

Burlington Town Center's Answers to Questions about the Redevelopment

As you know, there have been many public meetings and City Council sessions on the proposed redevelopment of the Burlington Town Center mall. But many Burlington residents have let me know that it can be difficult to get a handle on all the details, especially as things change, and I know that it takes time to come to public meetings, review written material and plans, etc. to stay up to date. I also know that while a good number of people came out to support the project at the City Council during its deliberations of the Predevelopment Agreement recently, many others came to express concerns or have posted questions or criticisms of the project since that time. Therefore, in an effort to provide the most accurate information and images here are answers to questions I've heard; if you have other questions you want me to address, post them or contact me directly at dsinex@devonwoodinvestors.com. We will continue to answer your questions, and address your concerns.

Where are the plans and presentations for this project posted?

The City of Burlington has a dedicated webpage where all of the public presentations, documents, and plans can be reviewed <https://www.burlingtonvt.gov/CEDO/BTV Mall Redevelopment Process>
Here you will find:

- Photos visualizing the project from key locations selected by the City;
- A 3D animated "fly through" model and animated sun studies.

All of the public forums are also summarized on this webpage, and all the slides presented by the BTC Mall team at these meetings are posted too. You will also see the City's presentation on the its design assessment, including its conclusion that the project massing and program overall fit with the City's downtown development policies (like planBTV) and current context, and that the zoning should be changed accordingly. Improvements and refinement of the façades and architectural interest consistent with new proposed zoning will continue in anticipation of any permitting approval. Going forward, the City plans to keep this page updated throughout the Planning Commission and Development Review Board approval processes so that City residents have a single place to look for the most up to date material on the project.

Why is the project proposed to be 14 stories/160 feet high, more than the up to 105 feet of height currently allowed?

Many residents agree that the current mall building is a low, monolithic, awkward, inward facing waste of central downtown space. In designing the project, the owner has wanted to be responsive to what people desire for this portion of the downtown as expressed through the planBTV process and the many public forums and design meetings for this project. The public's input has caused the owner to change the project in many significant ways. The owner is proposing the project as designed to be responsive to the community's desire for a lot of different mixed uses and to maximize the potential of this site to serve many interests. In order to build the maximum amount of mixed income housing encouraged and allowed by the state's Priority Housing permitting law; add the office and commercial spaces demanded by the smart growth marketplace; affordably provide the needed parking without digging into the likely contaminated soil on the site; and turn the inside retail shops out to the street all while returning two

streets to public use, the project needs to go higher than current zoning. A great deal of time has been spent discussing the project's mix of uses and its height. The project is in a part of Burlington where 105 feet of height is presently allowed and there are already several tall buildings. PlanBTV calls for more density and greater height than currently allowed in this limited core downtown area to support housing and growth. The City's technical team has agreed that the project's proposed massing and uses are appropriate for this area of the City. Only 40 percent of the site is proposed to be built to the highest total allowed height because the building will be stepped back toward the center to help mitigate the feel of the height and shadows while providing roof space for storm water controls, outdoor tenant access, and good interior lighting. The photo views show that because of the topography of the City and many preexisting buildings the project will be well screened from many key locations, minimizing the impact of the proposed height. The permitting process will be an opportunity to refine the project materials and the look and feel of the façade through architectural features. If the project were not permitted to build at the proposed height, it would lose important uses (housing units, office space, etc.) and harm the project feasibility.

Why isn't there a physical 3D model we can look at?

The property owner heard the many public comments on this subject and responded to it by agreeing to give the City \$16,000 so the City can commission a physical 3D model, eliminating concern expressed about the owner preparing the model. This is in the Predevelopment Agreement approved by City Council. Physical models are not often used any more in preliminary designing; more advanced photo realistic images and animated computer models are often far more helpful in evaluating a project. That's why the owner provided more than three dozen City selected photo views of the project and a 3D fly through of the project, using the City's own digital topographical model to ensure its accuracy.

I heard the City is going to bond for about \$21M through Tax Increment Financing (TIF) to pay for the public streets and related improvements for this project – why should the City pay anything for this private development, and why use TIF?

The City is using this unique redevelopment opportunity to reacquire land to restore St. Paul and Pine Streets, both of which were lost to urban renewal more than 40 years ago. The City convinced the property owner to do this after hearing many residents call for restoration of the streets, and it will be a major benefit to Burlington. To pay for only the public streets and related improvements, the City will use a Tax Increment Financing (TIF) model which will use *increased property taxes generated by the project itself*, rather than other City taxpayers, to retire a special purpose bond for construction of these public improvements. This will mean that the redevelopment is not a financial burden on City residents and will leave general obligation bonding capacity for the City to address other critical infrastructure needs, on roads, at schools, etc. The City has been clear from the beginning that its support of the project is predicated upon fulfilling the planBTV vision, including street connectivity and streetscape improvements. The City will get its streets back, opening up important connections that substantially increase the desirability of this project for residents. The City's public streetscape infrastructure investment will be no more than \$21 million, under a completion guaranteed maximum price contract, with the balance of the over \$200 million project privately funded. These will be City owned, public streets. This investment means the project will have a 10% to 90% balance of public vs. private funding, conservative for this type of development. And while the City's TIF will pay only for the truly public aspects of this project, it is important to repeat that the TIF bond will be paid off by the developer's own

real estate taxes, not impacting City taxpayers. In other words, the TIF lets property taxes from *this project* pay for the public streets – rather than local taxpaying residents. This is not a project subsidy but instead a smart way for the City to reclaim this public infrastructure. Here are links to the City’s own analyses of the [tax payments](#) and [TIF impacts](#), showing that the City’s revenue is better off if this TIF investment and redevelopment happen.

What protections are in place to ensure that this project doesn’t end up like the hole in the ground in Newport, with the City and its residents left to clean up the mess?

This project uses a traditional debt/equity funding model with strong protections for the City and its residents. The funding for this project is the developer’s own funds and that of additional financing sources such as life insurance companies and pension funds. These are lower risk investors that will insist on seeing financial sureties for the project and will require significant pre lease commitments. This is a difficult but important project; the owner understands that and agreed to the protections the City asked for in the Predevelopment Agreement:

- At the City’s request, the owner agreed to provide underwriting/financial surety information to the City’s expert.
- The owner will provide the City with its feasibility studies and provide money for the City to commission its own.
- The assignment clause in the agreement requires the developer to stay directly and personally involved.
- The owner also agreed to language that expressly requires financial surety for not only the public street improvements but also the private improvements.
- The owner agreed to clearly define “construction” to include “demolition” so the City can be sure that it will not be stuck with a hole in the ground.

Nothing will occur onsite until the protections the City asked for are in place.

How come the parking garage isn’t proposed to be underground? It would help lower the buildings if we put the parking below grade.

The property owner looked into the feasibility of an underground garage. While the owner originally would have preferred to put the parking underground, unfortunately an underground garage will not work for both impact and cost reasons. It is estimated that a subsurface garage would require the excavation and relocation of approximately 234,000 cubic yards of soil (127,750 sq./ft. garage at 45 feet of excavation depth). Given the soils test results at adjacent sites such as the new Downtown Transit Center, we know that soils on this site likely will be considered contaminated and require careful management and appropriate disposal at solid waste landfills or other facilities. Excavation, transport, management, and disposal of this huge volume of material would cause significant project construction impacts. It would substantially extend the duration of the construction (approximately 9 months just for the required excavation transporting if done every day for 12 hours each day). It would require at a minimum approximately 19,500 truck trips to either landfills or other approved receiving facilities. It would also require an extensive and costly environmental assessment to pre characterize the potentially contaminated soil in place prior to construction or to identify a safe location in Burlington to temporarily stockpile the material while the necessary environmental assessment is performed to determine the

appropriate disposal options. The additional handling costs for removing, characterizing, trucking and appropriately disposing the soils is approximately \$135/cubic yard (assuming it all exceeds the applicable soil quality screening standards), totaling up to \$31 million. The additional construction costs to build an underground garage would also be substantial, estimated at \$22 million extra hard costs to shore up the excavation and appropriately build a garage underground. That means the cost of an underground garage would likely be \$53 million greater than the just over \$20 million cost of the self-ventilating, above ground garage being proposed. This substantial additional cost and the significant impacts associated with excavation make the underground garage option untenable.

I heard that the developer wants to be able to close the public streets he's building for private events. Is that true?

No. The Predevelopment Agreement requires that developer deed the streets to the City as a part of this project. The City and developer will negotiate the circumstances when the new City streets can be temporarily closed for public events, such as festivals, street fairs, and art shows approved by the City.

Why is the developer saying that he needs to keep this project on track for permitting? He seems unwilling to slow down the review process for this project even though it will have a lot of impact on the City.

There has been an almost two-year public process on how to redevelop this important downtown site, with substantial input from the public and the City. There are still a number of critical steps to fulfill – such as zoning, permitting, final development agreement approval, and a public TIF vote – to make this project a reality. But if the project is not completed on time, UVM Medical Center will be forced to find space elsewhere for the offices it seeks to lease; there are no other suitable sites in Burlington. This means jobs will leave downtown, costing the City vibrancy and revenue. The owner also needs to move forward with this project in order to actually secure (and keep) other tenants and lenders. The schedule agreed to in the Predevelopment Agreement should be achievable and reasonable; further delay beyond that schedule puts the project at significant risk.

Is the project going to be built in a responsible, energy efficient and environmentally sensitive way? It is such a large project – will it have negative environmental impacts?

The project will be built to LEED Gold standards and the developer will diligently seek that certification. The project will incorporate solar and energy efficiency measures (and will continue to evaluate whether other ideas – such as geothermal or waste heat – could be used). The project will incorporate storm water treatment systems that will *improve* the City's Combined Sewage Overflow problems, even though it will have more users onsite for wastewater. By leaving soils in place, the project will not risk any impacts from excavation. Building more densely on this 4-5-acre underutilized downtown site as proposed, rather than building the same uses in a suburb, will save open space and allow for better long term energy savings, by creating a hub of activity right downtown so residents and visitors can avoid driving.

What balance of housing is proposed for this project (inclusionary, market, student, unit size, etc.)?

20% of the apartments will be permanently inclusionary under City rules. Up to 30% of the apartments will be available to be leased under a master agreement with Champlain College. The balance of the apartments will be available at market rates. The owner expects most of these to be rentals but will continue to evaluate whether some can be made available for ownership. The units will be a mix of sizes, efficiency through 3 bedrooms, determined as final designs are put in place and will meet the size standards set by the City for inclusionary units.

What are the rents expected to be on those inclusionary units and how long will they remain a part of that program?

The inclusionary units must remain permanently available only to income qualified renters. By City rule, that means they are available to households with annual income that is 65% of median adjusted for household size. (Sec. 9.1.12 of comprehensive development ordinance). "Affordable" is defined by the federal Housing and Urban Development agency to mean that the total cost of housing, including rent and utilities, does not exceed 30% of the household's gross annual income.

In calculating rents, the following relationship between unit size and household size apply:

- Efficiency units = 1-person household
- One bedroom units = 1.5-person household
- Two bedroom units = 3-person household
- Three bedroom units = 4.5-person household
- Four bedroom units = 6-person household

(Sec. 9.1.12 of comprehensive development ordinance)

Based on the above, here are the calculations for the total monthly cost of housing (rent plus utilities) for each of these size apartments based on the 2016 HUD income limits:

Unit Type	Household Size	Median Income Adjusted for Household Size	65% of Median	Annual "Affordable" Housing Cost	Monthly "Affordable" Housing Cost
Efficiency	1	\$58,833.33	\$38,241.67	\$11,472.50	\$956.04
1 bedroom	1.5	\$63,083.33	\$41,004.17	\$12,301.25	\$1,025.10
2 bedrooms	3	\$75,666.67	\$49,183.33	\$14,755.00	\$1,229.58
3 bedrooms	4.5	\$89,400.00	\$58,110.00	\$17,433.00	\$1,452.75
4 bedrooms	6	\$108,600.00	\$70,590.00	\$21,177.00	\$1,764.75

It seems like housing students in a significant number of the apartments, rather than other residents, is not a good thing for the City – why does the project include a proposed Master Lease with Champlain College?

This is to assist in the City's own strategy recommendations in its "[City of Burlington Downtown Housing Strategy Report May 2014](#)." The Executive Summary (page 7) recommends that the City "encourage development of student housing on strategic downtown sites to free up existing housing inventory for other market segments. The economic and social benefits flowing from the historic mix of downtown residents across age and income has been disrupted by market pressures on many downtown neighborhood streets. Making available key public sites for production of purpose built student housing to serve UVM and Champlain College students will free up opportunities to re balance

impacted neighborhoods for families and other segments of the residential population.”

The City Council unanimously approved the administration’s [Housing Action Plan](#) in October 2015, which also includes the recommendation III (1) on p. 8 that states: “*Over the Next Five Years, Create Approximately 1,500 New, Well Managed Student Housing Beds On Campus and in the Downtown to Create a Better Balance in Our Community: Meeting this goal will reduce the number of students living off campus in Burlington’s historic neighborhoods by approximately 50 percent and restore a better balance to many of those neighborhoods. The City will not use public resources from the HTF or other sources of affordable housing creation to subsidize new student housing. Of the 1,500 beds, approximately 300 are accounted for by Champlain College’s Eagles project, 300 are accounted for by UVM’s redevelopment of the dormitories being rebuilt as part of the hospital expansion project (which will result in a net increase in on campus beds of that amount), leaving approximately 900 beds to make the goal. The City will take care to ensure that these new beds are created either on campus or in a way that does not distort the vibrant life of the downtown for all residents”* The owner did hear the concerns about the amount of student housing in the project, and cut in half the original number of units Champlain College had expressed interest in. The 80 units approved for a master lease arrangement by the City Council is about 30% of the total apartments. The owner also agreed to give the City a review of the arrangement after a 15-year initial lease. Champlain has a history of managing student apartment rentals well and it would be a good thing for Champlain to be able to put upperclassmen right downtown. A significant master lease like this also would make the project easier to finance and that’s a good thing for the overall project success. The City Council insisted, and the owner agreed, that the only master lease for student housing for this project would be for up to 80 units with Champlain College.

What about the impact on City services from this project?

This project has already started technical review sessions with City departments to address this question, and will go through Major Impact Review as a part of the permitting process, during which every relevant City department will be able to weigh in on these issues. Storm water handling and Combined Sewage Overflow events will be improved by the project. Streets will be opened, and the owner will conduct a traffic study as a part of permitting. The project will increase the tax base significantly. The owner believes that the project will be a major net benefit for the City and its services, but expects to go through that analysis thoroughly as required in the permitting process.

Won’t construction of this project be a real disruption in the City? How will other merchants, residents and visitors be protected from these impacts during construction?

The project will be phased in order to help minimize disruption to surrounding merchants and residents. The good news is that there are currently no streets traveling through the project, and so the owner will be able to erect construction fences and do the bulk of the construction job with relatively minimal direct disruption. The Church Street side of the project, from St. Paul to Church, will not be touched at all in Phase I, and therefore the daily activity on that street will not be interrupted. At the City’s request, a provision was added to the Predevelopment Agreement requiring the owner to work with the City on communications regarding construction disruption and on minimizing displacement of current tenants of the mall.

What are the economic benefits to the City, region, and state from this project?

The project has specific benefits to the City, including:

- More jobs: 900 direct and indirect construction jobs; 1,300 hundred permanent jobs
- Economic activity each year estimated at \$190 million
- Additional City real estate taxes of approximately \$3.3 million, plus increased sales, rooms & meals taxes
- A stronger retail base to improve all the City, rather than slowly shrinking retail in obsolete space
- Much needed downtown rental housing of mixed size and income type, including 20% inclusionary and market rate housing important to help Burlington's economic growth
- Newly reconnected streets to help restore the downtown grid and enliven the corridor between Church Street and Lake Champlain
- New offices so UVM Medical Center can keep jobs downtown, and so can other large institutional employers that otherwise have options only outside of downtown Burlington.

Here is the economic impact study commissioned by the owner from UVM Professor Kevin Chiang. The owner has also agreed that the construction jobs will have livable wages. Construction jobs will be offered to local, qualified workers, and the owner will participate in job fairs and training programs. The owner has said that this project has to work for the City, and recognizes that these labor commitments are important to show that. This project will bring jobs, activity and economic growth – beneficial for residents and visitors alike. There will be jobs at this project for a range of skills and backgrounds, from construction jobs skilled and unskilled, to maintenance, tech, retail, service/administrative, management, food preparation, and office jobs of various types.

Why do you expect that the redevelopment will actually *improve* not hinder Burlington's sewer system operation and storm water capacity?

The City of Burlington has more than sufficient sewer capacity to handle the added day-to-day wastewater that is expected by this redevelopment – and the redevelopment will actually *help* the City manage its storm water capacity. It is important to understand this 40-year-old development currently has no storm water systems at all – instead, storm water runs off unimpeded from this nearly 5-acre site onto adjacent streets and into the City's sewer system. Anyone who has been in downtown Burlington during a torrential rainstorm knows what happens – the sewer system cannot handle the increased water volume and some of our streets flood. Meanwhile, the lake is harmed because the City has to release wastewater to keep its treatment plant operational during these storms. The new development will incorporate modern systems and best management practices to help gather and hold storm water during a downpour, reducing the number of Combined Sewer Overflow events and improving the City's ability to withstand heavy rains. The developer's environmental engineers, Engineering Ventures, prepared this short summary at the City's request last March to explain the existing conditions and the expected improvement. Here is their report:

“Staff from Engineering Ventures have met with State staff and regulators to discuss the project on February 3, 2015 and February 4, 2016 to review the project. Meetings were also conducted with City of Burlington DPW staff on March 10, 2015 and February 10, 2016. During these

meetings, existing and proposed wastewater and stormwater management were discussed as follows:

Existing conditions:

Currently the Mall site is essentially 100% impervious and there are no onsite stormwater management systems in place. There is a separate stormwater system in College Street that handles some flow from just adjacent to the Mall on Bank Street. Wastewater and stormwater from the existing Mall site discharge mostly to the City combined sewer (wastewater and stormwater) system which is treated at the Main Wastewater Treatment Plant (MWTP). During rain events, the combined sewer system can reach or exceed capacity and the MWTP may be unable to treat all of the flow, resulting in combined sewer overflow (CSO) discharges.

Proposed conditions:

The City has made clear its goal of improving stormwater flow from the site in this project to offset increased wastewater discharge and reduce CSO discharges. The proposed uses at the site will result in an increase in wastewater discharge to the Burlington combined sewer. Several stormwater management strategies have been discussed with the goal of offsetting the increased wastewater discharge and reducing the peak rain event flows to the combined sewer system, thus reducing the combined sewer overflow occurrences at the MWTP. Stormwater management strategies discussed include traditional attenuation of stormwater (storage of rainwater in tanks and other structures with a slower rate of discharge), Low Impact Development stormwater systems (tree wells, rain gardens, green roof, infiltration practices, etc.) that would attenuate or reduce discharge (by infiltration or evapotranspiration of rainwater) and the potential to shift stormwater discharge locations to balance flows and capacity.

In summary, the project team has committed to upgrading stormwater handling on site by utilizing stormwater Best Management Practices (BMPs) that will reduce the rate which stormwater is discharged from the site, more than offsetting the increased wastewater discharge that will result from the increased uses proposed in the project.”