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Community Preservation Committee
Funding Recommendation for
AUBURN STREET
Affordable Housing & Historic Rehabilitation

date: 23 June 2017
from: Community Preservation Committee
to: The Honorable City Council

PROJECT GOALS & ELIGIBILITY

This project will create 8 units of rental housing permanently affordable to households at up to 60% of the area median income (AMI): one 3-bedroom unit in the oldest part of a rehabilitated Italianate home originally built in the 1860s; a new modular building with one 3-bedroom and one 2-bedroom unit; and a second, fully accessible modular building designed as a 5-bedroom congregate home for adults with intellectual disabilities, to be owned and operated by the Barry L. Price Rehabilitation Center.

The project is eligible for CPA funding as the creation of affordable housing. The adaptive reuse of the historic house is also eligible for CPA historic resources funding, based on the Newton Historical Commission's declaration that the house is significant in Newton's local history and on the sponsor's commitment to comply with the federal historic rehabilitation standards required by the Community Preservation Act (MGL Ch. 44B).

RECOMMENDED FUNDING

After its public hearing on 31 May 2017, on 8 June 2017 the Community Preservation Committee (CPC) voted 7-0 (chair Jonathan Yeo and member Don Fishman absent) to recommend appropriating \$977,700 for this project as shown below, from the Community Preservation Fund's reserves and fund balances for housing and historic resources and if needed from the Fund's general reserve, to the Planning & Development Department for a grant to CAN-DO, for any purpose implied in this summary budget:

USES	by type of construction & (no. of housing units)	Congregate -	Family -	Family -	Total (8)
		New (5)	Historic (1)	New (2)	
acquisition		\$256,645	\$526,634	\$161,721	\$945,000
construction		\$780,318	\$605,485	\$551,327	\$1,937,129
soft costs, including but not limited to: architecture, engineering, legal, permitting, marketing/tenant selection, taxes, insurance, development consultant		\$163,029	\$68,524	\$105,041	\$336,594
developer overhead / fee (50% / 50%; combined total ≈ 10% of other costs)		\$119,999	\$120,064	\$81,809	\$321,872
capitalized operating reserves			\$4,500	\$10,500	\$15,000
TOTAL DEVELOPMENT COST		\$1,319,991	\$1,325,207	\$910,398	\$3,555,595
SOURCES					
CPA (\$300,000 historic resources, \$677,700 affordable housing)				\$977,700	
CDBG (\$1,020,000) and HOME (\$447,900)				\$1,467,900	
Facilities Consolidation Fund (state funds, for congregate home only)				\$659,995	
sale of completed congregate home to Price Center (using bank mortgage)				\$450,000	
TOTAL SOURCES				\$3,555,595	

website www.newtonma.gov/cpa

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SPECIAL ISSUES CONSIDERED BY THE CPC

As for past small-scale affordable housing projects, many CPC members expressed concern about this project's high per-unit costs and about the long-term economic sustainability of the family units, to be owned by CAN-DO. However, all members also recognized that the congregate home provided important leverage for Newton public funds through access to state funds for which the rest of the project could not qualify and through the Price Center's capacity to carry a mortgage for that building, which it will own.

The Committee recognized that many reasons for the project's high costs were also reasons for the strong community support expressed at the public hearing, including from abutters. The project is in an ideal village-center location, close to shopping and transportation. The project's small scale will minimize its visual impact on the neighborhood streetscape. The project will preserve a relatively rare and early (pre-1870) historic home by moving it onto a new foundation, preserving or restoring its exterior, and rehabilitating its extensively reconfigured and deteriorated interior. Finally, the project's congregate home will be costly to construct, because it will serve for residents with medically intensive disabilities, but it will also allow these young adults to remain in their community, near their families.

ADDITIONAL RECOMMENDATIONS *(funding conditions)*

1. All recommended CPA funds will be appropriated within 6 months, and the project will be completed within 24 months, after the date of this recommendation. If either deadline cannot be met, CAN-DO may request a written extension from the CPC, which the Committee may grant at its discretion.
2. All housing units created through this project will be listed on the state Subsidized Housing Inventory.
3. CAN-DO, as the final owner of the family housing, and the Barry L. Price Center, as the final owner of the congregate home, will grant to the City of Newton a permanent preservation restriction on the historic home and permanent affordability restrictions on all housing units. Affordability restrictions for the family housing will allow for "high HOME" rents, based on incomes up to 60% of the area median.
4. The phased release of CPA funds for the project will be governed by a detailed grant agreement that includes but is not limited to the conditions required of past CPA-funded housing projects: initial release upon final commitment of all funding required to complete the project, plus receipt of a Comprehensive Permit; initial release for construction upon procurement of a construction contract through the City of Newton Purchasing Dept., plus receipt of a building permit; phased release of developer overhead, based on construction progress; release of the funding for the developer fee upon completion of construction; and release of final 10% of the CPA grant upon receipt and presentation of a final report to the CPC.
5. Any CPA funds appropriated but not used for the purposes stated herein will be returned to the Newton Community Preservation Fund.

KEY OUTCOMES

The Community Preservation Committee will evaluate this project based on how well it meets conditions 1 through 3 above.

ATTACHMENTS (delivered to the clerks of the Land Use Committee and Finance Committee)

- ◆ Copy of the CPC's project webpage showing all information available there, including community comments received in writing: www.newtonma.gov/gov/planning/cpa/projects/auburn.asp
- In addition, once minutes of the CPC's 31 May 2017 public hearing and 8 June 2017 are approved, they will be posted on the CPC's [Committees & Meetings](http://www.newtonma.gov/gov/planning/cpa/committees/committees.htm) page: www.newtonma.gov/gov/planning/cpa/committee/default.asp#Meetings.
- ◆ Slide presentation to the CPC on 31 May 2017
- ◆ Key portions of the proposal to the CPC, including: project budgets, Newton Historical Commission review, site & floor plans, elevations and construction cost estimates
- ◆ Underwriting analysis by independent consultant, required for Newton HOME funding
- ◆ Background on the affiliation between CAN-DO and Metro West Collaborative Development