CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT

BETH RUBENSTEIN
Assistant City Manager for Community Development

MALAINA BOWKER
Deputy Director for Community Development

MEMORANDUM

To: Robert W. Healy, City Manager

BR

From: Beth Rubenstein, Assistant City Manager for Community Development

Date: June 13, 2001

Re: Council Order #19 dated June 4, 2001. Report on the efficacy of the first-time homebuyers program.

In response to the above referenced order, this response provides an overview of the programs offered by CDD, the process for marketing units, and selecting a homebuyer.

Overview of First-time Homebuyer Education and Counseling Program

CDD offers free education and counseling for households interested in homeownership. The homebuyer course is a series of four 2-hour classes. CDD Housing staff and guest speakers, including bankers, home inspectors, and real estate attorneys, facilitate the classes. The curriculum includes the legal aspects of buying a home, the home inspection, the mortgage lending process, and how to manage your credit and debt. Graduates of the FTHB class are also eligible for one-on-one counseling with a CDD housing counselor and have access to subsidized mortgage products, such as the Soft Second Program.

CDD conducts the FTHB series 10 times a year. CDD also collaborates with other agencies such as the Massachusetts Alliance of Portuguese Speakers to offer special classes for non-native English speakers. In addition, CDD works with local organizations to help address special populations such as recent immigrants that may not have a long credit history. In March 2001, CDD offered a class designed especially for female heads of households. We educate approximately 500 people annually. CDD also provides one-on-one counseling to over 100 households annually.

FTHB participation includes a wide range of people with different socio-economic and ethnic backgrounds. Translation services are available upon request for classes and counseling.

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How do affordable homeownership opportunities become available and how are they advertised?

There are two primary ways that affordable homeownership opportunities become available:

1. **Non-profit Sponsored Development**: Homeowner's Rehab and Just A Start develop both rental and homeownership units throughout the city. Once the units are completed, the agency markets the units in accordance with their marketing and selection policy, which is based on city and other lender requirements.

   The agencies distribute flyers throughout the City and advertise in local newspapers. In addition, CDD provides the agencies with a mailing list from its database of households that have expressed an interest in homeownership, are income eligible, and have the appropriate household size.

2. **Inclusionary Zoning Units**: Homeownership units become available through the city's Inclusionary Zoning. CDD assists private developers in identifying low-moderate income buyers for these units (application and selection process outlined below).

   CDD distributes flyers throughout the city, advertises in local newspapers, and provides flyers to the non-profits for their distribution. In addition, CDD mails a flyer to households that have expressed an interest in homeownership, are income eligible, and have the appropriate household size.

What is CDD's application and selection process for homeownership units?

The following outlines CDD's marketing, application, and selection process for affordable homeownership units. For each unit that CDD markets, we receive between 40 and 80 applications.

1. Marketing Units: As noted above, when a unit is ready to be marketed, flyers are distributed throughout the city (e.g., libraries, senior centers, non-profit organizations, etc). Advertisements are also placed in the *Cambridge Chronicle* and *Tab* (see example attached).

2. Applications: Applications are mailed to interested households. The application packet includes a step-by-step process for how to complete an application, due date, and required information and documentation. It also

includes income guidelines and occupancy standards to help households determine if they are eligible.

3. Application "Help" Session: Prior to the application due date, CDD staff facilitate an application "Help" Session. Housing staff review the step-by-step process, eligibility criteria, and the required information and documentation that an applicant must provide. Translation services are available upon request.

4. Application Review:
   - After the application due date, complete applications are reviewed to determine if the applicant is income eligible and has the appropriate household size. To be income eligible, the household's income must be 80% of the area median income or less. The occupancy standards are based on HUD guidelines (e.g., no more than 2 person shall occupy the same bedroom, etc).
   - Applicants who are both income eligible and have the appropriate household size are invited to an open house at the unit. After the open house, households indicate to CDD if they are still interested in the unit.
   - Applications of interested households are then scored based on the priority point system. Priority points are awarded to a) Cambridge residents and residents displaced from Cambridge due to rent control, b) households with children under 18 years, c) households with children under 6 years d) households with an emergency housing situation.

     (Emergency housing situation is defined as applicant is currently facing a no-fault eviction by court order; applicant is living in a property that has been cited by the City for outstanding code violations; applicant is paying more than 50% of their monthly gross income on rent; or applicant is living in an overcrowded situation.)

5. Selecting a homebuyer: If there is more than one applicant with the highest number of priority points, then those applicants with the highest number of priority points are entered into a lottery. The first applicant selected has an opportunity to purchase the unit. If for some reason the household elects not to purchase the unit, the second applicant selected in the lottery is offered the unit. If no applicant from the group with the highest number of points purchases the units, then a lottery is held with the next group of applicants with the highest point total.

Down Payment and Closing Cost Assistance

In May 2001, CDD was awarded a $100,000 grant from the Massachusetts Department of Housing and Community Development (DHCD) for down payment and closing cost assistance to households purchasing units in the city.

Availability of Units

In winter 2001, CDD marketed three homeownership units through the Inclusionary Zoning Ordinance (two at 98 Erie Street and one at 330 Broadway). Currently, applications for four units in the Cornerstone Co-Housing Development are under review. CDD will be marketing three units on Cedar Street this summer and Just A Start will be marketing three units on Harvard Street in fall 2001.

In addition, based on CDD's experience, 1-2 existing affordable homeownership units are resold on an annual basis. These units will also be advertised as described above.

Affordable Condos

City of Cambridge & Cornerstone Village Cohousing

About Cornerstone Village Cohousing:

Cornerstone Village is a 32-unit community, planned and designed by Member households. A mixture of apartments and townhouses with common facilities, it is located on Harvey St. in North Cambridge. Cornerstone is a community that promotes sensible sharing of personal, social, and natural resources and provides a safe, stimulating environment for the growth of children and adults. There is 1 one-bedroom, 1 two-bedroom, and 2 three-bedroom units ranging from approximately $112,000 to $140,000.

Eligibility Requirements

- Pre-qualified for a mortgage amount sufficient to purchase the unit
- Applicants must have a minimum 3-5% of the purchase price for downpayment and closing costs
- Attendance at a Cornerstone Orientation Meeting **(see below)**
- Appropriate household size for available units
- Incomes below the following maximum limits:

Household Size:	1 person	2 persons	3 persons	4 persons	5 persons	6 persons
Maximum Income:	**$36,750**	**$42,000**	**$47,250**	**$52,500**	**$56,700**	**$60,900**

Eligible applicants will be prioritized according to the City ranking system (as outlined in our application packet). In the event of a tie in the ranking system, a lottery will be held to select the buyers for the units.

These units are subject to resale restrictions.

DEADLINE FOR SUBMITTING AN APPLICATION IS:

Wednesday, May 16, 2001 AT 12:00 Noon

City of Cambridge Community Development Department, 238 Broadway, Cambridge
For more information and an application, please call the Housing Division at 349-4622.

⇒CORNERSTONE ORIENTATION: APPLICANTS ARE REQUIRED TO ATTEND ONE SESSION

Saturday, April 28th, 2-4 p.m., Cambridge Senior Center, 806 Mass. Avenue
Monday, May 7th, 7-9 p.m., Banneker School, 21 Notre Dame Avenue

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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City of Cambridge • Executive Department

Robert W. Healy, City Manager *Richard C. Rossi, Deputy City Manager*

June 18, 2001

To The Honorable, The City Council:

Please find attached a response to Awaiting Report Item No. 01-202, regarding a report on the efficacy of the First Time Homebuyers program, received from Assistant City Manager for Community Development Beth Rubenstein.

Very truly yours,

Robert W. Healy

Robert W. Healy
City Manager

RWH/mec
Attachment

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Consent Agenda #12

Awaiting Report Item Number 01-202, regarding a report on the efficacy of the First Time Homebuyers program.

In City Council June 18, 2001

Referred to Housing Committee for report on motion of Councillor Braude

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