



April 18, 2013 (Updated April 21)

Newton Housing Partnership – Project Review Sub-Committee
C/o Robert Muollo, Jr., Housing Planner
Planning and Development Department
City of Newton
1000 Commonwealth Ave.
Newton, MA 02459

Re: Engine 6

Dear Newton Housing Partnership Project Review Sub-Committee Members:

Thank you very much for taking the time to meet with us regarding our proposed redevelopment of the historic former firehouse at 2042-2044 Beacon Street. This memo is an attempt to answer some of the questions raised at our April 11 meeting.

Q. Would the housing be for a specific gender or for anyone regardless of gender?

A. The housing created would be open to anyone, regardless of gender.

Q. The Newton Housing Authority has a property in Newton Corner that is for men who are formerly homeless or at-risk of becoming homeless, and we understand that it may currently have a few vacancies. Could you speak with the Housing Authority and confirm that there is a need for this type of housing?

A. I spoke with Alycia Auchterlonie, the Leased Housing Coordinator for the Newton Housing Partnership. She reported that there are currently 3 or 4 vacancies at the 28 unit Newton Corner Place property. She attributed this to an usual amount of turnover over the past 6 to 7 months. The Housing Authority does not actually own or manage the property, nor do they do outreach for it. The West Suburban YMCA is responsible for outreach and they send potential applicants to the Housing Authority for to fill out an application which includes income verification and a CORI check. She suggested that I contact Donna Gooch at the West Suburban YMCA, however, she is on vacation until April 22. I will reach out to her for additional information when she returns.

The Continuum of Care has a wealth of information about the need to create more housing for homeless folks. According to the Consolidated Plan 2011-2015, there were 173 homeless individuals in the Brookline, Newton and Watertown communities, including folks in emergency shelters or transitional housing¹. The Plan sets of a goal for the Brookline/Newton

¹ Pg. 144

Continuum of Care to produce 5 permanent supportive housing units per year during the FY11-15 Consolidated Plan period, resulting in an additional 25 units.² As it will take this project at least two years to be completed, the ten units created would meet this goal for two years.

Q. Could this project be permitted by invoking the Dover Amendment?

A. After consulting with our Attorney, we believe that because we plan to provide specialized support services, we could qualify to use the Dover Amendment.

Q. What type of resident screening would be in place?

A. Please see Attachment 1, Excerpt from Draft Management Plan regarding tenant selection.

Q. The Utilities may be low and the operating budget goes negative in Year 10.

A. Please see Attachment 2, Updated 10-Year Operating Budget. The utility estimates have actually dropped because we are now assuming residents will pay their own electricity. Therefore the rents have dropped but I have increased the amount of Continuum of Care funding. The Continuum of Care estimate continues to be conservative as most “bonus” projects funded in recent years receive between \$150,000 and \$180,000.

Q. The insurance during construction may be low.

A. Please see Attachment 3, Updated Development Budget

Q. Is there another model that could be used that would support traditional debt from a private lender, thereby reducing the need for public resources in general and City of Newton resources in particular?

A. The concept was driven by a few key factors: The historic nature of the building and our desire to preserve the historic fabric remaining inside the building; a substantial part of the usable space in the building is in the basement with very limited access to daylight; and efficiently using public resources to create high-quality affordable housing that meets the needs of the City of Newton and the broader region.

Due to the building’s historic nature, and our desire to preserve the historic fabric inside the building, it would be difficult to create significantly larger units. We would be able to create, at most, 6 apartments, including two very small studios, one on each floor. Given these constraints, the property is less than ideal for families.

The large amount of space in the basement that is not conducive for housing due to the lack of sunlight is ideal for common spaces in which residents can gather or in which programming could occur. Given that parking and traffic has traditionally been the major concern of residents in Special Permit proposals stretching back to 1967, the best use of basement space seems to be for activities that would primarily support residents rather than a broader community. Thus the basement is an opportunity to provide homes for people who have special needs and would benefit from having access to specialized services in the place that they live.

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The City of Newton coordinates the activities of the Brookline-Newton-Waltham-Watertown Continuum of Care (CoC). The purpose of the CoC is to bring communities together in a coordinated planning effort to work toward alleviating homelessness. The CoC has documented the need for more housing for homeless individuals and created goals for the creation of additional housing. The Commonwealth of Massachusetts has also placed a high priority on creating homes for formerly homeless and potentially homeless individuals and families.

Because of the above reasons, we have not spent much time studying other options. However, if we created larger units, we anticipate that the construction costs may only be reduced by between \$150,000 and \$200,000 and the soft cost reduction would be even smaller. If losing 40% of the units would only net a 10% reduction in costs, the total development cost per unit would end up being about 50% higher. The need for public resources would decrease slightly, but the money would be used less efficiently, as slightly less money would be creating 40% fewer affordable homes. Even if such a scheme could generate enough income to support a permanent mortgage, the mortgage capacity of the property would not come close to covering the increased spending per unit.

We could also explore creating similar housing with fewer services. However, we thoughtfully chose Paul Sullivan Housing to be the service provider because of the multitude and quality of services they provide. The CoC provides much of the funding for these services, and without this less of service, we would not be able to access CoC funding, exacerbating any economic challenges of long-term management.

Q. Who pays the utilities?

A. The residents would pay for their own electricity, including the use of their proposed electric stoves. The property would pay for heat and hot water.

Q. Please provide a project schedule.

A. Please see Attachment 4, Project Schedule. Please note that this schedule shows two different scenarios, one based on a recommendation from the Newton Housing Partnership at their May meeting and one based on a recommendation from the Newton Housing Partnership at their June meeting.

Q. If City of Newton funds can not be used for acquisition, how would you purchase the property?

A. We have already begun discussing acquisition loans with a couple of potential lenders. It is most likely that we would get an acquisition loan from a public purpose lender such as the Community Economic Development Assistance Corporation (CEDAC), Boston Community Capital (BCC) or the Local Initiatives Support Corporation (LISC). Although the terms and conditions of such loans vary, they can generally cover somewhere between 90-100% of the acquisition cost, provided that: 1) the acquisition price is supported by an appraisal; 2) the proposed project is financing feasible; and 3) there is some tangible evidence of support from the local municipality. In our brief conversations with lenders, it seems likely that final commitment of any acquisition loan would be contingent on receiving a funding commitment from the City of Newton for HOME and/or CDBG funds. Please see Attachment 5, CEDAC Acquisition Terms and Conditions, as an example of the terms of such loans.

It should be noted that all of the acquisition loans would require that interest be paid on them. We have budgeted some money for acquisition loan interest, however, if additional interest needs to be paid, it would impact the overall cost of the development.

Q. Please provide a site plan

A. We do not have an updated site plan at this point in time. We will do our best to provide an updated site plan prior by May 8. There were two major issues that prompted this question: parking and the possible relocation of a stair in the rear of the property.

The property currently squeezes up to 16 cars on-site, mostly by allowing tandem parking on either side of the building. Removing all tandem parking, there would be space for 9 vehicles. However, we would propose to create one van accessible space, reducing the number of parking spaces to 8. This is an excess of the parking that is required by zoning, which would be 1 space for every 2 low-income apartments, or 5 spaces total. The proposed population would be unlikely to include many, if any, residents with cars, so we anticipate that 8 spaces would be more than enough to accommodate residents, service providers and visitors.

In the rear of the building there are two wooden staircases, one leads from a second floor window to a retaining wall, while the second leads from the retaining wall down to ground level. The stairways provide a second means of egress for the second floor. However, in order to comply with current code, the window will need to be lowered to become a door. This will necessitate rebuilding a smaller stair, which by code will need to be covered, most likely with an awning. The second stairway is attached to the building, partially covering parts of two windows. We propose to move the stairway away from the building in order to better utilize the windows and better appreciate the historic nature of the building.

The above are the only two changes contemplated to the site, excluding the building.

Q. Please provide an updated schematic design drawing.

A. Updated schematic drawings will be available no later than Monday, April 22.

Q. Please provide a profile of the service provider.

A. Please see Attachment 6, Paul Sullivan Housing Management Agent Profile.



May 1, 2013

Newton Housing Partnership
C/o Robert Muollo, Jr., Housing Planner
Planning and Development Department
City of Newton
1000 Commonwealth Ave.
Newton, MA 02459

Re: Engine 6, Questions raised at Project Review Sub-Committee meeting on April 26.

Dear Newton Housing Partnership Members:

This memo is an attempt to answer outstanding questions raised at our April 26 meeting with the Project Review Sub-Committee.

Q. Will the residents be “low-threshold”? If they are not “low-threshold” how will you affirmatively market the apartments while still recruiting other than “low-threshold” residents?

A. “Low-threshold” housing, sometimes called Housing First, is the approach of placing people in housing first and then providing services. This model allows individuals to deal with issues such as alcohol or drug dependence or mental illness after getting permanent housing rather than before being placed in permanent housing.

The proposed housing at Engine 6 is not low-threshold. This is evidenced by our draft tenant selection plan which would allow us to deny applicants for a variety of reasons, including having recent drug-related or violent incidents.

Q. The draft tenant selection plan says that you would do SORI checks on prospective residents but it does not say what might be found in a SORI check that would result in a denied application.

A. Level 2 and Level 3 sex offenders would have their applications for residency denied.

Q. We understand that you are planning to permit the project as a friendly 40B, could you please provide us with a list of expected variances?

A. The property is located in the Single Residence 2 (SR2) Zone, thus the only permitted use is a single-family residence. We will therefore need to change from one non-conforming use to another. The minimum lot size in the SR2 Zone is 10,000 SF, this lot is 8,595 so the lot itself is non-conforming. The maximum floor area ratio is (FAR) is .3 and the existing building has an

FAR of .768. We are not sure about setbacks or open space as we don't have a complete site plan yet.

Q. The water and sewer line item on your operating budget seems low, please explain.

A. We calculated this by looking for publicly available data on a similar property, Nonantum Village Place, at 243 Watertown Street. We found that they spend an average of \$415 per unit per year on water and sewer. We have therefore increased our budget to \$425 per unit per year. An updated operating budget is attached.

Q. Insurance during construction seems low.

We are going into a construction on a mixed-use project in Watertown in July. For that project our construction insurance quote is approximately \$22,000 per year for 25 residential apartments and three commercial spaces. We have budgeted \$1,000 per unit per year for this property, which we feel is appropriately conservative.