

City Council &  
Affordable Housing Trust  
Roundtable Meeting  
October 6, 2014

## City Council Goals:

- Preserve and create affordable housing for low, moderate and middle-income families and other residents across the city
- Value and support the racial, socioeconomic, cultural and religious diversity of our city

## Affordable Housing Trust Goals:

- Creation of new affordable ownership and rental units
- Preservation and rehab of existing affordable homes and rental units
- Support for housing where income-eligible residents pay no more than 30% of their income
- Establishing affordability of assisted housing through long-term affordability restrictions



Bishop Allen Apts.:  
32 rental units  
preserved and now  
being rehabbed



Putnam Square Apts.: 94 rental  
units preserved and now being  
rehabbed for senior and  
disabled tenants

## City Housing Policy:

It is the City's policy to preserve the diversity of the community by offering a wide range of housing programs to meet the needs of very low, low, moderate, and middle-income residents. Wherever possible such rental and homeownership housing is made permanently affordable, and built in areas throughout the city, with particular emphasis on production of units of appropriate size for families with children.

The City has a long-standing commitment to supporting high-quality housing that is well integrated into the community and that will remain affordable for future generations.



Switch House: 33 mixed-income affordable condominiums



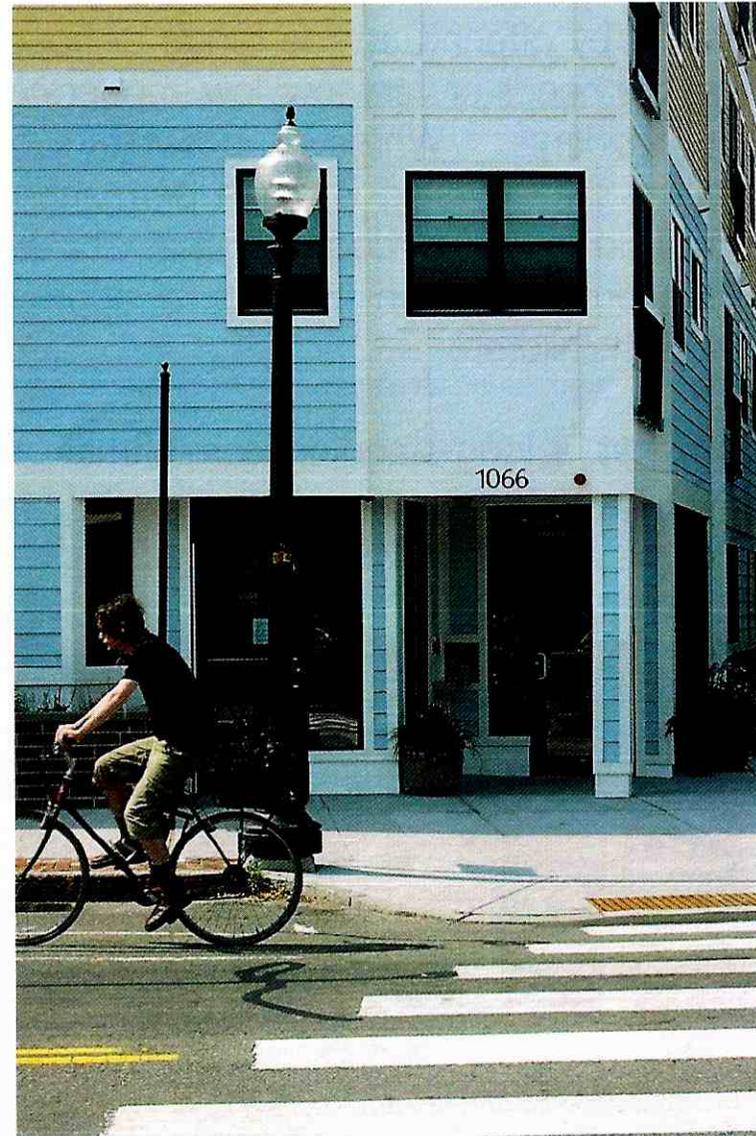
Main Street Condominiums: 10 affordable units



Bigelow Street: 10 affordable rental units

## Strategies: Advancing City Council and Affordable Housing Trust Goals

- Preservation of existing affordable housing
  - units with expiring use restrictions
  - units in need of rehab or revitalization
- Development of new affordable housing:
  - acquisition & rehab of existing residential buildings
  - new construction
  - conversion of non-residential buildings to housing
  - condominium unit acquisition
- Zoning-based programs – incentive and inclusionary
- Offering affordable housing to residents



Elm Place: 19 affordable rental units

# Strategy: Preservation of Existing Affordable Housing

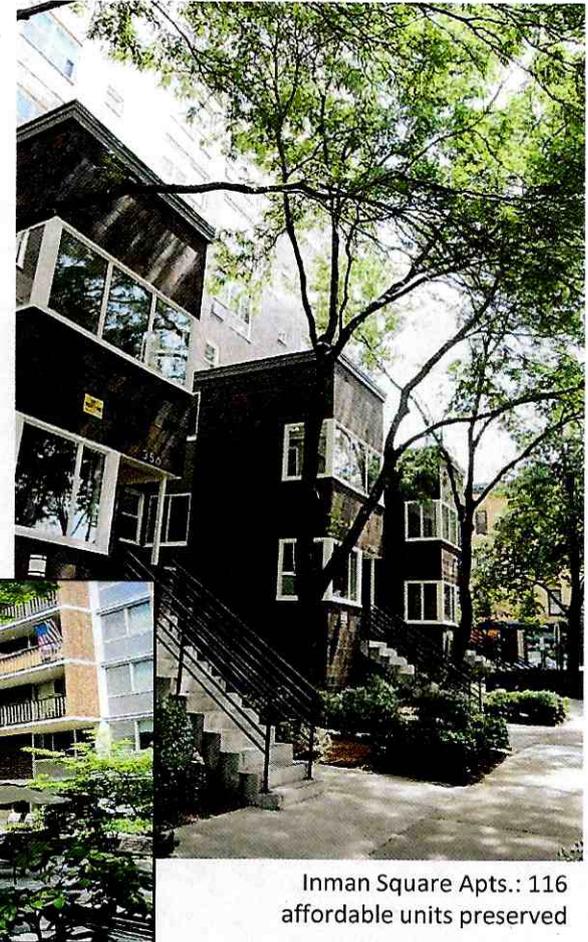
## PRIVATELY-OWNED EXPIRING-USE PROPERTIES

Many privately-owned affordable housing developments were built in the 1960s, 70s, and 80s with affordability restrictions which ran for 30-50 years. Without intervention, the affordable units at these properties are at risk of market-rate conversion when restrictions expire. In 2010, 1,094 units at 10 properties were subject to restrictions expiring before 2021.

- Outcomes:
- since 2011 affordability at 7 properties containing more than 424 affordable units preserved with City assistance
  - \$17.7 million CPA used in \$111 million combined preservation transactions

- Current:
- rehab of 94 units underway at HRI's Putnam Sq. Apts.
  - rehab of 32 units at JAS's Bishop Allen Apts.
  - rehab of 50 units at HRI's Chapman Arms
  - Briston Arms preservation pending
  - 670 affordable units remain at-risk:
    - Briston Arms (105 affordable, 154 total units)
    - Close Building (61 units)
    - Fresh Pond Apts. (504 units)

- Challenges:
- owner intent
  - Chapter 40T regulation changes
  - rising Cambridge real estate values
  - timing and availability of funds



Cambridge Court Apartments: 92+ affordable units preserved

Inman Square Apts.: 116 affordable units preserved

# Strategy: Preservation of Existing Affordable Housing

## REVITALIZATION OF EXISTING (NON-EXPIRING USE) AFFORDABLE HOUSING

Physical and financial feasibility can also threaten affordable housing. Ensuring buildings are well-capitalized and rehabbed appropriately is also necessary to ensure long-term affordability.

- Outcomes:
- since 2009, 440 affordable units at 4 properties have been assisted with City funding for rehab and reinvestment and/or reconstruction
  - \$17.6 million CPA funding

- Current:
- CHA's 104-unit Jefferson Park reconstruction to begin 2015

- Challenges:
- often requires significant funding commitments
  - funds used to revitalize existing housing not available for new production



Lincoln Way: 70 reconstructed public housing units



Cambridge YWCA: ribbon cutting for 103 renovated units

# Strategy: Affordable Housing Development

1. NEW CONSTRUCTION
2. PURCHASE OF EXISTING MARKET-RATE HOUSING
3. CONVERSION OF NON-RESIDENTIAL BUILDINGS TO HOUSING

- Outcomes:
- 147 new units have been assisted with City funding
  - 124 newly constructed housing units complete or underway
  - \$16.7 million CPA

- Current:
- CHA's 40-unit Temple Place development under construction
  - construction to begin 2015 on 20-unit Port Landing

- Challenges:
- availability of sites and buildings with sufficient scale to be feasible
  - high purchase cost of land and buildings
  - high development costs which often exceed limits of other funders: potential loss of leveraged funding
  - other funding: requires significant funding commitments of capital and operating subsidies
  - zoning relief often needed for feasibility
  - opposition to developments, permitting challenges, costly appeals



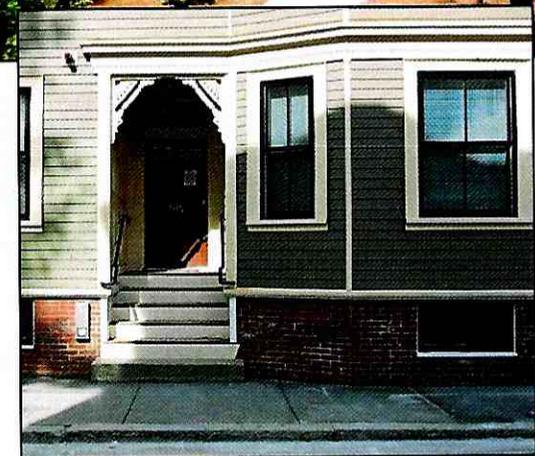
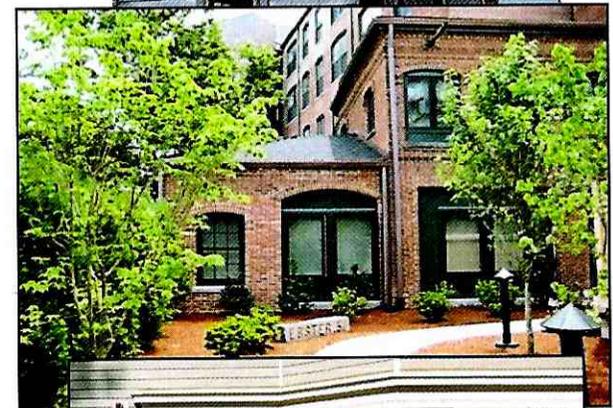
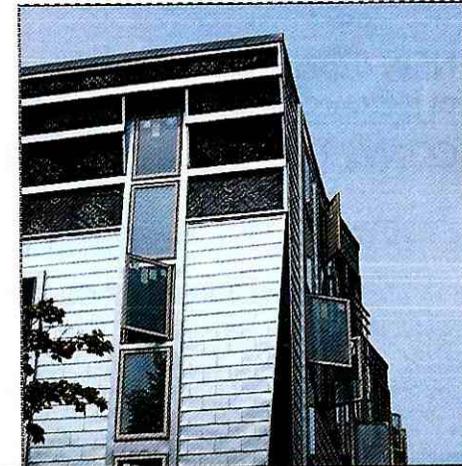
# Strategy: Zoning-based Programs

## INCENTIVE ZONING ORDINANCE:

- Established in 1988, applies to commercial developments of 30,000 SF or greater seeking certain types of special permits for increased density and intensity of use
- Nexus study establishes legal basis for this requirement
- requires developers to provide a per/SF payment (Incentive Contribution) to offset the impact of increased housing costs attributable to new commercial development
- Current Incentive contribution rate is **\$4.58/SF**, last adjusted by Trust February 2014
- Incentive contribution rate may be adjusted annually by the Trust for inflation, and every 3 years by the City Council, based on current economic data
- Incentive funds raised go to the Trust: approximately **\$4.3 million** since inception, \$3.5 million 2002-2014

## Current:

- new nexus study is now underway to evaluate and recommend rate
- will establish link between new commercial development and need for affordable housing and measure impact to determine rate recommendation
- recommendations will be made in January 2015



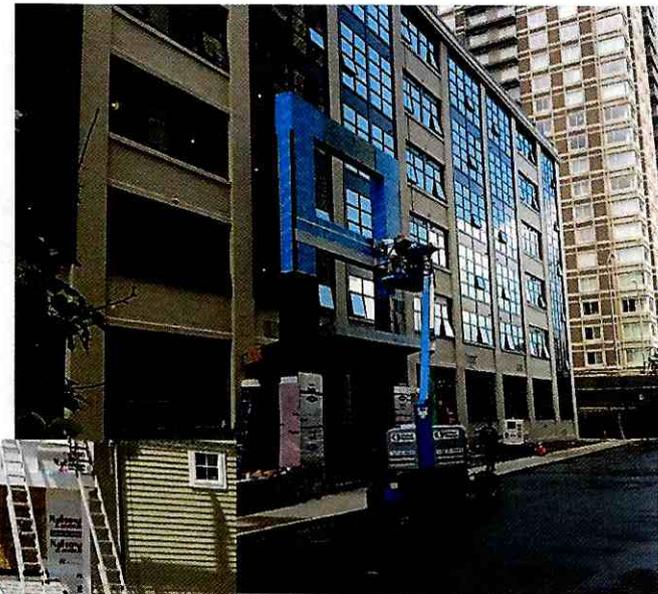
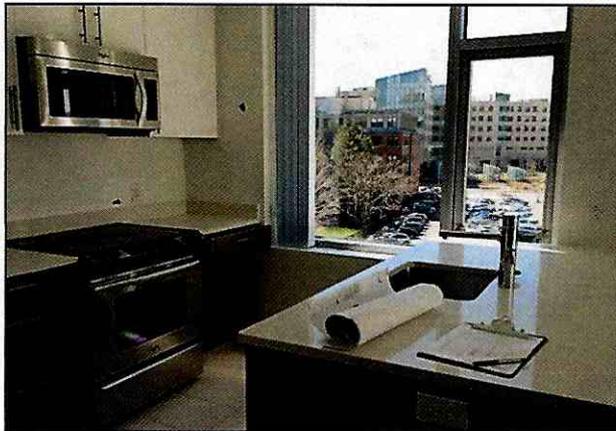
# Strategy: Zoning-based Programs

## INCLUSIONARY ZONING:

- Established in 1998, after a rationale study determined that, for each 10 units of new market housing, an additional 1.5 units of affordable housing would be needed to maintain the then-existing affordable housing proportion
- Rationale study establishes legal basis for this requirement
- Applies to residential developments of 10 units or greater and/or 10,000 SF or greater, and requires developers to set aside affordable units
- Allows 30% density bonus, 2 bonus units for each required affordable unit
- 816 units completed or underway in 55 developments:
  - 623 rental units (411 completed)
  - 193 ownership units completed

## Current:

- new study to look at updating requirements
- can ratio be increased to create more units?
- can requirement be adjusted to create larger units?



# Strategy: Offering Housing and Services for Residents

## RENTAL HOUSING

- 242 households housed in inclusionary rental housing in last 5 years
- **Rental Applicant Pool (RAP)** : CDD-managed access to 411 affordable units at 28 completed properties
  - For households earning 50% and 80% of area median income (AMI), or who have a rental voucher
  - 334 resident applicants
  - 884 total current applicants



Recently leased 2-br inclusionary rental unit

## HOMEOWNERSHIP

- 137 homebuyers assisted with purchasing affordable homes in last 5 years
- **Homeownership Resale Pool**: CDD-managed access to City-assisted stock of 520 affordable units
  - open to applicants earning between 40% and 100% of area median income (AMI)
  - 164 resident applicants
  - 212 total current applicants
- Financial Assistance for First-time Homebuyers
- First-time Homebuyer Education & Counseling
- Homeowner support

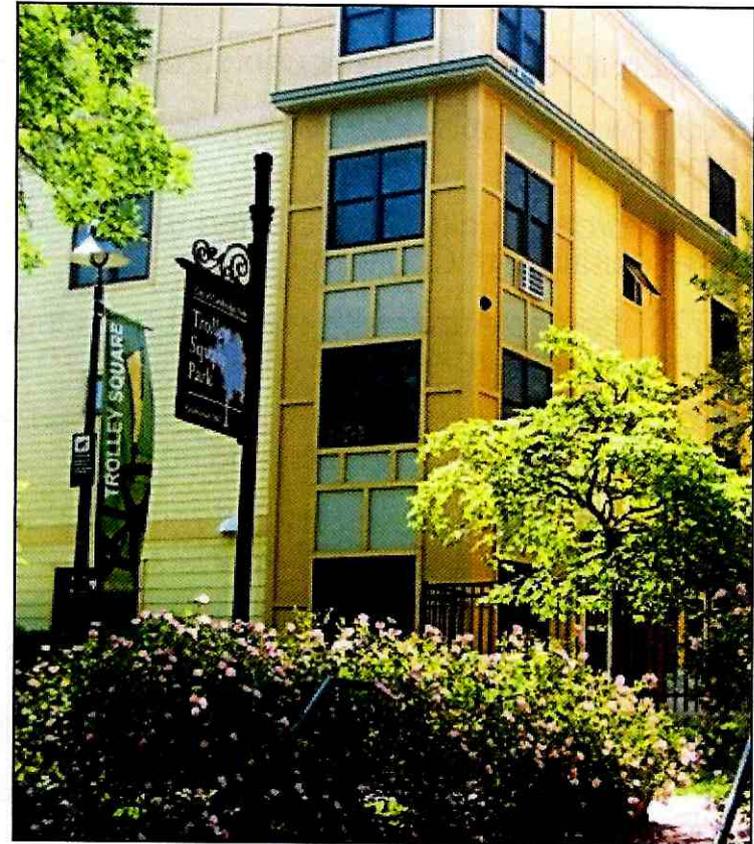


Recently sold 3-br homeownership resale unit

# Strategy: Offering Housing and Services for Residents

## RESIDENT SELECTION PREFERENCE POLICIES

1. Local Preference
  - Current Cambridge residents
  - Cambridge-based workers receive secondary preference (i.e. after resident served)
2. Families with Children
  - Families with children under 18
  - Additional preference for families with younger children (under 6)
3. Emergency housing needs (rental only)
  - Court-ordered no-fault eviction
  - Paying more than 50% of income for rent
  - Overcrowded
  - Living in a property with code violations
  - Homeless



Trolley Square: 40 affordable rental and ownership units

### Current:

- CDD and Trust discussing possible preference policy changes:
- expand criteria for preference (e.g. add to local preference definition)?
- change criteria (e.g. increase child age from 6 to 10 for young children preference)?
- revisiting how preferences interact (e.g. should emergency need confer higher priority)?
- other changes?

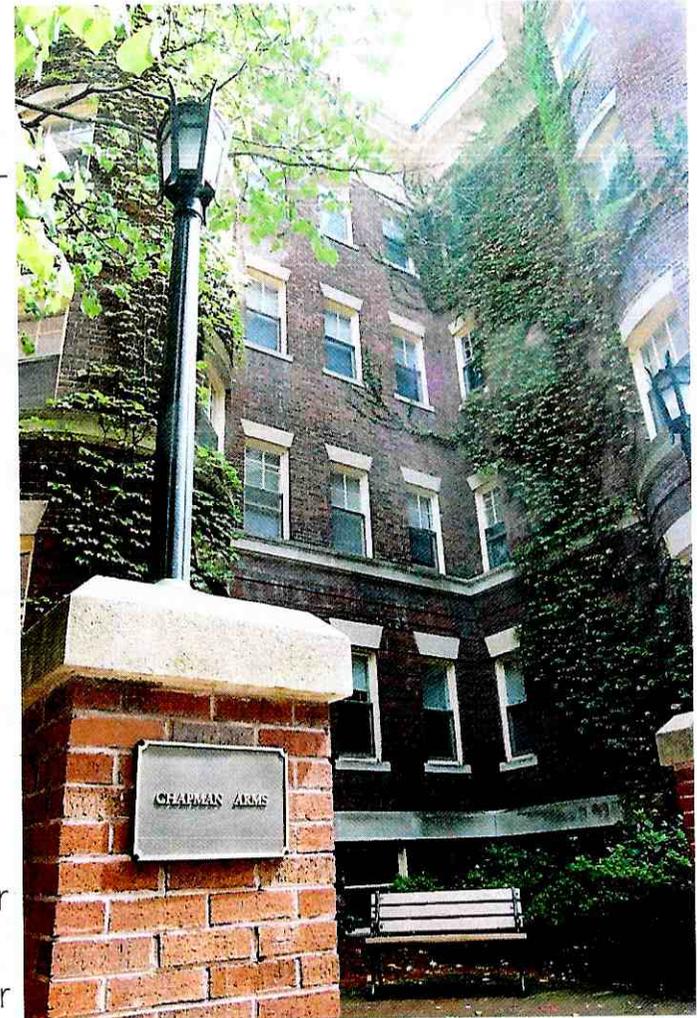
# Affordable Housing Outcomes:

## SINCE THE END OF RENT CONTROL:

- 4,281 units of affordable housing created or preserved
- 669 new affordable units newly constructed with City/Trust funding
- 798 affordable units newly created through conversion of market-rate housing with City/Trust funding
- 1,770 affordable units with expiring use restrictions preserved with assistance from the City/Trust
- 440 affordable units recapitalized / rehabbed and/or revitalized or soon to be with City/Trust funding
- 604 affordable units completed through inclusionary requirements with an additional 212 units now underway

## IN THE PAST 5 YEARS:

- 1,354 units of affordable housing created or preserved
- 147 newly created affordable units, including 124 new construction units
- 424 units with expiring use restrictions preserved
- 440 affordable units recapitalized, rehabbed and/or revitalized or soon to be with City/Trust funding
- 343 affordable units completed or now under construction under inclusionary requirements
- 379 low, moderate, and middle-income households have moved into new homes, including 242 renters and 137 homebuyers, through City-administered applicant pools



Chapman Arms: 25 rental units preserved and rehabbed