

Planning & Development Committee
Wednesday, November 8, 2017 – 5:30 p.m.
1st Fl. Council Committee Room – City Hall
-Minutes-

Present: Chair, Councilor Paul Lundberg; Vice Chair, Councilor Melissa Cox; Councilor Valerie Gilman
Absent: None.

Also Present: Councilor Nolan; Jim Destino; Gregg Cademartori

The meeting was called to order at 5:30 p.m.

1. *PP2017-006: Request by National Grid to install on High Street at Pole #4697, 27 feet of 3 inch Conduit in the public way (To be conducted as a Standing Committee Public Hearing)*

This public hearing is opened at 5:31 p.m.

Those speaking in favor:

Peter Glynn, National Grid (NG) Representative, 44 River St., Beverly, MA, explained that the request by NG is to bring electrical service to 1037R Washington Street through a padmount transformer via High Street which requires 27 feet of 3" underground conduit from the nearest electrical pole in the public way. There are homes potentially in the future that would benefit from this underground conduit, he noted.

Those speaking in opposition: None.

Communications: None.

Councilor Questions: None.

This public hearing is closed at 5:33 p.m.

MOTION: On a motion by Councilor Gilman, seconded by Councilor Cox, the Planning & Development Committee voted 3 in favor, 0 opposed, to permit National Grid to install 27 feet of 3 inch underground conduit from Pole 4697 on High Street in the City of Gloucester to service a property located at 1037R Washington Street including the necessary sustaining and protecting fixtures as shown on W.R. Plan #2879524 dated 8/17/2015 with the following conditions:

- 1.) Notification to the Department of Public Works 72 hours in advance of the proposed work. A construction schedule will be prepared by the applicant for review and acceptance by the Department of Public Works;
 - 2.) Proposed excavation may only occur during accepted road opening and construction season, 15 March – 15 November. No winter construction shall be permitted.
 - 3.) In the absence of a detailed construction plan, the Department of Public Works requests: all proposed conduits and appurtenances shall be placed so as to cause minimum conflict with existing underground utility services.
 - 4.) The existing sidewalks are cast-in-place concrete and the City of Gloucester will only accept full panel pours.
 - 5.) All excavated trenches shall be patched flush with the surrounding asphalt using hot mix asphalt binder at the end of each work day, to minimize pedestrian hazards. Asphalt shall be applied in two lifts of 2-inches, totaling 4-inches.
 - 6.) All final paving shall be done in consultation with the Department of Public works and an agreed upon final paving plan executed by the applicant.
2. *SCP2017-012: School House Road #2, #3 and #4, Map 262, Lots 14 & 37 and Gloucester Crossing Road #7, Map 43, Lots 4 & 5 for a Special Permit under the Mixed Use Overlay District pursuant to GZO Sec. 5.29 (including Major Project under GZO Sec. 5.7) and Sec.'s 5.29.10 and 5.11.8 (Cont'd from 10/18/17)*

Councilor Lundberg said he wanted to correct the public record and explained that he had been quoted several times in the newspaper saying that it was his/our goal that they find a way to have 30 affordable housing units on the former Fuller School site which is incorrect. He said their goal is to have 30 units of affordable housing appear in connection with this project, which he pointed out didn't have to be on the Fuller School site, but to be located in the most appropriate place for whatever solution they come to. He added that they have "no preconceived notions" of what is being presented this evening. He announced this is a public meeting and that the applicant will make a

presentation and the Committee can ask questions. He pointed out that this is not a public hearing and as such there will be no public comment or testimony which is reserved for when the City Council takes up this Special Council Permit. Not only is it the Committee's procedure, he noted, but as an application works through the permitting process things can change; and he advised it is appropriate to wait until changes evolve before people publically comment on the overall project.

Councilor Cox added that if anyone in the audience has questions prior to the Committee's next meeting related to this Special Council Permit application, to email the Committee and they will respond with information at hand or if the question hasn't been asked previously, they can put it forward to the applicant at the next opportunity when the applicant appears before the Committee.

FULLER MIXED USE VENTURES LLC PRESENTATION FOR SCP2017-012

NOTE: A copy of the Power Point Presentation by the Fuller Mixed Use Venture, LLC (FMUV) is on file with the City Council and is available to be viewed during regular business hours, or can be viewed on the city's website:

Attorney Deborah A. Eliason, representing the Fuller Mixed Use Venture, LLC, 65 Main Street, introduced an overview of the FMUV presentation briefly. She noted the Project Team of the FMUV as: Windover Construction (Construction and Development Management Services); Meridian Associates (Civil Engineering); MDM Transportation Consultants, Inc. (Traffic and Parking Consultants); The YMCA of the North Shore (Siemasko & Verbridge Architects); Hawk Design (Landscape Architect); Sam Park & Co. (Retail and Commercial Real Estate Development); and The Dolben Company (Multi-Family Residential Real Estate Development and Management) (Smook Architecture) (Synopses of the team members on file). She highlighted a variety of projects the partners are involved regionally in Massachusetts, in nearby New England states and in the Mid-Atlantic region. A brief "Chronology and Evolution of the Fuller Project was reviewed from September 2015 when the city issued its RFP to September 2017 for the initial presentation to the Planning Board and anticipated 1st Quarter 2018 to break ground. Bid price was noted as \$5.6 million.

A review of the contiguous **parcels of the properties of the FMUV project** (Record Conditions Overview Sheet C-1.0 on file), all immediately adjacent to each other, was noted. A small triangular piece of property owned by Gloucester Commons across from the Fuller property will be used for drainage but won't be owned in fee by the FMUV.

A review of the **FMUV Due Diligence** showed in brief results from that study. The Fuller property was described as, "a very challenging site." It was reported that costs will exceed initial estimates it was noted. There was found to be no material change in traffic in comparison to a no-build scenario, and the proposed parking count exceeded the functional and zoning requirements. Building demolition costs escalated costs by \$400,000 over the RFP estimate of \$1.0 million. Geotechnical investigations revealed 60,000 cubic yards of unsuitable soils across a swath of the Fuller property which will have to be removed at an unanticipated cost of \$1.5 million. Hazardous Materials Assessment revealed that through extensive testing showed a cost escalation of \$1.1 million over RFP estimates. Cost estimates for site development based on the due diligence is that there will be significantly higher estimate based on certain other factors -- the high water table, ledge, utility requirements, retaining walls and stormwater management. **Ms. Eliason** said that none of these factors could have been anticipated at the time the FMUV submitted its proposal to the city and could only be determined upon conducting of due diligence.

Benefits to the City of the FMUV project were touched upon: \$5.6 million in sale revenue; tax revenue of approximately \$700,000 per year in property and excise taxes; one-time permit fees of approximately \$500,000; expanding housing options and other favorable benefits to the city such as a new state-of-the-art YMCA; a gateway to Gloucester Crossing and "adaptive reuse" of surplus city property in a convenient location.

Overview of Permit Applications Special Permit Waiver Requests:

- Block model of residential buildings (GZO Sec. 5.7.2) requirement was asked to be waived to be substituted with a three dimensional rendering of the project with an animated fly-through noted as a better representation of the project to show not just the residential portion of the project but the project in its entirety.
- The scale of architectural plans under GZO Sec. 1.5.3 (c) (ii) requires scale to be represented as 1/8" to equal 1 ft. For ease of presentation and viewing the retail portion and the YMCA are represented at 1/16" to equal 1 ft. and the multi-family portion of the project at 3/32" equaling 1 ft.
- Under GZO Sec. 5.29.10 relief from GZO Sec. 4.1.4(a)(6) which requires entrances at the project be shielded and not shine on adjacent streets. Their lighting will shine on adjacent streets as they are seeking better illumination of entrances for better pedestrian and vehicular safety; and under GZO 4.1.4(a) (7) parking will be intentionally within one foot of sidewalks in order to promote "walkability" and a connection between these independent uses.

- Inclusionary Housing – Alternative Method: Approval of Alternative Method of Affordability under GZO Sec. 5.11.8 (b)(2): The FMUV is requesting a cash contribution (Payment in Lieu or PIL) instead of building affordable units on site which is allowed upon showing of economic hardship. The “evidence” of the economic hardship was through the hiring by the FMUV of two “experts” in the field whose analyses showed that the inclusion on site of affordable housing units will cause financial hardship for this project.

Ms. Eliason noted that during the Mixed Use Overlay District (MUOD) approval process the FMUV understood from the Council and Planning Board were concerned that any PIL payment in lieu would sit in the Affordable Housing Trust (AHT) account and not be used for a particular project. Concerns were also conveyed about Affordable Housing for residents that need it most. She said the FMUV believes the PIL addresses both of those expressed concerns. She explained that the YMCA of the North Shore has committed to developing affordable housing at its 71 Middle Street site having voted and entered into agreement with Harborlight Community Partners to do just that. She pointed out that the PIL will then be available to be used as the city’s local contribution to the local project making it a better placed application for state funding. She explained that the on-site units under the Zoning Ordinance would only be required to serve individuals with 80% area median income and many people in the city wouldn’t meet those guidelines given the local median income is \$60,000 -- \$98,000 is the median income set by the Federal government. She added that the YMCA/Harborlight project will serve those with a median income of 30% to 60% area median income and provide about 50 affordable versus the 30 units at Fuller. She noted that the FMUV believes that this PIL and the off-site affordable housing option as proposed is an appropriate solution and a “win/win” for the city as it will serve the residents who need affordable housing the most.

Peter Gourdeau, Director of Project Development for Windover Construction reviewed an aerial view of the Fuller property existing conditions and the property’s current parameters were reviewed briefly. He reminded the Committee that the former school is 187,000 square foot two-story building built in the late 1960’s. He pointed to the residential neighborhoods to the west (Trask, Dodge, and Sargent Streets) of the site saying there was no road connection, only a walking connection, and Sargent Street’s only connection is off of School House Road. The massing model is part of the submission (on file) with one view shown to the Committee (retail area of 26,000 square feet, one story anticipated six to eight tenants total); a new YMCA (65,000 square feet built on two levels); three multi-family residential buildings for a total of 200 rental units with a centralized clubhouse, parking on outside and inside. YMCA and retail parking is shared. The waiver request for the block model was noted to have led to a conversation by the FMUV with the Planning Director who suggested more detail around the massing model, and an animation of a flythrough of the property was created and shown to the Committee (on file).

Hans Strauch, AIA, President of HDS Architects, Boston, for Dolben Co., reviewed renderings of Residential Building 1, rear elevation, 1st, 2nd & 3rd Floor Plans. The three four-story buildings have a total of 200 units broken down as: 8 studio units at 550 square feet each (4%); 79 one bedroom units at approximately 680 square feet each (40%), and 113 two-bedroom units (56%). Almost every unit has its own balcony and each building has an elevator. Architectural features were pointed out as being detailed to Gloucester architecture. The housing was described as a “community of buildings.” Highlighted was the clubhouse with management offices of the Dolben Company. Noted were view corridors that lead the eye to the central element of the clubhouse.

Mr. Gourdeau reviewed that the target market for the residential rental units are young professionals’ ages 25-35 years old; older “empty nester” couples and individuals, age 50 plus; divorced or never married individuals who make up the smallest cohort. It was pointed out that schoolchildren are relatively rare in projects of this type and a slide was shown with statistics to back that finding. He suggested this type of residential development would lead to a total of 17 children in a project of this type. He pointed out that “atypical Projects are less family friendly due to such factors as relation to the highway, separation from a traditional neighborhood; lack of a secure play space or connection to a mixed use or commercial setting over typical projects.

He reviewed the one-story retail connected building (plans on file) highlighting architectural characteristics. The two retail buildings won’t total more than 26,000 square feet, he assured. He advised that the architectural feel is much the same as Gloucester Crossing.

Thad Siemaski, S&V Design for the Cape Ann YMCA reviewed plans for the new 65,000 square foot facility. He reported that the facility will be a state-of-the art and double the current Cape Ann YMCA’s capacity. It will be on two stories and a more efficient building which faces Blackburn Circle. He highlighted various areas of the new YMCA such as the pool on the first floor with family locker rooms. There is a secondary entrance for the YMCA’s preschool, it was noted. The second floor has a significantly larger fitness center than the current YMCA, studios for various group exercise classes. He mentioned it was hoped to incorporate an indoor track around the gymnasium. Exterior views of the proposed YMCA were shown (on file). The spray pool cover exteriorly was noted to be fashioned to respect the city’s seafaring history. A variety of materials were noted to be used on the building’s exterior.

April Ferraro, P.E., Meridian Associates (Civil Engineering Firm) briefly reviewed the civil overview of the project site plans -- site grading, stormwater drainage and utilities for the project as follows: Existing conditions -- topography of the Fuller School runs in a north/south direction towards School House Road. Stormwater is directed into the existing parking lot or onto the athletic fields and from there enters the existing drainage system of catch basins and drain manholes which connects into a system within Schoolhouse Road. The system "culminates" into an existing infiltration system basin constructed for the Gloucester Crossing project in 2007 to handle run off from the Gloucester Crossing Development and Fuller School. The proposed design will maintain the direction of stormwater to the existing infiltration system basin. Proposed topography: Direct the stormwater into new catch basins in the parking area into a treatment facility and underground storage detention areas to then be directed into existing drainage system in School House Road. This system is designed within the stormwater management policy. The Planning Board is peer reviewing all civil engineering plans now. The rest of the utilities will be tied into the municipal systems. There is an existing water main and a pump house on site that runs through the middle of the project which will remain, and a water line in Gloucester Crossing Road which has adequate pressure for this project. They will create a loop from the main on the project site into Gloucester Crossing Road which will feed water to the retail buildings and the YMCA and will come off the main located in the middle of the site for the retail building water system. There is a sewer pump station at Fuller and moves it to Trask Street; similar to drainage they will maintain the direction. The existing Fuller School has a sewer pump station which pumps sewerage from the school under the playing fields, under School House Road into an existing sewer manhole on Trask Street where it enters a gravity system. The project will maintain that direction of final flow. It is proposed for a gravity system that collects sewerage from each of the buildings to a new sewer pump station that will tie a force main back into the existing municipal system which will go to the gravity system in Trask Street.

Ms. Ferraro advised that her firm is working with Mike Hale on the sewer design and in communication on that piece with the DPW. Site electric will come from a pole right off of Route 128 at Blackburn Circle and feed the buildings. There is an existing gas line within School House Road which will be used to bring in gas service to the property for its needs.

Dan Mills, P.E., MDM Transportation then reviewed the Traffic Impact Assessment (on file). He noted that three time periods, commuter rush hour -- morning and evening and Saturday commercial traffic was looked at along with YMCA peak times. During morning peak hours 184 trips were anticipated in and out, evening peak hours are about 270 trips in and out; and Saturday mid-day 170 vehicle trips in and out. This includes Route 128 traffic that is on-going to other locations. Three views of travel patterns were shown to the Committee. Because the project site is directly off of the highway, traffic is not forced into area neighborhoods, it was noted. Overall the completed project gives a 2% increase to general traffic in the area, he reported. He cited that the FMUV recognizes spikes in traffic seasonally in light of beach traffic. There is no material impact to traffic with the property fully developed, **Mr. Mills**, said. He advised that for the YMCA component they used use statistics gleaned from existing YMCA projects in Massachusetts that are similarly sized. There are 360 parking spaces proposed. Around 10:00 a.m. will see a spike and the proposed parking provides room for special events, it was noted. Saturday peak time spikes to utilizing 330 parking spaces. Residentially the 200 units expect 292 vehicles (1.6 spaces per unit use). The site will provide 327 spaces overall for residential units. They expect to provide some improvement along Schoolhouse Road by proposing a left-turn lane coming off of Blackburn Circle; a left-turn lane into the first driveway into the retail components. There will be an on-site transportation coordinator to manage transportation demand and other transportation amenities (on file). A Fire Apparatus Turn Analysis was performed and those visuals were shown to the Committee.

Tom Miner, Principal of Hawk Design Landscape Designer reviewed landscaping plans briefly for the FMUD project. Native and non-invasive plant materials are planned through a mix of evergreens and deciduous shrubs of varying heights, textures; accents of ornamental grasses and perennials. GZO Sec. 5.7 (f) (11) was noted in terms of spacing of trees. Screening of utilities and service areas will be via a six foot fencing system, but where impractical screening will be done with evergreen trees and shrubs. A major focus of design is the center rear of the clubhouse area by designing an adult lifestyle terrace was highlighted in the residential unit area. Pedestrian circulation is achieved through sidewalks and pathways from Gloucester Crossing through various aspects from the YMCA, the residential parcel to the retail site. Exterior lighting of the site is achieved through three styles of fixtures similar to the Gloucester Crossing site. Styles were viewed and noted as top shielded to reduce night illumination of the sky and back shields to prevent intrusion to the residential units, and the exception is at intersections for safety reasons.

COUNCILOR QUESTIONS:

Councilor Cox asked about the YMCA entrance and immediately direct parking outside of it. She noted that some YMCA's have a curved entrances where cars can drive up to it. She expressed concern with direct parking in front of the building in light of preschool drop off and children entering and exiting the building. **Mr. Gourdeau**

said they are looking at alternative solutions and more of a dedicated drop-off lane. He noted it is still in design and that the concern is heard. **Councilor Cox** asked what the capacity of the preschool facility will be. **Mr. Gourdeau** said the preschool is anticipated to consist of four to five classrooms with 15 to 20 children each for total of 80 to 100 children. **Councilor Cox** referencing the in/out transportation numbers expressed concern for the times of childcare drop off. Data from a number of active YMCA's in a variety of communities was used, **Mr. Mills** advised. He said drop off and pick up is not all at the same time. **Councilor Cox** expressed concern that the in numbers seem low. **Mr. Mills** said they can look at that number more closely and address the Councilor's concern.

Councilor Cox said there were indications that civil engineering is still working with DPW Director Mike Hale, and expressed concern for the sewer input into the gravity system. Mr. Hale's request is for an improvement to the pipes, **Mr. Gourdeau** said, adding that those conversations aren't active at this time as they've turned everything over to a peer reviewer and that will come out through that process. All aspects of this project, what is the best way for pick up and drop off, sewer design that is appropriate and safe, will be addressed during peer review, he reiterated. They are working with Mr. Hale to pursue his proposed solutions, he pointed out. **Councilor Cox** expressed concern for sewerage backflow into residential areas adjacent to the Fuller property.

Councilor Gilman asked about the inclusionary Housing Alternative Method under GZO Sec. 5.11.8(b)(2) about the YMCA with Harborlight erecting 50 off-site affordable housing units rather than on site 30 units of affordable housing. She said it was her understanding that 50% of the units had to be sold so they could see what the market rate was for the 200 units – the city wouldn't be able to use the set aside \$1.5 million deposited in the Affordable Housing Trust Fund until that analysis was done. She expressed concern for any hold up to pulling the \$1.5 million PIL from the Affordable Housing Trust and asked for clarification. **Ms. Eliason** said the PIL is coming out of the purchase price and once closed the money will be available to the city to spend (on affordable housing). The city can use the formula specifically -- when 50% of units have sold and make the determination of PIL will be and what that amount will be. The money is available as soon as the permitting is over. It isn't the same as if building on site and making a determination as to when 50% of units are sold and make a determination as to what that PIL amount will be or the city could determine during the Special Permit process based in information at hand what that amount will be. She reiterated that the money will be available to the city has soon as the closing is completed. This is a slightly different situation but is somewhat in the city's hand determined to be around and functioning under the assumption that it was about \$1.5 million but varies as to the residential rental rates will be. Councilor Gilman questioned that if the "ramp up" took a while to have 100 units of the market rate apartments rented, in essence the city wouldn't be able to use the money in the Affordable Housing Trust. **Ms. Eliason** said it was her belief that the city hand' had such a situation before it previously where there's been a PIL request. The ordinance doesn't speak about when the PIL amount is determined, she said, adding that where the 50% comes in is where they determine the number of on-site units occupancy. There is a disconnect when the PIL is paid versus the 50% the Councilor is referring to, she noted. She said within the Purchase & Sale Agreement there is a provision that says that the \$500,000 owed by the FMUV over the \$1.5 million, will be paid at the time 50% of the units are occupied.

Councilor Lundberg commented in follow up that said if the units that are developed to satisfy GZO Sec. 5.11.8 are off site, the 50% doesn't come into play because the rental of the off-site units isn't based on the market rate of the on-site units. He then asked the city's Planning Director for an update as to the status of the department head reviews and the status of the Planning Board's review of this Special Permit/Major Project application. **Mr. Cademartori** said the Board started looking into different firms that may be utilized for peer review services in conjunction with the review of the proposed project. An initial preferred vendor to carry out peer reviews was presented to the Planning Board and the Board as well as the applicant asked to look at other firms as the quote came in high. He said they identified the firm of CDM Smith to carry out the peer reviews noting that it was the same firm who did some of the peer review of Gloucester Crossing permitting. The application material to date is now in preliminary review with CDM Smith. He said that comment from city staff will be folded into that review. He pointed out that there are some aspects that are highly technical and are beyond capability of the city staff, for example, the city doesn't have an on-staff traffic engineer, noting Committee questions on traffic volume and patterns. They will validate all the essential assumptions of the project and the assertions of what projected traffic is, etc., looking at the mix of uses, the associated impacts of traffic. He advised that much of the applicant's generated numbers are a correlation of studies gleaned nationwide and some may have little bearing on this project. It is hoped to have an opportunity to have initial findings presented to the Board at its December 7 meeting. He assured that the P&D Committee will get a comprehensive recommendation with staff and Planning Board reviews.

Councilor Lundberg asked if the Planning Board's recommendation would include commentary on the alternative methods of affordability for the Committee's consideration. **Mr. Cademartori** said there had to be some form of a recommendation. He acknowledged that the Planning Board didn't take a vote nor make a recommendation

on that specifically yet. The Board did discuss whether to have a peer review of the affordability/hardship but didn't choose to have that review done.

Councilor Gilman said she heard from about a half dozen concerned citizens about YMCA bus drop off that it has to be planned for carefully, and expressed concern for potential safety issues associated with that. She said one of the goals is that once the FMUV capture people in the site they'll want to make sure they move many of them into the commercial businesses in Gloucester Crossing and in the new Fuller development through connectivity and asked if signage has been thought about and its proactive positioning. She acknowledged that while it wasn't part of the presentation and not part of the permitting, she would want to hear about concepts of how that would work. **Mr. Gourdeau** said they've begun some revisions to the parking layout to address concerns enumerated by the Councilor. They've not done any design work yet on signage, he advised, but that they are in talks with the Gloucester Crossing folks and will have signage at the YMCA with connectivity via walking paths and sidewalks to the retail concerns. **Councilor Gilman** asked about handicap accessibility on the proposed developed site. **Mr. Gourdeau** said the site is relatively flat. There will be a handicapped accessible ramp behind the YMCA to move people to Gloucester Crossing Road. Returning to the question of the to the Payment in Lieu and timing of the proceeds, he said that the \$1.5 million comes to the city at closing, but that to be used for affordable housing at the 71 Middle Street YMCA site, the new YMCA has to be built first; the YMCA must occupy it, and then the affordable housing project would have to go through a whole separate (permitting and financing) process.

The Committee recessed at 7:05 p.m. and reconvened at 7:12 p.m.

Mr. Gourdeau then summarized how the FMUV project meets the Special Council Permit Zoning Ordinance and Major Project sections as follows:

- **GZO Sec. 1.8.3:**

Social, Economic and Community Benefits: Providing a new YMCA with expanded program opportunities; new multi-family housing options; creating jobs and local spending added to the Gloucester economy; creating a compliment to Gloucester Crossing and eliminating a long-term liability by taking the Fuller School "off of the city's hands" with its contamination and hazardous waste; creating new revenue sources -- sale, tax proceeds.

Traffic Flow and Safety: It was indicated through the MDM traffic study that this project works well from a traffic perspective and that all of the parking meets minimum standards. There are no material changes at intersections within the study area. There is an addition of a lane so that turning into the YMCA and the retail parking is more manageable.

Adequacy of Utilities and other Public Services: Utilities with appropriate capacity are in place on site -- suitable water, sewer treatment, gas and electric infrastructure.

Neighborhood Character and Social Structure: There is "modest" impact for a project of this size. It was noted this has been an active site since the 1960's. There is physical separation from existing roads from the existing neighborhoods. The presence of the YMCA will bring an amenity to these neighborhood which are connected for pedestrians.

Qualities of the Natural Environment: There will be likely resource improvement programs in the wetlands that "dot" the perimeter of the site and eliminating source of zinc in the site's groundwater, a contaminant. The stormwater design will meet or exceed all state and federal requirements.

Potential Fiscal Impact: The purchase price of \$5.6 million is a benefit to the city; on-going excise tax, property tax are estimated at \$700,000 annually, and an investment in total by the FMUV of \$60 million on this site. There will be impact on the local economy through discretionary spending -- people eating out in restaurants, frequenting retail stores. The completed project is expected to generate 165 new jobs overall.

- **GZO Sec. 5.7.5 Major Project Criteria (detailed in Attachment 1 of the application):**

The project is compliant with guidelines. There are four clarifications called out in the application submission. The relationship of parking to the Route 128 layout -- the project's parking is "hard against" the roadway; but isn't considered a factor to Route 128 and the project; the relationship to the egress to the Route 128 layout, the YMCA retail entrance is adjacent. Lighting at the entrance will spill onto School House Road which is intentional for safety. Sidewalks adjacent to the parking lot are standard design for a residential and retail development.

- **GZO Sec. 5.29.2.6 Design Standards of the MUOD:**

The overall layout creates a cohesive sense of place consistent with the MUOD purposes; connections among site use and accommodate pedestrian and vehicular traffic in a manner consistent with the proposed project: There is one cohesive underlying site design; paths that connect to the site uses to one another -- the adjacent road system and

beyond to Gloucester Crossing and the downtown. Architecturally it was noted the design is “compelling” in a prominent location.

Provision of efficient parking, reasonably adequate for the contemplated uses including shared parking on and off site, and to reduce the number of impervious surfaces. When appropriate the Council may require that the applicant provide documentation evidencing a shared or off-site parking -- The project has functionally appropriate but not excessive parking. Even at the peak there is always a 10% to a 20% parking buffer between the existing and the used spaces. The project is incorporating shared parking between YMCA and retail to reduce impervious surfaces.

Compact and efficient site design with clearly articulated marked building entrances as well as public spaces within the site that promote the connection of uses within the site: The functional program on the site is extensive with highly efficient design. Functions are separate physically and each with its own identify with no barriers between them for connectivity.

Design of landscaping elements that present a well-designed, pleasant appearance during all seasons...: The landscaping design is extensively planted with a mix of New England species a mix which provides separation.

Use of landscape design to minimize the appearance of electrical transformers, site mechanical equipment and loading service areas: All of those functions not yet placed, will come through the work with National Grid and planting plans will be designed around those utilities.

Utility feeds shall be underground unless precluded by the utility supplier, or if conditions are encountered that couldn't be reasonably expected by the developer or when the cost of underground utility feeds outweighs the benefit: Up to three overhead utility poles may be installed along the westerly boundary of the MUOD that abuts the Route 128 layout. All the project's utilities are proposed to be underground excepting taking advantage of the three poles along the Blackburn Rotary at the YMCA parking lot.

Employment of high quality building materials consistent with buildings of a similar type and use: The YMCA will be steel frame building similar to other new YMCA facilities -- Marblehead and Ipswich were noted. The exterior of siding materials, asphalt roofing, standing seam and membrane roofs, a lot of glass. The multi-family residential buildings are wood framed, sprinklered, energy efficient with exterior PVC architectural paneling and clapboards and stone veneers, and asphalt shingles with energy efficient windows with an emphasis on maintaining appearance long term with minimum maintenance. Retail will be a steel frame energy-efficient building, with a mix of siding materials and comparable to Gloucester Crossing.

ALTERNATIVE METHOD OF AFFORDABILITY (Page 66-67 of presentation):

Mr. Gourdeau referring to the site being purchased estimated in November 2015 with a purchase price of \$5.1 million, \$500,000 for abatement of hazardous materials and demolition for \$1 million came to a total of \$6.6 million. The estimate at September 2017 has been raised with the acquisition price of \$5.6 million, abatement of hazardous materials at \$1.6 million, demolition at \$1.4 million and mitigation costs for unsuitable soils at \$1.5 million and not yet known is the mitigation costs of the high water table for a new estimated total acquisition cost of \$10.1 million or broken down by cost per acre from \$621,000 to \$950,000. The site has a very high water table that is expected to drive the design and site work costs up. He said this is not an effort to define hardship but are some of the costs that are realities and play into the hardship discussion.

Ed Marchant, Independent Real Estate Consultant, shared how the state defines economic hardship and said that this is based on his many years of experience working on a large number of MGL Ch. 40B projects. Key to Ch. 40B is whether a decision by a Zoning Board of Appeals makes the project uneconomic or if any of the conditions in a Ch. 40B would make it uneconomic from the developer's perspective. Relatively recent Housing Appeals Committee defined how to measure whether a project is economic. There was a definition pertinent to For Sale projects and a definition for rental projects. The FMUV is a rental project and economic was defined as any project whose return on total cost is equal to or greater than the sum of the appropriate 10 year Treasury bill plus 4.5 percent (the risk adjustment factor added to a no-risk investment). That has become the standard whether or not a decision or conditions and a decision would make a project uneconomic. He then explained the complex mathematical analysis of certain economic factors for the development of the residential units to reach his conclusion that the inclusion of affordable housing is uneconomic to this development (see memo included with the application from Mr. Marchant dated August 25, 2017). He explained that the project was compared at 100% market rate units and 85% market rate units with 15% affordable housing units. A developer, he pointed out, is to create value which is traditionally determined by a formula: value equals the NOI divided by a cap rate (the yield that a buyer would be satisfied with assuming an unleveraged development). An assumption was made that an investor would be satisfied at a 5.5% return. Cap rates are based on comparable sites and are increasing in anticipation that interest rates are increasing. The reason it's important to have a level of value is in attracting investors on the debt and equity side. That's what mitigates risk and motivates developers to incur the risks involved with development, he pointed out.

Councilor Lundberg asked for definitions of the line items, and asked about the acquisition costs. **Mr. Marchant** clarified that the acquisition cost is the cost allocated to both the alternatives. With 100% market alternative assuming the city approves the economic hardship alternative, the developer would be responsible for the making a payment to the city, and that payment is the difference between the market rate rental units and the affordable units rent times 10. The \$1,260,000 difference is the difference in gross rents times 10 which is the reason the total development costs for the 85% market, 15% affordable alternative is lower than the 100% market rate alternative. **Councilor Lundberg** said that the acquisition cost is the share of the total. **Mr. Marchant** said it is a negotiated agreement among the partners in this venture. **Councilor Lundberg** said it represents the allocation of the cost of buying this asset from the city between the YMCA, retail and the housing and the partners say this is the allocation of the total purchase price to go towards housing. **Mr. Marchant** said, "Yes," and that includes some of the "raw" land costs allocation and some of the extraordinary costs of developing this site. **Councilor Lundberg** said that the partners have agreed the acquisition cost as it relates to the housing, and then it is "simple math" to do get to the 85% market calculation based on the Zoning Ordinance and then the construction costs are the same in either scenario, which **Mr. Marchant** confirmed. **Mr. Gourdeau** said pointed out that the extraordinary development costs are also allocated among the members and a portion was a negotiation amongst the three team members.

Responding to an inquiry by **Councilor Gilman** asked for clarification why it is 85% of market, **Mr. Marchant** said 15% of the units need to be affordable units and 85% has nothing to do with the rent level. He then reviewed the other line items, such as vertical construction costs; site work which includes the demolition, environmental conditions which are considered extraordinary, and is considered additional land costs. Site work here the environmental remediation has been placed in the consideration. General Development Costs are included (soft costs such as architectural, engineering, legal fees, insurance during construction, title insurance, marketing, project management fees); Capitalized Reserved at \$100,000 or \$500 per unit is a reserve because when the project is begun not all units are rented from day one. The sum of those is the total development costs. The gross rents also takes into consideration a 5% vacancy factor and operating costs make up most of that number. A lender requires a replacement reserve which equates to about \$350 per unit to maintain the value to of the property. That then leads to the Net Operating Income (NOI) and then return on total cost.

Councilor Lundberg said the valuation differential at a one year stabilization and is the number that t gets plugged into the city's Zoning Ordinance which is rather vague and he read the pertinent section. **Mr. Marchant** suggested that the Zoning Ordinance doesn't contain a clear definition of what constitutes a clear economic hardship. He further suggested there is an established standard based on the Housing Appeals Committee decisions that define economic and uneconomic. He said that the point is to attract lenders for mortgages and capital, and that if the differentials don't prove out then the project to lenders isn't attractive -- there has to be enough return in a deal to balance the risk. **Councilor Lundberg** said as an expert in 40B in any case in the Commonwealth where there is an inclusion of affordable units on the site, they'll always end up with the result of a diminution of the valuation because the return of the affordable unit rents (15%) makes the income less. **Mr. Marchant** said that was correct. This project return on cost is 22% less than what the benchmark would be, he said. **Councilor Lundberg** asked how a city or town assesses hardship. **Mr. Marchant** said it is subjective based on the Zoning Ordinance. The best way to define hardship is what the state has used on its development. There isn't a clear definition of hardship and is subjective, he reiterated.

Mr. Gourdeau added that there are variables in any project, the biggest being land costs; and they bid this project assuming no affordable housing on site, and so their land costs are higher. **Ms. Eliason** said the ordinance doesn't specifically define hardship but that the Committee and the Council has to apply that ordinance in a way that isn't "arbitrary or capricious," and that is what led them to the state definition used for similar projects.

Councilor Lundberg noted the Committee has the numbers, but the applicant in trying to establish a hardship in developing units on an off-site location or a cash contribution and how did the applicant choose to make a Payment in Lieu (PIL). **Mr. Gourdeau** responded that the cash contribution is an outcome they can control -- an off-site location would take longer; they don't have a site under control and it would delay the entire the Fuller School project which the city has indicated is that time is of the essence. **Councilor Lundberg** recounted that the Planning Board didn't feel the necessity of a third-party review of this analysis of this affordability and hardship. He noted that there is a great deal of interest in that review being done, but the Committee doesn't have an answer whether there is an economic hardship and asked how the Committee can obtain such an analysis. **Mr. Gourdeau** said that they can answer questions of the Committee or the Council as to how these numbers create a hardship and are available to help give the Committee information to come to that conclusion. If they choose to do a peer review they will share information with a consultant. **Ms. Eliason** added that the peer reviewer would look at their numbers to be supportable and well grounded. The decision on whether there is a hardship would still come back to the Council and would not come from the peer review who would be advising would be that the numbers are legitimate. **Councilor**

Lundberg said that assuming the numbers are correct then how do they (the Committee) determine there is a hardship. They're saying they made their application under (B)(2) cash contribution because of the timing of the compliance with an off-site location. **Mr. Gourdeau** said to help the Committee to make a decision they offered the standards of the Housing Appeals Committee uneconomic calculation and the numbers show the return is less than the economic yield. Councilor Lundberg said based on the assumption the applicant has established hardship; there are two choices – off-site location of affordable housing or a cash contribution. He said they're trying to figure out how to do the off-site location that doesn't unduly hinder the project permitting. He acknowledged the consideration that the YMCA has partnered with Harborlight as a separate coincident to but not a part of this Special Council Permit. He said he wondered if there was a way to link the two by agreement, something the Committee needs to think about.

Mr. Cademartori offered that there was not a unanimous opinion of the Board – the majority expressed the opinion they felt satisfied with what was submitted to them. He parsed the statements by saying is this methodology acceptable to establish criteria for economic hardship and the question of whether someone would look at those numbers and agree that “they're in the ballpark” and are the assumptions reasonable. He said he did begin to scope a consultant for that analysis but the Board didn't want to do it. **Councilor Lundberg** said given the fact this is the biggest development project to come forward in a long time they need to have a peer review to confirm that the methodology is correct and that there should be a peer review on affordability.

The Committee expressed its opinion a peer review of the proposed economic hardship was necessary. **Councilor Gilman** said that the concern of the community and for the Committee's due diligence leads her to support this peer review to be able to seek clarity and offered her support. **Councilor Cox** added that if the peer review leads to ordinance language for future projects it is all to the better. **Mr. Gourdeau** and **Ms. Eliason** voiced their concern on the peer review concept and pointed again to Mr. Marchant's memo on file on the subject of economic hardship.

Mr. Cademartori discussed with the Committee the standards in the Zoning Ordinance on affordable housing in such projects and the alternatives offered.

Councilor Cox briefly suggested a tabling of the concept of the financial peer review in favor of reviewing on file documentation and see what they can do about tying what they can to do tie the elements together. Mr. Cademartori cautioned that they don't have the off-site or the in lieu contribution unless hardship is established. If there is a question in order to make a recommendation about whether that's been established they should do the review as soon as possible. **Councilor Lundberg** agreed saying that they have to establish hardship first before any conversation on a cash contribution or off-site affordable units can be had.

Mr. Gourdeau asked on behalf of the FMUV the peer review if voted upon to move forward be done as “expeditiously as possible.” He offered that the FMUV supports affordable housing and have no objection to affordable housing being built on this site as part of their project. He said it would require an adjustment on the purchase price a \$2.291 million adjustment to build those affordable units. He said it is purely economics. Both options are on the table should the city want the units built on site. **Ms. Eliason** added whether the YMCA project goes ahead it is in the hands of the city, the permit would have to be granted so that the YMCA moves out of the site.

MOTION: On a motion by Councilor Gilman, seconded by Councilor Cox, the Planning & Development Committee voted 3 in favor, 0 opposed, to seek a peer review for the establishment of economic hardship as proposed by the Fuller Mixed Use Venture LLC, through the Planning Director.

This matter is continued to a special meeting of December 13, 2017 for a single item agenda.

Councilor Gilman thanked the Fuller Mixed Use Venture team and said they want to see the project move forward and are seeking ways to ensure excellent development proceeds in a manner that is responsible to the tax payers.

A motion was made, seconded and voted unanimously to adjourn the meeting at 8:22 p.m.

Respectfully submitted,
Dana C. Jorgenson
Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING: