



Nobscot Site Evaluation Update

4/11/23

What content does the latest update memo provide?

- Income and rent limits for affordable housing in Sudbury
- Calculation of affordable homeownership sales price
- Rundown of potential affordable homeownership funding sources
- Comparison of funding for a rental unit vs. a homeownership unit
- Description of Massachusetts' public housing program
- Copy of the Notice of Funding Availability (NOFA) for state public housing consolidation
- Overview of some development options at Nobscot
- Sample Nobscot development budget
- Evaluation of how competitive a project at Nobscot would be for gap funding sources

What are key questions for SHA/SHT?

- **Threshold question:**
 - Do SHA/SHT feel comfortable with potential CPA need? (+ / - \$2 million)
- **If yes, then follow-up questions:**
 - What mix of one-bedroom, two-bedroom, and three-bedroom units should be built?
 - What mix of homeownership and rental units should be built?
 - Should SHA pursue the State's NOFA for consolidation of 705 housing?

Does SHA/SHT feel comfortable with potential CPA need?

- Funding gaps shown in the update memo range from \$408k to \$4.7 million
- HOME and FHLB may realistically offer + / - \$500k
- CPA will likely need to cover vast majority of any remaining gap.
 - \$1.075 million for two-bedroom option that performs the best financially (uses NOFA)
 - \$1.564 million for three-bedroom option that performs the best financially (uses NOFA)

What mix of one-bedroom, two-bedroom, and three-bedroom units should be built?

- Nobscot has the size and scale to support family units
- Projects that involve homeownership and rental units could be difficult to fund and market
- Unit mix and type will ultimately need to get DHCD's feedback and approval
- The unit mix can be modified as the project moves forward; we are not locking anything in at this point

What mix of homeownership and rental units should be built?

- Two-bedroom homeownership requires less subsidy, and allows the rental project's unit mix to better match DHCD's preference
- Two-bedroom units are an opportunity to create missing "starter homes"
- Three-bedroom units offer more opportunity for family growth
- A small homeownership project embedded within a rental project may be challenging to market

Should SHA pursue the State's NOFA for consolidation of 705 housing?

- Utilizing the NOFA has the potential to lower the amount of gap funding (ex: CPA) that a project needs to secure, but some project options that do not use the NOFA perform similarly financially
- SHA/SHT can give the existing 705 units a second life as for-sale housing or income-restricted housing outside of the State's public housing program
- Utilizing the 705 NOFA may increase the State's interest in the overall project
- This funding source adds additional layers of complexity and a competitive application to the project
- Applying for the funding creates the need for short-term action to apply in June

CHA's recommended next steps

Determine if \$1 – 2 million CPA request is palatable to the Sub-Committee. If the answer is “yes,” then proceed to:

- Open formal negotiations with the property owner
- Prepare a response to the State's NOFA requesting maximum funding (\$350,000 for 4 units = \$1,400,000). By 6/9/23, need to acquire:
 - A realtor's estimate of the sales price of the existing duplexes
 - Breakdown of construction cost estimate
 - Meeting with 705 tenants
 - SHA Board approval to submit an application