

**CITY OF NEWTON HOUSING PROJECT REQUEST FOR CPA AND CDBG FUNDS
Myrtle Village LLC and 12 and 18-20 Curve Street, West Newton, MA 02465**

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Newton CPC website.

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1. FINANCIAL

CURVE ST
Newton, MA
 19-Jan-12

7 UNITS

	Per Unit	Total	Development Assumptions
DEVELOPMENT BUDGET			
Hard Costs			
Acquisition	150,286	1,052,000	12 Curve St: \$420K mgt balance; 20 Curve St @ \$632K value
Sitework / Utilities/landscape	8,000	56,000	estimate based on drawings
Construction - new units	67,500	472,500	3,500sf @ \$135/sf - estimate based on drawings
Rehabilitation - existing units	100,307	702,150	4,530sf @ \$155/sf - estimate based on drawings
Contingency (5%-new; 15%-rehab)	18,421	128,948	40B guidelines
Sub-Total Hard Costs	344,514	2,411,598	
Soft Costs			
Surveys & Permits/peer review	4,286	30,000	estimate
Architecture & Engineering	15,714	110,000	contract
Legal, Title & Recording	2,857	20,000	estimate
Accounting & Cost Certification	714	5,000	estimate
Civil/Environmental /Geotech Engineering	2,143	15,000	estimate
Project Manager	10,714	75,000	contract
Finance Fees	1,000	7,000	1% of construction loan + DHCD application fees
Taxes	1,602	11,213	estimate based on existing taxes
Insurance	1,857	13,000	estimate
Relocation benefits-allowance	857	6,000	
Construction Loan Interest	2,286	16,000	loan @ 6% for 8 mo (after CPA/CDBG funds)
Lease-up reserve	1,429	10,000	estimate
Rent up & Marketing	1,714	12,000	estimate
Appraisal/Market Study/traffic report	714	5,000	estimate
Development consultants	3,571	25,000	contract
Soft Cost Contingency	9,711	67,980	5% of soft costs per 40B guidelines
Developer Overhead & Fee	20,432	143,023	8% TDC less acquisition
Cost Certification Bond	0	0	not required - small project
Sub-Total Soft Costs	81,602	571,216	
TOTAL DEVELOPMENT COSTS	426,116	2,982,814	
DEVELOPMENT SOURCES			
Permanent Loan	88,167	617,167	1.25 debt coverage ratio-6.00% - 25 yr term
Developer Equity (20 Curve St)	90,286	632,000	assessed value of house
CPA funds	134,009	938,063	
CDBG funds	113,655	795,584	
HOME funds	0	0	
TOTAL DEVELOPMENT SOURCES	426,116	2,982,814	

CURVE ST
Newton, MA
OPERATING BUDGET

7

Number of Units:

RENAL REVENUES	Units	gross rent	Utility Allowance	net rent	Annual/)
Assumptions:					
Affordable 1BR @ 50%AMI	1	978	156	822	113,232
Affordable 2 BR @ 70% AMI	2	1541	229	1,312	(7,926)
CPA 2BR @ 85% AMI	2	1872	229	1,643	105,306
Affordable 3BR @ 50% AMI	1	1222	298	924	0
CPA 3BR @ 85% AMI	1	2078	298	1,780	0
					105,306
					(45,660)

TOTAL UNITS	7				59,646
Other Income - garages/carports/storage	0	0			
Other Income - Fees	0	0			47,717
Vacancy & Bad Debt		7.0%			

Annual Operating Expenses 3.0%
 Real Estate Taxes 2.5%

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	8,200	1,171
INSURANCE	3,000	429
MONITORING FEE	0	0
TOTAL OPERATING EXPENSES	45,660	6,523

NET OPERATING INCOME

Debt coverage ratio @ 1.25
 Available to service debt

Maximum mortgage @ 6.00 - 25 yrs
 616,167

affordable rents @ HUD 2012 limits calculated using DHCD methodology, eg. 70% income = 50% x 1.4; 85% inc = 50% x 1.7

NOTES:

CURVE ST
Newbrn, MA

ANNUAL RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1 Affordable 1BR @ 50%AMI	9,864	10,061	10,263	10,463	10,677	10,891	11,108	11,331	11,557	11,788
2 Affordable 2 BR @ 70% AMI	31,488	32,118	32,760	33,415	34,084	34,765	35,461	36,170	36,893	37,631
2 CPA 2BR @ 85% AMI	39,432	40,221	41,025	41,846	42,682	43,536	44,407	45,295	46,201	47,125
1 Affordable 3BR @ 50% AMI	11,088	11,310	11,536	11,767	12,002	12,242	12,487	12,737	12,991	13,251
1 CPA 3BR @ 85% AMI	21,360	21,787	22,223	22,667	23,121	23,583	24,055	24,536	25,027	25,527
Tenant Rental Contribution	113,232	115,497	117,807	120,163	122,566	125,017	127,518	130,068	132,669	135,323
Other Income - Parking	0	0	0	0	0	0	0	0	0	0
Other Income - fees+ lower	0	0	0	0	0	0	0	0	0	0
GROSS RENTAL INCOME	113,232	115,497	117,807	120,163	122,566	125,017	127,518	130,068	132,669	135,323
(less) Vacancy and Bad Debt	(7,926)	(8,085)	(8,246)	(8,411)	(8,580)	(8,751)	(8,926)	(9,105)	(9,287)	(9,473)
NET RENTAL INCOME	105,306	107,412	109,560	111,751	113,986	116,266	118,591	120,963	123,382	125,850
ANNUAL OPERATING EXPENSES	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Administrative	(14,000)	(14,420)	(14,853)	(15,298)	(15,757)	(16,230)	(16,717)	(17,218)	(17,735)	(18,267)
Management Fee	(3,360)	(3,461)	(3,565)	(3,672)	(3,782)	(3,895)	(4,012)	(4,132)	(4,256)	(4,384)
Maintenance	(12,000)	(12,360)	(12,731)	(13,113)	(13,506)	(13,911)	(14,329)	(14,758)	(15,201)	(15,657)
Utilities	(3,000)	(3,050)	(3,183)	(3,278)	(3,377)	(3,478)	(3,582)	(3,690)	(3,800)	(3,914)
Real Estate Taxes	(8,200)	(8,405)	(8,615)	(8,831)	(9,051)	(9,278)	(9,509)	(9,747)	(9,991)	(10,241)
Insurance	(3,000)	(3,050)	(3,183)	(3,278)	(3,377)	(3,478)	(3,582)	(3,690)	(3,800)	(3,914)
Monitoring Fee	0	0	0	0	0	0	0	0	0	0
Replacement Reserves	(2,100)	(2,163)	(2,228)	(2,295)	(2,364)	(2,434)	(2,508)	(2,583)	(2,660)	(2,740)
SUB-TOTAL OPERATING EXPENSES	(45,660)	(46,989)	(48,356)	(49,764)	(51,213)	(52,704)	(54,239)	(55,818)	(57,444)	(59,117)
NET OPERATING INCOME	59,646	60,423	61,204	61,987	62,774	63,562	64,353	65,145	65,938	66,733
(less) Debt Service	(47,717)	(47,717)	(47,717)	(47,717)	(47,717)	(47,717)	(47,717)	(47,717)	(47,717)	(47,717)
NET CASH FLOW	11,929	12,706	13,487	14,271	15,057	15,846	16,636	17,428	18,222	19,016

Myrtle Baptist Church Property
12 Curve Street
West Newton, MA 02465

<u>Income</u>	<u>Monthly</u>	<u>Quarterly</u>
Rent	\$1,600.00	
 <u>Expenses</u>		
Mortgage	(\$1,739.06)	
Taxes	(\$360.06)	(\$1,080.19)
Insurance	(\$179.00)	
Water	(\$48.95)	(\$146.85)
Lawn maintenance	(\$50.00)	
Misc. maintenance	(\$30.00)	
 Sub-Total	 (\$2,407.07)	
 Deficit	 <u>(\$807.07)</u>	

Note:

Initial purchase-related costs:

Down payment	(\$1,000.00)
Village Bank Commitment Letter	(\$5,000.00)



307 Auburn Street • Auburndale, MA 02466 • Phone: (617) 527-6090 • Fax: (617) 965-8945 • E-mail: info@village-bank.com

Local and proud of it.

January 24, 2012

Howard Haywood, Manager
Shelby Robinson, Manager
Myrtle Village, LLC
21 Curve Street
West Newton, MA 02465

Re: The 7-unit construction project located at 12 and 18-20 Curve Street, West Newton, MA

Howard and Shelby:

The Myrtle Baptist Church of West Newton has been a long-standing and valuable customer of The Village Bank. As your primary lending institution for over 10 years we are very interested in pursuing the financing for your project at 12 and 18-20 Curve Street, West Newton MA. Based on our prior experience with you, and your consultants on these types of projects, I am confident that you will be able to obtain the necessary combination of public and private financing to successfully develop this project.

This letter is not a commitment for the Bank to lend, but is an indication of our interest in financing this project.

Thank you again for your business.

Sincerely,

John H. Tarpinian
Business Banking Officer