Minutes
Housing Partnership
Special Meeting
October 23, 2018
Town Administration Building

Members In Attendance
Fred Reynolds (Chair), Cliff Cook, David Leon, Steve Magoon (Director, Department of Community Development & Planning Assistant Town Manager) and Andrea Adams (Senior Planner, (DCDP)

Others in Attendance: Councilor Tony Palomba (came late)

I. Review of Draft Minutes: July 9, 2018

Review and approval of the July 9, 2018 Minutes was postponed to the next Partnership meeting.

II. Karina Milchman, AICP, Chief Housing Planner, Metropolitan Area Planning Council

Ms. Milchman gave a PowerPoint presentation. She noted that the Metropolitan Area Planning Council (MAPC) provides Watertown and 100 other cities and Towns with planning technical assistance, grant writing, economic forecasting, and other services. Watertown is in the MetroBoston or Inner Core sub-region within MAPC's service area. The focus of the PowerPoint was on housing issues. For example, only four Metropolitan Statistical Areas have higher two-bedroom rents than Boston, according to Zumper.com. The situation is similar for ownership. These include the cities of San Francisco, Lost Angeles, and San Jose in California, and New York and Washington, DC. Home prices have significantly increase in the Inner Core municipalities since 2009. And, as is shown in Watertown's 2014 Housing Production Plan, high housing costs translate to housing cost burden. These are households spending more than 30% of their income on housing, including rent, utilities, mortgage, property taxes, and insurance. Since 1990, cost burden in Metro Boston rose among all income groups, with the biggest increases for middle income households, which are now experiencing rates of cost burden similar to low income households in 1990. Still, low-income households have the highest rates of cost burden.

In terms of population growth, the Inner Core communities are now growing faster than suburbs or other urban centers throughout Eastern MA. This is a reversal of the trends of the 1970s through the 1990s, when suburbs were growing faster than the Core. She noted that Watertown's population has increased by 8% (2,770) since 2000. Similar to population changes, over an 8 year period after the recession, the Inner Core gained 138,000 jobs. This has made communities in and near the Core attractive places to live, as workers want to live closer to their jobs and in more urban environments. Housing production plays a role, in that although the State is producing more housing since the 1990s, much of it is in single-family homes, despite increased demand for multifamily housing. And, there is a generational shift that is impacting housing and employment availability. Baby Boomers (born between 1945 and 1970) will be leaving the Metro Boston labor force in large numbers over the coming decades, but they will not necessarily be leaving the region. Migration data show that some retirees choose to move out of state, but many decide to "age in place." While 863,000 Boomers may leave the labor force between 2010 and 2030 in Metro Boston, they will free up only 116,000 units. New units will be needed to accommodate new worker households. This, in turn, leads to very low vacancy rates. Watertown had 5.6% vacant housing units in 2010.

The solution would seem to be build more housing. In the Inner Core, housing development costs are higher than national averages. Construction costs (labor and materials) are the highest share followed by land acquisition.

One common form of community opposition to housing in general and multi-family housing in particular is the common misconception that housing production leads to an increase of school age children, and thus higher school enrollment. MAPC did a study that indicates there is that there is no clear correlation between the two. Ms. Milchman noted that many communities are seeing declining enrollment, but there are two types of urban communities that have growing school enrollment—those mostly in the Inner Core that are relatively high-income with high-performing schools (Brookline, Lincoln, Arlington, Belmont, Lexington, Cambridge, Natick), and those that are some of the few remaining affordable places to buy or rent a home in the region (Revere, Waltham, Lynn, Everett, Chelsea).

Ms. Milchman noted that MAPC has tools that can help municipalities address these issues. MAPC works with communities to utilize housing data, create housing studies and reports, develop housing plans at various scales and draft zoning. She also profiled several projects MAPC had worked on, including a mixed-use/multi-family development in Woburn near the Anderson Commuter Rail Station. MAPC also conducts studies to identify suitable locations for housing development. She noted the project MAPC had done in Sherborn, MA which identified locations in the Town Center that were suitable for redevelopment, and considered what housing types might be appropriate on each site or each site classification.

Mr. Reynolds thanked Ms. Milchman for her presentation, and noted the Partnership would like to invite her back to a future meeting, to discuss some tools Watertown could use to augment the Inclusionary Zoning Ordinance.

III. Discussion of Option to Purchase 110 Pierce Road

Ms. Adams noted the property in question is 110 Pierce Road, which is owned by Mr. Martin Doo. In April 1994, Mr. Doo entered into a Loan Agreement with the Town as part of the American Dream Downpayment Assistance First Time Homebuyer Program (ADDA). The ADDA, using HOME funds, gave Mr. Doo a $22,500 loan. As of October 23, 2018, Mr. Doo has any of the ADDI Loan.

In return for the ADDA loan, the property has a Note, Mortgage, Affordable Housing Covenants and a Recapture Exhibit (Affordable Housing Documents) that control aspects of the property's ownership and sale. Taken together, the Affordable Housing Documents:

A. Require the property owner, Mr. Doo, to notify the Town of an intent to sell. Mr. Doo has done that (the Town received a letter from him on 10/10/18) and intends to sell at Market Rate.

B. If the sale is Market Rate, the property owner must pay the Town any outstanding balance on the ADDA loan, adjusted for any Town-allowed permanent improvements made to the property. To date, Mr. Doo has been given credit for $18,901 in permanent improvements.

C. The Affordable Housing Documents also stipulate that the Town is also entitled to 47% of the property's appreciation if the sale is Market Rate.

D. The Town also has 30 days from Mr. Doo's notice to sell (11/9/18) to decide to hire an Appraiser, and conduct an appraisal of the property. Once the Town has received the appraisal, the Town has 60 days to elect to purchase the property at the appraisal price.

Ms. Adams also noted that because the ADDA loan was made with HOME funds, any proceeds to the Town from the sale would revert to the WestMetro HOME Consortium as Program Income. She noted that Watertown retains use of Program Income for an extended period of time, but if used, it comes with all of the other "strings" attached to HOME money, such as if a property needs rehabilitation, HOME funds stipulate the property as a whole must be brought up to code. She also noted the amount of non-HOME funds available to the Town to potentially purchase the property, but doing so at market rate (probably at or near $400,000) would take almost all of those funds.

The Partnership members, using the Recapture Exhibit, discussed ways to keep the unit as affordable. The consensus, give the short timeframe, the likelihood of a high market sale price, and the language in the Recapture Exhibit, was to seek the opinion of the Town's Attorney as to the disposition of the property.

Adjourn
Mr. Reynolds asked for a motion to adjourn the meeting.

Mr. Cook moved to adjourn the meeting, and Mr. Leon seconded the motion, which was unanimously approved. Meeting adjourned at 8:05 PM.