Minutes
Housing Partnership
May 16, 2018
Town Administration Building

Members In Attendance
Fred Reynolds (Chair), Cliff Cook, Brian Costello (Watertown Housing Authority), Torey Dean, David Leon, Helen Oliver, and Andrea Adams (Senior Planner, Department of Community Development & Planning (DCDP))

Others in Attendance: Abhi Bhakta and Arjundev Bhakta (Owners, 100 North Beacon Street), Dan Hassan, President, Grand Senior Living (by conference call), and Kamran Shabazi (101-103 Morse Street)

I. Review of Draft Minutes: April 17, 2018

Mr. Reynolds asked for a motion to approve the Minutes of the April 17, 2018 meeting. Mr. Cook moved to approve the draft Minutes as presented. Mr. Leon seconded, and the Minutes were unanimously approved.

II. Continued Discussion of Independent/Assisted Living – Proposed Changes to the Zoning Ordinance

Mr. Dan Hassan, President, Grand Senior Living, joined the meeting by conference call. His firm is the potential operator of a proposed facility at 100 North Beacon Street.

Ms. Adams, for the benefit of Mr. Hassan, summarized the Housing Partnership's discussion of an affordable contribution by Continuum of Care facilities. These are facilities that offer Independent/Assisted/Skilled Nursing-Dementia Care, or any combination of these three types of care. She noted that the discussion by the Housing Partnership to date has been that Independent Living facilities would provide onsite units. Assisted Living would provide a cash contribution, and Skilled Nursing/Dementia would be exempt from any contribution. The rationale for this is that the more the residents receive care, the more the care portion of the monthly payments becomes the bulk of the cost, versus the housing portion of the cost. She and the Housing Partnership also used a draft of proposed text changes to facilitate the discussion. Ms. Adams noted that this information had been sent to Mr. Hassan and was also posted on the Town's website. She also noted that the Bhaktas were present, who were the owners of 100 North Beacon Street. She noted they, their Architect, Steve Stephen Mackenzie, Mackenzie Architects PC had been working with Department of Community Development staff on the preliminary designs for a potential Independent/Assisted Living facility at 100 North Beacon Street. She said that project, as currently proposed, would have 84 units, of which 63 would be Assisted Living and 21 would be Dementia Care. Based on this, and the potential Zoning Text Amendment, the project would be required to provide 15% of the Independent Living units, or 9.45 = 9.0 units on site.

Mr. Hassan noted that his company was based in Charlotte, Vermont, and had a history of developing Assisted Living facilities, including one is New Hampshire that has been in operation for at least 15 years. He said Grand Senior Living was also involved in the proposed conversion of Walter Reid Medical Center in Washington, DC to an Assisted Living facility. Working off the Town's proposed breakdown of how such facilities would provide a contribution, he suggested it made general sense. His opinion was that Independent Living could be treated as "apartments." He also suggested that exempting Skilled Nursing/Dementia Care from a contribution made sense, because the bulk of the expenses from an operator's perspective was the skilled labor. He noted that based on initial calculations for the potential project in Watertown, 60-65 is the minimum number of units at market rate appears to make the proforma work.

Given this, the discussion focused on what made sense relative to Assisted Living units. Mr. Hassan described the experience at Grand Senior Living's facility in New Hampshire. He said the facility had 54 units, of which 12 were affordable. He said the cost of services was key. Mr. Hassan said the way it commonly works is that the prospective tenant has some money (from converted assets, retirement, pension or Social Security) and then the facility gets a per person per diem payment for providing the service, and the market rate units may or may not provide a "subsidy" to the affordable units. He said that this combination, at least in New Hampshire, is enough to allow the facility to offer 12 affordable units.

Mr. Hassan described the subsidy programs available in New Hampshire, which include Home/Community Based Care and a program that is not available in New Hampshire, but is available in some areas of Massachusetts, which is called PACE. He said these were relatively analogous to Group Adult Foster Care, which is a program that Massachusetts has. He said the typical reimbursement from these programs can vary, but based on some current numbers, they can amount to $2,400 per month per person, or $80 per day per person.

Mr. Hassan noted that the service and labor portion of the cost is variable. He suggested that Independent Living in general has approximately 30-40% variable cost, where an Assisted Living facility can have up to if not more than 66% variable cost.

Mr. Hassan suggested the only way to incorporate a significant number of Assisted Living units in these facilities' cost structure is to provide assistance in project financing, as was the case in New Hampshire. He said that facility was partially funded by a state program, similar to Massachusetts' Department of Housing and Community Development. He also noted that the existing facility in New Hampshire also has a land use/affordability restriction that sunsets after 20 years. He noted that these could be incentives that the Town of Watertown could consider or assist with.

Ms. Adams asked how the facility in New Hampshire ensures that the prospective tenants in the affordable units are truly income eligible? Mr. Hassan said, based on several years' experience, that there have been some tenants who have attempted to come into the facility who were not necessarily income eligible, but that is not common. He said first, those persons who have significant incomes or assets generally do not choose to live in such facilities; rather they opt for fee-for-service in-home care. Mr. Hassan said his company also performs income eligibility assessments, similar to what is the case in traditional income-gated Inclusionary Zoning units. In addition, his company performs an assets test that looks at whether or not assets were put in an irrevocable trust, and how much was put in the trust, and when. He said this is similar to what the Center for Medicaid and Medicare Services (CMS) does, in that there is generally a 5-year lookback and an asset maximum.

The Housing Partnership members asked clarifying questions, including how many facilities his company operates, and how the subsidy payments worked.

Mr. Hassan said he would give consideration to other potential "carrots" or incentives that would be attractive to developers of projects such as these, and if there was a "sweet spot" in terms of the particular unit set aside (which might be less than 15 percent given the size of the proposed facility on North Beacon Street).

Ms. Adams asked that he provide any further feedback to her, and said the same to the Housing Partnership members, as they cannot discuss such matters outside of a posted meeting.

Mr. Reynolds asked for any other questions, hearing none, he thanked Mr. Hassan for his participation.

III. Review of 101-103 Morse Street – Compliance with Section 5.07 of the Zoning Ordinance

Mr. Shabazi noted that his prior project had been withdrawn at the Zoning Board of Appeals, and this project had been redesigned, based on comments and directives received during the Planning Board and Zoning Board of Appeals review. The number of units has dropped to 36, which has allowed the general units sizes to get larger, relative to the minimum unit sizes set by the Department of Housing and Community Development and Watertown's Zoning. However, most of the units, with perhaps the exception of the studios, are all smaller than the Zoning requires.

Ms. Adams noted that based on prior discussions with DHCD, all units, market rate and affordable were generally similarly impacted, then DHCD would accept the affordable units and allow them to be counted as affordable on the Town's Subsidized Housing Inventory.

The Housing Partnership generally expressed support for the project, and for Mr. Shabazi's offering of affordable units.

Mr. Dean moved to accept the affordable units as proposed by Mr. Shabazi. Mr. Cook seconded the motion, which was unanimously approved.

Mr. Reynolds offered an idea to Mr. Shabazi, which he said was his own, and not that of the Town nor the Housing Partnership for rental units. He suggested that the Town provide a payment based on a percentage of the construction costs per square foot.

He explained the proposed calculation as:

> Affordable rent/market rent = rent reduction %
>
> Rent reduction % **X** sq. ft. construction costs = Town payment per sq. ft.
>
> For example:
>
> Affordable rent $1,000 month / Market rent $2,500 month = 0.4 or 40%
>
> Therefore, the town would pay 40% of the per sq. ft. construction costs for each unit
>
> For an 800 sq. ft. unit it would be something like: 800 sq. ft. **X** $200 per sq. ft. construction **X** 0.4 = $64,000.00 Town Payment.

He noted that affordable units created in this way would be treated the same as affordable units created through Inclusionary Zoning. Mr. Reynolds noted that this would have to be discussed by several layers of Town Administration before it would potentially come to fruition but asked if something such as this was attractive to a developer such as Mr. Shabazi. He noted this based on the fact that his project was relatively small and involved the redevelopment of an existing building, which generally posed more financial issues than new construction of a larger project.

Mr. Shabazi appreciated the idea but noted that he would have to study it in more detail, to determine if it was attractive based on his carrying costs, and proposed financing plan to date.

Adjourn
Noting the lateness of the hour, Mr. Reynolds asked for a motion to adjourn the meeting.

Mr. Leon moved to adjourn the meeting, and Mr. Costello seconded the motion, which was unanimously approved. Meeting adjourned at 7:45 PM.