



CELEBRATING
55 YEARS

nerej

Todd Stern - Street-Works redevelopment of downtown Quincy, MA

May 05, 2011 - Owners Developers & Managers

The redevelopment of downtown Quincy will reshape the city with over 3.5 million s/f of leasable area and \$1.6 billion of transit-oriented, mixed-use development. The new Quincy Center will have two primary impacts on the city:

- (1) it will revitalize Quincy and place it on sound fiscal and economic footing for generations to come; and
- (2) it will create a new and dynamic, pedestrian-oriented street environment for residents, office workers, and visitors.

A third, ancillary, impact is that the unique structure of this transaction points to a new way of doing public-private partnerships for New England and the rest of the United States.

Led by Street-Works Development, this revitalization plan includes over 1 million s/f of medical, wellness, and corporate office space; over 600,000 s/f of retail and food uses anchored by a large-format soft goods merchant; 1,200 units of new housing in a variety of layouts and price points; and 2 new hotels.

Economic Impact

An economic impact analysis performed by the consulting firm AKRF found that work on the project would generate over 7,600 construction jobs throughout the Commonwealth of Massachusetts, and over 11,000 permanent, annual jobs in the Commonwealth. The project will also generate almost \$34 million in new annual tax revenues for the Commonwealth, chiefly from increased sales and personal income taxes, while also substantially increasing property and other tax revenues for the city of Quincy.

Dynamic Street Life

The new Quincy Center will create a lively, compelling, pedestrian-friendly street environment. Driven by a range of quality food and restaurant choices comprised of both national and local tenants, the downtown experience will include everyday neighborhood and convenience retail as well as entertainment-oriented retail such as a movie theater. Adams Green, the home of two U.S. presidents (John Adams and John Quincy Adams) and the gateway from the T Station into the downtown, will play host to civic and cultural events, and attract visitors from all over the greater Boston region.

Unique Public-Private Partnership

The public-private partnership between Street-Works and the city of Quincy is unique and represents a break with the past. Typically, municipalities use eminent domain to condemn private land; solicit proposals from the development community; and then issue general obligation bonds to finance construction. If the developer fails to execute on either construction or lease-up, the municipality is still on the hook for the repayment of the bonds.

In Quincy, as at Street-Works' previous large-scale mixed-use development, Blue Back Square, in West Hartford, Conn., this traditional model is inverted. Street-Works privately purchased or optioned the majority of the land required for the downtown redevelopment. And in its landmark agreement with the city of Quincy, Street-Works committed to privately financing roughly \$300 million in public infrastructure improvements. The city authorized \$300 million in general obligation bonds, but is only required to issue those bonds once the tax revenues needed to pay debt service are in place and flowing to the city. It is the developer, not the city, which takes the risk of construction and lease-up.

At a time when states and municipalities across the country are experiencing unprecedented fiscal stress, this shifting of risk from public to private suggests a way forward for cities willing to look at new models of private sector partnership to spur economic growth and revitalization.

Todd Stern is senior director of financial strategies at Street-Works Development.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540