

Worcester Redevelopment Authority

Michael P. Angelini
Chair



Peter Dunn
Chief Executive Officer

February 24, 2023

To: All Bidders

Subject: **Bid No. WRA – RFP, Property Sale & Development – Former Denholm Property / WRA**

ADDENDUM #4

To Whom It May Concern:

With reference to our bid request relative to the above subject, please refer to the changes/modifications/clarifications to the original proposal request.

- **Question #1:** Are there detailed building floor plans?
- **Answer #1:** All available technical documents are posted with the RFP.
- **Question #2:** On page 7 of the RFP, which appears to be a tax map shown, the property outline in yellow appears to include a portion of the property next door (474 Main St.) that is not included in the sale. Is this a discrepancy in the offering?
- **Answer #2:** The figure on page 7 of the RFP is an approximate depiction of the site based on the City's Geographic Information System. Please refer to the ALTA survey for the most accurate site boundary.
- **Question #3:** On the ALTA survey, the locus map shows the "additional piece" (figure on page 7 of the RFP) of land included, but the survey itself indicates that it does not. Please confirm as to whether or not this portion of land is or is not included in the RFP offering.
- **Answer #3:** This portion of land is not included in the RFP offering. The ALTA survey locus has been corrected and the updated file is re-posted with the other technical documents in support of the RFP.
- **Question #4:** Please confirm exactly which sections of the "Responsible Employer & Inclusionary Participation Policy" would apply to this project.
- **Answer #4:** Since the posting of the original RFP, on January 12, 2023, the Worcester Redevelopment Authority has amended the Responsible Employer & Inclusionary Participation Policy (REIPP). The REIPP on pages 58-64 of Exhibit E (LDDA) and Appendix E (RFP) are deleted and replaced with the amended REIPP below. In totality,

the Preamble, Article IV – Land Disposition Agreements with Developers, which references compliance with Article I(1) and Article II, excepting Article II, Section 3(a).

- **Question #5:** Will inclusionary zoning requirements apply to this site? If so, can you share the final regulations? Also, what are the exact affordable rent calculations that should be used for each unit type?
- **Answer #5:** The Economic Development Committee of the City Council has a public hearing scheduled for March 15, 2023, relative to a pending zoning ordinance amendment relative to inclusionary zoning. The recommendation of the Committee would then be referred to City Council for action. Supporting attachments, including potential rent parameters, are provided with this addendum. Unless the City Council does not adopt the pending ordinance, with or without further amendment, it is likely that inclusionary zoning would apply to this project.
- **Question #6:** What specific ADA requirements is the City looking for in the Comparative Evaluation Criterion – III.a.?
- **Answer #6:** The Massachusetts Architectural Access Board regulations are listed under Section 521 of the Code of Massachusetts Regulations (CMR). The use of the term “ADA Accessible” in the RFP should be interpreted as Group 2B units as defined in 521 CMR: “Applies to dwelling units that contain features that provide, at the time of initial construction, full accessibility without need for further modification.”

The WRA will accept additional questions up to March 15, 2023, and a final addendum will be posted, if necessary.

Bidders are requested to acknowledge and/or include this addendum with submission. All other terms, conditions and specifications remain unchanged.

Sincerely,



Peter Dunn
Chief Executive Officer, WRA

Question / Answer

#4

REIPP

Worcester Redevelopment Authority

RESPONSIBLE EMPLOYER & INCLUSIONARY PARTICIPATION POLICY

WHEREAS, the Worcester Redevelopment Authority was established as a public agency under chapter one hundred and twenty-one B of the General Laws to undertake projects to eliminate blighted, decadent, deteriorating and substandard areas within the city of Worcester; and

WHEREAS, the Worcester Redevelopment Authority finds and determines that it may advance the public purposes for which it was established by including certain minimum standards in construction contracts it awards directly or are awarded by developers and other entities in relation to urban renewal projects initiated by the Worcester Redevelopment Authority; and

WHEREAS, the Worcester Redevelopment Authority finds and determines that those minimum standards must include compliance with state laws governing the payment of prevailing wages, the provision of workers compensation coverage, and the proper classification of individuals as employees and not as independent contractors, as well as standards concerning health insurance coverage; and

WHEREAS, the Worcester Redevelopment Authority hereby further finds and determines that it may further advance the public purposes which it serves by establishing inclusionary participation requirements involving minorities and women and businesses owned by minorities and women to support educational pools, mentoring programs, joint ventures and the like during the planning, construction and operational phase of urban renewal projects.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that it shall be the policy of the Worcester Redevelopment Authority that the following provisions shall apply as specified herein to the various contracts and agreements to which the Worcester Redevelopment Authority is a party:

Article I – General Policy for All Contracts

Every contract governed by this policy, including every request for proposals, shall include the following requirements:

- (1) Every contractor, at every tier, shall commit to workforce diversity and shall use best efforts to utilize 25 percent Worcester resident work hours, 38 percent people of color and indigenous people work hours and 10 percent women work hours and shall further commit to a goal of utilizing bona-fide women/minority-owned firms qualified by the State Supplier Diversity Office (SDO) or a local certifying agency by contracting with at least fifteen percent women-owned business enterprises (WBE) and ten percent minority-owned business enterprises (MBE) of the combined value of

contracts and subcontracts made by the contractor on account of this contract.

(2) All persons, contractors, and businesses supplying goods and/or services to the W.R.A. shall be required to comply with Chapter 2, Sections 37 (Fair CORI Practices), 38 (Gender Identity and Expression Policy), 39(Wage Theft Prevention) and 40(Human Trafficking Recognition & Elimination Policy) of the city of Worcester Revised Ordinances of 2008, as amended from time to time.

Article II - Construction Contracts

1. The W.R.A. hereby finds and determines that its funds are most efficiently and productively spent by awarding construction contracts to firms that include and enforce provisions requiring compliance with state laws governing the payment of prevailing wages, the provision of workers compensation coverage, and the proper classification of individuals as employees and not as independent contractors, as well as state law concerning health insurance coverage. The W.R.A. hereby further finds and determines that as a consumer of construction services it is appropriate for it to exercise entrepreneurial discretion by requiring firms that are awarded such contracts to comply with this policy because a failure to comply is injurious to the life, health and happiness of individuals employed by such firms and is deleterious to the quality of life in the City where most of such individuals reside.

2. As a condition to the award of a contract, whenever the W.R.A. is procuring construction services subject to the provisions of G.L. chapter 149 and chapter 149A the following shall be incorporated into the procurement documents and made part of the specifications and contract. Every person, company or corporation shall acknowledge, in writing, receipt of said requirements with their bid or proposal.

3. All bidders or proposers and all subcontractors and trade contractors, including subcontractors that are not subject to G.L. c.149, §44F, under the bidder for projects subject to G.L. c.149, §44A(2), and, proposers under G.L. c.149A, shall as a condition for bidding or subcontracting verify under oath and in writing at the time of bidding or submittal in response to an Invitation to Bid or in any event prior to entering into a subcontract at any tier, that they comply with the following conditions for bidding or subcontracting and, for the duration of the project, shall comply with the following obligations:

- a. The bidder or proposer and all trade contractors and subcontractors under the bidder or proposer must comply with the obligations established under G.L. c.149 to pay the appropriate lawful prevailing wage rates to their employees;
- b. The bidder or proposer and all trade contractors and subcontractors under the bidder or proposer must maintain appropriate industrial accident insurance coverage for all the employees on the project in accordance with G.L. c.152;

c. The bidder or proposer and all trade contractors and subcontractors under the bidder must properly classify employees as employees rather than independent contractors and treat them accordingly for purposes of workers' compensation insurance coverage, unemployment taxes, social security taxes and income tax withholding. (G.L. c.149, §148B on employee classification);

d. The bidder or proposer and all trade contractors and subcontractors under the bidder or proposer must at the time of bidding certify that, at the time employees begin work at the worksite, all employees will have successfully completed a course in construction safety and health approved by the United States Occupational Safety and Health Administration that is at least 10 hours in duration, and shall ensure that all employees working at the worksite possess such qualifications at all times throughout the duration of their work on the project and furnish documentation of successful completion of the course;

e. The bidder or proposer and all trade contractors and subcontractors under the bidder or proposer must be in compliance with the health and hospitalization requirements of the Massachusetts Health Care Reform law established by Chapter 58 of the Acts of 2006, as amended, and regulations promulgated under that statute by the Commonwealth Health Insurance Connector Authority.

f. The bidder or proposer and all trade contractors and subcontractors under the bidder or proposer must make arrangements to ensure that each employee of every contractor entering or leaving the project individually completes the appropriate entries in a daily sign-in/out log. The sign in/out log shall include: the location of the project; current date; printed employee name; signed employee name; and the time of each entry or exiting. The log shall contain a prominent notice that employees are entitled under state law to receive the prevailing wage rate for their work on the project. Such sign in/out logs shall be provided to the W.R.A. on a daily basis.

g. The bidder or proposer and all trade contractors and subcontractors under the bidder or proposer, prior to bidding or, if not subject to bidding requirements, prior to performing any work on the project, shall sign under oath under oath and provide to the W.R.A. a certification that they are not debarred or otherwise prevented from bidding for or performing work on a public project in the Commonwealth of Massachusetts or in the City.

4. A proposal or bid submitted by any general bidder or by any trade contractor or subcontractor under the general bidder or proposer that does not comply with any of the foregoing conditions for bidding shall be rejected, and no subcontract for work outside the scope of G.L. c.149, §44F shall be awarded to a subcontractor that does not comply with the foregoing conditions.

5. All bidders or proposers and all trade contractors and subcontractors under the bidder or proposer who are awarded or who otherwise obtain contracts on the projects subject to G.L. c.149, §44A(2) or c.149A, shall comply with each of the obligations set forth in this policy for the entire duration of their work on the project, and an officer of each bidder or subcontractor under the bidder shall certify under oath and in writing on a weekly basis that they are in compliance with such obligations.

6. Any proposer, bidder, trade contractor or subcontractor under the bidder or proposer who fails to comply with any one of obligations set forth in this Article II for any period of time shall be, at the sole discretion of the W.R.A., subject to one or more of the following sanctions: (1) cessation of work on the project until compliance is obtained; (2) withholding of payment due under any contract or subcontract until compliance is obtained; (3) permanent removal from any further work on the project.

7. In addition to the sanctions outlined in subsection (6) above, a proposer, general bidder or contractor shall be equally liable for the violations of its subcontractor with the exception of violations arising from work performed pursuant to subcontracts that are subject to G.L. c.149, §44F. Any contractor or subcontractor that has been determined by the City or by any court or agency to have violated any of the obligations set forth in this policy shall be barred from performing any work on any future W.R.A. projects for six months for a first violation, three years for a second violation and permanently for a third violation.

8. A contractor or a subcontractor upon a showing that it is not, despite having made a bona fide attempt, feasible to comply with the requirements of this Article II, may be granted a waiver by the W.R.A. The W.R.A. may delegate authority to grant such waivers to the city of Worcester contract compliance officer or any specifically named individual or individuals. Any such delegate shall report all waivers granted to the W.R.A. for informational purposes on the agenda of the monthly meeting following such waiver.

9. Violations of these requirements shall be considered by the W.R.A. in awarding any future contracts as a factor in determining whether any low bidder is a “responsible” bidder under G.L. c. 149, §44A(1), or G.L. c. 30, § 39M, or whether a firm, trade contractor or subcontractor is a “qualified” firm, trade contractor or subcontractor under G.L. c. 149A, §§ 5 and 8.

Article III - Design, Engineering & Procurement Contracts

1. The W.R.A. shall require every person or entity submitting a proposal to enter into a contract for design services, engineering services, or the procurement of goods, supplies or services in excess of \$100,000, with the W.R.A. to submit with any such proposal an inclusionary participation plan containing the following elements:

- A. A report detailing the results achieved by the contractor over the prior two years to employ minorities and women, subcontract with businesses owned by minorities and women, to support educational pools, mentoring programs, joint venturing and other creative initiatives to increase the level

of participation of minorities and women in employment and new business relationships.

- B. A plan detailing the efforts to be made by the proposer during the term of the proposed contract with the W.R.A. to employ minorities and women, subcontract with businesses owned by minorities and women, to support educational pools, mentoring programs, joint venturing and other creative initiatives to increase the level of participation of minorities and women in employment and new business relationships.

2. Every design services, engineering services or procurement contract awarded by the W.R.A. shall contain the inclusionary participation plan submitted pursuant to section 1.B of this article as legally binding commitments of the designer, engineer or vendor enforceable with provisions allowing the W.R.A. to: 1) suspend work under the contract until compliance is obtained; (2) withhold payment due under the contract until compliance is obtained; or, (3) in egregious cases, terminate the contract.

Article IV - Land Disposition Agreements with Developers

1. Any land disposition agreement whereby the W.R.A. agrees to convey W.R.A. property as part of the implementation of an urban renewal plan, or otherwise in the furtherance of its public purposes, wherein the value of the property exceeds \$1,000,000 shall include the following:

- A. A requirement that all the contractors and sub-contractors employed by the developer in relation to the project shall, where the amount of any such contract exceeds \$100,000 or the amount of any subcontract exceeds \$25,000, comply with the responsible employer provisions stated in Article II herein.
- B. A plan detailing the actions to be taken by the developer during the design, construction and operation of the proposed development to employ minorities and women, subcontract with businesses owned by minorities and women, to support educational pools, mentoring programs, joint venturing and other creative initiatives to increase the level of participation of minorities and women in employment and new business relationships.
- C. A requirement that the developer make a commitment that all contractors, subcontractors, designers, engineers and suppliers with contracts in excess of \$100,000 with the developer shall use documented bona fide efforts to ensure that, to the maximum practical extent, that the minimum goals set forth in Article I(1) herein are met.
- D. A requirement that the developer make a commitment that all contractors, subcontractors, designers, engineers and suppliers with contracts in excess of \$100,000 with the developer in relation to the project shall:
 - (1) formally advertise notices of all employment opportunities in newspapers published in the city of Worcester and minority and Spanish language publications circulated in the city of Worcester;
 - (2) give notice of such employment opportunities to the city of Worcester and state human resource agencies and active community groups

- and work closely with such agencies and groups to identify women, minorities and low-income persons for employment;
- (3) participate in existing local training programs and work with community-based training organizations, local school and educational agencies to develop new training programs to produce a pool of qualified women, minorities and low-income workers for all levels of employment;
 - (4) support educational pools, mentoring programs, joint venturing and other creative initiatives to increase the level of participation of minorities and women in employment and new business relationships.

E. A requirement that the developer make a commitment that it will:

- (1) provide reports documenting compliance with the foregoing requirements to the W.R.A. or any committee or individual it may designate for this purpose.

Article V - Leases Involving W.R.A. Property

1. All leases involving property of the W.R.A. wherein the amount of the rental payments exceeds \$100,000 annually shall include the following:
 - A. A requirement that all the contractors and sub-contractors employed by the lessee in relation to the lease shall, where the amount of any such contract exceeds \$100,000 or the amount of any subcontract exceeds \$25,000, comply with the responsible employer provisions stated in Article II herein.
 - B. A plan detailing the actions to be taken by the lessee during the design, construction and operation of the proposed leasehold improvements to employ minorities and women, subcontract with businesses owned by minorities and women, to support educational pools, mentoring programs, joint venturing and other creative initiatives to increase the level of participation of minorities and women in employment and new business relationships.
 - C. A requirement that the lessee make a commitment that all contractors, subcontractors, designers, engineers and suppliers with contracts in excess of \$100,000 with the lessee shall use documented bona fide efforts to ensure that, to the maximum practical extent, that the minimum goals set forth in Article I(1) herein are met.
 - D. A requirement that the lessee make a commitment that all contractors, subcontractors, designers, engineers and suppliers with contracts in excess of \$100,000 with the lessee in relation to the lease shall:
 - (1) formally advertise notices of all employment opportunities in newspapers published in the city of Worcester and minority and Spanish language publications circulated in the city of Worcester;
 - (2) give notice of such employment opportunities to the city of Worcester and state human resource agencies and active community groups

- and work closely with such agencies and groups to identify women, minorities and low-income persons for employment;
- (3) participate in existing local training programs and work with local school and educational agencies to develop new training programs to produce a pool of qualified women, minorities and low-income workers for all levels of employment;
 - (4) support educational pools, mentoring programs, joint venturing and other creative initiatives to increase the level of participation of minorities and women in employment and new business relationships.

E. A requirement that the lessee make a commitment that it will:

- (1) provide reports documenting compliance with the foregoing requirements to the W.R.A. or any committee or individual it may designate for this purpose.

Article VI - Miscellaneous

1. This policy shall not apply to:
 - A. Cooperation agreements or other contracts or leases entered into with the city of Worcester;
 - B. Grant agreements or other contracts entered into with the commonwealth of Massachusetts or the United States of America;
 - C. Loans, mortgages, bonds or other instruments financing W.R.A. operations, including depository agreements with banks or other financial institutions holding W.R.A. funds.
2. The W.R.A. reserves the right to waive this policy, in whole or in part, with respect to any particular contract, agreement, lease or transaction if it deems such a waiver in the best interests of the W.R.A. and the purposes for which it was established.
3. The W.R.A. reserves the right to impose additional requirements where any particular project is of sufficient size and scope to justify additional expectations and efforts.

Adopted
September 14, 2004

Amended
July 18, 2006

Amended
October 2, 2007

Amended
March 12, 2013

Amended
October 12, 2018

Amended
December 14, 2018

Amended
September 19,
2019

Amended
January 12, 2023

Question / Answer #5

Inclusionary Zoning



The City of
WORCESTER
Planning Board

Received
Worcester City Clerk

2022 DEC -2 PM 3:40

Albert LaValley, Chair
Edward Moynihan, Vice Chair
Conor McCormack
Brandon King
Adrian Angus

November 30, 2022

ZONING ORDINANCE AMENDMENT

Inclusionary Zoning

ZA-2022-020

TO CITY COUNCIL:

The Planning Board was referred a petition from the Acting City Manager; dated September 20, 2022, to amend the City of Worcester Zoning Ordinance by deleting the existing Article VII, entitled "Density Bonuses to Promote Affordable Housing", in its entirety and replacing it with a new Article VII entitled "Inclusionary Zoning".

Having considered the petition at a public hearing on November 9, 2022, the Planning Board voted 5-0 to **favorably recommend** the new Article VII entitled "Inclusionary Zoning" with the following amendments: 1) increase the *payment in lieu* requirement from 3% to 5% of construction value; and 2) reduce the total required number of deed-restricted affordable units to 10% of the total unit count, and require 50% of the affordable units be restricted to households earning 80% of the AMI and the remaining 50% of the affordable units be restricted to households earning 60% of the AMI.

The Planning Board also recommended the Inclusionary Zoning Ordinance be evaluated by the administration after a three-year period or in conjunction with a larger review of the Zoning Ordinance.

Respectfully submitted for the Planning Board,

DocuSigned by:

Albert LaValley

Albert LaValley

Chair

Signed on behalf of the Worcester Planning Board

List of Exhibits

- Exhibit A: Petition from the Acting City Manager; to City Council dated September 20, 2022; referred to Planning Board on September 29, 2022.
- Exhibit B: Memorandum of Peter Dunn, Chief Development Officer to Eric Batista, Acting City Manager; dated September 20, 2022.
- Exhibit C: Proposed Article VII - Inclusionary Zoning

Eric D. Batista
Acting City Manager



CITY OF WORCESTER

cm2022sep16121852

Attachment for Item # 10.4 E

September 20, 2022

TO THE WORCESTER CITY COUNCIL

COUNCILORS:

I respectfully request City Council's review and adoption of the attached Zoning Ordinance Amendment relative to Inclusionary Zoning, as received from Peter Dunn, Chief Development Officer, and forwarded for the consideration of your Honorable Body. This item is a follow up to the informational report on Inclusionary Zoning, which was submitted to the City Council on May 24, 2022. That report was discussed by the Economic Development Committee of the City Council on July 19, 2022, with public input, and held as reference for review in conjunction with this recommended ordinance.

The Executive Office of Economic Development and I believe strongly that this recommended ordinance is the right step at the right time for our community. We understand the pressures that our residents have been facing as it relates to affordable housing opportunities, and we are not alone in grappling with this issue; communities across the Commonwealth and the nation are facing these challenges. Difficult macroeconomic factors outside of our control like recent soaring inflation, and now significant interest rates hikes are contributing to the increase in rents, exorbitant costs of construction, and rising costs of capital. Our city and the Commonwealth have also been dealing with a housing supply problem. The Commonwealth's Housing Choice Initiative of 2020 included a goal of creating 135,000 new housing units by 2025 and included legislative zoning reform to help communities facilitate housing production and contribute to that goal. Governor Baker then signed the MBTA Communities legislation in 2021 building upon this initiative. On a local level, housing production in the city of Worcester is equally important, if not greater, considering our population growth since

2010 exceeded Boston. This shortage of supply, coupled with increasing demand, has also put upward pressure on rents and home sale prices.

This past May, the City Administration initiated the conversation on Inclusionary Zoning because we believed it was another valuable tool we could add to better address the housing needs of our community. Our goal in crafting the details of this Inclusionary Zoning ordinance was to strike a balance between mandating a certain percentage of affordable housing units in new multi-family development, while not stifling the level of housing production that is needed to meet the needs of our city. As we have crafted this ordinance, the Executive Office of Economic Development conducted extensive research and gathered input from a number of other communities as well as subject matter experts like the Mass Housing Partnership, land-use consultants and attorneys, developers, and of course members of our community.

Through our research and conversations, we have proposed the enclosed recommendation. Two themes that came up frequently in our conversations with subject matter experts was to start with a policy that included options for developers, as well as avoiding a policy that was too convoluted and complex. We understand that some members of the community have been advocating against an 80% Area Median Income (AMI) option. Due to the current cost environment and challenges facing developers, we know that some projects are going to need some assistance, even at the 80% AMI level, in order to be viable. We've also created a sliding scale recommendation that we believe encourages developers to sincerely consider the 60% AMI level. Affordable housing is designed to assist households of low- to moderate-income, which is capped at 80% AMI. Based on the most current data available, we have over 10,000 households in the city within the 60%-80% level, and we don't want to exclude them from the opportunities that will be created through this policy. We will continue to leverage additional resources to meet the need we know exists at 60% and below. A great example of that effort is our partnership with Boston Capital, who expects to break ground next month on 83 housing units, all of which will be capped at 60% AMI.

We also need to recognize that Inclusionary Zoning will not alone be a solution for all of our affordable housing needs; it is one new tool in the toolbox. However, we have also taken significant action to facilitate affordable housing of all types through other tools. We have created the City's first ever Affordable Housing Trust Fund and dedicated \$15

million in American Rescue Plan Act (ARPA) dollars to launch the fund in a meaningful way. We are also exploring a number of ideas on how to keep the capitalization of the fund healthy after the ARPA dollars are exhausted – including the Payment in Lieu option in the attached ordinance recommendation. We have also dedicated an additional \$6.5 million of ARPA between the First-Time Homeownership Development and Sustaining Housing First Solutions programs. In addition, while the ARPA programs are continuing to be implemented, we have leveraged traditional tools and collaborated with partners to create an active housing development pipeline that includes units at all levels of qualifying income.

The enclosed report from the Executive Office of Economic Development outlines the details and parameters for the proposed Inclusionary Zoning ordinance. We welcome the dialogue and look forward to activating this new tool for our community.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Eric D. Batista', with a large, stylized loop at the end.

Eric D. Batista
Acting City Manager



The City of
WORCESTER

Executive Office of Economic Development
Peter Dunn, Chief Development Officer
City Hall, 455 Main Street, Worcester, MA 01608
P | 508-799-1400 F | 508-799-1406
development@worcesterma.gov

TO: Eric D. Batista, Acting City Manager

FROM: Peter Dunn, Chief Development Officer

DATE: September 20, 2022

RE: Recommend Adoption of Zoning Ordinance Amendment Relative to Inclusionary Zoning

The Executive Office of Economic Development has prepared the following report summarizing the attached, recommended Zoning Ordinance Amendment relative to Inclusionary Zoning for review and deliberation. This report and recommendation are a follow up to an informational communication sent to the City Council on May 24, 2022, which initiated the conversation on Inclusionary Zoning. The recommended ordinance amendment is a replacement of the existing Article VII "Density Bonuses to Promote Affordable Housing." The existing article has rarely, if ever, been used, and the proposed ordinance amendment has similar objectives to promote affordable housing as well as a density bonus for applicable projects.

A lot of input has been taken into account when developing this ordinance over the last several months. It includes contributions from our staff in the Housing Development Division, Planning & Regulatory Services Division, Special Projects Division, Inspectional Services, Law, and City Manager's Office. We have also researched best practices, reviewed several ordinances from other communities and have spoken with staff in some of those communities, as well as subject matter experts, including the Mass Housing Partnership. Last, but certainly not least, we heard input from our community at the Economic Development Committee hearing in July, and through conversations with our economic development partners, the development community, and the Affordable Housing Coalition. As you know, as part of the American Rescue Plan Act (ARPA) community engagement, we heard that housing affordability is one of the top concerns community members have about Worcester's future, and that trend continues with the Worcester Now Next Plan engagement. We heard a range of perspectives, and we believe this proposal strikes a good balance and is the right fit for Worcester at this time.

Applicability

The ordinance, and its requirements, will apply to all multi-family development that results in the net production of twelve (12) or more units.

Level of Affordability

Projects will be required to include at least 15% of the units restricted to households at or below 80% of the Area Median Income (AMI), or 10% of the units restricted to households at or below 60% of the AMI, or a combination thereof. The following is the most recent AMI data (FY22) for Worcester published by the U.S. Department of Housing and Urban Development (HUD):

FY2022 Income Limit Summary								
Worcester, MA HUD Metro FMR Area								
	Household Size							
	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
60% Limits	\$ 46,440	\$ 53,040	\$ 59,700	\$ 66,300	\$ 71,640	\$ 76,920	\$ 82,260	\$ 87,540
80% Limits	\$ 61,900	\$ 70,750	\$ 79,600	\$ 88,400	\$ 95,500	\$ 102,550	\$ 109,650	\$ 116,700

Maximum Rent and Sale Price

The maximum rent for an affordable housing unit cannot not exceed 30% of the gross income for the qualifying household, including the utility allowance published annually by HUD. The maximum rent also may not exceed the Fair Market Rent (FMR) published annually by HUD. The following is the most recent data (FY23) for Worcester published by HUD:

FY2023 Fair Market Rent by Unit Bedrooms				
Worcester, MA HUD Metro FMR Area				
Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
\$ 1,231	\$ 1,272	\$ 1,635	\$ 1,990	\$ 2,196

Affordable housing units for sale must have a sale price that will not exceed the amount that an income-eligible household can obtain financing for through prevailing conventional or affordable mortgage products available to the general public. The sale price shall also not exceed the median sales price for the property type at the time of sale published by the Massachusetts Multiple Listing Service (MLS).

Preservation of Affordability

The developments will have an affordable housing restriction on the required number of units for a term of at least thirty (30) years. This term is important because in order for a unit to qualify for inclusion on the official Subsidized Housing Inventory (SHI) published by the Commonwealth's Department of Housing and Community Development (DHCD), it must have a restriction for a term of at least 30 years. Some communities include an affordable housing restriction that is intended to be in perpetuity. We considered the advantages and disadvantages of requiring the restriction for perpetuity: the advantage, of course, is that the unit would remain affordable for a longer period; the primary disadvantage is the negative effect on the underwriting process as well as the limitations on future sales. Moreover, affordable projects that receive subsidies like Low Income Housing Tax Credits and other federal, state, and local funding those projects must provide a 30-year restriction. It seems somewhat inconsistent to then require a restriction in perpetuity from a project that may receive no public funding. There are also administrative requirements of the Housing Development Division staff in terms of annual reporting and monitoring for compliance.

Comparability

We have also included a common requirement relative to the comparability of affordable and market-rate units. We want to ensure that the units are of equal quality and that occupants of affordable units have equal access to any of a given building's common areas and amenities. In addition, we are looking to ensure that the mix of bedroom count / unit size for the affordable units are also comparable to the overall mix in the development.

Affirmative Marketing / Fair Housing

Developers will need to submit a marketing plan that complies with Fair Housing Laws to ensure the marketing of available, affordable units is done in a fair and equitable way throughout the duration of the restriction.

Segmentation and Phasing

To prevent attempts to circumvent the requirements of this ordinance, a provision regarding segmentation and phasing is included in the draft ordinance.

Payment in Lieu

Through our research, many communities include a Payment in Lieu option. This is particularly common in areas that don't have as high cost of rent (the average Worcester rent continues to be 35-45% cheaper than Boston) and when first initiating an inclusionary policy where there is a level of uncertainty in how the private market will react. We also recommend a Payment in Lieu option for our community because of the recent establishment of the Affordable Housing Trust Fund – these payments will help continue the capitalization of the trust fund after the initial American Rescue Plan Act (ARPA) allocation expires. We are recommending that an applicant may elect to make a payment equal to 3% of the total construction value of all building permits for the development, including trade permits (electrical, plumbing, etc.). Applicants electing this option shall submit a detailed construction cost budget to support the value stated on their permit applications. Payments shall be made in full prior to the issuance of a certificate of occupancy. Payments shall be made to the City's Affordable Housing Trust Fund. Contributions from the Affordable Housing Trust Fund will often leverage state and federal dollars for the creation of additional units beyond what might be required in a development subject to inclusionary zoning.

Incentives

To encourage the development of inclusionary housing, and to partially offset the financial impact to developments, we are recommending the following incentives relative to density bonus / dimensional relief, and off-street parking and loading relief: These types of incentives are a best practice and very common in inclusionary zoning ordinances.

Density Bonus & Dimensional Relief

We are recommending that developments subject to this ordinance be entitled to an increase in the maximum number of units permitted in the zoning district of an additional percentage equal to the percentage of affordable units plus five percent (5%) up to a maximum twenty-five percent (25%) density bonus. In RG-5 zones, the maximum density bonus shall be limited to fifteen percent (15%) to prevent overcrowding.

Off-Street Parking & Loading

- Applicable developments will be entitled to a twenty-five percent (25%) reduction from the minimum parking requirements provided that a Transportation Management Program (TMP) is submitted to the Planning Board and the TMP is maintained in accordance with any conditions imposed by the Planning Board. Where Definitive Site Plan Approval is not required, the TMP shall be submitted to the Department of Inspectional Services concurrent with any application for a building permit. TMPs are plans that specify specific strategies a development will use to encourage residents to walk, bike, take transit, and utilize ride sharing in order to reduce the need for residents to have cars.
- We also recommend allowing the Planning Board to grant a special permit to modify the loading requirements; parking dimensional, landscaping, and layout requirements, including the number of required parking spaces, where it is demonstrated that with such modification there will be adequate space for off-street parking and/or loading to provide for the needs of the subject building or use. In the event a special permit application

requests a reduction of the number of required parking spaces, the requirements for a TMP shall also apply.

- Where parking is reduced through a special permit under this amendment, the total reduction in parking may not exceed fifty percent (50%) and may not be combined with other specially permitted reductions.

This memorandum is intended to be a helpful summary of the draft ordinance attached, including some commentary about why certain provisions are included and how we arrived at various recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Dunn", with a stylized, cursive script.

Peter Dunn
Chief Development Officer

AN ORDINANCE AMENDING THE WORCESTER ZONING ORDINANCE ADOPTED APRIL 2, 1991, RELATIVE TO INCLUSIONARY ZONING

Be it ordained by the City Council of the City of Worcester as follows:

The City of Worcester Zoning Ordinance, adopted April 2, 1991, be and is hereby amended by deleting Article VII, "Density Bonuses to Promote Affordable Housing" in its entirety and replacing it with the following new Article VII, entitled, "Inclusionary Zoning" in lieu thereof:

Article VII – INCLUSIONARY ZONING

Section 1 – Purpose

The purpose of this Article is to advance the public good through the production of affordable housing units for rent or sale; to maintain an economically integrated community through the geographic distribution of affordable housing opportunities; and to help prevent displacement of low- to moderate-income residents.

Section 2 – Application

This Article shall apply to any development, whether new construction, conversion, adaptive reuse or expansion of an existing structure, involving the net production of twelve (12) or more dwelling units or to any division of land for development of twelve (12) or more dwelling units. Developers proposing a project that is subject to the provisions of this Article shall complete an Inclusionary Zoning Determination, on a form approved by the city of Worcester's Housing Development Division and shall submit said form as part of a Definitive Site Plan, Special Permit or building permit application. Said Inclusionary Zoning Determination Form shall include an Affirmative Marketing Plan that complies with federal and state fair housing laws.

Notwithstanding any provisions of this Article to the contrary, this Article shall not apply to any project for which one or more applications has been filed for a preliminary or definitive site plan review; special permit; variance; or other similar building or land-use related approvals, as of the date of adoption of this Article, and said application is approved within six (6) months of the filing date. Furthermore, the provisions of this Article shall not apply to any project for which a building permit application has been submitted, as of the date of adoption of this Article, and said building permit has been issued within six (6) months of the filing date.

Section 3 – Definitions

A. AFFORDABLE HOUSING RESTRICTION - a deed restriction, contract, mortgage agreement, or other legal instrument, acceptable in form and substance to the city solicitor that effectively restricts occupancy of an affordable housing unit to a qualified

purchaser or qualified renter that provides for administration, monitoring and enforcement of the restriction during the term of affordability, and conforms to the requirements of chapter 184, sections 26 or sections 31-32 of the General Laws.

B. AFFORDABLE HOUSING TRUST FUND – a fund account established by the City of Worcester and stewarded by the Affordable Housing Trust Fund Board of Trustees.

C. AFFORDABLE HOUSING TRUST FUND BOARD OF TRUSTEES – the executive board established pursuant to Article 3, section 18 of the Revised Ordinances of 2015, Organization of City Agencies, under the authority of chapter 44, section 55 of the General Laws.

D. AFFORDABLE HOUSING UNIT – a dwelling unit that is affordable to and occupied by a low- or moderate-income household and meets the requirements for inclusion in the Subsidized Housing Inventory (SHI) of the Massachusetts Department of Housing and Community Development (DHCD).

E. AREA MEDIAN INCOME (AMI) - the median household income for the metropolitan area that includes the City of Worcester, as defined in the annual schedule of low- and moderate-income limits published by the U.S. Department of Housing and Urban Development (HUD), adjusted for household size.

F. FAIR MARKET RENTS - Fair Market Rents (FMRs) are estimates of rent plus the cost of utilities, except telephone. FMRs are housing market-wide estimates of rents that provide opportunities to rent standard quality housing throughout the geographic area in which rental housing units are in competition. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard quality rental housing units in the FMR area. HUD publishes FMRs annually.

G. LOW- OR MODERATE-INCOME HOUSEHOLD –a household with annual earnings no greater than the eighty percent (80%) percent income limit of the Worcester, MA HUD Metro FMR Area Median Family Income, as determined by HUD in its most recent Income Limits Summary.

H. MARKET-RATE HOUSING UNIT – a dwelling unit that is free from any income-based restrictions for the occupant.

Section 4 – Affordable Housing Requirements

A. Level of Affordability

Housing developments subject to this Article shall provide not less than fifteen percent (15%) of the dwelling units as affordable to households with annual earnings no greater than the eighty percent (80%) income limit of the Worcester, MA HUD Metro FMR Area Median Family Income, as determined by HUD in its most recent Income Limits Summary; or not less than ten percent (10%) of the dwelling units as affordable to households with annual earnings no greater than the sixty percent (60%) income limit of the

Worcester, MA HUD Metro FMR Area Median Family Income, as determined by HUD in its most recent Income Limits Summary; or a proportional combination thereof. Any calculation of required affordable housing units that results in the fractional equivalent of one-half or above shall be increased to the next highest whole number.

B. Maximum Rent and Sale Price

- i. The maximum rent for an affordable housing unit shall not exceed thirty percent (30%) of the gross income for the household based on the qualifying Area Median Income restriction, including the utility allowance published annually by HUD. The maximum rent shall also not exceed the FMR published annually by HUD.
- ii. Affordable housing units for sale must have a sale price that will not exceed the amount that an income-eligible household can obtain financing for through prevailing conventional or affordable mortgage products available to the general public. The sale price shall also not exceed the median sales price for the property type at the time of sale published by the Massachusetts Multiple Listing Service for the city of Worcester.

C. Preservation of Affordability

An affordable housing restriction granted to the City of Worcester on the required number of dwelling units that shall run with the land and be in force for a term of not less than thirty (30) years shall be recorded at the Worcester District Registry of Deeds.

D. Comparability

- i. Affordable units shall be indistinguishable from market-rate units in building materials, finishes, appliances, and overall construction quality.
- ii. The mix of bedroom sizes for the affordable units shall be comparable to the overall mix in the development.
- iii. The dwelling square footage for affordable units shall be comparable to the square footage of market-rate units.
- iv. The affordable units shall not be grouped together, but distributed throughout the development.
- v. Occupants of affordable units shall have equal access as occupants of market-rate units to any of the building's common areas and amenities.

E. Affirmative Marketing

Affordable housing units shall be made available for rent or sale to eligible low- or moderate-income households under an affirmative marketing plan that complies with federal and state fair housing laws. No building permit shall be issued without an approved affirmative marketing plan.

F. Segmentation and Phasing

A development project may not be segmented to avoid the provisions of this Article, nor may a developer divide or subdivide property or establish surrogate or subsidiary business entities to avoid the provisions of this Article. If the project is phased, the affordable housing units shall not be delayed to the last phase.

Section 5 – Payment in Lieu

In lieu of constructing the required affordable housing units, an applicant may elect to make a payment equal to three percent (3%) of the total construction value of all building permits for the development, including trade permits. Applicants electing this option shall submit a detailed construction cost budget as part of the Inclusionary Zoning Determination mentioned above in Section 2 of this Article. Payments pursuant to this Article shall be made, in full prior to the issuance of a certificate of occupancy, to the City's Affordable Housing Trust Fund.

Section 6 – Incentives

A. To encourage housing production that meets the intent and spirit of this Article, the following incentives may be available to eligible developments:

- i. Density Bonus and Dimensional Relief – Developments subject to this Article are entitled to an increase in the maximum number of units permitted in the zoning district of an additional percentage equal to the percentage of affordable units plus five percent (5%) up to a maximum twenty-five percent (25%) density bonus. In RG-5 zones, the maximum density bonus shall be limited to fifteen percent (15%) to prevent overcrowding. Said increase in units shall not require additional lot area, frontage, or parking, or increase floor-area-ratios as part of this entitlement.
- ii. Off-Street Parking and Loading –
 - a. Developments subject to this Article are entitled to a twenty-five percent (25%) reduction from the minimum parking requirements of this Ordinance provided that the applicant submits a Transportation Management Program (TMP) to the Planning Board and the TMP is maintained in accordance with any conditions imposed by the Planning Board, as a requirement of any Definitive Site Plan Approval. Where Definitive Site Plan Approval is not required, the TMP shall be submitted to the Department of Inspectional Services concurrent with any application for a building permit.
 - b. The Planning Board may grant a special permit to modify the loading requirements; parking dimensional, landscaping, and layout requirements, including the number of required parking spaces, where it is demonstrated that with such modification there will be adequate space for off-street parking and/or loading to provide for the needs of the subject building or use. In the event a special permit application requests a reduction of the number of required parking spaces, the requirements described above in subsection (a) related to a TMP shall apply.

- c. Where parking is reduced through a special permit under the provisions of this Article, the total reduction in parking, after applying the entitlements of this Article, shall not exceed fifty percent (50%) and may not be combined with reductions permitted in Article IV, Section 7, A. 2.



The City of
WORCESTER

City Clerk Department

Nikolin Vangjeli, City Clerk

Stephen A.J. Pottle, Deputy City Clerk

Clare M. Robbins, Assistant City Clerk

Luis A. Castillo, Assistant City Clerk

TO WHOM IT MAY CONCERN:

The following documents were submitted at the **City Council Meeting** on **December 6, 2022** to the Clerk and appended hereto in accordance with provisions of the Commonwealth of Massachusetts Open Meeting Law.

In regard to: **Communication of the City Manager transmitting an information communication relative to Inclusionary Zoning.**

Item No.: **14e**

Nikolin Vangjeli
City Clerk



89

Worcester Together Affordable Housing Coalition Inclusionary Zoning Proposal

The Worcester Together Affordable Housing Coalition believes we can strengthen the Inclusionary Zoning ordinance proposed by the administration to benefit our community members, as the housing crisis rages on. Our proposal considers both the need for more apartments for households at or below the 60% of Area Median Income and the financial feasibility of developments. Based on the current levels of market rents, we believe this hybrid proposal guarantees units for struggling households and is financially feasible for developers.

What we are proposing

- 10% of units for multi-family developments of twelve units or more be set aside for income-restricted households.
- A mandatory minimum requirement for a 50/50 split between 60%¹ of Area Median Income (AMI) and 80% AMI affordable units (5% of units at 80% of AMI, 5% of units at 60% AMI) and half of units set-aside at 60% of AMI to be ADA accessible.
- Affordability restriction extended from 30 years to perpetuity (99 years) allowing for future generations of families to remain in Worcester.
- Support offering zoning incentives as part of the inclusionary zoning ordinance.
- Increase the Payment in Lieu of option threshold to 5% of the construction value of all permits.

Details

Projects will be required to include:

- 5% the units restricted to households at or below 80% of the Area Median Income (AMI)
- 5% of the units restricted to households at or below 60% of the AMI
- Half of the units restricted at or below 60% AMI will be required to be ADA accessible

¹The Area Median Income used here is based on HUD's Metro Area FMR Area which is **\$114,400** and contains the following areas: Auburn town, MA; Barre town, MA; Boylston town, MA; Brookfield town, MA; Charlton town, MA; Clinton town, MA; Douglas town, MA; Dudley town, MA; East Brookfield town, MA; Grafton town, MA; Holden town, MA; Leicester town, MA; Millbury town, MA; Northborough town, MA; Northbridge town, MA; North Brookfield town, MA; Oakham town, MA; Oxford town, MA; Paxton town, MA; Princeton town, MA; Rutland town, MA; Shrewsbury town, MA; Southbridge Town city, MA; Spencer town, MA; Sterling town, MA; Sturbridge town, MA; Sutton town, MA; Uxbridge town, MA; Webster town, MA; Westborough town, MA; West Boylston town, MA; West Brookfield town, MA; and Worcester city, MA. <https://www.huduser.gov/portal/datasets/il/il2022/2022summary.odn>

Level of Affordability: Maximum Rent and Sale Price: We support the City’s proposal that the maximum rent for an affordable housing unit cannot exceed 30% of the gross income for the qualifying household, including the utility allowance published annually by HUD. The maximum rent also may not exceed the Fair Market Rent (FMR) published annually by HUD.

THE FOLLOWING IS THE MOST RECENT DATA (FY23) FOR WORCESTER PUBLISHED BY HUD:

FY2022 Income Limit Summary								
Worcester, MA HUD Metro FMR Area								
	Household Size							
	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
60% Limits	\$ 46,440	\$ 53,040	\$ 59,700	\$ 66,300	\$ 71,640	\$ 76,920	\$ 82,260	\$ 87,540
80% Limits	\$ 61,900	\$ 70,750	\$ 79,600	\$ 88,400	\$ 95,500	\$ 102,550	\$ 109,650	\$ 116,700

Maximum Rent and Sale Price

The maximum rent for an affordable housing unit cannot not exceed 30% of the gross income for the qualifying household, including the utility allowance published annually by HUD. The maximum rent also may not exceed the Fair Market Rent (FMR) published annually by HUD. The following is the most recent data (FY23) for Worcester published by HUD:

FY2023 Fair Market Rent by Unit Bedrooms				
Worcester, MA HUD Metro FMR Area				
Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
\$ 1,231	\$ 1,272	\$ 1,635	\$ 1,990	\$ 2,196

Affordable housing units for sale must have a sale price that will not exceed the amount that an income-eligible household can obtain financing for through prevailing conventional or affordable mortgage products available to the general public. The sale price shall also not exceed the median sales price for the property type at the time of sale published by the Massachusetts Multiple Listing Service (MLS).

Preservation of Affordability: We recommend that the income restricted units remain affordable in perpetuity (99 years), versus limiting it to 30 years.

Payment in Lieu: We recommend that an applicant may elect to make a payment equal to 5% of the total cost of the construction value of all building permits for the development, including trade permits (electrical, plumbing etc). Payments shall be made in full prior to the issuance of a certificate of occupancy and be made to the City’s Affordable Housing Trust Fund.

Incentives: We welcome zoning incentives offered by the City to be included in the ordinance.

Compliance and Monitoring: We recommend that a report on the compliance and monitoring is included in the Economic Development report to the City Council.²

² Proposal developed by members of the Worcester Together Affordable Housing Coalition

Worcester Redevelopment Authority

Michael P. Angelini
Chair



Peter Dunn
Chief Executive Officer

January 31, 2023

To All Bidders:

Subject: **Bid No. WRA – RFP, Property Sale & Development – Former Denholm Property / WRA**

ADDENDUM #3

To Whom It May Concern:

With reference to our bid request relative to the above subject, please refer to the changes/modifications/clarifications to the original proposal request.

- **Revision to bid deadline (bid opening date/time)**
Friday, March 24, 2023 at 10:00 AM
- **An additional Addendum #4 will be forthcoming in the next few weeks providing answers to questions that have been asked by bidders and clarifying information.**

Bidders are requested to acknowledge and/or include this addendum with submission. All other terms, conditions and specifications remain unchanged.

Sincerely,

Peter Dunn
Chief Executive Officer, WRA

Worcester Redevelopment Authority

Michael P. Angelini
Chair



Peter Dunn
Chief Executive Officer

January 6, 2023

To All Bidders:

Subject: **Bid No. WRA – RFP, Property Sale & Development – Former Denholm Property / WRA**

ADDENDUM #2

To Whom It May Concern:

With reference to our bid request relative to the above subject, please refer to the changes/modifications/clarifications to the original proposal request.

- **Question:** My initial question is regarding #2 within section 1. It states the property shall be sold as-is. Is this in regards to the condition of the physical building or also in regards to zoning?
- **Answer:** The property being sold "as-is" relates most directly to the existing conditions of the site. The property is zoned Business, General 6.0 (BG-6.0), which allows for several uses, including mixed-use, by-right. The proposer that is designated Preferred Developer will also have a due diligence period to obtain approvals and entitlements. Please refer to Sections 102 and 103 of the Land Disposition and Development Agreement in Appendix D.

Bidders are requested to acknowledge and/or include this addendum with submission. All other terms, conditions and specifications remain unchanged.

Sincerely,

A handwritten signature in blue ink, appearing to read "Peter Dunn".

Peter Dunn
Chief Executive Officer, WRA

Worcester Redevelopment Authority

Michael P. Angelini
Chair



Peter Dunn
Chief Executive Officer

December 22, 2022

To All Bidders:

Subject: **Bid No. WRA – RFP, Property Sale & Development – Former Denholm Property / WRA**

ADDENDUM #1

To Whom It May Concern:

With reference to our bid request relative to the above subject, please refer to the changes/modifications/clarifications to the original proposal request.

- **Proposers will be able to tour the property with a WRA escort on Wednesday, January 11, 2023 at 1:00 PM. Please meet the WRA escort in the front of the building on Main Street. Proposers must RSVP in advance to development@worcesterma.gov for attendance purposes.**

Bidders are requested to acknowledge and/or include this addendum with submission. All other terms, conditions and specifications remain unchanged.

Sincerely,

Peter Dunn
Chief Executive Officer, WRA