

To : The Honorable City Council

From : Kendall Square Technical Staff

Date : April 26, 1974

Re : Progress Report on Kendall Square Project;
Request for Instructions

On July 2, 1973 the Cambridge City Council took the following actions respecting the Kendall Square Area:

- (1) Adopted an Order directing the Cambridge Redevelopment Authority (CRA) to prepare a plan for the Kendall Square area providing the maximum number of blue collar and non-professional white collar jobs for Cambridge residents, as recommended in a joint report of two subcommittees, one headed by Councillor Francis H. Duehay, and one headed by Councillor Saundra Graham. The Council Order also called for, among other things, "participation by affected neighborhoods and institutions in planning for Kendall Square through a citizen's task force to advise CRA of community concerns."
- (2) Defeated, by an 8-1 vote, a proposed amendment to the Order providing that after the number of jobs had been fully exploited, a second priority be given to development of low-to moderate-income housing, as it was felt that the CRA should be given one specific job to do; and then if it found it could not do it, should come back to the Council for instruction.

Subsequently, the City Manager's office formed an interagency technical staff to work with the Kendall Square Task Force created by the then-Mayor Barbara Ackermann. The Task Force and technical staff cooperated in determining the type of industrial development best suited for the Kendall Square area from the standpoint of environmental, locational, and employment considerations, particularly that of meeting the City Council guideline concerning "employment needs of present and future Cambridge residents and providing for upgrading of workers' skills and wages commensurate with the cost of living in Cambridge." Then the technical staff conducted a survey of selected Cambridge firms respecting interest in expanding their operations to the Kendall Square area. Finally the firm of Ryan, Elliott Appraisal and Consulting Company, Inc. was engaged to (1) conduct a survey of

industrial firms outside of Cambridge, (2) determine interest in locating industries in the Kendall Square area, and (3) give advice on what had to be done to attract desirable types of industries to Cambridge.

On the basis of the information contained in the industrial survey, it is the consultant's opinion that if certain incentives are offered and certain conditions exist, 20 acres of industrially buildable land could be successfully sold in Kendall Square within three to four years after all of the planning and design work is completed, and can yield the following benefits to the City of Cambridge:

- (1) From 3800 to 4500 predominantly light industrial jobs located mostly in one and two-story buildings.
- (2) Of those jobs, staff estimates 30% to Cambridge residents.
- (3) Of those jobs, approximately 66% "blue collar", 25% "non-professional white collar", and 9% "professional" jobs.
- (4) Non-professional wage levels ranging from \$100 to \$250 per week; average non-professional wage about \$153 per week.
- (5) Likely to attract companies in the advanced technology fields, indicating favorable career opportunities and economic growth potential.

According to the joint subcommittee's report on which the City Council's Orders were based, "Cambridge has recently experienced a painful exodus of industrial employers; this is expected to increase in magnitude and severity. The City has been unable to recruit new industrial tenants. Unemployment among the City's labor force has grown, and the proportion of unskilled unemployed as compared to skilled unemployed has grown. There are indications that the employment base of the City will become more unbalanced and inadequate unless new actions are undertaken."

The key phrase in the above quotation is "the [industrial] employment base of the City will become more unbalanced and inadequate unless new actions are undertaken." The subcommittee, being aware that the record indicates Cambridge is not meeting the competition from other locations for attracting and keeping industry here, wanted to learn what "new actions" must be taken to attract industry.

One of the "new actions" taken by Council was creation of the Office of Economic Development and Manpower. On the basis of technical staff's work, it appears that additional "new actions" may be needed to attract industry here as summarized in the Ryan, Elliot industrial survey which indicates that in order to develop 20 acres of land in Kendall Square as outlined above, certain incentives must be provided and conditions must exist as follows:

- (1) Parking: The City must be willing to construct a municipal parking garage to be completed during the first year of the land marketing period, accommodating approximately 1000 cars with a maximum daily automobile parking charge not exceeding 75 cents per day, if higher density employment is desired.

Staff Comments: A maximum charge of 75 cents per day falls by a large margin to cover the garage's debt service and maintenance costs, requiring a public subsidy of \$700,000 - \$800,000 per year.

If incentives related to providing (a) a municipal parking garage subsidy and (b) a tax arrangement as described below were proffered, the City's over-all net revenue loss, i.e., after taking into consideration additional tax revenues and service costs resulting from new development, and sharing of renewal costs by the state, could amount to \$250,000 per year or an addition of about 75 cents to today's tax rate.

If instead of providing a subsidized municipal parking garage, land is sold to developers to provide their own surface parking, and only a tax arrangement incentive is provided, the City may realize, again after accounting for the effect of new development on tax revenues and service costs, and state sharing of renewal costs, a net gain of \$150,000 per year, or approximately a reduction of 50 cents on today's tax rate. Employment however would diminish due to loss of building space to surface parking by about 600 jobs.

It should be noted that some participants in the replanning effort have disputed the need for the parking garage subsidy, arguing that public transportation should be encouraged and the Kendall Square location does not warrant such a subsidy.

- (2) Taxes: The City must be in a position to offer real estate taxes which would not exceed 50 cents to 75 cents per square foot of gross building area.

Staff Comment: According to our information, land comparable to Kendall Square is now taxed at a \$1.10 per square foot in Cambridge. It should be noted that some participants in the replanning effort dispute the need to offer this kind of tax subsidy to attract industry to Cambridge.

- (3) Land Write-down: Cost of "ready to build" 1-3 acre parcels should be offered for sale in the \$1.50 to \$2.00 per square foot price range, provided the developer does not have any abnormal site preparation costs.

Staff Comment: Kendall Square is filled land, and subsoil conditions are certain to impose premium site preparation costs; an analyses of these costs is underway, based on building types identified in the industrial survey. It should be noted that survey respondents commenting on the land cost figures were mostly interested in one and two-story buildings with considerable land area used for surface parking.

- (4) Citizen Participation: Land should be marketed with "limited amount of red tape and delay in the expeditious completion of the industrial development plans."

Staff Comment: In addition to normal bureaucratic red tape and delays, citizen participation in the development process is bound to compound to some extent those development obstacles. Consequently, a judgment must be made respecting, on the one hand, the amount of citizen participation in the development process desired by the City and, on the other hand, the effect of this participation on efforts to market the land in an expeditious manner.

- (5) Truck Access: Improved highway access for trucks to the Kendall Square area would also have to be provided.

Staff Comment: Considering the number of trucks the Kendall Square development is likely to attract, this requirement appears to be manageable.

Obviously, whether these "new actions", or a variation thereof, for attracting industry to Cambridge are appropriate and/or are desirable

for Cambridge is a value judgment for City Council to make. The technical staff stands ready to provide City Council with information it may need to make that judgment.

The technical staff endeavored to adhere as closely as possible to the City Council's expressed directive that the CRA (technical staff) pursue one specific job and after completing it, come back to Council "for instruction." The technical staff feels it has accomplished that task and hopes that the information summarized herein provides Council with enough information to instruct the CRA (technical staff) on next steps. Suggestions for next steps respecting Council instructions to the technical staff are summarized later in this report for Council consideration.

In accordance with the City Council Order, the technical staff aggressively sought the advice of the Kendall Square Task Force. Task Force members donated literally thousands of manhours of work to this effort. During the course of this relationship, some Task Force members proposed alternative plans which included uses apparently outside the City Council guidelines, such as housing or land uses involving jobs not likely to pay wages "commensurate with the cost of living in Cambridge." In a spirit of cooperation and accommodation, the staff included these plans in its presentations for informational purposes only, but did not expend staff resources in analyzing those proposals as it felt that doing so would be a violation of the Council's directive respecting completion of one specific task and requesting "instructions" from Council before pursuing other alternatives.

A divergence of views emerged from the Task Force work. One portion of the Task Force viewed its responsibilities as closely adhering to the Council Order and concentrating on the means necessary to provide maximum blue collar and non-professional white collar job opportunities. Another portion of the Task Force took a wider view of its responsibilities and desired to make additional recommendations to the City Council as to appropriate land use and tax return. On April 23, 1974, the Task Force passed a motion to the effect that "the Task Force make no recommendation to the City Council and that all schemes be transmitted to the Council."

Consequently, the schemes are presented herewith as Attachment Number 1.

Department of Housing and Urban Development (HUD)

Early this year HUD advised CRA that HUD planned to distribute \$322 million of urban renewal funds throughout the country during the

Fiscal Year ending June 30, 1974, and HUD would consider allocating a portion of those funds to Cambridge if the CRA submitted an Application for a new Kendall Square Plan by May 1, 1974. This deadline was set entirely at HUD's convenience and was unrelated to the Kendall Square replanning effort. In effect, it represents an opportunity to secure during this fiscal year some of Cambridge's funding needs to complete Kendall Square, thereby reducing the City's funding needs from HUD by that much in future years. The technical staff and Task Force have made every effort to meet this deadline. However, because of the complications inherent in trying to meet an extremely tight time schedule, as well as in the divergence of views within the Task Force, the City Manager's office requested that HUD extend the deadline; HUD granted a time extension to June 14, 1974.

Next Steps Respecting Instructions to Technical Staff

For simplicity's sake only two alternative "next steps" respecting Council instructions to the Technical Staff are respectfully offered for Council's consideration:

- (1) City Council must weigh the cost-revenue considerations of a plan to maximize industrial development in Kendall Square and decide if it is in the City's best interests to meet, within legal limits, the incentive requirements outlined in the industrial survey. If this is the decision, technical staff can prepare a plan for the Kendall Square area on that basis and submit a funding Application to HUD.
- (2) Or, Council may decide that "a wider view" of the Kendall Square development should be taken, allowing for greater diversity of uses in the area in addition to providing blue collar job opportunities. This diversity could be expressed in terms of broader objectives, such as greater tax revenues arising from a mixed use development, in combination with a specific amount of land area set aside for industrial development. If this is the decision, additional information will be needed, requiring another one to two months work by the technical staff, depending on the nature of Council's decision and resources available to the staff to carry out Council's instructions. Our objective, of course, is to meet the revised HUD submission deadline of June 14, 1974.

In considering next steps, City Council is respectfully requested to keep the following issues in mind:

Planning Board Concerns: Council's attention is directed particularly to the concerns expressed in the Planning Board's letter, dated April 17, 1974 included herewith as Attachment Number 2. The letter speaks for itself and the ideas expressed therein are worthy of your serious consideration. It is the technical staff's intention to address itself to each of those concerns as it prepares a detailed plan based on Council's instructions.

Trade-offs: The higher the density of development, the more jobs and the more traffic we generate and conversely, the lower the traffic, the fewer the jobs and intensity of development.

Blue collar job sources generally produce relatively few taxes compared to some other uses.

But the more we concentrate on tax revenue, the fewer blue collar jobs we can provide given a certain maximum amount of development.

Traffic: Universally, in the public meetings and discussions of this project, neighborhood residents are worried by the traffic any development in Kendall Square will generate and the impact on their neighborhoods. It is impossible to over-emphasize this concern. To date, with the exception of a proposed I-93, Prison Point Bridge, Commercial Street, Binney Street Connection in East Cambridge, nothing of substance has been proposed to deal with this problem. Note particularly the Planning Board letter cited above. Obviously, Technical Staff has considerable work to do along these lines.

ATTACHMENT NUMBER 1

Attached is a table comparing the various schemes which the Technical Staff discussed with the Task Force and presented at public meetings at various times in carrying out its replanning work. These schemes have always been characterized as working hypotheses and presented for discussion and illustrative purposes only and only Scheme V is supported by marketability information. Each Scheme is described as follows:

Scheme I is based primarily on the technical staff's interpretation of the City Council guidelines and the Planning Department's survey of Cambridge firms regarding expansion of their operations to Kendall Square. Actually, this scheme is superseded by Scheme V below.

Scheme II is based on the same information as Scheme I, except that it endeavors to achieve a higher density of development.

Scheme III is based on (1) "Statement of Position on Kendall Square Redevelopment," which was submitted jointly by the Kendall Square Business Association, MIT, and the East Cambridge Planning Team, to the Task Force for its consideration, and (2) "MIT Statement to the Kendall Square Task Force," presented to the Task Force by MIT in March, 1974.

Scheme IV is based on Scheme III except that the amount of parking has been increased to the same ratio of employees per space as contained in Schemes I and II; accordingly, all other uses were reduced in order that the overall floor area ratio remain at 3.0.

Scheme V (a) is based primarily on the Ryan, Elliott industrial survey report, with some input from the Cambridge Industrial Expansion Survey. It is practically a marketability report on Scheme I. Note: Scheme V (a) assumes that a municipal parking garage will be constructed, permitting more land to be used for buildings which would generate more employment.

Scheme V (b) is based on the same information as Scheme V (a), except that it assumes that a municipal parking garage will not be provided; instead land will be sold to developers for surface parking, resulting in less building floor space being constructed which would further result in less jobs.

COMPARATIVE DATA, SCHEMES I THROUGH V (a) and (b)

	SCHEMES					
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>V</u>	
					<u>(a)</u>	<u>(b)</u>
<u>Permitted Uses (000 sq.ft.)</u>					<u>garage</u>	<u>without garage</u>
Light Industry*	1400	1800	1300	1100	930	660
General Office	-	300	300	250	-	-
Retail	100	100	200	150	80	80
Residential	-	-	500	400	-	-
Hotel	-	-	200	150	-	-
Structured Parking	<u>500</u>	<u>800</u>	<u>500</u>	<u>900</u>	<u>500</u>	<u>70</u>
TOTAL	2000	3000	3000	3000	1510	810
<u>Employment (jobs)</u>						
Light Industry*	4500	5900	4300	3500	4200	3500
General Office	-	1600	1800	1500	-	-
Retail	300	300	800	600	300	300
Hotel	<u>-</u>	<u>-</u>	<u>300</u>	<u>200</u>	<u>-</u>	<u>-</u>
TOTAL	4800	7800	7200	5800	4500	3800
Height Limit	45-120	60-140	100-200	100-200	45-120	45-120
Floor Area Ratio	2.0	3.0	3.0	3.0	1.5	0.8
Estimated Parking Spaces	1400	2300	1300	2300	1300	1300
(a) Employees per space	3.5	3.5	5.6****	3.5	3.5	3.5
Zoning District	Ind. B	Ind. B	?	?	Ind. B	Ind. B
Net Annual Average						
Tax Revenues (est., \$000,000)**1.1		1.8	1.8	1.6	0.6***	0.5

* Also includes Technical Office and Laboratory.

** Does not include (a) payments by City to cover its share of renewal costs and (b) receipts by City of State share of renewal costs; these cannot be calculated until amount of Section 112 credits is known. Only Scheme V assumes a tax break.

*** Does not include municipal parking garage subsidy which could amount to \$770,000 per year if maximum daily parking charge does not exceed \$0.75.

**** If parking spaces are set aside for residential and hotel uses in accordance with zoning requirements, the ratio of employees per parking space is increased to 11.5 employees per parking space.

ATTACHMENT NUMBER 2

COPY OF LETTER, DATED APRIL 17, 1974
FROM PLANNING BOARD TO ASSISTANT CITY MANAGER



CITY OF CAMBRIDGE, MASSACHUSETTS
P L A N N I N G B O A R D

CITY HALL ANNEX, 57 INMAN STREET, CAMBRIDGE 39

April 17, 1974

Mr. James L. Farrell,
Assistant City Manager
Cambridge City Hall
Cambridge, MA 02139

Dear Mr. Farrell:

At its meeting of April 9, 1974, the Planning Board discussed at length the three Kendall Square alternatives developed by the technical staff. The following constitute consensus positions and suggestions of the four Board members present.

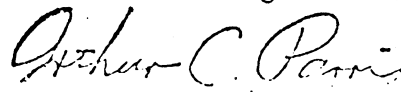
1. In summary, the Board supports Scheme I (blue collar intensive, 2.0 FAR) with the addition of 80,000 to 100,000 square feet of retail commercial space. Also, the Board would not be opposed to including a non-luxury hotel of 250-300 units. Thus, with the required additional parking, total FAR would approximate 2.5.
2. The Board feels that additional retail commercial activity is necessary if Kendall Square is to serve adequately the commercial service needs of the surrounding neighborhoods and the MIT community, as well as the non residential development in and around Kendall Square. The addition of a hotel would also buttress commercial demand. An adequately sized commercial center would go far toward making Kendall Square a safe, pleasant, human environment for 18 hours a day.
3. The provision of hotel facilities in Kendall Square will: contribute much to keeping the area populated during evening hours; exploit the locational and transportation advantages of Kendall Square; respond to a demonstrable need of the many commercial and industrial enterprises in the vicinity, as well as at M.I.T.; contribute significantly to the City's tax base; and reinforce retail commercial activities.
4. The Board is opposed to residential development in Kendall Square within the context of maximization of job opportunities. Many other, better suited residential opportunities exist throughout the City.
5. The Board fails to see adequate flexibility in the land use/parcel allocations presented thus far. Particularly, the "light industrial" and "Technical Office and Laboratory" categorizations seem artificial and perhaps contradictory to the expressed objective of maximizing blue collar and non-professional white collar job opportunities. The Board considers job per acre projections for industrial uses utilized thus far to be optimistic. We are told that preliminary Ryan Elliot information confirms our suspicions. Thus technical office uses may generate more of the mandated jobs per acre than light in-

dustrial use. If this might be the case, the Board suggests that the two categories be collapsed into one.

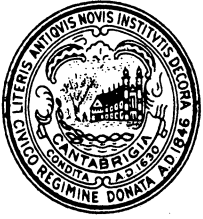
6. Flexibility in the land use allocation seems appropriate in other situations. Specifically, retail commercial opportunities should be present on parcel B and even Parcel D, where ground floor retail might be appropriately integrated into a large parking garage. In addition, the Board feels that potential for structured parking on Parcel C should be preserved.
7. Parking space of course must be expanded to accommodate the hotel and additional retail commercial in Scheme I. On the other hand, parking projections will be difficult to make until employee densities can be more accurately predicted. In general, however, the Board feels that a parking supply of one space per 3.5 employees could very well be too low. One space per 3.0 employees is perhaps a better compromise among the various considerations of encouraging use of public transportation, traffic congestion, marketing space in Kendall Square, and well established American driving habits.
8. The Planning Board must find, among other things, compatibility in the "relationship of planning proposals (of the urban renewal project) to plans for neighborhood, or district, of which project area is a part . . .". The Board remains concerned that the East Cambridge neighborhood be guaranteed adequate protection from through traffic intrusions generated by Kendall Square. Circulation plans are inadequate in view of inevitable enforcement problems. Attention must be given immediately to the development of specific traffic control procedures and improvements, such as blocking through access on certain streets, signalization changes, one way patterns, etc., which will assure East Cambridge of minimally adequate protection irrespective of enforcement procedures.

The Board remains available to assist you in the task of finalizing and submitting an amendmended Kendall Square Urban Renewal Plan.

For the Cambridge Planning Board



Arthur C. Parris,
Chairman



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
Tel. 876-6800

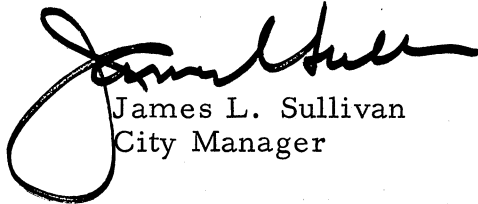
EXECUTIVE DEPARTMENT
JAMES L. SULLIVAN
City Manager

April 29, 1974

To the Honorable, the City Council:

I transmit herewith a report on the re-planning of Kendall
Square.

Very truly yours,



James L. Sullivan
City Manager

JLS/f

Agenda # 14

197

Replanning of Kendall Square.

*Hearing May 8 at
7PM*

In City Council,

April 29, 1974

*Referred to the
MEETING SET FOR
Wednesday May 8 at 7PM*