



CITY OF CAMBRIDGE

CITY HALL, CAMBRIDGE, MASSACHUSETTS 02139

MAIN OFFICE (617) 349-4343

RESIDENTIAL VALUATION (617) 349-4110

ASSESSING DEPARTMENT

Sally Powers, Director
Kevin T. McDevitt, MAA, CRA
Faith D. McDonald, CMA, RMA, MAA, CA-S

July 20, 1998

TO: James P. Maloney, Finance Director

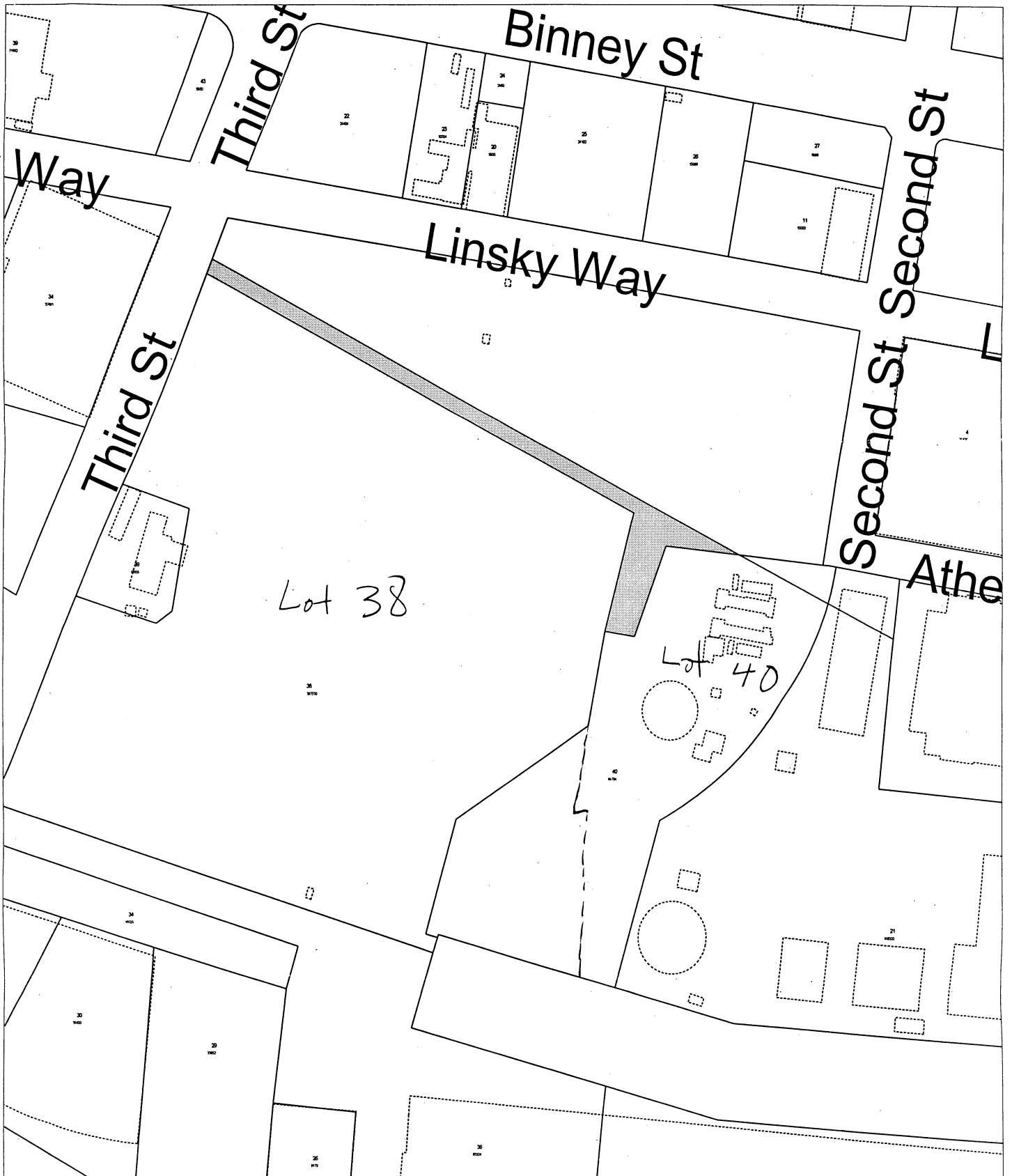
FROM: Sally Powers, Director of Assessment

SUBJECT: Research Park

The parcel in question is roughly delineated on the attached parcel map. The Assessors' Lot # 38 in Map 14 has been augmented by a 1998 (FY2000) subdivision from the adjacent map 40. The subdivision area from Map 40 adds 27,809 square feet to Map 38's 397,530 resulting in parcel size of 425,339.

The parcel's O-3A zoning allows an FAR development of 3 to 1. Current market value sales of vacant commercial land indicate full market value of developable parcels to be in the \$35 per FAR foot range. However, in the case of the Research Park parcel, there is known hazardous waste requiring clean-up. This knowledge is sure to have a depreciating effect on the property value.

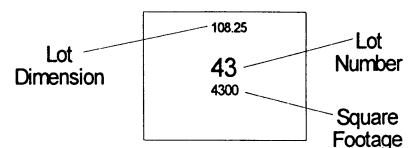
The current, rough estimate of the market value of the parcel is \$25 to \$30 x 425,339 x 3, or a value range between \$31,900,000 and 38,280,000. To this, the prospective purchaser would have to add to the total cost to the buyer an estimate of the cost of clean-up required per EPA specifications before the parcel could be developed.



City of Cambridge Parcel Sheet

Tile Quad: 53.2 53.1 52.3
New Map: 768958
Old Map: 15

-  Lot Line
-  Building
-  City Boundary
-  Railroad



50 0 50 Feet





CITY OF CAMBRIDGE

Law Department

Donald A. Drisdell
Deputy City Solicitor

A handwritten signature in black ink, appearing to read 'D. Drisdell'.

To: Robert W. Healy
City Manager

Date: July 20, 1998

Re: 55 Cambridge Parkway

In response to your inquiry about the eminent domain case for the above-referenced property, I am providing the following information.

On April 9, 1984 an order of taking of 55 Cambridge Parkway was passed by the City Council, which authorized the taking by eminent domain of a 29,137 sq. ft. parcel to be combined with additional parcels for the creation of Front Park. The owner was awarded a pro tanto payment in the amount of \$960,000. This payment was based upon prior appraisal reports that were obtained by the City as follows:

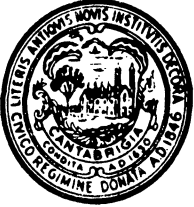
<u>Date</u>	<u>Appraiser</u>	<u>Valuation</u>
7/16/82	Charles W. Anderson Jr.	\$918,000
7/30/82	Irving C. Harney Jr.	\$960,000
12/1/83	Charles W. Anderson Jr.	\$925,000
12/1/83	Irving C. Harney Jr.	\$960,000

As noted, the City approved the taking on April 9, 1984 for the higher of the two appraisal amounts.

As you know, the owners of the parcel challenged the payment and the City eventually settled the case for an additional \$3,000,000. As is noted in subsequent appraisal reports completed for the City in anticipation of trial, the original appraisal reports were reasonable in the context of what was known at the time. Unfortunately for the City, the real estate market just at the time of the taking and for a period after the taking spiraled upwards in an extraordinary period of overheated values. The fact that the former owners would have been permitted to introduce to the jury information on values and sales occurring up to three years after the taking, introduced a serious risk to the City.

Our expert counsel and appraisers assessed the exposure to the City as potentially as high as an additional \$7,000,000. In that context, the settlement for an additional \$3,000,000 was prudent.

This case can be viewed as an example of the potential risks inherent in an eminent domain taking. All assessments of the City's actions in the case conclude that the taking and payment were reasonable when made. Nonetheless, an extraordinary real estate market event such as the one that occurred in the mid-eighties can dramatically affect the ultimate resolution of a challenge to the amount paid by the City, as this case clearly demonstrates.



CITY OF CAMBRIDGE
CAMBRIDGE, MASSACHUSETTS 02139

TEL 349-4300
FAX 349-4307



22.

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

July 27, 1998

To The Honorable, The City Council:

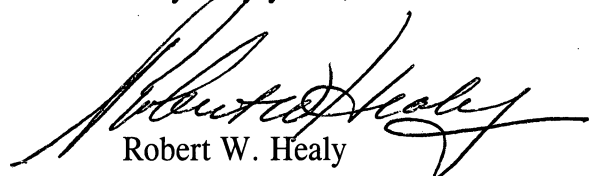
In response to Awaiting Report Item No. 27, regarding taking "by eminent domain" the property known as the ComEnergy site, please be advised as follows:

1. Enclosed is a memo from Sally Powers which estimates the value of the site at between \$32 and \$38 million dollars.
2. This estimate does not include the costs of clean-up of soil conditions on the site that are believed to be into the millions.
3. The cost of design and construction of the proposed project would approximate between \$40-\$50 million dollars making the total project cost of between \$75-\$100 million dollars without taking into consideration the loss of current tax payments and future potential tax payments.

Despite our sound financial condition, an acquisition of this magnitude is not fiscally prudent.

While I do not recommend an eminent domain taking for this particular site, I do agree that the issue of additional open space in East Cambridge and throughout the City is a valid one. As I state in my response to Awaiting Report Item No. 4 (Agenda Item No. 21), I am prepared to recommend that a capital appropriation be made to begin an open space acquisition account. However, before funds are spent, criteria and guidelines must be developed.

Very truly yours,



Robert W. Healy
City Manager

RWH/mec

Consent Agenda #22

Relative to AR #27 regarding
taking by "eminent domain" the
property known as the ComEnergy
site.

Cal. 4

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In City Council July 27, 1998

CHARTER RIGHT
BY Councillor Toomey

9/14/98

Referred back to City Manager
and Finance Committee on motion
of Councillor Toomey