

COMMUNITY LIVING NETWORK

Creating Senior Housing Options

July 20, 2004

Mr. Chris Moore
Community Preservation Planner
Ms. Trisha Guditz
Housing Planner
Newton Planning and Development Department
1000 Commonwealth Ave.
Newton, MA 02459

Dear Chris and Trisha:

On behalf of Community Living Network, Inc., CLN, I am submitting the enclosed City of Newton One-Stop application and its attachments as our request for additional funding from the City of Newton for our affordable housing project for seniors at 45 Pelham Street in Newton. The initial grant award for \$211,936 from the Community Preservation Committee and \$550,000 from the CDBG department has been instrumental in solidifying this project. The awards helped CLN secure the property for this important use; demonstrated community support for the project which enabled us to raise additional funds; and paid for the initial costs of demolition so we could secure precise construction bids. However due to several factors outlined below, we are facing a total development cost higher than initially projected. To meet this gap we are requesting an additional \$100,000 each from CPA and CDBG respectively.

Background

CLN initiated the development of 45 Pelham Street with the identification and subsequent acquisition of the site, formerly the Pelham Nursing Home, in Sept. 2003. The project will create 10 units of affordable housing for low income seniors. In keeping with CLN's organizational mission to provide a supportive, engaging community for seniors there will be significant common space (dining and kitchen area, living/lounge area, and library/community room). The combination of public and private space will help staff promote interactions between tenants, help create connections with the larger community resources and overall help to reduce the isolation seniors often face: isolation which often is the cause of other health and social problems, including the loss of housing.

CLN, is a non-profit organization whose mission is to create and advocate for affordable housing and housing support services to help seniors age in our community. We have worked hard for almost 25 years to do just that. CLN developed and maintains the CLN House, which provides affordable congregate senior housing for 11 individuals in Newtonville. For several years CLN has sought to develop a second housing project to meet the increasing demand for affordable housing. Rising property costs combined with decreased public monies made the search a difficult one. The property at 45 Pelham Street is an ideal site for this project: its location, size, neighborhood, accessibility and historical uses make this building the perfect spot for housing for seniors.

PROJECT UPDATE

Scope

The project has not changed its scope or intended use. The project involves the acquisition and renovation of the old Pelham Nursing Home into 10 units of affordable housing. There will be 6 one-bedroom and 4 studio apartments. Two units will be handicap accessible.

The building will be targeted to low-income seniors. The project has received a commitment of 3 Project Based Section 8 certificates through DHCD's Home program.

Development Team

There has been one addition to the development team: Sandy Rose of the Urban Resource Group is providing development consulting services to assist with the additional financing necessary for the project's completion.

Project Costs

CLN is requesting an additional \$200,000 in total from the City of Newton to help complete this project. Additional funds are necessary as the project costs have increased since its first conception in August 2002. An attached development budget indicates the changes in costs compared to the original budget submitted to CPA in May 2003 and compared to the subsequent revised budget presented at closing in March 2004.

The increases in costs are primarily due to the following:

- Increase in construction costs. Our first construction costs were estimates prepared by a professional construction company and it is generally accepted by professionals in the field that the past year has witnessed a significant increase in the cost of building materials. Our final construction costs have been determined through a construction bid process and have been reviewed and thought to be fair and accurate. Both the original estimate and final bid are attached.
- Additional items revealed through the demolition process. Demolition during the deleading revealed previously unknown fire and structural damage to the building which now needs to be included in our construction costs.
- Additional elements in design as a result of community meetings and zoning approval. Several elements were added to the design of the building, which include: redesign of the handicap ramp, design treatments of the fire escape, burying of utility wires, additional exterior details (brackets, exterior doors) to blend with design details of other buildings on the street, and inclusion of energy efficient items to increased the operating efficiency of the building and reduce costs over time as a means of contributing to the affordability of the rents.
- Additional expenses incurred through the holding period prior to construction start. During the winter months of 2003-2004, the building experienced damage due to freezing temperatures. In order to comply with requirements of the City of Newton's Fire and Water Departments, CLN needed to install a new alarm system, repair the sprinkler system, install a new heating system and repair damaged pipes and radiators.

Progress

CLN has made tremendous progress on this project over the past year. After a series of community meetings and public hearings, we received approval of our Comprehensive Permit from the City of Newton and we have received three project based Section 8 rental subsidies from the Mass Dept. of Housing and Community Development. We have raised \$210,000 in private grant funds, a HIF award from Mass DHCD, an acquisition loan from The Village Bank to purchase the property and their commitment for construction and permanent financing if necessary.

Need

CLN recognizes the great demand on the City for its funds for affordable housing. We are making every effort to raise the additional funds from a diverse base. We are requesting \$100,000 each from CDBG and the Community Preservation Fund. We are also requesting an additional \$400,000 from the state's Affordable Housing Trust Program. We have reviewed this project with them already, and understand it to be eligible and they are willing to accept our application and consider our request in August 2004.

Additionally, we have kicked off a private fundraising campaign by our "Friends of Pelham Street" committee to raise individual donations from community members and faith based organizations. During the past year we aggressively engaged in a fundraising initiative from foundations and corporations in an effort to increase the amount that we could bring to the project in the form of our equity. The response has been slow: most foundations are overwhelmed with requests and unfortunately we have been turned down several times by grantors who feel that this community has access to other money which other cities and neighborhoods do not. In light of that, our response to date of over \$200,000 is significant.

From our pro formas (attached) you can see that we have reached the maximum amount possible from conventional debt: to increase our mortgages any more would require raising the rents. We are however, exploring new programs from Citizens Bank which might provide financing at a somewhat lower, fixed cost thereby reducing any further increases in the project's costs.

CLN is grateful for the support that the Community Preservation Committee and the Community Development Block Grant Departments have given to this project. We look forward to your continued support and hope you will seriously consider this request. With your help, the project at 45 Pelham Street will soon be a reality.

Thank you.

Marcie Laden
Executive Director

ATTACHMENTS

- Comparative Development Pro Forma
- Section 3 DHCD One-Stop Application: Sources and Uses of Funds
- Section 4 DHCD One-Stop Application: Operating Pro Forma
- Original Construction Estimate: Macomber Construction Company
- Final Construction Bid: BiltRite Construction Company
- Comprehensive Permit for Zoning
- Section 8 Rental Subsidies Commitment

CITY OF NEWTON

Developer Application for Affordable Community Housing Funds
Community Development Block Grant Program, Newton Housing Rehabilitation Fund,
Community Preservation Fund, HOME Program

I. Applicant/Developer Information	
Contact person and/or primary applicant: Marcie Laden	
Organization, if applicable: Community Living Network, Inc.	
Co-applicant, if applicable:	
Owner of project (if not developer/sponsor):	
Mailing address: 1171 Washington Street	
Daytime phone #: 617-527-6576	E-mail address: mladen@communitylivingnetwork.org
Fax #:	
Developer (if different than applicant):	
Mailing address:	
Daytime phone #:	E-mail address:
Fax #:	

II. Project Information	
Project address:	45 Pelham Street, Newton, MA 02459
Assessor's parcel ID number:	64-0290-0006 <i>(available from the Assessing Department's page of the City's website)</i>
Project name:	Pelham Street
Brief project description: <p>CLN's project involves the acquisition and renovation of 45 Pelham Street into 10 units of affordable housing for seniors. The building will combine 4 studio and 6 one bedroom units with common living space that includes a common kitchen/dining area, living room/lounge, and library/computer room to create a housing community for low-income seniors. All the common areas are accessible, as are two of the units. In keeping with CLN's mission, this project will produce more than new affordable housing units; staff build personal relationships and build a community among tenants to help reduce isolation seniors often face as they age. Our program will provide support and services to help residents access information and resources from the community to assist them live as independently as possible for as long as possible. Pelham Street will provide quality housing with community spirit.</p>	
Estimated total development cost:	\$ 2,841,460

Developer Application for Affordable Community Housing Funds

Total amount of City funding requested:	\$200,000	
City funding source(s) (check <i>all</i> that apply and list the amount requested):		
<input type="checkbox"/> CDBG/Housing Development:	\$ 100,000	Use: renovation
<input type="checkbox"/> HOME/Housing Development:	\$	Use:
<input type="checkbox"/> CDBG/Newton Housing Rehabilitation Fund:	\$	Use:
<input type="checkbox"/> Community Preservation Fund:	\$ 100,000	Use: renovation

Type of CDBG-funded project (check <i>all</i> that apply):	
<input type="checkbox"/> Rehabilitation	<input type="checkbox"/> Acquisition
<input type="checkbox"/> New construction (site improvements only)	
Type of CPA-funded project (check <i>all</i> that apply):	
<input type="checkbox"/> Creation	<input type="checkbox"/> Preservation
<input type="checkbox"/> Support	
Type of housing (check <i>all</i> that apply):	
<u>Homeownership:</u>	<u>Rental:</u>
<input type="checkbox"/> single family	<input type="checkbox"/> individual/family
<input type="checkbox"/> condominium(s)	<input type="checkbox"/> group residence, congregate
<input type="checkbox"/> cooperative (s)	<input type="checkbox"/> other
<input type="checkbox"/> other	<input type="checkbox"/>
Targeted population (check all that apply):	
<input type="checkbox"/> individual/family	
<input type="checkbox"/> special needs. Identify special need(s): _____	
<input type="checkbox"/> elderly	
<input type="checkbox"/> homeless/at risk of homelessness	
<input type="checkbox"/> other – identify population: low-moderate income	

Unit composition	# units	# units <= 30% AMI	# units <= 50% AMI	# units <= 80% AMI	# units between 80-100% AMI	Market rents(s)	Market sale price(s)
SRO (0 BR)	4		3				
1 BR	6		6				
2 BR							
3 BR							
4 BR/+							

III. Site Information

Developer Application for Affordable Community Housing Funds

Lot size: 13,508	Zoning district: SR2	Ward: 6
Assessor's parcel ID number: 64-0290-006 <i>(available from the Assessing Department's page of the City's website)</i>		
Do you have site control e.g. Purchase and Sales Agreement, option to purchase, deed? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Note: Community Preservation Fund applicants are required to submit evidence of site control with the application.		

If applicable, please explain what zoning relief is required e.g a zoning variance, special permit, comprehensive permit is required and why. Please attach a copy of the Site Approval (Eligibility) letter from the appropriate agency if the project requires a comprehensive permit.

CLN has already received our comprehensive permit for this project.

Please describe any anticipated environmental issues/concerns with the site. If the site contains known environmental hazards, provide a remediation plan.

None

Will the project temporarily or permanently require the displacement of or relocation of existing tenants? If yes, please describe any outreach efforts and/or notifications to residents to date.

No

How old is the existing building, if applicable? Built in 1869, this building is 135 years old.

Are there (or will there be) children under the age of seven living on the premises?

Yes No

Is the property listed in the National Register of Historic Places, located in a local historic district, National Register Historic District or eligible for listing in the National Register?

Yes No

If yes, identify district:

Developer Application for Affordable Community Housing Funds

IV. Project Schedule

Inform ward aldermen and immediate abutters of proposed plans:	Dec. 2002 – Sept. 2003
Pre-development (design, zoning, permitting):	Dec. 2002-Dec. 2003
Acquisition:	Sept. 2003
Rehabilitation/construction:	Sept. 2004
Marketing/outreach:	Jan. 2005-March 2005
Identify expected date of project completion:	March 2005
Full occupancy:	May 2005
Other significant dates that need to be noted:	

V. Financing and Operating Budget

1. **Development proforma and operating budget:** In order to evaluate this proposal, the City of Newton requires applicants to submit a development budget that includes all anticipated sources and uses of financing for the project and an operating budget that details operating income and expenses. Applicants may use their own format or ask Housing Development staff to provide sample formats. Applicants are encouraged to use the state *One Stop Application*, used by Massachusetts affordable housing lenders and agencies to provide project sponsors with a single application that can be submitted to any or all of the participating organizations. Please complete Sections 1-4 of the One Stop and submit it with this application. The *One Stop Application* is available at www.mhfa.com. Please refer to the attached Developer's Checklist which lists all the information required for submission.

Please note that Community Preservation Funds may not be used for the direct acquisition of community housing or housing-related maintenance costs. All applicants seeking Community Preservation Funds for community housing must submit a capital needs assessment with their application, unless the project is new construction or substantial rehabilitation.

2. **Appraisal of property:** Satisfactory evidence that the purchase price of the property does not exceed fair market value for that property must be submitted as part of this application.

3. **Letters of financial commitment, including commitments for housing subsidies (if applicable):** If applicant does not have financing, describe what sources of financing are planned and the timeframe that funds are expected to be available, conditions, deadlines, limitations, etc. related to the commitment of non-City sources of funding. If receiving housing subsidies, submit commitment letters for housing subsidies or an explanation when the applicant will seek housing subsidies and from what source(s).

VI. Project Description

Developer Application for Affordable Community Housing Funds

Please respond to the following and include supporting material as necessary.

1. **Goals:** What are the project goals?

To create 10 units of affordable housing for seniors, with community space

To provide staff support for information, resources and referrals to help seniors age in their homes for as long as possible.

To provide quality housing sensitive to the needs of seniors that is accessible to the community and promotes independence.

2. **Community need:** Describe how the proposed project meets the housing needs identified in the *Newton Framework Plan* and the *FY01-05 Consolidated Strategy and Plan*.

There is a well-recognized scarcity of affordable housing in this area. There are over 1800 applicants waiting for units for elderly and/or special needs on the City of Newton's Housing Authority waiting list. In accordance with the inventory of subsidized housing inventory in Newton from Mass Dept. Housing and Community Development, 4.88% of all units are available for low income residents. Almost 1000 units are available to low-income elders, and there are approximately 1800 households on the elderly waiting list. This proposal meets the housing needs in the *Consolidated Strategy and Plan*, in that:

- it creates 10 units of new affordable housing
- it retains affordability in perpetuity
- it utilizes existing housing stock for meeting housing objectives

Currently there are only 362 units. This project will make 100% of its units available to low income seniors. This project is being funded through a variety of public and private financing sources and each source has its own restrictions for keeping the units affordable for extensive periods of time. The units will be kept affordable in perpetuity in accordance with funder restrictions.

3. **Community support:** Describe the nature and level of community support for this project. Please attach support letters and any petitions.

CLN has held a series of meetings with the community since its inception and has received support from many individuals in the community. We have received support from many community groups and have received approvals from the zoning commission and board of aldermen with regards to our comprehensive permit. We have also received initial awards from the City of Newton's CDBG department and the CPC Fund. As part of CLN's commitment to the community we intend to continue to hold meetings with the neighborhood and residents for the first year after complete occupancy.

Developer Application for Affordable Community Housing Funds

4. **Plans to cultivate community support:** Describe plans to cultivate/build neighborhood support. Provide a description of any meetings with Ward Aldermen, the neighborhood, etc. that have been scheduled or have already occurred. If there has not been any neighborhood contact, then provide a brief description of how neighborhood residents will be involved in plans for the proposed project.

See above

5. **Capacity:** Identify the members of the development team and describe their capacity to undertake the project. Identify the management entity if the project includes rental units. Describe how adherence to appropriate professional standards will be maintained.

Project Sponsor

Community Living Network, Inc. CLN
Marcie Laden, Executive Director

Development Consultants

Sandy Rose
Urban Resource Group
Boston, MA

Architect

Janet Buck
Buck, Smith & McAvoy, Architects, Inc
Boston, MA

Donna Townsend
Allston, MA

Contractor

Bilt-Rite Construction, Inc
Roxbury, MA

Legal

Marijo McCarthy
Widett & McCarthy
Newton, MA

Sheryl Howard
Foley, Hoag LLC
Boston, MA

6. **Project outcomes:** Describe how the success of the project will be measured. Identify specific, achievable goals.

The project's success will be (and has been) measured by the successful completion of the development steps and the final completion and rent up of the building. We were able to acquire this centrally located site and have successfully raised \$2,200,000 in a combination of public and private funds to develop this project. We have received our comprehensive permit to develop 10 units at the site.

Long term success is measured and evaluated by CLN's Board of Directors, the Project Advisory Committee and our auditors. Reviews include an assessment of criteria including vacancy rates, tenant evaluations, budget analysis and evaluation of neighborhood support.

Developer Application for Affordable Community Housing Funds

7. **Additional community benefits:** Describe how this project can be used to achieve additional community benefits.

In addition to providing 10 new units of affordable housing, this project will provide the additional benefit to the neighborhood of renovating a building that had become increasingly unattended to and unstable in its use and maintenance. CLN has proven to be a long term responsible neighbor and will be the same at Pelham Street

8. **Combination Community Preservation projects:** If seeking Community Preservation Funds for a project combining community housing with any other Community Preservation goals (historic preservation, open space, recreation), describe the additional components.

VII. Phase II Application (to be completed prior to scheduling a public hearing for CPA funds and/or the Planning and Development Board)

1. For projects that include construction or rehabilitation, include the existing and proposed site plan, floor plans, elevations and any other drawings as necessary to illustrate the proposal.

Attached

2. Evidence that the project is in compliance with the zoning ordinance, Architectural Access Board Regulations, or any other applicable laws and/or regulations. If zoning relief is required, specify what relief is needed and when an application will be made to the City for zoning review.

attached

3. Evidence that the appropriate City Boards and Commissions have approved the project. For example, proposed new uses on City Parks and Recreation land requires approval from the Parks and Recreation Commission.

4. Evidence that the proposed site is free of hazardous materials or that there is a plan for remediation in place.

Previously submitted

Applicant signature and date: _____

I verify that all information stated in this application is true and accurate.

Developer Application for Affordable Community Housing Funds

DEVELOPER CHECKLIST

The following information must be submitted with a completed application, development and operating budgets and Section 1-4 of the “*One Stop Application*”. Applications for CDBG/HOME Program funds are submitted to the Newton Housing Office located at 492 Waltham Street in West Newton. Applications for CPA funding *only* are submitted to the Community Preservation Planner in the Planning and Development Office in the Newton City Hall.

Required for all housing projects:

- Completed One-Stop application (CPA funding requires: 12 bound copies, one unbound copy to reproduce and one electronic copy).
- Development proforma and operating budgets or sections 1-4 of the State “*One Stop Application*.”
- Preliminary site plan locating existing buildings and parking.
- Letters of community support, if available.
- Site approval (eligibility) letter if project requires a comprehensive permit.
- Remediation plan if site contains known environmental hazards.
- Appraisal of the property (required for acquisition only)
- Letters of financial commitment from other funding sources, if available.
- Commitment letter for housing subsidies or explanation when applicant will seek housing subsidies and from what source(s).
- Plan to cultivate community support.
- Proof of hazard insurance (required at closing).

Required for community housing projects requesting Community Preservation Funds:

- Evidence of site control.
- Capital needs assessment if applicant is applying for funds to create community housing, unless the project is new construction or substantial rehabilitation.
- Description of project involving other Community Preservation goals (historic preservation, open space, recreation).

Developer Application for Affordable Community Housing Funds

FUNDING TERMS

Community Preservation Funds:

- Deferred forgivable loans at 0% interest.
- Deed restriction in perpetuity (with DHCD approval) or to the maximum extent permitted by law prior to closing on funds.

Housing Development Funds:

- Deferred forgivable loans at 7% interest.
- Deed restriction in perpetuity (with DHCD approval) or to the maximum extent permitted by law prior to closing on funds.

Newton Housing Rehabilitation Funds:

- Direct loans at 3% compound interest amortized up to 30 years and limited to funding construction.
- Grants limited to lead paint, asbestos, and other hazard remediation and removal of architectural barriers for the disabled.

Please note: For informational purposes only. Terms subject to change.