

Newton Housing Authority Acquisition of CAN-DO Portfolio

Community Preservation Committee
Planning and Development Board
February 11, 2020

Amy Zarechian, Executive Director
Vincent O'Donnell, Commissioner



Newton Housing Authority

- **Newton Housing Authority (NHA)**

- Established in 1959
- Largest provider of affordable housing in Newton
- Over 1300 residents
- 500 public housing units
- 441 Rental Assistance Vouchers
- 57 management units

- **Mission of the NHA**

- Provide a high standard of housing
- Create a sense of community for residents
- Increase affordable housing opportunities in City of Newton
- Provide robust social services



Jackson Gardens

NHA Programs

- **Federal Public Housing**
 - 298 units for seniors and individuals with disabilities
 - Funded by operating and capital subsidies from US Housing and Urban Development (HUD)
- **State Public Housing**
 - 216 units for families, elders, and individuals with disabilities funded by operating and capital subsidies from MA Dept. of Housing and Community Development (DHCD)
- **Housing Choice Voucher Program (Section 8)**
 - 441 federally subsidized vouchers
 - Includes 15 vouchers set-aside for victims of domestic violence
- **YMCA Project-Based Section 8**
 - 25 project-based section 8 vouchers at the West Suburban YMCA for single, homeless men
- **Mass Rental Voucher Program**
 - 32 state-subsidized vouchers

NHA Management Program

- **Management Portfolio**

- 57 units of NHA owned and operated unsubsidized units
- Purchased with Inclusionary Zoning Funds
- Occupied by NHA Section 8 voucher holders
- Locations:

52-54 Wyman Street

76 Webster Park

1115 #8 Beacon Street

23 Considine Rd.

15-17 Jackson Terrace

45 Pelham Street

83-85 West Street

68-70 Wyman Street

36, 38, 40, 46 Crescent St.

9A, 17A Baldwin Street

50-52 Fuller Street

31 Murray Rd.

90 Newtonville Ave.



52-54 Wyman Street

NHA Resident Services

Tenant Demographics

Federal Public Housing:

- 67% Elderly (62yrs +)
- 33% Persons with disabilities
- 30% Mandarin speaking

State Public Housing:

- 33% Under 18 years old
- 14% Persons with disabilities

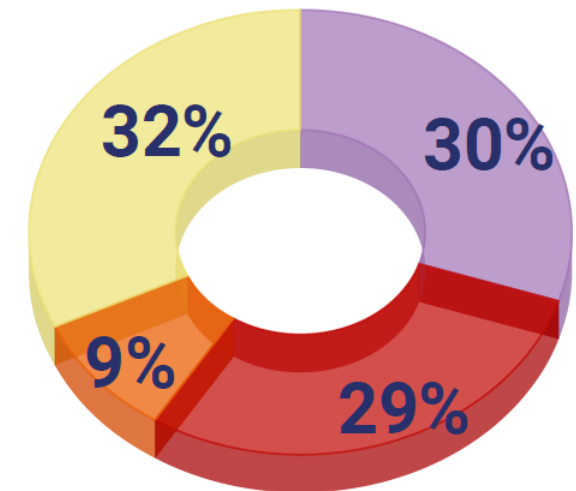
Resident Services Department

2 Licensed Social Workers- fluent in Spanish and Mandarin

102 clinical cases open in 2019- 48% clinical cases involved mental health as contributing factor

262 residents served in 2019

Residents Utilizing RSD in 2019









Family (Purple), Disabled (Red), Older Adult (Orange), Older Adult/Disabled (Yellow)

CAN-DO Acquisition











- CAN-DO and Metro West Collaborative Development have disaffiliated and Metro West CD management contract expired 1/31/2020
- NHA began a due diligence process, looking carefully at financial projections and commissioning a Capital Needs Assessment
- Due diligence has shown that the portfolio does not have sufficient operating income to break even over time and does not have the reserves necessary for long-term management
- NHA committed to increasing the number of affordable units in the City and preserving CAN-DO portfolio as an important resource, particularly for the vulnerable tenant population served

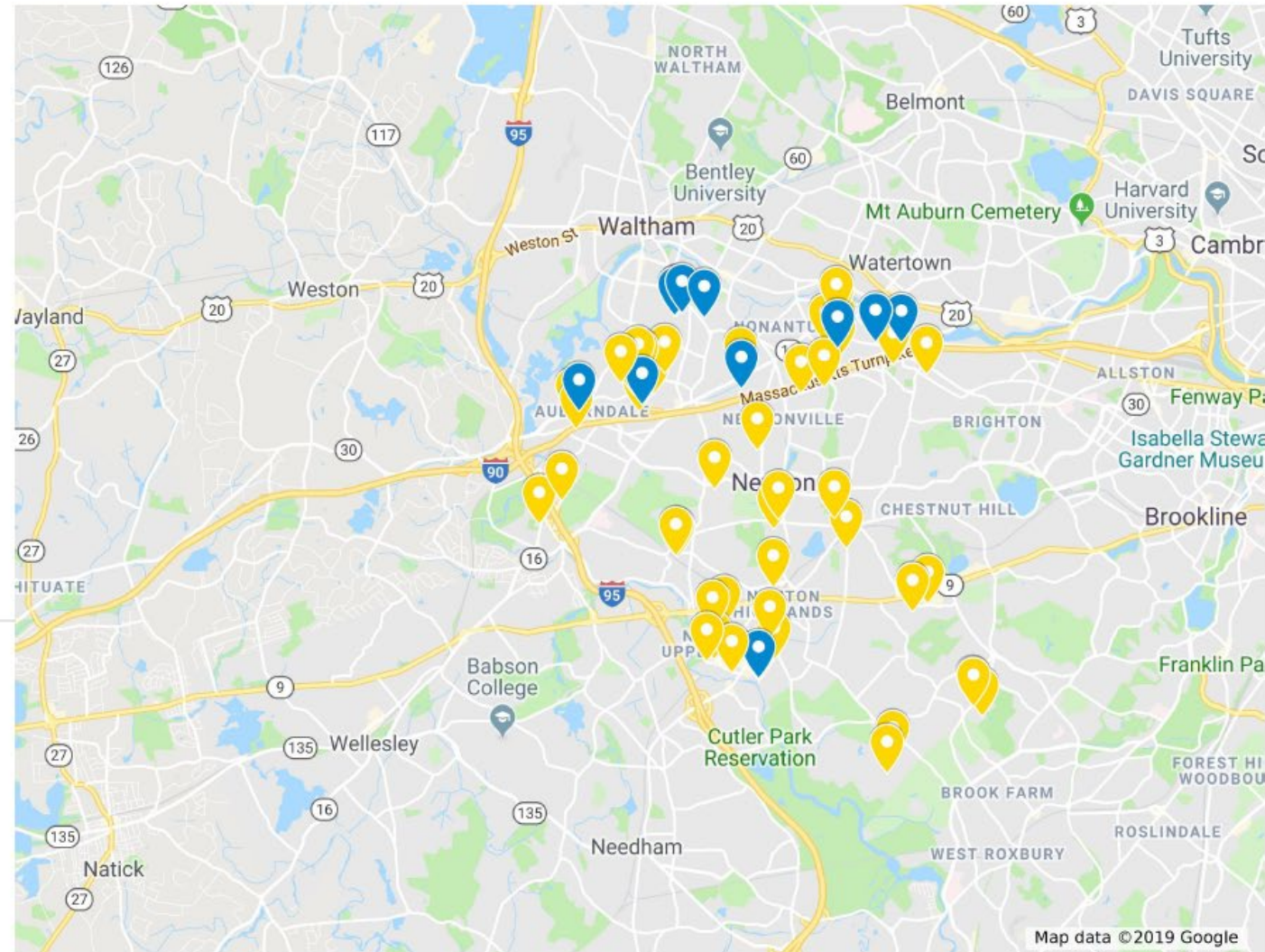
CAN-DO and NHA Properties

CAN-DO Portfolio

-  14 Nonantum Pl
-  90 Christina St
-  10-12 Cambria Rd
-  11 Cambria Rd
-  18 Cambria Rd
-  163 Jackson Rd
-  20 Falmouth Rd #22
-  228 Webster St
-  54 Eddy St
-  61 Pearl St
- 
-  2148 Commonwealth Avenue
-  54 Taft Ave

NHA Properties

-  21 Parker St
-  111 Kennedy Cir
-  676 Watertown St
-  58 Ash St
-  80 Thurston Rd
-  239 Watertown St
-  234 Central St
-  82 Lincoln St
-  541 Grove St
-  15 Wilson Cir



CAN-DO Portfolio

| Address | Units | City Sources | Total City \$ |
|----------------------------------|-------|-----------------|---------------|
| 14 Nonantum Place/Garfield House | 3 | HOME, NHRF | \$308,611 |
| 90 Christina St./Kayla House | 5 | CDBG, HOME | \$695,574 |
| 10-12 Cambria Rd. | 2 | CDBG, HOME, CPA | \$855,370 |
| 11-13 Cambria Rd. | 2 | CDBG, CPA | \$630,850 |
| 18-20 Cambria Rd. | 2 | CDBG, CPA | \$541,417 |
| 163 Jackson Rd. | 2 | CDBG, CPA | \$587,750 |
| 20-22 Falmouth Rd. | 2 | CDBG, CPA | \$651,202 |
| 228 Webster St. | 6 | HOME, NHRF | \$237,957 |
| 54 Eddy Street | 2 | CDBG, CPA | \$945,250 |
| 61 Pearl Street | 3 | CDBG, HOME, CPA | \$1,145,000 |
| 2148 Comm. Ave./Veteran House | 2 | CDBG, CPA | \$675,000 |
| 54 Taft Ave. | 2 | CDBG, HOME, CPA | \$1,089,029 |



228 Webster Street

CAN-DO Acquisition

- NHA worked closely with the City's Department of Planning and Development to align proposed funding sources with permissible uses
- NHA increased CDBG request to \$1,200,000 to address immediate capital needs and fund a portion of the elimination of existing private debt- this allowed for a decrease in the new private debt to \$650,000
- CPA funds request reduced to \$1,105,000, which will also fund a portion of the elimination of existing private debt
- NHA increased capital budget by 15% and supportive services budget by \$1000/unit/year
- The annual contribution to the replacement reserve has been increased to \$2,000/unit/year
- New Village Bank debt will be used to create \$250,000 operating reserve
- Village Bank grant of \$250,000 and NHA grant of \$250,000 will be placed into replacement reserve in annual \$25,000 installments

CAN-DO Acquisition Sources for Uses

Sources:

| | |
|--|--------------------|
| Village Bank (TVB) Grant over 10 years | \$250,000 |
| NHA Grant over 10 years | \$250,000 |
| New TVB Loan* | \$650,000 |
| City CPA | \$1,105,000 |
| City CDBG | \$1,200,000 |
| Total: | \$3,455,000 |

*New TVB debt at 4.75%, 30 year amortization

Uses:

| | |
|--------------------------------------|--------------------|
| TVB Debt Repayment | \$1,498,784 |
| Cambridge Savings Debt Repayment | \$343,486 |
| Boston Community Loan Fund Repayment | \$80,378 |
| Replacement Reserve | \$500,000 |
| Operating Reserve | \$250,000 |
| Financing Fees (1%) | \$10,381 |
| Legal Fees | \$150,000 |
| Title & Recording | \$40,000 |
| Development Consultant | \$30,000 |
| Appraisal | \$4,500 |
| Total: | \$3,455,000 |

CAN-DO Acquisition Uses for Sources

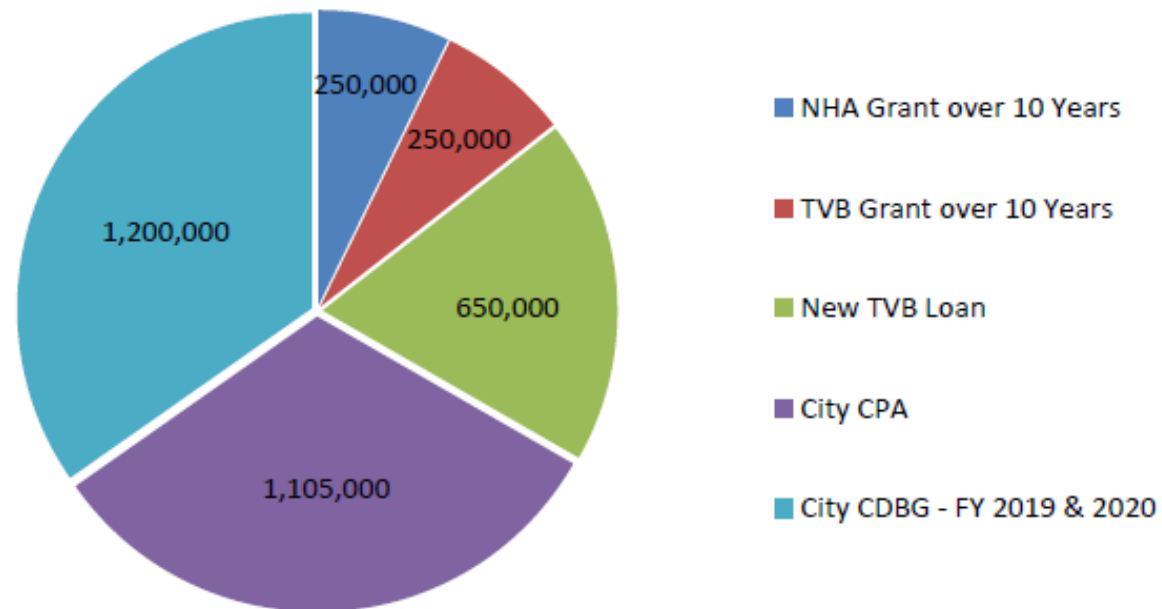
| SOURCES | NHA | TVB | New TVB Loan | City CPA | City CDBG FY 19 & 20 | TOTAL SOURCES |
|------------------------|----------------|----------------|-----------------|------------------|-------------------------|------------------|
| TVB Loan Repayment | | | 169,000 | 681,136 | 648,648 | 1,498,784 |
| CSB Loan Repayment | | | | 343,486 | | 343,486 |
| BCLF Loan Repayment | | | | 80,378 | | 80,378 |
| Replacement Reserve | 250,000 | 250,000 | | | | 500,000 |
| Operating Reserve | | | 250,000 | | | 250,000 |
| Capital Improvements | | | | | 551,352 | 551,352 |
| Financing Fees (1%) | | | 6,500 | | | 6,500 |
| Legal Fees | | | 150,000 | | | 150,000 |
| Title & Recording | | | 40,000 | | | 40,000 |
| Development Consultant | | | 30,000 | | | 30,000 |
| Appraisal | | | 4,500 | | | 4,500 |
| USES | 250,000 | 250,000 | 650,000 | 1,105,000 | 1,200,000 | 3,455,000 |

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CAN-DO Acquisition Sources

CAN DO DEVELOPMENTS



CAN-DO 20 Year Projection

Trend: 2% Income
Trend: 3% Expense

| | <u>2019</u> | <u>Per Unit</u> | <u>1</u> <u>2020</u> | <u>2</u> <u>2021</u> | <u>3</u> <u>2022</u> | <u>4</u> <u>2023</u> | <u>5</u> <u>2024</u> | <u>6</u> <u>2025</u> | <u>7</u> <u>2026</u> | <u>8</u> <u>2027</u> | <u>9</u> <u>2028</u> | <u>10</u> <u>2029</u> |
|------------------------------------|----------------|-----------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| Gross Possible Rent | 626,016 | 18,970 | 638,536 | 651,307 | 664,333 | 677,620 | 691,172 | 704,996 | 719,096 | 733,478 | 748,147 | 763,110 |
| Vacancy | (93,902) | (2,846) | (95,780) | (97,696) | (79,720) | (81,314) | (69,117) | (70,500) | (57,528) | (58,678) | (59,852) | (61,049) |
| Vacancy Rate | 15% | 15% | 15% | 15% | 12% | 12% | 10% | 10% | 8% | 8% | 8% | 8% |
| Net Effective Income | 532,114 | 16,125 | 542,756 | 553,611 | 584,613 | 596,305 | 622,055 | 634,496 | 661,568 | 674,799 | 688,295 | 702,061 |
| Max Can Do or NHA Expenses | | | | | | | | | | | | |
| Administrative | 112,998 | 3,424 | 116,388 | 119,879 | 123,476 | 127,180 | 130,995 | 134,925 | 138,973 | 143,142 | 147,437 | 151,860 |
| Maintenance | 122,388 | 3,709 | 126,059 | 129,841 | 133,736 | 137,748 | 141,881 | 146,137 | 150,521 | 155,037 | 159,688 | 164,479 |
| Supportive Services | 33,000 | 1,000 | 33,990 | 35,010 | 36,060 | 37,142 | 38,256 | 39,404 | 40,586 | 41,803 | 43,058 | 44,349 |
| Replacement Reserve | 66,000 | 2,000 | 67,980 | 70,019 | 72,120 | 74,284 | 76,512 | 78,807 | 81,172 | 83,607 | 86,115 | 88,698 |
| Utilities | 75,580 | 2,290 | 77,847 | 80,183 | 82,588 | 85,066 | 87,618 | 90,246 | 92,954 | 95,742 | 98,614 | 101,573 |
| Real Estate Taxes | - | - | - | - | - | - | - | - | - | - | - | - |
| Insurance | 34,018 | 1,031 | 35,039 | 36,090 | 37,173 | 38,288 | 39,437 | 40,620 | 41,838 | 43,094 | 44,386 | 45,718 |
| Total Expenses | 443,984 | 13,454 | 457,303 | 471,022 | 485,153 | 499,708 | 514,699 | 530,140 | 546,044 | 562,425 | 579,298 | 596,677 |
| Net Operating Income | 88,130 | 2,671 | 85,453 | 82,589 | 99,460 | 96,598 | 107,356 | 104,356 | 115,524 | 112,374 | 108,997 | 105,384 |
| Debt Service | | | | | | | | | | | | |
| New TVB Debt Service | 40,688 | | 40,688 | 40,688 | 40,688 | 40,688 | 40,688 | 40,688 | 40,688 | 40,688 | 40,688 | 40,688 |
| New TVB Loan Amount | | 650,000 | - | - | - | - | - | - | - | - | - | - |
| Total Debt Service | 40,688 | | 40,688 | 40,688 | 40,688 | 40,688 | 40,688 | 40,688 | 40,688 | 40,688 | 40,688 | 40,688 |
| Net Cash Flow | 47,441 | | 44,764 | 41,900 | 58,772 | 55,909 | 66,668 | 63,668 | 74,835 | 71,686 | 68,309 | 64,696 |
| Debt Service Coverage Ratio | 2.17 | | 2.10 | 2.03 | 2.44 | 2.37 | 2.64 | 2.56 | 2.84 | 2.76 | 2.68 | 2.59 |



CAN-DO Capital Needs

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---------------------------------------|-------------------|------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|------------------|-------------------|-------------------|
| <u>Can-Do Developments</u> | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> | <u>5</u> | <u>6</u> | <u>7</u> | <u>8</u> | <u>9</u> | <u>10</u> | <u>11</u> |
| 10-11 Cambria Road | 16,852 | - | - | 279 | - | 190 | 1,164 | 3,628 | - | - | 4,991 |
| 11-13 Cambria Road | 47,780 | 1,751 | - | - | 549 | 3,058 | 15,463 | - | - | 848 | 3,696 |
| 18-20 Cambria Road | 6,940 | - | - | 30,383 | 732 | 754 | - | 3,690 | 1,001 | - | 3,091 |
| 163 Jackson Road | 95,395 | - | - | - | - | 2,611 | 1,194 | 2,460 | - | - | 5,423 |
| 20-22 Falmouth Road | 100,030 | - | - | - | - | 4,408 | - | 2,400 | - | - | 5,548 |
| 61 Pearl Street | 7,491 | 7,472 | 1,326 | 328 | 2,983 | 3,322 | - | 11,376 | - | 77,520 | 7,482 |
| 14 Nonantum Place | 94,218 | 9,553 | 1,247 | - | - | 12,204 | - | 39,487 | - | 984 | 22,741 |
| 90 Christina Street | 6,108 | 11,647 | 39,165 | 18,251 | 18,102 | 25,512 | 8,866 | 1,291 | 784 | 9,786 | 2,688 |
| 2148-2150 Commonwealth | 48,474 | 2,987 | - | - | 366 | 2,622 | 388 | 1,876 | 1,520 | - | 17,117 |
| 54 Eddy Street | 11,391 | 2,802 | - | 1,366 | 4,097 | 424 | - | - | 24,548 | 3,392 | 4,926 |
| 54 Taft Avenue | 13,863 | 80 | - | 10,015 | 5,121 | - | 2,004 | - | - | 4,071 | 15,939 |
| 228 Webster Street | 34,664 | 6,956 | 45,996 | 4,819 | 1,756 | 3,547 | 1,863 | 25,697 | - | - | 7,660 |
| Annual Totals | 483,206 | 43,248 | 87,734 | 65,441 | 33,706 | 58,652 | 30,942 | 91,905 | 27,853 | 96,601 | 101,302 |
| Capital Needs | 483,205 | 43,248 | 87,733 | 65,440 | 33,704 | 58,652 | 30,941 | 91,965 | 27,854 | 96,601 | 101,302 |
| Capital Needs Increased by 15% | 555,685.75 | 49,735.20 | 100,892.95 | 75,256.00 | 38,759.60 | 67,449.80 | 35,582.15 | 105,759.75 | 32,032.10 | 111,091.15 | 116,497.30 |



CAN-DO Acquisition Replacement Reserve

REPLACEMENT RESERVE BALANCE

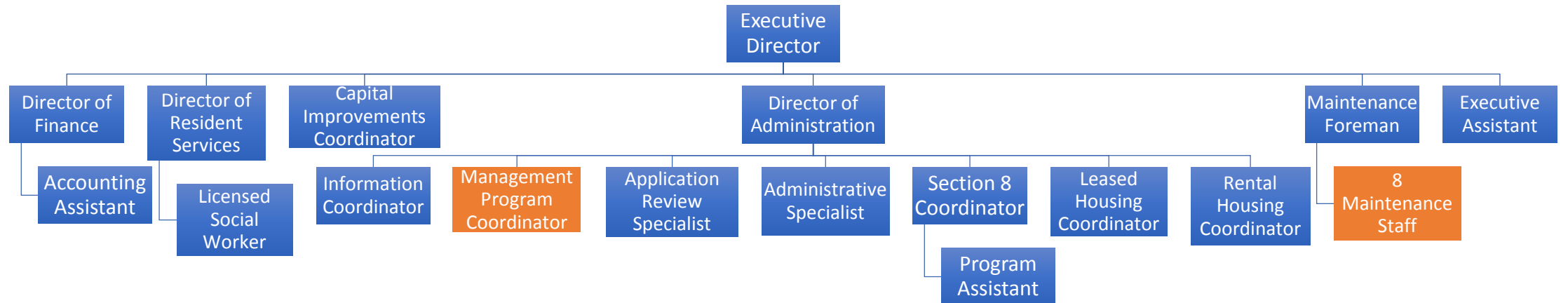
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------|
| <u>Can-Do Developments</u> | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> | <u>5</u> | <u>6</u> | <u>7</u> | <u>8</u> | <u>9</u> | <u>10</u> | <u>11</u> |
| Starting Replacement Reserve | - | (439,191) | (377,024) | (363,028) | (321,068) | (239,803) | (183,764) | (92,704) | (68,074) | 33,107 | 59,273 |
| Monthly Contribution at 3% | 5,500 | 5,665 | 5,835 | 6,010 | 6,190 | 6,376 | 6,567 | 6,764 | 6,967 | 7,176 | 7,392 |
| Yearly Contribution at 3% | 66,000 | 67,980 | 70,019 | 72,120 | 74,284 | 76,512 | 78,807 | 81,172 | 83,607 | 86,115 | 88,698 |
| Total Replacement Reserve | 66,000 | (371,211) | (307,005) | (290,908) | (246,785) | (163,291) | (104,957) | (11,533) | 15,533 | 119,222 | 147,971 |
| Interest on Reserve at 1.5% | 495 | (6,078) | (5,130) | (4,905) | (4,259) | (3,023) | (2,165) | (782) | (394) | 1,142 | 1,554 |
| Total Funds Available | 66,495 | (377,289) | (312,135) | (295,812) | (251,044) | (166,314) | (107,122) | (12,314) | 15,139 | 120,364 | 149,526 |
| NHA & TVB Grants | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | - |
| Capital Needs | 555,686 | 49,735 | 100,893 | 75,256 | 38,760 | 67,450 | 35,582 | 105,760 | 32,032 | 111,091 | 116,497 |
| Reserve Balance | (439,191) | (377,024) | (363,028) | (321,068) | (239,803) | (183,764) | (92,704) | (68,074) | 33,107 | 59,273 | 33,028 |

Over 20 Years

| | |
|-----------------------------|----------------|
| Yearly Contributions | 1,773,445 |
| Interest on Reserve @ 1.5% | (21,779) |
| Capital Needs | (2,391,184) |
| NHA & TVB Grants | 500,000 |
| Reserve Balance in Year 20 | (139,517) |



NHA Organizational Chart Post CAN-DO Property Acquisition



CAN-DO Acquisition Timeline

- CPC/P&D full-proposal/public hearing February 2020
- Purchase and Sale Agreement March 2020
- CPC/CDBG funding awards April 2020
- Closing Spring 2020