

# Kessler Woods and 219 Comm Ave

## Enhanced Combined Proposal for On-Site and Off-Site Inclusionary Housing



7/26/2017

# Comparison: Kessler vs. Enhanced Combined Proposal

	Kessler Special Permit	Enhanced Combined Proposal	Net Benefit
Total Affordable Units	13	<b>33*</b>	<input checked="" type="checkbox"/> <b>20 units</b>
1-bedroom Units	5	<b>25<sup>†</sup></b>	<input checked="" type="checkbox"/>
2-bedroom Units	8	<b>8</b>	<b>=</b>
Average Affordability (50-80% AMI)	65% AMI	<b>65% AMI<sup>‡</sup></b>	<b>=</b>
Workforce Units (100% AMI)	0	<b>16</b>	<input checked="" type="checkbox"/>
Type 2 Accessible Affordable Units	2	<b>2</b>	<b>=</b>
Total Affordable Square Footage	12,242 ft <sup>2</sup>	<b>22,412 ft<sup>2</sup></b>	<input checked="" type="checkbox"/> <b>10,170 ft<sup>2</sup></b>
Additional Capital Invested in Newton Housing Stock	\$0	<b>\$3,000,000</b>	<input checked="" type="checkbox"/>
Nearest Public Transit	T stop – 1.7 miles	<b>T stop - 0.5 miles</b>	<input checked="" type="checkbox"/>
Near Employment	No	<b>Yes - Boston College</b>	<input checked="" type="checkbox"/>

\*All 33 units from the Enhanced Combined Proposal will be affordable in perpetuity and will count towards Newton's SHI.

<sup>†</sup>25 one-bedroom units include two studios at 219 Commonwealth Avenue.

<sup>‡</sup>65% AMI is the average of 13 units (5 one-bedrooms at Kessler and 8 two-bedrooms at 219 Comm) between 50-80% AMI.

# City of Newton's Affordable Housing Goals

Inclusionary Zoning Ordinance (sec. 5.11)	Enhanced Combined Proposal	Goal Achieved?
Adding to the diversity of housing opportunities	<b>New Construction and Historic Rehabilitation</b>	<input checked="" type="checkbox"/>
Offering more housing choices including all incomes, ages and unit sizes	<b>Four AMI tiers: 50%, 65%, 80%, 100% Units include studios, 1BRs, and 2BRs</b>	<input checked="" type="checkbox"/>
More overall affordable housing units	<b>20 additional units</b>	<input checked="" type="checkbox"/>

<b>Housing Needs Analysis and Strategic Recommendations, June, 2016 by RKG Associates</b>		
Pursue diverse housing choices	<b>Same as Above</b>	<input checked="" type="checkbox"/>
Locate housing to promote access and choice	<b>219 Comm Ave is near transit and Newton's second-largest employer</b>	<input checked="" type="checkbox"/>
Providing a mix of housing in all parts of the city	<b>Units in both Ward 8 (Kessler Woods) and Ward 7 (219 Comm Ave)</b>	<input checked="" type="checkbox"/>

# Enhanced Combined Proposal: 33 Affordable Units

Location of Units	Unit Type	50% AMI Affordable Units	65-80% AMI Affordable Units	100% AMI Workforce Units
Kessler	1-bedroom	5	-	-
219 Comm	Studio	-	2	-
219 Comm	1-bedroom	-	2	16
219 Comm	2-bedroom	1	7	-
	Total	6	11	16
<b>100%</b>	<b>Affordable</b>	<b>33 units</b>		

**All 5 one-bedroom affordable units from the Kessler Woods Special Permit will remain at Kessler Woods.**

# Enhanced Combined Proposal: 33 Affordable Units

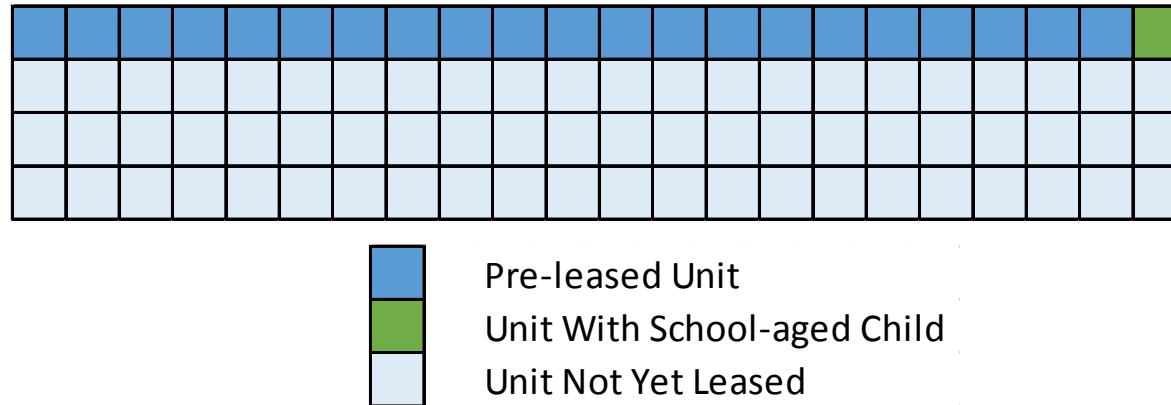
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<b>100%</b>	<b>Affordable</b>	<b>33 units</b>		

**All 28 affordable and Workforce Housing units at 219 Commonwealth Avenue will be income and rent restricted in perpetuity.**

# The Market for Units at Kessler Woods

**25% of the units at Kessler Woods have been pre-leased.**

**All but one of the units are leased by seniors and empty-nesters.**



# Parking at 219 Commonwealth Avenue

- The off-street parking lot at 219 Comm Ave. has been used by up to 14 cars
- This lawful, pre-existing non-conforming parking has existed at the building for decades
- Enhanced Combined Proposal doesn't add units or foreseeable parking demand to the building
- Tenants have always been able to self-manage shared parking arrangements in the parking lot
- If rental of off-street parking is available in the neighborhood and is requested, CHR can facilitate that for tenants



Existing Off-street Parking Lot at 219 Comm. Ave

# Walking Distance & Route to Nearest Public Schools

## Kessler Woods



- At least 16 minute walk (0.8 miles)
- Segments of Vine St. have no sidewalk at all (¼ of walk)
- Must cross LaGrange St. twice (major thoroughfare)
- Must cross street at least 6 times

## 219 Comm Ave



- 12 minute walk (0.6 miles)
- All streets have sidewalks
- Only three street crossings required



# Public Benefit Comparison Between Proposals

Proposal	Affordable Units	Effective Market Rent Range <sup>†</sup>	Restricted Rent Range	Rent Differential	Capitalized Public Benefit <sup>‡</sup>
Kessler Special Permit	13	\$3,125 - \$4,050	\$970-\$1939	\$29,051/month	\$6,972,240
Enhanced Combined Proposal	33	\$1,650 - \$3,350	\$970-\$1939	\$36,566/month	\$8,775,840
<b>Difference</b>					<b>\$1.8 million</b>

The Enhanced Combined Proposal includes the following significant public benefits:

- Maintains 13 affordable units
  - 5 one-bedroom units at 50% AMI are staying at Kessler Woods property
  - 8 two-bedroom units between 50-80% AMI are rehabilitated at 219 Commonwealth Avenue
- Adds 20 new units of Workforce/Affordable Housing
  - 16 new units of Workforce Housing at 100% AMI are created in Newton
  - 4 additional units of affordable housing at 65-80% AMI are created in Newton
- 33 units (rather than 13 units) will be added to Newton's Subsidized Housing Inventory
- Rehabilitation and preservation of a National Registry Historic Building

<sup>†</sup>Effective Market Rent Range takes current market rents (\$3,350-\$4,585) and factors in contingencies including: higher operating costs, delayed lease commencements, commitments that don't close, leasing commissions, and other marketing costs.

<sup>‡</sup>Capitalized Public Benefit is the value to the public of the annual affordable rent differential capitalized at a Cap Rate of 5%, industry standard for Newton.

# Developer Earnings Analysis

**The Enhanced Combined Proposal includes the developer (CHR) laying out \$6.3 million<sup>†</sup> today.**

**Converting the eight 2BR units at Kessler Woods to market will earn the developer \$155,424 annually.**

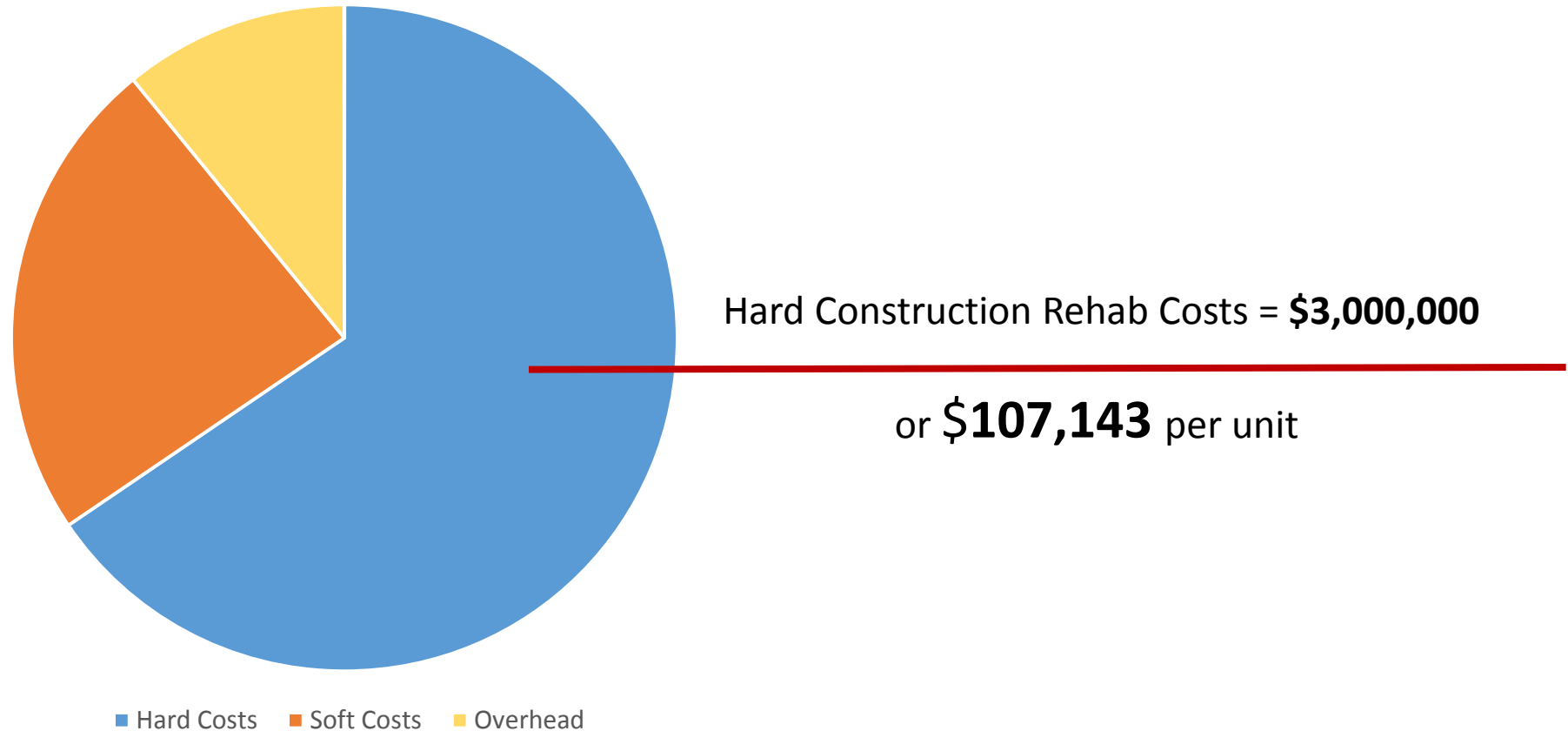
**It will take at least 15<sup>‡</sup> years for the developer to recoup the \$6.3 million invested at 219 Comm Ave.**

<sup>†</sup> \$6.3 million is the difference between total development costs of \$13.9 m, a mortgage loan of \$4.9 m, and Workforce Housing funds of \$2.7 m

<sup>‡</sup> The following assumptions were made:

- Annual income from 28 units at 219 Comm Ave after debt service of \$79,124 in year 1, grown at 2% annually for 16 years
- Difference between market and restricted rents for the eight 2BR units at Kessler of \$155,424 in year 1, grown at 3% annually for 16 years
- The break even point between today's cash outlay and future earnings based on a discount rate of 5.50% is between 15 and 16 years

# Rehabilitation Costs at 219 Comm Ave



# Enhanced Scope of Rehabilitation at 219 Comm Ave

- Adding a fully accessible Type 2 unit where none exists now
- Adding a fire protection sprinkler system for the entire building
- Updating bathrooms for all 28 units
- Upgrading electrical and plumbing in units where necessary
- Replacing all kitchen cabinets with new white cabinetry in all 28 units
- Replacing all appliances with new stainless or white appliances in all 28 units
- Upgrading all kitchen countertops to white quartz in all 28 units
- Adding dishwashers and microwaves to units where physically possible
- Painting all 28 units and adding new crown molding

Scope has been updated since July 11<sup>th</sup> public hearing.

# Enhanced Scope – 219 Commonwealth Ave.



B'NAI B'RITH HOUSING

Creating Places to Call Home



Chestnut Hill Realty

# Illustrative Example of Comparable Unit Rehab



B'NAI B'RITH HOUSING

Creating Places to Call Home

700-800 sq. ft. 2-bedroom unit



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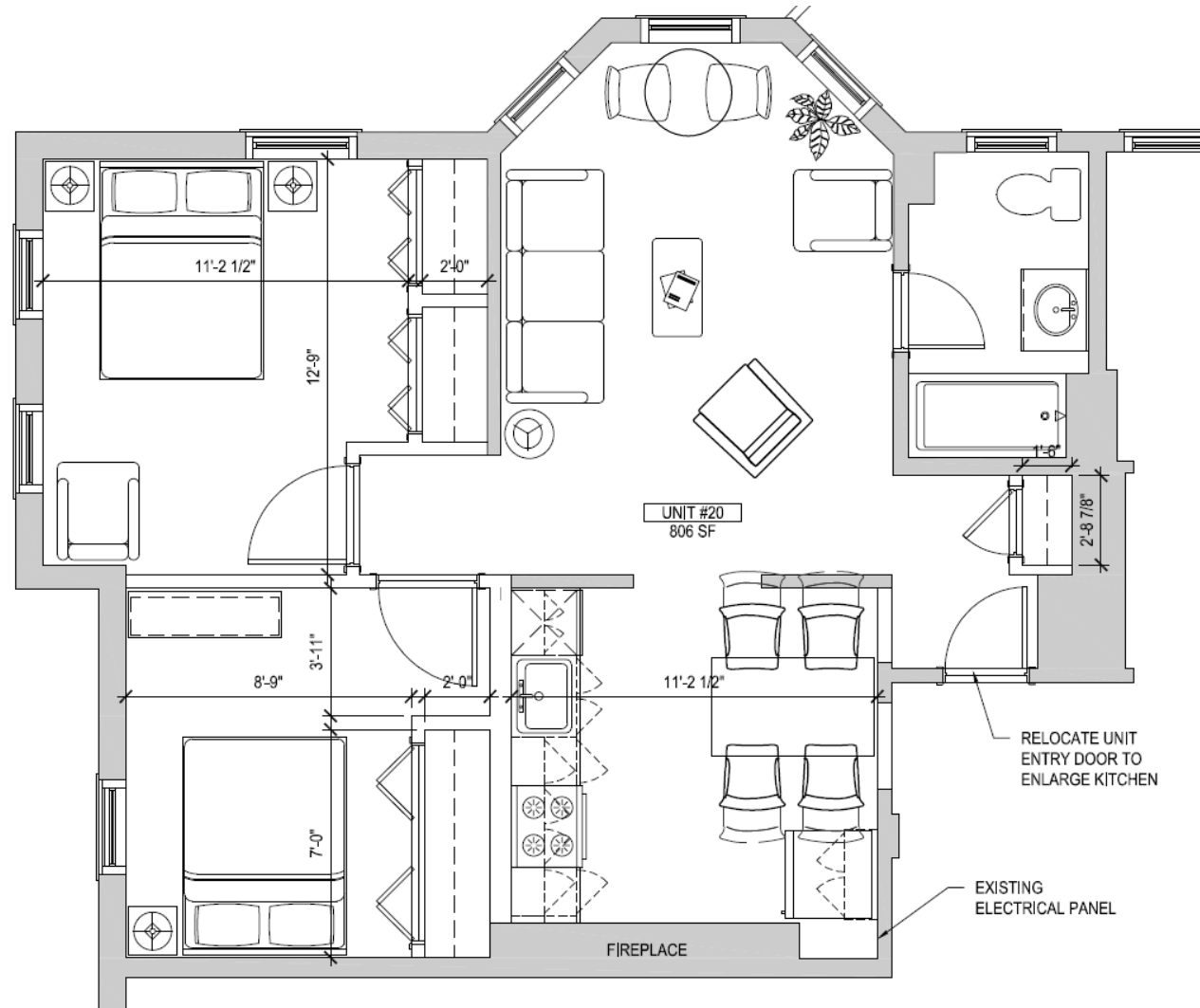
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**Kessler Woods / 219 Commonwealth Avenue, Newton, MA  
33 SHI Unit Scenario - Unit Detail**

Unit	Unit Type	# BR	SF	Income Tier (AMI)
<b>Kessler Woods Affordable Housing - 5 units</b>				
110	1	1	842	50%
128	1	1	842	50%
210	1	1	842	50%
228	1	1	836	50%
310	1	1	842	50%
<b>Count - Kessler Woods</b>	<b>5</b>			

**219 Commonwealth Avenue Affordable Housing - 28 units**

Unit	Unit Type	# BR	SF	Income Tier (AMI)
4	2	2	743	50%
1	2	2	898	65%
12	2	2	915	80%
16	2	2	1,050	80%
20	2	2	806	80%
24	2	2	795	80%
30	2	2	926	80%
34	2	2	926	80%
11	Studio	1	308	65%
15	Studio	1	311	65%
41	1	1	454	80%
45	1	1	444	80%
3	1	1	698	100%
5	1	1	661	100%
10	1	1	523	100%
14	1	1	522	100%
21	1	1	538	100%
22	1	1	520	100%
25	1	1	554	100%
26	1	1	523	100%
31	1	1	574	100%
32	1	1	516	100%
35	1	1	572	100%
36	1	1	524	100%
40	1	1	789	100%
42	1	1	652	100%
44	1	1	784	100%
46	1	1	682	100%
<b>Count - 219 Comm Ave</b>	<b>28</b>			

**Count - KW / 219 Comm Ave 33**