

PUBLIC NOTICE  
PLANNING AND DEVELOPMENT BOARD MEETING

**REVISED AGENDA**  
**7:30 P.M., DECEMBER 6, 2010**

**CITY HALL, ROOM 209**

Newton City Hall, 1000 Commonwealth Avenue, Newton, MA 02459

**Community Development Board [7:30]**

- 1. Minutes:** Approve the minutes of the November 1, 2010 meetings of the Planning and Development Board acting as the Community Development Board and the Planning Board.
- 2. Discussion:** Update from Citizens for Affordable Housing in Newton Development Organization, Inc. (CAN-DO) on the organization's progress in meeting the goals outlined in their July 8, 2009 letter to the Planning and Development Board.
- 3. Public Hearing and Action Item:** Request by Citizens for Affordable Housing in Newton Development Organization, Inc. (CAN-DO) for FY11 CDBG funds and FY10 and FY11 HOME funds for a mortgage buy down and lead paint abatement for 61 Pearl Street.
- 4. Public Hearing and Action Item:** Revision to the FY11 Annual Action Plan and WestMetro HOME Consortium American Dream Downpayment Initiative Program guidelines.

**Planning Board [8:45]**

- 1. Discussion:** Update on the plans for a public workshop for the Comprehensive Plan Amendment related to Mixed Use Development.
- 2. Other Business:** Update on proposed Chestnut Hill Square project.

The location of this meeting is handicap accessible, and reasonable accommodations will be provided to persons requiring assistance. If you have a special accommodation need, please contact Kathleen Cahill by phone at (617) 796-1125, by email at [kcahill@newtonma.gov](mailto:kcahill@newtonma.gov) or via TDD/TTY at (617) 796-1089.

PLANNING AND DEVELOPMENT BOARD

**MEETING AS THE**

**COMMUNITY DEVELOPMENT BOARD**

**WRITTEN MATERIAL FOR DECEMBER 6, 2010, MEETING:**

1. ~~**Minutes:** Minutes of the November 1, 2010 meeting of the Planning and Development Board acting as the Community Development Board and the Planning Board.~~
2. **Email:** Email from Josephine McNeil, Executive Director of Citizens for Affordable Housing in Newton Development Organization, Inc. (CAN-DO) regarding CAN-DO's financial information for review by the Planning and Development Board.
3. **CAN-DO Financial Information:** CAN-DO Operating Budget 2011; CAN-DO Operating Report YTD September 2010; CAN-DO Properties Budget 2011; CAN-DO Properties Report YTD Sept. 2010; Veteran House Development Budget versus Actual 11.4.10
4. **Memorandum:** Request by Citizens for Affordable Housing in Newton Development Organization, Inc. (CAN-DO) for \$190,683.58 in FY11 CDBG and \$289,316.42 in FY10 and FY11 HOME funds for a mortgage buy down and lead paint abatement for 61 Pearl Street.
5. **Letter:** Newton Housing Partnership regarding request for funds from CAN-DO for 61 Pearl Street.
6. ~~**Memorandum:** Revision to the FY11 Annual Action Plan and WestMetro HOME Consortium American Dream Downpayment Initiative (ADDI) Program guidelines.~~

- ~~7. **Document:** Portion of the FY11 Annual Action Plan with revisions to the ADDI Program.~~
- ~~8. **Document:** ADDI program guidelines with revisions.~~

**From:** Josephine McNeil <jam\_cando@msn.com>  
**To:** Kathleenq Cahill <kcahill@newtonma.gov>  
**Copies to:** Trisha Guditz <tguditz@newtonma.gov>, Amy Yuhasz <ayuhasz@newtonma.gov>  
**Subject:** FW: CAN-DO reports for P&D board  
**Date sent:** Fri, 19 Nov 2010 12:38:11 -0500

Attached are 5 documents for our P&D board report:

CAN-DO Operating Budget 2011.pdf  
CAN-DO Operating Report YTD Sept 2010.pdf  
CAN-DO Properties Budget 2011.pdf  
CAN-DO Properties Report YTD Sept 2010.pdf  
Vet House Development Budget v Actual 11.4.10.pdf

Reporting period for administrative and property actuals is Jan..Sept 30.  
Veteran House development reports actual results to first week in Nov.

Budgets for 2011 are drafts, not yet approved by board.

In the 2011 budgets we've changed the form of rental property reports, including a 5% vacancy allowance, moving Interest Expense into net operating income, and adding a separate Cash Flow presentation showing income, reserve contributions, and debt service including principal repayment.

**CAN-DO 2011 Operating Budget**  
**Administrative budget, draft 10 Nov 2010**

	2010 Budget	2010 Projected	2011 Budget
<b>INCOME:</b>			
CHDO GRANT	\$13,000	\$13,000	\$13,000
CONTRIBUTIONS/FUNDRAISING	\$120,000	\$95,000	\$105,000
DEVELOPMENT FEES/OVERHEAD	\$100,000	\$98,000	\$123,696
GRANTS	\$10,000	\$15,000	\$15,000
MANAGEMENT FEES/OVERHEAD	\$19,000	\$15,000	\$19,280
<b>TOTAL INCOME:</b>	<b>\$262,000</b>	<b>\$236,000</b>	<b>\$275,976</b>
<b>EXPENSES:</b>			
SALARIES	\$94,052	\$94,052	\$96,874
BENEFITS/TAXES	\$23,695	\$23,695	\$24,406
E.D. RETIREMENT	\$6,300	\$6,300	\$6,300
PAYROLL FEES	\$2,000	\$2,000	\$2,000
AUTO EXPENSE	\$6,192	\$6,192	\$6,192
ACCOUNTANT/BOOKKEEPER	\$20,000	\$25,000	\$25,000
LEGAL	\$-	\$-	\$5,000
INSURANCE	\$3,000	\$4,039	\$4,000
INTEREST EXPENSE	\$16,000	\$12,000	\$10,200
RENT INCLUDING UTILITIES	\$25,470	\$25,470	\$25,470
TRAVEL/TRANSPORTATION	\$500	\$500	\$500
CONFERENCE FEES	\$500	\$500	\$500
EQUIPMENT/FURNITURE	\$500	\$500	\$500
OFFICE SUPPLIES	\$2,000	\$2,000	\$2,000
PRINTING/COPYING	\$1,500	\$4,170	\$4,000
TELEPHONE/FAX/CELL	\$3,000	\$3,000	\$3,000
POSTAGE/DELIVERY	\$1,000	\$1,000	\$1,000
DUES AND SUBSCRIPTIONS	\$1,300	\$1,804	\$1,800
STAFF/BOARD DEVELOPMENT	\$1,000	\$-	\$1,000
PUBLIC RELATIONS	\$2,500	\$500	\$2,500
FUNDRAISING	\$20,000	\$13,868	\$18,000
<b>TOTAL EXPENSES:</b>	<b>\$230,509</b>	<b>\$226,590</b>	<b>\$240,241</b>
RETIREMENT FUND PAYMENT PLAN	\$20,000	\$5,000	\$20,000
CREDIT CARD DEBT REPAYMENT	\$-	\$-	\$15,000
<b>NET INCOME:</b>		<b>\$4,410</b>	<b>\$735</b>

**CAN-DO 2010 Operating Report**  
**Administrative budget including actual results January through September**

	<b>Annual Budget</b>	<b>Actual Jan – Sept</b>	<b>Projected 2010 Jan – Dec</b>
<b>INCOME:</b>			
CHDO GRANT	\$13,000	\$563	\$13,000
CONTRIBUTIONS/FUNDRAISING	\$120,000	\$87,741	\$95,000
DEVELOPMENT FEES/OVERHEAD	\$100,000	\$42,500	\$98,000
GRANTS	\$10,000	\$15,000	\$15,000
MANAGEMENT FEES/OVERHEAD	\$19,000	\$10,039	\$15,000
<b>TOTAL INCOME:</b>	<b>\$262,000</b>	<b>\$155,843</b>	<b>\$236,000</b>
<b>EXPENSES:</b>			
SALARIES	\$94,052	\$68,730	\$94,052
BENEFITS/TAXES	\$23,695	\$12,244	\$23,695
E.D. RETIREMENT	\$6,300	\$-	\$6,300
PAYROLL FEES	\$2,000	\$797	\$2,000
AUTO EXPENSE	\$6,192	\$3,897	\$6,192
ACCOUNTANT/BOOKKEEPER	\$20,000	\$23,137	\$25,000
LEGAL	\$-	\$-	\$-
INSURANCE	\$3,000	\$4,039	\$4,039
INTEREST EXPENSE	\$16,000	\$9,146	\$12,000
RENT INCLUDING UTILITIES	\$25,470	\$18,915	\$25,470
TRAVEL/TRANSPORTATION	\$500	\$25	\$500
CONFERENCE FEES	\$500	\$550	\$500
EQUIPMENT/FURNITURE	\$500	\$-	\$500
OFFICE SUPPLIES	\$2,000	\$2,447	\$2,000
PRINTING/COPYING	\$1,500	\$4,170	\$4,170
TELEPHONE/FAX/CELL	\$3,000	\$3,144	\$3,000
POSTAGE/DELIVERY	\$1,000	\$616	\$1,000
DUES AND SUBSCRIPTIONS	\$1,300	\$1,804	\$1,804
STAFF/BOARD DEVELOPMENT	\$1,000	\$-	\$-
PUBLIC RELATIONS	\$2,500	\$353	\$500
FUNDRAISING	\$20,000	\$12,868	\$13,868
<b>TOTAL EXPENSES:</b>	<b>\$230,509</b>	<b>\$166,882</b>	<b>\$226,590</b>
RETIREMENT FUND PAYMENT PLA	\$20,000	\$-	\$5,000
<b>NET INCOME:</b>	<b>\$11,491</b>	<b>\$(11,040)</b>	<b>\$4,410</b>

## CAN-DO Rental Properties Operating Budget 2011

Draft 18 Nov 2010

Property	11-13 Cambria	14 Nonantum	163 Jackson	18-20 Cambria	20-22 Falmouth	228 Webster	90 Christina	2148-50 Comm	Total
Rental units	2BR, 2BR	2BR, 2x3BR	2BR, 3BR	3BR, 4BR	2BR, 3BR	6+ (group)	5 x 2BR	2BR, 3BR	
<b>Operating Income/Expense</b>									
<b>Income</b>									
Grants	\$-	\$7,500	\$-	\$-	\$-	\$-	\$12,616	\$-	\$20,116
Rent	\$36,000	\$58,944	\$42,192	\$47,808	\$39,108	\$64,620	\$93,216	\$38,976	\$420,864
Vacancy allowance 5%	\$(1,800)	\$(2,947)	\$(2,110)	\$(2,390)	\$(1,955)	\$(3,231)	\$(4,661)	\$(1,949)	\$(21,043)
Laundry Income	\$-	\$400	\$200	\$400	\$200	\$-	\$500	\$-	\$1,700
<b>Total Income</b>	<b>\$34,200</b>	<b>\$63,897</b>	<b>\$40,282</b>	<b>\$45,818</b>	<b>\$37,353</b>	<b>\$61,389</b>	<b>\$101,671</b>	<b>\$37,027</b>	<b>\$421,637</b>
<b>Expense</b>									
Insurance	\$3,527	\$2,919	\$2,871	\$4,085	\$2,871	\$2,767	\$895	\$3,500	\$23,435
Management Fees	\$1,600	\$2,400	\$2,760	\$3,120	\$1,600	\$2,400	\$2,400	\$2,400	\$18,680
Administrative Fees	\$-	\$11,736	\$-	\$-	\$-	\$-	\$11,450	\$-	\$23,186
Supportive Services	\$-	\$-	\$-	\$-	\$-	\$-	\$12,616	\$-	\$12,616
Condo Fees	\$-	\$-	\$-	\$-	\$-	\$-	\$4,296	\$-	\$4,296
Landscaping / Snow	\$2,200	\$-	\$2,200	\$2,200	\$2,200	\$2,500	\$-	\$2,200	\$13,500
Facility Maintenance	\$2,000	\$15,500	\$3,200	\$3,200	\$2,000	\$5,500	\$16,500	\$2,000	\$49,900
Utilities	\$1,200	\$12,900	\$1,800	\$1,560	\$1,200	\$8,000	\$11,800	\$2,200	\$40,660
Property Taxes	\$6,535	\$-	\$5,853	\$6,832	\$5,733	\$5,548	\$7,964	\$7,266	\$45,731
<b>Total Expense</b>	<b>\$17,062</b>	<b>\$45,455</b>	<b>\$18,684</b>	<b>\$20,997</b>	<b>\$15,604</b>	<b>\$26,715</b>	<b>\$67,921</b>	<b>\$19,566</b>	<b>\$232,004</b>
<b>Interest Expense</b>	<b>\$2,952</b>	<b>\$1,863</b>	<b>\$4,512</b>	<b>\$9,432</b>	<b>\$4,512</b>	<b>\$8,688</b>	<b>\$18,342</b>	<b>\$3,121</b>	<b>\$53,422</b>
<b>Net Operating Income</b>	<b>\$14,186</b>	<b>\$16,579</b>	<b>\$17,086</b>	<b>\$15,389</b>	<b>\$17,236</b>	<b>\$25,986</b>	<b>\$15,409</b>	<b>\$14,340</b>	<b>\$136,212</b>
<b>Cash Flow</b>									
Net Income (ex. interest)	\$17,138	\$18,442	\$21,598	\$24,821	\$21,748	\$34,674	\$33,750	\$17,461	\$189,633
Reserve contribution	\$-	\$(5,000)	\$-	\$(1,500)	\$-	\$(8,000)	\$(4,000)	\$(1,500)	\$(20,000)
<b>Debt Service</b>									
Interest Expense	\$(2,952)	\$(1,863)	\$(4,512)	\$(9,432)	\$(4,512)	\$(8,688)	\$(18,342)	\$(3,121)	\$(53,422)
Principal Payments	\$(14,155)	\$(8,757)	\$(16,416)	\$(8,676)	\$(16,416)	\$(9,336)	\$(8,364)	\$(10,523)	\$(92,643)
<b>Total Debt Service</b>	<b>\$(17,107)</b>	<b>\$(10,620)</b>	<b>\$(20,928)</b>	<b>\$(18,108)</b>	<b>\$(20,928)</b>	<b>\$(18,024)</b>	<b>\$(26,706)</b>	<b>\$(13,644)</b>	<b>\$(146,064)</b>
<b>Net Cash Flow</b>	<b>\$31</b>	<b>\$2,822</b>	<b>\$670</b>	<b>\$5,213</b>	<b>\$820</b>	<b>\$8,650</b>	<b>\$3,045</b>	<b>\$2,317</b>	<b>\$23,569</b>

**CAN-DO Rental Properties 2010 YTD Budget versus Actual**

	January 1 through September 30 2010		
	Annual Budget	Period Budget	Period Actual
<b>Operating Income/Expense</b>			
<b>Income</b>			
Grants	\$20,116	\$18,241	\$21,009
Rent	\$379,488	\$284,571	\$270,556
Laundry Income	\$2,547	\$1,874	\$858
Management Fee Income	\$2,400	\$1,800	\$1,800
Turnover allowance	<i>(tracking, not budgeted in 2010)</i>		4.9%
<b>Total Income</b>	<b>\$404,551</b>	<b>\$306,486</b>	<b>\$294,223</b>
<b>Expense</b>			
Insurance	\$19,728	\$15,000	\$16,601
Management Fees	\$16,280	\$12,210	\$13,700
Administrative Fees	\$25,186	\$18,889	\$8,860
Supportive Services	\$12,616	\$9,462	\$12,616
Condo Fees	\$4,296	\$3,222	\$3,265
Landscaping / Snow	\$13,800	\$10,350	\$10,772
Facility Maintenance	\$64,048	\$47,986	\$26,123
Utilities	\$39,220	\$29,415	\$24,838
Property Taxes	\$37,721	\$28,309	\$28,950
Reserve contribution	\$-	\$-	\$-
<b>Total Expense</b>	<b>\$232,895</b>	<b>\$174,843</b>	<b>\$145,724</b>
<b>Net Operating Income</b>	<b>\$171,656</b>	<b>\$131,643</b>	<b>\$148,499</b>
<b>Rental Properties Debt Service</b>			
Interest Expense		\$96,858	\$66,620
Principal paid		\$-	\$32,038
<b>Total Debt Service</b>	<b>\$129,144</b>	<b>\$96,858</b>	<b>\$98,659</b>
<b>1093 Chestnut Debt Service</b>			
Interest Expense			\$3,675
Principal paid			\$2,555
<b>Total 1093 Chestnut Debt Service</b>	<b>\$10,680</b>	<b>\$6,230</b>	<b>\$6,230</b>
<b>Net Cash Flow</b>	<b>\$31,833</b>	<b>\$28,556</b>	<b>\$43,610</b>
<b>Remaining Mortgage all rental properties as of September 30, 2010 =</b>			<b>\$2,012,230</b>

Note: rent shortfall of \$14,015 due mostly to Q1 vacancies in 163 Jackson and 14 Nonantum properties

**11-13 Cambria #2 Property Budget versus Actual**

2 Rental units: 2BR, 2BR

	January 1 through September 30 2010		
	Annual Budget	Period Budget	Period Actual
<b>Operating Income/Expense</b>			
<b>Income</b>			
Grants	\$-	\$-	\$-
Rent	\$36,000	\$27,000	\$27,450
Laundry Income	\$-	\$-	\$-
Management Fee Income	\$-	\$-	\$-
Turnover allowance	\$-	\$-	\$-
<b>Total Income</b>	<b>\$36,000</b>	<b>\$27,000</b>	<b>\$27,450</b>
<b>Expense</b>			
Insurance	\$3,513	\$2,635	\$2,641
Management Fees	\$1,600	\$1,200	\$1,890
Administrative Fees	\$-	\$-	\$-
Supportive Services	\$-	\$-	\$-
Condo Fees	\$-	\$-	\$-
Landscaping / Snow	\$2,400	\$1,800	\$1,511
Facility Maintenance	\$2,000	\$1,875	\$1,527
Utilities	\$1,200	\$900	\$1,551
Property Taxes	\$6,376	\$4,800	\$4,816
Reserve contribution	\$-	\$-	\$-
<b>Total Expense</b>	<b>\$17,089</b>	<b>\$13,210</b>	<b>\$13,935</b>
<b>Net Operating Income</b>	<b>\$18,911</b>	<b>\$13,790</b>	<b>\$13,515</b>
<b>Debt Service</b>			
Interest Expense	\$-	\$13,070	\$12,042
Principal paid	\$-	\$-	\$2,484
<b>Total Debt Service</b>	<b>\$17,426</b>	<b>\$13,070</b>	<b>\$14,526</b>
<b>Net Cash Flow</b>	<b>\$1,485</b>	<b>\$721</b>	<b>\$(1,011)</b>
<b>Remaining Mortgage on this property as of September 30, 2010 =</b>			<b>\$236,281</b>

**14 Nonantum Property Budget versus Actual**

3 Rental units: 2BR, 3BR, 3BR

Operating Income/Expense	January 1 through September 30 2010		
	Annual Budget	Period Budget	Period Actual
<b>Income</b>			
Grants	\$7,500	\$5,625	\$8,393
Rent	\$58,944	\$44,208	\$36,803
Laundry Income	\$600	\$450	\$160
Management Fee Income	\$-	\$-	\$-
Turnover allowance	\$-	\$-	\$-
<b>Total Income</b>	<b>\$67,044</b>	<b>\$50,283</b>	<b>\$45,356</b>
<b>Expense</b>			
Insurance	\$2,904	\$2,178	\$3,633
Management Fees	\$2,400	\$1,800	\$1,719
Administrative Fees	\$11,736	\$8,802	\$4,141
Supportive Services	\$-	\$-	\$-
Condo Fees	\$-	\$-	\$-
Landscaping / Snow	\$-	\$-	\$2,181
Facility Maintenance	\$20,940	\$15,705	\$6,370
Utilities	\$12,900	\$9,675	\$8,727
Property Taxes	\$-	\$-	\$-
Reserve contribution	\$-	\$-	\$-
<b>Total Expense</b>	<b>\$50,880</b>	<b>\$38,160</b>	<b>\$26,771</b>
<b>Net Operating Income</b>	<b>\$16,164</b>	<b>\$12,123</b>	<b>\$18,585</b>
<b>Debt Service</b>			
Interest Expense	\$-	\$6,751	\$5,797
Principal paid	\$-	\$-	\$1,843
<b>Total Debt Service</b>	<b>\$9,002</b>	<b>\$6,751</b>	<b>\$7,640</b>
<b>Net Cash Flow</b>	<b>\$7,162</b>	<b>\$5,372</b>	<b>\$10,945</b>
<b>Remaining Mortgage on this property as of September 30, 2010 =</b>			<b>\$123,600</b>

*Note: one unit unoccupied for 3 months during recent deleading project, leading to rent shortfall*

**163 Jackson Property Budget versus Actual**

2 Rental units: 2BR, 3BR

	January 1 through September 30 2010		
	Annual Budget	Period Budget	Period Actual
<b>Operating Income/Expense</b>			
<b>Income</b>			
Grants	\$-	\$-	\$-
Rent	\$42,192	\$31,644	\$29,097
Laundry Income	\$446	\$394	\$100
Management Fee Income	\$-	\$-	\$-
Turnover allowance	\$-	\$-	\$-
<b>Total Income</b>	<b>\$42,638</b>	<b>\$32,038</b>	<b>\$29,197</b>
<b>Expense</b>			
Insurance	\$2,856	\$2,142	\$2,145
Management Fees	\$2,760	\$2,070	\$2,070
Administrative Fees	\$-	\$-	\$-
Supportive Services	\$-	\$-	\$-
Condo Fees	\$-	\$-	\$-
Landscaping / Snow	\$3,000	\$2,250	\$1,421
Facility Maintenance	\$4,200	\$3,150	\$6,018
Utilities	\$1,200	\$900	\$1,819
Property Taxes	\$5,710	\$4,283	\$4,305
Reserve contribution	\$-	\$-	\$-
<b>Total Expense</b>	<b>\$19,726</b>	<b>\$14,795</b>	<b>\$17,777</b>
<b>Net Operating Income</b>	<b>\$22,911</b>	<b>\$17,244</b>	<b>\$11,419</b>
<b>Debt Service</b>			
Interest Expense	\$-	\$14,949	\$11,482
Principal paid	\$-	\$-	\$3,885
<b>Total Debt Service</b>	<b>\$19,932</b>	<b>\$14,949</b>	<b>\$15,367</b>
<b>Net Cash Flow</b>	<b>\$2,979</b>	<b>\$2,295</b>	<b>\$(3,948)</b>
<b>Remaining Mortgage on this property as of September 30, 2010 =</b>			<b>\$268,540</b>

*Note: one unit was unoccupied for two months, leading to rent shortfall and extra maintenance expense*

**18-20 Cambria Property Budget versus Actual**

2 Rental units: 3BR, 4BR

	January 1 through September 30 2010		
	Annual Budget	Period Budget	Period Actual
<b>Operating Income/Expense</b>			
<b>Income</b>			
Grants	\$-	\$-	\$-
Rent	\$47,808	\$35,856	\$34,022
Laundry Income	\$502	\$280	\$242
Management Fee Income	\$-	\$-	\$-
Turnover allowance	\$-	\$-	\$-
<b>Total Income</b>	<b>\$48,310</b>	<b>\$36,136</b>	<b>\$34,264</b>
<b>Expense</b>			
Insurance	\$4,084	\$3,063	\$3,067
Management Fees	\$3,120	\$2,340	\$2,340
Administrative Fees	\$-	\$-	\$-
Supportive Services	\$-	\$-	\$-
Condo Fees	\$-	\$-	\$-
Landscaping / Snow	\$3,000	\$2,250	\$1,637
Facility Maintenance	\$4,200	\$3,150	\$3,643
Utilities	\$1,560	\$1,170	\$1,532
Property Taxes	\$6,665	\$4,999	\$4,998
Reserve contribution	\$-	\$-	\$-
<b>Total Expense</b>	<b>\$22,629</b>	<b>\$16,972</b>	<b>\$17,217</b>
<b>Net Operating Income</b>	<b>\$25,681</b>	<b>\$19,164</b>	<b>\$17,047</b>
<b>Debt Service</b>			
Interest Expense	\$-	\$13,583	\$6,678
Principal paid	\$-	\$-	\$6,905
<b>Total Debt Service</b>	<b>\$18,111</b>	<b>\$13,583</b>	<b>\$13,583</b>
<b>Net Cash Flow</b>	<b>\$7,570</b>	<b>\$5,581</b>	<b>\$3,464</b>
<b>Remaining Mortgage on this property as of September 30, 2010 =</b>			<b>\$283,107</b>

**20-22 Falmouth Property Budget versus Actual**

2 Rental units: 2BR, 3BR

	January 1 through September 30 2010		
	Annual Budget	Period Budget	Period Actual
<b>Operating Income/Expense</b>			
<b>Income</b>			
Grants	\$-	\$-	\$-
Rent	\$36,708	\$27,531	\$26,781
Laundry Income	\$-	\$-	\$149
Management Fee Income	\$-	\$-	\$-
Turnover allowance	\$-	\$-	\$-
<b>Total Income</b>	<b>\$36,708</b>	<b>\$27,531</b>	<b>\$26,930</b>
<b>Expense</b>			
Insurance	\$2,856	\$2,142	\$2,145
Management Fees	\$1,600	\$1,200	\$1,939
Administrative Fees	\$-	\$-	\$-
Supportive Services	\$-	\$-	\$-
Condo Fees	\$-	\$-	\$-
Landscaping / Snow	\$2,400	\$1,800	\$1,321
Facility Maintenance	\$2,500	\$1,875	\$869
Utilities	\$1,560	\$1,170	\$276
Property Taxes	\$5,594	\$4,195	\$4,207
Reserve contribution	\$-	\$-	\$-
<b>Total Expense</b>	<b>\$16,510</b>	<b>\$12,382</b>	<b>\$10,756</b>
<b>Net Operating Income</b>	<b>\$20,198</b>	<b>\$15,149</b>	<b>\$16,174</b>
<b>Debt Service</b>			
Interest Expense	\$-	\$14,949	\$11,482
Principal paid	\$-	\$-	\$3,885
<b>Total Debt Service</b>	<b>\$19,932</b>	<b>\$14,949</b>	<b>\$15,367</b>
<b>Net Cash Flow</b>	<b>\$267</b>	<b>\$200</b>	<b>\$806</b>
<b>Remaining Mortgage on this property as of September 30, 2010 =</b>			<b>\$268,540</b>

**228 Webster Property Budget versus Actual**

6 unit group home

	January 1 through September 30 2010		
	Annual Budget	Period Budget	Period Actual
<b>Operating Income/Expense</b>			
<b>Income</b>			
Grants	\$-	\$-	\$-
Rent	\$64,620	\$48,420	\$48,600
Laundry Income	\$-	\$-	\$-
Management Fee Income	\$2,400	\$1,800	\$1,800
Turnover allowance	\$-	\$-	\$-
<b>Total Income</b>	<b>\$67,020</b>	<b>\$50,220</b>	<b>\$50,400</b>
<b>Expense</b>			
Insurance	\$2,700	\$2,025	\$2,075
Management Fees	\$2,400	\$1,800	\$1,800
Administrative Fees	\$-	\$-	\$-
Supportive Services	\$-	\$-	\$-
Condo Fees	\$-	\$-	\$-
Landscaping / Snow	\$3,000	\$2,250	\$1,399
Facility Maintenance	\$7,720	\$5,740	\$1,937
Utilities	\$9,000	\$6,750	\$5,663
Property Taxes	\$5,413	\$4,059	\$4,233
Reserve contribution	\$-	\$-	\$-
<b>Total Expense</b>	<b>\$30,233</b>	<b>\$22,624</b>	<b>\$17,108</b>
<b>Net Operating Income</b>	<b>\$36,787</b>	<b>\$27,596</b>	<b>\$33,292</b>
<b>Debt Service</b>			
Interest Expense	\$-	\$13,524	\$5,599
Principal paid	\$-	\$-	\$6,824
<b>Total Debt Service</b>	<b>\$18,032</b>	<b>\$13,524</b>	<b>\$12,423</b>
<b>Net Cash Flow</b>	<b>\$18,756</b>	<b>\$14,072</b>	<b>\$20,868</b>
<b>Remaining Mortgage on this property as of September 30, 2010 =</b>			<b>\$282,046</b>

**90 Christina Property Budget versus Actual**

5 2BR Rental units

Operating Income/Expense	January 1 through September 30 2010		
	Annual Budget	Period Budget	Period Actual
<b>Income</b>			
Grants	\$12,616	\$12,616	\$12,616
Rent	\$93,216	\$69,912	\$67,803
Laundry Income	\$1,000	\$750	\$207
Management Fee Income	\$-	\$-	\$-
Turnover allowance	\$-	\$-	\$-
<b>Total Income</b>	<b>\$106,832</b>	<b>\$83,278</b>	<b>\$80,626</b>
<b>Expense</b>			
Insurance	\$1,000	\$815	\$895
Management Fees	\$2,400	\$1,800	\$1,942
Administrative Fees	\$13,450	\$10,087	\$4,719
Supportive Services	\$12,616	\$9,462	\$12,616
Condo Fees	\$4,296	\$3,222	\$3,265
Landscaping / Snow	\$-	\$-	\$1,303
Facility Maintenance	\$21,988	\$16,491	\$5,758
Utilities	\$11,800	\$8,850	\$5,270
Property Taxes	\$7,964	\$5,973	\$6,391
Reserve contribution	\$-	\$-	\$-
<b>Total Expense</b>	<b>\$75,514</b>	<b>\$56,700</b>	<b>\$42,159</b>
<b>Net Operating Income</b>	<b>\$31,318</b>	<b>\$26,578</b>	<b>\$38,467</b>
<b>Debt Service</b>			
Interest Expense	\$-	\$20,032	\$13,540
Principal paid	\$-	\$-	\$6,212
<b>Total Debt Service</b>	<b>\$26,709</b>	<b>\$20,032</b>	<b>\$19,752</b>
<b>Net Cash Flow</b>	<b>\$4,609</b>	<b>\$6,546</b>	<b>\$18,715</b>
<b>Remaining Mortgage on this property as of September 30, 2010 =</b>			<b>\$358,586</b>

### 1093 Chestnut Property Budget versus Actual

	January 1 through September 30 2010		
	Annual Budget	Period Budget	Period Actual
<b>Operating Income/Expense</b>			
<b>Income</b>			
Grants			
Rent			
Laundry Income			
Management Fee Income			
Turnover allowance			
<b>Total Income</b>			
	<i>Note: \$193K debt remaining after 2007 short sale of market-rate units</i>		
<b>Expense</b>			
Insurance			
Management Fees			
Administrative Fees			
Supportive Services			
Condo Fees			
Landscaping / Snow			
Facility Maintenance			
Utilities			
Property Taxes			
Reserve contribution			
<b>Total Expense</b>			
<b>Net Operating Income</b>			
 <b>Debt Service</b>			
Interest Expense	\$-		\$5,146
Principal paid	\$-		\$2,867
<b>Total Debt Service</b>	\$10,684	\$8,013	\$8,013
 <b>Net Cash Flow</b>	\$(10,684)	\$(8,013)	\$(8,013)
			\$191,530

**VETERAN HOUSE - DEVELOPMENT BUDGET v. ACTUAL, 4 NOV 2010**

	<b>BUDGET</b>	<b>Actual 11/4/2010</b>	<b>Projected at Jan 2011 completion</b>
<b><u>DEVELOPMENT BUDGET</u></b>	\$666,300	\$666,300	
<b>SUBTOTAL - ACQUISITION COST</b>	<b>\$666,300</b>	<b>\$666,300</b>	<b>\$666,300</b>
<b><u>CONSTRUCTION COSTS:</u></b>			
Direct Construction Costs	\$101,125	\$34,065	\$103,325
Construction Contingency	\$8,756	-	\$5,000
<b>Subtotal: Construction</b>	<b>\$109,881</b>	<b>\$34,065</b>	<b>\$108,325</b>
<b><u>GENERAL DEVELOPMENT COSTS</u></b>			
Architecture & Engineering incl. survey	\$10,864	\$10,329	\$10,864
Building Permits	\$1,620	\$16	\$1,620
Legal	\$5,000	\$1,034	\$1,034
Title and Recording	\$5,000	\$3,339	\$3,339
Appraisal	\$500	\$500	\$500
Builder's Risk insurance	\$2,500	\$1,765	\$2,665
Other	\$1,460	\$862	\$1,460
Carrying cost - Real Estate Taxes	\$4,120	\$8,001	\$8,001
Carrying cost - Liability Insurance	\$1,855	\$5,885	\$5,885
Carrying cost - Loan Interest	\$25,000	\$22,827	\$26,827
Carrying cost - Utilities	\$-	\$2,103	\$2,503
<b>Total</b>	<b>\$57,919</b>	<b>\$56,661</b>	<b>\$64,698</b>
Soft Cost Contingency	\$2,566	\$-	\$2,566
<b>Subtotal: Gen. Dev.</b>	<b>\$60,485</b>	<b>\$56,661</b>	<b>\$67,264</b>
<b>Subtotal:Acquis.,Const., and Gen. Development</b>	<b>\$836,666</b>	<b>\$757,026</b>	<b>\$841,889</b>
Developer overhead/fee	\$103,334	\$42,500	\$98,111
Fund Replacement Reserve	\$10,000	\$-	\$10,000
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$950,000</b>	<b>\$799,526</b>	<b>\$950,000</b>
<b><u>FUNDING SOURCES:</u></b>			
City of Newton - CDBG	\$300,000	\$300,000	\$300,000
FHLB AHP GRANT	\$50,000	\$35,000	\$50,000
CPA GRANT	\$375,000	\$228,102	\$375,000
CCC Legacy Fund		\$-	
Charlesbank Homes	\$50,000	\$50,000	\$50,000
THE Village Bank	\$175,000	\$-	\$175,000
<b>TOTAL SOURCES</b>	<b>\$950,000</b>	<b>\$613,102</b>	<b>\$950,000</b>



**CITY OF NEWTON, MASSACHUSETTS**  
Department of Planning and Development



Setti D. Warren  
Mayor

November 26, 2010

To: Planning and Development Board

From: Trisha Kenyon Guditz, Housing Program Manager  
Robert Muollo, Jr., Housing Planner

Cc: Candace Havens, Interim Planning Director  
Amy Yuhasz, Associate Director for Housing and Community Development

Re: Request by Citizens for Affordable Housing in Newton Development Organization, Inc. (CAN-DO) for \$190,683.58 in FY11 CDBG and \$289,316.42 in FY10 and FY11 HOME funds for a mortgage buy down and lead paint abatement for 61 Pearl Street.

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**Project description**

Citizens for Affordable Housing in Newton Development Organization, Inc. (CAN-DO) is requesting a total of \$480,000 in federal funds (\$190,683.58 in FY11 CDBG funds and \$289,316.42 in FY10 and FY11 HOME Program funds) to buy down a first mortgage and to delead a multi-family property located at 61 Pearl Street in Newton Corner.

The property consists of a 2 ½-story building that was constructed in the early 1870s and an attached 1½-story rear addition constructed prior to 1874. The main building and addition currently include three one-bedroom and one two-bedroom rental units (three units in the main building and one unit in the rear addition). The units are currently occupied and the estimated cost of relocation of the existing tenants is built into the development budget.

The proposed project will provide three two-bedroom rental units to tenants whose gross annual household income cannot exceed 65% of area median income. (For a four-person household this is \$59,670.) Rents are restricted to the High HOME rent which is \$1,321 for two-bedroom units. Prospective tenants can use Section 8 vouchers, but the rent is still restricted to the HOME rent.

The proposed project includes reconfiguring the main house and addition:

The ground floor unit (Unit #1) will be accessible to individuals with mobility impairments and will have front and rear entry and exit ramps. Currently, the kitchen/dining and living room of the rear unit (existing Unit #4) are on the ground floor and abut Unit #1. The proposed ground floor plan converts the Unit #4 ground floor space into a bedroom, bathroom and closet for Unit #1. Unit #1 is 1,572 s/f which includes 352 s/f for the two ramps.

The proposed second floor (Unit #2) will be reconfigured to include the bedroom of the existing Unit #4 unit (the rear unit). Unit #2 is 1,318 s/f which includes 100 s/f of covered deck.

The proposed third unit (Unit #3) will be located in the addition and is 1,021 s/f including 118 s/f of covered deck.

The project site has six existing parking spaces. Under the zoning ordinance, two parking spaces per unit are required. The two parking spaces for the first floor unit will accommodate a van and include a standard accessible space as well.

The total development cost is \$1,370,000. In addition to the requested CDBG and HOME funds, the other proposed sources of funding include \$665,000 in Community Preservation Funds, \$50,000 from a private foundation(s) and a \$175,000 first mortgage (after the \$650,000 take out in CDBG, HOME and CPA funds). The total public subsidy requested is \$1,145,000 or \$381,667/unit.

The cost of acquisition is \$780,000 and CAN-DO has a signed Purchase and Sale Agreement dated November 5, 2010. (The original asking price was \$899,000.) The City is requiring an arm's length as-completed appraisal of the property and is seeking estimates for this service currently. Under the Purchase and Sale Agreement, CAN-DO is obligated to obtain a mortgage on or before December 10, 2010. Cambridge Savings Bank is the lender and has offered, pending approval of the federal funds, a 10-year mortgage at 4% for the first five years with an adjustment in years 6-10 with an interest rate floor of 4 percent and capped at 5 percent. The first two years of the loan are interest-only.

The estimated cost of construction, including a 10% contingency, is \$354,948 which is based on an extensive home inspection report by Paul Cornell and Associates. The full report can be found at [www.newtonma.gov/cpa/projects.htm](http://www.newtonma.gov/cpa/projects.htm).

The proposed project meets needs identified in the Consolidated Plan for providing rental housing for low-income households and increasing the City's inventory of accessible affordable units.

### **HOME requirements**

All three units in the project will be designated as HOME-assisted and subject to HOME Program regulations. CAN-DO will be acting in its capacity as a Community Housing Development Organization (CHDO) in the form of project developer and owner.

CAN-DO's request of CDBG funds for mortgage debt reduction and rehabilitation/deleading as well as HOME funds for mortgage debt reduction are eligible activities under the HOME and CDBG programs.

#### *Maximum HOME subsidy limits*

The HOME subsidy per unit is \$96,438.81, which is below HUD's maximum per unit subsidy limit for two-bedroom units (\$187,196.00).

#### *Affordability period*

The HOME Program requires an affordability period of 15 years. However, the City will request that these units be affordable in perpetuity through execution of a rental Regulatory Agreement between the City, CAN-DO, Inc. and the MA Department of Housing and Community Development. The affordability period will be enforced by a deed restriction running with the land.

#### *Income targeting and rents*

The HOME-assisted units are subject to the High HOME rent which is currently \$1,321. CAN-DO has proposed to pay for all utilities. As a result, a utility allowance is not required to be deducted from the High HOME rent. At initial lease up, the HOME-assisted units must be rented to households whose

income does not exceed 60 percent of area median income. The initial income targeting requirement does not apply throughout the affordability period, and households earning up to 65 percent of area median income will be eligible to rent the units thereafter.

Using the City’s Affordable Rent Policy threshold, which states that rent (not including utilities) cannot exceed 35 percent of monthly adjusted household income, the current rent would be affordable to three-person households earning no less than 54 percent of area median income and four-person households earning no less than 49 percent of area median income. The analysis accounts only for households without Section 8 Vouchers.

*Income determination*

CAN-DO must income-certify tenant eligibility upon initial rent-up and then on an annual basis using the “Part 5 Definition” methodology (formerly referred to as the “Section 8” definition of income.)

*Property and labor standards*

Prior to occupancy, the property must meet the City’s policy for minimum property standards for rehabilitation as well as local and state code. On-site inspections by the City must be conducted once every three years. CAN-DO has stated that the proposed rehabilitation work will address structural, mechanical and code-related deficiencies. Modifications and additions to the heating system and added insulation are included energy efficiency improvements. Sustainable building materials will also be used, where possible. The prevailing wages of the Davis-Bacon and related labor acts do not apply to this project.

**Total development cost and per unit subsidy comparison**

For comparative purposes, the table below shows the total development costs and total public subsidy per unit of rental and ownership projects with similar affordable units and scope over the past five years.

Project Address/ Sponsor/Year	Project Type and Scope	# of Affordable Units	Total Development Cost	Total Public Subsidy/Unit*
61 Pearl Street CAN-DO 2010	Rental - Acquisition and Rehab	3	\$1,370,000	\$381,667
2148-50 Commonwealth Ave. CAN-DO 2009	Rental - Acquisition and Rehab	2	\$950,000	\$337,500
3 scattered site units Advocates, Inc. 2007	Rental - Acquisition Only	3	\$830,648	\$138,441
11-13 Cambria Road CAN-DO 2006	Rental - Acquisition and Rehab	2	\$1,437,511	\$315,512
20-22 Falmouth Street CAN-DO 2005	Rental - Acquisition and Rehab	2	\$1,178,933	\$325,601
163 Jackson Road CAN-DO 2005	Rental - Acquisition and Rehab	2	\$1,178,048	\$325,158
19 West Street Advocates, Inc. 2004	Rental - Acquisition and Rehab	2	\$676,400	\$300,000
<b>Ownership Projects</b>				
248 Elliot Street CAN-DO 2004	Ownership - Acquisition, Rehab and New	3	\$2,279,415	\$304,313

	Construction			
1101 Chestnut Street CAN-DO 2006	Ownership - Acquisition and New Construction	2	\$3,680,926	\$282,641

\*Includes public subsidy grants and loans

**Financial feasibility**

The feasibility analysis is based on the development pro forma and 10-year operating budget, dated November 5, 2010. The analysis draws from underwriting guidance from HUD, industry standards where available, and the results of the subsidy layering analysis conducted by the City’s independent HOME consultant. Particular items to note are identified below:

The developer fee represents 10 percent of the total project hard and soft costs. A comparison of developer fees from past rental projects shows this fee to be on the higher end of the comparative range. The range included relatively low developer fees for similar projects (6 and 4 percent, for example). However, the developer fee is consistent with the state’s allowable 10 percent for comprehensive permit rental projects and less than the Federal Home Loan Bank’s 12.5 percent cap, and HUD’s safe harbor for project-based subsidy rental projects which is 12 percent.

The 10-year operating budget’s trending of revenue and expenses (3 percent and 4 percent, respectively) was recommended by the Housing Partnership and falls between the conservative trend required by the City’s One-Stop Application for local and federal funds (3 percent and 5 percent), and the HOME consultant’s observation of recent market trends of 2 percent for revenue and 2.5 percent for expenses. With current revenue and expense amounts for the operating budget, the threshold at which the project could not maintain debt service for the full 10-year term would be an annual rate of increase in expenses of 4.3 percent and an annual increase in income remained at the current 3 percent.

The terms of the Cambridge Savings Bank loan are viable if the interest rate does not rise above 5 percent, as the HOME consultant’s analysis points out. It is unclear if any bank fees would be charged beyond typical closing costs and whether the development pro forma has budgeted for these potential expenses. A letter of interest from the bank is recommended.

As also stated in the HOME consultant’s analysis, it is essential to ensure that the utility projections are conservative and based on current utility and tax bills. If any utilities are paid for by the tenant at any time, a utility allowance amount must be applied, which will cause a reduction in the allowable HOME rent.

Operating replacement reserve amounts per unit (\$500/unit) is between the conservative amount of \$700 recommended by HUD and \$300/unit as referenced by the HOME consultant’s analysis. The Housing Renovation Project Summary notes that after project completion, major maintenance should be deferred for the near future, with most maintenance expected for the exterior property such as ramp and deck surface treatment, gutter cleaning and landscaping work.

Overall, the project assumptions are reasonable. It should be noted that long-term project viability may be most dependent upon the bank’s loan terms, as the HOME consultant’s analysis points out, as well as CAN-DO’s ability to continue to pay all utilities, so allowable rents do not decrease.

**Relocation**

The project must meet Uniform Relocation Act requirements due to the proposed provision of federal funds. Relocation funds are included in the cost of development and are based on the following calculation:

\$100 rent differential (Difference between current rents and a market rent which is estimated to be \$1400 for a two-bedroom unit) x 4 units x 42 months (maximum allowable time to provide assistance) = \$16,000 (\$4,000/unit for rent payments) + \$4,000 (\$1,000/unit moving expenses) = **\$20,800**

The existing tenants appear to be paying below market rate rents but higher than the High HOME rent. Tenants in the one-bedroom units pay between \$1,150 and \$1,200/month not including utilities. The tenant in the two-bedroom unit pays \$1,400/month not including utilities. A quick examination of current market rents in Newton shows the availability of one-bedroom units for \$1,250/month and two-bedroom units at \$1,450/month not including utilities.

### **Architectural accessibility**

The proposed project includes one first floor unit that is accessible to people with mobility impairments and will be designed and constructed to be in compliance with MA Architectural Access Board and regulations at 521 CMR. The unit will also have a front and rear entry and exit ramps. Only one ramp is required under code. The project is not required to be accessible under either state or federal fair housing requirements. However, the provision of an accessible unit meets needs identified in the FY11-15 Consolidated Plan and the recent policy guidance from the Mayor's Affordability and Accessibility Working Group. The cost to only rehabilitate Unit #1 is \$42,750. The project architect estimates that it requires an additional \$111,319 to make the unit accessible. The funds required to make the unit accessible are slightly more than 10 percent of the total public subsidy requested.

### **Fair housing**

HOME rental projects require submittal of a tenant selection, tenant participation and affirmative marketing plan to the Planning and Development Department for review and approval. Certain marketing requirements and selection procedures also need to be followed when the accessible unit is marketed initially and upon turnover, regardless of waitlist status. CAN-DO's reasonable accommodation and modification policy has already been approved by the Department.

### **Summary of principle aspects of the project**

#### *Meeting objectives identified in the Consolidated Plan*

The proposed project meets two chief objectives identified in the recent Consolidated Plan: the development of affordable rental housing for low-income households and increasing the City's supply of affordable accessible housing. Although the rents are based on what households at 65% of area median income can afford, CAN-DO is assuming the availability of Section 8 vouchers which are limited to households at or below 50% of area median income.

#### *The provision of an accessible unit and associated cost*

Providing a unit that is accessible to a person with mobility impairment is not required under state or federal law. The provision of an accessible unit, particularly where it is not required, is a significant benefit of this project. The *additional cost* to provide an accessible unit is estimated to be \$111,319. The financial implication of providing accessibility needs to be taken into consideration since it increases the public subsidy per unit cost by an additional 10 percent to \$381,667.

#### *Reducing existing rental units vs. units deed restricted in perpetuity*

The existing building is providing slightly below market rate rental housing to four tenant households. CAN-DO's project will reduce the number of units to three but the units will be deed restricted in

perpetuity and the City will complete the paperwork to have the units listed on the state's Subsidized Housing Inventory.

*Assumptions regarding rental income*

CAN-DO is relying on the availability of Section 8 vouchers which, according to CAN-DO, has not been problematic in past. However, their availability is an assumption and not guaranteed. Irrespective of whether a tenant has a Section 8 voucher, the rent CAN-DO may charge is still limited to the High Home rent. (CAN-DO is assuming the entire cost of utilities which is estimated at \$5,200 annually.) The difference, therefore, between the High Home (\$1,321) and Newton exception rent exclusive of utilities (1,466) for a two-bedroom unit is \$145. This comparison is provided since CAN-DO's operating income for past rental projects is based on Newton exception rents.

*Summary*

CAN-DO has submitted a proposal that meets two significant needs articulated by the City in its Consolidated Plan. In addition, the feasibility of the project is dependent on certain presumptions that require evaluation and concurrence. Staff believes that the primary elements of the project have been identified in this memo and that a judicious determination can subsequently be made.

## **NEWTON HOUSING PARTNERSHIP**

Newton Housing & Community Development Program  
Newton City Hall, 1000 Commonwealth Avenue, Newton, MA 02459.  
Phone 617-796-1120. TDD/TTY 617-796-7089

November 18, 2010

Planning and Development Board  
Newton City Hall  
1000 Commonwealth Avenue  
Newton, MA 02459

Re: Request for funds for 61 Pearl Street

Dear Planning and Development Board 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 \$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 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 \$665,000 in Community Preservation Act (CPA) funding for the development.

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.

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

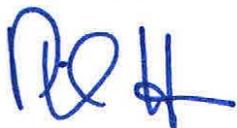
Planning and Development Board  
November 18, 2010  
Page 2

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 to 65% of the area median income, which is the level which high HOME monthly rents, currently \$1,321, are set, assuaging any concerns regarding future federal funding for Section 8. 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

## PLANNING AND DEVELOPMENT BOARD MINUTES

December 6, 2010 City Hall, Planning and Development Department Rm 209, 7:30 p.m.  
1000 Commonwealth Avenue, Newton, Massachusetts 02459

### Full Members Present:

David Banash  
Leslie Burg  
Tabetha McCartney  
Joyce Moss  
Doug Sweet  
Scott Wolf

MINUTES BEGIN HERE, all but CAN-DO struck through.

### Alternate Members Present:

Howard Haywood

### Staff Present:

Kathleen Cahill, Community Development Senior Planner  
Trisha Guditz, Housing Program Manager  
Robert Muollo, Housing Development Planner  
Amy Yuhasz, Associate Director of Housing and Community Development

### Public Present:

Rob Caruso  
Michelle Hayes  
Terrence Heinlein  
Philip Herr  
Nina Ledoyt  
Michael Lepie  
Josephine McNeil  
Bill Renke  
Ken Sinclair

T. McCartney, Chair, called the meeting to order at 7:30 p.m.

### Planning Board

1. **Discussion:** Update on the plans for a public workshop for the Comprehensive Plan Amendment related to Mixed Use Development *{this item was moved to the beginning of the agenda due to a scheduling conflict by one of the members of the Mixed Use Task Force Comprehensive Plan Amendment Subcommittee of the Planning and Development Board}*.

~~At the meeting a two page document entitled Mixed Use Comp Plan Amendment Workshop Sketch written by Joyce Moss, Leslie Burg and Phillip Herr was distributed to the Board.~~

~~J. Moss explained that the primary goals of the public workshop are to educate the public and obtain a reaction to the proposed amendment within a workshop format.~~

~~The proposed agenda for the workshop includes an introduction by Tabetha McCartney, followed by remarks from Candace Havens and Mayor Warren. Joyce Moss will present an overview of the amendment accompanied by visuals, next several members of the Mixed Use Task Force will speak briefly on the elements (design, transportation/access, finance) that were a focus of the Task Force, followed by a break-out session when participants will have the chance to discuss these elements in small groups. The workshop is a way of laying the groundwork for the City, project proponents and neighborhoods to come together and have a meaningful discussion about future proposed projects.~~

~~D. Banash stated that beyond the Mixed Use Amendment the City also needs a specific plan for the development on the Route 9 corridor. This was a lesson learned from the Chestnut Hill Square project review process. While the members of the Mixed Use Task Force Comprehensive Plan Amendment Subcommittee of the Planning and Development Board agreed with this concept they felt it would be difficult to flush out a plan at this public workshop with so many other, broader issues to consider.~~

~~The next step in process includes the Mayor docketing of the proposed amendment for Aldermanic review. The Board of Aldermen may refer it directly to the Planning and Development Board or it may go to the Zoning and Planning Committee for review first. The Mixed Use Task Force Comprehensive Plan Amendment Subcommittee tentatively scheduled a public workshop for January 6, 2011, but it will likely be rescheduled for later in the month.~~

~~D. Sweet moved to authorize the Mixed Use Task Force Comprehensive Plan Amendment Subcommittee to carry forward with their proposal, select a date for the public workshop and make necessary arrangements. D. Banash seconded the motion and the Board voted 7-0-0 to authorize the Mixed Use Task Force Comprehensive Plan Amendment Subcommittee to move forward with plans for the public workshop.~~

### ~~Community Development Board~~

~~1. **Action Item:** Approve the minutes of the November 1, 2010 meeting of the Planning and Development Board acting as the Community Development Board and the Planning Board.~~

~~On request of T. McCartney for a motion to approve the minutes L. Burg so moved. H. Howard seconded the motion. The Board voted 7-0-0 to approve the minutes.  
{One of the Planning and Development Board members left the meeting after this vote}~~

~~2. **Discussion:** Update from Citizens for Affordable Housing in Newton Development Organization, Inc. (CAN-DO) on the organization's progress in meeting the goals outlined in their July 8, 2009 letter to the Planning and Development Board.~~

~~Ken Sinclair, a member of CAN-DO's Board of Directors, presented on behalf of the organization. The Planning and Development Board was provided with the following~~

documents: CAN-DO's Operating Budget 2011, CAN-DO's Operating Report YTD September 2010, CAN-DO's Properties Budget 2011; CAN-DO's Properties Report YTD September 2010 and Veteran House Development Budget versus Actual. According to Mr. Sinclair the Operating Budget is on track. All of CAN-DO's properties are substantially occupied, turnover has gone down and rental income is up, expenses are in line with projections, and maintenance costs are significantly below budget (with the exception of the of Garfield and Kayla House). The organization's net cash flow is substantially more than expected, however, budgeted projects will assume most of this surplus. These projects include: removal of carpeting and installation of rubberized material on the stairwells in Kayla's House (a 5 unit building with 3 floors) as well as a new drainage system, removal of an oil tank and replacement of gas heat, installation of rubberized surfacing on the stairwells and a new driveway at Garfield House.

Mr. Sinclair stated that the agency plans to fund a reserve account in 2011 but at this point it is not clear how much this account will be funded.

S. Wolf wondered what the management fees included. Josephine McNeil, Executive Director of CAN-DO, responded that two properties are managed by outside companies and the rest of the management fees go to CAN-DO. S. Wolf also asked about the \$2,000 payroll expense, which he believes is about twice what CAN-DO should be paying as a one-employee organization. Mr. Sinclair stated that the organization will continue to look at ways to economize in the coming year.

D. Banash inquired about the differences between budgeted and actual expenses for 163 Jackson Road and 18-20 Cambria Road. These additional expenses were the result of turnover and the maintenance and work that was required to prepare the unit for a new renter.

D. Sweet suggested that CAN-DO's Board of Directors consider applying the net cash to the organization's debt. Mr. Sinclair indicated that CAN-DO will have enough unrestricted cash flow to pay down a portion of this debt.

D. Banash wondered about the decreased income in fundraising contributions and increased grant income. The current operating budget compared with the previous report shows fundraising down by \$10,000 and grants up by the same amount. This was due to an unrestricted grant that was re-categorized. CAN-DO also received another grant in the amount of \$5,000 which brought the total grant income up to \$15,000.

The 2011 budget indicates cash flow will be applied to credit card debt repayment as well as a retirement fund payment plan. S. Wolf suggested that the Board of Directors consider directing as much available cash as possible to debt repayment before funding a retirement fund. L. Burg mentioned that it is important to achieve a balance between these two items.

The Veteran House Project Budget was also discussed by the Board. Currently construction on this project is substantially complete however, as of November when this budget was completed the project was in flux. The project ran 4-5 months behind schedule and was completed at \$5,000 more than projected. These additional funds will be deducted from the developer fee.

The developer fee was set at 11 percent, a percentage which is calculated based on the total development cost. H. Howard reminded Board members that the Planning and Development Board suggested that CAN-DO increase their developer fee.

Ms. McNeil also mentioned that two new members, one with financial expertise, were added to the Board of Directors.

Michael Lepie stated that 11 percent is on the higher end for a developer fee. He noted that the Planning and Development Board suggested that CAN-DO fund a reserve account two years ago when federal funds were forgiven. It has been two years and no reserve account has been funded by the organization. Mr. Lepie questioned the validity of the Veteran House Budget, specifically costs associated with a permit charge. He also believes that this budget did not take into account carry costs. Mr. Lepie would like to see the receipts from the debt incurred by CAN-DO and he suggested that the Planning and Development Board seek answers to the original questions posed to CAN-DO in 2009.

H. Haywood responded that he found Mr. Lepie's comments upsetting because of the project obstacles that CAN-DO faced with Veteran House. After the project had been approved by the City someone went to the disabled community and made serious charges about the project. These charges resulted in an erroneous and unfair delay.

T. McCartney stated that she appreciated CAN-DO efforts in implementing several of the suggestions and comments of the Planning and Development Board.

Ms. McNeil would like to make it clear that the Planning and Development Board did not forgive CAN-DO \$1 million rather it was closer to \$500,000. Mr. Lepie disagrees and believes that this amount was closer \$900,000 with the Coyne Road property.

**3. Public Hearing and Action Item:** Request by Citizens for Affordable Housing in Newton Development Organization, Inc. (CAN-DO) for FY11 CDBG funds and FY10 and FY11 HOME funds for a mortgage buy down and lead paint abatement for 61 Pearl Street.

The Planning and Development Board was provided with the following documents related to this agenda item: memorandum from City Housing staff to the Planning and Development Board regarding CAN-DO's request for federal funds for 61 Pearl Street and a letter from the Newton Housing Partnership regarding CAN-DO's request CAN-DO's request for funds for 61 Pearl Street.

Ms. McNeil is seeking CDBG and HOME funds to purchase and rehabilitate 61 Pearl Street in Newton Corner. Currently, the property includes a 2 ½ story structure built in 1870 with one, two-bedroom unit and three, 1-bedroom units which CAN-DO plans to convert to three, two-bedroom units. The first floor unit will be fully wheelchair accessible. The property is close to transportation and services.

Terry Heinlein, the architect hired by CAN-DO's for this project discussed some of the necessary renovations, these include: installation of a ramp on the entrance and exit, fire safety

compliance changes, full kitchen and bath renovations, windows and doorways renovations, as well as structural and roof repairs.

Initially, the units will be rented to families earning 60 percent of Area Median Income (AMI) and then later to families earning 65 percent of the AMI. The rents will be set at the Department of Housing and Urban Development's (HUD) high HOME rent - \$1,321. CAN-DO is requesting a total of \$480,000 (\$400,000 for mortgage costs and \$80,000 for de-leading costs).

Going forward, T. McCartney requested that the pro forma and operating budget for all proposed projects be included in the Planning and Development Board's packet (Note: the staff member provided a link to this information).

Ms. McNeil explained the sequencing of funding to the Planning and Development Board. CAN-DO will close on the property with the bank on December 20, 2010. A total of \$400,000 will be paid to the bank in early February, provided that the City approves this request. If CAN-DO's request for \$665,000 in CPA funds is approved, an additional \$205,000 will be available in July/August 2011 to apply to the mortgage on 61 Pearl Street. This will leave CAN-DO with a mortgage of \$175,000.

S. Wolf wondered why the 4 units were being converted to 3 units. Ms. McNeil stated that CAN-DO is responding to new City guidelines encouraging developers to go beyond the baseline accessibility requirements by including a wheelchair accessible unit as part of this proposed project; the additional space required by this unit results in a net of 3 units instead of 4 units. The accessible unit will include accessible appliances. A total of \$110,000 in construction costs will be spent on the accessible unit, as compared with \$42,000 in rehabilitation costs for the non-accessible units.

A relocation allotment was included in the budget per HUD requirements. Since the building is currently occupied and federal funds are being used to purchase it relocation costs of the current tenants will be paid.

Both electric and gas costs are built into rent. These costs are based on CAN-DO's Nonantum Street property's utility expenses. S. Wolf stated that the utilities for Nonantum are \$12,900 and the Pearl Street budget only includes \$7,700 for utilities. Ms. McNeil responded that if it becomes a problem CAN-DO included an operating reserve for the property which can be drawn upon.

Mr. Lepie stated that if a landlord pays for the utilities the tenants have no incentive to conserve water and electricity. J. McNeil may consider reducing the rent by the utility allowance so that tenants are responsible for all utilities (with the exception of water).

S. Wolf wondered if it would make more sense, based on the comparative analysis of other properties, to use funds to buy a single family home and seek mortgage and construction relief. Ms. McNeil responded that the cost per square foot of a single family home is more expensive than a two-family home. He also asked if the additional cost of constructing an accessible unit

makes sense in light of the costs associated with supporting the other properties in CAN-DO's portfolio. Ms. McNeil believes that the construction costs of this project are not very different to comparable projects. CAN-DO is fulfilling a community need for affordable, accessible housing.

Mr. Lepie stated that he does not believe the cost of each unit, which he estimates at \$456,000, is the best value for the tax dollar. He asserted that this location may not be the right location for affordable, accessible housing.

Phil Herr, Chair of the Housing Partnership stated that the Partnership submitted a letter to the Planning and Development Board in enthusiastic support of the 61 Pearl Street project. Mr. Herr identified several reasons for the Partnership's support, which include: the accessible housing component of the project which meets Newton's Guidelines on Accessibility in Affordable Housing and goals set forth in the City's Consolidated Plan, the targeting of households with incomes substantially lower than those housed in 40B projects, and the project's well-suited location in the Newton Corner neighborhood.

Mr. Lepie stated that he was not suggesting the nature of the tenants is a bad thing rather he is questioning the cost per unit. In addition, he believes that there is a conflict of interest between Mr. Herr and Ms. McNeil.

Mr. Herr responded that he was conveying the interest and perspective of the Newton Housing Partnership.

T. Guditz underscored the importance of CAN-DO's efforts to implement the City's Guidelines on Accessibility in Affordable Housing as well as address Newton's goal of providing accessible housing to low-income households, as stated in the Consolidated Plan.

L. Burg made a motion to approve the request by Citizens for Affordable Housing in Newton Development Organization, Inc. (CAN-DO) for FY11 CDBG funds and FY10 and FY11 HOME funds for a mortgage buy down and lead paint abatement for 61 Pearl Street. H. Haywood seconded the motion. S. Wolf stated that he intends to vote against the request due to the inadequate budgeting for the project. He believes support of this project goes against the Planning and Development Board's financial goals for CAN-DO. The Board voted 4-1-1 to recommend approval of the project.

~~4. **Public Hearing and Action Item:** Revision to the FY11 Annual Action Plan and WestMetro HOME Consortium American Dream Downpayment Initiative Program guidelines.~~

~~The Planning and Development Board was provided with the following document related to this agenda item: memorandum from City Housing staff to the Planning and Development Board regarding the proposed revision to the FY11 Annual Action Plan and WestMetro HOME Consortium ADDI guidelines.~~

~~R. Muollo reviewed the memorandum on the proposed changes to the ADDI guidelines, which include: clarifying and defining resale and recapture requirements, reducing the minimum~~

~~amount of assistance per household from \$10,000 to \$5,000, expanding eligible assistance to closing costs (in addition to downpayment assistance) and streamlining some administrative processes. These changes have been presented and approved by the members of the WestMetro HOME Consortium.~~

~~He explained that resale provisions under the ADDI program restrict resale of an assisted unit to an income eligible homebuyer while recapture stipulates that although the unit may be sold to a non-income eligible homebuyer the original amount of assistance must come back to City, to be put back into the program.~~

~~R. Muollo also explained that there are three types of financing terms that Consortium communities can chose from under the recapture requirements – deferred, forgivable loans, shared equity at resale (the homebuyer and Consortium community would split the equity) or the owner would recover their investment first upon resale before the Consortium community recovers the federal assistance. Households eligible for the program earn at or below 80 percent of the AMI.~~

~~H. Haywood moved that the Planning and Development Board accept the revisions of the FY11 Annual Action Plan and WestMetro HOME Consortium American Dream Downpayment Initiative Program guidelines. L. Burg seconded the motion and the Board voted 6-0-0 to recommend approval of the revisions.~~

### ~~Planning Board~~

#### ~~1. Other Business: Update on proposed Chestnut Hill Square project.~~

~~The Land Use Committee granted a special permit for the Chestnut Hill Square project. D. Banash reported that he was able to get answers to the traffic questions posed by the Planning and Development Board to Jim Danila, Assistant Traffic Engineer. Unfortunately, no traffic studies projecting out further than 5 years have been completed on the project. Since D. Banash believes that a review should take place in the context of a proactive plan he suggested forming a subcommittee to develop a plan for the development along the Route 9 Corridor that would enable the Board of Alderman to reject project proposals on the basis that it does not conform to the plan. H. Haywood cautioned that this plan should not be completed independently of the Massachusetts Department of Transportation.~~

~~H. Haywood made a motion to adjourn, S. Wolf seconded the motion and the Board voted 6-0-0 to adjourn.~~

~~Respectfully Submitted,~~

~~Amy Yuhasz  
Associate Director for Housing and Community Development~~