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**M E M O R A N D U M**

**TO:** Councilor Susan Albright, Chair  
Members of the Zoning and Planning Committee

**FR:** Barney Heath, Director of Planning and Development  
Rachel Powers, Community Development Programs Manager

**CC:** Planning and Development Board

**RE:** FY19 Draft Annual Action Plan

**Date:** May 24, 2018

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Thank you for the opportunity to meet with you on May 14, 2018 to discuss the FY19 Draft Annual Action Plan for the July 1, 2018-June 30, 2019 program year. As a follow-up to our discussion and subsequent conversations, I've enclosed proposed revisions to certain sections of the draft plan.

The proposed changes are redlined throughout and impact Sections:

- AP-05 (*Executive Summary*),
- AP-15 (*Expected Resources, #2*),
- AP-20 (*Annual Goals & Objectives, Goal 1: Production of Affordable Housing, Goal 2: Rehabilitation of Housing and Goal 5: Creation of PSH for the Homeless*)
- AP-35 (*Projects, #2*)
- AP-55 (*Affordable Housing, #1*)

Our hope is that these changes help to clarify the Housing and Community Development Division's FY19 affordable housing goals and alleviate any confusion related to the identification of affordable housing projects.

The original draft document is available for review until June 5, 2018 on the City website and can be found at: <http://www.newtonma.gov/civicax/filebank/documents/89660>.

## Executive Summary

### AP-05 Executive Summary - 91.200(c), 91.220(b)

#### 1. Introduce and summarize the objectives and outcomes identified in the Plan

The FY19 (FFY 2018) Annual Action Plan represents the fourth year of the FY16-20 Consolidated Plan for the City of Newton’s Community Development Block Grant (CDBG) and Emergency Solutions Grant (ESG) programs and for the WestMetro HOME Consortium HOME Investment Partnerships (HOME) programs.

The Consolidated Plan was prepared by Housing and Community Development Division (the Division) staff to describe the use of federal resources for housing and community development activities in Newton and housing activities in the twelve other HOME consortium communities – the towns of Bedford, Belmont, Brookline, Concord, Lexington, Natick, Needham, Sudbury, Watertown, and Wayland and the cities of Framingham and Waltham. The FY19 (FFY18) Annual Action Plan, which is the result of citizen-driven collaborative planning processes, details how the City of Newton and the members of the WestMetro HOME Consortium will allocate the CDBG, ESG and HOME federal funds for the period of July 1, 2018 through June 30, 2019.

#### **FY19 (FFY18) Federal Funding Amounts**

Community Development Block Grant (CDBG)	\$1,918,213.00
HOME Investment Partnerships Program*	\$1,597,353.00
Emergency Shelter Grant	\$156,262.00
Total	\$3,671,828.00

*\*HOME funds are apportioned among the 13 members of the WestMetro HOME Consortium*

#### **Community Development Block Grant funds**

The City has allocated CDBG funding to four general categories: Housing/Homelessness, Human Services/Public Services, Architectural Access, and Program Administration. These categories are funded based on the priorities and needs detailed in the FY16-20 Consolidated Plan.

#### *Housing/Homelessness*

The majority of funds (approximately 59.5 percent) will be allocated to Affordable Housing/Homelessness projects to be identified during the FY19 program year. This funding will be used to facilitate housing rehabilitation, site acquisition, and development of units for low- and moderate-income households.

## Expected Resources

### AP-15 Expected Resources - 91.420(b), 91.220(c)(1,2)

#### 1. Introduction

The City of Newton anticipates receiving \$3,671,828.00 in CDBG, HOME and ESG funds, plus an additional \$125,000 in program income, during the July 1, 2018- June 30, 2019 program year. The \$543,280.55, in CDBG and HOME program income, received by the City in FY18 (FFY17) will also be used as a resource in FY19 (FFY18). Investments are targeted to a myriad of community needs and priorities identified in the FY16-20 Consolidated Plan and include the development and preservation of affordable housing, homelessness assistance and prevention, human services, architectural access and program administration. To maximize the impact of these HUD entitlement funds, the City strategically leverages additional funds and partnerships whenever possible.

See AP-15: Anticipated Resources at the end of this section.

#### 2. Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The City will use federal funds to leverage additional resources in several ways. With respect to affordable housing projects, federal HOME and CDBG funds will be complemented with City-controlled Community Preservation Act (CPA) funding to produce and preserve affordable units whenever possible. CPA funding provides the flexibility to produce mixed-income developments, as this funding source can be used to support households earning up to ~~100~~99% of AMI. Available Ffunding collected as a result of the City's Inclusionary Zoning Ordinance can further supplement~~s~~ these resources. Inclusionary Zoning (IZ) funds are collected from developers of multi-family housing projects in lieu of providing affordable units on site. During the needs assessment meetings held in preparation for developing the FY16-20 Consolidated Plan, many participants, particularly older adults, expressed the need for more mixed-income housing opportunities in the City. These developments should have market-rate, moderately-priced and restricted affordable units and be located in village centers or close to transportation and amenities. A combination of public investments using CDBG, HOME, CPA and IZ funding, in addition to other state investments (such as tax credits etc.) and private financing, should facilitate affordable housing development in Newton.

Relative to CDBG human services, and ESG, respondents to the City's request for proposals (RFP)

households. In FY19 (FFY18) the program will leverage \$100,000 in Community Preservation (CPA) funds. The Waltham Housing Authority was awarded 2.3 million dollars in CPA funds for a local housing voucher program which is estimated to serve 50 households for three years. The City's TBRA program will work in tandem with the WHA's housing voucher program to provide security deposits to these 50 households.

As a result of the November 2016 election, Watertown adopted the Community Preservation Act (CPA). The Town enacted a two percent surcharge, and has created the property assessment and taxation infrastructure to collect and sequester these funds. The CPA funds can be used in the future to leverage federal HOME funds.

**3. If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan**

Several affordable housing projects are underway in the City of Newton that will help to further leverage those goals identified with federal funds and address those needs outlined in the FY16-FY20 Consolidated Plan.

The City of Newton is actively ~~working on~~helping to facilitate the creation of nine to twelve units of non-age-restricted housing for chronically homeless adults with disabilities. An underutilized, 16,900 square foot city parcel, located at 160 R Stanton Avenue, was one of those selected specifically ~~-for the creation of nine to twelve units of non age restricted permanent supportive housing for chronically homeless adults with disabilities~~this purpose. Jewish Community Housing for the Elderly (JCHE) was chosen as the housing developer through the City's public procurement process. JCHE is now advancing development ~~efforts, and efforts and~~ has begun taking steps to engage the neighborhood and determine financing options, which may include a combination of Low Income Housing Tax Credits (LIHTC), DHCD Affordable Housing Trust, Innovation and Stabilization Funds. ~~The first n~~ Neighborhood meetings ~~was~~ have been held February 15, 2018, and May 7, 2018.

Land owned by the City of Newton at 70 Crescent Street, containing approximately 60,000 square feet, is the site of a future mixed-income rental project that will include a total of eight housing units and the expansion of the adjacent Reverend Ford Playground. Two of the rental units will be affordable to households earning ~~50~~60% of the Area Median Income (AMI) and three of the units will be affordable to households earning 80% of the AMI. The parcel will be reviewed through the municipal site approval process in lieu of a special permit. The City is still determining financing options.

In 2013, a 12.8 acre parcel was conveyed to the Concord Housing Development Corporation by the Commonwealth of Massachusetts to be used solely for open space and affordable housing. Concord plans to develop Junction Village, an affordable assisted living facility, on this site. The

## Annual Goals and Objectives

### AP-20 Annual Goals and Objectives - 91.420, 91.220(c)(3)&(e)

#### 1. Goals Summary Information

The City of Newton receives Community Development Block Grant (CDBG), HOME Investment Partnership (HOME) and Emergency Solutions Grant (ESG) funds from the U.S. Department of Housing and Urban Development (HUD). These funds are utilized to address housing and community development needs in the City of Newton and housing needs in the WestMetro HOME Consortium communities. The FY19 (FFY18) Annual Action Plan identifies eight goals for the City of Newton.

##### *Goal 1: Production of affordable housing*

In FY19 (FFY18), CDBG and HOME funding allocated to the City of Newton will continue to be used for a variety of programs and activities to preserve and expand affordable opportunities across the City. In alignment with the FY16-FY20 Consolidated Plan, the Division will seek to fund affordable housing projects within mixed-income developments near transit and village centers. They will also seek to identify projects that expand the stock of accessible and visitable housing. Through ~~FY19 and~~ prior year CDBG and HOME funding, it is also anticipated that 9 units of affordable rental housing will be completed ~~through a combination of CDBG and HOME assistance~~. The 83-85 West Street project, owned by the Housing Authority, includes the acquisition and rehabilitation of an existing duplex to create two units affordable to households earning 80% of the Area Median Income. The Division will also complete the close out of seven (7) additional units created through acquisition, rehabilitation, and new construction at Myrtle Village. Two of these units will be HOME-assisted units. Inclusionary zoning and Chapter 40B Comprehensive Permit projects will create an additional 73 affordable rental units and two affordable homeownership units, leveraged with non-federal resources. Please see the appendix for additional information on these units.

Staff will continue to administer a Downpayment/Closing Cost Assistance program to support and expand sustainable homeownership among low- and moderate-income households in Newton. The program will target homeownership opportunities in new and existing deed restricted homeownership units. It is anticipated that three income eligible homebuyers will be assisted through the CDBG Downpayment/ Closing Cost Assistance program in FY19. The City intends to support up to two income-eligible homebuyers who will be purchasing the affordable units at 1521 Beacon Street (a 40B Comprehensive Permit project) and at least one income-

eligible homebuyer who will be purchasing a home through the City's First-Time Homebuyer Resale Program.

*Goal 2: Rehabilitation of housing*

Staff will continue to market and administer the Housing Rehabilitation program (Rehabilitation program) on a rolling basis, which provides homeowners and qualifying nonprofit organizations with deferred payment loans for repairs and improvements aimed at addressing issues related to health, safety, and building code violations. In FY19 (FFY18), the Rehabilitation program will also be expanded to include existing accessory apartments and lodging houses that require repairs to ensure resident health, safety, and building code compliance. Expansion of the program was a direct result of the recent adoption of the City's Accessory Apartment Ordinance and the Lodging House Ordinance. Through FY19 and prior year funding, it is anticipated that approximately five units of homeowner housing will be rehabilitated through CDBG assistance.

*Goal 3: Provision of supportive services to the homeless and at-risk of homeless*

With respect to the Emergency Solutions Grant (ESG), \$156,262 was allocated through a competitive RFP process for local agencies to provide emergency shelter, supportive services, rapid rehousing, and homelessness prevention assistance to homeless and at-risk individuals and families. The City of Newton, Balance of State (BoS) CoC and the former BNWW providers balance consideration of the population's greatest needs in the immediate region and HUD's increased emphasis on funding rapid re-housing and homelessness prevention. During FY19 (FFY18), ESG funding will support 8 programs across 5 sub-grantees.

*Goal 4: Assistance to transition homeless individuals and families to permanent housing*

The Tenant-Based Rental Assistance (TBRA) program has traditionally assisted families at or below 60% of the AMI, with rental vouchers directed toward families experiencing homelessness whenever possible. In FY19 (FFY18), the City will continue to fund TBRA assistance for one household that was selected in FY16 (FFY15) and one household that was selected in FY17 (FFY16), for successful placement in rental homes. FY19 (FFY18) will be the third and final year of assistance for the TBRA households selected in FY16 (FFY15). The City will not issue a new voucher for FY19 (FFY18) as staff considers the extensive administrative undertaking of TBRA, limited available capacity and overall priorities. The Division may reevaluate this goal in the future.

*Goal 5: Creation of permanent and supportive housing for the homeless*

In FY17 (FFY16), the City of Newton released its city-wide housing strategy, *Newton Leads 2040 Housing Strategy* (Strategy), which established the goal of creating an additional 800 Subsidized

Housing Inventory units in the City by 2021 through a number of targeted policies and action steps. The Strategy identified six sites that could potentially accommodate nine to twelve units of permanent supportive housing for chronically homeless individuals. In FY18, the City issued a Request for Proposals for the development of non-age restricted permanent supportive housing for chronically homeless adults with disabilities at 160 R Stanton Avenue. Jewish Community Housing for the Elderly (JCHE) was selected as the developer and will continue to advance development efforts on this project in FY19. [JCHE is advancing efforts to engage the neighborhood and determine financing options, which may include a combination of Low Income Housing Tax Credits \(LIHTC\), DHCD Affordable Housing Trust, Innovation and Stabilization Funds.](#)

*Goal 6: Increase awareness of fair housing policies and practices*

Consistent with the 2015-2020 WestMetro HOME Consortium Regional Fair Housing Plan, the City, in conjunction with the Fair Housing Committee, will continue to collaborate to increase knowledge about fair housing laws and obligations, identify and address discriminatory actions, increase the capacity of the City and Consortium to affirmatively further fair housing and advance access to housing opportunity. City staff will continue to be trained on the fair housing obligations and will in turn develop and sponsor programs to educate elected officials, decision makers, and the general public about these obligations. The City, WestMetro HOME Consortium and FHC will also initiate development of the 2021-2025 Regional Analysis of Impediments, which in addition to the above measures, will involve conducting an updated Analysis of Impediments to Fair Housing Choice and outline meaningful goals and objectives to undertake in overcoming identified barriers.

*Goal 7: Provision of human services*

Human service grants will support 15 public service agencies and organizations during FY19 (FFY18). A total of \$321,230 was distributed through a competitive process held in conjunction with the ESG RFP. Selected programs cover a wide range of services that will address the needs vulnerable populations parallel to the Brookings Institution's "Benchmarks for Success" model recently adopted and adapted by the City. These programs will directly benefit low-to-moderate income youth, families, persons with disabilities, and seniors, and assist in moving families out of poverty. An estimated 2,014 people will be served through the human service program over the next program year.

*Goal 8: Implementation of architectural accessibility improvements for persons with disabilities*

Five and a half percent of CDBG funds, \$105,000 will be allocated to the installation of an ADA accessible bathroom on the first floor of City Hall.

*HOME Consortium Goals*

## **AP-35 Projects - 91.420, 91.220(d)**

### **1. Introduction**

During the fourth year of the 2016-2020 Consolidated Plan, funding will continue to address unmet community needs and continuing commitments to priority multi-year initiatives. Proposed projects and activities remain consistent with HUD priorities, seeking to primarily assist vulnerable low-to-moderate income residents through the creation and preservation of decent housing, suitable living environment and expanded economic opportunity.

See sheet [AP-35: Projects](#) at the end of this section.

### **2. Describe the reasons for allocation priorities and any obstacles to addressing underserved needs**

Division staff allocated CDBG funding to five general categories: Housing/Homelessness, Human Services/Public Services, Architectural Access, and Program Administration. These categories are funded based on the priorities and needs detailed in the FY16-20 Consolidated Plan.

#### **Housing/Homelessness**

The majority of funds (approximately 59.5 percent) will be allocated to Affordable Housing/Homelessness [projects to be identified during the FY19 program year](#). This funding will be used to facilitate housing rehabilitation, site acquisition, and development of units for low- and moderate-income households.

#### **Human Services/Public Services**

The Human Service Grants will fund 15 public service agencies and organizations during FY19 (FFY18). These programs directly benefit low-to-moderate income residents, offering a critical network of supports to provide essential services for low-to-moderate income children, youth, families, adults, seniors and persons with disabilities and assist in moving vulnerable families out of poverty. The City intends to allocate 15 percent of CDBG funds, \$321,230, the maximum allowed by regulation.

#### **Architectural Access**

Five and a half percent (\$105,000) of the City's annual CDBG allocation will be directed to the installation of an ADA accessible bathroom on the first floor of City Hall.

#### **Program Administration**

The maximum allowable amount of 20 percent will be allocated toward program administration.

The FY19 (FFY18) CDBG allocation for the City of Newton is 10.5 percent more than the City's FY18 (FFY17) allocation. The HOME allocation also increased, by 37.6 percent, and the ESG



## Affordable Housing

### AP-55 Affordable Housing - 91.420, 91.220(g)

#### 1. Introduction

In FY19 (FFY18), CBDG and HOME funding allocated to the City of Newton will continue to be used for a variety of programs and activities to preserve and expand affordable opportunities across the City. The Division seeks to identify projects that align with priority needs outlined in the FY16-FY20 Consolidated Plan and increase the stock of accessible and visitable housing. Inclusionary zoning and Chapter 40B Comprehensive Permit projects will also create an additional 73 affordable rental units and two affordable homeownership units, leveraged with non-federal resources. It is anticipated that these efforts will result in 73 units of affordable rental housing and 2 units of affordable homeownership housing created through a combination of CBDG/HOME assistance, inclusionary zoning, and Chapter 40B Comprehensive Permit projects (please see the appendix for additional information on these units).

~~In addition to the new units that will be created in FY19 (FFY18), t~~The City will also continue to support ~~projects that are currently in various stages of development, but not yet permitted. This includes~~ the creation of nine to twelve units of non-age restricted permanent supportive housing for chronically homeless adults with disabilities. These units will be incorporated into the proposed expansion of the Jewish Community Housing for the Elderly's (JCHE) existing Golda Meir House, which already includes 199 units of affordable senior housing with extensive programming and services.

In September 2017, the City issued a Request for Proposals for the reuse of the City-owned water tower site on Stanton Avenue, which directly abuts the Golda Meir House. Prior to the issuance of the RFP, the City Council approved the disposition and rezoning of the property to facilitate affordable housing development for chronically homeless adults with disabilities. In October 2017, the City chose to move forward with JCHE's proposal and will sell this publicly owned land to ~~the~~JCHE in order to connect the old and new buildings into one vibrant affordable housing community.

Housing Division staff have played a crucial role in the progress of this project and will continue to oversee the development process on behalf of the City, particularly as it relates to ensuring the inclusion of the nine to twelve units for chronically homeless adults with disabilities. ~~The first community meeting for this project took place~~ Community meetings have been held on February 15, 2018 and May 7, 2018. JCHE is expected to apply for a Chapter 40B Comprehensive Permit in the fall of 2018 and is currently in the process of determining their financing options.

In FY17 (FFY16), the City completed the *Newton Leads 2040 Housing Strategy* (Strategy), which established the goal of creating an additional 800 Subsidized Housing Inventory units in the city by 2021, through a number of targeted policies and action steps. The Strategy identified possible locations for affordable housing (including the water tower site next to the Golda Meir House) and housing types appropriate for those locations, in addition to policies that can be implemented to expand diverse housing choices in Newton. The City began implementing the Strategy in FY17 (FFY16) and will continue this work in FY19 (FFY18).

In FY19 (FFY18), the City will administer programs that were successful in FY18 (FFY17) as well as develop and administer new programs which support housing opportunities in Newton:

- The City will make CDBG and HOME funds available for the rehabilitation and creation of new affordable rental units. Projects will be identified during the FY19 program year. In addition, the City will work to strengthen its relationship with existing housing providers in order to support diverse housing choices in Newton.
- Staff will continue to market and administer the Housing Rehabilitation program (Rehabilitation program), which provides homeowners and qualifying nonprofit organizations with deferred payment loans for repairs and improvements aimed at addressing issues related to health, safety, and building code violations. The Division anticipates that five units will be rehabilitated in FY19 (FFY18). Over the past year, the City has expanded the allowable scope of work available through the Housing Rehabilitation Program for the Newton Housing Authority and other nonprofit housing organization projects in order to more comprehensively address critical repairs for health and human safety. Previously, allowable work was limited solely to accessibility improvements. In FY19 (FFY18), the City will consider expanding the Rehabilitation program to existing accessory apartments and existing lodging houses that require repairs to ensure resident health, safety, and building code compliance. Expansion of the program will be evaluated in conjunction with the recent adoption of the Accessory Apartment Ordinance and the Lodging House Ordinance.
- Staff will administer a downpayment/closing cost assistance program to support and expand sustainable homeownership among low- and moderate-income households in Newton. The program will target homeownership opportunities in new and existing deed restricted homeownership units. The City intends to support up to three first-time homebuyers.
- One new Chapter 40B Comprehensive Permit projects will be completed in FY19 (FFY18). This project includes an 8-unit mixed-income homeownership project, featuring 2 affordable homeownership units.