

City of Newton



David B. Cohen  
Mayor

# City of Newton, Massachusetts Community Preservation Committee



**MEMORANDUM**  
REVISED 3/30/05

TO: Honorable Board of Aldermen  
FROM: Community Preservation Committee  
DATE: 15 December 2004, Revised 30 March 2005  
RE: **Recommendation for CPA Funding**

**PROJECT TITLE:** Falmouth/Jackson  
**CPA PROJECT ID:** CPA-FY05-12  
**CPA CATEGORY:** Community Housing

### PROJECT DESCRIPTION

The applicant, CAN-DO, is requesting \$550,000 of CPA funds to be used to create four units of community housing at or below 50% AMI in two existing two-family houses. The houses are located at 20-22 Falmouth Road in West Newton and 163 Jackson Road in Nonantum. CAN-DO purchased both the properties in October 2004. Initially, CAN-DO requested the full CPA funding request to be used to pay down an existing loan, however, since submission of the application, the request has been revised to pay down the loan with only \$455,000 and to use the remaining \$95,000 for construction costs. The Housing office has requested a final scope for the proposed rehabilitation work.

### FINDINGS/PROJECT EVALUATION

#### **Community Preservation Act (MGL c.44B)** Community Housing

MGL c.44B defines **community housing** as “low and moderate income housing for individuals and families . . .” This project, which would provide rental units for individuals at or below 50% of the area median income, complies with this definition of community housing.

The project complies with §5(b)(2), which allows the CPA to fund the **creation and support** of community housing. This project would convert four market rate units to affordable housing units that are bound through permanent deed restrictions.

#### **Newton Community Preservation Plan** Overarching Goals

1. Contribute to the preservation of Newton’s unique character, boost the vitality of the community and enhance the quality of life for its residents.	Yes
2. Serve more than one CPA category.	No
3. Demonstrate the highest cost/benefit value relative to other proposals.	See below
4. Leverage other public and/or private funds.	Yes, see below
5. Preserve a resource or opportunity that would otherwise be lost.	Yes
6. Create incentives for other private projects to occur.	Yes
7. Show that a project is the most reasonable available option to achieve the objective.	Yes
8. Demonstrate strong community support.	Yes, see below
9. Serve to equitably distribute CPA funds throughout the City.	See below

Additional comments on selected goals:

Goal 3: Projects received during the October funding round included a high CPA cost of \$1,000,000 and a low CPA cost of \$19,250. The CPA cost for this project is \$550,000. The relative benefit for this project is creating 4 units that are affordable to low-income households.

In terms of CPA cost per affordable/community housing unit, this project, at \$138K per unit, does not demonstrate the highest cost/benefit value relative to the other affordable/community housing proposals. The following table represents the CPA costs per affordable/community housing unit for both recommended and funded projects (note: dollar amounts have been rounded, where appropriate):

<i>Project Name</i>	<i>Fiscal Year</i>	<i>Total CPA Funds (for housing portion only)</i>	<i># of aff./ comm. housing units</i>	<i>CPA Cost per Unit</i>
248 Elliot Street/Linden Green	05	\$512,000	3	\$171,000
<b>Falmouth/Jackson</b>	<b>05</b>	<b>\$550,000</b>	<b>4</b>	<b>\$138,000</b>
19 West Street	04	\$263,000	2	\$132,000
Forte Property/76 Webster Park	04	\$377,000	3	\$126,000
Wyman Street	05	\$1,000,000	10	\$100,000
Cambria Road	03	\$200,000	2	\$100,000
Pelham House	04	\$312,000	10	\$31,000
Nonantum Village Place	03	\$850,000	34	\$25,000

Goal 4: This project proposes to leverage CPA funds to a fairly high degree as compared to other projects. The table below shows how this project compares to the other FY05 CPA requests in terms of leveraging funds.

<i>Total project cost</i>	<i>CPA funds requested</i>	<i>Leveraging (CPA as % of total project cost)</i>	<i>Ranking (as compared to other FY05 projects)</i>	<i>Average for all FY05 projects</i>
\$1,855,755	\$550,000	29.6%	3	85.7%

This project has seven other funding sources: City of Newton Purchase Rehab, Massachusetts Housing Investment Corporation (MHIC), Newton Housing Rehab Fund (NHRF), NHRF Lead Paint Grant, NHRF Asbestos Grant, Federal Home Loan Bank (FHLB), and a FHLB member bank (not determined yet).

Goal 8: At the 10 November 2004 Public Hearing held by the CPC, citizens and organizations were supportive of this project. No objections were expressed. In addition, the CPC has received several letters of support for this project.

Goal 9: The FY05 applications include funding requests for projects in Nonantum, Newton Corner, West Newton, Newtonville, Newton Upper Falls, Newton Center, Newton Highlands, Waban as well as city-wide projects. These buildings are located in West Newton and Nonantum.

#### Community Housing Goals

1. Create community housing that is well designed, is of high quality, and is based on sound planning principles.	Yes, see below
2. Address one or more of the City's priority housing needs, such as those articulated in the City's Consolidated Housing Strategy Plan 2001-2005 and A Framework for Newton's Planning.	Yes, see below
3. Help Newton reach the state mandate of having 10% of its housing stock as affordable to those at or below 80% of median income under MGL c.40B.	Yes
4. Create new moderate housing units (80% to 100% of median income) that promote housing for City employees, such as teachers, firefighters, and police officers.	No

5. Keep new units affordable for the long term, and in perpetuity where possible.	Yes
6. Use deed restrictions to acquire, update, and resell existing market rate housing as affordable units, following the small house program model.	No
7. Show that the proposal leverages or is not otherwise eligible for other public funds and could not otherwise be economically feasible without CPA funds, such as proposals for community housing targeted at households earning between 80% and 100% of area median income.	Yes
8. Demonstrate that the proposal works in conjunction with other funding mechanisms already available in Newton such as the First Time Homebuyer Program, which currently cannot adequately assist families in purchasing homes in Newton.	Yes
9. Provide community housing opportunities for individuals whose residency in Newton would promote community services, such as Newton teachers and public safety workers and other city employees.	See below
10. Create affordable and moderate homeownership opportunities for families who currently rent or work in Newton.	No
11. Help disperse community housing throughout the City by siting housing in neighborhoods that currently lack affordable housing.	No
12. Reuse previously developed sites (including, potentially, remediated brownfield sites) for community housing with minimal effect on existing housing resources.	Yes
13. Avoid displacement of current residents.	No, see below

Additional comments on selected goals:

Goal 1: The subject properties are located on Falmouth Road in West Newton and Jackson Road in Nonantum and are existing two-family houses which are compatible with the physical character of these neighborhoods.

Goal 2: This project which will convert four units of market rate housing to be affordable to low-income households supports the general goal of creating greater diversity in the City.

Goal 9: While the affordable housing units created through this project will not specifically target City employees or other service providers, employees may nevertheless qualify as eligible for the units that will be created here.

Goal 13: Although the project would need to relocate current residents of 20 Falmouth Road, the Housing Office is responsible for complying with federal relocation requirements.

**Past Performance Rating**

Applicants who are prior recipients of CPA funds have been rated on past performance. Ratings are based on adherence to project timelines, meeting deadlines for quarterly reports, and remaining within budget constraints. An overall ratio is assigned to each applicant, with 1.0 being the highest. A rating of 1.0 indicates an applicant has met all requirements in a timely fashion; a rating of 0.8 indicates a compliance rate of 80%, etc. The table below represents a summary of the ranking for CAN-DO:

<i>Prior Projects</i>	<i>Rating</i>	<i>Missed Criteria</i>
1	1.0	none

**CPC RECOMMENDATION**

The proposal is consistent with the CPA criteria and many of the Plan’s goals, as described above. Therefore, the Community Preservation Committee voted unanimously to recommend funding this application to support

the creation of four community housing units at 20-22 Falmouth Road and 163 Jackson Road by appropriating and transferring the requested \$550,000 to be expended under the direction and control of the Director of Planning and Development for purposes of funding a deferred forgivable loan<sup>1</sup> for this project as detailed in the application (dated 15 October 2004), subject to the following conditions:

1. To the extent that Section 8 subsidies are generally available (as determined by the Director of Planning and Development) at the time of the initial marketing of the two units at 20-22 Falmouth Road, such units shall be affordable to households with incomes at or below 50% of the area median and shall be bound by a permanent deed restriction reflecting such income limitation; provided, however, if Section 8 subsidies are not generally available at such time, then the two units shall be affordable to households with incomes at or below 80% of the area median in perpetuity and shall be bound by a permanent deed restriction reflecting such income limitation.
2. To the extent that Section 8 subsidies are generally available (as determined by the Director of Planning and Development) at the time of the initial marketing of the two units at 163 Jackson Road, such units shall be affordable to households with incomes at or below 50% of the area median and shall be bound by a permanent deed restriction reflecting such income limitation; provided, however, if Section 8 subsidies are not generally available at such time, then the two units shall be affordable to households with incomes at or below 80% of the area median in perpetuity and shall be bound by a permanent deed restriction reflecting such income limitation.
3. The City of Newton shall have an unsubordinated right of first refusal to purchase either or both of said properties upon any future sale, transfer or conveyance of either or both properties, which right of first refusal shall be incorporated in the deeds of both properties.
4. To the extent allow by applicable law, the units shall be marketed in accordance with the City's Local Preference Policy (see attachment) as adopted by the Newton Housing Partnership as part of the Fair Housing Plan FY06.
5. CAN-DO will secure the other funding sources necessary for project feasibility prior to requisition of CPA funds.
6. Work shall commence no later than 31 December 2005 and shall be completed no later than 31 December 2006 or such other date(s) as may be approved in writing by the Director of Planning and Development. In the event of failure to meet the project start or completion dates as stated herein or as approved by the Director of Planning and Development, any remaining funds in the project account shall be returned to the Newton Community Preservation Fund.
7. Promptly after substantial completion of project, the applicant shall submit to the Community Preservation Committee a final project development cost statement. If such final development costs are less than the development budget on which the CPC based its funding recommendation, then the CPC reserves the right to require the applicant to remit to the Newton Community Preservation Fund a share of such surplus.
8. Any portion of the grant not used for the purposes stated herein shall be returned to the Newton Community Preservation Fund.

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<sup>1</sup> The standard funding for the CPA funded community housing projects is in the form of a deferred forgivable loan with 0% interest that is only repayable if the terms of the deed restriction are violated.