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MEMORANDUM

To: Planning and Development Board Members

From: Eamon Bencivengo, Housing Development Planner
Amanda Berman, Director of Housing and Community Development

CC: Community Preservation Committee Members
Marcia Hannon, Cascap, Inc.

Re: Request for a Substantial Amendment to the FY22 Annual Action Plan to allocate \$100,000 in Newton FY22 CDBG funds towards renovations to Nonantum Village Place developed by Caspap, Inc.

Date: June 30, 2021

SUMMARY

The Project Sponsor, Cascap, Inc., is requesting **\$600,000** from the City of Newton to address the capital needs and improve the energy efficiency of Nonantum Village Place, an existing 35-unit very low-income permanent affordable senior housing project, with \$500,000 in Community Preservation Act Funds (CPA) and \$100,000 in FY22 Newton Community Development Block Grant Funds (CDBG). The project's estimated total development cost (TDC) is \$892,338.

Nonantum Village Place (NVP) was built in 2003 with funding through HUD's 202 Supportive Housing for the Elderly program, the City of Newton, Newton Housing Authority, and additional state and private funds. NVP is an architecturally detailed wood-frame building, with one-bedroom units and an on-site Resident Manager unit. Some building amenities include seven fully accessible units, a twelve-car parking lot, a community kitchen, dining room, and large sitting room, laundry room, and staff offices. All units were built with universal design features allowing for aging in place.

NVP is home to older adult households earning less than 50% of the Area Median Income (AMI), with the majority of residents earning less than 30% AMI. NVP provides stable housing and on-site supportive services, as well as plenty of common spaces to foster community and well-being.

The project scope will include:

- Replacement of all three levels of roofing with additional insulation
- Replacement of approximately 3% of building siding and trim
- Painting of entire building
- Replacement of existing split system air conditioning for all 35 apartment units to heat pumps to provide both heating and cooling
- Replacement of the three common area air conditioning roof top units with higher efficiency units

With the anticipated roof replacement and additional insulation, the building will be solar ready and able to install solar photovoltaic at a later date. As a result, current NVP residents will benefit greatly from these immediate improvements, which will also preserve the building for many future residents.

Since 1973 Cascap, Inc. has been providing secure, affordable and dignified housing and services for members of the Greater Boston community who are disadvantaged due to income, disability or age. Initially founded in response to the need for community housing for adults challenged with mental illness, Cascap merged in 1985 with ECHO (Elder Cooperative Housing Options) and took on the mission of providing affordable housing for low income frail elders. Since 2020, Cascap has been working closely with Homeowner’s Rehab Inc. to recapitalize its portfolio of affordable housing buildings and condominiums.

FUNDING REQUEST

The Project Sponsor, Cascap, Inc., is requesting **\$600,000** from the City of Newton to support the rehabilitation and improvement of Nonantum Village Place:

City CPA	\$ 500,000
City CDBG (FY22)	\$ 100,000

The request of Newton CPA an CDBG funds are projected to make up approximately 67% of the project’s total development costs. The CPA and CDBG funds will be used towards the cost of capital improvements.

As outlined in the table below, NVP residents qualify as low- or very low-income. These units are deed restricted as affordable in perpetuity.

UNIT COMPOSITION <i>List number of units in each category.</i>						
UNIT TYPE	≤ 30% AMI	≤ 50% AMI	≤ 80% AMI	80-100% AMI	Market-rate	TOTAL
SRO						
Studio						
1 BR	14	20			1 rent free RM	35
2 BR						
3 BR						

Financial Analysis

The City of Newton Housing & Community Development Division has reviewed the joint CPA and CDBG funding request from Cascap, Inc. dated 6/8/21 and has determined that the funding allocation for the proposed project to support the capital needs and improved energy efficiency of 35 existing units of affordable housing for very low-income seniors at NVP is feasible and within the CDBG Program guidelines and regulations. Prior to the execution of a CDBG Loan Agreement, an environmental assessment approved by the U.S. Department of Urban Development must be performed.

Sources and Uses

The project's total development cost (TDC) is \$892,338 (\$25,495/unit) of which \$58,588 (6.5%) are soft costs. In addition to the request for Newton CPA and CDBG funds, Cascap is utilizing its own project reserves and has secured funding from the Charlesbank Foundation. Cascap is also awaiting approval of a LEAN Utility grant in the amount of \$102,338.

The project funding proposal is available [for download here](#).

The supporting attachments to the proposal [are available here](#).

The following tables summarize the project's funding sources and uses, as well as construction scope detail.

**Nonantum Village Place
Sources and Uses of Funds
6/7/2021**

Sources

	Total	Per Unit	
Soft Debt			
City of Newton - CPA	500,000	14,286	Anticipated
City of Newton - CDBG	100,000	2,857	Anticipated
Other Sources			
LEAN Grant	102,338	2,924	Anticipated
Replacement Reserve	140,000	4,000	Committed
Charlesbank	50,000	1,429	Committed
Total Perm Sources	892,338		

Uses

	Total	Per Unit	
Construction	725,000	20,714	
Contingency	108,750	3,107	
Construction: Subtotal	833,750	23,821	Hard Costs % of Uses 93.4%
Architecture and Engineering	11,500	329	\$4K for LISC energy audit; \$7.5K for architect/engineers time
Survey and Permits	14,500	414	2% for Newton Building Permit Fee
Legal	6,000	171	
Title & Recording	4,000	114	
Development Consultant	15,000	429	
Lender Legal	3,500	100	
Soft Cost Contingency	4,088	117	
General Development: Subtotal	58,588	1,674	Soft Costs % of uses 6.57%
Total Uses	892,338	25,495	
Sources Over/(Under) Uses		-	

Nonantum Village Place Construction Scope Detail			
6/8/2021			
Scope Item	Budgeted Cost	Per Unit	Notes
Replace Upper Roof Area w/ additional Insulation	100,000	2,857	Est. \$22/sq.ft. remove existing roofing to substrate. Insulate to R-50. Install white TPO roofing
Replace Middle and Lower Roofs w/ additional insulation	120,000	3,429	Existing roofing removed to substrate and reinsulated to R-50. Install white TPO roofing. bids received
Replace siding and trim, as needed	70,000	2,000	Replacing trim and clapboard where damaged with hardiplank siding and composite trim. Bids received
Paint entire building	45,000	1,286	bids received
Replacing Split system air conditioning for each apartments 35 units to heat pumps to provide both heating and cooling. with more efficient system.	350,000	10,000	Replace 35 A/C units (SEER 10) with heat pumps. 20 SEER cooling split system and COP heating 3.08. Replacing Condensers significant step to decarbonizing the building. In unit air handler replaced. Bids received
Common Area Air Conditioning- 3 Roof Top units (RTU's) gas fired	40,000	1,143	Replace 3 rooftop A/C units for common area
construction	725,000	20,714	
contingency	108,750	3,107	15% contingency. Global market supply chain issues- high volatility in supply pricing
Total Hard Costs	833,750	23,821	

SUBSTANTIAL AMENDMENT

The utilization of the City's FY22 CDBG dollars requires a substantial amendment to the FY22 Annual Action Plans.

- A substantial change in allocation priorities (any change greater than 25 percent in an individual project's total budget) or a substantial change in the method of distribution of funds;
- A new activity (including those funded exclusively with program income) not previously covered by the Newton Consolidated Plan or Annual Action Plan; or a
- Substantial change in the purpose, scope, location or beneficiaries of an activity.

RECOMMENDATION

Based on the merits of the proposal, consistency with community need identified in the 2021-2025 Consolidated Plan and evidence of community support, **staff recommends that the Planning & Development Board vote to approve the request for a Substantial Amendment to the FY22 Annual Action Plan to allocate \$100,000 in Newton CDBG funds towards the capital needs and energy efficiency improvements of Nonantum Village Place development by Cascap, Inc.**

Staff recommends the use of CDBG funding as described above, with the following pre-conditions:

- a) CDBG funds cannot be committed until firm commitments are received from all other sources identified in the most recent Development Budget (this is a federal requirement).
- b) CDBG funds cannot be committed until completion of the Environmental Review Record and HUD issues the Authority to Use Grant Funds.
- c) Project cost savings are returned proportionally to the respective grant program(s) upon completion.
- d) Cascap, Inc., must report to the Planning and Development Board at the completion of construction, or on an as-needed basis.