

**COMMUNITY PRESERVATION COMMITTEE
TOWN OF NEEDHAM, MASSACHUSETTS**

**Minutes of Meeting
February 5, 2025**

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

PRESENT: Dave Herer (Chair), Maureen Callahan (Vice Chair), Paul Dawson, Adam Block, Marshall Davis, Reginald Foster, Jim Rosenbaum, Keith LaFace, Betsy Millane

STAFF: Lauren Spinney, Cecilia Simchak

GUESTS: Betsy Collins, Matthew Zajac, Emily Achtenberg

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

MEETING MINUTES

A. Block moved to approve minutes from the meeting of January 22, 2025. M. Callahan seconded the motion. Motion carries (9-0).

UPDATE ON CPA FINANCIALS

C. Simchak presented a memorandum to the Committee outlining FY2026 CPA revenue estimates, available funds and appropriations.

FY2026-04 NEEDHAM HOUSING AUTHORITY PRESERVATION OF SEABEDS WAY AND CAPTAIN ROBERT COOK DRIVE.

The initial eligibility application sought \$5,600,000 for construction costs associated with the preservation and redevelopment of affordable housing located on Seabeds Way and Captain Robert Cook Drive (Seabeds-Cook) under the CPA category of Community Housing; however, the NHA will be submitting a revised application increasing its request to \$9,950,000.

R. Foster shared that the Seabeds-Cook and Linden Street projects are the first two projects to address the 2022 Needham Housing Plan goals. Seabeds-Cook will preserve 140 affordable housing units and add 64 new affordable units to the Town's affordable housing inventory.

R. Foster introduced Betsy Collins of Peabody Properties to provide a brief update regarding the Linden Street project. In October 2024 the NHA was awarded an additional \$1M in grant funding (\$500,000 MassDevelopment Housing Choice Grant & \$500,000 MassDevelopment Site Readiness Grant). In November 2024 the NHA secured approval/special permit from the Planning Board and approval from the Conservation Commission. In December 2024 project architects and engineers delivered 70% construction drawings, specifications and pricing set. In January 2025 the NHA was invited to submit a full One Stop Application for Linden Street Phase 1A (due on February 27, 2025).

Linden Street Phase 1A will include 76 one-bedroom units, two elevators, and all of the infrastructure to support Phase 1A and the future Phase 1B (60 units). 16 of the Phase 1A units will be subsidized by project-based Section 8 vouchers from HLC and 41 Phase 1A units will be subsidized by Faircloth Authority from Seabeds-Cook. It is unlikely the Linden Street project will be awarded funding in this first round. If there is a subsequent mini funding round it is possible the NHA will be invited to participate. During the application review process the NHA will be asked about the availability of the Faircloth units from Seabeds-Cook. It will need to demonstrate there is a path to secure the Faircloth units while the Linden Street application is under review in order for it to be approved.

R. Foster introduced Matt Zajac of the Cambridge Housing Authority to provide information regarding the Seabeds-Cook project. As part of its modernization strategy for Seabeds-Cook, the NHA wants to move the 76 federal public housing units from Section 9 to Section 8 project-based vouchers. The benefits of repositioning are trifold. First, Section 8 vouchers provide a more reliable/more generous stream of income allowing the NHA to better maintain and administer the properties going forward. Second, it is an opportunity for the NHA to do a capital project and make a large investment into the properties to sustain them long term. Third, the repositioning frees up Faircloth Authority, which is the ability to create new project-based vouchers that the NHA can redeploy at the Linden Street project to make 41 of its units deeply affordable.

It is important to note that Faircloth Authority will only become available when Seabeds-Cook begins construction. The Linden Street project cannot reach its financial closing unless the 41 units of Faircloth Authority are available.

The NHA previously planned to utilize the Section 22 Streamlined Voucher Conversion program, but that program was closed due to a lawsuit. Section 22 SVC would have provided 76 Faircloth units and allowed the NHA to complete a self-defined skinny construction scope. Instead, under the RAD Section 18 blended program, the NHA will receive only 68 Faircloth units and was required to conduct a HUD compliant capital needs assessment. In October 2024, the NHA submitted its RAD Section 18 blend application and received initial approval in December 2024. The final HUD capital needs assessment added a new requirement that the NHA create a 20-year replacement reserve fund with an initial deposit of approximately \$1.4M. As a result, the Seabeds-Cook project scope and funding requirements increased, thus the NHA is revising its request for CPA funding to \$9,950,000 to bridge the gap and keep the project out of the competitive LIHTC funding pool.

The existing conditions report rated the Seabeds Way properties as “fair”, whereas Captain Roberts Cook Drive was rated “poor”, highlighting envelope systems for 4 of the 6 buildings of particular concern. The Cook Drive properties continue to require urgent repairs with about \$2M more in one-two year immediate needs than Seabeds Way.

The Seabeds-Cook project scope includes building envelope improvements, roof, siding and window replacements, replacement of undersized and unsafe electrical systems, upgrades to fire

detection, alarm and suppression systems, new bathrooms, kitchens and flooring, more energy efficient mechanical systems, back-up power supply, and solar readiness.

As of January 2025, total construction and development costs for Seabeds-Cook are estimated to be \$28,557,178 and \$40,334,873, respectively. The financing plan contemplates a \$1.2M cross-subsidy from Linden Street, which represents the developer fee that the NHA will earn from the Linden Street project.

\$9.95M in CPA funding benefits Seabeds-Cook because: (1) there is generally less funding at the state level for preservation projects as opposed to new builds; (2) it will allow Seabeds-Cook to move forward without tax-exempt bond and LIHTC financing, facilitating an earlier construction timeline and keeping it from competing with the Linden Street project for the same competitive financing; (3) the earlier construction timeline will unlock Faircloth Authority sooner, enabling the Linden Street project to move forward faster; and (4) every dollar of CPA funding will leverage \$3 in non-Needham taxpayer funds.

M. Zajac also presented scenarios for an alternate phased approach:

- If the NHA were to proceed with Captain Robert Cook Drive first, it would provide access to 27 Faircloth units for use at Linden Street. Total estimated project cost would be \$22,518,326 and the CPA funding request would be \$7,005,273.
- If the NHA were to proceed with Seabeds Way first, it would provide access to 41 Faircloth units for use at Linden Street. Total estimated project cost would be \$20,775,669 and the CPA funding request would be \$3,016,882.

The downside of a phased approach includes lost economies of scale, cost escalations over time, and the costs associated with addressing immediate needs from ongoing deterioration of the delayed project.

M. Zajack suggested that the Committee might consider asking the Town to issue a bond against future CPA Community Housing funds through the Needham Housing Trust as a strategy for funding the total \$9.95M request.

E. Achtenberg clarified, and B. Collins confirmed, that funding the Seabeds Way portion of the project would provide sufficient Faircloth Authority to allow the Linden Street project to proceed.

D. Herer requested that the NHA submit an amended application reflecting the increase in the funding request.

E. Achtenberg requested that the NHA provide a revised One Stop application contemplating the Seabeds Way portion of the project only.

D. Herer shared that he and M. Callahan have been exploring the possibility of bonding for

community housing projects with David Davison, Director of Finance. D. Davison is looking into this with Bond Counsel, but from a practical perspective this might not be something that could be fully vetted and implemented in time for Town Meeting.

C. Simchak shared that bonding considerations include the other financing sources for the project, as financing from any for-profit entity would compromise the tax-exempt status. Additionally, the Town's bonding policies and debt ratio must be taken into consideration, which includes current debt and projected future debt for pipeline projects like the Pollard School.

D. Herer recommended the Committee submit a letter to the Select Board and ask that the bonding issue be considered. C. Simchak advised that the Committee first obtain a complete list of funding sources for Seabeds-Cook to vet with Bonding Counsel, then determine the amount of the bond necessary, and write to the Select Board and Finance Committee requesting they consider the issue and its implications for other Town projects.

UPDATES ON FY2026 PROJECTS

FY2026-09 Needham Department of Public Works, Parks & Forestry Division: Bay Colony Rail Trail Rehabilitation. This application seeks \$75,000 for construction costs associated with resurfacing trail pathways and improving drainage under the CPA category of Recreation.

The application was withdrawn as the project will be included in the Town Manager's capital improvement budget. K. LaFace moved to accept the withdrawal of FY2026-09. A. Block seconded the motion. Motion carries (9-0).

MATTERS NOT REASONABLY ANTICIPATED BY THE CHAIR 48 HOURS IN ADVANCE

None.

UPCOMING MEETING SCHEDULE

The next CPC meeting will be held on February 12, 2025.

ADJOURNMENT

A. Block moved to adjourn the meeting at 9:20 p.m. K. LaFace seconded the motion. Motion carries (9-0).

For more information, meeting materials are available at:

<https://www.needhamma.gov/Archive.aspx?AMID=&Type=&ADID=13494>

Respectfully submitted,
Lauren Spinney
Administrative Coordinator