

**AMITY STATION FOLLOW-UP INFORMATION
REQUESTED BY COUNCIL SUBCOMMITTEE
(Draft, Sept. 26, 2018)**

Council Questions

1. Questions for Amity Station Development Team

- **Council Question:** Subsidization (Cash, space, whatever it turns out to be) needs to be part of the broader conversation about community benefits. If the only thing the project has is 22+ age restriction, this may not meet the Town's interests or warrant the Town's participation in the project.
- **Applicant Response:** The Development Team has provided a variety of proposed development scenarios, most of which include community benefits in addition to a 22+ age restriction (see Attachment #3), as well as requests for Town support.

- **Council Question:** Is there a cost to the BASELINE proposal? What are the variables?
- **Applicant and Consultant Response:** The Development Team describes a baseline scenario that would include 208 dwelling units and stay within the parameters of the West Rosemary Street Design Guidelines (see Attachment #3). David Laube projects that this baseline scenario would be approximately \$300,000 short from being financeable, and notes that the Development Team is requesting a fee waiver of about \$25,000-\$50,000 from the Town in order to move forward with it (see Attachment #4). The Development Team identifies other scenarios that include packages of community benefits that the developer would provide, and fee waivers and/or tax abatements and density bonuses that would be requested from the Town (Attachment #3).

- **Council Question:** Does the team expect ongoing or onetime Town involvement?
- **Applicant Response:** The different scenarios proposed by the Development Team specify which Town involvement measures it expects would be ongoing or onetime (see Attachment #3).

2. Questions for David Laube, Market Consultant, Noell Consulting

- **Council Question:** Provide David Laube's reports to the Council
- **Staff Response:** David Laube of Noell Consulting has updated his analysis based on the latest developer proposal (see Attachment #4).

- **Council Question:** What are the economics of the project? We don't want it to be a financial loser for the Town. We don't want it to be cost-negative for the Town to keep it at 22+ - what forms could that take?

- **Staff Response:** The Development Team has provided a summary of proposed development scenarios (see Attachment #3) with different packages of community benefits provided, and fee waivers and/or tax abatements and density bonuses requested from the Town. Mr. Laube has reviewed these scenarios and summarized the economic considerations for the Town (Attachment #4)

3. Questions for Town Economic Development Staff

- **Council Question:** Would the project include entrepreneurial space? How would the Town contribute? Does the Town lease the space?
- **Staff Response:** Launch is scheduled to be converted into a stand-alone non-profit around the turn of the year, and perhaps could serve as the vehicle for managing this space. Exactly what the financial arrangement might be for any entrepreneurial space would remain to be seen.

4. Questions for Town Attorney

- **Council Question:** What are the legal methods to participate in the project (for the Town)
- **Staff Response:** If the parties can agree to what they want in terms of development and community benefits and the Town decides on what the Town is prepared to contribute, the detailed structuring of the deal to meet those terms could be worked out by the lawyers in the written documents. There would be a LUMO Development Agreement and, probably a business development agreement if the Town is going to own or manage some part of the project.

Some of the options and arrangements are more complex than others. For example, in the option calling for a floor of public parking, is this to be owned and managed by the Town? Is the property being divided like a condominium project? Who operates the parking? Who gets the revenue?

There are other questions about management and maintenance, etc. related to the parking levels. Similar management questions could apply to the housing or commercial parts of the project, or to any “community space” included in the project. Will the Town manage or master lease some of these units, for example? A lot of auditing and monitoring of operations could be involved.

5. Questions for Loryn and Housing Team

- **Council Question:** Affordable housing – how does that fit into the picture? Are micro units included?

Staff Response: The scenarios proposed by the Development Team include affordable housing and/or micro units (see Attachment #3). Staff has reached out to the Development Team to discuss the affordable housing proposal and looks forward to upcoming dialogue. Our staff is able to work with the applicant to refine the affordable housing proposal.

We offer the following comments and questions to the applicant's materials:

- Based on existing Town policy, development fees would be waived for the affordable units created with this project. Our staff can work with the applicant to provide an estimate of these costs.
- Consistent with other rental developments that incorporate affordable housing, we recommend that the applicant enter into an Affordable Housing Performance Agreement with the Town to detail the affordable housing expectations including:
 - Management of the application process;
 - Annual reporting;
 - Management of the affordable housing occupancy requirements;
 - Term of the affordability requirement. We recommend minimum of 30 years;
 - Location of the affordable units
- It would be helpful if the applicant could provide the proposed rental rates for the units by bedroom size and the square footage of each.
 - What are the eligibility requirements for the micro units? What is the proposed rental rate for these units? Is the inclusion of micro units based on market demand for smaller units, or is it an effort to increase affordability within the project?
 - Provision of parking for the residents of the affordable rental units is important. Has the applicant explored options for providing parking spaces for residents of the affordable units? Is shared parking with the commercial tenants an option?
 - Has or could the applicant consider serving lower income households (i.e. 60% AMI and below)?
 - Could the applicant consider reserving some units for public employees at market, or a slightly reduced rental rate? The units could be intentionally marketed as an incentive for employees to live in Town.
 - Could the applicant provide how the \$90,000 cost per unit was derived?
- **Council Question:** Is there a master lease component of the discussion for us to provide as affordable housing? Does that assist with our goals? CM concern: we don't want to pay market rate and then rent at a lower rate and lose Town money.

Staff Response: Staff has reached out to the Development Team to explore its willingness to consider a master lease for affordable housing in the project and looks forward to upcoming dialogue. We are available to work with applicant to further explore a master leasing model.

A separate master lease proposal has been presented to the Council by housing providers and is currently being reviewed by staff. As proposed, the master lease program would require a rental subsidy from a source that has yet to be identified.

An alternative master leasing option could be a model similar to what the Council approved for the Grove Park development. In that case, the applicant agreed to lease 6 units to the Town (fewer units than 15%) for \$1/month at no cost to the Town for 30 years. In this scenario, the Town will regulate the rental rates for the 6 units.

Questions for Council Subcommittee

- **Council Question:** Looking for the broader benefit to neighborhood and community – consider the broader package – then consider the “ask” and whether the Town should or could do them.
- **Council Question:** Don’t want to assume that we know what meets the community’s interests yet. We’d need to test this with the community.

These are questions for the Council Subcommittee to consider in a follow-up meeting.