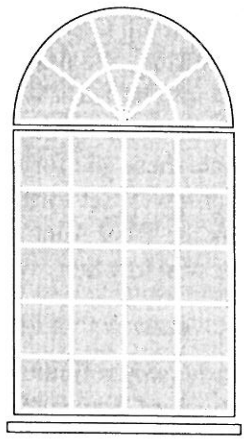
ANNUAL REPORT
JULY 1, 1996 - JUNE 30, 1997

Wellesley Housing Partnership Committee



INTERIM REPORT ON AFFORDABLE HOUSING SITES ON OAKLAND STREET AND WOODLAWN AVENUE

December 28, 1996

For background information, please refer to the "Report to the Board of Selectmen on Article 37," March 1, 1996.

EXECUTIVE SUMMARY

The 1996 Annual Town Meeting authorized the Wellesley Housing Partnership Committee to further investigate the Oakland Street and Woodlawn Avenue sites for the use of affordable housing. The interim report has been prepared to advise the Board of Selectmen of the process and the initial development estimates for the use of these sites for affordable housing.

The Wellesley Housing Partnership Committee feels both sites are viable sites for affordable housing, and has voted to recommend two units on Oakland Street and four units on Woodlawn Avenue. The committee, acting under the direction of the 1996 Annual Town Meeting to further investigate these site for affordable housing, has been operating under the guidelines set forth in Wellesley's Affordable Housing Policy, as voted by the 1989 Annual Town Meeting. These guidelines call for scattered site, low density, and 100% affordable units.

The Wellesley Housing Partnership's finding reveal that efforts to provide affordable homes (under Chapter 40B) that also serve the stated requirements of our community, make it difficult to bring a financially feasible development program before the town. Wellesley's Affordable Policy, in reality, sets up the same hurdles that Chapter 40B set out to relieve, i.e. zoning or policies that are so restrictive that the construction of affordable homes is prohibitive.

Under the Local Initiative Program (LIP), the selling price of moderate affordable units on Oakland Street and Woodlawn Avenue cannot exceed $94,500. At first pass at the numbers, the Town's donation of land is not enough of a subsidy to build low density affordable homes that are 100% affordable. Under that scenario, a project deficit of approximately $529,549 exists for the whole project. While the Committee believes these initial figures are high and expects to work to reduce them, we do expect a deficit with the current scenario of 100% affordable, 2 units on Oakland and 4 units on Woodlawn.

The Committee feels there are options to increase revenues and to reduce costs for the development, and these are discussed in the following report. The primary need is to increase sources of funds, and

this can be accomplished by mixing market rate with affordable and/or increasing the density of the development.

Through Article 41 of the 1996 Annual Town Meeting, the WHPC was allocated an appropriation of $20,000 to investigate these sites. Of that sum, $3,500 has been expended on this investigation to date.

Scenario 1: 100% Affordable, Low Density

Scenario 1 includes two (2) units on Oakland Street and (4) units on Woodlawn Avenue. These units are 100% affordable, and therefore count 100% towards the Town's affordable housing goals (and under Chapter 40B). These represent low density, scattered site affordable units, under the strictest interpretation of the 1989 Affordable Housing Policy of the Town of Wellesley.

"Units" denote quantity of unit for sales and do not necessary denote structures. The WHPC is investigating structures that appear as larger homes, but in reality, have two or more units in these structures. See Lincoln's Battle Road Farm architectural example in the Appendix.

Proformas

The following proformas were developed by David Koven Associates, the housing consultant hired by the WHPC. The utility figures were supplied by the Department of Public Works, the details of which can be found in the Appendix. At the current level of costs, the 100% affordable, low density scenario represents a deficit of $529,549 for the combined sites.* *Note: These are raw figures, and no effort has been made at this time to reduce these figures.

Assumptions:

- Moderate Affordable Homes
- Income qualification: $32,358
- Local Initiative Program
- Selling price of $94,500
- 3 bedroom unit, size: 1,200 square feet
- Construction cost of $78.66
- The town retains ownership of the land

Oakland Street

Two units, 100% moderate affordable on Oakland Street would have a combined cost or use of funds of $368,449 for all related development costs (soft costs, construction costs, and site costs) and a total source of funds (or selling price) of $189,000. This leaves a gap of $179,449 The per unit cost is $184,224, or $153.52 per square foot for the entire development.

Proforma: Oakland Street: 2 units: ALL MODERATE INCOME UNITS		
Sources of Funds	2 units @ selling price of $94,500	$189,000
Uses of Funds	See detail below	$368,449
Project GAP		**($179,449)**
Uses Detail:		
Acquisition	Land donated from the town	$1.
Construction	@ $78.66 per square foot	188,790
Grade, Pave, Landscape		47,250
Utilities	DPW estimates, no pro bono	15,473
Design, permits, survey		25,135
Finance & Legal		49,059
Sales & Carrying Costs		9,221
Overhead & Profit		33,521
TOTAL USES:		**$368,449**

Woodlawn Avenue

Four units, 100% moderate affordable on Woodlawn Avenue would have a combined cost or use of funds of $728,100 for all related development costs (soft costs, construction costs, and site costs) and a total source of funds (or selling price) of $378,000. This leaves a gap of $350,100. The per unit cost is $182,025 or $151.69. per square foot for the entire development.

Proforma: Woodlawn Avenue: 4 units: ALL MODERATE INCOME UNITS		
Sources of Funds	4 units @ selling price of $94,500	$378,000
Uses of Funds	See detail below and in appendix	$728,100
Project GAP		**($350,100)**
Uses Detail:		
Acquisition		$1.
Construction	@ $78.66 per square foot	377,580
Grade, Pave, Landscape		94,500
Utilities	DPW estimates	83,041
Design, permits, survey		44,481
Finance & Legal		56,338
Sales & Carrying Costs		11,608
Overhead & Profit		60,551
TOTAL USES:		**$728,100**

Methods of addressing the gap

Financial maneuvers: costs

- Waive DPW utility charges (other communities work together on their affordable housing projects, and waive fees where ever possible)
- Bundle the sites for development to capture construction economies
- Change density to capture economies of scale
- Waive permit fees
- Reduce landscaping fees by volunteer services
- Waive legal fees with volunteer legal services
- Work with local banks to reduce carrying costs
- Use Title V septic system rather than connecting to the Town sewer (Woodlawn)

Financial maneuvers: source of funds

- Change mix to include market rate
- Sell other surplus property for additional funds
- Use large development linkage for additional funds
- Use building linkage on homes/additions above a set level for additional funds

DPW Utilities

The DPW Utility figures represent 4 percent of the total costs in the Oakland Street development and they represent 11 percent of the total cost in the Woodlawn Avenue development. The WHPC has written the Board of Public Works to see if we can find ways to reduce the costs.(See Appendix). The WHPC feels that an added advantage to the entire neighborhood would be the extension of the sewer down Woodlawn Avenue for all neighbors, providing a benefit from the presence of the affordable site.

Other Development Scenarios

Cost estimates were provided by David Koven Associates and the WHPC adjusted those estimates to include the DPW fees. The deficit illustrated in the 100% affordable scenario is more a factor of source of funds (i.e. the limitation of the selling price, rather than costs being extremely out of line). This "gap" can be addressed by adding density (economies of scale) or adding market rate homes into the mix to offset the affordable selling prices.

Market Rate Mix Examples

The financial gap for the total development (Oakland and Woodlawn) would reduce the deficit to $71,872 by using a combination of increased units on Woodlawn Avenue and a mix of market units in the development. This figure could be further reduced by the methods mentioned earlier to address the gap, including negotiating with the DPW and lowering the soft costs in the development proforma.

Oakland Street

In the sample proformas below, the development on Oakland Street includes 1 unit at market selling price of $199,000 and one unit at moderate selling price of $94,500. The total development cost is $368,449 or $184,224 per unit. Oakland still shows a gap of $74,949.

Proforma: Oakland Street: 2 units: 1 Moderate Income, 1 Market Rate		
Sources of Funds	1 unit @ selling price of $94,500	$94,500
	1 unit @ selling price of $199,000	$199,000
Total Source of Funds		$293,500
Uses of Funds	See detail below and in appendix	$368,449
Project GAP		**($74,949)**
Uses Detail:		
Acquisition	Land donated from the town	$1.
Construction	@ $78.66 per square foot	188,790
Grade, Pave, Landscape		47,250
Utilities	DPW estimates, no pro bono	15,473
Design, permits, survey		25,135
Finance & Legal		49,059
Sales & Carrying Costs		9,221
Overhead & Profit		33,521
TOTAL USES:		**$368,449**

Woodlawn Avenue

On Woodlawn Avenue, the total units equals 6, with 3 moderate selling priced at $94,500 and 3 units at the market rated price of $199,000. The total development cost would equal $877,423 or or $146,237 per unit. On Woodlawn Avenue, the development would be $3,077 in the black.

Proforma:Woodlawn Avenue:6 units: 3 MODERATE, 3 MARKET UNITS		
Sources of Funds	3 units @ selling price of $94,500	$283,500
	3 units @ selling price of $199,000	$597,000
Total Source of Funds:		$880,500
Uses of Funds	See detail below and in appendix	$877,423
Project Profit		**$3,077**
Uses Detail:		
Acquisition		$1.
Construction	@ $78.66 per square foot	478,485
Grade, Pave, Landscape		94,500
Utilities	DPW estimates	105,209
Design, permits, survey		52,049
Finance & Legal		62,341
Sales & Carrying Costs		12,728
Overhead & Profit		72,110
TOTAL USES:		**$877,423**

Background Information

1996 Annual Town Meeting

The 1996 Annual Town Meeting voted 120 to 78 for the Wellesley Housing Partnership Committee to further investigate affordable housing at the Oakland Street site and voted 112 to 82 to further investigate the Woodlawn Avenue site.

Article 37, Motion 1a

That "Lot 1," as shown on the plan on file in the Office of the Town Clerk entitled "Plan of Land at Oakland Street adjacent to the Wellesley Country Club, Wellesley, Mass., by Stephen S. Fader, Town Engineer, Town of Wellesley, Scale 1"-40', dated January 22, 1996," be, and hereby is, designated for the purpose of affordable housing, the

land to continue to be under the jurisdiction of the Board of Selectmen for such purpose. Provided, that said site shall be subject to an easement for maintaining the Brookside gardens as shown on said plan; provided further, that before implementing any housing on said site, further Town Meeting authority shall be obtained. And provided, further, that if Town Meeting has not authorized housing on said site by June 30, 1999, then the foregoing designation shall lapse and said site shall revert to being a general asset of the Town.

Vote: 120 yes, 78 no.

Article 37, Motion 2a

That "Lots 1,2,3, & 4" as shown on the plan on file in the Office of the Town Clerk entitled "Plan of Land at Woodlawn Avenue at Department of Public Works Access Drive, Wellesley, Mass., by Stephen S. Fader, Town Engineer, Town of Wellesley, Scale 1"-40', dated January 22, 1996," be, and hereby is ,designated for the purpose of affordable housing, the land to continue to be under the jurisdiction of the Board of Selectmen for such purpose. Provided, that said site shall be subject to an easement for maintaining the DPW yard beyond the fence as shown on said plan; provided further, that before implementing any housing on said site, further Town Meeting authority shall be obtained. And provided, further, that if Town Meeting has not authorized housing on said site by June 30, 1999, then the foregoing designation shall lapse and said site shall revert to being a general asset of the Town.

Vote: 112 yes, 82 no.

Town of Wellesley Affordable Housing Policy

Article 31: 1989 Town Meeting

Wellesley is an outstanding attractive residential community, enriched by the diversity of its residents. Wellesley seeks to maintain and enhance its present character by preserving a mix of housing stock that includes low income, moderate income and market rate housing. In establishing this Affordable Housing Policy, Wellesley seeks to control its own growth and development.

Criteria for the Development of Affordable Housing:

1. The predominantly single-family residential character of Wellesley shall be preserved.
2. Urban-scale projects are to be avoided.
3. Preference shall be given to projects where 100% of the units satisfy Town Housing goals.
4. Any affordable housing shall, to the maximum extent possible, remain affordable in perpetuity.
5. Insofar as it is legal, Wellesley residents shall be given priority in the marketing of affordable housing units.
6. Preservation of open space and protection of natural resources shall be important considerations in the Town's land use planning.
7. Development of affordable housing should not overburden existing utility systems or other public facilities that serve the Town, including services, streets, the public water supply and sewers to a greater extent than would any other development.
8. Wellesley's Fair Housing Policy shall be respected.

WELLESLEY AFFORDABLE HOUSING TIMELINE

Date	Action	Units Created	Total to Date
1969	Chapter 774 Passed	0	126
1970	Low and Moderate Income Housing Study	0	126
1972	Morton Circle Addition	40	166
1975	Waldo Court	12	178
1976	River Street Weston Road	57	235
1978	Glen Grove	125	360
1980	Update to Low and Moderate Income Housing Study	0	360
1981	Wellesley Comprehensive Plan	0	360
1982	Ardmore Apartments State Housing Appeals Committee approves, overriding Town's decision	36*	396
1988	Affordable Housing Study	0	396
1988	Capital Sites Management Maugus Hill: 30 units State Housing Appeals Approves, Overriding Town's Decision		
1989	MAPC Housing Affordability Review	0	396
1989	Article 31 Town's Affordable Housing Policy	0	396
1994	Updated Comprehensive Plan with Affordable Housing Section	0	396
1995	Hastings Village, Inc. 87 Units - Hastings St. Town denied comprehensive permit. State Housing Appeal Committee: pending		
1995	Board of Selectmen creates Wellesley Housing Partnership Committee	0	396
1996	Article 37	0	396
1996	**CURRENT TOTAL**		**396**

Source: 1989 Metropolitan Area Planning Council: Wellesley Housing Report, EOCD 1994, Wellesley's Comprehensive Plan Dated 1994.

*In the Ardmore affordable unit count, Wellesley was given "credit" for 36 units toward its Affordable Housing Goal, however in reality, only 9 of the units are affordable, the remaining units are market rate.

WHPC Project Timeline To Date

DATE	ITEM	COMMENT
April 8, 1996	WHPC Meeting: Middle School	Committee revotes all motions for Town Meeting.
April 9, 1996	Annual Town Meeting	Approves: Article 37, Motion 1a and 2a to further investigate affordable housing sites on Oakland Street and Woodlawn Avenue Approves: Article 41, an appropriation of $20,000 for technical services for the WHPC to further investigate Oakland Street and Woodlawn Avenue sites.
May 1, 1996	WHPC Meeting, Town Hall	Discussed sites.
May 29, 1996	WHPC Meeting, Town Hall	Katherine Macdonald elected Chair, Joellen Toussaint Vchair, Brian Nichols Secretary Neighborhood representatives selected: Jan Panetta from Oakland Street and Janet Maynard and Leslie Peebles from Woodlawn Avenue.
July 18, 1996	WHPC Meeting, Town Hall	Discussion and vote on housing consultant proposals. Contract awarded to David Koven Associates
July 25, 1996	WHPC Meeting-no quorum	Met with newly appointed housing consultant David Koven and architect Jean Herman and neighborhood representatives.
Sept. 12, 1996	Opening WHPC meeting, Town Hall	Subcommittee tasks assigned. Discussion of meeting between the architect and the neighbors to share design concepts. Citizen attendance: 6
Oct. 3, 1996	WHPC meeting for Architect and Neighbors, Town Hall	Post card advertising this meeting sent to 150 neighbors. Citizens in attendance: approx 14.
Oct. 9, 1996	7:30 PM WHPC meeting at Arnold Room in Library 9:30 PM WHPC on Advisory Committee Agenda-Town Hall	Discussion of the results of neighbors' meeting with architect. Some neighbors express consensus for a low density project of approximately 4 units on Woodlawn. Update on status of investigation on Oakland Street and Woodlawn Avenue. Citizen attendance: 5
Nov. 11, 1996	WHPC on Board of Selectmen's Agenda: 9 PM	Update Selectmen on Woodlawn and Oakland project. Numbers presented by David Koven Associates and edited by WHPC are submitted and reviewed with Selectmen. Katherine Macdonald, Chairman, asks Board of Selectmen for direction in regards to the assumptions the committee is operating under. Neighbors in attendance to voice opposition.
Nov. 13, 1996	WHPC Meeting, Town Hall	Discussion of various proformas presented by David Koven Associates. Citizens in attendance: 12
Dec. 9, 1996	9 PM WHPC on Selectmen's Agenda, Town Hall	Further discussion on Woodlawn and Oakland Street sites. Discussion of non-profit development corporation. Town Meeting Articles.
Dec. 11, 1996	WHPC Meeting: Town Hall	Representatives of Rep. Lois Pines and Senator Cheryl Jacques and Rep. John Locke in attendance at invitation of the committee to discuss Chp. 40b and initiatives. Gerry Pucillo joins the WHPC. Citizens: 6 WHPC Votes to recommend: 2 units on Oakland Street and 4 units on Woodlawn Avenue. Votes to recommend Warren School as affordable site.