



Golda Meir House Expansion Newton Community Preservation Program Final Report

The Golda Meir House Expansion builds on the success of 2Life’s existing Golda Meir House in supporting connection, purpose, health, and well-being and provides 68 new households with the opportunity to *age in community*. 2Life Communities began working to assemble this transaction in 2017, when the City of Newton issued a Request for Proposals for the 16,900 sf former water tower site adjacent to Golda Meir House. The additional City land made possible the expansion of Golda’s vibrant community, one of the most popular buildings in our portfolio.

To connect new residents to the existing Golda building, the Expansion consists of two additions that connect on every floor, rather than a standalone building. The “Lower Addition” extends the northwest corridor and matches the height of the existing building at that location. The “Upper Addition” extends the northeastern corridor of the building, also matches the height of the building at that location, and creates a new fully-accessible entrance into Golda from a new expanded upper parking lot. Together, the Expansion created 57 one-bedroom and 11 two-bedroom apartments, for a total of 267 apartments on the consolidated Golda Meir House campus. Nine of the 68 apartments are designated for chronically homeless individuals, with supportive services provided by Hearth, Inc. in collaboration with 2Life staff.

The CPC and City’s commitment of \$4.5 million in CPA funding was critical to complete the financing stack needed to construct the Expansion project. Very excited residents moved into the lower addition in April and upper addition at the end of August, quickly occupying all 68 units by mid-September. Golda I and II are now connected to the new additions on every floor and both the new and existing residents have access to beautiful new amenity spaces including a movie room, art studio, dance and fitness studio, game room and music room.

In February 2020, the Golda Expansion project received an award of \$4 million in HUD 202 Capital Advance Funds and 25 PRAC project-based rental assistance vouchers, allowing 2Life to dedicate even more apartments to extremely low and very-low income seniors. While the HUD 202 award is a tremendous benefit for low-income seniors, it caused a financing gap for the project, as the PRAC rental payment standard is lower than the tax credit, Section 8 and MRVP rents in our previous pro forma, causing a reduction in the cash flow needed to support a permanent mortgage loan. Unfortunately, the \$4 million in 202 Capital Advance funds did not cover this financing gap because it was offset by increased construction costs due to HUD’s Davis-Bacon labor requirements. Further, we were not able to finalize the Davis-Bacon wage rates until right before the construction closing.

The COVID pandemic and being the one of the first new HUD Section 202 projects to close in over a decade, contributed to a delay in the Expansion financial closing and construction start, which occurred in August 2021. As a result of this delay, construction extended over two

winters doubling the winter conditions including temporary heating and snow removal. Further, the construction project also experienced a number of COVID-related impacts, including material availability (generator, elevators, roofing materials, stormwater retention system), supply chain issues and labor shortages. Further, connecting to the existing block and plank building in two locations on every floor was also extremely complex. Overall, construction completion was delayed by five months. Construction reached substantial completion in August 2023, with a small amount of budgeted hard cost contingency remaining for 2Life to complete some minor work outside of the construction contract.

The construction delays and complexity of the project financing, contributed to significant overages in some soft cost line items including architectural and engineering, legal, and survey/permits. There were also overages in environmental engineering due to additional soil disposal oversight requirements and low voltage costs due to much higher than anticipated labor and material costs for the new IT, IT, tel/data, and security system. However, there were sufficient savings in other line items and soft cost contingency to offset all of the soft cost increases.

Enclosed are photos of the project and closing budget vs actual comparison.



December 7, 2021 Demolition to connect to the upper addition



May 24, 2022 upper addition steel framing



August 23, 2022 Lower addition unit interior drywall



September 2023 ADA kitchen ready for move in



March 2023 lower addition view of bedroom on left and living room on right



March 2023 View from lower addition kitchen



September 2023 Bedroom in upper addition apartment



New resident moves into the lower addition



September 17, 2023 Move-ins at the upper addition



September 28, 2023 Panorama of furnished art room

Golda Meir House Expansion Project
Comparison Development Budget - Sources and Uses

SOURCES	CPC Proposal (July 2020)	Construction		Closing to Final Budget Variance
		Closing (August 2021)	FINAL (October 2023)	
Permanent Loan	7,972,000	8,100,000	8,100,000	-
Fed Tax Credit Equity	10,162,081	13,237,549	13,237,549	-
State Tax Credit Equity	3,999,600	3,800,000	3,800,000	-
City of Newton CPA	4,494,857	4,494,857	4,494,857	-
City of Newton Additional Funding Request	255,143	255,143	255,143	-
DHCD Sub Debt	5,000,000	5,000,000	5,000,000	-
Utility Rebates (Sponsor Loan)	74,800	74,800	83,736	8,936
Golda Rehab Savings (Sponsor Loan)	835,400	835,400	835,400	-
Farnsworth + Weinberg (Sponsor Loan)	1,730,000	1,730,000	1,730,000	-
2Life Philanthropy (Sponsor Loan)	1,512,098	1,331,134	1,331,134	-
HUD 202 Capital Advance (Sponsor Loan)	4,000,000	4,000,000	4,000,000	-
Deferred Dev Fee	400,000	400,000	400,000	-
Total Sources	40,435,979	43,258,883	43,267,819	8,936

USES	CPC Proposal (July 2020)	Construction		Closing to Final Budget Variance
		Closing (August 2021)	FINAL (October 2023)	
Acquisition	100	-	-	-
Construction				
Cost of Construction	29,633,398	31,928,504	33,474,071	1,545,567
Hard Cost Contingency	1,481,670	1,596,425	-	(1,596,425)
Subtotal Construction	31,115,068	33,524,929	33,474,071	(50,858)
Soft Costs				
Architect & Engineering	1,563,531	1,653,000	1,749,000	96,000
Survey and Permits	552,447	476,520	548,520	72,000
Clerk of the Works	125,000	170,000	181,500	11,500
Environmental Engineer	100,000	142,000	212,000	70,000
Bond Premium	176,000	190,000	187,607	(2,393)
Legal	250,000	500,000	625,000	125,000
Title/Recording	60,000	100,000	94,000	(6,000)
Accounting/Cost Cert	45,000	45,000	70,000	25,000
Marketing & Rent-Up	25,000	30,000	49,598	19,598
Real Estate Taxes	-	-	16,980	16,980
Insurance (Construction)	63,786	130,000	166,398	36,398
Relocation	75,000	70,000	55,857	(14,143)
Appraisal/Market Study	25,000	23,500	23,500	-
Pre-Construction Services	425,000	460,992	460,992	-
Operating Deficit Reserve	144,674	145,707	-	(145,707)
Construction Loan Interest	800,000	650,000	400,000	(250,000)
Construction Loan Fees	339,250	277,200	277,200	-
Perm Loan Fees	183,356	145,800	153,300	7,500
MIP	19,930	20,250	20,250	-
Testing and Inspections	35,000	138,000	160,000	22,000
Commissioning	40,000	28,000	28,000	-
Inspecting Engineer	34,200	12,200	17,550	5,350
Temp Replacement Parking	150,000	30,000	4,013	(25,987)
Misc Financing Fees	5,000	3,266	3,266	-
Development Consultant	10,000	11,700	11,700	-
Energy/Green Consulting	81,100	82,350	85,350	3,000
FF&E and Low Voltage	250,000	250,000	633,000	383,000
Utility Connection Fees	150,000	150,000	90,310	(59,690)
Pre-dev loan fees/interest	51,250	225,000	191,649	(33,351)
DHCD Processing Fee	57,500	77,000	55,793	(21,207)
Soft Cost Contingency	291,851	311,874	36,820	(275,054)
Subtotal Soft Costs	6,128,875	6,549,359	6,609,153	59,794
Developer Overhead	1,300,000	1,300,000	1,300,000	-
Developer Fee	1,300,000	1,300,000	1,300,000	-
Operating Reserves	591,936	584,595	584,595	-
Subtotal Fees, etc.	3,191,936	3,184,595	3,184,595	-
Total Uses	40,435,979	43,258,883	43,267,819	8,936