

1. COMMUNITY PRESERVATION FUND APPLICATION

Date Submitted: November 17, 2021

Name of Project: Create Affordable Senior Rental Units

Name of Applicant: Lynne Trombley Director, Northborough Housing Authority

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Sponsoring Organization: Northborough Housing Authority

CPA Category: Housing

Location: Village Drive, Northborough, MA

Amount of Request: \$1,440,000

Other Funding Sources: Mass. Department of Housing and Community Development
Northborough Housing Authority

Total Cost of Project: \$2,440,000

Project Description: Attached

NORTHBOROUGH TOWN CLERK
RCUD 2021 NOV 17 PM3:45

CPA Project Description

The Northborough Housing Authority (NHA) manages in Northborough 104 affordable one-bedroom rental units for low-income seniors at the Colonial Village site on Village Drive (72 units) and at the Heritage Village site on Centre Drive (32 units). These units are typically filled to capacity and when a vacancy occurs, NHA selects new tenants from a state-wide waiting list provided by the Mass. Department of Housing and Community Development (DHCD) called CHAMP. Preference is given to those on the list in an emergency situation (homelessness), veterans, and local applicants. There are continually numerous candidates on this waiting list.

In addition, due to the advancing age of the tenants in the units currently under management, the need is growing for handicapped accessible units. Currently only 2 of the 104 units managed by NHA are handicapped accessible.

Since there is a need for more units due to the continuing presence of candidates on the waiting list and there is a need for more handicapped accessible units, NHA has been working with the Northborough Affordable Housing Corporation (NAHC) to develop a plan to create more low-income senior affordable rental units. There is an available parcel of land at the Colonial Village site on which another building could be constructed to house additional units. DHCD is currently offering an incentive program to Housing Authorities to encourage the creation of affordable one-bedroom senior rental units and an increased incentive to create handicapped accessible units. This incentive program requires that other sources of funding are obtained, that the units are state-owned, and that construction is done through a public bidding and payment process. The Mass. Housing Partnership (MHP) also offers a program to fund feasibility studies to determine if creation of additional units is possible at Housing Authority sites.

Based on the need for more units and the availability of incentive programs to aid in the construction of these units, NHA asked MHP to conduct a feasibility study for the parcel of land at the Colonial Village site. This study has been completed and determined that construction of a two-story building housing eight units on this parcel is possible. NHA then contracted with an architect to do a cost estimate of the conceptual design that was produced in the feasibility study for a two-story 8 unit building with 4 handicapped accessible units on the first floor. This estimate includes all costs for architectural fees for building design, creation of the bid documents, and coordination with the selected contractor, all material costs, all labor costs for the contractor and needed sub-contractors, all costs associated with the management of the project, and other required costs and contingencies. This estimate assumes that the project would be built through the public process. The estimate for this 8-unit project is \$2,440,000.

Through its incentive program, DHCD will fund \$75,000 for each one-bedroom unit and \$125,000 for each one-bedroom handicapped accessible unit. The 8-unit project at Colonial Village would receive \$800,000 in DHCD funding (4X75,000+4X125,000). In addition, NHA can provide \$200,000 of funding from its reserve. The balance needed to fund this project would be \$1,440,000.

Since there is sufficient land available at the Colonial Village site to support an 8-unit building, since there is sufficient demand on a continual basis to fill 8 units, and since there is a need for additional handicapped accessible units for low-income seniors, NHA can best serve the needs of the low-income senior population by adding 8 units to its inventory. Also supporting the need

for additional low-income senior rental housing is the fact that DHCD currently is offering financial incentives to create this type of housing. The NAHC Board has met to review this project and is in support of it. NHA is investigating other possible funding sources for this project, but currently none have been found. This investigation will continue. NHA therefore requests that CPA affordable housing funds be used to cover the balance of the cost of this project not being supported by the DCHD incentive program and the NHA reserve.

The Town Accountant provided NAHC with a summarization of CPA affordable housing funds currently held in reserve as follows:

\$569.43 remaining from the construction of 4 senior rental units at Centre Drive
\$24,745.85 remaining from the demolition of the old senior center at Centre Drive
\$450,000 in future affordable housing funds held for NAHC
\$62,663 for the required 10% reserve for affordable housing 2020 Town Meeting
\$65,200 for the required 10% reserve for affordable housing 2021 Town Meeting
Total \$603,178.28

At a meeting of the NAHC Board held on November 8, 2021 it was voted to recommend to the CPC that this total of \$603,178.28 be used in support of the 8-unit project at Colonial Village. Use of these CPA reserve funds reduces the balance needed to fund the 8-unit project to \$836,821.72. NHA therefore requests that the CPC approves the transfer of the \$603,178.25 held in reserve for use by this project and requests that additional CPA affordable housing funds of \$836,821.72 be approved for use by this project for a total of \$1,440,000. These 8 new units would qualify to be added to the Town's subsidized housing inventory.

In discussion with the Town Accountant it was learned that certain of the funds listed above as held in reserve will need to be reauthorized for a new use at Town Meeting. These funds are: \$569.43 remaining from Centre Drive, \$24,745.85 remaining from the demolition of the old senior center, \$62,663 from the 2020 Town Meeting, and \$65,200 from the 2021 Town Meeting. The \$450,000 held for future NAHC use can be approved by the CPC and Selectmen without need for Town Meeting approval. In addition, the accountant informed us that the 2020 and 2021 funds would not typically be available as of July 1, 2022, but if approved for this project, he would investigate making them available for this date.

In summary, NHA requests that \$1,440,000 of CPA affordable housing funds be approved as outlined above to support the creation 8 affordable low-income senior one-bedroom rental apartments at the NHA Colonial Village location. NHA is currently investigating other funding sources for this project and will report back to the CPC if additional funding is acquired which would reduce the amount of CPA funding needed. Please feel free to contact me with any questions or comments.