

Update on Captain Cook & Seabeds Way Modernization Project



Needham Housing Authority

July 1, 2024



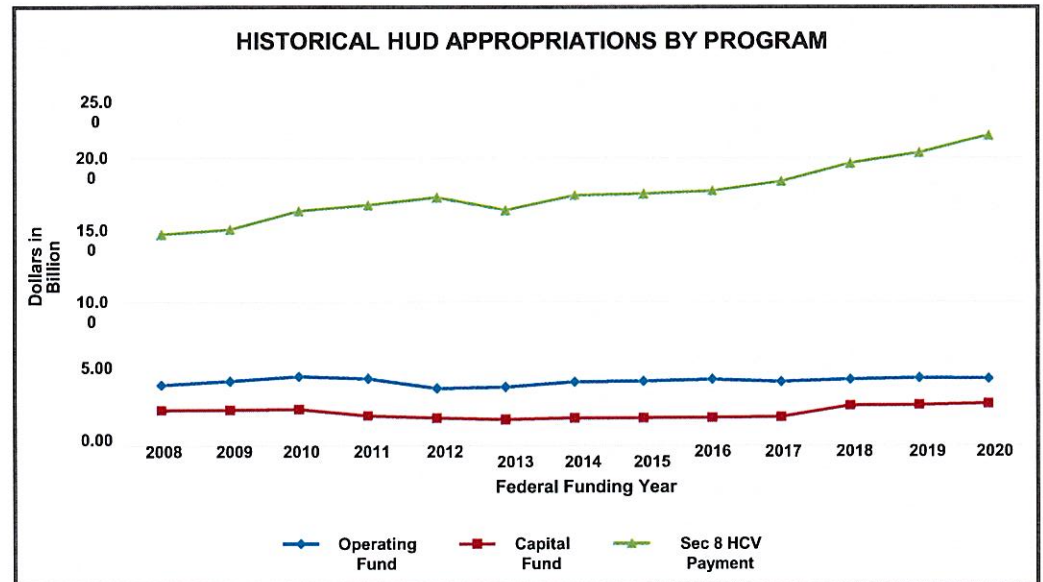
Agenda

- 1. Repositioning Recap**
- 2. Repositioning Update: Pivot to Section 22**
- 3. Draft Section 22 Conversion Plan Highlights**
- 4. Design Update**
- 5. Questions**

1. Repositioning Recap

Why Consider Repositioning?

- Federal public housing funds have experienced substantial cuts and are insufficient to meet portfolio needs.
- Repositioning, or converting, to Section 8 subsidy generate meaningful new annual revenue for NHA to fund needed improvements much sooner than with public housing subsidy.
- Repositioning changes the funding source, not NHAs mission to serve residents!



NHA is getting the same funding as in 2008, while operating costs have risen. On the other hand, since 2008, funding for the Section 8 Housing Choice Voucher (HCV) program has increased 47%.

1. Repositioning Recap

We previously discussed NHA's plan to convert via **RAD / Section 18** *instead of Section 22*.

RAD / Section 18

- Across 76 units at Seabeds & Cook, would provide 60 high-value vouchers (80%) and 16 low-value vouchers (20%).
- Requires larger construction scope to address 20-year capital improvements. This triggers need for more funding, including scarce state funding which can potentially delay project.
- Access to increased subsidy is tied to start of construction which can be delayed due to limited state funding.
- **Allows NHA to retain Faircloth Authority for 60-units.**

Better Option

Section 22

- Across 76 units at Seabeds & Cook, would provide 76 high-value vouchers (100%).
- No requirement for construction. However, NHA would still pursue renovation to address improvements. Would not trigger need for scarce state funding which can potentially delay project.
- Access to increased subsidy is tied to simpler HUD approval which can be achieved earlier.
- Requires simultaneous conversion of High Rock Estates.
- **NHA must forfeit Faircloth Authority for all 76 Seabeds & Cook units, as well as 60 High Rock Estates units.**

What is "Faircloth Authority"?

NHA's Faircloth Authority is currently 136 units based on its total number of federal public housing units. It is based on the maximum number of federal public housing units that a housing authority can own.



Keeping Faircloth Authority allows NHA to access public housing subsidies to build new units in the future.

1. Repositioning Recap

Previous Recommendation for **RAD / Section 18**.

	RAD / Section 18	Section 22
1. Faircloth Authority	Significant Advantage	
2. Level of Subsidy		Advantage
3. Requirement to Meet 20-Year Capital Needs		N/A
3a. Competition for State Funding		Advantage
3b. Amount of Required Renovation	Advantage	
3c. Timing to Start Construction		Advantage
3d. Timing to Access Subsidy		Advantage
4. Requires Conversion of High Rock Estates	N/A	Advantage



Better Option

2. Repositioning Update: Pivot to Section 22

What changed? In February 2024, HUD released new guidance for Section 22.

HUD will now allow NHA to **keep 100% of its Faircloth Authority when converting via Section 22.**

This compares to **RAD / Section 18 that would allow NHA to keep only 80% of its Faircloth Authority.**

With Section 22, converting the 76 units at Seabeds and Cook to Section 8 results in NHA retaining all **76 units-worth of subsidy to build new public housing in the future.**

The 16 additional Faircloth units from Section 22 translates into ~\$230K in annual additional income for NHA.

This income can be used for capital improvements and maintenance.

Section 22 is now more advantageous than RAD / Section.

2. Repositioning Update: Pivot to Section 22

Updated Recommendation for **Section 22**.



Better Option

	RAD / Section 18	Section 22
1. Faircloth Authority	60 Units	76 Units → Advantage
2. Level of Subsidy	60 high-value & 16 low-value vouchers	76 high-value vouchers → Advantage
3. Requirement to Meet 20-Year Capital Needs	Yes	No – However, NHA is planning capital improvements anyway
3a. Competition for State Funding	Triggers need for limited state tax-exempt bonds & LIHTC financing	Does not trigger need for state funding → Advantage
3b. Amount of Required Renovation	Addresses more capital needs → Advantage	Addresses fewer capital needs, up front. CHA is analyzing how to address remaining needs with increased income.
3c. Timing to Start Construction	Limited state funding delays construction	Construction can begin without state funding → Advantage
3d. Timing to Access Subsidy	Access tied to construction start, which can be delayed due to state funding	Access can begin soon after NHA submits application to HUD → Advantage
4. Requires Conversion of High Rock Estates	No	Yes – NHA planned to convert in future. Converting now means earlier access to subsidy → Advantage

3. Draft Section 22 Conversion Plan Highlights

Full Draft Conversion Plan: Print out available in person or online at

[https://needhamhousing.org/static/a68b2a417d127daa95458818a89cad8/doc052224\(3\).pdf?dl=1](https://needhamhousing.org/static/a68b2a417d127daa95458818a89cad8/doc052224(3).pdf?dl=1)

Annual Financial Benefit Compared to Public Housing (without Faircloth)

Seabeds & Cook: +\$1.70M
+ High Rock Estates: +\$1.65M
Total: +\$3.35M



Close-Out of Public Housing Funds

NHA will no longer receive annual federal public housing capital grants after 2024. NHA's public housing program will remain open to retain access to Faircloth units.



NHA must obligate public housing funds before the conversion to Section 8 takes place.

Funds may pay for early construction work for paving at Seabeds & Cook, roofing at HRE, and architecture fees for Seabeds & Cook modernization project.

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Future Use & Neighborhood Impact

Seabeds, Cook and High Rock Estates will remain affordable housing.



The properties will remain under direct ownership of NHA OR under ownership by an NHA-affiliated non-profit.

NHA will no longer be partnering with a developer to complete the Seabeds & Cook modernization project.



All residents can remain in their units after the conversion to Section 8.

NHA does not anticipate the conversion will have a substantial impact on surrounding neighborhoods. Total and affordable unit counts will remain the same after conversion.

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Temporary Relocation

The conversion to Section 8 will not trigger any relocation.



However, construction for the upcoming modernization project may. We will not know until the construction scope is determined.



If a resident must temporarily relocate for construction, they will have a right of return.

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Rent Calculations

Most residents will continue to pay 30% of your income for rent.



A few families with higher incomes who are paying ceiling rents, may see an increase in rent.



Income requirements will carryover for existing residents. New residents will be required to have incomes at or below 50% AMI.

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Consent to Project-Base Vouchers

After receiving HUD approval for the Section 22 conversion, NHA will apply for the Tenant Protection Vouchers (TPVs). TPVs will come in the form of a mobile Section 8 voucher.

Your decision should be based on your circumstances.

You may want to consider the following when making your choice: income, family composition, flexibility to move, desired location.



NHA will seek consent from each household at Seabeds, Cook, and High Rock Estates to “Project-Base” the voucher to the property to help fund construction.



NHA will provide more details when seeking consent at future meetings in the Fall / Winter. A HUD representative will be present at the meetings.



3. Draft Section 22 Conversion Plan Highlights

To move forward with this conversion, NHA needs to submit a Section 22 “Streamlined Voluntary Conversion” application to HUD:



1. NHA will submit its application to HUD by mid-July



2. HUD will have ~90 days to review the application.



3. Once approved, NHA will hold meetings with households to get consent to project-base the Section 8 vouchers.



4. NHA will then provide the consent forms to HUD and apply for the Section 8 vouchers.



5. NHA will then complete administrative work to convert Seabeds, Cook, and HRE to the Section 8 program.



6. Roughly one year after conversion, construction for the Seabeds and Cook modernization project will begin. NHA is exploring future development possibilities at HRE.



3. Draft Section 22 Conversion Plan Highlights

Section 22 Conversion Timeline

June 2024	<ul style="list-style-type: none">• Resident meetings to discuss Section 22 conversion application.• NHA will issue a Q&A responding to resident questions.
July 2024	<ul style="list-style-type: none">• NHA submits Section 22 application.
July - Sep 2024	<ul style="list-style-type: none">• HUD reviews NHA application.
Summer – Winter 2024	<ul style="list-style-type: none">• Early construction work.
Fall 2024	<ul style="list-style-type: none">• NHA meets with residents regarding consent to Project-Base Section 8 vouchers.
Jan – Feb 2025	<ul style="list-style-type: none">• NHA completes administrative work.• Conversion to Section 8.
Early 2026-2028	<ul style="list-style-type: none">• Major construction start (construction will take place a few units at a time); Any required relocation will take place prior to construction on each unit.

3. Draft Section 22 Conversion Plan Highlights

Takeaways!

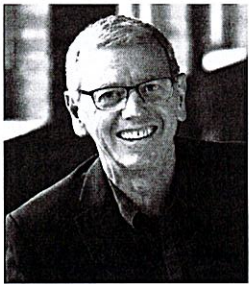


1. **Under this conversion, all current tenant protections stay the same.** The main change is the amount of \$ that the NHA gets from HUD to operate Captain Cook & Seabeds Way.
2. **Rents will continue to be calculated based upon 30% of monthly income.** A few residents paying ceiling rents would see rent increases.
3. **Income requirements will carryover for existing residents.** New residents will be required to have incomes at or below 50% AMI.
4. **The Section 8 Vouchers will come in the form of mobile vouchers. NHA will be asking all households to provide their consent to “Project-Base” vouchers to finance construction.** NHA will host meetings in the Fall to provide further details and ask for consent.
5. **The conversion alone does not require any relocation. However, the renovation work may.** We will know definitively when the scope of improvements is finalized. We will work with all residents on relocation needs if relocation is required.
6. **All residents required to relocate as part of any renovation at Cook / Seabeds will have the right to return.**

4. Design Update



Bargmann Hendrie + Archetype was hired as the project architect in August.



Ben Wilson
Principal



Marija Ilic
Senior PM

Project goals

- Improve building-wide systems to increase resident comfort and energy efficiency
- Replace worn-out appliances, fixtures, and finishes
- Improvement site-wide accessibility
- Transition to all-electric power
- Introduce on-site solar energy production with the goal of decarbonizing the properties over time



4. Design Update: Project Timeline

Construction will occur a few units at a time to minimize relocation needs. Construction will not require scarce tax-exempt bonds or LIHTC financing, and is currently slated to begin in early 2026 (some work may occur in 2025). Project timeline is being coordinated with simultaneous conversion to Section 8 voucher program. Cambridge Housing Authority (CHA) will manage financing, relocation, and construction with NHA.

Today	September 2023	• Project Kick-Off with BH+A architects
	January 2024	• Supplemental Existing Conditions Report (SECR) & Cost Estimate
	March 2024	• Master Plan
	June 21, 2024	• Draft 50% Schematic Design (SD) Report & Cost Estimate <ul style="list-style-type: none">• Package will include initial proposed scope with specs and details• Report and updated cost estimate will help determine scope for 100% SD; Report will also clarify need for any temporary relocation
	August 2024	• 100% SD Report & Cost Estimate
	October 2024	• 50% Construction Documents (CD) & Cost Estimate
	February 2025	• 90% CD & Cost Estimate
	May 2025	• Construction Bidding
	Early 2026-2028	• Major construction start (construction will take place a few units at a time); Any required relocation will take place prior to construction on each unit

Questions?

Contact:

Cheryl Gosmon, NHA Executive Director

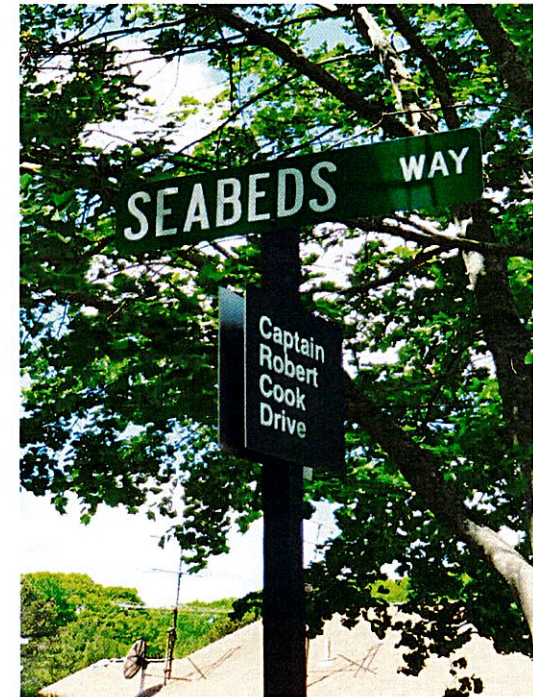
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Needham Housing Authority

June 11th, 2024

