



## Downtown New Bedford Development Opportunities



Site Development Feasibility Analysis  
July 31, 2017

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# **INTRODUCTION**

STAKEHOLDER ENGAGEMENT

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REDEVELOPMENT FEASIBILITY ANALYSIS

# Introduction New Bedford and NRN



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The National Resource Network (“NRN”) develops and delivers innovative solutions to American cities to help them address their toughest economic challenges. The Network works with local leaders to identify practical solutions, share real-world expertise and best practices, and help cities develop the tools and strategies they need to grow their economies.

Funded with \$10 million from the U.S. Department of Housing and Urban Development (HUD), the Network leverages the expertise, partnerships, and resources of the public and private sectors to help cities comprehensively tackle their most pressing challenges. The Network provides cities with customized tools and advice to build strategic partnerships, strengthen their economic competitiveness, and marshal public and private sector resources. The Network provides three core services: 1) direct assistance to cities, 2) access to peer city networks and new ideas, and 3) on-line- on-demand access to expertise.

The NRN consortium includes leading experts and practitioners from the private and nonprofit sectors as well as academia who work with city leaders every day to address their greatest economic needs. HUD selected them through a national competition. The Network team supporting the City of New Bedford includes:



Private firm that provides independent financial advice and consulting services to state and local governments across the nation.



A private sector consulting firm providing real estate and economic development guidance to more than 200 local government agencies and their nonprofit and civic partners across the country.

**This report focuses on HR&A Advisors' analysis for the City of New Bedford**

# Introduction NRN Assessment

## **The National Resource Network Assessment Process**

In March 2016, the City of New Bedford, Massachusetts, submitted a Request for Assistance (RFA) to the National Resource Network seeking help identifying downtown revitalization, economic development and pension reform strategies to assist efforts in the city. Following a review of the RFA application and supplemental materials, as well as a call with City staff on May 16, 2016, the National Resource Network accepted the City's application and initiated an assessment of core challenges and opportunities.

The following summarizes key findings from NRN's initial assessment of New Bedford, as input and context to the Network's engagement with the City.

## **Key NRN Assessment Findings**

- The City of New Bedford, which anchors Massachusetts' south coast region, struggles to attract and retain middle income residents and a skilled workforce. According to American Community Survey data, the city has lost 20 percent of its households earning between \$50,000 and \$75,000 since 2000, and only 15.3 percent of the remaining residents over 25 years have a bachelor's degree (compared to 25.6 percent countywide). Stakeholders interviewed indicate that the city's relatively poorly performing public schools, higher crime rates, and concentrated poverty all serve as deterrents. Without a robust skilled middle class, New Bedford employers struggle to fill job vacancies, retail businesses hesitate to invest locally, and the proportion of residents living in poverty has grown to 23 percent since 2000.
- In order to improve New Bedford's attractiveness to young professionals and encourage local investment, the City has prioritized downtown revitalization. Active efforts are underway to attract market rate housing and mixed use rehabilitation projects. Potential developments include the planned revitalization of State Pier, Columbus Group's \$10 million hotel and restaurant project, and MassDevelopment's proposal for a \$46 million mixed-used project on the empty site of the former Keystone Building. Simultaneously, the City, the Commonwealth, local businesses, and local higher education entities are engaged in multiple initiatives that would increase the number of downtown visitors. Ongoing efforts to organize downtown businesses and property owners are now being supplemented by a new MassDevelopment TDI Fellow charged with developing a downtown retail strategy.

# Introduction NRN Assessment

## Key NRN Assessment Findings (continued)

The City's Tourism and Marketing Department aspires to 70 downtown events with over 10,000 attendees every year. The Commonwealth has allocated funds to Bristol Community College in order to design a full service consolidated campus in the downtown area, while the anticipated Keystone project may include housing for UMass Dartmouth graduate students.

- The City currently lacks the resources to increase its investments in public schools or in neighborhoods. Total assessed valuation has recovered slowly since the recession and remains approximately 20 percent below the 2008 peak, a concerning trend given that property tax receipts represent 75 percent of General Fund revenues after state aid. Under Mayor Mitchell and CFO Ari Sky, the City has prioritized the careful stewardship of its scarce resources, taking concrete steps to streamline operations and generate efficiencies. Among other activities undertaken in the last two years, the City has conducted public safety operational assessments, adopted a capital budgeting plan and process, and changed health care plans. A performance management initiative is in the early stages of implementation, with the potential to significantly improve the managerial tools available to City decision-makers.
- New Bedford also benefits from a particularly creative and collaborative array of community organizations, which have succeeded in expanding their local reach through innovative partnerships. The Economic Development Council, a non-governmental entity that carries out the City's economic development functions, has been particularly strategic in leveraging and focusing the efforts of partner entities around shared goals and objectives. A team led by the United Way of Greater New Bedford is rethinking how local community partners can work together and with the School District in a way that better supports student success in the South End neighborhood. Though originally intended as a limited-term convening of the City's most significant business and nonprofit partners, the Regeneration Committee has led to broader recognition of New Bedford's long-term challenges around skilled workforce retention. The growing community capacity reflected in these collaborations will prove key as New Bedford continues to implement school reform and starts to strengthen the local workforce development pipeline.

# Introduction NRN Engagement

Based on NRN's initial New Bedford assessment, the Network proposed an engagement with the City to supplement and strengthen both the City's downtown revitalization efforts as well as its performance data and management initiative. Together, the successful execution of these City priorities will make New Bedford more attractive to investors and middle class residents, bolster staff capacity to make informed decisions about resource allocation, and ultimately improve the City's ability to reinvest in its residents and its neighborhoods.

NRN's scope of work comprised analysis and support from PFM and HR&A Advisors:

**Executive Coaching on  
Performance Data  
Management**



**Strengthen Capacity for  
Downtown Development**

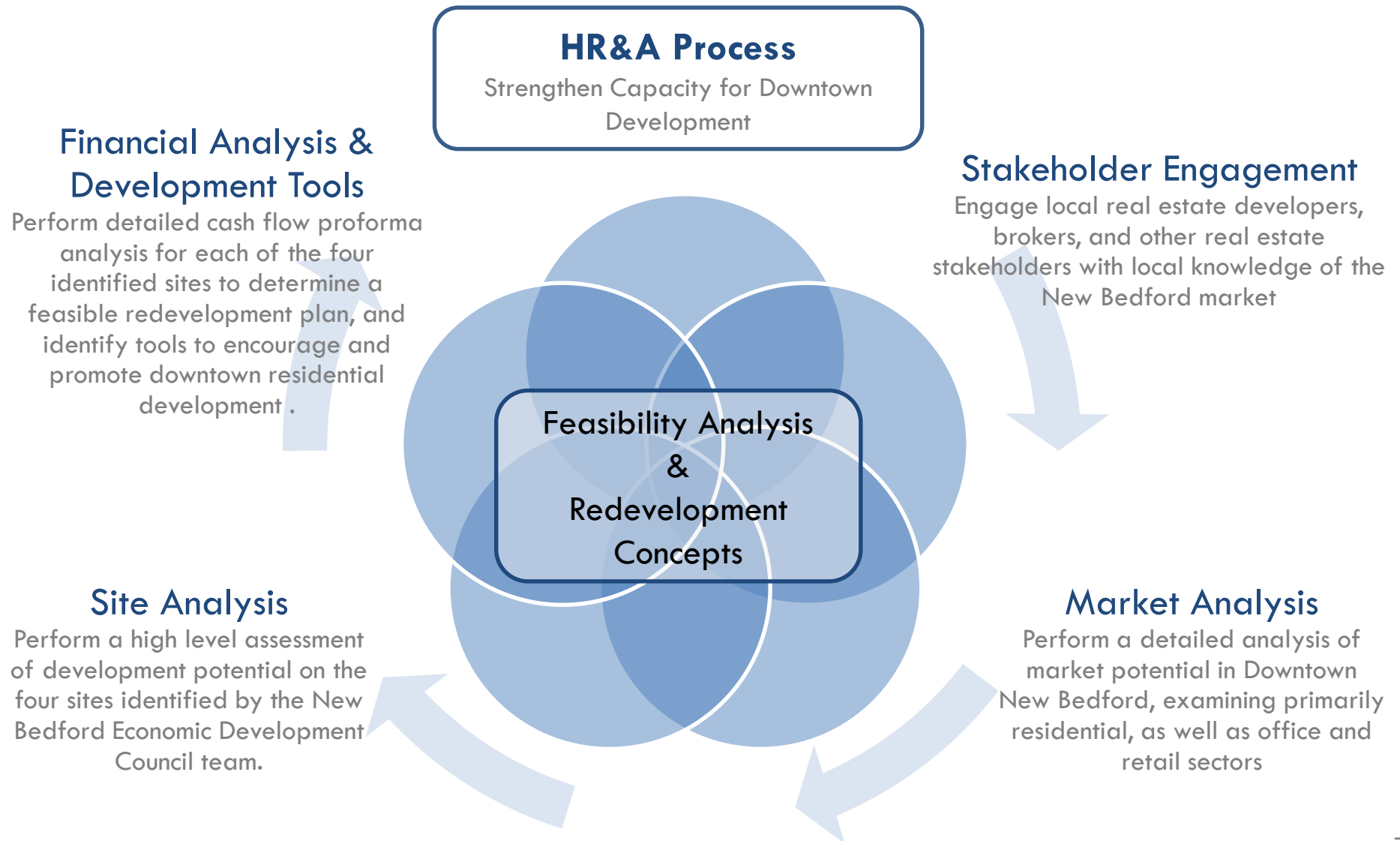


**This report focuses on HR&A Advisors' analysis for the City of New Bedford**



# Introduction HR&A Analysis

HR&A's scope of work comprises a market assessment and development feasibility analysis for four pre-selected sites in Downtown New Bedford (identified on the following slide). The goal is to provide feasible redevelopment concepts for each site, supported by detailed financial analysis which identifies potential funding gaps and sources of financing.





# Introduction HR&A Analysis

HR&A was asked to examine redevelopment potential for four pre-selected development sites in Downtown New Bedford, including:

## Sites Examined

**Site 1: Paul Rodrigues Administration Building (PRAB):** Historic former high school at the corner of County and William Streets.

**Site 2: Kruger Parking Lot:** Surface parking lot at the corner of Union and North Water Streets

**Site 3: New Bedford Municipal Parking Lot:** Surface parking lot at the corner of William and North 6<sup>th</sup> Streets

**Site 4: SRTA New Bedford Bus Terminal:** Bus terminal and structured parking garage adjacent to New Bedford City Hall



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**STAKEHOLDER ENGAGEMENT**

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# Stakeholder Engagement HR&A Outreach

As the first step in HR&A's engagement with the City, team members traveled to New Bedford for an in-person kick off meeting to meet the Mayor and staff, discuss goals for the project, tour the community and pre-selected sites, engage local stakeholders and meet with local real estate experts. HR&A's stakeholder engagement continued after this initial site visit, and comprised targeted interviews with local real estate experts, building on more extensive interviews conducted with broader group of stakeholders during NRN's assessment.

HR&A's stakeholder engagement was primarily focused on those with expertise in the local real estate market or actively engaged in the market, access to sources of potential future redevelopment funding in downtown, or interest in development at the site. HR&A's targeted outreach included interviews or conversations with the following groups:

## Real Estate Experts

- HallKeen Management
- WinnDevelopment
- Farland Corporation
- South Coast Improvement Company
- E.J. Pontiff Real Estate
- Berkshire Hathaway
- Coastal Commercial Real Estate
- Diana Henry Real Estate
- KW Commercial Real Estate
- NAI Hunneman Real Estate

## Local Organizations

- New Bedford Office of Planning
- New Bedford Office of Environmental Stewardship
- New Bedford Housing Authority
- New Bedford Harbor Development Commission
- Southeastern Regional Transit Authority (SRTA)
- Waterfront Historic Area League (WHALE)
- Destination New Bedford

## State Agencies

- MassDevelopment
- Mass Dept. of Housing and Community Development
- Mass Dept. of Environmental Protection

# Stakeholder Engagement Downtown Developer Tour

## June 13<sup>th</sup>, 2017 New Bedford Downtown Developer Tour

HR&A supported the New Bedford Economic Development Council and MassDevelopment in the City's Downtown Developer Tour held on June 13<sup>th</sup>, 2017.

- At the June 13<sup>th</sup> Tour HR&A shared a preliminary draft of market and feasibility analysis for the City's four pre-selected sites in Downtown as support to the downtown walking tour. Preliminary findings were shared as a means to engage in initial conversations with attending and interested development teams and begin more in-depth discussions regarding opportunities downtown. HR&A's materials were shared with tour attendees in the packet provided by NBEDC.
- HR&A made contact with a number of new developers, real estate brokers and property owners interested in downtown redevelopment opportunities. During and after the tour HR&A discussed concepts for redevelopment on each of the four sites under review, and gathered feedback regarding potential alternative approaches.
- A clear message from the June 13<sup>th</sup> tour was that there is strong interest in redevelopment opportunities in Downtown New Bedford, building on the pipeline of current projects underway, and programs implemented by the City, NBEDC and MassDevelopment.
- Among all of the sites visited during tour, there is strong interest in redevelopment of the Paul Rodrigues Administration Building (PRAB). Through NBEDC Director Derek Santos, HR&A made contact with principals from two development teams who have expressed strong interest in redevelopment - HR&A has remained in regular contact with both groups regarding redevelopment options at the PRAB building.

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# Market Analysis Overview

HR&A performed a detailed market analysis for Downtown New Bedford, accounting for broader market dynamics in the South Coast region. This market scan seeks to understand the feasibility and scale of potential development options in Downtown New Bedford, and inform concept development use for each of the four sites identified by New Bedford staff.

Residential market data evaluated as part of HR&A's analysis includes:

- Demographic trends that influence demand, such as population growth and migration patterns
- Current supply of existing residential product
- The development pipeline for residential development in New Bedford, as well as other real estate uses (office, retail, hotel, etc.) to understand potential impact of other development
- Current vacancy rates across existing residential supply
- Recent and historic residential absorption
- Rental and sale pricing

The following analysis sources data from various databases such as CoStar, the US Census, US Internal Revenue Service (IRS) Migration Tax Statistics, and from relevant data held by the City of New Bedford and State of Massachusetts to complete this task. HR&A's analysis examines the following real estate uses:

- Residential (primary focus)
- Retail
- Office
- Hotel

# Market Analysis Summary Findings

## Residential

- Consistent with broader demographic trends, the City is projected to see growth among an older, relatively higher-income demographic.
- The ability to capture growth in this population segment is contingent upon the ability to continue creating a vibrant downtown environment that offers residents the amenities they seek within walking distance.
- There is demand from older demographics to downsize and live in a vibrant walkable downtown - new residential development downtown will require achieving new price points, capturing growth from segments of the population projected to see the greatest growth.

## Retail

- Downtown New Bedford has strong existing assets, and continues to build the amenities necessary for a vibrant downtown.
- Based on projected demand from existing residents, and New Bedford's annual visitor draw, there is an opportunity to build on current momentum for additional development of restaurant and experience retail, as well as some form of unique downtown grocery or market.



# Market Analysis Summary Findings

## Office

- The Greater New Bedford area is projected to see modest growth in office-occupying sectors
- Based on feedback from local real estate brokers there is existing upper floor office space vacancy in Downtown which has struggled to absorb.
- Additional office development in Downtown will be challenging; however, further development of Downtown New Bedford as a vibrant, live-work-play destination will attract businesses to reduce Downtown vacancy and attract anchor tenants.

## Hotel

- New Bedford's Fairfield Inn has consistently achieved relatively high room rates, with occupancy rates remaining high, above 75%, indicating potential demand for additional hotel capacity.
- This sustained occupancy rate, combined with Continued growth in New Bedford visitor traffic associated with attractions in Downtown and ferry traffic to the islands, could support additional hotel.
- Development of the new boutique hotel in Downtown New Bedford reflects demand for hotel in Downtown - even with this additional hotel development, the unique draw of Downtown New Bedford could support additional hotel rooms, in-line with comparable historic downtowns across New England.

# MARKET ANALYSIS

**RESIDENTIAL**

RETAIL

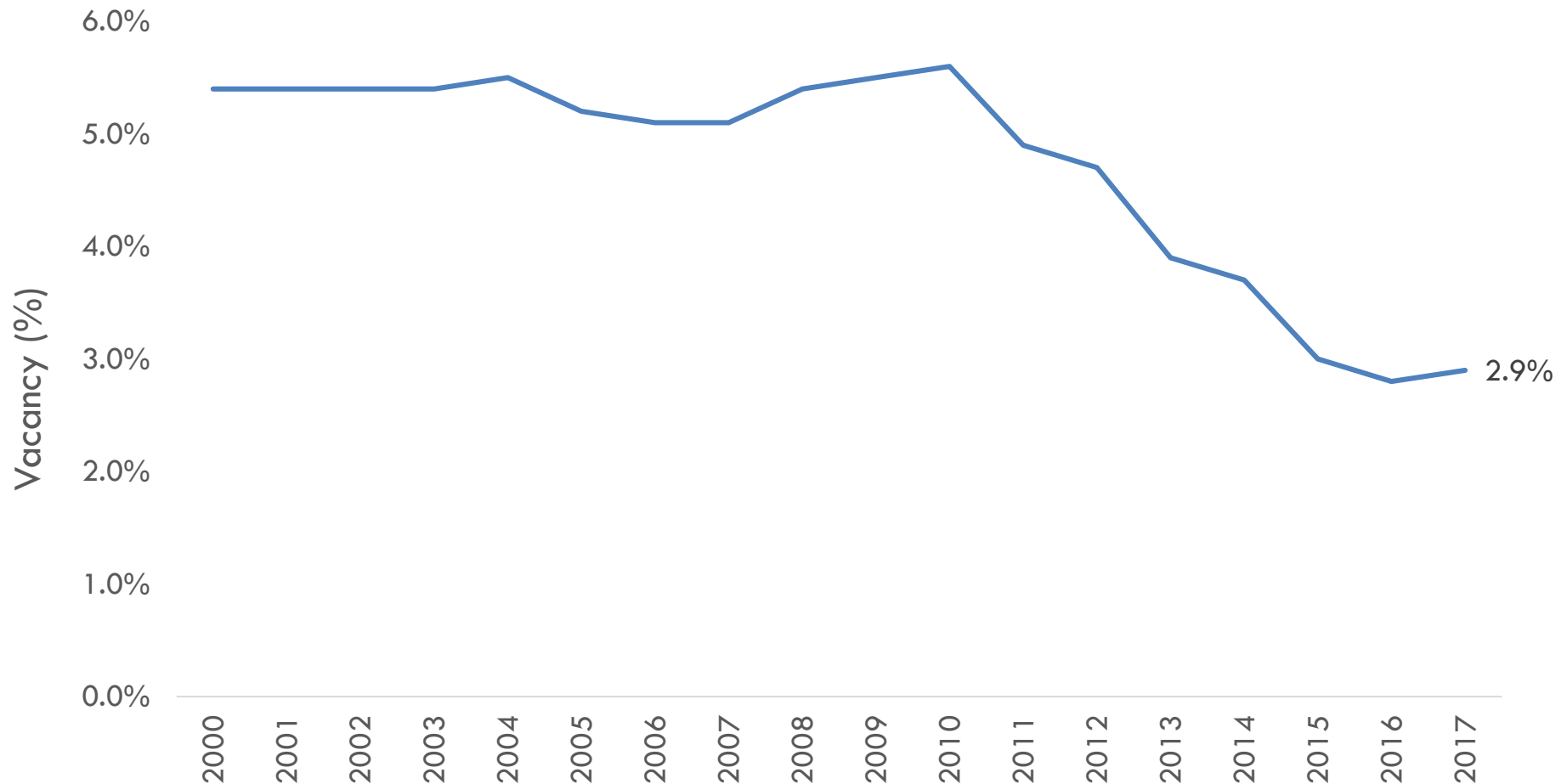
OFFICE

HOTEL

## Residential

The City as a whole has seen a modest decline in apartment vacancy recently.

**Rental Apartment Vacancy 2000-2016**

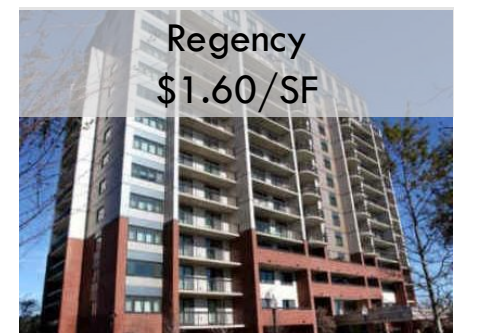
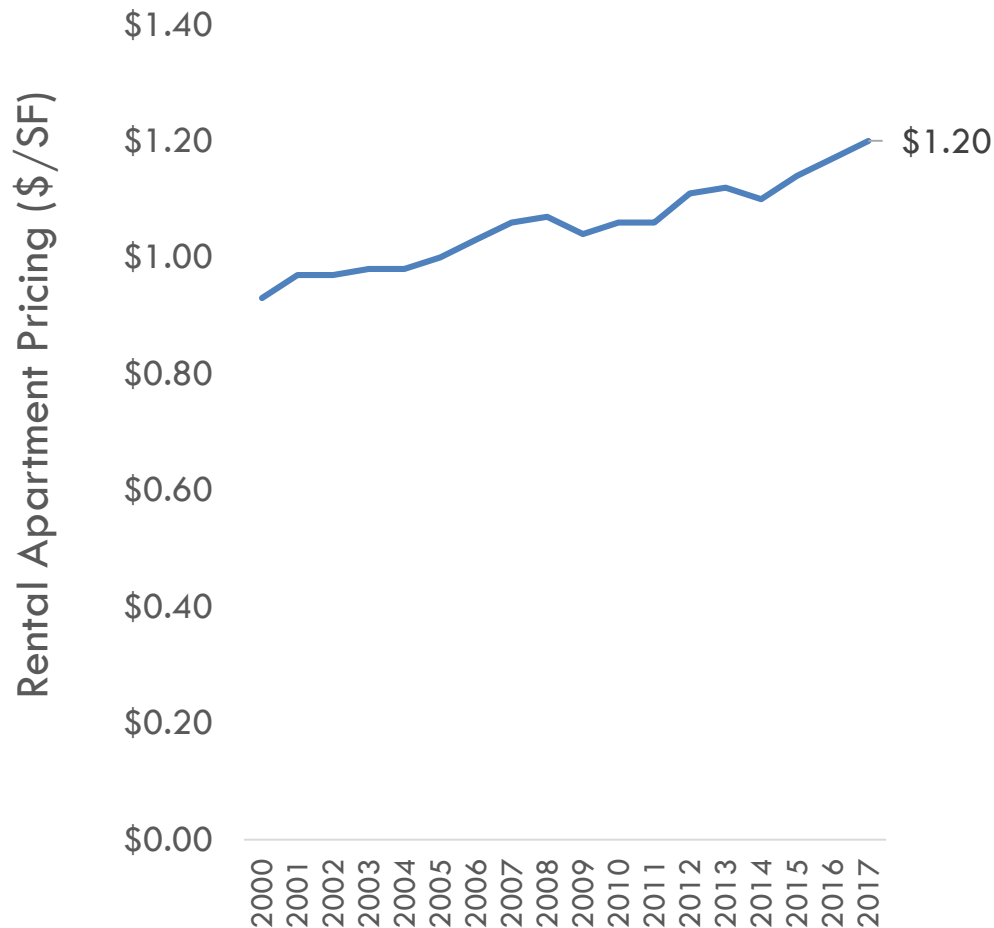


Source: CoStar, Esri, Inc., HR&A stakeholder engagement.

# Residential

Current pricing in New Bedford indicates rents average \$1.20 per square foot with some relatively newer product achieving higher rates.

**Average Rental Apartment Pricing 2000-2016**



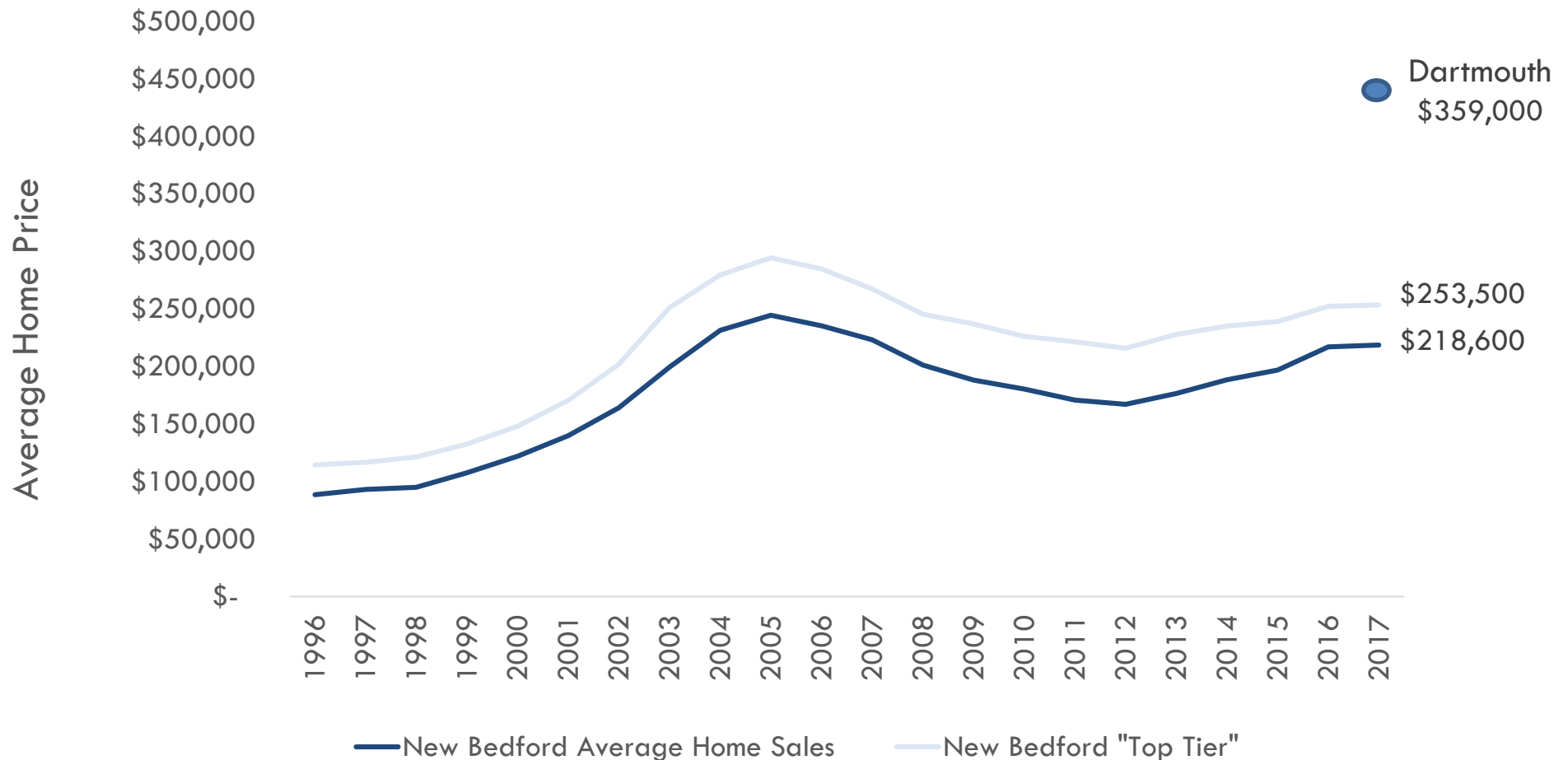
Source: CoStar, Esri, Inc., HR&A stakeholder engagement.

## Residential

Top tier area home prices indicate there may be potential to capture higher income households.

### Area Home Prices

1996 - 2017

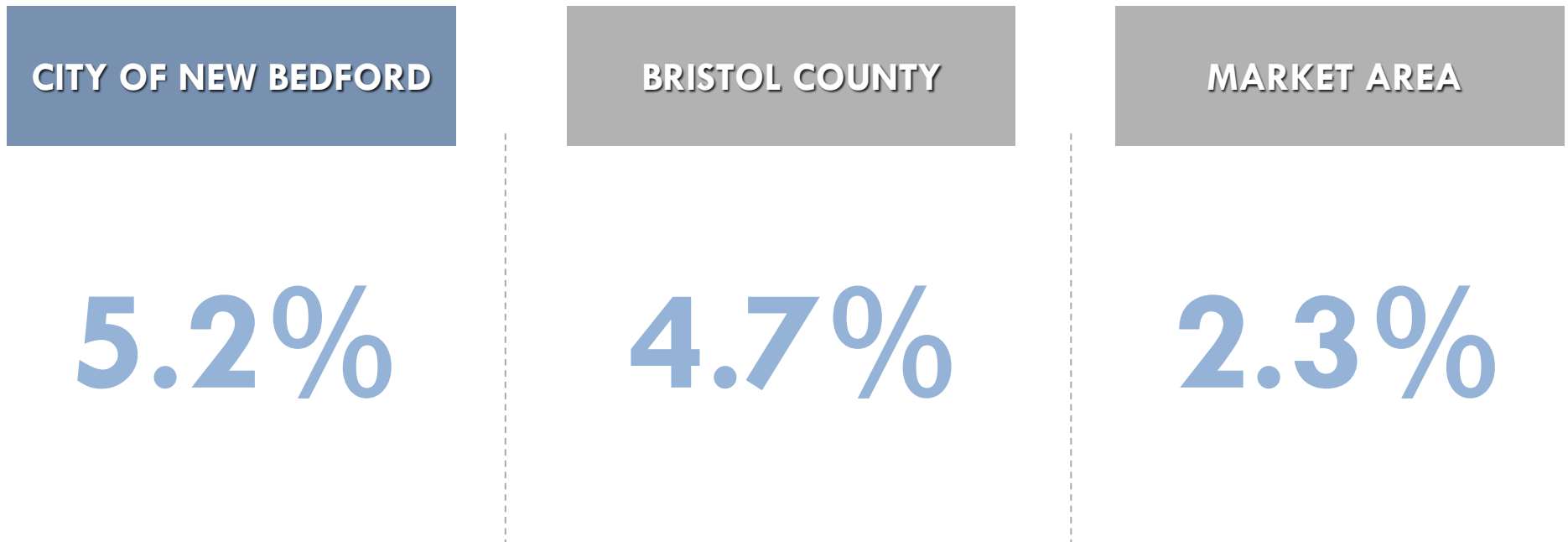


Source: CoStar, Esri, Inc., Zillow, Inc.

## Residential

Over the past 15 years, The City has experienced a higher rate of growth as compared to the broader Providence – New Bedford market area.

### Population Change (2000-2016)



Source: ESRI Business Analyst, US Census Bureau.

“Market Area” represents the Providence – New Bedford designated market area from the US Census, which includes Bristol County in Massachusetts, as well as Providence, Kent, Washington, Bristol, and Newport counties in Rhode Island.

## Residential

This trend is expected to continue as the City is projected to see average annual population growth rates above the County and broader market area.

**CITY OF NEW BEDFORD**

**BRISTOL COUNTY**

**MARKET AREA**

### Average Annual Population Growth (2000-2016)

**0.3%**

**0.3%**

**0.1%**

### Projected Average Annual Population Growth (2016 - 2021)

**0.5%**

**0.4%**

**0.3%**

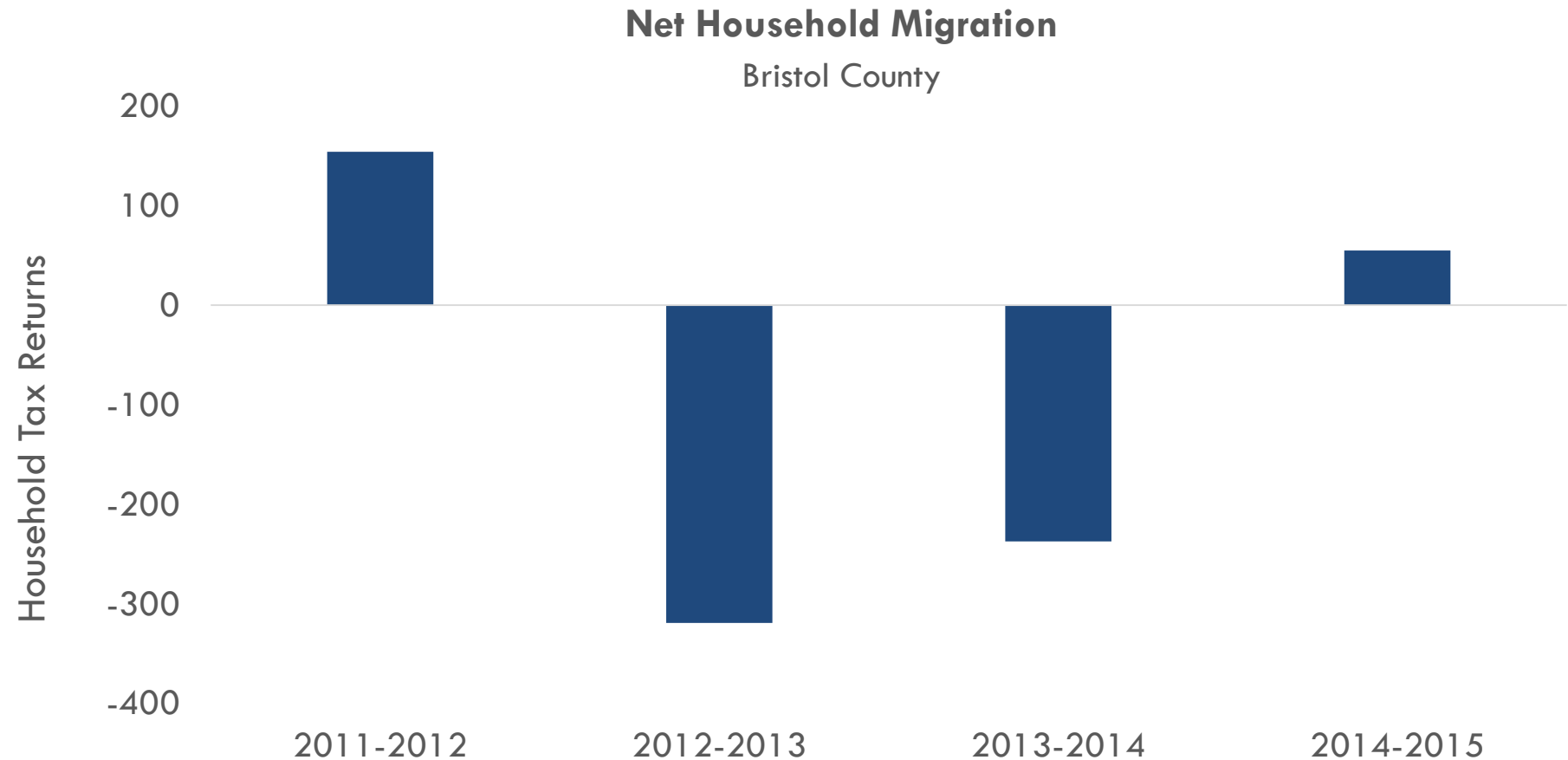
Source: ESRI Business Analyst, US Census Bureau.

“Market Area” represents the Providence – New Bedford designated market area from the US Census, which includes Bristol County in Massachusetts, as well as Providence, Kent, Washington, Bristol, and Newport counties in Rhode Island.



## Residential

Bristol County has seen a shift in net household migration to the County.



The top three counties for migration to and from Bristol County include Plymouth, Norfolk, and Providence Counties.

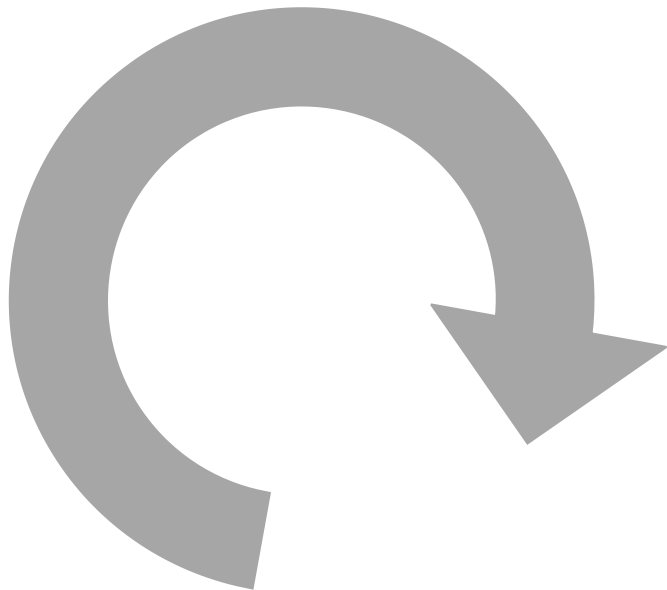
Source: United State Internal Revenue Service (IRS) Statistics of Income Division (SOI).

## Residential

Residential demand can be examined from two sources: turnover of existing residents and growth projected across the City.

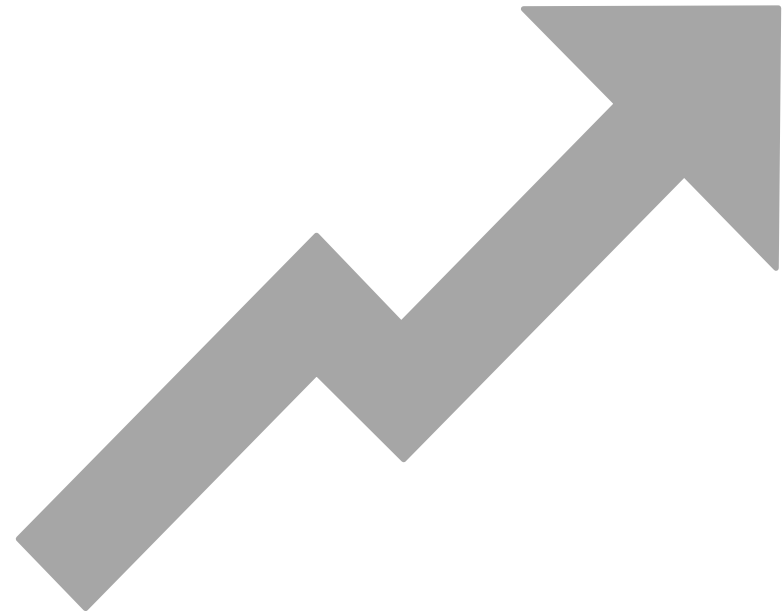
### Turnover

*Demand from turnover of existing  
New Bedford residents*



### Growth

*New demand from projected growth in  
the City and surrounding region*



## Residential

Supportable demand is segmented by likelihood to rent versus likelihood to own, based on projected growth, and required income to support pricing.

### Target Residents by Income

Target Rental Households

**\$50,000 to  
\$74,999**

Target Buyer Households

**\$100,000  
and above**

Source: CoStar, Esri, Inc., US Census Bureau.

Note: Required annual target buyer income assumes mortgage values with 15% down payment and 3% closing costs factored in. Mortgage calculated based on 4.25% interest rate, 30 year term; additional ownership costs include property taxes at New Bedford City rate of \$0.0165 per \$1 and property insurance at 0.75% of total home value.

## Residential

The City's population growth is projected to occur among an older segment of the population and those earning higher incomes.

### Projected Growth in Households 2016 – 2021

By Age of Head of Household and Household Income

Household Income	Growth in Households by Age of Head of Household							Total (Net)
	< 25	25-34	35-44	45-54	55-64	65-74	75+	
<\$15,000	17	191	158	6	104	284	201	<b>961</b>
\$15,000-\$24,999	(55)	(37)	(43)	(122)	(54)	62	5	<b>(244)</b>
\$25,000-\$34,999	(83)	(72)	(74)	(141)	(72)	15	(41)	<b>(468)</b>
\$35,000-\$49,999	49	294	254	140	189	263	75	<b>1,264</b>
\$50,000-\$74,999	(87)	(326)	(279)	(471)	(374)	(133)	(107)	<b>(1,777)</b>
\$75,000-\$99,999	3	133	158	36	101	105	41	<b>577</b>
\$100,000-\$149,999	2	83	129	35	147	99	32	<b>527</b>
\$150,000-\$199,999	-	27	38	33	47	17	6	<b>168</b>
\$200,000+	-	5	11	10	13	9	-	<b>48</b>
<b>Total (Net)</b>	<b>(154)</b>	<b>298</b>	<b>352</b>	<b>(474)</b>	<b>101</b>	<b>721</b>	<b>212</b>	<b>1,056</b>

Source: ESRI Business Analyst, US Census Bureau.

Note: data represents growth projections for the City of New Bedford.

## Residential

The City's population growth is projected to occur among an older segment of the population and those earning higher incomes.

Growth by Age Group	
Age Cohort	Projected Growth (5 yrs, 2016-2021)
Under 20	1%
20 – 34	1%
35 – 54	1%
55 - 64	3%
65 and over	11%

Growth by Income Cohort	
Income Bracket	Projected Growth (5 yrs, 2016-2021)
Less than \$35k	1%
\$35k - \$74k	-4%
\$75k - \$99k	15%
\$100k and above	15%



Source: ESRI Business Analyst, US Census Bureau.

Note: data represents growth projections for the City of New Bedford.

## Residential

Annual housing demand based on City growth projections over the next 5 years.

### Projected Residential Demand Citywide - 5 years

Source of Demand	Annual Residential Household Demand City of New Bedford	
	Rental	Owner
 <b>Turnover:</b> Demand from existing resident turnover	339	104
 <b>Growth:</b> Demand from new residential units added	--	69
Housing Units	339 units	173 units



Residential projects in Downtown New Bedford may be able to capture a portion of this projected growth across the City

Source: Esri, Inc., CoStar.

## Residential

Annual housing demand based on City growth projections over the next 5 years.

Projected Residential Demand Citywide - 5 years (Conservative\*)

Source of Demand	Annual Residential Household Demand City of New Bedford	
	Rental	Owner
 <b>Turnover:</b> Demand from existing resident turnover	<b>339</b>	<b>71</b>
 <b>Growth:</b> Demand from new residential units added	<b>--</b>	<b>50</b>
<b>Housing Units</b>	<b>339 units</b>	<b>121 units</b>

Residential projects in Downtown New Bedford may be able to capture a portion of this projected growth across the City

Source: Esri, Inc., CoStar.

\* "Conservative" estimate assumes more conservative housing tenure assumptions for growth in households likely to own.



## Summary Residential Findings

- Consistent with broader demographic trends, the City is projected to see growth among an older, relatively higher-income demographic.
- The ability to capture growth in this population segment is contingent upon the ability to continue creating a vibrant downtown environment that offers residents the amenities they seek within walking distance.
- There is demand from older demographics to downsize and live in a vibrant walkable downtown.
- New residential development downtown will require achieving new price points, capturing growth from segments of the population projected to see the greatest growth.

# MARKET ANALYSIS

RESIDENTIAL

**RETAIL**

OFFICE

HOTEL

## Retail

Retail vacancy in the City has come down over the past several years.

**Retail Space Vacancy, 2006-2016**  
City of New Bedford



Source: CoStar Realty Services.

## Retail

A retail gap analysis examines the dynamics of local resident demand based on income and spending patterns, as compared to supply of existing retail.

### Surplus

**Supply > Demand**

Study area is over-supplied in retail;  
households may be traveling into the  
study area for retail needs

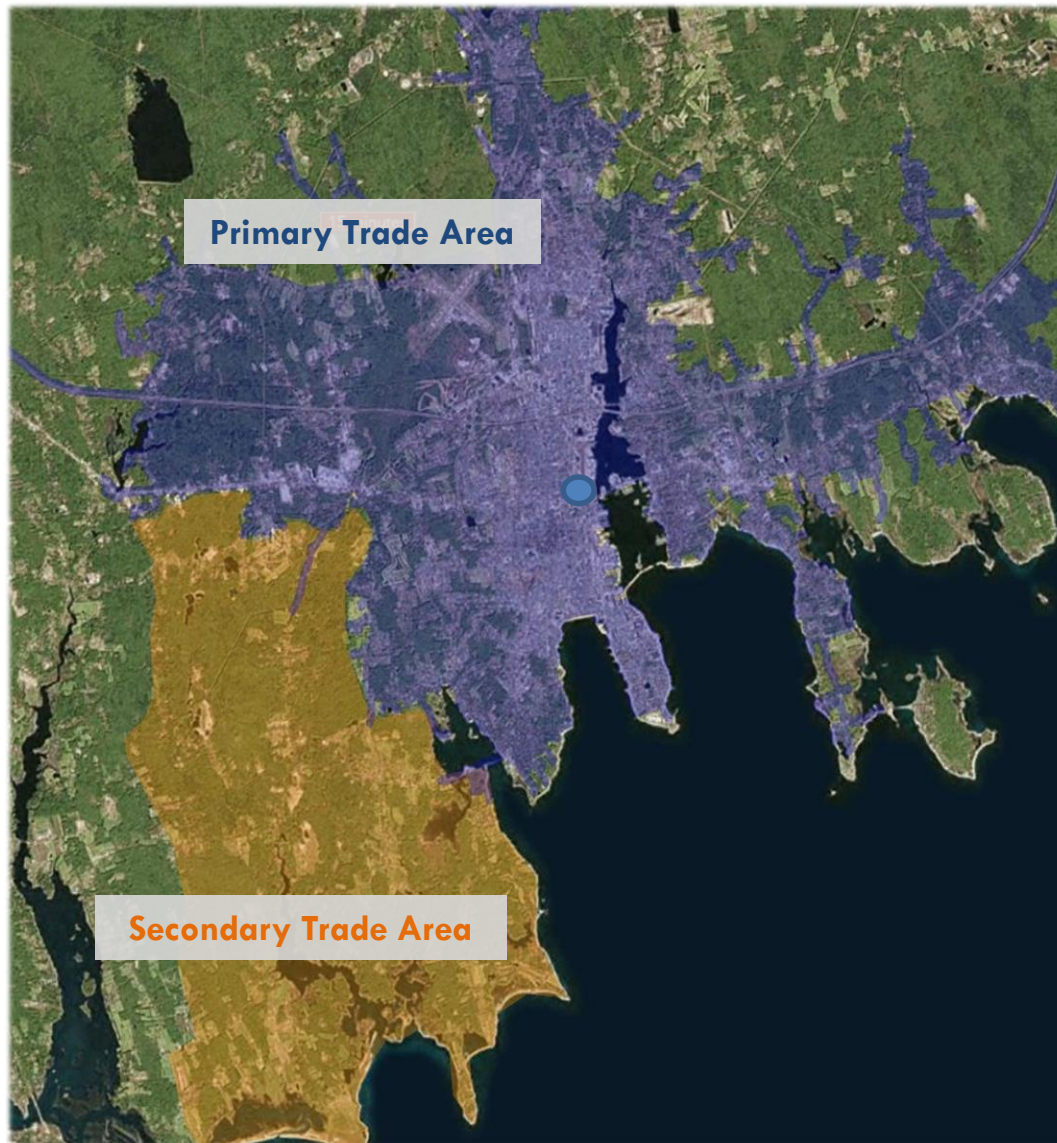
### Leakage

**Supply < Demand**

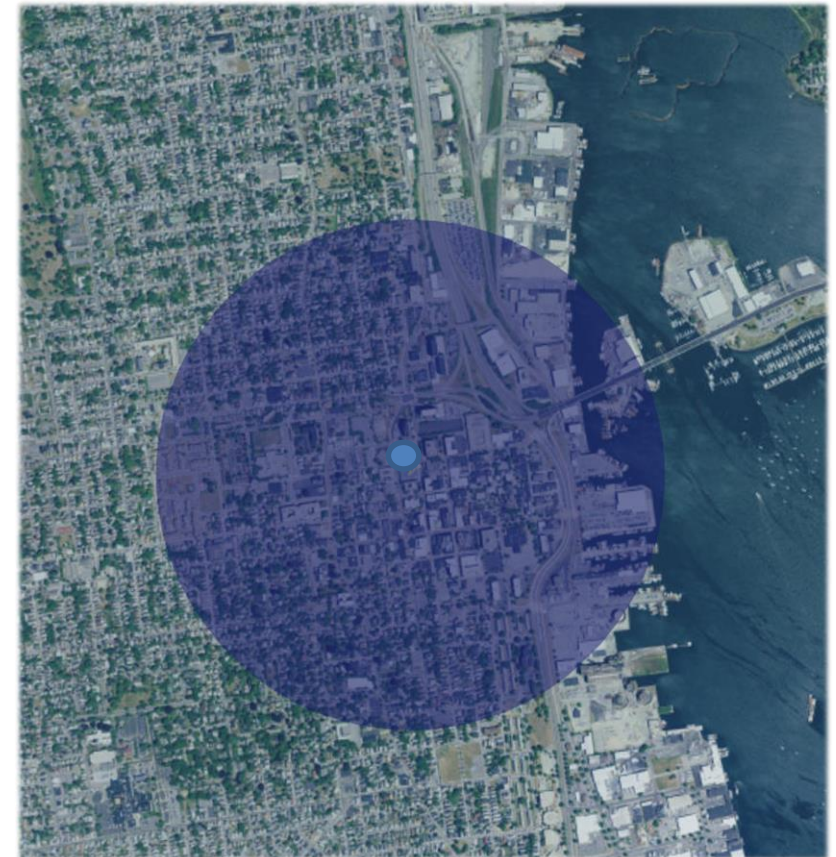
Study area is under-supplied in retail;  
residents are traveling outside the  
study area to satisfy retail needs

# Retail

HR&A examined three resident retail trade areas.



**Downtown Trade Area**  
1/2 mile radius



Source: Esri.

# Retail

As a regional hub, New Bedford's primary trade area is oversupplied from a retail perspective; however, there is nearby demand.

## Primary Trade Area

		Supportable Square Footage	
	Retail Gap (\$M)	Low	High
Convenience Goods			
Grocery Stores	(\$221.0)		
Beer, Wine & Liquor Stores	(\$16.8)		
General Merchandise Stores	(\$6.1)		
Restaurants/Other Eating Places	(\$36.3)		
Drinking Places - Alcoholic Beverages	\$3.7	1,600	2,100
Health & Personal Care Stores	(\$24.0)		
Miscellaneous Store Retailers	(\$20.2)		
Subtotal		1,600	2,100
Comparison Goods			
Furniture & Home Furnishings Stores	(\$6.6)		
Clothing & Clothing Accessories Stores	(\$12.5)		
Sporting Goods, Hobby, Book & Music	\$5.1	3,100	4,200
Special Food Services	\$1.9	800	1,000
Electronics & Appliance Stores	\$67.7	33,900	45,100
Bldg Materials, Garden Equip. & Supply	(\$47.8)		
Subtotal		37,800	50,300
Total		39,400	52,400

## Secondary Trade Area

		Supportable Square Footage	
	Retail Gap	Low	High
Convenience Goods			
Grocery Stores	\$21.2	5,700	8,500
Beer, Wine & Liquor Stores	\$1.4	400	600
General Merchandise Stores	\$4.3	2,000	3,100
Restaurants/Other Eating Places	\$9.9	3,200	4,800
Drinking Places - Alcoholic Beverages	\$0.7	200	300
Health & Personal Care Stores	\$6.3	1,600	2,300
Miscellaneous Store Retailers	\$1.1	500	800
Subtotal		13,600	20,400
Comparison Goods			
Furniture & Home Furnishings Stores	\$0.7	400	600
Clothing & Clothing Accessories Stores	\$7.4	2,100	3,200
Sporting Goods, Hobby, Book & Music	\$3.6	1,500	2,200
Special Food Services	(\$0.0)		
Electronics & Appliance Stores	\$8.4	2,800	4,200
Bldg Materials, Garden Equip. & Supply	\$3.0	900	1,400
Subtotal		7,700	11,600
Total		21,300	32,000

- There is an opportunity to capture demand from households in the Greater New Bedford area, and support additional retail development.

Source: Esri, ULI Dollars and Cents.

Note: retail capture rate range for Primary Study Area is 15% (low) to 20% (high), and for the Secondary Study Area is 10% (Low) to 15% (High).

## Retail

Household demand within the downtown trade area indicates some support for convenience goods.

Downtown Trade Area			
½ mile Radius			
Convenience Goods	Retail Gap (\$M)	Supportable Square Footage	
		Low	High
Grocery Stores	\$10.0	13,300	20,000
Beer, Wine & Liquor Stores	(\$2.0)		
General Merchandise Stores	\$7.7	18,400	27,500
Restaurants/Other Eating Places	(\$5.9)		
Drinking Places - Alcoholic Beverages	(\$0.9)		
Health & Personal Care Stores	(\$6.1)		
Miscellaneous Store Retailers	(\$4.5)		
<b>Subtotal</b>		<b>31,700</b>	<b>47,500</b>
<b>Comparison Goods</b>			
Furniture & Home Furnishings Stores	\$1.3	4,100	6,100
Clothing & Clothing Accessories Stores	\$0.7	1,000	1,500
Sporting Goods, Hobby, Book & Music Stores	(\$0.9)		
Special Food Services	(\$0.6)		
Electronics & Appliance Stores	(\$4.5)		
Bldg Materials, Garden Equip. & Supply Stores	(\$0.8)		
<b>Subtotal</b>		<b>5,100</b>	<b>7,600</b>

Demand within the immediate Downtown area indicates there may be opportunity for some form of Downtown grocery or market.

Source: Esri, ULI Dollars and Cents.

Note: retail capture rate range for Downtown Study Area is 50% (low) to 75% (high).



## Retail

Further review of standard metrics evaluated by major grocer chains indicates a potential opportunity in Downtown.

Store Type	Size	Threshold Population	Range	New Bedford	
				Population	Grocery Retail Gap
Convenience Market	1,200 to 5,000 SF	1,800 to 2,500	0 to 0.5 mile walk:	7,050	\$10.0M
			<5 minute drive:	30,480	(\$17.5M)
Market	20,000 to 30,000 SF	3,000 to 7,000	5 to 15 minute drive	<u>15 minute drive</u>	
				136,130	(\$193.0M)
Supermarket	40,000 to 60,000 SF	8,000 to 9,500	15 to 25 minute drive	<u>25 minute drive</u>	
				301,660	(\$326.0M)

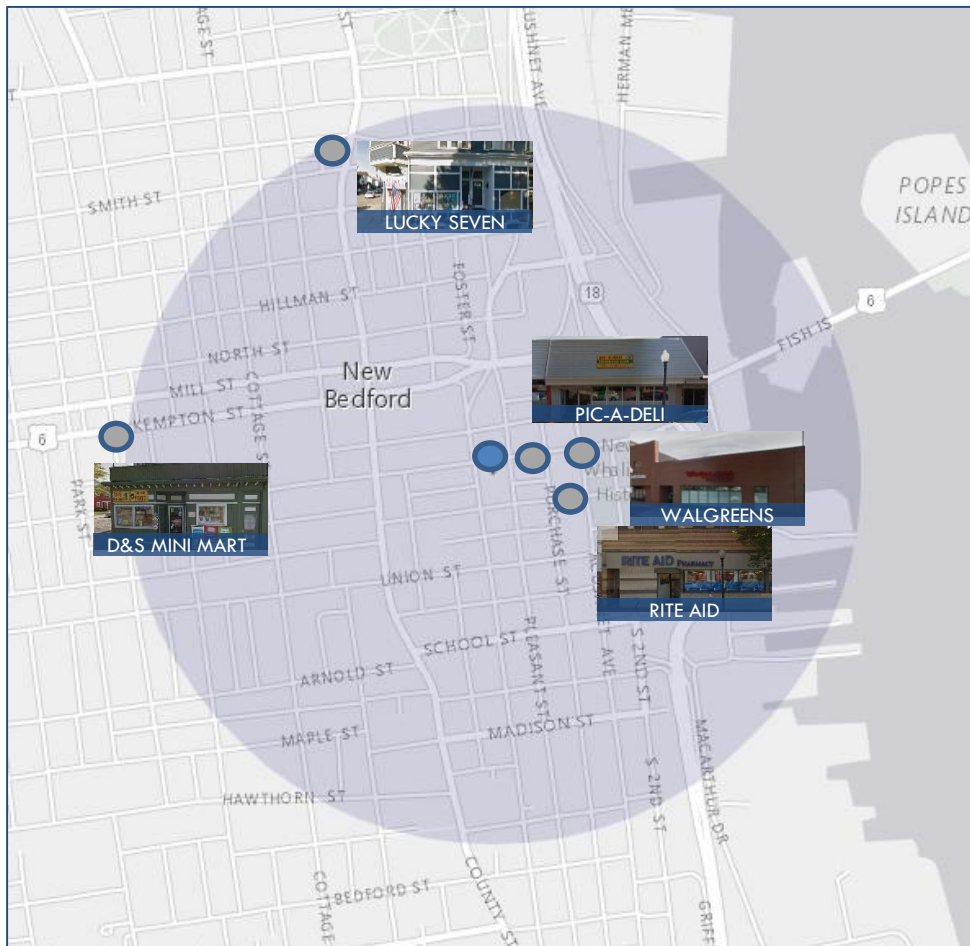
Major grocer chains also examine area median income, ratio of family households, college education rates, traffic counts, and education levels.

# Retail

However, there is competing supply of grocery and convenience stores in and around downtown.

## Convenience Store

1/2 mile radius



## Market

5 minute drivetime



Source: Esri, Inc., HR&A market scan research.

## Summary Retail Findings

- Downtown New Bedford has strong existing assets, and continues to build the amenities necessary for a vibrant downtown.
- Based on demand from existing residents, and New Bedford's annual visitor draw, there is an opportunity to build on current momentum, with additional development of restaurant and experience retail.
- Analysis indicates there is support for some form of unique downtown market.



# MARKET ANALYSIS

RESIDENTIAL

RETAIL

**OFFICE**

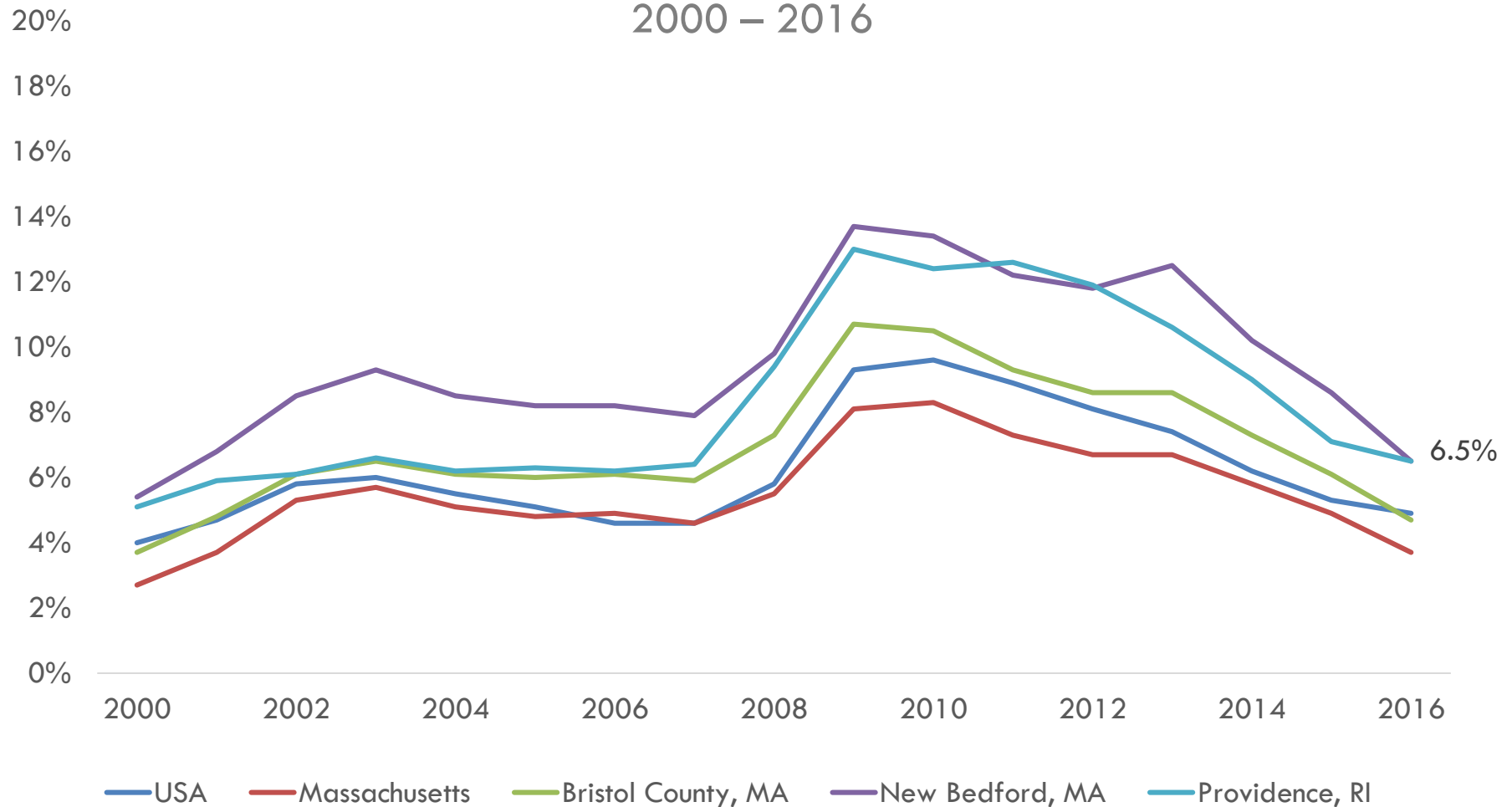
HOTEL

## Office

The unemployment rate in New Bedford continues to drop; however, remains above the Bristol County average.

### Unemployment Rate

2000 – 2016



Source: Bureau of Labor Statistics (BLS), Commonwealth of Massachusetts Office of Labor and Workforce Development.

## Office

A significant portion of New Bedford's residents work in the City, though 5% commute to Boston.

### Where New Bedford workers live

*Top 5 locations*

Place	Count	Share
New Bedford City	14,859	41%
Fall River	2,095	6%
Bliss Corner	662	2%
Smith Mills	483	1%
Acushnet Center	459	1%

### Where New Bedford residents work

*Top 5 locations*

Place	Count	Share
New Bedford City	14,859	35%
Fall River	2,492	6%
Boston City	1,939	5%
Smith Mills	927	2%
Taunton City	843	2%

Source: US Census Bureau, Longitudinal Employer-Household Dynamics Database (LED); work and home destination reports.

## Office

The Greater New Bedford area is projected to see job growth in a number of office-occupying industries.

Job Growth Projections for Select Industries Greater New Bedford WDA	
Industry	Projected Annual Growth Rate (%)
Health Care and Social Assistance	1.4%
Transportation and Warehousing	1.1%
Real Estate and Rental and Leasing	1.0%
Administrative and Support and Waste Management	0.6%
Construction	0.5%
Finance and Insurance	0.5%
Arts, Entertainment, and Recreation	0.4%
Professional, Scientific, and Technical Services	0.4%
Educational Services	0.4%
Management of Companies and Enterprises	0.4%
Retail Trade	0.2%
Wholesale Trade	0.0%
Agriculture, Forestry, Fishing and Hunting	-0.3%
Information	-0.4%
Manufacturing	-0.7%
<b>All Industries</b>	<b>0.5%</b>



Source: Bureau of Labor Statistics (BLS), Commonwealth of Massachusetts Office of Labor and Workforce Development.



## Office

However, the scale of office-occupying job growth may not translate to significant demand for additional office space.

### Projected Private Sector Office-Occupying Job Growth

*Greater New Bedford WDA*

Office-occupying Industry	Projected Annual Job Growth	Net Annual WDA Job Growth
Real Estate and Rental and Leasing	1.0%	6
Finance and Insurance	0.5%	7
Professional, Scientific, and Technical Services	0.4%	11
Management of Companies and Enterprises	0.4%	1
Information	(0.4%)	-2
<b>Total job growth (annual):</b>		<b>23 jobs annually</b>
<b>Estimated office space demand (annual):</b>		<b>5,100 – 5,700 SF annually</b>

Source: Bureau of Labor Statistics (BLS), Commonwealth of Massachusetts Office of Labor and Workforce Development.

Note: Selection of office-occupying industries based on HR&A's standard assumptions. Analysis assumes 225 - 250 square feet of office space per job added.



## Summary Office Findings

- The Greater New Bedford area is projected to see modest growth in office-occupying sectors.
- Based on feedback from local real estate brokers there is existing upper floor office space vacancy in Downtown which has struggled to absorb.
- Further development of Downtown New Bedford as a vibrant, live-work-play destination will attract businesses to reduce Downtown vacancy and attract anchor tenants.

# MARKET ANALYSIS

RESIDENTIAL

RETAIL

OFFICE

**HOTEL**

## Hotel

Positive trends Downtown and robust local hotel performance indicates potential for additional hotel.

- New Bedford's Fairfield Inn has consistently achieved relatively high room rates.
- Occupancy rates at the Fairfield Inn remain high, above 75%, indicating potential demand for additional hotel capacity.
- Continued growth in New Bedford visitor traffic associated with attractions in Downtown and ferry traffic to the islands, could support additional hotel.

## Hotel

New England cities with comparable historic character and tourism dynamics to New Bedford support a significant hotel presence.

- Development of the new boutique hotel in Downtown New Bedford reflects demand for hotel in Downtown.
- Even with this additional hotel development, the unique draw of Downtown New Bedford could support additional hotel rooms, in-line with comparable historic downtowns across New England.

### Hotel Room Count

New Bedford*	Gloucester, MA	Salem, MA	Quincy, MA	Portsmouth, NH	Hyannis, MA
219	180	350	650	980	1,280

- Iconic historic assets in Downtown New Bedford may offer an opportunity to create a unique destination hotel product.

\* New Bedford hotel room count includes chain or “flag” hotel rooms within the New Bedford city limits.  
Source: Destination New Bedford, Smith Travel Research.

INTRODUCTION  
STAKEHOLDER ENGAGEMENT  
MARKET ANALYSIS  
**REDEVELOPMENT FEASIBILITY ANALYSIS**

# Redevelopment Feasibility Analysis Overview

HR&A performed development feasibility analysis for four pre-selected sites identified by the New Bedford Economic Development Council. This process consisted of a high level site analysis to determine potential physical and environmental constraints for development at each site, followed by a detailed financial analysis evaluating financially feasible development options, any existing financial gaps, and the financial tools required to facilitate development. Based on this analysis, HR&A provides proposed development concepts for each site including key considerations.

Given the current market environment for residential development in New Bedford, HR&A believes certain pre-selected sites are better suited for near-term development. Following development analysis for each site in this report, HR&A provides recommended next steps for pursuing redevelopment across the four sites.





# Site 1

## Paul Rodrigues Administration Building (PRAB)





# Paul Rodrigues Administration Building Site Analysis

The Paul Rodrigues Administration Building (“PRAB”) is on one of New Bedford’s most iconic historic assets, located at the top of William Street in Downtown New Bedford, at the intersection with County Street, overlooking the City and Working Waterfront, with upper story views of Buzzards Bay. PRAB currently houses administrative staff for New Bedford Schools, some on-site student classroom facilities, as well as storage for the School District. PRAB has been extremely well maintained and could serve as a catalytic redevelopment for Downtown New Bedford.

## Site Analysis: Context



**Iconic historic asset**  
situated at **prominent**  
**location** in Downtown

### Site Overview

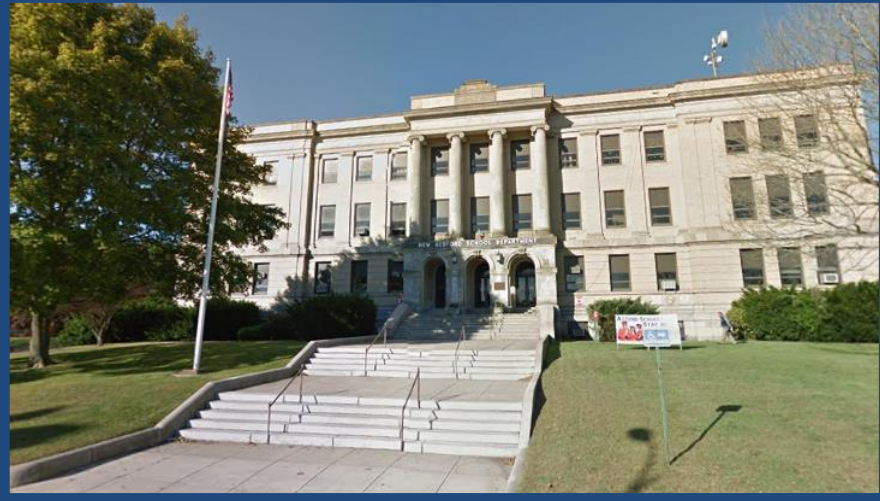
Ownership	New Bedford School District
Built	1934
Current use	School administrative offices, student classrooms, and storage
Current Zoning	Residential A (RA)

The PRAB is situated amongst a number of institutional, educational, and commercial uses, including Bristol County Superior Court and New Bedford’s Carney Academy; however, also backs up to one of New Bedford’s residential neighborhoods.



# Paul Rodrigues Administration Building Site Analysis

## Site Analysis: Development Constraints



### Existing Conditions (Estimated)

Site	2.51 acres
Existing Structure	182,000 SF; 4 floors (with basement)
Existing parking	96 spaces (est.)

Based on a guided tour led by City staff, and conversations with interested development teams, the PRAB has been maintained extremely well. In addition to administrative staff offices, a large portion of the building is currently used as storage.

*Source: City of New Bedford, Bristol County, MassGIS, Mass Mount Vernon Group Architects and Planners, Waterfront Areas Historic League (WHALE), HR&A Advisors.*

Through site due diligence, documents and information collected by City staff, and stakeholder engagement, HR&A identified a number of key constraints to consider in pursuing redevelopment of the PRAB:

- **Ownership & existing use:** 215 staff members and 120 students of New Bedford Public Schools currently occupy the PRAB on a daily basis during the school year. If the City proceeds with securing control of the building, a thoughtful plan for relocation of staff and students will be required. Based on conversations with City staff, there may be other locations, closer to Downtown, where staff and students can be relocated to allow for a catalytic redevelopment to occur at the PRAB.
- **Theater:** Redevelopment of the PRAB will require innovative reuse of the school's beautiful interior theater. Market-supported redevelopment scenarios for the PRAB likely do not call for sole reuse as a commercial or theater-anchored facility; however, through innovative partnerships with local organizations, the theater could serve as an amenity to both the public and on-site users.
- **Parking:** Current parking on-site at PRAB is likely inadequate to serve parking demand for any redevelopment of the site. According to City staff, a number of PRAB building employees currently rent spaces from an adjacent surface parking lot. Redevelopment of the site will require some form of coordinated, nearby parking solution.

# Paul Rodrigues Administration Building      Redevelopment Concept

The PRAB offers an opportunity to redevelop a iconic historic asset into **a vibrant residential-anchored mixed use development**. Redevelopment of the PRAB could serve as a catalytic project to support the development of residential projects in Downtown, that takes advantage of State and Federal programs to facilitate development of a building of this type.

## Redevelopment Concept: Historic Residential Rehab



Note: PRAB redevelopment analysis assumes a conservative 25% core factor accounting for significant hall and stairway circulation throughout the building. Source: City of New Bedford, Bristol County, MassGIS, Mass Mount Vernon Group Architects and Planners, Waterfront Areas Historic League (WHALE).

\* Assumes 19 units targeting 110% AML households.

### Redevelopment Program (estimated)

**Units:** 130 units (15% workforce units\*)

**On-site Amenity Space:** 6,500 SF (former gymnasium)

**Theater:** 6,500 SF

HR&A proposes redevelopment of the PRAB utilizing Federal and State Historic Tax Credits, as well as other State and City incentives, to preserve a local landmark and serve as a catalytic redevelopment to support the downtown market for residential development. Redevelopment of the site will require a coordinated parking solution which could potentially utilize adjacent surface parking, as well as a potential partnership with local organizations to utilize the internal theater.

#### Alternative Concept Considerations:

- **Hotel:** HR&A also examined the feasibility of a two-phase hotel and residential redevelopment; however, based on continued interest from development teams for residential redevelopment at the site, and some concerns about hotel market absorption given the downtown boutique hotel currently under construction, HR&A believes a residential redevelopment of the PRAB is the best path for redevelopment at this point. As the downtown hotel market continues to mature, a catalytic destination hotel redevelopment may prove ideal for the PRAB site.
- **Phased theater:** Given difficult in generating revenue from the theater, a selected development partner may choose to postpone theater redevelopment until the project has reached revenue stabilization, making initial phases of development potentially more attractive to an investor.



## Site 2

### Kruger Parking Lot





# Kruger Parking Lot Site Analysis

Located at the corner of Union and North Water Streets, the Kruger Parking lot site offers an opportunity for redevelopment in the heart of New Bedford's historic core, adjacent to the New Bedford Whaling Museum, and one of the City's most vibrant commercial blocks along Union Street.

Corner lot **centrally located** in the heart of New Bedford's **historic core**

## Site Analysis: Context



## Kruger Parking Lot

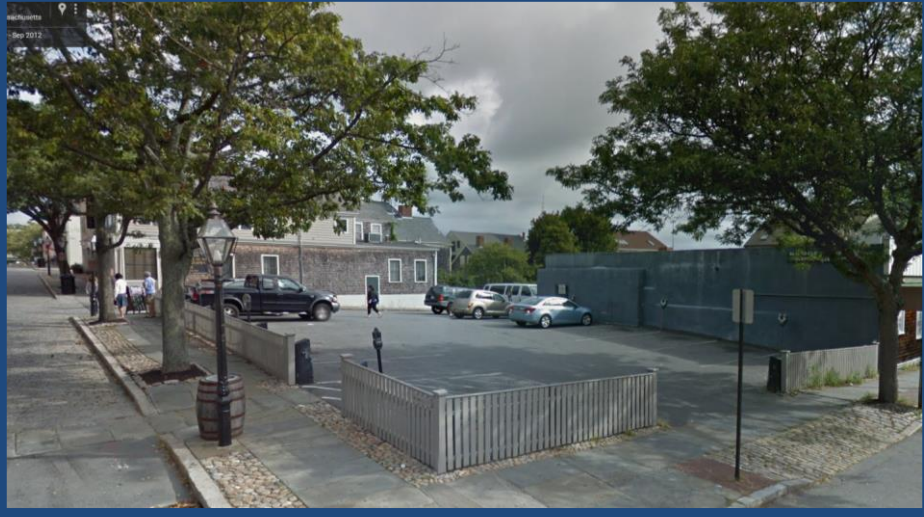


### Site Overview

Ownership	New Bedford Redev Authority
Current Zoning	Industrial (IA)
Previous use	Gas station, surface parking

# Kruger Parking Lot Site Analysis

## Site Analysis: Development Constraints



### Existing Conditions

Site	0.11 acres
Existing parking	15 spaces (estimated)
Development Footprint	3,600 SF (estimated with setbacks)

Through stakeholder engagement and site due diligence, HR&A identified a number of key constraints to consider in pursuing redevelopment of the Kruger site:

- **Environmental Issues:** A review of City records, as well as conversations with staff at New Bedford's Office of Environmental Stewardship and the Massachusetts Department of Environmental Protection, indicate the site was once home to a gas station. City and State records show no indication of the removal of underground storage tanks (USTs) from the site, which likely means removal of the tanks and some form of soil remediation will be required before any significant redevelopment of the site can occur.
- **Lot Size:** Given the small size of the Kruger lot, redevelopment potential is somewhat limited, reducing efficiencies gained from larger scale development.
- **Height Limit:** Proximity to the Whaling Museum and its top floor observation deck, along with adjacency to some of New Bedford's historic 1-2 story homes, present a likely height limit for development on the site.
- **Parking Needs (Replacement and new demand):** Currently the Kruger site accommodates roughly 15 parking spaces in the heart of Downtown New Bedford; crucial parking that must be accommodated elsewhere if the site is developed.



# Kruger Parking Lot Redevelopment Concept

As the Downtown New Bedford residential real estate market continues to mature, there may be an opportunity to capture interest in downtown living, with development of **new construction residential-anchored mixed-use** on the Kruger site. Development on the Kruger lot is difficult given current its small size and pricing in Downtown New Bedford, therefore HR&A provides two redevelopment concepts for consideration: Concept A utilizing only New Bedford Redevelopment Authority's current land, and Concept B based on a larger redevelopment encompassing adjacent parcels. In both scenarios, it is crucial that ground floor space remain available to retail or commercial use, to support and extent the vibrant street corridor along Union Street.

## Redevelopment Concept A: Small Scale Residential-anchored Mixed-use

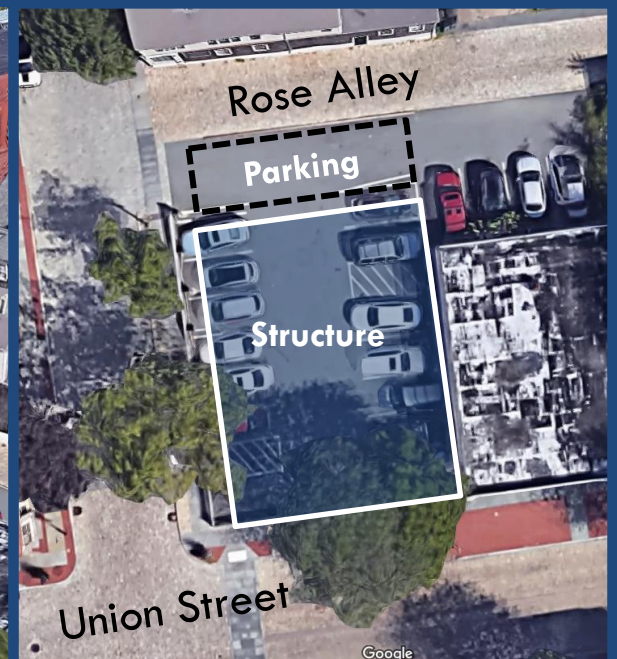
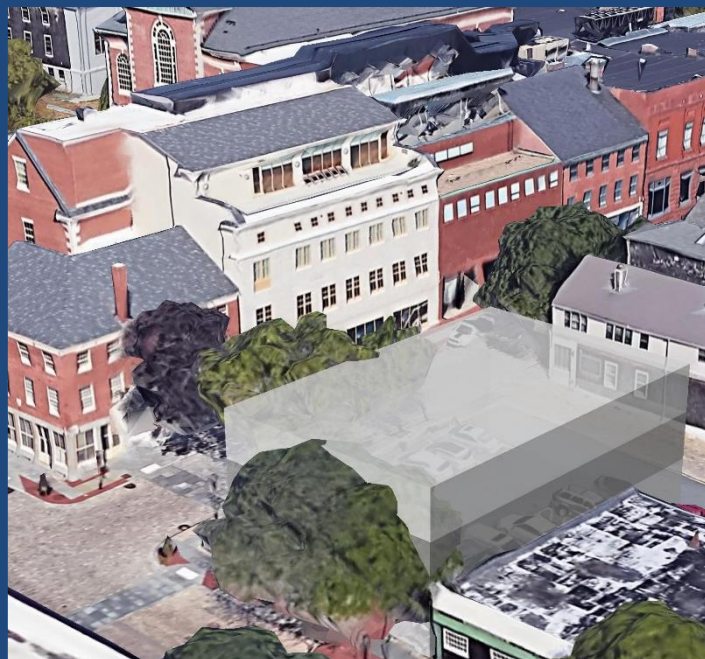
**Concept Overview:** Concept A proposes new mixed-use development incorporating ground floor retail to activate a key corner in downtown, two upper floors of residential apartments, and off-street parking in Rose Alley. 80% of units will be market-rate, with 20% targeting workforce households earning 110% of area median income.

### Development Program (3 Floors)

**Upper floors:** 6 residential units (20% workforce units\*)

**Ground floor:** 3,600 SF commercial space

**Parking:** Five off-street spaces



\* Assumes 1 unit targeting 110% AMI households.

Source: City of New Bedford, Bristol County, Waterfront Area Historic League (WHALE), HR&A Advisors.

# Kruger Parking Lot Alternative Redevelopment Concept

Concept B highlighted below outlines a larger redevelopment on the Kruger site, involving the acquisition and development of adjacent parcels, which the City currently does not control.

## Redevelopment Concept B: Larger Scale Residential-anchored Mixed-use



### Development Program (3 Floors)

Upper floors: 12 residential units (20% workforce units\*)

Ground floor: 6,700 SF commercial space

Parking: 11 off-street spaces

Given the large number of fixed costs in development of a new building, greater efficiency is gained through increased density (vertically or horizontally). Redevelopment of a larger site still requires public support to be successful; however, is likely to be more viable and attractive to development partners.

### Considerations

- **Adjacent landowners:** HR&A understands that adjacent landowners are interested in redevelopment of the Kruger Lot – given the history of past interest in development, landowner engagement may prove challenging.
- **Historic structures:** Redevelopment of a larger site requires demolition of existing historic structures on site, which may delay or halt the redevelopment process.

Source: City of New Bedford, Bristol County, Waterfront Area Historic League (WHALE), Mass DHCD, HR&A Advisors.



# Site 3

## New Bedford Municipal Parking Lot





# New Bedford Municipal Parking Lot Site Analysis

Located at the corner of William and North 6<sup>th</sup> Street, the New Bedford Municipal Parking Lot offers a large site for redevelopment, and to build off momentum from other projects planned, underway or completed in Downtown. The following analysis examines site development constraints, a redevelopment concept, and tools to promote and facilitate development on the site.

**Prominent downtown site**  
situated amid some of  
New Bedford's most prized  
**architectural assets**

## Site Analysis: Context



## Municipal Parking Lot



### Site Overview

Ownership	City of New Bedford
Current Zoning	Mixed Use Business (MUB)
Previous use	Surface parking, historic YMCA

# New Bedford Municipal Parking Lot Site Analysis

## Site Analysis: Development Constraints



### Existing Conditions

Site	0.25 acres
Existing parking	30 spaces (estimated)
Development Footprint	6,700 SF (estimated with setbacks)

Through site due diligence and stakeholder engagement, HR&A identified a number of key constraints to consider in pursuing redevelopment of the Municipal Parking Lot:

- **Historic context:** The Municipal Lot is located immediately adjacent to the New Bedford Baptist Church, and across from City Hall and the County Register of Deeds – all iconic historic City landmarks. Proximity to these historic assets may impact the scale and extent of development that is ultimately allowed on the site. Project feasibility will be contingent on a project's ability to maximize density on the lot, therefore this may prove a hindrance to development plans.
- **Parking needs:**
  - *Replacement Parking:* Redevelopment of the Municipal Parking Lot is contingent on the City's ability to relocate staff currently parked in the City lot to a nearby City garage. Based on conversations with City staff, there is ample capacity in the City's Elm Street garage, and relocation should not pose a significant problem.
  - *New Parking Demand:* The costs of on-site, structured parking would be prohibitive to the project, given current supportable rental pricing in downtown. Any surface or structured parking on-site would also limit space dedicated for higher revenue-generating uses, and significantly impact project feasibility. Any redevelopment will require an coordinated, off-site, nearby parking solution.



# New Bedford Municipal Parking Lot Redevelopment Concept

As the Downtown New Bedford residential real estate market continues to mature, there may be an opportunity to capture interest in downtown living, with development of **new residential-anchored mixed-use** on the Municipal Lot site.

## Redevelopment Concept: Residential-anchored Mixed-use



**Concept Overview:** The Municipal Lot redevelopment concept seeks to maximize density on the site through development of a 5-story new construction, residential-anchored mixed-use project. In order to maximize development density on the site a coordinated parking solution will be required to accommodate parking for the 23 units to be built. The current concept is contingent on the City's ability to assist in coordinating a parking solution at the SRTA Transit Terminal across the street.

### Development Program (5 Floors)

**Upper floors:** 23 residential apartments (20% workforce units)\*

**Ground floor:** 6,700 SF commercial space\*\*

**Parking:** Coordinated SRTA Transit Terminal solution

\* Concept assumes 100% rental apartment unit mix given current state of the downtown residential market; in the future a mix of for sale condominiums could be considered as the downtown market matures. Assumes 5 units targeting 110% AMI households.

\*\* If a commercial partner is not secured, note that ground floor units could replace retail space, potentially making the project even more attractive to investors.

Source: City of New Bedford, Bristol County, Waterfront Area Historic League (WHALE).



# Site 4

## SRTA Bus Terminal





# SRTA Bus Terminal Site Analysis

The SRTA Bus Terminal is a vital component of the region's public transit infrastructure, providing public transit to residents of the Greater New Bedford region. However, located immediately adjacent to New Bedford City Hall, the SRTA Bus Terminal occupies prime real estate in the heart of Downtown New Bedford, and the current site may be better positioned as a higher better use, to serve the community and support redevelopment in Downtown New Bedford. The site's structured parking serves a crucial asset in providing off-street parking in New Bedford's most dense downtown location.

Key downtown asset with **centrally located structured parking** that could **spur other development**

## Site Analysis: Context



It is HR&A's understanding from New Bedford staff that the City maintains unofficial, ongoing conversations with SRTA regarding a repositioning of the site.

## SRTA Bus Terminal



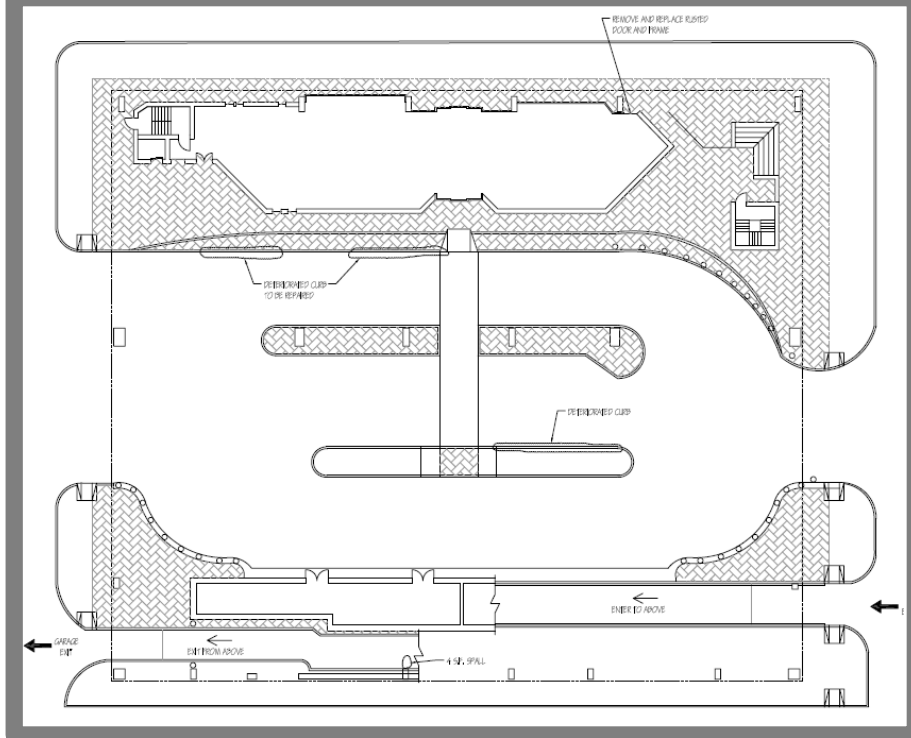
### Site Overview

Ownership	Southeast Regional Transit Authority
Built	1981
Current Use	Bus terminal and parking
Current Zoning	Mixed Use Business (MUB)

# SRTA Bus Terminal Site Analysis

## Site Analysis: Development Constraints

### SRTA-Provided Architectural Drawings (Ground Floor)



### Existing Conditions

Site	0.71 acres
Building Footprint	27,500 SF; 3 floors; 2 parking levels
Existing parking	93 spaces (estimated)

Based on conversations with SRTA staff, and a review of SRTA-provided maintenance records for the building, it appears the Bus Terminal has been well maintained over its long life. SRTA is in the process of sealing and repairing components of the site's integrated structured parking.

Through site due diligence and stakeholder engagement, HR&A identified a number of key constraints to consider in pursuing redevelopment of the SRTA Bus Terminal:

- **Bus Terminal Relocation:** It is HR&A's understanding from staff that SRTA has considered relocation of the bus terminal to a new facility near the Working Waterfront, contingent on arrival of South Coast Commuter Rail, and ability to offset increased costs due to bus route re-alignment. Redevelopment is contingent on this relocation.
- **Site Control:** If bus terminal functions were relocated, it would be important for the City to quickly secure site control of the facility and negotiate a low-cost acquisition price with SRTA, to the extent possible. Based on conversations with New Bedford staff, it is HR&A's understanding that due to the nature of SRTA's service to multiple Massachusetts communities in the region, negotiation of any ownership transfer and final acquisition price may require approval from multiple public entities. This process may extend any redevelopment timeline, and potentially increase the cost of acquisition.



# SRTA Bus Terminal    Redevelopment Concept

To support Downtown as the vibrant core of New Bedford, there may be an opportunity to redevelop the SRTA Bus Terminal existing facility into a **unique community market place to serve New Bedford residents, building on a connection to New Bedford's Working Waterfront** and creating a catalytic project to support and promote Downtown.

## Redevelopment Concept: Downtown Market

### Precedent projects from around the United States



### Redevelopment Program

**Upper floors:** 96 Parking for market and nearby residential

**Ground floor:** 19,000 SF of market and commercial space

HR&A's market analysis indicates that there is some existing demand for grocery and convenience retail in Downtown New Bedford, both vital uses to support any additional Downtown residential development.

As a public market and downtown structured parking facility, a redeveloped SRTA Bus Terminal could serve as an anchor in Downtown, and catalyst for new development. Success of mixed-use development on the adjacent Municipal Parking Lot would likely be contingent on parking availability at the SRTA site, and access to some form of Downtown grocery or market to serve as a nearby amenity to residents.

# APPENDIX



# Residential

## Turnover projections – City of New Bedford

### Turnover - Households Likely to Rent

Age of Head of Householder	Households (Income \$50,000 - \$74,999k)	Renter Estimate <sup>1</sup>	Residential Demand (Households)	Turnover Rate <sup>2</sup>	Rental Demand (Households)
< 25	247	46%	113	19%	21
25-34	1,269	36%	454	19%	86
35-44	1,166	31%	362	19%	69
45-54	1,350	28%	377	19%	72
55-64	1,295	20%	262	19%	50
65-74	786	19%	146	19%	28
75+	335	20%	68	19%	13
	<b>6,448</b>	<b>28%</b>	<b>1,782</b>	<b>19%</b>	<b>339</b>

### Turnover - Households Likely to Own

Age of Head of Householder	Households (Income Above \$100k)	Owner Estimate <sup>1</sup>	Residential Demand (Households)	Turnover Rate <sup>2</sup>	Owner Demand (Households)
< 25	61	2%	1	5%	0
25-34	803	18%	143	5%	7
35-44	1074	25%	272	5%	13
45-54	1268	30%	386	5%	18
55-64	1025	43%	437	5%	21
65-74	411	45%	186	5%	9
75+	162	42%	69	5%	3
	<b>4,804</b>	<b>31%</b>	<b>1,493</b>	<b>5%</b>	<b>71</b>

Source: ESRI Business Analyst, US Census Bureau.

Note: data represents growth projections for the City of New Bedford.

1 Based on US Census housing tenure by age, income, and size of household.

2 Based on US Census geographical mobility by tenure.

# Residential

## Growth projections – City of New Bedford

### Growth - Households Likely to Rent

Age of Head of Householder	Households (Income \$50,000 - \$74,999k)	Renter Estimate <sup>1</sup>	Rental Demand (Households)	
< 25	0	46%	-	
25-34	0	36%	-	
35-44	0	31%	-	
45-54	0	28%	-	
55-64	0	20%	-	
65-74	0	19%	-	
75+	0	20%	-	
<b>Total</b>	-		-	5 years
			-	Annual

### Growth - Households Likely to Own

Age of Head of Householder	Households (Income Above \$100k)	Owner Estimate <sup>1</sup>	Owner Demand (Households)	
< 25	2	2%	0	
25-34	115	18%	20	
35-44	178	25%	45	
45-54	78	30%	24	
55-64	207	43%	88	
65-74	125	45%	57	
75+	38	42%	16	
<b>Total</b>	<b>743</b>	<b>34%</b>	<b>250</b>	5 years
			50	Annual

Source: ESRI Business Analyst, US Census Bureau.

Note: data represents growth projections for the City of New Bedford.

<sup>1</sup> Based on US Census housing tenure by age, income, and size of household.

<sup>2</sup> Based on US Census geographical mobility by tenure.



## Downtown New Bedford Development Opportunities



Site Development Feasibility Analysis  
July 31, 2017