

Proposed UniQure & TIF Agreement

**Special Town Meeting
June 17, 2013**



Overview

- # TIF Proposal
- # Hartwell Ave. Context
- # Assessment of UniQure Opportunity

UniQure Proposal

- # UniQure @ 113 Hartwell Ave.
 - Construction would start in Q3 of 2013; occupancy would occur in Q3 of 2014
 - Total Building: 102,000 SF
 - ❖ UniQure (Proposed Lease): 52,000SF
 - ❖ Quanterix (2012): 20,000SF
 - ❖ Remaining Vacant: 30,000SF
 - 10 year lease, two 5 year renewal options

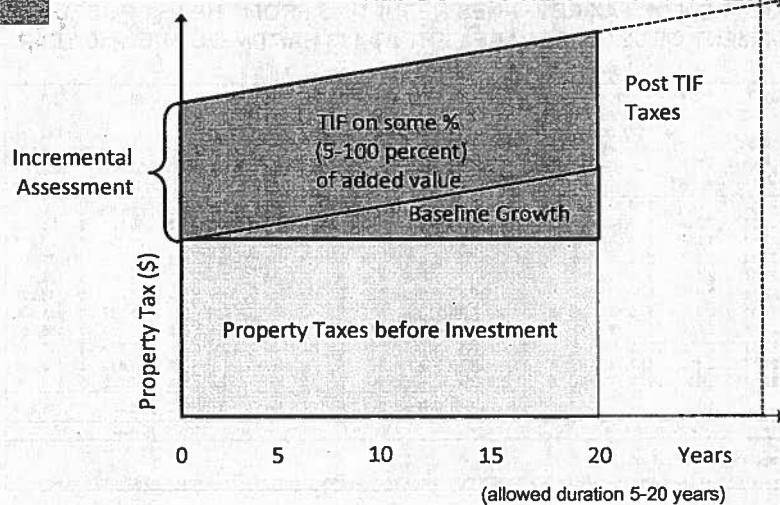
What is Tax Increment Financing?

- # A public/private partnership
- # 5% to 100% property tax exemption on the incremental increase in the tax base
- # 5 to 20 year term
- # Job creation critical
- # Town Meeting approval of TIF *percentages* required
- # UniQure exploring incentives through Massachusetts Life Sciences Center
- # Site qualifies as 'decadent' (State term)

State Term & Definition

- ✦ The proposed EOA is chosen for designation under the broad definition of “Decadent Area” in 402 CMR 2.03.
- ✦ “Decadent Area” definition and criteria:
“...because of the existence of buildings which are... obsolete...; or because of a substantial change in business or economic conditions...”

TIF Mechanics



Tax Analysis of UniQure TIF Agreement

Property Tax Projections over 10 years

\$ 1,535,704 **Total Tax Value of Increment**

\$ 285,790 **Total Tax Reduction to UniQure**
(subject to completing 10 years of operations at site)

Financial Provisions of TIF

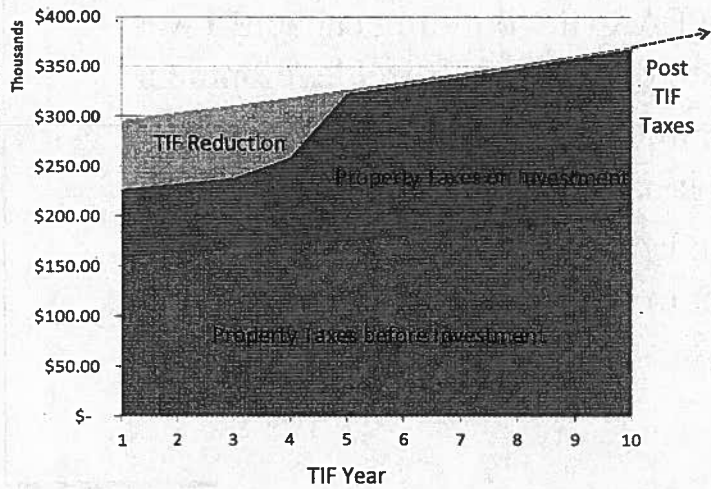
PROJECTION OF TAX REVENUES RESULTING FROM THE PROPOSED DEVELOPMENT OF 52,000 SQUARE FEET AT 113 HARTWELL AVE. - 10 YEAR TERM

(A) Fiscal Year	(B) Assumed Tax Rate 1	(C) Base Inflator 2	(D) Base Value of 52,000 SF (Current Use- shell and core)	(E) Improved Value of 52,000 SF	(F) Assessed Value of Increment for 52,000 SF	(G) Tax Value of Increment	(H) Proposed TIF %	(I) Tax Relief to UniQure	(J) Net Tax Paid to Town from UniQure Development
FY14	\$ 27.11		\$ 5,720,000						
FY15	\$ 27.11	2.5%	\$ 5,863,000	\$ 10,920,000	\$ 5,057,000	\$ 137,075	50%	\$ 68,538	\$ 68,538
FY16	\$ 27.11	2.5%	\$ 6,009,575	\$ 11,193,000	\$ 5,183,425	\$ 140,502	50%	\$ 70,251	\$ 70,251
FY17	\$ 27.11	2.5%	\$ 6,159,814	\$ 11,472,825	\$ 5,313,011	\$ 144,014	50%	\$ 72,007	\$ 72,007
FY18	\$ 27.11	2.5%	\$ 6,313,810	\$ 11,759,646	\$ 5,445,836	\$ 147,615	40%	\$ 59,046	\$ 88,569
FY19	\$ 27.11	2.5%	\$ 6,471,655	\$ 12,053,637	\$ 5,581,882	\$ 151,305	2%	\$ 3,026	\$ 148,279
FY20	\$ 27.11	2.5%	\$ 6,633,446	\$ 12,354,978	\$ 5,721,531	\$ 155,088	2%	\$ 3,102	\$ 151,986
FY21	\$ 27.11	2.5%	\$ 6,799,283	\$ 12,663,852	\$ 5,864,570	\$ 158,965	2%	\$ 3,179	\$ 155,786
FY22	\$ 27.11	2.5%	\$ 6,969,265	\$ 12,980,448	\$ 6,011,184	\$ 162,939	2%	\$ 3,259	\$ 159,680
FY23	\$ 27.11	2.5%	\$ 7,143,496	\$ 13,304,960	\$ 6,161,463	\$ 167,013	1%	\$ 1,670	\$ 165,343
FY24	\$ 27.11	2.5%	\$ 7,322,084	\$ 13,637,584	\$ 6,315,500	\$ 171,188	1%	\$ 1,712	\$ 169,476
						\$56,855,502	\$ 1,535,704	\$ 285,790	\$ 1,249,914
Ratio of Tax Relief (Col.I) to Tax on Assessed Value of Increment Subject to TIF (Col.G)									18.6%

¹ Based on average commercial tax rate for FY2009 to FY2013

² Per statute, the base value increases annually by a factor that represents the townwide growth in total commercial/industrial assessed

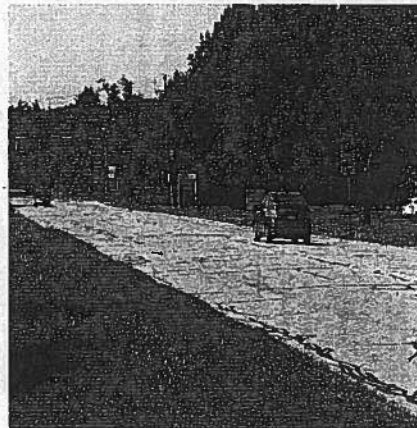
UniQure TIF



Town & UniQure TIF Proposal	
Year	%
1	50%
2	50%
3	50%
4	40%
5	2%
6	2%
7	2%
8	2%
9	1%
10	1%

Why Does Hartwell Ave. Matter?

- 1 of 3 primary commercial districts
- 1.8 Million SF of existing commercial
 - 49% of the SF for all three districts ¹
- 7,000 jobs ²
- Necessary to support a healthy community



¹ Source: Lexington Commercial Zone: Analysis and Build-out 2008; approximate figure

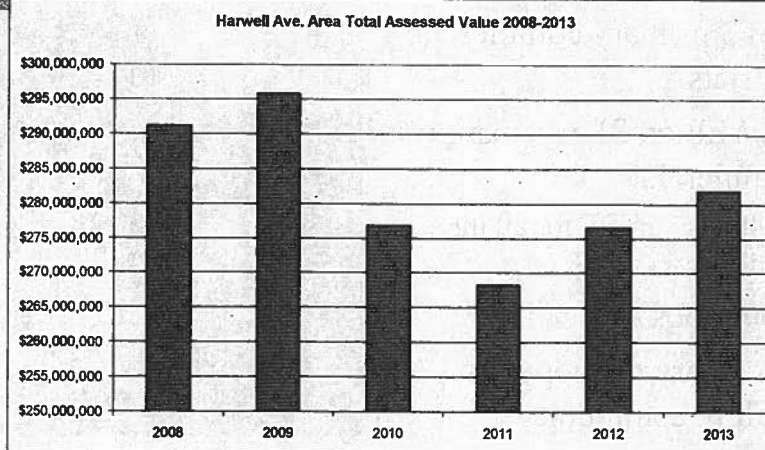
² Inclusive of MIT LL

What's Been Done?

- ✦ 1987 the FAR (the building capacity) was lowered to 0.15 which froze development
- ✦ 1987 commercial valuation was 24%; by 2007 it had dropped to 11%
- ✦ 2009 the FAR was increased to 0.35 with the intent to unlock development

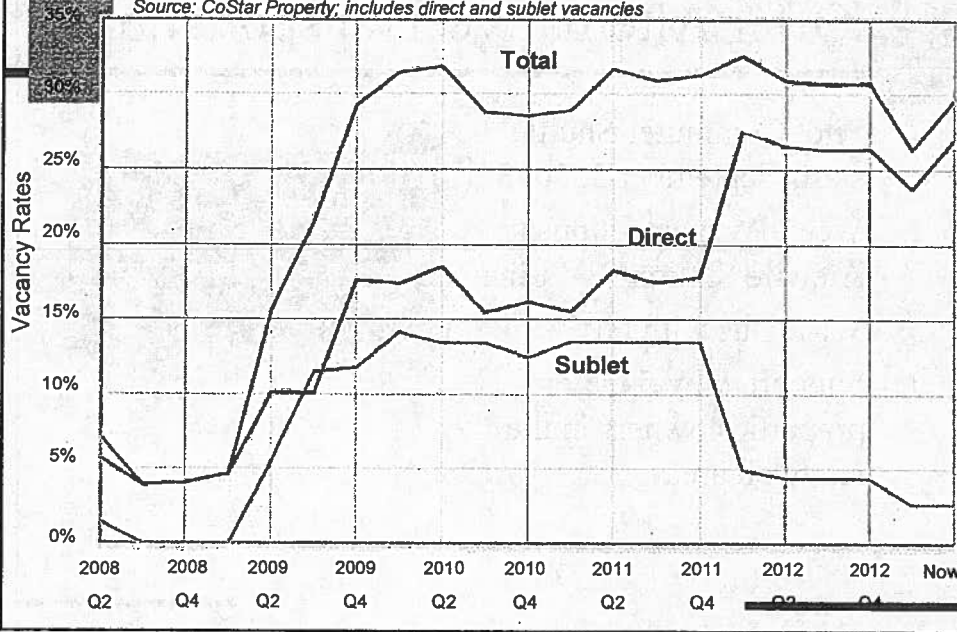
<http://www.lexingtonma.gov/planning/Hartwell/PB%20Report%20Arts%2044-46.pdf>

- ✦ No new SF since 2007 rezoning
- ✦ Overall valuations slow to increase
(exclusive of abatements)



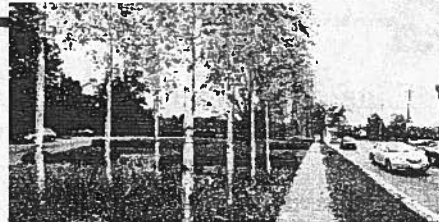
Area Vacancy Remains High at 25-28%

Source: CoStar Property; includes direct and sublet vacancies



Creating a Sense of Place

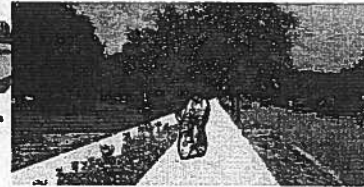
1. Landscape Jug Handle Islands
2. Gateway Signage
3. Multi-use Path
4. Promote amenities that support businesses



Conceptual of Island at Hartwell & Bedford by GroundView Architects



Potential Gateway Signs



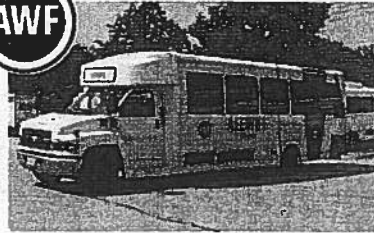
Conceptual of Multi-path along Hartwell Ave. GroundView Architects



Visiting Food Truck on Wednesdays @ Hartwell Ave.

Offer Alternative Transportation

1. Pilot Commuter Shuttle starts September 3, 2013
2. Weekday connections to Alewife Station/Red Line
3. Wi-fi Bus with GPS
4. Supported by 5 major properties owners in the Hartwell area



128 Business Council Shuttle

Public-Private Partnerships

1. Engaging Stakeholders – Hartwell Avenue Business Association
2. Proposed TIF Plan with UniQure
 - Proactive about the type of business we want in the Hartwell Business District

Partnering with UniQure

- # \$5 Million of new assessed value
- # 90 net new jobs to the state
- # 10 year lease + 5 year options
- # Tenant to lease 52,000 SF
- # Improves vacancy rate (10% reduction in available space)
- # Low traffic generator per square foot of space; highest & best use

Partnering with UniQure

- # Expand critical mass of bio-tech companies
 - 24 companies: this would make 25
 - 2,800 jobs: this would make 2,900
- # Kick-start an R&D campus on Hartwell Ave.
- # Encourage developers to invest and position buildings for lab/office

How was TIF Agreement Formulated?

- # Product of negotiations
- # Input from various Town boards
- # Consideration of TIF's in neighboring towns
- # Financial analysis by Town staff

Lexington Project Team

- # Rob Addelson, Assistant Town Manager for Finance
- # Kevin Batt, Town Counsel's Office
- # Richard Canale, Planning Board
- # Robert Cohen, Appropriation Committee
- # Rob Lent, Town Assessor
- # Maryann McCall-Taylor, Planning Director
- # John McWeeney, Economic Development Advisory Committee
- # Richard Neumeier, Appropriations Committee
- # Joe Pato, Selectman
- # Melisa Tintocalis, Economic Development Director
- # Carl Valente, Town Manager