

**eliminating racism  
empowering women**  
**ywca**  
**Greater Newburyport**

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September 7, 2023

Andrew Port  
City of Newburyport  
60 Pleasant Street  
Newburyport, MA 01950

Dear Mr. Port:

Please accept the attached as the YWCA Greater Newburyport's response to the City's RFI regarding adaptive reuse of the Brown School. We are hopeful that the information provided in this response is helpful in the City's effort to develop much needed affordable housing.

YWCA Greater Newburyport is a tax exempt charitable organization located in Newburyport. We have been serving the community since 1883 and providing affordable housing in Newburyport since 1885. Today, we operate 77 units of affordable housing in Newburyport, Amesbury and Salisbury, and have 96 more units currently under development in Methuen.

Affordable housing is a critical need in Newburyport. While all communities in Massachusetts face this challenge, Newburyport faces a number of circumstances that exacerbate the local housing crisis. Newburyport has experienced transformational change in the past 40 years, so many seniors today in Newburyport grew up in a very different community. The same changes that have had so many positive impacts on the community and its booming real estate market have also created a crisis for seniors in need of housing or hoping to age in their communities as they downsize. Newburyport is also geographically small and the opportunities to create any measure of affordable housing are rapidly shrinking.

We believe that the Brown School represents one of the last, best opportunities for the City to generate a meaningful number of new deeply affordable housing units. In an environment where single family homes are selling in the millions of dollars, private land simply cannot be found that can be developed into affordable housing. The City controls this opportunity and we hope any RFP will reflect the importance of this opportunity.

Our response attached intends to demonstrate a path to a successful repurposing of the Brown School into the highest and best use for the property, which is senior affordable housing.

This use will integrate into the neighborhood, balance the City's stated goals and the various interests at stake, and play an important role in addressing housing needs for senior citizens.

The response will also demonstrate that the YWCA's development team is capable and experienced. We also bring the team that has the strongest roots and long standing commitment to the Newburyport Community.

The YWCA Greater Newburyport has been a community provider of affordable housing for over 100 years. We are well known in the City as an advocate for affordable housing. No city staff member, board member or elected official has explicitly asked us to submit a proposal. However, there has been a general expectation with the Newburyport Affordable Housing Trust and the Planning Department that the YWCA would submit a response to the RFI based on its extensive history in the community and response to previous RFI. No specific guidance has been provided in how to submit a proposal or what to include in a proposal.

Please do not hesitate to call me with questions regarding this application.

Sincerely,



John Feehan  
Executive Director



The Spalding School in Salisbury was built in 1915 and developed into 42 Units of Affordable Housing (26 units shown here) by the YWCA Greater Newburyport and LD Russo in 2019. In this project, we were able to preserve the exterior of the building.

## Experience and Qualifications:

YWCA is committed to serving those most in need of affordable housing. Currently, 50% of our housing is for those with incomes at or below 30% of the area median (extremely low income) and 30% is for those with incomes at or below 50% AMI (very low income) with the remaining 20% for those with incomes at or below 60% AMI. 37% of our housing is designated for households who were homeless when they applied for housing.



YWCA and LD Russo converted a 5 unit building into a 10 unit building. Not only did we expand affordable housing for homeless households but we blended an 1890 building into the community seamlessly.

Over the past decade, YWCA has successfully developed four affordable housing projects (one project is currently under construction). For each project, YWCA was able to secure state funding in two years or less. YWCA is a certified women owned business.

YWCA has been very fortunate to work with L.D. Russo, a for-profit developer and construction company. The president of L.D. Russo is also a Newburyport resident. They have extensive experience in both adaptive reuse of properties and affordable housing development. YWCA would once again work with L.D. Russo to develop Brown School into affordable housing. In addition to developing the Residences at Salisbury Square and YWCA Residences at Ingalls Court 1 with the YWCA, L.D. Russo has developed Bowers Brook, a 42 unit affordable senior housing project, and Ivory Keys, a 41 unit affordable rental project.

YWCA has had the pleasure of working with ICON Architecture in the development of senior housing in Methuen. They have extensive experience in both adaptive reuse of properties and affordable housing development. ICON Architecture is a certified women owned business.

## General Information

The YWCA also works with the Law Offices of Chris Welch and Mead, Talerman and Costa, both Newburyport based law firms.

YWCA has used Fishbone Project Management, a Newburyport based project management firm and New Seasons Development for its projects. Both of these businesses are certified women owned businesses.

All of our concepts below assume that we will be seeking state funding and therefore must confirm to state funding guidelines. These guidelines include the requirement that projects maintain a debt credit ratio for 20 years. The LIHTC and EOHLC funding model has been developed for several decades and has an excellent track record of producing projects that are financially stable, well managed, and well maintained for the lifetime of the projects.

EOHLC requires an extensive social service plan for senior housing projects. To that end, we have incorporated a \$50,000 budget into the model for 29 units and \$75,000 for the 44 unit model.



Ivory Keys before and after conversion into affordable housing by LD Russo in 2021



## **Process and Timeline:**

Affordable housing, as we are proposing, is funded through competitive funding round for tax credits. Each round starts with a fall “pre-application” and the formal round is usually in February each year. Therefore, the timing of any RFP and formal agreements can impact whether a project makes it to a particular funding round.

Generally, the timeframe from a purchase and sale agreement through funding to closing on the property and starting construction is 2-4 years. Zoning issues need to be resolved prior to the state accepting applications for funding.

The affordable housing funding model is a highly effective and robust model. One advantage of the process is that while zoning, funding awards, and the closing process can require some investment of time, once the funding is secured and the property closes, construction starts almost immediately.

All of the concepts presented below are for illustration only in order for the city to better understand what might be done on the site. Of course, any formal RFP response would include contingencies to permit our development team to verify assumptions and confirm the project can be feasibly developed. Contingencies typically would include but not be limited to:

- Obtaining satisfactory zoning and municipal approvals
- Obtaining funding commitments from the state and equity investors
- Successful completion of the HUD environmental review process
- Structural, environmental, and design related investigation

## **Development Concepts:**

Below are two concepts for the Brown School redevelopment into senior housing. The concept for 29 units would allow the City to retain ownership of the existing gymnasium. The second concept for 44 units would include the removal of the gymnasium and inclusion of this footprint in the senior housing project.

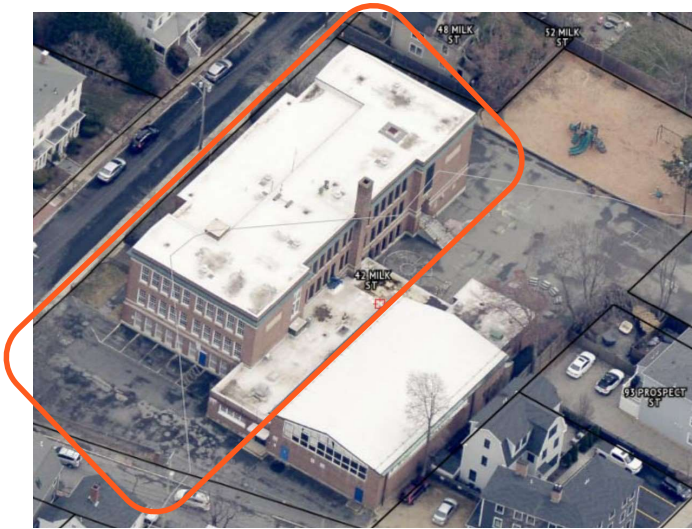
Because of the way Low Income Housing Tax Credits work, we have a high level of confidence that we can develop the project into 44 units of affordable housing. We have a much lower confidence level that it could be developed into 29 units of affordable housing. A smaller model may require additional assistance from the City to ensure a successful project.

The Brown School Overlay District (BSOD) model contemplates a maximum of 20 apartments. We do not believe this is a financially viable model for affordable housing. The fixed costs for an affordable housing development are quite high, and generally a project requires 40 or more units to create a strong proforma. Also recognize that the entire Brown School needs to be renovated, and to limit that space to 20 units will significantly drive up construction costs. This is not to say that the YWCA would not attempt to respond to a more limited RFP, but in our many years of experience, this would work against the City's stated goals of highest and best use and a financially feasible project.

We note that the BSOD model was developed in a time when Newburyport Youth Services (NYS) was using the facility and the gymnasium was in active use. Today, NYS is not in the facility and the gymnasium has been taken out of service, so we would recommend modifying the BSOD to allow for a greater number of units. If the goal is to achieve the highest and best use, the BSOD should contemplate greater density combined with good design.

Both of our proposed models will produce affordable housing restricted to seniors aged 62 and older, assuming EOHLC will approve this type of development (YWCA has developed family housing in Newburyport and we anticipate EOHLC would approve a senior only housing development we also assume that Mass Rehabilitation Commission will approve 2 or 3 Community Based Housing units).

## Concept 1 Adaptive Reuse Requiring Alternate Zoning: 29 Units



YWCA is committed to the development of affordable housing that serves the lowest income households. One option for affordable housing development would be to create roughly 29 apartments, using the existing Brown School footprint with an addition for a lobby and common area needs (EOHLC will require a community room for senior housing programs).

	Affordability Level		
	30% AMI	50% AMI	60% AMI
Studio		2	
One Bedroom	16	5	6
Total	16	7	6

This concept assumes that the city retains control of, and responsibility for, the Gymnasium, basketball courts, children's playground and amphitheater.

The historic exterior of the Brown School would be preserved.

This model would require zoning relief to accommodate 29 units.

We believe we could create between 20 and 29 off street parking spaces but would require zoning relief on this issue. It has been our experience, that low income households do not own cars. We believe 20 spaces would provide sufficient parking for tenants and guests. Parking relief allows for more open space and landscaping, less intensive development of the site, and more potential preservation of the park areas beyond the minimums required.

Local senior affordable housing projects, including the James Steam Mill and the Sullivan building, support the concept that higher density of affordable senior housing does not require anywhere near the parking density of family and market rate housing.

All units would be eligible for inclusion on the state Subsidized Housing Inventory list.

## **Development Costs**

YWCA anticipates that a project this size would cost approximately \$17,500,000. To develop this property as 29 units, we would approach the state for a variety of funding sources.

### **Tax Credits**

We would seek Federal Low Income Housing Tax Credits (LIHTC). These low income housing tax credits generally work better on larger projects, however, we think they could work for 29 units. In contrast, we do not think that State Low Income Tax Credits would work for a project of this size. Historic Tax Credits would need to be explored. LD Russo has had success using these tax credits to develop Ivory Keys. YWCA did not use Historic Tax Credits for Salisbury because they were incompatible with specific aspects of that project's development.

### **State Funds**

YWCA would pursue the maximum from each state fund possible. This would include Community Based Housing.

### **YWCA Permanent Mortgage**

YWCA would anticipate that the model for this project would support a smaller mortgage (per unit) compared to a larger project. This is because the cost per unit to manage is much higher on a small project. Additionally, the state will require substantial social services for a senior only project. Those social service costs would be spread over fewer units. These additional costs would result in less net income to support the mortgage.

### **City of Newburyport**

Under any affordable housing model, EOHLC will require that the City of Newburyport contribute to the project. The smaller unit count is expected to have a less favorable pro forma compared to the larger model. This contribution might include both donating the land or agreeing on a lower acquisition cost/unit and providing gap funding to ensure the project's long term success. It is not anticipated that the City would be asked for operating assistance.



## Concept 2 Adaptive Reuse Requiring Alternate Zoning: 44 Units:



YWCA is committed to the development of affordable housing that serves the lowest income households. One option for affordable housing development would be to create roughly 41-44 apartments, using the existing Brown School footprint plus the gymnasium area.

	Affordability Level		
	30% AMI	50% AMI	60% AMI
Studio		5	
One Bedroom	13	11	12
Two Bedroom	3		
Total	16	16	12

The historic exterior of the Brown School would be preserved.

We are willing to produce affordable housing restricted to seniors aged 62 and older, assuming EOHLC will approve this type of development (YWCA has developed family housing in Newburyport and we anticipate EOHLC would approve a senior only housing development we also assume that Mass Rehabilitation Commission will approve 3 Community Based Housing units).

This concept assumes that the city retains control of, and responsibility for, the, basketball courts, children's playground and amphitheater, possibly in a reconfigured layout, but one that preserves the space to meet the City's goals.

The gymnasium would be demolished and a structure would be created that could provide ground level parking and three floors of apartments. We anticipate that this structure would be just taller than the existing Brown School and would therefore require zoning relief.

**Concept 2: Alternate Zoning 44 Units**

We would require zoning relief to accommodate 44 units.

We believe we could create between 30 to 40 off street parking spaces but would require zoning relief on this issue. It has been our experience, that low income households do not own cars. We believe between 25 and 30 spaces would provide sufficient parking for tenants and guests. However, with first floor parking, and use of the back of the property, we could achieve more parking as noted above. Parking relief allows for more open space and landscaping, less intensive development of the site, and more potential preservation of the park areas beyond the minimums required.

Local senior affordable housing projects, including the James Steam Mill and the Sullivan building, support the concept that higher density of affordable senior housing does not require anywhere near the parking density of family and market rate housing.

All units would be eligible for inclusion on the state Subsidized Housing Inventory list.

### **Development Costs**

YWCA anticipates that a project this size would cost approximately \$22,750,000. To develop this property as 44 units, we would approach the state for a variety of funding sources.

#### **Tax Credits**

We would seek Federal Low Income Housing Tax Credits (LIHTC). These low-income housing tax credits generally are designed for projects of this size. We would also apply for State Low Income Tax Credits as they are also designed for projects of this size. Historic Tax Credits would need to be explored. LD Russo has had success using these tax credits to develop Ivory Keys. YWCA did not use Historic Tax Credits for Salisbury because they were incompatible with specific aspects of that project's development.

#### **State Funds**

YWCA would pursue the maximum from each state fund possible. This would include Community Based Housing.

#### **YWCA Permanent Mortgage**

YWCA would anticipate that a larger mortgage could be supported on this size of a project compared to a smaller project. The state will require substantial social services for a senior only project. Construction and development costs and social service costs would be spread over a greater number of units in this model.

#### City of Newburyport

Under this model, we still anticipate that the City of Newburyport would have to contribute to the project. At the very least, a local contribution is required by EOHLC to meet the state's requirement that the community contribute to the project. The City did this for the YWCA Market Street Apartments and YWCA at Hillside through its allocation of HOME funds and use of Community Preservation Act. We would anticipate under this model a significantly smaller City contribution.

Under this model, we anticipate that the project would be able to offer more to purchase the building from the city and require less in gap funding (if any) per unit from the city.