

OFFICE OF BUSINESS DEVELOPMENT

**CODE OF MASSACHUSETTS REGULATION
GENERAL LAW CHAPTER 40Q: LOCALLY DRIVEN
PUBLIC FINANCING ALTERNATIVE TO FUND PUBLIC
WORKS, INFRASTRUCTURE AND DEVELOPMENT
PROJECTS**

**Commonwealth of Massachusetts
District Improvement Financing Program**

Preliminary District Application
Pursuant to CRM 402 3.00

Assembly Row DIF

Submitted by the City of Somerville
Mayor's Office of Strategic Planning and Community Development



Section 1.1 Applicant Information

Applying City or Town: City of Somerville

Applying Entity: Assembly Row DIF Board

Primary Contact Person: Monica R. Lamboy

Title: Executive Director, Office of Strategic Planning and Community Development

Address: 93 Highland Avenue Somerville, MA 02143

Phone Number: 617-625-6600 x 2500

Fax Number: 617-625-0722

E-mail address: mlamboy@somervillema.gov

Section 1.2 Application Information

District Name: Assembly Row DIF	Duration:	30 Years
Program Name: Assembly Row DIF	Duration:	30 Years
IRD Name: Assembly Row IRD	Duration:	30 years
IRDDP Name: Assembly Row IRDDP	Duration:	30 years

Section 1.3 Assessed Value Information

Certified, Original Base Assessed Value in the District: TBD

Certified, Original Base Assessed Value in the IRD: TBD



Executive Summary

Assembly Square is one of Somerville’s premier locations for transit oriented, smart growth development. Its riverfront location, large geographic area, accessibility via major transportation corridors, industrial history and proximity to Boston make it an ideal location to achieve that potential.

The vision for Assembly Square (ASQ) includes four key -principles that are consistent with the City’s long-standing goals for the ASQ District:

1. Create a balanced mixed-use program
2. Transit oriented design
3. Focus development around new pedestrian-oriented public spaces
4. Improve access to the waterfront

With the Assembly Square District, the “Assembly Row” development consists of 1.7 million square feet of office, 2,100 residential units, 160-200 room hotel, and 1.07 million square feet of retail on 66.5 acres of land. The construction of a new Orange Line MBTA Station is a central component to the new transit oriented development planned in Assembly Square. The project has already received Master Plan approval for a Planned Unit Development (PUD) from the City of Somerville and one special permit has been issued for the IKEA site.

The anticipated public infrastructure investment necessary to realize Assembly on the Mystic is approximately \$111.5 million¹. To date, \$71 million in federal and state funds have been committed to the project including:

Federal Funds	
American Recovery & Reinvestment Act (ARRA)	\$12 million
ASQ Multi-Modal Congressional Earmark	\$5 million
Orange Line Station (design)	\$2 million
State Funds	
Growth District Initiative	\$2 million
Infrastructure Investment Incentive Program (I-Cubed)	\$50 million
TOTAL	\$71 million

The Assembly Row DIF District is designed to facilitate a local contribution to public infrastructure for the project.

¹ Source: I-Cubed Final Economic Development Proposal, October 27, 2009. This figure is subject to change.



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Section 2.2 Contact Information

City Mayor Joseph Curtatone

Somerville City Hall
93 Highland Avenue, Somerville, MA 02143
617 625-6600 x2100
JCurtatone@somervillema.gov

Chief of Staff Janice Delory

Somerville City Hall
93 Highland Avenue, Somerville, MA 02143
617 625-6600 x2100
JDelory@somervillema.gov

Executive Director OSPCD Monica Lamboy

Somerville City Hall
93 Highland Avenue, Somerville, MA 02143
617 625-6600 x2500
MLamboy@somervillema.gov

City Solicitor Frank Wright

Somerville City Hall
93 Highland Avenue, Somerville, MA 02143
617 625-6600 x4400
FWright@somervillema.gov

City Auditor Edward Bean

Somerville City Hall
93 Highland Avenue, Somerville, MA 02143
617 625-6600 x3200
EBean@somervillema.gov

City Assessor Marc Leveye

Somerville City Hall
93 Highland Avenue, Somerville, MA 02143
617 625-6600 x3100
MLEveye@somervillema.gov

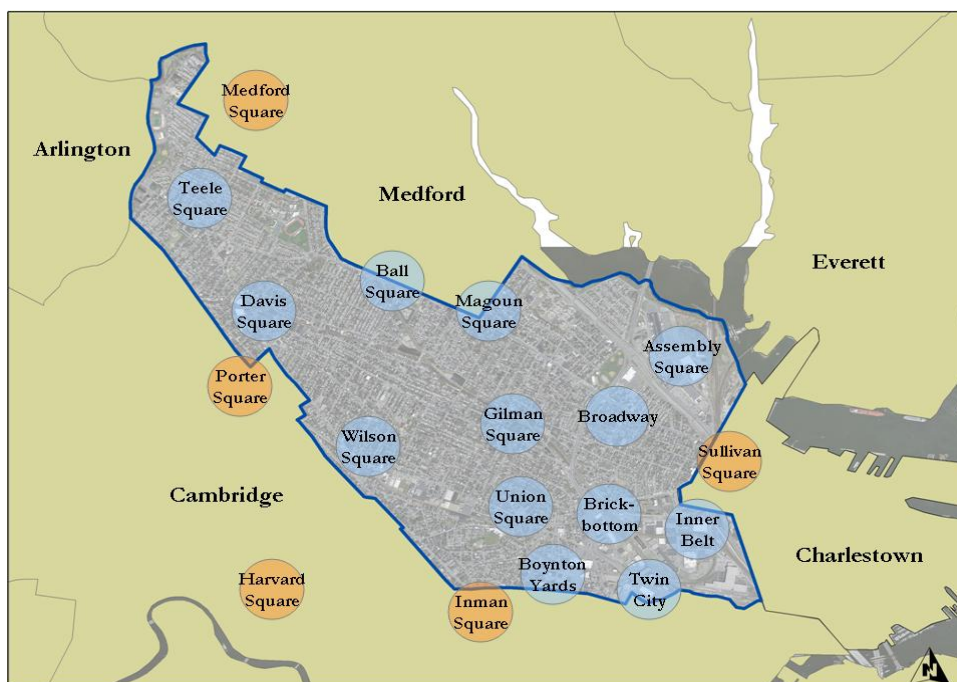


Section 2.3 Municipal Description

A general description of the Municipality. The intent is to familiarize the EACC with your community so that they have a context in which to understand the Application. A recent or updated copy of a rating agency general obligation bond report could complete this subsection.

Geographically, Somerville contains approximately 4.1 square miles of land area, and is located next to Boston and Cambridge. Somerville is one of the older municipalities in the Commonwealth, having been first settled prior to the Revolutionary War. Formerly a city with many industrial employers, after the elimination of passenger rail service in the 1950's, Somerville has increasingly become a bedroom community for Boston and Cambridge. Between 1990 and 2000, the city experienced its first population growth in one half century and was found to contain approximately 78,000 residents in 2000. Today, Somerville is recognized for its youthful population (40% of residents are between the age of 20 and 35), but is also preferred destination for many recent immigrants (14% of all Somerville residents entered the U.S. in 1990 or later). Somerville also benefits from its strong artist community.

Figure 2.3.1: Key Commercial and Industrial Areas



HISTORY

The Early Years

By the early 19th century, Somerville was the location of important turnpike, canal, and railroad corridors to and from Boston. Until that time, Somerville was primarily used as



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grazing lands by farmers of Charlestown and contained only a few scattered settlements. The area first gained prominence when it served as a critical military position during the American Revolution. The industrial revolution arrived in Somerville, just prior to its incorporation as a city in 1842. Industrialists capitalized on Somerville's natural resources and labor supply. The city quickly became home to a variety of industries, the most prominent including brick-making and meatpacking, in addition to the preindustrial revolution industries of dairy farms and stone quarries.

In addition to industrial growth, the introduction of new streetcar lines and rail stations contributed to Somerville's greatest period of population growth. Between 1870 and 1915, the population multiplied six times. By the early 1900s, the array of employment opportunities drew workers to Somerville, increasing the demand for housing. The City's population continued to grow and reached its peak during the Second World War with 105,883 people. Closely packed two-family homes and triple-deckers were built throughout the city to house the population, many of whom worked in the wholesale slaughtering and meatpacking industries. This sudden boom in housing production created the close knit residential fabric the city is known for.

The majority of Somerville's road network and infrastructure was laid before 1920 and contains 105 miles of roadway and 162 miles of sewer lines. At the start of the 20th Century Somerville was served by a four passenger rail lines as well as numerous street cars and horse cars. As private automobiles became cheaper and more readily available, Somerville's trolley system and street railways began to decline. By 1958, all passenger train service in Somerville had ended, replaced by intermittent busses running on many of the original streetcar routes.

Somerville's early leaders did not follow the lead of cities like Boston and New York City relative to the creation of public parks and open space. In fact, only two parks were dedicated (Central Hill Park and Broadway (Foss) Park) before the great housing boom which began in 1870. During the boom the only parks that were dedicated were Lincoln Park in 1900 and Trum Field in 1903. As a result only 4.7% of Somerville's land is dedicated to parks and open space. The lack of planning for open space seriously affects the city's quality of life.

Post War Decline

The building boom for homes continued until the 1940s, but was then followed by a period of industrial and population decline that lasted into the 1980s. Between 1970 and 1980, Somerville's population declined by 13%. The city also suffered from a general deterioration of its infrastructure. During this time, the city lost over 2,000 jobs, due in part to changes in the manufacturing industry as well as the departure of manufacturing and wholesale businesses in search of less-expensive land.

In the post war era, the Commonwealth's transportation plans focused on expansion of the highway system throughout the Boston metro area. Plans for the Inner Belt Expressway moved forward until community opposition halted the project. I-93 was built through parts of east Somerville, eliminating many homes, severing the Assembly Square and Ten Hills districts from the rest of the city, and leaving many households to live within a few feet of the elevated structure. Consistent with this decision making, the McGrath Highway was



expanded over time converting what was part of the Emerald Necklace, series of parks and open spaces, into a 6+ lane expressway dividing east Somerville from other parts of the city.

The dominance of the auto in public investment began to reverse by the late 1980s and early 1990s. As the MBTA worked to extend the Red Line beyond Harvard Square, Somerville residents, businesspeople, and public officials advocated for it to be routed through Davis Square. The station has proven to be a catalyst for revitalizing Davis Square, promoting new commercial development and turning the area into an active shopping, dining and entertainment district while preserving the residential character of the neighborhood. The 0.5 mile Community Path, a shared pedestrian and bicycle path, has been seen to be a significant contributor the revitalization by providing residents with accessible open space and a comfortable walk to the transit station.

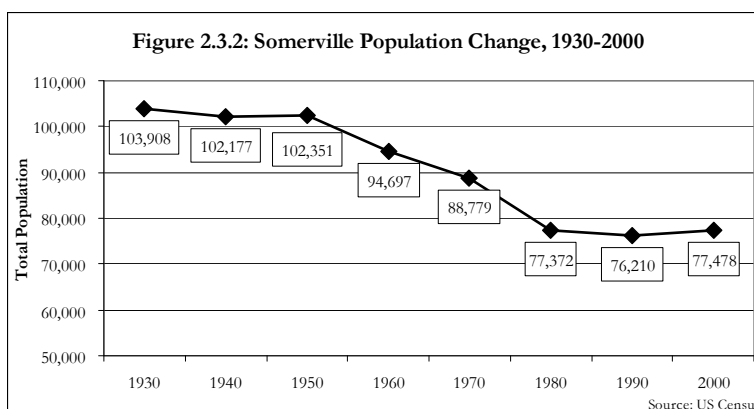
TRENDS IN SOMERVILLE

Population Trends

Total Population

Somerville’s population reached its historic peak in 1930, when the US Census reported 103,908 residents. However, significant

population decreases (-24%) were recorded between 1950 and 1980, resulting in a community that had nearly 25,000 fewer residents in 1980 than in 1950.



The city’s population reached its low point as of the 1990 Census, which recorded 76,210 residents. By the 2000 Census, Somerville’s population took a slight upturn to 77,478, an increase of 1.7% from 1990. Population increases during that period are at least partially attributable to immigration given that Somerville’s foreign-born population doubled as a percentage of the total population between 1970 and 2000. While Somerville gained population during the last decade, its growth (+1,268 persons, or +1.7%) was significantly less than the metropolitan core (+3.1%) or the state as a whole (+5.5%). The large neighboring cities of Boston and Cambridge also exhibited greater percentage growth than Somerville did.

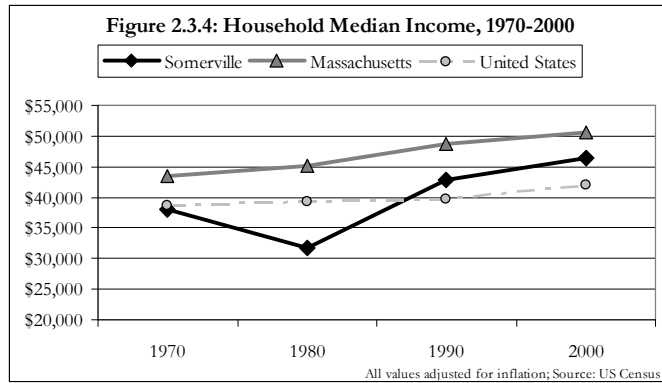
Household and Family Size

Household and family size has consistently declined in Somerville during the last forty years. The average household size and average family size in Somerville have been steadily decreasing in recent decades, reaching 2.38 persons per household in 2000. This trend is in keeping with the rest of the United States, as families have fewer children, divorce becomes more common, and individuals remain single until later in life. This has important ramifications for educational needs, labor force and housing demand.



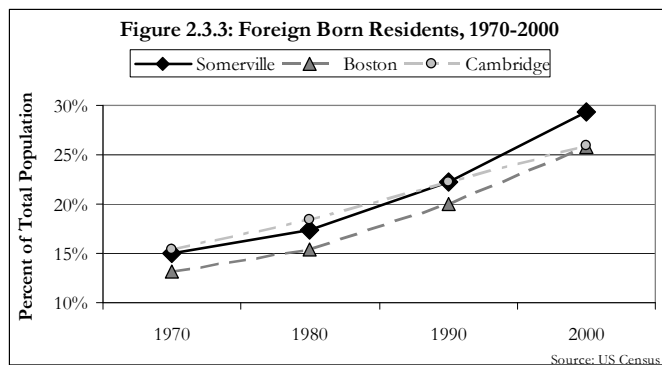
Race, Ethnicity, Origin and Language

During the 1980's, growth in Somerville's minority population was more pronounced than that experienced at national or state levels. This may be partly attributable to changes in total population - Somerville's total population was essentially constant between 1980 and 1990, while Massachusetts and the United States experienced population growth of +4.7% and +9.8%, respectively.



All three major racial/ethnic minority groups increased in Somerville during the 1980's. Somerville's Hispanic population increased from roughly 2% to roughly 8% of the population, while the Black population increased from 3% to 6% of the total. The Asian population increased from less than 1% to nearly 4% of the total. Between 1990 and 2000, the minority population continued to increase as a percentage of the total population (from 11% to 23%).

Somerville has long been a magnet for immigrants. According to the 2000 U.S. Census, foreign-born residents represented nearly 30% of Somerville's total population. Foreign-born residents have doubled as a percentage of Somerville's population since 1970. While neighboring communities show similar trends, Somerville experienced a sharper increase in its immigrant population during the last two decades than Boston or Cambridge.



Not surprisingly, according to the 2000 Census, at least 25 languages are spoken in Somerville. Those most commonly spoken include Portuguese (8,932 residents) and Spanish (5,794 residents). Smaller, yet significant, populations of Haitian-Creole (2,023), Italian (1,786), and Chinese (1,639) speakers are also present.

Income

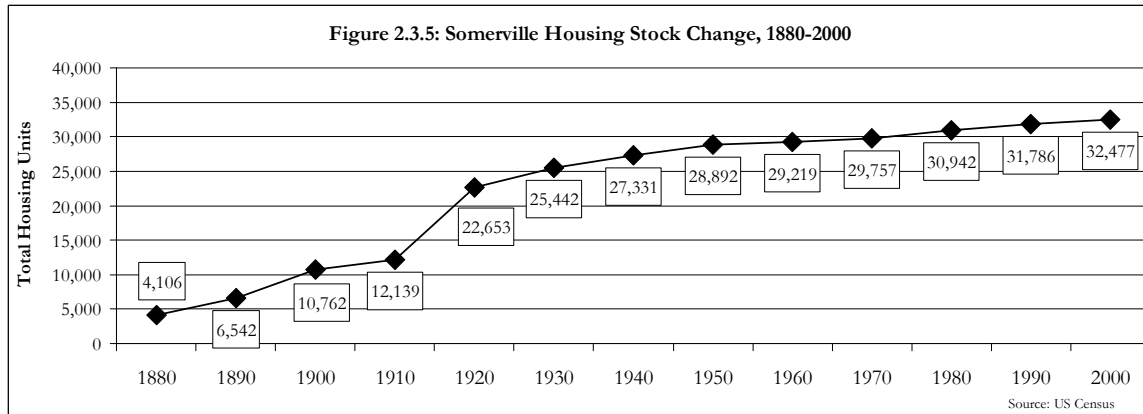
Following decreases in real income between 1970 and 1980, Somerville's inflation-adjusted median income values have increased at the per capita, household and family scales. Figure 2.3.4 illustrates trends in household median income at the local, state and national scale. Somerville's sharp decrease between 1970 and 1980 may be partly attributable to out-migration of wealthier households during the 1970's, combined with the near-stagnant wages that characterized the 1970's. Between 1980 and 1990, Somerville experienced a significant



increase in household median income, while the statewide gain was more modest and the national median remained constant.

Poverty in Somerville over the last three decades has generally exhibited minor fluctuations. Somerville’s poverty rate increased sharply between 1970 and 1980 and then remained fairly constant between 1980 and 2000, hovering between 12% and 13% of households. In 2000, the U.S. poverty rate was just over 11% and the Massachusetts rate was less than 10%.

Housing Trends

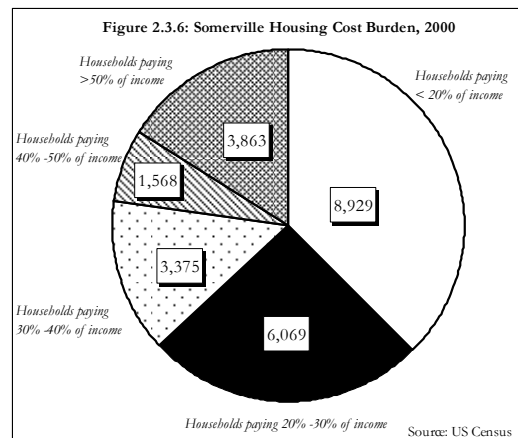


Housing Stock

After Somerville’s incorporation as a city in 1872, rapid housing construction occurred. A major spike in housing growth occurred between 1910 and 1920, when a construction boom resulted in a net change of 10,514 units nearly doubling the number of units that existed prior to that date. By 1940, 27,331 units existed – over 84% of the units found in the 2000 census. Between 1940 and 2000 only 5,146 units (+19%) were added at the same time the population decreased from 102,177 (1940) to 77,478 (2000).

Affordability

In a region recognized nationally for high housing prices, housing in Somerville has been subject to major price increases in recent decades. Somerville’s inflation-adjusted median home value in 1970 was approximately \$93,000 and in 1980 the median home value was reported at \$113,000. However, by 1990 this increased to \$274,000, a remarkable 142% increase from 1980. This sharp jump may be attributable to the timing of economic boom and bust cycles: at the time of the 1980



Census, the nation was recovering from a major recession in 1978-1979, suggesting that home values may have been particularly low. The 1990 Census, on the other hand, followed the economic expansion of the late 1980’s, and as a result home values may have been particularly high at that time.



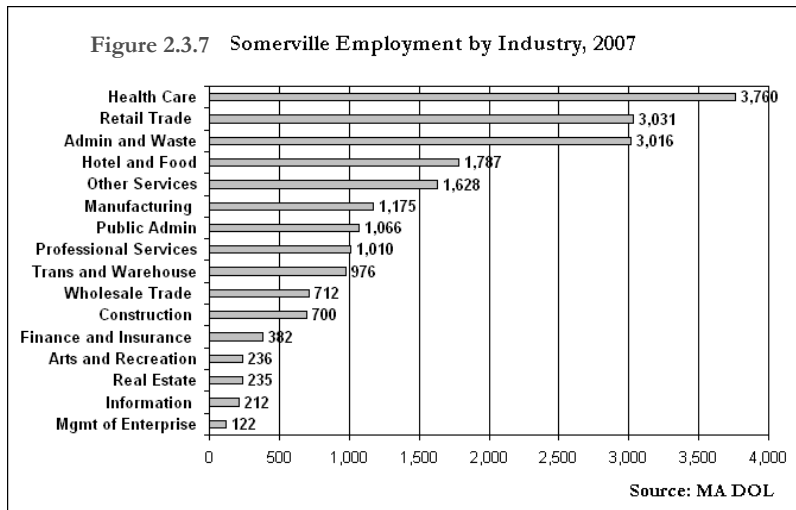
Of 24,604 Somerville households for which housing cost data was recorded by the 2000 US Census, 8,806 (35.8%) reported paying more than 30% of household income toward rent or mortgage costs. There are 3,863 households (15.7%) reported paying more than 50% of income toward rent.

Excessive housing cost burden affects Somerville’s renters more than its homeowners; of Somerville’s 21,892 renter households, 8,066 (36.8%) reported paying more than 30% of household income toward rent at the time of the 2000 US Census. By comparison, among homeowners, 27.3% (740 households) reported paying more than 30% of household income toward housing costs.

Economic Trends

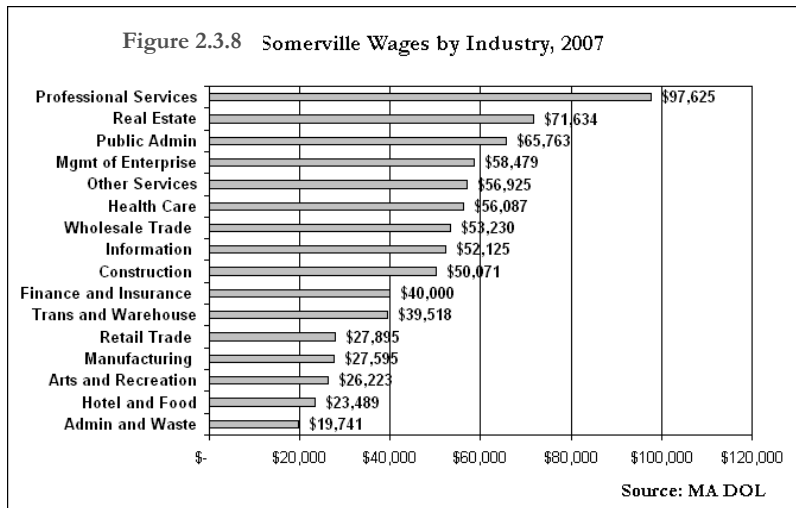
Somerville’s economy has seen significant change over its history. Today, businesses in Somerville predominantly exist to support the large residential population with some other businesses taking advantage of Somerville’s low rents in proximity to Boston and Cambridge’s financial, health, education and

technology centers. Overall, auto-focused infrastructure decisions benefitted communities outside of Somerville, at the expense of local industry and residents.



Employment Sectors

In 2007, *Health Care Services* establishments employed 3,760 people². This makes it the largest employing sector by a sizable margin over the next two largest industries. Given Somerville’s small local employment base, health services sector represents a serious concentration of high value-added economic activity. Of particular importance is



the average wage (\$56,940) for the Health Care Services sector which is the greatest of any sector of note in Somerville. The largest employer is the non-profit Cambridge Health

² The Department of Labor data reports the number of people working in an industry, not the number of full time equivalents. As a result, part time workers and full time workers will be counted as equivalent in these figures.



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Alliance (CHA) which is local serving, as opposed to regional serving, and quite modest in size when compared with the medical industry in Boston. CHA operates the Somerville Hospital and a clinic in Winter Hill.

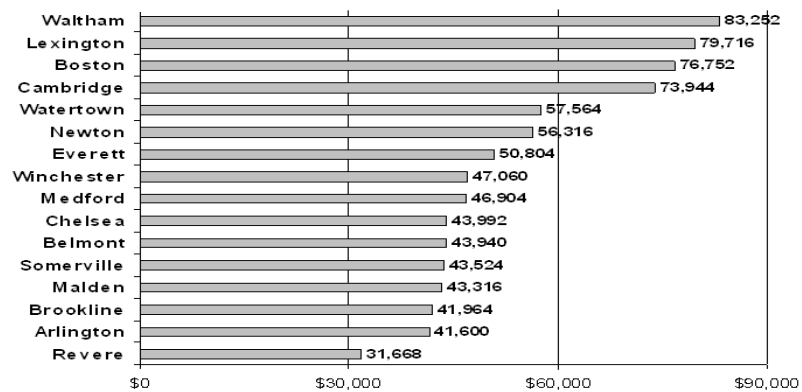
At 3,031 employees, the second largest sector in Somerville is *Retail Services*. Within retail services, grocery markets constitute the largest number of employees (1,039 employees), significantly dwarfing building and home materials (346 employees) and health and personal care (209 employees). The few regional serving businesses – Target, Home Depot and the Assembly Square Market Place – are auto-oriented and located close to high volume roadways such as I-93 or McGrath Highway. Jobs in the retail sector are typically low wage and the average wage is \$26,208 per year.

The types of firms classified as *Administrative and Waste* services likely seek out Somerville due to its proximity to Boston. With 3,016 employees within Somerville, the wages in this sector are high – waste collection (\$60,892), office admin (\$56,108) and travel & reservations (\$50,440). With nearly 2,000 jobs, the Waste Management Company is the single largest employer as it operates the trash transfer station in the Inner Belt District.

With nearly 1,800 jobs, *Hotel and Food Services* in Somerville is dominated by food services. In fact, Somerville only contains two hotels – Holiday Inn (110 employees) and La Quinta (40 employees).size and type of service. However, Somerville contains a large number of vibrant restaurants that provide life to many of the city’s commercial squares. Reported wages in this sector are quite low (\$19,760 per year).

Across all sectors, the wages paid for jobs in Somerville lag far behind many other communities in the Boston Metro Region. As can be seen below, four cities have wages of \$74,000 or higher and another five have wages above \$45,000. Somerville is among a group of cities and

Figure 2.3.9 : Wages Regional Comparison, 2007



Source: MA DOL

towns that have industries predominantly focused on goods and services for the local community and are not recognized regional employment centers. Somerville wishes to expand its commercial base, but has not been well positioned to do so since rail transit was eliminated.

Somerville Residents in Labor Force

Despite having a very well qualified labor force among its residential population (12.6% of residents have an advanced degree), very few jobs are located in Somerville. In fact, Somerville only houses 0.49 jobs per each resident aged 16 and over in the workforce (as compared with Cambridge with 2.09 per resident in the workforce). Data indicates that the



majority of Somerville residents (58%) have occupations in managerial, professional, technical, sales or administrative positions. A smaller percentage (22%) works in service occupations and even fewer (10%) as operators, fabricators, and laborers.

As a result of the limited number of jobs in Somerville and their type, less than 16% of residents work within Somerville. Nearly half travel to Boston or Cambridge for work (48% combined) with smaller percentages travelling to job centers in surrounding suburban communities. This impacts their quality of life, traffic congestion, and the amount of income spent on transportation as those working in the suburbs most likely require a private vehicle to get to work.

Transportation Trends

Vehicular Traffic

From 1920 to 2007, Vehicle Miles Traveled (VMT) has increased at a greater rate than the increase in road mileage throughout the United States (i.e., there are more vehicles per mile of roadway than ever before). In Massachusetts, VMT increased from 45 million to 51 million miles between the years of 1990 and 1998—an increase of 13%. This is due in part to land use patterns of dispersed growth that rely heavily on automobile transportation networks. Somerville, as a locus of Interstate Highway and major arterial routes leading to employment centers in Cambridge and Boston, has shouldered an undue burden of regional through traffic. The areas of highest congestion in Somerville are Davis Square, McGrath Highway at Broadway, McGrath Highway at Washington Street, and Union Square.

Figure 2.3.10 : TOP PLACES OF WORK FOR SOMERVILLE RESIDENTS, 2000		
Boston	12,491	27.8%
Cambridge	9,083	20.2%
Somerville	7,092	15.8%
Medford	1,614	3.6%
Newton	1,019	2.3%
Waltham	970	2.2%
Burlington	831	1.9%
Woburn	687	1.5%
Watertown	541	1.2%
Everett	530	1.2%

Regional patterns of truck traffic have also negatively impacted Somerville. Within Somerville, trucks are allowed in areas that are designated as Urban Principal Arterials, including Washington Street, Beacon Street, Somerville Avenue, and Broadway from Route 28 to the Boston City Line. Cambridge has an abundance of 24-hour truck restrictions, as well as an evening ban on truck traffic on local roads. These restrictions push truck traffic onto Route 28 and into Somerville.

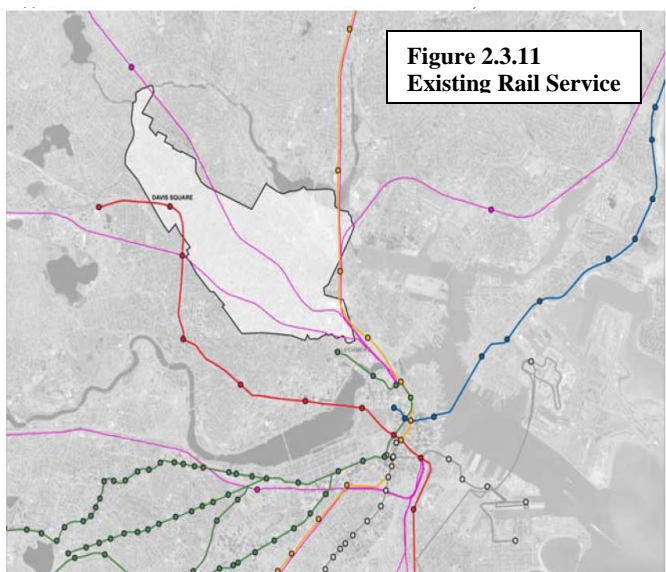


Figure 2.3.11 Existing Rail Service

Source: City of Somerville

The City of Somerville contains a total of 105.6 miles of paved streets, of which 88.1 miles are under local jurisdiction, 3.2 miles are under Mass Highway jurisdiction, 10.3 miles are listed as ‘unaccepted’, and 4.1 are



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under Department of Conservation and Recreation (DCR) jurisdiction, most notably, McGrath Highway.

Rail Transit

With just one MBTA subway stop in its northwest corner (Red Line at Davis Square), Somerville sits within a rapid transit void. With the exception of its northwest quadrant near Davis and Porter Squares on the Cambridge/Somerville border, and the far eastern portion of Somerville near Sullivan Square, Community College and Lechmere, most of Somerville, lies beyond the service area of the MBTA rapid transit system.

Even though they pass through the city, two routes of existing commuter rail lines provide no service to Somerville. Both the Fitchburg/South Acton and Lowell MBTA Commuter Rail lines run directly through Somerville with no stops.

Built in 1985, the MBTA Red Line at Davis Square provides an important link into the system for Somerville. Overall, the Red Line makes more daily trips (427 per day), carries more riders (226,417 per week), and offers more stations and stops (22) than all subway lines in the MBTA T service (excluding surface portions of the Green Line which are considered light rail).

Bus Transit

With 15 routes functioning within and throughout the city, Somerville has a strong network of buses and nearly all neighborhoods are within a ¼ mile radius from a bus line. Most of the current bus routes follow the original paths of the old streetcar lines, with major routes running up and down Broadway, Highland Avenue and Washington Street. Though these services are fairly robust, issues with reliability, transfer waiting time and bus stop conditions, and congestion issues on the roadways, all affect the bus experience and are part of the overall impression of the bus service. Nearly 33,000 passengers board buses that pass through Somerville each day.

Bicyclists and Pedestrians

With an over 10-fold increase in the number of bike lanes and sharrows (arrows on streets indicating the need to share the road with bicycles), over the past two years, and the creation of the Community Path from the Cambridge city line to Cedar Street, more Somerville residents are biking for commuting purposes. Census data from 2000 shows that 2.8% of Somerville workers were commuting to work by bicycle, up from 2.0% in 1990 (see Figure 2.3.20). According to the American Community Survey, this number has increased even more to 3.5% by 2006. In 2000, more people biked to work in Somerville than in Boston (1.0%), though there were still slightly fewer bike commuters in Somerville (2.8%) than in neighboring Cambridge (3.9%).

In 1990, Census data showed that 10.7% of Somerville workers walked to work, a figure that fell to 9.2% in 2000. The most recent results of the American Community Survey (2007) report less than 8.4% percent of the city's workforce walks to work. While significantly more people walk to work in Somerville than in surrounding communities to the north, the



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percentage of walking commuters still lags far behind that of Cambridge (24.4%). That said, it should be recognized that the ratio of jobs in Somerville to residents of working age is 0.49 while Cambridge has 2.09 jobs for each resident aged 16 and over in the labor force.

Infrastructure Trends

Sewer Systems

The majority of Somerville's sewer infrastructure was built between the late 1870s and the early 1900s and remains in use today. The backbone of Somerville's system is the "Main Drain," a 48-inch brick combined sewer and storm water drain built in 1873 that drains to the Massachusetts Water Resource Authority (MWRA) trunk line at the intersection of Poplar and Medford Streets before heading out to the Deer Island Treatment Plant. It is undersized for today's needs as was seen on July 10, 2010 when a rain storm dropped over 4 inches of water in under 1 hour leaving Union Square under water, destroying 16 police vehicles, and causing the relocation of the police department and 911 system for weeks.

The majority of Somerville is served by a combined sewer system. Combined sewers lines are problematic mostly during wet weather when large amounts of storm water overwhelm the pipelines and combine with sewer water, which leads to an overflow in the outfall pipes. For the most part, the oldest part of the City's sewer system is a combined system; the newer parts of the system are separated sanitary and storm water systems.

In 1974, the civil engineering firm Camp Dresser and McKee, Inc. reported that the City's sewer system could not adequately manage storm flows of any great magnitude. Over the years, plans were developed and projects implemented to begin separating the combined sewer system (CS) into separate lines for sanitary waste and storm water. While significant improvements have been made, further reduction of the remaining combined sewers poses considerable technological and economic challenges, as significant portions of the sewer system in the remaining CSO areas are low-lying and would likely require stormwater pump stations to prevent frequent flooding.

Potable Water

Somerville has had a public water supply system since 1868, when the City contracted with the Mystic Water Board of Charlestown for the laying of the Charlestown water main from Walnut Hill Reservoir through the city. In that year, about 2.5 miles of pipe were installed in Somerville and the system was expanded rapidly until the turn of the 20th century. Somerville's distribution system is now made up of approximately 120 miles of water mains ranging from 4 to 20 inches in diameter, with additional water services to be installed in Assembly Square as a part of the planned mixed-use development project.

All water in the Somerville is purchased by the City Water Department from the MWRA. The source of the MWRA water is the Quabbin Reservoir (capacity 412 billion gallons) located 65 miles west of Boston and the Wachusett Reservoir (capacity 65 billion gallons) about 35 miles west of Boston. The water is delivered through seven MWRA master meters into the distribution system, which is comprised of an elaborate network of pipes, valves,



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hydrants, and service lines. This system delivers water to homes, businesses, and various facilities for drinking and other uses such as fire protection.

Documented in their 1974 "Report on Improvements to the Water Distribution System," Camp Dresser and McKee, Inc. estimated that all pipes installed prior to 1950 were coal tar-coated cast iron or wrought iron, while pipe installed after 1950 was cement-lined cast iron.

Telecommunications

The Inner Belt is served by two high-capacity fiber-optic backbones that carry a range of providers and provide options to high-tech businesses. One line loops around the outside of the district and then connects to a 100-mile loop around Boston that roughly follows the path of Route 128 and Interstate-93. The second line connects East Cambridge to Somerville Avenue Central, Somerville Avenue West and Davis Square via Inner Belt and then extends to Route 16, Route 2 and then out to Route 128. Together, the two lines elevate the Inner Belt levels of access to those of Kendall Square, Waltham and Burlington. Only recently have high-tech businesses, such as server farms, begun to take advantage of the technology capacity that exists in the Inner Belt District

Private Utilities

Natural gas service in Somerville is provided by NStar, while electrical service is provided by NStar and National Grid.

Land Use Trends

With few exceptions, land in Somerville is used actively by the city's nearly 80,000 residents. In 2008-2009, the City undertook a detailed land use inventory to evaluate how land is used today. By far the largest land use category, comprising nearly half of land area (over 1,200 acres), is devoted to residential uses. The second highest use of land is Road Rights-Of-Way, which account for approximately 25% of Somerville's land area (650 acres). Commercial, industrial and land used for mixed use purposes collectively account for 16% of land area. Open space represents a very modest 4% of land area or 155 acres.

When evaluating the distribution of land, it is not surprising that 75% of Somerville's property tax base is from residential land and only 25% is from commercial properties. This is in direct contrast with Somerville's neighbor of Cambridge which receives 39% of property tax from commercial property. As a result, recognition exists throughout Somerville that new commercial development is needed to support critical city services, as well as to provide increased employment opportunities.



Assembly Square District

Assembly Square is surrounded by the cities of Boston, Everett, and Medford. It is located approximately two miles north of downtown Boston and Kendall Square district of East Cambridge, with the major routes of access to and from Boston being Interstate I-93 and McGrath Highway (Route 28). Unlike Somerville's other squares, which flow into each other, Assembly Square is a "stand alone" district, being bounded by the Mystic River to the north and east, McGrath Highway (Route 28) to the west; Interstate I-93 to the southwest, and the MBTA Rapid Transit/Commuter Rail to the south.

Assembly Square, a unique neighborhood district with a land area of 129 acres, is so named after the Ford Motor assembly plant that opened in 1926 and was an important employer in the Boston Metropolitan Area, particularly during World War II. The assembly plant was one of many industrial businesses that thrived in Assembly Square during the 1900's. Boston & Maine Railroad also owned large tracts of land in the district and many of the businesses received shipments by rail. The land was crisscrossed by spur tracks and there were few roadways. The Ford Motor Plant closed in 1958 and by the late 1970's, a number of other industrial businesses had closed as well. See Map 1 in Appendix 1 for Assembly Square in Regional Context.

In 2000, the Somerville Redevelopment Authority (SRA) acquired title to a 9.3-acre former railroad parcel in Assembly Square and issued an RFP for developers. At the same time, the City initiated an extensive public planning process, producing the "2000 Planning Study" which set out a new vision for Assembly Square as a 24-hour, mixed use district with residential, retail, office, cinema, restaurant, hotel, and recreational open space uses. In 2002, the SRA and the City adopted a 20-year extension of the urban renewal plan with the goal of transforming Assembly Square into the lively, mixed-use district described in the 2000 Planning Study. Assembly Square was rezoned to promote the mixed-use concept, and design guidelines and a design review committee were created provide additional assistance in helping foster the new vision.

In 2005, Federal Realty Investment Trust (FRIT), the oldest real estate investment trust in the United States with over \$4 billion in assets, purchased the Assembly Square Mall along with other properties in Assembly Square. FRIT redeveloped the existing mall into the Assembly Square Marketplace which opened its doors in early 2006. Later in 2006, Mayor Curtatone aided in bringing FRIT and IKEA together to come up with a feasible redevelopment plan consistent with the new vision. FRIT and IKEA agreed to trade parcels, moving IKEA inland from its initial site and leaving the waterfront open for FRIT to create pedestrian friendly, mixed-use development. This new plan was welcomed by those who had previously opposed the IKEA development. The land swap was executed in October 2009 solidifying the vision of the district.

Shortly after the City of Somerville adopted new zoning for the Assembly Square District, FRIT submitted a preliminary master plan for a Planned Unit Development on its site and secured approval from the Somerville Planning Board. In 2007, the first special permit was issued for the site for a 350,000 s.f. IKEA furniture store together with structured parking including 200 spaces dedicated to the future Orange Line MBTA Station. A revised and



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refined preliminary master plan was submitted and approved in 2010, setting the stage for additional permit applications.

In 2008, the state's Executive Office of Housing and Economic Development designated Assembly Square as one of the first sixteen "Growth District's" in the Commonwealth. This designation comes as part of the state's Growth District Initiative (GDI) aimed at making appropriate locations development ready and competitive on national and international levels for significant new commercial, residential or mixed-use growth.

In 2009, the Assembly Row Project received a \$2 million GDI grant to construct sub-surface infrastructure (water, sewer, etc.). The project also received final approval from the City of Somerville and the Commonwealth for Infrastructure Investment Incentive (I - Cubed) bond funding in the amount of \$50 million and \$15 million in Federal Stimulus American Recovery & Reinvestment Act (ARRA) funding for roadway construction and off-site improvements (\$12 million in construction funds were ultimately allocated).

In March 2010, FRIT submitted its final Environmental Impact Report for Assembly Square Mixed-Use Redevelopment to the Executive Office of Energy and Environmental Affairs. Construction of Assembly Square Drive is presently underway and engineering design for the internal street network is nearly complete. It is anticipated that work on the internal streets and the outfall pipe will begin in 2011, pending the availability of funds.

Assembly Row Project

FRIT's Assembly Row Project consists of 2,100 residential units, 1.78 million square feet of commercial space including office and laboratories, a hotel, and 435,000 square feet of retail, including restaurants and a cinema. A 350,000 IKEA store will be adjacent to Assembly Row. When completed, the Assembly Row will also include over 9,000 total parking spaces, which will be located in above- or below-grade parking structures.

Assembly Row will be constructed in phases over a ten-year period. This project is expected to result in an estimated \$1.36 billion in construction investment including new public and private infrastructure, publicly accessible open space, and other amenities and public benefits. The project is forecasted to generate \$24 million in annual municipal tax revenue and \$16.7 million in annual state tax revenue. It is also expected to generate an estimated 9,700 permanent jobs and 10,300 construction jobs, while retaining 590 existing permanent jobs. A map of the entire Assembly Row Project Site is shown below.



Figure 2.3.12 Assembly Row Project Site





Section 2.4 Municipal Certification

A copy of the Municipal certification affirming that all of the DIF districts within the Municipality do not together comprise more than 25% of the total area of the Municipality along with a map showing all existing and proposed districts and their percent of the area of the Municipality.

A copy of the Municipal Certification can be found in Appendix 2.

Section 2.5 Consultants' Reports

Assembly Square Planning Study, Cecil Group, Inc., 2002

Assembly Square Revitalization Plan, Major Plan Change, Somerville Redevelopment Authority, 2002

Unified Design Guidelines for the Public Realm, Von Grossman & Company, 2002

Assembly Square Transportation Plan, Rizzo Tetra Tech, 2003

Section 2.6 Other Useful Information

Assembly Square Application for Financial Assistance, Infrastructure Investment Incentive Program, 2009

Final Environmental Impact Report, Vanasse Hangen Brustlin, Inc., 2010

Planned Unit Development Preliminary Master Plan & Urban Design Guidelines, Revised, 2010



Section 3.1 District Description

A description of the District which must include its name, proposed duration and a general description of the District. The intent is to identify and familiarize EACC with the District and provide the background necessary to support a statement explaining why the Municipality has defined the District boundaries as proposed.

The Assembly Row DIF District will consist of a land area of 37+ acres within the 66.5-acre Assembly Row Development. The Assembly Row DIF District will consist of three development parcels within the Assembly Row development, Assembly Square Drive and associated intersections, future Assembly Row public ways and public spaces, and land on or through which municipal infrastructure will be constructed.

Map 2 in Appendix 1 of this Application shows the Assembly Row DIF District Boundaries.

Built Environment

Assembly Row is a former industrial site that contained a series of buildings housing the likes of Chevron Oil, HK Porter Furnace and Forge, Good Time Emporium, Spaulding Brick, Amerigas and First National Stores, which were all demolished leaving predominantly vacant land. The Green Cab Company left the site in 2009 and its buildings remain vacant. Today, only Central Steel remains in operation within the Assembly Row site; however, the Central Steel property was recently purchased by FRIT and will be relocating in the next few months.

The Central Steel building at 99 Foley Street is a 53,000 square foot masonry framed structure with a prefinished metal cladding built in 1910. As a purpose built building, it has very little reuse potential with the exception of heavy industry.

The Green Cab building at 85 Foley Street is a single story, 8,600 square foot masonry framed brick veneer structure built in 1985. The building contains an automotive garage, small office space, and a gasoline distribution pump for its cabs.

With heavy industrial uses like Chevron, HK Porter, and Central Steel, Assembly Row is categorized as a brownfield site and has already been the subject of site specific Massachusetts Contingency Plan site investigations and remediation activities. Additional environmental studies will be needed. Currently, potentially contaminated soil is exposed to the elements and is subject to ground water infiltration and wind borne dispersion.

Transportation and Infrastructure Needs

Assembly Row lacks the basic roadway and public utility infrastructure to support redevelopment. Assembly Square Drive, which is the backbone of the District, is only improved for ½ of its 1 mile length and has historically terminated at New Road – vehicles



would travel over private property through the Assembly Square Marketplace parking lot to get to Route 28. .

Foley Street is the only other road that serves the area. The original alignment of Foley Street took a 90 degree turn toward the Mystic River just past Central Steel and dead ended at HK Porter. Eventually, Foley was realigned and extended to run parallel to the MBTA Orange Line right of way across DCR property to provide access Draw 7 Park through a viaduct under the MBTA tracks. Today, Foley Street is nearly impassable as the pavement degrades and falls away with every new freeze/thaw cycle. The poorly maintained roadway and viaduct serve to discourage the use of the park and preclude access to one of the limited public facilities on the Mystic River.

Absent a significant investment in infrastructure, the area is destined to remain dedicated to low intensity, low revenue generating uses.

Assembly Row needs substantial public and private investment in infrastructure, including a new network of internal public streets; public utilities such water, sewer and stormwater improvements; private utilities such as gas, electric, and telecommunications; and publicly accessible open space such as parks and plazas. The recently approved PUD Preliminary Master Plan calls for the subdivision of the site into nine (9) development parcels within a grid of six (6) new streets. The streets are to be improved with decorative paving elements, street trees, ornamental pedestrian and roadway lighting, seating, bicycle racks, and planters.

The Preliminary Master Plan also calls for a new stormwater outfall to the Mystic River in order to prevent overcharging of stormwater to the already burdened Somerville Marginal Conduit. The recent flooding in July of 2010, which closed the Route 28 underpass, illustrates the need to divert new flow into the existing drainage system.

Total cost of the infrastructure needed to support the build out of Assembly Row, as identified in the October 27, 2009 application to the Commonwealth for assistance under the Massachusetts Infrastructure Investment Incentive (“I-Cubed”) Act, was \$111,506,033.

Section 3.2 Objectives / Goals

A description of the Applicant’s objective or goal in creating the District. This subsection should include information which the Applicant believes will be helpful to the EACC in arriving at its conclusion that it is reasonably probably that the Applicant will achieve its goals in creating the District.

The Applicant’s goals and objectives in creating the Assembly Row DIF Development District are informed by the stated goals of the 2002 Amended and Restated Urban Renewal Plan governing the Assembly Square Urban Renewal District. One of the City’s objectives is to employ and/or develop the most flexible, advantageous, and innovative municipal bonding/financing strategies – such as District Improvement Financing – to accomplish the following goals:



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- To develop Assembly Square with a mix of residential, office, research and development, retail, hotels, cinemas, performing arts centers and institutional uses, giving preference to structured parking.
- To increase the real estate investment and tax base of the project area and thereby that of the City of Somerville as a whole.
- To provide additional jobs for residents of Somerville at all income levels and skills to help stabilize the economy of the City and its residents.
- To promote accessibility into and within Assembly Square by improving and increasing the number of roadways and expanding and enhancing pedestrian and bicycle access.
- To replace low density and vacant areas and incompatible uses and building with mixed-use development and an urban scale street grid and block size closer to urban scale.
- To improve the utility infrastructure in Assembly Square and encourage remediation of former industrial sites to a level suitable for the proposed mix of uses, including residential.
- To expand and improve the Mystic River waterfront and create new public open space in Assembly Square.
- To increase Somerville's supply of affordable housing units.

Section 3.3 Public Notice

Documentation of the public notice procedures used during the District approval process. Include a copy of the notice and a copy of the mailing or distribution list. In addition to the general notice, notice must be given to taxpayers located in the District, the chief elected officers and the chairpersons of the legislative bodies of abutting cities and / or towns, and the EACC. The public may also include underlying and overlapping governmental entities, the Applicant's own planning department and conservation commission, and any other parties the Applicant considers important to the reasonably probable success of the DIF program. A transparent and all inclusive process is the end goal.

A copy of the Public Meeting Notice can be found at Appendix 3.

A copy of the mailing/distribution list can be found at Appendix 4.

Section 3.4 Written Record of Public Hearing

A copy of the written record of the public hearings relating to the District and any written comments that have been provided to the Applicant by members of the public concerning the District. The Applicant may provide a summary to facilitate the EACC's review but is not required to do so.

A copy of the written record of the public hearing can be found at Appendix 5.



Section 3.5 Certification of Compliance with the Local Approval Requirements

A certificate from the Municipality stating that it has fully complied with the local approval requirements specified in 402 CMR 3.00, Section 3.04 with regard to the proposed District. These include:

- a) Designation or creation of an entity that will be responsible for the District*
- b) A public hearing prior to adoption of the District and a written record of such hearing*
- c) Notice to the public of the public hearing and the opportunity to comment in writing on the proposed District*
- d) Evidence that all information required in 402 CMR 3.06(a-j) {and, if the Program was approved concurrently, Section 3.08(3) regarding the Program} have been provided to the municipal governing body prior to its approval of the District {and Program}.*

Certification from the City of Somerville stating that it has fully complied with the local approval requirements can be found at Appendix 6.

Section 3.6 Approving Order

A certified copy of a formal, duly enacted order of the city or town council of the Applicant (with evidence of approval by the mayor or city manager where such approval is required by law) or vote of the town meeting of the Municipality, whichever is applicable, identifying and approving the proposed District. In addition, include the following:

- a) The entities and / or individuals (including their titles, qualifications and contact information, if not already identified on the contact sheet) who may act on behalf of the Municipality in implementing the Program within such District*
- b) Describe where policy control rests, whether staff is dedicated or shared and their respective powers*
- c) Itemize administrative costs and provision for payment of administrative expenses*
- d) Any other information which is necessary to understand the administration and operations of the District.*

A certified copy of the Board action identifying and approving the proposed Assembly Row DIF Development District and DIF Development Program can be found at Appendix 7.

Section 3.7 Maps

Maps and / or plans of the proposed District and the surrounding area showing:

- (a) District boundaries.*

See Map 2 included in Appendix 1.

- (b) Any significant District features that help define the nature and scope of the District which may include topographical, natural or hazardous environmental features.*

No map is included because there are no significant District features.



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- (c) *Property lines, building foot prints, and parking areas.*

See Map 3 included in Appendix 1.

- (d) *Existing uses and ownership of each parcel (identify land in mixed use and public land)*

No map is included here because the following entities (all of which are wholly owned subsidiaries of FRIT) own 100% of the DIF District as tenants in common by Deed recorded with the Middlesex South District Registry of Deeds on July 8, 2010 in Book 54960 at Page 476:

FR Sturtevant Street, LLC, a Delaware limited liability company
Street Retail, Inc., a Maryland corporation
SRI Assembly Row B2, a Delaware limited liability company
SRI Assembly Row B3, a Delaware limited liability company
SRI Assembly Row B5, a Delaware limited liability company
SRI Assembly Row B6, a Delaware limited liability company
SRI Assembly Row B7, a Delaware limited liability company
SRI Assembly Row B8, a Delaware limited liability company
SRI Assembly Row B9, a Delaware limited liability company

all with an address of c/o Federal Realty Investment Trust, 1626 East Jefferson Street, Rockville, MD 20852.

- (e) *Current zoning*

See Map 4 included in Appendix 1.

- (f) *Areas for future zoning study*

There are no areas in Assembly Square for which future zoning studies are contemplated.

- (g) *Existing Land Use*

See Map 5 included in Appendix 1.

- (h) *Future Land Use*

See Map 6 included in Appendix 1.

- (i) *All thoroughfares, public rights of way and easements.*

See Map 7 included in Appendix 1.



Section 3.8 Assessed Value Information

AV information including, but not limited to:

- (a) *A copy of the Assessor's certification of the original, base AV of the taxable real and personal property within the District.*

The Assessor's Certification of the Base Assessed Value of taxable real and personal property within the District is located at Appendix 8.

- (b) *The AV of each parcel of real estate within the District*

Development Block 1 (Parcel 27) =	\$2,996,200
Development Block 3 (Parcel 29) =	\$3,081,300
Development Block 4 (Parcel 28) =	\$3,565,700
Infrastructure Parcel 34	\$7,497,700

Since subdivision of these parcels is in process, the above figures are based on a proportionate share of the assessed valuation of parcels within Assembly Row.

- (c) *The most recent annual property tax levy on each parcel within the District*

The Parcels are all newly created Parcels.

- (d) *Past due taxes as well as any significant* historic delinquencies for each parcel*

None.

- (e) *Any pending appeals or significant* historic appeals for each parcel*

None.

- (f) *Any significant* personal property or concentrations in personal property*

None.

- (g) *Any District major taxpayers and their percent of the District's AV*

The only taxpayer in the DIF District as of the date of this Application are the following nine (9) entities, which own 100% of the DIF District as tenants in common, by Deed recorded with the Middlesex South District Registry of Deeds on July 8, 2010 in Book 54960 at Page 476:

- FR Sturtevant Street, LLC, a Delaware limited liability company
- Street Retail, Inc., a Maryland corporation
- SRI Assembly Row B2, a Delaware limited liability company



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SRI Assembly Row B3, a Delaware limited liability company
SRI Assembly Row B5, a Delaware limited liability company
SRI Assembly Row B6, a Delaware limited liability company
SRI Assembly Row B7, a Delaware limited liability company
SRI Assembly Row B8, a Delaware limited liability company
SRI Assembly Row B9, a Delaware limited liability company

all with an address of c/o Federal Realty Investment Trust, 1626 East Jefferson Street, Rockville, MD 20852.

**Note: "Significant" should be defined in the context of current character of the District as well as in its improved, future nature. In any event, a delinquency or concentration equal to or over 5% should be reported. Consideration of the previous 5 years is sufficient for historic reporting.*

Section 3.9 IRD Information

- a) *A statement identifying parcels, if any, within the IRD that are subject to a Tax Increment Financing (TIF – EDIP Program) agreement, an Urban Center Housing Tax Increment Financing (UCH-TIF) agreement or a special tax assessment pursuant to M.G.L. c. 23A, § 3E(3)*

There are no parcels within the IRD that are or will be subject to a TIF Agreement (TIF-EDIP), an Urban Center Housing Tax Increment Financing Agreement (UCH-TIF), or a special tax assessment pursuant to M.G.L. c. 23A §3E(3).

- b) *A copy of the TIF or UCH-TIF agreements impacting parcels in the IRD*

There are no TIF or UCH-TIF agreements.

- c) *A statement describing the impact of this IRD on existing and future economic development agreements including the Economic Development Incentive Program.*

This IRD is not expected to have any impact on existing or future economic development agreements including the Economic Development Incentive Program.



Section 4.1 Objectives / Goals

The Applicant's goals and objectives in creating the Assembly Row DIF Development District are informed by the stated goals of the 2002 Amended and Restated Urban Renewal Plan governing the Assembly Square Urban Renewal District. One of the City's objectives is to employ and/or develop the most flexible, advantageous, and innovative municipal bonding/financing strategies – such as District Improvement Financing – to accomplish the following goals:

- To develop Assembly Square with a mix of residential, office, research and development, retail, hotels, cinemas, performing arts centers and institutional uses, giving preference to structured parking.
- To increase the real estate investment and tax base of the project area and thereby that of the City of Somerville as a whole.
- To provide additional jobs for residents of Somerville at all income levels and skills to help stabilize the economy of the City and its residents.
- To promote accessibility into and within Assembly Square by improving and increasing the number of roadways and expanding and enhancing pedestrian and bicycle access.
- To replace low density and vacant areas and incompatible uses and building with mixed-use development and an urban scale street grid and block size closer to urban scale.
- To improve the utility infrastructure in Assembly Square and encourage remediation of former industrial sites to a level suitable for the proposed mix of uses, including residential.
- To expand and improve the Mystic River waterfront and create new public open space in Assembly Square.
- To increase Somerville's supply of affordable housing units.

Section 4.2 Written Record of Public Hearing

A copy of the Public Hearing Record can be found at Appendix 5.

Section 4.3 Certification of Compliance with the Local Approval Requirements

Certification of Compliance with the Local Approval Requirements can be found at Appendix 6.



Section 4.4 Approving Order

A certified copy of the Approving Order can be found at Appendix 7.

Section 4.5 Goal Attainment

Description of how the Applicant expects to achieve its objectives through the Program. This subsection should include:

- a) *A description of proposed development activities and projects within the District and under the Program. Specifically, identify which activities and projects will be undertaken by public entities and which will be undertaken by private entities.*

Infrastructure Improvements Component

Development activities and projects within the District and under the Program include: 1) Assembly Square Drive and associated intersections; 2) an internal street network within Assembly Row; and, 3) a storm water outfall pipe that will discharge into the Mystic River.

Assembly Square Drive and Associated Intersections

Roadway improvements, including streetscape elements, are currently being constructed by MassDOT on both public and private property. A number of public and private utility improvements were constructed by FRIT prior to the commencement of the MassDOT contract and a series of additional non-participating items are being funded privately. This project consists of land acquisition and infrastructure improvements.

Assembly Square Drive: Assembly Square Drive is in the process of being realigned, reconstructed and extended. When complete, the roadway will be approximately one mile in length and will be the main north/south thoroughfare in Assembly Square. Assembly Square Drive will be a landscaped two-lane roadway (with additional turn lanes at prominent locations and on-street parking) accommodating bicycle lanes and pedestrian sidewalks as well as vehicular traffic. While it has been designed as a unifying element throughout the district, each of its segments will be treated in the context of its surrounding elements. For example, the northern section of Assembly Square Drive will be dominated by continuous street trees and a center median to create a high quality arrival experience, while the section of Assembly Square Drive between C Street and Foley Street will have a turn lane instead of a median to efficiently accommodate vehicles wishing to turn left into Assembly Row. The Assembly Square Drive work also includes the construction of a new water main as well as stormwater and sanitary sewer lines.

I-93/Mt. Vernon/Lombardi /Broadway: This work includes signalization improvements at the I-93/Mystic Avenue southbound off-ramp intersection with Lombardi Street, and at Mystic Avenue northbound to Lombardi/Mount Vernon. The existing Route I-93/Mystic Avenue southbound U-turn underpass to Mystic Avenue northbound will be signalized and



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interconnected with the other locations to operate as a closed-loop signal system. Pedestrian and bicycle connections between Broadway and Assembly Square will be improved, and pedestrian amenities at this location will include countdown timers. Improvements to Lombardi Street and its intersections on both sides of Route I-93 will include pedestrian signals with push buttons and L.E.D. count-down timers, and new crosswalks. An existing sidewalk on the northwesterly side of Lombardi Street will be eliminated to channel pedestrians to an improved sidewalk on the south side of Lombardi Street. This will help to address safety concerns associated with frequent and irregular pedestrian crossings along Lombardi Street between Broadway and Mystic Avenue. With these improvements in place, a continuous bicycle and pedestrian network will be provided extending from Broadway along the new one-mile Assembly Square Drive all the way to Route 28.

Mystic Avenue at New Road: An inoperative traffic signal will be reactivated and outdated signal equipment will be replaced. Work will include a new traffic signal controller, new mast arm signal, and new signal posts. New loop detectors will detect bicycles waiting at the signal. The existing crosswalk on New Road will be restriped and there will be an exclusive pedestrian signal phase with count-down timers. Underground signal conduit will extend down New Road to interconnect this signal to other signals within Assembly Square.

Middlesex Avenue at Foley Street: The existing inoperative traffic signal will be replaced with a new traffic signal controller and mast arm. Existing crosswalks will be restriped, and an exclusive pedestrian signal phase including countdown timers will be installed. New loop detectors at this location will detect bicycles waiting at the signal.

Route 28 at Assembly Square Drive: The intersection will be reconfigured with new striping and signage, to allow exiting left turns from a new Assembly Square Drive entrance onto Route 28. There will be new pedestrian crosswalks and pedestrian signal equipment including countdown timers. New signal phasing will allow pedestrians to cross Route 28 without being opposed by vehicular traffic. This location will operate in a coordinated manner with Route 28 at Middlesex, using a single signal.

Route 28 at Middlesex Avenue: This intersection will operate with the same new signal controller noted above, and new signal mast arm supports, loop detectors, and other signal equipment will also be installed. Middlesex Avenue will be realigned to provide closer to a 90-degree intersecting angle and to maintain proper separation from Assembly Square Drive. Existing pedestrian accommodations will also be improved. New signal phasing will allow pedestrians to cross Route 28 during the exiting Middlesex Avenue phase. Pedestrian countdown timers will be provided, and new pavement markings, crosswalks, and signs will be installed.

Kensington Avenue. Safety and accessibility improvements are proposed for an existing pedestrian crossing connecting the northbound and southbound segments of Mystic Avenue under Route I-93. The improvements will consist of new flashing advanced crosswalk beacons, pedestrian-scaled lighting, crosswalks, ADA ramps with sensors and signage. The beacons will only start to flash yellow once activated by a passive actuation system under which pedestrians are detected via microwave sensors.



Assembly Row Mixed-Use Infrastructure & Shared Use Pathway along G Street

All elements of the Assembly Row Mixed-Use Infrastructure and Share Use Path will be constructed by FRIT on FRIT's private land. All of the streets identified below include sidewalks, landscaping, lighting, and utility improvements including domestic and fire protection water, sewer, storm drainage, natural gas, and electric services. The streets have been designed to not only provide an amenable pedestrian experience, but allow adequate space for outdoor dining, display space, etc. On street parking will be allowed in appropriate locations to support short term retail visits while structured parking will be provided throughout the Assembly Row site on private parcels. This project includes land acquisition and infrastructure improvements.

The following streets are parallel to one another and extend easterly from Assembly Square Drive toward the railroad tracks and Draw Seven Park.

- *A Street:* extending from Assembly Square Drive and terminating Main Street along the Mystic River Park Reservation.
- *C Street:* extending from Assembly Square Drive and terminating at G Street at the entrance to Draw 7 Park.
- *D Street:* extending from Assembly Square Drive and terminating at a plaza turn around on the other side of Main Street.
- *Foley Street:* extending from Assembly Square Drive and terminating at G Street.

The following streets run north/south within the District:

- *Main Street:* Main Street intersects with A, C, D, and Foley Streets. Main Street will be the premier retail street within Assembly Row and will lead from the IKEA store to the south to the waterfront park along the Mystic River to the north.
- *G Street:* G Street runs parallel to the railroad right of way. Only C Street and Foley Street intersect with G Street.

G Street Shared Use Path: A new shared use path, 1,100 feet in length, will be constructed along the future alignment of G Street connecting the MBTA Orange Line T Station to the shared use path along the waterfront, C Street, and the entrance to Draw 7 Park. The waterfront path will be extended underneath Route 28/Wellington Bridge to provide a direct connection to the Ten Hills neighborhood and to paths extending into Medford and surrounding communities. This series of paths will not only bring visitors to Assembly Row but will provide riders of the Orange Line with routes to the station that are safe and attractive to pedestrians and bicyclists.



Stormwater Outfall Pipeline

Assembly Row requires the construction of a new 72- inch stormwater conduit with enough capacity to control 62 of the 87 acres of stormwater runoff in the Assembly Square drainage area, enough to accommodate Assembly Row's permitted growth. The remainder of the District is mostly impervious and under the ASMD zoning, new development would be required to include open space. Therefore, the demand on the conduit post the full-build out of Assembly Row will decrease over time as new projects in the District come online. Implementation of the new 72" conduit will serve to remove existing flows to the already impacted MWRA 84-inch Somerville Marginal Conduit (SMC) that acts as a combined sewer overflow conduit during large storm events.

The proposed 72-inch conduit must be operational prior to the opening of any building on Blocks 1, 3 or 4. It is designed to extend approximately 1400 feet in length and will run from Assembly Square Drive under Foley Street in City right-of-way to G Street. From there, the conduit will run under the MBTA-owned Orange Line/Haverhill Commuter Line and through Department of Conservation and Recreation (DCR)-owned Draw 7 Park. The proposed conduit will discharge into the Mystic River immediately downstream of the SMC and the Amelia Earhart Dam. All stormwater runoff will be treated for water quality control in accordance with current DEP stormwater regulations and policy prior to discharge to the Mystic River.

The Developer is responsible for permitting and construction of the outfall conduit for the City, who will ultimately control it as part of the municipal stormwater management system. The conduit shall discharge into the tidal portion of the Mystic River and as such, mitigation was developed in coordination with the Somerville Conservation Commission and state and federal review agencies including the U.S. Army Corps of Engineers. Mitigation includes beach nourishment, shellfish habitat seeding, beach habitat enhancement, and construction of a public access fishing platform.

Private Development Component

The private development components have received preliminary approval by the Somerville Planning Board as part of the Plan Unit Development preliminary Master Plan and will be constructed by the Developer, its successors and assigns.

Block 1

Development on this block is envisioned to be low rise mixed use building on the Mystic River. Occupying a key corner on Assembly Square Drive the building will front both A Street and Main Street. This five story building will contain 180 residential units above 65,000 square feet of retail space on the first floor. Residential and retail parking access will be provided mid block on A Street with a ramp up to a parking structure above the retail component at the corner of Assembly Square Drive and C Street. Loading access will be provided mid block on C Street.



Block 3

Block 3 is envisioned as a mid rise commercial building and high rise hotel tower. The retail and cinema will total 155,000 square feet. The retail, which will front Main Street and C Street will house a future hotel lobby fronting D Street. The hotel is projected to have between 160 to 200 rooms. The second floor will also contain retail space and will front Main Street. A multi screen cinema will be constructed on the third floor. The majority of retail, cinema and hotel parking will be located on the second floor behind the Main Street retail space and be access from C Street and D Street. Loading access will be provided on D Street.

Block 4

Development on Block 4 is envisioned to be a midrise, mixed-use building on Main Street. This five story building will contain 225 residential units above 35,800 square feet of first floor retail space fronting both Main Street and C Street. Parking will be provided in a multi story parking structure adjacent to G Street and accessed from both C and D Streets. The building will also feature an internal landscaped courtyard that will be connected by a covered pedestrian walkway parallel with the parking garage.

b) *Plans or maps illustrating changes to be made to the District pursuant to the proposed Program and identifying:*

(1) *Proposed property lines and the foot-print of buildings and parking areas on each parcel within the District*

See Map 3 at Appendix 1.

(2) *Proposed uses and zoning of all parcels*

See Map 6 at Appendix 1.

(3) *Proposed thoroughfares, public rights of way and easements*

See Map 7 at Appendix 1.

(4) *Those parcels to be acquired by the Municipality (if any)*

The City will acquire the public infrastructure parcels by deed from the FRIT or FRIT's successors and assigns. The City does not intend to acquire any of the three development parcels. See Map 8 at Appendix 1.

(5) *Those parcels to be sold or disposed of by the Municipality (if any)*

None.



(6) *Buildings or structures to be demolished, rehabilitated or constructed (if any).*

No buildings will be demolished as part of this Development Program.

No buildings will be rehabilitated as part of this Development Program.

New buildings will be constructed by the Developer on Development Blocks 1, 3, and 4 as authorized in the approved preliminary master plan for Assembly Row. The development program for each block is as follows:

Figure 4.5.1 Development Program for Blocks 1, 3, and 4

Development Blocks	Total (SF)	Residential Units	Retail Space (SF)	Hotel Rooms	Parking Spaces
Block 1	200,000	180	65,000	-	200
Block 3	155,000	-	155,000	160-200	500
Block 4	240,000	225	35,800	-	350

c) *A list of buildings or structures to be constructed or renovated in connection with the Program, with a description of such construction or renovation, including who will be undertaking it. If none, indicate same.*

FRIT and developer(s) partnering with FRIT who specialize in hotel and residential development will build the structures scheduled for Development Blocks 1, 3, and 4 as described in the table above.

d) *A list of buildings or structures to be demolished, either in whole or in part, in connection with the Program and by whom. If none, indicate same.*

None.

e) *A description of how public ways and other infrastructure will be affected. If none will be affected, indicate so.*

An extensive discussion of the public ways and other infrastructure to be constructed as part of the Assembly Row DIF Program is included in Section 4.5(a). In brief, the Assembly Row DIF District includes the reconstruction of existing Assembly Square Drive and the new construction of the remaining portion of Assembly Square Drive. The completed Assembly Square Drive will constitute the principal arterial connector within Assembly Square. The improvements at the associated intersections will ensure that traffic flow into the District and onto Assembly Square drive has the capacity to serve the project at build out. In addition, Assembly Row includes an entirely new network of streets, which are described



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individually in Section 4.5. There will also be new public water, stormwater, and sewer throughout the DIF District, as well as private utilities including gas, electric, and telecommunications. There will be an entirely new 72" stormwater outflow conduit to relieve pressure on the Somerville Marginal Conduit. Finally, a shared use pedestrian/bicycle path will be constructed within the Assembly Row DIF District.

- f) *A description of streetscaping measures that are to be undertaken under the Program including, but not limited to, coordinated signage, façade and sidewalk improvements, beautification steps, and coordination plans. If none, indicate same.*

All new streets and the reconstruction of the existing Assembly Square Drive will include new sidewalks, tree planting and other landscaping, street lighting, and street furnishings conforming with the Assembly Square Design Guidelines. This is a requirement of the approved PUD Preliminary Master Plan for the Assembly Row Project. Sidewalks will have zones for amenities such kiosks, plazas and cafes, and will include streetscape features designed as unifying elements, including street lights, public benches, pavers, tree grates, shade tolerant street trees, planters, gateways, public art, bike racks, and trash receptacles.

- g) *A description of how transportation facilities and resources will be affected. If none, indicate same.*

Transportation will be significantly improved with implementation of the Development Program. Existing access to and through Assembly Square as a whole is limited to (i) Foley Street, (ii) New Road, (iii) Assembly Square Drive and (iv) a public access easement connecting Foley Street to Draw 7 Park across a poorly improved road surface. Implementation of the DIF Development Program will result in reconfiguration and improvement of Assembly Square Drive, creating a primary north-south connector through Assembly Square with access to Rt. 28 at the north and Mystic Ave. at the south. In addition, the improved Assembly Square Drive will be intersected by a network of new streets within the District that will provide access to new development parcels.

Existing bus service (Routes 90, 92, and 95) to Assembly Square will be rerouted through some of these new streets to access the new Orange Line T- Station.

- b) *A description of provisions which exist or which will be established to govern densities, land coverage, land uses, setbacks, off-street parking and loading, and building height and bulk.*

All densities, land use coverage, land uses, setbacks, off-street parking and loading, and building height and bulk are governed by the provisions of the Somerville Zoning Ordinance applicable to the Assembly Square Mixed Use District (ASMD).

- i) *A statement describing how the Program will improve:*

(1) *The overall quality of life within the District*



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The quality of life within the District will be greatly improved. Residents and visitors will appreciate improved access to and circulation within the District via a new multi-modal, roadway/pedestrian/bicycle network. Sidewalks will be installed where none existed, with high quality streetscape and special attention to accessibility for limited mobility residents. Separated sanitary sewers and storm drains will eliminate the pollution of stormwater conduits with sewage outflow and flooding problems that have plagued the area. New public open spaces will become popular gathering places with a mix of passive recreation and programmed activities.

(2) *The physical facilities and structures within the District*

Three major new structures will be constructed within the District, where there are no physical facilities or structures at present. New commercial space at street level will host a variety of retail, restaurant, and consumer services. At present, there are no residential structures whatsoever in Assembly Square and therefore nowhere to live; soon there will be over 400 residential units in two buildings located in one of the most desirable areas in Somerville – within the DIF District close to the Mystic River.

(3) *The quality of pedestrian and vehicular traffic control within the District*

The quality of pedestrian and vehicular traffic control within the District will improve greatly with the construction of pedestrian crossings and new and enhanced traffic signalization.

(4) *The transportation facilities and resources within the District.*

The commencement of construction on the Development Blocks will trigger the commencement of the Assembly Square Transportation Management Association (TMA). In cooperation with the City of Somerville and other relevant stakeholders, FRIT will facilitate the TMA, whose mission will be to implement transportation demand management strategies and programs to encourage public transit, reduce congestion, manage parking within the District, as well as promoting pedestrian and bicycle access and safety, and helping to reduce air pollution. The transportation facilities and resources within the District will be greatly enhanced as part of the Development Program, which includes the development of a new street grid and public infrastructure where currently there is vacant land. New City blocks will be created with significant enhancements to public open space. Most notably are the access improvements to a major natural resource adjacent to the DIF boundary, namely the Mystic River. Community pathways, bike lanes and pedestrian orientated sidewalks will link end users to this valuable resource via a new transit station and new streetscapes.

j) *An estimate of the number of jobs that will be created, retained and eliminated as a result of the Program, and the wages and benefits associated with such jobs. If no impact, indicate none.*



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Build out of the three Development Blocks will create 500 permanent full- and part-time retail jobs with an average compensation of \$24,000 and 25 permanent full- and part-time cinema jobs with an average compensation of \$20,000.

- k) *A statement describing whether, and to what extent, proposed projects to be undertaken within the District would be in compliance with existing zoning laws and ordinances. With respect to proposed development that would not be in compliance with existing zoning laws and ordinances, the Applicant should explain how such compliance will be achieved, including a specification of the zoning changes that will be necessary prior to implementation.*

Assembly Square, including the Assembly Row DIF District has been completely rezoned as the “Assembly Square Mixed Use District” (“ASMD”) to support the scale of development envisioned. All proposed projects within the DIF District will be in compliance with the existing ASMD zoning. In fact, the Somerville Planning Board has already approved a revised PUD Preliminary Master Plan for Assembly Row.

- l) *A detailed financial plan. The financial plan must explicitly identify sources of revenue that are sufficient to pay all project costs and demonstrate that, under various scenarios, there is a reasonable probability that the Applicant will achieve its goals in creating the District and Program. The plan should include the following (as applicable):*

- (1) *Estimates of the captured assessed values including the original, certified assessed value and projected assessed values after 1 year, 5 years, 10 years, 15 years, 20 years, 25 years, and 30 years, as applicable. Provide underlying assumptions*

There will be three Development Blocks in the Assembly Row DIF whose assessed values will be captured by the DIF. These Blocks are shown on Map 9 in Appendix 1 as follows: Block 1 consisting of approximately 2.4 acres; Block 3 consisting of approximately 2.4 acres; and Block 4 consisting of approximately 2.8 acres. The metes and bounds of Blocks 1, 2, and 3 are also shown on two sheets of a Subdivision Plan of Land included herein as Maps 10 and 11 in Appendix 1. On Map 10, Block 1 is Parcel 27 and Block 3 is Parcel 29. On Map 11, Block 4 is Parcel 28.

All three Development Block consist of vacant land with no structures. The Base Value (BV) for the land is calculated below at \$29/square foot. The Base Year will be fiscal 2011 and the BV will be the assessed land value for the three Development Blocks as of June 30, 2011. Since no development is estimated to take place on these Blocks until after June 30, 2011, the \$29/square foot land value is not expected to increase between now and June 30th.



Figure 4.5.2: Calculation of Base Value in District

Development Block	Sq. Ft.	Base Value 2011
Block 1/Parcel 27	103,317	\$2,996,200
Block 3/Parcel 29	106,252	\$3,081,300
Block 4/Parcel 28	122,956	\$3,565,700
Assembly Sq. Drive	-	-
New Street Network	-	-
Stormwater Easement	-	-
Total	332,525	\$9,643,200

Captured assessed values (AV) for the first five years of the DIF have been determined by estimating the future AV of each of the three Development Blocks at full build-out of such Block. During construction, the full AV is discounted to arrive at an interim AV based on value added at each stage of construction: for simplicity, the percentages of 30% at the foundation permit stage and 65% at the core & shell stage have been used.

The City is electing, in accordance with Chapter 240, §103 of the Acts of 2010, amending G.L. 40Q, that the BV not be increased by an adjustment factor. As a result, the next two Tables do not include an adjustment factor for the BV. The projections in these Tables are for Years 1-5 and then at 5-year intervals over the 30-year DIF period.

Figure 4.5.3: Captured Assessed Value & Tax Increment Projections for Years 1-5

DIF Year	FY	Captured AV	Tax Increment
Base Year	2011	\$0	\$0
1	2012	\$29,355,874	\$464,812
2	2013	\$89,239,735	\$1,444,344
3	2014	\$115,028,700	\$1,816,621
4	2015	\$116,528,700	\$1,847,281
5	2016	\$124,778,700	\$2,015,911

Assumptions are as follows:

- Full build-out is assumed to be at completion of construction including 100% fit-out of all project components approved in the PUD Preliminary Master Plan for such Development Block.
- The construction cycle for Development Block 1 (180 units with ground floor retail and associated parking) and Development Block 4 (225 units with ground floor retail and associated parking) will be 20 to 24 months. Construction on Development Block 1 will start in September 2011 and Development Block 4 four months later. Tenant fit out of the retail



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component will occur before the residential component, but construction on the residential units will continue unabated until the buildings are complete.

- Construction on Development Block 3 (retail, cinema, hotel and associated parking) will begin in late 2011, with the exception of the hotel, which begin at a later date (a conservative start date of Year 4 has been used). Construction of the retail, cinema, and parking will take 15 to 18 months.
- The portion of the 72” Stormwater Conduit that lies on land belonging to the Commonwealth will not be included in any Base Value or Tax Increment Value calculations.
- The timeline for completion of the Assembly Row Street network is unknown. Any increase in value of the land comprising the new Assembly Row street network included as part of the DIF District shall, prior to the Developer’s conveyance of such land to the City, be captured as a Tax Increment for Land. For the purposes of the DIF plan, no assessed land value or tax increment has been calculated for this land.

Figure 4.5.4: Captured Assessed Value & Tax Increment Projections for Years 6-30

DIF Years	FY	Captured AV	Tax Increment
6-10	2017	\$130,028,700	\$2,123,221
11-15	2022	\$130,028,700	\$2,123,221
16-20	2027	\$130,028,700	\$2,123,221
21-25	2032	\$130,028,700	\$2,123,221
26-30	2037	\$130,028,700	\$2,123,221

For the sake of being conservative, no increases in AV’s or Tax Increment’s have been calculated for Years 6-30, although such increases will undoubtedly occur as normal appreciation in value of the Development Blocks occurs, and the build-out of the rest of the Assembly Row Project – the portion not included in the DIF –adds value to the overall neighborhood, including Development Blocks 1, 3, and 4. As an additional conservative measure, no change to the property tax rate has been calculated, although there will surely be increases in the tax rate over the next 30 years.

- (2) *The portion of the captured assessed value to be applied to the Program and projected tax increments in each year of the Program. Provide underlying assumptions*

Up to 100% of the captured assessed value and tax increments may applied to the DIF Program in each year of the Program, but only so much of the captured tax revenue as is necessary to satisfy (i) all annual debt service on bonds and notes issued under G.L. c. 40Q, s.4 and (ii) approved project costs shall be required to be applied to the DIF Program.



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- (3) *Describe the method of calculating tax increments together with any provisions for adjustment to the method of calculation*

The Base Value has been calculated at a land value of \$29/square foot for vacant land in Assembly Square multiplied by the City of Somerville's commercial tax rate. The increase in value over and above the Base Value (BV) has been calculated by anticipating the construction cycle for each of the development blocks, as identified above. At such time as the buildings are fully occupied and generating income, the income approach would also be used to calculate the assessed value and it would further increase, but the income approach is not being used here.

- (4) *DIF Financial Parameters*

The base year for the DIF is FY 2011. The DIF term is 30 years. Year 1 of the DIF is 2012. Year 30 of the DIF is 2041.

- (4) *Provide a projection of the tax revenues to be derived in the absence of the Program*

Absent the DIF Program, the Assembly Row development would be substantially delayed if not halted due to the infrastructure costs relative to current market forces. If the project is halted, there will be no change to tax revenues other than the increased value of the existing vacant land derived from completion of construction of Assembly Square Drive, which is currently underway.

- (5) *Identify specific projects that will be funded by the tax increments, the timing and amount of such funding through tax increments, and what percentage portion of each project will be funded through tax increments*

See Section 4.1 Goal Attainment above for a description of the specific projects.

- (6) *The board or officer of the city or town responsible for calculating the tax increment.*

The Board of Assessors will be responsible for calculating the tax increment based upon the certified assessed value.

- (7) *Allocation, if any, of excess incremental revenue(s) which accrues in any year.*

If the DIF receives revenue in excess of the amount expected at the beginning of the fiscal year, it will accrue to the fund balance for the DIF Fund. The DIF Administrator could elect to: 1) allow the funds to remain in the fund balance to secure against future unanticipated expenditures or revenue shortfalls; 2) appropriate the funds to an existing project or new project; and/or 3) reallocate the excess revenues to the City's general fund operating budget.



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m) *If a municipality intends to acquire property in connection with its Program, a statement identifying:*

(1) *All properties to be acquired by the Municipality within the District*

When they have been completed, the City intends to acquire as public ways and public utilities, the now privately owned portion of Assembly Square Drive, the remainder of the roadway network to be constructed within the District, and all public utilities within such roadways. In addition, the City will accept as a municipal public utility, the 72" stormwater conduit in Draw Seven Park.

(2) *The method of acquisition of each property, including whether the property will be acquired by eminent domain, negotiated sale, or other means*

All property will be acquired through negotiated sale or other means. No property will be acquired by eminent domain.

(3) *The owner of such properties*

FRIT and its successors and assigns.

(4) *The estimated cost of property to be acquired and the basis for such estimate*

The estimated cost of property to be acquired is included in Figure 4.5.5 below. Bond counsel will require appraisals of the completed roadways and other public infrastructure before approving the cost of the property to be acquired as public infrastructure.

(5) *Identification of any property to be acquired by the Municipality in which any officer or employee of the Municipality who, on account of an interest in the acquisition, would be required to make disclosure under chapter 268A*

None of the properties to be acquired by the Municipality are owned by an officer or employee of the City of Somerville

(6) *The current and planned use of properties to be acquired.*

The City intends to acquire the land under the public roadways once those roadways have been fully constructed and approved by the City Engineer.

(7) *Plans for the relocation of persons displaced by the Municipality's acquisition of such properties. Such plans shall conform to all applicable requirements in M.G.L. c. 79A and 80, the regulations and guidelines there under.*

There will be no displacement of persons.

n) *If the Applicant proposes to take property by eminent domain, it must provide a statement as to why the property will be acquired in this manner. The Applicant may not take property by eminent*



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domain unless there is a public purpose warranting such taking. The EACC may require, at the expense of the Applicant paid for in advance, the written opinion of qualified independent counsel as to whether the Application establishes the requisite public purpose.

No parcels will be acquired by eminent domain using DIF funds.

- o) A description of plans, if any, for the development of housing (both affordable and market rate) as part of the Program. Include the number of housing units that will be retained, renovated and / or created as a result of the Program.*

The City of Somerville has an Inclusionary Housing requirements in its Zoning Ordinance that requires 12.5% of all units to be affordable to low and moderate income persons. This applies to rental housing as well as “for sale” housing. The specifics of an affordable housing agreement are typically worked out with the Developer when the project is in the process of being permitted by the Planning Board. The Linkage Ordinance requires that newly constructed commercial uses (there is a list of uses to which the Ordinance applies) contribute \$3.91 per square foot to the Somerville Affordable Housing Trust Fund for each square foot over 30,000 s.f.

- p) A description of workforce training or workforce development activities, if any, to be undertaken in connection with the Program.*

No workforce program has been developed as of this date. However, the City reserves the option to develop appropriate programs and incentives necessary to attract and retain businesses to Assembly Square.

- q) A schedule for implementing the Program containing a description of anticipated events during each of the first 5 years of the Program, and for each five-year period thereafter, and a statement identifying the duration of the Program.*

Year 1-5: It is anticipated that all three Development Blocks and most, if not all of the roadways and associated infrastructure will be constructed within Year 1-5 of the DIF Program. In particular, Assembly Square Drive and associated off-site improvements will be completed by the end of 2011 and the 72 inch storm water outfall pipe will be completed by 2011-2012.

Year 5+: Activities after year 5 will be to make debt service payments incurred for the identified projects. Revenues over and above those needed to pay debt service on the DIF Bond(s) may, at the discretion of the DIF Governing Board, be retained within the City’s general fund.

- r) The names and addresses of persons or entities that may have a direct interest in whether the proposed Program is approved by the EACC. If it is not practicable for the Applicant to name these persons or entities individually, the municipality may refer to groups of persons or entities, provided that this is accomplished with a reasonable degree of specificity.*



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There are no city officials with a direct interest in whether the proposed Program is approved by the EACC. The City of Somerville does not have any Development Agreements that are contingent upon approval of the District.

Section 4.6 Execution

A description of expected public participation during the execution of the Program. Include disclosure of competitive bidding, fair wage or other similar requirements.

(a) Public Participation

There has been and continues to be an enormous amount of public participation regarding development in Assembly Square. The City's website has a special section devoted to Assembly Square on which regular updates are posted. The residents of Ward 1, the voting district in which Assembly Square is located, meet regularly to participate in conversations with the Mayor and city staff as part of a Mayoral initiative known as "Resistat". All meetings of the Board of Aldermen at which the Assembly Square DIF would be discussed are required to be publicly posted with an agenda, and minutes of such meetings are also publicly posted.

(b) Public Bidding

A portion of the public infrastructure is currently under construction, after having been publicly bid under G.L. c. 30:39M by the Massachusetts Department of Transportation Massachusetts Highway Division. The remainder of the construction within the DIF District will be done on private land of FRIT and it is only after completion that the City will acquire title to roadways and related public infrastructure. Massachusetts procurement laws will be following in connection with any work on land of the Commonwealth or land of the City. In addition, all City contractors are required to pay prevailing wages to laborers and a living wage to other employees working on the City contract, and the use of MBE/WBE firms is strongly encouraged.

(c) DIF Governance

The Somerville Board of Aldermen, with the Mayor presiding, will be the Administrator ("Administrator") of the Assembly Row DIF Development Program and the Assembly Row IRDDP and the Administrator will make all decisions regarding the expenditure of DIF monies. All meetings of the Administrator will be subject to the Massachusetts Open Meeting Law. The Administrator may delegate ministerial duties to the Mayor's Office of Strategic Planning and Community Development or other Departments of the City. The City's Auditing Department will maintain the appropriate accounts and financial records to provide the Administrator with an accurate and up to date accounting of program costs and expenditures. The Administrator shall annually approve a five-year (5) budget that authorizes line item expenditures and make appropriations of captured increment to pay for all debt service and program personnel services and ordinary maintenance costs.



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To execute the DIF Program, the City will ensure that the following steps are taken in accordance with G.L. c. 40Q, §3(c):

- (1) establish a development program fund that consists of: (i) a development sinking fund account that is pledged to and charged with the payment of the interest and principal as the interest and principal fall due and the necessary charges of paying interest and principal on any notes, bonds, or other evidences of indebtedness that were issued to fund or refund the costs of the development program fund; and (ii) a project cost account that is pledged to and charged with the payment of project costs as outlined in the financial plan and paid in a manner other than as described in subclause (i).
- (2) set aside annually all tax increment revenues on retained captured assessed values and deposit all such revenues in the appropriate development program fund account in the following priority:
 - (i) to the development sinking fund account, an amount sufficient, together with estimated future revenues to be deposited to the account and earnings on the amount, to satisfy all annual debt service on bonds and notes issued under G.L. c. 40Q, s.4 and the financial plan; and
 - (ii) to the project cost account, an amount sufficient, together with estimated future revenues to be deposited to the account and earnings on the amount, to satisfy all annual project costs to be paid from the account;
- (3) to be permitted to make transfers between development program fund accounts as required; provided however, that the transfers shall not result in a balance in the development sinking fund account that is insufficient to cover the annual obligations of that account; and
- (4) annually return to the general fund of the City any tax increment revenue in excess of those estimated to be required to satisfy the obligations of the development sinking fund account.



Section 5.1 IRD Description

The Assembly Row IRD is coterminous with the Assembly Row DIF District. A full description can be found at Section 3.1

Section 5.2 Municipal Order (IRD and IRDDP)

A certified copy of the Municipal order identifying and approving the proposed IRD and IRDDP.

A certified copy of the Municipal order identifying and approving the proposed IRD and IRDDP can be found at Appendix 7.

Section 5.3 Project Description (IRD and IRDDP)

A thorough and complete description of the project.

The Assembly Row DIF and Assembly Row IRD are coterminous, a project description can be found at Section 3.1 District Description and Section 4.5 Goal Attainment.

Section 5.4 Zoning (IRD and IRDDP)

Disclose any approved, pending or proposed zoning changes

The Assembly Row DIF and Assembly Row IRD are coterminous. No zoning changes are planned or anticipated.

Section 5.5 Property Acquisition (IRD and IRDDP)

Information regarding municipal acquisition of property including via eminent domain proceedings and/or relocation plans for persons, businesses or organizations.

The Assembly Row DIF and Assembly Row IRD are coterminous, information regarding property acquisition can be found at Section 4.5 Goal Attainment.



Section 5.6 Financial Plan (IRD and IRDDP)

A copy of the financial plan associated with the Application. Such plan should demonstrate that, under various scenarios, there is a reasonable probability that the Applicant will achieve its goals in creating the IRD and IRDDP. Such plan should include at least the following:

- a) Estimates of the captured assessed value of the IRD, including the original, certified assessed value and projected assessed values after 1 year, 5 years, 10 years, 15 years, 20 years, 25 years, and 30 years, as applicable. Provide underlying assumptions*
- b) The portion of the captured assessed value to be applied to the IRDDP and projected tax increments in each year of the IRDDP. Provide underlying assumptions*
- c) Describe the method of calculating tax increments together with any provisions for adjustment to the method of calculation*
- d) Provide a projection of the tax revenues to be derived from the IRD in the absence of the Program*
- e) List the specific projects in the IRD that will be funded by the tax increments; the timing and amount of such funding through tax increments; and what percentage portion of each project will be funded through tax increments*
- f) Name the board or officer of the city or town responsible for calculating the tax increment*
- g) Describe the bond issuance(s) or other debt obligation(s) contemplated by the Applicant in connection with the IRDDP, including the terms and conditions of such issuances or obligations, and whether the bonds issued shall be general, revenue or special obligation bonds. If the Municipality intends to issue revenue bonds in support of the IRDDP, include a letter from the Municipality's financial advisor or underwriter stating that the Municipality's financial plan is sound and viable*
- h) Allocation of excess incremental revenue(s), if any, which accrues in any year.*

The Assembly Row DIF and Assembly Row IRD are coterminous, the financial plan can be found at Section 4.5 (l) Goal Attainment.

Section 5.7 IRD Impact Statement

A statement of the estimated impact of tax increment financing on all taxing jurisdictions in which the District is located.

The City of Somerville and the Commonwealth of Massachusetts are the only taxing bodies with jurisdiction in the Assembly Row IRD.

There are no adverse impacts on as a result of the Assembly Row IRD on the Commonwealth of Massachusetts.



Section 6 - Private Partner Information

Federal Realty Investment Trust (FRIT) is an equity real estate investment trust specializing in the ownership, management, development and redevelopment of high quality retail assets. FRIT's portfolio (excluding joint venture properties) contains approximately 18.2 million square feet located primarily in strategically selected metropolitan markets in the Northeast, Mid-Atlantic, and California. In addition, the FRIT has an ownership interest in approximately 1.0 million square feet of retail space through a joint venture in which FRIT has a 30% ownership interest. FRIT's operating portfolio (excluding joint venture properties) was 94.2% leased to national, regional, and local retailers as of June 30, 2010, with no single tenant accounting for more than approximately 2.7% of annualized base rent. FRIT has paid quarterly dividends to its shareholders continuously since its founding in 1962, and has increased its dividend rate for 43 consecutive years, the longest record in the REIT industry. FRIT is an S&P MidCap 400 company and its shares are traded on the NYSE under the symbol "FRT".

FRIT has created wholly owned subsidiaries to take title to property and engage in development in Assembly Square, including FR Assembly Square, LLC, which owns and operates the Assembly Square Mall, and FR Sturtevant Street, LLC which owned all of the parcels in the Assembly Row Master Plan including those within the DIF District until July 8, 2010, when it deeded the entire Assembly Row property to itself and the following additional development entities as tenants in common: Street Retail, Inc.; SRI Assembly Row B2, LLC; SRI Assembly Row B3, LLC; SRI Assembly Square B5, LLC; SRI Assembly Row B6, LLC; SRI Assembly Row B7, LLC; SRI Assembly Row B8, LLC; and SRI Assembly Row B9, LLC. Going forward, Street Retail, Inc., in its individual capacity and as designee of each of the foregoing entities, will be developing the Assembly Row Project, including the those components that are located within the DIF District.