

BOSTON ARMY BASE II: LESSONS FROM A COMMUNITY  
PLANNING PERSPECTIVE

by

MARCIA JOAN SIGAL

Submitted to the Department of  
Urban Studies and Planning  
in Partial Fulfillment of the  
Requirements for the  
Degree of

MASTER IN CITY PLANNING

at the

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

February 1987

© Marcia Joan Sigal 1987

The author hereby grants to M.I.T. permission to reproduce and to distribute copies of this thesis document in whole or in part.

Signature of Author

Department of Urban Studies and Planning, January 30, 1987

Certified by

Frank S. Jones, M.B.A., Thesis Supervisor

Accepted by

Dr. Phillip L. Clay, Chairman, MCP Committee



BOSTON ARMY BASE II:  
LESSONS FROM A COMMUNITY PLANNING PERSPECTIVE

by

MARCIA JOAN SIGAL

Submitted to the Department of Urban Studies and Planning  
on January 30, 1987 in partial fulfillment of the  
requirements for the Degree of Master in City Planning

ABSTRACT

The paper continues previous course work in examining a development project in Boston called the Boston Army Base. The project was developed by Boston's Economic Development and Industrial Corporation in an attempt to aid distressed garment firms in the city's Chinatown area, and purportedly to save the jobs of many residents of the Chinatown community. The paper evaluates the development through a community planning perspective, in order to illustrate certain lessons for all community planners in the future.

The paper describes and criticizes the roles and actions by those involved in the development: the Economic Development and Industrial Corporation; the Urban Development Action Grant program; the city administration; and the community of Chinatown. The work concludes that the project did not benefit the Chinatown community and therefore from a community planning perspective should have been opposed.

As a result of the analysis, the paper draws four lessons to be heeded by those interested in planning for communities: 1) be skeptically critical and untrusting of public agencies and proposed developments, examine their data and assumptions; be clear of the ramifications of development; 2) do not be rushed or pushed into development in order to take advantage of available public funds, determine how and who it will help; 3) demand participation and control in publically financed or supported development in neighborhoods; and 4) as an organizing strategy oppose developments and programs that do not meet the needs of the communities.

Thesis Supervisor: Frank Jones, M.B.A.

Title: Professor of Urban Affairs

## TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION	4
II. INITIAL PERCEPTIONS	5
III. UPDATE/REVIEW	
1. Review of Site Selection Process	8
2. Delays in Purchase of the Site	9
3. Late Delivery of the Project	11
4. EDIC Looks For Tenants	13
IV. THE UDAG COMPONENT	
1. Brief History and Chronology of a UDAG	14
2. EDIC's UDAG Application	15
3. UDAG Agreement for BAB Project	17
4. HUD Area Office	18
5. Close Out and Best Efforts	20
V. DISCUSSION/CONCLUSIONS	
A. EDIC	22
B. UDAG	25
C. Community Growth and Development	27
VI. LESSONS FOR COMMUNITY PLANNERS	30
VII. FOOTNOTES	
TABLE I	
BIBLIOGRAPHY/SOURCES	
APPENDICES	

## I. INTRODUCTION

This paper was written in part as a continuation of a case study written for a course entitled "Financing Community Economic Development". The first case study, called the Boston Army Base Final Report, is attached and is prerequisite reading for this endeavor. (See Appendix I) That paper, written in May 1983, explained the complex financing scheme of the project but raised unanswered questions and certain substantive issues about the development project. Some of the previous questions will be answered as the reader is brought up to date on the events of the development, but new issues and questions will be raised by viewing the development in a different light.

The purpose of this paper is to examine the Boston Army Base project through a community planner's perspective. The paper asserts that a community planner, conducting a critical review of the project, would conclude that the Chinatown community was a "loser" in this project, and that Chinatown was misused by city and federal agencies and programs. In comparison to the initial expectations of the project held by the community and this author, the final development product was far from that which was promised by the project "hype". By examining the events, processes and forces at play in this case, we can see lessons for all community planners and leaders, if we are to avoid such planning and development problems in the future.

The Boston Army Base (BAB) project was proposed and presented by the city to Chinatown and the public as the development that would save Boston's garment industry, thus saving a major economic base of the community and promoting community economic development for Chinatown. In order to save the garment industry, the development was supposed to relocate Chinatown garment companies by constructing a "garment center" at the Boston Army Base site. Questions will be raised as to whether the project truly had the capability or intended to help Chinatown or promote community economic development in Chinatown. What is clear from what happened is that the project failed to create the garment center envisioned by the developer, the Economic Development and Industrial Corporation (EDIC).

After presenting the community's initial perceptions of the project and describing the basis for these beliefs, the paper will relate, based on what is known at this time, the events of the development. The actions, roles and effects of the city, EDIC, and U.S. Department of Housing and Urban Development (HUD) grants in the project are discussed and analyzed. Changes and growth within the community resulting from this project are explored. An analysis of the lessons that can be learned by communities from this case is presented.

## II. INITIAL PERCEPTIONS

Chinatown community groups were originally sold on the idea of the Garment Center based on the premise that it would

save 1,500 jobs for Chinatown. At meetings attended by the BRA and EDIC at Senator Tsongas' office, one community leader has said that the project was represented as community economic development for Chinatown.<sup>1</sup> Indeed, it was the promise of saving and creating jobs for Chinatown that won their support.

In a public campaign to pressure the General Services Administration (GSA) to reduce their price for the site (described in Chapter II), the benefit to Chinatown from the project was repeatedly used as a rationale for the project.<sup>2</sup> It was purported (by the city) and believed (by the community) that the project was being done to aid Chinatown and its residents. Perhaps EDIC believed this too, victims of their own publicity campaign. Duplicitous or not, misinformation did occur.

Indeed, there was also an initial perception (by this author and others) that the application for Urban Development Action Grant (UDAG) funds required a target population group and in this case that the group was Chinatown residents. Because the public "speak" inferred many times that this project was essential to save Chinatown jobs, it appeared to the inexperienced outsider and to the community that the project was directed at the people who held these jobs. There was a commonly held belief that the UDAG application was made on behalf of Chinese workers, a distressed minority group. But a distressed group of people is not the direct target of UDAG awards, it is jobs and industry.

Both the UDAG and this project obviously presumed an indirect benefit to the Chinese workers, but conveniently limited their obligation by stating the jobs goals of the UDAG in generic terms. It appears that even now community groups are unaware that the UDAG application and Agreement were worded to exclude any obligation to them.<sup>3</sup>

The Boston Army Base development is now called the Bronstein Industrial Center, and has been attached to another city project, the Boston Marine Industrial Park (BMIP). The Center, developed by the Economic Development Industrial Corporation (EDIC), was financed by a combination of UDAG, Community Development Block Grant (CDBG), and syndication funds, industrial revenue bonds, loans and local bank loan guarantees. June 1986 employment statistics show that of 824 employees there, only 56 are Black (7%), 24 are Hispanic (3%), and 83 are Other Minorities (10%). (See Table I for description of firms and employees.) These number are a far cry from the 1,500 jobs (for mostly Chinese workers) that were originally supposed to be relocated there from 15 and 35 Kneeland Street. Currently, the Center is fully leased and houses thirty-one firms employing 845 workers. How the development came to fruition and the roles of its participants - EDIC, the city administration, HUD's UDAG program and others is detailed below.

### III. UPDATE/REVIEW

#### Review of Site Selection Process

EDIC did a survey in the spring of 1981 that tabulated the space cost and eviction needs of garment/apparel companies. Of the 47 responding companies, 77% faced eviction or exorbitant rent increases within one year. These companies employed 2,356 people, 58% of whom were Boston residents and 47% were of Oriental descent. The respondents expressed overwhelming support for the idea of a garment center (75%) and about one third desired or approved of the Boston Marine Industrial Park and Boston Army Base for the location. Based on the survey results, approximately 400,000 square feet (sq. ft.) was needed to relocate the companies enmasse to a "garment center".<sup>4</sup>

Eighteen locations and garment center scenarios were analyzed by the members of GIRA (Garment Industry Relocation Association) and their consultant. However, in many of the alternatives examined the rents would have been too expensive (companies could or would not pay over 2.50/sq.ft.) or the space inadequate to accomodate keeping all of the garment firms together. Location was also a prime consideration. In addition, to keep the firms in Boston, which was the purpose of creating a garment center, the rents had to be competitive with locations outside of Boston.<sup>5</sup>

The Boston Army Base (and the BMIP area) was offered as a possible site partially because EDIC already had an interest in purchasing it.<sup>6</sup> EDIC had analyzed the possible uses of the



Army Base and concluded that it was not viable for office, retail, residential, or research use. The lack of alternatives for its use, its large amount of space, its location (and the fact it is adjacent to EDIC's successfully developed BMIP) made it ideal for conversion to industrial use. The proximity of the Base to downtown Boston and Chinatown, the (satisfactory) initial rental calculations and the large space available were all factors in its emergence as one of the best locations for the Garment Center (e.g. vote, consensus or default). The exact date or decision process by which the Boston Army Base was chosen is unclear (to this observer). What is known is that by late 1981 Building 114 of the Boston Army Base was the building to be purchased and renovated into the garment center.

#### Delays in Purchase of the Site

When EDIC began negotiations to purchase BAB from the General Services Administration (GSA), it had known for some time that the property was due to be declared "surplus" (for sale) but the price had thus far been unknown. From meetings with GSA regional officials, EDIC had expected the GSA to declare the BAB surplus and have it appraised by February 1982. The GSA, for unknown reasons, did not complete their process until four months later. Their initial asking price was an unexpected 4.1 million dollars. EDIC had anticipated an acquisition cost of no more than 2 million dollars, based on their own independent appraisal. Protracted price negotiations ensued, causing even further delay. Much of EDIC's planning

for the project thus far had hinged on the lower estimate. The higher purchase price and the further delays it caused put the development at risk.

To make the project viable for the garment firms, low acquisition and renovation costs were essential, or rental prices would be too expensive, contrary to a "haven" for the garment industry. As EDIC was negotiating with the GSA, the clock was ticking for tenants at 15 and 35 Kneeland Street, who were facing looming eviction proceedings. EDIC had hoped to move the firms into the Army Base in the summer of 1982, under an interim agreement based on it's intent to purchase the site. The GSA's late appraisal and subsequent price negotiations delayed any purchase agreement and prevented an interim lease. EDIC and the BRA were able to obtain extensions for the firms from their evictors, Tufts New England Medical Center, (TNEMC) until January 1983.

The delays and eviction deadlines also threatened the UDAG component of EDIC's Boston Army Base project. Receiving a UDAG loan or grant was contingent upon saving the garment industry jobs. Although the UDAG application was preliminarily approved in September 1982, if EDIC could not secure the site before the firms were evicted and had moved elsewhere, there would be no rationale for receiving UDAG funds. Also, the UDAG award was a crucial component of the development, representing almost 4 million dollars of the total financing.

When the negotiations with the GSA dragged on, the city began to conduct an intensive publicity campaign in order to

pressure the GSA to expedite the process and reduce the purchase price. The Garment Industry Relocation Association (GIRA), EDIC, then Mayor White, Senators Kennedy and Tsongas, Representative Moakley, the local chapter of the ILGWU, and two Chinatown community groups all wrote letters of support of the project to the GSA. A top Reagan Administration official, Edwin Messe, was contacted to ensure smooth passage of the sale through congressional committees once the price was settled. Editorials were written in local newspapers calling for the GSA to act quickly and fairly.<sup>7</sup> The project was represented by many as vital to Chinatown, in that these garment industry jobs were a major part of that neighborhood's economy.

The City's strategy of public pressure proved successful. The price (3.5 million) and a workable purchase agreement were finally reached by late 1982. The UDAG loan (3.7 million) was awarded in December 1982 and in July 1983 the final UDAG Agreement was executed, requiring the BAB project to create 139 new permanent jobs and retain 750 existing jobs. However, the threatened garment firms were further delayed from moving into the Base. An engineering study commissioned by EDIC showed that substantial renovations were necessary before the building could meet building and safety codes. EDIC negotiated an additional extension for the firms from January 1983 until June 1983.

#### Late Delivery of the Project

The late delivery of the project caused great concern

among the garment firm owners. Regardless of their extension until June, the firms had become uneasy, and many lost confidence in the project. In support of the UDAG application 26 firms had signed letters of intent or prelease commitments. These letters included their own plans for capital improvement (investment) in the space to be leased, a requirement of a UDAG award. Unconvinced the site would be ready by June or whenever they would be evicted, most firms moved elsewhere. Twelve firms moved near the BAB, to the Fargo building, which also had lower rents. Some moved to other Boston locations, while others moved out of the city, those jobs probably lost to the city forever. It appears that a final account of where all of the firms have moved was not kept. Only two of the originally twenty-eight threatened firms actually moved into the BAB. Before opening the Garment Center had been 70% preleased, but by the time construction and rehabilitation were finished it was only 10% leased.

Although only two of the original 28 firms moved into the BAB, EDIC asserts that the project elevated the esteem for the garment industry with Boston's commercial landlords, thus in a way helping to keep them in Boston (and saving jobs). Prior to the project, most garment companies were considered risky tenants and consequently charged premium rents if they could get a lease at all.<sup>8</sup> While this may have been an unexpected benefit, it does not address the failure of the project to save the garment industry in a protected "haven". Market shifts could cause similar problems later on, forcing the firms to

then move out of Boston, still taking those precious jobs with them.

#### EDIC Looks For Tenants

EDIC's mandate is to promote industry city-wide and to assist all of Boston's companies, from start up through expansion. In Fall 1983, EDIC began actively searching for tenants for BAB, engaging the Codman Company as their exclusive marketing and leasing agents. Because of EDIC's other economic development activities, it was known that printing firms could benefit from the new industrial center. Some Boston printing firms were facing rent increases that threatened their survival, while others were seeking to expand but could not find suitable affordable space within the city. To date, 10 printing firms have moved into the BAB. The BAB UDAG Agreement does not limit tenancy at the site to the garment industry, and EDIC has sought to use the Center to help save and create jobs in other industrial sector's of Boston economy.<sup>9</sup>

The leasing, however, happened slowly and by September 1984 only 40% of the space was rented. September 1984 was the initial deadline for creating the 139 jobs called for in the UDAG Agreement. The deadline was not met, and an amendment to the Agreement had to be requested by the city. The consequences of unfulfilled UDAG agreements as well as other aspects of the UDAG and HUD's roles in development projects are examined below.

#### IV. THE UDAG COMPONENT

##### Brief History and Chronology of a UDAG

The Urban Development Action Grant (UDAG) was introduced in 1978 as part of the Carter Administration's Housing and Community Development Act. It emphasizes a "partnership approach" between federal, state and local governments and the private business sector. Since its inception, over 5 billion dollars in UDAG money has been awarded through fiscal year 1985. Boston has received over twenty awards (for comparison, New York City and Baltimore have received over fifty awards).<sup>10</sup> A primary selection criteria for awards is designation as a "distressed" city, based on census and labor statistics (i.e. per capita income, age of housing, job and population lag/decline within a city, unemployment). Cities with "pockets of poverty" experiencing similar problems may also apply for funds for those specific neighborhoods. Other criteria require the leveraging of private investment capital to UDAG funds (2.5:1 or greater is desirable); creation of new permanent jobs (cost of \$5,000.00 or less is desirable); retention of jobs for low to moderate income persons, commitment to minority participation; and tax benefits.<sup>11</sup>

Preliminary approval of an application for a UDAG is made to the Central Office of HUD in Washington, in part based on reviews and recommendations made by appropriate field office divisions. Federal regulations and guidelines require: demonstration that the Grant is causing the private development

to occur; a proven private investment to develop that depends upon a UDAG award; firm financing for the project, including necessary equity, if any; a commitment for any other public funds needed for the project; a plan for how the land will be controlled or owned; and evidence that the grant will not cause relocation from one distressed area to another.<sup>12</sup>

Once the UDAG has been preliminarily approved, a Grant Agreement (a legal contract) is made in Washington between HUD and the City Recipient. The funded project is supposed to begin with six to twelve months of the award, and be completed within twenty-four months of preliminary approval. During the life of the project, the use of UDAG funds is monitored by field staff from the HUD area office. The final stages of a UDAG award is the "close out" agreement and completion certificate. When and if the field office is satisfied that the project has been completed as best as possible, it will recommend "closed out" status for the project, excepting any further loan repayments. If approved by the regional office and the UDAG office in Washington, a completion certificate is issued when all financial obligations are discharged.

#### EDIC's UDAG Application

EDIC's UDAG Application for the BAB project was preliminarily approved on September 30, 1982. The application was introduced by a letter from then Mayor Kevin White, stating that 1,500 jobs would be saved and 300 new jobs created by the development. A supporting letter from Senator Kennedy stressed

the importance of retaining these jobs, referring to the fact that many of the jobs were held by minorities, and that significant unemployment would result should the project not occur. Throughout the application reference is made to Chinatown as both the geographic location of Boston's garment industry and as a community facing the loss of one of its major employers. The application described Boston's garment industry - its recent up and down ward trends, its future viability, and the percentage of minority and low income workers employed in the city's garment industry.<sup>13</sup>

While the application was not made specifically on behalf of the employees of Boston's garment firms, the impact of the loss of the garment industry to the people it employs was clearly the concern that prompted the application and the rationale for funding it. Testimony from the local chapter of the International Ladies' Garment Workers Union was submitted in support of the project, indicating how dependent the Chinese workers were on these jobs. The premise of the application was clearly that relocating the garment firms from Chinatown to the BAB would mean saving these specific individuals' jobs by relocating them to another site. The Boston City Council tried to insure this by authorizing a provision in the UDAG and Section 108 (CDBG) applications that gave primary consideration for any new jobs at the BAB development to residents of the Chinatown/South Cove, South Boston, and North End neighborhoods. This type of provision is forbidden under federal equal opportunity laws (it would be discriminatory because these



neighborhoods have no identifiable Black and Hispanic populations).<sup>14</sup> HUD required that the illegal language be removed from the applications.<sup>15</sup>

#### UDAG Agreement for BAB Project

The language in the Agreement did not bind the project to Chinatown, Chinatown garment firms or workers, or to the garment industry at all. The Agreement specified only that the City, through the BAB development project, was obligated to create 139 permanent jobs and to retain 750 existing jobs. Of the 139 new jobs, 125 (90%) were to be for low to moderate income workers and 35 (20%) were to be for minority workers.<sup>16</sup> The initially higher numbers of job creation and retention (300 created, 1,500 retained) were later adjusted downward by EDIC and HUD respectively. EDIC was forced to reduce its estimate of jobs to be created when many of the garment firms began to withdraw their preleasing commitments to the Garment Center. HUD staff reduced EDIC's estimate of 1,500 retained jobs, presumably for the same reason, as well as to take a minimum and more experienced stand to job estimates.<sup>17</sup>

Pursuant to the BAB UDAG Agreement, the jobs requirement of the project was to be completed twenty-four months from preliminary approval (September 1984). The reviews and audits routinely performed by HUD area office staff showed that the job goals were not on schedule. The HUD area office plays a crucial role in recommending and monitoring projects which requires explanation and discussion here.

### HUD Area Office

Each application for a UDAG award is reviewed by the HUD area office of Community Planning and Development, the office of Equal Opportunity and Fair Housing, and the Employment and Market Analysis Division. Recommendations and reviews are forwarded to the HUD Washington UDAG office. From examination of certain HUD BAB documents, it is this author's opinion that some reviews are treated in a seemingly facile manner. In the Employment and Market Analysis Review, there appeared to be no evidence of independent research or confirmation of employment and market statistics and assumptions utilized by EDIC in the application. The check list form issued by HUD to assure equal opportunity seems to perfunctorily accept the claims in the UDAG application. Again, there seems to be no critical analysis of the claims that minority groups would be adversely effected by the lack of said development, and will positively benefit from developing the project. One exhibit of the application, a demographic profile of the Chinatown/South Cove area does not cite its source.<sup>18</sup> This is not to suggest that the Boston HUD area office staff is or was in any way deficient. They followed procedures established through Federal regulations and policies that apparently do not require the in-depth analysis the general public might expect for such large public expenditures.

The HUD office in Washington is where the decision is made whether or not to fund a UDAG project. Beside the area office reviews, there are many other factors (including political

pressure) involved in each decision that are not discussed here. After a grant is awarded, responsibility for the project is sent back to the area office for monitoring. The transfer of control (and large numbers of documents) back and forth can be cumbersome. Disparity and disagreement can occur, as is the case within many large organizations and corporations, but the area office is bound by the Agreement or any other decisions made in Washington.

Follow-up and monitoring is accomplished through audits of the projects and periodic reports submitted by the Recipient. In the case of the Boston Army Base, these audits revealed the lack of job creation and retention of the project.<sup>19</sup> The initial audit was performed directly after the above specified twenty-four months. By September 1984, the Center was only 40% leased. The HUD area office recommended that the City apply for an amendment to the Agreement to extend the deadline for providing the jobs to forty-eight months. There were mitigating factors that supported this amendment. There was no time limit stated by EDIC in the UDAG application. The twenty-four month restriction was apparently inserted in the agreement by staff in the central UDAG office. As a general rule, twenty-four months is allowed for completion of a project but more time can be allowed for exceptions. In addition, there was a fault in the original agreement because in that the construction of tenant improvements was not due to be completed until December 1984. Therefore, September 1984 was an unrealistic deadline for completing jobs goals if companies

were not expected to operate at full capacity until two months later. This discrepancy can be attributed to the inconsistency that can occur between the central and area offices.<sup>20</sup> The request for the amendment was approved, allowing EDIC until September 1986 to complete the project (produce jobs).

The audits also showed ineffective or insufficient data collection by the city on the number of new jobs created, and inappropriate definitions of minority status. The city's NDEA (Neighborhood Development and Employment Agency) served as the city's job monitor for this project. At one point, personnel there had mistakenly counted persons of Portuguese descent as minorities. Questions and problems also arose about how to define a new job (what baseline dates and numbers to use) and whether rehiring laid off employees constituted creating new jobs (from HUD's view, it does not.)<sup>21</sup>

#### Close Out and Best Efforts

According to Boston HUD staff subsequent audits, found improvement in reporting methods and satisfactory numbers of jobs created and retained by the BAB development. Evaluation of completion of job goals is based on a "best efforts" criteria: have the developers made earnest and reasonable efforts to accomplish the goals; and was there good faith on the part of the developers in proposing their estimates. If the HUD staff finds that a developer/recipient does not meet those criteria, the project is considered in default, any funding yet to be dispersed is denied, and/or HUD can require

immediate repayment of money already spent from the Award. If it is deemed that best efforts have been made, the project is declared "closed out".<sup>22</sup>

The Community Planning Division staff (responsible for close out review) did question the lack of garment firms at the site and did some independent research to find out why. They found that many of the firms would or could not wait for the Garment Center to be ready, or found cheaper rents elsewhere (less than the \$2.75/sq. ft. EDIC offered at BAB).<sup>23</sup> The late delivery of project, the slightly higher than promised rents and the fact that firms chose other alternatives were all viewed as out of EDIC's control. Also, HUD looked favorably upon EDIC's attempt to assist the printing firms. HUD determined that EDIC (and the BAB project) did put forth their best efforts at completing the job goals.

The Boston Army Base project was officially given close out status in the Fall 1986. At the time close out was recommended in the Summer of 1986, only 78 new jobs had been created, a little more than half of the number of jobs that was supposed to be created by the UDAG award through the project. The total workforce at the Center was almost 800 at that time, the other 722 jobs are presumably the retained jobs. Within the current workforce of 845 employees, no more than 275 are jobs within garment or apparel companies.

## V. DISCUSSION/CONCLUSIONS

### A. EDIC

It is the author's opinion that EDIC wanted to develop the Boston Army Base and would probably have done so with or without the Garment Center Project. EDIC may not be a city agency, but it has a deep and strong connection to City Hall and city politics. The very creation of an agency such as EDIC is an expression and tool of a city administration's public policy on economic development. In one public announcement the BAB and BMIP are hailed as the next "Quincy Market" of industrial parks. The strong support, extensive "string pulling" and lobbying by the city can be interpreted as determination on the part of city to develop the BAB area. The previous case suggested that EDIC and the city wanted to purchase the site for the other development activities (e.g. Navy Base). The industrial has spurred other development in the area. A Design Center has opened in another part of the Base, and is rapidly becoming nationally acclaimed. While the Boston Army Base project was not community development for Chinatown, this type of economic development certainly helps the city's economy.

As a developer, though, EDIC turned in a poor performance in the BAB development, Pre-committment letters from GIRA members were not binding, and were a poor basis for developing some 400,000 square feet. Also, EDIC was unprepared for the purchase process the GSA, and problems in this process should

have been more intricately examined in their site availability analysis. A possibly higher purchase price should have been better planned for, instead it put the whole development at risk.

EDIC does not appear to have kept track of how many of the original Chinatown garment firm jobs it had intended to save were actually saved. HUD did not require EDIC to do so, nor did the community request of them to give such an accounting. That no such accounting or obligation is required or demanded seems unfair and unfortunate since the application was really made based on the plight of these garment workers losing their jobs.

The project and EDIC are not accountable for the nature or results of the development to the community, the citizens of the city or of the country for that matter. They are only loosely obligated to HUD to create some jobs and to induce economic activity. This is a serious flaw in the public planning process. While as a quasi-public agency EDIC is subject to public scrutiny and pressure, the groups it claims to represent are really owed more. When EDIC, acting on behalf of the city (and its citizens) prepares and submits an application for federal money, they assume and accept a public trust for the city. They have a responsibility to inform the communities effected of changes in developments they are supported to take part in, and to give a satisfactory explanations of said changes.

Moreover, from a community planning perspective, EDIC, as

a representative of the city, had a responsibility to involve and include community groups to a far greater extent than they did in the BAB development. Acting much like a private developer, they concerned themselves mostly with the process of building the project, getting caught up in financing and construction deadlines. Because of their independent status and the nature of their development activities, EDIC is not required to include any more than surface community participation, mostly in the form of public hearings.

In the Boston Army Base project, community leaders could participate by joining GIRA, but the focus of this organization was on the garment companies of Chinatown, not its people. It was at these public hearings and meetings that the few community leaders that were involved were (mis) led by rhetoric and professional jargon to understand that this project was community economic development for Chinatown. In future planning projects, the local groups involved in development projects such as these should strive to obtain definitive agreements with developing agencies, in order to insure full participation in and accountability of projects.

EDIC is not the body to do community economic development within the city of Boston, although they appear to do so and this is misleading. Their mandate is to retain and create jobs for Boston's residents (from any community), improving the economic base of the whole city, not specifically to improve the economic base of a particular community. They do their projects, though, by advertising how much they help communities



by saving its residents' jobs. In this case, there was a somewhat illogical assertion, inferred by EDIC, and accepted by the community and public, that community economic development would be accomplished by moving the garment industry out of Chinatown.

No long term planning relationship existed between EDIC and Chinatown. EDIC staff had been in close contact with business owners in the community but showed no understanding of what the community as a whole needed or wanted. If they had been a community planning agency, they would have looked at the problem through the eyes of Chinatown residents, questioning the quality of garment industry jobs (i.e. wages/benefits, working conditions, advancement) and explored the future employment and training needs of Chinatown residents.

#### B. UDAG

UDAG, as an expression of federal public policy, favors place and physical development over people development. By spurring economic growth, the UDAG program assumes that more jobs and housing will create a better quality of life for people. This relies heavily on a "domino" theory of economics - more business growth will eventually help to alleviate poverty. The UDAG agreement does commit the project to giving job preference to low and moderate income people. This may imply a hidden assumption (and flaw) - that distinctively disadvantaged groups are interchangeable in this type of economic development project. The nature of the jobs to be

created or retained by UDAG awards must be reconsidered by Federal policy makers. This UDAG seemed only to consider the quantity, not the quality, of the garment industry jobs. For the some \$26,000/job that was to be spent to create 139 jobs, one might consider the alternative uses for such a large sum of money (e.g. retraining).

If the federal government is counting on UDAG to help create more jobs, it must discontinue funding projects such as the BAB where only 56% of the new jobs goals is met. EDIC and the BAB project may have met HUD's "best efforts" criteria, but one must ask if 3.7 million dollars of public money is too much money to be judged against a best efforts criteria. The BAB development initially had a ratio of over \$26,000 UDAG dollars per job created. These ratios are considered by HUD when applications are approved or denied, so cost/benefit ratios are an accepted tool to use in arguing for or against a project. When the promised number of jobs is not created, the ratio can be much higher than predicted. The final BAB project ratio was over \$47,000 UDAG dollars per job. Extremely high ratios such as this one could indicate that certain kinds of projects being funded by UDAG are inefficient in achieving their goals.

When allowing a best efforts criteria, federal policy may be trying to be flexible, but it's a too haphazard treatment of millions of dollars, and vulnerable to abuse. HUD should consider enforcing specific performance of the Agreement contract, or devise repayment plans that compensate (to taxpayers) for each job or housing unit not produced as

promised. HUD should be sure to avoid funding some types of projects that have shown a pattern or history of risky delays or unrealistic jobs goals.

The best efforts criteria, the sometimes cursory review of applications, the lack of contact with the community and the limited community participation are indications that the UDAG program is merely a funnel for federal dollars, not a planning program. Unless and until the program changes, they will offer the money, but it is up to cities (and their planners) to learn from these mistakes and turn down tempting money for these projects. Poor performance on past UDAG grants can limit or eliminate a city from future consideration for UDAG funds. To avoid jeopardizing other programs, community groups should lobby against UDAG funding for projects than can seem to address their problems but really do not.

### C. Community Growth and Development

The problems of the Chinatown garment workers focused community leaders on its economic and employment problems, the need to have more control over the land in their neighborhood, and the need to make Tufts and the city more responsive to the community's needs. In many ways, the BAB project was a catalyst for change and growth within the community. Prior to this "crisis" there was little communication or coordination between the major community organizations. The Chinese Consolidated Benevolent Association (CCBA) was viewed as the old school but most powerful of the groups. The Chinatown

Housing and Land Task Force was seen as the young radicals. The Chinatown Community Economic Development Corporation (CCEDC) was thought of as an organization with internal problems, and had primarily been involved in housing development.<sup>24</sup> These diverse groups came together, united, to confront Tufts New England Medical Center, and they were successful, fostering new found confidence in their ability to shape their community.

The previous case study described the encroachment of TNMEC on Chinatown. Chinatown groups had, for a long time, felt powerless against Tufts, and felt they would not receive help from the City in this matter. Each of the community groups described above had begun to realize the desperate need for education and training, and Tufts' poor record in hiring community residents. However, the Task Force and the CCEDC were hesitant to approach Tufts without the power of the traditional leadership of the CCBA. Negotiations between leaders of the community groups took place, and members of these younger community groups gained leadership positions in a new body, created to represent the community in dealings with Tufts. They requested and received a \$100,000 grant from TNMEC for a training program, along with a commitment from Tufts for placement of the program's first graduates. The training program has graduated 120 people in the past two years from a medical office skills training program. The Chinatown Occupational Training Center and Bay State Skills Bureau operate the program.<sup>25</sup>

An additional victory was felt when a zoning amendment that was co-sponsored by the CCBA and the BRA was approved by the city council in December 1981. The amendment restricts the development and expansion of medical institution within the city and subjects all such plans to review by neighborhoods and the BRA. An institutional review board was later created to review proposed expansions and advise the Mayor on related issues.<sup>26</sup>

Chinatown and its residents have successively and successfully gained more power - they are being heard and are achieving some of their objectives. The confidence and recognition created by the negotiations with Tufts as well as the garment center project has spurred other garment workers to demand retraining from government agencies. P&L Sportswear employees were laid off without notice after that Chinatown company went out of business suddenly in December 1985. The workers, over 300 strong, about 200 Chinese, demanded that the state release funds for their retraining. They compared their status with that of the Colonial Meat Company employees, who received assistance within two weeks of that plant closing. At the time of their organizing rally, the P&L workers had gone four months without state assistance. They organized, got publicity on their own, and succeeded in their demands.

Other community groups, including the Chinese Progressive Association, the Asian American Resource Workshop and the Workers Committee, are in the process of documenting garment jobs - not only the working conditions but the future viability

of jobs in this industry as well. Additional projects seek to assess the direction the community should take in community economic development projects, looking at improving jobs in the service sector (another large employer of Chinatown residents) and seeking other employment alternatives. The community has learned from the failure of the Garment Center to save garment industry jobs. The residents now want retraining for better more modern and secure jobs.

Previously ignored by the city and essentially politically powerless, the community has begun to become organized, new leadership is slowly emerging, and the residents are looking for new ways to help themselves. While there truly was no community economic development for Chinatown from the Boston Army Base Development, "community development" did result from it.

## VI. LESSONS FOR COMMUNITY PLANNERS

At the time of the BAB project the Chinatown community lacked the experienced to play a key role, and this lack of experience may have contributed to the ineffectiveness of the project. Had community groups been more experienced, they may have argued with EDIC and the city that this was not a viable or reliable project.

Community groups saw the BAB development as the "best" solution because it was the only solution really put forth by the city. They felt they had no choice but to support the

project with the "hope" it would help.<sup>27</sup> Nonetheless, a good many people in the community expressed reservations about the project. They were concerned about racial and language barriers that they feared would arise from the move to South Boston, a community historically known as racist and viewed dangerous to travel within. Also, most of the workers walked to work in Chinatown for years, some had never ridden a bus before. There was concern that the workers would not follow their jobs to the Army Base in South Boston.<sup>28</sup>

Reservations of this kind should immediately serve as "flags" that a program or project may not be responsive to a community's needs. If community residents are uncomfortable or unclear about a development they should be cautious of its intentions. While this may seem obvious, often times communities make the mistake of being too trusting of public agencies. As communities, we must not accept, prima facie, that the city, state or federal agencies will "do the right thing" for us or know what is best for us. In this case, the Chinatown community accepted the project on face value, believing that EDIC and the city were doing the project for the good of their community and that this kind of development was what Chinatown needed.

Looking at what happened (or failed to happen), we can see that communities need to be skeptically critical of fast moving, highly touted developments. We must ask questions, examine the data and the rationales used for projects, especially when millions of dollars are being sought based on

assumptions about us. To do this, we must be prepared. For example, no one from Chinatown read the BAB UDAG application or Agreement. This was likely due to the community's inexperience and lack of knowledge about the processes of this kind of development. Chinatown and communities in similar situations should seek technical assistance (an important role for planners) if they do not yet have the capability to complete analyses on their own.

It is important for all communities to realize that we must allow ourselves to be pushed or rushed (into development) by external forces or factors, no matter how formidable they seem. Being pressured can be a signal that we should pull back, not go forward. In the case of Chinatown, the city and EDIC stressed the urgency of developing BAB, conducting an intensive publicity campaign and enlisting the support of impressive and powerful officials and politicians. The urgency was not only to meet the eviction deadlines of the garment companies. There was also a rush to meet the deadlines for UDAG and other public money (CDBG, etc.), precious and difficult funds to obtain in current time of limited resources. Facing the city's fast paced bandwagon approach, Chinatown community leaders, not presented with any alternative to the BAB, endorsed the project.

Another Boston community, Dudley, will soon face the redevelopment of their neighborhood. They would do well to heed these lessons. City, state, federal agencies and their money will be involved in the development. What happens in



that whole corridor will shape not only the neighborhood's physical look and local economy but the very fabric of the community. This can be a significant opportunity for change, one that is not likely to happen again for several decades, if ever. It is important for the Dudley community to take or make the time to carefully evaluate the ramifications of proposed developments. Community groups should not be rushed or tricked into ineffective or unresponsive development just for the sake of getting all of the public money that's available. This will be another important task for community planners, to work towards avoiding that mistake. Also, when analyzing proposed projects, we should not confuse economic growth or development with community-based economic development. Community economic development must take place in the area, and create jobs, housing, and stores primarily for those who live there.

Perhaps, if Chinatown groups had been more experienced and organized, they would not have allowed their community to be misused, however unwittingly, to obtain public funds (UDAG and CDBG) earmarked for community development purposes for a project that could not provide community-based economic development. Here is another lesson for community groups. Always remember that we, the community, are the consumers of developments, and we must not allow ourselves to be taken advantage of by developers. Too often we think of developers as only private firms, but realistically public entities are doing a good deal of the development going on in our neighborhoods. As consumers, we have the right to a reasonable amount

of warranty by, and accountability of, our public agencies. We can and should demand participation and control in development that occurs in our neighborhoods. Even if it appears that the planning process of an agency does not have a format for community participation, we can try to force our inclusion through strategies like publicity campaigns that criticize this unfairness and by publically opposing a program or projects.

In retrospect, if community planners in Chinatown examined the BAB project record today, they would see that no planning was going on there for Chinatown. A community planning approach to the neighborhood's garment industry "crisis", would have considered what was best for Chinatown in the long term. That is, to stop reliance on the garment and service industries and to develop a balanced neighborhood economy. The convergence of many different Asian groups, and the special problems that arose from this, were recognized by neighborhood residents. It has become increasingly clear that what was (and still is) needed more than ever in Chinatown was language and skills training. The program negotiated with Tufts was a community response to those needs. As described earlier, groups since then are exploring other community economic development activities, largely without the help of city agencies.

From a community planning perspective, the Boston Army base should have been opposed. The astounding amount of money spent to retain and create so few garment industry jobs might have been spent more effectively for education and job

training. Even if UDAG funds could not be used for that kind of program, a savvy planner could have used the garment industry "crisis" as an opportunity to draw attention to the structural economic problems of Chinatown residents, and to lobby for similar amounts of money to work on those problems. Although one might not expect such opposition to prevent an otherwise strongly supported development from going forward, it would strengthen the community's position to negotiate for assistance and funding to implement the programs we feel meet the needs of our residents.

Perhaps the planner would try to keep the garment firms located in Chinatown, even unprotected and scattered, for as long as possible, while devoting more of the community's time, money and energy developing other neighborhood businesses and designing appropriate job training programs.

A lesson for all communities is to realize that we can oppose a development or any other kind of program. We can use our opposition to programs to draw attention to our needs and wants. As a strategy, even if we do not stop a project, we can aim for what we want by demanding a higher price for our support. To do this, we must be prepared and have the ammunition (facts and figures) to oppose a certain project and to support our own proposals. We cannot be passive, as Chinatown was in the Boston Army Base Development. We must continually ask questions, and refuse to be intimidated by external factors like time and funding limitations. If we want to control the shape of development in our neighborhoods, we

must demand participation and power in the process, even if it appears that the planning or funding agencies "have no room" for us, or they "appear" to be doing a good job.

What happened in this case is instructive for all communities. Most of these lessons are by no means new. We may have seen the same mistakes or lessons time and again, but as times change they can be disguised in unfamiliar forms. It is important in the forefront of our minds, to look for them, and to make these lessons an integral part of our planning process.

TABLE I: INDUSTRIAL CENTER TENANTS

<u>Company Type</u>	<u>Number of Companies</u>	<u>Number of Jobs</u>
Printing	10	262
Apparel and Textile	6	296
Furniture and Fixture	3	25
Graphic Arts	2	26
Computer/Data Processing	1	13
Mail Service	2	105
Electronics	1	3
Wholesale Hardware	1	38
Food Products	1	8
Office Supplies	1	13
Medical Instrument Manuf.	1	43
Sheltered Workshop	1	13
<u>Employment as of June 1986</u>		
<u>Total</u>	824	
Black	56	(7%)
Hispanic	24	(3%)
<u>Other Minority</u>	83	(10%)
	163	(20%)
Boston Res.	346	
South Boston	72	
Low Income	617	
Female	375	

Source: EDIC, January 1987

## FOOTNOTES

1. Interview with Regina Lee, Chinatown Community Leader and member, Chinatown Housing and Land Task Force, December 1986.
2. Letters to the GSA described the devastating effects of the loss of the garment industry to the Chinatown community, cited statistics on the number of Chinese workers employed by the garment industry (70% of Chinese women), and warned by massive unemployment they could face if garment jobs were not saved.
3. Background interviews with Regina Lee of CHLTF, Marilyn Swartz Lloyd of EDIC, Karen Malfy of HUD, undated.
4. The results of the survey are contained in the previous case study, which is Appendix I of this paper.
5. See Appendix II for list of locations and scenarios.
6. In the previous case study questions were raised about EDIC's prior interest in acquiring and redeveloping the BAB. What has become clear is that the timing and chronology of events is key. When the need for the garment center arose, the site was due to become available. EDIC wanted to purchase the building, but everything "fit together" at that time could be coincidental.
7. "The Frayed Garment Industry" Boston Globe, September 3, 1982.
8. Interview with Doug Herberich, Director of Development, EDIC, December 4, 1986.
9. Keeping with the spirit of the UDAG Agreement, EDIC does have hiring goals beyond its initial requirement. It aims to lease space in BAB to firms whose employee make-up is 50% Boston residents, 25% minority, 25% women, and 80% low to moderate income persons.
10. Melvin Wayne La Prade, "Towards A Comprehensive Evaluation Framework: Issues in Evaluating the Urban Development Action Grant Program", Cleveland State University, 1986, p. 1.
11. Ibid., Appendix A.
12. Ibid., Appendix B.

13. Economic Development and Industrial Corporation, Boston Army Base Urban Development Action Grant Application, July 1982.
14. Boston Area Office, U.S. Department of Housing and Urban Development, staff memos, August 1982.
15. The attempt to include this provision was seen by some as a political/appeasement strategy, since it was unlikely that the city council or its legal staff did not know this was illegal.
16. U.S. Department of Housing and Urban Development, Office of Action Grants, Boston Army Base Agreement, Grant No. B-82-AA-25-0108, July 1983.
17. Interview with Karen Malfy, Community Planning and Development Division, Boston Area HUD Office, December 1, 1986.
18. Boston Area Office, op. cit.
19. Interview with Karen Malfy, December 1, 1986.
20. Ibid.
21. Ibid.
22. Ibid.
23. Ibid.
24. Undated interviews with Regina Lee, Tunney Lee (city planner), and Carol Matheson (BRA staff).
25. Interview with David Eliot, Chinatown Occupational and Training Center, December 1986.
26. Background interview with Regina Lee.
27. Ibid.
28. EDIC did retain interpreters to help the transition go more smoothly, and a new bus route was implemented by the MBTA that made commuting relatively easy. These actions are laudable, but in the end Chinatown residents obviously did not have much opportunity to utilize these services.

## BIBLIOGRAPHY/SOURCES

Economic Development And Industrial Corporation, Boston Army Base Urban Development Action Grant Application, July 1982.

EDIC News, Winter, 1982.

"The Frayed Garment Industry" Boston Globe, September, 3, 1982.

LaPrade, Melvin Wayne, "Towards A Comprehensive Evaluation Framework: Issues in Evaluating the Urban Development Action Grant Program", M.S. Thesis, Cleveland State University, 1986.

U.S. Department of Housing and Urban Development, Office of Action Grants, UDAG Grant Agreement, No. B-82-AA-25-0108, July 1983.

\_\_\_\_\_ Office of Inspector General, Audit Report, March 1985.

\_\_\_\_\_ Boston Area Office, Region 1, Boston Army Base file staff memos, August 1982 - September 1986.



## INTERVIEWS

Doug Herberich, Director of Development, EDIC, December 4, 1986.

Tarry Hum, staff, Chinatown Housing and Land Task Force, November, 1986.

Regina Lee, member, Chinatown Housing and Land Task Force; also, Chinatown community activist and leader, series of interviews, 1983-1986.

Tunney Lee, city planner and Professor at MIT. Undated interview and discussions.

Marilyn Swartz Lloyd, Executive Director, EDIC, 1983.

Karen Malfy, staff, Community Planning and Development Division, Boston Area Office, HUD, December 1986.

Carol Matheson, staff, BRA, 1983

APPENDIX I

BOSTON ARMY BASE PROJECT FINAL REPORT

May 11, 1983

Sheri Adlin

Nancyellen Hayes

Karen Margolis

Marcia Sigal

## EXECUTIVE SUMMARY

This case study examines community economic development through a project undertaken by the Economic Development and Industrial Corporation (EDIC). EDIC is a quasi-public agency in Boston created by the Mayor's office, whose mandate is to implement neighborhood and community economic development by targeting private/public investments and attracting specific industries into depressed areas of the city.

This report evaluates EDIC's attempt to save the Chinatown garment industry and its jobs, vital to the Chinatown economy. The vast majority of working Chinese women in Chinatown are dependent upon these garment jobs. With the recent expansion of Tufts' New England Medical Center (TNEMC) into Boston's traditional garment district, the industry has been threatened. EDIC reached to the potential loss of the industry by seeking an alternative site for these garment firms. The Boston Army Base was chosen as the most suitable location. There is no clear evidence that EDIC assessed other viable options beyond relocation, which may have better addressed garment industry needs.

To understand the context of this redevelopment effort, we begin with an analysis of the historical evolution of Boston's Chinatown, its residents, and its status as a Boston urban neighborhood. We then examine national and local trends of the garment industry, to understand the constraints within its changing environment. Next we introduce the participants and Financing Community Economic Development

explain their respective roles in the project. A brief description of the site and its present and anticipated uses follows, for an understanding of development trends in the area.

We then turn to the financial deal; what the sources were, how it was put together, and why it works. While the financial aspects of the deal for the Boston Army Base may have been well thought out, it is still unclear whether it was the right choice to meet the garment industry's needs. We conduct an analysis of this vital question and whether or not this was in fact community economic development.

TABLE OF CONTENTS	Page
I. Introduction	1
II. Boston Chinatown	2
III. Garment Industry	6
IV. Players	9
V. Site	13
VI. Financial Deal	15
VII. Analysis	31
Bibliography	
Interviews	
Appendix A	
Appendix B	
Exhibits	

## I. Introduction

This report is the product of a 3 month investigation into the redevelopment of the Boston Army Base as a form of community economic development. The Economic Development and Industrial Corporation (EDIC), one of three development agencies in Boston was established to retain existing industrial jobs and create new ones, through a combination of development planning and financial assistance or incentives for the benefit of Boston neighborhoods.

This study analyzes EDIC's attempt to meet its mandate, through the development of the Boston Army Base. As a public authority, EDIC works closely with other public agencies and local financial institutions in order to target their efforts to neighborhood based industries. Their programs include real estate development and management (Cross Town and Marine Industrial Parks), financial assistance, and job training (Boston Technical). The agency's stated (and highly publicized) objective in this project has been to save jobs for Chinese workers by keeping displaced Chinatown garment firms near Chinatown, or at least in Boston. While their objective is consistent with their purpose, it remains to be seen whether or not this particular development project holds true to community economic development.

To provide a framework for analysis, pertinent characteristics of Chinatown, the garment industry, and the

current problem at hand will be presented. The ensuring chain of events and description of the site, players, and financing of the development project provides the context for an analysis of the appropriateness of this project to address that problem and community economic development in Chinatown.

## II. Boston Chinatown

Boston's Chinatown, now America's fourth largest, followed a development pattern similar to the Chinatowns throughout the country. Its residents were almost exclusively men from the provinces surrounding Canton, who intended on returning to their families in China. Throughout America they met blatant discrimination and violent racism, exemplified by the 1870 Nationalization Act, which excluded Chinese from citizenship. Other laws prevented their families from joining them, and still others restricted their freedom. Prejudice, extreme differences in culture, language barriers and a different value system drew the Chinese immigrants in each American city into tight, insular communities.

Drastic changes in immigration laws after World War II allowed thousands of Chinese to come to America. These immigrants differed dramatically from their predecessors. They were families from throughout China intent on staying in the U.S. New immigrants continue to come to Boston at a rate of 300 a year. While Chinatown is their first home, their average length of residence is only ten years. Although most would



like to remain in Chinatown, the housing stock, built between 1835-1850 has undergone continuous intensive use, with little reinvestment. There are now only 996 housing units, with over 70% of it is deteriorated. Of Boston's 15,000 Chinese only 5,000 live in Chinatown, though many return each day to work, shop and visit. Chinatown is the cultural and business center of the Chinese community. After all, 80 percent of Boston's Chinese residents are foreign born.

The upwardly mobile Chinese, moving to Allston-Brighton, the Fenway, or the suburbs, leave behind friends and relatives living in sub-standard, over-crowded housing, unable to find good jobs. In 1978 Chinatown's unemployment rate was 16%, and its underemployment rate was 70%, with only 23% of the women and 40% of the men fluent in English. The restaurant and garment industries employ over 75% of the workforce. With both husbands and wives working long hours, the gross median family income in 1978 was only \$6,000 (the lowest of any Boston neighborhood).

In spite of low paying jobs until 1970 Chinatown was economically self sufficient, but with 200 Boston area restaurants the market is saturated. The significance of this cannot be underestimated since all but \$3,416,000 of the \$18,512,000 gross income of Chinatown businesses' annual income in the mid 1970's was related to restaurants. This is coupled with the national decline of the garment industry. Chinatown's growth sector industries, health, construction, and electronics do not hire Chinese workers. In 1978, only 60 to 70 Chinese

were employed in electronics, 60 to 70 in construction, and they comprised only 2% of the Tufts New England Medical Center workforce.

Much of Chinatown's overcrowding is due to the building of the Southeast Expressway and the Mass Pike Extension in the 1960's, and the expansion of Tufts New England Medical Center. These developments took half of Chinatown's land and housing. Today the continued development of Tufts New England Medical Center, the renewal of the Theatre District, South Station redevelopment, construction of Lafayette Place, Park Plaza, the U.S. Department of Transportation complex, and multiple office buildings are causing land values to skyrocket, making crucial housing development almost impossible, while few direct benefits from this development go to the Chinese community. Although this massive growth brought new customers to Chinatown's restaurants, few Chinese were hired in the construction of these projects or to work in them once completed. Language and racism are still the primary barriers for Chinese getting good jobs and this encirclement of Chinatown by incompatible and competing land uses threatens it's survival.

Both the City and the State have historically ignored the needs of Chinatown. This could be because only 20% of Chinatown's residents are registered voters. There are also several conflicting community groups, each trying to speak for Chinatown. A rally held on May 2, 1983, to express opposition to Tuft's continued expansion, is a good example of this split

in leadership. The Chinese Economic Development Council (CEDC), the agency responsible for Chinatown community economic development, was very obviously not present, nor a member of the organizing effort. The Chinese Benevolent Association, the Merchant's Association, CEDC, and the Chinatown Task Force each have different visions for Chinatown and different expoused strategies.

Few government, social service, or job training dollars reach Chinatown. A 1963 "letter of understanding" from Mayor Collins, giving the community veto power over outside developers was ignored and Tufts was not forced to consult the community before implementing development plans. On innumerable occasions, Chinese community members protested the City's, at worst blatant support, and at best quiet tolerance of Tufts expansion and other development projects in spite of their negative effects on Chinatown.

The City took a new role in 1981, with the BRA and then EDIC leading the attempt to save the Chinatown garment industry and its 600-2000\* jobs, 25-50 percent\* held by Chinese women. The garment industry had steadily declined since the early 1960's but Tufts threatened eviction of a large number\* of firms at 15 and 35 Kneeland Street, brought the issue to the public's attention and precipitated the City's involvement.(1)

---

(1) \* Several sources report different numbers. See Appendix A for explanatory chart.

### III. Garment Industry

The garment industry is America's only major manufacturing industry to escape the economic forces that lead to concentration, automation, costly technology, limited entry, and non-entrepreneurial management in other industries. In many ways, the garment industry has not changed since the nineteenth century, and its labor force continues to be primarily immigrant women, though the Jewish immigrants of the early 1900's have been replaced by Chinese and Hispanic women. Although there was an increase of large automated firms in the 1970's, the industry continues to be primarily made up of small, highly labor-intensive, competitive, volatile firms, averaging 20 to 50 workers, with limited economies of scale and producing for local and regional markets.

The nature of the industry is due to the transitory nature of fashion styles and constant seasonal changes which make large scale production impossible. Market instability keeps a narrow ceiling on firm size and necessitates a large, flexible, labor force. Producing in response to sudden shifts in demand, firms depend on constant communication between suppliers, buyers, and competitors. This requires agglomeration. The need for quick access to supplies and cheap labor, and rapid delivery to markets, anchor the industry in urban centers. Printing is the only American industry that has remained predominantly in urban centers.

One out of eight U.S. manufacturing workers are employed by the garment and textile industries. The lack of general awareness of the significance of the garment industry in the American economy is probably due to the small size of most firms and a workforce primarily comprised of immigrant women. The average paycheck of a garment worker is 50 percent below that of all other manufacturing employees, in spite of the fact that the required skill for a stitcher are comparable to other manufacturing jobs. The average U.S. garment worker's hourly wage is \$4.35 per hour compared to \$7.22 per hour in Sweden.

The large increase of imported clothing in the 1970's (700% between 1961-1972) and the stagflation of the economy caused a major decline in the garment industry. In fact, it was the first U.S. industry to be threatened by foreign imports and by American manufacturers, who moved their operations overseas in search of cheap labor. Although some firms increased their technology to maximize their productivity and other firms moved to the southeast, looking for cheaper labor, many firms were forced to close. In fact, 200,000 U.S. garment jobs were lost between 1970 and 1980. The ILGWU is currently organizing a massive lobbying effort to get Congress to reduce import quotas from 40 to 25 percent, which they believe is the only way to save the industry in the long run.

The garment industry came to Boston's South Cove in the 1860's. Until recently, the availability of cheap Chinese labor and the closeness to the downtown retail district kept the industry in the area. Most firms were located on Kneeland

and Essex Streets, the heart of Chinatown. Recent evictions, threats of evictions, or rent increases have caused many owners to seek alternative locations. It is interesting to note that the district's growth in the 1940's and 1950's displaced many residents and added to the substantial loss of Chinatown's housing stock. Some Chinatown leaders now fear that the loss of the garment firms causing the loss of hundreds of jobs\* threatens the economic foundation of Chinatown.

Even though the garment industry remains Boston's second largest manufacturing employer (printing is the first), it is small compared to other garment centers, particularly New York City and San Francisco. Boston's eight thousand\* employees are less than 1/4 of the 36,000 Massachusetts garment workforce. Both Fall River and New Bedford have relatively large garment centers, dominated by a few large firms.

Although the Boston industry is made up of approximately 52 to 185 firms\*, each employing an average of forty workers, most of the work is contracted by one company, "College Town", a sportswear company whose main office is in Braintree. "College Town's" clothes are targeted to middleclass women looking for moderate priced items. This market is particularly import sensitive.

The survival of Boston's garment industry is obviously linked to "College Town". Two of the factors that have enabled large firms's like "College Town" to compete with the imports is a shorter lead time (foreign companies require six months) and the ability to make special arrangements with textile

firms. Boston's overall advantage is the continued availability of an immigrant female labor force.

The Boston garment industry followed the national pattern of large numbers of firm closing between 1969 and 1979 followed by an apparent stabilization. 148 firms representing 4,000 jobs either closed or moved from Boston during this period. Some of Chinatown's firms moved to other parts of Boston (particularly East Boston) in the late 1970's due to increased rents, inability to find additional space for expansion, or evictions. Confronted in 1981 with the immediate possibility of Tufts evicting the firms in 15 and 35 Kneeland Street, the city acting through EDIC decided to attempt to find a solution that would keep these firms in Boston and as close to Chinatown as possible.

#### IV. Players

The following agencies or groups played a role in the development of the Boston Army Base: the BRA, EDIC, garment firms, local ILGWU, State Street and Shawmut banks, Chinatown Housing and Land Development Task Force (Task Force), HUD, the Chinese Benevolent Association, the Chinese Economic Development Council, and the Tufts New England Medical Center. Our purpose here is to focus on the major players in the project while providing a brief description of some others involved.

EDIC, the Economic Development and Industrial Corporation, is the main actor and leader in this development of the Army

Base. As a public authority, EDIC works closely with other public agencies and local financial institutions in order to target their efforts to neighborhood based industries. By combining real estate development and management (Cross Town Industrial Park) financial assistance (leveraging loans, revenue bonds and federal funds), and job training, EDIC has established a successful track record thus far. In developing the Boston Army Base, EDIC felt they were serving their purpose or mission. They responded to what they thought was an urgent community need - keeping the garment firms in Boston. The loss of garment firms would mean many Chinatown residents would lose their primary source of employment.

In 1981, garment firms and other agencies requested EDIC's assistance in dealing with the Tufts Medical Center expansion, which would cause displacement and financial hardship to many firms. EDIC worked closely with GIRA, the Garment Industry Relocation Association, an organization comprised of firms, community reps, and banking and union officials. EDIC helped to negotiate with Tufts on behalf of the firms. What ensued has become known as the Boston Army Base project, for which EDIC has secured the funding for the acquisition, rehab, and long term financing.

EDIC's first involvement was to coordinate attempts to persuade Tufts to extend their leases. Once Tufts agreed to an extension until July 31, 1983, EDIC coordinated the development of a relocation plan. In the fall of 1981, at the request of EDIC, the Garment Industry Relocation Association (GIRA), made



up of representatives of the ILGWU, the garment industry, the Task Force and others, hired Bob Kenny (formerly director of the BRA) of Urban Consulting to assist them in 1) site identification for relocation; 2) financial feasibility analysis; and 3) negotiating with Tufts and city/state/and federal agencies. Together with EDIC, the BRA and Kenny considered several sites for relocation and surveyed garment industry needs. Of the 47 firms surveyed, 16 companies expressed interest in the Boston Army Base site; earlier 25 to 30 firms expressed interest in the base. The total square footage required was estimated to be 400,000 to 600,000 square feet. The site was narrowed to Building 114 of the Boston Army Base, although the criteria used in the decision making process is not clear. EDIC then announced that the city would attempt to purchase Building 114 to serve as the site of Boston's new garment center.

In the past, the BRA had been sharply criticized by the leaders of the Chinese community, who perceived the BRA as supporting Tufts development, in spite of its substantial adverse effects on Chinatown. After being apprised of the threatened firms evictions, the BRA negotiated with Tufts New England Medical Center, and helped persuade them to extend their leases and not to raise the rents. The cause for the BRA's changed pattern of action is not clear though orders may have come from the Mayor's office.

Representatives from the ILGWU see themselves as organizers in this project. Previously, there had been no

unity amongst garment firm owners. In order to save union members' jobs, the Union knew that they had to initiate an effort to keep the firms in Boston. Many times, they acted as coordinators and a liason between EDIC, the firms, and workers.

Both Congressman Moakley and Senator Tsongas became involved when Brian Dacey, executive director of EDIC, requested their assistance in obtaining the Boston Army Base site. They helped EDIC obtain a \$75,000 planning grant from the Department of Defense to conduct a market feasibility and site development study. Later these government officials lobbied for the acquisition of the building from the GSA, and used their political influence to help EDIC obtain its UDAG and other federal financing for the project.

First National Bank and Shawmut were represented on the Garment Industry Relocation Association. Their interests in the association were as lenders to the various garment firms. In June of 1982, after the Boston Army Base was chosen as the site for the industry location, First National Bank was approached by Brian Dacey and Marilyn Swartz Lloyd, of EDIC, with a proposed budget pro-forma on the project. First National felt they needed more information before they could proceed. When the pro-forma on the facility was brought to State Street Bank later that summer, State Street agreed to pursue the project further, following a cursory review. Shawmut was brought into the deal in late September.

## V. Site

Historically, the growth of Boston's economic base has been uneven. It has occurred in specific clustered areas, emanating from central points within the city proper. The Prudential Center, City Hall Plaza and the new Federal Reserve Building have been stepping stones for development. Much of the underutilized and vacant areas of space surrounding these points have been captured by developers yet gaps still remain to be filled. With the recent construction of the new Federal Reserve Building, development trends in Boston are heading towards the Southeast sector of the Waterfront, tightening up the area between the North Atlantic and Summer Street bridges.

Projects for that area, either planned, proposed or underway include EDIC's Marine Industrial Park, redevelopment of the Boston Army Base and its container points, Massport's piers, (Boscom), Commonwealth Pier, a new Northern Avenue bridge and sea access road to Logan Airport. If development projects succeed as planned, then the location of EDIC's Army base project and the surrounding assembled land, will become increasingly desirable to developers, merchants, and future residents.

The Boston Army Base is comprised of the three major buildings, Buildings 113, 114, and 119. Building 113 is the smaller of the three, and housed Army administrative offices. The U.S. Army used Building 114 as a training site, and for a computer and storage facility, but phased out most of its

operations on the base about seven years ago. Currently, some of their computer facilities are housed in the building and two private manufacturers - Personnel and Breckenridge sportswear companies rent space in the building. Building 114 has 1.6 million square feet. Building 119, or 666 Summer Street, is actually owned by the Navy, but because it is on the Army base, the Army is the caretaker of the Building. Currently Building 119 is leased to Massport, who in turn leases the space to local major supermarket chains for warehousing their incoming goods.

The city has recently submitted a proposal to the Navy, offering Boston as the homeport for the Surface Action Group (SAG). Under the proposal, the Navy's building on the 31 acre site would be rennovated and used to berth and accomodate the group of warships. The SAG consists of five vessels, including the battleship USS Iowa, a guided missile cruiser, a destroyer, and two guided missile destroyers. The proposal was sponsored by EDIC, the Greater Boston Chamber of Commerce, and the Massport Authority. This project would create thousands of new jobs, increase civilian and military payroll in the area by a total of \$143 million dollars, and would bring the city many new ship related contracts. It would also attract tenants for Sections A, E, and F in Building 114, the sections for which EDIC has said they currently have no plans. The food companies now housed in Building 119 would have to move, possibly becoming tenants at Building 114.

Although New York and Newport, Rhode Island are also competing for the site, it appears that Boston could offer the best resource to the Navy. Buildings 114 and 119 are housed on the largest drydock in any eastern seaport. There is 5,450 linear feet of pier space - more than enough to berth all of the vessels in the SAG. Presently, the facilities are underutilized, operating on a strictly commercial level. If the Navy were to accept the proposed "Homeport Boston", then the city could operate the port on a timeshare basis, alternating between Navy and commercial vessels. The natural harbor of Boston is another factor that makes the Boston Army Base site appealing to the Navy. It is closer to the major sea lanes and Northern European parts than any other city in the country. Also of major importance is the fact that the base was recently occupied by the Navy (1974) and can now be renovated without exorbitant cost.

## VI. Financial Deal

The financial package for the purchase and redevelopment of the Boston Army Base was orchestrated by the Economic Development and Industrial Corporation of Boston (EDIC). It is an innovative package of both public and private funds. Included in the deal are four major sources of funds, a \$3.644 million Urban Development Action Grant (UDAG) loan from HUD, a \$5.950 Industrial Revenue Bond, \$.427 million in EDIC equity including Neighborhood Development Funds and a Community

Development Block Grant, and \$3 million in syndication equity.

The deal has changed many times, taking a number of forms. The major components of the first package brought before the banks included a proposed \$4 million Urban Development Action Grant loan from HUD, \$1.2 to \$1.4 million in equity from the Massachusetts Government Land Bank, private outside syndication of \$2.5 million and a tax exempt Industrial Revenue Bond of \$4.5 million.

The UDAG loan application for funds for the Boston Army Base was contingent on the retention of industry and jobs, the creation of new jobs, and consideration of the socioeconomic ramifications to the Chinese community. HUD would not even consider Boston's application until a sales agreement on the Army Base was reached with the U.S. General Services Administration (GSA). EDIC's independent appraisal of the property by Minot, Debois and Maddison, was at \$1.5 million, while the GSA appraised the property at a value of \$4.1 million. EDIC felt pressured to make a deal quickly lest all of their efforts fall through. They wanted the financing to be in place by January of 1983 so they could start renovations and have the Center ready by the summer of 1983.

It was necessary to have the Center ready at this time as the garment firms in 15 and 35 Kneeland Street had a reprieve from Tufts University's eviction proceedings and rent increases through June of 1983. The UDAG grant contingent on the saving of those garment industry jobs and if the UDAG was not allocated in that round, it is doubtful that EDIC could use the

saving of those garment jobs as justification as the building would not be ready in time to save them. The final negotiated price for the property and building was \$3.5 million. EDIC met the deadline, though they did not get a good price on the building. Still, they were able to get the UDAG in that round as needed for the acquisition of the Boston Army Base. The UDAG award came just one week after the negotiated \$3.5 million Army Base Building 114 sale agreement with the GSA.

The garment industry project, including rehabilitation was initially estimated at a cost of \$14.7 million, based on an engineering study prepared by Anderson-Nichols and Company, Inc. The estimate had been revised upward, given the higher acquisition and improvement costs, to \$17.555 million. This figure includes the full purchase price of \$3.5 million and an estimated \$1 million in leasehold improvements by the garment industry and other tenants. It takes into account renovations to sections B, C, and D of Building 114 only, for a total of 825,400 square feet for garment/industrial use (of which only 785,400 square feet is rentable). Sections A, E, and F of the Building are not included in this industrial/garment center project, and financing for these sections is entirely separate. Plans for these sections have not been officially developed, nor disclosed by EDIC, beyond calling it a light industrial complex to be developed in the future.

More formal Bank estimates of the project cost eliminate \$2.2 million of the acquisition cost from the garment center project and accrue it to the Budget for sections A, E, and F,

putting the total cost of the project at \$15.355 million, including leasehold improvements. This \$2.2 million was eliminated from the budget because State Street Bank, the lead bank in the deal (and the coordinator of all financial aspects of this package) stipulated that no more than \$1.3 million be allowed for acquisition. The Bank backed into this figure by first determining the hard and soft costs of construction and then deducting this cost from the total sources of income. One of the biggest risks to the bank is the construction risk. Funds must be sufficient to complete the project. It was up to the developer, EDIC in this case, to find money to make up the difference between the full acquisition cost and the allowable acquisition advance. EDIC obtained a \$2.2 million HUD 108 loan, which applied as the acquisition cost for sections A, E, and F only. Payments for the HUD 108 loan will come from present tenant leases in those sections.

The major sources of project funding going into the final closing, which is expected in mid-May of 1983, include the \$3.644 million UDAG loan from HUD, \$3 million in private syndication from DLJ Real Estate, Inc., some \$1.7 million in EDIC equity, and a \$5.95 million industrial Revenue Bond purchased by Merrill Lynch and backed by the State Street and Shawmut Banks. Listed sources of EDIC equity include \$140,000-planning grants. \$420,000-leasing overhead, \$775,000-administration, \$127,000-Neighborhood Development Fund, and \$300,000 Community Development Block Grant (CDBG). (See Appendix B.)



Part of this \$1.7 million in EDIC equity, which goes toward some of the soft costs, are in fact not true costs to be charged to the project, and are considered by State Street Bank as a "sweat equity" contribution by EDIC. These expenses either have already been paid for (Miscellaneous Development Costs) or pay for themselves (they are considered both costs and equity). The only real money equity that EDIC is contributing, from the Bank's view, is a Neighborhood Development Fund of \$427,000 and a Community Development Block Grant of \$300,000, for a total contribution of \$427,000.

State Street Bank's Estimates  
for the Total Project Cost and  
Total Sources of Funds

Resources (in millions \$)		Costs (in millions \$)	
Ind. Rev. Bonds	5.950	Acquisition	1.300
UDAG	3.644	Hard Const. Costs	9.378
EDIC Equity	.427	Soft Costs	2.342
Syndication	3.000		
	13.021		13.020

Missing from the deal is the Massachusetts Government Land Bank. The Land Bank has historically had a strong relationship with EDIC. Yet, the deal was restructured in December of 1982 without the Land Bank due to technical reasons, predominantly a conflict as co-participant in the mortgage with the commercial banks. The tax exempt Industrial Revenue Bond purchased by Merrill Lynch is sold to individual investors who must be left in a riskless position. Thus, State Street Bank, the lead bank in the deal, and Shawmut Bank, as the participant bank,

(sharing the risk equally) issued a letter of credit in favor of Merrill Lynch for the Industrial Revenue Bond. If EDIC can not meet the payments and the bonds go into default, Merrill Lynch can call under the letter of credit, thus protecting the individual consumers of the bonds. If this happens, the full amount of the letter of credit is paid by State Street and Shawmut to Merrill Lynch. In return, State Street and Shawmut would hold the first mortgage, a position of collateral, and would control the real estate.

The Land Bank conflict was that they would have been a shared participant in the first mortgage with State Street and Shawmut Banks which would have depleted the Banks' collateral position by \$1.4 million and they would have meant shared control of the property. Yet, the Land Bank is an agency of the Commonwealth and there is presently debate in the Legislature regarding the Land Bank's future existence. Given the potential elimination of the Land Bank there was the question of who would then be the co-participant. It was assumed that the Legislature would probably take that control and the banks were opposed to such a partnership. Thus, with State Street taking the initiative, the Land Bank was forced out of the deal.

There were other benefits to the deal without the involvement of the Land Bank. The original Land Bank financing was to be at an interest rate of 14 percent. That financing was transferred to the Industrial Revenue Bond. Merrill Lynch has quoted the Bond at 10 1/4 percent (though this is expected

to go down even further to 9.875 or 10 percent by closing, due to financial market conditions), resulting in a cost savings to the project. Also, for the Land Bank to raise the money, they would have had to float a state backed bond issue and sell the bonds which would have cost the project from \$120 to \$150 thousand. The restructuring of the deal increased the Banks' exposure, but gave them a stronger collateral position and provided cost-saving into the budget.

In return for the letter of credit, State Street and Shawmut receive a fair rate of return for their risk in an amount of 1.5% per annum of the face amount of the letter of credit (equal to the outstanding principal balance). State Street is also the Trustee of the Industrial Revenue Bond, and as such, services the account; collecting and disposing payments. For this, they receive a servicing fee of close to \$5,000 annually. This is paid by the project.

The \$5.95 million Industrial Revenue Bond (IRB) is on a 25 year schedule. While not yet officially rated, State Street expects that Standard & Poors will give the Bond an A rating, standard for a State Street letter of Credit. According to the terms of the deal, as it now stands, the first five years of the project require interest only payments at 10.25 percent (though expected to go down), payable semi-annually. In years 6 through 10, the loan is amortized at 2% in addition to the interest payments, while for years 11 through 20 it is amortized at 4.5% plus interest. A balloon payment of the principal is to be made in year 20 of the project.

There is a \$19 million capital expenditure cap on the Industrial Revenue Bond. This means that \$19 million is the maximum amount that may be spent on this project for any capital improvements going back three years and forward three years, including any made by those leasing the space. Had the UDAG monies not been a part of this package, the IRB cap on capital expenditures would have been \$10 million. In effect, the UDAG leveraged the potential for extra money into the project. This stipulation precludes any higher use of sections B, C, and D for at least three years. Once the limit is reached, remaining space can not be leased if they intend to put more money into improvements. The \$19 million can not be exceeded for the six years total or the IRB can not be used.

As a stipulation for their backing of the Industrial Revenue Bond, the Bank has required EDIC to pre-lease enough space to more than cover the 1984 Industrial Revenue Bond debt payment, as well as the IRB Letter of Credit fee and the servicing fee on the IRB. (Payments on the UDAG do not start until 1988 and City taxes were waived for 1983 and 1984. The only other project debt in 1984 is \$75,000 in Ground Lease payable to EDIC. Yet this payment is subordinated to the IRB payments.) In order to cover this 1984 IRB debt, EDIC must pre-lease 412,776 square feet of the Building (sections B, C, and D), or just under 53 percent of the total rentable space. This takes into account two major pre-leases of a combined 297,387 square feet that have already been arranged. The Bank backed into the requirement that a balance of 120.393 square

feet be leased at a rental rate of \$2.62 per square foot by June of 1983. The tax waiver was essential to making this deal work.

EDIC claims to be starting their rents at \$2.75 a square foot including taxes, with an additional \$.50 for heat. (Yet, an EDIC letter dated April 15, 1983, in which they are actively seeking possible state agency tenants, quoted the rents as starting at \$2.45 a square foot.) The terms of the rent are 8 to 10 year leases, with five year renewal options and no tax escalator in the lease. Yet there are kickers in the leases, step ups over the years, in which the rents will go up. The exclusive Real Estate Agent for the project is the Codman Company, Inc. By late April, 1983, EDIC had leased 35 percent of the space. EDIC has until the middle of May, 1983, or June 1st at the latest, to pull the required 53 percent leased space into the project, to cover the Industrial Revenue Bond debt, or else they will have to renegotiate the deal. EDIC and the Codman Company are confident that they will meet the deadline.

While the bonds can be renegotiated after that date, the syndication deal would fall apart. EDIC has signed a syndication agreement with DLJ Real Estate, Inc., a subsidiary of Wall Street investment firm Donaldson, Lufkin & Jenrette, Inc. Under this agreement, DLJ Real Estate forms a limited partnership and sells \$3 million in shares following discounting, to private investors, whose liability is limited to their investment. This \$3 million goes into the project as equity.

Of the \$3 million dollars in cash from the syndication, \$1.372 million is up front and the rest is secured by promissory notes to be paid by the syndication over the next five years. The notes are taken by State Street Bank as collateral who lend the remaining \$1.645 million for the start of the project against these investor notes. As the notes are only as good as the financial credibility of the individual investors, and the information costs to determine that credibility are extremely high, the syndication must buy a Bond assurity so that if individual investors default, then the Bank will be paid by the insurance company. The syndication must make installment payments on the loan for five years (through 1988). These yearly payments are arranged to coincide closely with the investors expected income from the tax depreciation.

The syndication deal is being sold to these individual investors primarily for its benefit as a 1983 tax credit. Because the investors would have a long term lease on a renovated building that is older than 40 years, they would be eligible for a 20% investment tax credit in the first year that the building is occupied. As stressed by EDIC in their one page summary of the syndication, "This is not a tax deduction, but an actual credit: dollar for dollar. For example, Building 114 will cost approximately \$12 million to rehabilitate. Twenty percent of \$12 million is \$2.4 million. If you assume there are 30 investors, then each one will receive a one-time tax credit of \$80,000." To receive that hefty tax credit on their 1983 taxes, it is crucial that most

of the building be complete in 1983 and that it be occupied. If the deal is not closed by June 1st, it becomes increasingly doubtful that the building will be ready in time. The syndication deal will be lost and EDIC will be liable for a penalty fee of more than \$200,000.

Assuming the deal proceeds as planned, rather than owning the building, the Boston Harbor Limited Partnership will lease sections B, C, and D of Building 114 for 50 years from EDIC with an option for an additional 25 years. EDIC would be the manager of the building and tenants would sublease their space from the Limited Partnership. Under the terms of the lease, the project (the syndication) pays EDIC \$75,000 annually for lease payment, which is subordinated to any project debt. Although EDIC technically owns the property, by leasing the land for at least 50 years, the investors can depreciate the asset for the duration of the lease. The IRS accepts the fact that the investors own the property. They are in effect buying the tax benefits of depreciation. Yet, the true deed to the property remains with EDIC and can not be transferred to the syndication by State Street's stipulation and as it is also essential for selling the tax free Industrial Revenue Bond. In 50 years, the investment deal will be off and EDIC will then own the Boston Army Base.

In addition to the one-time investment tax credit, the investors in the syndication may, for each of the next 15 years, deduct 1/15 of the value of the building on their tax return using a straight line depreciation. They may also

receive any income left over after the bills are paid and EDIC receives its land lease payment (this cash flow is expected in the future). EDIC, in turn receives the income from the "wrap-around" mortgage on the lease, at \$75,000 annually. This mortgage payment is just like rent, and will be used to pay off the construction costs over the term of the project. In addition, EDIC receives a management fee for management services of the Building.

After the closing of the deal and the sale of the syndication shares and Industrial Revenue Bond, EDIC will be able to begin drawing down the UDAG at \$1 of UDAG funds for each \$2.19 of private investment. The last two UDAG draws in February and March of 1984 will require tenant improvements of \$487,000 for leverage. The terms of this \$3.644 million loan are at an interest rate of 3 percent over 30 years. UDAG payments are due quarterly, beginning in the fifth year, the UDAG is in second position in terms of payoff behind the Industrial Revenue Bond, including IRB servicing and fees through State Street Bank. These UDAG payments will return to the City of Boston.

While the financing for this deal is most innovative, there are still risks involved in this deal. The Boston Army Base's financial success will be determined by circumstances outside of the financial markets. These real market forces that can affect the viability of this project, have been considered in the terms of the financial deal in order to safeguard against failure.



The major market risk to the project is getting the Army Base leased to cover the debt. The deal will be successful only if there is enough demand for this type of space in this location. According to financial projections, 1984 is the critical year. It is the high risk period when the building must be up, leased and operating. For the years 1985 and out, income projections improve steadily. These financial projections assume that market conditions for leased space on the Army Base will be strong. Given the real market projections for growth in the immediate area, these financial projections are realistic (barring, of course, any drastic changes in the economy). Thus, by stipulating leases to cover the 1984 debt before closing, the Bank controls for the major risk to the deal's success.

Given the above precaution, the construction and rehabilitation of Building 114 becomes the most critical factor to success. Improvements must be completed within budget and on a timely basis so that the tenants can move in and begin paying their rent. As the lease has an occupancy date, it is imperative that the building be ready, lest the tenants can legally break their lease. While not all problems can be helped, such as potential strikes of construction workers or other adverse market conditions, State Street Bank has taken precautionary measures to see that construction difficulties are not overlooked. While they say they feel EDIC has the expertise to get the job done, the Bank has hired an outside engineering firm, Merritt and Harris of New York, to analyze

the specifications as they related to the building and the budget, and to also oversee the construction process on an ongoing basis. In addition, the Bank required adequate funding be allocated to the construction process. This, they hope, will lead to a completed building in the time necessary.

Representatives of both State Street and Shawmut Bank feel that the deal is a good one. They will get a fair rate of return on their letter of credit as well as good publicity in this private/public partnership for investment into the City for what was perceived as the saving of the garment industry, the opening up of a predominantly vacant building, the retention of jobs and the creation of new ones. State Street feels that they have taken the proper precautionary measures to minimize risk to the project and that the deal will be successful financially.

Given the required minimum in leases before the deal can close, a successful rehabilitation (on time and within budget), and an expected market demand to fill the Building, the deal will be a financial success. The syndication can then expect its tax benefits, the Bank can expect payments on the Industrial Revenue Bond and fees, and UDAG repayments will be met, EDIC can expect a management fee and ground lease payment, the City can expect substantial Real Estate taxes, and given income beyond this, the syndication can hope to make profits in the future. Then 50 years down the line, EDIC, or the City will own the site, and all income generated from what may be a very valuable piece of Real Estate.

The parties involved seem confident that any obstacles will be met. At present, the legal documents are being drawn up and the closing on the property is expected by the end of May of 1983, as planned, at which time the renovations will commence. EDIC is currently negotiating leases with several garment and apparel related firms as well as two printing firms.

From the view of the Bank, financing for this deal is not conventional by any means. Typical of the large deals being made in the City today are for the office buildings going up in downtown Boston. These are considered boom areas and draw private investment dollars and financing. The Boston Army Base property has been sitting idle for many years and is located in an area that at present is far from booming, though future prospects look good. The site is most suitable for light industry, as opposed to office and retail use. Rent per square foot of space must be low enough to draw such tenants. Given the enormous cost to renovate this building, it is doubtful that the private sector could renovate it to serve such tenants. The rents needed to cover costs would be too great.

In effect, the only way to bring industry into this mostly vacant idle building is through government subsidies or funds of some sort. Yet, today's climate at the Federal level goes against public spending and thus requires public/private partnerships as stipulation for federal funds. Funds are limited, and UDAGs, which are available but scarce, are no longer given as grants, but loans, which must be matched by a

level of private investment. Thus, a public/private partnership is essential to making this deal work.

Given the Industrial Revenue Bond and the UDAG loan, needed to complete the financing was the private partner and equity. Yet, EDIC needed to retain real ownership and control. The National Development Council, consultant for the financial packaging, suggested a syndication with limited partnership to provide equity in exchange for a long-term lease on the building. It is not the return on their investment that makes this such a good deal to the investors, but the federal tax laws which permit a credit on taxes for all improvements to the land and to the Building (sections B, C, and D), regardless of whose money pays for the improvements. EDIC had no use for these tax benefits. In this way, EDIC gets the equity for the project that it needs and keeps legal title to the building, while the syndication its tax benefit.

Ironically, the deal could not move ahead without a private partnership because the Federal government wants to reduce public sector spending for city programs. Yet, at the same time, the Federal government will forego tax income from the private sector for improvements to land. It is this policy that allowed the deal to move ahead. Federal tax policy is clearly a key to private development today, and in the end, the Federal government pays anyways in taxes forgone.

All in all, the combination of the UDAG, syndication, and the Industrial Revenue Bond made this a financially viable project. It takes cooperation between the private and public

sectors to get such large scale projects done. Without this cooperation, the project would not have proceeded to this stage. While the project may have well been thought out financially, the question remains as to whether or not the project meets its stated goal and mission, and should in fact proceed at all, given the extent of public monies involved and the purposes to which that money has been allocated.

## VII. Analysis

The story that unfolds in the analysis of this case is that EDIC's actions were not consistent with its stated goals and objectives. It is now clear that purchasing and renovating the Army Base will not directly benefit Chinatown or Boston's garment industry. At best, EDIC chose an inappropriate intervention. Moreover, it appears that EDIC may have lost sight of the purpose for its involvement, and has focussed most of their effort on the development rather than the reason behind it. Also, the fact that the Army Base project will not address Chinatown's economic problems suggests that the city did not really intend this development to do so, but instead that the Army Base is merely a part of a whole other development agenda.

EDIC's mandate is community economic development. The agency's attempt to save Chinatown garment jobs is certainly appropriate. But a variety of issues have been raised by this study: 1) Was any government intervention necessary and/or

could it be effective? 2) Where these garment jobs worth saving? 3) Who will benefit from the development of Building 114? 4) Why did the city decide to buy Building 114?

After exploring the nature of the garment industry several patterns emerge. Since the major threat to all U.S. garment firms is foreign imports, the survival of Boston's firms is dependent on national and international forces and decisions. In the long run, anything that Boston does may be insignificant. No matter how high the city's investment, these firms can easily pack up and move to another region or country. The firms that survived the "import crisis" of the 70's are tied to Boston because their relationship with Collegetown (major firm) and the availability of a trained labor force. Clothing's high demand elasticity necessitates a low price ceiling and therefore low rent costs. Before and after the Tufts eviction crisis Chinatown firms were able to find affordable relocation sites on their own. Firms that moved to East Boston, for example, run buses to and from Chinatown.

Given the projected character of the Army Base area, it is questionable whether or not small garment companies will be able to sustain operations in a competitive market so dissimilar to that of Chinatown. When examining the leasing conditions of the Army Base, one questions who the building will actually serve. Presently garment firms rent space on a variable rate basis. If a smaller company acquires a large contract, the lessor will allocate more space accordingly. This allows tenants flexibility, so they don't encumber

themselves with unnecessary overhead costs. In Building 114, tenants will be required to lease a minimum of 34,000 square feet at \$2.75/square foot. Although two bays of 17,000 square feet have been subdivided to accommodate the spatial needs of smaller firms, most of the leases will be for larger amounts of space. With these leasing terms entry may be limited to only the larger garment firms. If this is so, EDIC planned poorly, for the use of the building as a garment center is now unlikely. Indeed, while many of the lease negotiations are with apparel related industries, most of the space will probably be rented to other light industrial firms.

There are strong indications that now many of the firms originally in jeopardy can not or will not move to the Army Base. Sources at the BRA, EDIC, and Urban Consulting Associates have given the following reasons for this: some firms failed during the most recession; some firms renegotiated their terms at their present locations, higher volume firms moved to more desirable locations, and many firms were forced out of their buildings and could not wait for the Army Base to become available. EDIC did help relocate some firms to other sites, and assisted them with moving costs.

Ron Altman, the regional director of ILGWU, insists that EDIC's determination to complete this project convinced many owners that the city was concerned about their needs. Ironically, a good number of firms have moved to the Fargo Building, which is less than one half mile away from Building 114. These firms used the option of an Army Base lease to

negotiate favorable leasing terms with the Fargo and other landlords. It's unlikely that this positive outcome of the development was neither planned nor expected by EDIC.

There is no evidence that at any point during the development process that EDIC adequately assessed all available options to help solve the problems facing Chinatown and the garment industry. Were market analyses conducted to determine if the market would cure itself? Also, were any of EDIC's other programs more appropriate for the firms needs (such as direct loans or job training)? At the point at which EDIC arrived at its intervention strategy, they became fixed on the development aspects of their role. It is not clear whether or not they weighted the long term effects of this program against other alternatives.

All of EDIC's public statements focus on the need to develop the Boston Army Base to save Boston's garment industry and Chinatown jobs. Perhaps EDIC misinterpreted the needs of the garment firms, ignored the real economic needs of Chinatown, and misjudged the complexity of this development process. EDIC certainly could have discerned that their program intervention was highly susceptible to external and/or market forces that could render it ineffective. This risk highlights the questionable justification for the large sum of money spent to save an "undertermined" number of jobs.

The question of whether these jobs are worth saving is complex. The garment industry does not provide "good jobs", defined by David Gordon as "adequate wages and fringe benefits,



job security and stable employment, decent working conditions, and opportunities for advancement and control". On the other hand, what other options are possible for the non-English speaking, fifty year old Chinese women dependent on these jobs for their livelihood? The garment shops are in fact a social institution in Chinatown, and their flexible hours allow many women to work and still be able to care for their children. Historically, the garment industry has provided the only entry into the American labor market for new immigrants, and three hundred new Chinese immigrants are arriving in Boston each year. The Chinatown Housing and Land Development Task Force, in its efforts to save Chinatown's firms, made it clear that it was not defending the industry but that the garment firms were an economic necessity to the community. An interesting aside is that the Task Force was not appraised of EDIC's plans or asked to participate in site selection. Members of the Task Force began attending GIRA meetings to express community concerns. It is possible that earlier Task Force participation could have lead to a different outcome. Efforts may have been more realistically focussed on the needs of Chinatown workers, although the Task Force and other community leaders did publically supported the Army Base project.

There is another hypothesis for EDIC's avid interest in developing the Boston Army Base. The staff admits that the agency has been interested in purchasing Building 114 before it was proposed as a relocation site for the garment firms. The description of the Army Base points out its prime location for

development. The grant money spent on infrastructure on this project will enhance EDIC's other development in the area, as the Base is contiguous with it's Marine Industrial Park. Also, if the site is chosen for the Surface Action Group, purchasing Building 114 will prove to be a very strategic and profitable decision. The garment industry "crisis" may have arisen at a convenient time, but the city is intent on developing that area and would not have purchased the building anyway. However, the UDAG, which was the key financial leverage of this development deal, could not have been obtained without the stated objective of retaining minority workers' jobs.

There is still question as to whether or not the Army Base deal will come to fruition. The required minimum amount of space was not rented as of May 1, 1983, while the closing deadline is June 1, 1983. However, analyzing this development by deciding if EDIC was justified in risking the purchase of Building 114 is not sufficient. The primary question is can this project be justified as community economic development? If the community was supposed to be Chinatown, the answer is clearly no.

## BIBLIOGRAPHY

Action for Boston Community Development, The Chinese in Boston, 1970. Emphasis of this study is that the city has ignored the needs of its Chinese residents. Many of its findings are quoted in future Chinatown studies.

Alma Claire Armstrong, "The Boylston Building: A Case Study of Public/Private Partnerships for the Community Economic Development of Chinatown", M.C. Thesis, June 1981. The framework of this thesis is the history of Chinatown development and the need for community economic development.

Boston Redevelopment Authority, Planning For Boston's Next Decade of Development, 1980-90.

Roy Simon Bryce, Laport, Ed., Sourcebook on the New Immigration - Implication, for the U.S. and International Community, 1980. History of Chinese immigration to U.S. and a description of the characteristics of the current immigrants.

Paul Bullock, Ed., Minorities in the Labor Market. Documents the discrimination that Chinese workers face.

Chinese Economic Development Council, Overall Economic Plan, 1978 CEDC's statement of goals and objectives.

Chinese Economic Development Council, Special Impact Area and Target Group, January 1978. CEDC's description of the needs of the Boston Chinese community and the residents of Chinatown.

Sol Chick Chaikin, A Labor Viewpoint: Another Opinion, 1980. A collection of Chaiken's speeches with an introduction by David Moynihan. Chaiken's emphasizes the importance of the garment industry to the American economy and the need to control imports.

Stephen E. Gih, M.C.P. Thesis, June 1976. The Needs and Potentials for and of Planned Community Economic Development of the Boston Chinese Community. This thesis was written for CEDC. Historical view of Chinatown and description of the current forces influencing Chinatown's particular emphasis on the need for Housing.

Robert Goodman, The Last Entrepreneurs. The author analyzes the kinds of jobs in small firms. In the discussion of the garment industry he states that industry is built on expediting workers.

David Gordon, The Working Poor: Towards a State Agenda, 1979. Description and definition of good jobs.

Financing Community Economic Development

Dean Lan, "Chinatown Seatshops", Counterpoint Perspectives on Asian Americans, 1978, Emma Gee, Ed. The article describes the development of the garment industry, emphasizing the importance of Chinese labor.

Chu Wan Lui, M.C.P. Thesis, May, 1979, Boston Chinatown - Housing and Land Development Strategies. The study makes several recommendation on ways to solve Chinatown's deterioration.

Leon Stein, Out of the Sweatshop - the Struggle for Industrial Democracy, 1977. Detailed history of the ILGWU. Very biased toward the union and uses it as a positive example of the U.S. labor organization.

Jose delaTorres, Corporate Responses to Import Competition in the U.S. Apparel Industry, 1978. A study of how garment firms of different sizes throughout the country are responding to increased imports.

Roger Waldinger, From Production Center to Spot Market: The Transformation of the New York Garment Industry, Joint Center for Urban Studies, May 1982. Study of the development of the garment industry, focused on New York City. Discusses the current industry trends and why the industry has stabilized.

Roger Waldinger, "Immigrant Enterprise and Labor Market Structure", Joint Center for Urban Studies, July, 1982. Description of current characteristics of the garment industry.

## INTERVIEWS

Jane Donnelly; Project Staff, EDIC, April 21, 1983.

Lee Chalminiak; Communications Director, EDIC, April 21, 1983.

John Gould; Vice President, Shawmut Bank, April 5, 1983.

John Dwinell; Real Estate, State Street Bank, April 14, May 4, 1983.

Joseph Tansey; First National Bank of Boston, (Washington Street branch), April 27, 1983.

Paul Lyles; National Development Council, New York City.

Pat Vacarro; General Service Administration, Property Disposal Department, April 4, 1983.

Steve Johnson; Senator Tsongas' Office, April 8, 1983.

Martin Foster; Senator Moakley's Office, April 8, May 3, 1983.

Roland Burke; Developer for Tufts University, Vey Consultants, April 4, 1983.

Bill Swain; Chinese Economic Development Council, April 15, 1983.

Rob Hollister; Dept. of Urban Studies-Tufts University.

"The Guard" at the Boston Army Base; April 17, 1983.

Carol Matheson; Community Development Specialist, BRA, March 1983.

Irene LaDoux; Urban Consultant Associates, April 1983.

Regina Lee; Member of Chinese Task Force.

Carl Proper; Public Relations Director, ILGWU, April 20, 1983.

Ron Altman; Regional Director, ILGWU, April 21, 1983.

Roger Walldinger; MIT-Harvard Joint Center for Urban Studies.

Peter Sessa; Attorney associated with Chinatown Task Force.

## Appendix A

<u>Number Boston Firms</u>	<u>Number of Workers</u>	<u>Firms in Chinatown</u>	<u>Number of Workers</u>	<u>% Chinese</u>	<u>Number of Threatened Firms</u>	<u>Number of Workers/ % Chinese</u>	<u>Source</u>
		52					CEDC, 1978
			4,600	"Mostly"	25	1,500	Boston Globe, 9/3/82
	8,000				11	600	Task Force
					35	1,782/52%	Boston Globe, 2/16/82
					20	1,400	EDIC Fact Sheet (undated)
					11	800	GIRA, 11/2/81
		185	4,000		27	1,500	Brian Dacey, 10/8/81
		130	4,000		27	1,700	Boston Globe, 8/9/82
		185	4,618				Dan Fishbein, 3/9/81
213	5,656-		2,634-				Dan Fishbein, 6/4/81
	12,426	109	6,087				Memo to Dan Fishbein 6/4/81

**BOSTON ARMY BASE**  
 Estimated Project Costs -- Sections B,C,D (x1000)  
 2/15/83

(project)

ITEM	Phase 1:	Phase 2:	Total:
<b>ACQUISITION</b>			
Buildings B,C,D	950	0	950
Land	350	0	350
<b>Total Acquisition</b>	<b>1300</b>	<b>0</b>	<b>1300</b>
<b>CONSTRUCTION</b>			
<b>Architectural</b>			
-Exterior	259	0	259
-Interior	1311	0	1311
-Roofing	0	213	213
-Elevators	1749	0	1749
-Demolition	175	0	175
<b>Structural</b>	<b>246</b>	<b>0</b>	<b>246</b>
<b>Mechanical</b>			
-Heating & Ventilating	377	700	1077
-Plumbing	579	0	579
-Fire Protection	322	0	322
<b>Electrical</b>	<b>1226</b>	<b>0</b>	<b>1226</b>
-Power & Emergency	1226	0	1226
<b>Site Costs</b>			
-Utilities	36	250	286
-Roads	0	1083	1083
<b>Contingency 210%</b>	<b>528</b>	<b>225</b>	<b>853</b>
<b>Total Const. Costs</b>	<b>6908</b>	<b>2470</b>	<b>9378</b>
<b>INDIRECT COSTS</b>			
Arch. & Engineering	337	250	587
Legal	315	0	315
Insurance	6	0	6
Const. Interest	0	305	305
Leasing Comm. (Coddan)	500	0	500
Leasing Overhead (EDIC)	420	0	420
Financing Fees	468	0	468
Misc. Devel. Costs	140	0	140
Administration	525	250	775
Ind. Contingency	111	50	161
<b>Total Inc. Costs</b>	<b>2922</b>	<b>855</b>	<b>3677</b>
<b>TOTAL PROJ. COSTS</b>	<b>11000</b>	<b>3325</b>	<b>14325</b>

NOTES:

- Phase 1 = Basic improvements, Sections B & C
  - Phase 2 = " " " " , Section D
  - Phase 3 = Site & misc. improvements, heating system
- Based on acquisition price of \$3.5 million for all of BAB  
 Site costs = 1/2 of total road & utility costs.  
 Budget for Sections A,C,F includes balance.

**BOSTON ARMY BASE**

**Drawdown & Financing Schedule**

2/15/83  
(draw12)

MONTHLY PROJECTIONS (X 1000)  
1983:

1984:

Nov. Dec. Jan. Feb. Mar. Apr. May June July Aug. Sept. Oct. Nov. Dec. Jan. Feb. Total

**DRAWDOWN:**

Acquisition															1300			1300								
Construction (plus conting., less retainage)																										
*Phase 1															1245	1245	1245	1245	311	311	311	311			6217	
*Phase 2																		445	445	445	445	445			2224	
*Retainage @10%																							691	247	938	9379
Indirect Costs																										
*A/E & Const. Mngat.	68	60	136	73	51	33	16	13	27	27	22	22	18	20					587							
*Legal															305	10							315			
*Financing Fees															468							468				
*Insurance															6							6				
*Contingency		14	7	5	81	2	2	3	3	2	33	2	2					5	161							
Leasing Commissions																							500	500		
Construction Interest																							305	305		
TOTAL MONTHLY DRAWDOWN	68	60	150	80	56	3437	1261	1268	1718	786	780	1115	776	713	747	5	13020									

**FINANCING SOURCES APPLIED DURING CONSTRUCTION:**

Neighb. Devel. Fund	68															45	13			127						
UDAG															666	395	397	539	246	245	350	243	224	334	5	3644
Equity from:																										
*CDBG	60	150	80	10																	300					
*Syndication Proceeds															1358	866	776							3000		
IRB															1400	95	1179	540	535	765	533	489	414			5950
TOTAL MONTHLY SOURCES	68	60	150	80	56	3437	1261	1268	1718	786	780	1115	776	713	747	5	13020									

**SUMMARY OF PERMANENT FINANCING:**

Industrial Revenue Bond																					5950
UDAG																					3644
Net Syndication Proceeds																					3000
EDIC Equity																					1762
TOTAL PROJECT COST																					14356

**Note:**

Construction interest assumes 4/1/83 bond placement; interest only payment @ 10.25% is payable semi-annually.  
 EDIC equity includes \$140,000 planning grants, \$420,000 leasing overhead, \$775,000 administration,  
 \$127,000 Neighb. Development Fund, and \$300,000 CDBG grant.  
 UDAG is drawn down at \$1 of UDAG funds for each \$2.19 of private investment  
 First draw occurs 4/1 after syndication and IRB have been sold.  
 Last UDAG draws in 1/84 and 2/84 require tenant improvements of \$487,000 for leverage.



BOSTON ARMY BASE

Projected Gross Income -- Sections B,C,D  
12/3/82  
(rent)

Rent Category:	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
<b>*A*: Garment Tenants</b>										
# of s.f. leased:	450000	450000	450000	450000	450000	450000	450000	450000	450000	450000
% of total s.f. leased:	57	57	57	57	57	57	57	57	57	57
Income @ rent per s.f. of:										
\$ 2.25	---	506250	---	---	---	---	---	---	---	---
2.50	---	562500	1125000	1125000	562500	---	---	---	---	---
2.89	---	---	---	---	650250	1300500	1300500	650250	---	---
3.35	---	---	---	---	---	---	---	753750	1507500	1507500
<b>*B*: Other Tenants</b>										
# of s.f. leased:	50000	161200	272400	272400	272400	272400	272400	272400	272400	272400
% of total s.f. leased:	6	21	35	35	35	35	35	35	35	35
Income @ rent per s.f. of:										
\$ 2.75	---	443300	749100	374550	---	---	---	---	---	---
3.18	---	---	---	433116	866232	866232	433116	---	---	---
3.68	---	---	---	---	---	---	501216	1002432	1002432	1002432
<b>*C*: Ground Floor Tenants</b>										
# of s.f. leased:	55000	63000	63000	63000	63000	63000	63000	63000	63000	63000
% of total s.f. leased:	7	8	8	8	8	8	8	8	8	8
Income @ rent per s.f. of:										
\$ 2.75	---	86625	---	---	---	---	---	---	---	---
3.00	---	94500	189000	189000	94500	---	---	---	---	---
3.47	---	---	---	---	109305	218610	218610	109305	---	---
4.02	---	---	---	---	---	---	---	126630	253260	253260
Total Income from Rents	---	1593175	2063100	2121666	2282787	2385342	2453442	2642367	2763192	2763192
Total Rentable s.f. =		785400								

Note:

Assumes average occupancy level of 85% during 1994 (70% increasing to 100%).  
See 1983 monthly projections for anticipated income during lease-up.

**BOSTON ARMY BASE**

Net Operating Income -- Sections B,C,D  
2/14/83  
(inc7/83)

1983: MONTHLY PROJECTIONS

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
<b>GROSS REVENUE</b>													
Upper Floors	0	0	0	17199	17199	17199	19349	19349	19349	19349	107006	107006	343004
Ground Floor	0	0	0	0	0	0	0	0	0	0	13138	13138	26276
<b>EFFECTIVE GROSS INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17199</b>	<b>17199</b>	<b>17199</b>	<b>19349</b>	<b>19349</b>	<b>19349</b>	<b>19349</b>	<b>120144</b>	<b>120144</b>	<b>369280</b>
<b>OPERATING COSTS</b>													
<b>Utilities</b>													
*Heat	0	0	0	30855	0	0	0	0	0	34375	68750	68750	202730
*Electric	0	0	0	737	737	737	737	737	737	737	4073	4073	13303
*Water & Sewer	0	0	0	565	565	565	565	565	565	565	3123	3123	10199
<b>Maintenance</b>													
*Heating System, Etc.	0	0	0	34947	344	344	344	344	344	344	344	344	37697
*Elevators	0	0	0	0	0	0	0	0	2320	2320	2320	2320	9281
*Buildings & Grounds	0	0	0	8803	8803	8803	8803	8803	8803	8803	13338	13338	98294
<b>Other</b>													
*Management	0	0	0	0	0	0	0	0	0	0	0	0	0
*Insurance	0	0	0	0	0	0	0	0	6000	0	0	0	6000
*R.E. Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
*Fire Protection	0	0	0	15000	0	0	0	0	0	0	0	0	15000
*Security	0	0	0	6000	6000	6000	6000	6000	6000	6000	6000	6000	54000
*Alarm	0	0	0	0	0	0	0	0	0	0	458	458	916
*Trash	0	0	0	128	128	128	128	128	128	128	706	706	2306
*Snow Removal	0	0	0	0	0	0	0	0	0	0	0	2000	2000
<b>TOTAL OPERATING COSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>97034</b>	<b>16575</b>	<b>16575</b>	<b>16575</b>	<b>16575</b>	<b>24896</b>	<b>53271</b>	<b>99112</b>	<b>101112</b>	<b>441726</b>
<b>REIMBURSABLE EXPENSES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4205</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>4682</b>	<b>52471</b>	<b>53972</b>	<b>115416</b>
<b>N.O.I. BEFORE DEBT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-75630</b>	<b>641</b>	<b>641</b>	<b>2791</b>	<b>2791</b>	<b>-5530</b>	<b>-29240</b>	<b>73502</b>	<b>73003</b>	<b>42969</b>
<b>OWN. OPERATING INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-75630</b>	<b>-74989</b>	<b>-74348</b>	<b>-71558</b>	<b>-68767</b>	<b>-74296</b>	<b>-103536</b>	<b>-30034</b>	<b>42949</b>	

**Note:**

1.06 = inflation factor applied to expenses

825000 = gross s.f.

735400 = rentable s.f.

Vacancy factor:

Upper Floors	.86	.86	.86	.86	.86	.86	.86	.86	.86	.86	.21	.21
Ground Floor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	.09	.09

Assumes April 1 acquisition & construction start

Assumes September 15 start for tenant improvements on ground and upper floors

November 1 occupancy of ground floor and of upper floors

\* EDIC to reimburse Army for cost of operating heating plant during April

An operating line of credit will service monthly cash deficits.

BOSTON ARMY BASE

Net Operating Income -- Sections B,C,D  
2/14/93  
(inc7)

TEN YEAR PROJECTION (Subject to Revision)

	1993	1994	1995	1996	1997	1998	1989	1990	1991	1992
<b>GROSS REVENUES</b>	367290	1693175	2953100	2121555	2292737	2385342	2453442	2542357	2763192	2763192
Less Vacancy @ 5%	--	--	103155	106083	114139	119267	122672	132118	138160	138160
<b>EFFECTIVE GROSS INCOME</b>	367290	1693175	1959945	2015583	2168648	2266075	2330770	2510249	2625032	2625032
<b>OPERATING COSTS</b>										
Utilities										
*Heat	202730	437250	463485	491294	520772	552018	585139	620247	657462	696910
*Electric	13303	73674	78116	82803	87771	93037	98617	104537	110807	117457
*Water & Sewer	10199	37713	39976	42374	44917	47612	50468	53496	56706	60108
Maintenance										
*Heating System, Etc.	37897	4373	4633	4913	5208	5520	5851	6202	6575	6969
*Elevators	9281	39353	41714	44216	46869	49682	52663	55822	59172	62722
*Buildings & Grounds	88274	127240	134874	142967	151545	160637	170275	180492	191322	202801
Other										
*Management 85% of E.S.I.	0	84659	97997	100779	108432	113304	118538	125512	131252	131252
*Insurance	6000	23859	25281	26798	28406	30110	31917	33832	35862	38013
*F.R. Tax	0	338633	371989	403117	433730	453215	468154	502050	525006	525006
*Fire Protection	15000	15000	15000	15000	15000	15000	15000	15000	15000	15000
*Security	54000	76320	80899	85753	90898	96352	102133	108261	114757	121642
*Alarm	916	6122	6487	6878	7271	7728	8172	8693	9204	9757
*Trash	2306	11369	12051	12774	13540	14352	15214	16126	17094	18120
*Snow Removal	2000	6360	6742	7146	7575	8029	8511	9022	9563	10137
<b>TOTAL OPERATING COSTS</b>	441726	1281935	1399246	1466911	1561953	1646597	1726675	1837294	1939783	2015875
Per Square Foot	.56	1.63	1.78	1.87	1.99	2.10	2.20	2.34	2.47	2.57
<b>REIMBURSABLE EXPENSES</b>	115416	391935	474530	513203	554198	597651	643712	692537	744291	799151
Per Square Foot	.15	.50	.60	.65	.71	.76	.82	.89	.95	1.02
<b>N.G.I. BEFORE DEBT</b>	42970	803175	1035228	1061975	1160893	1217129	1247807	1363502	1429541	1408228
Per Square Foot	.05	1.02	1.32	1.35	1.48	1.55	1.59	1.74	1.82	1.79

Note:

Per Square Foot based on rentable s.f.  
1.06 = inflation factor applied to expenses  
825000 = gross s.f.  
732000 = rentable s.f.  
Reimbursable expenses include cost of heat, trash disposal, alarm service, and snow removal.  
Also include, beginning in 1995, the increase over the base year (1984) cost to the landlord of providing heating system and elevator maintenance, building insurance, electricity for common areas & mechanical equipment, and domestic water and sewer use. 1984 assumes 85% average occupancy.  
Operating cost projections are based on adjusted historical data from 3MIP Building #32 and the Army base Water figures provided by Facilities Engineers, U.S. Army, Fort Devens.

BOSTON ARMY BASE

Debt Service -- Sections B,C,D  
2/14/83  
(debtB)

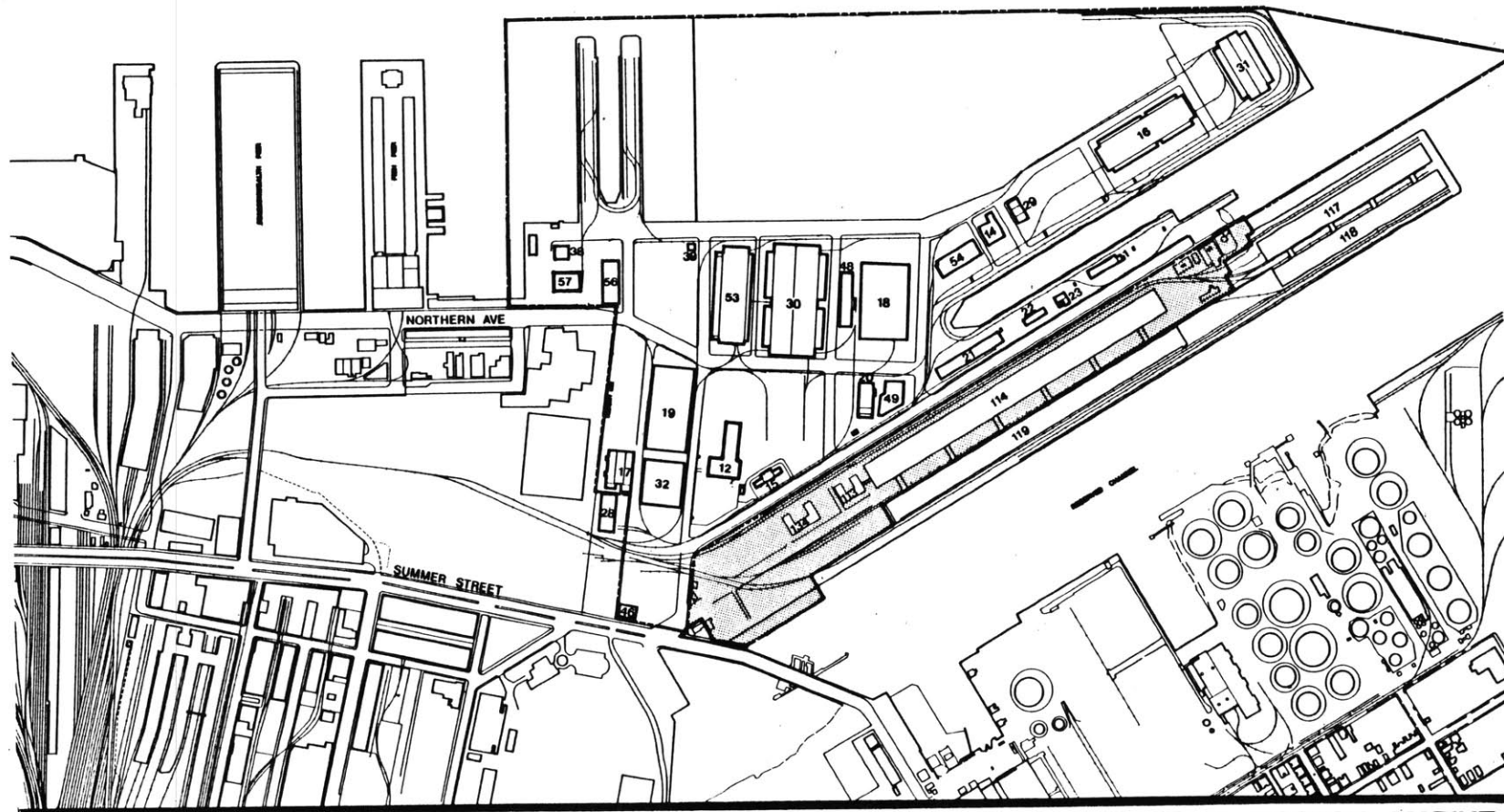
TEN YEAR PROJECTION (Subject to Revision)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
W.O.T. BEFORE DEBT	42970	803175	1035228	1061975	1160893	1217129	1247807	1363502	1429541	1468288
<b>DEBT PAYMENTS</b>										
*Ind. Rev. Bond (\$5.95 million, 10.25%, 25 yr. sched.)	---	609875	609875	609875	609875	609875	719727	707529	675332	663135
*Urban Dev. Action Grant (\$5.644 million, 3%, 30 yrs.)	---	---	---	---	---	202381	202381	202381	202381	202381
<b>OTHER PAYMENTS</b>										
*IRB Letter of Credit Fee (1.25% of outstg. princ.bal.)	---	82898	82898	82898	82898	82898	82155	81411	80657	79923
*IRB Servicing Fee	---	4958	4958	4958	4958	4958	4958	4958	4958	4958
*Ground Lease	---	75000	75000	75000	75000	75000	75000	75000	75000	75000
TOTAL DEBT & OTHER PAYMENTS	0	772731	772731	772731	772731	975112	1084221	1071279	1058338	1045397
NET INCOME AFTER DEBT	42970	30444	262497	289244	388162	242017	163586	292223	371203	362891
<b>DEBT COVERAGE</b>										
*IRB Only	---	1.32	1.70	1.74	1.90	2.00	1.73	1.93	2.06	2.06
*Total Debt & Other Payments	---	1.04	1.34	1.37	1.50	1.25	1.15	1.27	1.35	1.35

Note:

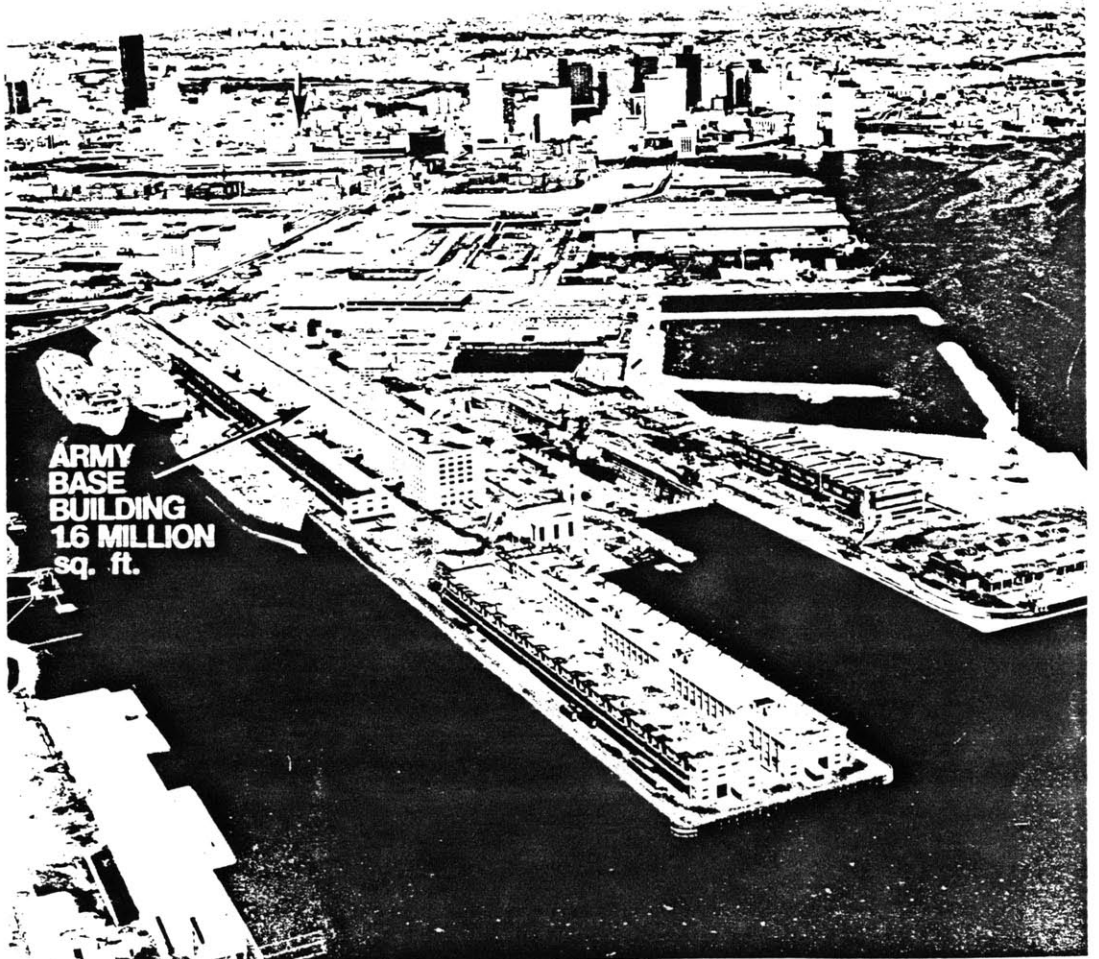
IRB of \$5.95 million is interest only for 5 years (4/83-4/88) and amortized 2% during years 6-10 and 4.5% during years 11-20; balloon of principal in year 20.  
IRB payments are due semi-annually; UDAG payments are due quarterly  
IRB letter of credit and servicing fees are due annually

BOSTON HARBOR



# BOSTON ARMY BASE & BOSTON MARINE INDUSTRIAL PARK

ECONOMIC DEVELOPMENT & INDUSTRIAL CORPORATION OF BOSTON  
1968



**ARMY  
BASE  
BUILDING  
16 MILLION  
sq. ft.**

# EDIC/Boston

TO: Brian F. Dacey, Marilyn Swartz Lloyd, Martha Goldsmith  
FROM: Dan Fishbein  
DATE: March 9, 1981  
RE: Relocation of Garment and Leather Goods Firms

Attached is a statistical profile of the Boston garment industry, information on companies which have requested relocation assistance, and a list of potential sites for relocation. These materials are summarized below:

## PROBLEM

- 4,000 jobs at stake, 130 companies in garment and leather districts threatened by downtown expansion.
- 90% of employees are Boston residents, most are low-skilled minorities.
- Would totally negate the 4,000 industrial job increase since 1977.
- Primary reason for dislocation is increasing demand for office and housing space. Secondary reasons: BRA planned realignments of South Street and Atlantic Avenue, expansion of Tufts University Medical Center, congestion, and desire for equity.

## COMPANIES REQUESTING ASSISTANCE

- 21 companies employing 1,700 people.
- Must remain near Chinatown. Interested in nearby locations in South End and South Boston.

## COURSE OF ACTION

- BRA makes 4.5 acres of land at 433-439 & 543 Harrison Avenue available.
- EDIC makes BMIP entranceway area and Army Base available.
- Request that Massport consider making space available in Naval Recreation area and Commonwealth Flats.



Kevin H. White, Mayor/Economic Development & Industrial Corporation of Boston  
18 Tremont Street, Boston, MA 02108 / (617) 725-3342

15  
78  
16

Brian F. Dacey, Marilyn Swartz Lloyd, Martha Goldsmith  
March 9, 1981  
Page 2

- BIDFA and First National Bank of Boston make industrial revenue bond financing available for new construction.
- EDIC/BRA subsidize development pending need and availability (Government Land Bank, 121A or in-lieu-of-tax agreement with land lease, EDA Trade Adjustment Assistance).

#### TIME FRAME

- Most firms must find a new location within 1 year. Up to 1,000 jobs have been lost during the past year.

With a few exceptions, the companies which have contacted EDIC/Boston are most interested in locating at the BMIP or the BRA properties on Harrison Avenue, near E. Berkeley Street. Given the large number of companies which must relocate it may be feasible to construct new buildings at both locations with 1 or 2 anchor firms at each location. Two financially sound firms, Berman Leather and Advanced Electronics, are most interested in the South End property, while Fitwell Apparel might anchor a South Boston facility. The First National Bank of Boston has shown some interest in purchasing industrial revenue bonds or providing some other financing for a new facility if an anchor company takes responsibility for amortizing the loan.

It may also be worthwhile to urge Massport to lease or sell 4-5 acres of the 29-acre Naval Recreation Area or 22-acre Commonwealth Flats site. The location of a garment/leather industry facility on a small portion of 1 of these sites would not interfere with Massport's interest in providing space for maritime-related development.

DF:jm

xc: Henry Price



Kevin H. White, Mayor/Economic Development & Industrial Corporation of Boston



# EDIC/Boston

TO: Dan Fishbein  
FROM: Mike Adams & Sandra Curry  
DATE: March 5, 1981  
RE: Profile of Garment Industry

The garment industry in Boston includes 213 firms employing between 5656 and 12,426 persons. The average number of employees per company is 41. The following is a breakdown of the industry according to products produced and the location of firms. The information was compiled from EDIC/Boston's Directory of Boston Employers. The employment figures are based on employment range categories used in the Directory.

The largest concentrations of firms in the garment industry are located in the downtown area, South Boston, East Boston and the Washington Street and Massachusetts Avenue area of Roxbury.

<u>PRODUCT</u>	<u>CITYWIDE</u>		<u>DOWNTOWN</u>	
	<u># of Firms</u>	<u># of Employees</u>	<u># of Firms</u>	<u># of Employees</u>
1. Men's & boy's suits, coats, & furnishings	38	728-2011	23	336-1008
2. Women's outerwear and undergarments	110	3462-7696	72	2056-4521
3. Children's outerwear, fur goods & miscellaneous apparel and accessories	18	640-1404	7	200-471
4. Other	<u>46</u>	<u>756-1757</u>	<u>7</u>	<u>42-87</u>
TOTAL	212	5586-12,868	109	2634-6087

MA:SC:jm



Kevin H. White, Mayor/Economic Development & Industrial Corporation of Boston  
18 Tremont Street, Boston, MA 02108 / (617) 725-3342

# EDIC/Boston

TO: Dan Fishbein  
FROM: Mike Adams *Ma*  
DATE: March 5, 1981  
RE: Sites Available for Garment Industry Relocation

---

## A. SOUTH END

1. 464 Harrison Avenue  
150,000 SF/Building; 20,000 SF/Open Land  
Owner: Davidson Management Company  
Availability: Currently available for lease at \$2.50-\$2.75 SF.
2. 500 Harrison Avenue  
150,000 SF/Building; 20,000 SF/Open Land  
Owner: Davidson Management Company  
Availability: Currently available for lease at \$2.50-\$2.75 SF.
3. 433-443 Harrison Avenue and 543 Harrison Avenue  
Approximately 4.2 acres separated by underutilized side street.  
Owner: BRA  
Availability: Proposals for development will be considered by the BRA.

## B. SOUTH BOSTON

1. BMIP Entrance, 660 Summer Street  
190,000 SF/Open Land  
Owner: EDIC/Boston  
Availability: 60,000 SF are now available in the BMIP. This can be expanded to 190,000 SF by moving utility lines and/or acquiring the Army Base.
2. Navy Recreation Site; 500 block Summer Street  
100,000 SF/Building; 800,000 SF/Open Land  
Owner: MassPort  
Availability: MassPort has not decided on a use for this property.



Kevin H. White, Mayor/Economic Development & Industrial Corporation of Boston  
18 Tremont Street, Boston, MA 02108 / (617) 725-3342

Dan Fishbein  
March 5, 1981  
Page 2

3. Commonwealth Flats, Summer Street  
22 Acres open land  
Owner: Massport  
Availability: Massport plans to make this available to the fishing industry.
4. Fargo Building, 451 D. Street  
131,000 SF building space available  
Broker: Codman Company, Exclusive  
Availability: 15,000 SF on 3rd floor, 51,000 SF on 4th floor, 28,000 SF on 5th floor, 47,000 SF on 6th floor.
- \* 5. Boston Army Base, 660 Summer Street  
2,424,000 SF building space  
Owner: U.S. Army  
Availability: Building 114, containing 1,651,200 SF of space will be conveyed to EDIC in 1 year. Space available for lease in 2 years. (Time frame too long for most companies)

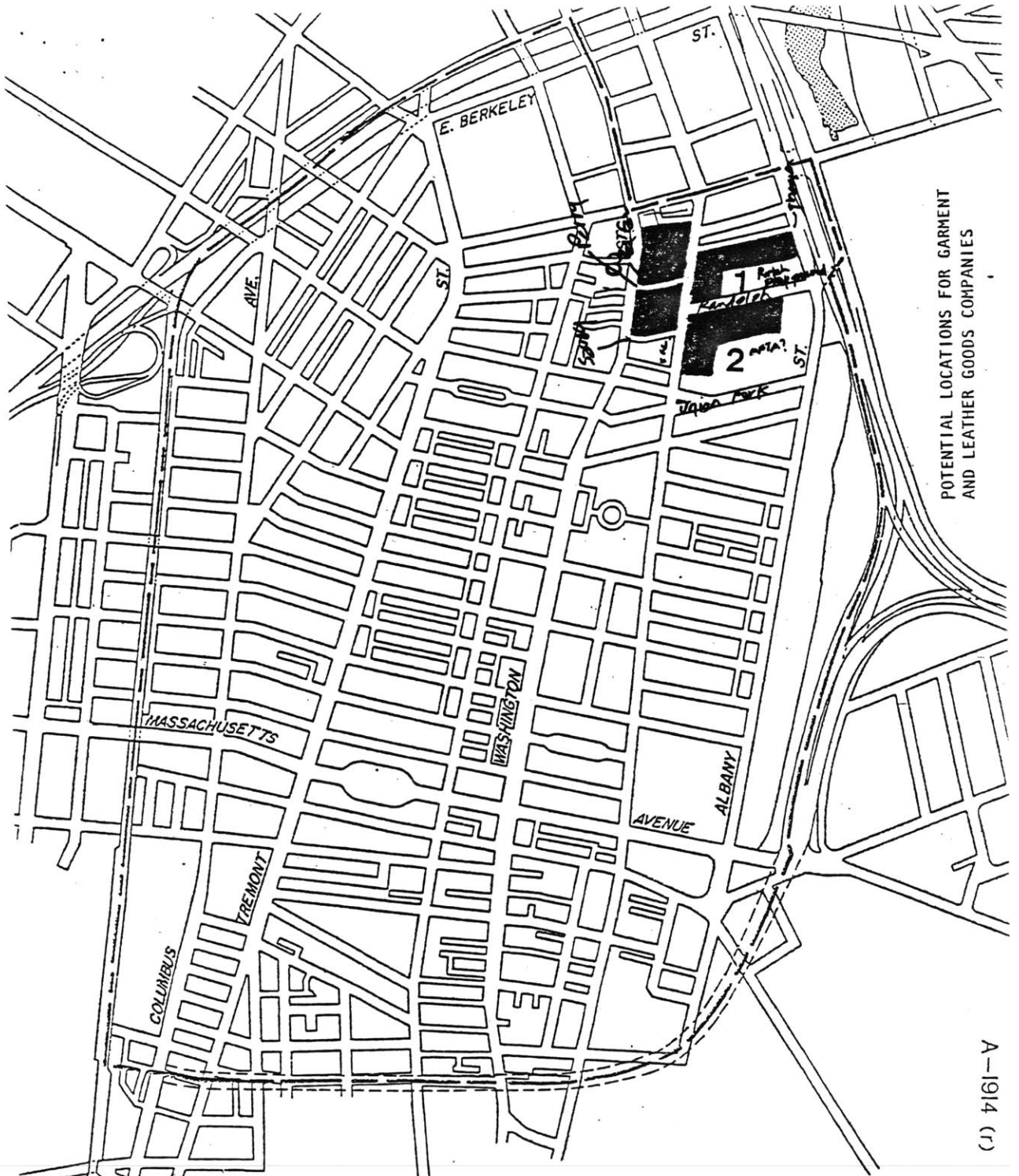
C. CHARLESTOWN

1. Charlestown Navy Yard, Chelsea Street  
Building #114: 80,000 SF  
Building #149: 725,000 SF  
Building #199: 550,000 SF  
Owner: BRA  
Availability: BRA will consider proposals for buildings  
Companies interested must form a single development entity. All three buildings would need some rehabilitation work.
2. 7 Sherman Street  
50,000 SF/Building; 13,000 SF/Open Land  
Owner: Barry Goldman  
Availability: Presently available for sale at \$175,000. Building has wood frame, aluminum siding.

MA:jm



Kevin H. White, Mayor/Economic Development & Industrial Corporation of Boston

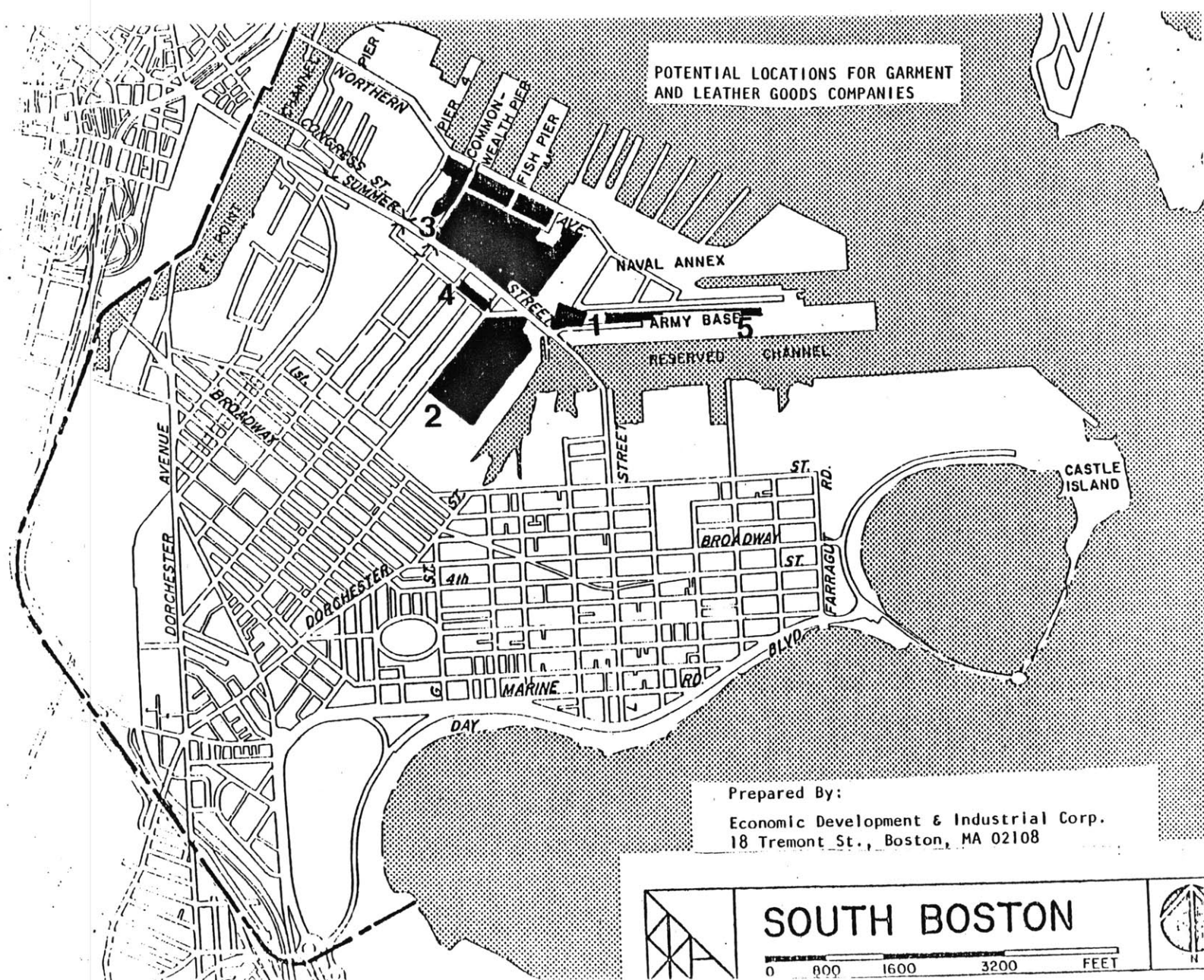


POTENTIAL LOCATIONS FOR GARMENT  
AND LEATHER GOODS COMPANIES

A-1914 (r)

Prepared By:  
Economic Development &  
Industrial Corporation  
18 Tremont St.  
Boston, MA 02108

	<p><b>SOUTH END</b></p>	
--	-------------------------	--



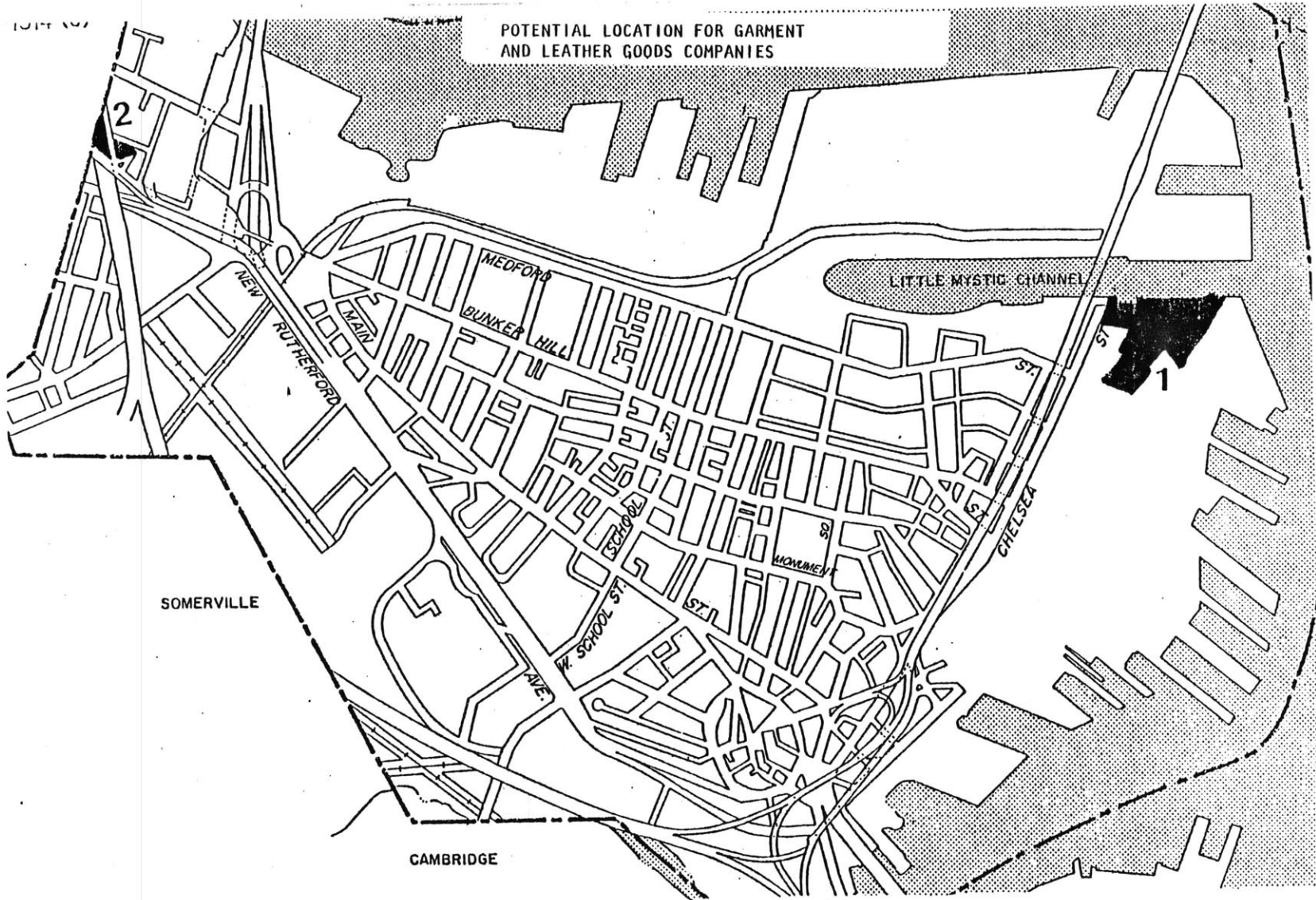
POTENTIAL LOCATIONS FOR GARMENT  
AND LEATHER GOODS COMPANIES

Prepared By:  
Economic Development & Industrial Corp.  
18 Tremont St., Boston, MA 02108

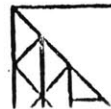
**SOUTH BOSTON**

0 800 1600 3200 FEET

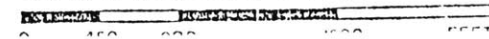
A north arrow is located to the right of the title. Below the title is a scale bar marked in feet, with increments at 0, 800, 1600, and 3200.



Prepared By:  
 Economic Development & Industrial Corp.  
 18 Tremont St., Boston, MA 02108



**CHARLESTOWN**



## RESULTS OF THE DOWNTOWN BOSTON APPAREL AND LEATHER COMPANY SURVEY

Ninety-one percent of the respondents to the Economic Development and Industrial Corporation of Boston (EDIC/Boston) apparel and leather industry survey must relocate. These companies will need over 600,000 square feet of space.

The majority of the companies who responded to the survey appear to be stable businesses. The aggregate employment level has increased 24 percent from three years ago and the vast majority of companies indicated that their units of production and gross sales have increased also.

The survey was done by EDIC/Boston to assess the magnitude and immediacy of the relocation problem which faces the garment and leather companies of downtown Boston and to determine the space requirements for a garment center building. Distributed to 185 companies in the downtown area, a full 25 percent, or 47 firms responded to the survey. These 47 companies employ 2,356 people which represents 51 percent of the estimated 4,600 downtown garment workers.

Of the 47 companies answering the survey, 43 firms who employ 2,016 people indicated that they must relocate. The reasons mentioned most often for having to move are the conversion of buildings to office-space (15 companies) and medical space (11 companies).

Based on the lease expiration dates of the companies who need to move, the relocation problem is immediate. Twenty companies, 47 percent of those who need to relocate, are either tenants-at-will or have leases which expire in 1981. Another 14 companies have leases that will end in 1982.

The average rent which apparel manufacturers and contractors currently pay is \$2.16 per square foot with a range of \$.94 to \$4.01. Garment and leather wholesalers, who usually have smaller spaces than the garment producers, pay an average of \$3.64 per square foot. The range of rent for wholesalers is much greater, \$1.25 to \$10.50, because the quality of space varies significantly. Some wholesalers have mostly warehouse space, while others require only showrooms.

Boston's two largest banks, Shawmut Bank of Boston and First National Bank of Boston, have the majority of respondents as clients with 21 and 18 firms, respectively.



The apparel industry, which is quite labor-intensive, employs a large percentage of minorities. Of the 2,356 people employed by the companies who responded to the survey, 47 percent are Oriental and another 18 percent represent other racial minority groups. In addition, 58 percent of the workers are residents of Boston. A majority of the employees, 57 percent, use mass transportation to get to work, while another 21 percent walk.

Nearly all the respondents were interested in locating in a permanent garment center building. Thirty-seven companies would be willing to contribute \$200 - \$400 towards hiring consultants to devise a feasibility study, building scheme and financial plan for such a garment center. A matching contribution would be made by public and private institutions.

Although preference with regard to location of a garment center was not a question on the survey, interest was shown for several suggested options. Sixteen companies had a specific interest in South Boston at either the Boston Marine Industrial Park (BMIP) or the Boston Army Base, while five other companies desired to build on property in the South End. Eight wholesale companies were interested in a wholesale trade center which would attract buyers throughout New England.

Based on detailed building requirements and using a computer program, several cost estimates were developed for alternative garment center buildings. The construction of a 400,000 square foot building with 4 freight elevators on 2 floors at the BMIP would cost approximately \$32.00 per square foot. This could accommodate the 16 companies who previously expressed an interest in the plan. With two additional stories for this building, the cost would be \$30.50 per square foot. When portions of the building which can not be used for production or office space (stairways, elevators, cafeteria) are deducted from the total building area, construction costs increase to \$38.00 per square foot and \$36.00 per square foot respectively. The cost of construction of a building in the South End would be comparable. Because construction costs are high there has been increased interest in locating at the Boston Army Base.



SUMMARY OF SURVEY RESULTS

- o Strong response: 47 companies employing 2,356 people
- o 77% of respondents could face eviction/substantial rent increases within 1 year.
- o Respondents are stable: 462 employees added in past 3 years. Units of production rising.
- o 58% of employees live in Boston. Most take public transportation to work.
- o 16 companies expressed strong interest in locating garment center at BMIP or BAB, 400,000 SF needed.
- o Undecided companies could increase garment center to 600,000 SF.
- o 2 or 3 story garment center (new construction) would cost approximately \$25.00 - \$30.00/SF (final estimate will be available Thursday).



Kevin H. White, Mayor/Economic Development & Industrial Corporation of Boston

# EDIC/Boston

## GARMENT SURVEY RESULTS

### PART I

	Total	Group A	Group B	Group C
Type of Product: (number of companies)				
women's apparel	31			
leather goods	8			
samples	2			
men's apparel	3			
other	3			
Type of Company: (number of companies)				
manufacturers	9			
contractors	21			
wholesaler, garment	7			
wholesaler, leather	8			
other	2			
Bank: (number of companies)				
First National Bank of Boston	18			
Shawmut National	21			
other	8			
Annual Rent:	mean	standard deviation		
manufacturers	2.34	.72		
contractors	1.98	.89		
wholesaler, garment	4.03	3.60		
wholesaler, leather	3.25	2.43		
other	1.53	---		
All	2.28	1.29		



Kevin H. White, Mayor/Economic Development & Industrial Corporation of Boston  
18 Tremont Street, Boston, MA 02108 / (617) 725-3342

GARMENT SURVEY RESULTS

PART I

	Total	Group A	Group B	Group C
Do you expect a sub- stantial rent increase this year?: (number of companies)				
YES	24			
NO	14			
other	2			
did not answer	7			
Expiration date of current lease: (number of companies)				
tenant at will	21			
8/81 to 11/81	2			
12/81 to 3/82	4			
4/82 to 7/82	8			
8/82 to 11/82	2			
12/82 to 3/83	3			
4/83 to 7/83	2			
8/83 to 11/83	0			
12/83+	3			
owns building	1			
did not answer	1			
Do you need to relocate?: (number of companies)				
definitely	29			
likely	14			
unlikely	1			
definitely not	-			
did not answer	3			

GARMENT SURVEY RESULTS

PART I

	Total	Group A	Group B	Group C
Why do you have to relocate?: (number of companies)				
conversion to housing	3			
conversion to officespace	15			
conversion to medical space	11			
street realignment	3			
need to expand or modernize	6			
rent increase	4			
did not answer	4			
does not have to relocate but interested in garment center	1			
Why do you have to relocate?: (number of employees)				
conversion to housing	147			
conversion to officespace	573			
conversion to medical space	805			
street realignment	35			
need to expand or modernize	296			
rent increase	160			
did not answer	250			
does not have to relocate but interested in garment center	90			
Current number of employees:				
manufacturers	625			
contractors	1,546			
wholesalers, garment	76			
wholesalers, leather	91			
other	18			
Total	2,356		1,205	320

GARMENT SURVEY RESULTS

PART I

	Total	Group A	Group B	Group C
Number of Employees 3 years ago?:				
manufacturers	405			
contractors	1,340			
wholesalers, garment	54			
wholesalers, leather	74			
other	21			
Total	1,894			
Ethnicity of Workforce: (number of employees)				
black	144		89	9
hispanic	177		80	34
oriental	1,108		647	231
other minorities	95		87	-
caucasian	819		302	46
did not answer	13		-	-
Total	2,356		1,205	320
Workforce Transportation Needs: (number of employees)				
employees living in Boston	1,362		774	259
employees using public transportation	1,330		679	66
employees who walk to work	490		183	231
Number of Employees Living in Boston:				
manufacturers	277			
contractors	1,034			
wholesalers, garment	19			
wholesalers, leather	20			
other	12			
Gross Payroll: (\$)*				
manufacturers	\$ 4,188,500			
contractors	12,625,000			
wholesalers, garment	125,000			
wholesalers, leather	1,327,000			
other	500,000			
Total	\$18,765,500		\$9,258,500	\$2,525,000

\*Note: Number of Companies not answering 12

GARMENT SURVEY RESULTS

PART I

	Total	Group A	Group B	Group C
<b>Production and Sales</b>				
In the past 3 years				
have your units of pro-				
duction changed?:				
(number of companies)				
increased	31			
decreased	5			
stayed the same	5			
did not answer	6			
In the past 3 years				
have your gross sales				
changed?:				
(number of companies)				
increased	35			
decreased	2			
stayed the same	5			
did not answer	5			
Would you consider a				
new garment center				
building?:				
YES	43			
NO	3			
did not answer	1			
Would you prefer to				
lease or own?:				
(number of companies)				
lease	12			
own	26			
did not answer	9			
Preference to lease				
or own				
(number of companies/ number of square feet)				
lease	12/ 71,900	7/ 48,800	2/ 17,000	0/0
own	25/500,500	22/420,500	12/295,500	5/65,000
did not answer	10/114,500	6/ 80,500	2/ 23,500	-
Would you contribute				
\$200-\$400 towards a				
consultant?:				
YES	37			
NO	8			
did not answer	2			

Part II Survey Results

Group A: All companies interested in garment center except wholesalers 35 respondents

Group B: BMIP subgroup 16 respondents

Group C: South End subgroup 5 respondents

Questions:	A	B	C
A. Gross floor area:	558,800	336,000	65,000
B. What percent of A would be:			
1) office	30,275	17,400	700
2) warehouse	149,920	127,500	0
3) mfg./assembly	369,275	139,600	64,300
4) other	9,330	1,500	0
C. "... would space above first floor be OK?"			
Yes	33	15	5
No	6	1	0
D. "... could some portion of operation be above first floor?"			
E. If yes to D			
1.			
2.			
3.			
4.			
5.			
F. Minimum ceiling height square feet of floor space with ceiling over 12'			
1) office	4,400 s.f.	0 s.f.	0 s.f.
2) warehouse	33,700	31,000	0
3) manufacturing	33,070	0	0
4) other	0	0	0
G. Length x width			

	A	B	C
H. 1) % of wall space for windows			
2) # of freight/shipping doors	51	25	7
3) Estimated size of doors			
4) Hours/day use of door	75.08	41.75	5
5) # of freight elevators	38	16	5
6) Size of elevators			
7) Weight cap. of elevators			
8) Hours/day use elevator	67.08	35.25	6
I. Utilities			
Heat			
1) office	30,275 s.f.	18,150 s.f.	700 s.f.
2) warehouse	136,270	114,900	0
3) manufacturing	365,675	189,600	60,700
4) other	7,550	0	0
Total	539,770	277,650	61,400
A/C			
1) office	26,070	17,400	0
2) warehouse	136,270	114,900	0
3) manufacturing	280,150	150,600	39,000
4) other	4,750	0	0
Total	447,240	282,900	39,000
Ventilation			
1) office			
2) warehouse			
3) manufacturing			
4) other			
5) # of amps			
6) steam required:			
yes	26	12	5
no	8	4	0
if yes:			
volume	160		80
pressure	540	80	90
J. Rest room facilities			
1) office			
male	42	21	0
female	77	55	0
2) warehouse			
male	82	58	0
female	31	15	0
3) manufacturing			
male	376	212	29
female	1,588	866	279
4) other			
male	14	10	0
female	38	19	0
	<u>2,243</u>	<u>1,256</u>	



	A	B	C
K. "... separate toilet facilities/ common facilities acceptable?"			
yes			
no			
L. Parking			
1) employees adj. to prop./all day	189	100	18
2) employees adj. to entrance/all day	49	13	0
3) visitors entrance/2 hours	53	21	0
4) visitors entrance/15 minutes	35	14	6
5) number of trucks parked overnight	<u>326</u>	<u>148</u>	<u>24</u>
small	0	0	0
medium	1	1	0
large	0	0	0
M. Willing to pay for parking?			
yes	29	13	5
no	4	2	0
N. Fee for parking			
Indoor			
range	\$25-60/mo.	\$30-65/mo.	\$60/mo.
average	\$46.40/mo.	\$52.60/mo.	\$60/mo.
Outdoor			
range	\$20-50/mo.	\$20-50/mo.	\$30/mo.
average	\$34.70/mo.	\$34.70/mo.	\$30/mo.

	A	B	C
K. "... separate toilet facilities/ common facilities acceptable?"			
yes			
no			
L. Parking			
1) employees adj. to prop./all day	189	100	18
2) employees adj. to entrance/all day	49	13	0
3) visitors entrance/2 hours	53	21	0
4) visitors entrance/15 minutes	35	14	6
5) number of trucks parked overnight	326	148	24
small	0	0	0
medium	1	1	0
large	0	0	0
M. Willing to pay for parking?			
yes	29	13	5
no	4	2	0
N. Fee for parking			
Indoor			
range	\$25-60/mo.	\$30-65/mo.	\$60/mo.
average	\$46.40/mo.	\$52.60/mo.	\$60/mo.
Outdoor			
range	\$20-50/mo.	\$20-50/mo.	\$30/mo.
average	\$34.70/mo.	\$34.70/mo.	\$30/mo.

---

# GARMENT INDUSTRY RELOCATION ASSOCIATION NEWS

---

Published by the Economic Development  
and Industrial Corporation of Boston

September 29, 1981

## GARMENT INDUSTRY RELOCATION ASSOCIATION FORMED

The garment companies located in the Chinatown vicinity have formed an association which will be the driving force behind the relocation of the downtown apparel industry.

The first meeting of the Association, held on September 17 at the Quincy Community School, was attended by 21 company owners and representatives from the First National Bank of Boston, the Shawmut National Bank, the International Ladies Garment Workers' Union (ILGWU), the Mayor's Office, the Economic Development and Industrial Corporation of Boston (EDIC/Boston), the Boston Redevelopment Authority (BRA), the Boston Committee, the Chinatown Housing and Land Development Task Force, Congressional staff members and trade associations. The Association's goal is to make space available for member companies at the Boston Army Base as soon as possible and at an affordable cost.

The Association's first task will be to hire a consultant to represent the industry during its relocation efforts. The consultant will also provide technical assistance to member companies for financial packaging, cost estimates and advice on development. Each member of the Association has contributed \$400.00 towards the consultant's fees.

Tufts New England Medical Center (T-NEMC) Executive Director Edward Ehrlich has agreed to match the \$400.00 contributions with up to \$10,000. Many Association members are T-NEMC tenants at the 15 and 35 Kneeland Street buildings, which are operated by T-NEMC.

The Association meeting included a report by the EDIC/Boston on the progress being made towards obtaining the Boston Army Base. A \$75,000 grant has recently been obtained by EDIC in order to determine what utility and building improvements will be needed at the Base. EDIC's top priority is to allocate space in the 1,600,000 square foot Boston Army Base to Association members.

Rents in the building will be based on its acquisition costs, improvement costs and operating expenses for heat and maintenance. While building renovation costs will be known in early November, EDIC/Boston is urging federal authorities to determine the building sale price by the end of the year. The Association consultant will work to speed up this process.

An Executive Committee for the Garment Industry Relocation Association was selected at the September 17th meeting. The Committee will meet bi-weekly to hear reports from the consultant, and determine what needs to be done to move the project forward. All decisions of the Committee will be subject to the approval of a majority of Association members. All Association members will hold monthly

MARIO SPORTSWEAR LEASE FOR FARGO BUILDING NEARING COMPLETION

It is anticipated that Mario Sportswear Company, Inc. will finalize leasing arrangements with the Codman Company for approximately 24,000 SF of space in the Fargo Building within the next few days. Mario Sportswear Treasurer, Salvatore Lo Porto, was informed about the availability of space in the Fargo Building, located at 451 D Street near the Boston Army Base, during a meeting at the EDIC/Boston office on January 10.

Mario is currently located at 10 Thatcher Street in the North End. The new building owner plans to convert the facility to residential condominiums. EDIC/Boston, Mario's Attorney, and the BRA worked with the building owner to give Mario three months of additional time to relocate. The space to be leased in the Fargo Building could not have been readied for Mario, if this time extension had not been obtained.

meetings. Committee and membership meetings will be co-chaired by a garment company owner (to be selected), Ronald Alman, New England Regional Director of the ILGWU, and Brian F. Dacey, Director, EDIC/Boston.

Members of the Executive Committee are:

Murton Sudalter  
owner  
Victor Bias Binding Company

Dexter Fields  
owner  
Cricket Sportswear, Inc.

Ronald Alman  
New England Regional Director  
ILGWU

Brian F. Dacey  
Director  
EDIC/Boston

Robert Ryan  
Deputy Mayor  
Director, BRA

David Lavien  
Legal Counsel  
Contractor's Association

Joseph Tansey  
Assistant Vice President  
First National Bank of Boston

Lester Geist  
owner  
Herman Geist, Inc.

Selma Gottlieb  
Executive Director  
Apparel Manufacturers Association

Jay Fialkow  
Attorney  
Apparel Manufacturers Association

U.S. Senator Paul E. Tsongas

U.S. Senator Edward M. Kennedy

U.S. Representative John J. Moakley

Glen Huttiff  
Chinatown Housing and Land  
Development Task Force

A.V. O'Hanley  
Vice President  
Shawmut National Bank

Frank Jones  
President  
The Boston Committee

Additional Committee members can be chosen by majority vote of the Association members. The first Committee meeting will be held on October 2 at 10:00 AM at the office of the ILGWU. At that time, Committee members will interview a proposed Association consultant. Committee members will also review the Association by-laws.

#### FUTURE NEWSLETTERS WILL BE MAILED TO ASSOCIATION MEMBERS

All companies who wish to be a part of the Garment Industry Center should join the Association. This involves the contribution of \$400,00 which will be used for the consultant's fee. Those companies who would like to become members should contact Murton Sudalter at 426-1363, Lester Geist at 426-7237, or Dexter Fields at 426-6391.

In the future, newsletters and other written communications will only be sent to companies who have joined the Association.

# METRO/REGION

## Officials take a stand for Chinatown

By Joan Vennoch  
Globe Staff

The 12-acre complex that makes up the Tufts-New England Medical Center is close to the heart of Boston's Chinatown. The boundary lines that gave the territory exclusively to Tufts were drawn more than 15 years ago; a tug-of-war between the needs of the Chinese community and the expansion desires of the institution has continued since then.

Today, for the first time since the urban renewal years, Boston city officials have stepped in to give official support to Chinatown. The city's actions come in the face of recent expansion efforts by the Medical Center that the city says threaten jobs and industry in Boston.

"Tufts is making private decisions that have tremendous implications for the rest of the city," Robert L. Ryan, the director of the Boston Redevelopment Authority

(BRA), said in a recent interview. "We have taken a stand."

The official population in Chinatown is about 7500, but officials estimate that the number of illegal aliens may double the population. As the population has grown, tight living quarters and job shortages have intensified the conflict over the medical center's continued expansion.

Today, Chinatown's viability as a neighborhood, not a mere commercial district, is threatened by a combination of private and commercial development in and around the community, city officials and Chinatown spokesmen say.

BRA officials helped draw the boundary lines for Tufts in the mid-1960s. Ever since then, one BRA official now says, the belief that the BRA and Tufts "have been in bed together" has prevailed in Chinatown and elsewhere in the city.

But now, in the aftermath of Tufts'

spillover into two buildings in Chinatown's garment district, and a recently publicized plan to build a medical library, Ryan said that the city is increasing the scrutiny given to the medical center's development plans and its impact on the surrounding community.

The garment district buildings at 15 and 35 Kneeland st., which the medical center leased last February with an option to buy, house 11 apparel companies and about 600 garment workers.

Since last spring, the city's Economic Development and Industrial Commission has been working with the apparel company owners on a plan to relocate to South Boston.

City officials fear that if the workers and companies in the Kneeland street buildings are forced out of Boston, the garment industry will collapse.

"That's not just a Chinatown or Tufts' consideration," said Ryan. "That's a busi-

ness consideration, an economic consideration."

In Chinatown, where the issue of the medical center's expansion has surfaced with renewed intensity over the past year, some community leaders say that time has come for the community to negotiate more strongly, and to use city politics for more effective leverage in its dealings with the Medical Center.

"Tufts got most of what it wanted in the past, because no one said anything," said William Chin, the president of the Chinese Consolidated Benevolent Assn., in a recent interview. "We [in Chinatown] don't want the moon; we just want them to recognize the needs of the Chinese community."

Medical center officials insist that the institution has been a "good neighbor" to Chinatown over the years. As examples, they cite assistance they have provided in CHINATOWN, Page 22

# Officials take a stand for Chinatown

## ■ CHINATOWN

Continued from Page 21

the planning and development of a health center and community school in Chinatown, as well as the nearly \$1 million they have contributed to the health center's operational budget.

Edward C. Ehrlich, the medical center's chief administrative officer, says that politics is at the root of the city's recent criticisms of the institution's plans.

"I attribute that [criticism] to being politically responsive. I don't think they could act in any other fashion," he says.

To those charges, Ryan says: "We are a political body. The mayor is the public trustee for the neighborhoods. Our responsibility is to the public."

As a result of new concerns over the impact of the medical center's most recent expansion plans, city

officials have taken these steps:

- The directors of two city agencies - the BRA and the Economic Development and Industrial Commission - wrote separate letters last October to medical center officials, criticizing the medical center's plans to raise rents and eventually evict tenants at 15 and 35 Kneeland st.

The BRA letter charged that the Medical Center was violating its 16-year-old cooperation agreement with the city, and threatened to withhold approval for future development plans.

In the cooperation agreement, the medical center agreed to "facilitate efficient use of land in the area for housing, commercial and institutional use" and to "preserve and strengthen the residential character of the area in such a way as to promote and insure its future."

The Economic Development



**EDWARD C. EHRLICH**  
Sees politics in city stance

Commission requested a moratorium on rent increases and evictions, until it could implement plans to relocate the garment industry in South Boston, and said it was "regrettable" that the medical center had gone ahead with earlier rent increases without informing city officials.

- Acting on the recommendation of the BRA, with support from the Chinese community, the city's Zoning Board of Appeals last October changed the procedure that a hospital must follow to win approval for expansion for medical use. The procedure, designed to impose tighter controls on institutional expansion throughout Boston, requires an independent review and recommendation for approval from the BRA before the Zoning Board of Appeals can approve a variance allowing medical use for a building lot.

Before the amendment, approval for such medical expansion was automatic. BRA officials said that their support for the amendment was triggered by the controversy over 15 and 35 Kneeland st. The medical center's plans for those two buildings must now be reviewed by the BRA, and approval won from the Zoning Board of Appeals.

- City officials say that they want to be kept better informed of plans for institutional growth, not only in Chinatown, but throughout Boston. This position is related to the extent of tax-exempt property in Boston and the impact from expansion of tax-exempt institutions on Boston's tax base, at a time when the city is facing serious fiscal problems.

The medical center, for example, now makes an annual payment in lieu of taxes under an agreement signed with the city in 1979. The payment, which is based in part on the number of Boston residents employed by the Medical Center, totalled \$89,033 last year.

The impact of the city's tougher stance is still uncertain.

For now, the medical center has put its plans for Kneeland street on hold as it awaits the findings of a consultant's report, for which it donated \$10,000, on a proposal to relocate the entire garment industry to South Boston. But Tufts' officials say that they will not "throw any tenants out into the cold."

The move to acquire the Kneeland street buildings marks the first time that the medical center has looked to property in Chinatown beyond the physical boundaries of the master plan that it

worked out with the BRA during the urban renewal years.

Medical center officials interpret the agreement to mean that they are not restricted to the literal boundaries of the master plan.

Ryan agrees that Tufts did not violate "the letter of law" by acquiring property beyond the master plan, but says the center's "unilateral action violated the goal of the cooperation agreement."

In Chinatown, community leaders say that the neighborhood has already lost substantial ground to Tufts' expansion, and they foresee a continuing battle ahead.

"Maybe I'm wrong," said Chin of the Chinese Consolidated Benevolent Assn., "but I really don't see any benefit to Chinatown. The medical center keeps on expanding; they keep buying our property. The minuses outweigh the pluses."

Ronald Yee, the executive director of the South Cove YMCA and a member of the medical center's Board of Trustees, says a community failure to maintain open channels of communication with Tufts over the years has resulted in Chinatown's getting less than it feels it deserves in employment outreach and housing assistance.

"I am sure that given the right circumstances, the right type of dinner meetings with the Medical Center and the community, serious negotiations could begin for the mutual benefit of all of us," says Yee.

In the meantime, Ehrlich of the medical center said that city officials have been exerting "tremendous" pressure in the effort to force changes in the institution's development plans.

Ryan does not deny it. He said that the city expects Tufts to "advise us of the implications of all their actions."

BRA officials have said that they were again thrown off balance last December when they learned from a newspaper article, rather than from Tufts, of the Medical Center's plans to build a medical library with a \$15 million federal grant.

To Ehrlich, this is another misunderstanding between the Medical Center and city officials. He said the city has known since urban renewal days that a library was in the offing. Ehrlich says that even if he were to change places with a Chinatown resident: "I could not see the negative effects [of the medical center's presence]." He says that the medical center has made concessions, such as giving up land allotted to it under urban renewal, in the interests of strengthening the Chinese community.

Ryan said he believes that the united stand taken over the past year by Chinatown and by city officials has made Tufts "slow down and pause and take a look at the implications of their actions."

For now, he said, he is satisfied that Tufts "recognizes their participation and effect on industry on the city is measurable, and that our (the BRA's) involvement is not to interfere but to preserve."

As for Tufts' future compliance with its cooperation agreement with the city, Ryan says: "I'll let you know when I find out more about their library."



transportation and childcare needs, require affirmative assistance in order to relocate to jobs outside Chinatown;

WHEREAS, the Chinese community seeks to insure the continuing economic viability of its neighborhood, and to strengthen its residential character in such a way as to achieve neighborhood stability and promote future growth that is consistent with community needs for housing, employment, and human services;

WHEREAS, the City of Boston seeks to strengthen and expand its real property tax base, to preserve the viability of the garment industry in Boston, and to facilitate efficient land use in Chinatown, South Cove and the Central Business area for housing, commercial and institutional use;

WHEREAS, all parties involved desire to demonstrate that complex issues and differences can be resolved through a spirit of mutual cooperation and good faith commitment to work together;

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. The Medical Center agrees to observe a moratorium on any evictions, except for just cause, of the present tenants of 15 and 35 Kneeland Street for a period of three years dating from the signing of this Agreement, or until a satisfactory

development project can be designed and fully implemented.

2. During the moratorium, the Medical Center agrees in good faith to maintain rents at levels which are reasonably based on the actual operating cost of the buildings and the tenants' ability to pay.

3. The Medical Center agrees to fully cooperate with all parties in the planning and implementation of a viable development project that is satisfactory to the industry, the garment workers, the Chinese community and the City. The Medical Center agrees to negotiate a fair displacement compensation settlement with the tenants for the purpose of assisting them in relocation.

4. The Medical Center agrees to cooperate with the City, the Union and the Chinese community in developing plans for the retraining and employment of garment workers displaced directly or indirectly as a result of the relocation of the industry from 15 and 35 Kneeland Street.

5. The City, through the offices of the Economic Development and Industrial Corporation or any other appropriate agency, agrees to continue its efforts to stabilize the garment industry within the City of Boston. The City shall coordinate the combined efforts of the parties to this Agreement to develop and implement a viable development project. The City agrees to use its best efforts to explore and obtain suitable finance and taxation packages to assist the industry.

6. The City agrees to convene a committee of representatives from the Medical Center, the Chinese community,

the Union and the Industry to monitor the progress of the development project.

7. The City agrees, through the Boston Redevelopment Authority or any other appropriate agency, to initiate a process that brings together representatives of the Medical Center and all sectors of the Chinese community in ongoing discussions regarding the Medical Center's Masterplan, as well as any developments in the Chinatown/South Cove neighborhoods. The purpose of these discussions is to generate a planning process that would involve the City, the Medical Center and the entire Chinese community in order to facilitate land use in Chinatown and South Cove.

8. The Industry agrees to work with the various parties in planning and implementing a development project.

9. The Union agrees to cooperate with all parties in carrying out the terms of this Agreement and the workforce, and by keeping its members informed of the progress of the development project.

10. The Chinese community agrees to cooperate and assist in the design and implementation of the development plan, to inform the community-at-large of its progress, and to assist in monitoring its progress and the terms of this Agreement.

# EDIC NEWS

## EDIC to Buy Boston Army Base; 200,000 Square Feet for Lease

Thirty-five garment companies will be moving to the South Boston Army Base next summer. They will fill nearly half of one of the largest industrial buildings in the metropolitan area—Building 114.

EDIC's development of the 1.6 million square foot complex is underway. A federal grant is in place, and engineering work has begun. Two hundred thousand square feet of commercial and industrial space is still available for lease and EDIC is signing tenants now for 1983 occupancy.

The first phase of development at Building 114 includes a garment center. That is welcome news for the City's second largest industry, which has been threatened by office and condominium development in Chinatown. The center will save thousands of jobs and keep the City's largest apparel firms from leaving town.



Photo by Peter Mancini/Inc.

### DEVELOPMENT

**An Industrial Renaissance.** On October 1, Boston Mayor Kevin H. White announced a \$3.7 million Urban Development Action Grant (UDAG) from HUD for the creation of the garment center. U.S. Senator Edward M. Kennedy, Massachusetts Senate President William Bulger and 100 business, banking and community representatives joined the Mayor in making the announcement. Both Mayor White and Senator Kennedy acknowledged the extraordinary contribution of U.S. Representative John Joseph Moakley in helping the project succeed. U.S. House Speaker Thomas P. O'Neill, Jr. and U.S. Senator Paul E. Tsongas were also credited for their work.

Mayor White called the garment center a "renaissance" for the City's apparel industry. He said the project is an excellent example of the public-private partnership "that is serving the neighborhoods of Boston so well."

"The garment industry has a proud history in Boston," said Senator Kennedy. The Senator used the opportunity to support the UDAG program and to voice his opposition to Reagan administration proposals to cut funding for it. "Projects like the garment center are proof of the value of the UDAG program," he said.

**Innovative Financing.** The UDAG is just a part of the \$14.7 million financial package which EDIC has assembled for the development of the garment center.

The largest portion of the money will come from a HUD Section 108 loan and a \$4.5 million industrial revenue bond backed by State Street Bank and Shawmut Bank. "Both banks have been extremely supportive of this project," said EDIC Director Brian Dacey. "William Egerly, the President and Chairman of State Street Bank and John LaWare, the Chairman of Shawmut Bank are clearly committed to manufacturing growth in the City."

Several million dollars in private investment and a loan from the Massachusetts Government Land Bank will also help finance the project. Garment companies moving into the Army Base have committed a total of one million dollars for their own building improvements, and a Massachusetts Public Works grant of \$600,000 will pay for road repairs.

**Building Sale Difficult.** Without a doubt, the most difficult aspect of the garment center project was negotiating the sale of the Army Base with the U.S. General Services Administration. The GSA had appraised the property at \$4.1 million. EDIC's independent appraisal put the value at \$1.5 million, and the final price was \$3.5 million. "We were facing extraordinary timing pressures," said Dacey. "The garment companies have to move from their present locations by next summer. The financing had to be in place so we could start renovations in January, and have the building ready in time for the companies to move in. However, HUD had said that it would not even consider our grant application until a sale agreement was reached. We had less than two months to make a deal."

(Continued on page 5)

**We've got space.**

**THE BOSTON ARMY BASE**  
666 Summer Street

200,000 Square Feet - Renovated  
Commercial and Industrial Uses

**Renovations include:**  
New utilities  
12 new passenger and freight elevators  
Off-street truck loading  
Convenient waterfront location  
24-hour security  
Long-term leases

Rents start at \$2.75/SF including taxes.  
Now leasing for 1983

Call: Jane Donnelly (617) 725-3342  
**EDIC/BOSTON**

# The Boston Army Base: Putting It All Together . . .



Photo by Tony Taro



Photo by Tony Taro



Photo by Brian Smith

*Top left:* Last March, Chinatown garment workers toured the Army Base for the first time. Months before, Urban Consulting Associates, Inc. surveyed workers on their day care and transportation needs. Company owners were also questioned about space requirements and electrical demands.

*Above:* In July, the Boston City Council approved EDIC's application for an Urban Development Action Grant (UDAG) for the garment center. Councillors Bruce Bolling (left), Chairman of the Committee for Planning and Development and Terrence McDermott (right) heard testimony from Chinatown and South Boston community groups, Massport, the International Ladies Garment Workers' Union, company owners, the Boston Redevelopment Authority and the U.S. Congressional delegation.

*Right:* U.S. Representative John Joseph Moakley has been vital to the garment center project since its inception more than a year ago. Here, in his Washington office, Moakley meets with Marilyn Swartz Lloyd, EDIC Director of Marketing and Development and Doug Haberich, EDIC Project Manager for the Army Base.

*Above right:* On October 1, the Department of Housing and Urban Development awarded EDIC a \$3.7 million UDAG. The grant is part of a \$14.7 million financial package needed to buy and develop the Army Base.

On the day of the grant announcement, U.S. Senator Edward M. Kennedy spoke about the "long and proud history" of Boston's garment industry, and congratulated the City on its plan to keep the industry here.



Photo by Tony Taro



*Above:* Massachusetts Transportation Secretary James Carlin (center) and State Senate President William Bulger sign a \$600,000 Public Works Grant for road repairs at the Army Base. At left is State Representative Michael Flaherty.



Photo by Brian Smith



Photo by Brian Smith

Top:  
Boston Mayor Kevin H. White talks to reporters following the UDAG announcement. Mayor White called the new garment center a "renaissance" for the City's apparel industry.

Above:  
EDIC Director Brian F. Dacey thanks business, banking and community representatives for their help in obtaining the UDAG. Behind Dacey are Frank Bronstein (far left), Chairman of the EDIC Board of Directors and State Representative James Brett.

Right:  
After the grant announcement, EDIC's Mary Murphy, Dan Fishbein and Joe Valle celebrate at the China Pearl restaurant with project participants. The China Pearl's owner is Bill Chin, President of the Chinese Consolidated Benevolent Association, a group which has been very active in the development of the garment center. Fishbein coordinated the garment companies throughout the project.



Photo by Brian Smith

## Boston Army Base

(Continued from page 1)

"These were exhaustive negotiations," he continued. "There were times when the temptation to walk away was overwhelming. But we were so committed to this project that the thought of abandoning it, after we'd come so far, was virtually unthinkable."

**Community Supports Project.** This summer, the Boston community got a chance to voice its opinions on the garment center during public hearings in Chinatown and before the City Council. Chinatown community representatives support the project, but they do worry about the overall effect it will have on workers. Many have lived and worked in the Chinatown community all their lives, and a move to the Army Base won't be easy.

The Army Base is only a half mile from Chinatown, but transportation is a big concern. EDIC is working with the MBTA to provide more bus service to the Base, and garment companies are considering a shuttle bus for employees.

"The Army Base is the best thing that has ever happened to Boston's garment industry," said Allen Couris, President of Flair of Boston. "Now we'll have a permanent home, where we won't have to worry about being squeezed out by commercial development and high rents. I, for one, am going to be a tenant."

**Landlords Cooperate.** The New England Medical Center has always played a critical role in the development of the garment center. New England Medical owns two Chinatown buildings, 15 and 35 Kneeland Street, which house many of the City's largest apparel firms. The medical center had planned to convert the buildings to much needed office and medical space more than a year ago, but delayed its project until plans for the Army Base were completed.

Other landlords in the Chinatown area haven't been as supportive. More than 50 companies are threatened with drastic rent increases or evictions; seven firms have already been forced to leave the City.

**Renovations Begin.** The target date for the opening of Building 114 and the garment center is the summer of 1983. Before then, much work will be done.

EDIC will spend more than \$13 million to improve the building. Renovations include a new electrical system and 12 new passenger and freight elevators. Although the actual construction won't begin until January, the engineering firm of Sverdrup & Parcel and Associates, Inc. has begun drawing up plans. Wallace, Floyd, Associates, Inc. are the architects.

"The Boston Army Base could become the Quincy Market of industrial parks," said Marilyn Swartz Lloyd, Director of Marketing and Development for EDIC. "The waterfront location is beautiful and full of activity, and the building has an exciting range of development possibilities."

Companies interested in leasing space at the Army Base should call Jane Donnelly at EDIC, (617) 725-3342.

APPENDIX II

## REASONS WHY ALTERNATIVE BOSTON LOCATIONS TO THE ARMY BASE ARE NOT FEASIBLE FOR THE GARMENT INDUSTRY

Many potential new locations for Boston garment companies have been identified by EDIC. However, the Boston Army Base has been the only feasible location for nearly all the companies requesting assistance.

Lists of 18 sites most likely to be suited to garment industry needs were prepared and distributed to companies requesting assistance in February, 1981. The lists were updated and redistributed three times. The sites on the lists are mainly multi-tenant industrial buildings with market rate rents or below.

The major concerns of the companies in selecting a new location have been:

- \*Accessibility of the sites to the existing mainly Asian workforce. (Most companies would only consider the neighborhoods closest to Chinatown: the South End, South Boston, and Charlestown. Some expressed interest in Allston/Brighton which has a large Asian community).
- \*Costs associated with rent, acquisition or development.
- \*Condition, lay-out, and utility services offered (companies wanted large, open areas, high electrical service, good elevator service).
- \*Proximity to other garment companies (many of the companies buy and sell goods from/to each other. Both workers and owners place an unusually high premium on the social interaction which has resulted from close proximity).
- \*Worker safety: most employees are women and their safety walking to and from work has been of great concern.
- \*Availability of the new location on a long-term basis (many company presidents will pass ownership on to their sons).

Sites were selected for the lists which most nearly satisfied these concerns. A copy of the February, 1981 list of sites for the garment industry and the updated December, 1981 list which contained some newly identified sites are attached. The reasons why each location proved unfeasible are listed below:

### FEBRUARY, 1981

#### SOUTH END

##### 1. 464 Harrison Avenue

Building is divided into 5,000 SF bays which are not large enough for most companies. Building not well maintained and area is unsafe as many alcoholics stand or sleep on surrounding sidewalks. (The Pine Street Inn, a home for alcoholics is 1 block away).

**Kevin H. White, Mayor**





2. 500 Harrison Avenue

Building is divided into 5,000 SF bays which is not large enough for most companies. Building not well maintained and area is unsafe as many alcoholics stand or sleep on surrounding sidewalks. (The Pine Street Inn, a home for alcoholics is 1 block away).

3. 421-422 Harrison Avenue

EDIC helped some of the companies investigate the cost of new construction on this site. This option proved too costly.

4. Relief Printing

Only enough room available for 1 or 2 companies. Home for alcoholics is nearby.

5. China Fair

Building is in disrepair; high crime area.

6. Neptune Garment Building

Space available limited and served by one small elevator with no off-street loading. Company owners could not agree on terms with building owner.

7. 560 Harrison Avenue

Near a high crime area, and the rent was initially too high for most companies.

SOUTH BOSTON

1. BMIP Storage Area

EDIC hired an architect and obtained cost estimates for the construction of a new garment center on this site. The land area was not large enough for all the relocating companies to be on one floor. Adding floors necessitates extensive foundation work due to the poor condition of the soil. This option proved too costly.

2. Fargo Building

Building is in disrepair and long-term leases are not available. However, two companies, one of whom was being evicted, did move to this building for the short run.

3. Boston Army Base

Being considered; project depends on UDAG financing.

4. Milin Realty

Building needs substantial improvement and is distant from Chinatown without public transportation on the adjacent street.

5. Davidson Property

Distant from Chinatown without public transportation on the adjacent street.

6. EVR Realty Property

Too distant and has no public transportation in immediate area. Space not available on a leased basis.

7. Stop and Shop

A group of companies considered purchasing this building, but another company bought it before an offer could be made.

CHARLESTOWN

1. Navy Yard

Project requires a developer with substantial experience to prepare a proposal for the Boston Redevelopment Authority and rehabilitate a building. Many companies did not want to move to Charlestown.

2. MBTA Property

Same construction cost problem as BMIP Storage Area.

3. Terminal Street

Project requires substantial building rehabilitation and possibly demolition and new construction. Costs would be at least comparable to new construction. Public transportation not available on adjacent street.

4. Hoosac Pier

Massport sold this pier to an office building developer.

DECEMBER, 1981

SOUTH END

1. Fidelity Building

Building needs substantial rehabilitation and could only house 1-2 companies. It is also near the Pine Street Inn.

SOUTH BOSTON

1. BMIP Entrance

Construction cost problem same as BMIP Storage Area.

NEWMARKET

1. Mr. Boston Building

Too distant from Chinatown.

ALLSTON

1. Mercedes Benz Garage

Only limited space available. Rent higher than most Boston sites.

2. Guardian Building

Cost is high for most companies, and space is available for only 1 company.

# EDIC/Boston

## BOSTON GARMENT DISTRICT PROJECT COST ESTIMATES FOR NEW BUILDING CONSTRUCTION

The Economic Development and Industrial Corporation of Boston (EDIC/Boston) with the assistance of Arnold A. Jacobsen and Associates has developed schematic designs for several garment center building alternatives using the survey data pertaining to company space requirements. Computer tabulated estimates of construction costs were obtained for these designs. The attached information shows the results of this work.

Eight different building designs were investigated, as cost estimates were obtained for concrete block wall construction and metal exterior wall construction for four alternative buildings. On the attached sheet, the building options listed as A and B could accommodate 16 companies who showed a strong interest in the Boston Marine Industrial Park (BMIP). Options C and D are alternatives that could handle 30 companies who were interested in a garment center building. To maximize the economies of scale another floor was added to the building design in Options E and F. Five companies who were interested in a South End location were considered in developing Options G and H.

Soil borings done at the proposed site at the BMIP indicated a need for foundation pilings. This explains the high estimated foundation cost for the proposed BMIP alternatives. Although boring tests were not undertaken in the South End, it is likely that soil conditions resemble those at the BMIP.

On the basis of the survey results, several assumptions were made in developing these building options. The interior walls of the factory and warehouse space were left in an unfinished condition. Any office space had a hung ceiling and air conditioning (no other space had air conditioning). It was estimated that 25 per cent of the wall space contained windows. Ceiling heights of 12' were provided for except in a 50,000 S.F. section of the BMIP building where 20' heights were provided for the benefit of leather goods wholesalers. All buildings were insulated.

The cost of the building could be lowered by reducing the number of windows, bathrooms, elevators, or loading docks. Air conditioned production space, panelling, or private bathrooms would increase the cost. A conceptual view of a proposed building at the BMIP is attached.

Using financing options available through EDIC/Boston, the amortized cost of the building with heat and maintenance costs would be approximately \$5.90 per S.F. annually excluding taxes and ground rent. These options include industrial revenue bond financing at 13.5% interest, targeted revolving loan fund financing at 10.5% interest and a Community Development Block Grant used as a loan with no interest required. A detailed explanation of how this cost was tabulated is also attached.



Kevin H. White, Mayor/Economic Development & Industrial Corporation of Boston  
18 Tremont Street, Boston, MA 02108 / (617) 725-3342

# EDIC/Boston

## ESTIMATED ANNUAL COST OF NEWLY CONSTRUCTED GARMENT CENTER AT BOSTON MARINE INDUSTRIAL PARK

### Option B

Total building construction cost:	\$12,704,000
Revenue generated by 6,000 SF cafeteria:	<u>36,000</u>
Building cost less rental revenue:	\$12,668,000

### Financing

- Industrial Revenue Bond Amount:	\$11,068,000
Term:	20 years
Interest:	13.5%
Annual payment:	\$1,609,323
Cost per SF leasable space:	\$4.79
- Targeted Revolving Loan Fund Amount:	\$600,000
Term:	20 years
Interest:	10.5%
Annual payment:	\$71,883
Cost per SF leasable space:	\$ .21
- Community Development Block Grant	
Amount:	\$1,000,000
Term:	20 years
Interest:	0%
Annual payment:	\$50,000
Cost per SF leasable space:	\$.15

Estimated maintenance and heating cost per  
SF of leasable space : \$.75

Total annual cost per leasable SF : \$5.90  
====



Kevin H. White, Mayor/Economic Development & Industrial Corporation of Boston  
18 Tremont Street, Boston, MA 02108 / (617) 725-3342

BOSTON GARMENT DISTRICT PROJECT  
COST ESTIMATES FOR NEW BUILDING CONSTRUCTION

OPTION	AREA IN 1,000 SF		GENERAL DESCRIPTION	ELEVATOR		BUILDING COSTS IN \$ THOUSANDS	\$ COST/SF	
	NET	GROSS		F	P		GROSS AREA	NET LEASABLE SPACE
BMIP-A 16 companies	336	400	Two story steel frame w/concrete block walls	4	-	11,870 building 45 site prep. 2,250 foundation <u>14,165</u>	35.41	42.16
BMIP-B 16 companies	336	400	Two story pre-engineered frame w/metal exterior walls	4	-	10,410 45 2,250 <u>12,705</u>	31.76	37.81
BMIP-C 30 companies	483	575	Three story steel frame w/concrete block walls	4	2	17,080 45 2,250 <u>19,785</u>	34.40	40.96
BMIP-D 30 companies	483	575	Three story pre- engineered frame w/metal exterior walls	4	2	16,142 45 2,250 <u>18,437</u>	32.06	38.17
BMIP-E additional floor	630	750	Four story steel frame w/concrete block walls	6	4	24,485 45 2,250 <u>26,780</u>	35.7	42.5
BMIP-F	630	750	Four story pre- engineered frame w/metal exterior walls	6	4	20,574 45 2,250 <u>22,869</u>	30.5	36.3

PREPARED BY:

Arnold A. Jacobson and Associates  
for EDIC/Boston