



For me, Lawrence is...  
*Para mí, Lawrence es...*

in 2025, will be...  
*en el 2025, será...*

Resilience,  
Prosperity,  
Hope

LawrenceTBD

# 4. FINANCIAL PLAN

## 4 Financial Plan

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### 4.1 760 CMR 12.02 (4): Financial Plan

12.02(4) requires six categories of information related to the undertaking of specific projects. The categories are as follows:

- (a) Estimated Cost of Acquisition
- (b) Detailed Cost Estimates for Site Preparation
- (c) Detailed Cost Estimates for All Proposed Public Improvements
- (d) Detailed Cost Estimates for Relocation Expenses
- (e) Detailed Cost Estimates Establishing the Gross and Net Project Cost
- (f) Project Budget (including Contingencies)

This financial plan is tied to the categories of actions (A-D) identified in the Executive Summary and detailed in *Section 3 Objectives*. Where appropriate, the cost estimates for each category of action are tied to DHCD's categories, listed above.

#### (A) PROPERTY ACQUISITION, PERMITTING, AND DEVELOPMENT ACTIONS

The LRA is considering acquiring four categories of parcels over time:

- Parcels by purchase or donation for street improvements
- Parcels currently owned by the City by purchase or direct transfer
- Parcels that are in or anticipated to be in the tax title process undertaken by the City for parcels with significant tax liens
- One or more privately-owned parcels on Essex Street for a catalyst project as defined in *Section 3 Objectives*

Prior to acquisition, the LRA must conduct an appraisal of the property. 760 CMR 12.04 requires two appraisals for acquisitions. This plan would be amended by a major plan update and the initial appraisal must be included

in the updated materials. See *Section 6.5 760 CMR 12.03: Process for Future Plan Changes*. No appraisals are included in this Urban Renewal Plan as no properties have been identified for acquisition. The current assessed value as determined by the City is shown in Figure 1-9C in *Section 1 Characteristics*.

As part of that amendment, the LRA must also identify any property in which any officer or employee of the municipality or of the LRA has, or is believed to have, any direct or indirect interest.

**(a) Estimated Cost of Acquisition**

ACQUISITIONS	ESTIMATED COSTS
Street Improvements	Negotiation on a parcel-by-parcel basis
City-owned parcels	Negotiation on a parcel-by-parcel basis
Tax Title	City to obtain, negotiation on a parcel-by-parcel basis
Feasibility Studies (by project)	\$35,000-70,000

Funding sources for acquisition include Mass-Development, MassWorks, Community Development Block Grants (CDBG), and private sources of equity. The LRA is also authorized to issue bonds.

Calculations from data provided by the City indicate that the assessed value of the parcels on

which there are current liens is approximately \$4.3 million. The amount of the tax liens on those parcels in June 2016 was approximately \$7.8 million, including \$5 million on one site.

The cost of potential development projects is discussed separately within this section.

**(B) REGULATORY FRAMEWORK AND INCENTIVES**

The impact of the LRA’s activities is expected to be primarily regulatory within the first 3-5 years. The LRA and City staff should consider whether additional funds beyond their respective operating budgets would be required to implement the proposed regulatory changes.

REGULATORY	ESTIMATED COSTS
43D Process	\$4,000-8,000

Funding sources include the operating budgets of the Office of Planning and Development and property owners.

**(C) FINANCIAL AND TECHNICAL ASSISTANCE FOR PROPERTY OWNERS**

The cost of the historic district study could be covered by a partnership of public and private entities interested in historic preservation. Other sources include grants from local, state, or national nonprofits who are interested in community development for the bilingual guide. Pre-permitting meetings would be funded from the operating budget of the Office of Planning and Development.

ASSISTANCE	ESTIMATED COSTS
Historic District Study	\$30-50,000
Bilingual Permitting Guide	\$20-30,000
Process for Pre-Permitting Meetings	Within current City budgets

## (D) TRANSPORTATION AND INFRASTRUCTURE IMPROVEMENTS

The City has applied for two grants for streetscape and other public infrastructure improvements. If the grants are awarded, they would impact on the urban renewal area within the first five years.

The first application was for a MassWorks grant to continue streetscape improvements along the entire Merrimack Street corridor.

The City also applied for a TIGER grant for the Amesbury Street Corridor, a critical corridor linking the subareas of the urban renewal area. The request was for \$8 million and assumed \$2 million in matching funds. The grant was denied, but the City intends to reapply.

## (c) Detailed Cost Estimates for All Proposed Public Improvements

PUBLIC IMPROVEMENTS	ESTIMATED COSTS
Merrimack Street Corridor (MassWorks application)	\$5.95 million
Amesbury Street Corridor (TIGER application)	\$10 million

Additional streetscape improvements are anticipated in Phases II and III. City staff have indicated that the City's Chapter 90 appropriation could be used to fund those improvements over time.

## PROJECT COSTS

The LRA anticipates a few physical projects within the first 3-5 years. These include painting the Buckley Garage, lighting the Amesbury Bridge, establishing the MVTRA shuttle loop, and public improvements to the streetscape

along Merrimack Street and the Amesbury Street corridors.

Estimates for projects in Phase II (5-10 years) and Phase III (10-20 years) would not be accurate at this stage, however, a project budget has been provided in *Section 4.2 Project Budget* that estimates a range of costs per project. Should the LRA wish to undertake the expansion of Pemberton Park or the redevelopment of the Merrimack Paper Site, it would need to undertake a specific planning process that would include the development of the relevant costs.

The following costs are relevant to the physical development of a specific project rather than the costs noted above for actions related to acquisition, regulatory changes, assistance to property owners, transportation, and public infrastructure. DHCD provides a guidance document for the preparation of an urban renewal plan that supplements the regulatory requirements of 760 CMR 12.00. The guidance provided for this section indicates that the Massachusetts Legislature may provide a grant under the Urban

Revitalization Development Grant Program (URDG). The grant may cover up to 50% of net project costs and is paid in twenty annual installments.

In FY2014, there was a bond cap of \$3,695,806 for the URDG program. For FY2017, the amount was \$1,168,306.

As part of the process of developing this Urban Renewal Plan, the consultant team undertook an analysis of test scenarios for different project types with the urban renewal area. The full report is provided in *Appendix C: Feasibility Analyses for a Lawrence 40R Overlay District and 370 Essex Street*.

These scenarios indicated that the costs for a catalyst project in the proposed 40R District might range between \$4.9 million for the rehabilitation of a small building of twenty units to \$36.8 million for a hundred-unit building that used certain tax credits. In most of the scenarios, financing sources such as grants and tax credits would be required to cover the gap between the

cost of development and the amount available as equity. Debt would be supported by the income stream from the development.

The LRA is continuing to investigate catalyst projects on Essex Street and along the Merrimack Street Corridor. The LRA will need to undertake additional studies; once those studies are complete and the LRA has decided on a particular project, this Urban Renewal Plan should be updated with the relevant information required by this section so that the project will be eligible for a grant under the URDG program.

#### **(b) Detailed Cost Estimates for Site Preparation**

For a specific project, the LRA would be required to include those costs related to the site preparation for the proposed project. This could include environmental remediation of the site or the cost to remove structures, paving, or other physical elements that would not be part of the proposed new construction.

#### **d) Detailed Cost Estimates for Relocation Expenses**

This plan does not include a relocation plan as there is no anticipated project that would displace existing dwelling or business units. The current intent of the LRA is to focus on vacant lots and buildings.

A project that requires a relocation plan under M.G.L. Chapter 79A would require a major plan update to amend this plan. The LRA would need to file a separate relocation plan that conforms to M.G.L. Chapter 79A and any related regulations and guidelines as noted in *Section 6.6 760 CMR 12.02 (8): Relocation*; the estimated cost of such plan would be added as part of a major plan amendment to this Urban Renewal Plan (see *Section 6.5 760 CMR 12.03: Process for Future Plan Changes*).

### **(e) Detailed Cost Estimates Establishing the Gross and Net Project Cost**

12.02(4) defines the gross project cost as follows:

- The total of all costs associated with the project, including, but not limited to: planning, acquisition and disposition of land, relocation of occupants, improvements to the site, financing, and administrative costs.

12.02(4) defines the net project cost as follows:

- The gross project cost less revenue anticipated from disposition of land and other income.

For the public actions anticipated in Phase I of this plan, the total cost of the additional studies and the permitting guide would range between \$89,000 and \$158,000. The total cost of the proposed infrastructure improvements to the Merrimack Street Corridor (MassWorks) and the Amesbury Street Corridor (TIGER, if approved) would be \$15.95 million.

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## **4.2 Project Budget**

### **(f) Project Budget**

The project budget should include administrative expenses and allowances for contingencies. The budget should also indicate the sources of funds for the project.

The estimate to the right is a range estimated on a per project basis. The LRA has not identified a specific project within this Urban Renewal Plan. The project budget is intended to give an idea of the range of financing required, depending on the size and scope of the project. Estimates are based on the scenarios provided in *Appendix C: Feasibility Analyses for a Lawrence 40R Overlay District and 370 Essex Street*.

PUBLIC ACTION	TOTAL ESTIMATED COST	CURRENT FUNDING	POTENTIAL FUNDING SOURCE
<b>Development Project</b>			
<b>Land Acquisitions</b>			
Land Acquisition	\$0.5m - \$2m per project	None	Senior Debt, Workforce Housing Fund, Federal and State Historic Tax Credits, New Markets Tax Credits, Low Income Housing Tax Credit Equity
Appraisals	\$5k - \$12k per project	None	
Legal Costs	\$5k - \$25k per project		
<b>Relocation Costs</b>			
Relocation Plan	\$5k - \$50k per project	None	
Relocation Payments	TBD	None	
<b>Rehabilitation Costs</b>			
Rehabilitation Costs	\$3.5m - \$21.5 m	None	
<b>Demolition and Site Preparation</b>			
Demolition	\$0.25m - \$1m per project	None	
Site Preparation	TBD	None	
Remediation	TBD	None	
<b>Administrative</b>			
Legal	\$5k - \$25k per project	None	
Administration/Staff	\$5k - \$25k per project	None	
Fees (Bonds Fees, Misc. Fees)		None	
Contingency (20%)	\$0.85 - 5m per project	None	
<b>Total Estimated Project Costs</b>	\$5m - \$26m per project		
Income from Sale or Lease (Estimated)	TBD	None	
<b>Net Project Cost</b>	\$5m - \$26m per project		
Current Funding	0		
Grants (Future)	\$0.4m per project		Workforce Housing Fund
<b>Total Estimated Funding Required</b>	\$1m - \$1.2m per project		
<b>Public Realm Improvements</b>			
Streetscape Improvements	\$15.95 m		MassWorks, TIGER II
Conversion of One-Way Streets to Two-Way Streets	TBD		Chapter 90
Parking Facilities	\$2m - \$9.5m		Chapter 90
<b>Total Estimated Funding Required</b>	\$19m - 27.7 m		

**Prepared for the Lawrence Redevelopment Authority  
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