



RUTHANNE FULLER  
MAYOR

City of Newton, Massachusetts  
Office of the Mayor

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April 25, 2022

Honorable City Council  
Newton City Hall  
1000 Commonwealth Avenue  
Newton Centre, MA 02459

Councillors:

I respectfully submit a docket item to your Honorable Council requesting the appropriation of \$890,000 of the City's Inclusionary Housing Funds to Metro West Collaborative Development/Civico Development to support the redevelopment of the West Newton Armory into 43 units of permanently affordable housing.

On Tuesday, April 12, the Community Preservation Committee (CPC) and the Planning & Development Board (P&D) held a joint public hearing to review the West Newton Armory Housing Development proposal requesting \$3 million in CPA Community Housing Funds, \$890,000 in the City's Inclusionary Housing Funds, and a combined precommitment of \$1,048,000 in the City's FY24 and FY25 Community Development Block Grant (CDBG) and HOME Program Funds. Both the CPC and the P&D Board unanimously voted to recommend the award of these local funds to Metro West Collaborative Development/Civico Development, the City's selected developer for the Armory project.

Per Section 5.11.5.E. of the City's Inclusionary Zoning (IZ) ordinance, appropriation of the IZ funds for use by the City or the Newton Housing Authority must first be approved by the Planning & Development Board and then by the City Council.

Attached is the staff memo that was sent to the Planning & Development Board in preparation for the joint public hearing on April 12th.

Thank you for your consideration of this matter.

Sincerely,

Ruthanne Fuller  
Mayor

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Ruthanne Fuller  
Mayor

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Barney S. Heath  
Director

April 25, 2022

Mayor Ruthanne Fuller  
Via email

**Re: Docket request for Inclusionary Zoning Funds for the West Newton Armory project**

Dear Mayor Fuller,

On Tuesday, April 12, the Community Preservation Committee (CPC) and the Planning & Development Board (P&D) held a joint public hearing to review the West Newton Armory Housing Development proposal requesting \$3 million in CPA Community Housing Funds, \$890,000 in the City's Inclusionary Housing Funds, and a combined precommitment of \$1,048,000 in the City's FY24 and FY25 Community Development Block Grant (CDBG) and HOME Program Funds. Both the CPC and the P&D Board unanimously voted to recommend the award of these local funds to Metro West Collaborative Development/Civico Development, the City's selected developer for the Armory project.

Per Section 5.11.5.E. of the City's Inclusionary Zoning (IZ) ordinance, appropriation of the IZ funds for use by the City or the Newton Housing Authority must first be approved by the Planning & Development Board and then the Mayor.

We respectfully request that you file a docket item with the City Council to appropriate \$890,000 of the City's Inclusionary Housing Funds to Metro West Collaborative Development/Civico Development to support the redevelopment of the West Newton Armory into 43 units of permanently affordable housing.

Attached is the staff memo that was sent to the Planning & Development Board in preparation for the joint public hearing on April 12<sup>th</sup>.

Please let me know if you have any questions regarding this request.

Sincerely,

*Barney Heath*

Barney Heath, Director



Ruthanne Fuller  
Mayor

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Barney S. Heath  
Director

**MEMORANDUM**

**To:** Planning and Development Board Members

**From:** Eamon Bencivengo, Housing Development Planner  
Amanda Berman, Director of Housing and Community Development

**CC:** Community Preservation Committee Members  
Caitlin Madden, Metro West Collaborative Development  
Taylor Bearden, Civico Development

**Re:** Request for pre-commitment of FY24 & FY25 CDBG and Newton HOME funds and approval of Newton Inclusionary Zoning funds towards the development and construction of the West Newton Armory into 100% permanently affordable housing

**Date:** April 8, 2022

**SUMMARY**

The Project Sponsor, Metro West Collaborative Development/Civico Development partnership, is requesting a **precommitment of \$1,048,000.00** of FY24 & FY25 Community Development Block Grant (CDBG) and HOME funds and **\$890,000** in Inclusionary Zoning funds from the City of Newton to develop and construct the existing West Newton Armory into 43 units of permanently affordable inter-generational housing. The Project Sponsor requests **\$930,000** in CDBG funds and **\$118,000** in HOME funds. The project's total development costs (TDC) are estimated at **\$27,844,312**.

The affordability of the units, as well as the current corresponding income limits, are summarized in the following tables.

	1BR	2BR	3BR	TOTAL
30% AMI*	4	8	3	15
60% AMI	11	13	4	28
<b>TOTAL</b>	<b>15</b>	<b>21</b>	<b>7</b>	<b>43</b>

\* Supported by Rental Assistance

HOUSEHOLD SIZE	30% AMI	60% AMI
HH of 1 earning up to	\$28,200	\$56,400
HH of 2 earning up to	\$32,220	\$64,440
HH of 3 earning up to	\$36,240	\$72,480
HH of 4 earning up to	\$40,260	\$80,520

## PROJECT HISTORY

In the summer of 2018, the City was approached by the Commonwealth's Division of Capital Asset Management & Maintenance (DCAMM) to discern whether the City had an interest in acquiring the West Newton Armory from the State. The Massachusetts National Guard, who operated the Armory for over 100 years, had determined it to be obsolete and no longer desired to keep the Armory under its care and custody. Following protocol, DCAMM then offered the City the right of first refusal to purchase the Armory under two separate options. First, DCAMM would offer the Armory to Newton for \$1.00 if the City restricted its future use to 100% permanently affordable housing. If the City decided against a future housing use, but desired the Armory for a municipal use (i.e., police station or library), DCAMM would offer an acquisition price based upon the Armory's appraised value for that particular use. If the City chose not to exercise its right to acquire the Armory, DCAMM had the option to sell the Armory via a bid process.

To ensure the City made an informed decision on the future use of the Armory, City Ordinance directed the City Council to refer the issue to its Real Property Reuse Committee. On September 17, 2019, the Committee determined that the Armory be made available for sale or lease. In doing so, the Committee asked the Mayor and Council to create a Joint Advisory Planning Group (JAPG) and appoint its nine members. The JAPG worked with the City's Planning Department to identify a future use of the Armory through the submission of a written report to the Real Property Reuse Committee.

In November 2020, the JAPG submitted its written report to the Committee. Following its review of the report, as well as the feasibility report submitted by the City's housing consultant, the Committee held a public hearing and voted in January 2021 to recommend that the Mayor purchase the Armory from the State for \$1.00 for redevelopment into 100% affordable housing. On February 1, 2021, the full City Council voted to affirm this recommendation.

On July 1, 2021, the City released a RFP to solicit proposals from qualified developers to transform the Armory into 100% permanently affordable housing. In September of 2021, the Mayor convened an Evaluation Committee to assist her selection of an affordable housing developer for the project. Following the recommendation of the Committee, the Mayor selected Metro West Collaborative Development/Civico Development, the Project Sponsor, to undertake the process of transforming the Armory into 100% permanently affordable housing with supportive services.

The Project Sponsor will create 43 new units of inter-generational affordable rental housing. The housing will be affordable to a variety of households with incomes up to sixty percent (60%) of the area median income ("AMI"), including a set aside for households with incomes up to thirty percent (30%) AMI. The rehabilitation of the Armory's historic headhouse will be coupled with new construction through the demolition of the rear drill shed. The headhouse will host a community room, a public gallery showcasing the Armory's history, as well as new office space for Metro West. The new construction portion of the project will house 15 one-bedroom, 21 two-bedroom, and 7 three-bedroom apartments. The project will be 100% visitable and five units will be fully accessible HC units (4 of which will be enhanced CBH unit serving individuals with disabilities).

In addition, the Project Sponsor, through Metro West Collaborative Development, will provide an integrated resident services program to identify and address the needs of each household at the

Armory upon move-in and on an ongoing basis through a "Housing for Success" model. This will include Metro West CD and Maloney Properties, Inc. staff. Metro West CD's Resident Services Coordinator ("RSC") will serve as the liaison between the Project Sponsor and the residents of the Armory, working closely with Maloney Properties to engage with, and support, residents at all stages of tenancy. Maloney Properties will have a full-time on-site Property Manager ("PM"). The PM will meet monthly, and on an as-needed basis, with the RSC. Metro West CD and Maloney Properties will explore partnerships with other Newton-based service providers to provide targeted information sessions, training, and services that amplify the resident experience. Although the supportive service needs of Armory residents will vary, the types of services included in the resident services program will include eviction avoidance, workforce development, and health and wellness programming.

The development will also include amenities for residents, such as a courtyard, patio, and roof deck, as well as covered parking. The proposal also includes sustainability plans, including attaining passive house (PHIUS) certification and making the building all-electric, including the inclusion of a rooftop solar array. The Project Sponsor further promotes sustainability through the incorporation of bicycle use and EV charging stations. In addition to the Blue Bike station immediately in front of the Armory on Washington Street, the project will accommodate 43 bicycle docks in the basement storage area, as well as an exterior bicycle rack for 11 bikes in the public plaza. In compliance with Newton's Sustainable Development Design Ordinance, the project will include electric vehicle charging stations for 10% of the parking spaces, with an additional 10% equipped with EV infrastructure in place for future demand. With a total of 31 parking spaces, 28 will be sited in an underground garage and three surface spaces will be sited along Armory Street.

### **PROJECT SPONSOR BACKGROUND**

Metro West Collaborative Development, founded in 1991, is a regional community development corporation serving 22 towns in Greater Boston. Metro West CD has developed 121 units of affordable housing with an additional 127 units in the construction pipeline. Metro West CD is a DHCD and MassHousing approved Affordable Housing Monitor and Lottery Agent. Metro West CD has also partnered with the City in the administration of the City's COVID Emergency Housing & Utility Program since June 2020. The \$3+ million-dollar Program has provided rental and utility assistance to over 300 households.

Civico Development, founded in 2014, is a community-focused real estate investment and development group founded on a commitment to quality design, historic preservation, and neighborhood-oriented infill development. Civico's mission is to design and construct high quality buildings, streetscapes, and neighborhoods that significantly enhance the livability and sustainability of our communities. Civico has developed over 250-units of mixed-income housing in Greater Boston that have leveraged both public and private funding, while working in concert with municipalities, city, and town officials.

### **FUNDING REQUEST**

The Project Sponsor is requesting a precommitment of **\$1,048,000.00** from the City of Newton in FY24 and FY25 CDBG and HOME funds. In addition, the Sponsor is seeking approval of **\$890,000** in Inclusionary Zoning funds and **\$3,000,000** in CPA funds to support the development and construction of the West Newton Armory:

City CPA	\$ 3,000,000
City CDBG (FY24 & FY25)	\$ 930,000
City Inclusionary Zoning	\$ 890,000
City FY24 HOME	\$ 118,000
<b>TOTAL</b>	<b>\$ 4,938,000</b>

The request of Newton CPA, CDBG, IZ, and HOME funds are projected to make up approximately 17% of the project's total development costs. The CPA and CDBG funds will be used towards development and soft costs. The HOME and IZ funds will be allocated to construction costs.

### **Financial Analysis**

The City of Newton Housing & Community Development Division has reviewed the joint CPA and CDBG, HOME, and IZ funding request from Metro West/Civico Development dated 3/24/22 and has determined that the funding allocation for the proposed project to support the development and construction of the West Newton Armory into 43 units of affordable, inter-generational housing is feasible and within the CDBG and HOME Program guidelines and regulations. Prior to the execution of a CDBG/HOME Loan Agreement, an environmental assessment approved by the U.S. Department of Urban Development (HUD) must be performed, as well HOME project underwriting meeting the requirements of HUD.

### **Sources and Uses**

The project's total development costs (TDC) are \$27,844,312, (\$647,542/unit) of which \$3,837,026 (13.7%) are soft costs. In addition to the request for Newton CPA, CDBG, IZ, and HOME funds, the Sponsor plans to request CHDO Set-Aside funding from the WestMetro HOME Consortium, as Metro West Collaborative Development is the Consortium's only acting CHDO. This request will be made when the Consortium releases its Request for Funding in the Fall of 2022. The Sponsor is also utilizing a variety of state, federal, and private financing including a mix of low-income tax credits (federal and state), several state soft subsidy sources, and rental subsidies. The Sponsor has also secured a Letter of Intent from Eastern Bank for a construction loan.

The following tables summarize the project's funding sources and uses.

<b>SOURCES &amp; USES</b>					
Sources of Funds	Total	Per Unit	Uses of Funds	Total	Per Unit
<b>Equity</b>			<b>Acquisition</b>	\$ 1	\$ 0.02
Developer's Cash Equity	\$ -	\$ -	Construction	\$ 21,113,151	\$ 491,003.52
Federal LIHTC Equity	0.90 \$ 11,485,627	\$ 267,108	Soft Costs	\$ 3,837,026	\$ 89,233.16
State LIHTC Equity	0.80 \$ 2,064,000	\$ 48,000	<b>Reserves</b>		
Federal Historic Equity	\$ -	\$ -	Expense Reserve	\$ -	\$ -
State Historic Equity	\$ -	\$ -	Operating Reserve	\$ 393,726	\$ 9,156.42
Developer's Fee/Overhead Contributed	\$ -	\$ -	Replacement Reserve	\$ -	\$ -
Developer's Fee/Overhead Loaned	\$ -	\$ -	Initial Rent-Up Reserves	\$ 60,000	\$ 1,395
Other Source: Excelon (landscape)	\$ -	\$ -	Other Reserves	\$ -	\$ -
Public Equity 1	\$ -	\$ -	Other Reserves:	\$ -	\$ -
Public Equity 2	\$ -	\$ -	Developer OH & Fee	\$ 2,440,408	\$ 56,754
<b>Debt</b>			<b>Total Development Cost</b>	<b>27,844,312</b>	<b>\$ 647,542</b>
First Mortgage	\$ 4,800,000	\$ 111,628			
<b>Soft Debt</b>			<b>Surplus/(Gap)</b>	<b>\$ 0</b>	<b>\$ 0</b>
AHTF	\$ 1,000,000	\$ 23,256			
CATNHP	\$ -	\$ -			
TOD	\$ 886,933	\$ 20,626			
CBH	\$ 906,253	\$ 21,076			
FCF	\$ -	\$ -			
HIF	\$ 500,000	\$ 11,628			
HOME	\$ -	\$ -	Construction Loan Amount	\$ 14,757,320	
HSF	\$ 1,000,000	\$ 23,256			
TOD	\$ -	\$ -			
Passive House	\$ 41,500	\$ 965			
DHCD Other:	\$ -	\$ -			
DHCD Other:	\$ -	\$ -			
<b>Local CPA/HOME/CDBG</b>	<b>\$ 5,160,000</b>	<b>\$ 120,000</b>			
City IDP	\$ -	\$ -			
City NHT	\$ -	\$ -			
<b>TOTAL</b>	<b>\$ 27,844,312</b>	<b>\$ 647,542</b>			

The project funding proposal is available for [download here](#).

The supporting attachments to the proposal are available [here](#) and [here](#).

### **RECOMMENDATION**

Based on the merits of the proposal, consistency with community need identified in the 2021-2025 Consolidated Plan and evidence of community support, **staff recommends that the Planning & Development Board vote to approve the request for a pre-commitment of FY24 & FY25 CDBG and Newton HOME funds and use of Newton Inclusionary Zoning funds towards the development and construction of the West Newton Armory into 100% permanently affordable housing.**

Staff recommends the use of CDBG and HOME funding as described above, with the following pre-conditions:

- a) CDBG and HOME funds cannot be committed until firm commitments are received from all other sources identified in the most recent Development Budget (this is a federal requirement).
- b) CDBG and HOME funds cannot be committed until completion of the Environmental Review Record and HUD issues the Authority to Use Grant Funds.

- c) CDBG and HOME funds cannot be committed until project underwriting has been performed in a manner that meets the requirements of HUD.
- d) Project cost savings are returned proportionally to the respective grant program(s) upon completion.
- e) Metro West/Civico Development must report to the Planning and Development Board at the completion of construction, or on an as-needed basis.