

TOWN OF WELLESLEY



**REPORT TO THE
SPECIAL TOWN MEETING
MONDAY, APRIL 12, 2010
7:30 P.M.**

WELLESLEY MIDDLE SCHOOL AUDITORIUM

by the

ADVISORY COMMITTEE

In the event that it becomes necessary to cancel any session of Town Meeting,
notice will be given between 6:00 and 6:30 p.m. on
Wellesley Cable TV: Comcast Channel 9 and Verizon Channel 39
For more information and updates, please visit www.wellesleyma.gov.

ARTICLE 1. To choose a Moderator to preside over said meeting.

(Board of Selectmen)

Advisory expects no motion under this Article.

ARTICLE 2. To receive reports of Town officers, boards and committees and act thereon, and discharge presently authorized special committees; or take any other action relative thereto.

(Board of Selectmen)

Advisory expects no motion under this Article.

ARTICLE 3. To see if the Town will vote to acquire by purchase, eminent domain, or otherwise, the real property commonly known and referred to as 494 Washington Street, for the purpose of expanding the usable space of adjacent Town-owned property located at 496 Washington Street; to raise and appropriate, or otherwise provide, a sum of money for said purpose and to determine whether such sum shall be raised by taxation, borrowing and/or by transfer from available funds; said property being further identified as follows: 494 Washington Street: Parcel No. 17 on Assessor's Map No. 111, now or formerly owned by Charles C. Crevo, Rosalie A. Crevo and Charles A. Crevo, see deed recorded in Norfolk Registry of Deeds Book 19857, Page 418; or take any other action relative thereto.

(Board of Selectmen)

This Article authorizes the Board of Selectmen to acquire the property at 494 Washington Street for \$1.27 million. The parcel is located adjacent to the Town-owned property at 496 Washington Street, the former American Legion site and now the proposed site of the Senior Center. It is in close proximity to the Police Station, Town Hall, the Wellesley Free Library, the Morton Circle senior housing complex, and public parkland.

potential municipal uses for a well-located parcel of the combined size of 494 and 496 Washington Street make this acquisition a prudent investment for the Town.

Purchase Price and Funding

The proposed purchase price is \$1.27 million. The appraised value of the property, according to a real estate appraisal obtained by the Town in August 2009, is \$800,000. The most recent Town assessment, as of January 1, 2010, is \$761,000 for the land and the two-family home currently occupying the site. The appraisal looked at the site on an “as is” basis, and also considered its value under alternative development options, including a so-called 40B condominium development that would incorporate both market-priced and affordable housing units. While any such valuation is likely to have a fairly wide range of plausible outcomes, the appraiser concluded that \$800,000 is a fair estimate even under more intensive development of the site. The negotiated purchase price includes a premium of approximately 59% over the appraised value.

There is precedent for paying a premium to obtain private property located adjacent to Town-owned property. Most recently, in 2008, three parcels on Seaver Street were acquired by the Town at purchase prices that included premiums ranging from approximately 25-34% over appraised value. These parcels were obtained to facilitate a Wellesley High School construction project by increasing the site’s total area by 7% and usable area by 17%, and improving design options for a new or renovated school. Town control of the Seaver Street parcels was also expected to reduce construction time and costs by significantly improving access to the site.

The acquisition of 494 Washington Street would increase the size and utility of the current Town-owned parcel at 496 Washington Street. The combined square footage of the two parcels is 41,924, or nearly an acre, a 40% increase in the area of Town-owned land at the site. By doubling the capacity for on-site parking, from 34 to 68 spaces, the additional parcel would significantly enhance the utility of the site for the proposed Senior Center. Even if a Senior Center is not approved for construction at this site, the Selectmen maintain that the acquisition of this parcel would enhance the value of the Town-owned site and bring further developmental control to an important section of Washington Street.

The Selectmen propose to fund the acquisition initially by short-term borrowing, with debt service under the levy. If a Senior Center project is approved for the site, this debt likely will be rolled into the financing for that project and included in a debt exclusion request for the entire project, requiring approval by Town Meeting and the voters. Because the Senior Center project is still in the design and permitting phase, projected construction costs are not finalized, but it is estimated that total borrowing for the project would be approximately \$5.53 million, including the cost of the land acquisition and net of the \$800,000 gift from the Tolles Estate. It is estimated that the incremental increase in taxes on a median valued home would be approximately \$10 in FY12 and declining each year thereafter for the proposed land acquisition, if the debt is excluded from the levy limit as part of the Senior Center financing. If the Senior Center project is not

approved, the debt service for the acquisition will likely continue to be funded under the levy, at least until an alternative use for the site is established.

The proposed acquisition of this parcel has sparked considerable public debate. Some are opposed primarily based on cost, in light of the current economic climate and the recent reduction of some departmental and capital spending requests to balance the FY 2011 budget. Support for the acquisition to improve the viability of the Senior Center site has also been very clearly expressed.

Advisory Recommendation

Advisory recognizes that this acquisition would add value and utility to the current Town-owned site on Washington Street by providing space for additional on-site parking for the proposed Senior Center if Town meeting and the voters approve that project. While it is not clear that the acquisition of this parcel is necessary for the Senior Center project to proceed, a solution to the parking constraints of the site (especially at certain times, on certain days) will be required and this acquisition would well serve that purpose.

The majority of Advisory is, however, concerned about the reasonableness of the purchase price. While it is often necessary and appropriate to pay a premium to acquire property that, due to its location and size has a value to the Town beyond that which is captured in a traditional real estate appraisal, they are not convinced that the premium of nearly 59% over the appraised value has been justified. Additionally, many are concerned about the cost of this acquisition in light of the economic challenges facing the Town in the coming years and believe that caution should be exercised before new obligations are incurred. Although the incremental tax impact associated with debt service for this acquisition is modest, it may be significant to some taxpayers when added to the recent tax increases associated with the high school project. Finally, some were opposed in principle to the acquisition of the property before a definitive decision has been made by Town Meeting and the voters to proceed with the Senior Center.

The minority believes that the value added to the adjacent Town-owned parcel and the significant benefit that would result from the availability of additional on-site parking for the proposed Senior Center justify the premium included in the purchase price. Some also believe that even if the parcel is not ultimately used by the Town for a Senior Center, opportunities to acquire a well-located parcel, adjacent to other Town-owned land, are rare and should be actively pursued.

Passage requires a 2/3 vote.

Advisory recommends unfavorable action 8 to 6.