



MASSACHUSETTS
BUILDING CONGRESS

Breakfast Program

Downtown Residential Conversion Incentive Program

September 24, 2024

7:30 - 9:30 am



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Membership Benefits

- Member pricing for all events
- Corporate listing for four representatives in the online directory
- Access to member mailing list
- Eligibility for scholarship for all employees and employees' immediate family members
- Annual golf tournament open to members only
- Ability to nominate a company or organization for induction into the MBC Hall of Fame
- Members are invited to serve on committees, seek nomination to the Board
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New Member





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**Richard Lampman
MBC Board Member & Program Champion
Director at Berkeley Building Company**



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Michael Nichols
President
Downtown Boston Business
Improvement District



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Adam Burns
Principal at Burns Realty Investments



Philip Sima
Architect, Certified Passive House
Consultant (CPHC), and Principal at
Balance Architects



John Weil
Senior Program Manager
for Downtown Conversions at the Planning
Department

BID FORMATION AND THEIR TRADITIONAL ROLES



Typically authorized through state statute, approved by local government, and formed by private property owners, BIDs mainly provide supplemental city services over and above a baseline of service provided by the City including roles covering:

- 'Clean, Safe and Welcoming' Activities
- Art and Cultural Programming
- Public Realm and Private Land Use Planning/Research
- Economic and Small Business Development
- Marketing, Branding and Visitor Services
- Direct Member Services



DBBID At-A-Glance:



Identity:

- Formed in 2011
- 34 acres
- Renewed three times

Neighborhoods:

- Downtown Crossing
- Financial District
- Ladder Blocks
- Theater District
- Government Center



Downtown Conversion Program

Office-to-Residential Adaptive Reuse

Sep 24, 2024



Planning Department

CITY of **BOSTON**

Goals of Mayor Wu's Conversion Program

Office conversion is one tool that can be utilized in combination with other City actions to revitalize Boston's Downtown.



Respond to the **changing streetscape and work environment** impacted by the pandemic



Create much needed housing Downtown, including affordable rental units on site



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



Achieve sustainability goals through the **adaptive reuse of buildings**

Facilitate repurposing of older underutilized office buildings into new multifamily residential rental units in the Downtown area

Boston Downtown Conversion Program: Key Elements



Program Process

- **29 yr, 75% residential abatement**
- As-of-right zoning for change of use (*in Downtown and where applicable*)
- Faster Article 80 process to save time and money
- Streamlined permitting
- City resources to help move projects



Program Requirements

- **Apply by December 2025**
- **Full permit within 1 year of applying**
- 17% units @ 60% AMI + 3% for voucher holders
- Comply with new “Stretch Code” green energy standards (*as required*)
- Adaptive reuse only
- **2% Transaction charge for 5 years**

<https://www.bostonplans.org/conversion>

Initial Progress of the Program



“ Received **11 applications** to create **507 units** of housing across **15 buildings**, converting **½ million sf of older office** space, exceeding initial goals ”

- Includes creating 102 affordable units on site (20%) consisting of 86 units at 60% AMI (17%) and 16 units for section 8 voucher holders (3%)
- A number of additional active candidates expressing interest: from office owners to potential acquirers
- Range of project sizes (e.g. from 15 unit / 6 stories up to 150 unit / 11 stories)

11 Applications Submitted So Far



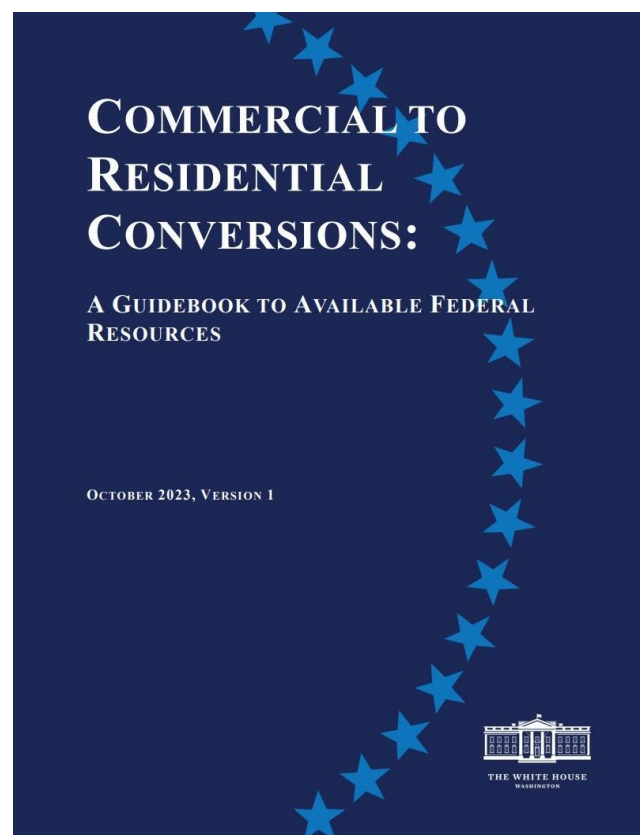
	Address	Applicant	Neighborhood	# of Units	# of IDP Units	Resi SF
1	281 Franklin St	Adam Burns	Downtown	15	3	11k
2	85 Devonshire St	KS Partners	Downtown	95	19	87k
3	2 & 5 Longfellow Pl	Equity Residential	West End	24	5	13k
4	1& 10 Emerson Pl	Equity Residential	West End	33	7	20k
5	615 Albany St	Greg McCarthy	South End	24	5	20k
6	129 Portland St	Greg McCarthy	Bulfinch Triangle	25	5	22k
7	95 Berkeley St	CIM Group	South End	95	19	141k
8	15 Court Sq	KS Partners	Downtown	80	16	73k
9	75 Central St	Wingate	Downtown	21	4	16k
10	263 Summer St	Adam Burns	Fort Point	77	15	53k
11	295 Franklin St	Franklin Holdings	Downtown	18	4	14k
Total				507	102	470k

Federal & State Recognition of the Need



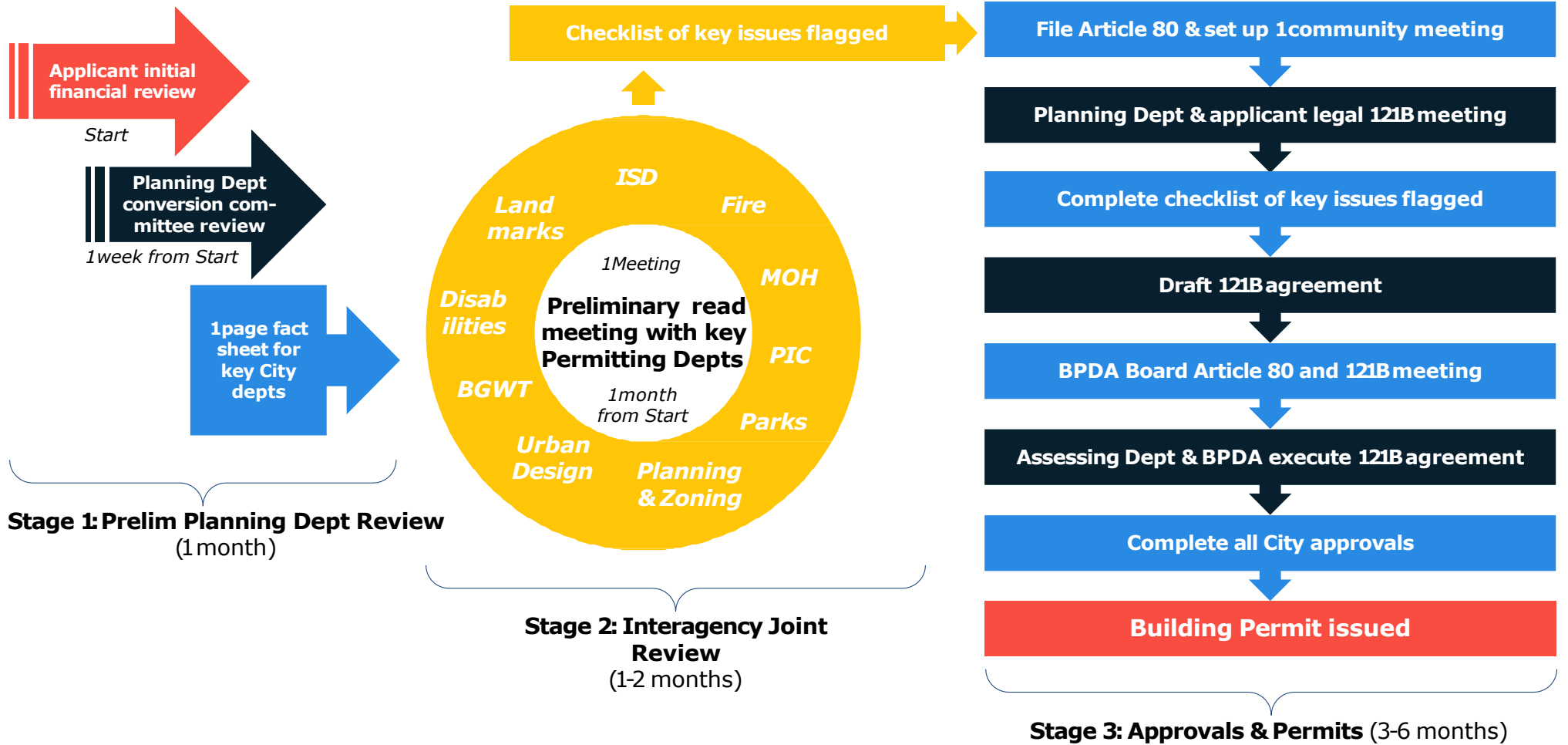
“ Federal & State Context ”

- **Additional Federal resources identified by the White House for conversions**
 - HUD 221(d)(4) construction & rehab loans
 - TIFIA & RRIF (transit-oriented development) low-interest loans
- **Potential State funding sources**
 - \$15M pool of funds to incentivize 3-4 larger conversion projects to apply now
 - Tax credits and funding for conversions in Gov. Healey's Housing Bond Bill





Downtown Conversions Approval Process



Costs & Challenges Facing Adaptive Reuse

The decision to convert an office building to another use is highly dependent on five key inputs. *(identified by HR&A Advisors consultant report)*



Market conditions

- Current and projected performance of both office and residential markets
- Alternate uses (e.g. lab, hotel, etc.)



Physical attributes and location

- Floor-plate size
- Elevators and stairs
- Operable windows
- ADA compliance
- Fire systems
- HVAC and utilities



Construction cost to convert the building

- Hard and soft costs
- Existing leases
- Construction and lease-up period
- Interest rates
- Loan availability



Building performance and characteristics

- Vacancy rates
- Rent levels
- Efficiency factor



Regulatory requirements

- Electrification standards
- Affordability requirements
- Green building standards

Due to these unique costs and challenges, pro formas show tax abatement is an important first step to facilitate conversions to residential today. However, many projects still show a significant financing gap

THANK YOU

We appreciate your time and hope you enjoyed this presentation.

HAVE QUESTIONS?

JOHN WEIL

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Senior Program Manager for Downtown Conversions

OR VISIT:

<https://www.bostonplans.org/conversion>



Planning Department

CITY of BOSTON

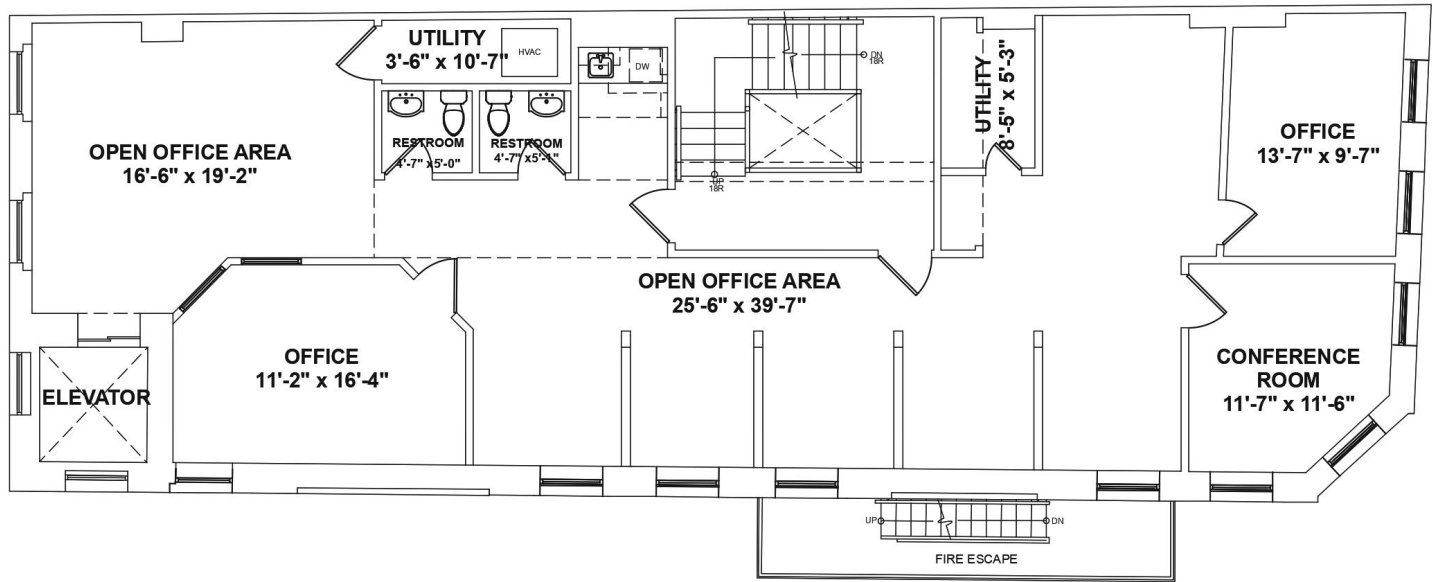


EDIFICE PHOTOS



OFFICE TO RESIDENTIAL CONVERSIONS
September, 2024





FRANKLIN EXISTING

OFFICE TO RESIDENTIAL CONVERSIONS
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