

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

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.?