

Is the Orr Development Affordable?

I applaud the patience of councilors on this issue. It has taken many months for the developer to make very modest concessions on the proposal. What is really shocking to Newtonville residents is that the developer does not budge at all on density. We still have a massive 5-story architecturally poor project, the fifth largest development in Newton and the second new rental complex in Newtonville.

An additional question is the issue of **affordability**. As you know, many speakers who FAVOR THIS PROPOSAL DO SO BECAUSE THEY THINK IT WILL BE AFFORDABLE. The question is: How affordable is it? And exactly who can afford it? The price of the rents: Studio c1800, 1 BR c 2500, 2 BR 3400 to 3700.

The project demolishes 22 existing affordable units. Originally it simply replaced those units with 26 affordables, netting us **only 4 units at much-needed low-income levels**. Later, Mr. Korrf did make what sounded like an important addition. He suggested 17 additional units of workforce housing, netting us 21 affordables. At first, this sounded appealing. Newton workers should be able to live in Newton. But, as it turns out, we already have reasonably priced units affordable for Newton workers. **You know all those 2 and 3-family buildings we have in Newton. In fact, the supply is greater than the demand.** According to RKG Associates (and I am presenting to you their data chart on the next page), we have a surplus of units at 50 to 120 % AMI. People are living in them now, without a lottery ticket! The city paid for RKG to analyze Newton's housing needs. Let's not pretend these units don't exist. It's right there in black and white. **What we need is affordable housing for people below 50% AMI.**

And, by the way, the RKG data DOES show that there is a severe shortage of OWNERSHIP HOUSING FOR NEWTON WORKERS...If this were a condo project for ownership housing...that would be a **positive** for Newton workers. But it's a rental.

So let's agree right now to NOT vote for this rental proposal as somehow meeting Newton's needs for affordable rental housing. And there is no hard data on what Newton workers or seniors prefer for housing. Do they prefer to rent or buy? RKG provides no hard data.

If you do care about affordable housing, here is what would work: **Maximum of 103 units, as allowed under BU zoning. 34 units (one-third) affordable housing for low AMI residents. You will still get an elevator building for constituents who can afford it. It will look better, it will feel better, it is less intrusive on the neighborhood, and it will go a long way toward treating all residents fairly.**

Please vote NO on the current proposal. We can and must do better!

Sample rents: (per developer estimate)

3.10 per sq ft.	Studio 550 sq ft.	\$1705.	Studio 585 sq ft.	\$1813.50
3.40 per sq ft.	Studio 550	\$1870	Studio 585	\$1989.00
3.10	1 BR 750	\$2325	1 BR 800	\$2480.00
3.40	1 BR 750	\$2550	1 BR 800	\$2720.00
3.40	1 BR 800	\$2720	1 BR 865	\$2941.00
3.10	2 BR 1100	\$3410	2 BR 1175	\$3642.50
3.40	2 BR 1100	\$3740	3 BR 1330	\$4522.00

Facts from the Newton Housing Study 2016

Source: *Housing Needs Analysis and Strategic Recommendations, City of Newton, June 2016*

Do we have affordable low-income and workforce rental housing in Newton?

Rental Affordability Thresholds Based on 2-Person HUD Income Limits

Newton, Massachusetts

Threshold	Rental Units - Housing Supply				Housing Demand				Gap Analysis	
	Minimum Rent	Maximum Rent	Units	% of Units	Threshold Minimum	Threshold Maximum	Households Within Threshold	% Households Within Threshold	Surplus/Shortage	Supply as % of Demand
Below 30%	\$0	\$565	994	13.9%	\$0	\$22,600	1,992	21.0%	(998)	49.9%
30% to 50%	\$566	\$941	349	4.9%	\$22,601	\$37,650	1,096	11.5%	(747)	31.8%
50% to 80%	\$942	\$1,355	1,167	16.3%	\$37,651	\$54,200	899	9.5%	268	129.8%
80% to 100%	\$1,356	\$1,883	2,326	32.5%	\$54,201	\$75,300	991	10.4%	1,335	234.7%
100% to 120%	\$1,884	\$2,259	781	10.9%	\$75,301	\$90,360	745	7.8%	36	104.8%
Over 120%	\$2,260		1,535	21.5%	\$90,361		3,784	39.8%	(2,249)	40.6%
Total			7,152	100.0%			9,507	100.0%	(2,355)	75.2%

Source: RKG Associates, Inc., 2015

Major finding:

p. 33 **“Rental housing provides the greatest range of housing prices in the City, but there are not enough units to meet current demand for households with low, very low, and extremely low incomes. In short, households earning less than \$61,000 have very few choices in Newton.”** Yet there is a surplus of units for the 50% to 120% AMI levels (workforce rental housing).

“Within Newton, the Submarkets with the largest concentration of renter-occupied units are those north of the Massachusetts Turnpike (Submarkets 2R [Nonantum] and 3R [Newtonville].” p. 42

Who Can Afford to Buy a House in Newton?

Table 3.2
Ownership Housing Supply Thresholds [1]
Newton, Massachusetts

CONVENTIONAL LENDING	Traditional Unit		Condominium	
	Min Value	Max Value	Min Value	Max Val
Extremely Low Income and Below Extremely Low Income to Very Low Income	\$0	\$132,264	\$0	\$83,658
Very Low Income to Low Income	\$132,265	\$220,522	\$83,659	\$171,916
Low Income to 100% 3-Person AMI	\$220,523	\$312,013	\$171,917	\$263,407
3-Person AMI to 120% of 3-Person AMI	\$312,014	\$441,045	\$263,408	\$392,439
120% of 3-Person AMI and Above	\$441,046	\$529,254	\$392,440	\$480,648
	\$529,255		\$480,649	

FHA LENDING

Extremely Low Income and Below Extremely Low Income to Very Low Income	\$0	\$112,458	\$0	\$72,477
	\$112,459	\$187,501	\$72,478	\$147,520
Very Low Income to Low Income	\$187,502	\$265,291	\$147,521	\$225,310
Low Income to 100% 3-Person AMI	\$265,292	\$375,001	\$225,311	\$335,020
3-Person AMI to 120% of 3-Person AMI	\$375,002	\$450,002	\$335,021	\$410,021
120% of 3-Person AMI and Above	\$450,003		\$410,022	

Source: RKG Associates, Inc., 2015

[1] Based on 3-Person HUD Income Limits

Can Newton workers afford to buy homes in Newton?

Table 3.2 on p. 35 (above) suggests that Newton workers would have to purchase homes or condos at prices below \$529,255 (Conventional) and \$450,000 (FHA) unless they make more than 120% AMI, about \$90,000 per year or \$101,641 for a 3-person household.

Do Newton Workers prefer to Rent or Buy?

The Housing Strategy provides no data on Newton workforce short- or long-term housing preferences.

How many Newton seniors would like to live in a “one-floor” rental?

Again, no hard data. See p. 47: “While a growing portion of the senior population in Newton have high incomes, a number of long-term resident seniors are finding it difficult to afford to continue to live in Newton on a fixed income.” There is no chart and no data on senior income and housing preferences or intentions.

Please use data to inform your decision on this issue. You may know someone who would not mind paying \$40,000 per year in rent. But Newton residents trust you, our representatives, to make your decision for the Common Good.

Very truly yours,

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