

# Waterfield Lot Task Force Report Draft 10/6/2021

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Staff – Suggestions/Questions/Comments: Staff gleaned all Findings and Recommendations and are below in each of the respected categories. Staff gave minimal comments on Recommendations, simply pointing out more clarification needed, or additional information supplied. Some of the reports contain material that wouldn't be considered Findings or Recommendations. Staff has also added an "Other" Findings and Recommendations section for those items that did not fit into the six categories. A lot of the Findings below are mixed with opinions. Staff recommends that if the Task Force cannot agree on what is opinion or a Finding that the title be changed to Findings/Opinions or some other title agreed upon by the Task Force. Everyone's individual writings and attachments will be included in the appendix of the Final Report to the Select Board.

10/8/21 Meeting: Agree on how to deal with the Findings, Recap the Vote on Priorities (Task Force members rank order 1-6 of the categories below). **Please email Patty Mihelich (pmihelich@winchester.us) your spreadsheet below as soon as you can, so we can consolidate for the 10/8 meeting.** Each rank is weighted. Choose from the 6 categories: Parking, Design, Ground Lease, Town Oversight, Mix of Affordable Units, and Revenue to the Town.

Category	Rank	Points
	1 <sup>st</sup>	6
	2 <sup>nd</sup>	5
	3 <sup>rd</sup>	4
	4 <sup>th</sup>	3
	5 <sup>th</sup>	2
	6 <sup>th</sup>	1

10/12/21 Meeting: Determine how to deal with conflicting Recommendations. Concepts to think about:

1. Keep recommendations as-is, color coded and attributed to each author.
2. Members vote for each of the recommendations, so the Select Board is aware of the sentiment of all members for every recommendation.
3. Task Force determines some other way.

## 1. Parking

### Findings:

- The existing Waterfield Lot provides frequently used parking spaces to residents, patrons of local businesses, commuters, and Town Center employees.
- Parking in the Waterfield Lot is currently free for any uses between 6pm and 8am.
- Below is a summary of the parking permits sold by the Town between July 1, 2019 and June 30, 2020. These permits are good at a variety of off-street and on-street locations around the Town Center. Permits are sold to Town Center Employees or Winchester resident commuters.

Type of Permit	Cost	# Permits Sold
Early Bird – Waterfield Lot	\$10/year	28
CBD Residents	\$10/year (25 max)	18
Town Center Employee (includes part-time/full time employees)	\$10/year	776
Resident Commuter		
Annual Permit	\$500/year	65
Q1 – July to September	\$125/quarter	176
Q2 – October to December	\$125/quarter	173
Q3 – January to March	\$125/quarter	173
Q4 – April to June	\$125/quarter	51

- **Making up for lost parking is the most important concern for residents. (this is opinion)**
- **The Aberjona parking area would accommodate a single level parking deck above the existing spaces there. The new deck of 50 or 100 new elevated spaces should be tied in directly with the pedestrian access from the new station so that one elevator or ramp on the northbound side would serve both**

- needs. This is not a Finding. The up-front \$2.8M would not cover the cost of an Aberjona garage. Parking studies for an additional 85 spaces by building a deck, have shown to cost \$5.2M in 2017\$ and problematic due to the physical constraints of the lot near the MBTA station and the river. Further study will be needed to determine viability and cost as the original study did not take into account the current MBTA station design, which shrinks the footprint available for a parking garage structure on the Aberjona lot.**
- **The task force considered the possibility that the developer might like to eliminate the underground spaces originally proposed and provide additional up-front cash to the Town in their place. There would also likely need to be additional monies from somewhere to fund enough further parking to accommodate more than the one half parking space per unit. Similar to a previous bullet point.**
  - Patrick Fortin, representing the Chamber of Commerce and local business community, represented that on-street parking is more critical to businesses in the Center Business District, and those businesses seek to ensure that residents and employees are not utilizing those spaces, but instead **use the permit spaces available to Town Center Employees.** Pat Fortin who represents the CBD businesses stated that [parking for customers is a major concern for CBD businesses.](#)
  - Any future Land Development Agreement or Ground Lease that does not address the public parking lost in the Waterfield Lot will be met with significant opposition from the business community. **(Address all of the public parking?)**
  - Some public comments suggest that the local businesses do not believe that they have been sufficiently engaged by the Town.
  - **The Town has engaged the services of Toole Design to conduct a parking management study in the Town Center. The project is focused on identifying short-term mitigation measures to offset the expected parking impacts from the MBTA construction project and other immediate downtown initiatives. The study will identify some limited long-term recommendations that could be evaluated as part of a larger, future parking study.**
  - **The Task Force believes that the Aberjona Lot space is currently underutilized and that the parking here could be better maximized, perhaps through a garage (During normal, non-COVID times, the Aberjona Lot is typically over 90% utilized]. In 2017, the Select Board commissioned a study to evaluate the**

feasibility of developing a parking garage at several locations in the Town Center, including the Aberjona Lot. Based on the information presented, the Select Board opted not to move forward with further design or analysis of a parking structure at any of the locations evaluated due to engineering and/or financial limitations.)

- The inclusion of public parking in the Waterfield Lot development adds a significant layer of cost and complexity for any developer.
- The RFP did not specify how the respondent should utilize the Chamber of Commerce building, which is located within the Waterfield Lot.
- Parking is addressed in the RFP as a “Medium” priority asking that “proposal provides sufficient parking for building residents and addresses the loss of public parking”. “Medium” is not an appropriate category priority for Parking. This is very clear from Task Force discussion, Town businesses and residents’ feedback. Many Town No voters were focused on Parking as a primary issue.
- Regarding “sufficient parking for the building residents”, the CIVICO proposal provides 45 spaces for 106 bedrooms. This proposal uses a .75 spaces per unit metric but never addresses bedrooms. The Task Force did learn that similar, surrounding towns use .75-1.5 per unit parking requirements. The Task Force also learned that similar surrounding towns routinely give Special Permits to allow for affordable and other developments to go below 1 per unit. Civico meets the parking requirement of 0.75 in this location in the CBD. There will be substantially more cars, potentially even up to 100, leaving 55 cars with no parking solution (this is opinion). Civico’s proposal does not “provide sufficient parking for building residents”. (this is opinion)
- The Town does currently issue “CBD Resident” parking passes (\$10/yr.) for center residents with no parking. Potentially, all residents of the new development could acquire these and take any currently available Town parking, just adding to the current parking issues (Only residents that do not have a space can acquire these permits). This pushes the Waterfield residents parking issues into a Town parking issue.
- Regarding the RFP requirement to “Address the loss of public parking”, the CIVICO proposal provides 40 public parking spaces. The Waterfield lot currently has 93 public parking spaces. So there is a net loss of 53 public parking spaces. CIVICO’s proposal does not “address the loss of public parking”. (“Not addressing” public parking within the RFP equates to not providing any public parking, or only minimal public parking. CIVICO scored the highest in this category because it outlined the parking plan to address as much of the loss as it

could, and also provided the most amount of public spaces amongst the respondents.)

- Since the creation of the RFP a few years ago, the Town has lost or will lose roughly 120 public spaces to safety changes, MBTA construction and outdoor dining. Outdoor dining has decreased on-street parking by 20 spaces. We cannot expect the Waterfield project to fix all downtown parking issues but the loss of these 120 spaces makes replacing the Waterfield 93 spaces even more essential. It also raises the issue of providing onsite parking for all 106+ residents of the building. Many No voters have pointed this out as a concern that needs to be addressed. The town has lost 20 spaces to Outdoor Dining, 9 permanent spots in the Waterfield lot due to MBTA, and 20 permanent spots at the Aberjona Lot due to the MBTA. The current CIVICO proposal would therefore be responsible for the loss of 44 (53-9 from MBTA). The town temporarily loses spaces due to construction/safety measures from time to time.
- The Town currently issues over 1,000 downtown parking permits to Town center employees, Town center residents and resident commuters. These programs created by the Chamber with the Town have worked to keep employees and commuters off the streets and has been essential in leaving valuable, core customer parking spaces open. Eliminating any current Waterfield spaces along with the lost MBTA spaces will do serious harm to this successful program and jeopardize the vibrancy of our Town Center. This is opinion. One could argue that new residential housing brings MORE vibrancy to the town center for example.
- To create the 40 public spaces, Civico proposes an underground garage that they forecast will cost \$2.8 million dollars to build. The Task Force asked if CIVICO would give the Town the \$2.8m and remove the garage and 20 (40) spaces. The thought was that the Town could dedicate those funds to creating downtown parking, ideally with a garage. CIVICO has said they are “open” to negotiations regarding this but were not prepared to make a commitment. Without any changes here, not only is the loss of public parking not addressed but \$2.8m is spent and dramatically impacts the potential revenue to the Town. (this is opinion)
- The Task Force discussed including the Aberjona Lot in an updated RFP with both Waterfield and Aberjona lots. The RFP terms would add criteria to create a 2 story parking garage on Aberjona lot. The Town already has a parking study for a garage on the Aberjona lot in 2017, showing the cost at that time to be \$5.2M. Additionally, portions of the Aberjona Lot is owned by the MBTA and may not be allowed to be part of such an RFP. There is also a recommendation in this point to reissue the RFP.

- The CIVICO agreement does have language that that allows CIVICO to change the building of the public garage. It does appear the Town has veto power here but why would this wording even be added? (not a finding, this could be a recommendation to clear up or delete the language)
- While parking is a major concern for the town, we cannot expect this project to solve the town's parking issues. This was also expressed by individuals during the town residents comment period.
- Town has passed "space hopping" ordinances (bylaws) to stop town employees from parking on the street.
- 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). (We have transit, banks, shops, grocery stores and other amenities in the town center that can attract residents of the proposed building who may not have cars or choose not to.)
- 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>
- Making carpooling easy when commuting to Boston; Carpooling vehicles will likely be parked for at least 8 hours a day. (Recommendation and Finding?)
- 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
- Similar projects have worked in other greater Boston CBD areas:
  - <https://www.wilberschoolbc.com/> - Sharon MA
  - <https://www.thecoolidgeschool.com/> - Watertown M

#### Recommendations:

- **Any talk about the developer possibly now "leaving out" the underground spaces originally proposed and the Town accepting additional up-front cash from the developer in return seems extremely inappropriate. There also still needs to be additional funding from somewhere to make up enough off-site**

parking to accommodate what will surely be more than 1/2 space per living unit.

- The Select Board and Town Manager must do more proactive outreach to the local businesses in the entire CBD, but especially those around the Waterfield Lot. Their input is important and the success of any future deal depends on regular meetings and open two-way communication between the Town and these businesses. We recommend that Select Board Member Richard Mucci, as part of the negotiating team for the Waterfield Lot and a Chamber of Commerce member, be tasked with ensuring that items being negotiated in the deal have the buy-in of the Chamber.
- The public parking aspect of the Waterfield Lot development *could* be removed to make the financial aspects of the deal more favorable to the Town, but this *must* be done with a corresponding, approved plan to provide parking options elsewhere, such as in the Aberjona lot (which has shown to be costly, at \$5.2M in 2017\$'s). We recommend that the Select Board explore alternative parking options that could be moved forward on a parallel timeframe. It will not be acceptable for public parking to be removed from the Waterfield Lot development based on a vague plan for uncertain future solutions.
- The Select Board should work with the Chamber of Commerce to explore whether that building does not need to be reconstructed (this is a town-owned building, not owned or occupied by the Chamber of Commerce), and it should also work with relevant Town boards and groups to explore whether the community space of the proposed new building could be eliminated from this development. If that is the case, the Select Board should explore with Civico using the Chamber of Commerce building space either for additional units (to generate additional revenue) or for additional parking.
- With the current lack of parking downtown and additional loss of Waterfield lot, it would seem logical to require 1.5 spaces per unit.
- The Town does currently issue “CBD Resident” parking passes (\$10/yr.) for center residents with no parking. Potentially, all residents of the new development could acquire these and take any currently available Town parking. Increasing parking requirements within the development for residents solves this issue.
- It would be helpful to keep the public spaces available for CBD patrons. It looks like CBD employees may have other options for parking given the increase in remote working. In addition, many Boston based employees will likely not go

into Boston 5 days a week, while (and therefore will not be) parking their car in town center.

- 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 (same as next, should be combined)
- 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.
- 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.
- Provide a minimum of 50 public parking spaces, and 45 private spaces.

## 2. Design

### Findings:

- The Civico proposal includes significant sustainability features which the Climate Action Advisory Committee found to be superior to the features in other developer proposals. These features include 100% renewable energy for heating and cooling, LEED gold rating for building efficiency, electric vehicle chargers, pervious materials and storm water filtration to mitigate flood risks, and the use of trees and green spaces.
- The Planning Board also recommended Civico over other developers, citing, among other factors, that the Civico proposal has the highest design quality, most environmentally sustainable systems, and the most efficient use of land.

- Building height is a concern to both the Planning Board and residents, particularly those abutting the property.
- The proposal to reconstruct the Chamber of Commerce building may not be a firm requirement for this development, and that space could potentially be used more efficiently **(this is not a requirement to reconstruct, the Town contemplated demolition here as well.**
- This project will have 12 studio, 18 1-bedroom, 24 2-bedroom and 6 3-bedroom units and will also have retail shops at the ground level.
- Per discussion, it would not be easy to remove the chamber of commerce building, **(due to the MWRA sewer line that runs below the 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 in line with the CBD, has public and private space with efficient use of the land, and the most sustainable design features.
- **The oft-cited primary reason for these new affordable units in the immediate downtown area is to accommodate older folks who no longer need or can no longer afford their single-family houses, but who also do not want to leave their Winchester hometown. It will hardly matter to most seniors if there is little or no play yard space for children. (Which space are you referring to, Chamber of Commerce courtyard or stage space?)**

#### Recommendations:

- The Select Board should not make any significant changes to the design of the proposal.
- 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 (**explain further**).
- 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.
- **If it is necessary to rebid this project, allowing a taller building can substantially decrease the project's overall cost at no cost whatsoever for the Town. The aesthetics of Winchester Center will not be harmed one iota by permitting a six-story structure, with the building tucked in, and so totally obscured behind the elevated rail station.**
- **Having on-site retail uses that siphon apartment residents away from populating nearby existing shops is just non-sensical, and totally inappropriate.**
- **In order to save considerable money for the developers, a change in the new structure's height to permit a five-or six-story structure will make the building more attractive from both the building occupants' and town-wide perspective.**
- **Eliminating completely the Chamber of Commerce building and all other retail space should also be carefully considered, as such space is absolutely not needed for this use in this location.**
- **Similarly, eliminating the three-bedroom apartments in favor of, perhaps, adding three or four affordable studios will improve the attractiveness of this vital new community centerpiece and possibly add more buildability.**

### 3. Ground Lease Length

#### Findings:

- The RFP for the Waterfield Lot stated that the Town intended to enter into a 99 year ground lease with the developer.
- Per Town Counsel and LDS Consulting, 99 year terms are typical in ground leases to make the project viable for a developer that is investing in construction for land and a building that it will not ultimately own. It is considered de facto ownership and enables developers to satisfy financing requirements, while allowing the Town to maintain long-term ownership and oversight.
- We do not know if a shorter lease term would impact Civico's financing
- Per Town Counsel and LDS Consulting, a shorter lease term may be appropriate in circumstances where the owner has contemplated future uses for the land and redevelopment is easy, where the owner wants to revisit the terms of the deal on a shorter time frame due to potential changes in the market, or the infrastructure is integral to the owners other operations.
- Town Counsel suggested that a change to the length of the lease term would likely require a new RFP process. He also suggested that restarting the RFP process could open the Town up to liability with respect to Civico.
- 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 (We need Legal Counsel to advise the Select Board on this point).

#### Recommendations:

- As it is outside of the charge of the Task Force to opine on issues of potential liability, we recommend that the Select Board consult further with Town Counsel on options, if any, to revise the length of the ground lease term.

- 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.
- 39 year Initial Lease, with two renewable 30 year extensions. (total 99 years). [Extensions require mutual agreement.]. This puts the town in a safer and stronger position compared to the proposed one time 99 year lease that does not include a 99 year financial analysis.

#### 4. Town Oversight

##### Findings:

- The funding sources for an affordable housing development such as the one proposed at the Waterfield Lot include significant oversight requirements from state agencies and public and private lenders.
- The current LDA includes significant opportunities for Town oversight as the owner of the property, ensuring that Civico maintains its contractual obligations and that the Town has ability to oversee and enforce those obligations throughout the life of the lease.
- Oversight from the State, from lenders, and from the Town all provide for numerous inspection rights.
- There is a misconception continuing among residents that the LDA allows Civico to assign the lease without Town approval; this was an error in an earlier draft of the agreement and has been fixed. The Town has approval rights over the assignment of the lease, ensuring that the Town will maintain control over who it is partnering with for the life of the Waterfield Lot lease. **(The LDA is being renegotiated. It is unclear at this time about approval rights. A recommendation could include keeping this provision from the original LDA).**
- The LDA provides opportunities for the town to have oversight of the Waterfield project
- There are many states agencies, lenders and others that will provide oversight for the building
- There seems to be a setup for good oversight for maintenance of the building

## Recommendations:

- The Task Force did not find areas where the oversight of the Waterfield Lot development was lacking or needed revisions.
- 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 such a lease with optionality 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.

## 5. Mix of Affordability/Market Rate Housing

### Findings:

- Both housing prices and rents are steadily rising in Winchester, making it too expensive for not only many of the people who work here, but also many of the people who currently live here.
- According to the Winchester Master Plan 2030 Existing Conditions report, p 38: "While the median income for an owner-occupied household is \$169,938, renter households earn significantly less with a median income of only \$63,958. 33 A household with Winchester's median renter income can afford rent of up to \$1,600 per month including utilities based on 30 percent of gross income."
- According to the Winchester Housing Partnership Board, 31% of Winchester households earn \$75,000 or less, with 2% of Winchester households having incomes below the poverty level.
- The Waterfield Lot development includes units that serve renters at 80%, 60%, 50%, and 30% of AMI, which would meet the following incomes:

Affordable Unit Category	Annual Household Income Limit
6 Apartments @ 30% Area Median Income (AMI) (studio, 1-3BR)	\$28,200 1 ¶ \$32,200 2 ¶¶ \$36,250 3 ¶¶¶ \$40,250 4 ¶¶¶¶
2 Apartments @ 50% AMI (2-3BR)	\$47,000 1 ¶ \$53,700 2 ¶¶ \$60,400 3 ¶¶¶ \$67,100 4 ¶¶¶¶
24 Apartments @ 60% AMI (studio, 1-3BR)	\$56,400 1 ¶ \$64,440 2 ¶¶ \$72,480 3 ¶¶¶ \$80,520 4 ¶¶¶¶
8 Apartments @ 80% AMI (studio, 1-2BR)	\$70,750 1 ¶ \$80,850 2 ¶¶ \$90,950 3 ¶¶¶ \$101,050 4 ¶¶¶¶

- The State goal is for every community to have at least 10% of its housing units count as Subsidized Housing Inventory.
- Winchester is far behind that goal, with currently only 3.7% of its housing units counting as SHI. With developments currently approved for construction, Winchester will have 4.9% qualified as SHI.
- The 60 units of the Waterfield Lot development would all count as SHI, adding another 0.7%.
- Because Winchester is not at the State-prescribed 10% SHI goal, unless we add units counting as SHI each year to maintain so-called “safe harbor”, every Winchester neighborhood is potentially at risk of a hostile 40B development, which allows developers to build without zoning constraints.
- The RFP from the Town required a minimum of 25% affordable units in the Waterfield Lot development, but it highly favored
- The mix of affordable and market rate units as proposed by Civico is based on a complicated set of funding and subsidy source requirements.

- Increasing the number of market rate units would not create a simple sliding scale increase in revenue from market rate rents, as it fundamentally changes the tax credits and subsidy sources that Civico needs to make the project economically viable. The federal Low Income Housing Tax Credit exists specifically for this purpose—to make viable projects with a significant portion of affordable restricted rents.
- There are opportunities here for potentially more affordable units and more Town revenue. Certain affordable unit types and bedroom numbers can create higher rents to the developer and ultimately revenue to the town. It appears MORE affordable units could add more value to the project by way of special tax credits. We have been through this exercise with 25%, 50% and 100% Affordable. The 66.67% with no 80%AMI units appears to be the most amount of revenue for the Town and the Developer, based on credits and other factors.
- Under Massachusetts Chapter 40B laws, each town and city should have at least 10% of their housing stock as deed restricted affordable; this allows individuals and families not to pay for 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 3.7%
- 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-6-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 and are 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:

- We recommend not adjusting the ratio of affordable and market rate units, both because the currently proposed ratio is a tremendous statement of the Town's commitment to housing affordability, but also because we do not have the data and tools at our disposal to opine on how Civico could potentially change the ratio of affordable and market units while maintaining existing funding, subsidies, and tax credits.
- It is important that the Waterfield Lot development maintain the minimum of 25% affordable units so that all 60 units count toward the SHI, but Winchester's affordable housing needs are greater than meeting the state bare minimum to avoid 40B developments. We recommend that the Select Board maintain its current approach, which is to maximize the number of affordable units that will serve our community.
- See findings and recommendations in the section on Revenue to Town, regarding a possible redesignation of the 80% AMI units to 60% AMI 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)
- The unit mix should be analyzed by the Finance Committee to create more details in the amended RFP on how developers would need to meet criteria in this area.
- 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

- At least 40 residential units, at least 25% of which are affordable units.

## 6. Revenue to Town

### Findings:

- The current deal structure provides that Civico pay to the Town: \$1M up front payment, annual 10% of net operating income, and 15% of proceeds in the event of a recapitalization or sale.
- LDS Consulting's pro forma suggests that the 10% of net operating income would total \$561,616 over the first 20 years of the lease.
- The Town will also receive property tax revenue from the developer, which LDS Consulting found should be \$166,468 annually based on current tax rates.
- LDS Consulting also suggested that if the 80% AMI units were designated as 60% AMI units, Civico would be able to access additional funding and may be able to provide an additional \$250,000 to the Town in upfront payment. However, these units would then generate lower rents, thus changing the pro forma. No data was provided to the Task Force on whether the upfront \$250,000 payment would be worth more than the long-term higher rents if the units remained at 80% AMI.
- The units provided at 30% and 50% of AMI are covered by vouchers that enable Civico to charge near-market rents, while enabling people of modest incomes to live there. This provides a significant revenue stream to the developer, and therefore increases both the financial viability of the development and the opportunity for excess cash flow in out years, of which the Town will make 10%.
- LDS Consulting found that the cost to construct the 40 public parking spaces is \$2,812,603, and that this amount should be considered part of the purchase price to the Town, as this is a benefit being provided to the public.
- Civico's pro forma assumed that the public parking spaces would generate significant revenue as permitted commuter spaces. Without this revenue, it is not certain that the cost of the public parking without corresponding revenue would be financially viable.

- There are Zero developer requirements to make any effort to create any Town revenue. This is a major concern of Town tax payers and no voters.
- Because the RFP criteria never include Revenue to the Town, Civico (or any of the developers) would never need to consider Town revenue in their proposals. The net result is a CIVICO project with very little revenue to the Town. **The financial structure of the deal has been outlined by LDS. It is not the RFP criteria but the nature of market/affordable housing finance and the LIHTC system.** The Task Force requested revenue forecasting or valuations on other types of development for comparison but we were given no data. **Revenue forecasting was given for a 15 and 20-year scenario.** Many of the Task Force questions related to finance were answered with, “this will get addressed in the permitting process” or “once CIVICO has a Land agreement we can address it” **Civico is ready to renegotiate the LDA with comments from this Task Force as well as other stakeholders.** It appears the Town did very little exploration, at minimum, to understand the potential value that was being left behind by the CIVICO proposal. **The Town engaged with MassHousing to determine and understand the value of all of the respondents’ deals that were proposed.**
- The Task Force asked many questions regarding lease term, other potentially shorter terms, financial data on value of different terms and more. It appears there was never any analysis of financial impacts of different terms, even if only to help Town residents understand the reason for this long of a lease. The Task Force was told that MassHousing recommends a 99 year lease but their priority and focus is not about protecting the tax payers of Winchester.
- Most of the revenue to the Town in the CIVICO proposal is highly speculative. Many numbers related to CIVICO’s deal have changed to reduce revenue and/or increase expenses, just in our 5 weeks exploring the financials. No numbers have improved. **LDS numbers show modest improvement with specific changes to the deal.**
- Compared with the other proposals, CIVICO offered the most money to the town **(they did not)**, has the most public parking and the highest number and percentage of affordable units
- 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.

#### Recommendations:

- The Select Board should ask LDS Consulting to model the change of 80% AMI units to 60% to understand if the upfront \$250,000 payment would be worth more than the long-term higher rents if the units remained at 80% AMI. The Select Board should potentially negotiate with Civico for these changes depending on the outcome of that analysis.
- The PBV housing voucher is an attractive mechanism to charge near-market rates while providing affordable housing options, and the Select Board should ensure that the PBV vouchers are being used to the maximum extent permitted.
- Town Meeting and Town residents should have neutral 3<sup>rd</sup> party advice in this area with detailed financial forecasting.
- 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.

#### Other Findings

- The Waterfield Task Force was created in reaction to a Town wide majority No vote which cancelled the Waterfield Development. The Town Vote rejected the Town Meeting approval of the current proposed LDA, it did not cancel the Waterfield Development.
- The majority of No voters were opposed to the project because of “Availability of Public Parking” and “Revenue to The Town.

- The Task Force has been told the Select Board's next step will be to use these rankings to re-negotiate with CIVICO to amend/improve the initial deal that was rejected by Town voters.
- It is impossible to renegotiate the CIVICO deal to an extent that will address the Town voters' concerns and create an acceptable project. **This is opinion**
- There was a major lack of faith and trust in the Town's leadership (Town Meeting, Select Board, and the Town Manager) and its handling of the steps taken moving this project forward.
- This renegotiation opportunity is a chance to bring our community back together and should provide compromises that respect all concerns.
- **Winchester will have little if any chance of negotiating any meaningful changes to the earlier-proposed package if it negotiates only with the Civico entity. The task force learned from the well-informed town-employed or contracted professionals that there was little interest at this time in opening discussions with the second-ranked bidders because there would then not be enough time to do any meaningful negotiating before the deadline for the fall Town Meeting. (The Select Board prioritized renegotiating with Civico because they scored the highest in nearly all categories of the RFP, had the most appealing design according to a large majority of Town Boards/Committees, and were awarded the RFP and because the second ranked proposal offered only 9 public parking spaces and less revenue to the Town.)**

Other Recommendations:

- Rebid with an amended RFP with parking and revenue as top priorities
- Rebid with Affordable Housing requirements as presently required
- Require the 93 Waterfield spaces be replaced as part of the development
- Require more resident parking on site using a 1.5 space to unit requirement.
- Encourage developers to create the affordable unit mix with AMI and bedroom numbers that maximizes revenue
- Remove barriers like open space, retaining Waterfield building, free town community space so developers can be creative and improve Town revenue from the project. This would also help developers deal with additional parking requirements

- Explore an expanded RFP that includes both Aberjona and Waterfield Lots with development criteria that requires a 2 level garage on the Aberjona lot.
- **Rather than continuing to rush in with revisions to the existing failed agreement package, I strongly recommend that the package be re-bid with a number of changes that will preserve the essence of the affordable goals, with enough worthwhile cost reductions to make it an acceptably better deal for the whole town as well.**
- **A slightly changed package that incorporates at least enough parking to forestall any compounding of the existing parking shortage seems to be the most essential element of any new agreement. Some even modest reduction in the lease term to 60 or 80 years would appear to be the next element to consider in my opinion.**
- Reissue the RFP with new criteria discussed below.
  - 15X multiplier as Evaluation Criteria for Revenue to the Town over first 39 years
  - 10X multiplier as Evaluation Criteria for Parking. The proposed 2X weight of this in the original RFP is not enough. REST OF EVALUATION CRITERIA STAYS THE SAME.
  - The new Total of the Evaluation Criteria would be 50x.
  - 15x for Price
  - 10x for Additional Parking
  - 25x for the evaluation criteria set forth in the original RFP.
  - Total 50x