



City of Newton, Massachusetts Community Preservation Committee

David B. Cohen
Mayor

MEMORANDUM

TO: Honorable Board of Aldermen
FROM: Community Preservation Committee
DATE: 31 March 2003
RE: **CPC Recommendation for CPA Funding**

PROJECT TITLE: NEWTON HOMEBUYER ASSISTANCE PROGRAM
CPA PROJECT ID: CPA-FY04- 6
CPA CATEGORY: Community Housing

PROJECT DESCRIPTION

The applicant, the City of Newton Housing Office, originally requested \$375,000 to be used as downpayment assistance for City of Newton employees with household incomes at or below 100% of the area median. However, after a series of discussions with several Aldermen and members of the Community Preservation Committee, the applicant has amended the proposal to request \$500,000 to be used to initiate the Newton Homebuyer Assistance Program. This funding would assist a minimum of five households to purchase a home in Newton and would first target households at or below 80% of the area median income. Each applicant would be eligible for a subsidy of up to \$90,000. In addition to funding subsidies, \$15,000 of the CPA funding is requested from the Housing Office for administration of the program. The specifics of this amended proposal are detailed in a memo from Steve Gartrell, Associate Director for Housing and Community Development, dated April 13 (see attachment).

This program will preserve affordable housing units in perpetuity through deed restrictions. The program will target City of Newton employees, current residents of Newton, people who work in Newton, households with a family member who currently attends the Newton Public School system, people who have graduated from a Newton Public High School within the last ten years, and first time homebuyers. This amended proposal (NHAP) and the MEHAP proposal are redesigns of the project originally proposed by CAN-DO to write down the mortgages of municipal employee homebuyers at the Highlands Glen townhouses on Christina Street. The main difference in the structure of the NHAP and MEHAP proposals from the original is that the applicants would locate their own housing units anywhere in Newton rather than being restricted to a specific property. This would enable the applicants greatly expanded choice when considering purchase price, neighborhood location, and housing type, layout, and amenities.

FINDINGS

Community Preservation Act (MGL c.44B)

This proposal meets the criteria established under MGL c.44B for the following reasons:

1. The project complies with §5(b)(2) which allows the CPA to fund the creation and support of community housing, since this project increases the buying power of eligible households with low-moderate incomes by providing downpayment assistance. In addition, the program will create community housing by converting existing market rate units to units that are affordable to households with low-moderate incomes through a permanent deed restriction.

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.	No
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 November funding round included a high CPA cost of \$375,000 and a low CPA cost of \$2,000. The CPA cost for this project, as revised, is \$500,000. The relative benefit for this project is to provide homeownership opportunities, enabling eligible households the opportunity to become part of the Newton community. Per unit costs would be a maximum of \$90,000.

Goal #4: This funding request leverages the homebuyers' personal resources in order to expand their purchasing power enough to enable them to purchase a home in Newton. In addition, the CPA funding can be used in conjunction with other funding programs, such as the City's First Time Homebuyer program or the State's Soft Second Loan program.

Goal #8: Based on the application (submitted on 1 November 2003), subsequent correspondence, and public comments at the 24 November public hearing, the proposed MEHAP program had strong community support from various entities, including City unions, teachers, and other municipal employees. The amended proposal (NHAP) has support from UCHAN (Uniting Citizens for Housing Affordability in Newton). No opposition to the revised proposal has been recorded.

Goal #9: The November round of applications includes funding requests for projects in Nonantum, Newton Corner, West Newton, Newton Center, Chestnut Hill, Upper Falls, Newtonville, and Newton Highlands; this project is not place-based (a homebuyer would choose a housing unit anywhere within Newton).

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.	See below
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.	Yes
10. Create affordable and moderate homeownership opportunities for families who currently rent or work in Newton.	Yes
11. Help disperse community housing throughout the City by siting housing in neighborhoods that currently lack affordable housing.	See below

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.	NA

Additional comments on selected goals:

Goal #1: This program allows the homebuyer to locate a housing unit, therefore housing units would be existing market rate units within Newton neighborhoods.

Goal #2: This project addresses general needs identified through existing City plans, especially needs identified through *A Framework for Newton's Planning*. For example, the *Framework* identifies the need to “. . . address the loss of moderate-income housing that is occurring through the actions of the market” and “Encouraging, promoting, and assisting with the preservation and continued residential use of existing housing.”

Goal #4: The funding will be structure to first be available to households with income at or below 80% of the area median, then, if funding still remains, the program will be available to households at or below 100% of the area median.

Goal #11: Since this program gives the homebuyer discretion to locate a unit based on personal preferences, the program is likely to create affordable units throughout Newton's neighborhoods.

CPC RECOMMENDATION

The proposal is consistent with the CPA criteria and many of the Plan's goals, as described above. Specifically, the program would serve to increase Newton's socio-economic diversity by providing five low-moderate-income housing units, and would enable eligible households the opportunity to become part of the Newton community, which was often cited as a rationale for passage of the Act during the campaign in Newton. Therefore, the Community Preservation Committee voted unanimously to recommend funding this application to create the Newton Homebuyer Assistance Program (NHAP) which would provide downpayment assistance for eligible households by appropriating and transferring the requested \$500,000 to be expended under the direction and control of the Director of Planning and Development for purposes of funding NHAP as detailed in the application (submitted 1 November 2003) and as revised through the memo from Steve Gartrell (dated 13 April 2003), subject to the following conditions:

1. NHAP will be managed and administered by the City's Housing Office of the Planning and Development Department in accordance with program guidelines to be established by the Housing Office approved by the Director of Planning and Development.
2. Any units purchased with assistance from NHAP shall be affordable to eligible households with incomes at or below 100% of the area median in perpetuity or to the maximum extent permitted by law and be bound by a deed restriction. The deed restriction shall include resale provisions that if no qualified buyers are found upon resale, any proceeds from resale shall be returned to the Community Preservation Fund in accordance with the deed restriction.
3. As part of the NHAP application review process, the City's Housing Office shall provide the applicant with a cost estimate of necessary rehabilitation work for the chosen unit and shall evaluate the applicant's financial ability to undertake any necessary rehabilitation work.
4. NHAP shall commence no later than 31 December 2005 and all funding herein appropriated shall be awarded 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 these 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.
5. Any portion of the grant not used for the purposes stated herein shall be returned to the Newton Community Preservation Fund.