

January 15, 2003

Mr. Jeffrey Sacks, Chairman  
Community Preservation Committee  
City Planning Dept.  
1000 Commonwealth Avenue  
Newton, Massachusetts 02459

Re: Community Preservation Applications

Dear Mr. Sacks:

Please find enclosed information requested by individual members of the committee subsequent to my presentation at the public hearing in December.

~~Eric Reen<sup>5</sup>tierna pointed out that the application did not provide a description of the scope of rehabilitation planned for the Cambria Road project. See enclosed description.~~

Claudia Wu asked that I provide information about the “legality” of setting aside housing specifically for city employees as presented in the Christina Street application. I have enclosed information about a similar project undertaken by the County of Santa Rosa in California downloaded from their website.

I am also aware of federal programs that provide opportunities for teachers and/or other uniformed workers to purchase housing at either a reduced rate or provide favorable financing. See enclosed article describing such a program that recently ran in the Boston Globe.

I have not been able to find any similar program in Massachusetts. However, I have spoken with a staff person at the Community Preservation Coalition who informs me that while he is unaware of any community that has limited the housing to city employees, he is aware of communities that require that the funds be used for city residents and then give a preference to city employees. For instance Nantucket has a requirement that the recipient of CPA funding must be a year round resident.

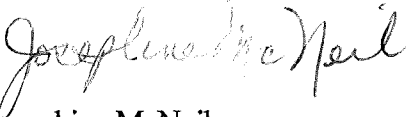
In any event, I would respectfully suggest that the city of Newton has the right to offer benefits to its employees and that the committee should look at the opportunity to

purchase housing at a reduced costs as one of the benefits offered to city employees. And to allay any concerns about whether the city has the right to do that in lieu of the fact that the state is the source of one-half of the funding the committee could designate that the funding come from the city's pool of funding.

Finally, I want to address the issue of the financial viability of the \$325,000 purchase price. I realize that the 11% down payment might be a challenge for some families. But I dare say there are some families who would be able to qualify for the program being offered by the Auburndale Co-Operative Bank. However it is also possible that other lenders might come up with programs that require less of a down payment and other underwriting requirements that enable a qualified buyer to purchase the unit. I have no doubt that there will be potential purchasers. And if for some reason no city employees qualify for mortgages the money will be returned to the committee and the units will be sold on the open market.

Please feel free to contact me if you have need of any additional information.

Sincerely,

A handwritten signature in cursive script that reads "Josephine McNeil".

Josephine McNeil  
Executive Director

Citizens for Affordable Housing

In Newton

CAN-DO



Development Organization, Inc.

1075 Washington Street

West Newton, MA 02465

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Josephine McNeil, Executive Director

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January 31, 2003

Ms. Jennifer Goldson, Community Preservation Planner  
City of Newton  
Community Preservation Committee  
1000 Commonwealth Avenue  
Newton, MA 02458

RE: Christina Street Homeownership Project

Dear Ms. Goldson:

I am writing to respond to comments in your memo to the committee with respect to the project.

**COMMENT #1.** I question the statement in the plan that a family of four at 100% of the area median income (\$74,200) can afford a purchase price of approximately \$229,000. The assumptions underlying that statement are not clear. I would respectfully suggest that the accuracy of the statement be explored. In addition, the figures in the statement should not be read as a threshold set out by the Plan. The goals of the Plan for community housing make no reference to maximum prices. CAN-DO presented information to the Committee indicating a financing plan offered by Auburndale Co-Operative Bank; that plan was reviewed by and accepted by the Newton Housing Partnership as feasible. Despite that there appears to be some concern by some on the Committee that a \$325,000 purchase price is too high.

Therefore CAN-DO decided to reduce the purchase price to \$300,000 and to amend its original application to ask for an additional \$75,000. Thus, the total request changes from \$300,000 to \$375,000. Enclosed are attachments showing the financing packages available from two lenders interested in providing mortgages. Each purchaser will identify his/her own mortgage lender.

**COMMENT #2.** The recent court case regarding the legality of local preferences is not applicable; that case dealt with the way in which several housing authorities administered their section 8 voucher applications. It is my understanding that the law department will seek an ethics opinion with respect to the issue of dedicating the housing to city employees.

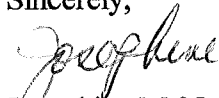
**COMMENT #3.** There is no change in the number of affordable and market rate units. Under chapter 40B an affordable unit is one for which a low-moderate income family (income less than 80% of area median income) pays no more than 30% of their income. In the comprehensive permit only one of the four units is required to be affordable. The remaining three units will be sold to families with incomes between 80 and 100% of the area median income. Those units by definition are not affordable, therefore the relationship between affordable and market rate units is not altered.

**COMMENT #4.** CAN-DO understands that a permanent deed restriction will be placed on each unit. It was our expectation that the committee would want to be involved in the creation of the restriction through the law department. If not, CAN-DO will take on the responsibility.

I hope I have adequately responded to your comments, so that the Committee will be able to make a decision on our request at its next meeting. Timing is important because based upon the construction schedule the units will be complete by the end of March. For financial reasons we need to close on the units in May. Given that schedule we must begin to market the units immediately to enhance our chances of selling them by May. If the Committee votes to approve the project for funding and submits that recommendation to the Board of Alderman, I would request that the recommendation include a statement asking them to expedite their decision making. On the other hand if the Committee rejects our request, we will begin to market the units on the open market.

Thank you for your assistance with this matter.

Sincerely,



Josephine McNeil  
Executive Director

<b><u>90 CHRISTINA STREET</u></b>			
<b><u>CPA Sales Price Affordability Analysis:</u></b>	<b>1/10/2003</b>		
<b><u>UNIT SALES PRICE</u></b>		<b><u>3 BR Unit</u></b>	
<b>Proposed CPA Sales Price</b>		<b>\$325,000</b>	
Downpayment		\$16,250	5.0%
First Mortgage		\$308,750	95.0%
<b><u>MONTHLY HOUSING PAYMENT</u></b>			
First Mortgage (P&I)		\$1,952	6.500%, 30 years
Soft Second (Interest Only)		NA	
Taxes		\$256	
Condo Fee		\$140	
Insurance		\$15	
<b>TOTAL MONTHLY PAYMENT</b>		<b>\$2,362</b>	
<b>MINIMUM INCOME REQUIRED</b>		<b>\$88,582</b>	32% front end ratio
<b><u>AFFORDABILITY @ 80% AMI</u></b>	<b><u>80% AMI</u></b>	<b><u>INCOME WINDOW</u></b>	
3 person household	\$52,500	(\$36,082)	not affordable
4 person household	\$58,300	(\$30,282)	not affordable
5 person household	\$63,000	(\$25,582)	not affordable
6 person household	\$67,650	(\$20,932)	not affordable
<b><u>AFFORDABILITY @ 100% AMI</u></b>	<b><u>100% AMI</u></b>	<b><u>INCOME WINDOW</u></b>	
3 person household	\$66,800	(\$21,782)	not affordable
4 person household	\$74,200	(\$14,382)	not affordable
5 person household	\$80,100	(\$8,482)	not affordable
6 person household	\$86,100	(\$2,482)	not affordable