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Community Preservation Committee

MINUTES

August 11, 2020

The virtual meeting was held online on Tuesday, August 11, 2020 beginning at 7:00 pm. Community Preservation Committee (CPC) members present included Mark Armstrong, Dan Brody, Byron Dunker, Rick Kronish, Susan Lunin, Robert Maloney, Jennifer Molinsky, and Martin Smargiassi. CPC Nominee Eliza Datta and Community Preservation Program Manager Lara Kritzer were also present. Ms. Kritzer served as recorder.

Present for the Planning Board were Peter Doeringer, Kelley Brown, Barney Heath, Kevin McCormick, Jennifer Molinsky, Sudha Maheshwari, and James Robertson.

Mr. Armstrong opened the CPC meeting at this time and the CPC members introduced themselves. Mr. Doeringer then opened the Planning Board meeting and introduced its members. Ms. Kritzer briefly reviewed the CPC's proposal review process and the procedures for the virtual proposal review. Mr. Doeringer noted that Amanda Berman, Director of Housing and Community Development, would present a memo

Proposals & Projects

JOINT PUBLIC HEARING with Planning & Development Board on the Golda Meir Housing Expansion Proposal from 2 Life Communities

Mr. Armstrong and Mr. Doeringer opened the public hearing and invited the applicant to present their project. Present on behalf of 2Life Communities was Project Manager Rachel Belanger, Director of Real Estate Innovation Zoe Weinrobe, and Chief of Real Estate Lizbeth Heyer. Ms. Belanger introduced herself and her team and noted that they had last been before the CPC two years ago with their original request for \$3.35 million in CPA funding. Their current proposal requests a total of \$1.5 million from CPA and HOME funding. Ms. Belanger explained how the project had progressed over the last two years and that they had been given an exciting opportunity to sever a wider range of recipients. She explained that the project had been awarded HUD 202 funding which allowed for a 50% increase in the affordability of the new units. Their original proposal had included 30 units that would be affordable to households under 50% AMI and their new proposal would have 45 units below 50% AMI. The current proposal also includes 5 units below 60% AMI, 10 units below 100% AMI, 1 unit for a graduate student working with the residents and 7 below market rate for a total of 68 new units. Ms. Belanger also noted that nine of these units would be set aside for chronically homeless individuals.

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Ms. Belanger explained that the existing Golda Meir House had 199 units, of which 23 were unrestricted but below market rate units and the remaining 174 were for low income seniors. The building was constructed in two phases – the first in 1974 and the second in 1995, and the building had just received a \$30 million renovation in 2017-2018. Ms. Belanger noted that this was the only senior housing in the area that provided a weekly lunch program prepared onsite. The current proposal would add two additions, one on either side of the existing building, which were called out as the upper and lower additions. The new additions would connect to all floors of the existing building, helping to retain the feeling of a single, large building, and would create a new accessible entrance to the upper parking area which is located on the former water tower site. 2Life Communities was also in the process of straightening out the property line with Braeburn Country Club.

Ms. Belanger next reviewed the timeline for the project. 2Life Communities acquired the water tower site in 2017 and received its initial CPA funding award in 2018. In 2019, they applied for the HUD 202 funding, which was available for the first time in eight years and represented an exciting opportunity. They found out that they had received the only 202 funding in Massachusetts in early 2020. The HUD 202 funding comes into the project in two parts – a \$4 million cash advance and 25 PRAC vouchers – and created a funding gap as the deeper affordability of the units could not be completely offset by the \$4 million in funding. Ms. Belanger stated that they had been very happy to learn that there could be City funding available to address this gap. She noted that the number of apartments and affordable units had not changed, but that there would now be more affordable units available at higher levels of affordability. She also pointed out that the total cost of the project had increased by \$8 million since the original application and that the City funds now requested was one of several ways that they were working to close the funding gap. Ms. Belanger added that part of the increase in costs was due to the additional federal funds, which would require them to use Davis Bacon prevailing wages, and the reconfiguration work needed for the existing building to tie the new additions into it.

Mr. Doeringer asked about the below market rate units in the building. Ms. Belanger explained the reasoning behind it and how they rented the unrestricted units at a price that was a few hundred below market rate. Ms. Weinrobe reviewed the affordability levels of the project and what they represented in actual incomes, explaining that they had residents with incomes anywhere from 0 to 100% AMI.

Ms. Berman next presented the HOME funding analysis completed by staff. Nine of the units would be made available to chronically homeless individuals. These units would meet the terms of the City's agreement with HUD and would help to resolve the discrimination dispute. She explained that they had also worked with HUD to extend the agreement from this spring to 2023 to work with the Golda Meir timeline. Ms. Berman explained that the housing staff was working with Engine 6 (an affordable housing advocacy group) and 2Life Communities to ensure that the units were also available to those with disabilities. She noted that the new project ensured a deeper level of affordability in the units and would allow the project to serve an even more vulnerable population. The project also met the needs and goals of the West Metro HOME Consortium by providing affordable housing for seniors and those with critical needs. Ms. Berman pointed out that 2Life had purchased the water tower site, which had been sold by the City with the intent that it be used to create affordable housing and were using it to address critical needs on the site.

Ms. Berman explained that HOME funding would come from FY18, FY20, and FY21 HOME funds and the housing staff supported the strong leveraging of the funds. Ms. Berman explained that under the staff analysis, the project would gain 2 Newton HOME units and would fall within the maximum funding limits provided by HUD. The funding required a 20-year affordability restriction but the Comprehensive Permit for the project already guaranteed that the units would be affordable in perpetuity. She then explained that Consortium communities had a 12-month period in which to use their HOME funds before they would be placed into a pool for all members to use. The City was coming up on its deadline for using its HOME funds, and if not used in this project, they would need to be relinquished into the funding pool. Ms. Berman pointed out that staff would need to go through the substantial amendment process with HUD if these funds were approved and ended by stating that staff was highly supportive of the project and recommended this use of Newton's HOME funds.

Mr. Armstrong stated that he appreciated the high level of affordability proposed by the project and was happy to see that the previous CPA funding had been used to leverage substantial additional funding. He also liked the design and units created by the project. Mr. Maloney asked about the funding for the soft costs and development fees. Ms. Weinrobe stated that 2Life Communities was the development entity and explained that the developer fee was based on a formula from the State. She explained that they would be refunding back a portion of the fee, noting that there was a maximum allowed deferment required by the funding sources. Mr. Maloney asked if the additional CPA funding would be used to achieve greater affordability by addressing the ongoing shortfalls. Ms. Weinrobe answered that the additional funding would cover construction costs and upfront capital costs, while the HUD 202 funding provided the benefit of long-term rental subsidies. Ms. Weinrobe explained that they had also increased their requests to the state for more vouchers and had been awarded 20 Section 8 vouchers to help with the gap in operating funds.

Mr. Maloney thought that this was a great project and asked where the residents came from. Ms. Weinrobe explained that many seniors in the community were paying more rent than they could afford and were looking for this type of housing opportunity. Ms. Belanger explained the rental housing program and how the unit rates were adjusted with the situation of each resident. She explained that the overwhelming majority of their tenants had an annual income of \$10,000 - \$15,000, and that they had 550 people on their waitlist for their units below 30% AMI. She added that 680 of the 785 residents in their housing were below 50% AMI, which included over 100 Newton residents. Ms. Molinsky asked if the HUD 202 funding would help with the operating budget for resident services. Ms. Weinrobe explained that the resident services budget was separate from this project. She explained that they now had two employees and were planning to add a third resident services staff person and one person to oversee food and event services. They would be turning to philanthropy to fund additional services.

Mr. Kronish stated that he was impressed by their philanthropy and the work that they were doing to get grants and hold events and activities to reach out to both corporate and individual donors. He asked how much they would be making on the project as its developer. Ms. Weinrobe stated that the developer fee was \$2.6 million and that they would be deferring \$400,000. She explained that the maximum that they could defer was 15% because of the tax flow and debt involved in the project. Because of the change in the project's budget, they had needed to show more income and cash flow

to meet the loan requirements. Mr. Kronish asked if their net income would ever be negative. Ms. Weinrobe answered no because they would have a stabilized income over time.

Mr. Armstrong asked Ms. Belanger for more information on the Davis Bacon prevailing wage requirement. Ms. Belanger explained that typically a project could have up to eight vouchers before Davis Bacon was a requirement and that it was the HUD 202 funding that triggered it. Davis Bacon requires that the project use contractors and workers at standard union rates. These requirements generally added 15% - 30% to a project, and so could be a significant cost for a large project. She went on to explain the work the design work that had also added to the cost of the project. The corridors in the existing buildings needed to be extended to reach the new units, which will require reconfiguring some of the existing units. As the plans developed, they had found more impacts than originally planned, but as a result they were now confident that their 100% design were very thorough. Ms. Weinrobe added that they had also already brought the contractor into the project to help them work out additional changes.

Mr. Kronish noted that Davis Bacon requirements placed a variety of controls over labor practices which pitted employees against independent contractors. He explained that construction had an underground economy using these independent contractors and that he had had experience with workers who had been left unpaid at the end of their work. He stated that Davis Bacon placed controls over how the construction was done to avoid these issues and believed that workers needed to be paid more to avoid the need for these requirements.

Mr. Smargiassi was impressed with both the project and its levels of affordability. He asked for more information on its accessibility. Ms. Belanger reviewed how the new units would provide more accessible options to residents and how the second entrance would improve access to the upper level of the building. Mr. Smargiassi stated that he was in favor of the project.

Mr. Dunker stated that he had toured the building few years ago and was very impressed with the organization.

Planning Board members were asked for comments at this time. Mr. McCormick asked if the project would use all of Newton's FY21 funds and was told that it would. Mr. Doeringer thought that the whole project was the star of Newton's affordable housing program. He asked about 2Life Communities' future plans. Ms. Heyer stated that they were planning on expanding their other Newton property, Coleman House, and planned to file for a Special Permit in January. This project would be unique in the country as it was aimed at the unsubsidized middle-income households at a moderate price point. Ms. Heyer explained that 50% - 60% of adults fell into this middle-income category where they did not have enough to cover both housing and care. Coleman House would be expanded onto property purchased from the JCC and they hoped to create a nationally groundbreaking model at this site. Mr. Brown stated that his questions had already been raised by the CPC members. From a policy point of view, he thought that it as crazy how fragmented the funding with so many different sources used for one project. He thought that what 2Life Communities was doing was great but did not think that this was the right way to produce housing.

The public hearing was opened to public comment at this time. Councilor Julia Malakie stated that she was curious about the local preference element of the project as a recent recommendation had

urged that there be no local preference at the Riverside project due to racial disparities in the community. Ms. Weinrobe stated that this issue had been raised in their Comprehensive Permit process and that as a result this project did have a local preference with the numbers to be determined by the Mayor. Councilor Malakie asked why 2Life Communities loan had been reduced. Ms. Weinrobe answered that they had increased their philanthropic donations and used other sources to cover the reduction. Councilor Malakie noted that the property's existing units were included on the Subsidized Housing Inventory (SHI) and wondered if any were expiring. Ms. Weinrobe stated that no units were expiring and offered to provide a guarantee on the perpetual affordability of the units. Ms. Heyer added that they would make sure that all of the units remained on the SHI and reiterated that the units would never not be affordable.

Frank Laskie stated that he was a supporter of Engine 6 and thought that the Planning Department staff and 2Life Communities had been very helpful in working to resolve the consolatory agreement.

A motion was made and seconded to close the public hearing. The motion was passed unanimously by both the Planning Board and CPC.

Mr. Maloney asked whether this project represented an allowable use of the CPA funding. Ms. Berman reviewed the project numbers with the Committee. It was noted that approximately \$75,000 in CPA funding would be going into each of the 60 new affordable units. Ms. Berman pointed out that a new affordable unit cost \$550,000 on average to build in Newton. Mr. Maloney thought that the applicants had done a tremendous job with the levels of affordability in the project.

Mr. Kronish noted that a few years ago, the CPC had discussed scattered site affordable housing and it had been noted that the unit/bedroom cost of these units were generally higher than large developments. Those projects were also unable to access the outside-of-Newton funding which this project was using. He noted that if a project wanted more funds, it needed to be a larger development and wondered if this was a better direction for future affordable housing projects in Newton.

Mr. Maloney moved to recommend allocating \$1,244,857 in additional CPA Affordable Housing funds to the Golda Meir House Expansion according to their August 2020 proposal. Ms. Molinsky seconded the motion which passed by unanimous roll call vote.

Mr. Doeringer moved that the Planning and Development Board approve the request for a substantial amendment to the FY18, FY20, and FY21 Action Plans to allocate \$255,143 of Newton HOME funds for the production of new affordable units at the Golda Meir House project. Mr. Brown seconded the motion. The motion passed by a roll call vote of 6 to 0 with Mr. Heath abstaining.

The Planning and Development Board adjourned their meeting at this time.

Final Report on the Nathaniel Allen House Restoration Project

Adrienne Hartzell, Managing Director of the Newton Cultural Alliance, was present with the final report for the for the Nathaniel Allen House Restoration Project. Ms. Hartzell explained that she had last been before the Committee in April, at which point they had had to shut down the final

construction work due to Covid-19. Since that time, much of the construction has been completed and Ms. Hartzell presented updated photos of the property with the completed work. Since April, they had installed a new well for irrigation and had had the lawn reseeded. She noted that when they had first started, the side porch had been falling down so they had had it removed and presented photos of the side façade which has been returned to its 1850s configuration. The accessible entrance to the building was also shown with its new granite steps and ramp now in place. Ms. Hartzell explained that the new main entrance would be at the rear of the building facing Cherry Street and showed how they had cleared out the weeds and restored the area, noting that a utility pole in this location still needed to be reviewed. She also presented photos of the rear of the barn and reminded members that it had been falling down when they started the restoration work. The rear façade had now been repaired and restored with a new rear entrance porch now located where an early 1900s open porch had been. Ms. Hartzell showed photos of the completed interior of the barn and noted the new design elements, including the old bowling alley, an original element built by Allen, which had been restored on the second floor. Moving to the east façade, Ms. Hartzell noted the different elements of the façade and how they had been treated and restored. The new elevator had been installed since April and she showed photos of the completed first floor with the newly installed masonry. She pointed out the exposed floor beams and explained that they had originally held a second floor in Allen's time. Ms. Hartzell then presented additional views of the completed first floor space and the restored stonework on the lower level.

Ms. Hartzell also showed photos of the recently installed paved patio area behind the house which will provide a new outside gathering space and would also have new light posts. She stated that the work on the house was now complete and reviewed the updated construction budget. The electrical inspection would be done later this week. Ms. Hartzell explained that they were still working on finishing the landscaping, grading and stonedust, which was already having issues, and needed to install the dumpster on the site. She stated that she would love to have members visit or stop by the house to see the work firsthand in the future.

Mr. Armstrong asked if they had their Certificate of Occupancy yet. Ms. Hartzell answered that they did not have it yet as they were still working through the final inspections but that she hoped to have it within the month. Ms. Lunin stated that she thought the project had come out beautifully. Ms. Hartzell agreed, noting that they had been working towards this goal since 2012 when the Newton Cultural Alliance purchased the building. She explained that they had made some changes to their business plan in recent months and were installing voice and audio recording equipment at the site as there were now many artists looking for opportunities to record their work. She added that their neighbor on Webster Street had worked on the WGBH studios and was helping them to design their studios as well.

Ms. Hartzell thanked the Committee for their support and patience and invited them to hold a future CPC meeting at the Allen House. Ms. Molinsky moved to accept the final report for the completed project and to release the remaining CPA funding to the Newton Cultural Alliance. Mr. Maloney seconded the motion which was passed by unanimous roll call vote.

Review of Additional Information Submitted for 236 Auburn Street Project

Ms. Kritzer noted that CAN-DO had submitted the additional information on the rental housing at 236 Auburn Street which had been requested at the July meeting. The information included an updated pro forma for the future management of the site. Mr. Kronish stated that he had requested this information in part because the Newton Housing Authority was considering the purchase of the property in the future. He thought that when CPA funding was used in a project, that the CPC needed to ask for a pro forma to insure that the property had enough funds to function successfully into the future. Members agreed that the information submitted addressed their concerns and that no further information would be required. Mr. Kronish moved that the additional pro forma information met the CPC's request for additional information to close the project. Ms. Lunin seconded this motion which passed by unanimous voice vote.

Other Business

It was noted that the City was reconsidering the proposals for work at the Crescent Street project and planned to come before the Committee with an update at their October meeting.

Ms. Kritzer reviewed the updated financial reports at this time with members.

Approval of July Minutes

Members had reviewed the July minutes prior to the meeting. Ms. Lunin moved to approve the July minutes as submitted. Mr. Kronish seconded the motion which passed unanimously by voice vote.

The meeting was adjourned at 8:48 P.M.