DEVELOPERS DISCOVER LYNN’S WATERFRONT

BY STEVE ADAMS  |  BANKER & TRADESMAN STAFF

Driving down the Lynnway, there’s little indication that hundreds of acres of prime waterfront real estate sit just behind the Wal-Mart, the car dealerships and the fast-food restaurants.

“We can do so much better than what’s there,” said James Cowdell, executive director of the Economic Development Industrial Corp. of Lynn. “This is the Atlantic Ocean. We had to set a new vision.”

The strategy for this working-class city of 90,000: Replacing 305 acres of desolate industrial parcels with 20-story condos and apartment towers, hotels, shops and office space overlooking Lynn Harbor. In 2008, the city rezoned a mile-long stretch of coastal property for 5.8 million square feet of development as recommended by a land-use study. But master plans are only as good as developers’ ability to build them, and the real estate meltdown scuttled any hopes of a quick payoff.

Now the market has rebounded and developers are starting to commit to the area. Two local businessmen have purchase-and-sale agreements for two waterfront parcels totaling 77 acres, where thousands of new residential units are planned.

Swampscott developer Charles Patsios expects to close within two weeks on the 65-acre former GE Gear Plant property, where he is planning a mixed-use development including apartments, retail shops, restaurants and a possible hotel.

Former West Lynn Creamery owner Arthur Pappathanasi and a group of partners have an agreement to buy the long-vacant former Beacon Chevrolet property for a 270-unit apartment complex with ground-floor retail shops.

As Market Retreated, City Moved Forward

Officials didn’t sit on their heels waiting...
for the market to rebound, hoping the rising tide would lift the city’s fortunes. They spent $6.6 million of local and state funding relocating power lines that were a waterfront eyesore. Lynn adopted the state’s 43D fast-track permitting process, giving developers assurances that they could build structures up to 20 stories high by right.

And in May, an eight-year effort culminated in the launch of a trial commuter ferry service to Boston.

The ferry operated by Boston Harbor Cruises exceeded expectations with 13,000 riders in its first year wrapping up in late September. The two-year pilot program is paid for by a $760,000 annual subsidy from the Massachusetts Department of Transportation, which will decide whether to make the service permanent and year-round.

Pappathanasi has an agreement to buy the 12-acre former Chevrolet dealership property next to the ferry terminal on Blossom Street for a 270-unit apartment complex.

It’s no coincidence, the EDIC’s Cowdell said, that development deals have gained momentum in 2014.

“This land sat vacant for 17 years, we put a ferry in and now it’s under agreement,” he said.

150 Acres Are Set To Go

All told, approximately 150 acres within the waterfront zone are ready for development, Cowdell said. National Grid owns 85 acres at the site of the former Lynn landfill which would require an environmental cleanup.

Even with remediation, the area is far from pristine, and not all of the eyesores will be removed. An LNG storage tank and the city’s sewage treatment plant sit near the center of the waterfront zone. A soup manufacturing plant lends the area a distinct aroma of bouillon.

The soup company, Kettle Foods, is a new tenant this year in the ClockTower Business Center, a 475,000-square-foot office and industrial complex. Pappathanasi, one of its owners, is partnering with Minco Development of North Andover and his longtime business partners Nick and Chris Scangas of Lynn on plans for the apartment complex next door.

The ferry service is a nice addition, Pappathanasi said, but the primary appeal to developers is the city’s pro-business environment.

“They’ve got a good attitude toward development and they’re trying to be as helpful as possible,” he said.

Pappathanasi, a former owner of West Lynn Creamery, said one major hurdle needs to be cleared before they can close on the property. The state Division of Conservation and Recreation owns an easement that runs through the heart of the parcel, which would be removed as part of a proposed land swap with the current owner in exchange for a small property in Lynn’s Central Square.

Rail Tie-In At GE Parcel

At the GE property on the opposite side of the Lynnway, Patsios envisions a walkable community designed to appeal to Boston workers looking for lower rents and a 10-mile commute to the city. The property has its own transit tie-in: The River Works station on the MBTA commuter rail’s Rockport/Newburyport line.

The station was only accessible by GE employees and is no longer active, but Patsios and local officials are seeking a future public stop. MBTA spokesman Joseph Pesaturo said the agency has not received any requests regarding the station.

The former naval gear wheel factory dating back to the 1940s closed in 2011. Under the new zoning, Patsios could build structures up to 20 stories by right. He said the number of units and scope of development is still under review.

But he likens the area’s potential to that of Quincy’s Marina Bay, where a former naval air station was redeveloped into thousands of condos, offices and boardwalk restaurants in the 1980s.

“Certainly using that concept in Lynn is a viable one,” he said. “Lynn has been hidden in plain sight. I don’t know how so many have missed it for so long.”

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