

October 2018

Manchester-by-the-Sea

# LCD ZONING REPORT

Draft



# MBTS PROFILE

The Town of Manchester-by-the-Sea (MBTS) is a hidden gem of the North Shore, boasting a unique history and a strong community of around 5,300 people, according to the U.S. Census Bureau's 2016 American Community Survey. The town is well known as a residential seashore community, with a highly advanced school system, exhibited by the 97% of students pursuing higher education after graduation and a number 12 ranking among all High Schools in the state.<sup>1</sup> MBTS stands out among the rest of Essex County in terms of median household income (\$92,604 vs. \$73,901) and home values (\$737,100 vs. \$389,700), as well as poverty rates (7.7% vs. 11.3%).<sup>2</sup>

**The Master Plan Committee (MPC) has been tasked with looking to the future to help ensure that MBTS remains a special and prosperous place.**

These figures are indicative of the high quality of life and the financial well-being residents currently enjoy. The Master Plan Committee (MPC) has been tasked with looking to the future to help ensure that MBTS remains a special and prosperous place.

Realizing that the Town must be prepared for the future, the MPC conducted a visioning survey,

attracting the participation of 594 residents, and compiling 1,250 comments. The survey asked residents to identify the most important community values, as well as MBTS' major assets and challenges. Most importantly the survey invited residents to share their vision for the future of MBTS.

**MBTS is on sound financial footing, enjoying a Triple A bond rating, a healthy rainy day fund, and access to grants of over \$4 million in the last 5 years.**

Survey results showed that residents found much value in staying true to MBTS's culture, maintaining public infrastructure, a high quality school system, a fiscally responsible local government, and managing economic growth and development in a way that balances revenues to sustain public services, facilities, and infrastructure.

Currently, the Town leans heavily on residential property taxes to manage these town assets. According to Town Administrator, Greg Federspiel, MBTS is on sound financial footing, enjoying a Triple A bond rating, a healthy rainy day fund, and access to grants of over \$4 million in the last 5 years. However, despite this good news, he reports that, in the long term, the Town must rely on creative strategies to manage

escalating operating and capital costs, particularly in the area of infrastructure. Over the course of the next fifteen years, the Town anticipates spending \$45 million on roads, drainage, sewer works, water works, sidewalks, and facilities, DPW rolling stock, fire apparatus, and other miscellaneous capital projects.<sup>3</sup> MBTS also faces significant capital funding requirements for its share of upcoming capital projects for the Manchester-Essex Regional School District.

To manage these challenges, the Town Administrator working with the BOS and Finance Committee identified a number of strategies for balancing the Town's revenues with operating and capital needs. A key strategy is to grow Manchester's commercial tax base, a strategy supported by the largest number of MP Survey respondents. Development in the Limited Commercial District (LCD) offers the Town this opportunity to grow its tax base.

**A key strategy is to grow Manchester's commercial tax base, a strategy supported by the largest number of MP survey respondents.**

This report compares options for developing the LCD under different Zoning regulations and identifies the potential revenue that development could produce.

1 Bev Low, Director of Guidance and College Counseling, MERHS

2 U.S. Census Bureau, 2016 American Community Survey

3 Federspiel, Greg. *A Look At The Town's Financial Conditions And Options For The Future*

# LIMITED COMMERCIAL DISTRICT DESCRIPTION

The Limited Commercial District, located north of MA-128 stretches across 760 acres. Approximately 40% of that land is developable, or potentially developable while the other 60% is permanently protected open space.<sup>4</sup> Most of the potentially developable land is held by four land owners, Gordon College, owning 147 acres of undeveloped land west of Pine Street; The Brown Family Trust, owning 23 acres of undeveloped land between Old School Street and Atwater Lane; and the Manchester Athletic Club, owning 40 acres of undeveloped land east of Atwater Lane. The Town of MBTS owns around 40 acres including land to the east of Pine Street and east of School Street.

The Limited Commercial District is the only area remaining in town that provides an opportunity for more than incremental commercial growth. It also provides the town an opportunity to consider a new approach to permitting development; an approach that focuses on a holistic plan, desired outcomes and an iterative process.

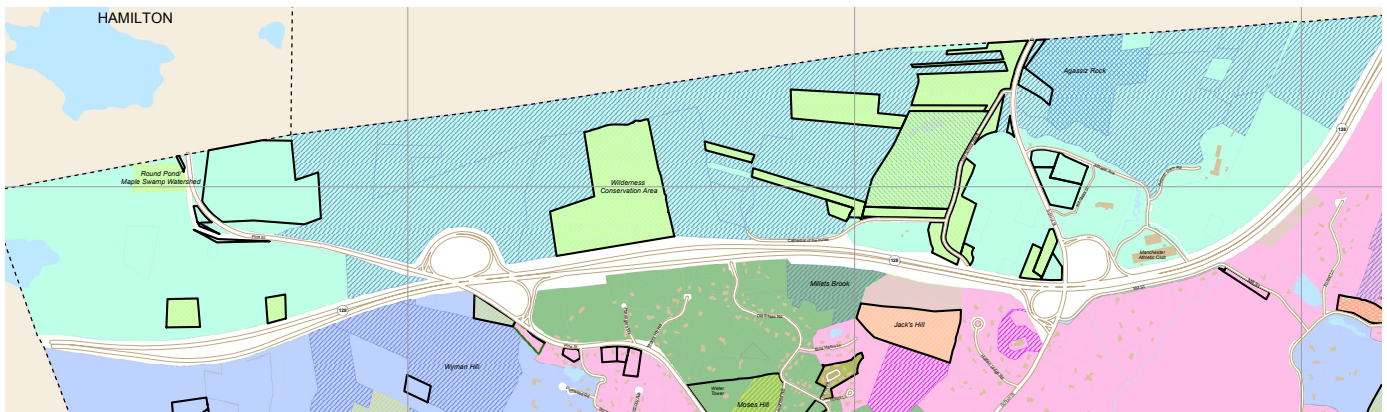
## LCD Data

**Total Protected Land** *Trustee of Reservations*  
**442** acres **139** acres

**Town Own (Protected)** *Manchester-Essex Conservation Trust*  
**102** acres **200** acres

**Undeveloped (Not Protected)** *Existing Commercial Development*  
**278** acres **40** acres

**Revenue from Commercial Uses (40 acres)** **Revenue from Undeveloped Land (720 acres)**  
**\$132,038** **\$43,022<sup>5</sup>**



4 Town of Manchester-by-the-Sea. *Open Space And Recreation Plan*. Conservation Committee  
 5 Town Manchester-by-the-Sea

# CURRENT LCD ZONING USES AND CRITERIA

Allowed Uses	Lot and Dimensional Requirements
Business and professional offices	1 use per lot
Recreation club or facilities	Minimum lot size - 5 acres
Municipal use	Minimum lot width - 500'
Photovoltaic installations	Maximum % of lot covered by structure - 20%
	Maximum % of lot covered by parking - 25%
	Minimum % of lot landscaped or natural - 25%
Allowed by Special Permit	
Marijuana facilities	Maximum building height - 35'
	Minimum Street set-back - 150'
Scientific research and development, light manufacturing, assembly and materials (west of Pine St)	Minimum lot line set-back - 100'
	All runoff to be recharged on site <sup>6</sup>

## CHALLENGES

(of existing zoning)

- **Limits type of uses**

**Solution:** Broaden allowable uses to meet community needs.

- Health Services
- Education
- Residential (Including assisted living)
- Hotel
- Personal Services
- Supportive small-scale retail

- **Restrictive recharge, dimensional, sign, and parking regulations**

**Solution:** Create regulations that are tailored to desired uses, protect resources, and offer flexibility to allow the town to respond to different proposals.

- **Mixed-use development not allowed**

**Solution:** Allow and encourage mix of complimentary uses.

## BENEFITS

(of revised zoning)

- **Increased revenues**

- Residential tax revenue
- Commercial tax revenue
- Room tax revenue

- **New and expanded services**

- Health services
- Hotel
- Supportive retail/personal services

- **Housing diversity**

- Long-term assisted living facilities
- Affordable housing units
- Smaller, single story, low maintenance

- **Jobs**

# REVENUE POTENTIAL

Development in the LCD would produce revenue for the Town. Following are some estimates of potential real estate tax revenue based on MBTS's 2018 FY tax rate, and using comparison developments in MBTS or nearby communities.

## Hotel

Existing in Manchester - LCD  
 Total Sq. ft: 0  
 Total Assessed Value: \$0  
 Total Revenue: \$0  
 Potential Revenue per Sq. ft: **\$3.18<sup>7</sup>**

Square Feet of Development	Projected Revenue
100,000 sq. ft	\$318,000
200,000 sq. ft	\$636,000
300,000 sq. ft	\$954,000 <sup>8</sup>

## Office Buildings

Existing in Manchester - LCD  
 Total Sq. ft: 12,891  
 Total Assessed Value: \$3,175,700  
 Total Revenue: \$35,027  
 Potential Revenue per Sq. ft: **\$2.72**

Square Feet of Development	Projected Revenue
50,000 sq. ft	\$136,000
100,000 sq. ft	\$272,000
150,000 sq. ft	\$408,000

## Outdoor Recreational Properties (Tennis Courts/Other Outdoor Facilities)

Existing in Manchester - LCD  
 Total Sq. ft: 89,467  
 Total Assessed Value: \$4,690,900  
 Total Revenue: \$51,741  
 Revenue per Sq. ft: **\$0.58**

Square Feet of Development	Projected Revenue
100,000 sq. ft	\$58,000
150,000 sq. ft	\$87,000
200,000 sq. ft	\$116,000

## Small Retail

Existing in Manchester (Not in LCD)  
 Total Sq. ft: 30,361  
 Total Assessed Value: \$4,121,200  
 Total Revenue: \$45,457  
 Revenue per Sq. ft: **\$1.50**

Square Feet of Development	Projected Revenue
25,000 sq. ft	\$37,500
50,000 sq. ft	\$75,000
75,000 sq. ft	\$112,000

## Medical

Existing in Manchester - LCD  
 Total Sq. ft: 0  
 Total Assessed Value: \$0  
 Total Revenue: \$0  
 Potential Revenue per Sq. ft: **\$1.64<sup>9</sup>**

Square Feet of Development	Projected Revenue
50,000 sq. ft	\$82,000
75,000 sq. ft	\$123,000
100,000 sq. ft	\$164,000

## Residential (Rental Units)

Existing in Manchester - LCD  
 Total Units: 0  
 Total Assessed Value: \$0  
 Total Revenue: \$0  
 Revenue per Unit: **\$1,489**

Units Developed	Projected Revenue
25 units	\$37,226
50 units	\$74,452
100 units	\$148,904

Note: assuming assessment value of \$45K per unit plus \$60/sq. ft and 1500 sq. ft per unit.

## Residential (Owned Units)

Existing in Manchester - LCD  
 Total Units: 0  
 Total Assessed Value: \$0  
 Total Revenue: \$0  
 Revenue per Unit: **\$6,618**

Units Developed	Projected Revenue
25 units	\$165,450
50 units	\$330,900
100 units	\$661,800

Note: assuming assessed value of \$600,000 per 2000 sq. ft unit.

7 City of Gloucester, FY 2018 Short Street Listing  
 8 Comparison from City of Gloucester  
 9 Comparison from City of Newburyport

# CURRENT PERMITTING PROCESS

The LCD is zoned to separate commercial from residential uses in town, as well as to allow a limited number of commercial uses that are either not considered appropriate for other areas of town or that are unlikely to be developed in the General (Commercial) District in the downtown due to lack of available land. A greater number of uses are allowed on land west of Pine Street if found to not adversely affect the environment or public health. LCD regulations also focus on safeguarding recharge areas that contribute to the

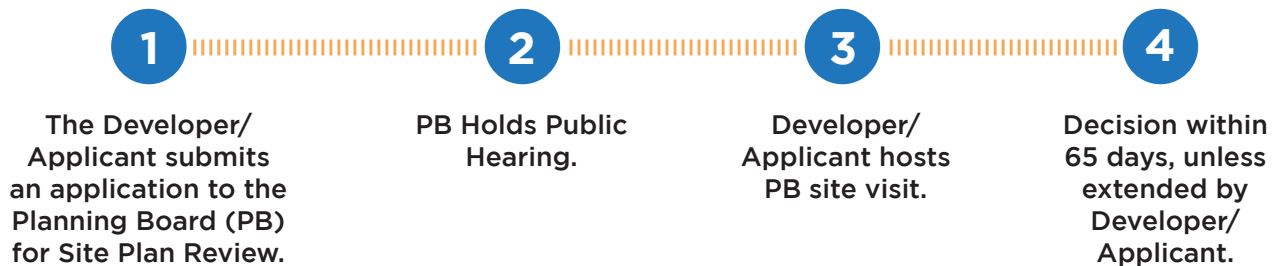
town's drinking water supply by limiting hazardous materials and requiring recharge of all runoff.

Current Zoning regulations require Site Plan Review for all projects and a decision within 65 days of an application unless extended by permission or at the request of the applicant. Historically, project approval takes more than six months. Any use not allowed by right requires a variance. A variance decision is required within 100 days of an application, also unless extended.

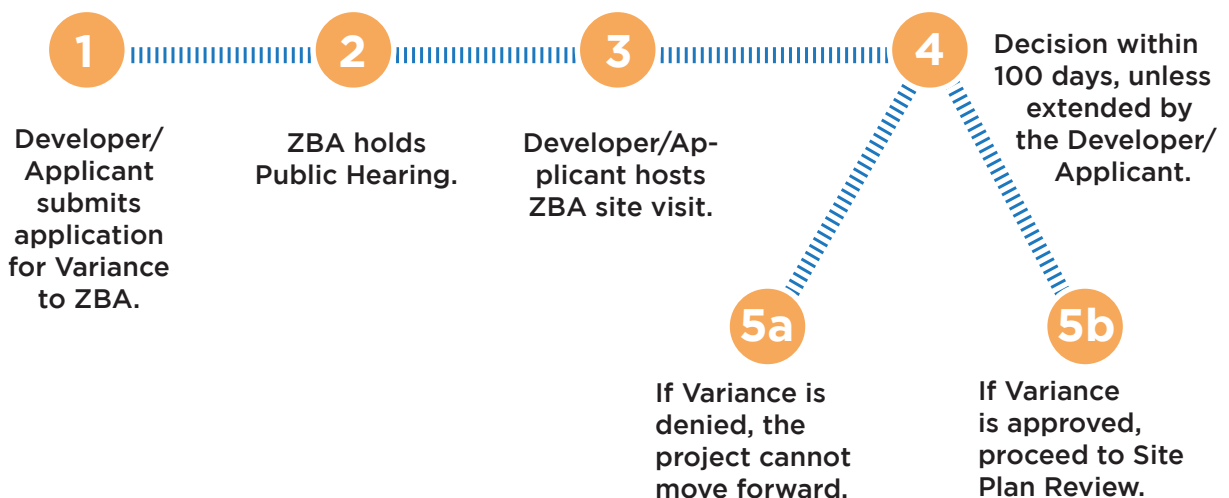
Zoning Regulations governing the LCD are critically important for supporting the type and amount of development desired. While existing Regulations have limited development as they were designed to, the Town has the responsibility and the opportunity to continuously evaluate and improve the regulations to meet evolving community needs.

The current process is as follows:

## Existing MBTS Process for a project meeting all zoning requirements



## Existing MBTS Process if variance is needed



# ALTERNATIVE APPROACH TO PERMITTING

## Overlay District

An Overlay District is a type of zoning district that lies on top of another Zoning District. Development may proceed under underlying or Overlay District Zoning. The use of Overlay Districts provides communities with an opportunity to meet the unique needs of geographic areas that require higher levels of protection or that may not be reaching their fullest development potential. For Manchester, Overlay District Zoning in the LCD could provide flexible provisions to allow for controlled Smart Growth development.

Overlay District Zoning and permitting, as an alternative process for MBTS, gives the Town and the applicant an opportunity to partner at the very beginning of an iterative process. Regulations can be designed to integrate more Town and Applicant interaction throughout the process from pre-application through Town Meeting vote.

## Benefits

- The Town and the Developer partner from the beginning of the process.
- Residents are more integrated into the process.
- Final approval of development is through a Town Meeting vote.



# ALTERNATIVE APPROACHES TO PERMIT DEVELOPMENT

## MA SMART GROWTH ZONING OVERLAY DISTRICT

Chapter 40R was adopted by the state legislature to encourage communities to zone for compact residential and mixed-use development in “smart growth” locations by offering financial incentives and control over design.

Municipalities may establish Smart Growth Zoning Overlay Districts that allow densities of between 8 and 20 residential units an acre with 20% required to be affordable homes. The district should allow “mixed use” - the combination of residential, office and retail within close proximity.

Assistance is available for writing a Smart Growth bylaw and for planning and design. Well-designed districts create a distinc-

tive sense of place and fulfill a significant market demand for convenience, while reducing car trips and preserving open space elsewhere in the community. In return for adopting the zoning and streamlining the development process for 40R districts, municipalities are eligible for payments from a Smart Growth Housing Trust Fund.<sup>10</sup>

### District Requirements:

There are three choices for location - for the MBTS LCD it would be the third.

- Smart growth zoning districts can be in one of three locations:

  1. Areas near transit stations including rapid transit, com-

muter rail, and bus and ferry terminals.

2. Areas of concentrated development, including town and city centers, other existing commercial districts in cities and towns, and existing rural village districts.
3. Areas that by virtue of their infrastructure, transportation access, existing underutilized facilities, and/or location make highly suitable places for residential or mixed use smart growth zoning districts
  - Must allow as-of-right residential development at least 8-20 units per acre, depending on building type, and require at least 20% of such units to be affordable.

### Incentives if Zoning Adopted

- **Upfront zoning incentive payment** - Zoning incentive payments are based on potential number of housing units (max # possible minus total number permissible under underlying zone)
  - \$10,000 for up to 20 units
  - \$75,000 for 21-100 units
  - \$200,000 for 101-200 units
  - \$350,000 for over 200 units
- \$3000 Bonus payment for each new housing unit built in the district
- Educational cost - Annual 40S payment reimbursement is equal to the cost of educating students in new housing minus the % of new revenues from the district otherwise devoted to educational costs.





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