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Minutes of Watertown Affordable Housing Trust Meeting
December 20, 2022 6:00PM, Remote Participation Only

Members in Attendance
Cliff Cook, Jill Hyde, David Leon, Helen Oliver, Leo Patterson, George Proakis, Zoe Weinrobe.
Non-members present: Larry Field (staff), Alisa Gardner-Todreas, Mark Kraczkiewicz, Michael Lara, Jacky Van Leeuwen.

I. Minutes of November 15, 2022 meeting

The minutes of the November 15, 2022 meeting were unanimously accepted as written.

II. Chair's Report--relationship between Community Preservation Committee and Affordable Housing Trust

Cliff reported that he and Larry attended the Community Preservation Committee (CPC) meeting on November 17 and subsequently met with Mark Kraczkiewicz/chair and Lanae Handy/CPC staff. Based on those meetings, the two bodies have a similar understanding about how they can work together in the next year but specifics will be on a "take it as it comes" basis. There may be need to coordinate, as there are uses for affordable housing money that are not eligible for CPA funding, while the CPC is in better position right now to fund creation of new units. Larry added that there is a spirit of collaboration between the two chairs and staff.

III. Tabled from last meeting--discussion of Affordable Housing Goals/Strategies

Cliff introduced the preliminary goals/strategies document (attached) by saying that it made sense to focus on identifying sites, funding and partners to create new affordable units. Jill asked about the reference to housing authority projects. Michael Lara said that the WHA has projects beyond 103 Nichols Ave, including modernization and potential redevelopment and that there will be a presentation at a future Trust meeting, probably in January, about these projects. Leo asked if there is an existing list of potential sites. Cliff said the housing partnership never looked for sites but reacted when a potential site was brought up by Metro West Collaborative. George said he had mixed views on highlighting sites of interest: on the one hand, that could affect acquisition cost but, on the other, it is good to have an understanding of site opportunities around the city. Cliff noted that a difference between Somerville and Watertown is that the latter essentially has had one affordable developer (Metro West) looking for sites. The Trust can both initiate more and also encourage other affordable developers to look for sites.

Cliff said there seemed to be a consensus that the proposed focus was a good one and that a formal vote was unnecessary.

IV. Update: affordable housing linkage fee

Larry noted that the home rule petition for a linkage fee passed the legislature and was signed by the Governor. The next step is for the City Council to adopt an ordinance. The Administration hopes to propose language before the Trust's January meeting. Assuming that the draft is available, it will be on the January agenda for discussion. There were questions by trustees about the parameters in the home rule petition (the fee can be up to $18/sf, with annual CPI increases and a 30,000 sf threshold of new or rehab development), the nexus study recommendations on the fee level (between $9.44 and $11.12/sf), whether the commercial part of mixed use projects are covered (yes), and when the fee is imposed (it attaches when a permit is granted but the triggering event for payment would be determined in the ordinance).

V. Site identification

Cliff started the discussion by going through the site identification paper prepared by staff (attached). Helen asked why the paper used 40% of affordable units at 80% of area median income as a benchmark; Cliff and Larry said this was to include mixed income projects and was not related to tax credits. Jill asked if sites with existing structures were being excluded; Larry said the phrase "under-utilized" captures redevelopment opportunities and sites with space for additional construction. There was consensus that the document sets forth a reasonable description of sites to identify.

The trustees discussed use of an intern versus a consultant to help identify sites. Several trustees pointed out that the costs and skill sets vary significantly. Jill was reluctant to use a real estate broker to help identify sites. Larry said that he, with help from Cliff, had already reached out to MIT and Tufts to explore using an intern to help on a site inventory. The value of a consultant would mainly be in evaluating a specific site if available. Zoe moved (Jill seconded) that staff be authorized to hire an intern for up to $5,000 to help create a site inventory and possibly help with site analysis, with staff to draft a short scope of services for an intern. The motion passed unanimously.

With respect to retaining professionals to assist in site evaluation, there was interest in obtaining more information and discussing options at a future meeting. The trustees asked staff to provide a potential scope of services and how a retainer agreement might work. Cliff thought the Trust could have a retainer arrangement with a professional for up to three years; George said Somerville had multiple "house doctors" that could be used by the planning department as needed.

VI. Other Business

There being no other business, the trustees voted unanimously to adjourn the meeting at 7:15 pm.

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.)