

# 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](http://www.newtonma.gov/gov/planning/cpa/projects/crescent.asp)

**proposal sponsor updates** (reverse chronological order):

- ◆ 30 April-9 May 2018, responses to questions from CPC consultant
- ◆ 22 March 2018 - updated project budgets (revised/completed from December 2017 and 6 March 2018 submissions), including
  - revised mix of unit sizes & incomes
  - two alternative funding plans: Affordable Housing Financing Plan and Standalone Financing Plan

# **PROPOSAL**

## **Crescent Street**

### **Affordable Housing & Playground Expansion**



**recent responses to questions & information requests from consultant or the CPC:**

- ◆ rent & utility calculations (3 pp)
- ◆ answers to consultant questions about cost & revenue assumptions (1 p)

All public information submitted to the CPC,  
including the consultant scope of work & qualifications  
and the proposal's updated budgets/funding plans from March 2018,  
is posted on this webpage:

[www.newtonma.gov/gov/planning/cpa/projects/crescent.asp](http://www.newtonma.gov/gov/planning/cpa/projects/crescent.asp)

<b>1 Bedroom Units Affordable Rents</b>					
<b>AMI</b>	<b>Monthly Income</b>		<b>Maximum Rent (30% of Monthly Income)</b>	<b>Maximum Rent (Less Utility Allowance, \$334 )</b>	
50%	\$ 41,400	\$ 3,450	\$ 1,035	\$	864
60%	\$ 49,680	\$ 4,140	\$ 1,242	\$	1,071
70%	\$ 57,960	\$ 4,830	\$ 1,449	\$	1,278
80%	\$ 62,550	\$ 5,213	\$ 1,564	\$	1,393
85%	\$ 70,380	\$ 5,865	\$ 1,760	\$	1,589
90%	\$ 74,520	\$ 6,210	\$ 1,863	\$	1,692
95%	\$ 78,660	\$ 6,555	\$ 1,967	\$	1,796
99%	\$ 81,972	\$ 6,831	\$ 2,049	\$	1,878
110%	\$ 91,080	\$ 7,590	\$ 2,277	\$	2,106
120%	\$ 99,360	\$ 8,280	\$ 2,484	\$	2,313
<b>2 Bedroom Units Affordable Rents</b>					
<b>AMI</b>	<b>Monthly Income</b>		<b>Maximum Rent (30% of Monthly Income)</b>	<b>Maximum Rent (less Utility Allowance, \$245)</b>	
50%	\$ 46,550	\$ 3,879	\$ 1,164	\$	919
60%	\$ 55,860	\$ 4,655	\$ 1,397	\$	1,152
70%	\$ 65,170	\$ 5,431	\$ 1,629	\$	1,384
80%	\$ 70,350	\$ 5,863	\$ 1,759	\$	1,514
85%	\$ 79,135	\$ 6,595	\$ 1,978	\$	1,733
90%	\$ 83,790	\$ 6,983	\$ 2,095	\$	1,850
95%	\$ 88,445	\$ 7,370	\$ 2,211	\$	1,966
99%	\$ 92,169	\$ 7,681	\$ 2,304	\$	2,059
110%	\$ 102,410	\$ 8,534	\$ 2,560	\$	2,315
120%	\$ 111,720	\$ 9,310	\$ 2,793	\$	2,548
<b>3 Bedroom Units Affordable Rents</b>					
<b>AMI</b>	<b>Monthly Income</b>		<b>Maximum Rent (30% of Monthly Income)</b>	<b>Maximum Rent (less Utility Allowance, \$334)</b>	
50%	\$ 51,700	\$ 4,308	\$ 1,293	\$	959
60%	\$ 62,040	\$ 5,170	\$ 1,551	\$	1,217
70%	\$ 72,380	\$ 6,032	\$ 1,810	\$	1,476
80%	\$ 78,150	\$ 6,513	\$ 1,954	\$	1,620
85%	\$ 87,890	\$ 7,324	\$ 2,197	\$	1,863
90%	\$ 93,060	\$ 7,755	\$ 2,327	\$	1,993
95%	\$ 98,230	\$ 8,186	\$ 2,456	\$	2,122
99%	\$ 102,366	\$ 8,531	\$ 2,559	\$	2,225
110%	\$ 113,740	\$ 9,478	\$ 2,844	\$	2,510
120%	\$ 124,080	\$ 10,340	\$ 3,102	\$	2,768
*Income derived from MHP 2017 Income Limits for Affordable Units					
* Newton City (Boston MSA) Median Income: \$103,400					

Newton Housing Authority *			
Section 8 Utility Allowances			
	Utility Allowances	Notes	
1-bedroom	\$ 171	Natural gas system assumed for heating	
2-bedroom	\$ 245	Natural gas system assumed for heating	
3-bedroom	\$ 334	Natural gas system assumed for heating	
* Requested from Newton Housing Authority on 6/1/2017			

# Allowances for Tenant-Furnished Utilities and Other Services

U.S. Department of Housing  
and Urban Development  
Office of Public and Indian Housing

Locality		Unit Type					Date	
Newton, Massachusetts		High Rise [ Top and Bottom ]					October 1, 2016	
Utility or Service		Monthly Dollar Allowance						
		EFF	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
Heating:	a. Natural Gas	29	39	53	65	79	92	
	b. Bottle Gas							
	c. Oil/Electric	51/44	69/67	94/92	115/112	140/137	163/159	
	d. Coal/Other							
Cooking:	a. Natural Gas	6	7	8	10	12	14	
	b. Bottle Gas							
	c. Electric	6	8	9	13	19	26	
	d. Coal/Other							
Other Electric		34	41	58	65	77	85	
Air Conditioning								
Water Heat:	a. Natural Gas	11	15	18	21	24	28	
	b. Bottle Gas							
	c. Oil/Electric	19/30	27/43	35/49	43/61	55/67	62/80	
	d. Coal/Other							
Water		10	20	29	61	84	106	
Sewer		15	30	59	91	122	153	
Trash Collection								
Range / Microwave								
Refrigerator		3	3	3	3	4	4	
Natural Gas Customer Charge		9	9	9	9	9	9	
<b>ACTUAL FAMILY ALLOWANCE</b> be used by family to compute allowances. Complete below for actual unit rented.						Utility or Service	Per Month Cost	
Name of Family						Heating	\$	
						Cooking		
						Other Electric		
Address of Unit						Air Conditioning		
						Water Heating		
						Water		
						Sewer		
						Trash Collection		
						Range/Microwave		
						Refrigerator		
						Other		
Number of Bedrooms								

**Costs:**

- **What are the assumptions about the quality of finishes - flooring, cabinets, appliances, etc.?**  
At this point we are carrying sufficient funds to allow for flexibility in finishes like countertops, appliances, and cabinets. Flooring is assumed to be ceramic tile in the bathrooms, and vct /carpet in the rest of the spaces. Although our cost estimates are based on these types of finishes, we are carrying a figure that allows for some flexibility throughout the spaces. We are not carrying funds for “high end” finishes.
- **Will the project be self-insured by the City, both during and after construction?**  
The contractor will be required to have bonds and insurance throughout the construction phase of the project. After that the city will assume the insurance responsibilities for the asset itself, while renters will be responsible for renters’ insurance for the contents. The City’s projected insurance costs have been included in the pro-forma.
- **Will City building permit fees be waived?**  
Yes
- **Will the property be transferred to a new entity or will it be held in title by the City? Any need for recording costs or title insurance?**  
The property will be held in title by the City of Newton. The City will cover any costs associated with any recordings and/or title issues.
- **Is no appraisal needed, if the project is funded partly through bonding?**  
No appraisal is needed regardless of funding mechanism.
- **Will the City cover these costs: legal services, any bond payments due during construction (before the project is generating revenue), and any capital costs or operating deficits that precede or exceed the capitalization of the capital & replacement reserves from project revenue?**  
The city has staff counsel so there will be no additional legal costs incurred. No bond payments are expected to be due during construction. The City of Newton does accept and acknowledge the fiduciary risks associated with this project, and we will not allow a deficit of any kind to occur.

**Funding:**

- **Are the funding sources included in the two options interchangeable? For example, can the Rainy Day Fund or the Heath Holiday Fund be used in the Standalone option as well as the Affordable Housing option?**  
For the purposes of this evaluation, we would ask that the scenarios be analyzed as presented. Funding mechanisms are fluid, and can be structured in a multitude of ways. That said, we would be open to suggestions should the review find that a hybrid funding structure is optimal.
- **Has the city confirmed with HUD that the use of HOME or CDBG funds for this project would be an eligible use of funds?**  
There are significant elements within this project that would be eligible for these funds. We understand that these funds could not, and would not, be used for the new construction portion of this project. Demolition, site preparation, utilities, and other eligible costs may be submitted when this project moves forward.

# PROPOSAL

## Crescent Street

### Affordable Housing & Playground Expansion

## UPDATED FINANCIALS/FUNDING SOURCES

submitted to CPC by email 6-22 March 2018



- ◆ **overall assumptions** (1 page) – incl. proposed new income levels
- ◆ **maintenance & management scope** included in operating budgets (1 page)
- ◆ **Affordable Housing Financing Plan**
  - development budget
  - 20-year operating budget (pro forma)
- ◆ **Standalone Financing Plan**
  - development budget
  - 20-year operating budget (pro forma)

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## Crescent Street Assumptions

submitted by email

page 1 of 1

8:23 am, 6 March 2018

from: City of Newton Planning & Development Director Barney S. Heath

to: Newton Community Preservation Committee, via Alice E. Ingerson

The City of Newton is proposing the construction of eight units of affordable housing on a municipally owned piece of property located at 70 Crescent Street, in conjunction with a rehabilitation and expansion of an adjacent public park. The attached pro forma and development budget were developed with the following assumptions:

- This project is working within the limitations imposed by the Board of Aldermen (now City Council), which limits the housing project to eight units, and states that the City shall act as the developer.
- Eight units of affordable housing with the following AMI unit mix: 120%, 120%, 99%, 80%, 80%, 80%, 60%, 60%.
- 30% increase in construction costs due to prevailing wage rates, as well as the impact of the DCAMM process, which limits the number of qualified bidders.
- This project will have no developer fee. The City of Newton is the developer.
- For cost estimating purposes, midpoint of construction is slated for July of 2019.
- Project includes an elevator, which when factoring in additional common areas, electrical service impact, machine room, cab, and general increase in gross square footage, it has a total all-in added cost of \$470,000.
- We have adjusted our vacancy rate, maintenance line, management fee, operating and capital reserves, to be very conservative. If the review finds that these assumptions are too conservative, we would welcome a recommended target assumption for these areas.
- Our budgets for all professional services are based on fixed fee proposals.
- The development budget shows \$242,000 in the "other" column for costs associated with the hazmat abatement and demolition of two structures on the property. These costs are excluded from the housing related costs, as this work needs to be done regardless of the housing project.
- In addition to what is shown for assumptions in the pro forma, the City will be establishing \$50,000.00 up front for capital reserves, and \$50,000.00 up front for operating reserves.



From: Joshua R. Morse  
Sent: Thursday, March 22, 2018 10:56 AM  
To: Alice Ingerson <aingerson@newtonma.gov>; Stephanie Tocci <stocci@newtonma.gov>  
Cc: Barney Heath <bheath@newtonma.gov>  
Subject: RE: Crescent St - prep for CPC consultant

I'm ok with converting to excel for the consultants. I am in full support of whatever we can do to make the review easier. As you'll see in the notes beneath the pro formas, we have decided to establish the \$50K operating and capital reserves by using the net positive cash flow in the first few years. I reread how I worded the statement in the assumption page, and I felt that between that statement, and the notes that Stephanie inserted beneath the pro formas, we have explained the approach fairly clearly.

I speaking with Maureen, it was decided that we would not need \$50K in both reserves up front, and the permanent annual investments in those accounts, and the first few years of net positive cash flow invested in those accounts. We felt that that would be excessive.

Regards,  
Josh

From: Alice Ingerson  
Sent: Thursday, March 22, 2018 10:35 AM  
To: Stephanie Tocci <stocci@newtonma.gov>  
Cc: Joshua R. Morse <jmorse@newtonma.gov>; Barney Heath <bheath@newtonma.gov>  
Subject: RE: Crescent St - prep for CPC consultant

... with Josh's permission, I will simply make myself in the Excel versions submitted on March 6th the changes shown in the PDF submitted today, March 22nd.

Alice

-----Original Message-----

From: Stephanie Tocci  
Sent: Thursday, March 22, 2018 10:31 AM  
To: Alice Ingerson <aingerson@newtonma.gov>  
Cc: Joshua R. Morse <jmorse@newtonma.gov>  
Subject: FW: Crescent St - prep for CPC consultant

Good Morning,

In regards to your questions:

\* CPA Funding includes the \$260,000 appropriated for feasibility and design, \$100,000 CPA for site assessment omitted - accidentally?

Yes, this was omitted accidentally. Should read:

\* CPA Funding includes \$260,000 appropriated for feasibility and design and \$100,000 for site assessment

I have updated the budget to include this note and I have also updates the proformas to include a note on the capital and operating reserves. Please let me know if you have any further questions.

Regards,  
Stephanie Tocci

Public Buildings Department  
City of Newton

52 Elliot Street  
Newton Highlands, MA 02461  
(617) 796-1603

## **Crescent Street Maintenance & Management Scope**

submitted by email

from: City of Newton Planning & Development Director Barney S. Heath

to: Newton Community Preservation Committee, via Alice E. Ingerson

page 1 of 1

8:23 am, 6 March 2018

Below is a summary of the scope of services covered within the maintenance and management line items within our pro forma.

### **Operating Expenses**

- Annual operating expenses (Administrative)
  1. Management fee
  2. Payroll, Admin
  3. Payroll taxes & Benefits, Admin
  4. Legal
  5. Audit
  6. Marketing
  7. Telephone
  8. Office Supplies
  9. Accounting and Data Processing
  
- Annual operating expenses (Maintenance)
  1. Payroll, Maintenance
  2. Payroll taxes & Benefits, Admin
  3. Janitorial materials
  4. Landscaping
  5. Repairs
  6. Elevator maintenance
  7. Trash removal
  8. Snow removal
  9. Extermination
  10. Resident services
  11. Security
  12. Electricity(Heat and hot water will be electric)
  13. Water and sewer

CRESCENT STREET HOUSING AND  
REVEREND FORD PLAYGROUND EXPANSION  
PROJECT DEVELOPMENT BUDGET

**Crescent Street Affordable Housing Financing Plan, Development Budget**

submitted by email: 8:23 am, 6 March 2018 by City of Newton Planning &amp; Development Director Barney S. Heath

corrected footnotes submitted by email: 10:31 am, 22 March 2018 by Stephanie Tocci, City of Newton Public Buildings Dept.

to: Newton Community Preservation Committee, via Alice E. Ingerson

USES						
Description	Housing	Park	Total		Other	Required Funding
<b>HARD COSTS</b>						
Direct Construction						
Housing/Housing Site Total	\$ 3,618,310	\$ -	\$ 3,618,310		\$ -	\$ 3,618,310
Appliances	\$ 50,230	\$ -	\$ 50,230		\$ -	\$ 50,230
Park Total	\$ -	\$ 888,497	\$ 888,497		\$ -	\$ 888,497
Utilities	\$ 221,186	\$ 139,316	\$ 360,502		\$ -	\$ 360,502
Earthwork by others (Deleted - no longer needed)	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Direct Construction Total</b>	<b>\$ 3,889,726</b>	<b>\$ 1,027,813</b>	<b>\$ 4,917,539</b>		<b>\$ -</b>	<b>\$ 4,917,539</b>
Existing Building Demolition	\$ -	\$ -	\$ -		\$ 92,000	\$ 92,000
Hazmat Abatement	\$ -	\$ -	\$ -		\$ 132,000	\$ 132,000
General Conditions, O&P, P&P Bond, BRI	\$ -	\$ -	(Incl.)		\$ -	\$ -
Escalation	\$ -	\$ -	(Incl.)		\$ -	\$ -
Construction Contingency @ 5%	\$ 194,486	\$ 56,838	\$ 251,324		\$ -	\$ 251,324
<b>Hard Costs Total</b>	<b>\$ 4,084,212</b>	<b>\$ 1,084,651</b>	<b>\$ 5,168,863</b>		<b>\$ 224,000</b>	<b>\$ 5,392,863</b>
<b>SOFT COSTS **</b>						
OPM						
OPM & Housing Consultant	\$ 174,846	\$ 59,847	\$ 234,693		\$ -	\$ 234,693
Design & Engineering						
Architectural and Engineering fees	\$ 336,740	\$ 115,260	\$ 452,000		\$ -	\$ 452,000
Additional Consultants						
(HERS)	\$ 10,850	\$ -	\$ 10,850		\$ -	\$ 10,850
Professional Services						
Hazmat	\$ 11,432	\$ 11,432	\$ 22,864		\$ 18,000	\$ 40,864
Survey (Additional)	\$ 7,750	\$ 4,025	\$ 11,775		\$ -	\$ 11,775
Materials Testing	\$ 14,900	\$ 5,100	\$ 20,000		\$ -	\$ 20,000
Geotechnical	\$ 9,145	\$ 6,695	\$ 15,840		\$ -	\$ 15,840
Project Related Expenses						
Utility Back Charges	\$ 7,450	\$ 2,550	\$ 10,000		\$ -	\$ 10,000
Admin & Printing Cost	\$ 15,000	\$ -	\$ 15,000		\$ -	\$ 15,000
Non GC Construction Work	\$ 10,000	\$ -	\$ 10,000		\$ -	\$ 10,000
Marketing/Initial Rent-up	\$ 5,000	\$ -	\$ 5,000		\$ -	\$ 5,000
Affordable Monitoring	\$ 2,520	\$ -	\$ 2,520		\$ -	\$ 2,520
Soft Cost Contingency						
Soft Cost Contingency	\$ 30,282	\$ 10,245	\$ 40,527		\$ -	\$ 40,527
<b>Soft Costs ** Total</b>	<b>\$ 635,914.64</b>	<b>\$ 215,154.15</b>	<b>\$ 851,068.79</b>		<b>\$ 18,000.00</b>	<b>\$ 869,068.79</b>
<b>Total Project Budget</b>	<b>\$4,720,127</b>	<b>\$1,299,805</b>	<b>\$6,019,932</b>		<b>\$242,000</b>	<b>\$6,261,932</b>
City Staff Time	\$ -	\$ -	\$ -		\$ 202,500	\$ 202,500
<b>FUNDING SOURCES</b>						
Description	Housing	Park	Total		Other	Total All-In
CPA *	\$ 1,635,000	\$ 1,300,000	\$ 2,935,000		\$ -	\$ 2,935,000
Inclusionary Zoning	\$ 750,000	\$ -	\$ 750,000		\$ -	\$ 750,000
City Staff Time — see separate listing above	\$ -	\$ -	\$ -		\$ -	\$ -
Cash - from Rainy Day ***	\$ 1,758,000	\$ -	\$ 1,758,000		\$ 242,000	\$ 2,000,000
Cash - Health Holiday ***	\$ 576,932	\$ -	\$ 576,932		\$ -	\$ 576,932
<b>Total</b>	<b>\$ 4,719,932</b>	<b>\$ 1,300,000</b>	<b>\$ 6,019,932</b>		<b>\$ 242,000</b>	<b>\$ 6,261,932</b>
<b>Notes and Assumptions:</b>						
* CPA funding includes the \$260,000 appropriated for feasibility and design, \$100,000 CPA for site assessment.						
** Soft Costs were allocated using the % of total costs budget by PB Dept. in the March 2017 Budget						
Park: \$1,300,000 (25.5%) and Housing \$3,400,000 (74.5%)						
*** City funding includes \$298,500 for feasibility and design, \$100,000 for site cleanup.						

**Crescent Street Affordable Housing Financing Plan, Operating Budget**

submitted by email: 8:23 am, 6 March 2018 by City of Newton Planning & Development Director Barney S. Heath  
 corrected footnotes submitted by email: 10:31 am, 22 March 2018 by Stephanie Tocci, City of Newton Public Buildings Dept.  
 to: Newton Community Preservation Committee, via Alice E. Ingerson

(20-year, 2 pages)

CRESCENT STREET DEVELOPMENT										
OPERATING PROFORMA WITH ELEVATOR										
FEBRUARY 20, 2018										
NEWTON, MA										
	Year 1 - Untrended	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Operating Income</b> (Trending 2%)										
Apartment Rental Income	\$ 172,277	\$ 175,723	\$ 179,237	\$ 182,822	\$ 186,478	\$ 190,208	\$ 194,012	\$ 197,892	\$ 201,850	\$ 205,887
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Income	\$ 172,277	\$ 175,723	\$ 179,237	\$ 182,822	\$ 186,478	\$ 190,208	\$ 194,012	\$ 197,892	\$ 201,850	\$ 205,887
Less Unit Vacancy (10.0%)	\$ (17,228)	\$ (17,572)	\$ (17,924)	\$ (18,282)	\$ (18,648)	\$ (19,021)	\$ (19,401)	\$ (19,789)	\$ (20,185)	\$ (20,589)
Effective Gross Income	\$ 155,049	\$ 158,150	\$ 161,313	\$ 164,540	\$ 167,830	\$ 171,187	\$ 174,611	\$ 178,103	\$ 181,665	\$ 185,298
<b>Operating Expenses</b> (Trending 3%)										
Management Fee/Admin (15%)	\$ 25,842	\$ 26,617	\$ 27,415	\$ 28,238	\$ 29,085	\$ 29,957	\$ 30,856	\$ 31,782	\$ 32,735	\$ 33,717
Maintenance (15%)	\$ 25,842	\$ 26,617	\$ 27,415	\$ 28,238	\$ 29,085	\$ 29,957	\$ 30,856	\$ 31,782	\$ 32,735	\$ 33,717
Utilities (Common Area)	\$ 7,853	\$ 8,088	\$ 8,331	\$ 8,581	\$ 8,838	\$ 9,104	\$ 9,377	\$ 9,658	\$ 9,948	\$ 10,246
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Resident Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 3,607	\$ 3,715	\$ 3,826	\$ 3,941	\$ 4,060	\$ 4,181	\$ 4,307	\$ 4,436	\$ 4,569	\$ 4,706
Monitoring Fee	\$ 1,600	\$ 1,648	\$ 1,697	\$ 1,748	\$ 1,801	\$ 1,855	\$ 1,910	\$ 1,968	\$ 2,027	\$ 2,088
Capital Reserves (5%)	\$ 8,614	\$ 8,872	\$ 9,138	\$ 9,413	\$ 9,695	\$ 9,986	\$ 10,285	\$ 10,594	\$ 10,912	\$ 11,239
Operating Reserves (5%)	\$ 8,614	\$ 8,872	\$ 9,138	\$ 9,413	\$ 9,695	\$ 9,986	\$ 10,285	\$ 10,594	\$ 10,912	\$ 11,239
Elevator	\$ 2,800	\$ 2,884	\$ 2,971	\$ 3,060	\$ 3,151	\$ 3,246	\$ 3,343	\$ 3,444	\$ 3,547	\$ 3,653
Total Operating Expenses	\$ 84,770	\$ 87,314	\$ 89,933	\$ 92,631	\$ 95,410	\$ 98,272	\$ 101,220	\$ 104,257	\$ 107,385	\$ 110,606
<b>Net Operating Income</b>	\$ 70,279	\$ 70,837	\$ 71,380	\$ 71,909	\$ 72,420	\$ 72,915	\$ 73,390	\$ 73,846	\$ 74,280	\$ 74,692
<b>CONTRIBUTION TO INCLUSIONARY ZONING FUND</b>			\$ 71,380	\$ 71,909	\$ 72,420	\$ 72,915	\$ 73,390	\$ 73,846	\$ 74,280	\$ 74,692

Notes: The net positive cash flow for year 1 and year 2 will be used to establish the \$50,000 in both the operating and capital reserves.

<b>Crescent Street Affordable Housing Financin</b>										
submitted by email: 8:23 am, 6 March 2018										
corrected footnotes submitted by email: 10:										
to: Newton Community Preservation Commit										
<b>CRESCENT STREET DEVELOPMENT</b>										
<b>OPERATING PROFORMA WITH ELEVATOR</b>										
<b>FEBUARY 20, 2018</b>										
<b>NEWTON, MA</b>										
	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
<b>Operating Income</b> (Trending 2%)										
Apartment Rental Income	\$ 210,005	\$ 214,205	\$ 218,489	\$ 222,859	\$ 227,316	\$ 231,862	\$ 236,499	\$ 241,229	\$ 246,054	\$ 250,975
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Income	\$ 210,005	\$ 214,205	\$ 218,489	\$ 222,859	\$ 227,316	\$ 231,862	\$ 236,499	\$ 241,229	\$ 246,054	\$ 250,975
Less Unit Vacancy (10.0%)	\$ (21,000)	\$ (21,420)	\$ (21,849)	\$ (22,286)	\$ (22,732)	\$ (23,186)	\$ (23,650)	\$ (24,123)	\$ (24,605)	\$ (25,098)
Effective Gross Income	\$ 189,004	\$ 192,784	\$ 196,640	\$ 200,573	\$ 204,584	\$ 208,676	\$ 212,849	\$ 217,106	\$ 221,449	\$ 225,878
<b>Operating Expenses</b> (Trending 3%)										
Management Fee/Admin (15%)	\$ 34,729	\$ 35,771	\$ 36,844	\$ 37,949	\$ 39,088	\$ 40,260	\$ 41,468	\$ 42,712	\$ 43,994	\$ 45,313
Maintenance (15%)	\$ 34,729	\$ 35,771	\$ 36,844	\$ 37,949	\$ 39,088	\$ 40,260	\$ 41,468	\$ 42,712	\$ 43,994	\$ 45,313
Utilities (Common Area)	\$ 10,554	\$ 10,870	\$ 11,196	\$ 11,532	\$ 11,878	\$ 12,234	\$ 12,601	\$ 12,979	\$ 13,369	\$ 13,770
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Resident Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 4,847	\$ 4,993	\$ 5,142	\$ 5,297	\$ 5,456	\$ 5,619	\$ 5,788	\$ 5,962	\$ 6,140	\$ 6,325
Monitoring Fee	\$ 2,150	\$ 2,215	\$ 2,281	\$ 2,350	\$ 2,420	\$ 2,493	\$ 2,568	\$ 2,645	\$ 2,724	\$ 2,806
Capital Reserves (5%)	\$ 11,576	\$ 11,924	\$ 12,281	\$ 12,650	\$ 13,029	\$ 13,420	\$ 13,823	\$ 14,237	\$ 14,665	\$ 15,104
Operating Reserves (5%)	\$ 11,576	\$ 11,924	\$ 12,281	\$ 12,650	\$ 13,029	\$ 13,420	\$ 13,823	\$ 14,237	\$ 14,665	\$ 15,104
Elevator	\$ 3,763	\$ 3,876	\$ 3,992	\$ 4,112	\$ 4,235	\$ 4,362	\$ 4,493	\$ 4,628	\$ 4,767	\$ 4,910
Total Operating Expenses	\$ 113,924	\$ 117,342	\$ 120,862	\$ 124,488	\$ 128,223	\$ 132,070	\$ 136,032	\$ 140,113	\$ 144,316	\$ 148,645
<b>Net Operating Income</b>	\$ 75,080	\$ 75,442	\$ 75,778	\$ 76,085	\$ 76,361	\$ 76,606	\$ 76,818	\$ 76,994	\$ 77,133	\$ 77,232
<b>CONTRIBUTION TO INCLUSIONARY</b>										
<b>ZONING FUND</b>	\$ 75,080	\$ 75,442	\$ 75,778	\$ 76,085	\$ 76,361	\$ 76,606	\$ 76,818	\$ 76,994	\$ 77,133	\$ 77,232
Notes: The net positive cash flow for year 1 a										

**Crescent Street, Affordable Housing Financing Plan, Operating Budget (Pro Forma) - Unit Mix**

submitted by email 8:23 am, 6 March 2018

from: City of Newton Planning & Development Director Barney S. Heath

to: Newton Community Preservation Committee, via Alice E. Ingerson

2/20/2018

**Unit Mix Summary**  
**4-Two Bed, 4-Three Bed**  
 UNIT MIX SUMMARY

**Floor 1**

Unit Type			# of Units	AMI	Average NRA	Monthly Total	Annual Total
2 bed, 1 bath			1	80%	1,000	\$ 1,514	\$ 18,165
2 bed, 1 bath			1	80%	1,000	\$ 1,514	\$ 18,165
3 bed, 1.5 bath			1	60%	1,250	\$ 1,217	\$ 14,604
3 bed, 1.5 bath			1	120%	1,250	\$ 2,768	\$ 33,216
			4		1,033		\$ 84,150

**Floor 2**

Unit Type			# of Units	AMI	Average NRA	Monthly Total	Annual Total
2 bed, 1 bath			1	120%	1,000	\$ 2,548	\$ 30,576
2 bed, 1 bath			1	60%	1,000	\$ 1,152	\$ 13,818
3 bed, 1.5 bath			1	80%	1,250	\$ 1,620	\$ 19,437
3 bed, 1.5 bath			1	99%	1,250	\$ 2,025	\$ 24,296
			4		1,033		\$ 88,127

<b>Total</b>			<b>8</b>				<b>\$ 172,277</b>
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Affordable Unit Rents Decreased by Newton Housing Authority Section 8 Utility Allowances

CRESCENT STREET HOUSING AND  
REVEREND FORD PLAYGROUND EXPANSION  
PROJECT DEVELOPMENT BUDGET



**Crescent Street Standalone Financing Plan, Development Budget**

submitted by email: 8:23 am, 6 March 2018 by City of Newton Planning & Development Director Barney S. Heath

corrected footnotes submitted by email: 10:31 am, 22 March 2018 by Stephanie Tocci, City of Newton Public Buildings Dept.

to: Newton Community Preservation Committee, via Alice E. Ingerson

USES						
Description	Housing	Park	Total	Other	Required Funding	
<b>HARD COSTS</b>						
Direct Construction						
Housing/Housing Site Total	\$ 3,618,310	\$ -	\$ 3,618,310	\$ -	\$ 3,618,310	
Appliances	\$ 50,230	\$ -	\$ 50,230	\$ -	\$ 50,230	
Park Total	\$ -	\$ 888,497	\$ 888,497	\$ -	\$ 888,497	
Utilities	\$ 221,186	\$ 139,316	\$ 360,502	\$ -	\$ 360,502	
Earthwork by others (Deleted - no longer needed)	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Direct Construction Total</b>	<b>\$ 3,889,726</b>	<b>\$ 1,027,813</b>	<b>\$ 4,917,539</b>	<b>\$ -</b>	<b>\$ 4,917,539</b>	
Existing Building Demolition	\$ -	\$ -	\$ -	\$ 92,000	\$ 92,000	
Hazmat Abatement	\$ -	\$ -	\$ -	\$ 132,000	\$ 132,000	
General Conditions, O&P, P&P Bond, BRI	\$ -	\$ -	(Incl.)	\$ -	\$ -	
Escalation	\$ -	\$ -	(Incl.)	\$ -	\$ -	
Construction Contingency @ 5%	\$ 194,486	\$ 56,838	\$ 251,324	\$ -	\$ 251,324	
<b>Hard Costs Total</b>	<b>\$ 4,084,212</b>	<b>\$ 1,084,651</b>	<b>\$ 5,168,863</b>	<b>\$ 224,000</b>	<b>\$ 5,392,863</b>	
<b>SOFT COSTS **</b>						
OPM						
OPM & Housing Consultant	\$ 174,846	\$ 59,847	\$ 234,693	\$ -	\$ 234,693	
Design & Engineering						
Architectural and Engineering fees	\$ 336,740	\$ 115,260	\$ 452,000	\$ -	\$ 452,000	
Additional Consultants (HERS)	\$ 10,850	\$ -	\$ 10,850	\$ -	\$ 10,850	
Professional Services						
Hazmat	\$ 11,432	\$ 11,432	\$ 22,864	\$ 18,000	\$ 40,864	
Survey (Additional)	\$ 7,750	\$ 4,025	\$ 11,775	\$ -	\$ 11,775	
Materials Testing	\$ 14,900	\$ 5,100	\$ 20,000	\$ -	\$ 20,000	
Geotechnical	\$ 9,145	\$ 6,695	\$ 15,840	\$ -	\$ 15,840	
Project Related Expenses						
Utility Back Charges	\$ 7,450	\$ 2,550	\$ 10,000	\$ -	\$ 10,000	
Admin & Printing Cost	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	
Non GC Construction Work	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ 10,000	
Marketing/Initial Rent-up	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000	
Affordable Monitoring	\$ 2,520	\$ -	\$ 2,520	\$ -	\$ 2,520	
Soft Cost Contingency						
Soft Cost Contingency	\$ 30,282	\$ 10,245	\$ 40,527	\$ -	\$ 40,527	
<b>Soft Costs ** Total</b>	<b>\$ 635,914.64</b>	<b>\$ 215,154.15</b>	<b>\$ 851,068.79</b>	<b>\$ 18,000.00</b>	<b>\$ 869,068.79</b>	
<b>Total Project Budget</b>	<b>\$4,720,127</b>	<b>\$1,299,805</b>	<b>\$6,019,932</b>	<b>\$242,000</b>	<b>\$6,261,932</b>	
City Staff Time	\$ -	\$ -	\$ -	\$ 202,500	\$ 202,500	

FUNDING SOURCES						
Description	Housing	Park	Total	Other	Total All-In	
CPA *	\$ 1,635,000	\$ 1,300,000	\$ 2,935,000	\$ -	\$ 2,935,000	
Inclusionary Zoning	\$ 750,000	\$ -	\$ 750,000	\$ -	\$ 750,000	
CDBG	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	
HOME	\$ 350,000	\$ -	\$ 350,000	\$ 242,000	\$ 592,000	
Loan to Project @ 3.75% ***	\$ 984,932	\$ -	\$ 984,932	\$ -	\$ 984,932	
Other	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total</b>	<b>\$ 4,719,932</b>	<b>\$ 1,300,000</b>	<b>\$ 6,019,932</b>	<b>\$ 242,000</b>	<b>\$ 6,261,932</b>	

Notes and Assumptions:

\* CPA funding includes the \$260,000 appropriated for feasibility and design, \$100,000 CPA for site assessment.

\*\* Soft Costs were allocated using the % of total costs budget by PB Dept. in the March 2017 Budget

Park: \$1,300,000 (25.5%) and Housing \$3,400,000 (74.5%)

**Crescent Street, Standalone Financing Plan, Operating Budget (Pro Forma)** (20-year, 2 pages)  
submitted by email: 8:23 am, 6 March 2018 by City of Newton Planning & Development Director Barney S. Heath  
corrected footnotes submitted by email: 10:31 am, 22 March 2018 by Stephanie Tocci, City of Newton Public Buildings Dept.  
to: Newton Community Preservation Committee, via Alice E. Ingerson

**CRESCENT STREET DEVELOPMENT**  
**OPERATING PROFORMA USING CDBG,, HOME, INCLUSIONARY AND**  
**FEBRUARY 26, 2018**  
**NEWTON, MA**

	Year 1 - Untrended	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Operating Income</b> (Trending 2%)										
Apartment Rental Income	\$ 172,277	\$ 175,723	\$ 179,237	\$ 182,822	\$ 186,478	\$ 190,208	\$ 194,012	\$ 197,892	\$ 201,850	\$ 205,887
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Income	\$ 172,277	\$ 175,723	\$ 179,237	\$ 182,822	\$ 186,478	\$ 190,208	\$ 194,012	\$ 197,892	\$ 201,850	\$ 205,887
Less Unit Vacancy (10.0%)	\$ (17,228)	\$ (17,572)	\$ (17,924)	\$ (18,282)	\$ (18,648)	\$ (19,021)	\$ (19,401)	\$ (19,789)	\$ (20,185)	\$ (20,589)
Effective Gross Income	\$ 155,049	\$ 158,150	\$ 161,313	\$ 164,540	\$ 167,830	\$ 171,187	\$ 174,611	\$ 178,103	\$ 181,665	\$ 185,298
<b>Operating Expenses</b> (Trending 3%)										
Management Fee/Admin (15%)	\$ 25,842	\$ 26,617	\$ 27,415	\$ 28,238	\$ 29,085	\$ 29,957	\$ 30,856	\$ 31,782	\$ 32,735	\$ 33,717
Maintenance (15%)	\$ 25,842	\$ 26,617	\$ 27,415	\$ 28,238	\$ 29,085	\$ 29,957	\$ 30,856	\$ 31,782	\$ 32,735	\$ 33,717
Utilities (Common Area)	\$ 7,853	\$ 8,088	\$ 8,331	\$ 8,581	\$ 8,838	\$ 9,104	\$ 9,377	\$ 9,658	\$ 9,948	\$ 10,246
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Resident Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 3,607	\$ 3,715	\$ 3,826	\$ 3,941	\$ 4,060	\$ 4,181	\$ 4,307	\$ 4,436	\$ 4,569	\$ 4,706
Monitoring Fee	\$ 1,600	\$ 1,648	\$ 1,697	\$ 1,748	\$ 1,801	\$ 1,855	\$ 1,910	\$ 1,968	\$ 2,027	\$ 2,088
Capital Reserves (5%)	\$ 8,614	\$ 8,872	\$ 9,138	\$ 9,413	\$ 9,695	\$ 9,986	\$ 10,285	\$ 10,594	\$ 10,912	\$ 11,239
Operating Reserves (5%)	\$ 8,614	\$ 8,872	\$ 9,138	\$ 9,413	\$ 9,695	\$ 9,986	\$ 10,285	\$ 10,594	\$ 10,912	\$ 11,239
Elevator	\$ 2,800	\$ 2,884	\$ 2,971	\$ 3,060	\$ 3,151	\$ 3,246	\$ 3,343	\$ 3,444	\$ 3,547	\$ 3,653
Total Operating Expenses	\$ 84,770	\$ 87,314	\$ 89,933	\$ 92,631	\$ 95,410	\$ 98,272	\$ 101,220	\$ 104,257	\$ 107,385	\$ 110,606
<b>Net Operating Income</b>	\$ 70,279	\$ 70,837	\$ 71,380	\$ 71,909	\$ 72,420	\$ 72,915	\$ 73,390	\$ 73,846	\$ 74,280	\$ 74,692
<b>Debt Service - \$1,000,000 @ 3.75%</b>	\$ 55,572	\$ 55,572	\$ 55,572	\$ 55,572	\$ 55,572	\$ 55,572	\$ 55,572	\$ 55,572	\$ 55,572	\$ 55,572
<b>Net Income (Loss)</b>	\$ 14,707	\$ 15,265	\$ 15,808	\$ 16,337	\$ 16,848	\$ 17,343	\$ 17,818	\$ 18,274	\$ 18,708	\$ 19,120
<b>Income/Debt Ratio</b>	1.26	1.27	1.28	1.29	1.30	1.31	1.32	1.33	1.34	1.34

Notes: The net positive cash flow will go into both capital and operating reserves until \$50,000 has been establish in both reserves.





**Crescent Street, Standalone Financing Plan, Operating Budget (Pro Forma) - Unit Mix**

submitted by email 8:23 am, 6 March 2018

from: City of Newton Planning & Development Director Barney S. Heath

to: Newton Community Preservation Committee, via Alice E. Ingerson

2/20/2018

**Unit Mix Summary**  
**4-Two Bed, 4-Three Bed**  
 UNIT MIX SUMMARY

**Floor 1**

Unit Type			# of Units	AMI	Average NRA	Monthly Total	Annual Total
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3 bed, 1.5 bath			1	120%	1,250	\$ 2,768	\$ 33,216
			4		1,033		\$ 84,150

**Floor 2**

Unit Type			# of Units	AMI	Average NRA	Monthly Total	Annual Total
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3 bed, 1.5 bath			1	99%	1,250	\$ 2,025	\$ 24,296
			4		1,033		\$ 88,127
<b>Total</b>			<b>8</b>				<b>\$ 172,277</b>

Affordable Unit Rents Decreased by Newton Housing Authority Section 8 Utility Allowances