

# NEWTON HOUSING PARTNERSHIP

Newton Housing & Community Development Program  
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December 28, 2010

Newton Community Preservation Committee  
Newton City Hall  
1000 Commonwealth Avenue  
Newton, MA 02459

Re: Request for funds for 61 Pearl Street

Dear Community Preservation Committee members:

At the Newton Housing Partnership meeting on November 10, 2010 the eight eligible members present unanimously agreed to support the request by Citizens for Affordable Housing in Newton Development Organization, Inc. (CAN-DO) for \$665,000 in Community Preservation Act (CPA) funding for the development related to the rehabilitation and rental of three units of affordable housing at 61 Pearl Street, one of which units will be fully accessible. In addition, the developer is asking for \$289,316.42 in HOME Investment Partnership (HOME) funds, and \$190,683.58 in Community Development Block Grant (CDBG) funds, which includes an \$80,000 CDBG lead paint grant.

The Partnership's Project Review Committee and then the full Partnership have reviewed and discussed the proposal with the developer prior to this action. We support and endorse the developer's concept of providing 100% affordability (all three units to be priced for rental to households that are income-eligible for high HOME rent levels) in a well-located existing building to be renovated, and providing full accessibility for one of the three units.

The Partnership recognized that the proposal addresses a number of City priorities:

- The critical need for additional affordable housing, especially for rentals priced well below the 80% of Area Median Income (AMI) level, which is identified as a priority in the 2011 – 2015 *Consolidated Plan*;
- The need for accessible affordable units, which, in this case is being proposed consistent with the City's new "Accessibility in Affordable Housing" policy guidance, although doing so is not required;
- Utilizing existing housing stock in addressing the City's housing needs while maintaining neighborhood character, preserving historic fabric, and improving energy performance by avoiding demolition and improving the efficiency of energy use in the existing structure.

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The Partnership acknowledged the need for public funding, and supports the use of Newton Community Preservation Act funds and other City resources such as HOME and CDBG funds as needed to support this worthwhile project.

The financial information relied upon by the Partnership in reaching its recommendations is detailed in the spreadsheet titled "Pearl Street Development Proforma" revised November 5, 2010 and the spreadsheet titled "61 Pearl St. Operating Budget," (Scenario 2) also revised November 5, 2010. Our understanding of the building proposal relied upon a set of five sheets of drawings dated 10.25.2010 and a one-page memo "Housing Renovation Project Summary," both by the project Architect and provided at the November 10<sup>th</sup> meeting.

Further, our recommendation reflects the clarification made at the November 10<sup>th</sup> meeting that the City's deed restriction would limit income eligibility of all tenants initially to 60% of the area median income (and up to 65% of the area median income, upon initial turnover), which is the level for which high HOME monthly rents are set, assuaging any concerns regarding future federal funding for Section 8. Currently that monthly rent level is \$1,321 or \$1,176 net of utilities. The recommendation also reflects our understanding that the project will proceed only upon the lender finding the "as completed" appraisal to be satisfactory.

If there are further questions for the Partnership please let me know.

Very truly yours,



Philip B. Herr, Chairman

Cc: Josephine McNeil, Executive Director, CAN-DO  
Trisha Guditz, Housing Development Coordinator  
Robert Muollo, Housing Planner