



Coolidge Corner Study Committee March 6, 2019

MEETING NOTES

Chair, Neil Wishinsky
Alan Christ
Anne Meyers
Catherine Donaher
Elton Elperin
Frank Caro
Ken Lewis
Lauren Bernard
Linda Hamlin
Linda Olson Pehlke
Maura Toomey
Roger Blood
Sergio Modigliani
Steve Kanes
Susan Roberts

Committee Members Present: Neil Wishinsky, Lauren Bernard, Roger Blood, Frank Caro, Catherine Donaher, Ken Lewis, Anne Meyers, Sergio Modigliani, Linda Olson Pehlke, Susan Roberts, Maura Toomey.

Committee Members Absent: Alan Christ, Elton Elperin, Linda Hamlin, Steve Kanes

Staff & Consultants: Kara Brewton, Pam McKinney (real estate financial consultant)

Guests: Representatives from Chestnut Hill Realty including Mark Levin, Jennifer Dopazo Gilbert (Law Office of Robert L. Allen, Jr.); several residents including Karen of Babcock Street.

Materials: Agenda (3-6-19); Revised Zoning Warrant Article for Waldo-Durgin Overlay District (3-4-19)

Neil Wishinsky opened the meeting, and asked Pam McKinney to review her last phase of financial review for the Committee.

Financial Review

Pam noted that since she last evaluated the program, the financials have remained essentially the same. New commercial components included retail on the ground floor and co-working space. Some of the residential units becoming smaller and the provision for providing some affordable units off-site helped the overall mixed-use program remain feasible, even with one less floor. There are now 13 floors (14 if you count the mezzanine between the first and second floor) with commercial on the first and part of the mezzanine. Construction costs continue to climb. Returns are subpar for merchant developers, those that build, stabilize and then sell properties; these types of developers often use institutional or corporate funding to make a profit sooner and the move on. Only with a larger time horizon of ownership like Chestnut Hill Realty do the financials make sense. Residential revenues are still growing, but there are increasingly more developers that would not be willing to do this project. The pro forma is at the point of the last straw for the residential component.

Returns for the hotel are helped by better market in last 12-18 months; the resilient and robust hotel market has the ability to draw in more capital. Hotel revenues have increased, which help cost escalations. Returns look solid for corporate, institutional returns. Not to say this is a candidate for one less floor, but the hotel returns are solid.

Scenarios that were scoped by the Committee were tested for financial feasibility.

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Roger Blood asked whether the same squeeze on residential development would also mean the 40B project would also see the same squeeze. Pam answered that the same problem of cost to revenue ratio exists whether there are 300 units for millennial renters or 143 units of empty-nesters. The financial money behind residential projects are getting nervous, which affects the perception of financability, making projects with razor thin returns less likely. We have a 24 month window to get projects with financing in place. How do we compare this to a 40B project – this project is targeted to empty nester, Brookline-focused residents, and everything else flows from there – amenities, quality, parking, unit size.

The 40B project is targeted to those in their 20s and 30s – workforce at the Longwood Medical Area, grad students, etc. You can't cut the parking ration without changing what this project is in every other way. If the parking ratio is 0.5 to 0.75, you're talking a millennial market. And that millennial project is 225-250 units or more. At approximately 650 square feet per unit, the size of the overall building is the same whether you're talking about the 40B or the mixed use project, with perhaps 30 spaces less for the residential portion in the 40B scenario.

[Lauren Bernard arrived].

Maura Toomey asked whether the T and the bus could indicate the parking ratio for the mixed-use project could be lower than currently proposed. Pam McKinney responded it can be lower than market, and that's why parking for empty- nester units at this location could be closer to 1 than 1.3. The proposal is now showing 158 spaces for apartments for empty nesters; the lowest possibility would be 125 spaces for millennials. Cambridge is at about 0.75. In response to a question by Catherine Donaher, Pam McKinney noted that lenders are not very creative when it comes to underwriting significantly smaller parking ratios.

Linda Olson Pehlke noted that looking at the data, 60% of Coolidge Corner renters don't own cars, and that new apartments near South Station have no parking. Pam McKinney noted that in the development around South Station, you may buildings that have no parking but that have agreements to park off-site. Linda was concerned about the impact of 300 cars on this corner, and didn't think wealthy people would want to rent. Anne Meyers noted that this product was exactly what she was looking for – parking, rental, big enough for the grandkids to stay over but still have a car for when she volunteers in Dedham. Anne says that she knows many people leaving Brookline as they age because they can't find a product like this in Brookline.

Lauren Bernard state that we were conflating issues of spaces and cars. She is more worried about circling cars instead of ones just being stored. Linda Olson Pehlke noted that the initial studies estimate 2,000 trips per day. Ken Lewis reminded the group that Chestnut Hill Realty started with a much larger development, and reminded everyone that there is still a pending 40B application. Mark Levin noted that they would not take the risk with less parking. Frank Caro added that his wife and he had two cars, and now have one – but they would be reluctant to go to zero cars. They live in a building where there was an

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expectation that there would be parking available in the Durgin Garage, and they now scramble for parking. He is not concerned about parking, as a lot of these cars will be stored most of the time, and less people will be traveling at rush hour. Roger agreed that trips per day is different from cars at rush hour; that seniors will have cars that sit for the whole day.

In response to a question from Catherine Donaher, Pam McKinney noted that parking is assessed separately from the residential units, and would be assessed according to whether they support residential or commercial uses.

Susie Roberts asked whether Pam McKinney had analyzed the one tray of parking scenario – to figure out how big the apartment building would have to be.

Following further discussion, Pam noted that if there was a higher percentage of affordable residential units such that all residential units would count on the Subsidized Housing Inventory, then they would need three more floors – 185 units, of which 47 are affordable at 80% Area Median Income (and 46 additional parking spaces). If we looked at 50% Area Median Income, then would need 40 affordable units, or 199 total, with 62 additional spaces and four more floors.

Returning to Susie's question, Pam noted that one tray of parking would be sufficient for the hotel parking and then approximately 70 residential units. In that case, the financing would be far below market returns. Or, the structure would need to wood instead of steel; either way, the returns drop to under 3%. Although the cost per square foot is smaller, there is lower construction cost efficiency. Elton Elperin also noted that mass timber is becoming more buildable, but still more expensive than core and steel construction methods.

Kara Brewton noted that she and Ken Lewis had looked at other drastic ways to reduce the overall building bulk – one way would be an above-ground parking garage, and then either a hotel or residential building above grade. The all hotel use would not be built by Chestnut Hill Realty, and no one had expressed favorability of an above-ground parking garage, would add visual bulk back to the overall development.

With regards to possibly reducing the bulk of the hotel building, Pam noted that if levels were eliminated, the more budget-end of the spectrum the hotel brand was likely to be. The aspiration here was for a 4-diamond, upper-upscale hotel, with select-service trending towards full service hotel; not a room-box hotel like Hilton Garden Inn. For that kind of product, we needed a certain size of around 200 units. There would be meeting and café space, but not ballroom space.

Pam McKinney concluded her remarks, and the Committee moved on to Design Guidelines.

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Design Guidelines

Sergio Modigliani noted that the Design Guidelines had been reviewed word by word by the Architecture Subcommittee, and that the most recent edits reflected adding signage in the design guidelines.

Neil Wishinsky noted that in addition to the CCSC's work on zoning, the Select Board would be voting on a Memorandum of Agreement.

Memorandum of Agreement

Linda Olson Pehlke – asked that the objective of the MOA be written so that it clearly references this particular project.

Kara also noted that the provision for the required retail space now has language such that if the space were to remain vacant, the Town would be able to lease the space.

Ken Lewis noted that the referenced exhibits don't include limitations on height. Jennifer Gilbert responded that heights and elevations could be added as a reference.

Kara explained that the "reserve 6 weeks in advance" provision was to assist non-profits that want to plan ahead and reserve the community space. Sometimes, building owners offer community room space, but not until the last minute, which makes planning fundraising events or other large community events not practical.

Linda Olson Pehlke remains concerned about the operations at Waldo Street. She asked that the site plan be added to the MOA as a reference to the direction of traffic. Neil Wishinsky reminded her that would also be dealt with in the annual hotel license.

Neil Wishinsky asked for a vote to submit the zoning warrant article and support for the related articles – voted 9-0-1.

Catherine Donaher state that she thought the Committee's work was deliberated and worked in remarkable good faith. She was not of the mind that anything but a 40B is preferable. She thought housing is important, and that we want a diverse population. The prospect of having 60 affordable units is an opportunity that she couldn't walk away from as it would change those families' lives. She felt this project won't help those families, but will marginally affect property taxes.

Linda Olson Pehlke asked about ride share goals, and how that should be used instead of mode share. Regarding bump-outs on the John Street driveway, Kara noted that this idea is included in the Design Guidelines, but not in the Memorandum of Agreement as Chestnut Hill Realty did not agree to this design at this time.

Linda enforced that she wanted to have no cars entering/exiting Waldo Street.

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Finally, Linda asked that on page 5, section 7 of the Memorandum of Agreement, that the 40B withdrawal should be “with prejudice.”

Meeting Adjourned