Central/Kendal Square Planning Study

Central Square Advisory Committee Meeting, May 9, 2012

Development Economics methodology: key assumptions

Program assumptions

• Generic 1-acre parcel (43,560sf)
• Ground floor retail: 17,500sf
• Average unit size 1,100sf
• City inclusionary zoning policy applies
• Below-grade parking provided:
  – 0.5 space per housing unit (based on Cambridge utilization experience near transit)
  – Range of surface parking replacement scenarios are considered, replacing 0, 25, 50 or 100 spaces below grade (public or private)
• Range of densities studied, from within existing density and height limits (typically FAR 3.0 plus inclusionary housing bonus, and up to 8 stories) to up to 10 and 12 stories
• Open to further study and discussion

Development cost assumptions

• Demolition of existing structures (10,000sf assumed) : $6/sf
• Development cost: $222-$235/sf gross (greater costs for buildings of 8+ stories)
• Retail tenant improvements: $60/sf gross
• Below-grade parking: $75,000/space
• Base Land Value: $53,000 per residential unit

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May 9, 2012
**Net income assumptions**

- Housing:
  - Affordable units: $6.96/sf/year net
  - Market-rate units: $30/sf/year net
- Retail: $35.30/sf/year net ($38/sf gross)
- Parking (private or public):
  - Gross revenue $170/space/month ($6.80/sf/year)
  - Operating costs $29/space/month ($1.16/sf/year)
  - Net revenue $141/space/month ($5.64/sf/year)
- Typically minimum rate of return for feasibility: 8%

**Questions for further study and discussion**

- What is the order of magnitude cost of potential community benefits such as...
  - New parks and streetscape facilities/plantings
  - Additional support for small/local retail
  - Expanded range/quantity of affordable housing, including affordability for middle-income households
  - Other

- How many public parking spaces do we need to help Central Square thrive?
- Where should public parking be located?
- Would greater densities cause unacceptable impacts from traffic, shadows etc.?