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## Proposed Republican Tax Plan Sparks Debate over Affordable Housing

By Prithvi G. Tikhe

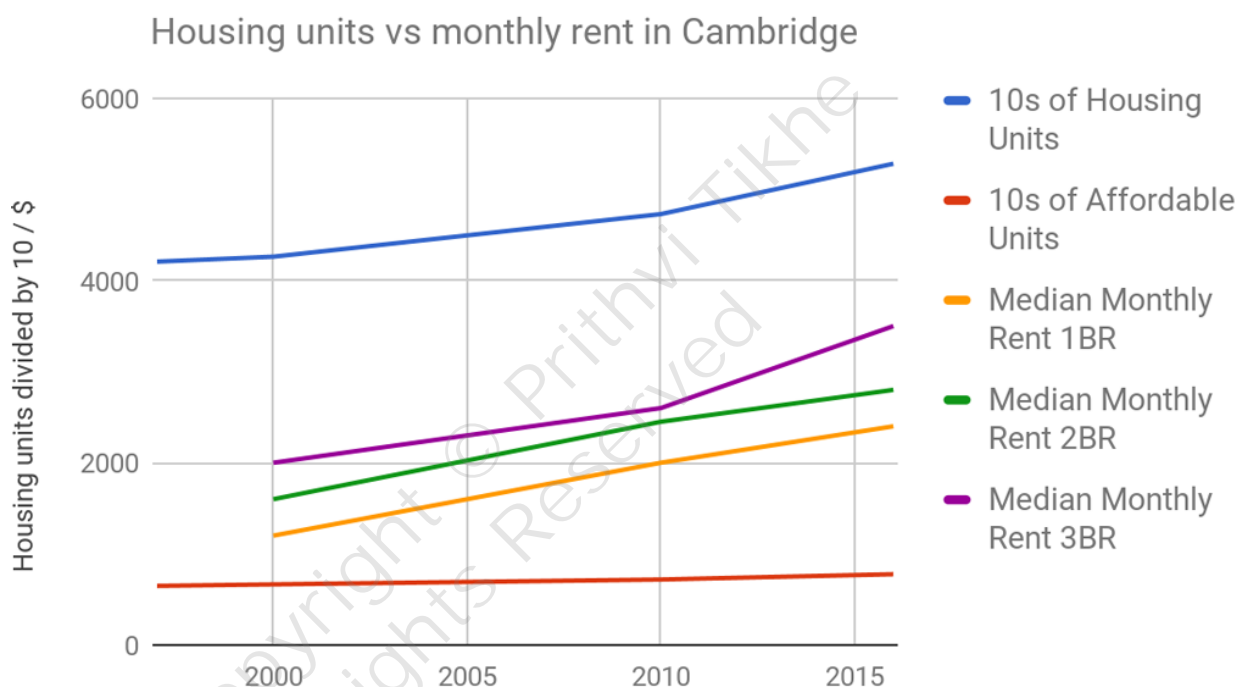
CAMBRIDGE, Mass. – A proposed tax bill in the U.S. House of Representatives in November sparked debate among residents over the availability of affordable – low- and middle-income – housing and economic diversity in the city.

The Republican tax bill would get rid of tax-exempt private activity bonds – special government funded financing benefits issued for affordable housing developers – one of the major financing resources in recent years. Private activity bonds come with a lower financing rate – a 4 percent tax credit – for affordable housing developers. In addition, these developers get investor equity, money they don't have to pay back, in return for their tax credits. The House plan will result in developers losing aid for constructing affordable housing.

Cambridge depends upon partnerships with Cambridge Housing Authority and nonprofit affordable housing providers like Just-A-Start and Homeowners Rehab, Inc. to maintain and expand the local stock of affordable housing. The bill would force all of these organizations – already stretched thin – to try to meet an even greater affordable housing demand with even fewer resources.

Cathie Zusy, a resident of Cambridge for over 20 years, said, “While we need to be sensitive to the needs of low- and middle-income housing, the demand for housing in Cambridge is insatiable.”

Based on [Cambridge's 2016 housing profile](#), there has been a large number of luxury housing units built since 1997, but the city has lost 0.7 percent of affordable housing. The [city's 2016 Inclusionary Housing Study](#) shows a 6 percent net loss of the middle-income population and a 7.5 percent net gain of the upper-income.

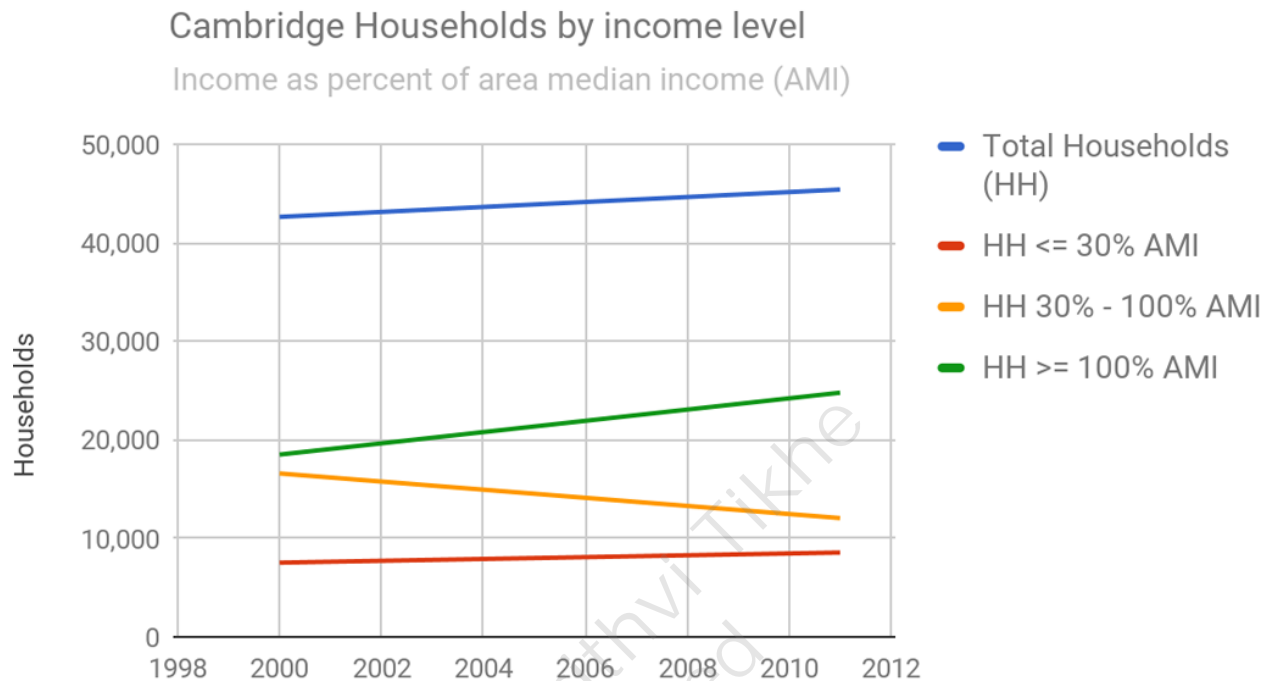


**Credit:** Quinton Zondervan, Cambridge Day

**Source:** <http://www.cambridgeday.com/2017/08/14/affordable-housing-policies-in-cambridge-are-rapidly-destroying-city-candidate-says/>

*The graph shows the total number of housing units from 1997-2016 versus the monthly rents and total subsidized housing from 2000-2016. Rents are from the 2016 housing profile. The housing unit data are from [Cambridge's open data portal](#) and the Community Development Department's [Demographics and Statistics FAQ](#).*

Since 1997, the market-rate housing (blue) has been 88 percent of the housing added, while the number of affordable units (red) has marginally increased. The increase in the number of market-rate units has resulted in increased median monthly rents for all types of housing.



**Credit:** Quinton Zondervan, Cambridge Day

**Source:** <http://www.cambridgeday.com/2017/08/14/affordable-housing-policies-in-cambridge-are-rapidly-destroying-city-candidate-says/>

*The graph shows Cambridge households by income level as a percentage of area median income (AMI) from 2000-2011 using data from [Cambridge's Inclusionary Housing Study Final Report](#) in March 2016. The data was based on whether the city gained or lost households in that period.*

From 2000-2011, there has been a growth of high-income households with a slight growth in the very low-income, but a decline in the middle-income households in Cambridge.

Currently, there is some economic diversity in the city because there are still residents who inherited houses, or who bought subsidized units and houses before prices soared, said Zusy.

Pamela Saitta, a homemaker and resident of Southborough, used to live in Cambridge and would love to move back to the city.

“My husband is a director of an investment management firm, so you don’t get much higher in terms of comfortable salary positions, but we still can’t afford Cambridge,” Saitta said.

She went on to say that mixed-income housing is critical in maintaining the character of Cambridge and the city should “not drive out” the academicians, artists and people who make it “a vibrant and fabulous” place.

Chris Cotter, director of housing for the Cambridge Community Development Department, said in a phone interview, “Displacement has been an issue in Cambridge going back several decades.”

He continued that through Envision Cambridge, a community-wide process to develop a general plan for a more livable, supportable, and unbiased Cambridge, middle-income residents will get homeowner’s assistance to buy homes. Also, through [inclusionary housing](#) – 20 percent of new construction to be affordable by people with low to moderate incomes – some units will be available to households in the middle-income range.

Avais Sait, a product marketing manager at Brooks Automation Inc., lives with his wife in Windsor at Cambridge Park Luxury Apartments in Alewife.

“Since the government is not going to fund these inclusionary units, the builders have to somehow make up for their cost,” Sait said. “These units are paid for by people like us who pay the inflated market rate.”



*Windsor at Cambridge Park Luxury Apartments, one of the new luxury developments on Cambridgepark Drive, near Alewife station. Cambridge requires 20 percent of new construction to be affordable for people with low to moderate incomes as part of the inclusionary housing program. (Photo: Prithvi Tikhe)*



*Lobby, Windsor at Cambridge Park Luxury Apartment (Photo: Prithvi Tikhe)*





*Community room, Windsor at Cambridge Park Luxury Apartments (Photo: Prithvi Tikhe)*



*Swimming Pool (covered for the winter season), Windsor at Cambridge Park Luxury Apartments (Photo: Prithvi Tikhe)*



*Kitchen, Windsor at Cambridge Park Luxury Apartments (Photo: Prithvi Tikhe)*



*Bathroom, Windsor at Cambridge Park Luxury Apartments (Photo: Prithvi Tikhe)*



During an interview, John Sanzone, a real estate agent in Central Square and a candidate for City Council in 2015, said inclusionary housing might create fewer units than if the city had large government grants to build big buildings of low-income housing. But the model of inclusionary housing prevents isolation of low-income people, who are packed into a substandard building, surrounded mainly by giant parking lots with very little access to facilities like public parks, swimming pools and fitness centers.



*Rindge Towers, an affordable housing development, was built in the 1960s. Located on Rindge Avenue, the Towers are right across from the new luxury developments near the Alewife station. (Photo: Prithvi Tikhe)*



*Lobby, Rindge Towers (Photo: Prithvi Tikhe)*





*Community room, Rindge Towers (Photo: Prithvi Tikhe)*



*Vast parking lots surround Rindge Towers (Photo: Prithvi Tikhe)*

“Everyone wants more low- and middle-income housing, but that’s quite different from figuring out how to provide it,” Zusy said.

Neal Alpert, chief of staff of the office of Mayor E. Denise Simmons, said in an email that the city has successfully tripled the fees that commercial developers must pay into the city’s Affordable Housing Trust Fund, “a nine-member board that includes experts in housing policy, finance, development, design, and advocacy”. Cambridge has doubled the amount of mandatory affordable units that must be included in all new apartment buildings above a certain size.

“Just these two items alone will bring in millions of additional dollars, and create hundreds of new affordable units in the coming years,” said Alpert.

The city is working to find ways to prevent condo conversions, or at least create revenue that goes to the creation and preservation of affordable units. The mayor’s office is also finding ways that will allow the city to be more aggressive in pursuing buildings that come up for sale, and could be converted to affordable housing.

In a phone interview, Jesse Kanson-Benanav, chairman of A Better Cambridge, a citywide citizens group that supports policies to build homes and keep real estate prices manageable, suggested the city create greater density of developments that increases the total number of affordable units under the inclusionary program.

However, O. Robert Simha, who served as the director of planning for the Massachusetts Institute of Technology from 1960 to 2000, wrote in an email that creating higher density of housing is a tragedy in the making.

“Higher concentrations of housing without parallel public infrastructure is a recipe for disaster,” he said.



Simha added that the city, in its rush for housing numbers, has rezoned flood-prone areas for housing with few, if any, public amenities. The Alewife area is a testament to what is happening; several thousand apartments have been built in an isolated part of the city without a significant sense of what is needed to sustain this new population.



*Shopping center near Rindge Towers and the luxury apartments in Alewife (Photo: Prithvi Tikhe)*



*The only pedestrian access to the shopping center from Rindge Towers and luxury apartments along Alewife Brook Parkway (Photo: Prithvi Tikhe)*





*Shire, a biopharmaceutical company, and an electric substation are located near the luxury apartments and Rindge Towers. There is [evidence](#) of increased health risks from exposure to the electromagnetic radiation caused by the power lines. (Photo: Prithvi Tikhe)*



*More new housing developments under construction at Alewife (Photo: Prithvi Tikhe)*



*Cambridgepark Drive, a dead end street, is the only exit for residents of the newly constructed luxury apartments and employees working at companies on the street (Photo: Prithvi Tikhe)*

He gave an example of the same mistake Cambridge made in the 1960s. The city allowed the development of Rindge Towers, an affordable housing development in Cambridge, for over 700 families. It neither had significant addition of public open space and other public services, nor safe pedestrian access to the adjacent shopping center and the local elementary school.

An elderly, retired man, who lives in Watermark Kendall West and wanted to remain anonymous, thinks people deserve to live in the city close to public transit and cultural amenities, while jobs belong outside the city connected by public transportation.

“We have a system that makes no sense,” he said. “People are driven out due to the high rents caused by businesses and biotech companies that are being built one after another directly in the city.”





*Alewife Research Center (ARC) under construction across Alewife station amidst the newly developed housing (Photo: Prithvi Tikhe)*

Contrary to Kanson-Benanav's belief that the city hasn't been building enough low-income housing, Michael Haran, chief executive for Cambridge and Somerville Cooperative Apartment Projects, Inc., a nonprofit that helps residents find affordable housing, said in a phone interview that Cambridge solved its low-income housing problem years ago.

He continued that Cambridge is one of the first cities in the state to have money set aside for affordable housing. The city's services and the high quality of housing attracts more low-income individuals.

"If Cambridge is one of the only cities putting money towards the housing issue, then we'll just continue to have people wanting to move here, because they might get an affordable unit," Haran said.



According to [Novogradac & Co.](#), an affordable housing consultant, the proposed tax reform bill will result in about 788,000 to 881,000 affordable units not being built nationwide over the next 10 years, and Massachusetts would lose about 31,010 affordable units.

The Cambridge Housing Authority (CHA) owns and maintains about 3,000 units of housing in the city. All of the public housing stock is affordable and can also house those making less than 30 percent of AMI. But the housing stock is very old, and due to the lack of federal government funding for capital improvements, it has been deteriorating.

Michael Johnston, executive director of CHA said, “Our challenge is how to preserve affordable housing, which is in dire need of rehabilitation.”



*A damaged kitchen cabinet and rusting bathroom at the Jefferson Park Federal development. It is in the process of being taken offline and will not be reoccupied until they can be renovated. Cambridge Housing Authority currently does not have a financial path for this development. Photos Courtesy: Michael Johnston, Cambridge Housing Authority*



*A remodeled bathroom and kitchen at Newtowne Court Apartments. The development was built in 1938 and last renovated in 1999. Photos Courtesy: Michael Johnston, Cambridge Housing Authority*