

CPA Public Hearing
March 15, 2022

CPA Funding Application 2024-02

Seabeds & Cook Preservation & Repair Pre-Development Expenses

Proponent: Needham Housing Authority

Reginald C. Foster, Chair of Board of Commissioners

Cheryl Gosmon, Acting Executive Director

Stephen Merritt, Interim Executive Director



Preservation & Redevelopment Initiative (PRI)

Five-to-ten year initiative launched in 2021 to fully recapitalize and redevelop the NHA's housing portfolio

PRI Goals Related to CPA Funding Applications

1. Redevelop its 72 Linden Street & 80 Chambers Street units.
2. **Completely preserve its 46 Seabeds units for elderly/disabled residents.**
3. **Completely preserve its 30 Capt. Robert Cook family units.**
4. Redevelop its 60 High Rock Estates single family units to 60 duplexes, or 120 family units.
5. Build 61 additional new units of senior housing on underutilized NHA land.

PRI has potential to result in approximately \$250 million in improvements to NHA housing portfolio.

Captain Cook & Seabeds Way

76 Units of Federal Public Housing

- Similar on-slab construction for both buildings; built in the early 1980s
- 30 units (2-, 3-, and 4-bedrooms) at Cook & 46 1-bedrooms at Seabeds (540-580 SF)
- Deeply affordable for families (Cook) and for senior/disabled households (Seabeds)
- Issues
 - Original systems & finishes
 - Poor site and unit conditions
 - Failing exteriors at Cook *(revealed by 2015 ice damming at Seabeds, which was caused by similar construction defects)*
 - Lack of accessibility at Seabeds
 - Antiquated fire detection & lack of fire suppression systems
 - Poor ventilation resulting in mildew buildup
 - Energy inefficient



Captain Cook –Current Conditions



Worn out Captain Cook Kitchen



Site paving is in extremely poor condition



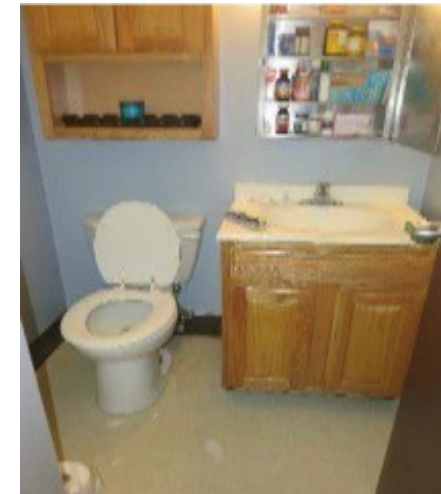
Water damage at Captain Cook Envelopes



Energy inefficient construction



Deteriorated Siding



Bathrooms are worn and out of date.

Seabeds Way –Current Conditions



Water damage at Seabeds facade



Worn out Seabeds Kitchen



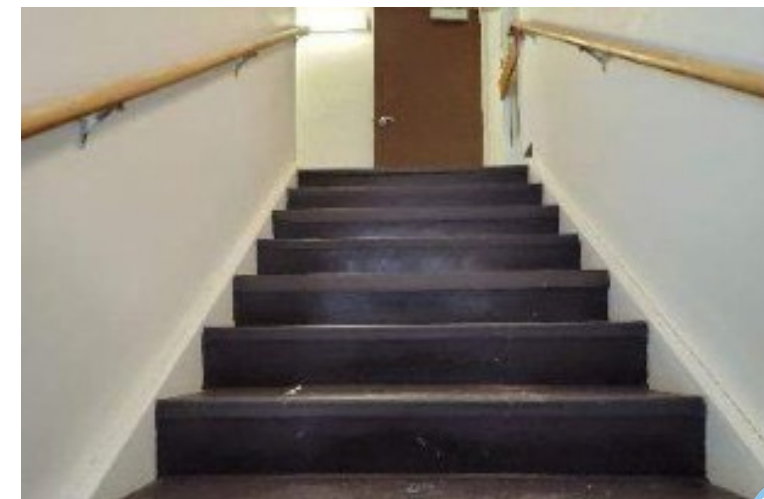
Bathrooms are worn and out of date



Site paving is in poor condition



2nd floor laundryrooms are inaccessible
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*Half of units are only accessible by staircase
and are therefore inaccessible*



Federal Funding New Source Available to NHA

“Repositioning”: Means moving from NHA’s current subsidy stream to Section 8 program

- NHA is submitting applications this Spring 2023 to move these two federal properties from the HUD Section 9 Public Housing Program to the HUD Section 8 Project-Based Voucher Program.
- When approved, a substantial increase in operating revenue will be received from HUD:
 - **\$919K/year in additional annual operating subsidy for Cook and Seabeds;**
 - **\$524k/year** of additional federal operating subsidy, which NHA could deploy to support the Linden-Chambers redevelopment project.
 - Increased revenue stream starts when construction begins.
- Repositioning will provide the resources to accomplish the preservation and repairs critically needed by both properties.
- Construction is expected to begin at the end of 2024.

Estimated Cost of Preservation & Repairs

Repair Costs by Category per Dietz 2022 Property Conditions Reports	Captain Robert Cook Drive*	Seabeds Way*	Totals*
0-3 Year Physical Needs	\$4,801,451	\$2,874,750	\$7,676,201
3-10 Year Physical Needs	\$1,684,307	\$1,252,600	\$2,936,907
10-20 Year Physical Needs	\$1,513,000	\$4,261,760	\$5,774,760
Subtotal of Costs	\$7,998,758	\$8,389,110	\$16,387,868
Mark-Ups (General Conditions and Requirements, Permitting, Overhead, Contingency, etc.) ~44%	\$3,537,208	\$3,710,084	\$7,247,292
Total Costs with Mark-Ups (0-20 Years)	\$11,536,208	\$12,099,193	\$23,635,401
<i>Total per Unit</i>	<i>\$384,540</i>	<i>\$263,025</i>	<i>\$310,992</i>

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- *Costs determined by recently completed Property Conditions Reports and cost estimates.*
- *Final scope of work will be determined when A/E team is brought on board*

Pre-Development Budget

Cook-Seabeds –Pre-Development Budget

Uses	Amount
A/E Pre-Development	\$637,500
A/E Due Diligence	\$150,000
Market Study	\$5,500
Title Report	\$2,750
Site Environmental Report	\$5,500
CHA Development Consulting Fee	\$200,000
Legal Fees	\$30,000
Subtotal	\$1,031,250
10% Contingency	\$103,125
Total	\$1,134,375

Cook-Seabeds –Pre-Development Sources

Sources	Amount	%
FY '24 CPA Funding Request	\$241,052	21.25%
Other funds (NHA Reserve, Capital Fund Program, pre-development loan)	\$893,323	78.75%
Total	\$1,134,375	

Under DHCD rules, only 21.25% eligible for CPA funding

The Bottom Line #1 for Seabeds –Cook

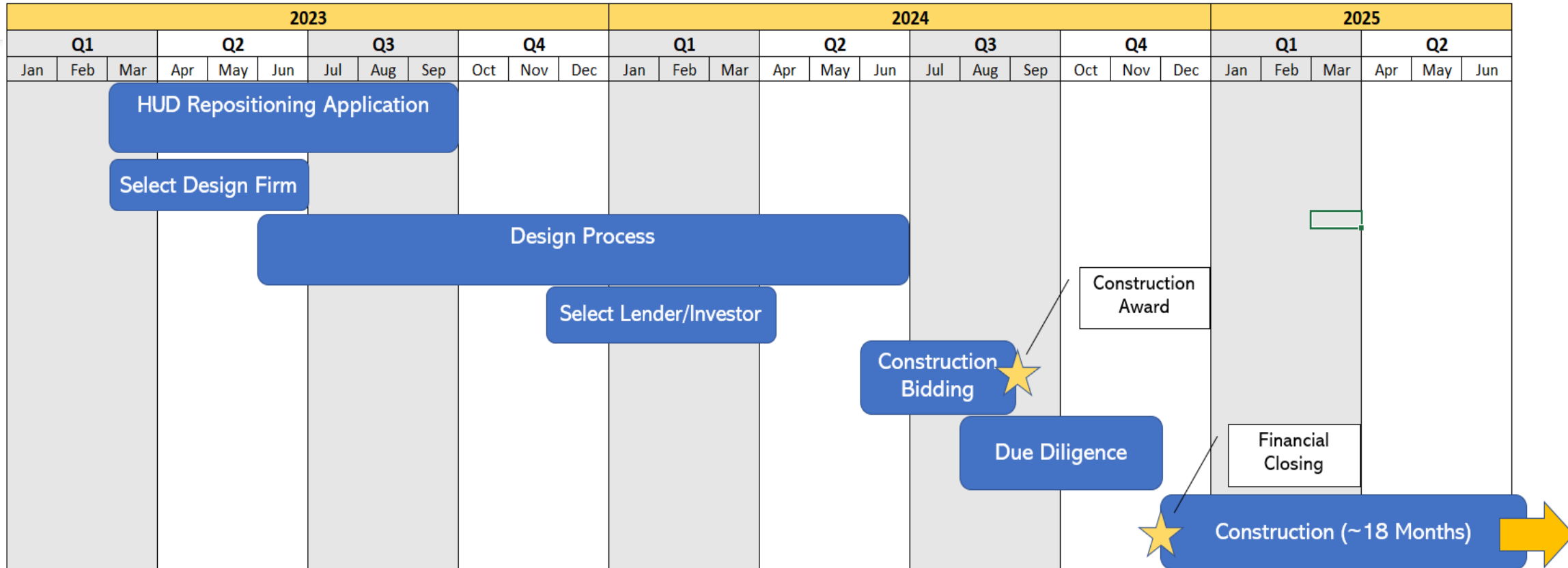
➤ Why is this needed?

- ✓ Repair & Preserve existing obsolete housing: Cook & Seabeds are 40+ years old, exhibit critical deficiencies and need a comprehensive modernization
- ✓ Support ongoing operation & maintenance costs: CPA funding will facilitate the Cook & Seabeds repositioning to the Project-Based Voucher Section 8 platform, providing substantial new operating subsidy to cover future operational costs

➤ Benefits

- ✓ CPA funding for pre-development expenses is key to enabling the project to start construction by the end of 2024.
- ✓ Preserves 76 deeply affordable units in Needham until 2065 and beyond.
- ✓ Units to remain deeply affordable with tenant rent limited to 30% of a household's income.
- ✓ CPA funding will result in a ~ \$39.9 million preservation project (*inclusive of construction costs, soft costs, and fees required for this type of project*).
- ✓ #1 Goal under Housing Development and Preservation Strategies of the 2023 Needham Housing Plan

Project Schedule



The Bottom Line #2 for Linden-Chambers Redevelopment

- CPA funding for Cook/Seabeds can support the redevelopment of Linden-Chambers:
 - The conversion of Cook/Seabeds to the Section 8 program will make 60 federal subsidy units available. These can be used as an operating subsidy to support the redevelopment of Linden-Chambers and High Rock Estates.
 - 60 units of federal subsidy is worth \$524K per year –key operating subsidies for the redevelopment of Linden-Chambers and new units at High Rock Estates

Public Comment?



Captain Robert Cook Drive

