

Planning & Development

City of Newton



MEMO

To: Andrea R. Kelley, Land Use Committee Chair
Members of the Land Use Committee

From: Barney Heath, Planning & Development Director
John Sisson, Economic Development Director

Re: **Docket Item #68-24. Request to amend Special Permit #40-97(2) to allow a free-standing sign at 269-287 Grove Street**

cc: City Council
Katie Whewell, Chief Planner
Economic Development Commission

Date: January 19, 2024

I am writing to voice support for amendment of this Special Permit to enable commercial signage for office building at 275 Grove Street. Specifically, I would ask the Committee to consider amending or perhaps even striking the language of Condition 9. I focus on four reasons the Committee may wish to consider granting relief from the restrictions specified in the 1997 document.

1. TO ASSIST SMALL BUSINESS. Amendment of Condition 9 will benefit the small business Kendall Kitchen, which opened in 2023. The café is owned and operated by Hratch Adourian, an immigrant entrepreneur. Mr. Adourian has built a thriving business in a challenging sector during a difficult economic period. The Auburndale location is his third café.
2. TO SUPPORT NEWTON'S COMMERCIAL TAX BASE. Most members of the public assume Newton has a large commercial tax base. It does not. Less than 5% of Newton's 18 square miles is zoned for commercial or industrial uses, which are taxed nearly twice the rate of residential properties.

Between FY23 and FY24, Newton's total real estate values rose by nearly \$3.4 billion. Residential property values accounted for some 98% of that increase. Meanwhile, Newton's Commercial, Industrial, and Personal Property (CIP) values grew by only \$60 million. In short, the City's commercial tax base is lacking. Public policy should regulate the commercial real estate but can do so *and* support the economic health of this sector and properties like 275 Grove Street.

In FY23, the City assessed the value of the 275 Grove Street property at \$194.7M, which

should have generated approximately \$3.7M in property tax. This property sold last year for \$77.2M below that valuation. For FY24, the City lowered its valuation of 275 Grove Street by \$50M, meaning this asset will generate \$1M less property tax revenue – a 27% drop in one year. The fiscal health of the City relies on the financial value of commercial properties like 275 Grove Street.

3. TO ELIMINATE REDUNDANT REGULATION. The City already regulates commercial signage. The Zoning Ordinance and Urban Design Commission provide a thorough regulatory process that makes the special treatment of this property appear arbitrary. Nor does this 1997 Special Permit include a rationale for a complete prohibition of commercial signage on these buildings and the grounds. The policy seems punitive. Condition 9 also, unnecessarily, specifies that the “accessory restaurants shall meet all applicable Health Department requirements,” as if noncompliance by any food service company would ever be allowed.

Moreover, the three office buildings at 275 Grove Street house recognizable companies in financial services, health, and technology sectors, including one of Newton’s largest employers. As the Good Book says, “No one lights a lamp and hides it in a clay jar or puts it under a bed. Instead, they put it on a stand, so that those who come in can see the light” (Luke 8:16). The City can and should be proud to show off this professionally managed and maintained commercial property and the companies that have chosen to do business here in Newton. Condition 9 hides a lighted lamp under a clay jar.

4. TO RESPOND TO A REAL ESTATE MARKET DOWNTURN. Around Greater Boston, office vacancies are currently hovering around 16%, according to an analyst at Hunneman. The suburban office market showed some resilience in early 2023 but is now approaching historically high vacancy rates. The market forecast is not positive, as existing tenants renew or relocate into smaller spaces, and tenant subleasing of space continues to tick up. It is especially important during difficult economic periods to evaluate legacy policies and regulations and ensure they continue to serve the public good.

I would like to thank the Land Use Committee for its deliberation of this 1997 Special Permit and hope that the outcome of this process will benefit everyone:

- the nearby residents of Auburndale and Lower Falls,
- this commercial property and its tenants,
- the future assessed value of 275 Grove Street, and,
- Especially, immigrant entrepreneur Hratch Adourian whose business depends on better public awareness of Kendall Kitchen (and Hratch’s excellent food).