Iterative Economic Development Planning: Assembly Square, Somerville, MA

11.438 Economic Development Planning
Jeff Levine, AICP
Public Actions to Promote Redevelopment

• Creation of a Planning Study & Redevelopment Plan

• Urban Renewal Powers to Acquire and Dispose of Property
  ✓ Acquisition of former rail yard (“Yard 21”) and disposition to promote redevelopment as envisioned in the plan
  ✓ Eminent domain taking of steel fabrication plant (“Kelo,” anyone?)

• Zoning Changes to Affect Private Market
  ✓ Iterative based on changing political and planning goals

• District Increment Financing (TIF)
  ✓ Relatively new tool for use of tax increment in Massachusetts
  ✓ Part of package for financing new infrastructure

• Federal grant funding

• Value Capture
Assembly Square Planning Study

• Planning with a strong political component

• In the long run, something similar to the long term vision was accomplished due to strong community & political leadership

• Probably would not have happened organically as described in the plan

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Urban Renewal without Federal Funds

Assembly Square Revitalization Plan
2002 Major Plan Change

Approved by the Board of Aldermen on September 26, 2002

City of Somerville
Dorothy A. Kelly Gay, Mayor

Assembly Square Revitalization Plan
2002 Major Plan Change

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Zoning: From “IPA/BPA” to “ASPUD” to “ASMD”

• Changing vision required changing zoning rules—
  but what about MGL 40A Section 6?

• Discretion exists to determine not to grant a
  finding of no worse detriment but rarely used

• Zoning changes gradually brought vision of site into
  law

• Strong political component in here, complicated by
  short term strong mayor system and board
  members’ deference to mayor

• Role of planners to convince political leaders that
  good planning is in their long term interests

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DIF = TIF with a Boston Accent

- Massachusetts has both Tax Increment Finance and District Increment Finance
- TIF = Credit Enhancement Agreement TIF
- DIF = Infrastructure TIF
- TIF existed in Massachusetts for many years before DIF was introduced
- Assembly Square served as one of the first cases of infrastructure TIF in the state
Assembly Square DIF

- **District Adoption |** December 2010
- **Original Assessed Value |** 9,643,200 Commercial, $26,544,582 Residential
- **Acreage |** 66.5 acres
- **DIF Eligible Project Costs |** $25 million publicly-funded infrastructure
- **DIF complemented other sources for $70 million in total investment.**

**Overall financing package:**
- American Recovery and Reinvestment Act
- ASQ Multi-Modal Congressional Earmark
- Massachusetts Housing and Economic Development Growth District Initiative
- I-Cubed infrastructure loan
- $15.75 million in General Obligation District Improvement Bonds
Assembly Station

- Key to unlocking site potential
- Not ultimately funded with DIF
- Form of value capture from development

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>Total Funds ($million)</th>
<th>Percent of Total</th>
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<tr>
<td><strong>Federal:</strong></td>
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<tr>
<td>Section 5309 New Starts</td>
<td>$24.99</td>
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<td>FHWA Flexible Funds (CMAQ or STP)</td>
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<td>Private Developer Contribution</td>
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<td><strong>Total:</strong></td>
<td><strong>$50.71</strong></td>
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