



NEWTON GARDENS

partnering to ensure long-term affordability for Newton's housing stock



THE OPPORTUNITY

Project Overview

- Newton Gardens (formerly Albermarle Gardens)
- 112-unit apartment community, built in 1964
- Set on 4.14 acres in the Village of Nonantum, approximately 1 mile from Newtonville Commuter Rail Station and minutes away from MBTA bus stops on River Street in Watertown

Redevelopment Proposal

- Aims to prevent acquisition-rehabilitation by "value add" investors who will rehabilitate the community and increase rents to market rates
- Building from naturally occurring affordable housing (NOAH) to ensure long-term affordability

THE PROPOSAL

- Long-term affordability commitment at Newton Gardens through Naturally Occurring Affordable Housing (NOAH) strategy
- Collaboration between City of Newton, state agencies, and WinnDevelopment, offering proven track record of successful, long-term community partnership
- Management affiliate WinnResidential, our can implement best practices and innovative solutions for resident safety and well-being
- Partnership with Connected Communities Foundation to create stable, connected, and empowered communities, aligning with Newton's aim for a sustainable and inclusive living environment.
- If affordability restrictions were not pursued, Newton Gardens was to be acquired by a market rate operator, leading to significant rent increases and potential displacement of current residents.
- Currently no units are accessible; plan to create six ADA/handicap accessible units (5% of total units) to address this need.
- As part of this public/private partnership proposal, Winn will voluntarily adopt rent increase restrictions, comparable to Chapter 40T restrictions, so that current tenants do not experience significant rent increases.



PROPERTY DETAILS

Current Status

Unit Type	Bed	Bath	Net SF	# Units	%	Occupied	Vacant	Non-Rev	Current Rents at Newton Gardens	Newton New Build Market Rents ¹
Studio	-	1	442	1	0.89%	1	-	-	\$1,889	\$2,672
1 BD/1 BA	1	1	625	23	20.54%	23	-	-	\$2,296	\$3,215
1 BD/1 BA	1	1	702	41	36.61%	39	2	-	\$2,326	\$3,215
2 BD/1 BA	2	1	767	47	41.96%	43	3	1	\$2,695	\$4,079
Totals/Averages			711	112	100.00%	106	5	1	\$2,465	\$3,575

Proposed Unit Mix

Unit Type	110% AMI Units	80% AMI Units	30% AMI Units (w/PBVs)	Total
Studio	1	0	-	1
1 BD/1 BA	14	4	5	23
1 BD/1 BA	32	4	5	41
2 BD/1 BA	35	6	6	47
Totals/Averages	82	14	16	112

¹Average asking rents across: (1) Allee on The Charles (built 2024; 205 units); (2) The Aver (built 2023; 53 units); and (3) Trio Newton (built 2020; 140 units)

PROJECT SOURCES AND USES

Sources	Bridge Closing	Per Unit	Permanent Debt Closing	Per Unit	Total Transaction	Per Unit
Equity	10,250,000	91,518	(1,203,103)	(10,742)	9,046,896	80,776
Bridge Debt	23,555,040	210,313	(23,555,040)	(210,313)	-	-
Perm Debt			22,500,000	200,893	22,500,000	200,893
City of Newton Soft Funds	4,000,000	35,714			4,000,000	35,714
WFH / MassHousing	5,000,000	44,643	-	-	5,000,000	44,643
EOHLC Funds			6,600,000	58,928	6,600,000	58,928
Total Sources	\$ 42,805,040	\$ 382,188	\$ 4,341,857	\$ 38,767	\$ 47,146,896	\$ 420,954

Uses	Total At Close	Per Unit
Purchase Price	38,000,000	339,286
Construction Management & Acq Fees	896,861	8,007
Due Diligence, Closing, Startup Costs	934,347	8,342
Loan Fees	332,879	2,972
Value-Add CapEx (Unit Renovations)	2,100,000	18,750
Other CapEx	3,982,810	35,561
HUD Reserves	900,000	8,036
Total Uses	\$ 47,146,896	\$ 420,954

UNDERWRITING COMPARISON **MARKET RATE VS. MIXED INCOME**

	Market Rate Buyer	Mixed Income Approach
Price	\$38mm (\$339,000/unit)	\$38mm (\$339,000/unit)
T12 / Y1 Cap Rate	4.3% / 4.8%	4.3% / 4.6%
Cap Rate, net Soft Debt		7.5%
Hard + Soft Debt	\$21mm (50% LTC)	\$38.1mm (80% LTC)
Equity	\$22mm	\$9mm
Blended Cost of Debt	5.5%	3.4%
In-Unit Capital	\$2.1mm (\$18,750/unit)	\$2.1mm (\$18,750/unit)
Building Wide Capex	\$1.5mm (\$14,000/unit)	\$3.98mm (\$35,561/unit)
Opex Per Unit	\$12,000	\$12,750
Reno Rent Premium	\$500	\$250
Cash on Cash	5-6%	6-7% (inc. amortization)
Exit Cap Rate	4.75%-5%	5%-5.25%
IRR	10-12%	13-15%

GEOTHERMAL TAX CREDITS

Project Overview

- 176-unit, 100% affordable senior community
- 100% electric & fossil fuel free requirements
- Located in South Boston, MA

Geothermal vs. Conventional

- OBBBA extended geothermal tax credits. For systems under 1MW, eligible for 30% tax credit. Additional domestic content bonus credit of 10% bonus (45% in 2025, 50% in 2026, 55% after 2026)
- Ground source heat pumps use 40% less electricity than conventional air source heat pumps for heating and cooling. Reduction in operating expenses supports more permanent debt.



GEOHERMAL SOURCES AND USES

Sources	Geothermal – GSHP	Comments	Conventional ASHP	Comments
Sec. 48G Tax Credit Equity	3,750,000	30% Tax Credit @ \$0.90	0	
LIHTC 4% Equity	6,860,000	100% Affordable, 30% Basis Boost @ \$0.95	3,860,000	Same assumptions as Geothermal
Additional Perm Debt Proceeds	930,000	1.15 DSCR @ 7.20% Loan Constant	0	
Total Sources	\$ 11,540,000		\$ 3,860,000	\$ 38,767

Uses	Geothermal – GSHP	Conventional ASHP
Geothermal Wells	4,010,000	
Heating & Cooling HVAC	9,705,000	7,805,000
Geothermal Well Field Design & Engineering	175,000	
Total Uses	\$ 13,890,000	\$ 7,805,000

Gap	-\$ 2,350,000	-\$ 3,945,000
Net Savings with Geothermal	\$ 1,595,000	

RESIDENCES AT LINCOLN SQUARE

Project Overview

- 80-Unit, 100% affordable senior community. 16 units of historic adaptive reuse & 64 units of new construction. Located in Worcester, MA
- Pairing 4% & 9% LIHTC, with SLIHTC and FHTC and SHTC enabled the preservation of a dilapidated structure.
- NPS approvals limited where units could be constructed, allowing for conversion into amenity, FOH, and BOH areas.
- Creative pairing of building typologies enabled almost 20% of the project sources to be non-EOHLC funding, reducing the need for scarce and competitive housing resources.
- Mutually beneficial. Existing building too small for LIHTCs, new construction increased project yield, feasibility and efficiency.

