CPC USE ONLY: Application #: ____________ Eligible: Y N

TOWN OF NEEDHAM
COMMUNITY PRESERVATION COMMITTEE

INITIAL ELIGIBILITY PROJECT APPLICATION
FY2026

AMENDMENT: SBW only request
Date: February 20, 2025

The deadline for completed applications is NOVEMBER 1, 2024. Submit via email to Cecilia Simchak at csimchak@needhamma.gov and Lauren Spinney at lspinney@needhamma.gov. For more information visit www.needham.gov/CPC.

1. **Applicant:** Needham Housing Authority **Submission Date:** October 31, 2024

2. **Applicant's Address, Phone Number, Email:**

21 Highland Circle, Suite 10, Needham, MA 02494
(781)-444-3011 x. 212; cgosmon@needhamhousing.org
(339)-222-6187; chair@needhamhousing.org

3. **Purpose** *(select all that apply)*

- [ ] **Open Space**
- [X] **Community Housing**
- [ ] **Historic Preservation**
- [ ] **Recreation**

Contact Name:
Cheryl Gosmon, Executive Director
Reginald C. Foster, Chair of the Board of Commissioners

4. **Project Name:** Preservation of Seabeds Way

5. **Project Location/Address:**
22-46 Seabeds Way (4 buildings - "SBW")
(Parcel ID: 199/083.0-0011-0000.0)
Needham, MA 02494

Legal Address:
0 Evergreen Road

6. **Property Ownership** *(Control)*: Needham Housing Authority

7. **Amount Requested:** **$3,200,000**

8. **Estimated Total Project Cost:** *(If Different)* **$20,827,594**

9. **Critical Dates:** *(If Applicable)*
- Dec 2024: Completion of Schematic Design
- Feb - July 2025: Construction Documents
- May 2025: Town Meeting Approval of CPA Funding
- Q1 2026: Financial closing and construction start
- Q1 2027: Construction completion

10. **Project Summary:** *(In 100 words or less provide a brief summary of the project)*

The preservation of SBW and CRCD is a critical objective of NHA's Preservation and Redevelopment Initiative (PRI). The project ensure that the "bricks and mortar" is preserved as low-income affordable housing for the next 20+ years. However the CPC has indicated that there may not be enough CPA funding available to address both properties concurrently, and requested a revised application targeted to address just:
- Seabeds Way: 46 one bedroom apartments for senior and disabled households

NHA has been working with its development consultants at the Cambridge Housing Authority (CHA) and its architects at Bargmann, Hendrie + Archetype (BH+A) to develop a financing plan and scope of work for the project. NHA submitted an application to HUD in October 2024 to convert the property from federal public housing to the Section 8 program. Preliminary approval was received in December 2024. NHA anticipates that funding sources will include a permanent mortgage and other state funding. Because NHA is going forward with the Linden Street Redevelopment Project, NHA **will forgo applying for federal LIHTCs and private activity bonds**, so as to not "compete with ourselves" at the upcoming 2024 OneStop funding round kicking off in November, 2024.

The scope of work supported by CPA funds will preserve the property as low-income affordable housing. The total amount of construction costs related to the CPA eligible scope of a SBW first project is approximately $3.46M. This includes:
- Building envelope and site work to preserve the structural integrity of the housing
- Roof, siding and window replacements to assure the water tightness of the housing
- Replacement of dangerous building systems which threaten the housing units
- Installation of hard-wired smoke alarms, sprinklers and other building fire suppression systems

Beyond this scope, the project's other funding sources will bring improvements to the property to increase energy efficiency and resident comfort.

11. **Community Need:** *(In 100 words or less describe how the project meets the goals of the Needham Community Preservation Plan*

The 2022 Needham Housing Plan identifies the preservation of existing affordable housing as a critical priority because of the severe shortage of deeply affordable housing for individuals and families in Needham. It also documents NHA's PRI as a top development and preservation strategy for the Town to pursue. This project addresses these priority issues because it will preserve SBW as a valuable housing resource for low-income families and senior / disabled residents in Needham for the next 20+ years. This is critical to promoting economic diversity in Needham and maintaining the Town’s compliance with the Commonwealth’s Subsidized Housing Inventory (SHI) thresholds.

This project also meets the goals of the Needham Community Preservation Plan because:

- It addresses an urgent community need by preserving existing deeply affordable units;
- Has broad and strong support from other Town boards, committees and residents;
- FY 2026 CPA funding ($3.2M) would leverage a substantial amount of non-Needham funds (~$17.5M) to achieve its objectives.

All numbers are direct cost estimates for construction starting in 2025, based on the 100% Schematic Design (SD) plans that have been completed as of the date of this amended application.

12. Eligibility for Funding: *(In 100 words or less, state the legal basis for why this project is eligible for Community Preservation Act funding).*

Per the 2023 Needham Community Preservation Plan and the Massachusetts Community Preservation Act (MGL Ch. 44b §5(b)2), CPA funding may be recommended for "...the acquisition, creation, **preservation** and support of **community housing**;... provided, however, that funds expended pursuant to this chapter... shall not be used for maintenance." Community Housing is defined as: ''low-and moderate-income housing for individuals and families, including low- or moderate-income senior housing." **(emphasis added)**

In 2013, the Commonwealth’s Executive Office of Housing and Livable Communities (EOHLC) issued PHN 2013-14 which states: "While activities classified as ‘rehabilitation’ are not allowed, **'preservation' work on existing community housing resources is allowed**. In general, work that protects the housing structure (not residents) from future injury, harm or destruction is permitted under CPA."

SBW is an affordable housing development for low-income senior and disabled households with incomes up to 80% AMI in Needham and is thus eligible for CPA funding. Based on a Supplemental Existing Conditions Report and subsequent schematic design process being completed by BH+A, NHA has identified a detailed list of repairs that meet the definition of “preservation” and thus are eligible for CPA funding.

Note: This application enables the Community Preservation Committee to review the request to assess eligibility. <u>You will be notified of the Committee's determination by December 1, 2024</u>. Additional information may be required.

CPC USE ONLY: Application #: ____________ Eligible: Y N

TOWN OF NEEDHAM
COMMUNITY PRESERVATION COMMITTEE

INITIAL ELIGIBILITY PROJECT APPLICATION
FY2026

AMENDMENT: Combined SBW and CRCD request
Date: February 20, 2025

The deadline for completed applications is NOVEMBER 1, 2024. Submit via email to Cecilia Simchak at csimchak@needhamma.gov and Lauren Spinney at lspinney@needhamma.gov. For more information visit www.needham.gov/CPC.

1. **Applicant:** Needham Housing Authority

Submission Date: October 31, 2024

2. **Applicant's Address, Phone Number, Email:**

21 Highland Circle, Suite 10, Needham, MA 02494
(781)-444-3011 x. 212; cgosmon@needhamhousing.org
(339)-222-6187; chair@needhamhousing.org

Contact Name:
Cheryl Gosmon, Executive Director
Reginald C. Foster, Chair of the Board of Commissioners

3. **Purpose** *(select all that apply)*

- [ ] **Open Space**
- [X] **Community Housing**
- [ ] **Historic Preservation**
- [ ] **Recreation**

4. **Project Name:** Preservation of Seabeds Way and Captain Robert Cook Drive

5. **Project Location/Address:**
22-46 Seabeds Way (4 buildings - "SBW")
28-68 Captain Robert Cook Drive (7 buildings - "CRCD")
Needham, MA 02494

Legal Address:
0 Evergreen Road
(Parcel ID: 199/083.0-0011-0000.0)

6. **Property Ownership** *(Control)*: Needham Housing Authority

7. **Amount Requested:** **$10,300,000**

8. **Estimated Total Project Cost:** *(If Different)* **$40,508,444**

9. Critical Dates: *(If Applicable)*

- Dec 2024: Completion of Schematic Design
- Feb – July 2025: Construction Documents
- May 2025: Town Meeting Approval of CPA Funding
- Q1 2026: Financial closing and construction start
- Q1 2028: Construction completion

10. Project Summary: *(In 100 words or less provide a brief summary of the project)*

The preservation of SBW and CRCD is a critical objective of NHA's Preservation and Redevelopment Initiative (PRI). The project ensure that the "bricks and mortar" is preserved as low-income affordable housing for the next 20+ years, targeted to address:

- Seabeds Way: 46 one bedroom apartments for senior and disabled households
- Captain Robert Cook Drive: 30 two-, three- and four- bedroom apartments for families

NHA has been working with its development consultants at the Cambridge Housing Authority (CHA) and its architects at Bargmann, Hendrie + Archetype (BH+A) to develop a financing plan and scope of work for the project. NHA submitted an application to HUD in October 2024 to convert the property from federal public housing to the Section 8 program. Preliminary approval was received in December 2024. NHA anticipates that funding sources will include a permanent mortgage and other state funding. Because NHA is going forward with the Linden Street Redevelopment Project, NHA **will forgo applying for federal LIHTCs and private activity bonds**, so as to not "compete with ourselves" at the upcoming 2024 OneStop funding round kicking off in November, 2024.

The scope of work supported by CPA funds will preserve the property as low-income affordable housing. When this preliminary application was prepared in October 2024, it the total amount of construction costs related to the CPA eligible scope was estimated to be $5.6M. After 100% completion of the schematic design, completion of the HUD required Capital Needs Assessment, increase reserve set-aside requirement and shortfall of estimated HOME funding for the project, the amount of CPA funding needed has grown to $10.2M. Eligible construction scope includes:

- Building envelope and site work to preserve the structural integrity of the housing
- Roof, siding and window replacements to assure the water tightness of the housing
- Replacement of dangerous building systems which threaten the housing units
- Installation of hard-wired smoke alarms, sprinklers and other building fire suppression systems

Beyond this scope, the project's other funding sources will bring improvements to the property to increase energy efficiency and resident comfort.

11. Community Need: *(In 100 words or less describe how the project meets the goals of the Needham Community Preservation Plan*

The 2022 Needham Housing Plan identifies the preservation of existing affordable housing as a critical priority because of the severe shortage of deeply affordable housing for individuals and families in Needham. It also documents NHA's PRI as a top development and preservation strategy for the Town to pursue. This project addresses these priority issues because it will preserve SBW and CRCD as a valuable housing resource for low-income families and senior / disabled residents in Needham for the next 20+ years. This is critical to promoting economic diversity in Needham and maintaining the Town's compliance with the Commonwealth's Subsidized Housing Inventory (SHI) thresholds.

This project also meets the goals of the Needham Community Preservation Plan because:

- It addresses an urgent community need by preserving existing deeply affordable units;
- Has broad and strong support from other Town boards, committees and residents;
- FY 2026 CPA funding ($10.3M) would leverage a substantial amount of non-Needham funds (~$30.1M) to achieve its objectives.

All numbers are direct cost estimates for construction starting in 2025, based on the 100% Schematic Design (SD) plans that have been completed as of the date of this amended application.

12. Eligibility for Funding: *(In 100 words or less, state the legal basis for why this project is eligible for Community Preservation Act funding).*

Per the 2023 Needham Community Preservation Plan and the Massachusetts Community Preservation Act (MGL Ch. 44b §5(b)2), CPA funding may be recommended for "...the acquisition, creation, **preservation** and support of **community housing**;... provided, however, that funds expended pursuant to this chapter... shall not be used for maintenance." Community Housing is defined as: ''low-and moderate-income housing for individuals and families, including low- or moderate-income senior housing." **(emphasis added)**

In 2013, the Commonwealth's Executive Office of Housing and Livable Communities (EOHLC) issued PHN 2013-14 which states: "While activities classified as 'rehabilitation' are not allowed, **'preservation' work on existing community housing resources is allowed**. In general, work that protects the housing structure (not residents) from future injury, harm or destruction is permitted under CPA."

SBW and CRCD is an affordable housing development for low-income senior and family households with incomes up to 80% AMI in Needham and is thus eligible for CPA funding. Based on a Supplemental Existing Conditions Report and subsequent schematic design process being completed by BH+A, NHA has identified a detailed list of repairs that meet the definition of "preservation" and thus are eligible for CPA funding.

Note: This application enables the Community Preservation Committee to review the request to assess eligibility. You will be notified of the Committee's determination by December 1, 2024. Additional information may be required.

CPC USE ONLY: Application #: ____________ Eligible: Y N

TOWN OF NEEDHAM
COMMUNITY PRESERVATION COMMITTEE

INITIAL ELIGIBILITY PROJECT APPLICATION
FY2026

The deadline for completed applications is NOVEMBER 1, 2024. Submit via email to Cecilia Simchak at csimchak@needhamma.gov and Lauren Spinney at lspinney@needhamma.gov. For more information visit www.needham.gov/CPC.

1. **Applicant:** Needham Housing Authority

Submission Date: October 30, 2024

2. **Applicant's Address, Phone Number, Email:**

21 Highland Circle, Suite 10, Needham, MA 02494
(781) 444-3011 x. 212; cgosmon@needhamhousing.org
(339) 222-6187; chair@needhamhousing.org

3. **Purpose** *(select all that apply)*

- ☐ **Open Space**
- ☒ **Community Housing**
- ☐ **Historic Preservation**
- ☐ **Recreation**

Contact Name:
Cheryl Gosmon, Executive Director
Reginald C. Foster, Chair of the Board of Commissioners

4. **Project Name:** Preservation of Seabeds Way and Captain Robert Cook Drive

5. **Project Location/Address:**
22-46 Seabeds Way (4 buildings - "SBW")
28-68 Captain Robert Cook Drive (7 buildings - "CRCD")
Needham, MA 02494

Legal Address:
0 Evergreen Road
(Parcel ID: 199/083.0-0011-0000.0)

6. **Property Ownership** *(Control)*: 100% Needham Housing Authority

7. **Amount Requested:** **$5,600,000**

8. **Estimated Total Project Cost:** *(If Different)* **$31,285,000**

9. **Critical Dates:** *(If Applicable)*

- Oct 2024: Completion of Schematic Design
- Nov – Dec 2024: Design Development
- Jan – Mar 2025: Construction Documents
- May 2025: Town Meeting Approval of CPA Funding
- Q3 2025: Financial closing and construction start
- Q2 2027: Construction completion

10. **Project Summary:** *(In 100 words or less provide a brief summary of the project)*

The preservation of SBW and CRCD is a critical objective of NHA's Preservation and Redevelopment Initiative (PRI). The project ensure that the "bricks and mortar" is preserved as low-income affordable housing for the next 20+ years, targeted to address:

- Seabeds Way: 46 one bedroom apartments for senior and disabled households
- Captain Robert Cook Drive: 30 two-, three- and four- bedroom apartments for families

NHA has been working with its development consultants at the Cambridge Housing Authority (CHA) and its architects at Bargmann, Hendrie + Archetype (BH+A) to develop a financing plan and scope of work for the project. NHA is submitting an application to HUD in October 2024 to convert the property from federal public housing to the Section 8 program. NHA anticipates that funding sources will include a permanent mortgage and other state funding. Because NHA is going forward with the Linden Street Redevelopment Project, NHA **will forgo applying for federal LIHTCs and private activity bonds**, so as to not "compete with ourselves" at the upcoming 2024 OneStop funding round kicking off in November, 2024.

The scope of work supported by CPA funds will preserve the property as low-income affordable housing. The total amount of construction costs related to the CPA eligible scope is approximately $5.6M. This includes:

- Building envelope and site work to preserve the structural integrity of the housing
- Roof, siding and window replacements to assure the water tightness of the housing
- Replacement of dangerous building systems which threaten the housing units
- Installation of hard-wired smoke alarms, sprinklers and other building fire suppression systems

Beyond this scope, the project's other funding sources will bring improvements to the property to increase energy efficiency and resident comfort.

11. **Community Need:** *(In 100 words or less describe how the project meets the goals of the Needham Community Preservation Plan*

The 2022 Needham Housing Plan identifies the preservation of existing affordable housing as a critical priority because of the severe shortage of deeply affordable housing for individuals and families in Needham. It also documents NHA's PRI as a top development and preservation strategy for the Town to pursue. This project addresses these priority issues because it will preserve SBW and CRCD as a valuable housing resource for low-income families and senior / disabled residents in Needham for the next 20+ years. This is critical to promoting economic diversity in Needham and maintaining the Town's compliance with the Commonwealth's Subsidized Housing Inventory (SHI) thresholds.

This project also meets the goals of the Needham Community Preservation Plan because:

- It addresses an urgent community need by preserving existing deeply affordable units;
- Has broad and strong support from other Town boards, committees and residents;
- CPA funding ($5.6) leverages a substantial amount of non-Needham funds (~$25.7M) to achieve its objectives.

All numbers are direct cost estimates for construction starting in 2025, based on the 50% Schematic Design (SD) plans that have been completed as of the date of this application. They do not include mark-up for construction contingency. A forthcoming 100% SD report will update anticipated project costs.

12. Eligibility for Funding: *(In 100 words or less, state the legal basis for why this project is eligible for Community Preservation Act funding).*

Per the 2023 Needham Community Preservation Plan and the Massachusetts Community Preservation Act (MGL Ch. 44b §5(b)2), CPA funding may be recommended for "...the acquisition, creation, **preservation** and support of **community housing**;... provided, however, that funds expended pursuant to this chapter... shall not be used for maintenance." Community Housing is defined as: ''low-and moderate-income housing for individuals and families, including low- or moderate-income senior housing." **(emphasis added)**

In 2013, the Commonwealth's Executive Office of Housing and Livable Communities (EOHLC) issued PHN 2013-14 which states: "While activities classified as 'rehabilitation' are not allowed, **'preservation' work on existing community housing resources is allowed**. In general, work that protects the housing structure (not residents) from future injury, harm or destruction is permitted under CPA."

SBW and CRCD is an affordable housing development for low-income senior and family households with incomes up to 80% AMI in Needham and is thus eligible for CPA funding. Based on a Supplemental Existing Conditions Report and subsequent schematic design process being completed by BH+A, NHA has identified a detailed list of repairs that meet the definition of "preservation" and thus are eligible for CPA funding.

Note: This application enables the Community Preservation Committee to review the request to assess eligibility. You will be notified of the Committee's determination by December 1, 2024. Additional information may be required.

NEEDHAM COMMUNITY PRESERVATION COMMITTEE
APPLICATION FOR FUNDING

COMMUNITY HOUSING FOLLOW-UP QUESTIONS

Submit to: Cecilia Simchak csimchak@needhamma.gov **Due Date:** January 1, 2025
Lauren Spinney lspinney@needhamma.gov

Application No: FY2026-04 **Project Title:** Preservation of Seabeds Way (SBW) & Captain Robert Cook Drive (CRCD)

CPC Liaison(s): Dave Herer dave.herer@comcast.net
Adam Block ablock@commonwealthlandtrust.org

APPLICANT INFORMATION:

Organization:	Needham Housing Authority
Contact Name(s):	Cheryl Gosman, Executive Director Reginald C. Foster, Chair of the Board of Commissioners
Address:	21 Highland Circle, Suite 10, Needham, MA 02494
Telephone No:	Cheryl: (781) 444-3011 x 212 Reginald: (339) 222-6187
Email(s):	cgosmon@needhamhousing.org chair@needhamhousing.org

Please insert at least a brief narrative answer on all applicable subjects. (if a question is not relevant to the project, please list N/A.) If more space is needed, feel free to attach appendices and/or cross-reference other documents provided to the Community Preservation Committee.

Attachments referenced in the answers below can be accessed via https://cambridgehousing.box.com/v/FY2026-04-Attachments, which is referred to as the document Box Repository.

A. *Original construction drawings for Seabeds Way (SBW) and Captain Robert Cook Drive (CRCD)*
B. *50% Schematic Design Drawings and Cost Estimate*
C. *Project Financing*
D. *CPA Eligible Scope*
E. *Evidence of Ownership (Deed of Transfer)*
F. *Property Photos*
G. *Property Conditions Reports*
H. *Environmental Assessments*
I. *CHA Resume and Staff Biographies*
J. *Site Context Map*
K. *HUD CHAP Award Letter*

L. Glossary of Affordable Housing Terms
M. PHN 2013-14 (EOHLC – Formerly DHCD – notice on eligible CPA uses)
N. Special Permit for Zoning
O. NHA December 9th, 2024 Presentations to T-CHOC

PROJECT DETAILS

1. **Summarize the scope and/or concept of the project:**

   a. **Provide all design specifications and/or architectural plans applicable to the project.**

In 1982, the Needham Housing Authority (NHA) constructed the federally subsidized affordable housing development Seabeds Way (SBW) and Captain Robert Cook Drive (CRCD) on roughly 11 acres of land in northern Needham. SBW and CRCD are both general occupancy; however, SBW has typically served elderly/disabled households, while CRCD has served family households. SBW consists of 46 one-bedroom units across four (4) two-story buildings. CRCD consists of two-, three-, and four-bedroom townhouses across six buildings, totaling 30 units. More than 40 years after construction, the properties have received insufficient capital repairs due to limited federal funding. The properties' Property Conditions Reports (Attachment G) rate the overall condition of SBW as "Fair" and CRCD as "Poor". The properties are in significant need of major investment to preserve their physical integrity and affordability for the next 40+ years. The preservation of SBW and CRCD is a critical objective of NHA's Preservation and Redevelopment Initiative (PRI), a 10–15-year initiative launched in 2021 to preserve and revitalize NHA's portfolio of deeply affordable units and build additional housing to address the critical lack of affordable housing in Needham. The property is an important component of Needham's affordable housing stock that contributes to the Town's overall Subsidized Housing Inventory (SHI) and helps Needham maintain compliance with Chapter 40B. According to the 2022 Needham Housing Plan, the 76 Seabeds and Cook units comprise 10% of the actually affordable units in Needham.

NHA is submitting a FY26 CPA application for SBW and CRCD for $5.6 million to cover CPA-eligible construction and soft costs (Attachment D). The request aligns with the project's current status having completed 50% Schematic Design (SD). Attachment D (Eligible CPA costs) will be updated in January to reflect the 100% SD cost estimates which will be finalized in January 2025.

Pursuant to DHCD Public Housing Notice (PHN) 2013-14 (Attachment M), eligible costs include:

- *Building envelope and site work to preserve the structural integrity of the housing*
- *Roof, siding, and door replacements to ensure the water tightness of the housing*
- *Replacement of dangerous building systems, which threaten the housing units*
- *Installation of hard-wired smoke alarms, sprinklers and other building fire suppression systems*

CPA funds are critical for the project to move forward. As described in detail below, the $5.6 million award would enable the following:

- ***Avoid delays associated with accessing scarce Low-Income Housing Tax Credits (LIHTC) and tax-exempt bonding financing. The current financing plan does not include these sources.***

- ***Avoid higher costs associated with developing a LIHTC project. This includes compliance costs, financing costs, and a high developer fee (estimated at roughly $2.8 million compared to the $250K currently included in the development budget)***

- ***Retain local control of the management and affordability of the property without partnering with an external LIHTC investor or developer, who would generally require the higher developer fee as part of participation. Without LIHTC, NHA can complete the project with assistance from only a development consultant.***

- ***Avoid delays to reach a financial closing for NHA's Linden Street redevelopment project. The Linden Street project requires Faircloth Authority subsidy provided by SBW and CRCD which only becomes available upon the financial closing of SBW and CRCD. If financing and construction for SBW and CRCD are delayed, the substantial financial support secured for the Linden Street project (including from the Town of Needham) may be at risk of not being utilized.***

The scope of work supported by CPA funds will preserve the property as low-income affordable housing. CPA funding will enable NHA to leverage over $26 million in non-Needham funds (~$4.50 per CPA dollar) to complete the full scope of modernization work necessary to revitalize the property. The project's other funding sources will bring improvements to the property that increase energy efficiency and resident comfort.

NHA has been working with its development consultants at the Cambridge Housing Authority (CHA) and its architects at Bargmann, Hendrie + Archetype (BH+A) to develop a financing plan and scope of work for the project. NHA submitted a Rental Assistance Demonstration (RAD) / Section 18 Blend application to HUD in October 2024 to convert the property from federal public housing to the Section 8 program. This application was given initial approval on December 12, 2024 (see response 5.a for further information). This conversion will generate significant additional income for the property to fund capital improvements and enhanced ongoing operations. Specifically, current subsidy income is approximately $1 million/year. After conversion, this amount is estimated to increase to $2.5 million/year, allowing NHA to finance the majority of the capital improvements that need to be made via a primary loan / mortgage.

However, in order to convert from public housing to Section 8, the project must address 20 years of capital needs as determined by a HUD-compliant Capital Needs Assessment (CNA), which is being completed in January 2025. Based on this document and the 100% SD updated cost estimates, NHA will provide updated scope and cost estimates to the CPC once they are determined.

All 76 units will continue to operate as use-restricted affordable housing. After converting to the Section 8 PBV program, a HUD RAD Use Restriction will be placed on the property. Income eligibility will be at or below 50% AMI upon lease-up (Section 8 program limits). Existing residents will be able to remain at the property with subsidized rents generally equal to 30% of their monthly incomes. Operating costs will be supported by Section 8 Project-Based Vouchers (PBVs), which are *generated by the RAD / Section 18 conversion. The conversion will also provide Faircloth Authority subsidy units.*[1] *Faircloth Authority is necessary to support the Linden Street Redevelopment Project, creating an interdependence between the two projects (see response 3f and 3g for more information). Based on HUD's existing RAD / Section 18 program, NHA anticipates Faircloth Authority retained for 80% of units (60 of 76 units) converted at SBW and CRCD.*[2]

NHA anticipates that non-Needham funding sources will include a permanent mortgage, NHA loan, and other state funding and incentive programs consisting of: Massachusetts Department of Energy Resources (DOER) Affordable Housing Decarbonization, WestMetro HOME, MassSave LEAN Deep Energy Retrofit (DER), and HEAR Rebates for electrification related scope.[3]

The project does not currently utilize the Low-Income Housing Tax Credit (LIHTC) program as a funding source. This is due to its extreme scarcity in the Commonwealth, an allocation for which NHA and CHA believe could delay the project by two years. NHA is also hoping to finance the SBW / CRCD project without LIHTC because of the ripple effect that a delay would cause on the Linden Street project.[4] *In addition, excluding LIHTC allows NHA to avoid partnering with an external developer and investor. This is beneficial to NHA because it can maintain greater local control over the property's management to best serve the needs of NHA residents and the Town of Needham. Once 100% SD and the CNA are completed in January 2025, NHA may reevaluate its stance toward LIHTCs depending on updated project costs.*

The original SBW and CRCD site and floor plan drawings as well as 50% Schematic Design (SD) materials are provided in the Box repository (Attachments A and B, respectively). NHA will provide 100% SD materials when they have been finalized.

b. **List the names and addresses of project architects, contractors, and consultants.**

Name	***Scope of Work***	***Address***
Bargmann, Hendrie + Archetype (BH+A) *Ben Wilson, Principal,* *bwilson@bhplus.com*; *Marija Ilic, Senior Project Manager,*	*Architecture*	*9 Channel Center Street #300* *Boston, MA 02210*

[1] Public Housing Authorities (PHAs) are limited in the number of federal public housing units they can own, operate and for which they can receive subsidy. This number of units is known as "Faircloth Authority." When a PHA converts a unit of public housing to the Section 8 program via the RAD / Section 18 program, it retains "Faircloth Authority" only for the portion of units converted under Section 18. In the case of SBW and CRCD (76 units total) of which 80% will be converted via Section 18 and 20% via RAD, NHA will retain 60 units of Faircloth Authority, and the subsidy tied to these units. NHA can then use this subsidy to build new affordable housing.

[2] NHA was informed in September 2024 that HUD would establish a new 90% Section 18 / 10% RAD tier. If established and if the SBW / CRCD qualifies for that tier, it would bring in more income to the property than the 80/20 tier. It would also provide greater retention of Faircloth Authority subsidy. However, given the results of the election, the timing and certainty of this new tier is unknown.

[3] HEAR is a federal rebate program that will be administered at the state level. The program is anticipated to come online in 2025. NHA has also been working with the LEAN Multifamily program which addresses needs by providing direct construction services instead of funding.

[4] As noted in response 3.f and 3.g, the financing plan for Linden Street includes Faircloth Authority subsidy generated by the conversion of SBW and CRCD to the Section 8 program. The subsidy is not available until SBW and CRCD start construction. As such, Linden Street cannot reach its financial closing until SBW and CRCD begins construction.

milic@bhplus.com		
Cambridge Housing Authority (CHA) *Margaret Moran, Deputy Executive Director for Development, mmoran@cambridge-housing.org;* *Matt Zajac, Deputy Director for Planning, mzajac@cambridge-housing.org;* *Chris Moyer, Project Manager, cmoyer@cambridge-housing.org*	*Development Consulting*	*362 Green Street, 3rd Floor* *Cambridge, MA 02139*
Hancock Associates	*Civil Engineering*	*185 Centre Street* *Danvers, MA 01923*
Ground, Inc.	*Landscape Architecture*	*285 Washington Street Suite 204 Somerville, MA 02143*
Lim Consultants	*Structural Engineering*	*6 Pleasant Street Suite 520* *Malden, MA 02148*
NV5	*MEP/FP & Low-Voltage*	*451 D Street #800* *Boston, MA 02210*
Cavanaugh Tocci Associates	*Acoustical Consulting*	*327 F Boston Post Road* *Sudbury, MA 01776*
Building Enclosure Associates	*Exterior Envelope*	*31 5th Street* *Boston, MA 02129*
KMA	*Accessibility*	*1 Bridge Street Suite A102* *Newton, MA 02458*
CLEAResult	*Energy Modeling & Enterprise Green Communities (EGC) Certification*	*133 Federal Street* *Boston, MA 02110*
PM&C	*Cost Estimating*	*20 Downer Avenue Suite 5* *Hingham, MA 02043*

c. **Provide a projected task plan and timeline.** (Should you be awarded CPA funding, these tasks will be the basis of your Project Status Reports that will be due periodically until the project is complete).

The current anticipated timeline is below. The project schedule is subject to change.

Date	***Task***
August 2024	*Completion of 50% SD*
December 2024 – January 2025	*Completion of HUD CNA and 100% SD*
January – July 2025	*Construction Documents (CD)*

May 2025	*Town Meeting approval of CPA funding*
August – September 2025	*Construction Bidding*
Q4 2025	*Financial closing*
Q1 2026	*Construction start (20 months)*
Q3 2027	*Construction completion*
Q1 2028	*Construction loan conversion to mortgage*

d. **Describe any maintenance requirements and estimated yearly costs of maintenance for the completed project.**

NHA's 2024 operating budget for SBW and CRCD is approximately $860K, including administration, management, utilities, insurance, replacement reserves, and miscellaneous costs. The projected operating costs after the project are $905K. While NHA anticipates that some operating costs will decrease after the construction project due to building improvements and energy efficiency upgrades, other operating costs, such as reserve and insurance costs will increase the property's overall operating costs. As noted above, a feature of the project's financing plan is that the conversion from public housing to Section 8 generates additional income to fund this enhanced operating budget. See Attachment C for a breakdown of the project's income and operating costs.

2. **List the anticipated project cost:**

a. **Provide a budget with line itemization, including any funding requested previously, as well as any possible future funding requests.**

Sources, uses, and a 20-year operating proforma are provided in the OneStop Excel spreadsheet as Attachment C in the Box Repository. A breakdown of eligible CPA costs is also provided as Attachment D. NHA will provide an cost estimates once the 100% SD and the CNA are finalized.

b. **Does this project leverage additional or multiple sources of public and/or private funding or assist in planning and development activities to facilitate such leverage? Please provide details.**

CPA funding leverages over $26 million of non-Needham funding (~$4.50 per CPA dollar) to support the overall $32 million project at SBW and CRCD. Roughly $20 million (63%) will be supported by a permanent mortgage using the increased operating income from the conversion to Section 8 PBVs. This budget covers direct construction costs, soft costs, financing fees, and miscellaneous costs required for this type of project. In addition to CPA funds and the permanent mortgage, the project will utilize an NHA loan, and other state green funding sources, Massachusetts Department of Energy Resources (DOER) Affordable Housing Decarbonization, WestMetro HOME, MassSave LEAN Deep Energy Retrofit (DER), and HEAR Rebates for electrification related scope.

c. **Indicate expenditures & funding** (by municipal fiscal year):

Fiscal Year (7/1 - 6/30)	*Scope*	*Total Project Estimated Expenditures*	*CPA Funds Requested*
FY26	*Pre-Development, Financial Closing, and Construction*	*$10,297,138*	*$1,974,737*
FY27	*Construction*	*$17,434,455*	*$2,829,474*
FY28	*Construction and Repayment of Construction Loan*	*$25,256,886*	*$795,789*
Total		*$52,988,479 (includes repayment of construction loan)*	*$5,600,000*

NHA understands that CPC may not have the total requested amount of $5.6 currently available for award this year. Please note that NHA is open to its CPA request being funded by a multi-year commitment. This is because construction for the project is anticipated to take place over the course of twenty months, plus one additional month prior to construction start for the financial closing. Alternatively, if amenable to the CPC and the Town of Needham, NHA is interested in exploring the possibility of CPA-financed bond financing.

3. **Supply detailed Project Information:**

a. **Provide the deed and recorded plans, and maps or renderings of the subject property.**

Please see Evidence of Ownership (Deed of Transfer) for SBW and CRCD provided in the linked Box repository as Attachment E. Original plans, surveys, current site plan, (Attachment A), site context map (Attachment J), and images of SBW and CRCD (Attachment F) are also provided.

b. **Provide inspection reports, existing conditions reports, 21E reports, and other environmental assessment reports.**

Please see Property Conditions Reports (PCR) in the linked Box repository as Attachment G. Phase 1 Environmental Assessment Reports for SBW and CRCD are available in the linked Box repository as Attachment H.

c. **Provide details of any natural resource limitations (wetlands, flood plain, etc.) to which the property is subject.**

Based on the Federal Emergency Management Agency, neither of the properties are located within areas considered regulated flood zones. SBW and CRCD are both in an area of minimal flood hazard, with a 0.2% Annual Chance Flood.

d. **Provide details of any zoning restrictions (i.e. district, dimensional, and use regulations as applicable to the property) to which the property is subject.**

The site is within the Needham Zoning District Single Residence B (SRB). It was developed pursuant to a Special Permit (Attachment N) issued by the Needham Board of Zoning Appeals on October 23, 1980. The developments are currently an allowable, pre-existing non-conforming use limited to 76 units in 10 residential structures and 1 community building that are limited to families and the elderly of low and moderate income as per the Special Permit. The SBW and CRCD preservation and modernization scope does not require any zoning relief.

e. **Is the proposed project on the Select Board's capital priority list?**

NHA is not part of Needham government and thus not part of the Select Board's capital planning process. However, NHA's PRI and SBW and CRCD preservation and modernization is included as a key project in the Housing Development and Preservation Strategies section of the 2022 Needham Housing Plan, approved by the Select Board and Planning Board in January 2023. Specifically, it states:

- *p.52 -- Support Needham Housing Authority's Preservation and Redevelopment Initiative*
- *p. 54 -- "Seabeds/Cook – repairing and preserving the 76 deeply affordable units"*
- *p, 55 Table V-1 -- Summary of NHA PRI Estimates*
- *pp. 55-56 -- "Recommendations: The Town will continue to support the NHA including its PRI that will enable NHA to make essential improvements to its property inventory while also potentially yielding buildable lot areas for additional deeply affordable or more diverse income affordable housing."*

f. **Is the proposed project on the capital priority list of the applicant?**

Yes. It is critical that the NHA move forward with the preservation work at SBW and CRCD given the quantity of capital repairs deferred since the properties' original construction over 40 years ago. Addressing the physical deficiencies of SBW and CRCD is a key objective of NHA's PRI. NHA submitted an application to HUD in October 2024 to convert SBW and CRCD from federal public housing to the Section 8 PBV program, and received initial approval on December 12, 2024 (see response to 5.a). The increased annual subsidy income associated with this planned conversion will fund work necessary to preserve and modernize affordable housing at SBW and CRCD.

The conversion will also free up Faircloth Authority subsidy units that can be used for NHA's Linden Street Redevelopment Project as a critical component of that project's financing plan. The subsidy will become available only after construction on SBW and CRCD begins. As such, Linden Street cannot reach its financial closing until SBW and CRCD begins construction.

g. **Is there an urgency related to the timing of the project (including scheduling factors not controlled by the applicant)? Provide details.**

The urgent timeline for financial closing is driven by the project's cross-subsidization for the Linden Street project via the Faircloth Authority subsidy units. The subsidy is a key component of the Linden Street project's financial viability and must be available to the Linden Street project for it to start construction of the Phase 1A portion of the building.

However, the Faircloth Authority from SBW and CRCD only becomes available when the SBW and CRCD project completes a financial closing and begins construction. Accordingly, the SBW and CRCD project must begin construction in order for the Linden Street project to move toward its financial closing. If financing and construction for SBW and CRCD are delayed, the substantial financial support secured for the Linden Street project (including from the Town of Needham) may be at risk. The presentations to the 12/9/2024 T-CHOC meeting provides a brief (45 minute) explanation of the dependency between the two PRI projects. The presentation decks can be found in the Box Repository (Attachment O). The T-CHOC meeting video can be viewed by clicking the following link, starting at timestamp 18:35: https://www.youtube.com/watch?v=YdAvEArFbNM.

In addition, it is urgent that the repair and preservation work begin promptly to avoid the further deterioration and ultimate loss of substantial portions of Needham's Subsidized Housing Inventory. The 2023 Property Conditions Reports by Dietz Architects (Attachment G) assessed the condition of SBW as "Fair" and CRCD as "Poor."

4. **Address CPA Application Evaluation Criteria:**

    a. **Summarize how the proposed project utilizes, preserves, protects, increases, and/or enhances community housing resources in Needham.**

*The proposed project preserves community housing resources in Needham. Per the 2023 Needham Community Preservation Plan and the Massachusetts Community Preservation Act (MGL Ch. 44b §5(b)2), CPA funding may be recommended for "...the acquisition, creation, **preservation** and support of **community housing**; ... provided, however, that funds expended pursuant to this chapter ... shall not be used for maintenance." Community Housing is defined as "low-and moderate-income housing for individuals and families, including low- or moderate-income senior housing" (emphasis added).*

*In 2013, the Commonwealth's Executive Office of Housing and Livable Communities (EOHLC) issued PHN 2013-14 (Attachment M) which states: "While activities classified as 'rehabilitation' are not allowed, **'preservation' work on existing community housing resources is allowed**. In general, work that protects the housing structure (not residents) from future injury, harm or destruction is permitted under CPA."*

SBW and CRCD is an affordable housing development for low-income senior and family households with incomes up to 80% AMI and is thus community housing. After conversion to the Section 8 PBV program, income eligibility will be capped at 50% AMI upon lease-up to align with Section 8 program limits. Existing residents will be able to remain at the property with subsidized rents at 30% of their monthly incomes. The proposed project would preserve community housing for these low-income households by protecting physical housing. Proposed work would preserve the housing's structural integrity, water tightness, fire suppression ability, and safety from electrical fires. Without these upgrades, the physical structures at SBW and CRCD are at risk of significant harm or uninhabitability, and Needham is in jeopardy of losing critical components of its existing community housing. A breakdown of CPA eligible costs for the SBW and CRCD project is provided as Attachment D in the Box Repository. NHA will provide an update once the 100% SD cost estimates and CNA are finalized.

b. **Explain how this project meets the following <u>General Factors for Consideration</u> of the Needham Community Preservation Plan. Provide details:**

i. **The project is consistent with the goals of the Town of Needham Community Preservation Plan.**

The project fulfills the Town of Needham Community Preservation Plan and 2022 Housing Plan's top priorities of deeply affordable rental housing. It addresses Needham's need for community housing options by preserving 76 affordable units as part of the NHA's PRI, which the Community Preservation Plan identifies as a critical strategy to accomplish community housing goals. It has broad and strong support from other Town boards, committees, and residents. CPA funding would leverage a substantial amount of non-Needham funds to achieve its objectives.

ii. **The urgency of the project with particular consideration to those requests whose successful implementation is constrained by scheduling factors not controlled by the applicant.**

This project addresses an urgent community need for the preservation of 76 existing deeply affordable units. SBW and CRCD are in critical need of capital repairs, and timely preservation work can extend these units for the next 40+ years.

iii. **The project is economically or otherwise reasonably feasible to implement and operate on a long-term basis.**

NHA has developed an overall budget for the $32 million project at SBW and CRCD. This budget includes direct construction costs and associated costs, including soft costs, financing fees, and reserves. The preservation of SBW and CRCD is financially feasible through the use of a permanent mortgage, an NHA loan, CPA funding, and other state funding sources. The permanent mortgage will be supported by the additional operating funding that NHA will receive as part of the conversion of SBW and CRCD from the federal public housing program to the Section 8 PBV program. NHA submitted an application to HUD in October 2024 and received initial approval in December 2024. The increased annual subsidy income has the potential to support a roughly $20 million loan and will further provide a stable ongoing operating subsidy that can support operations and future capital needs at the properties for years to come.

iv. **The project satisfies federal, state and local laws to the extent applicable.**

This project will satisfy applicable laws, including US federal law, Massachusetts General Law (MGL), and local Needham bylaws and laws. Additionally, it will comply with relevant HUD, EOHLC, and CPA regulations.

v. **The project leverages additional or multiple sources of public and/or private funding or assists in planning and development activities to facilitate such leverage may possibly be preferred.**

The project leverages over $26 million of non-Needham resources to fund its $32 million budget. Aside from CPA funds, it will utilize a permanent mortgage, an NHA loan, and green funding sources, including DOER Decarbonization grants and LEAN DER incentives. Though CPA funds *constitute less than a fifth of the total budgeted funds, CPA funding support would empower the NHA to better access external funds.*

vi. The project utilizes, preserves, protects, increases or enhances Town-owned open space, recreation, historic and/or housing assets.

The project preserves, protects and enhances 76 units of deeply affordable units that contribute meaningfully to the Town's affordable housing stock.

vii. A project that benefits privately owned resources shall include permanent restrictions to ensure a public benefit.

N/A

viii. Awarding funds for the project is consistent with prudent long-term management of CPA funds.

The FY2026 request of $5.6 million makes efficient and highly leveraged use of Needham's CPA funds. It allows the project to proceed to ground-breaking and through construction that will result in a $32 million project and the long-term preservation of 76 deeply affordable units in Needham.

ix. The project proponent has demonstrated to the reasonable satisfaction of The Committee the ability and competency to implement the project as proposed either by its record of successfully implementing similar projects or otherwise.

NHA has demonstrated a good track record to the Committee. In the past, Needham CPC recommended, and Town Meeting awarded:

- *$919,500 to NHA for High Rock Homes Redevelopment. This project successfully redeveloped 20 dilapidated bungalows into 20 duplexes (40 units) of affordable housing.*
- *$200,000 for conceptual planning and consulting staff for redeveloping NHA properties. This project resulted in the completion of the 2019 NHA Facilities Master Plan and the engagement of Cambridge Housing Authority (CHA) as NHA development consultant.*
- *$1,386,000 and $81,978 respectively, for Pre-Development at Linden/Chambers and Property Survey at High Rock Estates. NHA hired BH+A to lead the design engagement for Linden/Chambers redevelopment.*
- *$241,052 for the SBW and CRCD Preservation Program Predevelopment. NHA used the funds to complete architectural and engineering predevelopment work, while utilizing other funds to complete due diligence tasks, a market study, title report, environmental report, and pay for development consulting and legal fees.*
- *$5,500,000 for the Redevelopment of Linden Street. NHA has selected AHSC/Peabody as the developer for the project, which will preserve 72 affordable housing units and add 64 new units to Needham's affordable housing stock. Construction will break ground next year. A developer partner has been named for this project and a pre-application for the*

approximately $50 million of funding has been submitted to The Executive Office of Housing and Livable Communities and its annual competitive Winter 2025 funding round.

NHA's development consultant, the Cambridge Housing Authority (CHA), has extensive experience with all tasks associated with the preservation of existing and construction of new affordable housing, including project conception and execution, identifying and securing financing, managing relocation and construction phasing, overseeing design development and construction, assisting with resident relocation, and finalizing project completion. Since 2010, CHA has secured over $1 billion in financing, including approximately $354 million in LIHTC equity, $288 million in hard debt, $357 million in soft debt, and $25 million in developer/sponsor contributions, resulting in improvements impacting over 2,087 affordable units and the new construction of 214 affordable units.

The consulting engagement with NHA is overseen by Margaret Donnelly Moran, who is the Deputy Executive Director for Planning and Development at CHA. She has over 30 years of experience repositioning, recapitalizing, and building new affordable and public housing units. A resume for CHA and biographies of the Cambridge Housing Authority P&D senior staff is included as Attachment I in the Box Repository.

x. **The applicant has site control, or the written consent by the property owner (or relevant Town agency or board) to submit an application.**

The NHA has full site ownership of SBW and CRCD.

xi. **The Committee prefers to bring projects to the Annual Town Meeting in May, though under special extraordinary circumstances that affect the project negatively, a project may be considered to be presented at a Special Town Meeting.**

The NHA looks forward to CPC recommending an award to the Annual Town Meeting in May 2025.

xii. **CPA funding will enable the project.**

CPA funding will be critical to advancing the project through financial closing and construction. A CPA award will leverage significant non-Needham funding necessary to ensure the 76 units of deeply affordable housing are preserved for decades to come.

c. **Explain how the project addresses or supports the <u>Community Housing Goals</u> articulated in the 2023 Needham CPA Plan:**

i. **Seek to increase the supply of affordable housing units while seeking to preserve the existing pattern and density of Needham's established residential neighborhoods.**

The project preserves 76 existing affordable units in Needham in the same pattern and density that has existed in the neighborhood since construction in the early 1980s.

ii. **Enable Needham to shape its own housing and development future and outcomes.**

The project allows Needham and the NHA to take full advantage of the expected conversion of the properties from federal public housing to the Section 8 PBV program. If the properties are preserved, the increased operating revenue from the SBW and CRCD units grants NHA greater financial resources to help fulfill Needham's established housing and development goals. In addition, the current financing plan without LIHTC enables NHA to avoid partnering with an external developer and investor. This is beneficial to NHA because it can maintain greater local control over the property's management in order to best serve the needs of NHA residents and the Town of Needham.

iii. Achieve progress towards the Town's responsibilities under Chapter 40B.

Preserving NHA's 76 units at SBW and CRCD helps the Town to continue meeting its responsibilities under Chapter 40B (SHI greater than 10%). SBW and CRCD represent 5.4% of the Town's units eligible for inclusion on the Subsidized Housing Index. Without the continued preservation of SBW and CRCD, the Town's SHI percentage would decrease to 11.2% based on data available from EOHLC as of June 2023.

iv. Encourage the preservation and development of a diversity of housing resources that fosters a range of choices and housing options including affordable units to meet the Town's growing demand and current and future needs for affordable housing.

This project preserves 76 units of deeply affordable housing that have been a valuable resource for the Town of Needham for more than 40 years. With a range of unit sizes, the property has housed a diverse range of Needham families and individuals, including marginalized populations of single senior households, people with disabilities, and low-income families. SBW and CRCD is a diverse community that provides affordable housing options for Needham residents of different ages, abilities, and incomes.

d. Explain how this project addresses the <u>Community Housing Factors for Consideration</u> in the 2023 Needham CPA Plan:

i. Preserves the affordable component of existing "expiring use" affordable units.

N/A; all preserved units at SBW and CRCD will remain affordable in perpetuity.

ii. Supports scattered-site low-density affordable unit development and avoids concentrated or high-density development.

The site consists of one- and two-story homes settled against open space and woods in a suburban context. The site's unit density is roughly 6.8 units per acre. This is less dense than other apartment complexes in Needham such as 1180 Great Plain Avenue (~18 units per acre) and Rosemary Lake Apartments (~30 units per acre), and less dense than the recently approved Affordable Housing District for the Linden Street project (22 units per acre). The SBW and CRCD site is located in a resource rich community that is well suited to support affordable housing where the census tract's median income is roughly 180% AMI.

iii. Is consistent with and assures fair housing practices.

Marketing, tenant selection, and other applicable policies and procedures will continue to be in line *with Fair Housing policies.*

iv. **Redevelops, utilizes, improves or expands existing housing structures and infrastructure for affordable housing use. Projects that redevelop existing structures will be preferred.**

The project will preserve and improve existing housing options to provide continuous affordable housing use for decades to come.

v. **Provides affordable housing opportunities on identified parcels of town owned land as set forth in the Town of Needham Open Space Report to the Board of Selectmen.**

N/A

vi. **Provides affordable housing opportunities in the business districts, including the Town Center, Needham Heights, and Chestnut Street Corridor, compatible with existing infrastructure. Serves an underserved population or populations by establishing affordability restriction in perpetuity.**

The project will preserve an existing affordable housing development located less than 0.5 miles from the MBTA #59 Bus Route stop at Central Avenue and Hampton Avenue which connects Town Center and Needham Heights to Watertown via Newton. Please see the Site Context Map as Attachment J in the Box repository.

vii. **Considers the various development needs of the Town.**

The preservation of SBW and CRCD is fully consistent with and endorsed by the 2022 Needham Housing Plan.

viii. **Project proponent has satisfied the requirements of 40B (to the extent applicable).**

N/A.

5. **Supporting documents:**

a. **Please attach letters, references, studies, maps, statistics or any other documents which support the merits of the application.**

Please see the "Commitment to enter into a Housing Assistance Payment" (CHAP) letter dated 12/12/2024 from the Dept. of Housing and Urban Development (HUD) to NHA Executive Director Cheryl Gosmon providing initial approval of NHA's request for conversion to the Section 8 program (Attachment K). The effect of this initial approval will increase NHA's federal operating subsidy for the property after further HUD processing, construction loan closing, and the start of the modernization project. The higher income will enable NHA to take out a primary loan currently projected at roughly $20 million, or approximately 2/3 of the cost of the overall preservation and modernization project.

6. PROJECT SPECIFIC QUESTIONS

a. Public Outreach

i. Describe public outreach activities conducted thus far and summarize the feedback received.

NHA has facilitated resident engagement regarding the preservation and modernization work since March 2023. Since then, NHA has solicited resident input through printed surveys and at on-site resident meetings (also accessible online via Zoom) Meetings have focused on both the conversion to Section 8 and design updates. Following the meetings, NHA publishes the presentation materials and recordings, and prepares Q&A handouts based on resident's questions. To date, NHA has hosted nine meetings specifically about the conversion and three meetings about the project's design, for a total of twelve resident meetings.

Resident feedback has focused on the poor conditions of the site and the need for revitalization to preserve it. Residents inquired about the logistics of the project, what aspects of the buildings and site would be modernized and/or replaced, and how modernization efforts would address existing problems, including building integrity and envelope concerns, accessibility issues, and hazards to resident safety and comfort.

NHA also holds monthly Board Meetings and invites the public to attend, either in-person or online. In addition, NHA publishes updates on the SBW and CRCD preservation and broader work on the NHA website.

Public feedback has been generally positive. The Needham Housing Coalition has championed the preservation work planned for SBW and CRCD, and the broader community recognizes the benefits of preserving community housing resources while improving its quality, sustainability, and appearance. The SBW and CRCD property is a relatively secluded site and most of the buildings are not visible to neighbors. Prior to construction, NHA will invite abutters to meetings to discuss the project as necessary.

ii. What additional outreach activities are planned and what is the timeline for same?

The following table shows additional planned outreach activities:

Time	***Audience***	***Event***
Monthly	*General Public*	*NHA Board Meetings with project updates as needed*
Q1 2025	*Residents*	*Project update meeting following completion of 100% Schematic Design*
Q2 2025	*Residents*	*Required meeting with updates on HUD conversion process*
Q3 2025	*General Public*	*Project update announcement following Town Meeting*
Q3 2025	*Residents*	*Series of meetings concerning temporary relocation and start of construction*
Q1 2026- *Q2 2027*	*Residents*	*Project updates meetings and announcements with guidance concerning construction and return to completed units*

Throughout	*Town Committees*	*Project update announcements as needed with Town Committees*

b. Local / State Approvals

i. Describe key local/state approvals required by project phase and comment on the risk on non-attainment.

There are no key local/state approvals needed to preserve and revitalize the properties, just routine building permits.

- **Does this project require variances or site plan review? Please describe and provide the timeline for that process.**

No.

- **Does this project require environmental review and approvals? If so, please describe and provide the timeline for same.**

Phase 1 Environmental Site Assessments (ESAs) were completed in 2023 by Fuss & O'Neill. They found no recognized environmental conditions (RECs). A HUD compliant Part 58 Environmental Review completed in 2024 by Envirobusiness Consulting (EBI) found that the property is Categorically Excluded from further compliance steps. NHA anticipates that further sign-off on environmental reviews will be needed as the project progresses. Please see Attachment H in Box Repository for the Phase 1 ESAs and Part 58 Environmental Review.

c. Funding

i. Provide a sources and uses schedule and project pro forma showing anticipated funding sources, expenditures, cash flow, etc.

Please see the attached sources and uses schedule and project pro forma in the OneStop format provided in the Box Repository as Attachment C. NHA will provide an update once the 100% SD cost estimates and CNA are finalized.

ii. Describe the timeline for obtaining the various funding sources envisioned for the project and comment on the risks of each.

Source	***Amount***	***Deadline***	***Use Period***	***Risk***
Permanent Loan	*$20,246,000*	*As part of financial closing*	*Conversion*	*Low: requires accessing increased operating income from Section 8 PBVs*
Construction Loan	*$20,617,707**	*As part of financial closing*	*Construction through stabilization*	*Low: requires securing funding for overall project*

DOER Decarbonization	*$3,040,000*	*January 2025*	*Financial closing through construction completion*	*Competitive*
FY2024 CPA Funds	*$167,860*	*Already obtained*	*By financial closing*	*None*
FY2026 CPA Funds	*$5,600,000*	*Requested November 2024*	*Financial closing through conversion*	*Competitive and pending availability*
HOME	*$300,000*	*December 2024*	*Financial closing through construction*	*Competitive*
LEAN DER	*$292,919*	*Ongoing (provided as reimbursement at end of construction)*	*Conversion*	*Low: requires post-completion performance analysis*
HEAR Electrification Rebates	*$1,064,000*	*Reimbursement after construction completion*	*Conversion*	*Moderate: federal program administered at state level is coming online in 2025*
NHA Loan	*$1,159,993*	*N/A*	*Throughout development period*	*Minimal*
Repayment of Construction Loan	*($20,617,707)*	**construction loan repaid at conversion.*		
Total	***$32,370,772***			

iii. What is the risk of the Section 8 conversion?

NHA's RAD / Section 18 application was approved for further processing on December 12, 2024.

Millions of private sector housing units and their landlords depend on Section 8 subsidies every year. The Section 8 voucher program has generally been well funded and is considered low risk. Private lenders' willingness to grant mortgages based on this stream of funding will continue. The program has experienced increased funding over several decades has it has broad support from the private and public sector.

iv. Detail how CPA funds will be used in this project.

CPA funds will be used to fund CPA-eligible scope necessary to preserve the buildings as affordable housing. Please see the table of CPA eligible uses for the project, provided as Attachment D in the Box Repository.

v. How much money has been expended on the project so far? From what sources?

NHA has been invoiced $897,191.02 on predevelopment work to date. This includes:

Vendor	Scope	Invoiced to Date	FY2024 CPA Funding Award (Actual or Committed)	NHA Capital Reserves
CHA	Dev Consulting	$350,442 through Oct 2024	$75,345	$275,097
BH+A	A/E	$526,000 through Sept 2024	$113,090	$412,910
EBI	Environmental Review	$4,750	$1,021	$3,729
Language Connections	Translation / Interpretation	$565	$121	$444
Cross Cultural Communications	Translation / Interpretation	$1,680	$361	$1,319
J&M Brown	Electrical Testing	$13,754	$2,957	$10,797
Total		$897,191	$192,896[5]	$704,295

vi. How much CPA money is committed but not yet expended?

Of the $241,052 FY2024 CPA funding award, $192,896 has been remitted to NHA, or will be, for predevelopment expenses already incurred. This leaves a remaining balance of $48,156.

vii. Discuss project impacts if you are granted less CPA funding than requested.

NHA is currently exploring different scenarios to finance the project if it is not awarded the requested amount. This includes pursuing phased construction at the property that would pursue construction at SBW first and CRCD second as separately financed projects, or vice versa. It also includes reconsideration of Low-Income Housing Tax Credit (LIHTC) and tax-exempt bond financing for a combined SBW and CRCD project. However, NHA considers these two back-up scenarios as deeply disadvantageous. Either scenario would delay capital improvements at the property due to the phased nature of construction and extreme scarcity of LIHTCs and bond financing at the state level. These delays may also negatively impact the timing of a financial closing for the Linden Street

[5] The remaining amount of FY2024 CPA funds shown in the development budget is slightly higher that what is reflected in the above table. This does not substantially change the budget; the table above simply reflects slightly more pre-development costs having already been paid.

Redevelopment Project. As noted above, the Faircloth Authority subsidy that is necessary for the Linden Street project will only become available after the financial closing at SBW and CRCD.

In addition, delays to the SBW and CRCD project may also negatively impact access to state grants for sustainability improvements and private / public sector green financing made available by the federal Inflation Reduction Act. These sources of funding are limited and available on a first come first served basis.

NHA understands that CPC may not have the total requested amount of $5.6 million currently available for award this year. Please note that NHA is open to its CPA request being funded by a multi-year commitment. This is because construction for the project is anticipated to take place over the course of twenty months, plus one additional month prior to construction start for the financial closing. Alternatively, if amenable to the CPC and the Town of Needham, NHA is interested in exploring the possibility of CPA-financed bond financing.

viii. Discuss project impacts if a CPA funding grant was delayed a year.

As noted above, delays in accessing CPA funding would subject the SBW and CRCD buildings to further deterioration and the residents to further discomfort. It would also potentially jeopardize access to limited sustainability related grants and financing, as well as delay the financial closing and construction start of the Linden Street project.

ix. What percentage of the funds will be designated to preservation?

The entirety of CPA funding will be reserved for the preservation of physical housing as defined further by PHN 2013-14 (Attachment M), as part of the broader redevelopment work.

d. Construction

i. Define "dangerous building systems" that threaten the housing units.

"Building systems" are the components of a building that serve specific functions necessary for the building's continued operation, safety, and comfort. "Dangerous building systems" are those systems that are sufficiently deficient to pose a significant peril to a building's welfare, and consequently, its ability to continue housing residents.

At SBW and CRCD this primarily consists of electrical systems whose age increases the likelihood of electrical shorting and electrical fire that would severely damage or destroy parts of the building. These systems are nearing their end of functional life of 45-years. As load center breakers age, replacement parts become more difficult to locate once the manufacturer stops supporting the product and inventories diminish. These load centers and distribution equipment are under capacity and old, raising the danger of electrical shorting and fire potential.

Beyond the specific "dangerous buildings systems" category of CPA eligible items, there are also other scope items that require replacement to preserve the building. Please see Attachment D for a list of eligible scope costs. NHA will provide an update once the 100% SD cost estimates and CNA are finalized.

ii. Has there been any work done so far?

No construction related to this project has taken place. Work to date consists of pre-development design activity and due diligence to prepare a financing plan and other tasks such as environmental reviews.

iii. Is there any hazardous waste removal involved in this project?

The 2023 Property Conditions Reports completed by Dietz Architects and follow-up Supplemental Existing Conditions reports completed by BH+A in 2024 confirmed remediation as a necessary component of the project (Attachment G). Asbestos containing materials were found in CRCD unit bathroom flooring, and SBW kitchen flooring, and common area carpets and flooring at building entries. No screened building components determined a level of lead that is considered toxic or dangerous (greater than or equal to 1.0 mg/cm^2. Prior to construction, further destructive analysis will be conducted to confirm these findings and to plan for demolition and construction. All asbestos-related operations will be in strict conformance with Federal and State abatement, removal and disposal regulations.

e. Restrictions and Preference

i. Will deed restrictions be imposed? If so, describe.

As part of the conversion to the Section 8 PBV program via RAD / Section 18, a RAD Use Restriction will be placed on the SBW and CRCD property. The restriction will effectively limit the property's use to affordable housing in perpetuity. As noted above, income eligibility for new residents will be capped at 50% AMI upon lease-up to align with Section 8 program requirements. All existing residents will be able to remain.

ii. Will there be any other restrictions?

NHA anticipates that State funding sources may require that deed restrictions and/or regulatory agreements are recorded that enforce the property's required affordability.

iii. Will there be any preference offered for Needham residents?

Yes. NHA is required to allow current SBW and CRCD residents, all of whom are Needham residents, to return to the newly renovated units property after construction is completed. When a renovated SBW / CRCD unit becomes available, NHA will grant preference to applicants who reside or are employed in Needham to the greatest extent that it is able, as it does with other existing properties and vouchers. As a condition of obtaining State funding for the project, it is anticipated that the State will review an Affirmative Fair Marketing Plan for the project. As part of this process, the State may scrutinize the inclusion of a local preference in the marketing plan.

7. ADDITIONAL T-CHOC QUESTIONS (similar questions have been consolidated)

a. Is this project eligible for funding through Federal or State LIHTC Equity? If yes, does NHA intend to seek this funding? If not, why not?

The overall SBW and CRCD project is eligible for federal and state LIHTC. However, submitting a *request for LIHTC financing has considerable disadvantages for the project due to their oversubscription and limited availability. Disadvantages include the following:*

- *The scarcity of LIHTC in Massachusetts would delay the project by at least two years. The delay would also postpone the financial closing for NHA's Linden Street redevelopment project. As noted above, the Linden project requires Faircloth Authority subsidy from SBW and CRCD, which will only become available after the financial closing at SBW and CRCD.*

- *While LIHTC would provide additional equity for the project, it also would increase project costs. These costs include compliance costs, financing costs, and a higher developer fee (at least $2.5 million more than what is currently included in the development budget). Please see next bullet point for explanation of the higher fee.*

- *LIHTC financing would require NHA to partner with an external investor and developer, weakening NHA's ability to direct day-to-day operations, assert the Town of Needham's interests, and focus on the needs of Needham / NHA residents. A third-party developer will also likely require that the project pursue the maximum allowable developer fee under EOHLC guidelines, whereas NHA is including just the fee needed to cover its overhead and estimated consulting fees.*

Despite these disadvantages, NHA understands that it may need to reconsider LIHTC financing if it is not awarded sufficient CPA funds or if construction costs in the 100% SD report and Capital Needs Assessment are substantially higher than what is currently included in the budget.

b. Is the CPA funding being sought in whole or in part in lieu of Federal or State LIHTC Equity (EOHLC)?

CPA funding is being sought as a more advantageous funding strategy than applying for federal and state LIHTC, both for NHA and the Town. It should also be emphasized that a request for federal and state LIHTC does not guarantee a successful award. As noted above, due to oversubscription and limited availability, affordable housing developers and housing authorities across the state are experiencing several years of delayed access to LIHTC, even if they are successful. In addition, the state typically views new construction projects as a higher priority with more available funding, meaning that the SBW and CRCD project would face greater challenges to accessing a LIHTC award. As a rehabilitation project, SBW and CRCD would have to fit criteria set within the state Qualified Allocation Plan's (QAP) Preservation Matrix. It is CHA's experience that public housing rehabilitation projects are not as likely to score highly because three of the four eligibility categories do often pertain to public housing or public housing projects being converted to Section 8 like at SBW and CRCD. [6]

While NHA understands that its CPA request represents a significant financial commitment of Town

[6] Each state has a QAP which provides guidelines for the LIHTC program. There are four eligibility categories in the Massachusetts QAP's Preservation Matrix: risk of loss to market conversion / ability to increase rents substantially through conversion to market housing; risk of loss due to financial viability (projects at risk of default to lenders score highest); unique acquisition opportunity; risk of loss due to physical condition. Three do not often pertain to public housing or public housing conversion projects because they 1. Have protections against being converted to market rate housing; 2. Do not currently have a mortgage and thus have no loan to default; 3. Are not acquisition transactions.

resources, it also hopes to emphasize the distinct advantages that CPA funding in lieu of LIHTC funding provides to the project (see response above). Funding from the CPC would remove timing and funding barriers experienced by many developers and housing authorities in the state. It would facilitate a faster construction timeline and access to safe, clean, and affordable housing in Needham.

c. If the requested funds from CPA are not granted, will NHA seek funding through Federal or State LIHTC Equity?

See response to 7.a.

d. If the requested funds from CPA are not granted in full or if the estimated construction costs significantly exceed the current estimates, what is NHA's plan for seeking additional funding for the project from sources other than from CPA?

As noted above in response to question 6.c.vii, NHA would have to reconsider LIHTC financing.

NHA would also consider pursuing a phased approach to construction at SBW and CRCD. Under a phased approach, NHA would likely focus available financial resources into preservation and modernization work at Seabeds Way. Converting Seabeds Way to the Section 8 program and starting a construction project there would unlock enough of NHA's Faircloth Authority to facilitate the construction loan closing of Linden Street 1A. The Seabeds Way buildings are also generally in better condition than Captain Robert Cook Drive, reducing construction scope per apartment.

NEEDHAM COMMUNITY PRESERVATION COMMITTEE
APPLICATION FOR FUNDING

SECOND SUPPLEMENTAL FOLLOW-UP QUESTIONS

Application No:	FY2026-04	**Project Title:**	Preservation of Seabeds Way & Captain Robert Cook Drive
CPC Liaisons:	Dave Herer Adam Block	dave.herer@comcast.net ablock@commonwealthlandtrust.org	
Submit to:	Cecilia Simchak Lauren Spinney	csimchak@needhamma.gov lspinney@needhamma.gov	

Note: All questions received from Emily Achtenberg on January 18, 2025 are included in this document.

Attachments:

1. *Updated Cost & Budget Materials Reflecting 100% SD and Final Draft of Capital Needs Assessment (CNA)*
    a. *1.1: Updated Construction Cost Estimates & Scope*
    b. *1.2: Table of CPA Eligible Construction Costs*
    c. *1.3: Total Development Cost Budget Update*
    d. *1.4: Final Draft of CNA (excerpts)*
2. *RAD Use Restriction*
3. *CPA Bonding*
    a. *3.1: Memorandum: Bonding again Local CPA Funding to Support Affordable Housing Preservation and Development*
    b. *3.2: Full List affordable housing projects supported by CPA Bonding*
    c. *3.3: Clarendon Hill Bond Certification Letter*
    d. *3.4: Community Preservation Coalition presentation on CPA bonding*

Attachments can be accessed and downloaded from the following Box Repository link:
https://cambridgehousing.box.com/s/b846c18cspy2r29haxcn0tg03vj79qlm

ADDITIONAL QUESTIONS & ANSWERS

0. **Please summarize the material changes to the Project sign the November 1, 2024 and January 1, 2025 submissions to the CPC.**

    A HUD-required Capital Needs Assessment was completed which substantially increased the construction costs of the Project. The 100% Schematic Design was *also completed, resulting in a more accurate estimate of construction costs. Included with this submission are the following documents:*

- *Update Construction Cost Estimates & Scope*
- *Table of CPA Eligible Construction Costs*
- *Total Development Cost Budget Update*
- *Final Draft of CNA (excerpts)*

There are no other reasonably available sources of funding to cover the increase in estimated construction costs. As a result, NHA is recommending that the CPC and the Town of Needham consider a bonding approach to funding Community Housing Projects. Included with this submission are the following relevant documents:

- *CPA Bonding Memorandum: Bonding again Local CPA Funding to Support Affordable Housing Preservation and Development*
- *Full List affordable housing projects supported by CPA Bonding*
- *Clarendon Hill Bond Certification Letter*
- *Community Preservation Coalition presentation on CPA bonding*

1. Explain how a multi-year funding commitment or CPA financed bond would work in this project.

Please see the attached memo regarding CPA bonding for details.

2. Confirm that CPA funding would be only used for construction after financial closing.

The majority of funds are anticipated to be used for construction after financial closing. However, a portion of funds may be needed to cover soft costs related to design and the financial closing.

3. Why is there no utility allowance for the 1BR units?

The 1BR units are located at the Seabeds Way portion of the property, which is occupied by seniors and persons with disabilities. NHA's policy has been for seniors and persons with disabilities to not receive utility allowances, with NHA instead paying the cost of all utilities. This policy is based, among other points, on a desire to avoid the potential for utility shutoffs for a vulnerable population.

4. Please provide the basis/calculations for the grant/soft debt funding amounts you are requesting from the various sources (DOER Decarbonization, HEAR, LEAN DER, FHLBB), demonstrating consistency with program requirements.

DOER = $40k/unit. Per the program's current request for applications, this is the maximum per unit funding amount for a retrofit project with greater than six units.

LISC Climate Ready = $25k/unit. The maximum amount referenced in the state's Draft 2025-2026 QAP is $40k/unit. However, NHA submitted an application last year and was not invited to submit a final application, so NHA is assuming a lower amount in an effort to increase the competitiveness of an application.

HEAR = $14k/unit. This is our understanding of the maximum anticipated rebate available per unit for projects with more than 50% of units for households at or below 80% of AMI. This information is provided by the US Department of Energy and EOHLC. This rebate program is funded by the Inflation Reduction Act (IRA) and is anticipated to come online in Massachusetts in early 2025. The extent to which the Administration make efforts to claw back funds awarded to states via the IRA is TBD.

LEAN DER = $292,919 overall. This value was defined by program staff after reviewing the scope of work for the project and is only applicable to the CRCD scope.

FHLB = $850,000 overall. This was the typical maximum award per project in the prior funding cycle.

5. **The Application (p. 4) anticipates 20% RAD units, while the 1STOP reflects only 10%. What is the status of this issue with HUD, and when do you anticipate a resolution?**

   The project will proceed assuming that after repositioning there will be 90% Tenant Protection Vouchers (TPVs) and 10% RAD vouchers. On December 26, 2024, HUD issued PIH 2024-40, which created new RAD/Section 18 repositioning options. PIH 2024-40 increases the proportion of TPVs that can be allocated to a project to 90%. Typically, this option will require evidence of very high capital needs. However, the notice provides small housing authorities with access to the 90% tier via a "Small PHA Blend" without having to meet a capital needs threshold. Under this option, a housing authority with fewer than 250 units, such as NHA, can convert its federal public housing to 90% TPVs and 10% RAD vouchers. As long as the project addresses 20-years of capital needs, it is eligible for the high proportion of TPVs. The Small PHA Blend would allow NHA to retain Faircloth Authority for the 90% of units that are TPV units.

6. **An increase to 20% RAD units would decrease the supportable mortgage debt by around $1.8M. How will this gap be addressed?**

Based on the response to question #5 above, this question is N/A. NHA is confident that HUD's new repositioning notice will provide access to 90% TPVs and 10% RAD vouchers.

7. **How many households have agreed to convert their mobile TPVs to PBVs? How are the remaining TPV units, if any, underwritten and treated upon turnover?**

   Unlike under the Section 22 Streamlined Voluntary Program that was being considered in 2024, the vouchers associated with Section 18/RAD blends enter the project as project-based, rather than tenant-based. Tenant consents to project-based vouchers are now N/A.

8. **What is the basis for the affordability categories reflected in the 1STOP (Section 1, Item 13, Unit Mix)? Does this reflect current occupancy? How does it relate to any anticipated future affordability restrictions?**

   The division of units between affordability categories is currently intended to reflect that residents have a range of incomes, but they do not tie exactly to current residents. Post-repositioning, the units will 100% be affordable at less than 80% AMI. New residents will have incomes less than 50% AMI in order to be eligible for the PBVs.

   The division of units between affordability categories also reflects funder requirements (see response #10). For instance, 60% of units are affordable at less than 50% AMI in order to maximize competitiveness for FHLB.

***NOTE*: The answers to Questions 9-13 & 15 have been provided by NHA and AHSC Peabody Developer LLC.**

9. **Please provide a copy of the boiler-plate RAD Use Restriction. Will this apply to all units or just the [8] RAD units?**

   Please see attached for the boilerplate RAD Use Restriction. On January 16, 2025, HUD issued RAD Supplementary Notice 4C. Among other changes, RAD 4C states that "both the Converting Public Housing Assistance and the Converting TPV Assistance shall be converted to the selected form of Section 8 assistance (i.e., PBV or PBRA). All assistance converting under a RAD/Section 18 Blend will be placed under a single RAD form of HAP contract upon conversion, be subject to a single RAD Use Agreement, and be governed by the terms of this Notice for RAD PBV or RAD PBRA as applicable." In other words, in the future there will be a single use restriction for the RAD and TPV units at Seabeds and Cook. The form of this use restriction is TBD since the RAD 4C notice is new.

10. Please describe the nature and term of the affordability restrictions that can be anticipated from the other funding sources you are seeking.

The RAD Use Restriction referenced above contains language regarding AMI limits. It states that households must have incomes at or below 80 percent of AMI at the time of admission and that rents for the assisted units must not exceed 30% of 80% of AMI.

Climate Ready Housing is anticipated to have a 30-year term, and a requirement that 25% of units serve households earning less than 60% AMI.

LEAN DER is anticipated to require that 50% of units serve households earning less than 60% AMI. The term of affordability is TBD.

DOER is anticipated to have a 3-year term, and requirement to serve households earning less than 80% AMI.

FHLB is anticipated to have a 15-year term, and requirement to serve households earning less than 80% AMI, although the property may commit to having up to 60% of units serve households earning less than 50% AMI in order to maximize its competitiveness for the funding.

HEAR -- The affordability restrictions associated with HEAR rebates is TBD. The program is funded by the Inflation Reduction Act (IRA) and administered at the state level. NHA is monitoring the impact of the new Trump administration on this funding source. Massachusetts has already been awarded funding, but it has not released guidelines. The program is expected to come online in early 2025. To be eligible for 100% of costs up to $14k/unit, projects must have more than 50% of units for households at or below 80% of AMI.

The HOME affordability restriction is anticipated to be in perpetuity. It would be for 11 units at 50% AMI or less.

11. You state that the 60/68 Faircloth units required for Linden St. will only become available when Seabeds-Cook starts construction, but when are they actually needed at Linden Street? Given that Linden has an 18-month construction period, and Section 8 subsidies do not actually start flowing until construction is completed.

A commitment of the associated vouchers from the Faircloth units will be necessary to receive full One Stop application approval, as they are an operating source that the Phase One A of the project needs. We will also need to have a signed AHAP at our initial construction closing. We are anticipating a 21 month construction period, and will need a full executed HAP Agreement to convert to operations.

12. **The Linden St. schedule provided to T-CHOC anticipates construction closing in May-June 2026. If the commitment of Faircloth units is required for construction closing, could this schedule accommodate a May 2026 funding award?**

The timeframe originally provided to T-CHOC of a May-June 2026 construction closing was based on a projected "best-case scenario" of getting our 2025 One Stop awarded this year, and did not contemplate the Faircloth units/vouchers being available until Seabeds-Cook began its construction. We do not believe that we would be able to get EOHLC awards/commitments for Phase One A at Linden, until we get a commitment of Faircloth units.

13. **Is Linden St.'s zoning status affected by the recent Town vote? Are there any significant impediments to the closing schedule?**

Yes, Linden Terrace Phase One A has been invited into the full 2025 funding round with its application due 2/27/2025. Linden's zoning is not impacted by the recent town vote, as it is our understanding that the Town will be in "Interim Compliance" until it votes again at Town meeting in May of this year on the "Base Plan", we achieved near-unanimous support at 2025 Town Meeting. We believe the only significant impediment to our closing is the timing of the Faircloth units.

14. **Is there still a $1M loan from Seabeds-Cook to Linden St. as previously anticipated? If so, where is this reflected in Seabeds-Cook's development budget? Please provide a current summary sources and uses for Linden St., for clarification.**

No, this option is no longer available. At this time last year, NHA was planning to do a Section 22 Streamlined Voluntary Conversion. This option was discontinued Fall 2024 by HUD, and NHA had to revert to a RAD/Section 18 approach, which does not generate enough resources to achieve a cross-program loan to Linden St.

15. **How does the availability of 60 vs. 68 Faircloth units from Seabeds-Cook impact the Linden St. affordability mix? Please provide a current unit/affordability/rent matrix for Linden St., for clarification.**

For Linden Terrace Phase One A, we are modeling 41 Faircloth units (vouchers) available from the Seabeds and Cook project. These units would be income restricted at 30% AMI. Additionally, we will have 16 project-based units from EOHLC, which will also be at 30% AMI. The balance of the Phase One A units will be affordable at 60% AMI.

16. **Please clarify how the phased approach starting with Seabeds only (Application, p. 22) would work, and the feasibility of this fallback option.**

Should NHA proceed with a phased construction approach, NHA would initially concentrate financial resources on either the Seabeds or Cook portion of the property during a 2025-2026 construction project. The balance of the property would be modernized as a second phase, which would proceed as soon as possible, but likely approximately 2 or more years later. A phased construction approach is feasible from the perspective of HUD (a partial release of declaration of trust would allow a fraction of the units on the site to be repositioned from Section 9 to Section 8). A phased construction approach involves risks that NHA must weigh, including but not limited to: higher overall costs, risk of physical deterioration or critical needs at the phase two property, and change in HUD policies.

17. No management fee or PILOT payments are reflected in the operating budget; please clarify.

The updated budget includes a 2% management fee as part of the operating expenses, as well as an additional 2% fee below the line as made available from cash flow. NHA is confirming that this amount is sufficient to support central office costs.

A $0 PILOT payment is being assumed. NHA intends to enter discussions with the Town on this matter in 2025.



Preservation of Seabeds Way & Captain Robert Cook Drive

FY2026 Request Presentation

February 5, 2025
Needham Housing Authority

Overview of Presentation

1. Recap of PRI Financing Strategy & Repositioning Strategy
2. Current Project Scope & Budget
3. Timeline
4. Importance of CPA Funding
5. Separated Projects
6. Exploring CPA Bonding
7. Attachments

Recap of PRI Financing Strategy & Repositioning Strategy

- **Reposition Seabeds and Cook** -- from public housing (Section 9) rental subsidy to project-based vouchers (Section 8)
- **“Frees up” Faircloth Authority units --** new project-based vouchers that NHA can use in Needham
- **Redeploy** -- the new vouchers to enable Linden Street redevelopment

Key Takeaway:

The viability of the Linden Street Project is strongly linked to NHA’s ability to implement Seabeds and Cook

1. Faircloth Authority only becomes available when Seabeds and/ok Cook starts construction
2. Faircloth Authority must be available for Linden Street for that project to reach its financial closing
3. NHA needs to advance both projects, but wants to avoid having them compete for the same scarce state resources (LIHTC and tax-exempt bonds)

Recap of PRI Financing Strategy & Repositioning Strategy

In April 2024, NHA elected to switch its HUD funding strategy from a RAD / Section 18 Blend to a Section 22 “Streamlined Voluntary Conversion”. This switch had the following advantages:

- **Generated More Income, Faircloth Authority, and Funding for Linden Street**
  - Generate increased income from high-value “Tenant Protection Vouchers” for 100% of the existing 76 units. The income would support a loan, a portion of which would help fund the Linden Street redevelopment.
  - Generate 100% Faircloth Authority for all 76 units. Faircloth Authority subsidy would support the Linden Street redevelopment.
- **Had a Faster Construction Timeline**
  - The RAD program’s requirement that a project address 20 years of capital needs was not applicable. This allowed the project to have a smaller construction budget that could be funded without scarce tax-exempt bonds and LIHTC financing. This enabled starting construction faster (2026 estimate).
- **Required a Relatively Limited Amount of CPA Funding**
  - Without RAD’s requirement to meet 20-year capital needs, the project budget could be tailored to the amount of available sources, with little additional CPA funding.
- **NHA submitted its Section 22 SVC application in July 2024.**

But…

- In September, NHA was told that HUD is closing the SVC program due to a lawsuit. NHA submitted a RAD / Section 18 Blend application at the end of Oct. and received initial approval in Dec. 2024.
- In Dec. 2024, HUD released a notice establishing a new RAD Blend tier providing a slight bump in income and Faircloth Authority.
- Major impacts are:

1. **Faircloth Authority for Linden Street**
   - NHA can obtain 90% high-value "Tenant Protection Vouchers," compared to 100% under S22 SVC. NHA would receive 68 Faircloth units, compared to 76 units under S22 SVC which will support Linden Street.

2. **Project Must Cover Larger Scope with More Costs**
   - NHA must now address 20-year capital needs as confirmed by a final draft of Capital Needs Assessment (CNA) completed in December. This increased project scope and costs such that the project can no longer directly fund Linden Street aside from the Faircloth Authority.
   - Securing and closing on additional funding sources will be slower than under the SVC program.

3. **Larger Amount of CPA Funding Needed**
   - To cover the remaining sources needed to address the 20-year capital needs, the project now requires a large amount of CPA funding (see next slide for additional discussion).

Current Project Scope & Budget

Neither CRCD nor SBW have received a major preservation / modernization effort since they were constructed in 1982.[1]

Existing Conditions Report Overall Rating:

- **CRCD: "Poor"**
  - At 50% Schematic Design, the cost estimate showed $2M more of 1 to 2-year immediate needs than at SBW.
  - Of particular concern are the building envelope systems for 4 of 6 residential buildings which did not receive improvements after a winter storm in 2015. Envelopes at all SBW buildings and 2 CRCD residential buildings were addressed.
  - CRCD also continues to experience urgent repair needs.
- **SBW: "Fair"**

Roofing and exterior siding are in poor condition. Interior appliances, fixtures, and accessibility need upgrading.

Repositioning/HUD Requirement:

- The project must address 20 years of anticipated capital needs at the property.

1. SBW did receive exterior roof and siding improvements after the winter 2015 storm.

Current Project Scope & Budget

Based on 100% Schematic Design, the target scope includes:

- Building envelope improvements
- Roof, siding and window replacements to assure water tightness of the housing*
- Replacement of dated electrical systems that could threaten resident safety*
- Upgrade to building fire detection, alarm and fire suppression systems.*
- New energy efficient building systems
- Replacement of bathrooms, kitchens, and flooring
- Installation of hook up for emergency back-up generator
- Roof reinforcements and electrical upgrades for “solar readiness” to prepare for on-site solar power generation

***Eligible for CPA Funding**
Note: Project soft costs are also eligible for CPA funding based on the percentage of eligible CPA construction costs.

Roofing and exterior siding are in poor condition. Interior appliances, fixtures, and accessibility need upgrading.

Climate Resilience Goal: Improve building systems to increase resident comfort and transition to all-electric power with the aim of decarbonizing the 76-unit property over time.

Current Project Scope & Budget

Impact of final HUD CNA draft completed in Dec. 2024:

- Confirmed the overall 100% SD scope.
- Added a requirement for a ~$1.4M initial deposit to the project's reserve to fund replacements over the course of 20 years. This is an added cost to the project budget.
- Replacement costs and the estimated useful life of scope items are established via HUD formulas.

NHA is including select alternate scope items that are CPA eligible and / or that increase competitiveness for green funding (pay for themselves).

- CPA eligible items
  - Balcony repairs at SBW.
  - Step flashing to improve water tightness and building envelop integrity.
- Scope for green funding
  - Roof reinforcements and electrical upgrades to make the buildings "solar ready".
  - Bike racks and new trash / recycling bins.

<u>January 2025</u>
Total Construction Cost: $28,557,178

Total Development Cost: $40,334,873

Current Project Scope & Budget

December 2023

- **Phase:** Existing Conditions
- **Conversion Strategy**
  - RAD / Section 18 Blend with requirement to meet 20-year needs
- **Total Construction Cost**
  - $23.7M
- **Total Development Cost**
  - $39.9M
- **Financing Strategy**
  - Included $24M from LIHTC with little need for CPA funding

December 2024

- **Phase:** 50% SD
- **Conversion Strategy**
  - Recent decision to switch from Section 22 to RAD / Section 18 Blend with requirement to meet 20-year needs
- **Total Construction Cost**
  - $23.1M, pending completion of 100% SD and CNA; Anticipated cost up to $28M
- **Total Development Cost**
  - $32.4M (construction sized at $23.1M)
- **Financing Strategy**
  - $5.6M CPA request with no LIHTC

January 2025

- **Phase:** 100% SD
- **Conversion Strategy**
  - RAD / Section 18 Blend with requirement to meet 20-year needs
- **Total Construction Cost**
  - $28.6M
- **Total Development Cost**
  - $40.3M, including ~$1.4M reserve deposit requirement
- **Financing Strategy**
  - $9.95M CPA request with no LIHTC

Current Project Scope & Budget

Based on the results of the CNA and 100% SD, the project needs $9.95M from CPA to move forward. CPA eligible construction items total ~$9.9M. Additional amount is to cover soft costs up to ~35%.[1]

SOURCES	TOTAL	TIMING NOTES
Permanent Loan	$20,286,000	6.34% IR; 1.1 DSCR; Secure at financial closing
Climate Ready Housing	$1,900,000	Current round RFP yet to be released
DOER Decarbonization	$3,040,000	Applied in January 2025
HEAR (Energy Rebates)	$1,064,000	IRA program coming online in 2025
LEAN DER	$292,919	Reimbursed after construction
CPA (FY 2024)	$167,860	Estimated remaining award[2]
CPA (FY 2026)	$9,950,000	Updated FY2026 request
FHLB Boston	$850,000	Secure at financial closing
HOME	$300,000	Applied in Dec. 2024
Cash Flow	$108,467	
Linden Cross Subsidy	$1,200,000	Generated from Linden Street closing[3]
NHA Program Loan	$1,175,628	Public housing & reserve funds
Total	**$40,334,873**	Sized to ~$28.5M construction

USES	TOTAL	NOTES
Construction*	$28,557,178	Upper end of estimated cost shared with T-CHOC in Dec. 2024
Utility / Misc Non-GC	$50,000	
Total Hard Costs	**$28,607,178**	
Financing Fees	$2,386,582	
Architectural and Design	$1,703,800	
Development Consulting	$520,000	
Other Soft Costs	$1,732,485	
Contingency (Cx & Soft)	$3,110,718	Insurance, relocation, legal, clerk of works, etc.
Operating Reserve	$587,821	
Developer Fees	$250,000	LIHTC project would size at ~$3M
Initial Deposit to Reserve	$1,436,290	Required by CNA
Total	**$40,334,873**	

1. Based on percentage of CPA eligible construction costs.
2. May be different from actual amount remaining. Does not substantial change the budget because FY2024 CPA funds have paid down soft costs like the A/E fee.
3. NHA is studying availability based on timing of Linden Street closing. Bridge loan may be needed to cover source which will add costs.

Current Project Scope & Budget

Sources have been maximized to support the project as shown below.

SOURCES	TOTAL	SOURCE SIZING NOTES
Permanent Loan	$20,286,000	Maximum amount eligible based on operating income, expenses, and anticipated financing terms
Climate Ready Housing	$1,900,000	Maximum amount per MA's QAP is $40k / unit. NHA was not invited for final round in 2024, so amount has been lowered.
DOER Decarbonization	$3,040,000	Sized at maximum amount: $40k / unit
HEAR (Energy Rebates)	$1,064,000	Sized at maximum amount: $14k / unit
LEAN DER	$292,919	Sized at maximum amount per communication with program manager
CPA (FY 2024)	$167,860	Estimated remaining award[1]
CPA (FY 2026)	$9,950,000	Updated FY2026 request
FHLB Boston	$850,000	Maximum amount
HOME	$300,000	Maximum amount in 2024 round
Cash Flow	$108,467	Sized at maximum amount based on estimated income from operations during construction
Linden Cross Subsidy	$1,200,000	Generated from Linden Street closing
NHA Program Loan	$1,175,628	Using public housing & reserve funds at levels proportionate to units in project
Total	**$40,334,873**	Sized to ~$28.5M construction

1. May be different from actual amount remaining. Does not substantial change the budget because FY2024 CPA funds have paid down soft costs like the A/E fee.

Current Project Scope & Budget

Income, Expense, & Mortgage Calculation

Operating Income

Unit Size	Subsidy	# of Units	Base Rent	Overlay to Reach TPV[1]	Utility Allowance	Net Rent	Monthly Rent	Annual Rent
1BR	RAD	4	$1,111	$1,464	$0	$2,575	$10,300	$123,600
	TPV	42	$2,575	$0	$0	$2,575	$108,150	$1,297,800
2BR	RAD	1	$1,332	$1,638	$284	$2,686	$2,686	$32,232
	TPV	4	$2,970	$0	$284	$2,686	$10,744	$128,928
3BR	RAD	2	$1,621	$2,109	$336	$3,394	$6,788	$81,456
	TPV	18	$3,730	$0	$336	$3,394	$61,092	$733,104
4BR	RAD	1	$1,789	$2,353	$391	$3,751	$3,751	$45,006
	TPV	4	$4,142	$0	$391	$3,751	$15,002	$180,024
Total		**76**					**$218,513**	**$2,622,150**

1. NHA anticipates using income from a voucher administration fee from HUD to supplement RAD rents in order to maximize the mortgage.
2. A $0 PILOT payment is being assumed. NHA intends to enter discussions with the Town on this matter in 2025.

Operating Expenses

	Annual	Per Unit Per Year
Administrative	$309,168	$4,068
Tenant Services	Funded from cash flow at ~$72 PUPY	
Management Fee	$49,821	$656
Maintenance	$283,160	$3,726
Utilities	$159,600	$2,100
PILOT[2]	$0	$0
Insurance	$114,000	$1,500
Replacement Reserves	$38,000	$500
Total	**$953,749**	**$12,549**

Permanent Loan Calculation

Section 8 Income	$2,622,150	
Less Vacancy	-$131,108	5%
Effective Gross Income (EGI)	$2,491,043	
Less Expenses	-$953,749	
Net Operating Income	$1,537,294	
Debt Service	$1,397,534	
Cash Flow	$139,760	
DSCR	1.10	
Permanent Loan	**$20,286,000**	**6.34% IR; 40-amort**

Project Timeline: Design, Construction, and HUD Repositioning

The timeline below reflects anticipated milestones under the RAD / Section 18 Blend conversion strategy.

		Design & Construction	HUD Repositioning
2024	**December**	• Refine scope to align with 100% SD Report / Cost Estimate & CNA	• HUD 20-Yr CNA (RAD requirement) • HUD approval of Initial RAD application
2025	**February - April**	• NHA decision about project scope • 50% Construction Documents (CD) & Cost Estimate	• Prepare additional HUD due diligence items
	May	• Town Meeting	
	July	• 90% CD & Cost Estimate	
	September	• Construction Bidding	
Early 2026-2028		• Construction (24 months) • Any required relocation will take place prior to construction on each unit	• Final HUD Approval & Financial Closing Spring 2026.

Importance of CPA Funding

The $9.95M FY 2026 CPA request for the project reflects NHA's estimate for the funding needed to close the financing gap.

1. Seabeds and Cook are important affordable housing resources in Needham. **In general, there is less funding at the state level to fund preservation and rehabilitation projects.** This makes local CPA funding from Needham critical to the project.

2. **CPA funding could allow Seabeds and Cook to move forward without tax-exempt bond and LIHTC financing.** This would facilitate an earlier construction timeline than would otherwise be possible. It also allows NHA to avoid submitting an application for LIHTC funding that could compete against the Linden Street project.

3. **The earlier construction timeline for Seabeds and Cook enables the Linden Street project to move forward faster.** The financial closing for Seabeds and Cook will unlock Faircloth Authority that is necessary for the Linden Street project.

4. **Typical sources of state funding for affordable housing are geared toward new construction.** This increases the importance of other funding such as CPA.

5. **$1 of CPA funding leverages $3 of non-Needham taxpayer investment.**

"Plan B": Separated Projects

If sufficient CPA funding is not available, NHA may considering separating the project such that construction on SBW or CRCD takes place first.

Pros

- NHA could access Faircloth Authority for either 27 (CRCD) or 41 (SBW) units depending upon which project is done first based on receiving 90% TPVs. Faircloth units would be available to cross-subsidize the Linden Street project upon the financial closing and construction start.

Cons

- **Delayed Improvements**
  - Prioritizing construction at one property will delay improvements to the other property. While NHA may be able to compile financing for the second phase roughly two years later, timing is unknown.
  - During that time, physical conditions at the second property will further deteriorate. This is of particular concern at CRCD, where the building envelope has not received necessary repairs, and has other significant immediate needs. See slide #6 for details.
  - NHA is also weighing its overall balance of investment in family vs elderly / disabled housing, considering the upcoming Linden Street project.

- **Increased costs**
  - Phasing construction results in lost cost efficiencies due to scale.
  - Delayed construction entails increase costs due to escalation as well as the need to address further deterioration in building conditions.

Separated Projects

Separating construction at SBW and CRCD increases costs by ~$3.8 million.

- Overall construction duration is increased by 3 months from 24 to 27-30 months (not accounting for timing between projects).
- NHA will likely rely on CPA funding to cover the majority of increased costs. NHA's total CPA request to complete the project would be nearly $13 million.

	COMBINED	SEPARATED	DIFFERENCE
Timeframe	Q1 2026 – Q1 2028	Phase 1: Q1 2026 - Q1 2027 Phase 2: Q1 2028 - Q1 2029	
USES		TOTAL	
Construction	$28,557,178	~$31.0M	+$2.4M
Soft Costs & Reserves	$8,666,977	~$9.5M	+$0.9M
Contingency (Cx & Soft)	$3,110,718	~$3.6M	+0.5M
Total	**$40,334,873**	~$44.1M	**+$3.8M**
SOURCES			
Permanent Loan	$20,286,000	~$20.3M	+$0
Soft Loans	$7,614,779	~$8.5M	+$0.9M
Needham CPA Request	**$9,950,000**	**~$12.8M**	**+$2.9M**
Funds from Linden	$1,200,000	$1.2M	+$0
NHA Resources	$1,284,094	~$1.3M	+$0
Total	**$40,334,873**	~$44.1M	**+$3.8M**

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	SBW		CRCD		TOTAL	
	SBW 1st	**SBW 2nd**	**CRCD 1st**	**CRCD 2nd**	**SBW 1st, CRCD 2nd**	**CRCD 1st, SBW 2nd**
USES						
Construction	$14,357,329	$14,897,229	$16,013,279	$16,615,667	$30,972,996	$30,910,508
Soft Costs & Reserves	$4,737,607	$4,902,816	$4,658,719	$4,810,496	$9,548,103	$9,561,534
Contingency (Cx & Soft)	$1,680,733	$1,734,723	$1,846,328	$1,906,567	$3,587,300	$3,581,051
Total	**$20,775,669**	**$21,534,767**	**$22,518,326**	**$23,332,730**	**$44,108,399**	**$44,053,093**
SOURCES						
Perm Loan	$10,725,000	$10,725,000	$9,561,000	$9,561,000	$20,286,000	$20,286,000
Soft Loans	$4,951,860	$4,484,000	$3,980,779	$3,512,919	$8,464,779	$8,464,779
Needham CPA Request	**$3,016,882**	**$5,809,603**	**$7,005,273**	**$9,853,301**	**$12,870,183**	**$12,814,876**
Funds from Linden	$1,200,000	$0	$1,200,000	$0	$1,200,000	$1,200,000
NHA Resources	$881,928	$516,164	$771,274	$405,510	$1,287,438	$1,287,438
Total	**$20,775,669**	**$21,534,767**	**$22,518,326**	**$23,332,730**	**$44,108,399**	**$44,053,092**

Exploring CPA Bonding

The Community Preservation Coalition database shows that CPA bonding has been proposed to support 300 projects across the Commonwealth, totaling $488M.*

- 20 projects have supported affordable housing, representing $35M in CPA bonding.
- The highest bonded amount for affordable housing is $6M for the 100 Homes Initiative in Somerville in 2018.
- Most CPA bonds have supported specific projects, but some have supported wider municipal initiatives.

Ten most recent examples for CPA bonding for affordable housing.

Municipality	Year	Project Name	CPA Bonded Amount	Term Yrs	CPA Total Funds	Total Cost (CPA Funds + Leveraged Funds)
Somerville	2022	Clarendon Hill Redevelopment	$4,000,000	30	$4,000,000	$106,437,403
Orleans	2022	107 Main St Affordable Housing	$1,000,000	25	$1,000,000	$1,875,625
Orleans	2021	"Orleans Cape Cod Five" Property	$2,000,000	20	$2,000,000	$2,000,000
Nantucket	2019	Affordable Housing Trust Bond	$5,000,000	10	$5,000,000	$5,000,000
Amherst	2019	Valley CDC Supportive Housing	$500,000	10	$500,000	$500,000
Somerville	2018	100 Homes Initiative	$6,000,000	30	$6,000,000	$7,057,109
Bedford	2017	Bedford Village	$3,000,000	5	$3,000,000	$3,000,000
West Tisbury	2017	Scotts Grove	$500,000	10	$1,400,000	$2,999,000
West Tisbury	2016	Scotts Grove	$500,000	10	$1,457,500	$3,056,500
Dracut	2015	Greenmont Avenue	$3,000,000	20	$3,000,000	$3,000,000

*Figures are self-reported by municipalities. Implementation status of projects is not reported.

Source: https://www.communitypreservation.org/cpc-report?report_src=bcstwv3d3%3Fa%3Dq&qid=12

Exploring CPA Bonding

In some cases, CPC's and other municipal entities such as affordable housing trusts (AHTs) have collaborated to provide flexibility, such as supporting non-municipally led projects.

- The Community Preservation Coalition states that as of the end of FY2022, over $300 million of CPA generated or leveraged funds have been appropriated to AHTs, other housing trusts, and community development corporations.*
- Such activity is enabled by (MGL c.44, Section 55C and MGL c.44B Section 5(f)).
- The most recent case of this was in Somerville in 2018. The Somerville CPC and AHT worked together to provide a $4M bond for the Clarendon Hill project to redevelopment public housing.

CITY OF SOMERVILLE, MASSACHUSETTS
COMMUNITY PRESERVATION COMMITTEE

KATJANA BALLANTYNE
MAYOR

COMMUNITY PRESERVATION COMMITTEE RECOMMENDATION FOR
CPA Bonding for Clarendon Hill Redevelopment

PROJECT DESCRIPTION

The Somerville Affordable Housing Trust (SAHT) is requesting a municipal bond issuance as part of the funding for the Clarendon Hill redevelopment project. The proposed demolition and reconstruction of Clarendon hill is a project that the Somerville Housing Authority initiated in 2015 and has been in development since that time. The SAHT voted at its March meeting to request that the CPC vote to approve and forward a recommendation for CPA bonding to the City Council in the amount of $4,000,000.00 to help fund the project. Debt service on the bond will be taken directly from the SAHT's annual CPA allocation for Community Housing.

ELIGIBILITY

Community Housing: This project will create new housing for low and moderate income individuals and families.

RECOMMENDATION

On April 27, 2022 by a vote of 5-0-0 the Community Preservation Committee recommended bonding $4,000,000 for this project, under authority of M.G.L. Chapter 44B. Debt service for this project will be paid out of the Community Preservation Act fund, Affordable Housing reserve.

Category: Affordable Housing	Recommended Funding Source	Amount
Bond for Clarendon Hill Redevelopment	Affordable Housing Reserve	$4,000,000.00

Attachment: *Memorandum from OSPCD Housing Division re. CPA Bonding for Clarendon Hill Redevelopment, 4/20/2022*

*Source:
https://www.communitypreservation.org/housing-trust-grant-agreements

Exploring CPA Bonding

CPA Bonding Details:

- Bonds cannot be issued against the portion of CPA funds raised via the state match.
- CPA bonds must be approved by a two-third vote by a municipality's legislative body, and no ballot election authorization is required.
- The bond term length can be up to 30 years.
- Debt service payments are typically made on an annual basis.
- CPA and non-CPA projects can be combined in one bond issuance, and the legislative body can decide to fund payments using a non-CPA source. However, CPA funds cannot be used to pay a bond authorized under another funding source.

Needham has used CPA bonding to support two municipally-led projects.

	Year	Bonded Amount	Bond Term	Total CPA Funds	Total Project Cost
Town Hall Preservation	2009	$7,200,000	20 yrs	$14,029,233	$18,155,746
Rosemary Recreation Complex	2017	$8,000,000	20 yrs	$12,000,000	$15,800,000

Based on an estimate of $800,000 in annual local surcharge revenue for the CPC...

Term Years	Municipal AAA IR (January 2024 Rates)	Bonding Amount
5	2.96%	$3,667,954
10	3.22%	$6,748,180
20	3.79%	$11,077,265
30	4.04%	$13,766,688

*Source:
https://www.communitypreservation.org/housing-trust-grant-agreements

Conclusion

Securing sufficient funding for the "Combined" project to move forward is critical.

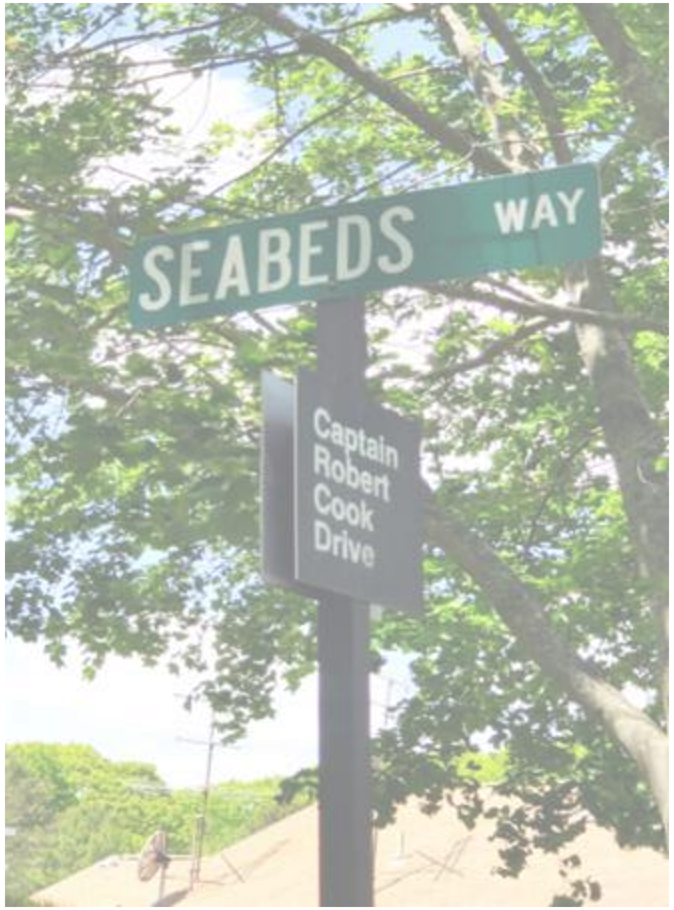
1. Addresses capital needs without risk of further deterioration due to faster construction timeline
2. Allows for fewer months of disruption for residents
3. Enables more cost-effective project with scales of efficiency and shorter construction period
4. Decreases risk of encountering federal policy change that may upend conversion and financing strategy by facilitating an earlier financial closing for both SBW and CRCD

NHA is the largest provider of affordable housing in Needham, and its SBW and CRCD properties are critical to allowing a diverse range of residents to call Needham their home.

Facilitating a "Combined" project is the best path forward to preserve the properties for generations to come.

Available Attachments

0. **CPC Follow-Up Questions**
1. **Updated Cost & Budget Materials Reflecting 100% SD and Final Draft of Capital Needs Assessment (CNA)**
   - 1.1: Construction Cost & Scope
   - 1.2: CPA Eligible Construction Costs
   - 1.3: Development Budget Update
   - 1.4: Final Draft of CNA (excerpts)
2. **RAD Use Restriction**
3. **CPA Bonding**
   - 3.1: CPA Bonding Memorandum
   - 3.2: Affordable housing CPA bonded projects
   - 3.3: Clarendon Hill Bond Certification Letter (example from project in Somerville)
   - 3.4: Community Preservation Coalition presentation on CPA bonding





Thank you