

ILLUSTRATIVE PROPERTY VALUE
31-83 CAMBRIDGE PARKWAY

Income-Expense

Total Building Area - 256,000 square feet

Annual Gross Income @ \$3.00/square foot, net = \$ 768,000
(Actual rents in area range from \$2.25 to
\$3.50 square foot)

Less Cost of Management, Maintenance, and Insurance	102,000
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Net Income from Property	\$ 666,000
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Value of Property

Capitalized Value of Net Income at 10% Rate	\$ 6,660,000
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Value of Property Per Square Foot of Land (205,000 square feet)	\$ 32.49
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ESTIMATED LAND VALUE
USING TOWNHOUSE LAND SALES
IN CAMBRIDGE

Typical Land Price \$ 11,500 Per Unit

Add for Waterfront 100% \$ 11,500 Per Unit

\$ 23,000 Per Unit

Estimated Maximum Density 20 Units Per Acre

Land Value Per Acre \$460,000

Per Square Foot \$10.56



MINOT, DE BLOIS & MADDISON, INC.

REAL ESTATE
INVESTMENT AND FIDUCIARY MANAGEMENT

294 WASHINGTON STREET
BOSTON, MASSACHUSETTS 02108

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CAMBRIDGE, MASS.

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PLEASE REPLY TO
P. O. BOX 1135
BOSTON, MASS. 02103

November 10, 1978

Mr. Paul Healey
Clerk
City of Cambridge
795 Massachusetts Avenue
Cambridge, Mass. 02139

Re: Zoning Protest for Area 1
East Cambridge Rezoning

Dear Mr. Healey:

Real Estate Investment Trust of America (REITA), the owner of five properties known as 31-83 Cambridge Parkway, supports most of the objectives of the East Cambridge Riverfront Plan, including private redevelopment of the area, new public improvements, the reduction of the building height to 120 feet, and the density reduction to a maximum 3.0 FAR; however, for the reasons detailed in this letter, REITA objects to the proposed rezoning of "Area 1" from O-3 and I-B zoning to C-3A/PUD-2 zoning. This proposed rezoning will:

- (a) foster a low intensity use of the area and discourage redevelopment;
- (b) detrimentally affect City tax revenues in future years;
- (c) eliminate employment opportunities for Cambridge residents; and
- (d) substantially reduce the owner's rights to utilize the property.

Therefore, we urge the members of the City Council to reject Section A (1) of the zoning ordinance as submitted or to further amend this Section to provide O-3 zoning for Area 1 so that needed redevelopment may continue in the area.

Mr. Paul Healey
Clerk, City of Cambridge

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REITA is the owner of greater than 20% of the area of land proposed to be included in the rezoning of "Area 1" of East Cambridge and hereby files this written protest pursuant to Massachusetts General Laws Ch. 40, S.5, P.4.

The existing zoning of Area 1 is Office 3 and Industry B, which permits office and other uses with a floor area ratio ("FAR") of 4.0. The proposed C-3A/PUD-2 zoning would permit multi-family residential and limited office development. The proposed floor area ratio for residential uses would be 3.0 and for office use 1.25. Under the new zoning there would be a height limitation of 120 feet, while current zoning has no such restriction. REITA does not object to the proposed height limitation and a maximum 3.0 FAR. The current development already reaches the 1.25 FAR limit, and this development does not reflect the site's potential to the City. While we recognize that the PUD-2 controls are broadly written to allow some office development, their purpose is to encourage residential development. In addition, since the base zoning district regulations are so restrictive, the ordinance would make property owners subject to the unrestricted power of the Planning Board should any redevelopment be contemplated. Thus we do not believe that the proposed ordinance will enable the properties to be redeveloped for office-R & D uses.

The proposed rezoning makes redevelopment of the area economically infeasible and serves as an incentive to maintain existing structures. For redevelopment to occur, the land value under redevelopment must equal or exceed the property value under the existing use. As evidenced by the attached analysis, the current economic value of the property is well in excess of \$30 per square foot.

The proposed zoning only permits increased density for residential development as a matter of right. Residential development even at an FAR of 3.0 would not be economically feasible. As the attached analysis shows, the land value created would be only about 1/6th of the present value of the property, assuming an FAR of 3.0 and a density of 85 units per acre. An increase in the number of units per acre makes no difference, since it would merely mean a greater number of smaller units. Thus it is totally irresponsible to argue that residential development could be made feasible by increasing the number of units permitted, without a concomitant increase in the permitted FAR, substantially above the 3.0 FAR proposed.

The only feasible redevelopment is for headquarters or home office use by one or more major R & D firms. This type of development would

Mr. Paul Healey
Clerk, City of Cambridge

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November 10, 1978

require an "O-3" zoning category and would be consistent with the planning objectives of the area in terms of height, scale, intensity and quality.

Office and R & D development is in the best interests of the City of Cambridge. These uses serve as an important employment resource to Cambridge residents, and gradual expansion of such uses over the coming years in East Cambridge is vital to the local economy. As important, the City's Planning Department's tax study showed that office and R & D uses provide a greater net increment of tax revenue to the City than residential uses. In light of the passage of the Classification Amendment, and current property tax pressures, expanded R & D facilities along the Riverfront can make an important financial contribution to the City.

The expansion of R & D and office uses along the Riverfront is consistent with the restoration and economic development of East Cambridge. It will have a positive effect on other local economic development and no detrimental effect on local residential areas. Finally, it will help continue the mix of uses in East Cambridge and offers no major impediment to the implementation of the East Cambridge Riverfront Plan.

Future redevelopment for office and R & D headquarters was a consideration when the properties were acquired over a ten year period ending in 1970. The properties were to be used for their permitted uses, R & D, office, and industrial, and periodically upgraded to meet the new opportunities with the ultimate redevelopment as home office space for one or more national research and development firms. This program would be infeasible without zoning which would allow R & D and commercial development at a 3.0 FAR as a matter of right.

In summary, REITA is encouraged by and supports the redevelopment program for the East Cambridge Riverfront. The proposed rezoning of "Area 1" is not consistent with the effort to encourage private redevelopment of the area, particularly the Cambridge Parkway properties.

REITA would not object to the rezoning of their properties from their present O-3 and I-B category to the O-3A category which permits office-R & D development at 3.0 FAR as a matter of right, but REITA is opposed to the proposed revisions to the zoning ordinance as submitted.

Mr. Paul Healey
Clerk, City of Cambridge

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November 10, 1978

I look forward to speaking with the City Council and presenting them with our position on this important zoning change.

Sincerely,

A handwritten signature in black ink, appearing to read 'REB' with a stylized flourish extending to the right.

Richard E. Bonz
Vice President
MINOT, DE BLOIS & MADDISON, INC.
Property Managers for
REAL ESTATE INVESTMENT TRUST OF AMERICA

REB:hs
Enc.

S-500

Comm. from Richard E. Bonz, Vice President,
Minot, De Blois & Maddison, Inc., requesting
to be heard before the City Council re:
zoning protest for Area 1 in the East Camb-
ridge Riverfront Plan.

11/20/78

File WITH PETITION
FOR RIVERFRONT

RIVERFRONT PETITION
Heard Nov. 16/78

In City Council,

November 20, 1978

11/20/78

LANCEL

HEARING SET FOR

8:30 PM ON 12/4/78