

City of Newton



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Community Preservation Committee

APPROVED MINUTES

February 8, 2022

Barney S. Heath
Director

The virtual meeting was held online on Tuesday, February 8, 2022, beginning at 7:00 P.M. Community Preservation Committee (CPC) members present included Mark Armstrong, Dan Brody, Eliza Datta, Byron Dunker, Susan Lunin, Robert Maloney, Jennifer Molinsky and Judy Weber. Committee member Martin Smargiassi was not present for this meeting. Community Preservation Program Manager Lara Kritzer was also present and served as recorder.

Chair Dan Brody opened the Community Preservation Committee's public meeting at 7:03 P.M. and introduced the CPC members present at this time.

Final Report on NHA Acquisition of the CANDO Properties Project

Newton Housing Authority (NHA) Executive Director Amy Zarechian and Developer Coordinator Hannah Cross were present for the final report on the NHA's acquisition of the CANDO rental housing portfolio. Ms. Zarechian explained that they were first approached in May 2018 about purchasing the properties. They worked with City staff to develop an acquisition plan for the portfolio which included a grant of \$250,000 from the Village Bank which was matched by \$250,000 from the NHA to build a reserve fund for the properties. With the purchase, the NHA inherited the affordable housing restrictions that came with the properties as well as existing maintenance issues. The properties also had outstanding debt which the NHA paid off with a combination of CDBG funding and \$1.1 million in CPA funding. Ms. Zarechian explained that the sale of the properties also included a new \$650,000 mortgage. The closing was complex due to the number of lenders and deferred financing, all of which needed to give their approval to the project. They also found out that they needed a new Fair Housing Plan and lottery agent while working on the sale and were required to hire a third party firm to handle those issues. During the sale process, the NHA also began overseeing the buildings which included installing a new boiler at the Webster Street property and new smoke detectors at other sites.

Ms. Zarechian reviewed other factors which had come up during the transfer of the properties and noted that they had worked closely with Metro West Collaborative Development (MWCD), the former managing entity, and Newton Community Development Foundation (NCDF), the interim administrative manager of the properties, to transition the existing residents to their new landlords. She noted that their Resident Services Department had sent out welcome packets to all of the existing tenants with gift cards and information on rent and maintenance issues. Ms. Zarechian explained that their outreach was constrained by Covid but that they had done their best to vary their

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efforts to get the information out as widely as possible. She noted that their Resident Services Department was now working with nine active cases involving these new residents.

Ms. Zarechian explained that the delays in closing on the properties had led to unexpected financial impacts, including the need to pay some property taxes. She noted that they were working to get Section 8 vouchers for these units and that that had required the NHA to set up a new LLC for their contracts with HUD. They had also had to deal with Covid related rental issues and worked with tenants who were receiving funding from the Covid-19 Rental Relief Program, RAFT, and other assistance programs. Ms. Zarechian noted that many of their tenants were still dealing with lost income due to Covid.

The project's biggest budget issues have been the loss of rental income due to Covid and the property taxes. Ms. Zarechian expected that they would be in a stronger financial situation in FY22 and explained that they were expecting to receive more rental subsidies. She also noted that the CDBG funded rehabilitation work was getting underway on the Cambria Road properties and would be followed by replacing windows on Pearl Street in Nonantum. The NHA was also hiring a fourth social worker to help with family needs as their other social workers were primarily focused on senior issues. Ms. Zarechian thanked the Committee for the funding that helped to move the project forward.

Mr. Brody thought that the NHA had done a great job with the project and noted the amount of additional work required for it to happen. Ms. Weber added that the work had been done during a difficult time. She noted that the ongoing relationship between the NHA and NCDF made it possible for NCDF to initially assist NHA in taking on the administrative aspects of this portfolio. Ms. Zarechian observed that the two entities worked well together and that they were relationship partners in the community and that NCDF had done a good job. Ms. Datta thanked Ms. Zarechian for her work on this project and noted that it sounded like a difficult closing. She congratulated the NHA on completing the acquisition of the additional family units and asked if the NHA could allocate more Section 8 funds to these units. Ms. Zarechian explained that they were working on that, and Ms. Datta stated that she was glad to hear that Section 8 funds were part of the plan. Mr. Maloney moved to accept the final report as presented and consider the project to be closed. Ms. Lunin seconded the motion which was unanimously approved by voice vote.

Pre-Proposal Review of West Newton Armory Housing Development

Metro West Collaborative Development (MWCD) Executive Director Caitlin Madden was present with Taylor Bearden and David Olivieri from Civico Development to present their plans for the redevelopment of the West Newton Armory into forty-three units of affordable housing. Mr. Bearden stated that they had been approached by MWCD to work with them on the project and explained that Civico had been established in 2014 with a focus on missed income housing development. They had completed 250 units since 2015 and had another 250 units of primarily homeowner housing in the pipeline. This project would be their first rental development and they were excited to be working with the MWCD to complete it. They planned to work with Davis Square Architects on the project as they have expertise in affordable and passive house projects.

Ms. Bearden explained that they had worked together with MWCD to submit an RFP on September 30, 2021, for a 100% affordable housing development which was chosen by the City for the site. Their work was generally focused on intergenerational housing which was universally accessible and they had tried to create a proposal that was welcoming to all ages and demographics. Their project would demolish the existing field house and replace it with the new housing units. The existing head house would be restored and used as office/community space with an area set aside for historic exhibits. The project was proposed to have all electric infrastructure with a focus that would blend together the goals of sustainability, historic preservation, and affordable housing. The 43 new units would include 15 affordable at 30% AMI and 28 affordable at 60% AMI. Mr. Bearden reviewed renderings of the new building and the proposed uses for the existing head house. He noted that the main entrance for the new development would be on Armory Street and that most of the parking would be located below ground in the basement of the existing field house. They were currently working on pre-development and permitting which was anticipated to be completed by September 2022. The financing and tax credit phase of the project was expected to continue through March 2025. Construction was expected from 2025-2026 with occupancy by Fall 2026.

Ms. Madden stated that she became MWCD's Executive Director in December 2021 and was excited to be leading the organization through this next chapter. She reviewed the funding details of the project, noting that they were still in the early stages for the budget and that the costs would evolve as the design and permitting moved forward. The receipt of CPA funding would show Department of Housing and Community Development (DHCD) that there was strong local support for the project which would help them with their state funding requests. Ms. Madden noted that the project would piece together a large number of funding sources as the completely affordable project could not support a large permanent mortgage. They were proposing a mix of local and state sources as well as 9% Low-Income Housing Tax Credit (LITEC) funds. She acknowledged that their City funding request was significant and that their project had an ambitious program but noted that MWCD was the City's only existing Community Housing Development Organization (CHODO), which allowed them to access additional CDBG and HOME funding that was set aside specifically for those programs. She added that with the \$5.1 million in local funds, they hoped to leverage almost \$20 million from state and federal sources. The 9% tax credits would also add more tax credit equity to the project than other sources. Ms. Madden noted that they were working over the tax credit questions raised prior to the meeting and thought that the additional tax credit equity could reduce the City's funding request in the future.

Mr. Maloney asked if they anticipated needing to apply for tax credit funding in two consecutive years. Ms. Madden explained that it is normal for projects to have to apply twice for funding as they are usually turned down the first time. She added that new options or additional funding rounds are possible but that their proposed timeline was more typical for the process. Mr. Maloney asked what happens if they do not get all the funding that they were expecting since they would be applying for CPA funding early in the process before they knew what else they might be getting. Ms. Madden stated that the State would expect a local commitment of funds when they submitted their funding application. In the meantime, they would be ramping up their pre-development costs and would have the option of requesting a pre-development loan from the Community Economic Development Assistance Corporation (CEDAC). She added that they would take funding as soon as it was made available. Mr. Maloney asked if they would need to have a full set of construction documents before

the project was approved for tax credits. Ms. Madden stated that DHCD would expect a 70% design set and that they would also be continuing to work on the plans through the permitting process.

Mr. Brody asked that when the applicants come back with their full proposal, that they include a breakdown of what they were requesting for pre-development funding and what would be used later, including milestones for when the funding would be released. Ms. Madden stated that they would tie the funding into the project milestones in the full proposal.

Ms. Weber asked who would be the owner of the project. Ms. Madden explained that the City owned the land and would be leasing the property to the MWCD for the new building. They did not anticipate that Civico would be a party to the lease. Ms. Weber asked what the MWCD's contribution would be to the project. She noted that there was no funding listed under sources and uses in the pre-proposal from either Civico or the MWCD. Ms. Madden stated that the MWCD did not usually contribute funds to their projects but that they were working with the City and State to organize the funding. Mr. Bearden stated that this was not unusual for this type of project structure which had funding coming from Tax Credit equity. He noted that the MWCD would be a long term office holder in the building and would be leasing and paying into the finished structure. He also noted that while the MWCD sounded like they were the property owner, in reality they were beholden to many parties for the overall funding of the project. Ms. Weber noted that other organizations that had requested community housing funds from the CPC have also contributed in some way to its funding. She asked if the MWCD would have any skin in the game. Ms. Madden stated that they would make a point of addressing this issue in their full proposal and would note their contributions to the project over and above the financing. Mr. Bearden asked if some applicants included a deferred developer's fee. Ms. Weber answered yes, that this was a common source of applicant funding.

Ms. Molinsky stated that she was excited to see a project for all ages housing. She stated that in the full proposal, she would like to hear about their programs, resident services, the model for tenant support, and more generally on their plans for the site. Mr. Bearden noted that those questions have come up and offered to circulate the document requested by the Mayor about their services and explained how MWCD would interface with the property management company to allow for more opportunities. Mr. Maloney asked who the property management company would be. Ms. Madden answered that they would be working with Maloney Properties, a third party professional management firm which had a lot of experience managing affordable housing developments. They were planning to have a dedicated staff person assisting residents 15 hours per week and were building out a new resident services plan for the property. They wanted to meet their residents where they were and planned to tailor the program to meet the needs of their residents. Ms. Weber thought that 15 hours was a modest amount and asked the applicants to include examples of how these programs worked at other properties to help to explain their approach.

Ms. Datta stated that she was familiar with the proposal as she had taken part in the selection committee for the RFP. She stated that both the proposed timing and DHCD process tracked with her experiences in development. She thought that a significant local contribution would help to set their state funding application apart and move it more quickly through the process. She added that it was unusual for a project not to be funded once applicants had been invited into the process but that it was a balancing act to coordinate all of the reviews and approvals in the process. Ms. Datta stated that she was glad to hear that they were considering the 4% tax credit scenario as well and note that

they were early in the process and still uncertain about the construction costs of the project. She thought that the 4% tax credits could give them more benefits on the credit side in the future as they would grow with the project costs while the 9% tax credits were fixed.

Mr. Brody asked for more information on the projects plans for solar. Mr. Bearden stated that they were working with Lambert Sustainability to evaluate the future installation but that it was still relatively early in that process. He stated that they were committed to making the project as sustainable as possible. They did not have a roof plan yet but had the team assembled to explore the question when ready. Ms. Madden added that they had included a schematic roof plan in the RFP which proposed to cover more of the roof with the exception of the head house. She noted that as they explored the issue in more depth, they might be able to use the head house as well with the right panels. Mr. Brody questioned why they were not planning to wire the entire garage for electric vehicle charging. Mr. Bearden stated that they had used the City's requirements as a starting point for their proposal but that conceptually, they were in 100% agreement with adding more capacity to the garage. Their challenge now was to work this into the construction costs for the project and they would be able to address this question further when they were farther into the project. Mr. Brody stated that he had read that Eversource had assistance options and suggested that they look into those. Ms. Molinsky moved to invite the applicants to submit a full proposal that takes into account the issues discussed over the course of the meeting. Mr. Maloney seconded the motion which passed by unanimous voice vote.

OTHER BUSINESS

Review of Revised Program Logo

Ms. Kritzer explained that the Newton North Graphic Design program had submitted a draft for a new logo for the program which was included in the meeting packets. A copy of the design was shown at this time as well. Mr. Armstrong thought that the new design was clear and noted that it hit the three main funding categories. Ms. Lunin thought that the design should include color and suggested using green and white. Other members thought that the fourth category, Recreation, should also be noted and asked that the next draft include four elements.

Members expressed confusion as to which building represented housing and which represented an historic resource. Members discussed how these could be altered to better represent each category. It was suggested that the housing element be a multi family house, which was more typical for affordable housing than a single large building. For the historic resource image, it was suggested that the simple image have columns or other historic elements added to it. The Jackson Homestead was also suggested as a model. Ms. Molinsky suggested that the images include people to give the pictures more life. Mr. Armstrong stated that he would be happy to work with staff and the students to revise the proposed design. Further discussion was continued to a future meeting.

Review of Current Finances

Ms. Kritzer reviewed the updates to the At A Glance report which came from the additional funding distribution that the CPA program would be receiving from the State CPA Trust Fund. The additional

funding would add \$164,162 to the City's upcoming funding distribution and raise the overall match to 43.8%.

Review of Draft FY23 Budget

A draft of the FY23 CPA program budget had been included in the meeting packet for members to review. Ms. Kritzer explained that the budget did not need to be approved until the CPC's March meeting and that while most of the expenses were fixed, the CPC did have discretion to alter the administrative line items. Members briefly reviewed the anticipated revenue and proposed expenses.

Ms. Kritzer noted that the CPC might want to keep some funding available for developing activities or materials to celebrate the CPA program's 20th anniversary this year. Members brainstormed on possible activities that the CPC could partner with, including reaching out to the City's Pride events to see if there were any opportunities available through that program. Members thought that a map of the CPA projects could be useful and Ms. Kritzer explained about the work underway to complete an interactive map of all the CPA projects completed by the program. Members suggested that the CPC get the new map mentioned in the Mayor's weekly newsletter to raise awareness of the program. Mr. Dunker suggested that the CPC could also partner with the Opening Day festivities at the Newton Highlands playground and fields since CPA funding was a big part of that project. Members agreed to consider thinking of other opportunities to celebrate the CPA program over the course of the year.

Approval of January 11 Minutes

Members had reviewed the draft minutes prior to the meeting. Ms. Weber moved to approve the draft minutes for the January 11 meeting as submitted. Ms. Lunin seconded the motion which passed by unanimous voice vote.

Designate Member for February Minute Review

Mr. Maloney volunteered to review the draft minutes for the February 8 meeting.

Other

Ms. Weber stated that she had received a notice from the Mayor's Office that her appointment to the new Affordable Housing Trust was in progress.

Mr. Armstrong moved to adjourn. Mr. Brody seconded the motion which passed by unanimous voice vote. The meeting was adjourned at 8:34 P.M.