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18 December 2019

Planning Board
Town of Lexington
1625 Massachusetts Avenue
Lexington MA 02420

RE: 1050 WALTHAM STREET, LEXINGTON

Dear Board Members:

This letter is in support of the Preliminary Site Development and Use Plan (PSDUP) filed by BH GRP 1050 Waltham Owner LLC (Petitioner) with a Petition to rezone the above property to a Planned Development District (PD-5); and as included in a Warrant Article to be presented to the 2020 Annual Town Meeting.

INTRODUCTION AND BACKGROUND

The Petitioner's managing partners are Kevin Sheehan and Phil Dorman, who formed a real estate investment and development company after their employment with Boston Properties, which has been one of Lexington's largest property owners. Each has more than a decade of experience in the Boston and Lexington areas, having been personally responsible for leasing and development of over five million square feet; and having successfully completed real estate transactions with large brand name companies such as Biogen, Microsoft, Google, Wayfair, as well as others.

Petitioner initiated the Town process for planned developments early this year, meeting with two Selectmen, the Town Manager and Assistant Town Manager for Development in April; representatives of South Lexington Civic Association in May, followed by a meeting with two Selectmen, two Planning Board Members, and the Town Manager on June 3; and the Town Manager and Assistant Planner on August 5. Other meetings during this period included those with the Lexington Town Assessor, Economic Development Officer, Conservation Commission Administrator, and abutting property owners, Brookhaven, Avalon at Lexington, and The Grossman Companies,

who own the adjacent property, formerly Friendly's, among other local interested parties.

After the summer, Petitioner filed a sketch plan which was presented on October 30. Prior to that presentation, Petitioner met with the Economic Development Advisory Committee (EDAC) on October 9, the Town Development Review Team (DRT) on October 16, and the Conservation Commission on October 21. On October 30, the Board requested Petitioner submit a rough draft PSDUP prior to the December 19 Warrant deadline, which was filed and discussed with the Board on December 4. Petitioner met with the Select Board on December 2.

EXISTING CONDITIONS AND PERMITTING

The property is a site of 5.2 acres, containing two office buildings built in the 1970s. A slight portion of the property, .2 acre of unencumbered land, is in the City of Waltham and not included within the proposed Lexington re-zoning. In 1970 the Board of Appeals issued a permit for construction of an office building with a parking layout of 317 parking spaces. In 1979 a permit was issued for the construction of a second office building. The property was then zoned in the Commercial Office District. Existing parking totals 236 parking spaces.

Petitioner purchased the property in April this year. One of the buildings has been completely vacant for over two years. Petitioner originally considered repositioning the existing buildings with new common area finishes, building systems, and other renovations to comply with the safety and accessibility codes. Based on marketing efforts, however, Petitioner determined the existing structures are likely obsolete due to low ceilings heights and small floor plates.

REDEVELOPMENT PERSPECTIVE

Despite the challenges of the existing buildings, Petitioner believes a modern, broader commercial use at this location is not only commercially more viable, but also more highly desirable. Located on the border of Lexington and Waltham, near the intersection of Routes 2 and 128, the property sits squarely within the region's premier suburban life science cluster. An updated commercial use here will benefit from accessibility to transportation infrastructure and provide connectivity to nearby walkable retail amenities and pedestrian trail networks. In addition, daytime tenant employees, together with residents from Brookhaven and Avalon at Lexington, for example, could make for a vibrant mixed-use community with balanced activity at different times of weekdays and on weekends.

In furtherance of these redevelopment objectives, Petitioner intends to replace the existing buildings with a new life science building, including a ground floor amenity space, structured parking and associated site improvements.

REASONS FOR REZONING; COMPARISON TO EXISTING ZONING

Regarding planned developments/rezonings, the Board's Zoning Regulations (Regs) ask for explanation, justification of the re-zoning, and specifically: 8.6.12 reasons for re-zoning; 8.7.18 comparison of development permitted in existing district

including gross floor area (GFA), net floor area (NFA), floor area ratio (FAR) comparisons of existing to proposed.

When the existing buildings were built in the 1970s, the property was zoned CO Commercial Office. The CO District was not defined in the Zoning Bylaw (ZBL) at the time. The CO minimum lot size was 60,000 SF, minimum frontage 175 FT, and significantly, there was no FAR requirement. Lexington did not adopt a FAR requirement in its ZBL until 1984. The 1984 ZBL FAR adoption followed a construction period in the 1970s-80s of most of Lexington's larger commercial buildings, and which were built in the CRO Regional Office and CM Commercial Manufacturing Districts. The 1984 ZBL FAR imposed a maximum development requirement of .25 and applied only to the CRO and CM districts.

In 1987, the CO District, as part of a comprehensive rezoning of commercial districts, was rezoned to CLO Local Office District. The change from CO to CLO reduced the minimum lot size to 30,000 SF from 60,000 SF, and set a maximum FAR of .25. The CLO district was defined in the ZBL amendment as,

“intended to be a district of medium intensity of development of offices and related services that are oriented primarily to residents and other businesses in Town, and not to a regional clientele.”

As part of the 1987 Planning Board Report, new offices in the CLO could not exceed 2,500 SF *per suite*, while new offices in the CRO or CM had no suite size limitations.

As evident on the Town Zoning Map, the 1987 comprehensive rezoning provided for only a few CLO district locations with the clear limitation of 2,500 SF for small local offices. Primary examples are the office condos located at 175 Bedford Street, 1-5 Militia Drive, and at the corner of Lincoln Street and Marrett Road.

The 1987 rezone from CO to CLO was a down-zone of the office district geared to complimenting surrounding residential and small businesses in the midst of a steadily growing suburb. Notably, the residences that emerged and predominated in the vicinity of this property were not single-family dwellings but the large, institutional settings of Avalon at Lexington Ridge and Brookhaven; and inconsistent and contrary to what had been envisioned to complement a “small” CLO District such as this one.

This CLO District is obsolete in today's world, where regionally life science has become prominent. The existing FAR of the buildings on the property of .29, established in the 1970s, is nonconforming to the .25 maximum imposed by the CLO. The proposed .75 FAR is more in keeping with a modern, regional economy; as is the size of this 5.2 acre property which is comparable to the CRO Regional Office and CM Manufacturing minimum lot size of 5 and 3 acres respectively. The obsolescence and unique nonconformity of the existing buildings make this CLO District particularly appropriate for planning innovation as featured in a Planned Development District rezoning.

That “small office” development was intended for the CLO District is further enforced by its .25 FAR limitation. In 1987 Lexington also reduced its FAR from .25 to .15 in the major commercial zoning districts along Hartwell Ave, Hayden Ave/Spring Street and Forbes Road, essentially a no-growth policy resulting in a 10% shift in the tax burden from the commercial to the residential side over the following 25 years. In 2010 Town Meeting adopted a Planning Board ZBL amendment to up-zone CM District

Hartwell Avenue to .35 FAR with provision to exceed .35 by special permit; other than CM Hartwell district, the only way to exceed the FAR limitation for any commercial district is by Town Meeting approval of a Planned Development District/Rezoning amendment.

A key factor in the Hartwell 2010 up-zone was the Lexington Commercial Zone Analysis and Build Out Study, Prepared for the Town of Lexington by the Cecil Group/GLC Development Resource (REPORT), commissioned by the Town's Economic Development Task Force, a component of the Lexington 2020 Vision process. The REPORT cited market opportunity for office, lab and biotech space in Lexington based on location as well as links to Cambridge/Kendall Square/Hanscom Air Base research and development center; noting, however, that space is limited and typically not available. The REPORT's key findings indicated that commercial zones are substantially underdeveloped relative to market potential; and that existing zoning is the critical, controlling constraint on expanded development. Compounding this restraint is that Lexington, unlike most towns, excludes "wetlands" land from the numerical FAR calculation, which, practically, reduces a FAR below .15 for example, even though any development regarding wetlands is regulated by local and State Wetlands Protection Acts.

The Economic Development Summit/Joint Meeting Board of Selectmen & Planning Board of 2017 recognized the importance of adjusting the FAR limitation to enhance commercial growth to help relieve pressure from the residential taxpayer that resulted from the 10-12% shift in the tax burden to residential following the commercial zoning down-zone of 1987; and especially as the Town seeks to fund sizable capital projects in the coming years. The Summit noted limited commercial land, restrictive zoning, and shifting market preferences have contributed to a decrease in proportion of commercial values.

An outgrowth of the Summit has been the Hartwell North Rezoning Initiative now referred to as Hartwell Innovation Park (HIP). A recommendation for Hartwell Avenue, Forbes Road, Spring Street, Hayden Avenue is to consider elimination of the FAR in the CM and CRO Districts and add explicit language to include flexible commercial use. HIP proposed features include lab-capable commercial buildings; FAR would be eliminated or set at 0.9; ground floor retail space to augment customer base in attracting commercial tenants.

Petitioner's proposal is quite consistent with these updated objectives. In addition, the size and location of Petitioner's property in an obsolete CLO District indicate that it should be viewed more as a CRO Regional Office (*i.e.* Hayden Avenue) or a CM Commercial Manufacturing (*i.e.* Hartwell Avenue) property for redevelopment.

PUBLIC BENEFITS AND COMPREHENSIVE PLAN COMPLIANCE

The first of the four goals of the Economic Development Element of the Town's Comprehensive Plan cites: ". . . a strong local economy can help provide necessary fiscal support for the high levels of public services residents of Lexington seek." The Town now has an annual budget of \$200 million, several debt exclusion projects outside the annual tax levy for the schools and renovations of the Fire and Police Stations, and the prospect of a new high school capital expenditure in the near future.

A significant public benefit of Petitioner's proposal is the estimated \$1.5 million in net new annual revenue as projected in Petitioner's fiscal revenue analysis attached to the PSDUP filing pursuant to Board Regs 8.6.17. The proposal's impact on the Town's infrastructure is notably less when compared to any large residential development with school-aged children.

Other public benefits include a financial contribution of \$2,000 *per* each parking space being added over the existing parking spaces (475 spaces proposed less 236 existing = 239 x \$2,000 = \$478,000) for Town funding of transportation and Transportation Demand Management (TDM) improvements such as sidewalk and crosswalk improvements; \$2,500 annual contribution to the Town for Lexpress or other transit service trial projects; annual minimum \$1,000 purchase for three years of Lexpress, MBTA or other transit system passes for tenant employees.

Public benefits related to the adjoining Brookhaven community may include, upon review and subject to applicable approvals, site adjustment/improvement of Brookhaven pedestrian crossing at Waltham Street; the creation of a pedestrian access pathway and easement from Waltham Street to the Trail network connection through Brookhaven; a \$5,000 annual contribution to the Lexington Nature Trust Fund for maintenance and management of Conservation land and connecting Trail networks to Brookhaven's existing Trail connection to Western Greenway Corridor.

Please note that the above anticipated public benefits are not finalized, and will be more specifically set forth in the Memorandum of Understanding (MOU) between Petitioner and the Select Board; discussions for which began in December, but will not have been finalized for this PSDUP filing due on or before the Warrant filing deadline of December 19, 2019.

PLAN REVISIONS MADE AFTER PLANNING BOARD MEETING OF DECEMBER 4

In an effort to address comments noted by Board Members in the course of a pre-filing meeting on December 4, Petitioner has reduced the size of both the life science building (from 174,000 SF to 157,000 SF) and the parking garage (from 600 to 475 spaces) which adjustment has allowed for an increased setback from the garage to the adjacent property from 2 FT to 20 FT. These changes are intended to enhance the suitability of the project with its surroundings while balancing the interest in ensuring the viability of this redevelopment project, its projected municipal revenue stream and associated public benefits. In addition, Petitioner has modified the proposed uses in the zoning text to eliminate primary retail and restaurant uses.

The Petitioner has filed an attachment to the PSDUP filing, including a detailed narrative of responses to Board Member comments.

Based upon all of the above, we believe this Planned Development District proposal is one that the Board may recommend to Town Meeting for approval.

Thank you for your time and consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "Ed Grant", with a long horizontal stroke extending to the right.

Edmund C. Grant

ECG/lsg
Enc.
cc: Kevin Sheehan