



City of Newton, Massachusetts
Community Preservation Committee

DOCKET
ITEM NO.

28-10

Setti D. Warren
Mayor

FUNDING RECOMMENDATION

DATE: 2 March 2010

TO: The Honorable Board of Aldermen

FROM: Community Preservation Committee

RE: **recommended Community Preservation funding for community housing
 VETERAN HOUSE (2148-50 Commonwealth Avenue)**

PROJECT GOALS & ELIGIBILITY

This project will rehabilitate an existing 2-family house to create two rental units that are permanently affordable to households with up to 80 percent of area-wide median income. The unit on the 1st and 2nd floors will have 2 bedrooms and 1,308 square feet of living space; the unit on the 2nd and 3rd floors will have 4 bedrooms and 1,900 square feet. The building is in a village center well-served by public transportation, so tenants can spend relatively little of their limited incomes on automobiles and associated costs. Unlike many of Newton's older homes, this project can meet the urgent needs of homeless families fairly quickly, because this recently renovated home requires minimal rehabilitation.

Finally, in seeking initial tenants, the nonprofit developer and owner (CAN-DO) proposes to work with the Boston Veterans Administration to serve homeless veterans with families, who will also receive supportive services through the Boston VA.

RECOMMENDED FUNDING

On 16 December 2009 the Community Preservation Committee voted unanimously (9-0) to recommend that the sum of \$362,500 be appropriated from the community housing and general reserves of the Community Preservation Fund, to be allocated 100% as community housing. On 24 February 2010, the Committee voted to recommend an amended total funding amount of **\$375,000**, to be applied to any category of costs in the approved project budget, as follows:

2148-50 Commonwealth Avenue Community Housing PROJECT BUDGET	
<i>Uses</i>	
Acquisition or mortgage reduction	\$666,630
Construction or rehabilitation	\$109,881
General development/soft costs	\$60,485
Developer fee (12 %)	\$103,004
Replacement reserve	\$10,000
TOTAL Uses	\$950,000
<i>Sources</i>	
Community Development Block Grant	\$300,000
Federal Home Loan Bank	\$50,000
Charlesbank Homes	\$50,000
Village Bank	\$175,000
CPA funds requested	\$375,000
TOTAL Sources	\$950,000

Specific recommendations and discussion follow on page 2.

OTHER RECOMMENDATIONS

The Community Preservation Committee further recommends that:

1. **Spending authority:** All funds be appropriated to the spending authority of the Director of Planning and Development.
2. **Grant agreement provisions:** The Director of Planning and Development disburse all funds for the project through a legally binding grant agreement that includes, but is not limited to:
 - ◆ preconditions for the first release of funds, including submission of a Reasonable Accommodation/ Reasonable Modification plan, approved in writing by the City of Newton's Housing Program Manager; evidence that all other funding needed to complete the project is committed, including rates and terms; and a copy of the deed, as evidence of final site control
 - ◆ schedule and procedures for the release of funds during the project, including types of contracts acceptable to the City
 - ◆ requirements to provide progress reports as requested by the Community Preservation Committee or Board of Aldermen
 - ◆ preconditions to be met before the last release of funds, including submission of an affirmative marketing plan and a report/presentation to the Community Preservation Committee on final project results and development costs
3. **Marketing/tenant selection:** The units be marketed to homeless veterans' families who qualify for the Veterans Administration supportive services described in the original proposal, as long as that VA program continues. Within that target population, or if the VA program is discontinued, the units be marketed in accordance with the City's Uniform Resident Selection Policy, to the extent allowed by applicable fair housing laws.
4. **Deadlines:** All funds be spent within 18 months after they become available, or by any extension of that deadline granted in writing by the Director of Planning and Development
5. As required by §12(a) of the Community Preservation Act, all units in the proposed project be bound by **permanent deed restrictions** keeping both units affordable to households with up to 80 percent of the area median income.
6. Any portion of the Community Preservation Fund grant not used for the purposes stated herein be returned to the Newton Community Preservation Fund.

ATTACHMENTS

(delivered to the clerks of the Committee on Community Preservation and Finance Committee)

- ◆ Proposal, with all attachments including project budget, property appraisal, & plans
- ◆ Letters & petition of support
- ◆ Memo from the City of Newton Law Dept. (in print only)
- ◆ Analysis of applicable accessibility/fair housing requirements

Detailed findings on funding eligibility & priorities on pages 3-4.

Appendix:
DETAILED FINDINGS on FUNDING PRIORITIES

This project achieves many goals identified by Newton's current CP *Priorities & Plan*:

COMMUNITY PRESERVATION PRIORITIES & PLAN

Overall

Integrate Planning for CP Funds with Other Citywide Plans, including the Comprehensive Plan and Consolidated Plan (for housing & community development)

Help to preserve Newton's unique character, boost the vitality of the community, and enhance the quality of life for its residents.

Give priority to projects that leverage other public and/or private funds.

Serve to equitably distribute CPA funds throughout the City.

Community Housing

Support Housing That Meets Goals in the Comprehensive Plan: In Village-Center, Mixed-Use, or Transit-Oriented Locations

Help Newton reach the state mandate of having 10% of its housing stock affordable to those at or below 80% of median income under MGL Chapter 40B.

Create community housing that is well designed, of decent quality and based on sound planning principles.

Keep units affordable in perpetuity where possible.

Show that the proposal is supported by housing agencies such as the Newton Housing Partnership, leverages other public funds, and is not otherwise economically feasible without CPA funds.

Avoid displacement of current residents.

Reuse previously developed sites.

COMPREHENSIVE PLAN

Supporting Newton's cherished diversity is a fundamental goal. ... Assure fair and equal housing opportunities for a population that is at least as diverse as at present in age, race, household type, life-style, cultural heritage and economic status.

Residential development that is well located in relationship to transportation, schools, commercial services, large employers, and existing patterns of residential type and character benefit the City in multiple ways.

Use sustainable design to reduce negative environmental impacts of new development, including energy demand, and to minimize long-term "cost of ownership" for new housing by minimizing operating and maintenance costs.

Given Newton's very limited land resources, assure that regulation creates numerous opportunities for well-located, compact development.

DISCUSSION

Distribute CPA funds throughout the City: This will be the second community housing project supported by CP funds in Auburndale. The program has also funded the development of community housing in Chestnut Hill, Newton Centre, Newton Corner, Newton Upper Falls, Nonantum, Waban, West Newton, and has made additional existing properties perpetually affordable by purchasing deed restrictions in virtually all Newton neighborhoods, under the Newton Homebuyer Assistance Program.

Address Comprehensive Plan goals: As noted above, this home is in Auburndale Center, which is well-served by public transit (both commuter rail and express bus). It is within easy walking distance of several parks and playgrounds, elementary schools, shops, services, and places of work and worship.

Community character: Although this proposal was not submitted in the historic resources category, it will preserve an existing 1895 home and will have no impact on the existing streetscape.

In general, larger projects and new construction are feasible with lower per-unit public subsidies than are required for smaller projects that involve mostly rehabilitation. However, the community at large and the Board of Aldermen have repeatedly urged the CPC to support the preservation of Newton's existing, relatively affordable and energy-efficient two- and three-family houses, as a way to address the City's need for affordable housing with minimal impact on the historic streetscape and character of Newton's villages. The current proposal explicitly addresses those goals.

Community support: Neighbors of this proposed project have expressed no opposition to it, and many neighbors as well as residents and organizations throughout the city have expressed support for it.

Leverage & efficient use of funds: The chart below shows that the currently proposed per-unit public subsidy for this project is in line with similar past projects that have received CP funds.

COMMUNITY HOUSING in NEWTON, Massachusetts								
Public Funding of Recent Projects								
Project	Total Units	Affordable		City Source(s)	Per AFFORDABLE unit			
		Units	Bed-rooms		Total HD funds/ unit	CP funds/ unit	TOTAL Newton PUBLIC FUNDS/ unit	Total Development Cost/ unit
PROPOSED 2148 Commonwealth Avenue (Veteran House)	2	2	5	CDBG, CPA	\$150,000	\$180,000	\$330,000	\$475,000
RECENTLY FUNDED 192 Lexington Street (Parkview Homes)	10	10	30	CDBG, HOME, CPA	\$91,587	\$204,600	\$296,187	\$486,807
Past CAN-DO Projects								
Falmouth Road	2	2	5	CDBG, CPA	\$131,693	\$137,500	\$325,601	\$589,467
Jackson Road	2	2	5	CDBG	\$131,250	\$137,500	\$325,159	\$589,024
Cambria Road (project A)	2	2	5	CDBG, CPA	\$100,000	\$160,000	\$300,000	\$305,250
Linden Green Homes	5	3	6	CDBG, HOME, CPA	\$92,106	\$191,667	\$289,780	\$753,798
Millhouse Commons	6	4	10	CDBG, CPA	\$98,046	\$184,596	\$282,642	\$980,500
Cambria Road (project B)	2	2	6	CDBG, CPA	\$100,000	\$100,000	\$266,231	\$461,231
Other Past Projects								
Forte Property (Dolan Pond)	3	3	10	CPA	\$0	\$330,337	\$330,337	<i>TBD when final value of donations & sweat equity is calculated</i>
Wyman Street	10	10	20	HOME, IZ, CDBG, CPA	\$1,800	\$100,000	\$256,800	\$356,800
Covenant Residences	44	11	17	CPA	\$0	\$82,530	\$82,530	\$1,584,610

Accessibility/fair housing: The attached review, commissioned and paid for using CPC and Community Development Block Grant (CDBG) administrative funds, concludes that the project as proposed will comply with all applicable accessibility and fair housing regulations and laws. The reviewer notes that the owner of this building must offer "reasonable accommodation" to, and allow "reasonable modifications" by, future tenants with specific needs. The CPC is recommending that the Planning and Development Director release any appropriated CP funds for this project only after the City of Newton's Housing Program Manager has received and approved CAN-DO's written plan for reasonable accommodation/modification. The cost of any such future accommodation or modifications is not covered by the current funding request and recommendation.