Tyler Street District Housing Plan
Pittsfield, MA

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Contents

1. Introduction 01

2. Development Concept 02

3. Appendix 20

Introduction

The Tyler Street District Housing Plan identifies a specific development approach intended to demonstrate the feasibility of at least fifty units of new housing across several scattered sites within the Tyler Street TDI District.

Single-family house on Tyler St.

The purpose of this plan is to illustrate how new construction can enhance the urban fabric of the neighborhood and attract new residents by offering a broader mix of housing choices that are also compatible with the scale of the existing housing stock and neighborhood character. The goal is to ultimately demonstrate the financial viability of such in-fill development, thus attracting new investment to the neighborhood.

This report (developed by Utile working with LDS Consulting Group, LLC on the needs analysis and financials) has been designed to serve as marketing tool for the City and other stakeholders who would like to see infill development in the neighborhood, or who may be interested in doing such development.

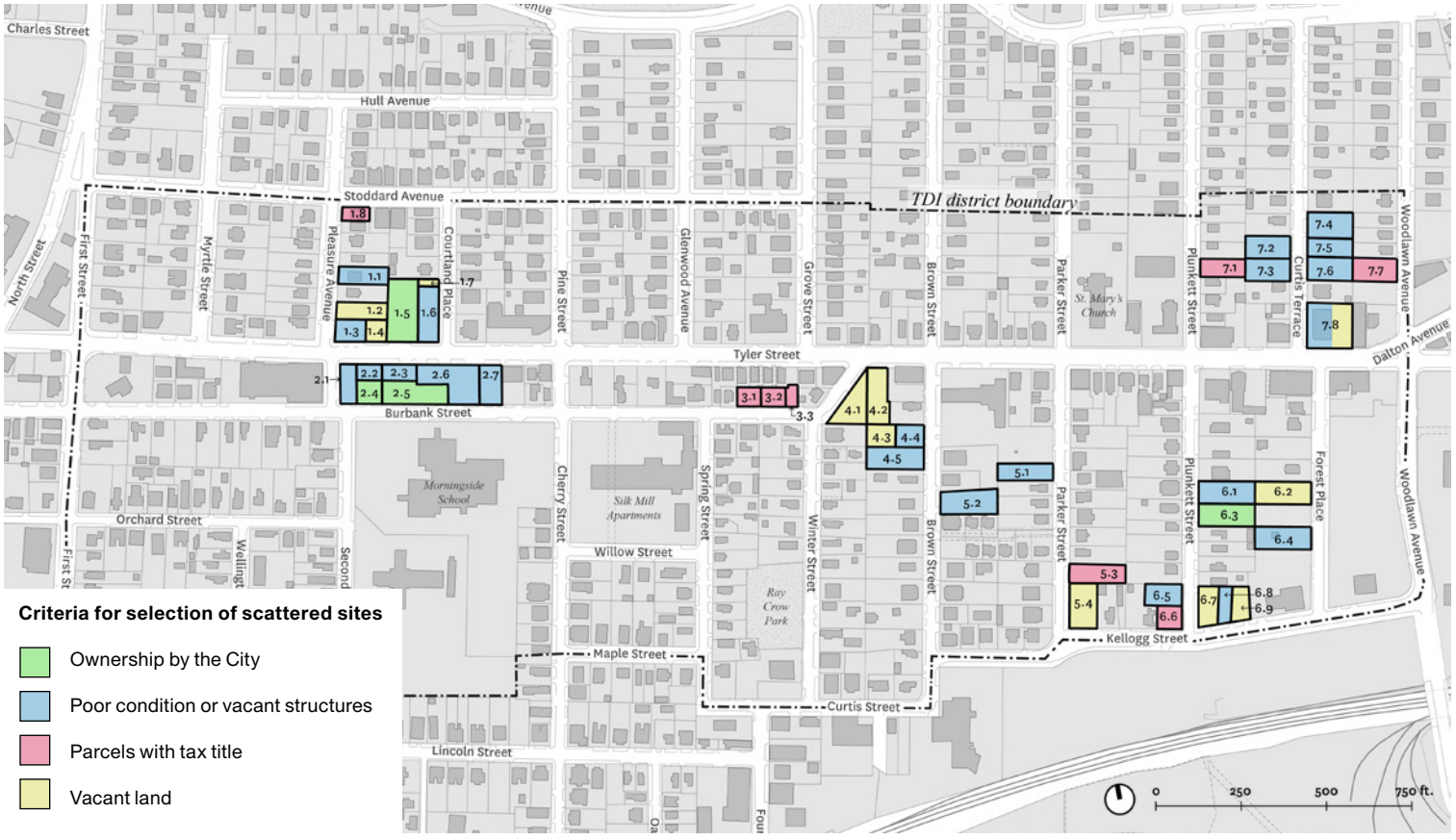
It is hoped that the logic of the development approach, the attractive yet easy-to-build design of the selected building types, Pittsfield's role as the lively urban center of the Berkshire region, the appeal of Tyler Street businesses as destinations, and the proximity of the Tyler Street TDI to major local employers, Springside Park and downtown Pittsfield will be a strong draw for the residential market and generate developer interest.

Development Concept

In order to understand the potential number of units that could be yielded using a scattered site development approach, we identified "soft sites" that could be available for ground-up development. This analysis draws from Fall 2016 and Summer 2018 assessments of parcel and structure conditions performed by the Department of Community Development, and is informed by the City's on-the-ground knowledge of building condition, parcel ownership, and tenancies. Criteria for site selection included:

- Ownership by the City
- Poor condition or vacant structures
- Parcels with tax title
- Vacant land

This analysis led to a categorization of the potential sites into three types of parcels that, because of their size and location within the larger neighborhood, required their own unique building type. The building types were developed through an iterative process that allowed the team to generate draft layouts and associated development program informed by supply and demand, and financial feasibility analysis prepared by LDS. The layouts were further refined to achieve the level of financial returns believed to be expected by private housing developers as well as to produce housing units catering to the profiles of desired residents as informed by market research conducted as part of this plan. The final designs meet building code regulations in terms of construction type, egress strategy, accessibility, and other general requirements, and have been carefully shaped so that they can dovetail successfully into the existing neighborhood and urban fabric.



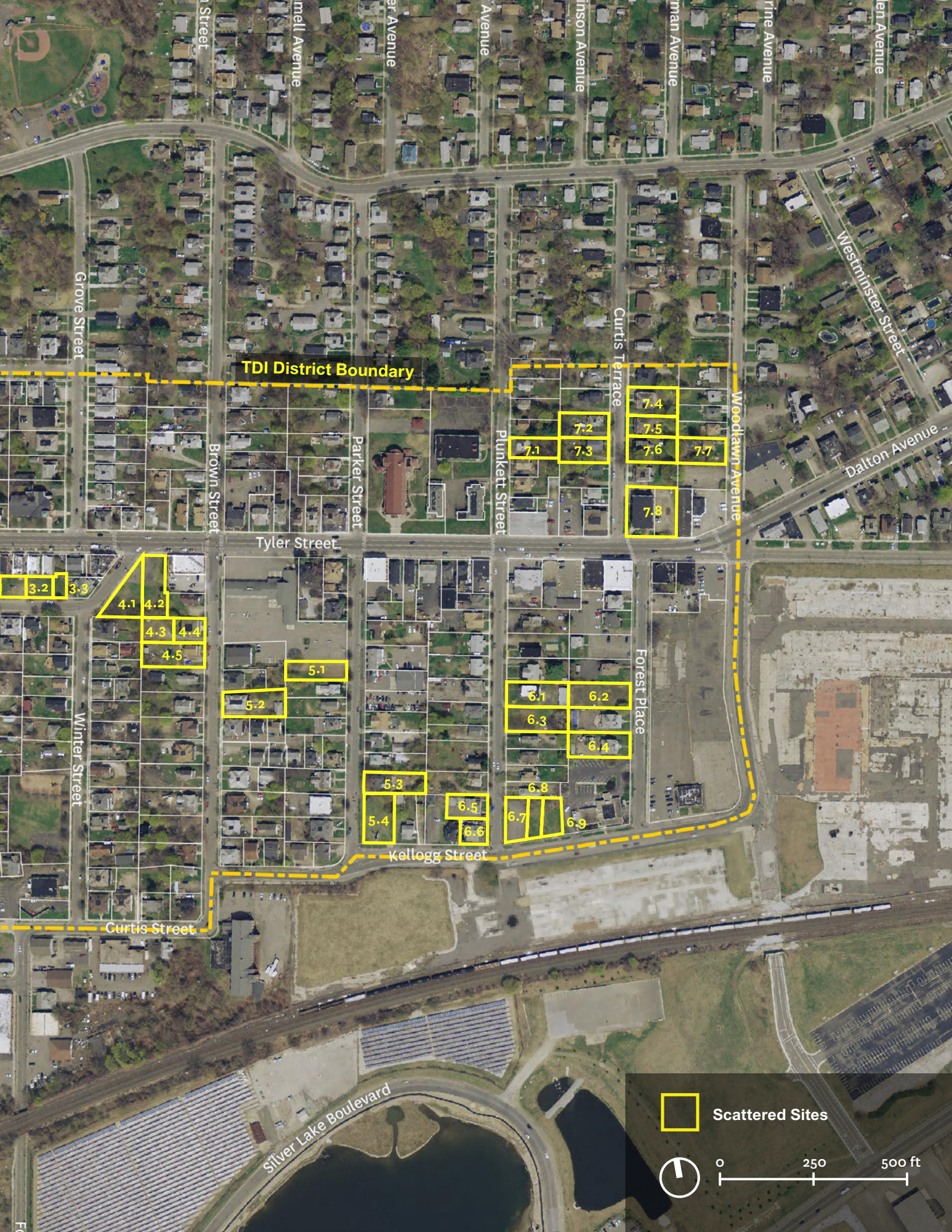
Criteria for selection of scattered sites

- Ownership by the City
- Poor condition or vacant structures
- Parcels with tax title
- Vacant land

Urban fabric along Tyler St, a mix of residential and neighborhood retail.

Existing houses on Plunkett St. at Kellogg St., looking north.

Edgewood Road
Springside Avenue
Charles Street
North Street
Hull Avenue
Pleasure Avenue
Pine Street
Glenwood Avenue
Stoddard Avenue
Myrtle Street
Courtland Place
1.1
1.2
1.3
1.4
1.5
1.6
1.7
1.8
2.1
2.2
2.3
2.4
2.5
2.6
2.7
Burbank Street
Orchard Street
Willow Street
Cherry Street
Spring Street
White Terrace
Wellington Avenue
Maud Street
Maple Street
First Street
Lincoln Street
Second Street
Maplewood Avenue
Oak Street
Pleasant Street
Hamlin Street


TDI District Boundary
Grove Street
Brown Street
Parker Street
Plunkett Street
Curtis Terrace
Woodlawn Avenue
Westminster Street
Dalton Avenue
Tyler Street
Winter Street
Forest Place
Kellogg Street
Curtis Street
Silver Lake Boulevard
3.2
3.3
4.1
4.2
4.3
4.4
4.5
5.1
5.2
5.3
5.4
6.5
6.6
6.1
6.2
6.3
6.4
6.8
6.7
6.9
7.1
7.2
7.3
7.4
7.5
7.6
7.7
7.8
Scattered Sites
0
250
500 ft

Parcels lining Tyler Street
The Double-loaded Corridor Building

The double-loaded corridor building with 38 housing units is the highest-performing development model from a financial standpoint, but very few parcels are large enough to accommodate the building type and its associated parking. The site of the former Hess gas station (250 Tyler Street) and two abutting City-owned parking lots (fronting Burbank Street) were identified as the best sites for the type because of their size and configuration, ownership structure, and location along Tyler Street proper, where taller three-story buildings with commercial space on the ground floor already exist. These properties could accommodate 38 housing units based on this analysis.

A double-loaded corridor building may also fit on the site of the former fire station, but other nearby smaller parcels would also need to be included to make the site large enough. The parcel at 100 Woodlawn Ave. along the eastern boundary of the study area is another site large enough to accommodate one or several of these buildings.

Hess site (250 Tyler Street) looking east

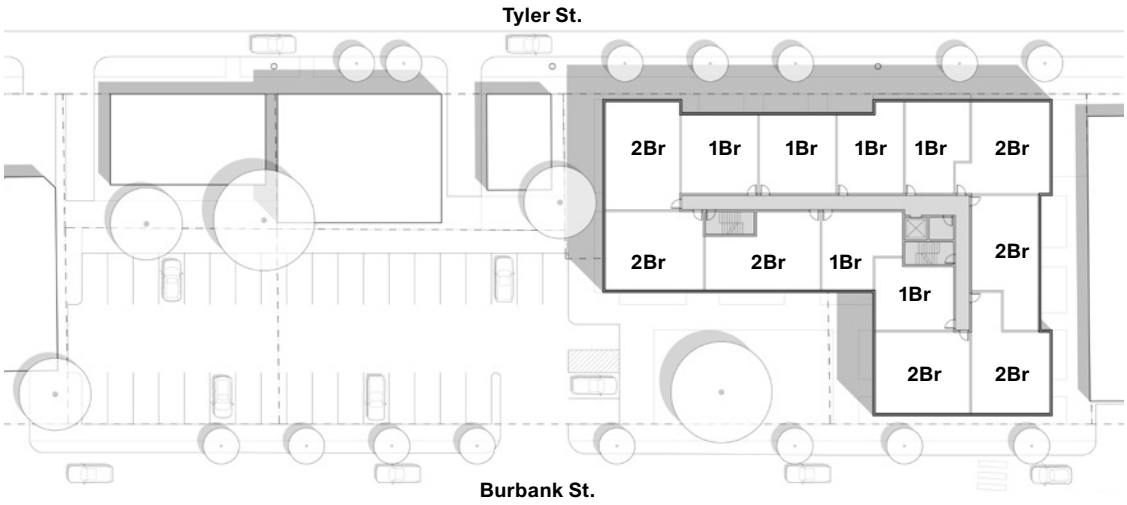
Development Metrics

Building metrics	
Height	3 floors
Footprint	~ 12,900 SF
Total units	38 units
Unit mix	1.5 bedrooms / unit
No. of parking spaces	38 spaces
Parking ratio	1 space / unit

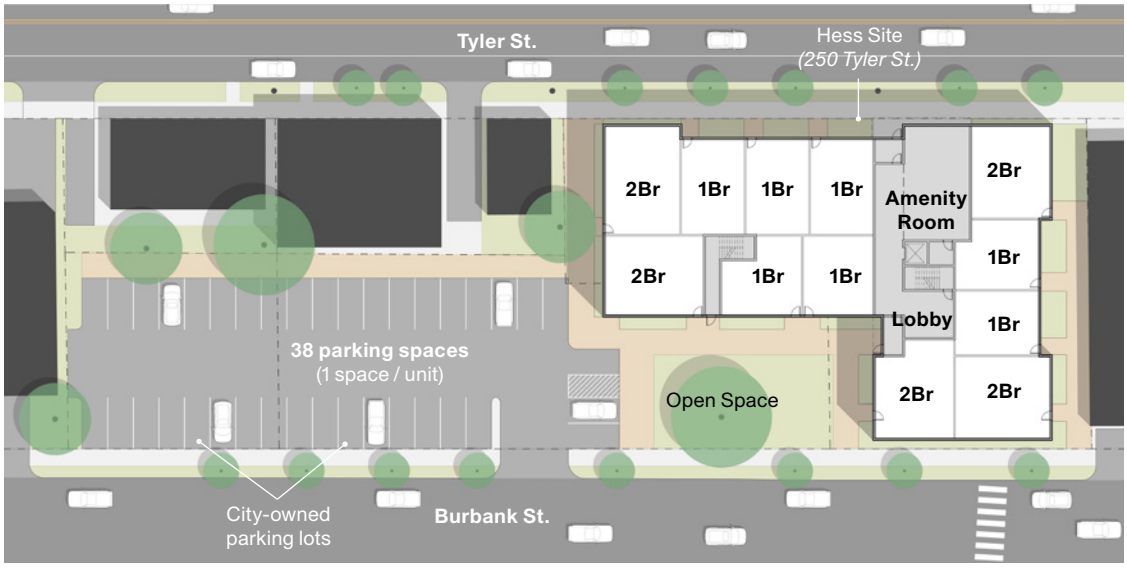
Area	
Total area of units	~ 32,000 SF
Circulation	~ 5,700 SF
Amenities	~ 900 SF
Total gross floor area	~ 38,700 SF

Unit metrics	Type	Average area
1-Bedroom	1-Bed / 1-Bath	~ 690 SF
2-Bedroom	2-Bed / 2-Bath	~ 950 SF

Unit count	1-Bedroom	2-Bedroom	Total per floor
Ground Floor	7	5	12
Second Floor	6	7	13
Third Floor	6	7	13
Total	**19**	**19**	**38**



Second and Third Floor Plan



Ground Level Plan

Parcels on the north-south “ladder streets”

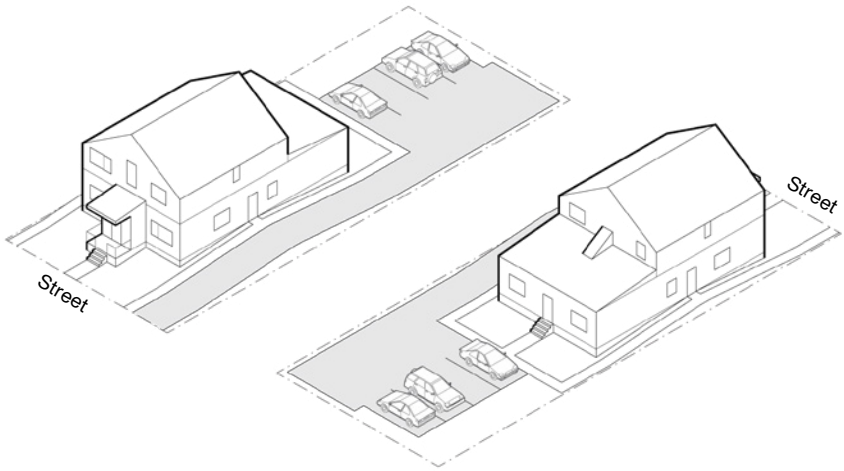
The Triplex

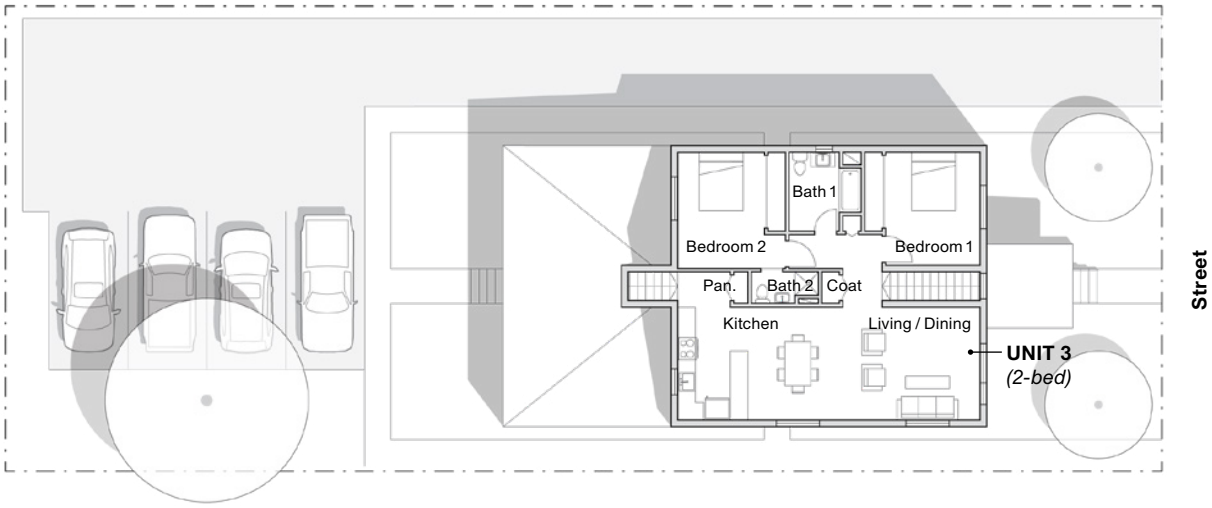
A majority of the parcels in the blocks north and south of Tyler Street can accommodate the Triplex, a three-unit building comprised of two accessible one-bedroom units on the ground floor and a single two-bedroom unit on the second floor. Parking is accommodated by a small four-car parking lot in the rear yard behind the building, allowing each unit to have one on-site parking space per bedroom.

Development Metrics

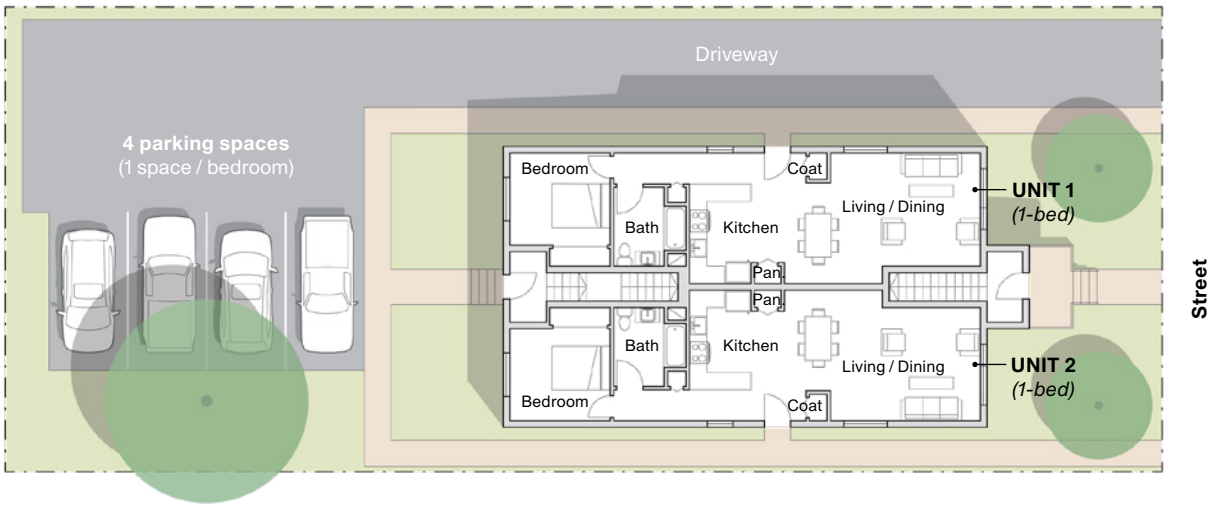
Building metrics	
Height	2 floors
Footprint	1,920 SF (32' x 60')
Total units	3 units
Total gross floor area	~ 2,600 SF
No. of parking spaces	4 spaces
Parking ratio	1 space / bedroom

Unit metrics	Type	Average area	Count
1-Bedroom	1-Bed / 1-Bath	~ 720 SF	2 units
2-Bedroom	2-Bed / 2-Bath	~ 990 SF	1 unit





Second Floor Plan



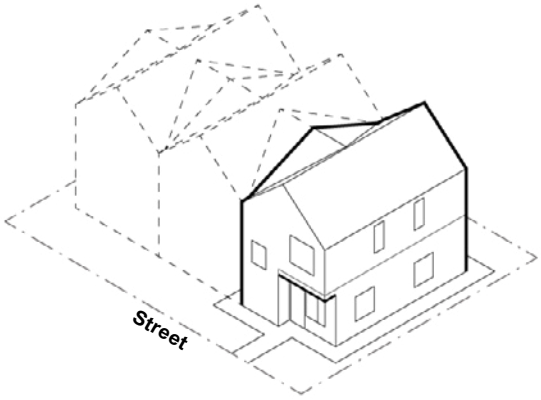
Ground Level Plan

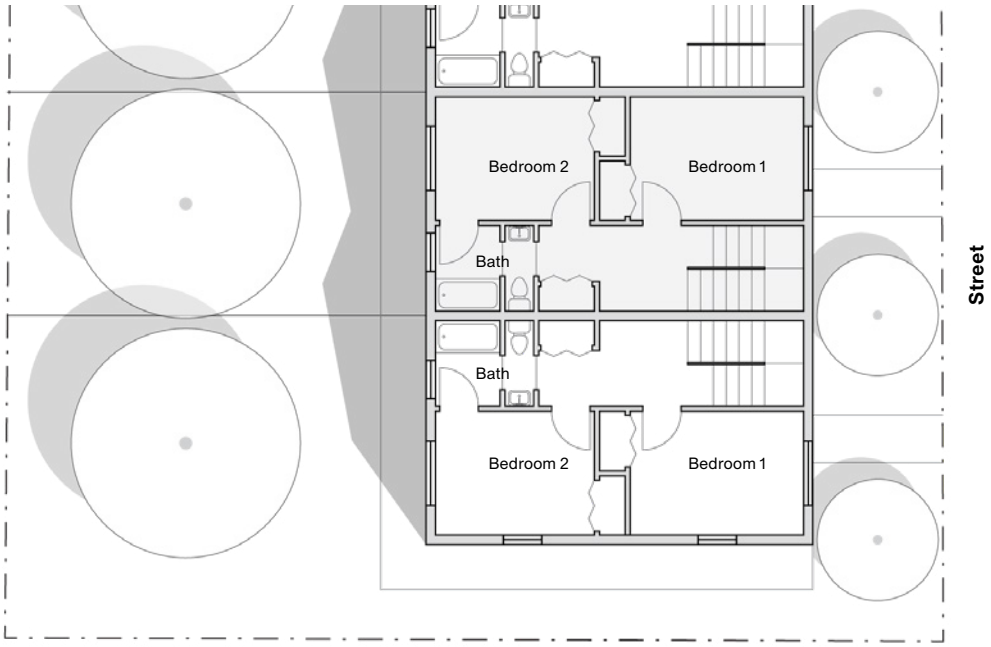
Quirky small parcels
The Carriage House

A two-bedroom Carriage House is proposed for the parcels in the neighborhood that are not deep enough to accommodate the Triplex. Based on the width of each parcel, more than one Carriage Houses may be accommodated side-by-side. However, in almost all cases, the depth of these parcels does not allow for any parking to be provided on-site.

Development Metrics

Building metrics	
Height	2 floors
Footprint	540 SF (18' x 30')
Total units	1 units
Unit type	2-Bed / 1-Bath
Total gross floor area	~1,090 SF
No. of parking spaces	No on-site parking





Second Floor Plan

Ground Level Plan

Precedents

The Triplex

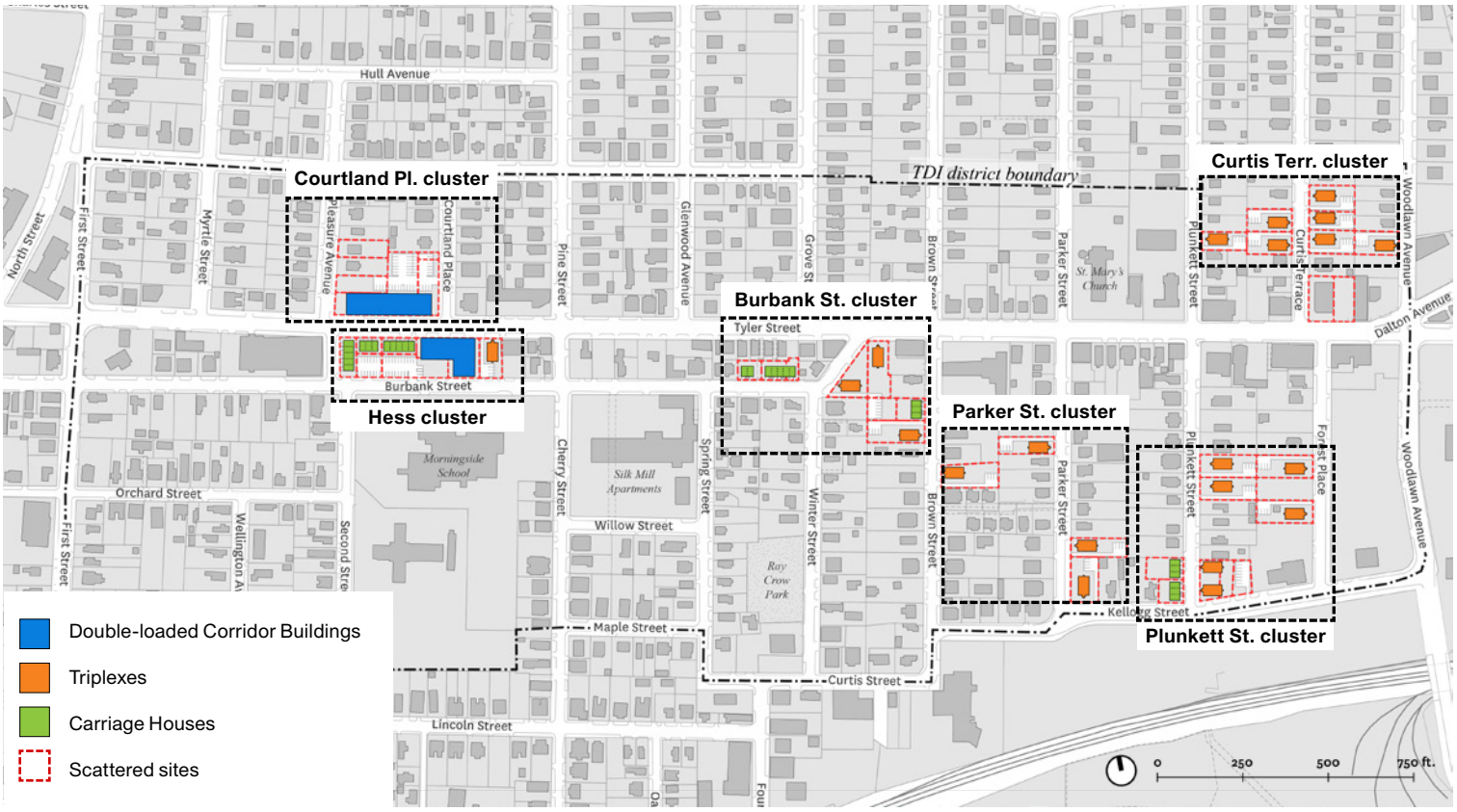
The Carriage House

The Double-loaded Corridor Building

Districtwide Summary

The three types described here and their associated parking areas were inserted on the scattered sites identified through the parcel analysis. The resulting map established the maximum number of potential units that could be developed district-wide and the number of potential units per building type. In addition, the map identifies clusters of parcels that might work well as single scattered site development projects, since the resulting units would be in close proximity of each other.

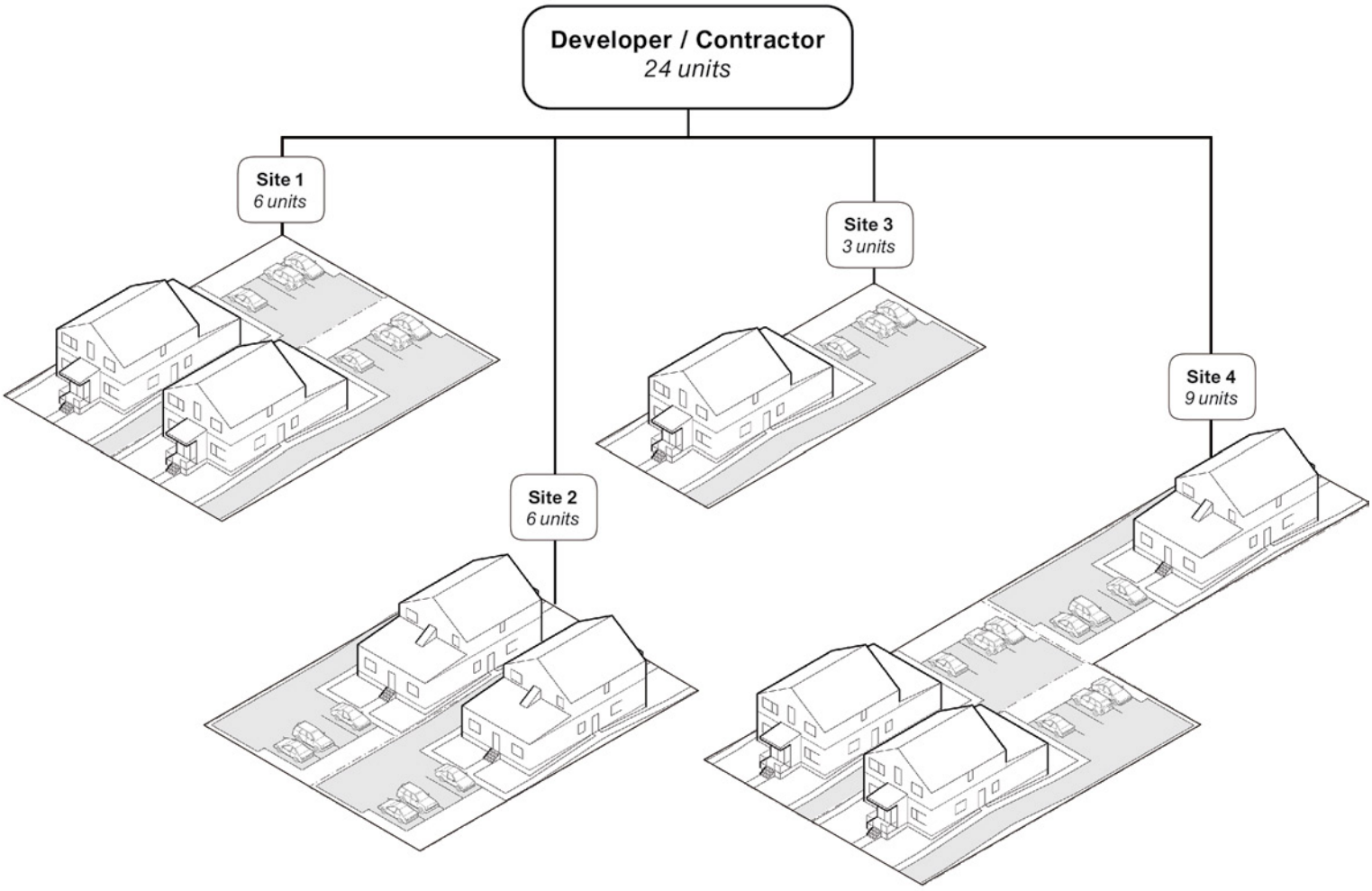
Unit count	**Double-loaded Corridor Building** *(unit count per building varies by site)*	**Triplex** *(3 units each)*	**Carriage House** *(1 unit each)*	**Total**
Courtland Place cluster	46 units	-	-	46 units
Hess cluster	38 units	3 units *(1 x 3)*	13 units	54 units
Burbank Street cluster	-	9 units *(3 x 3)*	10 units	19 units
Curtis Terrace cluster	-	21 units *(7 x 3)*	-	21 units
Parker Street cluster	-	12 units *(4 x 3)*	-	12 units
Plunkett Street cluster	-	18 units *(6 x 3)*	6 units	24 units
Total	**84 units**	**63 units** *(21 x 3)*	**29 units**	**170 units**



Development and Marketing Strategy for the Triplex and Carriage House

In order to reduce design, construction, and property management costs, a single type/scattered site development approach is recommended. Ideally, at least eight Carriage Houses or Triplexes would be built at one time in order to benefit from economies of scale. The buildings could be built from the same set of construction documents, but site-specific site/civil plans would need to be generated for each separate parcel. Construction can be staged and coordinated so that teams of sub-contractors can move from site to site as other crews are finishing their work. This disaggregation of the construction team may even lead to efficiencies of project delivery.

Even though a development might be on separate scattered sites, the units could be marketed together as a single product and brand. Decisions should be made about how to tie the buildings together in terms of landscape treatment, fixtures, and appliances, while distinguishing the buildings by using a range of coordinated paint colors. The larger goal is to both tie the development together, and have each building complement existing houses that are adjacent and across the street.



Summary of Financial Analysis

Based on LDS's supply and demand research, the team believes that there is a need for new quality housing in the Berkshires, city and District. LDS's financial analysis indicates two of the three architectural prototypes used in this study can be financially viable. As illustrated on the tables below, these are the Double Loaded Corridor Building and the Triplex.

For the purpose of this analysis, LDS utilized the square footages provided by Utile for each design type and $180 per square foot construction costs. It was also assumed the City and Commonwealth would support the project through the Housing Development Incentive Program (HDIP), providing a local Tax Increment Exemption (TIE) and state tax credit. The assumed rents range from $1,150 for a one bedroom to $1,400 for a two-bedroom unit.

The financial analysis of the Triplex building type (owner occupied with rental units), assumed the development of 12 or 24 units by a single entity with the sale of each triplex to an owner who would occupy the second floor unit.

The two first floor rental units would be managed by the owner. While this is believed to be a financially viable development option, further research is needed with local lending institutions to determine how they will value a mortgage based on household income and income from the two rental units.

The analysis for the Carriage House building type assumed 16 units were developed by a single entity. LDS concluded this type of housing is likely not viable financially as a stand-alone model for either rental or ownership; although, this building type may be viable as rentals if combined with the development of one or both of the other building types. For the analysis of this building type, LDS assumed a development cost of $180 per square foot and a sale price of $141,700 per cottage. As shown on the table below, with total development costs estimated $214,775 per cottage there is a net loss of $73,000 per unit.

A more detailed memorandum on the financial analysis is included in the appendix.

The Double Loaded Corridor Building / Hess Site (Rental)	**38 units**
Income	$ 554,519
Operations	$ 183,453
Operations Per Unit	$ 4,828
NOI	$ 371,065
Cash Flow	$ 74,213
TDC	$ 7,600,585
TDC Per unit	$ 200,015
Debt	$ 4,900,000
HDIP	$ 1,710,132
Equity	$ 990,453
ROC	5%
IRR	26%

Triplex (Rental)	**12 units**	**24 units**
Income	$ 168,834	$ 337,668
Operations	$ 70,398	$ 130,795
NOI	$ 98,436	$ 206,873
TDC	$ 2,093,459	$ 4,057,704
Debt	$ 1,300,000	$ 2,720,000
HDIP	$ 481,496	$ 933,272
Equity	$ 311,964	$ 404,432
ROC	4.7%	5.1%
IRR	23.30%	31%

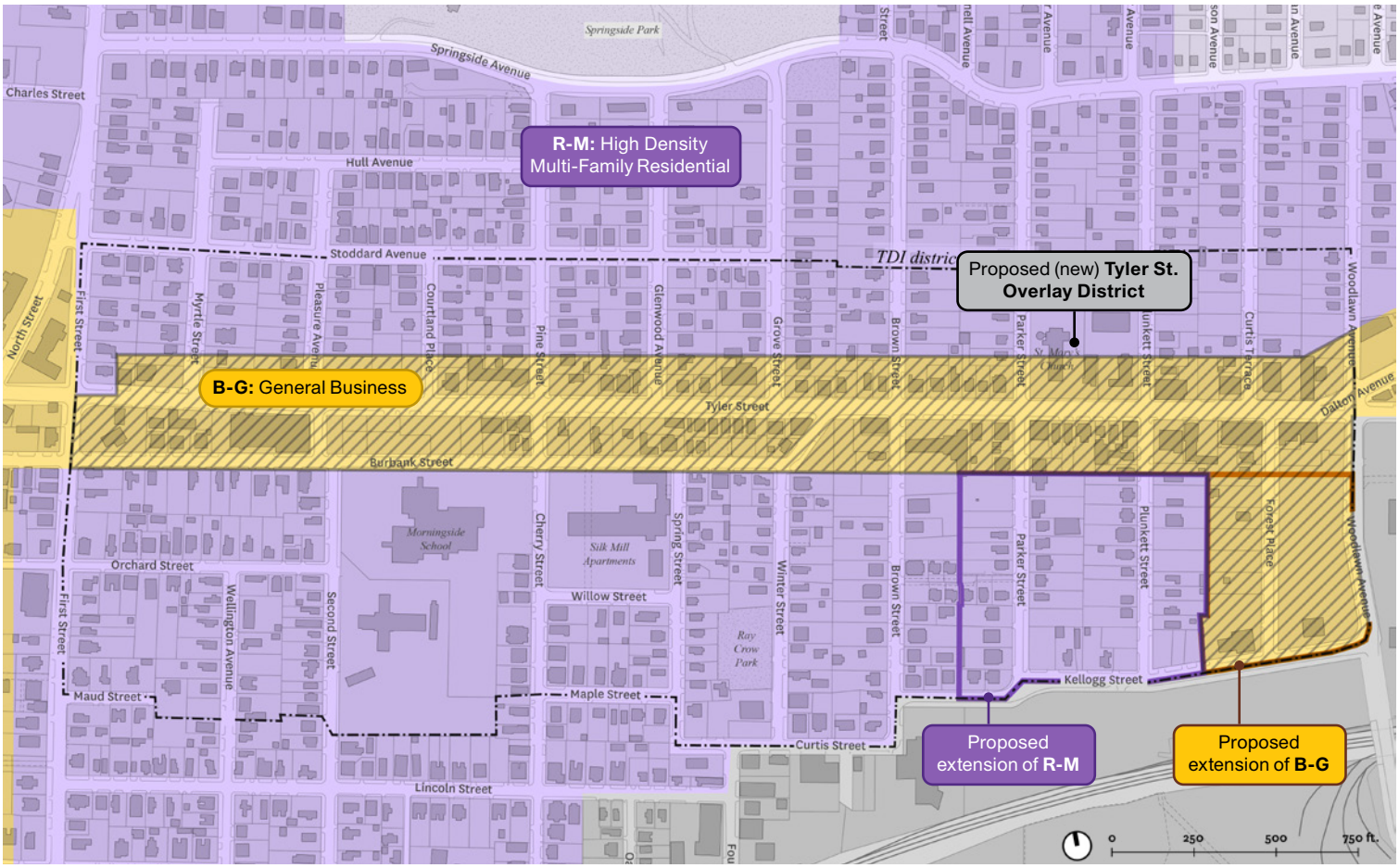
Carriage Houses (Ownership)	**16 units**
Hard Costs	$ 3,164,200
Soft Costs	$ 272,263
TDC	$ 3,436,463
TDC Per unit	$ 214,779
Income	$ 2,153,850
Loss	$ 1,282,623
Construction Loan	$ 2,000,000

Zoning Implications

To make the Triplex and Carriage House types code compliant, the City of Pittsfield will need to make a few minor adjustments to the R-M district. The City will have to create a new definition for "Three-Family Dwelling Units" to cover the Triplex type. Additionally, to enable these types throughout the district, the R-M zone will need to extend eastward to include the parcels fronting Plunkett Street on the south side of Tyler Street (see map below) and allow "Three-Family" and "Town Houses" (which covers the Carriage House type) to be built by-right. In addition to the Tyler Street TDI District, these types will be able to be built in several other neighborhoods with R-M zoning.

The Double-loaded Corridor Building requires a new zoning overlay along Tyler Street, Woodlawn Ave., and Forest Place (see the map below). The overlay includes several minor revisions to the baseline regulations of the B-G district, including a reduction in setbacks, to make this overlay contextual to the vision for Tyler Street. Specific adjustments to the dimensional standards of each district are outlined in the adjoining tables.

These changes have been discussed with the City's planning and community development staff, who anticipate integrating these recommendations into the larger scale zoning changes for the Tyler Street TDI. It is anticipated these changes will be brought forward to the City's Community Development Board in early spring 2019.



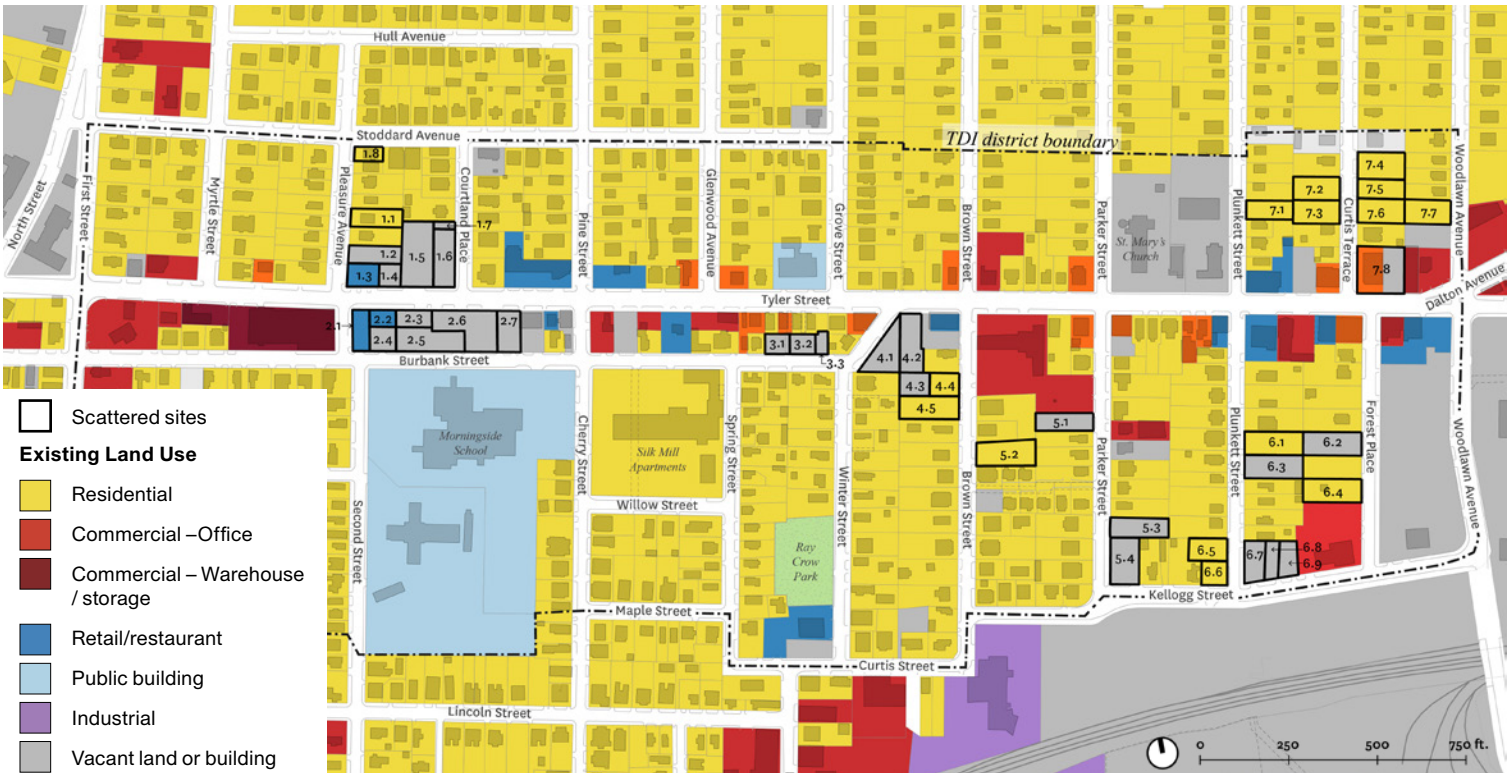
Proposal for (new) Tyler St. Overlay District

	Existing B-G Regulations	Proposal for Overlay	Rationale
Uses	• One and Two Family: Prohibited • Multi-Family: With special requirements	• **One, Two, and Three-Family: By Right** • **Multi-Family: With special requirements**	• Allow Carriage Houses and Triplexes along Burbank St., Pleasant Ave. • Maintain flexibility and oversight for multi-family development
Minimum yards Front / side / rear	• One and Two Family: n/a • Multi-Family: 15 / 10 / 20 ft*	• **One, Two, and Three-Family: 10 / 5 / 10 ft*** (*with exception for contextual front yards) • **Multi-Family: 10 / 5 / 10 ft*** (*no front setback required if active ground level uses, no special requirements for higher floor setbacks, maintain exception for contextual front yards)	• Encourage an active pedestrian realm along Tyler St. • Maintain consistent street wall along Tyler St. • Accommodate units on shallow lots
Maximum height	• 50 ft	• **50 ft**	-
Maximum lot coverage	-	**-**	-
Minimum open space	• One and Two Family: n/a • Multi-Family: 100 sf per bedroom	• **One, Two, and Three-Family: n/a** • **Multi-Family: n/a**	• Allow for a higher density of units
Parking	• One and Two Family: 1 space / unit • Multi-Family: 1.5 spaces / unit	• **One, Two, and Three-Family: 1 space / unit** • **Multi-Family: 1.0 spaces / unit**	• Allow parking requirements to be determined by market demand

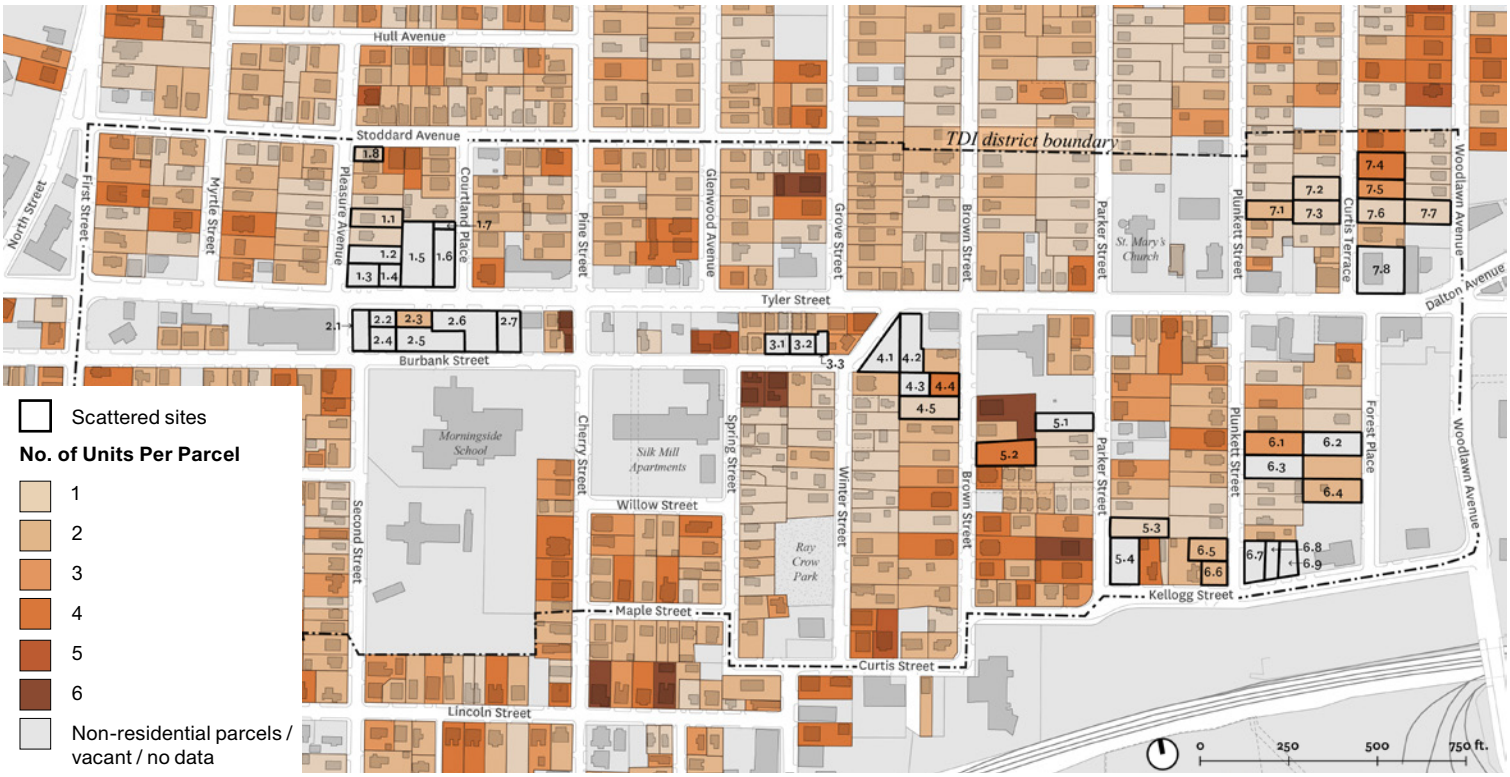
Proposal for R-M Base District (High Density Multi Family Residential)

	Existing Regulations	Proposal	Rationale
Uses	• One and Two Family: Prohibited	• **One, Two, and Three-Family: By Right**	-
Minimum yards Front / side / rear	• One and Two Family: 15 / 10 / 20 ft* (*with exception for contextual setbacks)	• **One, Two, and Three-Family: 10 / 5 / 10 ft*** (*with exception for contextual front yards)	• Promote contextual development
Maximum height	• 60 ft	• **60 ft**	-
Maximum lot coverage	• 50%	• **70%**	• Accommodate Carriage Houses on smaller lots
Minimum open space	• One and Two Family: n/a	• **One, Two, and Three-Family: n/a**	-
Parking	• One and Two Family: 1 space / unit	• **One, Two, and Three-Family: 1 space / unit**	-

Appendix



Source: City of Pittsfield GIS and 2018 Tax Assessors' Database



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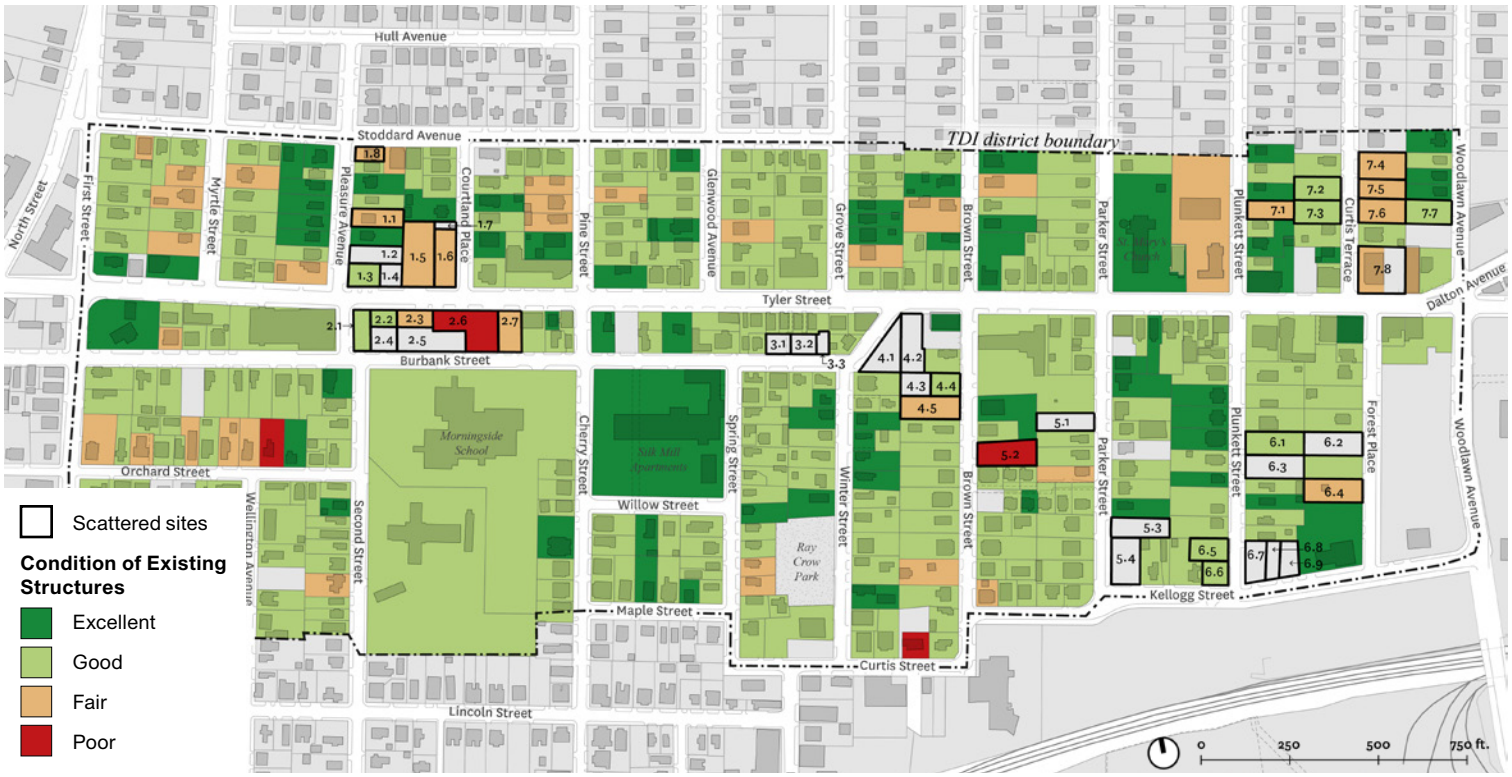
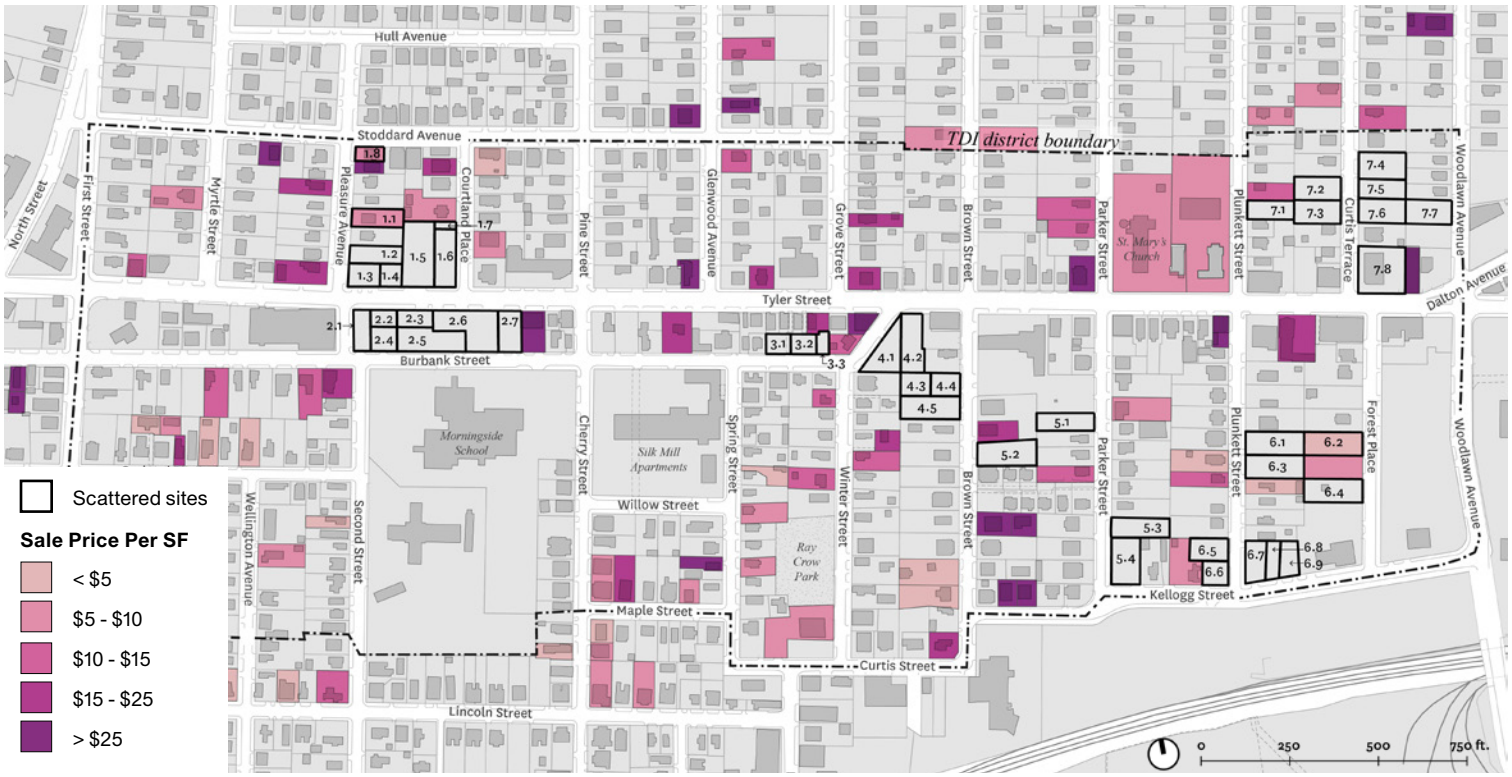
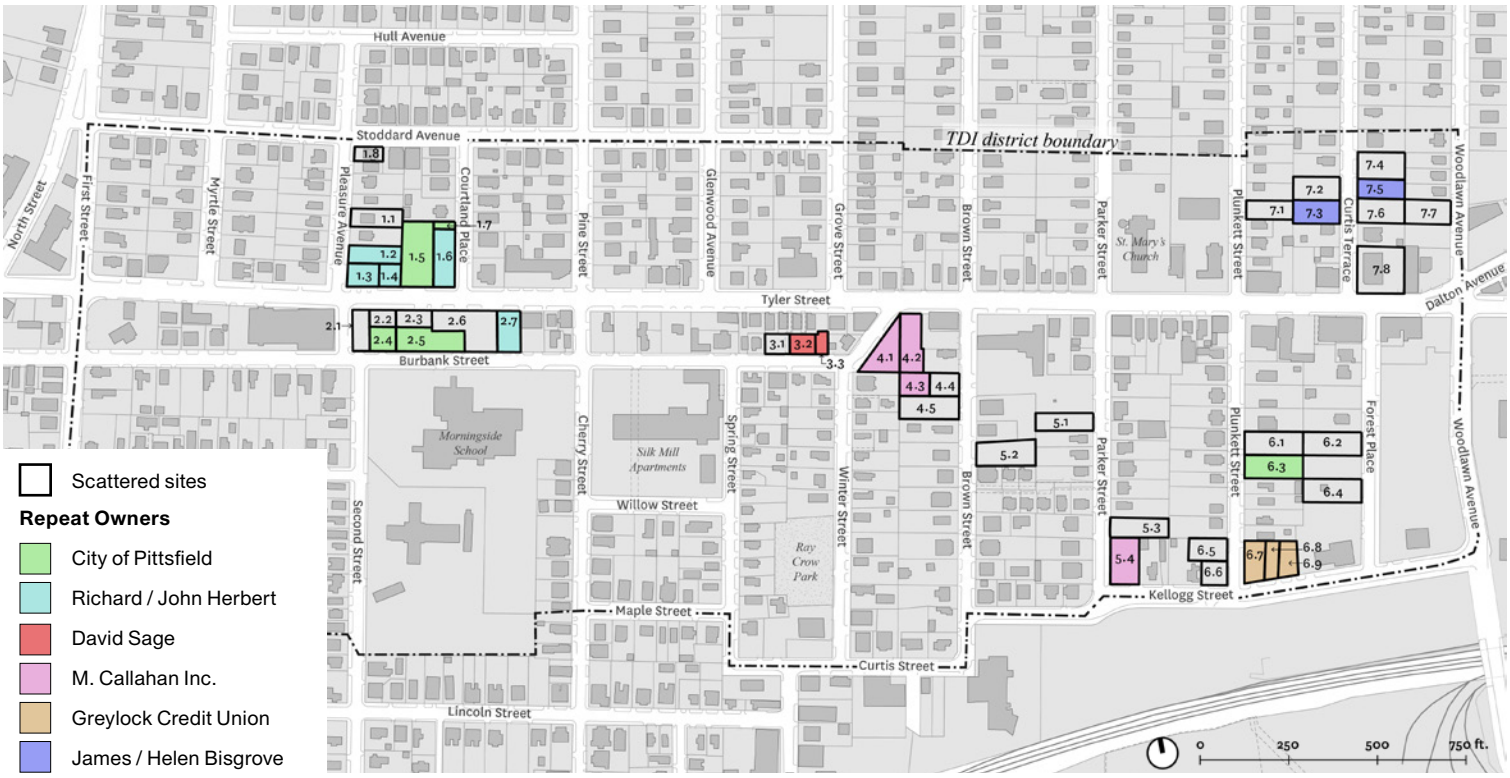


Source: City of Pittsfield, TDI Housing Assessment, June 2018



Source: City of Pittsfield, TDI Property Transactions, June 2018

Parcel analysis



Parcel ID	Assessors' ID	Address	Owner	Lot size (SF)	Existing Use	Building Size (GSF)	Total Assessed Value
Courtland Pl. Cluster							
1.1	H110007014	12 Pleasure Ave	Gardner-Kim Melissa Ann	7,318	Residential	1,273	$ 101,600
1.2	H110007016	Pleasure Ave	Herbert John L	7,405	Residential: vacant, developable land		$ 31,300
1.3	H110007001	197 Tyler St	Herbert Richard J	6,142	Retail: vehicle sales	616	$ 86,700
1.4	H110007002	Tyler St	Herbert John L	3,964	Retail: parking lot		$ 5,700
1.5	H110007003	231 Tyler St	City of Pittsfield	16,379	Exempt: vacant	-	$ 569,500
1.6	H110007103	239 Tyler St	Herbert Richard J	9,583	Commercial: general office	2,700	$ 97,500
1.7	H110007203	Coutrland Pl	City of Pittsfield	1,307	Exempt: vacant	-	$ 26,600
1.8	H110007010	28 Pleasure Ave	IBT Investments LLC	3,267	Residential: single family		$84,700
Hess Site Cluster							
2.1	I100015001	214 Tyler St	Berkowitz Stuart A	5,728	Commercial: small retail	1,736	$ 94,900
2.2	I100015003	216 Tyler St	Himes Randall A	3,467	Commercial: small retail	3,540	$ 92,400
2.3	I100015004	228 Tyler St	Berkshire Heights Associates LLC	4,800	Multiple-use: primarily commercial	7,722	$ 248,500
2.4	I100015002	Burbank St	City of Pittsfield	5,184	Exempt: vacant	-	$ 38,500
2.5	I100015005	Burbank St	City of Pittsfield	12,327	Exempt: vacant	-	$ 46,000
2.6	I100015006	250 Tyler St	Hess Retail Stores LLC	16,335	Retail: fuel service	412	$ 101,800
2.7	I100015007	288 Tyler St	Herbert Richard J E/O	7,667	Retail: small retail/service	6,600	$ 124,400

Parcel ID	Assessors' ID	Address	Owner	Lot size (SF)	Existing Use	Building Size (GSF)	Total Assessed Value
Burbank St. Cluster							
3.1	I100014010	Burbank St	Allessio Nominee Trust	3,964	Residential: vacant, developable land	-	$ 26,400
3.2	I100014014	Burbank St	Sage David N	4,138	Residential: vacant, developable land	-	$ 26,500
3.3	I100014015	Burbank St	Sage David N	2,265	Residential: vacant, developable land	-	$ 25,400
4.1	I100009022	Burbank St	M Callahan Inc	9,540	Commercial: vacant, developable land	-	$ 26,900
4.2	I100009021	Tyler St	M Callahan Inc	10,367	Commercial: vacant, developable land	-	$ 35,500
4.3	I100009016	Brown St	Cavalier Dartmouth Properties LLC	5,445	Residential: vacant, undevelopable land	-	$ 151,000
4.4	I100009017	57 Brown St	Cavalier Dartmouth Properties LLC	5,662	Residential: 4-8 units	6,944	$ 134,700
4.5	I100009015	55 Brown St	Hillard Laurie M	11,107	Residential: 1 unit	1,148	$ 124,200
Parker St. Cluster							
5.1	I100008015	37 Parker St	Thirty Seven Parker Street LLC	7,275	Residential: vacant, developable land	-	$ 28,400
5.2	I100008026	48 Brown St	Sasco Mortgage Loan Trust	10,890	Residential: 4-6 units	n/a	$ 171,700
5.3	I100007033	14 Parker St	Phelps Sandra A	9,060	Residential: single family	2,468	$ 89,400
5.4	I100007001	Kellogg St	M Callahan Inc	10,890	Commercial: vacant, developable land	-	$ 28,900
Plunkett St. Cluster							
6.1	I100006019	34 Plunkett St	Lord Albert G	10,890	Residential: three-family	1,343	$136,000
6.2	I100006007	Forest Pl	Strauss Stephen A	10,890	Retail: parking lot	-	$ 15,200
6.3	I100006020	Plunkett St	Trask Mildred G	10,890	Residential: accessory use	-	$ 33,800
6.4	I100006005	15 Forest Pl	Hanna Ronald E	10,890	Residential: two-family	1,680	$ 97,300
6.5	I100007006	7 Plunkett St	Stanton Robert J	6,838	Residential: two-family	805	$ 109,400
6.6	I100007005	43 Kellogg St	Wendell Alfred Xavier	4,965	Residential: two-family	826	$ 83,800
6.7	I100006001	Kellogg St	Greylock Federal Credit Union	6,882	Retail: parking lot	-	$ 27,100
6.8	I100006002	Kellogg St	Greylock Federal Credit Union	4,095	Residential: vacant, developable land	-	$ 26,500
6.9	I100006025	Kellogg St	Greylock Federal Credit Union	5,184	Residential: vacant, developable land	-	$ 27,100
Curtis Terrace Cluster							
7.1	I110009031	84 Plunkett St	Rando Pauline E/O	7,013	Residential: two-family	1,856	$ 101,500
7.2	I110009007	23 Curtis Ter	Duprey Carolyn J	8,712	Residential: single-family	n/a	$ 124,900
7.3	I110009006	19 Curtis Ter	Bisgrove Sidney James	8,712	Residential: single-family	n/a	$ 92,100
7.4	I110010028	28 Curtis Ter	Fuentes Ekarin	8,712	Residential: 4-6 units	3,281	$ 105,100
7.5	I110010029	22 Curtis Ter	Bisgrove James	8,712	Residential: three-family	2,921	$ 132,700
7.6	I110010030	20 Curtis Ter	Adams Magdalene	8,712	Residential: single-family	2381	$123,500
7.7	I110010006	163 Woodlawn Ave	King Joann M	8,712	Residential: single-family	2753	$105,000
7.8	I110010001	765 Tyler St	Connell Christopher J	17,424	Mixed use	n/a	$446,200

Source: City of Pittsfield GIS and 2018 Tax Assessors' Database

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Memorandum on Market Analysis, Aug 14, 2018.

Overview

During the course of the Tyler Street TDI District Infill Housing Study, LDS provided an analysis of the existing housing market in the Pittsfield. This analysis examined demographic and economic conditions, rental and ownership housing and retail in the District and Pittsfield. As a part of our work, we highlighted the District's unique housing needs and identified target customers for new housing. This memo summarizes this work.

Tyler Street is a different environment than North Street but provides opportunity to further diversify housing in Pittsfield's urban center. LDS' analysis found that there is demand for at least 50 units of housing at many different income levels and for a number of different product types (i.e. roommate situations, family housing, senior housing), but there are challenges to creating new housing in the District including:

1. Age/condition of housing stock.
2. Lot size (issue with accommodating building size and necessary parking)
3. Cost to acquire third party owned land and buildings
4. Low rents and purchase prices
5. High building costs
6. Perception and current conditions of the street

Given these challenges, it is likely that the City and its state partners will have to find a way to catalyze additional housing production in the District.

Community and Neighborhood

There are large populations who want to live in the Berkshires due to the open space, cultural amenities and proximity to Massachusetts, Connecticut, and New York. Pittsfield has experienced a major turnaround over the past 20 years, in particular along the North Street corridor, due to multiple types of investment. North Street is now a semi-thriving main street corridor. As a result, Pittsfield has a lively cultural scene and a committed and diverse employment base.

Tyler Street, the main street in the District, is a business service corridor in close proximity to North Street. The District has vacant lots and storefronts mixed among single and multi-family homes. The District has many long-time homeowners who do not have the means to repair their homes, as well as absentee landlords who have no incentive to maintain their properties. In addition, the perception of the District having a lot of violence does not match the reality of a minimal amount of gun violence but eliminating this stigma will take time.

The City is working to make the District a vibrant, thriving community again, as it was when General Electric helped to build up the neighborhood. City efforts include: a façade improvement and code compliance fund for businesses in the district, creating an HDIP district, and participating in the working cities challenge. The City has demolished unsafe buildings and strengthened code enforcement. Several

positive changes are clearly visible including a new gas station with fresh fruit and vegetables and a new smoothie bar which opened in the past month. The Goodwill Building is getting a much overdue face lift. All of these are recent bright spots and help to lift the neighborhood along Tyler Street. These changes signal to the community that efforts are starting to pay off. The outreach done in conjunction with these initiatives is helping to motivate residents and business owners interested in investing in the District, and the recent changes should incentivize stakeholders to increase their involvement.

Demographics

The 2,867 people living in the District are, on average, significantly younger and more racially diverse than the rest of Pittsfield or Berkshire County, and have lower levels of educational attainment. The estimated $33,600 median annual household income in the District is well below that of Pittsfield ($45,800) or Berkshire County ($54,450). Estimates of net worth show an even bigger gap, with the median District household having just $12,400 in total assets, compared to $76,700 for all Pittsfield households. This asset gap is due in part to low rates of homeownership; 71% of all District households are renters. Many of these renters are experiencing major financial challenges, with 50% being rent burdened and 26% severely rent burdened (i.e. meaning they are paying more than 30% or 50% of their income towards rent).

With the Berkshire Medical Center campus located at the western end of the District, the District is a major employment center, with 3,400 people employed in the District, compared to just 1,210 workers living in the District. Those who work in the District are very different from residents who live in the District and work elsewhere; they are generally older, more highly educated, earn much higher wages, and are overwhelmingly employed in the health care industry. Half of those who commute into the District for work come from Pittsfield, while the rest commute from nearby communities led by Dalton, Adams, and Cheshire. Of the 1,210 residents of the District who are employed outside the home, roughly half work in Pittsfield while the rest have commutes to locations scattered throughout Berkshire County and even to Springfield and beyond, underscoring the transportation challenges for District residents.

Market Rate Rental Supply

Most housing in the District is rental housing. The majority of rental stock in Pittsfield and in the District is old. Portions of the housing in the District are in need of significant repair. However, despite its condition and location, much of it is occupied, with an average occupancy of 98% and no concessions based on the units we studied, indicating ongoing demand**.** Most of the rental housing in Pittsfield and in the District is in 2-6 family homes with very few properties having 10 or more units. Several developments that were built in Pittsfield as condominiums also rent out many of their units. Much of the 2-6 family housing stock is owned by out of state investors who have little incentive to improve their properties. Most of the older two-bedroom housing stock in Pittsfield and the District only has one bathroom. The newer market rate housing stock in Pittsfield has two bathrooms, which is more desirable for roommate situations or households looking to downsize. There were very few larger units on the market in Pittsfield; in fact we only identified 2 three-bedroom units.

However, the newest stock in Pittsfield, such as the Howard and Onota buildings, are achieving significantly higher rents because they have larger units, modern layouts with open concept kitchens, steel front appliances, in unit washers and dryers, additional bathrooms and some community amenities. The rent for the older units is the same in the North Street corridor as in the District.

Below is a summary of our market rate rental analysis for Pittsfield, comparing and contrasting rents as noted above (please note we have not adjusted for number of bathrooms):

Table 1

	Square Feet	Rent	Rent/Sq. Ft.
One Bedroom			
Older Product Average	657	$ 718	$ 1.40
Newer Product Average	**858**	**$ 1,162**	**$ 1.39**
Overall Low	500	$ 532	$ 0.90
Overall High	1,115	$ 1,300	$ 1.75
Overall Average	808	$ 899	$ 1.39
Two Bedroom			
Older Product Average	1,025	$ 856	$ 0.97
Newer Product Average	**1,191**	**$ 1,409**	**$ 1.19**
Overall Low	900	$ 700	$ 0.79
Overall High	1,366	$ 1,600	$ 1.43
Overall Average	1,131	$ 1,055	$ 1.12
Rents have been adjusted to include water and sewer in rent			

We learned that high electric costs and high-speed internet costs are a concern to landlords. Some landlords with multiple properties are purchasing high speed internet in bulk and passing the savings on to tenants. Some owners/management companies have acquired large portfolios of units and that allows them to gain some economies of scale by having in house maintenance staff which allows them to spread cost out over multiple units. Therefore, even though rents are relatively low compared to other markets, they are still able to make money.

Multi-Unit Market Rate Developments

There are very few large-scale multi-family apartment complexes in and around Pittsfield, and many are subsidized. The majority of apartments in downtown Pittsfield are smaller buildings scattered throughout the area surrounding North Street. There are a handful of developers who own several buildings within the Pittsfield downtown area and many of these developers have made minor renovations to older buildings for use as apartments and housing, with very few gut-renovations. The result is that most units are old and tired, and lack amenities such as multiple bathrooms, laundry, parking, air conditioning, and accessibility. There is a relatively large supply of small multifamily properties (2-4 units) in Pittsfield and in the District in particular. However, a number of these properties in the District are in poor condition or even vacant, and those that have sold in recent years have been very inexpensive. Stakeholder input suggests that many of these types of properties are held by management companies who invest little if anything in the property, preferring to rent a substandard product at a low cost. Overall, there is a lack of high-quality market rate rental housing in Pittsfield.

Homeownership Supply

The single-family homeownership market in Pittsfield is inexpensive by regional, county, and state standards. Much of the housing stock is smaller, has less land area and is older than other towns, with very little new construction or recently renovated product. Condominiums are a fairly minor part of

the ownership market in Pittsfield and the region as a whole. Broker input suggests that some are held by developers or property management companies as rentals, after failing to sell as ownership units following the crash in 2007-2008. The only new construction ownership units we identified in Pittsfield were six affordable duplexes being developed on Elm Street by Habitat for Humanity.

TDI District Property Transactions

To understand the particular property market within the District and how it differs from surrounding areas, we obtained data from the City of Pittsfield planning department on all 107 property transactions conducted within the District boundaries since the start of 2013. By cross- referencing this with city assessor's records, we were able to determine the sale price, square footage, and lot size for all properties that changed hands during the five-year period. We then weeded out transactions which were irrelevant to determining real property prices or likely to skew the results. In practice, this meant eliminating a large number of foreclosure sales, as well as those transactions coded by the assessor's office as "Private Sale, Not Put on Market," "Deed- Restricted," and several other categories. We were left with 37 "Valid Sale" transactions, those which best represented a property being put on the open market under normal circumstances. The resulting averages and ranges for these transactions are shown below.

The highest price paid for any one property in the District in the last five and a half years is $371,000, while the median sale over that time was $119,000. On a per square foot basis, the median District sale was $58.72, with only two properties commanding over $100 per square foot.

Table 41: TDI District Non-Foreclosure Property Sales, 2013-2018

	Sale Price	Sq. Ft.	Sale Price ($ / Sq. Ft.)	Lot Size (Acres)
MEAN	$130,118	2,655	$56.91	0.15
MEDIAN	$119,000	2,197	$58.72	0.16
HIGH	$371,070	8,712	$145.82	0.25
LOW	$40,800	1,143	$20.12	0.06

Conclusion

We performed a quantitative rental and ownership demand analysis looking at income, current tenure, and household size. We utilized a study area of Pittsfield and several surrounding towns whose selection was based on research noted in the demographics section on commuting patterns of those who work in the District. We found rental demand for 50 units of new housing for households at each income level, including 45%-60% of AMI (self-pay affordable housing), 60-80% of AMI (Low income housing), and 80%-120% of AMI (middle income or work force housing), as well as demand for market rate housing (renters earning over $40,000 per year). We also found demand for ownership units priced at $225,000.

This information paired with high occupancies and short marketing periods illustrate that demand outweighs supply, and more quality ownership and rental product is needed.

Overall, the changes occurring in Pittsfield's population and employment are creating a need for greater housing choice, particularly in the District. We believe there is a lot of potential in the District, and specifically that there is demand for upwards of 150 units of new or newly renovated housing at all income levels and tenure types.

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To: MassDevelopment and City of Pittsfield Planning Department

From: Lynne Sweet, LDS Consulting Group, LLC

Date: November 12, 2018

Regarding: Hess Site Development Test Fit – Financial Analysis of

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The following memorandum is the result of our research into construction and development costs related to two building scenarios set forth from Utile Associates. We have provided pro-forma development numbers for two development scenarios as a result of test fits by Utile: **Scenario 2** which has 25 rental units including 17 units in a multi-family building and 8 carriage houses and **Scenario 1a** which has 16 ownership units comprised of 8 carriage houses and 8 town houses, described in more detail later in this document. Each will have Class A finishes and amenities targeted towards young professionals.

Methodology

LDS reached out to numerous property owners, contractors and developers in Pittsfield as well as Western MA in order to obtain the most accurate per square foot construction costs. While we contacted over 20 providers, we only spoke to a handful including Salami Construction, Dave Traggworth (Williamstown), George Whaling, David Carter, Elton Ogden, Sam Nickerson (Great Barrington). We also contacted MassDevelopments western MA office, but their work is mostly commercial. Several of the home builders we reached indicated that they build custom homes, therefore, do not provide square foot costs. They also noted that they build high end custom homes and would not be willing to work with me on quoting numbers. Many developers in the greater Pittsfield area have only been working on renovations and not ground up construction and this too was a limitation on the accuracy of information.

Findings

The most common comment we heard from contractors is that there is a shortage of skilled labor in Western Massachusetts. This has led to increased labor costs. This is a result of a number of factors including, the large volume of construction work throughout the state, the retirement of skilled laborers and the lack of newly skilled laborers due to the last recession. In addition, the price of materials is fluctuating due to trade policies at the federal level.

We heard of hard costs ranging from $175-$230 per square foot. As described below, the cost of new construction in the greater Pittsfield Area is not equally matched by rental and homeownership pricing. For example, we used $1.50 per square foot for a one-bedroom rental unit and $1.40 per square foot for a two-bedroom rental unit, the upper end of the current rental

**Note: These analyses were conducted at early stages of the project and informed the refinement of building prototypes presented in this report. Therefore, the building metrics analyzed here may differ slightly from the final layouts.*

market in Pittsfield. This is compared to $3.00 and $2.50 per square foot, respectively, in greater Boston. For homeownership pricing, we used $130 and $140 per square foot, again, the higher end of the homeownership market in Pittsfield. This compares to $300+ per square foot in greater Boston.

We settled on $180 per square foot all in based on an active builder in the area, Salami Construction, who just completed a new building in downtown Northampton. They took the time to look at the basic building specifications provide by Utile. By way of comparison, the per square foot new construction costs in greater Boston for larger apartment buildings (90+ units) ranges from $200-$220 per square foot, not that much higher in Pittsfield. Also, with a larger number of units, contractors can gain some economies of scale on pricing of materials.

Conclusions and Recommendations

The results of our research show that the multi-family rental housing has an acceptable IRR but a low return on cost and cash flow. In other words, it needs more units to spread out development or operating costs, or more subsidy to make it more attractive. Waving or reducing taxes and fees could also have a positive impact on the numbers. We can do some sensitivity analyses based on your feedback to improve upon the rental numbers.

The ownership numbers had a negative return. The cost to build far exceeds the sales price. There may be some cost savings to using factory built or panelized, but in order to provide the high end look the city is seeking, the add ons for architectural detail could negate those cost savings.

Generally, factory-built housing costs the same, but it is a shorter time to market, not vulnerable to weather conditions, therefore less carrying costs for interest and better quality. This is due to it being built in the factory and a lower number of subcontractors working on the project. One multi-family company we are familiar with is Simplex Homes, Scranton, PA.

Scenario 2: Rental

Table 1 Rental Building Assumptions

Type	Stories	Footprint	GFA	Units	Parking Spaces	Parking Ratio
Carriage House	3	4,200	12,600	8	8	1.0
Double-Loaded Bar	3	10,400	28,160	17	27	1.6
Scenario 2 Total			40,760	25	35	

We examined an all market rate development. Our rents are from the market research previously performed. For DLB building we assumed under building and surface parking, mail room, lobby, and common meeting space inside the building, balconies. All units will have

access to an outdoor trash/recycle area. Each unit will have an open concept floor plan/breakfast bar, in unit washers and dryers and class A apartment finishes. The unit mix is 8 one-bedroom units and 18 two-bedroom units. The next chart shows our income calculations, followed by operating numbers and supportable debt service, followed by the development numbers.

We assumed that the property would be delivered vacant and essentially shovel ready, and free! Our total development costs are $7,902,535.

This pro-forma uses conventional financing at 80% LTV or 1.2 debt service coverage. We assumed 30-year conventional debt as a rate of 4.5%. The limiting factor here is that the project can only support $4,300,000 in debt.

Therefore, we assumed that the property would have the benefit of HDIP equity in the amount of $1,778,070. This requires and equity investment of $1,824,465 with a cash flow of only $65,000 per year. The return on Cost is low at 4.1%, we like to see this at 6. The IRR is 15.6% which is very good.

We did not look at a bond financing which would bring in higher DSR (up to 1.10) as it would require 20% of the units to be income restricted at 50% or 80% of AMI and those rents are lower than market rents. Furthermore, if we added more debt, it would lower cash flow even farther. As noted previously, additional subsidy or waiving fees, lower taxes or adding more units would have a positive impact on this scenario.

Table 2 Rental Income Assumptions

Income	Bedrooms	Baths	Size (sq. ft)	# Units	Rent	Sq. Ft. Rent	Monthly	Annual	
Market	One DLB	1	950	8	$ 1,425	$1.50	$ 11,400	$ 136,800	
Market	Two DLB	2	1,150	9	$ 1,610	$1.40	$ 14,490	$ 173,880	
Market	Two - Carriage	1	1,125	8	$ 1,575	$1.40	$ 12,600	$ 151,200	
***gross square footage**				25		**Total**	**$ 38,490**	**$ 461,880**	
						Pet Rent	$ 300	$ 3,600	Other
					Total Residential		$ 38,790	$ 465,480	
						5%	$ (1,940)	$ (23,274)	Vacancy
Assumes tenant pays for heat, hot water, electric, domestic water + Sewer							**$ 36,851**	**$ 442,206**	**Total**

On the operating numbers on the next page, we assumed it would be self-managed and the management fee would cover staff costs. We estimated real estate taxes based on other projects, but we need more detail on what TIF would look like.

Table 3 Operating Expenses/NOI

Management Fee			
	Management Fee	$	19,899
ADMINISTRATIVE			
	1/2 Time Manager/Marketer	$	-
	Advertising	$	4,000
	Monitoring Fee	$	-
	Lottery agent/recertification	$	-
	Book keeping/Audit Fee	$	-
	Professional Services legal & Accounting	$	5,000
	Office expenses/computers	$	2,000
Total Administrative		$	11,000
REPAIRS & MAINTENANCE			
	On call staff	$	5,000
	ELEVATOR CONTRACT	$	1,000
	ELEVATOR TELEPHONE	$	900
	ALARM & MONITORING CONTRACT	$	2,400
	OTHER MAINTENANCE/Turnovers	$	7,200
	EXTERMINATION	$	1,500
	COMMON AREA CLEANING Bi-Weekly	$	2,600
	TRASH REMOVAL	$	3,600
	LANDSCAPE OTHER	$	6,000
	SNOW REMOVAL	$	6,000
Total Maintenance		$	36,200
UTILITIES			
	ELECTRICITY	$	2,400
	Water and Sewer	$	1,000
	Heat	$	4,000
	Total Utilities	$	7,400
TAXES			
	REAL ESTATE TAXES - Residential	$	25,013
	Total Taxes	$	25,013
INSURANCE			
	PROPERTY & LIABILITY	$	10,000
Replacement Reserves		$	7,500
Total Operating costs		$	117,012
Income		$	442,206
NOI		$	325,194

Based on these numbers $260,155 is available for debt service resulting in cash flow of $65,039. Operating costs per unit are $7,313.24.

Table 4 Sources and Uses Rental

SOURCES & USES BUDGET	
USES - Development Budget	
Development Costs	*Total*
Acquisition	0
Hard Costs	
Site Work	
Other (Roadways Landscaping, total lot)	25,000
Sub-Total Site Work	25,000
Construction	
Total Buildings	7,335,000
Total Hard Costs and builders profit and overhead	**7,360,000**
Soft Costs	
Civil Engineering/Geotech	25,000
FF+E Common Areas Interior	20,000
Traffic Study	0
Market Study/Financing Appraisal	10,000
Marketing/Initial Rent-up/Model Unit/Signage	25,000
Taxes	5,000
Utility Usage	2,000
Insurance	2,000
Security	2,000
Inspecting Engineer	1,200
Construction Loan Interest	116,100
Fees - construction	43,000
Fees - Permanent lender	21,500.0
Architecture/Engineering	50,000
Permits (Building)	14,262.50
Occupancy Permit	585
Connection Fees/Other permit fees	0
Clerk of the Works	0
Construction Manager	0
Bond Premiums (P&P/Lien bond)	73600
Legal	50,000
Title & Recording	5,000
Accounting	10,000
MIP	0
Credit Enhancement	0
Letter of Credit Fee	0
Other Financing Fees	0
Development consultant	25,000
Lottery consultant/Advertising	0

Peer review consultants	0
Other consultants	0
Mitigation fees (I&I)	0
Soft Cost Contingency	15,037
Sub-Total Soft Costs	516,285
Developer Overhead/Fee	0
Capitalized Reserves	
Initial Rent-Up Reserves	20,000
Operating Reserves	6,250
Sub-Total Capitalized Reserves	26,250
TOTAL DEVELOPMENT COSTS	**7,902,535**
DEVELOPMENT SOURCES	
Permanent Loan	**4,300,000**
Equity Required	1,824,465
less Developer Overhead/Fee contributed	0
plus HDIP	1,778,070
Developer Cash Equity Required	0
TOTAL DEVELOPMENT SOURCES	**7,902,535**

The total development cost per unit is $326,101. We did not put in a development fee which in certain financing scenarios could be $988,000 as it would further to serve to drive up costs but it could also serve to bring in more HDIP equity (approx. $222K). The City may want to consider waiving some or all of the items highlighted in red to reduce costs.

Scenario 1a: Ownership

Table 5 Homeownership Building Assumptions

Building Type	Unit Type	Footprint	Unit Area	Typ Floor Plate GSF	Typ Floor Plate NSF	NSF to GSF Loss Factor	Stories	Parking Location
Carriage House	2 beds, 1 bath	18' x 30'	1125 GSF	n/a	n/a	none	3	Garage (325 GSF)
Double-Loaded Bar	1 - 2 beds, 50% mix	65' X 160'	950 or 1150 NSF (~1250 avg GSF)	10,400	8,850	85.1%	3	Partial Cover

We assumed that there would be a brokers fee of 5% so subtracted that from the sales prices.

Table 6 Homeownership Sales Prices Assumptions

Income	Bedrooms	Baths	Size (sq. ft)*	# Units	Sale Price	Sq. Ft. Cost	Income
Market	Carriage House	2.5	1,125	8	$ 146,250	$ 130.00	$ 1,170,000
Market	Town House	1	1,590	8	$222,600	$ 140.00	$ 1,780,800
***gross square footage**				16		**Total**	**$ 2,950,800**
						5%	($ 147,540)
						Actual Income	$ 2,803,260

For the development numbers we assumed 26,630 square feet of buildings at $180 per square foot all in construction cost including contingency. We also assume interest and bank fees based on a $4,000,000 construction loan. Our total developments costs are $5,187,234 or $324,202 per unit. This is not as an efficient use of space as the rental scenario but our research indicated that homeowners living in this area look for some amount of outdoor space. With an income of only $2,803,260 and TDC over $5M, it results in a loss of $2,383,974. With regard to the development costs on the next page,thhe City may want to consider waiving some or all of the items highlighted in red to reduce costs.

Table 7 Ownership Development Costs/Sources and Uses

Hard Costs	
Site Work	
Other (Roadways Landscaping, total lot)	25,000
Sub-Total Site Work	25,000
Construction	
Total Buildings	4,793,400
Total Hard Costs and builders profit and overhead	**4,818,400**
Soft Costs	
Civil Engineering/Geotech	25,000
Market Study/Financing Appraisal	5,000
Marketing/Initial Rent-up/Model Unit/Signage	25,000
Taxes	5,000
Utility Usage	2,000
Insurance	2,000
Security	2,000
Inspecting Engineer	1,200
Construction Loan Interest	108,000
Fees - construction	40,000
Architecture/Engineering	50,000
Permits (Building)	9,320.50
Occupancy Permit	387
Connection Fees/Other permit fees	0
Clerk of the Works	0
Construction Manager	0
Bond Premiums (P&P/Lien bond)	48184
Legal	25,000
Title & Recording	5,000
Accounting	5,000
Soft Cost Contingency	10,743
Sub-Total Soft Costs	368,834
TOTAL DEVELOPMENT COSTS	**5,187,234**
Income	$ 2,803,260
Profit/Loss	$ (2,383,974)

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Memorandum

To: MassDevelopment and City of Pittsfield Department of Community Development

From: Lynne Sweet, LDS Consulting Group, LLC

Date: December 13, 2018

Regarding: Additional Financial Analysis

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1. **Carriage Houses Type 1–** Do homeownership carriage houses pencil out? No. Looking at the most basic numbers, a 1,090 square foot carriage house with a construction cost of $180 would cost $196,200 for hard cost construction. This does not include any other hard costs or soft costs. The sale price is estimated to be $146,000 or $130 per square foot. That is the high end of condominium selling prices that have sold in the area. Therefore, there is a gap of at least $50,000. It is possible that a home builder with its own crew could build for less or use panelized or factory built but it is doubtful they could make up for such a big gap.

2. **Triplexes Rental -** Based on the plans provided by Utile, we examined triplexes with a total of 12 units (4 triplexes) and 24 units (8 triplexes). These include 2 one-bedroom units on the first floor and 1 two-bedroom unit on the second floor and 4 surface parking spaces. We used a construction cost of $180 per square foot and rents of $1,150 for a one bedroom 720 square foot unit and $1,365 for a two bedroom 990 second floor unit and total building square footage of 2,590. We note that the net square footage of 720 for a one bedroom is smaller than the newer competition which average 940 and the two-bedroom units of 975 are smaller than the newer competition which average 1,132. This could be due to the fact that much of the new competition is renovations of existing buildings and the space may not be as efficient as new construction. As noted below, the metrics for 25 units/8 triplexes are more favorable with regard to an investment with higher ROC and IRR.

Table 1

3 Unit Building Option		
Metric	**12 Unit**	**24 Unit**
Income	$ 168,834	$ 337,668
Operations	$ 70,398	$ 130,795
NOI	$ 98,436	$ 206,873
TDC	$ 2,093,459	$ 4,057,704
Debt	$ 1,300,000	$ 2,720,000
HDIP	$ 481,496	$ 933,272
Equity	$ 311,964	404,432
ROC	4.7%	5.1%
IRR	23.30%	31%

We note that it will be important to have 1.5-2 bathrooms in the two-bedroom units.

3. **Triplexes Owner/Renter** - We also looked at the triplex by modeling one owner occupied second floor unit and two rental units on the first floor where the owner does their own management. We used the same one-bedroom rents and looked at how much debt a family of three could support earning 100% of AMI. We determined that the TDC cost for one triplex would be $535,550. The combination of rental income and owner mortgage payment could support $340,000 in debt, with $123,000 in HDIP equity and $72,300 or approximately 14% down from the owner. This would generate $2,654 cash flow monthly and includes a modest management fee of $1,180. Therefore, we believe it is a viable alternative for someone who want to own and rent/manage. It is possible that more debt could be leveraged under this scenario, so it is worth discussion this option with local lenders. **It is unclear if HDIP can be used on an individual building, so it may be more prudent to utilize local funds through CDBG for soft debt.**

4. **Option 1 L Building** - We also looked at Option 1 L Building. We understand that based on our feedback, the community amenity space has been moved to using 2 of the middle one-bedroom unit which results in an additional two-bedroom corner unit. We do note that the net average square footage of 700 for a one bedroom is smaller than the newer competition which averages 940 and the two-bedroom units averaging 950 are smaller than the newer competition which average 1,132. This could be due to the fact that much of the new competition is renovations of existing buildings and the space may not be as efficient as new construction. The numbers look good and would attract a developer/investor/lender. We note we used $50,000 per year for real estate taxes and this assumes that the development will have the benefit of a TIF.

Table 2

Metric	38 Unit L
Income	$ 554,519
Operations	$ 183,453
Operations Per Unit	$ 4,828
NOI	$ 371,065
Cash Flow	$ 74,213
TDC	$ 7,600,585
TDC Per unit	$ 200,015
Debt	$ 4,900,000
HDIP	$ 1,710,132
Equity	$ 990,453
ROC	5%
IRR	26%