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Community Preservation Committee MEMORANDUM

Date: 11 July 2018
From: Community Preservation Committee
To: The Honorable Ruthanne Fuller, Mayor
The Honorable Newton City Council
Crescent Street Working Group
About: **CPC comments and concerns about the 70 Crescent Street Proposal for Affordable Housing & Expansion of the Reverend Ford Playground**

The CPC engaged Gerry Joseph, a third-party affordable housing professional, to perform a limited-scope review of the proposed housing project at 70 Crescent Street, focused on project finances. Joseph's analysis, in addition to many prior discussions held in CPC meetings, has enabled the CPC to organize its thoughts as presented below. At its 10 July 2018 meeting, the CPC voted unanimously (8-0, with its Planning & Development Board appointment vacant), to confirm the wording of this memo.

points on which all CPC members agree

The CPC deeply appreciates the enormous investment of time that so many Newton residents, elected officials, City staff and the City's consultants have made in both refining and responding to the proposal for 70 Crescent Street.

First and foremost, all CPC members agree that Newton should use this site for both of its currently contemplated new uses:

- a. to add public open space on the City's densely developed north side
 - b. to expand Newton's stock of permanently affordable housing for families
- and that
- c. Housing at Crescent Street must have restrictive covenants to assure the housing's affordability in perpetuity.
 - d. The City should ensure that workers on projects supported with any level of Newton public funds are treated fairly, and that these projects comply with all applicable labor, insurance and safety laws, whether each project is managed directly by the City or by a grantee of the City.

All CPC members would also strongly prefer to vote on funding for the Crescent Street project only

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- e. when Myrtle Baptist Church certifies in writing that its concerns about access and security have been substantially addressed, and
- f. when a qualified, long-term manager for the housing has been identified, whether that manager is a nonprofit housing development partner for the City, or a contracted manager. This item cannot be stressed enough. Over the long term a solid property manager will be the key to success – both for the City and the community.

Finally, all CPC members agree that as currently proposed, the housing part of the Crescent Street project does not efficiently use scarce Newton taxpayer funds. In combination with some initial design decisions, some requirements in Board order #384-11(4) governing the use of the site have led to unusually high per-unit costs. In combination with those costs, the City's proposed role as both developer and owner requires the current proposal to rely solely on Newton public funds to cover all development costs, as well as any future operating deficits.

points on which most CPC members agree

Most CPC members would strongly prefer to vote on whether to recommend CPA funding for the Crescent Street project **only if** Board order #384-11(4) can be revised to reduce per-unit costs and allow access to additional, non-Newton public funding by requiring:

- g. between 14 and 20 housing units, and
 - h. a public-private partnership between the City and an experienced, nonprofit affordable housing provider for the development, ownership and management of the housing
- One partnership option might combine permanent City ownership of the land with a long-term ground lease for nonprofit ownership and operation of the housing.

Most CPC members would also strongly prefer to vote on funding for the Crescent Street project only:

- i. based on project budgets that reflect all of the project's costs to the City, both present and future, whether through funding or the commitment of nonfinancial public resources

For example, past Crescent Street housing budgets have not included the value of the contributed City land; future tax revenue foregone through City ownership of the housing, balanced against the potential cost of public services for the housing and its residents; or the full cost of City staff time for the housing's design, construction and operations.

other options discussed by the CPC

Some CPC members are willing to compromise on goal g. above by considering a funding vote on a revised proposal that meets the goals above supported by all CPC members (a. through f.) and that also includes the following alternative changes:

- j. reduce per-unit housing costs by removing private external access to the second-floor units; eliminating the elevator – or at least eliminating any CPA request for the elevator; and if possible, considering modular construction, as promised when CPA funds were requested for initial design
- k. if the number of housing units remains at 8, all units should be permanently affordable at a range of incomes below 100% of the Area Median Income