COMMUNITY PRESERVATION COMMITTEE
TOWN OF NEEDHAM, MASSACHUSETTS

Minutes of Meeting
February 26, 2025

LOCATION: Hybrid Meeting – Charles River Room, 500 Dedham Avenue, Needham, and via Zoom

PRESENT: Dave Herer (Chair), Maureen Callahan (Vice Chair), Paul Dawson
Marshall Davis, Reginald Foster, Jim Rosenbaum

ABSENT: Adam Block, Keith LaFAce

STAFF: Lauren Spinney

GUESTS: Emily Achtenberg, Matthew Zajac

D. Herer called the meeting to order at 7:00 p.m. All members of the Committee were present, as were staff and guests as noted above.

CHAIR'S INTRODUCTION

D. Herer announced that Betsy Millane resigned from the Committee. We now have eight members and our quorum is five. The CPC will not get a new member to replace Betsy before the public hearing or vote on FY2026 applications.

UPDATE REGARDING SELECT BOARD CONSULTATION

D. Herer reported that he and M. Callahan met with the Select Board regarding the FY2026 projects. He shared that the Select Board had some questions and provided feedback but seem to generally be in support of the projects.

The consultation with the Finance Committee is scheduled for March 5. D. Herer also requested a consultation with the Town Financed Community Housing Oversight Committee and that has been scheduled for March 10.

REVIEW OF CPC FINANCES

D. Herer presented a spreadsheet summarizing the funds currently available in CPA reserves as well as estimated FY2026 receipts. If the Committee chooses to appropriate FY2026 estimated receipts directly to FY2026 projects (instead of appropriating them into the reserve funds), there will be $6,514,183 available for Community Housing and Recreation projects.

DISCUSSION WITH EMILY ACHTENBERG, COMMUNITY HOUSING AND FINANCE CONSULTANT

E. Achtenberg prepared a detailed memorandum to the Committee which is available in the meeting materials.

FY2026-04 Needham Housing Authority: Preservation of Seabeds-Cook

Overall, the Seabeds Way (only) project is very tight in terms of how it is being underwritten. The margin for operating is very low with some operating costs funded below the line. There isn't enough room in the budget as currently construed to carry the full operating costs because of the amount of debt the NHA wants to carry. This may change if a lender thinks that it is too tight, but since they are not pursuing tax credit investors the NHA has a little more leeway.

The proposed renovation and refinancing of Seabeds Way is a beneficial project and necessary to allow the Linden Street Redevelopment Project (Linden) to move forward. The Seabeds project will free up subsidy authority for 41 "Faircloth" units, which can be converted to Section 8 Project-Based Vouchers and transferred by NHA to Linden. The 41 Faircloth units are critical to the NHA's ability to secure EOHLC funding for Linden.

E. Achtenberg agrees with the NHA's decision not to seek Low Income Housing Tax Credits for Seabeds. It will not score well as a preservation project because (1) it is not considered to be at risk like other privately owned preservation projects; (2) it is not adding any new units; and (3) it is federal public housing. There is no other way to do this.

There is currently an underlying affordability restriction at 80% AMI. E. Achtenberg suggests the Town condition the funds on maintaining that level of affordability and have that restriction run with the land because the underlying restriction may not survive contract termination due to an extraordinary cause (i.e. of ending the Section 8 contract due to lack of appropriations at the federal level). Community Preservation Funds are supposed to come with an affordability restriction.

E, Achtenberg also suggests the Town condition the funds on a commitment to renew the project-based deep subsidy contracts.

Finally, if the Town is going to award such large sums of money, E. Achtenberg recommends it consider providing this money not as a grant but as a loan, and obtaining repayment out of cash flow as is done at the state level. Although there is very little cash flow in this project, E. Achtenberg is encouraging the Town to establish this practice as precedent for all projects (or perhaps projects over a certain size).

Finally, the NHA indicated that it is requesting a certain amount of funds prior to closing. That should only be done at the Town's discretion and should not be done until after the funding commitments are in place.

D. Herer shared that he and M. Callahan attended a chairs' meeting with the Select Board to discuss potential bonding of the combined Seabeds Way and Captain Robert Cook project. The general tenor of the Select Board, Town Manager, and Finance Department was that they did not feel there was sufficient time to pursue bonding given that Town Meeting is coming up quickly. They were still waiting for information from the NHA and would not have enough time to complete proper due diligence. They also need to consider other large projects that are coming up for the Town.

Bonding does not appear to be a practical solution at this time. D. Herer shared that the Select Board was open minded about discussing it in the future and suggested that they could meet with the NHA to talk about next year.

R. Foster shared a letter explaining that NHA Board voted unanimously to amend its application to request funding for Seabeds Way phase of the project (Seabeds First) and reduced the request from $5,600,000 to $3,200,000.

D. Herer R. Foster to explain request for receiving funds prior to closing. R. Foster asked if M. Zajac could respond. M. Zajac explained that certain costs cannot be deferred until closing (i.e. surveyors, environmental consultants, architects, engineering). The NHA will work with vendors to the best of its ability to defer costs, but some vendors may not be able to hold invoicing for that length of time. The other primary source the NHA has to fund expenses pre-closing is a federal capital program. That program can be cumbersome to use and has an annual limit so having the flexibility to utilize CPA funds pre-closing would be very helpful.

E. Achtenberg asked how early they would need the funds released. M. Zajac said his current thinking is that it would be closer to closing when they have construction documents and more of the funding sources have come in. It might not be that every single one has a firm commitment, but the picture would be much more solidified.

FY2026-03 Charles River Center: East Militia Heights Development

E. Achtenberg feels that the numbers are solid for the most part. There are some opportunities for cost savings that are reasonable and should not make the project infeasible. The first of which is the $2M reserve they are carrying for the five staff units. The alternative is to not charge rent for those five units (or charge less rent) and carry the costs of the units as a concession in the operating budget. This way the project will only have to carry one year's worth of rent instead of the $2M reserve. This is a very traditional approach when staff live at a property and will save approximately $413,000.

An additional opportunity for cost savings may exist with respect to the five units that will be rented at 80% AMI. Traditionally, units rented at 80% of AMI were not eligible for tax credits, however under some circumstances those units could be eligible for 4% tax credits under a program from EOHLC as long as the average rents of all units across the project is 60% AMI or less. This is a 4% tax credit project so income averaging could be an option for additional cost savings. E. Achtenberg noted that the income averaging program is only available at EOHLC's discretion and is mainly a tool for preservation projects, however, it has been allowed for new construction as well and she is aware of many new construction projects that have put this in their proformas at an early stage as a reasonable assumption. This approach could generate cost savings of $856,000.

Finally, CRC could apply for HOME Consortium funds and there may be other sources of energy funds that can be tapped.

With respect to proposed conditions for funding, the Town should require an affordability deed restriction maintaining 76 units at or below 60% AMI, and the 5 units at or below 80% AMI in perpetuity. It is not sufficient to simply elect the tax credit regulatory agreement with HLC as the affordability restriction, as the tax credit restriction would not survive foreclosure. Additionally, E. Achtenberg suggests the Town require in its grant agreement that CRC use best efforts to renew the project-based subsidies.

If the Town were to award this money as a no-interest loan (versus a grant) to be paid out of cash flow, E. Achtenberg estimates that the Town could receive \$1.4M to \$1.8M back at the end of 20 years.

FY2026 PROJECT UPDATES, REVIEW & DISCUSSION

In preparation for the upcoming consultation with the Finance Committee, D. Herer asked Committee members raise any questions or concerns they may have with respect to pending projects.

FY2026-01 Needham History Center & Museum: Collections Storage Upgrades

J. Rosenbaum shared that this is a worthy project and pointed out that there are sufficient funds in the Historical Preservation reserve to support it. D. Herer reported that one Select Board member asked if the History Center and Museum had considered off-site storage options. Gloria Greis confirmed that off-site storage would be less desirable because visitors need access to the collections for research purposes.

FY2026-02 Needham Conservation Department: Trail Signage Improvements

No questions, no updates.

FY2026-03 Charles River Center: East Militia Heights Development

R. Foster and A. Block previously requested that the CPC confer with Lee Newman and Daphne Collins regarding the feasibility of the Charles River Center's proposed timeline for zoning compliance. L. Spinney shared that Lee Newman felt it was reasonable. D. Collins provided information regarding a similar project for comparison purposes and shared that CRC's timeline was a bit optimistic but not unreasonable.

M. Callanan asked about communication with the Charles River Center regarding E. Achtenberg's proposed cost savings approaches. D. Herer stated that they are aware of her questions and suggestions. L. Spinney shared that E. Achtenberg raised questions about these cost savings strategies with CRC after its presentation to the CPC and also in written follow-up questions. E. Achtenberg had the benefit of CRC's responses to those follow-up questions prior to preparing her report and analysis.

FY2026-04 Needham Housing Authority: Preservation of Seabeds-Cook

The NHA submitted a revised application for the Seabeds Way phase of the project only, which the Needham Housing Authority (NHA) is referring to as the Seabeds First project. M. Davis moved to accept the revised application for the Seabeds First project. M. Callahan seconded. The vote was unanimous (motion carried 6-0).

D. Herer asked for more detailed information regarding how the NHA separated costs between the Seabeds Way and Captain Robert Cook Drive phases of the project and arrived at its revised figures for the Seabeds First project.

FY2026-05 Needham Housing Authority: High Rock Estates Land Use Study

The Committee awaits Town Counsel's formal written decision with respect to eligibility of this project.

FY2026-06 Needham Park & Recreation Department: Action Park & Pickleball Courts

No updates. D. Herer shared that the Select Board had questions regarding the total estimated costs of construction.

FY2026-07 Needham Park & Recreation Department, Department of Public Works: Eliott School Grounds Renovation (Design)

No updates. J. Rosenbaum shared that when the Eliot School was built the community fundraised for construction of the playground.

PLANNING FOR PUBLIC HEARING

D. Herer prepared guidelines for conduct of the public hearing and discussed them with the Committee.

ISSUES NOT REASONABLY ANTICIPATED BY THE CHAIR WITHIN 48 HOURS

None.

UPCOMING MEETING SCHEDULE

Upcoming CPC meetings are scheduled for March 12 and March 19.

ADJOURNMENT

P. Dawson moved to adjourn the meeting at 8:20 p.m. M. Davis seconded the motion. Motion carries (6-0).

For more information, meeting materials are available at:

https://www.needhamma.gov/Archive.aspx?ADID=13551

Respectfully submitted,
Lauren Spinney
Administrative Coordinator