

**City of Waltham Massachusetts
Community Preservation Act
Community Housing
Funding Application WCPA-2**



SECTION I APPLICANT/DEVELOPER INFORMATION

Contact Person/Primary Applicant ⁽¹⁾ Jennifer Van Campen

Organization, if applicable Metro West Collaborative Development, Inc.

Co-Applicant, if applicable ⁽¹⁾ _____

Owner of project (if not developer/sponsor) ⁽²⁾ _____

Mailing Address 79-B Chapel St., Newton, MA 02458

Daytime Phone (Contact Person/Primary Applicant) 617-923-3505 x 4

Email address jvc@metrowestcd.org

Fax number 617-923-8241

Developer (if different than applicant) _____

Developer mailing address _____

Developer daytime phone _____

Developer email address _____

Developer fax number _____

SECTION II PROJECT INFORMATION

Project Name Scattered Site Reinvestment

Address of Project various

Assessor's Parcel ID _____

(see <http://waltham.patriotproperties.com/default.asp> to look up parcel ID by address)

Type of CPA-funded project (check all that apply):



Creation



Preservation



Support



Acquisition



Rehabilitation and Restoration

Brief project description Metro West CD endeavors to purchase multi-family homes, primarily in Waltham's Southside neighborhood, for the purpose of renovating and permanently deed restricting, resulting in refurbished affordable rental housing for individuals and families.

The goal is to amass enough units (26-30) to be able to apply for Low Income Housing Tax Credits and other Dept. of Housing and Community Development resources to leverage Waltham's CPA funds to undertake a significant level of rehabilitation, which helps to insure that the buildings are well maintained community assets for the next 30+ years.

PROJECT FUNDING

City Funding Sources	\$	Purpose
CDBG/Housing Development		
Community Preservation Fund	\$2,600,000	creation of deed restricted affordable housing
Other Waltham City funds		
Total amount of City funding requested	\$2,600,000	
Estimated total Development Costs	\$10,393,800	

TYPE OF HOUSING (check all that apply and provide Number of units)

Housing Target Class	Housing Target	Number of Units
Homeownership	<input type="checkbox"/> Single Family	
	<input type="checkbox"/> Condominium	
	<input type="checkbox"/> Cooperative	
	<input type="checkbox"/> Other _____	
Rental	<input checked="" type="checkbox"/> Individual/Family	26
	<input type="checkbox"/> Group home/congregate	
	<input type="checkbox"/> Other _____	
Targeted Population	<input checked="" type="checkbox"/> Individual/Family	26
	<input type="checkbox"/> Special needs/Identify needs	
	<input type="checkbox"/> Elderly	
	<input type="checkbox"/> Homeless	
	<input type="checkbox"/> At risk of homelessness	
	<input type="checkbox"/> Other _____	

UNITS OF HOUSING

Unit style	Total # units	# units <= 30% AMI	# units <= 50% AMI	# units <= 80% AMI	# units <= 80-100% AMI	Market Rent(s)	Market Sale Price(s)
SRO							
1 BR				4			
2 BR				16			
3 BR				6			
4 BR							
Other				26			

Key: <= is "less than or equal"

SECTION III SITE INFORMATIONLot size (ft2) unknown at this time

Zoning district(s) _____

Ward _____

Do you have site control (e.g. Purchase and Sales Agreement, option to purchase, deed? Note: Community Preservation Fund applicants are required to submit evidence of site control with the application.)

☐ Yes☒ No**ZONING:** If applicable, explain what zoning relief is required (e.g. a zoning variance, special permit) and why.
Metro West CD envisions purchasing existing multi-family housing, which will not likely need any zoning relief.**ENVIRONMENTAL:** Please describe any anticipated environmental issues/concerns with the site. If the site contains known environmental hazards, provide a remediation plan.Many older buildings in Waltham contain lead paint and asbestos, both of which will be removed as part of our renovation scope of work.How old is the existing building (or buildings), if applicable? varies

Are there (or will there be) children under the age of seven living on the premises?

☒ Yes☐ No**DISLOCATION:** Will the project temporarily or permanently displace or require relocation of existing tenants?

If yes, please describe any outreach efforts and/or notifications to residents to date.

Every effort will be made to avoid dislocation of households, however, during certain phases of renovation, temporary off-site relocation may be necessary. It is

also possible that over-income households will need to be permanently relocated. Metro West CD is very familiar with the state and federal Uniform Relocation Act.

HISTORIC: Is the property listed in the National Register of Historic Places, located in a local historic district, National Register Historic District or eligible for listing in the National Register?

☐ Yes; identify district(s): _____

☒ No

SECTION IV PROJECT SCHEDULE (AFTER APPROPRIATION OF CPA FUNDS)

Milestone	Date
Inform Ward Councillors and immediate abutters of proposed plans	Spring 2016
Pre-development (design, zoning, permitting)	On-going 2016
Acquisition	Spring 2016
Rehabilitation/construction	Fall 2017
Marketing/outreach	Spring 2018
Expected date of project completion	Spring 2018
Full Occupancy	Summer 2018
Other significant milestone to implementation <u>award of DHCD subsidy funding</u>	Spring 2017
Other significant milestone to implementation _____	
Other significant milestone to implementation _____	

SECTION V FINANCING AND OPERATING BUDGET

PROJECT BUDGET: Submit proforma development and operating budgets. Include all anticipated sources and uses of financing for the project. The operating budget must detail operating income and expenses. Detail the hard and soft costs. Identify contingencies. Applicants may use their own format or any of those used by Massachusetts affordable housing lenders and agencies. Refer to the attached Developer's Checklist which lists all the information required for submission.

CAPITAL NEEDS ASSESMENT: Community Preservation Funds may not be used for housing-related maintenance costs. All applicants seeking Community Preservation Funds for community housing must submit a capital needs assessment with their application, unless the project is new construction or substantial rehabilitation.

CITY OF WALTHAM ASSESSORS PROPERTY APPRAISAL AND DATA: Applicants must provide an "as is" appraisal of the project building(s) that provides satisfactory evidence that the purchase price of the project building(s) does not exceed fair market value. In addition, all applicants for housing funds must summarize data from the Waltham Assessors Department identifying the assessed value of the project building(s) and comparable properties in the neighborhood and/or City.

PROOF OF FINANCIAL COMMITMENT (INCLUDING COMMITMENTS FOR HOUSING

SUBSIDIES): If the Applicant does not have financing, describe what sources of financing are planned and the time frame that funds are expected to be available, with conditions, deadlines, limitations, and any and all restrictions related to the commitment of non-City sources of funding. If receiving housing subsidies, submit commitment letters or explain when the applicant will seek housing subsidies and from what source(s).

SECTION VI PROJECT DESCRIPTION

Attach answers to the following questions. Applications will be returned as incomplete if all requested information is not provided. Include supporting materials as necessary.

GOALS: What are the goals of the proposed project?

COMMUNITY NEED: Why is this project needed? Does it address needs in existing City plans?

COMMUNITY SUPPORT: What is the nature and level of support for this project? Include letters of support and any petitions. Is a neighborhood outreach program planned?

CREDENTIALS: In Section IV, some critical steps to completion and success of the project were estimated. How will the experiences of the Applicant(s) contribute to the success of this project?

SUCCESS FACTORS: How will the success of this project be measured? Be specific.

MAINTENANCE: If ongoing maintenance is required for your project, how will it be funded? (Note that CPA Funds may not be used for maintenance, but maintenance is an important consideration for all projects.)

ADDITIONAL INFORMATION: Provide the following additional information, as applicable.

OTHER CITY AGENCIES: If actions for acceptance or approval are required from other City Departments, Boards, Commissions, Committees or others, include the reference (s) or proof of the status of their actions. If plans or documents are available from those agencies, provide a reference copy or public location for CPA review.

COMBINATION COMMUNITY HOUSING/COMMUNITY PRESERVATION PROJECTS:

If seeking Community Preservation Funds for a project combining community housing with any other Community Preservation categories (historic, open space, recreation), also submit a complete **Historic, Open Space and Recreation Funding Application WCPA-1**. Items which are common to both Forms can be filled by reference to "WCPA-1".

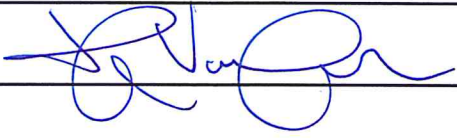
LEVERAGED ADDITIONAL BENEFITS: Provide information indicating how this project can be used to achieve additional community benefits.

Superscripted Notes:

(1) City Property: If the proposal is located on City-owned land, either the Primary Applicant or Co-Applicant must be the City Board, Commission or Department that has custody of the land.

(2) Appraisals: If the requested funds are for a real estate acquisition, an independent appraisal will be required which the non-City Applicant, if applicable, will be required to fund. No funding decisions will be made without an independent appraisal. Additional appraisals may be required for final approval.

I verify that all information stated in this application is true and accurate.

Applicant signature	Date
	1/25/16

Community Preservation Committee

Community Housing Funding Application WCPA-2

Submitted by Metro West Collaborative Development

January 26, 2016

Section V

Project Budget

Pro forma and operating budgets attached. Note, these are estimates as specific properties have not yet been identified.

Capital Needs Assessment

This project will result in substantial rehabilitation of the units created. If this is not the case for a particular unit then a Capital Needs Assessment will be provided at that time.

City of Waltham Assessors Property Appraisal and Data

Once specific sites are under site control then the required appraisal documentation can be provided to the CPC and/or other City departments as necessary.

Proof of Financial Commitment

Description of financing steps and timeline is below in “Additional Information.”

Section VI

Goals

The goals of the project are:

- To create 26 units of scattered-site permanently deed-restricted affordable housing
- Rehabilitate and preserve existing housing stock

Community Need

According to the City of Waltham’s 2014 Annual Action Plan there are an estimated 5,000 renter household currently experiencing a “rent burden,” which means they are spending more than 30% of their income on their housing costs. Further, 50% of all large renter households are overcrowded. Together, these challenges can mean that many families are at risk of homelessness and/or are living in substandard conditions. The proposed project addresses both housing conditions and cost.

Community Support

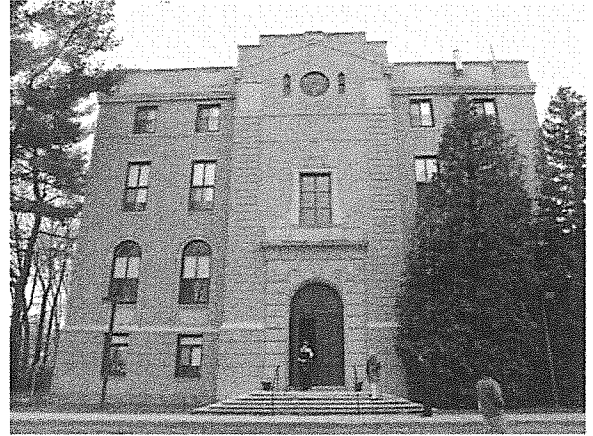
Because this project involves yet-to-be purchased properties no community outreach has been undertaken. Furthermore, it is expected that this project will utilize existing housing and therefore not require zoning hearings or increase density in the neighborhood. Once specific sites are under agreement then we will convene neighborhood meetings to introduce our organization and the goals of the project as well as encourage people to stay apprised of the renovation as it gets underway.

Credentials

Metro West CD has a successful history of “acquisition/rehabs.” Our last two projects were the acquisition of existing buildings, interim operation, garnering of significant private and public investments and execution of in-place renovations.

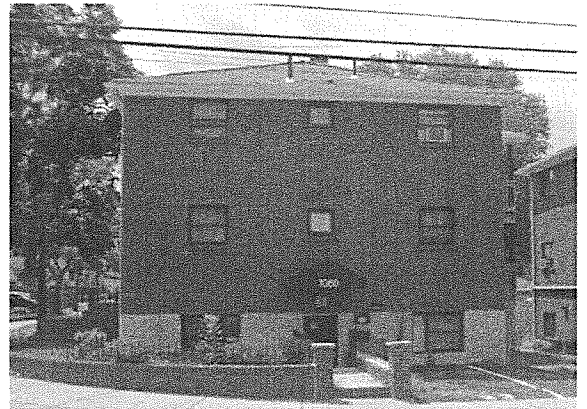
St. Joseph Hall – 2014

This former Catholic School was converted into elderly apartments in the 1980s by the Dominican Sisters of Peace. After 25 years, the Sisters could not keep up with the capital repairs needed by the historic building. Also, the property had a Section 8 contract that was nearing its expiration. Metro West CD purchased the property and assembled the financing to undertake a \$5.5 million project that will keep the 25 apartments in top condition, improving energy efficiency and handicapped accessibility and preserve them as affordable housing for the next 50 years. This property is managed by Maloney Properties.



1060 Belmont Street – 2010

This blighted 18-unit rental property was purchased by Metro West CD in 2008 for \$2.1 million. Over the next two years \$3.4 million was raised to renovate the apartments and create three handicapped accessible units. Funds used included: Low Income Housing Tax Credits, HOME Program, Federal Home Loan Bank’s Affordable Housing Program, Community Based Housing Initiative and a private loan from Watertown Savings Bank. This property is managed by Maloney Properties.



In addition to our own real estate development, Metro West CD is a MassHousing approved 40B Monitoring Agent and also provides consulting services to numerous municipalities and private developers in their efforts to comply with the Commonwealth’s complex affordable housing rules and regulations. Current clients include:

- CAN-DO, Newton
- Corvo Properties, Stoughton
- Lexington Housing Assistance Board
- MAGIC – including the towns of Bolton, Boxborough, Hudson, Littleton and Stow
- Town of Belmont
- Town of Weston
- Watertown Square Apartments
- 40 Haven Apartments, Reading

Success Factors

This project will create 26 units of permanently affordable housing and bring an additional \$7,793,800 in private and public investments in the City of Waltham.

Maintenance

The operating budgets that are created and approved by the private and public lenders include sufficient funds for effective property management of the units. Metro West CD utilizes the services of Maloney Properties, Inc., which is a well-regarded company that manages over 8,500 units throughout New England including St. Mary's Apartments in Waltham.

Additional Information

This proposed project has several moving parts and it is important to note the role CPA funds play in this larger effort.

Metro West CD is concurrently requesting the creation of a \$5 million credit line from a pool of community lenders: Boston Community Capital, Local Initiative Support Corporation and the Property Casualty Initiative. They are prepared to finance the acquisition of the properties when and if the City of Waltham commits the requested \$2.6 million in CPA funds.

Acquisitions could begin and CPA funds could come into the project as we are able to deliver deed restricted units that meet all health and building codes and are occupied by income eligible households. This acquisition period could take 12-24 months to acquire a sufficient number of units. It would be our ambition to accomplish this task with the fewest number of buildings, which would help reduce the overall cost of the project.

In the meantime we would apply to the Dept. of Housing and Community Development for Low Income Housing Tax Credits and other subsidy sources. It is unknown at this time when DHCD will accept applications, but it maybe be late 2016 before we can apply making renovations unlikely to begin until mid-2017 at the earliest. It is important to note that the conditions of the units will vary and some will be better shape than others. Metro West CD will undertake all necessary repairs to maintain health and safety while securing the funding to undertake more significant and lasting renovations.

Other City Agencies

No other approvals are needed or expected.

Combination of Community Housing/Community Preservation Projects

Not applicable.

Leveraged Additional Benefits

- The addition of 26 units of permanently affordable housing will increase the count of Waltham's Subsidized Housing Inventory. At the last official count Waltham was at 7.2%.
- The \$2.6 million in CPA funding will leverage an additional \$7.8 in public and private funds.
- The rehabilitation of buildings will signal to other property owners that investment in their properties is a worthwhile idea.

Waltham Scattered Site Reinvestment Initiative

Project Inputs				
Total Units			26	
SF commercial			0	
Lease/sq. ft.			0	
	Market	Affordable	Total	S.F.
1 BR		4	4	
2 BR		16	16	
3 BR		6	6	
4 BR		0	0	
Total	0	26	26	
Percentage	0%	100%		
Residential Square feet		100.00%	23,000	
Commercial Square feet		0.00%	0	
Total Square Feet			23,000	

Hard Cost Variables			
Construction Cost per sf		100	
Demolition Costs		0	
Construction Contingency		10%	
Acquisition Cost		200,000 per unit	
USES: (w/costs allocated btwn res and office)		Residential	Per Unit
Acquisition		5,200,000	200,000
Site Development		0	0
Site Contingency	10%	0	0
Construction @	23,000 gsf	2,300,000	88,462
Contingency @	10%	230,000	8,846
Sub-total site and construction costs		2,530,000	97,308

Soft Costs:			
Architecture/Engineering	9%	227,700	8,758
Survey/Permits/Back charges	1.20% of const ++	34,490	1,327
Clerk of the Works/Owner's Rep		40,000	1,538
Environmental Engineer		25,000	962
Legal		120,000	4,615
Lender legal		40,000	1,538
Title & Recording		35,000	1,346
Marketing/Rent up		40,000	1,538
Accounting/Cost Cert.		40,000	1,538
Real Estate Taxes		0	0
Insurance		0	0
Relocation		60,000	2,308
Appraisal/Market Study		40,000	1,538
Const. loan interest (6%, 1yr, 50% draw)	\$4mm.	121,674	4,680
Inspecting Engineer		12,000	462
Bond Premium	2.50% of \$4mm	100,000	3,846
Construction loan fee	1% of \$4mm	40,000	1,538
Perm loan fee	1%	17,070	657
LIHTC fee	(\$310,300@4.5%)+(\$240,000@1.5%)	17,564	676
DHCD process and app fees	(One Stop, app, process	3,000	115
Environmental Remed. Allowance		50,000	1,923

Interim Carrying costs	0	0
Acquisition Loan Interest	499,696	19,219
Predevelopment loan interest	0	0
Development Consultant	50,000	1,923
Soft Cost Contingency	5% 80,660	3,102
Capitalized Reserves	169,968	6,537
Developer Overhead	400,000	15,385
Developer Profit	400,000	15,385
Sub-total soft costs:	2,663,821	102,455

Total Development Costs	10,393,821	399,762
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SOURCES:

Senior Debt	1,707,021	65,655
Federal LIHTC	3,132,801	120,492
State LIHTC	949,000	36,500
City CPA/HOME/CDBG	2,600,000	100,000
DHCD AHTF	1,000,000	38,462
DHCD HOME	505,000	19,423
DHCD HSF	500,000	19,231

Total Sources:	10,393,822	399,762
(Gap)/Surplus	0	0

Construction Loan	2,349,601	75% of tax credit equity
	1,707,021	perm debt amount
	4,056,622	construction loan/bond need
	0.06	interest rate
	243,397	
	0.5	50% draw
	1	years
	121,699	
DHCD subsidy/unit	77,115	

Operating Pro Forma

Total Units 26

Market

	Gross rent	Util Allow	Rent	# units	Annual Income
1 BR					0
2 BR					0
3 BR					0
<hr/>					
Total				0	0

Affordable (rents at 90% of 60%)

	Gross rent	Util Allow	Rent	# units	Annual Income	LIHTC max
1 BR	997	0	997	4	47,866	1,108
2 BR	1,197	0	1,197	16	229,824	1,330
3 BR	1,382	0	1,382	6	99,533	1,536
4 BR	1,543	0	1,543	0	0	1,714
Total				26	377,222	

Affordable (rents at Section 8 PBV)

	Gross rent	Util Allow	Rent	# units	Annual Income
1 BR				0	0
2 BR		0	0	0	0
3 BR				0	0
Total				0	0

Gross Potential Income-Residential	377,222
Less Vacancy@ 5%	(18,861)
Gross Potential Income - Commercial	0
Less Vacancy@ 5%	0
Effective Income	358,361

Annual operating expenses@ 8,350 unit	217,100
Operating Expense - commercial 3 sf	0
Net Operating Income	141,261

Available for debt service @ 1.15 DCR 122,836 1.1500






Debt Amount: 6% 30 amo 1,707,333

Cash Flow 18,425

Calculation of State LIHTC

Credit Allocation	260,000	(assume \$10k/unit)
x 5 yrs.	1,300,000	
Credit Value	1,300,000	
Yield	0.73	949,000

Waltham Scattered Site Reinvestment Initiative - Types of Properties

Address	Sold in 2015	
35 Fiske St. 3-family	\$742,000 \$247,333/unit	
122 Charles St. 3-family	\$580,000 \$193,333/unit	
78 Harvard 6-unit	\$1,050,000 \$175,000/unit	
121 Ash St. 9-unit	\$1,225,000 \$136,111/unit	
728 Moody St. 8-unit / mixed	For sale (pending) \$1,895,000 \$236,875/unit	

2015

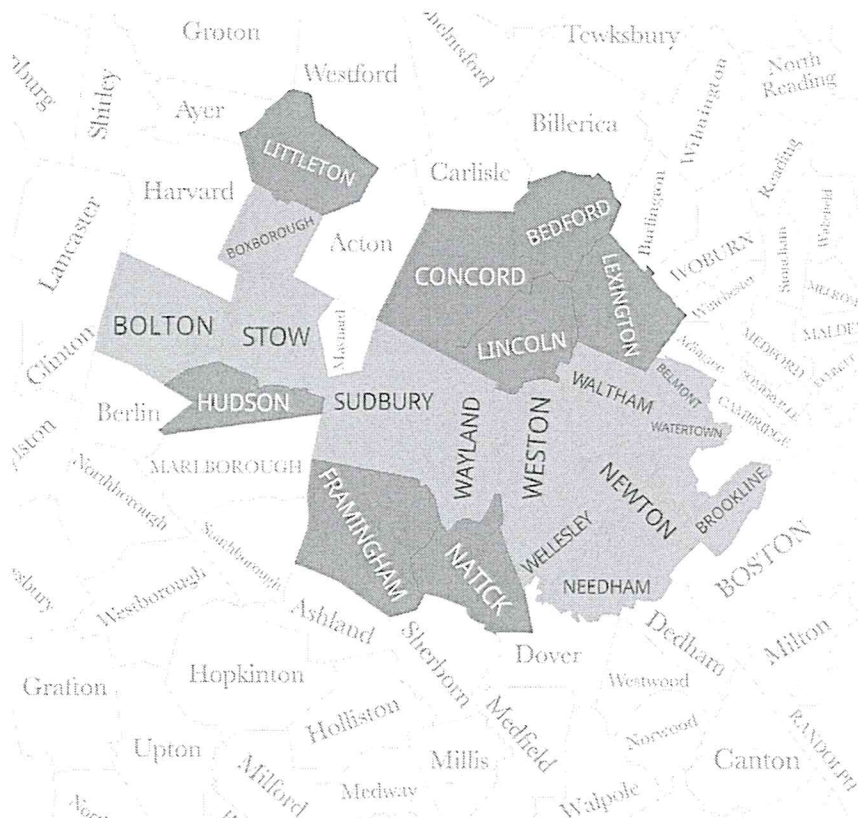
- New construction or rehabilitate existing buildings into 4-50 units of rental housing
- Preference for local residents is possible
- Income limits average from \$48,000 - \$69,700

- Assess tenants for compliance with income guidelines
- Locate new tenants as needed (affordable housing marketing and lotteries)
- Perform asset management services to maintain properties in perpetuity

- Facilitate community forums, conduct community surveys
- Prepare fact sheets, write grants, design Affordable Housing Programs
- Consult with Community Preservation Committees, Housing Trusts and Housing Authorities on affordable housing program design
- Provide information and referrals to 2000+ people each year

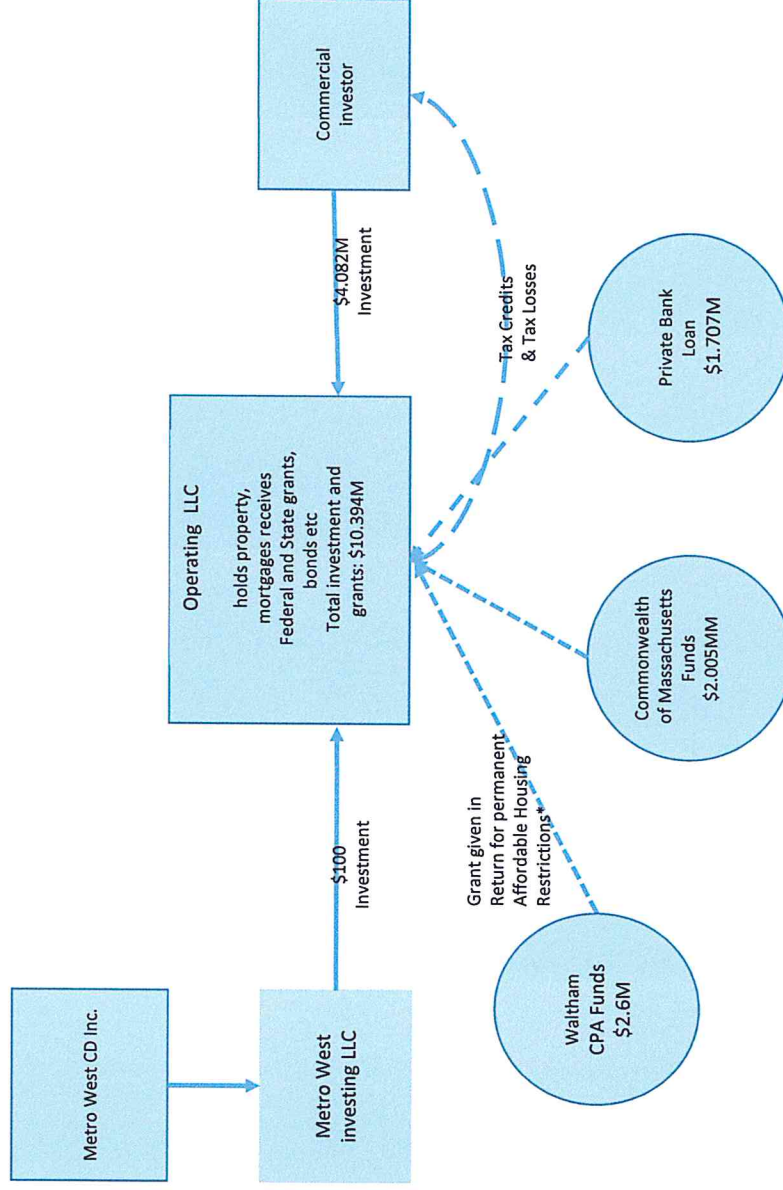
Belmont Housing Trust
Lexington Housing
Assistance Board
Town of Bolton
Town of Boxborough
Town of Hudson
Town of Littleton
Town of Stow
Town of Watertown
Town of Weston

Town of Brookline
Town of Lincoln
Town of Lexington
Town of Natick
City of Newton
Sudbury Housing Authority



Your local non-profit creating and preserving affordable homes.

Affordable Housing Structure



**The restrictions may be held by the State instead of the City.