December 2018

Newton Development Peer Review
Northland Newton Development

City of Newton, Massachusetts

RKG Associates, Inc.
76 Canal Street, Suite 401
Boston, MA 02114

RKG ASSOCIATES INC

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TECHNICAL MEMORANDUM

At the request of the City of Newton's Planning Department, RKG Associates (RKG) has completed a series of peer reviews and independent analyses with regard to the proposed Northland Newton development located at the corner of Oak Street and Needham Street. The reviews and analyses conducted by RKG include the following, all of which are discussed in a series of memos below:

- Market Assessment for Residential, Office, and Retail Development
- Peer Review of Northland's Fiscal Impact Analysis
- Peer Review of Northland's Economic Impact Analysis
- Housing Accessibility Assessment

INDEPENDENT MARKET ASSESSMENT

A. Introduction

RKG, as an independent consultant for the City of Newton, completed a market assessment of the proposed uses and scale of the Northland Newton development site. The Special Permit Application for the Northland Newton development dated August 10, 2018 identifies a development program consisting of the following components:

- 822 residential units, of which 123 units will be set aside as affordable housing to meet Newton's Inclusionary Zoning requirements. Residential units will be divided among studios, one-bedroom, two-bedroom, three-bedroom, live/work units, and townhomes.
- 193,200 square feet of office space (180,000 square feet useable).
- 237,097 square feet of retail space (185,200 square feet usable).
- 4,000 square feet of community space.

At full build-out, this project will add a substantial number of residential units to Newton's existing housing stock and bring over 360,000 square feet of new or rehabbed commercial space[1] onto the market. At the City's request, RKG has performed an assessment of the multi-family residential, office, and retail markets in and around the City of Newton to provide an understanding of how this project could fill unmet needs and space demands. This analysis is intended to help the City identify any potential challenges the project may face in the current marketplace.

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[1] The office component is proposed for Building 1, which is an existing 193,200 square foot largely vacant office building last renovated in 1996.

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B. Multi-Family Residential Market Assessment

The purpose of this multi-family residential review is to provide the City with an understanding of the need for both market rate and affordable housing in Newton and how the proposed project compares with other similar projects in the immediate area.

The Northland Newton project is proposing a total of 822 units, of which 123 units (15 percent) will be set aside as affordable.[2] The project includes a mix of unit types including studios, one-bedroom, two-bedroom, and three-bedroom apartments, live/work units, and three-story townhomes. Northland is proposing a mix of 10 percent studios, 45 percent one-bedrooms, 40 percent two-bedrooms, and 5 percent three-bedrooms. The residential uses will be spread across ten of the proposed thirteen buildings on site, with most of the residential development located in the upper stories of buildings leaving the first floor for commercial space and other ancillary uses. This project is unique in Newton both in its overall unit count and its mix of unit types on the same site.

ANALYSIS AND FINDINGS

Housing in Greater Boston has become a major focus of local, regional, and state government as costs continue to rise and residents are forced to look further out for housing options that match incomes. Housing challenges are magnified within the fifteen communities that comprise the MAPC's Metro Mayors Coalition[3], of which Newton is a member. Rent and sale prices in our region are among the highest of any metropolitan area in the country with many households having to dedicate more than 30 percent of their income to cover housing costs. This is problematic because households spending more on housing costs are forced to cut spending in other places including food, transportation, or education. One of the primary challenges facing the region is the continued population and economic growth at a time when new housing starts are not keeping pace with demand. Since 2010, Metro Mayors communities have added nearly 110,000 residents and 148,000 new jobs while permitting only 32,500 new housing units.[4] Population and employment growth is unlikely to slow in our region as businesses seek access to our talent pool and Baby Boomers retire freeing up thousands of additional job opportunities.

Local Housing Needs

In Newton, a similar story continues to unfold. The city's housing stock is dominated by single-family homes and condominiums (70 percent of all units), and duplexes and three-family units comprising another 21 percent. Multi-family units make up only 8 percent of

[2] If updates to the City's Inclusionary Zoning Ordinance pass, this project would be required to provide 145 units of affordable housing at a variety of AMI levels.
[3] Coalition includes Arlington, Boston, Braintree, Brookline, Cambridge, Chelsea, Everett, Malden, Medford, Melrose, Newton, Quincy, Revere, Somerville, and Winthrop.
[4] Housing Metro Boston, Metro Mayors Coalition Regional Housing Task Force. MAPC, 2018.

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the city's stock.[5] The limited diversity of housing options and price points has been noted as a constraint to supporting a growing senior population in Newton and attracting younger residents and workers.

Findings from Newton's 2016 Housing Needs Analysis showed strong demand for smaller, more affordable rental units to support smaller households particularly for seniors who are looking to downsize and to help attract and retain residents ages twenty-five to forty-five. Between the years 2000 and 2013, Newton gained close to 4,600 residents over the age of fifty-five while the city lost 4,100 residents between the ages of twenty-five and forty-five.[6] The loss of residents ages twenty-five to forty-five is problematic as these residents may work in Newton, have expendable income that supports local businesses, and add to the vibrancy and diversity of the community. These population cohorts tend to look for similar product types in fully-managed and amenitized buildings in a location that is close to shopping and dining destinations and transportation options. The demand from these two cohorts has created a marketplace for smaller units from studios to two-bedrooms.

The Housing Needs Analysis also pointed to the need for affordable housing and housing for residents with disabilities. Newton's rapidly rising housing prices (both ownership and rental) have created a situation where residents are either priced out of the community or must make the conscious choice to spend more than 30 percent of their household income on housing costs. Estimates from the Housing Needs Analysis showed a demand for over 5,000 housing units priced at or below 80 percent of the area median income (AMI). Yet, for housing priced at or above 100 percent of AMI there is an "oversupply" of nearly 6,400 units. The reason for this supply/demand imbalance in Newton is the mismatch between what households can afford at different AMI thresholds and the price of both ownership and rental housing units. The high cost of housing in Newton forces households at the lower income thresholds to set aside a larger share of their income to cover housing costs. This is by no means a Newton-specific challenge as housing supply/demand imbalance is common across many Metro Mayors communities, but Newton's high housing prices and lower multi-family rental supply exasperate the issue. The supply/demand imbalance will also continue to push lower-income households out of Newton and diminish diversity throughout the city.

Housing for residents with disabilities is also in demand across Newton. The Housing Needs Analysis pointed out that in 2013 there were 6,200 residents with disabilities living in Newton. More than half of those residents were over the age of sixty-five. To help meet the needs of disabled residents in Newton, the city has 542 units or rooms available to

[5] All data in this section is from the 2016 Housing Needs Analysis and Strategic Recommendations, City of Newton. RKG Associates, Inc. 2016. Unless otherwise noted.
[6] Ibid.

income-eligible people with special needs. This inventory only provides housing options for 8.6 percent of the city's population with disabilities. While it was not possible to determine what percentage of the city's disabled population needs housing assistance due to limited income, it was assumed the income restricted accessible units are not meeting the demand.

Future Housing Needs

The 2016 Housing Needs Analysis estimated that Newton would need to add between 1,900 and 3,300 additional housing units between now and 2030 to keep pace with population growth and household size/formation trends.[7] This estimate only takes into account population growth in the City of Newton and does not take into account the added demand coming from the larger Boston region. The Metro Mayors Coalition has established a target of 185,000 new housing units by the year 2030 to support continued population and economic growth. The challenge in Newton has been the approval and construction of housing in a timely manner to keep pace with demand. Between 2000 and 2013, there were only 683 net new housing units constructed in Newton most of which are priced for households at or above 200 percent of AMI. The relatively low level of development activity has not had a substantial impact on the diversity of housing types or price points. This has led to continued price escalation, reduced vacancy and availability, and continued reduction in naturally-occurring affordable housing across the city.

Looking forward, the growing senior population and desire to attract and retain younger residents in Newton speaks to the need for smaller units in buildings that are well-managed, include on-site amenities, and are conveniently located near transportation options and activity centers. The market for smaller rental units is prevalent across the Boston region with many developments similar to Northland Newton comprised of a typical mix of 5-10 percent studios, 40 percent one-bedrooms, 40 percent two-bedrooms, and 5-10 percent three bedrooms. The market for smaller units does not appear to be going away any time soon, as younger residents are attracted to the Boston area by job prospects and the desire to live closer to the urban core. Attracting and retaining younger residents is key to keeping Newton vibrant, supporting local business, and providing places for residents to live that are closer to where they work. Senior households continue to grow in number and are also attracted to communities closer to the urban core, particularly senior households with money from the recent sale of their single-family home.

In addition to smaller market-rate rental units, there will continue to be substantial demand for affordable housing that is priced to meet the needs of households at a variety of income thresholds. The need for affordable housing will only grow as a constrained

[7] Ibid. Housing unit range reflects MAPC's status quo versus stronger region population and household projections.

regional housing market drives up housing prices and limits availability to only those households that can afford it. The affordable housing need identified in the 2016 Housing Needs Assessment (a demand for over 5,000 housing units priced at or below 80% of AMI) continues to hold true as Newton has not made substantial progress in permitting additional affordable housing units. Similarly, the need for affordable housing that is also accessible to residents with disabilities continues to be a need that has gone largely unmet.

Northland Newton's Role

Given the substantial housing need for both market rate and affordable units identified in the 2016 Housing Needs Analysis, the Northland Newton project will provide a much-needed infusion of units into Newton's multi-family market. The project is anticipated to include a mix of unit sizes and unit types (apartments, live/work, townhouses), as well as market rate and affordable units. The sheer size of the project, at 822 total units, means Newton will get 15 percent of those units set aside for affordable housing unless changes to the Inclusionary Zoning Ordinance pass requiring additional units. Although this project will be phased in over several years, the addition of these units will help to chip away at the city's housing needs for current and future residents. The project will also include forty-five fully accessible Group 2A units for residents with disabilities, some market rate and some affordable.

MULTI-FAMILY MARKET TRENDS

The Brookline/Brighton submarket which contains all of Newton and parts of Brookline and Brighton[8] has seen steady inventory growth and rent growth, as well as a lower average vacancy rate than the larger Boston region.[9] The submarket has seen about a 1 percent average inventory growth over the last six years with a steadily increasing vacancy rate. Apartment vacancy in

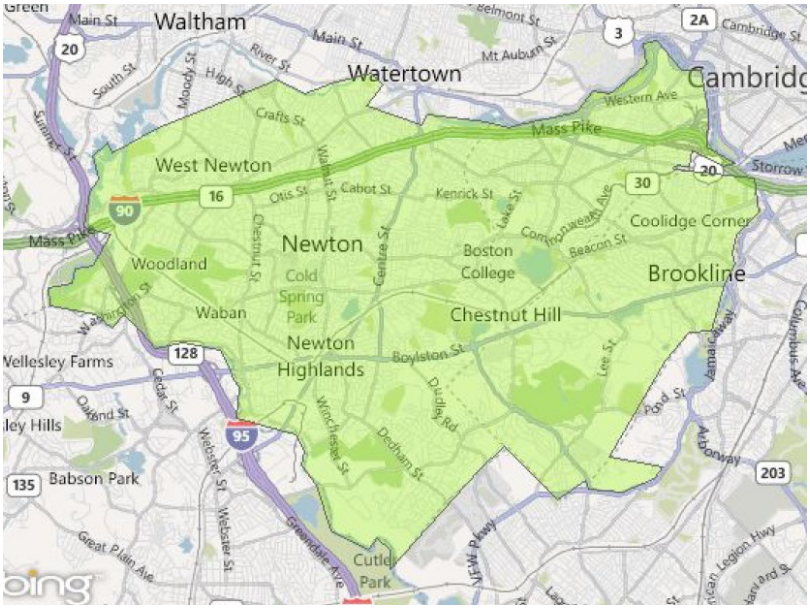

Figure 1 – Brookline/Brighton Submarket Map

[8] REIS data is broken out into submarkets for more detailed analyses. The City of Newton falls within the Brookline/Brighton submarket.

[9] The Boston region is generally defined by the communities along and within Interstate 495.

2014 was 2.3 percent (extremely low) and has risen to 5.8 percent in 2018. Apartment unit completions averaged 208 new units a year over the last six years, with an average net absorption of 115 units per year. Average asking rents continue to rise, with apartment units constructed after 2009 having an average asking rent of $3,735 a month. These units are also in buildings with the highest vacancy rates. Apartment buildings constructed after 2009 have an average vacancy rate of 14.2 percent.[10]

Despite this development, the Brookline/Brighton submarket suffers from a lack of new construction, with 72 percent of apartment units constructed before 1979. RKG assumes that the new multi-family units at Northland Needham will be Class A units and seek top of market rents. Submarket trends for the Class A apartment category show and average of 188 new apartment completions per year for the last three years, with an average net absorption of 116 units per year.[11] Class A vacancy has hovered between 5 and 6 percent over the last three years which is still within a reasonable range for apartment buildings, particularly those charging top of the market rents.[12] Not surprisingly, rents continue to escalate closing out at an all-time high of $3,026 per month at the end of Q3 2018.

Comparable Properties

Looking at possible comparable properties, RKG pulled four Class A multi-family rental developments built in the last ten to fifteen years each including more than 100 units all located within five miles of Northland Newton.[13]

Avalon at Newton Highlands

This development was completed in 2003 and includes a total of 178 units, which is nearly double the average property size in the Brookline/Brighton submarket. The property includes 11 percent studios, 23 percent one-bedrooms, 43 percent two-bedrooms, and 23 percent three-bedrooms. The current vacancy rate at this Avalon development is 1.7 percent, quite a bit below the average for the submarket. The average asking rent per square foot for this property is $3.44 for a studio (avg. size of 570 sqft.), $2.70 for a one-bedroom (avg. size of 1,039 sqft.), $3.78 for a two-bedroom (avg. size of 992 sqft.), and $2.59 for a three-bedroom (avg. size of 1.655 sqft.).

Figure 2 – Avalon at Newton Highlands

[10] Apartment market data provided by REIS for the Brookline/Brighton submarket. Quarter 3, 2018.
[11] Net Absorption is measured by deducting residential units vacated by tenants and made available on the market from the total number of residential units leased up over a period of time. REIS, Class A Submarket Class Cut, Quarter 3, 2018.
[12] A 5 percent vacancy rate is typically considered healthy, when supply and demand are close to equilibrium.
[13] Information on comparable properties comes from REIS Comparable Properties Reports, Quarter 3, 2018.

Avalon at Chestnut Hill

This development was completed in 2006 and renovated in 2016 and includes a total of 163 units. The property includes 3 percent studios, 31 percent one-bedrooms, 35 percent two-bedrooms, and 31 percent three-bedrooms. The current vacancy rate at this Avalon development is 3.7 percent, still below the average for the submarket. The average per square foot asking rent for this property is $5.75 for a studio (avg. size of 400 sqft.), $3.22 for a one-bedroom (avg. size of 900 sqft.), $3.04 for a two-bedroom (avg. size of 1,120 sqft.), and $2.66 for a three-bedroom (avg. size of 1,850 sqft.).

Charles River Landing

Located less than a half-mile from the Northland Newton site is the Charles River Landing development. This development was completed in 2010 and renovated in 2016 and includes a total of 280 units. The property includes 48 percent one-bedrooms, 52 percent two-bedrooms. The current vacancy rate at this development is 3.2 percent, which is lower than the average for the submarket. The average per square foot asking rents for this property are $2.93 for one-bedrooms (avg. size of 961 sqft.) and $3.52 for two-bedrooms (avg. size of 1,220 sqft). Prices are quite a bit higher at this development due to larger average unit sizes, on-site amenities (pool, clubhouse, fitness center, outdoor spaces, etc.), location on the river, interior unit design, finishes, and appliances.

Avalon Station 250

Avalon Station 250 in nearby Dedham is located adjacent to the Legacy Place lifestyle center and across Rustcraft Road from an MBTA Commuter Rail station. This development was completed in 2009 and includes a total of 228 units. The property includes 42 percent one-bedrooms, 54 percent two-bedrooms, and 3 percent three-bedrooms. The current vacancy rate at this Avalon development is 0.4 percent, substantially below the average for the submarket. The average per square foot asking rents for this property are $2.57 for one-bedrooms (avg. size of 849 sqft.), $1.90 for two-bedrooms (avg. size of 1,269 sqft.), and $1.97 for three-bedrooms (avg. size of 1,377 sqft.). The lower prices are likely due to the Dedham address versus a Newton address, but the price point and location are helping this property maintain a very low annualized vacancy rate.

Figure 3 – Avalon Station 250

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CONCLUSION/QUESTIONS

As rents continue to climb, vacancy rates do as well. This may be a result of the large number planned and permitting multi-family units coming into the market and price points pushing residents further from the Boston core. While 2018 is expected to see a record 7,157 apartments delivered in the Boston market, the number of units entering the market through 2022 is expected to slow. This may result in reduced vacancy at the Class A and B/C levels, potential price stabilization, and a balancing out of completions to absorption.

Given the substantial housing need for both market rate and affordable units identified in the 2016 Housing Needs Analysis, the Northland project will provide a much-needed infusion of units into Newton's multi-family market. The project is anticipated to include a mix of unit sizes and unit types (apartments, live/work, townhouses), as well as market rate and affordable units. The sheer size of the project, at 822 total units, means Newton will get 15 percent of those units set aside for affordable housing. Although this project will be phased in over several years, the addition of the affordable units will help current and future residents of the city. The project will also include forty-five fully accessible Group 2A units for residents with disabilities, some market rate and some affordable. The full build-out of the project is expected to take several years, thereby spacing out the entry of new housing units to the market and allowing for reasonable absorption and stabilization over a period of time. Unit sizes and bedroom mix are in line with other similar investment grade multi-family properties in and around Newton. RKG anticipates monthly rents to be competitive with other market-rate properties.

Considering the preceding analysis and findings, RKG offers the following:

- Does the proponent have rent projections for the housing units by size and type?
- What is the anticipated allocation of the affordable units by AMI?
- If first floor retail/commercial space remains vacant for a substantial period of time, does the proponent anticipate changing the use from commercial to residential through a change to the Special Permit?

C. Office Market Assessment

The purpose of this office review is to provide the City with an understanding of where the office market may be heading, industry sectors that are projected to grow, and a look at some comparable office properties in the area to understand vacancy, lease rates, and absorption.

The Northland Newton project is proposing a total of 180,000 leasable square feet of office space to be accommodated in an existing office building at 156 Oak Street. RKG's understanding is that this building is largely vacant with a ballet studio as a current tenant. Northland's plans are to refurbish the building and provide upgrades and modern amenities to be competitive with today's office spaces. For the purposes of this analysis,

RKG assumes Northland will upgrade the office building to be competitive with other similar Class A spaces in the region.[14] It is important to note that this property will not have an impact on current office space availability or vacancy rates since the office building already exists and is mostly vacant. Any improvements to the interior and exterior of the building will likely improve its competitiveness and marketability and place it on par with other office spaces in the N[2] corridor and broader regional market.

Analysis and Findings

For office market reporting, Newton is part of the Route 128 West office submarket as reported by CB Richard Ellis (CBRE). Over the past year, the Route 128 West submarket was the strongest performer in the Metro West region with just under 328,500 square feet in positive absorption and a year-to-date total of over 500,000 square feet.[15] The Route 128 West submarket continues to attract life science and pharmaceutical tenants with strong leasing activity leading to a 16 percent vacancy rate at the end of the third quarter of 2018 and a quarterly absorption of 90,106 square feet.[16] Over the last year, rents have continued to hover around the $34 per square foot mark. Overall, the Boston Suburban office market has seen a drop in overall vacancy, positive absorption, and a rise in average rents over the last year suggesting an improving office market.

In looking at possible comparable properties, there are five Class A office buildings built in the last ten to fifteen years with over 100,000 square feet located within five miles of Northland Newton. One of the most recent properties to enter the market is the 89 A Street Renovation at 89 A Street in Needham, located about a half-mile from the Northland site traveling southwest down Highland Avenue. This 260,000 square foot Class A multi-tenant office building was completed in 2017. Within a year of coming on the market, the building leased up and is currently listed as having a vacancy of 5.8 percent.[17] Asking rent at this location is $28.79 per square foot, which is below the submarket average.

Figure 4 – 89 A Street in Needham

[14] The Fiscal Impact Analysis completed by Fougere Planning & Development does not indicate what class of office space was analyzed in their comparable property analysis.
[15] CBRE Boston Suburban Office Market Report, Q3 2018.
[16] Ibid.
[17] REIS Office Comparable Report, November 2018.

The Cutler Lake Corporate Center, also located in Needham at 117 Kendrick Street, was constructed in 2000 as a multi-tenant Class A office building with 211,000 square feet of space. This property is located 0.83 miles from the Northland site and has a vacancy rate of 20.8 percent with an asking rent of $44.29 per square foot. While vacancy is high at this location currently, the property's five-year average is 11.5 percent which is in line with vacancy trends for the overall submarket.

A bit further from the Northland site is the Waltham Watch Factory, a renovated mill building located at 221 Crescent Street in Waltham on the Charles River. The building was renovated in 2009 and includes 161,790 square feet of Class A office space. The Watch Factory property is located approximately 4.25 miles from the Northland site. Although it's proximity to Route 128 is not as close as the properties in Needham or the Northland site, the Watch Factory building has a low vacancy rate at 7.9 percent and is commanding rents of $44.91 per square foot. On a five-year average, the property is performing similar to that of the broader submarket.

Figure 5 – Waltham Watch Factory in Waltham

Overall, the larger-scale Class A office buildings within a five-mile radius of the Northland site that have undergone recent construction or renovation efforts are currently outperforming the overall submarket from a vacancy and rent perspective. These properties are attracting biotech, pharma, high-tech and manufacturing businesses and can serve as a receiving ground for companies priced out of the Kendall Square area. This bodes well for Newton, where industry projections have the city adding close to 7,000 additional jobs over the next ten years.[18] Industry sectors expected to experience major job growth in Newton include Educational Services, Health Care, Professional, Scientific, and Technical Services, Administrative Services, Information Services, and Management of Companies. These industry sectors are projected to add close to 4,400 jobs over the next ten years and could serve as a source of office space demand.

Looking forward, the City of Newton continues to pursue a strategy of revitalizing Needham Street through the shared vision of the N^2 Innovation District. Further

[18] EMSI Industry Employment Projections, 2017-2028.

investment by both public and private entities in this district will provide added amenities, housing options, upgraded retail and office space, public space, streetscape, and transportation options. These enhancements will only increase the competitiveness of the district and the properties that make up the district, with the hope of low vacancy, top of the market rents, and a cluster of innovative businesses, housing, and commercial space. The Northland property's location within the Innovation District should serve as a benefit and help with long-term recruitment and retention of office tenants.

CONCLUSION/QUESTIONS

RKG believes that if Northland upgrades the office space in Building 1 to Class A and provides amenities and aesthetics that are in line with regional competitors, the 180,000 square feet could be absorbed over a two- to four-year period. If Northland is successful in securing a lease(s) from major anchor tenants who have larger space requirements, the office space could lease up at a faster pace.

Considering the preceding analysis and findings, RKG offers the following:

- Request a market study and market plan for the 180,000 square feet of office space from Northland.
- Are there more specifics on the tenants being sought, or are there any letters of intent?
- Is the intent to create Class A office space with competitive spaces and amenities?
- Are there plans to divide up the building into a series of smaller spaces, or is Northland intending to secure one or two large leases with anchor tenants?

D. Retail Market Assessment

The purpose of this retail review is to offer the City an estimate of selected retail supply and demand indicators for the proposed development. Specifically, the proposed development indicates there will be approximately 185,200 square feet of ground-floor retail uses including 155,200 square feet of "small" retail uses and 30,000 square feet of "medium" retail uses. No further delineation of these uses, or a study indicating their market viability, has been shared with RKG or the City. It should also be noted that there is an existing retail shopping plaza on the Northland site today with approximately 73,800 square feet of retail space. RKG was not provided with any information for what will happen to the businesses that currently occupy that space when the building is demolished as part of the overall redevelopment program for this site. If those businesses are eventually relocated back to the Northland site, it would only result in a net new 111,400 square feet of retail development, as opposed to the indicated 185,200 square feet. It is also unclear as to what will happen to the current tenants of the shopping center (Marshall's, CVS, New England Books, etc.) during construction. Will they be permanently relocated to other commercial spaces in Newton and reintegrated into the Northland Newton development at a later date, or will the 185,200 square feet of retail space be occupied by all new retailers.

Analysis and Findings

RKG developed an analysis[19] of the retail spending and demand for a 3-, 5-, and 10-minute drive time around the intersection of Needham and Oak Streets in Newton Upper Falls (see Figure 3). Typically, retailers garner most of their sales from a relatively tight geography, which of course varies by the type of retailer, such as a grocery store or a card/gift shop. Northland's documentation indicates that most of the proposed retail will be smaller scale and located on the ground-floor of the mixed-use buildings. As such, RKG assumes that the proposed retail will primarily serve a "local" consumer base (as opposed to a destination retailer such as a general merchandiser) and offers spending and demand thresholds for the 5-minute drive time. Table 1 provides a summary of the analysis while we note the following:

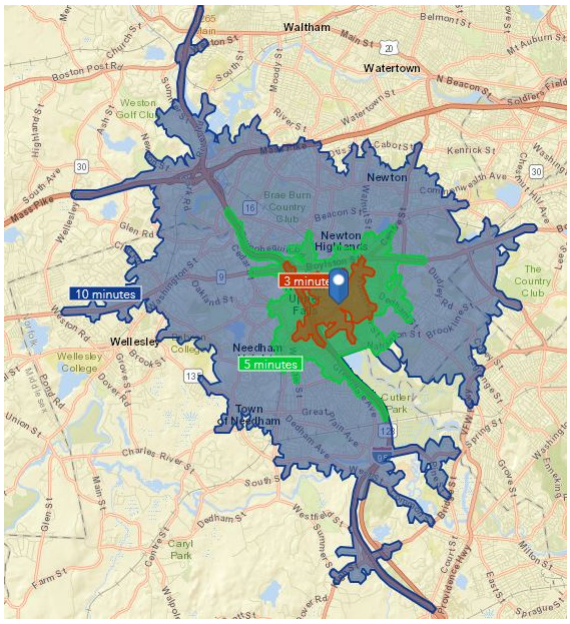

Figure 6 – Drive Times – Newton Northland

- Estimated annual household spending demand (at nearly $50,225/household) for selected retail goods and services equates to more than $318.1 million in 2017 dollars.
- Sales are estimated to be nearly $283.9 million indicating a net exportation of $34.2 million as totaled across all merchandise lines.[20]

[19] In cooperation with ESRI, a leading private supplier of geographic information systems software and proprietary modeling.

[20] This is a measure of sales leakage, where local spending demand is not being captured by the local stores.

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Table 1 – Retail Supply and Demand Indicators – Proposed Northland Development

Estimated Retail Demand and Sales, by NAICS Sector - Drive Times - Needham and Oak Streets	NAICS Code	5-Minute Drive Time			
		Demand/HH	Demand	Sales	(Export) /Import
Total		**$50,224**	**$318,118,959**	**$283,876,740**	**($34,242,219)**
Furniture & Home Furnishings Stores	**442**	**$1,913**	**$12,118,954**	**$18,440,121**	**$6,321,167**
Furniture Stores	4421	$1,013	$6,417,533	$5,152,988	($1,264,545)
Home Furnishings Stores	4422	$900.13	$5,701,421	$13,287,133	$7,585,712
Electronics & Appliance Stores	**443**	**$2,792**	**$17,687,188**	**$16,696,703**	**($990,485)**
Bldg Materials, Garden Equip. & Supply Stores	**444**	**$4,241**	**$26,860,300**	**$47,074,508**	**$20,214,208**
Bldg Material & Supplies Dealers	4441	$3,916	$24,801,689	$46,069,832	$21,268,143
Lawn & Garden Equip & Supply Stores	4442	$325	$2,058,611	$1,004,676	($1,053,935)
Food & Beverage Stores	**445**	**$12,172**	**$77,094,921**	**$46,843,614**	**($30,251,307)**
Grocery Stores	4451	$10,323	$65,386,517	$29,910,735	($35,475,782)
Specialty Food Stores	4452	$454	$2,874,548	$2,980,676	$106,128
Beer, Wine & Liquor Stores	4453	$1,395	$8,833,855	$13,952,203	$5,118,348
Health & Personal Care Stores	**446,4461**	**$4,045**	**$25,618,108**	**$21,605,811**	**($4,012,297)**
Clothing & Clothing Accessories Stores	**448**	**$4,850**	**$30,717,033**	**$28,798,994**	**($1,918,039)**
Clothing Stores	4481	$3,389	$21,465,587	$11,497,863	($9,967,724)
Shoe Stores	4482	$571	$3,618,468	$7,851,869	$4,233,401
Jewelry, Luggage & Leather Goods Stores	4483	$889	$5,632,979	$9,449,263	$3,816,284
Sporting Goods, Hobby, Book & Music Stores	**451**	**$2,525**	**$15,995,936**	**$28,090,981**	**$12,095,045**
Sporting Goods/Hobby/Musical Instr Stores	4511	$2,218	$14,049,090	$27,127,982	$13,078,892
Book, Periodical & Music Stores	4512	$307	$1,946,846	$962,999	($983,847)
General Merchandise Stores	**452**	**$7,848**	**$49,711,006**	**$19,356,852**	**($30,354,154)**
Department Stores Excluding Leased Depts.	4521	$5,634	$35,683,864	$18,484,949	($17,198,915)
Other General Merchandise Stores	4529	$2,215	$14,027,143	$871,903	($13,155,240)
Miscellaneous Store Retailers	**453**	**$2,538**	**$16,076,278**	**$21,816,918**	**$5,740,640**
Florists	4531	$223	$1,409,932	$1,154,109	($255,823)
Office Supplies, Stationery & Gift Stores	4532	$851	$5,390,072	$5,475,854	$85,782
Used Merchandise Stores	4533	$209	$1,321,328	$1,183,622	($137,706)
Other Miscellaneous Store Retailers	4539	$1,256	$7,954,945	$14,003,333	$6,048,388
Food Services & Drinking Places	**722**	**$7,300**	**$46,239,235**	**$35,152,238**	**($11,086,997)**
Restaurants	7221	$6,636	$42,032,893	$34,199,378	($7,833,515)
Special Food Services	7223	$258	$1,635,320	$640,788	($994,532)
Drinking Places - Alcoholic Beverages	7224	$406	$2,571,022	$312,072	($2,258,950)

Source: ESRI, Dun & Bradstreet, RKG Associates, Inc. (2018)

However, this sales leakage is not universal across all merchandise lines, but is highly concentrated in the grocery, apparel, general merchandise, and dine/drink categories. In contrast, the merchants in the 5-minute drive time are net importers of sales (sales exceed local demand) for sporting goods, building materials, and home furnishings.[21] Sales leakage is the result of many factors, often including a lack of convenient local retail options. There will always be some level of sales leakage in a market as consumers shop where they work and with the proliferation of online retailing some percentage of sales are taking place over the internet. The potential of developing additional retail, often targeted at those merchandise lines where sales leakage exists, presents an opportunity to

[21] ESRI indicates nearly 34,900 households and a population of 97,700 in the 5-minute drive time.

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re-capture some portion of that leakage and thereby support new development. Table 2 translates sales leakage into potential supportable square feet if future retailers at Northland were able to recapture a percentage of the leaked sales.

Table 2 – Estimated Supportable Retail Development – Proposed Northland

Estimated Retail Demand and Sales, by NAICS Sector - Drive Times - Needham and Oak Streets	NAICS Code	5-Minute Drive Time				
		Demand/HH	(Export) /Import	Store Count	Estimated SF of Retail	Supportable SF through Recapture
Total		**$50,224**	**($34,242,219)**	**223**	**797,324**	**67,453**
Furniture & Home Furnishings Stores	**442**	**$1,913**	**$6,321,167**	**17**	**85,316**	**1,265**
Furniture Stores	4421	$1,013	($1,264,545)	5	17,177	1,265
Home Furnishings Stores	4422	$900.13	$7,585,712	12	68,139	
Electronics & Appliance Stores	**443**	**$2,792**	**($990,485)**	**13**	**56,599**	**1,007**
Bldg Materials, Garden Equip. & Supply Stores	**444**	**$4,241**	**$20,214,208**	**15**	**119,959**	**1,506**
Bldg Material & Supplies Dealers	4441	$3,916	$21,268,143	13	115,175	
Lawn & Garden Equip & Supply Stores	4442	$325	($1,053,935)	2	4,784	1,506
Food & Beverage Stores	**445**	**$12,172**	**($30,251,307)**	**21**	**73,448**	**19,350**
Grocery Stores	4451	$10,323	($35,475,782)	10	54,383	19,350
Specialty Food Stores	4452	$454	$106,128	4	5,902	
Beer, Wine & Liquor Stores	4453	$1,395	$5,118,348	7	13,162	
Health & Personal Care Stores	**446,4461**	**$4,045**	**($4,012,297)**	**11**	**56,119**	**3,126**
Clothing & Clothing Accessories Stores	**448**	**$4,850**	**($1,918,039)**	**32**	**74,603**	**10,874**
Clothing Stores	4481	$3,389	($9,967,724)	16	41,810	10,874
Shoe Stores	4482	$571	$4,233,401	5	23,794	
Jewelry, Luggage & Leather Goods Stores	4483	$889	$3,816,284	11	8,999	
Sporting Goods, Hobby, Book & Music Stores	**451**	**$2,525**	**$12,095,045**	**20**	**123,833**	**1,001**
Sporting Goods/Hobby/Musical Instr Stores	4511	$2,218	$13,078,892	17	120,569	
Book, Periodical & Music Stores	4512	$307	($983,847)	3	3,264	1,001
General Merchandise Stores	**452**	**$7,848**	**($30,354,154)**	**4**	**38,960**	**20,884**
Department Stores Excluding Leased Depts.	4521	$5,634	($17,198,915)	2	36,604	10,217
Other General Merchandise Stores	4529	$2,215	($13,155,240)	2	2,356	10,666
Miscellaneous Store Retailers	**453**	**$2,538**	**$5,740,640**	**32**	**87,084**	**412**
Florists	4531	$223	($255,823)	2	3,847	256
Office Supplies, Stationery & Gift Stores	4532	$851	$85,782	7	24,890	
Used Merchandise Stores	4533	$209	($137,706)	8	4,466	156
Other Miscellaneous Store Retailers	4539	$1,256	$6,048,388	8	58,347	
Food Services & Drinking Places	**722**	**$7,300**	**($11,086,997)**	**58**	**81,402**	**8,029**
Restaurants	7221	$6,636	($7,833,515)	54	78,619	5,402
Special Food Services	7223	$258	($994,532)	3	2,002	932
Drinking Places - Alcoholic Beverages	7224	$406	($2,258,950)	1	780	1,694

Source: ESRI, Dun & Bradstreet, RKG Associates, Inc. (2018)

RKG conservatively estimates that a potential 30 percent recapture of sales leakage[22] could result in the potential to support an additional 67,500 square feet of retail development including more than 8,000 square feet of dine/drink establishments and 10,000 square feet of apparel stores.

[22] It should also be noted that some portion of sales leakage may be recaptured by existing merchants if they expand their merchandise lines, hours of operation or other business practices.

This estimate of 67,500 square feet of new supportable retail represents about 61 percent of the total retail space proposed as part of the Northland development (as measured against RKG's estimate of net new retail at 111,400 square feet). This also represents about a 14% increase above the 797,300 square feet of retail estimated to existing today within a 5-minute drive time of the subject property.

Recognizing the size and scale of the new residential development, RKG estimates the proposed 822 residential units at the Northland development would add another $40 million in annual household spending demand. RKG estimates that each new household will generally support about twenty-five square feet of new retail space, or about 21,500 total square feet. The remainder of the retail spending will go to support existing businesses. The office component of the development would also add some daytime spending to the area. RKG estimates the employees working in the 180,000 square feet of rehabbed office space could bring in little over $6.7 million in retail spending which translates to 5,170 square feet of new supportable retail space. It is important to note that office worker spending is typically limited to general merchandise, specialty retail, and dining/drinking.

Nonetheless, there appears to be a mismatch between the proposed retail square footage at Northland and RKG's estimated supportable new retail square footage. This suggests that some sales supporting Northland's proposed retail would be the result of sales transfer, as is always the case in retailing. Whether or not any potential sales transfer would have an impact on existing merchants, and possibly assessments and property taxes, is not addressed in any of Northland's documentation to date. It is important to note that if the proposed retail at Northland cannot be supported by households within the 5-minute drive time, it is possible that sales transfer will occur from other businesses across Newton and could create vacancies in other parts of the city. It is also possible that the first floor retail space could remain vacant at Northland if sales are not high enough to support the quantity of retail proposed.

CONCLUSIONS/QUESTIONS

RKG believes that the amount of retail proposed exceeds the spending within a reasonable drive time of the site. Without further documentation from the proponent, it is difficult to ascertain the types of retail being targeted, where the additional spending will come from to support the retailers, and whether or not the 185,200 square feet of proposed retail is all net new or if some will include existing tenants of the shopping plaza. Considering the preceding analysis and findings, RKG offers the following:

- Request a market study and marketing plan for the 185,200 square feet of ground floor space from the proponent. RKG's estimate of supportable retail is substantially less than what is proposed at Northland Newton. RKG has concerns

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that this space may sit vacant if built or result in sales transfer from other commercial activity centers across the City.

- Are there more specifics on the tenants being sought, or are there any letters of intent?
- Will the ground floor space include small offices for personal and professional services, or will the space be 100 percent occupied by retailers and restaurants?
- If ground floor occupancy is slow and vacancies remain, are there any plans to shift the use of that ground floor space?
- Were hotel uses considered for the site?

FISCAL IMPACT ANALYSIS – PEER REVIEW

A. Introduction

RKG, as an independent consultant for the City of Newton completed a review of the fiscal impact analysis prepared by Fougere Planning[23] (Fougere) and the economic impact analysis prepared by Landwise[24] (Landwise). Both analyses were submitted as part of the proposed Northland Newton Development, by Northland Development, LLC.[25] The purpose of this review is to offer the City an independent outside opinion as to the reasonableness of the methodology and conclusions drawn from each of the analyses in order to assist the City during the project's permitting process. The proposed development includes the repositioning of uses on a 22.6-acre site, to include:

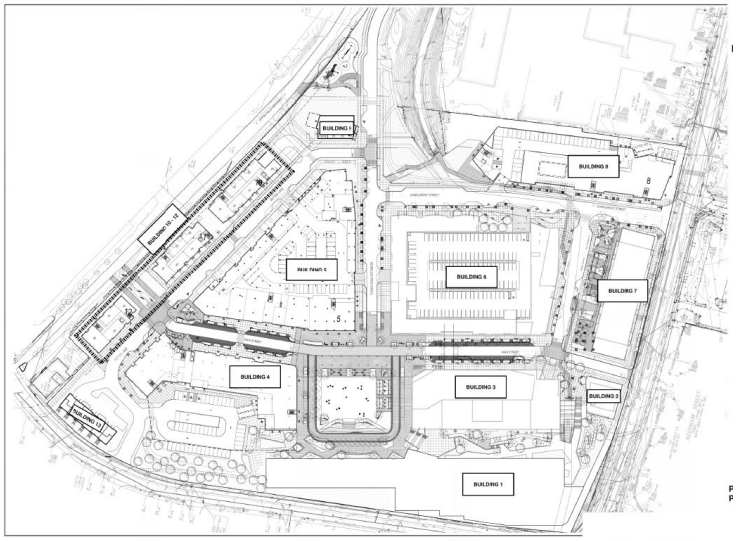

Figure 1 – Conceptual Rendering – Northland - Newton, MA

- Residential uses spread across ten buildings, including six mid-rise (three to seven stories) mixed-use buildings and several three-story buildings for townhomes. Total residential build-out includes 822 residential units ranging from studio to 3-bedroom units, live/work units, and townhomes. Approximately 15%, or 123 units, will be set aside as affordable.
- Retail uses (185,200 SF)[26] will occupy the first floor of many mixed-use buildings, as well as one small stand-alone retail building. Residential parking will be under the buildings and a centralized commercial parking structure is planned.
- The existing historic Saco Pettee Mill office (180,000 SF) building at 156 Oak Street will be restored and upgraded for office tenants.

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[23] As prepared by Fougere Planning & Development, Inc.
[24] As prepared by Landwise Advisors
[25] Fiscal Impact Analysis and Economic Impact Analysis, Northland Newton Development, Newton, MA, dated August 31, 2018
[26] As noted in the Retail Market section, RKG assumes that actual net new retail equates to 111,400 square feet.

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Development is anticipated to begin in FY 2020 and take place over a five- to seven-year period. Our review of the Fiscal Impact Analysis treats the development as if it is fully built and stabilized, and all revenues and costs are expressed in constant dollars.

In summary, RKG concurs that the proposed Northland Newton development will result in an annual net positive fiscal impact for the City of Newton. However, RKG offers an alternative analysis which results in a less positive impact than offered in the Fougere analysis and summarized in Table 1.

Table 1 – Comparative Fiscal Impact Analysis – Fougere Memo and RKG Alternative

		Estimated Values and Taxes		
	SF or Units	Fougere Memo	RKG Alternative	RKG vs Fougere
Commercial				
Small Retail	155,200	$ 41,128,000	$ 45,721,126	$ 4,593,126
Large Retail	30,000	$ 7,350,000	$ 8,837,847	$ 1,487,847
Office	180,000	$ 32,400,000	$ 27,729,412	$ (4,670,588)
subtotal	***365,200***	***$ 80,878,000***	***$ 82,288,385***	***$ 1,410,385***
Commercial Taxes		***$ 1,667,704***	***$ 1,696,787***	***$ 29,082***
Residential	822	$ 263,040,000	$ 239,273,410	$ (23,766,590)
Residential Taxes		***$ 2,846,093***	***$ 2,588,938***	***$ (257,155)***
Total Property Tax		**$ 4,513,797**	**$ 4,285,725**	**$ (228,073)**
Other Taxes				
Excise Tax		$ 178,075	$ 178,075	$ -
Local Meals Tax		$ 195,000	$ 195,000	$ -
Personal Property		$ 30,589	$ 30,589	$ -
CPA Surcharge /1		$ 45,138	$ 42,857	$ (2,281)
TOTAL TAXES		***$ 4,962,599***	***$ 4,732,246***	***$ (230,353)***
Municipal Costs				
Police		$ (56,502)	$ (56,502)	$ -
Fire		$ (100,000)	$ (100,000)	$ -
Health		$ (85,728)	$ (85,728)	$ -
Other		$ (25,000)	$ (25,000)	$ -
Total Municipal Costs		***$ (267,230)***	***$ (267,230)***	***$ -***
"As Is" Taxes		$ (990,898)	$ (990,898)	$ -
NET TAXES (prior to Education) /1		***$ 3,704,471***	***$ 3,431,261***	***$ (273,211)***
Students /2		***120***	***142***	***22***
Education Costs				
Low Estimate /3		$ (1,725,960)	$ (2,042,386)	$ (316,426)
NET FISCAL (low education)		***$ 1,978,511***	***$ 1,388,875***	***$ (589,637)***
High Estimate /4		$ (2,289,840)	$ (2,709,644)	$ (419,804)
NET FISCAL (high education)		***$ 1,414,631***	***$ 721,617***	***$ (693,015)***

Source : Fougere and RKG (2018)

/1 CPA Surcharge not a revenue to General Fund and are excluded from RKG (NET) Alternative(s)

/2 RKG reflects revisions from Newton Public Schools

/3 FY 2017 cost per pupil of $14,383

/4 FY 2017 cost per pupil of $19,082

B. Fiscal Impacts

The Fougere analysis considered both a per capita and marginal cost approach to measuring fiscal impacts, or "costs" associated with the proposed development. A per capita approach considers that costs are proportionately distributed and incremental with changes in population, housing or employment, as in an "average cost per person". These costs often represent a fixed review of City costs and budget items. A marginal approach considers a more nuanced analysis whereby costs may reflect budget items but are also refined through interviews with City officials to note needs or surpluses on a department by department basis.[27] Under the marginal approach, the Fougere analysis identified the following variable costs which are likely to fluctuate with increased population or new development:

- Police Department - $56,502
- Fire Department - $100,000
- Health Department - $85,728
- Other - $25,000

RKG accepts both methodologies as reasonable approaches, depending on the soundness of the input variables and assumptions utilized in their derivation. The Fougere analysis results in estimated municipal service costs (exclusive of education) of approximately $267,230. These costs are then deducted from the estimated property tax revenues generated by the Northland Newton development.

School Age Children Estimates

The Fougere analysis estimates that the proposed development may result in an additional 140 students, with 20 enrolled in private schools. These estimates reflect school age children (SAC) ratios by bedroom type, differences in market and affordable units, and overall unit count. The net estimate of 120 students for the Newton Public Schools also assumes that there is a lower propensity for families with children to live in mid- to high-rise mixed-use rental properties priced at the top of the market. The Fougere analysis was informed by several discussions with representatives of the Newton School Department to further refine these estimates and better understand the Department's capacities to absorb additional students in the schools that will serve this development. The Fougere analysis (which excludes capital costs)[28] concluded the following:

[27] As an example, the Fougere analysis completed interviews with representatives of the Police Department to establish estimates of the likely calls for service(s) generated at the development and the average cost per response to that call.

[28] Interviews by Fougere with School Department representatives noted these costs were not applicable costs for consideration.

- Potential marginal costs of $1,209,000 (or $10,075 per student) with:
  - Costs for teachers at $375,000
  - Costs for special education at $542,880
  - Costs for transportation at $279,000
  - Costs for supplies at $12,120

- Potential average costs of $2,289,840 (or $19,082 per student).
  RKG notes that these costs may potentially be overstated as they reflect a "total" cost per student as opposed to a marginal cost per student, but nonetheless represent a high range estimate. RKG updated Fougere's original average student cost to reflect new numbers provided by Newton Public Schools for Fiscal Year 2017 in order to accurately compare Fougere's and RKG's student generation estimates and associated costs.

Newton Public Schools recently completed an updated school enrollment forecast model which was used by the School Department to generate an updated student generation estimate for the Northland Newton development. As of November 28, 2018, the School Department anticipates a total of 170 students to be generated by the Northland Newton development at completion and stabilization of which 142 students are anticipated to attend Newton's public schools. The new total is twenty-two students more than was estimated in the Fougere Fiscal Impact Analysis. The School Department's enrollment model accounts for bedroom type and the differences in both market rate and affordable units. At the time of Fougere's analysis, the enrollment model was not available and the estimate of 120 students was made with the best information available at the time.

The School Department also provided RKG with updated cost estimates for both the average cost (high estimate) and marginal cost (low estimate) of educating a student in Newton. Using a marginal cost approach, the School Department estimates a cost of $14,383 per student; and using the average cost approach the School Department estimates a cost of $19,082. In order to compare the impact of the twenty-two additional students to Fougere's original analysis, RKG updated Fougere's per pupil cost figures to FY 17. RKG has updated the student projection numbers and the new FY 17 per pupil expenditure costs which are reflected in Table 1.

REVENUE ESTIMATES

The primary source of City revenues for the proposed development are municipal tax receipts. The Fougere analysis indicates that thirteen comparable properties were analyzed to develop estimated assessment values for the commercial component of the project, as well as three multi-family apartment comparables for the residential component. These assessed values were then applied to the Northland Newton development to estimate future tax revenues. The Fougere analysis notes these assessed values were confirmed through meetings with the Board of Assessors. Using these comparable properties and approach, the Fougere analysis resulted in the following estimated assessed values on a per square foot basis:

- Large retail at $245/square foot with smaller retail at $265/square foot
- Office space at $180/square foot
- Residential at $320,000 per unit

After a review of Fougere's assessed values, RKG conducted an independent analysis of these comparable properties by taking the current assessed value of each property by use type and averaging their assessed values on a per square foot basis. RKG used the same set of comparable properties as Fougere, but our estimates of assessed value differ from the Fougere analysis in the following ways:

- *Retail space at $295/square foot (regardless of large or small)*
- *Office space at $155/square foot*
- *Residential at $291,100 per unit*[29]

RKG's retail space estimate is higher than Fougere, and our office and residential estimates are lower. These are the primary drivers of the differences in tax revenue and overall fiscal impact as noted in Table 1. The Fougere analysis offers no explanation for how the estimates of assessed values were calculated based on the comparable properties used. To err on the side of caution, RKG used our assessed value per square foot estimates from Fougere's comparable properties in our alternative approach as presented in Table 1. The Fougere analysis concludes property tax receipts of $4.52 million prior to any adjustment. The RKG alternative indicates property tax receipts of $4.29 million prior to any adjustments.

C. Reconciliation

The net fiscal impacts from the Fougere analysis (reflecting all revenues and costs) is a net positive in the range of $1.41 to $1.98 million annually, varying with the range in estimated education costs. This net benefit represents the estimated property taxes and other taxes less the existing property taxes, as well as the municipal and education costs.

RKG concurs that this approach is reasonable, and results in a positive annual net fiscal benefit to the City. However, using the assessed value estimates calculated by RKG from the comparables in the Fougere report, updated school numbers, and excluding the CPA surcharge; RKG's alternative approach results in a positive net fiscal impact ranging from $721,617 to $1.39 million, depending on school/educations costs. This difference is less than that indicated in the Fougere analysis, and the Northland Newton development is still expected to produce a net fiscal benefit to the City at full build out and stabilization.

[29] Does not discount for differences in value between market rate and affordable units.

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ECONOMIC IMPACT ANALYSIS – PEER REVIEW

A. Introduction

This memo reviews the employment and economic output modeling impacts presented by Landwise Advisors (Landwise). While RKG generally concurs with Landwise that there will be positive impacts, our review offers a somewhat lower estimate of net new employment, although positive in both instances.

B. Economic Impacts

The Landwise analysis considers the short-term (construction) and long-term (ongoing) economic activities associated with the proposed development, utilizing IMPLAN.[30] The Landwise analysis considers the Northland Newton development to be completed in three phases each lasting approximately two years. This timeframe is also consistent with the five to seven years indicated in the Fougere fiscal impact analysis. The Landwise analysis considers the following employment and economic implications:

- **Short-Term** – Direct employment of 3,310 construction workers (average annual salary of nearly $76,000).

  RKG notes that the estimated construction costs are $504 million and the Landwise analysis indicates that 50 percent are applicable for construction wages. In RKG's other work throughout Massachusetts, and often in cooperation with the Massachusetts Department of Revenue, we typically consider 35 percent of construction costs to be generally applicable to construction labor costs. If so, construction wages are then reduced to $176.4 million and result in employment of 2,317 construction sector jobs. This is approximately 1,000 less employees than the Landwise model estimates. RKG further cautions that this represents construction employment for the project but does not necessarily represent employment of Newton contactors and construction workers, although some ***local employment*** *component may occur.*

- **Ongoing** – Direct employment of 977 office workers (175 square feet/employee), 494 retail employees (337 square feet/FTE employee) and 24 residential property personnel (one per 35 units).

[30] An impact assessment modeling software system widely used in economic analyses.

RKG considers the office estimates and metrics to be reasonable and consistent with other projects we have worked on throughout the Commonwealth. However, as noted in the Fiscal Impact Analysis review memo, RKG estimates that the actual net new retail is approximately 111,400 square feet assuming some existing retail current on the site will relocate back into the Northland Newton development at some point during the build out. If so, then 111,400 square feet of retail, stabilized at 90% occupancy and at 337 square feet/FTE employee, results in an estimate of 297retail employees. The primary difference is that the Landwise estimate is for total retail employment and the RKG alternative calculates net new retail employment.

*RKG also **cautions** that these represent office and retail employment located at this development project in Newton, which is not the same as the employment opportunities being filled by Newton residents. It is likely that some of these future employment opportunities will be filled by Newton residents, but certainly not all of them. As noted under the Short-Term section above, the Landwise summary memo is presented in a way that assumes all new employment opportunities will be filled by Newton residents.*

- **Economic Output** – In general, IMPLAN modeling offers the following economic outputs for the City of Newton:
  - $252 million of direct employment or the salaries and benefits of employees involved in the construction of the project and $152 million in ongoing employment.
  - $29 million in construction related business to business spending and $33 million related to ongoing employment.
  - $40 million in personal spending, or the concept of a "dollar spent re-circulating throughout the economy" for construction and $26 million in personal spending for the ongoing employment activity.

CONCLUSIONS/QUESTIONS

Considering the preceding analysis and findings, RKG offers the following:

- RKG understands that Landwise used the IMPLAN model to present Newton-specific economic impacts of the Northland proposal. Further explanation is needed from Landwise as to how they estimated IMPLAN economic impacts specific to Newton. Were Newton specific multipliers used or a factor that brings region/state level economic impacts down to the city level?
- Why was a factor of 50% used to estimate construction wages for the project? In RKG's experience, this figure is usually between 30%-35%.
- RKG understands that Landwise is considering the full 185,200 square feet of future retail space to all be net new to the project. There is a possibility that some portion of the proposed retail will be filled by tenants in the retail center that exists on the property today. RKG suggests the economic model offer a low and high

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estimate of impacts to reflect the possibility that not all the planned retail space will be net new.

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HOUSING ACCESSIBILITY ASSESSMENT

A. Introduction

RKG Associates was tasked by the City of Newton's Planning Department to assess the degree to which the proposed Northland Newton development meets current accessibility requirements based upon state regulations through the Massachusetts Architectural Access Board 521 CMR and HUD's Fair Housing Accessibility Guidelines. RKG used Northland's Inclusionary Plan Set dated August 6, 2018 to determine the number of accessible units by bedroom type and affordability restriction. The plan set was also used to determine the allocation of accessible units in each of the ten buildings proposed to contain residential dwelling units.

B. Findings

According to the Inclusionary Plan Set submitted by the proponent, 45 of the 822 proposed residential units are to be designed and constructed to meet the Massachusetts Architectural Access Board (MAAB) 521 CMR 9.4, Group 2A Dwelling Unit requirements. Under 521 CMR 9.4, any building containing twenty or more dwelling units for rent, hire, or lease (but not for sale) must have at least 5 percent of the total number residential units meet Group 2A accessibility standards.[31] Based upon the standards set in CMR 9.4, the Northland development proposal would be required to provide a total of 41 Group 2A accessible units. The current proposal sets aside a total of 45 units for Group 2A, or 5.4 percent of the total units. Table 1 shows the number of accessible units by market rate and affordable designation.

[31] See 521 CMR 9.5, Dwelling Unit Interiors; 521 CMR 44.00 Group 2 Bathrooms; 521 CMR 45.00 Group 2 Kitchens; and 521 CMR 47.00 Group 2 Bedrooms for specific design requirements.

Table 1 – Accessible Housing Matrix

November 20, 2018
Accessible Housing Matrix
Northland Newton Development Project

Unit Type	Market Rate	Affordable	Market Rate & Accessible	Affordable & Accessible	Accessible as % of Total Units
Studio	70	12	5	1	0.7%
One-Bed	315	56	15	3	2.2%
Two-Bed	280	49	16	2	2.2%
Three-Bed	34	6	1	1	0.2%
Totals	**699**	**123**	**37**	**7**	**5.4%**

Note: One Live/Work Unit is proposed to be accessible, not included in above calculations.
Source: Northland Newton Special Permit Application, Northland Newton Inclusionary Plans 08-06-18.

DISTRIBUTION OF UNITS

In addition to the 5 percent requirement, CMR 9.4.2 notes that Group 2A dwelling units shall be proportionally distributed across the total number of units in the project according to number of bedrooms, size, quality, price, and location.[32] Table 2 compares the distribution of total units by unit type to the distribution of Group 2A accessible units by unit type. While there are small differences in the studio, one-bedroom, and two-bedroom categories; the distribution of accessible units generally matches the distribution of the project's 822 units. RKG also notes that the developer is planning to make at least 5 percent of the units in each residential building accessible as well. The only exception is Building 13, where not accessible units have been designated. This is noted in the following section on Townhomes.

[32] MAAB CMR 521 9.4.2

Table 2 – Unit Distribution Comparison

November 20, 2018 **Unit Distribution Calculation** Northland Newton Development Project				
Unit Type	# of Units	Distribution of Units	# of Accessible Units	Distribution of Accessible Units
Studio	82	10%	6	14%
One-Bed	371	45%	18	41%
Two-Bed	329	40%	18	41%
Three-Bed	40	5%	2	5%
Totals	**822**	**100%**	**44**	**100%**
Note: One Live/Work Unit is proposed to be accessible, not included in above calculations. Source: Northland Newton Special Permit Application, Northland Newton Inclusionary Plans 08-06-18.				

Townhouse Exception

As noted in 521 CMR 9.4.2, when 5 percent of the total number of units required as accessible includes townhouses, the development shall comply by any of the following means:

1. Substitute a fully accessible flat of comparable size, amenities, etc.;
2. Provide space for the future installation of a wheelchair lift to access either upper or lower level of the townhouse;
3. Provide space for the future installation of a residential elevator to access either the upper or lower level of the townhouse.

The current Inclusionary Plan set for Northland Newton does include six townhouse three-story townhouse units in Building 13. The plan set does not identify any of those units to be accessible for Group 2A, nor does it specify how the requirement in CMR 9.4.2 will be met.

Accommodations for Persons Who are Deaf or Hard of Hearing

In addition to the 5 percent set aside for Group 2A units, 521 CMR 9.7 requires that 2 percent of the total number of dwelling units in the project provide sleeping accommodations for persons who are deaf or hard of hearing.[33] These accommodations include visual notifications for smoke/fire/safety alarms, visual signal devices, phones, televisions, alarm clocks, and climate controls. The current Inclusionary Plan set does not specify where or how accommodations for persons who are deaf or hard of hearing will be provided.

[33] See 521 CMR 9.7.1 – 9.7.4 for further details on these requirements.

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INTERIOR DESIGN FOR ACCESSIBILITY

While interior plans for the residential units at Northland Newton are not yet available, it will be important for the City's Planning Department, Building Department, and ADA Coordinator to pay close attention to accessibility requirements to ensure units are meeting the standards set by the MAAB and HUD's Fair Housing Guidelines. A project of this size will provide opportunities for residents with disabilities to move into a fully accessible home that may not be as readily available to them today in Newton.

C. Outstanding Questions

Based on RKG's review of the Northland Newton development proposal with regard to accessibility requirements, the following questions should be posed to the project proponent:

1. Since none of the townhouses in Building 13 are proposed to be accessible to Group 2A, how does the proposed project meet the Townhouse exception noted in 521 CMR 9.4.2? Is the Group 2A accessible live/work unit in Building 5 intended to serve as a substitute flat of comparable size and amenities? Will one of the townhouse units provide space for the future installation of a wheelchair lift for upper story access? Will one of the townhouse units provide space for the future installation of a residential elevator for upper story access?

2. How will the proposed project meet the accessibility requirements for persons who are deaf or hard of hearing as stated in 521 CMR 9.7? Which of the 822 total units will be set aside to fulfill the 2 percent requirement?

3. Under the current Inclusionary Plan Set, 82 percent of the Group 2A accessible units will be located in market rate apartments and only 16 percent will be located in the affordable units. Would the developer be amenable to shifting more of the accessible units to the affordable side rather than the market rate side? It is plausible that there may be a greater demand for units that are both accessible and affordable compared to accessible at market rate price.