

The Study

KARL F. SEIDMAN | CONSULTING
SERVICES

Somerville Linkage Nexus Study

Final Report

to

Mayor's Office of Strategy Planning and Community Development City of Somerville

Submitted by:

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December 2022

The Study

Have things changed since **December 2022**?

[Yes, dramatically...]

“Biotech layoffs 2023: About 1,500 Mass. workers were laid off in Q1”

-- Rowan Walrath, Boston Business Journal, April 3, 2023

“Worcester, Lowell Eyed As Next Big Life Sciences Clusters As Costs Rise In Urban Core”

-- Taylor Driscoll, Bisnow Boston, April 6, 2023

“Holding on by its fingernails.’ The biotech industry in Massachusetts braces for another tough year.”

-- Ryan Cross, Boston Globe, January 21, 2023

The Study

Did the study come with a caution or warning?

[YES, immediately after stating the Housing and Job Fee Recommendations....]

... In setting the final fee rates, the City should consider additional fees or exactions that may be implemented and their combined impact on the economics of development and Somerville's competitive position.

- Somerville Linkage Nexus Study, Page 78

The Study

So, how do total city “fees and exactions compare”?

"FEES & EXACTIONS"					
	BOSTON	CAMBRIDGE	WATERTOWN	SOMERVILLE TODAY	SOMERVILLE PROPOSED
Nexus Study: Housing Linkage	\$30.78	\$33.34	\$11.18	\$11.23	\$22.46
Nexus Study: Job Linkage	\$2.39	\$0.00	\$0.00	\$2.75	\$2.75
Building Permit Fee ⁽¹⁾	\$10.00	\$15.00	\$15.00	\$21.00	\$21.00
Plan Review Fee ⁽¹⁾	\$0.00	\$0.10	\$0.00	\$1.00	\$1.00
Other Exactions ⁽²⁾	\$0.00	\$10.00	\$0.00	\$44.43	\$44.43
TOTAL PSF	\$43.17	\$58.44	\$26.18	\$80.41	\$91.64
TOTAL \$ BASED ON 300K SF Building	\$12,951,000	\$17,532,000	\$7,854,150	\$24,123,000	\$27,492,000

¹ Fee based on % of cost, but has been converted to PSF based on cost of \$1,000 PSF.

² Somerville Other Exactions include GLX Fee, Large Projects Fee, and Infrastructure Contributions based on covenants with City of Somerville.

The “entry fees” to develop in Somerville are already 2-3 times more expensive than our “immediate competitors” according to The Study.

The Study

New **ANNUAL** Real Estate Taxes: \$76.8M per year

2021 - 2022		
BUILDING	SF	RE TAXES @ \$12.50 PSF
101 South Street	270,000 SF	\$ 3,375,000
250 Water (CX)	480,000 SF	\$ 6,000,000
222 Jacobs (CX)	430,000 SF	\$ 5,375,000
TOTAL	1,180,000 SF	\$ 14,750,000

2023 - 2024		
BUILDING	SF	RE TAXES @ \$12.50 PSF
10 Prospect - US2	180,000 SF	\$ 2,250,000
100 Chestnut	200,000 SF	\$ 2,500,000
808 Windsor	330,000 SF	\$ 4,125,000
Boynton Gateway	315,000 SF	\$ 3,937,500
Biomed #1	495,000 SF	\$ 6,187,500
74 Middlesex	465,000 SF	\$ 5,812,500
15 McGrath	262,000 SF	\$ 3,275,000
TOTAL	2,247,000 SF	\$ 28,087,500

2025+		
BUILDING	SF	RE TAXES @ \$12.50 PSF
D3.1 - Beacon Sales	280,000 SF	\$ 3,500,000
99 South	360,000 SF	\$ 4,500,000
0 Windsor	300,000 SF	\$ 3,750,000
Green Cab	380,000 SF	\$ 4,750,000
200 McGrath	880,000 SF	\$ 11,000,000
FRIT Lab	382,000 SF	\$ 4,775,000
Nissenbaum	800,000 SF	\$ 10,000,000
Scape Davis Square	188,000 SF	\$ 2,350,000
Biomed Future	1,000,000 SF	\$ 12,500,000
Greystar Future	500,000 SF	\$ 6,250,000
Inner Belt Future	575,000 SF	\$ 7,187,500
US2 Future D Parcels	500,000 SF	\$ 6,250,000
TOTAL	6,145,000 SF	\$ 76,812,500

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Should Somerville risk \$76M every year

(\$2B+ over the next 30 years)

– by increasing one-time fees and exactions by \$3.3M this year?