



PLAN: Downtown & Downtown Office Conversion Study

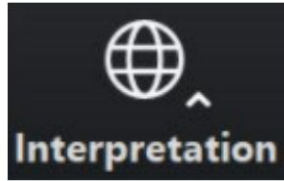
Public Meeting

May 4, 2023

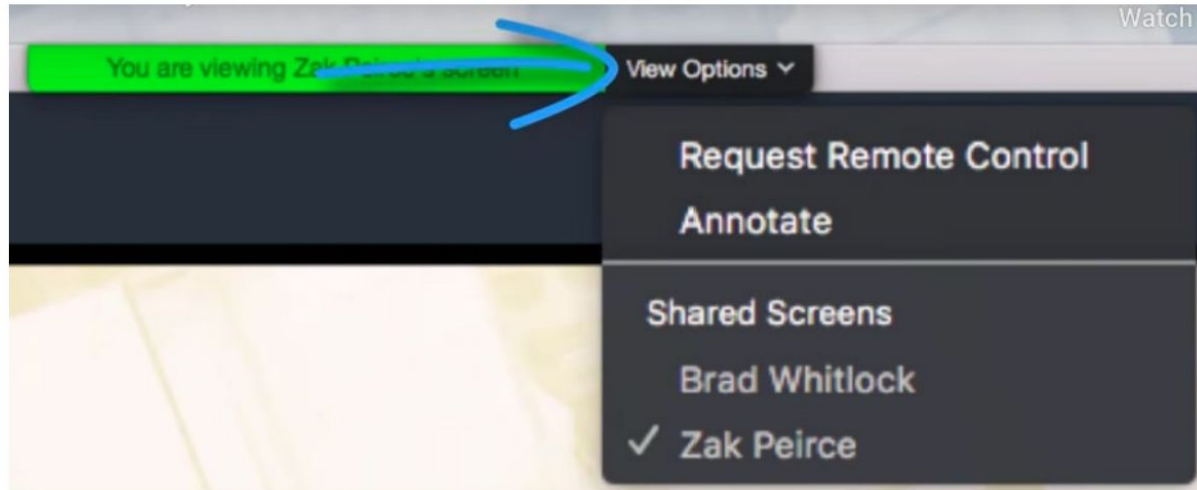


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How to choose a language interpretation channel



"Mandarin"
"Cantonese"
"English"



Meeting Recording

At the request of community members, this event will be recorded and posted on the PLAN: Downtown project webpage at <http://bostonplans.org/PlanDowntown> for those who are unable to attend the zoom event live.

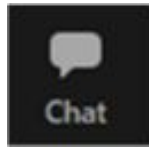
It is possible that participants may be recording the meeting with their phone cameras or other devices. If you do not wish to be recorded during the meeting, please turn off your microphone and camera.

If your camera and microphone are off, you can still participate through the text chat feature at the end of the presentation.

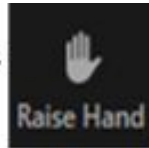
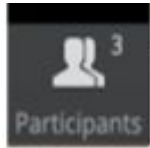


Zoom Tips

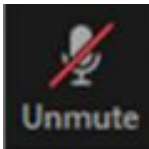
Welcome! Here are some tips for first-time Zoom users.
Your controls are at the bottom of the screen:



Use the **chat** to type a comment or ask a question at any time –
Members of the PLAN: Downtown team will enable the chat at the end.



To **raise your hand**, click on “Participants” at the bottom of your screen, and then choose the “Raise Hand” option in the participant box, or press *9 on your phone



Mute/unmute – Participants will be muted during the presentation – the host will unmute you during discussion if you raise your hand and it is your turn to talk. To mute/unmute on your phone press *6.



Turns your **video on/off**



Zoom Etiquette

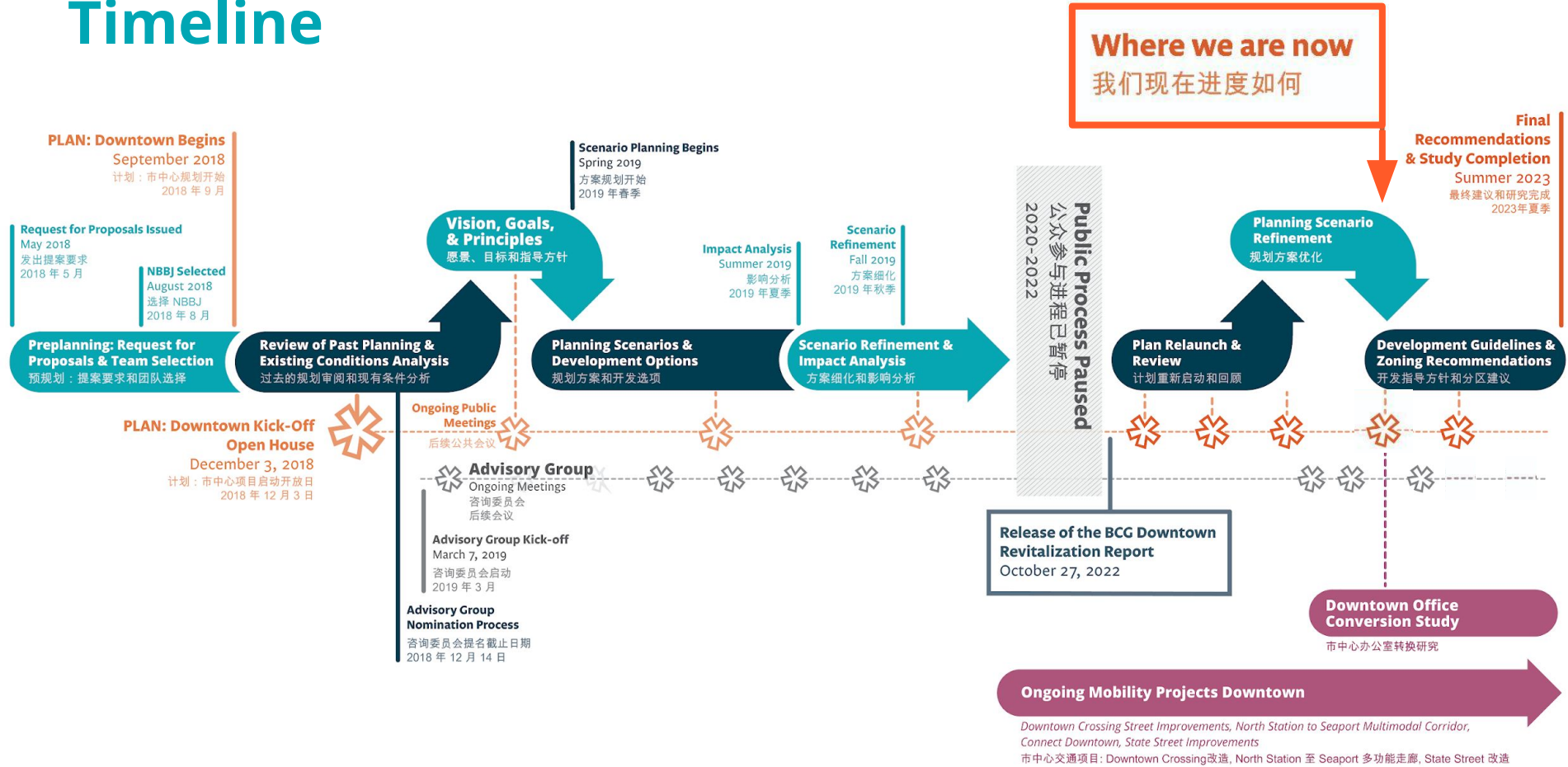
- We want to ensure that this conversation is a pleasant experience for all attendees.
- Please remain muted until called on. If you'd like to speak during this time please use the "Raise Hand" function in Zoom so a BPDA moderator can unmute attendees.
- Please be respectful of each other's time.
- We ask that participants limit their questions so that others may participate in the discussion. If you have more questions, please wait until all others attending have an opportunity to ask questions.
- If we are unable to get to your question at this meeting please put them in the Chat at the end or email plandowntown@boston.gov



Agenda

- Welcome
- Public Feedback to Date
- Downtown Office Conversion Study
 - Market Analysis
 - Physical Feasibility
 - Drivers of Conversion Feasibility
- Next Steps
- Discussion

Timeline



PLAN: Downtown Vision

Develop a new framework for the **preservation, enhancement, and growth** of Downtown Boston as a place for all, balancing livability, daylight, walkability, climate change preparedness, access to open space, affordability, and a dynamic mix of uses.

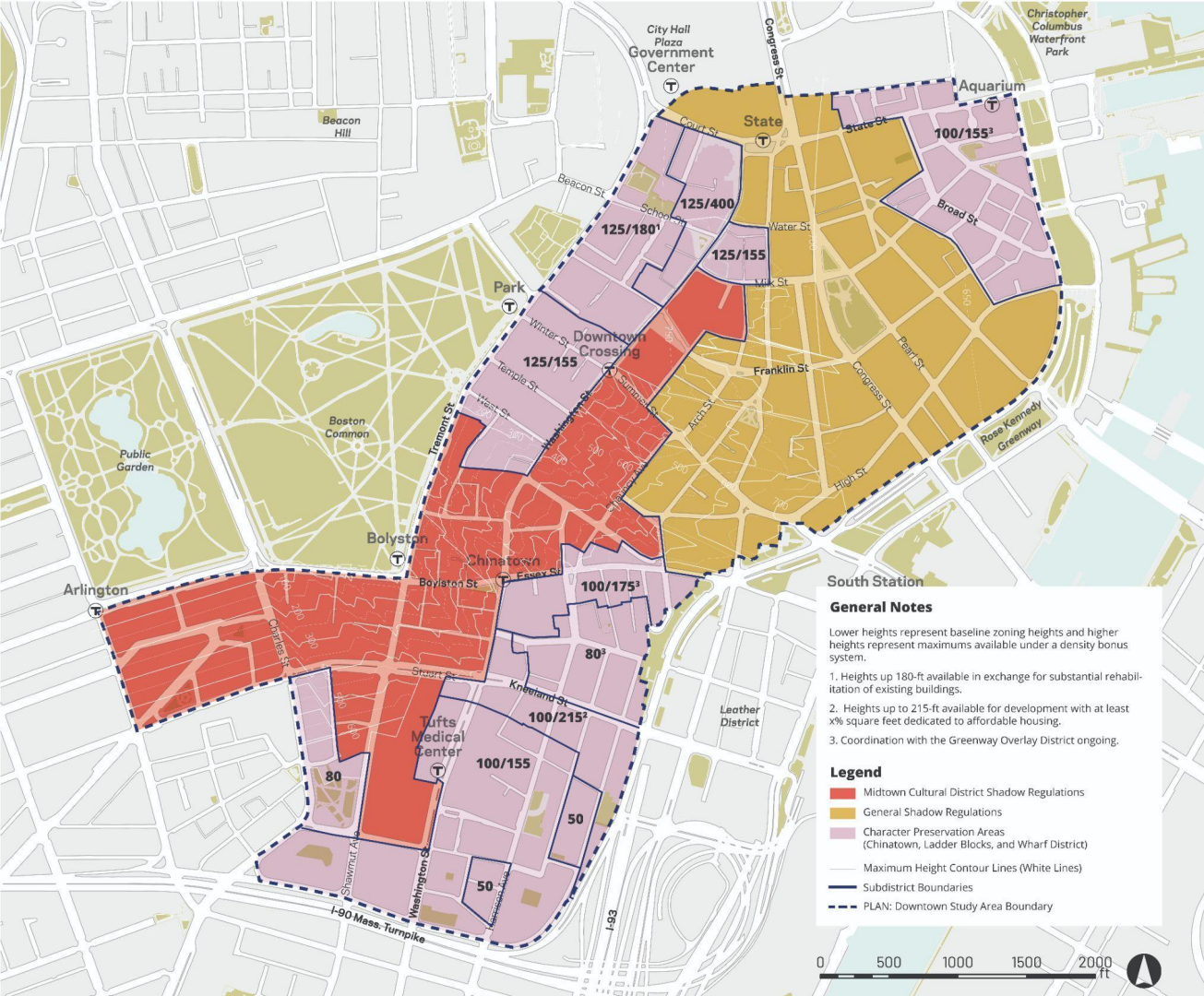


Draft Scenario

January 17, 2023

Baseline zoning heights and maximum heights are based on Character Areas.

A developer can add density up to a maximum building height by contributing to a public benefit fund.



South Station

General Notes

Lower heights represent baseline zoning heights and higher heights represent maximums available under a density bonus system.

1. Heights up to 180-ft available in exchange for substantial rehabilitation of existing buildings.
2. Heights up to 215-ft available for development with at least x% square feet dedicated to affordable housing.
3. Coordination with the Greenway Overlay District ongoing.

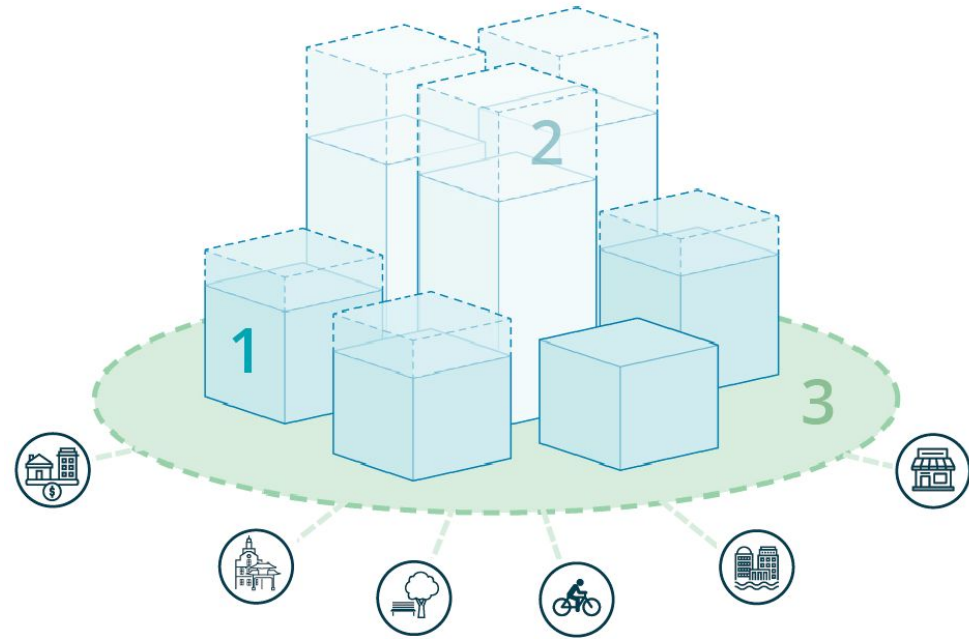
Legend

- Midtown Cultural District Shadow Regulations
- General Shadow Regulations
- Character Preservation Areas (Chinatown, Ladder Blocks, and Wharf District)
- Maximum Height Contour Lines (White Lines)
- Subdistrict Boundaries
- PLAN: Downtown Study Area Boundary



What is the goal of the proposed development process?

1. **Preserve** significant character areas in Downtown and Chinatown
2. Guide needed **growth** to the most appropriate locations for added density in a predictable development framework
3. Create a **public benefit system** that will address long-standing needs in Chinatown and Downtown that no one project can solve



Public Feedback to Date

- What are other ways we can protect the historic character of the area besides height?
- What is the right balance between new development and preservation?
- How do we encourage more residential growth?
- What are the appropriate maximum heights if it means affordable residential? How do we ensure affordability on-site?
- How are public benefits distributed, managed, and updated across Downtown and Chinatown?



Ladder blocks walkthrough, April 4th 2023



Chinatown walkthrough, February 2nd 2023

Downtown Office Conversion Study



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HR&A is a real estate and economic development consulting firm working at the intersection of the public and private sectors. We help create **more equitable, resilient, and dynamic communities** and turn vision into action through rigorous analysis, strategy development, and implementation planning.

The purpose of this study is to identify ways to repopulate and reactivate underutilized office space in Downtown Boston to create a more vibrant neighborhood.



Respond to the **changing streetscape and work environment**, exacerbated by the pandemic



Encourage diverse uses to drive foot traffic throughout the day and **create a more vibrant urban core**



Leverage opportunities to **reuse buildings and achieve sustainability goals**



Unique typologies and potential conversions specific to Boston's Downtown



Responsive to the City's policy objectives



Covering today:



Building types that are best suited for different types of conversion



Opportunities and challenges of retrofitting buildings to different uses



Costs and financial feasibility for different conversion scenarios



Policy strategies for immediate and long-term conversions

Downtown Office Conversion Study

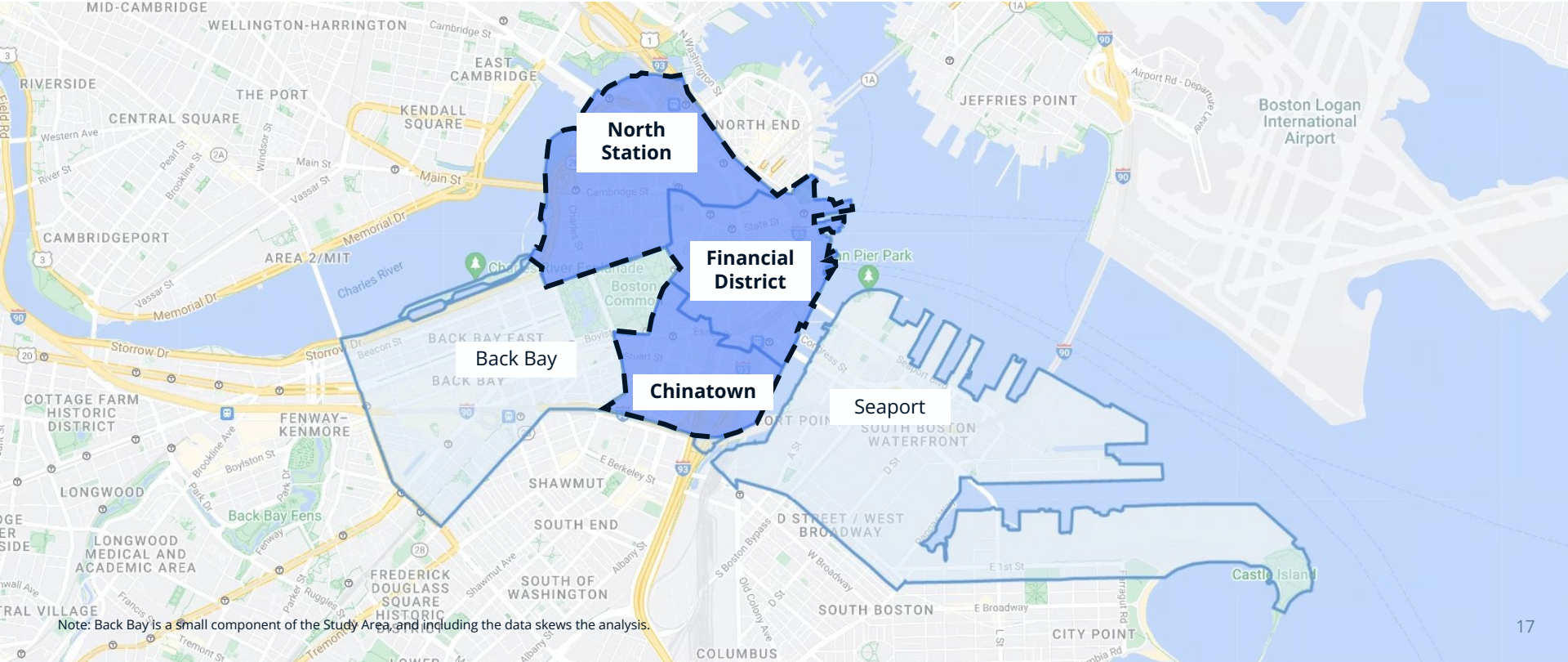
Market Analysis



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Key Findings | Study Area

HR&A's analysis uses North Station, the Financial District, and Chinatown to represent the "Study Area". The Study Area will be compared to the Back Bay and Seaport.



Note: Back Bay is a small component of the Study Area, and including the data skews the analysis.

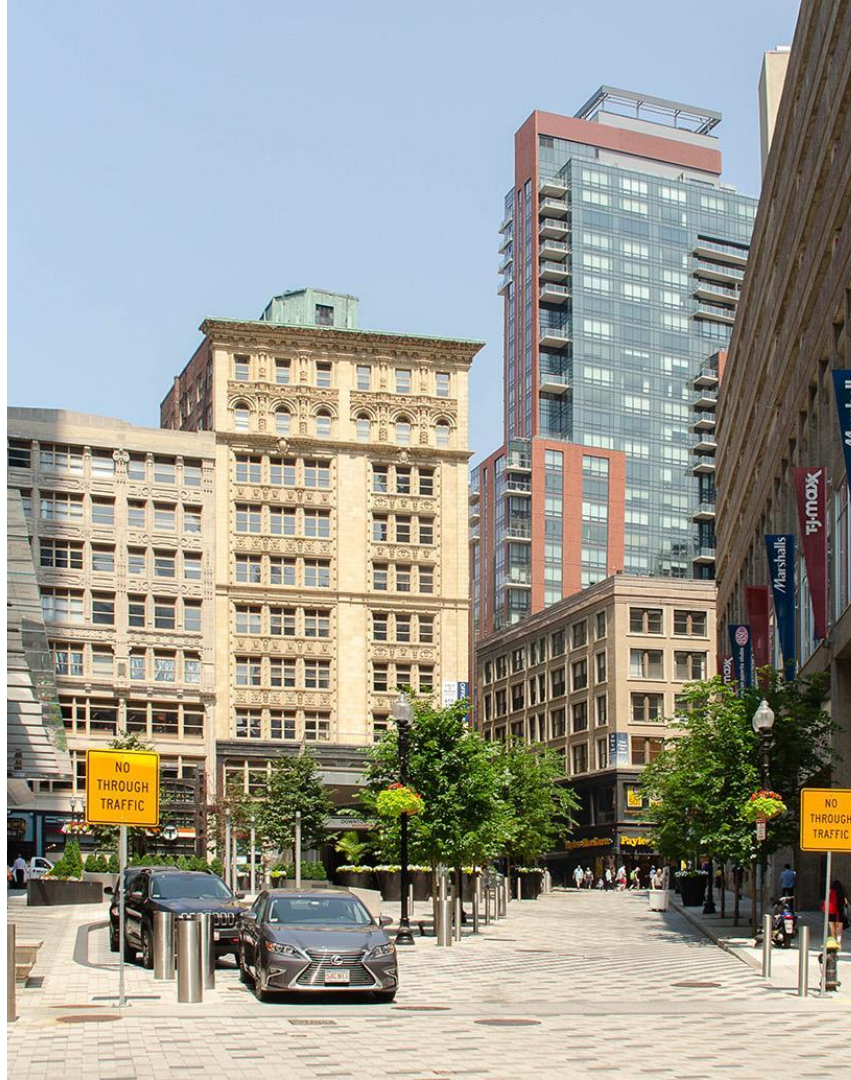
The study area does not have the desired mix of uses nor quality of office to compete with neighboring submarkets. Conversion of existing stock could make it as desirable.

- Offices are faring better in the Seaport and Back Bay, demonstrating **a flight to quality both in terms of building class and neighborhood quality and amenities.**
- **Within the Study Area, office performance has been weak since 2019** with rising vacancy and low rents.



Residential and Hotel Market

- **The residential market has performed very well in Boston and the Study Area** in the past four years, with demand for more. When residential is offered in the study area, it is quickly absorbed, demonstrating demand for more residential if it could be delivered.
- **The hotel market is rebounding well**, although still below pre-pandemic levels as business travel has yet to recover. The Financial District in particular has an appropriate mix of tourist attractions, historic assets, and access to transit to support more hotel deliveries.



Lab Market

- After an uptick in leasing and development activity, **the lab market started slowing down in 2022Q3**, with increasing vacancy rates and lower-than-expected absorption of new deliveries.
- Boston (with concentration of lab space in Seaport and Fenway) lags the Cambridge and suburban submarkets.
- **In the near-term, lab space/life sciences is unlikely to be viable in the Study Area.** However, this needs to be verified via developer roundtables, stakeholder interviews, and financial analysis to account for data limitations.



Key Findings | Market Analysis: Office specific

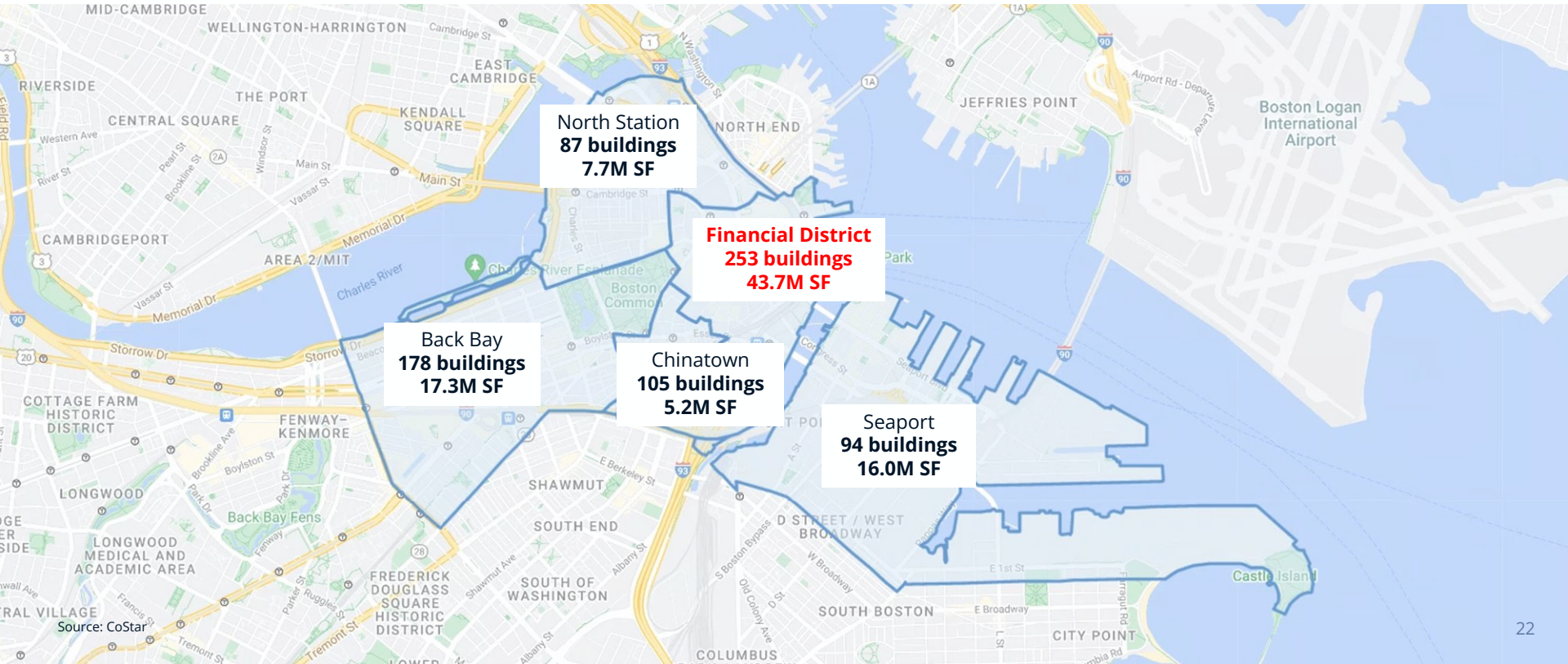
The office market has seen a **flight to quality** not just in terms of building class but also neighborhood quality and amenities.

- **Vacancy is lowest and rents are highest in the submarkets that have a strong mix of uses and newer buildings**, especially with respect to office.
- Within the study area, only North Station has experienced any new development since 2011. The Seaport is showing signs of market resilience because **almost all new office deliveries have been in the Seaport**.
- Although Back Bay has a similar mix of office building class as the other submarkets, it has a more diverse mix of uses which makes it an attractive location (and is reflected in a lower vacancy rate than in the Study Area).
- While the study area appears to have a competitive share of residential, **the Financial District, which is struggling the most in terms of office rents and vacancy, has very little residential**.
- The desire for both new office product and a healthy mix of uses is demonstrated in North Station, which is the strongest office market in the study area and includes a healthy mix of residential and new office.



Office Market | Building Stock

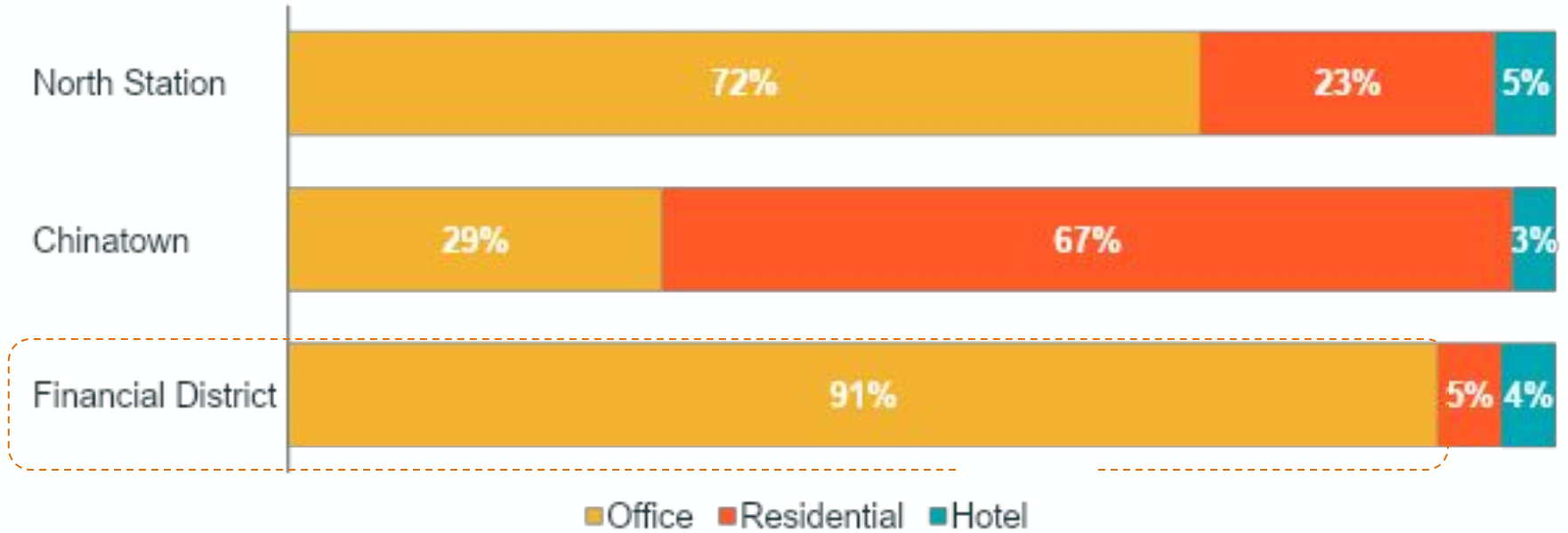
The Financial District is the largest office submarket in Boston by a substantial margin. The Study Area has 445 office buildings compared to 178 in Back Bay and 94 in the Seaport.



Office Market | Mix of Uses

The Financial District currently has a major shortage of residential units compared to surrounding neighborhoods.

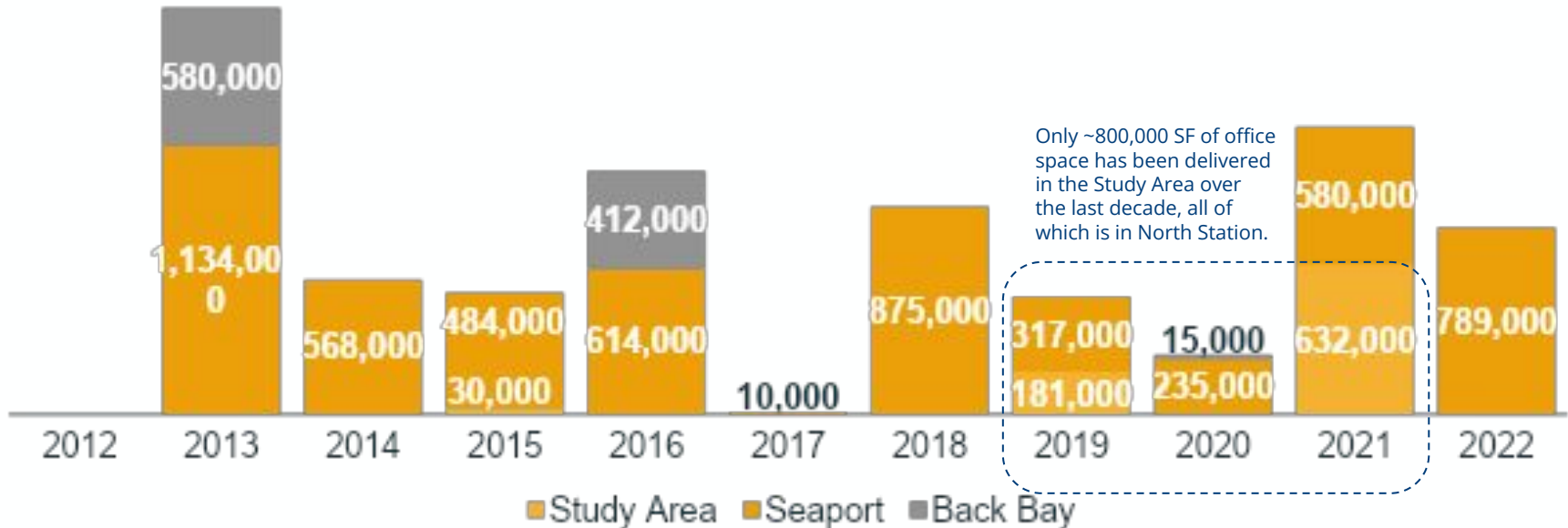
Building Stock by Typology within Study Area (2022)



Office Market | Deliveries

Over the last decade, new office product has been delivered primarily in the Seaport. Over 95% of these were Class A buildings, which explains the flight to quality (to the Seaport).

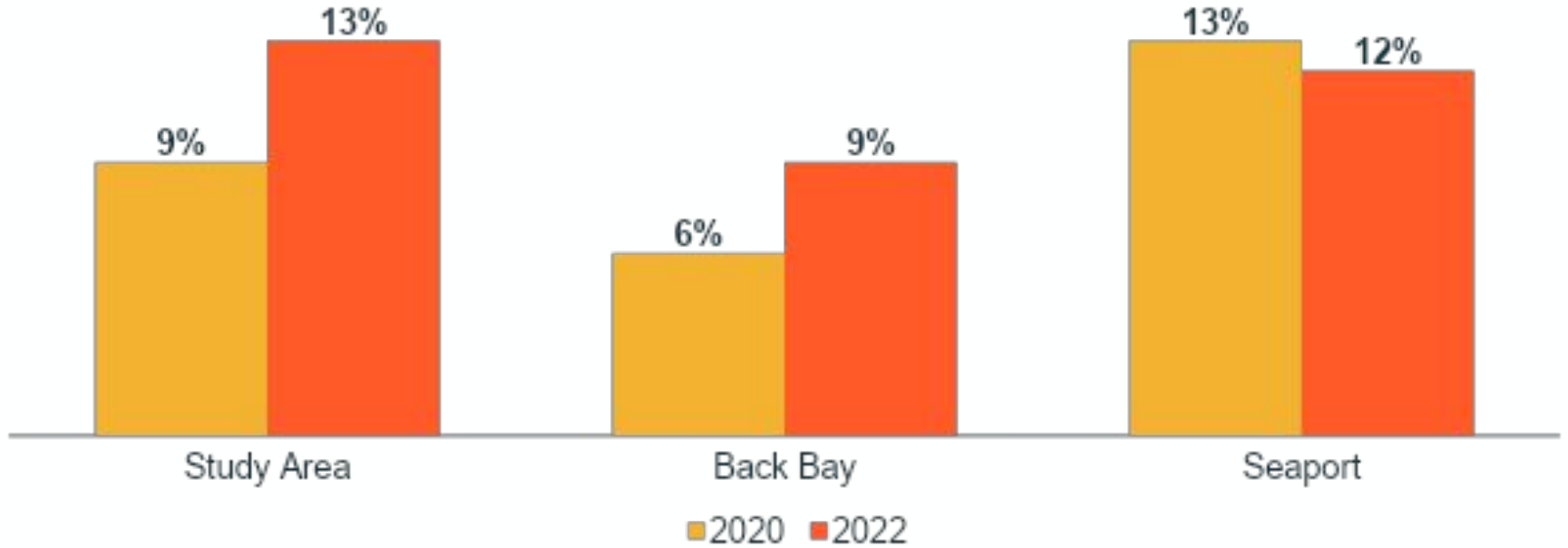
Office Deliveries (SF) (2012 - 2022)



Office Market | Vacancy

In the past two years, office vacancy has risen everywhere except in the Seaport where new deliveries are highest.

Office Vacancy by Submarket (2020 - 2022)



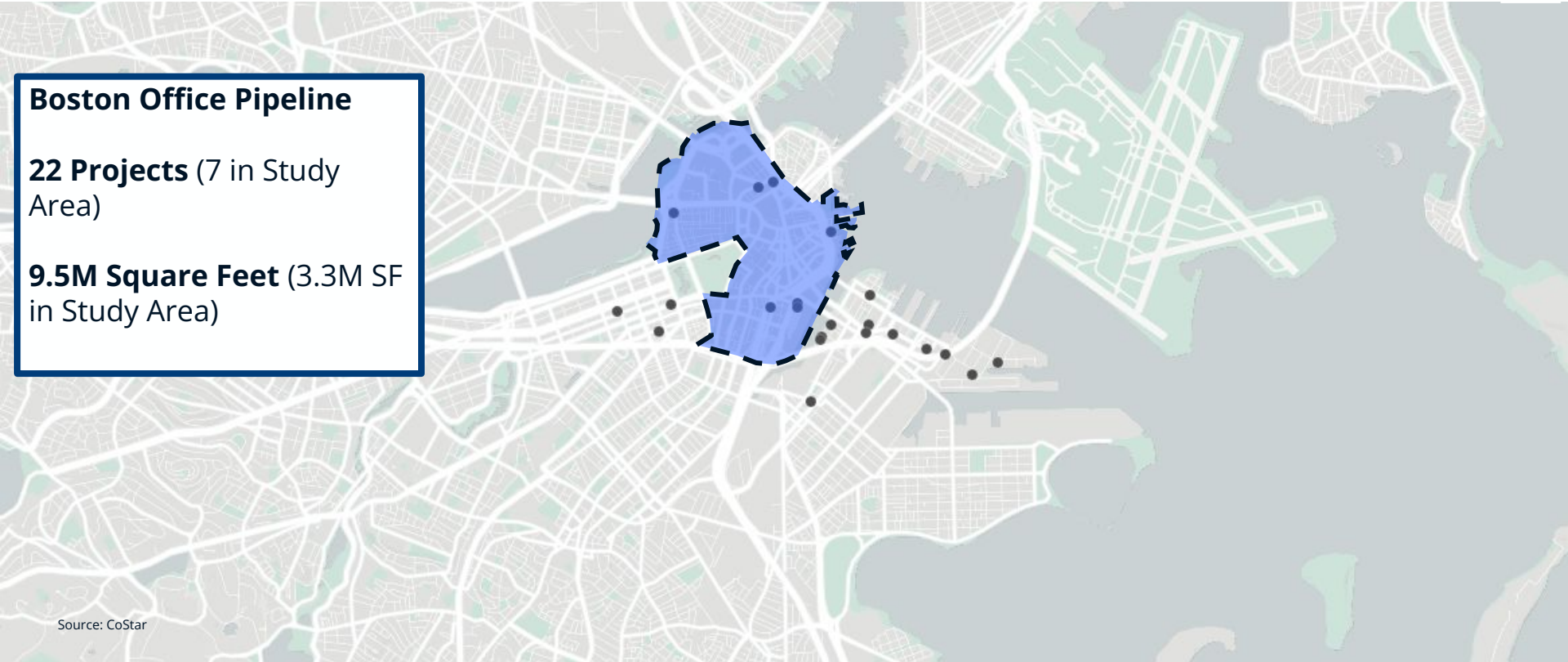
Office Market | Pipeline

Planned office development is spread throughout the city with a higher concentration in the Seaport. The Study Area accounts for roughly a third of planned office square feet.

Boston Office Pipeline

22 Projects (7 in Study Area)

9.5M Square Feet (3.3M SF in Study Area)



Downtown Office Conversion Study

Existing Office Building Inventory



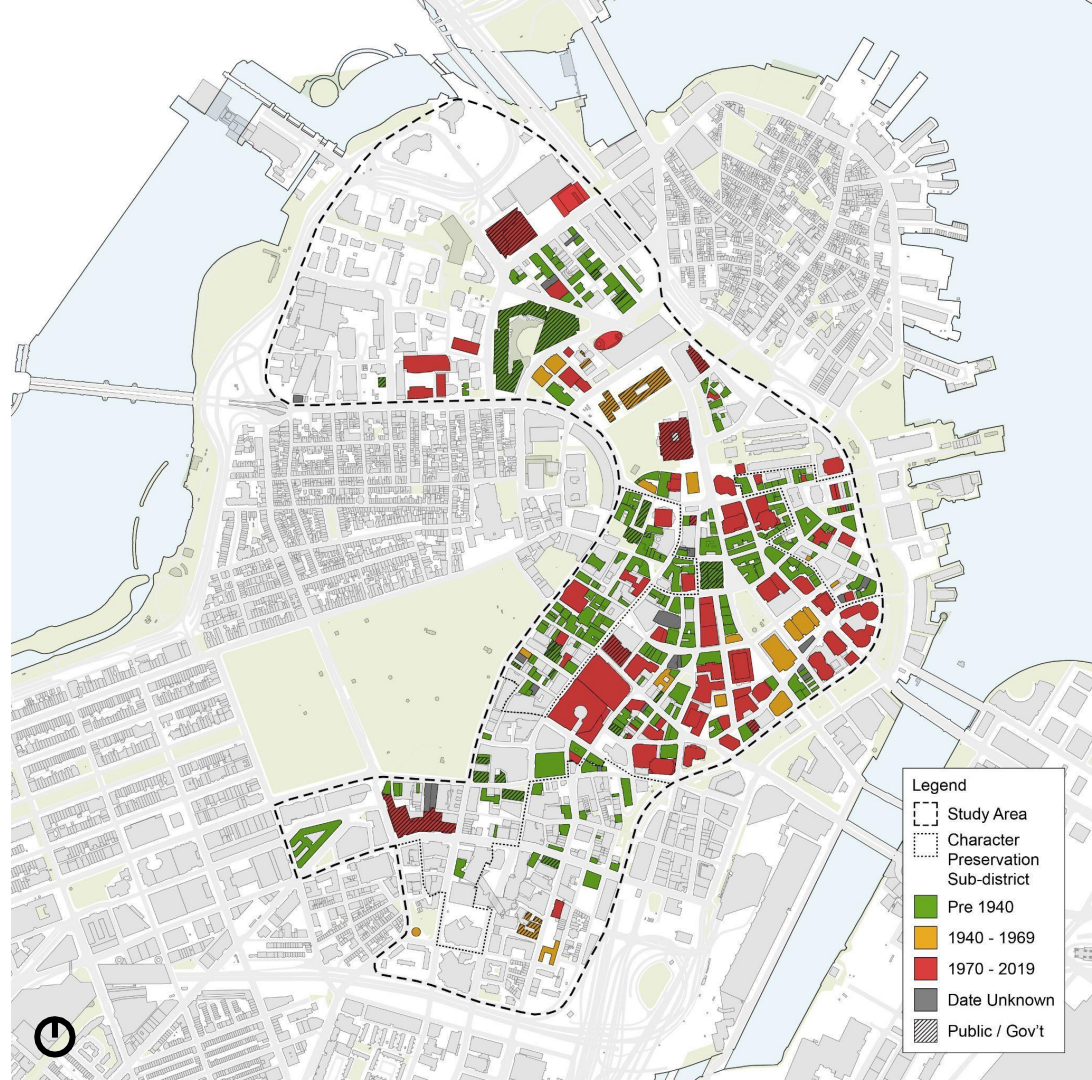
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Office Buildings Downtown

Downtown has a mix of older Class B and C office buildings.

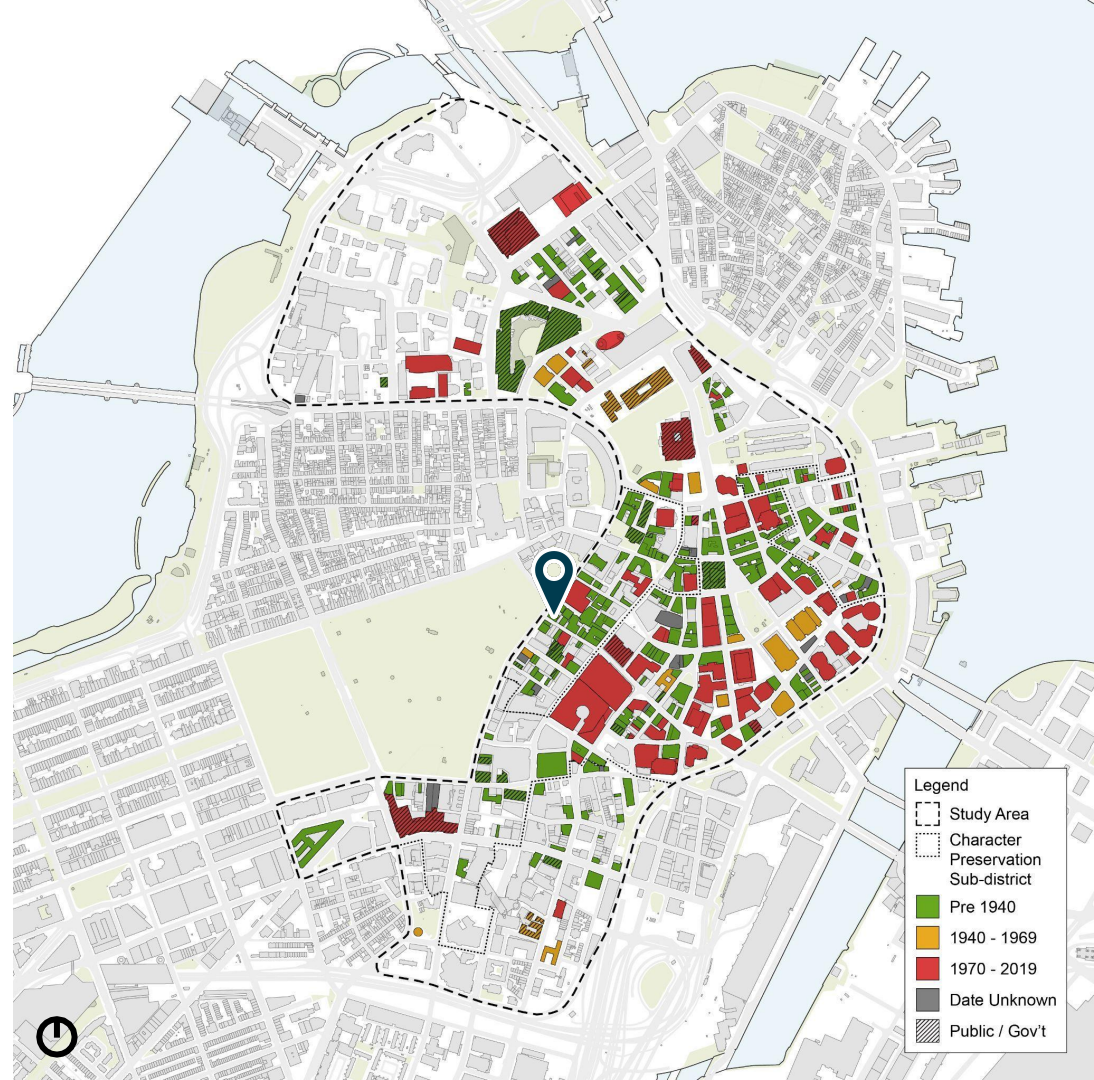
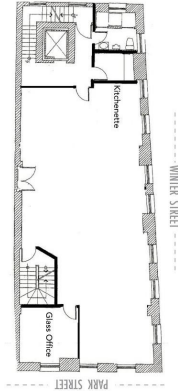
Older pre-1940 buildings often have smaller narrow floorplates, while newer office buildings have larger deeper floorplates.

Floorplate is a way of measuring the width and depth of a building, to create the shape of each floor.



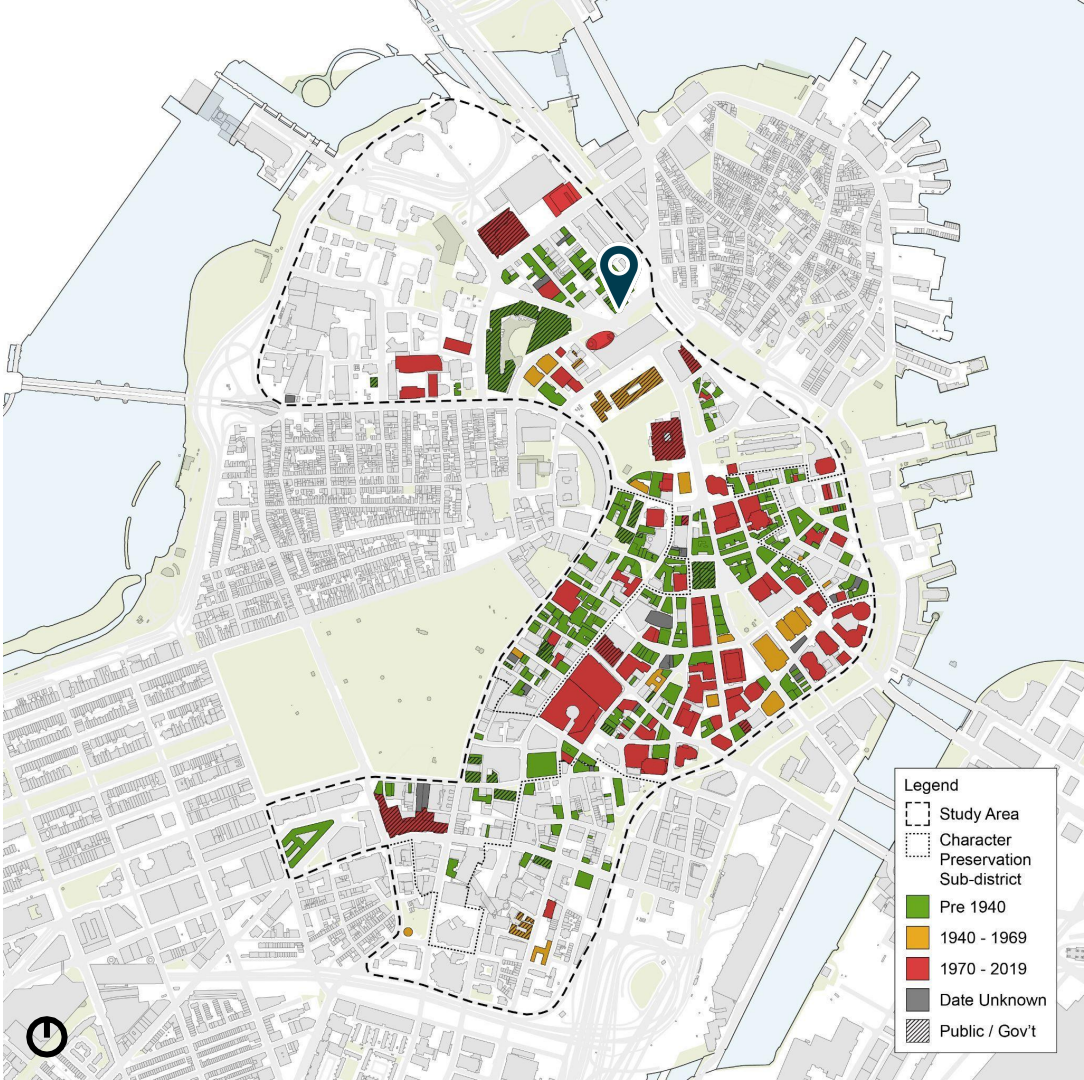
Office Buildings Downtown

Pre-1940 buildings



Office Buildings Downtown

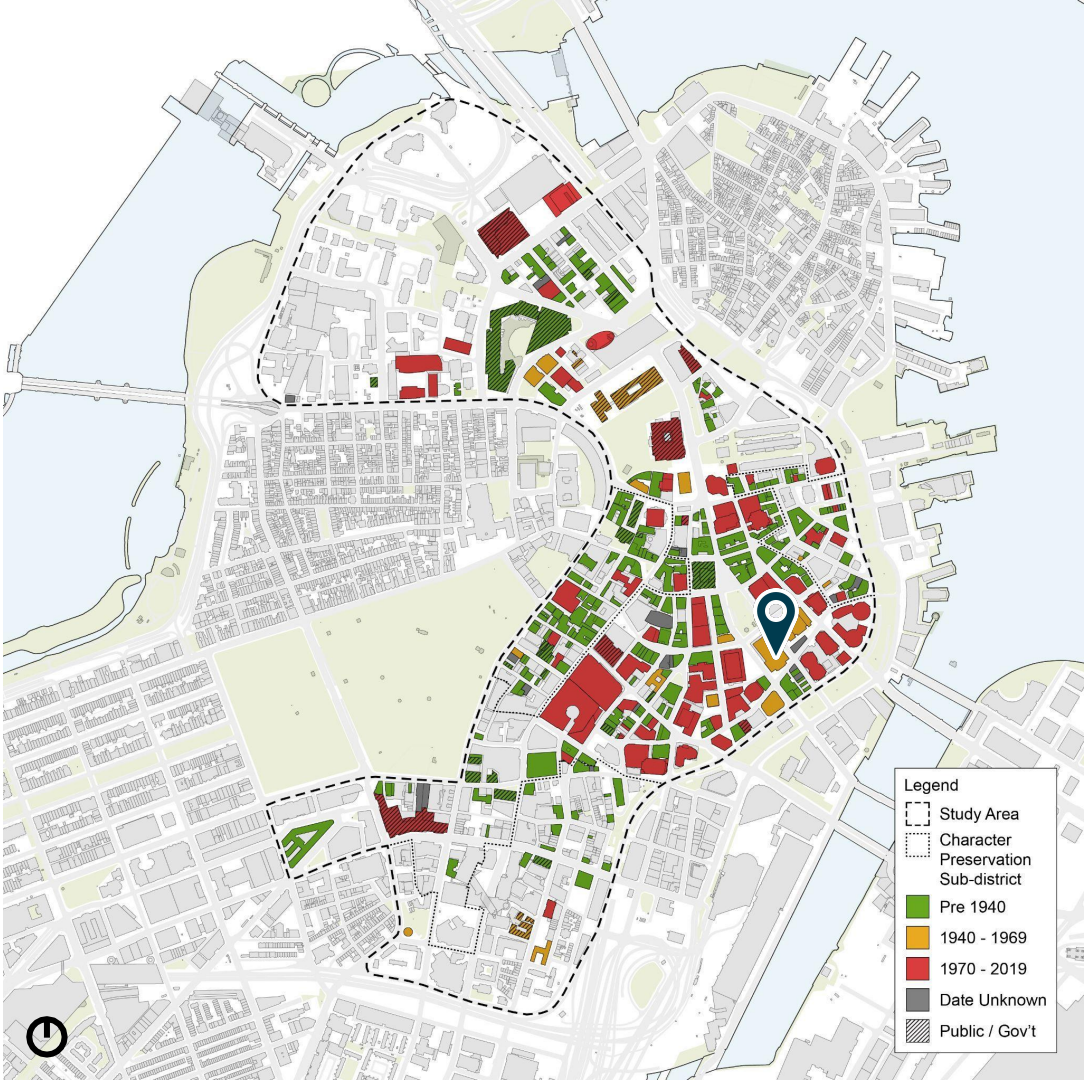
Pre-1940 buildings



- Legend
- Study Area
 - Character Preservation Sub-district
 - Pre 1940
 - 1940 - 1969
 - 1970 - 2019
 - Date Unknown
 - Public / Gov't

Office Buildings Downtown

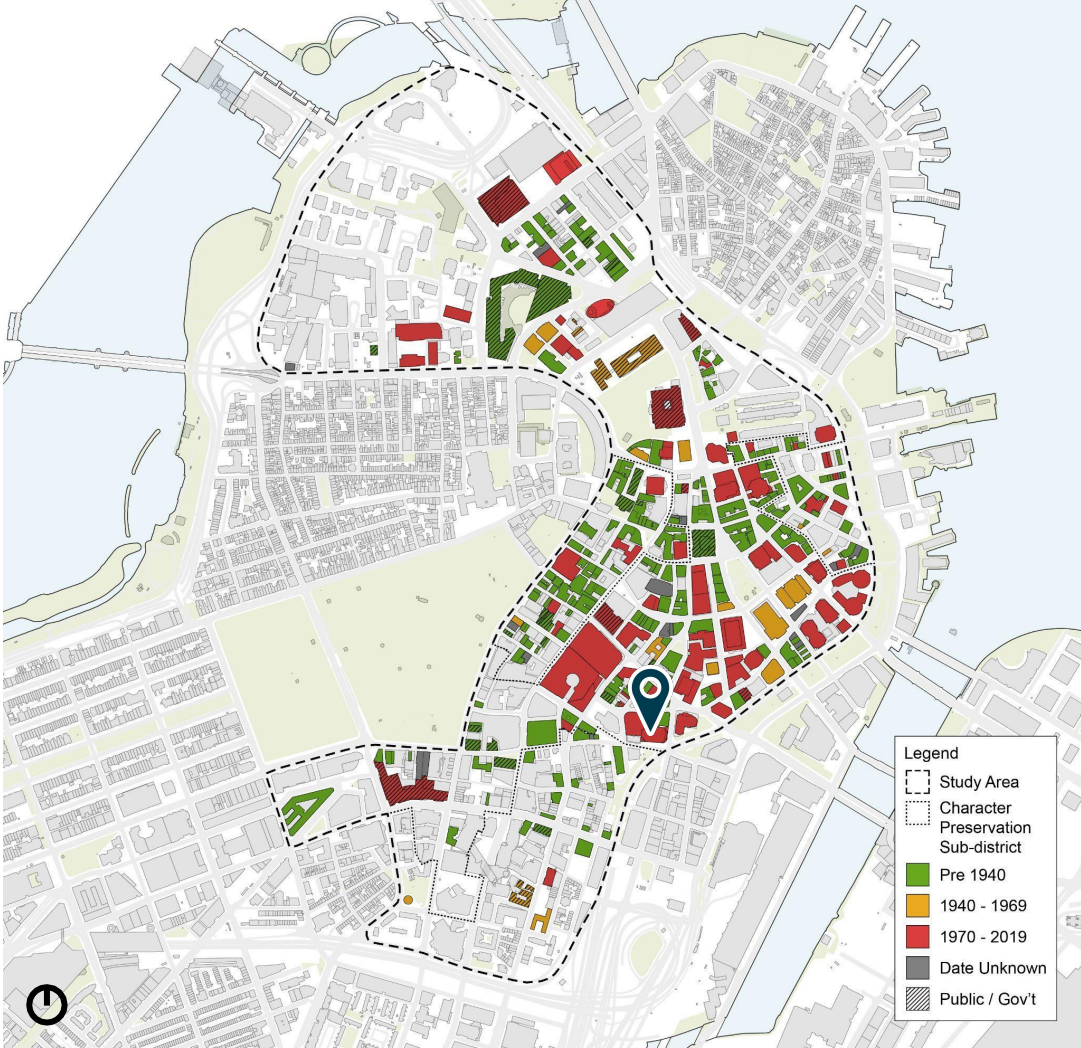
1940~1970



- Legend
- Study Area
 - Character Preservation Sub-district
 - Pre 1940
 - 1940 - 1969
 - 1970 - 2019
 - Date Unknown
 - Public / Gov't

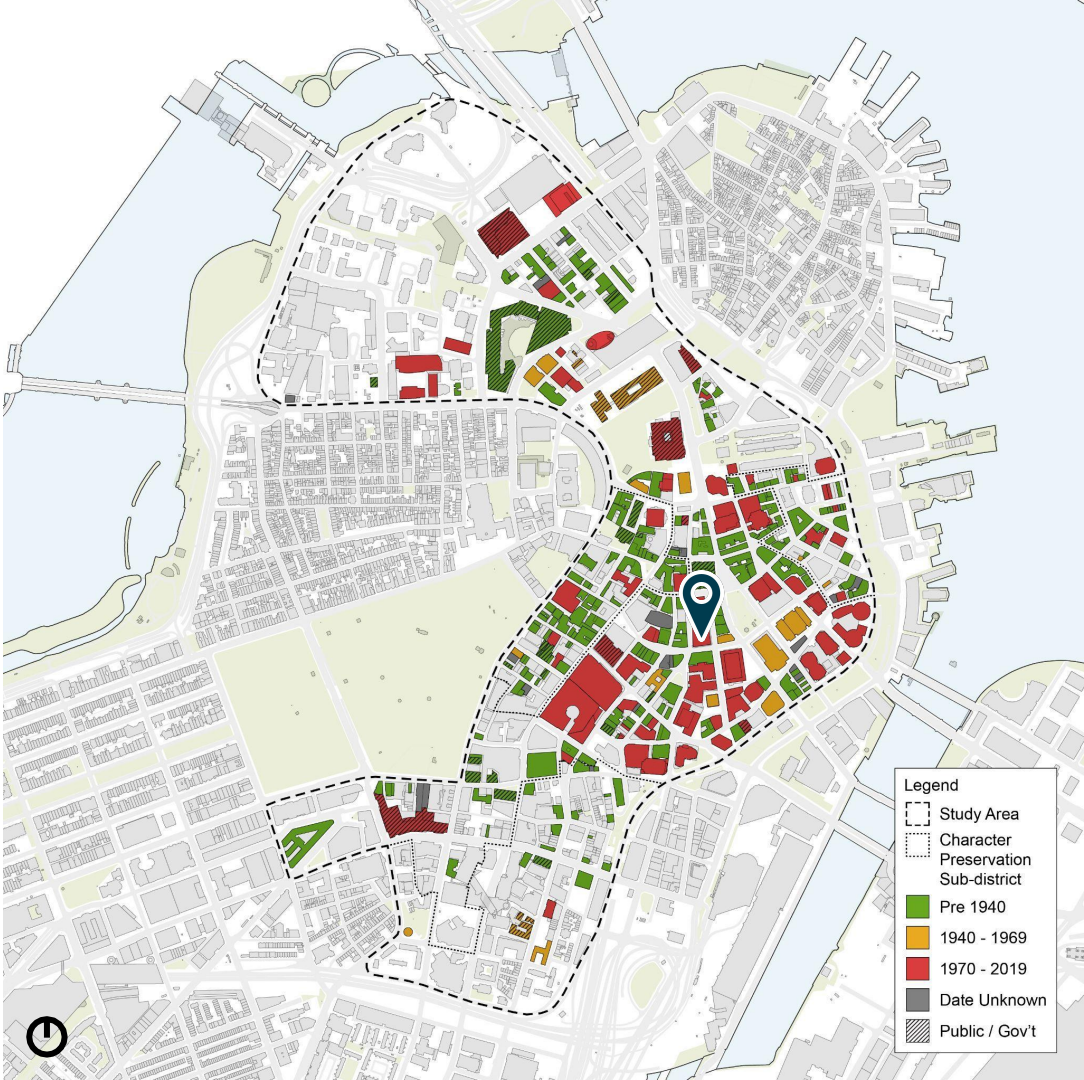
Office Buildings Downtown

1970~Present

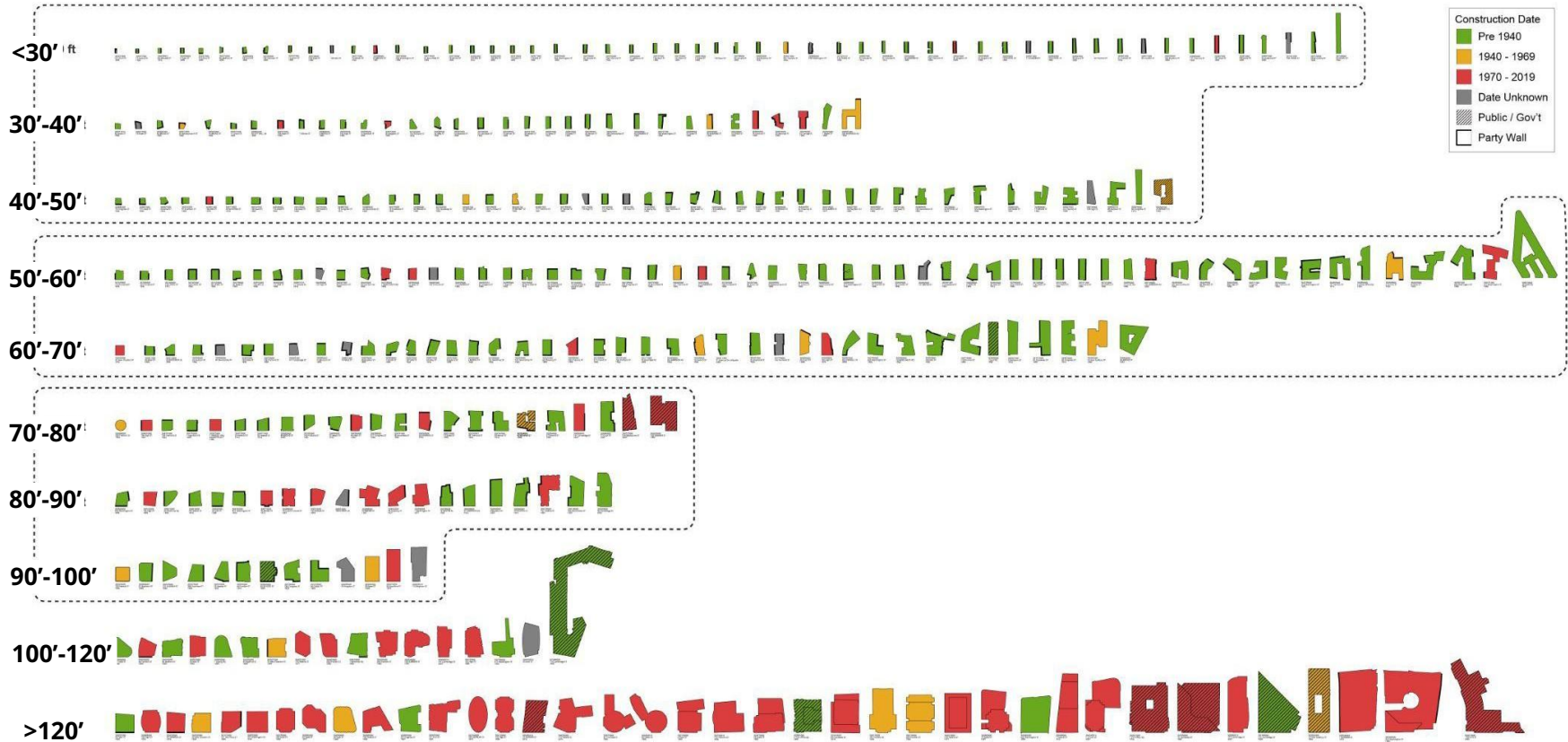


Office Buildings Downtown

1970~Present



Downtown office buildings sorted by width and age



Downtown Office Conversion Study

What office buildings are best suited to other uses?



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Office conversion is highly dependent on...



**Market
conditions**



**Physical
attributes and
location**



**Construction
cost to convert
the building**



**Regulatory
requirements**



**Ownership and
financing
structure**

Office conversion is highly dependent on...



Market conditions



Physical attributes and location



Construction cost to convert the building



Regulatory requirements



Ownership and financing structure

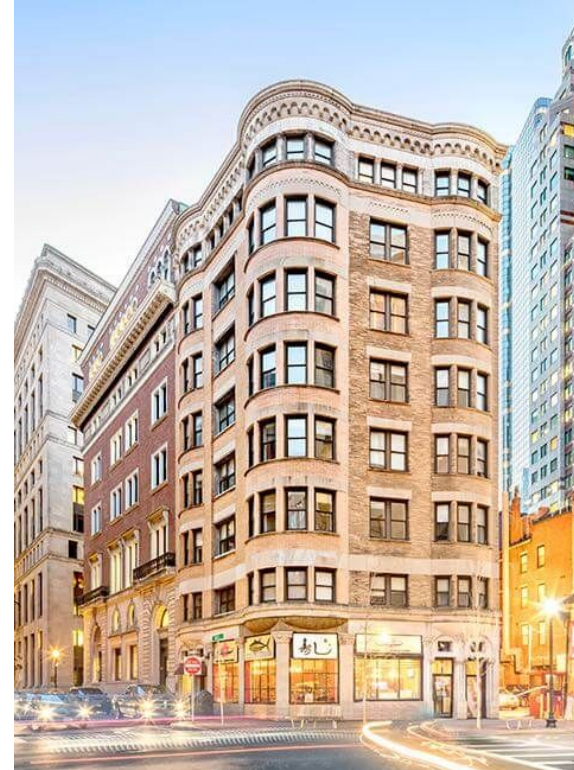
- *Floorplate size*
- *Window walls*
- *Building systems upgrades, amenities, and service*

Office to Residential & Hospitality

- **Ensuring light and air:**
Where are the windows?
Can you open them?
- **Floorplate depth and window wall:** How many windows are there per unit/room?
- **Upgrades to proper accessibility and egress**
- **Plumbing:** Where can all the new toilets go?



Godfrey Hotel



120 Milk St - 1992 residential conversion

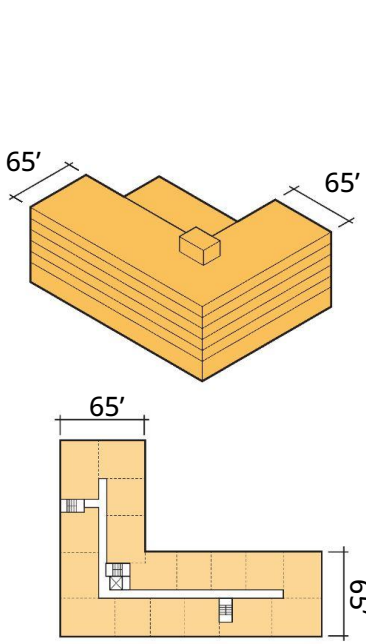
Office to Life Science

- **Floorplate size:** does the structure align with how lab benches layout, or will too many columns get in the way?
- **HVAC and mechanical systems:** where can all the new ventilation go in the building? Can the structure support big rooftop/on floor equipment?
- **Loading:** does the location allow for secure and frequent loading?
- **Upgrades to proper accessibility and egress**

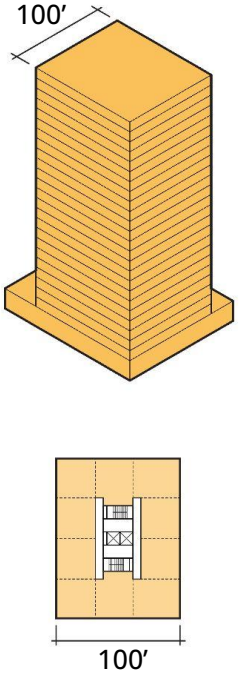


535-545 Boylston - Partial conversion of office floors to lab space

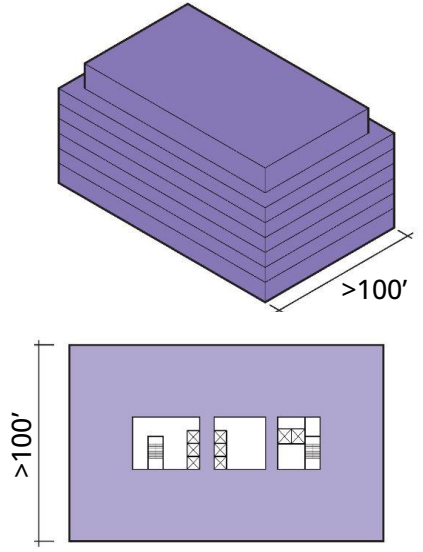
Typical building widths for different uses



Residential or Hotel
Double-loaded bar
Max width ~65ft



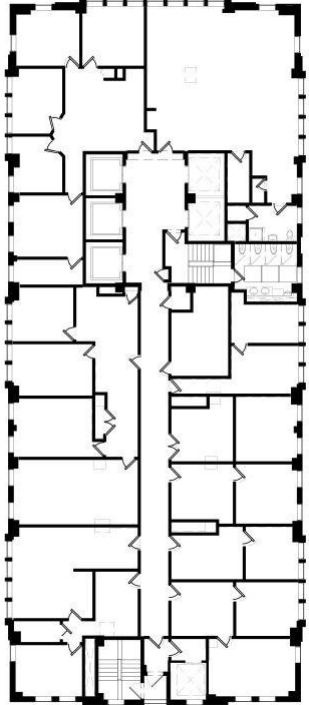
Residential or Hotel
Point-loaded tower
Max width ~100ft



Life science
>100ft

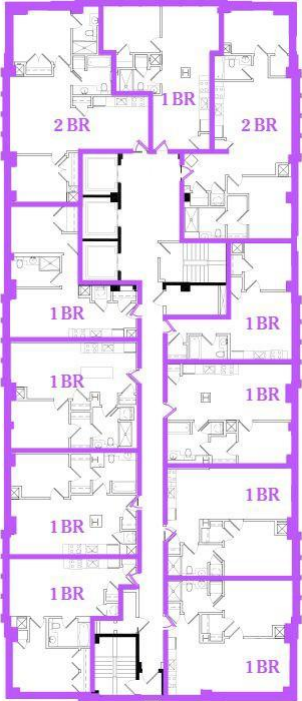
Residential Case Study: *Double loaded bar*

11616 Walnut Street, Philadelphia, built 1929



Pre-conversion

~60' width

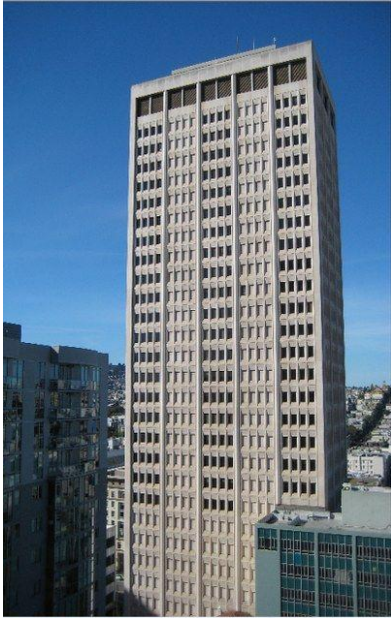


Post-conversion, 2014



Residential Case Study: *Point-loaded tower*

100 Van Ness, San Francisco, built 1929

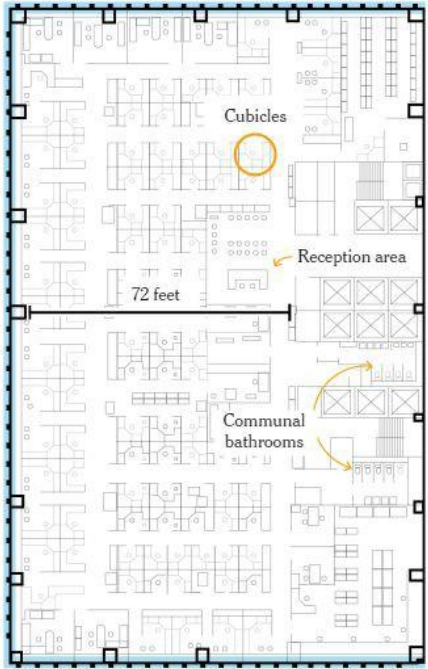


Post-conversion, 2015



Residential Case Study: Point-loaded tower

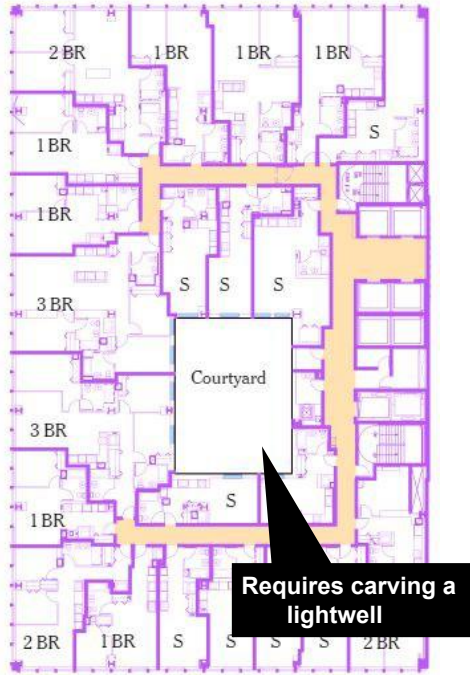
180 Water St, New York City, built 1970



Pre-conversion



~120' width



Post-conversion, 2017



Life-Science Case Study

1000 Washington St, Boston



Downtown Office Conversion Study

Key Drivers of Conversion Feasibility



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Key Drivers of Conversion Feasibility



Market conditions

- Current and projected performance to remain as office vs. the market for a new use



Physical attributes and location

- Floorplate size
- Window walls
- Operable windows



Construction cost to convert the building

- Amenities, service, and building systems upgrades



Regulatory requirements

- Linkage fees
- Affordability requirements
- Green building standards



Ownership and financing structure

- Partial occupancy





**Building types that
are best suited for
different types of
conversion**



**Opportunities and
challenges of
retrofitting buildings
to different uses**

Next steps...



**Costs and financial
feasibility for
different conversion
scenarios**



**Policy strategies
for immediate
and long-term
conversions**

Next Steps



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Next Steps

- **Public Meetings:**

- *Advisory Group Meeting*: PLAN: Downtown - benefits working session late May, 2023*
- *Public Meeting: PLAN: Downtown & Office Conversion Study Policy - Zoning Recommendations early July, 2023*

Public

- **Release PLAN Downtown Draft: July 2023**
- **Release Downtown Office Conversion Study Recommendations: July 2023**
- **Zoning implementation: Fall**

Get Involved with PLAN: Downtown: <http://bit.ly/plandowntownboston>

Questions and Comments: plandowntown@boston.gov

*All Advisory Group meetings are open to the public.

Discussion

