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Barney S. Heath
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Community Preservation Committee

MINUTES

13 July 2016

The meeting was held on Thursday, 13 July 2016 at 7:00 pm in City Hall Room 205.

Community Preservation Committee (CPC below) members present: chair Jim Robertson, vice chair Jane Sender, and members Beryl Gilfix, Rick Kronish, Mike Clarke, Laura Fitzmaurice, Jonathan Yeo. Members Don Fishman and Joel Feinberg were absent.

Peter Sargent, who has been nominated by Mayor Warren to succeed Feinberg as the mayoral appointee for housing, and from Wards 7/8, also attended.

Community Preservation Program Manager Alice Ingerson served as recorder.

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

PROGRAM & POLICIES

[Newton Leads 2040: A Blueprint to Promote Affordable, Diverse Housing & Economic Growth](#)

working discussion with Planning & Development Director Barney Heath

Heath explained that Mayor Warren wants to be proactive on housing, so the Planning staff has been meeting with as many groups as possible to review this new strategy. The strategy asks what kind of community Newton wants to be in the future, predicts what Newton may look like in the future like if current trends continue, and identifies options for creating more diverse housing in Newton.

The strategy begins by analyzing Newton's population and housing stock. Newton's population 65 and older is predicted to grow from about 13,000 in 2010 to about 18,000 by 2020. Average household size has decreased to 2.5 people, due partly to an increase in one-person households, which itself reflects Newton's growing senior population. Newton's average household income was \$173,000 in 2013. In 2016 to date, the median sales price of a single-family home in Newton has been \$1.1 million. In 2002 median monthly rent was \$1,632. Newton's housing stock is: about 77 percent single, two- and three- family homes; 15% condominiums; 6% apartments in buildings with more than 3 units; and less than 1 percent in mixed-used developments. About 2,500 units, or 7.5% of Newton's total, are deed-restricted affordable units on the state's Subsidized Housing Inventory (SHI). Of the SHI units, 60% are designated for seniors, 22% are designated for people with disabilities, and 3% are ownership units. About 15% are rentals available to any income-qualified household. The housing strategy defines as "affordable" housing that requires households at or below 80 percent of the area median income (AMI) to spend no more than about 30 percent of their income on housing costs. For 2016, the federal government defined 80 percent AMI for Newton as about \$65,000 for a household of 3 people.

Unless the City takes action, current market trends will continue to shift Newton's population away from younger people and low or moderate-income households toward older people and higher-income households. Mayor Warren believes Newton should try to preserve its diversity, including young people, seniors and families with children, and both owners and renters. Newton's current housing stock and real estate trends do

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Minutes
continue on
next page ...

not always support economic activity in village centers. Technology- or knowledge-based companies that want to locate in Newton report that it's hard for them to attract the workforce they need, because these younger workers prefer rental housing in mixed-use, walkable and bike-able locations near their workplaces.

The housing strategy recommends seeking solutions to these challenges through a continuing community-wide conversation. Options for action include zoning changes, to allow the creation of more accessory apartments by right or increase the proportion of units in multifamily developments that Newton's inclusionary zoning requires to be affordable from the current 15 percent to perhaps 20. Newton is fortunate in having both federal (CDBG or HOME) funds and CPA funds to subsidize affordable housing. However, finding ways for private development to subsidize affordable housing is also important, since it is also difficult for households well above the income limits for publicly subsidized housing to afford housing in Newton. Allowing higher-density development in village centers might accomplish this goal, while also supporting economic vitality.

While many of Newton's existing residential neighborhoods should be preserved, the housing strategy identifies over 70 potential sites that are contextually appropriate for new housing, especially sites near public transit. Most of these sites are privately owned and in practice will not be used for new affordable housing. However, 7 sites have been identified as priorities, including some projects that the CPC already expects as funding proposals – an indication of how important CPA funds are to this process. Robertson noted that the CPC's guidelines target about 25-35 percent of Newton's CPA funds for housing, as a multi-year average.

In response to Jonathan Yeo, Heath confirmed that the Planning Dept. believed there was widespread support for action on accessory apartments and inclusionary zoning in 2016 or early 2017. For inclusionary zoning, raising the required percentage of affordable units too far can stop development, but the requirements can also be flexible, so that units affordable at lower incomes count for more than those affordable at higher incomes. Newton can learn from Cambridge's and Somerville's experience with this.

The housing strategy aims to add 800 new units in Newton to the state's Subsidized Housing Inventory (SHI) over the next few years. Though some units may be created at a small scale and in existing buildings, larger-scale development will also be important. If at least 20 percent of the units in a development are affordable to households at no more than 80 percent of AMI, all the units count on the SHI. Beryl Gilfix pointed out that this meant not all 800 units targeted by the housing strategy would actually be affordable. Yeo and Heath noted that these 800 new units would, however, bring the proportion of Newton's housing on the SHI to the 10 percent required to let the City shift from having to accept most housing projects proposed under Massachusetts Chapter 40B to pursuing only those housing projects it considered desirable.

Ingerson noted that a past CPA-funded program offering a grant of up to \$90,000 to create a new accessory unit or bring an existing one up to code had ultimately been canceled after creating no new units, in part because of Newton's zoning requirements for accessory units. Other communities have created accessory units at much lower cost, partly by offering zoning relief. Kronish said discussions organized by the Newton Housing Authority had suggested strong support for accessory apartments, but also strong objections to legalizing many currently illegal units. Some of these units also could not be brought up to code at any cost.

Robertson felt it was not really possible to build enough new units to lower Newton's overall housing prices would require saturating the market. Other ways to reduce overall housing prices in Newton were equally unappealing, such as a general economic slowdown or making Newton a less attractive place to live. He agreed with Heath that public funding was a small if important tool, but that as much as possible, affordable housing should be subsidized by capturing part of the private value created by building the kinds of communities Heath had described, where people can walk or take transit to services, work, etc. Newton's greatest potential site for this is over the Turnpike, which doesn't seem likely to be available soon. In short, creating and preserving affordability in Newton is a very difficult job, but Robertson felt the CPC would very much like to help.

Michael Clarke felt that the housing strategy should have featured open space and accessibility more prominently as community goals. Heath noted that although the strategy did not focus explicitly on

accessibility, it did emphasize mixed-use housing, most of which would be in elevator-served buildings. He also explained that the strategy envisions using City-owned sites for a combination of open space and housing.

Based on her children's experience working for technology and knowledge companies on the West Coast, Beryl Gilfix was concerned that attracting such firms and their relatively well-paid workers to Newton would only make housing in Newton even more expensive. Robertson and Yeo nevertheless believed that these workers were a population Newton should want to attract.

Jane Sender felt that though a lot of good work had gone into the housing strategy, it did not directly address the issue of per-unit local public subsidies, which has been a continuing concern for the CPC and City Council. She and Robertson noted that the recent pre-proposal for Crescent Street had requested a per-unit CPA subsidy of \$500,000 for its affordable units, equal to the entire per-unit development cost.

Robertson commented that no developers in Newton seemed to be using a sophisticated capital stack to minimize the need for CPA or other local public funds. Most proposals to the CPC come from CAN-DO (Citizens for Affordable Housing in Newton Development Organization), for only 2-3 units at a time. There may be no way to attract outside funds for these small projects, but he hoped the City would encourage proposals for larger projects, with lower local public subsidies.

As examples, Kronish said projects in Cambridge and Chelmsford were recently completed with less than \$100,000 of local public funding per unit, and the Newton Housing Authority's Jackson Road pre-proposal to the CPC had requested local public funding of less than \$32,000 per unit. All of these projects needed less local public funding because they had raised most of their funds through Low-Income Housing Tax Credits (LIHTC). Kronish acknowledged that the LIHTC definition of affordability set a lower income threshold than the 80% used to define affordability in Newton's new housing strategy.

Kronish also noted that for LIHTC projects, local funds must be committed early while the developer goes through several rounds of highly competitive tax credit applications. He thought the CPC's current reluctance to commit funds to projects with long time horizons could be an obstacle to using tax credits. Ingerson confirmed that the CPC's current policy, of considering construction requests based only on fully completed designs, was intended to avoid repeating past experiences with City projects that submitted multiple supplemental funding requests over several years. Yeo thought the CPC might have to accept some risk of this, to support tax-credit projects. However, Ingerson also explained that CPA funds appropriated for private projects were subject to grant agreements that can make the release of those funds contingent on the commitment of all other funds needed to complete the project. If the project then does not go forward, the "first-in" CPA funds will be returned, unspent.

Ingerson asked what role CPA funds might play in the Mayor's upcoming Request for Proposals (RFP) for Newton's federal housing funds and in the possible municipal affordable housing trust mentioned in the housing strategy. Heath said that though the RFP would be for Newton's currently available \$1 million in CDBG/HOME funds, some projects attracted by the RFP may also come to the CPC for additional funds. Ingerson noted that the RFP would use a two-step process, similar to the CPC's process of using a pre-proposal to decide whether and when to invite a full proposal for each project. The CPC should therefore have generous advance notice of potential CPA proposals generated by the RFP.

Heath thought a municipal housing trust, such as many other Massachusetts communities have, was worth considering for Newton. Robertson said that the last time the Planning Dept. had discussed a housing trust with the CPC, several years ago, many CPC members felt a trust would be appealing only if it streamlined the funding and/or permitting processes for affordable housing. One very experienced developer, after having a project recommended by the CPC but rejected by the City Council, had cited concerns about the efficiency and fairness of the process as reasons he no longer planned to propose projects in Newton. Yeo thought Newton was a difficult community to get things done in. Robertson said it was also not clear whether the City Council would agree to create a trust, if that meant delegating to the trust decisions currently made by the Council itself.

In response to Ingerson, CPC nominee Peter Sargent said the Massachusetts Housing Investment Corporation (MHIC) was working with Somerville to foster rapid action to preserve existing, relatively affordable housing. MHIC puts up the initial funds and is repaid from the CPA funds that the Mayor and City Council have already agreed to commit for housing (currently 45 percent of Somerville's annual CPA funding).

Gilfix observed that the housing strategy seemed to support allowing City staff to approve many projects that currently require City Council approval, through the special permit process. Heath confirmed that this recommendation appeared in both the housing strategy and the concurrent management study of the Planning Dept. He noted that Newton requires special permits for an unusually broad range of projects that in other communities could be built by right or approved through staff-only review.

PROPOSALS & PROJECTS

[Newton Homebuyer Assistance Program](#) (current program) – managed by Planning & Development

Robertson explained that the Homebuyer Assistance Program has been inactive since 2012, due to a combination of staffing challenges and market trends, which have repeatedly outpaced the program's maximum allowable subsidies. Since the program's currently committed CPA funds are not being used, the CPC had asked to discuss getting those funds back for other projects.

Heath believed that, although this well-intended program may have worked at one time, it seems unworkable in Newton now. It is difficult to find both units that income-eligible buyers can afford, even with the program's maximum subsidies; and income-eligible buyers that can qualify for mortgages for the rest of the purchase price after the subsidy. The program's current maximum grant (for a 3-bedroom unit) is very high, about \$315,000, so its per-unit subsidies no longer compare as favorably as they used to with the subsidies requested by development projects. Since CPA-funded units must be permanently affordable, the resale of each unit is very labor-intensive for City staff, who must set the new sale price based on the then-AMI and must also help to find a new, income-qualified buyer. Heath felt these CPA dollars would be better spent elsewhere, and he hoped the CPC would consider a formal request to cancel the program.

Ingerson explained that if the CPC approved such a request, the program's current total of about \$1.5 million unspent CPA funds would be returned to the Community Preservation Fund's restricted fund balance for housing. After a brief additional discussion, the CPC agreed to consider a formal cancellation request at its September 2016 meeting. Since the most recent \$1 million for the program had been appropriated only about 1 year ago, Ingerson also suggested that the Planning Dept. update the City Council about the program's status, so interested councilors would not hear about the cancellation request for the first time through the September CPC agenda announcements.

[Crescent Street](#) (future proposal) – cosponsored by Planning & Development, Public Buildings and Parks & Recreation Departments

Summarizing the CPC's past discussions of this project, Robertson said the City's pre-proposal for this project had requested \$3.3 million in CPA funding, \$2 million for 4 units of affordable rental housing and \$1.3 million to rehabilitate and expand an adjacent park. The pre-proposal also included 4 units of market-rate rental housing to be built with non-CPA City funds. In response, the CPC had invited an off-cycle full proposal for a site assessment only, for which it had recommended and the City Council appropriated \$100,000, on condition that if the project proceeded, final project cost statements must document that CPA funds had not been spent on any costs for the market-rate housing, including site assessment costs.

Yeo, Kronish, Sender, Fitzmaurice, Gilfix, Robertson and Sender noted that the CPC had not invited submission of a full proposal based on the City's original pre-proposal for several reasons. A primary reason was the requested CPA-only subsidy of \$500,000 per affordable unit, equal to the total projected per-unit development cost. Although this project would have no acquisition costs, because it would be built on public land, its requested CPA funds per unit of affordable housing exceeded the per-unit request for most recent projects

that did have land acquisition costs. Sender, Gilfix and Robertson said the CPC also was not persuaded that including 4 market-rate units to provide an operating subsidy for the 4 affordable units was the best way to make the project work. Sender and Gilfix were also not sure it was appropriate to use City land and City funds for market-rate housing. Although Clarke felt that rethinking the project might re-open the long community conversation that had led to the current approach, Robertson, Sender, Kronish and Fitzmaurice all saw 8 units as too small for economic viability. They reiterated the Committee's past encouragement to consider development at a somewhat larger scale.

Robertson felt the site could easily meet the City's goals for transit-oriented, mixed-use housing without mixing uses on the site itself, by creating a walking path to both the West Newton commuter rail station and West Newton Square, in collaboration Myrtle Baptist Church. Kronish said the Newton Housing Authority and CAN-DO had won a contest for the opportunity to work with a team from MIT's Dept. of Urban Studies and Planning on a design for this site with substantially more than 8 units, which also met other community goals for accessibility, energy efficiency, and open space. He asked Ingerson to share that design with Heath.

In addition, many CPC members were concerned about the pre-proposal's identification of the City itself as the developer, since the City has no track record or expertise in affordable housing development. Sender said a public-private partnership with an experienced affordable housing developer would have more credibility with the Committee. Heath said the City planned to hire an owner's representative with appropriate affordable housing experience to manage the project.

Ingerson and Robertson explained that Public Buildings Commissioner Josh Morse had provided initial results of the site assessment by email on the day of this meeting, too late to be shared with the full CPC. Morse said the site assessment had cost only about \$25,000 of the \$100,000 appropriated, and had shown that cleanup costs would be minimal. Ingerson distributed copies of Morse's email and her response, in which she explained that any already appropriated CPA funds not spend for the site assessment could only be redirected to other CPA-eligible costs of the same project if the CPC voted to approve a formal request to that effect. She said she would post on [the CPC's webpage for this project](#) all the attachments Morse had sent.

Heath asked whether the CPC would support design work on the project, either by allowing unspent CPA funds from the site assessment to be spent on design, or by considering a request for additional CPA funds. He thought a CPA commitment might be required to get additional City funds for this purpose. Clarke and Gilfix were concerned that such other funds might not be forthcoming, since for some other recent City projects, other funding that had helped persuade the CPC to recommend CPA funding had ultimately not materialized.

Ingerson noted that the Comptroller's consultations with the state Department of Revenue had raised questions about the use of non-CPA City funds as envisioned in the pre-proposal. The City's Law Department is looking into this. In the meantime, she had suggested considering non-CPA City funding for the park component, and requesting CPA funds for a reconfigured housing component. All CPC members agreed that they had no significant concerns about the park component of the original plan.

Rather than invite a full proposal for design, Robertson recommended submitting a revised pre-proposal that addressed the CPC's concerns about the per-unit local public subsidy, the market-rate housing, and the project's size. Since the City already owns the site, a slower process would not put the project at risk. Paying 100 percent of the housing's development costs, at \$500,000 per unit, simply did not seem a good use of City funds, including but not limited to CPA funds. Sender, Gilfix and Kronish emphasized that CPA funds could not be used for any design costs associated with the market-rate housing currently proposed for this site.

[Jackson Road Senior Housing](#) (future proposal) – sponsored by Newton Housing Authority (NHA)

NHA executive director Amy Sutherland and Kronish, as the NHA appointee to the CPC, summarized this project's current status. About 4 years ago, an architect hired by NHA estimated that an additional 32 one-bedroom units could be built on the slope the authority owns behind its Kennedy Circle project. In response to

Sender, Sutherland confirmed that NHA has talked to the Conservation Commission's staff (Jennifer Steel) about the site's wetlands and stream.

In its recent pre-proposal to the CPC, NHA anticipated requesting \$1 million in CPA funds, for a total local public subsidy of slightly under \$32,000 per unit, and seeking an additional \$7 million in tax credits and from other non-CPA sources. All units will be for very-low-income seniors; the median annual income of current residents in NHA units is about \$10,000. The project will include a new community center that will serve the neighborhood as a whole. Preference will be given to tenants with existing Newton connections to the extent allowed by fair housing law. NHA sees enhanced services and engagement as critical for this population, including supporting residents with dementia and minimizing social isolation for all residents. Following the example of housing authorities in other communities, including Chelmsford, NHA has created a 501(c)3 nonprofit to seek grants and donations for services, and has hired a social worker. NHA will seek CDBG funding for both the community center and supportive services.

NHA has hired an attorney to work on permitting and its tax-credit applications. Overall, Kronish thought permitting would be a greater challenge than funding. NHA is currently choosing a development consultant, after which it will work on designer selection. Sargent and Kronish agreed that the project could get pre-approval this year for tax credits, probably would not actually be funded in the winter 2016 round, but could use that round instead to identify project weaknesses and move ahead to future rounds. Kronish felt that this project would be appealing for tax credit funding in light of the recent Supreme Court decision requiring this funding source to be used beyond communities and neighborhoods that are themselves mostly low-income.

Sutherland said NHA would not be ready to submit a full proposal by the CPC's upcoming September 30 deadline, but planned to submit its "one-stop" tax credit application to the state in December. Ingerson noted that, as with Crescent Street, this project did not meet the CPC's usual criteria for "off-cycle" consideration outside the annual funding round because site control was not at risk. After a brief additional discussion, the CPC agreed by sense of the meeting that in lieu of submitting either a revised pre-proposal, or the incomplete full proposal that could be ready for the upcoming September 30 deadline, NHA should share a draft of its winter 2016 tax-credit application with the CPC as early as possible, as a basis for a second vote confirming the CPC's original March 2016 vote inviting submission of a future full proposal. At that point, the CPC can discuss again whether and on what basis it could consider that full proposal off-cycle.

COMMITTEE BUSINESS

On July 11 the City Council had approved the \$2.5 million recommended by the CPC toward construction of the Newton Highland Playground. The Comptroller had reported Fy16 local CPA revenue of about \$110,000 more than the original budgeted amount. With unspent funds carried over from Fy16 plus those in the approved Fy17 budget, Newton currently has about \$9.7 million in CPA funds available for project funding.

The governor and legislature have approved an additional \$10 million for the state CPA trust fund, which is divided among all CPA communities. However, the source for that funding is the state budget surplus, which may be minimal this year. Any additional state funding will not be confirmed until mid-November 2016 and will only become available for spending through Newton's Fy18 budget.

With corrections as noted, Kronish moved and Sender seconded approval of the draft CPC minutes for 8 June 2016, which were approved 4-0. Gilfix, Clarke and Yeo had not attended that meeting.

The Committee then adjourned by consensus at 8:45 pm.