



Setti D. Warren
Mayor

City of Newton, Massachusetts
Department of Planning and Development
1000 Commonwealth Avenue Newton, Massachusetts 02459

Telephone
(617) 796-1120
Telefax
(617) 796-1142
TDD/TTY
(617) 796-1089
www.newtonma.gov

Candace Havens
Director

MEMORANDUM

To: Community Preservation Committee

From: Robert Muollo, Housing Development Planner

Date: June 13, 2012

Re: Myrtle Village Project Status Update

The developer Myrtle Village, LLC has applied for federal Community Development Block Grant (CDBG) and Community Preservation Act (CPA) funding to assist in developing a 7-unit, affordable rental project. Each of the three existing units is currently occupied. Mr. Howard Haywood is co-manager of Myrtle Village, LLC.

In April 2012 City housing staff was made aware that the daughter of Mr. Haywood currently resides at one of the existing units. Under the current income limits, the household is eligible to maintain residence in one of the affordable units once the project is completed. This represents a conflict of interest pursuant to the CDBG conflict of interest provisions at 24 CFR 570.611, as Mr. Haywood's daughter may financially benefit from residing in the CDBG-assisted project.

In accordance with 24 CFR 570.611(d), the U.S. Department of Housing and Urban Development (HUD), may grant an exception to a conflict of interest on a case-by-case basis upon written request, in this case by the City of Newton. Housing staff and the Law Department notified Newton's HUD Representative and are now following the administrative process described in the regulation to pursue an exception. This entails meeting two thresholds prior to requesting an exception: 1) publically disclosing the conflict; and 2) issuance of a legal opinion that the conflict of interest would not violate State or local law.

The conflict has been posted in public locations within City Hall and on the City website, published in the Planning Department's Friday Report, and disclosed at the May 7th Planning and Development Board public meeting. Mr. Haywood has also requested and received an opinion from the State Ethics Commission, which is currently under review by the Law Department.

If the State Ethics Commission and the Law Department determine that no State or local law is violated and the Mayor authorizes the Planning and Development Department to proceed, Housing staff will formally seek an exception from HUD. The regulation outlines a series of factors that HUD takes into account when considering granting an exception. If the conflict is found to be in violation of law, or if HUD denies the exception, the project will be delayed by at least one year to resolve the conflict of interest. This may be achieved if Mr. Haywood steps down as co-manager of the Myrtle Village, LLC.