

City of Newton



City of Newton, Massachusetts
Community Preservation Committee

MEMORANDUM

David B. Cohen
Mayor

TO: Community Preservation Committee
FROM: Jennifer Goldson, AICP, Community Preservation Planner
DATE: 4 February 2003
RE: **Status Report on Christina Street Proposal**

- 1) On 2/21, I met with Gayle Smalley, Law Department, and Josephine McNeil, CAN-DO, to discuss various legal issues including the recent Local Preference decision, the relevance of the State Ethics Code, a possible need to notify the ZBA of a change to the Comprehensive Permit, and the possible structure of a deed restriction.
- 2) According to the Law Department, the Local Preference decision does not seem to relate to the circumstances of this case since it focused on Section 8 program administration and application procedures.
- 3) The Law Department and CAN-DO plan to jointly draft a request for an Opinion to the State Ethics Commission regarding this proposed program. Josephine sent Gayle a description of the proposed program (copies will be handed out on 2/5).
- 4) Comprehensive Permit: Under the Housing Appeals Committee Regulations (760CMR 31.03 (3)), the applicant is required to notify the Zoning Board of Appeals if there is any change in the details of a proposal. The ZBA would then determine if the changes are "substantial" or "insubstantial". If they are substantial, then a modification of the Comprehensive Permit is required. I requested an Opinion from the Law Department on whether the applicant needs to notify ZBA in this case (CAN-DO does not believe it needs to notify the ZBA).
- 5) In a letter dated 1/31 (copies will be handed out on 2/5), CAN-DO responds to the issues raised in the staff evaluation. Most notably, the applicant is increasing the requested CPA funding from \$300,000 to \$375,000 to reduce the purchase price of the three units from \$325,000 to \$300,000 each.
- 6) A housing consultant on contract with the Planning Department (Peter Munkenbeck) will review the pro-forma for the CPC. This review will analyze the write-down cost to make the three market rates more affordable. Is \$300,000 per unit a practical solution? Can we reach the target families at that price? Will we preserve the affordability for their successors? Can we impose a regulatory scheme on these units that will ensure long-term affordability? This analysis will be complete in advance of the 2/19 meeting and will include verifying

calculations, following the logic of the pro-forma, offering observations on consistency with policy objectives, and offering alternatives to meet policies, if applicable.

- 7) I acquired a copy of the Bank's appraisal and Eric reviewed it. The townhouses were appraised at \$360,000 in 2/02.
- 8) According to the housing office files, the project has received funding from the following sources:

City of Newton HOME	\$225,000
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Federal Home Loan Bank Grant	\$50,000
Newton Housing Rehab Loan (3%)	\$225,000
Newton Housing Rehab Fund (NHRF) Historic Grant	\$16,545
NHRF Lead Paint Grant	\$50,000
NHRF Asbestos Grant	\$50,000
Housing Initiatives Fund	\$125,000
HUD/McKinny	\$211,492
Auburndale Bank (6.5%)	\$385,000
Charles Bank Homes	\$50,000
Clipper Ship Foundation	\$5,000
City Grant	\$32,982
Total	\$1,534,474.00

CHRISTINA ST - DESCRIPTION OF PROPOSED PROGRAM SUBMITTED TO LAW DEPARTMENT BY CAN#-DO

HOMEOWNERSHIP PROJECT FOR CITY EMPLOYEES USING CPA FUNDS

Proposal:

A non-profit housing development organization is presently constructing several condominium units that will be sold on the open market. The funding for the construction of the condominium units is from a private source

The organization has submitted a request to the City of Newton's Community Preservation Committee for funding to reduce the purchase price on the units to a price that would be affordable to families with incomes at or below 100% of the area median income as permitted the Act. The organization wishes to designate the units with the CPA subsidy for purchase by full time employees of the city of Newton. Many employees are not able to purchase housing in the city due to the high costs. The ability to have funds to provide housing for city employees was a factor in the passage of the Act. Special employees would not be eligible to purchase one of the units. It is not anticipated that any city employee other than the staff of the Community Preservation Committee and the legal department will be involved in decisions regarding the request for funding.

If the Board of Alderman approves the request after a recommendation by the Committee, the funds will be awarded to the nonprofit. The nonprofit will be responsible for all aspects of the program. All full time city employees will be notified of the opportunity to purchase a unit if they meet the income guidelines. The employee will be required to provide verifiable evidence of the family's income. A lottery will be conducted to select a pool of potential purchasers. A separate lottery will be conducted for minority full time employees to preclude charges that the fair housing laws have been violated.

The Committee and the nonprofit together will develop a deed restriction to ensure that in the event of a resale the units are sold to a city employee at a price affordable to a family with incomes within 100% of the area median income and/or with a recapture provision so that the owner is not unjustly enriched by a subsequent sale.