.

To make the deal even sweeter, Just-A-Start arranged financing through the Massachusetts Housing Finance Agency, which offered an 8.5 percent mortgage fixed for 30 years. Three of the five families fulfilled the loan requirements.

Dottin, who was helped by the city with her down payment, failed to qualify for the MHFA loan but managed to secure an adjustable-rate mortgage elsewhere. One couple is still trying to qualify for the MHFA loan.

For Michael and Joan Arruda, who recently learned they will move into their two-bedroom home at Thorndike Place in May, the lottery represented a last resort.

"We were looking around for something (in the area) we could afford, but it was outrageous," said the 35-year-old Michael Arruda, a service manager for Warner Cable in Medford.

"We wanted to stay here. We definitely didn't want to live outside the city or state," added Arruda, a native of East Cambridge with numerous Portuguese relatives in the area.

The future looked bleak for the Arrudas until their name came up in the lottery. "If we didn't get it (the condo rights), we would have been up a creek," said the 31-year-old Joan Arruda, who worked until recently as a Cambridge meter maid for 11 years.

"We weren't going to live this fantasy forever," she said in reference to their rent-controlled apartment at 307 Hurley St.

The Arrudas, who have two baby girls to support, will pay around \$625 per month for their new condo, which is manageable, Michael Arruda said.

The other winners said their monthly payments will fall between \$500 and \$600.

"East Cambridge has really changed," Anthony Chesnakas said. "And it's getting worse because the older generation is dying off and the younger generation is moving in."

But Chesnakas doesn't exclusively blame the yuppies for driving up the prices of the mostly triple-decker and single-family houses in East Cambridge.

"Let's face it...things have really changed in Cambridge," he said, pointing to the commercial, retail and luxury condominium projects under way in the nearby Lechmere Canal area.

Still, not all developers are alike.

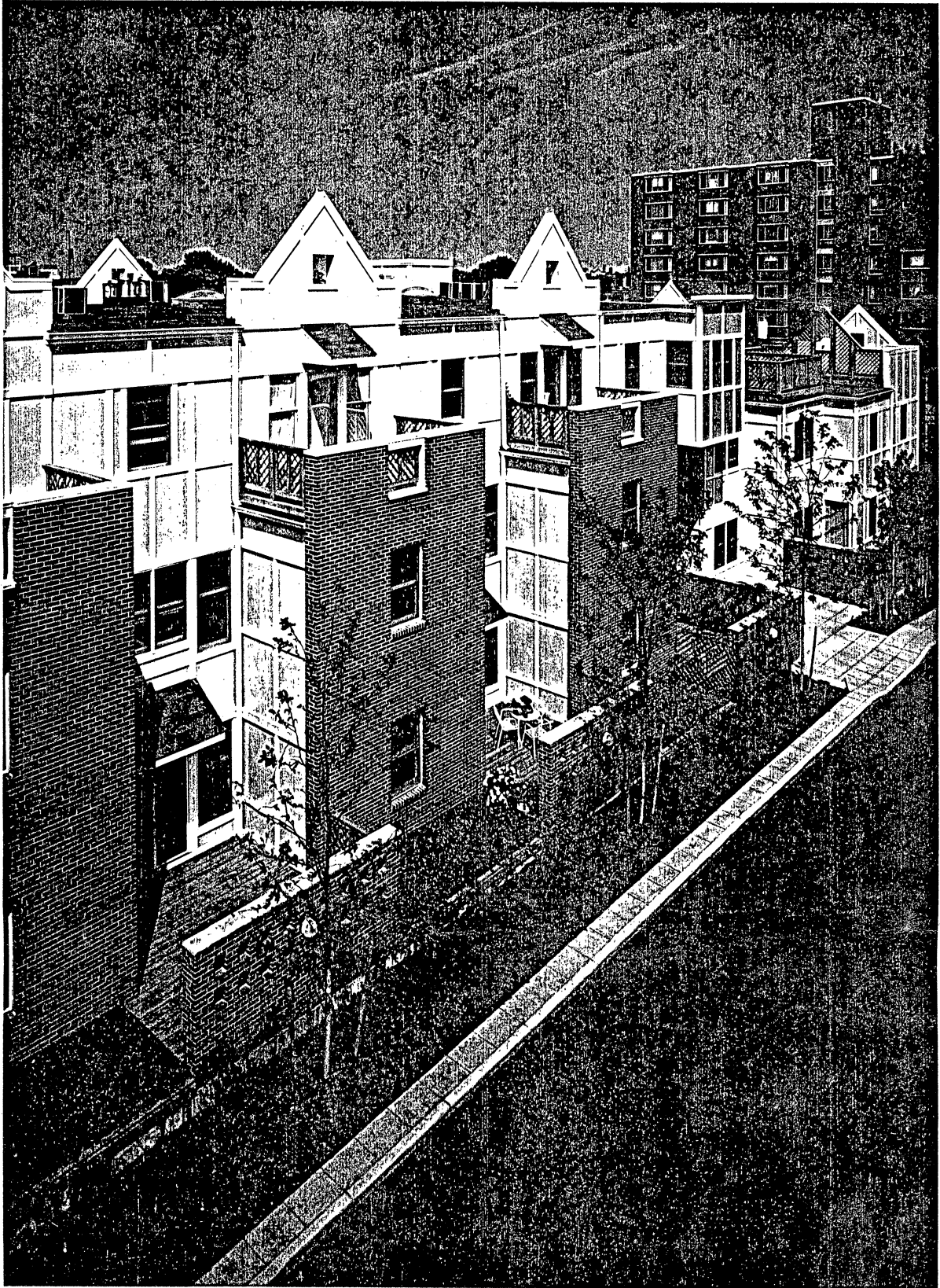
In May, the FAR Group will begin the rehabilitation of the old Greif Brothers building on Spring street, next to Thorndike Place, to develop a new 38-unit project, Alstein said. FAR will offer two of them as affordable units for East Cambridge families, he said. They will be priced at \$87,500.

In the not too distant future, Just-A-Start will hold another lottery for prospective buyers, so keep your fingers crossed.

—JAY WEAVER

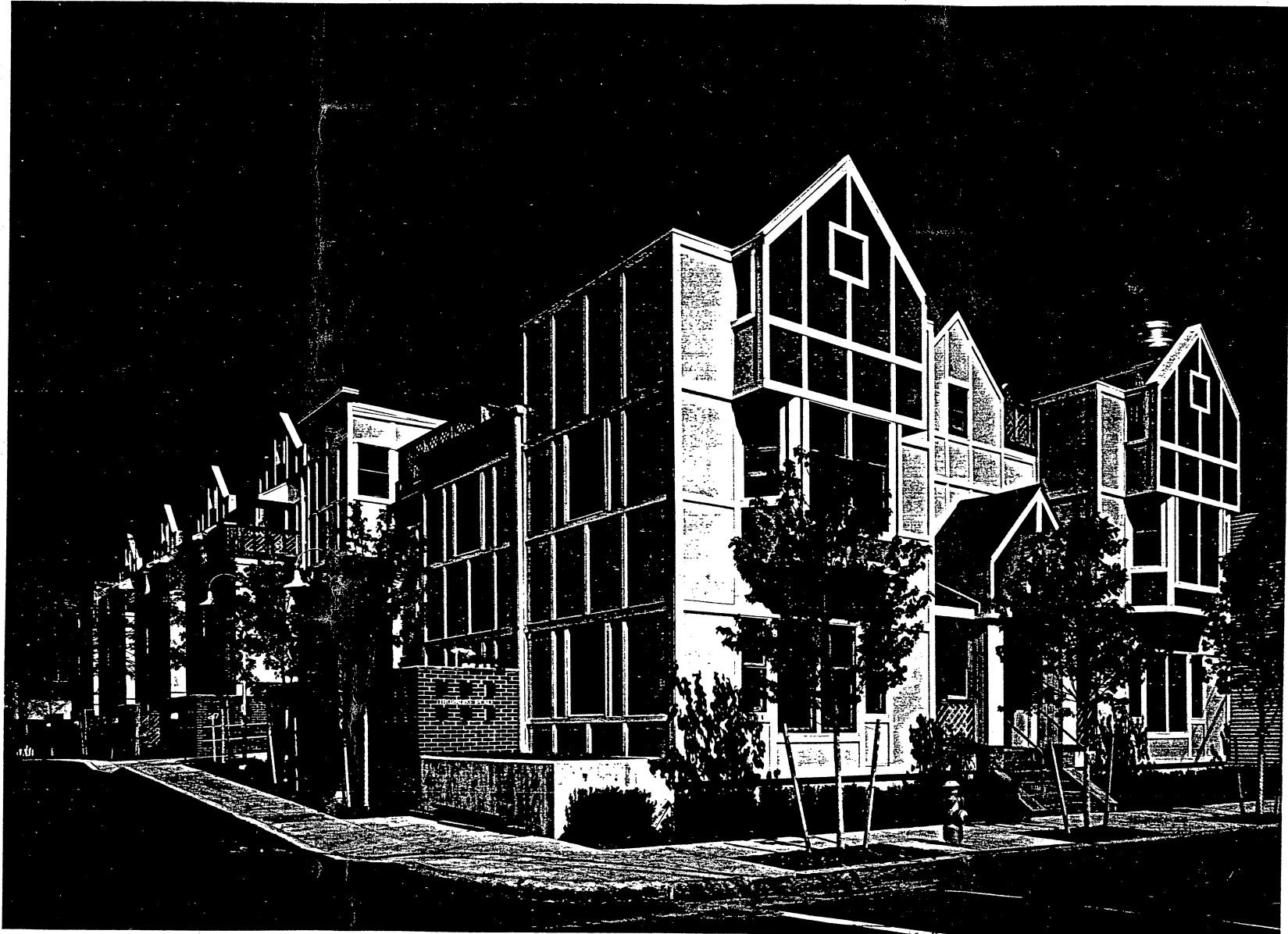


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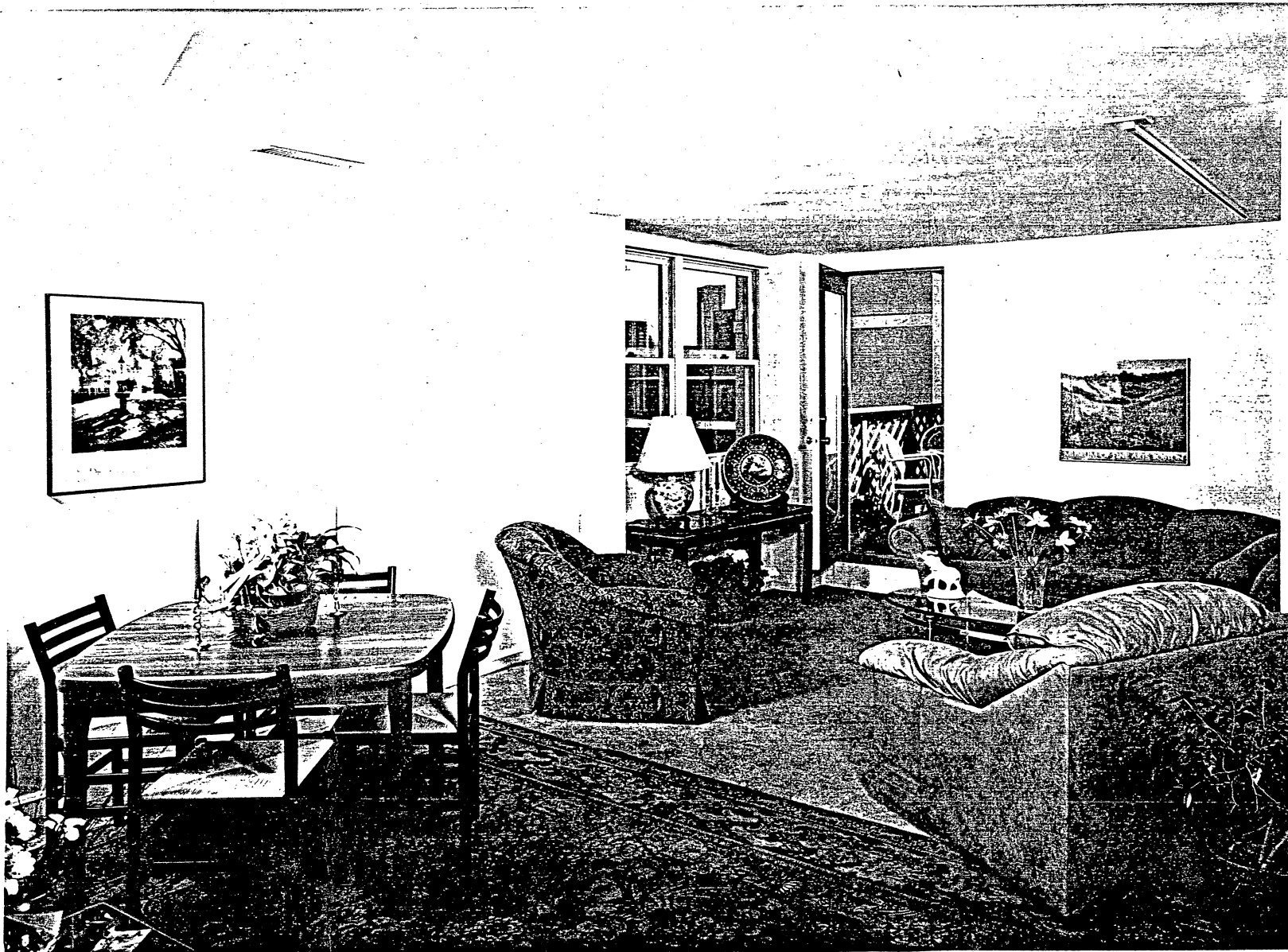


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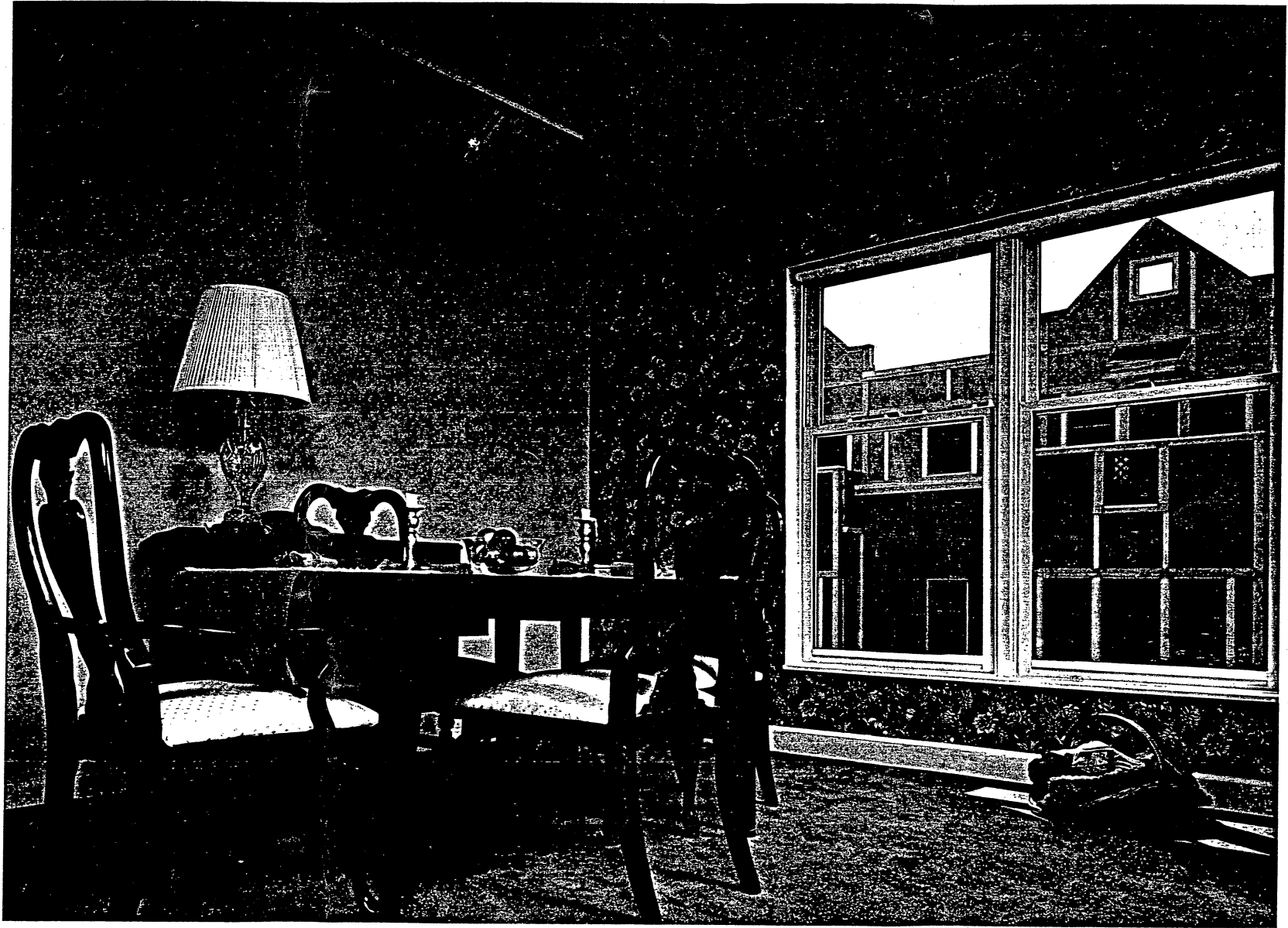


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Comm. from Joel Altstein, FAR Group stating that he will be unable to attend this evening's hearing on the Thorndike Place Condominiums & transmitting a history of the Thorndike Place development.

In City Council,

November 23, 1987

Placed on file

11-23-87