CITY OF WATERTOWN
AFFORDABLE HOUSING TRUST

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Minutes of Watertown Affordable Housing Trust Meeting
July 18, 2023 6:00PM, Hybrid Participation

Members in Attendance
Cliff Cook, Jill Hyde, David Leon, Helen Oliver, Leo Patterson and Zoe Weintrobe. Non-members present in person: Larry Field and Steve Magoon (staff) and Alisa Gardner-Todreas. Non-members present remotely: Jacky VanLeeuwen, Josh Rosmarin, Jamie Gordon, Michael Lara and Mark Kraczkiewicz.

I. Minutes of June 26, 2023 meeting

The minutes of the June 26, 2023 meeting were unanimously accepted. Cliff noted that the minutes for the executive session on that date will be released when the information will not have a detrimental effect on property negotiations.

II. Guided Discussion: using a sample project to discuss the math of affordable housing

Cliff introduced the discussion by noting that each trustee comes with their own expertise and that Zoe and Helen are sharing their expertise, respectively, in affordable housing development and low-income housing tax credits. Zoe and Helen used a sample project to lead a discussion of the economics of a 100% affordable housing development. The sample project consisted of 40 rental units, with affordability at 30%, 50% and 60% of AMI and a mix of 1,2 and 3 bedrooms. The presentation is attached.

The questions from trustees and members of the public included:

- Can a project be refinanced when interest rates are more favorable? It is difficult to refinance during the 10-year tax credit period. Typically projects will wait until year 15 to refinance, buy out the investors and rebuild the capital stack.
- There was discussion of project size. 35 to 40 rental units is the smallest scale that can work. When you have more units, capital and operating costs per unit go down. Ownership units can work at a smaller scale but even if the development costs work at 8 or 10 units they are challenging because it is hard to maintain the operating reserves necessary for the long-term.
- Is there real estate tax relief on affordable projects? No, but the assessment is based on the income and expense numbers.
- There was discussion of 4% vs. 9% tax credits. They differ in how much of the eligible basis (cost) can be used to reduce income taxes during the 10-year credit period. However, since there is a $1 million cap on 9% credits and no cap on 4%

credits, the latter has more utility on a larger project. 4% credits have recently become more competitive because of bond financing caps (i.e., the maximum amounts that can be issued by the state agencies).

- Are affordable projects more expensive to build than market rate? Yes, because of the many additional requirements, including energy/environmental sustainability measures imposed by the state.

III. **Update: "on call" consulting contracts**

Larry said that he and Cliff have talked with RODE Architects and Arrowstreet to discuss the contract scope and will talk with Weston & Sampson this week.

IV. **Other Business**

Cliff said the August meeting might be cancelled if there were no time-sensitive matters to discuss; he will try to provide 10 days' notice to trustees.

V. **Executive Session**

There being no need to go into executive session, a motion to adjourn passed unanimously at 7:36 PM.