

# **DEVELOPMENT PLAN**

## **219 Commonwealth Avenue to be renovated and upgraded to create 29 Workforce Housing Apartments**

May 30, 2017



***“In addition to the need for housing for households earning less than 80% (AMI) there is growing need across the greater Boston region and in Newton to create “Middle Income” housing. Middle-income households are those earning between 80% - 120% AMI, which traditional housing programs do not serve.” City of Newton Planning 2017***

### **Background/Development Team**

Chestnut Hill Realty (CHR) purchased 219 Commonwealth Avenue in November of 2016. 219 Commonwealth Avenue is a historic, Tudor Revival style building listed on the National Registry of Historic Places as “The Chestnut Hill.” The building is owned by 219 Comm LLC, a CHR-related entity. CHR is working with B’nai B’rith Housing (BBH) to upgrade the units and common areas of the building, to preserve the exterior of the building, and to create 29 rent and income restricted Workforce Housing apartments.

Chestnut Hill Realty is one of New England’s leading full service real estate companies, specializing in multifamily housing. Established in 1969, CHR strives to deliver industry leading customer service and enhance the amenities and features at its apartment communities. CHR’s apartment communities are well maintained, and offer the most desirable features and amenities.

B'nai Brith Housing (BBH) is a not-for-profit housing development organization. BBH brings expertise and a commitment to affordability to Greater Boston communities with high housing costs. BBH brings a rare capacity to tackle the challenges of high-cost housing markets. BBH and CHR previously worked together to create 15 affordable home ownership units nearby at 33 Commonwealth Avenue in Newton (less than ½ mile from 219 Commonwealth Avenue). In addition, the Zuker family, which owns CHR, has actively supported Newton non-profits since the 1970's when the Zukers became residents of the City.

The architect is The Architectural Team (TAT), an architectural firm with extensive experience with residential rehabilitation developments, including several historic properties.

The General Contractor is Keith Construction, Inc. (KCI). KCI has had extensive experience in residential rehabilitation developments, including several historic properties.

The development team has worked together successfully on prior residential developments.

### **Development Program, Occupancy Requirements and Development Timing**

- 29 rent and income restricted units for occupancy by households with incomes between 65% and 120% of the Area Median Income (AMI), adjusted for household size (see Exhibit A for additional details):
  - 13 units @ 65% AMI
  - 6 units @ 80% AMI (the average of the 19 units at or below 80% AMI is 70% AMI)
  - 10 units @ 120% AMI
- MassHousing's Workforce Housing Program does not allow the apartments to be age-restricted or rented to full time students.
- The renovated units are projected to ready for occupancy in Fall 2017.

### **Proposed Financing**

- The proposed financing of the project is a combination of (i) a \$5 million contribution from Kessler Woods LLC (also a CHR-related entity) made possible by the use of the Off-Site Inclusionary Zoning Development Option for Kessler Woods; (ii) owner equity; (iii) a construction/permanent loan; and (iv) a MassHousing Workforce Housing Program loan.

### **Benefits to Newton**

- 29 rent and income restricted Workforce Housing apartments will be created, and all 29 units will be eligible for listing on Newton's Subsidized Housing Inventory (SHI).
- All 29 apartments will remain rent and income restricted in perpetuity.
- 70% of the units will be available to Newton residents under Local Preference Guidelines. Units will be available to income eligible households. Examples of salaried (income eligible) professions could include public safety employees, teachers, and other municipal employees.

- The property will expand the diversity of housing stock in Newton. There are few, if any, apartments in Newton that are reserved and rent restricted for households with incomes between 80% and 120% of AMI.
- The location of the building is ideal for rent and income restricted housing due to the nearby public transportation (Green Line) and retail and employment opportunities.
- The interior of this Historic building will be renovated with new kitchens, baths, and finishes. The exterior will be repaired and painted.
- The building will not be expanded beyond its current envelope.
- The site's landscaping will be upgraded.
- The building will be preserved as a historic building in perpetuity.
- One handicapped accessible unit will be created.
- The property will be owned and managed by CHR, an experienced and respected property owner and property manager.

### **219 Commonwealth Avenue Net Additional Benefits to Newton Relative to Kessler Woods**

- All 29 units are eligible for the SHI (vs 13 at Kessler Woods)
- Six additional affordable units at or less than 80% of AMI (19 at 219 Commonwealth Avenue vs 13 at Kessler Woods)
- Ten additional units at 120% AMI (10 at 219 Commonwealth Avenue vs 0 at Kessler Woods)
- More conveniently located to public transportation, retail amenities, and employment opportunities
- Walking distance to public school
- A historic Newton building will be upgraded and preserved, in perpetuity, as 29 historic and rent and income restricted units.

### **Consistency with the "2016 Newton Housing Needs Analysis and Strategic Recommendations" (RKG Associates Inc)**

- *Pursue diverse housing choices to meet changing housing needs of a diverse population.*
- *Locate housing to promote access and choice.*
- *Proximity to transit*
- *Proximity to retail/commercial areas*

### **Consistency with Recommendations from the Planning Department Memo of March 24, 2017 to the Newton Zoning and Planning Committee**

- *City staff recognizes that in addition to the need for housing for households earning less than 80% (AMI) there is growing need across the greater Boston region and in Newton to create "Middle Income" housing. Middle-income households are those earning between 80% - 120% AMI, which traditional housing programs do not serve... Middle Income housing units would contribute to economic diversity in Newton... Income levels are polarizing across the metro area, from Boston out to I-495, but inner core communities like Newton are experiencing a faster loss of middle-income families.*

- *Recognizing this challenge, MassHousing recently launched its Workforce Housing Fund, which is a program dedicated to households earning between 60%-120% AMI. There is growing consensus at local and state levels of the need to attract and retain middle-income households in order to maintain a competitive workforce.*
- *While City staff recognizes the potential benefit of added flexibility provided by the off-site [inclusionary zoning] provision, City staff believes the creation of off-site inclusionary units should provide additional public benefit in the form of additional inclusionary units beyond the 15% requirement.*

Attachments:

- Exhibit 1: Site Plan
- Exhibit 2: Unit Mix Chart
- Exhibit 3: Rent and Income Levels
- Exhibit 4: Renovation Plans
- Exhibit 5: Scope of Work
- Exhibit 6: Kessler Woods Unit Mix Chart