



## **ARLINGTON REDEVELOPMENT BOARD**

TOWN HALL ARLINGTON, MASSACHUSETTS 02476

TELEPHONE 781-316-3090

# **Symmes Arlington Conservation and Improvement Project Town Meeting Information Package**

## **Table of Contents**

<b>1. Introduction</b>	<b>pages 1 - 2</b>
<b>2. Terms of Developer Agreement</b>	<b>pages 3 - 4</b>
<b>3. Timeline of Important Steps</b>	<b>pages 5 - 7</b>
<b>4. Schedule</b>	<b>page 8</b>
<b>5. Project Description</b>	<b>page 9</b>
<b>6. Frequently Asked Questions</b>	<b>pages 10 - 12</b>



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### 1. Introduction

Town Meeting members will be asked to vote on a change to the Zoning Bylaw at a Special Town Meeting on Monday September 20<sup>th</sup>. The change will enable the proposed redevelopment of the former Symmes Hospital site.

As you know, the Town purchased the property two years ago in order to control the development of the property which had been put up for sale by the former owners, a partnership of Lahey Clinic and Healthsouth. After an extensive public participation process conducted by the Symmes Advisory Committee (SAC), the Arlington Redevelopment Board (ARB) sitting in its role as a Redevelopment Authority solicited proposals for the redevelopment of the site in accordance with the mandates of the Board of the Selectmen and the recommendations contained in the report of the SAC endorsed by the Town Meeting, eventually choosing Symmes Redevelopment Associates (a partnership of E. A. Fish Assoc. and Menotomy Medical Partners). During the six months of protracted negotiation, because of the nature of business deals, having to do mostly with negotiating position, the ARB was not at liberty to disclose the details of the ongoing negotiation. This has been frustrating to the ARB and all who have followed the project closely. We are now at the point where we can make the terms of the sale public. The enclosed materials highlight the process, explain the redevelopment proposal and the terms of the agreement the Town has with the redeveloper.

This is the time in the process when Town Meeting can make an important decision about the redevelopment of the site. The Town Meeting's job is to change the zoning so the development can happen. The enclosed information is intended to provide you the background information you will need to make your decision on the project. Please read it carefully. It is important that you have the correct information and can ask questions about things you don't understand or don't find in the published information.

In addition to the material in this package, you will receive additional written information and the ARB has scheduled a number of meetings for the TMMs and the general public where the project can be discussed. Please see the enclosed schedule. The proposed zoning change is in your warrant and on the Town Web site ([www.town.arlington.ma.us](http://www.town.arlington.ma.us)). You are strongly encouraged to attend the ARB's public hearing on the zoning change which will be held in the Town Hall auditorium on Monday, September 13, at 7:30 P.M.

We wanted to get a package of information to Town Meeting members as quickly as possible recognizing that we only concluded the Land Disposition Agreement one week ago. You will receive more information before Town Meeting. There are a number of other Articles concerning the project on the Warrant; a short synopsis follows.

Article 2      **Symmes Rezoning**  
Info to follow



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- Article 3     **Home Rule Petition Legislation / Symmes Site**  
This article proposes to require all funds generated by the Symmes project including the property taxes to remain within the project until all indebtedness is paid off. In this manner, it is planned that funds generated by the project will be used to retire debt and cover other project costs to avoid additional tax burden on Arlington citizens.
- Article 4     **Establish Symmes Neighborhood Advisory Committee**  
This was submitted by 100 signatures. The ARB and the neighborhood are working together to establish such a committee before Town Meeting.
- Article 5     **Appropriation Traffic Study / Symmes Site**  
This was submitted by 100 signatures. Since this article was submitted, the ARB, in consultation with the neighborhood, voted to ask the Town's Transportation Advisory Committee (TAC) to conduct the peer review traffic study for the Symmes project. The TAC has taken on the task and hopes to have it complete before Town Meeting. This may or may not satisfy those who asked for the Warrant Article.
- Article 6     **Deed Restrictions / Symmes Property**  
The Town owns a deed restriction on the Symmes property. When the Town took possession of the property the interest in the restriction and the interest in the property merged which essentially nullifies the deed restriction. Town Counsel however advises that it is cleaner to have Town Meeting to actually vote to end the restriction.

The Arlington Redevelopment Board is extremely pleased with the proposal being presented to the Town Meeting. While there are many details to resolve and final plans to review, we are very optimistic that we will meet the goals originally established by the Selectmen when they recommended the purchase of the Symmes property. We have continued to work closely with the Symmes Advisory Committee and with a group of neighborhood residents who live close to the site. I hope you will agree that the project will be a tremendous asset to the Town of Arlington.

If you have questions, you can forward them to Kevin O'Brien, the Director of Planning. We will try to answer all the questions received

Ed Tsoi  
Chairman of the Arlington Redevelopment Board  
Barry Faulkner, Vice Chairman  
Nora Mann  
Roland Chaput  
Lynne Lowenstein



## **2. Terms of Developer Agreement**

The signing of the Land Disposition Agreement (LDA) between the Arlington Redevelopment Board (ARB) and Symmes Redevelopment Associates (SRA) is an important milestone in the process towards creating a vibrant multi-purpose, multi-use complex on the grounds of the old Symmes hospital. We believe it is an agreement that not only meets the commitments set forth by the Town with respect to the development of the site, but an agreement that is profitable for both the developer and the Town.

The Symmes Property was placed under jurisdiction of the Arlington Redevelopment Board following over one year of significant contributions from the community in how best to redevelop this land. The ARB was instructed to ensure:

1. mixed use development including housing and affordable housing,
2. revenue neutral,
3. increased medical services,
4. significant open space, and
5. open public process.

It is important to note that the signing of the LDA is only the first step in a series of processes and controls that will take place before the sale of the property is complete. The Special Town Meeting and the Special Permit hearings that follow are also significant steps in the process.

During the negotiation, the ARB was confronted with the fact that it is impossible for a developer to secure financing for medical office buildings unless there is a committed occupant. Therefore, the ARB lowered the upfront cost of the building site by \$1 million in exchange for future shared profit with from the developer. The profit sharing arrangement provides that after reaching a certain profit level, the developer must share its profits with the Town until the project is complete or the Town's share reaches \$5 million.

Acknowledging that it may take time to find medical providers, we designed a phased agreement. At each of the three stages, there are two options - dependent upon a commitment to build the medical office building (MOB). At each stage, the agreed action depends on whether the developer has sufficient occupancy to finance the construction of the MOB

- ❖ **At closing date:** (spring '05)
  - Build MOB- developers pays \$10 M + profit sharing
  - No Build- developer pays \$8.1 M, Town takes mortgage- move to next option
  
- ❖ **At initial cut off date:** (3 months after closing)
  - Build MOB- developer pays additional \$1.9 M
  - No build- Town choose one of 4 options
    1. build 40,000 sf additional residential- developer pays \$1.5 M + Profit Sharing



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2. build 25,000 sf additional residential – developer pays \$1.1 M + Profit Sharing
3. Town take back MOB site- developer pays \$0.5 M penalty
4. MOST LIKELY: Move to next option

- ❖ **At final cut off date:** (42 months after start of construction)
- ❖ Outcome depends on amount of profit sharing
  1. Less than \$1.9 M- pay Profit Sharing + \$.05 M penalty and Town takes MOB site and remarkets it
  2. \$1.9 M and more- developer builds at least a 25,000 sf MOB and pays Town Profit Sharing (max \$5 M)

An escrow account has been established to move the project along without delay if for any reason the partnership (Lahey Clinic and Healthsouth, the former owners of the Symmes site) refuses to deal with the ongoing cleanup and remediation of the environmental situation remediate an environmental situation. We have controls in place for how the money can be used and we are not giving up our right to pursue the partnership for recovery costs.

This has been an intensive negotiation. There are many details to absorb and we look forward to working with you in the upcoming weeks to fully brief you on the terms of this agreement. We are optimistic with the process to date and are pleased to have found a developer with a proven capacity for undertaking a project of this magnitude, and a commitment to joining with the Town in a collaborative process.

We have scheduled an educational session on September 14 (at the Symmes Hospital building) to deal specifically with the financial aspects of the redevelopment project.



### **3. Timeline of Important Steps**

- ❖ Lahey Clinic and Healthsouth (Partners) purchased the Symmes Hospital in 1994
- ❖ Lahey Clinic and Healthsouth (Partners) offered Symmes Hospital buildings and land for sale in 2001
- ❖ Town entered into a protracted negotiation and purchased the property for \$7.1M
  - agreed to lease space back to Lahey Clinic and Healthsouth
  - provision for either party to terminate lease at 2 and 5 years in order to redevelop and in order to allow each tenant to make other plans
  - Partners agreed to clean up existing environmental problems (hydraulic fluid and oil spills)
- ❖ Town voted \$14M to purchase and operate property by means of debt exclusion override (Mar. 31, 2001 by vote of 59.2% to 33%)  
Selectmen promised:
  1. mixed use development including affordable housing
  2. revenue neutral
  3. increased medical services
  4. open space
  5. open public process

**Important to note:** Town wanted to control development so it would not be too large or too burdensome – wanted development that would compliment Town.

- ❖ Town Meeting appointed Symmes Advisory Committee to determine best use for site on May 21, 2001
- ❖ Town Meeting passed urban renewal plan for the property on January 16, 2002 and amended it on May 12, 2003
- ❖ Town took possession of property on April 16, 2002
- ❖ Placed property under jurisdiction of Arlington Redevelopment Board duly organized Urban Renewal Authority under MGL Chapter 121B
- ❖ Town reduced operating cost of property by about \$30,000/mo.  
invested \$251,000 to reduce boiler room expenses (paid off in March, 2004)
- ❖ ARB hired Vanasse Hangen Brustlin to assist Symmes Advisory Committee in determining the best use that was economically viable



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one year and hundreds of meetings – SAC reported to Town Meeting, June 2003

- ❖ ARB issued Request for Qualifications for redevelopers in August, 2003
  - received seven responses to the RFQ
  - chose four developer teams to receive RFP
- ❖ ARB issued a Request for Proposals in October, 2003, asked developers to follow the recommendations of the Symmes Advisory Committee as endorsed by the Town Meeting in April, 2003
- ❖ ARB evaluated the four proposals in open hearings and meetings in January, 2004

**E.A. Fish** (selected)  
 \$11,000,000 (2 payments)  
 \$9,590,764 present value of payment  
 \$2,089,548 net present value  
 410,000 s.f.  
 255 housing Units  
 50,000 / 10,000 s.f. medical / wellness  
 20% affordable housing  
 12.9 acres open space

**Diversified / Congress**  
 \$10,500,000 (2 payments)  
 \$9,452,160 present value of payment  
 \$1,995,985 net present value  
 405,000 s.f.  
 248 housing units  
 30,000 / 4,000 s.f. medical / health club  
 10% affordable housing  
 12 acres open space

**Baran Keen**  
 \$12,150,000 (over 10 years)  
 \$8,207,723 present value of payment  
 (\$349) net present value  
 433,335 s.f.  
 313 housing units  
 25,000 / 60,000 s.f. alzheimers / wellness  
 33% affordable housing  
 8.7 acres open space

**Archstone Smith**  
 \$10,300,000 (minus \$2M demo costs)  
 \$8,310,000 present value (minus \$2M demo)  
 (\$482,556) net present value  
 348,000 s.f.  
 230 housing units  
 31,000 / 25,000 s.f. medical / fitness  
 20% affordable housing  
 12.2 acres open space

- ❖ Tentatively designated Symmes Redevelopment Associates (E.A. Fish and Menotomy Medical Partners) as redeveloper February 7, 2004. Instructed them that their proposal on affordable housing did not meet Town Zoning Bylaw: 40 senior foster care units were not representative of entire development, affordable units must be distributed throughout and representative of the entire development. Also instructed developer that we wanted one payment on closing (proposal offered \$6.5M on closing and \$4.5M two years later)
- ❖ Symmes Redevelopment Associates (SRA) began due diligence engineering (site survey and conditions, traffic, sewer capacity)
- ❖ Entered into negotiation of Land Disposition Agreement to reflect proposal and ARB instructions, March to August 2004
  - SRA agreed to one payment on closing (\$250,000 benefit to Town)





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- SRA explained that change in affordable program cost them 4 to 8 million dollars (took quite an effort to restructure financing to accommodate affordable housing *(Local HOME funds were offered by Arlington (AHTF and Housing Director) but SRA had already utilized State HOME funds and project cannot use both)*)
- SRA began earnest search for tenant of medical office building (MOB)
- SRA gave Lahey Clinic two week exclusive opportunity – Lahey offered to pay significantly below market value for 17,000 sf for three years in stand alone building (inadequate to cover costs or to provide the amount of medical service the Town was looking for)
- SRA continued to talk with Lahey but offered space to other hospitals
- ARB (K. O’Brien) and SAC (C. Foskett) participated in marketing efforts
- Local hospitals would not move services to site without cooperation of Lahey
- SRA explained that they couldn’t finance a medical office building (MOB) without a tenant or owner
- SRA and ARB acknowledged that time was needed to find medical service providers
- negotiation focused on how to get medical use at the site
  - penalty for not building MOB
  - incentive to build
  - phased approach to allow time to find medical provider
- SRA shifted marketing effort to medical office condominium
- ARB decided to cut price of MOB site in order to make it easier to attract medical providers; this was coupled with an agreement to share in excess revenue to make up the difference
- SRA continues discussion with Lahey

### E.A. Fish Proposal (Jan., 2004)

\$11,000,000 (2 payments)  
 \$9,590,764 present value  
 \$2,089,548 net present value  
 410,000 s.f.  
 255 housing units  
 50,000 / 10,000 s.f. medical / wellness  
 20% aff. housing (15% @50%, 5% @80%)  
 12.9 acres open space

### E.A. Fish Settlement (Aug., 2004)

\$10,000,000 (1 payment) plus excess revenue  
 \$10,000,000 present value  
 N.P.V. (depends on timing & profit sharing)  
 410,000 s.f.  
 255-265 housing units  
 40,000 s.f. medical  
 20% aff. housing (15% @80%, 5% @120%)  
 12.9 acres open space

## 4. Proposed Schedule- Symmes Site

Land Disposition Agreement (LDA) Signed ..... August 25, 2004



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First Information Package to Town Meeting Members..... September 3, 2004

Symmes Advisory committee Meeting..... September 7, 2004

Board of Selectmen Hearing..... September 8, 2004

Finance Committee Hearing ..... September 8, 2004

Redevelopment Board Hearing on Zoning ..... September 13, 2004

Educational Sessions:

    Zoning/Open briefing ..... September 9, 2004

    Finance/Open briefing ..... September 14, 2004

Town Meeting vote on Proposed Zoning Change ..... September 20, 2004

Application for Special Permit .....approx. November 1, 2004

Hearing on Special Permit Application .....approx. November 22, 2004

Special Permit issued ..... (anticipated) January /February, 2005

Close on property sale..... 80 days following issuance of special permit  
(20 days (appeal period) + 60 days (LDA term))

Begin Construction ..... within six months of closing



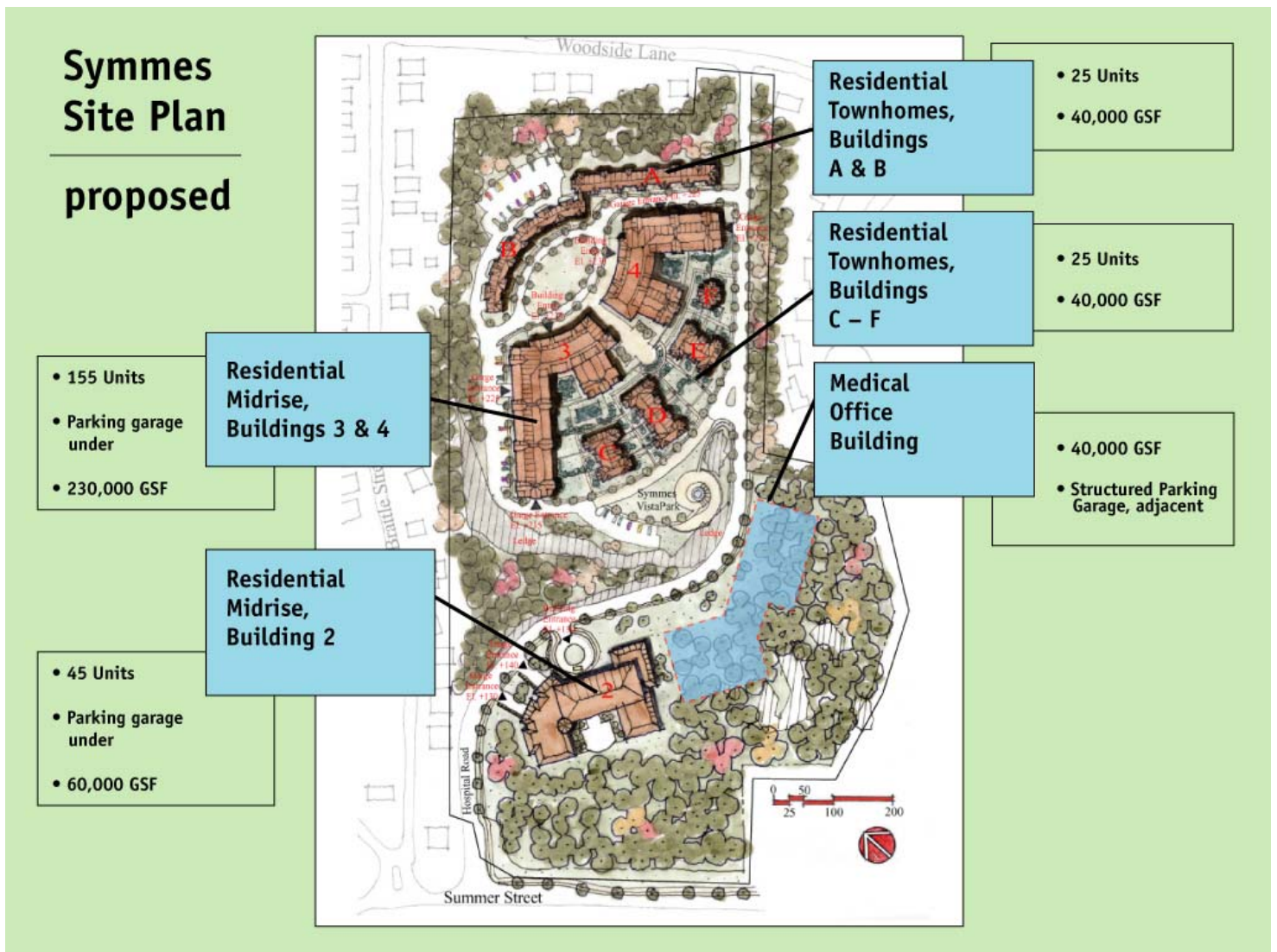
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## 5. Project Description

The Arlington Redevelopment Board has not yet received updated plans from the developer. E. A. Fish has just released its design team to begin detailed plans for the entire site. We anticipate modifications to the original presentations made in January of 2004. In particular, the housing associated with the medical office building will be changed. We also know that other adjustments are being studied to minimize the amount of earth and rock removal required. The accompanying site plan has been provided by the developer as a progress report.





## **6. Frequently Asked Questions**

❖ **Why have we not had a chance to review the Land Disposition Agreement before signing?**

While the parameters of the negotiations were set by Town Meeting, the details of the agreement are always negotiated in private as provided for in State law. Once a final agreement is reached, it is appropriate and required to release the full details. The ARB recognizes the private nature of these discussions have been frustrating to some community members especially those who want to follow the project closely. We are now at the point where the terms can and have become public.

❖ **How will the community participate in the process going forward?**

It is important to note the signing of the LDA is only the first step in a series of processes and controls that will take place before the sale of the property is complete. In preparation of the September Town meeting, the ARB is committed to as much public education as possible. There will be educational meetings in addition to the public hearings. ARB will post relevant information on the Web site and is available to directly respond to any individual questions that arise.

❖ **Will Lahey Clinic/my doctor continue to provide services at this location?**

We don't know. The Symmes Redevelopment Associates (SRA) has been working to accommodate the current tenants in the new medical center to the fullest extent possible. In fact, the developer had originally provided an exclusive opportunity to Lahey to remain as tenants in the new medical office building (MOB). Unfortunately, SRA and Lahey were not able to come to an agreement. SRA continues to talk with Lahey but has begun offering space to other medical providers and continues to search in earnest for tenants of the MOB.

❖ **Is the Town evicting Lahey?**

The failure for the Lahey Corporations to reach agreement with SRA and/or to vacate the premises continues to cost the Town significant damages on a daily basis. Therefore the Town initiated a Summary Process Action to recover possession of the premises. Lahey and the Town have subsequently reached an agreement under which Lahey will vacate the premises February 15, 2005. If in the future it make sense for Lahey to remain on the property after that date, the Town can revise the agreement.

❖ **Why can't the Town keep Symmes as a community hospital?**

The Symmes site has not been a traditional inpatient hospital for many years even though the Town has worked continuously over the last six years to "save Symmes Hospital". The healthcare industry is struggling. Efforts to be more efficient and cost effective have resulted in consolidation and the closing of facilities such as Symmes as well as full service hospitals. Lahey tried to maintain Symmes as an inpatient and outpatient hospital for several years and



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finally gave up. Lahey searched in vain for two years to find a buyer. In its effort to preserve medical services, in some form, on the site, the Town stepped up as the only buyer.

### ❖ **Why did the Town reduce the MOB land cost “component” by \$1 Million?**

During the negotiation, the ARB was confronted with the fact that it is impossible for a developer to secure financing for medical office buildings unless there is a committed occupant. Therefore, the ARB lowered the up-front cost of the building site by \$1 million (from \$2.9 to \$1.9 million) in exchange for future profit sharing (PS) with the developer. In other words, the ARB shifted some of the risk from SRA to itself. Our final compensation for the MOB site could be more than the originally planned \$2.9M for the MOB site.

### ❖ **What are the different scenarios/sizes of Medical Office Buildings with SRA?**

We are optimistic at this point that we will achieve the full 40,000 sf of medical use. However, at various times during the development process, the Town has the option to allow different development or take back the site and remarket to other developers. Because no one can guaranty that the desired medical use can be built, provisions had to be included to cover this unlikely scenario.

### ❖ **Why does the Town have a \$1 million escrow account for environmental cleanup? Isn't the Town indemnified from any environmental clean up costs?**

The Town is indemnified by the partnership (Lahey Clinic and Healthsouth, the former owners of the Symmes site), but often the process of securing that indemnification takes longer than is prudent to ensure that the development timetable proceeds apace. For instance, if contamination is encountered, the terms of the indemnification provide that the partnership has the opportunity to come in and clean it up. The cleanup may or may not comport with the timetable to allow the development to move forward. Therefore, an escrow has been established to move the project along without delay. The ARB has controls in place for how the money can be used and are not giving up the Town's right to pursue the partnership for recovery costs.

### ❖ **Why don't we reduce the size of the project to reduce the amount of traffic?**

The size of the project as proposed is based upon a couple of factors including economic realities. For two years, the Symmes Advisory Committee explored a number of scenarios trying to find that balance between what is economically viable – what would make the sale or other redevelopment of the site “revenue neutral” as required by the Selectmen, and what would be the most appropriate scenario for the neighborhood and greater Arlington community. The size of the development is dictated by what is necessary to make it revenue neutral and to fulfill the other requirements:

1. mixed use development including affordable housing,
2. increased medical services,
3. open space, and the
4. open public process

### ❖ **How similar is the proposed site plan to the original site plan?**

Town Meeting Information Package

September 3, 2004



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What we are looking at today is quite similar to the proposal that was shown in January. The primary difference is a reconfiguring of the buildings due to the need to redistribute the affordable housing evenly. We also expect some change in the upper portion of the site in order to reduce the amount of blasting.