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## In bad times, public/private cooperation is crucial

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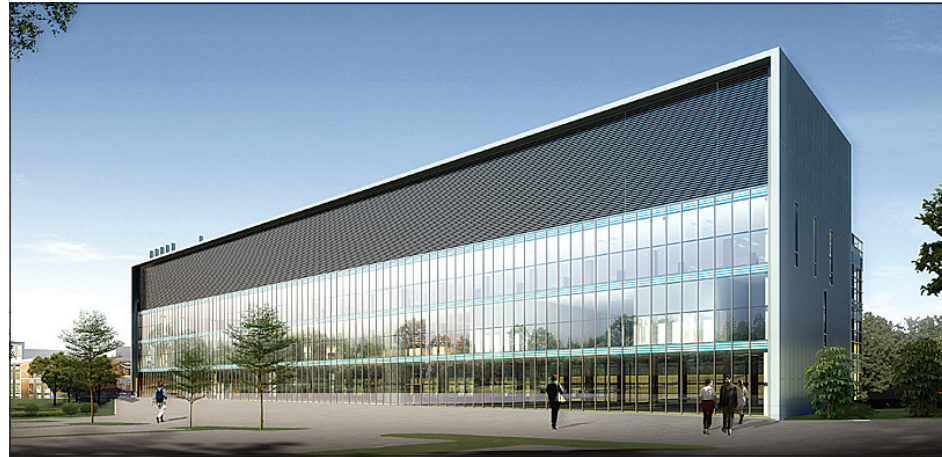
The lousy economy is enough to make any development slog along. But real estate experts agree that the big obstacles in the way of most developments are the same no matter what the economic climate: Zoning issues, objections by community groups and a sagging infrastructure.

Towns able to work with developers to address these issues are finding projects moving forward, even in bad times.

"A lot of the state's infrastructure is antiquated, and trying to push all of the infrastructure projects onto the developer makes projects unfeasible," said real estate attorney **Robert Buckley**, senior partner at law firm **Riemer & Braunstein LLP**. "All parties, the developer, the state and the community must participate."

Lexington is a prime example of such a town, Buckley said. The town has an economic development office that assists companies wishing to develop or expand in the town with zoning and infrastructure matters. As a result, Lexington has become a less expensive alternative to Cambridge for biotech firms seeking lab and office space.

"The town's economic development group understands that it's not just landing the big corporation for today, it's providing the opportunity to grow



A rendering of office and lab space Shire is constructing with help from state and local incentives in Lexington. The space is scheduled to be completed by Q4 2011.

and prosper over time," said Buckley. "I think this is the way that development is going to go forward in Massachusetts."

Biotech firm **Shire HGT** had been contemplating a move to the Carolinas or Rhode Island before being enticed by Lexington and the commonwealth to build a \$394 million development in Lexington Technology Park. Shire recently purchased the park from **Patriot Partners**.

The state began by committing \$40.5 million in tax and non-tax incentives, including grants for public infrastructure. The town and the state also helped Shire obtain a Tax Increment

Financing agreement. Another phase of the project, a 200,000-square-foot manufacturing center is due to open by the end of the year, and Shire expects to move all of its Cambridge operations to Lexington by 2012 when construction is completed.

Another project that has benefited greatly from public/private cooperation is the former Assembly Square project in Somerville, Assembly on the Mystic. **Federal Realty Investment Trust**, a retail-focused REIT headquartered in Maryland, purchased the 45-acre parcel from **Taurus Investments** in 2005 for \$64 million, after the former owners had experienced difficulties with com-

munity groups.

"The city — right out of the gate — was amenable to working on a plan that helped to resolve a lot of the disputes," said **Don Briggs**, head of Boston Region for **Federal Realty**. "In order for a large economic development project to succeed, it requires an investment on the public side."

Last July, the state did just that, committing \$50 million to the project through the Infrastructure Investment Incentive Program (I-Cubed) and another \$2 million from a Growth District award.

"I think we struck the right balance between the state commitment that (Federal) needed while also assuring that the commonwealth's investment is going to get paid back (in the form of tax revenue)," said **Jay Gonzalez**, secretary of the **Massachusetts Executive Office for Administration and Finance**.

The development is envisioned as an urban village with public parks, an accessible riverfront, 1.75 million square feet of office space, 1.15 million square feet of retail space including a new hotel, 2,100 rental and ownership condominium housing units and a new MBTA Orange line stop. The project will provide an estimated 12,000 permanent jobs, and about \$20 million in increased revenue for the city, and an expanded tax base for the state.