



MEMORANDUM

TO: Town Meeting Members
FROM: Katie King, Town Manager *KK*
CC: Select Board, Finance Committee
SUBJECT: Stephen Palmer Memorandum of Agreement
DATE: 10/16/2025

Background

The Stephen Palmer Building is a former elementary school, located at 83 Pickering Street, constructed in 1914 and closed in the 1970s. Town Meeting voted to authorize the sale of the Stephen Palmer School and the lease of the land at the November 12, 1975 Special Town Meeting. This vote was amended at the February 2, 1977 Special Town Meeting. The Town entered into a 50-year ground lease with Stephen Palmer Associates/Crowninshield on May 3, 1977.

Under the agreement, the Town sold the building to Crowninshield/SPA for consideration of "less than \$100." The lease area includes the building, surrounding grounds, and parking lots. Stephen Palmer Associates (SPA) redeveloped the property, converting the building into 28 residential rental units. SPA has served as the landlord and property manager to the residential tenants since that time. For a time, the Town subleased the basement for the Senior Center until it was relocated to its current site on Hillside Avenue in 2013.

Occupancy of the units is intended for individuals over 55 years old, with preference first given to Needham residents aged 55 and older, then other Needham residents, and finally non-Needham residents. There are no income requirements for tenants to be eligible for a unit, thus the units are not included on the Town's Subsidized Housing Inventory. The property contains 20 one-bedroom units and 8 two-bedroom units, ranging from 575 to 750 square feet. Rent amounts range from \$826 - \$1,430 per month. All 28 units are currently occupied.

The ground lease expires on May 3, 2027, at which time the building and land revert to the Town. The ground lease provides that upon expiration, the Lessee shall "peaceably surrender to Lessor the Leased Property add/or [sic] Improvements in good order, condition and repair in accordance with its obligations...and assign to Lessor the subleases then current." It does not require that SPA return a vacant building to the Town.

October 21, 2024 Special Town Meeting Appropriation

The October 21, 2024 Special Town Meeting approved Article 3, appropriating \$150,000, to fund consulting services related to two separate aspects of planning for the expiration of the Stephen Palmer lease: tenant relocation assistance and future reuse planning assistance.

With these funds, the Town has contracted with HousingToHome, a resident engagement firm that has extensive experience providing relocation assistance to residential tenants across the nation, to provide one-on-one engagement with Stephen Palmer residents. HousingToHome is advising the Town on the requirements under the Uniform Relocation Assistance Act, which is not applicable to the Town at this time, but may be in the future if the Town applies for federal or state funding to rehabilitate or redevelop the property.

The Town has not yet determined the future use of the building or the property. In 2025, the Select Board established the Stephen Palmer Development Review Committee to engage the Needham community to consider the future of this site (needhamma.gov/stephenpalmer). Using the October 2024 appropriation, the Town contracted with Barrett Planning Group and Gamble Associates to support the work of the Committee's community engagement and planning efforts and to provide the Town with an existing conditions assessment to understand the implications of retaining or demolishing the building. The Committee held its first meeting last night and will ultimately make recommendations to the Select Board about the property.

October 2025 Agreement: Town of Needham and Stephen Palmer Associates

Regardless of which option the Town chooses as the future use of this property (housing or otherwise), the implementation of that decision will not be completed before May 2027. The Town is not structured to operate as a landlord for the intervening years. This led to planning for how the Town and Stephen Palmer Associates could responsibly wind down the existing residential use and occupancy of this property prior to May 2027.

On October 14, 2025, the Select Board voted to approve an agreement between the Town of Needham and Stephen Palmer Associates/Crowninshield. The agreement is subject to Town Meeting appropriating the funds required for the Town to fulfill its financial obligations under the agreement (see next section below). The agreement provides that:

- SPA will notify all tenants that their leases will expire on October 31, 2026. This will serve as the final move-out date for all current Stephen Palmer residents. Tenants whose leases expire before that date will have the option to continue occupancy on a month-to-month basis through October 31, 2026. Tenants who choose to vacate earlier may do so without penalty for early termination.
- SPA will not enter any new leases or allow any new occupancy of units once a unit becomes vacant.
- The Town will pay SPA the rent for vacant units through the conclusion of the ground lease, upon proof of vacancy.
- The Town will pay individually-metered utility costs for vacant units directly to the utility companies.
- If the building becomes fully vacant prior to May 2, 2027, the Town will terminate the ground lease early and take the building back within 15 business days following proof that the building is vacant.
- On or after March 15, 2027, if SPA proves to the Town that it is unable to obtain the insurance required under the ground lease due to the occupancy level of the Stephen

Palmer Building, the Town will accept the building back as early as March 15, 2027 (or on a later date before May 3, 2027).

This agreement provides a clear timeline for transitioning the building and provides 12 months advance notice to all tenants for their required relocation date.

Articles 5 & 6: October 20, 2025 Special Town Meeting

The appropriation request is \$385,000. Article 5, if approved, would appropriate the estimated cost of the agreement between the Town and SPA to be implemented. The actual cost of the agreement will be determined by when units become vacant, and the total may end up being higher or lower than this estimate.

Article 6, sponsored by the Finance Committee, amends the Fiscal Year 2026 Operating Budget. The amendment to line item 10, would reduce the Reserve Fund by \$385,000, from \$1,784,395 to \$1,399,395. If adopted, Article 6 would provide the funding to support Article 5 within the Town's total FY2026 operating budget previously approved by the 2025 Annual Town Meeting.

Tenant Relocation Assistance

In addition to the agreement with Stephen Palmer Associates, the Select Board has provided guidance on how the Town can support Stephen Palmer residents during this transition. The Select Board will seek Reserve Fund Transfers from the Finance Committee, as needed, to allow the Town to reimburse up to \$10,000 per Stephen Palmer unit for eligible relocation costs including: the rent differential between their future and current rent for up to 4 months, security deposit, moving costs, and application fees. This program will operate on a reimbursement basis and is capped at \$10,000 per unit at the Stephen Palmer Building for eligible costs. HousingToHome will administer the program on behalf of the Town and will work individually with each resident to support them during this transition, offering one-on-one assistance and guidance throughout the relocation process.