

City of Newton

Setti D. Warren
Mayor

City of Newton, Massachusetts
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Community Preservation Committee

SELECTED MINUTES

12 February 2015

James Freas
Acting Director

The meeting was held on Thursday 12 February 2015 at 7:00 pm in Room 204 of Newton City Hall.

Community Preservation Committee (CPC below) members present: chair Joel Feinberg, vice chair Jim Robertson, Laura Fitzmaurice, Jane Sender, Beryl Gilfix, Rick Kronish (left at 8:30 pm), Mike Clarke. Member Don Fishman was absent.

Community Preservation Program Manager Alice Ingerson served as recorder.

City Archives Strategic Plan (\$20,000 request, historic resources) ...

Allen House (West Newton, \$300,000 appropriated, historic resources) ...

Newton Homebuyer Assistance Program (\$475,000 appropriated, pre-proposal for \$992,000)

Eve Tapper, Acting Associate Director of the Planning & Development Dept. and Rob Muollo, Interim Housing Programs Manager, explained that to date this program has helped about 30 households with incomes up to 80 percent of the area median (AMI) purchase homes in Newton. The \$475,000 CPA proposal funded in 2013 had been submitted in 2012, with subsidy limits based on 2011 market prices. For the first time in the program's history, that proposal also set asset limits for participating households and required choosing those households by lottery, so all units would be added to the state's Subsidized Housing Inventory (SHI).

Unfortunately, none of the 3 households chosen in the August 2014 lottery has been able to find a home they can afford with the current subsidy limits. Market prices simply outran the existing subsidy limits, and the Planning Dept. feels swift action is needed to prevent this from happening again. Staff asked whether the CPC would consider an off-cycle request for an additional \$992,000 and new, higher maximum subsidies, which should allow the program to assist a total of 6 new households. The staff would also like the authority to increase subsidy limits by up to 20% and reduce the number of households assisted to 5, if needed.

In response to Kronish's question about assisting households at a lower income level, such as 30% of AMI, Tapper said that homeownership programs usually target households with higher incomes, who are better positioned to absorb the ongoing costs of ownership, and that lower-income households were typically served by rental housing programs. Also in response to Kronish, Muollo explained that households chosen for this program are required both to use any available additional assistance, such as the Massachusetts Housing Partnership's ONE Mortgage program, and to take homebuyer classes certified by the Citizens Housing and Planning Association (CHAPA). Tapper noted, however, that buyers are entitled to recover their own contributions in full when they sell their units. The program therefore sets upper limits on buyers' contributions, to avoid the need for any additional public subsidy when units are resold.

Fitzmaurice noted that about 7.5% of Newton's housing units are currently listed on the SHI. Given the Mayor's announced goal of increasing that to 10% by 2021, Robertson wondered why the Planning Dept. was not proposing to make this program much larger. Tapper said the homebuyer program was envisioned as making a small contribution toward the 10% goal.

In further discussion, CPC members asked that any full proposal submitted include: current household incomes at 70-80% of AMI, the prices those households can afford with the proposed new subsidy limits, the supply of units at those price levels in Newton, and the program's existing application instructions.

By sense of the meeting, the CPC agreed to consider a full proposal for this program off-cycle, as requested.

PUBLIC HEARING: Taft Avenue (West Newton, \$584,029 request, community housing) ...

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Community Preservation Committee

SELECTED MINUTES

9 April 2015

James Freas
 Acting Director

The meeting was held on Thursday 9 April 2015 at 7:00 pm in Room 204 of Newton City Hall.

Community Preservation Committee (CPC below) members present: vice chair Jim Robertson, Mike Clarke (arr. 7:15 pm), Don Fishman, Laura Fitzmaurice, Beryl Gilfix, Jane Sender. Members Joel Feinberg, Rick Kronish, and Jonathan Yeo were absent.

Community Preservation Program Manager Alice Ingerson served as recorder.

PUBLIC HEARING on Newton Homebuyer Assistance Program Off-Cycle Funding Request

(\$475,000 appropriated October 2013, \$1,057,000 new request)

The presentation by Acting Associate Director of Planning & Development Eve Tapper has been added to the program's page on the CPC website: www.newtonma.gov/gov/planning/cpa/projects/homebuyer.asp#2015.

The Planning Dept. is requesting funds to recapitalize the Homebuyer program and approval for revising the program guidelines in response to rapidly rising market prices for housing in Newton. By combining the new request with the 2013 appropriation, the program should be able to assist 6 homebuyers.

Over the past 14 years, and over the past 9 years with CPA funds, this program has created 36 units all around the City with permanent affordability restrictions. To ensure that subsidized units do not require repairs beyond what these moderate-income households can afford, the units must meet the federal Housing Quality Standards. In general, the program will subsidize a unit with 1 less bedroom than the number of people in the household. The average size of households assisted has been slightly more than 2 people, and most units purchased have had 2 or 3 bedrooms.

The program has also subsidized some 1-bedroom or studio units. Ingerson said she had advised program staff in recent years to alert her if it looked like most units subsidized would have only 1 bedroom, as she felt that 1-person households could meet their housing needs by sharing with roommates, and that the CPC and the Board of Aldermen intended this program primarily to assist families.

Based on the CPC's recommendation, in fall 2013 the Aldermen appropriated \$475,000 for this program and approved a few program changes: slightly higher maximum subsidies; asset limits for homebuyers (not previously a requirement); lower maximum contributions by homebuyers (to ensure that units could be resold to future buyers in the same income range, who could make only typical contributions); and using a lottery to select assisted homebuyers, so all units would be included on the state's Subsidized Housing Inventory (SHI).

However, the three households chosen in the late summer 2014 lottery have not been able to find any units they can afford with the maximum subsidies approved in 2013. The Planning Dept. is therefore asking to raise these maximums once more, and for the authority to raise them by a further 15%, if needed to keep up with market increases, without returning for approval by the CPC and Board of Aldermen. If the 15% escalation is needed, the program may be able to assist only 5 additional homebuyers rather than the target 6. If the new funding and program changes are approved, a new lottery will be held to choose 3 households each year for

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assistance. Given the limited inventory in Newton of homes that will be affordable, even with the proposed higher subsidies, the Planning staff feels it is best not to have 6 households looking for homes simultaneously.

Public Comments

Josephine McNeil of CAN-DO (Citizens for Affordable Housing Development in Newton Organization) suggested that if an income-qualified buyer could not be found when an already subsidized homebuyer unit comes up for resale, the CPC might recommend additional funding to buy out the seller's private interest and convey the property to a nonprofit organization that would then manage it as affordable rental housing.

Lois Levin summarized the comments of the readers who had reviewed the proposal for the League of Women Voters of Newton (LWVN). The League has supported this program every time they have reviewed a proposal for it, since 2003. The program is cost effective, meets goals identified in multiple community-wide plans for Newton, and creates permanently affordable units without requiring new development. However, the League readers were concerned that the proposal did not include any non-CPA matching funds, and that the CPA funds requested for program management might be subsidizing staff positions that would and should be fully funded from other sources.

Tapper noted that it had usually not been difficult to find new, income-qualified buyers when units already subsidized through this program came up for resale, though it has certainly been easier to re-sell 2-3 bedroom units than 1-bedroom units.

If an income-eligible buyer cannot be found, the City does have a right of first refusal to purchase the property outright, if funds are available. However, the City is generally not set up to manage housing directly. Alternatively, in this situation the homebuyer may sell the unit for a fair market price and repay the full original subsidy. However, to avoid a net loss of 1 permanently affordable unit, the City must then find a way to apply the repaid subsidy to a new unit. Finally, in response to the League of Women Voters she noted that the staff running this program are primarily paid through Newton's federally funded Community Development Block Grant (CDBG) program, which cannot cover staff costs for projects that do not use CDBG funds.

Committee Discussion

In response to the League's comments about staffing, Robertson said the program's administrative costs seemed very low: only \$15,000 in a total request for over \$1 million.

In response to a question from Laura Fitzmaurice, Tapper said she wasn't aware of any foreclosures in this program. She also explained that the program's newly adopted asset limit ensured that each buyer made as much of a contribution as he or she could afford while preserving household financial resources for needs such as home maintenance and health care, or savings for college and retirement. In response to Jane Sender, Tapper explained that on the other hand, the program also limits each homebuyer's contribution, which that buyer is entitled to get back at resale. If the first buyer's contribution was larger than most potential buyers in that income range can manage – and the required subsidy was therefore lower than most potential buyers need – it might be difficult to resell the unit without finding funds for an additional subsidy.

Sender was concerned that owners of this program's subsidized units do not receive the same financial benefits of home ownership as people who own unsubsidized homes, particularly when regional real estate prices rise faster than the regional incomes used to set resale prices for subsidized units. Jim Robertson and Alice Ingerson felt that program participants nevertheless received significant benefits not available to them as renters, including housing security and building some equity in their homes. Ingerson noted that Newton needs affordable housing precisely because the same rapidly rising real estate values that may benefit existing homeowners also exclude from Newton people who do not already own their own homes.

In response to McNeil's suggestion about converting homebuyer units to rental units at resale, Robertson felt that if the City could maintain the unit's affordability by purchasing only a restriction, it did not make financial sense to achieve the same benefit by purchasing all other rights to the unit for a higher cost. Robertson also said that managing scattered, single rental units was inefficient and expensive. Tapper noted that for this

reason, the Newton Housing Authority was not anxious to add more such units to its system. Ingerson was also concerned about discriminatory treatment if a household that was both the only renter and the only moderate-income family in a development that otherwise consisted of market-rate owners.

In response to questions about non-CPA funding, Tapper said the City uses all available funds to meet a range of needs that cannot be met through any single program. The City is currently using most of its federal (CDBG and HOME) housing funds to assist households whose incomes are too low to make them good candidates for home ownership, by: subsidizing new rental housing; converting expiring restrictions to permanent ones when funding the rehabilitation of existing rental housing; and providing direct rental assistance to households. Using Newton's federal funds for the Homebuyer program would take funds away from these other uses and would impose more onerous requirements on the Homebuyer program. Since CPA funds are the most flexible, they seem the best match for the Homebuyer program. In addition, private nonprofits are better positioned to raise private funds, which would be nearly impossible to raise for a City program.

Tapper explained that it had taken almost 2 years to get from the most recent past funding request to the most recent lottery in part because the program had to be re-designed and re-advertised. The households chosen in that lottery had only run out of time to look for homes 1-2 months ago. To avoid similar future delays, Robertson encouraged the Planning Dept. to submit its next Homebuyer funding request before all current funds have actually been spent.

Beryl Gilfix saw the need for affordable housing in Newton as so great that she felt the CPC should put every possible effort into housing. As an illustration of current market conditions, she described a house in her neighborhood that was in such poor condition due to neglect that it would probably have to be demolished, but sold for about \$600,000 the day it went on the market. Fitzmaurice, Sender and Mike Clarke all agreed with her characterization.

VOTE After a motion by Robertson, seconded by Fitzmaurice and Sender, the Committee voted to recommend the appropriation of the requested \$1,057,000 and approval of the program changes requested in the March 2015 proposal, by a vote of 6-0.

Committee Business ...

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Barney S. Heath
Director

Community Preservation Committee

SELECTED MINUTES

13 July 2016

The meeting was held on Thursday, 13 July 2016 at 7:00 pm in City Hall Room 205.

Community Preservation Committee (CPC below) members present: chair Jim Robertson, vice chair Jane Sender, and members Beryl Gilfix, Rick Kronish, Mike Clarke, Laura Fitzmaurice, Jonathan Yeo. Members Don Fishman and Joel Feinberg were absent.

Peter Sargent, who has been nominated by Mayor Warren to succeed Feinberg as the mayoral appointee for housing, and from Wards 7/8, also attended.

Community Preservation Program Manager Alice Ingerson served as recorder.

[Blue, underlined phrases](#) below are links to additional information online.

PROGRAM & POLICIES ...

PROPOSALS & PROJECTS

[Newton Homebuyer Assistance Program](#) (current program) – managed by Planning & Development

Robertson explained that the Homebuyer Assistance Program has been inactive since 2012, due to a combination of staffing challenges and market trends, which have repeatedly outpaced the program's maximum allowable subsidies. Since the program's currently committed CPA funds are not being used, the CPC had asked to discuss getting those funds back for other projects.

Heath believed that, although this well-intended program may have worked at one time, it seems unworkable in Newton now. It is difficult to find both units that income-eligible buyers can afford, even with the program's maximum subsidies; and income-eligible buyers that can qualify for mortgages for the rest of the purchase price after the subsidy. The program's current maximum grant (for a 3-bedroom unit) is very high, about \$315,000, so its per-unit subsidies no longer compare as favorably as they used to with the subsidies requested by development projects. Since CPA-funded units must be permanently affordable, the resale of each unit is very labor-intensive for City staff, who must set the new sale price based on the then-AMI and must also help to find a new, income-qualified buyer. Heath felt these CPA dollars would be better spent elsewhere, and he hoped the CPC would consider a formal request to cancel the program.

Ingerson explained that if the CPC approved such a request, the program's current total of about \$1.5 million unspent CPA funds would be returned to the Community Preservation Fund's restricted fund balance for housing. After a brief additional discussion, the CPC agreed to consider a formal cancellation request at its September 2016 meeting. Since the most recent \$1 million for the program had been appropriated only about 1 year ago, Ingerson also suggested that the Planning Dept. update the City Council about the program's status, so interested councilors would not hear about the cancellation request for the first time through the September CPC agenda announcements.

[Crescent Street](#) (future proposal) – cosponsored by Planning & Development, Public Buildings and Parks & Recreation Departments ...

COMMITTEE BUSINESS ...

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Barney S. Heath
Director

Community Preservation Committee

SELECTED MINUTES

8 December 2016

The meeting was held on Thursday, 8 December 2016 at 7:00 pm in City Hall Room 204.

Community Preservation Committee (CPC below) members present: chair Jane Sender, vice chair Jonathan Yeo, and members Jim Robertson, Peter Sargent, Mark Armstrong, Beryl Gilfix, Don Fishman, Mike Clarke. Member Rick Kronish was absent.

Community Preservation Program Manager Alice Ingerson served as recorder.

[Blue, underlined phrases](#) below are links to additional information online. ...

PROGRAM FINANCES ...

PROPOSALS & PROJECTS

236 Auburn Street, Auburndale (Citizens for Affordable Housing Development in Newton Organization [CAN-DO], \$1,724,210: \$1.2m for housing, \$524,210 for historic preservation) ...

[Jackson Road New Senior Housing](#), Newton Corner (Newton Housing Authority, \$1 million) – update and request for off-cycle consideration of full proposal for 32 new units ...

[Newton Homebuyer Assistance Program](#) (Newton Planning & Development Dept.) – update on planning for program closure and possible restructuring

Housing development planner Nathan Robinson explained that, as Planning & Development Director Barney Heath had stated at the CPC's July 2016 meeting, the dept. put the program on hold in 2015, after several years in which the program had been unable to create new units because real estate prices in Newton had outpaced the program's maximum per-unit subsidies.

However, the program has already subsidized a total of about 50 units, using a combination of federal (CDBG and HOME) and CPA funds. When an owner wants to resell one of these units, that unit's specific affordability restriction determines how its resale price must be calculated. That resale price is not always affordable to a typical household at the stated level of the Area Median Income (AMI), in part because some existing restrictions focus less on preserving affordability than on allowing the owner to recover his or her down payment and on recapturing for the City both the original subsidy and any equity appreciation realized through market-rate sales.

Robinson asked whether the CPC might consider a proposal to retain some of the program's current approximately \$1.5 million balance in already appropriated CPA funds, to preserve the affordability of the program's existing units by offering additional subsidies to new buyers, in return for granting the City new restrictions designed explicitly to ensure permanent affordability. Ingerson thought that if new restrictions were granted in return for some new funding, it might also be possible to advertise the program in a way that allowed for adding these re-subsidized units to the state's Subsidized Housing Inventory for Newton.

Robinson proposed to evaluate which of the existing units are both most worth preserving and at the highest risk of loss, and identify how much total funding would be required to preserve their affordability. Rather than a one-time retention of already appropriated funds, he might propose to return most of the existing balance and request new funding, phased over time, based on the average number of resales expected per year.

Ingerson had advised Robinson that, even if no new funding were requested, both the CPC and the City Council should be asked to approve this change in the program's purpose, from creating new units of affordable housing to preserving existing ones. Jane Sender saw this change as a fundamental policy decision.

Robertson wondered whether the City could induce current owners to accept new, permanent affordability restrictions without resales, by offering them an additional subsidy directly. Robinson thought this would probably require refinancing these owners' first mortgages, held by banks, which might be a significant disincentive for some current owners. Ingerson observed that in the past, the City had never been able to persuade the owners of existing, unsubsidized units to sell affordability restrictions; the City's only successful strategy for restricting the future sales prices of existing units had been by offering financial assistance to new buyers in exchange for restrictions.

Robertson and Beryl Gilfix suggested that it might make sense to apply the program's remaining balance and captured appreciation from resales not only, or not at all, to the preservation of existing homebuyer units, but to other affordable housing projects. Ingerson said many of the program's most recent cases had been studio or one-bedroom apartments, which it had been possible to make affordable with the program's maximum per-unit subsidy. However, she thought the program was intended primarily to help families, who needed 2- or 3-bedroom units. If so, it might make sense to let the smaller units go and focus on preserving affordability for the larger ones, which would be the most difficult and costly to replace through new housing projects.

Sender noted that an analysis of the program's current portfolio and risks would be needed to decide between applying the current program balance and any future captured appreciation to other kinds of housing projects and applying at least part of those same funds to the affordability preservation strategy Robinson had outlined. After a brief additional discussion, the Committee agreed that Robinson should submit for future discussion his analysis of the program's current portfolio and a proposal for a restructured homebuyer assistance program focused on preserving affordability.

Echo Bridge Historic Railing, Newton Upper Falls and Needham (Massachusetts Water Resources Authority – MWRA below), \$500,000 in Newton CPA funding – pre-proposal and request for off-cycle consideration

COMMITTEE BUSINESS ...