



City of Somerville Zoning Amendment

Union Square Zoning Amendment

Meeting #6

1.17.17

Tonight's Presentation Topics

1. Website Information
2. Topics for Future Meetings
3. An Overview: Why Change Zoning in Union Square
4. Review of USQ Neighborhood Plan Infrastructure Program
5. Markets for Commercial and Residential Development
6. Fiscal Impact Analysis
7. Financing Infrastructure
8. Community Benefits Update

Tonight's Presentation Topics

1. Website Information
 - OSPCD Planning
2. Topics for Future Meetings
 - OSPCD Planning
3. An Overview: Why Change Zoning in Union Square
 - OSPCD Planning
4. Review of USQ Neighborhood Plan Infrastructure Program
 - OSPCD Transportation & Infrastructure / Capital Projects
5. Markets for Commercial and Residential Development
 - OSPCD Economic Development
6. Fiscal Impact Analysis
 - OSPDC Planning
7. Financing Infrastructure
 - Finance
8. Community Benefits Update
 - OSPCD Economic Development



City of Somerville Zoning Amendment

1. Website Information



City of Somerville Zoning Amendment

All Union Square Zoning information
is now available at:

<http://www.somervillema.gov/unionsquarezoning>



City of Somerville Zoning Amendment

2. Topics For Future Meetings

Topics for Future Meetings

- Open space – Quantity and Quality
- Community Benefits Strategy (update to be provided today)
- Off-site compliance for affordable housing
- Family housing units
- Formula business special permit
- Affordable commercial space (legal review)
- Collecting and enforcing developer contributions
- Illustrations:
 - ✓ Illustration of buildout under current and proposed zoning
 - ✓ Shadow impacts



City of Somerville Zoning Amendment

3. Overview: Why change zoning in Union Square

2009 zoning → 2016/17 proposal

2009 Zoning Strategy / Philosophy

- Open up opportunity for new development surrounding the green line
- Facilitate development of a mix of uses
- Increase real estate investment and strengthen tax base
- Create new jobs
- Redevelopment vacant or underutilized land with appropriately dense development

2016/17 Zoning Strategy / Philosophy

- Implement the neighborhood plan
- Ensure that new development creates:
 - A collective strategy for development
 - New development that complements what we have in Union Square
 - Publicly accessible open space
 - Commercial as well as residential development
 - Financial support for important city priorities
 - AND meets all the goals of the 2009 zoning

2009 zoning → 2016/17 proposal

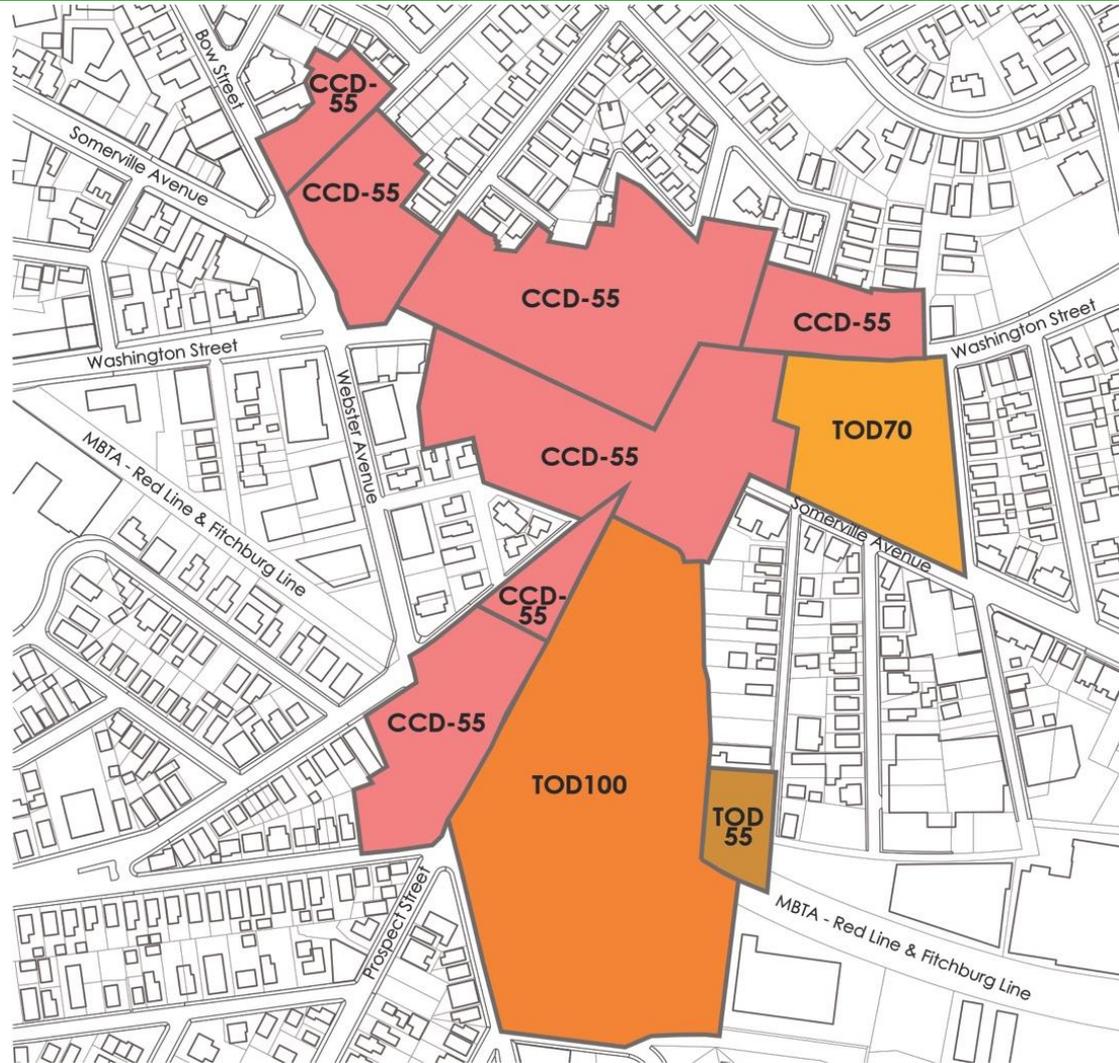
2016/17 Zoning – how it works:

- Make adjustments to existing zoning
- Add new overlay district to permit sites as a single project



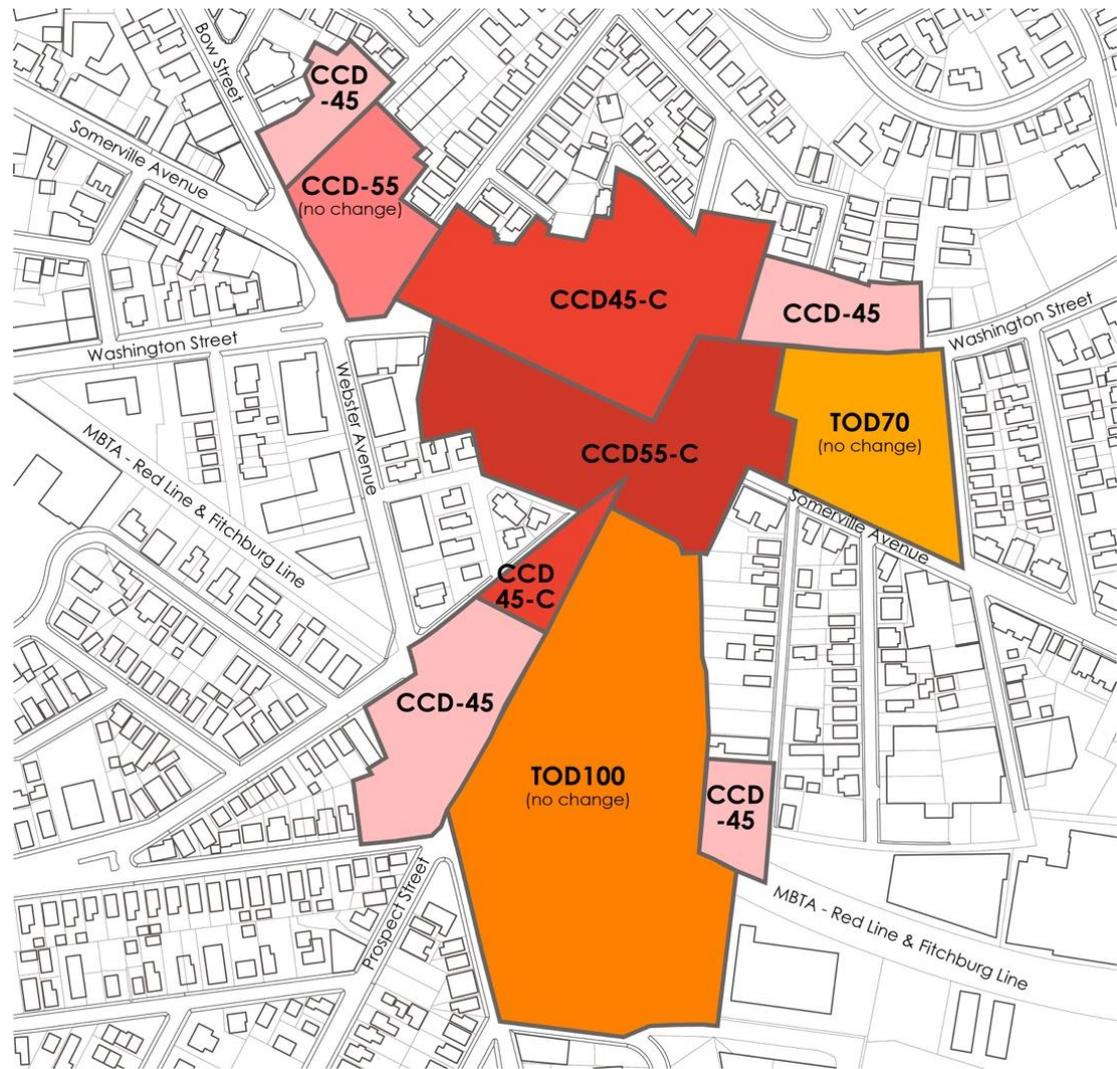
Maps

Current Zoning



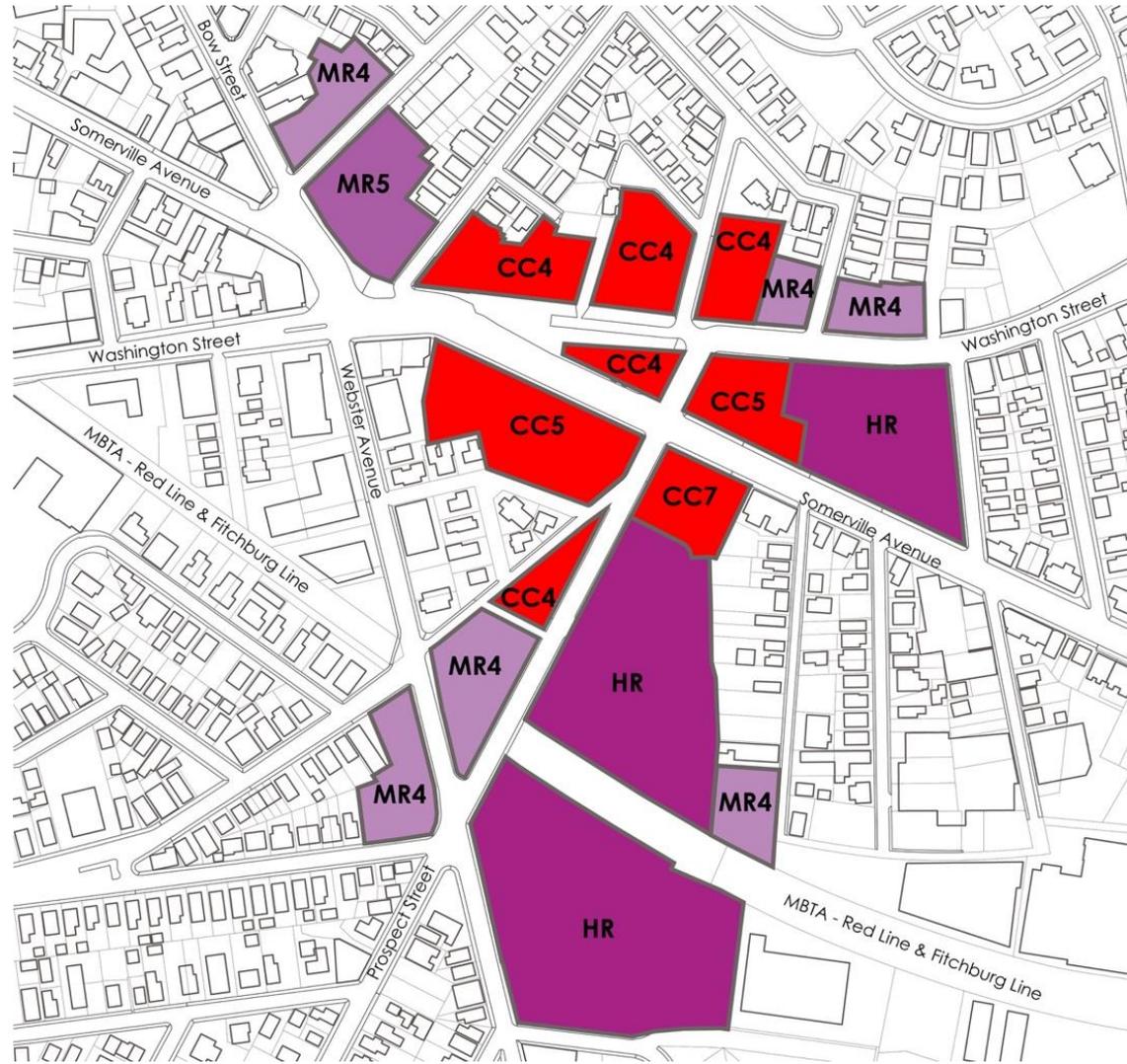
Maps

Base District



Maps

Overlay



2009 zoning → 2016/17 proposal

- Addresses challenges with 2009 base districts
 - ✓ Reduces buildings along Prospect Hill to 4 stories
- Establishes a “commercial core” district for commercial-only development
- Requires use of overlay for significant mixed-use development:
 - ✓ Uses building types that are compatible with the neighborhood plan
 - ✓ Requires 60% commercial development
 - ✓ Requires higher open space percentages
 - ✓ Establishes quality standards for open space
- The new zoning maintains:
 - ✓ The 20% affordable housing (from May 2016 amendment)
 - ✓ The 5% arts/creative uses

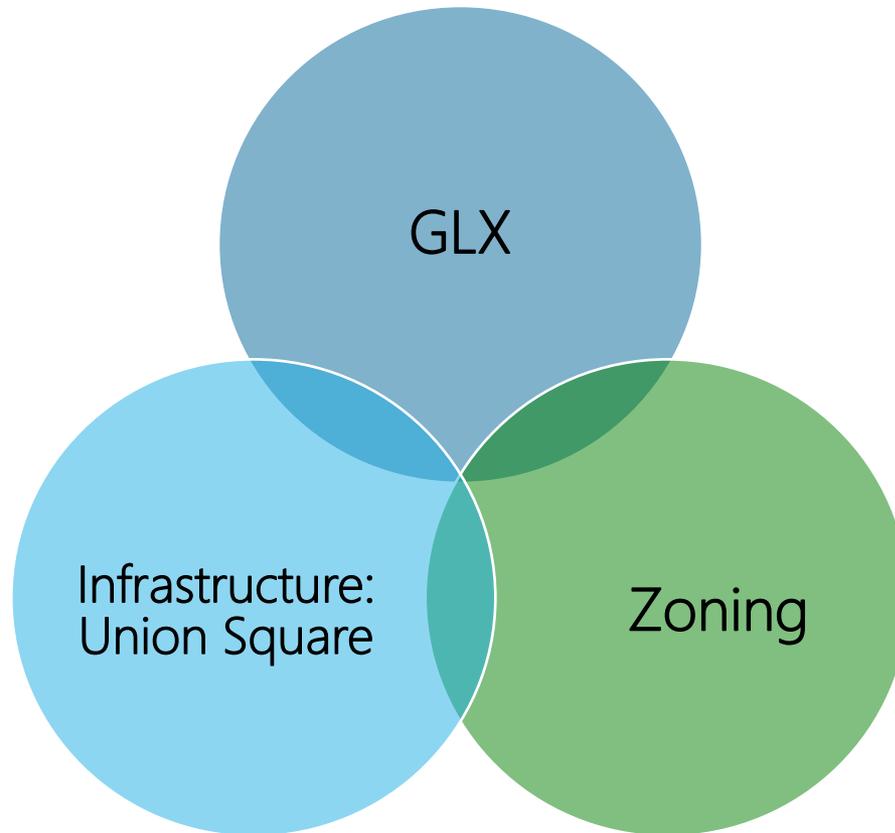


City of Somerville Zoning Amendment

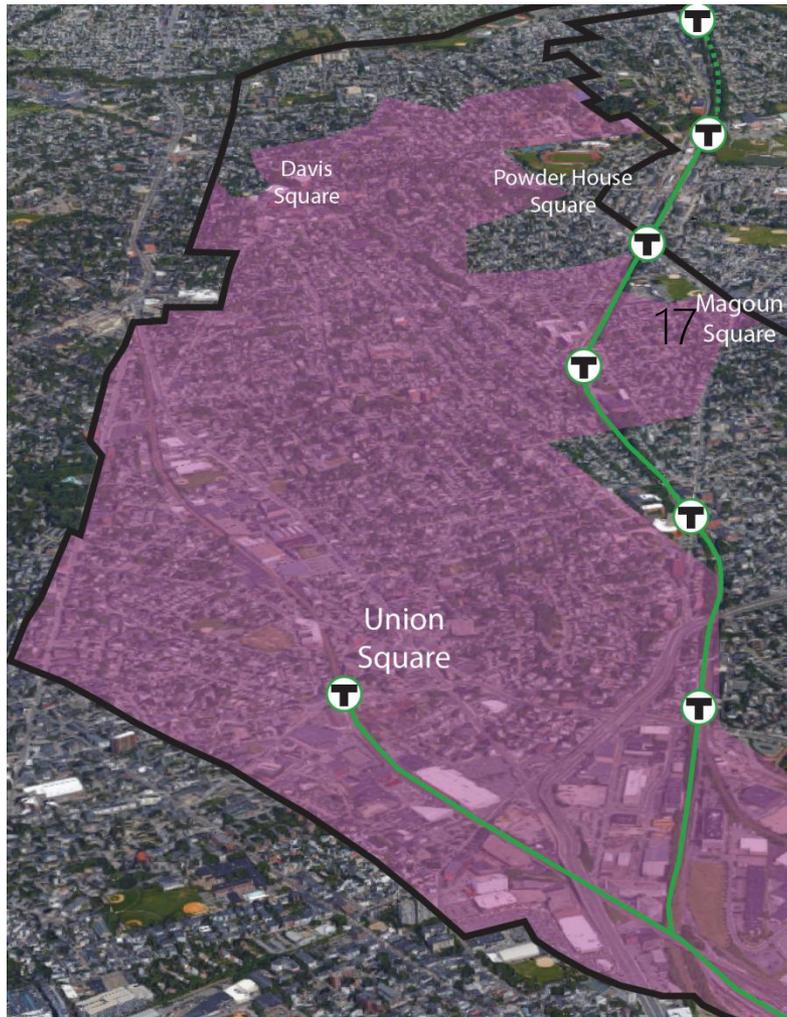
4. Review of Union Square Infrastructure Program

Infrastructure and Zoning

From the Mayor's 10/13 presentation,
delivering on SomerVision: [3 key commitments](#)



Infrastructure and Zoning



- Improves sewer service for ~19,000 households
- Stops sending 2 million gallons of groundwater and stormwater daily to Deer Island (long term)
- Fulfills obligations to MWRA & DEP
- Attracts private investment in USQ



Commercial → jobs, linkage



Residential → inclusionary housing

Infrastructure and Zoning



Implements USQ
Neighborhood Plan



Creates a vibrant public
realm



Creates complete streets
for all users



Expands tree canopy



Infrastructure and Zoning

Fiscal sustainability

- Grows tax base & shifts tax burden to commercial sector
- Reduces spending on infrastructure failures

Social equity

- Creates jobs
- Creates affordable housing
- Reduces residential share of tax burden

Public health and safety

- Reduces flooding and sewer backups
- Makes streets safer: more walkable, bikeable & vibrant → fewer crashes, less crime

Environmental sustainability

- Reduces GHG emissions
- Improves quality of our waterways
- Reduces energy wasted unnecessarily processing groundwater and stormwater





City of Somerville Zoning Amendment

5. Market for Commercial & Residential Development

Market for Commercial & Residential

Some background on commercial growth:

- Residential markets are proven, and robust in the Union Square plan area
- Commercial markets need to be cultivated – early interest is there
- Current graphs permit for D2 lab building to cover the first four years of commercial growth, with others to follow

What we know:

- Citywide zoning market study (RCLCO)
- Regional studies (CBRE)
- Assembly Square buildout to date
- Current development pipeline

We don't provide direct incentives for commercial:

- We are seeking to collect SIX fees off each commercial building:
 - (housing linkage, jobs linkage, I/I, Green Line, Union Infrastructure, Public Benefits)

Market for Commercial & Residential

What does this mean for the estimates?

We could get 30 years of growth at the same pace with less residential and more commercial, but a shift to more commercial is more likely to:

1. Slow down the speed of growth in the short term; while,
2. Potentially providing a higher overall growth in years 30-50



City of Somerville Zoning Amendment

6. Fiscal Impact Analysis

Fiscal Impact Analysis Update

Request: Develop new fiscal impact graphs that show the impact of a greater commercial development percentage

Fiscal Impact Analysis Update

Original graphs

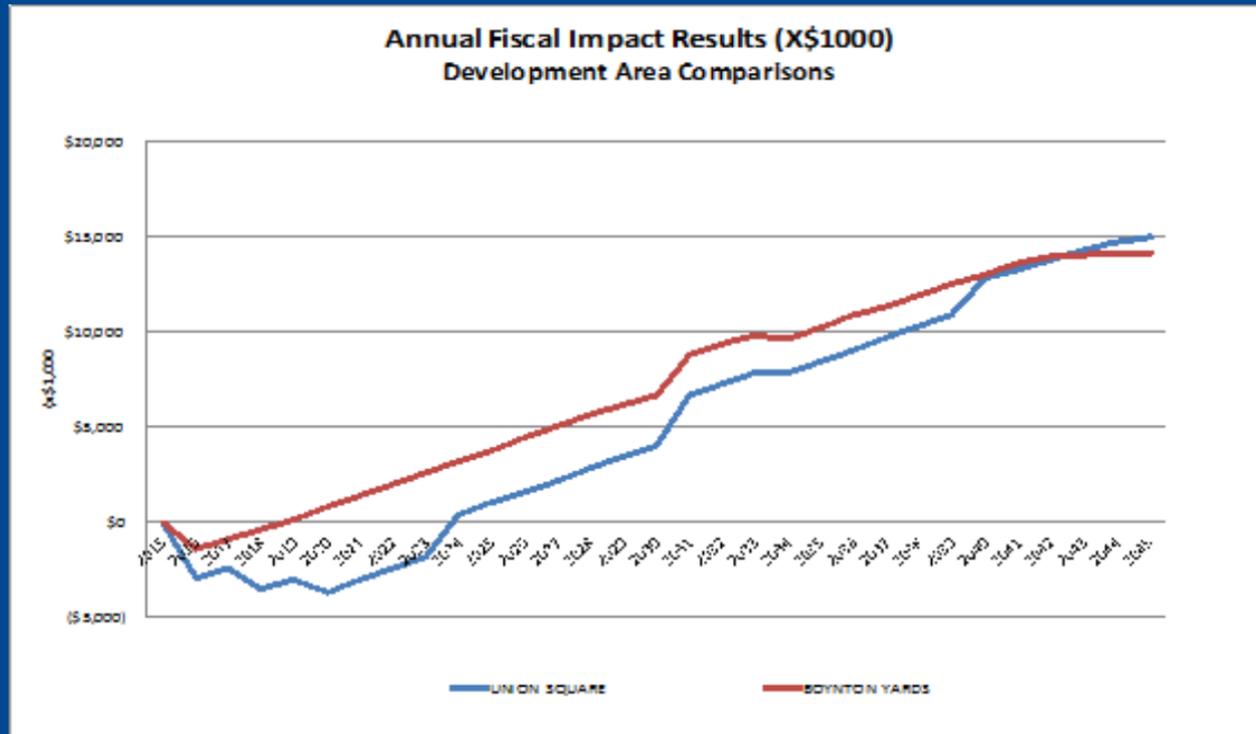
1. Expenses:

- Based upon actual city expenses in real current dollars
- Includes costs for all city departments and functions
- Incorporates Union Square infrastructure as a single bond in year 1
 - Water/sewer work that needs to be done
 - Streetscape that supports a future union square
- Does not incorporate:
 - DIF borrowing schedule
 - Direct developer contributions
 - Massworks grant

2. Revenue:

- Assumed buildout from the neighborhood plan (60/40 split)
- Assumed straight-line growth over 30 years
- Incorporates property taxes, and fees (conservative estimates)

Annual Fiscal Results



BLUE LINE - Union Square Net Fiscal Impact over 30 years

RED LINE - Boynton Yards (which is not discussed further in this analysis)



Fiscal Impact Analysis Update

Updated graphs

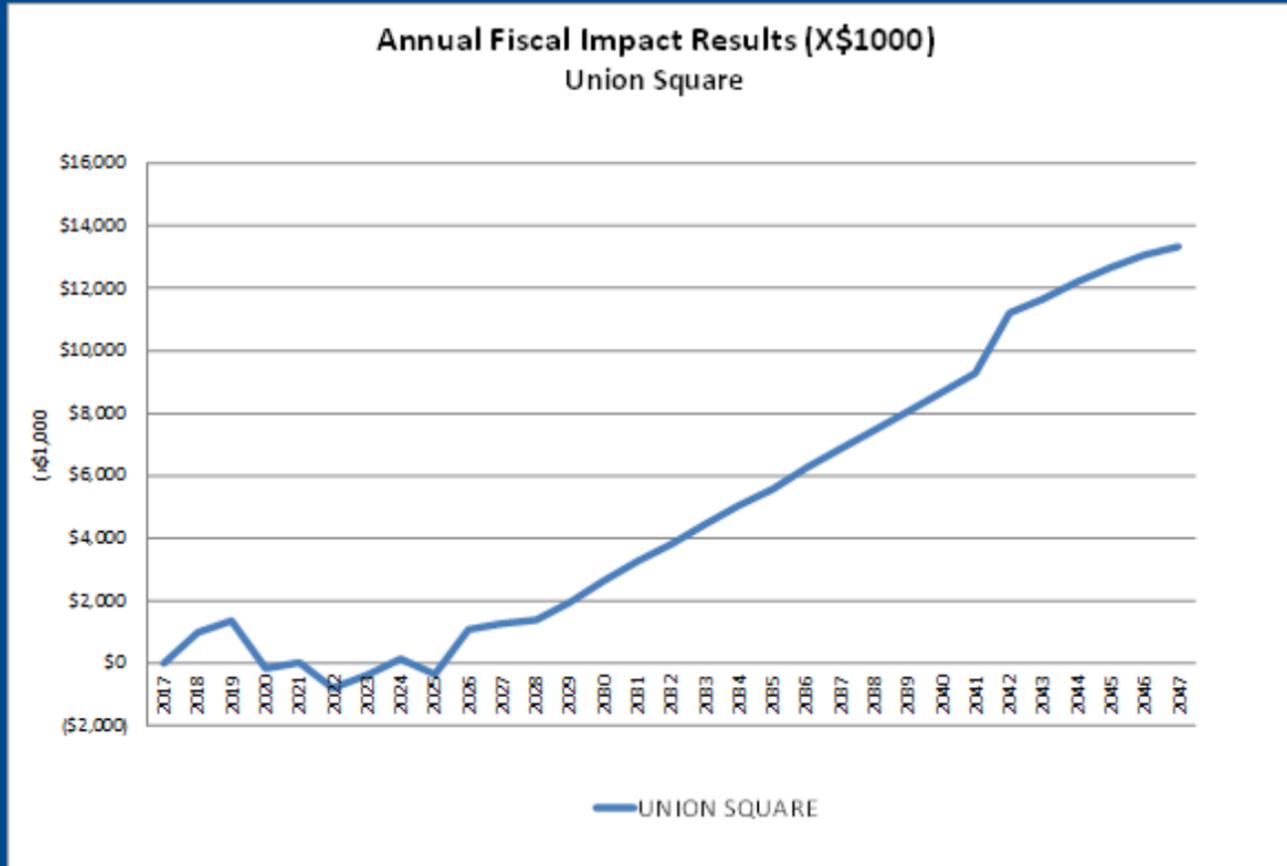
1. Expenses:

- Based upon actual city expenses in real current dollars
- Includes costs for all city departments and functions
- Incorporates Union Square infrastructure payments as anticipated in an updated bond schedule
 - Water/sewer work that needs to be done
 - Streetscape that supports a future union square
- Incorporates Massworks grant
- Incorporates DIF borrowing schedule
- Does not incorporate:
 - Direct developer contributions

2. Revenue:

- Assumed buildout from the neighborhood plan (60/40 split)
- Assumed straight-line growth over 30 years
- Incorporates property taxes, and fees (conservative estimates)

Annual Fiscal Results



BLUE LINE - Updated BASELINE Union Square Net Fiscal Impact over 30 years
This serves as the baseline for all future graphs in this analysis

Fiscal Impact Analysis Update

Baseline Scenario

Does it help?

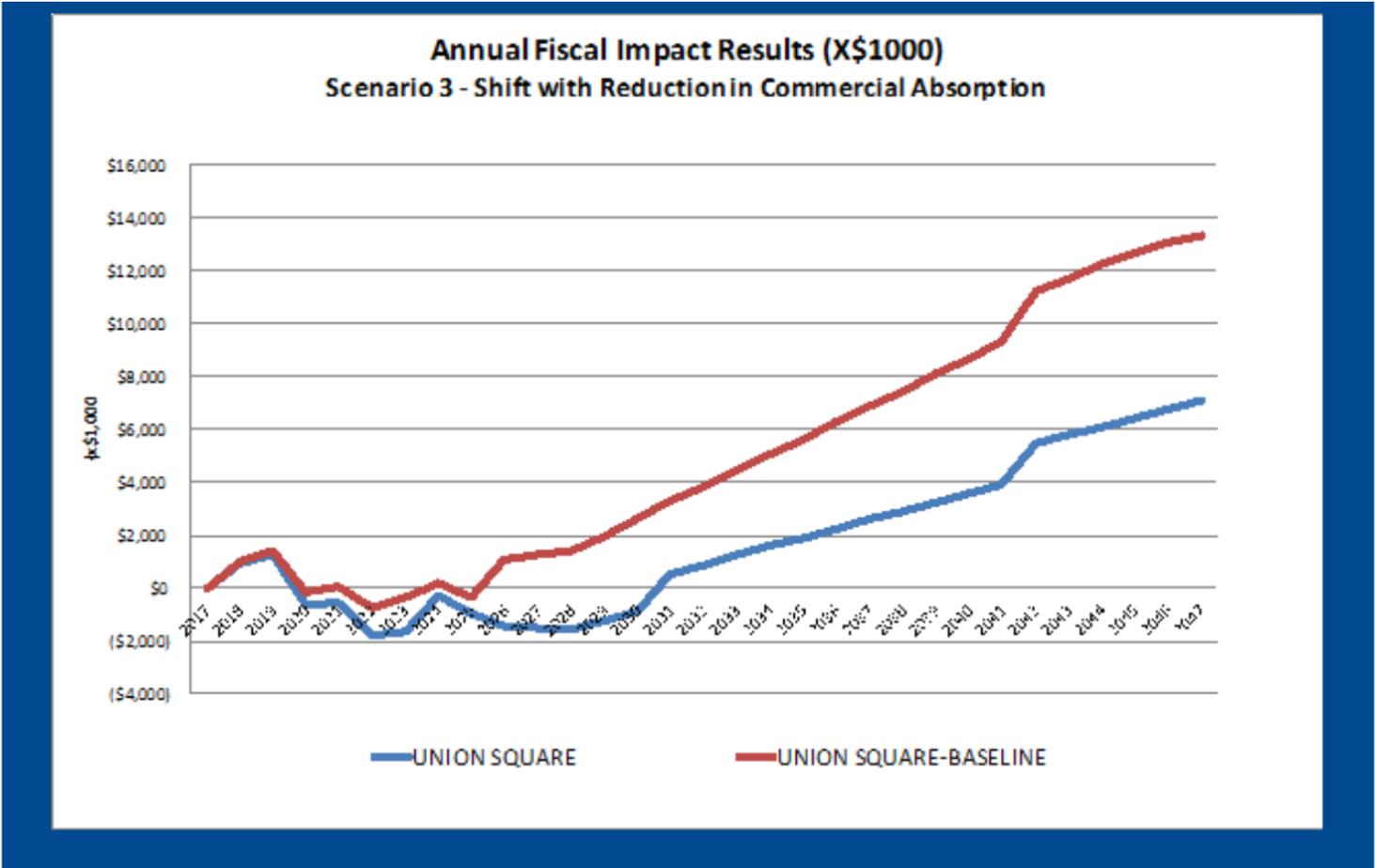
- The scenario creates long term fiscal growth and stability
- The scenario has some early year losses, that can be addressed with developer Contributions

Is it realistic?

- Planning and Economic Development staff believe that, while this scenario depends upon commercial market growth, it is aggressive but achievable

Does it meet SomerVision values?

- The project balances SomerVision goals for commercial and residential uses



BLUE LINE - Fiscal impact with adjusted MMUR and Commercial tracking the speed of residential growth
RED LINE - BASELINE Net Fiscal Impact

Fiscal Impact Analysis Update

Updated Scenario

Does it help?

- Revenue is significantly below baseline

Is it realistic?

- Planning and Economic Development staff believe that there is a substantial risk that increasing the commercial split will lead to an outcome like this, where the total commercial growth lags without the ability to use new residential development to establish the market

Does it meet SomerVision values?

- The project does not permit the City to meet SomerVision's residential goals



City of Somerville Zoning Amendment

7. Financing Infrastructure

Financing Infrastructure

- MassWorks grant (\$13M)
- Sale of Property assets
- Water & Sewer Enterprise and Stabilization Funds for utility
 - Favorable borrowing terms through DIF
- GO bonds for streetscape
 - Favorable borrowing terms & captured tax increment to retire bond through DIF
- Developer contributions
- I-Cubed

Financing Infrastructure

DIF (District Improvement Financing)

- Key benefit: favorable borrowing terms
 - Short-term borrowing for up to 5 years, compared to 2 without DIF
 - Align debt service payments with revenue increases
- Additional benefit: use captured tax increment generated by infrastructure investment to retire bonds



City of Somerville Zoning Amendment

8. Community Benefits Update

Community Benefits Update

Completed Elements

- Union Square Neighborhood Plan (published June 2016)
- Union Square Civic Advisory Committee (January 2014 – present)
- LOCUS Strategy Leaders (Nov 2015-Nov 2016)
 - Somerville Union Square Strategic and Community Benefits Plan (published April 2016, updated in November 2016)
 - Place Management Organization (PMO) Subcommittee (May-Nov 2016)

Community Benefits Update

Emerging Elements

- Union Square Zoning (pending)
- Zoning Covenants between City and US2 (pending)
 - Contribution towards GLX
 - Contribution towards off-site infrastructure
 - Contribution towards Community Benefits
 - Requirement for US2 to meet with broad-based representation of USQ community about community benefits
- Community Benefits Committee and Ordinance (under development)
- Union Square Neighborhood Council (planning)



City of Somerville Zoning Amendment

Questions?



City of Somerville Zoning Amendment

Union Square Zoning Amendment

Meeting #6

1.17.17