

This is the undersigned task force's recommendation that the Board of Selectmen adopt the following Policy Statement concerning a building owner's proposal to convert a c.40B (affordable housing comprehensive permit) project from rental units to home ownership condominiums.

The recommended Policy Statement furthers the Town's Affordable Housing Policy, adopted by the 1989 Town Meeting and amended by Town Meeting in 1997, which states:

Wellesley is an outstandingly 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.

The task force was also guided by the Town's Inclusionary Zoning Bylaw, whose purpose is

... to recognize the affordable housing need in Wellesley; to require applicants for development projects having a significant impact on the Town to contribute toward this need; to encourage the expansion and upgrade of the Town's affordable housing in order to provide for a full range of housing choices for households of all incomes, ages and sizes; to prevent the displacement of low to moderate income Wellesley residents; to increase the production of affordable housing units; and to encourage affordable housing to be incorporated into new development projects.

POLICY STATEMENT RE CONVERSION OF A c.40B RENTAL DEVELOPMENT TO CONDOMINIUMS

Background. In the spring of 2005, the Town received an overture from the owners of the Ardmore building, 4 Cedar Street, asking if the Town would agree to the owners' planned conversion from existing rentals to home ownership condominiums, including the existing nine affordable units mandated by law to be maintained as affordable in perpetuity. The building is currently permitted as a rental project, thus any change to condominiums would require a change in the existing permitting by the Zoning Board of Appeals (ZBA). The Selectmen appointed a task force to study the issues, recommend town-wide policies and develop a protocol for analyzing any proposed conversion. The analysis shall include *without limitation the potential impact on the existing tenants, the future occupants of affordable units, the neighborhood and the Town generally.* The analysis shall also be mindful of the policies set forth below.

This policy statement is the result of that study.

Policy Statement. **The Town's policy** is to increase its affordable housing stock whenever possible. With specific reference to a c.40B development, it is also **the Town's policy** that all units in the development (affordable and market rate) shall "count" towards the Town's c.40B quota.

To help achieve these policies, any request for c.40B conversion shall be processed as follows. Upon receipt of any proposed conversion of a c.40B project from rental to condominiums, the Town will analyze the relevant facts, assess the Town's local needs, discern the impact of the conversion, and determine whether or not to *recommend a conversion in any particular, fact-specific case.* If, upon appropriate study and consultation with appropriate boards, the conversion is deemed overall to be positive, the Board of Selectmen may decide to "partner" with the building's owners requesting the ZBA

to amend the applicable comprehensive permit to permit a conversion, subject to whatever conditions seem apt.

In any case, **it is the Town's policy** to ensure at a minimum that there will be no reduction in either (1) the number of units in the project that are "countable" towards the Town's c.40B "quota", or (2) the length of time the affordable units will remain affordable (preferably, "in perpetuity").

Fact In-Take Protocol. To lay the proper foundation, in addition to a visual inspection (interior of the building, the site, and the neighborhood), the following information shall be requested and obtained from the developer:

1. Full financials, including:
 - a. Corporate Financials for the past 36 months;
 - b. Pro forma financials for 36 months following conversion (including owner's condominium fees);
 - c. Conversion pro forma; marketing plans; projected sales prices (both market and affordable units); upgrades (heating, plumbing, site work, other).
 - d. Building owner(s), (for example if a limited partnership, identify general partners, limited partners and provide partnership agreements).
 - e. Current market rate rent and utility structure for existing tenants as well as current assisted rent and utility structure.
 - f. Method of subsidy for assisted units (i.e., Section 8; elderly; disabled; etc.)
 - g. Average length of lease for market and assisted units.
2. Architectural and upgrade plans
3. Building status/plans, present v. post conversion
4. Site status/plans, present v. post conversion
5. Comprehensive permit and all other relevant documents should be assembled and reviewed.

Additional Factors to be Considered

1. A profile should be made of all existing affordable housing sites in town at the time of the conversion request, rental and homeownership, to assist in making the decision of whether an increase in homeownership would be in the public interest. Generally, a picture of the Town's local needs should be ascertained.
2. Whether additional regulatory measures (for example, deed riders) are needed in order to ensure future "affordability", "countability" and "in perpetuity" status.

3. The owners' history/experience in managing the affordable units to date should be reviewed.
4. The extent to which the number of affordable units could be increased and a monetary fund established to support them.
5. The extent to which approval in the specific instance would impact other developments or inappropriately establish precedent.
6. The extent to which the proposed conversion would impact the Town's infrastructure (sewer, storm drainage, fire services, traffic, electric, water, and refuse disposal) and whether the town should engage its own studies of these impacts.
7. If the duration of the affordable units is anything less than "in perpetuity", a determination should be made whether the duration be lengthened as a condition to approving conversion.
8. If the "countability" of the units in the entire project is or will become after conversion less than all of the units in the building, determination should be made of whether the count must be expanded as a condition to approving the conversion.
9. The extent to which it would be prudent to require the condominium to restrict itself to requiring a minimum number of units (for example 70%) to be owner occupied.
10. The Wellesley Housing Development Corporation's (WHDC) recommendation shall be requested, and weighed carefully in reaching a decision on the proposed conversion.
11. The relevance of the Massachusetts Condominium Law, the Condominium Conversion Law, and any other relevant statutes, regulations, or Town Bylaws shall be considered.
12. Overall, upon the conversion, mechanisms should be attached to the conversion which will best protect the Town's oversight, control and enforceability of conditions over the affordable units.

Respectfully submitted,

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