



TOWN OF NEEDHAM, MA

PLANNING AND COMMUNITY
DEVELOPMENT DEPARTMENT

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ECONOMIC DEVELOPMENT

May 3, 2017

Board of Selectmen
Town of Needham
1471 Highland Avenue
Needham, MA 02492

Re: NBCUniversal Media LLC. Tax Increment Financing

Dear Members of the Board of Selectmen,

The Council of Economic Advisors (“CEA”) has asked that I submit a letter to the Board of Selectmen indicating the members’ strong support for granting a Tax Increment Financing (“TIF”) benefit to NBCUniversal Media LLC. (“NBC”) with regard to its proposed development at the property in Needham Crossing formerly known as 189 B Street, which is in turn part of the mixed-use Founders Park development. The estimated value of the TIF to NBC is just over two million dollars front-end loaded to the first four years of the ten year period. In exchange, NBC has, inter alia, committed to relocating 375 permanent full-time jobs to Needham and will be investing approximately \$125 million in the property, including a guaranteed \$52 million in personal property in the first year (and never to go below \$16 million). Given the amount negotiated for the base (to which the TIF does not apply), the increment on which the TIF is applicable is \$30 million. It is evident to the members that this media use will produce more in personal property taxes than we could expect from a general office use and that those excess amounts far exceed the value of the proposed TIF. For this reason alone, the TIF is a prudent economic option and the project a true game-changer.

From the CEA’s perspective, the value of this project, as discussed in detail below, lies in its ability to meet the goals established by the Economic Target Area designation. Each of these goals was established to seek commercial development that that offers high-paying jobs for residents of Needham and the region by creating clusters of innovative industries that serve to reuse existing vacant commercial spaces or build new commercial buildings, which can in turn increase and diversify tax revenues and attract new high-tech or life science companies or incent expansion of existing ones.

- 1. Create substantial enclave of innovative industry and research within the New England Business Center zoning district (“NEBC”) by building upon the many technological enterprises already in the NEBC.**

The development planned by NBC will, together with the presence of WVCB and Gatehouse Media also in Needham Crossing, create a media cluster which establishes Needham Crossing, the gateway to the N² Innovation District, as a major New England media cluster. Together with other high-tech companies and support businesses, this media cluster will lead, the CEA believes, to further development as more technology and media-related businesses opt to expand or relocate to the Needham Crossing.

- 2. Promote commercial/industrial/technical development that offers high-paying jobs for residents available to residents of both Needham and the region.**

NBC’s plan to consolidate its Massachusetts operations into a regional center for its operations will result in the relocation of 375 jobs to the NEBC. Given the extra approximately 50,000 square feet that NBC is creating, there is also the opportunity for long term growth in terms of jobs and additional development. NBC has also agreed to establish a Working Collaborative designed to provide resources and space for entrepreneurial start-up businesses offering innovative technology or services of potential benefit to NBC or other such businesses. NBC has also committed to creating at least four Needham public school internships, at least four college internships, and learning opportunities for pre-high school students, affording Needham unique educational opportunities.

- 3. Reuse existing vacant and underutilized commercial/industrial space to increase tax revenues and produce environmental benefits.**

NBC will purchase a currently vacant building with minimal value and invest approximately \$63,400,000.00 in acquisition, development and construction costs, including improvements relating to drainage and other environmental benefits. The increased value of the property, together with the substantial increase in personal property proposed by NBC to be located at the property, will result in substantial tax revenues to the Town.

- 4. Increase the use of public transit in connection with traveling to and from work working the local TMA, the 128 Business Council, which serves the local community.**

NBC will work with the Town, as well as other businesses and owners in Needham Crossing, to increase the availability of the 128 Business Council’s shuttle service from Newton Highlands T-stop. It will also create, in conjunction with the aforementioned, a plan to expand shuttle services between Needham Crossing and the Needham Heights commuter rail train station.

- 5. Identify high quality enterprises and actively encourage them to relocate to Needham.**

NBC is a national leader in the media business and its presence in the NEBC is likely to promote the area as a media cluster, bringing other related companies and supporting businesses into Needham Crossing. The Working Collaborative NBC has agreed to establish will further these goals.

- 6. Have the ability to structure TIF incentives so that the infrastructure that makes development possible becomes financially feasible for the Company and the Town.**

The proposed tax incentives will help offset project investment costs. NBC's proposed project will increase total tax revenues to the Town and help the Town fund infrastructure improvements in Needham Crossing.

7. Have the ability to offer both State and local tax incentives to make such development attractive to quality companies.

The proposed tax incentives will help offset project investment costs and the project will increase total tax revenues to the Town and help the Town fund infrastructure improvements in Needham Crossing. The TIF will allow NBC to take advantage of State tax incentives for abandoned buildings.

8. Grow the tax base further in order to cushion it from economic downturns.

The proposed project will generate significant new revenue to the Town.

9. Support principles of smart growth, mixed use development and transit orient development where appropriate.

See above. In addition, this project is part of the redevelopment now known as Founders Park which includes 390 units of multi-family housing.

10. Market Needham's economic development opportunities by utilizing a local web site and by taking advantage of existing State marketing resources.

Because NBC is in the media business and has agreed to formulate and implement a plan to provide on-air placement of "Needham Crossing" logo as part of its Host Community Agreement with the Town, the Town will benefit from the media exposure of Needham Crossing as a place to locate or expand businesses.

The proposed TIF is a small investment by the Town which will highly advance Needham Crossing's continued development and put Needham and the N² Innovation District, of which it is a part, on the map for companies seeking to be part of an innovative and vibrant community. This is not an opportunity to be missed. For these reasons, the members of the CEA enthusiastically support the granting of the TIF to NBC.

Sincerely,



Devra G. Bailin
Staff to the Council of Economic Advisors

cc: Kate Fitzpatrick