THE POTENTIAL OF BOSTON'S EXISTING CORE;

A STRATEGY FOR BATTERYMARCH

by

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B.A. The Johns Hopkins University
(1953)

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

MASTER IN CITY PLANNING

at the

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

June, 1982

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by Joseph Leader Soley, M.I.T. 1982

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ABSTRACT

There has been a trend in recent years in the City of Boston, as well as many other American cities, to replace existing structures with sterile office towers to accomodate immediate demand. Office and other major construction, of late, is causing the erosion of Boston's residential stamina - leading to the eventual decay of community, and thus exchange, in the City. This study seeks incentives through Commercial Area Revitalization Districts, National Register of Historic Places, Building Code, Internal Revenue Service Code Investment Tax Credits, core urban improvements, real estate tax relief plans, imaginative financing, rehab conversions, zoning, eminent domain, condemnation, preservation, charismatic leadership, and the San Francisco Office/Housing Production Program for administering the housing requirements placed on new office developments - as adapted to Boston, and the particular model chosen, Batterymarch. A thorough discussion of this new ordinance, with all its features that may possibly be applied where office construction is healthy, is presented. Batterymarch, as well as other candidates for housing, are inspected and explored, along with all mechanisms and strategies for housing.

ACKNOWLEDGMENTS

I feel deep appreciation to both Langley C. Keyes, Jr., my thesis advisor, teacher, and friend and Lucas DiLeo, of the Boston Redevelopment Authority, my boss and friend - who I have shared many ideas with in attempting to understand the workings of the City.

Many special thanks to my sons, Richard Mark and Jonathan Tim, here at M.I.T., James Joseph, at Camden High School (Maine), and David Alan, at Emory School of Law (Atlanta, Georgia), my fellow classmates, Jean Christenson, Steven Kadisch, Celine Sachs, Mindy Lehrman, Ann Compton, and Gregory Polk, and my advisor, Lawrence E. Susskind, for constant and unflagging encouragement and assistance.

I extend further thanks to Louise Dunlap, who assisted me endlessly in overcoming my writing frustrations and in organizing my thoughts in preparation of this paper.

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Introduction

Flourishing "downtown" residential population is clearly evident in today's vital cities. New York City, Tokyo, Paris, Athens, Rome, San Francisco, London, and Mexico City supply living examples of "the thriving metropolis." Just as Babylon, Rome Athens, Teotehuacan, Tenochtitlan, Constantinopole, and St. Petersburg, in their age, each represented the pinnacle of cultural and mercantile exchange.

Some of our oldest American cities, notably St. Augustine (1565) and Santa Fe (early 1600's), have retained a central pedestrian square around which they have each apparently sprouted. In ancient Roman, Greek, and Mayan cities, this centrally-located hub supplied the arena for both religious and marketing activities. Easily accessible to a large portion of the population, this created space served for social, political, and economic purposes. These focal exchange places still typify many Spanish, Italian, Portugese, and Mexican cities today. In contrast, our wide concrete walkways, for instance Fifth Avenue's shopping strips in mid-Manhattan and Rodeo Drive's flanking walkways in upper Los Angeles, are modern responses to the huge, bustling, centrsl piazzas, plazas, and Agoras found in older principle cities.

If I were charged with designing a new and enlightening city today, I would definitely incorporate a substantial central pedestrian area to encourage and ensure a high level of social, cultural, financial, and mercantile exchange for currounding communities. Trees, landscaping,

benches, and possibly sculpture, ponds, and fountains would be included, as well as areas for both active and passive games to kindle participation of both old and young. Directly surrounding this central piazza would be locations for all phases of human activity. Interspaced among mixed forms of highly-concentrated dwellings, of all sizes, range, and description, would be stores, offices, hotels, banking, real estate, and insurance facilities, theatres, and other places of entertainment including bars and restaurants. The ideal city would be equipped, from its central core, for stable "day and night" living - clearly absent in so many giant, sprawling cities today.

I have a real fear for the loss of activity-level, described above, particularly in many modern American cities involved in significant growth at present. Reagan's "New Federalism," which accompanies diminished federal subsidy programs to cities, might well herald the demise of substantial (and essential) federal concern for our municipalities. Historically, states have not undertaken this responsibility. The onus remains squarely on the shoulders of the cities, themselves, to survive - in spite of the overwhelming exodus of the well-healed to the suburbs. Unless we stem this tide, I foresee eventual decay of the American city, catalyzed by its eroding residential stamina. I am searching for workable methods of recreating inner-city neighborhoods and communities.

Our recent property value shifts from the suburbs back to the

central city, during the past two decades, has decidedly stifled residential construction efforts in downtown areas. Profitable office buildings, hotels, institutional structures, and elegant retailers (known principly as "specialty stores") have currently dominated New York City, Chicago, Atlanta, San Francisco, Denver, and Boston. Affordable residential building is virtually eliminated by soaring ground costs, as noted particularly last month in the remaining Quincy Market open parking lot, Parcel "D-10." This tiny 1.4 acre site was leased to attorney James Sullivan on a $300.00 per square foot valuation basis - in excess of thirty times peak residential appraisals.

Relentless demand and mounting entrepreneurship have likewise elevated office rentals to about forty dollars per square foot per year, or about ten times the rental for affordable apartments. Glistening, sterile, "daytime-only" towers are scattered all through the Central Business District (CBD) and Back Bay here in Boston. Unfortunately, both the scarce, existing residential towers, typically Tremont-on-Commons and Prudential Towers, as well as those presently under construction, Union Wharf (in the North End) and the Devonshire (on Washington Street), primarily house small, childless families and singles, who habitually contribute little to active "street exchange."

Observation of sidewalk activity, specifically in blocks surrounding these predominantly high-rent structures, reveals overwhelming solitude directly after dark - or certainly after business hours by six. Stores are generally closed by this time, as well. After dark,

it appears to me that our gigantic investment in both buildings and public infrastructure is limited to some dismal "return." Except in isolated Boston areas, such as the North End, and the few blocks opposite the Prudential Center along Boylston Street in Back Bay (Ken's is open all night), a small section of the South End, and the interior walkways in "cloistered" Quincy Market, quiet prevails after dark. The potent attempt to capture (and extend) retail markets for Filene's, Jordan-Marsh, Woolworth's, and the many stores along Washington Street in Downtown Crossing, by closing the streets to vehicular traffic and providing attractive brick walkways with lanterns and glass sky-shields, has proven resoundingly unsuccessful after dark.

I think that "full utilization" - amounting to a truly prospering and thriving city - succeeds only when activity extends well beyond conventional "bankers' hours." This can only be accomplished, in my opinion, when residential communities are present and actively contributing to social and mercantile exchange downtown. Applying estimates of people visiting offices, hotels, retail establishments, institutions, recreational centers, and aumsements daily, Boston has grown, at present, to a center serving some three million. This compares with an entire citywide permanent population of only about twenty percent of that figure.

London, Paris, and New York City all provide tangible evidence - often in the form of typical "mix" of dwelling units atop business properties such as restaurant, thestres, offices, and retail stores.

A strikingly successful model of this has been erected at Reston, near Chantilly, Virginia. Here, numerous apartments are nestled around a colorful, sculptured (complete with miniature waterfalls and fountains), five-acre-plus pedestrian plaza. This nucleus of Reston, planned for some hundred thousand, or more, residents, includes a huge, all-night Super-Giant supermarket alongside some fifty other retail and entertainment establishments - all harmoniously thriving with some three hundred living units and a few offices above. Vehicles, logically, are relegated to areas outside this throbbing core - surrounding it on three sides for convenient access. This entire new "downtown core" overlooks an attractive, man-made lake offering both summer and winter and night and day relaxation and activity.

One overall lesson from Reston (and probably ancient Babylon and Teotehuacan, as well as modern Columbia, Maryland) is the resident's general perception of safety. The result, in contrast with many of today's "sterile" CBD's, is the need for minimal police and fire protection. People usually feel safer and more comfortable where active exchange thrives both day and night. In addition to perceived safety, insurance, an increasingly significant cost today, especially following the recent fires in Lynn and Salem, can be expected to me more reasonable where twenty-four hour activity is experienced. This poses special advantages to Boston, where both real estate taxes and insurance are among the highest in the

entire nation, primarily as a result of costly city services and protection. Moreover, in my experience, where people actively roam the sidewalks, parks, and plazas, crime is rarely a problem, neighborhoods and communities grow, and higher property values usually flourish as a result.

In this era of soaring interest rates, however, residential construction in core urban areas has nearly ceased. To stimulate both new housing and conversions, incentives such as purchase and rental subsidies, low-interest long-range mortgages and improvement loans, and real estate tax relief programs, are all clearly necessary. Housing should be geared toward the "affordable" range, which I consider below $600.00 per month for a typical under-thousand-square-foot "family" two-bedroom unit. Copley Place, under construction now, is evidence of the present scarcity enduring. Here, with an eventual two-thirds of a billion-dollar-budget (incorporating the country's largest Urban Development Action Grant ever - almost twenty million dollars), only a token one hundred dwelling units are planned. I feel this is a serious oversight in a mixed-use "Goliath" project, which will include two immense hotel towers and convention centers, a gigantic Nieman-Marcus and possibly a second similar "specialty retail center," along with almost four hundred thousand square feet of additional stores, a substantial office tower with over a half-million square feet, and considerable "atrium" and public area, all bridged directly to the Prudential Center and the Copley Plaza-Back Bay alongside.

Another vivid example of this problem presently exists in Santa Monica, California. Welton-Becket, one of the world's largest architect-developers, has purchased an extensive, key, downtown, centrally-located site and filed permits to erect its own huge, headquarters office tower - along with massive hotel and condominium projects - all designed for the super-luxury market. Santa Monica's new city administration, which grew out of a grassroots rent-control movement in this eighty-percent "renters" community, intervened. They insisted, just as in Copley Place through local pressure, that a "token" one hundred moderate-income apartments be included. Battle lines are now being drawn. The builder is strenuously resisting this demand on the apparent grounds that it represents some infringement of public domain over private rights ("turf-rights"), clearly avoiding the issue of the future welfare of this eighty-thousand-person metropolis. It appears to me that the profit motive has carved out a strong slice of business from the valuable sections of many major cities. Just as in Santa Monica and Boston, little heed is paid toward replenishing cities' vital juices - their housing.

In a concerted effort to construct core residential units and/or deter removal of same to clear the way for city office towers, San Francisco intoduced legislation requiring that developers provide "equivalent" dwellings to restore the approximate "balance" between new, permanent office employment and the dwindling housing stock.

Resolutions stipulate that specific numbers and rental-range of residential units by built within stated time periods accompanying new office construction, within prescribed downtown areas. These units are aimed directly at incomes within the range of office staff workers, and geared either towards sale or rental. This apparent "blackmail" procedure would have doubtful impact in areas of over-building like Pittsburgh or Detroit.

In Boston, however, with its present unceasing demand for office space, the unusual San Francisco plan appears feasible for developers and reasonably acceptable to the municipality. The California strategy has special appeal to me, which I will discuss in following sections. Certain provisions would undoubtedly require tailoring to specific needs of different locations, such as Boston, where only certain portions would be applicable or workable. I generally find methods of subsidizing housing through private strategies strongly preferable to most forms of public assistance, although combining both may have special advantages. In all events, it appears desireable to avoid the delays, hazards, indecisions, and pitfalls of depending upon governmental agencies, alone, for financing.

A fine example of cooperative efforts through private sources and the public arena is James W. Rouse's transformation of Quincy Market. Here, provided with helpful incnetives from Boston to improve this delapidated section, he was awarded a three-year, minimal real estate tax concession amounting to only $50,000.00 annually - in addition

to substantial infrastructure improvements provided by the city. This sharply reduced tax was levied in lieu of his current, "normal," $1,414,000.00 charge - or his $2,000,000.00-plus tax bill for the approaching year - both considerably marked contrasts to the paltry taxes generated from the area prior to rebuilding. (Rouse's negotiated tax "agreement" is generally based upon 25% of net rental receipts after adjustment for various energy, maintenance, mortgage financing, insurance, and overhead considerations.) Public leaders, in this instance, put pressure upon a consortium of local and New York bankers to provide financing capital for improvements. The obvious result of these combined efforts has been a striking renaissance in this immediate waterfront vicinity.

Municipal incentives of this type described provide some substantial assistance for residential builders through Boston's 121(a) Program. Tax relief, often in graduated steps up to a present maximum of some fifteen years, has recently been granted to some developers. Typical is the consistently, fully-rented Tremont-on-Commons, now about ten years old, towering over thirty stories over the park. Also the Devonshire, a "mixed-use" forty-one story office and residential tower, now well under construction along Washington Street. This will contain some 478 apartment units with an average rental of approximately $1,000.00 per month. Although these are clearly well in excess of "affordable" levels, these are an apparent result of mounting construction costs, elevated land values, and current excessive inter-

est rates. It is obvious that considerably further help will therefore be required to restore any substantial and reasonable residential flow in these inflationary times.

In addition to these subsidies, need for other remedies become apparent. Relaxation of exacting, costly, and often conflicting building code requirements, without sacrificing safety, security, and noise-control, might provide effective encouragement. New and innovative alternatives to conventional construction procedures often result in considerable savings, which experience indicates to be about twenty percent.

Not limited to utilizing innovative building methods, entire areas of new products have recently been introduced. Many still experimental, they include the extensive use of many new forms of lightweight, yet fireproof, concrete, "plastic," pre-formed plumbing "trees," newly-devised electrical materials and appliances, as well as a whole field of recent, "pre-rusted," light-weight steel technology. There is often much consternation on the parts of local authorities in introducing new methods and products, replacing the "tried and true," as well as fears from competing manufacturers, just as in the automotive field where new plastics and lightweight metals have made significant recent inroads in replacing heavier and costlier parts supplied by "old-guard" firms - especially where conflicting directorships exist. Another striking lesson may be learned from the Japanese auto industry, where inventories and material-handling costs have been reduced to a minimum. Applying computerized efficient and effective methods, wise delivery scheduling and skillful job material-handling often result in swifter production

flow and overwhelming savings.

Another practical residential stimulant can be sought through creative zoning regulations. Bonus zoning, inclusionary provisions, incentives permitting increased density for low and moderate-income housing, atriums, aesthetic and innovative setbacks and configurations, as well as "discretionary" zoning, all can contribute to an urban residential renaissance. Attempts to spur inner-city housing through re-vitalization and conversion incentives, particularly in Boston, might also be unusually helpful. Condemnation proceedings enacted by the municipality to "recapture turf" for specific residential development, particularly in convenient areas where extreme speculation is evident, might be another potent tool.

Application for all of these enlightening devices, and others to be invented, may prove effective in a large, presently "dingy" area directly adjoining Boston's downtown Financial District. Overlooked until recently by speculators - who normally follow each other's lead closely - this small dozen-block site is dominated by both Broad and Batterymarch Streets. Its varying building sizes, heights, and shapes, as well as variety of both wide and narrow streets and alleys, might well yield the ingredients for an attractive future residential community. Further, its proximity to extensive waterfront-area improvements, including the recent park, the Marriott Flagship Long Wharf complex complete with new MBTA Station, the luxurious Bostonian Hotel project, Haymarket, Quincy Market plus its forthcoming expansion into "D-10" and the new park-

ing garage, the North End, as well as State Street and Washington Street retail and office renovations, City Hall access, and many new and existing area businesses, all make "Batterymarch" a prime residential candidate.

Powerful and concentrated strategies targeted directly to Batterymarch, and other likely downtown Boston potentially-permanent residential communities, will be necessary to stimulate active streetlife. The unfortunate alternative, I feel, is an empty, quiet core after dark with little central opportunity for exchange, cultural stimulation, and excitement. The following provides specific directions recommended for appropriate incentives to spur urban residential activity in Batterymarch - although they could likely be applied to other selected core sites. The attached map further delineates the area I suggest for locating the initial downtown urban community, which may flourish both by example and by soundly utilizing private funding methods, public infra-structure and real estate tax reliefs, as well as code, zoning, condemnation, and other legal assistance - enabling and encouraging the return of families back to the city.

A. Loft Conversion Considered

THE COMMONPLACE CONCRETE LOFT STRUCTURE

(Prevalent in Batterymarch)

The usually fifty to eighty year old reinforced concrete multi-story buildings, with various masonry or metal non-load-bearing "skins" applied, offer fine opportunity for residential conversions. Their conventional clear spans are centered at between twelve and fourteen feet, with slightly longer spands in isolated cases.

A typical twelve-by-twelve-module or fourteen-by-fourteen-module presents ideal space for division into two full bathrooms and a complete kitchen facility, with appropriate "plumbing wall" dividers. Cautious sound-insulated partition my lend itself to either one, two, or three separate apartment units, depending upon size and specific needs of the overall layout.

In a total building conversion, these typical spans also lend themselves to excellent stairway enclosures or elevator shafts. Further, they offer the unique opportunity for internal atrium space to supply light and air to residential units from within the structure. Post and beam construction of this nature, with no load-bearing walls, finally provides flexible treatment for both external and internal material-choice for insulated skins. Thus attractive, workable, and efficient conversions may be economically and sounds produced from these older, faded structures from a past era.

Chapter II

Batterymarch

This diverse pocket is bounded by Quincy Market to the north, the elevated Fitzgerald highway along the waterfront to the east, and sections of the Financial District to the west and south, where Chinatown abuts, as well. Significant features in the area include the unusual United State Customs House Building as well as the Art-Deco Batterymarch Office Building. Through the area run wide and narrow, winding streets generally disregarding any east-west or north-south axis, or any other recognizable format. Some well known streets traversing the district are Milk Street, India Street (which follows down to the condominium-converted Harbor Towers), Broad Street, Oliver Street, and Wendell Street. The unique and diverse quality of the area is further embellished by a feeling of "history," probably assumed from the scale of many smaller structures with their older, familiar "tin" rooves.

Three principly "open" areas are evident. McKinley Square, adjoining the Customs House, India Place and the juncture of India and Milk Streets, and Liberty Square at the intersection of Batterymarch, Milk, and Oliver Streets. The latter two, judging from setback of buildings surrounding them, as well as general scale and feeling, appear as prime candidates for plazas. Projected more "open," as opposed to the semi-enclosed, pedestrian piazzas (or walkways) in Quincy Market, the Prudential Center (which is abruptly disconnected from "people-flow" in busy,

adjoining Back Bay), and Copley Place, predicted fall 1983 completion (but also clearly "separate" in its attempt to "capture" the affluent market, only). Eminent domain, to gain "accessibility" here, could help.

Part of the plan to accomodate an attractive and comfortable residential neighborhood would be to deflect as much vehicular traffic as possible. In that endeavor, principle periferal streets around the new district would bear the brunt of the load. Certain internal streets would likely we closed completely. Water Street, off Liberty Square, one of the proposed piazzas, would be a candidate for a "pedestrian way." Also Well Street, south of Custom House Street, could be sealed off the cars without losing any vital access. In the long run, I feel, it would be overwhelmingly to the city's benefit to improve all primarily residential streets in the area with trees, park benches, and special human-scale lighting. As in other neighborhoods, service stores and convenience markets will follow. Accomodation for community retail units can be incorporated within converted buildings while dwellings are installed above ground level.

Probably the best method of initiating the project would be for the city to simply zone the Urban Planned Core Area (UPCA - since Boston identifies with such abreviations) for residential purposes permitting reasonable densities determined by height, street widths, setbacks, and sideyards (if any), as well as the appropriate inclusion of restaurants, service stores, and medical-dental offices.

Zoning would likely have to be accomplished on a non-exclusive residential basis retaining the myriad of other present uses in the area, and offering specific incentives for dwelling conversions. The aim would be to stimulate apartments, both for rent and ownership, but to seek a "mixed-use" neighborhood with services of all kinds and opportunities for employment. The result would be anything but a dull, single-purpose community - directly contributing to a total, day and night community. If this is promoted in gentle, definite, and firm stages on an incremental basis with initial city improvements in the Batterymarch UPCA, the chance for overall success of this plan spreading to other core districts is sound.

It is doubtful that this can be achieved without inventive financing opportunities. Baltimore has employed the "sweat equity" concept on many inner-city derelict buildings. This may be adaptable in some rare instances in Batterymarch. The city would then assume properties "abandoned" through real estate tax default, condemn them, and successively offer them to individuals committed to improving and occupying them. Encouraging rebuilding through the vehicle of a pool of banks sympathetic to core community growth could be assembled by Boston civic leaders, just as in Baltimore. Although Baltimore has the prime advantage of an unselfish, popular mayor - Donald Shaffer. He has spirited significant core redevelopment, both individual and corporate, through relentless support of city programs, incentives, and assistance - as well as personally appealing to the banking and business community, who all even-

tually prosper from a "bright" downtown. Boston's Mayor Kevin White clearly lacks this charisma, so the guiding stimulus must come from others. In my opinion, however, leading bankers should instigate, or be a least wisely led, to invest substantially in "fertile" core communities. These involvements tend to further secure their present gigantic stakes in downtown Boston.

Certainly if, in addition to applying condemnation proceedings and new zoning regulations to Batterymarch, our chosen "typical" district, it was selected as a Commercial Area Redevelopment District (CARD), it would be eligible for Industrial Revenue Bonds (IRB's). These are not reserved for commercial or industrial improvements, it has been my experience. But they are utilized in any blighted area with potent redevelopment possibilities. Since banks, under this device, pay no federal income taxes on the interest they receive from repayments, they may pass this approximately thirty percent savings along to the borrower. Insurance protection, at minimal fees, is also available to secure restitution of loans under this popular program. It certainly appears well-suited for Battermarch improvements, as rates would run about 12%, at present - a strong incentive indeed. The private financing plan, under quasi-public auspices, if coupled with generous tax relief under Boston's 121(a), would supply sufficient inertia to motivate rebuilding.

Mixed use projects appear particularly applicable to Batterymarch, providing criterea of CARD'S are met. In addition, however, the Internal

Revenue Service insists that (1) "Only renovation of an existing building is permitted;" (2) "Fifteen to twenty percent of the rental units must be for low or moderate income households (condominiums are not allowed);" and (3) "No more than ten percent of the Bond proceeds can go towards the commercial portion of the project." The State of Massachusetts interestingly specifies that each building must contain a commercial component, thus eminently qualified for mixed-use installation in Batterymarch. Finally, the BRA guidelines require that (1) "At least fifty percent of the total project cost be allocated to either renovation or new construction work;" (2) "Minimum equity participation be ten to twenty percent;" and (3) "No more than a reasonable fifteen or twenty percent return on investment be generated before tax benefits."

The Massachusetts Industrial Finance Authority administers IRB's in CARD's for the state. They are empowered with the selection of districts conforming with their revitalization objectives. "Bond Counsuls" are chosen by applicants, usually from a list prepared by MIFA, as a matter of procedure for the purpose of processing these loans through lending institutions. As a result of extensive interviews with Robert Patterson, Chairman of MIFA, and most members of his staff, I would surmise that the Batterymarch area could be endorsed and that owners and developers could conceiveably obtain reasonably rapid financing approval depending upon their creditworthyness, once established as a CARD. Although there has been criticism of tax-exempt interest plans, and its resultant loss of federal tax revenue, when used in the housing

market, as noted in Tax Exempt Financing of Housing Investment, by George E. Peterson with Brian Cooper (SURI 26100/Institute Paper), if utilized as above outlined this must be weighed in balance with the incentive value in restoring entire neighborhoods. On a practical basis, it must further be reasoned that the loss in tax revenue from interest may simply be shifted and deferred to later anticipated yields from income taxes generated from rental income flowing from improvements.

As Peterson points out, these funds should be targeted to both districts and individuals "redlined" by banks, where conventional financing is not readily available. Otherwise these benefits would work counter to private banking and perform as competition subsidized, effectively, by the federal government. This tool, for Batterymarch, and elseware, can't be lost.

The loss of federal tax revenue is still further mitigated when the tax mechanics are more fully understood. Normal procedure in mortgage payments, whether paid by individuals or firms, dictate clear eligibility for income tax deduction of interest. Since less interest would be included in mortgage payments, deductions would be lower, as well. Accurately determining this diminishing factor would be difficult, at best, although many have tried. The lead article in The Wall Street Journal of February 26, 1979, decries the abundent use, and flagrant "misuse," of this tool. It attacks "abuses" in Denver and Chicago, particularly, where these issues "may swamp the market" in lieu of conventional loans. Borrowers, in many cases, were financially able to assume market rate mortgages. Some families, it was found, arranged loans of about $100,000 and earned

about half that amount annually. Andrew M. Olins, Special Assistant to Mayor Kevin H. White, here in Boston, testified on May 15, 1979, before the House of Representatives Committee on Ways and Means, that the purpose of these benefits should be limited to (1) "Assisting low and moderate income persons;" and (2) "Aiding in the revitalization of depressed areas." Insisting that the maximum loan amount per individual be severely restricted, he further confined eligibility to "moderate income persons." Olins defined them as, "those who, based on citywide average housing costs, must spend more than twenty-five percent of their income to obtain and maintain decent, safe, and sanitary housing."

One of the principle products of IRB's through MIFA is job generation. Thus in consideration of any loan through this source, both temporary construction employment and more permanent occupation attending commercial endeavors and overall building maintenance and management are carefully calculated. Urban Development Action Grants (UDAG's) are generally tailored toward revitalization of blighted areas of municipalities in excess of 50,000 population; Community Development Block Grants (CDBG) also supplied specific federal funding targeted to "distressed" areas for housing rehabilitation, as well as neighborhood preservation programs; Federal Section 8 and 235 Programs have become literally unavailable under the Reagan administration; therefore this leaves MHMFA, with its limited capability and availability, and IRB's, as well as some less popular

measures with limited eligibility and an excessive time spans in hurdling extensive governmental bureaucracy to secure these fundings.

One outspoken powerful opponent to all subsidizing involving tax exempt revenue bonding has been United States Congressional Representative Al Ullman (Democrat-Oregon), who repeated has sought elimination of these tools, according to The Wall Street Journal issue of April 30, 1979, Journal of Housing article by Terence K. Cooper, Editorial Associate, October, 1979, and Kay Anderson's BRA Release dated May 3, 1979 discussing "possible alternatives" to the "Ullman Bill." The latter would effectively confine all tax exempt single family mortgage financing to (1) "Veterens' housing under circumstances displaying dire need;" and (2) "Mortgages secured by general obligation bonds of states." Since Massachusetts suffers from severe limitations in general obligation authority, after commitments reserved for annual capital improvements and maintenance for highways and other programs, rendering the Commonwealth incapable "to issue large enough amounts of general obligation debt" for housing purposes, according to Anderson. This release further emphasizes that the housing need "goes way beyond veterens' housing."

MIFA's IRB's, still tax exempt under limited circumstances and for special purposes, only, remain precariously as one of the few applicable tools for stimulating housing in core CARD's. Primarily, these funds are available as they are issued by private institutions, only, although they may be insured by "pools" that MIFA has accumulated by

charging fees for processing applicants. This insurance is loosely backed by non-general obligation bonding of the Commonwealth, a definiite advantage in MIFA's controversial arrangement.

For Batterymarch it appears clear that the most effective financing would be a combination of devices. As David Gressel indicates in his copious Leveraging Public Funds for Community and Economic Development (HDR-IPED, 1978) chapter entitled Tax Exempt Revenue Bonds for Neighborhoods,"By linking public to private financing, program leverage can be greatly increased." Gressel illustrates this point in his lengthy compendium tying together many forms of rehabilitation loans and grants for individuals, blocks, and entire communities, for both new work and conversions, directly with private institutional mortgages stimulated by these governmental programs. These offer practical financing solutions for improvements in Batterymarch.

Since Batterymarch clearly contains an unusually high concentration of "Historic Buildings," fulfilling this definition under Article 23: Pre-Code and Historic Buildings Section 2301.0 stating, "Any building or structure designated as a totally or partially preserved building by the State Building Code Commission . . ." it appears reasonable to seek designation accordingly. Protected by this status, numerous inflexible and tedious code requirements can be waived. In "Totally Preserved Building" the most significant depar-

tures from prevailing codes exist. These buildings, however, are saddled with the stipulation that the "principal use of such a building must be as an exhibit of the building itself which is open to the public not less than twelve days per year, although additional uses, original or ancillary to the principal use, shall be permitted within the same building up to a maximum of twenty-five percent of the gross floor area." This may, in certain circumstances, be a small price to pay for such unusual relaxation from conformity with code requirements.

Under this particular provision,"Repairs, maintenance, and restoration shall be allowed" without recognition of the "Basic Code." Fur, ther, "In case of fire or other casualty . . it may be rebuilt, in total or in part, using such techniques amd materials as are necessary to faithfully restore it to its original condition and use group." Some of the additional provisions manual fire extinguishing equipment in lieu of elaborate, automatic sprinkler systems involving extensive plumbing. Specifically, "smoke detectors . . not less than one for every twelve hundred square feet per level in every room greater than one hundred square feet in area . ." plus "all lobbies, common corridors, hallways, and exitway access and discharge routes shall be provided with approved smoke detectors with no more than thirty foot spacing between detectors. All required smoke detectors shall have an alarm audible throughout the structure or building."

Maximum occupancy requirements are unusually generous, as well. They cite that this shall be "limited by the actual structural floor

load capacity of such buildings as certified by a registered structural engineer or registered architect . . ," although they permit, "Where one or more floors of a totally preserved building are limited to one means of egress, the occupancy load shall be . . not more than one occupant per fifty square feet of gross floor area . . below the first story" and on the "first story," as well. For the "second story and above: not more than one occupant per hundred square feet of gross floor area, or thirty occupants per unit of egress width." Article 23 also calls for inspection "not less frequently than once a year in order to determine that the building or structure continues to conform to Section 2302.1" above.

Partially Preserved Buildings are confronted with slightly stricter regulations under Section 2302.2. This provides that "When an entirely new electrical or mechanical system is installed in an historic building, they shall be subject to" the Basic Code. Thus any alterations or remodeling or existing systems may be executed without this stipulation. Further departures permit compliance only with the original definitions of "Historic Buildings" in lieu of the Basic Code,"If the cost of repairing damage from fire or other casualty exceeds one-third of the replacement value of the historic building . . . wherever such conformity does not compromise the features for which the building was considered historic when listed in the National Register of Historic Places." Further, "Damage equal to less than one-third of Replacement Value may be

repaired . . . WITHOUT increased conformity to the Basic Code."

Other features in unusual departure from normally strict code regulations, even after a change in use or occupancy, as long as it is retained as an historic building, the increased "Hazard Group" stipulated "two means of egress . . . from each habitable or occupiable level of all structures . . " However,"Means of egress may include enclosed stairs, open stairs, fire balconies, fire escapes, and exterior stairways, provided that at least one means or egress is protected by a minimum one-hour rated fire resistant enclosure." Further, "In buildings or structures not over five stories or seventy feet, stairways used as required means of egress shall be at least 2'-6" in width and existing winders shall be allowed providing thay are at least 9" wide measured at the center line of the stairway."

Only in "Pre-Code Buildings" are they required to provide "protection to adjacent properties, fire protection of exitways . . (three-quarter hour fire resistant material rating), separation of tenants, occupancies, and hazardous areas by partitions and opening protectives of three-quarter hour fire-resistive rating . ."

In all the above regulations, departures from the Basic Code are incredibly relaxed. Code requirements generally call for four-hour fire-resistive rating material where all three-quarter hour ratings are noted. Stairways and other means of egress represent sharp departures, as well, from promulgated code. The aggregate result of these major departures from the code could easily amount to a twenty to thirty thousand dollar savings per unit - in incredible incentive for preservation, indeed.

DISCLAIMER

MISSING PAGE(S)

Chapter III

Preserving and Replacing Boston's Housing Stock -
(Particularly Affordable Housing) with
Lessons from San Francisco

In the late seventies, San Francisco invoked guidelines for housing requirements placed on new office developments. Administered by the San Francisco Office/Housing Production Program, their purpose is to assure that"developers of new office buildings, as employment generators, share the responsibility of increasing and preserving the City's housing stock, particularly affordable housing." They have evolved a specific formula "for computing housing requirement:"

$$\frac{\text{Gross Square Feet of Office Space}}{\text{250 Square Feet}} \times 0.22 = \text{Housing Units}$$

This formula, as devised, is subject to the following "incentive credits:" (1) Two for One Credit - Providing one affordable housing unit is developed for rental or sale assisted with government rental or operating subsidies,subject to the office developer's financial investment in the affordable housing units to facilitate construction.

(2) Three for One Credit - Providing affordable housing for moderate income households sponsored by the developer without any governmental rental or operating subsidies.

(3) Four for One Credit-Providing affordable housing for low income households sponsored by the developer without any governmental rental or operating subsidies.

Applying these computations to various specific resulotions, commencing August 9, 1979, when 1,155 affordable units were implemented by Gerald Hines, developer of a 1,300,000 square foot office structure at 101 California Street, through late 1981, almost four thousand units were delivered under the "housing obligation" requirements. The basic calculations, as ingredients for the San Francisco formula, similar to those generated by Boston's BRA, are as follows:

(1) Office use generates one employee per two hundred fifty square feet.

(2) Based on available data, forty percent of all office employees reside in San Francisco.

(3) Each person requires an average of four hundred square feet of residential space.

(4) Approximately 1.8 working adults occupy each residential unit.

According to BRA information prepared on Office Development in Boston December 7, 1981, overall office employment accounts for over a third of Boston's total job base and over seventeen percent of total metropolitan employment. Boston, it is estimated, occupies about two-thirds of all office space in the entire metropolitan area. BRA reports further indicate that there are almost 300,000 resident workers in Downtown Boston, roughly accounting for over half of all City employment and twenty percent of all jobs in the metropolitan area. Amost one-third of the Boston resident workforce, it is believed, is employed in Downtown Boston, capturing about one-third of all Downtown jobs.

Thus there are strong parallels drawn between San Francisco and Boston, especially relating to Downtown office employment by resident workers. BRA analysis reveals that resident office clerical workers account for thirty-eight percent of all Downtown employment and professional/technical/managerial workers account for forty-one percent of all workers. These figures are striking similar to San Francisco's forty percent estimate of all office employees residing in the City.

The continuing strength of Boston's economy, however, is illustrated by the six million square feet of new and rehabilitated office space underway and projected to be completed within the next three years. It is observed by the BRA that the prime factor in this expansion is the continued growth of office industries. Job expansion in the office industries Downtown during the next decade, it is estimated, will create a total demand for between ten and thirteen million square feet of new office space. And in return, it will create jobs.

This figure will be further augmented by some four thousand hotel rooms under construction, substantially filling the major deficit in rooms which the City currently faces. The prospect of a new arena, as well as an expanded Hynes Auditorium, should encourage a more significant role for Boston's convention, tourism, and business visitor industries in the near future. Thus the number of jobs generated by these visitor-related businesses - in such sectors as hotels, restaurants, retail, entertainment, and historical sites, currently estimated at twenty-eight thousand - are projected to double by 1990.

This emphasized the substantial need for affordable housing in Downtown Boston. Specifically, San Francisco tacked this problem by obliging developers to share in the responsibility of producing housing. The imposed the above ordinance and adopted the following guidelines designed to achieve the following objectives:

(1) Implement the policies and objectives set forth in the Residential Element and the Urban Design Plan of the City's Master Plan and other clearly articulated housing policies of the City;

(2) Respond to the needs of the citizenry of the City;

(3) Respond to the needs of the development community;

(4) Expand the supply of the housing stock in the City;

(5) Expand and preserve the supply of affordable housing in the City for persons with low or moderate incomes;

(6) Offer developers several means of meeting the housing requirement;

(7) Offer developers incentives to meet the special housing needs of the citizenry of San Francisco, and;

(8) Mitigate the adverse impact of the housing market caused by increased development in the downtown area.

Although a general format is already in force, the above guidelines will become effective upon their adoption by the City Planning Commission. Indicating their flexible nature, they may be reviewed and modified in July of this year "or at any time that significant new information becomes available to warrant such changes . ."

To understand implementation of these requirements, with adaptation envisioned for Boston/Batterymarch model, the following definitions and methods are described below:

(1) Housing Units: Each bedroom counts as one unit - encouraging development of both single and multi-bedroom units and simultaneously providing flexibility to developers to satisfy housing requirements while serving the multiple needs of the City's work force. Further, for housing which provides shared living accomodations for multiple households in board and care facilities and congregate living facilities for the elderly and disabled, the accomodation for each individual counts as one unit.

(2) Qualified Housing Developments: All housing developments in San Francisco, except those already underway, are eligible including rental units, ownership units (both cooperatives and condominiums), multi-unit buildings including residential hotels, single family homes, and housing for those with special needs including board and care facilities and housing for students of undergraduate and graduate levels!

(3) Low/Moderate Income Households: These are considered households with income under eighty percent of the median income for the SMSA for low income. Moderate income persons or households are considered those whose income are between eighty and one hundred twenty percent of the SMSA median income.

(4) Affordable Housing Units: Those which are rented or sold to low or moderate income persons or households, as in (3) above, whose housing expense does not exceed the following:

(a) Rental Expense shall not exceed thirty percent of the gross family monthly income, adjusted for family size.

(b) Homeownership Expense, which includes the expense of mortgage principal interest, property tax and insurance, and/or homeownership association dues shall not exceed thirty-eight percent of gross monthly income, adjusted for family size.

(c) The project must be governed by some legal covenant which guarantees the availability of said units to low or moderate income residents for at least twenty years.

(5) Substantial Rebahilitation: This shall refer to substandard or deteriorated housing which is unsafe and unsanitary and which endangers the health, safety, or welfare of the occupants and which has rehabilitation costs in excess of twenty thousand dollars per apartment or ten thousand dollars per residential hotel unit or which is under condemnation as defined by local building and health codes. This applies widespread in Boston; some possibly in Batterymarch.

(6) Vacant Housing: This shall mean housing units which require substantial rehabilitation, as defined in (5) above, and which have not been occupied for at least a year. Excepted are those units which are owned and operated by a government agency or a neighborhood-based non-profit organization.

(7) Project Sponsor: This is assumed to be a developer who assumes responsibility for a residential project by serving as an equity or development partner in that project.

(8) Neighborhood-Based Nonprofit Organization: The majority of either its membership, clientele, or governing body must be residents of the neighborhood.

Without continued demand for offices, there is no chance for success with the above-described "San Francisco Ordinance." Logically, there would be no reason for preserving or increasing core dwelling space unless the influx of buildings, and thus jobs, continued. According to The Boston Globe Real Estate Section, lead article on Page A21 Sunday, May 2, 1982, "Office construction boom under way - Boston one of seventeen areas building at record pace; no oversupply in sight." This excerpt is reprinted and attached. It indicates Boston's strength in this active national phenomenon, graphically displaying the estimated six million square feet under construction in the area, and further revealing Boston's highly competitive volume and activity, primarily in the CBD.

BRA reports record the increase of over fifteen million square feet of office space constructed in Downtown Boston during the past fifteen years. They estimate this to be approximately five times the amount of space built during the previous thirty-five years, or roughly from the Big Depression through the mix-sixties. They deduce that this transformation in Downtown Boston has created an equally significant transition in the City's economic base, particularly as it accompanied a growth of some fifty thousand jobs, representing a forty-five percent increase, in office industry employment since 1965. They find this swelling primarily in the areas of Finance, Insurance, and Real Estate, known as "FIRE."

This accounts for almost a two-fold increase in the City's office employment during the last twenty years.

Comparisons with other cities nationally, according to BRA statistics, illustrate the dominance of the office industries within Boston's economy. Although the metropolitan area of Boston, within the Route #495 boundaries, contains the tenth largest population in the nation, it represents the fifth largest in terms of office space. It exceeds space in such active cities as Houston, Atlanta, Philadelphia, and, curiously, San Francisco. Only New York City, Los Angeles, Chicago, and Washington, District of Columbia, boast more office space.

Supporting Boston's unabated demand for office space is the fact that it is a national financial center. With over one thousand financial firms headquartered here, it represents the second largest hub in the nation, following New York City. First National Bank, now established as one of the nations "Money Center Institutions" dealing on an international scale, is one of only ten banks in the country, according to Belden Hull Daniels, to achieve that status. Here in New England, First National Bank of Boston enjoys a volume of greater than the total of all the other banks in the five-state area combined. Further attraction for office space is Boston's prominence as a regional and national center for education, medicine, law, architecture, engineering, accounting, and other professional services. The BRA Report, Boston's Office Industry, A Long-Term Perspective, currently being prepared for publishing, notes that Boston is domin-

ated by office uses. They estimate that over fifty percent of the total commercial space Downtown is devoted to offices, with this percentage expected to increase during the next decade. Specifically, the majority of the office development, over sixty percent, has occurred in the Financial District, while most of the balance has taken place in the Back Bay area. The latter primarily include the Prudential Center and the John Hancock Tower.

Analyzing past history in the hopes of assisting in predictions, 1960's Downtown office stock of twenty-two million square feet grew to approximately thirty-seven million, by 1975, fifteen years later. Between 1965 and 1970, over four-and-a-half million square feet was constructed. Another nine million two hundred thousand was built betweeen 1971 and 1975. In fact, in 1975, alone, five million square feet of office space was completed. This comprised basically five major complexes, four of which contained almost one million square feet each. Stung by unusual oversupply following the last surge in 1975, resulting in temporary vacancy rates in the fourteen to fifteen percent range, construction activity was constrained. This parallelled a period of national recession. Thus between 1976 and 1981 only one-and-three-quarter million square feet of office space was produced. Vacancy rates have decline rapidly since then, likely accompanying an improved perception of possible economic recovery.

Rehabilitating older structures has accounted for an appreciable portion of space under construction. In fact, of the present

six million square feet underway, almost one-third is composed of rehabilitated "Class A" space. The scarcity of land Downtown for new construction, and the associated high costs, has directed more attention to rehabilitating older office space. Some of this may have emanated from the period between 1875 and 1925, when Boston experienced its largest population gain, growing from 342,000 to over 800,000 in population. The special protection provided buildings of architectural significance, which discourages total demolition, and the shorted lead time for rehabilitation and conversion, should maintain the latter as a competitive laternative to the development community.

Understanding Boston's unique office employment breakdown can lead to some unusual conclusions. The major "users" of "Class A" office space are "FIRE" and "TCPU" - the latter comprising transportation, communications, and public utilities. These account for approximately seventy-five percent of all such space. In fact, almost two-thirds of all jobs in these industries can be found in such higher rent space. In contrast to the FIRE and TCPU concentration in the higher rent space, Professional and Business Services are primarily found in lower rent space. Half of the "P&BS" employment, the BRA reports, is located in "Class C" space. The accounts for about fifty percent of all users in such space. Another eighteen percent, it is noted, of "Class C" space is occupied by government agencies.

Characteristically, the users of "Class A" space are larger and

more established firms. Especially if they deal directly with the public, "image" considerations are particularly important. Many of the FIRE firms, notably banks and insurance companies, are located in structures which they sponsor - largely for prestige and convenience. Firms occupying "Class C" space are often newer, less established, likely relatively less profitable, and with probably less need for high image locations. This space is particularly important in the entire process as it acts as an "incubator" for the rapidly growing Professional and Business Services Industry. This likely performs as an added generator for increased office space ahead.

The BRA determined that although Boston resident workers accounted for only twenty-six percent of total private office employment Downtown in 1980, this resident force held over forty percent of all jobs in the city. It is noted that city residents have been capturing an increasingly larger share of the professional occupations, however, representing a higher wage category. This likely suggests of return of higher skilled population to the city with associated higher salaries, presumably occupying the currently-limited, costlier dwellings available.

An indicator of both present and future demand for office space is determined by current "vacancy rates." BRA surveys place vacancies Downtown at approximately one percent for Class A space and a little over three percent for all space. 1980 similar surveys country-wide, by comparison, reveal striking similarities in the San Francisco and Los Angeles

markets. Some cities, it is interesting to note, including Atlanta, Baltimore, and Cleveland, each had Class A vacancies in excess of ten percent. The Building Owners and Managers Association (BOMA) in their surveys taken during the past two-year period, indicates a further decrease in vacancy rates locally.

BRA-released "absorption rates" further indicate an optomistic trend ahead. During the past five years, the Downtown absorption rate has been placed at about two-thirds of a million square feet annually. Since this period enjoyed low vacancy levels, it may be deduced that office space supply has not kept pace with demand. In comparison, the average absorption rate during the 1971-1975 period was in excess of one million square feet per year. But this was combined with considerably higher vacancy rates. All indicators lead the BRA to predict that a "shortage of office space currently exists and is anticipated to remain to some degree even though significant amounts of new space will be added to the market shortly." Following this period, it is thought that the office industry will continue to grow through the 1980's. One driving force in the transformation of Boston's economy is believed to be the increasing specialization in the services sector. "Growth in finance, communications, transportation, and business, personal, and professional services will create new employment opportunities and foster strong demand for office space," the presently unpublished report states.

Based on trends in the nation's economy, over seventy-five percent of Downtown's employment growth during the next decade will take place

in the services sector. These generally include banking, insurance, investments, business management, administrative, consulting, accounting, engineering, legal, medical, educational, and other professional areas. These factors contribute to the prediction that the "potentional demand for office space in Downtown over the 1981-1990 period will amount to between ten and thirteen million square feet . . . according to projected employment growth and additional requirements for upgrading and replacement of older space."

Other cities nationally quote substantial office construction. Houston, with a similar size office market to Boston, also has some five million square feet underway. Chicago, with a Downtown base considerably larger than Boston's, will add about nine million square feet to its sixty million in place during the next few years. New York City, with the largest national market, is expected to increase their office space by some twenty million square feet shortly. Thus the trend appears to be substantially on a national basis, although there are distinct areas of overbuilding, reportedly, such as Pittsburgh, St. Louis, and Cleveland. Atlanta, among others, suffers, in my opinion, from a severe lack of downtown housing - especially affordable dwellings. Similar to the situation in Detroit and Cleveland, this may contribute to the lack of a "day and night" community downtown, and thus support for growing office-retail-entertainment vitality.

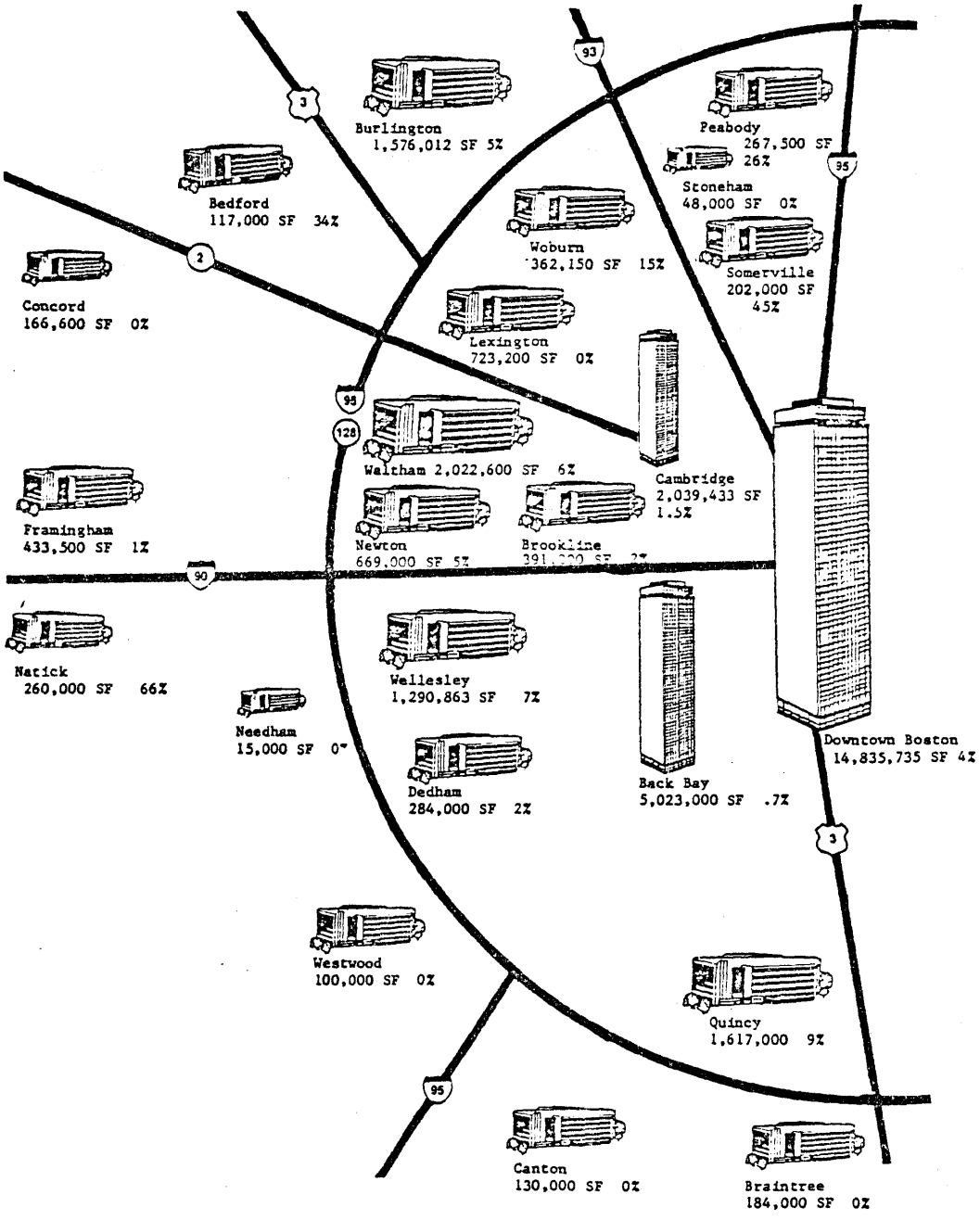
Specifically, according to the Spaulding & Slye Report published

earlier this year, and attached hereto, the (underlined) buildings total almost three million square feet expected for completion shortly. This figure is in addition to almost two million square feet delivered last year and just about fully occupied. S&S figures this total downtown market, composed of buildings listed, at about fifteen million square feet. The Back Bay office market, alongside, adds another five million square feet, with almost one-and-a-half million square feet expected to go through this absorption process during the next two years. The total market of twenty million square feet reveals a minimal three percent vacancy rate, from their study of specific buildings.

It is impossible to determine health and projections of the office market in Boston without studying the adjoining markets, as well. Cambridge, in particular, reveals an existing market of less than two million square feet, enjoying less than two percent vacancies, but a booming two million square feet plus under construction or just delivered. Since this space is primarily occupied by high technology and university related tenants, it may tend to drain little from the services primarily based in the downtown communities. Judging from the median rentals, however, and the likely ability to decrease somewhat further with lower taxes and land costs, the ten dollar per square foot differential may possibly draw some tenant "just over the bridge."

Overall, however, I believe these studies indicate an impressive, strong current market in office space with a clearly optomistic potential for future, continued sound performance.

GREATER BOSTON OFFICE SPACE MARKET VACANCY STATISTICS



Spaulding & Slye Report 1/82
617/523-8000

- DOWNTOWN MARKET SURVEY -

Buildings which are underscored are under construction. Underscored buildings followed by (P) are Proposed. Neither category is included in the Vacancy Rate Totals. (R) denotes Renovations. (S) denotes Sublease space.

BUILDING	DATE COMPLETED	#FLRS.	TOTAL RENTABLE AREA	SF AVAILABLE	S&S EST. RENT/SF	% VACANT
470 Atlantic Ave. (R) (Harbor Plaza)	1926	14	333,000	7,783	$20.00	2
1 Beacon Street	1973	40	1,100,000	Full	$26-28.00	0
99 Bedford Street (R)	1982	6	83,658	83,658	$22-24.00	100
1 Boston Place[3]	1970	41	769,153	42,500(S)	$26-35.00	6
88 Broad Street (R)	1982	9	60,000	30,000	$18.00	50
One Bulfinch Place	1972	5	45,000	3,400	$22.00	8
1 Center Plaza	1966	9	187,276	Full	$29.00	0
2 Center Plaza	1967	9	193,082	Full	$29.00	0
3 Center Plaza	1969	9	195,944	Full	$29.00	0
100 Charles River Pk.	1966	9	104,000	Full	$17.50	0
Church Green 1 (R)	1981	5	53,060	9,219	$22.00	17
230 Congress Street	1930	12	150,000	45,000(S)	$16.00	30
303 Congress Street (P)	1983	6	60,000	60,000	$24.00	100
55 Court Street	1969	5	60,000	Full	$20.00	0
2 Devonshire Place	1982	32	120,000	120,000	$26-27.00	100
82 Devonshire Street (R)	1976	10	200,000	Full	$22.00	0
161 Devonshire Street (R)	1981	11	60,500	Full	$18-20.00	0
Dewey Square Tower	1984	45	1,250,000	1,250,000	$32-40.00	100
1,2,3 Faneuil Hall Mkt. (South Building) (R)	1977	5	91,323	Full	$24-25.00	0
4,5,6 Faneuil Hall Mkt. (North Building) (R)	1978	5	55,208	2,000	$24-25.00	4
Federal Reserve Plaza	1976	33	1,000,000	6,200(S)	$26.00	.6
1 Federal Street (Shawmut Bank Bldg.)	1976	38	1,103,000	Full	$26-29.00	0
70 Federal Street	1966	7	62,000	11,950	$24.50	19
75 Federal Street	1920	21	225,000	4,050	$22.00	2
100 Federal Street[1] (First National Bank)	1971	39	1,400,000	Full	$30.00	0
133 Federal Street	1960	12	111,000	Full	$27.00	0
175 Federal Street	1977	16	200,000	Full	$30.00	0
100 Franklin Street (R)	1979	10	100,000	Full	$18-20.00	0
225 Franklin Street (State Street Bank)	1966	33	852,000	Full	$25.00	0
99 High Street (Keystone Building)	1971	32	775,000	Full	$26.00	0
125 High Street	1964	16	285,000	Full	$23.00	0
1 Liberty Square (R)	1981	13	150,739	120,417	$23-27.00	80
10 Liberty Square (R)	1981	6	18,000	4,000	$22.00	22
One Milk Street (R)	1982	5	44,500	23,000	$22-24.00	52
50 Milk Street	1981	21	262,597	6,500	$29.00	2
2 Oliver Street (R)	1981	11	212,000	100,000	$16-18.00	47
1 Post Office Square	1981	41	760,000	100,000	$28-42.00	13
10 Post Office Square (R)	1920	13	176,978	6,700	$25.00	4

BUILDING	DATE COMPLETED	#FLRS.	TOTAL RENTABLE AREA	SF AVAILABLE	S&S EST. RENT/SF	% VACANT
Ten Post Office Sq. (R)	1920	13	210,300	45,000	$25.00	21
45 School Street (R) (Old City Hall)	1971	5	75,000	5,650	$19-23.00	8
Sears Crescent (R)	1969	5	46,840	Full	$20.00	0
50 Staniford Street	1975	10	181,601	Full	$17.50	0
27 State Street (R)	1980	11	21,320	Full	$22.00	0
28 State Street (N.E. Merchants)	1968	40	590,000	Full	$25.00	0
53 State Street	1983	40	1,125,000	1,125,000	$27-45.00	100
60 State Street	1977	38	823,014	Full	$30.00	0
55 Summer Street[1] (Charlestown Savings)	1976	10	101,000	Full	$20.00	0
100 Summer Street (Blue Cross Bldg.)	1974	33	1,034,752	27,089	$24.00	.4
268 Summer Street (R)	1981	8	67,148	52,000	$13.50-15.50	77
One Washington Mall	1972	16	154,000	Full	$24.00	0
7 Water Street (R)	1978	9	40,000	Full	$22.00	0
30 Winter Street	1973	11	110,000	Full	$22.00	0
One Winthrop Square (R)	1974	5	90,000	Full	$22-24.00	0

DOWNTOWN: Total Rentable Area = 14,835,735 SF
Available Sq. Feet = 599,458
Vacancy Rate = 4% (46 Buildings)

- BACK BAY MARKET SURVEY -

155 Berkeley Street (R) (Berkeley Place)	1981	10	103,000	30,000	$18.00	30
120 Boylston Street (R)	1982	10	160,000	50,000	$17.00	31
500 Boylston Street	1960	6	100,000	Full	$16.00	0
535 Boylston Street	1965	13	90,000	1,798	$22.00	2
545 Boylston Street	1973	13	85,000	Full	$20.00	0
800 Boylston Street (Prudential Tower)	1965	52	1,400,000	Full	$26-28.00	0
200 Clarendon Street[1] (Hancock Tower)	1974	60	2,000,000	Full	$25.00	0
Copley Place	1983	9	845,000	845,000	$25-35.00	100
101 Huntington Avenue	1971	26	432,000	Full	$26-28.00	0
126 Newbury Street (R)	1981	6	33,000	Full	$18.00	0
6 St. James Avenue (R) (Paine Office Bldg.)	1980	10	280,000	Full	$16-18.00	0
31 St. James Avenue (Park Square Building)	1922	11	500,000	1,276	$17.50	.3
380 Stuart Street (R)	1982	9	140,000	140,000	$20.00	100

BACK BAY: Total Rentable Area = 5,023,000 SF
Available Sq. Feet = 33,074 SF
Vacancy Rate = .7% (10 Buildings)

BOSTON: Total Rentable Area = 19,858,735 SF
Available Sq. Feet = 632,532 SF
Vacancy Rate = 3% (56 Buildings)

FOOTNOTES:

[1]Space in this building is quoted on a Useable Basis.

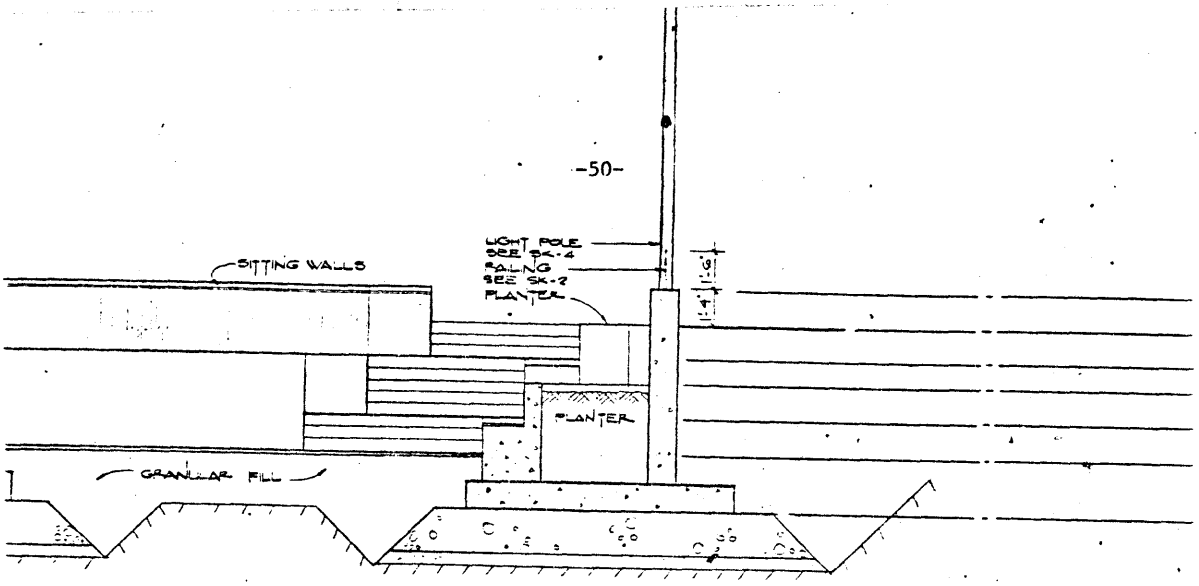
[2]Building is offered on a Triple Net Basis.

[3]40,000 square feet of the Total Space Available in this building is a Sublet.

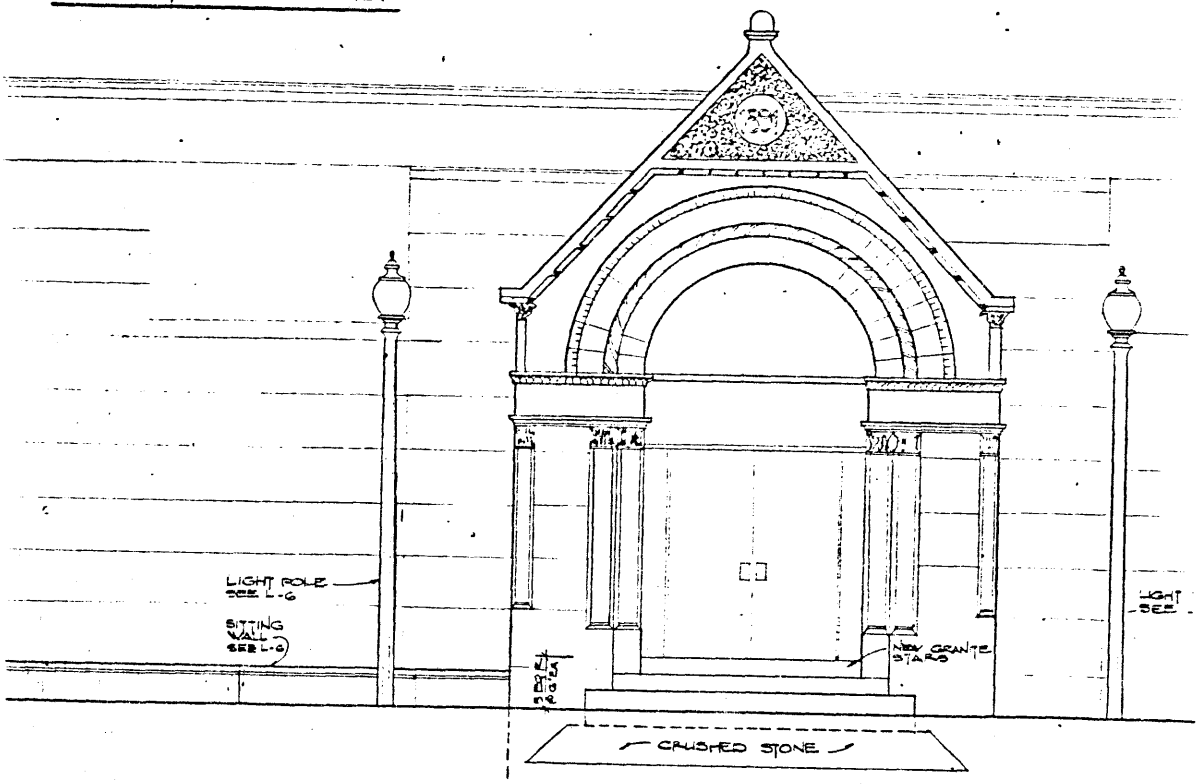
- CAMBRIDGE MARKET SURVEY -

BUILDING	DATE COMPLETED	#FLRS.	TOTAL RENTABLE AREA	SF AVAILABLE	S&S EST. RENT/SF	% VACANT
One Alewife Place[2]	1982	3	133,000	83,000	$13.50	62
One Broadway	1970	16	220,000	Full	$17.00	0
2 Cambridge Center (P)	1984	15	240,000	240,000	$23-$24	100
4 Cambridge Center	1982	12	225,000	145,000	$22.75	64
5 Cambridge Center	1981	13	250,000	14,000	$19.50	6
9 Cambridge Center (P)	1983	8	140,000	Full	$22.00	0
One Canal Office Pk. (P)	1983	4	220,000	220,000	$22-25.00	100
50 Church Street	1980	4	60,000	Full	$18.00	0
Kennedy Square (P)	1984	7	102,000	102,000	$25.00	100
One Main Street (Riverfront Office Pk.)	1983	18	329,300	181,000	$23-24.00	55
675 Mass. Avenue (Central Plaza)	1968	14	130,000	11,694	$15.00	9
955 Mass. Avenue	1970	8	88,000	Full	$15.00	0
1000 Mass. Avenue PHASE I	1982	4	108,000	48,000	$19-21.00	44
1000 Mass. Avenue (P) PHASE II	1983	6	102,000	102,000	N/A	100
1033 Mass. Avenue	1969	6	65,000	Full	$16-17.00	0
1050 Mass. Avenue	1974	5	65,000	Full	$16-17.00	0
1100 Mass. Avenue	1979	5	48,000	Full	$16-17.00	0
840 Memorial Drive	1980	5	135,000	4,000	$17.50	3
One Riverside Place (P)	1983	9	273,000	273,000	$25-27.00	100
8 Story Street	1970	6	20,000	Full	$15-16.00	0
14 Story Street	1971	6	36,000	Full	$15.00	0
545 Technology Sq.	1960	9	140,000	Full	$19.00	0
555 Technology Sq.	1976	8	450,000	Full	$19.00	0
565 Technology Sq.	1966	9	181,800	Full	$19.00	0
575 Technology Sq.	1963	9	150,633	Full	$19.00	0
University Place (P)	1983	6	200,000	200,000	$24-25.00	100

CAMBRIDGE: Total Rentable Area = 2,039,433 SF
Available Sq. Feet = 29,694 SF
Vacancy Rate = 1.5% (15 Buildings)



SECTION BB Batterymarch District Historic Grain Exchange Entrance



from BRA Plans

SECTION CC

Chapter IV

Practicalities Observed

In an "Executive Summary" of an extensive Chamber of Commerce report prepared recently by Harvard Graduate School of Design students under the supervision of Professor William Pourvu, coupled with a team from the Harvard School of Business, a clear "necessity for the achievement of critical mass downtown by the creation of twenty-four hour zones" is cited. "Housing, retail, and restaurant activities are mutually reinforcing," the report states. It indicates that this would "attract people after dark, promote safety, and thus residential use."

The report stresses invoking 1) lower tax rates for housing in "preferred use zones,", 2) tax exempt financing primarily through CARDs, 3) mortgage revenue bonds for housing through MHFA for low and moderate income units, and 4) historic designations to be applied wherever possible in "preferred use zones." Also the adoption of "cultural districts."

Their "In-depth Area Analysis" resulted, interestingly, in the ultimate choice of three "preferred use zones:"

A. Commons - Theatre District: The area facing the Commons chosen because of its proximity to this urban amenity and because existing housing use is in place.

B. Board Street (Coincidentally our Batterymarch Area): This area chosen because of development forming a pedestrian traffic triangle be- Rowes Wharf, Quincy Market, the Marriott, and Broad Street.

C. Chinatown - Leather District: Preserve existing stock and expand.

Applying intensive current scrutiny to Batterymarch, as a conceiveable candidate for mixed-used, predominantly rehab, development including housing in or close to Boston's core, various recent advantages surface, as well as significant deterrants. In July, 1980, the entire district outlined on the plat entitled, "Batterymarch," was designated a Commercial Area Revitalization District under the CARD Program, to be administered by the BRA under state-enacted legislation. The official Financial District CARD is displayed overleaf with boundaries indicated by dotted lines. As previously discussed, the CARD Program is a mechanism by which the following economic development incentives can be applied to mixed-use projects loacated within the plan boundaries:

(1) Conventional financing at interest rates depressed through tax-exempt Industrial Revenue Bonds negotiated between the applicant and a private lender and approved by the City and State agencies outlined previously.

(2) Mortgage insurance specifically limited to approximately $400,000 per project, for rehabilitation projects.

(3) A credit against a corporation's state excise tax liability and a twenty-five percent payroll deduction through the Urban Job Incentive Program.

Batterymarch, as well as certain other inner-city areas, qualify amply under state regulations which specify that fifty percent of the CARD must contain "older commercial" structures. MIFA determines if

criterea is met to include housing as a mixed-use component. If deemed necessary, the BRA and the Executive Office of Communities and Development (EOCD) may analyze a detailed description of the specific community's need for housing, the nature and type of housing planned to meet those needs, and the potential reuse of existing buildings. The approval process further includes the Mayor and a public hearing before the City Council. Other core areas granted CARD designations recently, as late as April, 1982, include the Theatre District Phase I, the Theatre District/Chinatown Phase II, North Station, and South Station, with appropriate plats attached. Strategies to be pursued to include housing in mixed-use projects for these areas would be similar to the Batterymarch proposals.

Application was further made to the United States Department of the Interior - National Park Service, a few years ago, for a sixteen acre major portion of "Batterymarch" to be designated on the National Register of Historic Places Inventory. This was recently formally adopted and entitled "The Custom House District," and includes State Street, existing since Boston's founding, and extended to Long Wharf in 1710, as well as Merchant's Row, laid in 1708, providing for the flow of goods from Faneuil Hall to six "new" adjoining streets "lined with stores and warehouses," according to Nathaniel Bradstreet Shurtleff in his treatise A Topographical and Historical Description of Boston published in 1870.

The oldest buildings in this district are of Federal style

along Broad Street (numbers 5, 7, 63-73, 64-70, 72, and 102), and 175 Milk Street. They date to 1810 and represent remnants of those erected from the design of Bullfinch for the Broad Street Association, also noted by Shurtleff. He fuether indicated that these four-story brick buildings with flared lintels, contained "characteristically smaller and square top story windows." He describes them as "topped with hipped rooves, cornice of simple brick imitation of dentils, and a string course of stone separating the stories." This historic area also embraces Central Wharf, built in 1819, with the only surviving brick structure that exemplifies the architecture of Boston's early eighteenth century wharves, and the striking, rounded, brick and granite Grain and Flour Exchange Building, commanding the area of McKinley Square, as well as the Custom House, dating to 1834, on the corner of India and State Streets. The few remaining granite warehouse buildings, built in great numbers from the 1820's to the 1860's, reflect the power and prosperity of Boston's mercantile port.

The United States Economic Recovery Tax Act of 1981, according to the National Trust for Historic Preservation, "makes dramatic and sweeping changes in the federal tax treatment of investment in real estate." It specifically grants preservation tax incentives in the form of investment tax credit (ITC) for rehabilitation of older and historic buildings. Starting this year, "qualified rehabilitation" provides a fifteen percent ITC for structures at least thirty years

old, twenty percent for structures at least forty years old, and twenty-five percent for certified historic structures. Only the latter, larger credit, however, may be applied to depreciable residential buildings, which must retain at least seventy-five percent of the existing external wall surviving "substantial rehabilitation."

These significantly beneficial new tax incentive credits may be directed directly from the amount of taxes owed, in unique contrast to typical deductions, which merely reduce the taxpayer's income subject to taxation. In cases of certified rehabilitation of historic structures, the taxpayer is permitted to depreciate the full amount of the rehabilitation expenditure, thus exempting any loss due to adjustments as previously stipulated. This now provides a substantial margin of tax savings, especially when coupled with the newly-assigned fifteen year depreciation period in computing a residential building's "useful life" for "recovery of capital costs."

Conventionally, residential structures are granted an approximate thirty year life for depreciation purposes, allowing about three percent per year deduction from the taxable base. This is normally in sharp contrast to commercial buildings, where normal life is computed at about sixty years, yielding about half the above deduction annually. This provides still further incentive for housing in the Batterymarch section, as well as others designated under the National Register. Under the regulations effective this year, Congress has also stipulated

identical methods of "cost recovery and recovery periods for both new and used properties." This effectively eliminates the longstanding Internal Revenue Code bias in favor of new construction - in recognition of the economic and social advantages of rehabilitation - now affording a clear incentive for qualified rehabilitations in all historic areas. The new regulations include one further incentive provision which permits taxpayers to accelerate depreciation on a 175-percent declining balance method, thus permitting substantially faster "write-offs" and tax savings. Low income housing, however, qualifies the taxpayer for a still-heftier two hundred percent declining balance plan.

The Act thus reflects a definite intent of Congress and the Administration to encourage reinvestment in America's historic buildings; commercial districts as well as residential neighborhoods, with mixed use eminently acceptable. The twenty-five percent ITC, in fact, represents the most beneficial tax treatment for real estate investment available under the newly-amended Internal Revenue Code.

Syndications, or groups investing substantial sums in these projects in return for participation in the generous, new opportunities for rapid depreciation, continually seek these devices for shielding normal taxable individual income - thus affording developers and speculators available funding to undertake these projects as an alternative to present, high-interest bank capital. Deeper investigation into consumated and tentative deals involving Batterymarch-area sites reveals the enormous attraction to speculators and developers, currently - par-

ticularly parking lots, decayed buildings, and the few undeveloped and unoccupied sites. This area's prime location directly adjoining the Financial District, now, according to thorough studies by elements of the BRA, actively exchanging in excess of two hundred dollars per square foot, attains values only slightly below that figure. These prices are among the highest recorded in the entire Boston vicinity or, for that matter, in any American city with the exception of New York.

Research into City of Boston Zoning Districts reveals that the Batterymarch area lies within the most conceiveably dense designations, officially known as "B-10." A B-10 Business District permits Floor Area Ratio (FAR) of ten times density of full, first level coverage. Thus, if only a quarter of the entire site was developed, a forty story building would be allowed under this zoning class. As a practical matter, B-10 zoning, as the "maximum designation," is utilized as a tool by builders to negotiate for still increased densities. Often various setbacks, offsets, and unusual configurations, as in the recent New York Magazine article attached indicates, are cited to spur acceptance. "Public purpose" has increasingly been suggested as a stimulant for gaining approval from authorities for attaining density in excess of district limitations. Olympia and York, as consideration for preserving the historic facade of 53 State Street, were permitted to construct a massive tower, now underway, reaching some forty stories, with appropriate indentations at various levels,

virtually covering the entire site. The effective yield in density is far beyond ten times stipulated FAR. Likewise the Dewey Square giant tower under construction by Rose near South Station eclipses the B-10 maximum limitations. The "rationalization" here was ascribed to both extending the Financial District in a direction otherwise not envisioned on a site "hampered by tight highway boundaries." In return, the developer is supplying three sories of public amenities in the form of theatres and retail services - affording some relief from typically, harsh office configuration for the sidewalk pedestrian.

Zoning in the Batterymarch area, as well as other prospective candidates for residential possibilities, such as along Washington Street-Downtown Crossing (particularly Temple and West Streets - and ideally the historic buildings including the Dexter and Avery) further aggrevates and frustrates attempts to arrange for housing as it offers speculators incentives for negotiated "super-deals" instead. Without zoning "protection" to deter such activity accelerating values far beyond the practical reach of residential, or even mixed-use, development, or the questionable use of eminent domain powers, only the restrictions imposed by the National Register and associated Landmark status effectively preserve surviving historic buildings for residential opportunities. And even then, without Code savings, discussed previously, and often amounting to savings in the magnitude of twenty to thirty thousand dollars per unit, and the unique, recently granted tax considerations, housing would doubtful be feasible today.

In my opinion, a local ordinance parallel to that achieved in San Francisco, and presently under consideration in Cambridge, can effectively spur core housing. By applying other tools and strategies,mentioned previously,to neighborhoods such as Batterymarch, typically rapidly evaporating as a supplier of housing stock opportunities, can existing and potential office demand be harnessed to yield some significant urban habitation. Close examination of the model Batterymarch district discloses the presence of some scattered scores of dwellings - both legal and "illegitimate" under scrupulous zoning interpretations. In the Oliver and Wendell Street area area, some approved condominiums are present. Plants, curtains, and lights late at night, though personal inspection, indicate the presence of predominantly upper-floor dwellings. Only diverse ownership of many smaller sites and buildings granted protection under the National Register preventing demolition or expansion, preserves some former neighborhood and community qualities for residential purposes and likely discourage total devouring by commercial interests at present.

Interestingly, the Landscape Commission of the BRA has been currently reviewing plans proposed by developers for improvements to both the "Jenney Building" and adjoining row, now boarded-up, at McKinley Square, bounded by Central and Milk Streets, and the site-building at India Place, India Street, and Milk Street, nearby. Plans may be found overleaf for these improvements, prepared under the com-

missions supervision. By sheer coincidence, the was one of two locations chosen by me as a result of physical review for a local pedestrian piazza. If the BRA plans are approved, funded, and executed, these attractive improvements will appear. Originally envisioned by McCormick, a local builder, as a commercial proposal, the many mechanisms bared above might possibly convince him to consider a residential, or mix-use, alternative as encouraged under the CARD Program, as well. The BRA is simultaneously advancing plans for either mixed-use of all-residential occupancy at the Broad Street extension into Rowe's Wharf. This study has been promoted auspiciously by the Boston Educational Maritime Exchange. It is currently in the design stage at the BRA and now includes both Fosters and Rowe's Wharfs. Nearby Commonwealth Pier, as well, has been touted in an article in The Boston Globe entitled, "Historic Buildings Lure Investors," dated April 5, 1982, as the object of some eighty-five million-dollar rehab, reproduced overleaf. Renovation here is ascribed to the incentives provided by the brand new tax code amendments. Not only will the new, liberal regulations "shelter" investors' other income through depreciation benefits, but the diminished capital gains tax resulting from a sale would supply additional attraction.

In an article edited by Mary Petersen entitled,"The Rehabilitation of Office Buildings," dated March 10, 1982 appearing as a "Bimonthly Feature" of the "United States Real Estate Investment Report" published

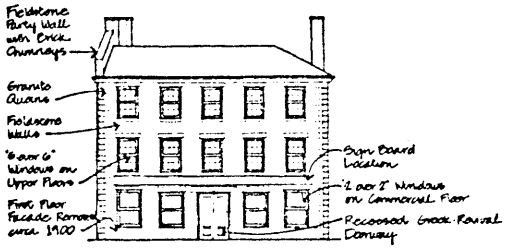
by Harrison Wehner and distributed by BUVERMO Management of Arlington, Virginia, Boston is cited as "Without question, the city with the greatest experience in office rehabs . ." The new tax code is quoted as the prime motivation for this trend, which, according to BRA estimates developed for their current chart entitled, "Physical Amount of Development Completed in Boston," will yield in excess of one million square feet of delivered rehab office space this year. They anticipate that this will represent more than double new office space finished in 1982. Possibly adaptations of the San Francisco ordinance could apply to the burgeoning rehab office market, as well. Or at least supply further incentives yielding inner-city residential opportunities through mixed-use stimulants. Elements of "bonus zoning" may helpfully apply here, as well. By encouraging increased densities beyond those conventionally permitted, a total range of retail, commercial, office, and residential use may evolve.

Batterymarch, our chosen "model," may actually be designated as an "endangered specie." Its sheer physical proximity to the massive concentration of some fifteen million square feet plus of offices in the ever-expanding Financial District renders it vulnerable to the constant threat of eventual development and loss of its unusual scale and character. Recently the 1927 Art Deco Batterymarch Building, located at Batterymarch, Broad, and Franklin Streets, was purchased for some eight million dollars by the Beal Company, who also owns 15 and 88 Broad Street, and the Grain Exchange Building. Containing a quarter of a million square feet, this

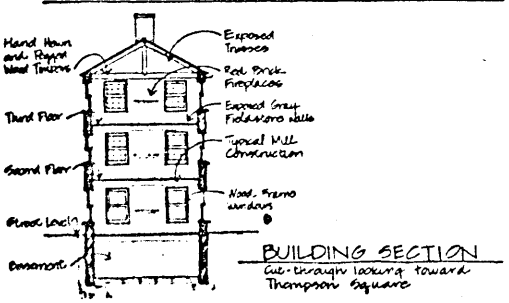
figures to a dramatic thirty-two dollar per square foot cost for non-rehabbed office space, an apparent record. This indicator of another conceiveable round of inflation could, to a large extent, crowd out the possibility for any substantial residential foothold in the area. The BRA, in addition, lists the greatest generator of office space as "internal expansion of existing offices." Their unpublished Office Report cites some sixty-three percent of new space attributable to current office "growth," primarily from the FIRE and TCPU services described previously. It is therefore likely that the sheer magnitude of paperwork daily shed from current office procedures and characteristic self-generating expansion could overflow into unprotected areas of our Batterymarch model and tend to snuff out what little hope for communitylife may still flicker there.

Through its relationship with Boston's historic preservation revolving fund, Historic Boston Incorporated, and other public and private organizations, the Landmarks Commission has also served as a vehicle to facilitate the physical stabilization of historic properties. The Commission provides planning and administrative assistance to Historic Boston Incorporated, a private non-profit foundation which, in 1980, joined with the Charlestown Preservation Society to do emergency repairs to the Austin Block in Charlestown, so as to prevent its structural collapse. This 1822 stone structure, which has also been designated a Landmark, is now the subject of development planning by the administrator of the revolving fund - a consultant to the Landmarks Commission.

Similarly in 1980, work was completed on the physical stabilization of the Cox Building at John Eliot Square, Roxbury, and the revolving fund administrator is working with the Boston Redevelopment Authority to facilitate development of this mid-nineteenth century commercial building.



MAIN STREET ELEVATION circa 1840



BUILDING SECTION
Cut-through looking toward Thompson Square

Business Section The Boston Globe 4-6-82

Historic buildings lure investors

By Joan FitzGerald
Globe Staff

Provisions in the federal tax reform law offering incentives to rehabilitate old structures, rather than demolish them, have Boston real estate developers in a feeding frenzy.

For instance, Don Meginley, president of 19th Century Corp., one of the developers of Worcester Square in the South End, says he has bought 10 buildings, worth approximately $1 million, in the South End Historic District because of the 25 percent tax credit. Rehabilitation, which he will finance with limited partners, will cost about $4 million and throw off $1 million in tax credits, which will go to his limited partners, he said.

Developers like Meginley see a boon to the rental market in Boston coming from the new changes because of the requirement that the properties be income-generating for the first five years.

Apparently many other realty investors agree that there's investment potential in the revised tax law. When the law was explained in Boston two months ago, so many people turned up, there had to be a second meeting.

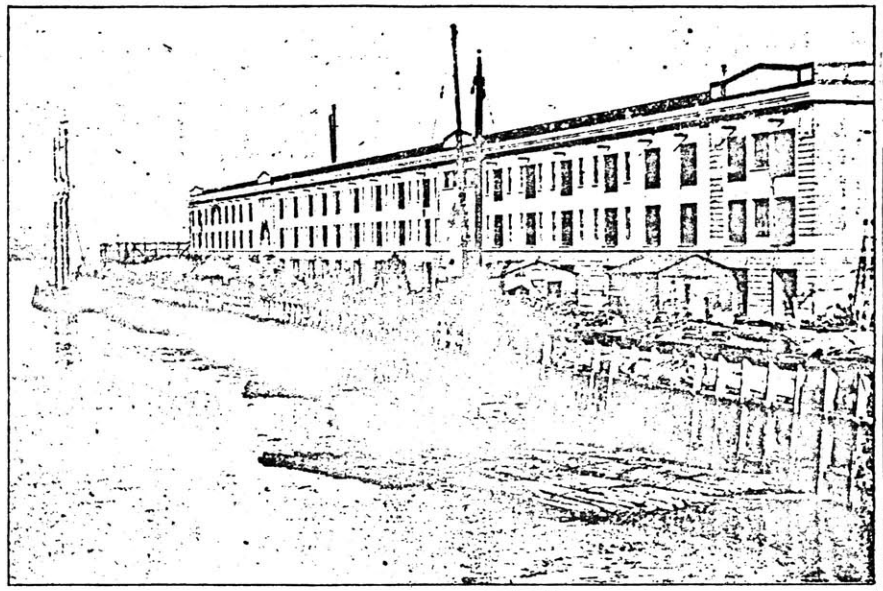
Last week the second session took place in the cavernous auditorium of the Federal Reserve building, sponsored by the National Park Service, the National Trust for Historic Preservation and the National Conference of State Historic Preservation Officers.

Enthusiasm at the 2-day seminar was not diminished by reminders from people like Robert H. Kuehn Jr., senior partner of Housing Economics in Boston, that tax brackets have declined, as has the tax rate. Interest rates, he said, remain high. "I don't mean to be a wet blanket, but maybe a damp one," he said.

Historic preservation tax incentives were first written into the tax code in 1976, with a tax credit of 10 percent. Even under that modest incentive, Massachusetts alone approved 220 private development projects, generating almost $250 million in private capital for historic rehabilitation. One of those projects was the Charlestown Navy Yard.

The new tax law significantly improves the advantages to investors of rehabilitating certified historic buildings. And there is plenty of property left.

ROBERT H. KUEHN
A note of caution



Commonwealth Pier, shown in 1916, will be rehabilitated at a cost of $85 million. GLOBE FILE PHOTO

Some 25,000 properties are listed in the National Register, with about 2500 of those historic districts containing as many as 1 million structures. As of 1980, states had inventoried 1.6 million historic properties. Massachusetts boasts 200 historic districts and 730 individual properties.

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While requests for certifications are flooding local historical commissions, many developers, including Meginley, have already committed themselves to major new projects.

The new provision was pivotal in the decision by Fidelity's FMR, its real estate arm, to undertake an $85-million rehabilitation of Commonwealth Pier. They helped Olde Forge Realty decide to develope the American Net and Twine building on 3d Street in Cambridge.

Under the new provisions in the tax code, owners can get a 25 percent tax credit on the rehabilitation of certified historic buildings which will become income-producing once the rehabilitation is completed. Owners can also depreciate their buildings, once occupied, with a 15-year straight-line method.

In addition, the amount of the tax credit is not deducted from the purchase price of the building for depreciation purposes or for determining the amount of capital gains owners will pay upon the sale of a building. As a result, depreciation will be higher and the capital gains tax, upon sale of a building, will be less.

There are some important conditions developers must adhere to which may enhance the risk, too. Rehabilitation plans must be approved, as must the final, completed work. A developer will not know, in fact, if his project will qualify for the 25 percent tax credit until after the work is completed – well after the money has been spent.

The renovation work has to be in excess of the base, or purchase, price of the building. Thus an owner buying a building for $100,000 will have to spend at least $100,000 more for rehabilitation.

Another, potentially more serious, risk may lie in the administration of the program, a situation labeled by one speaker last week as a "regulatory boondoggle." As a result of proposed budget cuts, Uncle Sam may in effect be handing the public a bar of soap but removing the bathtub.

The President's fiscal year 1983 budget contains no money for the National Trust for Historic Preservation and the states' historic preservation programs. Preservation groups around the country are up in arms and are now organizing grass roots efforts to raise $200,000 to lobby Congress this spring. But bottlenecks in certifying buildings eligible for the program or in the final review of the rehabilitation work may appear.

Michael J. Connolly, the Massachusetts secretary of state, sounded the note of urgency last week: "If Washington cuts the $26 million it now spends for historic preservation ... the ramificaitons will be quickly felt. We, in Massachusetts, will lose our staff people who work on National Register nominations and tax project reviews."

While the certification and review procedures may prove cumbersome to developers, the total package under the new law will be more attractive to investors than any alternative option, according to tax specialists like Garry Cunio, from the accounting firm of Laventhol & Horvath.

At the seminar last week, Cunio said the tax credit in Year 1 coupled with the depreciation method will generally generate a faster payback on the original investment than other kinds of real estate developement schemes. The feature will attract investors acting as limited partners since such individuals are looking for a payback of their invested money in three years.

While the reduction of the maximum income tax rate from 70 percent to 50 percent may temper the flow of investor money into historic preservation, as William G. MacRostie, a historian for the Technical Preservation Services Division of the National Park Service, noted before last week's audience, historic preservation has "been mainstreamed into the real estate marketplace."

Chapter V

Conclusion

In a rapid overview, the advantages of various cities worldwide have been extolled. Attempting to assemble these virtues to plan and construct a new city from "scratch" would be an overbearing task. James W. Rouse has devoted the last fifteen years of his life, his loyal company "team," his friends, and his financiers to execute Columbia, Maryland. More than fifty thousand folks are now living there accompanied by industry producing some thirty thousand jobs, according to Warren Fuller, head of the management company, basically representing CIGNA'S (Connecticut General Life Insurance Company amalgamated with the merged Insurance Company of North America) majority interest, stated in his discussion at M.I.T. May 12, 1982. A far more expedient course is to "enlighten" healthy and active cities to grow into safer, attractive, and thriving communities.

San Francisco appears to have made a firm commitment in this direction. New York City and probably parts of Chicago, Baltimore, and Los Angeles can likely testify various downtown areas of productive exchange. Assembling these valuable ingredients in Boston, which already possesses "pockets" of colorful, lively, cultural exchange, appears feasible to me. Batterymarch, in particular, as a "chosen" community with its winding streets, historic character, divergence of scale, and accessibility to the waterfront, the Financial District, the North End, Quincy Market, Government Center, and transportation,

seems an ideal selection to initiate residential reclaimation.

Some of these strategies can only be instituted in active cities, where construction downtown is strong. The Theatre District, even the Combat Zone, Downtown Crossing, the Commons, and proximity to Beacon Hill-BackBay-Prudential Center-Copley Place all converge in support of the "San Francisco Ordinance," which might be implemented soundly with the very next office building application. In addition to the six million square feet underway, the contemplated South Station Transportation Center, Parcel 31 adjoining Lafayette Place, Franklin Street, 155 Federal Street, and Fort Hill Square, all providing over three million square feet during the next five years, would be fine candidates for sound, balancing, "apartment obligations" augmented by available financing modes discussed.

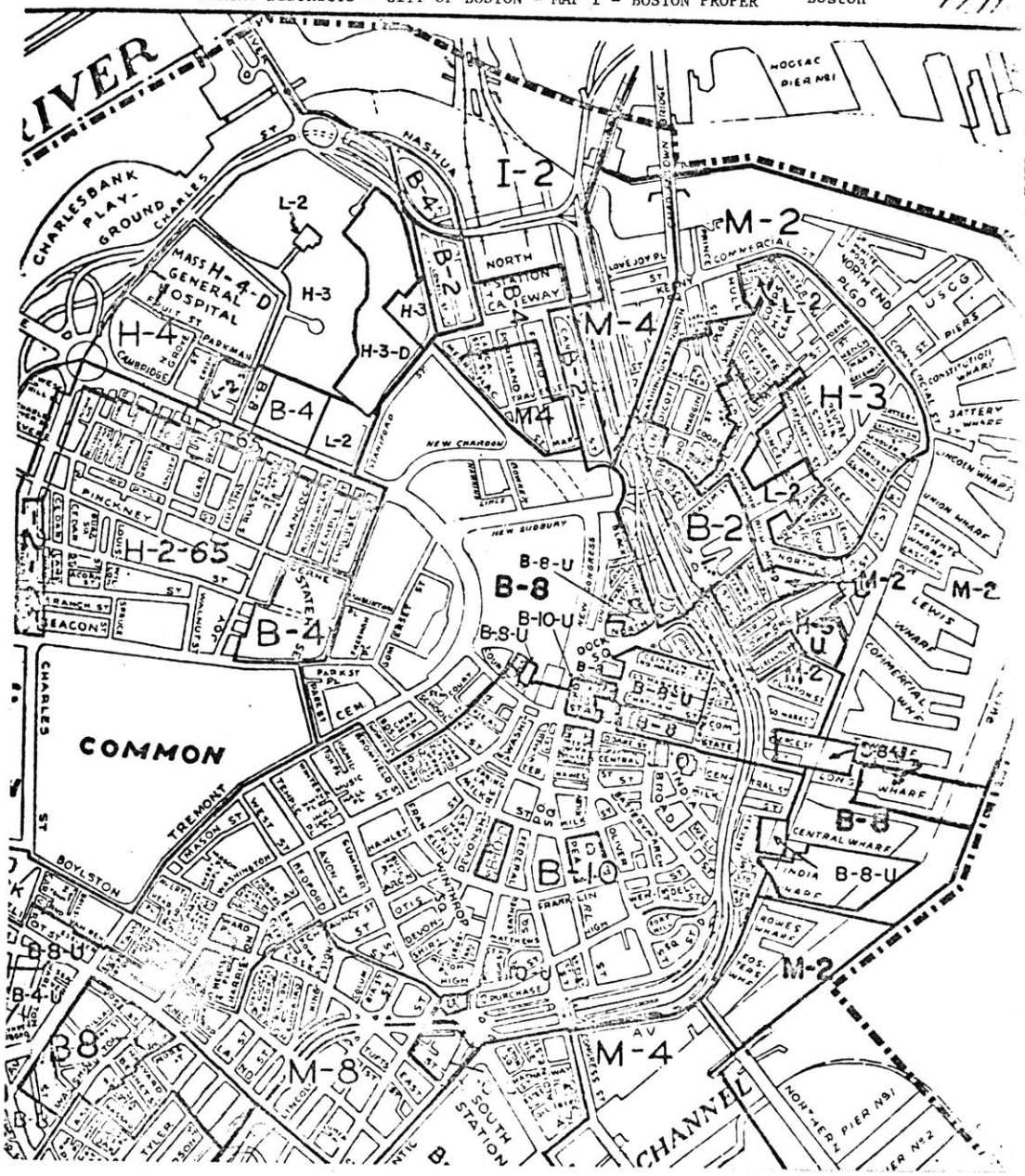
Batterymarch, zoned with pedestrian piazzas under construction by the city at the east and west edges, trees and lighting installed, and various narrow streets closed and "bricked," could immediately receive the benefits of an adapted San Francisco Plan. If Rose and Metropolitan Life's Dewey Square one million square foot plus office tower, where work was recently commenced, had been "nailed" with this resolution, these ardent entrepreneurers would have initiated a valuable stake in the community.

Probably Boston, in unfortunate comparison with San Francisco, lacks the charismatic, credible leadership necessary to perpetrate such a feat. Mayor Feinstein is blessed with broad appeal and fol-

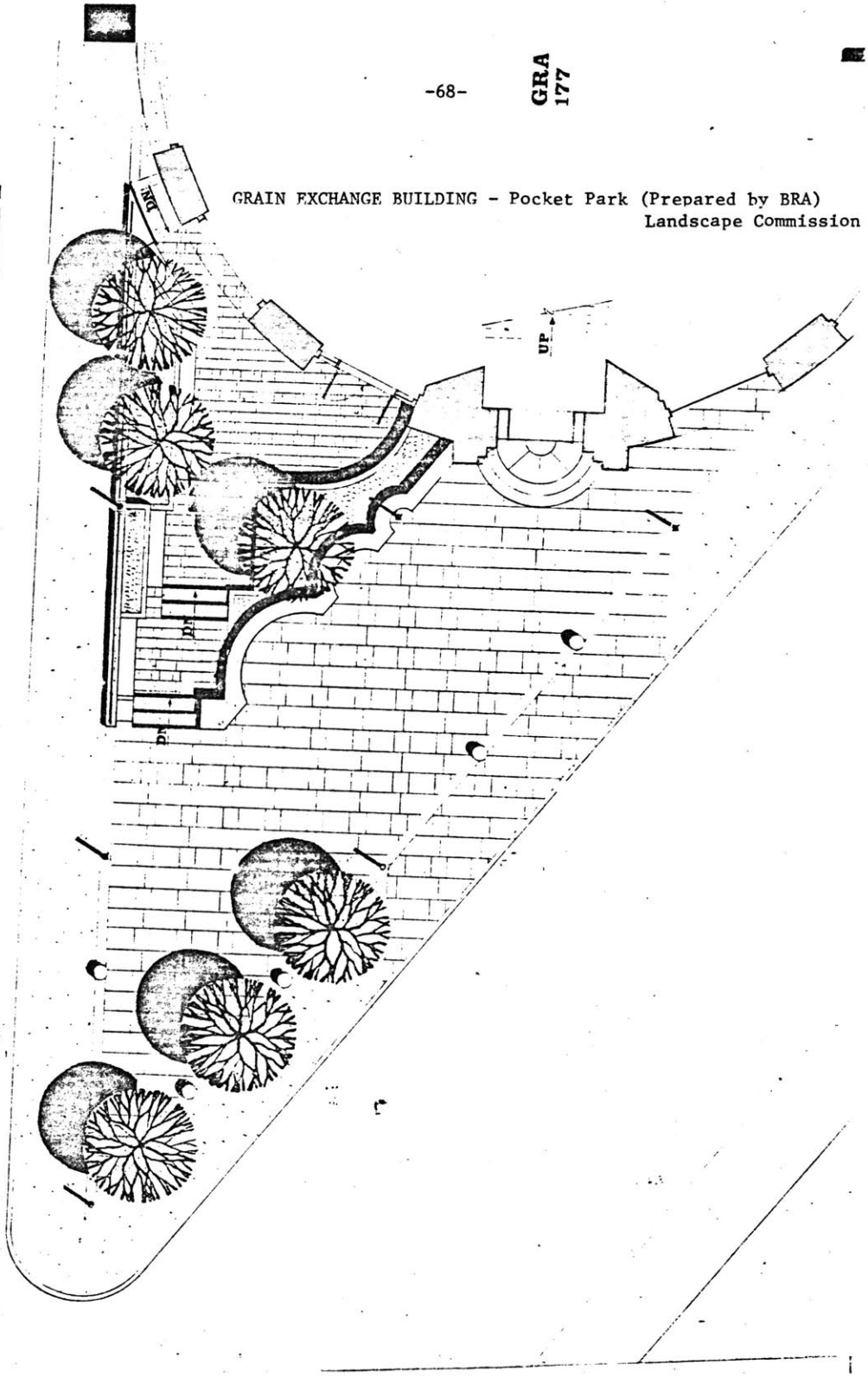
lowing to succeed in this endeavor. The unfortunate alternative, I feel, is a cold, lusterless, inefficient city strangled by the necessity for additional fire and safety services, and doomed toward decay within the next few decades. If Kevin H. White can't envision this priority, maybe another Robert Moses will re-appear. After all, he said:

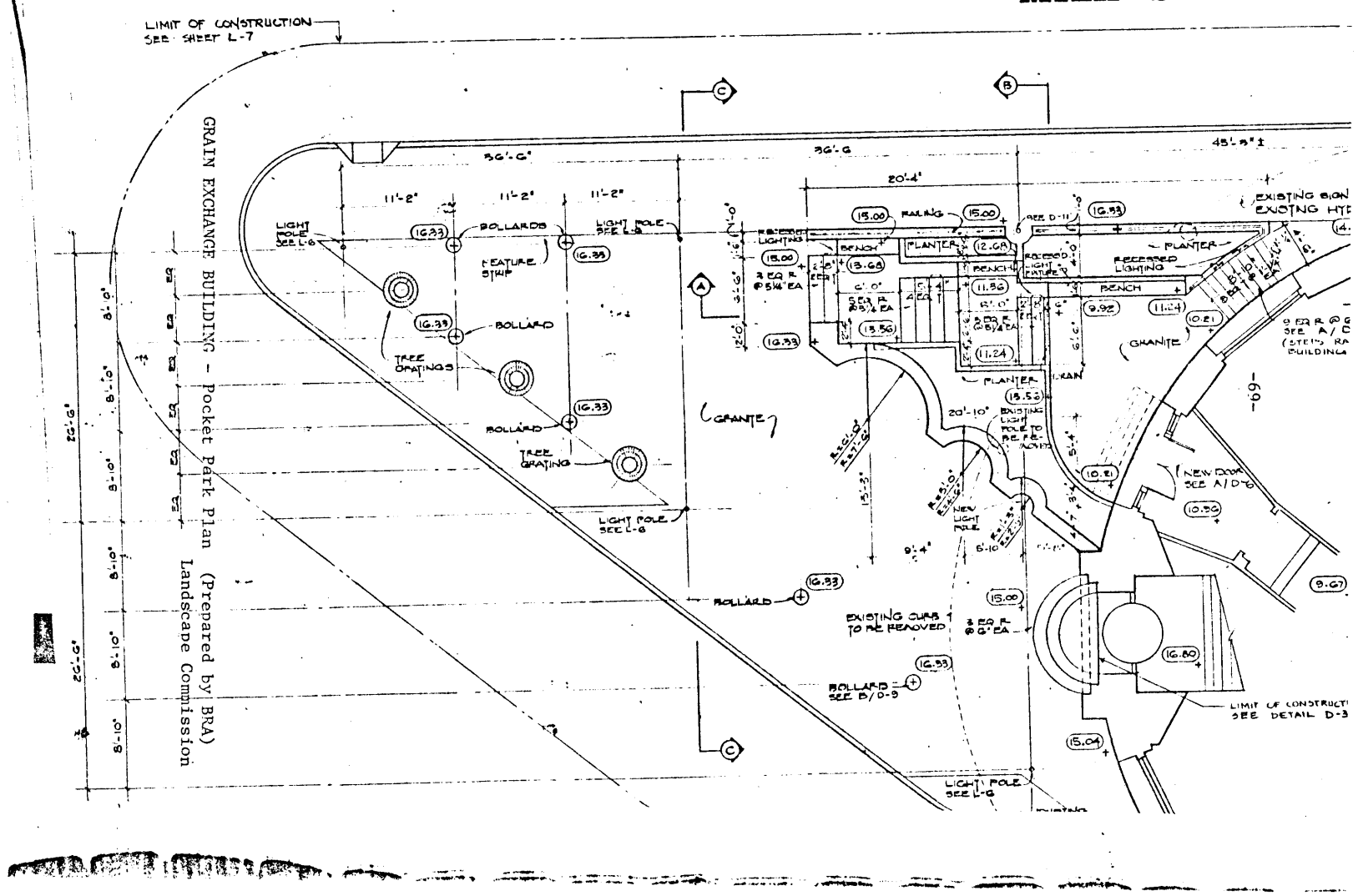
> The City Builder must have an odd mixture of qualities. He must have a basic affection for the community. He must have a healthy contempt for the parasite, the grafter, the carpetbagger, the itinerant expert, the ivory tower planner, the academic reformer, and the revolutionary. He must have the barge captain's knowledge of the waterfront, the engineer's itch to build, the architect's flair for design, the merchant's knowledge of the market, and the local acquaintance of a political district leader.

ZONING DISTRICTS - CITY OF BOSTON - MAP I - BOSTON PROPER



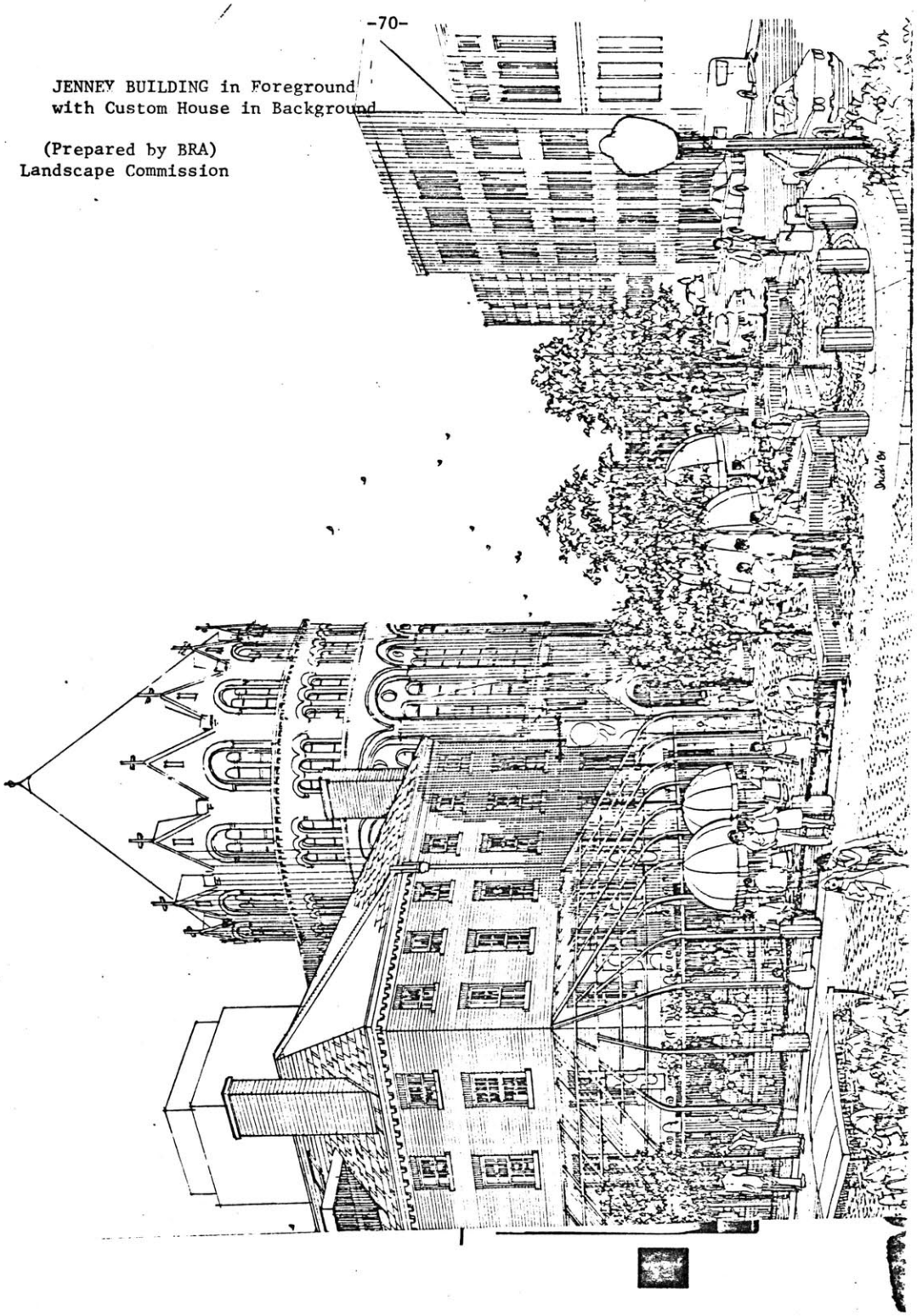
GRAIN EXCHANGE BUILDING - Pocket Park (Prepared by BRA)
Landscape Commission

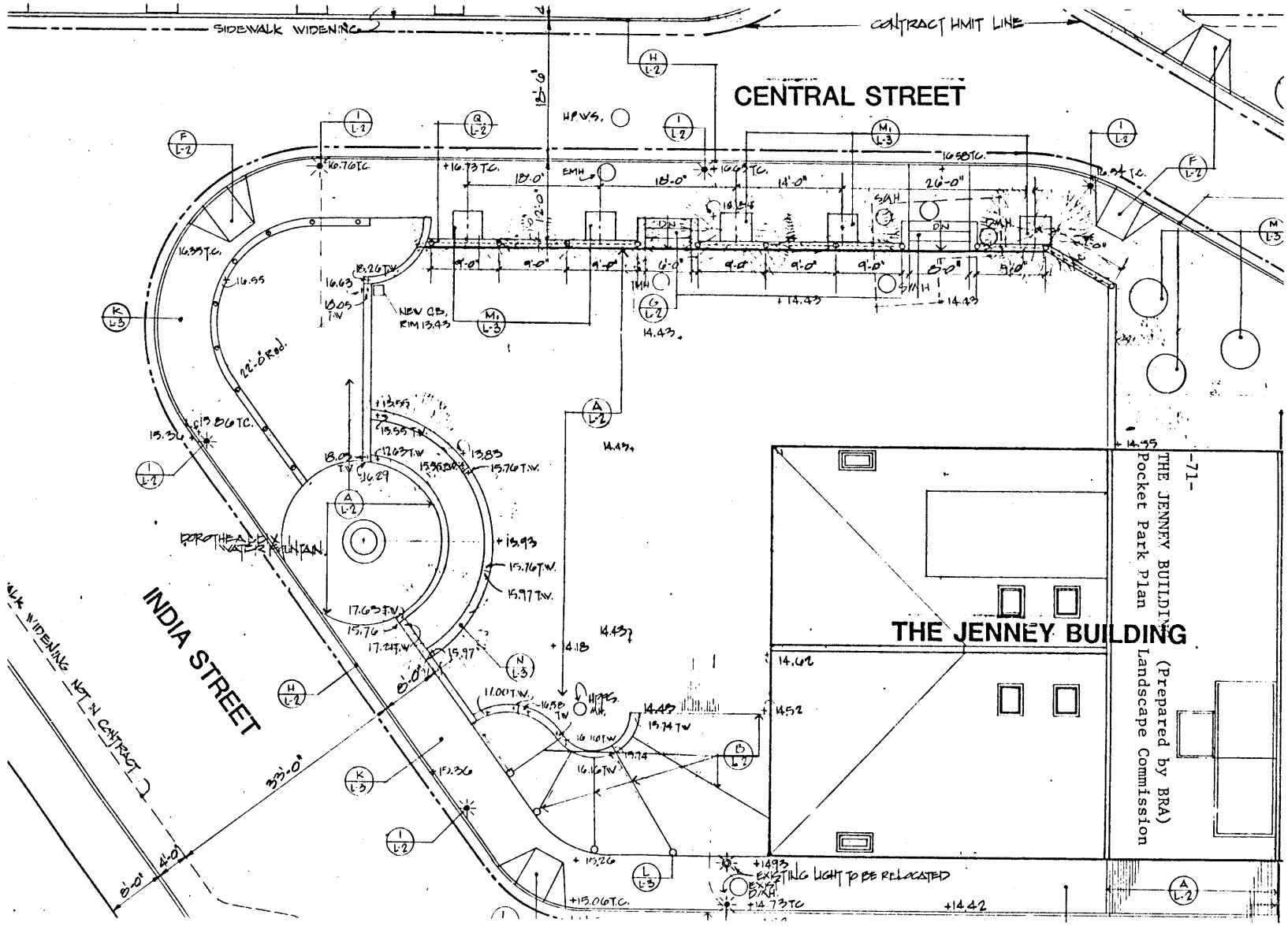



MILK STREET
LIMIT OF CONSTRUCTION SEE SHEET L-7
GRAIN EXCHANGE BUILDING - Pocket Park Plan (Prepared by BRA)
Landscape Commission
LIGHT POLE SEE L-6
BOLLARDS
FEATURE STRIP
TREE GRATINGS
BOLLARD
TREE GRATING
LIGHT POLE SEE L-6
BOLLARD
EXISTING CURB TO BE REMOVED
BOLLARD SEE B/D-9
LIGHT POLE SEE L-6
RAILING
PLANTER
BENCH
RECESSED LIGHTING
GRANITE
PLANTER
EXISTING LIGHT POLE TO BE RE-ACCESSED
NEW LIGHT POLE
NEW DOOR SEE A/D-6
EXISTING SIGN
LIMIT OF CONSTRUCTION SEE DETAIL D-3
LIGHT POLE SEE L-6

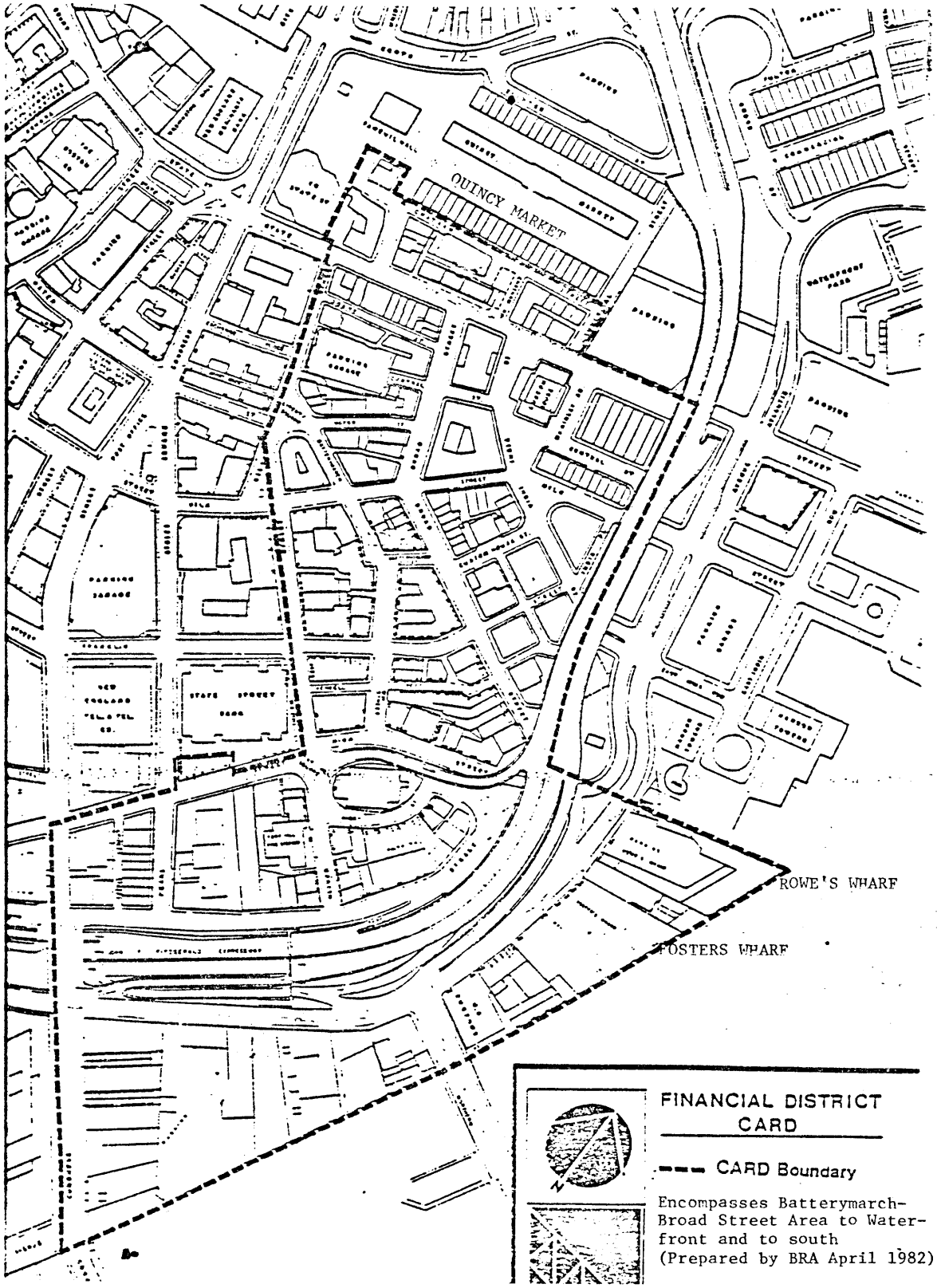
JENNEY BUILDING in Foreground
with Custom House in Background

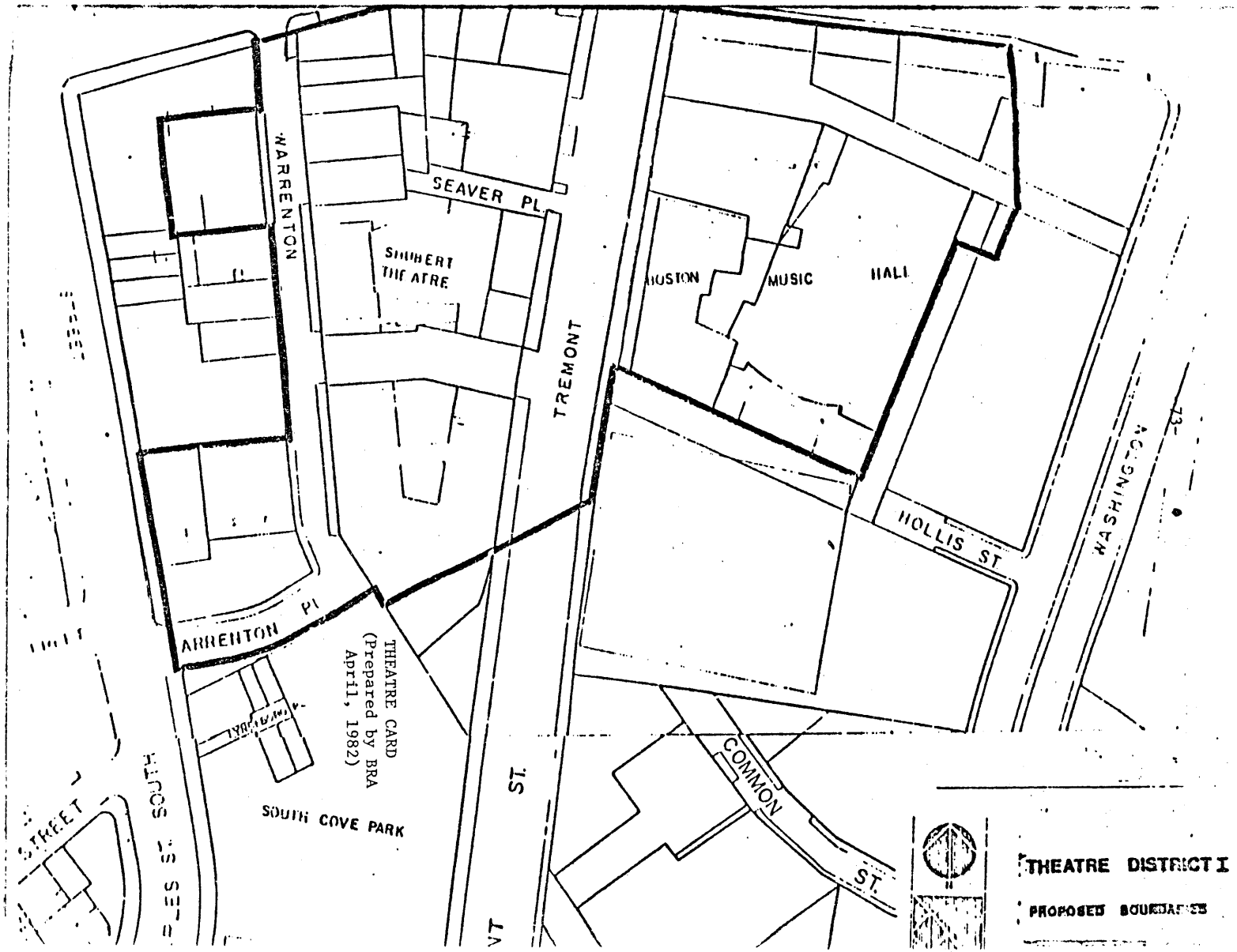
(Prepared by BRA)
Landscape Commission

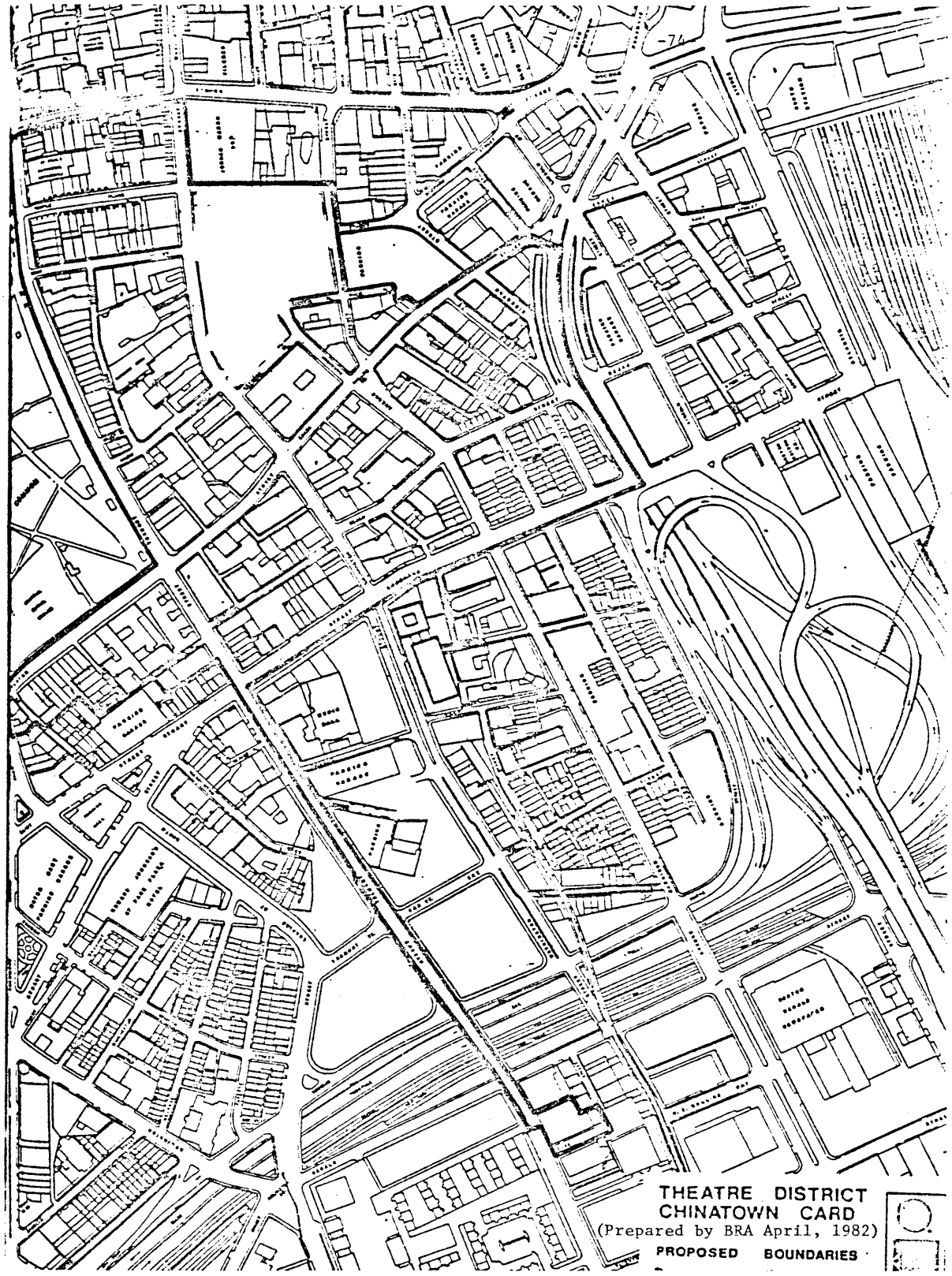


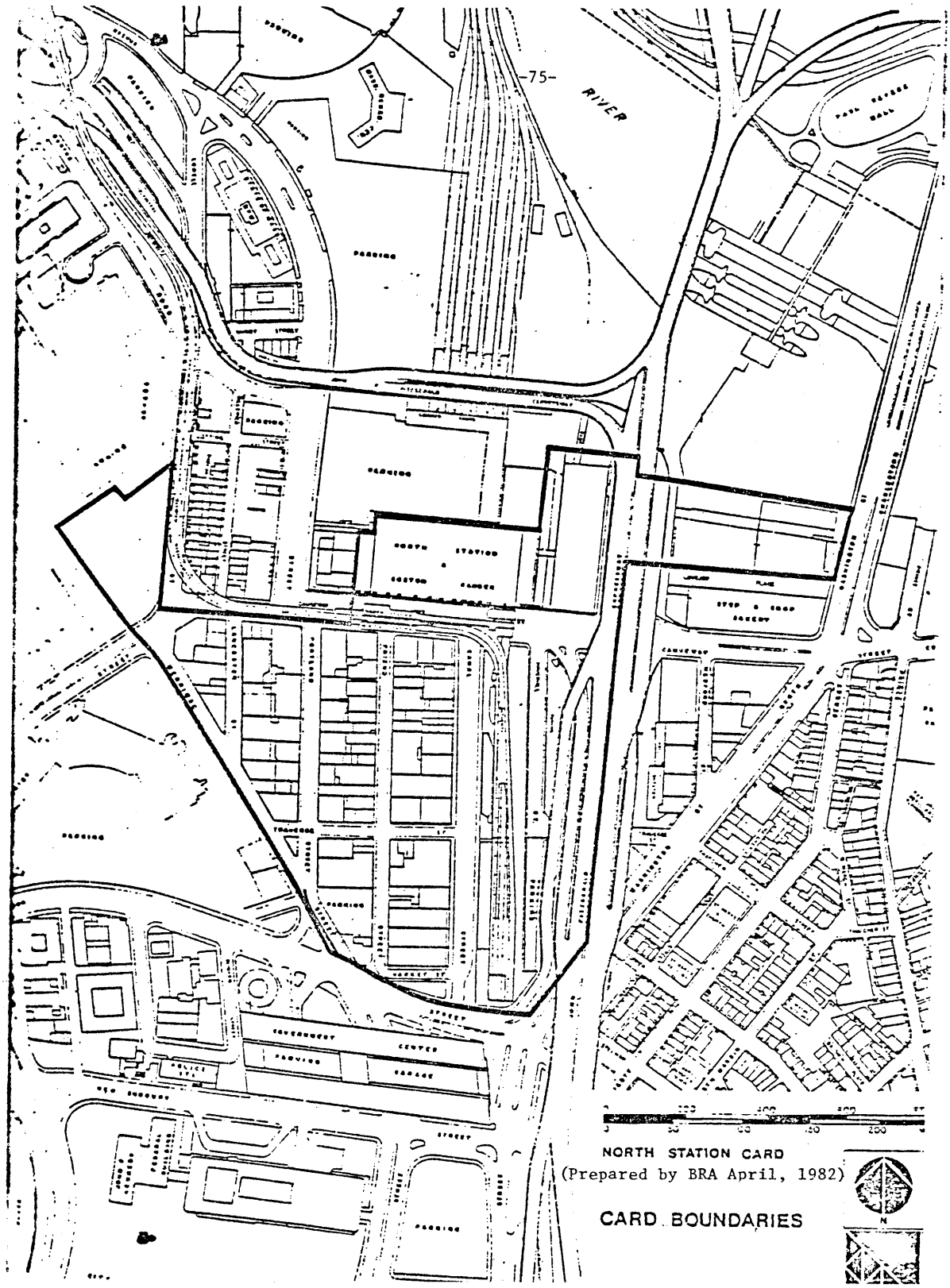


THE JENNEY BUILDING (Prepared by BRA)
Pocket Park Plan
Landscape Commission


QUINCY MARKET
ROWE'S WHARF
FOSTERS WHARF
FINANCIAL DISTRICT
CARD
CARD Boundary
Encompasses Batterymarch-
Broad Street Area to Water-
front and to south
(Prepared by BRA April 1982)

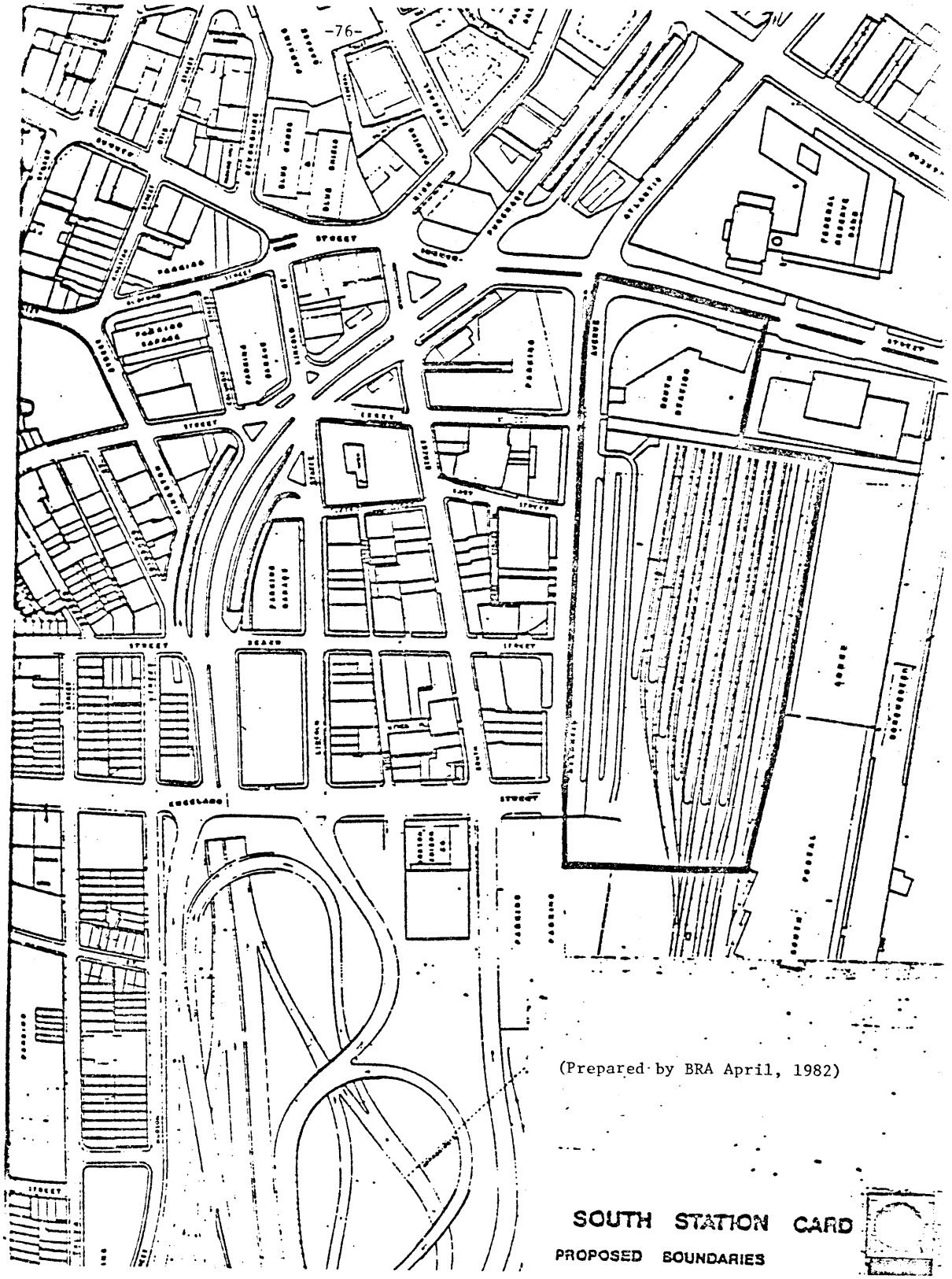

WARRENTON
SEAVER PL
SHUBERT THEATRE
TREMONT
BOSTON MUSIC HALL
HOLLIS ST
WASHINGTON
ARRENTON PL
COMMON
ST.
SOUTH COVE PARK
THEATRE CARD
(Prepared by BRA
April, 1982)
THEATRE DISTRICT I
PROPOSED BOUNDARIES


-74
THEATRE DISTRICT
CHINATOWN CARD
(Prepared by BRA April, 1982)
PROPOSED BOUNDARIES



NORTH STATION CARD
(Prepared by BRA April, 1982)

CARD BOUNDARIES



(Prepared by BRA April, 1982)

SOUTH STATION CARD

PROPOSED BOUNDARIES

Cityscape/Carter Wiseman

A CLASSY COMEBACK FOR APARTMENT HOUSES

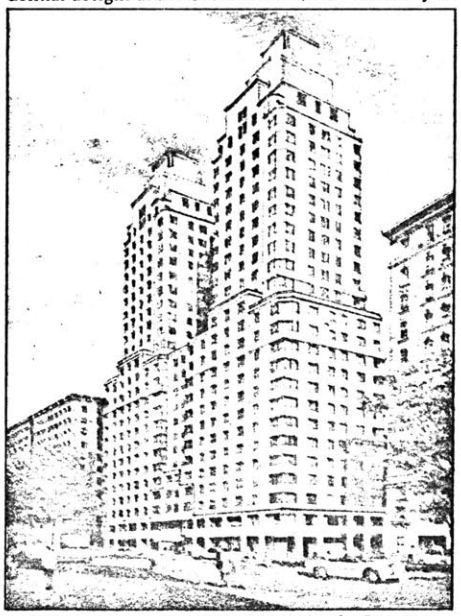
"...New zoning and a sharpened awareness of architecture are bringing good design back to high-rise living..."

MOST OF THE APARTMENT BUILDINGS TO go up in New York recently are so dreadful that one might well conclude good-looking residential high rises are impossible to make. We no longer suffer so much from the white-brick variety that has blighted great stretches of the East Side since the 1950s, but the beige version that has been filling the gaps isn't much better.

Things have not always been this way, as a stroll beneath the gables and towers of the Dakota or the Beresford, on Central Park West, the massive Apthorp, on Broadway, or the great *palazzi* on upper Park and Fifth Avenues makes clear. Nor, as it turns out, need they be now. Community concern, fine-tuning of the zoning laws, and what appears to be a sharpened awareness about architecture among some developers are combining to bring good design back to the apartment form.

The trend can be seen in various locations around town. (The Municipal Art Society is exhibiting several new residential designs at the Urban Center, 457 Madison Avenue, at 51st Street, through May 15.) But the best examples are, appropriately enough, on the Upper West Side, where so many of the finest old apartments were built. For a site on Broadway between 87th and 88th Streets, the Gruzen Partnership—one of the few architectural firms with a distinguished history in New York housing—is working on a design that draws heavily for its inspiration on such Central Park West classics as the Majestic and the San Remo. The plans show a solid thirteen-story limestone-trimmed brick mass that comes all the way out to the lot line—"holding the street wall," in planning parlance—and steps back at the height of the nearby buildings before launching two symmetrical towers up thirteen more stories.

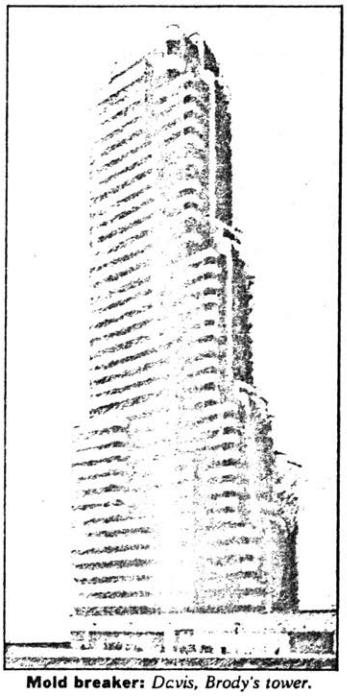
The new building is hardly forward-looking, relying almost entirely on conventions of massing and detail developed before World War II. But some of those were thoroughly worthy conventions, and this skillful re-use of them certainly beats the contempt for context that has become something of a tradition in residential neighborhoods.



Future with a past: *The Gruzen design for Broadway.*

To the south, on Broadway at 68th Street, the firm of Davis, Brody & Associates is in the final stages of a characteristically bold design. Davis, Brody has an unequaled record of fine residential architecture in New York, having done the richly sculptural brick towers of Waterside, between 25th and 30th Streets on the F.D.R. Drive, as well as East Midtown Plaza, on 23rd Street between First and Second Avenues, and several other mold-breaking housing complexes. The 68th Street design promises to eclipse them all.

Like the Gruzen Partnership, Davis, Brody has turned to pre-war examples, although there is more of the RCA and the old McGraw-Hill office buildings to the new design than the apartment precursors on which Gruzen has drawn. The project calls for a tower of 37 stories stepping back in several stages to a slender top. It is to be wrapped in horizontal bands of limestone and gray glass set off by half-round aluminum moldings. The building's broad sides face north and south, but since the best view is toward Central Park, to the east, the architects have carved into the shaft, giving a maximum number of apartments at least a glimpse of greenery. The tenants on the eastern spine of the building will also have "winter gardens," protruding glass enclosures that should appear from a distance to spill down the tower in a continuous stream. Although this is a very big building by local standards, the horizontal banding, the setbacks, and the layering of planes are likely to make it much less bulky to the eye than a routine, un-



Mold breaker: *Davis, Brody's tower.*

Renderings: top, Thierry Despont; bottom, Peter Gumpel.

Reprinted from NEW YORK Magazine - May 10, 1982

inflected tower of the same volume.

Davis, Brody's tower is a work of high architectural art in itself. It is also an extraordinary example of urban-problem solving. The site, assembled by developer William Zeckendorf, is an irregular patch that includes not only the ground on which the tower is to rise—now occupied by a two-story A&P—but the Spencer Arms, a shabbily ornate residential hotel, to the north. The hotel is to be preserved and renovated, and its air rights, as well as those of the tiny church of Christ and St. Stephen, just to the east on 69th Street, are to be transferred to the tower, permitting construction of more than the normal number of floors. Under the agreement with the developer, the supermarket, an important facility for the neighborhood, will return after construction to occupy the entire ground floor of the tower. (The present plans show the tower entrance going through the Spencer Arms.) Everyone, it seems, stands to gain: The neighborhood keeps a vintage building, plus a major store; the A&P gets new quarters; Christ and St. Stephen's, through the sale of its air rights, gets some much-needed cash; and the developer gets enough added space to—he hopes—profit from an awkward site.

How this and the Gruzen project came about involves more than architects and developers. The local Community Board, No. 7, has long been aware of the development potential of the Upper West Side, and to head off the Second Avenue syndrome it appealed to the City Planning Commission for local zoning changes to preserve the neighborhood's architectural character. What it got was something called "R-10 Infill."

In simplest terms, the R-10 Infill regulations, which took effect nine months ago, tightened the existing zoning of this residential area, where the floor area of a building is limited to ten times the area of the site. (Put another way, a building that fills its site can be ten stories high; if it occupies only half, it can be twenty, and so forth.) The East Side is dotted with what are known as "40 percent towers," buildings that cover 40 percent of their sites and are set in plazas, for which their developers have usually received floor-area bonuses. Community Board No. 7 rightly felt that such buildings would alter the character of the West Side avenues, now defined by large apartment blocks of similar height built out to the edge of their sites. The infill zoning does away with the plaza bonus, requires that buildings maintain the street wall and if they go higher than the established street-wall height of larger neighborhood buildings that they step back in harmony with the surrounding rooflines. In commercial areas—such as Broadway—it also requires maintenance or replacement of stores. Thus we get the solid lower sections of both new buildings, the indentations at their upper levels, and the reborn A&P.

But there is still more to why these are better residential buildings than what we are used to. In order to recoup the extra floor area lost to the banned plaza bonuses, the developers in both cases turned to the little-used "housing quality" provisions of the zoning code. These offer added space in return for higher design standards and neighborhood improvements. In the case of the Gruzen building, these include a health club, fewer apartments per corridor than normal, and unusually large rooms. In the Davis, Brody tower, they include community spaces above the A&P, cross ventilation in many apartments, and elevator lobbies with windows.

The interaction among community, city agency, developers, and architects has been exemplary in these cases. To be sure, the builders have been pressured, but the results could have been subverted by adherence merely to the letter of the zoning law. Instead, there seems to be a willingness, even an eagerness, to invest in the spirit of the term "housing quality." How so? It may be related to what has happened in the office-building business over the past few years. Not so long ago, no one knew who designed those look-alikes along Park and Sixth Avenues, and no one cared. (There are exceptions, of course, the Seagram Building, by Mies van der Rohe and Philip Johnson, and the CBS Building, by Eero Saarinen, among them.) Times have changed. For their new midtown headquarters, now nearing completion, A.T.&T. picked Philip Johnson and John Burgee; I.B.M. turned to Edward Larrabee Barnes; Philip Morris chose Ulrich Franzen. A Johnson/Burgee office tower at 33 Maiden Lane is being advertised as "The Landmark Among Landmarks"; a high rise by Swanke Hayden Connell at the South Street Seaport is being billed as "New York's First Contextual Office-Building." Good architecture, as the corporate people are now fond of saying, is good business. And if it works for a headquarters, why shouldn't it do the same for apartments?

The phenomenon also seems to have an encouraging personal dimension. William Zeckendorf, who is justifiably proud that his father commissioned I. M. Pei to do the admirable Kips Bay Plaza complex, off First Avenue—one of the few fine postwar housing complexes—clearly enjoys having a quality product of his own. Surveying a site model in the Davis, Brody offices, he points to some low buildings ripe for development just to the south of his tower. "It would be hard," he says, "for someone to build something there that doesn't at least try to measure up to our building."

The harder the better. ■

Office construction boom under way

Boston one of 17 metro areas building at record pace; no oversupply in sight

By Anthony J. Yudis
Real Estate Editor

A record total of office space construction – 165.1 million square feet – is under way in 17 major metropolitan areas of the country, including the Boston area, but it would still "seem premature to declare a massive oversupply" despite an apparent softening in demand.

So concludes the spring/summer 1982 National Office Market Report compiled by The Office Network, (TON) an association of 16 major commercial real estate brokerage firms around the country who cover 30 major cities. The Boston member is Meredith & Grew.

The report, in totaling up the amount of new space under construction says it represents a 2.7 year supply on a nationwide basis.

Rather than representing an oversupply, says TON, "the overall trend is likely to provide more choices for tenants who can enjoy the competitiveness among building owners.

"However," notes the survey, "additional office buildings are in the planning stage in most markets. If many major projects actually get started later this year, building owners could find their market oversupplied."

The study finds that nationwide the office markets in the suburbs are growing at a faster pace than the downtown markets.

"During the past year, 59 percent of the total absorption was focused outside CBDs (central business districts), with 56 percent of the current construction occurring in the suburban market."

The survey says that today 49 percent of the total office market is in suburban buildings.

The average city vacancy rate in the 17 CBDs surveyed is 4.1 percent. It is 7.4 percent in areas outside the CBDs, says TON.

Boston's vacancy rate according to this survey is 4.7 percent, still below the national average, and the city has under construction a supply representing, according to the survey, a 3.9 year supply. But most of this supply will not be available until '83 and '84.

As far as the amount of office construction under way is concerned, with about six million square feet of new construction under way both in the city and suburbs, Boston ranks ninth among the 17 areas surveyed.

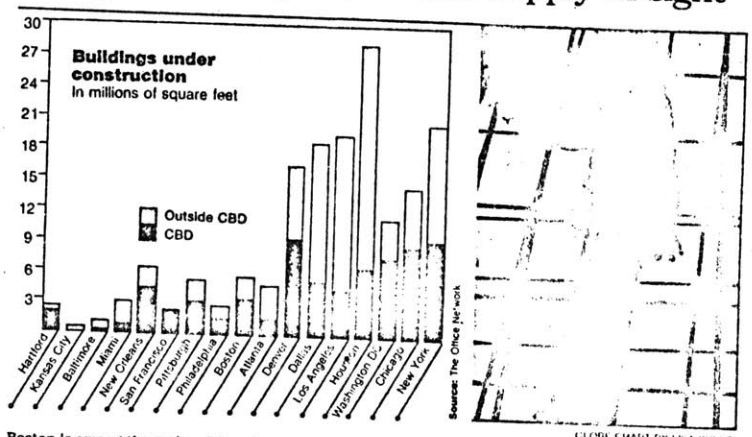
Houston ranks first with 28.4 million square feet.

> 'Some softening of recent trends has occurred, primarily in the growth rate of high technology companies.'
>
> The Office Network

In second place, as most people would be able to guess, is New York City, with 21 million square feet under way, followed by Los Angeles with about 19.8 million square feet. "The service sector of the economy in Boston is experiencing continued moderate growth which has somewhat tempered last year's heavy demand for office space," notes the report.

"Some softening of recent trends has occurred, primarily in the growth rate of high technology companies. The high tech industry had averaged a 35-50 percent compounded rate of growth, but now is nearer to 15 to 25 percent," claims the survey.

"Other softening in office space demand (in Boston) is related to an overall economic slowdown."



GLOBE CHART BY LISA SULLO

Boston is among the major cities where office growth is substantial. But when compared to some cities, such as Houston, New York and Los Angeles, the growth here seems modest as the chart shows.

Nationally, average rental rates for existing buildings increased 26 percent or about $4.10 per square foot during 1981, says the survey. Suburban rental rates increased an average of $3.66 per square foot. And says the report, The index of average rental rates has grown consistently since 1977: by 8 percent in 1978; 15 percent in 1979; 18 percent in 1980, and 26 percent in 1981.

"In comparison to the 55 percent growth of the Consumer Price Index since 1977, rental rates have grown at an exceedingly high rate – 87 percent in the five-year period."

The survey finds that the top rental rates are now as high as $30 to $40 per square foot in most cities, with a few locations in New York City priced above $75 per square foot.

Boston's CBD is seen as averaging $29 per square foot for rents in existing buildings. The rental range in existing buildings is from $23.50 to $40. For outside the Boston CBD, the average rent is $17 per square foot, with rentals ranging from $15 to $21 per square foot.

For new buildings under construction in Boston's CBD, the average rental is seen as $30, with the rental range running from $25 to $40. For outside the Boston CBD, space now under construction will carry an average rental of, says the survey, $18. The rental range here will be from $16 to $20.

"Tight market conditions during recent years have been a major factor in the rapid escalation of rental rates, notes TON. "While general inflation in construction, borrowing and operating costs are [sic] likely to force further increases in rates, the easing of the market situation should allow increases to come at a substantially slower pace than in 1980 or 1981."

The survey finds that Atlanta, at $1.03 per square foot, has the lowest energy cost both in and outside the CBD.

New York City ranks highest in both categories in both CBD and outside CBD, with $3.50 per square foot, while Boston ranks sixth at nearly $2 per square in the CBD and third highest in the suurbs, at $1.75, of the cities surveyed. The areas surveyed are Atlanta, Baltimore, Boston, Chicago, Dallas, Devner, Hartford, Houston, Kansas City, Los Angeles, Miami, New Orleans, New York City, Philadelphia, Pittsburgh, San Francisco and Washington, D.C.

The member firms of TON collaborate with each other in providing clients involved in multi city transactions with real estate services.

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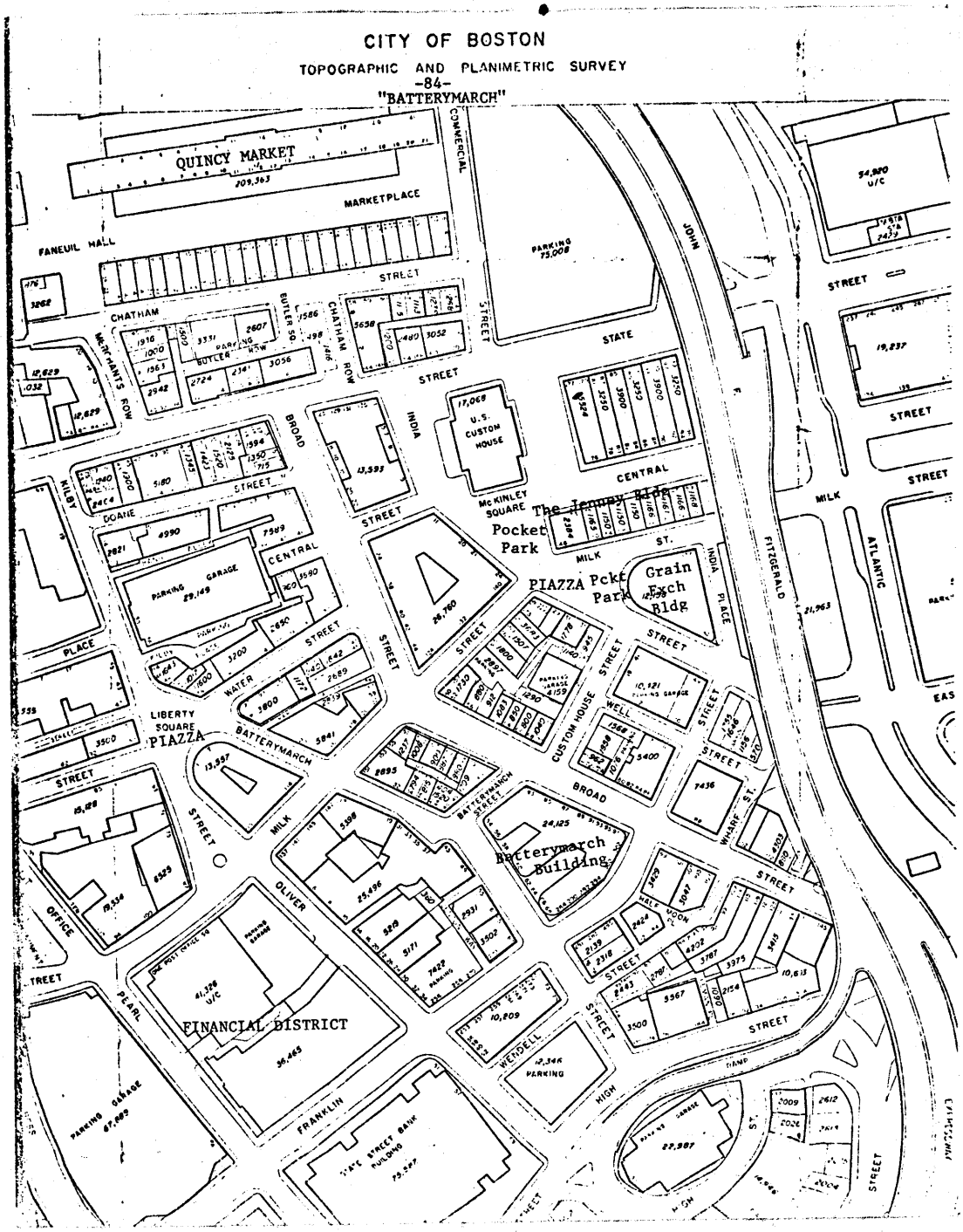
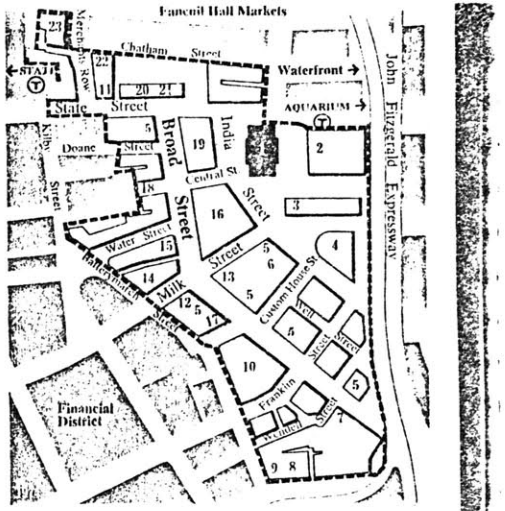

CITY OF BOSTON
TOPOGRAPHIC AND PLANIMETRIC SURVEY
-84-
"BATTERYMARCH"
QUINCY MARKET
209,363
MARKETPLACE
FANEUIL HALL
COMMERCIAL
STREET
PARKING 75,008
STATE
JOHN
F.
FITZGERALD
54,920 U/C
CHATHAM
BUTLER SQ.
CHATHAM ROW
MERCHANTS ROW
BROAD
INDIA
17,069
U.S. CUSTOM HOUSE
McKINLEY SQUARE
CENTRAL
The Jeremy Rdg.
Pocket Park
MILK
ST.
PIAZZA Pckt Park
Grain Exch Bldg
INDIA PLACE
ATLANTIC
EAS
DOANE
WILEY
PLACE
PARKING GARAGE 29,149
WATER
LIBERTY SQUARE PIAZZA
BATTERYMARCH
CUSTOM HOUSE
WELL
WHARF ST.
Batterymarch Building
24,125
OLIVER
OFFICE
PEARL
FINANCIAL DISTRICT
36,465
FRANKLIN
WENDELL
12,346 PARKING
HIGH
RAMP
PARKING GARAGE 67,889
27,587

1974

Turn of the Century A growing demand for office space in the Financial District led to the construction of profitable office buildings of eight to fifteen stories. A few were constructed in the Custom House District. These mid-rise skyscrapers, shaped by the refinement of the elevator and of steel technology, further extended the architectural diversity of the District. Although there has been construction since this period, including the Fitzgerald Expressway in the 1950's, in retrospect it is these mid rise structures that have maintained the District's 20th century commercial vitality.

1974 The Custom House/Broad Street District evolved from the plan of the Broad Street Association and matured through the eras of granite, Victorian and mid-rise construction. Each succeeding period of development replaced some earlier buildings with new construction, but the various styles, building materials and architectural scales remained harmonious. The result is the architectural variety and distinctive character that we recognize and wish to preserve in the area today. It is vital, therefore, that all future development within the District -- be it rehabilitation or new construction -- acknowledge and complement both the architecture of individual buildings and the scale of the District as a whole.

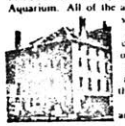
Highlighted below are the structures that hold the potential for making the Broad Street area a vital city district.



1 The Custom House, by Ammi B. Young, built in 1834-47, originally stood at the water's edge. It was built to replace the first Boston Custom House constructed by Uriah Cotting earlier in the century. Greek Revival style with a striking Doric colonnade, the two-story structure was capped by a saucer dome, now visible only from the interior. In 1913 when Customs needed additional space but had no budget for acquiring a new site, a 30-story tower was built over the dome, thereby preserving the structure for the future. As a Federal building, the Custom House was exempt from the City's 125 foot height restriction placed on all construction in 1904. The Custom House thus became the first "high rise" in Boston and remained the tallest structure in the city until the construction of the John Hancock Building in 1949. Note: The Custom House observation platform on the top floor is open to the public, free of charge, and offers an outstanding view of the city.

2 State Street Block Some Bostonians bemoaned the 1858 construction of the State Street Block, because it obstructed the view of the Custom House from the harbor. Designed by Gridley J. F. Bryant, the architect of Old City Hall, the building is granite with Renaissance details, such as the arched gable pediment over the Globe. Its rough-hewn blocks are the primary focus of the design. Only a segment of the original State Street Block remains; another 16 bays extending toward the water were demolished to make way for Atlantic Avenue and later the Fitzgerald Expressway.

3 Central Wharf The eight bays of Central Wharf are one of a few brick wharf structures standing in Boston. They are the remnants of the original 1819 row of 54 buildings that extended to today's site of the New England Aquarium. All of the attached bays were four stories high, capped by a ridged roof. Above the center of the row was an octagonal cupola, a local landmark for both ships and pedestrians, used by the Semaphore Telegraph Company to signal the arrival of ships.



4 Boston Chamber of Commerce The steep conical roof with crowning coronet is the distinctive feature of the former Boston Chamber of Commerce, popularly known as the Flour and Grain Exchange. Built in 1890-92 and recently rehabilitated for offices, it was designed by Shepley, Rutan and Coolidge in the Romanesque Revival style established by their predecessor, H. H. Richardson, architect of Trinity Church in Copley Square. The large, three-story arches of the granite facade emphasize the former trading floor used by the Exchange. The building and its immediate neighbors illustrate the range of 19th century architecture to be found in the Custom House District.

5 5, 7, 63-73, 64-70, 72, 102 Broad Street and 175 Milk Street are the scattered survivors of the uniform buildings constructed from the designs of Charles Bulfinch in the Broad Street Association's development. Dating from 1810, they are the oldest buildings in the District. Originally each brick unit was four stories high with small, square fourth-story windows. Although major alterations have been made to windows, ground floors, and rooflines, the Federal style is still evident, particularly in 7, 64-70, and 72 Broad Street, and 175 Milk Street, occupied by Patten's Restaurant.

6 20 Custom House Street As indicated by the granite lintel above the entrance of 20 Custom House Street, this garage occupies the site of the original Custom House built by Uriah Cotting.

7 99-107 and 109-125 Broad Street exemplify the contrasting uses of granite as a building material in 19th century structures. At 99-107 Broad Street, built in 1854, the large, smooth granite slabs act as bearing walls. These slabs give the warehouse the straightforward simplicity associated with modern architecture. 109-125 Broad Street portrays another use of granite in a later construction period, the 1870's. Used only as a facing material, the smaller, rough-hewn granite blocks of its facade project a softer texture than its neighbor. The smaller sized stone allows variety in the shape of window openings. Both warehouses express the inherent monumentality and austerity of granite. Note: Look west between the warehouses to observe the complementary relationship of the side wall of 109 Broad Street to the curve of Wendell Street, once known as Half Moon Place.

8 Chadwick Lead Works The tower of the 1887 Chadwick Lead Works with its terra cotta sign (visible from the corner of Wendell and Batterymarch Streets) was used in the manufacture of ammunition; molten metal dropped from this height solidified into shot. As conveyed in the divisions of the facade, the structure housed several of Chadwick's operations: manufacturing in the tower, warehousing in the upper stories, offices on the second floor, and sales on the ground floor. The noted architect, William Preston, borrowed details of the Romanesque style -- the broad, round headed arches, and the texture of tough stone and patterned brick. The brownstone and terra cotta ornamentation includes "grotesques": fanciful animal and human forms, including the bat-like gargoyle which spouts rainwater from the alley corner.

9 172 High Street The intricacies of 172 High Street, built in 1875, reflect architect Geoffrey Young's studious expression of the Italianate style. Its design quality stems from the well knitted facade. Many fine ornaments and subtly paired windows are skillfully drawn together to create the building's outstanding arcaded effect.

10 Batterymarch Building Built in 1927, the Batterymarch Building is a transition to the modern "skyscraper." Every aspect of the building's design, particularly its narrow, recessed windows separated by a pattern of uninterrupted piers, emphasizes the vertical quality of the 14-story structure. Architect Henry Kellogg further stressed the verticality through the use of increasingly lighter colored brick. As seen in the cast metal decoration at the entrance and below the windows, this transitional style, known as Art Deco, also got caught in the idea that "modern" was achievable through decoration. Other architectural movements, contemporary with the Batterymarch Building, shed all dependence on ornamentation, allowing the structural elements to express height.

11 90-94 State Street Built in 1891 by architect Willard T. Sears, 90-94 State Street is distinctive for its nine-story, curved corner facade, reflecting the building's key location at the intersection of the State Street and Merchants Row. The curve is accentuated by the inventive round arched window at the second story, ornamented by a carved stone frame.

12 151-153 Milk Street/19 Broad Street Although the date and architect of 151-153 Milk Street/19 Broad Street are unknown, this building was probably erected shortly after the Great Fire of 1872. The patterns created by the paneled brick and incised stone of the facades exhibit the emphasis on light and shadow characterizing Victorian architecture. Through this, the building achieves an outstanding strength and interest.

13 50-54 Broad Street/157 Milk Street Of the four granite warehouses in the district, 50-54 Broad Street/157 Milk Street carries the most adornment. The cornice, the bracketed lintels at the windows, the quoins at the building's corners, and the arched keystone windows at the ground floor all draw attention to the compact building. The graceful dormers of the mansard roof add a touch of elegance to this 1858 warehouse, and the high textural contrast between the smooth and rough-cut granite gives the building a strong visual identity.

14 22 Batterymarch Street Occupied by the Harvard Club, 22 Batterymarch Street was built in 1893 for the Exchange Club, an outgrowth of the 18th century Exchange Coffee House where merchants met daily for financial discussions. Designed by architects Ball and Dabney in the Renaissance Revival style, this one social building in the District has elegant ornamentation similar to that of the club structures in the Back Bay. The building's original use points up the Custom House District's proximity and kinship with the Financial District.

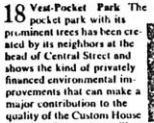
15 43-45 Broad Street/125-127 Water Street, designed in 1876 by Carl Fehmel, is an unassuming but interesting structure in a modest site. The slightly angled edges follow an earlier street pattern. The bevelled corner, second-story pediment, ornamentally shaped windows, and the polychrome brick and stone are characteristic of the structure's High Victorian Gothic style.

16 The Boston Insurance Exchange Building, designed by Shepley, Rutan and Coolidge in 1913, reflects the office block trend of the early 20th century. Its character is stated in its solid geometrical form. It lacks the clearly expressed organization of the Board of Trade Building and the strong verticality of the Batterymarch building, other early office structures. The decorative motifs of the horizontal pieces below the windows and of the bas-relief panels above the Broad Street entrances are similar to the grillwork of the Custom House Tower.

17 75-77 Broad Street/50 Batterymarch Street has an unfinished look due to its lack of arches and ornamentation on the fourth story on Broad Street and on all of the Batterymarch facade. This was actually a standard cost cutting practice and reveals the unimportance of Batterymarch Street at the time of the building's construction in 1880.

18 Vest-Pocket Park The delightful vest-pocket park with its prominent trees has been created by its neighbors at the head of Central Street and shows the kind of privately financed environmental improvements that can make a major contribution to the quality of the Custom House District. Other underutilized open spaces in the District offer similar opportunities.

19 Board of Trade Building An early skyscraper of variety and complexity, the Board of Trade Building has as its strongest features its intricate ornamentation and its many colors and textures. The combination of brick and stone in this handsome 1901 building, designed by Winslow and Bradlee, creates dramatic contrasts. The stonework has a wealth of detail ranging from the heavy cornice to the tall Beaux Arts arcades at the India and Broad Street entrances; above these arches mythological characters support a Globe symbolizing the Board of Trade as a market for the world's produce. Stripping the building of these ornaments reveals a functional form conscious of the need for light and air in individual offices.



20 The Richards Building, built around 1867 at 110-116 State Street is noteworthy for its cast-iron facade and design. Cast-iron employed standardized pieces that were bolted together at the site, similar to today's modular construction. The strength of the iron permitted large window areas, and the standardization allowed the architect to select among many styles of architecture. The choice for the Richards Building was Italianate with a series of round-arched windows resembling an arcade on the upper floors. This cast-iron facade is one of the few remaining in Boston.

21 126 State Street was designed by the prominent architects, Peabody and Stearns, in 1902 for the Cunard Steamship Company. The shipping motif appears in several places: anchors ornament ground and second floors, nautical symbols appear between the upper story windows and the lions of the British Empire guard the upper cornice.

22 15-17 Merchants Row is an early 19th century building of straightforward lines. The four-story brick structure has been rehabilitated to make the most of its simplicity, and serves as a good example for similar buildings in the nearby Blackstone Block, as well as in other neighborhoods.

23 The Pond Building at Merchants Row and South Market Street reveals the influence of Alexander Parris, architect for the neighboring 1824 Faneuil Hall Markets. Like the Markets, the Pond Building, which dates from 1853, is of load-bearing granite block construction in the Greek Revival style. However, the newer building is more austere than the Markets. Boston popularly recognizes it as Sanborn's Fish Market.

Credits Maps: Boston Public Library
Historic Photographs: The Bostonian Society

November 1974