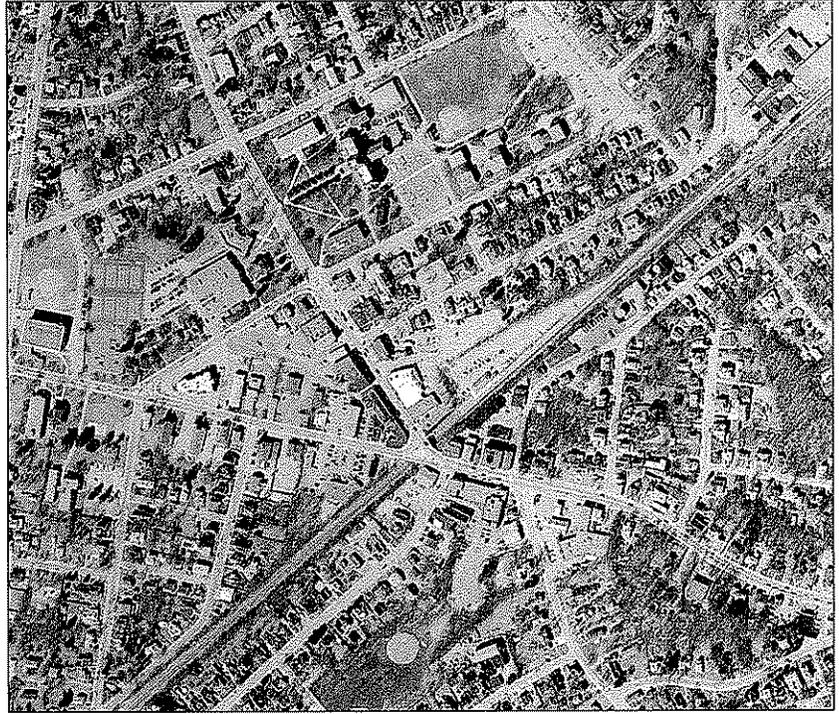


# Franklin Center TOD Study

## ———— Evaluation of Potential for TOD



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## FRANKLIN CENTER TOD STUDY – FINAL REPORT

This report provides an evaluation of the potential to promote Transit Oriented Development (TOD) within Franklin Center, and an overview of existing conditions, perceived parking trends and development issues relating to opportunities for TOD in the vicinity of the Franklin Center MBTA station.

This report contains the following sections, which summarize the results of the evaluation:

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### **1. Purpose of the Evaluation**

This evaluation considers the potential to promote transit oriented development within Franklin Center that would take advantage of the combined land and locational assets of two existing adjacent surface parking lots in the town center. Of the parcels that were originally identified as being susceptible to change, the evaluation has focused on those considered to be the most probable and feasible lots for development. One of these parcels is owned by the MBTA and is part of the commuter rail station. The other is a parcel of land owned by the Town of Franklin.

The purposes of this evaluation included the following:

- Potential to promote transit oriented development along with parking improvements at the existing parking lot site – A baseline proforma evaluation was performed to consider whether there is a reasonable potential to provide a mix of parking and transit-oriented development on the existing surface parking sites, taking into account market conditions for new development, site configuration, and the need to accommodate commuter parking needs at this location.
- Relationship of parking to potential future redevelopment and revitalization of the town center – The evaluation also took into account the potential relationship of parking needs and the parking supply provided at the subject sites, to better understand the role that this land may play in promoting a more successful town center.

- Implications for adjacent and nearby land uses and development potential – The evaluation considered the implication of the MBTA/Town parking lots and their potential future use or development in light of nearby land uses and development potential for both adjacent sites and nearby areas that are within a convenient walking distance.

## 2. Summary of Findings

The findings of this investigation consist of the following major points:

1. Joint use development including parking and other uses on the MBTA/Town parking lot sites is not feasible within any pragmatic scenario of market conditions and likely subsidies – Several factors combine to prevent pragmatic feasibility for redevelopment. The configuration of the existing parking lots is well suited to a multiple level parking garage, but does not have enough land to have adjacent development for housing, retail, commercial or any other use. As a result, such uses would have to be located on a structured level above the parking. This imposes a very high cost for development that cannot be recouped at the sales, rent or lease values that would be generated by new development. In addition, other better alternative sites are available at much lower cost that are consistent with the the overall absorption rate for new uses and the returns that investment in new development can attain.
2. The acquisition of additional parcels to create a larger development site is not pragmatic as a financial matter and would not contribute to the vitality of the center – Although there are several adjacent parcels that are well-located to create a larger and more developable sites, they are already occupied by valuable improvements and uses that are contributing to the town center. The cost of removing these buildings and uses and replacing them with similar uses at a slightly greater scale is not economically feasible, nor would it substantially increase activity or economic vitality of the town center.
3. A review of the parking supply and commuter ridership data suggests that the existing parking supply for commuter is insufficient and that commuters may be parking within the town center in significant numbers – By comparing Franklin’s data to other commuter stations, it appears likely that there is a substantial and unrecongnized overflow of commuter parking occuring in spaces outside of the MBTA/Town complex. As a result, land and parking capacity that could be used to support other town center uses is being displaced.
4. The construction of a parking deck or structure at the MBTA/Town site could have the effect of withdrawing undesirable daytime commuter parking from other parts of the downtown, substantially increasing the land and parking capacity for both new development and to increase the vitality of existing uses – If the Town and the MBTA can collaborate on creating a parking area that would absorb any “spillover” parking, the ability of other uses to be supported by the vacated parking spaces or land that is being occupied could be considerable.

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5. If a parking structure is constructed, it might also directly support other town center uses – If a commuter parking structure were created, some additional spaces might be cost-effectively provided to help serve other development or support existing uses by providing term parking for residents and employees, and short term parking for some of the patrons of the town center.
  6. As a future step, the Town should work with the MBTA to craft a detailed evaluation of parking patterns and demand for commuters, and then set a path to gather resources undertake appropriate improvements – A detailed study is now called for that will reveal whether there is a substantial “spillover” occurring. If confirmed, then financial mechanisms and resources can be identified to match the costs and operating requirements associated with parking improvements that could prove to be instrumental in revitalizing portions of the town center.

### **3. Site Capacity Analysis**

An analysis of existing conditions and site capacity to accommodate new development was conducted for several parcels initially identified as having a potential susceptibility to change, should there be market support for a TOD initiative.

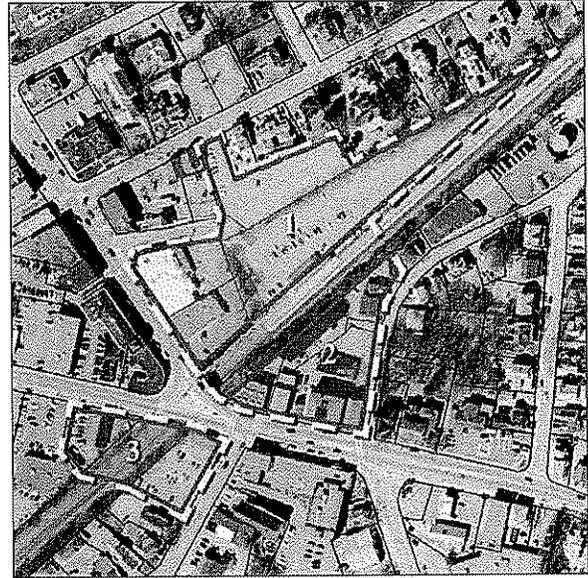
The study area was assumed as including the existing lots dedicated to parking in the immediate vicinity of the Franklin Center MBTA station. These are identified as Lot 168 (owned by the Town) and Lot 171 (owned by the MBTA), on Map 279 of the Town’s assessor’s records.

Other lots in the immediate surroundings of these parcels were also considered as part of the study area, based on their location and potential susceptibility to change. These included lots numbered 172 to 179, 16, 17 and part of 215, on the same Map 279. Taken individually, these lots are too small to support redevelopment at a TOD scale. However, if they happened to be assembled into larger redevelopment sites as part of a joint TOD initiative, the resulting “parcels” would likely have an increased development potential due to their larger size and combined capacity.

Based on these assumptions, and only for the purpose of this analysis, we grouped the existing individual lots within the study area into three larger “parcels” or potential TOD sites, identified as Parcels 1, 2 and 3 in *Table 1* on the next page.

Table 1. Potential TOD Parcels

Combined Parcels	Acres
1 168 171 172 173	3.181
2 175 176 177 178 179	1
3 16 215 17	1



A series of development assumptions were made in order to determine the potential development program that would maximize use of these parcels, according to their physical dimensions and configuration. Building layout and parking allocation options were explored for each parcel, in keeping with a series of criteria that took into consideration existing land use and the urban design character of the downtown area. These criteria and the results of the analysis are included for illustrative purposes in *Exhibit 6, Potential Development Sites and Site Capacity*, at the end of this report.

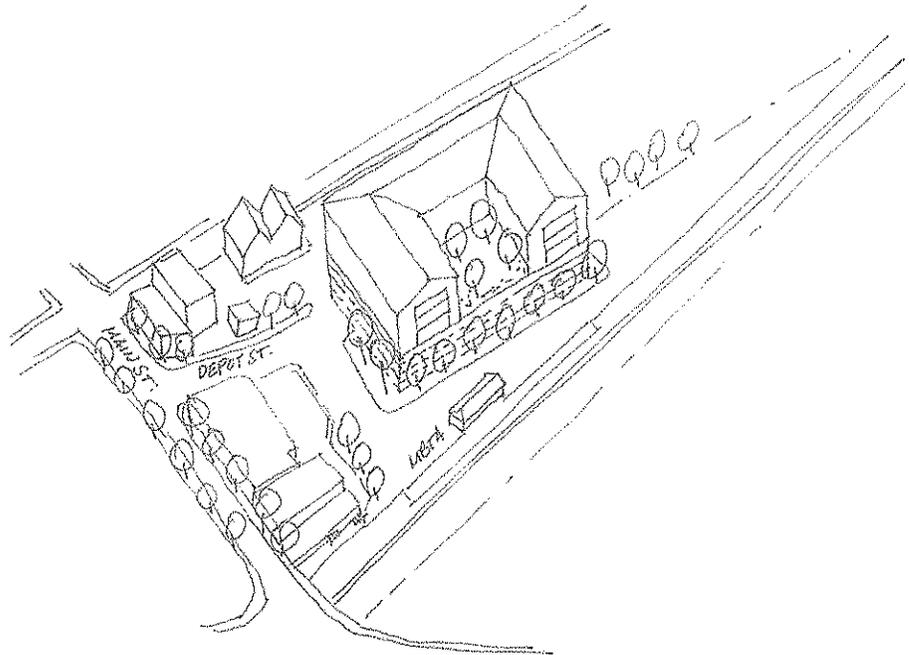
A preliminary assessment of the development feasibility of the potential “buildout” program identified by the site capacity analysis served to point out that the redevelopment of parcels already occupied by buildings is not economically feasible in Franklin Center. This conclusion is described in more detail in *Section 4, Development Feasibility Analysis*. As a result of this conclusion, the economic analysis of development feasibility subsequently focused on the TOD potential of the two existing parking lots owned by the Town and the MBTA. Key findings for these properties are the following:

#### Parcel 1 Preferred Development Option

The preferred development option for Parcel 1, from physical and economic benefits perspectives, includes the development of a three story of residential building above a parking garage located on the properties currently owned by the Town and the MBTA. This new garage would replace the existing parking on the MBTA and Town lots, and its construction would also allow for the provision of additional parking for downtown businesses and commuters. The development feasibility of the stand alone residential building above the garage option is evaluated in the pro-forma analysis (*Exhibit 4*) and described below in the development feasibility section. A likely development program for this building would include the following:

- Approximately 66,000 gross square feet of commercial or residential space on 3 stories located above parking garage levels. This space could provide approximately 50 apartments or condominium units if entirely dedicated to residential use.
- Approximately 360 parking spaces would be needed in the new garage below the housing order to replace existing parking and accommodate required parking for the new residential units. Three or four levels of parking (not including additional spaces to serve potential unmet demand) would need to be constructed.
- Parking for the new residential units would amount to 88 parking spaces, based on a zoning requirement of 1.75 spaces per unit.
- The total height of the building would reach to 70 to 80 feet, although it should be noted that the MBTA parking lot is located approximately one-story lower than Main Street. Accordingly, the effective height of the new building in relation to Main Street would be approximately 70 feet (views from Main Street would be “screened” by the existing commercial buildings).

The following sketch illustrates this option:



#### 4. Development Feasibility

This section assesses the economic feasibility of development in Franklin, most particularly the TOD development described above as a preferred development option. This evaluation does not include Parcel 2 since the key lots in Parcel 2 are already proposed for development and received approval for 20 residential units plus retail on October 16, 2006. The fact that these parcels are planned for redevelopment is a marker for the fact that redevelopment in Franklin is moving forward. Parcel 3 consists of small lots which even when all aggregated together could not be cost effectively developed. Further, Parcel 3 would require expensive air rights approvals and expensive construction techniques to be built.

The major parcels in Parcel 1 are the MBTA/Town parking lot. We excluded parcels 172 and 173, which include viable commercial space fronting Main Street. These two parcels are currently assessed for over \$3 million. It is not feasible to pay this acquisition price, plus the costs of demolition and relocation to recreate a building that would not be substantially bigger or command much higher rent. Other adjoining lands are not readily available, and if they were the acquisition price would be high.

As described previously, the specific development program for Parcel 1 that we used as the basis for our pro forma analysis consists of a three story residential building over a proposed new parking garage on the MBTA/Town parking lot site.

#### Location Analysis

This is a very good TOD site with the adjacency to train station. There is frequent visitor service. Franklin's downtown is quite livable with an abundance of services, shopping, and restaurants and it is safe. The immediate neighborhood contains a mix of residential, commercial, office and other uses. Recent new developments at Franklin Commons 1 and the proposed Franklin Commons 2 indicate that perceived markets exist and financing is available for new residential, office and retail uses.

#### Economic Analysis

Step 1. Reuse Options Considered: We assessed a variety of reuse options from a market and public benefit considerations that are listed in *Exhibit 1, Reuse Options for Consideration*.

Step 2. Highest and Best Use Values: We determined what uses generated the highest potential revenue. The top three uses from a revenue standpoint would be housing, retail and office. These potential uses and key market considerations are described in *Exhibit 2, Market Overview Section*. Comparable and specific information on the market potential for the different uses considered is provided in *Exhibit 3, Analysis of Comparables*. Residential condominium values offer potentially the highest returns, although this market has stalled in a number of sub markets. It is presumed that in the two years time that it would take to permit and design this develop this parcel, the condominium market will have stabilized at the prices indicated. The office and retail markets in Franklin are showing relatively strong values, but do not yield quite as much revenue as the sales of condominiums, at least in the recent past.

Step 3. Pro Forma Analysis: We completed a pro forma analysis of the program described above. This was based on a conceptual program, not a specific building design with specifications. The major pro forma assumptions are as follows:

- Building Type: Three-story wood frame construction over parking
- Construction costs:
  - Residential building @ \$140 per/gsf.
  - Site Improvements of utilities, courtyard, landscaping etc @ \$1.2 million
  - Garage parking at \$30,000 per space or 2.6 million for 88 spaces
- Building structure platform cost over parking @\$2.2 million
- Profit requirement of 20% on cost to satisfy lender requirements
- Residential condominium sales at \$270 per/nsf

**Results:** This pro forma yields a negative land value, assuming a required profit of 20%, of as indicated on *Exhibit 4* attached of approximately(\$, 3.8 Million)

**Discussion:** The most significant factors affecting this significant negative return are as follows:

- Parking garage costs of \$30,000 per space for a total of \$2.6 million. This translates to a cost of \$52,500 per unit with a requirement of 1.75 spaces per unit.
- Structural deck needed for building foundation costs a total of \$2.2 million or \$44,000 per unit.

This extremely high cost of parking and the extraordinary cost of the structural deck over the garage that is needed to support the building together total \$4.8 million. If these costs could be eliminated, the proposed development would have a surplus of \$1 million after a 20% profit return.

Closing the gap with public funding is not a realistic option. Transit Oriented funds (TOD) typically require an affordability component, which often offsets the financial benefits of the TOD funding. A new financing tool attracting interest is District Improvement Financing. This too would include an affordability component and require that Franklin provide financial guarantees that there would be increases in tax revenues in the neighboring areas. Given how highly developed this area is, it is uncertain how much new tax revenue would be generated.

Fortunately the development efforts taking place at the Franklin Commons and other locations demonstrate that other sites exist for potential development in Franklin where off street parking is possible in far less expensive non-structured arrangements. By comparison, an off street parking space may cost \$2,000 to \$10,000 per space, but structured garage parking may cost from \$20,000 to \$35,000 per space depending on a whole series of varying design, construction and site considerations. The cost of parking is ultimately reflected in the value of land. To the extent lower cost parking options (cost

and number per unit) are available, more residential development could take place elsewhere in downtown Franklin.

The inevitable question arises as to how the Franklin Commons developments are feasible while this proposed development is not. The Franklin Commons developments do not have these extraordinary parking and structural foundation costs. Further John Marini, the developer of Franklin Commons has a very efficient development operation. He serves as his own general contractor, and has lower overhead costs because his firm accomplishes many permitting, marketing and other development tasks in-house.

### 5. Parking Considerations

An important unknown factor underlying the analysis of TOD potential in Franklin Center relates to the amount of parking actually needed by MBTA commuters in comparison to the amount of parking currently available. The fact that the existing MBTA parking lot is regularly full to capacity suggests that there may be a substantial demand for additional parking that is either unmet, or finds its way to parking somewhere else in the downtown. This hypothesis may help to explain the perception of downtown business owners and users that there is not enough parking available for customers and local patrons within the Town center area.

In order to support this hypothesis, a comparison was made between MBTA ridership and parking occupancy data for multiple commuter rail stations along the Franklin line. Data was obtained from a Market Study prepared in 2005 for the MBTA by Walker Parking Consultants, a Boston firm specialized in parking studies and design. Walker's Market Study also included ridership and parking data from other MBTA lines and stations in southern Massachusetts. For the purpose of this analysis, we compared ridership and parking ratios along the Franklin, Stoughton and Providence lines. The results are summarized on *Table 2* below.

*Table 2. Ridership/Parking Ratios on Comparable MBTA Rail Lines*

Station	Line	Pkg Capacity	Pkg Occupancy	2005 Ridership	Ridership/ Parking Ratio	Ridership/ Occupancy Ratio
Forge Park/I-495	Franklin	716	638	803	1.122	1.259
<b>Franklin Center</b>		<b>180</b>	<b>179</b>	<b>746</b>	<b>4.144</b>	<b>4.168</b>
Norfolk		530	532	690	1.302	1.297
Walpole		364	363	776	2.132	2.138
Plimptonville		5	1	3	0.600	3.000
Norwood Central		782	756	1085	1.387	1.435
Norwood Depot		227	218	450	1.982	2.064
<b>Islington</b>		<b>39</b>	<b>30</b>	<b>212</b>	<b>5.436</b>	<b>7.067</b>
Dedham Corp Center		492	446	561	1.140	1.258
<b>Endicott</b>		<b>48</b>	<b>48</b>	<b>325</b>	<b>6.771</b>	<b>6.771</b>

Station	Line	Pkg Capacity	Pkg Occupancy	2005 Ridership	Ridership/ Parking Ratio	Ridership/ Occupancy Ratio
Providence	Providence	330	330	1061	3.215	3.215
South Attleboro		567	583	1768	3.118	3.033
Attleboro		780	791	1782	2.285	2.253
Mansfield		806	818	1680	2.084	2.054
Sharon		542	491	959	1.769	1.953
Stoughton	Stoughton	457	444	1032	2.258	2.324
Canton Center		215	214	768	3.572	3.589
Canton Junction	Providence/ Stoughton	764	759	1736	2.272	2.287
Route 128		2589	1147	2024	0.782	1.765
<b>Hyde Park</b>		<b>121</b>	<b>121</b>	<b>920</b>	<b>7.603</b>	<b>7.603</b>

Source: 2005 Market Study by Walker Parking Consultants

- Franklin Center has one of the smallest parking lots in the three lines studied; only 4 other stations (out of a total of 20) have smaller parking lots.
- By contrast, Franklin Center is one of the stations with a higher ridership/parking ratio (4.14 commuters per parking space); only 3 other stations (out of 20) have higher ridership/parking ratios.
- The average value of the ridership/parking ratios that are lower than Franklin Center's is 1.98. This can be interpreted as indicating that an average of 2 commuters ride the T for each car parked at the MBTA parking lots along the MBTA lines studied. Or, in other words, one out of each two MBTA commuters parks his or her car at the station.
- Assuming that one car per each two commuters is an indicator of parking demand, users of the Franklin Center station would need parking for approximately 373 cars rather than the 180 spaces currently available.

These assumptions support the hypothesis that there is not enough parking currently available to support the likely demand of MBTA commuters at Franklin Center. As a result, it is very likely that approximately 180 cars find parking somewhere else in the downtown on a daily basis. This could be verified by parking surveys and inspections.

The most important conclusion for this study is that there may be an unmet demand for parking that could result in additional income for the Town or the MBTA. This income could be used to finance part of the construction of a parking garage using land currently owned by the Town and the MBTA.

The benefits for the Town would be measured in a likely increase of parking available to support local businesses and visitors to the Town Center rather than in actual revenue. Ideally, a new garage could also include a certain number of additional spaces to support future growth and economic revitalization of the downtown.



### **Implications for TOD Feasibility**

The former conclusions pose additional constraints to the possibility of implementing a TOD initiative in Franklin Center. Approximately 180 new parking spaces appear to be needed in order to respond to commuters' demand for parking, in addition to the preservation or replacement of the ones already existing. This may be difficult to accomplish within the existing limited space boundaries, especially when considering that this parking would need to be accommodated within the proposed study area in addition to the parking demand generated by potential new development.

Limitations are not only physical (related to site capacity) but also economic. The cost of building a parking structure can be estimated in the order of \$20,000 to \$35,000 depending on site conditions and development requirements.

### **Economic and Other Benefits of a Parking Garage**

The construction of a parking deck or structure on the MBTA/Town site could have the effect of withdrawing undesirable daytime commuter parking from other parts of the downtown, substantially increasing land and parking capacity for both new development or increasing the vitality of existing uses. The spillover parking of the MBTA/Town parcels may be using up spaces that could be used by shoppers or local residents in the downtown. Creating a new parking structure to accommodate the current spill over parking and accommodate additional parking could have a considerable positive financial impact on the downtown. As was show, providing 1.75 parking spaces for each residential unit can cost up to \$50,000 for a developer. With additional parking spaces in a public garage, private landowners would not need to provide as much additional parking in future downtown developments. Existing businesses would also benefit from having parking available for employees, shoppers and visitors.

Franklin is a very attractive town and is it possible to walk from restaurants to shopping, work and many conveniences. A new garage, so centrally located in the center of Franklin, would offer great convenience to shoppers, vistors and employees who enjoy so many services within walking distance. In contrast, malls may offer shopping convenience but not the abundance of other services that are readily available in downtown Franklin. A new garage would greatly support this walking convenience and ambience that will make downtown Franklin even more attractive.

As a future step, the Town should work with the MBTA to craft a detailed evaluation of parking patterns and demand for commuters, and then set a path to gather resources to undertake the appropriate improvements. A detailed study is now called for that will reveal whether there is substantial "spillover" occurring. If confirmed, then financial mechanisms and resources can be identified to match the costs and operating requirements associated with parking improvements that could prove to be instrumental in revitalizing portions of the town center.

### Exhibit 1: Reuse Options for Consideration

Type of Use	Market/financial Feasibility Issues:	Public Benefits	Comments
Residential Condominiums	Comparable sales from \$250 to \$275 per SF. High economic return, if values hold. Franklin Commons best comparable	Tax revenue and more people downtown during the evening.	Supply may be exceeding demand and prices falling. Need to assess market 2 or 3 years out. Loft style popular
Rental Apartments	Projected rents at approximately \$1,500 for 1,000 SF 2 bedroom. Not sufficient alone to support redevelopment	Tax revenue, but less than with condominiums. More people in the downtown.	Need rents at approximately \$2,000 per month for market rental to work.
Mixed Use: Residential Condominiums with Retail/office	Condominium development has highest market revenue return, assuming market is viable in 2 years. Commercial uses not self supporting but add appeal to the complex	Variety of activity and more activity on site. In keeping with mixed use building format common in Franklin	
TOD: Mixed Use-Rental Apartments (25% affordable), retail/office	Program not feasible without Transit Oriented Funding and affordable housing funding.	Variety of activity and more activity on site. In keeping with mixed use building format common in Franklin	Funding very competitive and need significant amount to offset affordable units.
TOD: Mixed Use-Residential condominiums (25% affordable), retail/office	Program not feasible without Transit Oriented Funding and affordable housing funding.	Variety of activity and more activity on site. In keeping with mixed use building format common in Franklin	Funding very competitive and need significant amount to offset affordable units.
Professional Offices	Projected possible rents from \$14 to \$22 per SF. Not sufficient alone to support redevelopment.	Tax revenue, but less than with condominiums. More people in the downtown.	Need low acquisition or reduced construction costs.
Office condominiums	Typical sales price would not support renovation.	Tax revenue, but less than with residential condominiums. More people in the downtown.	Market probably not used to this product?
Retail Uses	Projected rents at \$10 to \$22 per SF.	More public use of the site and more activity. Possibly a regional draw	Retail chains on outskirts, but not in center of town
Hotel or Inn	Rates of \$89 to \$152 per night. Extended stay options		3 in area already. Ambience and train + 495 good for access.
Restaurant	Projected rents of \$12 to \$22 per SF. Will need financial support of other user or special funding.	Brings more activity to the site	
Artist Housing and Studio Space	Not feasible on market basis. Would need public funding support.	Add vitality to down town by bringing working artists to the community. Lower tax revenues but tourist potential	
Entertainment	Would need to be part of mixed use plan.	Potential for regional draw	

## Exhibit 2. Market Overview

### Retail and Office Markets.

- The downtown retail market in Franklin is dominated by independent retailers. Existing retail operations are challenged by the light population density, too little traffic, and parking than is inconvenient compared to that found at suburban malls accessibility. Given these constraints, chain merchants have not been interested in Franklin.
- Independent retailers, often marginally profitable, are the remaining available tenants. Facing withering price, selection and longer hours competition from big boxes, the independent retailer survives on convenience, targeted merchandising and service. The area rent range for these sellers is from \$10 to \$18/sf NNN in existing buildings and up to \$22/sf as reported at the new Franklin Commons complex.
- The office markets deteriorated around 2000 with the loss of high tech and other employment. The 495 South Market has been improving recently absorbing vacant office space. The vacancy rate is now at 5.6% and this is one of the lowest vacancy rates in any regional Boston market. Asking rents average \$20.60. \$15 to \$17 NNN rents prevail in quality existing buildings. Given a new building, such as at Franklin Commons, rents at \$22/sf net of utilities are possible and under the right circumstances, these can support new construction

**Conclusion:** These rents alone are not sufficient to support new construction that includes any unusual site, parking or high acquisition costs.

### Housing Market

- Rental apartments. The projected rent range for market rental housing for new construction is \$1,200 to \$1,400 for a one bedroom unit and \$1,400 to \$1,600 for a two-bedroom unit. These estimates are based on the apartment rental survey of Franklin apartment communities. Rents would need to be significantly higher, closer to \$2,000 per month for a 2-bedroom unit to support new construction.
- Single Family and Condominium Sales. Per Banker and Tradesman, please note the following sales information.

MEDIAN SALES				
CALENDAR YEAR				
Year	Month(s)	1-Family	Condo	All Sales
2006	Jan - Jul	430,000	266,000	374,000
2005	Jan - Dec	422,500	276,500	379,450
2004	Jan - Dec	399,900	227,200	355,025
2003	Jan - Dec	370,000	205,000	331,900
2002	Jan - Dec	335,000	192,950	295,500
2001	Jan - Dec	315,000	154,950	270,000

Of note in this chart, the prices of condominiums are starting to decline. The market since July has continued to slow.

The best comparable for the potential of residential condominium development at a Transit Oriented site in Franklin is Franklin Commons. The projected sales prices at Franklin Commons are as follows:

Pre-sale Condominiums at Franklin Commons	Sale Value per NSF	Projected Sale Values	Average Sale Value of Franklin Condominiums
Two bedroom at 1,454sf	\$ 259	\$ 376,900	\$266,000
Two bedroom at 1,250sf	\$ 269	\$ 335,900	\$266,000
Two bedroom at 1,005 sf	\$ 269	\$ 269,900	\$266,000

These projected values at roughly \$270 per square foot were used to determine the revenue potential at the proposed TOD development at Parcel 1.

Of critical note, these presales have not been achieved so actual market values may be less. Presales are always challenging, because the product is not fully built. In a condominium market of oversupply and much uncertainty, it is understandable that pre sales have gone so slowly.

#### Hotel Market

Three hotels currently exist in Franklin (see *Exhibit 3* for rates). With good access to 495, convenient commuter rail service and an attractive and walkable downtown, Franklin may ready for an additional hotel. Under the right cost circumstances and a desirable location, projected rental rates could support a new hotel.

**Exhibit 3: Data and Analysis of Comparables**

**Table1: Professional Office Comparables**

Description	Location	Unit Type	Rent/Month	SF	Rent/SF	Comments
Franklin Office Park	38 Pond Street, Franklin	various suites			\$17.75	Building sold 1/2006 for \$5.8 million or \$110/sf
Franklin Oaks Office Park 25,000 SF building	124 Grove St, Franklin				\$20.00	Asking rent
Franklin Center Commons	15 Summer St, Franklin				\$22.00	Still in rent up. 2 suites remain to be rented One higher rent

**Comment: Spaulding and Snye 2Q 2006 report:** Significant occupancy gains in the first half of 2006 have left the 495/South office market with a  $\epsilon$  vacancy rate. This is one of the lowest vacancy rates in any regional Boston market. Asking rents average \$20.60. These rates are for small office parks, not for downtown use

**Table2: Hotel/Inn**

Description	Location	Unit Type	Rates/night	Comments
Hawthorne Suites Limited	835 Upper Union, Franklin, Studio		Weekend \$89.95 to 99.95; Week \$129.95	
Hampton Inn Franklin	735 Union Street, Franklin, MA 02038		\$129.00	
Residence Inn-Marriot Boston F 4 Forge Parkway, Franklin, One Bedroom			\$152	Extended stay possible

**Comment:** Access to 495, commuter rail and walkability of downtown Franklin may make hotel development a future op

**Table3: Retail**

Description	Location	Unit Type	Rent/Month	SF	Rent/SF	Comments
Franklin Center Commons	Summer Street, Franklin				\$22	Heat and Hot water included. Partitions in
Centerfields Bar and Grill	2 & 6 Forge Pond, Canton, restaurant		4300	3,339	\$ 15.45	\$1.50 per sf fit out for floors H and HW included. 907 sf included is in
Chang Shen restaurant	Franklin restaurant			3,600	\$ 13.95	basement

**Comment:** Only the Franklin Commons comparable is for new spac

**Exhibit 4: Franklin TOD at MBTA/Town Owned Site**

**Three Story Mixed use**

Location Parcel 1

**Program Summary**

Use	Total Sq Ft	Sq Ft	# of units
Residential Gross Square Feet	66,000	1,300	51
Net Square feet @.86 efficiency	56,760		
Net Square feet per unit		1,118	
Construction cost GSF res	\$ 140		
Parking spaces @ 1.75 per unit	89		

PROJECTED INCOME	AREA(NSF)	Projected Sale Value/SF	Projected Price	Number of units in complex	Gross Sale Proceeds
Residential					
Condominiums - Flats	1,118	270	301,860	51	15,325,200
Equal combination of 1 and 2 BR					
<b>Total</b>	56,760			51	15,325,200

DEVELOPMENT BUDGET	AREA(GSF)	ASSUMPTIONS	TOTAL	TOTAL PER UNIT
<b>HARD COSTS</b>				
<b>Construction Costs:</b>				
Residential space	66,000	140 GSF	9,240,000	182,000
Parking Spaces:	89	\$30,000 per space	2,665,385	52,500
Site Improvements	40,000	15 GSF	600,000	11,818
Utilities			100,000	1,970
Landscaping	25,000	\$15 GSF	375,000	
Parking Deck and structure for building	26,400	\$85 GSF	2,244,000	
Courtyard	6,000	\$25	150,000	
		Subtotal	12,605,385	248,288
Construction Contingency		5%	630,269	12,414
		Total Construction Costs	\$ 13,235,654	260,702
<b>Acquisition Costs:</b>				
Land			0	
<b>Total Hard Cost</b>				

SOFT COSTS	ASSUMPTIONS	TOTAL	TOTAL PER UNIT
Architectural, Landscape, Building Engineering	5%	630,269	12,414
Other Owner Consultants		10,000	197
Civil Engineer		50,000	985
Environmental		-	-
Survey		20,000	394
Testing and Inspection		5,000	98
Permits & Fees	\$10/1000 + \$	136,054	2,680
Borrower's Legal		100,000	1,970
Title and Recording		15,000	295
Appraisal/Market Study		15,000	295
Construction Lender Fees	1.5 point	180,123	3,467
Construction Period Loan Interest	7%	630,432	12,212
Property Insurance		20,000	394
Audit/Cost Certification		20,000	394
Marketing and Selling Expenses	5%	766,260	15,088
Real Estate Taxes During Construction		20,000	394
Capitalized Operating Cost/Carry Cost		30,000	591
Soft Cost Contingency	5%	138,766	2,797
<b>Total Soft Cost</b>		2,775,323	54,665

<b>Total Project Costs Before Developer's Fee and Overhead</b>	<b>16,010,977</b>	<b>315,368</b>
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<b>ALL MARKET PLAN SUMMARY</b>			
Total Revenue		15,325,200	301,860
Total Development Costs		16,010,977	315,368
Surplus		(685,777)	(13,508)
Surplus as % of costs		-4%	
Surplus/Profit required @ 20% (lender underwriting)	20%	3,202,195	63,074
Additional Surplus/Profit above 20% (Value)		(3,887,972)	(76,581)
Residual land value		(3,887,972)	(76,581)

## Exhibit 5. Background Economic Development Data

### Building Permits issued

Franklin	2003	2004	2005	Total
Single-family	68	67	64	199
Two-family		1	2	3
Three-four family				
Five or more			5	
	68	68	71	207

*Source: US Census*

**Comment:** These figures reflect the amount of housing production in Franklin. The Franklin Commons developments reflect an increase of approximately 80 units in downtown Franklin. This represents more than a year's normal supply of housing and thus is a significant amount of new production that may test the ability of the market to absorb this much product. This type of development is Smart Growth and not taking undeveloped tracts of land outside the center of Franklin.

### Unemployment Rates for 2003-2005

	2003	2004	2005	Average
Franklin	5	4.3	3.9	4.3
Massachusetts	5.8	5.2	4.8	5.3

*Source: MA Division of Career Services*

**Comment:** Franklin has industrial, office, research and other high value job generators while enjoying a lower unemployment rate.

### Population Growth

	1990	2000	2005	Change	% Change
Franklin	22,095	29,560	30,893	8,797	40%
Massachusetts	6,016,425	6,349,097	6,398,743	382,318	6.3%

*Source: US Census*

**Comment:** Well known is the dramatic population growth in Franklin as shown above. The development and growth outside Franklin appears to be slowing.



## Exhibit 6. Potential Development Sites and Site Capacity

This section summarizes the results of the site capacity analysis that was initially carried on as part of this study for the identified potential development parcels.

### Parcel 1

Parcel 1 includes Lots 168 and 171, located between Dean Avenue and the MBTA right-of-way, and respectively owned by the Town and the MBTA. Both are used for parking. Vehicular and pedestrian access is available via Depot Street and Dean Avenue. A pedestrian staircase also provides access from Main Street along the MBTA right-of-way. These lots could potentially be included as part of a joint TOD initiative supported by the Town and the MBTA, which would also provide an opportunity for the creation of parking improvements to serve downtown businesses and commuters.

There are currently 180 numbered parking spaces in the MBTA parking lot, plus a series of unnumbered parking spaces along the MBTA right-of-way used by MBTA employees only (in a gated parking area). Parking occupancy ratios are very high: an average of 179 occupied spaces were recorded in February of 2005, according to a survey study sponsored by the MBTA. All the 180 spaces were in use at the time of a site visit in September (at about 10:30 a.m. on a Thursday).

During the same visit to the site, 22-metered parking spaces with a 2-hour time limit were counted on the Town's lot. In addition, there are approximately 40 more spaces on the lot designated for business use or restricted by permit. At the time of the site visit, approximately 10 cars were parked in metered spaces and 30 in restricted spaces.

Two other properties adjacent to the MBTA parking lot and having direct frontage on Main Street might be susceptible to change, given their strategic location (Lots 172 and 173). Both of these properties are occupied by well-maintained retail/commercial buildings, including professional offices and a restaurant. These buildings are in overall good condition, and their susceptibility to change appears to be very low when considered individually. However, they could potentially be incorporated into a TOD initiative including the MBTA and Town-owned parcels if sufficient density to provide economic feasibility were to be allowed by the Town's zoning. (Note: this is an initial hypothesis that was not supported by the development feasibility analysis subsequently carried on; we are including the discussion in this Exhibit for illustrative purposes only).

### Parcel 2

Parcel 2 was considered as a potential TOD site for the purposes of this analysis due to its proximity to the Franklin Center MBTA station, and its relatively large size of 1 acre (shown on *Figure 1*). This parcel is being considered under the assumption that local property owners might join efforts to assemble a large development parcel in order to take advantage of the vicinity to transit and the potential for higher residential densities as part of a TOD initiative.

Two of the existing properties considered as part of this potential development site, Lots 177 and 178, are now in the process of being redeveloped as a mixed-use project including residential condominiums and retail/commercial space. The initial proposal



called for the creation of 20 residential units, close to 8,000 square feet of retail/commercial space, and approximately 51 parking spaces. However, the proposed development program is undergoing review by the planning board and may change depending on the final conditions for approval. Parking is proposed at grade and underneath the buildings.

The probability that the entire Parcel 2 be actually assembled (including lots 175, 176 and 179) is rather low, especially considering that the redevelopment of the largest individual lots is already underway without including any of these three properties. As a result, it may very well happen that the currently proposed development program of 20 residential units and 8,000 square feet of retail will set the limits for the maximum development capacity of this site, subject to final approval.

### Parcel 3

Parcel 3 was identified as a potential TOD site due to its prime location in the vicinity of the MBTA station, at the intersection of East Central, West Central and Main Streets, and its relatively low density of construction. The proposed parcel configuration includes the use of air rights over the MBTA right-of-way. The other two lots that are considered as part of this parcel, Lots 16 and 17, are occupied by a parking lot and a restaurant. Possible changes in use as a result of TOD could include additional retail/commercial space at the ground level and residential uses above.

### **Site Capacity**

A series of development assumptions were made in order to determine the potential development program that would maximize use of the identified TOD parcels, according to their physical dimensions and configuration. The results are summarized in *Table 3* on the next page. Building layout and parking allocation options were explored for each parcel, in keeping with the following criteria:

- Buildings located along front property lines (zero-setback).
- Buildings including three stories of residential apartments/condominiums above ground-floor commercial uses.
- Parking located in back of the buildings or occupying the ground level.
- Average gross square feet per residential unit is 1,250 (GSF)
- Typical building footprint is 90 feet deep at the ground level, and 60 feet deep on upper floors.
- Assumed parking ratios of 1.75 spaces per residential unit and 3 spaces per 1,000 square feet of commercial use.
- Assumed parking area of 315 square feet per parking space.

Table 3. Potential Development Program (Based on Site Capacity Analysis)

Combined Parcels	Acres	Use	# of		Sq Ft	# of Units Provided	Parking Needed	Parking Surplus/ Deficit	
			Footprint	Floors					
1	168	3.181	Residential	20,400	3	61,200	49		
	171		Commercial	22,000	1	17,600			
	172		Parking	28,800	5	144,000	457	383	74
	173		Hotel Option <sup>(1)</sup>	20,400	3	61,200	192	192	
2	175	1	Residential	21,600	3	64,800	52		
	176		Commercial	13,000	1	10,400			
	177		Parking	21,600	1	21,600	69	122	-(53)
	178								
	179								
3	16	1	Residential	14,400	3	43,200	35		
	215		Commercial	14,400	1	11,520			
	17		Parking	14,400	1	14,400	46	95	-(49)

(1) Assumes the development of a hotel instead of residential use on Lots 172 and 173.

**Estimated Combined Total**  
(Assuming development of all three parcels)

Residential Units	135
Commercial Sq Ft	39,520
Parking Needed	600

The potential development program described above assumes the development of mixed-use buildings along the front property line of all the identified TOD parcels. In the case of Parcel 1, this would involve the construction of three additional stories over the existing buildings. Even when it would maximize the development potential of Parcel 1 in terms of site capacity, this development option has been found to be economically unfeasible as it is discussed in more detail in the development feasibility section of this report. A significant economic constraint would be the replacement of the existing commercial buildings on Lots 172 and 173 with new structures. A similar conclusion has been drawn for Parcels 2 and 3.

