CITY OF WATERTOWN

Watertown Affordable Housing Trust

WATERTOWN AFFORDABLE HOUSING TRUST MEETING
TUESDAY, DECEMBER 20, 2022 AT 6:00 PM
AGENDA

ACCESS INFORMATION:

A. The meeting will be televised through WCATV (Watertown Cable Access Television):

B. The Public may join the virtual meeting online: THIS MEETING IS NOT HYBRID--IT WILL HAVE ONLY REMOTE PARTICIPATION BY MEMBERS AND THE PUBLIC https://watertown-ma.zoom.us/j/91712481602

C. Public may join the virtual meeting audio only by phone: (877) 853-5257 or (888) 475-4499 (Toll Free) and enter Webinar ID: 917 1248 1602

D. Public may comment through email: lfield@watertown-ma.gov prior to or during the meeting.

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1. Minutes of November 15, 2022 meeting
2. Chair's report—relationship between Community Preservation Committee and Affordable Housing Trust
3. Tabled from last meeting-- discussion of Affordable Housing Goals/Strategies
4. Update: affordable housing linkage fee
5. Site identification
6. Other business

Watertown Affordable Housing Trust
Preliminary Strategic Plan for 2023

Watertown's Housing Plan (2021-25) contains six goals and 25 strategies. In order to focus its first full year of operation, the Watertown Affordable Housing Trust's initiatives will concentrate on promoting a pipeline of projects eligible for federal/state funding. This will require identification of feasible sites, affordable development partners, and local funding sources. These projects may be 100% affordable or be sufficiently mixed-income to qualify for federal/state funding.

Since the Trust is at an early stage, this strategic plan is "preliminary" and may be revised as the body considers other strategies, e.g., supporting Watertown Housing Authority portfolio reinvestments or proposing an accessory dwelling unit ordinance.

The Trust's work in 2023 will also include continuing responsibilities, such as reviewing project proposals that include inclusionary zoning units, Watertown's participation in the WestMetro HOME Consortium and policy recommendations as needed.

SITE IDENTIFICATION

Site identification will require a combination of methods. These may include: encouraging affordable developers to look in Watertown, developing broker contacts who can spread word about the city's interest and provide early information about available sites, direct outreach to owners and contracting with professionals for assistance. To support all of those methods, a site inventory may be useful.

Particular points to discuss at this meeting:

1) What are we looking for? (major site parameters)
2) Should the Trust actively explore opportunities or wait for opportunities to be presented?
3) Would an inventory be worth the resources involved?
4) Whether actively searching or waiting, should the Trust engage professionals now to help us do site due diligence?

To start the conversation, I've suggested some answers for the first question and provided information relevant to the other questions.

Major site parameters (proposed)

DHCD round eligible: although the Trust will look at affordable housing at varying scales and AMI levels, site identification at this time does not require us to make choices as long as the sites are suitable for a project that uses local $$ to leverage federal/state resources. The relevant thresholds are:

- New rental: 20+ units
- New ownership: 10+ units
- Acquisition/conversion of existing rental properties to affordable: 20+ units
- At least 40% at or below 80% AMI (ownership at 80%)

[Note: separately, we'll continue to watch expiring use preservation opportunities]

Housing program to be determined: we should not pre-judge bedroom configuration, tenure, number of bedrooms, resident ages, or presence of supportive services at this time.

Zoning approval can be achieved without amending the ordinance (i.e. , by right or special permit): while rezoning may be realistic in some cases, the sites should have a clear path to zoning approval.

Parcel profile: The preceding parameters affect the parcel profile.

- Lot size: approx. 20,000 sf for rental and 15,000 sf for ownership
- Zoning district: must be in zoning district where allowable FAR will yield the minimum number of units or include a non-conforming residential structure with sufficient yield

- Transit proximity: walkable to existing bus lines (access to Arsenal, Belmont, Galen, Main, Mt. Auburn) or the TMA shuttle (Pleasant)

Existing structure(s) on the site: if the parcel is substantially covered by an existing commercial or residential structure built within the last 30 years, it ordinarily should be excluded. However, if there is information suggesting the site is under-utilized or that conversion from market-rate to affordable/mixed income is a plausible scenario project, it may be a suitable site.

There are approximately 158 sites that are over 15,000 sf in zoning districts that allow multifamily housing or mixed use by right or by special permit. This is a "gross" number, in that it does not consider unit yield, transit proximity, or existing structure(s).

Active search or wait for opportunities?

Over the last 5 years, few opportunities have been brought to the city/housing partnership. Since formation of the Trust, and staff outreach in September to affordable developers, there has been an uptick in interest.

Building a Site Inventory

The first step of a site inventory (identifying parcels by lot size from the assessor records) has been completed. The second step will require review of the initial results to remove sites based on any criteria that requires additional information or judgment. The second step could be done by staff and/or by an intern (who would need to be hired).

Exploring Sites

Going any further than an inventory will require outreach and/or due diligence. An active search will require us to pivot to due diligence if the owner expresses interest. Even if we are waiting for opportunities, there may be value in being prepared to promptly start due diligence.

Based on conversations with affordable developers (including Zoe), the two acquisition models that bear on this question are: 1) option agreement with approval contingencies, or 2) sale financed with some equity at risk (a less common model). An option agreement typically has a due diligence period and a non-refundable deposit. However, the non-refundable deposit is usually small enough for an affordable developer to proceed with a more limited scope of due diligence than required if substantial financing/equity risk is involved.

Should we contract with one or more of the following professionals?

- Broker who has an incentive to bring opportunities to the Trust and can approach owners on our behalf
- Licensed site professional (LSP) to conduct at least a preliminary environmental review
- Architect experienced in multifamily housing development to complete a preliminary zoning analysis and potential development concept (incl. number of units, parking, open space, etc.)