



NEWTON COMMUNITY DEVELOPMENT FOUNDATION

July 28, 2011

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EXECUTIVE DIRECTOR

Jeanne Strickland

Alice E. Ingerson
Community Preservation Program Manager
City of Newton
1000 Commonwealth Avenue
Newton Centre, MA 02459

**RE: Myrtle Village Pre-Proposal
Community Preservation Program FY12 – 13 Funding Request**

Dear Alice,

I understand that Bob Engler, Newton Community Development Foundation's President and Reverend Howard Haywood, Pastor Emeritus of Myrtle Baptist Church have discussed the Curve Street affordable housing proposal with you and that you are expecting this Pre-Proposal as you plan for the next meeting of the Community Preservation Committee. NCDF is providing consulting services for this project and I am pleased to submit the enclosed proposal seeking Community Preservation Act funds for the development of Myrtle Village in West Newton.

Myrtle Village will consist of seven (7) attractive units of affordable housing available to families earning less than 50% - 90% of the area median income. Four (4) of those families would qualify under DHCD's subsidized housing inventory while all seven (7) households would qualify for CPA funding assistance .

The submission package includes the completed Pre-Proposal along with the budget and proforma as well as the proposed street elevation, site and floor plans. We look forward to meeting with members of the CPC at their upcoming meeting on August 17, 2011 and I encourage you to contact me if you need any further information or documentation prior to the meeting. I can be reached at 617-244-4035 x24 or Jeanne.ncdf@verizon.net.

Sincerely,



Jeanne Strickland
Executive Director

Enclosures



425 Watertown Street Suite 205 • Newton MA 02458 • TEL: (617) 244-4035
TDD: (800) 439-2370 • FAX: (617) 244-2160 • E-MAIL: ncdf.inc@verizon.net

Visit us at www.ncdf.com



Setti D. Warren
Mayor

**Newton, Massachusetts Community Preservation Program
Fy12-13 FUNDING REQUEST**

(For staff use)
date rec'd:

PRE-PROPOSAL PROPOSAL

For full instructions, see www.newtonma.gov/cpa or contact:

Community Preservation Program Manager
Newton Planning and Development Department, 1000 Commonwealth Ave., Newton, MA 02459
aingeron@newtonma.gov 617.796.1144

You may adjust the space for each question, but do not use more than 1 page to answer all questions on this page.

Project CONTACTS	Name, title, mailing address, email, phone, fax, & website if there is one.		
<p>MANAGER - will be responsible for budgets, deadlines & reports Reverend Howard Haywood, Pastor Emeritus Myrtle Baptist Church 21 Curve Street West Newton, MA 02465 Howard.haywood@seacon.com - 617-332-2888</p>	<p>OTHER CONTACT Jeanne Strickland, Executive Director Newton Community Development Foundation, Inc. 425 Watertown Street, Suite 205 Newton, MA 02458 Jeanne.ncdf@verizon.net - 617-244-4035 x24 617-244-2160 fax www.ncdf.com</p>		

Project TITLE	Myrtle Village
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Project LOCATION	Full street address (with zip code) or other precise location. 12 and 18 – 20 Curve Street, West Newton, MA 02465
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Project BUDGET	CP FUNDS TO BE REQUESTED: \$1,400,264	OTHER FUNDS TO BE USED: \$1,517,000	TOTAL PROJECT COST: \$2,917,264
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SUMMARY	<p>Explain project goals & why funds are needed. For multi-project "programs," describe how individual projects were chosen & prioritized.</p> <p>The Myrtle Baptist Church is currently organizing Myrtle Village Development Corporation, a non-profit 501 c 3 corporation to develop affordable housing opportunities in close proximity to the church located at 21 Curve Street in West Newton. In keeping with our mission, the Myrtle Baptist Church congregation is "Reaching up, out and within." Our primary goal is to preserve and enhance family-friendly neighborhoods while fulfilling our God-given mission of service to the community.</p> <p>In pursuit of this mission, the church purchased a single family home at 18 – 20 Curve Street a number of years ago and in 1986 it expanded the home to include two, 3 bedroom duplexes. Two families are currently living in these units with the rent for one family being subsidized through the Federal Section 8 housing voucher program and the other family paying fair market rent but qualifying for subsidy. Following recent discussions with NCDF regarding the potential for expanding affordable housing opportunities in the immediate neighborhood, Myrtle Baptist Church purchased a single family home at 12 Curve Street, next door to the duplex. The proposal to redevelop these structures as depicted on the drawings attached features two attractive homes with landscaped lots and a design that will complement the architecture of the other homes in the neighborhood dating back to the early 1900's. The property will include 7 units of housing affordable to families at 50% - 90% of area median income (AMI) and will remain affordable in perpetuity. The following unit mix will be offered:</p> <p style="text-align: center;">1 – 1 bedroom, 1 bath, 500 square foot HP accessible unit @50% AMI 4 – 2 bedroom, 1.5 bath, 900 – 1150 square foot duplex unit. 2 @ 70% AMI; 2 @ 90% AMI 2 – 3 bedroom, 1.5 bath, 1275 square foot duplex units. 1 @ 50% AMI; 1 @ 90% AMI</p> <p>Parking for the HP unit will be on site while the parking for the other six units will be directly across the street in the church parking lot so as to allow for more units to be built on the site. Site, elevation and floor plans have been provided by Angelo Kyriakides Architect and are included with this proposal as is the development budget, operating budget and proforma.</p> <p>We are keenly aware of the critical need for affordable housing in the City of Newton and are pleased to embark upon this endeavor to expand these opportunities.</p>
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HOW WILL CP FUNDS BE USED?		HISTORIC RESOURCES	OPEN SPACE	RECREATION LAND	COMMUNITY HOUSING
Check all that apply.	acquire				Contact staff for separate form.
	create	not allowed			
	preserve				
	support	not allowed	not allowed	not allowed	
	rehabilitate/restore		allowed only if the resource was originally acquired or created with CP funds		

You may adjust the space for each question, but do not use more than 1 page to answer all questions on this page.

CITYWIDE PLANS: List plans by title, year & page(s) where each plan identifies this specific project or its general goals as a priority. See links to plans from: www.newtonma.gov/cpa/program.htm.

Consolidated Strategy and Plan:

“...increase the overall supply of a variety of affordable housing options and reduce the housing cost burden of low- and moderate-income persons...” (Executive summary – Pg. 12)

“... use CDBG and HOME funds to create, develop and preserve affordable housing developments”. (Executive summary- Pg. 13)

Comprehensive Plan:

“Principle IV: ... provide well designed affordable housing without displacing existing residents”. Page 1-2)

“That process of market-driven change is imposing hardships on many and is damaging the kind of City most residents would prefer. It is damaging from both equity and diversity perspectives. Maintaining access to Newton housing for a broad range of households is a long-held basic community value.” (Page 3 – 17)

Smart Growth:

Given its proximity to commuter trains and commuter buses, Myrtle Village will also be an example of smart growth here in the City of Newton.

OTHER FUNDING: What non-CP funds will you use or are you pursuing? List names of other funders, amounts requested, & expected dates of funding decisions.

Developer’s Equity in 18 – 20 Curve Street property - \$650,000

The Village Bank in Newton, MA - permanent loan in the amount of \$667,000

City of Newton Community Development Block Grant - \$100,000

City of Newton HOME funds - \$100,000

STEWARDSHIP: How will the project be maintained and funded once CP funds have been spent? (Hint for City-owned resources: “through the operating budget” is seldom a persuasive answer.)

Newton Community Development Foundation, Newton’s pioneer developer and manager of affordable housing here in the City of Newton for over 40 years will manage the property. Their responsibilities will include rent collection, accounting and data processing, maintenance of the property. Gross rent income, less minimal vacancy will effectively cover operating costs including debt service with excess funds deposited into an escrow account for capital needs.

COMMUNITY CONTACTS: *List email addresses and/or phone numbers for at least 3 Newton residents or organizations that can provide feedback on the proposal and its manager's qualifications. No more than 1 should be a Board member, supervisor, or employee of the project manager.*

Robert Engler, President NCDF – renqler@s-e-b.com - 617-782-2300 x201

Josephine McNeil, Executive Director CAN-DO – jam_cando@msn.com – 617-964-3527

Reverend Howard Haywood, Pastor Emeritus Myrtle Baptist Church – howard.haywood@seacon.com - 617-332-2888

TIMELINE				
Project or Program Title:				
Steps (for a project) or Projects (for a multi-project program) <i>For requests over \$300,000, show how funding could be phased over multiple years.</i>	Assistance Required <i>(fundraising, permits, etc.)</i>	Start <i>season/ year</i>	Finish <i>season/ year</i>	Cost <i>estimate</i>
1 While this project is requesting more than \$300,000, the rehabilitation and additions to the two existing houses do not lend themselves to a multi-year development				\$
2 process as the economics of the project depend on the whole project being completed in a timely fashion and not having uncertainty between funding cycles.				\$
3				\$
4				\$
5				\$
6				\$
7				\$
8				\$
9				\$
10				\$

ATTACHMENTS
<p>For pre-proposals, do not attach additional pages.</p> <p>For proposals, your 1-page list of all attachments provided should follow this page.</p>

CURVE ST 7 UNITS
Newton, MA
 15-Jun-11

DEVELOPMENT BUDGET	<i>Per Unit</i>	<i>Total</i>	<i>Development Assumptions</i>
Hard Costs			
Acquisition	150,000	1,050,000	12 Curve St @ \$400K; 20 Curve St @ \$650K
Sitework / Utilities/landscape	8,000	56,000	
Construction - new units	67,500	472,500	3,500sf @ \$135/sf
Rehabilitation - existing units	93,886	657,200	4,240sf @ \$155/sf
Contingency (5%-new; 15%-rehab)	17,458	122,205	
Sub-Total Hard Costs	336,844	2,357,905	
Soft Costs			
Surveys & Permits/peer review	4,286	30,000	
Architecture & Engineering	15,714	110,000	
Legal, Title & Recording	2,857	20,000	
Accounting & Cost Certification	714	5,000	
Civil/Environmental /Geotech Engineering	1,000	7,000	
Project Manager	10,714	75,000	
Finance Fees	571	4,000	
Taxes	500	3,500	
Insurance	1,429	10,000	
Security	0	0	
Construction Loan Interest	2,286	16,000	construction loan *8 mo (after CPA/CDBG funds)
Lease-up reserve	1,429	10,000	
Rent up & Marketing	1,714	12,000	
Appraisal/Market Study/traffic report	714	5,000	
Relocation payments	0	0	
Development consultants	3,571	25,000	
Soft Cost Contingency	9,342	65,395	
Developer Overhead & Fee	19,495	136,464	8% TDC less acquisition
Cost Certification Bond	3,571	25,000	
Sub-Total Soft Costs	79,908	559,359	
TOTAL DEVELOPMENT COSTS	416,752	2,917,264	
DEVELOPMENT SOURCES			
Permanent Loan	95,286	667,000	1.25 debt coverage ratio-6.5% - 25 yr term
Developer Equity (20 Curve St)	92,857	650,000	assessed value of house
CPA/HOME/CDBG funds	228,609	1,600,264	
TOTAL DEVELOPMENT SOURCES	416,752	2,917,264	

CURVE ST
Newton, MA
OPERATING BUDGET

Number of Units: 7

RENTAL REVENUES	<i>Units</i>	<i>gross rent</i>	<i>Utility Allowance</i>	<i>net rent</i>	OPERATING PRO-FORMA	<i>Annually</i>
Assumptions:					Gross Rental Income	128,424
Affordable 1BR @ 50%AMI	1	904	156	748	(less) Vacancy and Bad Debt	(6,421)
Affordable 2 BR @ 70% AMI	2	1264	229	1,035	Effective Rental Income	122,003
CPA 2BR @ 90% AMI	2	1950	229	1,721	Other Income-parking	0
Affordable 3BR @ 50% AMI	1	1204	298	906	Other Income -fees	0
CPA 3BR @ 90% AMI	1	2166	298	1,868	Total Income	122,003
					(less) Annual Operating Expenses	(54,460)
					NET OPERATING INCOME	67,543
TOTAL UNITS	7				Debt coverage ratio @ 1.25	
Other Income - garages/carports/storage	0	0			Available to service debt	54,034
Other Income - Fees		0				
Vacancy & Bad Debt		5.0%			Maximum mortgage @ 6.50 - 25 yrs	667,000
Annual Operating Expenses			2.5%			
Real Estate Taxes			2.0%			
PROJECTED OPERATING EXPENSES		Total	Per Unit			
MANAGEMENT FEE		3,360	480			
ADMINISTRATION		14,000	2,000			
MAINTENANCE		12,000	1,714			
UTILITIES (common areas only)		3,000	429			
REPLACEMENT RESERVE		2,100	300			
TAXES		12,000	1,714			
INSURANCE		3,000	429			
MONITORING FEE		5,000	714			
TOTAL OPERATING EXPENSES		54,460	7,780			

CURVE ST
Newton, MA

ANNUAL RENTAL INCOME		<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Year 6</i>	<i>Year 7</i>	<i>Year 8</i>	<i>Year 9</i>	<i>Year 10</i>
Affordable 1BR @ 50%AMI	1	10,848	11,065	11,397	11,739	12,091	12,454	12,827	13,212	13,609	14,017
Affordable 2 BR @ 70% AMI	2	30,336	30,943	31,871	32,827	33,812	34,826	35,871	36,947	38,056	39,197
CPA 2BR @ 90% AMI	2	46,800	47,736	49,168	50,643	52,162	53,727	55,339	56,999	58,709	60,471
Affordable 3BR @ 50% AMI	1	14,448	14,737	15,179	15,634	16,103	16,587	17,084	17,597	18,125	18,668
CPA 3BR @ 90% AMI	1	25,992	26,512	27,307	28,126	28,970	29,839	30,734	31,657	32,606	33,584
Tenant Rental Contribution	7	128,424	130,992	134,922	138,970	143,139	147,433	151,856	156,412	161,104	165,937
Other Income - Parking		0	0	0	0	0	0	0	0	0	0
Other Income - fees+ tower		0	0	0	0	0	0	0	0	0	0
GROSS RENTAL INCOME		128,424	130,992	134,922	138,970	143,139	147,433	151,856	156,412	161,104	165,937
(less) Vacancy and Bad Debt	5%	(6,421)	(6,550)	(6,746)	(6,948)	(7,157)	(7,372)	(7,593)	(7,821)	(8,055)	(8,297)
NET RENTAL INCOME		122,003	124,443	128,176	132,021	135,982	140,062	144,263	148,591	153,049	157,640
ANNUAL OPERATING EXPENSES		<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Year 6</i>	<i>Year 7</i>	<i>Year 8</i>	<i>Year 9</i>	<i>Year 10</i>
Administrative		(14,000)	(14,350)	(14,709)	(15,076)	(15,453)	(15,840)	(16,236)	(16,642)	(17,058)	(17,484)
Management Fee		(3,360)	(3,444)	(3,530)	(3,618)	(3,709)	(3,802)	(3,897)	(3,994)	(4,094)	(4,196)
Maintenance		(12,000)	(12,300)	(12,608)	(12,923)	(13,246)	(13,577)	(13,916)	(14,264)	(14,621)	(14,986)
Utilities		(3,000)	(3,075)	(3,152)	(3,231)	(3,311)	(3,394)	(3,479)	(3,566)	(3,655)	(3,747)
Real Estate Taxes		(12,000)	(12,240)	(12,485)	(12,734)	(12,989)	(13,249)	(13,514)	(13,784)	(14,060)	(14,341)
Insurance		(3,000)	(3,075)	(3,152)	(3,231)	(3,311)	(3,394)	(3,479)	(3,566)	(3,655)	(3,747)
Monitoring Fee		(5,000)	(5,125)	(5,253)	(5,384)	(5,519)	(5,657)	(5,798)	(5,943)	(6,092)	(6,244)
Replacement Reserves		(2,100)	(2,153)	(2,206)	(2,261)	(2,318)	(2,376)	(2,435)	(2,496)	(2,559)	(2,623)
SUB-TOTAL OPERATING EXPENSES		(54,460)	(55,762)	(57,094)	(58,459)	(59,857)	(61,289)	(62,755)	(64,256)	(65,793)	(67,368)
NET OPERATING INCOME		67,543	68,681	71,082	73,562	76,125	78,773	81,509	84,335	87,256	90,273
(less) Debt Service		(54,034)	(54,034)	(54,034)	(54,034)	(54,034)	(54,034)	(54,034)	(54,034)	(54,034)	(54,034)
NET CASH FLOW		13,509	14,647	17,048	19,528	22,091	24,739	27,475	30,301	33,221	36,238