



CITY OF WATERTOWN

AFFORDABLE HOUSING TRUST

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Minutes of Watertown Affordable Housing Trust Meeting December 16, 2025 6:00 PM

Attendance

Members present: Cliff Cook, David Leon, Jill Hyde, Leo Patterson and Helen Oliver Members not present: George Proakis and Zoe Weinrobe. Non-members present in person or remotely: Larry Field (staff), Will Downie (staff), Gideon Schreiber (staff), Alisa Gardner-Todres, Barney Heath, Jacky van Leeuwen. Nicole Gardner, Hannah Jury, Adam Schultz, Brian Ho, Terry Morrison, James iPhone, Caroline Bays, Adam Plotz, Emma Yudelvitch, Evelyn St-Louis, Abigail Hammett, Theo Offei, Sam Ghilardi, Jamie Gordon, Anthony Palomba, and Vincent Piccirilli.

I. **Minutes of October 21, 2025 and November 18, 2025 meetings**

The minutes of the October 21, 2025 and November 18, 2025 meetings were unanimously approved.

II. **72 Mt Auburn Street: proposed compliance with affordable housing requirement**

Young Lee is proposing a development at 72 Mt. Auburn Street, combining reuse of a historic building (one unit) and a new building (seven units). Will summarized a staff memo stating that the developer would comply with the inclusionary zoning ordinance by making an "in-lieu payment." The memo proposed a \$329,748.65 payment and explained the calculation.

Terry Morris, representing the developer, briefly presented the proposed plans (attached presentation). Leo asked why the design did not effectively use the corner and why it subordinated the new structure to the existing one. Morris explained that the site is within the Mt. Auburn Street Historic District and the design was discussed at several meetings with the Historic District Commission. The proposed design is intended to emphasize the historic building.

Jill moved, with David seconding the motion, that the Trust endorse a \$329,748.65 in lieu payment to meet the project's obligations under the inclusionary zoning ordinance. The motion passed 5-0.

III. **Affordable Housing Incentives Study Presentation of MAPC Research Findings**

Larry introduced the MAPC presentation. The new Watertown Square zoning in November 2024 included incentives for "affordable housing developments" (more than 50% deed-restricted affordable units). The City commissioned MAPC to study potential

incentives for more and/or deeper affordability in market-rate projects, and affordable developments (as defined in the new zoning). The incentives could be in specific geographic areas, or anywhere in the city. With respect to affordable developments, the study would look at what was already in place for Watertown Square but focus on exploring incentives outside the new districts.

The MAPC team (Adam Plotz, Emma Yudelvitch and Evelyn St-Louis) orally presented attached Powerpoint slides 1-42. The “Appendix” slides (43-62) were in the agenda packet but not orally presented.

After the presentation, Cliff said he would ask the first questions, shift to questions from the councilors, then go back to the trustees and finally to members of the public. Cliff asked whether MAPC found that affordable housing incentives were widely adopted and, where adopted, whether they were viewed as successful. MAPC staff said they found multiple cities with voluntary or blended (mandatory with additional voluntary incentives) programs. MAPC found 12-15 programs interesting and then worked with city staff to narrow the list to seven. Only two (Cambridge and Taunton) were in Massachusetts. MAPC staff said that incentives were viewed as successful in producing more affordable units—if the incentives were really appealing. If an incentive merely mitigated the cost of more affordability, the program was ineffective. MAPC staff also emphasized that producing deeper affordability was much harder than producing affordability at the 80% area median income (AMI) level.

David asked a follow-up question: was producing affordability below 50% AMI harder because of the economics or because developers assumed these were special populations coming with other needs. MAPC staff said: 1) market-rate units can't cross-subsidize deep affordability, 2) this means another subsidy source (i.e., vouchers) are essential, triggering additional regulatory requirements and paperwork, and 3) households below 50% AMI are viewed as requiring services that market-rate developers can't or don't want to provide.

Cliff asked if the interviews found a difference between the market-rate and affordable developers. MAPC staff said that both identified property tax relief and free or low-cost land as strong incentives. The biggest difference is that market-rate developers were more positive about height/density bonuses, while affordable developers felt that greater scale was not necessarily helpful because each unit “loses” money without sufficient public subsidy. Affordable developer also emphasized the value of permitting “certainty,” while market rate developers were more focused on the length of the permitting process.

Councilor-elect Theo Offei asked how the list of comparison communities was narrowed. MAPC staff said this was discussed with city staff and there was sensitivity to finding cities with market conditions and size closer to Watertown.

Councilor Nicole Gardner asked whether its research suggested that only 3 or 4 of the examples had achieved success. MAPC staff said it called attention to those programs because they both had success and blended mandatory and voluntary elements.

Councilor Gardner and Councilor Anthony Palomba asked about whether the perceived challenge in producing deeper affordability was more the need for wrap-around social services or additional regulatory requirements/paperwork. MAPC staff said both were issues. The two councilors offered ways to work around this, including knowledgeable property managers or help from municipal staff. Councilor Gardner said that if the city wanted to get deeper affordability it had to be prepared to help those households. MAPC staff said there was a significant difference in the willingness of market-rate developers to have units below 30% or 50% AMI, versus those just below 60% AMI.

Councilor Vincent Piccirilli asked about “buydowns” as an approach, suggesting it would be more cost-effective to pay market-rate developers to add affordable units than to offer indirect incentives. MAPC said its staff had worked on another project that considered buydowns but, so far, had not included that as a possible tool here. Councilor Piccirilli also asked about using public land for affordable developments; MAPC agreed that it would be attractive but said the amount of available public land is so limited that other options are needed.

Leo noted that the municipal examples all came from cities larger than Watertown. MAPC said it looked for cities with traits like Watertown but that the examples also served to identify places where interviews could shed light on the effectiveness of interesting ideas.

David said that the Trust had considered the idea of a buydown from the 80% AMI to 65% AMI level and wrestled with the methodology. He asked if MAPC would investigate this. Cliff agreed that testing buydowns (and suggesting a methodology for calculating the payment) was important.

Cliff asked why developers said they liked the new Watertown Square zoning. MAPC said the market rate developers liked the time savings involved in the by right/site plan review process while affordable developers liked the certainty. MAPC said the answers were different because it is harder for affordable developers to absorb the financial risk of having a project denied or scaled down.

Leo asked why developers objected to ground floor retail requirements. MAPC said that ground floor retail has become a net negative on pro formas. Jill noted that retail makes it harder to obtain loans and that the first floor space is an opportunity cost for market rate developers as they can make money on residential units. Helen added that affordable housing lenders are particularly concerned about money-losing retail space on the first floor. Cliff said that there may be alternative ways for the city to get “activated” ground floor space.

Jamie Gordon asked about property tax relief as an incentive. Abigail Hammett, who was involved in the focus group discussion, said that board members viewed the economic climate as an obstacle, particularly since the depressed labor market is lowering the city's projected property tax revenue.

Hammett asked if there was a downside to adopting an incentive that wasn't used by developers. MAPC said it would recommend incentives that it expected to be effective but that, if not, the incentive could be dropped or adjusted later. MAPC said that one reason developers may not use an incentive is that it is not understood. In response to a follow-up question, MAPC said its recommendations would include enhancing developer relationships and data collection to promote and adjust available incentives.

Sam Ghilardi suggested that the study might be too focused on specific zoning districts and that incentives would be best established city-wide. He said we are competing with Cambridge for the interest of affordable developers and Cambridge has a city-wide affordable housing overlay. Jacky van Leeuwen also advocated for an affordable housing overlay like the one adopted in Cambridge. MAPC said that it is not in the recommendation stage yet and has not yet done the Cambridge interview.

van Leeuwen asked if the MAPC considered the possibility of converting new inclusionary 80% AMI units from on-site to in lieu payments. MAPC said this had not been considered--that the study is focused on incentives and not re-evaluating the inclusionary ordinance.

IV. Other Business

Cliff said that the City wants to ensure that there is a record of any communication between board/commission members and others regarding the body's work. Accordingly, if a staff member is not on such an email, the exchange must be forwarded to: ca@watertown-ma.gov.

VI. Executive Session

No executive session was necessary. The meeting adjourned at approximately 8:26 PM.

Watertown Affordable Housing
Incentives Study

Affordable Housing Trust Presentation

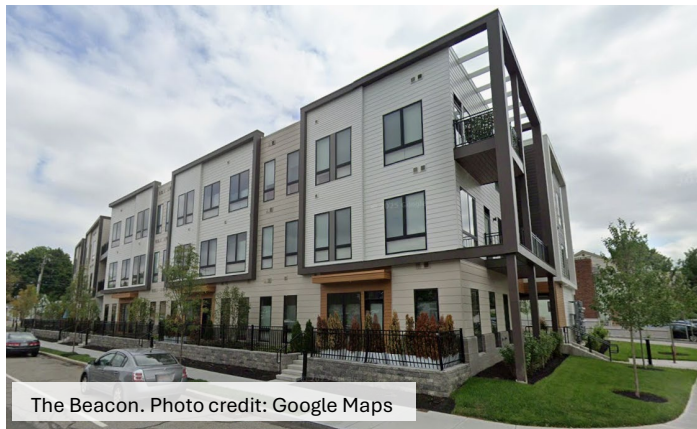
December 16, 2025



Purpose of this Study

The purpose of this study is to assess **voluntary incentives** that would encourage either or both:

- **Market rate developers** to produce **more or deeper affordable units** than is already required by Watertown's mandatory inclusionary zoning (IZ) policy
- Greater production of **affordable housing developments** (e.g., 100% affordable LIHTC projects)



Watertown's Existing Policy Context

Mandatory inclusionary zoning (IZ) policy

- All new multifamily projects of 6+ units must set-aside between 12.5% to 15% of units as affordable to households earning 65-80% of AMI, depending on project tenure and size.

Incentives for affordable projects in Watertown Square

- Multifamily projects in Watertown Square with at least 50% of units affordable at <80% AMI are eligible for incentives.
- Incentives:
 - 1 additional floor if affordable units are <80% AMI
 - 2 additional floors if affordable units are <60% AMI average
 - Reduced parking minimum (0.25 spaces/unit); greater reduction by special permit

Agenda

- Summary of Progress
- Submarket Analysis
- Zoning Assessment Overview
- Developer Interview Findings
- Comparison Communities Takeaways
- Next Steps
- Q&A

Summary of Progress

- Past plan review (Comprehensive Plan, Affordable Housing Plan, WSQ Plan, etc.)
- Market data collection and submarket analysis
- Zoning assessment and permitting data review
- 3 interviews with Market Rate Developers
- 2 interviews with Affordable Developers
- Zoning & Planning Board Focus Group
- Interview with EOHLC – *pending*
- Comparison communities research & interviews

Next steps

Financial feasibility analyses to test different incentives:

- Market Rate Pro Forma
- Affordable Development Sources and Uses Model

Synthesis of findings + recommendations

- February 2026

Submarket Analysis

High-level Takeaways

Initial Findings

- **City's Median Rent: \$2,357**
- **Small differences** in median rent and median unit size by neighborhood
- There is little variation in market conditions by neighborhood, **so no evidence of strong submarkets in Watertown.**
- However, **incentives tailored to neighborhood context** may still make sense based on zoning allowances.

Zoning Assessment

High-level Takeaways

Purpose

- Understand use and dimensional regulations for residential development
- Identify potential constraints to housing production and potential areas where zoning relief may be considered as an incentive for providing affordability

Zoning Assessment Framework

Geographic Areas

- Pleasant Street Corridor
- Arsenal Street Corridor
- Watertown Square
- Mt. Auburn Street Corridor/
Coolidge Square

We looked at

- Future uses and allowable uses
- Dimensional regulations
- Requested zoning relief from past development
- Opportunities + Considerations

Spoiler alert!

Good news: Watertown's existing zoning is quite good

Bad news: Fewer obvious or easy places to use zoning incentives to incentivize affordability



Pleasant Street Corridor

Pleasant Street Corridor

Future land use



- High density residential
- Residential mixed use
- Office-industrial

Existing zoning



Zoning Map

- PSCD-1:** Multifamily by SP
Res. mixed-use by SP
- PSCD-2:** Multifamily not permitted
Res mixed-use by SP
- PSCD-3:** Multifamily not permitted
Res. mixed-use not permitted
- R1.2:** Multifamily by SP
Res. mixed-use not permitted

Pleasant Street Corridor

Dimensional Requirements

Min. lot size	10,000 sq.ft.
Min. frontage	n/a
Front build-to line	10-30'
Side setback	0' or 18'*
Rear setback	18'*
Open space	20%
Max. bldg. coverage	50% or 60% with SP
Max. height	55'/5 stories or 66'/6 stories with SP
Max. density	1,000sqft/unit (44 units/acre)
Max. FAR	1.0 / 2.0 with SP / 2.0 for mixed use
Res. parking minimums	0.75-2.0 spaces/unit
Retail/office parking min.	1 space per 350 sq.ft. (ground floor)

Requested Zoning Relief

- PSCD: Two projects
- Height (one)
 - Parking (one)
 - FAR (one)

*Setbacks or reduced heights within 40' of S-6 or T districts



Arsenal Street Corridor

Arsenal Street Corridor

Future land use



2023 Comp Plan

- Office-industrial
- Regional mixed use
- High-density residential
- Commercial mixed use
- Neighborhood commercial

Existing zoning



Zoning Map

- I-3:** Multifamily by SP
Res. Mixed-use by SP
- I-2:** Multifamily not permitted
Res. Mixed-use not permitted
- I-1:** Multifamily not permitted
Res. Mixed-use not permitted
- RMUD:** Multifamily not permitted
Res. mixed-use by SP

Arsenal Street Corridor

Dimensional Requirements

	Industrial-3	RMUD
Min. lot size	n/a	10,000 sq.ft.
Min. frontage	50'	50'
Front build-to line	10-30'	10-30'
Side setback	25'	15'
Rear setback	30'	20'
Max. bldg. coverage	50%	75%
Max. height	55'/5 stories*	55'/5 stories*
Max. density	800 sqft/unit	n/a
Max. FAR	1.0 / 2.0 with SP	1.0 / 2.0 with SP
Open space	20%	20%
Res. parking min.	0.75-2.0/unit	0.75-2.0 /unit

Requested Zoning Relief

Industrial-3: Two projects

- FAR (one)
- Façade length (one)

RMUD: Two projects

- Height (two)
- Façade length (one)

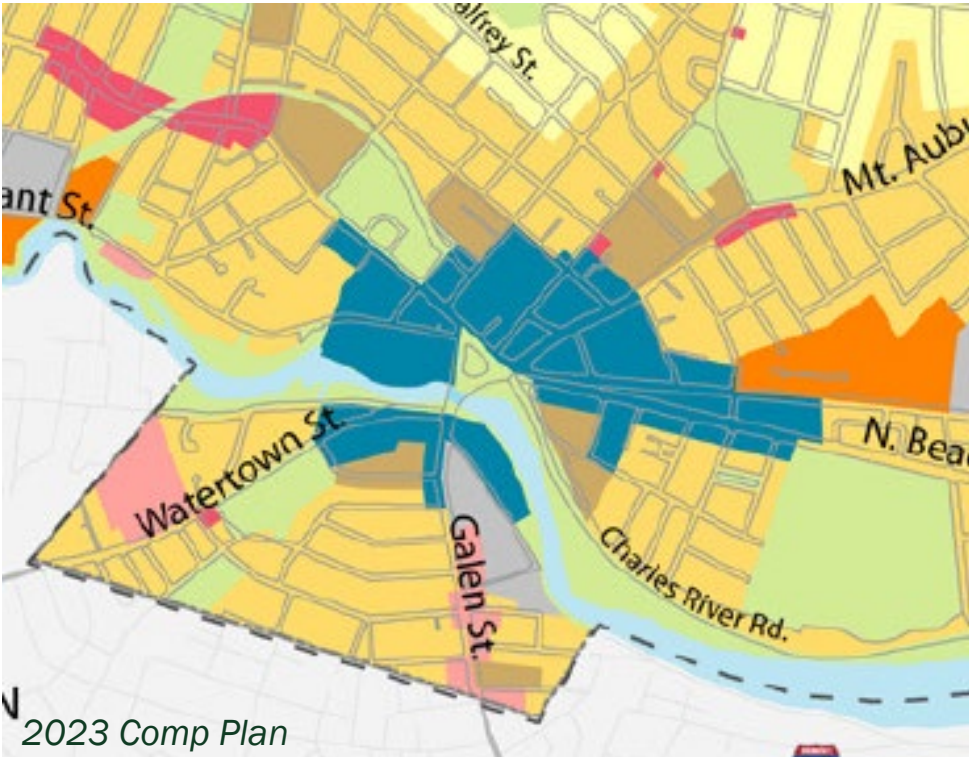
*Additional setbacks or reduced heights abutting residential districts



Watertown Square

Watertown Square

Future land use



Existing zoning











- WSQ mixed-use
- Res. mixed-use
- High density res.
- Com. mixed-use
- Office/Ind.
- Neighborhood com.

Watertown Square

Existing zoning



-  **TODO:** Multifamily by right
Res. mixed-use by right
-  **WSQ-3:** Multifamily by SP
Res. mixed-use by SP
-  **WSQ-2:** Multifamily by SP
Res mixed-use by SP
-  **WSQ-3:** Multifamily by SP
Res. mixed-use by SP
-  **NMU:** Multifamily by SP
Res mixed-use by SP
-  **R .75:** Multifamily by SP
Res mixed-use not permitted
-  **I-3:** Multifamily by SP
Res. mixed-use by SP
-  **LB:** Multifamily by SP
Res. mixed-use by SP

Watertown Square

Dimensional Requirements

	WSQ-3	WSQ-2	WSQ-1	NMU
Min. lot size	n/a	n/a	n/a	n/a
Min. frontage	n/a	n/a	n/a	n/a
Front setback	0'	0'	0'	5'
Side setback	0' or 10'	0' or 10'	0' or 10'	0' or 10'
Rear setback	10-20'	10-20'	10-15'	10-15'
Max. bldg. coverage	n/a	n/a	n/a	n/a
Max. height (flat roof)	82'/5+ stories	66'/4+ stories	53'/3+ stories	38'/3 stories
Max. density	n/a	n/a	n/a	n/a
Max. FAR	n/a	n/a	n/a	n/a
Open space	5%	10-15%	15-20%	15-20%
Min. parking spaces	0.5/unit	0.5/unit	0.5/unit	0.5/unit



Mt. Auburn Street Corridor / Coolidge Square

Mt. Auburn Street Corridor/Coolidge Square

Future land use



2023 Comp Plan

- Neighborhood commercial
- Residential mixed-use
- Commercial mixed-use
- High density residential
- Office/industrial

Existing zoning



Zoning Map

- LB:** Multifamily by SP
Res. mixed-use by SP
- NB:** Multifamily by SP
Res mixed-use not permitted
- I-2:** Multifamily not permitted
Res mixed-use not permitted
- R.75:** Multifamily by SP
Res. mixed-use not permitted

Mt. Auburn Street Corridor/Coolidge Square

Dimensional Requirements

	LB	NB	R.75	R1.2
Min. lot size	n/a	n/a	5,000 sq.ft	5,000 sq.ft
Min. frontage	40'	50'	50'	50'
Front setback	n/a	n/a	15'	15'
Side setback	0' or 15'	0' or 10'	20'	25'
Rear setback	20'	15'	25'	30'
Max. bldg. coverage	80%	50%	35%	50%
Max. height	40'/4 stories*	35'/4+ stories*	35'	45'
Max. density	n/a	n/a	1,500 sf./unit	1,000 sf./unit
Max. FAR	1.0	0.5	0.75	1.2
Open space	10%	10%	20%	20%
Min. parking spaces	0.75-2.0/unit	0.75-2.0/unit	0.75-2.0/unit	0.75-2.0/unit

*Additional setbacks or reduced heights abutting residential districts

Potential Zoning Opportunities

Changes that could provide value in exchange for affordability/promote affordable development:

- By-right multifamily development in targeted zoning districts
- Waive ground-floor commercial requirements
- Increase in height and/or offer height bonus
- Increase FAR maximums and/or offer density bonus
- Reduce parking minimums
- Façade and set-back relief

This list **will inform the incentives that will be tested** in the next phase of research.

Market-Rate Developer Interviews

High-level Takeaways

Initial Findings

- Generally, developers are going to include parking, but **parking ratios vary by developer preference and project.**
- Height and density bonuses are **dependent on the proposed development and the type of developer.**
- **Land acquisition costs are high**, with landowners holding out for the best price on density. Free or discounted land was seen as a valuable incentive. Property tax relief would provide a real financial offset.
- Every developer noted that the **permitting and approval process (informal + formal) took several years**, which adds costs to the project, in addition to the cost of the permits.
- **Zoning in WSQ districts** was mentioned as positive changes.

Affordable Developer Interviews

High-level Takeaways

Initial Findings

- Discretionary review process creates risk and uncertainty
 - For affordable housing developers, having certainty about what is permitted is important. It is especially impactful when trying to attract ‘new players’ to your community
 - Cambridge AHO mentioned as an excellent model
- Land acquisition is often a major impediment
 - Nonprofit developers struggle to compete with market rate developers. Having a patient seller (such as a municipality) is a big advantage while the developer goes through pre-development and financing.
 - Donated or discounted land can significantly reduce the funding gap, and is often considered a form of local funding match by EOHLC.
- Having a local funding match is essential, such as CPA or AHT funding

Initial Findings

- Other types of incentives help –
 - Waived ground-floor commercial requirement– seen as very impactful
 - Reduced parking requirement – seen as impactful, although developers noted that parking ratios would depend on site dimensions and location within Watertown.
 - Density/height bonus – flexibility is good, but not necessarily impactful for 100% affordable housing
 - Waived permitting fees – somewhat impactful, but tend to represent a low amount and can be counted towards LIHTC eligible basis
 - Property tax relief – seen as impactful
- But in general, by-right approvals, land acquisition, and local funding were seen as more impactful issues relative to the incentives noted above.
- Lack of affordable housing developers/CDCs in Watertown was also mentioned

Zoning + Planning Board Focus Group

High-level Takeaways

Initial Findings

When asked about the development approval process:

- Board members noted a quick (formal) approval process, in part due to the developer conference completed beforehand.
 - Developers noted the opposite, which means there may be a disconnect between what developers' view as the formal approval process/timeline.
- Special Permits as a tool that gives boards more ability to balance development and community, allowing for more flexibility in granting development reliefs.
- Believed more can be done with funding the Affordable Housing Trust to help with affordable housing development, such as better coordination between AHT and CPC.

Initial Findings

When asked about the voluntary incentives:

- There was some hesitancy among participants with offering more voluntary incentives to developers without getting more units at deeper affordability.
- Parking minimums were seen as a favorable offering, but noted the dilemma of having more cars on the street.
- Property tax relief was a non-starter given the current political and economic climate, but offering other financial offsets, such as waiving building permit fees, was seen as more favorable.

Comparison Communities Research

High-level Takeaways

Purpose and approach

- Purpose: Analyze affordable housing incentive programs from relevant comparison communities to help inform Watertown's policy decisions.
- Case study approach used to assess successes and challenges of different program designs
 - Step 1. Conducted a broad scan of existing voluntary incentive programs targeting deeper affordability in and outside of MA.
 - Step 2. Agreed to a list of seven comparison communities with Watertown staff.
 - Step 3. Reviewed each program's enabling ordinance in detail.
 - Step 4. Conducted 1:1 interviews with municipal staff* and collected data when possible.

**Interview with Cambridge city staff is still pending*

Context on voluntary incentive programs

- Voluntary incentive programs differ based on a number of criteria:
 - Fully voluntary vs. blended program type (mandatory IZ + additional voluntary incentives)
 - Type/menu of incentives offered
 - Affordability requirements
 - Project eligibility
 - Alternative forms of compliance
- Program effectiveness depends on:
 - Market conditions
 - How long the program has been active
 - Balance between the value of the incentives vs. affordability required in return

Selected Comparison Communities

Jurisdiction	Program Name	Program Type	Year Effective
Taunton, MA	Inclusionary Housing	Fully voluntary (Note: Taunton does not have a mandatory IZ policy)	1989
Cambridge, MA	100 Percent Affordable Housing Overlay (AHO)	Fully voluntary (Note: Cambridge has a separate IZ policy)	2020
Denver, CO	Expanding Housing Affordability (EHA)	Blended mandatory / voluntary	2022
Minneapolis, MN	Inclusionary Zoning	Blended mandatory / voluntary	2019
Kirkland, WA	Affordable Housing Incentives Program	Blended mandatory / voluntary	2010
Salt Lake City, UT	Affordable Housing Incentives (AHI)	Fully voluntary	2024
Iowa City, IA	Tax Exemption for Affordable Rental Housing	Fully voluntary	2019

Initial Findings from Interviews

Overall findings:

- Voluntary incentives may not be effective at spurring additional affordable units if they do not offer benefits that are significantly more desirable for a developer than the no-incentive scenario.
- Market rate developers showed limited interest in pursuing deep affordability (<50% AMI) even when paired with voluntary incentives.
- Denver, and to some degree Minneapolis and Kirkland, offer examples of blended programs that have had some success in generating additional affordability beyond their mandatory IZ program.

Initial Findings from Interviews

More about incentives:

- Offering a menu of incentives and tiered affordability requirements was generally seen as an effective strategy, as it provides flexibility across different sites and developers.
- Expediting the permitting process was often seen very positively by developers.
- Providing zoning-based incentives on a by-right basis (rather than discretionary basis) was seen very favorably because of the predictability it offers.
- Height and density bonuses are a common zoning-based incentive, and are often tied to underlying zoning allowances.

Initial Findings from Interviews

Other considerations for program implementation:

- Educating and building relationships with developers impacts program success, especially in the initial adjustment period after program implementation.
- Tracking program outcomes is key for ongoing program evaluation and recalibration.



Thank you

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Emma Yudelevitch: eyudelevitch@mapc.org

Evelyne St-Louis: est-louis@mapc.org

Appendices

Submarket Analysis

Zoning Maps

Comparison Communities – Case Studies

Appendix: Submarket Analysis

High-level Takeaways

Watertown IZ Policy

Inclusionary Housing

Citywide		
	Rental	Ownership
5 units or less	Does not apply	Does not apply
6 to 9 units	<ul style="list-style-type: none"> * 12.5% of units * 80% AMI * In-lieu fee available by-right 	<ul style="list-style-type: none"> * 12.5% of units * 80% AMI * In-lieu fee available by-right
10 to 19 units	<ul style="list-style-type: none"> * 12.5% of units * 80% AMI * In-lieu fee only by special permit 	<ul style="list-style-type: none"> * 12.5% of units * 80% AMI * In-lieu fee only by special permit
20+ units	<ul style="list-style-type: none"> * 15% of units * 10% at 80% AMI, 5% at 65% AMI * In-lieu fee only by special permit 	<ul style="list-style-type: none"> * 15% of units * 80% AMI * In-lieu fee only by special permit
WSQ and NMU Districts Only (updated as of 2024)		
<p>Additional incentives are available in the Watertown Square District (WSQ) and the Neighborhood Mixed Use District (NMU) for projects who set-aside at least 50% of units as affordable to <80% AMI. These bonuses are allowed by-right.</p> <ul style="list-style-type: none"> * 1 additional floor (max height of 11') if units are affordable at < 80% AMI * 2 additional floors (max height of 11' each) if units are affordable at < 60% AMI average * Reduced parking minimum, from 0.5 to 0.25 spaces/unit, regardless of AMI level, and may apply for a special permit for further reduction or elimination of parking 		

Market Level Synthesis - Residential

Unit Type	% of Housing Stock	Average Sq Ft	Median Rent
Studio	16%	626 sq ft	\$2,300
1-bedroom	46%	782 sq ft	\$2,800
2-bedroom	32%	1,089 sq ft	\$3,400
3-bedroom	6%	1,501 sq ft	\$3,900

Source: Costar, Zillow, MAPC Rental Listing Database

Market Level Synthesis – Commercial

Type	Market Rents per Sq Ft	Average Sq Ft
Office	\$43.50	3080 sq ft
Retail	\$33.00	2960 sq ft

Vacancy Rate Range: 10%-15%

**Pending Data Update – Numbers may change.*

Submarket Analysis - Residential

Pleasant Street

Average Unit SF:

960 sq ft

Average Rental Price:

\$3,300

Watertown Square

Average Unit SF:

800 sq ft

Average Rental Price:

\$3,000

Arsenal Street

Average Unit SF:

940 sq ft

Average Rental Price:

\$3,500

Map of Recent Developments by Submarket

Submarket Name

- Downtown Watertown
- East Watertown
- Watertown West End

- Open Space
- Water Bodies
- MAPC Municipalities
- MBTA Routes

Next Steps:

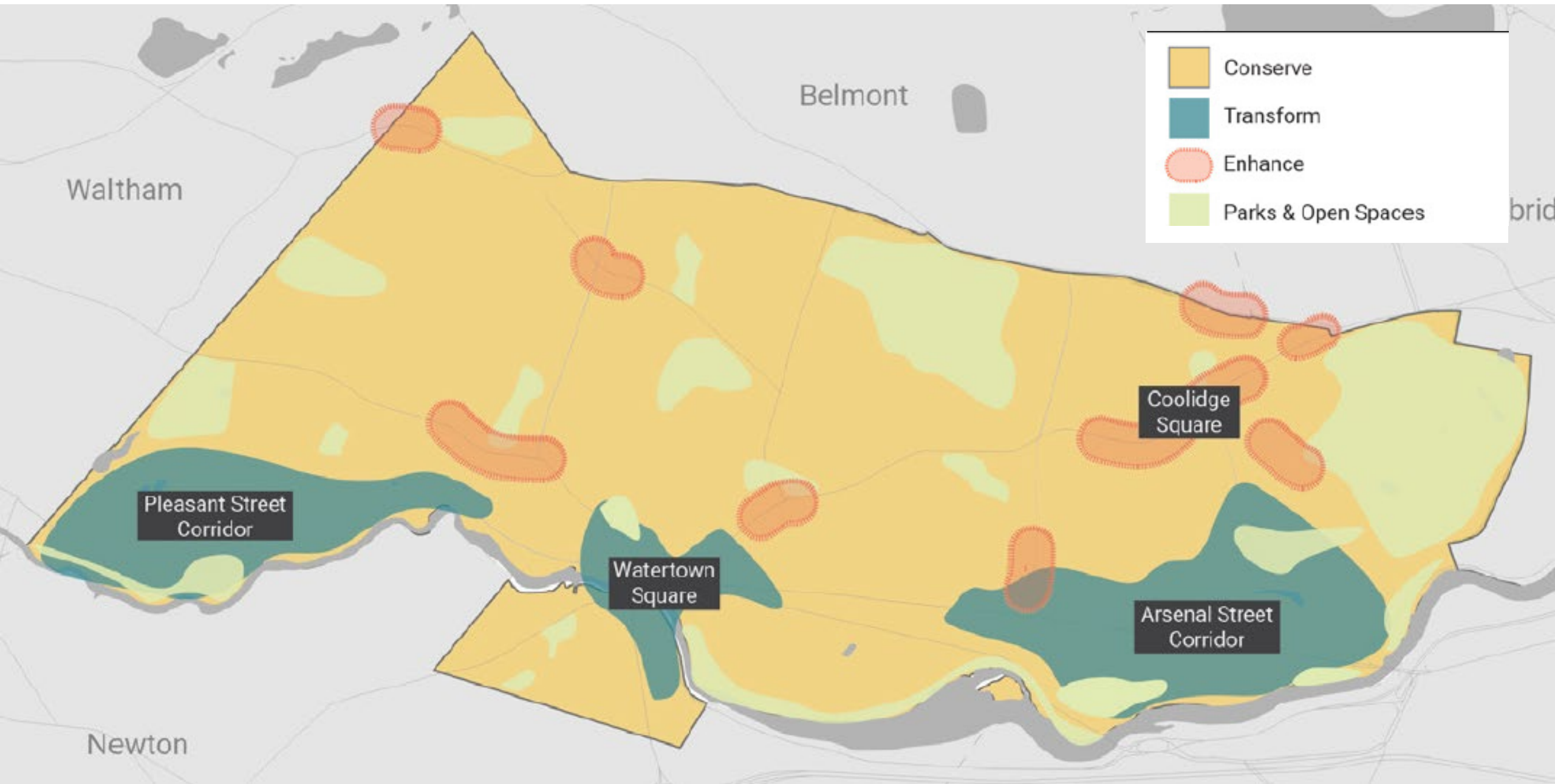
- Add Zoning Layer to Submarket Map



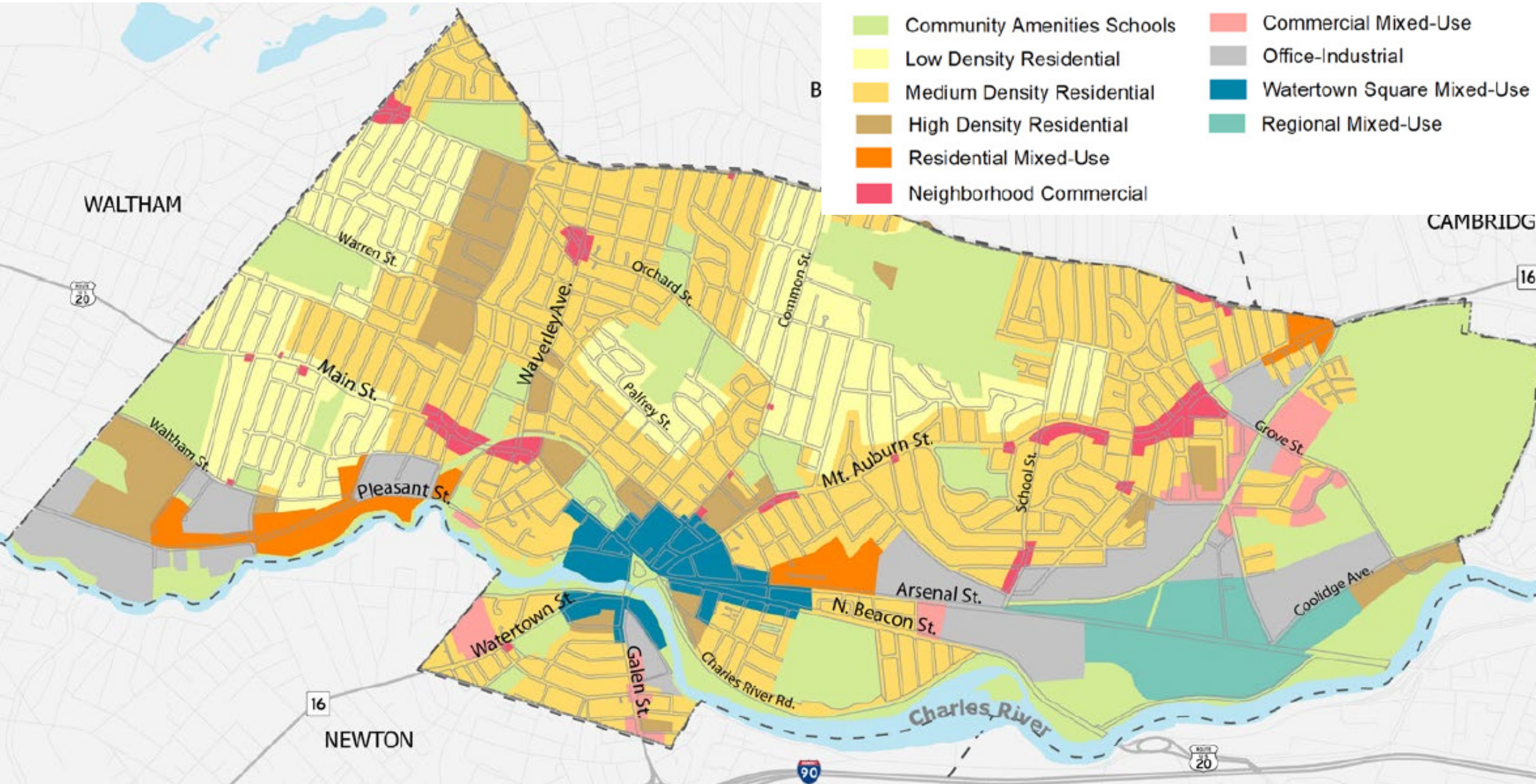
Appendix: **Zoning Assessment**

Zoning Map References

Future Land Use (2023 Comp Plan)



Future Land Use (2023 Comp Plan)

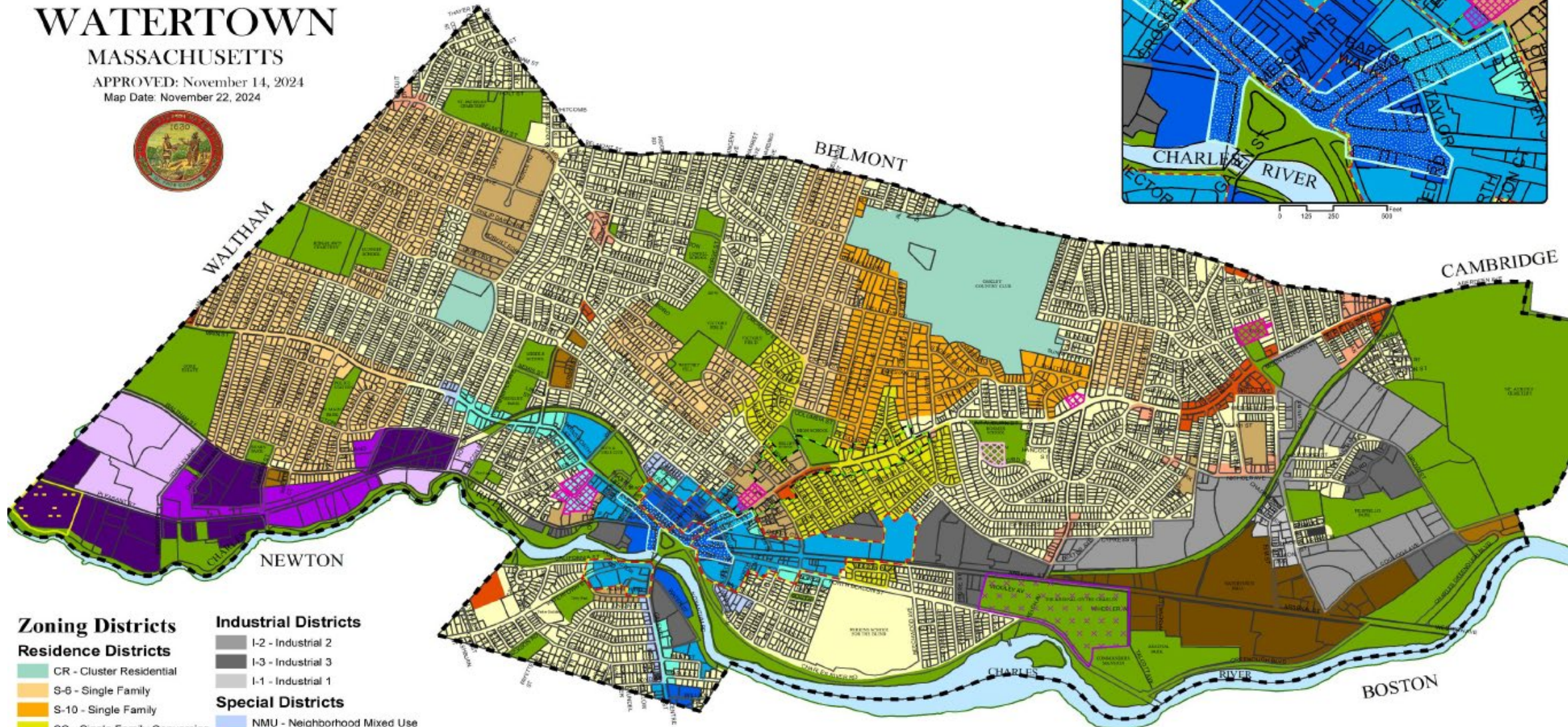


ZONING MAP OF WATERTOWN MASSACHUSETTS

APPROVED: November 14, 2024
Map Date: November 22, 2024



WSQ Active Street Frontage



Zoning Districts

Residence Districts

- CR - Cluster Residential
- S-6 - Single Family
- S-10 - Single Family
- SC - Single Family Conversion
- T - Two Family
- R.75 - Residential Multi-Family
- R1.2 - Residential Multi-Family

Business Districts

- NB - Neighborhood Business
- LB - Limited Business

Industrial Districts

- I-2 - Industrial 2
- I-3 - Industrial 3
- I-1 - Industrial 1

Special Districts

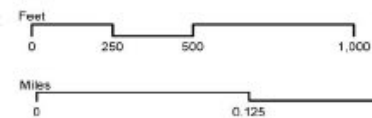
- NMU - Neighborhood Mixed Use
- WSQ3 - Watertown Square 3
- WSQ2 - Watertown Square 2
- WSQ1 - Watertown Square 1
- RMUD - Regional Mixed Use
- PSCD-3 - Pleasant Street Corridor
- PSCD-2 - Pleasant Street Corridor
- PSCD-1 - Pleasant Street Corridor
- OSC - Open Space/Conservancy

Overlay Districts

- ALOD - Assisted Living Overlay
- AODD - Arsenal Overlay Development
- R/SOD - Religious/School Building Overlay
- RD - Limited Redevelopment District
- TODO - Transit Oriented Development Overlay

Map Key

- Active Street Frontage
- Mt. Auburn St. Historic District
- City Boundary
- Water
- Parcels



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Appendix: **Comparison Communities**

Detailed Case Studies

Watertown's current policy

Mandatory Inclusionary Housing (citywide)

- Requires projects with 6+ units to provide between 12.5 to 15% of units at 65-80% AMI, depending on project size.

Voluntary Affordable Housing Bonus (Watertown Square only)

- Incentives available to projects in the WSQ and NMU zoning districts with 50% or more of units affordable at 80% AMI or less.
- 1-2 additional floors, depending on AMI average
- Reduced parking minimums

Taunton, MA

Program Characteristics

- Fully voluntary program. Through special permit, a density bonus may be offered to residential projects that agree to provide one of the following affordability options:
 - Option 1: 10% of units donated to Taunton Housing Authority (THA) or other nonprofit
 - Option 2: 15% of units purchased by THA and 15% sold or rented at < 50% AMI
 - Option 3: 100% of units sold or rented at <120% AMI, with at least 25% of units at < 80% AMI
 - In-lieu fee payment (negotiated through the SP process, equal to construction costs)
- Maximum allowable density with bonus = base density x 1.75 to 2.75

Outcomes

- Program has been used by 5-6 projects in the last decade, but all projects opted for the in-lieu fee payment. Generated \$2.8 million (about \$510,000 per project).
- Average density bonus offered was 2.0
- Lack of data and tracking; generally seen as a helpful tool but not very impactful

Cambridge, MA

Program Characteristics

- Fully voluntary program for projects with 100% units <100% of AMI, and at least 50% of units <80% of AMI.
- Applies in all zoning districts except for Open Space districts.
- Incentives offered:
 - No special permit approval required. There is still a requirement to conduct at least 2 community meetings and participate in a non-binding design consultation with the Planning Board.
 - Height, density, and parking zoning relief offered by-right. Most notably, up to 12 stories in AHO corridors and up to 15 stories in AHO squares.

Outcomes

- Based on data available online, the program has been frequently used : 9 projects have completed the AHO process (750 units) and 7 projects are underway.
- Average affordable housing production has increased from 40-60 units/year prior to 2020, and closer to 150 units/year in the 2020-2025 period.
- Still pending an interview with Cambridge staff.

Denver, CO

Program Characteristics

- Blended program: Mandatory IZ policy with baseline incentives and affordability requirements, and enhanced incentives for enhanced affordability requirements.
- Baseline affordability vs. enhanced affordability: Varies between Typical vs. High Market areas; generally, between 8-15% of units at 60-70% AMI for rental, with enhanced requirements increasing the set-aside requirements by 2-3 percentage points.
- Baseline incentives: Building permit fee reduction; waiver of commercial linkage fee for ground-floor commercial space; parking reduction between 0.25 to 0.75 parking spaces per unit
- Enhanced incentives: By-right height increases (varies by zoning); by-right FAR increase in Downtown; no minimum parking. Expedited review was supposed to be offered, but it has been oversubscribed.

Outcomes

- Successful at generating more affordability – 16 out of 58 market-rate projects subject to IZ opted for enhanced affordability.
- Setting the in-lieu fee rather successfully encouraged on-site provision of units.

Minneapolis, MN

Program Characteristics

- Blended program: Mandatory IZ policy with baseline incentives and affordability requirements; enhanced incentives for enhanced affordability requirements.
- Baseline affordability: 8% of units at <60% AMI OR 4% of units at <30% AMI for min 20 years
- Enhanced affordability: 20% of units at <50% AMI for min 30 years
- Baseline incentives: Modest height and FAR bonus.
- Enhanced incentives: City Revenue Loss Offset Program, a form of Tax Increment financing; greater height and FAR bonuses

Outcomes

- 21 out of 26 projects opted for building units on-site. Of these 21 projects, 19 opted for 8% of units at 60% AMI. Although only one project opted for 20% of units at <50% AMI, staff believe that education about the specifics of the TIF program will help generate more interest in this option.
- Great example of ongoing tracking and recalibration of program requirements over time.

Kirkland, WA

Program Characteristics

- Blended program: Mandatory IZ policy with baseline incentives and affordability requirements; enhanced incentives for enhanced affordability requirements.
- Baseline affordability: 10% of units at <50% AMI ; Enhanced affordability: Not clearly defined.
- Baseline incentives: 8-year multifamily tax exemption (MFTE); exemption from certain permitting fees and school impact fees; modest height/density bonus options and other zoning relief.
- Enhanced incentives: 12-year (instead of 8-year) multifamily tax exemption (MFTE); exemption from traffic impact fees and park impact fees; additional relief on zoning standards on a discretionary basis.
- “Pioneer provision” – requirements increase over time in TOD districts to encourage new development.

Outcomes

- Estimated 4 out of 40 projects opted for the enhanced affordability option (generating about 150 affordable units, including one 100% affordable project). The remaining 36 projects generated about 310 affordable units.

Salt Lake City, UT

Program Characteristics

- Fully voluntary program, as mandatory IZ is illegal in UT.
- Complex program, with affordability requirements and incentives varying by zoning district (Type A, B, C)
- Menu of incentives, primarily height bonus, reduced parking, and expedited review
- Menu of affordability requirements, ranging across AMI levels, set-asides, and unit sizes
- Note: The program also applies in SF/two-family density residential areas, with incentives primarily in the form of allowable housing types, and relief from certain parking, yard, and density requirements.

Outcomes

- Newer program; market conditions also made the program start-up slow.
- 6 out of the 7 MF projects that have utilized the program so far have been 100% affordable. They might have moved forward anyway, but this still represents a benefit for them. Most popular requests were for additional height (5) and for expedited administrative review process (2).
- A few projects in Salt Lake City's SF zones have also utilized the incentives (2 for-sale, 5 rental)

Iowa City, IA

Program Characteristics

- Three different programs – all of which are fully voluntary since mandatory IZ is illegal in IA
 - Tax Exemption for Rental Housing: 15% of units at <40% AMI, in exchange for a 10-year, 40% property tax exemption
 - Riverfront Crossing Upzoning: In the Riverfront Crossing area only, projects must provide 10% of units at <60% AMI rental, or <110% AMI for-sale, in exchange for upzoning request, with most rezoning requests allowed up to max height of 6-8 stories. In-lieu fee option allowed.
 - TIF: In urban renewal areas only, projects can get TIF benefits (financial incentives) if they provide 15% of units at <60% AMI

Outcomes

- The Tax Exemption for Rental Housing has not had use since its implementation in 2019. Staff suspect this is due to the lower AMI targeted by this program, and the fact that the property tax exemption did not sufficiently offset this level of affordability.
- Riverfront Crossings and TIF programs have both been used, which staff suspect may be due to the higher AMI level. Approximately 13 projects have used the Riverfront Upzoning, and 5 have used TIF, although about one thirds of projects have opted for in-lieu payments.