

# City of Waltham

Jeannette A. McCarthy Mayor

January 5, 2006

TO: The City Council RE: Hardy School

#### Dear Councillors:

1. I had requested appraisal money for Hardy School on December 8, 2005 for the purpose of determining whether there was a "like value" for the Hardy property (exclusive of a permanent conservation restriction to be reserved by the City for the area adjacent to the entire Indian Ridge border to prevent development) with the Sanderson Heights property off Lincoln Street.

In said appraisal, I would have requested that the independent appraiser determine what the value of the Hardy property would be with a small to moderate addition to the existing Hardy School building or elsewhere on the site and then compare that value with the value from the Sanderson Heights independent appraisal, which is already being done at the Mayor and City Council's request. Prior to submitting the request to the City Council for the Hardy School appraisal, I asked Bentley's representative for a copy of Bentley's appraisal, but Bentley did not have an appraisal.

If the values were comparable, I would have proposed the sale of Hardy School for the Sanderson Heights property with the following conditions:

The City reserves a permanent conservation restriction to the rear and that the Hardy School <u>original</u> building be used as elderly units exclusively for Waltham residents in perpetuity. Naturally, the legal requirements would have to be satisfied, and the Law Department is available for advice.

Ultimately I was looking to achieve three goals: acquire, preserve and prevent the overdevelopment of the Sanderson Heights property in the future; provide elderly housing for Waltham residents in the Hardy School building; and relieve the Waltham taxpayers of the financial responsibility and liability of being in the housing and real estate business.

Appraisals are required by municipalities prior to selling or leasing municipal real estate. In my opinion, independent appraisals are beneficial for like value sales where independent comparable values are needed.

Internal appraisals by the Board of Assessors, however, are acceptable to the IG's office for RFP purposes.

2. Since there was a consensus between the City Council and Mayor to use Hardy School for elderly housing, I sent a letter to you on December 22, 2005, with my recommendations regarding minor capital repairs for Hardy, and an elevator, which will be covered by existing housing money, and not a new appropriation of money.

I also advised that the City couldn't administer or maintain a housing facility.

Since the City Council unexpectedly reversed the Committee of the Whole's approval of the Hardy appraisal money, there is no need to wait for an independent appraisal to be done. Therefore, I am now forwarding a draft RFP for your review and publication in the Central Register to determine what the external market value would be. This RFP and external value information can then assist the City Council and Mayor in making an informed decision regarding internal or external disposition, as well as what return the taxpayers should expect from either sale or lease of the Hardy property.

I asked the Assessors to provide me with the value of the property (see enclosed) and building "as is" and for an expanded site for insertion into the RFP. The Assessors were unable to determine the value of a small to moderate addition to the Hardy School building due to unknown building and engineering costs. I did not ask the Assessors for a complete build out analysis.

I do not support a full build out of the property since there is enough overdevelopment up there.

In the enclosed RFP, I have provided for the sale or lease of the existing Hardy School building or with a small to moderate addition. I will keep an open mind on the RFP responses. If an exchange proposal is filed in response to the RFP, we can then revisit the need for an independent appraisal.

It is my desire and recommendation that all 20 units of the existing Hardy School building be reserved exclusively for elderly housing for Waltham residents. It is my understanding that neither WHA nor WATCH will guarantee Waltham residents will have these elderly units. Whether they can or cannot guarantee depends on the type of financing and housing administration (public or private). Designating the units for Waltham residents may be possible via private sale/lease agreement or through the City's zoning/housing ordinances.

4. As I previously indicated, it is my hope that surplus buildings not remain surplus for a long period, for safety, financial/budgetary and deteriorating physical conditions.

Waltham City Council/Hardy School

January 5, 2006

Page Three

Please provide me with your response.

Sincerely,

Jeannette A. McCarthy

JAM/ns Enclosures

cc: Ron Vokey Patricia Azadi, Esq.

#### CITY OF WALTHAM

## Request for Proposals

#### Lease or Sale of 51 Lake Street

#### Waltham, Massachusetts

#### I. Introduction

The City of Waltham (Lessor/Seller) is currently offering for sale or lease, <u>"as is."</u> a building known as 51 Lake Street, Waltham, Massachusetts, as generally identified on the site plan attached hereto as Appendix A. Originally designed as a school, the building was last used as housing for students of Bentley College. Generally referred to as "The Nahum Hardy School", the building is currently vacant.

The parcel contains 59,677 gross square feet, or 1.371 acres and is shown on said plan entitled: "Plan of Land in Waltham, Mass. Owner City of Waltham; Scale 1 inch = 40 feet, Sept, 14, 1979" and signed by Paul Rhinduto Reg. Land Surveyor, recorded in Middlesex South District Deeds Book 13827, Page End; being Plan No. 1312 of 1979. The original structure was a three-story building designed as a school. Bentley College made and maintained improvements to the structure beginning in 1983, changing it from an empty school building to a residential building containing 10 single bedroom and 10 double bedroom units, a total of 20 units.

The premises consist of three floors containing above-mentioned bedroom units. The first floor has two single bedrooms and two double bedrooms. The second and third floors each have four single bedrooms and four double bedrooms. All units have kitchenettes that include an electric stove, refrigerator and garbage disposal. Each unit has a separate water heater. One-two bedroom unit on the first floor is handicapped accessible. Each hallway contains a large storage closet.

The building at 51 Lake Street was built on a concrete foundation. The exterior walls were built with commercial bricks and are 16" thick, with a tar and gravel roof cover. In 1996 a new rubber roof was installed. All windows were replaced with Harvey rolling windows in 1998. The interior was completely repainted in 2002. The property is assessed at \$2,350,400.

#### II. Site Information

Located in the heart of North Waltham, the Hardy School is in close proximity to the intersection of Lake and Lexington Streets. The Hardy School is located on a bus route and is immediately adjacent to a growing commercial center. Lexington Street is a major roadway providing access to Boston (approximately nine miles east of the site) and Route 128 (approximately two miles west of the site). The property is easily accessible by major bus routes.

The building is being sold or leased "as is". However, the City is planning to engage an architect to design an elevator and minor capital improvements. The cost of the construction of the elevator and minor capital improvements is negotiable. The City is amendable to a small or moderate addition to the existing Hardy School Building or on site for over 55 or mixed housing, contingent upon the following conditions: the City reserves a permanent Conservation Restriction to the rear, and, the Hardy School original building be used as elderly units exclusively for Waltham residents in perpetuity. It is incumbent upon the proposer to secure any necessary municipal approvals.

The heating system is operational and is by forced hot air, electric. The building has both electricity and telephone lines but the City makes no representations or warranties as to their usability. There is no sprinkler system and smoke detectors are present.

The Hardy School is located in a Residence A2 Zone. The surrounding neighborhood includes the WaL-Lex Shopping Center, municipal parks, as well as other municipal and private office space and residential neighborhoods.

#### III. Use

The City of Waltham intends to sell or lease 51 Lake Street for the purpose of elderly housing.\* A special permit from the City Council may be required. \* See prior section

#### IV. Required Terms and Conditions

- A. The City will be reserving a permanent Conservation Restriction Easement in the rear of the property bordering the entire Indian Ridge site.
- B. The City will sell the property or will lease the property for a maximum term of ten years.
- C. If leased, the Lessee shall be responsible for rent payments that are due annually, payable in advance in monthly installments to be made payable to the City of Waltham and submitted to the Building Department.
- D. If leased, the Lessor, in addition to other rights and remedies, shall have the right to declare the term of the lease ended if the Lessee:
  - 1. defaults in the payment of a rent installment and such default continues for ten (10) days after written notice thereof; or
  - 2. defaults in the performance or observance of any other of the Lessee's covenants, agreements or obligations under the lease and fails to correct such default within thirty (30) days after written notice thereof; or
  - 3. shall be declared bankrupt or insolvent according to law, or if any assignment shall be made of Lessee's property for the benefit of creditors; or
  - 4. fails to secure an occupancy permit within one year from the date the lease is executed.
- E. If leased, the Lessee shall not assign the lease agreement, nor shall the Lessee sublet any or all of the leased premises without the prior written consent of the Mayor and City Council or their designee. Such subletting may only be authorized, in the sole discretion of the Mayor and City Council, for a use that is compatible with the public purpose of the lease agreement.
- F. If leased, the Lessee shall be required to maintain fire and liability insurance in the amount of three million dollars (\$3,000,000) during the entire lease term and shall be required to present a Certificate of Insurance, identifying the City as a co-insured and requiring 30 days advance notice of any cancellation to the Lessor at the time of the signing of the lease and at such other times as the Lessor shall request.
- G. If leased, any exterior changes to the building must be approved by the City Council, Mayor or their designee in advance. In addition, all exterior changes must be approved by the Waltham Historical Commission, if applicable.
- H. The Buyer or Lessee shall be responsible for meeting the Building Code in order to secure an Occupancy Permit.
- The Buyer or Lessee shall perform all improvements regarding tenant fit up at their sole cost and expense.
- J. The use of the subject property is subject to the Zoning Ordinances of the City of Waltham.
- K. All plans and specifications for improvements to the property must be approved by the Building Inspector of the City of Waltham prior to the commencement of any work.
- L. All improvements shall be performed by the Buyer or Lessee in accordance with the City-approved plans and specifications.
- M. Any additions or alterations made to the exterior or interior of the building or site must clearly be enumerated with schematic plans (including parking), and approved by the Mayor, City Council or their designee, as well as the Waltham Historical Commission, if applicable.

- N. If leased, over the term of the lease, the Lessee will be required to continue to maintain and repair the building.
- O. The Buyer or Lessee shall be responsible for the cost of installing and using all utilities to the property.
- P. If leased, the Lessee shall be responsible for all custodial/janitorial services in the leased premises during the lease term.
- Q. The Buyer or Lessee shall be responsible for shoveling all walkways into the leased premises and insuring that all the exits and entrances are not obstructed.
- R. The Buyer or Lessee shall be responsible for maintaining the leased premises in good condition, reasonable wear and tear excluded.
- S. If leased, the Lessee shall be responsible for the cost of all repairs occasioned by or due to the fault or neglect of the Lessee, its agents, servants or independent contractors hired by it.
- T. If leased, the Lessee is prohibited from any activity that would constitute a violation of the conflict of interest law (G.L.M. 268A).
- U. If leased, the lease between the parties shall constitute the entire agreement. There shall be no agreements other than the lease.
- V. The Buyer or Lessee shall be responsible for securing all municipal, state and federal permits including, but not necessarily limited to, building and occupancy permits.
- W. If leased, the Lessee is obligated to secure an occupancy permit for the leased premises within one year of the date on which the lease is executed. As noted above, the Lessee will be taking the building "as is" and the Lessee will be responsible for taking all actions necessary to secure an occupancy permit.
- X. Absolute preference will be given to Waltham residents for housing in the original Hardy School building.
- Y. If the Buyer determines that it is desirable to construct an addition to the property, it is the Buyer's responsibility to seek and secure any required municipal approvals.

#### V. Submission Requirements

- A. All proposals must be delivered to the office of the City Purchasing Agent, James B. McGrath, City Hall, 610 Main Street, Waltham, MA no later than \_\_\_\_\_\_ at 10:00 a.m.
- B. All proposals shall be in sealed envelopes marked, "Proposal for Sale or Lease of Building at 51 Lake Street, Waltham."
- C. All proposals not received at the Purchasing Agent's office by the date and time specified shall be rejected.
- D. Each proposal must include the following:
  - 1. A completed Disclosure of Beneficial Interests form, which complies with the requirements of G.L.M. Chapter 7, section 40J.
  - 2. A signed affidavit of non-collusion in the form provided by the Purchasing Agent.
  - 3. A certification of tax compliance (G.L.M. Chapter 62C, section 49A).

- 4. If the Buyer or Lessee is other than a natural person, evidence of its legal existence and status. Such evidence may include the following:
  - a. Articles of Incorporation
  - b. Trust Agreements
  - c. Partnership Agreements
- 5. If the proposer is a corporation, a Certificate of Authority conveying a certified vote of the Board of Directors authorizing a designated individual to submit the proposal.
- 6. A statement of the intended use of the premises and land.
- 7. Resumes and position descriptions of all personnel of Buyer or Lessee who will be responsible for supervising construction work to be performed under the lease.
- 8. A statement of the amount the Buyer proposes to pay for purchasing the property or of rent the Lessee proposes to pay over the course of the lease term.
- 9. A statement identifying the Buyer or Lessee's financing sources and their promised capital investments.
- 10. A proposed, detailed program of capital repairs and replacements, any other improvements/repairs proposed. Said program shall be attached to and become a part of the sale or lease.
- 11. A statement relative to whether or not the buyer or Lessee will pay property taxes to the City of Waltham. If so, the buyer or tenant will provide a reasonable estimate for property taxes to be generated to the City over a ten-year period. Strictly for the sake of analysis, the proposer will assume that the taxes will increase by 2.5% each year.
- 12. A list of past projects in which the proposer has been involved.

The City reserves the right to request additional documentation and may independently verify information provided.

#### VI. Evaluation Criteria

All proposals shall be evaluated based on the following criteria:

- A. <u>Submission Requirements</u>: All proposals must be properly submitted and contain all of the completed documents and forms as set forth above in V—Submission Requirements. The Purchasing Agent shall determine if the Submission Requirements have been satisfied. The Purchasing Agent shall proposals that meet the Submission Requirements to the Evaluation Committee, as expanded upon below in VI (B).
- B. <u>Comparative Evaluation Criteria:</u> An Evaluation Committee, consisting of one representative from the Housing Office, Planning Department and Building Department will evaluate all proposals referred to it by the Purchasing Agent. The Evaluation Committee's review will be based on the relative merits of the proposals in terms of the proposed use, proposed improvements and the amount for purchase or of rent to be paid. The Evaluation Committee's review will be based on the relative merits of the proposals in terms of:
  - 1. Proposed use (40% of total points)
    Each proposal shall be given a score of 1 to 5 (with 5 being the highest score) based on the extent to which promotes elderly housing, with absolute preference given to Waltham residents. Highest scores will be awarded those uses that are compatible with and advance the use of the Hardy School building for elderly housing.
  - 2. Improvements (20% of total points)

Improvements will be evaluated on a scale of 1 to 5 (with 5 being the highest score) based on the extent to which they add to the value of the building.

- 3. Rental stream or Purchase Price (40%) of total points)
  - a. In the case of a proposed lease, the Evaluation Committee will determine the present value of the rental stream plus property taxes (if any) proposed by prospective tenants.
  - b. In the case of a proposed purchase, the Evaluation Committee will add the present value of property taxes (if any) to the purchase price.

Each proposal will be give a score of 1 to 5 (with 5 being the highest score) based on the resulting value.

C. <u>Evaluation</u>. Once points are established for the proposed use, improvements, and the rental stream or purchase price of each proposal, the Evaluation Committee will weigh these criteria as listed above. Based on the final scores assigned to each proposal, the Evaluation Committee shall make its recommendation to the Mayor and City Council of the City of Waltham who shall identify the most advantageous proposal.

#### VII. Award

Lease or sale between the City and the successful respondent is subject to the approval of the Mayor and the City Council.

#### VIII. Miscellaneous

- A. The City reserves the right to reject any and all proposals at any time prior to the execution of the sale or lease.
- B. Conditions of the sale or lease will include absolute preference will be given to Waltham residents.
- C. In the case of a lease, all renovations shall become fixtures and the property of the City of Waltham.
- D. The City of Waltham will conduct one site visit of the property on\_\_\_\_\_\_. Interested parties should meet in front of 51 Lake Street at said date and time. This will be the only opportunity to conduct a detailed inspection of the property before the RFP due date.
- E. All questions regarding the RFP should be submitted in writing to the Purchasing Agent who will maintain questions and responses in a notebook available to all prospective bidders in his office at 610 Main Street, Waltham, MA.

51 Lake RFP 2006 Declaration of surplus

# City of Waltham Massachusetts

Waltham Board of Assessors Joseph R. Goode-Chairman chard L. Henderson Kobert S. McGovern



610 Main Street Waltham, City Hall Waltham, MA 02452 Tel: 781-314-3200 Fax: 781-314-3218

TO:

Mayor Jeannette A. McCarthy

FROM:

Board of Assessors

DATE: RE:

January 3, 2006

Hardy School

Received

JAN 0 3 2006

Mayor's Office

For the purposes of an RFP, the Board of Assessors inspected the Hardy School at 51 Lake Street. The site consists of 59,677 square feet of land with adequate landscaping and parking. The square feet of building is 21,196 comprised of 10 one-bedroom apartments totaling 400 square feet per unit and 10 two-bedroom apartments totaling 800 square feet per unit. Each unit has it's own heating and air conditioning unit along with a separate electric 50 gallon hot water tank. The bathrooms are updated with ceramic tile and the kitchens are galley style in the one-bedroom units and separate small eat in kitchens in the two bedroom units. Windows are all updated with horizontal sliders and the roof was replaced in 1998. The overall condition of the building is average.

We used various approaches to value this building in its current state. The attached income approach indicates a value of \$2,350,400. We arrived at this number by using a current market rent of \$750.00 per month for the one-bedroom apartments and \$1,000.00 for the two bedroom apartments. Also, we applied a 3% vacancy, 25% expenses and a 6.50% capitalization rate.

Comparable sales are hard to find for this type of building. However, a 20 unit building at 88-98 Charles Street sold for \$2,225,000 on May 6, 2004. This works out to \$111,250 per unit. An 11 unit building at 239-243 Lake Street sold for \$1,275,000 on December 22, 2004 or \$115,909 per unit. Using the \$115,000 per unit value for the Hardy School, a value of \$2,300,000, is indicated and supported by the Income Approach to value.

Additionally, today with all the condominium conversions a developer would likely pay \$2,400,000 for this site. This number is arrived at by using a selling price of \$225,000 for the 10 two-bedroom units and \$150,000 for the 1-bedroom units. This indicates a sell out price as condominiums for the building at \$3,750,000. This sell out price is reduced by 10% estimated renovations, 5% sales commissions, 5% miscellaneous and 15% profit which totals 35% expenses or \$1,312,500, giving a final value of \$2,437,500.

All values are consistent and indicate a value range between \$2,300,000. to \$2,450,000.

In looking at expansion for elderly housing and or new construction this would involve building and engineering costs that the Assessor's Office cannot accurately determine. Valuation would depend on the type of apartments or improvements made to the site.

Yours truly, Board of Assessors

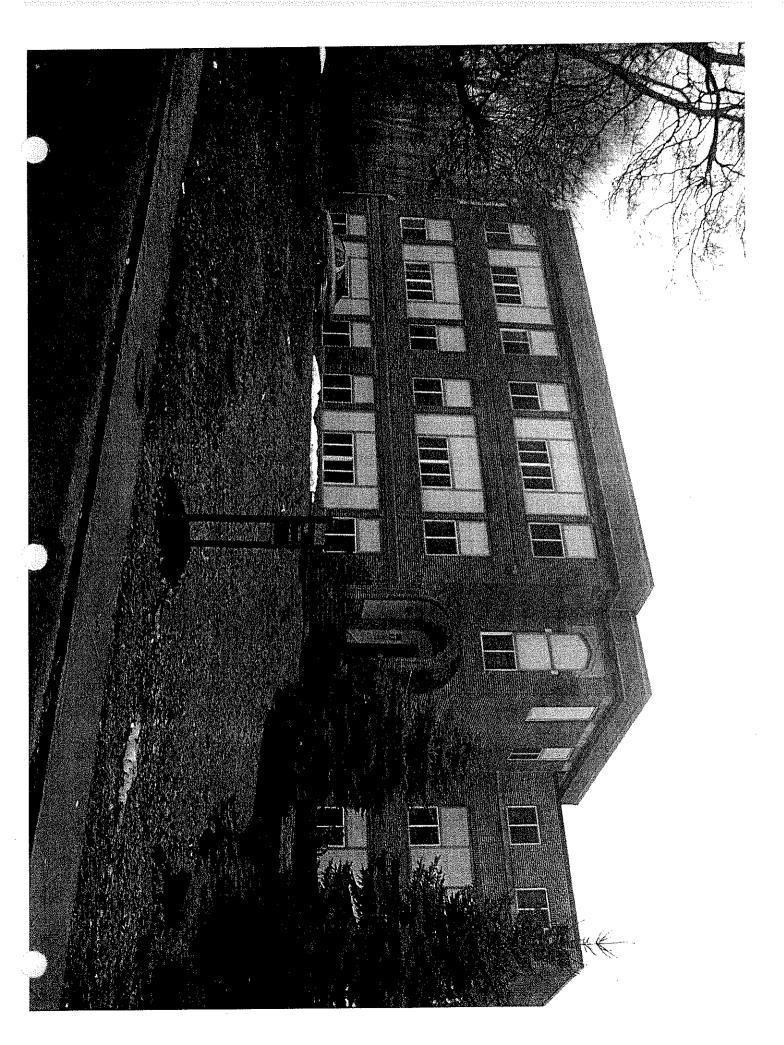
R023

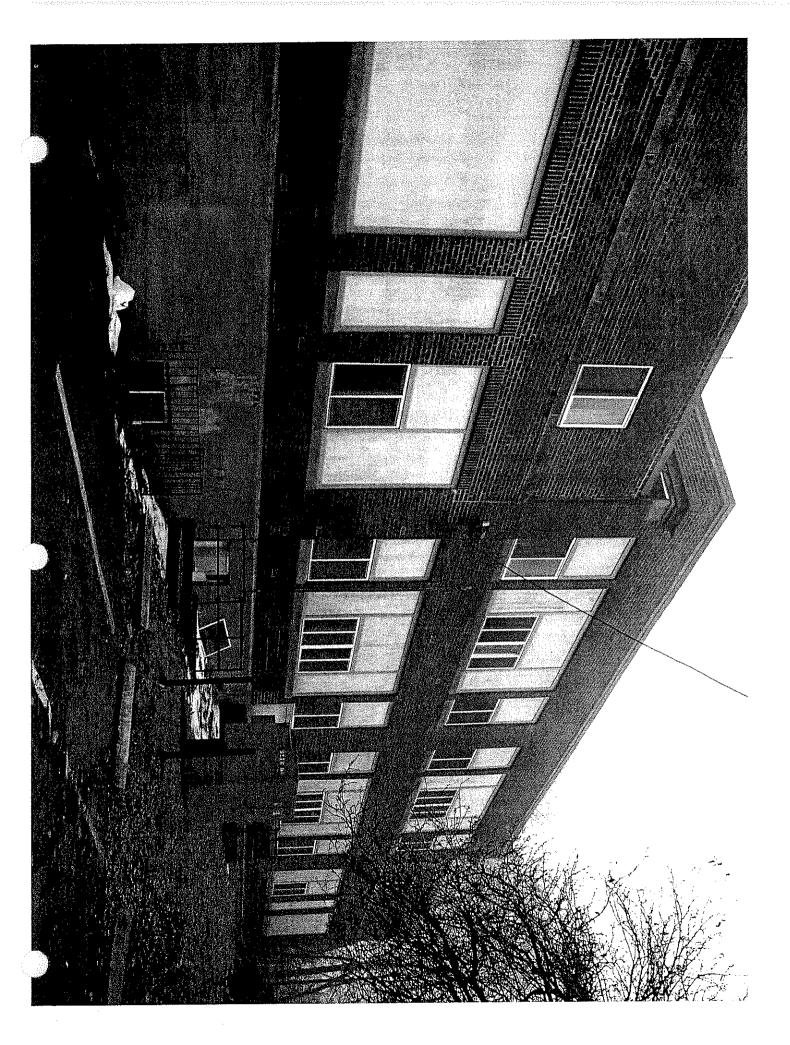
007

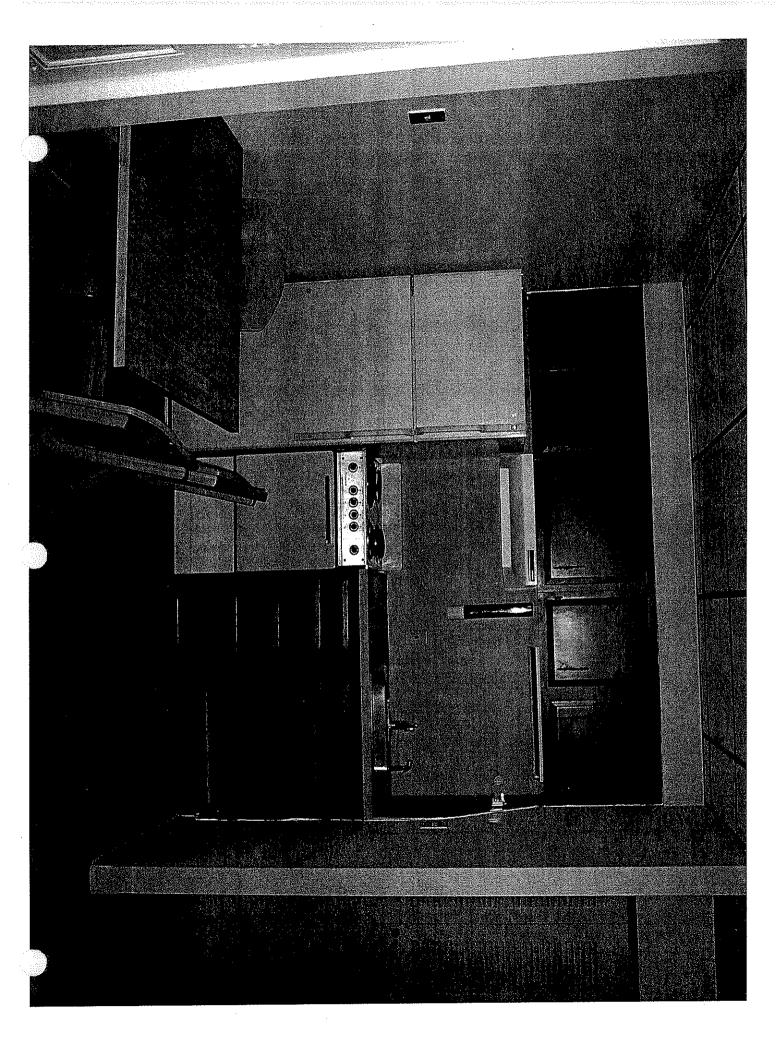
APARTMENT

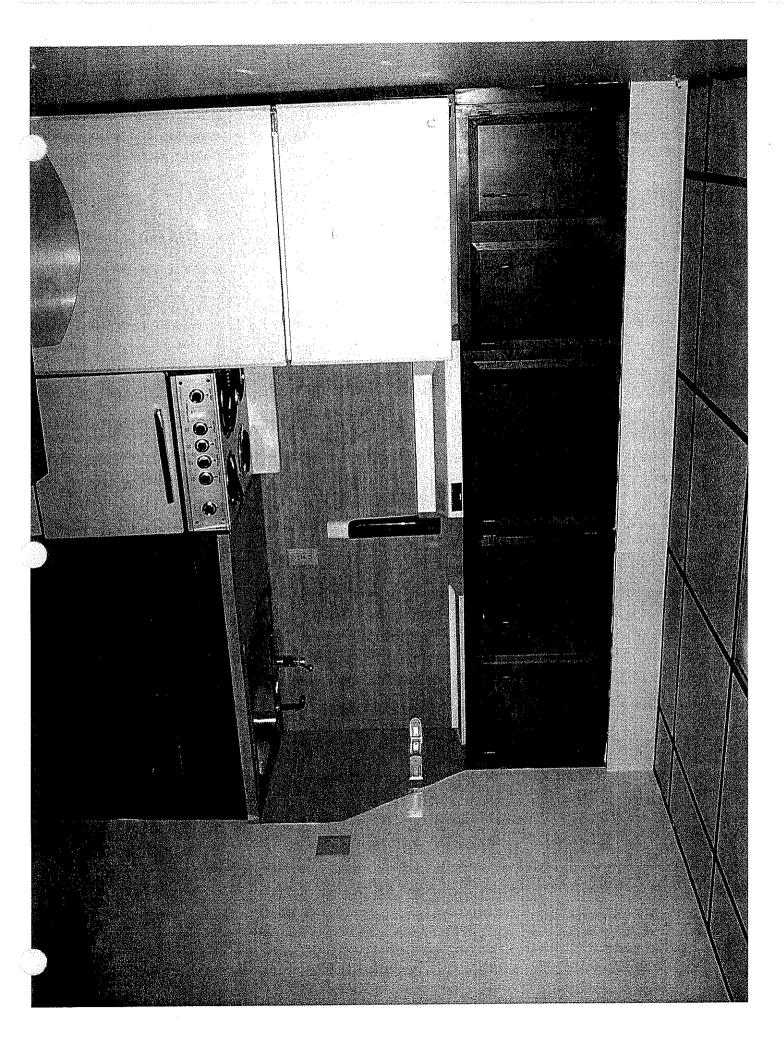
LOT NO:

DATE OWNER			PROPOSED WORK				AMOUNT	PLA	N NO.
1925	City of	Waltham	N	ahum Hardy	School			1-A-B-C-	-D-E
8.2.54	11		R	epair fire	damage to	per #359 b schoo	ĺ\$30,000		
1.11.83	Bentley	College	e I	nterior De	molition :	Per#13_			
4.8.83	f1	T I	Convert	school to	20 apt.s	Per#97	\$300,000	Dr.63-F	21.9
4.25.83	j It	11	P	lumbing pe	rmit_#128				
.9,2.83	11	11	C.O.for	permit #97	7				
9/3/98	8 Res A-2	Bentle	y College	replace	ment roof &	flashing	Per #204	\$80,000.	atta
	,								
					,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,				
					,				
·	. /**,*,********************************								

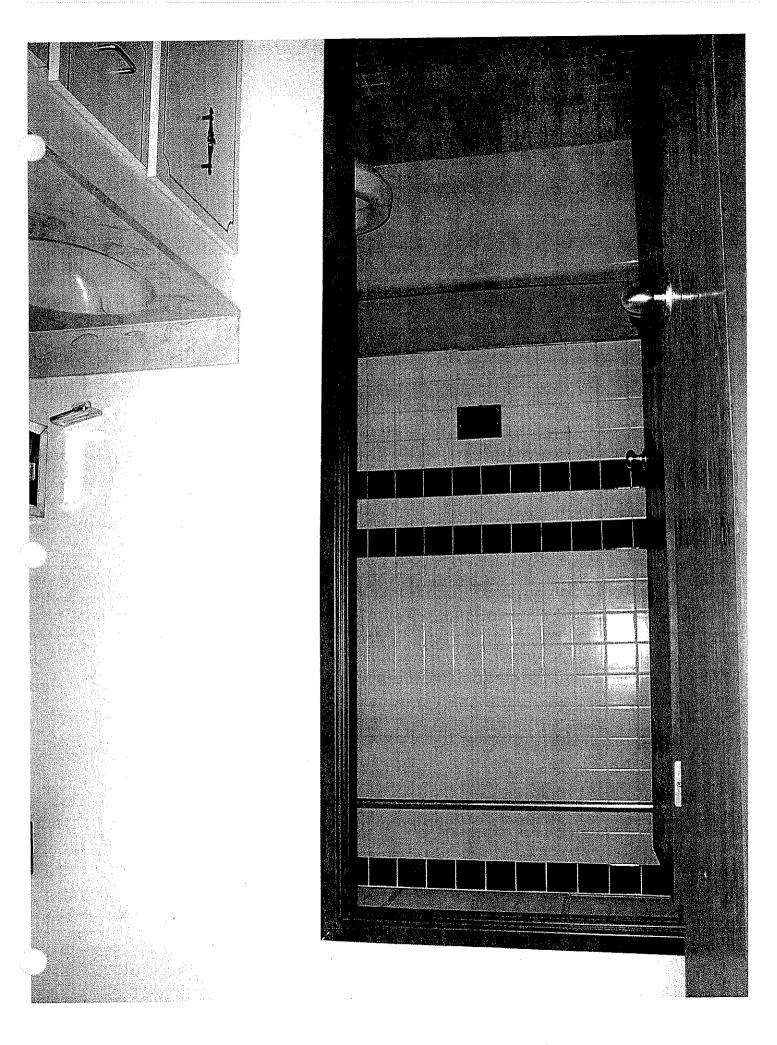


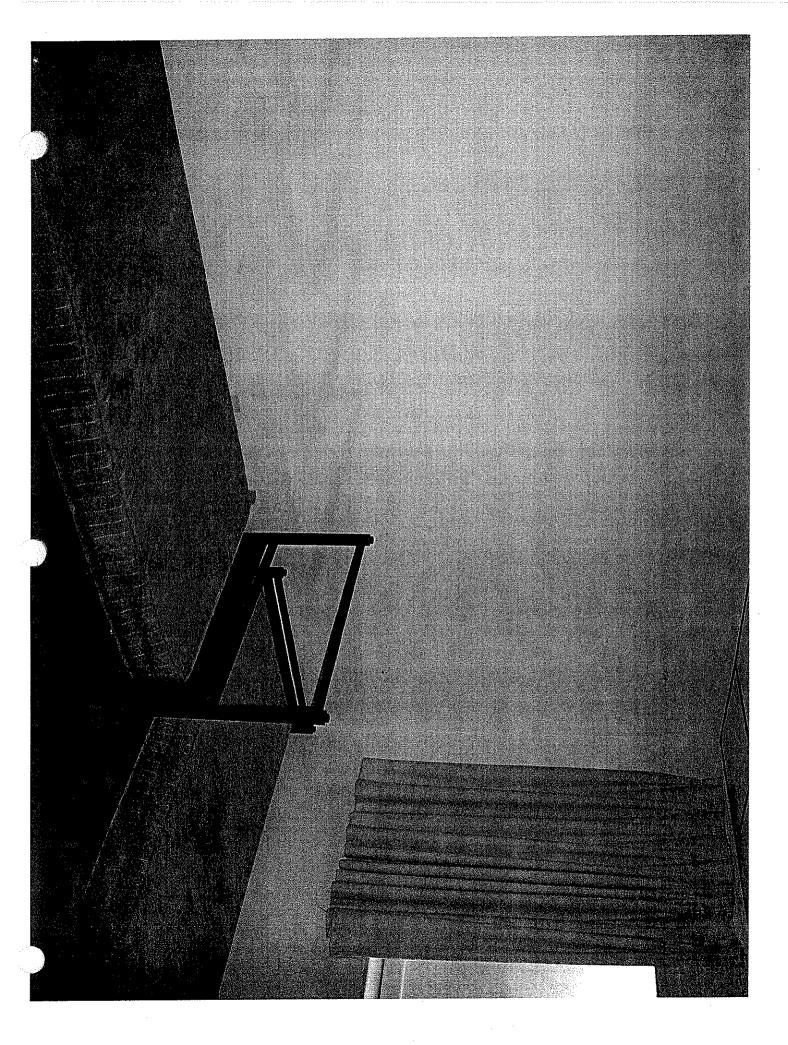












## Central Register – Acquisition or Disposition of Real Property

Authority:	Description of Property:				
City of Waltham 610 Main Street Waltham, MA (781) 314-3242)	51 Lake Street (former Hardy School) Waltham, MA 59,677 gross sq. ft. or 1.371 acres 20 units/10 single bedroom and 10 double bedroom units				
Proposal Deadline:	Estimated Value, Source of Valuation				
, 2006	Between \$2,300,000. to \$2,450,000. based on appraisal by Waltham Board of Assessors				

#### Additional Information:

The City plans to sell or lease this parcel. The building is being sold or leased "as is" and is subject to current zoning regulations. However, the City is planning to engage an architect to design an elevator and minor capital improvements. The cost of the construction of the elevator and minor capital improvements is negotiable. The City is amenable to a small or moderate addition to the existing Hardy School Building or on site for over 55 or mixed housing, contingent upon the following conditions: the City reserves a permanent Conservation Restriction to the rear, and, the Hardy School original building be used as elderly units exclusively for Waltham residents in perpetuity. It is incumbent upon the proposer to secure any necessary municipal approvals including zoning for proposed uses which do not comply with the current zoning.

Copies of the Request for Proposals are available in the office of the City of Waltham Purchasing Agent.