

1. BOSTON OVERVIEW

- * Located on the eastern seaboard of the United States along the Atlantic Ocean.
- * Metropolitan area population of 4,000,000 (7th largest in US).
- * Median family income of \$40,500 (3rd greatest in US).

2. ESSENTIAL BOSTON

- * One of the nation's oldest cities --settled in 1630.
- * Vital tourist destination -- ca. 8,000,000 visitors per year.
- * Home to the country's pre-eminent education and medical institutions such as Harvard, MIT, and Massachusetts General Hospital.
- * Center for finance, insurance, real estate and services.
- * Locus of emerging growth industries of the 21st century such as bio-technology, medical services and environmental sciences.
- * Vibrant residential neighborhoods in close proximity to the city center --relatively unique among US cities.
- * A walking city, graced by many parks tied together by Frederick Law Olmstead's design of the Emerald Necklace.

3. CITY ROLE IN REVITALIZATION

Carried out by the Boston Redevelopment Authority (BRA) --a public agency established by the municipal government as a separated legal entity. Five member Board of Director's, four for whom are appointed by the Mayor of Boston, and one by the Governor of Massachusetts votes on all matters requiring BRA action.

The BRA was created in the 1950's as the city's planning and renewal agency -- a combination of functions unique in US cities. This combination was intended to maximize co-ordination between planning and implementation in response to accelerating disinvestment in inner city neighborhoods and an economy that had languished since the 1930's Great Depression.

BRA functions encompass two general areas:

- * Planning board approval which include regulation of land use and new private development throughout Boston through administration of the citywide zoning code and review of any variances and amendments to the code.
- * Redevelopment or urban renewal activities which can include acquisition of private land through negotiation or eminent domain and disposition to private redevelopers in accordance with public purpose of specific urban renewal

plans. In addition, the BRA administers the construction of public infrastructure projects -- roads, utilities, parks etc. -- under such plans.

4. SNAPSHOT HISTORY OF THE WATERFRONT

- * 18th century -- construction of wharves into the harbor for trade with England.
- * 19th century -- land fills increase area of an expanding city threefold; inner city port of the age of sail matures and is replaced in the 1870's by a new working port established on the periphery of the center in conjunction with a rail distribution head.
- * 20th century -- working port again relocates further out to new containerized cargo terminal; decline of the inner city colonial era port accelerates with construction of an elevated highway that separates the city center from the waterfront in the 1950's.

5. DOWNTOWN WATERFRONT REVITALIZATION

Encompasses four decades during which the role of the BRA has evolved in response to a changing economic context.

1960's -- URBAN RENEWAL

Characterized by BRA's funneling of federal government subsidies to assemble sites, write down cost through provision of infrastructure and parcel disposition in fee to private redevelopers.

Urban renewal plan was adopted in 1964. Initial projects included the New England Aquarium, residential rehabilitation of mid-19th century granite wharf buildings and new rental apartments at Harbor Tower.

1970's -- PUBLIC/PRIVATE PARTNERSHIP

Emerges in response to diminution of direct federal subsidies for urban renewal; public improvements geared to leverage private investment.

Significant projects include Faneuil Hall Marketplace and Marriott Hotel. Waterfront Park and removal of elevated highway access to ramps to create a Walk-to-the-Sea dramatically enhance public perception of the waterfront.

1980's – MAXIMUM LEVERAGE OF PRIVATE INVESTMENT

Achieving public benefits in a hot real estate market through public/private partnerships that capitalized on improvements already accomplished and public benefits exactions through the BRA's regulatory review of private projects under newly enacted Harborpark zoning.

Key projects include Rowes Wharf, and Marketplace Center constructed on BRA - owned parcels which were leased rather than sold to private developers, resulting in a substantial revenue stream to the public agency. Long Wharf presents a latter public improvements project that unfortunately ran up against public funding constraints in the late 1980's and was only partially completed.

1990's – PUBLIC INFRASTRUCTURE PROJECTS

Picking up the slack in the current real estate downturn with public support including \$6 Billion pollution control project and a comprehensive water transportation system.

Rebuilding of the 1950's elevated highway as a below-grade expressway will re-establish linkage between the center city and entire waterfront.

6. LESSONS FOR OTHER CITIES

Underutilized urban waterfronts present tremendous potential value -- the return horizon is however of a long term nature. Boston presents a prime example of a city in which public investment and planning spurred private investment. Revitalization of the waterfront suggests the importance of the following in achieving success in situations involving the public sector and multiple private developers:

- * A continuing public sector role that can adapt to changes in the public and private financing environment and can take advantage of future opportunities that may arise in projects that are underway or that have already been completed.
- * A master plan that has enough flexibility to respond to a changing economic context.
- * A master plan in which the basic and most important goals do not however vary but allow for achievement through the broadest possible range of specific development projects.
- * A process that builds and maintains a general level of consensus among the populace for achieving master plan goals and objectives.
- * A proactive marketing approach, especially at the start of project.
- * Time.

DOWNTOWN WATERFRONT/FANEUIL HALL URBAN RENEWAL AREA, BOSTON, MA.

Urban revitalization project undertaken in the 1960's, covering approximately 125 acres of waterfront property directly adjacent to downtown Boston. A number of piers, wharves and buildings in the area date from the 18th century. By the 20th century the area was largely vacant and derelict as working port uses had moved to newer facilities on the outskirts of the center city.

<u>PROJECT</u>	<u>YEAR</u>	<u>USE</u>	<u>LAND DISPOSITION</u>
Aquarium	1968	100,00 sf tourist attraction	\$45,200 fee simple purchase
Harbor Towers	1969	624 du residential	\$373,000 fee simple purchase
Faneuil Hall Marketplace	1976	215,000 sf retail 146,000 sf office	\$10 / year ground lease payment
Waterfront Park	1976	5 acres open space	N/A
Marriott Hotel	1981	400 room hotel	\$1,200,000 fee simple purchase
Marketplace Center	1984	270,000 sf office 60,000 sf retail	\$1,400,000 / yr ground lease payment
Long Wharf Phase I	1986	1 acre public plaza	N/A
Rowes Wharf	1986	230 room hotel 100 du residential 325,000 sf office	\$2,184,000 / yr ground lease payment

ROWES WHARF

GENERAL DESCRIPTION

Encompassing hotel, office, retail, and marine uses in a distinctive waterfront setting, Rowes Wharf is a land mark addition to the skyline and urban fabric of Boston. Located on the harbor and next to the financial district, the 1.1 million-gross-square-foot mixed-use development weaves together its numerous uses in three separate buildings.

Rowes Wharf is designed in the shape of an "E", with the fingers (wharves) extending into the water. At its highest point, the project rises to 15 stories and includes 330,000 square feet of office and 12,500 square feet of retail net rentable area, 230 hotel rooms, 100 residential condominiums, marine facilities, and 700 underground parking spaces.

THE SITE AND ITS HISTORY

The project sits astride what was ones two wharves -- Rowes and Foster's wharves, built in the early 1760's -- and it is located very near the center of the downtown financial district. After thriving for nearly 200 years, the Boston waterfront began to show signs of decay in the 1930's, and in the 1960's, was designated an urban renewal area. The Boston Redevelopment Authority (BRA) acquired the dilapidated Rowes Wharf property as part of the Downtown Waterfront Urban Renewal Plan.

In the first stage of the BRA's competition for selecting a development team, seven proposals were narrowed to two. Finally, the BRA chose Rowes Wharf Associates -- a joint venture of the Beacon Companies and Equitable Real Estate -- and its architects Skidmore, Owings & Merrill, who then began a two-year design review process in accordance with the BRA's practice. Through the process, which the assistance of an advisor team from the Boston Society of Architects, the original proposal was refined and improved, including the addition of a domed space with a public observatory and six-story-high arch courtyard.

FINANCING

The business terms of the deal are especially complex because of the BRA's desire to maintain an ownership interest in the project. The project was undertaken pursuant to a single ground lease between the BRA and Rowes Wharf Associates. One the shell was completed, the project was converted from ground lease to a condominium project created by a master deed which the BRA as landowner and Rowes Wharf Associates as building owner are codeclarants. The

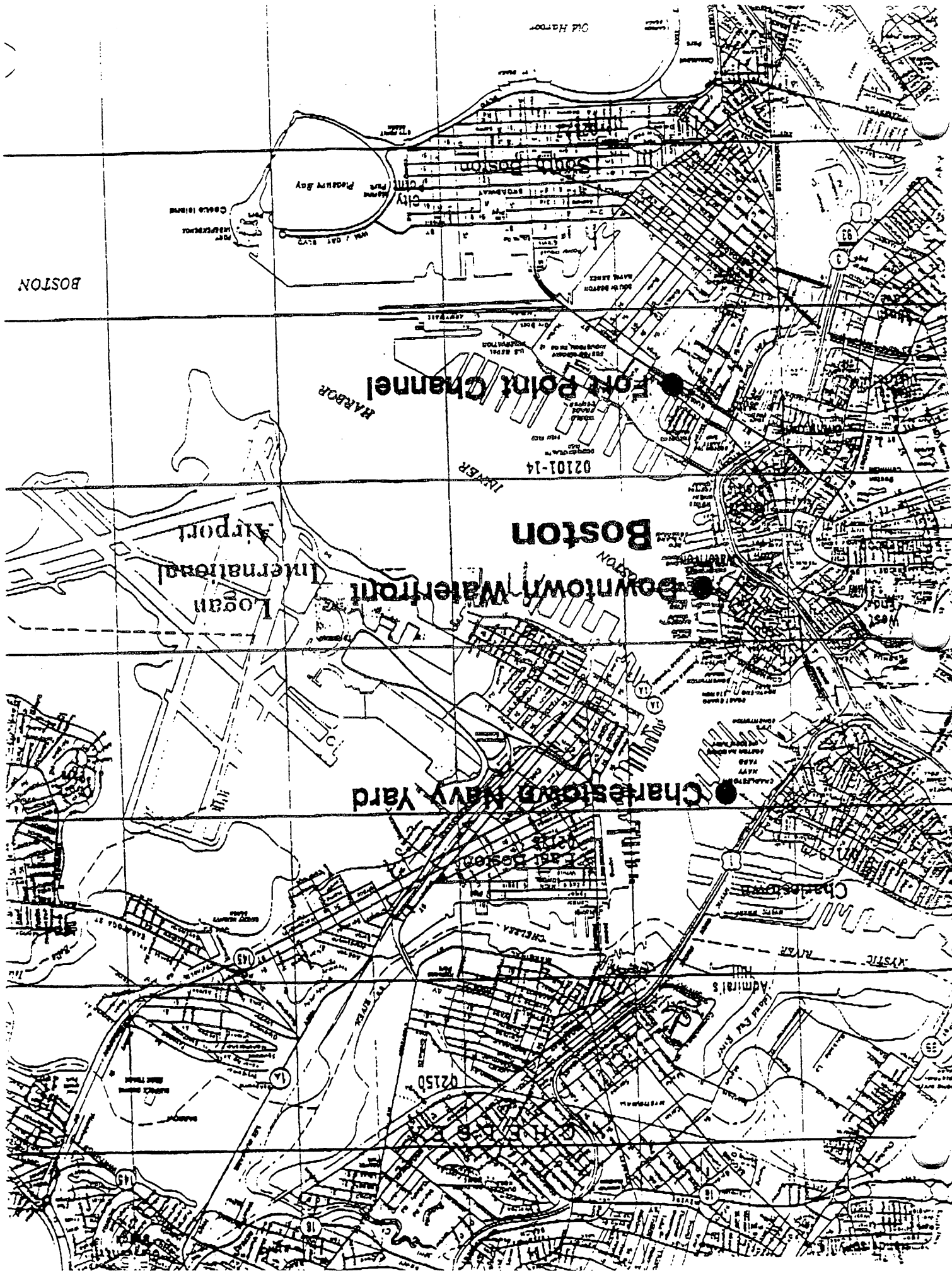
condominium contains an office/retail unit, a hotel unit, and the residential unit. Rowes Wharf Associates acquired, via purchase money notes, the fee ownership of the residential and hotel units, but the office/retail unit will remain as a leasehold between the BRA and Rowes Wharf Associates.

The office leasehold agreement required a base annual rent of \$1,282,400 and 10 percent of net cash flow from the office/retail unit after a return of 12.5 percent on total project costs. The condominium arrangement was used to ensure that both the residential and the hotel portions could be owned in fee simple. The hotel could not have been financed using a ground lease, and the residential units could not have been marketed effectively if they were developed on lease land. In addition, part of the deal with the city involved a \$2.1 million developer contribution to a fund to support low-and moderate-income housing, part of the Boston Linkage program.

The project involves no public financing, and the leasehold interest was acquired at fair market value. The project was financed through a 50/50 joint venture between Beacon and Equitable, with Equitable providing the construction financing. Permanent financing was obtained from a bank.

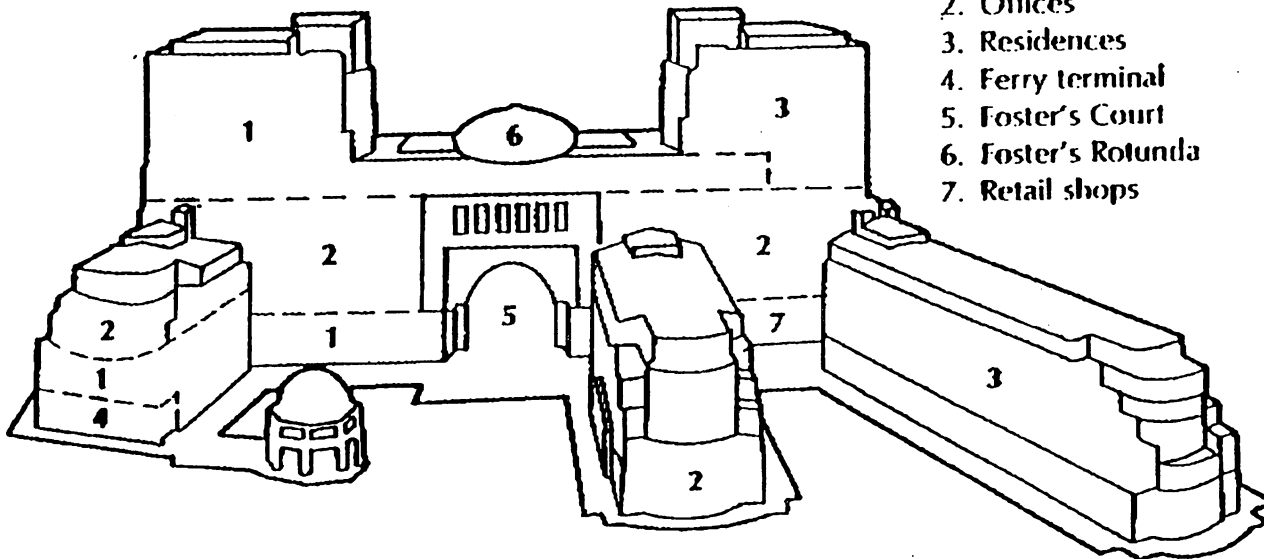
ROWES WHARF

Site Area	5.4 acres
Building Program	
Commercial	338,000 sf
Hotel (230 rooms)	142,000 sf
Residential (100 units)	185,000 sf
Maritime	<u>6,000 sf</u>
TOTAL	671,000 sf
Parking (below grade)	700 spaces
Total Development Cost	\$193,000,000
Occupancy	1987
Unit Sales Price	\$765,000 (AVG)
Office Rental Rate	\$35-45/NSF
Hotel Daily Room Rate	\$175 (AVG)

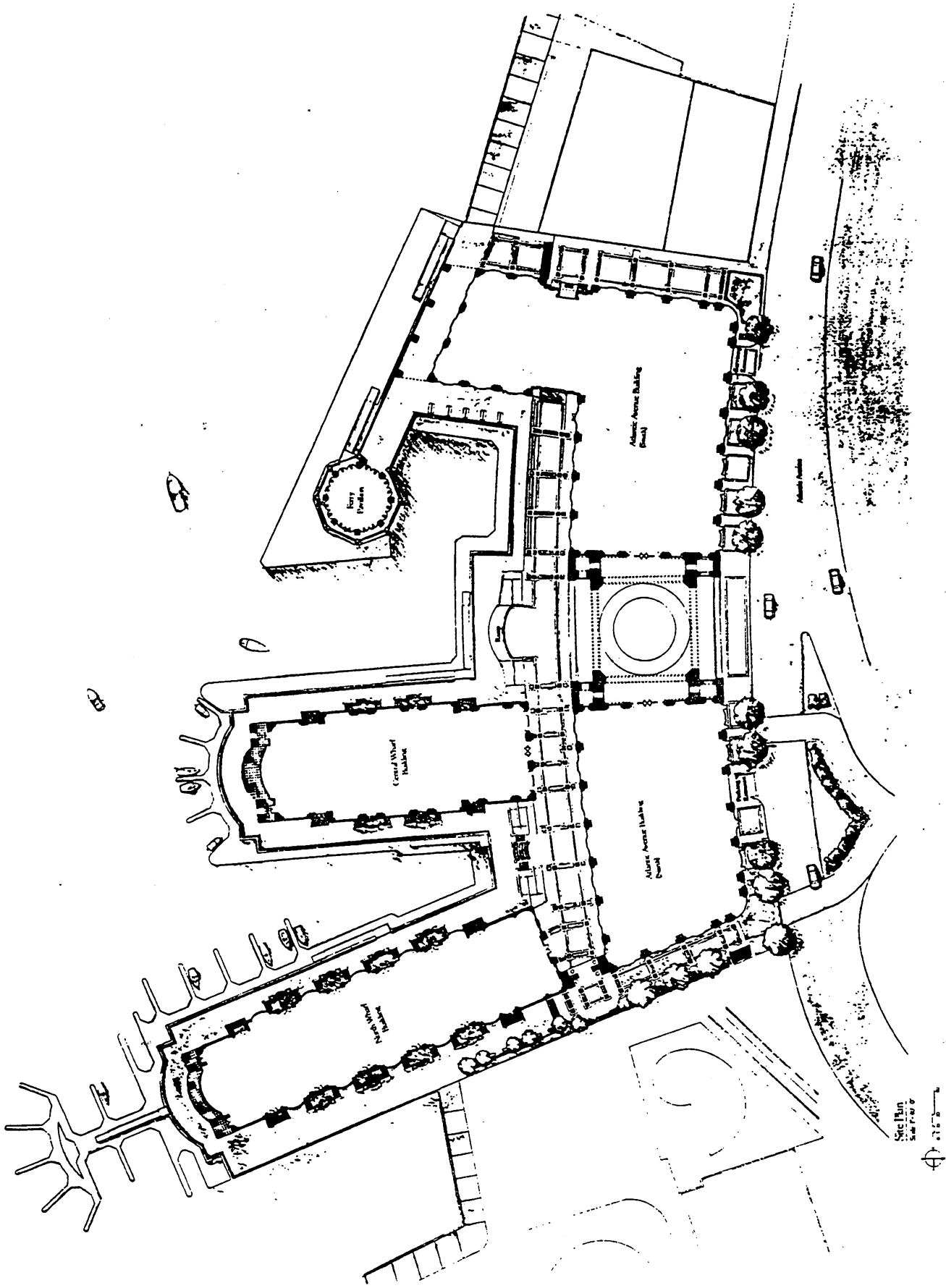


Rowes Wharf

1. Boston Harbor Hotel
2. Offices
3. Residences
4. Ferry terminal
5. Foster's Court
6. Foster's Rotunda
7. Retail shops



Market forces influenced the location of Rowes Wharf's various mixed-use components.



Rows Wharf Boston, Massachusetts

Skidmore, Owings & Merrill
Architects Engineers

The Beacon Companies

