

Toward A Community-Driven Framework for the Public Reuse of the Sullivan Courthouse Site

Prepared by the Office of State Representative Mike Connolly

DRAFT FOR DISCUSSION PURPOSES
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Introduction from Rep. Connolly

Thank you for attending this evening's Town Hall Meeting.

I want to emphasize at the outset — that as State Representative, I represent our entire community, and every voice is welcome in the discussion regarding the future of the state-owned Sullivan Courthouse site and the related First Street Garage matter.

This document is intended to facilitate discussion about the future of the Courthouse site, which now hinges on a City Council vote relative to the disposition/30-year lease of 420 parking spaces in the city-owned First Street Garage. I have been advised that the City Administration has been looking to bring this matter to a vote in June, although the City's timeline remains somewhat unclear at this point.

On October 30, 2018, I attended a meeting organized by the City of Cambridge at the Multicultural Arts Center to discuss the City's plans to move forward with the disposition process for the parking spaces in the First Street Garage. The room was filled beyond capacity that evening — and virtually everyone in attendance expressed opposition to the City's plan to lease parking to commercial real estate developer Leggat McCall Properties.¹

Indeed, some have even referred to the City's parking disposition as a “bailout” — because six years after signing a Purchase and Sale Agreement with the Commonwealth of Massachusetts for the rights to redevelop the Courthouse site, Leggat McCall remains unable to fulfill its permitting obligations and has failed to close the deal due to its failure to obtain the required parking.

After witnessing the opposition to the First Street Garage disposition, I contacted the state's Division of Capital Asset Management and Maintenance (DCAMM) and asked them what would happen if the City Council refused to make the First Street Garage available to Leggat McCall. DCAMM advised that the Council's rejection of the parking disposition would effectively kill the Leggat McCall deal, and subsequently DCAMM would re-evaluate the current process and look to begin a new disposition process. Under a new disposition process, the City would have an opportunity to negotiate with the state for the public reuse of the Courthouse site.

On the other hand, if the Council votes to approve the First Street Garage parking disposition, then DCAMM anticipates going straight to closing with Leggat McCall on the Courthouse disposition.

I recognize the final decision regarding the fate of the Courthouse site now sits in the hands of the City Council — and should they decide to proceed with the parking

¹ See Cambridge Day, “Citizens of East Cambridge unite against plan to lease parking to redeveloper of Courthouse,” October 31, 2018. Available at: <https://www.cambridgeday.com/2018/10/31/citizens-of-east-cambridge-unite-against-plan-to-lease-parking-to-redeveloper-of-courthouse/>

disposition (thereby allowing Leggat McCall to close on the Courthouse deal), then I have pledged to honor that decision and do all that I can to faithfully support it.

Having said that, the purpose of tonight's Town Hall Meeting is to discuss what an alternative future for the Courthouse site might look like. Should the council decide not to proceed with the parking disposition, I stand ready to work with all concerned to facilitate a new disposition from the Commonwealth on more favorable terms.

What follows is some background information and relevant facts to help inform the discussion about the potential for the public reuse of the Courthouse site as affordable housing, community space, and public open space. If we consider all of the changes that are occurring in our community — from the massive commercial developments going up all around us, to the pending completion of the Green Line Extension project — the case for a new disposition and public reuse of the Courthouse site starts to make a lot of sense.

I look forward to gathering feedback, input, and ideas as we discuss this matter this evening. With everyone's help, my hope is that we can build consensus for a community-driven redevelopment of the Courthouse site — one that serves our most pressing needs and speaks to our highest values as a community.

Background

The Courthouse site has been in the public domain for 206 years — it was part Andrew Craigie's founding gift that established East Cambridge. For years, the site was the location of a county jail, then circa the 1970s, the county took advantage of governmental immunity to build the 22-story Edward J. Sullivan Courthouse over the strong objections of local residents. The building has been loathed ever since.

Over the years, the Commonwealth considered making renovations to invest in the future of Courthouse. However, renovations and upgrades were never made, and in 2008, legislation was passed to facilitate the disposition of the Courthouse.² This law gave the City of Cambridge the potential to acquire the Courthouse site for public use, but the City declined to participate. The law then allowed DCAMM to proceed with a bidding process for the site.

² Acts of 2008, Ch. 304, Sec. 20. *Available at:*
<https://malegislature.gov/Laws/SessionLaws/Acts/2008/Chapter304>

Commonwealth's Bidding Process

The Commonwealth announced Leggat McCall Properties as the winning bidder on Friday, December 14, 2012. The decision was immediately and universally condemned by East Cambridge residents.³ The “evaluation matrix” used by DCAMM was as follows...

EVALUATION MATRIX

Note: The Evaluation method used by the five member DCAMM Selection Committee to select the designated developer was discussion and consensus (there was no voting or grading). The criteria used were those set forth in Section 5.2 of the RFP.

The matrix below is a summary reflection of our consensus. The proposals submitted were either good or fair, there were no poor submissions. With respect to the “Purchase Price to the Commonwealth” criterion, we have listed the proposals from the highest bid to the lowest bid. We only asked the three finalists for “job creation” information.

Section 5.2/RFP	Leggat McCall	DivcoWest	HYM	Bulfinch	Boston Properties	Trinity	Congress Group
• The experience, capacity and ability of the Developer and the Development team members	Good	Good	Good	Good	Good	Good	Good
• The financial capacity and the financial strength of the Developer to complete the proposed project	Good	Good	Good	Good	Good	Good	Good
• The proposed redevelopment program	Good	Good	Good	Good	Fair	Good	Good
• The extent and nature of the jobs created by the project	Good	Good	Good	N/A	N/A	N/A	N/A
• The purchase price to the Commonwealth	1	2	3	4	5	6	7

The fundamental problem with the bidding process was that the voices and concerns of East Cambridge residents were never factored into the decision making. Basically, the Commonwealth selected the highest bidder.

Furthermore, what is clear from this process is that the Commonwealth drove developers to pursue commercial office use as the primary development objective. For example, two developers, Trinity Financial and Congress Group, proposed building housing as the primary objective of their respective redevelopment programs⁴ — but of course, housing development is less lucrative than commercial office development in

³ See “Leggat McCall wins bid for Sullivan Courthouse redevelopment in Cambridge,” *Cambridge Chronicle*, Dec. 17, 2012. Available at:

<https://cambridge.wickedlocal.com/article/20121217/NEWS/312179832>

⁴ The Congress Group, for example, proposed building 332 units of new housing; Trinity Financial proposed 298 units of new housing.

Cambridge — so the proposals for new housing were discarded because those bids could not compete with Leggat McCall's \$33 million bid for office use.

Today, in the face of an ongoing affordable housing crisis, the last thing we need for the Courthouse site is a massive commercial office tower, as Leggat McCall has proposed.⁵

Major commercial development is happening or now being proposed in literally every direction from the Courthouse site — at Cambridge Crossing, the Galleria Mall, MIT's East Campus, the Volpe site, the Metropolitan Pipe site, Union Square, Boynton Yards, and several other nearby locations. We know from the City's Incentive Zoning Nexus Studies that new commercial office and laboratory development tends to drive up local housing costs, and for many years, there has been an imbalance between commercial office development and housing development in our city.

East Cambridge Real Estate Market and Context

As the City Council considers how to proceed, it is important to consider the changing context of the East Cambridge real estate market. In the six years since Leggat McCall signed the Purchase and Sale Agreement with the Commonwealth for the Courthouse site, the local real estate market has continued to zoom upward.

Consider the Davenport Building, a four-story, 232,000 square foot commercial office building that sits across the street diagonally from the Courthouse site. In 2013, DivcoWest purchased the Davenport for \$79 million. After completing an \$18 million renovation, DivcoWest immediately turned around and sold the Davenport for \$136 million in late 2014.⁶ Then, in early 2017, just 26 months later, the building was sold again, this time for \$203 million.⁷

The fact that major construction of the Green Line Extension and Community Path Extension project is now underway will likely continue to add value to local properties, and this adds to the case for a reconsideration of the Leggat McCall plan for the Courthouse site.

⁵ See "State denounced for courthouse attitude," *Cambridge Day*, March 18, 2014. Available at: <http://www.cambridgeday.com/2014/03/18/state-denounced-for-courthouse-attitude-as-council-forms-group-to-review-plans/>

⁶ "Jamestown acquires Davenport for \$136 million," *New England Real Estate Journal*, Dec. 12, 2014. Available at: <http://nerej.com/jamestown-acquires-220-000-s-f-davenport-building-for-136-million>

⁷ "Oxford Properties, Israeli group buy HubSpot's Cambridge HQ for \$203M," *Boston Business Journal*, Feb. 9, 2017. Available at: <https://www.bizjournals.com/boston/news/2017/02/09/canadian-israeli-group-buy-hubspot-s-cambridge-hq.html>

Toward a Community-Driven Framework

So how can we pursue the public re-use of the Courthouse site as affordable housing, community and arts space, and a public park or courtyard?

The first step toward advancing a Community-Driven Framework would be for the City Council to vote “No” to the disposition/lease of the parking spaces in the First Street Garage.

From there, the City, working in partnership with residents and state officials, would want to advance, further refine, and formally adopt a Community-Driven Framework that would establish development objectives, implementation options, and a process for negotiating with DCAMM and the Baker Administration for either the direct acquisition of the Courthouse site or a new bidding process subject to community-driven objectives.

Path To A Public Reuse of the Courthouse Site

1. Council Rejects First Street Garage Parking Disposition
2. Council Adopts a Community Driven Framework
 - a. Engagement Process
 - b. Development Objectives
 - c. Implementation Options
 - d. Negotiation and Approval Process
3. City Officials Negotiate with the Commonwealth
 - a. **Option 1:** City contributes to the remediation and demolition of the Courthouse building in exchange for city ownership of a clean site (and other state support).
 - b. **Option 2:** City negotiates for a new bidding process that’s based on established community-driven development objectives.
 - i. Example: A new bidding process that’s based on housing as the primary use, along with other secondary uses such as community and arts space, public open space, etc.
 - c. **Option 3:** City could become a partner in a proposed redevelopment program with the state — perhaps contributing to an expedited abatement/demolition effort followed by a community-driven redevelopment program.

Examples of Recent Dispositions by the Commonwealth

- Worcester County Courthouse
 - In 2014, the City of Worcester purchased the Worcester County Courthouse from the Commonwealth of Massachusetts for one dollar.
 - The city floated bonds to help cover remediation work, and then, in 2017, the city sold the site to developer Trinity Financial for \$1 million, with an agreement for Trinity to redevelop the site as 114 apartments.⁸
 - According to the *Boston Business Journal*: “The new development will be a 50/50 mix of market rate and affordable units. Putting an emphasis on the arts, it will include artist workspaces, gallery space and other space for programming.”
- Glavin Center in Shrewsbury
 - The Glavin Center for persons with intellectual disabilities closed in 2008.
 - The land was assessed at \$18.2 million, but DCAMM sold it to the city for \$915,000.⁹
 - DCAMM Commissioner Carol Gladstone said she was happy the partnership led to the unused state land being reused for a new school: “When the state doesn't need the property anymore, we feel very strongly that it's up to the community to set the direction,” Gladstone said.
- Medfield State Hospital
 - “After years of uncertainty, negotiation and planning, the town officially owns the Medfield State Hospital property – ending a years long process that brought about new legislation and environmental cleanup from the state.”¹⁰
 - “DCAMM is in charge of cleaning the construction and demolition debris area...They've pulled all of the contaminated material out of the zone.”
- This is only a sample of the many cases where DCAMM has worked with local municipalities to facilitate the public reuse of abandoned state properties.

⁸ “Developer takes over old Worcester Courthouse, plans conversion to apartments,” *Boston Business Journal*, Dec. 28, 2017. Available at: <https://www.bizjournals.com/boston/news/2017/12/28/developer-takes-over-old-worcester-courthouse.html>

⁹ “Shrewsbury takes over former Glavin Center land for new school,” *Worcester Telegram and Gazette*, April 9, 2019. Available at: <https://www.telegram.com/news/20190408/shrewsbury-takes-over-former-glavin-center-land-for-new-school>

¹⁰ “Medfield owns state hospital: \$3.1 million land deal finalized,” *Wicked Local Medfield*, Dec. 4, 2014. Available at: <https://medfield.wickedlocal.com/article/20141204/NEWS/141208073>

Possible Community-Driven Development Objectives

- Affordable housing
- Community, arts, and retail space
- Public open space — a park or courtyard
- Strong architectural and urban design standards
- Abatement of asbestos and (likely) demolition of Courthouse building
- Sustainable implementation model
- Retain public ownership of public land

Possible Implementation Options

There are several implementation options for the abatement, demolition, and public reuse of the Courthouse Site.

- Combined Redevelopment Program — First Street Garage
 - Chris Matthews will discuss.
- Transferable Development Rights — General Concept
- Transferable Development Rights — Galleria Mall Example
 - Consider "transferring" the development rights of the Courthouse site to the Galleria Mall site. New England Development, the owners of the Mall, are currently before the City Council asking for over 600,000 square feet in additional development rights. By some accounts, the fair market value of these rights would be in the approximate ballpark of \$60 to \$120 million dollars. At the very least, the Council could consider leveraging the Galleria proposal to help fund the rapid abatement and demolition of the Sullivan Courthouse building.
- District-wide Implementation Schemes
 - Increase linkage fee in the district to fund the abatement and demolition of the Courthouse building.
- On-Site Public-Private Partnerships
 - State's Open For Business Initiative
 - State's Sales Partnership Model
 - City-led Public-Private Partnership
 - Under these scenarios, the ground lease might be retained by the City of Cambridge or the Commonwealth of Massachusetts and a long-term use for development rights could be issued to a private entity, subject to strong, community-driven conditions.

- Municipal Bonds
 - Bonds are a powerful tool in financing capital projects. The City of Cambridge maintains a AAA bond rating and appears to have well over \$1 billion available credit and some \$225 million in unassigned “free cash” reserves.¹¹ The fact that our city is able to maintain such a strong fiscal position is largely a consequence of the commercial tax revenue that is collected from the labs and office buildings that surround the East Cambridge neighborhood, and so it would be fair for residents to ask if the City would consider putting its bonding power to use to help reclaim and transform the Courthouse site.
- State and Federal Support
 - Consider MassHousing [Workforce Housing Initiative](#), which leverages strategic opportunities to use state-owned land for new, “workforce housing” serving households between 61% and 120% of Area Median Income (AMI). Grants are provided at \$100,000/unit, up to a total of \$5,000,000 per project.
- Cambridge Redevelopment Authority
 - The Cambridge Redevelopment Authority was created to help the city deal with challenging redevelopment situations such as this one.



¹¹ See “Financial Summaries — FY20 Operating Budget,” available at: <https://www.cambridgema.gov/~media/Files/budgetdepartment/FinancePDFs/fy20submittedbudget/3financialsummariesfy20submittedbudget.pdf>

Afterword by Seth Teller

People talk about once in a lifetime opportunities to fix mistakes. This is a once in forever opportunity to fix a mistake. Why? Because once this thing passes from public use to private use, all the arguments we're making now about the legitimacy of approving a development proposal of this kind will no longer be usable. You know, in 50 years when this building is decrepit and somebody else wants to come along and build another 300-foot gigantic thing, nobody will be able to raise these kinds of arguments because there it's going to be a private to private transfer. We're in a singular junction in time now in the history of this neighborhood where we're going from public to private and we're asking you to hold this project to the most stringent possible examination...¹²

¹²Seth Teller, Comment to the Cambridge Planning Board, April 29, 2014. Available at: https://www.cambridgema.gov/~media/Files/CDD/ZoningDevel/PlanningBoard/2014/pb_20140429_transcript.pdf