ULI TECHNICAL ASSISTANCE PANEL REPORT

SALEM MOBILITY ORIENTED DEVELOPMENT (MOD)

SALEM, MA

SEPTEMBER 23, 2024

ULI Boston/ New England

URBAN LAND INSTITUTE (ULI)

The Urban Land Institute is a 501(c)(3) nonprofit research and education organization supported by its members. Its mission is to shape the future of the built environment for transformative impact in communities worldwide. Founded in 1936, the Institute has grown to over 48,000 members worldwide, representing the entire spectrum of land use and real estate development disciplines working in private enterprise and public service. ULI membership includes developers, architects, planners, lawyers, bankers, economic development professionals, and other related fields.

The Boston/New England District Council of ULI serves the six New England states. and has over 1,300 members. As a preeminent, multidisciplinary real estate forum, ULI Boston/New England facilitates the open exchange of ideas, information, and experience among local and regional leaders and policymakers dedicated to creating better places.

TECHNICAL ASSISTANCE PANELS (TAPs)

The ULI Boston/New England Real Estate Advisory Committee convenes TAPs at the request of public officials and local stakeholders of communities and nonprofit organizations facing complex land use challenges that benefit from the pro bono recommendations provided by the TAP members.

A TAP consists of a group of diverse professionals with expertise in the issues presented in the sponsor's application. The Panel spends one to two days visiting and analyzing existing conditions, identifying specific planning and development issues, and formulating realistic and actionable recommendations to move initiatives forward consistent with the applicant's goals and objectives.

An independent study by Rivera Consulting surveyed municipalities that received assistance from the TAP programs and reported a positive impact by the TAP said their behavior and approach to municipal planning and economic development strategies were affected; 67% said there were increased municipal investments related to the stated goals and recommendations of their TAP report; And 62% said at least one key developable asset addressed in their TAP report had been redeveloped, consistent with ULI Boston/New England recommendations. Learn more at: https://boston.uli.org

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Executive Summary

ULI and the TAP Process

Provides an overview of ULI's District Council and its Technical Assistance Panels (TAPs) and includes a list of the panel members and stakeholders who took part in the information-gathering sessions.

Purpose of the TAP and Project Background

This chapter gives a brief synopsis of the purpose of the TAP, including the questions posed by the sponsor to help identify solutions. It also provides a snapshot of the City, an overview of the study area, and the process undertaken by the panelists to arrive at their conclusions.

Assets and Opportunities

This section identifies the factors that could contribute to a positive outcome for the City and its partner institutions, including the proximity of the train station to large-scale employers; the number of underutilized parcels along Jefferson Avenue; the demand for new affordable and market-rate housing in Salem, the availability of state and federal funds for housing and infrastructure development; and the City's willingness to modify its zoning regulations to encourage housing development.

Challenges

This section outlines the potential problems that developing housing in the study area may face, including the lack of a strategic plan for the Jefferson Avenue corridor; the difficulty in funding a structured parking garage if the existing lots are used for housing; questions regarding the suitability of the site for housing; and the need for extensive infrastructure improvements.

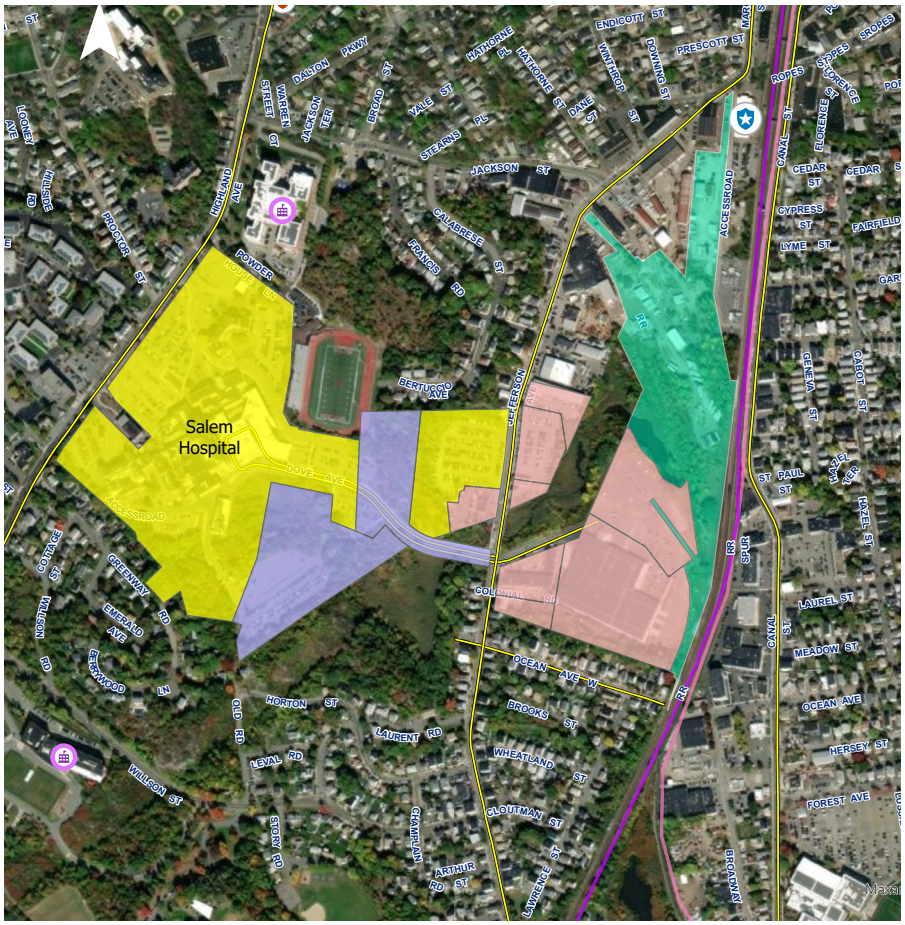
Recommendation

Panelists offer several potential redevelopment scenarios for the hospital lots as well as alternative locations for housing development.

Funding Resources

Provides a list of potential funding sources that could aid in the development of housing and infrastructure.

The study area, shaded in the map to the left, is surrounded by robust transportation infrastructure and features parcels that could support additional residential uses and commuter parking.



Major landowners in the area are noted in the color blocks to the left with the hospital owning a significant portion of the land in the study area.

ULI and the TAP Process

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Panel Members

ULI Boston/New England assembled a volunteer group of members with diverse skills and expertise to assist with this TAP. The following is a list of panelists:

Chair

Barry Abramson, President, Abramson & Associates

Panelists

David Gillespie, SVP of Development, AvalonBay Communities

Aisling Kerr, Development Consultant

Jason King, Principal, Arrowstreet

Vinod Kalikiri, Senior Project Manager, VHB

Amanda Keefe, VP of Investor Services, Redgate

Mark Mascia, CEO, Collaborative RED

Katie Moniz, VP, Fort Point Associates

Scott Pollack, Founder, SRPlanning and Co-Chair of ULI Boston/New England's Housing Roundtable

James Rather, Director of Strategic Initiatives, Southern Maine Planning and Development Commission (SMPD)

David Spears, Architectural Lead, Michael Baker International

Panelists have donated their time.

ULI Boston/New England Staff

Timothy Moore, Manager

Catherine Rollins, Director

TAP Writer: Mike Hoban, Principal, Hoban Communications

TAP panelists toured the study site (left) and interviewed area stakeholders (right) to gather additional information to help inform their recommendations.

Stakeholders

The TAP also benefited from the participation of multiple stakeholders, including representatives from the City of Salem, Salem Hospital, Salem State University, business and community groups, and Salem property owners.

Shelly Bisegna, Executive Director of Operations, Salem Hospital

Michael Bouchard, Jefferson Avenue Property Owner

Beth Debski, Executive Director, Salem Partnership

Bob Dunham, Jefferson Avenue Property Owner

Adria Duijvesteijn, Senior Director of External Affairs and Strategic Initiatives, Salem State University

Owen Hall, Director of Asset Management & Development, Northbridge Partners

David Hark, Principal, The Drumlin Group

Chris Koeplin, President, Beverly Crossing

David Kucharsky, Transportation Director, City of Salem

Patti Morsillo, City Councilor, Ward 3, City of Salem

Rinus Oosthoek, Executive Director, Salem Chamber of Commerce

Dominick Pangallo, Mayor, City of Salem

Laura Swanson, Executive Director, Enterprise Center at Salem State University

Marc Tranos, Founder & CEO, Juniper Point Investment

Todd Waller, Jefferson Avenue Property Owner

Barbara Warren, Executive Director, Salem Sound Coastwatch

Purpose of the TAP and Project Background

The City of Salem reached out to ULI Boston/New England for guidance in assessing the redevelopment potential of sites in close proximity to the proposed South Salem Commuter Rail Stop. The study includes properties owned and/or leased by Salem Hospital along Jefferson Avenue and Dove Avenue that the hospital currently uses as parking for visitors and staff.

The South Salem Commuter Rail Stop will be the second stop in Salem on the Newburyport/Rockport line. It is intentionally situated to service Salem State University and Salem Hospital and to unlock the growth potential for over 30 acres of underutilized property that can support new transit-oriented housing. It should be noted that although the TAP is sponsored by the City of Salem, Salem Hospital and Salem State University have played a significant role in the partnership for the South Salem Commuter Rail Stop.

The City asked the panelists to consider the following questions in their analysis:

- How can the hospital meet its parking needs while allowing redevelopment to occur that could help to address the housing needs that Salem faces? Could the redevelopment support Salem Hospital?
- What tools can the City of Salem implement to best support the redevelopment of the underutilized areas surrounding the South Salem Commuter Rail Stop (land use policies, infrastructure improvements, public-private partnership, etc.)?
- The City of Salem will be expected to contribute to the construction cost of the South Salem Commuter Rail Stop. How can the redevelopment of the surrounding area be used to support the construction of the South Salem Commuter Rail Stop? (value capture, DIF, etc.)

City of Salem Snapshot

The City of Salem is a historic waterfront community 12 miles north of Boston. Surrounded by Beverly, Danvers, Peabody, Marblehead, Swampscott, and Lynn, the City is considered the region's commercial, educational, and medical center, attracting nearly 15,000 workers and students each day. Salem has a rich colonial and maritime history, and the industrial era altered Salem's waterfront and rivers to accommodate railroads and factories, drawing waves of immigrants. Initially settled by Europeans in 1626, the City is known throughout the world for the infamous Salem witch trials of 1692. The City attracts over one million visitors annually to its multiple historic attractions, but the largest employment sector in Salem is education and healthcare services, employing nearly 30% of workers and representing 40% of the jobs within the City. The largest employers are Salem Hospital (a member of Mass General Brigham), the City of Salem, and Salem State University. The MBTA Commuter Rail connects Salem to Boston's North Station via the Newburyport/Rockport line.

The Study Area

The study area focuses on Salem Hospital's surface parking lots downslope from the hospital campus and, more generally, comprises the approximately 30-acre area along the ½ mile Jefferson Avenue corridor from Summer Street on the north to Dove Avenue on the south, which is approximately 0.5 to one mile from the southern edge of downtown. In addition to the hospital parking

lots, the area includes a mix of private light industrial and commercial operations, the City's public works, a vacant recycling facility, an MBTA yard, and some residential neighborhoods (with some but not all fronting Jefferson Avenue), along with some wetlands. The hospital's parking lots on Jefferson Avenue are less than one half-mile from the proposed South Salem Train Stop. A proposed pedestrian and bicycle bridge at the transit stop will create a non-vehicular connection at Ocean Avenue west to the Mayor Anthony Salvo Multiuse Path linking downtown Marblehead to downtown Salem and Salem State University.

The TAP Process

The Salem MOD TAP was held on September 23, 2024. Panelists from the ULI Boston/ New England District Council were greeted at the Salem City Hall Annex by Director Tom Daniel, AICP; Senior Planner Tom Devine, AICP; Planner Robyn Lee of the Department of Planning and Community Development for the City of Salem; and Beth Debski, AICP, Executive Director of the Salem Partnership. Following the meet and greet session, Daniel and the panelists boarded a van and were given a guided tour of the study area.

The first point of interest was 1 Jefferson Avenue, a 10,000 SF, high-bay industrial building that was converted from office use in 2020. The owner also owns an additional property on Jefferson Avenue. Across the street is a self-storage facility. Next to the high-bay industrial property is the Salem Department of Public Works (DPW) facility, which sits on approximately 2.5 acres. The City-owned property has been deemed inadequate for the City's needs, and the facility will be relocated. There is a U-Haul and self-storage facility located next to the DPW, and beyond that, the Grief Recycling Center, which closed in May of 2023 and is for sale. Across from the U-Haul property are other industrial uses (auto and marine shops), as well as a cider house, a pizza shop, and a single-family home.

The tour continued along Jefferson Avenue, past several industrial uses, including light manufacturing, auto repair/autobody, small contractors, and some office uses on both sides of the street and some single-family homes mixed in on the even-numbered side of the street. The tour passed two large parking lots located at 65 Jefferson Avenue (198 spaces leased to the hospital by a private owner who owns a second parcel within the study area) and 108 Jefferson Avenue (311 spaces owned by the hospital). The next stop was the Colonial Office Park, an older one- and two-story office complex housing 30 office/commercial condominiums, and, behind that, the parking lot of the 148,000-square-foot Amazon fulfillment center. The Amazon facility, which is adjacent to the proposed rail station, opened in 2021. Panelists learned that Amazon has a 10-year lease with extension options, which includes an investment in electric charging stations for their fleet of vehicles.

The group next crossed Jefferson Avenue to Dove Avenue, one of the entrances to the hospital, and toured the hospital campus. Panelists observed a number of scattered surface parking lots on the hospital grounds that all were at or near capacity. Some of the parking lots are owned by the City and used for hospital parking via an easement. Panelists also observed a helipad for transporting patients and transmission lines above the campus, and there were notable changes in elevation across the campus. Panelists noted that, despite the residential, industrial, and commercial buildings located on Jefferson Avenue and sidewalks on both sides of the street, there was very little pedestrian traffic.

After concluding the tour, panelists conducted two separate hour-long interview sessions with stakeholders (named in the "ULI and the TAP Process" section above). The City of Salem had given the panelists a comprehensive briefing book well before the start of the TAP, and the panel integrated that information and observations from the tour and stakeholder interviews to develop potential development strategies for the hospital property. That evening, the panelists presented their recommendations to the stakeholders and project staff at the Salem City Hall Annex.

Assets and Opportunities

New Train Station. The planned South Salem Commuter Rail Stop on the Newburyport/ Rockport line, situated between Canal Street and Jefferson Avenue, can serve as a catalyst for development. The study area includes over 30 acres of underutilized property that can support transit-oriented development.

Functioning Sidewalk Grid. The Jefferson Avenue corridor has sidewalks on both sides of the street that support pedestrian traffic.

Potential for Gradual Modal Shift. As residents and employees discover the benefits of having the commuter rail in proximity to their residences and work, some portion of that cohort may use the transit and leave their automobiles at home. Over time, this would help reduce auto traffic and increase the transit mode share, decreasing the need for parking.

Proximity to Large-Scale Employers. The planned train station and Jefferson Avenue corridor are in close proximity to two of the City's largest employers, Salem Hospital and Salem State University.

Easement from Jefferson Ave to Rail Corridor. The City has an easement through the Amazon parcel connecting Jefferson Avenue and the transit stop. The station feasibility study developed multiple options for connecting the station with Jefferson Avenue via the Amazon property.

Underutilized Parcels in Study Area. The Jefferson Avenue corridor is home to a number of underutilized parcels that could potentially be re-purposed to higher and better uses.

Station Should Attract New TOD. Located on the busiest commuter rail lines in the Commonwealth, the area should be attractive to developers following the construction of the rail station.

Housing Demand. There is a high demand for new affordable and market-rate housing in Salem and throughout the region.

Availability of Funds. The Healy-Driscoll administration has prioritized housing, making funds available through various programs for projects that support housing.

Zoning Modifications. The City has expressed a willingness to modify its zoning regulations in order to advance its housing supply, including implementing an overlay.

DPW Facility. The City has indicated its intent to relocate this facility, making this property available for redevelopment.

Challenges

Hospital Parking at Full Capacity. The City of Salem would like to see the parking lots situated along Jefferson Avenue, which are currently being used by Salem Hospital, redeveloped for housing. However, the hospital states that all its current parking lots are needed to accommodate patients and visitors. Employee and visitor parking is currently free at the hospital and satellite lots. To redevelop these surface parking lots, replacement parking in the form of structured parking would need to be constructed for the hospital, which would require significant funding. Neither the City nor the hospital has the financial resources to undertake such a project. Although structured parking could free up lots, important questions need to be answered. These include determining who would operate the garage and how to cover capital and operating costs. It is unlikely that paid parking would be viable.

Little Incentive for Hospital to Relinquish Parking. The City owns several of the parking lots being used by the hospital. However, existing agreements permit the hospital's long-term use of these facilities at no cost, complicating the City's potential to reclaim the land.

Site Suitability for Structured Parking and Housing. A helipad is located between the lots off Dove Avenue. FAA clear space requirements for MedFlight could limit the height of a replacement parking garage on nearby site(s) and, possibly, multifamily construction on a nearby Jefferson Avenue site. This would require further study and, as necessary, FAA review and permitting.

Flood Zone and Wetlands. Flood modeling indicates that portions of the Jefferson Avenue corridor are in an area subject to worsening flood risk, which would increase the development cost and limit street-activating ground floor use. Although mitigation measures can be implemented, the development cost would make the site less attractive to developers. Also, the existence of wetlands on some of the sites would reduce the areas available for development.

Negotiating New Easement Location. An existing easement from Jefferson Avenue to the transit station would need to be negotiated with the property owners to catalyze the development in the area.

Fragmented Ownership of Small Sites. A significant portion of the privately held land along the corridor is in small ownership parcels, which would make consolidation of sites large enough to accommodate significant multi-family housing projects challenging.

Relocation of Current Industrial Uses. There is a large contingent of industrial users located along the Jefferson Avenue corridor, many of which meaningfully contribute to the economic well-being of the City. Relocation of these businesses could be difficult due to Salem's lack of industrial space.

Lack of Strategic Plan or Vision for Corridor. The City and Hospital have not yet articulated a comprehensive vision for the Jefferson Avenue corridor that could foster its redevelopment to more intense and productive use and fully capitalize on the planned transit resource.

Uncertainty around the Timing and Cost of the Station. The City of Salem received over $2 million in Rebuilding American Infrastructure with Sustainability and Equity (RAISE) federal grant funds to advance the

design to 100% of the South Salem Train Stop Project. However, it will be a few years before the design is complete. There is currently no funding source for constructing a new station. The City estimates that it could be 7 - 10 years before a station is completed and operational. The uncertainty about when the station will open impacts the feasibility and desirability of housing development in what is currently a mixed industrial and commercial area. Housing development will be much more desirable after the completion of the station.

Traffic Management. Roadway traffic capacity along Jefferson Avenue will need to be studied, including the potential for added traffic generated by a "kiss and ride" operation (a designated drop-off zone) proximate to the station. Pedestrian and bicycle safety will also need to be studied, and solutions in the form of separate bike lanes and/or shared use paths on Jefferson Avenue should be considered. Funding for such improvements will need to be added to the overall project cost.

Transmission Lines. Areas immediately proximate to overhead power lines would not be considered desirable for residential development.

The Need for Extensive Infrastructure Improvements. The cost of the residential development would increase due to the addition of stormwater management, resiliency treatments, traffic improvements, and replacement structured parking. These necessary investments may or may not be included in the MBTA station project.

Potential Brownfield Issues. Some of the possible redevelopment sites may be brownfield sites, including the 311 space lot at 108 Jefferson Avenue (Jefferson West), which was previously used as a laundry facility. The City of Salem received $500,000 for a Brownfields Assessment Grant from the U.S. Environmental Protection Agency in May that could be used to assess the parcels.

Recommendations

Overview of Major Potential Sites for Redevelopment

At the City's direction, the panel focused primarily on the two hospital parking lots on Jefferson Avenue. The panel also identified other significant properties that could accommodate substantial transit-oriented development projects.

Jefferson Avenue West Lot/108 Jefferson Avenue (311 Spaces, approximately 5.1 acres). The primary concern with this lot is that if it were to be redeveloped, the spaces would need to be replaced – most likely by structured parking – to fulfill the hospital's needs, which could be prohibitively expensive. In addition, the lot may need remediation. Assemblage with the adjacent Bouchard property, if it becomes available, could potentially expand the TOD opportunity.

Jefferson Avenue East Lot/65 Jefferson Avenue (198 Spaces, approximately 1.6 acres). This lot would also require replacement parking and has the added concern of being located in a flood zone.

Amazon Site 20 Colonial Road. The 148,000-square-foot building on this 6.1-acre site was renovated and transformed into a warehouse/distribution facility in 2020 following extensive site remediation and leased to Amazon in 2021 for 10 years with extension options. The owner has made significant investments in the property, including EV charging stations. The City has rights to an easement on the Amazon property to allow access to the tracks, according to the City, and the train station design will incorporate a pedestrian bridge over the tracks.

The value of the Amazon property in its current use is high, and the remaining term and extensions on the lease could present a problem if the City wishes to acquire the property. However, the panel considers the value of the site for a major transit-oriented development likely would be higher, possibly putting the site in play for redevelopment. The adjacent property, the Colonial Office Park at 10 Colonial Road, is a one- and two-story building with 30 office/retail condominiums

Site Analysis and Potential Related Cost Burdens

Property	Availability	Flood Zone (Y/N)	Cost Burden
Jefferson West Lot Plus Buchard	Yes	No	Replacement parking
Jefferson East Lot	Yes	Yes	Replacement parking + flood proofing
Amazon Plus Commercial Condo	10 year lease Very challenging assemblage	No No (?)	Relatively high value existing use Ditto
DPW Plus MBTA Frontage	After DPW relocation Problematic	Yes Yes	N/A + flood proofing ?

Note: potential environmental issues from past or current uses, such as at the Jefferson West Lot, would pose an additional cost burden.

with multiple owners. The value of the office park, while lower than that of the Amazon property, is not insignificant, and the multiple ownership of the condominiums could make for a challenging acquisition process if a developer were to pursue this as part of an assemblage.

DPW Site. This 2.5-acre site is a logical possibility for redevelopment, given that the City owns it outright, but its availability would be contingent on relocating the DPW operations within Salem, a city with a constrained supply of available industrial sites. It is also located within the flood zone.

MBTA Frontage. The MBTA has stated its intent to continue using its property adjacent to the DPW site to support rail service. If it doesn't need some or all of the frontage on Jefferson Avenue, this might be added to the DPW site. However, it is also located within the flood zone.

Potential Transit-Oriented Development

Jefferson East & West Parking Lot Sites

The panel determined that redeveloping the Jefferson Avenue West and East lots could accommodate nearly 300 units of housing. By constructing five stories of residential units over two levels of podium garage on the Jefferson East lot, 210 units could be produced. On the smaller West lot, 80 units could be developed, with five stories of residential units over a single level of parking. Both cases would supply 1.3 on-site parking spaces per unit.

The below concepts are considered relatively aggressive build-outs. Development of the Jefferson West lot would accommodate fewer units if a one-story podium were to be constructed to enhance the financial feasibility/supportable acquisition price. It is possible that some or all of the parking that would be lost by constructing a one- rather than two-level podium might be replaced by nearby off-site surface or garage parking shared with the hospital, although acceptable arrangements would need to be negotiated with the hospital and there would be some impact on marketability/attainable unit pricing due to off-site parking. The possibility that this site may be subject to FAA height limitations relative to the helipad, potentially constraining development, would need to be explored.

It is also worth noting that the 80 units that the Jefferson East lot site could accommodate may fall below the minimum project size threshold of many multi-family developers. This would decrease the market of potentially interested developers and/or require an assemblage of adjoining property or properties. Alternatively, a developer might undertake development on this site as part of an integrated phased project with a larger project on the Jefferson West site.

The Jefferson East and West parking lot sites shown with multi-family housing development.

The Amazon site shown with multi-family housing development above parking (Option 1).

Amazon Site

The panel considered two options for TOD on this site.

Option 1

This option assumes the site is exclusively for private TOD development, potentially yielding 475 units, with five residential stories constructed over a two-level parking podium providing 1.3 spaces per unit.

Option 2

The second option would be to build a parking garage for T commuters and possibly shared use with the hospital and include a "kiss-and-ride" closer to the station than the one currently planned near Jefferson Avenue. The plan would allow for 268 residential units across three buildings with some ground-floor retail with garage and surface parking that could accommodate over 500 commuter spaces beyond the residential parking of 1.3 spaces per unit.

The Amazon site shown with multi-family housing development with additional parking serving T commuters (Option 2).

DPW Site

The panel did not do a concept drawing for the DPW site, but at a density of between 50 and 100 units per acre, this 2.5-acre site might accommodate 125 to 250 units, or commensurately fewer units if not all of the site is usable, or possibly more units if the site can be combined with adjacent properties.

General

In addition to the primary sites addressed above, other privately owned parcels currently occupied by relatively low-intensity light industrial and commercial uses are likely to transition to higher-density residential over time once the rail station comes online and other compatible multi-family development enhances the appeal of the area for new development.

The panel recommends that, to the extent that it is practical, new development should accommodate ground floor use that will activate the Jefferson Avenue street frontage. For sites that are not in the flood zone, this would ideally include retail space. The Jefferson West site, which is not in the flood zone, would be a particularly good opportunity for this. For sites in the flood zone, such as Jefferson East and the DPW site, such use will be limited to flood-resilient commercial spaces, as depicted in the following exhibits:

Circulation

Roadway traffic capacity along Jefferson Avenue will need to be studied, including the potential for added traffic generated by a "kiss and ride" operation near the train station. Pedestrian and bicycle safety will also need to be studied, and solutions in the form of separated bike lanes and/or shared-use paths on Jefferson Avenue should be considered. Funding for such improvements would need to be added to the overall project cost.

The City has an easement through the Amazon parcel that can be used to travel between Jefferson Avenue and the railroad tracks. The station feasibility study developed multiple options for connecting the station with Jefferson Avenue via the Amazon property.

Feasibility of Redeveloping Jefferson Lots

A primary question asked of the panel was to determine the viability of the redevelopment of the Jefferson East and West parking lot sites to create housing, with the understanding that to do so would necessitate the provision of replacement parking for the hospital.

The replacement parking would need to be accommodated by converting a surface lot (or lots) to a structured parking garage. Assuming the hospital would require retention of all of the current parking spaces (as the

These precedent images depict how ground floor activation could influence the pedestrian experience across the site.

This map depicts the potential circulation around and across the area.

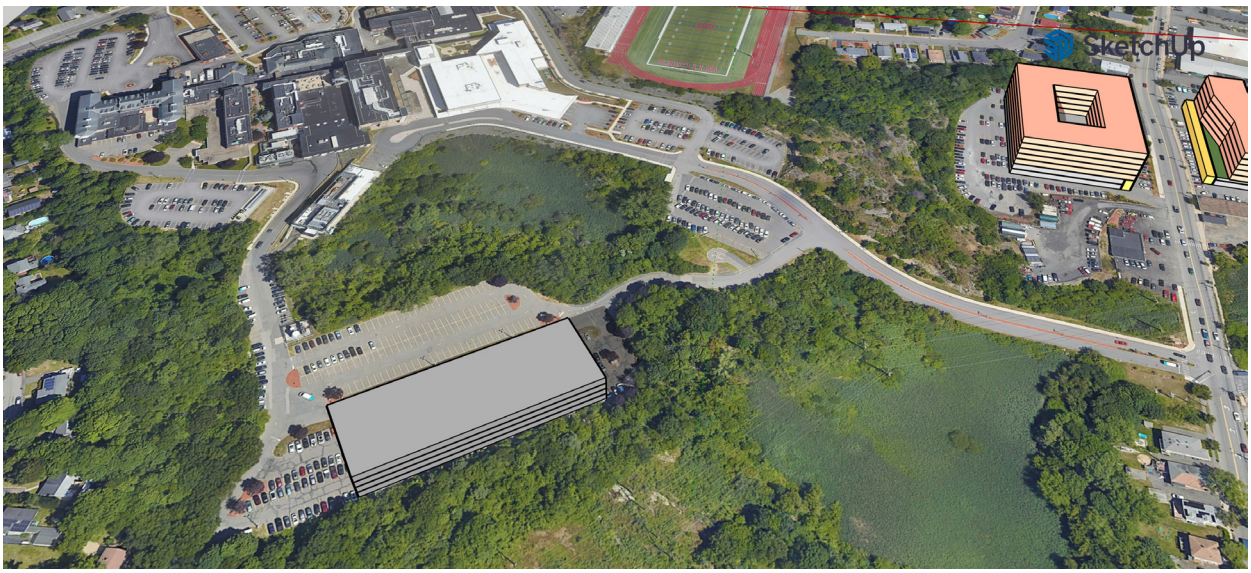
Hospital representative maintained during the stakeholder interviews), a garage would need to accommodate the spaces displaced from the lot(s) that are redeveloped for housing in addition to the spaces currently in the surface lot(s) which are to be the site of the new garage.

The panel considers the most appropriate site for a new garage to be one or both of the two large lots owned by the City but under use by easement to the hospital located off the access road from Dove Avenue, south of the hospital. The larger of the two sites that could be redeveloped for a garage (the south, upper lot) currently contains 206 spaces, and the smaller (north, lower lot) contains 132.

For example, a garage providing replacement parking for the Jefferson West lot, if developed only on the upper lot, would require approximately 517 spaces (311 replacing the parking displaced from the Jefferson West lot plus replacement of the 206 surface spaces currently in the lot to be used as the site for the new garage).

A garage accommodating parking required for redevelopment of both the Jefferson East and West lots would require 847 spaces (the 509 displaced from those lots plus the 338 spaces currently on the upper and lower lots, assuming both were to be required as the site for the garage). The City and hospital may wish to have a new garage accommodate all of the spaces from the East and West lots to allow for the eventual redevelopment of both sites as well as the locational advantage of consolidating parking closer to the hospital.

The exhibit at the top of the next page depicts a four-level garage constructed on the upper lot, with approximately 546 spaces plus an additional approximately 36 surface spaces, which would accommodate the redevelopment of only the Jefferson West Lot. Given FAA height limitations due to its proximity to the helipad that would likely limit additional levels (or possibly even the four levels shown), the garage would likely need to be sited on both lots, certainly if it is required to accommodate the replacement parking for both the Jefferson West and East lot.



This sketch considers how a four-level garage could be placed to accommodate the redevelopment of the Jefferson West lot.

A preliminary estimate for the cost of building a new garage might be in the range of $25,000 - $35,000 per space. The lower end might be achieved with an efficient, simple prefab garage. The higher end might reflect a more complex construction, such as would likely be required if the garage were to span the upper and lower lots.

Assuming cost at the upper end of the range – $35,000 per space, a replacement garage accommodating redevelopment of both Jefferson East and West could cost approximately $29,700,000, or slightly less if a small portion of the parking could be accommodated in surface spaces.

The feasibility of the hospital and City collaboratively supporting such a cost would be determined by the revenues that could be generated by the sale of the land for development supplemented, as necessary, by the value of tax revenues generated by such development.

The “back-of-the-envelope” analysis presented in the exhibit below provides an initial, broad assessment of that equation. Note that potential land sale revenue is for illustrative purposes and does not represent appraised values, and all dollars are expressed in constant 2024 dollars.

Recent peak market land sales for comparable suburban multi-family development sites (before the past few years’ downturn) have generally been approximately $30,000 – $50,000 per unit. Assuming $40,000 per unit, the two sites might generate $12,000,000 of land sale revenue.

Assuming real estate taxes of approximately $3,000 per unit, the development of the two sites could generate $870,000 annually. For purely illustrative purposes, if the real estate taxes were to be capitalized at a rate of 5%, the combined capital value (including the land sale and 100% of the capital value of the taxes) would very nearly cover the cost of the garage.

Of course, variations in these rough numbers could push the net above or below this “break-even” threshold. The garage cost could be lower, and the hospital may determine that it can make do with fewer spaces. Also, public bond financing of the garage might lower the effective cost, especially if and when interest rates decline. On the other hand, the 5% capitalization of the real estate taxes may be aggressive, considering that the maximum term for a TIF deal is 20 years. A finer analysis than that presented in the TAP might look at annual taxes versus bond payments on a 20-year TIF based on a more refined garage design concept and a cost estimate to assess this more accurately.

Potential Land Sale Revenue and Replacement Costs for Proposed Lots

	Jefferson West Lot	Jefferson East Lot	Combined West & East Lots
Potential Multi-family Units	210	80	290
Illustrative Land Sale Revenue @ $40,000 / unit	$8,400,000	$3,200,000	$11,600,000
Annual RE Tax @ $3,000 / unit	$630,000	$240,000	$870,000
RE Tax Capitalized @ 5%	$12,600,000	$4,800,000	$17,400,000
Total Land Sale Revenue & Capped RE Tax	**$21,000,000**	**$8,000,000**	**$29,000,000**
Replacement Hospital Parking			
Existing Parking on Target Garage Site	206	132	338
Relocated Parking from Jefferson Lots	311	198	509
Total	517	330	847
Garage Cost @ $35,000 / space	**$18,100,000**	**$11,550,000**	**$29,650,000**
Net Land Sale Revenue & Capped RE Tax Less Replacement Parking Cost	**$2,900,000**	**($3,550,000)**	**($650,000)**

Based on this analysis, the financial viability of redeveloping the Jefferson Avenue lots is questionable, and only if assuming a very significant, if not total, dedication of tax revenues to support it.

Phased Development Indicated

Based on the above analysis, the panel believes that, instead of initiating the area's redevelopment, the Jefferson lots should be redeveloped after other sites are developed. At that time, the area would be more established for new multi-family development, land sale revenues may be maximized, and the number of replacement spaces the hospital requires may be reduced to the extent that the hospital may see a modal shift of its employees and visitors. This model recognizes that the location of these lots, before the arrival of the transit stop and other nearby compatible developments, likely would not have great appeal for multifamily use.

The Amazon site adjacent to the station clearly would be the most appropriate site for transit-oriented development once the station is in place, especially given the lack of other multi-family and compatible uses nearby. The Amazon distribution center has an estimated ten years remaining on its lease, which approximately correlates with the delivery time of the T station. However, extensions may defer the time frame in which the site becomes available. Ultimately, the value of the site for multi-family development should outweigh that of its current use.

Considering the 7-10 year timeline for the transit station, the panel believes that the DPW site may offer the best opportunity to stimulate substantial multi-family development within the study area in the period prior to delivery of the train station. This early development can lay the groundwork for additional projects to the south as the station is delivered.

If the City considers the DPW's current site to no longer be adequate, requiring relocation, as was articulated during the stakeholder sessions, there would effectively be no acquisition cost burden associated with this site aside from the environmental and flooding issues. This contrasts with the other sites being considered for redevelopment, which come with a significant acquisition cost burden.

Another consideration is that, until the T station is built, the DPW site is a better location for housing (or mixed-use development) because it is closer to downtown. The panel recommends that the

City explore the acquisition of the Jefferson Avenue frontage of the MBTA property. This may not be needed for MBTA use and could enhance the redevelopment potential of the DPW site on Jefferson Avenue and potentially facilitate its integration with adjoining properties, which would be a tremendous public benefit.

Another option not explored during the presentation was incorporating the recycling center, which is adjacent to the MBTA site, into the larger redevelopment parcel. Consolidating the parcels would make the site far more attractive for a developer and enhance the neighborhood's connection to the downtown.

There is also the possibility that in the future, the City might be able to access state and federal dollars to build a garage at the T site, potentially accommodating some of the hospital parking to be relocated from the Jefferson East and West lots, enhancing the financial viability of such redevelopment.

It is also worth noting that the redeveloping area is unlikely to be 100% residential. It is more likely to have a combination of uses, including existing light industrial and other commercial (at least in the short term). Panelists are aware that there is a shortage of industrial property within the City, so relocation for many of these businesses may not be possible or will be gradual at best.

Develop a Master Plan for Jefferson Avenue Corridor

The panel also recommends that the City create a comprehensive plan to guide the redevelopment of the Jefferson Avenue Corridor as a connective corridor between the various neighborhoods and major employers and to the downtown, as well as connections across the rail tracks to the Canal Street corridor. The plan should address accommodation of some of the existing light industrial and commercial use as the area transitions over time, as well as bike and pedestrian mobility, flood zone mitigations, other forms of connectivity, streetscape requirements, and any other land-use requirements/restrictions. As is typical for the City's development process, it is crucial for the City to solicit input from the public, including landowners, businesses, and surrounding residential neighborhoods, when creating the vision for the Master Plan.

Create an Overlay District

Once a Master Plan has been developed, the City should create an overlay district that enables current industrial/commercial uses that are vital to the economic health of the City to remain while also enabling the City to meet its housing goals by means of a gradual transition of the area to denser mixed-use. It is also worth reiterating that any rezoning should allow for and encourage land consolidation to create larger, more contiguous parcels that are more viable for multifamily development. Any plan will ultimately yield less residential redevelopment if it is done on a small parcel-by-parcel basis. Smaller buildings would require increased setbacks, resulting in fewer total units and a diminished overall impact due to their smaller scale.

If the City's goal is to maximize the ability to produce more housing within the corridor, then it is crucial to encourage the market by consolidating some of the parcels on Jefferson Avenue. In order for the market to facilitate the consolidation of land, developers must have a comprehensive understanding of the regulatory framework within which they will operate. Initial planning is essential to assess the project's viability and warrant the investment in land consolidation and acquisition. Certainty regarding the regulatory framework will facilitate these decisions. The City needs to establish its priorities, and overlays are valuable zoning tools. To a certain extent, these tools allow the community to control the direction of the development and realize their vision.

Funding Resources

Value Capture

Over time, the transition of the area to higher density, more valuable TOD development can be expected to generate considerable real estate tax revenues that could offset at least a significant portion of the costs the City will incur in its contribution to the rail station and other infrastructure. This may be structured as district increment financing or, more generally, may be realized as offsets within the City's general budgetary ledger. Assuming annual real estate taxes for new multi-family at $3,000 per unit (in 2024), a build-out of 500 – 1,000 units could offset bond debt service of $1,500,000 – $3,000,000, holding aside the relatively low base (pre-redevelopment) assessment (and any tax dollars that would have to be applied to funding a garage to provide replacement parking for redeveloped hospital parking lots).

Other sources that could be explored include:

- 63-20 IRS
- Transportation Infrastructure Finance and Innovation Act (TIFIA)
- 40-R
- MassDevelopment Brownfield
- MassWorks
- HousingWorks
- HDIP
- Federal Infrastructure Money
- State Earmarks in Housing Bond Bill or Economic Development Bill

It should be noted that as an alternative to the City or hospital funding the parking garage, federal and state funding may be available if the Amazon site were to become available for higher and better TOD use. The site could be strictly parking for the rail station, which could be shared with the hospital using a shuttle system, or combine parking and residential development, which would generate real estate taxes for the City in addition to the Jefferson Avenue residential developments.