



SOMERVILLE COMMUNITY CORPORATION

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Date: June 21, 2018

To: The Chairperson and Members of the
Community Preservation Committee
c/o **Kristen Stelljes**
Somerville Community Preservation Act Manager/SomerStat
kstelljes@somervillema.gov
CPA website: <http://www.somervillema.gov/cpa>

From: Scott Hayman, SCC Director of Real Estate

Subject: 31-35 Richardson Street—Open Space and 100 Homes

Dear Chairperson Fager:

On behalf of the Somerville Community Corporation (SCC), please accept this memorandum as follow up to SCC's request for emergency consideration for funding of the 31-35 Richardson Street Open Space/100 Homes project. We appreciate your consideration of this exciting possibility to combine both open space preservation with the development of affordable and market rate housing. Below and attached is a basic description of our proposed project and its status.

31-35 Richardson Street Open Space and 100 Homes.

Concept:

The Somerville Community Corporation (SCC) was asked to consider the economic feasibility of purchasing a double parcel at 31-35 Richardson Street located in a tightly knit, Winter Hill Neighborhood with a goal of preserving one of the parcels (35 Richardson Street), a landscaped but otherwise vacant lot at the corner of Richardson and Hinckley, as permanently restricted open space, by building one or two new units on the adjacent parcel, which already accommodates a single family home (31 Richardson Street). SCC was asked to provide with this analysis an estimate of the "gap" funding or subsidy necessary, if any, to accomplish the goal of preserving the open space and providing at least one affordable housing opportunity on the parcel with the existing single-family home.

SCC, upon an inspection of the existing home and land with Iric Rex of Davis Square Architects, estimates the following:

Uses:

Purchase of Existing Parcels and Home	1,275,000	Negotiated with current owner.
Construction Costs to build two additional units on 31 Richardson. Each unit with net usable sf of 900sf	576,000	2,400 sf at \$240 per sf
Construction Cost Contingency	23,903	4%
Soft Cost- Legal, Appraisals, Architecture, Insurance	120,000	
Acquisition and Construction Loan Interest at 6%, 9 months: \$1,562,563 Loan	71,097	6%, 9 months
Developer Overhead and Fee	\$25,000	
Total Uses	2,091,000	Total Development Cost

Sources:

Sale of Three Units to Homebuyers		
Existing 1 and ½ bath, two story in excellent condition	725,000	Market
One newly constructed 900 sf townhouse or flat	650,000	Market
One newly constructed 900 sf townhouse or flat	335,000	100% AMI
A subsidy from CPA open space to purchase open space	210,000	Give to City
A subsidy for the 100% AMI homeownership unit	171,000	100 Homes
Total Sources	\$2,091,000	Total Sources

Summary, logistics and timing:

The project is economically feasible given current market conditions and the potential availability of subsidy for CPA open space and CPA housing. Due diligence to date has included productive discussions with the Director of the Planning Department, the Director of Transportation and Infrastructure Department, an application submission to the Somerville Affordable Housing Trust Fund, and a Neighborhood Meeting sponsored by the Ward 5 Alderman.

Given the high cost of land and housing in Somerville, the project is an opportunity to secure both affordable housing and open space at a relative low cost. The 35 Richardson street parcel is currently assessed at \$223,300 and the 31 Richardson street home and land is currently assessed at \$640,200. Assessors' data is often 6 to 18 months behind current market data. Current market data suggests that the sales of the existing home and a second, newly constructed unit at market rates would yield \$725,000 and \$650,000 respectively. The affordable unit would be sold to households earning up to 100% of AMI at a price of \$335,000. The underwriting assumptions for the affordable unit assume a household will pay condominium fees, property taxes without a residential exemption, private mortgage insurance, homeowners' insurance and will make a down payment of no more than 3% of the purchase price.

The zoning designation for the subject area is RB, which allows for a maximum of three units on a parcel and three stories of height. Back yard setbacks of 15 feet can be accomplished with the proposed project. Side yard setbacks of 23 feet to the neighboring housing can be accomplished, while setbacks to the proposed open space would be minimal. It is important to note that the 31

Richardson, under the proposed plan, could accommodate a minimum of 4 off-street parking units, which would insure that new units and the associated parking will not add to on street parking demands. It is also important to note that the neighboring housing on Vinyl Street, while on two separate parcels is, in effect, identical to the proposed plan. Finally, much hangs in the balance as to whether the existing neighbors would see this proposal as a positive net gain—a preserved open space and density on the existing built parcel that mirrors the current neighborhood. At the initial neighborhood meeting on Monday evening, June 18, the majority of the neighbors attending expressed support for the project, because of both the open space preservation and the addition of new affordable and market rate housing. The Ward 5 Alderman has scheduled another meeting with the neighborhood for June 16 at which SCC and Davis Square Architects will provide renderings and plans for the proposed project.

Logistics and timing:

The success of the proposed project relies on a relatively swift approval from the neighbors of the subject project as well as relatively swift approval and financing from the City and local lenders. Assumptions include the purchase of the open space parcel (35 Richardson Street) by the City as well as the allocation and delivery of \$171,000 (less 10% holdback) of CPA housing funds through the 100 Homes project. This reduces the requirement of SCC to borrow funds at a cost of approximately 6%.

We appreciate the opportunity to present the project and discuss it further at your upcoming meeting.

//attachments



NEIGHBORHOOD PHOTO 1



NEIGHBORHOOD PHOTO 2



NEIGHBORHOOD PHOTO 3



NEIGHBORHOOD PHOTO 4



Proposed Housing at

31-35 Richardson Street





EXISTING PARK INSPIRATION



EXISTING PARK INSPIRATION



PROPOSED PARK LOCATION



PROPOSED PARK LOCATION

Proposed Housing at

31-35 Richardson Street



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