

BOARD OF SELECTMEN

AFFORDABLE HOUSING POLICY AND LONG RANGE AFFORDABLE HOUSING PLAN

Introduction

This report to the 1989 Annual Town Meeting responds to the action taken under Article 34 of the 1988 Annual Town Meeting which directed the Board of Selectmen, acting as the Wellesley Housing Partnership Committee, "to develop an affordable housing policy and long range affordable housing plan for the Town..." and to "submit a report on said policy and plan to the 1989 Annual Town Meeting for its approval, modification or disapproval."

In addition to the mandate of the 1988 Annual Town Meeting, the Board of Selectmen is obligated to "oversee all matters affecting the interest and welfare of the Town (see 19.3 By Laws). Correspondingly, those aspects of the community which are deficient require recommendations from the Selectmen for correcting. From available data, it is apparent that housing deficiencies exist in Wellesley and as such are a threat to the Town's economy, its social structure and its cultural values. Therefore, the Board of Selectmen submits this policy and plan.

By way of background, an Affordable Housing Study Committee was appointed by the Board of Selectmen in 1987. In February, 1988, that Committee submitted its report. (Copies available through the office of the Board of Selectmen.) The report contained majority (16 members) and minority (5 members) positions. There was agreement on many of these positions. The Board believes that, in general, the recommendations made by the Affordable Housing Study Committee on pages 1 and 2 of its report should be seriously considered in the development of a Long Range Affordable Housing Plan for Wellesley.

During the months that have followed the 1988 Annual Town Meeting, the Selectmen have discussed affordable housing on several occasions. There has been and continues to be a difference of opinion on the Board about the definition of the word "affordable", whether or not to conduct a needs assessment, and generally on how to proceed in developing a policy and plan.

A majority of the Board (henceforth, "the Board") believes that the Town should not only address the needs of low and moderate income citizens, as defined by the state, but also those citizens of Wellesley for whom housing alternatives are not available. What is particularly disturbing to the Board is the fact that, historically, Wellesley has had a broad and diverse socio-economic mix in Town. This mix and the valuable diversity it provides is disappearing due to the extraordinary escalation of housing values in the 1980's. Long term residents are being forced to remain in housing that is too large or too expensive or not appropriate for their present needs or they are forced to leave Wellesley. Others, for whom circumstances in life have changed (single parent, suddenly handicapped), similarly have few, if any, choices to remain in Wellesley. In the meantime, vacant space and open lots are being developed into large expensive housing or are at risk of being developed in a manner which is inconsistent with Wellesley's traditional character.

The Board believes that it is not in the best interests of the Town to allow such bi-polarization in the Town's housing stock to exist and expand. To the extent that Town leadership can help provide encouragement and solutions to those with housing needs it is important to do so.

Chapter 774 and Affordable Housing

Chapter 774 of the Massachusetts General Laws provides that unless 10% of a community's housing stock is for low and moderate income persons, as defined by the state, or 1 1/2 percent of its land area is devoted to affordable housing, the Town is subject to the state's imposition of such housing regardless of compliance with the Town's Zoning Bylaws.

The Planning Board has asserted that Wellesley has complied with Chapter 774 by devoting more than 1 1/2% of its land area to affordable housing. The state has as yet not confirmed this assertion. Regardless of Chapter 774, the Board believes it is consistent with Wellesley's past practice to develop a policy and a plan on affordable housing.

The Need for Affordable Housing in Wellesley

In October 1988, the Board requested assistance from the Town's Planning Director, Richard Brown, to develop an assessment of the needs for affordable housing in Wellesley. With his help, a data-centered report entitled "Housing Affordability Review" (a copy of which is attached) was compiled by the Metropolitan Area Planning Council (MAPC). The report states, "The housing affordability gap (in Wellesley) has worsened substantially, both for owners and for tenants. As of 1986, home sales prices were 4.5 times the average household income, up from 2.5 times in 1980. 1987 rents required 32.3% of the average wage, up from 21% in 1980."

In addition, the data also shows that "In all, very little of Wellesley's housing is affordable to those of limited means. Of the 465 housing units sold during 1988, only 24, or 5% sold for less than \$150,000. Of the 2097 sales between 1984 and 1987, only 119, or less than 6% sold for under \$100,000 (these data include intra-family transactions which understates the amount of lower cost housing available on the open market.)"

The severity of the affordability gap has come upon the Town in a relatively short period of time. Planning Department records indicate that in 1984, the median price for a single family home was \$175,000 (over a 12 month period). In 1988, the median price was \$334,000 (for the period February through October). According to the 1980 census, there were 2,384 households in Wellesley with incomes under \$20,000. Next year's 1990 census will give us the current figures, but it is reasonable to assume that there are still numerous elderly and single parent households in Wellesley who fall into this category.

Not only has the price of housing removed the vast majority of our housing stock from affordability, but the high incidence of large additions to once modest homes has accelerated the flow from affordability as well. The amount of rental housing has also decreased and its affordability gap has increased. Finally, a recent study by the Council on Aging demonstrates there is a significant need for alternative housing for our elder citizens.

The prospect of retaining a diverse population in Wellesley and of providing sufficient appropriate housing alternatives through the open marketplace is not good. Unless Wellesley develops a proactive Policy and Plan, significant numbers of its citizens will continue to suffer housing stress or dislocation.

In order to maintain the traditional socio-economic mix in Wellesley, ways will have to be found to enable those of limited means to remain in Wellesley and to encourage housing for those who cannot afford market rate

housing in Wellesley, (purchase or rental) and who also do not qualify for state or federal subsidies.

The Board of Selectmen believes it is important to point out both the needs of the present and the actions of the past. In addition, the Board urges the community to take steps to address these needs.

Historically, Wellesley has acted to provide housing for its citizens whose incomes exceeded the subsidy level, but were below that needed to buy or maintain market rate housing. For example, the Town created an entire subdivision in Precinct B for returning veterans of World War II. These lots were sold for \$700 each and housing was built under the GI Bill. In 1962, Town Meeting rezoned land in Wellesley Square so that Welsinor, a non-profit apartment complex for the elderly, could be built. And, in 1985, the Town chose to forego commercial development of the Intermediate Building and Phillips School property in order to achieve Phillips Park, an equity transfer retirement housing complex for Wellesley-defined moderate income people.

"Affordable"

Definition of the word "affordable" has become important since it means different things to different people. Until very recently "affordable housing" had no precise definition. It used to mean housing that cost significantly less than market rate, but was more expensive than subsidized housing. With the advent of the state Housing Partnership Program, people at the state level began using the word "affordable" as a synonym for low and moderate income subsidized housing. Therefore, when one hears the word "affordable" to describe housing these days, it has the connotation of state or federally subsidized housing only.

Because the Board of Selectmen believes that, along with a need for state or federally subsidized housing, there is also a need for housing in Wellesley that falls between state or federal subsidized and market rate, the Board voted, a definition of "affordable" that expanded the government meaning to include not only the requirements of Chapter 774 but something which could address all of Wellesley's needs, and Wellesley's intentions.

Definition of Affordable Housing in Wellesley

The Board of Selectmen has defined three categories of housing which should be termed "Wellesley Affordable". Each of these categories departs to some extent from the now commonly used term "affordable", as described in the previous section.

Category 1: Housing that constitutes low and moderate income housing under guidelines of Chapter 40B, section 22 of the Mass. General Laws.

At the present time, this category includes low and moderate income as defined under Chapter 774. Low income is defined as earning less than 64% of the median income for the area. Currently, in the Boston metropolitan area low income is \$21,760 for a family of 4.

If subsidized, either by the state or federal government, this housing counts toward the 10% quota under Chapter 774. The Board believes that housing for people within this income range that is not subsidized by either the state or federal government but by a religious or not for profit organization, for example should also be defined as affordable in Wellesley.

At the present time, there are approximately 135 elderly and families on the Wellesley Housing Authority waiting list. All of these people qualify under the Chapter 774 guidelines, and, therefore belong to this category.

Category 2: Housing units that are made affordable by nonfederal or nonstate subsidy or assistance for those persons having household incomes that fall within the current standards of the Massachusetts Housing Finance Agency's (MHFA) first-time homeowner program.

Maximum income for this category cannot exceed 80% of the area median income. Presently, those incomes range from \$20,000 - \$33,000. Under Chapter 774 as it is currently structured, housing within this category would count toward the Town's 10% goal only if it is MHFA financed.

Again, the Board believes that all Wellesley housing units for people whose incomes fall within this category, whether by state or federal subsidy, should be termed affordable in Wellesley and be counted in the 10% calculation under Chapter 774.

Town employees, citizens who work in our business and institutional communities, and the professional care givers (ministers, clergy, social workers) in the Town are those whose incomes would likely fall into this category. An inventory of housing in this category would also provide an opportunity for those presently living in low income subsidized housing to achieve their own home as they achieve greater financial strength. It is also this category for whom rental units (not necessarily apartments) would be particularly appropriate.

Category 3: Housing units the price of which is 50% or less of the median market price of similar units in Wellesley.

This includes purchase price as well as rental units and would adjust up or down on an annual basis as the median price of homes or rental units rises or falls. For example, if the median price of homes in Wellesley is \$300,000, housing in this category would be a maximum of \$150,000. If the median rental rate for a 2 bedroom apartment was \$1200 per month, then \$600 per month would be the maximum.

Housing within this category would be particularly suitable for first-time homebuyers or the elderly who wished to stay in Wellesley, but in a smaller home as a rental situation.

The Board notes that there is a drastic lack of housing in this range in Wellesley, whereas in the past, significantly more of this modest stock was available. The Board also recognizes that a great deal of work must be done to establish the ground rules for housing of this nature in Wellesley. It would be necessary to develop controls on income levels, minimum family size, permanent affordability, etc. Likely the most feasible way to provide this type of housing would be through a land trust or other non-profit entity whereby the land is retained and the housing unit only is sold or leased.

While the appropriate Town Boards and committees need to spend more time refining the manner by which the Town can and/or might wish to address the need for this category of housing, the Board feels strongly that the Town acknowledge this need and pledge to work together to address it in the most appropriate manner and, therefore, includes this category in its definition of "affordable."

Long Term Affordability

Long term affordability of subsidized housing has been difficult to achieve legally. This gained attention and publicity recently when bonds for previously subsidized units in Boston matured and the owners could then substitute market rate units for those previously subsidized, displacing the previous tenants and creating huge profits for the owners. This issue, while not yet resolved, is being addressed. The Selectmen believe that long term affordability, preferably in perpetuity, should be an essential component of an affordable housing Policy and Plan in Wellesley.

Affordable Housing and Open Space

The Board of Selectmen is as certain of the importance of open space to the Town as it is for the need of affordable housing. Affordable housing and open space are not mutually exclusive. The creation of affordable housing need not use open space and, conversely, affordable housing need not be sacrificed to maintain open space. Existing housing can be made affordable and land where structures now exist can be used for affordable housing, perhaps at lower density than now exists. The Town must engage in an open and comprehensive planning process that includes the reconciliation of these two goals of the Town.

Development and Implementation of Affordable Housing Plan

In its outline for an Affordable Housing Plan, the Board of Selectmen, as the Housing Partnership Committee, suggests that the various Town boards and committees responsible for housing and planning should work together to implement the Affordable Housing Policy both on a short term and long term basis. The Board acknowledges that the work on affordable housing has only begun and that there is much to be studied, discussed and decided.

The Housing Authority must be encouraged to look for ways to improve and increase housing falling under its statutory jurisdiction; the Planning Board should include planning for affordable housing in the Town's Comprehensive Plan, look for ways to encourage "Wellesley affordable" housing, while properly regulating the design and quality of affordable housing; and the Fair Housing Committee should publicize the housing needs of those who fall under its umbrella.

The Board also encourages the Board of Assessors to explore legal avenues for reducing, abating or deferring taxes that would allow those of limited income to remain in their present homes if they so desire.

The following describes the housing and planning committees in town government and summarizes their jurisdictional responsibilities:

The WELLESLEY HOUSING AUTHORITY is governed by Chapter 121B of the Mass. General Laws. As described in Wellesley's Town Bylaws, its general powers and duties include planning, constructing, operating and maintaining subsidized housing for families, veterans, and elderly of low income. The WHA currently maintains 102 units of low income family housing and 133 units of low income elderly housing in Wellesley.

The WELLESLEY PLANNING BOARD has the powers and duties of planning boards under the General Laws. These include (among others):

- a. controlling subdivision development in accordance with Chapter 41 of the General Laws.
- b. making careful studies of the resources, possibilities, and needs of the Town and preparing therefrom a comprehensive plan for the Town.

c. studying and recommending changes in the Town Zoning Bylaws and Zoning Maps.

The FAIR HOUSING COMMITTEE was established after unanimous adoption of a Fair Housing Policy at the 1985 Annual Town Meeting. Among the responsibilities of the Fair Housing Committee are:

- a. to review and approve or modify and approve the Implementation section of the Fair Housing Plan.
- b. to evaluate and analyze any over concentration or under representation of minorities in the Town and to prepare recommendations to address inequities that may exist.

One program implementation goal of the Committee is to make specific proposals to increase the number of smaller, more affordable housing units and subsidized housing units in Wellesley.

Recommendations

In conclusion, the Board of Selectmen recommends the following statement be adopted as an Affordable Housing Policy for the Town.

Town Policy on Affordable Housing and the Development of Affordable Housing

The Town of Wellesley seeks to maintain its character as a high quality residential suburban community by encouraging the continuation of the mix of housing stock which has made this Town such a desirable place in which to live. That mix includes low income, moderate income and market rate housing.

The Board further recommends that the 1989 Annual Town Meeting direct the appropriate elected and appointed Town officials responsible for planning and housing as outlined in the Selectmen's report to this Town Meeting to work together to develop short and long term plans for implementing this policy and that the Board of Selectmen, acting as the Housing Partnership Committee, coordinate this process and present the plan to the 1990 Annual Town Meeting.

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ALTERNATIVE AFFORDABLE HOUSING POLICY AND LONG RANGE AFFORDABLE HOUSING PLAN

In establishing this affordable housing policy, Wellesley seeks to maintain its present character and to control its growth and development.

Definition

Affordable housing is housing that constitutes low and moderate income housing under the guidelines of Chapter 40B, Section 20 of the Massachusetts General Laws.

Policy

1. The predominantly single-family residential character of Wellesley shall be preserved.
2. Affordable housing development shall comply with Wellesley's zoning bylaw.
3. Preference shall be given to projects where 100% of the units are affordable.
4. Any affordable housing shall be permanently affordable.
5. Wellesley residents shall be given priority in the marketing of affordable housing units.
6. Preservation of open space and aquifer protection shall be primary considerations in the evaluation of affordable housing proposals.
7. Large-scale projects are to be avoided.
8. Development of affordable housing must not overburden existing utility systems or other public facilities that serve the Town, including the public water supply.
9. Wellesley's Fair Housing Policy shall be respected.

Plan

The following principles shall govern any further development of affordable housing in Wellesley.

Compliance with the zoning bylaw will assure that affordable housing will not adversely impact the Town's infrastructure, traffic flow, or other health and safety concerns of the Town. Compliance will also assure that siting and building design are compatible with the surrounding neighborhood.

Subsidized housing developments which utilize the comprehensive permit application process shall comply strictly with the requirements of Chapter 40B, Sections 20 - 23, and 760 CMR, Section 31, and the procedures of the Zoning Board of Appeals to enable a thorough, intelligent review of the proposal.

Appropriate local boards and officials shall review comprehensive permit applications and make their recommendations to the Zoning Board of Appeals consistent with the Town's Affordable Housing Policy. The Zoning Board of Appeals is encouraged to take these recommendations into consideration and,

when granting a comprehensive permit, to impose conditions and requirements which are consistent with local needs.

Wellesley has met and exceeded the statutory minima, as defined in Chapter 40B, Section 20, and 760 CMR 30.04, by devoting more than 1.5% of applicable land area to subsidized low or moderate income housing. Such affordable housing exists in Wellesley on sites comprising 70.23 acres, exceeding the statutory minimum of 52.15 acres. A decision of the Zoning Board of Appeals to deny a comprehensive permit is therefore final pursuant to 760 CMR 30.06 and the applicant shall not have the right to appeal to the state's Housing Appeals Committee.

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