

**ANALYSIS OF EXISTING AND POTENTIAL  
USES OF THE CROSBY AND PARMENTER  
SCHOOL PROPERTIES**

**TOWN OF ARLINGTON, MASSACHUSETTS**

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## **I. SUMMARY OF FINDINGS**

### **A. Introduction and Purpose**

RKG Associates, Inc., (RKG), was retained by the Town of Arlington, Massachusetts to analyze a range of issues regarding the possible repositioning/redevelopment of two former school properties, the Crosby School and the Parmenter School, owned by the Town. These properties are currently leased to tax-exempt educational/institutional uses. Tenants include the Dearborn Academy (a private school providing services to special needs students from throughout the Boston area, operated by the Schools for Children, Inc.) in the Crosby School; and the International School of Boston (kindergarten) and the Arlington Children's Center (children ages 2 through 11) in the Parmenter School. In addition to assessing the market opportunities for these properties, the fiscal impacts of existing and selected future uses are discussed, as well as some of the potential social impacts if the uses/tenants were to change.

### **B. Key Findings**

The key findings of this analysis are summarized below and are presented in more detail in other chapters of this report.

#### **1. Location and Site**

- Arlington is six miles northwest of Boston, and is mostly a residential community (5.5 square miles in area). Massachusetts Avenue, a primary arterial, links this community to Boston, as does Route 2 (to the south) another major roadway through the area.
- The Crosby School is located at 34 Winter Street and is a two-story structure of approximately 40,167 gross square feet (SF) with 37,156 SF of leasable area. The Crosby School and associated surface parking comprise approximately 69,000 SF and 9,126 SF of land, respectively (or 1.8-acres in total). The adjacent public recreation space (not considered for redevelopment) comprises another 89,786 SF (or 2.1-acres).<sup>1</sup> Winter Street is a one-way street connecting Massachusetts Avenue and Broadway. The rear of the property is on Oxford Street, also a one-way street. The surrounding land uses near the Crosby School include public recreation space and residential uses, mostly one and two-family homes.
- The Parmenter School is located at 17 Irving Street at the corner of Academy Street and is a two-story structure of approximately 27,616 gross SF (with 23,312 leasable SF), situated on approximately 52,781 SF of land (encompassing the entire site). The Parmenter School is in a residential section of Arlington that is primarily single-family. Irving Street, a one-way street by the school, connects to Pleasant Street, while Academy Street connects to Massachusetts Avenue. Portions of the site that are used as playgrounds are restricted to that use by Town Meeting vote in 1983 when

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<sup>1</sup> Provided by Arlington, Massachusetts, Department of Planning and Community Development.

the property was transferred to the Arlington Redevelopment Board. These restricted areas total approximately 21,870 SF in area.

- Both properties are in the R1-Single Family Zoning District, where the “*predominant use is single-family dwellings and public land and buildings*”. Minimum lot size is 6,000 square feet with 60 feet of street frontage required for each lot. Maximum lot coverage is 35% and maximum building height is 2.5 stories. Other uses would require re-zoning and/or special permits.
- Parmenter School is in the Pleasant Street local historic district, any proposed work on or affecting the building, demolition or construction of a new building, is subject to review and approval by the Pleasant Street Historic District Commission.

## **2. Demographic Indicators**

- The Town of Arlington had approximately 41,000 residents in 2008, a decline of approximately 1,000 since the 2000 Census. The population is projected to remain stable or decline slightly over the next few years.
- Only the elderly age cohort, those aged 65 and older, is projected to grow, indicating a population loss among those in the family formation years (20 to 34) and those in the peak earning and consumption years (35 to 64).
- Enrollment forecasts by the Arlington School Department indicated an increase in school-aged children of approximately 3% between 2007 and 2009.
- The community is relatively affluent as the average household income (in 2008) is nearly \$93,000; this average is projected to increase to slightly more than \$107,000 by 2013.

## **3. Residential Indicators**

- Since 2004, there has been a monthly average of 25 single-family homes sold in Arlington, with an average selling price of \$480,600.
- There has been a monthly average of 20 condominium units sold over this time, at an average selling price of \$348,600.
- A review of multiple listings for residential properties through June 2009 indicated 55 single-family units available, with an average asking price \$552,400 for a typical three-bedroom, two-bath unit (approximately 2,000 SF in size).
- The search also revealed 54 condominiums being actively marketed at an average asking price of slightly less than \$375,000. The typical condominium being marketed is two-bedrooms, one-bath and about 1,320 SF in area, at a \$285/SF asking price.
- There are numerous condominium developments in Arlington, excluding any conversions of two or three-family units. An Internet search indicated more than 1,000 units. The average size of the units in these developments ranges from 780 SF to 2,500 SF, with purchased prices ranging from \$250,000 to \$415,000.

- A search of residential land for sale did not reveal any advertised parcels in Arlington. However, 17 residential parcels were advertised in nearby communities with an average lot size of 0.42-acres and an average asking price of approximately \$645,000. The per-square-foot (psf) asking prices for these lots ranged from an average of \$26 in Lexington to \$78 in Cambridge.
- Local real estate professionals interviewed indicated that the Arlington residential market is highly desirable and has “bucked the trend” of recent housing inactivity. Moreover, home buyers have been very receptive to condominium developments in former school properties, noting the more than 150 units developed at five former school properties in neighboring Medford, as well as the reported 39-units at the former Locke School and the reported 35-units at the Cutter School in Arlington.

#### **4. Social and Economic Impacts**

The tenants in the Crosby and Parmenter schools are long-standing members of the community that educate Arlington children, employ residents and purchase goods and services in the local economy. If the use of the schools were to change, there would be potential social or quality of life impacts to the Town of Arlington and its residents. These impacts could include a displacement and disruption of services to some Arlington children and residents. Economic impacts would include loss of employment (assuming the tenants relocated outside of Arlington) and spending. These impacts would be offset to some degree by those resulting from any re-use of the facilities by others.

- The **International School of Boston (ISB)**, at the Parmenter School, reported that 17% of its enrollment at the Parmenter facility (about 24 students) were Arlington residents. Total enrollment at Parmenter and the school’s main campus in Cambridge is approximately 570 and the school employs approximately 135 at both facilities. No data was provided regarding local spending for goods and services for the International School of Boston.
- The **Arlington Children’s Center (ACC)**, at the Parmenter School, provides day-care and after-school services to approximately 155 children during the school year, and nearly 80% of the children are Arlington residents. ACC also operates after school programs at the Brackett School, serving 144 Arlington students. ACC currently employs 55 people in total, 21 who are Arlington residents, and include 11 who are students at Arlington High School. The Parmenter-based programs employ 42± people. Over the past year, the ACC reports that it spent \$14,800 at local businesses (not including the rent paid to the Town) and \$7,200 for parking spaces in nearby off-street lots.

If ACC’s Parmenter operation were to leave Arlington, the result would be inconvenience and additional expenses to many Arlington residents who utilize the day-care and after-school programs. Although some parents may find other alternatives in Arlington, it is unlikely that all of the children could be accommodated by local existing day care programs. Alternatively, the school could possibly relocate elsewhere in the community; however, a search of available commercial real estate listings did not find any directly comparable space available for lease at this time in Arlington.

- The **Dearborn Academy**, at the Crosby School, enrollment data for June 2009 indicated that there were no currently enrolled students from Arlington. Its enrollment includes 130 students from 44 cities and towns in eastern Massachusetts. The school's staff numbers about 100, but not all staff work at the Arlington campus at the same time.

An economic study conducted by the Schools for Children, Inc. (SFC), an Arlington based not-for-profit organization and the parent organization of the Dearborn Academy, found that Dearborn employees spend more than \$300,000 annually in the community. Additionally, Dearborn Academy spends over \$100,000 annually (exclusive of rent paid to the Town) at local businesses.

If any of the tenants left the facilities as a result of redevelopment, the result would be the loss of jobs in Arlington (which currently has a total employment base of approximately 8,000), unless the tenants relocate elsewhere in the community. As not-for-profit organizations leasing space from the Town, no property taxes are generated.

### **C. Reuse Scenarios**

The RKG team looked at a variety of alternative uses for the two properties. Because of the restrictive zoning that is in place, as well as other regulatory constraints, the redevelopment alternatives that can be realistically be considered are very limited. Any change in use that would require re-zoning (which requires a vote of Town Meeting), while possible in theory, would entail a significant amount of effort and carry a great deal of risk. A specific site plan for the properties would need to be developed and presented in order to better assess the feasibility of such a move, which was beyond the scope of this analysis. As a result, the alternative scenarios discussed here are based on potentially feasible reuses for each property, and are meant to provide an order-of-magnitude estimation of the fiscal impact on the Town, should it decide to proceed.

An initial reuse for the properties that was considered, but subsequently dropped, was conversion to commercial office space. The location of the facilities (in residential neighborhoods away from other commercial areas), current market conditions in the greater Boston market and the need for rezoning indicate that the feasibility of this option is very low.

The only potentially feasible reuse of the properties would be for them to continue as educational facilities, or to be converted to residential use. Although both buildings could potentially be converted to multi-family housing (most likely condominiums), as has happened to other former school buildings in Arlington and other communities, this would require re-zoning based on site-specific plans. Although this scenario is discussed below in order to evaluate the general impact on the Town, it may not be feasible.

Another alternative would be to demolish the existing buildings and sell the land for single-family home lots, as would be allowed by zoning. As noted below, this approach may not be feasible, particularly for the Parmenter School.

The final alternative considered for this analysis is to continue the existing educational uses either as publically owned facilities or for the Town to sell them off.

As a result, this also warranted the exclusion of another scenario, namely that of leasing the properties at higher lease rates. In 2008 the Town of Arlington and the tenants negotiated the current lease arrangements in an open process. Any future rent increase will be subject to negotiations between the parties when the current lease term ends. If leases were to be renegotiated with the existing tenants, an option of “rent to own” could be included as part of the negotiations. Both the Arlington Children’s Center (Parmenter School) and the Dearborn Academy (Crosby School) have expressed the desire to purchase their space, subject to satisfactory arrangements regarding a “rent to own” program or sufficient time to arrange independent funding for the acquisitions.

However, to suppose that an independent investor would purchase the properties, anticipating higher rents or assuming that zoning and variances could be obtained to allow leasing to other uses, is highly speculative, considering, in part, other investment alternatives available throughout the greater Boston area.

Also, an interested investor would need to consider the extent to which the “as is” condition and building code compliancy of these two properties are evaluated by the Town of Arlington. If there are significant additional investments/improvements required for these properties, that expense could further detract from an investor’s offering price. The Town may have some leeway in this matter, grandfathering the “as is” condition as satisfactory, provided, however, that the condition and compliance of the properties is subject to the jurisdiction of other authorities in addition to the Town and, particularly given their use as educational facilities that are subject to frequent recertification and inspection, a prudent investor would likely increase significantly the projected amount of “compliance expenses” for these properties. According to the Arlington building inspector, a change of use to the buildings, or any new construction, may trigger the need to comply with Architectural Access Board and Americans with Disabilities Act (ADA) requirements. The specific costs to comply with these regulations have not been estimated, but could be very substantial (handicap entrance ramps, elevators, ADA compliant bathrooms, ingress/egress, etc.).

In light of the findings of this analysis, the following potential re-positioning or redevelopment scenarios for the Crosby and Parmenter School properties are presented. It should be noted that some of these scenarios would require changes to the Town’s zoning bylaws, which would require approval by Town Meeting. These alternatives are discussed here for informational purposes only, and do not imply that such changes or approvals are recommended or possible. It should also be noted that throughout the text of this report, most quantitative data has been rounded for ease of presentation and readability. The detailed and unrounded data is generally presented in tabular format.

### **1. Scenario 1 – “As Is” Use**

The first alternative use or scenario for the two properties would be to continue their use “as is”. The economics of this are highlighted in the following Table 1 for the year 2011. As indicated in the table, the FY2011 rents (triple net)<sup>2</sup> result in a combined \$303,000 (rounded) in lease payments to the Town of Arlington. The rent levels used in the Table are the rates that were negotiated in 2008 between the Town and the tenants. The leases

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<sup>2</sup> Triple net (NNN) rent means that the tenant pays all operating and maintenance costs for the building, including utilities and any property taxes. The landlord is responsible only for structural repairs.

with the tenants began July 1, 2008 and run through June 30, 2011 (current, FY2010, total rent from the two schools is \$264,340).

**Table 1: Scenario 1 – “As Is” Use**

"As Is"	Lease SF	Lease	Rent
Use		FY2011	
<b>Crosby School</b>			
Dearborn Academy	37,156	\$3.50	\$130,046
<b>Parmenter School</b>			
ACC	8,632	\$6.00	\$51,792
ISB	14,680	\$8.25	\$121,110
<b>Subtotal</b>	<b>23,312</b>		<b>\$172,902</b>
<b>TOTAL</b>	<b>60,468</b>		<b>\$302,948</b>

Source : Town of Arlington, MA and RKG Associates, Inc.

Under this scenario, the Town would continue to be responsible for capital improvements currently budgeted at \$130,000 for Crosby and \$138,000 for Parmenter through 2014, as provided by the Town of Arlington. This alternative would continue to generate an annual cash flow to the Town’s general fund of slightly more than \$300,000 per year, with future cash flows dependent on the outcome of lease renewal negotiations.

**2. Scenario 2 – Conversion to Condominiums**

Elsewhere in Arlington and in surrounding communities, a number of former school properties have been successfully converted to residential use as condominiums. One option for the Town is to sell the properties to one or two developers under the assumption that they would be redeveloped for housing. It is the consultants’ understanding that this would require concurrence of the Town (via a 2/3rds vote through Town Meeting and the issuance of a special permit by the Redevelopment Board) in order to allow this type of use. Table 2 presents an estimate of the number of condominiums that could be realized from redevelopment of each of the two schools. The assumptions utilized in this analysis, including average size and pricing, are reflective of the prevailing market indicators.

**Table 2: Scenario 2 – Conversion to Condominiums**

Condominiums	SF	Common Area	Developable Square Feet	Avg Size	# of Units	Unit \$/SF	Total Unit \$	\$ per Unit
<b>Crosby School</b>								
Dearborn Academy	37,156	20.00%	29,725	1,500	20	\$250	\$7,431,200	\$375,000
<b>Parmenter School</b>								
ACC	8,632							
ISB	14,680							
<b>Subtotal</b>	<b>23,312</b>	<b>20.00%</b>	<b>18,650</b>	<b>1,750</b>	<b>10</b>	<b>\$300</b>	<b>\$5,250,000</b>	<b>\$525,000</b>

Source : Town of Arlington, MA and RKG Associates, Inc.

Allowing for common area to each structure (stairs, hallways, etc.), and assuming an average condominium unit size of 1,500 SF (slightly larger than the 1,300 SF average for the community) for the Crosby School, approximately 20 units could (hypothetically) be developed. The average asking price for condominium units in Arlington is around \$285/SF. In this analysis, an estimated asking price of \$250/SF is used, reflecting

location attributes of the Crosby School. This asking price indicates an approximate market value once completed of \$375,000 per unit. This analysis assumes that there is adequate parking (approximately 30 spaces or 10,000 SF) on the site.

Considering the neighborhood surrounding the Parmenter School, and the building structure, slightly larger condominiums at 1,750 SF, are assumed. Again allowing for common area use, the Parmenter School could support about ten condominium units. Pricing for these units is estimated to be \$300/SF, indicating a value of \$525,000/unit. While this price is at the higher end of the range of asking prices in Arlington, it reflects the enhanced location and architectural attributes of the Parmenter School.

It is important to note that for the Parmenter School, the consultants understand that the “upper playground” area (inclusive of the basketball court) is dedicated recreational area and public park amenity, presumably to remain as such in perpetuity. The approximate land area of this “upper playground” is 21,870 SF, or slightly more than 40% of the total Parmenter School land area. As such, whether the school could be converted into condominiums, and how many, while still meeting the off-street parking requirement is unknown and would require a detailed site review. For comparative purposes, this analysis assumes a build-out of ten residential units and the parking (assuming 1.5 spaces per unit) were to be met on-site<sup>3</sup> it could require more than 5,000 SF of the remaining land area for parking. Whether or not structured parking could be built on the site may be incompatible with Section 6.08 of the zoning regulations and would add significantly to the cost of redevelopment, thereby potentially deterring a private sector investor.

In order to estimate the residual land value of the properties, or what a developer would be willing to pay to the Town for the right to redevelop them, the cost to physically convert the properties must be subtracted from the finished market price, along with the “soft” costs that include marketing, finance, permitting, legal and a sufficient profit to the developer to take on the risks associated with such a project. These costs cannot be accurately estimated without a more specific site plan and financial analysis.

However, a common “rule of thumb” in real estate development is that the residual land value for multifamily residential development typically runs from 15% to 25% of the final price. Using 20% as an average indicates that a developer might be willing to pay approximately \$1.5 million for the Crosby School and approximately \$1 million for the Parmenter School, assuming that the properties were readily available and able to be converted to residential use. These estimates might vary widely depending on the specific plans brought forth by a developer for the sites, as well as future market considerations. Therefore these estimates should be considered as order-of-magnitude only realizing that they may vary significantly.

Given the existence of the dedicated playground, need for parking, the historic aspects of the site and building and the need for a rezoning of the site requiring a 2/3rds Town Meeting vote and approvals from the Redevelopment Board, it is unlikely that a developer would take on the conversion of the Parmenter School with this level of risk and costs without a very substantial discount to the price to acquire the properties.

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<sup>3</sup> Based on the Town requirements for parking stall sizes, aisle widths and landscaping, and assuming a very efficient parking layout, about 335 SF per parking space (not including required setbacks) would be needed.

Conversion of the Crosby School might be somewhat easier, but still entails a very high degree of risk to a developer without Town support.

### 3. Scenario 3 – Land Value for Single Family

Another development alternative considers demolition of the existing structures for traditional single family development, as presented in Table 3. Conversations with local real estate professionals indicated that there is little, if any, vacant residential land in Arlington for new development. A sampling of residential land offerings in neighboring communities (refer to Table 17) indicated an average asking price of approximately \$36/SF, which has been used in this analysis.

Arlington zoning indicates that the minimum lot size is 6,000 SF, and that there is a requirement for a minimum of 60 feet of street frontage per lot. Considering these factors, the hypothetical development potential for the Crosby School lot (exclusive of the parking lot)<sup>4</sup> is estimated to be eight lots. The Parmenter School is much more restricted and due to the exclusion of the playground area, a maximum of two conforming lots can be subdivided without requiring special permits.<sup>5</sup>

Demolition of the Parmenter School for new single family housing would also require approvals from the Pleasant Street Historic District Commission, as well as state agencies, due its inclusion in a designated historic district (see Chapter II.A.4 below), which may not be possible without extensive mitigation and/or legal costs. Demolition costs may vary but in this analysis are assumed to be \$10/SF against the gross SF of the building.<sup>6</sup> As indicated in the following Table 3, the resulting net land value for the two properties is nearly \$2.9 million, averaging \$287,700/residential lot.

**Table 3: Scenario 3 – Land Value**

Land Value	Land SF	Ask \$/SF	Ask \$	Demolition	Net	# of Lots	Net \$/Lot
Crosby School 1/	69,000	\$36	\$2,455,324	(\$401,670)	\$2,053,654	8	\$256,707
Parmenter School 2/	30,911	\$36	\$1,099,950	(\$276,160)	\$823,790	2	\$411,895
<b>TOTAL</b>	<b>99,911</b>		<b>\$3,555,273</b>	<b>(\$677,830)</b>	<b>\$2,877,443</b>	<b>10</b>	<b>\$287,744</b>
Source : Town of Arlington, MA and RKG Associates, Inc.							
1/ Excludes the playground at 89,786 SF and parking lot at 9,126 SF							
2/ Land area adjusted by excluding the "upper playground".							

Because it is located in an historic district, demolition of the Parmenter School would require approvals at the local and state levels which, while possible, would be very difficult to obtain (see Section II a (4) below for more detail). Any residual land value that a developer would be willing to pay the Town for these parcels to carry out this scenario would need to be discounted for the soft costs that would be incurred including legal services, engineering, design and developer’s profits. Therefore, the value received

<sup>4</sup> This analysis assumes the 9,000 SF parking lot, or equivalent area, is maintained as a municipal off-street parking lot.

<sup>5</sup> This assumption is based on the tax map provided as part of the Request for Proposal for this study, which indicates 128.7 feet of frontage on Irving Street, with the adjacent lot assumed to be dedicated for the playground.

<sup>6</sup> Demolition costs vary widely and are dependent on several factors including the ability to reuse materials or re-sell it for scrap value, the inclusion of any hazardous materials, the location and ability to mobilize equipment and the costs of disposal of the demolition debris. The estimate used here is in the middle of the range of \$5 to \$15 per gross square foot that the consultants have seen used in other circumstances.

by the Town if sold to a developer would be significantly less than the net value shown in Table 3. Using a typical estimate of 25% for soft costs would reduce the value of the parcels to \$1,540,000 for the Crosby School and \$620,000 for the Parmenter School (if at all feasible given its location within an historic district).

#### **4. Scenario 4 – Sell to Existing Tenants**

Another option is to sell to the existing tenants and the following summarizes the position of the individual tenants as to whether they would desire to become a property owner.

- **International School of Boston (ISB)** – Representatives of the International School of Boston indicated in July 2009 that they had no interest in purchasing the Parmenter School and that if their lease were not going to be renewed they need to start looking for alternative space. The consultants’ understanding, per subsequent interviews with representatives of the ISB, is that there is still no interest in acquiring the Parmenter School property.
- **Arlington Children’s Center (ACC)** – In a July 2009 interview, representatives of the ACC were adopting a “wait and see” position regarding the disposition of the Parmenter School and whether there was any interest in purchasing the property. However, comments in recent public meetings (December 2009) and recent correspondence indicate that the Arlington Children’s Center is interested in purchasing the Parmenter School and is open to discussions.
- **Dearborn Academy** – Representatives of the Schools for Children, which operate the Dearborn Academy, the tenant at the Crosby School, have continually expressed a desire to purchase the property should the Town of Arlington decide to sell it.

Presumably if any of these entities were to own their respective school, the properties would continue to not generate property tax revenues, as the users are tax-exempt entities. However, by divesting themselves of the school(s) the Town of Arlington would relieve itself of the responsibilities for capital improvements and whatever administrative costs are associated with the oversight of the leases and maintenance of the school(s). Whatever the terms of sale the Town of Arlington and any of these existing lessees would come to is a matter of negotiation and purely speculative at this point. However, in order to present a possible purchase price, as presented in the following Table 4, the FY2011 “as is” lease rates are “capped” at 12% and a deduction for known pending capital improvements is considered.<sup>7</sup>

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<sup>7</sup> Capitalization (cap) rates in today’s market vary widely with typical cap rates for commercial real estate varying from 6% or less (for very stable, low risk investments) to 20% or more for high-risk buildings. A cap rate in the range 12% to 15% is considered reasonable for these properties, given the age of the buildings (and the potential future need for structural improvements) and the limited market uses that can be accommodated, as well as the fact that the market and financial risks assumed by the tenants may likely be lower than that of an outside investor.

**Table 4: Scenario 4 – Sell to Existing Tenants**

Sell to Tenants	Lease SF	Lease FY2011	Rent	Cap Rate	Value	Capital Improvements	Adjusted Value	Adj. \$ per SF
<b>Crosby School</b>								
Dearborn Academy	37,156	\$3.50	\$130,046	12.0%	\$1,083,717	(\$130,000)	\$953,717	\$26
<b>Parmenter School</b>								
ACC	8,632	\$6.00	\$51,792	12.0%	\$431,600			
ISB	14,680	\$8.25	\$121,110	12.0%	\$1,009,250			
<b>Subtotal</b>	<b>23,312</b>		<b>\$172,902</b>		<b>\$1,440,850</b>	<b>(\$138,000)</b>	<b>\$1,302,850</b>	<b>\$56</b>
<b>TOTAL</b>	<b>60,468</b>		<b>\$302,948</b>	<b>12.0%</b>	<b>\$2,524,567</b>	<b>(\$268,000)</b>	<b>\$2,256,567</b>	<b>\$37</b>

Source : Town of Arlington, MA and RKG Associates, Inc.

Under these assumptions the estimated value of the Crosby School is approximately \$954,000 or \$26/SF, while the estimated value for the Parmenter School is approximately \$1.3 million or \$56/SF. The combined estimated value is slightly less than \$2.3 million or \$37/SF.

**5. Value Comparisons of Scenarios**

Table 5 presents a comparison of the estimated values for each of the school properties. As indicated for the Crosby School, the estimated values range from approximately \$954,000 (sell to existing tenants) to \$2.1 million (condominiums). For the Parmenter School the range of estimated values is approximately \$825,000 (land) to \$1.3 million (sell to tenants). As discussed in the previous sections, these values are based on a range of assumptions regarding the possible redevelopment of the properties, including the need for rezoning or demolition, which may or may not be possible. Additionally, it is the consultants’ understanding that if the Town of Arlington were to sell the properties an independent appraisal would be required.

**Table 5: Comparison of Value Estimates by Scenario**

Scenario	Estimated Value	
	Crosby School	Parmenter School
"As Is"	NA	NA
Condominiums (Residual Land Value)	\$1,486,240	\$1,050,000
Land Value as Single Family Lots	\$2,053,654	\$823,790
Sell to Tenants	\$953,717	\$1,302,850

Source : Town of Arlington, MA and RKG Associates, Inc.

The value estimates provided in Table 5 also carry differing degrees of risk to the Town. As stated, the scenarios that require rezoning carry the political risk of not being allowed. Similarly, any changes to the Parmenter School that requires the approval of the Pleasant Street Historic District Commission (as well as possible state approvals) is also subject to additional levels of risk. In addition, the current market uncertainty that prevails adds another level of risk to any potential developer that might be interested in participating with the Town on such a project.

Table 6 illustrates the comparative risks of the redevelopment alternatives that are presented, in the opinion of the consultants. The lowest risk approach would be to

continue “As-Is” leasing the facilities to the existing tenants, representing an annual cash flow of approximately \$300,000 after accounting for known capital improvements. A point that was brought up during the analysis is the “value” of this cash flow stream to the Town. If used to service bonded debt, the net rental stream might support about \$4-\$5 million of debt obligations, depending on interest rates and Town policies.

**Table 6 - Risk Consideration of Alternatives**

Scenario	Risk to Town	
	Crosby School	Parmenter School
"As Is"	LOW	LOW
Condominiums (Residual Land Value)	MODERATE	HIGH
Land Value as Single Family Lots	MODERATE	HIGH
Sell to Tenants	LOW	LOW
Source : RKG Associates, Inc.		

Selling the buildings to the tenants to allow them to continue to operate (if they are interested and willing) is also considered a relatively low risk approach. This scenario could potentially generate approximately \$2.2 million for the Town (if both properties sold). Converting the facilities to other uses, either through conversion to residential condominiums or demolishing the buildings and selling single family lots, are options that carry a higher degree of risk, due to the need for rezoning and approvals, as well as market conditions. These options also would generate a one-time return to the Town similar to the other options.

## II. MARKET INDICATORS

This chapter presents an overview of the two Town-owned schools, Crosby and Parmenter, as well as their locational attributes, including a discussion of historic district impacts and considerations. Selected demographics, including population and income are also presented for the Town of Arlington. Considering the restrictive zoning regulations for these two properties, the brunt of the real estate market research is focused on residential uses. Summary interviews with local real estate professionals and with tenants of the two properties are also presented. Also, existing and projected traffic and parking, as developed by VHB, Inc., are included.

### A. Location and Overview

Both the Crosby School and the Parmenter School are located in Arlington Massachusetts, a community of 41,000 persons, about six miles northwest of Boston. Arlington is primarily a residential community. Massachusetts Avenue, a primary arterial, links this community to Boston, as does Route 2 (to the south) another major roadway through the area. The proximity of Arlington to Boston proper, as well as its accessibility, and reputation for quality schools, have worked to maintain the Town as a highly desirable residential community.

#### 1. Crosby School

The Crosby School is located at 34 Winter Street (map-block-lot 28-3-18, per Town assessment records) and is a two-story structure of approximately 40,167 gross square feet (SF). The Crosby School and associated surface parking comprise approximately 69,000 SF and 9,126 SF of land, respectively (or 1.8-acres). The adjacent public recreation space (not considered for redevelopment) comprises another 89,786 SF (or 2.1-acres).

The Crosby School is located (fronts) on Winter Street, a one-way street connecting Massachusetts Avenue and Broadway. The rear of the school and the property is to Oxford Street, also a one-way street. The surrounding land uses near the Crosby School include the public recreation space and residential uses, primarily two-family housing as presented in Table 7.

**Table 7: Land Use along Winter Street and Oxford Street – Crosby School**

Winter and Oxford Street	Count	% of Count	Total Assess	Finished SF	Assess/SF
Single Family	7	10.3%	\$3,351,600	14,250	\$235
Two Family	39	57.4%	\$22,113,600	107,411	\$206
Apartments	4	5.9%	\$3,133,000	21,866	\$143
Condos	18	26.5%	\$7,324,800	34,905	\$210
<b>Totals or Averages</b>	<b>68</b>	<b>100.0%</b>	<b>\$35,923,000</b>	<b>178,432</b>	<b>\$201</b>

Source : Town of Arlington Assessor and RKG Associates, Inc.

As indicated, two-family units and condos account for more than 80% of the residential uses along Winter Street and Oxford Street. The average assessment values for all of these residential uses is \$200/SF (finished area), with condominiums slightly greater.

Massachusetts Avenue is within walking distance of the Crosby School, and offers a cinema, restaurants and assorted service and other retail, as well as access to the Spy Pond Park. The Crosby School is also within a quick drive of Routes 2, 2A, 3 and 16, offering access to Boston and other destinations. The Crosby School is tenanted by the Dearborn Academy, which provides a comprehensive range of services to students with emotional, social and learning disabilities. School-year enrollment is approximately 130 students. The property is owned by the Town of Arlington, and the FY2010 lease to the Dearborn Academy is \$3.05/SF.



**Figure 1 – Exterior View of the Crosby School in Arlington, MA**

## **2. Parmenter School**

The Parmenter School is located at 17 Irving Street (map-block-lot 130-1-26.A, per Town assessment records) and is a two-story structure of approximately 27,616 gross SF, situated on approximately 52,781 SF of land (the entire lot), indicating a FAR of 52.3%. The Parmenter School is in a residential section of Arlington (primarily single-family). Irving Street, a one-way street by the school, flows into Pleasant Street. As indicated in Table 8, the primary land use is single-family residential, with an average assessment value of \$275/SF. This is approximately \$40/SF greater than single-family residential surrounding the Crosby School. Similarly, condominium assessments surrounding the Parmenter School are \$40/SF greater when compared to the Crosby School.

It is also important to note that for the Parmenter School, the consultants understand that the “upper playground” area is a dedicated public park amenity, presumably to remain as such in perpetuity. The approximate land area of this “upper playground” is 21,870 SF, or slightly more than 40% of the total Parmenter School land area, which could impact any future reuse or redevelopment from either a physical or financial perspective, or both.

**Table 8: Land Uses along Irving Street – Parmenter School**

Irving Street	Count	% of Count	Total Assess	Finished SF	Assess/SF
Single Family	16	76.2%	\$10,161,700	36,914	\$275
Two Family	2	9.5%	\$1,657,400	8,265	\$201
Apartments	1	4.8%	\$1,360,300	8,632	\$158
Condos	2	9.5%	\$764,900	3,015	\$254
<b>Totals or Averages</b>	<b>21</b>	<b>100.0%</b>	<b>\$13,944,300</b>	<b>56,826</b>	<b>\$245</b>

Source : Town of Arlington Assessor and RKG Associates, Inc.

The Parmenter School is tenanted by the International School of Boston (ISB) where the education mission includes integrating French language and culture as part of the student’s education. Enrollment at this Arlington facility is 140 to 145 students. The Town of Arlington currently (FY2010) receives \$7.20/SF rent. The Parmenter School is also home to the Arlington Children’s Center, providing pre-school, day-care and after-school services to an approximate 155 children, ranging in age from 2 to 11 years. The Arlington Children’s Center currently (FY2010) leases space at \$5.25/SF.



**Figure 2 – Exterior View of the Parmenter School in Arlington, MA**

**3. Zoning**

The Crosby School property and the Parmenter School property, are in the R1-Single Family Zoning District, where the “predominant use is single-family dwellings and public land and buildings”. The following Table 9 presents a summary of allowable uses within this zoning district, as may be applicable to re-positioning of the two schools. Overall, the existing zoning is rather restrictive. Many of the presumable allowable uses for institutional and educational uses, if tax exempt, would not result in Arlington realizing any increase in real estate tax revenues. Additionally, according to the zoning bylaws if a single developer were to subdivide a single property into six or more lots for single-family housing, that a special permit would be required and that 15% of the eventual housing units would be required to be affordable. As such, this could also impact a developer’s initial purchase price or offering for the property.

**Table 9 : Use Regulations per Zoning – Arlington, MA**

Arlington, MA		R1
Uses Allowed per Zoning		Zone
<b>Residential</b>		
Single Family		Yes
6 or more SFDU on 1 Lot		Special Permit
<b>Institutional/Educational</b>		
Non-Profit Facility		Special Permit
Nursing Home		Special Permit
Day Care/Child Care		Special Permit
Educational		Special Permit
Library, Museum		Special Permit
Municipal Parking		Special Permit

Source : Town of Arlington, MA and RKG Associates, Inc.

The minimum lot size in the R1 zone is 6,000 SF (Table 10), indicating that the Parmenter School property (also considering constraints of continued recreational use) could theoretically be divided into two parcels. The Crosby School property (exclusive of the park/recreation land) could theoretically be divided into eight parcels.

**Table 10 : Zoning Requirements – Arlington, MA**

	Zoning District	Minimum Lot SF	Required Frontage	Maximum Lot Coverage	Building Height	Landscape Minimum	Potential Lots
Parmenter	R1	6,000	60	0.35	2.5	30.00%	2
Crosby	R1	6,000	60	0.35	2.5	30.00%	8

Source : Town of Arlington, MA and RKG Associates, Inc.

**4. Historic District Considerations**

The Parmenter School is within the Pleasant Street local historic district. Demolition of the Parmenter School and construction of new buildings on the property, or any change to the exterior of the existing buildings or related site improvements, will also entail review and approval by the Pleasant Street Historic District Commission.<sup>8</sup> The Commission’s purposes are to protect and preserve the distinctive characteristics of buildings and places important in Arlington’s history; to maintain and improve their settings and to ensure that new construction is compatible with existing buildings and their historic relationship to other buildings in the vicinity. If alteration, demolition, or new construction is proposed, the Commission will be interested in understanding the reasons for such action and would consider the appropriateness of such action(s). It is the project proponent’s responsibility to show why alteration or demolition would be appropriate and consistent with the Commission’s mission, as it is assumed that structures in local historic districts should not be demolished. Only after a demonstration of the appropriateness of demolishing all or part of a building or structure subject to Commission review, will any proposed new construction be reviewed based on considerations of appropriateness of the size and shape of the building or structure both in relation to the land area upon which the building or structure is situated and to buildings and structures in the vicinity. The Commission

<sup>8</sup> Each local historic district in Arlington is overseen by a separate Commission.

may, in appropriate cases, impose dimensional and set-back requirements other than those required by the Zoning By-Law.

The school building's inclusion in this district also places it in the State Register of Historic Places. The school, however, is not listed in the National Register of Historic Places. If there is any state involvement in the project, such as permits, funding, approvals, or licenses, the Massachusetts Historical Commission is required to review the effects of the project on any properties listed in the State Register of Historic Places.

MGL Chapter 9, Section 27C (Chapter 254 review) requires that projects permitted, licensed, or funded by state bodies be reviewed by the MHC to identify potential impacts to historic and archaeological resources included in the State Register of Historic Places. This review is mandated whether or not buildings or structures are in the project area. Since Parmenter School is in the State Register of Historic Places, the proposed alteration, demolition and new construction project will require review by the MHC under Chapter 254. The demolition of Parmenter School may be found to be an adverse effect by the MHC.

This finding will mean that the project proponent will have to consult with the MHC and consult other parties (Pleasant Street Historic District Commission) to find ways to avoid, minimize, or mitigate the adverse effect. Typically, MHC will request that studies be conducted and submitted which show why the building cannot be re-used in the proposed development. The consultation process ends when the project proponent, MHC (the state agency which provided funding or required the permit that triggered the review) and the consulting parties agree that there is no feasible alternative to the adverse effect. A Memorandum of Agreement (MOA) is then prepared by MHC that contains this agreement and stipulations (mitigation) to mitigate the adverse effect. Typically these mitigation items can include photographic recordation of the building prior to demolition, an exhibit on its history, or salvage of certain architectural elements.

In terms of the National Register, the Parmenter School is not listed in the National Register of Historic Places. As noted, it is included within the Pleasant Street Historic District, which is a local historic district subject to the regulations and review of the Pleasant Street Historic District Commission. Any proposed alterations, including demolition, of any property in the historic district are subject to review and approval. Local historic districts in Massachusetts are also included within the State Register of Historic Places. There is a National Register district in the vicinity of the school which does include Academy Street, but the boundaries specifically excluded the school property. Additionally, the school building is within the Academy Street Area (ARL.AE), which means that it is in the Inventory of Historic and Archaeological Assets of the Commonwealth (the Inventory). Properties that are within either the Inventory or the State Register are subject to Chapter 254 review, the state law that requires MHC review of any project with state involvement that may impact historic properties.

## **B. Selected Demographics**

Arlington is a residential community of 41,000 persons (note Table 11) six miles northwest of Boston and 5.5 square miles in area. Massachusetts Avenue, a primary arterial, links this community to Boston, as does Route 2 another major roadway through the area.

**Table 11: Selected Demographics – Arlington, MA**

	1990	2000	2008	2013	% Change 2008 - 13
<b>Population</b>	44,630	42,389	41,100	40,205	-2.2%
<b>Households</b>	18,819	19,011	18,075	17,472	-3.3%
<b>Avg HH Income</b>	\$50,546	\$76,650	\$92,912	\$107,028	15.2%
<b>Age Distribution</b>					
less than 20	8,291	8,284	7,877	7,384	-6.3%
20 to 34	12,470	9,100	7,515	7,162	-4.7%
35 to 64	15,927	17,875	18,645	18,155	-2.6%
65 and older	7,933	7,130	7,063	7,504	6.2%

Source : DemographicsNow and RKG Associates, Inc.

As indicated, while the population of Arlington is projected to decline by less than 1,000 persons by 2013, the elderly age cohort, those aged 65 and older, is projected to grow. In other words, Arlington is projected to lose population among those in their family formation years (20 to 34) and those in their peak earning and consumption years (35 to 64). This overall population decline is also reflected in a projected loss of households. The average household income, at nearly \$93,000 in 2008 is projected to increase to slightly more than \$107,000 by 2013. Data provided by the Arlington School Committee indicated a 3% rise in the number of enrollments between 2007 and 2009, which typically suggests growth in the 20-34 year age bracket, counter to the population estimates shown Table 11. This may be due to local conditions not captured in the regionally-derived demographic (Census) data.

### C. Residential Indicators

This section presents baseline residential indicators including building permit activity, homes sold and offered, as well as a summary of interviews with local real estate professionals.

#### 1. Building Permits

Over the last five years (Table 12), there has been an annual average of ten building permits for single-family residential developments, averaging \$167,700 in value. Each year since 2004, except for 2008, has attained ten permits per year. Similarly, for other types of residential building, i.e., multi-units, Arlington averaged 52 permits annually, with an average value of \$90,200. The trends in building permit data for multi-family residential has generally been more consistent than for single-family activity.

**Table 12: Building Permit Data for Arlington, MA**

Building Permit	2004	2005	2006	2007	2008	Average
<b>Activity - Residential</b>						
Single-Family Units	13	12	11	10	3	<b>10</b>
Value	\$2,185,000	\$2,009,193	\$1,843,695	\$1,675,914	\$502,791	<b>\$1,643,319</b>
Avg Value/Unit	\$168,077	\$167,433	\$167,609	\$167,591	\$167,597	<b>\$167,686</b>
All Other Units	55	59	58	38	49	<b>52</b>
Value	\$5,179,450	\$5,442,133	\$5,140,578	\$3,354,656	\$4,241,524	<b>\$4,671,668</b>
Avg Value/Unit	\$94,172	\$92,240	\$88,631	\$88,280	\$86,562	<b>\$90,187</b>

Source : US Census Bureau and RKG Associates, Inc.

## 2. Residential Sales

Since 2004, there has been a monthly average of 25 single-family homes sold in Arlington (Table 13). The average selling price for these single-family homes is \$480,600. The peak year was 2004, with 370 home sales; however, in 2005 the average selling price for single-family homes exceeded \$500,000. The current (first six months) year-to-date selling price is slightly less than the average. As also indicated, there has been a monthly average of 20 condominium units sold over this time, at an average selling price of \$348,600. The peak year for condominium sales, both in absolute sales and average pricing was 2005.

**Table 13: Residential Sales for Arlington, MA**

Residential Sales							Monthly
Arlington, MA	2004	2005	2006	2007	2008	2009 YTD	Average
<b>Single Family</b>							
Units	370	308	338	312	248	101	25
Average \$	\$474,200	\$502,500	\$486,000	\$471,000	\$475,000	\$475,000	\$480,617
<b>Condominiums</b>							
Units	170	310	280	227	253	86	20
Average \$	\$312,000	\$368,225	\$355,000	\$354,500	\$349,500	\$352,000	\$348,538

Source : Banker & Tradesman and RKG Associates, Inc.

## 3. Residential Offerings

A review of multiple listings for residential properties, through June 2009 (Table 14) indicates there were 55 single-family units available and being marketed. The typical asking price was \$552,400 for a three-bedroom, two-bath unit. The average single-family home being marketed was 2,000 SF in size, with an asking price equating to \$276 per SF. The range of offerings was from \$275,000 to approximately \$1.1 million.

**Table 14: Residential Offerings for Arlington, MA**

Residential Listings		Average	Average	Average	Average	Ask	Average
Arlington, MA	Count	Ask \$	Bedrooms	Bath	SF	per SF	Acreage
Single-Family	55	\$552,391	3	2.0	2,005	\$276	0.16
Condominiums	54	\$373,851	2	1.6	1,317	\$284	NA
Multi-Family	11	\$613,955	5	NA	2,495	\$246	NA

Source : Town of Arlington website and MLS, and RKG Associates, Inc.

The search also revealed 54 condominiums being actively marketed, at an average asking price of slightly less than \$375,000 (the range was from \$114,000 to \$720,000). The typical condominium being marketed is a two-bedroom unit, with one-bath and about 1,320 SF in area, at a \$285/SF asking price. These asking prices are generally above the average assessed value for similar properties in Arlington, as indicated in Table 15.

**Table 15: Average Assessed Values versus Asking Prices - Arlington, MA**

Average Assessed Parcel Values	FY07	FY08	# Change	%Change	Asking Price(s)	
					from MLS	vs FY08
Single-Family	\$486,431	\$475,290	(\$11,141)	-2.3%	\$552,391	\$77,101
Condominium	\$306,986	\$302,308	(\$4,678)	-1.5%	\$373,851	\$71,543
Two-Family	\$576,390	\$556,974	(\$19,416)	-3.4%	\$613,955	\$56,981
Apartments	\$1,656,664	\$1,694,282	\$37,618	2.3%	NA	NA
Residential Land	\$77,835	\$75,762	(\$2,073)	-2.7%	NA	NA
Source : Town of Arlington and RKG Associates, Inc.						

#### 4. Arlington Condominium Developments

An Internet search indicated numerous condominium developments in Arlington, excluding conversions of two or three-family units. Although the listing presented in the following Table 16 is not exhaustive of all condominium projects in Arlington the listing represents more than 1,000 units. The average size of the units in these developments ranges from 780 SF to 2,500 SF, with pricing in the \$250,000 to \$415,000 range.

**Table 16: Selected Condominium Developments in Arlington, MA**

Condominium Developments in Arlington, MA	Unit Size SF		Pricing		Year Built or Converted	# of Units
	Low	High	Low	High		
Avenue 264	700	1,500	\$300,000	\$500,000	2005	27
Arizona Terrace	500	600	\$150,000	\$200,000	1981	118
Colonial Village	500	1,000	\$150,000	\$250,000	1981	144
Cutters Mill	2,000	2,250	\$450,000	\$600,000	2001	22
Cutter School	800	1,250	\$250,000	\$450,000	1982	35
Kentwood	800	1,000	\$250,000	\$400,000	1972	64
Heritage Square	1,750	2,500	\$500,000	\$800,000	NA	NA
The Irvington	1,000	2,500	\$250,000	\$500,000	1906	17
The Locke School	NA	NA	\$250,000	\$500,000	1984	39
230 Mass Avenue	600	800	\$150,000	\$250,000	NA	NA
Millbrook Condos	600	1,250	\$200,000	\$350,000	1983	99
Minuteman Village	NA	NA	\$450,000	\$500,000	NA	NA
47 Mystic Street	500	1,000	\$150,000	\$300,000	NA	NA
Old Colony Lane	400	1,000	\$100,000	\$250,000	NA	NA
114 Pleasant Street	600	800	\$200,000	\$300,000	1980	27
128 Pleasant Street	600	1,000	\$200,000	\$300,000	1981	36
12 Pond Lane	600	1,250	\$200,000	\$350,000	1979	42
The Rembrandt	800	1,250	\$250,000	\$350,000	1989	45
Russell Place	800	2,250	\$400,000	\$600,000	2003	40
Spy Pond Condos	600	1,250	\$200,000	\$500,000	1970	142
One Watermill Place	600	1,250	\$250,000	\$450,000	1998	130
<b>Averages or Total</b>	<b>776</b>	<b>1,353</b>	<b>\$252,381</b>	<b>\$414,286</b>		<b>1,027</b>
Source : Realtor and internet websites and RKG Associates, Inc.						

## 5. Medford Schoolhouse Condominiums

Several former schoolhouse properties in neighboring Medford have been converted to condominium projects<sup>9</sup>, as summarized next.

- **The Gleason School** – This property (at 160 Playstead Road – note photo) was converted in 2006 into an 8-unit condominium project, with sizes ranging from 1,200 SF to 2,800 SF, and including two and four-bedroom units. There is a common patio area and a “play” yard. This property is near the commuter rail. Market rate units sold for \$440,000 to \$640,000. According to the MLS listing, two units are available, both at 2,730 SF in area. One is a 4-bedroom, 3-bath unit, and the other a 3-bedroom, 3-bath unit (asking prices were undisclosed).
- **The Swan School** – This property (at 75 Park Street – note photo) was converted in 2006 into a 15-unit condominium complex, with sizes ranging from 1,000 SF to 3,700 SF. The units include oak floors, central air, two parking spaces and a gas fireplace. The building is equipped with an elevator. Selling prices ranged from \$450,000 to \$585,000. According to MLS listings, two units are available. One unit is a 3-bedroom and 3.1 –baths, asking price of \$629,000 for 3,724 SF (\$169/SF). The second unit is 1,569 SF, with 3-bedrooms, 2.1 baths, asking \$565,000 (\$360/SF).
- **The Franklin School** – This property (at 68 Central Avenue – note photo) was converted to a 20-unit condominium complex in 2006. Most units are 2-bedroom, 2-bath and range in size from 900 SF to 2,000 SF. These units include maple cabinets, granite counter tops and stainless steel appliances in the kitchen. The building is equipped with an elevator, and first floor units have private patios. According to MLS listings, two units are available: one is 1,156 SF with an asking price of \$399,000 or (\$345/SF); the other is 1,419 SF with an asking price of \$374,500 (\$264/SF).
- **The Kennedy Lincoln School** – This property (215 Harvard Street) is currently being converted, with new townhouses being built and marketed. The phase two development is to include condominium conversion of the former school.



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<sup>9</sup> Please refer to <http://centersandsquares.com/?s=medford+schoolhouse+condos>.

- **The Hervey School** – This property (at Sharon and Holton Streets – note photo) is in West Medford near the Mystic River. It was converted into an 8-unit complex. The average condos range in size from 1,000 SF to 2,600 SF, the complex includes an exercise room. Market rate units sold for \$369,000 to \$476,000.
- **The Medford High School Condos** – This property (48-64 Forest Street) has been converted into a 100-unit condominium complex, including 2-room loft units to 2,000 SF loft units. There is garage parking, central air, an elevator, a tennis court and an indoor pool. Reportedly over the last couple of years, units have sold from \$162,000 to \$256,000.



**6. Land for Sale**

A search of Internet listings found 17 residential parcels for sale in neighboring towns (in Table 17), with an average lot size of 18,100 SF and asking price of \$36 per SF.

**Table 17: Residential Land for Sale**

Residential Land For Sale	Acres	Asking Price	Price / Acre	SF of Land	Asking \$ per SF
<b>Lexington</b>	0.28	\$345,000	\$1,232,143	12,197	\$28
	0.42	\$898,000	\$2,138,095	18,295	\$49
	0.61	\$499,500	\$818,852	26,572	\$19
	0.68	\$629,000	\$925,000	29,621	\$21
	0.68	\$849,000	\$1,248,529	29,621	\$29
	0.69	\$450,000	\$652,174	30,056	\$15
	0.70	\$950,000	\$1,357,143	30,492	\$31
<b>Average</b>	<b>0.58</b>	<b>\$660,071</b>	<b>\$1,138,054</b>	<b>25,265</b>	<b>\$26</b>
<b>Winchester</b>	0.12	\$495,000	\$4,125,000	5,227	\$95
	0.50	\$929,000	\$1,858,000	21,780	\$43
	0.86	\$1,095,000	\$1,273,256	37,462	\$29
<b>Average</b>	<b>0.49</b>	<b>\$839,667</b>	<b>\$1,702,027</b>	<b>21,490</b>	<b>\$39</b>
<b>Medford</b>	0.11	\$315,000	\$2,863,636	4,792	\$66
	0.17	\$139,000	\$817,647	7,405	\$19
<b>Average</b>	<b>0.14</b>	<b>\$227,000</b>	<b>\$1,621,429</b>	<b>6,098</b>	<b>\$37</b>
<b>Cambridge</b>	0.08	\$224,900	\$2,811,250	3,485	\$65
	0.23	\$775,000	\$3,369,565	10,019	\$77
	0.31	\$1,100,000	\$3,548,387	13,504	\$81
<b>Average</b>	<b>0.21</b>	<b>\$699,967</b>	<b>\$3,386,935</b>	<b>9,002</b>	<b>\$78</b>
<b>Belmont</b>	0.20	\$350,000	\$1,750,000	8,712	\$40
	0.42	\$900,000	\$2,142,857	18,295	\$49
<b>Average</b>	<b>0.31</b>	<b>\$625,000</b>	<b>\$2,016,129</b>	<b>13,504</b>	<b>\$46</b>
<b>ALL Average</b>	<b>0.42</b>	<b>\$643,729</b>	<b>\$1,550,057</b>	<b>18,090</b>	<b>\$36</b>

Source : Homes For Sale in MA.com and RKG Associates, Inc.

Conversations with representatives of the Arlington assessor's office indicated that there is little, if any, available residential land in Arlington, and that pricing of such land would be speculative.

## **D. Interviews**

A summary of the interviews conducted with local real estate professionals, and with existing tenants of the Crosby School and the Parmenter School, are presented next.

### **1. Real Estate Professionals**

As part of this research, the consultants spoke with several local real estate professionals to garner their input on existing market conditions in Arlington, with a focus on residential, and the two school properties specifically. To summarize these conversations:

- **Coldwell Banker** – Two other former schools in Arlington had been converted to condominium projects several years ago, including one on Park Avenue and another on School Street. According to the broker interviewed, both of these former school properties were able to retain their “character” when converted to residential use. The representative indicated that there is still some need for condominium development in Arlington, although the present economy has dampened demand for the time being. Currently, single-family housing is moving better than condominium development. Condominium development is attractive to the first-time homebuyer, which is a declining market segment in Arlington. The agent stated there is potential for repositioning the Crosby School for residential development; however, given the location and neighborhood dynamics of the Parmenter School, residential conversion is less of an option.
- **ERA** – Single-family housing, even in communities such as Arlington, is very affordable at this time, and the buying public is attracted to old schools that have been converted to condominiums, particularly if some of the “old character” remains. The neighborhood off of Massachusetts Avenue where the Crosby School is located is suited to condominium development, more so than single-family development. The costs of conversion, upgrading and the like would all have to be figured into any eventual asking price for a “Crosby condominium”. However, the market indicates that 1,000 SF condominiums are available for the low \$300,000's.
- **Century 21** – Arlington is an attractive residential market and has generally weathered the economic downturn well. Considering location (and pricing), many residential units in Arlington are receiving multiple offers, and often sell above the list price. The condominium market is strong, and nice space (1,000 to 1,500 SF) could command prices in the mid \$300,000 range. Many home buyers like, and prefer, the look of converted old buildings, such as the two schools. Also, townhomes are a possibility, notably for the Crosby School. The real estate professional interviewed indicated a recent sale of a condominium near the Parmenter School, adding that the new owners appreciated the one-way street aspect. In working the neighborhood, the realtor also commented that some neighbors may be opposed to further condominium development, but that others were opposed to a

school. Finally, even though zoning could be changed to allow more flexibility of uses, most developers prefer the safe route, which is residential development in Arlington.

- **Coldwell Banker (Cambridge)** – Conversations with this real estate professional indicated that the Arlington residential market goes against the grain for what is occurring elsewhere; in other words, the demand for housing in Arlington, particularly for first time home-owners, remains robust. Arlington is a very desirable location, in part due to its proximity to Boston and its quality of schools.

## 2. Tenant Interviews

The following summarizes tenant interviews of the two former school properties.

- **Arlington Children’s Center (ACC)** – The ACC provides services to approximately 75 to 100 students (summer enrollment) at this location. According to representatives of the ACC, the school year enrollment is 155 and growing with nearly 80% of the students being Arlington residents. The typical students range from 2 to 11 years in age and after-school services (for approximately 168 children) are provided from 2:00 p.m. to 6:00 p.m., as well as a summer camp and services. Employment at ACC (Parmenter based) is 42± persons. The ACC operates another facility in Arlington, accommodating approximately 168 children in an after-school program. Currently, the ACC comprises about one-third of the Parmenter School property. Conversations with ACC representatives indicated that while there are other child care centers/providers in Arlington, potentially with some excess capacity, they could not adequately accommodate or absorb the children from the ACC. were it to leave Arlington<sup>10</sup>. Whether existing and suitable alternative space is available in Arlington is unknown. However, an Internet search (using LoopNet) of Arlington revealed no other similar properties currently for lease).<sup>11</sup>. Any potential closing and/or relocation of the ACC (Parmenter based) could impact 120± Arlington children, and their family’s ability to obtain similar, local child care services.
- **International School of Boston (ISB)** – The ISB is the tenant for the remainder of the Parmenter School, offering a bilingual (French-English) education to approximately 140 to 145 students at this facility. Their main campus is in Cambridge and total enrollment is around 570 students. Approximately 17% of the students, at the Parmenter School are Arlington residents. The staff for both campuses is estimated to be 135. A summer program of 20 to 25 students is offered at the Arlington (Parmenter School) campus. Overall enrollment has increased somewhat in the last couple of years. The Parmenter School facilitates pre-school/kindergarten, and at present the size of the facility is adequate. However, there is no room to expand and there is no room to consolidate with the Cambridge campus. Additionally, no sports facilities or science labs are available. The ISB owns its Cambridge facility/campus, but has expressed no desire to acquire the Parmenter School, if the Town were to make it available. Reportedly, representatives

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<sup>10</sup> An Internet web link provided Mass.gov indicated that there were 18 other day care providers in Arlington licensed to provide services to 50+ children.

<sup>11</sup> The LoopNet search did indicate the former Parker School building, at 124 Watertown Street in Watertown, was available for lease. The property is listed as 8,400 SF, with an asking rent of \$2.63 psf, as listing # 16482628.

of the ISB are encouraging the Town to make a decision this year (December 2009) as to whether or not their lease will be renewed. If not, indications are that the ISB will seek alternative space (making the question of social impacts moot) presumably that is more modern and offers sports facilities and science labs. Whether such alternative space exists in Arlington is unknown and beyond the scope of this analysis. An Internet search (using LoopNet) of Arlington revealed no such properties for lease at this time.

- **Dearborn Academy** – The Dearborn Academy, operated by Schools for Children, Inc., is the single user of the Crosby School, and it utilizes the entire space. The Dearborn Academy serves approximately 130 students. The student to teacher ratio is low, as most students require special attention, the staff includes 100 persons. The school operates year-round; however, the summer program runs about eight weeks and serves approximately 30 students. While current enrollment data does not indicate any Arlington students at Dearborn Academy, historic data provide by the SFC suggests that there is an average of two Arlington students over a ten-year period. Assuming that this average is maintained, and if this school were not located in Arlington, the costs associated with transporting Arlington students elsewhere would be borne by the Arlington School district, estimated to be \$20,000 by the Schools for Children.

## **E. Traffic and Parking**

This section describes the existing conditions and the two properties and estimates the changes that might occur under alternative uses.

### **1. Parmenter School**

The Parmenter School currently houses two tenants: the Arlington Children’s Center (ACC) and the International School of Boston (ISB). The ACC serves about 155 students ranging in age from 2 to 11. Average daily attendance is 123 of which 25 are school age children who mostly arrive by bus. Nearly 80% of the children are from Arlington. Most are dropped off in the morning and picked up in the late afternoon by private vehicle. Staff size for the ACC (Parmenter based) is 42, including 11 students from Arlington High School. The ISB offers bilingual education to approximately 140-145 pre-school/kindergarten students. Approximately 20% are from Arlington and most are dropped off and picked up in privately owned vehicles. Staff size for the ISB is 30.

#### **a) Existing Conditions**

The Parmenter School is located in the northeast corner of the intersection of Academy Street and Irving Street, about one block west of Route 60 (Pleasant Street). No parking is provided on-site. The ACC rents ten parking spaces from their neighbors, Monday through Friday, to alleviate on-street parking. All parking for ISB and the remaining parking for ACC, is on-street, including the west side of Academy Street, the north side of Irving Street near Pleasant Street and west of Ravine Street, and on the east side of Ravine Street. The north side of Irving Street and the east side of Academy Street adjacent to the Parmenter School are used for student drop-off and pick-up. A count of parked vehicles on area streets on a

Wednesday at 1:00 p.m. indicated 26 parked vehicles that appeared to be associated with the Parmenter School.

Since most students<sup>12</sup> are dropped off or picked up in private vehicles, an estimated 200 vehicles arrive and depart in the morning peak period (7:30 – 9:30 a.m.). Total volume, including employees<sup>13</sup> arriving at work, is estimated to be 260-vehicles arriving and 200-vehicles leaving in the morning peak period for a total of 460-vehicle trips. Unless a car stays, it is considered a vehicle trip both when it arrives and when it leaves. In this analysis, 200 student drop-offs in the morning and 200 parent departures (after dropping off the students) reflect 400-vehicle trips. The remaining 60 vehicle trips reflect the teachers and staff that arrive in the AM and stay. A lesser volume of traffic occurs in the evening peak period (4:00 - 6:00 p.m.) because ISB students leave before that time and some ACC students only attend for a half day (resulting in some pick up activity in the middle of the day).

**b) Alternative Uses**

Two alternative uses of the Parmenter School were analyzed for their potential impact on traffic and parking needs for the site including conversion to condominiums and continued use by the schools. Continued leasing or purchase of the building by the schools would have no impact on existing traffic or parking conditions. Table 18 shows the projected trip generation for residential use as well as for the existing use. The existing use generates far more trips than the residential use in both peak periods as well as on a daily basis. The residential use would generate only a few trips in either the morning or evening peak hour. In the summer, school traffic is reduced because of lower enrollment. The residential use would add traffic on weekends. Currently, there is little traffic generated by the school on weekends.

**Table 18 - Parmenter Trip Generation and Parking Demand**

Time Period	Existing <sup>1</sup>	Residential (10 units) <sup>2</sup>
Weekday		
Daily	1,000	59
Morning Peak Hour	460	4
Evening Peak Hour	225	5
Saturday Daily	Negligible	57
Sunday Daily	Negligible	48
Parking Demand	—	15

1. VHB estimate based on enrollment and parking count  
 2. Institute of Transportation Engineers, Trip Generation, 8th Edition, Washington D.C., 2008, LUC 230 (Residential Condominium/Townhouse)

<sup>12</sup> Conversations with representatives of ACC indicate that 93 of the 123 students are dropped off in the morning.  
<sup>13</sup> Conversations with representatives of ACC also indicate that approximately 35 employees drive to work.

Parking for residential use is estimated to be 15 spaces based on a requirement of 1.5 spaces per unit. Since it is projected that the residential units would average 1,750 SF, it is assumed that they would be two-bedroom units. The Town Zoning requires 1.5 spaces per unit for apartment houses, which appears to be the closest residential use in the code to the residential alternative. Using 335 SF per space, 15 spaces would require just over 5,000 SF.

## **2. Crosby School**

The Dearborn Academy currently occupies the Crosby School building. The Academy is a school for special needs student that range in age from 6 to 22. Its enrollment includes 130 students from 44 cities and towns in eastern Massachusetts. The school's staff numbers about 100 but not all work at the Arlington campus at the same time. Most students arrive by van or station wagon with many of the vehicles carrying multiple students. Some older students may use the MBTA and some are driven to school by their parents.

### **a) Existing Conditions**

The school is located between two one-way streets north of Massachusetts Avenue in a residential neighborhood of mostly two family homes. It is adjacent to a public playground that includes five tennis courts, basketball court, soccer field and play equipment. The school's main entrance is on Winter Street, which is one-way, northbound away from Massachusetts Avenue, and a rear entrance is located on Oxford Street, which is one-way toward Massachusetts Avenue. The main entrance is served by a loop driveway.

There is a 24-space parking lot on Oxford Street, located between the school building and the adjacent playground. The lot is reserved for school parking from 7:00 a.m. to 5:00 p.m. during weekdays. It is available for overnight parking between 1:00 a.m. and 7:00 a.m. by permit obtained from the Town (overnight parking is prohibited on Town streets throughout the year). Evenings and weekends, the lot is open to the general public at no cost. A count of cars parked in the parking lot and on adjacent streets, conducted on September 17, 2009, indicated about 52 parked vehicles that were likely affiliated with the school.

Since all students leave by 2:30 PM and staff leave by 4:00 PM, there is no school traffic that impacts the evening commuter peak hour. A count of vans and station wagons conducted on January 26, 2010 showed 28 vans dropping off students during the morning commuter peak period. The school owns ten of the vans used to transport students and they arrive and leave once each day. As a result, 28 vans arrive and 18 leave in the morning peak period. Including arriving staff and parents dropping off students, morning peak hour trips are estimated to be about 85 vehicles entering and 25 exiting.

### **b) Alternative Uses**

Two alternative uses of the Crosby School were analyzed for their potential impact on traffic and parking needs for the site, conversion to condominiums and continued use by the school. Continued leasing or purchase of the building by the school would

have no impact on existing traffic or parking conditions. Table 19 shows the projected trip generation for the residential alternative as well as estimated trip generation for the existing use. The existing use generates more trips on a daily basis and in the morning peak hour than the residential use. In the evening peak hour, neither use generates a significant number of trips. In the summer, school traffic is reduced because of lower enrollment. The residential use would add traffic on weekends. Currently, there is little traffic generated by the school on weekends.

**Table 19 - Crosby Trip Generation and Parking Demand**

Time Period	Existing <sup>1</sup>	Residential (20 units) <sup>3</sup>
Weekday		
Daily	250	117
Morning Peak Hour	110	9
Evening Peak Hour	Negligible	10
Saturday Daily	Negligible	113
Sunday Daily	Negligible	97
Parking Demand	52	30

1. VHB estimate based on enrollment and parking count

2. Institute of Transportation Engineers, Trip Generation, 8th Edition, Washington D.C., 2008, LUC 230 (Residential Condominium/Townhouse)

Parking for residential use is estimated to be 30 spaces based on a requirement of 1.5 spaces per unit. Since it is projected that the residential units would average 1,500 SF, it is assumed that they would be two-bedroom units. The Town Zoning requires 1.5 spaces per unit for apartment houses, which appears to be the closest residential use in the code to the proposed use for the site.

### III. FISCAL CONSIDERATIONS

This chapter presents average property tax revenues and any potential municipal service costs that may be associated with a possible repositioning/redevelopment of two former school properties. More specifically, what may be revenues and costs associated with conversion to residential uses, if the residential uses are “average” compared to Arlington as a whole. As Town-owned properties, neither currently pays property taxes and presumably, if the properties were to be sold to not-for-profit entities, such as the existing tenants, property taxes would not be forthcoming. According to town-wide assessment information for FY2008, the average assessed value of a single-family home was approximately \$475,300, and for the average condominium the average assessed value was approximately \$302,300.<sup>14</sup> The assessed value of any potential residential development at either the Crosby School site or the Parmenter School site could vary from these averages; however, utilizing the FY2008 tax rate of \$11.92/\$1,000, the contributory property taxes from an average single-family home are \$5,665, and \$3,605 from an average condominium. As such, these represent a comparative average per household property tax contribution from a single-family home or condominium unit at either of the two school sites. The following Table 20 presents the Arlington Budget, by department, for FY2008 and presents each departmental expense on a per household basis, reflecting all households in Arlington, indicating that the average household incurs \$6,840 in municipal service costs.

**Table 20 - Arlington Budget FY2008**

Department	Total	% of Budget	\$/HH
General Government	\$9,674,926	7.8%	\$535
Public Safety	\$19,974,263	16.2%	\$1,105
Education	\$70,688,522	57.2%	\$3,911
Public Works	\$9,788,561	7.9%	\$542
Property, Natural Resources	\$2,624,450	2.1%	\$145
Comm/Econ Development	\$4,169,059	3.4%	\$231
Human Service	\$1,294,867	1.0%	\$72
Library	\$2,916,575	2.4%	\$161
Cultural	\$216,814	0.2%	\$12
Claims. Judgments	\$106,500	0.1%	\$6
Interest	\$2,217,666	1.8%	\$123
<b>TOTAL</b>	<b>\$123,672,203</b>	<b>100.0%</b>	<b>\$6,842</b>

Source : Town of Arlington, DemographicsNow , Bureau of Labor Statistics, and RKG

In short, the average household in Arlington, whether single-family or condominium, incurs more in municipal service costs than are generated in municipal revenues (for FY2008). To the extent that the eventual, if any, residential unit at either the Crosby School or the Parmenter School would vary from the town-wide average, is unknown, but if such units were average, then there would be municipal cost that exceeds the per unit municipal property tax revenue.

<sup>14</sup> As previously presented in Table 15.