

The Financing Subcommittee sought out financing mechanisms and funding options available through public (including local, state and federal), non-profit and private sources. These resources are categorized into project phases: planning, development and upkeep.

PLANNING

Prior to presenting the Mayor/Alderman with a final set of recommendations, funds will be required for third-party design and planning services. The financial requirement here should be relatively modest. In addition to the City of Newton and the Commonwealth of Massachusetts, potential sources of planning dollars are as follows:

- Foundations/Non-profits
 - Citizens' Housing and Planning Association
 - National Trust for Historic Preservation
 - Crossroads Community Foundation
 - Other community-based foundations

- Establishment of Non-profit Development Organization

In order to support the revitalization of Newton Centre, an independent non-profit development organization could be established to serve as a vehicle to raise funds from local businesses, banks, state agencies and foundations in support of the revitalization project. Thinking longer-term, such an organization could serve an important role in the advocacy, development oversight, maintenance and promotion of the Newton Centre business district.

- Federal Programs

We have assumed that the cost/benefit of obtaining federal monies on a timely basis does not "pencil out."

DEVELOPMENT

Implementation of the revitalization of Newton Centre will be funded both by public and private sources. The assumption here is that public funds will be expended for transportation infrastructure, parking, parks, streetscape and (if appropriate) acquisition of private properties for the purpose of integrating the ownership of certain key parcels. Private funds would be expended for land acquisition and vertical construction of commercial improvements. The primary sources of funds for the public improvements are as follows:

- Sale or Ground Lease of City-owned Property
Please see the Attachment C for an inventory of public land in Newton Centre. Parcels 5, 10, 2, 8, 15, 17, 23, 27 and 28 Show the greatest potential for conversion to commercial use. The programming alternatives for these parcels will be limited by any deed restrictions. The value of these parcels will be determined by the zoning overlay and configuration recommended by the Task Force. As a result, the range of potential proceeds here is very wide. The City may choose to sell the designated commercial parcels outright, or to enter into long-term ground leases which would be monetized through a bond

issuance. Depending on configuration and uses, the potential proceeds here could be significant.

> State Funding

There are a variety of programs/agencies under Commonwealth Capital that may provide either targeted or general funds for the revitalization of Newton Centre. These include:

- Department of Housing and Community Development
- Public Works and Economic Development – Urban Self Help: parks, infrastructure and streetscape
- Off Street Parking Program
- Community Economic Development Assistance Corporation
- Massachusetts Development Finance Agency
- MassHousing – targeted towards housing
- Waster Water Infrastructure Revolving Fund
- Transit Oriented Development Infrastructure and Housing Support Program

> Chapter 40R

Smart Growth Zoning and Housing Production - Provided a municipality adopts a "smart growth zoning district" which meets certain requirements, then the Commonwealth will pay the following zoning incentive payments:

\$10k for up to 20 housing units
\$75k for 21-100 units
\$200k for 101-200 units

\$250k for 201-500 units
\$600k for 510 units+

In addition, the Commonwealth will pay a one time density bonus of \$3k for each new unit upon issuance of a building permit. If for example, the revitalization plan for Newton Centre contained 300 new housing units, 40R payments would total \$1.15 million (\$250k zoning incentive payment + \$900k density bonus).

The key minimum requirements of a Smart Growth Zoning District are as follows:

- Must permit of mix of housing for families, individuals, elderly
- Density must be at least 20 units/acre. For multi-family, 8 units/acre for single family and 12 units/acre for 2 and 3-family buildings.
- Not less than 20% of the units are affordable.
- No age restrictions
- Circumscribed municipal project review

While currently unfunded, there is a companion Chapter 40S program that is intended to provide for recurring circuit breaker funding linked to school aged population growth resulting from new housing units within a Smart Growth Zoning District.

- Chapter 40Q District Improvement Financing (DIF)
This is a new and relatively untested tax increment

financing program that could yield significant dollars for the public improvements. Based on the recommendations of the Task Force, the City would define a development district in Newton Centre which would detail the projected improvements ("DIF District"). Once the Economic Assistance Coordinating Council (EACC) approves the program, the City of Newton would be permitted to finance the public improvements in the DIF District with bonds ("DIF Debt") which are serviced from the incremental property taxes generated by the improvements in the district. DIF Debt is not counted towards, the City's municipal debt limit.

- **Monetization of Parking Facility**
If the Newton Centre revitalization plan includes the construction of a public parking structure, there would be a number of potential sources of capital and recurring revenues to help finance the public improvements, including:
- Incremental parking revenues (based on increased capacity/utilization)
 - Sale of parking spaces on a condominium basis
 - Rental income from ground floor retail
 - Rooftop leasing to cellular antennas

UPKEEP

During the construction and following completion of the Newton Centre Revitalization program, there will be ongoing funds required to maintain the streetscape and

other public improvements, and to coordinate marketing and special events. Subject to municipal review and approval and support of at least 60% of the property owners representing at least 51% of the assessed value, Chapter 400 permits the formation of a Business Improvement District ("BID") for the purposes of raising and administering such funds. All property owners within a BID are assessed a fee not to exceed .005 of assessed value. Payment of this fee is voluntary (however the BID requires the minimum 60%/51% levels of support set forth above in order to function). Based on current assessed values and assuming a 70% support level, a Newton Centre BID would generate \$350-400k per annum. This figure would be significantly higher if one factors in the additional improvements that would result from a revitalization of Newton Centre.

The National Trust for Historic Preservation offers Local Main Street program to support a return to community self-reliance, local empowerment, and the rebuilding of traditional commercial districts based on their unique assets: distinctive architecture, a pedestrian-friendly environment, personal service, local ownership, and a sense of community. Local Main Street programs are most often structured as freestanding, nonprofit organizations. Others are part of an existing organization, such as a community development corporation (CDC), a BID, or another economic development organization.

Each local Main Street program establishes a broad-based governing board that includes a variety of representatives from the community. Typically

represented are business and property owners, residents, city officials, financial institutions, schools, religious institutions, civic groups, preservationists, media, etc. The board (or steering committee in an existing organization) guides policy, funding, and planning for Main Street. It also establish committees that correspond to the four points of the Main Street approach — Organization, Design, Promotion, and Economic Restructuring.