

River's Edge FAQ – Responses from River's Edge Advisory Committee (REAC) 11/3/16

Proposal Questions/Concerns

Rent

- How were the rents determined?
 - Both bidders have experience in local markets; each had a development proposal with specific rents based on their quality of buildout, level of service/amenities, and projected tenants
- Why are the rents inconsistent between the two proposals?
 - As we noted in our BOS presentation, the market will ultimately determine rents, based on demand, location and quality of product. That being said, intuitively, Wood Partners has more underground parking, which will carry a built-in premium. Wood also projected spending a higher amount on project costs, which would imply a higher level of quality, so higher rents are logical – but by no means guaranteed. The key point is that either proposal creates a substantial new revenue stream on a property that currently generates \$0, so while rents may differ, fundamentally both offer great benefit to the Town.
- Will the market drive the rents so that they are similar between the two proposals?
 - Not necessarily. Different developers will do different finishes, staffing, marketing, advertising, amenities. So they could easily be different price points based on how a developer builds and manages its property.
- The rents may be higher than what town meeting attendees anticipated when approving this project. How did that happen?
 - Rents have followed market rent growth in greater Boston over the past 2-3 years; there has been a significant escalation in the overall market since 2014. Note that both developers proposed larger units than originally estimated so the average absolute rent is higher based on more square feet as well as by market \$/sf rate. However, both developers said that they would have a range of units, such that smaller units would be less rent, and larger units more rent, so there will be a range of absolute rents to meet different residents' needs and budgets.
- How do we test the reasonableness of rents?
 - Compare to rents in the marketplace. Both estimated rents are consistent with rents in the marketplace; Wood is at the higher end and Baystone in the middle range in terms of \$/sf.
- What are the affordable rents?
 - Rents are driven by 80% of Area Median Income of the tenants – not by the market. One bedrooms regardless of size will rent at approximately \$1325 per month. Two bedrooms, approx. \$1500 per month.

Schools

- Will the rental apartments draw more school age children?
 - A tax revenue and expense study was completed by Connery Associates in 2013 (and a current update by a second firm is in process by the BOS). The 2013 study specifically documented the anticipated number of schoolchildren for the projected number of units, based on actual experience in other communities. With primarily 1 and 2 bedroom units, there were projected to be a low number of schoolchildren.
- Can we compare this project to similar ones in nearby communities for accuracy of the projections?
 - ◆ Comparative data with other communities is in the 2013 summary. Any comparison to other projects should note unit size and type; the Concord Mews had many three

bedroom and two bedroom loft units, which are more typical to families. Projects with primarily one and two bedroom units have few schoolchildren.

Proposals

- Why not accept the proposal with the higher upfront purchase price?
 - Selection was made based on quality of proposal as well as financial considerations. The strong preference based on quality of proposal was Wood Partners – and this is a strong factor since it is the front door of our Town and we all will be driving by it for decades to come, long after land revenues are gone.
 - Wood Partners' design offered higher rents on an operating basis, and therefore greater net income, which would lead to higher property tax payments to the Town, since tax revenues are based inherently on rents. So tax revenue benefits help offset (or potentially exceed) the purchase price differential.
 - Lastly, Wood Partner's net price to the Town was less than Baystone due solely to their environmental costs, which were significantly driven by the amount of soils projected to be leaving the site. Wood has agreed to revisit the site grading to be more consistent with the Design Guidelines, i.e. following the topography of the site, which would keep more soils on site. Further, both developers agreed to pass along savings to the Town. As a result, in the end, the bids may be closer in terms of pricing than they appear now, so the Town won't be "leaving value on the table."

- Will the selected developer work with the Planning Board to fully design the project to meet the desired aesthetic look? And if so, can the project reflect the more suburban nature of Wayland?
 - River's Edge zoning was specifically written for Site Plan Review, not Special Permit – and this is why it was important to see quality of proposals up front. Design guidelines were issued to guide developers to quality design. Selection was made by REAC (prior to seeing financials) to gauge which design better met the desired aesthetic look – and Wood Partners was the unanimous choice of all REAC members in this regard.

 - Both developers stated they are willing to work with the Town on the design, so neither design is written in stone. But as for "more suburban nature" this is subjective and the clear choice for Wayland by REAC was the Wood Partners proposal, which all members felt best met the suburban/semi-rural feel of Wayland.

- Does the developer Wood hold properties for the long term? This statement has been challenged.
 - Some developers build and hold for their own account. Wood Partners manages over 10,000 units; it was understood that they held these, similar to other large developers like Simpson Housing and Hanover -- however to clarify, Wood Partners has sold projects upon completion to housing REITS and funds that specialize in long-term holds, so this statement stands corrected that Wood does not build only for its own account.

Environmental [To be answered by Anderson & Krieger]

- What does an environmental indemnification give the town? [A&K]
- How do you control for environmental risk? [A&K]
- Why select the developer who did not offer indemnification?
 - As explained in the BOS recommendation, one developer offered indemnification, but it is likely an LLC based only on the property, so it's only as good as the value behind it. The other developer offered a release to the Town, although not indemnification, but they were treating the soils more conservatively, which also

serves to provide some protection to the Town. In sum, in REAC's opinion, while the Baystone proposal was slightly better in terms of providing protection to the Town, given the actual indemnification, the difference in the benefits of one position over the other was not enough to offset the other advantages offered by the Wood proposal.

- Are there other means available to get an environmental indemnification? [A&K]

>> Overall, REAC notes that the Town currently has an environmental problem at the River's Edge site. This project clears up the site with the cost being paid by the developer. If there were no River's Edge project, it is likely the Town would need to do so in the future, at a significant cost (estimated by the developers at \$1-3 million).

Overall

- What is the estimated tax revenue from the proposed project?
 - Upon completion, assuming \$17.33 mill rate:
 - Wood Partners \$940,706
 - Baystone Development \$769,896
- Does the estimated additional tax revenue offset the other municipal costs?
 - Municipal costs were estimated in 2013 for a 216-unit project to be \$229,500 (so intuitively a 188-unit project would be slightly less). This includes both public safety and school costs. So on net basis there is a significant gain for the Town with either proposal, ranging from approximately \$550,000 to \$710,000 per year net new revenues projected to the Town.
 - It should be noted that benefits to the Town are not just financial. River's Edge brings the Town's affordability levels up to 9%, nearly reaching our 10% threshold to be able to stop future 40B projects that could be detrimental to our community. It cleans up the site environmentally. It provides rental housing. It cleans up the western front door to our Town. So the significant financial benefits are complemented by a host of non-monetary benefits as well.
- Will the town update the fiscal impact study from March 2013?
 - The Town is currently anticipating completing an update to the 2013 Connery study with a third party
- How does the proposed project differ from what was presented at the 2014 Town Meeting?
 - The Wood project meets the zoning (2-4 stories) and unit count (150-190), and provides 25% senior housing and 25% affordable housing, therefore it does not differ from what was reviewed and approved at 2014 Town Meeting. No zoning change is expected to be needed.
- Does the River's Edge project require another town meeting vote?
 - No

Department of Public Works

[This is REAC's current understanding of these topics but should be confirmed with Board of Public Works and/or DPW]**

- Why does the DPW need a laydown area for its daily work? What is it used for?
 - To facilitate temporary dirt piles and materials storage for roadwork or other projects in process around Town.
- If they have to move from River's Edge, where will the laydown area be located?
 - A 3/4 acre area was identified two years ago behind the new DPW building for a new laydown area. Since an award for River's Edge is pending, DPW is pursuing final Con Comm approval for this area so it can be put into service.
- What size area is needed for a laydown area?
 - DPW has estimated two acres total. Between the ¾ acre area, and areas near the salt shed at the DPW, a large portion of required space is accommodated. Future

space, if needed, could potentially occur at the transfer station or other town sites to get up to the estimated 2 total acres.

- Are there any additional annual costs associated with a new laydown area?
 - Geographically, the new vs old laydown areas are very close. The new laydown area is further from Rt 20, but closer to DPW equipment, so should provide similar utility. Additional costs may arise if a significant amount of road work (like this year) were completed all at once, and costs may be incurred from those projects for temporary staging, if other areas are not identified. It should be noted that permanent dirt storage should not be Town protocol going forward, as it only creates a removal headache and cost for another day (like River's Edge)
- When would the DPW need to move its operations from the River's Edge site?
 - DPW would need to move once the Land Disposition Agreement is signed with the Developer, as the Developer would then begin due diligence then and would require unencumbered access to the site, and no further changes to site conditions.
- For the proposed "triangle" laydown area, what is the approval process? And the estimated timeframe for approval and to meet any order of conditions?
 - DPW has advised 3-6 months. In this time frame, DPW anticipates that the old DPW lot could be used for interim use until this triangle is ready in the spring.
- Is there a need for an industrial zone which could also include a laydown area?
 - This is not related to River's Edge as no industrial materials are held at River's Edge
- Is the proposed road to the Transfer Station (estimated at \$2.3 million) related to River's Edge?
 - The Water Department suggested, after RFP bids were received, that a water loop be installed to connect River Road, the DPW, the Transfer Station, River's Edge and back to Town Center, thereby creating loop redundancy for all parties. At the time, the Water Department was not aware of the sensitivity of the outstanding work required on the transfer station access road. Since then, regardless of the access road, it has been determined that a better loop mechanism is to tie the Rt 20 line into Sudbury's line rather than route through a roadway that may or may not be there in the future. This connection to Sudbury for emergency purposes has been reviewed with Sudbury Water and conceptually agreed.
- What is a water loop and why does the BoPW require them?
 - A loop provides redundancy from another direction in the case of a water main failure, and to provide flowing water and no "dead-ends" that need to be monitored or serviced for water quality. It is recommended as good practice "when feasible".
- Some have mentioned other costs related to moving DPW operations from River's Edge. What are the cost estimates related to River's Edge for the following items?
 - Water loop
 - With the water connection now only to Sudbury along Rt 20, it would not trigger any landfill station access road work, and would be paid by the developer.
 - Construct new laydown area
 - Costs are estimated at \$200,000 to remove prior soils left over from the DPW and create bins/areas. Funds remain (\$250k) from the under-budget DPW facility to complete this work.
 - Annual increase in DPW operation budget
 - Ideally, this will be \$0. If additional spaces are consistently needed, these can be identified, with the goal that there is no permanent increase. NOTE the Town history of storing soils permanently should no longer be accommodated as good operating practice, so there may be increased costs there, but it avoids major restoration later, so overall this would be a wash to the Town.

School Bus Parking [Again, this is REAC's current understanding, but should be confirmed with School Committee]

- Why have the school buses been parked at the River's Edge site?
 - These were moved here upon construction of the new high school, and to remove them from a Zone 1 area. The septage facility was decommissioned, so this was a temporary location until another use was found for the site.
- The School Committee has heard from a landscape architect about parking the buses to the north of the Middle School driveway.
 - Is this a Zone 2 area? If so, what are the limitations?
 - If the buses are parked here, what is the potential impact on water quality, neighbors and potential abatement filings, bus traffic flow, and traffic?