

Iterative Economic Development Planning: Assembly Square, Somerville, MA

11.438 Economic Development Planning

Jeff Levine, AICP



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n Intl. Airport
iles

Downtown
2.5 Miles

Financial District
3.3 Miles

Back Bay
4 Miles

Kendall Square
2.8 Miles

Cambridge

Somerv



EW
MBTA
Orange Line
Stop

Mystic River

ASSEMBLY
ROW

New Waterfront Park

Assembly Square
Marketplace

MIT

HARVARD



Public Actions to Promote Redevelopment

- Creation of a Planning Study & Redevelopment Plan
- Urban Renewal Powers to Acquire and Dispose of Property
 - ✓ Acquisition of former rail yard (“Yard 21”) and disposition to promote redevelopment as envisioned in the plan
 - ✓ Eminent domain taking of steel fabrication plant (“Kelo,” anyone?)
- Zoning Changes to Affect Private Market
 - ✓ Iterative based on changing political and planning goals
- District Increment Financing (TIF)
 - ✓ Relatively new tool for use of tax increment in Massachusetts
 - ✓ Part of package for financing new infrastructure
- Federal grant funding
- Value Capture

Assembly Square Planning Study

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- Planning with a strong political component
- In the long run, something similar to the long term vision was accomplished due to strong community & political leadership
- Probably would not have happened organically as described in the plan

This study considered the long-term potential of the area beyond the initial 20-year period which is the specific goal of this study. An illustrative plan was prepared to indicate the long-term potential that might be created through a combination of public improvements and incremental private investment.

Market conditions that produce this type of redevelopment must be in place for this scale of redevelopment to occur. Other conditions, such as substantially expanded roadway access, transit improvements well beyond the addition of a T station, full scale reconstruction of the I-93 access corridor, and availability of street and roadway capacity must also occur. In addition, the success of

the area relative to competing sites and the willingness of the community to accept the very large impacts of such development will be factors in long-term success. If these conditions are met, redevelopment of the "big box" sites would logically occur.

In this illustration, the eventual conversion of large-footprint retail to more dense uses is predicted as a consequence of the changing conditions noted above. However, the specific organization and persistence of particular uses could vary considerably and still achieve the overall development quality and density that would bring continued benefits to the City.



long term potential

Uses	Volume
Residential	900 units
Office / R&D	9,900,000 sf
Retail	539,104 sf
Hotel	186,000 sf
Industrial	0
Total	11,600,000 sf

* All numbers represent the cumulative volumes, including existing volumes.

	Increments	Total
New Net Real Estate Tax Revenue	\$ 19,529,000	\$ 37,195,000
New Jobs	16,835	32,245

* The real estate net tax revenue equals real estate taxes minus municipal costs.
 * All numbers do not include existing volumes.
 * All taxes are in year 2000 equivalent dollars.



long term potential

Urban Renewal without Federal Funds



CITY OF SOMERVILLE
DOROTHY A. KELLY GAY, MAYOR

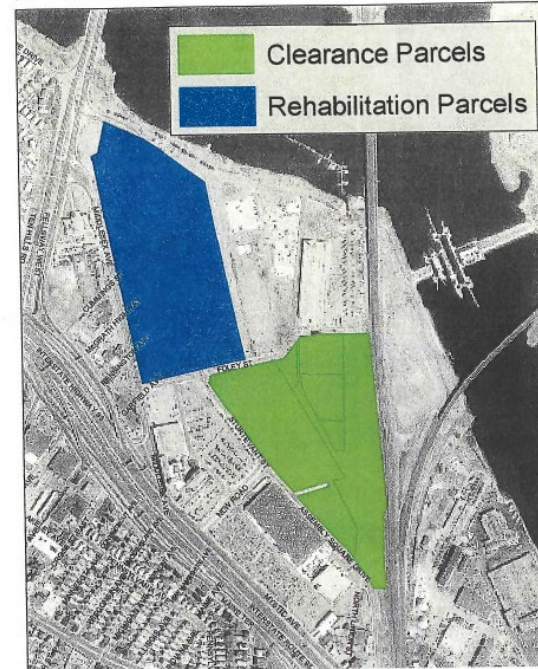
ASSEMBLY SQUARE REVITALIZATION PLAN 2002 MAJOR PLAN CHANGE



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

(b) Areas Proposed for Clearance/Rehabilitation



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

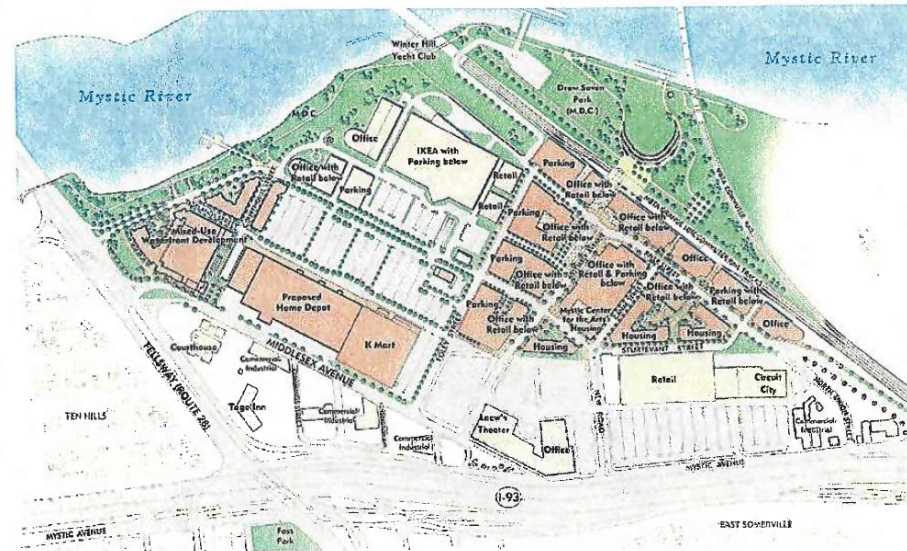
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To implement the vision of the Planning Study, the 2002 Plan names the parcels described below as Acquisition Parcels A-1 through A-4. These parcels are shown on Map 1-(g)-1. There are no remaining parcels to be acquired from the 1980 Plan.

Table 4: Acquisition Parcels

Parcel #	Map-Block-Lot	Area (square feet)	Address	Owner	Use
A-1	99-A-5	21,541	147 Foley St.	Amerigas Propane Inc.	propane sales
A-2-1	99-A-2	70,555	123 Foley St.	Clay Realty	brickyard
A-2-2	99-A-3				
A-2-3	99-A-4				
A-3	99-A-10	73,166	99 Foley St.	99 Foley St. LLC	steel supplier/distributor
A-4-1	99-A-9	24,885	85 Foley St.	Marron Realty Trust	gas station/taxicab storage/parking
A-4-2	99-A-9A				
A-4-3	99-A-11				
A-4-4	85-A-2A				

(The total area of the parcels is based on Assessor's records.)



Map 1-(g)-3: Current Development Proposals



Map 1-(g)-1: Parcels to be Acquired

Zoning: From “IPA/BPA” to “ASPUD” to “ASMD”

- Changing vision required changing zoning rules- but what about MGL 40A Section 6?
- Discretion exists to determine not to grant a finding of no worse detriment but rarely used
- Zoning changes gradually brought vision of site into law
- Strong political component in here, complicated by short term strong mayor system and board members’ deference to mayor
- Role of planners to convince political leaders that good planning is in their long term interests

August 04, 2004

MVTF challenges Curtatone's Assembly Square zoning amendments

by Jason L. Nielson

The Somerville homeowner, who filed previous legal challenges to the development of Assembly Square, filed a complaint July 21 requesting the county's land court quash Mayor Joseph A. Curtatone's covenant with the project's developers.

The plaintiff, Louana H. Evarts who is a MVTF member and lives across the street from Assembly Square, is supported by the Mystic View Task Force, said William C. Sheldon, the organization's president.

“We will support Ms. Evarts in her legal challenge if that's what is necessary, but we urge the city to simply follow the law rather than wasting more tax dollars to defend an indefensible ordinance and further delay the opportunity to bring high quality development to this blighted area of our city,” he said.

The board of aldermen went into executive session July 22 to hear from the mayor and the city solicitor their view of the Evarts' complaint, said William M. Roche, the alderman for Ward 1, which includes Assembly Square.

“I spoken to maybe 50 people since this was filed, and not one person supported the Mystic View Task Force,” he said.

“It is unfortunate that a small group of people can cause disruption for the whole city,” he said.

“I am not a lawyer, but I am an optimist. I believe the vision created by the citizens of the city through a series of hearings that brought together the citizens, the developers, the aldermen and the planners will prevail,” Roche said.

Evarts also challenged two decisions of the Somerville Planning Board to subdivide the land into nine parcels and then, administer permits for the approved site plans, Shelton said.

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DIF = TIF with a Boston Accent

- Massachusetts has both Tax Increment Finance and District Increment Finance
- TIF = Credit Enhancement Agreement TIF
- DIF = Infrastructure TIF
- TIF existed in Massachusetts for many years before DIF was introduced
- Assembly Square served as one of the first cases of infrastructure TIF in the state



Assembly Square DIF

- **District Adoption** | December 2010
- **Original Assessed Value** | 9,643,200 Commercial, \$26,544,582 Residential
- **Acreage** | 66.5 acres
- **DIF Eligible Project Costs** | \$25 million publicly-funded infrastructure
- DIF complemented other sources for \$70 million in total investment.
- Overall financing package:
 - American Recovery and Reinvestment Act
 - ASQ Multi-Modal Congressional Earmark
 - Massachusetts Housing and Economic Development Growth District Initiative
 - I-Cubed infrastructure loan
 - \$15.75 million in General Obligation District Improvement Bonds

Assembly Station

- Key to unlocking site potential
- Not ultimately funded with DIF
- Form of value capture from development



Locally Proposed Financial Plan

<u>Sources of Funds</u>	<u>Total Funds (\$million)</u>	<u>Percent of Total</u>
Federal:		
Section 5309 New Starts	\$24.99	49.3%
FHWA Flexible Funds (CMAQ or STP)	\$10.72	21.1%
Local:		
Private Developer Contribution	\$15.00	29.6%
Total:	\$50.71	100.0%

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