

To: Board of Aldermen, City of Somerville

CC: Joseph A. Curtatone, Mayor

From: Michael F. Glavin, Executive Director, OSPCD
Edward C. O'Donnell, Director, Economic Development Division
George Proakis, Director, Director of Planning and Zoning

Date: April 28, 2014

RE: Docket #195571, requesting an appropriation of \$500,000 and authorization to borrow in that amount in a bond for planning, land use and other related disciplines to develop a Major Plan Change to the existing Assembly Square Urban Renewal Plan.

1. PAST AND CURRENT ACTIONS

There has not been a Major Plan Change to the Assembly Square Urban Renewal Plan since it was adopted in 2002. That plan was based upon a number of assumptions, the most important of which was the expectation that IKEA would be constructing a 400,000 square foot retail facility along the waterfront. While many of the goals expressed in that 2002 Urban Renewal Plan remain constant and, in point of fact, many of those goals are well on their way to being realized through a mutually beneficial partnership between the City of Somerville ("the City") and Federal Realty Investment Trust ("FRIT"), the fact remains that the current plan is insufficient to meet the needs and fully capture the economic opportunities of the Assembly Square Urban Renewal Area.

The entirety of the area within the current Urban Renewal Area is approximately one hundred and twenty nine (129) acres. The area owned by FRIT is estimated at approximately sixty six (66) acres. (See **Attachment 1**) A Major Plan Change would allow us to begin to look at individual parcels and buildings within the Urban Renewal Area and examine what the highest and best uses of those properties might include. It would consider whether some of those uses, including the long vacant Circuit City building, the now closed movie theatre, an existing office building, smaller industrial and commercial operators and other types of businesses truly represent the highest and best uses within the urban renewal area and with them, the full economic development potential of the City of Somerville.

In 2010, approval was granted to the City's application to create the Assembly Row District Improvement Financing Program ("DIF"). As stated in the application,

"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 boundaries will be constructed.”

(See Attachment 2)

In a practical sense, the DIF has been utilized to help finance the roadway and infrastructure system to service not only the three large mixed –use buildings that FRIT expects to open in the coming weeks and the speculative office building now under construction on Block 2, but also future development by FRIT and others. Within the DIF District it is possible to evaluate how the DIF, working through the current development phase by FRIT, has been able to capture significant increments of tax dollars to the City beginning in Fiscal Year 2013, the first full year of new construction by FRIT within the Assembly Square Urban Renewal Area. Moreover, the City’s Assessing Department has been able to project future incremental tax dollars through 2022, the year of the current Urban Renewal Plan’s expiration (See Attachment 3).

2. THE NEED FOR A MAJOR PLAN CHANGE

The 2002 Assembly Square Urban Renewal Area confirmed earlier findings of a decadent area. Although there have been indisputable achievements and improvements in large parts of the area, those findings remain consistent for other large portions of the area. Under MGL Chapter 121B, a ‘blighted open area’ is defined, in part,

“...by obsolete, inappropriate or otherwise faulty platting or subdivision...division of the area by rights-of-way, diversity of ownership...or because there has been a substantial change in business or economic conditions or practices...”

As such, those findings of a “blighted open area” may remain in effect.

For all of the progress achieved under the 2002 Urban Renewal Plan, the Plan was unable to peer into the future and fully anticipate what those changes in “business or economic conditions or practices” might entail. By way of specific example, the 2002 Plan contemplated little, if any development below Assembly Square Drive and Foley Street. In essence, the 2002 Plan anticipated that the existing office building, the long vacant movie theatre and Circuit City building, Home Depot and the smaller commercial buildings along Assembly Square Drive, Middlesex Avenue and Mystic Avenue would remain as they are. In many cases, these properties are one or two story buildings that fail to achieve the potential offered to them under the City of Somerville Zoning Code (“the Code”) (See Attachments 4A-C).

Further, the 2002 Plan still anticipates, specifically refers to and is reliant upon, three different development teams working in the area now being developed by FRIT. Those teams included first the **Assembly Square Marketplace**, which contemplated “up to 500 residential, 50,000 square feet of retail along the waterfront...a parking structure for 600 cars. Second, the **IKEA Mixed Use Development**, including a 258,000 sf IKEA store, 218,000sf in office space, 831 below grade parking spaces and a parking structure for 400

cars.” Third, **Assembly Square Commons**, which anticipated 2,000,000sf of office space, 328,000 sf of retail space, 860 residential units, 5,000 parking spaces in various structures, a Center for the Arts.” Obviously, FRIT has achieved or is on the road to achieving a substantial amount of what was hoped for, but these three plans which were anticipated in 2002 but which have not come to fruition represent a “substantial change in business or economic conditions or practices,” as defined in MGL Chapter 121B.

As the attached chart makes clear (**See Attachment 5**), ownership of property bordering on Middlesex Avenue, Mystic Avenue and that section of Assembly Square Drive closest to the Somerville-Boston border remains fragmented. Seventeen (17) different owners hold stake in properties in this area, with individual parcels as small as 1,737 sf. Those individual parcels are further identified on City of Somerville Assessors Maps 68, 86, 87, 88 and 101 (**See Attachments 6A-6E**), copies of which are attached hereto.

As such, “the diversity of ownership” standard is clearly met.

Many of the parcels along Middlesex Avenue contain low rise properties falling short of the height and density allowances under the zoning code along with vast areas of suburban-style surface parking lots. In a practical sense, these parcels would need to be broken up into more rationally sized parcels where development could proceed in a manner consistent with that allowed under the Code. Section 6.4 of the Code, “Assembly Square Mixed Use District”, provides for buildings of up to one hundred and twenty five feet (125’) in height and a Floor Area Ratio of up to 10.0 (**See Attachment 7**).

Clearly, the area’s full economic potential is not being met. Current conditions are reflective of the standards identified as “obsolete, inappropriate or otherwise faulty platting or subdivision...division of the area by rights-of-way” as identified by MGL Chapter 121B.

3. GOALS FOR A MAJOR PLAN CHANGE

At its heart, the goal of a proposed Major Plan Change is to accelerate and accommodate development at a size and scope similar to the current activities in the Assembly Row project. It is reasonable to expect that as part of a Major Plan Change, acquisition and disposition blocks will be identified. A similar situation arose with the Union Square Revitalization Plan, where seven such blocks were identified. As previously mentioned, the current Plan contemplates no disposition parcels below Assembly Square Drive. The 2002 Major Plan Change identified four sites along Foley Street between Assembly Square Drive and Draw Seven Park to be acquired for disposition, along with one parcel along Yard 21, totaling fourteen acres. No reference is made within the current plan to any of those several parcels between Assembly Square Drive and the Route 93 boundary of the Assembly Square Urban Renewal Area.

Upon identifying new disposition blocks within the Assembly Square Urban Renewal Area, it can reasonably be assumed that the Somerville Redevelopment Authority (“the

SRA”) would work cooperatively with the owner(s) of the properties and/or a developer(s) of the site to achieve its full economic potential. As is the case with the current process in Union Square, the SRA could use its powers to acquire property if necessary and as a last resort, but a private developer would be expected to provide a financial “back stop” for any such action. By way of history, this same process was followed by the SRA in putting together much of the Assembly Square site. In that particular case, the SRA did not acquire a single property and site assembly was accomplished entirely through private transactions.

As mentioned previously and as further identified in Attachments 5 and 6A-6E, there are seventeen (17) potential disposition blocks that might be consolidated into developable parcels or considered for future development that meets their full economic potential under current zoning. The current assessed value of those seventeen, in some cases badly underutilized, parcels is in excess of \$176,000,000. Granted, that while a significant percentage of that value is represented by just a few of the larger uses in that area, a Major Plan Change would provide in part for the consolidation of many of those smaller parcels in larger, more useful development parcels. Within this area, uses include industrial warehouses, automotive repair and a rental care outlet. In such case, the sum of the whole would certainly be greater than the sum of the parts. At the same time, a reconfiguration of some of the larger underutilized parcels that are now marked by large expanses of open-air, suburban style parking lots would result in more attractive, more efficient development parcels.

The current configuration of these potential disposition blocks points toward the need for more efficient development parcels. By way of specific example, the parcel upon which the current office building, the now closed movie theatre and the surface parking lots are located is comprised of approximately 9.11 acres. In contrast, the four parcels upon which FRIT is now building range in size from 1.25 acres to 2.83 acres, thus demonstrating the need for efficiency in the layout of development parcels.

The creation of more efficient development parcels would also raise the question of how the infrastructure needs of these new parcels would have to be met. More efficient parcelization within the urban renewal area would raise the question of new roadways. As the attached Assembly Row DIF District boundaries illustrate, the recent improvements may or may not be sufficient to serve these potential new development areas. For these reasons, a financial plan that is required of any urban renewal plan must be formulated to assess the potential costs of both acquiring the identified disposition parcels and servicing their infrastructure needs. As we have seen in the past, there will be the need to examine possible funding sources to improve the public infrastructure located outside the current DIF area to accommodate new development, perhaps including, but not limited to, a new DIF application, I-Cube and others

4. SUMMARY

A Major Plan Change would allow an extension of the current plan beyond its current 2022 expiration and provide the predictability needed to encourage growth and development through the inevitable cycles of economic activity. This Major Plan Change would also provide increased support and momentum towards the goal of achieving 30,000 new jobs within the city by the year 2030, one that is among the overarching goals identified in the SomerVision master plan. Assembly Square was identified as an area to be transformed under the SomerVision plan. With large tracts of underutilized land, with access to the MBTA Orange Line and the visibility resulting from Partners Health Care's decision to consolidate much of its operations in Somerville, a Major Plan Change will be a definite signal to investors that the City is taking a long term approach to continuing economic expansion.

Any recommendations arising from a proposed major change to the existing Assembly Square Urban Renewal Plan will need to be approved by the SRA, the Planning Board, the Board of Aldermen and the Commonwealth of Massachusetts' Department of Housing and Community Development. Any funding needed to implement recommendations on possible land assembly or other actions toward this major change to the Assembly Square Urban Renewal Plan would be subject to the approval of the Board of Aldermen.

Funding is needed to retain qualified professional consultants in the areas of planning and design, financial and economic analysis, infrastructure capacity analysis, engineering work, and appraisal services, all of which are required as part of a Major Plan Change to an urban renewal plan..

Based upon the staff work that was done on other recent comparable plans, specifically the Union Square Revitalization Plan, the following cost estimates results:

- \$150,000 for a professional land use planning firm, one with experience in the areas of sustainability, the public realm and the built environment;
- \$150,000 for a professional engineering firm, one with the experience and ability to pull together diverse elements of a plan including a thorough analysis and understanding of likely infrastructure needs and systems, public transportation and highway capacity and other related elements;
- \$100,000 for appraisal, legal and related work, all intended to allow for the identification and possible acquisition of property in accordance with the regulations set forth under MGL Chapter 121B; and
- \$100,000 for a vigorous public outreach program involving various stakeholders, the surrounding community and public officials, along with the creation of the required financial plan to identify likely sources of financial support for the implementation of such a plan.

Schedule of Attachments

Attachment 1	Boundaries of the Assembly Square Urban Renewal Area
Attachment 2	Boundaries of Assembly Row DIF District
Attachment 3	Projected Commercial and Residential Values-Captured Increment in Tax Dollars
Attachments 4A-4C	2002 Urban Renewal Plan with Clearance/Rehabilitation Parcels and Disposition Parcels
Attachment 5	Non-FRIT Properties in Urban Renewal area and Current Assessed Values
Attachments 6A-6E	City of Somerville Assessors' Maps
Attachment 7	ASMD Zoning

Assembly Row Development



— Assembly Square Boundary

■ Non - FRIT

■ Assembly Row Marketplace



FRIT Current Development

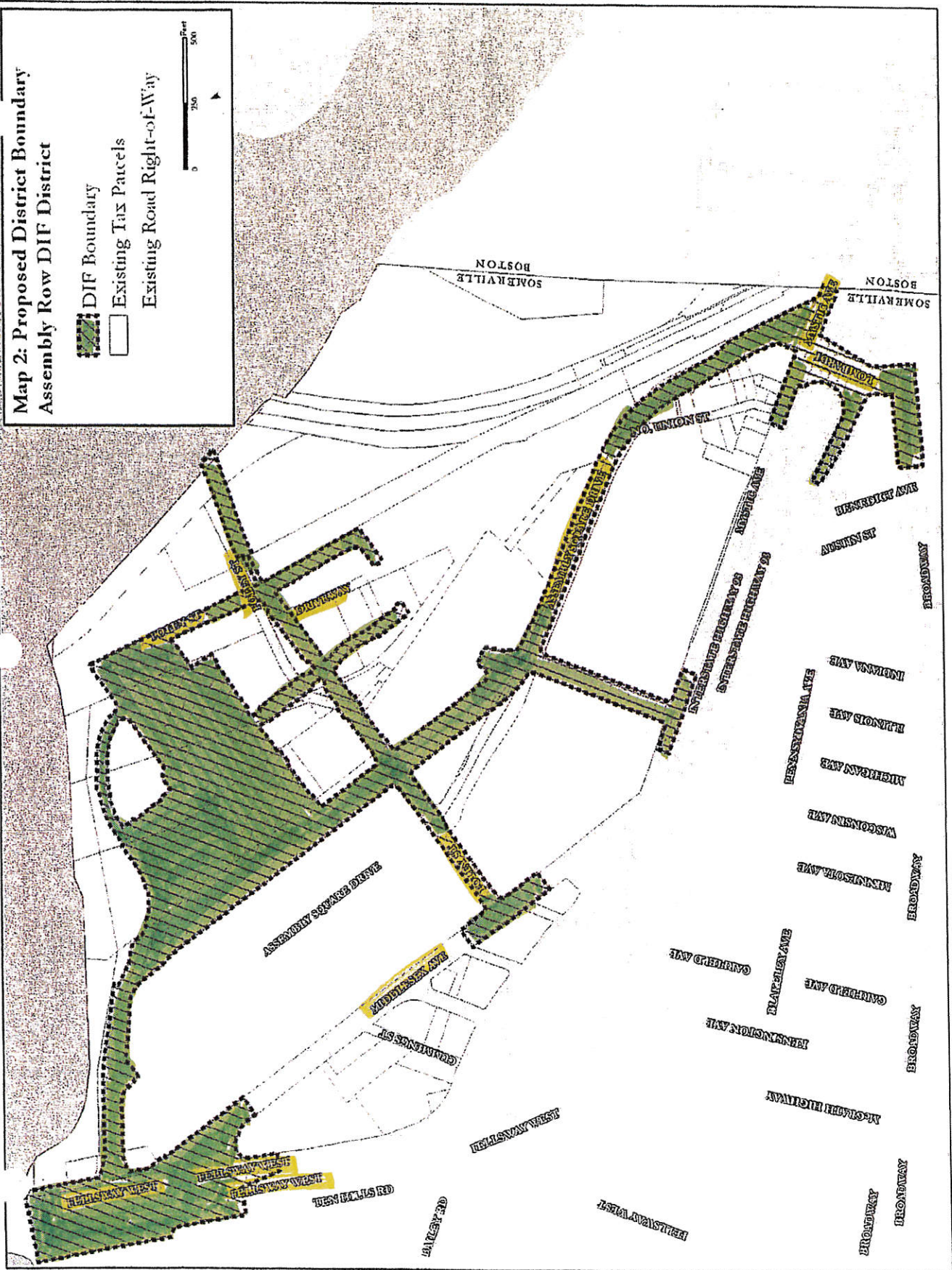


IKEA - PHC



Map 2: Proposed District Boundary
Assembly Row DIF District

- DIF Boundary
- Existing Tax Parcels
- Existing Road Right-of-Way



**PROJECTED COMMERCIAL and RESIDENTIAL VALUES
ASSEMBLY SQUARE DIF PARCELS**

Fiscal Year	Proposed Comm Value	Proposed Res Value	Comm Taxes Generated	Res Taxes Generated	Total Taxes Generated	Captured Increment in Tax Dollars
FY 2011 BASE YEAR VALUE	\$9,643,200		\$204,532		\$204,532	
FY 2012	\$11,153,700		\$249,731		\$249,731	\$45,199
FY 2013	\$14,956,260	26,544,582	\$334,871	\$320,659	\$655,529	\$450,997
FY 2014	\$45,873,990	\$56,708,328	\$1,027,119	\$685,037	\$1,712,155	\$1,507,623
FY 2015	\$60,463,458	\$76,150,140	\$1,353,777	\$919,894	\$2,273,139	\$2,069,130
FY 2016	\$61,672,727	\$77,763,143	\$1,380,852	\$938,292	\$2,319,144	\$2,144,612
FY 2017	\$62,906,182	\$79,226,606	\$1,408,469	\$957,057	\$2,365,527	\$2,160,005
FY 2018	\$64,164,305	\$80,811,138	\$1,436,639	\$976,199	\$2,412,837	\$2,208,305
FY 2019	\$65,447,591	\$82,427,361	\$1,465,372	\$995,723	\$2,461,094	\$2,265,562
FY 2020	\$66,756,543	\$84,075,908	\$1,494,679	\$1,015,637	\$2,510,316	\$2,305,784
FY 2021	\$68,091,674	\$85,757,426	\$1,524,573	\$1,035,950	\$2,560,522	\$2,355,990
FY 2022	\$69,453,508	\$87,472,574	\$1,555,064	\$1,056,669	\$2,611,733	\$2,407,201

Source: City of Somerville Assessing Department

Assumptions:

Base year assumed subdivision on place 2011

Residential and commercial split based upon proposed development presented by FRIT

Taxes are based upon average rates from FY 1989 through FY 2011 \$22.39 Comm and \$12.08 Red

Proposed value FY2012 includes roadway improvements to ASQ Drive completed as of 6/30/2012

Proposed value for FY 2013 is at 25% building completion, FY 2014 at 75% and remaining at 100%

Proposed values FY2013 through FY2022 include a 2% increase per year based upon valuation changes since FY1989

Captured increment is the total tax generated for each fiscal year minus base year tax

#4A



CITY OF SOMERVILLE
DOROTHY A. KELLY GAY, MAYOR

ASSEMBLY SQUARE REVITALIZATION PLAN
2002 MAJOR PLAN CHANGE

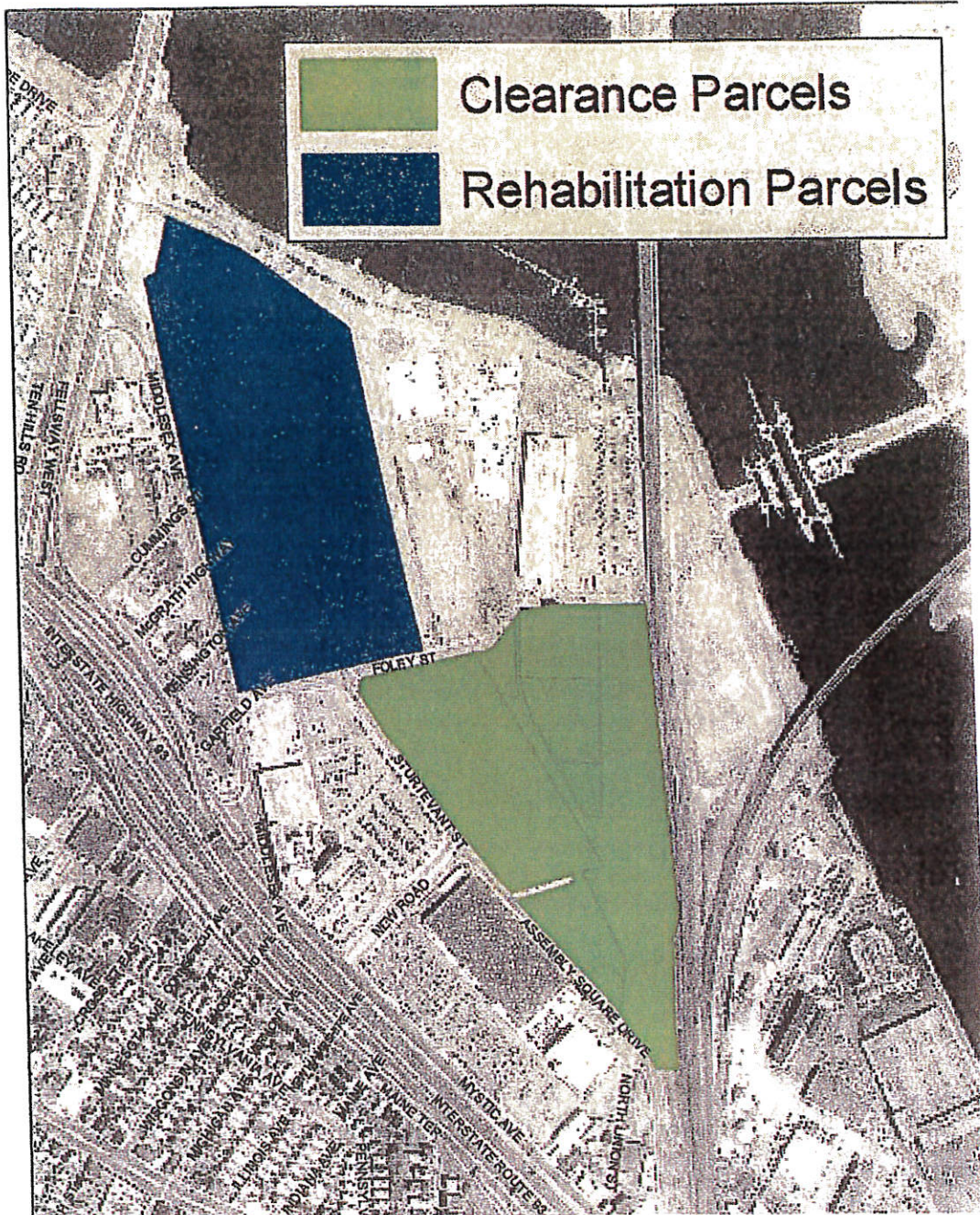


Approved by the Board of Aldermen on September 26, 2002

SOMERVILLE REDEVELOPMENT AUTHORITY
NANCY BUSNACH, CHAIR
OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
STEPHEN M. POST, EXECUTIVE DIRECTOR

#4B

(b) Areas Proposed for Clearance/Rehabilitation

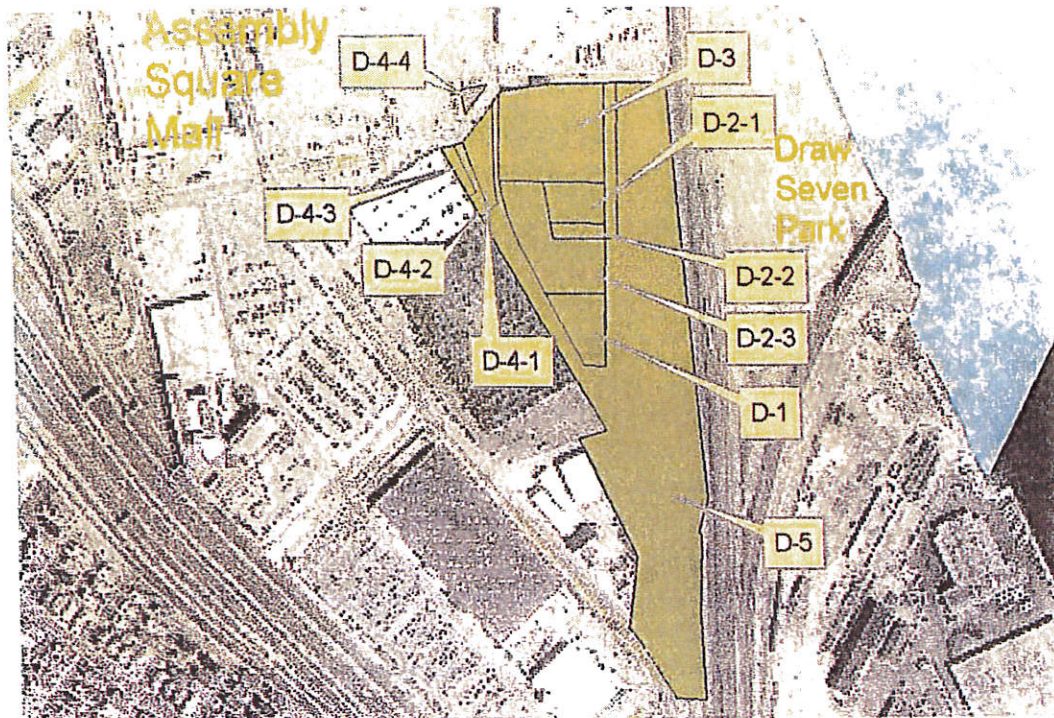


Map 1-(b) Boundaries of Areas Proposed for Clearance or Rehabilitation

#4C

12.02(10) Disposition

(a) Disposition Parcels



Map 10-(a): Disposition Parcels

These disposition parcels are created directly from parcels acquired or to be acquired by the SRA, and do not involve any moving of lot lines or subdivision plans:

1. Parcels D-1, D-2-1, D-2-2, D-2-3, D-3, D-4-1, D-4-2, and D-4-3: These parcels currently house a variety of uses as outlined in Table 5. The redevelopment of these parcels as part of a mixed-use development with office, R&D, housing, retail and public uses is essential to the implementation of the 2002 Plan. Disposition of these parcels will be arranged through a Land Disposition Agreement subject to the approval of DHCD.
2. Parcel D-4-4: This parcel currently is paved and used as parking for a cab company. It will be redeveloped as part of a new secondary road connecting the Ikea parcel with the Assembly Square Commons development.
3. Parcel D-5: Commonly known as "Yard 21," this parcel was acquired by the SRA in 2001 under the 1980 Plan. By Minor Plan Amendment #3, it was named as an Acquisition Parcel; and by Minor Plan Amendment #4, it was named as

#5

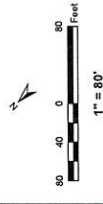
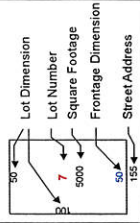
FY 2014 ASSEMBLY SQUARE ASSESSED VALUES**NON-ASSEMBLY ROW PROPERTIES
POTENTIAL FUTURE DEVELOPMENT**

Address	Use	Value
120 Middlesex Ave.	Industrial Warehouse	\$1,650,200
132 Middlesex Ave	Religious (exempt)	\$3,553,800
133 Middlesex Ave	Retail	\$68,798,100
844 McGrath Hwy	Hotel	\$12,726,000
20 Cummings Street	Restaurant (99)	\$2,466,000
74 Middlesex Ave.	Restaurant/Club	\$1,518,600
845 McGrath Hwy	Land	\$1,609,000
5 Middlesex Ave	Office/Theatre	\$35,295,100
75 Mystic Ave	Home DPT/C City)	\$36,999,000
29 Mystic Ave	Store/Shop	\$1,378,200
33 Mystic Ave	Store/Shop	\$531,600
20 N. Union Street	Industrial Warehouse	\$981,800
20 Assembly Sq. Drive	Factory	\$4,372,900
37 Mystic Ave	Enterprise RAC	\$1,186,400
45 Mystic Ave	Auto Repair	\$1,084,600
53 Mystic Ave.	Comm. Warehouse	\$1,793,700
0 Sturtevant Street	Vacant Land/City(exempt)	\$5,155,700
	Total Assessed Value	\$176,013,400



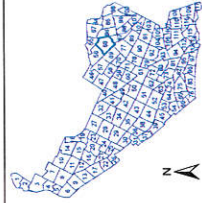
Assessors Map

- Parcel Boundary
- Block/ROW Boundary
- Other ROW Boundary
- Assessor Map Boundary
- Water Body
- Building
- Railroad ROW



Sources: Right-of-way and building footprints were originally derived from the City of Somerville's GIS data. Parcel data were originally based on the City of Somerville's GIS data from 1998 and have been updated by CDM Smith based on City of Somerville records.

NOTE: The data represented on these maps are not a survey. The City of Somerville does not warrant the accuracy of the cadastral boundaries shown on these maps. There are NOT survey data and should not be treated as such.



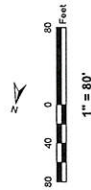
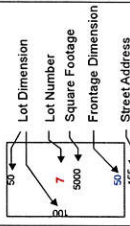
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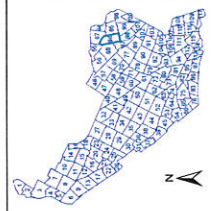
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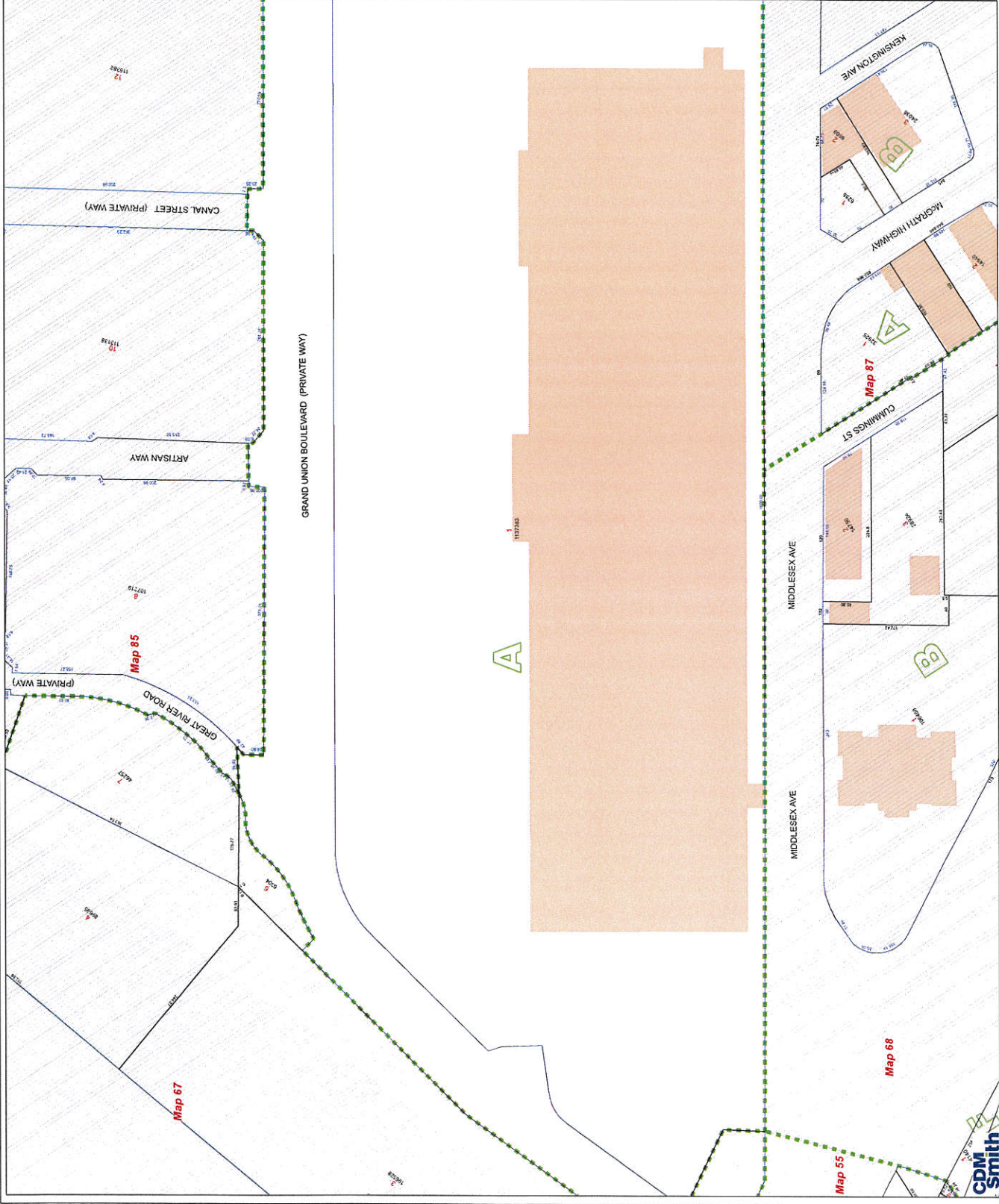
Source: Rights-of-way and building footprints were originally developed from Boston Edison by City of Somerville. Parcel data were originally developed from the City of Somerville GIS data, which have been updated to the City of Somerville GIS data.

NOTE: The data represented on these maps indicate stations and developed locations of parcels. They are NOT survey data and should not be relied on such.



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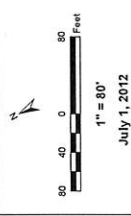
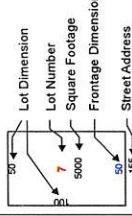
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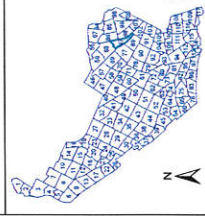
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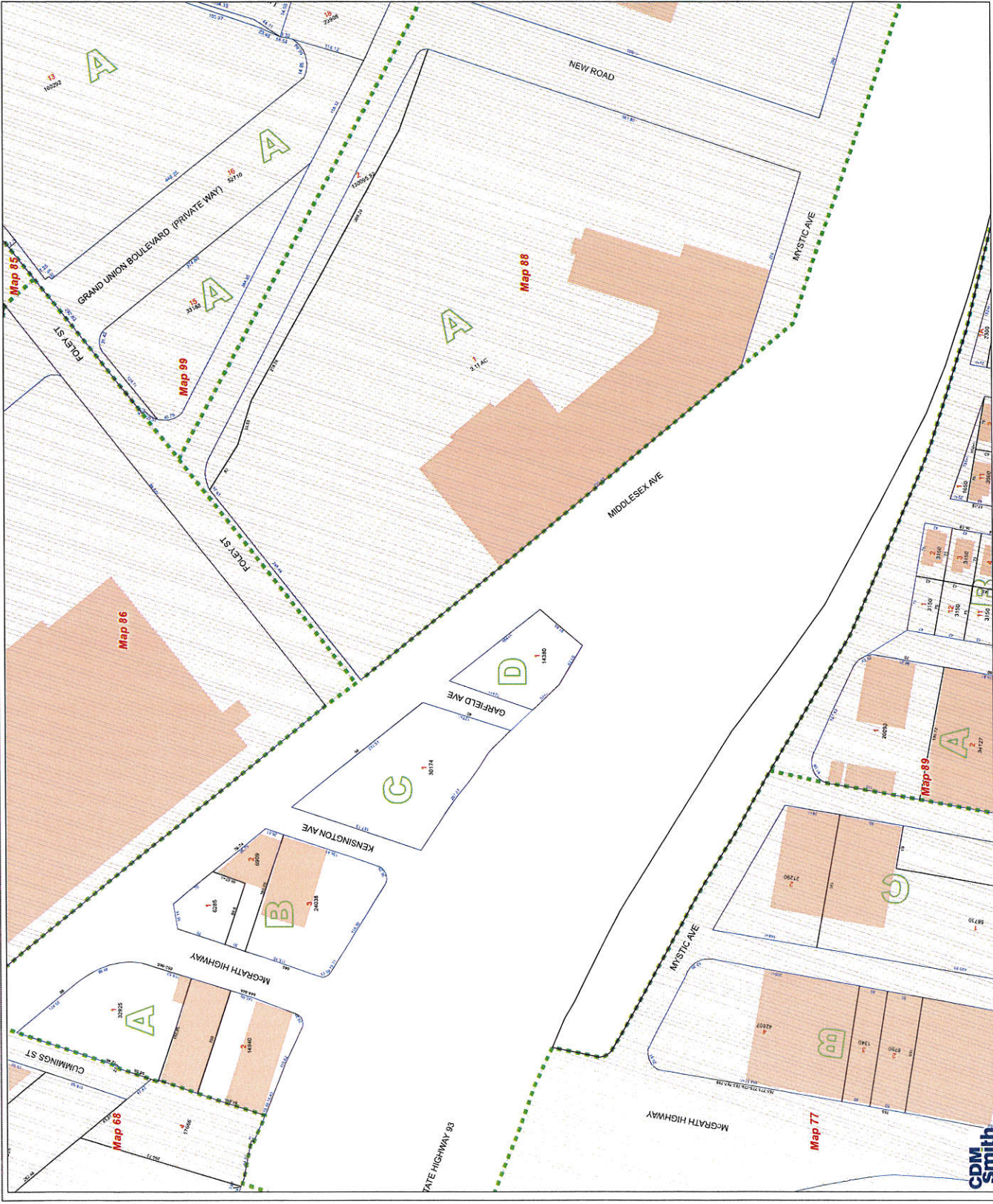


Sources: Rights-of-way and building footprints were originally derived from Boston and City of Somerville. Parcel data were originally derived from the City of Somerville, 1999 and have been updated by CDM Smith based on City of Somerville records.

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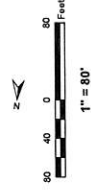
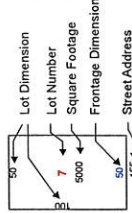
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Assessors Map

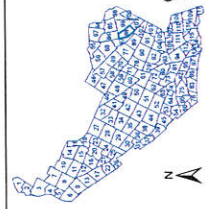
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July 1, 2012

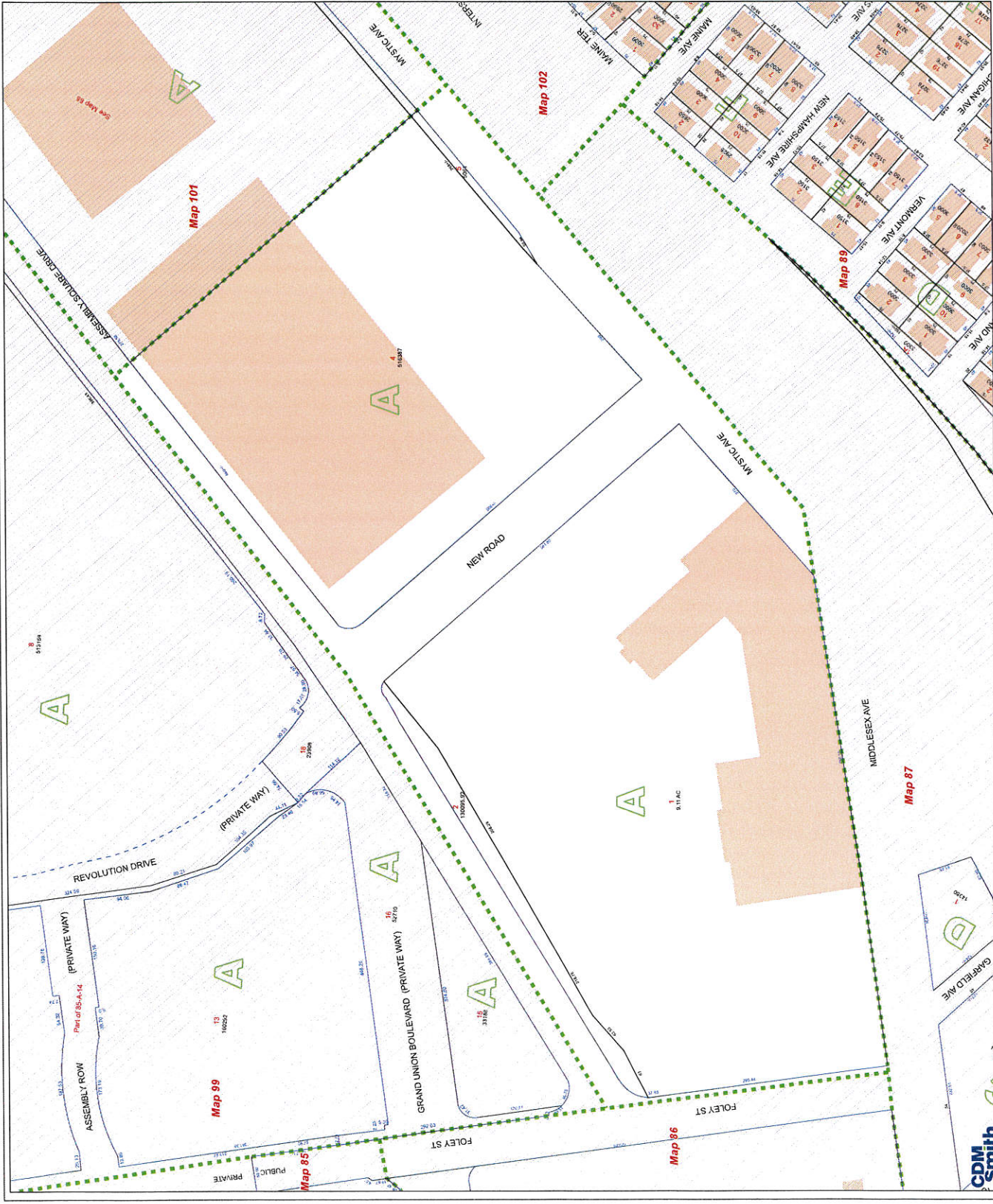
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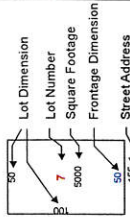
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Assessors Map

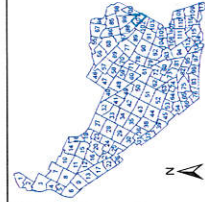
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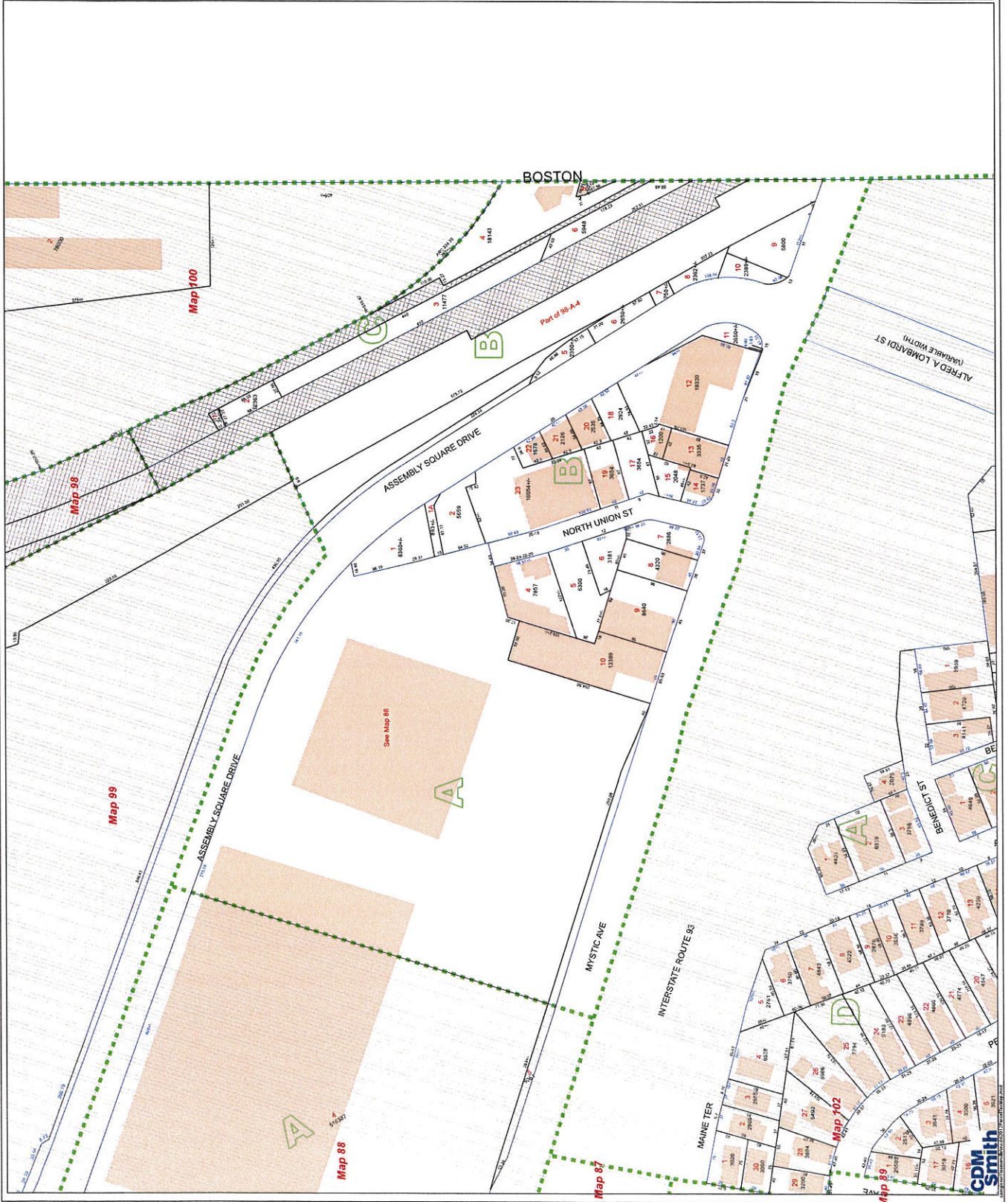
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#7

