

## PLANNING AND DEVELOPMENT BOARD MINUTES

June 1, 2009 City Hall, Planning and Development Department Rm 209, 7:30 p.m.  
1000 Commonwealth Avenue, Newton, Massachusetts 02459

### Full Members Present:

Tabetha McCartney, Chair  
Joyce Moss, Vice-Chair  
Leslie Burg  
Doug Sweet  
Scott Wolf

### Staff Present:

Mike Kruse, Director of Planning and Development  
Steve Gartrell, Associate Director of Community Development and Housing  
Amy Yuhasz, Community Development Program Manager  
Kathleen Cahill, Community Development Senior Planner  
Stephanie Pelkowsky, Recreation Manager, Department of Parks and Recreation  
Carol Schein, Recreation Specialist, Department of Parks and Recreation

### Public:

Daphne Romanoff, Resident	Rob Caruso, MCPD Co-chair
Girard Plante, MCPD Co-chair	Josephine McNeil, CAN-DO
Kathy Zejaulin, Resident	Deb Christopher, Resident
Michael Lepie, Resident	Michelle Alkon, Resident
Charles Prioria, St Mary of Carmen Society	Lois Leven, Resident
Helen Rittenberg, Resident	Carole Slipowitz, Resident
Scott Lennon, Alderman	Carlton Merrill, Alderman
Henry Korman, Newton Housing Partnership	Julia Costa, NewTV
Phil Herr, Chair of the Newton Housing Partnership	Rhoda Davidson, Resident
Bart Lloyd, Newton Housing Partnership	Sandra Fromm, Realtor
Jane Einsenstark, CAN-DO Board of Directors	Vicki Danberg, Alderman
Brooke Lipsitt, Resident	

T. McCartney, Chair, called the meeting to order at 7:35 p.m.

### Community Development Board [7:30]

- 1. Action Item:** Approve the minutes of the April 27, 2009, special meeting of the Planning and Development Board acting as the Community Development Board.  
Approve the minutes of the May 4, 2009, meeting of the Planning and Development Board acting as the Community Development Board and the Planning Board.

On request of T. McCartney for a motion to approve the minutes, L. Burg so moved. D. Sweet seconded the motion. The Board voted 3-1-0 to approve the minutes.

**2. Public Hearing and Action Item:** Request to recommend approval of the proposed CDBG-R projects:

Pellegrini Park – entrance area	\$200,000
Stearns Park – playground	\$350,013
Nahanton Park – accessible route	\$30,000
Newton Centre Playground – accessible route	\$23,500

A. Yuhasz presented a PowerPoint presentation detailing the goals, special instructions, expenditure deadlines, and reporting requirements of the CDBG-R program. She also described the City’s proposed projects and how each activity meets the goal of creating and retaining jobs. J. Moss asked if the proposed pathway at Newton Centre Playground was part of a larger plan. C. Schein, Recreation Specialist for the Parks and Recreation Department stated that the pathway was part of a master plan completed by Parks and Recreation to make the entire playground accessible. An accessible pathway running from Mason Rice to the handicap accessible playground was completed in 2008. T. McCartney opened up the discussion to the public. Ms. Rhoda Davidson commented that a portion of the CDBG-R funds should be used for human service programs. Specifically Ms. Davidson believes the City needs programs targeted towards the disabled living independently in the City.

K. Cahill responded to Ms. Davidson’s comment by stating that although human service projects are eligible underneath the American Recovery and Reinvestment Act of 2009, the proposed projects reflect the Housing and Urban Development Department’s instructions to place a priority on “quick start” projects that can be bid 120 days after receipt of the funds. Staff are confident that Newton’s proposed infrastructure projects encompass the intent of the Recovery Act through quick stimulation of the economy through job creation. Nancy Slamin, representing the NWW Committee, commented that she would have liked to see a percentage of the stimulus funds spent on human service projects but she does not believe that these types of projects qualify as “quick start” projects.

Daphne Romanoff, a Newton resident and parent of an autistic child, made the comment that the City will begin to see a wave of young autistic adults entering the community from high school who will need services and housing. Michelle Alkon, a Newton resident and also a parent of an autistic child, emphasized Daphne’s comment that autistic children in Newton schools represent a real future need for services. Currently, the educational philosophy in Newton underscores the integration of autistic children into the community. This philosophy needs to continue after high school, when these services are no longer available through the school system. T. McCartney commented that it would be important to work within the existing framework for these types of services. T. Guditz invited those present, particularly the residents that spoke about human services and housing needs, to participate in an affordable housing and supportive service focus group being offered by the Planning Department tomorrow (June 3 at 3:30 p.m.) in City Hall. The focus group is part of the City’s Consolidated Planning process.

L. Burg moved that the Planning and Community Development Board acting as the Community Development Board approve the CDBG-R proposed projects. D. Sweet seconded the motion, and the Board voted 5-0-0 to approve the CDBG-R projects.

**3. Public Hearing and Action Item:** Request from Citizens for Affordable Housing in Newton Development Organization, Inc. to forgive \$539,760.32 in direct loans with the Newton Community Development Authority for housing rehabilitation projects.

T. Guditz provided background to the Board on CAN-DO's request to forgive the remaining principal on seven direct loans assumed by the organization for housing rehabilitation projects. CAN-DO has produced a total of 38 units of housing in Newton. The Newton Community Development Authority is the mortgagee of seven direct loans with the Newton Housing Authority and several other nonprofit organizations. These direct loans should be considered in the Board's discussion about whether or not approve CAN-DO's request. Planning staff put forth alternative options to forgiving the loans in full, which include: deferring principal and interest payments for 24 months or converting four of CAN-DO's direct loans with 3% interest to 0% interest deferred loans.

Josephine McNeil admitted that the organization has some shortcomings which began with the way CAN-DO was structured from its origin. The City created CAN-DO with HOME funds which later also provided the organization with capacity building loans. These loans were the beginning of a cycle of debt that CAN-DO is unable to overcome. This debt has stymied new projects from moving forward. J. McNeil stated that she does not believe deferring principal and interest payments for 24 months or converting four of CAN-DO's direct loans with 3% interest to 0% interest deferred loans are viable options for CAN-DO.

Both S. Wolf and T. McCartney requested a breakdown of the income and expenses for each property. This analysis was unavailable during the meeting and M. Kruse cautioned the Board from waiting until the July meeting to vote on CAN-DO's request. He stated that tabling the item would put CAN-DO in a difficult situation. The City needs to take a stand in support of CAN-DO in order to encourage CAN-DO's bank to work with the organization in restructuring bank loans.

J. Moss asked J. McNeil if additional pressure has been applied to CAN-DO's financial situation with the decline of the housing market. J. Moss suggested that if the market was healthier market rate units would be able to subsidize the affordable units. J. McNeil agreed that the organization has been negatively affected by the housing market and the lack of developer fees. J. Moss wondered what percentage of the 38 units are affordable. J. McNeil responded that 31 out of the 38 units are affordable.

M. Kruse stated that the Planning Department's recommendation to convert all of CAN-DO's direct loans into 0% deferred forgivable loans is conditional on the receipt of an actual FY09 CAN-DO operating budget that includes income and expenses as well as a copy of the most recent audited financials and a letter from CAN-DO's Board President describing how the annual savings from the loan conversion will strengthen the organization's financial standing. The letter will also detail a one-to-three year strategy for strengthening CAN-DO's financial ability. T. McCartney wondered if the forgiveness of these loans only postpones a problematic situation. She suggested that one of the conditions of approval should be that CAN-DO must fund their "reserves." M. Kruse responded that the fact CAN-DO is unable to fund the organization's reserves is not an unusual situation for non-profits. Brooke Lipsitt, Newton resident, made the suggestion that City resources should be used to fund CAN-DO's reserves rather than expecting the organization to do so themselves.

Henry Korman, a member of the Newton Housing Partnership, stated that CAN-DO's financial situation and request are not unique and many Community Development Corporations in the Boston area are in similar circumstances. CAN-DO's capacity to serve the very low income and persons disabilities through housing in Newton is unique and greatly valued. Bart Lloyd, a member of the Newton Housing Partnership, reinforced Henry Korman's comments and added that each CAN-DO project is reviewed by the Housing Partnership. B. Lloyd stated that non-profit housing developers should abide by the philosophy "we get paid first and you get paid second."

Nancy Slamin, representing the NWW Committee, stated that she has successfully collaborated with Josephine McNeil and CAN-DO on a property located at 228 Webster Street in Newton. N. Slamin looks forward to continued collaboration with CAN-DO. The NWW Committee is also the recipient of a direct loan from the City, however the organization was fortunate enough to receive a substantial private donation offsetting this loan. N. Slamin is also aware that CAN-DO pays real estate taxes to the City while NWW does not incur this cost.

Michael Lepie, a Newton resident, stated that he was opposed to the 29 Coyne Road project as well as the recommendation to forgive the direct loans. Ann Houston, a resident of Newton who has experience with a variety of affordable housing projects, stated that the critical piece in successful affordable housing projects is support from the city/town. This paradigm is also true in Newton.

T. McCartney understands how the housing bubble negatively impacted CAN-DO but she also wondered why older projects were not bringing in ample income. J. McNeil responded that these older projects continue to generate cash flow but the organization's debt is insurmountable. CAN-DO has relied on lines of credit and credit cards with high interest rates. J. McNeil explained that Millhouse, a CAN-DO affordable housing project, took 5 years to complete, produced no developer fees and resulted in a \$400,000 loss for the organization. The forgiveness of these direct loans provides financial relief to CAN-DO and allows for restructuring of credit.

L. Burg stated that an important piece of CAN-DO's mission is the development of scattered site affordable housing which eliminates the concentration of affordable housing in one neighborhood or village in the City. L. Burg believes that the Planning Board, the City, and CAN-DO should work together to develop financial plans that include funding reserves. J. Moss stated that she sees CAN-DO as the "workhorse" of affordable housing in Newton, therefore she will be voting to approve the loan forgiveness. S. Wolf stated that he is reluctant to vote for the forgiveness of loans because he believes CAN-DO can pay the direct loans back to the City at 0% interest by the year 2033. M. Kruse reinforced the Planning Department's recommendation to approve the loan forgiveness with conditions. If the vote is delayed CAN-DO may not be in existence much longer. He also agreed to provide an update at the next Planning and Development Board meeting. Michael Lepie asked what the Planning and Development Board's action will be if the contents of financial records provided at the next meeting are inadequate. T. McCartney responded that unless the information presented at the next Planning and Development Board changes things the decision made at this meeting stands.

L. Burg made a motion to approve CAN-DO's request to convert all of the CAN-DO direct loans into 0% deferred loans with all loans to be forgiven at the expiration of the 30-year term with the condition that an actual FY09 CAN-DO operating budget with income and expenses as well as a copy of the most recent audited financials and letter from the CAN-DO Board President describing how the annual savings will be applied to its existing debt and describing a one-to-three year strategy for strengthening the organization's financial situation be submitted to the Planning Department and the Planning and Development Board. J. Moss seconded the motion. The Board voted 3-1-1.

**4. Other Business:** Officer nominations for the Planning and Development Board.

No nominations were given.

Planning Board [8:15]

**1. Discussion Item:** Home Business Ordinance

Planning and Development Board member David Banash was unable to attend the meeting and therefore no update on the Home Business Ordinance was given.

The meeting adjourned at 9:30 pm.

Respectfully submitted,

Stephen D. Gartrell  
Secretary