



Town of Arlington, Massachusetts
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Redevelopment Board Minutes 02/12/2007

Arlington Redevelopment Board
Minutes of February 12, 2007

Members Present:

Christopher P. Loreti
Roland E. Chaput
Edward T. M. Tsoi
Andrew P. West
Bruce Fitzsimmons

Also Present:

Laura Wiener
Joey Glushko

The Board members met in the auditorium of the Town Hall at 7:00 PM to attend the Open Space Forum. The Board participated in the forum which was sponsored by the Open Space Committee and is part of the process to update the open space and recreation plan.

At 8:45 the Board recessed briefly to move to the second floor conference room in the Town Hall to continue its meeting. The Board discussed the informal request of Ed Hovsepian to extend his special permit for the development of 19R Park Avenue. The Board noted that the permit has been extended once already for one year and will expire in April if not extended again. The Board advised that Mr. Hovsepian make a formal request to extend the permit if it is his intention to develop the site, and if so, he should state such.

At 9:05, Chris Loreti moved that the Board enter into executive session to discuss a potential change to the land disposition agreement for the Symmes site which discussion if held in open session would compromise the Board's ability to negotiate with the developer. Ed Tsoi seconded the motion and Kevin O'Brien polled the members. Chris Loreti – yes, Roland Chaput – yes, Ed Tsoi – yes, Andrew West – yes, Bruce Fitzsimmons – yes.

At 10:45, Ed Tsoi moved that the Board leave executive session. Roland Chaput seconded the motion and Kevin O'Brien polled the members. Chris Loreti – yes, Roland Chaput – yes, Ed Tsoi – yes, Andrew West – yes, Bruce Fitzsimmons – yes.

Ed Tsoi moved that the Board approve the minutes of the January 8 and January 22, 2007 meetings. Andrew West seconded the motion and the Board voted 5 to 0 in favor.

The Board next discussed the nomination of Alfonso Sira to the Symmes Neighborhood Advisory Committee. Bruce Fitzsimmons moved to approve his membership on the committee, Chris Loreti seconded the motion and the Board voted 5 to 0 to approve.

The Board adjourned at 11:10.

Respectfully submitted,
Kevin J. O'Brien



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Executive Session

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Kevin O'Brien briefed the Board on the status of discussions with Jake Upton, the developer regarding the implications of the project being built as a rental development. Several of the compensation measures are tied to the development being built as a condominium development and an acknowledgement of the impacts must be addressed

He reported that at first glance it appeared that adjustments would have to be made to the profit sharing (based on the condo sales revenue), and the surcharge (based on second and subsequent sales). As we got into it, we realized that a rental project is assessed at a very different value than a condominium project. The assessed value of a rental is considered to be 50% to 60% the value of a similar condominium. The assessor advises us that the \$90M condo project that is proposed will be valued at \$50M. The reduction in tax revenue is therefore \$438,000 per year (first year numbers). In past negotiations, we have carefully considered the returns from taxes in accepting a lower purchase price. Over the years, we have gradually accepted a longer payoff period. And we have delayed the start of the payoff period. In our existing scenario, we would pay off our debt in 2013. With the same agreement, in the rental scenario, we are still \$4.5 Million in debt in 2013.

He explained that he is currently doing projections that anticipate a conversion to condos after three years and still talking with Jake.

Jake Upton was invited to join the discussion at 9:25. He explained to the Board that in the focus group that they conducted, buyers were not willing to put down money on a condominium that would not be built for two years because they didn't have confidence that the price would increase over those two years. Banks are not willing to finance condo developments without pre-sales or a lot of owner equity in the project. They are willing to finance a rental project however. As an alternative they could wait to build anything (when the market returns), or build one building then build the second when the first sells, or they can make it a rental and build all at once. They are intent on converting to condos and hope that they can do that even before they have to rent. He explained that the rental project does not make money, but only keeps them from losing money until the project is converted to condos.

Chris Loreti pointed out that E.A. Fish would save money on the construction if they did it all at once so the Board is being asked to accept less money so Fish can save money.

The Board and Jake Upton discussed the idea that the profit sharing formula could be adjusted to make up for some of the loss in tax revenue if and when the profit sharing kicks in. They also discussed there being a payment in lieu of taxes some years down the road if the project remains a rental as the project can afford it.

At 10:45, Ed Tsoi moved that the Board leave executive session. Roland Chaput seconded the motion and Kevin O'Brien polled the members. Chris Loreti – yes, Roland Chaput – yes, Ed Tsoi – yes, Andrew West – yes, Bruce Fitzsimmons – yes.

Respectfully submitted,
Kevin J. O'Brien