

# Newton Housing Authority Acquisition of CAN-DO Portfolio

Community Preservation Committee  
Planning and Development Board  
February 11, 2020

Amy Zarechian, Executive Director  
Vincent O'Donnell, Commissioner



# Newton Housing Authority

- **Newton Housing Authority (NHA)**
  - Established in 1959
  - Largest provider of affordable housing in Newton
  - Over 1300 residents
  - 500 public housing units
  - 441 Rental Assistance Vouchers
  - 57 management units
- **Mission of the NHA**
  - Provide a high standard of housing
  - Create a sense of community for residents
  - Increase affordable housing opportunities in City of Newton
  - Provide robust social services



Jackson Gardens

# NHA Programs

- **Federal Public Housing**
  - 298 units for seniors and individuals with disabilities
  - Funded by operating and capital subsidies from US Housing and Urban Development (HUD)
- **State Public Housing**
  - 216 units for families, elders, and individuals with disabilities funded by operating and capital subsidies from MA Dept. of Housing and Community Development (DHCD)
- **Housing Choice Voucher Program (Section 8)**
  - 441 federally subsidized vouchers
  - Includes 15 vouchers set-aside for victims of domestic violence
- **YMCA Project-Based Section 8**
  - 25 project-based section 8 vouchers at the West Suburban YMCA for single, homeless men
- **Mass Rental Voucher Program**
  - 32 state-subsidized vouchers

# NHA Management Program

- **Management Portfolio**
  - 57 units of NHA owned and operated unsubsidized units
  - Purchased with Inclusionary Zoning Funds, donated in two cases
  - Occupied by NHA Section 8 voucher holders
  - Locations:
 

52-54 Wyman Street	68-70 Wyman Street
76 Webster Park	36, 38, 40, 46 Crescent St.
1115 #8 Beacon Street	9A, 17A Baldwin Street
23 Considine Rd.	50-52 Fuller Street
15-17 Jackson Terrace	31 Murray Rd.
45 Pelham Street	90 Newtonville Ave.
83-85 West Street	



52-54 Wyman Street

# NHA Resident Services

## Tenant Demographics

### Federal Public Housing:

- 67% Elderly (62yrs +)
- 33% Persons with disabilities
- 30% Mandarin speaking

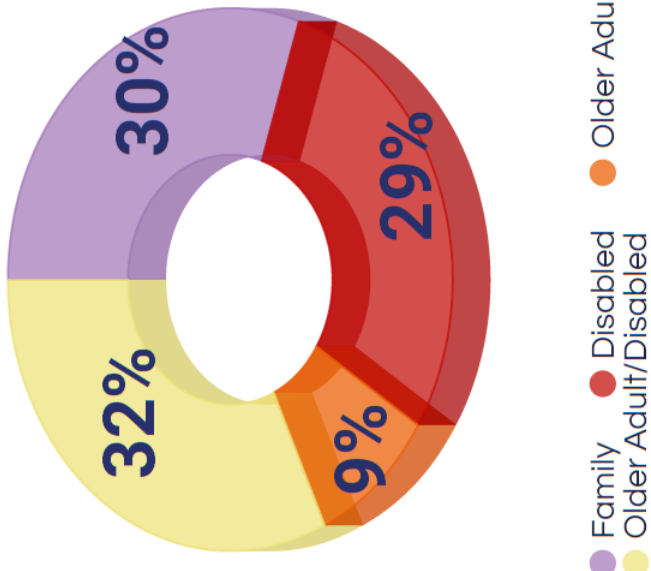
### State Public Housing:

- 33% Under 18 years old
- 14% Persons with disabilities

## Resident Services Department

- 2 Licensed Social Workers- fluent in Spanish and Mandarin
- 102 clinical cases open in 2019- 48% clinical cases involved mental health as contributing factor
- 262 residents served in 2019

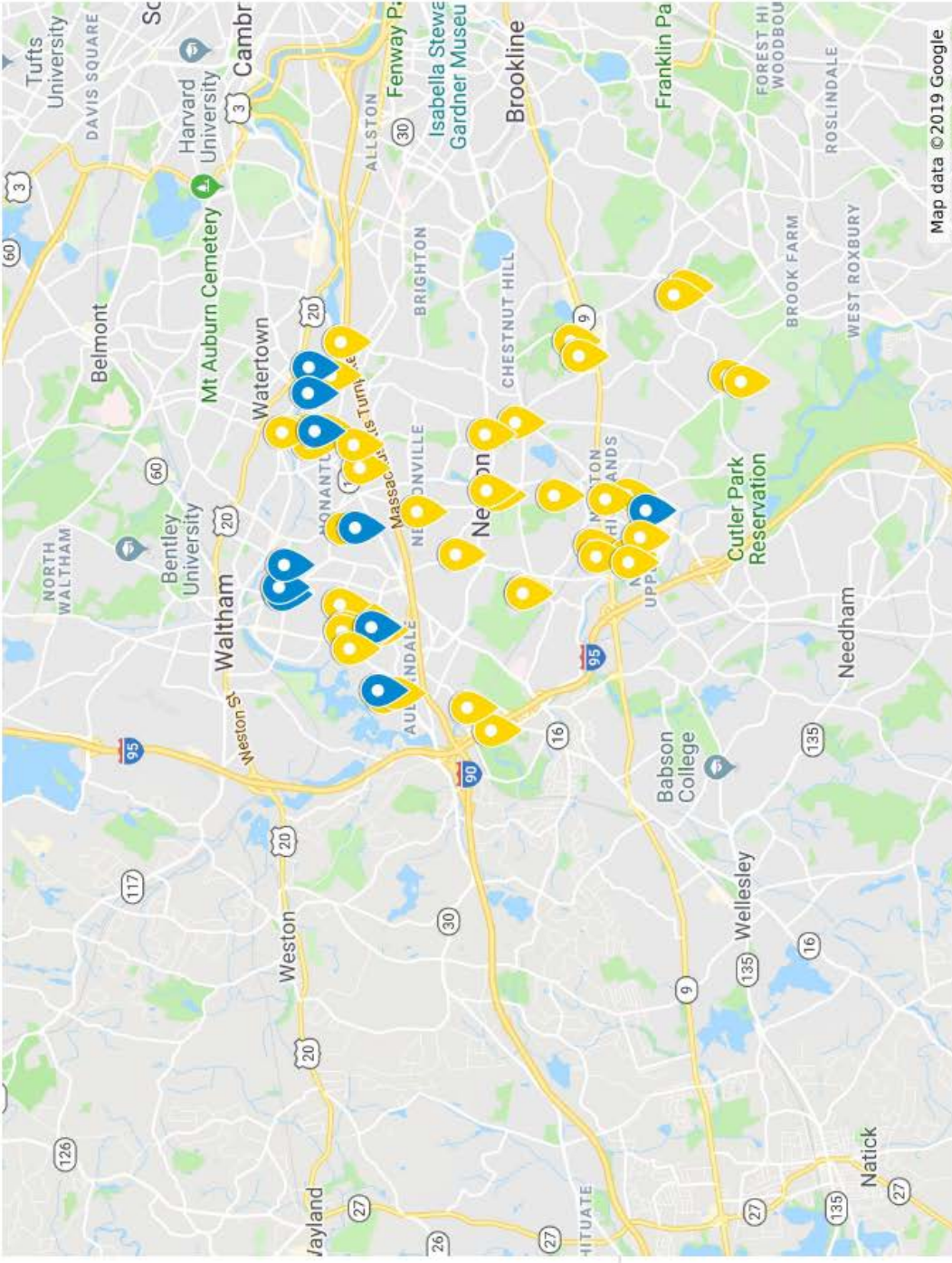
Residents Utilizing RSD in 2019



# CAN-DO Acquisition

- On January 1, 2017, CAN-DO and Metro West Collaborative Development became affiliates upon retirement of CAN-DO's Executive Director
- The two organizations have disaffiliated and Metro West CD management contract expired 1/31/2020
- NHA began a due diligence process, looking carefully at financial projections and commissioning a Capital Needs Assessment
- Due diligence has shown that the portfolio does not have sufficient operating income to break even over time and does not have the reserves necessary for long-term management
- NHA committed to increasing the number of affordable units in the City and preserving CAN-DO portfolio as an important resource, particularly for the vulnerable tenant population served

# CAN-DO and NHA Properties



**CAN-DO Portfolio**

- 14 Nonantum Pl
- 90 Christina St
- 10-12 Cambria Rd
- 11 Cambria Rd
- 18 Cambria Rd
- 163 Jackson Rd
- 20 Falmouth Rd #22
- 228 Webster St
- 54 Eddy St
- 61 Pearl St

- 2148 Commonwealth Avenue
- 54 Taft Ave

**NHA Properties**

- 21 Parker St
- 111 Kennedy Cir
- 676 Watertown St
- 58 Ash St
- 80 Thurston Rd
- 239 Watertown St
- 234 Central St
- 82 Lincoln St
- 541 Grove St
- 15 Wilson Cir



Map data ©2019 Google

# CAN-DO Portfolio

Address	Units	City Sources	Total City \$
14 Nonantum Place/Garfield House	3	HOME, NHRF	\$308,611
90 Christina St./Kayla House	5	CDBG, HOME	\$695,574
10-12 Cambria Rd.	2	CDBG, HOME, CPA	\$855,370
11-13 Cambria Rd.	2	CDBG, CPA	\$630,850
18-20 Cambria Rd.	2	CDBG, CPA	\$541,417
163 Jackson Rd.	2	CDBG, CPA	\$587,750
20-22 Falmouth Rd.	2	CDBG, CPA	\$651,202
228 Webster St.	6	HOME, NHRF	\$237,957
54 Eddy Street	2	CDBG, CPA	\$945,250
61 Pearl Street	3	CDBG, HOME, CPA	\$1,145,000
2148 Comm. Ave./Veteran House	2	CDBG, CPA	\$675,000
54 Taft Ave.	2	CDBG, HOME, CPA	\$1,089,029



228 Webster Street



# CAN-DO Acquisition

- NHA worked closely with the City's Department of Planning and Development to align proposed funding sources with permissible uses
- At the Department's suggestion, NHA increased CDBG request to \$1,200,000 to address immediate capital needs and fund a portion of the elimination of existing private debt
- This allowed for a decrease in the new private debt to \$650,000
- CPA funds request reduced to \$1,105,000, which will also fund a portion of the elimination of existing private debt
- Based on comments from the Newton Housing Partnership, NHA increased capital budget by 15% and supportive services budget by \$1000/unit/year
- The annual contribution to the replacement reserve has been increased to \$2,000/unit/year
- New Village Bank debt will be used to create \$250,000 operating reserve
- Village Bank grant of \$250,000 and NHA grant of \$250,000 will be placed into replacement reserve in annual \$25,000 installments

# CAN-DO Acquisition

## Sources for Uses

### Sources:

Village Bank (TVB) Grant over 10 years	\$250,000
NHA Grant over 10 years	\$250,000
New TVB Loan*	\$650,000
City CPA	\$1,105,000
City CDBG	\$1,200,000
<b>Total:</b>	<b>\$3,455,000</b>

\*New TVB debt at 4.75%, 30 year amortization

### Uses:

TVB Debt Repayment	\$1,498,784
Cambridge Savings Debt Repayment	\$343,486
Boston Community Loan Fund Repayment	\$80,378
Replacement Reserve	\$500,000
Operating Reserve	\$250,000
Financing Fees (1%)	\$10,381
Legal Fees	\$150,000
Title & Recording	\$40,000
Development Consultant	\$30,000
Appraisal	\$4,500
<b>Total:</b>	<b>\$3,455,000</b>

# CAN-DO Acquisition Uses for Sources

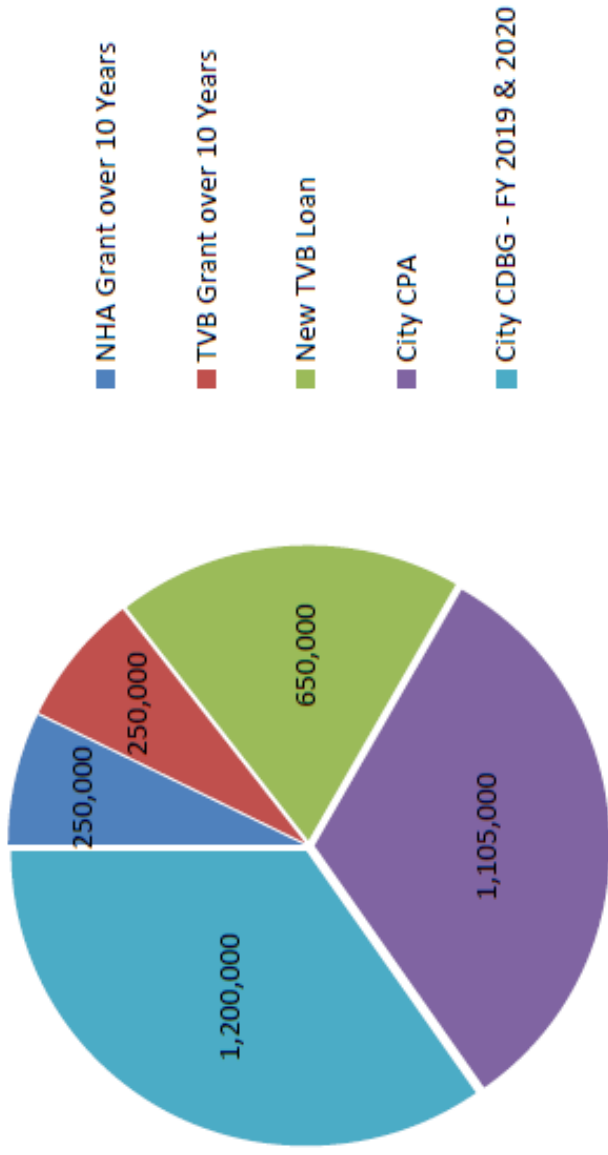
SOURCES	NHA	TVB	New TVB Loan	City CPA	City CDBG FY 19 & 20	TOTAL SOURCES
TVB Loan Repayment			169,000	681,136	648,648	1,498,784
CSB Loan Repayment				343,486		343,486
BCLF Loan Repayment				80,378		80,378
Replacement Reserve	250,000	250,000				500,000
Operating Reserve			250,000			250,000
Capital Improvements					551,352	551,352
Financing Fees (1%)			6,500			6,500
Legal Fees			150,000			150,000
Title & Recording			40,000			40,000
Development Consultant			30,000			30,000
Appraisal			4,500			4,500
<b>USES</b>	<b>250,000</b>	<b>250,000</b>	<b>650,000</b>	<b>1,105,000</b>	<b>1,200,000</b>	<b>3,455,000</b>

**SURPLUS / (DEFICIT)**      -      -      -      -      0      0



# CAN-DO Acquisition Sources

## CAN DO DEVELOPMENTS



# CAN-DO 20 Year Projection

	<u>2019</u>	<u>Per Unit</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Trend: 2% Income												
Trend: 3% Expense												
<b>Gross Possible Rent</b>	<b>626,016</b>	<b>18,970</b>	<b>638,536</b>	<b>651,307</b>	<b>664,333</b>	<b>677,620</b>	<b>691,172</b>	<b>704,996</b>	<b>719,096</b>	<b>733,478</b>	<b>748,147</b>	<b>763,110</b>
Vacancy	(93,902)	(2,846)	(95,780)	(97,696)	(79,720)	(81,314)	(69,117)	(70,500)	(57,528)	(58,678)	(59,852)	(61,049)
Vacancy Rate	15%	15%	15%	15%	12%	12%	10%	10%	8%	8%	8%	8%
<b>Net Effective Income</b>	<b>532,114</b>	<b>16,125</b>	<b>542,756</b>	<b>553,611</b>	<b>584,613</b>	<b>596,305</b>	<b>622,055</b>	<b>634,496</b>	<b>661,568</b>	<b>674,799</b>	<b>688,295</b>	<b>702,061</b>
<b>Max Can Do or NHA Expenses</b>												
Administrative	112,998	3,424	116,388	119,879	123,476	127,180	130,995	134,925	138,973	143,142	147,437	151,860
Maintenance	122,388	3,709	126,059	129,841	133,736	137,748	141,881	146,137	150,521	155,037	159,688	164,479
Supportive Services	33,000	1,000	33,990	35,010	36,060	37,142	38,256	39,404	40,586	41,803	43,058	44,349
Replacement Reserve	66,000	2,000	67,980	70,019	72,120	74,284	76,512	78,807	81,172	83,607	86,115	88,698
Utilities	75,580	2,290	77,847	80,183	82,588	85,066	87,618	90,246	92,954	95,742	98,614	101,573
Real Estate Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	34,018	1,031	35,039	36,090	37,173	38,288	39,437	40,620	41,838	43,094	44,386	45,718
<b>Total Expenses</b>	<b>443,984</b>	<b>13,454</b>	<b>457,303</b>	<b>471,022</b>	<b>485,153</b>	<b>499,708</b>	<b>514,699</b>	<b>530,140</b>	<b>546,044</b>	<b>562,425</b>	<b>579,298</b>	<b>596,677</b>
<b>Net Operating Income</b>	<b>88,130</b>	<b>2,671</b>	<b>85,453</b>	<b>82,589</b>	<b>99,460</b>	<b>96,598</b>	<b>107,356</b>	<b>104,356</b>	<b>115,524</b>	<b>112,374</b>	<b>108,997</b>	<b>105,384</b>
<b>Debt Service</b>												
New TVB Debt Service	40,688		40,688	40,688	40,688	40,688	40,688	40,688	40,688	40,688	40,688	40,688
New TVB Loan Amount		650,000										
<b>Total Debt Service</b>	<b>40,688</b>		<b>40,688</b>	<b>40,688</b>	<b>40,688</b>	<b>40,688</b>	<b>40,688</b>	<b>40,688</b>	<b>40,688</b>	<b>40,688</b>	<b>40,688</b>	<b>40,688</b>
<b>Net Cash Flow</b>	<b>47,441</b>		<b>44,764</b>	<b>41,900</b>	<b>58,772</b>	<b>55,909</b>	<b>66,668</b>	<b>63,668</b>	<b>74,835</b>	<b>71,686</b>	<b>68,309</b>	<b>64,696</b>
Debt Service Coverage Ratio	2.17		2.10	2.03	2.44	2.37	2.64	2.56	2.84	2.76	2.68	2.59



# CAN-DO Capital Needs

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<u>Can-Do Developments</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>
10-11 Cambria Road	16,852	-	-	279	-	190	1,164	3,628	-	-	4,991
11-13 Cambria Road	47,780	1,751	-	-	549	3,058	15,463	-	-	848	3,696
18-20 Cambria Road	6,940	-	-	30,383	732	754	-	3,690	1,001	-	3,091
163 Jackson Road	95,395	-	-	-	-	2,611	1,194	2,460	-	-	5,423
20-22 Falmouth Road	100,030	-	-	-	-	4,408	-	2,400	-	-	5,548
61 Pearl Street	7,491	7,472	1,326	328	2,983	3,322	-	11,376	-	77,520	7,482
14 Nonantum Place	94,218	9,553	1,247	-	-	12,204	-	39,487	-	984	22,741
90 Christina Street	6,108	11,647	39,165	18,251	18,102	25,512	8,866	1,291	784	9,786	2,688
2148-2150 Commonwealth	48,474	2,987	-	-	366	2,622	388	1,876	1,520	-	17,117
54 Eddy Street	11,391	2,802	-	1,366	4,097	424	-	-	24,548	3,392	4,926
54 Taft Avenue	13,863	80	-	10,015	5,121	-	2,004	-	-	4,071	15,939
228 Webster Street	34,664	6,956	45,996	4,819	1,756	3,547	1,863	25,697	-	-	7,660
Annual Totals	483,206	43,248	87,734	65,441	33,706	58,652	30,942	91,905	27,853	96,601	101,302
Capital Needs	483,205	43,248	87,733	65,440	33,704	58,652	30,941	91,965	27,854	96,601	101,302
Capital Needs Increased by 15%	555,685.75	49,735.20	100,892.95	75,256.00	38,759.60	67,449.80	35,582.15	105,759.75	32,032.10	111,091.15	116,497.30

# CAN-DO Acquisition Replacement Reserve

**REPLACEMENT RESERVE BALANCE**

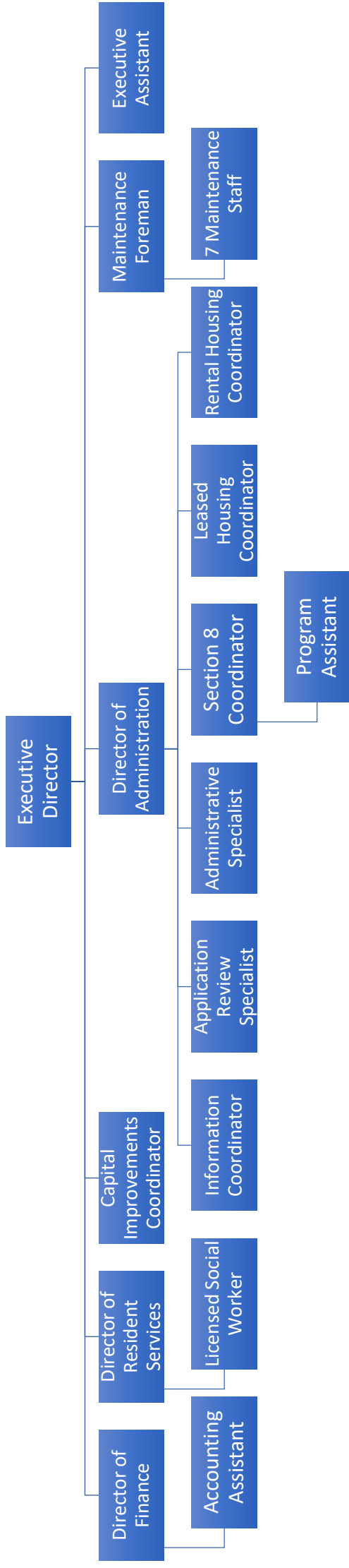
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>
<b>Can-Do Developments</b>											
Starting Replacement Reserve	-	(439,191)	(377,024)	(363,028)	(321,068)	(239,803)	(183,764)	(92,704)	(68,074)	33,107	59,273
Monthly Contribution at 3%	5,500	5,665	5,835	6,010	6,190	6,376	6,567	6,764	6,967	7,176	7,392
Yearly Contribution at 3%	66,000	67,980	70,019	72,120	74,284	76,512	78,807	81,172	83,607	86,115	88,698
Total Replacement Reserve	66,000	(371,211)	(307,005)	(290,908)	(246,785)	(163,291)	(104,957)	(11,533)	15,533	119,222	147,971
Interest on Reserve at 1.5%	495	(6,078)	(5,130)	(4,905)	(4,259)	(3,023)	(2,165)	(782)	(394)	1,142	1,554
Total Funds Available	66,495	(377,289)	(312,135)	(295,812)	(251,044)	(166,314)	(107,122)	(12,314)	15,139	120,364	149,526
<b>NHA &amp; TVB Grants</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	-
Capital Needs	555,686	49,735	100,893	75,256	38,760	67,450	35,582	105,760	32,032	111,091	116,497
Reserve Balance	(439,191)	(377,024)	(363,028)	(321,068)	(239,803)	(183,764)	(92,704)	(68,074)	33,107	59,273	33,028

**Over 20 Years**

Yearly Contributions	1,773,445
Interest on Reserve @ 1.5%	(21,779)
Capital Needs	(2,391,184)
<b>NHA &amp; TVB Grants</b>	<b>500,000</b>
Reserve Balance in Year 20	(139,517)



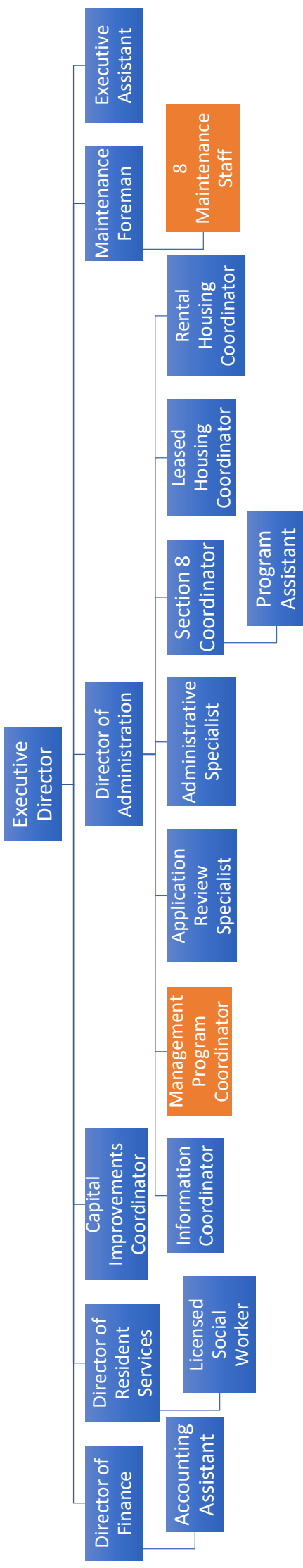
# NHA Organizational Chart December 2019





# NHA Organizational Chart December 2019

## Post CAN-DO Property Acquisition



# CAN-DO Acquisition Timeline

- CPC/P&D full-proposal/public hearing February 2020
- Purchase and Sale Agreement March 2020
- CPC/CDBG funding awards April 2020
- Closing Spring 2020