

Newton Housing Authority Acquisition of CAN-DO Portfolio

Community Preservation Committee

February 8, 2022

Amy Zarechian, Executive Director

Hannah Cross, Development Project Coordinator



CAN-DO Acquisition Summary

- NHA approached by CAN-DO Board in May 2018 about acquiring 33 unit CAN-DO portfolio and began its own due diligence of the financial and physical condition of the properties
- The NHA signed a Letter of Intent dated June 18, 2019, stating its intention to acquire the portfolio following its due diligence process
- The NHA worked closely with the Newton Planning Department staff and the Newton Housing Partnership to develop an acquisition plan using City of Newton CPA and CDBG funds, as well as a new mortgage from The Village Bank, to eliminate the portfolio's existing private debt, address immediate capital needs, and create an operating reserve for the properties
- In addition, the NHA secured a generous \$250,000 grant from The Village Bank and committed its own contribution of \$250,000, both of which will be placed into the replacement reserve in annual \$25,000 installments over a period of ten years
- The NHA also assumed all deferred financing and related affordable housing use agreements from various public agencies, including the City of Newton, CPA, CEDAC, FHLB, and AHTF

CAN-DO Acquisition Funding Sources

Sources:

City CPA	\$1,105,000
City CDBG	\$1,200,000
New Village Bank Loan	\$650,000
NHA Grant over 10 yrs	\$250,000
Village Bank Grant over 10 yrs	\$250,000
Total	\$3,455,000

CAN-DO Acquisition Closing Complexities

- Large number of sources of deferred financing and associated affordable housing use restrictions that the NHA would be assuming as part of the acquisition, the NHA had to meet in depth due diligence requirements for each of the funding sources, including FCF, HIF, HOME, CDBG, FHLB, and AHTF
- The need to create a DHCD-approved Affirmative Fair Housing Marketing Plan and Tenant Selection Plan for all the units to bring them into compliance for which NHA had to issue an RFP for a consultant/lottery agent
- Maintenance issues NHA resolved before closing- boiler replacement at Webster Street, hard-wired smoke detectors at Christina Street
- Late addition of Auburn Street development
- Section 8 HAP contract between NHA and CAN-DO had expired
- Negotiating final P&S with CAN-DO
- Procurement of insurance

CAN-DO Acquisition Resident Transition

- NHA met regularly with CAN-DO Board members and NCDF for months leading up to closing
- NHA continued to work with NCDF following closing to provide a smooth transition for residents and facilitate transfer of tenant files
- Following the acquisition, the NHA Resident Services Department reached out by phone to every new resident and provided information packet and a grocery store gift card as a welcome gift.
- Administrative information packets and “Meet Your Landlord” zoom meetings held
- The Resident Services Department has 9 active cases with former-CANDO residents focusing on longer-term issues including rental assistance, hoarding/clutter, and other financial needs.



NEW RESIDENT WELCOME PACKET

ABOUT NHA
Newton Housing Authority (NHA) is the largest provider of affordable housing in the City of Newton and has been providing affordable housing systems in Newton since 1951.

Many of the Newton Housing Authority's programs are overseen by the Department of Housing and Community Development (DHCD) as well as the Department of Housing for Urban Development (HUED). Through annual audits and other measures of oversight with these entities, NHA is often given the status of "high performer". This status reflects a high level of performance in the areas maintenance and program management of our properties.

While the NHA works closely with the City of Newton, we are not an department of the City. The Newton Housing Authority is an independent agency that is led by our Executive Director, Amy Zimolman, and our Board of Commissioners.

MAINTENANCE REQUESTS
Newton Housing Authority has a well-established Maintenance Department that is made up of 8 full-time maintenance staff. With the separation of the CAN-DO units, the NHA hired a new maintenance staff member in order to best meet the needs of these new properties.

For maintenance requests, you should call: 617-554-8382

Please e message with your name, address, and your maintenance request. NHA staff checks these requests regularly throughout the day (Monday through Friday 9:00am-5:00pm). An answering company checks the maintenance line after hours and on the weekends.

The NHA will always have a staff member on-call to send out for maintenance emergencies. You can call the hotline above 24/7 for maintenance emergencies, but avoid it if you can!

MEET YOUR LANDLORD ZOOM EVENT

Due to the COVID-19 global pandemic, the Newton Housing Authority has moved many of its operations to virtual platforms. We are excited that we can meet and welcome you in person, however we hope you will consider joining us for this Zoom event!

ZOOM INFORMATION
We are offering two different times to accommodate as many schedules as possible.

Thursday, February 18, 2021
Time: 10:00am

Thursday, February 18, 2021
Time: 6:00pm

HOW TO RSVP?
If you are interested in joining the Meet Your Landlord zoom, please send an email to: residents@newtonhousing.org

In the email, please indicate which timeframe you will be attending. An NHA staff member will respond to you with a zoom invitation link and all-in information.

AGENDA
During this zoom event, we will be reviewing information about the following:

- Introduction to NHA staff
- NHA's Maintenance Department
- Rental Programs
- Security Needs
- NHA's Resident Services Department
- COVID-19 Office changes

We will also open the meeting up to your questions!

CAN-DO Acquisition Financial Impacts

- Unanticipated closing costs, including lottery agent, legal fees, property taxes
- NHA issued RFP for new Project-Based Section 8 Contract for 13 units previously subsidized units, required creation of a NHA-controlled LLC as owner of the properties and caused a delay of HAP subsidy to the portfolio, 3rd party contract administrator
- Tenant financial difficulties, including COVID income loss, affecting tenants' ability to pay resulting in a large tenant rental arrears balance

CAN-DO Acquisition Budget to Actual Comparison

	2019 Budget	2021 Actual
Rent	\$ 532,113.60	\$ 467,128.00
Other Income	\$ -	\$ 13,640.41
The Village Bank Grant	\$ -	\$ 25,000.00
Net Effective Income	\$ 532,113.60	\$ 513,978.02
Expenses		
Administrative	\$ 112,997.87	\$ 153,841.97
Maintenance	\$ 122,387.64	\$ 96,094.32
Resident Services	\$ 33,000.00	\$ -
Replacement Reserve	\$ 66,000.00	\$ 50,000.00
Utilities	\$ 75,579.76	\$ 65,765.78
Real Estate Taxes	\$ -	\$ 52,246.01
Insurance	\$ 34,018.47	\$ 34,770.69
Predevelopment Costs	\$ -	\$ 3,852.00
Total Expenses	\$ 443,983.74	\$ 464,781.28
Net Operating Income	\$ 88,129.86	\$ 49,196.74
Debt Service		
The Village Bank	\$ (40,688.49)	\$ (40,416.00)
Net Cash Flow	\$ 47,441.37	\$ 8,780.74



CAN-DO Acquisition FY22 and Beyond

- CDBG rehab work beginning
- The NHA anticipates that the portfolio will be in stronger financial position in 2022 than it was in 2021. This is due in large part to a plan to project-base Section 8 vouchers in additional units. This will allow the NHA to collect higher rents and make the portfolio more sustainable. It will also allow the existing tenants to remain in their units paying rents that they are able to afford.
- The NHA is in the process of hiring a fourth licensed social worker whose focus will be on our family, section 8, and management tenants, including the former CANDO residents. The NHA will continue to provide excellent resident services to the residents of the newly-acquired units, along with its other long-term tenants.
- The NHA is grateful for the support, trust, and resources from the CPC and the City of Newton required to stabilize, improve, and preserve this important resource that represents a major prior investment of City and State funds.