

PROPOSAL

Crescent Street

Affordable Housing & Playground Expansion



All information for this proposal is being posted on the CPC's webpage for this project, which is organized chronologically:

www.newtonma.gov/gov/planning/cpa/projects/crescent.asp

communications from Community Preservation Committee members & staff
(reverse chronological order):

- ◆ 25 May 2018, project cost analysis by CPC member Dan Brody
- ◆ 14-21 February 2018, questions from CPC member Dan Brody
- ◆ 9 February 2018, questions from CPC member Beryl Gilfix
- ◆ 9 January-9 February 2018, proposal *Reader's Guide* for the CPC & comparisons with other projects, by CPC staff

TO: Community Preservation Committee

FROM: Dan Brody

DATE: May 25, 2018

RE: Crescent Street Project Costs and Development Alternatives

To help frame the discussion at our June meeting, I've prepared an analysis intended to show the full impact of the Crescent Street project on the City of Newton budget, both immediately and during the life of the project. The analysis considers costs and foregone revenue items that are omitted from the City's project budget, including the following:

- The value of the land
- The cost of providing city services to the building (which would be recovered through property taxes if the project were taxable)
- The costs of city staff time incurred to date, to be incurred during the remainder of the development period, and during the operation of the building

My conclusion is that the project's total impact on city finances is approximately \$6.6 million. With only six units that are affordable to families with incomes below 99% of AMI, the city cost works out to \$1.1 million per affordable unit.

Some elements of this analysis are based on rough estimates, and I would welcome comments on any of the assumptions. But I doubt that different assumptions would materially change the result.

All future costs and revenues (including building operating income and foregone property taxes) are discounted to current dollars using net present value (NPV) calculations.

The cost per affordable unit could be significantly reduced if the size of the building were increased. But even if the Board Order's limit of 8 units is observed, there are several options involving private for-profit or non-profit developers that would result in a much more reasonable cost per affordable unit. Page 3 of my analysis outlines some of these possibilities.

I would be happy to answer any questions about this analysis either prior to or during our meeting.

Crescent Street Analysis

Dan Brody, Community Preservation Committee

Development Budget

Hard costs	4,084,212
Soft costs	635,915
"Total Project Budget" as of 3/9/2018	4,720,127

City staff time incurred to date	202,500
City staff time during rest of development period	216,667
Demolition and hazmat abatement	177,182
Total Development Cost	5,316,476

Other Costs Incurred by City

Net present value of city staff time during operations	456,810
Net present value of foregone property taxes	1,404,916
Total Other Costs	1,861,726

Revenue

Net present value of net operating income	(1,605,208)
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Subtotal: Direct Impact on City Budget

5,572,994

Foregone Revenue

Building permit	81,684
Foregone value of sale of 99-year ground lease to developer	1,000,000

Total Foregone Revenue

1,081,684

Grand Total Project Cost

6,654,678

Per Unit Analysis

Subsidized units (includes 120% of AMI units)	8
Cost per subsidized unit	831,835
Affordable units (99% of AMI or below)	6
Cost per affordable unit	1,109,113
CPA request	1,635,000
CPA funds per affordable unit	272,500

Color codes:

From project budget
From consultant's report
Additional items identified in this analysis
Other assumptions

Crescent Street Analysis

Dan Brody, Community Preservation Committee

Assumptions and Calculations

Net Present Value Assumptions

Discount rate	3.75%
Years	30

Other Assumptions

Inflation rate	2.00%
Building permit fee	2.00%

Property Taxes Foregone

Total Development Cost	5,316,476
Land value	1,000,000
Total property tax base	6,316,476
Effective assessment ratio	90%
Assessed value	5,684,828
Tax rate	10.82 per thousand
Tax	61,510
Total taxes over 30 years	2,495,336
Net present value of taxes	1,404,916

City Staff Time During Rest of Development Period

Months required for	
Approvals	3
Design and Bid	8
Construction	15
Total	26
Estimated cost of staff time per year	100,000
Total cost	216,667

per "Master Schedule for Site Plan Approval"

City Staff Time During Operations

Estimated cost of staff time in Year 1	20,000
Total cost of staff time over 30 years	811,362
Net present value of staff time	456,810

Net Operating Income

Year 1	(70,279) from project pro forma
Net present value of income	(1,605,208)

Crescent Street Development Alternatives
Net Present Value Analysis over 30 Years

Dan Brody, Community Preservation Committee

	City as Developer	Private For-Profit or Non-Profit Developer				
		Normal Inclusionary Zoning Rules		City Requires 25% Affordable		City Requires 100% Affordable
	Current Proposal	High Land Value	Low Land Value	High Land Value	Low Land Value	No Land Value
City Revenue						
Net Present Value (NPV) of Net Operating Income	1,605,208					
Building permit		81,684	81,684	81,684	81,684	81,684
Sale of ground lease to developer		2,000,000	1,000,000	1,500,000	500,000	-
NPV of property taxes		1,404,916	1,404,916	1,404,916	1,404,916	1,404,916
NPV of Revenue to City	1,605,208	3,486,600	2,486,600	2,986,600	1,986,600	1,486,600
City Costs						
"Total Project Budget"	4,720,127					
CPA grant to support project						1,635,000
Demolition and hazmat abatement	177,182	177,182	177,182	177,182	177,182	177,182
City staff time						
Already incurred	202,500	202,500	202,500	202,500	202,500	202,500
During development	216,667					
NPV of time during operations	456,810					
NPV of city services provided	1,404,916	1,404,916	1,404,916	1,404,916	1,404,916	1,404,916
NPV of Cost to City	7,178,201	1,784,598	1,784,598	1,784,598	1,784,598	3,419,598
Benefit (or Cost) to City Budget	(5,572,994)	1,702,002	702,002	1,202,002	202,002	(1,932,998)
Per Unit Analysis						
Number of affordable units	6	1	1	2	2	8
Change from current proposal		(5)	(5)	(4)	(4)	2
Change in benefit to city		7,274,996	6,274,996	6,774,996	5,774,996	3,639,996
Change per affordable unit eliminated		1,454,999	1,254,999	1,693,749	1,443,749	n/a

From: Dan Brody <danielsbrody@gmail.com>
Sent: Wednesday, February 14, 2018 7:49 AM
To: sargent@mhic.com
Cc: Deborah J. Crossley; Alice Ingerson
Subject: Crescent Street Alternatives

Hi Peter,

Thanks for keeping us on track last night during a meeting that could easily have gone off the rails.

I'm writing because I think the suggestion by Lenny Gentile and Maureen Lemieux that the city might be willing to put more cash into the project opens the door to some interesting possibilities.

I was also intrigued by Alice's suggestion that switching the market rate units to affordable would save money by allowing reductions in the level of finishes. If the city puts in more cash, we'd no longer need the higher rental income provided by the two affordable units in order to have a strong coverage ratio.

I did some quick calculations, which are in the attached spreadsheet, and copied below. These start from the December 22nd budget, with the elevator, in the current packet.

What I call the "Gentile proposal" simply replaces the bond funding with increased city cash.

But I see no reason why we have to eliminate the bond completely. The problem with debt service coverage would be gone if we substantially reduced the size of the debt. I suggest an "Alternative A" that keeps \$1 million in bond funding, and uses this money to reduce what is required from both the CPA and from city cash.

Following up on Alice's suggestion, what if we replaced the two market rate units with 1 bedroom units at 80% AMI? This would cut the size of the building, reducing the development budget. And without the need to have any of the units have the level of finishes required to attract market-rate tenants, some additional savings might be possible. And we'd have eight affordable units instead of six.

Here are the calculations. The overall reduction in square footage would be 7%, but since some fixed costs wouldn't change, I project savings of just 5%. I made a wild guess of \$100,000 in savings from finishes.

Unit Mix		Current		Alternative B			Change
Floor	Type	AMI	NRA	Type	AMI	NRA	
1	2 bed	80%	1000	2 bed	80%	1000	0
1	2 bed	MR	1000	1 bed	80%	800	-200
1	3 bed	60%	1250	3 bed	60%	1250	0
1	3 bed	120%	1250	3 bed	120%	1250	0
2	2 bed	120%	1000	2 bed	120%	1000	0
2	2 bed	60%	1000	2 bed	60%	1000	0
2	3 bed	80%	1250	3 bed	80%	1250	0
2	3 bed	MR	1250	1 bed	80%	800	-450
			9000			8350	-650
					% change in NRA		-7%
					% change in cost		-5%
					Estimated savings		(236,006)
					Savings from reduced level of finishes		(100,000)
					Total savings		(336,006)

And here are the results. In Alternative A, I apply half of the \$1 million in bond proceeds to reducing the CPA funding, and half to reducing the city cash need (compared to the Gentile proposal).

Alternative B takes the \$336K in savings and divides it evenly between CPA and city cash. And with 8 affordable units instead of 6, the CPA fund per affordable unit is less than half of what's in the current budget.

Funding Mix	12/22/17			
	budget with elevator	Gentile proposal	Alternative A	Alternative B
CPA	1,635,000	1,635,000	1,135,000	966,997
City Bond	2,200,000	-	1,000,000	1,000,000
City Cash	885,127	3,085,127	2,585,127	2,417,124
Total	4,720,127	4,720,127	4,720,127	4,384,121
Affordable Units	6	6	6	8
CPA/Affordable	272,500	272,500	189,167	120,875

I hope that you'll ask the city to incorporate these changes in a new development budget that we then send to our consultant for analysis.

I have one more suggestion that I think would make the plan more acceptable to affordable housing advocates. The proponents correctly note that once the bonds are paid off, the building will generate a significant stream of net income to the city. I may have missed this, but do we know what will happen to this money? I'd like to see a commitment from the city that any net income from the development would be dedicated to affordable housing, either by contributing it to the CPA fund (if this is possible) or in some other way. If the city bond is cut to \$1 million or less, there should be significant net income right away.

Thanks,
Dan

From: Alice Ingerson
 Sent: Wednesday, February 14, 2018 10:21 AM
 To: Dan Brody <danielsbrody@gmail.com>; sargent@mhic.com; Bob Maloney <bobmaloney@comcast.net>
 Subject: Re: Crescent Street Alternatives

Thanks, Dan. I'll only address your suggestions for the consultant scope here.

As you may know, the 2015 plan with the budgets that Councilor Gentile solicited from National Development was for two 1-bedroom units, two 3-bedroom units, and four 2-bedroom units, divided evenly between market-rate and 80% AMI. Both the CPC and community meetings then strongly

encouraged the City to increase the total no. of bedrooms and if possible reduce some of the income levels.

In addition to premium finishes (and I'm not actually sure how premium the finishes are), the current plan includes other "premium" features such as washers & dryers within all units, private ground-floor gardening spaces, and private entrances (exterior doors and exterior stairs) for all units, including those on the 2nd floor, even with the elevator. Some people who wrote letters to the CPC questioned whether these features truly compensated enough for other things (no covered parking, location next to the Turnpike, only 1.5 bathrooms in the 3-bedroom units, etc.) to make the rents projected for the higher-rent units realistic. Evaluating this question does seem like a key part of the CPC consultant's scope of work.

You are right that my "circular" question from last night was (a) if the project needed premium features in all units so it could charge premium rents for some units, and if those premium rents were needed to cover debt service, and if the debt was needed partly to cover the cost of those premium features, then (b) maybe a similar circle could work with less expensive features, lower rents, and less debt.

I hope the scope of work for the CPC's consultant won't need to include a full "design and construction" review, though this is now up to Peter and Bob. But I agree with your reasons for asking the consultant to flag any basic design changes needed to support revised, more sustainable operating and development budgets. ...

Cheers,
Alice

From: Dan Brody [mailto:danielsbrody@gmail.com]
Sent: Wednesday, February 21, 2018 2:06 PM
To: Alice Ingerson <aingerson@newtonma.gov>
Subject: Crescent Street consultant RFP

Hi Alice,

Here are my thoughts about the consultant review.

My recommended approach, as I said in my Feb 14th email to Peter, is to slow the process down and see if the city is willing to make changes to:

- Increase the use of city cash, and cut the requests for CPA funds and for bond funds
- Switch to eight affordable units, all ranging from 60% to 100% of AMI
- Take advantage of the elimination of market-rate and 120% AMI units to reduce the level of finishes and thus reduce the budget
- Reduce some unit sizes, and eliminate outside staircases and the private outdoor spaces for second-floor units, to reduce the budget even further

If the city is willing to make such changes, I think it make sense to hold off on the actual start of the consultant work until we have a new site plan, development budget, and operating budget. However, it might be possible to start the process of hiring a consultant right away, since the overall scope of work won't change much.

If this approach isn't feasible, then I think we should ask the consultant to do two analyses, one for the current plan and another for the alternative outlined above.

Finally, I think we should explicitly ask the consultant to discuss the following items (preferably, for both the current plan and the alternative plan):

- The foregone value of the land. I suggest that we ask the consultant to estimate how much a private developer would pay for a 99-year lease on the land, assuming that it was zoned for eight units of housing, of which two would have to be affordable.
- The foregone cost of the building permit.
- The net present value of foregone property taxes. The city will be providing schools and all other city services to the occupants of the building, but will not be collecting property taxes.
- The total cost of city staff time and of "work by others" during the planning and construction of the project.
- The net present value of city staff time during the operating life of the building. The failure to attract a bid from a property management company suggests that some city staff time will be required on an ongoing basis. The cost of this time should be attributed to the project.
- The net present value of the project's net operating income.
- The appropriate vacancy rate.
- An analysis of the feasibility of attracting tenants who will pay the rents for the 120% AMI and for the market rate units.
- The adequacy of all operating and capital reserves.

All of these items were mentioned in the Livable Newton letter and in other comment letters. I think we should try to quantify their impact on the total cost to the city of the project.

The Cost Comparison tab of the attached spreadsheet takes a rough stab at estimating these items. I had to make wild guesses at the land value and the annual cost of city staff time. I assume the consultant could base their analysis on real data.

Here are the results:

Crescent Street Alternatives		
	Current Proposal 12/22/17 budget	Alternative B
Development Budget		
Hard Costs	4,084,212	
Soft Costs	635,915	
"Total Project Budget"	4,720,127	4,384,121
Work by Others	380,999	380,999
City Staff Time	202,500	202,500
Building Permit	81,684	75,869
Foregone value of sale of 99-year ground lease to developer	1,000,000	1,000,000
Total Development Cost	6,385,310	6,043,489
Other Items		
Present value of city staff time during operations	456,810	456,810
Present value of foregone property taxes	1,420,226	1,420,226
Present value of net operating income	(2,916,572)	(2,624,915)
Grand Total Project Cost	5,345,774	5,295,610
Per Unit Analysis		
Subsidized units (includes 120% AMI units)	6	8
Cost per subsidized unit	890,962	661,951
Affordable units (100% AMI or below)	4	8
Cost per affordable unit	1,336,443	661,951
CPA Request	1,635,000	966,997
CPA Funds Per Affordable Unit	408,750	120,875
Color codes:		
	From city budget	
	Additional items to be reviewed by consultant	

"Alternative B" is intended to reflect the changes outlined at the start of this email.

The gold-shaded cells come straight from the city development budget. The rest are my assumptions and calculations. The blue-shaded cells are ones I'd like to see the consultant to review.

The NPV calculations of course vary depending on the choice of discount rate and term considered. I used the city bond rate as the discount rate and stopped the net present value calculations after 30 years. I'd like the consultant to weigh in on what are the most reasonable figures to use. But this table shows that the variation in the NPV of total project costs doesn't go up or down by more than 12% regardless of which assumptions are used.

What-If Analysis: Grand Total Project Cost					
		Years			
		30	40	50	60
Discount Rate	3.75%	5,345,774	5,101,554	4,895,538	4,721,749
	4.75%	5,475,348	5,301,312	5,167,929	5,065,703
	5.75%	5,582,497	5,457,983	5,371,203	5,310,723
	6.75%	5,671,718	5,582,288	5,525,559	5,489,573
	7.75%	5,746,522	5,682,046	5,644,787	5,623,256
	8.75%	5,809,664	5,763,005	5,738,422	5,725,470

I'd be happy to discuss this further with you, Peter, and Bob if that would be helpful.

Regards,

Dan

[ComPres PROPOSALS\Crescent St 2017-18 proposal\Crescent St consultant analysis\18Feb21 Crescent Street analysis D Brody.xlsx](#)

9 February 2018
From Beryl Gilfix
To Alice Ingerson, CPC members

The following are issues I have with the Crescent Street project. I will raise these issues at the meeting but it might be easier for Alice to copy and paste these into the minutes instead of trying to type them up at the moment.

- 1) How will the property manager and the City as the owner divide the responsibilities for:
 - receiving the monthly rent payments?
 - speaking with or meeting with tenants who don't pay their rent on time?
 - evicting tenants when necessary, for non-payment of rent or other reasons?
 - responding to calls from tenants about problems such as a broken toilet or lack of heat, including at night or on weekends or holidays?
 - accepting other calls about the building that are initially made to the City?
 - administering the initial lottery and filling vacancies later on?
 - setting funds aside to cover operating costs when an apartment is not rented or rent is not being paid?
 - in the short term, covering bond payments if there are shortfalls in the project's rental income?
 - in the long term, covering any gap between the project's costs and its income? In other words, does the City acknowledge that this property might not be self-supporting and that its costs might become just another line item in the City's general budget?
- 2) Re access to the playground:
 - how will pedestrians access the site from Curve Street?
 - though we understand that the Myrtle Baptist Church parking lot will remain private and will not be available for park users, who will be responsible for insurance coverage if a visitor to the park uses that parking lot illegally and there is an accident?

Newton, Massachusetts Community Preservation Program **CPC STAFF *READER'S GUIDE* to New Proposals**

PROJECT TITLES:

- ♦ JACKSON ROAD/HAYWOOD HOUSE
- ♦ **CRESCENT STREET Final Design & Construction**

INDEPENDENT ANALYSES of PROJECT FINANCIALS

Until recently, the CPC made its funding votes on housing proposals contingent on receiving analyses from the Newton Housing Partnership and from the City of Newton's Planning & Development Department. For past housing projects that requested support through Newton's HOME program, the CPC also received the brief, independent consultant analysis of each project's financials required by that federally funded program. For example, the CPC recently received such an analysis for CAN-DO's Auburn Street project.

Since the Housing Partnership no longer exists, and the Planning & Development Department cannot provide an analysis of proposals for which it is a (co)sponsor, staff recommends that the CPC itself commission an independent analysis of each new housing proposal similar to those for the HOME program. This was a standard practice during the first few years of Newton's CPA program.

Based on recent past experience, these analyses should cost less than \$5,000 per proposal. The \$22,000 consultant line in the CPC's Fy18 administrative budget could easily cover the cost of such analyses for both current housing proposals.

Timing considerations for these analyses:

- ♦ Since current information for Jackson Road/Haywood House is tentative, the best time to commission an independent analysis for this project might be after its plans are closer to final, as a condition either for the execution of a CPA grant agreement or for the initial release of funds through that agreement.
- ♦ As a City project, Crescent Street will not have a grant agreement. The CPC's primary options for this project would be to commission an independent analysis either before the CPC's funding vote or before docketing a CPC funding recommendation with the City Council.

COST & FUNDING COMPARISONS for RECENT HOUSING PROPOSALS (attached table) [Attachment A](#)

Evaluations of housing proposals based on per-unit costs or per-unit subsidies often compare "apples to oranges," because the details for each project are unique. The attached table attempts to provide enough detail about the two current proposals and several recent past housing proposals to support "apples to apples" comparisons.

MARKET-RATE RENTS & MARKET STUDIES for RECENT HOUSING PROPOSALS (attached table) [Attachment B](#)

The CPC requires market studies for all housing proposals. To help the CPC judge whether the rents projected for the market-rate units in the current proposals are realistic, the attached table lists them alongside rents from the three most recent market studies the CPC has received. These projected rents are important for evaluating each project's long-term financial viability as well as its CPA funding request, which is based partly on how much debt service it can afford.

Newton, Massachusetts Community Preservation Program
CPC STAFF READER'S GUIDE to New Proposal
CRESCENT STREET Final Design & Construction

STAFF NOTES on new information submitted for CPC February 2018 packet

Project Cost & Subsidy Comparisons **Attachment C**

The project team’s calculations comparing the costs and anticipated Newton public funding for Crescent Street with those of past CPA-funded projects, using data from the CPC website, prompted me to review our website again. I have attached to these notes an annotated version of those calculations, highlighting some minor errors or other problems in our web information (which I have now corrected, and which do not reflect on the project team!). These annotations also include acquisition costs for past projects, to provide an alternative basis for comparison with Crescent Street, which had no acquisition costs.

However, I have also attached a memo that I have distributed with the similar comparisons that I have sometimes produced, upon request but under protest, since 2013. This memo lists only a few of the many factors that comparisons among development projects would have to take into account, for those comparisons to be truly fair. As the memo suggests, no matter how many such adjustments are made, such comparisons are almost inevitably still “apples and oranges” in some sense (with a few kumquats and [Ugli™ fruit](#) for good measure!).

I therefore hope the CPC’s further discussions of the Crescent Street proposal will not focus on these statistical comparisons but will focus instead on a broad evaluation of the project’s balance of public benefits and public costs, in the light of other possible uses of CPA and other Newton public funds.

Analysis of Funding Sources

The project team provided 9 pages of information in response to the CPC’s request for a matrix of (a) non-Newton funding sources explored for this project, and (b) reasons why this project could not qualify for each one. Those 9 pages include much more detail for (a) than for (b). Perhaps the team felt that the titles of most listed funding sources answered this question, with no further explanation needed.

Implicitly, the main answers to (b) seem to be the project’s relatively small number of units, its location, and the City’s decision to develop the project directly rather than partner with a private (nonprofit or other) housing developer. The City’s decision to retain *ownership* of the property, or at least of the site, does not seem to be an obstacle for most possible non-Newton funding sources, but it might be worth confirming this.

Property Management Memo

The analysis in this memo is compatible, though not identical with, the staff notes below on this issue from the January 2018 edition of this *Reader’s Guide*. Adding this experience to the project team seems very important. The most plausible and credible candidate for this role is probably one of the (relatively few) established nonprofits that already manage their own portfolios of deed-restricted affordable housing in Newton.

from January 2018 Reader’s Guide

CURRENT CPA REQUEST

housing	\$1,479,930
recreation (playground/park)	\$1,095,070
total	\$2,575,000

TOTAL PROJECT COST

as submitted, excluding "other" costs	
attributed neither to housing nor to playground/park	\$6,019,932
including "other" costs:	\$6,603,431

The cost estimator's project total is \$5,235,718, even though the estimator's total appears to include the "other" costs. The CPC should request a brief clarification of the reasons for this difference.

TIMING or CONDITIONS for CPC FUNDING VOTE

Since this City project will not have a grant agreement, the CPC does not have the option to recommend funding but make the later release of CPA funds contingent on the commitment of other funding.

The CPC may want to consider

- ♦ recommending now the CPA funds needed to complete final design work on the project's housing component, then offering an expedited schedule for consideration of a construction funding request based on actual bids (this is the preferred procedure in the *Community Preservation Plan*), or
- ♦ deferring its vote on the current full request until:
 - the CPC has commissioned an independent analysis of the project's financials and/or
 - the property manager has vetted the projected operating budget (see notes below)

CONDITIONS for CPC FUNDING RECOMMENDATION

Though the CPC cannot really condition the release or use of CPA funds for City projects, CPC recommendations for these projects usually include the following suggestions, which are still described as "conditions." Most City departments have done their best to honor these requirements:

- ♦ From the date of the CPC recommendation, all recommended CPA funds will be appropriated by the City Council within 6 months, **project construction will begin within 2 years, and the project will be completed within 4 years**. If any of these deadlines cannot be met, the Public Buildings Dept. must request a written extension from the CPC.
- ♦ A final report should be presented and submitted to the CPC within 2 months of project completion.
- ♦ All unspent CPA funds should be returned to Newton's Community Preservation Fund.

(Some sections from 9 January 2018 notes omitted here as of 9 February 2018)

PROPERTY MANAGEMENT

Most of the following issues are addressed in the memo from the Planning Dept. submitted for the CPC's February packet. The City's RFP for Property Management Services does raise a few minor issues:

- ♦ The RFP lists the 2-bedroom units as having 2 bathrooms; the proposal lists them as having 1 bathroom.
- ♦ The RFP requires the property manager to meet routine maintenance costs from operating revenue but does not mention capital costs. However, the City probably intends capital costs to be covered by the project's operating/ replacement reserve.

For this reserve, the submitted project budgets include no initial capitalization but annual contributions starting at \$300/unit. For comparison, other recent housing projects have budgeted an average initial capitalization of about \$2,300/unit and average annual contributions starting at about \$530/unit.

- ♦ The proposed 1-year contract term for the property manager might not provide a strong incentive to minimize future capital costs through preventive maintenance.
- ♦ The scope of work in the RFP does not but probably should include developing a "reasonable accommodation/reasonable modification" policy for tenants with disabilities. The City's own current policies are designed for employees and visitors rather than residents.

February 2018 CPC packet - CPC staff Attachment A

COMPARISONS for OTHER HOUSING PROPOSALS

(not included in table provided to CPC for 23 January 2018 meeting)

TDC = "total development cost"

Last updated 12 Jan 2018, A. Ingerson

				total project TDC:		\$905,410	
				total project square feet:		\$1,728	
				Newton public funds			
				all Newton funds/non-market units		Newton CPA funds/CPA-eligible units	
				per unit	per bedroom	per unit	per bedroom
10-12 Cambria Road (2016) signif. acquisition cost, all rehab (no new construction, no additions) 2 family units, 4 bedrooms total; no accessibility features	TDC per sq ft	TDC per unit	TDC per bedroom				
as proposed	\$524	\$452,705	\$226,353	\$472,625	\$189,050	\$127,500	\$51,000
excluding acquisition cost (\$610,000)	\$171	\$147,705	\$73,853				
				total project TDC:		\$1,085,000	
				total project square feet:		\$3,284	
				Newton public funds			
				all Newton funds/non-market units		Newton CPA funds/CPA-eligible units	
				per unit	per bedroom	per unit	per bedroom
54 Eddy Street (2012) signif. acquisition cost, all rehab (no new construction, no additions) 2 family units, 5 bedrooms total; no accessibility features	TDC per sq ft	TDC per unit	TDC per bedroom				
as proposed	\$330	\$542,500	\$217,000	\$472,625	\$189,050	\$127,500	\$51,000
excluding acquisition cost (\$660,000)	\$129	\$212,500	\$85,000				
				total project TDC:		\$1,370,000	
				total project square feet:		\$3,356	
				Newton public funds			
				all Newton funds/non-market units		Newton CPA funds/CPA-eligible units	
				per unit	per bedroom	per unit	per bedroom
61 Pearl Street (2011) signif. acquisition cost, all rehab (no new construction, but walls between main house & 2-story rear addition broken through to create floor-through units) 3 family units, 6 bedrooms total; 1st-floor unit fully accessible	TDC per sq ft	TDC per unit	TDC per bedroom				
as proposed	\$408	\$456,667	\$228,333	\$572,750	\$190,917	\$332,750	\$110,917
excluding acquisition cost (\$780,000)	\$176	\$196,667	\$98,333				

COMPARISON with proposed single, multi-unit building

(not included in table provided to CPC for 23 January 2018 meeting, or in table provided to CFO on 12 January 2018)

TDC = "total development cost"

This unbuilt project may be most comparable to Crescent St.

Last updated 16 Jan 2018, A. Ingerson

				total project TDC:		\$9,360,583	
				total project square feet:		\$32,260	
				Newton public funds			
				all Newton funds/non-market units		Newton CPA funds/CPA-eligible units	
				per unit	per bedroom	per unit	per bedroom
112-116 Dedham Street (2011 - not funded or constructed) signif. acquisition cost, all new construction, surface + underground parking, elevator 16 family units, 2 with 3 bedrooms, 14 with 2 bedrooms, 34 bedrooms total; all units visitable & adaptable; 4 units with total 9 bedrooms affordable at 80% AMI	TDC per sq ft	TDC per unit	TDC per bedroom				
as proposed	\$290	\$585,036	\$275,311	\$275,000	\$122,222	\$275,000	\$122,222
excluding acquisition cost (\$1,680,000)	\$238	\$480,036	\$225,900				

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COMPARISONS for OTHER HOUSING PROPOSALS

(not included in table provided to CPC for 23 January 2018 meeting)

TDC = "total development cost"

Last updated 12 Jan 2018, A. Ingerson

				total project TDC:		\$905,410	
				total project square feet:		\$1,728	
				Newton public funds			
				all Newton funds/non-market units		Newton CPA funds/CPA-eligible units	
				per unit	per bedroom	per unit	per bedroom
10-12 Cambria Road (2016)							
signif. acquisition cost, all rehab (no new construction, no additions)							
2 family units, 4 bedrooms total; no accessibility features							
	TDC per sq ft	TDC per unit	TDC per bedroom				
as proposed	\$524	\$452,705	\$226,353	\$472,625	\$189,050	\$127,500	\$51,000
excluding acquisition cost (\$610,000)	\$171	\$147,705	\$73,853				
54 Eddy Street (2012)				total project TDC:		\$1,085,000	
signif. acquisition cost, all rehab (no new construction, no additions)				total project square feet:		\$3,284	
2 family units, 5 bedrooms total; no accessibility features				Newton public funds			
				all Newton funds/non-market units		Newton CPA funds/CPA-eligible units	
				per unit	per bedroom	per unit	per bedroom
as proposed	\$330	\$542,500	\$217,000	\$472,625	\$189,050	\$127,500	\$51,000
excluding acquisition cost (\$660,000)	\$129	\$212,500	\$85,000				
61 Pearl Street (2011)				total project TDC:		\$1,370,000	
signif. acquisition cost, all rehab (no new construction, but walls between main house & 2-story rear addition broken through to create floor-through units)				total project square feet:		\$3,356	
3 family units, 6 bedrooms total; 1st-floor unit fully accessible				Newton public funds			
				all Newton funds/non-market units		Newton CPA funds/CPA-eligible units	
				per unit	per bedroom	per unit	per bedroom
as proposed	\$408	\$456,667	\$228,333	\$572,750	\$190,917	\$332,750	\$110,917
excluding acquisition cost (\$780,000)	\$176	\$196,667	\$98,333				

COMPARISON with proposed single, multi-unit building

(not included in table provided to CPC for 23 January 2018 meeting, or in table provided to CFO on 12 January 2018)

TDC = "total development cost"

This unbuilt project may be most comparable to Crescent St.

Last updated 16 Jan 2018, A. Ingerson

				total project TDC:		\$9,360,583	
				total project square feet:		\$32,260	
				Newton public funds			
				all Newton funds/non-market units		Newton CPA funds/CPA-eligible units	
				per unit	per bedroom	per unit	per bedroom
112-116 Dedham Street (2011 - not funded or constructed)							
signif. acquisition cost, all new construction, surface + underground parking, elevator							
16 family units, 2 with 3 bedrooms, 14 with 2 bedrooms, 34 bedrooms total; all units visitable & adaptable; 4 units with total 9 bedrooms affordable at 80% AMI							
	TDC per sq ft	TDC per unit	TDC per bedroom				
as proposed	\$290	\$585,036	\$275,311	\$275,000	\$122,222	\$275,000	\$122,222
excluding acquisition cost (\$1,680,000)	\$238	\$480,036	\$225,900				

February 2018 CPC packet - CPC staff Attachment B

Newton Community Preservation Program

CPC Staff Reader's Guide to New Proposals

MARKET-RATE RENTS from MARKET ANALYSES for RECENT & CURRENT HOUSING PROPOSALS Last updated 4 January 2018, A. Ingerson

<i>from analysis for this project:</i>	project	1-bdrm	2-bdrm	3-bdrm	location	project size	features & amenities
<i>proposed market-rate rent</i>	Jackson Road/ Haywood House	\$2,300			Newton	55 units, 13 market-rate	elevator, community center, library, pickup/dropoff zone, resident activities & supportive services, laundry center
<i>proposed market-rate rent</i>	Crescent Street		\$2,844	\$3,200	Newton	8 units, 2 market-rate	elevator, in-unit laundry, private outdoor spaces, bike racks, private entrances, views overlooking & frontage directly on a public park
<i>Auburn Street</i>	Avalon Chestnut Hill	\$2,610	\$3,420	\$3,625	160 Boylston Street, Newton	204 units	fitness center, heated outdoor pool, courtyard with barbecue grills, resident lounge with kitchen for entertaining, WiFi, bike storage, underground parking, concierge, package pick-up, near public transportation
<i>Auburn Street</i>	Charles River Landing (listed as "Chestnut River Landing")	\$3,045	\$3,785	\$5,270	300 2nd Ave., Needham	350 units	community bbq/grill, business center, clubhouse, coffee bar, courtyard, game room, garage parking, guest suite, gym, hot tub, WiFi, media room, package receiving, heated outdoor pool, pool table
<i>Jackson Road</i>	Charlesbank Apartments	\$1,959 to \$2,094	\$2,182	\$2,622 to \$3,479	120 Pleasant Street, Watertown	44 units	social areas and events, barbecue area, controlled access building, bike and kayak racks, near public transportation, elevator, voice intercom, 24-hour package acceptance, garage parking, access to Charles River & bike path, Comcast xfinity (phone, cable, internet)
<i>Crescent Street</i>	Coolidge School		\$2,625		319 Arlington St., Watertown	36	age-restricted (55+), on-site management, off-street parking (with available guest parking), 24-hr emergency maintenance, fitness center, library with fireplace, restored auditorium with catering kitchen
<i>Crescent Street</i>	Currents on the Charles		\$2,900	\$3,755	36 River Street, Waltham	178	theater and game lounge, network lounge, clubhouse with fireplace, indoor secure bike storage and bike repair station, pet wash station & pet services, electric car charging, package acceptance, resident events & clubs, catering kitchen with dining area, library, fitness center, yoga/training room, heated pool and sundeck, outdoor kitchen with gas grills and wet bar, outdoor seating and firepit, adjacent to riverside park, Charles River jogging and bike paths, 24-hr emergency maintenance, controlled access garage parking See also listing below from Jackson Road market analysis.
<i>Jackson Road</i>		\$2,385 to \$2,575	\$3,180 to \$3,604	\$3,700		200	Listing from Crescent St. market analysis reported a diff. project size and slightly higher rents for this same development.
<i>Crescent Street</i>	Gardencrest		\$2,522	\$3,052	20 Middlesex Circle, Waltham	700	swimming pool, fitness center, playground, on-site laundry, parking, extra storage, on-site 24-hr maintenance staff

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Newton Community Preservation Program

CPC Staff Reader's Guide to New Proposals

MARKET-RATE RENTS from MARKET ANALYSES for RECENT & CURRENT HOUSING PROPOSALS Last updated 4 January 2018, A. Ingerson

<i>from analysis for this project:</i>	project	1-bdrm	2-bdrm	3-bdrm	location	project size	features & amenities
<i>Auburn Street</i>	Hancock Estates (Kessler Woods)		\$3,350	\$4,150	199 LaGrange Street, Newton	88 units	concierge & package receiving, dry cleaning kiosk, lifestyle center, activity room, community lounge, entertainment suite, café, business center, conference rooms, lounge, video conference room, guest suite, fitness center, outdoor grilling area with fire pit and putting green, playground, community garden, fenced dog run, pet grooming station, fob access, covered drop-off area, garage parking, car charging station, shuttle service to public transit
<i>Crescent Street</i>	Pelham Hall		\$2,898		1284 Beacon Street, Brookline (listed as Newton)	134	card-operated laundry, fitness room, keyless entry, 24-hr emergency maintenance, elevators, on-site restaurant, security cameras, locked bike room, reserved pick-up/drop-off zone, on the T (Green C line), recycling, on-site management
<i>Jackson Road</i>	Riverbend on the Charles	\$2,057 to \$2,638	\$2,308 to \$3,086		270 Pleasant Street, Watertown	171 units	Charles River views, access to river path, clubhouse with billiards room, covered parking, dry cleaning pickup & delivery, heated pool and hot tub, state-of-the-art fitness center, walking distance to local markets, restaurants & Watertown Square
<i>Crescent Street</i>	Watch Factory		\$2,833	\$3,726	185 Crescent St, Waltham	166	fitness center, kayaking, walking trail, river view, storage for bikes & kayaks, casual dining for all meals, WiFi, on-site management & facilities manager, walk to Moody Street restaurants
<i>Crescent Street</i>	Watertown Mews		\$2,375	\$4,300	1 Repton Place, Watertown	172	garage parking, saltwater pool & sundeck, 24-hr fitness center, yoga and group fit studio with free classes, outdoor BBQ courtyard, additional on-site storage, clubhouse with WiFi, game room with video wall & card table, pet spa, bike storage, car wash area, business center, guest suite, media room, recycling, package concierge, dry cleaning pickup/dropoff <i>See also listing below from Jackson Road market analysis.</i>
<i>Jackson Road</i>		\$2,100 to \$2,562	\$3,028			206 units	<i>Listing from Crescent St. market analysis</i> reported a diff. project size and slightly lower rents for this same development.
<i>Auburn Street</i>	Woodland Station (Arborpoint)	\$2,731	\$3,029	\$4,035	1940 Washington Street, Newton	180 units	underground parking, fitness center, outdoor pool with grilling area, business center, conference room, clubroom, resident lounge with full kitchen, fireplace, billiards table <i>See also listing below from Jackson Road market analysis.</i>
<i>Jackson Road</i>		\$2,700	\$3,600	\$4,500		180 units	<i>Listing from Auburn St. market analysis</i> reported slightly diff. rents for this same development.

February 2018 CPC packet - CPC staff Attachment C

Housing Projects - based on				ANALYSIS	9 February 2018 CPC staff notes & updates
Project	Yr Funds Granted	Total Cost	Acquisition Cost * estimated using Newton Assessors' data		
Watertown Street	2003	\$ 6,411,084	\$ 800,000	congregate, all new construction; from our records, it seems clear that the Archdiocese intentionally sold this property for this project at a below-market price	
Dolan Pond	2004	\$ 877,400	* \$ 500,000	actually 8 bedrms rather than 10 ; CPC website error	
Pelham St	2004	\$ 2,917,799	\$ 950,000	semi-congregate, all rehab?	
West Street	2004	\$ 676,400	\$ 606,000	congregate, staff calc's total City funding \$600,000 , all rehab	
Millhouse	2005	\$ 4,656,383	\$ 1,055,000	total 6 units, 16 bedrms ; affordable 4 units, 10 bedrms; 2 units sold as market-rate condos; 2 detached singles (1 rehab, 1 new) + modular new construction (2 duplexes)	
Wyman St	2005	\$ 3,567,995	\$ 3,550,000	all acquisition, no construction other than de-leading	
Covenant	2006	\$17,430,711	\$ 4,657,010	CPC sources state total cost \$17,430,711 for 57 total units, 62 total bedrms listed in Assessors DB, all condos; 44 units new construction, 13 units rehab; CPA funds marginal	
Elliot Street	2006	\$ 2,261,394	\$ 535,000	total 5 units, 11 bedrms ; affordable 3 units, 6 bdrms; 2 units sold as market-rate condos; rehab + stick-built new construction	
Lexington Street	2009	\$ 5,322,027	\$ 715,000	8 duplexes, 2 detached singles, all new construction, signif. site prep. costs	
Veteran House	2010	\$ 950,000	\$ 666,630	all rehab	
Pearl	2011	\$ 1,370,000	\$ 780,000	staff calc's total City funding \$1,145,500 , all rehab	
Eddy	2012	\$ 1,103,822	\$ 660,000	all rehab	
Myrtle Village	2014	\$ 3,077,604	\$ 1,032,000	\$632,000 of acquisition cost contributed by developer (property donated to project), primarily rehab but some attached new construction	
Taft	2015	\$ 1,170,729	\$ 590,000	rehab + attached new construction for 2nd unit	
Cambria 10-12	2016	\$ 905,410	\$ 610,000	all rehab (note: 2 earlier CPA-funded projects on Cambria Rd are not listed here; they are farther down on CPC Cambria Road webpage)	
Auburn St	2017	\$ 3,555,595	\$ 945,000	rehab + detached new construction	
AVERAGE PAST 10 YEARS - NO COST ESCALATION					
Crescent w/Elev	2018	\$ 4,720,127			
Haywood House	2018	\$ 26,060,496			