



City of Cambridge

Committee Report #11

IN CITY COUNCIL

January 11, 1999

COUNCILLOR BORN

ORDERED: That the City Manager be and hereby is requested to supply information on the following issues:

- Balance of New Lease Emergency Fund; and
- Guidelines for its use.

In City Council January 11, 1999.

Adopted by the affirmative vote of nine members.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

D. Margaret Drury
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City Clerk



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positive tenant with a Section 8, whose landlord has just raised the rent. He will be homeless soon, when a relatively small amount of money could keep him there.

Mr. Herzog stated that the first step in such a case should be to make sure that the Section 8 is maximized. Sometimes the CHA can increase the subsidy amount.

Councillor Triantafillou asked how much of the New Lease emergency fund is still left. Mr. Herzog stated that it was initially funded at \$250,000; he believes there is between \$50,000 and \$100,000 left.

Ms. Rubenstein noted that the CHA received over \$11,000,000 in subsidy funds over the last year. The CHA gets these subsidies on an annual basis. Mr. Herzog stated that there are also HUD subsidies to buildings like the expiring use buildings. He pointed out that looking overall at housing funds, including federal and state funds, there is more funding available for subsidies than is available for affordable housing construction. For example, there is \$2,000,000 - \$3,000,000 in federal block grants for affordable housing construction each year in Cambridge, which is much less than the annual amount of federal funds available for rent subsidies.

Councillor Born asked where the emergency funds come from. Mr. Healy explained that the funds come from tax revenues, not the Affordable Housing Trust Fund.

Councillor Born asked what will happen to those funds if they are not used this year. Mr. Herzog stated that he does not believe that these funds revert to the general fund in the Affordable Housing Trust Fund, but will remain in a fund available for emergency assistance. Mr. Healy confirmed that this is the case.

Councillor Triantafillou asked whether, since we are still not building the number of units we need, it would be good to have some more rental subsidy funds available.

Mr. Healy stated that it takes more subsidy than ever today to fill the gap between what rent can be afforded by low income persons and the market rate. He acknowledges that this is a very difficult policy choice but emphasized that when the Council looked closely at this, it concluded that construction of affordable housing is the most viable long term policy.

Councillor Triantafillou asked about the data of who is falling through the cracks. Mr. Herzog stated that the Section 8 waiting list contains over 5,000 Cambridge residents.

Councillor Russell asked about the current rental market. Mr. Healy noted MIT's plan to build market rate rental housing on Osborn Triangle. There is still a hot market.

Councillor Davis asked how many Section 8 certificates are in use. Mr. Herzog stated that there are about 1200. Councillor Davis asked for information as to how many of the 5,000 on the Section 8 waiting list are not presently housed in affordable housing.

Councillor Born asked how many people with CHA certificates can actually find housing that they can afford in Cambridge. Mr. Herzog stated that HUD has accepted the CHA's justification for paying in Cambridge 120% of the amount established as the overall market rent because of the extremely high market rents in Cambridge. In Cambridge the rental subsidy allowed for a three-bedroom Section 8 is \$1,348 which represents 120% of market.

Mr. Healy stated that there is the same problem with low income tax credits. Cambridge affordable housing is costing \$200,000 per unit to build.

Councillor Born asked what units are costing \$200,000. Mr. Healy stated that 2525 Massachusetts Avenue and Auburn Court cost that much.

Councillor Russell asked about the subsidies at 2525 Massachusetts Avenue. Mr. Herzog stated that some will be subsidized by CHA Section certificates.

Councillor Triantafillou stated that she would be interested in input from the Eviction Free Zone as to how useful \$10,000 - \$20,000 annually would be to keep tenants in place.

It was agreed that Mr. Healy will supply information on the following issues:

1. Balance of New Lease Emergency fund
2. Guidelines for its use

Councillor Born then moved the discussions to the report on the Affordable Housing Trust (AHT). She invited Mr. Healy to begin the discussion.

Mr. Healy informed the committee that the AHT has sustained a leverage ratio of 4 to 1. He described the AHT process and membership. The AHT meets monthly. Mr. Healy stated that the report indicates the successes of the organization. It is one of the most effective bodies that he has observed "The numbers speak for themselves," he stated.

Councillor Davis said that it would be helpful to have a one-page quarterly report. It was agreed that such a report will be produced. Councillor Davis asked that the unit costs be included and that a goal as to numbers of units be set. Mr. Herzog noted that on a quarterly basis there will not be much change. These are long term projects.

Councillor Davis stated that perhaps the report should be twice a year. It was so agreed.

Councillor Triantafillou asked if the units are new or rehabilitated units. Mr. Herzog stated that it includes both.

Councillor Russell asked about the single unit listing in the report. Mr. Herzog explained that the CHA had a HUD development grant and purchased eight units. Five operate as scattered site housing; three are occupied by Section 8 voucher holders.

Councillor Triantafillou asked what percent of the housing stock the affordable units represent, as part of how the City Council can develop goals.

Mr. Herzog said that the city has 40,000 housing units; of these, 6,000 (15%) have long term affordability, and 1,500 were developed over the last four years, i.e. 1 ½ % of the city's total.

Councillor Davis asked for a breakdown of how many units were created and how many were preserved. She stated that she would like to see the statistics as to the total number of units added each year.

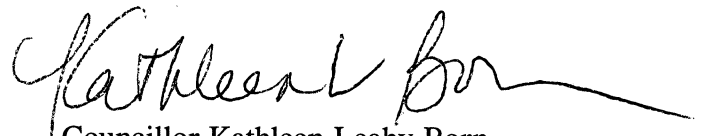
Councillor Born asked if anyone has taken advantage of the voluntary inclusionary zoning units. Ms. Rubenstein answered in the negative.

Councillor Born asked if the AHT members have terms. Mr. Healy stated that they do. Councillor Born commended the work of the Affordable Housing Trust. Councillor Russell agreed.

Michael Haran, CASCAP, stated that no other city is making the level of commitment to affordable housing that Cambridge is making.

On the motion of Councillor Russell, the meeting was adjourned at 7:05 p.m.

For the Committee,


Councillor Kathleen Leahy Born
Chair

City of Cambridge

In City Council January 11, 1999

The Housing and Community Development Committee held a public meeting on December 16, 1998, beginning at 5:15 p.m. in the Sullivan Chamber for the purpose of discussing reports from the City Manager on progress to increase the supply of affordable housing, the financial status of the Affordable Housing Trust Fund and the issue of rental subsidies.

Present at the hearing were Councillor Kathleen L. Born, Chair of the Committee, Councillor Sheila T. Russell, Councillor Katherine Triantafillou, and City Clerk D. Margaret Drury. Also present were City Manager Robert W. Healy, Acting Assistant City Manager for Community Development, Beth Rubenstein, Housing Director Roger Herzog, and Community Development Department (CDD) staff John Woods and Elizabeth Sternberg.

Councillor Born convened the hearing and explained the purpose. Councillor Russell requested that the record reflect that all the women members of the committee are present.

Councillor Born began with a discussion of the rent subsidy issue and requested that Roger Herzog review the issue. Mr. Herzog stated that the CDD recommends not using funds for subsidies and continuing to use all the Affordable Housing Trust Fund resources for supporting the construction of long-term affordable housing for the following reasons:

1. High cost of subsidies.
2. Availability of subsidy funds from other programs.
3. Existence of other rental subsidies that the City receives through the Cambridge Housing Authority (CHA).

Mr. Herzog stated that rent subsidy funds are far more expensive and less cost-effective than construction of affordable units in providing long-term affordability. He said that in 1997, the City set up the "New Lease" program in the Human Services Department that did have some short term funds available. While "New Lease" has been mostly phased out, there are some emergency funds still available. City Manager Healy noted that two of the three staff positions have been funded in this budget year, so there is still capacity to respond to emergency situations.

Councillor Triantafillou stated that she is in general agreement with the goal, but there are some very compelling short term cases. She gave the example of an HIV

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of the Affordable Housing Trust Fund
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*Report Accepted
Placed on file.
Order Adapted*