COMMUNITY PRESERVATION COMMITTEE
TOWN OF NEEDHAM, MASSACHUSETTS

Minutes of Meeting
February 21, 2024

LOCATION: Hybrid Meeting, Highland Room, Needham Town Hall, 1471 Highland Avenue and via Zoom

PRESENT: Joe Barnes (Co-Chair), Laura Dorfman (Co-Chair), Jeanne McKnight, Dave Herer, Maureen Callahan, Keith LaFace

REMOTE: Reg Foster, Jim Rosenbaum

ABSENT: Paul Dawson

STAFF: Lauren Spinney, Cecilia Simchak (partial meeting)

GUESTS: Emily Achtenberg

J. Barnes called the meeting to order and completed a roll call for members of the Committee and staff, the results of which are noted above. J. Barnes reviewed the rules of the hybrid meeting and disclosed that it was being video recorded.

COMMITTEE CHAIR UPDATES

J. Barnes reported that he and L. Dorfman met with the Finance Committee earlier that evening. The Finance Committee is supportive of the three articles. There were questions regarding the Linden Redevelopment project. We will obtain answers or refer them to the appropriate individuals.

FY2025-01: NHA LINDEN REDEVELOPMENT (CONSTRUCTION)

This is a request for $5,500,000 by the NHA for redevelopment and construction of public housing located at Linden Street (Phases 1A & 1B) under Community Housing.

J. Barnes introduced Emily Achtenberg, the CPC's affordable housing and finance consultant.

E. Achtenberg has been reviewing and assessing the Linden Redevelopment project (Linden) for the last few months. The one issue that is still somewhat troublesome is the $6.8M NHA sponsor loan that is coming from the repositioning of Seabeds Cook (Seabeds).

Seabeds itself requires substantial financial assistance and support from the state in the form of tax exempt bonds and tax credits, just as Linden requires. In order to qualify for tax exempt bonds and credits there must be a change in ownership; therefore, Seabeds will be sold for $18.1M. The NHA will take a seller's note for $11.25M (NHA acquisition loan) and realize $6.8M from the transaction. The NHA will then provide this $6.8M to the Linden project. In addition, the repositioning of Seabeds will release 60 units of project-based Section 8 subsidies that will also be redeployed to the Linden project as part of its financing plan. Consequently, the Seabeds repositioning must proceed in order for Linden to proceed.

E. Achtenberg noted the following: (1) she has asked for support for the $18.1M acquisition price, but has not yet received it; and (2) MA has run out of tax exempt bond volume cap, creating an unprecedented scarcity that will make it difficult to fund one project, let alone two. Linden's dependency on Seabeds is a hurdle that might necessitate the CPC imposing certain conditions on the timing of any award of funding.

Key takeaways from E. Achtenberg's proforma analysis:

1. Linden only has 12 Section 8 project-based subsidies with market rate rent, plus the 24 coming from HLC.

2. The remaining 100 units are Faircloth Section 8 units (60 coming from Seabeds, 40 from Cambridge Housing Authority). These are also project based subsidies, but the rents are less than half of the Section 8 units. Consequently, Linden will not have the rental income to support a large mortgage.

3. NHA is proposing a substantial reduction, if not a complete elimination, of the property tax in favor of having a pilot agreement according to the same principles the property has been operating under thus far. This is essentially a contribution by the town and must be approved by the assessing department.

In order for this project to move forward the NHA will submit a pre-application in October to be considered for the January round of private housing money. To do this, they must have all of the local commitments lined up. Although the CPC is being asked to approve funding at a time when the project financing is still uncertain, the money is not disbursed until closing so it is not at risk other than the opportunity costs of not being able to fund another project.

E. Achtenberg shared proposed special conditions the CPC might consider imposing on funding:

1. Affordability Restriction – If the town is looking for permanent affordability it will need to impose its own restriction. Although there will be restrictions imposed by other sources, they are all variable. The tax credit restriction will not survive foreclosure. HLC will tie restrictions to the disposition of the property, but it has been backing off from enforcing those restrictions because the state is trying to relieve itself of responsibility for public housing. This is not a 40(b) project so it will not have the benefit of those affordability restrictions.

E. Achtenberg suggested the CPC restrict all 136 units to no more than 60% AMI, essentially matching the tax credit restriction. It could be a straight 60% AMI or income averaged, but it should match whatever range is ultimately reflected in the tax credit regulatory agreement, effectively maintaining that restriction in perpetuity. We know the project is feasible at 60% AMI because that is the assumption being used by the NHA now.

This would be a restriction on the land. Down the road, if there is an event like foreclosure, refinancing or sale, this restriction will dictate the terms under which the owner or anyone they sell to has to operate. The restriction is long term insurance to guide the future development and operation of the property for 99 years.

J. McKnight shared that the Planning Board developed zoning for the property that will be by right zoning for multifamily development. This has already been sent to the Select Board and there will be a hearing on it in the next few months.

R. Foster commented that the Planning Board reviewed the affordability issue and chose to conform zoning to the definition of affordability in the Town Bylaw (80% AMI) as the best approach for the Town. The decision as to the affordability of the property belongs to the Planning Board and Select Board. The NHA's goal has always been to provide deeply affordable housing which is 30% AMI or below.

E. Achtenberg stated that Linden is a resource that has always been for very low income families. The average income of tenants today is probably less than 30% of AMI. Going to 80% AMI is a big leap in terms of who will potentially be served by this development in the future. It is in the interest of the Town to keep this project geared towards the occupancy that it has historically served.

With respect to affordability, E. Achtenberg also suggested the CPC consider conditioning funding on a commitment from the NHA to making best efforts to renew the project based voucher contract, if offered on comparable terms, throughout the life of the project.

E. Achtenberg further recommended that with respect to the 72 public housing units that will be replaced, a special restriction require them to continue to be operated at rents affordable to households eligible for state public housing at affordable rents, or to follow the requirements of an equivalent project based voucher subsidy program that is being used.

2. Awarding Funding as a Loan Versus Grant. J. Barnes indicated that the CPC has decided not to pursue this option.

3. Predevelopment Funds. With respect to the $1.386M in predevelopment funds that were previously approved, E. Achtenberg suggested the CPC request the NHA to stipulate that the CPC grant will be deferred until the ARPA funds are expended or the Planning Board approves the site plan, whichever comes later. This mitigates the CPC's risk by ensuring the project is further along before funds are disbursed.

4. Family Housing. E Achtenberg recommended the CPC require the NHA to use best efforts to include a substantial number of family units in the next phase of the project.

J. McKnight stated that the NHA wanted to remove the elderly and disabled restriction in the zoning for the property. Part of the reason that was given was that it might help obtain the state funding. E. Achtenberg said that her suggestion goes further than zoning, requiring the NHA to actually include family units in its proposal for the next phase, which is what the state really wants to see.

R. Foster shared that the NHA has 25 acres of land with 60 one-bedroom units at High Rock Estates. After the NHA completes Phases 1A & 1B of Linden Street, it will probably move to reposition the High Rock property and build 100 more family units; therefore, it does not make sense to put a restriction on the Chambers St. project for family housing.

5. Reconsideration. E. Achtenberg suggested the CPC set a deadline by which the NHA must receive funding from HLC, and if it does not, the CPC would have the right to reconsider its award. A deadline of June 2026 would give the NHA two rounds to obtain funding before the CPC would have the right to reconsider its grant.

E. Achtenberg left the meeting.

FINANCE COMMITTEE CONSULTATION

J. Barnes shared that the NHS Tennis Court project was well received by the Finance Committee. The only issue raised was with respect to maintenance. We were advised to be careful with the wording in our warrant article in that regard.

There were no issues raised regarding the DeFazio Fencing project.

L. Spinney shared that the Finance Committee asked a question about the predevelopment award previously approved by the CPC. Specifically, they would like to know how the payment of predevelopment fees to the Cambridge Housing Authority does not constitute double dipping if the CHA will also receive a developer's fee from the Linden project?

R. Foster shared that the CHA is presently working as a predevelopment consultant on an hourly basis. The NHA is in negotiation with CHA to be the developer and the developer is entitled to a fee for doing the development. That is subject to negotiation and will be split between NHA and CHA, but it is not double dipping.

FY2025-02: NEEDHAM HIGH SCHOOL TENNIS COURTS (CONSTRUCTION)

This is a request by the Needham Park and Recreation Department for improvements to the Needham High School tennis courts under Recreation. The request for CPA funding was originally $2,600,000 but has been reduced to $1,440,000.

No updates.

FY2025-03: DEFAZIO FENCING IMPROVEMENTS

This is a request for $417,000 made jointly by the Needham Department of Public Works and the Needham Park and Recreation Department for replacement of fencing around the DeFazio Complex under Recreation.

No updates.

PUBLIC HEARING

L. Dorfman will run the meeting and open the public hearing. She will also introduce the Linden Redevelopment project. R. Foster will present. M. Callahan will introduce the NHS Tennis Court project. S. Mulroy and J. Charwick will present. J. McKnight will introduce the DeFazio project. E. Olsen will present. Needham TV will broadcast the hearing.

MEETING SCHEDULE

Upcoming meetings include the Public Hearing on March 13, 2024 at 7:00 p.m. and March 20, 2024 at 7:00 p.m.

MATTERS NOT REASONABLY ANTICIPATED BY THE CHAIR 48 HOURS IN ADVANCE

None.

ADJOURNMENT

J. McKnight moved to adjourn the meeting at 8:56 p.m. The motion was seconded by L. Dorfman. The vote was as follows: **J. Rosenbaum** (aye); **J. McKnight** (aye); **D. Herer** (aye); **M. Callahan** (aye); **R. Foster** (aye); **J. Barnes** (aye); **L. Dorfman** (aye); **K. LaFace** (aye). Motion carries 8-0.

For more information, the meeting materials are available at:

https://www.needhamma.gov/Archive.aspx?ADID=12367

Respectfully submitted,

Lauren Spinney
Administrative Coordinator