

FILE NO. 6655, REQUEST FOR PROPOSAL CONSULTING SERVICES TO CONDUCT A STUDY ON MARKET RATE HOUSING AND NEED FOR AFFORDABLE HOUSING IN CAMBRIDGE, DUE BY 11:00 AM, THURSDAY, DECEMBER 4, 2014

**FILE NO.6655**  
**REQUEST FOR PROPOSAL**  
**Consulting Services to conduct a study on Market Rate Housing and need for Affordable Housing in Cambridge**

Sealed proposals will be received at the Office of the Purchasing Agent, Room 303, City Hall, 795 Massachusetts Avenue, Cambridge, Massachusetts 02139 until 11:00 a.m., on **Thursday, December 4, 2014** for furnishing the following to the City of Cambridge.

The City of Cambridge (“the City”) is seeking proposals for Consulting Services to conduct a study of the impact of new market residential development on housing affordability, housing supply, housing needs, and socio-economic diversity in Cambridge in order to determine whether there should be changes to Article 11.200 of the Cambridge Zoning Ordinance (Inclusionary Zoning Ordinance. The Study may recommend amendments to the current Inclusionary Zoning Ordinance, including adjustments to the current requirements. The Consultant will also review the current development bonus to determine whether adjustments are warranted. .

Copies of the Request for Proposal may be downloaded from the City’s web page: [www.cambridgema.gov](http://www.cambridgema.gov), Online Services, Purchasing Bid List, Regular RFP, File No 6655.

**There must be no mention of the applicant’s fee in the proposal. Any mention of the fee will subject the proposal to rejection.**

Questions concerning the Request for Proposals must be submitted in writing by **Tuesday, November 25, 2014 by 11:00 AM** to Amy L. Witts, at the address above or by fax (617) 349-4008. Answers will be sent to all vendors who have registered on the City’s website as having downloaded the RFP. Answers will also be posted on the City’s website.

**Two separate sealed envelopes, a sealed envelope containing one original and eight (8) copies of the non-price technical proposal marked “Consultant Services to conduct a study on Market Rate Housing and need for Affordable Housing in Cambridge, Non-Price Proposal,” and one envelope containing the price proposal marked Consultant Services to conduct a study on Market Rate Housing and need for Affordable Housing in Cambridge, Price Proposal-”** must be received by Amy L. Witts, Purchasing Agent, City of Cambridge, 795 Massachusetts Avenue, Cambridge, Massachusetts 02139 prior to **11:00 AM, December 4, 2014** Any proposals received after such time will not be accepted. Delivery to any other office or department does not constitute compliance with this paragraph, unless the proposals are received by the Purchasing Agent by the established deadline.

**Amy L. Witts**  
**Purchasing Agent**

**Confidentiality and Public Records Law**

All bids or other materials submitted by the vendor in response to this Request for Proposal will be open for inspection by any person in accordance with the Massachusetts Public Records Law.

**Terms and Conditions**

The terms and conditions of any contract awarded through this procurement are attached hereto and shall be affirmed by the City and selected proposer.

1. Proposals will remain in effect for a period of 90 days from the deadline for submission of proposals or until it is formally withdrawn, a contract is executed or this RFP is canceled, whichever occurs first.
2. The Purchasing Agent shall cancel the contract if funds are not appropriated or otherwise made available to support continuation of performance in any fiscal year.
3. A sample contract is attached hereto. The proposer must be willing to sign the City's contract. The City will not accept a proposer's terms & conditions.
4. Rule for Award: The City will award a contract to the proposer submitting the most advantageous proposal taking into consideration the proposal's Quality Requirements, Evaluation Criteria, composite ratings, references and price. Prices must remain firm or be reduced throughout the life of the contract.
5. Proposers must comply with the City of Cambridge Living Wage Ordinance. The current living wage rate is \$14.71 per hour (the ordinance is attached).
6. The contract period shall commence on the date of execution of the contract by the City of Cambridge.

**INSTRUCTIONS TO PROPOSERS**

1. **Two (2) separate sealed envelopes, a sealed envelope containing one original and eight (8) copies of the non-price technical proposal marked Consultant Services to conduct a study on Market Rate Housing and need for Affordable Housing in Cambridge, "Non-Price Proposal," and one envelope containing the price proposal marked Consultant Services to conduct a study on Market Rate Housing and need for Affordable Housing in Cambridge, Non-Price Proposal** must be received by the Purchasing Agent, City of Cambridge, 3<sup>rd</sup> floor City Hall prior to **11:00 AM on Thursday, December 4, 2014**. Chapter 30B requires that price proposals must be separate from technical proposals. Therefore please make no reference to price in the non-price technical proposal. Failure to adhere to this requirement will result in disqualification. It is the sole responsibility of the proposer to insure that the proposal arrives on time at the designated place. Parking is limited at City Hall; it is strongly recommended that proposals are mailed or delivered in advanced of the due date and time. Late proposals will not be accepted.
2. The signature of the authorized official(s) must be provided on all the proposal forms. All proposals should be double -sided in conformance with the City's recycling policy.
3. The signature of the authorized official(s) should be organized and presented as directed. Accuracy and completeness are essential. The successful proposal will be incorporated into a contract; therefore, the proposer should not make claims that they are not prepared to commit themselves to contractually.
4. The Price Summary Form must be completed as instructed. No substitute form will be accepted. Pricing must remain firm. "The bid submitted must be without conditions or exceptions
5. Failure to answer any questions, to complete any form or to provide the documentation required will be deemed non-responsive and result in automatic rejection of the proposal unless the City determines that such failure constitutes a minor informality, as defined in Chapter 30B.
6. All interpretations of the RFP and supplemental instructions will be in the form of written addenda to the RFP specifications. Requests for clarification or any questions about information contained in the RFP should be addressed in writing to:

Amy L. Witts, Purchasing Agent  
795 Massachusetts Avenue  
Cambridge, MA 02139.

or faxed to (617) 349-4008. No requests or questions will be accepted after 11:00 AM. on Tuesday, November 25, 2014. Please include the name, address, e-mail address, telephone number and fax number, if available, of the person to whom additional information should be sent. Any information sent to one proposer will be sent to all proposers.

7. Proposals must be unconditional. However, prior to the proposal opening proposers may correct, modify, or withdraw proposals by written request to Amy L. Witts, Purchasing Agent, City of Cambridge, Room 303, City Hall, 795 Massachusetts Avenue, Cambridge, MA 02139. A letter will be sufficient for withdrawal of a proposal up the date of the proposal opening. Any correction or modification to a proposal must be submitted in writing and in a sealed envelope labeled "Consultant Services to conduct a study on Market Rate Housing and need for Affordable Housing in Cambridge Modification to or Withdrawal of Proposal."

### **EVALUATIONS OF THE PROPOSALS**

All proposals will be reviewed by the Evaluation Committee in accordance with M.G.L. Chapter 30B. Final selection will be based on evaluation and analysis of the information and materials required under the RFP, including information obtained by direct contact with references. The Evaluation Committee will be composed of staff from the City.

Based on the review of the written proposals, certain proposers may be asked to participate in an on-site interview. Proposers should therefore be prepared to travel to Cambridge for this interview. The project manager and other personnel who will be working on the project on a day-to-day basis should be present at the interview. Interview participants will be expected to answer questions from the Evaluation Committee. The City will not assume any travel costs related to these interviews.

References will be contacted to determine if the proposer is responsive and responsible. References will be asked about their overall impression of the proposer's quality of services performed and the timeliness of service delivery. The City reserves the right to use itself as a reference and contact references other than those submitted by the proposer.

Proposals that meet the Quality Requirements will be reviewed for responses to the Comparative Evaluation Criteria. Each member of the Evaluation Committee will assign a rating of Not Advantageous, Advantageous and or Highly Advantageous. Using the evaluation criteria ratings submitted by each Evaluation Committee member, a composite rating by the Evaluation Committee will be determined for each proposal.

After the evaluation of the non-price proposals is complete, the price proposals will be opened. The price proposals will be evaluated and ranked by the Purchasing Agent. The City will award the contract to only one responsive and responsible proposer submitting the most advantageous proposal taking into consideration the proposals' quality requirements, evaluation composite ratings, interview, references and price. Before awarding the contract, the City may request additional information from the proposer. The City reserves the right to reject any and all proposals if it determines that the criteria set forth have not been met.

### **REQUIRED PROPOSAL SUBMITTALS**

All information in the proposal should be organized and presented as directed below. Accuracy and completeness are essential. The successful proposal will be incorporated into a contract. The proposal should provide a straightforward and concise description of the proposer's commitment and ability to perform the services described in this document. To expedite the evaluation of proposals, it is essential that the proposer strictly adhere to the instructions in this part. A proposal may be deemed to be non-responsive, at the Purchasing Agent's discretion, if the proposer fails to comply with the following instructions. Furthermore, the failure to answer any question, to complete any form, or to provide the documentation required will be deemed non-responsive and result in automatic rejection of the proposal unless the City determines that such failure constitutes a minor informality, as defined in Chapter 30B.

1. **Introduction to Proposal:** The introductory portion of the proposal must include a letter of Transmittal signed by the individual authorized to bind the proposer contractually. The letter must include: the name of the individual(s) who is/are authorized to negotiate and sign a contract on the proposer's behalf; the name, title, address and telephone number of the individual(s) who can supply additional information and a brief description of the overall services proposed. The signature of the authorized official (s) must be provided on all the proposal forms. All proposals should be double sided in conformance with the City's recycling policy.

FILE NO. 6655, REQUEST FOR PROPOSAL CONSULTING SERVICES TO CONDUCT A STUDY ON MARKET RATE HOUSING AND NEED FOR AFFORDABLE HOUSING IN CAMBRIDGE, DUE BY 11:00 AM, THURSDAY, DECEMBER 4, 2014

2. Quality Requirements: A no response or a failure to respond to any of the quality requirements will result in a rejection of your proposal. Please use the form provided in this document to answer the quality requirements.
3. Comparative Evaluation Criteria: This portion of the proposal is an opportunity for the proposal to present a description of the proposer's qualifications. The proposer should respond briefly to each item listed in the Comparative Evaluation Criteria, and include all requested documentation. When preparing this portion of the proposal, the proposer should clearly identify and respond to each comparative evaluation criteria.
4. Price Proposal Form: The Price Proposal Form must be completed as instructed. No substitute form will be accepted. Pricing must remain firm throughout the contract. The Price Proposal Forms must be submitted, under separate cover in a sealed envelope labeled "Price-Proposal – Consultant Services to conduct a study on Market Rate Housing and need for Affordable Housing in Cambridge", to the Purchasing Department. The proposer should make no reference to pricing in any other part of the proposal. Failure to adhere to this will result in disqualification of the proposal.
5. References: Provide a list of at least (3) three references. Include the name, contact person, his/her title, address and telephone number. In addition, the City reserves the right to use itself as a reference to determine the proposer's responsiveness and responsibility, and reserves the right to call current or former clients not listed as a reference. A proposal may be rejected on the basis of one or more references reporting poor past performance by the proposer. Please refer to the "Quality of References" Evaluation Criteria on page 12 of this document to determine the most applicable references to offer in the proposal.
6. Relevant Experience: Please describe the proposer's direct experience providing consultant services similar to those described in the Scope of Services particularly to other Municipal customers.
7. State Office of Minority and Women Business Assistance Certification (SOMWBA): If applicable
8. Anti-collusion and Tax Compliance Certification: A fully executed copy of the form must be submitted. The form can be found on page 14 of this document.
9. CORI Compliance Form: Cori Compliance Form can be found on page 15 of this document.
10. Other: Copies of any legal document affecting the financial status of the consultant or company that has been filed with any state or federal court.

## **INTRODUCTION**

The City of Cambridge ("City") is seeking proposals from a consultant or team ("Consultant") to conduct a study of the impact of new market rate residential development upon housing affordability, housing supply, housing needs, and socio-economic diversity in Cambridge, along with related matters specified below, in order to determine whether there should be changes to Article 11.200 of the Cambridge Zoning Ordinance ("Inclusionary Zoning Ordinance"). The study, which will be known as the Inclusionary Zoning Study ("Study"), may recommend amendments to the current Inclusionary Zoning Ordinance, including adjustments to the current requirements. In addition, the Consultant will be asked to review the current development bonus to determine whether adjustments are warranted.

The City is seeking a Consultant with expertise in housing markets, economic analysis, demographic analysis, and real estate. A study that made recommendations with regard to the adoption of an inclusionary zoning ordinance was completed in 1997 by Peter Werwath and Associates in *Recommendations Concerning A New Inclusionary Zoning Ordinance, A Report to the City of Cambridge*. This was followed by a study completed in 1998 by Stockard & Engler & Brigham entitled *Cambridge Inclusionary Housing Study*. The Consultant will review these studies.

This RFP outlines the scope of services that the City is seeking as well as the selection and evaluation criteria to be used by the City in awarding the bid to a Consultant. A copy of the 1997 study is included here in Appendix A. A copy of the 1998 study is included here in Appendix B and a copy of the current Inclusionary Zoning Ordinance is included here in Appendix C. The Consultant will work closely with the City's Community Development Department ("CDD") and other City Departments.

## **BACKGROUND**

In 1997 and 1998, the City of Cambridge contracted with consultant teams to conduct a study on rationales and approaches for adoption of an inclusionary zoning ordinance in Cambridge. The 1997 study recommended adoption of a mandatory city-wide inclusionary zoning ordinance. The 1998 study explored affordability requirements of the inclusionary zoning ordinance. That study concluded that for every 10 new market rate housing units, 1.5 affordable units were needed to maintain the proportion of affordable housing units in the City and also assist in meeting the City's socio-economic diversity goals.

Based on these studies, the City adopted the Inclusionary Zoning Ordinance in 1998. The Ordinance requires that developers of residential projects of 10 or more units or larger than 10,000 square feet mitigate the impact of their development on the socio-economic diversity of Cambridge by providing 15% of the units as affordable. Developers are entitled to a "compensating" development bonus such that the FAR normally permitted in the applicable zoning district is increased by thirty percent (30%), fifty percent (50%) of which must be allocated to the affordable units. Since the adoption of the Inclusionary Zoning Ordinance, over 790 affordable units have been created, including nearly 600 rental units and over 190 homeownership units.

## **PURPOSE**

The primary purpose of the proposed Study is to review and, if advisable, recommend amendments to the inclusionary zoning ordinance requirement for the provision of affordable housing. The City seeks to determine whether changes to the inclusionary zoning ordinance with regard to requirements for housing affordable to low- and moderate-income households, sizes of affordable housing units created, applicability to middle-income housing, and types of developments subject to the ordinance, may be warranted. The City also seeks to review the "compensatory" density bonus to determine its appropriateness in light of changed conditions and any proposed changes to the inclusionary requirement.

## **SCOPE OF SERVICES**

### **A. Review of housing and demographic data, including impact of new market-rate housing development on low-, moderate-, and middle-income households**

In completing this Study, the Consultant will provide the City with a written report that:

- analyzes recent and projected housing development and demographic trends, including past and projected housing development activity, changes in residential rents and sales prices, changes in housing affordability across specified income ranges, changes in the population income distribution in the City over time, and any other data deemed appropriate;
- determines, describes, and quantifies the impact of new market-rate housing development on housing for low and moderate income households and on socio-economic diversity;
- recommends a ratio of affordable-to-market-rate-housing necessary to address the above-determined, described, and quantified impact of new market-rate housing development;
- examines and makes recommendations with regard to the provision of different types of affordable housing units, including units with a greater number of bedrooms (two and three), to address the impact of new market rate housing;
- examines and makes recommendations about the possibility of describing the affordable housing to be provided in terms of residential floor area rather than number of units;
- examines the real estate financial impact of any recommended changes to the inclusionary zoning ratio and examines and makes recommendations with regard to any adjustments to be made to the "compensatory" development bonus in light of recommended changes;
- explores how housing for middle-income households, defined as households earning between 80% and 120% of median family income for the area, are impacted by new market rate housing development and determines, describes, and quantifies the impact of new market-rate housing development on housing for middle-income households and on socio-economic diversity;
- explores whether inclusionary provisions may be proposed for the provision of housing for middle-income households and makes recommendations for how to structure such inclusionary provisions;
- describes anticipated impacts of the Study recommendations, if implemented, on housing development throughout the City;
- reviews the assumptions, methodologies, and conclusions of the 1997 and 1998 Studies (discussed above and included as an appendix to the RFP) and suggests modifications or additions, if any, that the Consultant deems appropriate; and
- explores inclusionary provisions used by other communities nationwide and compares changes, if any, recommended by the Study with use of inclusionary provisions elsewhere.

### **B. Expanded application for certain developments**

The Consultant shall examine and make recommendations with regard to application of inclusionary provisions to developments which take advantage of increases in density or intensity of use through the special permit or other discretionary approval process. The Consultant shall comment on whether expanded inclusionary provisions might be considered for such developments, and, if so, how such expanded inclusionary provisions might be structured, including how such provisions might be used to create:

- a greater number of affordable units (or floor area for affordable housing);
- units that are affordable to lower-income households;
- additional units that are affordable to middle-income households.

**C. Analysis of “compensatory” density bonus**

The Consultant shall examine the current “compensatory” development bonus and determine whether changes or alternatives are warranted based on changed conditions or changes recommended by the Consultant to the existing inclusionary provisions.

**D. Legal Matters**

The Consultant shall work with the City Solicitor and Legal Team with respect to legal questions arising from the work and recommendations of the Consultant.

**E. Zoning Recommendations**

The Consultant will provide specific recommendations for amendments to the Inclusionary Zoning Ordinance provisions, including:

- changes, if any, in the required ratio of affordable units and/or floor area for low and moderate income households (up to 80% of median income);
- alternatives, if any, that allow for the provision of larger units;
- application, if appropriate, of inclusionary provisions to address impacts on middle-income households (80%-120% median income);
- application, if appropriate, of expanded inclusionary provisions for developments obtaining approvals for additional density or intensity of use;
- other suggested changes, if any, based on the study analysis and review of similar requirements in other communities; and,
- changes, if any, to the compensatory development bonus based on study recommendations.

**F. Schedule**

Time is of the essence and the City is interested in expediting this Study so that its recommendations can be considered as soon as possible.

**G. Meetings and Public Presentations**

The Consultant will meet with CDD staff on at least a monthly basis and with the City Solicitor and Legal Team as needed. The Consultant may be requested to present its findings and recommendations to the City Council or at other public meetings during the study period.

**H. Expert Witness Testimony**

The Consultant must be available during the study period and after to consult with the City Solicitor and Legal Team and to provide expert testimony, if necessary.

**I. Work Product**

The Consultant shall provide interim, draft final, and final written reports that cover all items described above. The Consultant shall work with city staff and team members on the appropriate timing for materials based on their proposed work plan. The final report and any interim products will be submitted to the City in digital and hard copy formats and the final report and recommendations may be made

available on the City's website. The City of Cambridge retains the right to the use of the Study, in whole or in part, and interim products as it deems fit.

**QUALITY REQUIREMENTS**

A no response or a failure to respond to any of the following quality requirements will result in a rejection of your bid. Please use the form provided in this document.

Indicate **Yes or No** for each of the following requirements and provide the name of the qualified team member.

1. The Team Leader has documented experience in conducting studies of scope comparable to the study described in this RFP.

YES \_\_\_\_\_ NO \_\_\_\_\_

Consultant Name: \_\_\_\_\_

2. The Project Team has demonstrable capability in the following disciplines: housing markets, economic analysis, demographic analysis, real estate, and housing policy (it is acceptable for one consultant to have expertise in multiple disciplines).

YES \_\_\_\_\_ NO \_\_\_\_\_

Housing Markets Consultant Name: \_\_\_\_\_

Economic Analysis Consultant Name: \_\_\_\_\_

Demographic Analysis Consultant Name: \_\_\_\_\_

Real Estate Consultant Name: \_\_\_\_\_

Housing Policy Consultant Name: \_\_\_\_\_

3. The Consultant has completed a similar study involving an analysis of the impact of new market rate residential development upon housing affordability, housing supply, and housing needs and has made policy recommendations to a municipal government taking into consideration the municipality's housing needs.

YES \_\_\_\_\_ NO \_\_\_\_\_

**Submit this form with your proposal.**

## COMPARATIVE EVALUATION CRITERIA

Successful proposals will include at a minimum, examples of recent studies similar to the scope described in this Request for Proposal. Responses to this Request for Proposals will also be evaluated according to the following criteria, which are intended to assist the City in evaluating the proposals. Responses to the following areas should be brief, yet complete.

Each responsive and responsible proposal shall be assigned a composite rating using the categories of “highly advantageous”, “advantageous” and “not advantageous.”

### Experience

**Highly advantageous** – To receive a highly advantageous rating the Team Leader and members will have successful experience of at least 5 years and with 3 or more projects on similar studies, including the impact of market rate housing on low and moderate income households.

**Advantageous** - To receive an advantageous rating the Team Leader and members will have successful experience of between 3 and 5 years and with at least 2 projects on similar studies, including the impact of market rate housing on low and moderate income households.

**Not Advantageous** – To receive a not advantageous rating the Team Leader and members will have successful experience of less than 3 years and with 1 project on similar studies, including the impact of market rate housing on low and moderate income households.

### Knowledge of Greater Boston and Cambridge Area

**Highly advantageous** – To receive a highly advantageous rating the Team Leader and team member(s) will have at least five (5) years of experience and knowledge about Cambridge and the Greater Boston area in their areas of expertise as demonstrated in team members’ resumes.

**Advantageous** - To receive an advantageous rating the Team Leader and team member(s) will have between three (3) and five (5) years of experience and knowledge about Cambridge and the Greater Boston area in their areas of expertise.

**Not Advantageous** – To receive a not advantageous rating the Team Leader and team member(s) will have fewer than three (3) years of experience and/or will not have knowledge about Cambridge and the Greater Boston area in their areas of expertise.

### Strategy

**Highly Advantageous** - To receive a highly advantageous rating a proposal will have a detailed and well-thought out strategy to address all aspects of the scope of work, including a project timeline with realistic milestones to accomplish all project elements within the contract timeframe.

**Advantageous** - To receive an advantageous rating a proposal will have a strategy to address most aspects of the scope of work, including a project timeline with realistic milestones to accomplish most project elements within the contract timeframe.

**Not Advantageous** – To receive a not advantageous rating a proposal will have a strategy to address less than half of the aspects of the scope of work and/or will not have a project timeline with realistic milestones to accomplish most project elements within the contract time frame.

**Project Staffing**

***Highly Advantageous*** - To receive a highly advantageous rating the Project Team will be identified and have clearly defined responsibilities for each team member and a Team Leader will be designated. The staffing plan must identify “backup” staff that will be available to complete the project in a timely manner if the original project staff is no longer available to work on this project.

***Advantageous*** - To receive an advantageous rating the Project Team will be identified and a Team Leader will be designated. The staffing plan must indicate that sufficient staffing will be available to complete the project in a timely manner.

***Not Advantageous*** – To receive a not advantageous rating the Project Team will not have defined responsibilities and/or will not have an identified Team Leader.

**Quality of References**

The City reserves the right to use itself as a reference.

***Highly Advantageous*** - To receive a highly advantageous rating the Consultant will provide three (3) or more references, among them at least two governmental entities, who can comment positively on their experiences with the Consultant(s), their areas of expertise, and their ability to complete a study of similar scope and complexity as described in this RFP. At least 2 of these references must be for the Team Leader. Also, at least one reference must demonstrate that the Team Leader and another team member(s) have worked together successfully.

***Advantageous*** - To receive an advantageous rating the Consultant will provide three (3) references, among them at least one governmental entity, who can comment positively on their experiences with the Consultant(s), their areas of expertise, and their ability to complete a study of similar scope and complexity as described in this RFP. At least one of these references must be for the Team Leader.

***Not Advantageous*** - To receive a not advantageous rating the applicant will provide fewer than three (3) references who can comment positively on their experiences with the Consultant(s), their areas of expertise, and their ability to complete a study of similar scope and complexity as described in this RFP.

**PRICE PROPOSAL FORM**

*The Price Proposal Form must be completed as instructed. No substitute form will be accepted. Pricing must remain firm throughout the contract. The Price Proposal Forms must be submitted, under separate cover, to the Purchasing Department. The proposer should make no reference to pricing, in any other part of the proposal. Failure to adhere to this may result in disqualification of the proposal.*

This is a not to exceed fixed price bid. The total bid price must be complete and include all costs associated with providing the Consultant Services in accordance to the Scope of Work, Specifications and Deliverables including all other details referenced in this Request for Proposal.

Flat Fee \$ \_\_\_\_\_

Flat Fee in words: \_\_\_\_\_

**Please include a supplemental sheet(s) with an itemized breakdown of the fee including:**

Hourly Rates of staff

The number of hours the bidder will require to complete the services

Cost of materials & expenses

If Addenda issued by the City, this proposal includes addenda numbered: \_\_\_\_\_

Signature of Individual submitting proposal: \_\_\_\_\_

Name of business: \_\_\_\_\_

Address of Bidder: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Please check one of the following and insert the requested information:

( ) Corporation, incorporated in the State of: \_\_\_\_\_

( ) Partnership. Names of partners: \_\_\_\_\_

( ) Individual \_\_\_\_\_

**THIS PRICE PROPOSAL FORM MUST BE SUBMITTED IN A SEPARATE SEALED ENVELOPE MARKED PRICE PROPOSAL**

FILE NO. 6655, REQUEST FOR PROPOSAL CONSULTING SERVICES TO CONDUCT A STUDY ON MARKET RATE HOUSING AND NEED FOR AFFORDABLE HOUSING IN CAMBRIDGE, DUE BY 11:00 AM, THURSDAY, DECEMBER 4, 2014

**ANTI-COLLUSION AND TAX COMPLIANCE CERTIFICATE**

**The undersigned certifies under penalties of perjury that this proposal has been made and submitted in good faith and without collusion or fraud with any person. As used in this certification, "person" shall mean any natural person, business, partnership, corporation, union, committee, club, or other organization or other group of individuals.**

As required by MGL Chapter 62C, Section 49A, the undersigned further certifies under penalty of perjury that the bidder has complied with all of the laws of the Commonwealth of Massachusetts relating to taxes, reporting of employees and contractors, and withholding and remitting child support.

**Signature:** \_\_\_\_\_

**Name of person signing proposal:** \_\_\_\_\_

**Title of officer signing for firm, if applicable:** \_\_\_\_\_

**Name of business, of applicable:** \_\_\_\_\_

**Address:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Signature of all firm partners, if applicable:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**THIS FORM MUST BE SUBMITTED WITH THE PROPOSAL.**

### CORI COMPLIANCE FORM

Persons and businesses supplying goods and/or services to the City of Cambridge ("Vendors"), who are required by law to perform CORI checks, are further required by Section 2.112.060 of the Cambridge Municipal Code to employ fair policies, practices and standards relating to the screening and identification of persons with criminal backgrounds through the CORI system. Such Vendors, when entering into contracts with the City of Cambridge, must affirm that their policies, practices and standards regarding CORI information are consistent with the policies, practices and standards employed by the City of Cambridge as set forth in the City of Cambridge CORI Policy ("CORI Policy") attached hereto.

### CERTIFICATION

The undersigned certifies under penalties of perjury that the Vendor employs CORI related policies, practices and standards that are consistent with the provisions of the attached CORI Policy. **All Vendors must check one of the three lines below.**

1. \_\_\_\_\_ CORI checks are not performed on any Applicants.
2. \_\_\_\_\_ CORI checks are performed on some or all Applicants. The Vendor, by affixing a signature below, affirms under penalties of perjury that its CORI policies, practices and standards are consistent with the policies, practices and standards set forth in the attached CORI Policy.
3. \_\_\_\_\_ CORI checks are performed on some or all Applicants. The Vendor's CORI policies, practices and standards are not consistent with the attached CORI Policy. Please explain on a separate sheet of paper.

\_\_\_\_\_  
(Typed or printed name of person signing quotation, bid or Proposal)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
(Name of Business)

**NOTE:**

**The City Manager, in his sole discretion may grant a waiver to any Vendor on a contract by contract basis.**

**Instructions for Completing CORI Compliance Form:**

**A Vendor should not check Line 1 unless it performs NO CORI checks on ANY applicant. A Vendor who checks Line 2 certifies that the Vendor's CORI policy conforms to the policies, practices and standards set forth in the City's CORI Policy. A Vendor with a CORI policy that does NOT conform to the City's CORI Policy must check Line 3 and explain the reasons for its nonconformance in writing. Vendors, who check Line 3, will not be permitted to enter into contracts with the City, absent a waiver by the City Manager.**

**THIS FORM MUST BE SUBMITTED WITH THE PROPOSAL.**

**ORDINANCE NUMBER 1312**

**Final Publication Number 3155. First Publication in the Chronicle on December 13, 2007.**

**City of Cambridge**

**In the Year Two Thousand and Eight**

**AN ORDINANCE**

**In amendment to the Ordinance entitled "Municipal Code of the City of Cambridge"**

Be it ordained that Cambridge Municipal Code Chapter 2.112 is hereby amended by adding a new Section 2.112.060 entitled "CORI Screening by Vendors of the City of Cambridge" as follows:

Adding after Section 2.112.050 the following new sections:

**SECTION 2.112.060**

**CORI SCREENING BY VENDORS OF THE CITY OF CAMBRIDGE**

**Sections:**

**2.112.061 Purpose**

**2.112.062 Definitions**

**2.112.063 CORI-Related Standards of the City of Cambridge**

**2.112.064 Waiver**

**2.112.065 Applicability**

**2.112.061 Purpose**

These sections are intended to ensure that the persons and businesses supplying goods and/or services to the City of Cambridge deploy fair policies relating to the screening and identification of persons with criminal backgrounds through the CORI system.

**2.112.062 Definitions**

Unless specifically indicated otherwise, these definitions shall apply and control.

*Awarding Authority* means the City of Cambridge Purchasing Agent or designee.

*Vendor* means any vendor, contractor, or supplier of goods and/or services to the City of Cambridge.

**2.112.063 CORI-Related Standards of the City of Cambridge**

The City of Cambridge employs CORI-related policies, practices and standards that are fair to all persons involved and seeks to do business with vendors that have substantially similar policies, practices and standards. The City of Cambridge will do business only with vendors who, when required by law to perform CORI checks, employ CORI-related policies, practices, and standards that are consistent with policies, practices and standards employed by the City of Cambridge. The awarding authority shall

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consider any vendor's deviation from policies, practices and standards employed by the City of Cambridge as grounds for rejection, rescission, revocation, or any other termination of the contract.

**2.112.064 Waiver**

The City Manager may grant a waiver to anyone who or which has submitted a request for waiver if it is objectively reasonable; and the City Manager, or a delegate, shall report promptly in writing to the City Council all action taken with respect to every request for a waiver and the reasons for the decision.

**2.112.065 Applicability**

If any provision of these sections imposes greater restrictions or obligations than those imposed by any other general law, special law, regulation, rule, ordinance, order, or policy then the provisions of these sections shall control.

In City Council January 28, 2008.

Passed to be ordained by a ye and nay vote:-

Yeas 9; Nays 0; Absent 0.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

D. Margaret Drury  
City Clerk

### City of Cambridge CORI Policy

1. Where Criminal Offender Record Information (CORI) checks are part of a general background check for employment or volunteer work, the following practices and procedures will generally be followed.
2. CORI checks will only be conducted as authorized by Criminal History Systems Board (CHSB). All applicants will be notified that a CORI check will be conducted. If requested, the applicant will be provided with a copy of the CORI policy.
3. An informed review of a criminal record requires adequate training. Accordingly, all personnel authorized to review CORI in the decision-making process will be thoroughly familiar with the educational materials made available by the CHSB.
4. Prior to initiating a CORI check, the City will review the qualifications of the applicant to determine if the applicant is otherwise qualified for the relevant position. The City will not conduct a CORI check on an applicant that is not otherwise qualified for the relevant position.
5. Unless otherwise provided by law, a criminal record will not automatically disqualify an applicant. Rather, determination of suitability based on CORI checks will be made consistent with this policy and any applicable law or regulations.
6. If a criminal record is received from CHSB, the authorized individual will closely compare the record provided by CHSB with the information on the CORI request form and any other identifying information provided by the applicant, to ensure the record relates to the applicant.
7. If, in receiving a CORI report, the City receives information it is not authorized to receive (e.g. cases with dispositions such as not guilty or dismissal, in circumstances where the City is only authorized to receive convictions or case-pending information), the City will inform the applicant and provide the applicant with a copy of the report and a copy of CHSB's *Information Concerning the Process in Correcting a Criminal Record* so that the applicant may pursue correction with the CHSB.
8. If the City of Cambridge is planning to make an adverse decision based on the results of the CORI check, the applicant will be notified immediately. The applicant shall be provided with a copy of the criminal record and the City's CORI policy, advised of the part(s) of the record that make the individual unsuitable for the position and given an opportunity to dispute the accuracy and relevance of the CORI record.
9. Applicants challenging the accuracy of the criminal record shall be provided a copy of CHSB's *Information Concerning the Process in Correcting a Criminal Record*. If the CORI record provided does not exactly match the identification information provided by the applicant, the City of Cambridge will make a determination based on a comparison of the CORI record and documents provided by the applicant. The City of Cambridge may contact CHSB and request a detailed search consistent with CHSB policy.
10. If the City of Cambridge reasonably believes the record belongs to the applicant and is accurate, then the determination of suitability for the position will be made. Unless otherwise provided by law, factors considered in determining suitability may include, but not be limited to the following:

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- (a) Relevance of the crime to the position sought;
  - (b) The nature of the work to be performed;
  - (c) Time since the conviction;
  - (d) Age of the candidate at the time of offense;
  - (e) Seriousness and specific circumstances of the offense;
  - (f) The number of offenses;
  - (g) Whether the applicant has pending charges;
  - (h) Any relevant evidence of rehabilitation or lack thereof;
  - (i) Any other relevant information, including information submitted by the candidate or requested by the City.
11. The Personnel Department will assist affected departments, in assessing the suitability of candidates in accordance with paragraph 10 a through i above, to ensure consistency, fairness, and protection of employment opportunities and the public interest.
12. The City of Cambridge will notify the applicant of the decision and the basis of the decision in a timely manner.
13. CORI information shall not be disseminated or shared with any unauthorized employees or other, but shall be maintained in confidence consistent with the obligations of law.

Revised May 5, 2007

**Chapter 2.121**

**LIVING WAGE ORDINANCE**

**Sections:**

<b>2.121.010</b>	<b>Title and Purpose</b>
<b>2.121.020</b>	<b>Definitions</b>
<b>2.121.030</b>	<b>Living Wage</b>
<b>2.121.040</b>	<b>Waivers and Exceptions</b>
<b>2.121.050</b>	<b>Notification Requirements</b>
<b>2.121.060</b>	<b>Duties of covered Employers</b>
<b>2.121.070</b>	<b>Community Advisory Board</b>
<b>2.121.080</b>	<b>Enforcement</b>
<b>2.121.090</b>	<b>Severability</b>
<b>2.121.100</b>	<b>Effective Date</b>

**2.121.010 Title and Purpose.**

This Chapter shall be known as the "Cambridge Living Wage Ordinance". The purpose of this ordinance is to assure that employees of the City of Cambridge and employees of City contractors, subcontractors and beneficiaries of tax abatements, loans, grants, subsidies and other assistance provided by the City earn an hourly wage that is needed to support a family of four.

**2.121.020 Definitions.**

For the purposes of this ordinance, the term:

(a) "**Applicable Department**" means the Personnel Department for employees of the City of Cambridge, the Purchasing Department, with the advice and assistance of the appropriate department which receives the services, for Covered Employers who contract or subcontract with the City of Cambridge, the School Department for employees, contractors and subcontractors of the School Department, and the City Manager's Office for any other Person who is a Beneficiary of assistance other than a contract or subcontract.

(b) "**Assistance**" means:

(1) any grant, loan, tax incentive, bond financing, subsidy, or other form of assistance valued at least \$10,000 that an employer receives by or through the authority or approval of the City of Cambridge, including, but not limited to, c. 121A tax abatements, industrial development bonds, Community Development Block Grant (CDBG) loans and grants, Enterprise Zone designations awarded after the effective date of this Chapter, and the lease of city owned land or buildings below market value; and

(2) any service contract, as defined herein, of at least \$10,000 with the City of Cambridge that is made with an employer to provide services pursuant to G.L.c. 30B or other public procurement laws, awarded, renegotiated or renewed after the effective date of this Chapter.

(3) any service subcontract, as defined herein, of at least \$10,000.

(c) "**Beneficiary**" means:

(1) any person who is a recipient of Assistance;

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(2) any company or person that is a tenant or sub-tenant, leaseholder or sub-leaseholder of a recipient of Assistance, provided that said company or person employs at least 25 persons and occupies property or uses equipment or property that is improved or developed as a result of Assistance, after the effective date of this Chapter; and

(d) "**Covered Employer**" means the City of Cambridge or a Beneficiary of Assistance.

(e) "**Covered Employee**" means:

(1) a person employed by the City of Cambridge except for persons in those positions listed in Section 2.121.040(j) of this ordinance; and

(2) a person employed by a Covered Employer, or a person employed by an independent contractor doing business with a Covered Employer, who would directly expend any of his or her time on the activities funded by the contract or the activities for which the Beneficiary received the Assistance, except for persons in those positions listed in Section 2.121.040(j) of this ordinance..

(f) "**Living Wage**" has the meaning stated in Section 2.121.030.

(g) "**Person**" means one or more of the following or their agents, employees, servants, representatives, and legal representatives: individuals, corporations, partnerships, joint ventures, associations, labor organizations, educational institutions, mutual companies, joint-stock companies, trusts, unincorporated organizations, trustees, trustees in bankruptcy, receivers, fiduciaries, and all other entities recognized at law by the Commonwealth of Massachusetts.

(h) "**Service Contract**" means a contract let to a contractor by the City of Cambridge for the furnishing of services, to or for the City, except contracts where services are incidental to the delivery of products, equipment or commodities. A contract for the purchase or lease of goods, products, equipment, supplies or other property is not a "service contract" for the purposes of this definition.

(i) "**Service Subcontract**" means a subcontract primarily for the furnishing of services, to or for a recipient of Assistance, except where services are incidental to the delivery of products, equipment or commodities. A contract for the purchase or lease of goods, products, equipment, supplies or other property is not a "service subcontract" for the purposes of this definition.

### **2.121.030 Living Wage.**

(a) **Applicability.** Covered Employers shall pay no less than the Living Wage to their employees.

(b) **Amount of wage.** The Living Wage shall be calculated on an hourly basis and shall be no less than \$10.00, subject to adjustment as provided herein. The Living Wage shall be upwardly adjusted each year no later than March first in proportion to the increase at the immediately preceding December 31 over the year earlier level of the Annual Average Consumer Price Index for All Urban Consumers (CPI -U) Boston-Lawrence-Salem, MA - NH, as published by the Bureau of Labor Statistics, United States Department of Labor applied to \$10.00.

(c) **No reduction in collective bargaining wage rates.** Nothing in this Chapter shall be read to require or authorize any beneficiary to reduce wages set by a collective bargaining agreement.

(d) **Cuts in non-wage benefits prohibited.** No Beneficiary will fund wage increases required by this Chapter, or otherwise respond to the provisions of this Chapter, by reducing the health, insurance, pension, vacation, or other non-wage benefits of any of its employees.

**2.121.040 Waivers and Exceptions.**

**(a) Waivers.** A Covered Employer may request that the City Manager grant a partial or whole waiver to the requirements of this Chapter.

**(b) General Waivers.** Waivers may be granted where application of this Chapter to a particular form of Assistance is found by the City Solicitor to violate a specific state or federal statutory, regulatory or constitutional provision or provisions, and the City Manager approves the waiver on that basis.

**(c) Hardship Waivers for certain not-for-profit employers.** An employer, who has a contract with the City of Cambridge which is not subject to the provisions of G.L. c. 30B, may apply to the City Manager for a specific waiver where payment of the Living Wage by a not-for-profit Covered Employer would cause a substantial hardship to the Covered Employer.

**(d) Chapter 30B contract waivers.** Prior to issuing an invitation for bids for a procurement contract subject to the provisions of G.L. c. 30B, any Applicable Department may apply to the City Manager for a waiver of the application of the Living Wage to the contract where payment of the Living Wage by a Covered Employer would make it inordinately expensive for the City to contract for the services or would result in a significant loss of services, because the contracted work cannot be segregated from the other work of the Covered Employer.

**(e) General Waiver Request Contents.** All General Waiver requests shall include the following:

- (1) The nature of the Assistance to which this Chapter applies;
- (2) The specific or official name of the Assistance and Assistance program, the statutory or regulatory authority for the granting of the Assistance, and a copy of that authority;
- (3) The conflicting statutory, regulatory, or constitutional provision or provisions that makes compliance with this Chapter unlawful, and a copy of each such provision; and
- (4) A factual explication and legal analysis of how compliance with this Chapter would violate the cited provision or provisions, and the legal consequences that would attach if the violation were to occur.

**(f) Hardship Waiver Request Contents.** All Hardship Waiver requests shall include the following:

- (1) The nature of the Assistance to which this Chapter applies;
- (2) A detailed explanation of why payment of the Living Wage would cause a substantial hardship to the Covered Employer; and
- (3) A statement of proposed wages below the Living Wage.

**(g) Chapter 30B Contract Waiver Request Contents.** A Chapter 30B contract waiver request shall include the following:

- (1) The nature of the Assistance to which this Chapter applies;
- (2) A detailed explanation of why the contracted work cannot be segregated from the other work of the bidding Covered Employers thereby making the cost of the contract with the payment of the Living Wage inordinately expensive or would result in a significant loss of services;

**(h) Community Advisory Board review and recommendation regarding waiver requests.** The Community Advisory Board, as described in Section 2.121.070 of this ordinance, shall consider waiver requests along with their supporting documentation and analysis, and may hold a public hearing to consider the views of the public before making a recommendation to the City Manager regarding the waiver request. For a hardship waiver, the Community Advisory Board shall offer an opportunity to be heard to employees of the Covered Employer. After reviewing the recommendation of the Community Advisory Board, the City Manager may approve and grant or deny all or part of a request. The City

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Manager may in his or her discretion grant a temporary hardship waiver pending the hearing before the Community Advisory Board. For Chapter 30B contract waivers, the Community Advisory Board shall make its recommendation to the City Manager no more than thirty days after it is notified of the request for a Chapter 30B contract waiver.

**(i) Terms of exceptions.** If an employer is subject to this Chapter as a result of its receipt of more than one kind of Assistance covered by this Chapter, and if the City Manager grants a waiver with respect to one form of Assistance, the City Manager need not find that this Chapter is inapplicable to the employer with respect to another form of Assistance received by the employer.

**(j) Exceptions.** The following positions will be excepted from the requirement of the payment of the Living Wage upon certification in an affidavit in a form approved by the Applicable Department and signed by a principal officer of the Covered Employer that the positions are as follows:

(1) youth hired pursuant to a city, state, or federally funded program which employs youth as defined by city, state, or federal guidelines, during the summer, or as part of a school to work program, or in other related seasonal or part-time program;

(2) work-study or cooperative educational programs;

(3) trainees who are given a stipend or wage as part of a job training program that provides the trainees with additional services, which may include, but are not limited to, room and board, case management, or job readiness services.

(4) persons working in a recognized supported employment program that provides workers with additional services, which may include, but are not limited to, room and board, case management, counseling, or job coaching;

(5) positions where housing is provided by the employer;

(6) employees who are exempt from federal or state minimum wage requirements; and

(7) individuals employed by the City of Cambridge where the employment of such individuals is intended primarily to provide a benefit or subsidy to such individuals, although the City is compensating them for work performed.

#### **2.121.050 Notification Requirements.**

All Applicable Departments shall provide in writing an explanation of the requirements of this ordinance in all requests for bids for service contracts and to all persons applying for Assistance as defined by this ordinance. All persons who have signed a service contract with the City of Cambridge or a contract for Assistance shall forward a copy of such requirements to any person submitting a bid for a subcontract on the Assistance contract.

#### **2.121.060 Duties of Covered Employers.**

**(a) Notification Requirements.** Covered employers shall provide each Covered employee with a fact sheet about this ordinance and shall post a notice about the ordinance in a conspicuous location visible to all employees. The fact sheet and poster shall be provided to the Covered Employer by the Applicable Department and shall include:

(1) notice of the Living Wage amount;

(2) a summary of the provisions of this ordinance;

(3) a description of the enforcement provisions of the ordinance;

(4) the name, address, and phone number of a person designated by the Applicable Department to whom complaints of noncompliance with this ordinance should be directed.

**(b) Contract for Assistance.** At the time of signing a contract for assistance with the City of Cambridge or with a Beneficiary, the contract must include the following:

- (1) the name of the program or project under which the contract or subcontract is being awarded;
- (2) a local contact name, address, and phone number for the Beneficiary;
- (3) a written commitment by the Beneficiary to pay all Covered Employees not less than the Living Wage as subject to adjustment under this ordinance and to comply with the provisions of this ordinance;
- (4) a list of Covered Employees under the contract with the employees' job titles;
- (5) a list of all subcontracts either awarded or that will be awarded to Beneficiaries with funds from the Assistance. Upon signing any subcontracts, the Covered Employer shall forward a copy of the subcontract to the Applicable Department.

**(c) Maintenance of payroll records.** Each Covered Employer shall maintain payrolls for all Covered Employees and basic records relating thereto and shall preserve them for a period of three years. The records shall contain the name and address of each employee, the job title and classification, the number of hours worked each day, the gross wages, deductions made, actual wages paid, and copies of social security wage and withholding reports, and evidence of payment thereof and such other data as may be required by the Applicable Department from time to time.

**(d) Applicable Department duties.** The Applicable Department shall cause investigations to be made as may be necessary to determine whether there has been compliance with this Ordinance. The Applicable Department shall report the findings of all such investigations to the Community Advisory Board.

**(e) Covered Employer to cooperate.** The Covered Employer shall submit payroll records on request to the Applicable Department. The Covered Employer shall permit City representatives to observe work being performed upon the work site, to interview employees and to examine the books and records relating to the payrolls being investigated to determine payment of wages.

**(f) City Assistance Reports.** Each Applicable Department shall file a City Assistance Report with the City Manager and the Community Advisory Board by July 31 of each year. The report shall include, for each Assistance package or contract approved during the preceding fiscal year:

- (1) the name of the Applicable Department (awarding agency), the name of the specific program under which the Assistance was awarded, and the origin of funds for Assistance;
- (2) a description of the purpose or project for which the Assistance was awarded;
- (3) the name, address, and phone number of a local contact person for the Covered Employer;
- (4) the total cost to the City of Assistance provided to each Beneficiary, including both face-value of Assistance, as well as revenue not collected as a result of the Assistance.

**2.121.070 Community Advisory Board.**

**(a) Purpose.** The purpose of the Community Advisory Board shall be to review the effectiveness of this Ordinance at creating and retaining Living Wage jobs, to make recommendations to the City Manager regarding the granting of Waivers to Covered Employers, to review the implementation and enforcement of this ordinance, and to make recommendations from time to time in connection therewith.

**(b) Composition.** The Community Advisory Board shall be composed of nine members and shall include representatives of labor unions, community organizations and the business community. All members will be appointed by the City Manager. Members of the Board shall serve a three-year term. Whenever a vacancy shall occur the City Manager shall appoint a replacement within thirty days of said vacancy.

**(c) Meetings.** The Community Advisory Board shall meet quarterly and in special session as required. All meetings of the Board shall be open to the public and will allow for public testimony on the uses of the City Assistance generally, and on specific instances of Assistance or proposed Assistance as received or sought by individual enterprises.

**(d) Conflict of Interest.** No member of the Community Advisory Board shall participate in any proceeding concerning a Beneficiary, a Covered Employer or a Covered Employee, or applicant for waiver or exemption, if the member or any member of his or her immediate family has a direct or indirect financial interest in the outcome of said proceeding.

#### **2.121.080 Enforcement.**

**(a) Enforcement powers.** In order to enforce this Chapter, the Applicable Department may, with the approval and assistance of the City Solicitor, issue subpoenas, compel the attendance and testimony of witnesses and production of books, papers, records, and documents relating to payroll records necessary for hearing, investigations, and proceedings. In case of failure to comply with a subpoena, the City may apply to a court of appropriate jurisdiction for an order requiring the attendance and testimony of witnesses and the productions of books, papers, records, and documents. Said court, in the case of a refusal to comply with any such subpoena, after notice to the person subpoenaed, and upon finding that the attendance or testimony of such witnesses or the production of such books, papers, records, and documents, as the case may be, is relevant or necessary for such hearings, investigation, or proceedings, may issue an order requiring the attendance or testimony of such witnesses or the production of such documents and any violation of the court's order may be punishable by the court as contempt thereof.

**(b) Complaint procedures.** An employee who believes that he or she is a Covered Employee or an applicant for a position to be filled by a Covered Employee who believes that his or her employer is not complying with requirements of this Chapter applicable to the employer may file a complaint with the Applicable Department or with the Community Advisory Board. Complaints of alleged violations may also be filed by concerned citizens or by the City Council. Complaints of alleged violations may be made at any time, but in no event more than three years after the last date of alleged violation, and shall be investigated promptly by the Applicable Department. Statements written or oral, made by an employee, shall be treated as confidential and shall not be disclosed to the Covered Employer without the consent of the employee.

**(c) Investigations and hearings.** The Applicable Department shall investigate the complaint, and may, in conjunction with the City Solicitor, and in accordance with the powers herein granted, require the production by the employer of such evidence as required to determine compliance. Prior to ordering any penalty the applicable Department shall give notice to the employer and conduct a hearing. If at any time during these proceedings, the employer voluntarily makes restitution of the wages not paid to the employee making the complaint and to any similarly situated employees, by paying all back wages owed plus interest at the average prior year Massachusetts passbook savings bank rate, or otherwise remedies the violation alleged if the violation involves matters other than wages, then the Applicable Department shall thereafter dismiss the complaint against the employer.

**(d) Remedies.** In the event that the Applicable Department, after notice and hearing, determines that any Covered Employer has failed to pay the Living Wage rate or has otherwise violated the provisions of this Chapter, the Applicable Department may order any or all of the following penalties and relief:

(1) Fines up to the amount of \$300 for each Covered Employee for each day that the Covered Employer is in violation of this Ordinance, except if the violation was not knowing and willful, then the total fine shall not exceed the amount of back wages plus interest owed;

(2) Suspension of ongoing contract and subcontract payments;

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(3) Ineligibility for future City Assistance for up to three years beginning when all penalties and restitution have been paid in full. In addition, all Covered Employers having any principal officers who were principal officers of a barred beneficiary shall be ineligible under this section; and

(4) Any other action deemed appropriate and within the discretion and authority of the city. Remedies in this section shall also apply to the party or parties aiding and abetting in any violation of this chapter.

**(e) Private right of action.** Any Covered Employee, or any person who was formerly employed by a Beneficiary, may bring an action to enforce the provisions of this Chapter to recover back pay and benefits, attorneys fees and costs, by filing suit against a Beneficiary in any court of competent jurisdiction.

**(f) Remedies herein non-exclusive.** No remedy set forth in this Chapter is intended to be exclusive or a prerequisite for asserting a claim for relief to enforce the right granted under this Chapter in a court of law. This Chapter shall not be construed to limit an employee's right to bring a common law cause of action for wrongful termination.

**(g) Retaliation and discrimination barred.** A Covered Employer shall not discharge, reduce the compensation or otherwise retaliate against any employee for making a complaint to the City, otherwise asserting his or her rights under this Chapter, participating in any of its proceedings or using any civil remedies to enforce his or her rights under the Chapter. The City shall investigate allegations of retaliation or discrimination and shall, if found to be true, after notice and a hearing, order appropriate relief as set out in paragraphs (c) and (d) herein

#### **2.121.090 Severability.**

In the event any provision of this ordinance shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

#### **2.121.100 Effective Date.**

This law shall be effective sixty (60) after final passage.

The Living Wage Ordinance (2.121) provides, at 1.121.030(b) that the wage shall be upwardly adjusted each year no later than March 1<sup>st</sup> in proportion to the increase in the Annual Average Consumer Price Index for the prior calendar year for All Urban Consumers (CPI-U) in the Boston area, as published by the federal Bureau of Labor Statistics.

For calendar year 1999, the CPI-U increased by 2.5%. Therefore the new living wage, as of March 1, 2000 is \$10.25.

For calendar year 2000, the CPI-U increased by 4.3%. Therefore the new living wage, as of March 1, 2001 is \$ 10.68.

For calendar year 2001, the CPI-U increased by 4.3%. Therefore the new living wage, as of March 1, 2002 is \$11.11.

For calendar year 2002, the CPI-U increased by 2.6% . Therefore the new living wage, as of March 1, 2003 is \$11.37.

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The City Council has voted to amend the section of the Living Wage Ordinance (1.121.030 (b) that provides the method for calculating cost of living increases each year. As a result of this change, the living wage as of March 30, 2003 is \$11.44.

For calendar year 2003, the CPI-U increased by 3.76%. Therefore the new living wage, as of March 1, 2004 is \$11.87.

For calendar year 2004, the CPI-U increased by 2.7%. Therefore the new living wage, as of March 1, 2005 is \$12.19.

For calendar year 2005, the CPI-U increased by 3.3%. Therefore the new living wage, as of March 1, 2006 is \$12.59.

For calendar year 2006 the CPI-U increased by 3.1 %. Therefore the new living wage, as of March 1, 2007 is \$12.98.

For calendar year 2007 the CPI-U increased by 1.9 %. Therefore the new living wage, as of March 1, 2008 is \$13.23.

For calendar year 2008 the CPI-U increased by 3.5 %. Therefore the new living wage, as of March 1, 2009 is \$13.69.

For calendar year 2009 the CPI-U decreased by .67 %. Therefore the new living wage, as of March 1, 2010 will remain at \$13.69.

For calendar year 2010 the CPI-U increased by 1.57%. Therefore the new living wage, as of March 1, 2011 is \$13.90.

For calendar year 2011 the CPI-U increased by 2.71%. Therefore the new living wage, as of March 1, 2012 is \$14.28.

For calendar year 2012 the CPI-U increased by 1.58%. Therefore the new living wage, as of March 1, 2013 is \$14.51.

For calendar year 2013 the CPI-U increased by 1.37%. Therefore the new living wage, as of March 1, 2014 is \$14.71.

**City of Cambridge  
Articles of Agreement  
SAMPLE**

**Commodity:**  
**File Number:**

This agreement is made and entered into this **xx/xx/xxxx** by and between the **City Of Cambridge** ("the CITY"), a municipal corporation organized and existing under the laws of the **Commonwealth of Massachusetts**, and **xxxxxxxxxxxx**, a corporation duly organized and existing under the laws of the **State of xxxxxxxx**("the Contractor").

**Address:**  
**Telephone: Fax: Atten.:**  
**Email:**

**Article I. Definition.** "This Contract" as used herein shall mean these Articles of Agreement and "the bid documents," which include, but are not limited to, the instructions to bidders, the Contractor's bid or proposal, the specifications, the general conditions, the requirements, the applicable addenda, and all documents and forms submitted with the Contractor's bid or proposal that were accepted by the City.

**Article II. Duration.** The Contractor shall commence the performance of this contract for the period beginning on **xx/xx/xxxx** and ending on **xx/xx/xxxx**.

**Article III. Terms.** The Contractor agrees to provide the services all in accordance with the bid documents of **xx/xx/xxxx**.

**Contract Value:**

**Article IV. Payment.** The City agrees to pay to Contractor the sum set forth in the Contractor's bid or proposal. **Contractor shall invoice the department to which it provided the service, not the Purchasing Department.**

**Article V. Termination.** The following shall constitute events of default under this Contract requiring immediate termination: a) any material misrepresentation made by the Contractor, b) any failure by the Contractor to perform any of its obligations under this Contract including, but not limited to, the following: (i) failure to commence performance of this Contract at the time specified in this Contract due to a reason or circumstance within the Contractor's reasonable control, (ii) failure to perform this Contract with sufficient personnel and equipment or with sufficient material to ensure the completion of this Contract within the specified time due to a reason or circumstance within the Contractor's reasonable control, (iii) failure to perform this Contract in a manner reasonably satisfactory to the City, (iv) failure to promptly re-perform within reasonable time the services that were rejected by the City as erroneous or unsatisfactory, (v) discontinuance of the services for reasons not beyond the Contractor's reasonable control, (vi) failure to comply with a material term of this Contract, including, but not limited to, the provision of insurance and nondiscrimination, and (vii) any other acts specifically and expressly stated in this Contract as constituting a basis for termination of this Contract.

Except as otherwise provided in the Articles of Agreement, the City may terminate the contract upon seven days notice.

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**Article VI. Damages.** From any sums due to the Contractor for services, the City may keep for its own the whole or any part of the amount for expenses, losses and damages as directed by the Purchasing Agent, incurred by the City as a consequence of procuring services as a result of any failure, omission or mistake of the Contractor in providing services as provided in this Contract.

**Article VII. Conflict.** In the event there is a conflict between these Articles and the bid documents, the bid documents shall supersede these articles.

**Article VIII. Governing laws and ordinances.** This Contract is made subject to all the laws of the Commonwealth and the Ordinances of the City and if any such clause thereof does not conform to such laws or ordinances, such clause shall be void (the remainder of the Contract shall not be affected) and the laws or ordinances shall be operative in lieu thereof.

**Article IX. Performance Security.** Upon execution of this Contract by the Contractor, the Contractor shall furnish to the City security for the faithful performance of this Contract in the amount of 0% of the value of the bid in the form of a performance bond issued by a surety satisfactory to the city or in the form of a certified check.

**Article X. Equal Opportunity.** the Contractor in the performance of all work under this contract will not discriminate on the grounds of race, color, sex, age, religious creed, disability, national origin or ancestry, sexual orientation, marital status, family status, military status, or source of income in the employment practices or in the selection or retention of subcontractors, and in the procurement of materials and rental of equipment. The city may cancel, terminate or suspend the contract in whole or in part for any violation of this article.

**Article XI. Assignability.** the Contractor shall not assign, sell, subcontract or transfer any interest in this contract without prior written consent of the city.

In witness whereof the parties have hereto and to three other identical instruments set their hands the day and year first above written.

**The City:**

**The Contractor:**

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**Richard C. Rossi**  
**City Manager**

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**Signature and Title**

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**Amy L. Witts**  
**Purchasing Agent**

**Approved as to Form:**

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**Nancy E. Glowa**  
**City Solicitor**

# Appendix A

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**RECOMMENDATIONS CONCERNING A  
NEW INCLUSIONARY ZONING ORDINANCE**

**A REPORT TO THE CITY OF CAMBRIDGE**

**By Peter Werwath and Associates  
Damariscotta, Maine**

**June 17, 1997**

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## EXECUTIVE SUMMARY

This report describes recommended approaches and options for the City of Cambridge to adopt broader inclusionary zoning provisions, with the intent of providing: (1) more affordable housing to low- and moderate-income Cambridge residents and (2) more economic integration of new housing built in the city.

The City's Community Development Department asked the author of this report to make recommendations on the structure of a new inclusionary zoning ordinance that would be broader in scope and more effective than the inclusionary provisions presently in force in Cambridge. These are the key recommendations:

- Any new ordinance should be mandatory, apply citywide and replace most of the existing inclusionary provisions of the City that now apply to residential uses in certain districts.
- The ordinance should not alter the existing provisions linking new commercial and retail developments to affordable housing contributions.
- Mandatory provisions should apply to all new residential developments with 10 or more units. In addition, the ordinance should provide incentives for voluntary compliance by developers of smaller projects.
- The resulting affordable units should be targeted to low- and moderate income residents--with the average unit being affordable to a household with an income equal to 65% of the area median.
- Using affordability formulas that are included in this report, the resulting affordable sale prices would average \$100,000 in 1997 dollars. Affordable rents would average \$777 per month plus utilities.
- The required percentage of affordable units can be determined only after a rationale study (which is beyond the scope of this study) is completed. To model the effects of the proposed ordinance, we have presumed a 10 percent requirement, which is typical of many inclusionary ordinances.
- Developers comply with affordability provisions should be eligible for a density bonus, which should be granted by right. The bonus should be approximately twice the percentage requirement for affordable units, e.g. a 20 percent bonus if 10 percent of the units are to be affordable. For smaller projects subject only to voluntary compliance, bonuses could be made possible (but not guaranteed) through a special permit process.
- If the City deems an affected development unsuitable for affordable housing, the City should allow the developer to build affordable units off-site or make an in-lieu payment.

## METHODOLOGY

To form these recommendations, the consultants relied on their professional knowledge and experience, as well as review and analysis of the following documents and information:

- The City's zoning ordinance.
- The City's Consolidated Plan.
- Descriptions of inclusionary housing programs that are active in other cities in Massachusetts and other states.
- A recent City report describing the pipeline of residential development projects in Cambridge.
- Internal City memoranda concerning existing inclusionary requirements and issues of concern in developing a new ordinance.

In two meetings, the consultants discussed the possible ramifications of a new inclusionary ordinance with City officials who are members of the Inclusionary Zoning Study Committee: Susan Schlesinger, Assistant City Manager for Community Development; Roger Herzog, Housing Director; Don Drisdell, Deputy City Solicitor; Nancy Glowa, Legal Counsel; Vali Buland, Legal Counsel; Les Barber, Director of Planning and Land Use; and Elizabeth Sternberg, Housing Project Planner.

Florrie Darwin, a member of the Planning Board and the Affordable Housing Trust, and Barbara Shaw from Just-A-Start Corporation also participated in the discussions. In addition, confidential interviews were conducted with two housing developers based in Cambridge who have produced, or have considered producing, affordable housing in conjunction with market-rate residential developments.

Peter Werwath performed the research and analysis and is the author of this report. Prior to the report being completed, Jerold Kayden, Esq. (as part of this study) advised both Mr. Werwath and City staff about the constitutionality and other legal ramifications of the proposed inclusionary provisions.

## **RECOMMENDED FRAMEWORK OF A NEW ORDINANCE**

The following recommendations are made regarding the basic framework of the proposed inclusionary zoning ordinance.

- **There should be a combination of mandatory and voluntary provisions.**

For larger projects (with 10 or more units), mandatory provisions will be most effective in generating more affordable housing construction. For projects with fewer than 10 units, the ordinance should provide incentives for voluntary compliance.

- **For larger projects, density bonuses should be available as a matter of right, not subject to a special permit.**

To make the provisions efficient and effective for both the City and developers, the proposed density bonus incentive should be a matter of right when mandatory affordable housing provisions apply and are met.

- **A "rationale" study is needed.**

Prior to enacting any new inclusionary provisions, it is essential that the City conduct a rationale study that: (1) shows how market-rate housing development creates a need for affordable housing, (2) quantifies the need, and (3) ties that number to the inclusionary obligations.

### **Existing Inclusionary Provisions**

In analyzing the effectiveness of inclusionary provisions, we were asked to limit our study to ordinances affecting residential construction. This leaves aside the City's affordable housing provisions in Article 11.200 of the zoning ordinances, since they apply only to non-residential construction. Henceforth, to simplify the discussion, requirements for non-residential development will be referred to as "linkage" provisions, while those affecting residential construction will be called "inclusionary" provisions.

Presently, inclusionary provisions are in force for five zoning districts: Residence C, Special District 9, Special District 10, the Cambridgeport Development District and the North Point special district. The provisions--and their results--vary considerably from district to district, as follows.

**Residence C** - Compliance is voluntary and is subject to a special permit from the Board of Zoning Appeal. A density bonus of 25 percent is allowed if half of the resulting bonus units are made affordable (effectively requiring affordability in 10 percent of the total units). No affordable units have been built as a direct result of these provisions.

**Special Districts 9 and 10** - Compliance is voluntary and is subject to a special permit. The allowed number of units can be increased by 125 percent, while the minimum floor area ratio (FAR) is increased from 63 percent to 108 percent, depending upon the number of

affordable units built. Limitations on building heights and setbacks can be relaxed. Of the total number of units built, at least 16.5 percent must be affordable. No affordable units have been built as a direct result of these provisions.

**Cambridgeport Revitalization Development District** - Compliance is essentially mandatory if property owners wish to build non-residential structures. To achieve a full non-residential build-out, a total of 400 residential units must be built, of which 150 must be affordable. A total of 100 units must be occupied by households with incomes at or below 80 percent of the area median income, and 50 by households with incomes at or below 110 percent of median income. Of the 150 required affordable units, 114 have been built in two projects: Kennedy Biscuit Lofts and Auburn Court.

**North Point Residence, Office and Business District** - Compliance is voluntary and subject to a special permit. The allowed FARs can be increased as much as 250 percent, and building height limitations can be waived entirely, but a minimum of 7.5 percent of the dwelling units must be affordable. To date, a total of 33 affordable units are under construction in the Museum Towers development.

### **The Need for a New Ordinance**

In analyzing these existing inclusionary provisions, it is clear that they have been effective in only two circumstances: (1) where they are quasi-mandatory (Cambridgeport) and (2) where the density bonus is exceptionally generous (North Point). After discussing these results with City staff and several developers, the following conclusions were drawn about the weaknesses of the current provisions:

- Most voluntary provisions with density bonuses are not working.
- The need for special permits discourages participation, since it leads to an unpredictable and time-consuming public approval process.
- In other respects, the ordinance provisions (particularly for districts C, 9 and 10) are too complex and leave too many requirements subject to negotiation.
- Limitation to certain districts reduces the potential output of affordable housing.
- All of the resulting affordable housing has been built in projects ranging in size from 77 units to 435 units--suggesting that existing incentives have not been attractive or feasible for developers of smaller projects.

Thus, we propose new provisions that: (1) are mandatory, (2) do not require special permits (in most cases), (3) apply citywide, (4) are simpler and (5) allow for special treatment of smaller developments. The details are spelled out in the remainder of this report.

## APPLICABILITY

The following recommendations are made regarding the applicability of the proposed inclusionary zoning ordinance.

- **In general, mandatory inclusionary provisions should apply to any residential development with 10 or more new or substantially rehabilitated dwelling units.**

Special residential uses such as dormitories and group homes would not be affected.

- **In general, the provisions should apply citywide.**

The provisions should generally apply to all zones in which residential development could be approved by the City, including non-residential zones in which a change of use might occur. However, the recommended 10-unit threshold will likely make the provisions more effective outside of existing, low-density residential neighborhoods, where most developments tend to have fewer than 10 units.

- **The ordinance should clearly spell out its effective date.**

We recommend that the ordinance be made effective as of the date of enactment by the City Council. The ordinance should grandfather any residential developments for which an application has already been made, as of the effective date of the ordinance, for any form of City development approval.

### **Existing Linkage Provisions Should Be Unaffected**

The study did not address the creation of any new linkage requirements. The City already requires commercial developers to support affordable housing through linkage provisions. One could argue that inclusionary requirements for both commercial and residential developments could be combined in one ordinance. However, that approach would not be practical. The basis for--and the mechanics of--the proposed requirements for residential developments would differ substantially from the linkage requirements already in place.

### **Basis of "Threshold" Recommendations**

The recommended threshold of 10 newly-created dwelling units for mandatory compliance is based on three factors: (1) the desirability of removing the burdens of compliance on developers of smaller projects, (2) precedents in other communities with inclusionary zoning ordinances and (3) the fact that the density bonuses proposed herein have diminishing benefits for projects with fewer than 10 units.

The proposed threshold has two precedents in Massachusetts. Brookline's and Newton's mandatory inclusionary ordinances set the same threshold of 10 dwelling units (either new construction or reuse). In contrast, Cambridge's existing inclusionary provisions require no thresholds because compliance is only voluntary.

Still, a considerable amount of residential development in Cambridge occurs in small-scale projects that are appropriate for inclusion of affordable housing. As an inducement to this occurring in at least some cases, we propose that density bonuses be made available to developers of projects with fewer than 10 units who voluntarily agree to comply with the ordinance. (However, as we will explain later, this may not be an effective incentive for very small projects.)

What about existing dwelling units in an affected development that are untouched or undergoing only moderate rehabilitation? We propose that these dwelling units **not** be counted toward the threshold--only units that are new or substantially rehabilitated. Naturally, this provision will require that the ordinance define substantial rehabilitation.

### **Citywide Impact**

The main impetus for the City's investigation of new inclusionary provisions is the desire to generate more construction of affordable housing. One effective way to accomplish this is to make the provisions apply throughout the city (with the exception of certain districts noted below). Although citywide provisions may have little or no impact in some zoning districts and neighborhoods, that is no reason to exempt the occasional projects in those areas that would be subject to mandatory inclusionary provisions.

### **Exceptions for Two Special Districts**

Nonetheless, special provisions should still apply to the Cambridgeport and North Point special districts. Existing inclusionary provisions for the Cambridgeport special district should be left untouched, while provisions for the North Point district might be modified somewhat.

The Cambridgeport district is a unique situation where inclusionary provisions have worked and the affordable housing requirements are well on their way to being fulfilled. In the North Point district, generous density bonuses (more generous than we propose citywide) have worked, and there is no obvious reason to remove them. However, in other respects, provisions for the North Point district should conform to the new, standardized citywide requirements.

### **Grandfather Clause**

It is recommended that the City grandfather any proposed developments which have formally applied to the City for any type of development approval prior to the effective date of the ordinance. However, this should not prevent a developer from voluntarily re-submitting a proposal to comply with the new ordinance and receive a density bonus.

## AFFORDABILITY REQUIREMENTS

The following recommendations are made regarding the requirements for the affordable units built in compliance with the ordinance.

- **The beneficiaries of affordable units**

All beneficiaries should be households with incomes at or below 100 percent of the area median income (the prevailing standard for low- and moderate-income households). Further, the average beneficiary should be a household with an income at 65 percent of the area median income.

- **Types of tenure (i.e. rental and ownership)**

The tenure of affordable units should mirror the project as a whole. For example, affordable units should be sold, not rented, where a majority of units will be offered for sale.

- **Required number of bedrooms and bathrooms**

Typically, affordable rental units should have two bedrooms and one bath, while affordable for-sale units should have three bedrooms and one and a half bathrooms ("prototype sizes"). In a project with two or more affordable units, staff should have the discretion to negotiate for a reasonable mix of bedroom/bathroom sizes, the average of which approximates the prototype sizes.

- **Pricing formulas**

Pricing formulas in Appendix A were used to establish prototype rents and sale prices affordable to a household with an income equal to 65 percent of the area median. In projects with two or more affordable units, staff should have the discretion to negotiate a mix of higher and lower rents or sale prices, the average of which approximates the prototype prices.

This income standard translates to these currently affordable prices:

3-bedroom for-sale unit	\$100,000
2-bedroom rental unit (with utilities)	\$777/mo.

- **Residency preference for buyers/renters**

Affordable units should be marketed with a preference for households that have resided in Cambridge for at least a year.

### Existing Income Standards Used by the City

Regarding the incomes of beneficiaries, our recommendations vary somewhat from the City's existing inclusionary provisions for residential developments. For example, the existing

provisions for Special Districts 9 and 10 target households with incomes ranging from "very low" (below 50 percent of median income) to "low" (50 to 80 percent of median income), to "moderate" (80 to 100 percent of median income). In order for developers to receive density bonuses, they must deliver units in each price category--first, the lowest-priced unit, then two middle priced units, then the highest-priced unit, and then rotating back through that order.

### **Prototype Unit Sizes and Prices**

We believe it is simpler, more flexible and more predictable for the City to establish a prototype sizes (by number of bedrooms) and prototype prices in only two categories--rental and for-sale housing. This allows developers to make more reliable financial projections. Staff should have the discretion to negotiate with developers to skew prices and bedroom sizes of the affordable units over and under the prototype numbers.

Without this skewing, affordable units would serve too narrow a range of household incomes and family sizes. However, to cast in stone a formulaic mix of prices and unit types is not deemed advisable. Reportedly, developers have found it difficult to comply with the formulas of the existing ordinance, in part, because of their complexity. Besides, some projects will lend themselves better than others to offering a broader range of prices and unit types.

### **Basis of Proposed Income Standards**

We believe that a 65 percent standard follows the intent of the existing ordinances. Moreover, it is a reasonable compromise between: (1) the income profile of Cambridge residents who most need affordable housing and (2) the financial impact of this standard on developers.

It goes without saying that the lower the income standard, the lower the required rents and sale prices must be and the larger the financial impact on developers. On the other hand, the City's own Consolidated Plan asserts that renter households with incomes below 50 percent of median income face the highest housing cost burdens--with 65 percent of this group paying more than 30 percent of their incomes for rent.

### **Preference for City Residents**

In keeping with current policies of the City regarding assisted housing, we recommend giving Cambridge residents a preference for buying or renting the affordable units.

## QUALITY STANDARDS

The following recommendations are made regarding the quality of the affordable dwelling units to be provided.

- **Minimum square footage**

To ensure livability, affordable units should have the following minimum square footages of living space:

	For-Sale Units	Rental Units
1-Bedroom	750	650
2-Bedroom	950	800
3-Bedroom	1,100	950
4-Bedroom	1,250	1,000

- **Finishes and amenities**

The City should impose minimum standards to assure durability, energy efficiency and water conservation. In addition, exteriors of affordable units should closely resemble the exteriors of other units in a project, and residents of affordable units should have the full use of all amenities in the common spaces.

### Problems with Existing Requirements

Our recommendations are somewhat less stringent than the existing inclusionary requirements. For example, the rules for Special District 9 and 10 are as follows:

Existing requirements:

One-bedroom units are not allowed	
Minimum size of two-bedroom units:	1,100 square feet
Minimum size of three-bedroom units:	1,250 square feet
Minimum size of four bedroom units:	1,350 square feet

We believe there are three problems with the existing floor area requirements. First of all, they do not reflect the fact that rental units tend to be smaller than for-sale units. Second, it is possible to design livable units that are smaller. Third, the cost of any unnecessary square footage adds extra cost burdens for developers, who will face a substantial cost impact in any case.

### Recommended Space and Quality Standards

We have suggested a standard for minimum square footages that closely tracks the requirements of the federal Rural Housing Service. To the best of our knowledge, these are the only remaining federal standards that addresses the issue of minimum, livable floor space. Tens of thousands of decent dwellings have been built to those standards.

Our recommendations on finishes and amenities closely track the City's existing inclusionary provisions.

## **OTHER DESIRABLE AFFORDABLE HOUSING PROVISIONS**

In order to make a new inclusionary zoning ordinance as effective and efficient as possible, these other provisions are recommended.

- **Substitution of off-site housing or in-lieu payments**

For projects subject to inclusionary provisions, the ordinance should allow developers to build units off-site or make an in-lieu cash or in-kind contribution if the City determines that the site or the proposed project is unsuitable for applying some or all of the provisions of the ordinance.

- **Nature and duration of long-term affordability controls**

Affordable rent levels should be maintained for 50 years in accordance with current practices of the City. Likewise, with for-sale units, the City should replicate its current system of deed restrictions controlling resale prices.

- **Non-permitted uses of capital subsidies**

Developers should not be permitted to use subsidized capital financing, to the extent that this allows them to externalize the costs of compliance with the proposed ordinance.

- **Treatment of projects with a substantial number of subsidized, affordable units**

Projects with a substantial percentage of affordable units subsidized through local, state, federal or philanthropic sources should be considered as automatically complying with the affordability requirements. The exact percentage should be determined after a rationale study is concluded.

### **Alternative Means of Compliance**

In most cases, affordable housing requirements should be met by construction of affordable units on-site, rather than providing units off-site or making a financial contribution. This approach has two benefits: (1) it will ensure more economic integration of low- and moderate-income families, and (2) it will spare the City of the difficulties of converting cash to affordable units.

Nonetheless, strict adherence to this principal could have adverse results in some cases. For example, in some luxury condominium projects, low-income buyers could spend most of their housing budget on condominium fees, reducing or eliminating their ability to pay any debt service. In addition, some sites might be distant from public transportation, shopping areas and services, making them less suitable for low-income families.

Thus, we recommend that the City develop criteria by which the City would determine if and when alternative means of compliance are appropriate. City staff (not a developer)

should determine when these criteria apply and whether an in-lieu payment or off-site housing should be substituted.

### **Determining the In-Lieu Payment Amount**

The essential purpose of the in-lieu payment is to provide the City with funds to build--or cause to be built--affordable housing that is of equal value to the affordable units that otherwise would have been built on site.

Thus, the formulation of an in-lieu payment amount should be based upon three numbers:

1. The added land value that accrues to the project as a result of the density bonus.
2. The average cost to subsidize an affordable housing unit in Cambridge, apart from "inclusionary" units.
3. The amount of internal subsidy that would have been required to produce an affordable unit in the subject project.

The first number should be the "ceiling." In other words, the City should take back from the developer no more value than the density bonus has created.

The second number should be the "floor"--the payment should be no lower than this. Currently, City staff calculates the average capital subsidy for an affordable housing units in Cambridge at approximately \$80,000. The ordinance should require staff to annual revise this floor amount based on current costs.

This third number--what the internal subsidy would have been--could guide the City in fixing an in-lieu payment amount where the developer disputes the City's estimate of land value added by the density bonus. For the City to calculate this amount, the developer would be required to disclose (in confidence) detailed financial projections for the project.

### **Long-Term Affordability**

Regarding long-term affordability of the housing provided, the City appears to have well-established systems for both rental and for-sale housing. These should be referenced in any proposed ordinance.

### **Use of Capital Subsidies**

The use of capital subsidies to produce the required affordable units is a thorny issue, and one that is not often addressed in the inclusionary zoning programs of other cities. The issue, in a nutshell, is whether the costs of providing affordable units should always be internalized within a project, or whether they can be externalized through the use of subsidies (keeping in mind that taxpayers provide the vast majority of housing subsidies).

In short, there is little point to having an inclusionary zoning ordinance if this use of subsidies is not prohibited. The ordinance will likely produce 30 or 40 affordable units a year, at best. The housing subsidies available in Cambridge each year are finite, and have shrunk drastically over the years.

So, unless developers are prohibited from using subsidies to externalize their costs, a likely scenario is that the available subsidies will simply gravitate toward "inclusionary" projects and thus result in a decrease in "non-inclusionary" affordable housing projects. This would negate the public benefits of the ordinance.

There should be one caveat to this prohibition of external subsidies. Nothing should prevent a developer from using outside subsidies to make rents or sale prices lower than required by the new ordinance or to provide more than the required number of units.

### **Compliance Standards for Subsidized Housing Projects**

Beyond that, the City should not discourage the use of housing subsidies in any residential development. Therefore, we propose that projects with a substantial amount of subsidized, affordable housing—with, for example, two times the percentage required in the ordinance—be considered as complying automatically with the affordability requirements of the ordinance. Thus, such projects would qualify for the proposed density bonus without having to meet the exacting affordability requirements of the ordinance. This will simplify the plan submission, review and approval processes.

If provisions such as these are approved, subsidized housing could be built and considered in compliance with the ordinance even if the rents or sale prices were somewhat higher than those required by the ordinance, or if the square footage or other construction requirements were not quite met. But as a trade-off, such developments would provide a more ample amount of below-market-rate housing.

each additional bonus unit creates an additional value in the land--which to a developer is almost equivalent to "found money."

### **Economic Impact of Proposed Density Bonus**

On typical sites in Cambridge, we estimate that this added value of a bonus unit will be something on the order of \$40,000 to \$80,000 (depending upon the site location) and will average about \$50,000.

Based on this estimate, it seems appropriate to provide--where affordable housing is mandatory--two "bonus units" for each required unit of affordable housing. The value of two bonus units should create a "credit" of at least \$80,000. In comparison, the "debit" for producing one affordable unit will also equal a minimum of \$80,000.

If the cost of producing an affordable unit exceeds \$80,000 in some projects (as it undoubtedly will), this will be mostly due to the projects being built on higher-cost land. However, the added value of the density bonus will increase as land value increases. Thus, the bonus formula we propose should, in most cases, offset the cost of providing the affordable unit.

To summarize:

Minimum "debit" from providing affordable unit	\$80,000
Minimum "credit" from receiving two bonus units	\$80,000
Net financial impact in this scenario	\$0

### **Mitigations Needed for Smaller Projects**

Unfortunately, this equation will not hold true with projects that are substantially smaller than 10 units. For example, envision a developer of a five-unit project that wants to build one affordable unit. Under the scenario just described, the project would qualify for only one bonus unit, since 20 percent of five is one. In this case, we would assume that the "credit" from the density bonus would probably be far less than the "debit" of providing one affordable unit.

Nonetheless, we stand by our proposal that density bonuses be capped at approximately twice the required percentage of affordable housing, for two reasons. First, higher density bonuses would amount to an unnecessarily generous incentive for most projects. Second, since the provisions are proposed to be citywide, making substantially higher density bonuses available to smaller projects would in some cases be certain to create adverse effects, particularly in traditionally residential neighborhoods.

But the City could find other ways to mitigate these potential problems with small projects. One way is to make its standards for rental rates or sale prices less stringent in these cases. For example, if only one bonus unit could be provided for an affordable unit (instead of two), the City could raise its standard for an affordable sale price from \$100,000 to \$140,000--lessening the developer's "debit" for providing affordable housing. The social benefits would be less, but still of value.

### **Relationship of Bonuses to Required Minimum Lot Areas**

As a practical matter, the City would not actually allow "bonus units"--instead, it would reduce what the City ordinances call the "minimum lot area per dwelling unit." For example, if a 20 percent bonus were intended, the City would reduce this minimum lot area by 16.68 percent. This is illustrated by the following example:

#### **C-1 District requirements (example):**

Typical lot size:	12,000 square feet
Current minimum lot area per dwelling unit:	1,200 square feet
Current maximum number of dwelling units:	10
Reduce minimum lot area by 16.68 percent, to:	1,000 square feet
Resulting maximum number of dwelling units:	12

### **Issues with FARs**

The allowed number of dwelling units on a site are limited by the City ordinances in two major ways: (1) the minimum lot area per dwelling unit (as just described) and (2) the maximum floor area ratios (FARs), which limit the maximum floor area that can be built per square foot of land. Naturally, both the minimum lot area and FAR vary considerably from one zoning district to another.

In some districts in Cambridge, the FAR can be a much more limiting factor than the minimum lot size. Therefore, to be effective, any new ordinance should also provide a bonus on the FAR ratio. We recommend that the size of this bonus be equivalent to the "unit bonus." For example, if the unit bonus is 20 percent, the FAR ratio should be 20 percent higher than the base FAR in order to allow construction of units of the same size.

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In some districts in Cambridge, the FAR can be a much more limiting factor than the minimum lot size. Therefore, to be effective, any new ordinance should also provide a bonus on the FAR ratio. We recommend that the size of this bonus be equivalent to the "unit bonus." For example, if the unit bonus is 20 percent, the FAR ratio should be 20 percent higher than the base FAR in order to allow construction of units of the same size.

## **ADMINISTRATIVE IMPLICATIONS**

### **Proposed Administration by Community Development Department**

Because the City presently administers inclusionary provisions in special districts, the administrative implications of the proposed new ordinance are well known and need little discussion.

The City's Community Development Department presently takes the responsibility for negotiating, monitoring and enforcing the existing provisions. The role of the Building Inspection Department is simply to ensure that development proposals have met the requirements before permits are issued. These roles seem appropriate and should be the model for any new ordinance.

### **Expected Annual Output from Proposed Ordinance**

To determine both the benefits of the proposed new ordinance and its administrative implications, it is necessary to make a projection of annual market-rate residential construction starts to which the mandatory provisions would apply. To do so, we reviewed Cambridge's development pipeline, leaving out projects with fewer than 10 units and without substantial numbers of subsidized housing units.

We found that only three projects meeting these criteria started construction last year. The projects contained a total of 678 units. If the proposed ordinance had been in effect during that year, with a 10 percent affordability requirement, 67 affordable units would have been obligated. As it was, 33 affordable units were actually obligated in the North Point district.

This volume of residential construction is much larger than the levels experienced in any other recent year, and it is impossible to predict if this pace will be sustained. Thus, a conservative estimate of the annual output of a new inclusionary ordinance would be more on the order of 30 to 40 affordable units. Obviously, this number will be affected by the percentage of affordable units that is selected by the City based on a rationale study.

### **Implications of By-Right Bonuses**

The recommendation of "by-right" density bonuses, except in the case of projects with fewer than five units, has major administrative and political implications for the City.

In the preceding section on developer incentives, we have already stated our case for by-right bonuses. In sum, we feel automatic bonuses would be a very positive incentive for developers to participate in providing affordable housing. It will hasten their approval time and, thus, reduce the costs of development. It also removes uncertainties regarding special conditions that might be imposed on the development and further increase costs.

Such a system would give City staff--presumably with the Community Development Division in the lead--the complete responsibility for performing design review and site plan review.

However, as desirable as this approach is from the standpoint of efficiency, it is likely to generate opposition from some citizens and perhaps elected officials who are concerned about higher-density development and want a voice in the approval process. That participation would occur only if the bonuses were granted through special permits.

The City, then, must make a hard choice between: (1) by-right bonuses and the benefits of expedited approvals and (2) requiring special permits and, thus, providing for citizen and Planning Board participation in granting the proposed bonuses. We strongly recommend the first option.

## NEXT STEPS

If the findings and recommendations of this report are generally acceptable to the City, we suggest the following as next steps.

- The City should conduct a study that quantifies the economic relationship between new residential development in Cambridge and the need for additional affordable housing units.
- The study should specifically describe need for affordable housing--expressed as a fractional number of affordable housing units--generated by construction of new market-rate units. The number will likely fall in the range of .10 to .20 (based on our experience in other communities).
- Then, an ordinance can be developed with a percentage requirement of affordable housing which should not exceed that number, but could be lower.
- Only after the percentage requirement for affordable housing is determined should the City arrive at a percentage density bonus--along the lines laid out in this report.
- Based on an assessment of political and administrative considerations, the City should decide whether the proposed density bonus should be granted by right or through a special permit process.
- With these key variables determined and approval (in concept) by the City Council, City staff should then proceed to draft an ordinance for the Council's review and approval.

## **APPENDIX A: AFFORDABILITY CALCULATIONS**

### **PROTOTYPE 3-BEDROOM FOR-SALE UNIT**

Following are steps in calculating the sale price of a three-bedroom home that is affordable to a prototype household with an income equal to 65 percent of the area median.

Presumed average household size for 3-bedroom home: 4 persons

Area median income for 4 persons (from HUD): \$59,600

Income level to be served: 65% of area median

Multiply 65% (.65) times \$59,600. The result is: \$38,750

Determine income per month (\$38,750 divided by 12): \$3,228

Presumed percentage of income affordable for a mortgage payment, including principal, interest, taxes and insurance: 28%

Presumed percentage of income affordable for principal and interest only, with 6% allowed for taxes, insurance and condominium fees: 22%

Multiply 22% (.22) times \$3,228 to determine affordable monthly loan payment: \$710

Determine affordable rate and term of loan: 8.25%, 30 years

Determine affordable loan amount (from tables or calculator): \$94,712

Affordable loan amount (\$94,712) divided by 0.95 (assumes a 5 percent down payment) and round to nearest thousand. Equals affordable purchase price: \$100,000

## **PROTOTYPE 2-BEDROOM RENTAL UNIT**

Following are steps in calculating the monthly rent of a two-bedroom unit that is affordable to a prototype household with an income equal to 65 percent of the area median.

Presumed average household size for two-bedroom rental unit: 3 persons

Area median income for 3 persons (from HUD): \$53,600

Target income level: 65% of area median

Multiply 65% (.65) times \$53,600. The result is: \$34,850

Determine income per month (\$34,850 divided by 12): \$2,904

Presumed percentage of income affordable for rent and utilities: 30%

Multiply 30% (.30) times \$2,904 to determine affordable monthly payment: \$871

Determine an average-case utility allowance for a 2-bedroom unit: \$94

Subtract \$94 from \$871. Result equals affordable rent: \$777

# Appendix B

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**Stockard & Engler & Brigham, LLC**

# **Cambridge Inclusionary Housing Study**

*Prepared for*

**CITY OF CAMBRIDGE**

**COMMUNITY DEVELOPMENT DEPARTMENT**

*February 1998*

## **Introduction**

This report examines the need for affordable housing generated by development of market rate housing in the City of Cambridge. The City has formulated its inclusionary housing policy according to the following rationale. First, the City has a policy of preserving the economic diversity of its population which requires a stock of housing affordable to low and moderate income households. The existing stock of such affordable housing now comprises 15% of the City's total housing stock. Second, the development of market rate housing increases the proportion of such housing relative to the overall stock of the City and reduces the proportion of affordable housing relative to the overall stock of the City. Third, occupancy of newly constructed market rate housing by middle and upper income households is not generating vacancies in existing units at prices affordable to low and moderate income households, thereby not mitigating the impact of newly constructed market rate housing. Fourth, these circumstances harm the City's ability to attain its goal of preserving the economic diversity of the City's population by maintaining a stock of 15% affordable housing. Fifth, developers of newly constructed market rate housing should provide affordable housing proportionate to the need created by their market rate housing developments for such housing.

## **Study Methodology**

The methodology of this report includes six steps to determine the amount of affordable housing required to mitigate the harmful effects of new market rate housing on the City's economic diversity goal.

1. Determination of proportion of housing stock subject to long term restrictions that maintains its affordability for low and moderate income residents.
2. Determination of cost of typical new market rate housing units being developed in the city.
3. Determination of income characteristics of new households living in typical new market rate housing units.
4. Determination of prior residence of households living in new market rate housing units.
5. Determination of housing cost level upon turnover of units vacated by households living in new market rate housing units.
6. Determination of the amount of housing units necessary to preserve City's economic diversity.

## **STEP 1.**

### ***DETERMINATION OF PROPORTION OF HOUSING STOCK SUBJECT TO LONG-TERM RESTRICTIONS TO MAINTAIN AFFORDABLE HOUSING FOR LOW AND MODERATE INCOME RESIDENTS.***

The City of Cambridge has a longstanding policy to promote and preserve a proportion of its housing stock as affordable. This policy is stated in the City's zoning ordinance; in Article 1.30, "...to encourage housing for persons of all income levels." And in Article 11.200, "...to provide for a full range of housing choice for households in all incomes, ages, and sizes. "

How does the City define affordable housing? The City uses the standards established by state and federal programs. To be affordable, the cost of the housing must not exceed 30% of the gross income of households whose incomes are 80% or less of the Boston area median income. The state and federal standards for household income used to calculate affordability are set by the U.S. Department of Housing and Urban Development Section 8 program and Community Development Block Grant program. These income limits are updated on an annual basis and are divided into two income groups. The first is called "moderate income" which means those households that earn between 50% and 80% of area median income. The second is "low income" which means those households earning less than 50% of area median income. For homeownership, housing cost is comprised of mortgage principal and interest, real estate taxes, condominium fees (if applicable), and property insurance. For rental housing, the housing cost is defined as rent plus an allowance for tenant-paid utilities.

**Table 1-A**

Housing Cost Affordability Matrix for Low and Moderate Income Households

<b>Household Size</b>	<b>Low Income</b>	<b>30% of monthly income for housing</b>	<b>Moderate Income</b>	<b>30% of monthly income for housing</b>
1	\$21,000	\$525	\$31,700	\$793
2	\$24,000	\$600	\$36,250	\$906
3	\$27,000	\$675	\$40,750	\$1,019
4	\$30,000	\$750	\$45,300	\$1,133
5	\$32,400	\$810	\$48,900	\$1,223
6	\$34,800	\$870	\$52,550	\$1,314
7	\$37,200	\$930	\$56,150	\$1,404
8 or more	\$39,600	\$990	\$59,800	\$1,495

How does the City determine the proportion of housing stock, subject to long-term restrictions, that will maintain affordable housing for low and moderate income residents? The City uses the criteria established by the Massachusetts Department of Housing and Community Development (DHCD) in its compilation of an annual subsidized housing

inventory for all cities and towns in the Commonwealth of Massachusetts. This Inventory is used by DHCD to determine the percentage of subsidized housing units for the purposes of M.G.L. Chapter 40B. M.G.L Chapter 40B requires each city and town to maintain a minimum stock of affordable units equal to 10% of the total housing stock. This percentage is determined as the number of qualifying units divided by the total number of 1990 year-round housing units in each city or town. Qualifying units are those units with long-term restrictions that ensure its long-term affordability. Tenant-based assisted units are not included in the inventory.

According to the City's 1997 housing stock inventory, **15.43%, rounded to 15%**, of Cambridge's housing stock is secured with long-term restrictions that make these housing units affordable to low and moderate income households. This is the proportion of housing stock needed, subject to long-term restrictions, that will maintain the existing proportion of affordable housing in the overall housing stock.

The existing proportion of Cambridge households of low and moderate income is actually significantly greater than 15% of the total household population. Based on 1990 census data, this proportion is estimated to be roughly 40% of the total household population. Affordable housing development sponsored by city, state and federal programs is responsible for meeting the additional need for affordable housing beyond the current ~~15% of the stock subject to long-term affordability restrictions without other financial assistance.~~

## **STEP 2.**

### ***DETERMINATION OF COST OF TYPICAL NEW CONSTRUCTION MARKET RATE HOUSING UNITS BEING DEVELOPED IN THE CITY.***

As of January 1, 1996, the City of Cambridge had 42,073 housing units: 11,500 owner-occupied units and 30,573 rental units. For the purposes of this study, the housing cost profile will be outlined for both owner-occupied housing and rental housing.

What type of market rate housing is being built in Cambridge? The City of Cambridge Community Development Department conducted a survey in December, 1997 of residential developments that had been constructed in 1997 or were under construction and due to be completed in 1998 (see attached new development survey). The housing costs (purchase price or rent level) of seven new condominium developments and nine new rental developments were obtained.

According to the survey, the average sales prices for new market rate units are as follows:

<u>Unit Size</u>	<u>Price</u>
1 bedroom	\$175,670
2 bedroom	\$199,000
3 bedroom	\$383,000

The average rents for new market rate rental housing are as follows:

<u>Unit Size</u>	<u>Price</u>
1 bedroom	\$1,358/mo
2 bedroom	\$1,897/mo
3 bedroom	\$2,662/mo

Using the housing cost figures from the New Development Survey and the U.S. Department of Housing and Urban Development (HUD) income limits for moderate income households (80% of area median income), we can calculate the affordability of new market rate housing being constructed in Cambridge.

### **Table 2-A**

#### **Disparity Between Homes Affordable to Low or Moderate Income Families and Market Rate Homeownership Costs**

<u>Unit Size</u>	<u>Average Sales Price</u>	<u>Average Household Size</u>	<u>Monthly Housing Cost</u>	<u>Income Available (30% of monthly moderate income limit)</u>
<b>1 Bedroom</b>	\$175,670	2	<b>\$1,438</b>	\$906
<b>2 Bedroom</b>	\$199,000	3	<b>\$1,629</b>	\$1,019
<b>3 Bedroom</b>	\$383,000	4	<b>\$3,136</b>	\$1,133

In order to determine the affordability of new market rate homeownership units in Cambridge, we have taken the average cost of the unit, assumed how many people would occupy the unit, and then calculated whether a moderate income household earning 80% of median income could afford the unit. As stated previously in this report, in order to be considered affordable, housing costs should not exceed 30% of gross income. For the homeownership affordability tables in this report, it was assumed that purchases would require a 10% down payment on a 30-year mortgage at 8% interest. Cambridge property taxes are approximately \$14 per \$1,000 of valuation and mortgage insurance is calculated at \$5 per \$1,000 of valuation. With these assumptions, it is possible to determine monthly housing costs for new market rate housing. These costs are then multiplied by 12. The product is then divided by 0.3 to arrive at the minimum income required to purchase the home, assuming that no more than 30% of gross income will be devoted to housing costs.

As shown, the monthly housing cost of new market rate housing exceeds affordability for low and moderate income households in each case. The average monthly cost of a newly constructed one bedroom homeownership unit is \$1,438 compared to an affordable cost of \$906. The average new unit costs 59% more than an affordable one bedroom homeownership unit. An analysis of two bedroom units yields a similar finding: the new

unit costs 60% more than an affordable two bedroom homeownership unit. Finally, the average cost of a new three bedroom homeownership unit costs 177% more than an affordable homeownership unit.

Note that for purposes of this analysis, we have used the average household size for each type of unit. The average household size is the unit size plus one additional occupant. Therefore the average household size of a one bedroom unit is two persons, a two bedroom unit has three persons, and a three bedroom unit has four persons.

The actual number of persons occupying each of these unit types may vary. A one bedroom unit may be occupied by one or two persons, a two bedroom unit may be occupied by two to four persons, and a three bedroom unit may be occupied by three to six persons.

The disparity between the monthly housing costs of newly constructed homeownership units and costs affordable to low or moderate income households is significant across the range of household sizes for each unit type. The disparity may be lower for smaller households and higher for larger households.

**Table 2-B.**

**Disparity Between Market Rents and Income Available for Rent Among Low or Moderate Income Families**

Unit Size	Average Rent	Average Household Size	Income Available (30% of monthly moderate income limit)
1 Bedroom	\$1,358	2	\$906
2 Bedroom	\$1,897	3	\$1,019
3 Bedroom	\$2,662	4	\$1,133

As shown the monthly housing cost of new rental housing exceeds affordability in each case. The average monthly cost of a market rate one bedroom unit is \$1,358 compared to an affordable cost of \$906. The average market rate unit costs 50% more than an affordable one bedroom rental unit. An analysis of two bedroom units yields a similar finding: the market rate unit costs 86% more than an affordable two bedroom rental unit. Finally, the average cost of a new three bedroom market rate unit costs 135% more than an affordable rental unit.

The same analysis of household size, as described above, was used for the rental analysis.

### **STEP 3.**

#### ***DETERMINATION OF INCOME CHARACTERISTICS OF NEW HOUSEHOLDS LIVING IN TYPICAL NEW MARKET RATE HOUSING UNITS.***

By knowing the average sales prices of new market rate housing in Cambridge, it is possible to determine the minimum income needed to purchase new housing. Minimum required income is extrapolated by determining mortgage, tax and insurance costs and assuming that no more than 30% of income will be devoted to those costs. For the tables that follow, it was assumed that purchases would require a 10% down payment on a 30-year mortgage at 8% interest. Cambridge property taxes are approximately \$14 per \$1,000 of valuation and mortgage insurance is calculated at \$5 per \$1,000 of valuation. With these assumptions, it is possible to determine monthly housing costs for new market rate housing. These costs are then multiplied by 12. The product is then divided by 0.3 to arrive at the minimum income required to purchase the home, assuming that no more than 30% of gross income will be devoted to housing costs.

Minimum income required to rent (Table 3-B) is calculated in the same manner: rental costs were multiplied by 12 and the product was then divided by 0.3. This calculation results in the minimum income required to rent, assuming that no more than 30% of gross income will be devoted to housing costs.

**Table 3-A**

Minimum Income Required to Purchase New Market Rate Housing in Cambridge

<u>Housing Type</u>	<u>Median Price</u>	<u>PITI*/Month</u>	<u>Minimum Income</u>
1 Bedroom	\$175,670	\$1,438	\$57,530
2 Bedroom	\$199,000	\$1,629	\$65,170
3 Bedroom	\$383,000	\$3,136	\$125,428

\*PITI=Principal, Interest, Taxes and Insurance

**Table 3-B**

Minimum Income Required to Rent New Market Rate Housing in Cambridge

<u>Housing Type</u>	<u>Average Rent (incl. Utilities)</u>	<u>Household</u>	<u>Minimum Income</u>
1 Bedroom	\$1,358	2	\$54,320
2 Bedroom	\$1,897	3	\$75,880
3 Bedroom	\$2,662	4	\$106,480

As tables 3-A and 3-B demonstrate, the incomes currently required to purchase or rent market rate housing in Cambridge are significantly greater than the incomes of low and

moderate income persons and exceed 80% of median in all cases. It should also be noted that for newly constructed housing units in the city, either for sale or rent, average prices and rents reflect almost all units, so that there is no "lower priced" tier which might be affordable to persons whose incomes are below 80% of median.

#### **STEP 4.**

##### ***DETERMINATION OF PRIOR RESIDENCE OF HOUSEHOLDS LIVING IN NEW MARKET RATE HOUSING UNITS.***

Where are occupants of new market rate housing units coming from? Are they Cambridge residents who are relocating within Cambridge or are they moving to Cambridge from other communities? These questions are relevant in trying to determine the proportion of affordable housing units in the City. If occupants of new units have relocated within the City, we need to understand the affordability of their prior residences. If the prior residences are priced at affordable rents following the unit turnover, the affordable housing proportion would not be affected by the increase in supply of new market units.

In order to determine the prior residence of households living in new market rate units, the Cambridge Community Development Department analyzed the occupancy pattern of ~~a newly constructed and occupied rental housing development with 31 units in December, 1997.~~ This analysis shows that over an 18-month period from mid-1996 through 1997, 23% of the households originated in Cambridge, and 77% were in-migrants to Cambridge.

By way of comparison, the Cambridge Community Development Department recently completed a study called Impacts of the Termination of Rent Control, dated January, 1998. The study, based on a survey performed by Atlantic Marketing Research, of 1,000 renter households found that 60% of market rate tenants who replaced former rent control tenants have lived in Cambridge for two years or less. Another 21% of market rate tenants who replaced former rent control tenants have lived in Cambridge for three to five years. In sum, 81% of the tenants in formerly rent controlled, now market rate, rental units moved to Cambridge within the last five years.

Based on this analysis, it is estimated that 77% of the occupants of newly built housing have moved to Cambridge from other jurisdictions and have incomes that exceed low and moderate levels. To fully understand the impacts on the City's economic diversity, however, we need to analyze the occupancy patterns of the units vacated by the other 23% of occupants of newly built housing who have moved from existing units within the city. This analysis follows in Step 5.

## **STEP 5.**

### ***DETERMINATION OF HOUSING IMPACTS UPON TURNOVER OF UNITS VACATED BY HOUSEHOLDS MOVING TO NEW MARKET RATE HOUSING UNITS.***

What are the impacts to economic diversity of the turnover of housing units in Cambridge vacated by households moving to new market rate housing units in the City? In order to determine the cost of housing vacated by households moving to new market rate housing, the Community Development Department gathered information on current prices for existing (as contrasted with newly constructed units) market rate housing for both rental and homeownership housing.

What is the cost to purchase existing market rate housing? The Cambridge Community Development Department issued a report October 21, 1997 entitled Housing Market Information. In this report, the Cambridge Revaluation Office determined the 1996 (the most recent data available) median sales prices for existing properties in Cambridge as follows:

Single-family median sales price	\$321,000
Two-family median sales price	\$279,000
<del>Three-family median sales price</del>	<del>\$284,000</del>
Condominium median sales price	\$170,500

What is the cost to rent existing market rate rental units? The Community Development Department study shows the estimated average rents paid for existing market rate units are as follows:

1 Bedroom apartment	\$1,000
2 Bedroom apartment	\$1,200
3 Bedroom apartment	\$1,500

The affordable housing standard established in Step 1 of this report states that in order to be considered affordable housing, a unit must cost the household no more than 30% of its gross monthly income. Using this standard, it is clear that the median sales prices and the median rents for existing property in Cambridge are not affordable. Therefore, market dynamics are not resulting in the increased availability of affordable units due to new market rate housing development.

**Table 5-A**

## Minimum Income Required to Purchase Existing Cambridge Properties

Housing Type	Median Price	PITI*/Month	Minimum Income
Single Family	\$321,000	\$2,628	\$105,124
Two Family	\$279,000	\$2,284	\$91,369
Three Family	\$284,000	\$2,325	\$93,007
Condominium	\$170,000	\$1,546	\$61,837

\*PITI=Principal, Interest, Taxes and Insurance

**Table 5-B**

## Minimum Income Required to Rent Existing Cambridge Properties

Housing Type	Average Rent (incl. Utilities)	Household	Minimum Income
1 Bedroom	\$1,000	2	\$40,000
2 Bedroom	\$1,200	3	\$48,000
3 Bedroom	\$1,500	4	\$60,000

As tables 5-A and 5-B demonstrate, the incomes currently required to purchase or rent existing market rate housing in Cambridge are significantly greater than the incomes of low and moderate income persons and exceed 80% of median in all cases.

For every 10 new market rate units being constructed in Cambridge, 23% of the new units are being occupied by occupants relocating from other residences in Cambridge and 77% by occupants newly migrating to Cambridge from other jurisdictions. Put another way, for every 10 new market rate units developed, 2.3 units of existing Cambridge housing are being vacated. Although exact statistics on the income characteristics of subsequent occupants of these vacated units are not currently available, the strength of the Cambridge housing market indicates that such units will be occupied at market, rather than below-market, rates.

While "filtering" in theory might result in making some of these units affordable to low and moderate income families, the reality of the existing tight Cambridge housing market renders such a possibility remote. Furthermore, in order to guarantee that the City's diversity goal of 1.5 units per 10 units is met, more than half of these vacated units would have to filter down to the affordable level, a result insupportable by available market evidence.

## **STEP 6.**

### ***DETERMINATION OF THE AMOUNT OF HOUSING UNITS NECESSARY TO PRESERVE CITY'S ECONOMIC DIVERSITY.***

This report has looked at the housing market dynamics in Cambridge, Massachusetts to determine the effects of newly constructed market rate housing on the City's economic diversity. The City has a policy to maintain a stock of affordable housing to ensure that the economic diversity of the City's population is preserved. New housing construction is increasing the supply of units, although the costs of such housing are significantly higher than affordable levels. New occupants of this newly built housing have incomes significantly higher than low and moderate income persons. The occupancy of newly built units is opening up some existing units in the City at the rate of 2.3 units per 10 newly constructed units. These vacated units, however, are priced upon turnover at levels significantly higher than affordable levels. It is highly unlikely that this "filtering" process results in occupancy by low or moderate income families.

Therefore, based on these findings, new housing construction is reducing the proportion of affordable housing in the overall housing supply in the City of Cambridge. This, in turn, is reducing the economic diversity of the City's population.

For each 10 units of newly built market rate housing, an additional 1.5 units of affordable housing are needed to maintain the existing affordable housing proportion and assist in meeting the City's economic diversity goal.

## **CAMBRIDGE INCLUSIONARY HOUSING STUDY**

### **LIST OF ATTACHMENTS**

- 1. List of Affordable Housing Developments, CDD, 12/97**
- 2. New Development Survey, CDD, 12/97**
- 3. Impacts of the Termination of Rent Control, Atlantic Marketing Research, 1/98**
- 4. Housing Market Information, CDD, 10/97**

# Appendix C

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## ARTICLE 11.000 SPECIAL REGULATIONS

Text current through Ordinance  
#1359 of December 16, 2013.

- 11.10 TOWNHOUSE DEVELOPMENT
- 11.20 DELETED
- 11.30 FAST ORDER FOOD ESTABLISHMENTS
- 11.40 DELETED See Article 22.70
- 11.50 DELETED See Article 20.000
- 11.60 DELETED See Article 20.000
- 11.70 DELETED See Article 20.000
- 11.80 EMPLOYMENT PLAN COMPLIANCE PROCEDURE
- 11.90 DELETED
- 11.100 DELETED See Article 20.000
- 11.200 AFFORDABLE HOUSING REQUIREMENTS
- 11.300 DELETED See Article 20.000
- 11.400 DELETED See Article 20.000
- 11.500 PLANNING OVERLAY REQUIREMENTS
- 11.700 DELETED See Article 20.700

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### 11.200 INCENTIVE ZONING PROVISIONS AND INCLUSIONARY HOUSING PROVISIONS

*Purposes.* The purposes of this Section 11.200 are to promote the public health, safety and welfare by encouraging the expansion and upgrading of the City's housing stock while accommodating the expansion of housing and commercial opportunities in the City; to provide for a full range of housing choices throughout the city for households of all incomes, ages and sizes in order to meet the City's goal of preserving diversity; to mitigate the impacts of commercial and residential development on the availability and cost of housing and especially housing affordable to low and moderate income households; to increase the production of affordable housing units to meet existing and anticipated housing and employment needs within the City; to provide a mechanism by which commercial and residential development can contribute in a direct way to increasing the supply of affordable housing in exchange for a greater density or intensity of development than that otherwise permitted as a matter of right; and to establish standards and guidelines for the use of such contributions from the application of incentive zoning and inclusionary housing provisions.

#### 11.201 *Definitions.*

**Affordable Housing Trust** shall mean the entity established by Chapter 482 of the Acts of 1991.

**Affordable Unit** shall mean any dwelling unit for which the rent (including utilities) does not exceed thirty (30) percent of the income of the renting household or for which the mortgage payment (including insurance, utilities and real estate taxes) does not exceed thirty (30) percent of the income of the purchasing household or other standards as may be established pursuant to any city, state or federal housing program designed to assist low and moderate income households.

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**Converted Dwelling Unit** shall mean a dwelling unit that has been converted from a non-housing use to a housing use in connection with the construction of an Inclusionary Project.

**Developer** shall mean any individual, corporation, business trust, estate trust, partnership or association, or any other entity or combination thereof.

**Eligible Household** shall mean any household whose total income does not exceed eighty (80) percent of the median income of households in the Boston Standard Metropolitan Statistical Area adjusted for family size, or such other equivalent income standard as may be determined by the Board of Trustees of the Affordable Housing Trust Fund.

**Median Income** shall mean the income set forth in or calculated from regulations promulgated by the United States Department of Housing and Urban Development, pursuant to Section 8 of the Housing Act of 1937, as amended by the Housing and Community Development Act of 1974 or such other equivalent income standard as determined by the Board of Trustees of the Affordable Housing Trust Fund.

**Mixed Use Development** shall mean a development that contains a combination of residential development and any other use.

**Project, Incentive**, shall mean that portion of projects containing uses listed in Sections 4.33c, 4.34, 4.35, 4.36, and 4.56 d 1 subject to the provisions of the special permits listed in Section 11.202.1.

**Project, Inclusionary**, shall mean any residential or mixed use development containing or creating ten or more new or converted dwelling units, including phased projects; or where fewer than ten new or converted dwelling units are created including phased projects, a residential development containing 10,000 square feet or more of gross floor area, in which case each 1,000 square feet shall be considered a dwelling unit.

**Project, Phased**, shall mean any residential or mixed use development or developments at one site or two or more adjoining sites in common ownership or under common control within a period of five years from the first date of application for any special or building permit for construction on the lot or lots, or for the twelve months immediately preceding the date of application for any special or building permit, where a total of no less than ten new or converted units are built.

**Project, Voluntary Inclusionary**, shall mean any residential or mixed use development containing less than ten new or converted dwelling units, including phased projects where the developer chooses to comply with the provisions of Section 11.203.2.

**Residential Development** shall mean single, two family and multi-family homes, townhouse development, elderly oriented congregate housing and lodging and rooming house dwellings as set forth in Section 4.31 a-h, and i(3).

11.202 *Applicability.*

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**11.202.1** *Applicability of Incentive Zoning Provisions.* Where a developer chooses to seek to obtain a special permit pursuant to the sections listed below, which special permit authorizes an increase in the permissible density or intensity of a particular use in the proposed development, the developer shall be subject to the applicable provisions of this Section 11.200 et al. Increases in density or intensity of use shall include an increase in gross floor area or height, a reduction or waiver of parking requirements, or a change in dimensional requirements or the addition of uses that result in an increase in density or intensity of use.

Section 6.35	Reduction in required parking for nonresidential development
Section 20.108	Divergence from dimensional requirements, North Massachusetts Avenue Overlay District
Section 20.54.2(2)	Additional height, Harvard Square Overlay District
Section 20.54.4(2)	Waiver of parking and loading requirements, Harvard Square Overlay District
Section 20.54.5(2)	Exemption from yard requirements, Harvard Square Overlay District
Section 20.63.7	Divergence from dimensional requirements, Parkway Overlay District
Section 20.95.1	Maximum Floor Area Ratio
Section 20.95.2	Maximum Permitted Height
Section 20.95.34	Waiver of Yard Requirements
Section 20.95.4	Dwelling Unit Density
Section 20.304.2(2), (3)	Additional height, Central Square Overlay District
Section 20.304.4	Waiver of setback requirements, Central Square Overlay District
Section 20.304.6	Waiver of parking requirements, Central Square Overlay District
Section 17.13.1(b)	Additional FAR, Special District I
Section 17.17	Transfer of Development Rights, Special District I
Article 13.00	PUD Districts, all permits.

**11.202.2** *Applicability of Inclusionary Housing Provisions.* The provisions of this Section 11.200 shall apply to any Inclusionary Project and may be applied to any Voluntary Inclusionary Project. These provisions shall apply with respect to developments in all zoning districts of the city except those governed by the provisions of Article 15.000.

**11.203** *Requirements*

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**11.203.1 Requirements for Incentive Zoning Contributions.** A developer of an Incentive Project shall either make a Housing Contribution in accordance with this Section 11.203.1 (a) or shall create or cause to be created housing, in accordance with this Section 11.203.1 (b).

(a) **Housing Contribution.** For any project that is in whole or in part an Incentive Project, and that is, in total, less than thirty thousand (30,000) square feet of gross floor area, no contribution shall be required.

For any project of thirty thousand (30,000) square feet of gross floor area or more, the developer shall contribute four dollars and fifty-eight cents (\$4.58) [Note: current adjust figure as of 2/27/14] for every square foot of gross floor area over two thousand five hundred (2500) square feet of that portion of the project authorized by the Special Permit that is an Incentive Project.

Before the Superintendent of Buildings issues the first occupancy permit for the Incentive Project the developer of the Incentive Project shall deliver the Housing Contribution to the then Managing Trustee of the Affordable Housing Trust or its designee.

The amount of the Housing Contribution shall be subject to review and recalculation three (3) years after the effective date of this provision and every three (3) years thereafter by the Cambridge City Council based on a consideration of current economic trends including but not limited to development activity, commercial rents per square foot, employment growth, and housing trends measured in terms of, but not limited to, vacancy rates, production statistics, and prices for dwelling units. The Board of Trustees for the Affordable Housing Trust may adjust the amount annually based on CPI or a similar standard to reflect changes in inflation rates.

(b) **Housing Creation Option.** The Developer of an Incentive Project required to make a Housing Contribution in Subsection 11.203.1 (a) above may create or cause to be created affordable units for occupancy exclusively by eligible households, or may donate land to be used exclusively for the development of affordable units. These units or land donation, must be of equivalent benefit toward addressing the City's affordable housing need as the housing contribution otherwise required.

When this option is chosen a Developer shall obtain a report from the Board of Trustees of the Affordable Housing Trust, which report shall accompany the special permit application and shall advise the special permit granting authority as to whether the proposed Housing Creation conforms to the intent and purposes of this Section 11.200 et al. The report shall also recommend such conditions, if any, as the Trustees may find appropriate to the issuance of the special permit to assure full compliance with the intent of this Section 11.200.

The special permit granting authority shall give due consideration to the report of the Board of Trustees in granting any special permit subject to this Section 11.200 et al., and, in its discretion may approve the developers use of the Housing Creation Option.

**11.203.2 Requirements for Inclusionary Housing .**

(a) Any Inclusionary Project shall provide 15% percent of the total number of dwelling units up to the maximum allowed as of right as Affordable Units. Where the

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application of that formula results in a fractional dwelling unit, a fraction of one half of a dwelling unit or more shall be considered as one Affordable Unit. Each Affordable Unit shall meet the standards established in Section 11.204.

(b) To facilitate the objectives of this Section 11.200, modifications to the dimensional requirements in any zoning district, as set forth in Section 5.30, shall be permitted as of right for an Inclusionary Project, as set forth below:

(i) The FAR normally permitted in the applicable zoning district for residential uses shall be increased by thirty (30) percent for Affordable Units as set forth in Section 11.203.2 (a) above, and at least fifty percent of the additional FAR should be allocated for the Affordable Units. In a Mixed Use Development, the increased FAR permitted in this paragraph ( i ) may be applied to the entire lot; however, any gross floor area arising from such increased FAR shall be occupied only by residential uses, exclusive of any hotel or motel use.

(ii) The minimum lot area per dwelling unit normally required in the applicable zoning district shall be reduced by that amount necessary to permit up to two additional units on the lot for each one Affordable Unit required in Section 11.203.2 (a) above. The additional units on a lot permitted by this paragraph ( ii ) shall not be considered in determining the threshold by which a special permit is required in Section 4.26 - Multifamily Special Permit Applicability and Section 11.10 - Townhouse Development of the Zoning Ordinance.

(c) For any Inclusionary Project that includes a total number of dwelling units that exceeds the maximum allowed as of right, the number of affordable units shall be no less than 15% percent of the total number of dwelling units in the project; however, the number of additional units permitted under Section 11.203.2 (b) ( ii ) above shall not be further increased.

(d) For any Voluntary Inclusionary Project that proposes to provide one Affordable Unit, the provisions of Section 11.203.2 (b) (i) and (ii) may be applied after the issuance of a special permit from the Planning Board. In issuing a special permit the Planning Board shall find that the additional dwelling units or gross floor area permitted will not create a development significantly different in scale, density, or placement on the lot than can be found on adjacent lots or in the surrounding neighborhood; or if the development is significantly more dense, larger in scale or closer to the lot lines than can be found on adjacent lots, the Board shall find that the size or shape of the lot, the characteristics of development on abutting lots, and the nature of the design proposed on the subject lot mitigate any negative impact that such additional development may impose. In making its findings the Planning Board shall consider the other kinds of dimensional relief that the development may require and the extent to which such relief varies from the requirements of the zoning district.

(e) Affordable Units required by this Section 11.203.2 shall be provided on-site. However, approval for alternate means of compliance may be granted by the Planning Board in certain exceptional circumstances. In granting such approval, the Planning Board must find that the property owner has demonstrated that building the required affordable units on-site would create a significant hardship. A significant hardship shall

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be defined as being of such significance that the property can not physically accommodate the required affordable units and/or related requirements, such as height, setbacks, or parking. To have such a request considered, the burden of proof shall be on the property owner, who must make full disclosure to the Planning Board of all relevant information. Any request for alternate means of compliance shall be reviewed by the Affordable Housing Trust, which shall then forward its recommendation on the request to the Planning Board. The Affordable Housing Trust's recommendation shall be based upon whether the alternate means of compliance shall be of comparable value to the affordable unit that would have otherwise been provided in a comparable Inclusionary Project. The Planning Board's approval of the request shall be based upon the Affordable Housing Trust's recommendations, and the demonstration of hardship made by the property owner. The Planning Board may, in its sole discretion, use other information to determine the validity of the property owner's request. Approval of alternate means of compliance shall be only for payment of a sum equivalent to the value of the provision of an on-site Affordable Unit, which payment shall be made to the Affordable Housing Trust.

**11.204** *Standards for Construction and Occupancy of Affordable Units.*

The following standards are intended to provide guidance to the special permit granting authority in instances where the Housing Creation Option is chosen to meet the requirements of this Section 11.200, to the Board of Trustees of the Trust in making any report it may make to the special permit granting authority or in authorizing the expenditure of any Housing Contribution funds, and to the Developer of any Inclusionary Project or Voluntary Inclusionary Project. In granting any special permit the special permit granting authority may allow for deviations from, or further define, these standards consistent with the purpose of this Section 11.200.

- (a) Affordable Units in an Incentive Project shall be generally comparable in size and materials to dwelling units in the neighborhood or in the projection which it is located.
  - (b) To ensure livability, Affordable Units in an Inclusionary Project shall be generally comparable in size and materials to the other units in the overall project and consistent with local needs for affordable housing as approved by the Trust. For Inclusionary Projects or Incentive Projects where appropriate exteriors of affordable units shall closely resemble the exteriors of other units in a project, and shall be reasonably distributed throughout the project.
  - (c) The Affordable Units shall, to a reasonable extent, serve eligible households of diverse incomes, including very low income, and diverse sizes throughout the city.
  - (d) The Affordable Units shall be subject to deed restrictions providing that they shall:
    - 1) be occupied by eligible households.
    - 2) be conveyed subject to restrictions, which to the extent legally possible shall guarantee the permanent availability of the Affordable Units to eligible households. Such restrictions shall include but not be limited to limited equity deed restrictions. In general, to meet this requirement, affordable rent levels shall be maintained for a minimum of 50 years from the date of initial
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occupancy in accordance with current practices of the City. With for-sale units, the City's current system of deed restrictions controlling resale prices shall be observed.

- 3) to the extent possible, give preference to eligible households who are Cambridge residents.
  - 4) be rented or sold to Eligible Households, using marketing and selection guidelines customarily employed by the Community Development Department in selecting tenant and homeowner households under other City, state or federal housing assistance programs.
- (e) The rental or ownership of affordable units shall mirror the project as a whole. For example, affordable units should be sold, not rented, where a majority of units will be offered for sale.
- (f) The affordable units shall be affordable to households having a target income of 65% of the area median income, or if the household has access to a rent subsidy, a lower income. The Trust shall have the discretion to approve a mix of higher and lower rents or sale prices, the average of which approximates an affordable price for a household at the target income level.
- (g) The intent of the Inclusionary Housing provisions is that the Affordable Units required hereunder not use public funds to create; these provisions however, are not intended to discourage the use of public funds to generate a greater number of affordable units than are otherwise required.
- (h) One parking space for each Affordable Unit in an Inclusionary Project shall be provided. If there is fewer than one parking space provided for each unit in the development, then the number of parking spaces provided for the Affordable Units shall be in the same proportion as the number provided to the market rate units. If there is no parking fee for the market rate units in an Inclusionary Project, then there shall be no parking fee for the Affordable Units. If there is a parking fee for the market rate units in an Inclusionary Project subject to Section 11.200, then the maximum parking fee for the Affordable Units shall not exceed the lesser of the following:
- 1) That fee which is in the same proportion of parking fee to rent as for those market rate units of equivalent size to the Affordable Units and having the lowest rent in the Inclusionary Project, or
  - 2) That fee which, when combined with the maximum rent permitted of an Affordable Unit as defined in Section 11.201, does not exceed thirty three (33) percent of the Eligible Household's income.

#### **11.205 Affordable Housing Trust.**

Pursuant to the provisions of Chapter 482 of the Acts of 1991, an Affordable Housing Trust Fund was established. To facilitate the implementation of the provision of this Section 11.200, the Affordable Housing Trust Fund receives funds generated by this Section 11.200 and specifically Section 11.203.1(a), as well as other funds generated from other sources.

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**11.205.1** Uses of the Affordable Housing Trust. The Trust property may be made available for, but shall not be limited to, the following uses.

1. Creation of Affordable Units. To encourage the development of Affordable Units through a variety of means, including, but not limited to, the provision of favorable financing terms or direct write down of costs for either nonprofit or for profit developers or to subsidize the purchase of sites, existing structures, or affordable units within a larger development.
2. Multifamily Rehabilitation Programs. To finance the substantial rehabilitation of deteriorated properties in a manner that preserves the affordability of units through interest rate subsidies, loan guarantees or write down of project costs. Multifamily housing owned by nonprofit entities that ensure maximum long-term affordability shall receive priority-funding consideration.
3. Limited Equity Cooperative or Condominium Conversion. For acquisition and rehabilitation of potential cooperatives or condominiums through low interest blanket loans, share loans or direct cost write down.

**11.205.2** Administration of the Affordable Housing Trust and its Activities. The Trust property may be made available to fund reasonable administrative expenses necessary to support Trust activities, including but not limited to consulting services such as legal, appraising or engineering, as well as other project related expenses. The Community Development Department shall provide the Board of Trustees with technical and administrative assistance.

**11.205.3** Board of Trustees of Affordable Housing Trust. The City Manager shall appoint and chair a nine (9) member Board of Trustees of the Affordable Housing Trust. The Board of Trustees shall be composed of representatives from different sectors of the community with housing policy, and may include members of City Boards and agencies, nonprofit housing organizations and community representatives. The trustees, with concurrence of the City Manager, shall establish regulations for the operations of the Trust and Board of Trustees, and procedures for the implementation of this Subsection 11.205.

- 1) The Board of Trustees shall manage and administer the Affordable Housing Trust Fund including the disbursement of all funds, units and land conveyed to the City of Cambridge.
  - 2) The Board of Trustees shall review and approve or disapprove proposals submitted for use of the Housing Trust Fund. The Board shall develop policies and standards appropriate to and consistent with the Incentive Zoning and Inclusionary Housing provisions, section 11.200.
  - 3) The Board shall explore the feasibility of and assist in the establishment of new programs designed to meet Cambridge affordable housing needs. These programs may include a city wide Land Bank program and Home Mortgage Pool.
  - 4) The Board of Trustees shall provide assistance and necessary reports where appropriate to any special permit granting authority authorized to issue a special permit for any development making use of funds from the Affordable Housing Trust or subject to any provisions under this Section 11.200.
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**11.206 Enforcement**

The Community Development Department shall certify in writing to the Superintendent of Buildings that all conditions of this Section 11.200, including any conditions that may be established by the special permit granting authority in issuing a special permit under this Section 11.200, have been met before issuance of the first building permit for any Incentive Project, Inclusionary Project, or Voluntary Inclusionary Project. Before the issuance of the first Certificate of Occupancy for such development the Trust shall certify in writing to the Superintendent of Buildings that all documents have been filed and actions taken that are necessary to fulfill the conditions of this Section 11.200 and any special permit authorized herein.

- (a) The information required by the Large Project Submittal Requirements as described in Paragraph 1.45 of this Ordinance.
- (b) A traffic study certified as being done in a complete and reliable manner by the Traffic, Parking and Transportation Department. The required traffic study shall include information on Parking Transportation Demand Management measures, which may mitigate projected traffic impacts. Such certifications must be issued or denied within twenty-one (21) days of its request and must only certified the methodology used, not necessarily the accuracy of the data.

Any applicant who has been granted a special permit prior to the effective date of this amendment must apply for a "Planning Overlay Special Permit" by no later than 60 (sixty) days after the issuance of the original special permit.

**11.511** *Criteria for Special Permit*

- A. In granting a planning overlay special permit the Planning Board will ensure that the project conforms with the following growth policies as set forth in the Cambridge Growth Policy Document, "Towards a Sustainable Future":

Growth Policy #13. A pace of development or redevelopment should be encouraged that permits the maintenance of a healthy tax base, allows for adjustment and adaptation to changing economic conditions, and is consistent with the City's urban design and other physical development objectives yet does not unreasonably disrupt the daily activities of the city's neighborhoods and residents or overburden the city's water and sewer infrastructure.

Growth Policy #27. Where possible, construct new affordable housing that fits neighborhood character. In existing residential neighborhoods housing should be built at scale, density, and character consistent with existing development patterns. Permit reconstruction of affordable housing (defined as more than 50% of units rented or owned by households at 80% or less than median income) that serves a wide range of incomes and groups at previous nonconforming density where reconstruction is less expensive than rehabilitation. Emphasize construction of affordable housing designed for families with children.

Growth Policy #39. Development patterns in all nonresidential areas must be planned to minimize negative impact on abutting residential neighborhoods.

Growth Policy #66. New open space facilities, including larger ones for organized activities, should be considered for those private developments where the size of the development, the amount of and area and/or the ownership patterns provide the flexibility to accommodate such a facility without loss of economic value for other uses.

- B. Additionally, the Planning Board shall, before issuing a special permit, find that the project will have no substantial adverse impact on city traffic. In determining whether there is a substantial adverse impact, the Planning Board shall apply criteria for
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measuring traffic impact based on the best available measures of traffic volumes and level of service, as recommended by the Traffic, Transportation and Parking Department. These criteria shall be updated as new data on existing traffic volumes and level of service are compiled.

**11.512 Enforcement.** The Superintendent of Buildings will require certification from the Planning Board that it has issued a special permit to the applicant to which paragraph 11.502 applies before issuing a building permit to that applicant.

**11.513 Expiration.** A Planning Overlay Special Permit will expire one (1) year if construction on the project has not begun and no extension has been granted by the Planning Board. Such extension may only be granted for good cause. If expiration takes place the Superintendent of Buildings will revoke any building permit granted under the special permit effective the date of expiration.

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