

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.

Background for tonight's discussion

WATERTOWN AFFORDABLE HOUSING TRUST

DECEMBER 19, 2023

Development path

Typical steps up through funding applications

Step	Description
Site identification	Preliminary due diligence
Negotiate deal	Negotiate price for purchase or option (purchase may be conditioned on permitting and/or funding)
Due diligence	Typically 60-90 days to do deep dive on site. Deposit usually refundable until due diligence period expires; deposit often becomes non-refundable/may increase if buyer goes forward
Pre-development	Extensive work by architect & other professionals to put together strong plan that is likely to get tax credits and \$\$
Local match	Secure local funding that will demonstrate local support & “skin in the game”
Funding applications	Submit One-Stop application (expect more than one round) & apply for private financing

Alternative project roles for housing trust

Element	AHT acquisition	AHT acquisition & assignment	AHT strong supportive role
Negotiates deal	AHT	AHT	Developer
Pays refundable deposit	AHT	AHT	Developer
Does due diligence	AHT	Developer	Developer
Liable for non-refundable deposit	AHT	Developer	Developer
Funds pre-development activity	Could be AHT, CEDAC, CPC or combination	Could be AHT, developer, CEDAC, CPC or combination	Could be AHT, developer, CEDAC, CPC or combination
Local match for fed/state funding	AHT and possibly CPC	AHT and/or CPC	AHT and/or CPC

Why talk about zoning & permitting?

- Trust's main strategic goal for 2023 has been identifying sites for affordable housing
- Could be 100% deed-restricted affordable projects--or mixed-income housing substantially beyond the City's 15% inclusionary requirement
- Identifying sites has been hard: larger sites are targets for commercial development and smaller ones often not economically feasible
- There are often good reasons for zoning requirements that make affordable housing harder
- With Watertown Square planning effort, are there zoning & permitting tweaks that are appropriate & might unlock suitable sites?



Marshall Place

The logo for the Waterfront Square Area Plan. It features a stylized map of a waterfront area with various colored regions (yellow, green, blue) and white lines representing streets or waterways. The text "Waterfront Square Area Plan" is overlaid in a blue, sans-serif font.

Waterfront Square Area Plan

- The Waterfront Square planning initiative includes analysis of existing zoning, with a specific focus on housing and compliance with the MBTA Communities law
- The “study area” includes the Central Business District, as well as parts of the Limited Business & Industrial 3 Districts
- These districts all allow multifamily housing and mixed-use development by special permit, with varying dimensional & parking requirements
- The consultant team could recommend an overlay district for MBTA zoning compliance, changes in district boundaries and/or changes in underlying district requirements

Key dimensional requirements*

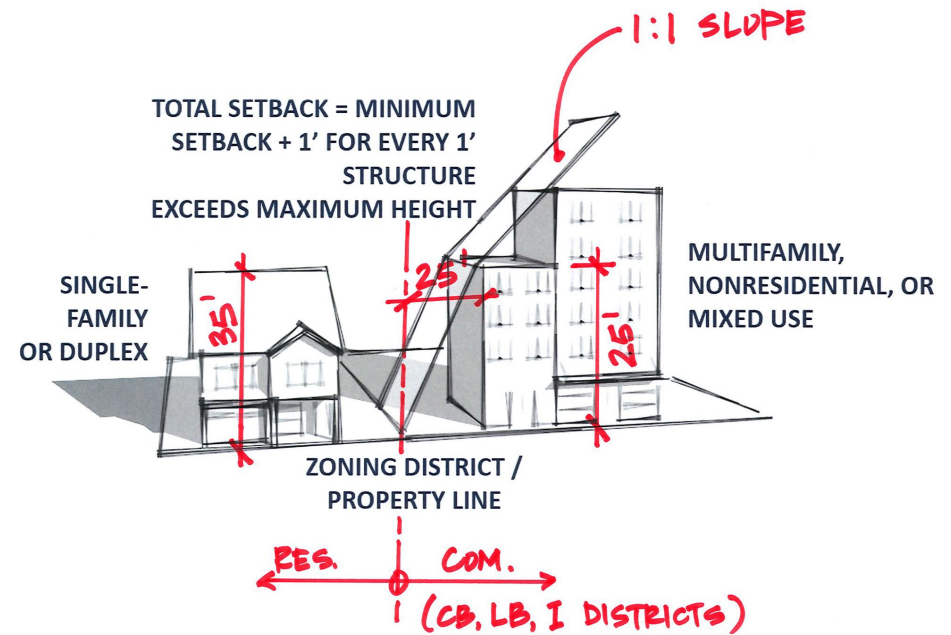
Requirement	CB	I-3	LB
Floor area ratio	4.0	1.0, up to 2.0 by SP	1.0
Height	55 ft/5 stories	55/5	40/4
Building coverage	--	50%	80%
Open space	20% for mixed-use	20%	10%
Minimum lot area/unit	--	800 sf	--
Setbacks	--	Front 10-30 ft Side 25 ft Rear 30 ft	Front -- Side 15 ft Rear 20 ft
Ground floor	No more than 15% of ground floor for residential	--	--

* Not including exceptions, transitions & parking requirements

Exceptions...*

- Developments are exempt from maximum floor area ratio and minimum lot area/unit requirements for deed-restricted affordable units that are:
 - ✓ more than the inclusionary requirement
 - ✓ rental units
 - ✓ rents affordable to a household at/below 65% of area median income
- Additional height (up to 2 stories) can be added by special permit if consistent with design guidelines and meet one or more of the following criteria:
 - ✓ at important civic intersections/squares
 - ✓ define/terminate important view corridors
 - ✓ adjacent buildings exceed those allowed as-of-right
 - ✓ additional approved public amenities incorporated
- Exceptions to setback requirements (e.g., developments may be contiguous)
- * Not including parking

Transition Zoning



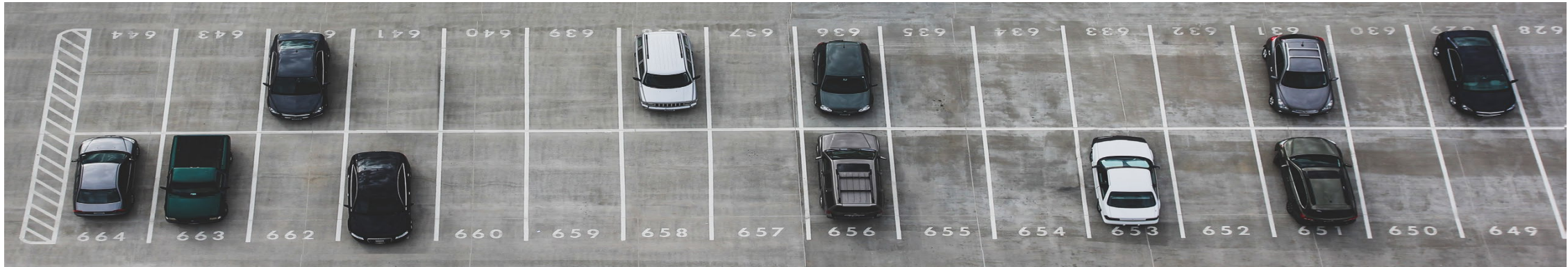
Residential parking requirements*

Type	Minimum	Maximum
Townhouse and Rowhouse	2.0/unit	2.5/Unit
Multi-Family	0.75/studio	1.00/Studio
	1.00/1 bedroom	1.25/1 Bedroom
	1.50/2 bedrooms	1.75/2 Bedroom
	2.00/3+ bedrooms	2.25/3+ Bedroom
Mixed Use	The sum of commercial and residential requirements consistent with this Ordinance; except in CB district, 1 space per dwelling unit and commercial uses consistent with § 6.01(f) may be reduced by SP.	

*Projects with an approved Transportation Management Demand Plan can obtain up to a 25% reduction in required parking

Parking Utilization Study

- As a first step to reduce barriers to multifamily housing, the WestMetro HOME Consortium partnered with MAPC to conduct a study of parking utilization in multifamily developments built since 2000
- The study report, issued this summer, found that only 61% of parking spaces were utilized overnight
- The three key variables were parking supply (more spaces, more demand), proximity to transit & jobs (more proximity, less demand), & affordable units (more affordable units, less demand)
- 17 Watertown sites were studied, with a 62% utilization rate & demand at 1 space/unit



From: [Sam Ghilardi](#)
To: [Field, Larry](#); [Watertown Housing Partnership](#)
Subject: Public Comment: Zoning Suggestions For 1/17 Meeting
Date: Monday, January 8, 2024 8:01:18 AM

Hello AHT members,

My name is Sam Ghilardi, a Watertown resident. I listened with great interest in the Trust's 12/17 discussion about zoning and permitting changes to facilitate affordable housing development in Watertown, and member's homework to bring ideas for the next AHT meeting. I would strongly recommend that the Trust use [Cambridge's 100% Affordable Housing Zoning Overlay](#) (AHO) as a template for recommending any zoning and permitting changes for Watertown. The AHO advantages affordable housing developments by allowing denser and taller permanently affordable housing with no parking minimums as-of-right in all areas of the city. It also streamlines approvals by replacing the discretionary special permit process with a mandatory, but non-binding, design review process with the planning board.

Since its inception in 2020, more than 500 affordable housing units have been approved through the AHO process, with 168 currently under construction, and another 205 units in the approval process. 6 different sponsors have submitted projects under the ordinance, underscoring its popularity. Watertown desperately needs more affordable housing, and using Cambridge's AHO as a proven template can save us months if not years, compared to writing our own ordinance *de novo*. We can also have confidence, given the 500+ approved units, that their use and dimensional standards are sufficient to incentivize affordable housing production in Watertown, as opposed to independently calibrating these standards based on our current ineffective bonuses. I am excited that the Trust is interested in this issue, and urge the Trust to use our neighbor's existing best practices as a baseline for our own zoning changes so we can jump start affordable housing production in Watertown and become a regional leader on the issue.

Thank you again for considering this issue and for serving on the Affordable Housing Trust.

Best,

Samuel Ghilardi
17 Derby Rd.

DRAFT HOME ANNUAL ACTION PLAN FY25

Watertown Components

AP-15 Expected Resources

1. Explain how federal funds will leverage additional resources (private, state, and local funds), including a description of how matching requirements will be satisfied.

Please update the FY2024 narrative below

FY24:

The second round of Community Preservation Act (CPA) funding in Watertown is now underway, with one housing project under consideration. The City has over \$13 million in the CPA reserve and the expected annual revenue stream is over \$2 million; providing a leveraging source for future HOME projects. In addition, the City has approximately \$269,000 in its Affordable Housing Trust Fund generated by cash-in-lieu payments for affordable Inclusionary Zoning units. Finally, in December 2022 the Governor signed legislation authorizing the city to set an affordable housing linkage fee on new commercial development. Proceeds from this fee would go to the new Affordable Housing Trust to support affordable housing.

DRAFT FY25:

The City of Watertown is trying to identify a site for an affordable housing development and expects that it will use both local and HOME resources to leverage state and private funds. The City's Affordable Housing Trust has relatively limited funds under its control at the present time, making its HOME allocation and program income a key element in any local match. The Trust can also apply for Community Preservation Act funding to assist with a local match.

AP-55 Affordable Housing

1. Update your community's efforts to support the development and preservation of affordable housing. **(Please be concise – IDIS has a character count limit)**

Please update the FY2024 narrative below

FY24:

The Watertown City Council adopted a new five-year housing plan in March 2021. The plan contains goals and strategies to create and preserve affordable housing for various income levels (below 80% area median income and below 60% area median income) and for seniors and individuals with a disability. One of the plan's themes is creating a pipeline of 100% affordable or mixed-income projects since nearly all the City's new affordable units have been

generated by its Inclusionary Zoning requirements and production of substantial amounts of multifamily housing. In September 2022, the municipal Affordable Housing Trust officially replaced the Housing Partnership. The Trust's initial focus will be on creating the pipeline of affordable or mixed-income projects by identifying sites, reaching out to affordable developers, and expanding its funding sources.

Watertown is now authorized to adopt an affordable housing "linkage fee" on new commercial development. The ordinance is likely to be in force before FY24 begins. However, since payments are made when buildings are ready for occupancy, the benefit of this funding will be realized in future fiscal years.

DRAFT FY25:

The Watertown City Council adopted a five-year housing plan in March 2021. The plan contains goals and strategies to create and preserve affordable housing for various income levels (below 80% area median income and below 60% area median income) and for seniors and individuals with a disability. One of the plan's themes is creating a pipeline of 100% affordable or mixed-income projects since nearly all the City's new affordable units have been generated by its Inclusionary Zoning requirements and production of substantial amounts of multifamily housing. Since September 2022, when Affordable Housing Trust officially replaced the Housing Partnership, its focus has been on creating the pipeline of affordable or mixed-income projects. The Trust has been in contact with the owners of several potential sites and is continuing to look for its first affordable housing site.

Watertown adopted an affordable housing "linkage fee" on new commercial development in April 2023. However, since payments are made when buildings are ready for occupancy, the benefit of this funding will be realized in future fiscal years.

AP-75 Barriers to affordable housing

1. Update your community's plans to remove or ameliorate public policies that serve as barriers to affordable housing (these include land use controls, tax policies, zoning ordinances, building codes, fees and charges, growth limitations).

Please update the FY2024 narrative below

FY24:

The five-year housing plan approved by the Watertown City Council in March 2021 recommended that the City continue to consider changing zoning that might serve as a barrier to affordable housing. In the last five years, Watertown created new opportunities for mixed use development along two major corridors and substantially reduced parking requirements for multi-family projects. The new plan includes a recommendation for Watertown to consider

developer incentives that create units with lower rents and encourage more development near high-frequency bus lines and local retail employment. The plan also prioritized the creation of an accessory dwelling unit (ADU) ordinance. During 2022, the Watertown Housing Partnership worked on language to allow ADUs by right in single and two-family structures. The new Affordable Housing Trust will likely revisit this discussion in FY24.

DRAFT FY25:

The five-year housing plan approved by the Watertown City Council in March 2021 recommended that the City continue to consider changing zoning that might serve as a barrier to affordable housing. The City began a planning process for Watertown Square in September 2023; the consultant team is expected to recommend zoning changes (including by right multifamily zoning that complies with the State's MBTA Communities law). The 2021 plan also included the creation of an accessory dwelling unit (ADU) ordinance. During 2022, the Watertown Housing Partnership worked on language to allow ADUs by right in single and two-family structures. The Affordable Housing Trust will likely revisit this discussion in FY25.

AP-85 Other Actions

1. Please update your community's planned actions to foster and maintain affordable housing (FY24 narrative below)

FY25:

In December 2023, the City of Watertown approved use of \$84,428 to assist an elevator replacement project for Marshall Place, with 11 elderly housing units. The replacement is likely to be completed in FY25.

2. Please update your community's planned actions to reduce lead-paint hazards (FY24 narrative below)

FY24:

Watertown's social services coordinator and local nonprofit Metro West Collaborative Development provide information about lead based paint to households as requested. All HOME assisted units are certified lead-free.

DRAFT FY25:

The City of Watertown and local nonprofit Metro West Collaborative Development provide information about lead based paint to households as requested. All HOME assisted units are certified lead-free.

3. Please update your community's planned actions to develop institutional structure (FY24 narrative below)

FY24:

Watertown's City Council authorized the formation of a municipal Affordable Housing Trust in November 2021. The Trust will increase the Town's capacity to create and preserve affordable housing by adding an entity with the authority to engage in real estate activities.

DRAFT FY25:

The City's new Affordable Housing Trust began operation in September 2022. The Trust has increased the City's capacity to create and preserve affordable housing by adding an entity with the authority to engage in real estate activities.

AP-60 Public Housing

1. Update actions planned during the next year to address the needs of public housing.

Please update the FY24 narrative below

FY24:

In December 2021, the Watertown Housing Authority received zoning approval for three building additions/site improvements to provide handicap-accessible living and community spaces in the McSherry Gardens 40-unit complex. The WHA expects to start construction on Phase I of this project in FY24. Concurrently, the WHA is marshalling funds for Phase 2, which is estimated at \$1.5 million. In June 2022, the WHA was awarded \$681,000 in American Rescue Plan Act (ARPA) funds to address the 72 federal pacific panels and zoned fire alarm system at Munger Apartments. The Authority also received \$704,000 in ARPA funds for state modernization, which the WHA intends to leverage for state emergency funds to address the wet basements and mold issues at the Lexington Gardens development. Finally, the WHA hopes to continue planning for special needs housing units on vacant land at 103 Nichols Avenue. The WHA has applied for \$175,000 in CPA funds for pre-development work in FY24.

DRAFT FY25:

The Watertown Housing Authority is in the midst of a two-phase project to make major building additions/site improvements to the McSherry Gardens 40-unit complex. Construction relating to Phase I started in July 2023. Building improvements include providing handicap-accessible living and community spaces and new kitchens and floors in one building (eight units). Site improvements include underground utilities, grading, paving, landscaping, site lighting and stormwater management. The total

development cost is estimated to be around \$5 million. In December 2023, the WHA received an ARPA award from the City (\$1.6 million) for Phase II. This phase, which would replace the kitchens and floors in the remaining 32, will start in FY25. With rising construction costs, the WHA may require additional funds for this phase.

The WHA expects to complete predevelopment work on a 5-bedroom group home affordable at 60% Area Median Income for individuals with developmental disabilities. \$175,000 in CPA funds were awarded last year for engineering and architectural design to produce construction and bid documents. To facilitate this development, the land (now vacant) was conveyed in November 2023 to the 103 Nichols LLC (the WHA is sole shareholder).

The WHA also expects to be undertaking predevelopment work on a major revitalization of Willow Park, which consists of 60 units in 6 three-story buildings. The WHA issued an RFP in November 2023 for a development partner to help 1) plan/design/finance the project, and 2) lead a zoning/construction and delivery strategy. The project's intent is to replace the 60 existing units at the same affordability levels (with tenants having a right to return and receiving assistance with temporary relocation) and add units.

2. Update actions to encourage public housing residents to become more involved in management and participate in homeownership.

Please update the FY2024 narrative below

FY24:

The Watertown Housing Authority has an active Local Tenant Association (LTO) and Resident Advisory Boards (RABs) in the family and elderly developments. The Authority communicates all capital needs and operational issues to all the resident groups. In 2022, the Authority substantially completed a state-of-the-art learning center located at Lexington Gardens for its family residents. During FY24, the WHA will focus on using the learning center to help families move-out of public housing. Programming will include enrichment for children and training for adults to lower their debt, improve their credit score, and increase overall household income.

DRAFT FY25:

The Watertown Housing Authority has an active Local Tenant Association (LTO) and Resident Advisory Boards (RABs) in the family and elderly developments. The Authority communicates all capital needs and operational issues to all the resident groups. In 2022, the Authority completed a state-of-the-art learning center located at Lexington Gardens for its family residents. During FY25, the WHA will continue to use the learning center to help families move-out of public housing. Programming will continue to include enrichment for children and

training for adults to lower their debt, improve their credit score, and increase overall household income.

AP-65 Homeless and Other Special Needs Activities - 91.420, 91.220(i)

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including:

- 4. Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.**

Please update or add to the FY2024 narrative below

FY25:

The City of Watertown approved use of \$233,750 in ARPA funding for a Direct Assistance program led by Metro West Collaborative. The program will provide one-time rental and other cash assistance to households at/below 60% of area median income; it estimates that 80 households can receive \$1,000/person (with a \$3,000 cap per household). Applicants would provide documentation of their bills and directly receive the required assistance. The City also approved use of \$317,466 in ARPA funding for a full-time Social Service Resource Specialist for three years to assist clients with mental health, housing, and homelessness issues.