

November 30, 2023

VIA E-MAIL ONLY

Somerville Planning Board
Somerville City Hall
93 Highland Avenue
Somerville, MA 02143
planning@somervillema.gov

Re: P&Z 23-061 – 28-44 Broadway Plan Revision Supplemental Memorandum

Dear Honorable Members of the Planning Board:

On behalf of Lower Broadway Development, LLC (the “Applicant”), owner of the property located at 28-44 Broadway (hereinafter the “Site”), we respectfully submit this supplemental memorandum to express support for the proposed language set forth in OSPCD Staff’s October 20, 2023 memorandum that would change the MBTA and Bluebike pass requirements from the current Special Permit condition – which requires two perpetual one-year passes, renewed at every turn-over of every lease – to a more targeted condition that requires only two one-year passes for new leases for Affordable Dwelling Units, and two one-month passes for all other new leases (the “Revised MBTA and Bluebike Condition”).

I. The Applicant Wants to Move this Project Forward

The iterative permitting and development process, including the latest plan revision request, solidifies what we believe is a strong Project that benefits Somerville and the East Somerville community. To summarize the most pertinent elements of the Project, as proposed in the amendment: (i) 84 residential units – which number includes 16 ADU’s, (ii) 8,500 sf of ground-floor commercial space, and (iii) only 21 parking spaces, 5 of which are required to be offered to the ADU residents, and 4 of which must be provided to serve the commercial tenants.

When this Project was granted a Special Permit in June 2022, despite the relatively low parking ratio, the Permit included Conditions #7 and #8 requiring the perpetual provision of one-year of MBTA and Bluebike Passes per every unit resident (up to two per unit), re-set at each turn-over of each lease. With the then-approved 81 units, this Condition adds up to approximately \$98,000 in annual expenses for the Applicant (\$2,418 for two annual MBTA and Bluebike Passes, multiplied by 50% of the units, which is the anticipated average annual rental unit turnover rate), not to mention the first-year lease-up cost of almost \$200,000. With this Condition, especially in

this economic and construction environment, the Project is financially infeasible and cannot proceed forward.

Therefore, the Applicant has sharpened its pencils to determine precisely what it will take to finance this Project, in order to get shovels in the ground, and ultimately, to get heads in beds.

In short, the Applicant can proceed forward with the Project with the more tailored, Revised MBTA and Bluebike Pass Condition; it cannot proceed with the considerably more financially burdensome original condition. Further, it is important to note that the Revised MBTA and Bluebike Pass Condition goes *beyond* what the traffic engineers in the City's Mobility Department recommended originally *and* recommended in response to the Applicant's proposed amendment. *See PPZ Staff Report, June 13, 2022* ("Mobility reviewed the Transportation Impact Study (TIS) and Mobility Management Plan (MMP) before this project first appeared before the Board, and have reconfirmed that the approved MMP satisfies their concerns regarding traffic impacts."); *PPZ Staff Report October 20, 2023* ("Mobility Staff are satisfied with the original conditions in the approved MMP for the project relating to one month passes for the MBTA and Bluebikes.")

The Revised MBTA and Bluebike Pass Condition is an alternative recommendation that goes above and beyond the expert recommendation of the Mobility Department – the Mobility Staff also recommends simply providing only 1 month passes to all residents, as set forth in the MMP – but the Applicant nevertheless supports this compromise Condition in order to move the Project forward and avoid further debate. *See Staff Report October 20, 2023* ("Staff do not think it is necessary for these to be subsidized for an entire year... The conditions in the MMP are not intended as a long-term subsidy.")

In sum, the Applicant views the Revised MBTA and Bluebike Condition as a more tailored mitigation measure that offers one-year passes only for the residents who are most likely to have the *on-site option* of driving a single occupancy vehicle *instead of* taking public transportation; with only 21 parking spaces in the building that are required to serve *first* the Affordable Development Units and *second* the users of the commercial ground-floor space, the vast majority of non-ADU tenants will not have cars parked on Site, and therefore will not appreciably add to any traffic impact from the Project that would require transit-oriented mitigation.

II. The Current One-Year Pass Condition is Unique; the Project's Parking Ratio is Not

The parking ratio being provided by the Project is similar to several other recently approved residential projects also within a ½ mile of a transit station, yet these other projects were not burdened with a similarly severe mitigation condition.

Looking at other residential projects that have had their first public hearing before the Planning Board within the last two years and are within a ½ mile of a transit station (the "Residential Walkshed") – e.g. similarly situated projects – it appears that there have been only seven other

residential projects approved.¹ In total, these seven projects provided 385 residential units, and allowed residents to have up to 87 vehicles through a mixture of on-street parking permits and parking spaces. This is an average ratio of just below 1 vehicle per 4 residential units. This Project, by providing just 21 parking spaces for an 84 unit building with almost 8,500 sf of ground floor retail space, provides almost the exact same average ratio of 1 vehicle per 4 residential units. But none of these seven other approved-projects faced a traffic mitigation condition similar to the original condition requiring perpetual one-year MBTA and Bluebike passes to *all* residents. Therefore, the Project is currently burdened with a mitigation condition that goes well above and beyond conditions on other similarly situated projects.

III. The Applicant is Trying to Deliver Infill Housing, Which is What Somerville Needs

The Project plays a crucial role in helping alleviate the housing crisis in Massachusetts, yet it is one that is increasingly hard to deliver due to financing, construction costs, and the permitting process, especially in dense areas near public transportation.

It is no secret that it is becoming increasingly difficult for the costs of large multifamily housing projects like the Project to pencil out, and yet these are the types of projects that create the largest number of housing units. The cost of construction has increased significantly over the past few years, and simultaneously the cost of obtaining debt and construction financing has also ballooned. *NAHB Eye on Housing, May 2023* (stating that from the last quarter of 2022 to the first quarter of 2023, the average effective interest rate on all four categories of loans tracked increased at a higher rate than NAHB had seen since beginning to collect data in 2018).

In addition, from a zoning perspective, the Project is in a challenging niche, which is building much-needed large-scale multi-family housing outside of a UR or NR district in Somerville (as you all know, pursuant to the Zoning Ordinance, residential use is *only* allowed by-right in UR and NR). Thus, the discretionary nature of a multi-family project in Somerville, combined with many other challenging economic factors, have severely discouraged investment in new large-scale multifamily housing – all of this in the face of the Commonwealth’s serious housing crisis. *Boston Globe* (stating that Greater Boston has witnessed a 43 percent decline in housing permits issued in September 2023 compared to the previous year).²

In short, the Revised MBTA and Bluebike Condition represents what will continue to be an above-and-beyond mitigation measure, yet is one that will not hamstring this Project so that it cannot be financed or developed. We are writing with the hope that you will approve the proposed amendment *with* the Revised MBTA and Bluebike Condition – a one-year perpetual MBTA and Bluebike pass *only* for ADU units, and a one-month MBTA and Bluebike pass for all other new residents.

¹ 394 McGrath Highway, 7 Washington Street, 16 & 20 Medford Street, 366 Broadway, 299 Broadway, 59 Bow Street, 292 Beacon Street, and 494 Medford Street.

² <https://www.bostonglobe.com/2023/11/07/business/new-construction-greater-boston/>

Thank you for your consideration,

/s/ Jennifer Schultz

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