

Watertown City Council

Administration Building
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ELECTED
OFFICIALS:

Mark S. Sideris,
Council President

Vincent J. Piccirilli, Jr.,
Vice President &
District C Councilor

John M. Airasian,
Councilor At Large

Caroline Bays,
Councilor At Large

John G. Gannon,
Councilor At Large

Anthony Palomba,
Councilor At Large

Nicole Gardner,
District A Councilor

Lisa J. Feltner,
District B Councilor

Emily Izzo,
District D Councilor

Report of the Joint Committees on Economic Development & Planning and Human Services Meeting Date: April 4, 2023

The Committees convened on Tuesday April 4, 2023 at 6:30 pm in the Louis P. Andrews Upper Conference Room, with remote participation by Zoom. The meeting was moved from the posted location in the Philip Pane Lower Hearing Room because of technical difficulties with Zoom. Present were Lisa Feltner, Economic Development & Planning chair; John Gannon, Economic Development & Planning vice chair and Human Services secretary; Vincent Piccirilli, Economic Development & Planning secretary; Anthony Palomba, Human Services chair; and Caroline Bays, Human Services vice chair. Staff present were Steven Magoon, Assistant City Manager/Director of Community Development and Planning; and Laurence Field, Senior Housing Planner. Also present were Councilor Emily Izzo (by zoom) and Elodia Thomas from the Community Preservation Committee. Residents Linda Scott, Jacky van Leeuwen, Josh Rosmarin, Libby Shaw, Janet Buck, and Carolyn Gritter were present by zoom.

The purpose of the meeting was to continue discussion on the adoption of a local preference policy for affordable housing. Councilor Feltner chaired and called the meeting to order at 6:37.

Mr. Magoon provided an introduction, noting the Watertown Housing Plan, adopted on March 23, 2021, had Strategy 6B to evaluate using local preference in affordable housing. A draft of the local preference policy dated July 2021, was presented to the Joint Committees on September 16, 2021 (Attachment A). He noted the Municipal Housing Trust now has the ability to set local preference policy, and he would like the City Council to endorse the MHT policy.

Mr. Field gave a presentation on Local Preference in Affordable Housing Selection (see Attachment B), noting that not much has changed since the September 16, 2021 presentation. The discussion covered these key points:

1. There is no local preference in turnover, only in the initial selection.
2. Lottery selection is by chance, so even if the lottery pool is racially balanced, the lottery winners may not be.
3. Lottery agents collect race data.
4. If a participant does not provide race data, they are taken out of the calculation. This example was given:
 - a. Open pool has 100 applicants, with 60 specifying minority, 30 specifying white and 10 not specifying.
 - b. Local pool has 30 Watertown applicants, with 15 specifying minority, 11 specifying white and 4 not specifying. The % of minority participants in the open pool is 60% and in the local pool is 50%.

- c. The local pool % exceeds the DHCD requirement of 33.4% and no minority balancing is required.
5. Condos present a challenge, because even if someone is selected in the lottery, they may ultimately not be able to get the financing to buy.
6. The Average Median Income is calculated by the state on a regional level.
7. Parking & condo fees are included in the 80% AMI calculation for affordability.
8. People who are not successful in the Watertown lottery pool can then apply to the open pool.
9. 166 Main St was the first project approved since the 50% local preference policy was put in place, and it is still waiting for approval by the state DHCD.

Ms. Thomas asked a question, that since CPA funds are intended to benefit the local community, can the CPC impose a condition for funding that the local preference of a project be 70%? Furthermore, she said that she was told the Somerville has 100% local preference so why can't Watertown? Staff replied that under state law, if any state funds are used on a project, then 70% is the maximum local preference, and if the CPC wanted to make CPA funding of a project conditioned on 70% local preference they can do so. Staff said they would follow up on the Somerville policy, and an answer was provided in a memo dated April 7, 2023 (Attachment C)

➔ **ACTION ITEM:** Councilor Piccirilli made a motion, seconded by Councilor Palomba, to recommend the City Council endorse the July 2021 Local Preference Policy with Rental units up to 50%; Condo units “to be determined” with more data; and staff to continue gathering data with policy to be reassessed as needed. Voted 5-0.

The meeting adjourned at 7:58pm

Report prepared by Vincent Piccirilli

Attachments:

- A. Local Preference Policy from July 2021
- B. Presentation - Local Preference in Affordable Housing Selection
- C. Memo April 7, 2023 Somerville local preference policy

Local Preference Policy (July 2021): for transmittal to Town Council

The Watertown Housing Plan adopted in March 2021 seeks to create and preserve deed-restricted affordable housing for a range of income-eligible households. The Town of Watertown both welcomes new residents and supports those who already live here and/or have existing ties with the Town. We are committed as a community to a diverse population. We are also a community whose residents are experiencing a rise in rents and home prices, making it hard to stay here. The local need for affordable housing has risen significantly in recent years, despite the Town's robust production of multi-family homes.

To balance these interests fairly, the Town will follow the following guidelines in use of local preference in initial lotteries for affordable housing units. These policies shall apply when the Town participates in regulating, funding, or sponsoring the creation of affordable housing units, e.g., through its Inclusionary Zoning Ordinance, Community Preservation Act funds, HOME or Community Development Block Grant funds, or as a sponsor of affordable units itself or through another entity.

1. Non-Discrimination and Affirmative Fair Housing Marketing

The use of any local selection preference shall not have the purpose or effect of delaying, denying, or excluding participation in a housing program based on race, color, religion, national origin, gender, age, disability, ancestry, marital status, family status, veteran or military status, sexual orientation, genetic characteristics, or status as a person who is a recipient of federal, state, or local public assistance, or the requirements of such programs. When local preference is used, the developer or owner shall engage in affirmative fair housing marketing as required by the Town and by federal and state authorities. Nothing herein shall be construed to be in violation of the Fair Housing Act ("FHA"). Local residency preferences shall only be used for initial selection lotteries and shall not be advertised as they may discourage non-local potential applicants.

2. Types of Initial Selection Lotteries

The Town intends to seek approval for use of local preference when a project will require an initial selection for rental affordable units. Staff will propose use of local preference to the permit-issuing authority and to federal and state authorities, as needed. Based on available data, this body is satisfied that there is sufficient diversity likely in the local rental applicant pool that there will be no adverse fair housing effect in providing some measure of local preference.

While the Town is also interested in use of local preference in ownership lotteries, it is concerned that there is so little recent data concerning the local ownership applicant pool and the success of local minority applicants in attaining such units. Accordingly, the Town expects to seek approval for use of a local preference in future ownership lotteries but will make the final decision concerning its use when the next ownership project is pending.

3. Criteria for Local Preference

Preference shall be given to qualified applicants who fall into any of the following equally weighed categories at the time of their application: (a) individuals or families who live in Watertown; (b) households with a family member who works in Watertown or has been hired to work in Watertown; and (c) households with a family member who attends a public school in Watertown.

4. Limitation

The local preference may be used for up to 50% of the affordable units to be distributed, or such lower share as may be required by applicable authorities.

5. Review

Staff shall review the results of each selection lottery to assess the impact of using local preference and shall recommend changes, as needed, to this policy.

Local Preference in Affordable Housing Selection

JOINT COMMITTEES ON ECONOMIC DEVELOPMENT & PLANNING
AND HUMAN SERVICES

APRIL 4, 2023

DHCD approval requirements

- Demonstration of local need
 - Data showing unmet local demand for affordable housing by eligible households
- Justification of the extent of local preference (which can never be higher than 70%)
- Proposed plan will not have a “disparate impact” on protected classes (e.g., minorities or individuals with a disability)

Permitted categories for local preference

- Current resident

 - ∅ Cannot differentiate based on duration (someone who has lived in city/town for 1 day must be treated the same as life-long resident)

- City/town employee

- Employee of business based in city/town

- Household with children attending school system

Minimizing disparate impact

- Local preference only for initial selection
- Affirmative fair marketing plan must reach and encourage applicants from protected classes
- Cannot advertise local preference to encourage local applicants and discourage applicants from elsewhere
- May need “minority balancing”

Lottery Pools

- The number and type of pools will depend on the project.
- For projects with approved local preference, there will be two pools: local and open.
- Local applicants will be placed in both pools.



Data we collected before July 2021

- 9 Watertown rental lotteries 2013-21 (minority participation data available for 4)
- 5 non-Watertown rental lotteries 2020-21 (minority participation data available for all)
- 2 Watertown lotteries for ownership projects 2006 & 2008 (minority participation data available for both)
- Plus other lottery data as comparison

Rental units: tentative findings

- About 40% of Town residents who enter Watertown lotteries end up leasing an affordable unit
- Since about half of local applicants are minority, both white and minority residents would benefit from local preference
- The % of local applicants who are minority will very likely exceed 33.4% and DHCD “minority balancing” not needed
- “Open” pools for Watertown lotteries are likely to have a higher % of minority applicants than “local” pools, but blending the two narrows the gap

Condo units: tentative findings

Minority participation in a condo lottery may be as high as for a rental lottery

But in one of the two Watertown lotteries, a much lower % of minority applicants than white applicants were able to buy

Given data on African-American asset formation, this is a particular concern about using local preference for condo units and is a reason for more caution

Asset formation in Greater Boston

Federal Reserve Bank 2015 study found enormous gap in asset formation between white households and Black/Latinx households

- \$247,500 median net worth for white households
- Ranging from \$8 (African-American) to \$12,000 (Caribbean Black) for Black/Latinx households

While some question whether the disparity is this large, there is consensus that inability to make a downpayment is a larger barrier for households of color



Local preference policy July 2021

Rental units: up to
50%

Condo units: TBD
with more data

Staff to continue
gathering data/policy
to be reassessed as
needed

Data from two new Watertown lotteries

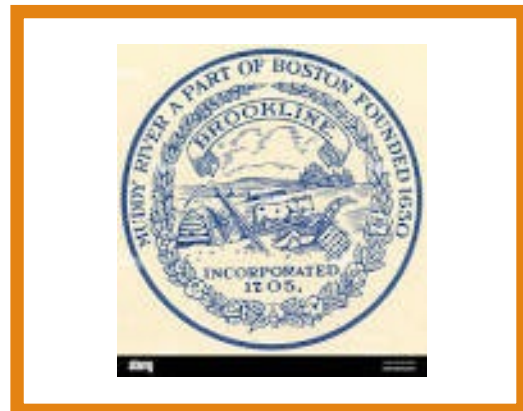
101 N.Beacon Street/ownership/September 2021

- 87 applicants/4 units
- Applicant pool: Watertown/open pools virtually identical
- But only 1 known buyer of color—not from Watertown

101 Morse Street/rentals/February 2022

- 66 applicants/6 units
- Applicant pool: Greater % of color in open pool (56% v. 43%)
- But only 1 known tenant of color—from Watertown

Communities rethinking local preference



In the last three years, several nearby communities have been rethinking their 70% local preference policies

- Brookline reduced from 70% to 25% in August 2020
- Newton reduced from 70% to 25% in November 2021
- Arlington Select Board adopted Housing Plan in April 2022 that recommended reducing or eliminating 70%
- Needham's Housing Plan recommended reducing from 70% in December 2022



CITY OF WATERTOWN

Department of
Community Development and
Planning

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To: Joint Committees on Economic Development & Planning and on Human Services
From: Steve Magoon, Director of Community Development and Planning/Assistant City Manager; Larry Field, Senior Planner
Date: April 7, 2023
Re: **Somerville local preference policy**

During your April 4, 2023 meeting focusing on local preference, a member of the public stated that the City of Somerville has a 100% local preference policy. The statement suggested that Watertown could and perhaps should go higher than 70% (the maximum in the state's guidelines). Somerville's policy is, in fact, more nuanced.

As stated in a 2018 memo from the Office of Strategic Planning and Community Development to the Board of Aldermen:

Developments that receive State funding are required to limit the local preference to 70% local residents for initial occupancy only. Due to high acquisition and construction costs, development projects require funding from multiple sources and this often will include State funds. The inclusionary housing program has a local preference of 100% for initial occupancy for those who currently live and/or work full time in Somerville....(pgs. 3-4)

Watertown, therefore, cannot go higher than 70% in any project that requires federal or state tax credits or state grants or loans. While Watertown could go higher in its inclusionary zoning program, the city would not be able to put any of its new inclusionary units on the state's Subsidized Housing Inventory.