



CONSULTANT REPORT:
CHAPTER 40R DEVELOPMENT PROPOSAL
FOR 10-50 MAIN STREET, ASHLAND MA

APRIL 2021

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AND

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PROJECT OVERVIEW

The Town of Ashland hired Anderson Strategic Advisors to conduct a third-party review of the 40R development proposal that is being considered for the redevelopment site at 10-50 Main Street, and to provide the town staff and Boards with guidance to help support the continued evaluation of the rezoning proposal. The consultant, April Anderson, had the benefit of prior experience advising the Town of Ashland on a variety of economic development projects since 2013, which provided the consultant with a strong understanding of the Town's community and economic development plans and goals, particularly as relates to downtown revitalization. For this project, Anderson Strategic Advisors partnered with Mathieu Zahler of MPZ Development, to provide further depth of experience on development feasibility, construction costs, and real estate markets.

The consultant team was asked to evaluate a mixed-use development proposal for 10-50 Main Street to help effectuate a comprehensive local review of potential Chapter 40R rezoning. The consultants analyzed a mixed-use development proposal to be located at 10-50 Main Street that would include 34,000 square feet of commercial space and 200 units of mixed-income housing, including 25% affordable units. The consultants were asked to help answer the following questions of the community:

1. In the context of downtown revitalization efforts and town-wide planning initiatives, does the redevelopment of 10-50 Main Street make sense?
2. Is the proposed project economically feasible?
3. What issues should the Town consider as this process moves forward?

In order to assess these questions for the Town of Ashland, the consultant team reviewed planning and project materials, and conducted interviews with the development team, town staff and local elected officials. This memorandum outlays the findings of the consultant team and provides recommendations for local officials to consider as the Town advances consideration of adopting a 40R zoning district for the 10-50 Main Street site.

ABSTRACT

The complex at 10-50 Main Street sits at the gateway of downtown Ashland and represents the largest structure in the entire downtown. According to Town records, the site was originally development in the late 1860's by the Dwight Printing Company, and the buildings have been historically used for manufacturing and industrial purposes. As it exists today, the 10-50 Main Street complex currently holds approximately 90,000 square feet of exclusively commercial space. Approximately 70,000 square feet is made up of warehouse, industrial and storage uses that are currently at full occupancy. The remaining 20,000 square feet is made up of Class C office space and other commercial and retail

uses that are approximately 10% vacant, as reported by the owner. It is understood that during the course of the consultant's investigation, Julie's Z Breads - a beloved Ashland business that got its start at the Ashland Farmers Market - has decided not to renew its lease of commercial space at 50 Main Street. This is expected to increase the currently estimated 10% vacancy rate at the complex. The 2021 real estate market is responding to the unusual market forces resulting from the COVID-19 pandemic, making it challenging to suggest whether the existing vacancy rates are "normal" for this type of property. However, Cushman & Wakefield's MarketBeat for the first quarter of 2021 reports a 1.2% industrial vacancy rate and an 11.4% office vacancy rate, both for the Framingham/Natick sub-market. Cushman & Wakefield does not publish any localized market data for retail uses, but report a 7.3% retail vacancy rate nationally for the first quarter of 2021. The Cushman & Wakefield data suggests that the current vacancy rates at 10-50 Main Street are well aligned with current market conditions for the area.

Ashland's elected officials and town leaders have expressed general support for redevelopment of the complex at 10-50 Main Street, and there is support for adding a mix of residential and commercial uses at this site. The consultants heard support for the use of Chapter 40R as a potential tool for rezoning, in part due to financial benefits to the Town.

During the interviews, the consultants heard broad support for the addition of new amenity uses at this location such as office, health and wellness, retail, and food businesses, which were considered by most to be high value downtown uses that will appeal to residents and draw them into downtown. There was also support for adding multifamily housing requiring at least 25% affordability in this location, as there is a great deal of concern about providing a diversity of housing types for Ashland residents and for achieving 10% on the State's Subsidized Housing Inventory.

The consultants also heard concern for traffic impacts, site design and building aesthetic, and the potential for environmental issues relating to the Nyanza plume. The consultants heard concerns for the current commercial tenants of 10-50 Main Street and a desire to keep the existing businesses in Ashland. There were mixed feelings among local leaders on the issue of historic preservation. Some local officials expressed a preference to preserve parts of the existing buildings for historic reasons, while others questioned whether the multitude of building modifications over the years have left anything of historic value worth preserving.

Overall, the interviews revealed positive attitudes toward redevelopment of the 10-50 Main Street complex and the opportunity to revitalize downtown with an anchor project that brings new life and desirable amenities to the downtown core. The consultant analysis determined that the proposed project appears to be economically viable and consistent with the planning goals of downtown revitalization in Ashland. The following report explains the attitudes of local leaders toward various elements of the proposed project, analyzes the feasibility of the proposed project, and recommends issues that warrant further consideration.

CHAPTER 40R: SMART GROWTH ZONING OVERLAY DISTRICT

The proposed redevelopment of 10-50 Main Street is being considered as Ashland's first Chapter 40R Smart Growth Zoning Overlay District. Chapter 40R is a state statute expressly intended to catalyze residential and mixed-use developments in downtowns and in close proximity to public transit. The Chapter 40R program offers financial incentives intended to encourage communities to zone "highly suitable areas" for high density housing, including incentive payments ranging between \$10,000 and \$600,000 for adopting a 40R zoning district, plus an additional payment of \$3,000 per unit produced in those districts.

The state also reimburses communities for education expenses resulting from Chapter 40R zoning through a companion statute called Chapter 40S. More specifically, the state reimburses communities if the cost to education public school students residing in 40R projects exceed increases in state education funding (resulting from enrollment increases) plus the tax revenue generated by the project that is ordinarily apportioned to municipal school budgets (approximately 52% based on statewide averages). In cases where the educational expenses exceed the additional revenue of the project, the reimbursement is added to the Town's Chapter 70 disbursement from state.

Adopting Chapter 40R zoning could also positively impact the Town's ability to comply with state law requiring municipalities to provide 10% affordable housing. According to the most recent housing data published by the Department of Housing and Community Development, the Town of Ashland is currently at 6.3% on the state's Subsidized Housing Inventory (SHI) and needs approximately 243 new units to comply with the 10% mandate based on 2010 Census data. It is anticipated that this unit count will be adjusted upward after the SHI is updated with 2020 Census data, thus increasing the number of units required or Ashland to reach 10% on the SHI. While 40R only requires that 20% of all new units be affordable, the Town may require that 40R project includes 25% affordable units,

as is being considered in Ashland through the proposed project at 10-50 Main Street. If a rental project is constructed under 40R zoning that requires 25% affordability, the Town will get credit on the SHI for the total number of rental units constructed. If the 10-50 Main Street project as proposed is approved as a Chapter 40R rental project with 25% affordability, the state will add 200 units to Ashland's SHI count, bringing the Town closer to 10%. Even after the SHI is adjusted for the 2020 Census data, adding 200 units to the SHI would provide the Town of Ashland with at least a one year stay from Chapter 40B, and possibly two years, providing some additional time for the Town time to plan for and actively encourage construction of additional affordable units.

Given the fact that Ashland has not yet met its 10% mandate, it is the opinion of the consultants that Chapter 40R is a very useful tool for the Town to consider adopting at the 10-50 Main Street site. The consultant team encourages the Town to pursue Chapter 40R zoning at this site.

BUILDING USE MIX

During the interviews with local officials, there was broad support for any redevelopment plan at 10-50 Main Street to include a mix of residential and commercial uses. The local officials understand that economics dictate the need to introduce a critical mass of residential users in close proximity to business uses in a downtown setting, and the consultants found no opposition to adding multi-family housing to this site. All of the local officials supported 25% affordability of new housing units, and some expressed a desire to increase the percent of affordable units to further more diversify the housing stock in Ashland.

The consultants heard strong support for amenity business uses such as office, health and wellness, retail, and food uses, which traditionally perform well in downtown locations. Interestingly, some of these business uses currently occupy space at 10-50 Main Street, but that real estate is performing less successfully (with a 10% vacancy rate) in comparison to the storage, warehouse and industrial uses currently located at the site, which is fully occupied.

The consultants found that storage, warehouse and industrial users occupy approximately 75% of the square feet currently available at 10-50 Main Street, and that space is fully occupied. However, it is the opinion of the consultants that this is more likely the result of price sensitivity (meaning, the owner currently offers low-cost rent to industrial users) than

the attractiveness of the location. In fact, these more traditional industrial uses may be more suitable for an alternate location outside of downtown with better access and where heavy truck traffic will have a lesser impact than in downtown. Local officials felt strongly that efforts be made by the developer to ensure that valued Ashland businesses currently operating at 10-50 Main Street be relocated elsewhere in town, but there was confusion around how that would be achieved. If the site is to be rezoned and the redevelopment project is to advance, it is recommended that the developer and the Select Board address any expectations for how the existing businesses will be relocated. It is not financially feasible for the owner/developer to cover the cost of relocation for all of the existing businesses at 10-50 Main Street in the development proforma, but the owner/developer can work with the Town to ensure that communications are effective and existing tenants understand that they are valued by the Town and encouraged to stay. The consultants recommend that the Town consider whether there are municipal incentives such as Tax Incentive Financing (TIF) can be offered to encourage these existing businesses to remain in Ashland, and if there is capacity for Town staff to facilitate tenant matches with other Ashland property owners with available space.

It should be noted that the proposed project includes 34,000 square feet of commercial space, and the consultant team has some reservations about the ability for the downtown market to absorb 34,000 square feet of new commercial/retail space. As was discussed earlier in the report, the 10-50 Main Street building currently holds approximately 20,000 square feet of amenity uses and approximately 10% of the space is vacant. The proposed project will increase the amount of available commercial and retail space at 10-50 Main Street by nearly 40%. While any new construction commercial space will be more suitable for these preferred uses than the existing complex, and likely will be more attractive to potential tenants, it is important to avoid any negative impact on other downtown commercial spaces that may result from adding more commercial and retail space than the market can reasonably absorb. The stakeholders should be cautious about creating a market condition that draws tenants from surrounding properties into the new space, which could serve to shuffle vacancies to other buildings as opposed to growing the overall number of businesses operating in downtown. The most desirable downtowns are full, and it is in the Town's best interest that all commercial spaces in downtown be fully occupied – in any new building at 10-50 Main Street and beyond.

The consultant team acknowledges that the Town staff, the Select Board and the developer have reached agreement that 34,000 square foot of commercial space be included in the redevelopment proposal, and the consultant team does not see significant benefit to renegotiating that agreement, unless the development team wishes to pursue further study of retail feasibility that could inform adjustments. However, the consultants recommend creating some flexibility in the proposed development agreement and the

potential zoning to allow for modification of the commercial uses if the local market is not strong enough to fill the commercial space. It is recommended that the development agreement set forth a process and conditions by which the Town will consider repurposing any unfilled commercial spaces. The consultant recommends establishing a set of uses that may be allowed in the previously permitted commercial spaces, at the discretion of the Planning Board or Select Board, if the developer demonstrates a good faith effort to fill space but is unsuccessful over an agreed upon period of time. It is also recommended that any Chapter 40R zoning article provide the same type of flexibility to respond to market demand for a percentage of the commercial space, so any adjustments to the approved plan to do not require future Town Meeting approval of zoning amendments. It is expected that this type of flexibility in the zoning will not only provide safeguards to ensure that the project is successful, but it will make the project better able to secure financing.

The consultant team believes that repositioning the 10-50 Main Street complex from a site that is a purely commercial (the vast majority industrial) into a mixed-use site makes a lot of sense, from both a planning perspective and a real estate market perspective. The reconstruction of modern, efficient commercial spaces that are customized for office, health and wellness, and retail, restaurant and food uses will be more successful at attracting new tenants than the current 10-50 Main Street structure could attract. Similarly, introducing multifamily residential uses into the downtown core at the scale proposed at 10-50 Main will bring the “feet on the street” necessary to provide an instant customer base for new and existing businesses in downtown. These variables will help the town to attract the types of amenity businesses that residents desire in downtown Ashland, and meet the market demand for multifamily housing in downtown. Further, the consultant team believes that the proposed residential density is required to enable the financial feasibility of the redevelopment project as a whole.

BUILDING AND SITE DESIGN

The consultant interviews revealed that local leaders wish to preserve the unique, historic and traditional New England feel that exists in downtown Ashland today. Some of the oldest buildings at 10-50 Main Street provide an historic granite exterior and the newer buildings are red brick. A majority of local leaders felt that the developer renderings proposed to date for 10-50 Main Street could be Anywhere, USA. While the proposed colors scheme and materials are consistent with some of the newer mixed-use projects that have been built in downtown in recent years, the size and scale of the 10-50 Main Street redevelopment project will more impactful and the project requires a more traditional look and feel. Many local officials desire to achieve a more traditional aesthetic that pays homage to the manufacturing innovation history of this site, perhaps by preserving and reusing the granite

exterior of some of the existing buildings, or replicating the appearance of the mansard roofing.

During the consultant interviews, local leaders expressed support for the building step backs on upper stories which serves to reduce the scale and experience of the buildings from the sidewalk. Many local leaders made mention of opportunity to fit a large footprint on the site, due in part to the deepness of the lot that allows for the bulk of the building to remain at the rear of the site, and grade change that allows for an entire building floor to remain virtually hidden from street view. A number of local leaders expressed distaste for the flat roofs shown in the renderings and expressed desire for greater attention to the details that could make this project unique for Ashland as opposed to something you may find in any community.

The consultant team also heard some concerns about the building setback as measured to Main Street, mostly due to resident complaints that a nearby redevelopment project was sited too close to the street. These local officials wish to address resident concerns about setbacks prior to recommending zoning. In light of these concerns, the consultant team recommends that the development team prepare street view renderings of the proposed buildings in relations to other buildings that currently exist in downtown. It would be useful for the local officials to understand how the project proposed for 10-50 Main relates not only to the existing structures on that site, but to the surrounding properties.

The consultant team recommends that the development team work to incorporate more of the unique features of the existing structures at 10-50 Main and offer an alternative building design set that more closely represents the historic elements of the site. Softening the setback with more vegetation and landscape design may also soften the street view and bring down the scale of the buildings as experienced from the sidewalk. The Department of Housing and Community Development published a resource entitled [Guidebook: Creating Design Standards for Chapter 40R Districts](#), which may prove helpful to the design team and the local officials considering this project.

On the topic of site design, some of the local official expressed concern over the alignment of the entrance to the site at the signalized intersection at Pleasant and Main Streets. Some local officials expressed concern about overloading the intersection, while others found the alignment beneficial to moving traffic in and out of the 10-50 Main Street project efficiently. The consultants recommend that the development team spend some time investigating the traffic impact of the project on that signal, and how the proposed project may impact the

Town's Main Street reconfiguration and streetscape project. It is expected by the consultant team that eliminating the truck traffic generated by 70,000 square feet of industrial uses at this site is likely to have a positive benefit on traffic circulation in and around the site. The consultant team also expects that any potential traffic impacts at the Pleasant and Main Street signal are able to sufficiently mitigated, but it is recommended that the development team address this concern in the forefront of the project to alleviate any concerns about site design. The consultant team understands that the developer/owner and Town officials have discussed the potential to enhance connections between 10-50 Main Street and the MBTA Station, either by private shuttle or expanded regional transit service, which is also expected to mitigate any potential peak hour traffic impacts at the intersection and in the vicinity of the project.

The following images demonstrate how the proposed project will change the appearance of the site as viewed from the north and the south and are offered as reference only.



Current view of 10-50 Main from Myrtle Street. Source: Google Maps.



Proposed View of 10-50 Main from Myrtle Street. Source: Gorman Richardson Lewis Architects, dated January 19, 2021



Current view of 10-50 Main from South. Source: Google Maps



Proposed View of 10-50 Main from South. Source: Gorman Richardson Lewis Architects, dated January 19, 2021

FINANCIAL FEASIBILITY ANALYSIS

With the cooperation of the owner/developer, the consultant team analyzed the development proforma to establish an opinion about the financial feasibility of the proposed project. The consultants confirm that the development proforma includes the variables that would be expected for a project at the concept phase of development, including financial assumptions surrounding per unit construction costs, estimated market rents, and soft costs. Based on the data provided, the consultants found that the financial assumptions included in the proforma are reasonably consistent with expectations for a project of this scale, and demonstrate that the proposed project is reasonably financially feasible. The fluctuating and unpredictable market conditions resulting from the uncertainty of the COVID-19 pandemic make it impossible to know exactly how the market will change in the weeks, months and years ahead, and what impact those changes may have on such things as the cost of materials and market rents. However, it is the opinion of the consultant team that the owner/developer has made the best possible assumptions they could for an early-stage project, and that those assumptions seem viable given what we know today. It is understood that the site owner/developer is actively seeking a development partner with deeper expertise in mixed-use development to execute this project, and the consultant team supports that plan. It is expected that a more detailed development proforma will be prepared with the input of a potential development partner after the project is permitted, as is typical for private development projects, and the ultimately feasibility of the project will be determined at that time based on real-time market data and the stability of capital markets.

For the purposes of municipal planning, the consultants recommend that the Town consider the proposed project to be financially feasible.

During the consultant interviews, some local leaders asked the consultants to render an opinion with respect to the appropriateness of the proposed unit count and the impact of increasing the affordability of the project. It is the experience of the consultant team that projects offering more than 10%-15% deed-restricted affordable units are generally reliant on heavy state subsidies such as Low-Income Housing Tax Credits, Housing Development Incentive Program, Historic Tax Credits, New Markets Tax Credits, Brownfields Tax Credits, or newer Opportunity Zone investments, to make the projects economically viable. Many of those programs are not applicable to the proposed project, and it is the understanding of the consultant team that the 10-50 Main Street developer is not planning to utilize many or any of these programs. Therefore, it is the opinion of the consulting team that 25% affordability of a 200-unit project is reasonable and financially viable, and it may be difficult to increase the percentage of affordability or decrease the unit count in any meaningful way without impacting the financial feasibility of the project. However, the consultants defer to the local leaders and residents of Ashland to determine if the building proposal makes sense to them. That said, the consultants encourage the Town staff and local leaders to work with the development team to establish a building design that feels comfortable without an emphasis on total unit count. In many cases, it is achievable to design a building that feels smaller but offers the same number or even more of units than has been proposed.

TRAFFIC AND ENVIRONMENTAL IMPACT

During the consultant interviews, there were several concerns expressed about the potential for traffic impacts and environmental concerns related to the 10-50 Main Street project proposal. These concerns will be considered during the project review, but it is recommended that the development team consider providing some context for traffic and environmental issues to assist local leaders and the public better understand the implications of the proposed zoning change.

As was mentioned in the site design section of this report, the consultant team heard a number of comments from local leaders about locating the entry and exit to the proposed project at the signalized intersection of Pleasant and Main Streets. The consultants also heard a number of concerns about the potential for increased traffic volume with the addition of 200 new housing units at this site. The consultant team recognizes that an all-commercial project generates significantly more traffic, particularly at peak hours, than a

mixed-use project, and based on experience, the consultant expects that potential traffic impacts may be less significant than is expected by some stakeholders and likely to be easily mitigated to align with existing conditions, or perhaps even improve upon existing conditions. However, the consultant team recommends that the development team conduct a preliminary traffic analysis to help the community and local leaders to better understand the existing traffic volumes at 10-50 Main Street, how that might change under the mixed-use development scenario, and different strategies that may be employed to mitigate impacts. It is expected that a comprehensive traffic study will be completed after zoning is approved and at the time of application, and it is not typical for projects at this stage of development to pursue an early-stage traffic investigation. However, it is also the opinion of the consultant team that helping local leaders and the general public to better understand the projected traffic impact would make it easier for them to consider supporting the proposed zoning change.

Further, it is understood that the US Environmental Protection Agency and the Massachusetts Department of Environmental Protection that have oversight over environmental permitting of any development at 10-50 Main Street. Due to heightened community sensitivities resulting from the Nyanza contamination and resulting public health concerns, the consultant team suggests that it would be beneficial for the development team to help local leaders and the public to understand the environmental permitting process for any proposed project at 10-50 Main Street and how the state and federal processes are designed to eliminate any potential for contaminant releases or further environmental hazard.

To reiterate, the consultant team recognizes that early-stage traffic studies and environmental permitting presentations are atypical preceding a zoning change, and more typically occur during project permitting. However, it is the expectation of the consultant team that some public education on traffic impacts and potential mitigation strategies, as well as environmental permitting procedures and the oversight of regulatory agencies, will help alleviate potential issues during development of a zoning article and Town Meeting consideration.

CONCLUSION

The Town of Ashland has been working successfully toward revitalizing downtown into a live-work-play-gather environment, and is making critical infrastructure investments that promote walkability and bike access, improved connections to public transit, and enhanced connections to public open spaces in and around downtown. The Town has worked to plan

for new growth, reposition underutilized buildings, and establish community gathering places like the Corner Spot. The consultant team is impressed with the Town's accomplishments in recent years, which demonstrate a strong local commitment to economic and community development, and desire to attract private investment that makes revitalization possible.

It is the opinion of the consultant team that the redevelopment of 10-50 Main Street to allow for a multifamily residential project with some amenity commercial uses is not only the highest and best use for this site, but will be transformational to the goals of downtown revitalization. After an investigation into local markets and redevelopment trends over the past decade, the consultants have determined that there is little chance of successfully redeveloping 10-50 Main Street as an all-commercial project. The consultants feel strongly that the only viable redevelopment plan for this location requires residential uses, and the best redevelopment plan includes a mix of residential and commercial uses, and the proposal before the Town for consideration is economically viable. Ultimately, the decision on whether or not to rezone this parcel is up to local officials and the voters of Ashland, but the consultants suggest that the current proposal is an opportunity for the Town to reposition a key parcel and it warrants consideration.

It is understood that the Town has appointed a subcommittee comprised of town staff and local leaders to consider the findings of this report and to advance consideration of mixed-use redevelopment of 10-50 Main Street. The consultant team agrees with that approach and supports the use of a subcommittee made up of members of the Town staff, Select Board and Planning Board to work on the specifics of the policy and make recommendations to the full Boards and ultimately Town Meeting.

As that effort advances, the consultant team recommends that the Town of Ashland – through the subcommittee, town staff and local leaders - consider the following actions as the redevelopment project proposal advances:

- Pursue a Chapter 40R zoning article for a mixed-use development project at 10-50 Main Street that increases the affordability requirement from 20% to 25% affordable housing requirement;
- Maintain the 34,000 square feet of commercial space for amenity uses such as office, health and wellness, retail, restaurant and food uses, but provide flexibility to repurpose some portion of the commercial space if it turns out that the downtown real estate market cannot fill the entirety of the commercial space;

- Establish conditions whereby the Town would consider exercising the flexibility and determine which body would be responsible for approving it;
- Work with developer to establish a process for supporting existing commercial tenants at 10-50 Main Street;
 - Consider the Town’s capacity to match relocating businesses with other Ashland property owners that have available commercial/industrial space;
 - Consider the use of municipal incentives to encourage existing businesses to relocation within Ashland;
- Consider pursuing a One Stop application to seek state grant resources to further investigate the strength of the downtown retail market for future planning purposes.

The consultant team recommends that the owner/developer of 10-50 Main Street consider the following actions as the redevelopment project proposal advances:

- Consider revising the building aesthetic to achieve a more traditional New England feel that replicates some features of the existing complex and pay homage to the manufacturing history of the site;
- Provide updated renderings that show the proposed building setbacks as relates to surrounding properties;
- Seek a development partner with broad experience developing mixed-use projects of the scale proposed for 10-50 Main Street;
- Pursue a preliminary traffic analysis to help the public and local leaders to understand the anticipated traffic impact of the project and potential mitigation strategies;
- Provide additional information on the environmental permitting requirements of any proposed development at this site and the regulatory oversight of state and federal agencies, to help alleviate concerns about public health and the environment.

The consultant team appreciates the opportunity to engage with the Town of Ashland and the development team on the proposed project for 10-50 Main Street and wishes all parties success in the process.