

**Brookline Advisory Committee**  
Planning and Regulation Subcommittee Report  
Warrant Articles 9 through 15

The Planning and Regulation Subcommittee of the Advisory Committee held a public hearing on Wednesday, April 29, 2020 which, due to current health concerns, was held via Zoom, to review Warrant Articles 9-15 to be acted upon at the 2020 Annual Town Meeting. In attendance were Subcommittee members Steven Kanes (Chair), Ben Birnbaum, Carol Levin, Carlos Ridruejo, Lee Selwyn and Neil Wishinsky.

Also present were: Jennifer Dopazo Gilbert (Law Offices of Robert Allen), Nikil Chaudhri (VP Investments for Welltower), Lauren Donahue (McCall & Almy), Pam McKinney (Byrne McKinney & Associates, Inc.), Victor Panak (Planner with Regulatory Division of the Town's Planning Department), Nancy Heller (Select Board), Alison Steinfeld (Director of Planning and Community Development), Michael Jacobs and Patrick Dober (respectively, Chair and Executive Director of the Brookline Housing Authority), Fred Levitan (AC), Roger Blood (Housing Advisory Board), Paul Saner (Economic Development Advisory Board), Michael Schonbrun (Founder & CEO, Balfour Senior Living), Steve Heikin (Brookline Planning Board), William Madsen Hardy (New Atlantic), Jonathan Simpson (Assistant Town Counsel)

A Zoom attendance log which lists attendees is attached.

### Background

After Newbury College closed, the Town was an active participant in the bidding process that the Newbury Trustees established for the sale of the Campus. Welltower, Inc. was the successful bidder and purchased the property in September 2019 without significant contingencies for \$34 Million. After the purchase, Welltower approached the Town to propose a Senior Living Community and a possible Town acquisition of the former West Campus. In response to this approach, the Select Board appointed the Newbury Zoning Committee (NZC) consisting of real estate professionals, many neighbors, 2 members of the Advisory Committee and 2 Select Board Members. The NZC held 10 public meetings plus 7 meetings of the Architectural Subcommittee and over 8 meetings of the Negotiations Subcommittee. Warrant Articles 9-15 are the outcome of over 8 months of process and negotiations between the Town and Welltower. The NZC unanimously voted on March 4, 2020 to support the Warrant Articles 9-15 and is the Petitioner.

Warrant Articles 9-15 provide for the following:

1. Welltower will build a high-end senior living community which requires a zoning change.
2. Two Inclusionary zoning (affordable housing) alternatives, and
3. An option for the Town to acquire the West Campus for \$14.8m or if the Town does not elect to exercise the option, a level of revenue sharing when sold by Welltower.

The following 2 charts show the 3 distinct decisions that Town Meeting needs to make along with the warrant articles associated with each decision. The key point being that, in order for the Town to obtain the benefits of the affordable housing and the West Campus acquisition option, Town Meeting needs to approve Warrant Articles 9-12, which enable the senior living community.

Figure 1: Decision Process

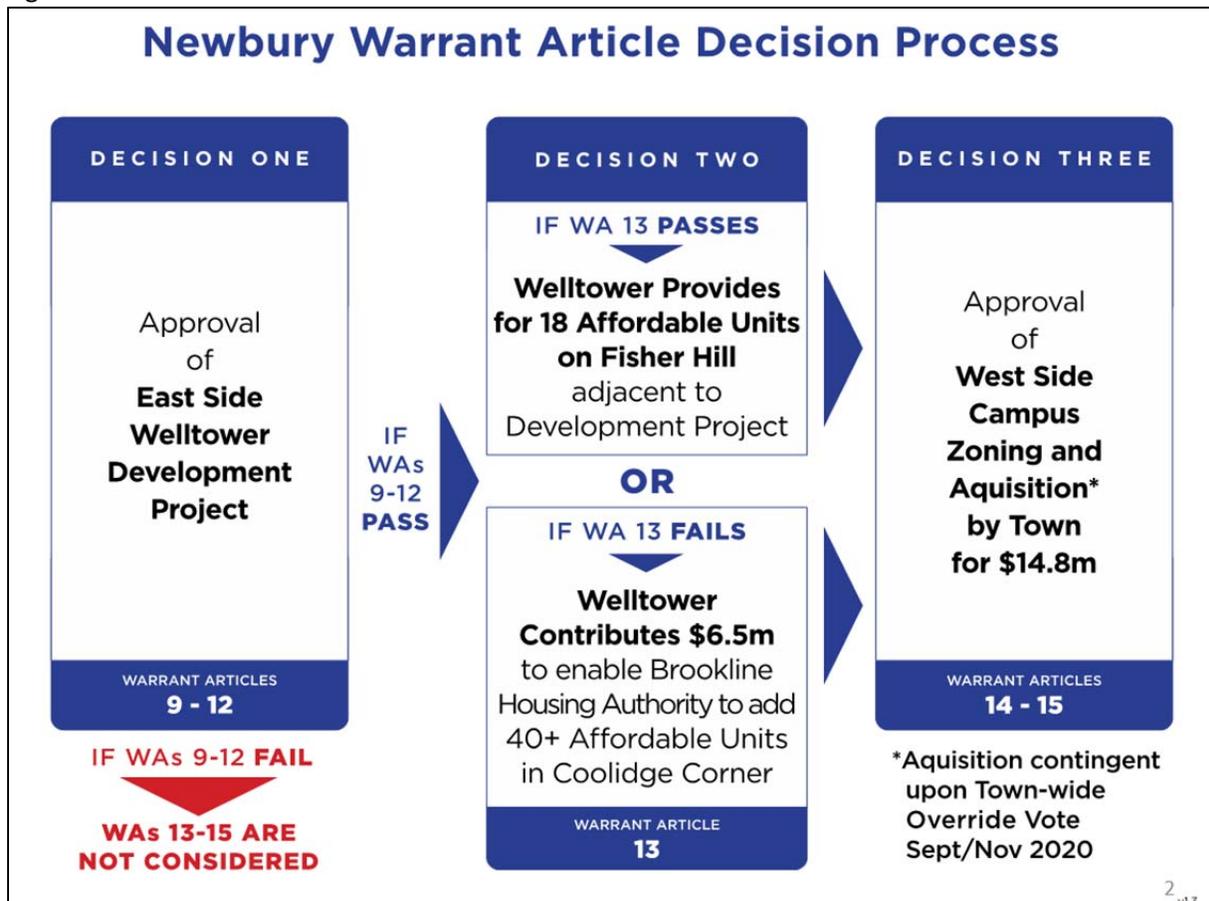
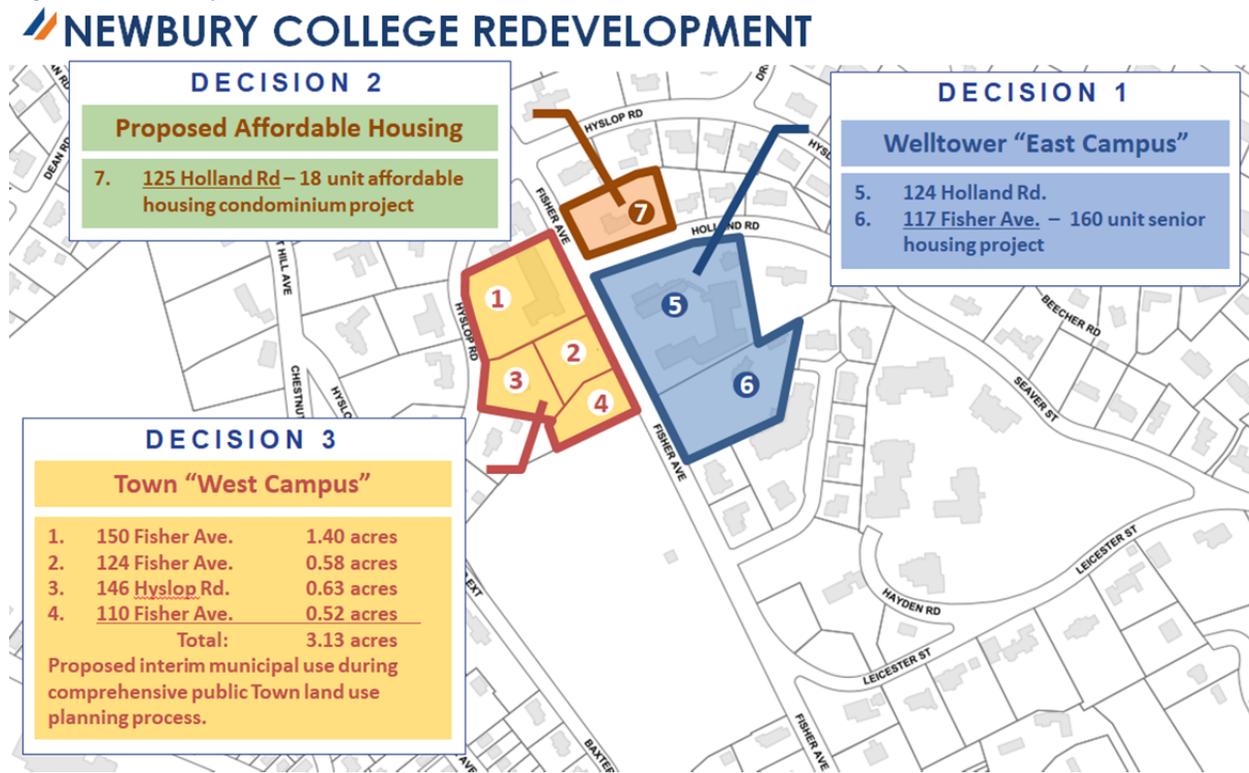


Figure 2: Warrant Article Groupings



Figure 3: Site Map with Decision references



**Decision 1: East Campus Senior Community**

The Proposed Project

Welltower, Inc. is proposing to build a Senior Living Community which will be operated by Balfour on approximately 3.88 acres on the east side of Fisher Ave at Holland Road. Welltower Inc. is a real estate investment trust (REIT) that mostly invests in senior housing, assisted living and memory care communities, post-acute care facilities, and medical office buildings. It also owns hospitals and other healthcare properties outside the United States. Balfour Senior Living is based in the Denver, Co. area and operates a number of senior living communities in Colorado and Michigan. This will be their first community in the Boston Metropolitan Area. The project will be comprised of:

- An Approximate 193,000 square foot senior living community.
  - 1.15 FAR which is about twice that of the existing buildings on the site
- 160 luxury market rate senior rental units,
  - Approximately 80 independent living units
  - Approx. 40 assisted living units
  - Approx. 40 memory care units with no kitchens
    - Not included in inclusionary zoning requirement calculations
- 98 parking spaces, 43 of which will be concealed

Article 9 contains very prescriptive zoning and detailed design guidelines that have been developed by the NZC Architecture Committee and approved by the Planning Board. These design guidelines cover the materials, shapes, and how the buildings will look.

The zoning sunsets if the permitting process does not begin by December 31, 2020. While there is no specified required completion date for the project, if more than 24 months elapse from the date of the application for a special permit, the proposed zoning grants the Zoning Board of Appeals the right to deny the request for a special permit if it feels there has been excessive delay on the part of the developer.

The proposed site plan is follows:

Figure 4: Proposed Senior Living Community Site Plan



The architectural team is comprised of Robert A.M. Stern and Associates and Finegold Alexander Architects

Welltower has committed to preserving and adaptively reuse the Mitton House which is the most distinctive building on the existing campus. The buildings will follow many of the architectural traditions of Fisher Hill. A priority in the design is to achieve domestic scale and includes many special elements such as the roof scape, chimneys, etc. and two courtyards. For example, the ground floor has many residential elements; pergolas, columns and residential scale windows.

The lowest parts of the building are along the Holland Road and Fisher Avenue. The maximum height of 6 stories is achieved in the middle of the site, away from the abutting properties. The project will yield more open space and green space than actually exists right now.

The following sustainability commitments are memorialized in the Memorandum of Understanding:

1. As envisioned by the recently passed Article 21 of Fall 2019 Town Meeting (Prohibition on Fossil Fuel Infrastructure), no use of natural gas or fuel oil except for the commercial kitchens, emergency generator, and domestic hot water. We expect a limited exemption request for heating the water of an indoor pool
2. LEED-NCv4 Gold Certifiable.
3. Developer will optimize the building for solar renewable energy measures and will consider photovoltaic and solar thermal where feasible.
4. To the extent feasible as reasonably determined by the Developer, it will implement so-called Passive House strategies to reduce energy use.
5. Implement Site Sustainable Measures which will include the following:
  - a. Storm water control measures that will optimize on-site filtration using rain gardens and bioswales.
  - b. Install native and drought tolerant plants. Incorporate bird friendly and pollinator plants.
  - c. Consider the use of permeable pavements such as permeable asphalt for driveways and parking areas, and permeable concrete pavers for the vehicular entry plaza, Holland Rd. Overlook, and other site features where feasible.
6. Existing trees along the street will be preserved and protected by an easement and will contribute to the image of buildings that have been there for a long time.

The following are a number of views which apply the proposed zoning and Design Guidelines:

Figure 5:  
View from Holland Road



Figure 6:  
View from Fisher Avenue and Holland Road



Figure 7:  
View of Piazza Entry



Figure 8:  
View from Fisher Avenue



#### Fiscal Benefits to the Town

Article 10 authorizes a Tax Certainty agreement for 95 years on the Welltower parcels which is intended to insure the payment of property taxes or its equivalent as a Payment in Lieu of Taxes (PILOT) if sold in the future to a tax exempt entity. A conservative estimate of property taxes at stabilized occupancy is \$800,000/year. This translates to a Net Present Value of \$40 million to \$60 million (assuming 2.5% yearly growth, over 92 years, at 3-4% discount rates.) We do not expect the demand for services provided by the Town to be significant.

#### Project Outlook

Nikhil Chaudhri, Vice President, Investments for Welltower stated that despite the Covid-19 pandemic, Welltower continues to be committed to the project. Welltower has a very long term outlook and they see continued long term demand for the type of facility they are proposing. Notwithstanding, he noted that due to COVID-19, the supply chain for materials and labor has been significantly impacted, and there are added costs for cleanliness – all which will likely lengthen the timeline and increase costs. But it is still too early to fully evaluate the effects of the pandemic, as construction costs typically come down in an economic downturn while other costs may increase.

Despite these issues, Welltower is well capitalized and the project remains financeable.

Lauren Donahue of the firm McCall and Almy has been the real estate and strategy advisor to the Town throughout the Newbury project. She stated that the outlook for projects 3-5 years out is still optimistic and what they are seeing with their other clients echoes Welltower's reality.

Pam McKinney of the firm Byrne and McKinney has been the Town's financial advisor for this and a number of previous projects including Waldo Durgin and River Road. Highlights of her analysis on the impact of Covid-19 include:

## General Market Observations

- ❖ The senior housing markets are more sensitive to the recent COVID-19 pandemic than most, as the population is inherently more vulnerable and the recent news of outbreaks in senior living facilities has been both frightening and widely reported.
- ❖ While the need-based demand for and relative under-supply of this product (especially locally) provides optimism for the long-term, the senior living market is expected to be among the slowest to recover from COVID-19...second only to the hospitality/resort markets.

## General Financial Observations

- ❖ ***Revenues and occupancy*** for existing projects are sure to decline, especially in the short-run, as facilities have stopped taking in new residents, and performance is likely to be affected in the mid-term as facilities are forced to offer marketing inducements to regain stabilized occupancy.
- ❖ ***Operating costs*** are sure to increase as protocols for ensuring resident health and safety produce both higher absolute costs and lower operating efficiencies – these changes are expected to be enduring.
- ❖ ***Development costs***, especially the cost of labor and local materials may be lower in the short-term, offset by new construction site safety protocols, disruptions in overseas supply chains and much higher costs of capital and insurance. Mid- to long-term, cost impacts are uncertain, as it is unclear how quickly the new development markets will rebound and how new operating/safety protocols will impact on construction schedules and end-user space demand (more people staying at home – so less demand v. more SF needed per person – so more demand).

## Specific Comments About the Welltower Development

- ❖ ***Market Potentials/Revenues*** – Demand continues to trend higher for need-based senior living product, and for the Welltower project the anticipated 3 to 5-year delivery/stabilization period is long enough to buoy optimism that the markets will have recovered sufficiently by then to generate a strong rent and occupancy response. Note that a well capitalized development sponsor and a superior facility manager will be essential to engendering necessary consumer confidence in the project.
- ❖ ***Operating expenses*** are likely to reset at higher levels in response to sustained changes to the senior living operating protocols as a result of COVID-19 and will necessitate even more attention to the achievement of operational efficiencies at the project. Note that the talent and creativity of an established operator like Balfour is essential to the success of the project.
- ❖ ***Development costs*** - Hopefully, when construction contracts are ultimately bid, the costs will be a bit lower than pre-COVID-19 conditions - providing an offset to the increased market risks and higher operating and capital costs resulting from COVID-19 referenced above. A deep-pocketed and experienced development sponsor like Welltower will be essential to the success of the project.

McKinney also indicated that in her experience the “hurdle rate of return” for projects of this sort has been around 7%. A “hurdle rate” is the minimum anticipated return on investment that a developer

would require to justify making the investment. She said that based upon her in camera review of confidential Welltower financial analyses relating to this project its projected rate of return is expected to be “well below 7%.” Note that McKinney’s review of Welltower’s financial statements was conducted pursuant to a nondisclosure agreement which does not permit disclosure of Welltower’s internal projections.

## **Decision 2. Inclusionary Zoning (Affordable Housing)**

This discussion is relevant only if Articles 9 through 12 are approved. The Town’s Inclusionary Zoning Bylaw requires 15% affordable units. While the Welltower project has 160 units, the 40 memory care units are not subject to the inclusionary zoning. That leaves 120 units subject to the Inclusionary Zoning Bylaw. The minimum number of affordable units is therefore 18. Providing the units on site is the preferred way to deliver these units under the Bylaw. The Newbury Zoning Committee agrees with the developer that 18 onsite affordable units is not financially feasible.

The Inclusionary Bylaw alternatives to onsite affordable units, including in order of preference:

- Offsite affordable units located as near as possible to proposed project
- Cash payment to Affordable Housing Trust

The Housing Advisory Board (HAB) has developed two recommended affordable housing options for Town Meeting consideration

### Option A: Holland Road Zoning Overlay

- 18 affordable mixed-income condominium units
- Located on Holland Road directly across from main project
- Renovation of existing “Holland Hall” with new addition
- Welltower contribution includes
  - Land and building valued at \$3.027 million
  - \$3.123 million cash
  - \$650,000 contingent backup
- Welltower will contract with New Atlantic Development to design and produce the 18 affordable unit Holland Road project
- Requires Town Meeting approval of Article 13, Holland Road Zoning Overlay
- **Article 13:** The zoning overlay for 125 Holland Road would allow for an 18-unit mixed-income housing development providing:
  - 6 affordable units at 80% of AMI<sup>1</sup> (*Min of 4 by Special Permit with HAB support*)
  - 6 affordable units at 100% of AMI (*Min of 4 by Special Permit with HAB support*)
  - 6 affordable units at 150% of AMI (*Max of 10 by Special Permit with HAB support*)

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<sup>1</sup> Area Median Income

Figure 8: 125 Holland Road. Existing conditions and possible concept.



#### Option B: BHA Contribution

- \$6.525 million Welltower cash payment to Brookline Affordable Housing Trust
- Earmarked to Brookline Housing Authority (BHA)
- All proceeds will be used to rebuild and expand BHA's Col. Floyd Apts.
  - Located on Marion Street near Coolidge Corner
  - All units are low-income senior rental housing
- Trust Funds will augment substantial other BHA subsidy sources to:
  - Demolish 60 obsolete senior walk-up apartments
  - Build 100+ new affordable units at 60% AMI in multistory elevator building(s)
  - 40+ net new affordable senior housing units
- No re-zoning required

If Article 13 is not approved, the zoning for the 125 Holland Rd. site (presently zoned for single family homes) will not be changed and the BHA contribution option will be the selected option.

Figure 9. Colonel Floyd Apartments existing conditions



### **Decision 3: Acquisition of West Campus**

This discussion is relevant only if Articles 9 through 12 are approved. The Town has been presented with an opportunity to acquire the West Campus of Newbury College. A decision of Town Meeting to acquire the West Campus will need to go to the voters in the form of a debt exclusion which will occur either prior to September 15 (with a preference for the vote to be done concurrent with the September 1 state primary) or at the November 3 Presidential election. There are technical impediments to having the election on Sept. 1 which are being researched and worked through. A decision by the Select Board on the election date will need to be made soon after Town Meeting. If the Town does not hold an election on or before November 3, 2020, the option to acquire the West Campus will expire.

Article 15 authorizes the acquisition of the West Campus and associated bonding with an amendment to make it contingent on a successful debt exclusion vote. (Note: if the debt exclusion election is held after September 15, the bonding authorization will need to be voted again by Town Meeting in November.)

Article 14, creates a new overlay district with allowed municipal uses of (1) Municipal offices with associated support services, (2) Educational facilities, (3) Public libraries or museums (by Special Permit) and (4) Public recreational facilities (by Special Permit). Without this zoning change, the Town wouldn't be able to use the property after acquisition.

There are no changes to the dimensional requirements within the overlay. This means that any future expansions to the existing footprints will require a zoning change to be voted at a future Town Meeting.

The negotiated purchase price is \$14.8 Million. If Town Meeting approves acquisition with the debt exclusion contingency, the Select Board will place a debt exclusion of \$14.9 Million on the ballot. The extra \$100,000 is to cover minor capital improvements and closing costs.

Yearly debt service for a 3%, 25 year bond would be \$855,675.

Yearly debt service for a 4%, 25 year bond would be \$953,778.

The annual cost impact to median taxpayer by property type:

Median Taxpayer Type	3% Bond	4% Bond
Single Family Home	\$49	\$54
Condominium	\$15	\$17
Commercial	\$112	\$124

If for whatever reason the Town does not acquire the West Campus, the Town has negotiated a profit sharing arrangement should the sale to a third party exceed the \$14.8 million that the Town agreed to pay. The revenue sharing scale is in Appendix 1 and has been designed to provide an incentive to Welltower to sell for as high a sale price as possible. There will be no proceeds to Town if the sale is under \$14.8 million.

West Campus Description

The West Campus is 3.13 acres, consisting of 4 parcels with 2 buildings adjacent to the new Fisher Hill Reservoir Park. The Academic Center is an educational facility with 31,000 sf in good/move-in ready condition. West Hall contains 10,000 sf of classroom and administrative space and is in fair/average condition. West Hall is not in move in condition and would likely be mothballed until a long term use is determined. The West Campus also contains 3 parking lots with space for 150 cars. Photos of buildings on the West Campus follow:

Figure 10: Academic Center View from Fisher Ave.



Figure 11: Academic Center Rear with 1990's Library Addition



Figure 12 Academic Building Interior Photo



Figure 12 Academic Building Interior Photo



Figure 13: West Hall



### Long Term Use of the West Campus

No permanent use of the West Campus has been determined given the short time frame in which the option to purchase will expire (by November 3, 2020) as compared to the long time frame a Town land use decision typically entails. The Select Board is committing to initiate a comprehensive planning process likely to span multiple years with the following structure:

1. Creation of a Land Use Committee-
  - a. Town Officials and Agencies, Neighbors and Residents. Supported by Experts
2. Public Input/ Community Engagement
  - a. (Public Hearings, Surveys, Possible Charrette)
3. Identification of Options
4. Public Dissemination and Input
5. Select Board Recommendation
6. Town Meeting Approval

The range of potential uses initially identified by the Select Board and the Town's recently completed Strategic Assets Plan (listed in alphabetical order):

1. Affordable Housing
2. Athletic Fields or Expanded Park Use
3. Building Dept. Workshop/Storage and Offices
4. Municipal/School Office Spaces and Training Center
5. Recreational Facilities (Pool, Rink, Gym)
6. Satellite Senior Citizen Space
7. School Classrooms or Educational Spaces

### Short Term Use of the West Campus

In the short term (expected to last 2-5 years) it is likely that the only building to be used is the Academic Center. The Current plans are as follows:

Basement: Building Department workshops.

The current space at Larz Anderson is substandard. Here, the plumbers, electricians, carpenters will each have separate work and storage spaces. The basement has sufficient storage space for proper organization of equipment and supplies. There is ample parking for the vans, pickup trucks, and SUV's used by the department. There will be no large trucks like those used by DPW.

First Floor: Municipal training/conference facility

There is insufficient space in Town Hall and other Town Building to meet the Training and conference needs of the Town and Schools.

Second Floor: Former classrooms could be converted to offices.

## **Discussion**

### Decision 1 East Campus Senior Living Community Public Comment and Subcommittee questions

-After the unanimous 100% vote to acquire the entire campus why didn't the Town just take the property using its eminent domain authority.

Nancy Heller indicated that the Town considered but concluded that eminent domain is not an easy process and involves significant risk. Eminent domain is, perhaps, the most expensive way to acquire property especially in an adverse proceeding. The appraisal standard is highest and best use which, in all likelihood, higher than the market value. The Town also needs to have a compelling public use. The Town didn't have a previously determined public purpose or long term use unlike at the 111 Cypress St property. Investment or resale is not necessarily a legitimate public purpose for eminent domain purposes. There also wasn't an identified funding source to pay for a possible taking. There would be a litigation risk for pricing that would focus on dueling experts which would introduce significant upside pricing risks.

-Two abutters (Andrew Koyfman and Ken Goldstein) spoke in favor of the Welltower project .

-Frank Caro stated that he was advocating for seniors and spoke in favor of the Welltower development. He said that they are offering a type of senior community we currently don't have in Brookline. This would be an asset for the Town.

-Where do the risks lie for the Town of Brookline going forward if we pass Decision 1? Where are those risk points and what are the Town's options?

There is a sunset in the zoning which limits the amount of time that Welltower has to proceed with the project; they can't drag their feet. A risk is that we pass it and another developer with lower standards could take it over. We are mitigating that through the sunset, very proscriptive zoning and design guidelines plus a detailed Memorandum of Agreement which will be recorded with the Registry of Deeds.

Paul Saner noted that the party at risk is Welltower now. The Town is in need of new tax growth especially post COVID-19. We need the new tax growth from this type of project. He indicated that there is not significant risk for the Town.

-Residents on Fisher Hill have expressed concern about traffic during construction phase, can someone address this? Jennifer Gilbert stated that a robust construction management plan needs to be submitted and approved by Building Commissioner covering items such as dust and road control, which will be put in place before the project even starts.

-Pushan Sengupta questioned whether the Town extracted all it could from Welltower. Pam McKinney responded that to expect that the Town can extract more is not supported by the economics.

-Lee Selwyn asked similar questions. What is zoning relief in WA 9 worth? With the return on investment 6% or less, he seriously doubts that a publically traded corporation would enter into a project as risky as this one with a return as low as Ms. McKinney indicates. He wondered if she had seen all the necessary data? Pam McKinney replied: Welltower provided sufficient data to conduct this analysis. Markets will regain their equilibrium. Developers looking at a 3-5 year window, they will manage their way through that.

In response to a question about COVID-19 deaths at Balfour managed properties, Mike Schonbrum, Balfour's CEO stated that of the 9 properties operated by Balfour, only one has 5 residents and 5 staff members who have tested positive for COVID-19. In the other 8 properties with approximately 800 residents they had no deaths but one person died in the hospital after complications from dialysis. This record is attributable to policies which include no visitors, regular temperature taking, and those who do come, come solely to our community.

#### Subcommittee Comments

- A persuasive case has been made to say yes to the first decision.
- This is a reasonable use of the property – the design fits in the neighborhood
- Impressed that Welltower took a gamble to buy the property.
- Both sides negotiated in good faith, compromised and allowed the project to become what it is today.
- If we let this go, we lose future taxes, we wouldn't get affordable units, and we wouldn't get an option on the West Side.
- We have been able to modify the size and the way it looks that is satisfactory to the neighborhood and the Town. We are lucky to have the team of architects that have been working with us. It is a very high end team and a very high end project.
- Welltower sees an opportunity to create a new product that can be showcased in other towns and locations. Producing a project with high quality and design will serve as a show piece for Welltower and Balfour.
- This is very complex transaction – hard fought, well negotiated. All pieces in the articles hang together. Convinced we've squeezed Welltower as much as we can.
- It is a good project for the Town, for Fisher Hill; low impact use.
- The Town needs the taxes and the services.
- There is no reason to think that there would be an alternative that would be better for the Town.
- The project package will benefit the Town over the long term, and the design will be a positive contribution to the neighborhood.
- Most subcommittee members found the presentation about the project's margins to be persuasive.

#### **Decision 2: Affordable Housing Alternatives**

Option A (Holland Road) was favored by the Housing Advisory Board by one vote. The HAB unanimously voted that both options would be good outcomes and entirely acceptable each in their own right.

#### Contrasting features of these options:

Option A:

- Proximity to main project,

- Geographic disbursement of affordable units around Town,
- Bylaw preference.

Option B:

- BHA serves a lower income range of beneficiaries,
- Project results in at least 100 modern units of which net new units would be 40+ compared with 18 at Holland Road.

Public Comment and Subcommittee questions

Questions to Mike Jacobs, Chair Brookline Housing Authority:

Q: There have been statements in social media that has said that the Col. Floyd Senior Housing Project affordable housing effort could be accomplished without the \$6.525M infusion?

A: If we don't have the funds, this project will not happen. Extremely large source of funding and you don't see sources this large come available. This is a unique opportunity to produce 40 units. We have a long waiting list via state and federal funding.

Q: What do we estimate the total cost of the Col. Floyd rehab?

A: \$50M which is a mixture of things, tax exempt financing, tax credits which a bank would buy, and funding from State Department of Housing Development.

Q: What happens if you don't get \$6.5M?

A: Choice of rehabbing a project that makes no sense for seniors. We'd have units that are inaccessible with utility systems that are inefficient.

Q: What happens if the Town authorizes the \$6.5 million, where do residents go during new construction?

A: We have 380 units within Coolidge area and would use those as "hotel" units. 6 buildings on the site and may be able to keep some occupied, during phased demolition.

Bill Madsen Hardy, New Atlantic: New Atlantic has an agreement with Welltower that if Article 13 passes they would act as developer of the 125 Holland Rod. Project. They are exploring rehabbing the building but nothing is final and they are open to a public process around making those decisions. He was concerned that 125 Holland and Col. Floyd are being presented as being an either/or decision. He said we need as much affordable housing in Brookline that we can get. He suggested a Community Preservation Act (CPA) vote that may provide more affordable housing dollars and other funding opportunities. He would like to see both projects done in the future and more on the West Campus. He said that there is a reason why there is a preference in every inclusionary zoning bylaw to reduce residential economic segregation.

Steve Heikin advocated for the Holland Road option. He felt strongly that affordable housing should be geographically dispersed throughout the Town and this was an opportunity to locate affordable housing

in a part of Town where these opportunities rarely arise. He felt that the resources to do the Col Floyd project would appear at some time in the future and cited sources such as a possible transfer tax or passage of the CPA in Brookline.

Mike Toffel: He questioned the slight majority of the HAB recommending Holland Rd rather than Coolidge Corner. Regarding Coolidge Corner, he asked whether proximity to retail and mass transit was considered as part of the recommendation? Roger Blood responded that those advantages were discussed and recognized and especially for seniors. There were a number of HAB members not voting in that meeting. For Holland Road, the benefit was geographic dispersion of affordable housing and the fact that while there are advocates for work force housing. There is no current program serving those ranges of income for Town employees. The Col. Floyd option, by the sheer production numbers does have an edge, over the 18 units on Holland Rd. But the number of units produced is not the only metric.

Frank Caro: Regarding Article 13 use of the funds for the Col. Floyd development is attractive and there is an enormous need for affordable housing for seniors and the use of the money would improve housing in the 60 units on the site and the idea of adding 40 units makes it more attractive.

Amanda Zimmerman: Regarding the Inclusionary Zoning discussion, to make Col Floyd property work is to tie Sec 8 vouchers to the property and she asked how many are needed to make the finances work? Mike Jacobs answered they will use 30 of approximately 1000 vouchers for the project and that there will still be significant vouchers available for other Brookline residents.

Marty Rosenthal: Speaking on Brookline PAX, based on preliminary information PAX favors the Col. Floyd property option.

Ken Goldstein: Comparing 18 units to 100 it seems clear what we should be doing. West Side lot might be the place for additional affordable housing. If Holland Hall is the option it would mean retaining the present structure and retrofit an addition and afraid that if we try to preserve odd duck of a building you may come up with something odder. He indicated a preference for a complete demolition and rebuilding at the Holland Road site.

Deborah Brown: Questioned how we ended up having 18 units at Holland Rd. competing against the 100+ units at Col Floyd.

#### Subcommittee Comments

##### *Rationales for favoring the BHA Options*

-No brainer favoring the BHA option. You have an opportunity to put up 18 affordable units which is a long walk from public transport versus taking a housing development in inferior condition and not only replacing it but adding units for a total of 100. The odds of passing a transfer tax for additional funding is small.

-This would not be a difficult decision if it were the case that by choosing the Holland Road Option, we knew that we could also do Col. Floyd. But it seems unlikely that there would be future resources in the foreseeable future from the State or Federal government. Given what is going on in the economy and

other asks we have of the voters, it is unlikely that the voters would be willing increase their taxes for this purpose. We have an opportunity to have the \$6.525 million leveraged to modernize 60 units and add 40 or even more favoring the Col Floyd option.

-The units being planned at Col. Floyd are much more affordable as opposed to those at Fisher Hill. The conditions at Col. Floyd are deplorable and a disgrace to the Town. This is an opportunity to improve and expand Col. Floyd.

#### Rationale for abstention

-This is a win-win whichever way you go. The Holland Hall option is an opportunity to add 18 affordable units on Fisher Hill that will otherwise not be available to the Town. At the same time in this economy there will be more people who need affordable housing and Col. Floyd would provide more units to address that need. On the other hand, there is already a concentration of affordable housing in the Coolidge Corner neighborhood. The choice should be left to Town Meeting. The BHA view is that this is a one-time chance vs the HAB view that this may not be an either/or choice. It is unclear who has the right crystal ball.

#### **Decision 3 Acquisition of West Campus**

Note: Even if Town Meeting votes to authorize the acquisition, the acquisition will not occur unless the funding is authorized by the Town's voters subsequent to Town Meeting. The question will be placed before the voters in the form of a debt exclusion question in either September or November.

#### Public Comment and Subcommittee questions

Cliff Brown: It is clear that there are many uses for this property. We have so many issues and of course we can find a use. We will never be in a position to find property like this – and it is a great opportunity. This is the opportunity to locate a needed municipal use here given everything we know that the Town needs. Also, regarding price, when you are strategic buyer, price is not always the most important factor. A strategic buyer is willing to accept lower returns for strategic value. We have an opportunity to purchase and control it because it is in our long term strategic interest.

Deborah Brown: If we know affordable housing (including green space and recreation) is an issue why aren't we moving in that direction and not spending years making a decision and end up with office space. Nancy Heller noted that affordable housing is on the list of possible uses and it is the responsibility of the Select Board to lead a process but not to dictate what the outcome will be. The Town conducted a few studies in the fall – about a school, about municipal spaces – and those are on the website. Affordable housing is not any less important but we need a process.

#### Subcommittee Comments

- We have to take a long-term view and jump on this opportunity. We should put the question to the voters.

-The weakest argument you can make is to suggest a list of so many things we can do. That isn't an argument that wins and is misleading. The argument that prevails and is that you don't get a chance to

pick up this kind of acreage very often. It is a reasonable investment that we cannot afford to forego. Yes, COVID has weakened every educational institution across this country.

-This is an opportunity for the Town but we need to take a comprehensive look at possible uses and determine that before we acquire the property. Advocates for acquisition should be careful about fear mongering about another buyer (especially a Dover institution), loss of tax revenue, lack of control of use. We need to understand the impact of this in relation to other overrides instead of going to Town Meeting with business as usual. We also have a number of other educational institutions that are teetering before this crisis and teetering more because of this crisis, so the Town may be able to acquire land for some of these purposes elsewhere, if and when those institutions fail.

- If you agree in principle with the points about doing things comprehensively, this is a strange time to start applying the BFAC principles to this small amount. The Town is buying this at a discount – if you accept that premise – some other opportunity comes along then we should be able to sell this at a profit.

- The Newbury Zoning Committee showed many more alternative uses. There were drawings, preliminary studies for some of those suggested uses. Is it the right time to spend money? The Town should we act on this opportunity and can get out of it if we need to.

- The Town may not be getting the absolute lowest price but it is likely close to it. We must remember that the Town is a long term buyer like Boston University and not a developer. Even if the Town overpaid slightly, what is the significance? As is, the property tax impact of the debt service for the transaction, assuming a 4% interest rate for the debt, for a median single family homeowner, is \$54 a year. Even if we are paying 10% too much, the impact is just roughly an extra \$5 per year. Should we be arguing about the price given the lengthy negotiations, all the other issues before us plus the opportunity the property presents.

### **Recommendations**

A **MOTION** was made and seconded to recommend favorable action on Warrant Articles 9-12 as they appear in the warrant. The Subcommittee voted unanimously 6-0 to recommend favorable action on these articles.

A **MOTION** was made and seconded for favorable action on Warrant Article 13. The Subcommittee voted unanimously 0-5-1 and the motion failed indicating support for the Col. Floyd project.

A **MOTION** was made and seconded for favorable action on Article 14 as it appears in the warrant. The Subcommittee voted unanimously 6-0 to recommend favorable action on Article 14.

A **MOTION** was made and seconded for favorable action on Article 15 as amended to provide that the appropriation to acquire the property be contingent on the approval by Town voters of a debt exclusion vote. The Subcommittee voted unanimously 6-0 to recommend favorable action on Article 15 as so amended.

Appendix 1: West Campus Profit Sharing Schedule:

<b>Sale of West Parcel - Profit Sharing Framework</b>					
<b>Assume Sale Price of \$18,550,000*** (Colliers appraised value) and assume 2% cost of sale</b>					
<b>Assume Waterfall of Proceeds Sharing Above \$14,800,000 <i>net proceeds</i></b>					
Total Sale Price	Incremental Sale Proceeds	Incremental Welltower Proceeds		Incremental Town Proceeds	
		\$	%	\$	%
\$ 14,800,000	\$ 14,800,000	\$ 14,800,000	100%	\$ -	0%
\$ 15,800,000	\$ 1,000,000	\$ 371,000 *	0%	\$ 629,000	100%**
\$ 16,300,000	\$ 500,000	\$ 25,000	5%	\$ 475,000	95%
\$ 16,800,000	\$ 500,000	\$ 50,000	10%	\$ 450,000	90%
\$ 17,300,000	\$ 500,000	\$ 75,000	15%	\$ 425,000	85%
\$ 17,800,000	\$ 500,000	\$ 250,000	50%	\$ 250,000	50%
\$ 18,550,000	\$ 750,000	\$ 562,500	75%	\$ 187,500	25%
<b>TOTAL:</b>	<b>\$ 18,550,000</b>	<b>\$ 16,133,500</b>		<b>\$ 2,416,500</b>	

\*NOTE 1: For the purpose of calculating cost of sale for this Exhibit, we assume a total sale price of \$18.55M is achieved. This figure is used for illustrative purposes only. Costs of sale will include all out of pocket costs incurred by Welltower in connection with the sale including, without limitation, brokerage commissions, all state and local transfer taxes, and attorneys' and consultants' fees and expenses that are customarily

\*\*NOTE 2: We assume the Town receives 100% of the initial \$1M in sale proceeds AFTER Welltower's cost of sale

\*\*\*NOTE 3: Should Welltower achieve a sale price above \$18.55M the Town would propose to share in 10% of additional net proceeds