

Slade's Ferry Crossing Market Feasibility Analysis

Somerset, Massachusetts
January 16, 2015



Prepared for:

Town of Somerset

Southeastern Regional Planning and Economic Development District (SRPEDD)

Prepared by:



Stantec Consulting Services, Inc.

BONZ AND COMPANY, INC.

| Real Estate Advisors

**SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS
SOMERSET, MASSACHUSETTS**

Acknowledgements

The analysis was conducted for the Somerset Board of Selectmen and the Somerset Economic Development Committee with funding provided by the Massachusetts Department of Transportation under a South Coast Rail Technical Assistance grant. It was conducted with the assistance and supervision of the Southeastern Regional Planning and Economic Development District

Somerset Board of Selectmen

Donald P. Setter, Jr., Chairman
David Berube
Scott Lebeau

Somerset Economic Development Committee

James Burke, Chairman
Roger Benevides, Vice Chairman
Bonnie Mendes, Secretary/Treasurer
John F. Dator
Ronald Deston
Arthur Gauthier
Roy Machado
Joyce Mello
Lloyd Mendes
Sharron Machamer
Steven McNally
Stephen O'Rourke
Virgil Pacheco
Frances Thomas
Timothy Turner
James Velozo

Town of Somerset

Dennis F. Luttrell, Town Administrator

Southeastern Regional Planning and Economic Development District (SRPEDD)

Donald Sullivan, Economic Development/Community Development Director



**SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS
SOMERSET, MASSACHUSETTS**

JANUARY 16, 2015

Table of Contents

EXECUTIVE SUMMARY 1

1.0 ASSIGNMENT/OBJECTIVE OF THE STUDY..... 3

2.0 BACKGROUND..... 4

3.0 MARKET ANALYSIS..... 4

4.0 SITE ANALYSIS..... 10

5.0 PRELIMINARY DEVELOPMENT PROGRAM/ CONCEPT PLAN 12

6.0 PRELIMINARY FINANCIAL ANALYSIS 13

7.0 ACTION PLAN / IMPLEMENTATION STRATEGY..... 18

APPENDICES

- A. Market Analysis Powerpoint**
- B. Concept Plan**

**SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS
SOMERSET, MASSACHUSETTS**

JANUARY 16, 2015

Executive Summary

The Town of Somerset engaged Stantec Consulting Services, Inc. (Stantec), and Bonz and Company to analyze the market potential and feasibility of redevelopment of the Slade Ferry Crossing district.

We evaluated market potential and competition, broad financial feasibility and potential redevelopment strategies.

The district previously abutted Route 6, the major transportation corridor connecting Somerset to Fall River. With the recent construction of a bridge crossing to the north and the abandonment of the previous bridge crossing, the section of former Rt. 6 running between Riverside and Brayton Avenues no longer serves through traffic. It no longer even connects directly to Rt. 6 and instead runs one block south of Rt. 6. The businesses fronting this stretch of road are exposed to only a small fraction of the previous traffic. For businesses, lack of exposure is, generally, a very significant impediment to their success. Generally, traffic count, visibility and ease of access are important factors in a retail business's site selection decision. The Town is concerned that with the change in traffic patterns and the limited visibility to a wide prospective customer base, many of the properties will no longer be viable for their current businesses. The Town is concerned that properties will decline or become abandoned. They recently engaged a planner, Smook Associates, to help them devise a concept plan of how the district might be redeveloped given its riverfront presence. The Town has also changed its zoning to assist the realization of these plans. However, the Town realizes that planning and implementation might benefit from market analysis and further consideration of how development might be implemented given current property ownership.

The Town has asked the market feasibility consulting team to look at the longer term market potential for the district and what might market-viable development look like and what might be done to assist in achieving redevelopment.

Through discussions with many of the key property owners it was found that there was a significant reduction in business initially after the closing of the old bridge but for many of the owners a portion of that lost business has revived. For the two largest businesses Prima Care (medical offices) and Rockland Trust (HQ bank offices), they are established and less dependent on drive-by traffic. Their patients, and customers know where they are. Some restaurants like Magoni's are destinations and while there was an initial impact on their business, they have bounced back. But other retail businesses have been and are likely to continue to be impacted.

We share the Town's concern for the viability of this area to serve current retail and commercial uses given the loss of the high traffic volumes that previously passed by the site, as well as lack of visibility. The overall character of the study area is also not up to the standards of a modern commercial center.

While the real estate market is not particularly strong in Southeastern Massachusetts we believe that Somerset has some competitive advantages in the region and that if the Town and the businesses can focus their efforts around the site advantages of presence along the riverfront

**SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS
SOMERSET, MASSACHUSETTS**

JANUARY 16, 2015

and views of the river, as well as the several strong businesses in the study area, there is the potential to create a viable and attractive mixed-use center.

Next Steps: If the Town determines it would like to pursue redevelopment of the study area, we would recommend the following next steps:

- a. **Installation of signage to identify and direct patrons and vehicles to the Slade's Ferry Crossing District.** Immediate attention should be given by the Town of Somerset to address the lack of signage for Slade's Ferry Crossing District. The Town of Somerset BOS, Town Administrator or Highway Superintendent as well as legislative representatives (if needed) should work with MassDOT to install needed signage at key locations along Route 6 (GAR Hgwy.) and Veterans Memorial Bridge to identify Slade's Ferry Crossing District. See page 18, Section **7.0 Action and Implementation** for detailed signage locations to be considered.
- b. **Discuss the plan and participation with each property owner and tenant.** Redevelopment of Slade's Ferry Crossing will require the participation of a number of property owners, and possibly some tenants. It will be important to determine how a property owner is likely to respond and participate.
- c. **Acquire properties along the riverfront to create new 10-acre riverfront park and promenade consistent with the plan.** This represents a critical action to secure ownership of riverfront parcels and initiate development of riverfront park/promenade to encourage private sector mixed-use redevelopment of the Slade's Ferry Crossing District. Creating a sense of place and an attraction is key to the redevelopment plan. The riverfront redevelopment will have the greatest impact in that regard.
- d. **Investigate funding opportunities. Determine founding sources for planning, property acquisition, infrastructure and development of public spaces.**
- e. **Prepare a master plan that accommodates participation by property owners and is implementable in stages.** It is important to devise a plan that creates a strong sense of place and is implementable given property owners needs and potential for reinvestment.
- f. **Prepare and implement a marketing strategy.** The strategy would build on the vision for the area developed in preparation of the master plan and be used to communicate the vision to potential developers and the Somerset community.
- g. **Make improvements to open space and infrastructure consistent with the plan.** Create a strong sense of place that can provide an attraction and identity as well as infrastructure improvements that necessary to enable redevelopment.
- h. **Seek a master developer for riverfront properties and key development sites.** While some properties may be redeveloped by current property owners, a master developer would have the ability to bring vision and skills to redevelop all of the other parcels.
- i. **Work with selected developer to obtain funds to fill gap and refine plan.** Rents and sales prices are marginal for new development. The master developer may need subsidies and other funds to fill the gap to allow development to proceed.

JANUARY 16, 2015

1.0 Assignment/Objective of the Study

The Town of Somerset engaged Stantec Consulting Services, Inc. (Stantec) and Bonz and Company (Bonz) to analyze the market feasibility of redevelopment of the Slade's Ferry Crossing district in Somerset, MA and help the Town identify the type of development that might succeed in that location, and actions the Town should take to realize such redevelopment.

We share the Town's concern for the viability of this area to serve current retail and commercial uses given the displacement of the high traffic volumes that previously passed by the businesses in the district, as well as lack of visibility to potential customers. This is no longer likely to be a viable location for highway-oriented retail. The portion of the study area along Riverside Avenue will still have significant visibility but will no longer have immediate adjacency to the major highway.

As part of the assignment Stantec/Bonz proposed to provide:

1. **Market Feasibility Analysis:** A broad understanding of the local market, particularly focused on urban mixed use, residential, retail and professional office potential, including:
 - a. Demographics and socio-economic data;
 - b. Discussion of general market trends related to mixed-use (commercial and residential) development in the Fall River/Somerset area;
 - c. Assessment of supply and demand
2. **Site analysis:** Review of locational attributes for the study area, taking into account competitive projects, including transportation access, transit, walkability, open space, recreation opportunities and other amenities.
3. **Preliminary Mixed-use Development Profile:** A broad outline program related to site opportunities, market potential and appropriate densities, and a diagram of how successful and market feasible development might be organized within the "Potential Mixed-use Redevelopment Area".
4. **Preliminary Financial Analysis:** A discussion of financial feasibility, conceptual financial analysis to test feasibility, with an attempt to illustrate if there is potential to achieve financial feasibility and generate market-oriented developer interest
5. **Actions and Next Steps:** Recommendations of actions and next steps that the Town might take.

**SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS
SOMERSET, MASSACHUSETTS**

JANUARY 16, 2015

2.0 Background

The study area was a thriving commercial area at one time. The district previously abutted Route 6, the major transportation corridor connecting Somerset to Fall River. With the recent construction of a bridge crossing to the north to replace the previous bridge crossing, the former Rt. 6 (Grand Army Highway) now runs one block between Riverside Avenue and Brayton Avenue. It therefore no longer serves through traffic, and now is a highway in name only. Its connection to Rt. 6 has been severed and instead runs one block south of the new Rt. 6 connecting through Brayton and Riverside Avenues. The businesses fronting this street are exposed to a small fraction of the traffic that previously drove past these businesses.

For retail and commercial businesses, a lack of exposure is, generally, a very significant impediment to their success. Generally, traffic count, visibility and ease of access are important factors in a retail business's site selection decision. The Town is concerned that with the change in traffic patterns and the limited visibility to a wide prospective customer base, many of the properties will no longer be viable for their current occupants. The Town is concerned that properties will decline or become abandoned. Business and property owners are concerned about the lack of signage to direct patrons to the "Slade's Ferry District".

They recently engaged a planner, SMOOK Associates, to help them devise a concept plan for how the district might be redeveloped given its most valuable asset which is its location along the riverfront. The Town has also changed its zoning to assist the realization of these plans. However, the Town realizes that planning and implementation might benefit from market analysis and further consideration of how development might be implemented given current property ownership.

3.0 Market Analysis

Slade's Ferry's market potential for either residential or commercial development reflects its physical attributes, including road access and topography but also reflects local and non-local households' perceptions of the specific site and their evaluation of Somerset within the context of the greater market area. In order to better understand trends associated with the area, we reviewed data for a primary and a secondary market. We defined the primary market area as Somerset and the communities adjacent to it as well as certain additional communities. The primary market includes Somerset, Swansea, Dighton, Berkley, Freetown, Dartmouth, and Westport. These communities share similar characteristics with Somerset which include but are not limited to housing costs, income, and distance from employment opportunities.

We defined Fall River as our secondary market. Although it has a markedly different demographic make-up than the primary market, we have acknowledged its proximate location, the recent completion of the Veteran's Memorial Bridge, and its status as an employment center in the area in our decision. Also, historic demographic trends indicate that

SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS SOMERSET, MASSACHUSETTS

JANUARY 16, 2015

many residents of Fall River have been moving to its adjacent suburbs. It is the probable current location of many future residential tenants as well as a source for commercial customers. The map below illustrates the two market areas. The blue shaded area represents the primary market. Fall River, the secondary market, is outlined in red.



Primary and Secondary Markets

The adage that "people vote with their feet" extends to market potential as well as politics. Increases in population typically indicate that households view an area positively. Population decreases indicate disapproval. The primary market's population increased by 6,845 since 2000 and analysts project limited growth to continue with 666 new residents through 2018. In contrast to the primary market, the Fall River secondary market's population decreased by 6,943 since 2000. Analysts project growth in the aggregate population for the primary and secondary markets through 2018.

Population trends can reflect development opportunities as well as market demand, but market demand is the largest driver. Trends associated with the aggregate population can also reflect changes in household composition. As a result, trends related to changes in the number of households in an area are considered more directly relevant to housing demand and to many

**SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS
SOMERSET, MASSACHUSETTS**

JANUARY 16, 2015

types of commercial demand. That said, trends associated with the number of households in each market area mirror aggregate population trends.

Market Area Demographic Trends

	Demographic Comparison				Avg. Ann. Change		
	2000	2010	2013	2018	2000-2010	2010-2013	2013-2018
Primary Market							
Population	99,324	105,961	106,169	106,835	0.67%	0.07%	0.13%
Households	35,766	38,300	38,545	38,901	0.71%	0.21%	0.18%
Median Household Income			\$69,719	\$79,155			2.71%
Secondary Market							
Population	92,015	88,857	88,752	89,016	-0.34%	-0.04%	0.06%
Households	38,784	38,457	38,586	38,822	-0.08%	0.11%	0.12%
Median Household Income			\$35,239	\$39,080			2.18%
Bristol County							
Population	534,678	4,552,402	552,120	558,702	75.14%	-29.29%	0.24%
Households	205,411	1,760,584	215,420	218,567	75.71%	-29.25%	0.29%
Median Household Income			\$54,439	\$62,083			2.81%

Source: STDB Online

Market demand is affected by changes in population and by trends associated with income and with household buying power. Increases in household income levels correlate with increases in housing prices and with increases in household spending. The median household income in the primary market is \$69,719 and is projected to grow to \$79,155 by 2018. The area's income level exceeds comparable levels for the greater Boston MSA and the entire state. The secondary market, Fall River, has a much lower median household income of \$35,239. There is a large income gap between the primary and secondary markets; analysts project that the gap will widen through 2018. The increasing income levels in the primary market and the comparatively higher levels suggest the market potential to support new commercial development.

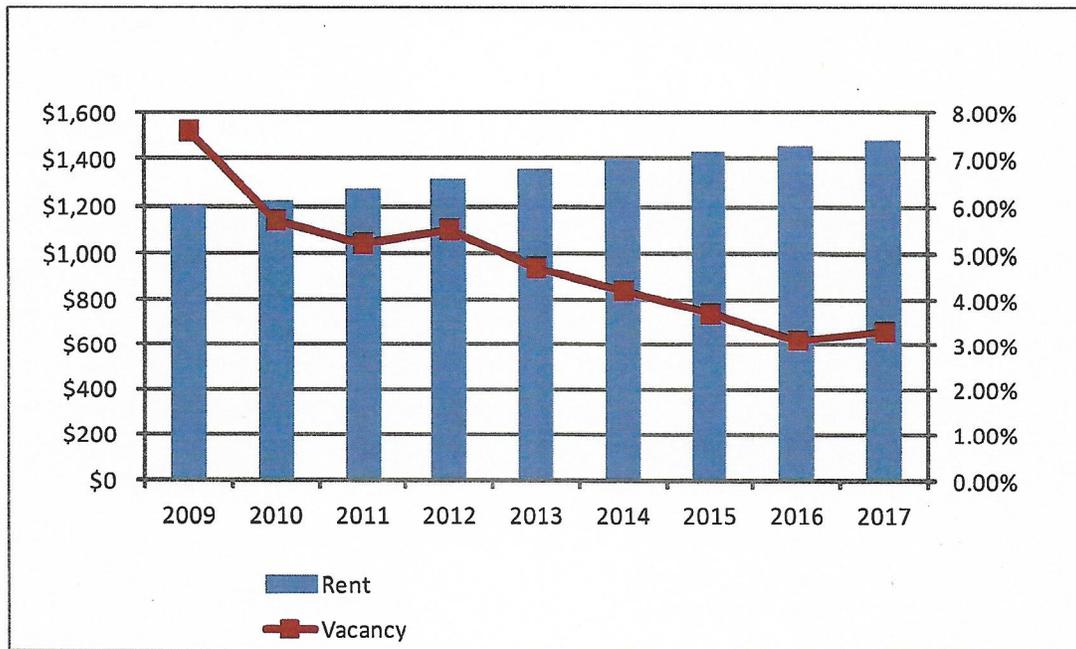
Residential rental demand and for-sale housing prices are also affected by and affect income and population trends. Apartment rents are projected to increase through 2017 and beyond in the South Shore/SE Suburban submarket as defined by REIS while vacancy rates are projected to decrease through 2016 followed by a slight increase in 2017. Although asking rents are projected to increase, the rents in the area have remained relatively stagnant when compared to other Boston Metro area submarkets.

The local rental market can be characterized as a healthy and improving market. It has not exhibited the dramatic increases associated with other Boston area submarkets.

**SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS
SOMERSET, MASSACHUSETTS**

JANUARY 16, 2015

Trends in Local Residential Rental Rates



Year	Asking Rent	Vacancy Rate
2009	\$1,198	7.60%
2010	\$1,227	5.70%
2011	\$1,274	5.20%
2012	\$1,320	5.50%
2013	\$1,356	4.70%
2014	\$1,398	4.20%
2015	\$1,432	3.70%
2016	\$1,458	3.10%
2017	\$1,482	3.30%

Source: Reis, Inc

Single-family home and condominium sale prices in Somerset and Fall River have both largely followed statewide trends. Home prices increased in both markets from 2000 to 2005. Like the majority of Commonwealth communities, the impact of the 2008 housing crisis is evidenced in the decreasing price trends that occurred through 2011 in Somerset and through 2012 in Fall River. Also like many state communities, prices have begun to rebound but have not reached the highs achieved in the mid-1980's.

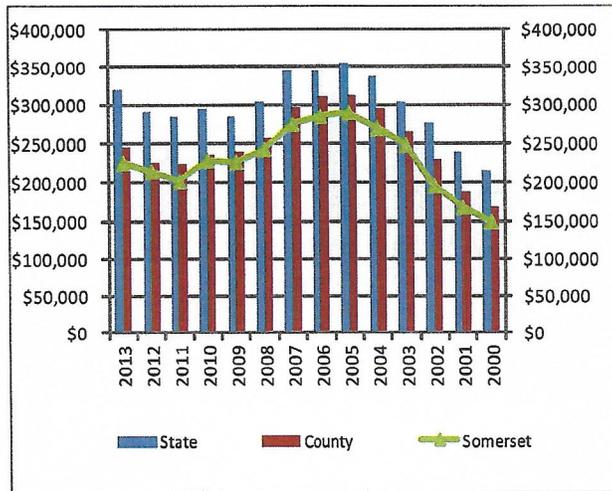
Somerset's median sale price for a single-family home today is \$225,440. Surrounding suburbs exhibit similar median sales prices and these can provide an indication of how much a household would be willing to spend on housing in the area. Note that these prices are lower and there is little to no new development when compared with many comparable communities that earn similar incomes.

**SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS
SOMERSET, MASSACHUSETTS**

JANUARY 16, 2015

Fall River's median sales price for a single-family home today is \$185,000, which while much lower than its surrounding suburbs may provide indication that slightly lower rents may significantly enlarge the tenant pool with Fall River comprising of a population almost equal to all of its suburbs combined. This seemingly contradicts our previous statement about higher rents attracting tenants from the balance of the county which has higher income levels than Fall River but in fact provides an opportunity for a range of unit types at the subject with differing amenities reflected in a large range of rental rates.

Recent For-Sale Housing Price Trends



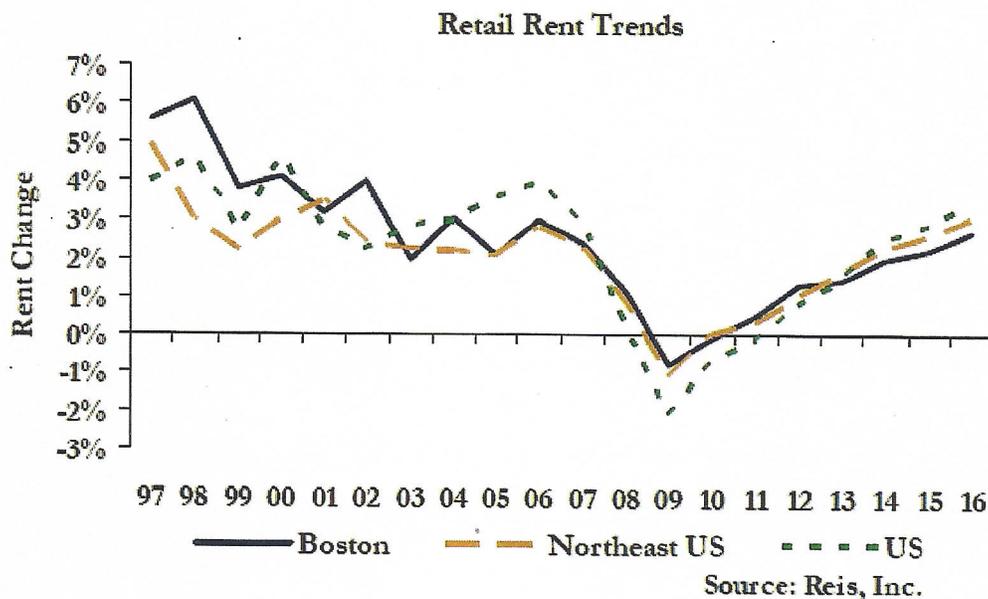
Year	Single Family Unit			Condominium		
	State	County	Somerset	State	County	Somerset
2013	\$320,000	\$245,000	\$225,450	\$296,000	\$169,900	\$0
2012	\$290,000	\$226,000	\$215,000	\$276,500	\$146,250	\$192,000
2011	\$285,000	\$224,000	\$202,000	\$269,900	\$143,000	\$214,000
2010	\$295,000	\$235,000	\$229,000	\$265,000	\$169,900	\$0
2009	\$285,000	\$239,900	\$226,900	\$252,650	\$185,000	\$0
2008	\$305,000	\$257,500	\$242,500	\$275,000	\$201,500	\$0
2007	\$345,000	\$297,000	\$275,000	\$280,000	\$215,000	\$295,000
2006	\$345,000	\$310,000	\$285,000	\$280,000	\$228,000	\$294,500
2005	\$355,000	\$313,000	\$290,000	\$280,000	\$220,000	\$337,950
2004	\$337,500	\$295,000	\$270,000	\$263,500	\$214,900	\$315,000
2003	\$305,000	\$265,000	\$249,000	\$238,000	\$185,250	\$0
2002	\$276,500	\$229,000	\$196,250	\$215,000	\$163,700	\$193,000
2001	\$239,325	\$187,000	\$168,000	\$174,900	\$131,950	\$0
2000	\$215,000	\$167,900	\$150,000	\$151,825	\$115,000	\$0

The Warren Group

Commercial rental trends have largely correlated with housing rental trends in the market areas reviewed. We have limited information on the Greater Fall River commercial market but based on our knowledge of the area; know it is indirectly correlated with Greater Boston's commercial market due to its position in the periphery of the Boston Metro area. The market has enjoyed slow but sustained recovery after the 2008 recession according to REIS data.

**SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS
SOMERSET, MASSACHUSETTS**

JANUARY 16, 2015



Retail rent trends provide the best indication of the price potential for Slade's Ferry's commercial space. Local data indicate that commercial spaces can achieve on average \$10-\$12.50 per foot. The demographic data indicating increasing population in both the primary and secondary market areas as well as increasing income and decreasing unemployment may initially appear to support new commercial development in the area but this growth may not be enough to support a development of the scale of the subject.

Current demographic and economic data indicate that although conditions are improving and growth is projected through 2018, it is not enough to support a development at the proposed scale unless developed as a destination property that can attract tenants and other traffic from outside the market areas reviewed.

After speaking with the planning boards of each community in the primary and secondary market areas, we determined that there are no similar properties currently existing or proposed in the area.

Only 1 proposed mixed use development was proposed in the market area. (Freetown) Dighton's planning board informed us that they plan to add a zoning by-law to allow for mixed use development.

The proposed mixed use development in Freetown is a redevelopment of an old commercial building to office space in the front and storage in the back with one residential unit housing the building manager.

The lack of comparable properties in the primary market area while indicative of a limited supply also indicates limited demand. Activity in the Fall River primary market's Battleship Cover area points to the area's potential for development but also highlights potential risks. Additionally, the site can capitalize on new Fall River development and capture a portion of the related spending and consumer traffic. Commonwealth Landing is located at 1082 Davol

SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS SOMERSET, MASSACHUSETTS

JANUARY 16, 2015

Street. It represents the redevelopment of waterfront buildings. It contains 250,000 square feet of office, retail, and residential space. Current uses Bristol Community College, Jerry Remy's sports bar and grill, Red Cedar restaurant, Arbour Health, New Life Church and Main Attraction Hair Salon

The City of Fall River is currently trying to leverage the success of both Battleship Cove and Commonwealth Landing with their City Pier redevelopment at 600 Davol Street. The site, which had been proposed as a 110 slip marina has been scaled back but still is proposed to contain some slips and a restaurant.

The new and proposed development points to potential local demand. However, while these properties appear to be attracting tenants, a quick review of current listing indicates that there is more than 100,000 square feet of comparable office space available in and near downtown Fall River for lease at rates that range from \$6.00 to \$15.00 per foot.

The Commonwealth Landing development does highlight the potential for destination style development in areas similar to Slade's Ferry. Examples of other successful destination style properties include Patriot Place, the Hingham Shipyard, and various mill properties in Lawrence. Based on our analysis, we believe that although conditions are improving in the market area and the primary market enjoys higher income relative to its other defining characteristics, the subject will be challenging to develop unless built as a destination property.

4.0 Site Analysis

The study area is located between the Taunton River and Brayton Avenue bisected by the former Grand Army Highway and Slade's Ferry Avenue. Riverside Avenue (Rt. 103/138) provides north-south access to the site. Access from the east and west is provided generally through the Brayton Avenue/Rt. 6 intersection one block to the north or the Riverside Avenue exit from the new Veterans Memorial Bridge. The site has limited visibility from the new elevated Veterans Memorial Bridge (Rt. 6/138) for vehicles traveling west from Fall River and good visibility from Riverside Ave. adjacent to site. Compounding visibility is the lack of signage. There is no signage that identifies or directs vehicles and patrons to the "Slade's Ferry Crossing District". The character of the study area is no longer the active highway commercial area but, rather, a tired, tertiary business district.

The site area is reasonably well located in relation to regional access and transit. It has convenient access to regional highways: Rt. 6, 103, 138 & 79. The new South Coast Rail Fall River Depot is approximately 1.5 miles away.

The major site concerns are:

- The Grand Army Highway no longer has the high traffic volumes needed to support the strip retail, hotel and office uses that make up the site area, and
- Potential customers of current and future businesses that travel on nearby Route 6 and Veterans Memorial Bridge may not be aware of the "Slade's Ferry Crossing District" or of the businesses that are located there as there is no signage to direct to its location.

SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS SOMERSET, MASSACHUSETTS

JANUARY 16, 2015

The major site advantage of the study area is its proximity and views of the riverfront. Grand Army Highway slopes significantly as it descends to Riverside Avenue from Brayton Avenue offering river views even from the Brayton Avenue end. Although the riverfront property is separated from the rest of the study area has potential and is proposed for redevelopment as a riverfront park with limited commercial uses.

The study area is comprised of numerous parcels under multiple ownerships. Key properties with larger uses and sites include Prima Care, Rockland Trust, Motel 6, Grace Bible Church, Magoni's Ferry Landing restaurant. Along Slade's Ferry Avenue, there are several smaller sites/businesses but generally under single-ownership as well. Site assembly will be an issue for any redevelopment plan. The study area also contains a public park, historic cemetery and a park-n-ride lot in the center that might provide an open space amenity and redevelopment opportunity.

The Town of Somerset is currently in process of reacquiring several former town-owned parcels along the waterfront from MassDOT, in addition to the park-n-ride lot/ cemetery/ park and existing waterfront conservation land. Upon gaining ownership of these key parcels the Town proposes to develop a 10-acre riverfront park and promenade. This initial public sector investment is a major component anticipated to encourage and attract private sector development interest in redevelopment of Slade's Ferry Avenue as well as adjacent commercial areas.

Slade's Ferry Avenue, a secondary road, runs parallel to Grand Army Highway and serves as access to Rockland Trust Bank and businesses in a former strip shopping center as well as providing some limited parking. This road is somewhat redundant and may be able to be incorporated, in part, into a redevelopment plan.

Throughout the study area, many of the properties have buildings sited at the back of their parcel with parking in front, and in some cases, surrounding the building. This provides the convenience of readily accessible parking but the overall disorganized, unattractive appearance and character is the antithesis of the kind of town centers that most consumers are drawn to. It is not an attractive, walkable, active environment.

The uses that currently make up the study area include:

- Destination restaurant
- Other restaurant
- Fast food
- Bank headquarters
- Medical office
- Appliance store
- Miscellaneous retail
- Services
- Motel
- Church
- Open Space

Through discussions with many of the key property owners it was found that there was a significant reduction in business, initially after the opening of the new bridge and closing of the old one, but for many of the owners, a portion of that lost business has revived. For the two

SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS SOMERSET, MASSACHUSETTS

JANUARY 16, 2015

largest businesses, Prima Care (medical offices) and Rockland Trust (HQ bank offices), they are well-established and less dependent on drive-by traffic. Their patients and employees know where they are. Some restaurants, like Magoni's Ferry Landing, are destinations and while there was an initial impact on their business, they have bounced back. But other retail businesses have been, and are likely to continue, to be impacted.

We believe there is the potential to eliminate Slades Ferry Avenue where redundant and incorporate it and the park-n-ride lot and possibly some of the Slades Ferry Avenue properties to allow the development of a new, more urban center, which, along with a revitalized riverfront, could provide the sense of place needed at the core of any new development. The development of the riverfront park/promenade would represent the initial catalyst to attract and stimulate potential redevelopment of the Slade's Ferry Crossing District.

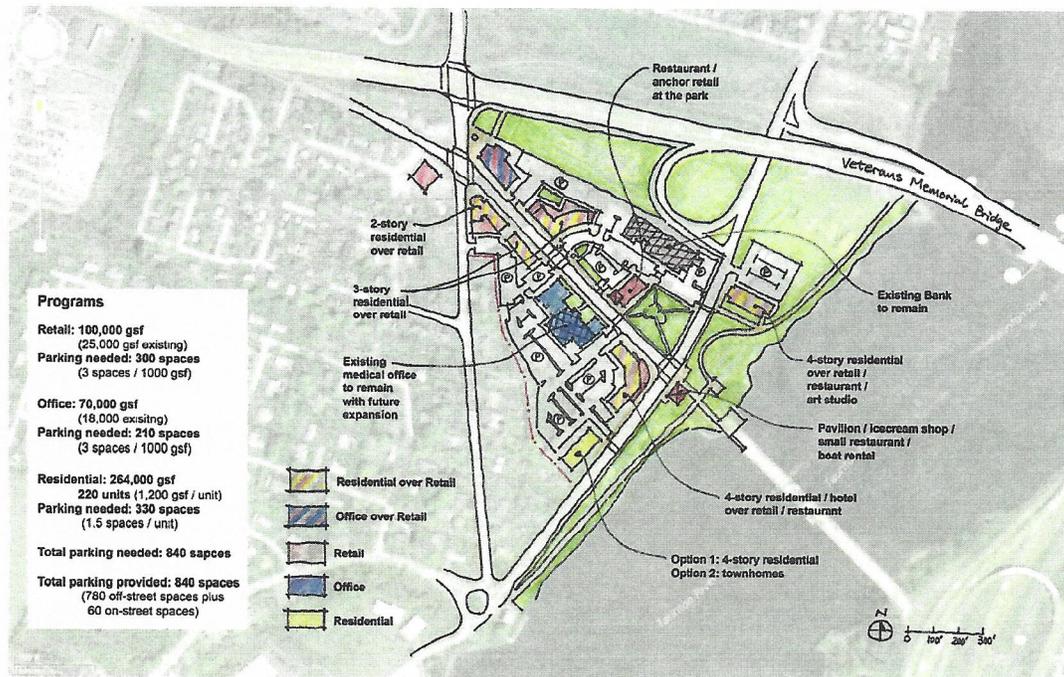
5.0 Preliminary Development Program/Concept Plan

The attached concept plan is meant to illustrate potential improvements that could help to foster redevelopment that would be supportable by the market. Redevelopment would take place, in many cases, on the site of existing businesses. It is not for us to determine which businesses should stay and which should be redeveloped. That must be decided by the individual property owners. The concept plan is merely provided to illustrate potential. There are several larger businesses that are successful in this location despite the changed access and we have incorporated the continued presence of Rockland Trust, Prima Care and Magoni's Ferry Landing into the concept plan. We have suggested, in some cases that parking be relocated, buildings be reconfigured as expansion is considered (Prima Care) or uses be relocated on-site into a mixed-use structure to create a better environment and add value (Magoni's Ferry Landing). We have illustrated certain key actions that the Town should promote in order to create a sense of place and a focus for a new mixed-use riverfront center:

- Revitalize the riverfront and develop a new riverfront park and promenade:
 - Develop a boat rental, pier, ice cream stand/clam shack near the old bridge abutment
 - Restore and landscape the riverfront, including creation of a riverfront park promenade including walking/bicycle paths
 - Discuss and explore potential options for the acquisition and relocation of existing institutional use on the riverfront for redevelopment as mixed-use commercial including restaurant/marina. New development should be integrated with the riverfront park /promenade, walking and bike paths
 - Other options include: marina, public dock, water shuttle, viewing areas, etc.
- Reconfigure the park-n-ride lot, between Grand Army Highway and Slades Ferry Avenue, west of the cemetery/open space to together provide a center to the redevelopment of:
 - an enhanced open space/park
 - retail/restaurant fronting on the open space with view to the river
 - Use the park-n-ride lot for a farmer's market and other programmed activities when parking is light. Consider eliminating parking lot altogether.

**SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS
SOMERSET, MASSACHUSETTS**

JANUARY 16, 2015



6.0 Preliminary Financial Analysis

In order to better understand the property's financial feasibility we created two residential pro formas based on potential development schemes. While we have not determined an actual retail/office program, we separately examined the commercial potential assuming—for analysis purposes only—the creation of 5,000 square feet of retail and office space to test potential economic gaps.

While we don't have sufficient information to determine the development costs, we attempted to determine if the potential projects could generate sufficient value to conceivably make economic sense. We found that current rents are marginal or probably insufficient (except for residential developments including enough of an affordable housing component to use Housing Tax Credits) to allow economically viable development. However, we think there is potential with a quality mixed income development to generate higher residential and commercial rents and the question is, with improvements by the municipality to help create a sense of place with views of the water and an attractive riverfront, is there a developer who will bet on their ability to achieve higher rents with the right project.

The two residential options compare the development potential of a fully market-rate residential project and a mixed-income property that includes syndication equity. The first pro forma assumes a 75 unit residential development with a mix of one, two, and three-bedroom units. The unit rents range from \$1,150 to \$1,700 a month. The rents assume that tenants are responsible for

**SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS
SOMERSET, MASSACHUSETTS**

JANUARY 16, 2015

all of their utilities, exclusive of water and sewer. In addition to the rental income, the proforma incorporates additional income from various fees including garages, pet fees, and storage income. Our unit rents assume that units contain laundry equipment, and we do not include laundry income in our analysis. As shown in the next exhibit, we estimated a net operating income of \$660,468. The operating expenses reflect typical costs based on our experience with similar properties in Bristol County.

Residential Pro Forma 1

Income

Unit Type		Unit Data		Rent	Per SF	Total	
Bedroom	Bath	Number	Percent				Size (SF)
1	1.0	26	35%	800	\$1,150	\$1.44	\$362,250
2	2.0	38	50%	1,100	\$1,450	\$1.32	\$652,500
3	2.0	<u>11</u>	<u>15%</u>	1,350	\$1,700	\$1.26	<u>\$229,500</u>
TOTAL		75	100%				\$1,244,250
Garage	20	spaces @	\$50	per space			\$12,000
Pet Fees	22	pets @	\$35	per pet			\$9,240
Storage Income	20	spaces @	\$35	per space			<u>\$8,400</u>
Subtotal							\$29,640
Gross Potential Income							\$1,273,890
Res. Market Vacancy/Collection Loss @				5.0%			(\$62,213)
Other Market Vacancy/Collection Loss @				10.0%			<u>(\$2,964)</u>
Total Vacancy/Collection Loss @				5.1%			(\$65,177)
Effective Gross Income							\$1,208,714
Expenses							
Management Fee @			\$685	Unit	4.25% of EGI		\$51,370
Administrative Costs @			\$1,750	Unit			\$131,250
Maintenance & Repair @			\$1,750	Unit			\$131,250
Utilities @			\$1,100	Unit			\$82,500
Taxes @			\$1,000	Unit			\$75,000
Insurance @			\$500	Unit			\$37,500
Security Miscellaneous @			<u>\$250</u>	<u>Unit</u>			\$18,750
Subtotal			\$7,035	Unit			\$527,620
Replacement Reserve @			<u>\$275</u>	<u>Unit</u>			<u>\$20,625</u>
Total Expenses			\$7,310	Unit			\$548,245
Net Operating Income							\$660,468

**SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS
SOMERSET, MASSACHUSETTS**

JANUARY 16, 2015

The value of the market-rate development can be estimated based on the application of a capitalization rate to the net operating income shown. We employed a capitalization rate of 6.0%, based on our experience with similar local properties. As shown in the next exhibit, we estimated a potential value of \$11,000,000, equal to \$146,667 per unit, or \$96 per gross square foot of space.

Potential Value, Residential Pro Forma 1

Net Operating Income		\$660,468
Capitalized Value @	6.00%	\$11,007,803
Rounded		\$11,000,000
Per Unit		\$146,667
Per Square Foot @	115,000 GSF	\$96

It is unlikely that a developer would be willing to create a 75 unit development for the indicated value, exclusive of additional sources of funding. One method used to create additional funding is to generate equity from the syndication of a mixed-income development. In our second residential pro forma, we have assumed the development of a 100 unit property with 60 units operated as affordable units under the Low Income Housing Tax Credit program.

Rents for these units cannot exceed either their market potential or the maximum allowed rents, adjusted for utilities. The next table illustrates the appropriate tax credit rents.

Potential LIHTC Rents

BR Type	LIHTC Rents			
	Gross	90%	Util Adj.	Net
1	\$813	\$732	\$70	\$662
2	\$975	\$878	\$90	\$788
3	\$1,126	\$1,013	\$110	\$903

The cash flow for a mixed-income development incorporates the LIHTC rents shown in the last table as well as the balance of the "market rate" assumptions, adjusted for the current unit mix. As exhibited, the mixed-income property generates a net operating income of \$507,705.

**SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS
SOMERSET, MASSACHUSETTS**

JANUARY 16, 2015

Residential Pro Forma 2

Income

Unit Type		Number	Unit Data		Rent	Per SF	Total
Bedroom	Bath		Percent	Size (SF)			
Affordable Units @ 60%							
1	1.0	21	21%	800	\$662	\$0.83	\$166,748
2	2.0	30	30%	1,100	\$788	\$0.72	\$283,500
3	2.0	<u>9</u>	<u>9%</u>	1,350	\$903	\$0.67	<u>\$97,567</u>
Subtotal		60	60%				\$547,816
Market							
1	1.0	14	14%	800	\$1,150	\$1.44	\$193,200
2	2.0	20	20%	1,100	\$1,450	\$1.32	\$348,000
3	2.0	<u>6</u>	<u>6%</u>	1,350	\$1,700	\$1.26	<u>\$122,400</u>
Subtotal		40	40%				\$663,600
TOTAL		100	100%				\$1,211,416

Garage	10	spaces @	\$50 per space	\$6,000
Pet Fees	11	pets @	\$35 per pet	\$4,620
Storage Income	10	spaces @	\$35 per space	<u>\$4,200</u>
Subtotal				\$14,820

Gross Potential Income \$1,226,236

Res. Market Vacancy/Collection Loss @	5.0%	(\$60,571)
Other Market Vacancy/Collection Loss @	10.0%	<u>(\$1,482)</u>
Total Vacancy/Collection Loss @	5.1%	(\$62,053)

Effective Gross Income \$1,164,183

Expenses

Management Fee @	\$495 Unit	4.25% of EGI	\$49,478
Administrative Costs @	\$1,800 Unit		\$180,000
Maintenance & Repair @	\$1,750 Unit		\$175,000
Utilities @	\$1,100 Unit		\$110,000
Taxes @	\$1,375 Unit		\$55,000
Insurance @	\$500 Unit		\$50,000
Security Miscellaneous @	<u>\$250 Unit</u>		\$25,000
Subtotal	\$16,112 Unit		\$644,478
Replacement Reserve @	<u>\$300 Unit</u>		<u>\$12,000</u>
Total Expenses	\$16,412 Unit		\$656,478

Net Operating Income \$507,705

**SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS
SOMERSET, MASSACHUSETTS**

JANUARY 16, 2015

We employed the same rate of 6.0% and estimate a capitalized income equal to \$8,461,751.

Capitalized Value, Residential Pro Forma 2

Net Operating Income		\$507,705
Capitalized Value @	6.00%	\$8,461,751

The development of units employing the Low Income Housing Tax Credit program allows for the syndication of an allocation of tax credits. As shown in the next table, we estimate that the property would be able to generate approximately \$16.4 million in equity.

Tax Credit Equity Residential Pro Forma 2

TDC (without land)	150,000	GSF @	\$225 Per Ft	\$33,750,000
Hard to Development @		120%		\$40,500,000
Applicable TDC @		60%		<u>\$20,250,000</u>
Annual Tax Credit @		8.50%		\$1,721,250
Total Credit				<u>\$17,212,500</u>
Yield @		\$0.95	per Credit Dollar	\$16,351,875

The inclusion of the tax credit equity, also termed the property's Intangible Assets, results in an adjusted value of \$24,800,000. The used of the tax credit property increases the property's value from \$96 per gross square foot to \$165 per gross square foot.

Potential Value, Residential Pro Forma 2

Net Operating Income		\$507,705	
Capitalized Value @	6.00%	\$8,461,751	
Intangible Assets		\$16,351,875	
Combined Tangible and Intangible		\$24,813,626	
Rounded		\$24,800,000	
Per Unit		\$248,000	
Per Square Foot @	150,000	GSF	\$165

A developer would be much more likely to create a 100 unit mixed-income development for the indicated value.

**SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS
SOMERSET, MASSACHUSETTS**

JANUARY 16, 2015

A preliminary review of a potential commercial development indicates a value of \$80 per foot.

Potential Value, Commercial Development

	Commercial Income		
	Size (SF)	Rent/SF	Total
Space 1	5,000	\$10.00	\$50,000
		10%	
Vacancy @			-\$5,000
EGI			\$45,000
Expenses @	\$3.00 per ft.		-\$15,000
NOI			\$30,000
Capitalized Value @		7.5%	\$400,000
Per Foot			\$80

However, we could conceive that if this location was part of a mixed-use development that creates a real sense of place with views of the water it might generate rents of \$15.00 fully net of expenses which would provide a capitalized value of \$180/sf which might be sufficient to cover development costs, including paying something for land. The question would be, is there a developer who will bet on their ability to achieve higher rents with the right project.

7.0 Action Plan/Implementation Strategy

We believe that redevelopment of Slade's Ferry Crossing has real potential. However some critical steps are required including: creating buy-in from property owners, acquisition of riverfront properties and development of riverfront park promenade to encourage the redevelopment of the Slade's Ferry Avenue as an active core with a sense of place and identity for mixed-use redevelopment. If the Town determines it would like to pursue redevelopment of the Slade's Ferry Crossing District we'd recommend the following next steps:

- a. **Installation of signage to identify and direct patrons and vehicles to the Slade's Ferry Crossing District.** Immediate attention should be given to by the Town of Somerset to address the lack of signage for Slade's Ferry Crossing District. The Town of Somerset BOS, Town Administrator or Highway Superintendent as well as legislative representatives (if needed) should work with MassDOT to install needed signage at key locations along Route 6 (GAR Highway.) and Veterans Memorial Bridge to identify Slade's Ferry Crossing District. Locations to consider include:

SLADE'S FERRY CROSSING MARKET FEASIBILITY ANALYSIS
SOMERSET, MASSACHUSETTS

JANUARY 16, 2015

- On the Veterans Memorial Bridge westbound before the exit ramp to Somerset – Warren RI



Slade's Ferry Crossing District
Somerset

- Bottom of the ramp, West 103, Warren RI include signage

← **Slade's Ferry Crossing District**

- At the intersection of Route 6 and Brayton Avenue east bound directing vehicles to Old Route 6 - and Slade Ferry Crossing District

→ **Slade's Ferry Crossing District**

- Discuss the plan and participation with each property owner and tenant.** Redevelopment of Slade's Ferry Crossing will require the participation of a number of property owners, and possibly some tenants. It will be important to determine how a property owner is likely to respond and participate.
- Acquire properties along the riverfront to create a new 10-acre riverfront park and promenade consistent with the plan.** This represents a critical action to secure ownership of riverfront parcels and initiate development of riverfront park/promenade to encourage private sector mixed-use redevelopment of the Slade's Ferry Crossing District.
- Investigate funding opportunities. Determine founding sources for planning, property acquisition, infrastructure and development of public spaces.**
- Prepare a master plan that accommodates participation by property owners and is implementable in stages.** It is important to devise a plan that creates a strong sense of place and is implementable given property owners needs and potential for reinvestment.
- Prepare and implement a marketing strategy.** The strategy would build on the vision for the area developed in preparation of the master plan and be used to communicate the vision to potential developers and the Somerset community.
- Make improvements to open space and infrastructure consistent with the plan.** Create a strong sense of place that can provide an attraction and identity as well as infrastructure improvements that necessary to enable redevelopment.
- Seek a master developer for riverfront properties and key development sites.** While some properties may be redeveloped by current property owners, a master developer would have the ability to bring vision and skills to redevelop all of the other parcels.
- Work with selected developer to obtain funds to fill gap and refine plan.** Rents and sales prices are marginal for new development. The master developer may need subsidies and other funds to fill the gap to allow development to proceed.