



CITY OF SOMERVILLE, MASSACHUSETTS

CLERK OF COMMITTEES

September 1, 2020
REPORT OF THE LAND USE COMMITTEE

Attendee Name	Title	Status	Arrived
Ben Ewen-Campen	Chair	Present	
Lance L. Davis	Vice Chair	Present	
William A. White Jr.	City Councilor At Large	Present	
Matthew McLaughlin	Ward One City Councilor	Present	
Mark Niedergang	Ward Five City Councilor	Present	

The meeting was held via GoToWebinar and was called to order by Chair Ewen-Campen at 6:03pm and adjourned at 8:34pm.

Others present: Dan Bartman - OSPCD; Michael Feloney - OSPCD; Kelly Donato – OSPCD

Approval of the June 2, 2020 Minutes

RESULT:	ACCEPTED
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Approval of the May 19, 2020 Minutes

RESULT:	ACCEPTED
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209478: That the Director of SPCD present recommendations for an "Affordable Housing Overlay District" to this Council's Committee on Land Use, to facilitate the construction of new affordable housing.

Chair Ewen-Campen shared the background that at the June 2 meeting, Mr. Bartman shared a preliminary proposed draft on an Affordable Housing Overlay District. The presentation can be found at www.somervillezoning.com. Since that meeting, Mr. Bartman and the housing Division have conducted interviews with both affordable housing and market rate developers to get feedback on the issues, and around incentivizing affordable housing, and removing the barriers to affordable housing that can be addressed through the zoning laws in particular.

Mr. Bartman shared a presentation, noting that the intersection between outside forces and the zoning law need to be considered. The summary of the previous draft proposal focused solely on the transit areas of the city, including higher density within the same buildings if those buildings are 100% affordable units. The triple-decker and backyard cottage by-right, and ADUs based on additional units

were also proposed. Mr. Bartman emphasized that the interviews that were conducted with developers asked for the feedback of the individuals; they were not acting as representatives of their particular employers. Overall, the feedback was that the proposal was uninspiring, though it would help the 100 Homes Program.

From the market rate developers, the primary issue highlighted was land cost in Somerville, and also labor costs in the region. Other issues are within the City's control, particularly around the processes and timelines. Density regulations also cause problems. Another concern is the lack of relationship between the City and Eversource, which the Planning and Zoning Division is aware of. Further, there is a perception that materials required are only those that are the most expensive. Some suggestions included that a higher percentage of affordable development might be possible with the right incentives. Also, more units and additional stories should be permitted, with buildings and residential uses permitted by-right rather than special permit. The City could also reduce or remove fees, decrease regulation, and increase service.

Feedback from affordable housing developers was similar, in particular, concern about the delays. It was noted that affordable financing is the primary issue to creating more affordable housing. Many funding sources and tax credit programs are capped and have unit size requirements. Land acquisition is also a significant challenge. Additionally, zoning entitlements frequently don't align with affordable development realities. The suggestions were also similar, including permitting more dwelling units and more stories; removing or exempting the dimensional standards; reducing or removing fees and removing regulation of materials. Another idea was to allow rooming units, which offer shared communal spaces such as kitchens. It was also noted that the zoning code does not currently permit seven story buildings (often known as a "5 over 2"), which could be useful.

Councilor Niedergang raised a concern about the desire to relax density restrictions, noting that an excess of small apartments may drive families out of the City. Councilor McLaughlin asked how much money a developer would save if they weren't subject to the fees associated with the permit process. He also shared the concern about no density requirements, and added that the Planning Board has stated that they cannot require specific building materials. Mr. Bartman clarified that there are often conditions on a permit to submit material samples for review and approval. The practice is waning, but does still exist in some conditions. Materials cannot be regulated through zoning, but conditioning a permit approval can involve materiality. Mr. Bartman also clarified that no density requirements would be similar to not having a parking minimum, so it would be left up to the developer to propose their own amount. The special permit gives the City some ability to address things like bedroom counts. Councilor White asked for more information about the financing restrictions leading to the 25-50 unit buildings being ideal and if that could be adjusted. Councilor Davis clarified that the goal of these interviews is to generate feedback from the Committee and inform changes to the draft proposal. Chair Ewen-Campen asked about the recommendations identified and whether they would make the 20% affordable requirement achievable or would allow for additional affordable units. Mr. Bartman noted that it would make more than 20% achievable, but no developer believed that they could make more than 30% affordable work.

Chair Ewen-Campen introduced three developers who participated in the interviews, Cory Mian, Craig Nicholson, and Jason Santana, to join the Committee to answer questions. Mr. Nicholson, Director of Real Estate Acquisitions for Just a Start, a Cambridge-based nonprofit, noted that they are trying to expand beyond Cambridge. He noted that Cambridge often uses the 40B process for affordable housing, but the Overlay is most useful in the acquisition process. The funding sources used are concerned about overall cost per unit, and this would help give 100% affordable developers a more level playing field. Cory Mian, from POAH, a Boston-based nonprofit, added that clarity around what can be built is

important to help get site control. She noted that the funding typically allows for 30-40 units, depending on costs. Jason Santana, a market rate developer with North America Development, based in Somerville, commented that Somerville is one of the most expensive cities for fees, but at least that is a fixed cost, and the issue is more with timing and the length of time to get permits approved. Also, the materials required are the most expensive, which is in direct contrast to making the units more affordable.

Councilor Ewen-Campen returned to Councilor McLaughlin's question about how much money could be saved, and asked what the most important factors are - the by-right component, additional stories etc. Ms. Mian responded that it depends on the scale of the project, and in particular the timing, number of meetings, and subsequent carrying costs. There are tradeoffs between the density bonus and the ability to move through the process quickly that by-right affords. Mr. Nicholson added that it should be both for a 100% affordable building. The design review process still occurs through the community process. Scott Hayman, Housing Director for the Somerville Community Corporation, joined the panelists to reiterate that in order for purpose-built affordable housing to compete in this market, the mechanics include going to a pre-development acquisition lender first for funding, and the current zoning makes an appraisal not support the amount that needs to be borrowed to purchase the property. An Overlay would help level this playing field and reduce reliance on local subsidies. The ability to have 4-6 stories in NR and UR Districts would make a big impact, but even starting in MR Districts first could make a difference.

Councilor White asked if there is any ability to review and allow for input to a design component while still allowing by-right development. Mr. Bartman noted that site plan approval in most districts and the special permit in NR Districts are all appealable. By-right building types do not have a design review component. Mr. Nicholson added that there are many regulations around affordable housing that ensure that it will not be done poorly. Councilor Niedergang asked about the site plan review process and whether that was enough by-right to address the needed predictability. Mr. Hayman noted that it would be a good start, particularly in the MR District, but there is still room to reduce the restrictions in the NR and UR Districts. Mr. Bartman added that the main issue seems to be that both the site plan approval and the special permit are both appealable. Ms. Mian also added that it would make a big difference to allow exceptions or waivers of certain other zoning requirements in order to enable affordable housing projects to move forward more quickly.

Chair Ewen-Campen wondered how essential it is to include the smaller streets in the NR and UR Districts. Ms. Mian commented that NR, UR and beyond the transit areas would be great, but starting with the transit areas would still be useful, though it would likely not deliver the amount of affordable housing desired. Mr. Nicholson added that equity was an issue in Cambridge, and the Overlay helped spread the affordable housing out among neighborhoods. Councilor McLaughlin asked about how "ugly" big buildings is addressed through form based zoning and whether there are any building types that are easier to build and what would be the ideal building type for affordable housing. Ms. Mian noted that the "5 over 2" is the most cost effective building, and it currently not permitted. The goal is somewhere between 4-7 stories, ideally without first-floor retail, as that is more challenging. Additionally, it is often too expensive to manage properties under 30 units. Mr. Hayman included that a "5 over 2" would make it easier to accommodate first-floor retail. Mr. Bartman elaborated that all of the dimensional controls in form based zoning help control the consistency and predictability, and should all be in the acceptable range for what is "ugly". Councilor McLaughlin also noted that for-profit development could also accommodate additional affordable housing if additional height and/or units were allowed. Mr. Santana added that the materials allowed would also have to be more flexible to make this viable.

Chair Ewen-Campen shared that a top priority is that new construction should be carbon neutral. He asked whether there is state and federal funding available for energy efficiency. Mr. Santana

commented that extra units would help mitigate these costs. Ms. Mian noted that there are limited state funding mechanisms but they don't cover the full costs and it is unclear what it would take to deliver a fully energy efficient building, and it would affect how affordable the building could be. Mr. Nicholson added that the long term savings in operating costs for projects like this are still being determined, but the industry is moving in that direction. Chair Ewen-Campen also asked how cost prohibitive parking minimums are, and Mr. Hayman responded that to the extent that they take up the land, which is already scarce, this can be a problem. He encouraged no minimum requirements in the transit areas.

Chair Ewen-Campen summarized the importance that the projects are not appealable (i.e. by-right), noting that the community process can be a barrier to affordable housing. Councilor Niedergang expressed concern with opening the door too widely to allow by-right development in NR and UR Districts. He also added that treating this as a pilot, with affordable housing developers in mind rather than focusing on for-profit developers, seems like a good way to start. Councilor Davis expressed that he is in favor of anything to allow 100% affordable buildings to be built, but is more skeptical of how much to allow in order to get the marginal increase to 25-30% affordable. Councilor McLaughlin agreed that he has no concerns about 100% affordable housing, but also shared that a bigger concern is that Somerville is not affordable, and the zoning already contains many limitations that will constrain developers. Chair Ewen-Campen also commented that protecting 100% affordable developments citywide is a priority and should be encouraged and incentivized. Since no market rate developers seem to find 50% or more affordable to be feasible, it doesn't make sense to focus on that.

The Committee agreed that the focus for the next draft will be on the 100% affordable housing projects, and they would prefer to act quickly on this component.

RESULT:	KEPT IN COMMITTEE
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200688: Planning Director submitting the Housing Needs Assessment required by Zoning Ordinance 13.8 as a pre-requisite to the completion of any amendments to the Inclusionary Zoning requirements.

RESULT:	PLACED ON FILE
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Handouts:

- 20200901 LUC - Affordable Housing (with 209478)
- AHO Interviews (with 209478)