

4

12.02(4): Cost Estimates and Financing Plan

Financing Approach

Table 4.1 included in this section lists all estimated costs for implementation of the Urban Renewal activities described in this report. The following is a description of how many of these costs were estimated.

Acquisitions – the estimated cost of property acquisition has been based on the assessed value of the property from the City’s Assessors records.

Demolition – the estimated cost of building demolition is based on the City’s average cost of demolition of similar buildings in Holyoke in recent years.

Rehabilitation – the estimated cost of building rehabilitation is based on the average cost of rehabilitation of similar buildings by private enterprise in the region.

Infrastructure Improvements – this includes a variety of costs including roadways, utilities, and streetscape improvements. These costs have been estimated based on estimates provided to the City by consultants working on various projects and by costs for similar public works improvements in the area.

Parks and Canalwalk – These costs are based on estimates from consultants working on current projects, and these costs have been applied to future phases.

Support Services (relocation, design services, legal, etc.) – these have been estimated based on typical industry costs to support the proposed actions.

Table 4-1
Revitalization and Development Project Budget

URP Public Action	Total Estimated Cost	Funding/ Resources in Place	Potential Funding Source - See Following
1 Land Acquisition			
Land Acquisition ¹	\$10,298,062	\$3,908,500	1
Appraisals (74parcels)	\$180,000		2
Legal	\$500,000		2
<i>Subtotal</i>	\$10,978,062		
2 Relocation			
Relocation Plan	\$25,000		2
Relocation Consultant	\$100,000		2
Relocation Payments	\$1,000,000		1
<i>Subtotal</i>	\$1,125,000		
3 Site Improvements			
3a. Building Demolition ²	\$4,095,000		1
3b. Canalwalk			
3b.i. Phases IB thru III	\$10,840,000	\$4,015,000	Federal Transportation Bond - 3,4
3b.ii. Phase IV (URP proposed expansion)	\$4,000,000		3, 4
<i>Canalwalk Subtotal</i>	\$14,840,000		
3c. Streetscape Improvements			
3c.i. Maple Street Green Streets Corridor ³	\$4,000,000		3, 4, 5
3c.ii. Transportation Connections Corridor ⁴	\$5,000,000	\$305,000	3, 4, 5
3c.iii. Other Streetscape Improvements			
- Dwight Street (between High St & Beech St)	\$2,800,000		3, 4, 5
- Cabot Street	\$4,827,000		3, 4, 5
- Main Street	\$3,120,000		3, 4, 5
- Appleton Street	\$3,586,000		3, 4, 5
- North Canal Street	\$4,921,000		3, 4, 5
- South Holyoke Area	\$2,054,000		3, 4, 5
- Water Street	\$2,896,000		3, 4, 5
3c.iv. Pedestrian Bridge (Dwight St. to the Flats)	\$2,000,000		3, 4, 5
3d. Park Improvements			
3d.i. Veterans Park	\$1,400,000	\$1,400,000	18
3d.ii. New City Hall Park	\$500,000		18
3f. Transportation Improvements			
3f.i. Roadway Concrete Base Improvements			
- Dwight Street	\$1,000,000		3, 4, 5
- Appleton Street	\$1,000,000		3, 4, 5

URP Public Action	Total Estimated Cost	Funding/ Resources in Place	Potential Funding Source - See Following
3f.ii. Bridge Clearance Evaluations			
- Dwight Street	\$100,000		2
- Appleton Street	\$100,000		2
3g. Parking Improvements			
3g.i. Dwight Street Garage Upgrades	\$2,000,000	\$2,000,000	2
3g.ii. Suffolk Street Parking Deck	\$4,000,000	\$4,000,000 City Bond	2
3g.iii. New North Canal Street Parking Deck	\$2,000,000		2
3h. South Holyoke Sewer Improvements	\$3,000,000		2
3i. General Brownfields Remediation	TBD		8
3j. Misc. Site Work	\$500,000		1
Subtotal	\$69,739,000		
4 Building Rehabilitation⁵	\$27,382,000		1
5 Administrative			
Employee (1 F.T.E. for 10 years including benefits)	\$1,000,000		1, 2
6 Consultants			
Site Engineering (10% Site Improvement Total)	\$6,974,000		1, 2, 3, 4, 5
Environmental Assessment of Sites and Buildings	\$500,000		1, 8
Subtotal	\$7,474,000		
7 Fees			
Bond Fees	\$100,000		1, 2
Misc. Fees	TBD		
8 Contingency			
Real Estate Reserve (20%)	\$2,059,612		
Design and Construction Contingency (20%)	\$13,907,800		
Subtotal	\$15,967,412		
Gross Project Cost	\$133,765,474		
Income from sale or lease (estimated)	\$41,588,562		
Net Project Cost	\$92,176,912		
City Share	\$15,628,500	\$15,628,500	
Grants	TBD		
Funding Need	\$76,548,412		Potential Funding Sources Identified

Note: Refer to Figure L-2 for the locations of the proposed public actions.

- 1 Refer to Table 1-1 and Figure G-1 for key parcels to be acquired.
- 2 Refer to Table 1-3 and Figure I-1 for the buildings to be demolished.
- 3 The project area includes Maple Street between Dwight Street and Cabot Street. \$150,000 of CDBG funding has been secured for sidewalk improvements and \$300,000 of CDBG funding has been secured for a new traffic light at Maple and Dwight Streets.
- 4 The specific area of improvement includes Dwight Street (from High Street to Main Street), Heritage Street, and Front Street. To be improved as "complete streets."
- 5 Refer to Table 1-4 and Figure J-1 for the buildings to be rehabilitated.

Potential Funding Sources

The HRA has identified a number of federal, state and local funding sources for many of the proposed urban renewal actions. Following is a summary of the potential funding sources referenced in Table 4-1 above and describes their applicability to this URP.

1. **HRA Proceeds:** Having been re-established in 2008, the HRA does not currently have a budget for any of the recommended actions in the plan. However, according to M.G.L. c. 121B, Redevelopment Authorities such as the HRA, have the power to issue bonds, borrow money, invest funds, receive grants and accept gifts. As the HRA acquires and disposes of property, they will be able to generate income that can be reinvested into the Center City Project Area.
 - o **Bond Financing:** Because of the significant cost of many of the actions above, loans or bonds will need to be applied for. The payback of these bonds will require a business model that will generate revenue from projects in the Plan.
2. **City Funding/In-Kind Support:** City funding or in-kind support from City Staff may be the best resource for some of the identified URP actions. Funding could come from bonding or the annual City budget process. "Seed" funds will need to be indentified in order to create a self-sustaining budget for future actions. The following city funding sources are potential mechanisms to generate revenue for the HRA to perform actions throughout the life of the plan and beyond:
 - o **Property transfers:** The plan identifies a number of City-owned parcels and properties for acquisition. As recommended in the Innovation-based Economic Development Strategy (2011), the mechanism to acquire those properties would be done so by a vote of the City Council to transfer ownership from the City to the HRA. In retaining ownership of these assets, the HRA would then need additional resources to make the properties "site-ready" to be able to be sold to generate revenue.
 - o **Gifts or Grants:** An allocation of funds from the City Council would enable the HRA to begin taking on projects, such as land acquisitions, site clean-up, and parcel aggregation. Funding these initial actions would allow the HRA to use revenue to complete future projects.

Potential Projects: parcel acquisition, demolition, assessment and remediation



3. **MassWorks Infrastructure Projects:** A state program that promotes economic development and job creation through improvements to streets, sidewalks, and other specified infrastructure. Eligible activities include design, construction and/or reconstruction of existing and or newly relocated streets, sidewalks and related infrastructure. Visit www.mass.gov/eohed/infrastructure for additional information.

Potential Projects: roadway, streetscape, infrastructure and bridge improvements

4. **Transportation Enhancement Program:** A federal program that provides funding for a wide range of non-traditional surface transportation projects. Examples include development and improvement of pedestrian and bicycle facilities and safety education programs, acquisition or improvements of scenic or historic sites, preservation of abandoned railway corridors, alleviation of environmental impacts on water quality or wildlife, and other projects.

Potential Projects: streetscape and bikeway improvements along major streets in the Project Area

5. **Chapter 90 Funding:** A 100% reimbursable state funding program provided to each municipality for local roadway improvements. Funds must be allocated to roadway projects, such as resurfacing and related work and other work incidental to the above such as preliminary engineering.

Potential Project: Design costs associated with roadway improvements.

6. **MA Parkland Acquisitions and Renovations for Communities (PARC) and MA Local Acquisitions for Natural Diversity (LAND) Grant Programs (formally the Urban Self-Help and Self-Help programs, respectively):** The PARC and LAND grants provide financial assistance to city and town conservation commissions to acquire critical open space. The open space must be used for conservation or passive recreation purposes. PARC grants aid cities and towns in acquiring, developing, and renovating park and outdoor recreation facilities. LAND grants assist municipal conservation commissions acquiring land for natural resource and passive outdoor recreation purposes.

Potential Project: Land acquisition for proposed parks and park development.

7. **Land and Water Conservation Fund (LWCF):** LWCF grants are provided to the States, and through the States to local governmental jurisdictions, on a matching basis for up to fifty percent (50%) of the total project-related allowable costs for the acquisition of land and the development of facilities for public outdoor recreation. Appropriations from the LWCF may be made annually by Congress to the Secretary of the Interior who apportions the funds to the States. Payments for all projects are made to the state organization that is authorized to accept and administer funds paid for approved projects. Local units of government participate in the program as subgrantees of the State with the State retaining primary grant compliance responsibility.



Potential Project: Land acquisition for proposed parks and park development

8. **Brownfields Funds:** This federal program provides funds to inventory, characterize, assess, and conduct planning (including cleanup planning) and community involvement related to Brownfield sites. If contamination is discovered there are a number of federal and state grant programs to carry out clean-up activities, including the: U.S. Environmental Protection Agency's (EPA) Brownfields Cleanup Grant, which provides funds for site clean-up for Brownfield sites owned by the applicant; U.S. Department of Housing and Urban Development's (HUD) Brownfields Economic Development Initiative (BEDI), which provides financial assistance to public entities in the redevelopment of Brownfield sites; Massachusetts Department of Environmental Protection's (DEP) Brownfields Site Assessment/Cleanup Grant of Service, which through the EPA provides funding for site assessment and clean-up of Brownfields on behalf of municipal and non-profit entities by using state contractors (rather than granting funding directly to the applicant); and MassDevelopment's Brownfields Redevelopment Fund (BRF), which includes programs that provide loans for site assessment and clean-up to public and private sector parties.

Potential Project: Environmental assessment and clean-up, as needed, of potential Brownfield sites identified in the Plan.

9. **Economic Development Incentive Program (EDIP):** A tax incentive program administered through the Massachusetts Executive Office of Housing and Economic Development (EOHED) designed to foster job creation and stimulate business growth throughout the Commonwealth. Participating companies may receive state and local tax incentives in exchange for job creation, manufacturing job retention and private investment commitments. Designated as an Economic Target Area (ETA), Holyoke is eligible to apply as a 'Certified Expansion Project', which includes a local tax exemption and approval by the municipality. Additionally, Holyoke is designated a 'Gateway Municipality' making it eligible to apply for a 'Manufacturing Retention Project.'

Potential Project: Support commercial building rehabilitation by private enterprise.

10. **Housing Development Incentive Program (HDIP):** Designed to increase residential growth, expand diversity of housing stock, support economic development, and promote neighborhood stabilization in designated Housing Development Zones within Gateway municipalities by providing incentives to rehabilitate multi-unit properties that would be sold or leased as market rate units (residential units priced for households above 110 percent of the area's household median income). The program provides two incentives for developers to rehabilitate housing units in multi-unit buildings: a new local-option property tax exemption and a new tax credit for qualified rehabilitation expenses. Each year, there will be up to \$1 million available for the Housing Development Tax Credit.



Potential Project: Support residential building rehabilitation by private enterprise.

11. **Holyoke Economic Development & Industrial Corporation (HEDIC):** The HEDIC is chartered under Chapter 121C of the Massachusetts General Laws and administers the Holyoke Industrial Development Loan Program to assist new and expanding companies meet their capital needs. The HEDIC has the authority to buy and sell property, manage projects, approve financing and assist private developers. The HEDIC is grantee of Foreign Trade Zone #201 which helps businesses realize import and export savings. Projects are detailed in an Economic Development Plan, which require approval of the Mayor and City Council.

Potential Project: Support industrial building purchase and rehabilitation by private or public enterprise.

12. **Community Development Block Grant Program:** The Community Development Block Grant (CDBG) program is a federally funded program designed to help small cities and towns meet a broad range of community development needs. Assistance is provided to qualifying cities and towns for housing, community, and economic development projects that assist low and moderate-income residents, or by revitalizing areas of slum or blight. Communities may apply on behalf of a specific developer or property owner. Eligible CDBG projects include but are not limited to housing rehabilitation or development, micro-enterprise or other business assistance, infrastructure, community/public facilities, public social services, planning, removal of architectural barriers to allow access by persons with disabilities, and downtown or area revitalization.

Potential Project: Most all actions could be funded by CDBG funds.

13. **Funding from Massachusetts General Law Chapter 40R:** Housing production within the Commonwealth has not kept pace with the growing number of households looking for an affordable place to live. To help meet this demand, the Commonwealth adopted Chapter 40R within the General Laws allowing municipalities to encourage housing production that is aligned with the principles of "smart growth." Eligible municipalities, upon approval, will receive zoning incentive payments for housing creation based on number of units of new construction. Each new housing unit that meets the statutory requirements will allow the City to collect \$3,000 per building permit.

Potential Project: Holyoke has established a 40R district as shown on the map D-3, and this program can assist eligible projects in this area provided there is state funding for the program.

14. **Federal and Massachusetts Historic Rehabilitation Tax Credit:** Since April, 2004, the Massachusetts Historic Rehabilitation Tax Credit program (MHRTC) has been catalyzing the rehabilitation, reuse and revitalization of historic properties across the Commonwealth. These historic structures have been rehabilitated to create quality affordable and market rate housing, community



centers, commercial and office space, performing arts venues, restaurants and more, benefiting our communities in numerous ways. The MHRTC allows the certified rehabilitation of an income-producing property to receive up to 20% of the cost of certified rehabilitation expenditures in state tax credits. This credit, many times coupled with the Federal Rehabilitation Tax Credit, is a critical source of attaining project feasibility. The credits can be sold to third party investor for funds which are often put back into the project. The credit program makes evident the economic and community benefits of preservation.

Potential Project: Projects involving the redevelopment of historic buildings

15. **The New Markets Tax Credits Program:** The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to spur new or increased investments into operating businesses and real estate projects located in low-income communities. The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years (five percent for each of the first three years, and six percent for each of the remaining four years). The investment in the CDE cannot be redeemed before the end of the seven-year period.

Potential Project: Provides financial support for new businesses, business expansion, job creation and real estate development for businesses.

16. **Adams Arts Grant Program:** The Massachusetts Cultural Council (MCC) has been supporting creative economy initiatives throughout Massachusetts for a decade, beginning in the 1990s. In 2004, the Legislature created the Adams Arts Program, which funds projects that create jobs and income, revitalize downtowns, and draw cultural tourists. Adams-funded projects leverage the assets of the creative sector - artists, cultural organizations, and arts-related businesses - inherent in Massachusetts' communities to generate real income.

Potential Project: Actions with some connection to the art community, such as Victory Theater or improvements located within the Arts and Innovation District.

17. **MassDevelopment:** MassDevelopment works with businesses, nonprofits, and local, state, and federal officials and agencies to strengthen the Massachusetts economy. Through these collaborations, they help create jobs, increase the number of housing units, eliminate blight, and address factors limiting economic growth including transportation, energy and infrastructure deficiencies. Offering a wide range of finance programs and real estate development services, MassDevelopment supports economic growth, development, and investment across all sectors of the Massachusetts economy: public and private, commercial, industrial, and residential; and nonprofit, including healthcare, educational, cultural, and human service providers. They work in collaboration with private



and public sector developers, businesses, and banks to identify investors and leverage public and private funds to support economic growth.

Potential Project: Actions with connections to business development, housing development, brownfields redevelopment, energy and infrastructure improvements, and job creation.

18. **Gateway Cities Program:** In 2007, Mass Inc. released Gateway Cities Report which classifies 11 communities across Massachusetts that have similar challenges of unrealized potential, and face complex and interrelated challenges that make it difficult to unlock these opportunities. From that study legislation was adopted that increased the number of communities and provided grant programs and state staff support to assist these communities. The legislation through its funding supports a variety of projects and changes to legislation to make Gateway Cities more competitive including the Gateway Parks Program and the Gateway Plus Action Grant Program.

Potential Project: Any renovations of parks within the Center City, potential future funding availability, HDIP Program

19. **HOME Investment Partnership Program:** Provides funds for a broad range of activities, including new construction, acquisition and rehabilitation of rental properties, to assist in the production and preservation of affordable housing for low and moderate-income families and individuals.

Potential Project: For actions by a private developer that increase the quality of affordable housing options within the Center City.

20. **Growth District Initiative (GDI):** The Executive Office of Housing & Economic Development (EOHED) developed the Growth Districts Initiative as a focused means of expediting commercial and residential development within the Commonwealth. Under this initiative, EOHED will partner with municipalities that have indentified one or more areas within the communities as being appropriate locations for significant new growth, whether commercial, residential or mixed-use to make the district “development ready” with respect to local permitting, state permitting, site preparation, infrastructure improvements, and marketing. Supports commercial, residential, transportation, and infrastructure development, improvements and various capital investment projects.

Potential Project: Infrastructure, acquisition, demolition, construction, and Brownfields remediation projects, marketing, and site development.

21. **Urban Revitalization Development Grant (URDG):** Under M.G.L. c. 121B, DHCD may award Urban Revitalization Development Grant Program funding for the implementation of approved Urban Renewal Plans. As part of Governor Patrick’s FY2012 Five-Year Capital Investment Plan, approximately \$3.7million was allocated for URDG projects.

Potential Project: Any projects or actions including but not limited to Infrastructure, acquisition, demolition, construction, and Brownfields remediation projects, marketing, and site development.