



The Redevelopment of the Symmes Hospital Site An Overview for Town Meeting Arlington Redevelopment Board

Introduction Several years ago the Town of Arlington embarked on an endeavor that promises to have significant impact upon the Town for years to come. Faced with the sale of the Symmes Hospital site, the Town opted to purchase the property in order to guide its development. In this action the Board of Selectmen set five goals for the endeavor, briefly stated as mixed use development, development that is at least self supporting, maintains the present proportion of open space, promotes expanded health care services, and is done in an open planning process in which citizens and neighbors can participate.

Monday night will be one of many steps that have occurred in the process of getting the goals the Town set. Many steps have already been taken and more remain after the Town Meeting. After the electorate voted to authorize a debt exclusion bond authorization and Town Meeting voted to acquire the property, the Town Meeting appointed the Symmes Advisory Committee (SAC) to conduct the open planning process.

The SAC conducted more than a hundred meetings involving hundreds of townspeople. During their process, the possibilities for the site were investigated and the realities of the market for real estate development were confronted. The Selectmen's commitments anticipated that mixed use development would be "predominantly commercial office, and some medical uses, with a limited residential component that includes affordable housing." The SAC was advised point blank that there was no market for office space in greater Boston and would not be for quite some time. The use of the property under this condition that would allow the endeavor to be self supporting is housing. In its report to Town Meeting in 2003, SAC summarized its findings indicating in regard to the mixed use asked for by the Selectmen, the strongest market is for residential and that health care services should be accommodated.

Arlington Redevelopment Board The Arlington Redevelopment Board (ARB) was then given the responsibility, consistent with its role as an Urban Renewal Authority, to find a developer to carry out the program unanimously approved by the 2003 Town Meeting. In issuing a request for proposals the ARB referenced the SAC report in its entirety to guide the developer applicants in

preparing their proposals. Consistent with the request, all four applicants proposed developments that were predominantly residential and included a medical office building. All of the applicants also adhered to the request to keep at least half the site in open space.

Real estate development takes place in world of markets and private finance. The Town of Arlington, as the owner of the site, can express its wishes for development and can limit what can happen on the site, but the only way to make something happen on the site, is to place it in the private market where it competes with all other properties and with all other projects seeking financing. It is important to understand that the Town is not in the “business” of providing medical services or even in the “business” of constructing housing. The Town cannot therefore direct that it happen, we can only provide the conditions and incentives to persuade the private market to make it happen. We can provide an attractive site for residential development on the condition that a medical office building also be built, but we cannot finance building the medical office, and banks will not finance an office that has no occupants.

Health Care Services This led to the approach the Redevelopment Board took in designing an agreement which gives the developer time to find occupants for the medical office building and exacts a half million dollar penalty if they do not build a medical office building. In the process of negotiating the agreement, recognizing the difficulties in attracting medical service providers, and recognizing the importance the Town had placed on expanded health care services at the site, the ARB reduced the cost of the medical office building portion. It was felt that the project would not meet Town approval without medical use and the Town should therefore take action to help make it happen. In return for the reduction of the price, the Town arranged to share profits after a certain point in the development.

It is gratifying to see that the lowered cost of the land and the change to a condominium concept have given the developer and the ARB much optimism that the necessary occupants of a 40,000 square medical foot office building will soon be confirmed. And, it should be noted that 40,000 square feet of medical office building will provide at least three times the medical services that are currently on the site.

Participation by Lahey Clinic The Selectmen’s goals mentioned that it expected Lahey to remain as a tenant. The ARB shares that goal and the developer has worked diligently to encourage Lahey to locate in the new medical office building. As part of its purchase and sale agreement with the partnership of Lahey and Healthsouth, the Town agreed to lease space to each of those organizations at a below market rent. This was done because it was thought that the continuity of medical service by Lahey, especially, would serve the Town, and would make it more possible for the Lahey doctors to remain on the site when the property is redeveloped. This was an expensive decision, but one that was well conceived and made in the interest that the Town still expresses very strongly – that people want the Lahey doctors to continue to serve Arlington. The Town’s current agreement with Lahey permits them to stay at the site until February 15, 2005. The developer, sometimes with the help of the Planning Director and the chair of the Symmes Advisory Committee, has had many conversations with Lahey over the intervening months.

Revenue Neutral The Town voted to embark on the redevelopment of the property with the understanding that it would be “at least self supporting, generating income after a three to four year startup period.” Town Meeting members were shown possible financial projections that showed how the sale of the property and the tax revenue it generated could pay off all the

expense of purchasing and operating the property within three or four years of selling the property. Further, the Townspeople were told that in the redevelopment of the site, every effort would be made to have the project support itself to the extent that the authorization to borrow money would not be added to the tax rate.

So far the expenses of the project have been paid out of funds that were borrowed. In order to keep the expense of the project off the tax roles, there must be payback within a short time. This commitment to the voters exerted pressure to obtain significant return in the purchase price as well as significant property tax revenues on an ongoing basis. The ARB was able to significantly reduce the operating cost of the property and have used only \$11 million of the \$14 million authorization, but that still requires development that would allow the Town to pay off that expense. Urban renewal projects typically do not come anywhere near paying off the cost of the project upon the sale of the property. And this project does not either, but it does produce sufficient revenue to keep the debt exclusion authorization off the tax roles. Whether or not this is achieved in fact depends on decisions the Town Meeting will make regarding Article 3 and the recommendation that will be made by the Finance Committee, the Symmes Advisory Committee, and the Selectmen.

Zoning The zoning amendment that the Town Meeting is asked to make is one of five layers of control that is placed on the property to assure the development that is proposed. (1)The Urban Renewal Plan voted by Town Meeting and approved by the State is the first document (in effect for twenty years) that restricts the development to the objectives in the plan. (2)The Land Disposition Agreement references the proposal and sets out the remedies for noncompliance. It is recorded with the deed and passes in full effect to any new owner in the future. (3)A Conservation Easement will be placed on the property to protect all open space areas. The easement will be approved by the State and takes a vote of the Selectmen and of the State Legislature to change it in the future. (4)The Zoning provides controls that are obvious to most Town Meeting members and the dimensional regulations are almost identical to those for the current Hospital district. (5)Finally, there is the Special Permit which must be issued by the Redevelopment Board. This is where the details of the physical buildings will be fixed. The permit also is recorded with the deed to the property, and the Redevelopment Board retains jurisdiction over the development and may reopen the special permit at any time in a public hearing

Conclusion Decisions about the development of the site have been made at many stages over the last three years and Town Meeting was told that it would have one more chance to say yes or no to the redevelopment of the site. Monday night is the time for that decision. The Town Meeting is asked to act on an amendment to the Zoning Bylaw which will permit the development to move to the next stage which is the special permit process. The Town Meeting gave its instructions to the Redevelopment Board in June, 2003. The Redevelopment Board asked developers to provide the development program and the ARB chose a developer who has agreed to develop what we asked for. If we had brought a different scenario to Town Meeting, we would expect you to reject it, but the Town has an agreement with a developer to meet all the goals as they have been modified in the process. This is not a time for the Town Meeting to change its mind; this is a time for Town Meeting to act to fulfill the decisions it has made over the past three years.

September 16, 2004