




CITY OF SOMERVILLE, MASSACHUSETTS
Office of Strategic Planning and Community Development
JOSEPH A. CURTATONE, MAYOR

Office of the Executive Director

MEMORANDUM

TO: Joseph A. Curtatone, Mayor

FROM: Monica R. Lamboy, Executive Director 

DATE: March 10, 2011

SUBJECT: Assembly Row DIF Consultant Analysis – Municipal Service Impacts

The Office of Strategic Planning and Community Development (OSPCD) respectfully requests that you forward to the District Improvement Financing (DIF) Governing Board and the Board of Aldermen the attached report prepared by W-ZHA LLC (W-ZHA) that summarizes net fiscal municipal impacts resulting from development of Blocks 1, 3, and 4 detailed in the Amended 2010 Assembly Row Preliminary Master Plan.

Background

As you are aware, on December 2, 2011, the Board of Aldermen voted to create an Assembly Row District Improvement Financing District and Development Program (collectively, the “Assembly Row DIF”). During deliberations, particularly at the public hearing held on November 22, 2010, several members of the public and the Board of Alderman requested a thorough review of municipal service impacts as it relates to the Assembly Row DIF.

The findings of this analysis are intended to provide information to help understand the level of net impacts (costs) that the proposed project is likely to generate.

W-ZHA Consultant Report

W-ZHA was contacted by OSPCD in January 2011 to prepare the municipal impacts analysis. Federal Realty Investment Trust (FRIT) agreed to pay all related costs. W-ZHA was the clear choice as they were previously contracted by the Commonwealth of Massachusetts to complete a fiscal impact analysis of Assembly Row at full build-out (5,000,000 sq ft of new development) in September 2006 as part of the City’s application for I-Cubed funding, an application which was eventually approved.

Over the course a month, W-ZHA held meetings and spoke with municipal Department Heads to gather budget information. It was crucially important that W-ZHA ascertain previous and existing conditions while forecasting realistic impacts by the development of the following:

Development Blocks	Total (SF)	Residential Units	Retail Space (SF)	Parking Spaces
Block 1	200,000	180	68,000	287
Block 3	178,000	-	178,000	435
Block 4	240,000	220	41,000	451
TOTAL	618,000	400	287,000	1173

Analysis Summary

W-ZHA's analysis determined that there would be an approximate \$37,500 in projected increase to City service budgets as a result of development on Blocks 1, 3, and 4 as follows:

DPW	\$22,034
Public Schools	<u>\$15,497</u>
	\$37,500

All other potential increases were determined to be de minimis.

Separate from the consultant analysis, the City Assessor has determined that land located within Assembly Square area but outside of the Assembly Row DIF Boundary will increase in property value as a result of the infrastructure investment in Assembly Square Drive, in addition to general market forces. These properties are estimated to produce \$123,000 dollars in tax revenue annually beginning in FY2013. In addition, as noted in the consultant report, other revenues such as hotel and meals taxes were not calculated in the analysis. Therefore, it appears that the projected \$37,500 increase to costs to the City of Somerville is more than offset by additional revenue sources.

Recommendation

It is recommended that the DIF Governing Board and the Board of Aldermen accept the report from W-ZHA.

Attachments

1. W-ZHA Assembly Row DIF Analysis