



SOMERVISION2040

Sustainability • Diversity • Opportunity • Connectivity • Community

DEVELOPMENT 101

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City of Somerville
Mayor Joseph A. Curtatone

Agenda

- Development Financing
- The Development Process
- Community Benefits
- Commercial Development



Financing a Development

Costs:

- Land
- Construction - materials and labor
- Developer Fee
- Permitting and Linkage Fees
- Design Fees
- Construction Loan Interest
- Permanent Financing Fees
- Fund Reserves - to cover upgrades or dips in the revenue created by the project
- Project management fees

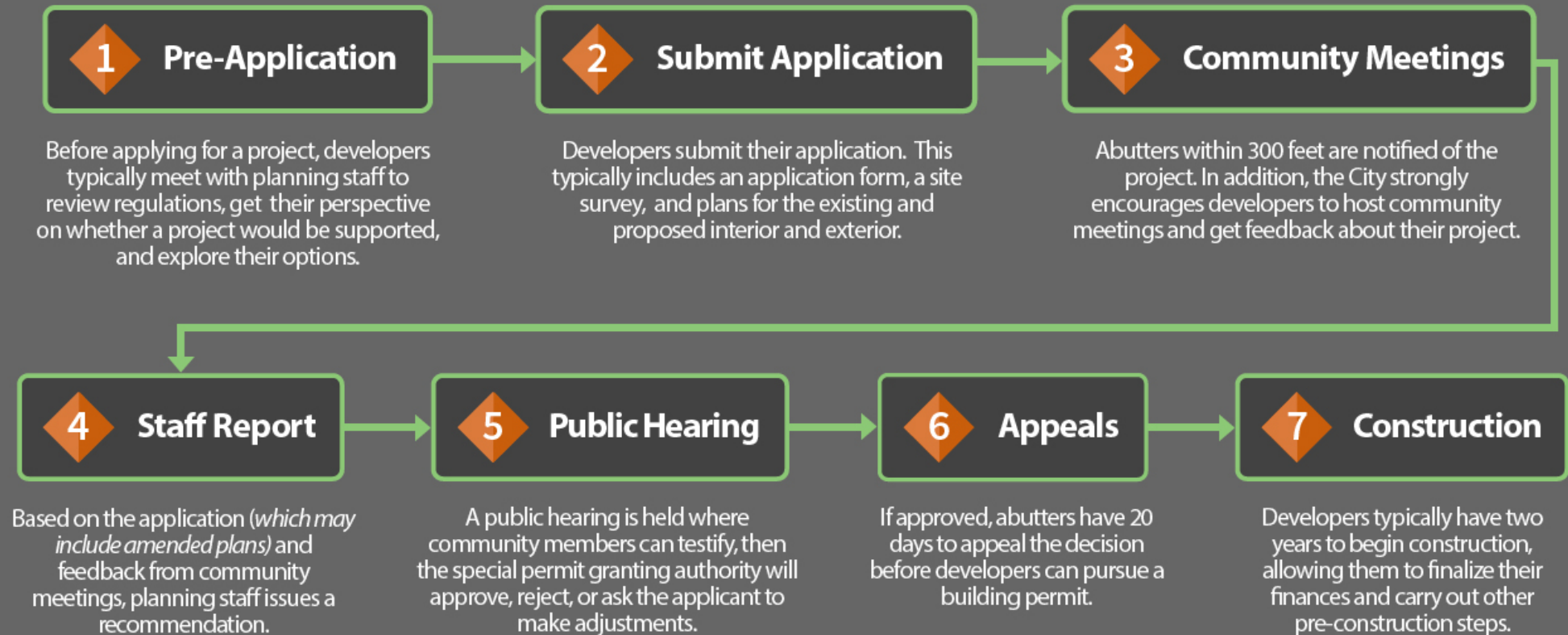
Closing the Gap:

- Vacancy Rate - Can you minimize the vacancies to increase revenue?
- Program of Uses - Which use will command the highest rent and least vacancy?
- Additional Units - Can you fit more into the property?
- Higher Rents - Can you charge tenants more?
- Tax Credits, Grants and Subsidies

Developers are Focused on Risk

- What if the economy slows down?
- What if my project can't get approved?
- What if my project doesn't attract tenants?
- What if the land is contaminated?
- What if the City or community want additional fees?

Development Approval Process in Somerville



What about big projects?

Neighborhood-wide developments (*like Union Square or Assembly*) follow a similar process but go through it multiple times - once for the master plan and again for each building and civic space.

Who grants special permits?

Special permits are granted by the **Planning Board** and/or the **Zoning Board of Appeals**, depending on the nature of the project. For clarification on which board(s) will review a project, contact the City's planning department.

Community Benefits

Exactions & Fees

- Inclusionary Housing
- Housing Linkage
- Jobs Linkage
- GLX Fees
- Infiltration and Inflow Fee
- Infrastructure Fees
- Area Enhancement Fee

Negotiations for Extras

- Infrastructure
- Site Planning
- Site Programming

(Sometimes, we hire advisors to assess whether a request is financially feasible for the project.)

Community Benefits Agreements

- Union Square Neighborhood Council



Why is commercial development so important?

Jobs Where People Live

Having jobs where residents are provides access to people without cars, cuts down commute times by minimizing congestion, and has a positive environmental impact.

Vibrant Commercial Districts

The best commercial districts have daytime and nighttime populations. Our small businesses thrive when they can cater to workers in the area during the day.

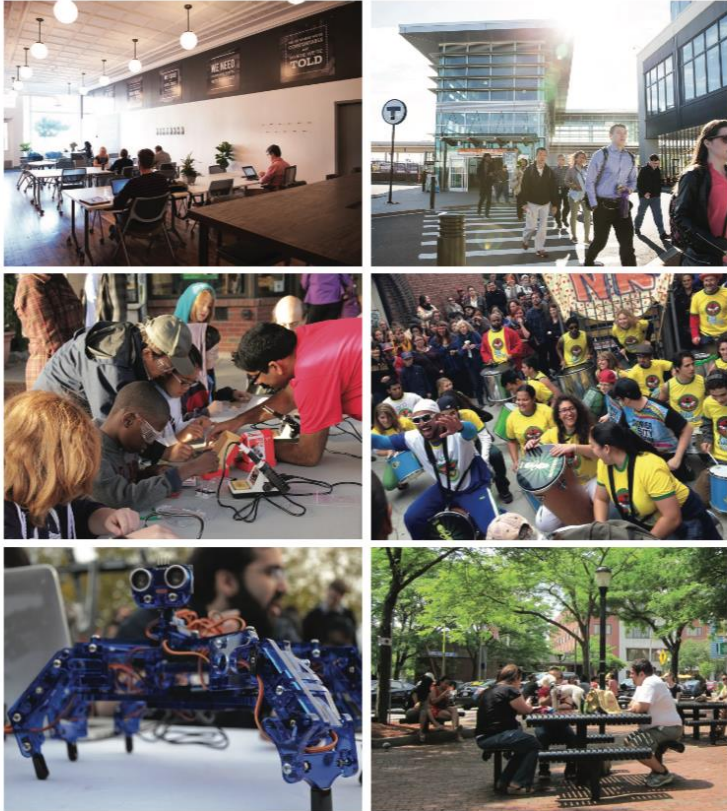
Municipal Financial Health

Commercial development is an important part of a balanced, reliable budget that does not put an undue burden on residential property owners.



Amazon on the T

Tapping Into the Vitality of Greater Boston



AMAZON HQ2 PROPOSAL



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How do businesses
decide where to locate?

It's all about the
people.

Closing the innovation loop

Startups

< 5K square feet

Incubators, co-working spaces.

Small Businesses

5K - 15K square feet

Old industrial buildings, small existing office spaces.

Medium Businesses

20K-50K square feet

Existing office spaces. Too small for speculative development, too big for many existing spaces.

Big Businesses

>50K square feet

Big enough to work with developers to build their own buildings. Think of Puma or Phillips.





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Questions?

This presentation will be posted on www.somervision2040.com



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