



# Public Facilities Committee Report

## City of Newton In City Council

**Wednesday, February 7, 2018**

**Present:** Councilors Crossley (Chair), Leary, Norton, Kelley, Gentile, Danberg, Laredo, Lappin

**Also Present:** Councilors Albrights, Scibelli-Greenberg, Kalis, Brousal-Glaser, Lipof, Markiewicz, Downs, Grossman

**City staff Present:** Commissioner of Public Works Jim McGonagle, Director of Planning and Development Barney Heath, Commissioner of Public Buildings Josh Morse, Chief Financial Officer Maureen Lemieux, ADA Coordinator Jini Fairley, Commissioner of Parks and Recreation Bob DeRubeis, Community Preservation Program Manager Alice Ingerson

### Referred to Public Facilities and Finance Committees

**#128-18**      **Appropriate \$500,000 for snow and ice removal expenses**

HER HONOR THE MAYOR requesting authorization to appropriate the sum of five hundred thousand dollars (\$500,000) from Free Cash to supplement the Department of Public Works' snow and ice operations budget.

Personnel Costs – Overtime

(0140110-513001)..... \$150,000

Rental Vehicles

(0140110-5273-5273)..... \$350,000

**Action:**      **Public Facilities Approved 8-0**

**Note:**            Commissioner of Public Works Jim McGonagle presented the request to appropriate \$500,000 for snow and ice removal. He stated that there have been teen snow events with 33” of snow. 3.18 million dollar, totaling 3.7. They will probably amend the item after today. \$100,000 per inch of snow. Currently we are just under that. We are doing well. The costs are generally higher earlier on because the salt sheds are filled. Were at 98,000/inch which should go down.

The DPW snow plan includes clearing 80 of sidewalk. Every year we look at the sidewalks. Have added more on the school routes; schools, transportation, police crossing guard and safe routes to schools. They add as needed; there are requests. There are approximately 10 machines for sidewalk plows. They have put it out to bid (1 route; 26 miles) the vendor pulled their bid eventually. They have reduced the number (8-mile route) so they can get an idea of what it would cost.

With a motion from Councilor Danberg to approve the item, Committee members voted unanimously in favor.

**#50-18**      **5-58 for the Crescent Street Housing and Ford Playground Redevelopment Project**  
COUNCILOR GENTILE on behalf of the CRESCENT STREET WORKING GROUP redocketing the DESIGN REVIEW COMMITTEE petition, pursuant to 5-58, for schematic design and site plan approval at 70 Crescent Street for the creation of mixed-use housing, redevelopment of the Reverend Ford Playground and expand open space by at least 20,000 square feet in accordance with Board Order #384-11(4) dated November 16, 2015.

**Action:**      **Public Hearing Closed 02/07/18; Public Facilities Held to a Date Certain of 02/21/18**

**Note:**      The Chair opened the meeting saying she will first explain the process being used to deliberate this item, then call on City Solicitor Ouida Young to explain City obligations in exercising the Board Order, prior to the project presentation.

After reading the item into the record, the Chair stated that although this property has a long story, the development process began with issuing of the Board Order in late 2015. Once the City found the parcel to be of no further use to any one department, the administration declared the property “surplus”, which sent the item to the Real Property Reuse Committee to consider how best to dispose of it. Ultimately, the Council passed a Board Order that requires developing eight units of mixed income housing and expanding the Reverend Ford playground, but maintaining City ownership of the parcel. The decision to have the City be the developer and owner of the project triggered a municipal project review sequence according to section 5-58 of the City Ordinances. Formerly, a housing project with a developer/ partner working in collaboration with the City, and any project that depends upon CPC monies to develop housing, has consistently gone before the Land Use Committee. Although the proposal contains housing for private use, it is before the Public Facilities Committee because the City will be the sole entity developing and retaining ownership.

The first time the Public Facilities Committee saw any design documents was November 29, 2017, when the formal review process (5-58) was initiated by the request from the Design Review Committee (DRC). A public hearing was opened and closed on that day and many questions raised. Public Facilities held the item. The discussion continued a week later at the final meeting of the Committee, focused on the budget and pro forma. As the term ended, the Council was required to terminate all unresolved items. This required the Public Facilities Committee to start the process again.

The Chair reviewed the documents distributed in the Public Facilities Agenda and Friday Packet dated 02/02/18 and assembled according to a chronological Table of Contents. The packet includes documents demonstrating CPC and City appropriations totaling approximately \$600,000 for design, the Design Review Committee letter dated 11/01/2017, the Planning Memorandum, and the Public Facilities Committee reports from 4/19, 11/29 and 12/06 OF 2017. She noted that the Committee received a brief update in 04/2017 explaining that the design team had been hired and that a community event was being planned to bring the design team in to discuss the project. The Chair invited City Solicitor Ouida Young to explain the Board Order.

Atty. Young stated that after the site was declared surplus, the City Council followed the reuse process as is set forth in the City's Ordinances as well as state law which addresses how municipalities may authorize the transfer or lease of property. Atty. Young explained that the approved Board Order has two parts: The first section states mandatory conditions ("be it Ordered"), and the second section, which lists the Council's recommendations, or guidelines ("further to be resolved"). The Board Order (#394-11(4)) mandated no more than eight units of housing, and the transfer of the site from the custody of the Parks and Recreation Department to the temporary custody of the Public Buildings Department for the purpose of developing and constructing a mixed income residential project in conjunction with the expansion of the adjacent Reverend Ford Playground. The Board Order further recommends that the eight units have at least 50% deed restricted affordable units with a range of affordability, a compact design, multiple access points to the park, working with the community including the Myrtle Baptist membership and high-performance energy efficient design.

Atty. Young explained that although the "further to be resolved" sections of the Board Order are not binding, once the Order is issued it is transferred to the Executive Office to execute. The Legislative body may not make changes to the Order without a request from the Administration to do so. While the Executive Department may choose to not develop the land, they may not develop the land contrary to the mandated items set forth in the Board Order (attached).

Atty. Young noted that the 5-58 process is unique to the City of Newton. Section 5-58 requires A review of the site plan and schematic design for new construction and major reconstruction of municipal buildings. The Public Buildings Department must work in consultation with the Design Review Committee as the design is being developed. To initiate the 5-58 review by the City Council, the Design Review Committee submits a letter requesting that the 5-58 process begin. City Council approval of the site plan and schematic design is required prior to releasing funds to develop construction documents needed to bid the work. Approval of 5-58 requires a majority vote by the Council. Atty. Young noted that while 5-58 is primarily as part of Site Plan approval, review of the funding is necessary as it informs the design of the project.

Atty. Young confirmed that after Site Plan approval there will be other opportunities for the Council to review various details of the project. Councilor Gentile confirmed that the Board Order calls for the City to retain ownership after development of the property and clarified that any changes would require an amendment to the Board Order.

The Chair explained the timeline for this project, noting that during the April 2017 budget meeting the Public Facilities Committee received a brief update on the status of the project, indicating that the design team and landscape architect had been hired. On November 1, 2017 the Design Review Committee submitted a letter of recommendation constituting the request for 5-58. The item was docketed by the full Council and a public hearing scheduled for November 29, 2017. On November 29, 2017, the Public Facilities Committee opened a public hearing, reviewed design documents and established requests for information. Because the Council term ended on December 31, 2018 it was required that the Council terminate pending items for re-docketing in 2018.

Commissioner of Public Buildings Josh Morse provided an overview of the proposed project on the attached presentation as follows. Commissioner Morse stated that prior to the beginning of the 5-58 process, the Crescent Street Working group held 86 meetings in 2017, 59 of which were publicly posted in addition to 3 community meetings. The site at 70 Crescent Street contains 97,000 sq. ft. including green space and the Reverend Ford playground. The Working Group developed and revised plans through an iterative process with considerations such as: maintaining a compact building footprint so as to maximize the size of the park and open space. The Working Group considered different orientations, placements, floor plans and unit sizes, and determined the proposed configuration of one, two story, apartment style building containing the eight units. The proposal includes a paved parking area (1.5 spaces per unit) to the north of the structure. It was noted that the parking demand for the project is expected to have minimal to no impact on City Streets. The project includes expansion of the park by 20,000 sq. ft. and the installation of playground equipment (“Playscapes”) in two areas for older and younger children, in addition to robust landscaping. The Working Group decided that walking paths could be included around the park and through the site. The design shows that each unit will have some private outdoor space but not be isolated from the park. Commissioner Morse noted that it is the intent to have three points of access to the site; through a gate from the Myrtle Baptist Church parking lot (east), from Auburn Street via an easement to be granted by Eversource (south) and from Crescent Street (north). The Fire Department and Police Department are satisfied with access to the site (the building will have sprinklers) and Public Buildings continues to work with Myrtle Baptist Church to find a mutually satisfactory arrangement with regard to parking.

The Chair suggested that the **Housing Plan** should be described as part of the presentation. Commissioner Morse continued: The proposed unit mix includes four two-bedroom units (1,000 sq. ft.) and four three-bedroom units (1,250 sq. ft.). One of each size unit will be affordable at 60% AMI (area median income), 80% AMI and 120% AMI (Workforce housing). The remaining two units – (one two and three-bedroom) would be market rate rentals. The Administration and the Working Group are evaluating whether it is feasible to deed restrict the market rate units to 120% AMI. Commissioner Morse noted that there may be some changes to the design to increase energy efficiency. The structure currently minimizes glazing on the north side of the property, as it faces the Mass Pike. The south side of the structure, facing the park, incorporates significant amounts of glazing to admit natural light. He noted that four pop-up (high) windows may be eliminated to reduce energy. This would reduce cost by approximately \$10,000. The Commissioner noted that the option to eliminate the four exterior staircases and provide another egress stair inside the structure is being considered but anticipated that locating the stairs inside will be more expensive, however. While not required by the Board Order, the Working Group is evaluating how the history of the site and neighborhood can be incorporated into the park.

Councilor Gentile added that there have been some questions raised about whether the project can be modified to include additional units in an effort to reduce the cost per unit. He reiterated that the Board Order caps the number of units at eight and said that some are comparing the cost per unit to units that are one-bedroom and two-bedroom. He emphasized that the proposed units are two-

bedroom and three-bedroom units which Planning has indicated is in demand with a wait time ranging from 5-10 years.

The total project cost for the housing is \$4.72 million dollars if the elevator is included (\$470,000). The City proposal assumes passing a \$2.2 million-dollar bond and CPC grant of \$1.635 million dollars. to complete construction, the development budget shows a shortfall (\$885,127) which must be appropriated from the general fund.

Chief Financial Officer Maureen Lemieux stated that the current proposal is expected to generate annual rental income of \$202,000 which the pro forma shows can cover the debt on a \$2.2 million bond and assumed expenses, but changing the remaining two units to “workforce” (120% AMI) would result in reduced rents of approximately \$8,000. / year. Ms. Lemieux said that one funding source for the shortfall could be the Inclusionary Zoning Fund. The Chair stated that there is only \$350,000 in the fund currently, but Ms. Lemieux believes that there will be a significant infusion into the fund within the next year. *(Chair’s Note: The inclusionary zoning fund may only be tapped for units below 80% AMI. New monies depend upon developers selecting this option, versus providing the required units within their developments, WHICH may be influenced by updating the Ordinance, currently under review).*

### **Public Comment**

The public hearing was opened at this point. It is transcribed following the report.

Audio for the public hearing can be heard at:

<http://www.newtonma.gov/gov/aldermen/committees/facilities/2018.asp> .

The Chair stated that the protocol for municipal project review has, over the past 8 years, consistently included presentation of the feasibility assessment and development phase to the Council, as this is done for all other municipal projects. Normally, all projects containing housing, particularly housing projects where funding may be recommended by the CPC, would be heard before the Land Use Committee. This project did not come before the Council in any way until the 5-58 process was initiated. She emphasized that it would have been very helpful to have some Council review/input prior to the request for site plan and schematic design approval.

Councilor Albright distributed the attached data sheets comparing the pro forma created during the Real Property Process (July 2015) and the current pro forma. After a search via the national League of Cities, a nationwide organization, Councilor Albright found only one project where the municipality took on the role of developer - in Pennfield St. Paul, MN in this case, A developer partner went AWOL in the middle of the project, so the City funded the construction but sold the project after completion. We need to have a conversation as the policy making body about whether or not we want to be the banker for a project like this. Does the City want to use City funds to do this? Particularly given that the city cannot take advantage of grant money available to private developers. Councilor Albright noted that at the time of the original pro forma, there showed an annual net cash flow of \$25,000, but on the proposed project budget, there is a net cash flow of only \$5,000. Councilor Albright urged a third-party analysis to

see what should/can be done. We don't know where the shortfall will come from and/or how it will impact the debt service (if added to the bond). There were different assumptions made before (less affordable units/less bedrooms).

Councilor Gentile noted that the president of National Development, Ted Tye, developed the pro bono budget and pro forma. National Development specializes in analysis for market rate and affordable housing. He stated this is a project that should be moved forward. The City has hired an owner's project manager, Citypoint, gone through the designer selection process and hired an affordable housing consultant (Ciccola group). Scrubbing has occurred on both the development budget and the pro forma.

Some Committee members felt strongly that it is likely that, at the time of approving the 2015 Board Order, that Aldermen were deciding based on figures from the pro bono pro forma, but emphasized that specific details of the project have changed, and more information is now known; factors that impact the budget pro forma.

Ms. Lemieux explained that after 30 years, the debt service will be repaid. While the project will require continued maintenance, it is expected that the project will be positively performing. Committee members asked whether the Administration had considered a pro forma that borrows the full amount of capital required. Ms Lemieux said no, but noted that the project is not being developed for the purpose of generating revenue. She stated that the value of the property, affordable units and the park is an investment and an asset, but not intended to be for profit. She stated that changing the remaining units to affordable units would have a social benefit but would ultimately eliminate the revenue from the project. Councilor Gentile reiterated that upon completion, the project would be an asset to the City. He noted that although there is a funding deficit at this stage, he believes the City will have a positive return on the investment.

Councilor Lappin noted that there are some expenses (i.e. Plowing, infrastructure, maintenance) that may not yet be reflected. She noted that while the 5-58 process is for Site Plan approval, it is important to know what the funding sources are. She emphasized that there are details in the project design that remain incomplete and is in agreement that an independent third-party review would be beneficial in determining project feasibility.

The Chair stated that there are some steps that could be taken to improve the supporting documentation related to the cost of the project. She stated that a market analysis could be completed to understand whether the proposed rents are achievable, and that hiring the property management company may help vet the operating budget. She noted that a RFP was posted, soliciting 68 groups for services and received no response. It was suggested to us that this could indicate an insufficient operating budget.

In response to questions regarding the incomplete design, Commissioner Morse noted that the design has been completed to the maximum extent possible without Site Plan Approval. He noted that the request for site plan approval does not require additional funding, but stated that design of the project cannot continue without Council approval. The Commissioner stated that the design items that

are outlying would be outlying at this stage for any project. He noted that after analysis of all CPA projects from 2001 to present day, he determined that the 4% escalation rate included in the pro forma is conservative. He reiterated that he consulted multiple cost estimators, material data and local construction indexes and remains comfortable with the 4% escalation figures.

Councilor Leary stated that while she was initially in favor of retaining only the park at the site, she ultimately voted in favor of the eight-unit development. She noted that the Council now has additional information relative to what it costs to develop and questioned whether it is appropriate to use City funds on such a small quantity of units, where they might be more cost effective in other proposals.

Councilor Kelley commended Councilor Gentile, Commissioner Morse and Ms. Lemieux for their expertise but noted that they do not have experience in developing housing. She stated that she is supportive of the design of the site, but would like to see an impartial analysis. She also requested that the DRC review the project and full site plan again to consider how well the development fits into the neighborhood. Councilor Kelley noted that a small development is not necessarily correlated to a small amount of risk and noted our fiduciary responsibility regarding use of taxpayer dollars.

CPC Program Manager Alice Ingerson confirmed that the CPC can request a third-party assessment, if they feel it is appropriate and have done so in the past. She was unable to provide a cost estimate for the peer review, noting that it depends on the scope of the work. Commissioner Morse confirmed that the cost of the third-party analysis could be covered by contingency reserves.

Councilor Norton noted that she was originally supportive of keeping only a park at the site. Based on what was approved in the Board Order, she is comfortable with the project and does not believe that City should send the opportunity to develop the site to a private entity. Councilor Norton noted that with the Mayor's, Commissioner Morse's and Ms. Lemieux's support, she is comfortable supporting the project.

Councilor Gentile emphasized that factually incorrect information was circulated in the Livable Newton letter and reiterated that the cost estimator has provided a budget with a comprehensive listing of line items. He stated that the design professionals and consultants that have been hired by the City are equally as credible. Councilor Gentile noted that during the process, there has been no question with regard to the site plan (the gate, the orientation/location of the building, the Eversource easement) and stated that the questions have been primarily relative to the cost of the project, while there is no pending request for funds. Councilor Gentile stated that while he made a motion to discharge the item from Committee, it would be his preference for the Committee to vote on the item. Councilor Gentile motioned to approve the item and suggested that Committee members have the option to condition the approval.

The Chair stated that while the remainder of the design funds cannot be used until the 5-58 process is satisfied, the Council has always waited for the recommendation from the CPC prior to moving forward. The Chair suggested that the item be held until February 21, 2017 until Committee members

had sufficient time to draft conditions of approval. Some Committee members remained concerned about the cost of the project and the City's policy regarding developing property. Councilor Lappin noted that while other major municipal projects (Angier, Carr, Zervas, Cabot and Fire Station III) in a shorter time frame, they had identified clear funding sources.

Councilor Gentile motioned to close the public hearing which carried unanimously. Councilor Gentile motioned to approve the item subject to a third-party review of the budget and pro forma in addition to subject to CPC's approval of funding. Committee members noted that pending the third-party review, the site plan may be subject to modifications and stated that the conditions should be drafted to allow for Committee review of such changes. Some Committee members emphasized that draft conditions should be carefully crafted prior to deliberation by the full Council. Commissioner Morse noted that while the Design Review Committee submitted their letter recommending the project for 5-58 approval, he confirmed that the Public Buildings Department will continue to work in collaboration with the DRC.

Councilor Lappin moved to substitute postponing the item until February 21, 2018, which carried 6-2 in favor (Councilors Gentile, Norton opposed). It is the Chair's expectation that Committee members provide feedback on draft conditions in the interim.

The Committee adjourned at 11:55 pm.

**Respectfully submitted,**

**Deborah Crossley, Chair**

### **Public Comment**

Helen Nayar, 75 Grove Hill Avenue, lives in Newtonville, not Auburndale, while she is not Working Group but she knows people that have been and still remain on the Working Group. She has been very impressed by the time, energy and passion that the people on the Working Group have put into this project. Ms. Nayar supports the project as currently proposed by the Working Group. She added that this is an excellent example of resident centered planning, which is very important to this town and the City should do more of it. She noted that it is her understanding that the Working Group has documentation that shows that the Crescent Street building costs are less than the average of all CPC funded projects since its inception in 2001, which is an important fact.

Kent Cseh, 94 Crescent Street, lives about three doors down from the former Parks and Recreation Office and has been attending hearings on the project for four to five years. Mr. Cseh has been very happy with how the process has worked, but during that time his small children have grown larger and have been trying to get to the parks for five years. He would just like to have some confirmation that the end of the process will be able to be reached before his children are grown and move out of Newton. Mr. Cseh believes that the resolution or proposal is a good compromise and supports what has come out of the Committees and compromises that have been made so far.



Elaine Rush-Arruda, 1921 Commonwealth Avenue, is a member of the Working Group. Ms. Rush-Arruda noted that the project has been in the works since 2011 when Mayor Warren declared a portion of the land surplus but emphasized that the playground land was never declared surplus. Through a lengthy process with public hearings, the current proposal reflects input from hundreds of residents and multiple groups. In January 2014, the Planning Department suggested the 8 units, considering various recommendations and residents' input. She noted that the Board Order was voted 20-2 with 2 Councilors absent and stated that the Councilors opposed voted no because they wanted the site to be preserved for park space, a concept which was also supported by Parks and Rec. Ms. Rush-Arruda stated that the project is a model CPC proposal, meets board order requirements, addresses housing needs, open space and recognition of historic significance of the property. A major benefit is that the City will retain the asset. Other CPC funded projects are not ultimately owned by the city. The rental income will help repay the bonding. The Crescent Street project is being managed by the "dream team". She commended the work of Commissioner Josh Morse and emphasized that anyone who knows him knows the project is in great hands. She stated that every detail of the project has been vetted by various experts in their fields and every detail has been examined and thoughtfully discussed. Some people have expressed concern over the cost of the housing. Commissioner Morse has compiled data that shows that the cost of the units are less than the average of all CPC funded units; 15% less per unit, 33% less per bedroom and 32% less per sq. ft. She noted that you must look at number of bedrooms and number of people to be housed emphasizing that the project is a model project with resident based planning. The City of Newton and residents can be proud of the project. The proposal has advanced this far because it has support of neighbors, abutters and City residents. A development project doesn't have to polarize the residents. We need a project like this to create harmony and people should respect the process.

Bart Lloyd, 65 Taft Avenue, has lived in Newton for 20 years. General counsel of Preservation of Affordable Housing, Boston, a national non-profit. He feels responsible to give back to the city, and has served as Chair of the Newton Housing partnership and has donated to CAN-DO, NCDF and is a signator of the Engine 6 opposition letter. This is the first project he has ever objected to. He has never seen a municipality own and develop a property in thirty years of experienced. There are great examples of the City being landowners and retention of the land is great. He stated that the City is not well suited to be an owner as well as a developer. Development of housing is different than libraries and schools. It might make sense with 150 units an institutional owner and asset. The Letter from Livable Newton with 30 signators (all housing advocates), have supported the project. They are some of the best thinkers in Newton. On the cost side, its great to see City see what developers experience relative to funding affordable housing. The proposed project includes 4 affordable units, 2.4 million dollars of subsidy, not including 300,000 of land value. He estimates that the per unit cost is \$900,000. The solution to reduce the costs is to increase density (have a minimum of 16 units). The design details are positive; 2-3 bedroom units. Everyone feels that they've compromised, but no one has asked how dense this could this be to reduce the cost. The City can retain ownership of the land, but question who can make a proposal to build more affordable housing here.

Lynne Sweet, 416 Grove Street, has lived in Newton for 30 years. Owns an affordable housing real estate advisory firm. Ms. Sweet is formerly a member of the Newton Housing Partnership. She

commended the efforts that have been made and believes there should be some fiscal oversight by someone in the affordable housing arena to scrub the numbers. A lot of money is being requested and her quick review shows discrepancies. The project is possibly over designed for this type of housing. Simple, quality finishes that will stand the test of time are more cost effective. She has never seen the City as a developer and has experience advising municipalities. Usually they see a land lease with a third-party developer. No one responded because there is not enough money for them to manage. Another issue is prevailing wages, which adds 15-20% to the cost of the project. The Housing Authority vouchers will only cover units at the 50% AMI level, so the City will have to compromise and accept whatever rent that comes with that. Ms. Sweet's office was involved in the permitting of Langley Road project containing 2-3 affordable units. The completed the affordable fair marketing plan, and have now turned the project over to Metro West. The monitoring of the few units will be approximately \$10-12,000; which has not been included in the budget for Crescent Street. Someone with experience should review the data. Additional work needs to be done before additional cost estimates, design and planning.

Judy Jacobson, 289 Cypress Street, works in the affordable housing business with a focus on financing multi-family affordable developments. She respects the good intentions behind the effort and acknowledged that people have put time and effort in trying to meld the space into a mix of housing and recreation. She is happy to see the focus on family housing, which is in demand. She stated that if this was just underutilization of the site, she would be disappointed but would not be opposed. While served on the Mayors Transition Committee she heard from a lot of people that the budget for Crescent Street should be analyzed. She reviewed the budget and has signed the letter from Livable Newton. There are a lot of unaccounted for costs (land, taxes) and a variety of outlying questions. It is difficult to make the numbers work in housing and there are a lot of talented planners, designers and staff but no one with housing experience/finance of housing expertise. She noted that the Council is obligated to protect the tax dollars of constituents and stated that the development and operational budgets need to be reviewed. She urged a market study and thorough vetting of the numbers. She questioned what will happen if there is not enough revenue to pay back the bond? She believes that lender, owner, guarantor and developer are too many roles for the City and that the proposal should evaluate the proposal.

Howard Haywood, 69 Walker Street, supports the affordable housing experts. He stated that the project needs to be stepped back and looked at. He is opposed to the housing component and does not believe that it is feasible. The City should not be in the development business and noted that this has failed in other communities. He questioned why, if Parks and Rec thought expanding the park was a good idea, they didn't say so during the Reuse process? As a member of the Myrtle Baptist Church, he noted that there is no written agreement regarding how they are going to work out access. After providing an easement across the parking lot and creating a pathway for pedestrians; what will happen to the existing driveway and parking lot? Who will be liable? It will be fenced off so that people won't wander onto property. Once fenced off, it will prevent members of the congregation access. He supports the recreational area, but is opposed to the City developing the site.

Councilor Gentile stated that there are no plans to put up a fence between Myrtle Baptist Church and the playground. While there will be some sort of shrub to delineate the lot line, there are no plans for a fence. He noted that will make every effort to discourage people from using the church parking lot. Plenty of parking on the other end of the site.

Josephine McNeil, 53 Taft Avenue, questioned why are we here? It seems like the project isn't ready to be considered because too many questions remain. While she understands the frustration of the Working Group, there were a lot of meetings before the Board Order was finalized. She believes there has been very little opportunity for the public to be involved in this process after approval of the Board Order even though the CPA proposal said there would be significant community engagement. She suggested that the meetings be mentioned in the Friday report. They were listed for a couple of weeks and then ceased. There was not a lot of opportunity to be involved in the process. The cost comparisons (many of which were CAN-DO projects), without all the factors it leads to the assumption that the project is below the cost of other projects. No acquisition cost included. She questioned the 4% inflation factor; the annual inflation rate since 2009 is 1.63%. How did we arrive at 4%? The fact that this is family housing is very important. She is not sure that it presents a justification for cost per unit, however.

Kathleen Kouril-Grieser, 258 Mill Street, is supportive of the project, and expansion of park and open space anywhere in Newton. She noted that when the property went through Real Property Reuse, a lot of people wanted the land for different purposes. She stated that it is disingenuous to say that Parks and Rec could have decided that the land could've been preserved for all parkland. She stated that people need open space due to the density of the neighborhood. Advocates for affordable housing wanted a housing project. It is very unusual that you get open space and affordable housing advocates in agreement and this is a great compromise. The cost of the land not being factored in is because the City is retaining the land. She stated that a lot of affordable housing professionals have commented and probably want to keep affordable housing in their profession. She thinks while this project is an experiment, it could be a model of what municipalities can do and achieve what residents really want. She is proud of the City.

Barbara Smiley, 1073 Walnut Street, lived in Newton Highlands for 35 years. She reviewed the proposal and the different values including; affordability, the preservation of open space, sharing space amongst residents and the availability of community facilities within the project. These are different than other affordable housing proposals. The project deserves a continued look and regard. This is an approach that could help the City integrate the type of affordable housing that needed with the different types of development that are taking place. Because the City is developing it shouldn't detract from the proposal.

Lynne Leblanc, 43 Brookdale Road, has been following the project for a number of years. She would like to say that the affordable housing people brought up a number of questions. The hard work of the Working Group/Real property reuse should not be discredited. She believes that trying to undo the Council process will set a bad precedent. Supports the proposal in its current iteration.

Barbara Brousal-Glaser, 20 Auburndale Avenue, spoke on behalf of the Working Group. Everyone spoke regarding the merits and issues, she wanted to provide an overview of process in light of the Committee's deliberation. After passing of the Board Order in November 2016, two Councilors (Ward 3, Ward 4), Commissioner of Buildings, Commissioner of Parks and Rec, the ADA Coordinator, Director of Planning and Development, Chief Financial Officer, a representative from Myrtle Baptist and two community reps endeavored in good faith to create a project in line with the Board Order. They felt that it was important that they work to include a historical component and have been working with Newton Historic and Myrtle Baptist Church. The Working Group has also tried to create a model for accessibility. They have completed a robust designer selection process and found Abacus Group which includes; an architect, landscape designer and the Ciccola Group. They have sought extensive community input, soliciting feedback at 3 public engagements (3 public hearings). The Working Group meets regularly to review project details. In November 2017, they received DRC approval and have received support from the community regarding the layout of the site. They are proud of the efficient building and park and feel that they have honored the commitment to the neighborhood and City regarding improvement and access to the site. She urged Committee members to vote on the item and move it to the full Council.

Julia Malakie, 50 Murray Road, agreed that the item should be put to a vote. She felt that it should've been a park only, however is happy with what the designers came up with. She thinks the site is utilized well and includes a compact buildings as requested. It does all the things that people who didn't want a park, requested. The building is sited in an ideal orientation for solar, keeps parking out of site, creates green space, constructs circular paths and retains plenty of trees. It is a model for compromise. People who said they didn't know the meetings were going on seem to be inappropriately saying so. She noted that it was not realistic to think that Parks and Rec could have taken the land for all park land. Just because no one has done it before, doesn't mean it cannot be done. Newton has been first at other things – lets be first again.

Peter Barrer, 60 Endicott Street, Co-Chair of the Design Review Committee, spoke for himself. His main point was that the DRC was put in a position out of their usual role, making him very uncomfortable. He believes the design team has been very responsive to the DRC's recommendations. He stated that the DRC first saw the project on September 13, 2017. The August 22, architectural memo had settled on the major parameters of the project. The memo showed that while options were considered, the DRC was not given a chance to review the options early in the process. It was not indicated that there was community controversy related to the project and they did not have a community representative on the DRC. The second meeting was October 18, 2017. In the meantime, he became aware of the neighborhood controversy. He stated that at the time he did not want to vote, but received a harsh call from the Chair of the Working Group followed by a call from the City's legal staff. They said that neighborhood representation was not legally required. The argument was that the current issues facing the project were political and not appropriate to be resolved by the DRC. He felt steam rolled and capitulated and they voted Site Plan approval after being presented an incomplete site plan without Curve Street access. Their comments recommended Curve Street access in addition to more units included in the design. They were not involved in the Site Plan options. The decisions were made prior to its appearance on the agenda. Additionally, the DRC acted without community represented.

Shule Aksan, 98 Crescent Street, was not present at the DRC meeting, but doesn't really understand the statement regarding the lack of community representation. Parks and Recreation was asked about their use for the site and said no. they were never given a chance for the whole lot to be open space. When they asked, they unanimously said they would love to see it as full open space. Since the working Group formed in 2015, the Working Group has met 86 times in 2017, 60 public meetings, 3 community meetings and ample community engagement and input. With regard to the City developing the site, the Board order requires the City to retain ownership and develop the site. Ms. Aksan noted that it is very bothersome that people can suggest added density. The fact that its never been done, does not mean that it cannot be done. The Ciccola Group is the affordable housing consultant and they have said this is a model project. With the Board Order the City made a commitment to the neighborhood. They are working to make it a reality and urged the Council to uphold their part of the commitment. She urged approval of the site plan and reiterated that requests for funding will also be before the Committee.

Jini Fairley, ADA Coordinator, stated that there has been a lot of talk about the cost of the project. She wants Newton to be a model for developers to develop more affordable units in Newton. She stated that when she is asked to respond to inquiries accessible housing opportunities, she suggests that people look for new construction because that's where the opportunities are. Its not only about people in wheelchairs, it is about establishing more diversity. We went beyond the 1-2 bedroom mix and are trying the 2-3 bedroom mix. The Working Group is trying to make the development fully accessible. She would like to see the City make a value statement and include the elevator. She follows projects and noted that some developers are including elevators after reading the Housing Strategy which calls for more accessible housing.

Hubert Williams, Prospect Street, is a member at Myrtle Baptist Church and has lived in Newton for 9 years. He is very excited about the proposed development. He would have been much happier if his son was able to learn to ride his bike in the park rather than a nearby parking lot. The region has a housing problem with affordability and accessibility. He questioned why the proposed development is not three or four floors. He believes the opposition to density puts the City at a disadvantage. In addition to expressing his support for the project, he asked about landscaping and whether the neighbors would have further input in the manifestation/implementation of the project. He voiced appreciation for feedback from the experts and the City's courage.

Brooke Lipsitt, 54 Kirkstall Road, wanted to respond to speakers earlier in the evening who talked about the impossibility of developing affordable housing. She stated that some people indicated that if we wanted 6 units of affordable housing, it would have to be a 24-unit development and suggested that 75% affordable housing isn't possible. She noted that the ZBA approved a private development on Lexington street containing 10 units and is 100% affordable. It can be done by private entities. The City has created an exciting experiment when looking at the City developing, owning and managing the development. Its not clear, however, whether the financing works. After reviewing the operating costs, she notes that there are several years of rentals with the net positive under \$10,000 which doesn't seem like a big cushion. She urged Councilors not to go further down the road without doing a comprehensive analysis of the construction, operating and management costs. She reiterated that the

experiment has been admirable but does not think the Council should continue if it isn't going to work. Leadership is about acknowledging that something won't work after reviewing the options. Lynn Weisberg, 5 Alden Street, has been a Newton resident for over 25 years. She seconded the comments of Judy Jacobson and Brooke Lipsitt. She hopes that the Council will resist the temptation to say that the project is too far along and cannot be properly analyzed.

Ms. Lemieux spoke on behalf of Mayor Fuller. She stated that the Mayor has recognized that the Crescent Street proposal is a unique and the first of its kind project. She acknowledges that it is important to respect and maintain integrity of the Board Order that was crafted after much deliberation. Throughout the deliberation, there was a lot of discussion with regard to number of units and it was ultimately resolved that there should be a maximum of 8 units in addition to 20,000 sq. ft. added park space. Mayor Fuller notes that the project meets those criteria, provides housing, the park, playground, bus access and school access while reflecting the values of the City. The working group has increased the affordability of the project making six units affordable and analyzing whether eight units can be made affordable. The working group has included two-bedroom and three-bedroom units while focusing on transparency relative to cost. After evaluating the concerns raised, they have compared the cost by bedroom, unit and square foot and find the project to be in line with comparable proposals. Additionally, they have found the pro forma to be comparable to other projects. Ms. Lemieux noted that the Mayor understands the importance and difficulty of building affordable housing. The Mayor has determined that while the project is unique and a risk, it is an acceptable level of risk. The project was to create a balance of affordable housing and open park space. The Mayor wanted it reiterated that in this location, neighborhood and time, this is a project that everyone should be supporting.

Rudy Barahas, Citypoint maps out the process for meetings and design activities. He emphasized that there has been ample opportunity for community involvement.

CITY OF NEWTON  
IN BOARD OF ALDERMEN

November 16, 2015

That, pursuant to Section 2-7 of the Revised Ordinances of 2012, as amended, after a public hearing and upon recommendation of the Real Property Reuse Committee through its Chair Susan Albright, it is hereby

ORDERED:

That the property located at 70 Crescent Street (hereinafter referred to as "the Site"), containing approximately 60,000 square feet of land, identified as a portion of Section 33, Block 06, Lot 061, and containing the former Parks and Recreation administrative offices as well as the current Parks and Recreation maintenance facility, be transferred to the temporary custody of the Public Buildings Department for the purpose of developing and constructing a mixed-income residential rental project (the "Housing Project"), and to enlarge the adjacent Reverend Ford Playground to the maximum extent possible; and,

Following development of the Site as recommended in this Board Order, the Housing Project shall be transferred to the custody of the Newton Community Development Authority (NCDA), and any land not needed for the Housing Project shall be transferred back to the Parks and Recreation Department to be combined with the adjacent Reverend Ford Playground.

FURTHER BE IT RESOLVED:

1. That NCDA, the Parks and Recreation Department, and the Public Buildings Department work collaboratively with input from the community on plans for the Housing Project and the Reverend Ford Playground as a whole, including the Myrtle Baptist Church.
2. That the Housing Project have a minimum of 50% affordable units and that such units represent a range of affordability.
3. That the Housing Project include a context sensitive design that has a compact footprint and modest sized units so that the adjacent Reverend Ford Playground will be expanded to the maximum extent possible with the addition of land from the Site not needed for the Housing Project. The final site plan shall include a minimum of 20,000 square feet of open space to be used to enlarge the playground/open space area.
4. That the Housing Project be limited to eight units.
5. That the Housing Project demonstrates high performance energy efficiency and best building practices.

6. That the integrated site plan for the Housing Project and the Reverend Ford Playground improve public access to the Reverend Ford Playground. The City shall continue to pursue the acquisition of the adjacent Eversource property for further expansion or access to the playground/open space area.
7. That the City shall continue to work with the Myrtle Baptist Church regarding its needs for additional parking and additional means of egress and ingress to the church property.

Under Suspension of Rules

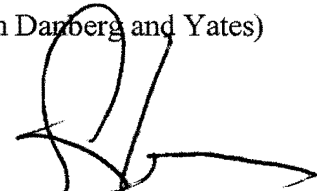
Readings Waived and Approved

20 yeas 2 nays (Aldermen Brousal-Glaser and Norton) 2 absent (Aldermen Danberg and Yates)



(SGD) DAVID A. OLSON

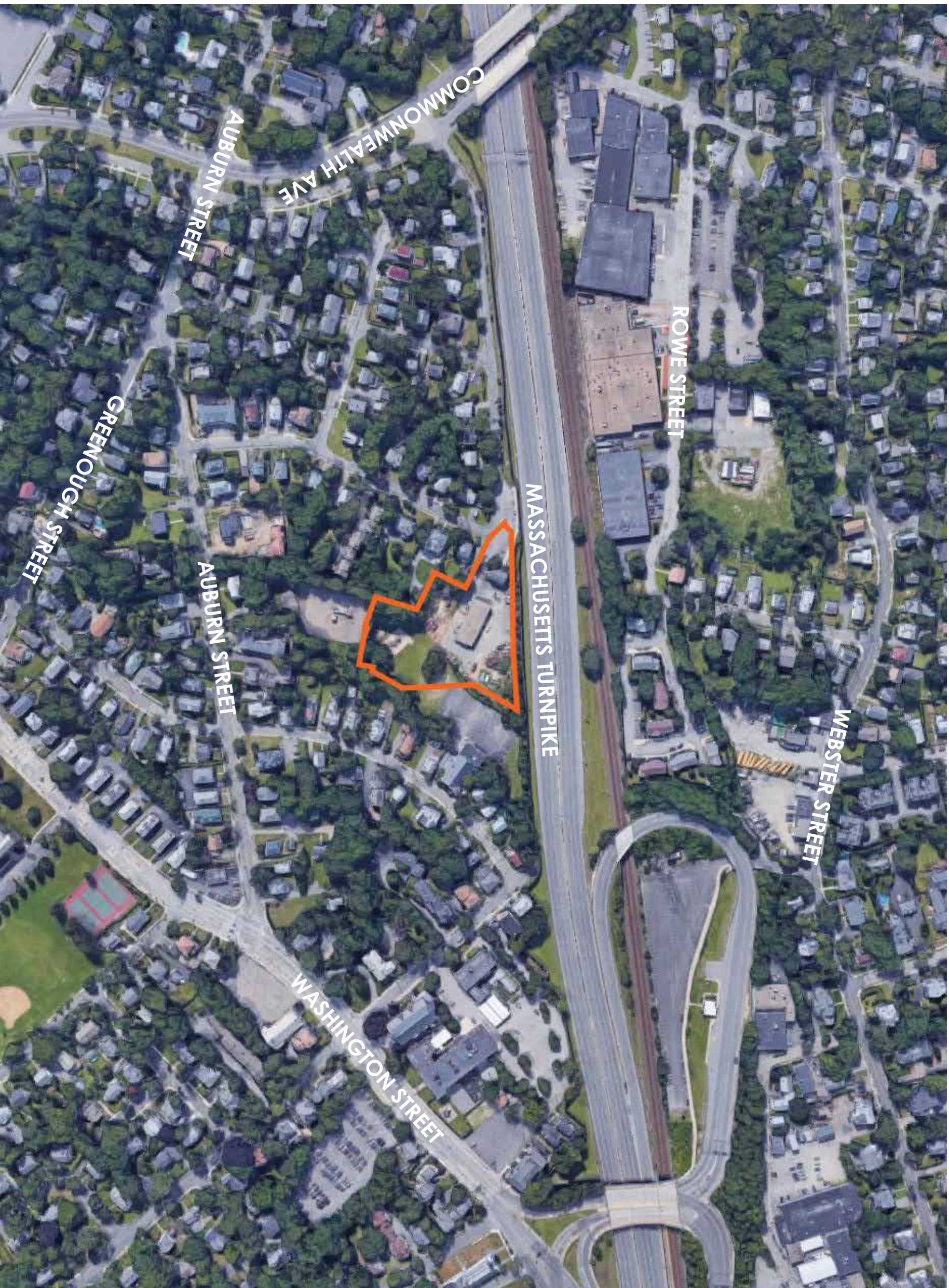
City Clerk



(SGD) SETTI D. WARREN

Mayor





MASSACHUSETTS TURNPIKE



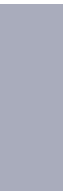





Conceptual Plan A



Conceptual Plan B

-  Playground/  
Green spaces
-  Housing Area
-  Drive & Parking
-  Vehicular Access



Conceptual Plan C



Conceptual Plan D

-  Pedestrian  
Access



Conceptual Plan A



Conceptual Plan B



Conceptual Plan E



Conceptual Plan C



Conceptual Plan D

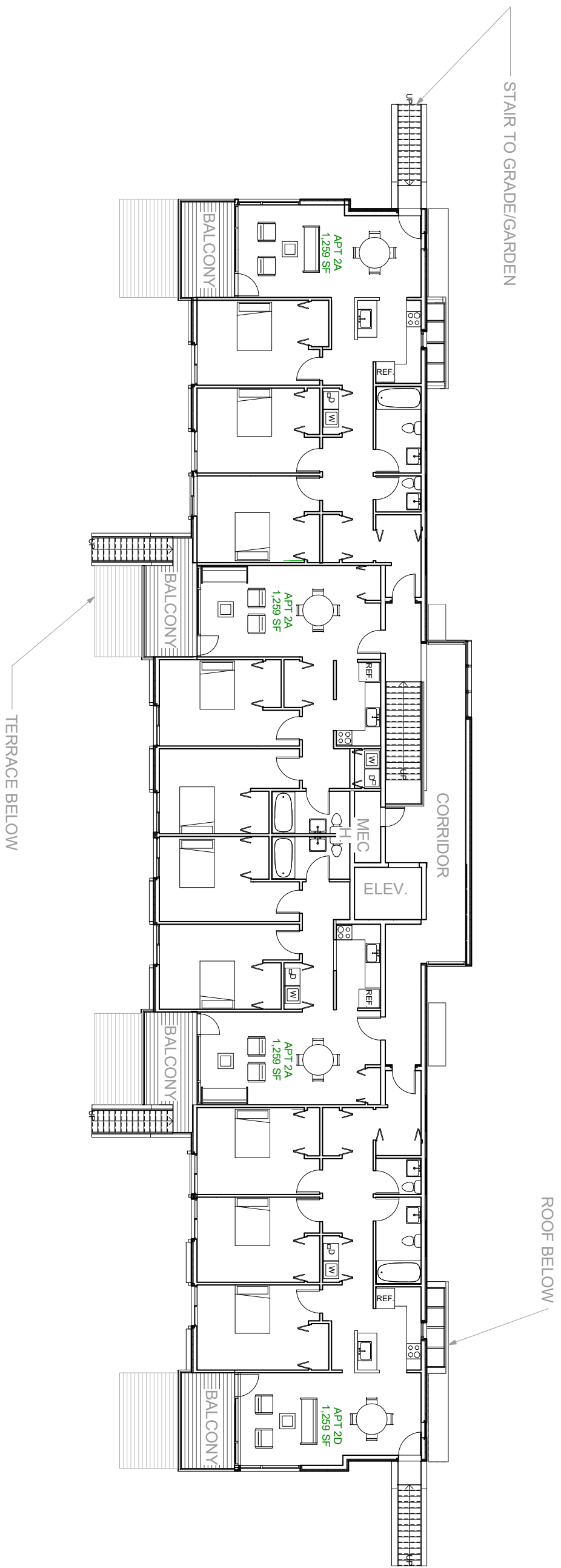






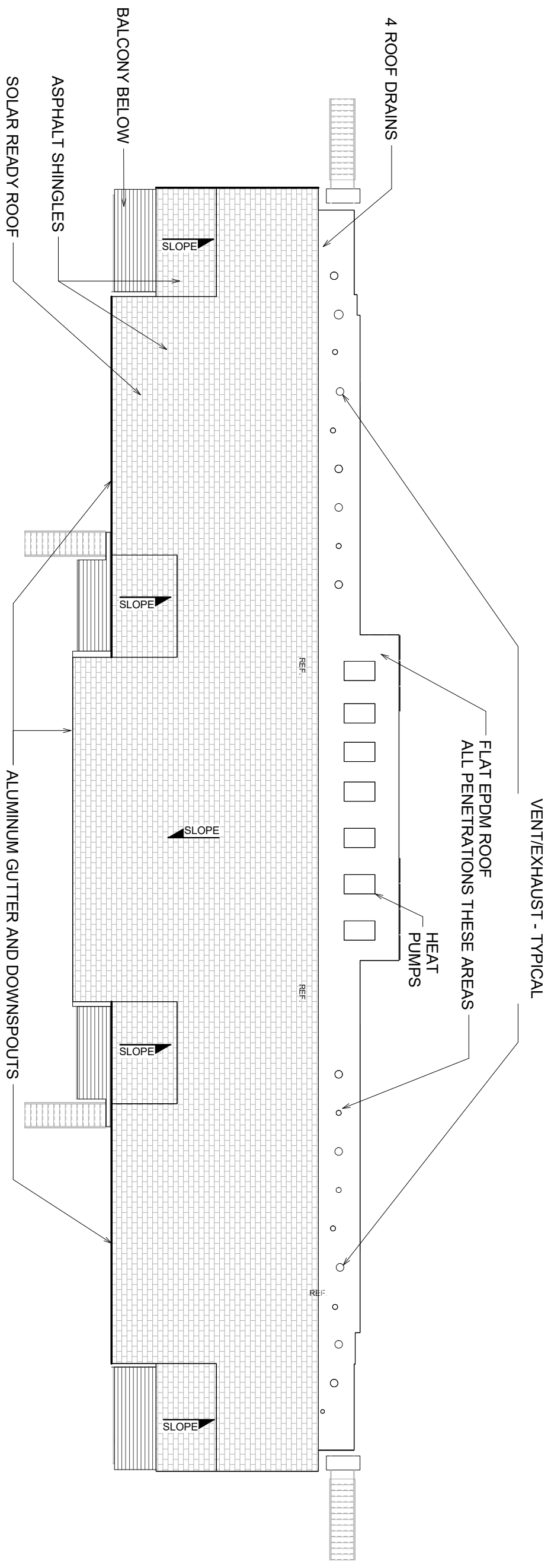
FIRST FLOOR PLAN  
1/8" = 1'-0"



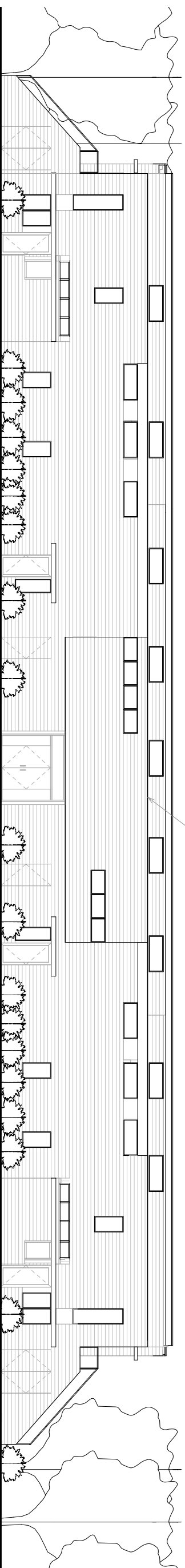


SECOND FLOOR PLAN  
1/8" = 1'-0"

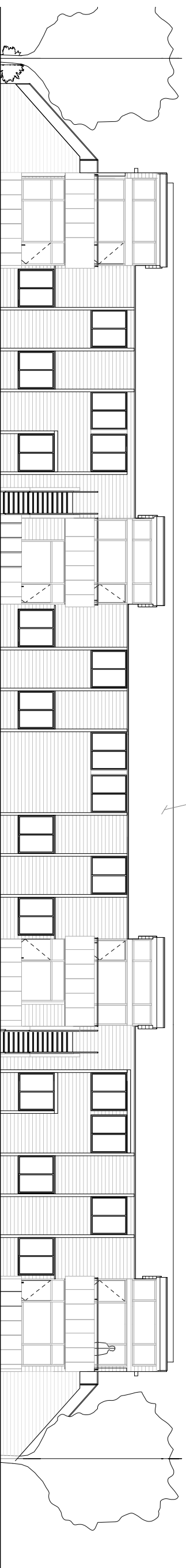




1 Roof Plan Copy 1  
1/8" = 1'-0"



NORTH ELEVATION



SOUTH ELEVATION









## Memo to the PF Committee

To: Public Facilities Committee  
From: Susan Albright  
Re: Crescent st Housing  
Date Feb 6 2018

During the Real Property Reuse Committee Crescent St. discussions I was Chair of the Committee. The JAPG had proposed we develop 8-20 units. The full Council ultimately voted for an 8-unit project.

An important piece of evidence used by the RPR Committee for its approval was a development budget and operating pro forma for 8 units (developed pro bono by an experienced developer). That pro forma was based on assumptions that were later changed by the Working Group regarding affordability, bedroom mix and other things but it is still useful to re-look at as a means to compare the current project to the one proposed in 2015.

The Working Group, the City, and the Council are learning important lessons. We have learned that this is not easy. As Councilor Lappin has been known to suggest – we need to add these learnings to our lessons learned database to inform the future. In addition to a comparison of the RPR-budget vs the current project budget it is worth review the policy decision regarding the city of Newton as developer that you will also find referenced below.

### **1.Policy Decision: Should the City of Newton become a Housing Developer?**

The policy decision to make Newton a developer was done with relatively little understanding of the implications. Our learning has increased through the city/working group efforts and it will be time soon to relook at this policy to determine its impact. As “Newton as developer” was a new idea, I recently tried to seek help from other municipalities. Through Google I found no other municipalities in this business. That led me to the MAPC where the housing specialist told me that she couldn’t think of any examples of municipality as developer. An email question to the National League of Cities led to the response below from Mr. James Brooks, Solutions Director:

*“Thank you for your inquiry. It is unusual for a city to be a housing developer. It is a business not so well suited for local governments. However, below is a link to a project in St. Paul, Minnesota – the Penfield project. I hope you find this useful.”*

Follow-up on the St. Paul project revealed that the downtown St. Paul developer disappeared in the middle of the work. The city stepped in to fund the project. Upon completion, the project was sold to a private developer.

Soon it is time to examine the policy. Is this project a prototype for future Newton development or is it a “one-off”? What are the long-term staff and operational costs that the city must bear over the years once we own and operate this project? Should Newton citizens be obligated to support operating cost shortfalls out of the General Fund? Here are some policy decisions to be discussed:

1. Should Newton act as a banker for housing through its bonding power?
2. Should Newton be willing to subsidize shortfall with the General Fund?
3. If so, are we will to subsidize through the general fund
4. If so to 1-3 should Newton be the developer?
5. If so to 1-3, should Newton develop a housing trust fund for use by private non-profit developers?
6. Are there ways Newton could partner with a private developer in order to become eligible for other affordable housing funds? [I learned through conversation with a CDA in Minnesota that they partner with USBank (through RFP process) to become eligible for tax credits.]

**2. How does the current Project Cost and pro forma compare to the pro bono Budget and pro forma?**

**2a. Comparison of Costs between the Real Property Reuse 2015 propose project cost to the current project cost to defend the 8 unit project and the Current 2017 CPC costs show widely different per unit costs.**

**Total Project Costs Comparison<sup>1</sup>**

		2015	Prj Cost <sup>2</sup>	Prj Cost w/o ele	
<b>Hard Costs</b>		<b>3,388,529</b>	<b>4,447,211</b>	<b>3,997,211</b>	
<b>Soft Costs</b>		<b>499,425</b>	<b>856,414</b>	<b>856,414</b>	
<b>Financing<sup>3</sup></b>		<b>102,750</b>	<b>122,263</b>	<b>122,263</b>	
<b>TOTAL</b>		<b>3,990,704</b>	<b>5,425,888</b>	<b>4,975,888</b>	
<b>Per unit cost <sup>4</sup></b>		<b>498,838</b>	<b>878,236</b>	<b>621,986</b>	



1. These charts were done before the notion of gifting rather than bonding all the city funds
2. To make and apples:apples comparison I've added the city cost column to the project column. This reflects total project costs as were proposed in 2015.
3. There is no finance cost reflected in the CPC development budget. To make apples to apples comparison. This cost was picked up from the 2<sup>nd</sup> page of the CPC materials. This financing cost does not reflect the project shortfall of between 400,000 and 800,000 (depending on the elevator). Obviously if there is more bonding these cost go up.
4. If you inflate the 2015 per unit costs to the present year the 498,838cost/unit becomes \$539,564 using Josh's 4% figure

Note: Josh provide a comparison of the per unit cost of the current project to the cost-index corrected per unit cost of all prior CPC funded projects. I remind colleagues that these are not apples:apples comparisons – to do so would require factoring out the land costs from the other projects or factoring in land costs to Crescent st.

You will note that per unit costs are significantly higher in the current project even correcting for inflation using Josh's 4% factor.

## **2b.Total annual pro forma costs/income comparison from 2015 to current**

	<b>2015</b>	<b>2017</b>
<b>Personnel</b>	<b>10,000</b>	
<b>Rental expense</b>	<b>5,000</b>	
<b>Advertising</b>	<b>5,000</b>	
<b>Administrative</b>	<b>5,000</b>	<b>24,643</b>
<b>Cleaning</b>	<b>7,500</b>	
<b>Turnover</b>	<b>4,000</b>	
<b>Utility</b>	<b>6,000</b>	<b>7853</b>
<b>Repair &amp; maintenance</b>	<b>4,000</b>	<b>21,812</b>
<b>Contract services</b>	<b>10,000</b>	
<b>Prof fees</b>	<b>2,000</b>	
<b>Insurance</b>	<b>4,000</b>	<b>3,607</b>
<b>Taxes</b>	<b>0</b>	<b>0</b>
<b>Net op expense</b>	<b>62,500</b>	<b>64,534</b>
<b>Cap reserve</b>	<b>2,000</b>	<b>2,400</b>
<b>Net op income</b>	<b>147,306</b>	<b>127,693</b>
<b>Debt service 1</b>	<b>121,322</b>	<b>122,263</b>
<b>Net cash flow</b>	<b>25,984</b>	<b>5,430</b>

The net cash flow line shows significantly higher next cash flow costs in the 2015 budget. The out years show current cash flow as high as \$23,000 in the current project while the 2015 pro forma showed the out years at \$40,000. What implication for future city support does this mean?

### **3. No response to the RFP property manager – Why?**

The city plans to hire a property manager once construction is finished – yet when an rfp was sent to over 60 possible property managers – not one answered the rfp. I am concerned about what this tells us regarding the viability of the project. We should find out why no one responded to the property management rfp.

### **Summary**

These issues require reflection. In addition to these comparisons that led the RPR Committee to vote affirmatively on the project there are other outstanding questions. In late November the PF committee raised questions regarding

- 1.the sufficiency of planned reserves?
- 2.will the market support the proposed rents?
3. If the rents fall short is the City prepared to subsidize the project further?
- 4.Are all the project costs reflected in the current project budget?

The Council membership does not have the professional expertise to review the development budget and pro forma and I recommend we have an expert review the development costs and the pro forma to assure that this is a fiscally sound project for the city and perhaps to make recommendations. The working group made different decisions and assumptions from the original 2015 budget and pro forma. The Council needs to understand how these decisions affect the projects long-term viability and implications for Newton taxpayer support.