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Community Preservation Committee Funding Recommendation for HAYWOOD HOUSE/Jackson Road New Senior Housing

date: 26 July 2018
from: Community Preservation Committee
to: The Honorable City Council

PROJECT GOALS & ELIGIBILITY This project will construct a new building served by two elevators, with a community center and 55 one-bedroom rental units restricted to residents at least 62 years old. All units will be permanently income-restricted: 11 units for households at up to 30% of the Area Median Income (AMI), 21 units at up to 60% AMI, and 23 units at up to 99% AMI. 4 units will be designated for households that have been homeless or are at risk of homelessness. The Housing Authority has requested state approval to allocate 70% of the units to current Newton residents. This project is CPA-eligible as the creation of affordable housing.

RECOMMENDED FUNDING On 10 July 2018 by a vote of 8-0 (Planning & Development Board appointment vacant), the Community Preservation Committee recommended appropriating \$3,000,000 from the Community Preservation Fund's current reserve and fund balance for housing, and as needed from its general reserve and fund balance, to the control of the Planning & Development Department for a grant to the Newton Housing Authority for any purposes stated or implied in this summary budget for Haywood House:

USES	July 2018	SOURCES	July 2018
Acquisition	\$1	Low Income Housing Tax Credits Equity - federal (9%) and state	\$11,000,000
Construction (75% of all costs; includes 4.8% contingency)	\$19,697,160	other state funds: Affordable Housing Trust Fund, Community Based Housing, Facilities Consolidation Fund, HOME, Housing Stabilization Fund	\$4,000,000
Site Development & Foundations (20% of construction costs)	\$3,757,565		
Non-Residential Space (5% of construction costs; includes community center, library, laundry, offices, etc.)	\$894,812		
Residential Space	\$14,106,824		
Soft Costs (14% of all costs; includes 4.8% contingency)	\$3,699,135	Newton-controlled public funds	
Architectural & Engineering Services (survey, permitting, environmental)	\$1,200,000	CPA	\$3,000,000
Other Professional Services (legal, accounting, appraisal, market study, marketing, development)	\$875,000	Inclusionary Zoning	\$625,000
Interest & Insurance	\$837,342	CDBG	\$625,000
Taxes & Fees	\$421,793	Deferred Developer Fee	\$656,417
Owner's Project Manager, Security	\$165,000	Permanent Loan - Bank	\$6,200,000
Furniture, Fixtures, Equipment	\$75,000		
Reserves	\$470,121	TOTAL SOURCES	\$26,106,417
Developer Fee + Overhead (9.4%)	\$2,240,000		
TOTAL USES	\$26,106,417		

website www.newtonma.gov/cpa

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SPECIAL ISSUES CONSIDERED BY THE CPC

Funding leverage & project costs: The CPC especially appreciated this project's leverage of non-Newton funding. Of the project's total funding, federal and state tax credits are about 42%, Newton CPA funds are only about 11%, and all Newton public funds combined are only about 16%.

The project's total development cost of \$475,000 per unit is about the maximum for state funding. However, construction costs are about 75% of that total, and about 20% of construction costs are for the intensive sitework and special foundations required by the location's loose soils and steep slope, with another 5% of construction costs for nonresidential spaces, including those described below. Construction costs for the residential space are about \$342,000 per unit, or \$322 per square foot.

Community space & services: Haywood House will have multiple common spaces, including terraces and balconies, a library, and new laundry facilities, which will also serve residents of the existing Jackson Gardens development. The building's new community center will host activities for non-residents as well as services for residents. The Housing Authority has committed to using its developer fee from this project to expand its program of services for residents, including pre-dementia support.

Project design & permitting: Haywood House will have 52 visitable and adaptable units, including 2 adapted for residents with sensory disabilities, and 3 fully accessible units (Group 2B). The building will be curved to fit its site, will be energy-efficient (LEED silver certifiable), and will allow vehicular access only from Kennedy Circle. The existing pedestrian path from Kennedy Circle to Jackson Road will be rebuilt to make it wheelchair-accessible. Existing large trees near the edges of the site will be preserved, and new plantings will be added. In response to neighborhood concerns about parking, the Housing Authority has reduced the project's parking needs by eliminating its previously proposed market-rate units.

ADDITIONAL RECOMMENDATIONS *(funding conditions)*

1. The CPC assumes all recommended funds will be appropriated within 6 months, and project construction will begin within 3 years, after the date of this recommendation. If either of these deadlines cannot be met, the Housing Authority should submit a written request to the CPC to extend that deadline.
2. As soon as practical, the Housing Authority should provide the CPC with a brief written and in-person update on the results of the tax credit application it expects it will be invited to submit in fall 2018/winter 2019. If tax credits have not been committed for the project by 1 September 2020, the Housing Authority should re-start the CPA funding process with an updated proposal.
3. The grant agreement governing the phased release of CPA funds for this project should be executed only after the project's other required funding sources have been committed, particularly the housing tax credits. In addition to the other conditions usual in recent past grants for CPA-funded housing projects, such as permanent affordability and a final report to the CPC, the grant agreement should require an independent "accessibility audit" to ensure as-built compliance with accessibility standards.
4. 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 leverage non-Newton funds and its provision of not only the income-restricted housing but also the supportive services and community activities described in the Housing Authority's proposal.

ATTACHMENTS

(delivered to the clerks of the Programs & Services Committee and Finance Committee)

- Proposal and selected attachments submitted to the CPC in June 2018, plus minor corrections July 2018
- Presentation, updated from January 2018 CPC public hearing
- Copy of CPC project webpage, with links to additional information not attached to this recommendation:

www.newtonma.gov/gov/planning/cpa/projects/housing_authority.asp#Jackson-Sr