



PLAN

Dudley Square
Roxbury

ECONOMIC & WORKFORCE DEVELOPMENT WORKSHOP PART II

July 18, 2016

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PLAN: Dudley Square Overview



Photo Credit: Peter Vanderwarker

AGENDA

1 Welcome & Introduction

2 Group Discussions

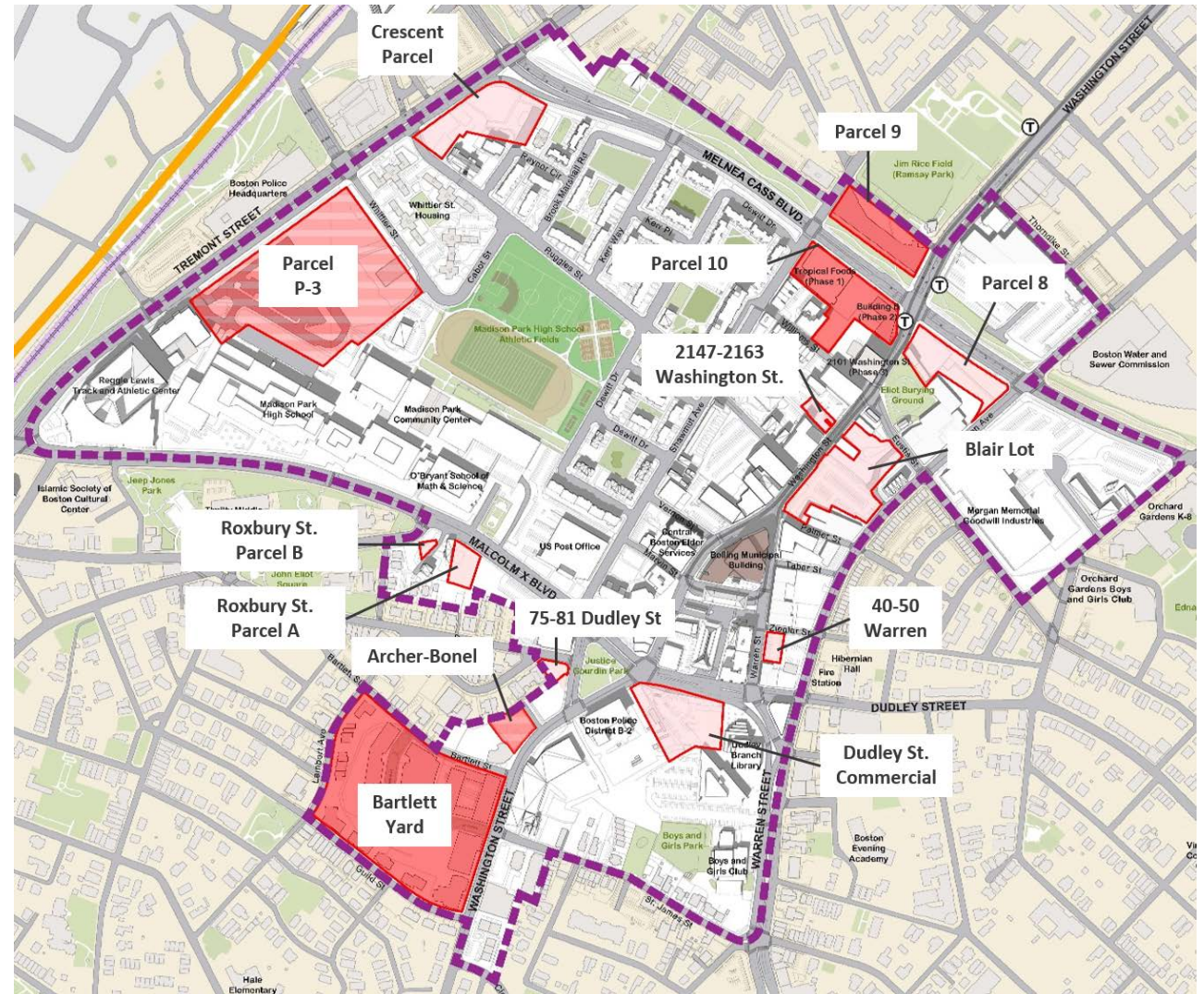
Review June meeting

Jobs discussion

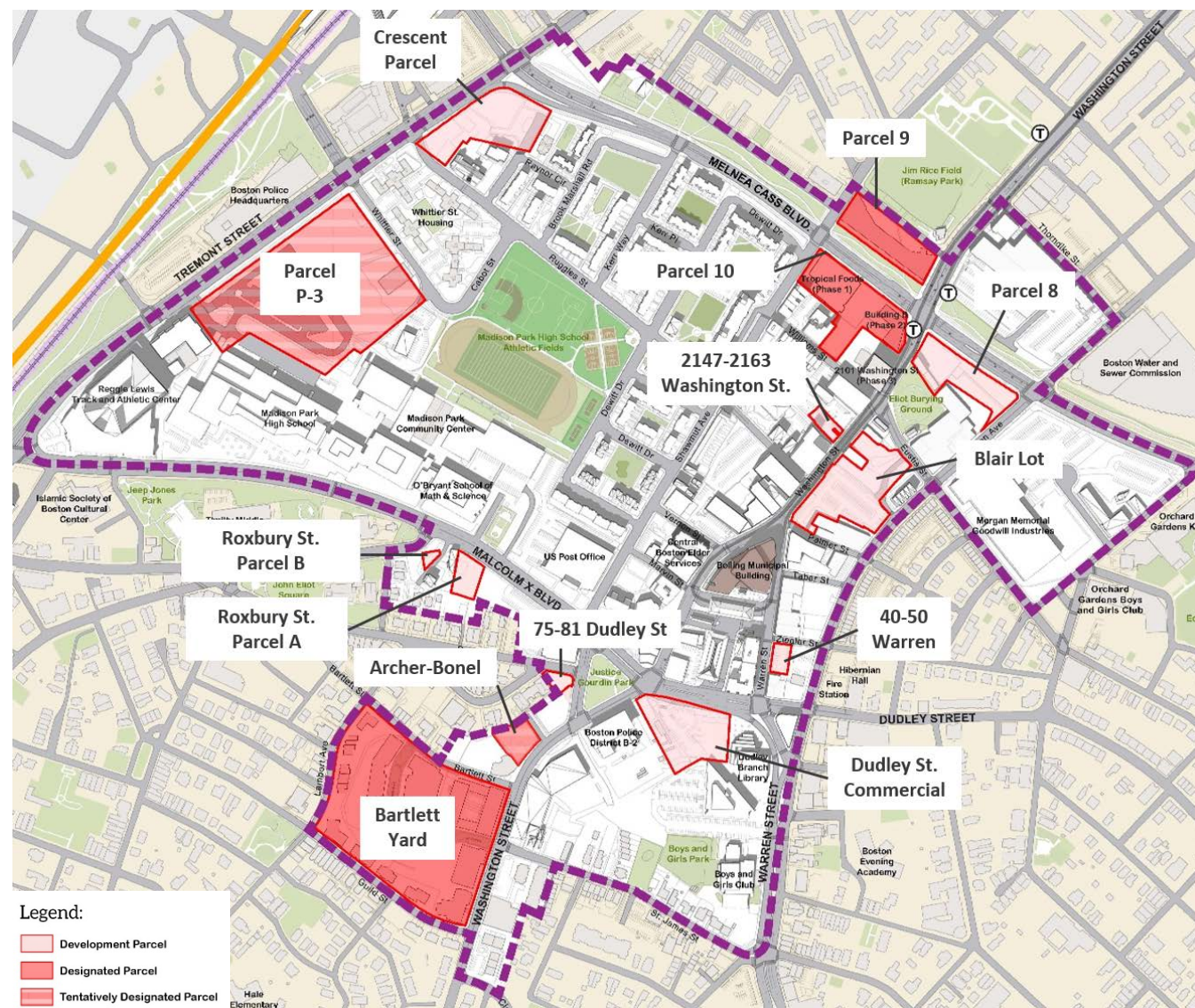
3 Next Street Financial Presentation

Presentation

Questions and discussion

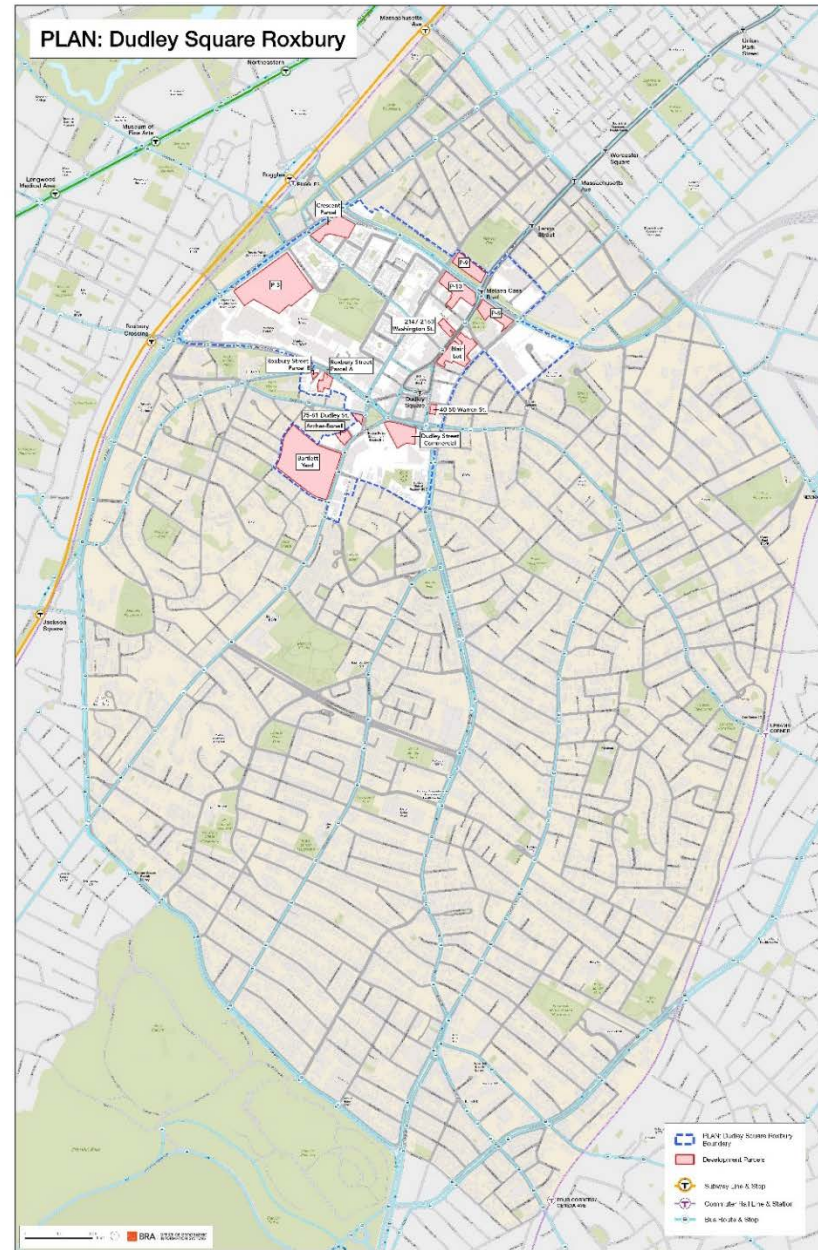
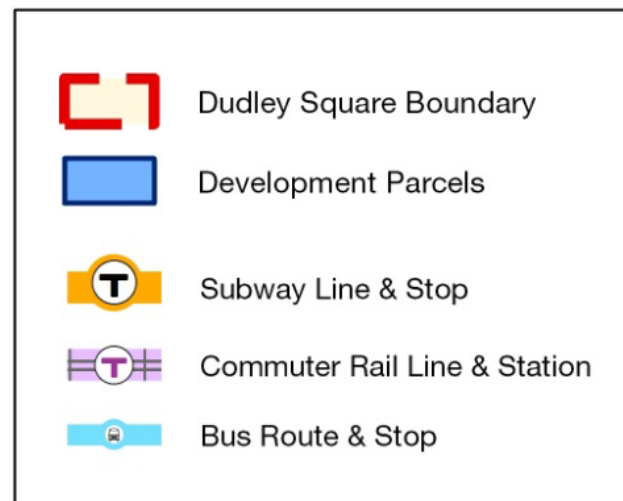


STUDY AREA



STUDY AREA CONTEXT

Roxbury Map with Study Area



STUDY GOALS

- **PROVIDE** an inclusive community engagement process that is **responsive** to existing **challenges** and **opportunities**.
- **REASSESS** the vision for Dudley Square that was originally outlined in the **Roxbury Strategic Master Plan** and **Dudley Vision**.
- **ESTABLISH** an **implementation plan** for **publicly** and **privately owned vacant** parcels.



PLAN: DUDLEY SQUARE CALENDAR

Third Monday of the month

FEBRUARY 22, 2016

Open House

MARCH 16, 2016

Walking Tour

MARCH 21, 2016

Visioning Workshop

APRIL 19, 2016

Transportation & Public Realm Workshop

MAY 16, 2016

*Assessing What We Heard & Next Steps
Workshop*

JUNE 20, 2016

*Economic & Workforce Development
Workshop*

JULY 18, 2016

*Economic & Workforce Development
Workshop Part II*

AUGUST 15, 2016 (Proposed)

*Land Use Priorities & Tools for
Development Workshop*

September 19, 2016 (Proposed)

*Review Draft Development Guidelines &
Implementation Strategies Workshop*

October 3, 2016 (Proposed)

*Review Final Development Guidelines &
Implementation Strategies
(With Oversight Committee)*

PAST WORKSHOPS

Visioning Workshop – March 21, 2016

- Explore opportunities to recruit different sectors such as technology and innovation
- Make public realm improvements

Transportation and the Public Realm – April 19, 2016

- Increase walkability and make sure vehicular traffic is not at odds with pedestrians
- Ensure transportation network has adequate capacity

Assessing What We Heard and Next Steps – May 16, 2016

- Create balance of development between Ruggles and Dudley
- Encourage development that is contextual to the whole neighborhood



ECONOMIC & WORKFORCE DEVELOPMENT

Process & Outcomes

Open
House

Walking
Tour

Visioning

Transport. &
Public Realm

What We
Heard & Next
Steps

**Economic
Development
Planning**

Development
Goals & Tools

Preferred
Development
Guidelines

Tentative BRA
Board
Review/Action

Development
Strategy
Review

Capacity Building

What

- Review current conditions, trends, & key metrics
- Discuss priorities & values

Who

- Residents & stakeholders
- Boston Redevelopment Authority (BRA)
- Office of Economic Development (OED)



Community Benefits

What

- Discuss opportunities that advance community priorities
- Evaluate tradeoffs

Who

- Residents & stakeholders
- Boston Redevelopment Authority (BRA)
- Office of Economic Development (OED)
- Next Street



Scenario Development

What

- Test feasibility of opportunities
- Develop implementation priorities for RFP guidelines

Who

- Residents & stakeholders
- Boston Redevelopment Authority (BRA)
- Office of Economic Development (OED)
- Next Street



RFP Guideline Review

What

- Review recommended RFP guidelines for economic development

Who

- Residents & stakeholders
- Boston Redevelopment Authority (BRA)
- Office of Economic Development (OED)
- Next Street

ECONOMIC AND WORKFORCE DEVELOPMENT

June 20, 2016

TOP 5 INDUSTRIES IN BOSTON

Jobs in Boston 2014 (Permanent Jobs)

Source: BEA, EOLWD, BRA Research Division Analysis

1. Health Care and Social Assistance	133,658
2. Professional and Technical Services	88,636
3. Finance and Insurance	79,990
4. Government	76,602
5. Accommodation and Food Services	58,887

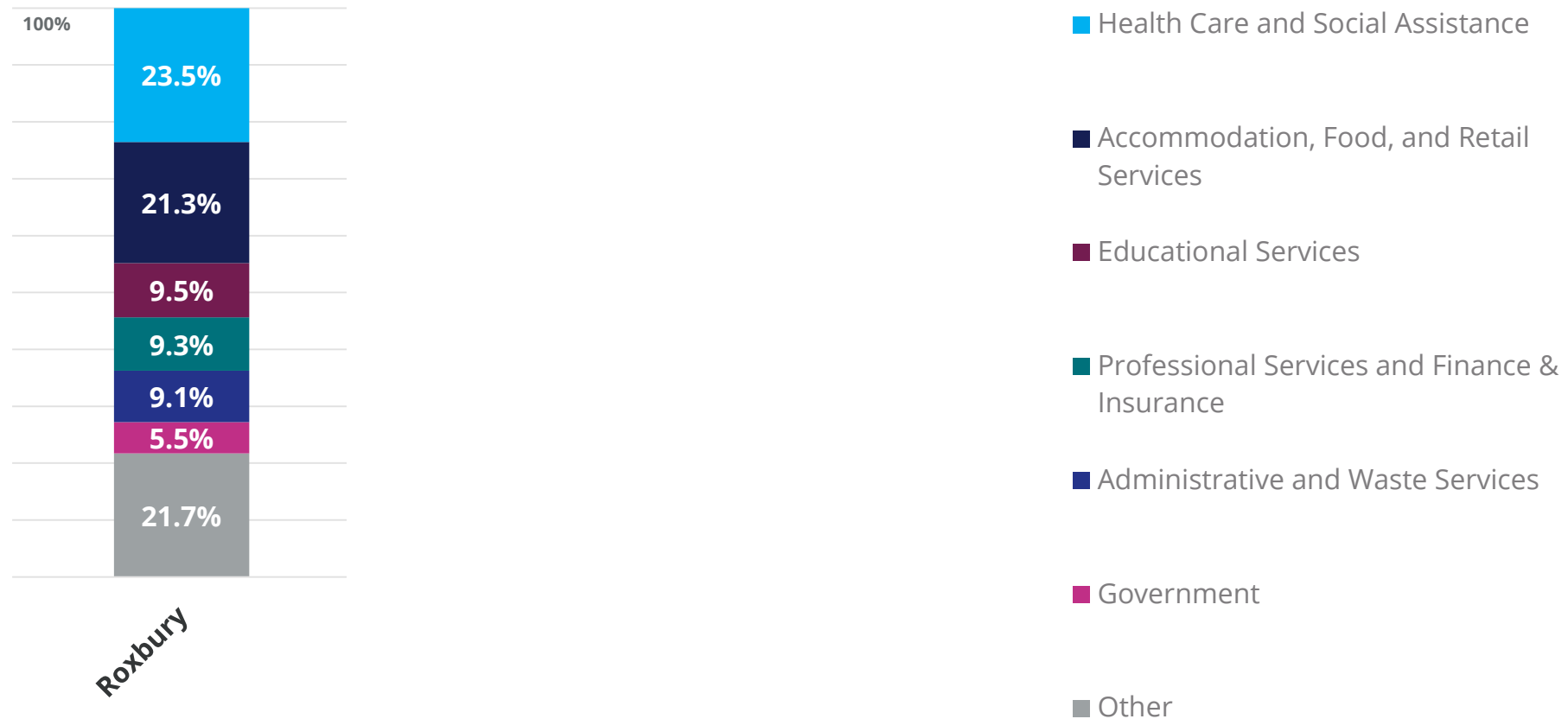
**61% of all jobs
in Boston**

<http://bit.ly/plandudley>

JOBS HELD BY ROXBURY RESIDENTS

By Industry 2014 throughout the city and region

Source: U.S. Census Bureau, LODES, OntheMap,
2014, BRA Research Division Analysis



TOP 5 GROWTH INDUSTRIES

Change by Industry in Boston 2010-2014

Source: BEA, EOLWD, BRA Research Division Analysis

	# of New Jobs
1. Professional and Technical Services	16,770
2. Health Care and Social Assistance	11,056
3. Accommodation and Food Services	9,558
4. Educational Services	4,330
5. Other Services	3,650

TOP 5 INDUSTRIES BY WAGE

Average Annual Wage by Industry in Boston 2014

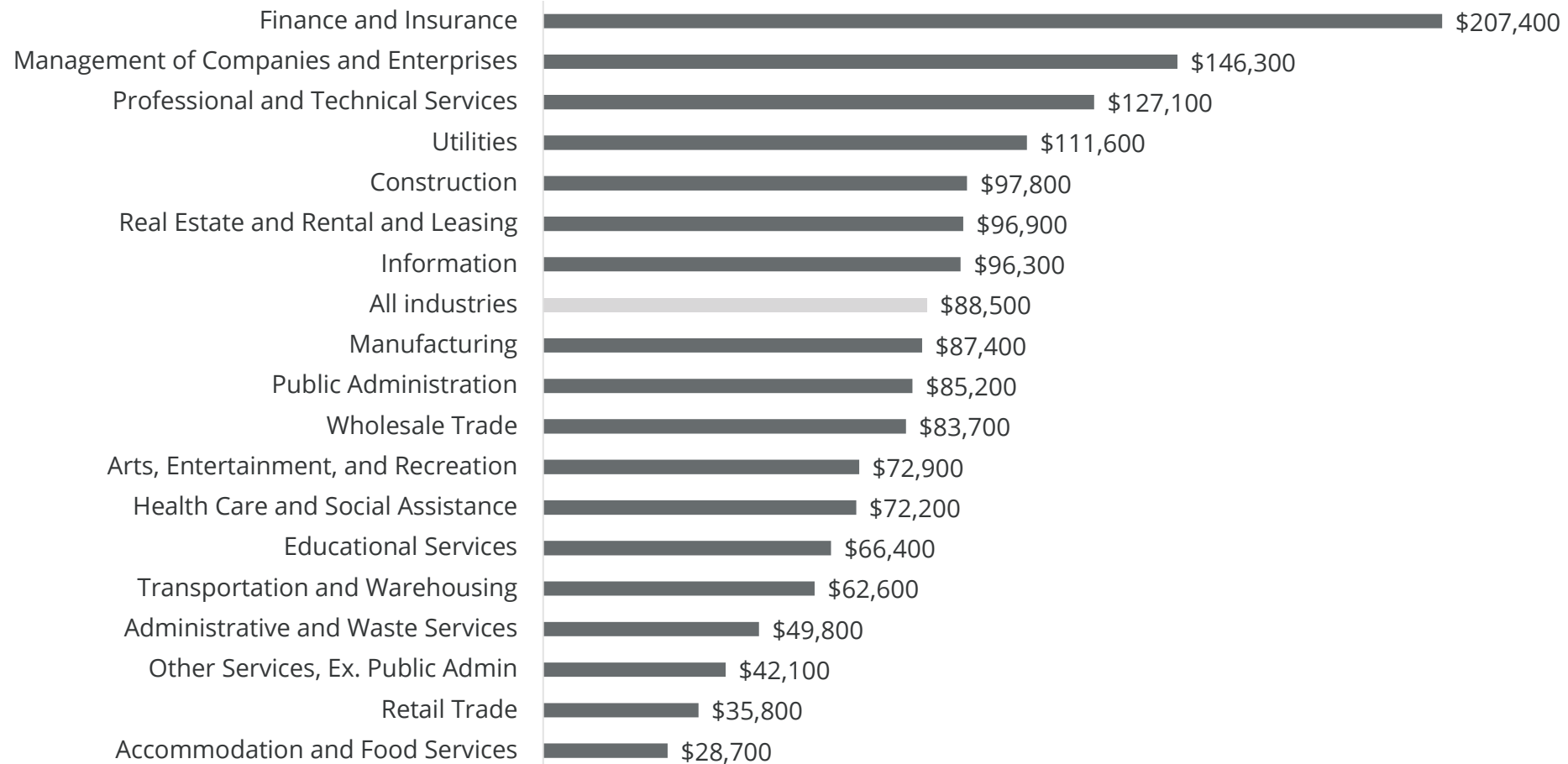
Source: BEA, EOLWD, BRA Research Division Analysis

1. Finance and Insurance	\$207,400
2. Management of Companies and Enterprises	\$146,300
3. Professional and Technical Services	\$127,100
4. Utilities	\$111,600
5. Construction	\$97,800

WAGES BY INDUSTRY

Average Annual Wage by Industry in Boston 2014

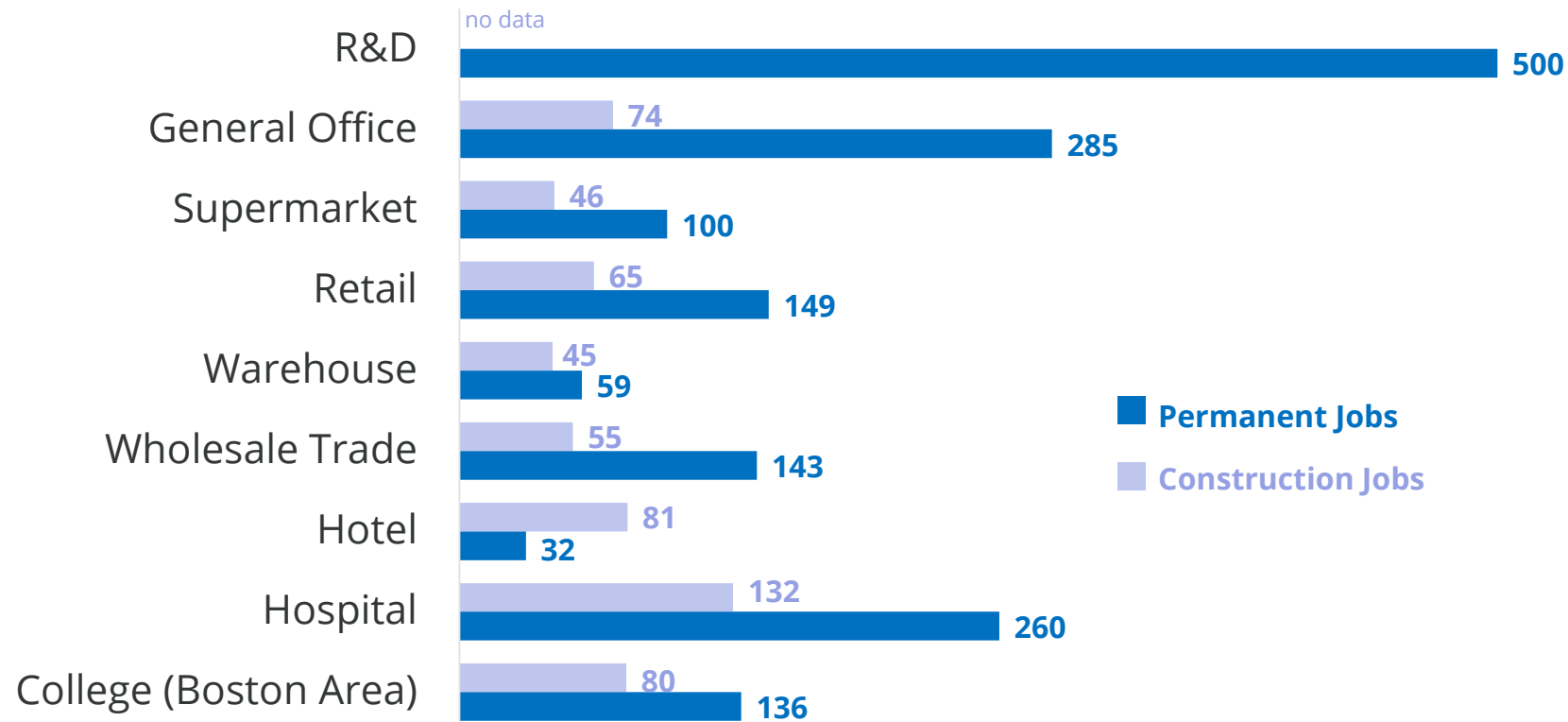
Source: BEA, EOLWD, BRA Research Division Analysis



<http://bit.ly/plandudley>

JOBS PER 100,000 SF

By Type of Building



JOB CREATION AND DEVELOPMENT DISCUSSION

- 1. How do we bring jobs to Dudley Square?**
- 2. What kind of district do you want Dudley Square to be?**
- 3. What job industries do you want to see in Dudley Square, and why?**



PLAN: DUDLEY SQUARE

JULY 18, 2016

TOPICS FOR PRESENTATION AND FEEDBACK

- > Real estate and jobs as part of neighborhood development
- > Current market context for Dudley Square
- > Levers for achieving economic development goals through RFP process
- > Next steps

X ELEMENTS OF NEIGHBORHOOD DEVELOPMENT

Attractiveness of the physical environment brings residents and workers

Density catalyzes appetite for investment and upkeep of environment.

ENVIRONMENT

Environmental readiness and usability of space impacts the ability to start, recruit, or grow a business

Active business use catalyzes appetite for investment and upkeep of environment.

HOUSING AND OFFICE

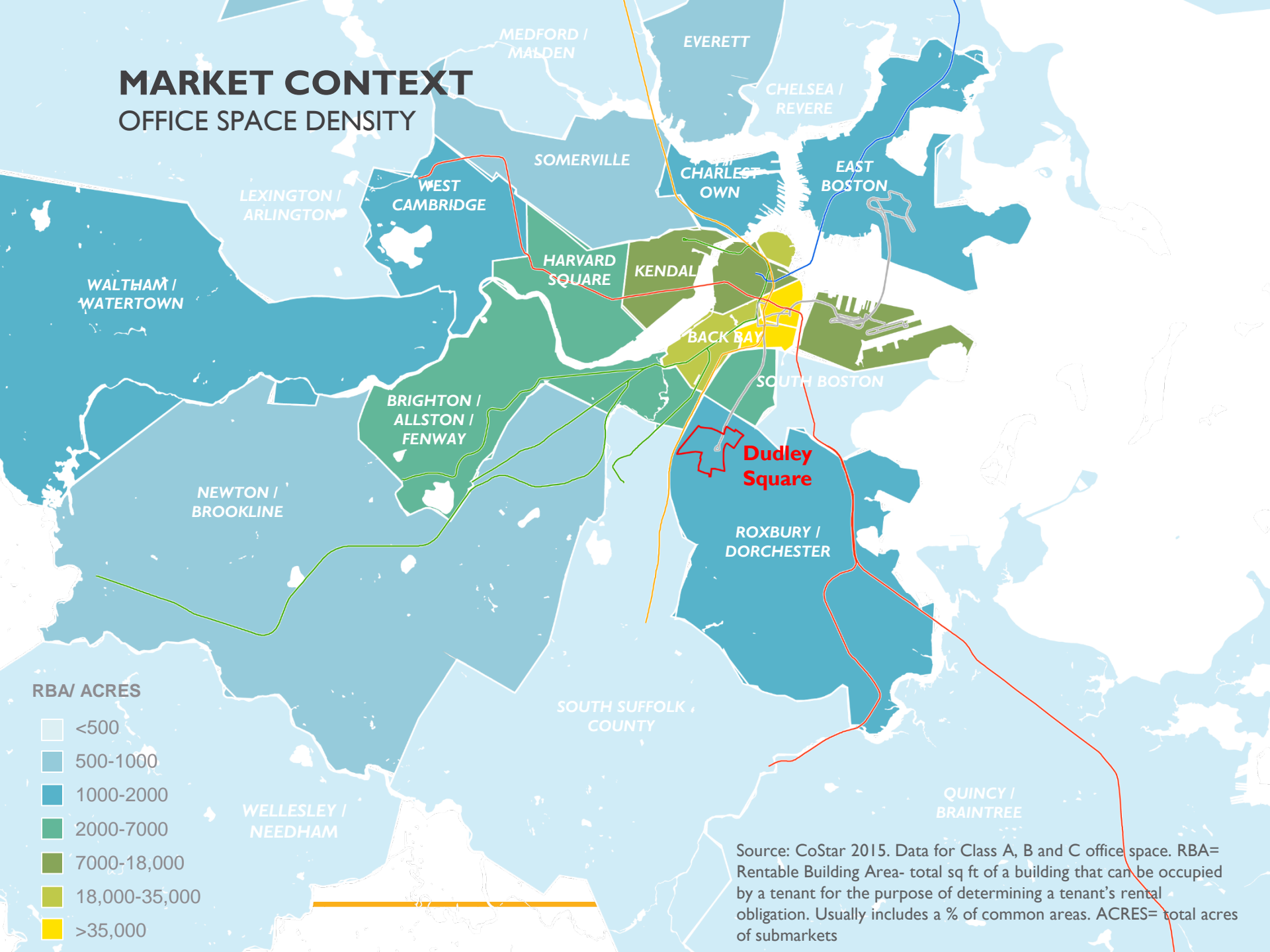
BUSINESS ACTIVITY

Demand generation is critical to long-term retail and service business sustainability.

Volume of residents, workers and visitors is required to sustain business – and the quality/fit of retail / service landscape foster consumer, business, and visitor demand.

MARKET CONTEXT

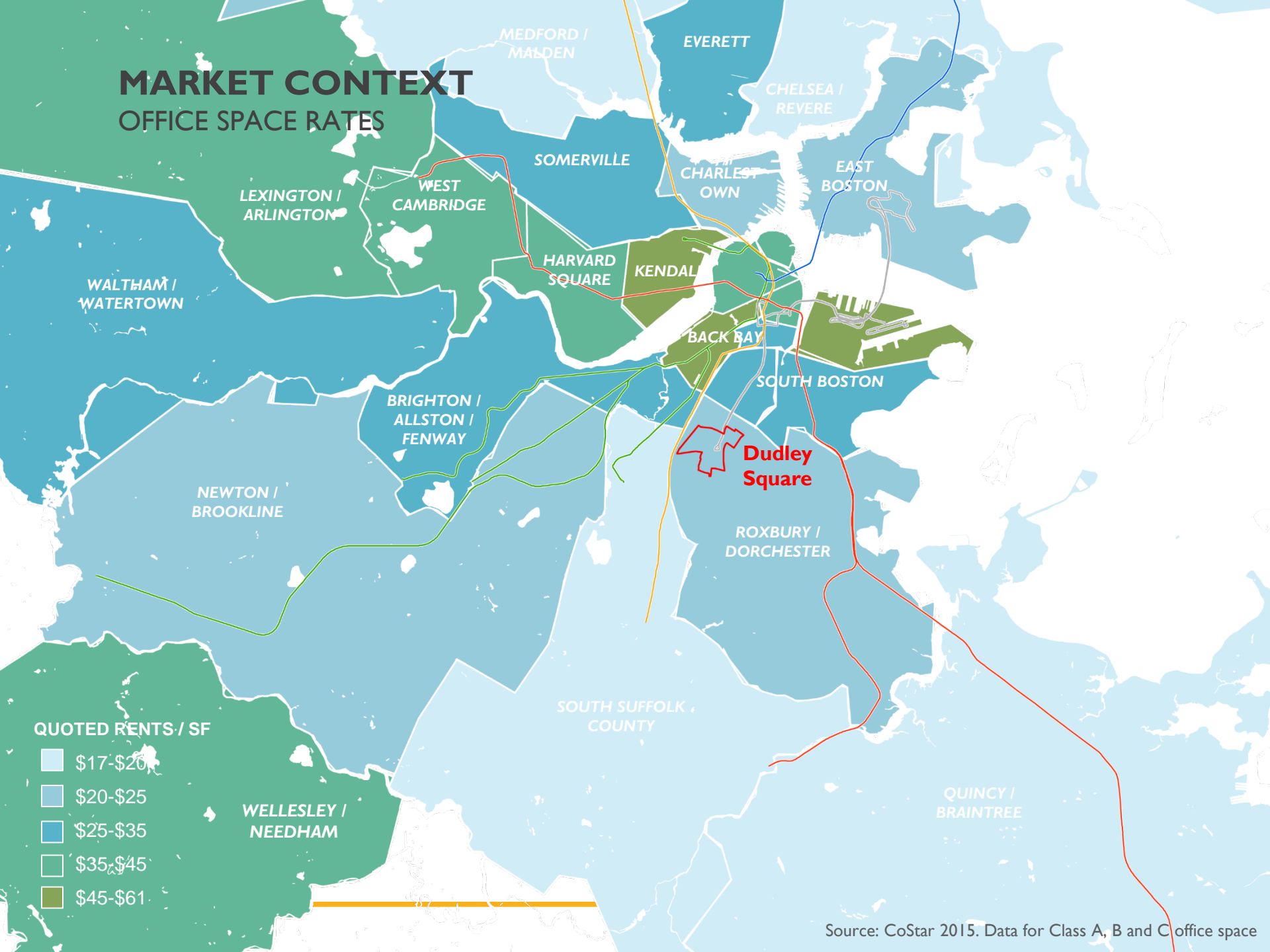
OFFICE SPACE DENSITY



Source: CoStar 2015. Data for Class A, B and C office space. RBA= Rentable Building Area- total sq ft of a building that can be occupied by a tenant for the purpose of determining a tenant's rental obligation. Usually includes a % of common areas. ACRES= total acres of submarkets

MARKET CONTEXT

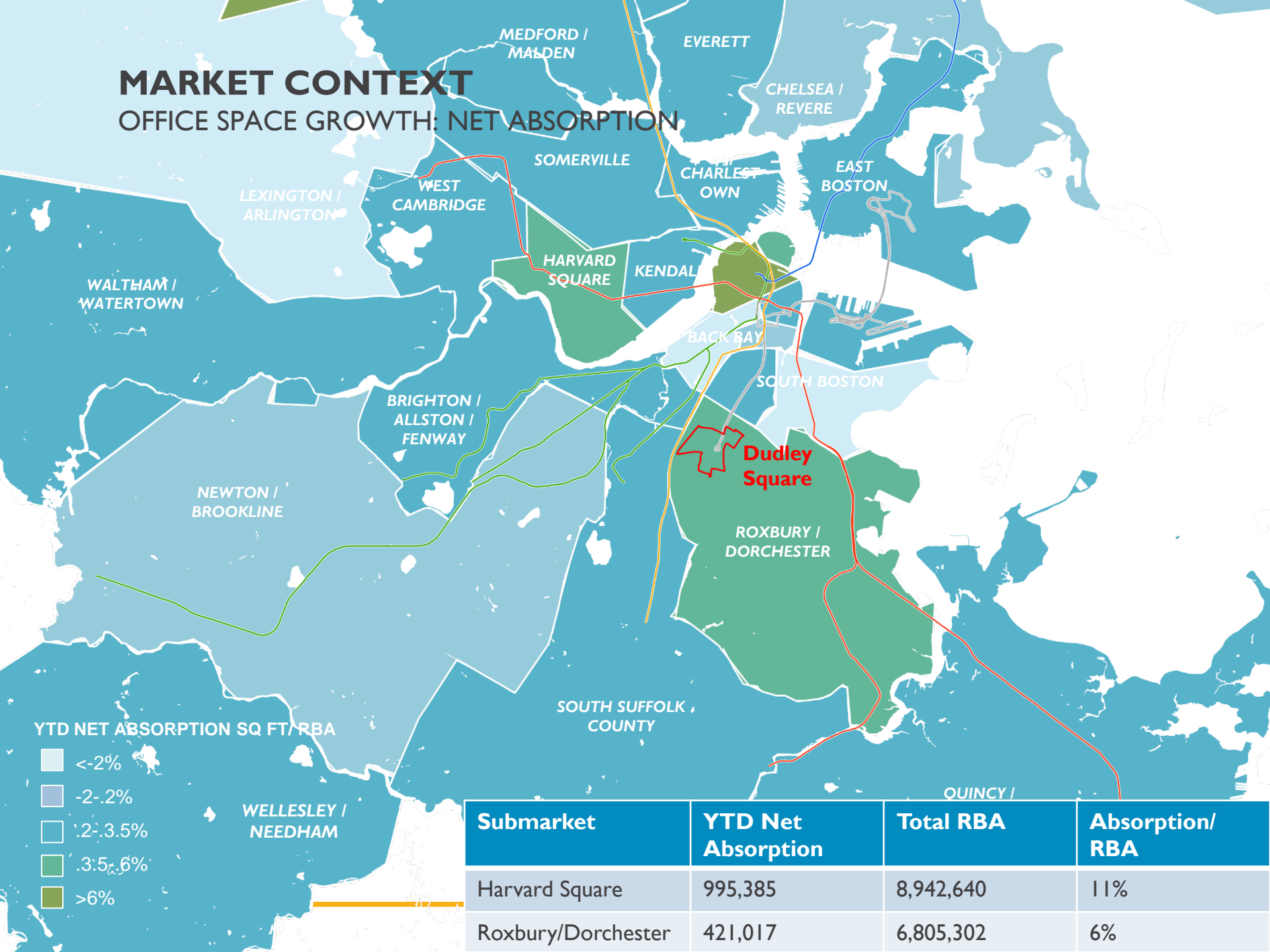
OFFICE SPACE RATES



Source: CoStar 2015. Data for Class A, B and C office space

MARKET CONTEXT

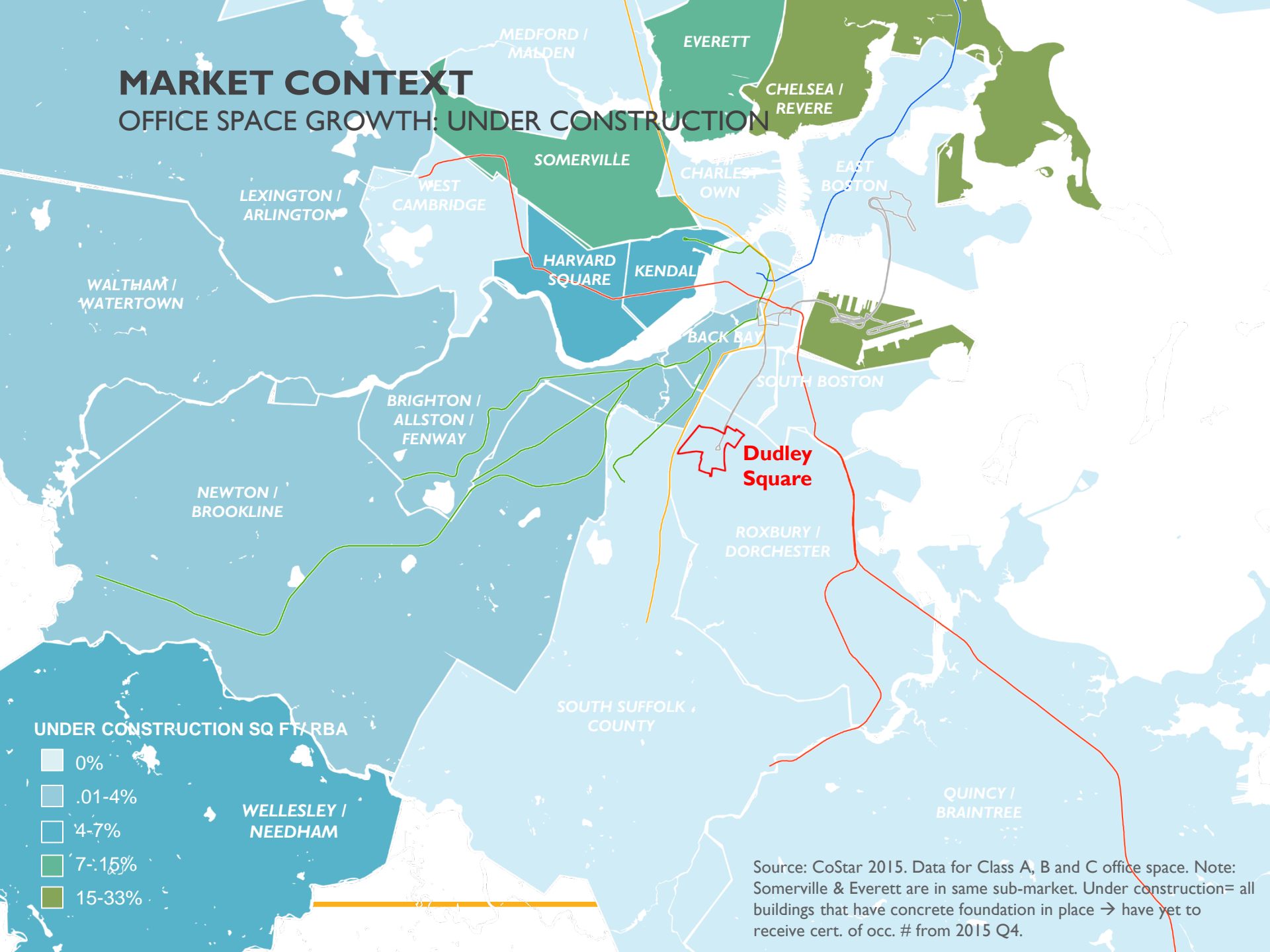
OFFICE SPACE GROWTH: NET ABSORPTION



Submarket	YTD Net Absorption	Total RBA	Absorption/ RBA
Harvard Square	995,385	8,942,640	11%
Roxbury/Dorchester	421,017	6,805,302	6%

MARKET CONTEXT

OFFICE SPACE GROWTH: UNDER CONSTRUCTION



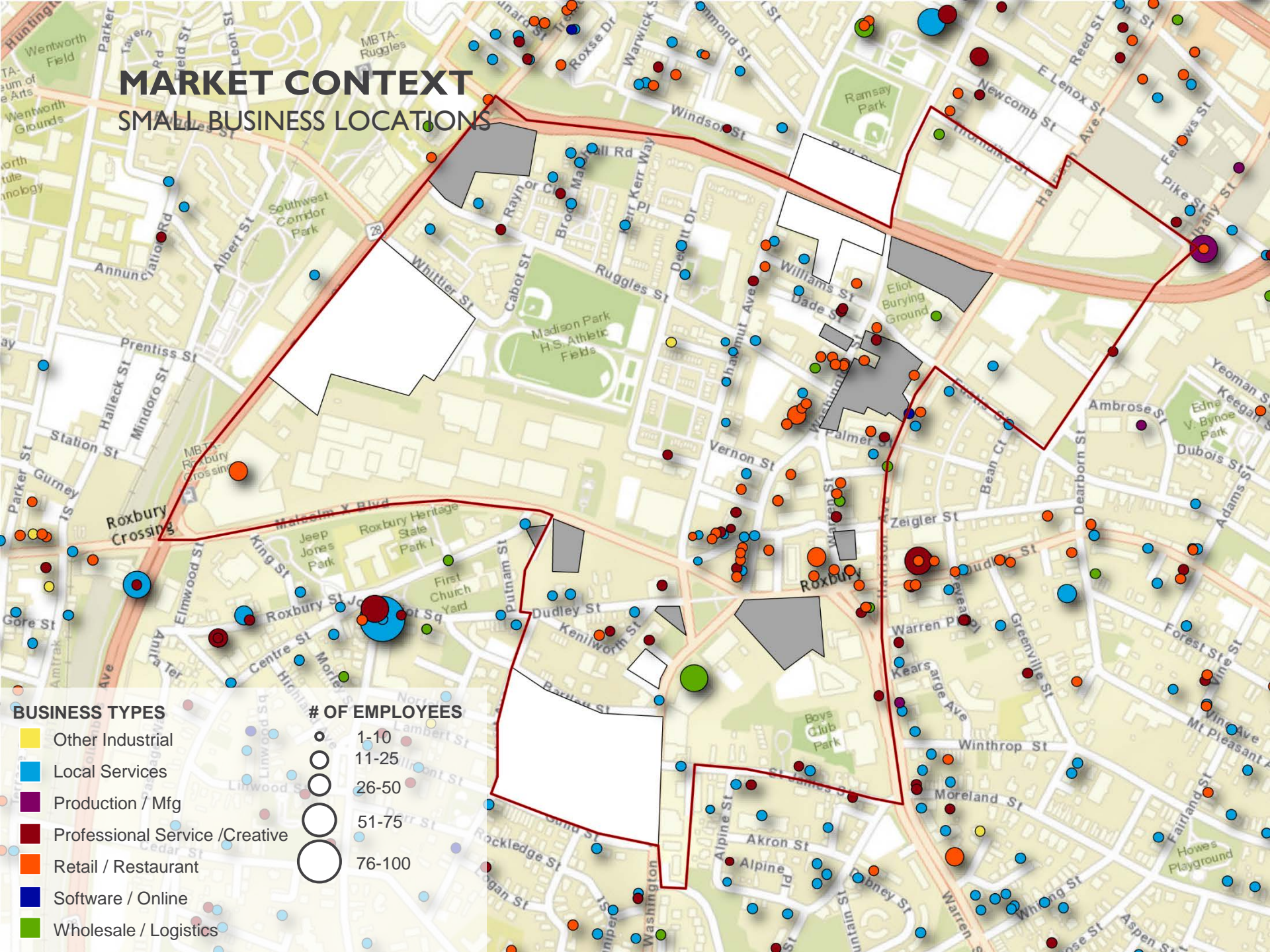
Source: CoStar 2015. Data for Class A, B and C office space. Note: Somerville & Everett are in same sub-market. Under construction= all buildings that have concrete foundation in place → have yet to receive cert. of occ. # from 2015 Q4.

OFFICE/EMPLOYMENT TAKEAWAYS

- > Roxbury/Dudley is not a well defined office submarket but may be poised to benefit from tenants seeking a close-in price alternative to Seaport/Financial District/Cambridge.
- > Dudley has some momentum based on the strength of recent investments such as the Bolling building and may prove attractive to build-to-suit users who do not seek the clustering effect or amenities offered by the prime submarkets
- > In the near term additional residential and service/restaurant investments will help to further seed the market for medium to large office in Dudley Square
- > Competition will include areas such as Somerville and Brighton.
- > Proximity to transit is critical for office users so location closer to major MBTA stops are preferred

MARKET CONTEXT

SMALL BUSINESS LOCATIONS



X MARKET CONTEXT

EMPLOYMENT IN DUDLEY SQUARE

Total Employment in Dudley Square: **3,211***

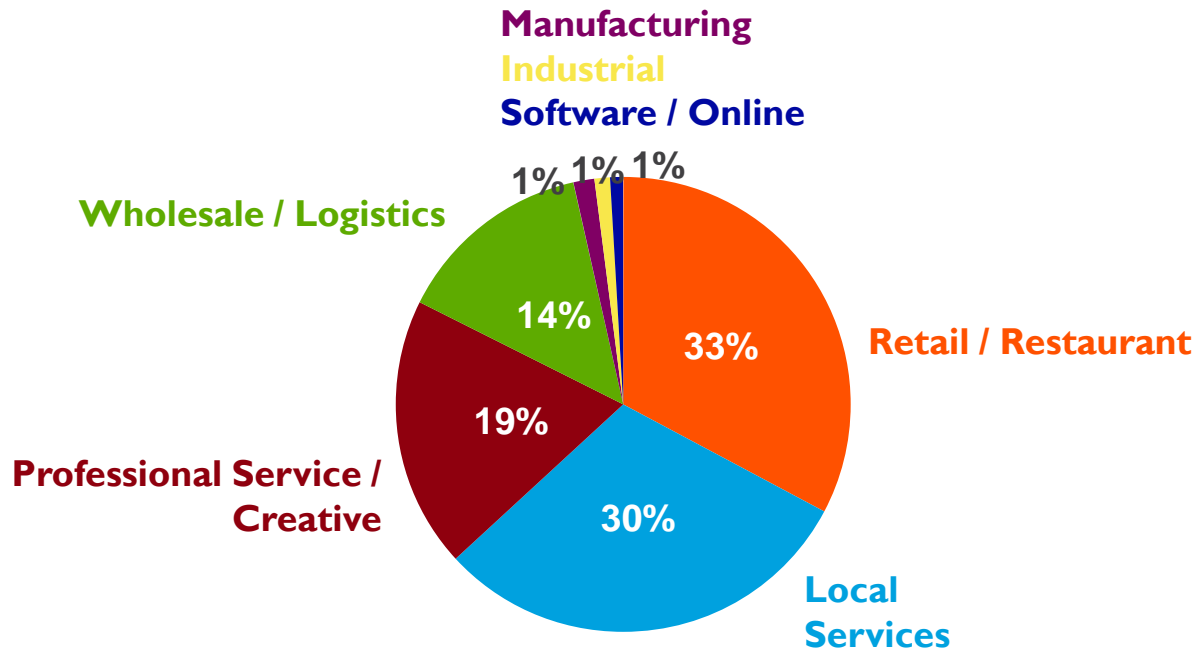
Small Business Employment in Dudley Square: **540 (18% of total)**

170 Small Businesses

\$54M in Gross Revenues

Avg. Gross Revenue / Employee : \$97,100

Breakdown by Business Type

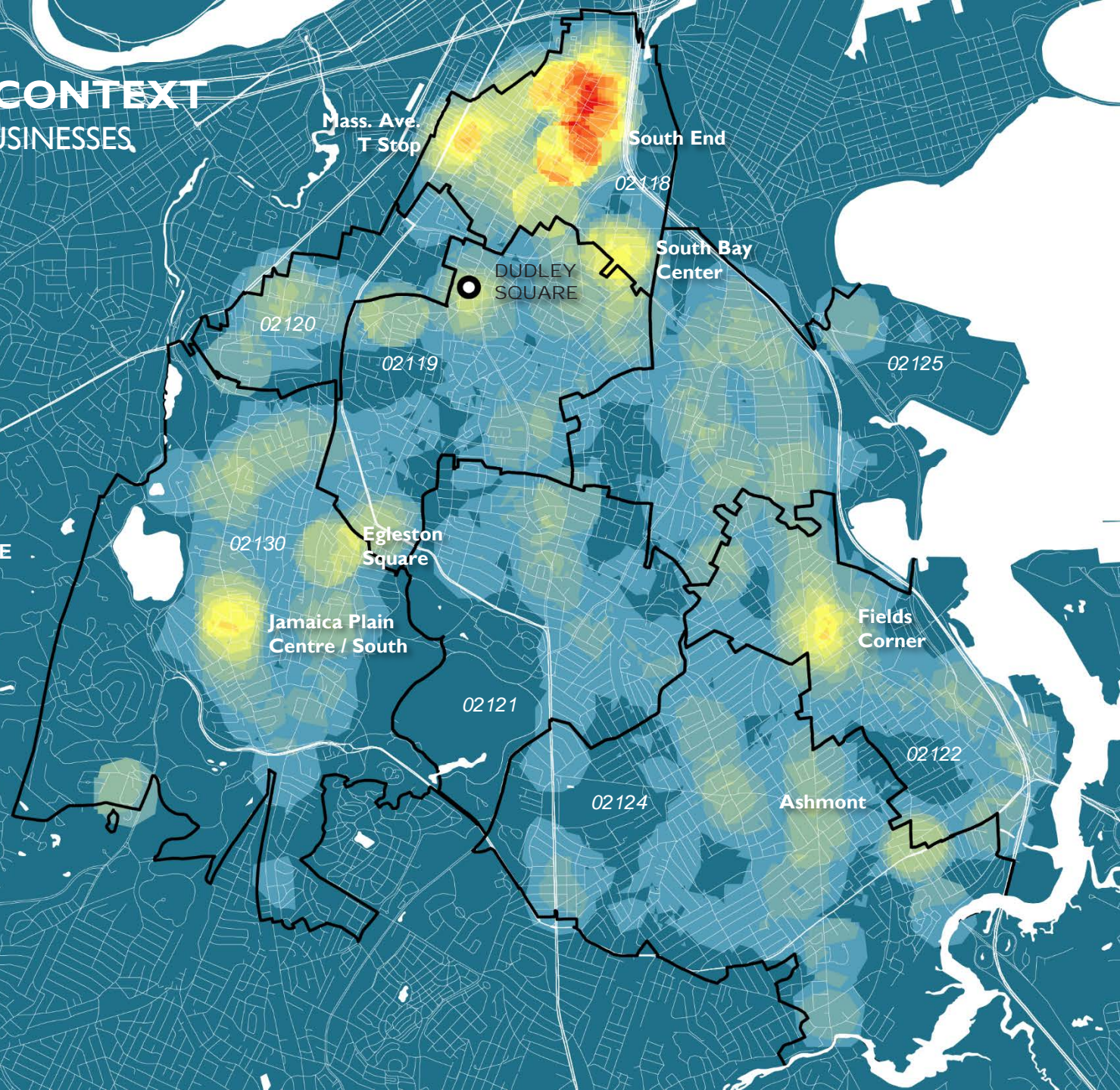
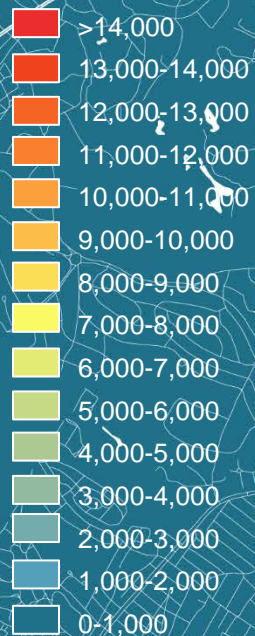


* Source: 2014, US Census LEHD; includes est. 500 Bolling Building employees

MARKET CONTEXT

ALL SMALL BUSINESSES

EMPLOYEE-PER SQUARE MILE

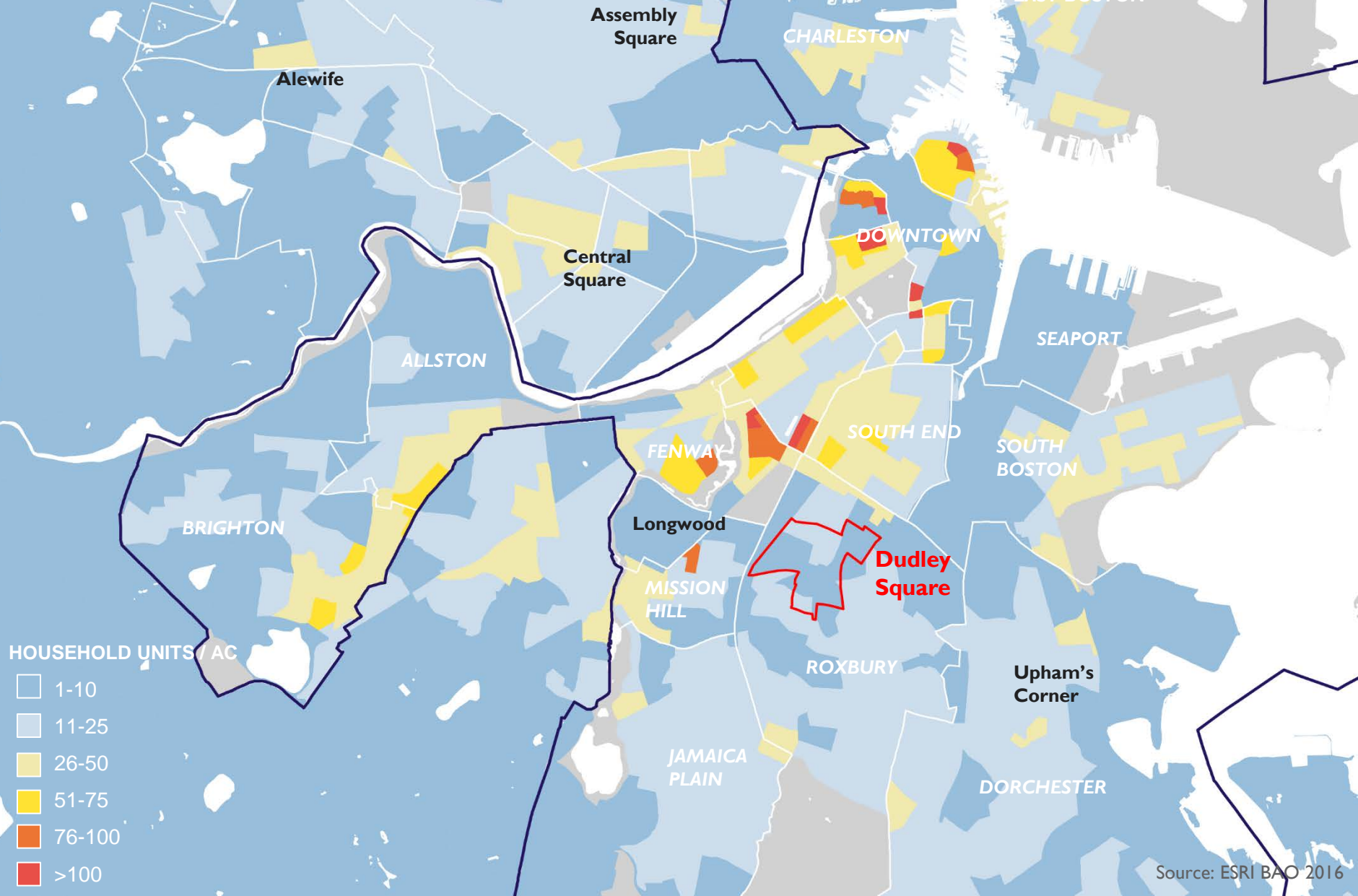


SMALL BUSINESS TAKEAWAYS

- > Approximately 20% of current jobs in Dudley Square are in 'small businesses' with fewer than 100 employees
- > The largest segments including local services, restaurant/retail businesses, and professional/creative services
- > Lack of small and affordable spaces (tenants seeking low \$20's/sf with rents typically in the high \$20's/sf) in existing buildings is a challenge
- > Bolling building with its restaurant activity and resources for start-ups has had a catalytic impact but more business incubator/accelerator activity is needed
- > Are there additional partnership opportunities that are untapped with major employers (healthcare, finance) and educational institutions (Northeastern, Madison Park Vocational High School, etc)?

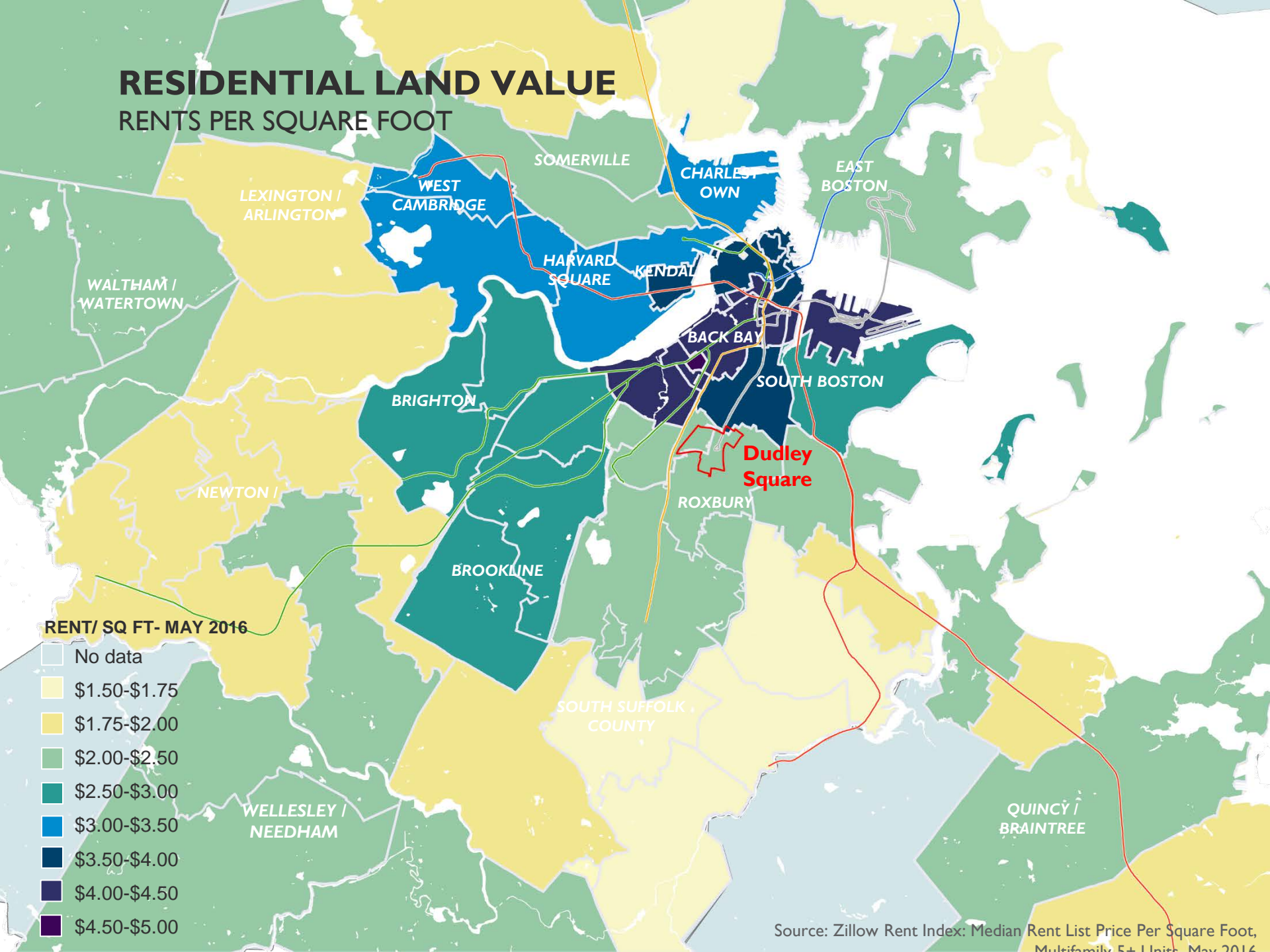
MARKET CONTEXT

RESIDENTIAL DENSITY



RESIDENTIAL LAND VALUE

RENTS PER SQUARE FOOT



ROBURY FOR-SALE RESIDENTIAL MARKET

Sales trended up substantially in 2015 and continue the trajectory in 2016

Single-Family Properties

Single-Family Properties	2014	2015	+ / -
Closed Sales	175	214	+ 22.3%
Median Sales Price*	\$445,500	\$465,000	+ 4.4%
Inventory of Homes for Sale	--	--	--
Months Supply of Inventory	--	--	--
Days on Market Until Sale	40	47	+ 17.1%
Percent of Original List Price Received*	99.3%	99.8%	+ 0.5%
New Listings	242	236	-2.5%

Condominium Properties

Condominium Properties		2014	2015	+ / -
Closed Sales		64	80	+ 25.0%
Median Sales Price*		\$283,500	\$335,500	+ 18.3%
Inventory of Homes for Sale		--	--	--
Months Supply of Inventory		--	--	--
Days on Market Until Sale		46	41	-11.2%
Percent of Original List Price Received*		99.9%	99.2%	-0.7%
New Listings		91	114	+ 25.3%

RESIDENTIAL TAKEAWAYS

- > Demand for both rental and for-sale residential is ‘spilling over’ in Roxbury/Dudley Square from higher cost neighborhoods such as South Boston and Jamaica Plain
- > Price increases for housing have been substantial over the last several years with median rents pushing north of \$2.00 per square foot and median for-sale pricing in the low \$300,000’s for attached product and mid \$400,000’s for single-family
- > Price pressure is likely to continue as renters/buyers look for convenient alternatives to the highest priced Boston locations
- > Developers are likely to pursue housing developments on vacant sites, given the strength of the asset class, though the rental market in particular may have hit its peak for this development cycle

X ASSESSING FINANCIAL FEASIBILITY

FOR RENT PRODUCT

Revenue

Rental revenue
less vacancy and fees

Costs

- Land cost
- Construction and site costs
- Soft costs (Architecture, Engineering, Legal, Finance)
- Operating costs

NET SURPLUS OR GAP

minus

equals

FOR SALE PRODUCT

Revenue

Sales revenue
less commissions

Costs

- Land cost
- Construction and site costs
- Soft costs (Architecture, Engineering, Legal, Finance)

NET SURPLUS OR GAP

minus

equals

ADDRESSING THE GAP

Strategies for addressing the potential financing gap can target both the revenue and cost side of the development equation. Land subsidies are likely to play a significant factor, as are additional incentives.

Increase real estate value:

1. Strengthen “brand” with marketing, outreach, wayfinding
2. Develop projects that enhance critical mass (e.g. housing, retail, and other complementary uses)
3. Improve site amenities (e.g. open space, transit, cultural destinations)

Lower development costs:

1. Provide land for new development
2. Construct roads and infrastructure
3. Build shared parking
4. Leverage available incentives

BRINGING JOBS TO DUDLEY SQUARE

Along with housing, the next wave of development in Dudley Square can begin to focus on the mix of commercial uses and affordability that can bring jobs that offer paths to career development and wealth creation.

Segment	Example opportunity
Retail and restaurants	• Build and price spaces that allow locally owned retail and restaurants to start up, expand and thrive
	• Create space for “graduates” of food incubators in Dorchester and JP
Office	• Create smaller, high quality, affordable space for local small businesses – who face poor quality, high cost elsewhere
	• Create space and incentives for expansion/attraction of good-paying jobs with career paths in the city’s growth clusters, e.g., IT services
Industrial	• Where sites permit, create small/shared industrial spaces with equipment storage, loading dock

ELEMENTS OF THE RFP

The RFP for public sites has a range of levers for shaping developer responses and the ultimate use and design of the space.

1. Development Process

2. Project Information

3. Project Vision, Objectives, Guidelines

4. Submission Requirements

5. Evaluation Criteria

6. Terms and Conditions

Existing conditions
Competitive advantages
Public Incentives

Need to be aligned to clarify priorities
and expectations

Leverage:

- City-owned land
- Allowed scale and density
- Other public funding sources
- Enforcement of city policies
- Role of Oversight Committee

ELEMENTS OF THE RFP

Public Incentives: Funding to Close the Gap

Land and Density

- > Public land; minimal land costs
- > Density bonuses

Brownfields

- > MassDevelopment Loans
- > EOHED Tax Credits
- > US EPA Grants

Infrastructure

- > I-Cubed Bonds (A&F)
- > MassWorks Grants (EOHED)
- > MassDevelopment Bonds
- > US EDA Grants

Job Creation / Economic Development

- > MassDevelopment R.E. Loans
- > District Improvement Financing
- > Chapter 121A Tax Agreement Program
- > New Market Tax Credits
- > Community Investment Tax Credits
- > EDIPC Tax Credits
- > US EDA Regional Innovations

ELEMENTS OF THE RFP

Public Policies: Developer Requirements

City Policies

- > Boston Resident Jobs Policy
- > Inclusionary Development Program
- > Linkage Program
- > Chapter 121B, Urban Renewal Areas
- > Zoning Article 80 Development Review (PNF/DPIR)
- > Zoning Article 37, Green Buildings
- > Design Review

State Policies

- > MA Environmental Policy Act (MEPA)
- > Other state permits

DISCUSSION

- > What are the community's priorities for the focus of development?
 - Balance of housing, office, retail, and other uses
 - For types of businesses and jobs, e.g., local entrepreneurs, jobs with strong career paths, etc.
- > Where can we connect existing programs and resources with future marketing and support of these spaces and tenants?
- > What other economic policies should we consider as part of the feasibility analysis, e.g., housing, job creation and quality

WHAT TO EXPECT AT THE NEXT MEETING

- > Multiple scenarios for the uses of the available sites, based on your input, our market analysis, and examples of development elsewhere/lessons learned
- > Feasibility analysis for each scenario by site
 - “What it would take” for each site, and what options exist
 - What amount and type of subsidy might be possible to bridge the gaps
- > Discussion of these results, including additional input to the RFP process