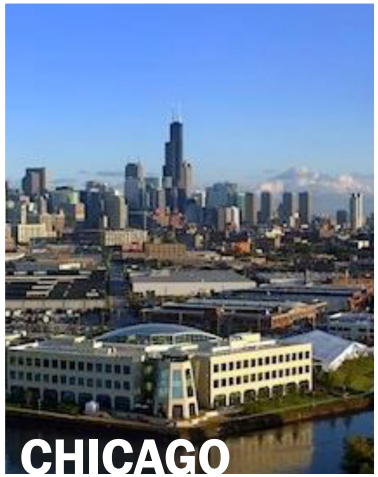
Appendix B: Case Studies



Lessons learned from other places/Key things for the South End

The Burlington South End Market Study prepared by HR&A during Phase 1 of planBTV South End included a series of case studies, highlighting experiences from cities and neighborhoods across the country facing challenges similar to the South End. Here you'll find a snapshot of key examples and lessons learned. For the full report, see ***www.planbtvsouthend.com***

SIZE
880 acres

NUMBER OF SUBZONES
6

TYPES OF USES (EXISTING AND PLANNED)
Heavy manufacturing, light manufacturing, warehousing, office, residential, community/ civic

MILWAUKEE'S 30TH STREET INDUSTRIAL CORRIDOR: BALANCING USES ACROSS A FORMER INDUSTRIAL CORRIDOR

The 30th Street Industrial Corridor is one of Milwaukee's primary industrial areas. However, in recent years many large-scale manufacturers and other companies have ceased operations in the corridor. The city used a comprehensive public planning process to create a plan for revitalization in the corridor. As a result of this exercise, the city is taking a "subzone approach" and allowing new residential, retail, and other commercial development at key location, while preserving some areas for industrial uses.

Results

- A vision and plan for the corridor's future, with distinct "subzones" that will facilitate development of a variety of context-appropriate uses.
- Initial development of Century City, a 50-acre business park.

Lessons Learned

- *Planning by subarea*. The City of Milwaukee has sought to balance residential with commercial uses along the length of its 30th Street Industrial Corridor. The city is treating the corridor as six distinct "subzones." Each subzone has a specific purpose and redevelopment goal. For example, a "Small Business Development Zone" will focus on adaptive reuse of structures for multitenant industrial or flex use; a "Community Facility / Residential Zone" will embrace proximity to existing residential neighborhoods, and will be rezoned from industrial to residential and community uses to mitigate land use conflicts; and an "Anchor Business Retention Zone" seeks to preserve a high-quality business center, home to successful large businesses, including Miller-Coors and Harley Davidson.
- *Leveraging publicly-owned property.* Cities and non-profits designated by cities can offer public land at low cost to owners willing to guarantee affordable rents to potential tenants. In June 2014, the City of Milwaukee sold two parcels in the 30th Street Industrial Corridor at a below-market price to a for-profit developer that plans to leverage the low cost basis of the land (along with low-cost financing from the city) to offer industrial space at affordable rents. The City also solicited development offers for the former Esser Point factory, located within a designated "Community Facility / Residential Zone," on which the city envisions new residential development.

SIZE
300 acres, 4 million square feet of industrial and office uses in 45 buildings

NUMBER OF BUSINESSES
330 business with 1,100 employees

TYPES OF BUSINESSES
Artisanal/niche manufacturing, traditional manufacturing, marine manufacturing, entertainment production, contractors, standard

BROOKLYN NAVY YARD: NON-PROFIT LED DEVELOPMENT PRESERVES AFFORDABLE COMMERCIAL SPACES

The Brooklyn Navy Yard has a long history as an employment center in New York. Following the decline of maritime industry, the area maintained its employment base through public and non-profit investment in buildings and infrastructure, provision of spaces for a range of companies, and non-profit leadership. The Navy Yard is administered by the Brooklyn Navy Yard Development Corporation (BNYDC), which is responsible for building development and improvement, tenant attraction and retention, and overall management of the Navy Yard. The City of New York supports BNYDC by investing in area infrastructure. The City also owns much of the property in the Navy Yard, which BNYDC manages.

Results

- 1% vacancy across all properties
- In 2011, the Navy Yard was responsible for generating:
  - 10,350 jobs (direct and indirect)
  - Nearly $2 billion in economic output (gross regional product)
  - $139 million in business and individual income taxes to New York City

Lessons Learned

- *Public financing and incentives.* Cities, non-profits, and development corporations have used an array of financial incentives to facilitate property development and business attraction/retention in otherwise challenging markets (or those beginning to face challenges). Brooklyn Navy Yard Development Corporation (BNYDC), in partnership with private developers, has used historic tax credits, green job creation tax credits, federal grants from the US Economic Development Administration, and targeted financial assistance from city and state funding sources to invest in new buildings and renovate older ones. Burlington should assess the incentives and public financing mechanisms it and partner organizations and agencies have available for developers and to businesses.

SIZE
15 PMD's total; 3 Near North Side PMD's have 441 acres combined

NUMBER OF BUSINESSES
827 businesses with 7,408 employees

TYPES OF BUSINESSES
Heavy manufacturing, light manufacturing, warehousing, food production and research, digital and high-tech manufacturing, retail, professional services.

CHICAGO NEAR NORTH SIDE PMDs: PROTECTING INDUSTRIAL USES FROM RESIDENTIAL ENCROACHMENT

Declining manufacturing and increasing demand for housing led Chicago to create the first Planned Manufacturing Districts (PMDs) in the late 1980s and early 1990s, protecting industrial corridors from residential encroachment through zoning restrictions. Accompanying Tax Increment Financing districts provide financial support to businesses and developers.

Results

- Growth from 1991-2014:
  - Businesses: 169% gain, increasing from 308 to 827
  - Employees: 23% gain, increasing from 6,014 to 7,408
- Growth in retail & service sectors; decline in manufacturing.
- "New economy" businesses at Wrigley Innovation Center

Lessons Learned

- *Flexible zoning regulations.* Chicago's planned manufacturing districts (PMDs) on the Near North Side demonstrate that while zoning may hold off residential development, it cannot change underlying market dynamics. Since inception of the PMDs in the late 1980s and early 1990s, manufacturing has declined as a share of all industries located within these districts.

OPENED
2007

DEVELOPMENT COST
$3.9 million

PROGRAM
3,000 SF Artist work/sell studios
8,250 SF Office
3,000 SF Retail
5,000 SF Event Space
17,000 Institutional (American College of the Building Arts)

ZONING
"Planned Development District": Planned development districts are reviewed on a case-by-case basis to determine compatibility and appropriateness of land uses

DEVELOPER
The Noisette Company

FINANCING
First Citizens Bank (traditional debt financing)
Federal historic tax credits
Typical Lease Terms
Artist Studios: $350-$675 per month, one-year lease
Loft Offices: $14-$15 psf full service gross, three-year leases

10 STOREHOUSE ROW NORTH CHARLESTON, SC

Low-cost development and an anchor tenant support affordable space for artists and result in a financial success.

Goals

- Convert an industrial warehouse into a building arts and design center.

Accomplishments

- Half of the project was pre-leased to the American College of the Building Arts, leaving only 20,000 SF to lease up to other tenants.
- The combined low cost and fast lease-up of building has rendered the project a financial success.

Lessons Learned

- *Subsidizing affordable space with high-value development.* Market-feasible development can support uses which may not be otherwise feasible. Uses that generate higher levels of income can support affordable space, as can incorporation into projects with low development costs. The low cost of renovating 10 Storehouse Row in North Charleston, SC enabled the developers to offer 3,000 SF (out of a total 36,000 SF) of affordable "work-sell" space to local artists.

OPENED
2008

DEVELOPMENT COST
$17.9 million

PROGRAM
60 affordable live/work units (90%, 60%, and 50% AMI)
9,750 SF of retail/office space
30,000 common area and art gallery

ZONING
"Transportation Station Area District": allows for dense, mixed-use residential and commercial development

DEVELOPERS
Artspace (non-profit developer), Belmont Shelter Corporation (non-profit developer)

FINANCING
Tax credit sales (RBC–Apollo Equity): $11,771,415
New York Housing Trust Fund: $1,800,000
City of Buffalo (HOME): $1,600,000
Philanthropic contributions: $990,080
Deferred developer fee: $903,032
Permanent loan (Community Preservation Corporation): $575,000
Federal Economic Development Initiative funds: $250,000

ARTSPACE BUFFALO LOFTS
BUFFALO, NY

Non-profit development and complex financing support an adaptive reuse and new construction live/work project.

Goals

- Provide affordable housing for artists and their families.
- Provide community art space as well as commercial uses to serve residents and the surrounding neighborhood.

Accomplishments

- Residential live/work units are fully leased.

Challenges

- Environmental remediation of the site was greater than anticipated, and a more thorough review would have enabled ArtSpace to seek out additional funding.

Lessons Learned

- Non-profit stewardship. Non-profits often have relatively low return thresholds, allowing for lower rents. Non-profits are also well-positioned to utilize a wide array of creative and below-market financing to fund projects. For example, ArtSpace, a non-profit developer of affordable live/work space, uses a combination of its non-profit business model, creative and below-market financing, and foundation and grant support to provide affordable live-work space to artists nationwide. For its recent Buffalo Lofts Project, ArtSpace used low-income housing tax credits, HOME grants, philanthropic contributions, below-market loans, and deferred developer fees to deliver 60 affordable live-work units at 90%, 60%, and 50% area median income.