

To: Richard Mucci; Chair, Select Board
cc: Beth Rudolph, Town Manager
From: John Suhrbier; Chair, Housing Partnership Board
Date: August 10, 2023
Re: Recommendation Regarding Changes Proposed for 87-89 Cross Street

On June 26, representatives for Mario Covino, the developer for the proposed 87-89 Cross Street development, informed the town that in response to the increase in interest rates a decision had been made to change the proposed development from nine rental units with two units affordable at 50% of the Boston Area Median Income (AMI) to a eight unit condominium project with the two affordable units now available at 80% AMI. Regarding Winchester's Subsidized Housing Inventory (SHI), the effect of this change would be a reduction from 9 eligible units to 2 eligible units.

This memorandum responds to the request for a recommendation from the Housing Partnership Board regarding how the Select Board should respond to this recommendation.

After nearly two and one-half hours of discussion at a Special Meeting held on August 9, 2023 that included valuable and appreciated input from Jonathan Silverstein as attorney for Mario Covino, the Housing Partnership Board voted 11-0 to support the following three -part motion:

- 1) The Housing Partnership Board does not, at this time, recommend approving the current request to change the proposed 87-89 Cross Street development from a rental to a condominium development.
- 2) The Housing Partnership Board urges the developer, Mario Covino and his representatives, to consider changes in the current proposal, including pro rating the condo fees, special assessments, and parking fees for the affordable units so as to be consistent with town policy; lowering the AMI level for the two affordable units; and considering, pursuant to state provisions, the use of Section 8 home ownership vouchers for the purchase of the two affordable units. These discussions should conclude, if at all feasible, within a month.
- 3) If the Developer is not willing to discuss these, or any other, potential improvement possibilities, then the Housing Partnership Board recommends that this revised proposal instead go forward as a conventional Chapter 40B application rather than continuing as a "Friendly" Chapter 40B Local Initiative Program application.

The discussion began with a consideration of the following five simpler and more basic decision options:

- Accept proposed revision,
- Continue discussions for a 3-6 month period of time to determine if it is possible to come up with a mutually agreeable design and funding possibility,
- Reject the revised proposal,
- Pause consideration of the original proposal until interest rates decline - likely in one to two years and

- Proceed with the proposed revision, but as a conventional Chapter 40B rather than as a “Friendly” or LIP Chapter 40B.

The Housing Partnership Board’s discussion covered numerous difficult and complex issues and trade-offs, including:

- The effect that the recent increase in loan interest rates is having throughout the Commonwealth in delaying and changing housing construction projects.
- To what degree, if any, does the proposed change represent a “bait and switch”?
- From purely an affordable housing perspective, this is now a worse project than either River or Cambridge Street, and both of these projects were undertaken as a traditional Chapter 40.
- Because of the benefits to be provided to the town from the original proposal, this project was undertaken as a “Friendly” Chapter 40B initiative meaning that the developer and the town agree to work cooperatively with each other. While the developer and the town did indeed work cooperatively during the early stages of this development, this same level of cooperation has not existed in recent weeks. The development team did not consult with the town in developing the requested change and did not inform the town of the desired change until just three days before the Zoning Board of Appeals was scheduled to vote on this Comprehensive Permit Application. In addition, over the past six weeks, the town repeatedly has been told to just accept the proposed change without asking any questions or looking at possible alternatives. Housing Partnership Board members were gratified by Jonathan Silverstein’s offer to once again try to return to a more cooperative working relationship.
- Agreeing to the currently proposed “last minute” change will put the town in a worse or weakened position of negotiating in the future with other developers. Agreeing to the requested change will send an undesired message to other developers that they can operate in a similar way. The town should treat all developers in an identical manner.
- The development team has not yet agreed to prorate condominium fees, condominium assessments, and parking fees, consistent with Town policy and what other developers over the last several years have agreed to do. Consistent with this policy, real estate taxes on the affordable housing units are prorated by the town based on unit sales price. Instead, the current development proposal is that condo and parking fees be assessed equally between the market rate and affordable units. This approach was implemented at the Willows by the Housing Authority in 1999, and has resulted in repeated problems over the subsequent 24 years. It has been Town policy since then to prorate these fees.
- Rejecting the currently proposed change in design and proceeding instead with a conventional Chapter 40B will result in increased cost and time for the developer. In recognition of these costs and the lack of broad support for the requested change, members of the Housing Partnership Board hope the development team will back off the request to immediately approve the requested modification and instead agree to work cooperatively over the next month on ways in which the proposed change can be improved.
- Providing housing that is accessible for persons having a disability is an important town priority, yet an accessible unit is not possible with the currently proposed three floor design.

As a result of this discussion, the above three part recommendation was crafted rather than trying to reach agreement on one of the original and simpler five options. We look forward to working with both the Select Board and the developer in developing improvements that will enable this proposed housing project to move into final design and construction.

Housing Partnership Board members in attendance for August 9, 2023 Special Meeting and voting unanimously in favor of the recommended motion:

Chair John Suhrbier, Vice-Chair Allan Rodgers, Select Board representative Michael Bettencourt, Cathy Boyle, David Miller, Felicity Tuttle, I-Ching Scott, Marty Jones, Michelle Bergstrom, Naomi DeLairre, Philip Bushey.