



CITY OF WATERTOWN

AFFORDABLE HOUSING TRUST

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Minutes of Watertown Affordable Housing Trust Meeting May 20, 2025 6:00 PM

Attendance

Members present: Cliff Cook, David Leon, Leo Patterson, Jill Hyde and Helen Oliver. Members not present: Zoe Weinrobe, George Proakis. Non-members present in person or remotely: Larry Field (staff), Alisa Gardner-Todres, and Mark Kraczkiewicz.

I. Minutes of April 15, 2025 meeting

Minutes of the April 15, 2025 meeting were unanimously accepted.

II. Watertown Housing Plan 2026-2030

Cliff said the Trust will be working on the Housing Plan for 2026-2030 this year, starting with the items on this agenda. He said the June 23 meeting would discuss the plan in more depth. He noted that the Watertown Housing Partnership developed the last plan, covering 2021-2025.

A. Progress in implementing 2021-2025 Plan

Larry summarized a worksheet (attached) which listed each of the six goals and 26 strategies in the 2021-2025 Plan and indicated what progress was made on each. Larry noted that many of the strategies were general and/or involved ongoing activity, which makes "progress" harder to rate. He also noted that finding an affordable housing site was not one of the recommended strategies but has been the Trust's main priority. Finally, he noted that progress on Willow Park, while involving many parties, used multiple strategies recommended in the plan.

In the context of past progress, discussion included the following points:

- David suggested that Strategy 3B (universal design/visitability standards) might see more progress if it consisted of design guidelines for large projects.
- Jill suggested more outreach to owners who have potential sites as part of Strategy 2B; Cliff suggested we talk to commercial brokers. Later in the discussion, Helen said the next plan should include explicitly site identification as a significant focus.
- Cliff noted that the next plan could do a better job of separating proposed actions and ongoing activity; Jill said that would allow us to keep better track of what has been done.

- Several members identified areas that could be included. Leo asked if high performance buildings should be a goal; Cliff said the plan could refer more to sustainability. Cliff noted that fair housing was not included in the last plan.

Mark Krackiewicz said the CPC has thought about “buy-downs” and asked if the Trust had considered that idea. Larry said yes and described research that occurred. Alisa Gardner-Todres said that the Town of Harvard was talking about buying down market rate units to 80% of area median income. Larry noted that the affordable housing incentives study could look at buy-downs.

B. Relevant data for Housing Plan

Larry summarized an annotated version of the data section in the 2021-2025 plan showing comparable numbers from the latest U.S. Census Bureau.

When introducing the agenda, Cliff said that data showing a significant increase in Watertown’s diversity may, in part, arise from changes in how race is coded in the Census data. Discussion included the following points:

- Cliff suggested looking at school enrollment projections. David said it would be useful to know whether growth is at the elementary, middle or high school level; Cliff said it would also be useful to know whether the growth is from renter or owner households.
- Housing stock changes would be useful to understand, Cliff said. Mark Krackiewicz added that rental information might show if “naturally affordable” units were disappearing from the city’s housing stock. Alisa Gardner-Todres noted that Metro West Collaborative’s “ready renter” list was now over 3,000 (many not Watertown residents), suggesting the difficulty in finding units households can afford.
- Mark Krackiewicz said it would be interesting to see who both lives and works in Watertown.

C. Collecting public comments at June 23, 2025 meeting

The next agenda will include time to collect public comments on the Housing Plan.

III. **Other Business**

Larry noted that the Willow Park redevelopment project will be before the Zoning Board on May 28 and that the fair housing event on April 30 was attended by more than 20 members of the public.

VI. **Executive Session**

There were no matters to discuss in executive session. A motion to adjourn passed unanimously at approximately 7:23 PM.

WORKSHEET FOR DISCUSSION OF 2026-2030 HOUSING PLAN

The chart below lists all 25 strategies in the 2021-2025 Housing Plan, the extent each has been implemented and whether they are accomplished (i.e., no need to be in next plan) or can be viewed as general (i.e., ongoing practice or not necessarily actionable). About 1/3 were general and overlapping. Notable omissions in the existing plan include: 1) trying to identify a site for affordable housing, and 2) anything related to fair housing.

The trends since 2021 are fairly clear: rising prices and rents relative to income, little housing growth because of a lull in multifamily applications (which will change in the next few years), and a continuing increase in demographic diversity.

| Strategy | Extent implemented | Time Frame ¹ | Done (D) or General (G) |
|---|-----------------------|-------------------------|-------------------------|
| GOAL 1: Increase affordable housing opportunities for lower-income households (less than 80% | | | |
| STRATEGY 1A: Create an affordable housing trust to enable a more rapid response to development opportunities and access additional sources of funding. | Completed August 2022 | Near Term | D |
| STRATEGY 1B: Evaluate increasing inclusionary zoning requirements. | Not started | Near to Mid-Term | |

¹ The time frame refers to when the strategy should be implemented. Strategies targeted for the next 1-3 years are “Near-Term,” while those targeted for the next 2-4 years are “Mid-Term” and for the next 3-5 years are “Long-Term.” “Ongoing” refers to continuing a strategy already being pursued.

| | | | |
|--|--|-----------|-----|
| STRATEGY 1C: Leverage public funds such as those from the Community Preservation Act and Commonwealth sources. | Willow Park involves this strategy | Ongoing | G |
| STRATEGY 1D: Leverage opportunities on public land. | Initial steps taken in 2025 on WSQ municipal lots, which could involve affordable housing | Ongoing | G |
| STRATEGY 1E: Maximize Transit-Oriented Development opportunities. | Willow Park is an example. WSQ zoning, including affordable bonuses in WSQ maximize TOD opportunities. | Ongoing | G |
| STRATEGY 1F: Evaluate adding a requirement that developers building new commercial space help fund affordable housing, offsetting new housing demand created by such development. | Implemented March 2023 | Long-Term | D |
| GOAL 2: Increase affordable housing opportunities for those needing deeper affordability (less than 60% AMI) | | | |
| STRATEGY 2A: Prioritize the use of public funds, public land, and TOD locations to create more deeply affordable units. | Willow Park | Ongoing | G?? |

| | | | |
|--|--|-----------|-----|
| STRATEGY 2B: Support the Watertown Housing Authority and others in the effort to rehabilitate public housing inventory and create new units on its existing land. | Willow Park. | Ongoing | D?? |
| STRATEGY 2C: Partner with community development corporations and others to explore new ways to create/support more deeply affordable units. | Other than working with affordable developers to find sites, no work in this area. | Ongoing | G |
| GOAL 3: Increase affordable and supportive housing opportunities for seniors and individuals with disabilities | | | |
| STRATEGY 3A: Evaluate rehab loan program. | Not started. | Mid-Term | |
| STRATEGY 3B: Encourage universal design and visitability standards in new development. | I did research on options in 2022 and could not come up with actionable recommendations. | Ongoing | |
| STRATEGY 3C: Enter into partnerships with supportive service providers to create housing and/or provide services to seniors and individuals with disabilities. | I explored this in 2022 and could not come up with actionable recommendations. | Near-Term | |
| STRATEGY 3D Partner to provide financial planning assistance to enable seniors to age in place who chose to do so. | Not started. | Ongoing | |

| GOAL 4: Encourage the creation of a variety of housing types at different price points, with particular emphasis on providing options for residents and workers who wish to remain in Watertown | | | |
|---|--|-----------------------|-----------|
| STRATEGY 4A: Evaluate adoption of accessory dwelling unit zoning. | WHP and AHT considered ADU approaches before the state mandate passed in 2024; City approved interim ordinance in November 2024 and is in process to create new ordinance in 2025. | Mid-Term | Will be D |
| STRATEGY 4B: Leverage public funds such as CPA (up to 100%) and State sources (up to 120%). | Willow Park | Near-Term and Ongoing | G |
| STRATEGY 4C: Continue to evaluate current zoning, parking requirements and other incentives to shape residential development. | WSQ Plan and WSQ zoning are substantial steps. Affordable bonuses in WSQ. Affordable housing incentives study. | Near to Mid-Term | |
| STRATEGY 4D: Evaluate use of regulatory and administrative policies that would encourage creation of 3+ bedroom units. | Although no policies considered, we have informally pushed developers to include 3BR units. | Ongoing | |
| STRATEGY 4E: To the extent possible, ensure that affordable units are compliant with DHCD guidelines for SHI units, but allow flexibility as needed to increase the number of functionally affordable units. | No specific steps taken. This was proposed by member who couldn't articulate any issues but others thought there was no harm in including it. | Ongoing | G |
| GOAL 5: Preserve existing housing affordability | | | |

| | | | |
|---|---|-----------------------|--|
| STRATEGY 5A: Continue monitoring affordable housing stock on the Subsidized Housing Inventory to ensure proper utilization. | This is an administrative function. | Ongoing | G |
| STRATEGY 5B: Prevent loss of any affordable units that have expiring deed-restrictions. | No specific steps needed. | Ongoing | G |
| STRATEGY 5C: Provide emergency funding for critical repairs in existing affordable units. | Funding provided for St Joseph Hall elevator in 2022 & 1060 Belmont heating system in 2024. | Long-Term | G?? |
| STRATEGY 5D: Evaluate short-term tenant-based rental assistance. | WHP discussed in 2021 in the context of committing additional funds to COVID-era program. No discussion of new program. | Near-Term | |
| GOAL 6: Increase community engagement around affordable housing | | | |
| STRATEGY 6A: Increase public education/awareness of the need for a variety of housing types at various income levels, via community workshops or other events. | Not implemented. HAW has done some of this. | Near-Term and Ongoing | |
| STRATEGY 6B: Evaluate using local preference in affordable housing lotteries. | Adopted policy in February 2022 with commitment to continue evaluating date | Near-Term | D, but needs to be re-evaluated with more data |
| STRATEGY 6C: Improve marketing and outreach for affordable housing lotteries. | No specific “improvements” made; this item was proposed by WHP member who was vague on what was deficient. | Ongoing | G |

HOUSING NEEDS COMPARISON: 2020 v. 2025 DATA

Attached is an annotated version of the “Current Housing Needs” section of the 2021-2025 Housing Plan. The handwritten annotations insert comparable data available in May 2025 with the data used in 2020. Below are staff’s observations concerning significant points of comparison:

- Watertown’s population is slightly lower and continues to skew toward younger adults. The number of school age children is somewhat higher.
- The city is significantly more diverse, with the % of individuals who describe themselves as “white only” falling from 82.8% to 69.8%.
- The median household income of Watertown households rose from \$101,103 to \$123,422. The % of households with incomes below \$150,000 fell, while the % above that mark rose.
- More Watertown households qualify for affordable housing at/below 80% of area median income (AMI). The % rose from 31.6% to 39%.
- More Watertown households are renting. The % rose from 48% to 51%.
- While there are more deed-restricted affordable units in the city compared to 2020, the % is about the same. There were 1,171 units in 2020 (7.54%) and 1,258 now (7.43%).
- Cost burden for renting households is higher for those at/below 50% of AMI. (Cost burden=more than 30% of income used for housing.) The same is true for owning households at/below 30% of AMI and those between 50 and 80% of AMI. It is somewhat lower for the 30-50% AMI range, which probably reflects a data issue.

1. Current Housing Needs

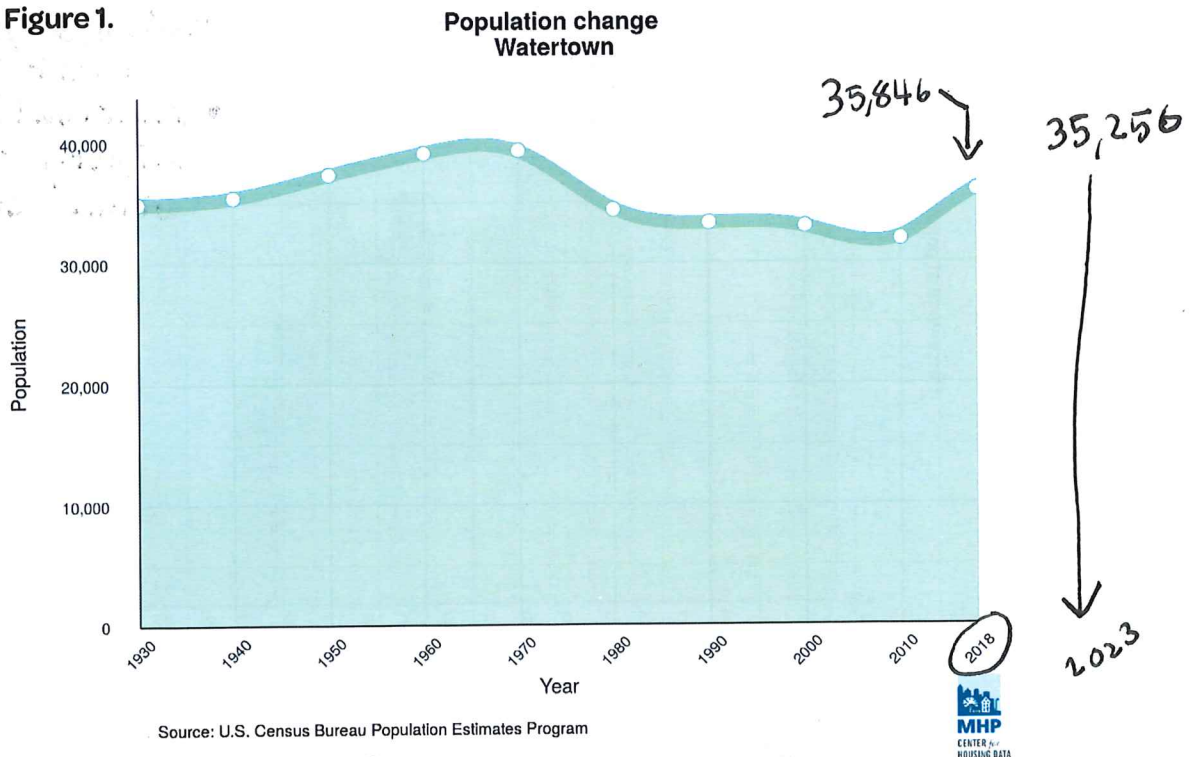
Watertown's housing needs are shaped by its population (size, age distribution, racial and immigrant profile, and household income distribution) and its housing market (existing housing stock, subsidized housing inventory, rent and home price trends, and the affordability of its housing compared with household income). Watertown is also part of a region—Greater Boston—and an inner core of communities just outside the City of Boston. Many of the recent trends discussed below flow from Watertown's relative affordability in the region as the economy has boomed and housing costs have soared. Whether and how that continues is unusually uncertain with the trauma of COVID-19 still part of our lives.

A. CHARACTERISTICS OF THE POPULATION AND HOUSEHOLDS

1. Population Growth

Watertown's population peaked in 1960 at about 40,000 residents but then declined to 31,915 in 2010. The population has since stabilized and increased. Watertown was estimated to house 35,939 residents as of July 1, 2019 (U. S. Census Bureau Quick Facts). The period since 2010 marks the first decade since the 1950s that Watertown has experienced population growth. This growth already exceeds the projections (31,395 by 2020 and 32,297 by 2035) used in Watertown's 2014 Housing Production Plan. Future development in the pipeline suggests a continuation of this recent trend over the next five years.³

Figure 1.



³ The data in this section comes from a variety of federal, state and local sources. The main source is the U.S. Census Bureau's American Community Survey (ACS), 5-year estimates (2015-2019). In order for the Census Bureau to provide data between the census years, it samples data on a rolling 5-year basis. Because this is sampling and not a full count, there is both a margin of error and inclusion of data over a 5-year period.

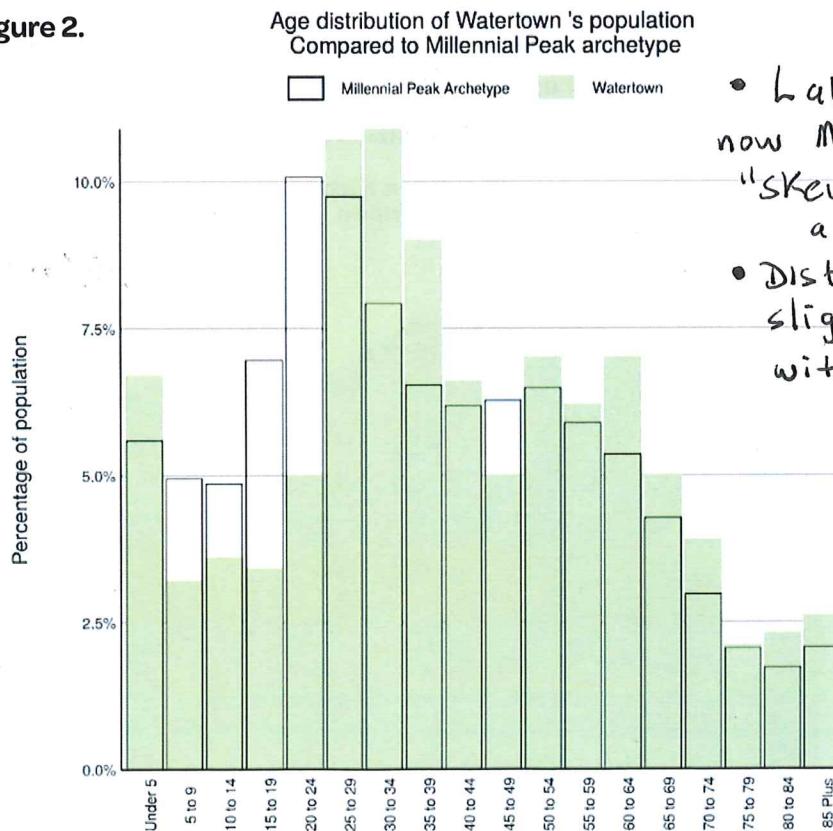
2019-2023

The recent increase in Watertown residents is consistent with the growth in the City of Boston and more generally in Greater Boston. Watertown has grown more in the last decade than most of its neighboring communities.⁴

2. Age Distribution of Population and School Enrollment

Watertown’s population is currently skewed towards adults in the 25-35 and 60+ ranges. There is also a much lower percentage of school-age children than the state average (although this may change, as there is a higher percentage of children under the age of 5). This profile matches the “Millennial Peak” archetype used by the Massachusetts Housing Partnership⁵ and reflects Watertown’s appeal to Millennials looking for a more affordable place to live within Greater Boston’s inner core. While Watertown also has a slightly higher percentage of those at or above 60, this is consistent with aging trends throughout the state and is not as pronounced as in many other communities.

Figure 2.



• Label changed - now MHP uses "skewed younger adult"
 • Distribution shifting slightly older within 25-44

Source: U.S. Census Bureau American Community Survey, 2014-2018 5-year estimates. Table S0101: Age and Sex

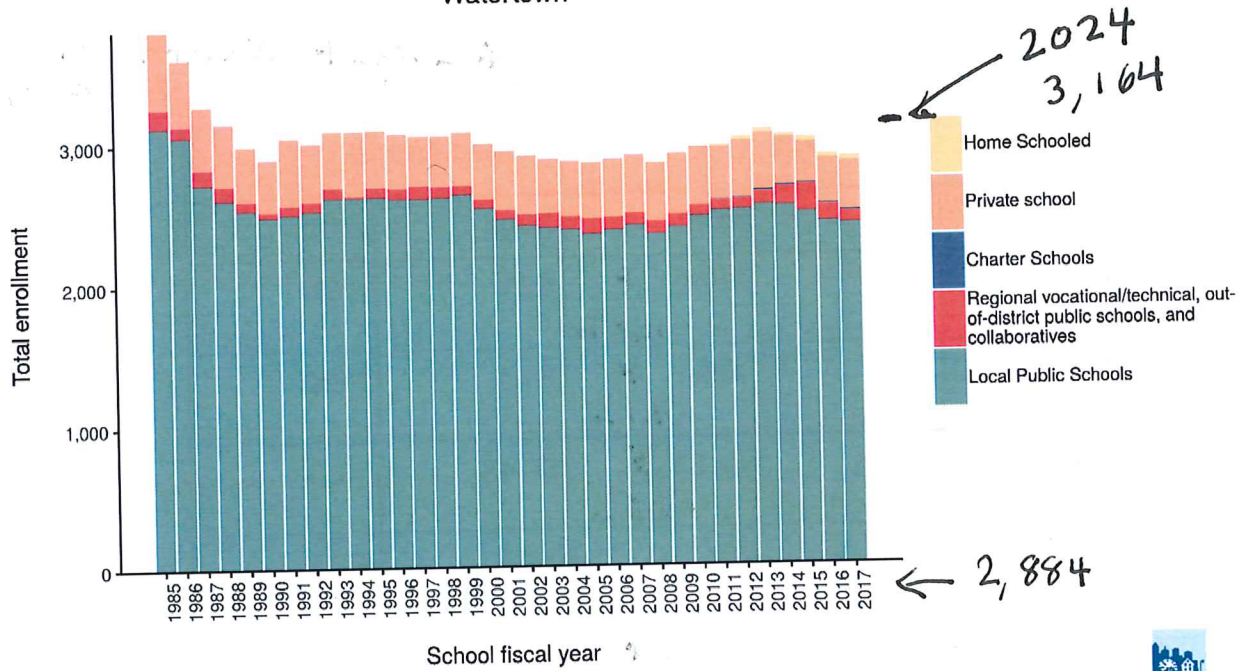
2019-2023



4 Watertown’s population growth over the last decade is approximately the same as in Boston and Cambridge, and is above that in Arlington, Belmont, Brookline, Newton and Waltham.
 5 MHP has identified six population topologies that comprise all Massachusetts towns and cities. (See www.datatown.mhp).

The age distribution in Watertown is a major factor in the town's stable school enrollment. Most households in Watertown do not include children. The percentage of family households with children in 2010 was 20.5%, and is estimated at 23.1% in 2019.

Figure 3. School aged children by enrollment type
Watertown



Source: Massachusetts Department of Elementary and Secondary Education



3. Race, Ethnicity, and National Origin

Consistent with trends experienced across the state, Watertown is becoming more racially and ethnically diverse. Over the last ten years, the share of Caucasian residents decreased while the share of Asian and Hispanic residents increased. Compared to the state overall, Watertown has a significantly smaller share of African American residents and a slightly greater share of Asian or Pacific Islander residents.

* Largest Watertown changes

Table 1: Race and Ethnicity

| | Watertown | | Massachusetts | |
|---|-----------|------------------|---------------|-------|
| | 2010 | 2019 | 2010 | 2019 |
| Asian or Pacific Islander | 7.3% | 9.9% * 11.8% | 5.3% | 6.6% |
| Black or African American | 3% | 1.6% * 4.1% | 6.6% | 7.6% |
| White or Caucasian | 84.9% | 82.8% * 69.8% | 80.4% | 78.1% |
| Other (including American Indian or Native) | 2.1% | 3% | 5.1% | 4.2% |
| Two or more races | 2.7% | 2.5% * 6.6% | 2.6% | 3.3% |
| Hispanic or Latinx any race ¹ | 5.3% | 9.2% | 9.6% | 11.8% |

Sources: 2010 Census, American Community Survey 5-Year Estimates 2015-2019 2019-2023

1 The percentages in this chart will not add up to 100% because the Hispanic/Latinx percentages are independent of the preceding percentages.

Watertown also has a relatively high percentage of foreign-born residents, with a 2019 ACS estimate that 21.4% were born in another country and that 29% speak a language other than English at home. Based on 2015-2019 ACS data, about 2.4% of Watertown households are limited in their ability to speak English. Limited English language proficiency in these households may affect their ability to find suitable housing.

4. Individuals with a Disability

About 10.9% of Watertown households have at least one individual with a disability.⁶ While this percentage is slightly higher than in most surrounding communities, it is consistent with state-wide numbers (about 12%). It is important to consider this population because they often need housing that is accessible and comes with supportive services. In addition, such households are more likely to be economically vulnerable. Approximately 44% of these individuals are unemployed or not in the labor force, while 65% of those over 16 years old in Massachusetts are employed. (Source: American Community Survey 5-Year Estimates 2015-2019).

The percentage of those with a disability steeply increases with age, which suggests that with Watertown's growing 60+ population, this factor will continue to be important for the Town to consider in its housing policy.

5. Household Income

The median household income in Watertown was estimated at \$101,103 (ACS, 5-year estimates, 2015-2019). This is slightly above the same metric in Middlesex County as a whole but below most of our more affluent neighbors.⁷ Median household income, however, obscures the very real differences between households in Watertown and in our region.

The age of household members strongly predicts median income with younger and older households earning significantly less than the median.

⁶ The most common disabilities are: ambulatory, cognitive, vision, difficulty with independent living or self-care.
⁷ We are below Arlington, Belmont, Brookline, and Newton, and above Boston, Cambridge and Waltham.

Table 2: Age Distribution of Watertown Residents with a Disability

| Age | Percentage of age group with a disability |
|----------|---|
| Under 17 | 3.3% |
| 18 to 64 | 7.5% |
| 64 to 74 | 17.2% |
| Over 75 | 53.7% |

Source: American Community Survey 5-Year Estimates 2015-2019

Table 3: Age and Median Income among Watertown Residents

| Age | Median Income |
|-------------------|--------------------------|
| 15-24 years | \$42,976 \$44,625 |
| 65 years and over | \$58,299 \$79,058 |

Source: American Community Survey 5-Year Estimates 2015-2019

2019-2023

Living as a female alone with children is a strong predictor of lower median income.

There are also significant differences in household income by race. While Watertown’s median household income was estimated at \$101,103, the income of Black households was \$80,781.

Finally, as is true in many Massachusetts communities, there is a significant difference between the incomes of renters and homeowners in Watertown. The median income of renter households in Watertown was estimated at \$80,855, while the median for owner households was estimated at \$120,165. A significant portion of renter households have very modest incomes. Approximately 26% of these households are estimated to have incomes of less than \$50,000 annually and about 14% have incomes of less than \$25,000.

A significant percentage of Watertown households fall within the income limits used for determining eligibility for affordable housing programs.⁸ The income limits used for most federal and state housing assistance programs are as follows:

- Extremely low-income households (ELI): Earn at or less than 30% of Area Median Income (AMI), adjusted for household size⁹

Table 4: Household Types, Children and Median Income among Watertown Residents

| Household Type | Median Income |
|---------------------------------|----------------|
| Families with children under 18 | \$165,053 |
| Male with children under 18 | \$91,250 |
| Female with children under 18 | Below \$58,361 |

Source: American Community Survey 5-Year Estimates 2015-2019

Table 5: Household Income Distribution for Watertown Renters

| Household Income | Percentage of Households |
|----------------------|--------------------------|
| \$0 -24,999 | 14.1% 14.7% |
| \$25,000 - 49,999 | 11.8% 11.2% |
| \$50,000 - 74,999 | 16.4% 10.4% |
| \$75,000 - 99,999 | 16.8% 14.4% |
| \$100,000 -\$149,999 | 22.8% 20% |
| \$150,000 + | 18.1% 29.3% |

Source: American Community Survey 5-Year Estimates 2015-2019

2019-2023

⁸ While the starting point for these income limits is area median income data from the U.S. Census, there are many adjustments made by the U.S. Department of Housing and Urban Development (HUD). One cannot use the income distribution discussed earlier to determine the percentage of Watertown households falling into the HUD categories identified here.

⁹ Income limits differ by household size because that income must cover the costs of more household members as the household grows in size. For example, 30% of AMI for a one-person household is \$26,850 while 30% of AMI for a four-person household is \$38,350 (2020 HUD income limits).

- Very low-income households (VLI): between 30% and 50% of AMI
- Low-income households (LI): between 50% and 80% of AMI

In addition, households with incomes from 80% to 100% of area median income are considered “Moderate--income households (MI)” and are eligible for community housing that is funded through CPA. However, units subsidized for households at this income level are not eligible for inclusion on the Subsidized Housing Inventory (SHI).¹⁰

The percentage of households in Watertown earning less than 80% of area median is about 31.5%. An additional 9.6% of households in Watertown qualify for moderate--income housing, which can be funded through CPA, because they earn between 80 and 100% of AMI. The share of households eligible for affordable housing in Watertown is significant and similar to surrounding communities¹¹ but smaller than the state-wide percentages.

Table 6: Households by Qualifying Housing Income Limits

| | ELI Households | FLI Households | LI Households | MI Households |
|------------------------------------|----------------|----------------|---------------|---------------|
| Watertown: # of Households | 1,830 2,275 | 1,010 1,410 | 1,940 2,580 | 1,455 1,680 |
| Watertown: % of all Households | 12.1% 14% | 6.7% 9% | 12.8% 16% | 9.6% 10% |
| Massachusetts: # of Households | 415,190 | 295,095 | 349,305 | 241,950 |
| Massachusetts: % of all Households | 16.1% | 11.4% | 13.5% | 9.4% |

Source: 2013-2017, Comprehensive Housing Affordability Strategy Data

2017-2021

Using a four-person household as the benchmark, an “Extremely Low Income” family is earning at or less than \$38,350 and a “Very Low Income” family is earning \$63,950 (2020 HUD income limits). To put these income levels in context, many of the households in the “Extremely Low Income” and “Very Low Income” tiers are working in healthcare support, food preparation and service, and other major low wage occupations.¹²

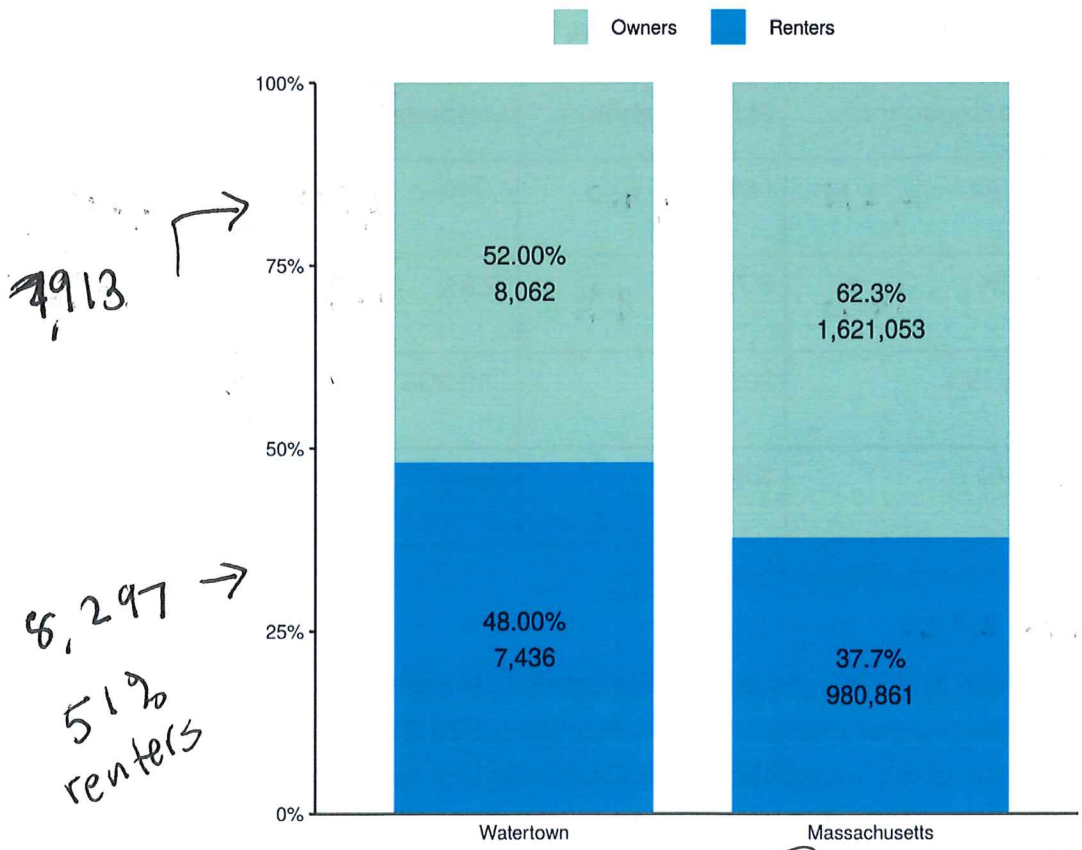
10 The SHI is used to determine whether a community has met Chapter 40B’s requirement that 10% of each community’s year-round housing be deed-restricted affordable housing. Chapter 40B is discussed further on pages 18-19.
 11 The WestMetro HOME Consortium’s Analysis of Impediments to Fair Housing puts the percentage at 31.5% for its 13 communities (including Watertown). <http://www.newtonma.gov/civicax/filebank/documents/107601> (11/24/20).
 12 Healthcare support, which employs almost 200,000 workers in the state, has a mean annual wage of \$35,348. Other major occupations

B. HOUSING CHARACTERISTICS AND TRENDS

1. Housing Unit Type

While most of Watertown’s land area is occupied by one- and two-family homes, it also has a significant percentage of larger apartment and condo buildings. Approximately 33% (5,395) of all housing units are single--family homes, and an additional 33% (5,410) are 2-family homes. Approximately 10% (1,668) are in 3-- 4 unit buildings. The remaining 25% (4,097) of homes are in buildings with 5 or more units. Many of the larger apartment and condo buildings have been added since the Great Recession, as discussed in Section IIB below. Just under 50% of the Watertown housing stock is renter-occupied. This is slightly higher than the state average and has been growing in the last decade.

Figure 4. Tenure Mix Watertown v. Massachusetts



Source: U.S. Census Bureau American Community Survey, 2014-2018 5-year estimates. Table DP04: Selected Housing Characteristics

2019-2023

with low wages include food preparation and service at \$32,320; building and grounds/maintenance at \$38,270; personal care and service at \$38,830; transportation at \$40,930; and production at \$44,050. U.S. Bureau of Labor Statistics, May 2019 State Occupational Employment and Wage Estimates for Massachusetts.

Household size, which fell between 2000 and 2010 as noted by the 2014 Housing Production Plan, is now estimated to be at 2.25 persons per household (2019 5-year ACS estimate). This is consistent with a similar decline and recent rise in household size at the state-wide level.

2. Age of Housing Stock

About 80% of the housing in Watertown was built prior to 1979 and over 44% was built before World War II. This is a much larger share than in similar communities nearby, or statewide. The age of the housing stock can present challenges related to accessibility and the presence of lead paint, among other considerations.

2010-2023
6.9%

Table 7: Housing by Year Built

| | 2014 or later | 2010-2014 | 2000-2009 | 1980-1999 | 1960-1979 | 1940-1959 | 1939 or earlier |
|---------------|---------------|-----------|------------|---------------|----------------|----------------|-----------------|
| Watertown | 2% | 1.6% | 7% 5.6% | 10.1% 8.6% | 15.3% 14.1% | 19.4% 19.1% | 44.6% 45.6% |
| Massachusetts | 1.0% | 1.6% | 7% | 18.6% | 22% | 17% | 32.7% |

Source: American Community Survey 5-Year Estimates 2015-2019

2019-23

1,258
7.43% as of
12/31/24

3. Subsidized Housing Stock

Watertown has 1,171 units of affordable housing included on the State's SHI. These units meet the requirements of the state's affordable housing law (Chapter 40B) and are operated and maintained as affordable through long-term deed restrictions, covenants, regulatory and operating agreements, or other restrictions. Occupants of this housing must meet income eligibility requirements and the government regulates rents or sales prices. This figure includes the 589 public housing units operating by the Watertown Housing Authority.¹³ It does not include an additional 72 inclusionary units under construction.¹⁴

Watertown has complied with Chapter 40B through one of the two statutory benchmarks. The most recognized metric is for at least 10% of the year-round housing units to be deed-restricted "affordable" units for households earning up to 80% of area median income. Watertown is presently at 7.54%.¹⁵ The alternative metric is for 1.5% of its land area to be devoted to affordable housing as defined in Chapter

- 13 There are 539 state-funded public housing units and 50 federally-funded units. The Watertown Housing Authority is proposing to convert the 50 federal units into Section 8 project-based vouchers.
- 14 Units under construction include 45 at Arsenal Yards, 8 at 385 Pleasant Street, 15 at 330-350 Pleasant Street, and 4 at 101 North Beacon).
- 15 The year-round housing count as of 2010, used in the SHI calculation throughout the decade, was 15,521 units. This figure will change when the 2020 Census is published, increasing the year-round count and changing Watertown's percentage of SHI units.

40B. DHCD agreed in December 2019 that Watertown was at 2.07% and therefore met the “General Land Area Minimum.”

Although there are affordable units in Watertown on the Commonwealth’s Expiring Use Inventory, these units are not presently at risk. Brigham House (46 assisted living units) is covered by a regulatory agreement and a local permit restricting use of the property. Saint Joseph Hall (25 units) is a Community Housing Development Organization and HOME-assisted property.

Watertown’s affordable units vary in the type of household they are targeted to support. The 589 public housing units serve as a safety net for seniors and families with the lowest incomes (327 and 228 units, respectively, as well as and 35 units for individuals with special needs). On the other end, the rental and ownership units created through Watertown’s inclusionary zoning ordinance generally support households that are between 60 and 80% of area median income. Overall, 48% of our subsidized units are in public housing, 21% are inclusionary units in market rate developments, and 31% are in other categories.

¹⁶The number of inclusionary units is certain to grow while it is unlikely that the number of public housing units will increase because federal and state policy has shifted away from that model. Appendix C is a complete list of units currently listed on the SHI.

C. HOUSING MARKET CHARACTERISTICS

1. Rent and Home Price Trends

Like all of Greater Boston, Watertown has experienced a significant increase in the price of both rental and homeownership opportunities over the last 20 years and particularly since the Great Recession ended in 2009. Most researchers have agreed that housing costs have been rising in the region because of population and job growth, changes in preferences for household size and location, and housing production that has not kept up with this demand.¹⁷ Rising housing costs have put pressure on households at most income levels throughout the region. Many households must rent for the long-term, as they are unable to buy. Households that cannot afford to rent or buy where they presently live will look for communities that have historically been more affordable. This, in turn, has increased demand in those more affordable communities (such as Watertown).

Based on 2019 ACS 5-year estimates, over 73% of Watertown renters were paying over \$1,500 in gross monthly rent. This is significantly more than just two years before (62%) and six years before (52%).

¹⁶ Most of these are in 100% affordable developments such as St. Joseph’s Hall or Brigham House, but 15 are single family homes.
¹⁷ See, e.g., The Greater Boston Housing Report Card 2019, Supply, Demand and the Challenge of Local Control, <https://www.tbf.org/news-and-insights/reports/2019/june/greater-boston-housing-report-card-2019>; Urban Institute, Housing and Housing Finance June 2018, <https://www.urban.org/urban-wire/bostons-housing-market-three-charts>; Glaeser EL, Ward BA. The Causes and Consequences of Land Use Regulation: Evidence from Greater Boston (2006).

At the same time, the median sales price of homes in Watertown has increased substantially since the Great Recession. By one measure—median home value as estimated by the U.S. Census—values have risen 25% from \$417,000 in the 2011 5-year estimate to \$559,700 in the 2019 5-year estimate. Zillow estimated the July 2019 median sale price for a single-family home at \$733,000 and the median price for a condominium at \$546,000.¹⁸

How unattainable is homeownership in Watertown to a renter? The table below shows that there is a substantial gap between what a household with median income can afford and what is available to them. This “price gap” means even a relatively affluent individual or family must stay in the rental market (or look elsewhere). Even with this large price gap, Watertown is considered more affordable for buying a home than many communities in the region.¹⁹

Table 8: Gap between Income and Price Facing Watertown Residents Trying to Buy

| Single Family Affordable to Renter Earning Median Household Income (MHI) | Median Sales Price Single Family (2018) | Price Gap |
|--|---|-----------|
| \$382,900 | \$650,000 | \$267,100 |
| Condo Affordable to Renter Earling MHI | Median Sales Price Condo (2018) | |
| \$314,700 | \$519,900 | \$205,200 |

Sources: The Warren Group and DataCommon 2014-2018 American Community Survey

2. Housing Cost Burden and Affordability Analysis

One of the most common measures of housing need is whether a household is cost-burdened, i.e. whether more than 30% of their gross income is spent on housing.²⁰ About 37% of Watertown renters are cost-burdened, while about 28% of owners are in that situation.

Because cost burden is a direct reflection of household income, the impact of being cost-burdened is more acute for lower-income households that have fewer financial resources available to meet other necessary

¹⁸ The U.S. Census and firms like Zillow estimate value or sales price. While actual Watertown data could be compiled or purchased and be more accurate, it would not change the conclusion that home prices are rising substantially.

¹⁹ This analysis comes from the WestMetro Consortium's 2012-2025 Consolidated Plan and is based on 2018 data. Within the 13 WestMetro communities, Watertown's price gap is 12th for single families and 11th for condos.

²⁰ As discussed earlier, cost burden is measured as the share of household income that is spent on housing, whether total ownership costs or total rental costs. Households spending more than 30% of their gross income on housing are considered cost-burdened; households spending more than 50% of their gross income on housing are considered severely cost-burdened.

household expenses (food, transportation, health care, student loans, etc.). Tables 9 and 10 below show the incidence of cost-burdened households in Watertown across different income groups. While households are cost-burdened across all income groups, most striking is the very high incidence of housing cost burden among those with the lowest incomes. Between 65 and 80% of Watertown residents at the two lowest income levels are cost-burdened.

Table 9: Cost Burden Incidence by Household Income Group for Renting Households

| | ELI | VLI | LI | MI | HI | Total |
|---|------------|--------------|--------------|--------------|------------|----------------|
| # renting households in income group | 1,070 | 595 | 1,175 | 705 | 3,710 | 7,250 |
| # of cost-burdened households in income group | 695 | 415 | 860 | 405 | 135 | 2,510 |
| % of cost-burdened households in income group | 65% 74% | 69.7% 78% | 73.2% 64% | 57.4% 24% | 3.6% 4% | 34.6% 39.4% |

Source: Comprehensive Housing Affordability Strategy Data, 2013-2017 2017-2021

Table 10: Cost Burden Incidence by Household Income Group for Ownership

| <i>owning</i> | ELI | VLI | LI | MI | HI | Total |
|---|--------------|--------------|--------------|--------------|---------------|----------------|
| # renting households in income group | 760 | 415 | 765 | 750 | 5,215 | 7,910 |
| # of cost-burdened households in income group | 605 | 335 | 295 | 400 | 630 | 2,265 |
| % of cost-burdened households in income group | 79.6% 90% | 80.7% 67% | 38.6% 48% | 53.3% 29% | 12.1% 7.6% | 28.6% 25.7% |

Source: Comprehensive Housing Affordability Strategy Data, 2013-2017 2017-2021

3. Impact of COVID-19 Pandemic

The COVID-19 pandemic that struck the world in March 2020 is likely to have major short-term implications for tenants and owners and may have long-term implications on the housing market. With substantial job lay-offs starting in spring 2020, it remains unclear whether many renters and owners will be able

to pay their rents and mortgages. Depending on the pandemic's course and government intervention,²¹ there may be significant housing instability. Concern about a surge in evictions has been raised by many housing market observers. At the same time, vacancy rates are reportedly rising and rents are softening in some market segments. For the longer-term, there has been informed speculation that developers and lenders may be more cautious about new residential projects.

21 In addition to the federal CARES Act, the Commonwealth established an eviction and foreclosure moratorium on April 20, 2020 (which expired, after one extension, on October 17) and provided additional help through the Rental Assistance for Families in Transition (RAFT) program. When the moratorium expired, the Commonwealth launched an "Eviction Diversion Initiative" combining more rental assistance and mediation/legal representation to lessen evictions. The Watertown Housing Partnership launched an emergency rental assistance program in September 2020 with \$175,000 in Community Development Block Grant program income; it added \$100,000 in December. This assistance is expected to help over 60 Watertown households cover rent for three months or more. On the private and non-profit side, the Community Resilience Fund used \$73,000 to provide emergency rental assistance to 50 households in need.