Town of Watertown
Community Preservation Committee
Administration Building
149 Main Street
Watertown, Massachusetts 02472
Tel. (617) 972-6417
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Committee Members
Elodia Thomas, Chair
Jonathan Bockian
Jason Cohen
Bob DiRico
Dennis J. Duff
Mark Kraczkiewicz
Allen Gallagher
Maria Rose
Susan Steele

Meeting Minutes: Thursday, September 24, 2020, Remote Zoom Meeting, 7:00 PM

Committee Members Present: Elodia Thomas, Chair; Jason Cohen; Jon Bockian; Mark Kraczkiewicz; Dennis Duff; Allen Gallagher; Bob DiRico; Maria Rose and Susan Steele.

Others Present: Lanae Handy, CPC Coordinator; Larry Field, Community Development and Planning; Tom Tracy, Auditor; Dave Harrison, and Susan Falkoff.

1. **Call to Order,** Elodia called the meeting to order at 7PM and presented information about the governor's order to suspend some provisions of public meeting law to allow remote meetings. Attendance was taken through a roll call all were present.

2. **Watertown Affordable Housing Presentation by Larry Field**

   Larry Field presented information on affordable housing in Watertown designed to be a reference for the Committee. The statistics presented were obtained from the latest 5-year American Community Survey, dated 2014-2018. He covered housing needs, gave a brief recent history of affordable housing in Watertown, described funding affordable housing projects, and outlined the current Emergency Rental Assistance Program created by the Housing Partnership. The Power Point presentation is attached to these minutes.

3. **Acceptance of 8-31-20 Meeting Minutes with Amendment**

   The following changes to the minutes were requested: On page 2, replace the word "essence" with "interest" and on page 3, insert "To date," before, "The only administrative expenses…"

   Motion: Jason moved to accept the 8-31-20 meeting minutes with the two changes and Mark seconded the motion.

   Vote: Elodia Thomas, Jason Cohen, Jon Bockian, Mark Kraczkiewicz, Dennis Duff, Allen Gallagher, Bob DiRico, and Susan Steele voted in favor. Maria Rose abstained because she was absent from the 8-31-20 meeting.

4. **Graphic Designer - Scope of Work and Budget submitted by Marcia Ciro**

   Elodia spoke about the positive attributes Marcia would bring to the project. Lanae summarized the scope and budget proposed by Marcia and commented that it was very reasonable. The scope and budget proposal are attached. Maria, thought the budget was possibly too reasonable and would approve a budget limit of $2,000 based on the unexpended funds remaining from the Goldson contract.

   Tom Tracy informed the Committee that because the relationship with Goldson was severed, the remaining funds budgeted dropped back into the undesignated fund. He also noted that as the design budget was under $5,000, it did not require three quotes.

   Motion: Dennis moved to approve hiring Ms. Ciro at $60/hour with the amount not to exceed $2,000 for design services on the Community Preservation Plan. Should more funds be required, the Committee must approve the increase. Maria seconded the motion.

   Vote: Members voted unanimously in favor.

5. **Update on Plan Revision: Application Manual, Housing, Open Space and Recreation Sections**

   Lanae spoke about work being done on the application manual and noted that Jason had incorporated comments from other committee members and edited the application manual, including further comments from Jon. Lanae, Jason, and Susan met to discuss the document's concept, including what was missing and what could be presented more clearly. Lanae and Susan worked on adding decision guidelines not found in the Goldson draft. Based on the group's work, Lanae would produce a clean draft of the entire application manual for review by the group.

   Elodia gave an update on the progress other working groups made. After a meeting with Elodia and Lanae, Mark edited the housing section of the plan. He produced a much clearer piece using information from the draft housing plan written by Larry Field. After a meeting about the concept for the open space section Leo Martin and Patrick Fairbairn agreed to make further revisions to that chapter. Since open space and recreation are so linked and they will be combined.

   Mark asked about a deadline for plan revisions. Elodia and Lanae stated that it was important to take the time needed to produce a quality product. Lanae suggested a draft of the application manual and possibly other sections of the entire plan may be ready for review by the full committee in late October.

6. **Final FY2020 Financial Report and CPA Fund YTD**

   Tom Tracy described the financial statement and remarked the cash balance as of June 30th was a little over $7 million. He also went over the expenses for FY2020 that included the Community Preservation Coalition membership and Goldson contract fees as well as Lanae's salary and some fees for notetaking.

Elodia asked about estimated reserves for each CPA category not being "topped up" to reflect the actual revenue amount. Tom explained that based on his understanding from the Department of Revenue, the estimates remain fixed and any surplus gets added to the undesignated reserve, giving the committee more flexibility in awarding funds. He also emphasized his estimates were conservative and made pre-Covid pandemic.

Jason asked about whether there is a fair amount of certainty in the surcharge revenue despite the pandemic. Tom agreed with that statement as long as collection rates remained high—they have historically been in the 97-98% range. He cautioned that whether collection rates remained that high in light of the pandemic remained to be seen. The financial statements are attached to these minutes.

7. Informational Tour of Town Open Space

During the concept meeting on the open space section of the plan, Bob suggested touring three open spaces—Walker Pond, Commander's Mansion, and Arsenal Park. Maria reminded the Committee that before the pandemic a conservation walk was planned and this would be a good substitute. The walk was scheduled for Saturday 10/3 (with Sunday 10/4 as a rain date), at 11am, beginning at the Commander's Mansion.

8. Adjournment

Motion: Jon moved to adjourn the meeting and Allen seconded.

Vote: Members unanimously voted to adjourn the meeting at 9:09 PM**.**

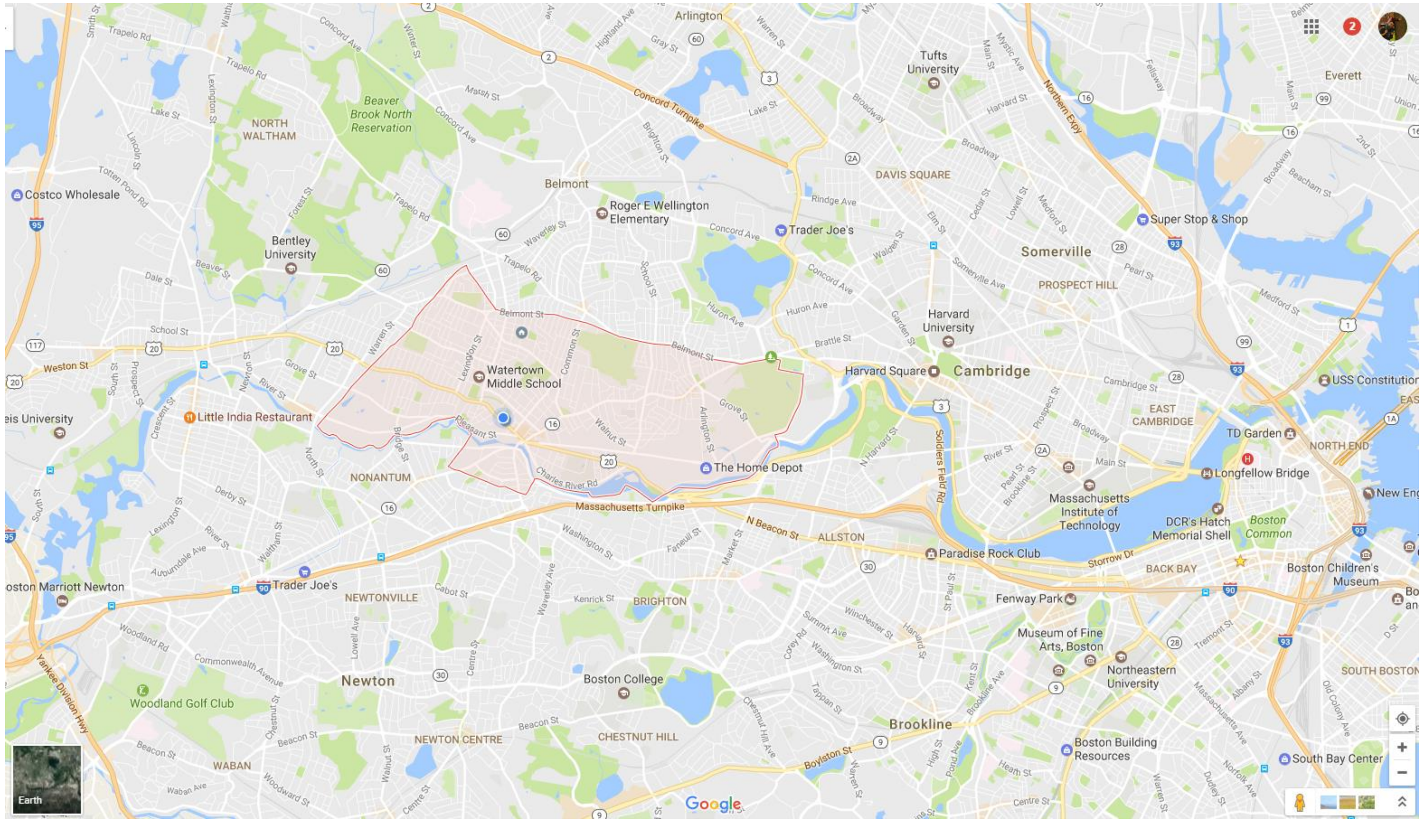
Affordable Housing in Watertown

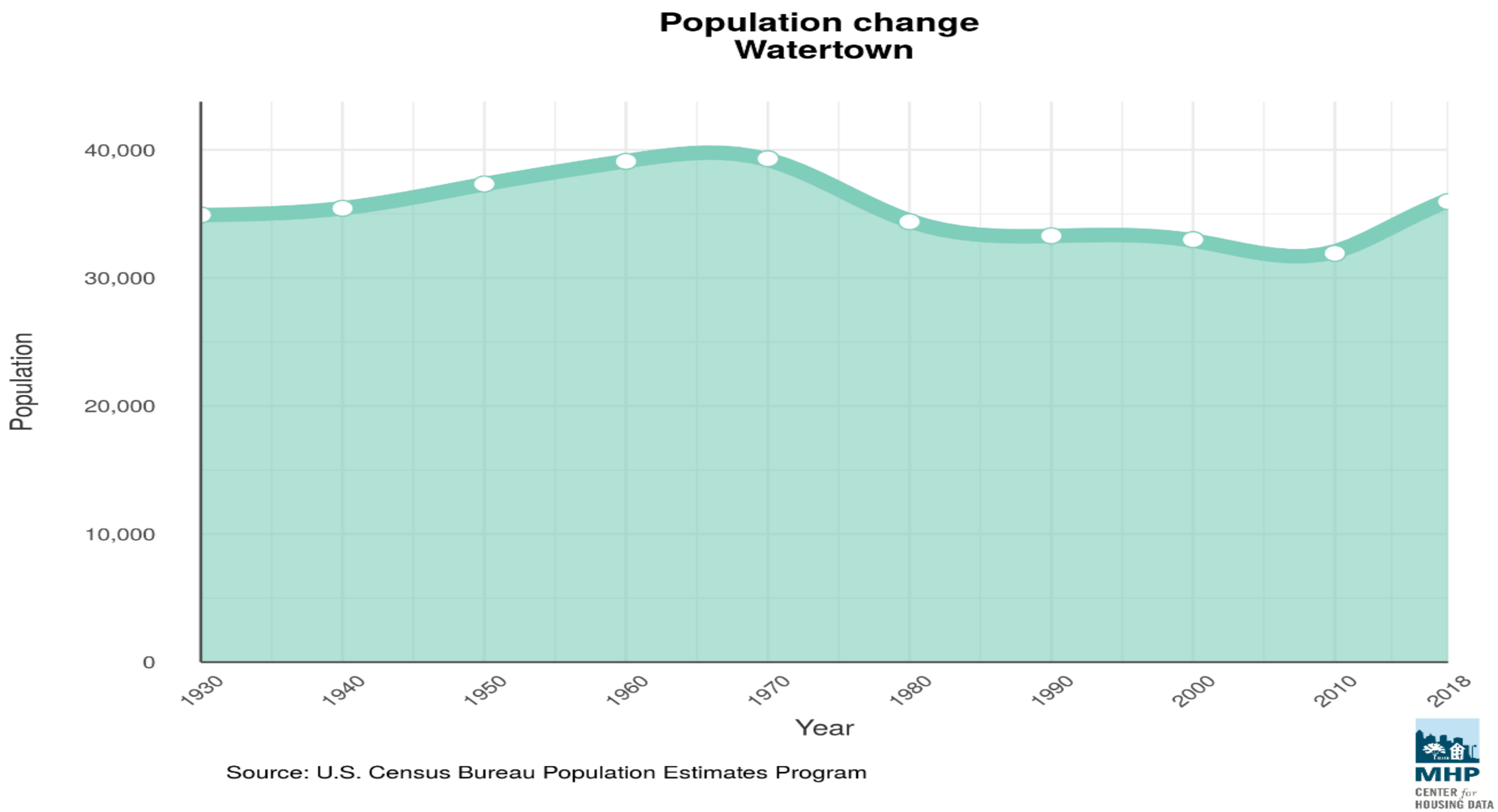
PRESENTATION TO COMMUNITY PRESERVATION COMMITTEE

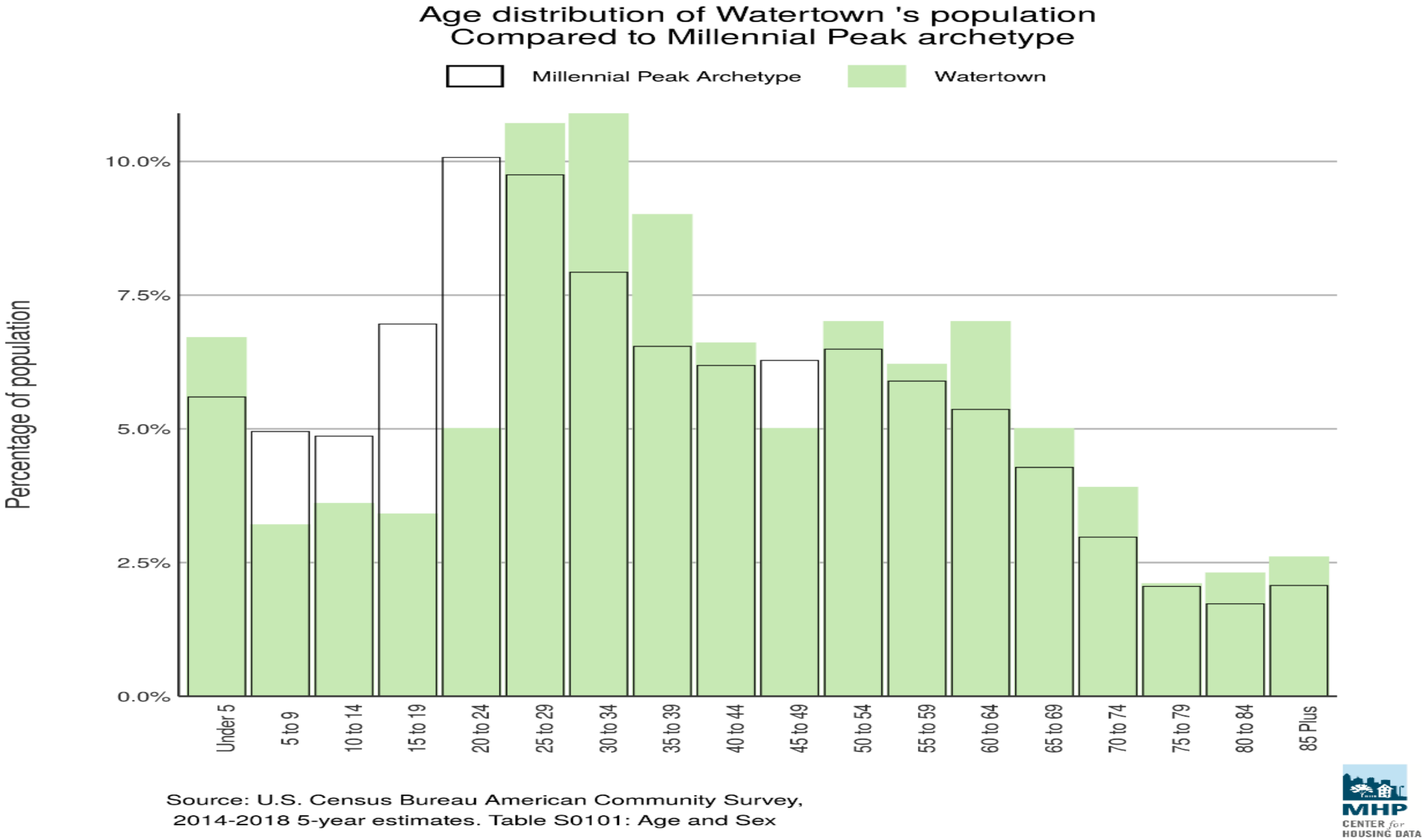
SEPTEMBER 24, 2020

Outline of Topics

1. Housing Needs Data
2. History of Affordable Housing in Watertown
3. Funding Affordable Housing
4. Emergency Rental Assistance




Population change
Watertown
40,000
30,000
20,000
10,000
0
Population
1930
1940
1950
1960
1970
1980
1990
2000
2010
2018
Year
Source: U.S. Census Bureau Population Estimates Program
MHP
CENTER for
HOUSING DATA



- Lower % of households with children (21.8%) than in many nearby communities

Individuals with a Disability

- About 11% of Watertown households have at least one individual with a disability
- Percentage with a disability rises with age

Age	Percent with a disability
Under 18	3.3%
18 to 64	7.5%
64 to 74	17.2%
Over 75	53.7%

Source: American Community Survey 5-year estimates 2014-2018

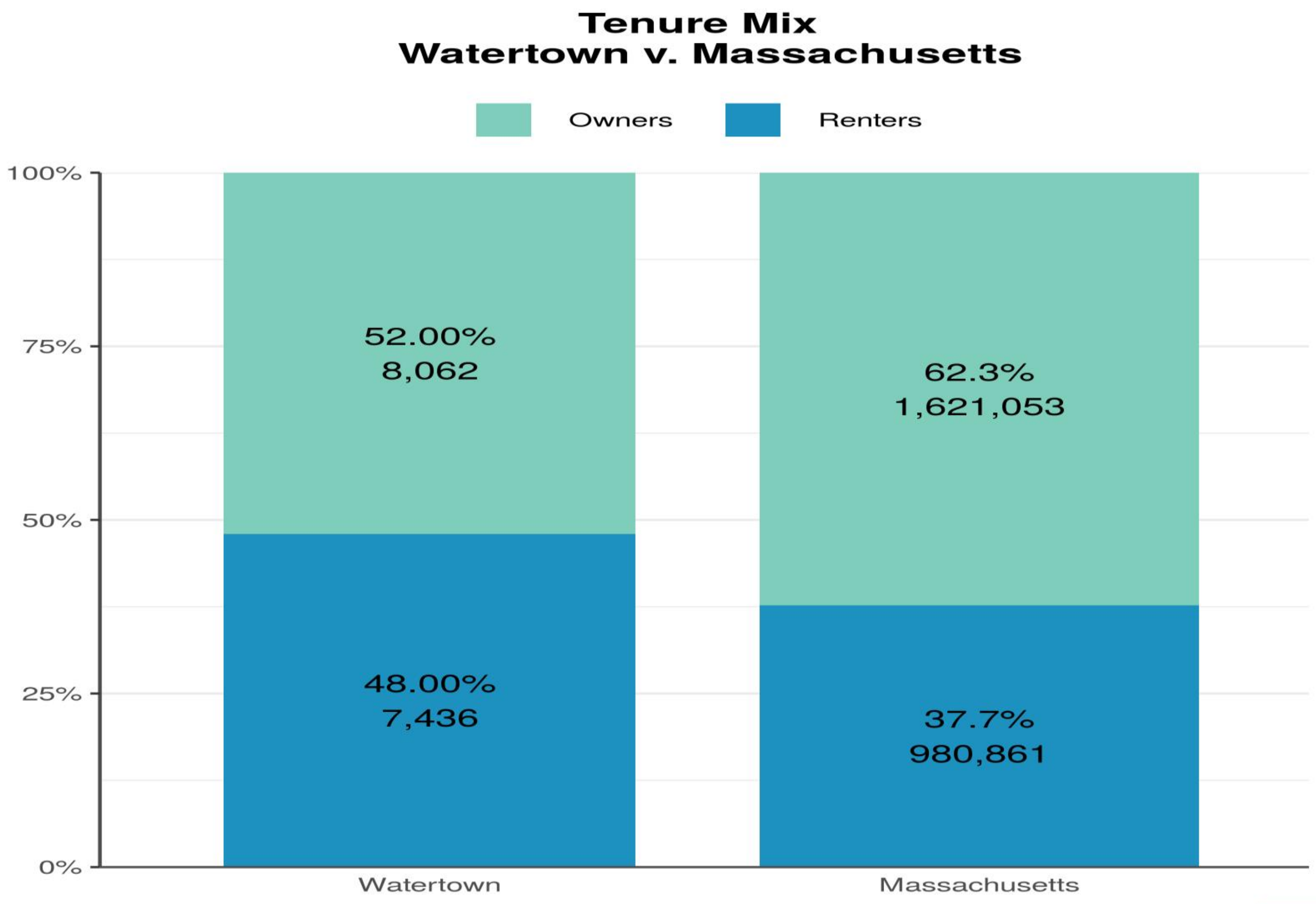
Race and National Origin

	Watertown	
	2010	**2018**
American Indian or Native Alaskan	0.1%	**Below .1%**
Asian or Pacific Islander	7.2%	**8.5%**
Black or African American	3%	**1.9%**
Hispanic or Latino	5.3%	**9.7%**
White or Caucasian	84.9%	**77.4%**
Two or more races	**2.7%**	**1.6 %**

*2010 population: 31,915 (Census)
2018 population: 35,103 (ACS estimate)

* Estimated 20.6% of residents foreign born

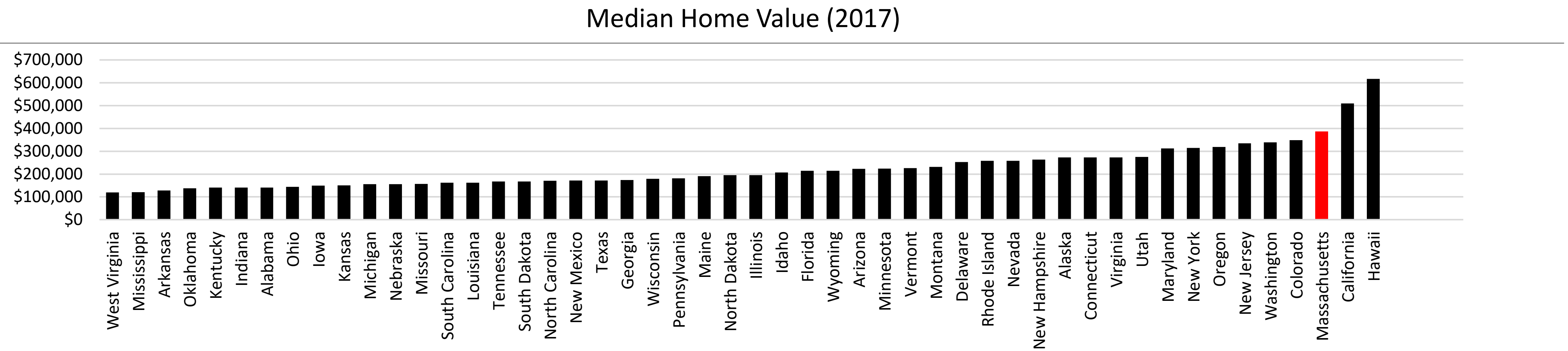
Source: American Community Survey 5-Year Estimates 2014– 2018

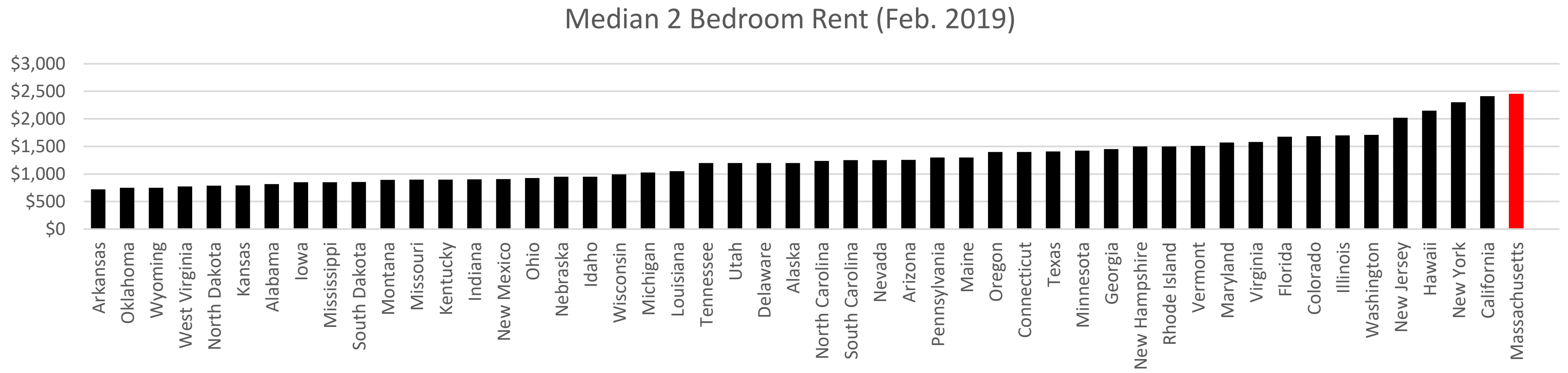


Source: U.S. Census Bureau American Community Survey, 2014-2018 5-year estimates.
Table DP04: Selected Housing Characteristics

MHP CENTER for HOUSING DATA

Housing costs among the highest in the nation

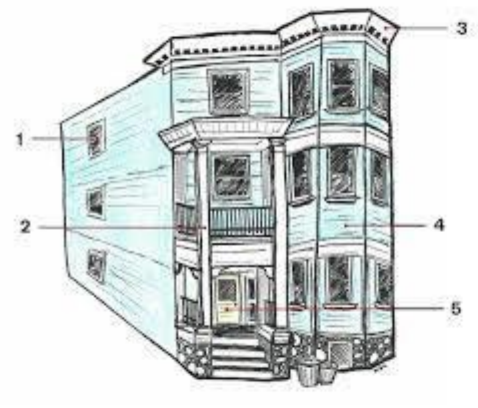




Cost of Housing in Watertown

- Median sales price of single-family home estimated at $733,000 (July 2019, Zillow)
- Median sales price of condo unit estimated at $546,000 (July 2019, Zillow)

- Median gross rent for renters $1,719 (US Census Quick Facts, July 2019)
- Over 72% of renters pay over $1,500 (ACS, 5-year estimates 2014-2018)



Boston Magazine drawing

Are we cheap or expensive?

According to the Greater Boston Association of Realtors, this is where we stand on home prices:

- Below others like Cambridge, Belmont and Arlington in Metro Boston. Median single-family $749,000 and condo $676,000 in Metro Boston.
- Above many suburban communities. E.g., median single-family $685,000 and condo $450,000 in MetroWest

US Census says gross rents are generally higher in communities closer to Boston, and lower in communities farther out. E.g., $2,071 in Cambridge and $1,510 in Natick.

*Realtor data (May 2019) from Boston Globe; Census Quick Facts, July 2019

Cost Burden Incidence by Household Income Group

RENTERS IN WATERTOWN

	ELI	VLI	LI	MI	HI	Total
# households in income group	749	607	354	1308	4062	7436
# of cost-burdened households in income group	625	510	251	946	411	2743
% of cost-burdened households in income group	83.4%	84%	70.9%	72.3%	10.1%	36.9%

OWNERS IN WATERTOWN

	ELI	VLI	LI	MI	HI	Total
# households in income group	488	387	321	1093	5662	7951
# of cost-burdened households in income group	457	332	185	531	758	2263
% of cost-burdened households in income group	93.6%	85.8%	57.6%	48.5%	13.4%	28.4%

Source: American Community Survey, 5-year estimates 2014 – 2018

Household Income--Important HUD Definitions

- Extremely low-income households (ELI)—Earn less than 30% of area median income (AMI), adjusted for household size
- Very low-income households (VLI)—between 30 and 50% of AMI
- Low-income households (LI)—between 50 and 80% of AMI
- Moderate income households (MI)—between 80 and 100% of AMI
- High income households (HI)—over 100% of AMI

*Household= all the people who occupy a housing unit
Household includes related family members & all unrelated people, such as lodgers, foster children, etc who share the unit. A person living alone or a group of unrelated people sharing a unit such as partners or roomers also counted.
US Census Bureau definition

HUD 2020 Income Limits for Boston Region (incl. Watertown)

	One-person	Two-person	Three-person	Four-person
30% AMI	$26,850	$30,700	$34,550	$38,350
50% AMI	$44,800	$51,200	$57,600	$63,950
65% AMI (est)	$54,145	$61,880	$69,615	$77,350
80% AMI	$67,400	$77,000	$86,650	$96,250
100% AMI	$83,300	$95,200	$107,100	$119,000

Note: Income limits in each tier are adjusted and not solely derived from 100% AMI figure. HUD has limits that vary for each household size, not just these four.

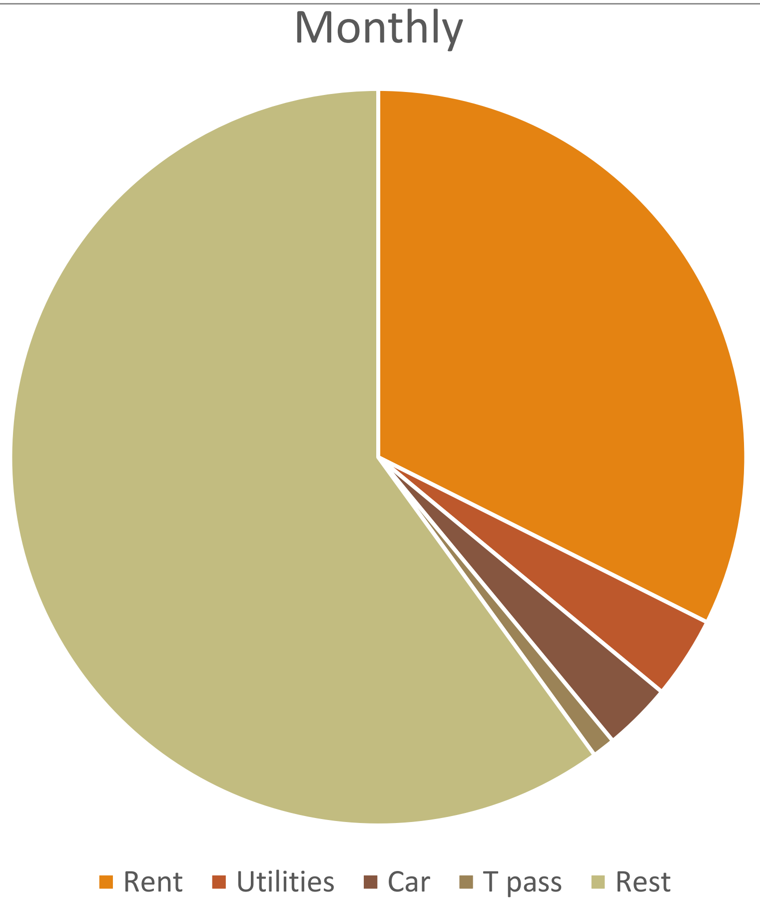
When is housing cost a burden?

Burden: Housing cost (rent + utilities) more than 30% of income

Housing + Transportation cost more than 40% of income

In Metro Boston, with $100,000 income, you can “afford” roughly $2,700 in monthly rent

Severe Burden is when housing cost is over 50% of income



Fair Housing Data and Recommendations

- WestMetro HOME Consortium is updating its Analysis of Impediments to Fair Housing Choice.
- Briefing on draft executive summary 9/22/20.
- To be finalized winter 2020/2021.
- Will contain 2014-2018 data for the 13 communities and for Watertown, and recommendations for the region.
- One key data point: median income for Black and Latinx households in region (and Watertown) significantly lower & they are more likely to be cost-burdened than White or Asian households.

What type of housing are we discussing?

AFFORDABLE HOUSING

Deed-restricted (permanent or fixed term)

Only for income-eligible persons

Subsidy (government or cross-subsidy)

Renter/homebuyer contributes $$, often 30% of their income

aFFORDABLE hOUSING

No deed restrictions

Anyone can live in unit

No subsidy

“Naturally” affordable because rent/price aligns with ability to pay

*Housing that receives rental assistance can be a hybrid: the programs provide a subsidy and are for income-eligible households but they can support tenants in units that do not have a long-term affordability restriction.

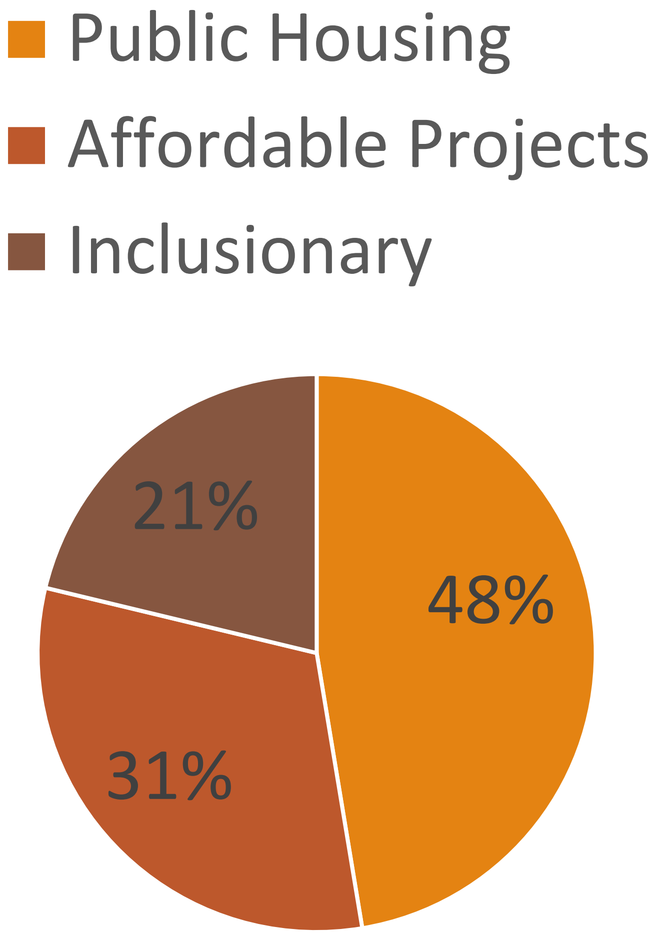
Recent History of Affordable Housing in Watertown

- 1989 – Watertown adds Inclusionary/Affordable housing to the Zoning Ordinance at 10% set-aside
- 2014 - Watertown adopts a Housing Production Plan (HPP)
  - Goal 2.5 of the HPP is to raise the set-aside from 10% to 12.5%
- April – October, 2014 – Watertown completes the process to increase the set-aside to 12.5%
- 2015 – Rezoning of Arsenal Street, and Arsenal Mall to a new Regional Mixed Use District that requires a 15% set-aside

Recent History of Affordable Housing (continued)

- December, 2016 –Council adopts inclusionary zoning changes recommended by the Housing Partnership:
  - Two tiered set aside based on project size = 12.5% and 15%
  - Two income tiers for rentals = 65% AMI and 80% AMI
  - Add new method for cash in lieu payments
- Fall, 2019 –Housing Partnership begins work on updating Housing Production Plan (interrupted by COVID-19)
- Winter, 2019-2020 –Watertown complies with Chapter 40B through the 1.5% Land Area Calculation
- First Quarter, 2021 (projected) –First round of CPA applications

Breakdown of Watertown Affordable Units



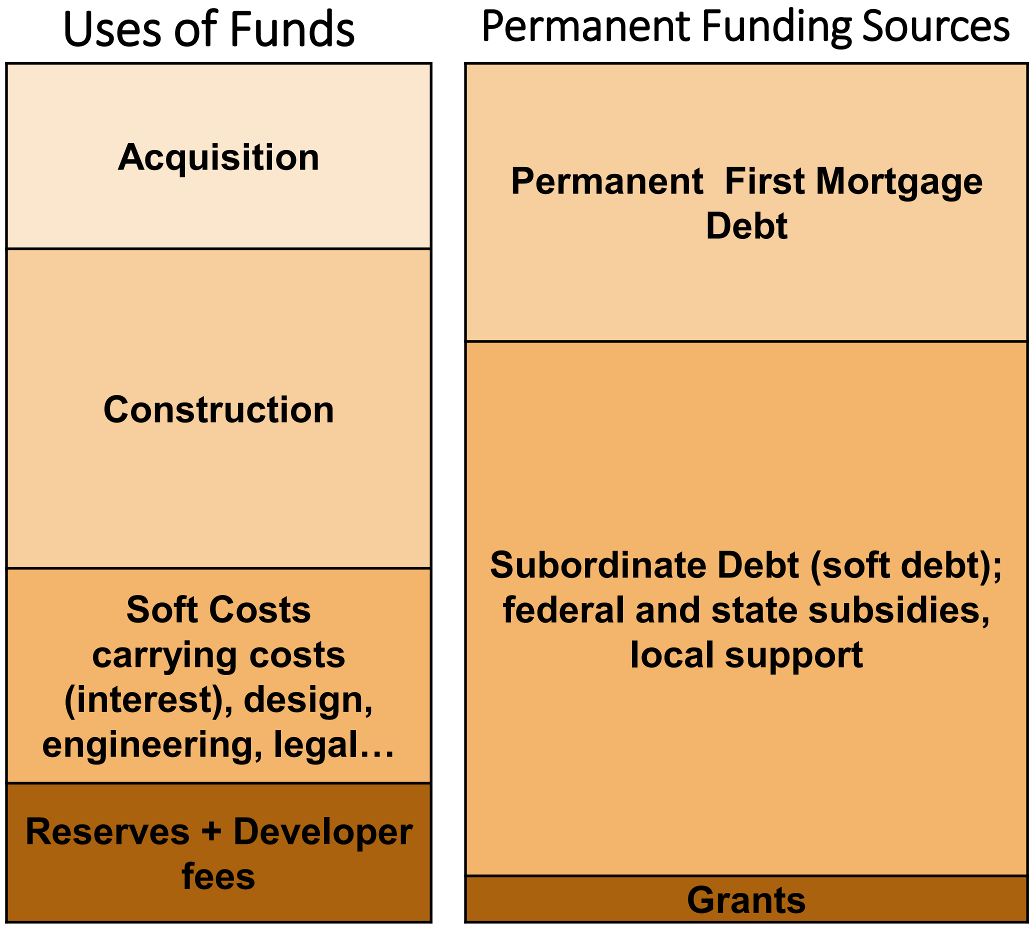
- ❑ Total Units on SHI: 1,171
  Under construction: 72
- ❑ 589 are public housing units
- ❑ Over 95% rental
- ❑ 465 homes specifically for elderly (37.4%)

Last Significant Affordable Housing Project

2013/2014 - Saint Joseph Hall - HOME PROJECT

- Former Rosary Academy
- Conversion to apartments
- Total budget of more than $5,900,000
- 25 units = 7 HOME Funded rentals with 5 at 60% AMI and 2 at 50% AMI

Funding an Affordable Rental Project



Permanent First Mortgage Debt

- This debt is paid back (with interest) from <u>operating income.</u>
- Lenders often private, but whether a private or nonprofit lender, project is underwritten to minimize risks.
- Amount of debt primarily determined by the rent project can generate.
- Lender looks at Net Operating Income, including vacancy % (NOI) and Debt Coverage Ratio (relationship of monthly cost of repaying loan, including interest, to NOI).
- Affordable housing developers work towards bringing the debt down to where the Debt Coverage Ratio meets the lender's approval.
- This is the "gap."

Where does the rest come from?

- While the first mortgage is paid from operating income, the remaining sources fill the gap between project costs and what the tenants are able to pay. The larger the gap, the more subsidy is needed.
- Every 100% affordable project needs multiple subsidy sources—"layering" or "stacking."
- Developer must put together federal, state & local assistance and often tax credits, loans and grants.
- Inclusionary units created by "internal subsidy," i.e. market rate units cross-subsidize affordable units.

Project funding example: Port Landing, Cambridge

4% LIHTC Equity:	$3,750,000
Solar ITC Equity:	$50,000
Permanent Loan*:	$800,000
City AHT Loan:	$3,000,000 (29%)
City HOME Loan:	$500,000
DHCD AHTF Loan:	$1,000,000
DHCD HOME Loan:	$500,000
DHCD CATNHP Loan:	$500,000
Utility Rebates:	$20,000
Income from solar credits:	$80,000
Deferred Fee:	$100,000
Total:	**$10,300,000**

* Cambridge Trust

Low Income Housing Tax Credits (LIHTC)

- ❑ Federal & state tax credits are a key funding source.
- ❑ DHCD allocates credits to projects in its highly competitive “rental round” once or twice a year.
- ❑ Investors buy credits, which provide them a reduction in federal or state income tax. The proceeds (minus substantial transaction fees) put cash into the affordable deal.
- ❑ Tax credits must support households at or below 60% of AMI.

Federal and state subsidy programs

- **Massachusetts Affordable Housing Trust Fund (MAHT).** Administered by MassHousing, AHTF is a gap filler, the last funding piece necessary to make an affordable housing development work and is typically a deferred payment loan. **Housing Stabilization Fund (HSF)** is a state funded program for municipalities, non-profit, or for-profit developers to support affordable rental housing production and rehabilitation.
- **Federal and state voucher programs: Federal Section 8** (officially called the Housing Choice Voucher Program) providing funding for rental assistance to low-income households. **Massachusetts Rental Voucher Program (MRVP)** has both a project-based component (voucher stays with unit) and a mobile component (voucher stays with tenant).
- **Specialized state funding programs: Housing Innovations Fund (HIF)** is a state funded program for non-profit developers to create and preserve affordable rental housing for special needs populations. **Facilities Consolidated Fund (FCF)** is a state funded program for non-profit developers to create and preserve affordable rental housing for clients of the Department of Mental Health and the Department of Mental Retardation. **Community Based Housing (CBH)** is for the development of integrated housing for people with disabilities, including elders, with priority for individuals who are in institutions or nursing facilities or at risk of institutionalization.

Watertown Subsidy Sources

- **HOME Investment Partnership Program (HOME)**
  - --Federal funding for affordable housing activities, including homeownership, rent subsidies, housing development and rehabilitation.
  - --Watertown is part of the 13-community WestMetro HOME Consortium.
  - --Town gets approximately $80,000/year, plus can apply in competitive round for any pooled money (generally less than $500,000).
  - -- $265,000 in program income from prior projects.
- **Community Development Block Grants (CDBG)**
  - --Federal funding for community development & affordable housing.
  - --Watertown is not “entitled” to CDBG funding.
  - --Instead, Town must compete with others in the state; DHCD decides.
  - --Town has $388,000 in program income from prior awards; using $175,000 for emergency rental assistance now.
- **Community Preservation Act**

Emergency Rental Assistance Program

Applicants are eligible for:

- Up to **three months** of assistance
- Maximum monthly payment: $750 - 1BR; $950 - 2BR; $1150 - 3BR.

Eligible Households:

- Households must have reduced income due to COVID-19, and
- Total Household income must be at/below 80% AMI
- Not receiving public rental assistance

So far (deadline today):

- Applicants: About 50
- Bedroom mix: About half 2BR, even split between 1BR and 3BR
- With Children: About half
- Race: About half of color

Contact Information

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Larry Field, Senior Planner lfield@watertown-ma.gov

Phone: 617-972-6417

paper trace studio

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mciro@rcn.com

Estimate

Date	September 17, 2020
To	Watertown Community Preservation Committee
Commissioned by	Lanae Handy
Job Name/PO	Design and layout for materials for public rollout of program, including: A. 40- to 50-page Community Preservation Plan B. 25-page Application Manual C. Online application
Project Description	Layouts for both A and B will include photos, illustrations, charts, tables and graphs, sidebars that all must be presented clearly and read easily. C includes help with design and production of online application if necessary. This estimate includes the first round of revisions. Subsequent revisions will be charged at an hourly rate of $60/hour.

Cost estimate

1. A & B design and layout; online application form	*$1,200.00*
Total Design Estimate	**$1,200.00**

Payment is due on completion of first set of revisions. Payable in 30 days from receipt of invoice.

TOWN OF WATERTOWN
CPA FUND ACTIVTY
AS OF JUNE 30, 2020

	FY 2018	FY 2019	FY 2020
BEGINNING CASH BALANCE	$ -	$ 1,899,397.28	$ 4,362,055.08
ACTUAL REVENUE:			
CPA SURCHARGE	$ 1,899,397.28	$ 2,080,870.63	$ 2,163,099.54
STATE REVENUE		$ 367,395.00	$ 498,767.00
INTEREST REVENUE		$ 14,392.17	$ 23,474.26
TOTAL ACTUAL REVENUE	$ 1,899,397.28	$ 2,462,657.80	$ 2,685,340.80
ACTUAL EXPENDITURES:			
PERSONNEL			$ 20,019.06
PURCHASED SERVICES			$ 27,200.00
SUPPLIES			
OTHER			
TOTAL ACTUAL EXPENDITURES	$ -	$ -	$ 47,219.06
ENDING CASH BALANCE	$ 1,899,397.28	$ 4,362,055.08	$ 7,000,176.82

1) CPA SURCHARGE INCLUDES LIEN ACTIVITY
2) AMOUNTS ARE SUBJECT TO CHANGE VIA EXTERNAL AUDIT

ESTIMATED REVENUE:	FY 2018	FY 2019	FY 2020		PROJECTED FY 2021
CPA SURCHARGE	$ 1,500,000	$ 2,000,000	$ 2,250,000		$ 2,350,000
STATE REVENUE		$ 367,395	$ 231,400		$ 250,000
TOTAL ESTIMATED REVENUE	$ 1,500,000	$ 2,367,395	$ 2,481,400		$ 2,600,000
SPECIFIC RESERVES	**FY 2018**	**FY 2019**	**FY 2020**	**TOTAL**	
10% OPEN SPACE/RECREATION RESERVE	$ 150,000	$ 236,739	$ 248,140	$ 634,879	$ 260,000
10% HISTORIC PRESERVATION RESERVE	$ 150,000	$ 236,739	$ 248,140	$ 634,879	$ 260,000
10% AFFORDABLE HOUSING RESERVE	$ 150,000	$ 236,739	$ 248,140	$ 634,879	$ 260,000
5% ADMINISTRATIVE BUDGET			$ 124,070		$ 130,000
ESTIMATED RESERVE 70%/65%	$ 1,050,000	$ 1,657,178	$ 1,612,910		$ 1,690,000

TOWN OF WATERTOWN
CPA FUND ACTIVTY
AS OF SEPTEMBER 21, 2020

	FY 2018	FY 2019	FY 2020	YTD FY 2021
BEGINNING CASH BALANCE	$ -	$ 1,899,397.28	$ 4,362,055.08	$ 7,000,176.82
ACTUAL REVENUE:				
CPA SURCHARGE	$ 1,899,397.28	$ 2,080,870.63	$ 2,163,099.54	$ 572,217.28
STATE REVENUE		$ 367,395.00	$ 498,767.00	$ -
INTEREST REVENUE		$ 14,392.17	$ 23,474.26	$ -
TOTAL ACTUAL REVENUE	$ 1,899,397.28	$ 2,462,657.80	$ 2,685,340.80	$ 572,217.28
ACTUAL EXPENDITURES:				
PERSONNEL			$ 20,019.06	$ 8,317.20
PURCHASED SERVICES			$ 27,200.00	$ 14,030.00
SUPPLIES				
OTHER				
TOTAL ACTUAL EXPENDITURES	$ -	$ -	$ 47,219.06	$ 22,347.20
ENDING CASH BALANCE	$ 1,899,397.28	$ 4,362,055.08	$ 7,000,176.82	$ 7,550,046.90
CARRYOVER PURCHASE ORDER			$ 37,150.00	

1) CPA SURCHARGE INCLUDES LIEN ACTIVITY
2) AMOUNTS ARE SUBJECT TO CHANGE VIA EXTERNAL AUDIT

ESTIMATED REVENUE:	FY 2018	FY 2019	FY 2020	FY 2021
CPA SURCHARGE	$ 1,500,000	$ 2,000,000	$ 2,250,000	$ 2,350,000
STATE REVENUE		$ 367,395	$ 231,400	$ 250,000
TOTAL ESTIMATED REVENUE	$ 1,500,000	$ 2,367,395	$ 2,481,400	$ 2,600,000

SPECIFIC RESERVES	FY 2018	FY 2019	FY 2020	FY 2021	TOTAL
10% OPEN SPACE/RECREATION RESERVE	$ 150,000	$ 236,739	$ 248,140	$ 260,000	$ 894,879
10% HISTORIC PRESERVATION RESERVE	$ 150,000	$ 236,739	$ 248,140	$ 260,000	$ 894,879
10% AFFORDABLE HOUSING RESERVE	$ 150,000	$ 236,739	$ 248,140	$ 260,000	$ 894,879
5% ADMINISTRATIVE BUDGET			$ 124,070	$ 130,000	
ESTIMATED RESERVE 70%/65%	$ 1,050,000	$ 1,657,178	$ 1,612,910	$ 1,820,000	
CUMULATIVE ESTIMATED RESERVE		$ 2,707,178	$ 4,320,088	$ 6,140,088	
EXPECTED CUMMULATIVE RESERVE	$ 1,449,397.28	$ 3,201,838.08	$ 5,058,389.82		
ACTUAL CUMULATIVE RESERVE	$ 1,449,397.28	$ 3,201,838.08	$ 5,058,389.82		