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Community Preservation Committee Funding Recommendation for 10-12 CAMBRIA ROAD (WEST NEWTON) AFFORDABLE HOUSING

date: 7 December 2015, summary budget revised 1 February 2016

from: Community Preservation Committee

to: The Honorable Board of Aldermen/City Council

PROJECT GOALS & ELIGIBILITY

CAN-DO (Citizens for Affordable Housing in Newton Development Organization) will use the recommended project grant to rehabilitate an existing two-family home as two units of permanently affordable rental housing, one for a homeless family currently living in a hotel or motel and whose household income is up to 50% of the area-wide median, and one for a family currently living in CAN-DO's transitional housing for survivors of domestic violence, whose household income is up to 80% of the area median. Each unit will have two bedrooms and one bathroom. The project's only significant remodeling is relocating an opening onto the rear stairwell, to create more usable space in the second-floor unit's kitchen.

The project is eligible for CPA funds as the creation of affordable housing.

RECOMMENDED FUNDING

On 19 November 2015, the Community Preservation Committee recommended appropriating \$471,117 for this project by a vote of 5-1 (member Rick Kronish opposed, members Michael Clarke, Don Fishman and Jonathan Yeo absent). The CPC recommends that funds be appropriated from the Community Preservation Fund's current reserve and fund balance for housing, and general fund balance, to the Planning & Development Department for a grant to CAN-DO, for any use included in this summary budget:

10-12 Cambria Road (Affordable Housing) Project Budget				
USES			SOURCES	
Acquisition (Mortgage Elimination)		\$ 610,000	City of Newton - CDBG/HOME	\$ 384,293
Construction (including 10% contingency)		\$ 148,528	Newton CPA Funding	\$ 471,117
Other Development Costs (Soft Costs)			Charlesbank Homes (grant)	\$ 50,000
Architect, Engineer, Survey		\$ 22,000	<i>1 February 2016 update: originally listed Federal Home Loan Bank grant of \$75,000 was not received.</i>	
Permits, Legal, Appraisal, Taxes, Insurance		\$ 22,030	Total Sources \$ 905,410	
Loan Interest	8 months	\$ 20,112		
Soft Cost Contingency	10%	\$ 6,414		
Developer Overhead/Fee	8%	\$ 66,327		
Initial Funding of Replacement Reserve		\$ 10,000		
Total Uses		\$ 905,410		

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SPECIAL ISSUES CONSIDERED BY THE CPC

Project Funding Sources & Costs CPC member Rick Kronish voted against the project primarily because he regarded the amount of its request for locally-controlled subsidies as excessive. He faulted the project for failing to use local subsidies to leverage available state and federal funds. The 5 CPC members voting in favor appreciated that the project's \$390,205 total public subsidy per unit was much lower than the \$482,014 per-unit total public subsidy for CAN-DO's previous project, on Taft Avenue, in part because CAN-DO has proposed only the minimum necessary repairs and remodeling at Cambria Road.

Community Building & Community Support Kronish also expressed his concern that the development of only 2 or 3 affordable units at a time, dispersed across the city, made it difficult to provide supportive services efficiently and threatened to engender a sense of isolation among the units' residents. Other CPC members felt that living in a mixed-income neighborhood would help to integrate the project's residents into the broader Newton community.

Petitions, letters and comments submitted by all but one member of the public supported this proposal. This will be CAN-DO's third property on Cambria Road, with a cumulative total of 15 bedrooms. As noted by one person at the public hearing, the lack of any comments from residents of this fairly short street suggested that the earlier CAN-DO projects, developed in 2004 and 2006, have been seen as good neighbors.

Listing on the Subsidized Housing Inventory The state Dept. of Housing & Community Development has approved an affirmative marketing/tenant selection plan for listing CAN-DO's Taft Avenue project on the SHI. The new Cambria Road project should also be eligible for the SHI because it will use basically the same plan.

Alternative Strategies for Affordable Housing In the context of Newton's challenging real estate market, most CPC members applauded CAN-DO for continuing to develop permanently affordable units in existing 2- and 3-family homes, with a deliberately minimal impact on neighborhood streetscapes.

However, many CPC members also voted in favor of this project in part because the Committee has recently had limited alternatives for supporting affordable housing. Since 2011, all housing proposals to the CPC have come from CAN-DO, with only two exceptions: Myrtle Village (a 7-unit project first proposed in 2011) and the City's homebuyer assistance program. Most CPC members would welcome the opportunity to consider housing projects that leverage a higher proportion of their total public funding from non-local sources or that require smaller public subsidies per unit. The CPC recognized that the projects most likely to meet these criteria would be on a larger scale and designed to create many more than 2 or 3 affordable units at a time.

ADDITIONAL RECOMMENDATIONS *(funding conditions)*

1. The CPC assumes all recommended funds will be appropriated within 6 months, and the two affordable units will be occupied within 18 months, after the date of this recommendation. If either of these deadlines cannot be met, CAN-DO will submit a written request asking the CPC to extend that deadline.
2. Grant funds will be released on a reimbursement basis through a detailed grant agreement including but not limited to requirements for initial, continued and final release of funds, confirmation of non-CPA funding, permits, procurement, contracting, verification of construction work, and cost documentation.
3. CAN-DO will provide project status reports to CPC staff upon request and, as a prerequisite for release of the final 10% of grant funds, will present an in-person and written final report to the CPC summarizing project outcomes and comparing actual to budgeted expenditures.
4. 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 goals 1 and 3 above.

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

- Copy of the CPC's project webpage, with links to additional information:
www.newtonma.gov/gov/planning/cpa/projects/cambria.asp#10-12
- Slide presentation to the CPC on 19 November 2015
- Proposal & supporting materials, including memo from City of Newton Housing staff