MHFA, the property became subject to another requirement that 20% of units must remain affordable until 2014.

Mr. Wuenschel explained that the CHA approach with HUD is that this is another expiring use issue and should be resolved in the same manner as the other expiring use properties. Mr. Wuenschel proposed to the committee that the CHA come back before the committee for an update in three months. He said that he expects there will be good news by that time.

Councillor Galluccio asked for some additional details regarding the history of the building. Mr. Wuenschel explained that Harvard was the developer and owner through an entity called Putnam Square Apartments Co., which has a ground lease with Harvard. The 10C program provides the operating subsidies – a precursor to Section 8 subsidies. The construction loan and permanent mortgage financing was provided by MHFA. The program required the housing to remain affordable for forty years from the date of the first occupancy, which was in 1972.

Councillor Galluccio asked about the difference between "10C" and other expiring use buildings. Mr. Wuenschel explained that just as with the other expiring use building, the requirement for affordability is part of the mortgage agreement. However, in the "10C" program, there is no provision allowing prepayment of the mortgage. In response to a question from Councillor Galluccio, Mr. Wuenschel said that the building was intended for the elderly, and senior housing now also houses disabled persons.

Jim Barrows, Office of Community Affairs, Harvard University, stated that Harvard is working with the CHA. The university understands the desirability of affordability past the year 2012. Fortunately, we have ten years to come up with a solid plan.

Councillor Galluccio asked what Mr. Wuenschel with his experience would anticipate the options to be in ten years. Councillor Galluccio also emphasized his interest in having Harvard be able to make a more definite statement of commitment to preservation of affordability past the year 2012.

Mr. Wuenschel said that he would be surprised if the building does not continue to be affordable. Cambridge's first tactic with HUD is to urge HUD to treat the building as a preservation building. He noted that that type of federal subsidy has changed drastically since 1970. There are no more twenty-year Section 8 commitments. He sees the need to either get long-term subsidy commitments from the federal government or to convince Harvard that one year Section 8 commitments are safe enough to keep the building affordable, that is, that the Section 8 stream of income will be there over the years in a succession of one-year commitments.

Ms. Jameson said that the City has worked very successfully with owners of expiring use buildings. The City has every expectation of working with Harvard and the CHA to continue affordability after 2012.

Councillor Galluccio said that Harvard put together the Harvard 2020 Affordable Housing Program. It was Harvard's first step into the provision of affordability in a comprehensive way. He asked Mr. Barrows whether Harvard would be willing to make some commitment based on those funds. Mr. Barrows said that the first step is to explore the availability of federal money. Councillor Galluccio predicted that HUD would say to come see us in twenty years. Councillor Galluccio stressed the importance of assurances early on. If Harvard is not going to keep it affordable, the City needs to know now, not ten years from now.

Councillor Murphy asked if the Massachusetts Congressional delegation has been helpful, and whether they have been approached yet. Mr. Wuenschel said that they have not yet sought assistance from the legislators.

Hedy Pocius, tenant at 2 Mount Auburn Street, said that the Riverside Neighborhood Study Planning Group is meeting now. The tenants want this building included in the discussion. Tenants are worried that neighbors might prefer and recommend that this building be used for student housing because it is a big building already in existence. She submitted a copy of a letter to the Riverside Study Committee for the record (**Attachment A**).

Mr. Wuenschel said that the residents of the neighborhood surrounding the building have been very supportive of affordable housing in the past. When the CHA developed the St. Paul's housing, there was not a concern about housing for the homeless, the concern was student housing. Ms. Pocius explained that the context of the current discussion at the Riverside meetings may make a difference in residents' attitudes.

Councillor Galluccio stated that he would like to see written assurance from Harvard about their intent to keep the building affordable.

Ms. Pocius said that the tenants have no one to advocate for them when there are in-house problems and day-to-day issues.

Councillor Galluccio said that in the Walden Park refinancing negotiations in which he participated, he found that CDD was very helpful with the issue. Perhaps there could be a particular Harvard person with whom tenants could communicate. Councillor Galluccio also requested the staff to make sure that staff from the Harvard Real Estate and Planning Office can come to the next committee meeting.

Ms. Rubenstein said that perhaps Harvard can give the tenants more information about their point person or management liaison.

Councillor Galluccio then moved to the issue of housing opportunities for residents with incomes of more than 80% of the median income. He said that the inclusionary units that private developers are required to build into residential construction in particular may be a big opportunity, especially with the onset of large-scale residential development in North Point. He invited Ms. Rubenstein to begin the discussion. Ms. Rubenstein started by introducing the CDD staff present:

Robert Vining, First Homebuyer Program, CDD
Chris Carter, Housing Planner
Mary Regan, Eviction Free Zoning
Susan Glazer, Deputy Director, CDD
May Budge, Cambridge, and Mary Regan, Eviction Free Zone.

In addition, the following citizens introduced themselves:

Ms. Jameson then described a new housing program aimed at assisting middle income people. She said that she and Robert Vining have spent a lot of time listening to and hearing about the needs of the participants in CDD's First Time Homebuyer program. Based on this experience and a market research CDD is proposing a new middle income program. CDD staff are going to the next Affordable Housing Trust meeting to request approval. This program would enable clients to identify a home on the open market. If there is a gap between the amount that a mortgage the client can afford and the selling price, the client can request financial assistance from the City.

Ms. Jameson said that grants of up to $130,000 will be available using Community Preservation Act (CPA) funds and up to $260,000 if the loan comes from Harvard 2020 funds. The benefit to the buyer is the same. Both have limited equity provisions.

Councillor Galluccio asked what income levels this program would serve. Ms. Jameson replied that the program could assist clients with incomes of up to 120% of median. For a family of four that would mean families with incomes of $89,040. per year would be eligible; for an individual the income limit would be $63,200.

Councillor Galluccio asked how well the staff believe the program will be received. Ms. Jameson said that staff have done research on what would make owners want to buy. The limited equity provisions were rarely raised as barriers or disincentives. Ms. Jameson said that the program is requesting a little over $2 million from the Affordable Housing Trust. The proposal is for a one-year pilot program. Ms. Rubenstein added that the marketing is very important and CDD expects to market it heavily.

Councillor Murphy suggested reaching out to schools, police and fire personnel.

Vice Mayor Davis noted that the $2 million is expected to help fifteen families. Vice Mayor Davis requested that staff look at issues related to limited equity. She has had some residents raise issues about the limited equity provisions related to their property taxes.

Councillor Murphy asked why CDD has not proposed using inclusionary zoning to address the need of middle income residents. Ms. Jameson said that inclusionary zoning is working well. To date it has produced one hundred twenty-six units. But this program is more flexible; it allows people to find units anywhere in Cambridge.

Councillor Murphy asked why not do both? Ms. Jameson said that the legal analysis done when inclusionary zoning was proposed and adopted was for the present model.

Councillor Galluccio said that if we were a business, and our job was to satisfy a market need, we would look at our business and our inventory and see whether they matched. In 1998 we were still responding to a post rent control situation. Now, if you have an income of 50%-60% of median income, you are either housed or gone from Cambridge. Now we are seeing people who have been living in market rate units who can no longer afford to stay in Cambridge. Boston also has an inclusionary zoning ordinance. The average income in Boston's program is now 95% of the median income. Councillor Galluccio said that he would like to see a data analysis of the demographics of the Cambridge folks looking for housing.

Councillor Murphy said that the council would like to see a legal analysis of any issues related to raising the income eligibility for inclusionary zoning units.

Councillor Galluccio said that he was not sure if requiring more than 15% inclusionary units in a development would be legal but said we should look at it.

Ms. Rubenstein said that members of the Affordable Housing Trust have voiced their concern about making sure that the limited funds available for affordable housing are serving the neediest population.

Councillor Galluccio stated that he would be happy to have that discussion with the Trust and the Housing Committee. He requested that CDD look into Boston's reasons for the change to the percentage of median income as an eligibility limit.

Mary Kegan, Eviction Free Zone, said that a market analysis is a good idea. It should include information about waiting lists, and people paying over 30% of their income for housing.

Councillor Galluccio asked about what limited equity owners get when they leave their limit equity unit. Mr. Vining said that the owner would get back their downpayment plus interest and payments on principle plus interest.

Councillor Galluccio asked about prior Cambridge residents. Ms. Jameson said that former residents displaced since rent control get a preference. Councillor Galluccio also mentioned the City Council's interest in larger units for families.

Councillor Galluccio thanked all those present for their participation. The meeting was adjourned at 6:40 P.M.

For the Committee,

Councillor Anthony D. Galluccio, Chair

Copy for Margaret Drury, City Clerk A

June 13, 2002

TO: University Relations Committee
Cambridge City Council
ATTN:
Councillor Maher, Chair
Vice Mayor Davis, Co-Chair

FROM: Hedwig E. Pocius
Putnam Square Apartments
2 Mt. Auburn St., #805

The City of Cambridge and Harvard University are involved in long-term planning. What are the plans for Harvard-owned Putnam Square Apartments with its 94 federally subsidized units for low-income elderly/disabled persons when the contracts and agreements expire? (See enclosed memo.)

Many residents who were born, worked, and lived in Cambridge for all or most of their lives have become low-income in their later years. They need housing and nursing home beds. Three nursing homes have closed without adequate replacement in Cambridge. Since I understand there are not enough nursing home beds in Cambridge for Cambridge residents currently, the future looks bleak and hopeless if I become ill.

Since there are no City plans for future subsidized low-income elderly/disabled housing, where will the Cambridge residents of the 94 units in the Putnam Square Apartment be housed when the Harvard and federally subsidized contracts expire at the end of 2011?

Therefore, I urge you to start negotiating with Harvard, the Cambridge Housing Authority, the federal government to protect this housing in perpetuity to house Cambridge's low-income, disabled and senior citizens whose numbers are increasing, not decreasing.

As a 75-year old Cantabridgian I am very concerned and very worried not only about my personal future but also the future of other low-income Cambridge citizens as we grow older and especially if we become ill.

Enc.

cc: a) Neighborhood and Long-Term Planning Committee
Attn: Councillor Reeves, Chair
b) Housing Committee
Attn: Councillor Galuccio, Chair
c) Community Development
Attn: Beth Rubenstein

Most of the town/gown concerns are around new development, but our concern is the future of the Putnam Square Apartments at 2 Mount Auburn Street, which is a 94-unit complex for low-income elderly/disabled persons under an agreement between Harvard and the Massachusetts Housing and Finance Agency (MHFA) with subsidies by the U.S. Department of Housing and Urban Development (HUD) through the Cambridge Housing Authority (CHA).

When the contracts and Disposition Agreement (dated August 17, 1999)[i] ends, does Harvard plan to evict 75 elderly/disabled tenants effective December 31, 2011, and the remaining 19 tenants effective August 15, 2014?

Most Harvard Planning and Real Estate (HPRE) tenants are students or "affiliates" and the majority are temporary residents. By contrast, for the elderly and disabled, Putnam Square Apartments is their home until they can no longer live independently (or, if Harvard chooses, are evicted!).

So the big question is, in Harvard's 10-year housing projections, what are the plans for the building at 2 Mount Auburn Street? Please remember that while you are talking about <u>units of housing</u> we are worried not only about our <u>homes</u>, but also about the rest of the low-income elderly and disabled persons who are Cambridge citizens including Harvard retirees who call 2 Mount Auburn Street home.

As far as we know, there are no plans for the City of Cambridge to replace these 94 units; and in our opinion as concerned Cambridge residents, Cambridge needs this complex to house its active/independent low-income elderly and disabled constituents indefinitely. It makes more sense for this group of persons to be housed together rather than placed in scattered units with Section 8 vouchers.

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[i] "Owner COVENANTS AND AGREES for itself, and any successors and assigns that (a) until December 31,2011, not less than one hundred percent (100%) of the total rental units within the Project shall be rented at all times to low-income persons or families at or below the Monthly Rental Charge; and (b) for the remaining term of this Agreement, not less than twenty percent (20) of the total rental units within the Project shall be rented at all times to low-income persons or families at or below the Monthly Rental Charge..."

...

"The terms and provisions of this Agreement shall remain in full force and effect until August 15, 2014."

Hedwig Pocius

Hedwig Pocius

Katheleen Williams

Katheleen Williams

[Statement read by Stash Horowitz, Chair, Joint Neighborhood Com.,
before Riverside Study Group meeting (not sure of date).]

Written Feb. 2 2002

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City of Cambridge

HOUSING COMMITTEE MEMBERS
Councillor Anthony D. Galluccio, Chair
Councillor Marjorie C. Decker
Councillor Brian Murphy
Councillor Kenneth E. Reeves
Councillor E. Denise Simmons

In City Council October 7, 2002

The Housing Committee held a public hearing on July 24, 2002 beginning at 4:15 P.M. in the Sullivan Chamber for the purpose of discussing the future of federal subsidies at 2 Mount Auburn Street and methods to address the housing needs of families with incomes of 80% to 120% of median income, including inclusionary zoning.

Present at the hearing were Councillor Anthony D. Galluccio, Chair of the Committee, Vice Mayor Henrietta Davis, Councillor Brian Murphy, and D. Margaret Drury. Also present were Beth Rubenstein, Assistant City Manager for Community Development, Darcy Jameson, Housing Director, Community Development Department (CDD) and Dan Wuenschel, Executive Director of the Cambridge Housing Authority (CHA).

Councillor Galluccio convened the hearing and explained the purpose. He began with the issue of 2 Mount Auburn Street. Councillor Galluccio requested that Mr. Wuenschel explain the status of the subsidies at 2 Mount Auburn Street.

Mr. Wuenschel said that 2 Mount Auburn Street, a ninety-four-unit complex for low income elderly/disabled persons, which is also called Putnam Square Apartments, is owned by Harvard University. It was built in the early 1970's under a federal subsidy program known as the "10C" program. The Massachusetts Housing Finance Agency (MHFA) holds the mortgages. The subsidies that enable payment of the mortgage and maintenance of the building while allowing rents to be kept affordable are supplied by the U.S. Department of Housing and Urban Development (HUD) through the Cambridge Housing Authority (CHA). Over the years, the MHFA has authorized rent increases as expenses have risen, and these have been passed on through the CHA to HUD.

The "10C" program no longer exists. The Putnam Square Apartments complex is the only remaining building under the "10C" program in the country. Last year HUD informed the CHA that since the program no longer exists, there is no longer a "10C" budget for these subsidies and the program funds are running out. The CHA and HUD have been looking for a source of funds. Harvard has been very cooperative. The CHA has engaged an attorney in Washington, D.C. who has been doing research. Mr. Wuenschel said that he is optimistic that they will be able to find a solution.

Mr. Wuenschel said that the original agreement was that affordability for low income tenants would be maintained until the year 2012. When Harvard refinanced with

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Committee Report #1

Committee Report from Councillor Anthony D. Galluccio, Chair of the Housing Committee, for a meeting held on July 24, 2002 for the purpose of discussing the future of federal subsidies at 2 Mount Auburn Street and methods to address the housing needs of families with incomes of 80% to 120 % of median income, including inclusionary zoning.

In City Council October 7, 2002

REPORT ACCEPTED.
PLACED ON FILE.