CITY OF WATERTOWN
Community Preservation Committee

Minutes of CPC Meeting Monday, December 9, 2024, at 7:00PM held remotely via Zoom.

Committee Members Present: Mark Kraczkiewicz, Chair; Jon Bockian, Vice Chair; Bob DiRico; Dennis J. Duff; Allen Gallagher; Abigail Hammett; Jamie O'Connell; Elodia Thomas; and Matt Walter.

Others Present: Lanae Handy, Community Preservation Coordinator; Mel Miller, Preservation of Affordable Housing (POAH); Cory Mian, POAH; Michael Lara, Watertown Housing Authority (WHA); Christine Rogers (CPC Housing Consultant); Jackie Sullivan, WHA; Kristen Monti, WHA; Olivia Fields, WHA; Viviana Veira, WHA; Vincent Piccirilli, City Council; Anthony Palomba, City Council; Larry Field, Department of Community Development and Planning; James Mello, WHA; Anthony DiGiovanni; Jacky van Leeuwan; Adam Schultz; Rita Colafella; Josh Rosmarin; Liz; and Joyce.

1. **Call to Order**

   Mark Kraczkiewicz called the meeting to order at 7:00 PM and noted it was being held remotely per the Governor's order suspending certain provisions of Open Meeting Laws.

2. **Committee Discussion**

   A. **Willow Park Application: Deliberation and Vote**

   Mark asked if there were any updates since the project was presented in November.

   The applicant recently submitted their pre-application to the Executive Office of Housing and Livable Communities (EOHLC) and plans to submit their pre-application for the Public Housing Innovation Demonstration Program.

   Mark raised a number of questions regarding the project's finances. Firstly, he asked what the incentive was for investors to buy Low Income Housing Tax Credits (LIHTC), which are slated to finance nearly half the project's cost. Cory Mian responded, in addition to using the tax credit to reduce Federal tax obligation on a one-to-one basis, investors may deduct losses and depreciation on their taxes and may obtain a share of the cashflow late in the lifecycle of the property. Banks are also motivated by the Community Reinvestment Act requirements.

   Finally, depending on regional market conditions, the credits may be purchased at a discount. Regarding other financing resources, Corey responded that PHIDP (Public Housing Innovations Demonstration Program) was a state program fund for renovating public housing properties. As to how the financing mix was determined, Corey and Christine Rogers responded that LIHTC credits were not unlimited in availability and those investments did not come into the project until construction was completed; hence construction finance and mortgage finance from Massachusetts Housing were essential. Mark then pointed out that, of all the myriad financing sources, only the mortgage needed to be paid back after project completion; thus, rents from the project just had to be sufficient to pay for operations and maintenance plus the debt service on the mortgage.

Dennis Duff asked what the project timeline was from start to finish. Mel Miller responded, the project would take 24 months to complete after demolition. Dennis thought the six-story buildings would overwhelm the two-family residences. He would like to see it capped at five stories and see more style and improved fenestration. Mel stated the team was working closely with the city and David Gamble on design and trying to minimize the effects of a large building adjacent to lower height residences.

Bob DiRico asked if they failed to obtain all the financing sought, would they look at reducing the scale. Cory replied they would seek more funding, and Michael Lara stated the state typically provided the full request.

Elodia Thomas asked if the team had explored the Harvard Housing Innovation Fund. Cory responded they had not and would investigate it. Elodia added the 2025 assessment for 95-97 Nichols Ave was purchased for $785,000 in 2018 and the 2025 assessment is $951,201. It seemed excessive to offer $1.5 million. Cory responded that there was an appraisal that supports the price and it is forward-looking due to the option for two years. She also emphasized the need for 70% local preference and was concerned about the design aesthetics too.

The team noted they were sensitive to costs as they continued to refine the design, noting that balconies and other items added cost.

Abigail Hammett wondered about split level parking and screening of above grade portions to soften the design.

After Mel mentioned the inclusion of a learning center and community space. Jamie O'Connell asked if funding should be conditioned on the availability of meeting space for the community. Cory responded that spaces could not be rented to outside organizations due to tax credit conditions and that community meetings could be hosted in a controlled setting. Jamie inquired if conduit for EV charging could be installed. Cory said there would be EV ready spots in the parking deck, however bike and scooter charging would not be allowed in the building.

Elodia asked about the two different figures for a developer's fee. Cory explained one was deferred and would produce a higher total development cost so that more tax credits could be obtained. Elodia asked what was included in the relocation fee. Cory responded that the fee included the consultant, relocation before and during construction as well as a buffer at the end. She added there will be more terms to work out regarding stipends for relocation and transportation. Michael hopes to get state vouchers to help with relocation.

Mark asked for comments on the circulated draft of funding conditions, which are attached to these minutes. Jamie wanted Christine Rogers to speak to her concerns if she had any. Christine stated she had viewed the supplemental material and there were no red flags, and all looked appropriate for this stage in the development. She found the conditions to be suitable and that all would be part of pre-closing due diligence as well.

The following changes were requested:

- Cory asked that the language about the housing restriction be changed to a perpetual restriction consistent with the affordable housing restriction guidelines of the Executive Office of Housing and Livable Communities (EOHLC).
- Lanae asked for loan to be deleted.
- Jon asked how to identify the awardee. POAH and WHA and its closely controlled entities was determined to be the appropriate name.
- Elodia asked to add 70% local preference for the project. Mel suggested using the language “up to 70%” to leave flexibility in case the state didn’t think it was appropriate. Cory concurred with using up to 70% and then proving to the state it was appropriate.

Motion: Jon moved to recommend the project for funding as proposed subject to the conditions that were distributed previously with the following changes.

The grantee shall furnish copies of executed legal agreements between or among Preservation of Affordable Housing (POAH), Watertown Housing Authority (WHA) and its closely associated entities related to long-term lease of Willow Park land, operating and management of the project, as set out in the grantee’s application to the CPC.

Grantee shall have secured all necessary zoning, building, and environmental permits for the project.

Grantee shall demonstrate that prior to disbursement of CPA funds, the project’s full financial closing has occurred and sufficient financing has been secured (including CPA funds) to cover construction hard costs as well as then remaining soft costs. Further the current operating cost pro forma must demonstrate comparative revenue and operating and maintenance costs to assure financial feasibility.

All owners and the ground lessee of the project property shall enter into a perpetual affordable housing restriction consistent with the state of Massachusetts affordable housing restriction.

CPA funds shall be available for disbursement for up to 40 months after City Council approval; extension beyond that must be requested in writing 60 days prior to the 40-month deadline.

CPC shall seek to be a Joinder for any Lender Advisory Agreement for cost review and construction monitoring services entered into by financing entities of the Commonwealth of Massachusetts for the project.

Grantee shall strive to secure up to 70% local preference in accordance with local, state, and federal laws and regulations.

Allen Gallagher seconded the motion.

Vote: Dennis J. Duff, Matt Walter, Abigail Hammett, Elodia Thomas, Jon Bockian, Allen Gallagher, Jamie O’Connell, Bob DiRico, and Mark Kraczkiewicz voted in favor.

3. **Adjournment**

Motion: Dennis J. Duff moved to adjourn, and Matt Walter seconded the motion.

Vote: Elodia Thomas, Jamie O’Connell, Abigail Hammett, Matt Walter, Bob DiRico, Jon Bockian, Mark Kraczkiewicz, Allen Gallagher, and Dennis J. Duff voted in favor.

Adjournment: 8:48 PM

Attachments

1. Willow Park Application Supplemental Material
    - Market Study
    - Phase I ESA
    - Massachusetts Historical Commission (MHC) Project Notification Form (PNF) for both 95-97 Nichols and Willow Park
    - Preliminary Foundation Report
    - Stormwater and Drainage Report
    - Stormwater Pollution Prevention Plan
    - Traffic Impact Assessment Study
    - Current Plan Set, as submitted for Developer's Conference

2. CPC Roles and Responsibilities – Draft Document 8/22/24