

**Issues to Keep in Mind in Reviewing and Considering Possible Changes to the Existing
Town of Wellesley Affordable Housing Policy**

(adopted by the 1989 Town Meeting under Article 31 and amended by the 1997 Town Meeting under Article 4)

<u>Specific elements of the Town's existing Affordable Housing Policy:</u>	<u>Issues and considerations to keep in mind in reviewing and considering possible changes to the specific elements of the Town's existing Affordable Housing Policy:</u>
<p>-Wellesley is an outstandingly attractive residential community, enriched by the diversity of its residents.</p>	<p>-Wellesley is a predominately residential community; what purpose does the modifier "attractive" serve other than to distinguish Wellesley from neighboring communities that have a broader range of housing quality, from multi-family working class housing to upper class?</p> <p>- What does the policy mean by the diversity of its residents? Social, economic, educational, racial, ethnic, age, single vs. married residents, etc.?</p> <p>-Does the Wellesley of 2010 truly still have a diversity of residents? Or is Wellesley today more homogenous socially, economically, etc.? See the Community Housing chapter of the Town's Community Preservation Plan for a discussion of this issue</p>
<p>-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.</p>	<p>-See the comment above about diversity of residents. What is the "present character" that the Town want to preserve? The increasingly homogenous socioeconomic population, or the socially, economic, age, etc. population of 25+ years ago?</p> <p>-What does the policy mean by low income, moderate income and market rate housing?</p> <p>-The terms "low and moderate income housing" have a very specific meaning under Chapter 40B and state and federal housing programs: housing affordable (i.e., the housing costs – rent for an apartment or mortgage principal and interest (30-year fixed rate for up</p>

to 95% of the FMV of the house), insurance and real estate taxes for a homeownership unit – can't exceed 30% of the maximum household income). Under those programs, (i) low income means a person or household earning less than 50% of the Area Median Income, adjusted for household size ("AMI") – for the federal fiscal year 2009, that means \$45,100 per year for a family of four; and (ii) moderate income means a person or household earning less than 80% of the Area Median Income, adjusted for household size ("AMI") – for the federal fiscal year 2009, that means \$66,150 per year for a family of four.

-Standing alone, the term market rate housing means what it says: housing offered for sale on the open market subject to no buyer income limit. To oversimplify, the median sale price for a single-family home in Wellesley for 2009 was about \$824,300 (in 2006 it was \$920,000). By applying affordable housing guidelines to the median-priced house in the Town: (i) real estate taxes (at \$9.47 per \$1,000 of value) would be about \$7,800 per year; assume a family that can afford that median-priced house takes out a 90% mortgage, annual principal and interest on that mortgage (it would be a jumbo, with a current rate of about 5.00% per year) would be about \$47,814 and annual insurance would be about \$1,500, so total housing costs would be about \$57,114; to be affordable, those annual housing costs shouldn't be more than 30% of a household's income, or \$190,380. Wellesley's median household income in 2008 was about \$145,980 or about 5162% of AMI. That means that market rate housing in Wellesley is not affordable to the average family already living in Wellesley.

-Should the Town modify the policy to address and encourage housing affordable to families with incomes between 100% and 120% or even 150% of AMI?

<p>-In establishing this Affordable Housing Policy, Wellesley seeks to control its own growth and development.</p>	<p>-This is a reasonable position, but two factors limit it: (i) until 10% of the Town’s housing stock qualifies as Chapter 40B housing, developers such as Michael Connolly will use Chapter 40B comprehensive permits to buy and convert lots large enough to accommodate more than one dwelling unit into 3, 4 and 5 unit projects having only one unit “count” under Chapter 40B; and (ii) the Town will have - even after all of the rental units at the proposed 27 Washington Street are added in – to the Town’s Chapter 40B subsidized housing inventory – only about 5.5% of its housing that qualifies under Chapter 40B. Assuming the Town has about 8,900 dwelling units, to be able to tell developers such as Michael Connolly to walk (and hence “control its own growth) means that the town must have 890 “Chapter 40B units”</p>
<p>-Affordable Housing is housing which, under the guidelines and regulations promulgated by Massachusetts General Laws, Chapter 40B, is defined as low or moderate income housing, or</p>	<p>-See the discussion above as to what low or moderate income housing means for Chapter 40B purposes</p>
<p>-[Affordable Housing is] housing which may otherwise be determined by vote of Wellesley Town Meeting to be affordable housing.</p>	<p>--Should the Town modify the policy to address and encourage housing affordable to families with incomes between 100% and 120% of AMI (so-called “workforce housing” that speaks to teachers, police, firefighters etc. who work in the Town), or even 150% of AMI?</p>

Issues to Keep in Mind in Reviewing and Considering Possible Changes to the Criteria for the Development of Affordable Housing under the Existing Town of Wellesley Affordable Housing Policy

Specific criteria for development of affordable housing under the Town’s existing Affordable Housing Policy:

Issues to keep in mind in reviewing and considering possible changes to the specific criteria for development of affordable housing under the Town’s existing Affordable Housing Policy:

1. The predominantly single-family residential character of Wellesley shall be preserved.

-The experience of the WHDC in its efforts to create affordable homeownership housing, and the experience of the Planning Board under the Town’s Inclusionary Zoning Bylaw have demonstrated that, due to the ~~fact~~facts that the assessed value of just the land alone in a 10,000 sq ft lot zoning district is between ~~\$300,00 and \$500,00 that the cost of creating one~~300,000 and \$500,00 and an “affordable single-family home” can’t be priced at more than about \$200,000, so the “subsidy” cost of acquiring and converting one market rate house into an affordable single-family home in Wellesley is about \$300,000 to \$350,000, a very expensive fact. ~~Developing a 2-family~~On the other hand, the WHDC has found that the “subsidy” cost of acquiring and redeveloping 2-family is reduced to the range of \$150,000 to \$200,000 per unit.

-Encouraging the development of only single-family affordable homes – in light of current Chapter 40B regulations that only add the actual affordable homeownership units to the Town’s Chapter 40B subsidized housing inventory one at a time (while, as is the case at Ardmore and Hastings Village, and will be the case if 27 Washington is developed as rental housing, 100% of the units – i.e., both the 20-25% of the project’s actual affordable apartments as well as 75-80% of the project’s market rate units, count toward the Town’s Chapter 40B subsidized

	<p><u>housing inventory</u>) – means that it will take decades, at a very high cost – to come anywhere near the 10% required under chapter <u>Chapter 40 B</u>. <u>if the Town’s policy is to primarily support only single-family homeownership units</u></p> <p>-Consideration should be given to well planned and sited two-family, cluster and townhouse developments</p>
<p>2. Urban-scale projects are to be avoided.</p>	<p>-“Urban-scale” seems like a code word for 4 to ten story apartment/condominium developments. Does it include large townhouse like that found at the Avalon Properties Project on Needham Street in Newton or New England Development’s ArborPoint rental project at the Woodland T stop in Newton? This concept should be more precisely defined.</p>
<p>3. Preferences shall be given to projects where 100% of the units satisfy Town housing goals, however, the Town recognized the potential necessity of including mixed income housing in order to ensure a development's overall economic viability.</p>	<p>-This criterion is unhelpful, since the Town’s policy does not establish any specific goals.</p> <p>-What are the Town’s goals?</p> <ul style="list-style-type: none"> -Get to the 10% Chapter 40B threshold as fast as possible? -Move toward that 10% Chapter 40B threshold as fast as possible, qualified by the Town’s aversion to large projects? -Fight every hostile 40B development proposed <u>proposal</u>? <p><u>-Or preserve and create new housing –whether or not it qualifies under Chapter 40B – that provides more resident diversity, workforce housing, etc.</u></p>
<p>4. Any affordable housing shall, to the maximum extent possible, remain affordable in perpetuity.</p>	<p>-DHCD regulations “approve” for inclusion in a town’s Chapter 40B subsidized housing inventory units that are affordable for only 15 to 20 years</p>

	-Should the Town's policy encourage such less stringent requirement?
5. Insofar as it is legal, Wellesley residents shall be given priority in the marketing of affordable housing units.	-Current local preference rules and case law provide that towns can set an aside up to 70% of an affordable project for households with "local preferences." <u>-The current local preferences approved by the Selectmen (Town residents and their family members, Town employees, and families of students in the public schools) should be re-evaluated</u>
6. Preservation of open space and protection of natural resources shall be important considerations in the Town's land use planning.	-A laudable goal, but seemingly irrelevant to the Town's affordable housing policy; this suggests that the Town's open space goals are expected to trump the Town's affordable housing goals.
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.	-Again, a goal that frankly applies equally to all new developments. -To our knowledge, a project that promotes or creates affordable housing does not burden Town utilities, schools, police, etc., any more than a project that involves only market rate housing, <u>except in the case of large-scale rental housing developments, where schools could be overburdened and the taxes from such are projects may not fully fund the incremental cost of providing other other public services to the project.</u> <u>-It might be helpful to examine and compare what the demand is for public facilities from a "typical" single-family home vs the demand from a multi-family facility</u>
8. Wellesley's Fair Housing Policy shall be respected	-This should remain part of the Town's affordable housing policy

Other Factors to Review and Consider Addressing in Developing Possible Changes to the Existing Town of Wellesley Affordable Housing Policy

<p><i>Specific other factors to consider addressing in possible changes to the Town's existing Affordable Housing Policy:</i></p>	<p><i>Issues to keep in mind in reviewing and considering specific other factors to address in possible changes to the Town's existing Affordable Housing Policy:</i></p>
<p><u>The Town's Zoning Bylaws should be examined to see how they impact – positively or adversely – affordable housing development and preservation in the Town.</u></p>	<p><u>-look at the Town's Inclusionary Zoning Bylaw to determine the ways in which it has been successful and the ways in which it has not; and to evaluate whether to expand its scope</u></p> <p><u>-look at the density regulations to see if they could be modified to allow moderately more density in appropriate neighborhoods and zoning districts</u></p>
<p><u>Analyze the information in the Affordable Housing Market Study commissioned by the WHDC and the Planning Board</u></p>	<p><u>-identify which of the conclusions and recommendations in that Study the Town would like, as a policy matter, to pursue</u></p> <p><u>-in light of the Study's conclusions about the impact that public transportation access and the proximity to shopping and schools, evaluate what neighborhoods and areas in the Town might be more suitable to affordable housing</u></p> <p><u>-decide whether the Town, as a policy matter, want to encourage development of: (1) affordable single-family condo/townhouse homeownership projects; (2) multi-family rental apartments; (3) senior housing; (4) rental apartments for families (i.e., 3 or 4 bedrooms), empty nesters (1 or 2 bedrooms), young singles or couples (1 or 2 bedroom), etc.</u></p>