

City of Newton



David B. Cohen  
Mayor

City of Newton, Massachusetts  
**Community Preservation Committee**

**MEMORANDUM**

TO: Honorable Board of Aldermen  
FROM: Community Preservation Committee (CPC)  
DATE: 29 September 2004  
RE: **CPC Recommendation for Additional CPA Funding**

**PROJECT TITLE: PELHAM HOUSE**

**PROJECT #:** CPAFY03-17

**CPA CATEGORY:** Community Housing

**PROJECT DESCRIPTION**

The applicant, Community Living Network (CLN), formally known as Cooperative Living of Newton, originally requested and was approved to receive \$211,936 in CPA funds for creation of 11 units of community housing for seniors at 45 Pelham Street in Newton Centre, known as Pelham House, by the Board of Aldermen in August 2003. CLN is a private, non-profit organization that was established in 1977 to address the need for housing alternatives for elders in Newton. Pelham House, likely built as a single-family house in the mid-late 19<sup>th</sup> century, has served seniors since the 1930s when it was operated as a Home for the Aged. As originally proposed, this project would convert the building into 11 cooperative living units affordable to low-income seniors. The applicant has amended that proposal to decrease the number of units by one to create a total of 10 units at the request of the State.

The total estimated budget for the acquisition and renovation was originally \$1.9M. The CPA request was for exterior renovations and site work, and included a new roof, removal of existing aluminum siding, restoration of original siding, foundation work, repairs to the garage, landscaping, and other site work as described in the application. The City of Newton committed \$550,000 in CDBG funds and CLN had a financing commitment from Auburndale Bank for \$302,516.

The project has progressed on several fronts. The applicant has acquired title to the property and has conducted initial demolition necessary for the renovation. Despite this, costs have risen, and the revised budget projections are \$2.85M resulting in a shortfall of \$556,600. The need for additional funding stems from several factors: a significant increase in construction costs; demolition revealed previously unknown fire and structural damage; additional design elements resulting from community meetings and zoning; and expenses incurred through the holding period prior to the start of construction.

As a result, the applicant is requesting an additional \$100,000 from the Community Preservation Fund. In addition to the requested CPA Funds, the applicant has received commitments for funding from the City's Community Development Block Grant funds, the State's Affordable Housing Trust Program, the Housing Initiatives Fund, and Citizen's Bank.

**FINDINGS****Community Preservation Act**

This proposal meets the criteria established under MGL c.44B for the following reasons:

1. The project complies with §5(b)(2) which allows the CPA to fund the creation of community housing, since this project creates 10 affordable units for low-income seniors.

**Newton Community Preservation Plan****Overarching Goals**

1. Contribute to the preservation of Newton's unique character, boost the vitality of the community and enhance the quality of life for its residents.	Yes
2. Serve more than one CPA category.	No
3. Demonstrate the highest cost/benefit value relative to other proposals.	See below
4. Leverage other public and/or private funds.	Yes, see below
5. Preserve a resource or opportunity that would otherwise be lost.	Yes
6. Create incentives for other private projects to occur.	Yes
7. Show that a project is the most reasonable available option to achieve the objective.	Yes
8. Demonstrate strong community support.	See below
9. Serve to equitably distribute CPA funds throughout the City.	See below

Additional comments on selected goals:

Goal #3: Projects received during the November funding round included a high CPA cost of \$850,000 and a low CPA cost of \$24,780. The CPA cost for this project is \$211,936. The relative benefit for this project is creating 10 units that are affordable to low-income seniors.

Goal #4: According to the amended development budget (dated 7/20/04), this proposal is partially funded through a number of other sources including: City of Newton CDBG; Citizen's Bank loan; Newton Housing Rehab Fund (NHRF); Housing Initiatives Fund (HIF), and the Affordable Housing Trust.

Goal #8: Community support for this project is detailed and documented through letters and a neighborhood petition included in the application. The majority of speakers at the June 5 2003 public hearing were supportive of the proposal and recognized the need for elderly housing in Newton. However, some neighbors were concerned about how this project would impact on-street parking issues. Partially in response to such issues, the Zoning Board of Appeals limited the number of residents to 12 through the Comprehensive Permit process.

Goal #9: The November round of applications was geographically distributed throughout the City; this project is located in Newton Center.

**Community Housing Goals**

1. Create community housing that is well designed, is of high quality, and is based on sound planning principles.	Yes, see below
2. Address one or more of the City's priority housing needs, such as those articulated in the City's Consolidated Housing Strategy Plan 2001-2005 and A Framework for Newton's Planning.	Yes, see below
3. Help Newton reach the state mandate of having 10% of its housing stock as affordable to those at or below 80% of median income under MGL c.40B.	Yes, see below

4. Create new moderate housing units (80% to 100% of median income) that promote housing for City employees, such as teachers, firefighters, and police officers.	No
5. Keep new units affordable for the long term, and in perpetuity where possible.	Yes, see below
6. Use deed restrictions to acquire, update, and resell existing market rate housing as affordable units, following the small house program model.	No
7. Show that the proposal leverages or is not otherwise eligible for other public funds and could not otherwise be economically feasible without CPA funds, such as proposals for community housing targeted at households earning between 80% and 100% of area median income.	Yes
8. Demonstrate that the proposal works in conjunction with other funding mechanisms already available in Newton such as the First Time Homebuyer Program, which currently cannot adequately assist families in purchasing homes in Newton.	Yes
9. Provide community housing opportunities for individuals whose residency in Newton would promote community services, such as Newton teachers and public safety workers and other city employees.	No
10. Create affordable and moderate homeownership opportunities for families who currently rent or work in Newton.	No
11. Help disperse community housing throughout the City by siting housing in neighborhoods that currently lack affordable housing.	Yes
12. Reuse previously developed sites (including, potentially, remediated brownfield sites) for community housing with minimal effect on existing housing resources.	Yes
13. Avoid displacement of current residents.	NA

Additional comments on selected goals:

Goal #1: The subject property is located on Pelham Street and is an existing house which is comparable in scale and style to the physical character of this neighborhood.

Goal #2: The City's *Consolidated Strategy and Plan FY2001-2005* identifies the need to provide affordable housing for low income seniors, since the "*so-called frail elderly population over the next five years will require more continuing care housing*" (*Consolidated Plan, p. III-10*). In addition, *The Framework Plan* identifies the importance of providing for the needs of groups such as the elderly and the importance of utilizing the existing housing stock to meet affordable housing objectives.

Goal #3: The project increases the City's low-income housing stock, helping the City reach the State mandated 10%. Only 6.8% of Newton's housing stock is currently considered affordable by the State.

Goal #5: The applicant was originally proposing a 40-year affordability term that would be renewable for an additional 40 years. However, since the Community Preservation Committee and Board of Aldermen have established a precedent of requiring a perpetual affordability term, the applicant has agreed to comply with this policy.

**CPC RECOMMENDATION**

The proposal is consistent with the CPA criteria and many of the Plan's goals, as described above. Therefore, the Community Preservation Committee voted unanimously to recommend funding this additional application for the creation of 10 units of low-income elderly housing at 45 Pelham Street by appropriating and transferring the requested \$100,000 to be expended under the direction and control of the Director of Planning and Development for purposes of funding a deferred forgivable loan for the Pelham House Project as detailed in the application (dated July 20, 2004), subject to the following conditions:

1. The 10 dwelling units on this property shall be affordable to low-income seniors with incomes at or below 80% of the area median in perpetuity and be bound by a permanent deed restriction.
2. CLN will secure the other funding sources necessary for project feasibility prior to requisition of CPA funds.
3. Work shall be completed no later than 31 December 2005 or such other date(s) as may be approved in writing by the Director of Planning and Development. In the event of failure to meet the project start or completion dates as stated herein or as approved by the Director of Planning and Development, any remaining funds in the project account shall be returned to the Newton Community Preservation Fund.
4. Promptly after substantial completion of project, the applicant shall submit to the Community Preservation Committee a final project development cost statement. If such final development costs are less than the development budget on which the CPC based its funding recommendation, then the CPC reserves the right to require the applicant to remit to the Newton Community Preservation Fund a share of such surplus.
5. Any portion of the grant not used for the purposes stated herein shall be returned to the Newton Community Preservation Fund.