



Ruthanne Fuller
Mayor

City of Newton, Massachusetts
Department of Planning and Development
1000 Commonwealth Avenue Newton, Massachusetts 02459

Telephone
(617) 796-1120
Telefax
(617) 796-1142
TDD/TTY
(617) 796-1089
www.newtonma.gov

Barney S. Heath
Director

Community Preservation Committee

MINUTES
13 February 2018

The meeting was held on Tuesday, 13 February 2018 starting at 7:00 pm in Newton City Hall Room 211.

Community Preservation Committee (CPC below) members present: chair Peter Sargent, vice chair Mark Armstrong, and members Dan Brody, Byron Dunker, Beryl Gilfix, Susan Lunin, and Robert Maloney. Member Richard Kronish was present for all votes and most of the discussion but was occasionally called into the adjoining City Council Chamber for a Land Use Committee discussion of Haywood House.

Community Preservation Program Manager Alice Ingerson served as recorder.

[Blue, underlined phrases](#) below are links to additional information online.

CPC WORKING SESSION

[CRESCENT STREET](#) (Auburndale, affordable housing & playground) –request for \$2,575,000 in additional CPA funding for final design & construction: \$1,479,930 for the housing project and \$1,095,070 for the playground expansion

Peter Sargent thanked the project team for their hard work on this proposal, and the many others whose letters to the CPC represented varying perspectives on this project, which certainly reflected the many challenges of developing affordable housing. He explained that because the CPC had received so many, complex late submissions after the published deadline for its pre-meeting packet, the Committee had invoked its standing policy for late submissions by asking staff not to distribute to CPC members materials received less than 48 working hours before the meeting, and by choosing to postpone any action on the topic of those late submissions to a future meeting, so the Committee could first read and absorb all the new information it had received. However, since all the late submissions had addressed the project's housing component, Sargent believed the Committee might entertain a partial vote on the park component at this meeting.

Sargent also explained that tonight's meeting was a public meeting rather than a public hearing, and that the project team had asked to make a brief starting presentation. Following that, the CPC members would discuss the proposal among themselves but might also ask the presenting team to clarify particular points.

project team presentation

Planning & Development Director Barney Heath, Public Buildings Commissioner Josh Morse, ADA Coordinator Jini Fairley, and Chief Financial Officer Maureen Lemieux each summarized the project's features and strengths. All emphasized that the City was still looking for ways of making all the project's housing affordable, with income-restricted rents at no more than 120% of the Area Median Income (AMI).

Heath expressed his department's pride in its work on affordable housing and hope that the CPC would approve tonight the requested funding for the family-friendly, accessible, affordable housing proposed at 70 Crescent Street. He understood the perspective of those who felt that more than the proposed 8 units could

website www.newtonma.gov/cpa
contact Alice E. Ingerson, Community Preservation Program Manager
email aingerson@newtonma.gov phone 617.796.1144

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Crescent Street Housing Project						
unit size	income levels (Area Median Income, AMI)				total units	total bedrooms
	≤ 60% AMI	≤ 80% AMI	≤120% AMI	market-rate		
2 bedrooms	1	1	1	1	4	8
3 bedrooms	1	1	1	1	4	12

be built on this site but hoped the CPC would consider the opportunity cost of not proceeding, given the work already done and the funds already invested in the current proposal. Heath highlighted the City’s commitment of Newton public funds for the project, beyond the sources it had previously used for housing: CPA and Newton’s federal housing funds (CDBG/HOME). He felt the CPC could have confidence in the project based on the City’s commitment to provide additional City operating resources as needed, on the review of the project’s financials by the City’s Chief Financial Officer, and on his department’s commitment to ensure the project’s permanent affordability and future maintenance.

Morse reiterated that the project team had responded to the CPC’s previous requests for the project to provide more than minimum affordability by both increasing unit sizes and reducing income levels. He also strongly supported Fairley’s advocacy for more than minimum accessibility, via the elevator.

Fairley had been very impressed with the emphasis on both fair housing and accessibility in the CPC’s proposal requirements for housing projects. Based on this building’s maximum occupancy by 40 residents, the proposed elevator might serve up to 20 additional residents with disabilities. It would also allow residents to remain in their homes if their mobility was reduced either permanently or temporarily after they first moved in. The project team is hoping to find savings in other aspects of the project to balance the elevator’s added cost.

On behalf of Mayor Ruthanne Fuller, Lemieux emphasized that the project was probably the first of its kind. The Mayor wanted to maintain the integrity of the 2015 Board order governing the number of housing units and the size of the park on this property, which had passed after many years of discussion. The many children the City hoped would live in this housing would have access to the Newton public schools, and their families would live near public transportation. The project’s budgets had been revised to maximize affordability rather than profitability. Based on their calculations, the project team believed the current proposal’s total development cost per square foot, per bedroom, and per unit as well as its projected operating costs were all comparable with those of other housing projects Newton had funded in the past. In conclusion, the Mayor believed the project’s benefits outweighed its risks, in this neighborhood and at this time.

In response to Rick Kronish’s questions about the project’s estimating and bidding processes, Morse explained that the project team had employed two private cost estimators, who were working on alternating phases of the project and whose estimates would be reconciled once the City concluded its site plan approval process, as required for all City buildings. Because the project was too small for a “construction manager at risk,” the team could not yet obtain a binding bid from a contractor. Project construction would be competitively bid to state-certified contractors, with filed sub-bids by trade, and that the City must accept the lowest bid from a contractor that met the requirements in the request for bids. Morse said that the City building process required multiple meetings with the City Council and the Design Review Committee, but that the project team would come back to update the CPC on the design once bidding was concluded.

CPC discussion

Sargent explained that the major question before the CPC at this meeting was whether to commission an independent, third-party evaluation of the project’s financials, as urged in many of the community letters submitted. He felt the CPC had an extra responsibility to review City proposals carefully before voting on them, because the Committee could not impose for these projects the detailed conditions that it could enforce after its funding votes on non-City projects, through grant agreements.

He asked CPC members to comment on whether the project’s housing fundamentals – the 8-unit limit, the City acting as the developer, and/or City ownership of the housing – must be revisited for them to consider

supporting the project. He also asked members to consider the opportunity cost of *not* funding the project. In a City desperate for affordable housing, what other housing development opportunities would be available? The currently proposed federal budget would eliminate funding for many sources Newton had used in the past, including HOME and CDBG, and would make radical changes to public housing. If some past non-Newton funding sources disappeared, the remaining sources would be more competitive.

Though Sargent was sensitive to the accessibility issue and did not oppose an elevator on principle, he felt CPA funds should not be used to pay for this additional cost.

Robert Maloney applauded the long efforts and hard work that had gone into the proposal, but he believed the Board order governing the site's re-use had been adopted without fully understanding the cost implications of its conditions. He felt the project's costs were far higher than for fully market-rate projects with luxury amenities such as indoor parking, recreation rooms, swimming pools, and elevators with more than 2 stops. He believes the project's high costs resulted from the required conditions, which limit its funding sources to the City of Newton, which in turn meant that Newton public funds were not being used efficiently because they did not leverage funds from other sources. He was concerned that asking an independent consultant to review the project strictly as proposed might foreclose discussion of changes, including a different number of units, that would allow the project to leverage non-Newton funding. He strongly encouraged revisiting the 8-unit limit on this site, though he thought it might also be possible to access other funding by combining a small number of units on this site with additional units to be built on other sites.

Dan Brody was uncomfortable voting on the proposal without some impartial investigation. He agreed with Maloney that if CPA funds would be used much less efficiently on this project than they might be on another project with less challenging constraints, then the CPC should hold CPA funds for future, more efficient projects. He felt that to be fair, a consultant evaluation of the current proposal would have to include the imputed cost of the land and the full cost of City staff time, which he believed was much higher than the already high cost already acknowledged. If an independent consultant said the project's numbers seemed reasonable, the CPC could go forward. Alternatively, if after receiving an independent analysis the CPC voted not to recommend funding the project as proposed, that might persuade the City to revisit some of the conditions that had led to the project's its high costs.

Heath introduced Michelle Ciccolo as the project's affordable housing consultant. She said many of the non-Newton funding sources on the list her staff had submitted at the CPC's request were tax credits, for which this project could not qualify. She thought a private developer could reduce the project's costs only by giving up some features the City wanted, including maximum energy efficiency and the elevator.

Kronish felt a private developer might be able to develop the project at a lower cost only by not paying prevailing wages and meeting the other requirements of public construction laws. He preferred to support a project subject to those rules, even if they made the project more expensive.

Brody felt that, as suggested by many of the letters to the CPC, a different approach to the ownership and management of this housing could reduce the project's need for Newton public funds. He did not feel the list of funding sources submitted by the Ciccolo Group had really answered the CPC's questions, and he wondered whether a consultant could be asked to identify alternative approaches that would allow the project to access additional funding sources while still complying with the re-use Board order. He did not see why the wording of the order prohibited the City as owner from partnering with a developer as the project manager.

Sargent said that the combination of the City's dual role as developer and owner, the project's targeted income levels, and its limited number of units together ruled out many of the funding sources on the list submitted by the Ciccolo Group. He was confident that any consultant asked to consider alternative approaches would recommend that the City not develop the site itself but partner with a private developer. He felt that the approach being taken to Crescent Street might not be taken on any future projects. Gentile agreed that this approach might not be used again, but he was confident that the Board of Aldermen had made a conscious choice to require City ownership for the housing at Crescent Street.

Morse said the only way to qualify for many non-Newton funding sources would be for the City to sell the property. In addition, having treated the project as a City project through the conceptual design phase, the Newton Law Dept. had advised the City that it could not now change its approach and lease the site to a private developer, because that would look like the City was trying to avoid public construction laws.

Sargent acknowledged that the City had done a remarkable job managing the construction of other public buildings, such as schools and fire stations. The main problem with this project was that it was so small. The City already owned the land; if a developer had to purchase the site, that would only make the project even more expensive. He did not think a private developer would really have a very different budget for the project. Heath agreed with this analysis. Sargent also noted that the small scale of some past housing projects in Newton had been even more economically challenging, including some 2- and 3-unit projects sponsored by Citizens for Affordable Housing Development in Newton (CAN-DO).

Sargent and Susan Lunin agreed that the 8-unit maximum in the Board order could not be revisited. Lunin felt that neighborhood residents wanted a large park and a small housing project on the site, partly in response to the many large new private housing developments in their part of the City. She saw Crescent Street as an experiment worth trying, and as a way to recycle some of the taxes paid by those new private developments into more affordable housing. Mark Armstrong felt that the project's very unusual combination of small size and City ownership was an acceptable path.

Sargent noted that that the City still needed to engage an experienced property manager, who should reality-test the project's proposed operating budget. The only plausible candidates were probably organizations that already own or manage affordable housing in Newton and who know what kinds of units can command what kinds of rents in this location. In its memo about why the December property management RFP had elicited no responses, the Planning Dept. had said it would engage a property manager in the next 3 months. Sargent thought any consultant analysis commissioned by the CPC would have a similar timeline, and that an independent consultant and property manager would have to address similar questions.

In response to Kronish, Sargent identified questions about the project's operating budget that he felt any consultant engaged by the CPC should address. For example, the assumed interest rate seemed too low, as rates are now rising. The starting debt service coverage ratio of 1.04 also seemed too low; 1.15 was probably the real-world minimum, and 1.20 would be preferable. The proposal's assumed 5% vacancy rate was less than the practical minimum in this small project, as 1 vacant unit out of 8 would be 12.5%; the budget should probably assume at least a 10% rate. Morse had said the development budget was being revised to include the previously missing initial capitalization of reserves; Sargent suggested a starting level of \$95,000. Finally, the proposed management fee should also be increased somewhat.

Beryl Gilfix was not confident that the proposal team understood that the City must cover any operating shortfall for the project. Brody noted that this might partly mitigate concerns about the debt service coverage ratio, because the City would be obligated to pay any debt service that the project's revenue could not cover.

Sargent asked whether CPC members wished to vote on recommending the requested \$1,095,070 for the playground, omitting the housing component for the time being. Sargent and Armstrong believed the two components could be split. Councilor Gentile said that if the CPC did not approve funds for the housing, the City would just request CPA funding for the park.

VOTE Armstrong made a motion to separate the CPC's votes on funding for the project's housing and park components. Gilfix seconded the motion, which was approved 8-0.

In response to Brody's question about how the City had addressed the re-use Board order's requirement to work with and meet the needs of the Myrtle Baptist Church, Heath said the City had discussed with the Church its concerns about parking and access from Curve Street to the park, but solutions to these concerns had not yet been finalized. Gilfix felt that the site plan projected by the landscape architect at the January CPC meeting gave the impression that the Church parking lot would be available to playground users. If the playground is only accessible on foot, with no parking, only immediate neighbors will be able to use it. In her experience, the

tot lot at Webster & Elm Streets in West Newton is underused precisely for this reason. She would like to see a clearer plan for addressing Myrtle Baptist's concerns about liability and unauthorized use of their parking lot.

Myrtle Baptist Pastor Emeritus Howard Haywood spoke on his own behalf. He thought the Church's official representatives would probably express their concerns less forcefully than he would. He explained that a recent rough-draft proposal to the Church, which had outlined possible access easements on the east side of the Church and a possible pedestrian route across the Church parking lot to the playground, did not mention additional parking for the Church, which was an important concern. The Church wanted residents on the Curve Street side to have access to the playground, rather than having the playground blocked from that side, but he was also concerned that having no fence at all between the parking lot and the playground would put children at risk, if they chased balls from the playground into the parking lot.

Reverend Haywood felt the Church's concerns had not been adequately addressed partly because the Working Group included no residents from the Curve Street side of the site. The group's only Church representative does not live in Newton. There are 104 people, scattered across the United States, who are still alive and remember growing up in "the Village," the neighborhood as it was before its land and homes were taken by eminent domain for the Mass Turnpike. He felt the proposed housing project with 2- market-rate units did not really address what that community had lost.

Councilor Gentile said the Church parking lot should be off limits for users of the playground, as 20 parking spaces will be available on the other side of the park, on Robinhood Street. He hoped the City and Church could work out a plan for cars to leave the Church parking lot on overflow days, using the driveway and parking lot of the new apartment building to access Robinhood Street. He explained that a meeting scheduled to discuss creating 7 new parking spaces for the Church itself had been canceled by a recent snow storm.

Sargent believed the neighborhood strongly supported the park. Brody was not comfortable recommending funding for the park yet but was willing to support a vote in moral support of the park. Byron Dunker believed the park could not be built without the housing. Though he was willing to vote for the park tonight, he and Parks & Recreation Commissioner Robert DeRubeis agreed that the park design must be re-thought if the housing was not funded. Ingerson noted that housing facing the park could also help to discourage the undesirable uses that might otherwise be attracted to a park at the end of a dead-end street. After further discussion, no separate motion to recommend funding for the park was made or voted on.

Sargent then asked for a motion making any future CPC funding vote contingent on a limited-scope 3rd-party review of the project's financials commissioned by the CPC, and on City engagement of a property manager. He emphasized that the City would need to update the current project budgets before any consultant could review them, and that any consultant the CPC engaged would also need to come from outside the network of housing advocates and professionals in Newton who had already expressed their views on the project.

Armstrong agreed that the intention of such an external review would be to supplement the CPC's own review of the proposal. Lunin supported commissioning a consultant analysis, if it would forward the project. In response to Brody, Sargent clarified that the contemplated consultant review would not deal with the project's architecture or design but would focus on whether the assumptions in the current development and operating budgets were realistic. Brody agreed that such an analysis need not revisit the current requirement for City ownership of the housing.

VOTE Gilfix moved that the CPC commission a review of the project's financials by an independent, expert consultant, delegating to members Sargent and Maloney final decisions about the consultant's scope of work and qualifications, the choice of consultant, and the maximum cost for the consultant's review, which should be paid for from the CPC's administrative budget. Armstrong seconded the motion, which was adopted by a vote of 8-0.

After this vote, Councilor Gentile asked Sargent how the CPC's view of the project might change if the City used more direct funding and less debt financing. Sargent and Kronish agreed that such a shift would improve

the project's operating viability. Lemieux suggested that the City might consider only direct funding, with no debt. Armstrong noted that these alternatives were possible only with the City as the project's owner.

In closing the discussion, Sargent thanked the Committee for its hard work and patience with the very difficult process for the Crescent Street project.

COMMITTEE BUSINESS

Ingerson briefly noted that the CPC's March 13 agenda would probably include a public hearing on the proposed revisions to its funding guidelines, which have been online since November 2017, and would also include approval of a draft program budget for Fy19.

Ingerson apologized for the length of the CPC minutes for 23 January 2018, which had been an unusually long meeting with two public hearings. Lunin moved and Armstrong seconded approval of those minutes, which were approved by a vote of 8-0.

A motion to adjourn by Sargent was seconded by Armstrong and adopted unanimously. The meeting adjourned at 8:50 pm.