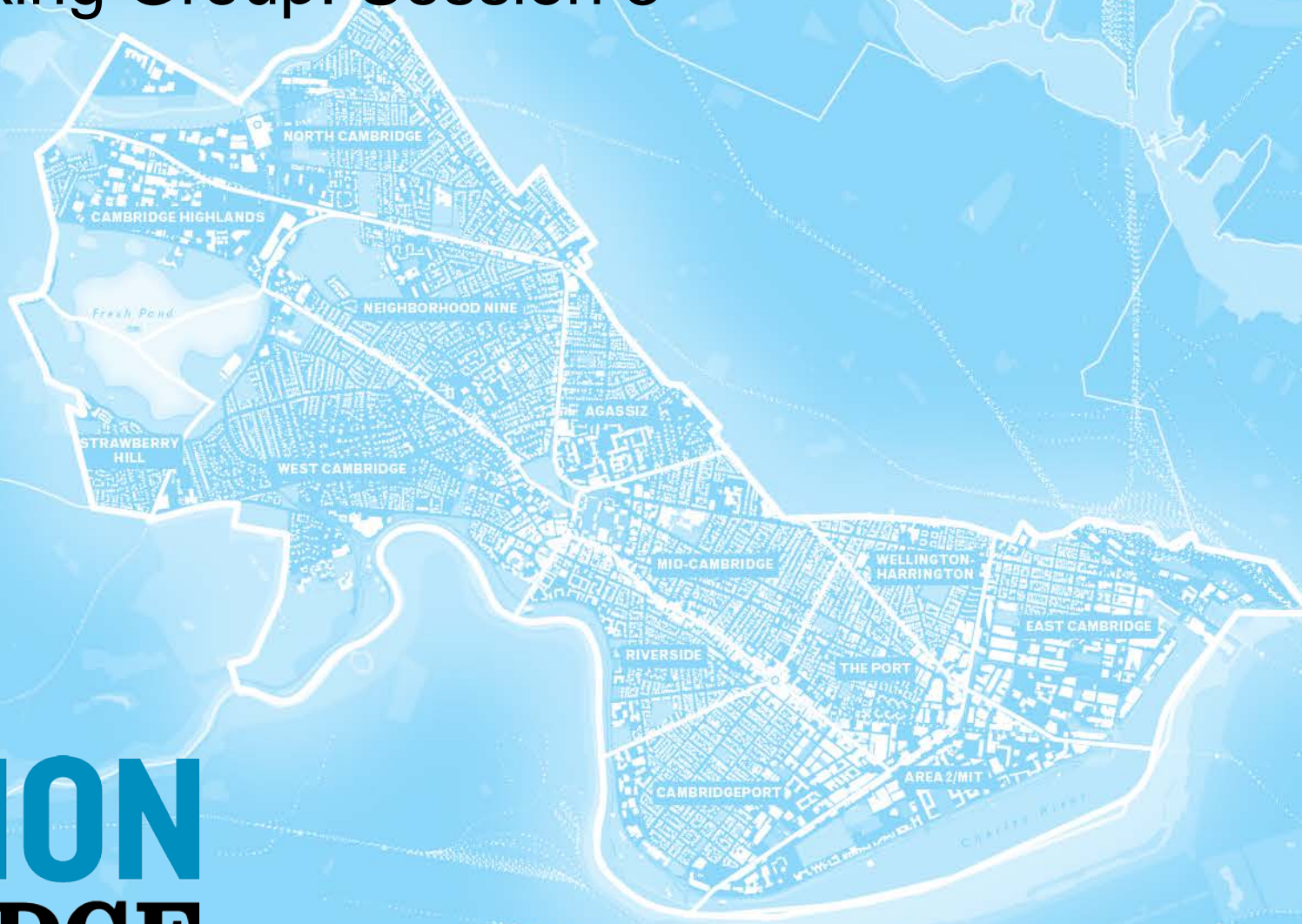


Housing Working Group: Session 3

July 17, 2017



ENVISION CAMBRIDGE

Session Structure

1. Strategies & Actions

Confirm list strategies and actions generated during Working Group #2, and identify and fill any gaps.

90 minutes

2. Indicators & Targets

Discuss proposed indicators and targets for the City's Housing goals.

45 minutes

3. Next Steps

Discuss process for evolving strategies, actions, indicators, and targets before fall Working Group meetings.

10 minutes

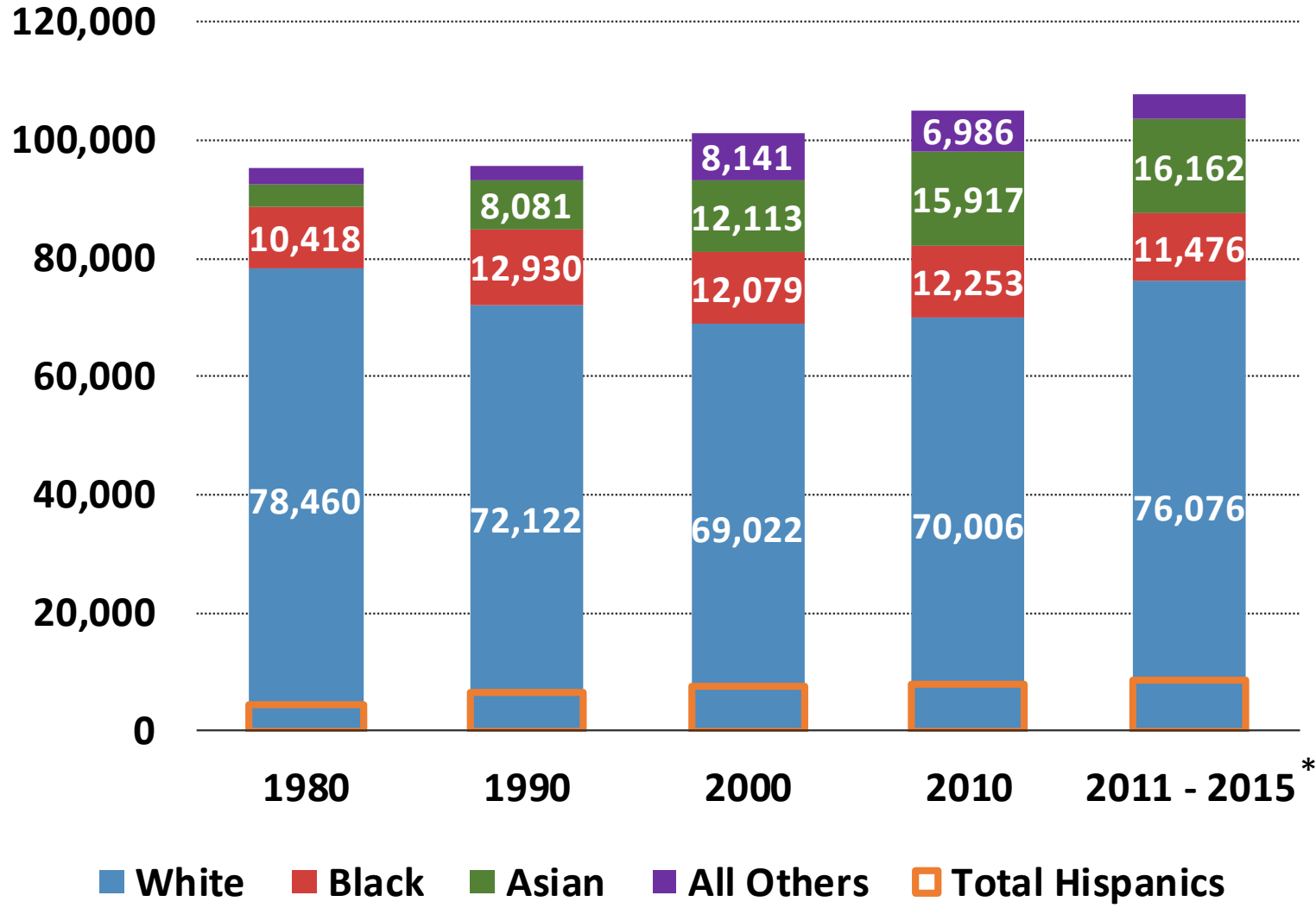
Neighborhood Density over Time in Persons per Acre

	1990	2000	2010
CITY OF CAMBRIDGE	24	25	26
East Cambridge	14	18	23
Area 2 / MIT	22	24	22
Wellington-Harrington	47	48	43
The Port	36	38	35
Cambridgeport	26	29	36
Mid-Cambridge	44	46	44
Riverside	52	54	63
Agassiz	27	28	26
Neighborhood Nine	27	29	28
West Cambridge	12	12	12
North Cambridge	20	21	22
Cambridge Highlands	2	2	3
Strawberry Hill	19	19	19

Source: 1990 through 2010 Decennial Census, U. S. Census Bureau.

Adapted from Sustainable Measures

Racial Composition over Time



* Note that the 2011-15 figures are from a survey, not a census, and the Black population is subject to a 10% margin of error of 965.

Sources: 1990 through 2010 Decennial Census, U. S. Census Bureau. 2011 – 2015 American Community Survey, U. S. Census Bureau.

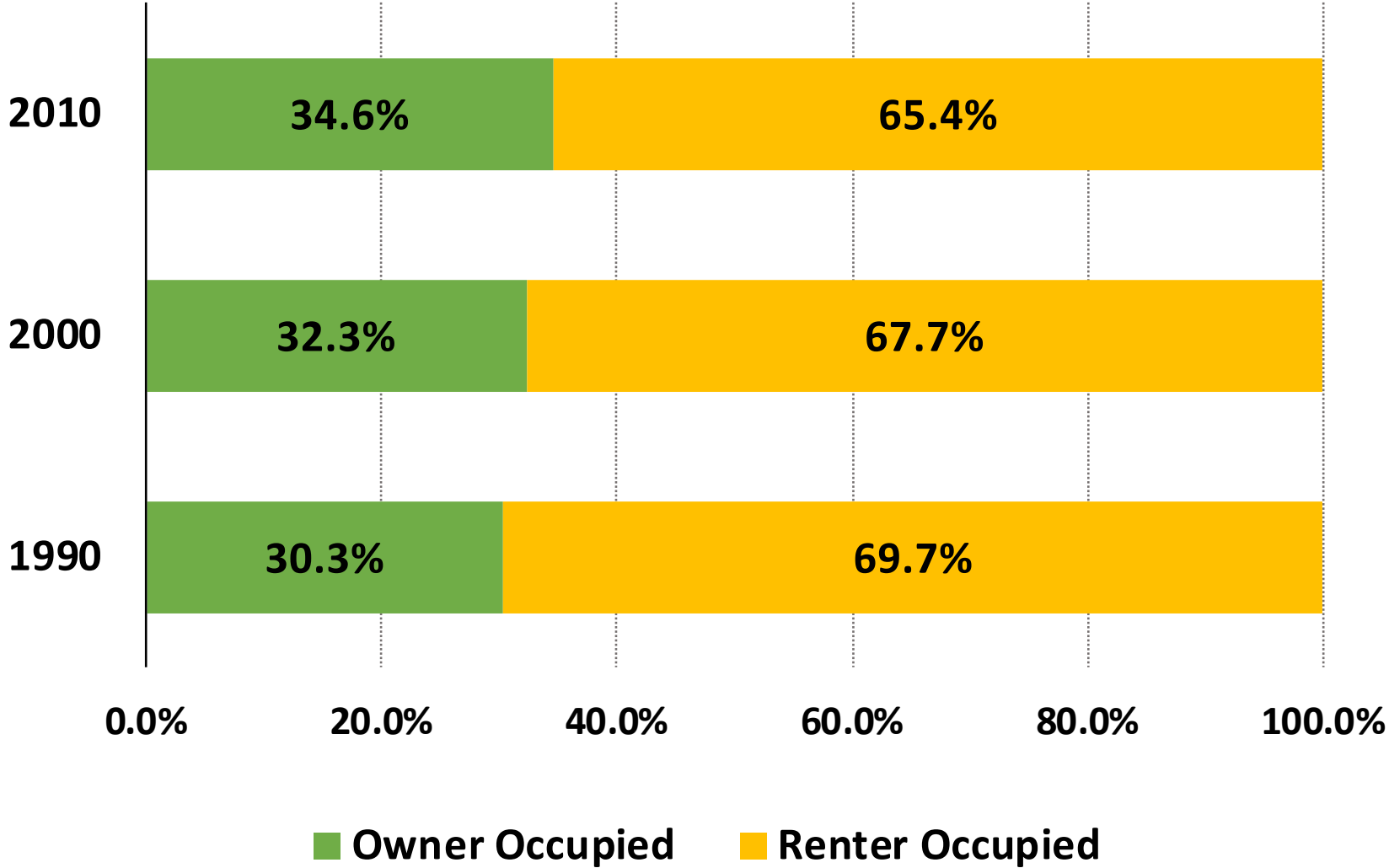
Reasons for minimal market production of 3 bedrooms

- *3-bedroom units generate less income per square-foot than smaller units*
- *Greater market demand in Cambridge among smaller households*
- *Recent trends:*
 - *increase in number of 3-bedroom units in new market buildings*
 - *Families with children in 30% of 2- and 3-bedroom market units*

Adapted from Sustainable Measures



Homeownership Rate over Time



Source: 1990 through 2010 Decennial Census, U. S. Census Bureau.

Essential Definitions

Broad, aspirational statement of what we want to achieve

GOAL

Indicator

Quantitative measure(s) used to assess performance against goal



Target

Desired level of performance

*Approach or approaches that we take to achieve a **goal***

Strategy

Strategy

*Specific policy, program, or tool we take to achieve a **strategy***

Action

Action

Action

Action

Housing-Specific Example

GOAL

Provide affordable rental and homeownership housing to serve low-, moderate-, and middle-income individuals and families and enable Cambridge to thrive as a mixed-income community.

Strategy

Increase production of new affordable housing.

Action

*Increase inclusionary zoning to 20%.
Continue commitment of 80% of CPA funds to affordable housing.*

Indicator

The portion of households making between 30% and 80% of area median income that are housing cost-burdened declines.

Target

Less than 50% of households making between 30% and 80% of area median income are housing cost-burdened by 2030.

Strategies & Actions



Translating Proposed Strategies & Actions Into Matrix



Review Criteria

The strategies and actions proposed during Working Group #2 were advanced into the next round of discussion based on the following factors:

IMPACT

Their ability to have a major impact on the City's capacity to meet the goals set out by Envision Cambridge.

FEASIBILITY

Their feasibility, in terms of Cambridge's ability to successfully implement them, either independently or in partnership with other entities. Feasibility is impacted by implementation costs and the capacity to engage other partners, among other factors.

NEED

Their ability to serve the populations in Cambridge in greatest need of housing assistance.

Housing Strategy & Action Development Framing

The housing strategies and actions being developed must consider the balance between several factors:

Serving extremely and very low income levels

Serving low, moderate, and middle income levels

Dedicating housing funds to capital purposes

Dedicating housing funds to operating purposes

Providing greater density and/or capacity to develop affordable housing as-of-right

Providing greater density and/or capacity to develop affordable housing as incentive

Housing Strategy & Action Development Framing

The City has two primary mechanisms to support the production of housing generally and affordable housing specifically.

Regulation

Zoning

Density (gross floor area)

Height

Setbacks

Parking requirements

Review processes

Permitting

Design review

Funding

Local funding

Decisions about how much to allocate and what to spend it on

State and federal funding

Decisions about how to maximize funding sources and what to spend it on

Strategy 1 & Supporting Actions

STRATEGY

Expand capacity to develop housing by reviewing current regulatory and zoning requirements in order to identify opportunities to facilitate production and exploring new housing typologies.

ACTIONS

- A. Upzone major corridors and other transforming areas that have the capacity to accommodate residential growth.
- B. Establish requirements for the creation of significant new housing in districts that are being rezoned.
- C. Support transit-oriented development by providing zoning relief for higher-density housing near transit stations and along major corridors served by transit.
- D. Align zoning requirements with the building code to maximize housing development capacity, such as by adjusting height and setbacks.
- E. Explore new housing typologies that could help lower the cost of construction.

Strategy 2 & Supporting Actions

STRATEGY Use regulatory and zoning incentives to encourage affordable housing production.

ACTIONS

- F. Establish a citywide affordable housing incentive overlay district that offers developers incentives, such as greater height, greater density, reduced setbacks, and reduced parking minimums, to build more affordable housing units than required under the Inclusionary Housing Program.
- G. Relax dimensional standards for affordable housing development, including height, density, and setbacks, to enable greater density in residential A and B districts.
- H. Expand by-right capacity to develop affordable housing without discretionary approvals, such as special permits by the Planning Board, which can be appealed and cause delays.
- I. Continue to monitor the impacts of recent changes to the provisions of the Inclusionary Housing Ordinance on overall residential development feasibility.
- J. Maintain focus on achieving diverse representation, including of low- and moderate- income residents, on City boards and commissions.

Strategy 3 & Supporting Actions

STRATEGY

Maintain and expand existing funding and resources available to support affordable housing production and preservation in Cambridge, including identification of new funding sources.

ACTIONS

- K. Establish a real estate transfer tax.
- L. Establish an anti-flipping / speculative owner tax that steps down based on the length of time that a property is held.
- M. Establish a lodging tax on short-term rentals.
- N. Consider offering a production-focused tax incentive for owners of multifamily buildings who build more affordable units or space than required by the Inclusionary Housing Program.
- O. Consider offering a preservation-focused tax incentive for owners who agree to keep units affordable.
- P. Expand use of available financing mechanisms, such as tax increment financing, to support housing.
- Q. Provide additional subsidy to overcome specific cost barriers to producing multifamily affordable housing in Cambridge, including high land and construction costs
- R. Develop an overall funding strategy to prepare for further reductions in or elimination of federal housing funds, which will affect a range of programs, including those related to housing rehabilitation and tenant services.
- S. Continue to dedicate 80% (the maximum possible) of Community Preservation Act funds to affordable housing and have the City continue to provide the annual direct appropriation begun in FY2018.
- T. Develop a new financing model for affordable rental housing that does not depend on 9% Low Income Housing Tax Credits.

Strategy 4 & Supporting Actions

STRATEGY

Maintain a sufficient range of housing options to enable “ladders of opportunity” that allow households to transition to units that fit their housing needs as their circumstances change.

ACTIONS

- U. Support a continuum of affordable housing options, including transitional and public housing, so residents can access the units best-suited to them as their housing needs (e.g., incomes, household sizes, and mobility needs) change.
- V. Continue to support the production of quality permanent supportive housing by engaging housing and service providers who have experience successfully delivering this housing type.
- W. Develop a service roadmap for Cambridge’s supportive housing that defines unmet service needs and identifies short- and long-term funding sources.
- X. Encourage production of market-rate and affordable housing that serves a range of household sizes and types, including requiring or incentivizing market-rate developers to include family-sized units.

Strategy 5 & Supporting Actions

STRATEGY **Develop a broader coalition of public and private entities and residents to support housing production, especially affordable housing, in Cambridge and the region.**

- ACTIONS**
- Y. Encourage universities to use their assets to build more housing, especially for undergrad students, graduate students, and other university affiliates.
 - Z. Encourage large employers to assist housing production regionally as important for economic competitiveness.
 - AA. Collaborate regionally to advocate for state policy changes that will support affordable housing production, including expanded home rule authority to enact specific policies and zoning reform legislation that will create incentives and obligations for all communities to build more housing.

Strategy 6 & Supporting Actions

STRATEGY **Maintain and expand tools and resources to prevent displacement and housing insecurity.**

- ACTIONS**
- AB. Expand support for nonprofit efforts to purchase small residential buildings where tenants are at risk of being displaced.
 - AC. Enhance the City's capacity to respond to residents' housing needs, including risk of displacement, such as through an Office of Housing Stability.

Strategy 7 & Supporting Actions

STRATEGY Promote mixed-income development projects.

ACTIONS AD. Continue the Inclusionary Housing Ordinance's preferences for units on-site.

Strategy 8 & Supporting Actions

STRATEGY Prepare housing to be more sustainable and resilient.

- ACTIONS**
- AE. Support private-sector investments in the City's electrical grid to enable solar to scale.
 - AF. Streamline access to solar funding and technical assistance.
 - AG. Provide enhanced education to property owners and tenants about flood risk.
 - AH. Expand the use of Property Assessed Clean Energy (PACE) to finance energy-efficiency retrofits.

Full Set of Strategies

1. Expand capacity to develop housing by reviewing current regulatory and zoning requirements in order to identify opportunities to facilitate production and exploring new housing typologies.
2. Use regulatory and zoning incentives to encourage affordable housing production.
3. Maintain and expand existing funding and resources available to support affordable housing production and preservation in Cambridge, including identification of new funding sources.
4. Maintain a sufficient range of housing options to enable “ladders of opportunity” that allow households to transition to units that fit their housing needs as their circumstances change.
5. Develop a broader coalition of public and private entities and residents to support housing production, especially affordable housing, in Cambridge and the region.
6. Maintain and expand tools and resources to prevent displacement and housing insecurity.
7. Promote mixed-income development projects.
8. Prepare housing to be more sustainable and resilient.

Indicators & Targets



Characteristics of a Good Indicator

An indicator is a quantitative measure used to assess performance against a goal. To guide the Working Group's development of indicators, the following general characteristics of good indicators have been identified.

Simple to understand and communicate

Historic data is available and readily accessible

Indicator is a true reflection of performance

Indicators That Do Not Meet These Criteria

Distinctions between various types of dedicated affordable units

Data identifying the reason(s) why former residents have left Cambridge and showing the extent to which rising housing costs are a factor

Homeownership rate

A. Number of new housing units produced

- What** Describes the total number of housing units added in Cambridge over a specific period of time.
- Why** Indicates Cambridge’s ability to accommodate new residential development, which is important to increasing overall housing supply and mitigating cost increases.
- Potential Targets** Add XX housing units by 2030.
- Data Source** City of Cambridge permitting data**

Advantages	Disadvantages
<ul style="list-style-type: none"> ✓ Straightforward. ✓ Offers direct insight into housing supply changes. ✓ Enables comparison to peers (via metrics such as housing unit growth rate). 	<ul style="list-style-type: none"> ✓ Does not consider change in supply for market-rate vs. affordable. ✓ Production is dependent on larger economic forces that are not fully in Cambridge’s control, such as the strength of the regional housing market.

Precedents	
<i>Plan</i>	<i>Target</i>
<i>Housing Boston 2030</i>	Produce 53,000 new units of housing to accommodate the projected 20 percent growth in Boston’s households.
<i>Somervision</i>	Add 6,000 new units by 2030.

**Alternatives: HUD State of the Cities Data Systems Building Permits Database

B. Number of dedicated affordable units produced

- What** Describes the total number of dedicated affordable units added in Cambridge over a specific period of time.
- Why** Indicate the Cambridge’s ability to accommodate new dedicated affordable units, which is important to meeting the needs of low- and moderate- income households.
- Potential Targets** Add XX dedicated affordable housing units by 2030.
- Data Source** City of Cambridge Housing Division**

Advantages	Disadvantages
<ul style="list-style-type: none"> ✓ Straightforward ✓ Offers direct insight into <u>affordable</u> housing supply changes. 	<ul style="list-style-type: none"> ✓ Especially for inclusionary units built as part of market-rate projects, production is dependent on larger economic forces that are not fully in Cambridge’s control. ✓ Requires careful data tracking by the City.

Precedents	
<i>Plan</i>	<i>Target</i>
<i>Housing Boston 2030</i>	Produce 8,000 units of dedicated affordable housing by 2030.
<i>Somervision</i>	Add 1,200 dedicated affordable units by 2030.

**Alternatives: Massachusetts Housing Finance Agency LIHTC data or National Housing Preservation Database

C. Share of dedicated affordable units

What	Percentage of dedicated affordable units relative to total housing stock.
Why	Indicates how much of Cambridge’s housing stock is able to serve low- and moderate-income households.
Potential Targets	Maintain share of affordable units at 15 percent.
Data Source	City of Cambridge Housing Division

Advantages	Disadvantages
<ul style="list-style-type: none"> ✓ Directly shows whether affordable housing production is keeping pace with overall housing production, such that the share of affordable housing remains stable. 	<ul style="list-style-type: none"> ✓ Data is readily available only for dedicated affordable units and not for naturally affordable units.

Precedents	
Plan	Target
MA Chapter 40B Threshold	Affordable housing represents at least 10% of year-round housing or 1.5% of land area in all MA communities.

D. Total number of “expiring use” units preserved

- What** Describes number of units preserved as affordable when their affordability restrictions expire and they become available to convert.
- Why** Indicates Cambridge’s effectiveness in limiting the loss of its existing affordable housing stock.
- Potential Targets** Retain X percent of existing dedicated affordable units.
- Data Source** City of Cambridge Housing Division**

Advantages	Disadvantages
<ul style="list-style-type: none"> ✓ Directly shows impact of preservation activities. 	<ul style="list-style-type: none"> ✓ Keeping data current and accurate as units expire and either remain affordable or are converted is an ongoing challenge ✓ Limited in scope compared to indicators that could be applicable to more housing units.

Precedents	
Plan	Target
D.C. Housing Preservation Strike Force Report	Preserve the affordability of 100 percent of the District’s existing federally- and city-assisted affordable rental homes.

**Alternatives: Massachusetts Housing Finance Agency LIHTC data or National Housing Preservation Database

E. Total investments in affordable housing production and preservation

What Describes how much money has been invested towards creating new affordable units and preserving existing affordable stock.

Why Indicates Cambridge’s commitment to affordable housing across City government.

Potential Targets Increase total investments in affordable housing by XX percent.

Data Source Annual City Budget and CDBG, HOME, and ESG Consolidated Annual Performance Evaluation Report

Advantages	Disadvantages
<ul style="list-style-type: none"> ✓ Enables relative level of resources to be measured over time. 	<ul style="list-style-type: none"> ✓ Total resources are dependent on federal and state funding that is not completely in Cambridge’s control. ✓ Funding is a mechanism rather than a desired end state itself.

Precedents	
Plan	Target
Housing Boston 2030	Increase the amount of City-controlled affordable housing resources from \$31 million to \$51 million annually.
Housing New York	More than double the Dept. of Housing Preservation and Development’s annual capital budget in the 5-year capital plan.

F. Percentage of cost-burdened or severely cost-burdened households by income band

What	Describes the share of households spending more than 30 or 50 percent, respectively, of their income on housing costs.
Why	Indicates the challenges that households are experiencing in accessing affordable housing in Cambridge. Indicator may be more meaningful if examined by income band.
Potential Targets	Decrease share of cost-burdened or severely cost-burdened households.
Data Source	HUD Comprehensive Housing Affordability Strategy data

Advantages	Disadvantages
<ul style="list-style-type: none"> ✓ Effectively summarizes the housing affordability challenges being experienced by residents. ✓ CHAS data enables segmentation by income band, so City can see if it is helping to address affordability challenges for its lowest-income residents. 	<ul style="list-style-type: none"> ✓ CHAS data is released with a 2-3 year lag. ✓ If not segmented by income band, decreasing cost burden could result from displacement of lower-income residents.

Precedents	
Plan	Target
D.C. Housing Preservation Strike Force Report	Reduce the percentage of households spending more than 30 percent of their income on housing costs from 38 percent.