

Waterfield Project Summary

Parking

Findings:

- Pat Fortin who represents the CBD businesses stated that parking for customers is a major concern for CBD businesses.
- Outdoor dining experiences have decreased the number of public parking spots.
- While this is a major concern for the town, we can not expect this project to solve the town's parking issues. This was also expressed by individuals during the town residents comment period.
- There has been a decrease in the number of parking spots available - MBTA project, outdoor dining and Waterfield project, members of the taskforce expressed interest in building some type of raised parking structure.
- It would be helpful to keep the public spaces available for CBD patrons. It looks like CBD employees may have other options for parking and given the increase in remote working. In addition, many Boston based employees will likely not go into Boston 5 days a week, while parking their car in town center.
- Town center employees have purchased 776 \$10 parking permits in 2019 to 2020; this may not represent the actual number of employees parking in the CBD on a given day; With changes in employment, this number is likely lower
- Town has passed "space hopping" ordinances to stop town employees from parking on the street.
- The Waterfield proposal would provide 45 private and 40 public parking spots in a 2 level indoor garage. This proposal had more public parking spots compared to other proposals.
- If we expect the residents of the proposed building to not have cars, we need to make sure they have amenities within walking distance (bank, groceries, post office, shops).
- It is important to look at parking creatively - for example, encouraging more people to walk or bike downtown. Studies have shown that more walkable and bike areas have more local economic activity.
 - Reference: <https://www.vtpi.org/nmt-tdm.pdf>
- Van transport is another option - this is similar to Lexington.
- Making carpooling easy when commuting to Boston; Carpooling vehicles will likely be parked for at least 8 hours a day.
- Similar projects have worked in other greater Boston CBD areas:
 - <https://www.wilberschoolbc.com/> - Sharon MA
 - <https://www.thecoolidgeschool.com/> - Watertown MA

Recommendations:

- Parking is a major concern for CBD businesses and it needs to be addressed holistically. The town cannot expect to solve the parking issue with this project. The Select Board, Town Manager and the Traffic and Transportation Committee (TTAC) should meet with CBD businesses to figure out how to solve this problem.

- It is important to get CBD business buy-in about this project and their main concern is parking. The town should actively work towards addressing their concerns.
- Building a separate garage was discussed as a possible option. LDS Consulting pointed out that an independent garage will likely cost more than a garage built into a building
- If the Town decides to build a garage, there will be added expenses from maintenance and upkeep of the structure. The cost-benefit of just a garage is unclear.
- The mixed-use nature of this project will likely increase the number of CBD customers.
- The town should look at creative parking solutions- Encourage people to bike to the MBTA station; provide more or better bike racks; look into some type of van service; incentivize commuters to carpool
- The town has an addition of 76 2-hour parking spaces (from long-term parking spaces). There should be good signage to help customers know where to park.

Affordable Housing

Findings:

- Under Mass 40 B laws, each town and city should have at least 10% of housing stock as deed restricted affordable; this allows individuals and families not to pay for more than 30% of their income for housing
- The town has a low affordable housing inventory. Winchester's current affordable unit housing stock is 296 units or 0.7%
- 20% of all households in Winchester are considered low income as they earn no more than 80% of the area median income (AMI).

- Recent stats around AMI from <https://www.winchester.us/DocumentCenter/View/6350/Article-WATERFIELD-LOT-VALUATION>

Area Median Income (AMI) in Winchester for a 4 member household (effective 4/1/2021):

80% income = \$101,050

50% income = \$67,100

30% income = \$40,250

- Per the Housing Production Plan report:

Furthermore, 35% of households had annual incomes of less than \$99,999, just below the Area Median Income (AMI) for the region of \$103,400; and 19% of households qualified as low income, meaning they make 80% of AMI or less eligible for Affordable Housing.
- Winchester developed a housing production plan to provide more affordable housing using inventory, this has given us safe harbor.
- There were several letters from residents in support for affordable housing and this project
- There have been several comments in support for affordable housing and this project during the comment session.

Recommendations:

- Winchester has a very low affordable housing stock. The town should keep the percentage of affordable units as is or increase the number of affordable units. 20% of all households in Winchester are considered low-income as they earn no more than 80% of the area median income (AMI). One of the project's main goals was to provide affordable housing in the CBD. Therefore, there should not be a decrease in the number of affordable housing units.
- There may be financial benefits of increasing the number of 60% AMI units (from the 80% AMI units). The town should work with LDS consulting to see if the upfront financial benefits of increased 60% AMI units outweighs the long-term rent benefits to the town from the original 80% AMI. (LDS consulting financial models with the \$ 7.7 M benefit to the town were based on a 60% AMI)

Ground Lease

Findings:

- The town will enter into a 99 year ground lease for the Waterfield Project
- While 99 years seems like a long time, many affordable housing projects have a 99 year ground lease. Some financing to the developer may be dependent on the 99 year ground lease.
- There was discussion if the developer would consider a shorter ground lease
- Per town counsel, if the ground lease terms were changed, the town would need another RFP. The town may be subject to liability from CIVICO if the town reopens the RFP process.

Recommendations:

- It would be important to see if a shorter ground lease is possible. This should be done with the guidance of town counsel because there may be legal implications for the town

Long Term Oversight

Findings:

- The LDA provides opportunities for the town to have oversight of the Waterfield project
- There are many state agencies and lenders that will provide oversight for the building
- There seems to be a setup for good oversight for maintenance of the building
- Affordable housing projects in general have many channels of review and oversight. State agencies are involved

Recommendations:

- There are no major concerns with long term oversight. The town has opportunities for oversight through the LDA. Furthermore, the town should work with state agencies to make sure the developer keeps the building in good condition.
- The town should formulate a multi-year oversight plan that has clear goals and multiple checkpoints, maintenance, upkeep, regulatory and other safety criteria in entering into a lease with a lease that allows for penalties and termination of lease, should the builder neglect to honor their responsibilities per lease terms.

- With the recommendation of town counsel, the town should consider some type of clause for a potential bankruptcy or with a change in building ownership.

Finance

Findings:

- Compared with the other proposals, CIVICO offered the most money to the town, has the most public parking and the high number and percentage of affordable units
<https://www.winchester.us/DocumentCenter/View/6357/DevelopmentProposals>
- The cost of building public parking (\$2,812,603) should be considered part of the purchase price paid to the town.
- The town will receive 3,066,742 in real estate taxes from this project over 15 years.
- The town will also receive a repayment of \$ 891,302 into the housing development fund (\$500,000 was the loan amount).
- The town will also get 10% supplemental base lease.
- The town will get 15% of the proceeds in the event of a recapitalization.

2) What is potential revenue to the Town and to Civico years 1-15?

a. Based on 20 Market Units and 40 Units at or Below 60% of AMI and the waterfall/refinance describe previously:

Year 15
20 Market/40 LIHCT

CIVICO

Asset Management Fee	\$	287,984
Return on Parking Investment	\$	606,761
Developer Fee and Overhead*	\$	2,670,000
Cash flow**	\$	1,371,079
Refinance	\$	1,865,009
Total Year 1-15	\$	6,800,833

Town

Initial Lease Payment	\$	1,000,000
One Time Building Permit Fees	\$	204,298
40 Space Parking Garage	\$	2,800,000
Real Estate Taxes	\$	3,066,742
Supplemental Base Rate	\$	304,684
Refinance	\$	329,119
Total Year 1-15	\$	7,704,843

500,000 @5% Interest

AHTF Loan Payback annually	\$	342,770
Repayment at Refinance	\$	548,532
Total Repayment	\$	891,302

Recommendations:

- The estimated income to the town over the next 15 years with this project would be \$ 7.7 M plus repayment and interest back to the housing fund. Currently the town is getting zero income from this lot other than indirect parking fees. This additional revenue to the town plus the intangible benefits of developing the lot would be a good investment for the town.
- The numbers with the \$7.7 M in return to the town from LDS Consulting are based on a 60%AMI. The town should negotiate with CIVICO based on the 60%AMI numbers.

Design

Findings:

- This project will have 12 studio, 18 1-bedroom, 24 2-bedroom and 6 3-bedroom units
- It will also have retail shops at the ground level.
- Per discussion, it would not be easy to remove the chamber of commerce building.
- There was discussion about changing the studio to 1 unit apartments.
- The building will have several sustainability considerations including rooftop solar, green stormwater infrastructure, high performance building enclosure design. These features should be part of the final design
- The mixed use design - business and residential will create a more walkable atmosphere and will likely bring new customers to the CBD
- The Planning Board reviewed other proposals and determined that the CIVICO's proposal had design elements inline with the CBD, has public and private space with efficient use of the land, and the most sustainable design features.

Recommendations:

- No major changes should be made to the design. The design has taken into consideration building height, used green building standards and has a mixed use design. The combination of business and residential will create a more walkable atmosphere and will likely bring new customers to the CBD.
- There can be discussion with CIVICO if it is feasible to remove the chamber of commerce building. My understanding is that there are engineering challenges to removing the building.
- The building should strive to include Climate Action's recommendation as stated by Ms. Trimarchi
- Town should consider incorporation of vegetation as part of the building as this is known to provide both insulation during winter and cooling during summer, reducing energy impact.
- The town should work with the builder to target LEED certification.