

Madalyn Letellier

From: [REDACTED]
Sent: Tuesday, November 18, 2025 10:43 AM
To: Public Comments
Subject: Finance Comm agenda 25-1698
Attachments: Comment Arts Armory appropriation 25-1698.docx

To: Members of the City Council Finance Committee

I am submitting the attached memo as comment on the agenda item for the 11/19/2025 meeting. Thank you for your attention.

Bill Valletta
resident at Brickbottom

MEMO

To: Members of the City Council Finance Committee

From: Bill Valletta (Brickbottom resident, urban planner/municipal lawyer)

Date: 18 November 2025

Subject: Citizen Comment on Finance Committee Agenda 11/19, Item #25-1698

This item proposes the appropriation of \$100,000 from the newly created Community Benefits Stabilization Fund to the Armory Revolving Fund for the purposes of “onboarding and support of tenants...”

This will be the first appropriation from the new stabilization fund, which will consolidate monies derived from “community benefits” commitments and other developer payments set in conditional zoning actions. Therefore, the action taken today will fix the interpretation of both the Ordinance *Neighborhood Council Recognition Policy and Community Benefits* SCO Sec. 7-220 et seq.) and the standards for use of stabilization fund monies. It seems necessary to ask and answer two key questions:

First, what are the specific costs that are to be paid for – coming under the category of “onboarding and support for tenants”? Do these constitute a proper purpose for the use of monies, as defined by the Ordinance *Neighborhood Council Recognition Policy and Community Benefits* (SCO Sec. 7-220 et seq.)?

At the heart of the concept of “community benefits” is the idea that such in-kind and money payments are necessary to offset or mitigate the added burdens on services and the environment, which a new development is likely to create. This is the rule of “nexus” that the US Supreme Court and the Massachusetts Court of Appeals have determined to be essential to make the developer payments and conditions both legal and constitutional. See the court cases *Dolan v. City of Tigard*, 512 US 374 (1994); *Nollan v. California Coastal Commission*, 483 US 825 (1987); and *Bonan v. Boston*, 398 Mass 315 (1986).

Similarly, with respect to the creation of and appropriations from Stabilization accounts, the Massachusetts Municipal Finance Law (MGL Chapter 40, Section 5B, describes a limited set of purposes for these accounts. Essentially, they are not allowed to become off-budget accounts from which the city agencies can draw money for their routine operations of public facilities, services, and programs, simply because it is easier to avoid the regular budget and contract/procurement procedures.

Following these rules of law, the Somerville Ordinance, offers a limited definition of “community benefits” as monies that are received from developers, who have entered into agreements with Neighborhood Councils. The term “community benefits shall mean the provision of programs or services that directly benefit Somerville residents...” It gives as examples human services, the arts, cultural enrichment, sustainability, public health... and other areas of community enrichment. This text has inherent in its meaning the linkage of the stabilization funds to the development projects and their individual or aggregate impacts.

Similarly, in its definition of the term “community benefits stabilization fund,” the Ordinance further indicates its intent by stating that developer-contributed monies, allocated to mitigate development impacts in a specific neighborhood, shall be deposited in a specific sub-account. This detail implies that there will be other types of money in the main account, which can be used to address development impacts that are not limited to a neighborhood area or direct project.

It rests on the City Council with its powers of appropriation and powers of agency oversight to insure that the practice of stabilization funds management and disbursement will not stray from the rules and limits of the law. Therefore, in this inaugural action of Community Benefits Stabilization appropriation, the Council must establish a practice of strict accountability and prudent management. It is in this context that the second question must be asked and answered:

Second, what is the purpose of this \$100,000 request and how does it fit into the structure of Arts at the Armory funding and financing?

When the Armory was acquired by eminent domain in 2021 for \$5 million, the city agencies and advocates worked hard to reassure the residents and taxpayers that this previously money-losing facility could, with an appropriate plan and financial strategy, become a reasonably sustainable facility. It would never pay its own way fully and subsidies to some of its community-based arts organization tenants would be required. But the facility itself could be efficiently maintained and managed with substantial (if not total) coverage of operations and future capital needs.

The following Table, shows the cost estimates that were provided in the three main public documents on the Armory financing:

Armory cost calculations

date	Action	Capital cost burden	Cost per year	Notations
May 2021	Eminent domain	\$5,000,000		
	--debt service payments		367,000	
June 2022	Financial Statements Arts at Armory			
	--management/maintenance		100,000	\$5/ft2 estimate
	--lost property tax revenue		72,000	
2022-25	<i>Cost per year operations and debt service</i>		539,000	In theory this was partially offset by tenant rents, but no accounting has been made public
May 2025	Master Plan			
	--short term investment needs	5,400,000		
	--long-term capital needs	9,200,000		
	--estimate debt service @3.7%		518,000	
	--best practice operation cost		480,000	\$20/ft2-\$24/ft2 estimate
	<i>Future cost per year</i>		1,365,000	
Nov. 2025	<i>Out-boarding and tenant support</i>		100,000	

The Table shows how the cost calculations made public in 2021 -- indicating annual operations and debt service of half-a-million a year -- were increased to an estimate of \$1.3 million per year in the May 2025 Master Plan. Neither total has included the subsidies or grants

to the arts organizations, which are regularly distributed through the Arts Council or from other grantees.

At the final entry with today's date, the Table shows the addition of the request as another category of leasing or tenant marketing activities. Depending on what the precise activities of "onboarding and support of tenants" will be, it seems likely that these will be a recurring set of costs. Therefore, the Table shows the category as an annual expense, pushing the future total to \$1.4 million per year.

Because the Armory slid into bankruptcy in the past, the question today is whether the same pattern of financial downward spire is underway – only with public money today. Can the Council effectively impose on the Armory management and the agencies a rule of discipline and prudence?