

December 5, 2024

Re: Update on CRA Affordable Homeownership Commitment

To Mr. City Manager and Members of the City Council,

The Cambridge Redevelopment Authority (“CRA”) is pleased to provide you with an update on our affordable homeownership development activities.

This update is being provided in accordance with the 2021 Letter of Commitment (“2021 LOC”, Exhibit A), to cause the construction of 20,000 square feet of below market for-sale housing units (the “MXD Below Market Rate Home Ownership Commitment”). In the 2021 LOC, the CRA committed to meet certain project benchmarks and provide an update to the City Council within three years of the related MXD special permit approval. Within this update the CRA is describing the status of developments at identified housing sites with the opportunity to fulfill over 50% of the MXD Below Market Rate Home Ownership Commitment.

Background

The MXD Below Market Rate Home Ownership Commitment has its origins in the 2015 zoning petition for the MXD District and the amendment of the Kendall Square Urban Redevelopment Plan (“KSURP”). As an element of that petition, Boston Properties (now “BXP”) had provided a letter of commitment to offer at least twenty percent (20%) of its future residential development in the MXD District as home ownership condominium (the “2015 LOC”). This commitment was revisited with the planned relocation of the Eversource Substation to Kendall Square, and specifically the MXD area of the KSURP.

In 2019, Eversource announced plans for a new electrical substation to be located at 135 Fulkerson Street. However, due to significant community concerns surrounding that site and its proximity to homes, the Kennedy Longfellow Elementary School, and its playing fields, the City and the CRA came together to seek alternative locations for the substation.

Ultimately, BXP came forward with an offer to relocate the substation to a site in the KSURP area, on the site of their Blue Parking Garage. In order to make this relocation technically and economically feasible for BXP to complete, the City Council passed another amendment to the KSURP and MXD Zoning Ordinance. Under the zoning amendment, BXP retained its commitment to build 400,000 square feet of residential GFA, but would no longer be required to include homeownership units due to the complex property constraints of the electrical infrastructure. Instead, the CRA agreed to build 20,000 square feet of affordable homeownership housing at a different site to preserve the affordable homeownership component of the 2015

LOC. The substation development will still deliver 25% below market rate rental apartments on site at 121 Broadway.

Letter of Commitment Details

The CRA provided the 2021 LOC to the City of Cambridge on January 28, 2021. It described additional details of the 20,000 square feet of below market rate housing, mirroring the requirements of the MXD zoning district. This commitment includes creating 16,000 square feet of Affordable (below 100% AMI) units and 4,000 square feet of Middle-Income (between 100% and 120% AMI) units. At least 4,000 square feet of the 20,000 square feet must be devoted to three-bedroom units.

In the 2021 LOC, the CRA outlined its expected timetable and committed to provide the City Council with updates at two junctures. First, the CRA expected to identify a site or sites to accommodate at least 50% of the MXD Below Market Rate Home Ownership Commitment within three (3) years of the approval of an Infill Development Concept Plan Amendment (“Amended IDCP”), and provide an update to the City Council within this timeframe (“3-Year Update”). Second, the CRA committed that it would secure the entitlements for the full MXD Below Market Rate Home Ownership Commitment within seven (7) years of the approval of an Amended IDCP, and provide an update to the City Council within this timeframe (“7-Year Update”). The Amended IDCP was approved on December 14, 2021, making the 3-Year Update due on or before December 14, 2024, and the 7-Year Update due on or before December 14, 2028.

MXD Below Market Rate Home Ownership Commitment Project Sites

As outlined below, the CRA has surpassed the initial milestone of identifying sites to accommodate at least 50% of the MXD Below Market Rate Home Ownership Commitment. The CRA has pursued a strategy of meeting this commitment by using its resources across several different projects, and in different capacities. This strategy includes: (1) partnering with the Margaret Fuller Neighborhood House (“MFNH”) to build housing on its existing parking lot site as part of a broader revitalization project, (2) purchasing land for ground-up development led by the CRA and (3) procuring rights to purchase units from private developers and then securing affordable deed restrictions on said units. The sites listed below are expected to accommodate approximately seventy-five percent (75%) of the housing to be built under the MXD Below Market Rate Home Ownership Commitment.

1. Margaret Fuller Neighborhood House

Since 2019, the CRA and the MFNH have been collaborating on a project to renovate the MFNH’s pantry and restore the historic house, while developing a neighborhood-scaled housing development on its existing rear parking lot. Over the course of the project, changes to the MFNH program needs led to a re-evaluation of the full revitalization project’s scope. In June of this year, the MFNH and the CRA signed a Memorandum of Understanding (“MOU”) to move

forward with a re-imagined joint project that will deliver between 10,000 to 12,000 square feet of affordable homeownership housing using the Affordable Housing Overlay ordinance (“AHO”).

The project is currently in the schematic design phase, and a working committee of MFNH and CRA representatives is collaborating with architects to finalize plans by the end of the year for the pantry reconstruction and historic house renovation. Several community engagement initiatives are now being launched to gather input from stakeholders and the community at large. Specific to the MXD Below Market Rate Home Ownership Commitment, the CRA is preparing design concepts for the housing component of the project, and will launch the AHO engagement process in January to involve local residents in the housing’s design iteration. For the pantry and historic house, a periodic newsletter and pantry guest survey will inform and confirm the direction of those plans. Taken together, these efforts will result in draft plans and a project cost estimate to proceed toward a development agreement that binds the MFNH and CRA to move forward with the project.

2. *2326 Massachusetts Avenue*

In August of this year, the CRA acquired a site in North Cambridge at 2326 Massachusetts Avenue. The CRA plans for this site to become a housing development site including below market-rate homeownership units. The 4,950 square foot site is currently home to a commercially converted house which has been poorly maintained. The CRA is in the process of relocating one remaining commercial tenant from the building. The conceptual planning and design for housing at this site has just gotten underway; the CRA has not yet determined the total size of the housing project and whether the units will be configured as multifamily flats or townhomes. Both an all-affordable project utilizing the AHO or a mixed income project following the base zoning are under consideration. Either way, the CRA expects to build at least 1,000 square feet of below market rate, for-sale residential units, above and beyond the requirement to deliver inclusionary units that would be applicable within a mixed-income development under the Inclusionary Zoning Ordinance.

3. *2400 Massachusetts Avenue*

In January of this year, the CRA Board voted to make a five million-dollar (\$5,000,000) equity investment into a homeownership project spearheaded by North Cambridge Partners and located at 2400 Massachusetts Avenue in North Cambridge. The project will include 56 condominium units, 7,000 square feet of ground floor retail, 67 below-ground parking spaces, and 72 bicycle parking spaces. The CRA has negotiated to purchase up to 4,000 square feet of residential units within the project (1-3 units), to be offered as permanently deed-restricted Middle-Income homeownership units, fulfilling a portion of its Middle-Income square footage commitment. These Middle-Income homeownership units funded by the CRA would be in addition to the twenty-percent (20%) inclusionary housing requirement that North Cambridge Partners must fulfill under the Inclusionary Zoning Ordinance. This method of delivery is particularly useful as the Middle-Income requirement of the 2021 LOC cannot take advantage of the AHO. The 2400 Massachusetts Avenue project received its special permit approval in July of this year.

Additionally, the 2400 Massachusetts Avenue project has now served as a template for a new effort by the CRA to make strategic investments in mixed-income housing projects through the Housing Capital Fund. This fund is a ten million-dollar (\$10,000,000) set-aside launched this fall with the aim of using some of the CRA's financial resources to close funding gaps in residential mixed-income developments in exchange for developers providing increased public benefits. The CRA currently has an open Request for Proposals (RFP) allowing developers to apply for funding. This may provide additional opportunities to add affordable homeownership units within planned mixed income projects.

Please accept this letter as the 3-Year Update. The CRA has identified space for approximately 15,000 square feet of affordable homeownership development across three sites. The CRA anticipates that the projects above will collectively far exceed the commitment to build 4,000 square feet of three-bedroom units. The CRA would like to thank the Community Development Department ("CDD") for their ongoing availability and consultative role in our housing development efforts. CDD staff have met with CRA staff on multiple occasions to discuss their experience with affordable homeownership, and we carefully consider their advice to improve our projects.

Please feel free to contact me for any further discussion.

Sincerely,



Thomas Evans
Executive Director
Cambridge Redevelopment Authority

Attachment: 2021 CRA Letter of Commitment to Affordable Homeownership Housing
accompanying the MXD Zoning Petition

Exhibit A

January 28, 2021

Mayor Sumbul Siddiqui
Vice Mayor Alanna Mallon
Ordinance Committee Co-Chair Dennis Carlone
Ordinance Committee Co-Chair Marc McGovern
City Councilor Patricia Nolan
City Councilor Denise Simmons
City Councilor Jivan Sobrinho-Wheeler
City Councilor Timothy Toomey
City Councilor Quinton Zondervan

Cambridge City Hall
795 Massachusetts Avenue
Cambridge, Massachusetts 02139

Re: CRA Commitment to Affordable Homeownership Housing accompanying the MXD Zoning Petition

Dear Mayor Siddiqui, Vice Mayor Mallon and Councilors Carlone, McGovern, Nolan, Simmons, Sobrinho-Wheeler, Toomey, and Zondervan:

This letter is the “Letter of Commitment” referenced in Section 14.39 of the proposed amendment to Article 14 of the Zoning Ordinance (the “MXD Zoning Amendment”). The purpose of this letter is to confirm that the Cambridge Redevelopment Authority (CRA) will commit to cause the construction of at least twenty thousand (20,000) gross square feet of below market for-sale housing units (the “MXD Below Market Rate Home Ownership Units”) as detailed below.

Current Zoning Requirements

Article 14 of the Zoning Ordinance requires that twenty percent (20%) of any Infill GFA (as defined in Section 14.32.2 of the Zoning Ordinance) devoted to multi-family residential units be developed as Affordable units and that an additional five percent (5%) is developed as Middle-Income housing. Current zoning and special permits for the MXD District authorize four hundred and twenty thousand (420,000) square feet of new residential development.

Note that Boston Properties committed in the December 21, 2015 letter of commitment referenced in existing Section 14.39 of the Zoning Ordinance (the “2015 Letter of Commitment”) to providing a minimum of twenty percent (20%) of future residential GFA as for-sale housing units. The for-sale units would be subject to the same requirements as rental units in terms of providing twenty percent (20%) affordable and five percent (5%) middle-income housing.

MXD Zoning Amendment

The MXD Zoning Amendment would continue to require that twenty percent (20%) of any Infill GFA devoted to multi-family residential units be developed as affordable units and another five percent (5%) be developed as middle-income housing. However, the MXD Zoning Amendment would nullify the 2015 Letter of Commitment and the planned residential project is expected to be rental housing. Instead of the two separate phases of housing development currently planned in the Infill Development Concept Plan, the Eversource substation project proposes the delivery of a single residential building consisting of four hundred and twenty thousand (420,000) gross square feet of housing. If the amendment is adopted, the City would therefore realize a total of one hundred thousand (100,000) gross square feet of new affordable and middle-income rental housing units within the MXD District.

In addition to those units, in order to preserve the affordability components of that document, the CRA offers this commitment in which it agrees to build, at another location, a minimum of twenty thousand (20,000) square feet of MXD Below Market Rate Home Ownership Units, subject to the limitations set by Sections 11.203.4(d) and 14.35.2 of the Zoning Ordinance (the "MXD Below Market Rate Home Ownership Commitment").

CRA Implementation Plan

The CRA expects to secure development rights for at least one, if not multiple housing sites, in the years preceding the development of the Eversource substation (referenced in the MXD Zoning Amendment as the "Substation Project"). The full MXD Below Market Commitment will deliver as a minimal baseline the same below-market housing GFA distribution between Affordable, Middle-Income, and three-bedroom units as in the MXD Zoning requirements (16,000 SF of Affordable GFA and 4,000 SF Middle-Income GFA of which at least 4,000 SF will be provided toward three-bedroom units), however if more than one project site is utilized, the distribution may be uneven within individual sites.

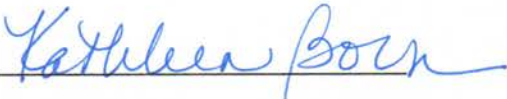
The CRA may seek to facilitate projects delivering above and beyond the MXD Below Market Rate Home Ownership Commitment, and will work to implement the development of the MXD Below Market Rate Home Ownership Units as soon as site(s) and funding are secured. The CRA expects to identify a site for the development of at least fifty percent (50%) of the MXD Below Market Rate Home Ownership Commitment within three (3) years of the approval of a revised Infill Development Concept Plan (IDCP) and Special Permit including Utility Project GFA ("Revised IDCP") and will provide the City Council an update on the development within this timeframe. The CRA commits that it will secure the entitlements for the full MXD Below Market Rate Home Ownership Commitment within seven (7) years of the approval of a Revised IDCP. If substantial progress was being made toward the implementation of project development(s), the CRA and City Council could reach a mutually agreed upon time extension of the above timeframe. If, however, for whatever reason, the CRA is unable to facilitate the development of the full MXD Below Market Rate Home Ownership Commitment, the CRA shall make a monetary contribution to the Affordable Housing Trust equal to the amount of subsidy necessary to create an equivalent amount of

Affordable Dwelling Unit Net Floor Area in a project assisted by the Affordable Housing Trust, to be calculated as described in Paragraph (i) of Section 11.203.3 of the Zoning Ordinance.

The CRA is pleased to make this commitment to support the creation of a diverse portfolio of below market rate housing units within the City of Cambridge, while also assisting the development project to facilitate the relocation of the Eversource substation out of the residential neighborhood and into the heart of Kendall Square. This commitment is offered by the CRA on the condition that the MXD Zoning Amendment, as attached, is duly adopted and that no challenges to the validity of the same shall have been made, or any challenges have been resolved in favor of such validity.

Sincerely,

THE CAMBRIDGE REDEVELOPMENT AUTHORITY

By: 

Name: Kathleen Born
Title: Board Chair

Attachment: Revised MXD Zoning Petition

Cc: Louie DePasquale, Cambridge City Manager
Michael Tilford, VP Development, BXP