Union Square

SITE FEASIBILITY STUDY

A report prepared for the City of Somerville

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September 22, 2011

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1. Overview

Union Square is the largest and oldest of Somerville's commercial districts. It is currently experiencing renewed growth after a long decline throughout much of the 20th century. The City of Somerville has methodically laid the groundwork for Union Square's renewal. The Square was recently rezoned to allow denser and more diverse development types and will be reached by long-anticipated Green Line transit within the current decade. Union Square is the site of Somerville's first Arts Overlay District, a zoning-based initiative to bolster the Square as a center of creativity. Major new infrastructure has been installed, readying the Square for a concluding round of streetscape improvements. The stage is set for substantial public and private development.

This study was jointly commissioned by the Office of Strategic Planning and Community Development and the Somerville Arts Council. Its primary goal is to help the City of Somerville anticipate and coordinate development in the Square. Through an analysis that combines market data, zoning, building code, design, construction and financial modeling it seeks to answer questions such as these:

- Will tenants pay sufficient rent to support code-complying renovation of office space?
- Can lab development in the Square offer space at a rate that draws business from established centers and still remain profitable?
- Can a landlord afford to build studio space in the empty floors of an old building?
- Can a developer do a code-complying rehab and still rent restaurant space at a price the market is willing to pay?
- What will it take to support a performance space in the old Post Office, or a modern concert venue in a 19th century dance hall?

Four sites are used as a laboratory for delving into questions such as these. Three are existing buildings, and include the Union Square Post Office, soon to close and offered for sale by the federal government; the historic main fire station, currently owned and operated by the city; and the Backer Eberly Building, a privately owned 19th century mercantile building with a

vacant top story. The fourth site is the city-owned Kiley Barrel property at the intersection of Prospect Street and Somerville Avenue.

The underpinnings for economic analysis are set out in the in the opening chapters: Chapter 2 examines these sites in the urban context of Union Square. Chapter 3 reports on prevailing market conditions. Chapter 4 examines the new zoning regulations and identifies allowable uses, and Chapter 5 establishes a matrix to quantify the demands of the modern building code. Although it may appear to be a dispassionate display of diagrams and numbers, the crux of this report is contained in Chapter 6: Proforma Analysis. Fifteen separate development schemes are tested on the four Union Square sites. Scaled diagrams provide the basis for construction estimates and show general use relationships. Cost, income and expense detail is presented intact, enabling those with an interest in budget items to examine it closely, while the average reader is free to skip to the bottom line. Here one sees the relationship between a project's cost and its value in the competitive real estate market.

At this time, more so than any in the past decades, investors and lenders demand a realistic market value greater than project cost. Chapter 7 recaps the bottom lines of the 15 development scenarios in a single chart. Several projects should be able to move forward with standard debt/equity financing - but most require some form of subsidy or re-thinking. Wherever they are applicable, the proformas calculate the impact of state and federal historic tax credits, as well as New Markets Tax Credits. Beyond the triad of major tax credits there are other sources of funding available: directed grants, subsidies, low-interest financing sources, and creative deal structures are among those discussed in Chapter 7.

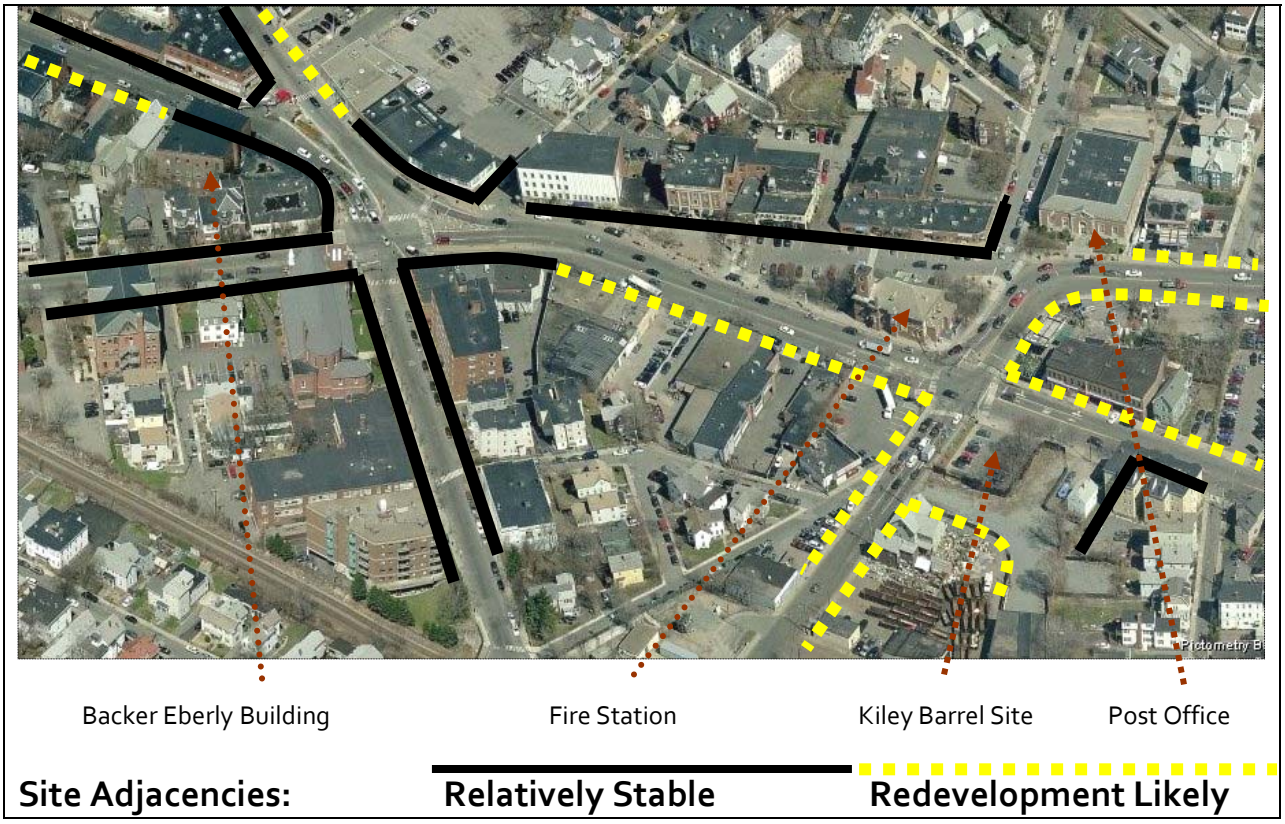
Chapter 8 takes an in-depth look at reuse of the Post Office as a performing arts center. Fort Point Consulting conferred with experts in the performance and hospitality communities and modeled the finances of a facility in Somerville. The model shows that substantial up-front fund-raising is required to avoid a crushing debt burden. Ultimately the performance center will not only compete among greater Boston's performance venues for audiences - it also will compete in the fund-raising arena. The study cannot "handicap" the success of such a fund-raising campaign, but is does indicate that if the funds *are* raised the project has good prospects for success and should generate important economic benefits for the Square and the City at large.

The Union Square Site Feasibility Study is intended to be a working document. Proformas and diagrammatic plans can be modified as conditions change, or as new ideas emerge. They are meant to be a template for further study of uses that generate interest from landlords, developers, planners, or prospective tenants.

2. Four Sites in Union Square: Urban Context

Site Adjacencies

A favorite saying of real estate professionals:
"When I check out a property I stand in the doorway and look out at the neighborhood. That means more than what I see inside"

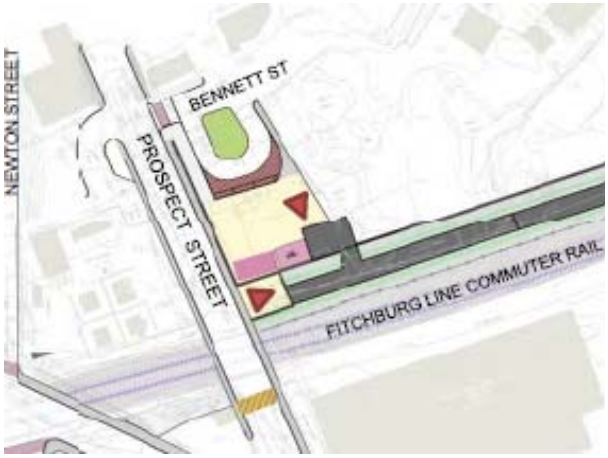


Much of the real estate in Union Square may be replaced in near future, following the recent rezoning and the planned arrival of rail transit. The solid black lines on the diagram above denote frontage unlikely to be replaced with new development in the near future. The dashed yellow lines denote frontage along sites that are actually vacant or currently developed far below the allowable FAR.

Much of the land at the eastern edge of Union Square – where three of the study sites are located – is vacant or underdeveloped. Of these three the Fire Station currently has the most valuable adjacencies from a development perspective. Its two entry facades face a well-used plaza, a convenient parking lot and an economically solid block of retail and restaurant storefronts – all adjacencies that add to its value. Its south and east facades face parcels that

are likely to be redeveloped, including a long stretch of single-story commercial properties on Somerville Avenue. Across Washington Street to the east is a colorful flower market with lavish displays of living merchandise. It is a popular place-holder that sets a high visual standard for future redevelopment of its block.

Diagonally across the Prospect/Somerville intersection from the Fire Station is the Kiley Barrel Site, currently in use as a public parking lot, but recently rezoned. To the south and east the Kiley Barrel site abuts industrial properties that have also been re-zoned for dense mixed-use TOD development. It faces a car-oriented fast-food operation across Prospect Street. Both of these adjacencies will be attractive for more urban uses when land values rise in the area. The study presumes that the four story residential property immediately to the east on Somerville Avenue will remain until land values have risen quite dramatically. The Union Square Green Line station will exit to Prospect Street less than 500 feet south of the Kiley Barrel site.



The Union Square Green Line station will exit to Prospect Street less than 500 feet south of the Kiley Barrel site, and within easy walking distance of the other study sites.

The Post Office is somewhat isolated at the edge of the commercial core. It extends back into a stable and well-maintained area of free-standing homes. To its east is a gas station that is likely to be sold for redevelopment. A narrow areaway along the Post office's lot line protects its eastern windows from blockage to some degree, assuming the gas station is replaced with a more urban structure. The most difficult adjacency of the Post Office may be the view from its front door. At present this stately entrance looks out on a traffic snarl that is likely to remain, and across Washington Street to a future development site whose timing is uncertain. Streetscape gestures could help tie the Post Office to the restaurant-oriented commercial block just to the west across Bonner Street – an adjacency that adds to its perceived value for any type of use.

The Backer Eberly Building is separated by a complex intersection from the three eastern sites. Multi-story redevelopment of the low-rise commercial structure abutting the east side wall of the Backer Eberly Building would block its upper windows, which are close to the lot line. This study presumes that to be an unlikely circumstance, since it is the tendency of single-story

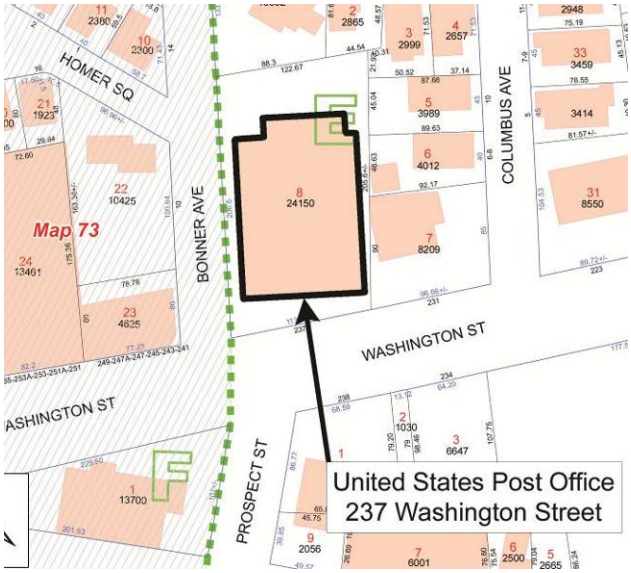
retail blocks to remain as-is unless they are part of substantially larger development sites. This is evidenced anecdotally by the persistence of single-story retail in Central, Harvard, Porter and Davis Squares, despite high land values.

Historic Designation

The Backer Eberly Building, the Post Office and the Fire Station have all been inventoried as historic structures, with the summary sheets of their forms included as an appendix to this report. Because of their status as contributing structures in the potential Union Square Commercial Historic District, exterior modifications to these buildings require review by the Somerville Historic Commission. At present none of these buildings are listed individually on the state or federal historic registers, and the Union Square historic district has not been created. All three are candidates for listing on the state and federal historic registers. This is an important factor since it indicates their potential eligibility for state and federal historic tax credits.

The Post Office : Context

The Post Office was constructed in 1935-1936 on a site of 24,150 s.f. at the edge of the Square's eastern commercial core. It is one of the few non-residential buildings in this part of Somerville that is edged with grass and shrubbery. Its rigid symmetry makes no concessions to the twisted street grid. Although close to an active commercial zone it feels more distant than it actually is, a subtlety with implications for its future use. Its dignified simplicity makes it a memorable building – a tangible asset for occupants who interact with the larger public.



Abutting gas station to the east

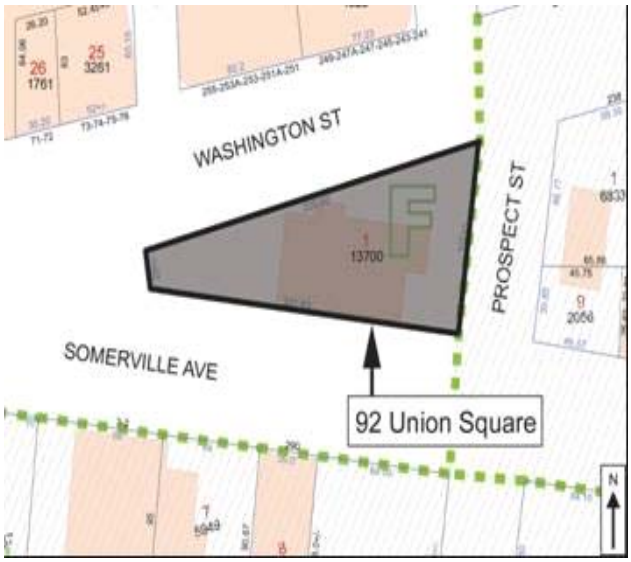
Post Office approach from Prospect Street

Residential abutters flank the rear loading area

Adjacency to main dining area in the Square

The Fire Station: Context

The Fire Station was built in 1903 on a triangular lot surrounded by streets and has always been a commanding building. Its four sided clock tower is highly visible from all directions and it is arguably the most prominent single structure in the Square. When built its two entry facades faced the commercial core of the Square and its non-active facades faced the industrial district to its south and east. As now rezoned all sides will ultimately face new people-oriented uses.



View diagonally across Somerville Avenue

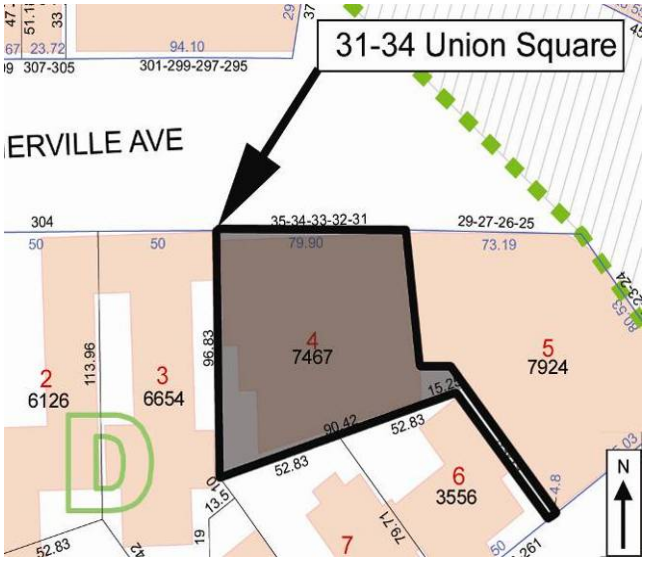
An urban oasis, room for more outdoor dining

View of the Fire Station from the Post Office

Active retail across public parking lot

The Backer Eberly Building : Context

When built in 1884 the Backer Eberly Building was one among many equivalently large structures - now it looms above the neighborhood. The mysteriously tall top floor is a landmark known by almost everyone in Somerville. The storefront survives remarkably intact and begins the long line of active retail that swings around the corner onto Washington Street. The dogleg to the rear provides emergency egress from the former top-floor dance hall.



The site includes the frame structure in the foreground

Abutting retail block with Main Streets façades

A nearly intact 19th century mercantile building

Buildings opposite reflected in plate glass

The Kiley Barrel Site: Context

This Prospect/Somerville corner is occupied by a city parking lot whose mature landscape trees indicate it has been there a long time. The site is not attractive at present, nor are the immediate abutters, including the Dunkin Donuts across the street. To the thousands who drive through this intersection each day the traffic light is the most important urban feature. This site will become the context for other sites around it, a challenge to designers and developers.

Site on right, looking north on Prospect Street

A parking lot has occupied the site for several decades

Looking across Prospect Street towards the site

Likely site of new development across Somerville Ave.

3. Market Conditions

This section examines prevailing rental rates for the uses tested in this report. Union Square, and Somerville itself, are not separately tracked by the real estate industry. However, using a combination of original market research and published reports for wider regions it is possible to arrive at rental rates that reflect the current marketplace. The following market categories are examined:

- The Somerville Office Market
- The Somerville Retail Market
- The Cambridge Office Market *(for large projects, such as Kiley Barrel)*
- The Cambridge Lab Space Market *(for large projects, such as Kiley Barrel)*
- The Regional Medical Office Space Market
- The Regional Studio Space Market
- The Somerville Apartment Rental Market

The Somerville Office Market

At present most Somerville office space is located in smaller buildings that do not compete in the regional market place of large institutionally owned properties. Rates for this type of space vary greatly, with the Davis Square office market beginning to settle on a level in the mid-

Somerville Office Rental Rates, 2011

	Area, s.f.	Rent/mo	Rent/s.f.		notes
Office, general Somerville					
255 Elm	1,990	$ 4,398	$ 26.52		*with one pkg space, Gorin Bldg*
9 Davis Square	205 to 338		$ 28.19		*above restaurant*
Davis, Gorin Bldg	5,000	$ 9,792	$ 23.50		
20-40 Holland	5,483	$ 12,556	$ 27.48		
Assembly Sq	6,000	$ 11,760	$ 23.52		*multi-story office bldg*
515 Somerville Ave	22,000	$ 43,542	$ 23.75	nnn	*not yet built*
196 Boston Ave			$ 19.95		*rental rate*
Office, in/near Union					
80 Webster	350	$ 595	$ 20.40		*office/studio*
above Bloc 11	250	$ 525	$ 25.20		*built out, 2 bathrooms*
above Bloc 11	150	$ 495	$ 39.60		*small space*
561 Windsor			$ 15.00		*studio space*
11 Bow Street	7,602	$ 12,670	$ 20.00		
149 Highland	1,800	$ 1,800	$ 12.00		
153 South Street	7,500	$ 12,500	$ 20.00	nnn	*engineering firm, 1970's construction*
66-70 Union Square	1,400	$ 1,400	$ 12.00		*with parking*
66-70 Union Square	800	$ 1,000	$ 15.00		*trouble leasing, with parking*
29 Properzi Way	1,200	$ 1,750	$ 17.50		*comes with parking*
Average Rent for local Office Space			$ 21.74		
Mean Rent for local Office Space			$ 20.40		
Rent range: Low			$ 39.60		
Rent range: High			$ 12.00		

(Loopnet, Q1, 2011)

twenties for standard office space in older buildings. Davis Square is very accessible by public transportation, and rents in Union Square are lower at present. When the Green Line arrives the disparity should begin to narrow. Current office rents in Union Square vary widely, but most spaces rent from fifteen to twenty dollars per square foot, typically on a modified gross basis, with the tenant responsible for utilities and the landlord responsible for taxes, insurance, maintenance, and management. For the renovated properties in this study office rent is set at levels between $15/sf for office space directed toward non-profits, to $25/s.f. for the main level of the Post Office. Several currently advertised rents in Union Square, of $25 and $39 respectively, are for small spaces above a popular coffee house. This indicates that well-located, unique space can rise above the general rent level.

The Somerville Retail Market

Retail space exhibits even more variability than office space, with high rates paid for space that is in the right location, and much lower rates paid for lesser spaces. One of the main predictors of retail rent is ease of access – hence locations by transit stations or at major highway intersections command the highest rents. But cache is also a factor, and some retail locations

Somerville Retail Rental Rates, 2011

	Area, s.f.	Rent/mo	Rent/s.f.		
Retail, general Somerville					
515 Somerville Ave	13,838	$ 34,307	$ 29.75	nnn	*asking, not built yet*
255 Elm	4,700	$ 11,750	$ 30.00	nnn	*new restaurant*
626 Somerville Ave	10,000	$ 12,500	$ 15.00		*asking*
82 Central (at Highland)	1,000	$ 1,000	$ 12.00		*modified gross*
82 Central (at Highland)	800	$ 1,200	$ 18.00		*modified gross*
626 Somerville Ave	10,000	$ 13,333	$ 16.00		*reduced from $20, Q1 '11*
511 Medford Street	1,200	$ 2,000	$ 20.00		*modified net, retail strip*
Retail in/near Union					
22 Bow Street	1,900	$ 3,167	$ 20.00		*restaurant*
210 Washington	1,007	$ 1,470	$ 17.52		*not built yet*
219 Washington	1,004	$ 1,475	$ 17.63		*with basement*
29 Properzi Way	1,200	$ 1,750	$ 17.50		*could also be office*
253A Washington	535	$ 1,900	$ 42.62	nnn	*chiropractor, older lease*
253 Washington	535	$ 1,400	$ 31.40	nnn	*restaurant, includes basement*
255 Washington	1,000	$ 2,400	$ 28.80	nnn	*restaurant*
374 Washington	450	$ 1,075	$ 28.67		*asking, small space*
9 Sanborn Court	1,500	$ 2,500	$ 20.00	nnn	*restaurant*
5 Sanborn Court	1,500	$ 2,200	$ 17.60	nnn	*food production*
Average Rent for local Retail Space			$ 22.50		
Mean Rent for local Retail Space			$ 20.00		
Rent range: Low			$ 42.62		
Rent range: High			$ 12.00		

(Loopnet, Q1, 2011)

can attract customers based on their popularity, with higher rents than similarly accessible locations. At the moment Davis Square is doing very well on both accessibility and cache scores, but Union Square needs to get by on cache alone until Green Line transit finally arrives. Improvement of bus stops with attractive shelters and electronic posting of actual arrival times may help in the interim, as Union Square is a major bus hub with service to Tufts, MIT and Harvard, as well as direct service to Green, Orange and Red Line stops. There are popular dining spots in many locations around the Square. The Neighborhood Restaurant and Bloc 11

anchor the retail along Bow Street. The Independent and a clutch of ethnic restaurants anchor the eastern end of the Square – close to two of the study sites.

Retail rents in Somerville range from an asking price of $12 per s.f. for a rather well-located store on Central Street near Highland Avenue to $31.40 per s.f. for a restaurant close to the Fire Station site, which includes an unimproved, but usable, basement. A recently signed lease in Davis Square for a large restaurant is reported to be at $30 per s.f., triple net. The proformas in this report use retail rents of $25 to $30 per s.f. for retail space, most of which is assumed to be for restaurant use.

The Cambridge Office Market *(for large projects, such as Kiley Barrel)*
Development of the large TOD sites at the edge of Union Square is mandated by zoning to be at a density not seen in Union Square since beginning of the 20th century, when three and four-story buildings routinely covered their lots and were built close to the FAR 4 density that the new zoning encourages. The TOD-100 zoning that applies at the Kiley Barrel site requires a *minimum* FAR of 3. Urban structures of this scale are typically built by union labor and cost more per square foot than less sophisticated buildings.

Cambridge Office Space Rental Rates, 2011

Sub-market	Inventory	Direct Vacancy Rate	Overall Gross Rental Rate	Class A Gross Rental Rate
Alewife/Fresh Pond	1,604,024	22.1%	$ 26.87	$ 28.48
Mass Ave/Harvard Sq	2,101,734	4.7%	$ 33.47	$ 36.24
Kendall Sq/E. Cambridge	6,278,318	10.4%	$ 38.32	$ 40.80
Total Cambridge Office Market	9,984,076	11.1%	$ 34.88	$ 36.54

(Cushman and Wakefield, Q1, 2011)

Large commercial office buildings in Cambridge are tracked by the commercial real estate brokers. The area on the chart above that most resembles the emerging TOD district is Alewife/Fresh Pond, with Class-A space averaging $28/s.f. If resources, talent, and the marketplace work in Somerville's favor, the Boynton Yards/Union Square district may find itself more closely related to the Kendall Square market. This study utilizes an office rental rate of $30/s.f. for new mid-rise office space on the Kiley Barrel site, assuming construction beginning is out several years.

The Cambridge Lab Space Market *(for large projects, such as Kiley Barrel)*
Research space for the biotech industry is a large component of the Cambridge and Boston real estate industry. It has become a commoditized "product", often built on spec. Even when built with a tenant in place it is subject to lease turnover in this fast-paced industry. Much of the speculative lab space is built by two national developers: Alexandria Real Estate Equities and BioMed Realty Trust, both very active in the Cambridge market. As with large-scale office space, Cambridge is the nearest location of comparable real estate developments. Certain lab buildings can rent for as much as $90 to $100 per s.f., on a nnn basis. This is an unusual rent,

achieved in highly prized locations such as the Longwood medical area. Due to the high cost of construction, and the very high fit-up allowances for initial and subsequent lab space tenants, rents cannot profitably go far below $50/s.f. , nnn.
The chart below shows Class A lab rents in Cambridge ranging from $36 at Alewife to $64 at Kendall, on a net basis. The space at Alewife is primarily re-purposed from previous uses and is not necessarily a good comparable to use. A newly constructed laboratory structure on

Cambridge Lab Space Rental Rates, 2011

Sub-market	Inventory	Direct Vacancy Rate	Overall NNN Rental Rate	Class A NNN Rental Rate
Alewife/Fresh Pond Lab	522,263	16.9%	$ 31.00	$ 36.54
Mass Ave/Harvard Sq Lab	3,059,168	13.7%	$ 49.49	$ 50.53
Kendall Sq/E. Cambridge Lab	4,068,769	14.7%	$ 60.34	$ 64.59
Total Cambridge Lab Market	7,650,200	14.5%	$ 54.61	$ 62.58

(Cushman and Wakefield, Q1, 2011)

relatively inexpensive land in Somerville would require a rent in excess of $50/s.f. nnn to be an attractive project. With the presence of the Green Line, and the proximity to Kendall Square this rent may be achievable, but only if the overall context of this emerging district becomes attractive to biotech tenants.

The Regional Medical Office Space Market

Medical office space is a use category that is considered in this report for the Fire Station building, as an alternative to regular office space. In many cases medical offices can be

Metro Area Medical Office Rental Rates, 2011

	Area s.f.	Rent/mo	Rent/s.f.
Wellesley	400	$ 1,000	$ 30.00
Charlestown	925	$ 1,750	$ 22.70
Needham	1,000	$ 2,500	$ 30.00
Woburn	1,516	$ 2,141	$ 16.95
Arlington	2,400	$ 3,950	$ 19.75
Trade Center 128	2,894	$ 6,999	$ 29.02
West Cummings Park	2,945	$ 3,999	$ 16.29
Stoneham	2,315	$ 3,656	$ 18.95
Waltham	1,126	$ 2,627	$ 28.00
Charlestown	925	$ 1,750	$ 22.70
Stoneham	3,524	$ 6,740	$ 22.95
Brookline	1,578	$ 4,300	$ 32.70
Framingham	1,800	$ 2,700	$ 18.00
Wellesley	4,545	$ 10,605	$ 28.00
Average Rent for Medical Office Space			$ 19.77
Mean Rent for Medical Office Space			$ 22.83
Rent range: Low			$ 16.95
Rent range: High			$ 32.70

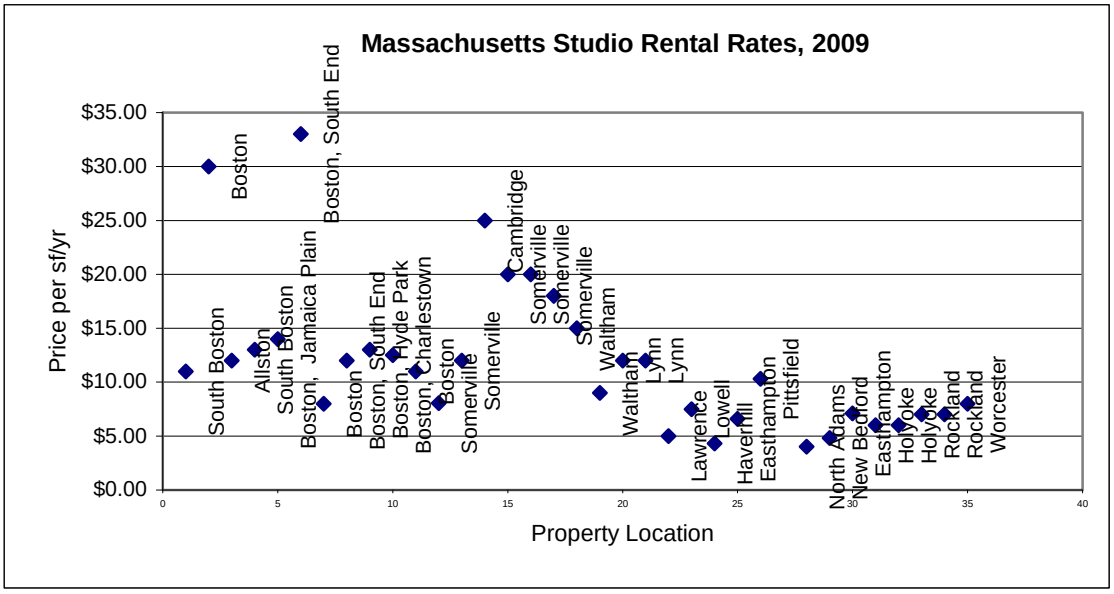
(CraigsList, June, 2011)

retrofitted within former office space, although with a higher level of fit-up than office space. There is no standardized method for gathering rental information on this sub-category. The chart above lists asking rents for spaces in both minor and major buildings, with a cluster of rents in the $30/s.f. range for well-located properties. Many of the most successful medical

buildings are located within clusters of competing facilities that have become well-known to the public and are therefore attractive to tenants. According to the 2008 survey *Union Square Creative Uses Report* , the category " Health Care and Social Assistance" occupied approximately 60,000 s.f. in Union Square, a significant amount of space, but not comparable in area or public identity to the major medical clusters. If public parking is maintained at an adequate level the rental rate for medical space could potentially rise to a point in the $25 to $30 range.

The Regional Studio Space Market

Somerville is home to a flourishing studio space market, one of the largest in the state. It is segmented, with rents ranging from $6-8/s.f. to over $18/s.f. Currently the highest studio rental rates achieved in a substantial building (as opposed to incidental rentals of single spaces) occur at Joy Street Studios close to the Brickbottom arts building. The table below shows rents for studio space across the state of Massachusetts, as of 2009. The rental rate for well-managed, well-lit, safe studio space in Union Square is in excess of $15/s.f. as evidenced by the cluster of Somerville studio properties in the $15 to $20 range.



Massachusetts ArtistLink

The Somerville Apartment Market

Rental apartments are currently favored by lenders, developers and investors. Demand has picked up in all sectors, from affordable to luxury, propelled by falling capitalization rates and a decrease in home ownership. Throughout the 1990's and until the recession began, the standard rental project for investors contained around 200 units. Due to the recession the roster of rental properties coming on-line includes many that were initially planned as condominiums. This has challenged the "200 unit" rule of thumb, since most of the planned condo projects filled out their sites as less than 100 units. An apartment building at the Kiley

Barrel site (as presently configured) could contain 70 to 80 units and might be large enough to attract a developer experienced in urban construction.

Rents in the newer large apartment complexes with on-site management and amenities tend to be higher than rents in small locally operated buildings as can be seen by examining the following tables.

Major Apartment Buildings, near Somerville, data from Rent.Com					
Property		Studio	1 Bedrm	2 bedrm	3 bedrm
Mezzo Design Lofts, Charlestown, Sullivan Square	Rent	$1,870	$2,050	$2,626	$3,416
	s.f.	690	735	950	1,500
	$/s.f./mo	$2.74	$2.79	$2.76	$2.28
75 Station Landing, Medford, at Wellington Station	Rent		$1,890	$2,315	$3,100
	s.f.		685	1,081	1,346
	$/s.f./mo		$2.76	$2.14	$2.30
Keen Biscuit Lofts, Cambridge, historic renovation	Rent	$1,968	$2,260	$2,217	
	s.f.	690	851	1,023	
	$/s.f./mo	$2.85	$2.65	$2.16	
Residences at Rivers Edge, Medford	Rent	$1,575	$1,650	$2,495	$3,040
	s.f.	646	776	1,094	1,358
	$/s.f./mo	$2.44	$2.13	$2.28	$2.24
Arborpoint at Station Landing, Medford	Rent		$1,920	$2,310	
	s.f.		775	1,017	
	$/s.f./mo		$2.47	$2.27	
Archstone Kendall Square, Cambridge, historic renovation	Rent	$2,042		$2,662	
	s.f.	460		960	
	$/s.f./mo	$4.44		$2.77	
Legacy at Arlington Center	Rent		$1,525	$1,850	
	s.f.		750	1,070	
	$/s.f./mo		$2.03	$1.73	
Wellington Place, Medford	Rent			$1,985	
	s.f.			1,019	
	$/s.f./mo			$1.95	
Jefferson at Admirals Hill, Chelsea	Rent	$1,242	$1,308	$1,668	$2,379
	s.f.	675	737	1,193	1,400
	$/s.f./mo	$1.84	$1.77	$1.40	$1.70
Parkside Commons, Chelsea	Rent	$1,153	$1,385	$1,591	$2,621
	s.f.	710	710	1,040	1,245
	$/s.f./mo	$1.63	$1.95	$1.53	$2.10
Park 87, Cambridge	Rent		$1,900	$2,500	$2,950
	s.f.		787	859	1,173
	$/s.f./mo		$2.41	$2.91	$2.51

The large "named" complexes offer one bedroom units in the range of $1,300 to $2,000, which translates to $1.77 to $2.79 per square foot per month. Rents for two bedroom units range from $1,600 to $2,600, which translates $1.40 to $2.91 per s.f. per month. In both cases the low-range rents are from large class A properties that came on-line in Chelsea during the recent recession.

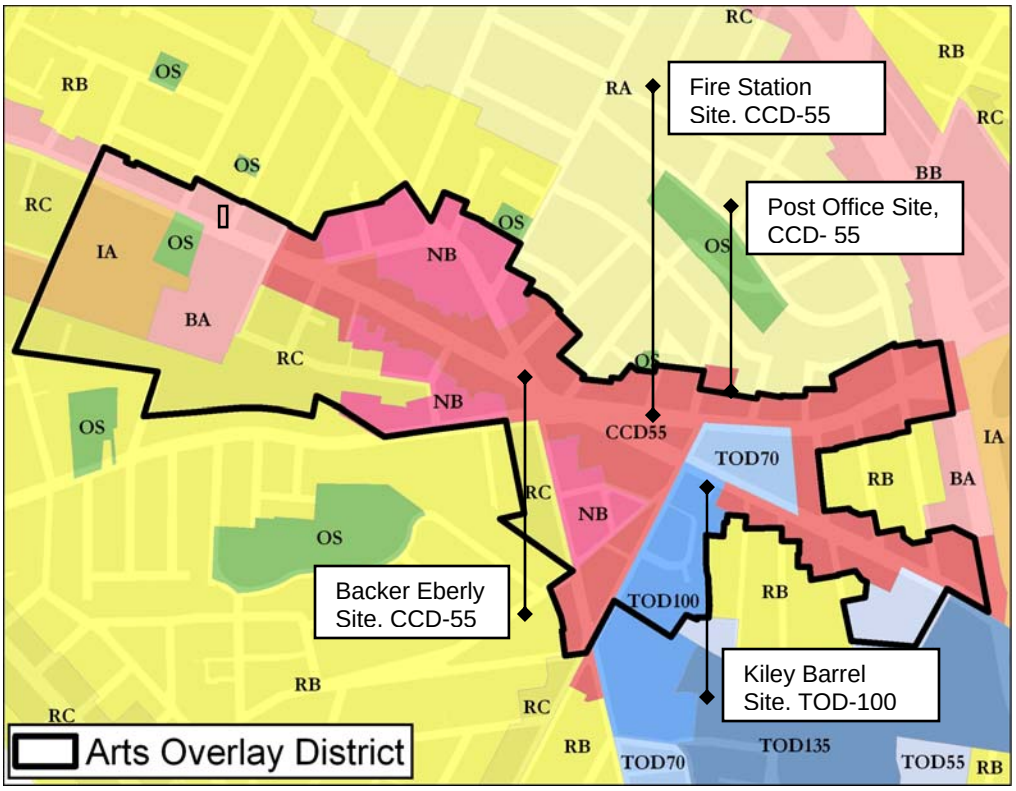
Rental rates for apartments in small locally owned Somerville buildings are listed in the next chart, derived from postings on Craig's List where local landlords typically advertise. The data includes listings in the broad spectrum of buildings, including two-to-six unit structures as well as some larger apartment buildings. The data below break out current asking rents between the Davis and Union Square areas, listing the Q1 2011 high and low rents, as well as the general range in which most of the listings fell. (Rent per square foot per month was not available.)

Apartment listings in Somerville, "Union Square" Q1, 2011					
Apartment listings in Somerville, **Union Square**		**Studio**	**1 Bedrm**	**2 bedrm**	**3 bedrm**
Somerville, Union Square LOWEST-HIGHEST	Low Listing	$850	$1,200	$1,200	$1,700
		to	to	to	to
	High Listing	$950	$1,500	$1,700	$2,100
Somerville, Union Square TYPICAL LISTINGS	Low range	$850	$1,200	$1,400	$1,700
		to	to	to	to
	High range	$950	$1,350	$1,600	$1,900
Apartment listings in Somerville, **Davis Square**					
Somerville, Davis Square LOWEST-HIGHEST	Low Listing	$1,200	$1,075	$1,000	$1,800
		to	to	to	to
	High Listing	$1,450	$1,800	$2,400	$2,600
Somerville, Davis Square TYPICAL LISTINGS	Low range	$1,200	$1,300	$1,700	$2,200
		to	to	to	to
	High range	$1,400	$1,600	$2,100	$2,400

The rents levels used in this study for a large new building are well below those achieved at the Mezzo Design Lofts at Sullivan Square or at the new properties at Wellington Station, and similar to asking rents for small properties in Davis Square. Rental rates and occupancy levels are on an upward trajectory. An average rent per square foot per month of $1.90 is used in the study analyses. This yields rent of approximately $1,400 for one bedroom units and $2,000 for two bedroom units. When Green Line transit arrives the rental rates will most likely increase for apartments, and for most other uses as well. In the meantime many bus routes converge in Union Square, with three lines leading directly to the Tufts, Harvard and MIT campuses. Improvements to the bus-riding experience, such as electronic signs announcing arrival times of the next busses, and attractive bus shelters with infrared heaters, such as those now installed along the Silver Line, may support higher rental rates in Union Square.

4. Zoning: Allowable Use Types

Union Square has been recently rezoned in anticipation of the arrival of the Green Line and as part of an on-going effort to create a walkable urban city with lively commercial corridors and nodes. The map below shows the boundaries of the zones that govern development in Union Square. All four of the study sites are located within the commercial core of the Square, and are therefore also located within some of the most "urban" zoning districts within the City of Somerville.



Study Sites located on zoning map

The Post Office, Fire Station, and Backer Eberly buidings are all within the CCD-55 zone, a commercial district that accommodates a wide variety use clusters, but allows residential use by special permit only. The Kiley Barrel site is within the TOD-100 zone, a dense high-rise district which also accommodates many use clusters, including residential.

All of the study sites are within the Arts Overlay District boundary. The Arts Overlay District contains incentives that encourage a list of arts-related uses that includes studios, galleries, arts-related retail, performance and exhibition spaces, arts education uses and artists' live-work housing. Although addition of new residential living units within the CCD-55 zone is not

allowed as-of-right, artist live-work space may be included in both renovation and new projects within this district, subject to provision of on or off-site parking.
Both the Arts Overlay District and the CCD-55 District encourage renovation of existing structures by exempting non-residential uses (whether pre-existing or new) within the "floor area that lawfully existed before November 19, 2008" from parking and loading requirements. Since on-site parking is one of the most limiting zoning requirements, this exemption increases development flexibility in the study area. Parking per city-wide requirements *is* required for new construction within the AOD.

Dimensional requirements of the CCD-55 zone were examined to determine whether or not the three existing study sites are in dimensional conformity with the current zoning regulations. As can be seen on the following chart the Post Office and Fire Station appear to be in compliance with all current dimensional regulations. The Backer Eberly Building virtually covers its site and is therefore not in compliance with current open space and lot coverage ratios. The lack of open space is a legal non-conforming condition and should not preclude otherwise complying reuse of existing interior space.

EXISTING BUILDINGS:
Conformance with CCD-55 dimensional requirements

			Post Office	Fire Station	Backer Eberly
A.	Minimum lot size (s.f.)	NA	COMPLIES 23,800 s.f.	COMPLIES 13,700 s.f.	COMPLIES 7,647 s.f.
B.	1-9 units (s.f.)	600			
	10 or more units (s.f.)	600			
C.	Maximum ground coverage (%)	80	COMPLIES	COMPLIES	Legal Nonconform-Ing (COVERS SITE)
D.	Landscaped area, minimum percent of lot	10	COMPLIES	COMLPLIES	Legal Nonconform-ing (COVERS SITE)
E.	Floor area ratio (F.A.R.) (2)	3 (23)	COMPLIES 26,295 gsf 1.10 FAR	COMPLIES 13,965 gsf 1.02 FAR	COMPLIES 21,953 gsf 2.87 FAR
F.	Maximum height				
	stories/	N/A			
	feet	55	COMPLIES	COMPLIES	COMPLIES - 47'
G	Minimum front yard (ft)	NA			
H.	Minimum side yards (ft)	N/A			
I.	Minimum rear yard(ft)	N/A			
J.	Minimum frontage (ft)	30	COMPLIES	COMPLIES	COMPLIES

The next step in the zoning analysis – having ascertained that the existing buildings are substantially in compliance with dimensional regulations – is to determine what types of uses are permissible. This examination applies to all four of the sites, not just the rehabs. The concept of "Use Clusters" governs allowable uses within the CCD-55 and TOD-100 districts. With the exception of Use Cluster H (Light Industrial) the remaining ten clusters are all allowed at all four study sites. The sites differ in their inherent suitability for the wide range of legally permissible uses, as seen in the charts that follow.

The Post Office building is inherently quite flexible, and appears to accommodate many use clusters. Exceptions include residential and hospitality uses since they are hampered by the deep floor plate, the low ceiling at the ground floor, the high ceiling at the first floor, and the fixed spacing of the monumental windows. Residential use also requires expensive off-site parking. Many commercial uses appear to be viable at this stage of investigation, as do numerous educational and cultural uses, none of which require parking off-site.

Post Office		
Use Cluster	**Use clusters for further examination**	**Use clusters not tested, reasoning**
A **Office/R&D/Institutional Uses**	**OFFICE** **CLINIC**	
B **Small Retail and Service** Less than 1,500 s.f.	**RETAIL**	
C **Medium Retail and Service** !,500 to !0,000 s.f.	**RETAIL**	
D **Eating and Drinking**	**REST/BAR**	
E **Residential**		Not a suitable shape for use Requires substantial off-site parking
F **Other Accommodations (hotel, etc.)**		Not a suitable shape for use Requires substantial off-site parking
G **Educational/Recreational Services**	**ASSEMBLY, ART STUDIO** **EDUCATION, for profit** **HEALTHCLUB**	
H **Light Industrial**		Not allowed in CCD-55
I **Other Uses (parks, transit stations, etc.)**		None planned at this site
J **Protected Uses (tax exempt religious, etc.)**	**EDUCATION, not for profit, as a tenant of the city**	
K **Large Retail and Service** greater than 10,000 s.f.		Not a viable site for large retail

At this stage, prior to looking at the building code requirements and proformas, uses are not rejected for economic reasons unless they appear very inefficient or non-competitive. An example of economic rejection is retail over 10,000 s.f. at the Post Office, a use that appears to lack market viability due to lack of parking when compared to nearby competition.

The Fire Station could accommodate many of the use clusters due to its inherent flexibility. The site is currently not subject to property tax, as it is owned by the City. Somerville Cable Access Television (SCAT) is classified within Use Cluster A which is a general business and research category. Other than retention of SCAT in some of the development scenarios, the preference is for taxable occupancies. Other tax-exempt uses, such as public or private non-profit education or institutional uses are not considered for further examination in this study.

Fire Station		
Use Cluster	**Use clusters for further examination**	**Use clusters not tested, reasoning**
A **Office/R&D**	**OFFICE** **CLINIC** **Radio/TV Studio**	
B **Small Retail and Service** less than 1,500 s.f.	**RETAIL**	
C **Medium Retail and Service** !,500 to !0,000 s.f.	**RETAIL**	
D **Eating and Drinking**	**CAFE/REST**	
E **Residential**	**ARTIST LIVE/WORK**	
F **Other Accommodations (hotel, etc.)**	**B&B**	
G **Educational/Recreational Services**	**ASSEMBLY** **ART STUDIO**	
H **Light Industrial**		Not allowed in CCD-55
I **Other Uses (parks, transit stations, etc.)**		None planned at this site
J **Protected Uses (tax exempt religious, etc.)**		Priority is for taxable uses.
K **Large Retail and Service** greater than 10,000 s.f.		Not possible at this site

The Backer Eberly site is one of the most restricted. The building is privately owned and is occupied by rent-paying tenants including a furniture store, a dance studio, and a suite of offices primarily leased to design professionals. The third floor is currently vacant is presently used for storage since most of the windows on this floor had been boarded up and no modern services extend to this level. Prior to building code examination, uses which conform with zoning and appear to have some development potential include additional office space, art studio use, artist live/work use, and assembly or performance space. Retail, restaurant and other uses that depend upon pedestrian foot traffic are eliminated from consideration.

Backer Eberly		
Use Cluster	**Use clusters for further examination**	**Use clusters not tested, reasoning**
A **Office/R&D/Institutional Uses**	**OFFICE**	
B **Small Retail and Service** less than 1,500 s.f.		Assume existing retail remains on 1st floorr, no retail on upper floors
C **Medium Retail and Service** !,500 to !0,000 s.f.		Assume existing retail remains on 1st floor, no retail on upper floors
D **Eating and Drinking**		Assume existing retail remains on 1st flr, no retail on upper floors
E **Residential**	**ARTIST LIVE/WORK**	
F **Other Accommodations (hotel, etc.)**		Building type not suitable
G **Educational/Recreational Services**	**ASSEMBLY** **ART STUDIO**	
H **Light Industrial**		Not allowed in CCD-55
I **Other Uses (parks, transit stations, etc.)**		None planned at this site
J **Protected Uses (tax exempt religious, etc.)**		Priority is for taxable uses
K **Large Retail and Service** greater than 10,000 s.f.		Exceeds size of third floor study area

The Kiley Barrel Site is within the TOD-100 district which allows for greater density and height than does CCD-55. As a new site with no existing structures to renovate, all potential uses will

require parking at the mandated standards for CCD and TOD districts. At this stage of analysis the issue of parking is not addressed. However, since the zoning requires a minimum 3 FAR, uses which are typically low-rise, such as stand-alone museums or stand-alone retail, are not considered. The major uses which appear at this stage to warrant further consideration include office, laboratory and multi-family. At this stage hotel use also warrants consideration. All new developments within the TOD-100 zone require arts-related spaces that total at least 5% of the gross floor area. These uses can be accommodated in many of the cluster categories listed below. Their inclusion does not indicate that they would be the major use of the structure, although at this point in the analysis some of them could be.

Kiley Barrel		
Use Cluster	**Use clusters for further examination**	**Use clusters not tested, reasoning**
A **Office/R&D/Institutional Uses**	**OFFICE** **LAB** **CLINIC, Radio/TV Studio**	
B **Small Retail and Service** less than 1,500 s.f.	**RETAIL**	
C **Medium Retail and Service** !,500 to !0,000 s.f.	**RETAIL**	
D **Eating and Drinking**	**CAFÉ/REST**	
E **Residential**	**MULTIFAMILY,** **ARTIST LIVE/WORK**	
F **Other Accommodations (hotel, etc.)**	**HOTEL**	
G **Educational/Recreational Services**	**ART STUDIO**	
H **Light Industrial**		Not allowed in TOD-100
I **Other Uses (parks, transit stations, etc.)**		None planned at this site
J **Protected Uses (tax exempt religious, etc.)**		Priority is for taxable uses
K **Large Retail and Service** greater than 10,000 s.f.	**RETAIL**	As an ancillary ground floor use

The new CCD-55 and TOD-100 zones are proven to be quite use-inclusive. A summary of the uses that emerge from the initial zoning analysis is on the following chart, and include some from just about every cluster. Uses listed on the following chart are typically not listed as primary or ancillary, and the broad base of permitted uses encourages mixed-use

development. As noted, with the exception of some obvious exceptions, construction cost and income potential are not yet taken into consideration.

The following chart is a summary of the Allowable Uses that are potentially *appropriate for their sites*, and which are *allowed by zoning*. These are the base uses that are then tested for cost and value via building code and proforma investigation.

ALLOWABLE USES
Potentially appropriate for site
Allowed by zoning

Use Cluster	Post Office	Fire Station	Backer Eberly	Kiley Barrel
A **Office/R&D/Institutional Uses**	OFFICE CLINIC	OFFICE(2nd flr) CLINIC(2nd Flr) Radio/TV Studio	OFFICE	OFFICE LAB CLINIC
B **Small Retail/ Service** (<1,500 s.f. each)	RETAIL	RETAIL		RETAIL
C **Medium Retail/ Service** (1,500-10,000 each)	RETAIL POST OFFICE	RETAIL		RETAIL
D **Eating and Drinking**	REST/BAR	CAFE/REST		CAFÉ/REST
E **Residential**			LIVE/WORK	MULTIFAM. LIVE/WORK
F **Other Accommodations**		B&B		HOTEL
G **Educational/Recrea-tional Services**	ASSEMBLY ART STUDIO EDUCATION, for profit HEALTHCLUB	ASSEMBLY ART STUDIO	ASSEMBLY	ART STUDIO EDUCATION, for profit HEALTHCLUB THEATRE, MUSEUM, GALLERY
H **Light Industrial**				
I **Other Use (parks, transit stations, etc.)**				
J **Protected Uses**	EDUCATION, not for profit, as a tenant of the city			
K **Large Retail and Service** 10,000 s.f. and over				RETAIL

5. Building Code: Collateral Impacts

When renovating an existing building the designer and estimator work with a structure built in a different era, under prior codes with different approaches to egress and life safety, little or no regard for the non-ambulatory, and no systematic approach to seismic stability. Renovations do not actually demand full compliance with modern standards for all of currently mandated safety concerns. A systematic code examination of each possible use is needed since a particular rehab scheme may - or may not - trigger requirements to install an automatic sprinkler system, an elevator, accessible restrooms, seismic retrofit, etc.

The code advisor for this study is the Sullivan Code Group, a division of R.W. Sullivan Engineering. Below is the list of codes that are utilized when preparing a full Code Summaries of renovation projects in Massachusetts:

Code Type	Applicable Code (Model Code Basis)
Building	780 CMR: Massachusetts State Building Code, 8th Edition (2009 International Building Code) (2009 International Existing Building Code)
Fire Prevention	527 CMR: Massachusetts Fire Prevention Regulations M.G.L. Chapter 148 Section 26G – Sprinkler Protection
Accessibility	521 CMR: Massachusetts Architectural Access Board Regulations
Electrical	527 CMR 12.00: Massachusetts Electrical Code (2011 National Electrical Code)
Elevators	524 CMR: Massachusetts Elevator Code (2004 ASME A17.1)
Mechanical	2009 International Mechanical Code (IMC)
Plumbing	248 CMR: Massachusetts Plumbing Code
Energy Conservation	2009 International Energy Conservation Code

R.W. Sullivan's input commenced with analyses of a potential performance spaces in the Post Office and on the third floor of the Backer Eberly Building, both included as appendices. Some surprising results emerged from these initial analyses. On one hand the existing fire escape that serves as one of the means of egress from the third floor of the Backer Eberly building is still a legitimate exit, as governed by the applicable codes. On the other hand these new uses triggered full seismic retrofits and full sprinker systems – including basements and attics, and the Backer Eberly Building requires a new elevator if a public use is put on an upper floor. Fortunately all renovation schemes do not require such an extensive list of costly safety features.

The logic in the initial code reports served as the template for a streamlined code approach to the other rehab uses identified in the zoning analysis. The inputs include measured drawings of the existing buildings showing diagrammatic layouts, approximate project cost and data from the Somerville assessor for areas and assessed valuation. Assessed *building* value is an

important metric, since the ratio between building value and anticipated construction cost can trigger various upgrades. The following inputs are used to determine the collateral impacts of code compliance on conceptual rehab projects.

- Occupancy classification
- Construction type
- Hazard Category, existing
- Hazard Category, as rehabbed
- Existing building areas
- Rehabbed areas, as percentage of existing area
- Assessed building value
- construction cost, as percentage of assessed value

Based on relationships between these inputs it is possible to estimate the code mandated requirements for sprinklers, elevator, full or partial seismic retrofit, additional fire stairs, handicapped accessibility, and required parking for each major use option.

Code analyses on the following pages serve to differentiate the various proposed uses. Some uses are financially swamped by non-productive (but necessary) life-safety improvements and are deemed "not economically feasible". Other uses appear to be potentially viable, and are identified in red text that reads "building code implication: further examination of use justified". These indicated uses then proceed to the development modeling phase where project cost and project value are examined.

Post Office

P/O Assembly, Theater

building code implication: further examination of use justified

Occupancy Classification	Prior	B	Business (post office)
Occupancy Classification	Rehabbed Portion	A-3	Theater without stage
Construction Type	IIB (non-combustible, non-rated)		
Hazard Category	Prior	2	
Hazard Category	Rehabbed Portion	5	

Required Components of Proposed Use

Building Area	Rehabbed Area	Area Rehabbed	Assessed Building Value	Estimated Construction Cost	Const $ Rehabbed	Sprinklers	Elevator	Seismic	Additional Fire Stair	HC all public areas	Parking Spaces
22,162	22,162	100.0%	$ 2,041,500	$ 2,000,000	98.0%	yes	existing	full	no	yes	0

	gross	living	rehabbed
Mezzanine	1634	1634	1634
Loading area	603		
Finished Bsmt	10264	10264	10264
Main Level	11898	11898	11898
Stoop	125		
Bsmt, mech	1634		
	26158	22162	22162

P/O Office Space

building code implication: further examination of use justified

Occupancy Classification	Prior	B	Business (post office)
Occupancy Classification	Rehabbed Portion	B	Business (office)
Construction Type	IIB (non-combustible, non-rated)		
Hazard Category	Prior	2	
Hazard Category	Rehabbed Portion	2	

small café OK w/o triggering full seismic

also includes radio/tv stations, banks, salons, clinics, public office space, post office, laboratory, drycleaning, art studios???)

Required Components of Proposed Use

Building Area	Rehabbed Area	Area Rehabbed	Assessed Building Value	Estimated Construction Cost	Const $ Rehabbed	Sprinklers	Elevator	Seismic	Additional Fire Stair	HC all public areas	Parking Spaces
22,162	22,162	100.0%	$ 2,041,500	$ 1,200,000	58.8%	yes	existing	partial	no	yes	0

	gross*	living	rehabbed
Mezzanine	1634	1634	1634
Loading area	603		
Finished Bsmt	10264	10264	10264
Main Level	11898	11898	11898
Stoop	125		
Bsmt, mech	1634		
	26158	22162	22162

*per assessor

P/O Rental Residential

building code implication: use not economically feasible

Occupancy Classification	Prior	B	Business (post office)
Occupancy Classification	Rehabbed Portion	R-2	Residential 4 or more units
Construction Type	IIB (non-combustible, non-rated)		
Hazard Category	Prior	2	
Hazard Category	Rehabbed Portion	4	

Required Components of Proposed Use

Building Area	Rehabbed Area	Area Rehabbed	Assessed Building Value	Estimated Construction Cost	Const $ Rehabbed	Sprinklers	Elevator	Seismic	Additional Fire Stair	HC all public areas	Parking Spaces
23,796	30,506	128.2%	$ 2,041,500	$ 4,500,000	220.4%	yes	existing(1)	full	to attic	yes	40

(1) ADA would require elevator to every kind of unit, *including attic units*

	gross*	living	rehabbed
Mezzanine	1634	1634	1634
Loading area	603		
Finished Bsmt	10264	10264	10264
Main Level	11898	11898	11898
Stoop	125		
Bsmt, mech	1634		
New top flr			6710
	26158	23796	30506

*per assessor

P/O Office and Restaurant

5,000 sf restaurant, remainder office

building code implication: further examination of use justified

Occupancy Classification	Prior	B	Business (post office)
Occupancy Classification	Rehabbed Portion	A-2r	Restaurant
Occupancy Classification	Rehabbed Portion	B	Business, office
Construction Type	IIB (non-combustible, non-rated)		
Hazard Category	Prior	2	
Hazard Category	Rehabbed Portion	4	Restaurant
Hazard Category	Rehabbed Portion	2	Business, office or other use from the office hazard and occupancy category

Required Components of Proposed Use

Building Area	Rehabbed Area	Area Rehabbed	Assessed Building Value	Estimated Construction Cost	Const $ Rehabbed	Sprinklers	Elevator	Seismic	Additional Fire Stair	HC all public areas	Parking Spaces
23,796	23,796	100.0%	$ 2,041,500	$ 2,500,000	122.5%	yes	existing	full(1)	no	yes	0

	gross*	living	rehabbed
Mezzanine	1634	1634	1634
Loading area	603		
Finished Bsmt	10264	10264	10264
Main Level	11898	11898	11898
Stoop	125		
Bsmt, mech	1634		
	26158	23796	23796

*per assessor

(1) triggered by restaurant over 49 people

5000 restaruant
18796 office

P/O Educational, above grade 12, for-profit or non-for-profit

building code implication: further examination of use justified

Occupancy Classification	Prior	B	Business (post office)
Occupancy Classification	Rehabbed Portion	B	Business (education, above grade 12)
Construction Type	IIB (non-combustible, non-rated)		
Hazard Category	Prior	2	
Hazard Category	Rehabbed Portion	2	

Required Components of Proposed Use

Building Area	Rehabbed Area	Area Rehabbed	Assessed Building Value	Estimated Construction Cost	Const $ Rehabbed	Sprinklers	Elevator	Seismic	Additional Fire Stair	HC all public areas	Parking Spaces
23,796	23,796	100.0%	$ 2,041,500	$ 4,000,000	195.9%	yes	existing	partial	no	yes	0

	gross*	living	rehabbed
Mezzanine	1634	1634	1634
Loading area	603		
Finished Bsmt	10264	10264	10264
Main Level	11898	11898	11898
Stoop	125		
Bsmt, mech	1634		
	26158	23796	23796

*per assessor

P/O Retail/Office

building code implication: use not economically feasible

Occupancy Classification	Prior	B	Business (post office)
Occupancy Classification	Rehabbed Portion	M	Merchantile (retail, or cluster of retailers)
Occupancy Classification	Rehabbed Portion	B	Office space on lower level
Construction Type	IIB (non-combustible, non-rated)		
Hazard Category	Prior	2	
Hazard Category	Rehabbed Portion	3	retail component
Hazard Category	Rehabbed Portion	2	office component

Required Components of Proposed Use

Building Area	Rehabbed Area	Area Rehabbed	Assessed Building Value	Estimated Construction Cost	Const $ Rehabbed	Sprinklers	Elevator	Seismic	Additional Fire Stair	HC all public areas	Parking Spaces
23,796	23,796	100.0%	$ 2,041,500	$ 4,000,000	195.9%	yes	existing	full	no	yes	0

	gross*	living	rehabbed
Mezzanine	1634	1634	1634
Loading area	603		
Finished Bsmt	10264	10264	10264
Main Level	11898	11898	11898
Stoop	125		
Bsmt, mech	1634		
	26158	23796	23796

*per assessor

10264 office
13532 retail

Fire Station

F/S Retail/Restaurant , Office above

building code implication: further examination of use justified

Occupancy Classification	Prior	B	Business
Occupancy Classification	Rehabbed Portion	M	Ground floor retail/restaurant
Construction Type	IIIB (2 hr masonry exterior walls, combustible interior)		
Hazard Category	Prior	2	
Hazard Category	Rehabbed Portion	3	Merchantile

Required Components of Proposed Use

Building Area	Rehabbed Area	Area Rehabbed	Assessed Building Value	Estimated Construction Cost	Const $ Rehabbed	Sprinklers	Elevator	Seismic	Additional Fire Stair	HC all public areas	Parking Spaces
9,513	5,061	53.2%	$ 2,020,100	$ 870,450	43.1%	yes	yes	full	no	yes	0

	gross	living	rehabbed		
Basement	4452			2531	retail
Main Level	5061	5061	5061	4452	office
2nd Floor	4452	4452		2531	restaurant
Attic					
	13965	9513	5061		

3 res live/work units

F/S SCAT below , Live/Work above

building code implication: use not economically feasible

Occupancy Classification	Prior	B	Business	inlcudes TV studio
Occupancy Classification	Rehabbed Portion	R-2	Upper Level	live/work studios
Construction Type	IIIB (2 hr masonry exterior walls, combustible interior)			
Hazard Category	Prior	2		
Hazard Category	Rehabbed Portion	2	three units	

Required Components of Proposed Use

Building Area	Rehabbed Area	Area Rehabbed	Assessed Building Value	Estimated Construction Cost	Const $ Rehabbed	Sprinklers	Elevator	Seismic	Additional Fire Stair	HC all public areas	Parking Spaces
9,513	4,452	46.8%	$ 2,020,100	$ 400,000	19.8%	yes	no	full	no	partial(1)	3

	gross	living	rehabbed			
				(1) first floor only	3 units	live/work
Basement	4452				5061	office
Main Level	5061	5061				
2nd Floor	4452	4452	4452			
Attic						
	13965	9513	4452			

4 res live/work units

F/S SCAT below , Live/Work above

building code implication: further examination of use justified

Occupancy Classification	Prior	B	Business	inlcudes TV studio
Occupancy Classification	Rehabbed Portion	R-2	Upper Level	live/work studios
Construction Type	IIIB (2 hr masonry exterior walls, combustible interior)			
Hazard Category	Prior	2		
Hazard Category	Rehabbed Portion	2	three units	

Required Components of Proposed Use

Building Area	Rehabbed Area	Area Rehabbed	Assessed Building Value	Estimated Construction Cost	Const $ Rehabbed	Sprinklers	Elevator	Seismic	Additional Fire Stair	HC all public areas	Parking Spaces
9,513	5,152	54.2%	$ 2,020,100	$ 400,000	19.8%	yes	no	full	no	partial(1)	4

	gross	living	rehabbed			
				(1) first floor only	4 units	live/work
Basement	4452				5061	office
Main Level	5061	5061				
2nd Floor	4452	4452	4452			
Attic			700			
	13965	9513	5152			

F/S Restaurant below , Function Rooms above

building code implication: further examination of use justified

Occupancy Classification	Prior	B	Business	inlcudes TV studio
Occupancy Classification	Rehabbed Portion	A-3	Upper Level	live/work studios
Construction Type	IIIB (2 hr masonry exterior walls, combustible interior)			
Hazard Category	Prior	2		
Hazard Category	Rehabbed Portion	5		rest/bar/meeting rooms throughout

Required Components of Proposed Use

Building Area	Rehabbed Area	Area Rehabbed	Assessed Building Value	Estimated Construction Cost	Const $ Rehabbed	Sprinklers	Elevator	Seismic	Additional Fire Stair	HC all public areas	Parking Spaces
9,513	9,513	100.0%	$ 2,020,100	$ 1,426,950	70.6%	yes	yes	full	no(1)	yes	0

	gross	living	rehabbed
Basement	4452		
Main Level	5061	5061	5061
2nd Floor	4452	4452	4452
Attic			
	13965	9513	9513

(1) check widths

5061 restaurant
4452 meet. rms

F/S Clinic below , Clinic above

building code implication: further examination of use justified

Occupancy Classification	Prior	B	Business	includes clinic use
Occupancy Classification	Rehabbed Portion	B	Business	
Construction Type	IIIB (2 hr masonry exterior walls, combustible interior)			
Hazard Category	Prior	2		
Hazard Category	Rehabbed Portion	2		

Required Components of Proposed Use

Building Area	Rehabbed Area	Area Rehabbed	Assessed Building Value	Estimated Construction Cost	Const $ Rehabbed	Sprinklers	Elevator	Seismic	Additional Fire Stair	HC all public areas	Parking Spaces
9,513	9,513	100.0%	$ 2,020,100	$ 475,650	23.5%	yes	yes	partial	no	yes	0

	gross	living	rehabbed
Basement	4452		
Main Level	5061	5061	5061
2nd Floor	4452	4452	4452
Attic			
	13965	9513	9513

F/S SCAT Below, Bed and Breakfast Above

building code implication: use not economically feasible

Occupancy Classification	Prior	B	Business	
Occupancy Classification	Rehabbed Portion	B	Business	ground floor
Occupancy Classification	Rehabbed Portion	R-1	Hotel	second floor
Construction Type	IIIB (2 hr masonry exterior walls, combustible interior)			
Hazard Category	Prior	2		
Hazard Category	Rehabbed Portion	2	Business	ground floor
Hazard Category	Rehabbed Portion	4	Hotels/Motels	

Required Components of Proposed Use

Building Area	Rehabbed Area	Area Rehabbed	Assessed Building Value	Estimated Construction Cost	Const $ Rehabbed	Sprinklers	Elevator	Seismic	Additional Fire Stair	HC all public areas	Parking Spaces
9,513	4,452	46.8%	$ 2,020,100	$ 500,000	24.8%	yes	yes	full	no	yes	0

	gross	living	rehabbed
Basement	4452		
Main Level	5061	5061	
2nd Floor	4452	4452	4452
Attic			
	13965	9513	4452

Backer Eberly Building

B/E Third Floor Live/Work

building code implication: use not economically feasible

Occupancy Classification	Prior	M	Merchantile
Occupancy Classification	Rehabbed Portion	R-2	Residence
Construction Type	IIIB (2 hr masonry exterior walls, combustible interior)		
Hazard Category	Prior	3	
Hazard Category	Rehabbed Portion	2	

Required Components of Proposed Use

Building Area	Rehabbed Area	Area Rehabbed	Assessed Building Value	Estimated Construction Cost	Const $ Rehabbed	Sprinklers	Elevator	Seismic	Fire Escape	HC all public areas	Parking Spaces
16,221	4,919	30.3%	$ 604,700	$ 393,520	65.1%	yes	yes(1)	partial	OK	yes(1)	3 (2)

	gross*	living	rehabbed
Basement	5669		
Porch	63		
1st flr	5753	5753	
2nd flr	5549	5549	
3rd flr	4919	4919	4919
	21953	16221	4919

*per assessor

(1) Flrs 1 and 2 only
(2) parking for new third floor use only

B/E Third Floor Assembly Use

building code implication: further examination of use justified

Occupancy Classification	Prior	M	
Occupancy Classification	Rehabbed Portion	A - 3	small flat floor concert hall
Construction Type	IIIB (2 hr masonry exterior walls, combustible interior)		
Hazard Category	Prior	3	
Hazard Category	Rehabbed Portion	4	

Required Components of Proposed Use

Building Area	Rehabbed Area	Area Rehabbed	Assessed Building Value	Estimated Construction Cost	Const $ Rehabbed	Sprinklers	Elevator	Seismic	Fire Escape	HC all public areas	Parking Spaces
16,221	5,258	32.4%	$ 604,700	$ 394,350	65.2%	yes	yes	full	OK	yes	0

	gross*	living	rehabbed
Basement	5669		
Porch	63		
1st flr	5753	5753	259
2nd flr	5549	5549	80
3rd flr	4919	4919	4919
	21953	16221	5258

*per assessor

B/E Third Floor Office Suite Use

building code implication: use not economically feasible

Occupancy Classification	Prior	M	
Occupancy Classification	Rehabbed Portion	B	
Construction Type	IIIB (2 hr masonry exterior walls, combustible interior)		
Hazard Category	Prior	3	
Hazard Category	Rehabbed Portion	2	

Required Components of Proposed Use

Building Area	Rehabbed Area	Area Rehabbed	Assessed Building Value	Estimated Construction Cost	Const $ Rehabbed	Sprinklers	Elevator	Seismic	Fire Escape	HC all public areas	Parking Spaces
16,221	4,919	30.3%	$ 604,700	$ 245,950	40.7%	yes	yes	partial	yes	yes	0

	gross*	living	rehabbed
Basement	5669		
Porch	63		
1st flr	5753	5753	
2nd flr	5549	5549	
3rd flr	4919	4919	4919
	21953	16221	4919

*per assessor

B/E Third Floor Artist Studio Use

building code implication: further examination of use justified

Occupancy Classification	Prior	M
Occupancy Classification	Rehabbed Portion	B
Construction Type	IIIB (2 hr masonry exterior walls, combustible interior)	
Hazard Category	Prior	3
Hazard Category	Rehabbed Portion	3

Required Components of Proposed Use

Building Area	Rehabbed Area	Area Rehabbed	Assessed Building Value	Estimated Construction Cost	Const $ Rehabbed	Sprinklers	Elevator	Seismic	Fire Escape	HC all public areas	Parking Spaces
16,221	4,583	28.3%	$ 604,700	$ 100,000	16.5%	no	no	no	yes	no	0

	gross*	living	rehabbed	
Basement	5669			
Porch	63			
1st flr	5753	5753		
2nd flr	5549	5549		
3rd flr	4919	4919	4583	
	21953	16221	4583	(does not include area of main stair shaft)

*per assessor

6. Proforma Analysis

Scenarios for Consideration

These concepts for development emerged from the first two sets of winnowing processes and are candidates for further analysis:

Post Office Development Scenarios

- Performance, Theater, with ancillary office
- Office
- Office/Restaurant
- Education

Fire Station Development Scenarios

- Restaurant / Marketplace, Office above
- Restaurant / Marketplace, Function Rooms above
- Medical Office on both levels
- SCAT, Live-Work Residential above
- SCAT, Accessible Offices above

Backer Eberly Building Development Scenarios

- Third Floor Assembly Use
- Third Floor Artist Studio Use

Kiley Barrel Site Development Scenarios

- 8-level Office above retail and arts use, below-grade parking
- 8-level Office above retail and arts use, no below-grade parking
- 7-level Lab above retail and arts use, below-grade parking
- 9-level Residential over above-grade parking and retail

6.1 Methodology

The goal of the proforma analyses is to gauge the relative performance of various projects by determining their cost and estimating their value. The framework for this exercise is presented as clearly as possible in a coordinated display of words, numbers and diagrams.

Drawings and Plans

The rehab schemes require graphic documentation to test the "fit" of certain uses and to measure areas for all schemes. While gross building areas are derived from assessor's data, rentable areas are typically derived from the scaled two dimensional drawings . Some of the rehab planning also moves into three dimensions, particularly for the performance spaces in

the Post Office and Backer Eberly Building, but also in the Fire Station as various uses penetrate the floor levels. Notes on the schematic plans serve to augment the diagrams.

The Kiley Barrel site requires three-dimensional graphic analysis, beginning with mapping of set-backs and evaluation of a variety of initial layouts. As the plans are extruded up into the three dimensional zoning envelop they generate floor areas, parking counts, open space areas, FAR ratios, etc., all of which are tracked on the Zoning Analysis spreadsheets included with each scheme. Graphic zoning envelop exercises reveal information that numbers alone do not. As an example, the initial sketches of Kiley Barrel scheme pointed out the inefficiency of the site as originally configured, and lead to the decision to "square it off" by incorporating a small additional parcel.

Project Cost Estimating

Preparation for construction cost estimating requires an understanding of site conditions. Rehabs require more ad hoc information than new construction and are more difficult to estimate, especially at the pre-schematic level. The rehabs required multiple site visits and extensive site photography.

To start the estimating process the project manager prepared estimating formats for the individual schemes, filling in known quantities and establishing certain allowances. These formats along with the drawings and explanatory notes were then transferred to a professional cost estimator for final input.

The rehab construction budgets include the following sub-categories. Line items are entered under each category as needed, but for all of the rehabs the general format and general unit prices remain the same.

- Code/ADA Construction
- Use-Specific Modifications to Base Building
- General Conditions and Contingency
- Tenant Fit-Up (includes equipment were necessary)

The cost framework for new construction on the Kiley Barrel site utilizes only two major categories: Base Building Expenses and Fit-Up Expenses, both of which include a share of the project contingency, general conditions and fees. Line items and quantities within the categories are entered as needed and the package is transferred to the construction estimator who utilizes a base of construction cost information to arrive at appropriate figures.

Soft Costs for all of the schemes are taken as a percentage of the total construction cost, in this case 30%. This line covers professional fees, developer overhead, builders risk and other required insurance, marketing and promotion, financing fees, and interest during the construction period, etc.

Any required off-site parking payment is carried as a project expense at the current City of Somerville price of $18,500 per off-site space. This arises in residential schemes within the

rehabs, and in any plan for the new Kiley Barrel site where there is not sufficient on-site parking to meet the zoning requirement.

Site Acquisition Costs
The cost of site acquisition is not an issue at the Backer Eberly Building or in one of the Fire Station schemes – in these cases the assumption is that the project is undertaken by a long-time owner and no transfer or purchase is involved. In most scenarios a third-party developer is likely to acquire the property. The assumed purchase prices are discussed in the introductions to each particular group of schemes.

Income and Expenses
Rental income is based upon 2011 market data presented earlier in this report in Chapter 3. Rents are derived from local and regional data. Vacancy rates assume a well-received project in a stable economic environment. Although some schemes would come on-line several years out, to avoid introduction of another layer of variables neither project costs nor income/expense are adjusted for forward inflation. At this initial stage of analysis it is assumed that near term cost inflation will be roughly balanced by rent/income escalation.

Expenses are broken out by category and are based on 2011 levels. Leases are typically assumed to be modified gross (tenant paying utilities, landlord paying balance of expenses) unless otherwise noted. The type of leases used in a proforma reflects basic industry standards so that a rental rate will compare to generally known rents of similar properties: lab rent is almost always triple net, office rent is typically modified gross, etc.

Financing
To determine profitability (or viability) the value analysis uses the capitalized income method of financial evaluation, based upon a year of stabilized income and expense. The relative cost of financing for different project types is accounted for with differing capitalization rates. Cap rates tend to reflect forward views of the funding costs that apply for particular project types. The cap rates are based upon those that apply to similar properties at the time of the report.

The indicated value of the completed project is compared to the project cost – if the value is larger than the project cost the scheme looks promising. If not, the gap between cost and value is indicated.

Since all three rehabs are eligible for historic register listing, and all four of the sites are within qualifying census tracts for New Markets credits, the analyses estimate the equity that can be raised from tax credits. The schemes can variously utilize Massachusetts historic tax credits, federal historic tax credits, and federal New Markets Tax Credits. Both project cost and project value are shown as modulated by the tax credits. The proportion of the credits that emerges as equity is fairly conservative, partially to account for the added expense of structuring a project to utilize credits. Since not all worthy projects are awarded credits, project cost is shown with and without the various potential credits.

6.2 Post Office Development Scenarios

Evaluation of four scenarios following zoning and code analyses:

- Performance, Theater, with ancillary office
- Office
- Office/Restaurant
- Education

Proforma Notes, Post Office Schemes

- A site purchase cost of $2,300,000 is used in all scenarios.
- All Post Office scenarios are modeled as if a for-profit developer is included in the chain of ownership, allowing utilization of tax credits, but are valued both with and without tax credit equity.
- If tax credits are not used, as would be the case if the owner were a public entity, the initial project cost – prior to credits - would determine the amount of funding required.
- Rental income for the performance center space in this *initial* scenario is carried at $5 per s.f., with the master tenant paying most expenses. An estimate of income and expenses for operation of the performance center as an on-going venture is included in Chapter 8 of this report.
- Property value for tax calculation is based upon the particular use. As an example, only market rate office space is considered taxable in the Performance scenario, while the entire building is considered taxable in the other scenarios.
- A capitalization rate of 8% is used to calculate the values of the commercial scenarios.
- The Education scenario assumes that a single tenant leases the entire building which would then be customized for its use with a large fit-out allowance. The education lease is net of utilities and the leased area is virtually the entire gross area of the building.
- The education, office and restaurant scenarios assume modified gross leases with the tenant paying most utility costs.
- FFE for the theater space in this scenario is carried at $124,000, above a theater fit-up allowance of $422,400.

Post Office: Building Features and Existing Conditions

Main space with 15' ceiling height

Lobby with original marble, mural, and terrazzo

Lower level ceiling height of approximately 9'

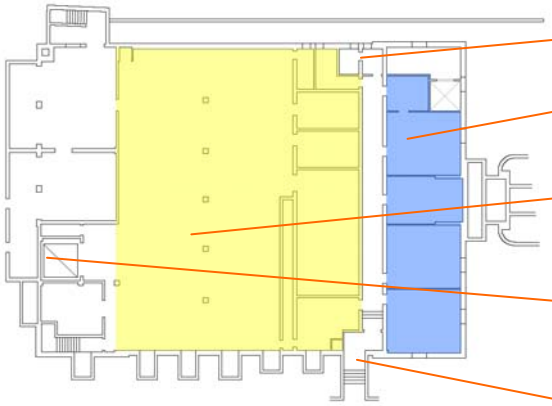
The freight elevator adds functionality to the building

Loading area with truck level dock and canopy

Truss space adds approximately 10' to 1st flr. height

Post Office

Project Diagrams: Performance, Theater



Ground Level

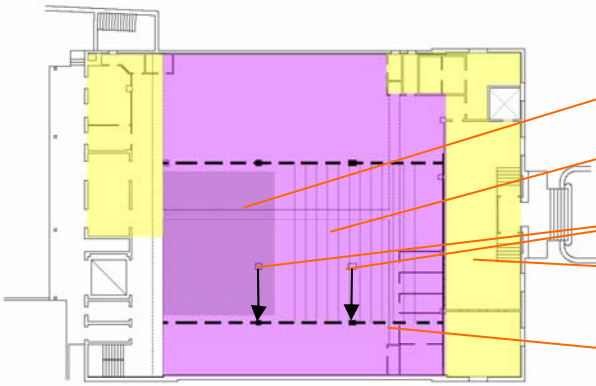
Existing accessible entry

Rental office space in front portion of ground floor

"Art Center" space, potential for rental rehearsal studios, set building, costume shop, etc.

Freight elevator, open to loading dock and interior, in working condition

Primary office entry



First Floor

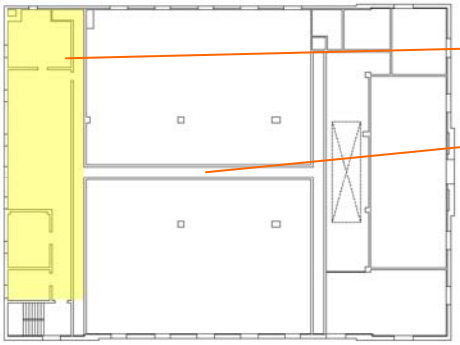
30' x 40' stage, movable

Riser seating for up to 200 – flexible layout

Relocated Columns

Lobby, main public entry

Area between dashed lines open to truss space, total loft height of 25', 15' to bottom of trusses.



Mezzanine

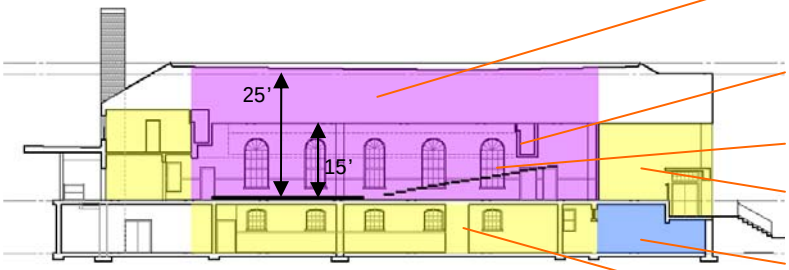
Space usable of office, classroom, or workshop use

Overhead observation walkways to be removed

Post Office Use Key

- Office Use
- Art Center
- Theater Space
- Education
- Restaurant

Project Diagrams: Performance, Theater



Section, Front to Back

Ceiling truss area exposed over theater

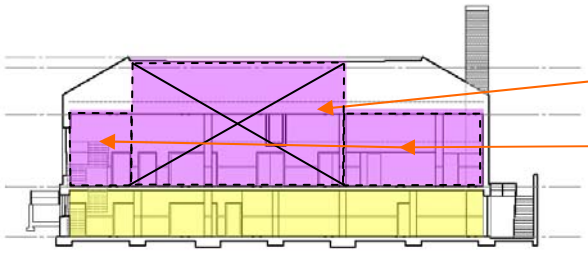
Overhead obstruction to be removed

Riser seating, flexible

Lobby

Rental office space

Art-Center space



Section, Lateral

Main theater/performance space

Wing space / rehearsal space / flex space

Post Office

Project Cost: Performance, Theater

HARD COSTS	Notes	Unit Price	Const. Area, Quantity	Subtotal	Item Total	QPIS
			23,796			
Code/ADA Construction						
Sprinklers	including attic (center of theater goes to roof)	$6	30,596	$168,278		$168,278
Full Seismic Retrofit		$5	23,796	$118,980		$118,980
Subtotal, Code/ADA Construction					**$287,258**	
Use-Specific Modifications to Base Building						
Demolition	allowance, not many partitions or clgs	$50,000	1	$50,000		$50,000
Hazardous Material	allowance, seller pays remainder	$50,000	1	$50,000		$50,000
Roof	repairs only, per report estimate	$9,880	1	$9,880		$9,880
Masonry Exterior	allowance, seems B+	$15,000	1	$15,000		$15,000
Window - monumental storms	see elevations	$3,000	14	$42,000		$42,000
Window - replacement	replace smaller windows	$750	40	$30,000		$30,000
Mechanical	heat/AC, boilers good, branch ducts in fit-up	$10	12,574	$125,740		$125,740
Theatre space HVAC	quieter than normal system	$10	7,040	$70,400		
Electric	electric - new throughout, exist 600 amp service good	$15	19,614	$294,210		$294,210
Restrooms	all new, m/w on 2 levels	$18,000	4	$72,000		$72,000
Stairs/Lobbies	existing, cosmetic work	$50,000	1	$50,000		$50,000
Elevator, passenger	allowance, cosmetic	$5,000	1	$5,000		$5,000
Elevator, freight	allowance, inspection, etc.	$5,000	1	$5,000		$5,000
Relocate 2 columns	footings, truss work	$100,000	2	$200,000		$200,000
Landscape, parking	allowance	$15,000	1	$15,000		
Subtotal, Use-Specific Modifications to Base Building					**$1,034,230**	
General Conditions and Fees			18%	$186,161		$186,161
Owner's Contingency			8%	$82,738		$82,738
Subotal, General Conditoins and Fees					**$268,900**	
Fit-up Expense						
Ground flr office space		$20	1,870	$37,400		$37,400
Non-theater performance center areas		$20	10,704	$214,080		$214,080
Theater		$60	7,040	$422,400		$422,400
Seating	240 capacity risers, movable	$100	240	$24,000		
Theatrical lighting	allowance	$25,000	1	$25,000		$25,000
Sound System	allowance	$25,000	1	$25,000		$25,000
Miscellaneous	allowance	$50,000	1	$50,000		$50,000
Subtotal, Fit-up					**$797,880**	
TOTAL HARD COSTS	per SF 23,796	$100.36			**$2,388,268**	
SOFT COSTS	30% of total Hard Costs				**$716,480**	$716,480
DEVELOPMENT COSTS	(NET OF SITE PURCHASE)				**$3,104,748**	
SITE PURCHASE PRICE					**$2,300,000**	
Total PROJECT COSTS before tax credit equity raise					**$5,404,748**	
Qualified Placed in Service Costs						$2,995,348
Net sales value fed historic tax credit at 85% of face value		85%	20%	$509,209		
Net sales value MA historic tax credit at 65% of face value		65%	20%	$389,395		
Potential Historic Tax Credit Equity Raise				$898,604	**-$898,604**	
NMTC Qualified Project Costs (Project Cost plus Land)		$5,404,748				
Net sales value NMTC Total Amount at 72% of face value		60%	39%	$1,264,711	**-$1,264,711**	
Project Cost Net of Tax Credit equity					**$3,241,433**	

Post Office

Project Value: Performance, Theatre

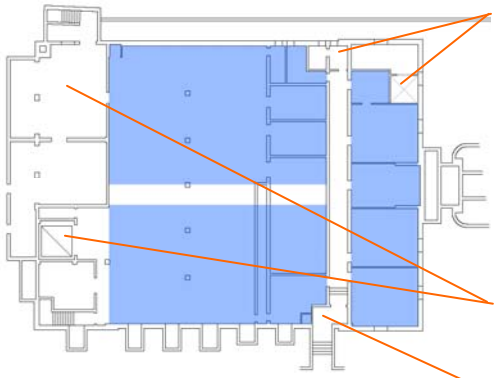
RENT SUMMARY

	Gross Area*	Usable area**		Price/Ft	Rent/Year
Performance Center Areas					
Ground Floor	10,264	6,600	$	5.00	$33,000
First Floor	11,898	2,604	$	5.00	$13,020
Mezzanine	1,634	1,500	$	5.00	$7,500
Theater Area					
First Floor		7,040	$	5.00	$35,200
Office Area					
Ground Floor		1,870	$	22.00	$41,140
Parking		15	$	1,800	$27,000
Total	**23,796**	**19,614**			**$156,860**
(*from assessor, gross rehabbed areas only)					
(** area only includes demised space)					
Vacancy and Rent Loss:					
Performance Center	0.0%				$0
Theatre	0.0%				$0
Office	5.0%				($2,057)
Effective Gross Income:					**$154,803**

OPERATING EXPENSE SUMMARY	Cost	Unit	Expense/Year
Real estate tax - office area only	$ 21.21	per $1000	$5,949
Insurance	$ 0.26	gsf	$6,187
Utilities			
water and sewer:	$ 0.20	gsf-rsf	$836
hvac	$ 0.38	gsf-rsf	$1,589
electricity	$ 1.50	gsf-rsf	$6,273
Maintenance and repairs ($1.25/s.f.):	$ 1.50	rsf	$29,421
Management	3%	gross inc.	$4,706
General and administrative ($.66/s.f.):	$ 0.66	rsf	$12,945
Miscellaneous:	$ 0.65	rsf	$12,749
Total Operating Expense			**$80,656**
Expense/RSF $ 4.11			
NET OPERATING INCOME:			**$74,147**
Capitalization Rate:			**7.00%**
Value Indication:			$1,059,242
rounded to			$1,060,000
Total Project Cost, including site purchase of	$ 2,300,000		**($5,404,748)**
Net Value at Completion, before tax credits, as % of total project cost			**($4,344,748)** **-80%**
Net Values as adjusted for tax credit equity, as % of total project cost			
Net sales value fed historic tax credit at 85% of face value		$509,209	**-$3,835,539** **-71%**
Net sales value MA historic tax credit at 65% of face value		$389,395	**-$3,446,144** **-64%**
Net sales value NMTC Total Amount at 72% of face value		$1,264,711	**-$2,181,433** **-40%**
Gap Financing Required if all credits are realized		**$2,181,433**	

Post Office

Project Diagrams: Office



Ground Floor Level

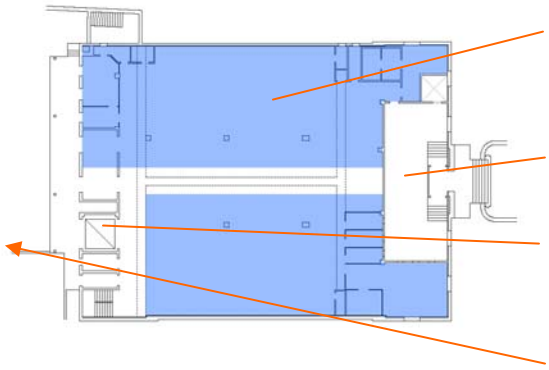
Accessible entry, accessible elevator to 1st floor

Office space laid out to accommodate multiple tenants or single large tenants.

Ceiling height approximately 10' to underside of concrete deck above, throughout ground level. Concrete floor, unlimited load capacity, windows on three sides

Mechanical rooms, boiler room, freight elevator, restrooms, storage, etc., no windows

Entry to ground floor offices



First Floor

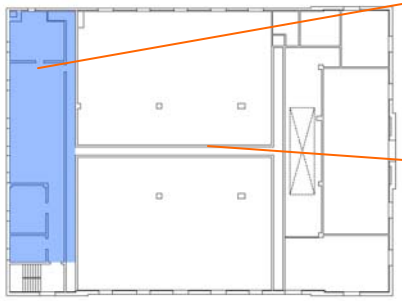
Office space with 15' ceilings, monumental windows, 200# plus floor load capacity, truss area for mechanicals, and large open areas.

Main lobby is architecturally significant and would be preserved if historic credits are utilized.

4500# freight elevator opens to loading dock and to interior. Allows office space to be used by tenants with testing equipment, communications equipment, etc.

Loading dock, rear terrace, etc. Parking for 15 cars as well as tailgate loading behind building.

Mezzanine



Mezzanine ceiling height approximately 8', can be open to space below, or walled off as at present.

Due to its small area, mezzanine does not require restrooms or elevator access.

Surveillance walkways to be removed.

Post Office Use Key

- Office Use
- Art Center
- Theater Space
- Education
- Restaurant

Post Office

Project Cost: Office

HARD COSTS	Notes	Unit Price	Construction Area, Quantity	Subtotal	Item Total	QPI
			23,796			
Code/ADA Construction						
Sprinklers	including attic	$6	33,796	$185,878		$185,87
Partial Seismic Retrofit		$5	33,796	$168,980		$168,98
Subtotal, Code/ADA Construction					**$354,858**	
Use-Specific Modifications to Base Building						
Demolition	allowance, not many partitions or clgs	$40,000	1	$40,000		$40,00
Hazardous Material	allowance, seller pays remainder	$50,000	1	$50,000		$50,00
Roof	repairs only, per report estimate	$9,880	1	$9,880		$9,88
Masonry Exterior	allowance, seems B+	$15,000	1	$15,000		$15,00
Window - monumental storms	see elevations	$2,000	14	$28,000		$28,00
Window - replacement	replace smaller windows	$750	40	$30,000		$30,00
Mechanical	heat/AC, boilers good, branch ducts in fit-up	$5.00	23,796	$118,980		$118,98
Electric	electric - new in 2/3 of floor area, exist 600 amp service good	$11.00	15,862	$174,487		$174,48
Restrooms	all new, m/w on 2 levels	$12,000	4	$48,000		$48,00
Stairs/Lobbies	existing, cosmetic work	$50,000	1	$50,000		$50,00
Elevator, passenger	allowance, cosmetic	$5,000	1	$5,000		$5,00
Elevator, freight	allowance, inspection, etc.	$5,000	1	$5,000		$5,00
Landscape, parking	allowance- asphalt, plantings	$15,000	1	$15,000		
Subtotal, Use-Specific Modifications to Base Building					**$589,347**	
General Conditions and Fees			18%	$169,957		$169,95
Owner's Contingency			8%	$75,536		$75,53
Subotal					**$245,493**	
Tenant Fit-up Expense						
Office	class B, minimal enclosed offices	$ 25.00	15,320	$383,000		$383,00
Retail	none in this scheme			$0		
Restaurant	none in this scheme			$0		
Subtotal, Fit-up					**$383,000**	
TOTAL HARD COSTS	per SF 23,796	$66.09			**$1,572,698**	
SOFT COSTS	30% of total Hard Costs				**$471,809**	$424,628
DEVELOPMENT COSTS	(NET OF SITE PURCHASE)				**$2,044,507**	
SITE PURCHASE PRICE					**$2,300,000**	
Total PROJECT COSTS before tax credit equity raise					**$4,344,507**	
Qualified Placed in Service Costs						$1,796,44
Net sales value fed historic tax credit at 85% of face value		85%	20%	$305,396		
Net sales value MA historic tax credit at 65% of face value		65%	20%	$233,538		
Potential Historic Tax Credit Equity Raise				$538,934	**-$538,934**	
NMTC Qualified Project Costs (Project Cost plus Land)		$4,344,507				
Net sales value NMTC Total Amount at 72% of face value		72%	39%	$1,219,938	**-$1,219,938**	
Project Cost Net of Tax Credit equity					**$2,585,635**	

Post Office

Project Value: Office

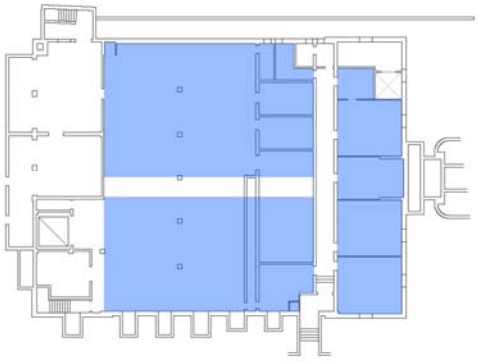
RENT SUMMARY

		Gross Area*	Rentable Area**		Price/Ft	Rent/Year
Office Space						
	Ground Floor	10,264	1,870	$	22.00	$41,140
	Ground Floor		4,520	$	20.00	$90,400
	First Floor	11,898	7,430	$	26.00	$193,180
	Mezzanine	1,634	1,500	$	22.00	$33,000
Retail Space						
	First Floor					$0
Restaurant Space						
	First Floor					$0
Parking	$150 / mo		15	$	1,800	$27,000
Total		**23,796**	**15,320**			**$384,720**
	(*from assessor, gross rehabbed areas only)					
	(** area only includes actual demised space, rent reflects this)					
Vacancy and Rent Loss:						
	Office	5.0%				($17,886)
	Retail	4.0%				$0
	Restaurant	7.0%				$0
Effective Gross Income:						**$366,834**

OPERATING EXPENSE SUMMARY		Cost		Unit	Expense/Year
Real estate tax	$3,000,000	$	21.21	per $1000	$63,630
Insurance		$	0.26	gsf	$6,187
Utilities					
water and sewer:		$	0.20	rsf	$3,064
hvac		$	0.38	gsf-rsf	$3,221
electricity		$	1.50	gsf-rsf	$12,714
Maintenance and repairs ($1.25/s.f.):		$	1.50	rsf	$22,980
Management			3%	gross inc.	$11,542
General and administrative ($.66/s.f.):		$	0.66	rsf	$10,111
Miscellaneous:		$	1.30	rsf	$19,916
Total Operating Expense					**$153,365**
Expense/RSF	$ 10.01				
NET OPERATING INCOME:					**$213,469**
Capitalization Rate:					8.00%
Value Indication:					$2,668,367
rounded to					$2,670,000
Total Project Cost, including site purchase of		$	2,300,000		($4,344,507)
Net Value at Completion, before tax credits, as % of total project cost					**($1,674,507)** **-39%**
Net Values as adjusted for tax credit equity, as % of total project cost					
Net sales value fed historic tax credit at 85% of face value				$305,396	**-$1,369,111** **-32%**
Net sales value MA historic tax credit at 65% of face value				$233,538	**-$1,135,573** **-26%**
Net sales value NMTC Total Amount at 72% of face value				$1,219,938	**$84,365** **2%**
Gap Financing Required if all tax credits realized				**$ -**	

Post Office

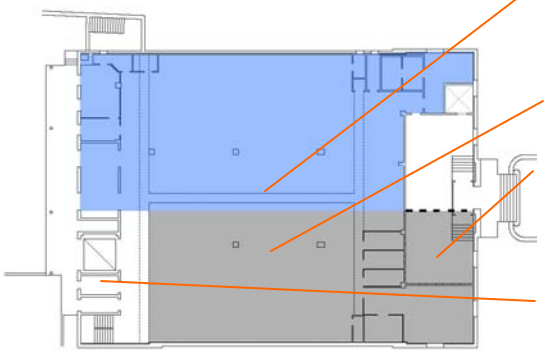
Project Diagrams: Office/Restaurant



Ground Floor Level

Ground level office space in this scheme is essentially identical to the all-office scenario.

The solid concrete construction is an asset in this scheme where some office space is directly below a restaurant.



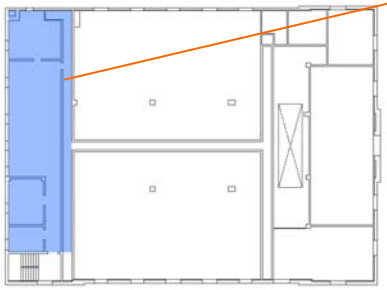
First Floor

No office corridor is included in this scenario, but in a multi-tenant leasing program a corridor could be inserted from the lobby to the rear service area.

Main restaurant seating and kitchen area

Dashed line denotes lobby area included in the restaurant lease area, useable for waiting area, bar, etc.

Access to loading dock. The loading area has potential for partial use as an outdoor dining area.



Mezzanine

The mezzanine in this scenario would need to be access via a new stairway, since the existing stair enters from the restaurant's back-of-house area.

Post Office Use Key

- Office Use
- Art Center
- Theater Space
- Education
- Restaurant

Post Office

Project Cost: Office/Restaurant

HARD COSTS	Notes		Unit Price	Construction Area, Quantity	Subtotal	Item Total	QPIS
				23,796			
Code/ADA Construction							
Sprinklers	including attic		$6	33,796	$185,878		$185,878
Full Seismic Retrofit			$5	23,796	$118,980		$118,980
Subtotal, Code/ADA Construction						**$304,858**	
Use-Specific Modifications to Base Building							
Demolition	allowance, not many partitions or ceilings		$50,000	1	$50,000		$50,000
Hazardous Material	allowance, seller pays remainder		$50,000	1	$50,000		$50,000
Roof	repairs only, per report estimate		$9,880	1	$9,880		$9,880
Masonry Exterior	allowance, seems B+		$15,000	1	$15,000		$15,000
Window - monumental storms	large windows, interior storms		$3,500	14	$49,000		$49,000
Window - replacement	replace smaller windows		$750	40	$30,000		$30,000
Mechanical	heat/AC, boilers good, branch ducts in fit-up		$15	23,796	$356,940		$356,940
Electric	electric - new in 2/3 floor area, exist 600 amp service good		$10	15,862	$158,624		$158,624
Restaurant kitchen exhaust	to roof from first floor		$25,000	1	$25,000		$25,000
Restrooms, general	all new, m/w		$12,000	4	$48,000		$48,000
Restrooms, restaurant	all new, m/w on 2 levels		$12,000	2	$24,000		$24,000
Stairs/Lobbies	existing, cosmetic work		$50,000	1	$50,000		$50,000
Elevator, passenger	allowance, cosmetic		$5,000	1	$5,000		$5,000
Elevtor, freight	allowance, inspection		$5,000		$5,000		$5,000
Landscape, parking	allowance - asphalt, plantings		$15,000	1	$15,000		
Subtotal, Use-Specific Modifications to Base Building						**$891,444**	
General Conditions and Fees				18%	$160,460		$160,460
Owner's Contingency				8%	$71,316		$71,316
Subtotal Fees and Contingency						**$231,775**	
Tenant Fit-up Expense							
Office	class B, minimal enclosed offices	$	25.00	12,240	$306,000		$306,000
Retail		n/a			$0		
Restaurant	Landlord contribution to tenant fit-out	$	40.00	4,000	$160,000		$160,000
Subtotal, Fit-up						**$466,000**	
TOTAL HARD COSTS	per SF	23,796	$79.60			**$1,894,078**	
SOFT COSTS	30% of total Hard Costs					**$568,223**	$568,223
DEVELOPMENT COSTS	(NET OF SITE PURCHASE)					**$2,462,301**	
SITE PURCHASE PRICE						**$2,300,000**	
Total PROJECT COSTS before tax credit equity raise						**$4,762,301**	
Qualified Placed in Service Costs							$2,447,301
Net sales value fed historic tax credit at 85% of face value			85%	20%	$416,041		
Net sales value MA historic tax credit at 65% of face value			65%	20%	$318,149		
Potential Historic Tax Credit Equity Raise					$734,190	**-$734,190**	
NMTC Qualified Project Costs (Project Cost plus Land)		$4,762,301					
Net sales value NMTC Total Amount at 72% of face value			72%	39%	$1,337,254	**-$1,337,254**	
Project Cost Net of Tax Credit equity						**$2,690,857**	

Post Office

Project Value: Office/Restaurant

RENT SUMMARY

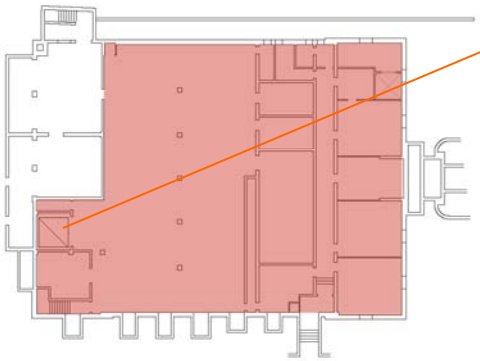
	Gross Area*	Rentable Area**		Price/Ft	Rent/Year
Office Space					
Ground Floor	10,264	1,870	$	22.00	$41,140
Ground Floor		4,000	$	20.00	$80,000
First Floor	11,898	4,870	$	25.00	$121,750
Mezzanine	1,634	1,500	$	22.00	$33,000
Restaurant Space					
First Floor, includes part of lobby		4,000	$	30.00	$120,000
Parking		15	$	1,800	$27,000
Total	**23,796**	**16,240**			**$422,890**
(*from assessor, gross rehabbed areas only)					
(** area only includes actual demised space, rent reflects this)					
Vacancy and Rent Loss:					
Office	5.0%				($13,795)
Retail	4.0%				
Restaurant	7.0%				($8,400)
Effective Gross Income:					**$400,696**

OPERATING EXPENSE SUMMARY		Cost		Unit	Expense/Year
Real estate tax	$3,000,000	$	21.21	per $1000	$63,630
Insurance		$	0.26	gsf	$6,187
Utilities					
water and sewer:		$	0.20	rsf	$3,248
hvac		$	0.38	gsf-rsf	$2,871
electricity		$	1.50	gsf-rsf	$11,334
Maintenance and repairs ($1.25/s.f.):		$	1.50	rsf	$24,360
Management			3%	gross inc.	$12,687
General and administrative ($.66/s.f.):		$	0.66	rsf	$10,718
Miscellaneous:		$	1.30	rsf	$21,112
Total Operating Expense					**$156,147**
Expense/RSF	$ 9.61				
NET OPERATING INCOME:					**$244,548**
Capitalization Rate:					8.00%
Value Indication:					$3,056,852
rounded to					$3,060,000
Total Project Cost, including site purchase of		$	2,300,000		($4,762,301)
Net Value at Completion, before tax credits, as % of total project cost					**($1,702,301)** **-36%**
Net Values as adjusted for tax credit equity, as % of total project cost					
Net sales value fed historic tax credit at 85% of face value				$416,041	**-$1,286,260** **-27%**
Net sales value MA historic tax credit at 65% of face value				$318,149	**-$968,111** **-20%**
Net sales value NMTC Total Amount at 72% of face value				$1,337,254	**$369,143** **8%**
Gap Financing Required, if all credits realized				**$ -**	

Post Office

Project Diagrams: Education

Ground Floor



The freight elevator and loading dock allow a school to accommodate classes that require equipment, supplies, or storage of materials. The very large floor load capacity and high main floor ceiling allow educational uses beyond simple classrooms, perhaps for culinary, media and performing, scientific, experimental or other special purposes. The ground floor has a "workable" ceiling height of just over 9 feet.

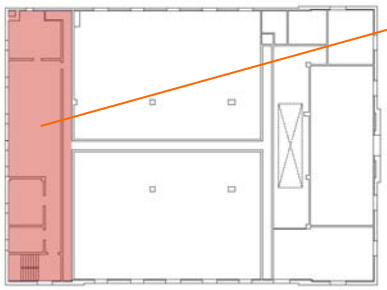
First Floor

Education leased space includes all common areas, lobby, etc. except ground floor mechanical area. It is envisioned that this type of tenant would lease the entire property on a modified gross basis, with the tenant utilizing the entire property and paying for virtually all utility bills. Smaller educational tenants would be accommodated as tenants in the office building scenario.

The decorative nature of the lobby would work well as an entry for educational use.

15 cars can be parked in the loading area. Zoning requires no off-site parking, a potential selling point to an educational user.

Mezzanine



The mezzanine is not accessible to the disabled and is therefore best suited for ancillary uses duplicated elsewhere in the facility, such as study space, storage, etc.

Post Office Use Key

- Office Use
- Art Center
- Theater Space
- Education
- Restaurant

Post Office

Project Cost: Education

HARD COSTS	Notes	Unit Price	Construction Area, Quantity	Subtotal	Item Total	QPI
			23,796			
Code/ADA Construction						
Sprinklers	including attic	$6	33,796	$185,878		$185,87
Partial Seismic Retrofit		$5	23,796	$118,980		$118,98
Subtotal, Code/ADA Construction					**$304,858**	
Use-Specific Modifications to Base Building						
Demolition	clgs	$30,000	1	$30,000		$30,00
Hazardous Material	allowance, seller pays remainder	$50,000	1	$50,000		$50,00
Roof	repairs only, per report estimate	$9,880	1	$9,880		$9,88
Masonry Exterior	allowance, seems B+	$15,000	1	$15,000		$15,00
Window - monumental storms	see elevations	$3,000	14	$42,000		$42,00
Window - replacement	replace smaller windows	$750	40	$30,000		$30,00
Mechanical	heat/AC, boilers good, branch ducts in fit-up	$5.00	21,810	$109,050		$109,05
Electric	electric - new in 2/3 of floor area, exist 600 amp service good	$10.00	14,539	$145,385		$145,38
Restrooms	all new, m/w on 2 levels	$12,000	4	$48,000		$48,00
Stairs/Lobbies	existing, cosmetic work	$50,000	1	$50,000		$50,00
Elevator, passenger	allowance, cosmetic	$5,000	1	$5,000		$5,00
Elevator, freight	allowance, inspection, etc.	$5,000	1	$15,000		$15,00
Landscape, parking	allowance- asphalt, plantings	$15,000	1	$15,000		
Subtotal, Use-Specific Modifications to Base Building					**$564,315**	
General Conditions and Fees			18%	$156,451		$156,45
Owner's Contingency			8%	$69,534		$69,53
Subotal, General Conditions and Fees					**$225,985**	
Tenant Fit-up Expense						
Educational Use	landlord contribution	$ 45	21,810	$981,450		$981,45
Restaurant	none in this scheme			$0		$
Subtotal, Fit-up					**$981,450**	
TOTAL HARD COSTS	per SF 23,796	$87.27			**$2,076,609**	
SOFT COSTS	30% of total Hard Costs				**$622,983**	$560,68
DEVELOPMENT COSTS	(NET OF SITE PURCHASE)				**$2,699,591**	
SITE PURCHASE PRICE					**$2,300,000**	
Total PROJECT COSTS before tax credit equity raise					**$4,999,591**	
Qualified Placed in Service Costs						$2,622,29
Net sales value fed historic tax credit at 85% of face value		85%	20%	$445,790		
Net sales value MA historic tax credit at 65% of face value		65%	20%	$340,898		
Potential Historic Tax Credit Equity Raise				$786,688	**-$786,688**	
NMTC Qualified Project Costs (Project Cost plus Land)		$4,999,591				
Net sales value NMTC Total Amount at 72% of face value		72%	39%	$1,403,885	**-$1,403,885**	
Project Cost Net of Tax Credit equity					**$2,809,018**	

Post Office

Project Value: Education

RENT SUMMARY

	Gross Area*	Rentable Area		Rent/Ft	Rent/Year
Education Shell Space					
Ground Floor	10,264	9,400	$	18.00	$169,200
First Floor	11,898	10,560	$	18.00	$190,080
Mezzanine	1,634	1,850	$	18.00	$33,300
Parking		15	$	1,800	$27,000
Total	**23,796**	**21,810**			**$419,580**
(*from assessor, gross rehabbed areas only)					
Vacancy and Rent Loss:					
Education Shell	2.0%				($7,852)
Retail	4.0%				$0
Restaurant	7.0%				$0
Effective Gross Income:					**$411,728**

OPERATING EXPENSE SUMMARY		Cost		Unit	Expense/Year	
Real estate tax	$3,000,000	$	21.21	per $1000	$63,630	
Insurance		$	0.26	gsf	$6,187	
Utilities						
water and sewer:		$	0.20	rsf	$4,362	
hvac		$	0.38	gsf-rsf	$755	
electricity		$	1.50	gsf-rsf	$338	
Maintenance and repairs ($1.25/s.f.):		$	1.50	rsf	$32,715	
Management (landlord's expense)			3%	gross inc.	$12,587	
General and administrative ($.66/s.f.):		$	0.66	rsf	$14,395	
Miscellaneous:		$	1.30	rsf	$28,353	
Total Operating Expense					**$163,321**	
Expense/RSF	$ 6.86					
NET OPERATING INCOME:					**$248,407**	
Capitalization Rate:					8.00%	
Value Indication:					$3,105,089	
rounded to					$3,110,000	
Total Project Cost, including site purchase of		**$**	**2,300,000**		**($4,999,591)**	
Net Value at Completion, before tax credits, as % of total project cost					**($1,889,591)**	**-38%**

Net Values as adjusted for tax credit equity, as % of total project cost			
Net sales value fed historic tax credit at 85% of face value	$445,790	**-$1,443,801**	**-29%**
Net sales value MA historic tax credit at 65% of face value	$340,898	**-$1,102,903**	**-22%**
Net sales value NMTC Total Amount at 72% of face value	$1,403,885	**$300,982**	**6%**
Gap Financing Required if all tax credits realized	**$0**		

6.3 Fire Station Development Scenarios

Evaluation of five scenarios following zoning and code analyses:

- Restaurant / Marketplace, Office above
- Restaurant / Marketplace, Function Rooms above
- Medical Office on both levels
- SCAT, Live-Work Residential above
- SCAT, Accessible Offices above

Proforma Notes, Fire Station Schemes

- All but the final Fire Station scenarios are modeled as if a for-profit developer is included in the chain of ownership.
- The SCAT/Accessible Office scheme assumes the City retains ownership.
- A site purchase cost of $1,500,000 is used in all scenarios but the last. It is a hypothetical sum for evaluation purposes, and is less than the Assessor's valuation.
- A cap rate of 8% is used to calculate the values of the commercial scenarios.
- Fit-up allowances vary. They are carried in the development budget and are therefore included in the basis for calculating tax credits.
- Rental income for the "non-profit" office space in the final scenario is set below-market at $15 per s.f.
- SCAT rent is $20 per s.f. in scenarios where they remain as a tenant.
- A portion of the plaza area in front of the building is assumed to be available for outdoor dining.
- The live/work scenario extends up into the trussed attic space. This allows four units, adds interest, and also adds cost. Less expensive solutions are possible, but this study assumes that if such a large amount of effort it going to be expended the resulting art space should be architecturally interesting.
- The budget includes an estimate for repairing the tower clock. The budget assumes that separate funding will be used to construct a new "top" for the tower.

Typical office on 2nd floor

A video recording studio in the SCAT space

A typical window – all need replacement

Roll-up glass doors could access outdoor dining

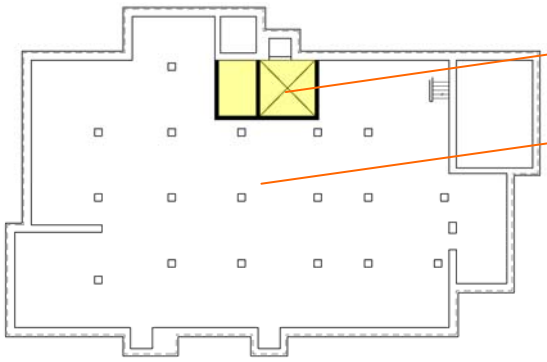
The clock faces and clock could be restored. There is also a favored scheme for a new top to the tower.

Concrete structure at basement ceiling- the first floor can support heavy assembly loads.

Fire Station

Project Diagrams: Restaurant / Marketplace, Office above

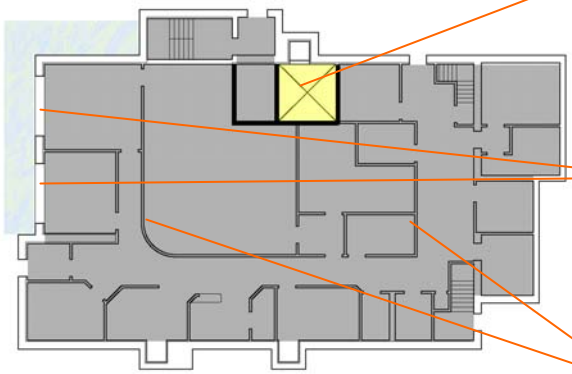
Basement



Base of elevator (no stop at basement) and elevator machine room

General storage, 3,000 s.f. at $2/s.f.

First Floor



Elevator and elevator lobby, accessed via side entrance

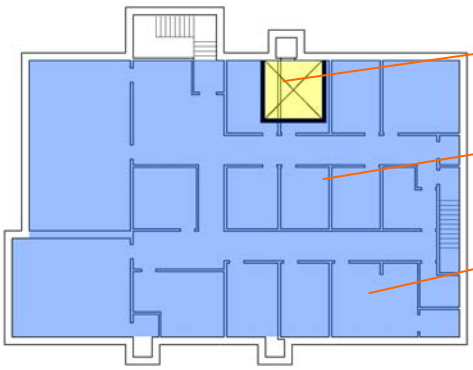
Combined restaurant and market occupies entire first floor level. The budget includes a $75/s.f. restaurant fit-out allowance.

Roll-up glass doors open to outside dining area

All windows replaced throughout building

Most existing first floor partitions to be removed

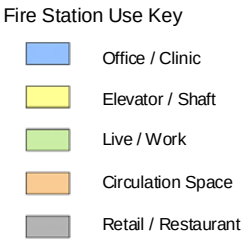
Second Floor



Elevator at second floor

Offices substantially rebuilt with fit-up allowance, existing partitions reused where appropriate.

Existing restrooms rebuilt



Fire Station

Project Cost: Restaurant / Marketplace, Office above

HARD COSTS	Notes	Unit Price	Construction Area, Quantity	Subtotal	Item total	QPIS*
			7,200			
Code/ADA Construction						
Sprinklers, lateral incl.	full bldg,incl bsmt, attic	$5	13,200	$59,400		$59,400
Seismic retrofit, Full	upper levels not including basement	$5	7,200	$36,000		$36,000
Elevator	2 stops, 15' vertical	$60,000	1	$60,000		$60,000
Elevator add-ons	electric, room ventilation	$10,000	1	$10,000		$10,000
Shaft cutting and framing	2 framed openings	$10,000	1	$10,000		$10,000
Elevator drywall	shaft, 30' bsmt to top of overrun	$25,000	1	$25,000		$25,000
Subtotal, Code/ADA Construction					**$200,400**	
Use-Specific Modifications to Base Building						
Demolition, 1st level	all walls but restrooms	$10	3,800	$38,000		$38,000
Demoliltion, 2nd level	minor at area of elevator	$20	250	$5,000		$5,000
Windows	replace 46 double hung	$1,500	46	$69,000		$69,000
Roof	repairs at eaves	$5,000	1	$5,000		$5,000
Clock and clock faces	restored to original condition	$26,400	1	$26,400		$26,400
Overhead Doors	10x10 glass doors	$5,500	2	$11,000		$11,000
Kitchen exhaust to roof	approx 30' to roof exhaust	$25,000	1	$25,000		$25,000
HVAC 1st level	new system, duct in fit-up	$15	3,800	$57,000		$57,000
HVAC 2nd level	existing, allowance in fit-up	$0	-	$0		$0
Electrical 1st level	existing, allowance in fit-up	$0	-	$0		$0
Electrical 2nd level	existing, allowance in fit-up	$0	-	$0		$0
Plumbing 1st level	restrooms, kitchen in fit-up	$0	-	$0		$0
Plumbing 2nd level	existing, rehab allowance in fit-up	$0	-	$0		$0
Subtotal, Use-Specific Modifications to Base Building					**$236,400**	
General Conditions and Fees			18%	$78,624		$78,624
Owner's Contingency			8%	$34,944		$34,944
Subtotal, General Conditions and Fees					**$113,568**	
Fit-up expense						
Grocery/Restaurant	Quincy Market level of buildout, incl kitchen, expanded restrooms	$75	3,800	$285,000		$285,000
Office	class b, new tenants, modifications not gut	$25	3,400	$85,000		$85,000
Allowance for exterior	new paving, lighting, planters	$20	400	$8,000		
Subtotal, Fit-up					**$378,000**	
TOTAL HARD COSTS	per SF 7,200	$128.94			**$928,368**	
SOFT COSTS	30% of total Hard Costs				**$278,510**	$250,659
DEVELOPMENT COSTS	(NET OF SITE PURCHASE)				**$1,206,878**	
SITE PURCHASE PRICE					**$1,500,000**	
Total PROJECT COSTS before tax credit equity raise					**$2,706,878**	
Qualified Placed in Service Costs						$1,075,627
Net sales value fed historic tax credit at 85% of face value		85%	20%		**$182,857**	
Net sales value MA historic tax credit at 65% of face value		65%	20%		**$139,832**	
Potential Historic Tax Credit Equity Raise					**$322,688**	
NMTC Qualified Project Costs (Project Cost plus Land)						
New Market Tax Credit Total Amount at 72% of face value		72%	39%		**$760,091**	
Project Cost Net of Tax Credit equity					**$1,624,099**	

Fire Station

Project Value: Restaurant / Marketplace, Office above

RENT SUMMARY

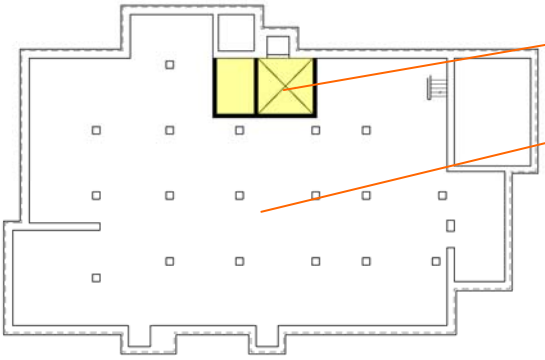
	Gross Area*	Rentable Area	Rent/SF	Rent/Year
Retail/Restaurant Space				
First Floor	5,061	3,800	$28	$106,400
Office Space				
Second Floor	4,452	3,400	$22	$74,800
Basement	4,452	3,000	$2	$6,000
Total	**13,965**	**10,200**		**$187,200**
(*from assessor)				
Vacancy and Rent Loss:				
Office	10.0%			($7,480)
Retail/Restaurant	5.0%			($5,320)
Basement	5.0%			($300)
Effective Gross Income:				**$174,100**

OPERATING EXPENSE SUMMARY	Cost		Unit	Expense/Year
Real estate tax	$	21.22	per $1000	$31,830
Insurance	$	0.26	gsf	$3,631
Utilities				
water and sewer:	$	0.20	rsf w/o bsmt	$1,440
hvac	$	0.38	by tenants	$0
electricity	$	1.50	by tenants	$0
Maintenance and repairs:	$	1.00	rsf w/o bsmt	$10,200
Management		3%	gross income	$5,616
General and administrative:	$	0.66	rsf w/o bsmt	$4,752
Miscellaneous:	$	0.50	rsf w/o bsmt	$3,600
Total Operating Expense				**$61,069**
Expense/RSF	$ 8.48			
NET OPERATING INCOME:				**$113,031**
Capitalization Rate:				**8.00%**
Value Indication:				**$1,412,889**
rounded to				**$1,410,000**
Total Project Cost, including site purchase of	$	1,500,000		**($2,706,878)**
Net Value at Completion, before tax credits, as % of total project cost				**($1,296,878)** **-48%**
Net Values as adjusted for tax credit equity, as % of total project cost				
Net sales value fed historic tax credit at 85% of face value			$182,857	-$1,114,022 **-41%**
Net sales value MA historic tax credit at 65% of face value			$139,832	-$974,190 **-36%**
Net sales value NMTC Total Amount at 72% of face value			$760,091	-$214,099 **-8%**
Gap Financing Required if all tax credits realized			**$214,099**	

Fire Station

Project Diagrams: Restaurant / Marketplace, Functions above

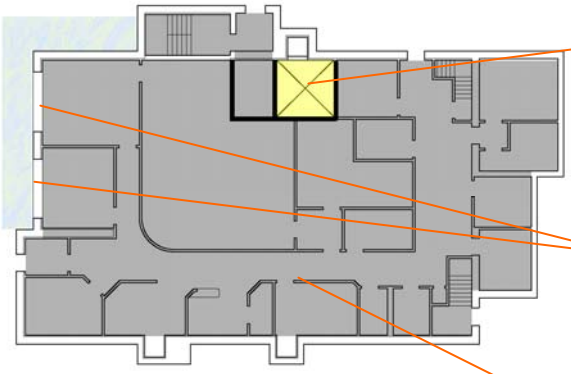
Basement



Base of elevator (no stop at basement) and elevator machine room

General storage, 3,000 s.f. at $2/s.f.

First Floor



Elevator and elevator lobby, accessed from restaurant

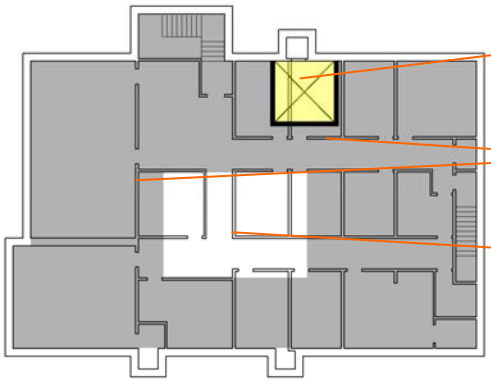
Combined restaurant and market occupies entire first floor level. The budget includes a $75/s.f. fit-up allowance.

Roll-up glass doors open to outside dining area

All windows replaced throughout building

Most existing first floor partitions to be removed

Second Floor



Elevator provides access to additional dining and meeting space, with $55/s.f. fit-out allowance.

All existing partitions to be removed

Opening cut between 1st and 2nd levels, open stairs connect levels.

Fire Station Use Key

- Office / Clinic
- Elevator / Shaft
- Live / Work
- Circulation Space
- Retail / Restaurant

Fire Station

Project Cost: Restaurant / Marketplace, Functions above

HARD COSTS	Notes	Unit Price	Construction Area, Quantity	Subtotal	Item total	QPIS*
			7,200			
Code/ADA Construction						
Sprinklers, lateral incl.	full bldg,incl bsmt, attic	$5	13,200	$59,400		$59,400
Seismic retrofit, Full	area does not include basement	$5	7,200	$36,000		$36,000
Elevator	2 stops, 15' vertical	$60,000	1	$60,000		$60,000
Elevator add-ons	electric, room ventilation	$10,000	1	$10,000		$10,000
Shaft cutting and framing	2 framed openings	$10,000	1	$10,000		$10,000
Elevator drywall	shaft, 30' bsmt to top of overrun	$25,000	1	$25,000		$25,000
Subtotal, Code/ADA Construction					**$200,400**	
Use-Specific Modifications to Base Building						
Demolition, 1st level	all walls, clgs	$10	3,800	$38,000		$38,000
Demolilton, 2nd level	all walls, clgs	$10	3,400	$34,000		$34,000
Windows	replace 46 double hung	$1,500	46	$69,000		$69,000
Roof	repairs at eaves	$5,000	1	$5,000		$5,000
Clock and clock faces	restored to original condition	$26,400	1	$26,400		$26,400
Overhead Doors	10x10 glass doors	$5,500	2	$11,000		$11,000
Kitchen exhaust to roof	approx 30' to roof exhaust	$25,000	1	$25,000		$25,000
HVAC 1st level	new system, duct in fit-up	$15	3,800	$57,000		$57,000
HVAC 2nd level	new system, duct in fit-up	$15	3,400	$51,000		$51,000
Electrical 1st level	existing, allowance in fit-up	$0	-	$0		$0
Electrical 2nd level	existing, allowance in fit-up	$0	-	$0		$0
Plumbing 1st level	restrooms, kitchen in fit-up	$0	-	$0		$0
Plumbing 2nd level	restrooms in fit-up	$0	-	$0		$0
Subtotal, Use-Specific Modifications to Base Building					**$316,400**	
General Conditions and Fees			18%	$93,024		$93,024
Owner's Contingency			8%	$41,344		$41,344
Subotal, General Conditions, Contingency					**$134,368**	
Fit-up expense						
Restaurant 1st level	kitchen, expanded restrooms	$75	3,800	$285,000		$285,000
Restaurant 2nd level	restrooms	$55	3,400	$187,000		$187,000
Allowance for exterior	new paving, lighting, planters	$20	400	$8,000		
Subtotal, Fit-up					**$480,000**	
TOTAL HARD COSTS	per SF 7,200	$157.11			**$1,131,168**	
SOFT COSTS	30% of total Hard Costs				**$339,350**	$305,415
DEVELOPMENT COSTS	(NET OF SITE PURCHASE)				**$1,470,518**	
SITE PURCHASE PRICE					**$1,500,000**	
Total PROJECT COSTS before tax credit equity raise					**$2,970,518**	
Qualified Placed in Service Costs						$1,428,583
Net sales value fed historic tax credit at 85% of face value		85%	20%	$242,859		
Net sales value MA historic tax credit at 65% of face value		65%	20%	$185,716		
Potential Historic Tax Credit Equity Raise				$428,575	**-$428,575**	
NMTC Qualified Project Costs (Project Cost plus Land)		$2,970,518				
Net sales value NMTC Total Amount at 72% of face value		72%	39%	$834,122	**-$834,122**	
Project Cost Net of Tax Credit equity					**$1,707,822**	

Fire Station

Project Value: Restaurant / Marketplace, Functions above

RENT SUMMARY

	Gross Area*	Rentable Area		Price/Ft	Rent/Year
Function Space					
Second Floor	4,452	3,400	$	25.00	$85,000
Restaurant/Grocery Space					
First Floor	5,061	3,800	$	30.00	$114,000
Basement	4,452	3,000	$	2	$6,000
Total	**13,965**	**10,200**			**$205,000**
(*from assessor, gross rehabbed areas only)					
Vacancy and Rent Loss:					
Function area	5.0%				($4,250)
Restaurant	5.0%				($5,700)
Basement	5.0%				($300)
Effective Gross Income:					**$194,750**

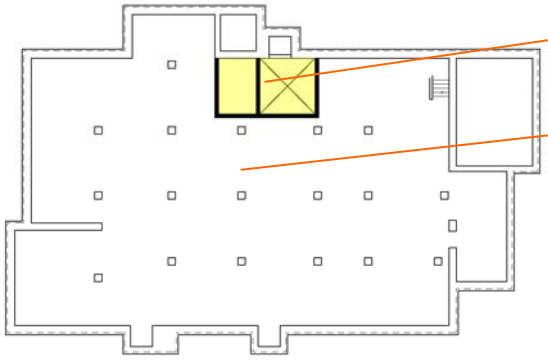
OPERATING EXPENSE SUMMARY	Cost		Unit	Expense/Year
Real estate tax	$	21.22	per $1000	$31,830
Insurance	$	0.26	gsf	$3,631
Utilities				
water and sewer:	$	0.20	by tenant	$0
hvac	$	0.38	by tenant	$0
electricity	$	1.50	by tenant	$0
Maintenance and repairs:	$	1.00	rsf w/o bsmt	$7,200
Management		3%	gross income	$6,150
General and administrative ($.66/s.f.):	$	0.66	rsf w/o bsmt	$4,752
Miscellaneous:	$	0.50	rsf w/o bsmt	$3,600
Total Operating Expense				**$57,163**
Expense/RSF	$ 7.94			
NET OPERATING INCOME:				**$137,587**
Capitalization Rate:				8.00%
Value Indication:				$1,719,839
rounded to				$1,720,000
Total Project Cost, including site purchase of	$	1,500,000		($2,970,518)

Net Value at Completion, before tax credits, as % of total project cost		**($1,250,518)**	**-42%**
Net Values as adjusted for tax credit equity, as % of total project cost			
Net sales value fed historic tax credit at 85% of face value	$242,859	**-$1,007,659**	**-34%**
Net sales value MA historic tax credit at 65% of face value	$185,716	**-$821,943**	**-28%**
Net sales value NMTC Total Amount at 72% of face value	$834,122	**$12,178**	**0%**
Gap Financing Required if all credits realized	**$0**		

Fire Station

Project Diagrams: Medical Clinic both levels

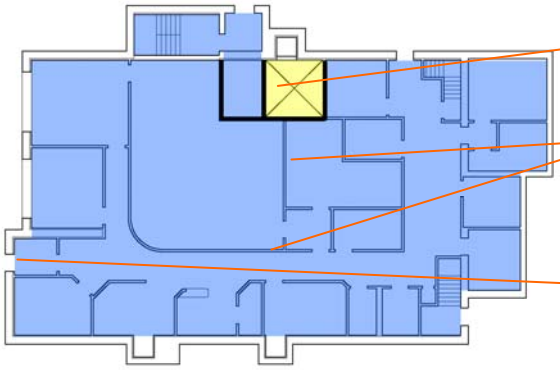
Basement



Base of elevator (no stop at basement) and elevator machine room

General storage, 3,000 s.f. at $2/s.f.

First Floor



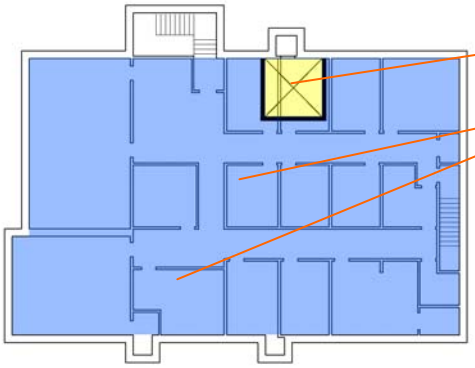
Elevator and elevator lobby, accessed via side entrance

Clinic/medical office occupies entire first level. 50% of existing partitions to be reused.

All windows replaced throughout building

Existing main entrance to be retained

Second Floor



Elevator

50% of existing partitions to be demolished.

$75/s.f. fit-up allowance covers cost of basic medical office fit-up.

Fire Station Use Key

- Office / Clinic
- Elevator / Shaft
- Live / Work
- Circulation Space
- Retail / Restaurant

Fire Station

Project Cost: Medical Clinic both levels

HARD COSTS	Notes		Unit Price	Construction Area, Quantity	Subtotal	Item total	QPIS*
				7,200			
Code/ADA Construction							
Sprinklers, lateral incl.	full bldg,incl bsmt, attic		$5	13,200	$59,400		$59,400
Seismic retrofit, Partial	area does not include basement		$5	10,200	$51,000		$51,000
Elevator	2 stops, 15' vertical		$60,000	1	$60,000		$60,000
Elevator add-ons	electric, room ventilation		$10,000	1	$10,000		$10,000
Shaft cutting and framing	2 framed openings		$10,000	1	$10,000		$10,000
Elevator drywall	shaft, 40' bsmt to top of overrun		$25,000	1	$25,000		$25,000
Subtotal, Code/ADA Construction						**$215,400**	
Other Modifications to Base Building							
Demolition, 1st level	50% gut, 50% reincorporated		$10	1,900	$19,000		$19,000
Demoliltion, 2nd level	50% gut, 50% reincorporated		$10	1,700	$17,000		$17,000
Windows	replace 46 double hung		$1,500	46	$69,000		$69,000
Roof	repairs at eaves		$5,000	1	$5,000		$5,000
Clock and clock faces	restored to original condition		$26,400	1	$26,400		$26,400
HVAC 1st level	rehab existing, allowance in fit-up		$0		$0		$0
HVAC 2nd level	rehab existing, allowance in fit-up		$0		$0		$0
Electrical 1st level	rehab existing, allowance in fit-up		$0	-	$0		$0
Electrical 2nd level	rehab existing, allowance in fit-up		$0	-	$0		$0
Plumbing 1st level	new, allowance in fit-ip		$0	-	$0		$0
Plumbing 2nd level	new, allowance in fit-up		$0	-	$0		$0
Subtotal, Use-Specific Modifications to Base Building						**$136,400**	
General Conditions and Fees				18%	$63,324		$63,324
Owner's Contingency				8%	$28,144		$28,144
Subtotal, General Conditions and Contingency						**$91,468**	
Fit-up expense							
Clinic Level 1	allowance		$75	3,800	$285,000		$285,000
Clinic Level 2	allowance		$75	3,400	$255,000		$255,000
Subtotal, Fit-up						**$540,000**	
TOTAL HARD COSTS	per SF	7,200	$136.57			**$983,268**	
SOFT COSTS	30% of total Hard Costs					**$294,980**	$265,482
DEVELOPMENT COSTS	(NET OF SITE PURCHASE)					**$1,278,248**	
SITE PURCHASE PRICE						**$1,500,000**	
Total PROJECT COSTS before tax credit equity raise						**$2,778,248**	
Qualified Placed in Service Costs							$1,248,750
Net sales value fed historic tax credit at 85% of face value			85%	20%	$212,288		
Net sales value MA historic tax credit at 65% of face value			65%	20%	$162,338		
Potential Historic Tax Credit Equity Raise					$374,625	**-$374,625**	
NMTC Qualified Project Costs (Project Cost plus Land)			$2,778,248				
Net sales value NMTC Total Amount at 72% of face value			72%	39%	$780,132	**-$780,132**	
Project Cost Net of Tax Credit equity						**$1,623,491**	

Fire Station

Project Value: Medical Clinic both levels

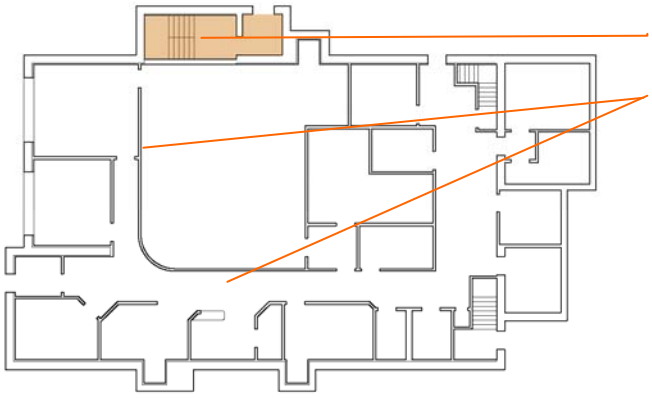
RENT SUMMARY

	Gross Area*	Rentable Area		Price/Ft	Rent/Year
Clilnic					
Second Floor	4,452	3,400	$	30.00	$102,000
Clinic					
First Floor	5,061	3,800	$	30.00	$114,000
Basement	4,452	3,000	$	2	$6,000
Total	**13,965**	**10,200**			**$222,000**
(*from assessor)					
Vacancy and Rent Loss:					
Clinic	5.0%				($5,100)
Clinic	5.0%				($5,700)
Basement	5.0%				($300)
Effective Gross Income:					**$210,900**

OPERATING EXPENSE SUMMARY	Cost		Unit	Expense/Year
Real estate tax	$	21.22	per $1000	$42,440
Insurance	$	0.26	gsf	$3,631
Utilities				
water and sewer:	$	0.20	rsf	$2,040
hvac	$	0.38	by tenant	$0
electricity	$	1.50	by tenant	$0
Maintenance and repairs	$	1.00	rsf	$10,200
Management		3%	gross income	$6,660
General and administrative	$	0.66	rsf	$6,732
Miscellaneous:	$	0.50	rsf	$5,100
Total Operating Expense				**$76,803**
Expense/RSF	$	10.67		
NET OPERATING INCOME:				**$134,097**
Capitalization Rate:				8.00%
Value Indication:				$1,676,214
rounded to				$1,680,000
Total Project Cost, including site purchase of	$	1,500,000		($2,778,248)
Net Value at Completion, before tax credits, as % of total project cost				**($1,098,248)** **-40%**
Net Values as adjusted for tax credit equity, as % of total project cost				
Net sales value fed historic tax credit at 85% of face value			$212,288	**-$885,961** **-32%**
Net sales value MA historic tax credit at 65% of face value			$162,338	**-$723,623** **-26%**
Net sales value NMTC Total Amount at 72% of face value			$780,132	**$56,509** **2%**
Gap Financing Required if all credits realized			**$0**	

Fire Station

Project Diagrams: SCAT / Live-Work Residential above

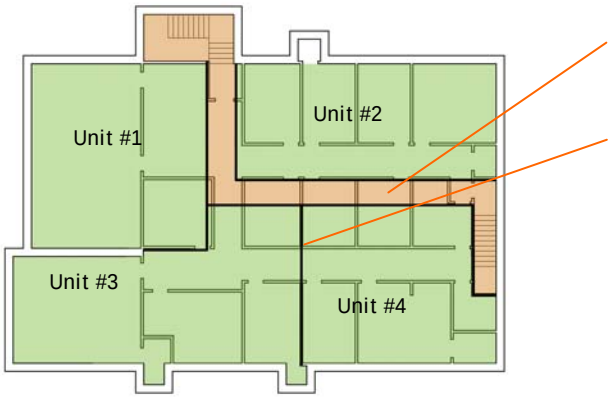


First Floor

Residential entry (no elevator)

SCAT remains in place on first floor.

All windows replaced, sprinklers installed throughout building, seismic retrofit on above grade levels



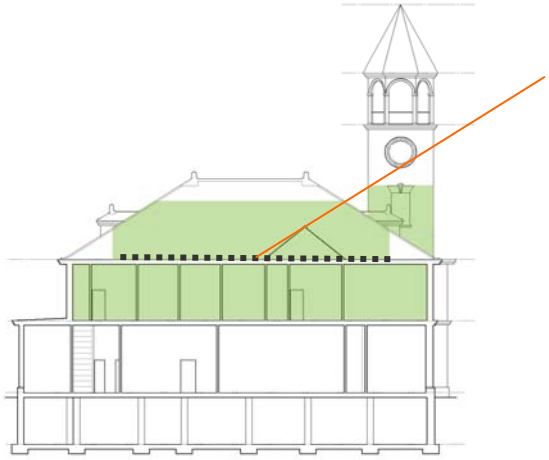
Second Floor

Corridor connects two existing egress stairways.

Existing partitions reused where possible, but largely demolished

Units are provided with kitchen, bath, closet space and partially walled sleeping area.

Each unit has a stairway to the upper level loft.



Section - loft level

Each unit has a mezzanine loft level equivalent to 30% of its main level floor area, or approximately 200 s.f. /unit. Lofts feature exposed timber trusses. Each loft has a large operable skylight.

Fire Station Use Key

- Office / Clinic
- Elevator / Shaft
- Live / Work
- Circulation Space
- Retail / Restaurant

Fire Station

Project Cost: SCAT / Live-Work Residential above

HARD COSTS	Notes	Unit Price	Construction Area, Quantity	Subtotal	Item total	QPIS*
			8,220			
Code/ADA Construction						
Sprinklers, lateral incl.	full bldg,incl bsmt, attic	$5	13,220	$59,490		$59,490
Seismic retrofit, Full	area does not include basement	$5	7,200	$36,000		$36,000
Subtotal, Code/ADA Construction					**$95,490**	
Use-Specific Modifications to Base Building						
Demoliltion, 2nd level	total gut, incl clgs	$10	4,700	$47,000		$47,000
Windows	replace 46 double hung	$1,500	46	$69,000		$69,000
Roof	repairs at eaves	$5,000	1	$5,000		$5,000
Clock and clock faces	restored to original condition	$26,400	1	$26,400		$26,400
Roof Insulation	insulate and drywall under sloped roof deck	$6	3,400	$20,400		$20,400
Skylights	30"x48", operable	$7,500	4	$30,000		$30,000
Mezzanine Structure	wood decking, railing	$50	816	$40,800		$40,800
Mezzanine Stairs	4 sets	$6,000	4	$24,000		$24,000
Kitchens	appliances, cabinets, basic	$8,500	4	$34,000		$34,000
Electrical 2nd level	4 units, basic lighting, wiring	$11,000	4	$44,000		$44,000
	common areas, fire alarm system	$15,000	1	$15,000		$15,000
Plumbing 2nd level	4 units, one bath each	$12,000	4	$48,000		$48,000
HVAC 2nd level	ducted heat, AC	$15,000	4	$60,000		$60,000
Drywall, doors, framing	walls to roof	$17,000	4	$68,000		$68,000
Finishes	allowance, basic	$7,000	4	$28,000		$28,000
Subtotal, Use-Specific Modifications to Base Building					**$559,600**	
General Conditions and Fees			18%	$117,916		$117,916
Owner's Contingency			8%	$52,407		$52,407
Subtotal General Conditions and Contingency					**$170,323**	
Fit-up expense						
SCAT	allowance to repair after sprinkler install & plmb above	$5	3,800	$19,000		$19,000
Subtotal, Fit-up					**$19,000**	
TOTAL HARD COSTS	per SF 8,220	$102.73			**$844,413**	
SOFT COSTS	30% of total Hard Costs				**$253,324**	$227,992
DEVELOPMENT COSTS	(NET OF SITE PURCHASE)				**$1,097,737**	
SITE PURCHASE PRICE					**$1,500,000**	
Total PROJECT COSTS before tax credit equity raise					**$2,597,737**	
Qualified Placed in Service Costs						$1,072,405
Net sales value fed historic tax credit at 85% of face value		85%	20%	$182,309		
Net sales value MA historic tax credit at 65% of face value		65%	20%	$139,413		
Potential Historic Tax Credit Equity Raise				$321,722	**-$321,722**	
NMTC Qualified Project Costs (Project Cost plus Land)		$2,597,737				
Net sales value NMTC Total Amount at 72% of face value		72%	39%	$0	**$0**	
Project Cost Net of Tax Credit equity					**$2,276,016**	

Fire Station

Project Value: SCAT / Live-Work Residential above

RENT SUMMARY

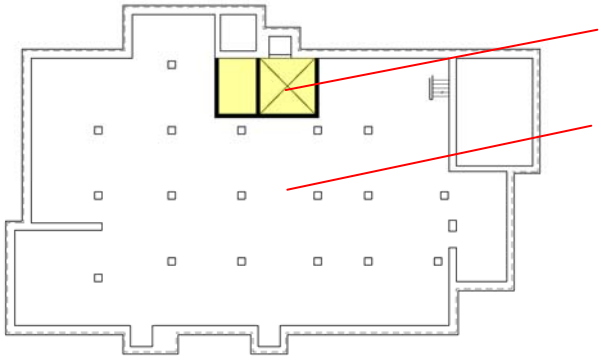
		Gross Area	Rentable Area		Rent/SF	Rent/Year	Avg Rent/Mo
Live/Work	4 units						
	Second Floor	4,452	3,400	$	20.00	$68,000	
	Loft Attic 30% of 80%	1,020	1,020	$	20.00	$20,400	
	Average rent/unit						$1,842
SCAT							
	First Floor	5,061	3,800	$	20.00	$76,000	
Basement		4,452	3,000	$	2.00	$6,000	
Total		**14,985**	**11,220**			**$170,400**	
Vacancy and Rent Loss:							
	SCAT	0.0%				$0	
	Units	5.0%				($3,800)	
	Basement	5.0%				($300)	
Effective Gross Income:						**$166,300**	

OPERATING EXPENSE SUMMARY	Cost		Unit	Expense/Year
Real estate tax, SCAT	exempt		per $1000	$0
Real estate tax, residential	$	12.71	per $1000	$10,168
Insurance	$	0.26	gsf	$3,896
Utilities				
water and sewer:	$	0.30	rsf	$3,366
hvac	$	0.38	gsf-rsf	$1,431
electricity	$	1.50	gsf-rsf	$5,648
Maintenance and repairs	$	1.00	rsf w/o bsmnt	$8,220
Management		3%	gross income	$5,112
General and administrative	$	0.66	rsf	$7,405
Miscellaneous:	$	0.50	rsf	$5,610
Total Operating Expense				**$50,856**
Expense/RSF	$ 6.19			
NET OPERATING INCOME:				**$115,445**
Capitalization Rate:				8.00%
Value Indication:				$1,443,056
rounded to				$1,440,000
Total Project Cost, including site purchase of	$	1,500,000		($2,597,737)
Net Value at Completion, before tax credits, as % of total project cost				**($1,157,737)** **-45%**
Net Values as adjusted for tax credit equity, as % of total project cost				
Net sales value fed historic tax credit at 85% of face value			$182,309	**-$975,429** **-38%**
Net sales value MA historic tax credit at 65% of face value			$139,413	**-$836,016** **-32%**
Net sales value NMTC Total Amount at 72% of face value			$0	**-$836,016** **-32%**
Gap Financing Required if all credits are realized			**$836,016**	

Fire Station

Project Diagrams: SCAT / Accessible Office above

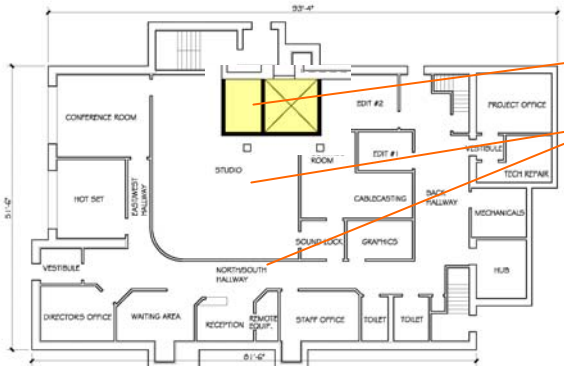
Basement



Base of elevator (no stop at basement) and elevator machine room

General storage, 3,000 sf at $2/s.f.

First Floor

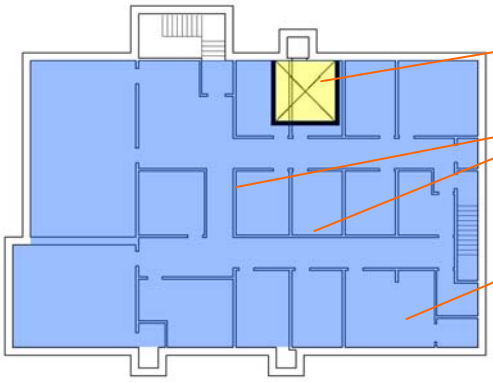


Office entry and elevator lobby

SCAT remains in place on first floor.

All windows replaced, sprinklers installed throughout building, seismic retrofit on above-grade levels

Second Floor



Elevator at second floor

Offices substantially rebuilt with fit-up allowance, existing partitions reused where appropriate.

Existing restrooms rebuilt

Fire Station Use Key

- Office / Clinic
- Elevator / Shaft
- Live / Work
- Circulation Space
- Retail / Restaurant

Fire Station

Project Cost: Scat , Accessible Office above

HARD COSTS	Notes	Unit Price	Construction Area, Quantity	Subtotal	Item total	QPIS*
			7,200			
Code/ADA Construction						
Sprinklers, lateral incl.	full bldg,incl bsmt, attic	$5	13,200	$59,400		$59,400
Seismic retrofit, Partial	area does not include basement	$5	7,200	$36,000		$36,000
Elevator	2 stops, 15' vertical	$60,000	1	$60,000		$60,000
Elevator add-ons	electric, room ventilation	$10,000	1	$10,000		$10,000
Shaft cutting and framing	2 framed openings	$10,000	1	$10,000		$10,000
Elevator drywall	shaft, 40' bsmt to top of overrun	$25,000	1	$25,000		$25,000
Subtotal, Code/ADA Construction					**$200,400**	
Other Modifications to Base Building						
Demolilition, 2nd level	50% gut, 50% reincorporated	$10	1,700	$17,000		$17,000
Windows	replace 46 double hung	$1,500	46	$69,000		$69,000
Roof	repairs at eaves	$5,000	1	$5,000		$5,000
Clock and clock faces	restored to original condition	$26,400	1	$26,400		$26,400
Subtotal, Use-Specific Modifications to Base Building					**$117,400**	
General Conditions and Fees			18%	$57,204		$57,204
Owner's Contingency			8%	$25,424		$25,424
Subtotal, General Conditions and Contingency					**$82,628**	
Fit-up expense						
SCAT	allowance to repair after sprinkler install & plmb above	$5	3,800	$19,000		$19,000
Offices, 2nd flr	allowance	$25	3,400	$85,000		$85,000
Subtotal, Fit-up					**$104,000**	
TOTAL HARD COSTS	per SF 7,200	$70.06			**$504,428**	
SOFT COSTS	30% of total Hard Costs				**$151,328**	$136,196
DEVELOPMENT COSTS	(NET OF SITE PURCHASE)				**$655,756**	
SITE PURCHASE PRICE					**$0**	
Total PROJECT COSTS before tax credit equity raise					**$655,756**	
Qualified Placed in Service Costs						$640,624
Net sales value fed historic tax credit at 85% of face value		85%	20%			
Net sales value MA historic tax credit at 65% of face value		65%	20%			
Potential Historic Tax Credit Equity Raise					**$0**	
NMTC Qualified Project Costs (Project Cost plus Land)		$0				
Net sales value NMTC Total Amount at 72% of face value		72%	39%		**$0**	
Project Cost Net of Tax Credit equity					**$655,756**	

Fire Station

Project Value: SCAT , Accessible Office above

RENT SUMMARY

		Gross Area*	Rentable Area		Price/Ft	Rent/Year
Office						
	Second Floor	4,452	3,400	$	15.00	$51,000
SCAT						
	First Floor	5,061	3,800	$	20.00	$76,000
Basement		4,452	3,000	$	2	$6,000
Total		**13,965**	**10,200**			**$133,000**
	(*from assessor)					
Vacancy and Rent Loss:						
	Office	5.0%				($2,550)
	SCAT	0.0%				$0
	Basement	5.0%				($300)
Effective Gross Income:						**$130,150**

OPERATING EXPENSE SUMMARY		Cost		Unit	Expense/Year
Real estate tax, SCAT		exempt		per $1000	$0
Real estate tax, office	$ 500,000	$	21.21	per $1000	$10,605
Insurance		$	0.26	gsf	$3,631
Utilities					
	water and sewer:	$	0.20	rsf-bsmt	$1,440
	hvac	$	0.38	gsf-rsf	$1,431
	electricity	$	1.50	gsf-rsf	$5,648
Maintenance and repairs		$	1.00	rsf	$10,200
Management			3%	gross income	$3,990
General and administrative		$	0.66	rsf	$6,732
Miscellaneous		$	0.50	rsf	$5,100
Total Operating Expense					**$48,776**
	Expense/RSF $ 6.77				
NET OPERATING INCOME:					**$81,374**
Capitalization Rate:					8.00%
Value Indication:					$1,017,174
	rounded to				$1,020,000
Total Project Cost, including site purchase of		$0.00			($655,756)

Net Value at Completion, before tax credits, as % of total project cost		**$364,244**	**56%**
Net Values as adjusted for tax credit equity, as % of total project cost			
Net sales value fed historic tax credit at 85% of face value	$0	$364,244	56%
Net sales value MA historic tax credit at 65% of face value	$0	$364,244	56%
Net sales value NMTC Total Amount at 72% of face value	$0	$364,244	56%
Gap Financing Required	$0		

6.4 Backer Eberly Development Scenarios

Evaluation of two scenarios following zoning and code analyses:

- Third Floor Assembly Use (two egress schemes are examined)
- Third Floor Artist Studio Use

Proforma Notes, Backer Eberly Schemes

- Continuation of the existing ownership is assumed, with development assumed to be by the present owner or an owner's agent.
- The analyses assume direct family ownership, with no corporate tax credit partner, and therefore do not include tax credit equity as a funding source.
- Rental for the studio scheme is at the current rate for good quality studios in Somerville. The studio leases are gross per prevailing practice.
- Rental for the concert hall scheme is adjusted to achieve a project break value for the owner, assuming all project costs, including the elevator are attributed to the new third floor tenancy. The concert hall lease is net of most operating expenses.
- The landlord's contribution to FFE for the concert hall is carried at $20,000.

The Backer Eberly Building: Features and Existing Conditions

The 3rd flr with 18' ceiling ht., monumental windows

The fire escape can continue to provide egress

Straight-run stairway from 1st to 3rd floors

5' truss space under roof, above 3rd floor ceiling

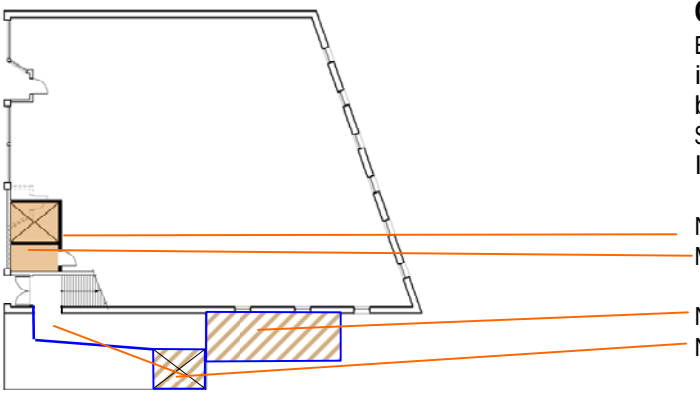
Elevator requires some storefront modifications

Current use of the 3rd floor for storage

Backer Eberly

Third Floor Assembly Use

Project Diagrams:



Ground Level

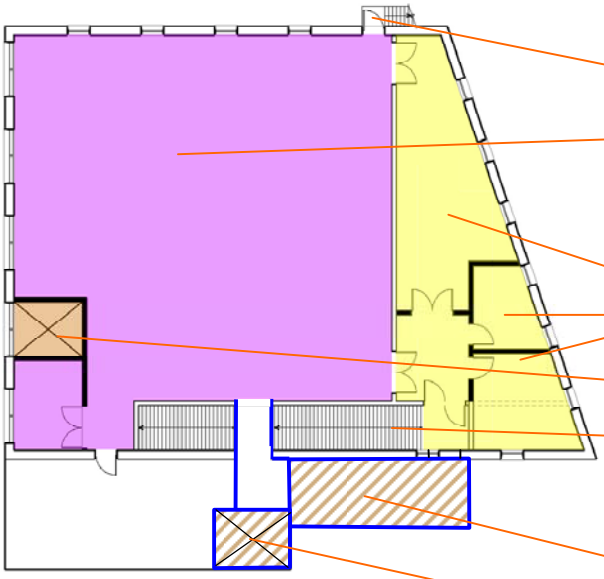
Entire building must be sprinklered, including basement and attic space between third floor ceiling and roof. Seismic work must also be done at all levels except basement.

New elevator and lobby (scheme A)

Modifications to entry (scheme A)

New egress stair (scheme B)

New elevator and lobby (scheme B)



Third Floor

Existing fire escape may be used as second means of egress.

Performance space with overall dimensions of approximately 53’ x 51’, 18’ ceiling height. Flat floor, seating and stage configuration flexible.

Back-stage area

Restrooms

Elevator and elevator lobby (scheme A)

Existing egress stair – length of stair run may require variance in scheme A

New egress stair (scheme B)

New elevator and lobby (scheme B)
Access from elevator to performance space is via a hall that crosses through the headroom area of the main stair at the third level, without obstructing access.

Backer Eberly Use Key

- Performance Space
- Support Space
- Studio Space
- Circulation Space

Backer Eberly

Project Cost: Third Floor Assembly Use

Egress Scheme A

HARD COSTS	Notes	Unit Price	Construction Area, Quantity	Subtotal	Item total	QPIS*
	area inside 3rd flr masonry walls		4,180			
Code/ADA Construction						
Sprinklers, lateral incl.	full bldg,incl bsmt, exposed	$5	16,720	$75,240		$75,240
Seismic retrofit, Full		$5	12,540	$62,700		$62,700
Elevator	3 stops, 30' vertical	$75,000	1	$75,000		$75,000
Elevator add-ons	electric, room ventilation	$10,000	1	$10,000		$10,000
Shaft cutting and framing	3 framed openings	$10,000	1	$10,000		$10,000
Elevator drywall	shaft, 50' bsmt to roof	$35,000	1	$35,000		$35,000
Fire escape	allowance to paint, repair	$5,000	1	$5,000		$5,000
Lobby area drywall	elevator related 1st flr work	$9,000	1	$9,000		$9,000
Storefront redo	elevator related, new sf	$125	120	$15,000		$15,000
Ground floor doors	elevator related, per leaf, glass	$1,000	3	$3,000		$3,000
Subtotal, Code/ADA Construction					**$299,940**	
Use-Specific Modifications to Base Building						
Demolition	lump sum	$15,000	1	$15,000		$15,000
Windows	previously replaced by owner		na			$0
Roof	replace with insulated membrane	$10	4,180	$41,800		$41,800
Drywall partitions, 3rd flr	14 feet to ceiling, per lf	$60	72	$4,320		$4,320
Ceiling plaster repairs	allowance to paint, repair			$10,000		$10,000
Paint	all 3rd flr, stair hall	$1	5,000	$3,750		$3,750
Doors	per leaf, 2 hr	$1,000	10	$10,000		$10,000
Wood floor refinish, 3rd flr	concert area	$3	3,000	$9,000		$9,000
Plumbing	two rest rooms (Fixtures)	$3,000	6	$18,000		$18,000
Electrical/Lighting	price per usable 3rd flr sf	$12	4,180	$50,160		$50,160
HVAC	quiet system	$15	4,180	$62,700		$62,700
Subtotal, Use-Specific Modifications to Base Building					**$224,730**	
General Conditions and Fees			18%	$94,441		$94,441
Owner's Contingency			8%	$41,974		$41,974
Subtotal General Conditions and Contingency					**$136,414**	
Fit-up expense						
Seating	150 capacity, movable	$100	50	$5,000		$0
Theatrical lighting		$5,000	1	$5,000		$5,000
Sound System		$5,000	1	$5,000		$5,000
Miscellaneous		$5,000	1	$5,000		$5,000
Subtotal, Fit-up					**$20,000**	
TOTAL HARD COSTS	per GSF 4,919	$138.46			**$681,084**	
SOFT COSTS	30% of total Hard Costs				**$204,325**	$183,893
TOTAL DEVELOPMENT COST	(NET OF SITE PURCHASE)				**$885,409**	
SITE PURCHASE PRICE					**$0**	
Total PROJECT COSTS before tax credit equity raise					**$885,409**	
Qualified Placed in Service Costs						$587,037
Net sales value fed historic tax credit at 85% of face value				$0		
Net sales value MA historic tax credit at 65% of face value				$0		
Potential Historic Tax Credit Equity Raise				$0	**$0**	
NMTC Qualified Project Costs (Project Cost plus Land)						
Net sales value NMTC Total Amount at 72% of face value				$0	**$0**	
Note: Tax Credits not cost effective at this scale of partial building modification						
Project Cost Net of Tax Credit equity					**$885,409**	

Backer Eberly

Project Value: Third Floor Assembly Use

Egress Scheme A

RENT SUMMARY

		Gross Area*	Rentable Area**	Rent/SF***	Rent/Year***	Rent/MO**
Building Areas						
	Ground Floor	5753			$0	
	Second Floor	5549			$0	
	Third Floor	4919	4,180	$23.75	$99,275	$8,273
Total		**16,221**	**4,180**		**$99,275**	
	(*from assessor, gross rehabbed areas only)					
	(**3rd flr area inside masonry walls)					
	(*Required rent to achieve value approximately equal to development cost)**					
Vacancy and Rent Loss:						
	Assembly	5.0%			($4,964)	
Effective Gross Income:					**$94,311**	

OPERATING EXPENSE SUMMARY	Cost		Unit	Expense/Year
Real estate tax - office area only	$	21.21	per $1000	$8,866
Insurance	$	0.26	gsf	$1,279
Utilities				
water and sewer:	$	0.10	gsf-rsf	$74
hvac	$	0.38	gsf-rsf	$281
electricity	$	1.50	gsf-rsf	$1,109
Maintenance and repairs: (elevator, common areas)	$	3.00	1,000	$3,000
Management		3%	gross inc.	$2,978
General and administrative ($.66/s.f.):	$	0.66	rsf	$2,759
Miscellaneous:	$	0.65	rsf	$2,717
Total Operating Expense				**$23,062**
Expense/RSF	$	5.52		
NET OPERATING INCOME:				**$71,249**
Capitalization Rate:				**8.00%**
Value Indication:				$890,616
rounded to				$890,000
Total Project Cost, including site purchase of	$	-		($885,409)
Net Value at Completion, before tax credits, as % of total project cost				**$4,591** **1%**
Net Values as adjusted for tax credit equity, as % of total project cost				
Net sales value fed historic tax credit at 85% of face value			$0	**$4,591** **1%**
Net sales value MA historic tax credit at 65% of face value			$0	**$4,591** **1%**
Net sales value NMTC Total Amount at 72% of face value			$0	**$4,591** **1%**
Gap Financing Required			**$0**	

Note: Tax Credits not cost effective at this scale of partial building modification

Backer Eberly

Project Cost: Third Floor Assembly Use (Egress Scheme B)

Egress Scheme B

HARD COSTS	Notes	Unit Price	Construction Area, Quantity	Subtotal	Item total	QPIS*
	area inside 3rd flr masonry walls		4,180			
Code/ADA Construction						
Sprinklers, lateral incl.	full bldg,incl bsmt, adjoining bldg	$5	16,720	$75,240		$75,240
Seismic retrofit, Full		$5	12,540	$62,700		$62,700
New egress stair	three landings, new enclosure	$110,000	1	$110,000		$55,000
Elevator	4 stops, 30' vertical	$85,000	1	$85,000		$85,000
Elevator add-ons	electric, room ventilation, fndtns	$15,000	1	$15,000		$15,000
Shaft cutting and framing	3 framed openings	$10,000	1	$10,000		$10,000
Elevator drywall	shaft, 50' bsmt to roof	$35,000	1	$35,000		$35,000
Third flr elevator lobby	extra to cross over stair	$5,000	1	$5,000		$5,000
Fire escape	allowance to paint, repair	$5,000	1	$5,000		$5,000
Lobby area drywall	elevator related 1st flr work	$15,000	1	$15,000		$15,000
Storefront redo	elevator related, new sf	$125	60	$7,500		$7,500
Ground floor doors	elevator related, per leaf, glass	$1,000	2	$2,000		$2,000
Subtotal, Code/ADA Construction					**$427,440**	
Use-Specific Modifications to Base Building						
Demolition	lump sum	$15,000	1	$15,000		$15,000
Windows	previously replaced by owner		na			$0
Roof	replace with insulated membrane	$10	4,180	$41,800		$41,800
Drywall partitions, 3rd flr	14 feet to ceiling, per lf	$60	72	$4,320		$4,320
Ceiling plaster repairs	allowance to paint, repair			$10,000		$10,000
Paint	all 3rd flr, stair hall	$1	5,000	$3,750		$3,750
Doors	per leaf, 2 hr	$1,000	10	$10,000		$10,000
Wood floor refinish, 3rd flr	concert area	$3	3,000	$9,000		$9,000
Plumbing	two rest rooms (Fixtures)	$3,000	6	$18,000		$18,000
Electrical/Lighting	price per usable 3rd flr sf	$12	4,180	$50,160		$50,160
HVAC	quiet system	$15	4,180	$62,700		$62,700
Subtotal, Use-Specific Modifications to Base Building					**$224,730**	
General Conditions and Fees			18%	$117,391		$117,391
Owner's Contingency			8%	$52,174		$52,174
Subtotal General Conditions and Contingency					**$169,564**	
Fit-up expense						
Seating	150 capacity, movable	$100	50	$5,000		$0
Theatrical lighting		$5,000	1	$5,000		$5,000
Sound System		$5,000	1	$5,000		$5,000
Miscellaneous		$5,000	1	$5,000		$5,000
Subtotal, Fit-up					**$20,000**	
TOTAL HARD COSTS	per GSF 4,919	$171.12			**$841,734**	
SOFT COSTS	30% of total Hard Costs				**$252,520**	$227,268
TOTAL DEVELOPMENT COST	(NET OF SITE PURCHASE)				**$1,094,254**	
SITE PURCHASE PRICE					**$0**	
Total PROJECT COSTS before tax credit equity raise					**$1,094,254**	
Qualified Placed in Service Costs						$661,062
Net sales value fed historic tax credit at 85% of face value				$0		
Net sales value MA historic tax credit at 65% of face value				$0		
Potential Historic Tax Credit Equity Raise				$0	**$0**	
NMTC Qualified Project Costs (Project Cost plus Land)						
Net sales value NMTC Total Amount at 72% of face value				$0	**$0**	
Note: Tax Credits not cost effective at this scale of partial building modification						
Project Cost Net of Tax Credit equity					**$1,094,254**	

Backer Eberly

Project Value: Third Floor Assembly Use (Egress Scheme B)

Egress Scheme B

RENT SUMMARY

		Gross Area*	Rentable Area**	Rent/SF***	Rent/Year***	Rent/MO**
Building Areas						
	Ground Floor	5753			$0	
	Second Floor	5549			$0	
	Third Floor	4919	4,180	$28.00	$117,040	$9,753
Total		**16,221**	**4,180**		**$117,040**	

(*from assessor, gross rehabbed areas only)

(**3rd flr area inside masonry walls)

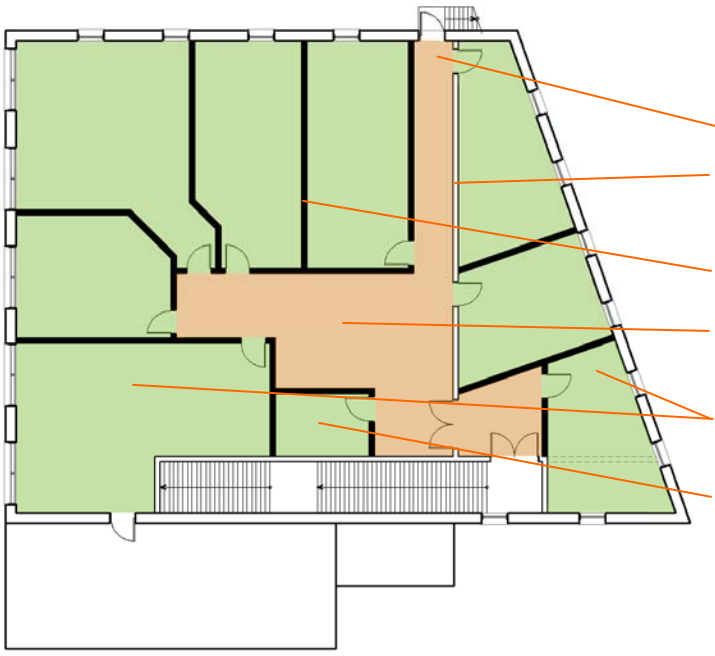
(*Required rent to achieve value approximately equal to development cost)**

Vacancy and Rent Loss:		
Assembly	5.0%	($5,852)
Effective Gross Income:		**$111,188**

OPERATING EXPENSE SUMMARY	Cost		Unit	Expense/Year
Real estate tax - office area only	$	21.21	per $1000	$8,866
Insurance	$	0.26	gsf	$1,279
Utilities				
water and sewer:	$	0.10	gsf-rsf	$74
hvac	$	0.38	gsf-rsf	$281
electricity	$	1.50	gsf-rsf	$1,109
Maintenance and repairs: (elevator, common areas)	$	3.00	1,000	$3,000
Management		3%	gross inc.	$3,511
General and administrative ($.66/s.f.):	$	0.66	rsf	$2,759
Miscellaneous:	$	0.65	rsf	$2,717
Total Operating Expense				**$23,595**
Expense/RSF	$ 5.64			
NET OPERATING INCOME:				**$87,593**
Capitalization Rate:				**8.00%**
Value Indication:				$1,094,913
rounded to				$1,090,000
Total Project Cost, including site purchase of	$	-		($1,094,254)
Net Value at Completion, before tax credits, as % of total project cost				**($4,254)** **0%**
Net Values as adjusted for tax credit equity, as % of total project cost				
Net sales value fed historic tax credit at 85% of face value			$0	**-$4,254** **0%**
Net sales value MA historic tax credit at 65% of face value			$0	**-$4,254** **0%**
Net sales value NMTC Total Amount at 72% of face value			$0	**-$4,254** **0%**
Gap Financing Required			**$4,254**	

Note: Tax Credits not cost effective at this scale of partial building modification

Project Diagrams: Third Floor Studio Use



Ground Floor Level
Existing fire escape retained as second means of egress

Ceiling height is 18’ to left of this existing wall, 15’ to right.

Studio walls are typically 10’ high

Common area with sink, seating.

Studio sizes vary from 210 s.f. to 531 s.f.

Unisex restroom

Backer Eberly Use Key

- Performance Space
- Support Space
- Studio Space
- Circulation Space

Backer Eberly

Project Cost: Third Floor Studio Use

HARD COSTS	Notes	Unit Price	Construction Area, Quantity	Subtotal	Item total	QPIS*
			4,180			
Code/ADA Construction						
Sprinklers	N/A			$0		
Seismic Retrofit	N/A			$0		
Elevator	N/A			$0		
Subtotal, Code/ADA Construction					**$0**	$0
Use-Specific Modifications to Base Building						
Demolition	minimal	$2,000	1	$2,000		$2,000
Partitions and Doors	per lf, 10 feet high	$80	255	$20,400		$20,400
Repair Ceiling Plaster	lump sum			$10,000		$10,000
Exterior/Roof	patch roof	$2.00	4,180	$8,360		$8,360
Systems - M, E, P	forced hot air, no ac	$5.00	4,180	$20,900		$20,900
Stairs/Lobbies	as is, some paint	$2,000	1	$2,000		$2,000
Restroom, work sink	per plan one wc	$12,000	1	$12,000		$12,000
Windows	replaced by owner under separate contract					
Subtotal, Use-Specific Modifications to Base Building					**$75,660**	
General Conditions and Fees			18%	$13,619		$0
Owner's Contingency			4%	$3,026		$0
Subtotal General Conditions and Contingency					**$16,645**	
Fit-up Expense						
Included above		$0	2,641	$0		
Subtotal, Fit-up					**$0**	
TOTAL HARD COSTS	per SF 4,180	$22.08			**$92,305**	
(** IF HARD COSTS EXCEED $100,000 THE BUILDING MUST BE SPRINKLERED)						
SOFT COSTS	30% of total Hard Costs				**$27,692**	$24,922
TOTAL DEVELOPMENT COST (NET OF SITE PURCHASE)					**$119,997**	
SITE PURCHASE PRICE	*(site is in owner's possession)*				**$0**	
TOTAL PROJECT COSTS					**$119,997**	
Qualified Placed in Service Costs						$100,582
Net sales value fed historic tax credit at 85% of face value				$0		
Net sales value MA historic tax credit at 65% of face value				$0		
Potential Historic Tax Credit Equity Raise				$0	**$0**	
NMTC Qualified Project Costs (Project Cost plus Land)						
Net sales value NMTC Total Amount at 72% of face value				$0	**$0**	
Note: Tax Credits not cost effective at this project scale						
Project Cost Net of Tax Credit equity					**$119,997**	

Backer Eberly

Project Value: Third Floor Studio Use

RENT SUMMARY

	Gross Area per Assessor	Measured Gross*	Rentable Area		Price/Ft	Rent/Year	Rent/MO
Studios	4,919	4,180	264	$	15.00	$3,960	$330
			210	$	15.00	$3,150	$263
			237	$	15.00	$3,555	$296
			324	$	15.00	$4,860	$405
			294	$	15.00	$4,410	$368
			481	$	15.00	$7,215	$601
			300	$	15.00	$4,500	$375
			531	$	15.00	$7,965	$664
Total	**4,919**	**4,180**	**2,641**			**$39,615**	

(*third floor area inside exterior walls, incl shafts)

Vacancy and Rent Loss:

Studio	5.0%	($1,981)

Effective Gross Income: **$37,634**

OPERATING EXPENSE SUMMARY	**Cost**	**Unit**	**Expense/Year**
Real estate tax	$ 21.22	per $1000	$7,781
Insurance	$ 0.26	gsf	$1,087
Utilities			
water and sewer:	$ 0.20	gsf	$528
hvac	$ 1.00	gsf	$4,180
electricity	$ 0.75	gsf	$1,981
Maintenance and repairs :	$ 0.25	gsf	$1,045
Management (landlord's expense)	3%		$1,188
General and administrative ($.66/s.f.):	$ 0.33	rsf	$872
Miscellaneous:	$ 0.30	rsf	$792

Total Operating Expense **$19,454**

Expense/RSF $ 7.37

NET OPERATING INCOME: **$18,181**

Capitalization Rate: **8.00%**

Value Indication: $227,257

rounded to $230,000

Total Project Cost, including site purchase of $ - ($119,997)

Net Value at Completion, before tax credits, as % of total project cost		**$110,003**	**48%**
Net Values as adjusted for tax credit equity, as % of total project cost			
Potential Historic Tax Credit Equity Raise	$0	**$110,003**	**48%**
NMTC Qualified Project Costs (Project Cost plus I	$0	**$110,003**	**48%**
Project Cost Net of Tax Credit equity	$0	**$110,003**	**48%**
Gap Financing Required	$0		

Note: Tax Credits not cost effective at this scale of partial building modification

6.4 Kiley Barrel Development Scenarios

Evaluation of four scenarios following zoning and code analyses:

- 8-level Office above retail and arts use, below-grade parking
- 8-level Office above retail and arts use, no below-grade parking
- 7-level Lab above retail and arts use, below-grade parking
- 9-level Residential over above-grade parking and retail

Plan Notes, Kiley Barrel Schemes

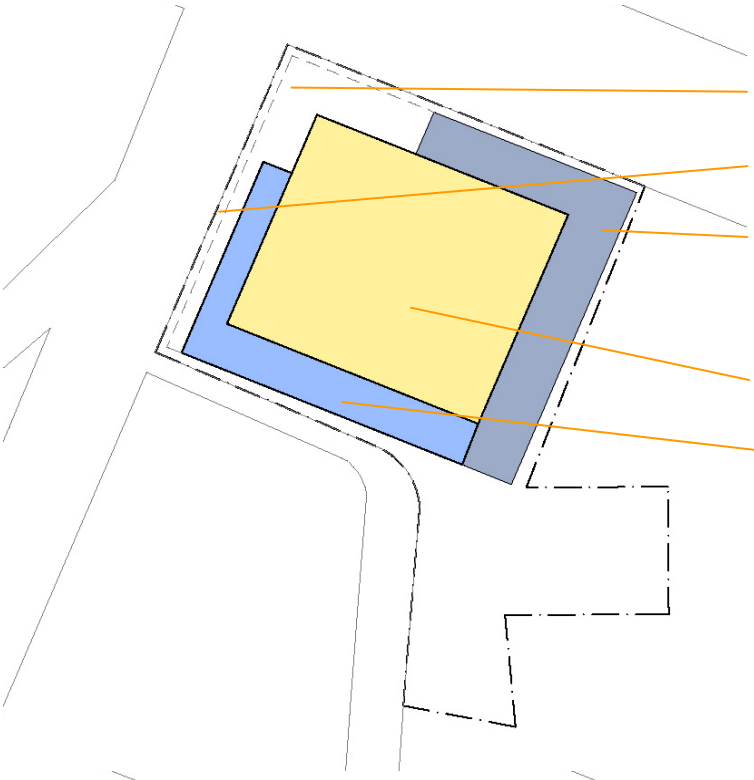
- TOD100 zoning requires a minimum floor area ratio of 3:1, effectively eliminating low-rise uses such as stand-alone museums, four-story stick-built housing, etc.
- One typology rises as a square tower with minimum set-backs, and is suitable for office, lab, or other non-residential uses not limited by depth from core to windows.
- A second typology is suited for residential use, with a rectangular tower rising above a base of parking, retail, and low-rise live/work residential townhouses.
- In both typologies the ability to expand floor areas at the lower levels below the tapering height limit is utilized.

Proforma Notes, Kiley Barrel Schemes

- The site purchase cost of $1,690,000 is based on land value of $46 per s.f., or approximately $11.50 per FAR s.f. , and is similar to the general valuation of other TOD-zoned sites in the vicinity.
- The purchase price assumes delivery of a site remediated to the point where remaining excavated material can be disposed of as "urban fill".
- Parking off-site is priced at the current City of Somerville of $18,500 per space.
- Parking on-site is carried at $200 per space per month for commercial developments, and $150 per space per month for residential uses.
- An 8% cap rate is carried for commercial uses. A 6% cap rate for residential use reflects current national levels for institutional grade residential multifamily.
- In the residential scheme the live/work units are included in the roster of affordable units.
- Artist Space is still generic at this point in the commercial schemes. It carries a $15 per s.f. modified gross rent, and a $40 per s.f. landlord contribution for fit-up expenses.

Kiley Barrel Site

Project Diagrams 8 Level Office, below grade parking



Above-grade levels

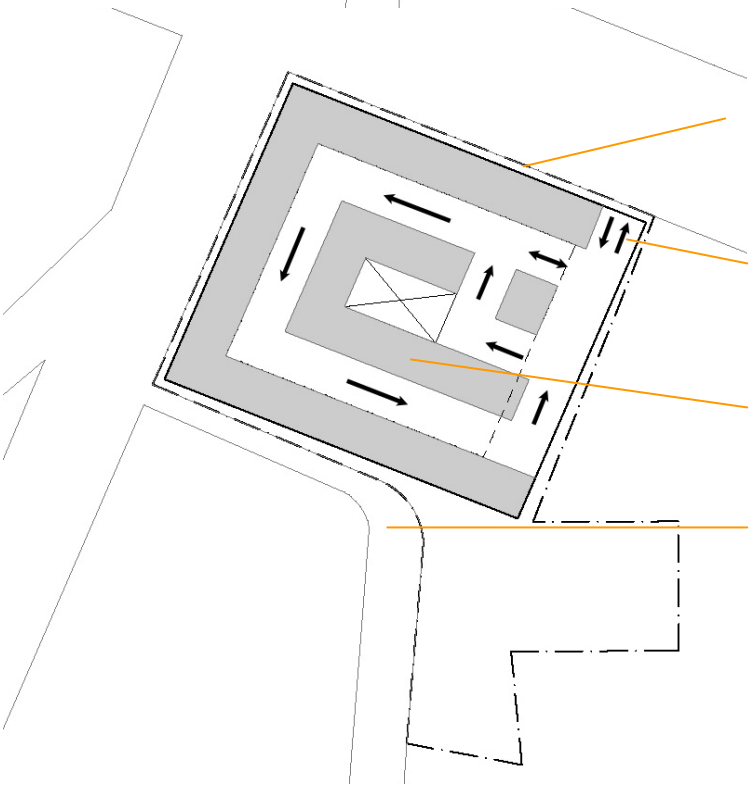
Open corner plaza

15’ sidewalk on Prospect Street, 65% pedestrian oriented street frontage
2 stories towards residential abutter, no windows on abutting lot line.
21,930 s.f. per floor.

100’ tower with 12,875 gsf per floor

4 stories along Prospect and Bennett
With 16,730 s.f. per floor.

(note that levels three and four could expand to 21,930 s.f. per floor, although there would be no windows on the west side on those levels.)



Underground parking level

Garage level set back slightly from Prospect and Somerville Ave for construction purposes

Parking ramp enters and exits on Somerville Ave to avoid congestion on Prospect

Underground parking space for approximately 60 - 70 vehicles, 63 in sketch layout underground, 15 in rear surface lot, 78 total.

Bennett Street required for access to surface parking on rear lot area

Kiley Barrel Site

Zoning Analysis: 8 Level Office, below grade parking

Massing Scheme 1.1

Maximum floor plates
12' floor heights
Uses included: **Office, with retail and art space**
Could substitute: Clinic

Gross Area and Height Calculations

Floor Level	Above Grade Height, feet	Allowable Height	Allowable Height, Green		Total Gross Area, s.f.	Total FAR Gross, s.f.
Bsm'nt				Bsm'nt	24,650	
1	14			1	21,930	21,930
2	14			2	21,930	21,930
3	12			3	16,730	16,730
4	12			4	16,730	16,730
5	12			5	12,875	12,875
6	12			6	12,875	12,875
7	12			7	12,875	12,875
8	12			8	12,875	12,875
Totals	100	85	100		153,470	128,820

Floor Area Ratio Calculations

Site Area	Allowable FAR	Allowable GSF	Allowable FAR, Green	Allowable GSF, Green	Scheme 1.1 GSF
36,822	3.5	128,877	4	147,288	128,820

Net Area and Parking Calculations

	Total Gross Area	Parking Level, s.f.	FAR Gross	Retail, nsf	Office, nsf	Arts, nsf
Bsmt	24,650	24,650	-			
1	21,930	-	21,930	5,000	6,103	6,441
2	21,930	-	21,930	-	17,544	-
3	16,730	-	16,730	-	13,384	-
4	16,730	-	16,730	-	13,384	-
5	12,875	-	12,875	-	10,300	-
6	12,875	-	12,875	-	10,300	-
7	12,875	-	12,875	-	10,300	-
8	12,875	-	12,875	-	10,300	-
Totals	153,470	24,650	128,820	5,000	91,615	6,441
Parking Required, Office as primary use				*1per 1000*	*1per 1000*	*1per 1000*
Parking Required, Education as primary use				*1per 1000*	*1per 500*	*1per 1000*
Parking Provided		78.00	spaces			
Parking Required, Office		103.06	spaces	5.00	91.62	6.44
Parking Required, Education		194.67	spaces	5.00	183.23	6.44
Parking Deficit, Office use		(25.06)	spaces			
Parking Deficit, Education		(116.67)	spaces			

Ground Coverage and Landscape Calculations

	Per Code	Per Code, s.f.	Provided, s.f.	Provided	
Ground Coverage	80%	29,458	21,930	60%	
Landscaped Area	15%	5,523	11,210	30%	(approximate)
Usable Open Space	10%	3,682	4,249	12%	(plaza, extra sidewalk)

Kiley Barrel Site

Project Cost: 8 Level Office, below grade parking

HARD COSTS	Notes		Unit Price	Construction Area, Quantity	Subtotal	Item Total
				-		
Base Building Expense						
Site Work	(paving, landscape, plaza)		$150	4,249	$637,335	
Excavation and hauling	(cubic yards)		$55	-	$0	
Temporary shoring	(l.s.)				$100,000	
Parking Level	(all below grade construction)		$100	-	$0	
Core and Shell - Ground Floor	(premium for lobby level)		$175	21,930	$3,837,750	
Core and Shell - Upper Levels	(building standard)		$160	106,890	$17,102,400	
Subtotal, Base Building						**$21,677,485**
Tenant Fit-up Expense						
Office	Class A	$	40.00	105,357	$4,214,290	
Retail	Allowance	$	15.00	5,000	$75,000	
Art Space	Landlord contribution	$	40.00	6,441	$257,640	
Subtotal, Fit-up						**$4,546,930**
TOTAL HARD COSTS	per gross sf above grade		$203.57			**$26,224,415**
SOFT COSTS	30% of total Hard Costs					**$7,867,325**
OFF-SITE PARKING	25 spaces required off-site			$18,500 per space		**$462,500**
DEVELOPMENT COSTS	(NET OF SITE PURCHASE)					**$34,554,240**
SITE PURCHASE PRICE	36,822 SF @	$	46.00			**$1,690,000**
Total PROJECT COSTS before tax credit equity raise						**$36,244,240**
Qualified Placed in Service Costs						
NMTC Qualified Project Costs (Project Cost plus Land, minus off site pkg)					$35,781,740	
New Market Tax Credit Total Amount at 72% of face value			72%	39%		**$ 10,047,512**
Project Cost Net of Tax Credit equity						**$26,196,727**

Kiley Barrel Site

Project Value: 8 Level Office, below grade parking

RENT SUMMARY

	Net Area, from zoning calculation	Net to Rentable factor	Rentable Area		Rent/s.f.	Rent/Year
Office Space	91,615	115%	105,357	$	30.00	$3,160,718
Restaurant Space	5,000	100%	5,000	$	30.00	$150,000
Art Space	6,441	100%	6,441	$	15.00	$96,615
Total	103,056		116,798			**$3,407,333**
Parking			78	$	2,400	$187,200
Vacancy and Rent Loss:						
Office		7.0%				($221,250)
Restaurant		4.0%				($6,000)
Art Space		0.0%				$0
Effective Gross Income:						**$3,367,282**

OPERATING EXPENSE SUMMARY		Cost		Unit	Expense/Year
Real estate tax	$ 20,000,000	$	21.21	per $1000	$424,200
Insurance	128,820	$	0.26	gsf w/pkg	$33,493
Utilities					
water and sewer:		$	0.20	rsf	$23,360
hvac, common areas		$	1.00	gsf-nsf	$12,022
electricity		$	1.50	gsf-nsf	$18,033
garage level utilities/maint		$	1.50	gar sf	$0
Maintenance and repairs		$	1.00	rsf	$116,798
Management			3%	gross inc.	$102,220
General and administrative		$	0.66	rsf	$77,087
Miscellaneous:		$	0.50	rsf	$58,399
Total Operating Expense					**$865,611**
Expense/RSF	$ 7.41				
NET OPERATING INCOME:					**$2,501,671**
Capitalization Rate:					8.0%
Value Indication:					$31,270,886
rounded to					**$31,270,000**
Total Project Cost, including site purchase of	$ 1,690,000				**($36,244,240)**
Net Value at Completion, before tax credits, as % of total project cost					**($4,974,240)** **-14%**
Net Values as adjusted for tax credit equity, as % of total project cost					
Net sales value NMTC Total Amount at 72% of face value				$10,047,512	**$5,073,273** **14%**
Gap Financing Required if NMTC realized				**$0**	

Kiley Barrel Site

Zoning Analysis: 8 Level Office, no below grade parking

Massing Scheme 1.1

Max floor plates, no parking level
12' floor heights

Uses included: **Office, with retail and art space**
Could substitute: Clinic

Gross Area and Height Calculations

Floor Level Bsm'nt	Above Grade Height, feet	Allowable Height	Allowable Height, Green	Bsm'nt	Total Gross Area, s.f.	Total FAR Gross, s.f.
1	14			1	21,930	21,930
2	14			2	21,930	21,930
3	12			3	16,730	16,730
4	12			4	16,730	16,730
5	12			5	12,875	12,875
6	12			6	12,875	12,875
7	12			7	12,875	12,875
8	12			8	12,875	12,875
Totals	100	85	100		128,820	128,820

Floor Area Ratio Calculations

Site Area	Allowable FAR	Allowable GSF	Allowable FAR, Green	Allowable GSF, Green	Scheme 1.1 GSF
36,822	3.5	128,877	4	147,288	128,820

Net Area and Parking Calculations

Bsmt	Total Gross Area	Parking Level, s.f.	FAR Gross	Retail, nsf	Office, nsf	Arts, nsf
1	21,930	-	21,930	5,000	6,103	6,441
2	21,930	-	21,930	-	17,544	-
3	16,730	-	16,730	-	13,384	-
4	16,730	-	16,730	-	13,384	-
5	12,875	-	12,875	-	10,300	-
6	12,875	-	12,875	-	10,300	-
7	12,875	-	12,875	-	10,300	-
8	12,875	-	12,875	-	10,300	-
Totals	128,820	-	128,820	5,000	91,615	6,441
Parking Required, Office as primary use				*1per 1000*	*1per 1000*	*1per 1000*
Parking Required, Education as primary use				*1per 1000*	*1per 500*	*1per 1000*
Parking Provided		15.00	spaces			
Parking Required, Office		103.06	spaces	5.00	91.62	6.44
Parking Required, Education		194.67	spaces	5.00	183.23	6.44
Parking Deficit, Office use		(88.06)	spaces			
Parking Deficit, Education		(179.67)	spaces			

Ground Coverage and Landscape Calculations

	Per Code	Per Code, s.f.	Provided, s.f.	Provided	
Ground Coverage	80%	29,458	21,930	60%	
Landscaped Area	15%	5,523	11,210	30%	(approximate)
Usable Open Space	10%	3,682	4,249	12%	(plaza, extra sidewalk)

Kiley Barrel Site

Project Cost: 8 Level Office, no below-grade parking

HARD COSTS	Notes		Unit Price	Construction Area, Quantity	Subtotal	Item Total
				-		
Base Building Expense						
Site Work	(paving, landscape, plaza)		$150	4,249	$637,335	
Excavation and hauling	(cubic yards)		$55	1,000	$55,000	
Temporary shoring	(l.s.)				$0	
Foundation premium	(all below grade construction)		$20	-	$0	
Core and Shell - Ground Floor	(premium for lobby level)		$175	21,930	$3,837,750	
Core and Shell - Upper Levels	(building standard)		$160	106,890	$17,102,400	
Subtotal, Base Building						**$21,632,485**
Tenant Fit-up Expense						
Office	Class A	$	40.00	105,357	$4,214,290	
Retail	Allowance	$	15.00	5,000	$75,000	
Art Space	Landlord contribution	$	40.00	6,441	$257,640	
Subtotal, Fit-up						**$4,546,930**
TOTAL HARD COSTS	per gross sf above grade		$203.22			**$26,179,415**
SOFT COSTS	30% of total Hard Costs					**$7,853,825**
OFF-SITE PARKING	87 spaces required off-site			$18,500 per space		**$1,609,500**
DEVELOPMENT COSTS	(NET OF SITE PURCHASE)					**$35,642,740**
SITE PURCHASE PRICE	36,822 SF @	$	46.00			**$1,690,000**
Total PROJECT COSTS before tax credit equity raise						**$37,332,740**
Qualified Placed in Service Costs						
NMTC Qualified Project Costs (Project Cost plus Land)					$35,723,240	
New Market Tax Credit Total Amount at 72% of face value			72%	39%		**$ 10,031,086**
Project Cost Net of Tax Credit equity						**$27,301,654**

Kiley Barrel Site

Project Value: 8 Level Office, no below-grade parking

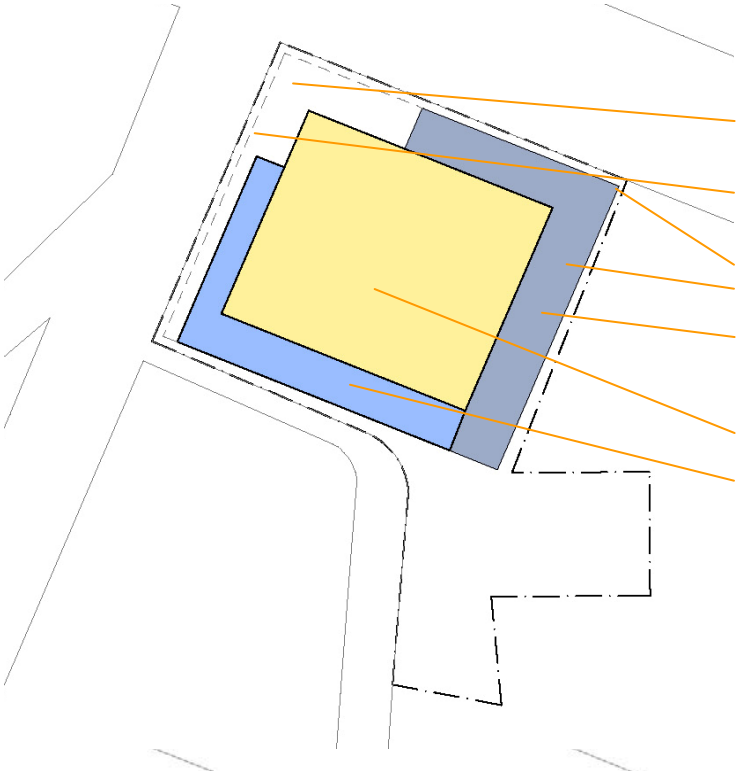
RENT SUMMARY

	Net Area, from zoning calculation	Net to Rentable factor	Rentable Area		Rent/s.f.	Rent/Year
Office Space	91,615	115%	105,357	$	30.00	$3,160,718
Restaurant Space	5,000	100%	5,000	$	30.00	$150,000
Art Space	6,441	100%	6,441	$	15.00	$96,615
Total	103,056		116,798			**$3,407,333**
Parking			15	$	2,400	$36,000
Vacancy and Rent Loss:						
Office		7.0%				($221,250)
Restaurant		4.0%				($6,000)
Art Space		0.0%				$0
Effective Gross Income:						**$3,216,082**

OPERATING EXPENSE SUMMARY		Cost		Unit	Expense/Year	
Real estate tax	$ 19,500,000	$	21.21	per $1000	$413,595	
Insurance		$	0.26	gsf	$33,493	
Utilities						
water and sewer:		$	0.20	rsf	$23,360	
hvac, common areas		$	1.00	gsf-nsf	$12,022	
electricity		$	1.50	gsf-nsf	$18,033	
Maintenance and repairs		$	1.00	rsf	$116,798	
Management			3%	gross inc.	$102,220	
General and administrative		$	0.66	rsf	$77,087	
Miscellaneous:		$	0.50	rsf	$58,399	
Total Operating Expense					**$855,006**	
Expense/RSF	$ 7.32					
NET OPERATING INCOME:					**$2,361,076**	
Capitalization Rate:					8.0%	
Value Indication:					$29,513,448	
rounded to					$29,510,000	
Total Project Cost, including site purchase of	$ 1,690,000				($35,642,740)	
Net Value at Completion, before tax credits, as % of total project cost					**($6,132,740)**	**-17%**
Net Values as adjusted for tax credit equity, as % of total project cost						
Net sales value NMTC Total Amount at 72% of face value				$10,031,086	**$3,898,346**	**11%**
Gap Financing Requiredif NMTC realized				**$0**		

Kiley Barrel Site

Massing Diagram: 7 Level Lab, below grade parking



View from above

Open corner plaza

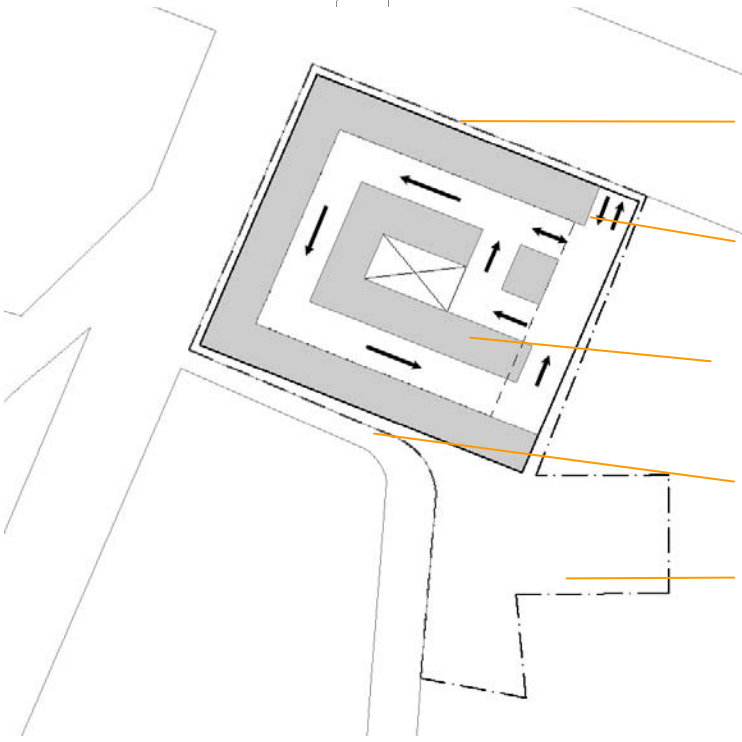
15’ sidewalk on Prospect Street

Aligned with abutter on Somerville Ave 4 – 5’ behind lot line

4 stories towards residential abutter, no windows on abutting lot line

100’ tower with 12,875 gsf per floor

4 stories along Prospect and Bennett



Underground parking level

Garage level set back slightly from Prospect and Somerville Ave for construction purposes

Parking ramp enters and exits on Somerville Ave to avoid congestion on Prospect

Underground parking space for approximately 60 - 70 vehicles, 63 in sketch layout

Bennett Street required for access to rear lot surface parking.

Rear lot extension utilized for surface parking of approximately 15 vehicles.

Kiley Barrel Site

Zoning Analysis: 7 Level Lab, below grade parking

Massing Scheme 1.2

Maximum floor plates
14' floor heights
Uses included: Laboratory, with retail and art space

Gross Area and Height Calculations

Floor Level	Above Grade Height, feet	Allowable Height	Allowable Height, Green		Total Gross Area, s.f.	Total FAR Gross, s.f.
Bsm'nt				Bsm'nt	24,650	
1	14			1	21,930	21,930
2	14			2	21,930	21,930
3	14			3	21,930	21,930
4	14			4	21,930	21,930
5	14			5	12,875	12,875
6	14			6	12,875	12,875
7	16			6	12,875	12,875
Totals	100	85	100		150,995	126,345

Floor Area Ratio Calculations

	Site Area	Allowable FAR	Allowable GSF	Minimum FAR	Required Min Floor Area	Scheme 1.2 GSF
	36,822	3.5	128,877	3	114,148	126,345

Net Area and Parking Calculations

	Total Gross Area	Parking Level, s.f.	FAR Gross	Retail, nsf	Lab, nsf	Arts, nsf
Bsmt	24,650	24,650	-			
1	21,930	-	21,930	1,500	9,727	6,317
2	21,930	-	21,930	-	17,544	-
3	21,930	-	21,930	-	17,544	-
4	21,930	-	21,930	-	17,544	-
5	12,875	-	12,875	-	10,300	-
6	12,875	-	12,875	-	10,300	-
7	12,875	-	12,875	-	10,300	-
Totals	150,995	24,650	126,345	1,500	93,259	6,317
Parking Required				*1per 1500*	*1per 1000*	*1per 500*
Parking Provided		78.00	spaces			
Parking Required		106.89	spaces	1.00	93.26	12.63
Parking Surplus, (Deficit)		(28.89)	spaces			

Ground Coverage and Landscape Calculations

	Per Code	Per Code	Provided, s.f.	Provided	
Ground Coverage	80%	29,458	21,930	60%	
Landscaped Area	15%	5,523	11,210	30%	(approximate)
Usable Open Space	10%	3,682	4,249	12%	(plaza, wide sidewalk)

Kiley Barrel Site

Project Cost: 7 Level Lab, below grade parking

HARD COSTS	Notes	Unit Price	Construction Area, Quantity	Subtotal	Item Total
			-		
Base Building Expense					
Site Work	(paving, landscape, plaza)	$150	4,249	$637,335	
Environmental/Excavation	(cubic yards)	$55	9,130	$502,130	
Temporary Shoring				$100,000	
Parking Level	(all below grade construction)	$100	24,650	$2,465,000	
Core and Shell - Ground Floor	(premium for lobby level)	$175	21,930	$3,837,750	
Core and Shell - Upper Levels	(building standard)	$250	104,415	$26,103,750	
Subtotal, Base Building					**$33,645,965**
Tenant Fit-up Expense					
Lab	Initial major fitout	$ 100.00	107,248	$10,724,756	
Retail	Allowance	$ 35.00	1,500	$52,500	
Art Space	Landlord contribution	$ 40.00	5,797	$231,890	
Subtotal, Fit-up					**$11,009,146**
TOTAL HARD COSTS	per gross sf above grade	$346.65			**$44,655,111**
SOFT COSTS	30% of total Hard Costs				**$13,396,533**
OFF SITE PARKING	29 spaces required off-site		$ 18,500 per space		**$536,500**
DEVELOPMENT COSTS	(NET OF SITE PURCHASE)				**$58,588,144**
SITE PURCHASE PRICE	36,822 SF @	$ 46.00			**$1,690,000**
Total PROJECT COSTS before tax credit equity raise					**$60,278,144**
Qualified Placed in Service Costs					
NMTC Qualified Project Costs (Project Cost plus Land)				$59,741,644	
New Market Tax Credit Total Amount at 72% of face value		72%	39%		**$ 16,775,454**
Project Cost Net of Tax Credit equity					**$43,502,690**

Kiley Barrel Site

Project Value: 7 Level Lab, below grade parking

RENT SUMMARY

	Net Area, from zoning calculation	Net to Rentable factor	Rentable Area		Rent/s.f.	Rent/Year
Lab Space	93,259	115%	107,248	$	50.00	$5,362,378
Restaurant Space	1,500	100%	1,500	$	30.00	$45,000
Art Space	5,797	100%	5,797	$	15.00	$86,959
Total	100,556		114,545			**$5,494,337**
Parking			78	$	2,400	$187,200
Vacancy and Rent Loss:						
Lab		7.0%				($375,366)
Retail		4.0%				($1,800)
Art Space		0.0%				$0
Effective Gross Income:						**$5,304,370**

OPERATING EXPENSE SUMMARY		Cost	Unit	Expense/Year		
Real estate tax (NNN for lab)	$36,000,000	$ 21.21	per $1000	$38,178		
Insurance		$ 0.50	gsf	$70,298		
Utilities						
water and sewer:		$ 1.00	gsf-rsf	$11,800		
hvac, common areas		$ 2.00	gsf-rsf	$23,600		
electricity		$ 1.50	gsf-rsf	$17,700		
garage level utilities/maint		$ 1.50	gar sf	$36,975		
Maintenance and repairs		$ 1.00	rsf	$114,545		
Management		3%	gross inc.	$164,830		
General and administrative		$ 0.66	rsf	$75,600		
Miscellaneous:		$ 0.50	rsf	$57,272		
				610,798.25		
Total Operating Expense					**$610,798**	
Expense/RSF		$ 5.33				
NET OPERATING INCOME:					**$4,693,572**	
Capitalization Rate:					**8.0%**	
Value Indication:					$58,669,652	
rounded to					**$58,670,000**	
Total Project Cost, including site purchase of			$ 1,690,000		**($60,278,144)**	
Net Value at Completion, before tax credits, as % of total project cost					**($1,608,144)**	**-3%**
Net Values as adjusted for tax credit equity, as % of total project cost						
Net sales value NMTC Total Amount at 72% of face value				$16,775,454	**$15,167,310**	**26%**
Gap Financing Required if NMTC realized				**$0**		

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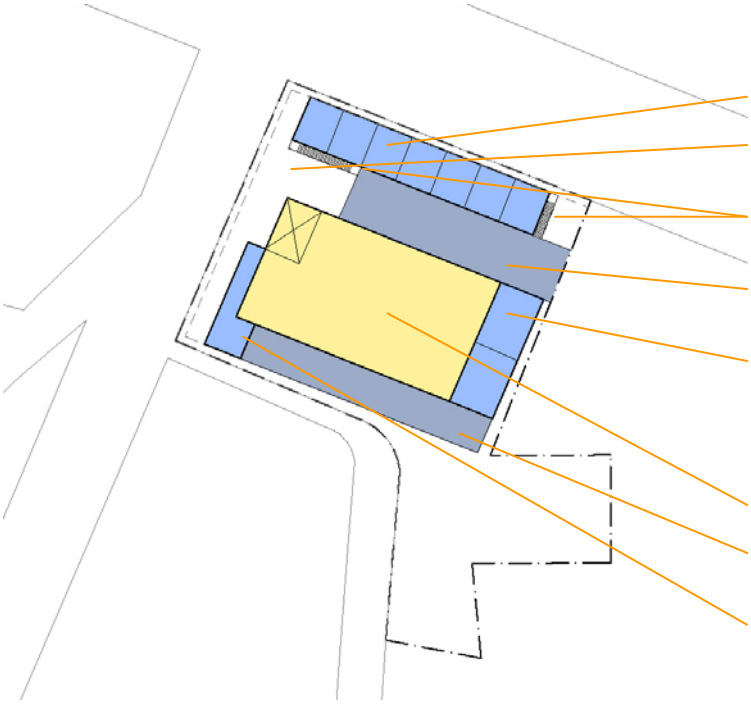
Kiley Barrel Site

Project Diagrams: 9 Level Residential



View from above

2-story Live/work studios above retail

Entry plaza on Prospect Street

Stairway from "mews" to street level

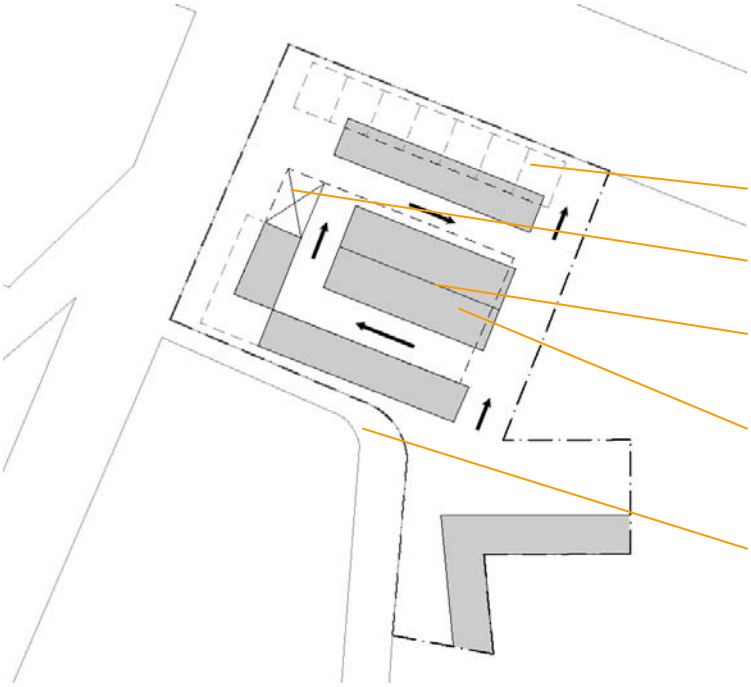
Mews above parking level, entry to studio units

4 residential stories towards residential abutter, no windows on abutting lot line

100' tower with 8,750 gsf per floor

Green roof above parking level

5 stories along Prospect and Bennett, retail ground flr, res. Above



Above-grade concealed parking level

Garage level above grade to avoid excavation of contaminated fill

Retail below artists live/work units

Residential lobby, elevators

Parking exits on Somerville Ave to avoid congestion on Prospect, enters from Bennett Street.

Indoor parking space for approximately 40 - 50 vehicles, 46 in sketch layout indoors, 15 on rear surface lot, 61 total

Bennett Street not necessarily required for access (parking entry and exit could both be from Somerville Ave)

Kiley Barrel Site

Zoning Analysis: 9 Level Residential

Massing Scheme 2.1

Residential depth floor plates
9.75' floor to floor above base 12.25' level
Uses included: **Live-Work, Residential, with Retail**
Could substitute: various live-work proportions

Gross Area and Height Calculations

Floor Level	Above Grade Height, feet	Allowable Height	Allowable Height, Green		Total Gross Area, s.f.	Total FAR Gross, s.f.
Bsm'nt				Bsm'nt	-	
1	12.25			1	22,100	22,100
2	9.75			2	15,350	15,350
3	9.75			3	15,350	15,350
4	9.75			4	11,150	11,150
5	9.75	51.25		5	11,150	11,150
6	9.75			6	8,400	8,400
7	9.75			7	8,400	8,400
8	9.75			8	8,400	8,400
9	9.75			9	8,400	8,400
10	9.75			10	8,400	8,400
Totals	100	85	100		117,100	117,100

Floor Area Ratio Calculations

Site Area	Allowable FAR	Allowable GSF	Scheme 2.1 FAR	Allowable GSF, Green	Scheme 2.1 GSF
36,822	3.5	128,877	3.18	147,288	117,100

Net Area and Parking Calculations

Bsmt	Total Gross Area	FAR Gross	Parking gsf	Retail, nsf	Residential gsf	Residential Units	Live/Work gsf	Live/Work Units
	-	-	-	-				
1	22,100	22,100	16,600	4,700	600	-	-	-
2	15,350	15,350	-	-	11,150	9	4,200	7
3	15,350	15,350	-	-	11,150	9	4,200	-
4	11,150	11,150	-	-	11,150	9	-	-
5	11,150	11,150	-	-	11,150	9	-	-
6	8,400	8,400	-	-	8,400	6	-	-
7	8,400	8,400	-	-	8,400	6	-	-
8	8,400	8,400			8,400	6	-	
9	8,400	8,400			8,400	6	-	
10	8,400	8,400	-	-	8,400	6	-	-
Totals	117,100	117,100	16,600	4,700	87,200	66	8,400	7
Parking Required				*1per 1500*		*1per unit*		*1 per unit*
Parking Provided		61						
Parking Required		76		3.13		*66*		*7*
Parking Surplus (Deficit)		(15) spaces						

Ground Coverage and Landscape Calculations

	Per Code	Per Code, s.f.	Provided, s.f.	Provided	
Ground Coverage	80%	29,458	22,100	60%	
Landscaped Area	15%	5,523	10,650	29%	(approximate)
Usable Open Space	10%	3,682	10,650	29%	(plaza, extra sidewalk)

Kiley Barrel Site

Project Cost: 9 Level Residential

HARD COSTS	Notes		Unit Price	Construction Area, Quantity	Subtotal	Item Total
Base Building Expense						
Site Work	Public area work at grade		$75	3,150	$236,250	
	Exterior parking area		$15	6,000	$90,000	
Green Roofs	Site work at level one		$25	7,500	$187,500	
Environmental/Excavation	Foundations, no basement		$20	21,300	$426,000	
Parking Area	Interior parking arae		$60	16,600	$996,000	
Retail Space	Shell space		$100	4,700	$470,000	
Live/Work Space	Same as apt, with skylights		$160	8,400	$1,344,000	
Apartments	Standard market-rate finishes		$180	87,200	$15,696,000	
Subtotal, Base Building						**$19,445,750**
Tenant Fit-up Expense						
Retail	Allowance		$15	4,700	$70,500	
Subtotal, Fit-up						**$70,500**
TOTAL HARD COSTS	per gsf	112,200	$167			**$19,516,250**
	per unit	73	$267,346			
SOFT COSTS	30% of total Hard Costs					**$5,854,875**
OFF SITE PARKING	15 spaces required off-site			18,500 per space		**$277,500**
DEVELOPMENT COSTS	(NET OF SITE PURCHASE)					**$25,371,125**
SITE PURCHASE PRICE	36,822 SF @		$ 46.00			**$1,690,000**
Total PROJECT COSTS						**$27,061,125**

Kiley Barrel Site

Project Value: 9 Level Residential

RENT SUMMARY

	Unit Quantity	Gross Area	Rentable Area	Price/Ft/mo	Rent/Year	Rent per avg unit/mo
Retail	8	4700	4700	$2.00	$112,800	$1,000
Live/Work, affordable	7	8,400	8,400	$1.40	$141,120	$1,680
Apartments, market rate	65	85,722	72,864	$1.90	$1,661,293	$2,130
Apartments, affordable	1	1,478	1,256	$1.30	$19,598	$1,633
Parking	61	16,600	16,600	$0.55	$109,800	$150
Total		**112,200**	**103,820**		**$2,044,611**	
Vacancy and Rent Loss:						
	Retail	5.0%			($5,640)	
	Live/Work	1.2%			($1,680)	
	Apartments	4.4%			($73,959)	
	Parking	2.7%			($3,000)	
Total Vacancy					($84,279)	
Effective Gross Income:					**$1,960,332**	

OPERATING EXPENSE SUMMARY	Cost	Units	Expense/Year
Per Residential Unit	$6,000	66	$396,000
Per Live/Work Unit	$6,000	7	$42,000
Per Retail SF, modified gross	$4	4700	$18,800
Per Parking Space	$200	61	$12,200
Total Operating Expense			**$469,000**
NET OPERATING INCOME:			**$1,491,332**
Capitalization Rate:			**6.00%**
Value Indication:			**$24,855,528**
rounded to			**$24,860,000**
Total Project Cost, including site purchase of	$ 1,690,000		**($27,061,125)**
Net Value at Completion			**($2,201,125)**	**-8%**

7. Proforma Results / Funding Strategies

Proforma analysis reduces all human activity to numerical quantities in order to objectively model the relationship between invested funds and project value. For investment properties this works well – and even raw numbers reflect intangible inputs, like the beauty of a locale, or the liveliness of an urban populace.

A low or negative relationship between invested funds and financial return usually sidelines a strictly commercial venture, or at the least sends it back for re-tooling. When projects are undertaken for public benefit or cultural advancement a "gap" between the project cost and the capitalized value of its income stream is not necessarily the end of the road. Most such projects require investment that is not returned to the investor as cash, and the gap can be filled with funds from a variety of sources.

At this point in the process the relationships between cost and value for the various schemes is shown on the chart below.

Comparative Economic Performance: Union Square Development Scenarios

		Total Project Cost	Capitalized Value after Completion	Initial Profit (Gap) Between Cost and Value	Ratio of Profit or (Gap) to Total Project Cost: No Tax Credits	W/ Fed Historic	W/ MA Historic	W/ NMTC	Gap Financing Required net of tax credit equity
Post Office Development Scenarios									
	Performance	$5,404,748	$1,060,000	($4,344,748)	-80%	-71%	-64%	-40%	($2,181,433)
	Office	$4,344,507	$2,670,000	($1,674,507)	-39%	-32%	-26%	2%	$0
	Office/Restaurant	$4,762,301	$3,060,000	($1,702,301)	-36%	-27%	-20%	8%	$0
	Education	$4,999,591	$3,110,000	($1,889,591)	-38%	-29%	-22%	6%	$0
Fire Station Development Scenarios									
	Restaurant / Office	$2,706,878	$1,410,000	($1,296,878)	-48%	-41%	-36%	-8%	($214,099)
	Restaurant / Functions	$2,970,518	$1,720,000	($1,250,518)	-42%	-34%	-28%	0%	$0
	Medical Office	$2,778,248	$1,680,000	($1,098,248)	-40%	-32%	-26%	2%	$0
	SCAT, Live-Work Residential	$2,597,737	$1,440,000	($1,157,737)	-45%	-38%	-32%	-32%	($836,016)
(1)	SCAT, Accessible Offices	$655,756	$1,020,000	$364,244	56%	56%	56%	56%	$0
Backer Eberly Building Development Scenarios									
(2), (3)	Third Floor Assembly Use	$885,409	$890,000	$4,591	1%				
	Third Floor Artist Studio Use	$119,997	$230,000	$110,003	48%				
Kiley Barrel Site Development Scenarios									
	8-level Office, parking under	$36,244,240	$31,270,000	($4,974,240)	-14%			14%	$0
	8-level Office, no parking	$35,642,740	$29,510,000	($6,132,740)	-17%			11%	$0
	7-level Lab, parking under	$60,278,144	$58,670,000	($1,608,144)	-3%			26%	$0
	9-level Residential, parking at grade	$27,061,125	$24,860,000	($2,201,125)	-8%				($2,201,125)

(1) no site purchase expense, remains City property
(2) concert hall leased to operator at break-even rent of $ 23.75 per s.f.(Egress Scheme A)
(3) Scheme A egress scheme only

Several scenarios work economically even without the positive impact of tax credits. They are the three that "run in the black" in the third column in the chart above. Lab space development at the Kiley Barrel site is also close to being in balance. The relative profitability of these four schemes results from several underlying factors:

Rational rent levels
Although far more expensive to construct than office space, lab space benefits from rent that reflects the cost of development. With projected rent of $50 per square foot, commercial lab space is nearly profitable at the Kiley Barrel site - even before the beneficial impact of New Markets Tax Credits. Lab rent trends should be monitored closely since developers continue to bring more space to the marketplace. By comparison, most office space, with the exception of highly favored locations, rents at approximately the same price that pertained fifteen or more years ago, while the costs of construction and operation have risen with general inflation.

Third Floor Assembly Use at the Backer Eberly Building is relatively expensive to construct, at a cost of $138 per square foot. The study pegs its rent at $23.75 per square foot – a "rational" break- even rent that covers the development cost. This does, however, create a challenge for the concert hall tenant who is asked to pay a rent of approximately $100,000 per year, plus utilities. Going forward with this development would require assurance that the tenant could afford the rent.

Prior site ownership
Third Floor Artist Studio use at the Backer Eberly Building runs in the black since the property owner will develop the space, and the third floor space has been empty for many years. Increasing amounts of studio space are being brought on-line in and around Union Square, especially in buildings where studio rent does not need to amortize a recent building purchase.

The Fire Station scenario in which the City retains ownership and renovates the upstairs office space also works financially, even including window replacement, elevator and sprinklers, and even when office rent is kept low to attract non-profits and creative businesses. While it is not surprising that the bottom lines look better when project costs don't include the expense of site purchase – and simply sounds like common sense – the concept is applicable to the many properties in Union Square with mothballed or underutilized space.

Low development costs relative to assessed building value
Renovation of the third floor of the Backer Eberly building into studio space is estimated to be below the cost-to-assessed building value threshold that triggers many code upgrades. Freed from the requirement to provide an elevator and sprinklers, this light-touch renovation should be profitable to the owner. "Mini projects" like the five studios atop the Backer Eberly Building could probably be repeated at other locations around the Square.

Tax Credit Impact

Once tax historic and New Markets credits are factored into the analysis eight more development scenarios show a positive relationship between cost and value**.** The impact of tax credits on project performance can be major, and a huge amount of urban development has occurred because of these credits. A major industry of accountants, lawyers and investors has emerged to turn the credits into cash. The three rehab study sites have all been inventoried as valuable historic buildings and are likely to be approved for state and federal historic registration – but a developer would need to work with the Somerville Historical Commission to move the process forward. According to the City of Somerville, all four of the study sites are eligible for New Markets Tax Credits under current guidelines. The analyses assume that the study sites will remain eligible for New Markets credits following release of the 2010 census data.

Of the three forms of tax credit funding analyzed in this study, only federal historic tax credits are free from allocation ceilings. State historic credits and New Markets Tax Credits are subject to annual allocations that can create uncertainty in timing and credit amount. The price paid per dollar of credit can fluctuate with changes in the larger economy. Project size is also a factor. The Fire Station is small relative to the overhead required to obtain and monetize New Markets credits, and the Post Office projects are just at the threshold for efficient NMTC participation. The Kiley Barrel site, however, is well-suited for New Markets credits and they should be considered carefully and pursued aggressively for commercial projects on the site.

Further Funding Sources

Development inducements are not limited to the "big three" tax credit programs. Other means to help projects become financially viable include the following:

Reduction of site purchase price

The City controls the Fire Station and Kiley Barrel sites and could theoretically sell or lease them at a reduced price. The site purchase costs utilized in this analysis are close to assessed value. A lower price for the property or a long term lease at favorable terms would improve project economics and increase developer interest. As an example, reducing the purchase price of the Fire Station from $1.5M to $500,000 would bring the restaurant/function space scenario into profitability with no required subsidy other than relatively predictable federal historic credits. At the Kiley Barrel site, eliminating the site purchase price *altogether* just barely brings the lab scenario into full financial balance, even without New Markets Tax Credits. However the lab scheme was nearly profitable even *with* the $1,690,000 site purchase cost. Kiley Barrel schemes that are further out of balance, such as office space, remain unprofitable even when land cost is reduced to zero, unless augmented with NMTC's. The residential scheme, however, nearly becomes profitable if land cost is eliminated, and might be further brought into balance by value engineering and other conventional means.

Bundling properties together to share the cost of obtaining tax credits
Obtaining tax credits requires expensive legal and accounting work. There is some precedent for a combined approach wherein several small developments apply for and sell tax credits in concert, using the same consultants and the same equity investors. The Post Office and Fire Station might be suited for such an approach.

Bundling properties together to cross-subsidize a performance center or other public purpose
A low land price for the Kiley Barrel site could theoretically be traded for funding assistance to the Post Office performance center or other public purpose. If regulations allowed, it might be possible to transfer the cost of the Kiley Barrel's mandated 6,400 s.f. art space requirement, estimated to be close to $1.5 million, to the construction of art space in a linked project. In another scenario a private developer would undertake renovation of both the Post Office and the Fire Station. In this case the cost of the Post Office performance center would be partially offset by a very favorable purchase price for the Fire Station, the sale of which is controlled by the City.

Block Grant Funds
The Union Square NRSA (Neighborhood Revitalization Strategy Area) is presently a focus for targeted improvements with the assistance of Community Development Block Grant funds. This source of funding supports Arts Union's streetscape improvements, the Main Streets program, the Farmer's Market, aspects of the remediation of the Kiley Barrel site, technical costs associated with land acquisition in Union Square, expansion of historic districts, and a $50,000 building assessment and reuse study of the historic Fire House, among many other projects city-wide. Certain aspects of development on all of the study sites might be supported directly or indirectly by the present or future rounds of block grant funding. One proven strategy is to focus on discrete project components – such as work on the Fire Station tower and clock, as a for-instance.

Massachusetts Development Finance Agency
Known as "MassDevelopment" this agency provides tax-exempt bond financing, real estate loans, and taxable bond financing. It focuses its development lending on compromised surplus government property (state, local, federal), contaminated brownfields sites, economically challenged communities, lending to educational institutions, green projects, etc. Examples of recent projects include 100 Cambridge Street in Boston, a contaminated state building redeveloped into a mixed-use project, 1550 Main Street in Springfield, a former federal office building repurposed for commercial rental, among others. MassDevelopment also recently provided New Markets Credit funding to a project at 130 Broadway in Somerville.

The Massachusetts Cultural Facilities Fund
Since its inception the CFF has awarded nearly fifty million dollars in matching grants towards the construction and renovation of cultural facilities. (see Appendix G for examples) Funds are awarded in a competitive process, and can be spent on new projects, renovations of existing facilities, and on major maintenance. Both the Backer Eberly concert venue and the Post Office performance center are potential applicants for CFF funds. From initial application to

delivery of funds takes at least one year, typically longer. This source can not supply more than 50% of a project's costs, and typically provides a lesser percentage. Once in place the CFF funds are administered by MassDevelopment in a process similar to construction loan disbursements.

Grants from private foundations and corporations
A list of funders who have recently contributed to Cultural Facilities Fund recipients is included at Appendix H. The list is of particular interest since the donors have all recently funded capital improvements to cultural facilities located in Massachusetts. A new funding source has recently arrived on the cultural scene, known as ArtPlace America, described in a September 14, 2011 press release as follows:

> *"In an unprecedented private-public collaboration, 11 of America's top foundations have joined with the National Endowment for the Arts and seven federal agencies to establish* ***ArtPlace*** *(**www.artplaceamerica.org**), a nationwide initiative to drive revitalization in cities and towns with a new investment model that puts the arts at the center of economic development.*
> *ArtPlace today announced its first round of grants, investing $11.5 million in 34 locally initiated projects in cities from Honolulu to Miami. Each project supported by ArtPlace has been selected for developing a new model of helping towns and cities thrive, by strategically integrating artists and arts organizations into key local efforts in transportation, housing, community development, job creation and more."*

The Post Office performing arts center would appear to dove-tail with the ArtPlace America mission. Other recent examples of performing arts-related grants include The Boston Center for the Arts' receipt of $100,000 from the Ford Foundation for "exploring the feasibility of and planning for a successful multi-million dollar capital campaign", and the Hanover Theater in Worcester and the Colonial Theater in Pittsfield grants from large national foundations such as Walmart and Bank of America.

Conclusions / Next Steps

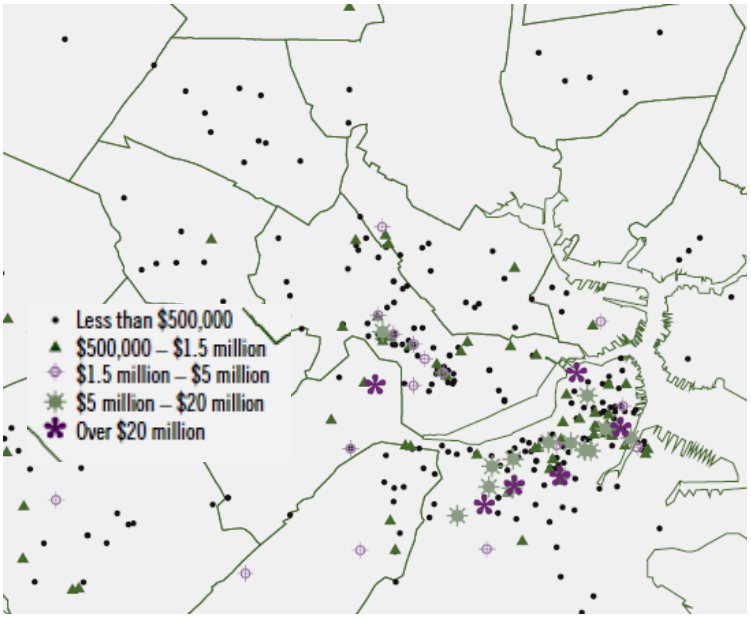
With some gap-filling assistance, many of the development ideas posed in this study could move into reality. Clearly there is money available from myriad sources for both planning and capital expenditures. None of this funding is easy to access, but developers, consultants, city officials, managers, and even volunteer amateurs can obtain grants and subsidies if they are organized, at least somewhat capitalized, and strategic in their approach. The first step is always an objective assessment of project cost, income and expense - the groundwork laid out in the first seven chapters of this report.

8. A Performing Arts Center at the Post Office

Analyzing the potential for a theater and performing arts center in Union Square is a priority for the City of Somerville. This study is tasked with finding the proper balance between the physical givens of the building/site, the needs of the creative community and the city at large, and the economic realities of running a performing arts venue in metropolitan Boston. What follows is a narrative that describes the process taken to arrive at a performance center that achieves that balance.

Urban Cultural Context

The map below was prepared as part of a 2003 Boston Foundation study entitled "Culture is our Common Wealth". This study focused on culture as a component in the state's economy, both on its own and also as key part of the travel and tourism industry. The study's findings lead to legislation that brought about the Cultural Facilities Fund. To date the CFF has awarded nearly fifty million dollars in matching grants towards the construction and renovation of all types of cultural facilities, including over $3.25 million in matching grants to small and mid-size performing arts venues. (see Appendix G)



According to the Boston Foundation's mapping, there were approximately 20 cultural institutions located in Somerville in 2003. Of these only three had annual revenues in excess of $500,000.

The map shows over 60 cultural institutions in Cambridge, including 20 with $500,000 to $1.5 million in annual revenue, five with revenue above $1.5 million, and one with revenue above $5 million.

The heart of Boston's cultural spine extends from the North End to the Fenway and is dense with museums, theaters, concert halls, public and private libraries, and historic icons. Five of Boston's cultural institutions have annual revenues in excess of $20 million.

Despite its showing next to Boston and Cambridge, Somerville has more cultural facilities than Medford, Malden, Everett and Chelsea combined; and as many or more than Brookline, Watertown, Belmont or Arlington. Somerville is at the "edge of the cultural center" both geographically and demographically.

The largest culture venues are located on transit spines. Since the advent of the Red Line, Davis Square has become a major hub for music, cinema and pop culture. The Green Line extension into Somerville will put Union Square on the same rail line that connects virtually all of Boston's largest cultural attractions. It is not a stretch to conceive of Union Square as a natural home for a venue that can attract visitors and patrons from the wider metropolitan area. The location will become more favorable once Green Line transit arrives, but even at present Union Square has locational advantages including relative proximity to established cultural hubs in Cambridge and Boston, good bus transit, and a local population with ever-increasing levels of income and education.

Caveats from the funding institutions

The list below is daunting. It was prepared by the authors of 'Culture is our Commonwealth", a group with a unique perspective based on years of grant administration, coupled with an exhaustive study of all of the state's cultural facilities.

- *Cultural facilities are expensive—both to build and to maintain.*
- *Many existing cultural facilities are in disrepair or in need of capital improvement.*
- *Many nonprofit cultural organizations are undercapitalized—not just their buildings, but also their balance sheets.*
- *Many plans for new or expanded cultural facilities go unrealized or suffer through costly delays due to lack of adequate funds.*
- *Conversely, some questionable building projects move forward without sufficient or realistic planning and analysis.*
- *Planning and development of cultural facilities is a complex business—many organizations need technical assistance to plan, assemble the required resources, and manage construction.*

The City of Somerville has commissioned this study as a first step towards meeting the implied standard set above – which boils down to an admonition to know what you are doing, and to gather up enough money to do it right.

The Post Office building as a site for a theater and performing arts center

The Post Office building is historic, commodious, well-built, and well-located. It is an excellent shell for many types of redevelopment. Adapting it for use as a performing arts center is not a major "stretch" either conceptually or physically. The premise of this study is that a "venue" of some importance would be included. But what sort of "venue", what sort of ancillary uses, and what sort of management structure were all variables at the start of the process.

The design and programming process assumes retention of the historic building. Whatever the final result, the performance space must fit and function within the three dimensional space of the Post Office.

Focus on a black-box theater

Theater seating capacity and stage dimensions were defined early in the process – largely through interviews with professionals in the theater and performance world. These interviews (see Appendix D for list of sources) indicated that metropolitan Boston has an ample supply of large theaters, both commercial and institutional, that seat from 400 to well over 1,000 patrons. There are also numerous small stages with capacities of 100 or less, often in improvised spaces. Professional quality theaters that seat 150 to 250 are in demand. Ideally they should have a large stage 30'deep by 40' wide capable of accommodating full-scale dance choreography – and by definition most other musical, multi-media, cinema and theatrical entertainment. These theaters are often flat-floored, with flexible seating arranged on moveable risers, no fixed proscenium and a stage barely raised above floor level. Clear ceiling height to the lighting grid of 15 feet (or over) is needed, with additional space above the grid for lighting, sound equipment, catwalks, and ventilation ducting. The ceiling height and deeply trussed roof structure provides plenty of room for equipment above an acceptable clear space below.

Studies were done showing various ways to locate such a theater into the existing structure with its four central columns. A series of four early schemes based upon various combinations of column relocation is included in Appendix F. These sketches made it clear that while fitting seating around existing columns can look interesting in plan, the original spatial interest comes at the expense of future seating flexibility. Breaking up seating to avoid columns also disperses the audience. Although relocating columns and increasing structural spans is costly, the flexibility of a clear space provides on-going benefits that should outweigh the initial expense.

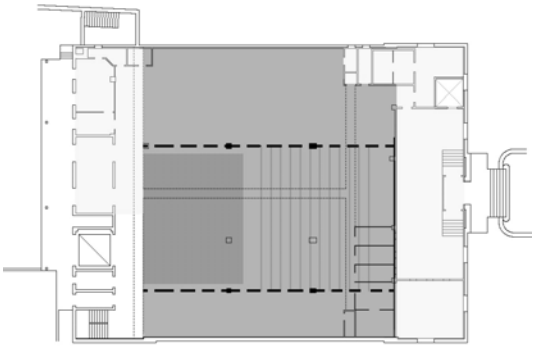
Evolution of the Self-Contained Theater

Study of similar theaters also indicates that a bounded space with a fixed perimeter is more desirable than a horizontally spreading space that extends past the required auditorium area. Acoustic and environmental control requirements are extreme in a good theater – and these require solid walls and dedicated ventilation systems. The proposed theater is contained

within walls that extend from floor to roof, and forgoes the potential flexibility of an open plan. In return this provides freedom to simultaneously use other spaces on the first floor – since they are acoustically and functionally separate from the auditorium

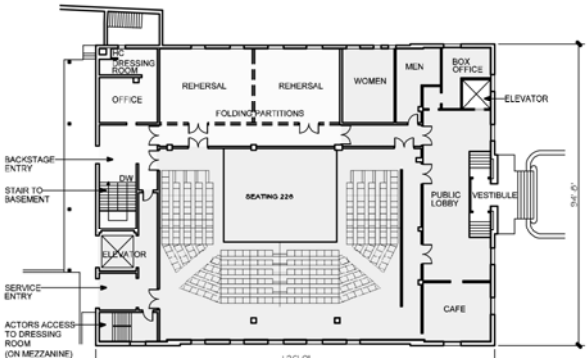
Initial Study Plan

The plan below was used in the first set of development analyses in Chapter 6. There are no fixed side walls for the theater. The design at this point included a column-free seating area, with no particular program for the marginal spaces. Two columns were relocated, increasing the central truss span from 28′ to 44′.



Final Study Plan

In the final scheme a larger column-free theater was created, with walls to the roof on all four sides. Other uses are fitted into the remaining floor area, including a flexible rehearsal space that can double as a small performance space. This plan increases the central truss span to 53′. The overall theater space is a rectangle 80′ x 58′ containing a floor area of 4,640 square feet.



Comparable Performance Venues

The study looked at many existing theaters to learn lessons for application to the Post Office performance center. The process has been on-going throughout the half-year duration of the study. Some relevant examples are presented below and on the following pages. They share the following features:

- Flat-floor spaces with risers for seating
- Seating for 150 to 250 for theater use
- Useable for both theater and functions
- Recent construction
- Operation by non-profit organizations
- Location in a larger cluster of spaces and uses

Nancy & Edward Roberts Studio Theatre in the Calderwood Pavilion at the Boston Center for the Arts

The Nancy and Edward Roberts Studio Theatre is part of the "Theater Pavilion", a 33,000 square feet area that includes a 360-seat proscenium theater, the Roberts theater, rehearsal spaces, and youth programming spaces. The "core and shell" of this space was provided by the Druker Company as part of an agreement that included luxury condominiums and retail space on the remainder of the site. The Roberts Theater is a flexible space that accommodates performances, conferences, and catered affairs. The dimensions of the space are 49' by 60', with 18' floor to gridiron. The audience capacity is 157–250, depending upon seating configuration. Capacity for non-theatrical events such as a seated or standing reception is 390.

Performance rental rates:
Weekly , 7 days, $10,000 commercial, $7,500 non-profit, $6,000 small non-profits
Daily, M-W, per day, $2,000 for profit, reduced for non-profits.
Daily, Th-Sunday, per day, $2,500 for profit, reduced for non-profits
(starting rate: additional charges apply in most cases) (rehearsal rates same as performance rates)

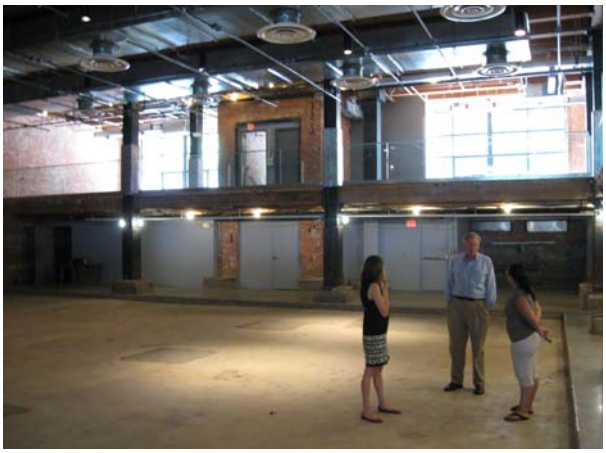
Jackie Liebergott Black Box Theater at the Paramount Center in downtown Boston

The intimate, 150-seat Jackie Theatre provides the Paramount Center's performers with a flexible space. Exposed brick, tall windows, and an open room invite artists "to envision their own worlds and create unique experiences for audiences." The Paramount Center opened in 2009. Its $80 - $90 million development cost was funded via a portion of a $134,545,000 bond issued by Mass Development. The bonds are partially taxable and partially tax-exempt. The total project includes a 500 seat legitimate theater in the former Paramount movie theater as well as classrooms, a screening room, and dormitory space.
The space is booked by Emerson College. Rental rates for the space were not available.

The Sprengler Theater at the Atlas Performing Arts Center, Washington, D.C., constructed 2005

Left: Grand Opening held in the Sprengler Right: Set up for stage production

This Sprengler is the black box stage in a center with five separate performance spaces, all located in commercial strip in Northeast DC. Seating ranges from 100 to 280 seats, depending on configuration. Project financed with historic and new markets tax credits, and operated by a non-profit. The Sprengler can be laid out with a variety seating plan. The theater contains approximately 4,800 square feet in a space of approximately 88' by 55'.
Performance rental rate: Daily (5 hours) $ 2000.00 ($400 per hour – 5 hour minimum)
Rehearsal Rate: Room per/day (8 hours) $ 1,100.00 ($137.50 per hour – 4 hour minimum)
(starting rate: additional charges apply in most cases)



Trusses were retrofitted into the building to carry the residential floors above.

The Theater at Midway Studios located in the Midway Studios artists building in the Channel Center, Boston

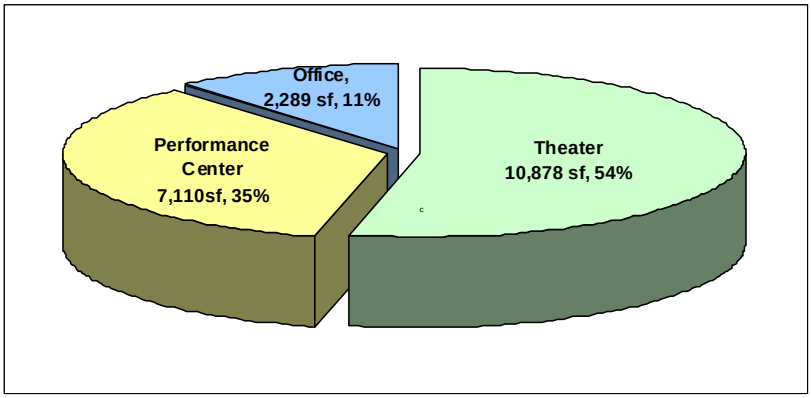
This large black-box theater is approximately 80 feet square, not including the lateral extensions at both the upper and lower levels. Opened in 2006, the theater has been used as a temporary space by the Boston Conservatory during its 2009-2010 season, and sporadically for other purposes. A plan to utilize the space as a banquet and wedding venue was vetoed by the residents living above, due to anticipated noise and congestion. The lack of in-place lighting and audio equipment limits the pool of renters, and discourages short-term rentals. Lighting and sound control is made difficult by the lack of walls around the actual theater. Current rental rates for the space "as-is" are in the range of $10,000 per month.

Roxbury Center For the Arts at Hibernian Hall, Dudley Square, Boston

Hibernian Hall was totally renovated by the Madison Park Development Company and opened in 2005. The multi-story building houses the performance space/ballroom as well as office space for Madison Park and other tenants. The 2,600 s.f. ballroom has a flat 20 foot ceiling and arched windows similar to those at the Post Office. (Located on an upper floor of a multi-story building, it is also similar to the top floor ballroom at the Backer Eberly Building.)
Officially the home of the Roxbury Center for the Arts, the space also operates as a venue for community gatherings, musical, dance and theater performances, private parties, film screenings, weddings, corporate receptions, and exhibits. The floor is flat and sloped seating is not provided. The Ballroom features a moveable stage, state of the art lighting, sound and projection systems. The ballroom can hold 250 people seated or a 350 person cocktail reception, and includes an adjacent kitchen to support catered events.

Programming the theater and performing arts center

The overall space is organized as three separate domains: The *Theater* domain is the largest, and includes the theater and its directly associated functional spaces. The *Performance Center* domain includes spaces primarily used for teaching and community use. The *Office* domain includes a row of rental office suites on the lower level.



The Theater domain is the largest, occupying 54% of the building's usable area. The combined Theater and Performance Center utilize 89% of the building.

Attributable Areas for Project Components

	Attributable area	Totals/Flr	Totals/Group
Theater Area SF			**10,878**
Ground Floor		1,810	
Sets/Riser Storage (inlc. FE, back stair)	1,810		
First Floor		7,875	
Main Stage Space	**4,640**		
Historic Lobby	1,092		
Box Office / Front Office	246		
Café	378		
Theater Restrooms (incl hall, back stair)	822		
Back entry, stage hall, FE, back stair)	697		
Mezzanine		1,193	
Dressing Rooms, Green Room	1,193		
Performance Center Area SF			**7,110**
Ground Floor		4,584	
Class Rooms	1,500		
Lounge/Hall/Stairway	978		
Flex	1,150		
Costume Shop	767		
Restrooms (share with office)	189		
First Floor		2,526	
Rehearsal / Small Stage	**1,650**		
Office / HC Dressing Rm	396		
Entry, Performance Center Stair	480		
Rental Office SF			**2,289**
Ground Floor		2,289	
Demised office area	1,660		
Office Hallway	440		
Restrooms (share with performance)	189		
Total Attributable Space		**20,277**	**20,277**

Theater Design Notes

The actual enclosed area of the theater occupies approximately 4,600 square feet – about one quarter of the building's usable area of 20,000 square feet. Along with the theater come other necessary spaces: restrooms, lobby, café/snack bar, box office/front office, dressing rooms , actors' restrooms, set storage space, riser storage space, freight elevator, back hall, etc. These spaces raise the total area required for the theater use to nearly 11,000 square feet of the 20,000 available.

The Post Office lays out quite smoothly for the accessory spaces necessary to support a professional theater operation. The front lobby is dignified, and with over 1,000 s.f. of floor area is reasonably ample. Two existing front corner offices work well as spaces for the café and the box office respectively. The loading dock leads to the rear door of the freight elevator, and allows material to either pass through directly to the theater on the main floor, or travel down to the set and riser storage room. The mezzanine works well for dressing rooms, and allows the cast to view the theater from an elevated position. The existing stair in the back corner connects the three theater levels.

Restrooms are located adjacent to the theater and lobby. They also open to a corridor leading to the performing arts center areas and therefore reduce the number of fixtures that would be required if the domains were completely separated.

When in use for as a flat floor space for meetings and functions the theater holds approximately 450 guests for stand-up parties and 350 for sit-down dining. The adjoining rehearsal rooms can be utilized as "break-out" spaces, as a behind-the-scenes staging area for the caterer, or as a dressing area for event participants

Five monumental arched windows provide daylight and also avoid the claustrophobic feeling that can be associated with windowless meeting rooms. The typical theater is an artificial environment, seldom seen in the light of day, but the term "black box" in this case describes a type of venue, not necessarily a color scheme. A literal black box with a concrete floor and a maze of equipment overhead would fit some, but not many, social events. The study notes the interior design challenge of accommodating both a day-lit function space and a darkened theater space, but does not attempt to describe a solution. This is a "high-grade" problem since the monumental windows set the room apart from many competing function spaces.

The theater plan is shown with four different seating layouts suiting a variety of productions. The straight-on single-sided use allows the largest stage and is ideal for dance performances and traditional stage seating. The two, three and four sided layouts are ideal for in-the-round stage productions and concerts. Seats are fixed to movable risers that are stored on the lower level when not in use, directly accessible by the 5,000 lb. freight elevator. A projection booth could be accommodated above the vestibule area of the theater, just to the rear of the lobby, and is shown in dashed lines on the drawings.

Performance Center Design Notes

This part of the facility is programmed for educational and non-professional activities. It provides rehearsal space for local acting troupes and musical groups, and is potentially allied with Somerville High School's performing arts program. It occupies 7,000 square feet on both main levels, all accessible to the handicapped. It is separable from the theater and main lobby during times when the theater is in use. With cessation of the Post Office's trucking activity rear entry area can become the "stage-door" entry for both the theater and the performance center. The plans include a spacious new stairway next to the stage-door entry connecting the lower and upper parts of the performance center. An office for the performance center looks over this main circulation hub, serving as an observation and greeting point.

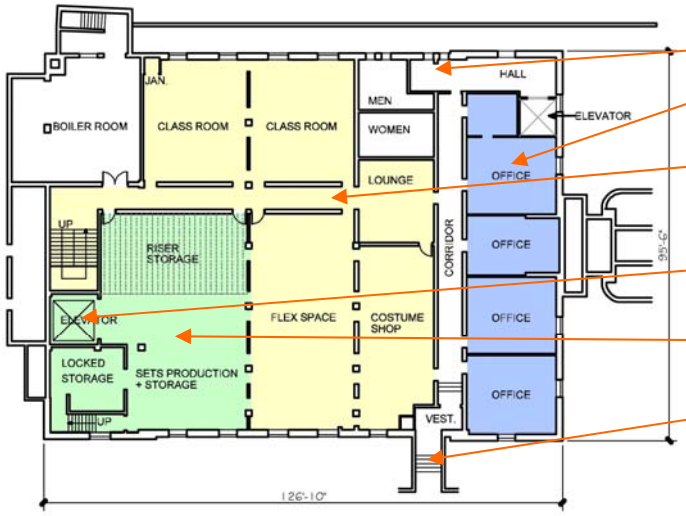
A pair of rehearsal spaces occupy the upper level, next to the main theater, but acoustically separate from it. Folding acoustic partitions divide the rehearsal rooms and allow them to be combined to create a mini-theater suitable for small productions. The rehearsal spaces are also offered for rent to outside groups, and may be rented as adjunct space to the theater for major events.

Performance center spaces on the lower level include a pair of classrooms, a costume shop, and a 1,150 s.f. "flex-space" that can be used for special projects or rented to outside groups. A small student lounge is also included. The group of spaces accommodates 40-50 students at a time, depending on the activities. The operating budget includes a fit-up allowance sufficient to provide lighting, seating and audio equipment.

Rental Office Space Design Notes

Rental offices occupy the row of rooms along the front lower level. These spaces are slightly below grade, but have waist height windows and a separate entry on Bonner Street. The plans include restrooms on the lower level. The offices provide a $50,000 annual revenue stream and occupy space already laid out in small suites. If the performance center's functions grew to the point where they were needed additional administrative area, and the budget allowed, these offices could be taken back as leases expire.

Floor Plans – Final Scheme



Ground Level

Existing accessible entry

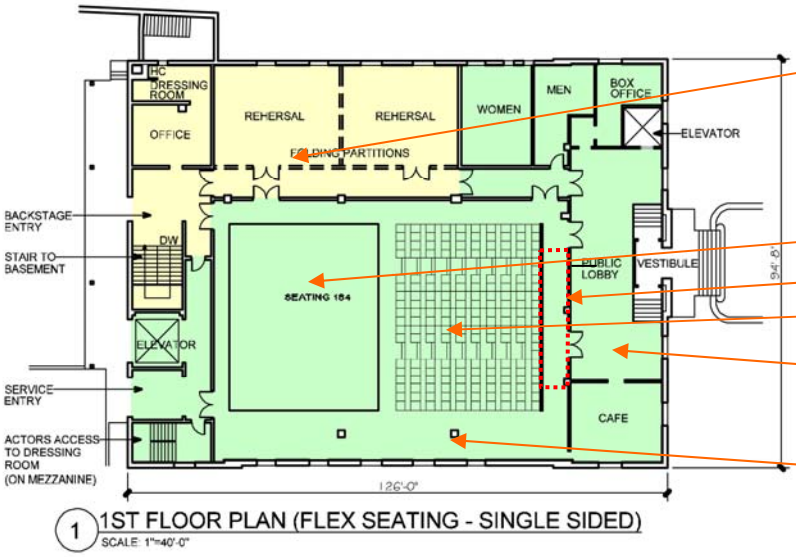
Rental office space in front portion of ground floor

Ground level performance center space: classrooms, flex-space, costume shop, etc.

Freight elevator, open to loading dock and interior

Space for set construction, riser storage

Primary office entry



1 1ST FLOOR PLAN (FLEX SEATING - SINGLE SIDED)
SCALE: 1"=40'-0"

First Floor

First Floor performance center space includes rehearsal rooms, office, connecting stair, and accessible entry from rear parking and loading area

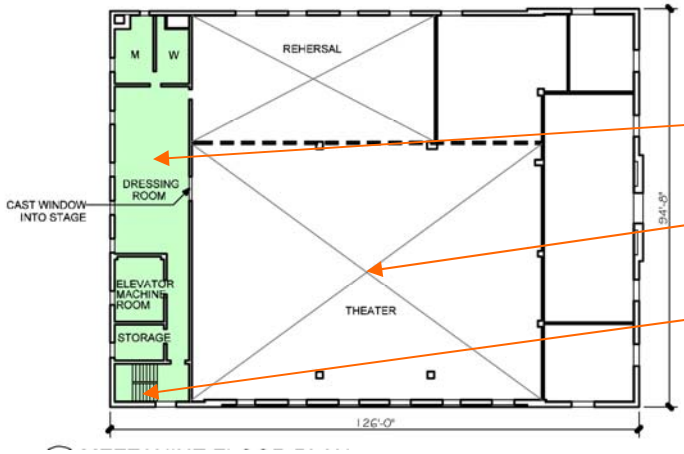
30' x 40' stage, movable

Projection booth, above

Riser seating / flexible layout

Theater lobby, café/bar, box office, and manager's office all located at front of space

Relocated Columns



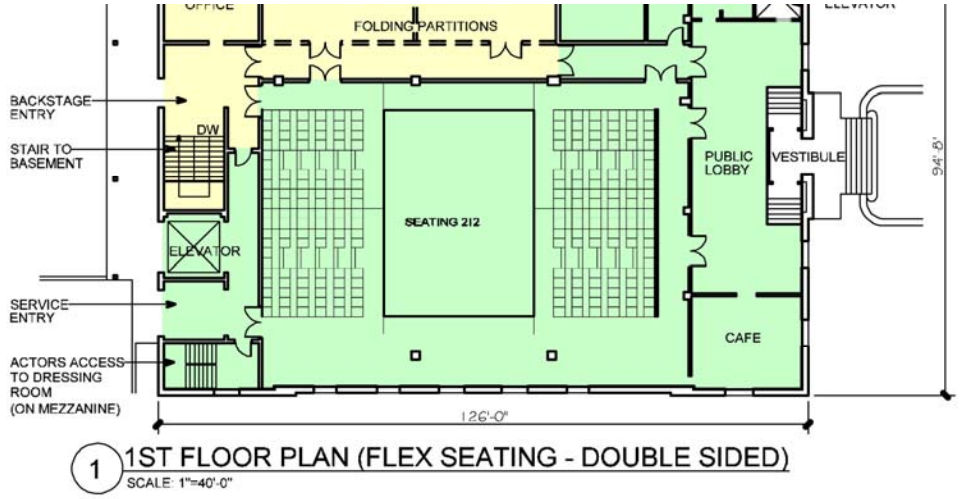
Mezzanine

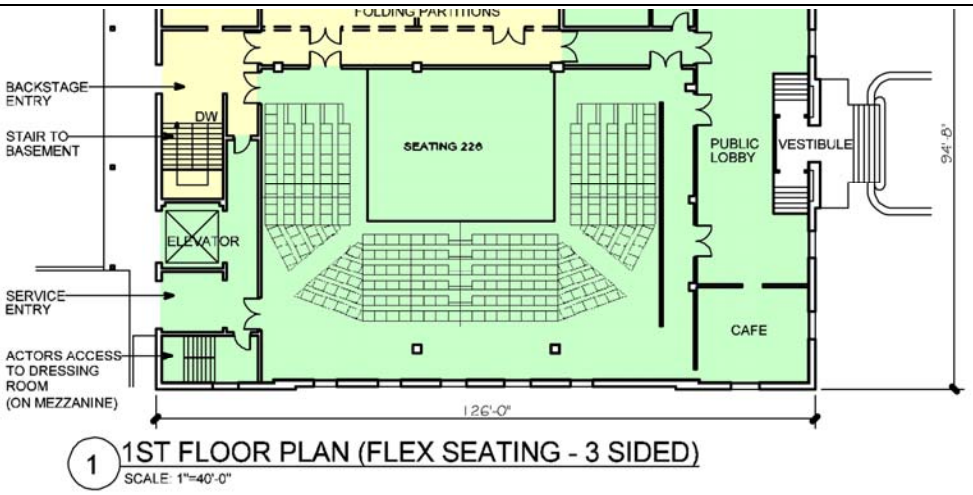
Actors' dressing room and green room

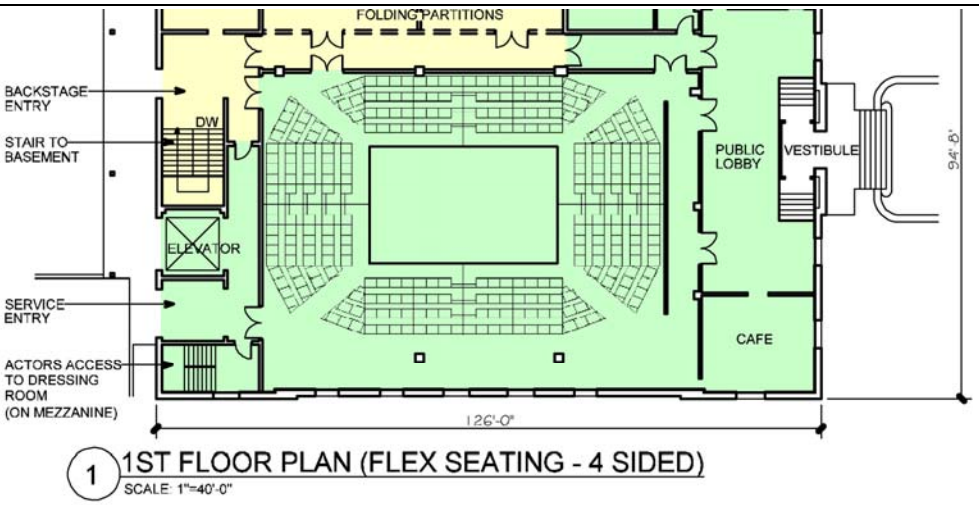
Upper level of theater space

Private stairway for theater use only – connects all three levels

Three additional seating layouts for the theater:



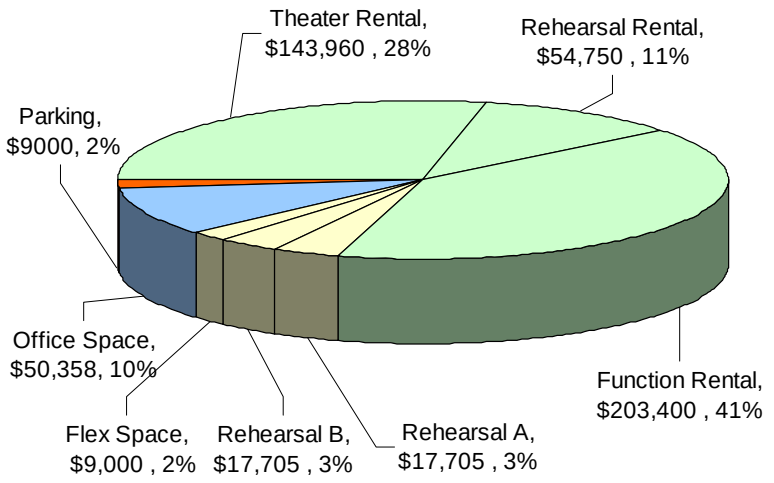




Economic Model of the Performing Arts Center at the Post Office

Rental Income

Rental rates for comparable theaters, meeting/function spaces, rehearsal spaces and office space provide the context for this analysis. Utilization rates were also studied, to the extent that information was available. Most theaters also offer discounts to non-profit presenters, adding another variable. Rehearsal rates are often, but not universally, lower than performance rates when renting a theater space. Some theaters give a sizeable discount when renting by the entire week, others quote rent only by the day. Functions are priced differently depending on the day of the week and month of the year.



When all of the variables are selected and income is calculated, the results are as shown in the chart above. Total income from facility rental in the first stabilized year (following the "ramp-up" period) is nearly $450,000. The theater space (green) generates the bulk of the revenue. Use of the theater for performances and rehearsals generates 39% of the income in this model, while use of the theater as a function space generates 41% of the revenue. As a whole the theater space contributes 80% of rental income. The remainder is evenly split between rental revenues from the performance center (pale yellow) and the rental office space. Parking revenue is minor at 2%.

The income generated by the theater space is based on the following observations and assumptions:

- The main theater is modeled closely on "professional" black box auditoriums at the Calderwood Pavillion at the Boston Center for the Arts, and at the Atlas Performing

Arts Center in Washington, DC. The seating, floor area, lighting package, riser package, and quality of finish are modeled as if similar.

- The Nancy and Edward Roberts Theater at the BCA charges more per week than the subject theater since it is in a very favorable location, both in terms of demographics and access.
- Non-profit presenters are offered a 25% discount, which is standard for publicly oriented theaters. This model assumes one half of the shows are in this category.
- From June through September the main theater is reserved for flat floor functions. The space can accommodate up to 400 at a maximum. During functions the large arched windows can be either draped or open to daylight.
- The function rental rate includes use of the theater space, lobby, café, restrooms and loading area. The adjacent rehearsal spaces may be rented as additional event space.
- Rates for function use are highest on Saturdays and Sundays, and much lower Monday through Thursday. Utilization is projected to be 90% on Saturdays during the summer wedding season, somewhat lower on Friday and Sunday, and only 25% for Mondays through Thursdays
- Theater space rentals (both performance and function) "ramp up" at the rate of 50% of projected use for year 1, 70% for year 2, 90% for year 3, and 100% by year four. At that point the theater space is projected to be utilized over 200 days per calendar year.
- The cost of security, house-keeping, lighting set-up, custodians, ushers, etc is netted out of the rental rates for both theater and function space rentals. The employees who provide these services typically work on an "on-call" basis.

The income generated by the Performance Center is based on the following observations and assumptions:

- The building lays out well for segregation of uses – an acting class could take place below a theatrical production or a fancy wedding and the participants would not have to meet coming or going.
- This model assumes experimental theater, acting classes, set design classes, tie-ins with the schools, etc, would happen in the building. Certain rooms, such as the classrooms and costume shop, are not rented out, and are reserved for this type of activity.
- The rehearsal rooms and "flex-space" are offered for rental as well as for use by the performing arts center classes. The rental income goes to the overall organization.
- When combined the two rehearsal rooms can become a 50 seat theater, renting at a rate of $200 per day, or $1,000 per week.
- Rental rates for the rehearsal spaces are set low since Somerville is home to many churches, schools, and social clubs with available space, unlike downtown locations.
- T he financial model assumes that income from fees for classes, grants, or education funds would cover the cost of instructors. These fees, salaries and incidental expenses are not modeled as either income or expenses in the proforma.

These assumptions become the basis for the income chart below.

Rental Rates for Main Theater and Performance Center Spaces

Main Theater Rental Rates

					Days	Income
	As a theater or concert venue (approx. 4,500 s.f., up to 380 seating)					
	(October thru May)	Day	Week			
1, 3	Full Rental Rate	$ 3,000	$ 8,500			
	Operators Direct Labor	$ (450)	$ (1,950)			
	Net Space Rental	$ 2,550	$ 6,550			
	Potential Rental Units	238	34			
	Utilization projection	15%	33%			
		$ 91,035	$ 73,491			
2, 3	Subsidized Rental Rate (-25%)					
	(percentage of above dates)	50%	50%			
	Revenue Reduction	$ (11,379)	$ (9,186)			
	Total Venue Revenue	$ 79,656	$ 64,305			**$ 143,960**
	Total Days Utilized: Venue	36	79		**114**	
	As a rehearsal space					
	(year round)	Day				
1	Rental Rate	$ 1,500				
	Operators Direct Labor	$ (150)				
	Net Space Rental	$ 1,350				
	Potential Rental Units	365				
	Utilization projection	10%				
	Total Rehearsal Revenue	$ 54,750				**$ 54,750**
	Total Days Utilized: Rehearsal	37			**37**	
	As a function space for weddings, etc. (up to 400 capacity)					
	(18 weeks, June-Sept)	Mon-Thur	Friday	Saturday	Sunday	
3	Function Rental Rate	$ 2,000	$ 3,500	$ 4,500	$ 3,500	
	Operators Direct Labor	$ (250)	$ (400)	$ (400)	$ (400)	
	Net Space Rental	$ 1,750	$ 3,100	$ 4,100	$ 3,100	
	Potential Rental Days	72	18	18	18	
	Utilization projection	25%	75%	90%	75%	
	Total Functions Revenue	$ 36,000	$ 47,250	$ 72,900	$47,250	**$ 203,400**
	Total Days Utilized: Functions	18	14	16	14	**61**
	Main Stage Days Utilized Per Stabilized Year, total all uses					**212**
	Ancillary Perfomance Center Space Rental Rates			*(6)*		
	(year-round)	Day	Week			
4	**Rehearsal Space A**	$ 100	$ 500	(approx 575 s.f.)		
	Potential Rental Days, Weeks	365	52			
	Utilization projection	25%	33%			
	Renearsal Space A Revenue	$ 9,125	$ 8,580			**$ 17,705**
	Total Main Rehearsal A Rented, days	91	120		**211**	
4	**Rehearsal Space B**	$ 100	$ 500	(approx 575 s.f.)		
	Potential Rental Days, Weeks	365	52			
	Utilization projection	25%	33%			
	Rehearsal Space B Revenue	$ 9,125	$ 8,580			**$ 17,705**
	Total Rehearsal B Rented, days	91	120		**211**	
5	**Ground Level Flex Space**	$ 1,500		(approx 1,150 s.f.)		
	Potential Rental Months	12				
	Utilization projection	50%				
	Flex Space Revenue	$ 9,000				**$ 9,000**
	Total Flex Space Rented, days	183	-		**183**	
	TOTAL PROJECTED GROSS REVENUE FROM SPACE RENTAL					**$ 446,520**

1 rate for for-profits, includes mezzanine dressing rooms, ground floor set-storage, café, catering kitchen, and $500 staff fee
2 rate for not-for-profits
3 price includes café, lobby, restrooms, food prep area, and $500 staff fee
4 spaces may be rented together as rehearsal space or utilized for small productions, could include hallway if combined
5 special project space - often not available due to regular program demands
6 performance center rehearsal rents are net of minimal direct labor expense

Development Costs

The estimated project cost is $6,000,000, including a $2,300,000 purchase price. Line items include both unit prices and lump sums. $350,000 is included for relocating two columns and strengthening the overhead trusses. The construction cost averages $138 per usable square foot. Soft costs are estimated at 30% of the hard cost budget, a lump sum that covers design, legal, financing, insurance, and project management expenses.

HARD COSTS	Notes	Unit Price	Const. Area, Quantity	Subtotal	Item Total	QPIS
			23,796			
Code/ADA Construction						
Sprinklers	including attic (center of theater goes to roof)	$6	30,596	$168,278		$168,278
Full Seismic Retrofit		$5	23,796	$118,980		$118,980
Subtotal, Code/ADA Construction					**$287,258**	
Use-Specific Modifications to Base Building						
Demolition	allowance, not many partitions or clgs	$50,000	1	$50,000		$50,000
Hazardous Material	allowance, seller pays remainder	$50,000	1	$50,000		$50,000
Roof	repairs only, per report estimate	$9,880	1	$9,880		$9,880
Masonry Exterior	allowance, seems B+	$15,000	1	$15,000		$15,000
Window - monumental storms	see elevations	$3,000	14	$42,000		$42,000
Window - replacement	replace smaller windows	$750	40	$30,000		$30,000
Mechanical	heat/AC, boilers good, branch ducts in fit-up	$10	13,987	$139,870		$139,870
Theater/Rehearsal HVAC	quieter than normal system	$10	6,290	$62,900		
Electric	electric - new throughout, exist 600 amp service good	$15	20,277	$304,155		$304,155
Restrooms	all new, m/w on 3 levels	$18,000	6	$108,000		$108,000
Stairs/Lobbies	existing, cosmetic work	$50,000	1	$50,000		$50,000
Stairs/Lobbies	new stair to ground level	$50,000	1	$50,000		$50,000
Elevator, passenger	allowance, cosmetic	$5,000	1	$5,000		$5,000
Elevator, freight	allowance, inspection, etc.	$5,000	1	$5,000		$5,000
Relocate 2 columns	footings, truss work	$175,000	2	$350,000		$350,000
Miscellaneous furnishings	classroom and shop equipment	$50,000	1	$50,000		
Landscape, parking	allowance	$15,000	1	$15,000		
Subtotal, Use-Specific Modifications to Base Building					**$1,336,805**	
General Conditions and Fees			18%	$240,625		$240,625
Owner's Contingency			8%	$106,944		$106,944
Subotal, General Conditions and Fees					**$347,569**	
Fit-up Expense						
Ground flr office space		$20	2,289	$45,780		$45,780
Performance center areas		$30	7,110	$213,300		$213,300
Theater, auditorium		$75	4,640	$348,000		$348,000
Theater, other space		$20	6,238	$124,760		$124,760
Seating	300 seats maximum	$100	300	$30,000		$30,000
Theatrical lighting	allowance	$75,000	1	$75,000		$75,000
Sound System	allowance	$25,000	1	$25,000		$25,000
Subtotal, Fit-up			20,579		**$861,840**	
TOTAL HARD COSTS	per SF 20,579	$137.69			**$2,833,472**	
SOFT COSTS	30% of total Hard Costs				**$850,042**	$850,042
DEVELOPMENT COSTS	(NET OF SITE PURCHASE)				**$3,683,514**	
SITE PURCHASE PRICE					**$2,300,000**	
Total PROJECT COSTS	(not including start-up reserve, equity developer fee)				**$5,983,514**	
Qualified Placed in Service Costs						**$3,555,614**
Net sales value fed historic tax credit at 85% of face value		85%	20%	$604,454		
Net sales value MA historic tax credit at 65% of face value		65%	20%	$462,230		
Potential Historic Tax Credit Equity Raise				$1,066,684	**-$1,066,684**	
NMTC Qualified Project Costs (Project Cost plus Land)		$5,983,514				
Net sales value NMTC		60%	39%	$1,400,142	**-$1,400,142**	
Project Cost Net of Tax Credit equity					**$3,516,688**	

Operating Proforma

Income from rental of the various spaces is carried at the rental rate and degree of utilization previously outlined, assuming a stabilized year. Property tax at the commercial rate is taken for office space only. Expenses include costs of building operation and maintenance, and also the salary expense for full-time personnel. Intermittent labor costs associated with daily and weekly facility rental are netted out of the rental income and not shown as an expense below. Staff expenses for the performance center (teaching, etc) are assumed to be balanced by fees for classes, grants, or education funds. Net income for the stabilized year is approximately $93,000. Capitalized at 7%, this income stream yields a value of $1.3 million. This sum is closely related to the amount of indebtedness that the project can afford to carry.

RENT and INCOME SUMMARY

	Gross Area*	Attributable Area**		Rent/SF	Rent/Year
Theater Areas		10,878			
Main Stage Revenue					$143,960
Rehearsal Revenue					$54,750
Function Revenue					$203,400
Performance Center Areas		7,110			
Ground Floor (flex space)					$9,000
First Floor (rehearsal rooms)					$35,410
Office Area					
Ground Floor		2,289	$	22.00	$50,358
Parking		5	$	1,800	$9,000
Total	**23,796**	**20,277**			**$505,878**
(*from assessor, gross rehabbed areas only)					
(** area includes demised space and common areas attributable to the use)					
Vacancy and Rent Loss:					
Theater (factored in)					$0
Performance Center (factored in)					$0
Office 5.0%					($2,518)
Effective Gross Income:					**$503,360**

OPERATING EXPENSE SUMMARY	Cost		Unit	Expense/Year
Real estate tax - office area only	$	21.21	per $1000	$7,282
Insurance	$	0.50	gsf	$11,898
Utilities				
water and sewer:	$	0.25	gsf	$5,949
hvac	$	1.25	gsf	$29,745
electricity	$	1.00	gsf	$23,796
Elevator Maintenance, Inspection	$	400	per month	$4,800
Custodial and repairs:	$	2.00	gsf	$47,592
Security system	$	500	month	$6,000
Building Services	$	0.65	gsf	$15,467
Managerial Staff				
Director and assistant				$150,000
Manager, theater and space rental		20%	stabilized yr	$90,000
Advertising / outreach / internet presence	lump sum			$18,000
Total Operating Expense				**$410,530**
NET OPERATING INCOME:				**$92,830**
Capitalization Rate:				**7.00%**
Value indication, approximate debt amount				**$1,330,000**

Development with and without Tax Credit Equity

The Development Cost and Operating Proforma can be used as the economic core of various financing schemes. Two basic scenarios are included in this report.

- In the *Public Ownership Scenario* the city retains ownership throughout the development and operational phases of the project. There is no for-profit ownership entity and the project does not utilize historic or New Markets tax credits.
- The *Tax Credit Scenario* the project utilizes tax credits and requires a for-profit ownership entity. The real estate is leased back to the operating entity and subsequently sold back to that entity once the tax credits are vested.
- Ultimately both scenarios proceed without private ownership from the eighth year onwards, and are operationally similar from that point forward.

Debt and equity levels vary between the scenarios

- The debt source for both scenarios is HUD 108 loan funds, at a 5% rate with a 20 year term, and a constant of approximately 8%.
- The *Public Ownership Scenario* borrowing amount is set at $1,500,000. Without tax credits there is greater need to borrow to reduce the amount of fundraising required.
- The *Tax Credit Scenario* borrowing amount is set at $1,100,000.
- Early year operating deficits are kept to approximately $400,000 in both scenarios. They are covered by a line-item in the sources and uses chart.

Operating income and expense is the same in both financing scenarios.

- Rental income from theater and performance center operations ramps up during the first three years, beginning at 50% of projection in year one.
- Rental rates are not inflated during the first four years and begin to rise in year five.
- Costs are inflated at an annual rate of 2.5% throughout.
- A "Box Office Charge" equivalent to 5% of ticket price is added to revenue. Total ticket revenue is estimated at an average 300% of venue rental cost.

Both Scenarios require a substantial capital campaign before the project can commence.

- Both assume a $1,500,000 naming rights contribution for the overall complex, and an additional $500,000 naming rights contribution for the main theater.
- Both include a speculative $400,000 grant from public or foundation funding sources.
- The *Public Ownership Scenario* requires additional capital contributions of $2,500,000.
- The *Public Ownership Scenario* requires additional capital contributions of $900,000 – assuming that the tax credits are all granted and are purchased at favorable rates.

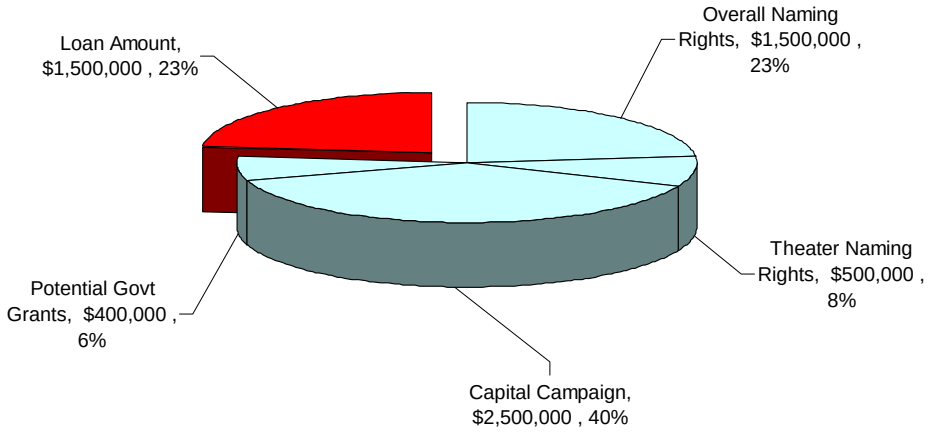
Tax credit funds have an element of uncertainty.

- Availability of the state historic credit and the New Markets Tax Credit is not certain in amount or timing. Waiting for funding rounds can delay the process.
- The timing is such that the 2010 census may govern the availability of the NMTC. Currently the 2000 census shows that the Post Office is in a low-income tract, allowing

it to compete for this type of credit. Income results of the 2010 census were not available at the date of this report

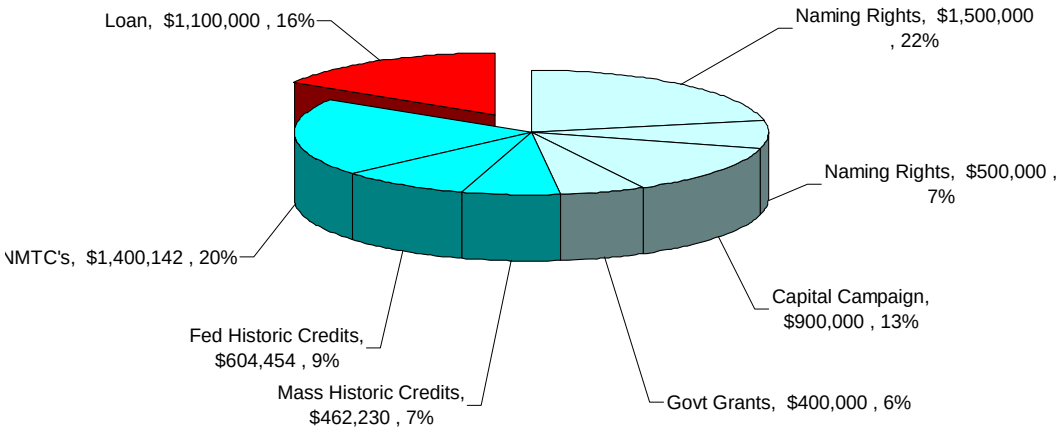
Funding sources for the *Public Ownership Scenario*

Equity raised from grants and contributions amounts to almost $4.9M, or 73% of the total project cost. Debt accounts for about one quarter of the project funds. This is a clean and simple project structure and does not have the uncertainties associated with tax credits. On the other hand it will compete head-on with many other worthy causes for most of its budget.



Funding sources for the *Public Ownership Scenario*

Equity raised from grants and contributions amounts to almost $4.9M, or 73% of the total project cost. Debt accounts for about one quarter of the project funds. This is a clean and simple project structure and does not have the uncertainties associated with tax credits. On the other hand it will compete head-on with many other worthy causes for most of its budget.



Public Ownership Scenario – 10 year proforma

10 Year Proforma, without tax credits

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Rental Income											
Theater Areas	$402,110	$402,110	$402,110	$402,110	$422,216	$432,771	$443,590	$454,680	$466,047	$477,698	$489,641
Ramp up factor	50%	70%	90%	100%	100%	100%	100%	100%	100%	100%	100%
Adj. Theater Income	**$201,055**	**$281,477**	**$361,899**	**$402,110**	**$422,216**	**$432,771**	**$443,590**	**$454,680**	**$466,047**	**$477,698**	**$489,641**
Box Office Fees	**$30,158**	**$42,222**	**$54,285**	**$60,317**	**$63,332**	**$64,916**	**$66,539**	**$68,202**	**$69,907**	**$71,655**	**$73,446**
Performance Center	$44,410	$44,410	$44,410	$44,410	$46,631	$47,796	$48,991	$50,216	$51,471	$52,758	$54,077
Ramp up factor	50%	70%	90%	100%	100%	100%	100%	100%	100%	100%	100%
Adj. Perf. Cent. Inc.	**$22,205**	**$31,087**	**$39,969**	**$44,410**	**$46,631**	**$47,796**	**$48,991**	**$50,216**	**$51,471**	**$52,758**	**$54,077**
Office Area	**$50,358**	**$50,358**	**$50,358**	**$50,358**	**$52,876**	**$54,198**	**$55,553**	**$56,942**	**$58,365**	**$59,824**	**$61,320**
Parking	**$9,000**	**$9,000**	**$9,000**	**$9,000**	**$9,450**	**$9,686**	**$9,928**	**$10,177**	**$10,431**	**$10,692**	**$10,959**
Total Revenue	**$312,776**	**$414,144**	**$515,511**	**$566,195**	**$594,505**	**$609,367**	**$624,601**	**$640,216**	**$656,222**	**$672,627**	**$689,443**
Vacancy	($2,518)	($2,518)	($2,518)	($2,518)	($2,644)	($2,710)	($2,778)	($2,847)	($2,918)	($2,991)	($3,066)
Effective Gross Income:	**$310,258**	**$411,626**	**$512,993**	**$563,677**	**$591,861**	**$606,657**	**$621,824**	**$637,369**	**$653,304**	**$669,636**	**$686,377**
Total Operating Expense	($410,530)	($420,793)	($431,313)	($442,096)	($453,148)	($464,477)	($476,089)	($487,991)	($500,191)	($512,696)	($525,513)
Net Operating Income	**(100,271)**	**(9,167)**	**81,680**	**121,581**	**138,713**	**142,180**	**145,735**	**149,378**	**153,113**	**156,941**	**160,864**
Minus Cost of Funds	($120,364)	($120,364)	($120,364)	($120,364)	($120,364)	($120,364)	($120,364)	($120,364)	($120,364)	($120,364)	($120,364)
Cash Flow After Financing	**($220,635)**	**($129,531)**	**($38,684)**	**$1,217**	**$18,349**	**$21,817**	**$25,371**	**$29,014**	**$32,749**	**$36,577**	**$40,500**
Financing year	1	2	3	4	5	6	7	8	9	10	11
Interest Payment	($75,000)	($72,732)	($70,350)	($67,850)	($65,224)	($62,467)	($59,572)	($56,532)	($53,341)	($49,990)	($46,471)
Principal Payment	($45,364)	($47,632)	($50,014)	($52,514)	($55,140)	($57,897)	($60,792)	($63,832)	($67,023)	($70,374)	($73,893)
Principal Balance	$ 1,500,000	$ 1,454,636	$ 1,407,004	$ 1,356,990	$ 1,304,476	$ 1,249,336	$ 1,191,439	$ 1,130,647	$ 1,066,815	$ 999,792	$ 929,418

(Sources) and Uses	
Project Cost	$ 5,983,514
Reserve for shortfall	$ 400,000
Overall Naming Rights	$ (1,500,000)
Theater Naming Rights	$ (500,000)
Capital Campaign	$ (2,500,000)
Potential Govt Grants	$ (400,000)
Loan Amount	$ (1,483,514)

Shortfall	($388,850)

HUD 108 Loan		
Loan Amount	Interest Rate	Term,yrs
$ 1,500,000	5%	20

Trending Factors											
Income Inflation	0.00%	0.00%	0.00%	0.00%	5.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Expense Inflation	0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Notes / Observations:

- Management Entity cash-flow and debt positions are highlighted in yellow.
- After the three-year "ramp-up" period cash flow becomes positive, and slowly increases each subsequent year.
- Sources and Uses includes $400,000 to fund "ramp-up" deficits.
- At the end of year 10 the principal balance decreases to $999,972, with 10 years remaining until the debt is fully discharged.
- Cash flow after Financing in year 10 is $40,500.

Tax Credit Scenario – 10 year proforma

10 Year Proforma - with tax credits **From City's and Developer's Perspectives**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Rental Income											
Theater Areas	$402,110	$402,110	$402,110	$402,110	$422,216	$432,771	$443,590	$454,680	$466,047	$477,698	$489,641
Ramp up factor	50%	70%	90%	100%	100%	100%	100%	100%	100%	100%	100%
Adj. Theater Income	**$201,055**	**$281,477**	**$361,899**	**$402,110**	**$422,216**	**$432,771**	**$443,590**	**$454,680**	**$466,047**	**$477,698**	**$489,641**
Box Office Fees	**$30,158**	**$42,222**	**$54,285**	**$60,317**	**$63,332**	**$64,916**	**$66,539**	**$68,202**	**$69,907**	**$71,655**	**$73,446**
Performance Center	$44,410	$44,410	$44,410	$44,410	$46,631	$47,796	$48,991	$50,216	$51,471	$52,758	$54,077
Ramp up factor	50%	70%	90%	100%	100%	100%	100%	100%	100%	100%	100%
Adj. Perf. Cent. Inc.	**$22,205**	**$31,087**	**$39,969**	**$44,410**	**$46,631**	**$47,796**	**$48,991**	**$50,216**	**$51,471**	**$52,758**	**$54,077**
Office Area	**$50,358**	**$50,358**	**$50,358**	**$50,358**	**$52,876**	**$54,198**	**$55,553**	**$56,942**	**$58,365**	**$59,824**	**$61,320**
Parking	**$9,000**	**$9,000**	**$9,000**	**$9,000**	**$9,450**	**$9,686**	**$9,928**	**$10,177**	**$10,431**	**$10,692**	**$10,959**
Total Revenue	**$312,776**	**$414,144**	**$515,511**	**$566,195**	**$594,505**	**$609,367**	**$624,601**	**$640,216**	**$656,222**	**$672,627**	**$689,443**
Vacancy, office	($2,518)	($2,518)	($2,518)	($2,518)	($2,644)	($2,710)	($2,778)	($2,847)	($2,918)	($2,991)	($3,066)
Effective Gross Income:	$310,258	$411,626	$512,993	$563,677	$591,861	$606,657	$621,824	$637,369	$653,304	$669,636	$686,377
Total Operating Expense	($410,530)	($420,793)	($431,313)	($442,096)	($453,148)	($464,477)	($476,089)	($487,991)	($500,191)	($512,696)	($525,513)
Net Operating Income	**($100,271)**	**($9,167)**	**$81,680**	**$121,581**	**$138,713**	**$142,180**	**$145,735**	**$149,378**	**$153,113**	**$156,941**	**$160,864**
Rent to Developer	($120,000)	($120,000)	($120,000)	($120,000)	($120,000)	($120,000)	($120,000)	$0	$0	$0	$0
City Assumes Debt, yr 8								($104,315)	($104,315)	($104,315)	($104,315)
Cash Flow to Mgmt Entity	**(220,271)**	**(129,167)**	**(38,320)**	**1,581**	**18,713**	**22,180**	**25,735**	**45,063**	**48,797**	**52,625**	**56,549**
Developer's Perspective											
Rent From Master Tenant	$120,000	$120,000	$120,000	$120,000	$120,000	$120,000	$120,000	$0	$0	$0	$0
(-) Cost of Funds	($88,267)	($88,267)	($88,267)	($88,267)	($88,267)	($88,267)	($88,267)	$0	$0	$0	$0
(-) Accounting, Reporting	($20,000)	($20,000)	($20,000)	($20,000)	($20,000)	($20,000)	($20,000)	$0	$0	$0	$0
Cash Flow After Finance	**$11,733**	**$11,733**	**$11,733**	**$11,733**	**$11,733**	**$11,733**	**$11,733**	$0	$0	$0	$0
Financing year	1	2	3	4	5	6	7	1	2	3	4
Interest Payment	($55,000)	($53,337)	($51,590)	($49,756)	($47,831)	($45,809)	($43,686)	($65,000)	($63,034)	($60,970)	($58,803)
Principal Payment	($33,267)	($34,930)	($36,677)	($38,511)	($40,436)	($42,458)	($44,581)	($39,315)	($41,281)	($43,345)	($45,512)
Principal Balance	**$ 1,100,000**	**$ 1,066,733**	**$ 1,031,803**	**$ 995,126**	**$ 956,616**	**$ 916,180**	**$ 873,722**	**$ 1,300,000**	**$ 1,260,685**	**$ 1,219,404**	**$ 1,176,058**

(Sources) and Uses	
Total Project Cost	$ 5,983,514
Organizational Fee	$ 500,000
Reserve for Shortfall	$ 400,000
Overall Naming Rights	$ (1,500,000)
Theater Naming Rights	$ (500,000)
Capital Campaign	$ (900,000)
Sale of Mass Historic Credits	$ (462,230)
Sale of Federal Historic Credits	$ (604,454)
Net Gained from NMTC's	$ (1,400,142)
Potential Govt Grants	$ (400,000)
Amount to be Financed	$ 1,116,688

Start-up	($387,758)

Put/Call Year 8	
$145,735	Net Income Before Financing
$ 873,722	Loan Balance
$ 1,300,000	Purchase of Developer's Position

HUD 108 Loan - Initial		
Loan Amount	Interest Rate	Term,yrs
$ 1,100,000	5%	20

HUD 108 Loan - refinanced year 8		
Loan Amount	Interest Rate	Term,yrs
$ 1,300,000	5%	20

Trending Factors											
Income Inflation	0.00%	0.00%	0.00%	0.00%	5.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Expense Inflation	0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Notes / Observations:

- Management Entity cash-flow and debt positions are highlighted in yellow. Developer Partner cash-flow and debt positions are highlighted in green.
- After year 3, cash flow to the Management Entity becomes positive, and slowly increases each subsequent year.
- Sources and Uses include a $500,000 fee to the Developer Partner for equity procurement expenses.
- Sources and Uses also includes $400,000 to fund "ramp-up" deficits.
- During the first 7 years the Management Entity leases the facility from the Developer Partner for $120,000 per year – a sum sufficient to pay debt service and accounting/reporting expenses.
- The put/call in year 7 includes approximately $425,000 to pay the exit expenses of the equity partners.
- Principal balance increases in year 8 to $1,300,000.
- At the end of year 10 the principal balance has decreased to $1,178,068, with 17 years remaining.
- Cash flow after financing in year 10 is $62,026.

Management of the Performing Arts Center

Performing arts centers are built and operated by a wide range of organizations. At one end of the scale are casino hotels in Las Vegas which operate strictly for-profit concert halls, multi-use theater spaces and arenas. When they cease to be profitable they are torn down. Some cities, notably New York, Chicago, Washington, and Boston, still support for-profit legitimate theaters, although the Colonial in Boston recently shut down, and the Majestic has been absorbed by Emerson College. But the era of the new privately-built for-profit theater or concert hall appears to be over, with the exception of those financed by the casino and resort industries.

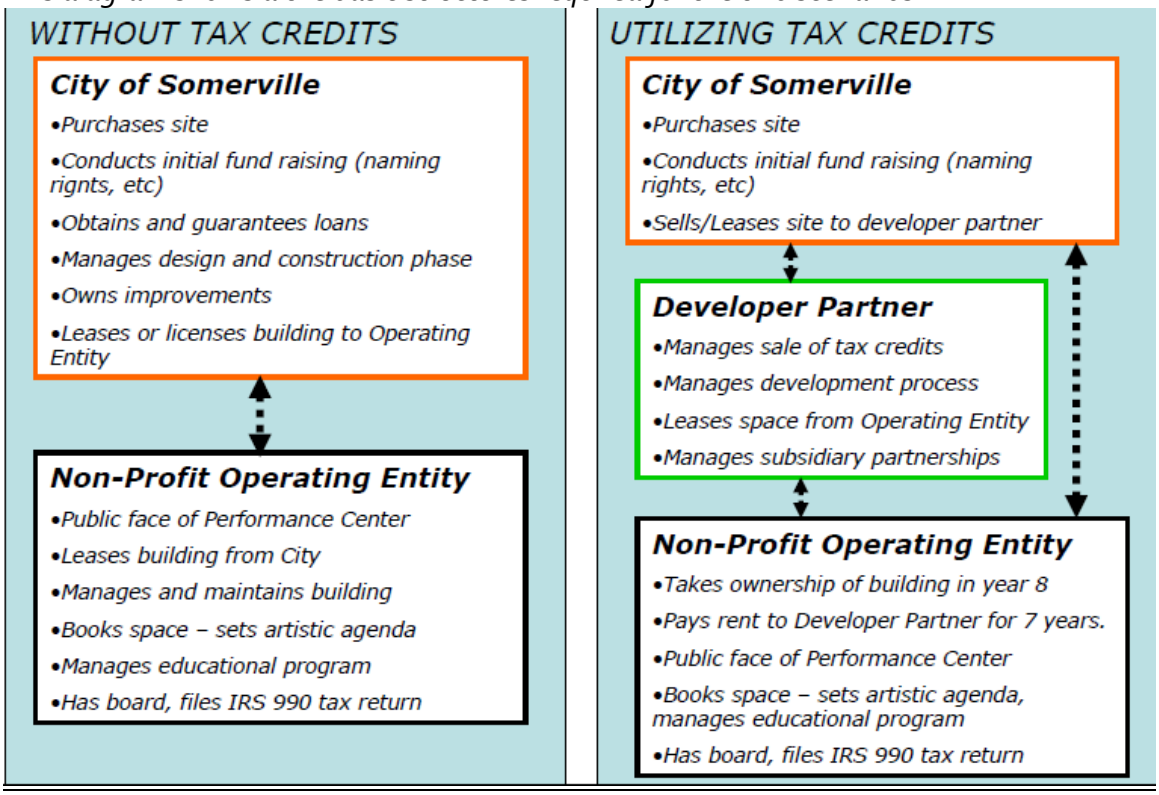
Most newly-built legitimate theaters and concert halls are part of performing arts centers. While some performing arts centers are built *and* operated as municipal facilities, the more typical operator is organized as a non-profit corporation. Sometimes the operator is closely affiliated with city government, as is the case in the relationship between the Boston Center for the Arts and the City of Boston. But even in this example the BCA is a separate non-profit corporation that manages the operations of the arts center, conducts fund-raising activities, and maintains the physical plant. The BCA files an IRS 990 form and has its own board of directors. Despite its origin as an initiative of city government, it is legally a separate entity. This removes it from the confines of the civil-service system, lets it manage its own spending priorities, insulates it to some extent from political currents, and allows it to appeal directly to donors for funding.

In some cases the real estate is held, at least temporarily, by a for-profit developer. Projects that utilize tax credits require private ownership and control during the credit recapture period, which is five years for historic credits and seven years for New Markets credits. Nationwide there are many examples of restored theaters that were renovated with tax credit equity. Recent Massachusetts examples include the Colonial Theater in Pittsfield and the Hanover Theater in Worcester. Both of these projects were conceived as public amenities, although their financing requires a private for-profit entity in the ownership structure. The Hanover's development cost of $26M included $15.5M in federal, state and other tax credits.

The Pawtuckett Armory was also renovated using equity raised from the sale of state and federal historic tax credits. Funding also included a substantial capital campaign. Now known as the Pawtuckett Arts Exchange, it contains several theaters as well as community and classroom facilities. The building was donated by the city to a for-profit management company that developed the property and which still manages it currently. On a cautionary note, the project was recently placed in receivership, a situation caused by abrupt cessation of lease payments for a high-school performing arts program that was relocated to a surplus school facility. The Arts Exchange remains the resident home for a successful theater company and plans to emerge from receivership. Fortunately the timing was such that the tax credit partner was fully vested before the receivership commenced, avoiding what could have been a much more difficult situation.

In the Tax Credit Scenario it is absolutely necessary that the project remains in operation throughout the full vesting period – five years for the historic credits, and seven years for the New Markets credits. Early dissolution of the project due to insolvency can trigger credit recapture. Adequate reserves need to be built into the budget.

This diagram shows a the basic structures required for the two scenarios.



The diagram for the Tax Credit Scenario is shown in its most simplified form. Additional entities are required to reduce tax consequences when credit investor partners exit after the vesting period. The NMTC's require their own investor partnership that relates to the CDE which channels the funding. Setting all of this into motion generates large up-front legal and accounting fees. Annual accounting fees are also considerable since each entity typically requires state and federal tax returns. There are also expenses incurred when the specialized tax credit entities exit the partnership. The 10 year proforma for the Tax Credit Scenario includes a sum for this purpose when it is refinanced in year 8.

The $6 million project cost is actually increased by $900,000 in the Tax Credit Scenario to pay an organization fee to the developer, and to fund a reserve for shortfalls. But even at nearly $7 million this project is small relative to the overhead required to obtain, maintain, and exit from the tax credit process. To succeed it would need to A) be managed by a very competent developer and B) obtain the maximum potential credit allocations.

Economic Impact of a Performing Arts Center at the Post Office

Impacts include one-time development and construction activity and continuing annual benefits to the community. The chart below shows how the various spending categories impact Somerville. Each year the Performing Arts Center accounts for $1.3 million in direct spending on goods and services in Somerville. When the follow-on aspects of this spending are added (increased family or business income spent locally on additional goods and services) the estimated economic impact rises to $2.0 million.

Annual Economic Impact		Total Amount	Percent spent locally	Direct Spending in Somerville	Sales Multiplier	Total Sales Benefit to Community
Restaurants, Cafes, Bars	1	$ 332,256	100%	$ 332,256	1.75	$ 581,448
Parking	2	$ 149,861	100%	$ 149,861	1.75	$ 262,256
Transit	3	$ 12,000	50%	$ 6,000	1.00	$ 6,000
Wages and salaries	4	$ 647,716	50%	$ 323,858	1.50	$ 485,787
Goods and Services	5	$ 202,906	50%	$ 101,453	1.75	$ 177,543
Building Services	6	$ 170,530	50%	$ 85,265	1.50	$ 127,897
Ticket Sales	7	$ 571,200	20%	$ 114,240	1.75	$ 199,920
Entertainment Spending "plugged" per Year	8	$ 142,800	100%	$ 142,800	1.00	$ 142,800
				$ 1,255,733		$ 1,983,652
Annual Economic Impacts				**$ 1,300,000**		**$ 2,000,000**

1 *spent by theater patrons, actors, students, teachers, event attendees*
2 *meter, lot and valet parking (esp. for functions)*
3 *busses*
4 *full and part time staff*
5 *spending associated with venue tenants, including event spending on food, flowers, furniture rentals, etc*
6 *operating expenses, incl utilities, etc, included minimal property tax*
7 *% of ticket revenue going to local talent, local spending by non-local talent on food, hotels*
8 *percent of ticket sales to Somerville residents that formerly would have been spent at out of town locations*

One-Time Construction Period Impact		Total Amount	Percent spent locally	Direct Spending in Somerville	Sales Multiplier	Total Sales Benefit to Community
Construction Costs	1	$ 2,833,472	50%	$ 1,416,736	1.50	$ 2,125,104
Soft Costs	2	$ 850,042	75%	$ 637,531	1.50	$ 956,297
				$ 2,054,267		$ 3,081,401
Construction Period Economic Impacts				**$ 2,100,000**		**$ 3,100,000**

1 *assume half of labor and materials is locally sourced, rehab construction*
2 *many local design, legal, finance, insurance professionals*

Construction period impacts add an estimated $2.1 million in wages and spending on items ranging from steel and concrete to legal services. Sales multipliers increase the local sales benefit to $3.1 million. Since the purchase price of the structure goes to the federal government its impact will not be felt locally.

The analysis includes an estimate of "annual entertainment spending plugged per year", assuming that 25% of its income would otherwise have been spent by Somerville residents on similar entertainment or function spaces at out-of-town locations. Since this spending would now stay in Somerville, it provides a positive economic impact.

While not calculated, theater and function rental income may come at cost to local performance and event spaces. Given the uniqueness of the theater as an event and performance space in Somerville, its primary competitors will be outside the city where it competes with venues such as Arts for Humanity or the Edwards Theater, both located in Boston.

From a metropolitan vantage point, assuming that virtually all of the economic impacts would be captured within the metropolitan area, the one-time construction period impact rises to $5.5 million, and the annual impact rises to $2.8 million.

The estimated economic impacts of two newly-completed, municipally-oriented, theater restorations are of interest, Depending on the breadth of the analysis, and whether or not one-time and on-going impacts are combined, predicted impacts can obviously vary widely.

- The Colonial Theater in Pittsfield, with a seating capacity of 700, states that it has a $4,000,000 annual economic impact. This compares to this study's estimated annual impact of $2,000,000 on spending in Somerville. Given the number of unknown variables, such as whether or not the Pittsfield study included money spent outside the city limits, these figures appear to be in the same universe.
- The Hanover Theater in Worcester, with a seating capacity of 2,300, reports a $40,000,000 economic impact in direct and indirect spending, jobs, property values and taxes.

This analysis undertaken for this study does not include impacts on property values, and instead concentrates on revenue generation. However, higher food and beverage sales in Union Square should eventually result in higher commercial rents, and ultimately to an increase in commercial property values and property tax revenue. By adding to the amenities available in Union Square the Performing Arts Center at the Post Office should support higher prices for all types of real property, although isolating direct cause and effect would be difficult.

By all measures this project will increase economic activity in the City of Somerville, both during construction, and in during the years of its operation. In addition it should have a beneficial impact on property values and tax revenues that emerges gradually over time.

The Performing Arts Center at the Post Office:
Study Findings and Issues for Further Investigation

Study Findings:

- The location is good, and will be better once rail transit arrives. At present the site is easily reached by car, bus, foot, and bicycle. Virtually every adult in Somerville has been to this central post office and knows how to reach the location.
- The Post Office building works well for a medium-sized performance venue, but optimal dimensions will require relocation of several columns.
- The performance space will also work well as a space for events and functions.
- There is room within the building to include an arts center catering to students, adults and local performance groups.
- The estimated project cost is estimated to be in the range of $6,000,000.
- Estimated annual rental income from the theater and other rental spaces is estimated to be in the range of $450,000.
- Projected net annual income from operations limits indebtedness to approximately 25% of the project cost.
- Many theater projects have been developed using historic and New Markets tax credits as an equity source. This project is at the small end of the scale relative to the complexity involved.
- Most performing arts centers are operated by independent non-profit entities.
- The annual impact on Somerville's economy is in the range of $2,000,000.
- The one-time construction period impact on Somerville's economy is in the range of $3,100,000.
- Some of the largest economic impacts directly benefit Union Square, including restaurant and parking revenue generation.

Issues for Further Investigation:

Mission

- How can the project mission and goals be communicated to the wider public?
- Are there aspects of the performing arts center that could be modified to broaden support?
- Will other theaters and theater companies support the project?
- Could there be a tie-in to existing school, college, and adult theater and performing arts programs?

Fund Raising

- Who will lead a capital campaign?
- Is it wise to commit development funds prior to full funding availabity?
- How large an endowment should the center have post-construction?
- Will public grants, such as Cultural Facilities Funds, be available?
- Would business in Union Square support a BID?

Building/Site:

- Can the Post Office obtain single-building historic designation?
- Can links be improved between PO and rest of Union Square?
- Is there sufficient parking at present to accommodate theater and event patrons who drive?
- Will further structural investigation support the construction estimate to relocate columns and increase roof spans?

Income and Operations:

- Can revenues be increased by booking events rather in conjunction with renting the theater space?
- Is there potential to attract a resident company (theater, dance, etc.), and if so, how does this impact community relations and bottom line?

Finance and Development:

- What will be the availability of New Markets Tax Credits vis-à-vis 2010 census data?
- Taken to another level of detail, how much equity will the tax credits return, net of all transaction costs, if they are pursued?
- What is the best development management structure?
- How should the development and management teams be chosen and/or assembled?

Appendices

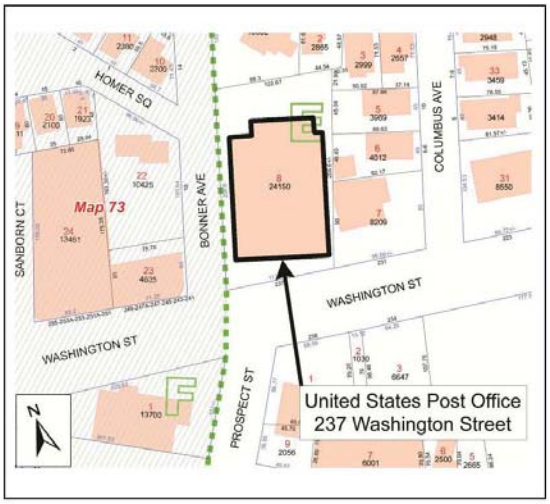
Appendix A: Historic Inventory Form – Post Office
Appendix B: Historic Inventory Form – Backer Eberly
Appendix C: Historic Inventory Form – Fire Station
Appendix D: List of People Contacted
Appendix E: Non-Profit Organizations, Financial Status
Appendix F: Initial Stage Layouts in the Post Office
Appendix G: Cultural Facilities Fund, Relevant Grant Recipients
Appendix H: Funding Sources for Cultural Facilities

FORM B – BUILDING

MASSACHUSETTS HISTORICAL COMMISSION
MASSACHUSETTS ARCHIVES BUILDING
220 MORRISSEY BOULEVARD
BOSTON, MASSACHUSETTS 02125

Photograph

Topographic or Assessor's Map



Recorded by: Virginia H. Adams, Carey L. Jones, and Quinn R. Stuart

Organization: PAL, Inc.

Date May 2010

Assessor's Number	USGS Quad	Area(s)	Form Number
81-E-8	Boston North	SMV.G	SMV.10

Town Somerville

Place *(neighborhood or village)* Union Square

Address 237 Washington Street

Historic Name United States Post Office/Somerville Main Post Office

Uses **Present:** Post Office

Original: Post Office, Government Office

Date of Construction 1935-1936

Source Building Plans

Style/Form Colonial Revival

Architect/Builder Louis Adolf Simon, Maurice P. Meade

Exterior Material

Foundation: Brick

Wall/Trim: Brick, stone, wood

Roof: Slate

Outbuildings/Secondary Structures
None

Major Alterations *(with dates)*
None

Condition Excellent

Moved _x_ **no** ___ **yes** **Date**

Acreage 24,150 S.F.

Setting The Somerville Post Office is located on the northeast corner of Washington Street and Bonner Avenue and is surrounded by a mix of other institutional buildings, including the Somerville Police Station, modern commercial buildings, and mid- to late nineteenth-century residences.

Follow Massachusetts Historical Commission Survey Manual instructions for completing this form.

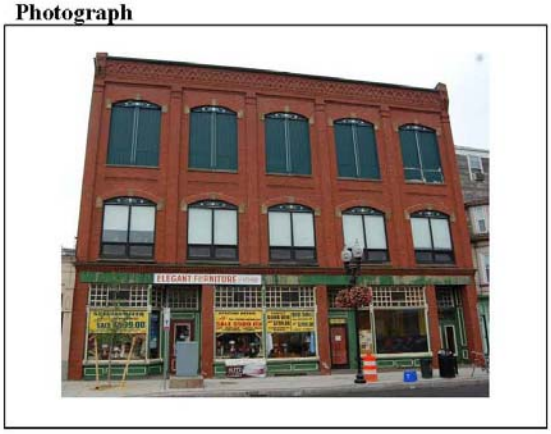
Appendix B Historic Inventory Form – Backer Eberly Building

FORM B – BUILDING

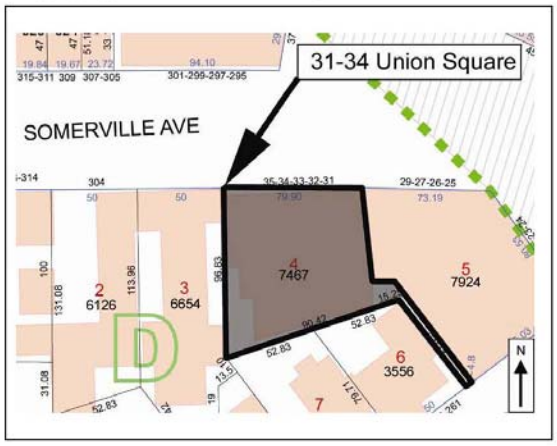
MASSACHUSETTS HISTORICAL COMMISSION
MASSACHUSETTS ARCHIVES BUILDING
220 MORRISSEY BOULEVARD
BOSTON, MASSACHUSETTS 02125

Assessor's Number	USGS Quad	Area(s)	Form Number
74-D-4	Boston North	SMV.G	SMV.762

Photograph



Topographic or Assessor's Map



Town Somerville

Place Union Square

Address 31-34 Union Square

Historic Name Eberle Building

Uses Present: Commercial

Original: Commercial/Meeting Hall

Date of Construction 1884

Source 1884 Hopkins map

Style/Form Queen Anne

Architect/Builder Unknown

Exterior Material

Foundation: Brick and granite

Wall/Trim: Brick

Roof: Tar and gravel

Outbuildings/Secondary Structures None

Major Alterations None

Condition Excellent

Moved _x_ no __ yes **Date**

Acreage 6,895 S.F.

Setting Center of urban commercial area, immediately west of Union Square, along major thoroughfare of Somerville Avenue.

Recorded by Laura Kline, Melissa Antonelli, Quinn R. Stuart
Organization: PAL
Date June 2010

Follow Massachusetts Historical Commission Survey Manual instructions for completing this form.

Appendix C: Historic Inventory Form – Fire Station

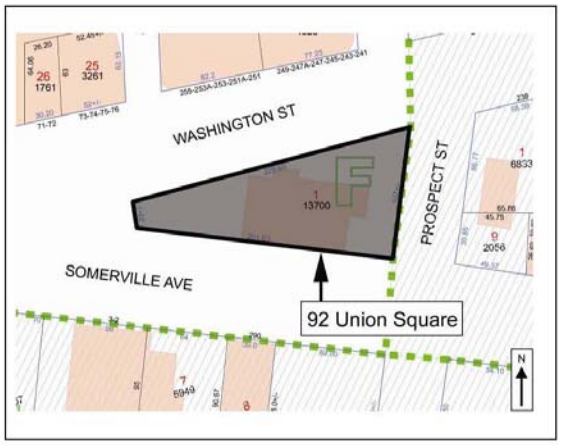
FORM B – BUILDING

MASSACHUSETTS HISTORICAL COMMISSION
MASSACHUSETTS ARCHIVES BUILDING
220 MORRISSEY BOULEVARD
BOSTON, MASSACHUSETTS 02125

Assessor's Number	USGS Quad	Area(s)	Form Number
73-F-1	Boston North	SMV.G	SMV.67

Photograph

Topographic or Assessor's Map



Town Somerville

Place Union Square

Address 92 Union Square

Historic Name Union Square Fire Station

Uses Present: Offices for community organizations

Original: Fire Station

Date of Construction 1903

Source City Directories

Style/Form Colonial Revival

Architect/Builder Walter T. Littlefield

Exterior Material

Foundation: Granite

Wall/Trim: Brick

Roof: Slate

Outbuildings/Secondary Structures None

Major Alterations
Post-1950 – cupola removed

Condition Good

Moved _x_ no __ yes **Date**

Acreage 13,700 S.F.

Setting Center of urban commercial area.

Recorded by Laura Kline, Melissa Antonelli, Quinn R. Stuart
Organization: PAL
Date June 2010

Follow Massachusetts Historical Commission Survey Manual instructions for completing this form.

Appendix D: Contact List

Mimi Graney	Director, Union Square Main Streets
Jed Speare	Director, Mobius
Catherine Peterson	Executive Director, ArtsBoston
Richard DiGerolemo	Union Square property owner
Henry Patterson	Union Square property owner
Jay Paget	Director, Massachusetts Cultural Facilities Fund
Yvonne Fedderman	Director, Pawtuckett Armory Arts Exchange
Meletta Kanut	Manager, Backer Eberly Building
Ruth Birnbaum	Director, Boston Dance Alliance
Julie Hennrikus	Director, Stage Source
Jim Torres	Director of Marketing, Speakeasy Stage Company
David Yaeger	President, Radnor Property Group
Ayanna Hines	Program Coordinator, Hibernian Hall
Joey Riddle	Marketing Director, Calderwood Pavillion
Bernard Gibbons	AGB Realty
Meri Jenkins	Massachusetts Cultural Council, Program Director, Adams Arts Program for the Creative Economy

Appendix E: Non-Profit Organizations, Financial Status

Roster of Non-Profit Organizations – for use in Union Square Study				
Source: Guidestar for general info., IRS 990 returns for financial information				
Organization	**Address**	**Revenue (before expenses)**	**Net Assets, Total** **Building Value**	**Contact**
Central Square Theater Incorporated	450 Massachusetts Avenue Cambridge , MA 02139	$1,081,979	(-) $367,542 $3,527,082, bldg	Allison Frymoyer **aaf@centralsquaretheater.org** Development Coordinator (617) 576-9278 x208
Nora Theatre Company Inc.	450 Massachusetts Avenue Cambridge , MA 02139	$0 (combined with Central Sq Theater)	$0 (combined with Central Sq Theater)	(617) 4911887 Contact:Karen Gromis
Underground Railway Theater	450 Massachusetts Avenue Cambridge , MA 02139	$0 (combined with Central Sq Theater	$2,459,921 (building owned by Central Sq. Theater)	Telephone:(617) 576-9278 Contact:617-643-6916
Actors Shakespeare Project	191 Highland Avenue Suite 2E Somerville , MA 02143	$1,166,503	$32,392 $214,335 prior yr (no building)	(617) 629-3895 Sara Stackhouse ContactSara Stackhouse
Cantata Singers Inc.	161 First St Ste 203 Cambridge , MA 02142	$666,400	$2,619,200 no building	Mr. Jeffry George jgeorge@cantatasingers.org Executive Director (617) 868-5885
New England Music and Stage Company	62 Prentiss St Cambridge , MA 02140	$33,693 '09 $0 occupancy cost	$21,209	
Center for the Arts at the Armory	191 Highland Avenue Somerville , MA 02143	$74,109 '09 $41,280 gifts $36,927 receipts $53,208 cost of occupancy	$-2,430 '09	Debra McLaughlin, Director
Emerson Umbrella, Inc.	40 Stow St Concord , MA 01742	$996,184 '10 $1,315,241 '09	$1,198,259 $1,504,518 bldg	978-371-0820
Longy School of Music, Inc		$8,524,530	$11,184,216 $7,419,700 bldg	Ms. Christine Paul **christine,paul@longy.edu** Dir. of Communications (617) 876-0956
Boston Early Music Festival, Inc	161 First Street Suite 202 Cambridge , MA 02142 1207	$2,241,715	-$211,888 $23,577 bldg, equip	Ms. Kathleen Fay **kathy@bemf.org** Executive Director (617) 6611812

Boston Ballet	19 Clarendon St Boston , MA 02116	$28,103,651	$13,364,060 $17,342,239, bldg	Ralph Scala mdagne@bostonballet.org Director of Development (617) 456-6303
Huntington Theatre Company, Inc.	252 Huntington Ave Boston , MA 02115	$11,291,744	$13,634,060 $17,342,239, bldg	617-273-1527
Boston Center for the Arts, Inc.	539 Tremont St. Boston , MA 02116 6338	$2,526,743 '10 $404,092 Cyclorama Rent $193,028 Performing Arts Rental	$5,368,307 '10 $5,955,056, bldg	Ms. Cara Wojcik cwojcik@bcaonline.org Executive & External Relations (617) 426 5000
New Repertory Theatre, Inc.	200 Dexter Avenue Watertown , MA 02472	$1,684,984 '09 $2,286,710 '08 $220,860 cost of occ.	-$62,956 $218,631, equip	Mr. Mark William Soucy marksoucy@newrep.org Development Manager (617) 923-7060 x203
Arts Boston, Inc.	31 St. James Avenue Suite 360 Boston , MA 02116	$1,736,074, '09 $115,545 cost of occ	$832,735 $642,334 bldg, equip	Ms. Catherine Peterson info@artsboston.org Executive Director (617) 2628632
Speak Easy Stage, Inc.	539 Tremont St Boston , MA 02116	$1,105,667 $144,360 cost of occ	-$140,281 $7,232 bldg, equip	(617) 482-3279 Mr. Paul Daigneault Producing Artistic Director (617) 482-3279
Springstep, Inc.	98 George P Hassett Dr Medford , MA 02155	$955,474 '09 $750,536 '08 (grant)	$528,710 $229,511 bldg, equip	(781) 395-0402
Springstep Foundation, Inc.	same	$608,132 '10 $-73,758 '09	$4,774,313 '10 $3,699,791 '09 $4,928,991 bldg	781-395-0402
Newton Arts Center, Inc.	61 Washington St Newtonville , MA 02458	$762,382 $611,096 from operations	$541,074 '09 $565,739 '08 $649,080 bldg	(617) 964-3424
Boston Dance Alliance, Inc.	19 Clarendon St Boston , MA 02116	$195,110 $194,862 pub support	$14,488 '09 $0 bldg	(617) 482-4588
Stage Source Inc.	88 Tremont St Ste 714 Boston , MA 02108	$333,500 $173,600 membership dues	$188,200 $0 bldg	Julie Hendricks (617) 720 6066

Out of State Performing Arts Centers, potentially relevant				
Organization	**Address**	**Revenue (before expenses)**	**Net Assets, Total** **Building**	**Contact**
Atlas Performing Arts Center	1333 H St NE WashingtonDC 20002	$327,886 Box Office: $29,092	$12,055,650 $1,249,203 (equip only, bldg separately owned)	202 399 7993 202 772 1153 Director: Sam Sweet
Pawtuckett Armory Association	PO Box 1026 Pawtucket , RI 02862	$247,875	$3,565,134 $21,214 bldg	(401) 721-0988 Mr. Steve Kumins steve@arts-exchange.org Executive Director (401) 721-0723
Theatre Artist Studio	4848 East Cactus Road Scottsdale, AZ 85254	$140,573 Box office $40,359	$164,619 ($106,274 rent, cost of occupancy)	602-765-0120

Descriptions of out-of-state organizations listed above

Atlas Performing Arts Center

Atlas provides a presenting home for eight professional performing companies and over 30 non-resident, regional, national and international production companies (including dance, theater, orchestral and variety) in seven spaces (four theaters and three dance studios). Atlas provides administrative and production support for its eight resident and visiting companies in a complete floor of offices on the lower level (3,000 square feet). Atlas has, and continues to be, the leader in the revitalization of the H Street corridor in Northeast Washington, DC.
The Atlas Performing Arts Center development utilized historic and New Markets tax credits through an innovative partner ship strategy. It functions primarily as an umbrella organization.

Pawtuckett Armory Association

The Arts Exchange is a unique arts center. Its goal is to provide attractive space to professional artists and arts educators at rental rates substantially below market value. Because PAA charges rents that are based on the cost of operating the building and not on market forces, the non-profit occupants of The Arts Exchange will be able to afford to remain, and grow, even after their presence causes the surrounding property values to escalate. These occupants are active in drama, music, dance and education in the performing and visual arts. These people and organizations interact with each other in creative ways and bring their various talents to performance and instruction. PAA thus provides a sustainable cultural and educational resource and an attractive foothold for additional investment and economic development in the Pawtucket and Blackstone Valley regions.
The Pawtuckett Arts Exchange was developed as a joint venture between a non-profit arts organization and a for-profit development entity that was able to monetize both state and federal historic tax credits, greatly underwriting its renovation expense, and availing itself of private development efficiencies.

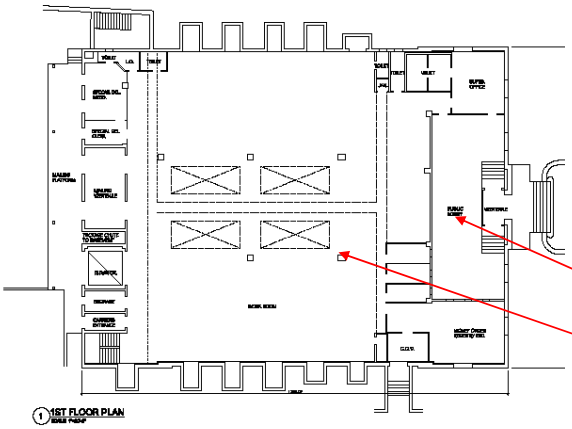
Theater Arts, Scottsdale, Arizona

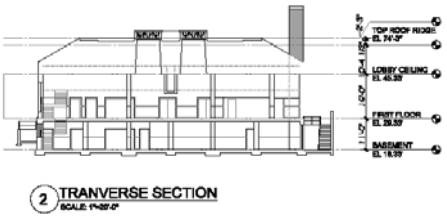
Theater Arts provides a place for theater artists who area actors, directors, playwrights, producers, and designers to work at their craft in an atmosphere which fosters mutual growth and collaboration through studio affiliation, and provides theatrical experiences to the community at large.
This small organization is totally staffed by volunteers and is located in rented space in a small shopping mall on a suburban strip highway. It operates on a low budget, too much of which is spent on rent. It presents plays by local authors, uses local performers, and provides a venue for local talent to be seen by a metropolitan au

Appendix F: Initial Stage Layouts in the Post Office

Union Square Post Office
Four quick studies of a 30x40 dance stage in black box theatre

Fort Point Consulting, Inc. April 4, 2011
Development Advisors



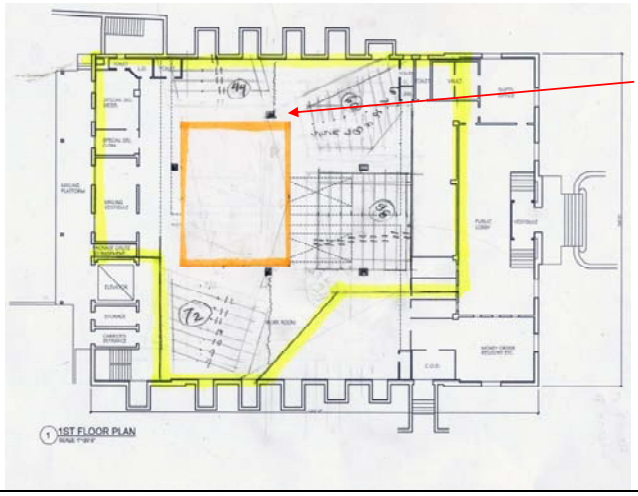


Post Office first floor plan to left, Section above

Historic lobby

Note cluster of columns at center of space.
To locate a 30'x40' dance stage, at least one column must be relocated

Column relocation possibilities govern the four different layouts.



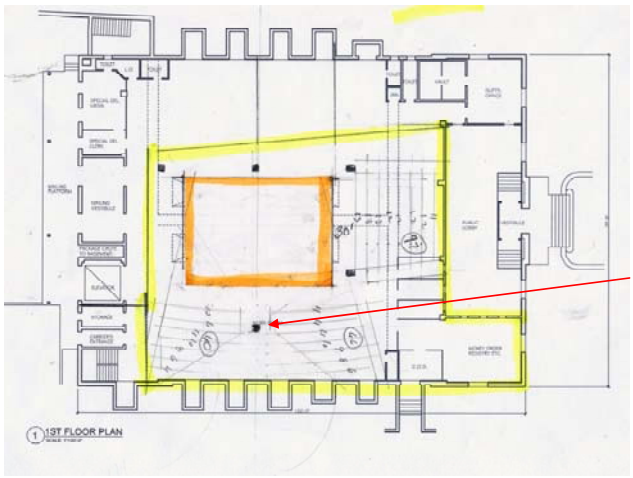
One relocated column

Relocated column

Risers located to minimize obstructed views, but columns may be annoying at edge of stage.

Yellow line demarcates approximate theatre domain

Seating for 264 in four groups of risers on three sides
44, top
60, upper corner
88, side
72, bottom

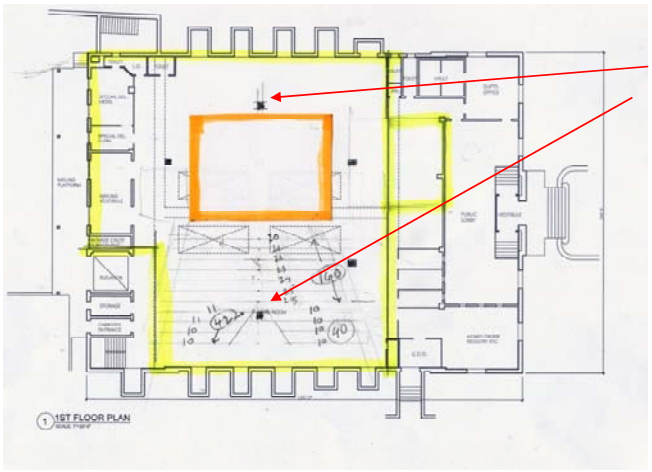


One relocated column

Seating is symmetrical at front of stage, but splits due to column. Side seating on one stage side only.

Seating for 227 in three groups
60, 66 in two groups in front of stage, split by column
Seating for 97 at side of stage.

Relocated column



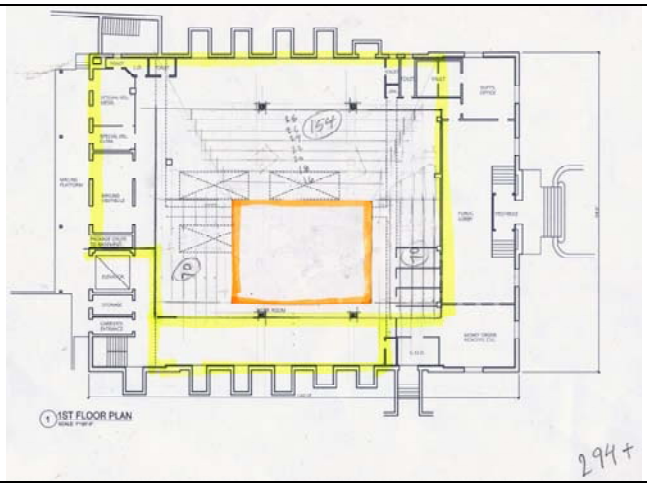
Two relocated columns

Relocated columns.

Risers located to eliminate obstructed views.
No columns in field of view.
Yellow line demarcates approximate theatre domain.

Seating for 242 in three groups of risers in front of stage, no seating on sides
160, main risers
40, 42, rear risers

Upper seats will be close to bottom of trusses



Four relocated columns

No obstructions from columns remain.
There could be more seating if corners were infilled.
Seating shown in riser form, and it would be simple to eliminate any of the three risers or to screen them off .

Seating shown for 294 seats in three groups.
150 in front of stage
70, 70 on sides

Appendix G: Cultural Facilities Fund, Relevant Grant Recipients

Café 939 @ Berklee, *Coffee House and Performance Venue*

Grant: $200,000

About the Facility: The world's largest independent music college, Berklee College of Music began planning two years ago to develop a café venue that would offer burgeoning musical talent the opportunity to perform in a public setting. The result was Café 939, a 4,000-square-foot space that includes a café and a flexible live performance space that seats 50 to 200 people.

About the Project: The Cultural Facilities Fund awarded Berklee College of Music $200,000 to support the transformation of a former architect's studio in Boston's Back Bay into Café 939, which includes a coffehouse and performance venue.

Cambridge Multicultural Arts Center, *Theater Renovations*

Grant: $45,664

About the Facility: Founded in 1978, the Cambridge Multicultural Arts Center presents visual and performing arts programs by ethnically and culturally diverse artists. Listed on the National Register of Historic Places, the Center is located in Bullfinch Square and consists of an ornate theater, two art galleries and support spaces.

About the Project: The Cultural Facilities Fund awarded Cambridge Multicultural Arts Center $45,664 for renovations and upgrades to the Center's theater that will include seating, lighting, staging, and acoustical upgrades.

Central Square Theater, Cambridge *Exterior Improvements*

Grant: $68,000

About the Facility: Central Square Theater is the new permanent venue for two Cambridge theater companies, the Nora Theatre Company and Underground Railway Theater. Although the black-box theater and rehearsal spaces are state-of-the-art in their design and fit-out, the facility is set back from the street, creating challenges to the theater's goal of increasing its visibility.

About the Project: The Cultural Facilities Fund awarded $68,000 for exterior improvements to Central Square Theater, including new signage and exterior courtyard work to increase the theater's presence on Massachusetts Ave. The grant will also go toward the installation of specialized equipment such as listening devices, audio description devices, and a captioning system.

Central Square Theater, *Building the Central Square Theater*

Grant: $192,000

About the Facility: The Nora Theatre Company and Underground Railway Theater have partnered to develop a new theater arts center, the Central Square Theater, on a long-vacant parcel of MIT-owned land.About the Project: The Cultural Facilities Fund awarded Central Square Theater $192,000 toward the completion of the new theater facility.

The Dance Complex, Cambridge *Accessibility Improvements*

Grant: $112,500

About the Facility: The Dance Complex was created over 16 years ago to rescue the historic Odd Fellows Hall in Central Square and secure it for the dance community. Today, it offers classes, workshops and concerts in its six studios and black box performance space, the Julie Ince Thompson Theater.

About the Project: The Cultural Facilities Fund awarded The Dance Complex $112,500 for the reconfiguration of the floor plan of the lobby and offices to make the entryway and bathrooms fully accessible.

Jose Mateo's Ballet Theatre, Cambridge *Ensuring Access and Enhancing Safety*

Grant: $291,900

About the Facility: Jose Mateo's Ballet Theatre operates a school, a professional performing company and community outreach programs in Harvard Square out of a church built in 1870. The Ballet Theatre moved into this National Historic Landmark in July 2000 and launched a three-phase renovation project.

About the Project: The Cultural Facilities Fund awarded Jose Mateo's Ballet Theatre $291,900 for a series of facility improvements designed to make the building ADA compliant and enhance personal and property safety.

Mudflat Studios, Somerville *Broadway Theatre Renovation*

Grant: $300,000

About the Facility: Originally built in 1915, the Broadway Theatre was last used as a neighborhood theater in 1982, before being converted to warehouse space. The building requires extensive renovations before it can be occupied by Mudflat, whose programming, accessibility, and public space needs have outgrown its current home.

New Repertory Theatre , Watertown *Theater Improvements*

Grant: $26,000

About the Facility: Founded in 1984, New Repertory Theatre is the resident professional theater company at the Arsenal Center for the Arts. The company welcomes nearly 40,000 people annually to its performances in the 380-seat Charles Mosesian and 90-seat Black Box theaters. Although the performance spaces themselves are newly built, up to now they have been equipped with outdated audio and lighting systems, causing many technical issues.

About the Project: The Cultural Facilities Fund awarded New Repertory Theatre $26,000 for updates to the lighting and audio systems in the Mosesian and Black Box theaters.

Roxbury Center for the Arts at Hibernian Hall, Boston *Box Office Reconfiguration*

Grant: $90,000

About the Facility: Originally a center for Irish cultural and community life and later the home for the Opportunities Industrialization Center, Hibernian Hall eventually fell into disrepair until it was purchased and renovated by ACT Roxbury in 2000. The 27,000 -square-foot space is now home to the Roxbury Film Festival, as well as poetry, theater, dance, and open studios events.

About the Project: The Cultural Facilities Fund awarded $90,000 for renovations to Hibernian Hall to create a new box office and reconfigure office space. Renovations will refit an existing storefront space, including installation of new finishes, partition relocation, and minor electrical work.

Theatre Zone, Inc., Chelsea *Chelsea Theatre Works*

Grant: $270,000

About the Facility: Known originally as the 1906 Old Post Office Building, TheatreZone's Chelsea Theatre Works houses a fully-equipped theater, class and rehearsal studios, and a lobby gallery. Renovations are needed to make this 100-year-old facility code compliant and fully accessible.

About the Project: The Cultural Facilities Fund awarded $270,000 to TheatreZone for construction of a new performing arts center, housing a 100-seat theater, lobby/gallery, class and rehearsal studios, and support spaces.

The Villa Victoria Center for the Arts , Boston *Upgrades and Renovations*

Grant: $400,000

About the Facility: The Villa Victoria Center for the Arts at Inquilinos Boricuas en Acción (IBA) is dedicated to promoting contemporary and traditional Latino art, including dance, music, poetry, theater, and visual art. The center includes the 450-seat Jorge Hernandez performance hall, a gallery, classrooms, and an outdoor amphitheater. IBA recently completed strategic capital business planning in preparation for this project.

About the Project: The Cultural Facilities Fund awarded IBA $400,000 for renovations at the Villa Victoria Center for the Arts that include accessibility improvements, HVAC upgrades, installation of a new sprinkler system, and upgrades for the electrical, sound, and lighting systems.

Zumix, East Boston *The Firehouse*

Grant: $200,000

About the Facility: For more than 17 years, Zumix has been empowering youth through music, and welcomes 6,000 annually to its programming, concerts, and events. As Zumix has grown, it has found its current 3,400-square-foot space too small to accommodate its current programming, or its two-year waiting list.

About the Project: The Cultural Facilities Fund awarded Zumix $200,000 for renovation of an existing 9,000-square-foot East Boston firehouse into Zumix's new home. The Firehouse will feature performance space, a live-sound-mixing and video-projection station, recording studio, classrooms, and support space.

Amazing Things Arts Center , Framingham *Firehouse Adaptive Reuse*

Grant: $218,000

About the Facility: Amazing Things Arts Center presents 300-plus performing arts events per year, as well as classes and workshops, to an annual audience of 20,000. Shortly after its founding in 2004, Amazing Things realized that its one-room storefront was not only too small to accommodate growing demand for its performing arts programs and classes, but also lacked space to showcase local visual artists.

About the Project: The Cultural Facilities Fund awarded Amazing Things Arts Center $218,000 for the second phase of a project to restore and adapt a firehouse in downtown Framingham into a music, theater, art, and family events center. The Center's new home will include a professionally-equipped theater with more seats, classroom space, and exhibition space.

LynnArts, Inc., Lynn *Deferred Maintenance*

Grant: $75,000
About the Facility: The LynnArts Community Art Center is a 24,000-square-foot facility that houses three gallery spaces, a black box theatre, and 17 studio spaces for artists. Roof replacement and other critical repairs are needed to maximize cultural programming in the theater and improve accessibility.
About the Project: The Cultural Facilities Fund awarded $75,000 to LynnArts for deferred maintenance and renovations including roof replacement, HVAC improvements and other repairs, and installation of a lighting grid and seating to increase capacity of the black box theater.

Narrows Center for the Arts, Inc., Fall River *Making the Narrows Center Accessible*

Grant: $60,000
About the Facility: Occupying a 15,000 square foot space in a former mill building, the Narrows Center for the Arts features a 280-seat performing arts venue focusing on live music, an art gallery and artist studio space. The center is implementing a plan to make its third-floor space handicap accessible.
About the Project: The Cultural Facilities Fund awarded the Narrows Center for the Arts $60,000 for the installation of handicap restrooms and an elevator that will provide much-needed accessibility.Marblehead

Little Theatre, Marblehead *Expansion and Accessibility Improvements*

Grant: $60,000
About the Facility: Marblehead Little Theatre has offered performances, film screenings, and educational programming since 2005 in its new Firehouse Theatre. The Firehouse includes a 100-seat theater and two floors of currently unfinished space. Marblehead Little Theatre has come across constraints in programming because of multiple demands on its performance space.
About the Project: The Cultural Facilities Fund awarded $60,000 to help Marblehead Little Theatre install an elevator for ADA compliance and to complete the renovation of the upper two floors. This expanded configuration will allow the Theatre to present several new shows per year.

Boston Neighborhood Network Television, Roxbury *Adaptive Re-Use of the Egleston Square Power Station*

Grant: $518,400

About the Facility: The former MBTA electrical power station in Egleston Square, Roxbury, is the new headquarters of Boston Neighborhood Network Television. Built in 1909, the historic building once supplied power to the elevated train, but had fallen into disrepair after the train was relocated in 1986. BNN renovated this unique building in 2007 as part of its campaign to revitalize the neighborhood.
About the Project: The Cultural Facilities Fund awarded Boston Neighborhood Network Television $518,400 for the historic preservation and adaptive reuse of the former Egleston Square MBTA power station into a cultural center.

Appendix H: Funding Sources for Cultural Facilities

FUNDING SOURCES for Cultural Facilities

Sources of additional funding currently used by recent Cultural Facilities Fund recipients

Foundations	Corporations	Historical
Albert R. Rice Foundation	American Express	1772 Foundation
Amelia Peabody Trust	Bank of America	National Park Service
Barr Foundation	Cape Cod Five Cents Savings Bank	National Trust for Historic Preservation
Blossom Fund	EMC	Save Americas Treasures
Brookline Community Grant	Fallon Healthplan	MassHistoric
Edward Bangs and Eliza Kelley Foundation	Fidelity Foundation	
Edward G. Johnson Fund	Framingham Cooperative Bank	
Fletcher Foundation	Hanover Insurance Group	
Foundation for Metrowest	Keyspan	
George Alden Trust	Liberty Mutual	
Goerge F and Sybil H. Fuller Foundation	Mass Mutual	
Golden Family Foundation	National Grid	
Harrington Foundation	Polar Beverage	
Herman and Frieda Miller Foundation	Soverign Bank	
Highland Street Foundation		
Houston Family Foundation		
Janes Trust		
Kresge Foundation		
Lynch Foundation		
McNevin Family Foundation		
Mildred H McEvoy Foundation		
Millipore Foundation		
Pettinos Fund		
Richard H. Driehaus Foundation		
Rousseau Charitable Trust		
Stoddard Charitable Fund		
Sudbury Foundation		
Thorne Foundation		

prepared by Massachusetts Cultural Council, 2011

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