

Ten Common Questions about the Burlington Town Center Redevelopment

More information at www.burlingtonvt.gov/btvmall

1. What has happened with the project since the November 8, 2016 vote approving the Downtown Mixed Use Core (DMUC) Overlay and the use of up to \$21.8 million in Tax Increment Financing (TIF) for public improvements?

Following the vote, the owner of BTC officially submitted redevelopment plans for the necessary permits. The permitting process included public reviews of the proposed project and its design by the Design Advisory Board, Development Review Board, and Conservation Board. The public was invited to attend these meetings and provide input to the boards during the public forum. In March 2017, the Development Review Board unanimously approved the plans for the redevelopment of the Burlington Town Center.

2. Why is the approved project 14 stories tall? Why did the City advance the Downtown Mixed Use Core (DMUC) Overlay?

This quadrant of downtown between Bank and Cherry Streets was explicitly identified in *planBTV Downtown & Waterfront*- the City's official Municipal Development Plan – as a section of the city where larger buildings should be considered in order to meet the city's needs around housing and mixed-use development. While *planBTV* is not prescriptive regarding building heights, it does specifically identify the reconnection of Pine and St. Paul Streets as long-term City goals.

A two-year community planning process centered on the potential redevelopment of this property, which included substantial design changes and alterations to include the reconnected City streets, identified housing, retail, and community space as important uses. In order to accommodate these uses, including the 60 foot rights-of-way to accommodate the reconnected streets, the mall owner proposed a project with a maximum height of 160 feet. The City agreed to advance the DMUC overlay zoning amendment to ensure that *any* proposed project in this area, including the redevelopment of this key site, is able to deliver on the elements residents identified as important during the *planBTV* process. These include a mix of uses, community benefits and downtown infill housing that is close to public transit and amenities.

DMUC Overlay: The overlay includes requirements around uses, parking, signage, green buildings, and stormwater management, all of which are consistent with the goals of *planBTV*. The height increase to 14 stories is coupled with design requirements meant to improve and support the pedestrian experience, including:

- Gradual reduction in upper-story floor size (i.e., setbacks) to reduce perceived height and mass
- Street frontage design elements – horizontal and vertical – to encourage a varied facade
- Street activation, supporting pedestrian activity along the restored and existing streets
- Requirements for appropriate building materials in keeping with downtown buildings
- Requirements to provide visual interest at the street level through design features
- Amends the City's Official Map to include the future re-connection of Pine and St. Paul Streets as ADA-accessible rights of way accommodating pedestrians, bicycles and vehicles

Limitations of previous zoning: A height of 10 stories was allowed under the previous zoning, with little in the way of required design features, setbacks and other elements that contribute to a pleasing aesthetic. Bonuses included within the previous zoning had been ineffective at encouraging development that achieved housing and economic goals. Allowing increased height compensates for design requirements such as setbacks that have the benefits of reducing

perceived mass for the pedestrian and increasing light and airflow to the buildings and the street but decrease buildable square footage on the floors that must be set back. This is a trade-off.

Development potential: The overlay allows 12% more development (379,998 more gross floor area across the entire district) than could be achieved under previous zoning. However, on the BTC property itself, it allows 12% less development than was previously possible due to the creation of two new city street segments through the existing property.

3. Is the DMUC Overlay spot zoning?

The VT Supreme Court uses a four-part test to decide what constitutes spot zoning: (1) whether the use of the parcel is very different from the prevailing use of other parcels in the area; (2) whether the area of the parcel is small; (3) whether the classification is for the benefit of the community or only to provide a specific advantage to a particular landowner; and (4) whether the change in the zoning classification complies with the municipality's plan.

The DMUC Overlay addresses this test in several respects: It continues to allow office, retail, and housing (which are elements of the approved BTC redevelopment), all of which are current uses in surrounding parcels. The overlay encompasses a large area of seven parcels (12% of the Downtown District) in a section identified in *planBTV* as desirable for increased downtown housing, strategic urban infill, and mixed use development (long before the current mall owner was involved). The mall project will provide significant benefits to the community by re-establishing street connectivity and creating new jobs, housing opportunities, and tax revenues. The overlay complies with many elements of *planBTV* related to density, infill, housing, sustainability, the pedestrian and bicyclist experience, and reconnecting the street grid. *PlanBTV* is not prescriptive regarding building heights.

3. What is Tax Increment Financing (TIF), why is the City investing TIF funds in this project, and how will it affect my taxes?

TIF overview: When the value of a property increases as a result of it being redeveloped, additional property tax revenue is generated. TIF is a mechanism to capture those net new (incremental) taxes generated within a designated TIF district from the redeveloped property, and to use those revenues to help finance public infrastructure improvements. In other words, TIF relies on the incremental tax growth of a distinct area of properties to finance public improvements, and does not impact your property taxes. You can learn more about TIF here:

<https://www.burlingtonvt.gov/CEDO/Tax-Increment-Financing>

Use of TIF in the approved BTC project: In the predevelopment agreement approved by the City Council 10-1 on May 2, 2016, the property owner commits to building the new public improvements to the City's specification, and the City would purchase these public improvements only if they met the City's standards (using the new incremental tax revenue generated by the redevelopment to do so). New tax revenues generated by the redevelopment will be used to repay debt the City will incur in order to construct public streetscape improvements on Bank and Cherry Streets, and to purchase and construct new streets at St. Paul and Pine Streets, as well as other public improvements on a total area of up to 8 City blocks. It is important to remember that TIF funds would be used *only for the public, municipally owned infrastructure* portion of this project and not the *private* elements of the project.

Your taxes: Because the City proposes to use the increased tax revenues generated by the project to repay the debt incurred for improvements to St. Paul, Pine, Bank, and Cherry Streets, the project will *not* result in an increase in taxes for Burlington residents. Further, it is expected that the redevelopment will generate enough additional tax revenue to not only cover the City's annual TIF debt payments, but also contribute additional tax revenue to the General Fund.

4. What percentage of the project is inclusionary housing? Why isn't it more?

The most recent BTC redevelopment plan envisions the creation of up to 272 residential housing units across a spectrum of income levels, of which at least 55 units (20%) will be permanently affordable to low and moderate income households (affordable is defined as at or below 65% of area median income). This is in compliance with the requirements of the City of Burlington Comprehensive Development Ordinance, the "Zoning Ordinance," ([Art 9, Sec 9.1.9](#)). Many cities do not have inclusionary housing policies which guarantee the provision of affordable housing. Burlington has had its Inclusionary Zoning Ordinance in place for the past twenty-five years.

5. How are Burlingtonians benefiting from this project?

According to a March 2016 study, '*The Economic Impact of Burlington Town Center Mall Redevelopment*,' commissioned by BTC and prepared by Dr. Kevin Chiang, Full Professor of Real Estate/Finance, University of Vermont, the following benefits are anticipated:

- 547 new jobs during construction
- 957 additional permanent jobs from ongoing operations
- \$194 million in annual additional commercial activity in the regional economy
- \$2.4 million in tax revenue to the City in 2020, the first full year after completion of project

The BTC redevelopment is expected to lead to the following:

- 272 new residential housing units - at least 55 units (20%) will be permanently affordable
- Publicly accessible observatory on the Bank Street upper story and new community event room in Church Street portion of project
- 230,328 sq. ft. of office space and 126,813 sq. ft. of new retail space
- New indoor daycare space
- Automobile parking spaces for all uses and visitors, as well as significant bicycle parking and storage
- Payment of livable wages on the construction of both private and public improvements
- LEED Gold certification or nationally recognized equivalent
- Management of 100% of stormwater runoff. This is an improvement over previous ordinance requirements, which focused on management of 50% of stormwater runoff.

6. Will the reconnections of St. Paul and Pine Streets provide us with true public streets open to pedestrians, bicycles, and vehicles?

Yes. Reconnecting St. Paul and Pine Streets to restore north-south connectivity and the activation of Cherry Street to connect Church Street to the lake are two key goals of *planBTV* and were important elements in the public discussion of this project. The BTC redevelopment will reconstruct the missing block of Pine Street, providing access to shops and to Macy's; the street will pass underneath the existing 100 Bank building at ground level to reconnect with Cherry Street. The intent is to create "complete streets" that are ADA accessible and accommodate the needs of all users - motorists, bicyclists and pedestrians. The BTC project will also reconstruct and re-open St. Paul Street for the first time in nearly half a century, and as in the case of Pine Street provide associated streetscape enhancements. See presentation, BTC-Public Space Improvements: Restoring the Grid, Activating City Life for visuals:

<https://www.burlingtonvt.gov/sites/default/files/CEDO/Files/btvmall/BTC%20Public%20Improvements%20Presentation%2009012016.pdf>

7. Why isn't the parking proposed to be underground?

The mall owner initially planned to put the parking underground. However, after further analysis, it became clear that it would be prohibitively expensive in a way that would threaten the viability of the project, and would significantly disrupt activity in the downtown. According to estimates reviewed by PC Construction at the request of the mall owner, about 234,000 cubic yards of soil would need to be relocated, necessitating 19,500 truck trips to a landfill or receiving facility, and adding \$31 million to the project just for the disposal of soils, not including increased costs for constructing an underground garage. For additional detail, visit: <https://www.burlingtonvt.gov/CEDO/BTVMall/FAQ>.

It is also important to note that the currently proposed above ground parking has the potential to be repurposed for housing in the future, should parking needs diminish over time. If the parking garage were underground, it could not be easily repurposed.

8. How does the DMUC Overlay address sustainability through elements such as stormwater mitigation and LEED certification?

The City Council passed two amendments to the proposed DMUC Overlay at its September 12, 2016 meeting that represent important advancements in our current requirements, to ensure “greener” and more sustainable buildings. The first was to require LEED Gold certification or a nationally recognized equivalent for all new development and substantial redevelopment in the DMUC Overlay. The second was to require that 100% of stormwater runoff be managed to handle up to the 1 year, 24-hour design storm. In other words, stormwater management techniques must be able to handle the maximum amount of rain we could expect to get in a single 24-hour event during the course of one year. This is an improvement over the existing ordinance, which focuses on management of 50% of stormwater runoff.

9. Has an economic impact study been done? What about a market study on the demand for housing, office and retail in the downtown? Has the capacity of the development team to successfully complete this project been evaluated?

Economic impact and market studies: In March 2016, an economic impact study titled “The Economic Impact of Burlington Town Center Mall Redevelopment” was prepared by Dr. Kevin Chiang, Full Professor of Real Estate/Finance, University of Vermont. This study, commissioned by BTC, has since been reviewed by the City. The BTC team also commissioned a market feasibility study of the entire development project, titled “Market Feasibility Assessment – Burlington Town Center,” which analyzes the demand for housing, office and retail, among other aspects. This market feasibility study was undertaken by Doug Kennedy Advisors of Norwich, Vermont. According to this report, “A review of the core financial elements – of the projects’ major components, as well as a combined assessment, indicate that the project is economically feasible and represents a viable investment for the developer.”

To evaluate this and other claims of the feasibility report, the City hired ECONorthwest, a professional third party firm and a member of the City’s technical team throughout the redevelopment process, to conduct an independent review of the market feasibility study. ECONorthwest perceives the market feasibility analysis as generally well-conceived and is in general agreement with its findings. You may view both studies at: <https://www.burlingtonvt.gov/CEDO/Project-Documents> under “Economic Impacts Assessments.”

Evaluation of development team: The City also hired ECONorthwest to evaluate the capability of the private development team to successfully execute this project. This work entailed reviewing the BTC development team's past performance and financial capacity, BTC deal structure, preliminary development documents, preliminary financial pro forma, anticipated development costs and review of documentation regarding the developer's experience and capability. Based on ECONorthwest's report, "The project developer, Mr. Donald Sinex, has considerable real estate development experience with large scale complex projects in three east coast cities and has developed strong working relationships with financial institutions as well as experience navigating through the development approval process." That report is available [here](#), with an addendum adding additional detail available [here](#).

10. How can we be assured that the City is protected in the event that the developer pulls out of the project or cannot obtain financing?

The pre-development agreement is structured to protect the City from construction and development risks through a number of critical provisions:

- The public improvements will be priced properly through an open-book, competitive bid process;
- The City will reimburse the property owner only after the public improvements have been fully constructed to the City's design and performance standards; and
- The City will reimburse the property owner through issuance of a bond or similar debt instrument only once the property owner completes the project in a manner which generates sufficient tax revenues for the City to service the debt, utilizing TIF.