



City of Cambridge

Consent Agenda #4

IN CITY COUNCIL

July 31, 2000

COUNCILLOR DECKER
COUNCILLOR REEVES
COUNCILLOR SULLIVAN

ORDERED: That the City Manager be and hereby is requested to consult with the Assistant Director of Community Development to send a letter to all owners of Cambridge residential property to inform them of the City's interest in purchasing residential buildings and/or limits at a price that will allow their continued use as affordable housing.

In City Council July 31, 2000.

Adopted by the affirmative vote of nine members.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in black ink, reading "D. Margaret Drury".

D. Margaret Drury
City Clerk

Agenda # 4

MD

KK

MAS

Ordered: That the City Manager be + he is requested to consult w/ the Assistant Director of Community Development to send a letter to all owners of Cambridge residential property to inform each ~~owner~~ one that the City ^{of} intends to ~~be~~ purchasing residential buildings and/or units at a price that will allow their continued use as affordable housing

City of Cambridge

MASSACHUSETTS

In City Council 7/31, 2000

Mayor's Agenda #4

MD. Swap of the rules to introduce an order

YEA	NAY	ABSENT	PRESENT	
✓				Ms. Kathleen L. Born
✓				Mr. James Braude
✓				Ms. Henrietta Davis
✓				Ms. Marjorie C. Decker
✓				Vice Mayor David P. Maher
✓				Mr. Kenneth E. Reeves
✓				Mr. Michael A. Sullivan
✓		✓		Mr. Timothy J. Toomey, Jr.
✓				Mayor Anthony D. Galluccio

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CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT

BETH RUBENSTEIN
*Assistant City Manager for
Community Development*

MALAINA BOWKER
*Deputy Director for
Community Development*

TO: Robert W. Healy, City Manager
BR
FROM: Beth Rubenstein, Assistant City Manager
for Community Development

Daniel J. Wuenschel, Executive Director
Cambridge Housing Authority *DN (pk)*

DATE: July 24, 2000

RE: Council Order #009 dated June 12, 2000: Investigate and report on the implementation of the Section 8 Homeownership Program in Cambridge.

In response to the above referenced order, this report addresses the Section 8 program and homeownership.

What is the Section 8 program and what agency is responsible for administering it in Cambridge?

The Section 8 program is a federally-funded rent subsidy program. Through the Section 8 program, the Cambridge Housing Authority (CHA) provides a rent subsidy to very low-income households (below 50% of AMI). These households pay 30% of their income towards rent; the CHA pays the difference between the household's contribution and the fair market rent directly to the landlord. The maximum allowable rent that a household can pay for an apartment is determined by HUD and CHA with some opportunities to increase these levels in high cost areas.

The Cambridge Housing Authority is operating its Section 8 program at the maximum possible rent level for all bedroom sizes permitted by HUD. Currently, there are ongoing efforts by housing authorities, tenant groups, and others in Washington, D.C. to increase the rent ceilings and annual allocation of funds to housing agencies in high cost areas such as Cambridge.

The CHA receives an annual allocation of funds to administer the Section 8 program in Cambridge. The Section 8 program provides the CHA with an invaluable resource for providing very low-income households with a rent subsidy and an opportunity to live in mixed-income and privately-owned housing.

Can funds from the CHA's annual Section 8 allocation be used to subsidize homeownership opportunities?

In April 1999 HUD released draft regulations for a Section 8 Homeownership Program. HUD expects to release the final version in Summer 2000.

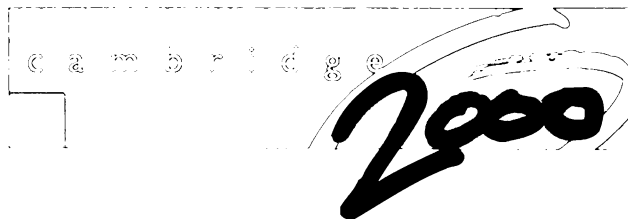
The draft regulations outline the rules and regulations for a public housing agency that elects to develop and implement a homeownership program with the use of Section 8 funds. An agency's decision to reallocate funds from its rental subsidy program to a homeownership program will be based, in part, on the agency's analysis of the need to use all of its available Section 8 resources for rental subsidies, and the agency's market and financial feasibility analysis.

Based on the CHA's preliminary analysis of the housing market in Cambridge, it is concerned about the feasibility of developing a viable Section 8 homeownership program. The analysis indicates that a Section 8 homeownership program may not be feasible given the gap in the mortgage that a household could afford and the Section 8 subsidy. The CHA is also considering carefully the need to continue to serve very low-income households with its limited Section 8 resources.

What are the next steps for developing and implementing a homeownership program with the use of Section 8 funds in Cambridge?

The CHA plans to review the final regulations when HUD publishes them. Based on its review of the regulations, the CHA will analyze further the demand for Section 8 rental subsidies by very low-income Cambridge residents and the financial feasibility of using Section 8 resources for homeownership. CDD will support the CHA's work with information from its first-time homebuyer program and other market data.

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CITY OF CAMBRIDGE • EXECUTIVE DEPARTMENT

Robert W. Healy, City Manager

Richard C. Rossi, Deputy City Manager

July 31, 2000

To The Honorable, The City Council:

Please find attached a response to Awaiting Report Item No. 00-39, regarding a report on opportunities to increase the income eligibility limit for families participating in the City's first-time homebuyer program, received from Assistant City Manager for Community Development Beth Rubenstein.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec
Attachment



2000 Things 2 Do in 2000

Consent Agenda #4

5218

Relative to AW Rpt #00-39
regarding a report on oppor-
tunities to increase the income
eligibility limit for families
participating in the City's
First-time homebuyer program.

In City Council July 31, 2000

PLACED ON FILE

ORDER ADOPTED

sent to J. Brande on 8/2/00

Referred to

Housing Committee on motion
of Councilor Brande