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Barney S. Heath
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MEMORANDUM

To: Members of Zoning and Planning and Finance Committees

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

CC: Caitlin Madden, Metro West Collaborative Development
Taylor Bearden, Civico Development
Jonathan Yeo, Chief Operating Officer

Re: Docket #290-22 - Appropriation of Inclusionary Zoning funds towards the development and construction of the West Newton Armory into 100% permanently affordable housing

Date: June 24, 2022

SUMMARY

The Project Sponsor, Metro West Collaborative Development/Civico Development partnership, is requesting \$890,000 in Inclusionary Zoning funds from the City of Newton to develop and construct the existing West Newton Armory into 43 units of permanently affordable inter-generational housing. At its April 12, 2022 meeting, the Newton Planning and Development Board recommended for approval the Project Sponsor's request for a pre-commitment of \$1,048,000.00 of FY24 & FY25 Community Development Block Grant and HOME funds, and \$890,000 in Inclusionary Zoning funds. Following this recommendation, the Planning Department supports the Mayor's request for appropriation of the Inclusionary Zoning funds towards to the Project per Docket #290-22.

The project's total development costs (TDC) are estimated at \$27,844,312. The Inclusionary Zoning funds will be allocated to construction costs and comprise approximately 3% of total project costs.

The affordability of the units, as well as the current corresponding income limits, are summarized in the following tables.

	1BR	2BR	3BR	TOTAL
30% AMI*	4	8	3	15
60% AMI	11	13	4	28
TOTAL	15	21	7	43
* Supported by Rental Assistance				

HOUSEHOLD SIZE	30% AMI	60% AMI
HH of 1 earning up to	\$28,200	\$56,400
HH of 2 earning up to	\$32,220	\$64,440
HH of 3 earning up to	\$36,240	\$72,480
HH of 4 earning up to	\$40,260	\$80,520

PROJECT HISTORY

In the summer of 2018, the City was approached by the Commonwealth's Division of Capital Asset Management & Maintenance (DCAMM) to discern whether the City had an interest in acquiring the West Newton Armory from the State. The Massachusetts National Guard, who operated the Armory for over 100 years, had determined it to be obsolete and no longer desired to keep the Armory under its care and custody. Following protocol, DCAMM then offered the City the right of first refusal to purchase the Armory under two separate options. First, DCAMM would offer the Armory to Newton for \$1.00 if the City restricted its future use to 100% permanently affordable housing. If the City decided against a future housing use, but desired the Armory for a municipal use (i.e., police station or library), DCAMM would offer an acquisition price based upon the Armory's appraised value for that particular use. If the City chose not to exercise its right to acquire the Armory, DCAMM had the option to sell the Armory via a bid process.

To ensure the City made an informed decision on the future use of the Amory, City Ordinance directed the City Council to refer the issue to its Real Property Reuse Committee. On September 17, 2019, the Committee determined that the Armory be made available for sale or lease. In doing so, the Committee asked the Mayor and Council to create a Joint Advisory Planning Group (JAPG) and appoint its nine members. The JAPG worked with the City's Planning Department to identify a future use of the Armory through the submission of a written report to the Real Property Reuse Committee.

In November 2020, the JAPG submitted its written report to the Committee. Following its review of the report, as well as the feasibility report submitted by the City's housing consultant, the Committee held a public hearing and voted in January 2021 to recommend that the Mayor purchase the Armory from the State for \$1.00 for redevelopment into 100% affordable housing. On February 1, 2021, the full City Council voted to affirm this recommendation.

On July 1, 2021, the City released a RFP to solicit proposals from qualified developers to transform the Armory into 100% permanently affordable housing. In September of 2021, the Mayor convened an Evaluation Committee to assist her selection of an affordable housing developer for the project. Following the recommendation of the Committee, the Mayor selected Metro West Collaborative Development/Civico Development, the Project Sponsor, to undertake the process of transforming the Armory into 100% permanently affordable housing with supportive services.

PROPOSED PROJECT DETAILS

The Project Sponsor will create 43 new units of inter-generational affordable rental housing. The housing will be affordable to a variety of households with incomes up to sixty percent (60%) of the area median income ("AMI"), including a set aside for households with incomes up to thirty percent (30%) AMI. The rehabilitation of the Armory's historic headhouse will be coupled with new construction through the demolition of the rear drill shed. The headhouse will host a community room, a public gallery showcasing the Armory's history, as well as new office space for Metro West. The new construction portion of the project will house 15 one-bedroom, 21 two-bedroom, and 7 three-bedroom apartments. The project will be 100% visitable and five units will be fully accessible units (4 of which will be enhanced CBH units serving individuals with disabilities).

In addition, the Project Sponsor, through Metro West Collaborative Development, will provide an integrated resident services program to identify and address the needs of each household at the Armory upon move-in and on an ongoing basis through a "Housing for Success" model. This will include Metro West CD and Maloney Properties, Inc. staff. Metro West CD's Resident Services Coordinator ("RSC") will serve as the liaison between the Project Sponsor and the residents of the Armory, working closely with Maloney Properties to engage with, and support, residents at all stages of tenancy. Maloney Properties will have a full-time on-site Property Manager ("PM"). The PM will meet monthly, and on an as-needed basis, with the RSC. Metro West CD and Maloney Properties will explore partnerships with other Newton-based service providers to provide targeted information sessions, training, and services that amplify the resident experience. Although the supportive service needs of Armory residents will vary, the types of services included in the resident services program will include eviction avoidance, workforce development, and health and wellness programming.

The development will also include amenities for residents, such as a courtyard, patio, and roof deck, as well as covered parking. The proposal also includes sustainability plans, including attaining passive house (PHIUS) certification and making the building all-electric, including the inclusion of a rooftop solar array. The Project Sponsor further promotes sustainability through the incorporation of bicycle use and EV charging stations. In addition to the Blue Bike station immediately in front of the Armory on Washington Street, the project will accommodate 43 bicycle docks in the basement storage area, as well as an exterior bicycle rack for 11 bikes in the public plaza. In compliance with Newton's Sustainable Development Design Ordinance, the project will include electric vehicle charging stations for 10% of the parking spaces, with an additional 10% equipped with EV infrastructure in place for future demand. With a total of 31 parking spaces, 28 will be sited in an underground garage and five surface spaces will be sited along Armory Street.

PROJECT SPONSOR BACKGROUND

Metro West Collaborative Development, founded in 1991, is a regional community development corporation serving 22 towns in Greater Boston. Metro West CD has developed 121 units of affordable housing with an additional 127 units in the construction pipeline. Metro West CD is a DHCD and MassHousing approved Affordable Housing Monitor and Lottery Agent. Metro West CD has also partnered with the City in the administration of the City's COVID Emergency Housing & Utility Program since June 2020. The \$3+ million-dollar Program has provided rental and utility assistance to over 300 households.

Civico Development, founded in 2014, is a community-focused real estate investment and development group founded on a commitment to quality design, historic preservation, and neighborhood-oriented infill development. Civico's mission is to design and construct high quality buildings, streetscapes, and neighborhoods that significantly enhance the livability and sustainability of our communities. Civico has developed over 250-units of mixed-income housing in Greater Boston that have leveraged both public and private funding, while working in concert with municipalities, city, and town officials.

SOURCES AND USES

The project's total development costs (TDC) are \$27,844,312, (\$647,542/unit) of which \$3,837,026 (13.7%) are soft costs. In addition to the Inclusionary Zoning funds, the Project Sponsor has requested Newton CPA, CDBG, and HOME funds. The Sponsor is also utilizing a variety of state, federal, and private financing including a mix of low-income tax credits (federal and state), several state soft subsidy sources, and rental subsidies. The Sponsor has also secured a Letter of Intent from Eastern Bank for a construction loan.

The following tables summarize the project's funding sources and uses.

SOURCES & USES					
Sources of Funds			Uses of Funds		
	Total	Per Unit		Total	Per Unit
<i>Equity</i>			Acquisition	\$ 1	\$ 0.02
Developer's Cash Equity	\$ -	\$ -	Construction	\$ 21,113,151	\$ 491,003.52
Federal LIHTC Equity	0.90 \$ 11,485,627	\$ 267,108	Soft Costs	\$ 3,837,026	\$ 89,233.16
State LIHTC Equity	0.80 \$ 2,064,000	\$ 48,000	<i>Reserves</i>		
Federal Historic Equity	\$ -	\$ -	Expense Reserve	\$ -	\$ -
State Historic Equity	\$ -	\$ -	Operating Reserve	\$ 393,726	\$ 9,156.42
Developer's Fee/Overhead Contributed	\$ -	\$ -	Replacement Reserve	\$ -	\$ -
Developer's Fee/Overhead Loaned	\$ -	\$ -	Initial Rent-Up Reserves	\$ 60,000	\$ 1,395
Other Source: Excelon (landscape)	\$ -	\$ -	Other Reserves	\$ -	\$ -
Public Equity 1	\$ -	\$ -	Other Reserves:	\$ -	\$ -
Public Equity 2	\$ -	\$ -	Developer OH & Fee	\$ 2,440,408	\$ 56,754
<i>Debt</i>			Total Development Cost	27,844,312	\$ 647,542
First Mortgage	\$ 4,800,000	\$ 111,628			
<i>Soft Debt</i>			Surplus/(Gap)	\$ 0	\$ 0
AHTF	\$ 1,000,000	\$ 23,256			
CATNHP	\$ -	\$ -			
TOD	\$ 886,933	\$ 20,626			
CBH	\$ 906,253	\$ 21,076			
FCF	\$ -	\$ -			
HIF	\$ 500,000	\$ 11,628			
HOME	\$ -	\$ -	Construction Loan Amount	\$ 14,757,320	
HSF	\$ 1,000,000	\$ 23,256			
TOD	\$ -	\$ -			
Passive House	\$ 41,500	\$ 965			
DHCD Other:	\$ -	\$ -			
DHCD Other:	\$ -	\$ -			
Local CPA/HOME/CDBG	\$ 5,160,000	\$ 120,000			
City IDP	\$ -	\$ -			
City NHT	\$ -	\$ -			
TOTAL	\$ 27,844,312	\$ 647,542			

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