



# HOUSING COMMITTEE

## COMMITTEE MEETING

~ MINUTES ~

Tuesday, January 10, 2023

1:00 PM

Sullivan Chamber  
795 Massachusetts Avenue  
Cambridge, MA 02139

**The Housing Committee will hold a public meeting on January 10, 2023, at 1:00p.m. to get an update from the Community Development Department on planning underway to develop changes in the City’s affordable homeownership programs**

Attendee Name	Present	Absent	Late	Arrived
E. Denise Simmons	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Burhan Azeem	<input type="checkbox"/> Remote	<input type="checkbox"/>	<input type="checkbox"/>	
Dennis J. Carlone	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Alanna Mallon	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marc C. McGovern	<input type="checkbox"/> Remote	<input type="checkbox"/>	<input type="checkbox"/>	

A public meeting of the Cambridge City Council’s Housing Committee was held on Tuesday, December 13, 2022. The meeting was Called to Order at 1:00 p.m. by the Chair, Councillor Simmons. Pursuant to Chapter 20 of the Acts of 2022 adopted by Massachusetts General Assembly and approved by the Governor, this public meeting was hybrid, allowing participation in person, in the Sullivan Chamber, 2<sup>nd</sup> Floor, City Hall, 795 Massachusetts Avenue, Cambridge, MA and by remote participation via zoom.

**Clerk of Committees Erwin called the roll.**

- Councillor Simmons, Chair – Present
- Councillor Azeem – Present/Remote
- Councillor Carlone – Present
- Vice Mayor Mallon – Present
- Councillor McGovern – Present/Remote

**Present – 5, Absent – 0. Quorum established.**

The Chair, Councillor Simmons began the meeting by noting the call of the meeting was to get an update from the Community Development Department on planning underway to develop changes in the City’s affordable homeownership programs. Councillor Simmons gave her opening remarks (Attachment A) and introduced Iram Farooq, Assistant City Manager for the Community Development Department, who was joined by her team Chris Cotter, Housing Director, Anna Dolmatch, Homeownership Program Manager, and Antonia Finley, Homebuyer Coordinator, all from the Community Development Department (CDD). Also present at the meeting were members from the Cambridge Affordable Housing Trust, Peter Daly and Elaine DeRosa.

Anna Dolmatch gave an overview of the presentation noting what the program review areas are, the current resale formula, the current inheritance policy, engagement with stakeholders, and an affordable housing trust process to date. Ms. Dolmatch also reviewed the findings of a survey that was completed by current homeowners and a survey that was done by resale pool applicants.

Minutes Acceptance: Minutes of Jan 10, 2023 1:00 PM (Committee Reports)

She also noted that CDD held twelve listening sessions for homeowners after the survey was completed and summarized the feedback from participants. Ms. Dolmatch completed the presentation by offering policy options and gave a review of the process of the next steps moving forward.

Elaine DeRosa stressed the importance of the policy issue and how homeownership is an important issue around stability, especially for low-income people. She noted that she was happy that the City was having this conversation.

Peter Daly noted how difficult it is to produce affordable housing in Cambridge and how homeownership is more difficult than rental. He thanked CDD staff for their presentation and thanked residents who took the time to participate in surveys to help the City frame the issues that are important to them. He stressed how times have changed and there are changes that should and can be made, and he is committed to helping the City get there.

Councillor Carlone had a clarifying question on CDD's presentation about frequent themes. Anna Dolmatch provided more detail to help make the information clearer. Councillor Carlone commented that it might be beneficial for CDD to provide examples of what different approaches would look like. He thanked CDD for their presentation, sharing that it was very informative.

Councillor McGovern noted that the City wants to make sure that units stay affordable, but the challenge is to help people generate as much equity as they can. Councillor McGovern had a question for CDD regarding what the current list looks like now for people waiting to get in to the program. Anna Dolmatch noted that there are about five hundred people currently in the applicant pool and shared there is more demand on units than what the City is able to provide, particularly on the family units.

Councillor Azeem commented that it's a fantastic program for people who can benefit from it and spoke on the volume and number of people the City is able to help.

Mayor Siddiqui shared that there needs to be a push to increase more funding to build more affordable housing units while also making changes for owners to be able to build more equity. Vice Mayor Mallon offered comments and questions, noting that many residents don't have access to homeownership opportunities and that homeownership has more benefits financially than renting units. She had a question about conversations CDD has had with the Just A Start program regarding a contract between Just A Start and a Cambridge homeowner who had a four unit apartment building, who upon his death, wanted to transfer those units to Just A Start as affordable homeownership opportunities. The Vice Mayor also questioned what CDD's goals were and encouraged focusing smart goals. Chris Cotter and Anna Dolmatch were available to respond to the Vice Mayor's comments and questions.

Councillor Zondervan began by noting funding seems to be an issue when trying to provide more equity to homeowners and suggested one possible way to help with funding could be from the sales of other properties in the City and questioned if that type of funding would be applicable.

Iram Farooq noted that no matter how much money the City has to start with, CDD wants to leverage all other sources so funding can go further.

#### **Councillor Simmons opened Public Comment**

Rabbi Yoni, spoke on the inclusionary housing program and stressed the importance of stable housing.

**The Chair, Councillor Simmons recognized Councillor Nolan who made a motion to close public comment.**

**Clerk of Committees Erwin called the roll.**

**Councillor Simmons – Yes**  
**Councillor Azeem – Yes**  
**Councillor Carlone – Yes**  
**Vice Mayor Mallon – Yes**  
**Councillor McGovern – Yes**  
**Yes – 5, No – 0. Motion passed.**

Councillor Simmons thanked staff from CDD for their presentation and commented that it has raised a lot of questions for her, noting that she often hears from the people in these units that it doesn't feel like true homeownership for them because of the amount of restrictions placed upon the units, and she wanted to see how that can be modified going forward.

Councillor Simmons questioned if other cities and towns have programs like this and if CDD has any data on them. Iram Farooq responded by noting that there is no strong theme or even a clear best practice regarding these programs. Anna Dolmatch also stated that there are many formulas possible with resale and provided feedback on other cities, including Boston, noting that finding a formula that best serves the goals of the community should be in the best interest of the City. Councillor Simmons had a clarifying question on the quality of units, to which Chris Cotter noted that there are units coming in in multiple different ways, offering variability and a range of quality. Councillor Simmons questioned if CDD reported back to the participants about the survey findings and asked if there has been a thought about having an advisory type of board so homeowners can discuss, share, and learn from one another. Iram Farooq and Anna Dolmatch responded, noting that CDD has reached out to owners to provide the survey results as well as having information on their website, and they will continue to share more information as it becomes available.

Councillor Simmons recognized Councillor Carlone and Vice Mayor Mallon who offered final comments, sharing how important equity is and noting that they look forward to the next conversation and some forward movement with the program.

Councillor Simmons concluded by asking CDD what a reasonable timeline of growth for the program would be and to look at all the recommended formulas that were discussed. She also stressed the importance of setting up a way for owners to get together to talk with their peers. She asked CDD when the Committee could anticipate a response and noted she would look to see something by March.

**The Chair, Councillor Simmons recognized Vice Mayor Mallon on a motion to adjourn.**  
**Clerk of Committees Erwin called the roll.**

**Councillor Simmons – Yes**  
**Councillor Azeem – Yes**  
**Councillor Carlone – Absent**  
**Vice Mayor Mallon – Yes**  
**Councillor McGovern – Yes**  
**Yes – 4, No – 0, Absent – 1. Adjournment at 2:50p.m.**

Attachment A – Councillor Simmons’ Opening Remarks

Attachment B – Affordable Homeownership Program Review Update: Housing Committee

**Clerk’s Note:** The City of Cambridge/22 City View records every City Council meeting and every City Council Committee meeting. This is a permanent record. The video for this meeting can be viewed at:

[https://cambridgema.granicus.com/player/clip/392?view\\_id=1&redirect=true&h=5d39682fb3a171b7bd4278bd771ebb1d](https://cambridgema.granicus.com/player/clip/392?view_id=1&redirect=true&h=5d39682fb3a171b7bd4278bd771ebb1d)

**A communication was received from Housing Director, Community Development Chris Cotter, transmitting Affordable Homeownership Program Review Update.**

Attachment A

## OPENING REMARKS FOR HOUSING COMMITTEE

Tuesday, January 10, 2023 at 1 pm

Zoom link: <https://cambridgema.zoom.us/j/97895847144>

Call of the Meeting: “The Housing Committee will conduct a public meeting to get an update from the Community Development Department on planning underway to develop changes in the City’s affordable homeownership programs.”

Link to CDD Presentation: [HERE](#)

### SCRIPT FROM CLERK RE REMOTE MEETINGS

Good afternoon,

With a quorum being present, I am calling today’s Housing Committee meeting to order. The call of today’s meeting is: “The Housing Committee will conduct a public meeting to get an update from the Community Development Department on planning underway to develop changes in the City’s affordable homeownership programs.”

The first order of business is a roll call of members present. Clerk Erwin, will you please take a roll call?

*[Clerk Erwin takes roll call of members]*

Pursuant to Chapter 20 of the Acts of 2022 adopted by the Massachusetts General Assembly and approved by the Governor, the City is authorized to use remote participation at meetings of the Cambridge City Council and its Committees.

In addition to having members of the Council participate remotely, we have also setup zoom teleconference for public comment.

Please be aware that zoom is primarily being used for public comment.

To watch the meeting, please tune into Channel 22 or visit the open meeting portal on the city’s website.

If you would like to provide public comment, please visit the City Council section of the city’s webpage. Instructions for how to sign up to speak are posted there. Once you have completed sign up procedure, you will receive a link to the zoom meeting.

We will not allow any additional public comment sign up after 1:30p.m.

*[Take roll call of members present.]*

With that, all of today’s votes will be by roll call.

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I want to thank everyone for joining us for today's Housing Committee hearing, during which we will be focusing our discussion upon the City's proposed changes to our affordable home ownership program.

Over the past several years, this committee has held a significant number of hearings discussing the lack of affordable housing options in our city, and the various ways that the Council has sought to address this. We've touched upon the fact that, since the loss of rent control in the mid-1990s, we've struggled to hold on to the members of the middle class – the teachers and firefighters and administrative assistants and home health aides and so forth – who have increasingly been getting priced out of this community. We've proposed and teased out the various types of legislation aimed at making it easier for developers to construct new affordable rental units, and aimed at incentivizing the creation of such units. Like a physician looking for a cocktail therapy to treat a complex illness, we've sought a multi-pronged approach to treat a problem that has no singular solution, and that stubbornly persists.

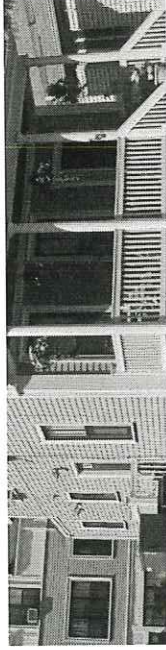
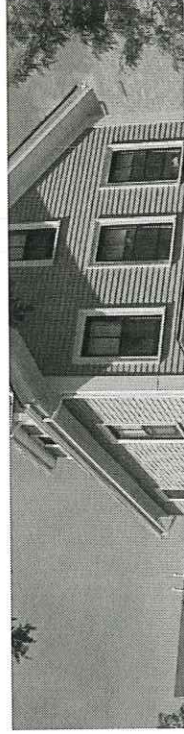
Today, we are focusing our discussion on one of those approaches: affordable home-OWNERSHIP. The City's affordable homeownership program is something that has been offered for decades, with over 500 units in the mix, and has provided a path to those middle income residents who are looking to remain in this community, and who may be interested in owning a home rather than renting. There are a number of benefits to this model, and while homeownership may not be the right path for *everyone*, it's a program that can be a fantastic fit for certain Cambridge families who are looking for a bit of permanence and predictability, and who are planning to live in this community for a long time.

Today, we have Iram Farooq and Chris Cotter here from the Community Development Department, along with members of their staff, and I am going to ask them to give us the bird's eye overview of what the Affordable Homeownership Program IS and why we offer it, before we then delve into a discussion about some potential changes and modifications that are being proposed for program.

Following the presentation by the CDD, we will open the floor to questions and comments by the Housing Committee Members, then we shall have Public Comment, and then if time permits, we will have one more round of questions from Committee members prior to adjournment. With that, I shall turn the mic over to Iram Farooq and Chris Cotter of the Community Development Department to introduce a brief presentation. Ms. Farooq, Mr. Cotter? The floor is yours.

Attachment B

**City of Cambridge  
Community Development Department**



**Affordable Homeownership  
Program Review Update:  
Housing Committee**

January 10, 2023



# Affordable Homeownership Program

- More than 550 City-assisted affordable homes with affordability restrictions held by the City
- Affordable homes created by:
  - Non-profit development
  - Inclusionary housing provisions
  - Market purchase with City assistance (HomeBridge and predecessors)
  - Project-specific zoning agreements
- Most have form of affordability restriction in use since early 1990s. Provisions include:
  - Owner occupancy
  - Remain affordable at resale; sale only to income-eligible household
  - City holds purchase right

January 10, 2023



# Program Review Areas

## **Primary:**

- 1. Resale Formula – How units increase in value over time**
- 2. Inheritance**

## **Secondary:**

- 1. Capital improvements**
  - 2. Resale Process**
- Changes to the Resale Formula and Inheritance will inform secondary changes*

# Current Resale Formula – “Return on Equity”

Affordable Value = Purchase Price + Return on Equity

Equity = down payment + all principal payments made on mortgage loans

Return on Equity = Equity x Treasury Bill Rate

Treasury rates used are 10, 20 or 30 year, depending on restriction, published monthly by the Federal Reserve

Return on Equity is calculated for anniversary month of purchase, prorated for partial years



# Current Inheritance Policy

- “Inheritance” refers only to ownership of the affordable home
  - Proceeds from a sale are part of owner’s estate
  - Can be left to any beneficiary – no City requirements
- Current restriction:
  - Surviving spouse has lifetime right to occupy
  - Other household members have at least one year
  - No transfer without notifying City
- Policy is to give eligible household members first option to purchase if eligible

January 10, 2023

# Program Review Process Engagement To Date

January 10, 2023

Survey for all current owners completed  
July 2022

Listening sessions for current owners  
through October 2022

Survey for applicants currently waiting for  
housing December 2022

Housing Committee hearing January 2023

6



# Affordable Housing Trust Process To Date

January 10, 2023

Process introduced at Trust  
meeting March 2022

Homeowner Survey findings  
September 2022

Listening Session and Applicant  
Survey findings December 2022

7



# Current Owner Survey

8

January 10, 2023



# Current Owner Survey

January 10, 2023

- 195 responses = 36% of current owners
- 64% owned ten years or more
- 75% own family-sized units (2 or more bedrooms)
- Race and ethnicity of owners who did respond closely reflects estimated owner demographics:
  - 48% White
  - 24% Black or African American
  - 12% Asian or Asian American
  - 20% Other race(s)
  - 8% Hispanic

# Current Owner Survey Findings

- Why do owners stay in their home?
  - 69% say cannot afford market
  - 62% want to stay in Cambridge
  - 81% feel stability and affordability are primary benefit of program
  - 79% agree that owners should be guaranteed a profit at sale
  - 77% feel it is important homes are sold to income-eligible buyers
  - 71% state that affordable homes should increase at the same rate as market homes

January 10, 2023

10



# Current Owner Survey Findings - Inheritance

## Is inheritance more important than value?

- Difference based on unit size:
  - Only 24% of studio/1 BR say yes
  - 64% of 3 BR and 59% of 2 BR say yes
- Difference based on race:
  - 49% of all respondents say yes
  - 72% of Black/African American respondents say yes
- 62% agree that only owners' relatives should inherit
- Only 32% agree that inheritance should be limited to household members
- 64% believe household members should inherit regardless of income

January 10, 2023

11

# Current Owner Survey - Resale Formula Priority Ranking

	Ranked Most Important (5 pts)	Ranked Least Important (1 pt)	Average Ranking
Value changes at same rate as market homes	42%	22%	3.4
Price increases at steady, predictable rate	24%	10%	3.4
Home will stay affordable to an income-eligible buyer	14%	26%	2.8
No risk price will decrease	12%	22%	2.8
Ability to easily know what home is worth	8%	18%	2.7



# Current Owner Listening Sessions

13

January 10, 2023



# Listening Sessions

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- Twelve sessions – ten virtual, two in-person
- 69 participants – 16% of current owners
- Small group sessions – smallest 3, largest 12
- ~90 minutes
- Professional facilitation
- Housing staff for technical expertise and questions
- Feedback on current program, priorities for changes, thoughts on value increase and inheritance

January 10, 2023

14



# What did we hear?

January 10, 2023

Many different experiences with the program

Almost all expressed appreciation for some aspect of the program

All care about continuing access to affordable homes for the future

Range of issues raised, some outside the scope of current process

Not consensus, but many frequent themes

15



# Frequent Themes

Program plays important role in keeping people in Cambridge with stable housing

Combination of limited resale price and market prices limits owners' options to move on

Understand challenge of keeping units affordable while increasing return but current formula too limited

Restrictions make program feel less than full ownership

Less incentive to invest in unit condition

Priority for inheritance is opportunity for family members to remain in Cambridge

January 10, 2023

16



# Resale Pool Applicant Survey



## Applicant Survey Respondents

January 10, 2023

- 19% of Cambridge resident applicants participated
- 67 % in Resale Pool for more than 3 years
- 43% waiting for 3 BR or larger
- 18% waiting for 1 BR
- 84 % currently living in affordable housing

18



# Applicant Survey Findings – Affordable Unit Value

January 10, 2023

94% Agree that it is important that these units stay affordable

77% Agree the value increase should be steady and predictable

68% believe that the value should not decrease

47% agree that the price should change at the same rate as market

19



# Applicant Survey - Priorities for Affordable Homeownership Program

	Ranked Most Important (5 pts)	Ranked Least Important (1 pt)	Average Ranking
Provide low-cost housing	43%	3%	3.9
Allow residents to remain in community	35%	7%	3.8
Help keep community diverse	9%	24%	2.8
Build assets for owners	12%	18%	2.8
Provide enough profit to buy a market home	3%	49%	1.9



# Policy Options

January 10, 2023



# Industry Standard Resale Formula Options

## **Percentage**

- Price increases by a fixed annual percentage

## **Index-based**

- Price increases based on the percentage change in a selected index
- Frequently used are AMI, CPI – could be anything, including change in market prices

## **Appraisal-based/"Shared Equity"**

- Ratio of market value to affordable price fixed at purchase
- Same ratio applies to future value – e.g. 40% of market

## **Affordability**

- Price is based on what is affordable to next buyer at a specific income level
- Affordability impacted by interest rates, taxes, condo fees, and AMI

January 10, 2023

22

# Inheritance Policy Options

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- Any income-eligible beneficiary
- Only an income-eligible family member
- Only an income-eligible household member currently residing in the unit
- Allow higher maximum income levels for current household members or family members
- Unlikely that inheritance with no income requirement is an option based on funding source requirements

January 10, 2023

23



# Program Review Process Next Steps

- **City Council Housing Committee Tuesday, January 10 1-3 pm**
- Continuing consideration of alternative models and policies
- Development of recommendations
- Review recommendations with Affordable Housing Trust
- Share draft recommendations with owners
- Review owner input with Affordable Housing Trust
- Ongoing legal review of options
- Final recommendations to the Affordable Housing Trust

January 10, 2023

