



Real Property Reuse Committee Report

City of Newton In City Council

Tuesday, March 21, 2017

Present: Councilors Albright (Chair), Gentile, Crossley, Danberg, Fuller, and Kalis

Absent: Councilors Lennon and Brousal-Glaser

City staff present: James Freas (Deputy Director of Planning & Development)

Chair's Note: The Chair provided the attached information on how affordable housing gets built. The information includes the below link that provides an interactive tool that shows how different decisions dictate the number of units and the affordability level of the units.

<http://apps.urban.org/features/cost-of-affordable-housing/>

Item recommitted by the full Council on February 6, 2017:

#360-16 Reuse of the Stanton Avenue water tower site

DIRECTOR OF PLANNING & DEVELOPMENT submitting on October 7, 2016 a letter stating that the water tower site located at Stanton Avenue declared surplus by the COMMISSIONER OF PUBLIC WORKS on September 15, 2016, should be declared unnecessary for municipal purposes pursuant to Ordinance Section 2-7. [10/10/16 @ 10:48 PM]

Action: Real Property Reuse Approved 6-0

Note: The above item was recommitted on February 6, 2017 for further discussion on setting a minimum price for the sale of the Stanton Avenue water tower site. Assistant City Solicitor Ouida Young provided the attached two versions of additions to the draft Council Order as proposed by two committee members. The attached e-mail was provided to the Committee by the Director of Assessing stating that the property is assessed at \$518,200 because of the landlocked nature of the site and its proximity to a parking lot and MBTA tracks. It was pointed out that a developer could buy the site, negotiate an easement for a driveway with an abutting property owner, which would at least double the value of the property. In addition, assessed values are generally lower than appraised values for real estate.

The first additions are part of the terms of sale section of the draft council order. These additions include setting a minimum price of \$500,000 less the costs to the purchaser to demolish the existing water tower. There is also language that specifies that the purchaser provide a temporary and permanent site(s) for the City's utility monitoring antenna currently located on the water tower. In addition, the terms of sale language makes it clear that the purchase price shall also be reduced by any expense the purchaser incurs in relocating the City's monitoring antenna. The additions are being proposed to balance the Council's desire to see affordable housing on the site and its fiscal responsibility to the taxpayer.

The Department of Public Works received a quote of between \$300,000 and \$400,000 to remove the water tower. The cost varies depending on the presence of lead and the level of environmental remediation required. It was stated that often times it is significantly less expensive for a private entity to undertake this type of project due to public bid laws.

The City and representatives of the Jewish Community Housing for the Elderly (JCHE), which owns the Golda Meir House that abuts the Stanton Avenue water tower property, have met and discussed logistics and a licensing agreement for the utility monitoring antenna. Both parties continue to work on a final resolution. Language related to the antenna that further specifies antenna logistics can be included in the Request for Proposal for the water tower site.

The Committee discussed the possibility of including additional language to reduce the minimum price if an affordable housing developer is able to provide a large portion of the units within the development at or below 50% of the area median income. There was concern that if the minimum price is reduced too much, the City could end up paying the developer depending on the cost of removing the tower and costs associated with the utility monitor antenna. In addition, if a developer were to provide housing at or below 50% of the area median income, it would require sustained funding over the long-term through state and/or federal subsidies. The City can also push for a greater degree of affordability later in the process through the permitting process, whether it is a special permit or comprehensive permit through the 40B process.

The Planning and Development Department would like to see a response to the RFP for the water tower site that is for affordable housing with 100% of the units affordable but if that is not achievable, the project should be super majority affordable similar to the existing Golda Meir House. In addition, all of the units in a proposed affordable housing project would be included as part of the State's Housing Inventory List. It is important to the Real Property Reuse Committee that the highest degree of affordability is reached.

Once the property is declared surplus, the City will issue a Request for Proposal (RFP) for the site. Representatives of the JCHE confirmed that they will respond to the RFP. The JCHE will begin to develop formal plans for the water tower site if they are the successful respondent to the RFP. If they are successful, they will make a determination whether to go forward with the 40B process or a special permit process. Both permitting processes are public and the representative of JCHE stated that they will include community engagement in their planning process.

The second proposed addition to the draft council order clarifies that the purchaser or the water tower site is required to work with the neighborhood including abutting property owners, Councilors, and the Director of Transportation and Planning Department staff to address the impact of any proposed structures including visual and /or shadows and mitigation of construction impacts along with any traffic and parking issues.

Arieh Coll, 103 Stanton Avenue, asked if JCHE had a sense of how they would be using the water tower site for additional units at the Golda Meir House. A representative of JCHE explained that they would like to do an addition to an existing building and use the water tower site to

address site issues like parking but need to study and work with an architect to determine the best approach. They would like to build the addition downhill on the side of the existing building closer to the existing parking lot but they cannot commit to that location. The addition's location will be addressed during the design development phase of the project if JCHE is the successful respondent. General Manager of Braeburn Country Club was present for the discussion but did not comment.

Councilor Gentile moved approval of the inclusion of both additions to the draft Council Order and the main item, which all carried unanimously.

The Committee adjourned at 7:50 PM. The draft Council Order for Docket Item #360-16 is attached.

Respectfully submitted,

Susan S. Albright, Chair



Urban Wire :: Housing and Housing Finance

The voices of Urban Institute's researchers and staff



How affordable housing gets built



Pamela Blumenthal, Ethan Handelman, Alexandra Tilsley | *July 27, 2016*

A version of this post originally appeared on [Redfin](#).

Financing affordable housing isn't easy.

Our [new interactive tool](#) shows that without subsidies, which can be hard to come by, it's virtually impossible for developers to build homes that are affordable to low- or extremely low income families. That's because lenders loan money for housing development based on the property's expected income, and when rents are set to affordable levels, there's a huge gap

between the money needed to build and the money lenders and investors provide.

Yet, new affordable apartment buildings—albeit [not enough](#) of them—are built. So how do those developers do it?

The primary source of development funding is the [Low-Income Housing Tax Credit](#) (LIHTC), a federal tax credit administered by state agencies. Most affordable housing that gets built receives an allocation of tax credits. (You'll see in our simulation that the LIHTC tax credits are the default for 100-unit buildings.)

To receive tax credits, a proposed development must dedicate at least either 20 percent of its apartments to people who earn less than half of the area median income or 40 percent of its apartments to people who earn less than 60 percent of area median income. To be affordable, the rent for those apartments must be no more than 30 percent of the target income level. In practice, most properties dedicate most or all of the units to affordable use.

Yet, even if a proposal meets these conditions, tax credits aren't guaranteed. States allocate tax credits through a competitive process that varies by state and in most places has many more applications than available credits.

And even if you get the tax credit, as our tool shows, it's not enough. This is where developers have to get even more creative.

Most affordable housing financing deals involve a mortgage, tax credits, and two or three other sources of money. It's not uncommon, however, for developers to rely on upward of 20 financing sources as they try to fill the gap between what it costs to build affordable housing and the money they have available.

Some of that money comes from federal block grants like the HOME Investment Partnerships Program or the Community Development Block Grant Program. Some of it comes from foundations, local trust funds, or state housing trust funds. Sometimes states or localities will give developers relief from their property taxes. There are also tax credits for clean energy or for using a historic building. In rural areas, the US Department of Agriculture sometimes subsidizes affordable housing.

And then there's [rental assistance](#); the promise of federal rental assistance can make a big difference in the development stage because developers can confidently tell lenders and investors that they will have renters and those

renters will be able to pay (because the government is actually paying much of the rent). [Rental assistance](#) allows developers to serve lower-income renters while still ensuring necessary revenue to operate the property and pay debt service. Still, [only about one in four](#) people with low enough income to qualify for housing assistance [actually receives it](#).

The problem with this multitude of funding sources—besides the fact that funds are limited—is the lack of standardization. Most of these tax credits and subsidies are awarded through competitive processes, but those processes often run on different timelines and require different applications. And if you need even three or four funding sources beyond the LIHTC to move forward with a proposed apartment building, winning one grant but having to wait six months for another can be fatal to the project. (Some states, such as [Massachusetts](#) and [Minnesota](#), coordinate the state-run grant and tax credit programs to mitigate this problem).

Funders also change what they want to fund. For example, Illinois recently prioritized housing in areas of opportunity in awarding grants to affordable housing developers. This year, however, they've added priorities for projects that help with community revitalization. Changing allocation year to year is mostly good from a public policy perspective, because it means public dollars flow to highest need. But shifting priorities can pose a challenge to developers looking to build affordable housing, because acquiring land, planning a development, and applying for funds is a multiyear process.

Given that developers must rely on many sources—sometimes as many as 29—beyond a mortgage loan and the LIHTC tax credit to build affordable housing, it's important for states to consider ways to better coordinate the variety of grants and tax relief opportunities available, and it's important for all levels of government to ensure there are enough subsidy funds available to meet the need. Developers must overcome many obstacles, such as permitting, land acquisition, and gaining community support. Governments should take steps to make sure closing the financing gap is not the obstacle that dooms development.

The Assisted Housing Initiative is a project of the Urban Institute, made possible by support from HAI Group, to provide fact-based analysis about public and assisted housing. The Urban Institute is a nonprofit, nonpartisan research organization and retains independent and exclusive control over substance and quality of any Assisted Housing Initiative products. The views expressed in this and other Assisted

Housing Initiative commentaries are those of the authors and should not be attributed to the Urban Institute or HAI Group.

Ethan Handelman is vice president for policy and advocacy at the National Housing Conference. He serves on the board of Housing Unlimited, a nonprofit in Montgomery County, Maryland.

Illustration by Christina Baird/Urban Institute

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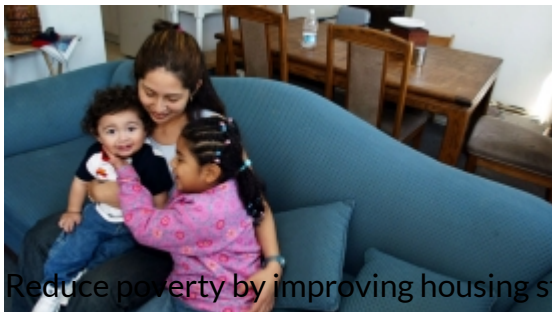
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Shawna Sullivan

From: Susan Albright <susansophia.albright@gmail.com>
Sent: Monday, March 20, 2017 1:34 PM
To: Scott F. Lennon; Barbara Brousal-Glaser; Leonard J. Gentile; Deborah J. Crossley; Victoria Danberg; Ruthanne Fuller; David Kalis; Shawna Sullivan
Subject: Fwd: assessment question about the stanton ave site

Dear all

I asked Ms Dromey for guidance on the values of the Stanton Ave Water Tower site. I'm forwarding her response to the Committee to help inform our discussion on Tuesday night.

Thanks
Susan

----- Forwarded message -----

From: **Elizabeth Dromey** <dromey@newtonma.gov>
Date: Mon, Mar 20, 2017 at 10:35 AM
Subject: RE: assessment question about the stanton ave site
To: Susan Albright <susansophia.albright@gmail.com>

Dear Councilor Albright,

The assessed value for the land locked 16,900 square foot parcel with the water tower at 160 R Stanton Avenue is \$518,200.

The parcel has a limited buyer pool, since it is land locked. The most probable buyers would be abutters: the Golda Meir House, the Brae Burn Country Club, or the MBTA.

I have contacted John Lojek to get his opinion on what it would take to get permission to construct a single family house on this parcel. I suspect it would be a long process

and involve securing an easement from one of the abutters who has street frontage. John was about to go into a meeting and says he will call me later today.

While this land locked parcel abuts a golf course, usually considered a desirable attribute for a developable residential property, it also abuts the Golda Meir parking lot, usually considered a negative attribute, and

is near the MBTA tracks, also a negative attribute.

If this property can be developed as a single family house, the developer would expect to earn 2 ½ times what he or she paid to acquire the property. If the developer has to pay the legal fees to

secure the development rights, he or she will have to include those costs as part of the cost to purchase and would subsequently pay less to acquire the property. If the cost to demolish the water tower

will be the developer's responsibility, that cost will also come out of the property acquisition price.

If you would like to talk about this, I am available most of today.

Best regards,

Elizabeth

Elizabeth Dromey

Director of Assessment Administration

City of Newton

1000 Commonwealth Avenue

Newton, MA 02459

dromey@newtonma.gov

[617-796-1160](tel:617-796-1160)

From: Susan Albright [mailto:susansophia.albright@gmail.com]

Sent: Sunday, March 19, 2017 10:02 AM

To: Elizabeth Dromey

Subject: assessment question about the stanton ave site

Dear Elizabeth,

As you may know the stanton ave water tower site, once taken from the golf course for the water tower, has now been made available for reuse. The Real Property Reuse Committee will be meeting this Tuesday night to discuss whether and how much money the city should get for the land. Because whoever gets the land will have to take down the water tower at a cost of approximately \$300,000 there are some who say that that is enough to pay for the land which will be reused to create affordable housing (most likely by Golda Meir).

I realize that what the committee decides to ask for the land is a policy decision to be made by the committee but it would be useful to have an approximate idea about the value of the land. Some say it is a small land locked piece of land and has little value and others say a multi-million dollar house could be build on the property so it has tremendous value.

I wonder if you have time to talk about this on Monday. Your help in thinking this through would be appreciated. Let me know when you might have time to talk. We can either talk by phone or I can come into City Hall.

--

Susan Albright
Councilor-at-Large Ward 2

Newton City Council

When responding, please be aware that the Massachusetts Secretary of State has determined that most email is public record and therefore cannot be kept confidential.

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Susan Albright
Councilor-at-Large Ward 2
Newton City Council

Red-line Version

TERMS OF SALE

That the minimum price for the sale of the property shall be set at \$500,000 less the costs to the purchaser of demolishing the existing water tower within 6 months of closing in accordance with the demolition specifications provided by the Department of Public Works including any environmental remediation if needed. In addition the purchaser shall also provide the following benefits to the City as part of the purchase price:~~with no minimum monetary price but shall obligate the purchaser to provide at its sole expense the following: a) demolish the existing water tower within 6 months of closing in accordance with to the demolition specifications provided by the Department of Public Works; b~~a) provide a temporary and permanent site(s) for the City utility monitoring antenna(s) located on the existing water tower according to the needs and specifications of the Department of Public Works; e~~b) create permanently deed restricted affordable housing units; and c) include, at a minimum, the additional public benefits set forth in the resolution section of this Council Order. The monetary purchase price shall also be reduced by any expenses the purchaser may incur in relocating the City's monitoring antenna(s).~~

Clean Version

TERMS OF SALE

That the minimum price for the sale of the property shall be set at \$500,000 less the costs to the purchaser of demolishing the existing water tower within 6 months of closing in accordance with the demolition specifications provided by the Department of Public Works, including any environmental remediation if needed. In addition the purchaser shall also provide the following benefits to the City as part of the purchase price: a) provide a temporary and permanent site(s) for the City's utility monitoring antenna(s) located on the existing water tower according to the needs and specifications of the Department of Public Works; b) create permanently deed restricted affordable housing units; and c) include, at a minimum, the additional public benefits set forth in the resolution section of this Council Order. The monetary purchase price shall also be reduced by any expenses the purchaser may incur in relocating the City's monitoring antenna(s).

Red-line Version

5. As part of the disposition agreement, require that the purchaser work with the surrounding neighborhood , abutting properties owners, the Ward 4 Councilors and the Director of Transportation and/or Planning Department staff as appropriate regarding the following issues: a) ~~and the Director of Transportation regarding~~ on-site and off-site traffic and parking issues; b) impact of any proposed structure(s) on the property including visual and/or shadows; and c) mitigation of construction related impacts, -

Clean Version

5. As part of the disposition agreement, require that the purchaser work with the surrounding neighborhood , abutting properties owners, the Ward 4 Councilors and the Director of Transportation and/or Planning Department staff as appropriate regarding the following issues: a) on-site and off-site traffic and parking issues; b) impact of any proposed structure(s) on the property including visual and/or shadows; and c) mitigation of construction related impacts.

CITY OF NEWTON
IN CITY COUNCIL

, 2017

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 His Honor the Mayor be and is hereby authorized to sell the land commonly known as the Stanton Avenue Water Tower site, located behind 160 Stanton Avenue, containing approximately 16,900 square feet of land, identified as Section 43, Block 45, Lot 33, in Ward 4, in a Public Use zoned district, and,

The property shall be sold, subject to the minimum financial terms and conditions as voted by the Honorable City Council as set forth as follows:

TERMS OF SALE

That the minimum price for the sale of the property shall be set at \$500,000 less the costs to the purchaser of demolishing the existing water tower within 6 months of closing in accordance with the demolition specifications provided by the Department of Public Works, including any environmental remediation if needed. In addition the purchaser shall also provide the following benefits to the City as part of the purchase price: a) provide a temporary and permanent site(s) for the City's utility monitoring antenna(s) located on the existing water tower according to the needs and specifications of the Department of Public Works; b) create permanently deed restricted affordable housing units; and c) include, at a minimum, the additional public benefits set forth in the resolution section of this Council Order. The monetary purchase price shall also be reduced by any expenses the purchaser may incur in relocating the City's monitoring antenna(s).

FURTHER BE IT RESOLVED:

1. In recognition of the significant need for affordable housing options serving Newton's growing senior population that the property be sold for the purpose of creating permanently deed restricted affordable housing that will qualify for the SHI inventory and to the extent permitted by law and regulation include a local residence preference for Newton seniors.
2. That development of the site should incorporate design practices to minimize energy use and mitigate stormwater impacts.

3. That prior to the issuance of a Request for Proposals to dispose of the property, the property should be rezoned to an appropriate zone.
4. That the City should provide sufficient information to the purchaser regarding the existing site conditions including, but not limited to, land surveying, contamination, adequacy of water and sewer services, and traffic data that may help determine the need for additional infrastructure improvements and/or development costs provided that the gathering of such information can be performed in-house and within existing departmental budgets.
5. As part of the disposition agreement, require that the purchaser work with the surrounding neighborhood, abutting properties owners, the Ward 4 Councilors and the Director of Transportation and/or Planning Department staff as appropriate regarding the following issues: a) on-site and off-site traffic and parking issues; b) impact of any proposed structure(s) on the property including visual and/or shadows; and c) mitigation of construction related impacts.