



City of Newton, Massachusetts Community Preservation Committee



MEMORANDUM

David B. Cohen
Mayor

TO: Honorable Board of Aldermen
FROM: Community Preservation Committee (CPC)
DATE: March 24, 2006
RE: **11-13 Cambria Road**

Enclosed are materials supporting the CPC's funding recommendation for community housing.

Proposal: 11-13 Cambria Road
Address: 11-13 Cambria Road, West Newton
Applicant: CAN-DO
Total CPA request: \$351,025
 Project funds: \$350,000
 Law Department: \$850
 Registry of Deeds: \$175

Project description: The 11-13 Cambria Road community housing proposal would help provide two very low/low income families with rental housing in West Newton. The property, recently purchased by CAN-DO, requires minor renovations such as de-leading, window replacement, electrical and structural upgrades, and floor refinishing.

Total units: 2
Affordable units: 2
Affordable level: 50% or less AMI and no higher than 80% AMI
CPA funding per affordable unit: \$175,000

Enclosures:

- a) CPC Recommendation for CPA Funding (3/24/06)
- b) Draft Board Order (3/24/06)
- c) CPA Application Analysis with Development & Operating Budgets (2/23/06)
- d) Newton Housing Rehabilitation Fund Memorandum (1/17/06)
- e) Cambria Road photograph



David B. Cohen
Mayor

City of Newton, Massachusetts

Community Preservation Committee

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MEMORANDUM

TO: Honorable Board of Aldermen
FROM: Community Preservation Committee
DATE: March 24, 2006
RE: **CPC Recommendation for CPA Funding**

PROJECT TITLE: 11-13 Cambria Road
CPA CATEGORY: Community Housing
RECOMMENDED CPA FUNDING: \$351,025

PROJECT DESCRIPTION:

The applicant, CAN-DO, requests \$350,000 of CPA funds in support of community housing to provide low income rental housing in West Newton. The property, located at 11-13 Cambria Road on the Waltham line in West Newton, consists of two two-bedroom units and is a solid structure that would undergo minor renovations in order to be ready to house families up to 80% of the area median income (AMI). If rental assistance is available, the units will house families with incomes up to 50% AMI. The total CPA request is \$351,025, which includes \$350,000 for housing, \$850 for the Law Department and \$175 to register the legal documents.

The following memorandum evaluates how the Cambria Road application qualifies for CPA funding and comports with the Community Preservation Plan. Please see the attached report from the CPC's housing consultant for a more detailed analysis of the application.

FINDINGS/PROJECT EVALUATION

Community Preservation Act (MGL c.44B)

Community Housing

MGL c.44B §2 defines community housing as "low and moderate income housing for individuals and families . . ." Furthermore, §2 defines low income housing as "housing for those persons and families whose annual income is less than 80% of the area median income." and moderate income housing as "housing for those persons and families whose annual income is less than 100% AMI." In addition, §5(b)(2) provides that the CPC "shall make recommendations... for the ... creation of community housing..." This proposal complies with the requirements of MGL c.44B by providing two community housing units for homeownership to low income homebuyers in return for the creation of deed restricted housing units that are permanently affordable to households between up to 80% AMI.

Newton Community Preservation Plan

Overarching Goals

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| 1. Contribute to the preservation of Newton's unique character, boost the vitality of the community and enhance the quality of life for its residents. | Yes |
| 2. Serve more than one CPA category. | No |
| 3. Demonstrate the highest cost/benefit value relative to other proposals. | See below |
| 4. Leverage other public and/or private funds. | Yes, see below |
| 5. Preserve a resource or opportunity that would otherwise be lost. | Yes, see below |

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| 6. Show that a project is the most reasonable available option to achieve the objective. | Yes, see below |
| 7. Demonstrate strong community support. | See below |
| 8. Serve to equitably distribute CPA funds throughout the City. | Yes |

Additional comments on selected goals:

Goal 3: The relative benefit for this project is creating two new units that are affordable to low income households. In terms of CPA cost per affordable housing unit, this project, at \$175,000 per unit, is on the high end compared to other CPA housing projects, because it is generally more expensive to provide for affordable housing in smaller unit numbers.

Goal 4: CAN-DO is planning to leverage CPA funding against \$200,000 in Housing Development Forgivable Loan funds from the City's CDBG program and will receive \$80,000 from the Newton Housing Rehabilitation Fund to conduct de-leading and renovation work. The remaining funds going into the project are from private sources, including a mortgage and a potential \$40,000 Charlesbank grant.

Goal 5: CAN-DO was fortunate to identify a two-family house in good condition and negotiated the sale price below the appraised value. This is a great opportunity to provide low-cost housing for low-income residents.

Goal 6: By providing CPA funds, the City will gain two new affordable units up to 80% AMI and will help provide housing for people who want live in Newton, but cannot otherwise afford to do so.

Goal 7: The Newton Housing Partnership and the League of Women Voters support this application for CPA funding. At the public hearing for the Cambria Road proposal, no opposition was expressed.

Goal 8: The FY06 applications include funding requests for projects in Nonantum, West Newton, Newtonville, Oak Hill, Newton Centre, Chestnut Hill, Newton Highlands, Auburndale, Newton Corner, Newton Upper Falls as well as citywide projects. The Cambria Road project is located in West Newton.

Community Housing Goals

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| 1. Create community housing that is well-designed, of decent quality and based on sound planning principles, including development located near public transportation and in village districts. | Yes, see below |
| 2. Address one or more of the City's priority housing needs, such as those articulated in the City's <i>Consolidated Plan</i> and <i>A Framework for Newton's Planning</i> . | Yes, see below |
| 3. Keep new units affordable for the long term and in perpetuity where possible. | Yes, see below |
| 4. Demonstrate that the amount of requested CPA funding, as well as the total public subsidy requested, is reasonable and is the minimum amount needed for feasibility for the affordable housing. For example, it may be reasonable to support a higher public subsidy to enable the creation of housing serving lower income groups. | Yes, see below |
| 5. Show that the proposal is supported by housing agencies, such as the Newton Housing Partnership, leverages (or is not otherwise eligible for) other public funds and could not otherwise be economically feasible without CPA funds. | See below |
| 6. Avoid displacement of current residents. | Yes |
| 7. Work in conjunction with other City funding mechanisms and build on existing programs, such as the First Time Homebuyer Program. | See below |
| 8. Reuse previously developed sites (including remediated brownfields) for community housing to expand existing resources. | Yes |

Additional comments on selected goals:

Goal 1: This application would convert existing market-rate units to two deed-restricted apartments, affordable to individuals up to 80% AMI.

Goal 2: The creation of affordable rental opportunities for low-income households is a priority need supported by the *Consolidated Plan*. This proposal also leverages other public funds and uses a previously developed site. A *Framework for Newton's Planning* cites the need to protect the City's diverse housing stock, which Cambria Road will do by providing for two low-income families to be able to afford to live in Newton.

Goal 3: All designated affordable units created with CPA funds would be preserved in perpetuity through deed restrictions.

Goal 4: There is a great need for additional affordable rental opportunities in the City. Using CPA funds to create deed-restricted rental housing at Cambria Road will help remedy this. At about \$175,000 per unit, the CPA subsidy is modest.

Goal 5: The project is supported by the Newton Housing Partnership. CDBG funds helped with the purchase of the property and will fund its rehabilitation.

Goal 7: Cambria Road received funds from the City's CDBG program.

Community Housing Needs¹

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| a) Affordable rental and homeownership opportunities for low-income families (serving families at or below 80% of the area median income) | Yes |
| b) Moderate income rental or homeownership housing units (serving families above 80% to 100% of area median income) | No |
| c) Community housing opportunities for individuals who live or work in Newton, have children in a Newton school or have an immediate family member living in Newton, in accordance with the City's local preference policy, fair housing laws and requirements of other funding sources | See below |
| d) Help Newton reach the state mandate of having 10% of its housing stock as affordable to those at or below 80% of median income under MGL Chapter 40B | Yes |

Additional comments on selected needs:

c) Affordable units would be available to all individuals who meet the AMI requirement.

CPC RECOMMENDATION

The proposal is consistent with the CPA criteria and many of the Plan's goals, as outlined above. Therefore, the Community Preservation Committee voted unanimously, to recommend funding this application. The 11-13 Cambria Road project would support the creation of two new affordable rental units by appropriating and transferring the requested \$351,025 to be expended under the direction and control of the Director of Planning and Development for the purposes of funding the 11-13 Cambria Road project as detailed in the application dated December 1, 2005 subject to the following conditions:

1. The Developer or its designee shall submit to the Community Preservation Committee an initial project timeline and a status report on a quarterly basis that describes work that is complete, work remaining, expenditures and target completion date.
2. Upon issuance of an occupancy permit, both of the units at 11-13 Cambria Road shall be affordable to households with incomes at or below 50% of the area median (up to 80% of the area median if rental subsidies are not available). The income and rent restrictions shall be in perpetuity pursuant to a recorded use restriction, subject to the approval of the Massachusetts Department of Housing and Community Development.
3. Prior to the release of funds, the final development and operating budgets must be satisfactory to and approved by the Planning Director. The operating budget must contain a reserve of at least \$10,000 that can be used for operating expenses (including debt service) and capital improvements.
4. Work shall commence no later than December 31, 2006 and shall be completed no later than December 31, 2007 or such other date(s) as may be approved in writing by the Director of Planning and Development. In

¹ From the FY06 Community Preservation Plan, pp. 23-24.

the event of failure to meet the project start or completion dates as stated herein or as approved by the Planning Director, any remaining funds in the project account shall be returned to the Newton Community Preservation Fund.

5. Promptly after substantial completion of project, the applicant shall submit to the Community Preservation Committee a final project development cost statement. If such final development costs are less than the development budget on which the CPC based its funding recommendation, then the CPC reserves the right to require the applicant to remit to the Newton Community Preservation Fund a share of such surplus.
6. Any portion of the grant not used for the purposes stated herein shall be returned to the Newton Community Preservation Fund.