

To: Lisa Wong & Brian Szekely
Re: Winchester Waterfield Lot RFP
Questions for Pennrose Team
9/21/2020

GENERAL

- **What do you see as major challenges or concerns in undertaking this development; and what are your plans for overcoming them?**
 - MBTA Coordination – This is probably the largest challenge faced by this re-development task. While we expect to work closely with the MBTA, by avoiding the east side of the MWRA easement our design scheme will allow construction to proceed independently, with very minimal overlap with the MBTA's work. Our plan can be implemented before, during or after MBTA construction, and can even be fully implemented if the MBTA's program never progresses at all. Our plan creates space between the development and the train, thereby minimizing program complexity and creating flexibility for the Town as it seeks to make development a reality at this key location.
 - Community Engagement – given the location of the site in the heart of Winchester Center, the community will be very interested in what will happen there. We wouldn't label this as a concern or a challenge, but public input is a very critical aspect of the process that will require time investment. As part of our shared vision approach, we would gather various stakeholders, residents, town meeting members, the business community, the Chamber of Commerce, Town officials, Select Board, the Housing Partnership, the Winchester Cultural District Managing Partnership, and others in a planning and design process to come up with a program that meets the needs and desire of the community.

- **Share your thoughts on how your development will add vitality to Winchester's Town Center.**

We are very excited about the prospects of how this site can add to the Vitality of Winchester's Town Center. In particular we think:

- Our proposed plan provides useable public space where it should be – open to and fully accessible to the public;
 - Opening the site to the MBTA provides clear visibility and safe public access to the station while providing compatible commercial space to serve the public;
 - Our proposed design celebrates Winchester's unique character;
 - We will work with the WCDMP to find opportunities to incorporate public art into the development plans
- **Describe three specific examples of support services that will be provided to residents in the building.**

Pennrose Management Company (PMC), established in 1981, has long been committed to supportive service provision as an integral and vital component of property management. PMC's stated goals in the management of its properties are, in addition to the practice of sound business management, "to coordinate the involvement of local public and private agencies that can provide essential services, and to affect the meaningful involvement of residents in the social management of the property". PMC's mission is to ensure a successful living experience for all residents by providing access to and assistance in securing necessary supportive services which enhance the quality of their lives and provide everyday connections needed by our residents.

These connections are achieved by advocating on behalf of the residents and linking them to appropriate service provider agencies and services. PMC's objective is to provide services that help maintain and prolong the residents' ability to live independently and improve self-esteem, self-sufficiency, and self-empowerment.

Pennrose provides Supportive Services at all of our sites, whether through a Pennrose employed on-site Supportive Services Coordinator or through a partnership with a 3rd party provider. Our on-site Supportive Services Coordinator build the necessary relationships with the residents so we can proactively identify the possible need for resources or referrals. They also bring on-site, educational programming for the residents to eliminate as many barriers as possible. Pennrose prides itself in recognizing that each community is unique.

Pennrose collaborates with agencies that specialize in providing services to special needs population at several of our properties where we have set aside units restricted to individuals with disabilities. As our society faces a Mental Health crisis, Pennrose has invested in programming to help change the narrative of the Mental Health crisis we face. Pennrose has in house certified Mental Health First Aid instructors. Through education we can remove the stigma surrounding mental health issues, provide resources for those that may be experiencing mental health struggles and provide training to assist an individual experiencing a mental health crisis.

Pennrose is constantly changing, assessing, and implementing programming that meets the needs of our residents. We are dedicated to working with our community partners to address the social unrest we are experiencing and our focused on being part of the conversation of change in our society.

Pennrose is dedicated to changing the communities we build and the communities we build in for the better. To that extent, we have formed the Pennrose Foundation which provides scholarships to children at our Pennrose communities, provides food to homeless shelters and missions, donates coats to those in need, Pennrose also had a Financial Literacy Initiative where we provided every child in a Pennrose community a book. Our Pennrose Foundation mission is to improve the lives of the disadvantaged people and communities served by Pennrose.

As mentioned above, we tailor our supportive services programs to the needs of the community. Three specific examples of services we have implemented at other developments are:

Financial Literacy – An on-site Supportive Service Coordinator can implement Financial Literacy programming based on the needs of the residents. Programming can include any or all of the following: Budgeting, Credit Repair, Savings Programs, Homebuyer Programs and many more.

Workforce Readiness – The on-site SSC can coordinate access to on and off-site programming that will assist and prepare residents seeking job opportunities. Programming may range from resume writing, to basic job searching or applying for seeking out trainings to gain specific job ready skills or trades.

Health and Wellness – The on-site SSC can arrange for a variety of providers and topics to come on-site to educate residents on various Health and Wellness topics such as Heart Health Month, How to Alleviate Stress from our busy lives, and on-site Health Vaccination Clinics and Health Fairs. This can include Nutrition classes such as learning to cook healthy on a budget.

Other services and programs we have utilized elsewhere include:

- Bi-monthly Educational Programs which include: Blood Pressure Screenings, Flu Vaccination Clinics, Health & Wellness Presentations, Nutrition Classes, and Parenting Classes
- Linkages to After-school programming and summer camps.
- Safety and Fraud Presentations.
- Community Outreach and Partnerships with: Police Departments, Fire Department, Local Councils, Non-profit agencies, and Government Agencies
- On-site Health Education Programs
- In-home Physician Services
- On-site Physical and Occupational Therapy

- **Describe your strategy for identifying tenants for the commercial spaces in your building. How have you handled vacant retail spaces in other buildings?**

We would approach the commercial spaces the same way as the rest of the building. That is, we would engage the community in what they would like to see. Are there retailers, organizations, or other groups, including the Chamber of Commerce that would be interested in the space. If none emerge, we would work with a local broker to help identify a tenant. Pennrose has a full-time employee dedicated to leasing and managing our commercial spaces who would work with the broker at initial lease-up and then over the course of the development to fill vacancies. Pennrose works to fill the spaces with tenants that will blend well with the community and the goals of the development.

- **If we have a continuing recession during the period of construction of the development, do you have resources that you can access that will enable you to complete the development?**

Yes. Pennrose continued to work and provide affordable and mixed income housing during the 2009 recession and is well capitalized and positioned to execute should a similar downturn occur.

- **If the MBTA for some reason decides to delay the planned reconstruction of the Winchester Center Commuter Rail Station and the Town decides to go forward with the Waterfield development first, are you prepared to do that?**

Yes – as noted in a previous response, this piece is a key differentiator of our design scheme. Leaving the site connections open and directly accessible from Waterfield Road will not only allow us to proceed independently from the T, but will also allow the T to proceed unencumbered with their work at any time (even a later date), from our development. This independence and flexibility are among the reasons why we chose not to pursue a “gatehouse” scheme for the site.

- **How long will you commit to be the owner of the development?**

- Pennrose is a “buy and hold” developer and has no business model that assumes or expects a sale of this development
- As a LIHTC deal, the affordability commitments will run for at least 50 years, with the initial ownership/benefits flowing to the equity investor for 15 years
- Pennrose will own the development through a Limited Partnership structure with a tax credit investor
- Pennrose would re-syndicate the property to make new investments for another 15 years at the end of the initial 15-year period.

- **Your response to the sustainability objectives for this development of the Waterfield site, consistent with the RFP, focus on energy conservation features associated with the proposed building. The interests and scope of the Town’s recently updated Climate Action Plan, though, also extend to the external environment of a building or development, so as to encompass the entire site. Are there ways in which you may be able to enhance your proposal to include the full environment, including green infrastructure, nature on the site, green in general? Doing so would enable this site and the associated development to serve as an example of holistic design for the town going forward. Is your team currently constituted to be able to accomplish this?**

Yes. We are very pleased to see that Winchester has adopted a Climate Action Plan, and we can incorporate a number of components into the plan to advance environmental benefits. We’re committed to this development’s sustainability and would be proud to advance Winchester’s climate goals. Some examples of what we can add to the development include:

- Paving stripes could be permeable pavers with silva cells or structural soil to allow trees to mature longer than regular street trees
 - Add trees around parking to reduce the heat island effect
 - There is plenty of room on the site for rain gardens around the parking for storm water management,
 - Our transit/bicycle/pedestrian-friendly proposal highlights non-automobile modes of transportation, and makes a clear, welcoming connection from the common to the MBTA station so that pedestrians feel safe. We could add a bike share program, as well as additional wayfaring signs for pedestrians/bikes navigating Winchester Center.
 - Add electric power stations to some of the vehicular parking spots.
 - Pollinator Garden to promote biodiversity
 - Rainwater or roof runoff collection to re-use in the building (grey water system) or the irrigation of landscape
 - Porous asphalt in parking areas or other porous paving
- **How will the public parking spaces be monitored after completion of the project to make sure they are available for public use?**

There are several options and we would work with the Town on how best to monitor them. We would take direction from the Town on how long people will be allowed to park in the public spaces. Each of the public spaces would have signage saying, "Public Parking" and only during the hours of x and y. We would defer to the Town on whether or how to meter them using various forms of technology as well as the enforcement approach the Town would like to see through ticketing and/or towing.

FINANCIAL

- **Are you confident you will be able to secure the anticipated funds for your proposal? How long will it take you to secure them?**
- Yes. Our financing plan is feasible, realistic, and proven. It is based on past capital stacks we have successfully secured on recent transactions. Over the last 4 years we have secured 3, 9% LIHTC awards with the associated soft financing from DHCD and MassHousing we have assumed here. Because of this track record of success, we are confident that we can secure the state resources in an expedited manner for this location. A key component of our track record is our financial capability and willingness to advance deals to a level of readiness beyond what others are willing to do. This has allowed us to secure funding more expeditiously. The Town of Winchester will also play a role in the timeline for securing funding.
- **Can you give us examples of how your proposal is adequately conservative in its financial assumptions?**
- We've set our preliminary market rents near the middle of the Boston transit-oriented suburban market for new construction – not the top end. Winchester's desirability would likely support higher rents – our conservative assumptions mean the pro forms is better able to weather any dip in the Greater Boston multifamily market.
 - We did not include Workforce Funds in the capital stack, but would be eligible for up to \$1.5mm, making us more competitive for state funding.
 - No parking income assumed.
- **How do your financial assumptions manage potential risks, including changes in the real estate market, economic fluctuations, or other external factors?**
- As noted above, we have made conservative rent assumptions for market rate apartments. Winchester's desirability would likely support higher rents – our conservative assumptions mean the pro forms is better able to weather any dip in the Greater Boston multifamily market.

- Our assumption of nominal commercial income (\$10/sf) has a minimal effect on the pro forma.

- **Is the cost of demolition of the Chamber of Commerce building included in your proposal? (if applicable)**

Yes - \$50,000.

- **What funds will you request from the Town of Winchester to enable you to go forward if you are selected?**

Our financing scheme does not require Town funding to be feasible. To the extent the Town has resources it is willing to commit that would be helpful to the deal. Any funds the Town provides would be used to reduce the ask from state which would help make the development more competitive for scarce state resources.

HOUSING PARTNERSHIP BOARD QUESTIONS

- **How will you be achieving an all-electric building? What specific measures will be utilized? Do these include the use of solar panels?**

For an all-electric building, we would assume a VRF system, heat pump DHW plant (expensive but possible). Solar panels would not necessarily be required for an all-electric building.

CHAMBER

- **What is the height of the building?**

62'-0"

- **What is the footprint of the building?**

8,524sf first floor (plus covered parking), 14,700sf second floor

- **What is the project FAR?**

1.42

- **How would the parking be allocated? How many spaces for residents, public?**

We have revised our parking scheme and increased the total number of spaces from 52 to 59, as shown on the attached. All 7 additional spaces can be dedicated to public parking. Per Winchester zoning, our proposal would require 31 spaces with a TOD waiver. However, we would like to request for an additional waiver to get to a .5 parking ratio, which would require just 27 spaces for residents. Therefore we can guarantee 32 dedicated surface parking spaces for the public and would entertain shared parking arrangements for the 27 resident spaces.

- **How many residential units would have private balconies?**

As currently conceived, we can do between 13 and 22. However, this is one of design features we would want to work through the community process and gather feedback on this feature.

- **Is there room on the ground floor to accommodate the Chamber office?**

Yes.

- **Does the Proposal count on any parking income?**

No, no parking income is assumed.

- **Does this Proposal include an annual ground lease payment?**

Our preliminary pro forma includes an up-front \$540,000 capitalized lease payment. We are open to discussions about a compensation structure that makes the most sense for the Town while still allowing for the creation of high-quality affordable and workforce housing.

