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## Community Preservation Committee Funding Recommendation for Newton Housing Authority Acquisition of CAN-DO Housing Portfolio

**Date:** March 5, 2020  
**From:** Community Preservation Committee  
**To:** The Honorable City Council  
**Cc:** Her Honor Mayor Ruthanne Fuller

**PROJECT GOALS & ELIGIBILITY** This project provides funding for the Newton Housing Authority's acquisition of 33 affordable housing units currently owned by the Citizens for Affordable Housing in Newton Development Organization (CAN-DO). These units serve low-income households located in 12 scattered sites projects throughout Newton. This project will preserve and stabilize this important portfolio by reducing its bank debt and addressing its immediate capital needs. As a result, the portfolio's rental income, which is limited by its permanent income restrictions, will be able to cover both future capital needs and resident services. The Newton Housing Authority has extensive experience in managing affordable housing units and their proposal plans for both a reserve fund for future capital needs as well as additional staffing to provide necessary services for its residents. The individuals and families served by these units are identified as priority populations in the City's FY16-FY20 Consolidated Plan. This project is CPA-eligible as the support of affordable housing.

**RECOMMENDED FUNDING** On February 10, 2020, the Community Preservation Committee voted 8-0 (member Robert Maloney absent) to recommend appropriating \$1,105,000 from the Community Preservation Fund's current reserve and fund balance for housing, and as needed from its FY20 unrestricted reserve, to the control of the Planning & Development Department for a grant to the Newton Housing Authority for the purpose of acquiring the CAN-DO housing portfolio and any other related expenses as stated below:

USES of FUNDS	
Bank debt repayments, financing fees (new debt, CPA, CDBG)	\$1,929,148
Reserves (replacement \$500,000, operating \$250,000)	\$750,000
Capital Improvements (CDBG)	\$551,352
Services & Fees (legal, recording, development consultant, appraisal)	\$224,500
<b>TOTAL USES</b>	<b>\$3,455,000</b>
SOURCES of FUNDS	
Newton Housing Authority (contribution)	\$250,000
Village Bank (\$250,000 grant + new/refinanced debt)	\$900,000
<b>CPA</b>	<b>\$1,105,000</b>
CDBG	\$1,200,000
<b>TOTAL SOURCES</b>	<b>\$3,455,000</b>

website [www.newtonma.gov/cpa](http://www.newtonma.gov/cpa)

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## **SPECIAL ISSUES CONSIDERED BY THE CPC**

During the CPC's public hearing on this project, members unanimously expressed their support for the NHA's proposal and project goals. Newton has a critical need for affordable housing and the CPC's recommendation considered both the importance of preserving the City's existing affordable housing inventory as well as the fact that these units serve some of Newton's most vulnerable households. Members agreed that the NHA had worked hard with the Planning staff to develop a well thought out proposal to integrate the new units into their existing housing portfolio that takes into consideration both the maintenance needs of these properties and the services required by their residents. The project has received numerous letters of support from Newton affordable housing organizations.

The CPC also recognized that this project is well leveraged with only 32% of the overall project funding requested from CPA funds. The rest of the funding is divided between CDBG funding (35%), a new loan from The Village Bank (TVB) (19%), and funding grants from The Village Bank and NHA (14%). The CPC also noted that the units already have affordable housing restrictions in place.

## **ADDITIONAL RECOMMENDATIONS** *(funding conditions)*

1. The CPC assumes all recommended funds will be appropriated, and the transfer of the portfolio to the Housing Authority will be completed, within twelve (12) months after the date of this recommendation. If this deadline cannot be met, the Housing Authority should submit a written request to the CPC to extend that deadline.
2. The release of CPA funds for the project will be governed by a detailed grant agreement that includes but is not limited to conditions which are generally agreed upon and required for a CPA-funded housing project including the initial release of funds upon the submission of required documentation and the direct payment of funds to the bank(s) for payment of past debt.
3. Any CPA funds appropriated but not used for the purposes stated herein should be returned to the Newton Community Preservation Fund.

## **KEY OUTCOMES**

The Community Preservation Committee will evaluate this project based on its success in using Newton CPA funds to preserve CAN-DO's income-restricted housing portfolio as well as the supportive services and capital needs improvements described in the Housing Authority's proposal, which will rely on non-CPA funding sources. The timeliness of the project and the Housing Authority's ability to meet the completion deadline for the project will also be considered.

## **ATTACHMENTS**

(delivered to the clerks of the Land Use Committee and Finance Committee)

- Revised Proposal letter and selected attachments submitted to the CPC on January 29, 2020
- Planning Department's Memorandum submitted for the February 11 joint Planning Board/CPC Meeting
- Presentation from February 11, 2020 CPC public hearing
- Copy of CPC project webpage, with links to additional information not attached to this recommendation: [http://www.newtonma.gov/gov/planning/cpa/projects/housing\\_authority.asp#NHA-CAN-DO-portfolio](http://www.newtonma.gov/gov/planning/cpa/projects/housing_authority.asp#NHA-CAN-DO-portfolio)