# Evaluation of Potential Redevelopment for Private Reuse of Selected Town-Owned Properties

**Northborough, MA**

**prepared for**

**Town of Northborough**
**under subcontract to ICON Architecture**

**prepared by**

**ABRAMSON & ASSOCIATES, Inc.**

**March 12, 2024**

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Mr. Ned Collier
ICON Architecture

Re. Evaluation of Potential Redevelopment for Private Reuse of Selected Town-Owned Properties, Northborough, MA

Dear Ned

The following report presents our evaluation of real estate development potential and revenue generation for the above-referenced properties – specifically 4 West Main Street and 63 Main Street.

Thank you for the opportunity to assist you with this project.

Sincerely,

ABRAMSON & ASSOCIATES, Inc.

Barry M. Abramson
President

## EXECUTIVE SUMMARY

Evaluation of redevelopment potential of two town-owned properties – 4 West Main Street and 63 Main Street, for private redevelopment indicated no market rate development being likely to be feasible in the near- to mid-term future, barring dramatic improvement in the market and development environment.

A 100% affordable housing, historic tax credit redevelopment of 63 Main would likely be viable. While this would not be anticipated to yield any disposition revenues, annual property taxes in the range of $90,000 - $100,000 could be anticipated as well as benefits in the form of building rehabilitation, provision of affordable housing and contribution to the Town's affordable housing inventory under 40B.

If the cost would not be too great, interim use of the full ground floor of 4 West Main for commercial use could contribute to activation of the downtown, improving the environment for other potential redevelopment, and possibly improving the environment for a longer term redevelopment of 4 West Main, itself.

## EVALUATION PURPOSE AND CONTEXT

Abramson & Associates, Inc. was engaged, under sub-contract to ICON Architecture, by the Town of Northborough to evaluate the potential feasibility and prospects for revenue generation of selected Town-owned properties – specifically 4 West Main Street and 63 Main Street.

Market research and development evaluation was performed in the first quarter of 2024. All financial estimates in the report are presented in $2024.

## THE PROPERTIES

**4 West Main.** The configuration of the building in terms of its upper floor to window heights (4 floors awkwardly fit behind a 3-story façade) make the upper floors extremely unattractive and the poor building condition would argue against making any substantial reinvestment. Even if feasible, a substantial investment in the building in its current form would lock this key site in the town center into a Class C future. Accordingly, demo and new development would be the ultimate goal. The small site and limited parking present an obstacle for any substantial redevelopment, especially relative to commercial use. The ground floor is partially occupied by a dentist office, generating some revenue, and if near term redevelopment is not a likely option, releasing of the vacant restaurant space could be explored if doesn't pose too substantial an investment and time commitment.

**63 Main.** The building, like many old school buildings, appears to be a good fit for multi-family, often affordable, and the site is large enough to supply ample parking and support an addition to the existing building, increasing its appeal for potential housing developers.

**ASSESSMENT OF POTENTIAL MARKET USES**

A preliminary assessment of market and other development factors for potential uses of the sites was performed to confirm the most appropriate use for concept planning and evaluation of potential disposition and property tax revenues. Key findings are presented below.

**Office**

- Generally, the office market is suffering from relatively high space availability and low rents due to reduced space needs resulting from increased work from home.
- Market rents for modern, better located properties in Northborough are reported to be in the high-teens to low-twenties per square foot, gross (i.e. landlord pays tax and operating expenses, typically exclusive of tenant electric and perhaps other utilities, which might be as much as third of rent) which is not sufficient to support the cost of new development.
- Neither of the subject locations are considered competitive for office relative to the established highway locations.
- Office use in town centers of small towns such as Northborough is typically comprised of small tenants (each occupying a few hundred square feet) such as small firms providing legal, accounting, health care or similar services for a local market.
- Such tenants pay relatively low rents – likely, in the range of $15 gross <u>for acceptable Class C or B space</u> and are not willing to pay the higher rent that space in new office development would require.
- Note that 4 West Main, in its current configuration, even if renovated, would not be considered acceptable space – more C- or D space that, if tenants could be attracted to it, would command even lower rents and likely experience higher vacancy.
- Finally, office use generally requires a high parking ratio (3 - 4 spaces per 1,000 square feet) on-site, or at least very conveniently located, to be successfully marketed.

**Retail**

- The 63 Main Street site is not a particularly attractive location for retail and the existing building does not lend itself to such use.
- 4 West Main, at the heart of downtown, is a somewhat more desirable location. However, the town center lacks the critical mass of retail and restaurant use and other attractions to make it a strong location for retail/restaurant use. This is, of course, something of a “chicken and egg” situation in that you have to start somewhere to create such critical mass and the town’s zoning requiring ground floor commercial is a step in that direction.
- Nonetheless, attracting true retail/restaurant users (as opposed to service businesses such as health or professional offices) to ground floor commercial space at rents

sufficient to support new development would be very unlikely, especially for an initial project(s) in advance of establishing such critical mass.

- Retail and restaurant use requires a high parking ratio (4 spaces per 1,000 square feet for retail, 8 - 10 per for restaurant).
- Full-service restaurant would provide limited opportunity for shared parking with residential.
- Restaurant, while it could be an attractive amenity for some potential residents, could pose problems with upper floor residential in terms of noise and rodents.
- If retail space were to be made available and acceptable parking supply could be provided, retail rents might be in the range of $15 triple net (i.e. tenant pays tax and operating expenses).
- Restaurant use, in all probability by an independent operator, would likely require significant investment by the landlord in tenant improvements and a long lease term.

**Residential**

- Residential would be an attractive use for activating and providing some market support for retail/restaurant in the downtown.
- **Condo**. The limited supply of condos in multi-family style buildings in the market are reported to be selling generally in the range of $500,000 to perhaps as high as $700,000 (low- to mid-$300's per square foot). The most recent (July, 2023) sale of a unit at Parkview on the Common in Westborough's town center was $487,000 for a 1,342 square foot 2-bed/2-bath ($363 per square foot).
- While a developer might attempt to increase the per square foot sale price by offering smaller units, as is done in more urban locations, there is a relatively unproven market for such units in outer suburban communities such as Northborough.
- Even assuming smaller units pushing sales per square foot to the high-$300's to $400, this would not be sufficient to support the cost of new development at 4 West Main or redevelopment at 63 Main.
- With the above sales prices expressed on per net sellable square foot basis (at best, 85 – 90% of building gross square feet) and less commission and other costs of sale and input from Icon (discussed in a following section) indicating construction cost at 4 West Main likely in the range of $400 per gross building square foot and the low-$300's at 63 Main, plus soft costs typically at 20% - 30% of hard cost and a requirement for profit likely at a comparable percentage of total hard, soft and any acquisition cost, this would clearly be infeasible.
- **Rental – Market Rate**. Available standard flat-style (as opposed to loft or townhouse) apartments at Avalon Northborough are being marketed at an average of $2,389 for 1-bed/1-bath units averaging 768 square feet ($3.11 per square foot) and $2,892 for 2-

bed/2-bath units averaging 1,070 square feet ($2.70 per square foot). Other comparable large, amenitized apartment complexes in surrounding towns are generally priced comparably, indicating market rents averaging at or close to $3.00 per square foot.

- A couple of apartments in houses on Main Street in Northborough's town center are being marketed for $1,950 for a 1,000 square foot 1-bed/1-bath and $2,500 for a 1,300 square foot 2-bed/2-bath, indicating market rents for this type of product in the hgh-$1.00's per square foot.
- Market-rate rental (to be consistent with zoning, with ground floor commercial at 4 West Main and with 10% affordable at 63 Main) is carried forward in the evaluation to test feasibility and potential for yielding disposition and tax revenues, as discussed in the following section.
- **Rental – Affordable**. Additionally, the potential for a 100% affordable/historic tax credit redevelopment of 63 Main (with a new addition supplementing rehabilitation of the existing building) is considered likely to be viable due to the subsidies available for such development.

**PROGRAMMING AND PRICING**

Total gross and net rentable square footage has been formulated by ICON assuming new development at the 4 West Main site and a mix of rehabilitation of the existing building with a new addition at 63 Main Street. Unit mix and sizing for multi-family have been based on physical layouts of the sites and buildings, market comparables, unit sizing to achieve efficiency while also considering local market norms and preferences, and a flexible unit mix, recognizing that ultimate mix could vary based on marketing approaches and physical constraints and opportunities presented by specific designs.

**4 West Main**. A new 4-story building of approximately 31,000 gross square feet with 3 floors of residential providing 20,445 net rentable square feet over approx. 6,800 net rentable square feet of ground floor commercial (excluding residential lobby and vertical circulation).

It is assumed much of the Blake Street town lot would need to be dedicated for the residential component. Perhaps some of the ground floor commercial space could be replaced with parking tucked under rear of building to supplement parking supply.

While some potential residents may appreciate a town center location, many would consider the lack of amenities found at the larger complexes to be a negative.

An illustrative program would be:

- 24 units of market-rate rental
    - 50% 1-bed/1-bath @ 704 square feet renting for $2,000
    - 50% 2-beds/2-bath @ 1,000 square feet renting for $2,500

- Ground floor commercial might be some mix of restaurant and service commercial but minimal parking would limit rent, yielding say $12 per square foot, NNN

**63 Main St**. A mix of rehab plus new addition totaling approximately 46,000 rentable square feet in 50 – 56 units

**Scenario 1 - Market-rate rental** (with 10% affordable @ 80% of area median income)

Market rate units @

- 50% 1 beds averaging approx. 750 SF renting for approx. $2,000 per month
- 50% 2 beds of averaging approx. 1,000 SF renting for approx. $2,500 per month

Afford units (at 80% of area median income, estimated for 2024) of same sizes @

- 50% 1 beds of approx. $1,825
- 50% 2 beds of approx. $2,190

Note, while not assumed, increasing the affordable percentage to 20% would enable all of the units to count toward the Town's affordable housing inventory under 40B.

**Scenario 2 - 100% affordable housing** at deeply discounted rents

A proposal a year ago by an experienced affordable housing developer to redevelop White Cliffs for housing affordable to residents at 30% and 60% of area median income assumed a unit mix of 33% 1 beds, 38% 2 beds, and 29% 3 beds. The ultimate unit mix could vary but, for simplicity at this stage, one can assume the same number of units and unit mix as assumed for the market-rate project.

## CONSTRUCTION COST

Approximate construction cost (in today's dollars) was estimated for redevelopment of the two properties, drawing primarily on ICON's recent and current experience with comparable projects.

Construction cost for a new project of the size and type envisioned for 4 West Main was estimated at approximately $400 per square foot.

Hard costs for the combined rehab and addition at 63 Main was estimated to be in the low-$300's per square foot.

## REAL ESTATE TAXES

Based on input of the Town's property assessor, and caveated as being very preliminary for conceptual evaluation in advance of actual development plans, estimated assessed value and real estate taxes at full taxation in a first stabilized year of operation (in $2024) for the general type of projects at these locations if they were to be developed is estimated at:

- Market rate rental residential – AV of $200,000 per unit; Tax of $2,856 per unit
- Deeply affordable rental residential - AV of $125,000 per unit; Tax of $1,785 per unit
- Commercial (retail/office) - AV of $125 per square foot; Tax of $1.79 per square foot

**FEASIBILITY, POTENTIAL REVENUE GENERATION AND RECOMMEDATIONS**

Pro forma analysis of the above-specified market rate concepts was performed. Both were found to be infeasible by a wide margin. This is due to a number of factors. The relatively modest potential rents indicated by the market are simply not sufficient to support the very high estimated construction costs. Return thresholds have been estimated as being higher than in the low interest rate environment of past years but somewhat improved from what they might be today, assuming some if not complete improvement in the interest rate environment over the next couple of years.

It is not inconceivable that, over coming years, market rents and those attainable for developments at these sites might increase, costs, already stabilizing may flatten, and interest rates and return thresholds may lower to a point that development at these sites might be feasible. However, even then, minimal disposition revenue and, possibly, significant tax relief could well be indicated.

As discussed above, a 100% affordable/historic tax credit redevelopment of 63 Main is considered likely to be viable due to the subsidies available for such development. This outcome is quite typical for redevelopment of old school buildings.

Based on State policy, a municipality could not anticipate receiving any disposition revenue, as the State would regard its subsidization of the project to be sufficient compensation for the site.

The Town could, however, anticipate annual property tax revenues for a project of between 50 and 56 units in the range of $90,000 - $100,000 (in $2024). The rehabilitation of the existing structure, provision of affordable housing for community residents and contribution to the Town's affordable housing inventory under Chapter 40B would offer additional non-monetary compensation.

With regard to 4 West Main, given that viability of new development could be a long-term proposition, some ongoing interim use would be indicated. An engineering and cost estimation study of the improvements that would be required to put all or some of the building in shape is beyond the scope of the current project. It would not appear to make sense to put substantial investment into the building to make the upper floors marketable as that would lock the building at this key location into being a Class C- building.

If, however, the investment required to bring the former restaurant space into a condition that could attract a restaurant or other commercial users were not to be too great, it could make sense to commit to that as a mid-term, (say 10-year) option, yielding some rent to supplement that currently provided by the existing dentist office as well as minimal additional property taxes, while, more importantly, increasing activity in the town center, possibly helping set the stage for other projects and ultimate redevelopment of 4 West Main, itself.

**11 Pierce Street**

While not included in the scope of the present effort, at your request, the following comments are provided for the current fire station, an approximately 10,000 square foot building on approximately one acre. Reuse of the building would require a unique user that could take advantage of the high bay height. A brewpub has been mentioned, but the size and parking may be lower than optimal and a use attracting many late evening visitors might run into significant opposition from nearby residents. A recreation-oriented business such as a rock-climbing/bouldering or kids' gym might also be a plausible option for this space. These are not mass-market businesses and many operators may prefer highway locations. Also, the improvements required to meet code could pose formidable costs. If demolished, the site could be developed for townhouses (perhaps as many as eight, depending on regulatory constraints). This is clearly a product well-received in the market. While no detailed research has been done for this site, research the consultant has done in other suburban communities, at a time of strong market conditions, indicated land selling broadly in the mid- to high-tens of thousands per unit for clean sites. However, currently high construction costs and high interest rates for developer financing and end-purchaser mortgage financing could dampen land pricing and, possibly, even challenge feasibility in the near term. Demolition plus any environmental remediation costs would decrease sale pricing. Real estate taxes might be somewhere in the range of $10,000 per unit.

## ASSUMPTIONS AND LIMITING CONDITIONS

- Information provided by others for use in this analysis is believed to be reliable, but in no sense is guaranteed. All information concerning physical, market or cost data is from sources deemed reliable. No warranty or representation is made regarding the accuracy thereof, and is subject to errors, omissions, changes in price, rental, or other conditions.

- The Consultant assumes no responsibility for legal matters nor for any hidden or unapparent conditions of the property, subsoils, structure or other matters which would materially affect the marketability, developability or value of the property.

- The analysis assumes a continuation of current economic and real estate market conditions, without any substantial improvement or degradation of such economic or market conditions except as otherwise noted in the report.

- Any forecasts of the effective demand for space are based upon the best available data concerning the market, but are projected under conditions of uncertainty.

- Since any projected mathematical models are based on estimates and assumptions, which are inherently subject to uncertainty and variation depending upon evolving events, the Consultant does not represent them as results that will actually be achieved.

- The report and analyses contained therein should not be regarded as constituting an appraisal or estimate of market value. Any values discussed in this analysis are provided for illustrative purposes.

- Possession of this report or any copy or portion thereof does not carry with it the right of publication nor may the same be used for any other purpose by anyone without the previous written consent of The Consultant and, in any event, only in its entirety.

- The Consultant shall not be responsible for any unauthorized excerpting or reference to this report.

- The Consultant shall not be required to give testimony or to attend any governmental hearing regarding the subject matter of this report without agreement as to additional compensation and without sufficient notice to allow adequate preparation.

# Appendix to Evaluation of Potential Redevelopment for Private Reuse of Selected Town-Owned Properties, Northborough, MA / March 12, 2024

**63 Main Street**
**Financial Feasibility and Potential Supportable Land/Shell Cost**
**Rehab With New Addition Market Rate Multi-Family Rental**

## Program

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| # Residential Units | | | | 53.0 | | | | | | |
| Residential GSF | | | | 56,800 | 1,072 | 100% | | | | |
| Retail GSF | | | | - | | 0% | | | | |
| Total GSF Finished Space Excluding Parking | | | | 56,800 | | 100% | | | | |
| | | | %Net:Gross | | | | | | | |
| Residential NSF (Units) | | | 81.5% | 46,308 | 874 | 100% | | | | |
| Retail NSF | | | 95% | - | | 0% | | | | |
| Total NSF | | | 81.5% | 46,308 | | 100% | | | | |
| Unit Mix | | | | | | | Market Rate Rent | | Affordable Rent | |
| 1-bed, 1-bed+den | 1 | 747 | 50% | 27 | | | $2,000 | $2.68 | $1,810 | $2.42 |
| 2-bed, 2-bed+den | 2 | 1,000 | 50% | 27 | | | $2,500 | $2.50 | $2,170 | $2.17 |
| | 1.50 | 874 | | 53 | | | $2,250 | $2.58 | $1,990 | $2.28 |
| | | | | | effective % | | | | | |
| Market Rate Units | | | | 47 | 88.7% | | | | | |
| Affordable Units | | | | 10% | | | | | | |
| @ 80% of AMI | 70% | effective | 10% | 6 | 11.3% | | | | | |

## Development Cost

| | | | Total | $/Unit | $/GSF | $/NetSF |
|---|---|---|---|---|---|---|
| Construction (including standard site costs, excluding structured parking) | | | | | *(finished area)* | *(NSF units)* |
| Residential | $300 | /Res GSF | $17,040,000 | $321,509 | $300 | $368 |
| Retail Shell | | /Retail GSF | $0 | $0 | $0 | $0 |
| Other Site Costs Not Included Above | $0 | /floorpate SF | $0 | $0 | $0 | $0 |
| Retail TI (mix of retail & restaurant) | | /Retail NSF | $0 | $0 | $0 | $0 |
| Total Hard Costs | | | $17,040,000 | $321,509 | $300 | $368 |
| Soft Costs (Incl Dev OH&Fee, Financing Costs, Lease-Up) | 20.0% | of hard | $3,408,000 | $64,302 | $60 | $74 |
| **Total Development Cost Not Including Land** | | | **$20,448,000** | **$385,811** | **$360** | **$442** |

## Operating Income, Supportable Land/Shell Cost

| | | | | Total | $/Unit | $/GSF | $/NetSF |
|---|---|---|---|---|---|---|---|
| **Residential Rental** | | $/unit/mo | | | | | |
| Gross Potential Rent | | | | | | | |
| Market Rate Units | | $2,250 | | $1,269,000 | $23,943 | $22.34 | $27.40 |
| Affordable Units @ 80% of AMI | | $1,990 | | $143,280 | $2,703 | $2.52 | $3.09 |
| Total Gross Potential Apartment Rent | | | | $1,412,280 | $26,647 | $24.86 | $30.50 |
| Other Income @ $/mo/unit | | $50 | | $31,800 | $600 | $0.56 | $0.69 |
| Potential Gross Income | | | | $1,444,080 | $27,247 | $25.42 | $31.18 |
| Vacancy | | 5% | | ($72,204) | ($1,362) | ($1.27) | ($1.56) |
| **Effective Gross Income** | | | | $1,371,876 | $25,884 | $24.15 | $29.63 |
| | | $/unit | | | | | |
| Operating Expenses (incl reserves) | | $6,500 | | $344,500 | $6,500 | $6.07 | $7.44 |
| RE Taxes | | | | | | | |
| Market Rate Units | | $2,856 | | $134,232 | $2,533 | $2.36 | $2.90 |
| Affordable Units @ 80% of AMI | | $2,142 | | $12,852 | $242 | $0.23 | $0.28 |
| Total RE Taxes | | $2,775 | | $147,084 | $2,775 | $2.59 | $3.18 |
| Total RE Tax + Oper Exps - % of EGI = | | $9,275 | 35.8% | $491,584 | $9,275 | $8.65 | $10.62 |
| **NOI** | | | | **$880,292** | **$16,609** | **$15.50** | **$19.01** |
| **Residential Supportable TDC @ ROC =** | | **7.25%** | | **$12,141,959** | **$229,094** | **$213.77** | **$262.20** |
| **Commercial Rental** | | | | | | | |
| Gross Potential Rent - Retail | | $0.00 | Triple Net | $0 | $0 | $0.00 | $0.00 |
| Retail Vacancy | 5.0% | $0.00 | | $0 | $0 | $0.00 | $0.00 |
| Effective Gross Income | | $0.00 | | $0 | $0 | $0.00 | $0.00 |
| Management & Unreimbursed Expenses | 5.0% | $0.00 | | $0 | $0 | $0.00 | $0.00 |
| **NOI** | | $0.00 | | $0 | $0 | $0.00 | $0.00 |
| **Commercial Supportable TDC @ ROC =** | | **8.75%** | | **$0** | **$0** | **$0.00** | **$0.00** |
| **Combined Residential & Commercial NOI** | | | | $880,292 | $16,609 | $15.50 | $19.01 |
| **Supportable TDC @ ROC =** | | **7.25%** | | **$12,141,959** | **$229,094** | **$213.77** | **$262.20** |
| **SUPPORTABLE LAND/SHELL COST (Supportable Dev Cost less Dev Cost Without Land)** | | | | **($8,306,041)** | **($156,718)** | **($146.23)** | **($179.37)** |

Notes and Assumptions

Above estimates are for illustrative purposes and do not constitute appraised values

All assumptions in untrended $2024, with required return on cost somewhat improved from current conditions

See report for full assumptions and conditions

# Appendix to Evaluation of Potential Redevelopment for Private Reuse of Selected Town-Owned Properties, Northborough, MA / March 12, 2024

**4 West Main Street**
**Financial Feasibility and Potential Supportable Land/Shell Cost**
**New Mixed Use Market Rate Multi-Family Rental & Ground Floor Commercial**

**Program**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| # Residential Units | | | | 24.0 | | | | | |
| Residential GSF | | | | 24,321 | 1,013 | 78% | | | |
| Retail GSF | | | | 6,815 | | 22% | | | |
| Total GSF Finished Space Excluding Parking | | | | 31,136 | | 100% | | | |
| | | | %Net:Gross | | | | | | |
| Residential NSF (Units) | | | 84.1% | 20,445 | 852 | 76% | | | |
| Retail NSF | | | 95% | 6,474 | | 24% | | | |
| Total NSF | | | 86% | 26,919 | | 100% | | | |
| Unit Mix | | | | | | | Market Rate Rent | | Affordable Rent |
| 1-bed, 1-bed+den | 1 | 704 | 50% | 12 | | | $2,000 | $2.84 | |
| 2-bed, 2-bed+den | 2 | 1,000 | 50% | 12 | | | $2,500 | $2.50 | |
| | 1.50 | 852 | | 24 | | | $2,250 | $2.64 | |
| | | | | | effective % | | | | |
| Market Rate Units | | | | 24 | 100.0% | | | | |
| Affordable Units | | | | 0% | | | | | |
| @ 80% of AMI | | | 0% | - | 0.0% | | | | |

**Development Cost**

| | | | Total | $/Unit | $/GSF | $/NetSF |
|---|---|---|---|---|---|---|
| Construction (including standard site costs, excluding structured parking) | | | | | *(finished area)* | *(NSF units)* |
| Residential | $400 | /Res GSF | $9,728,400 | $405,350 | $312 | $361 |
| Retail Shell | $350 | /Retail GSF | $2,385,250 | $99,385 | $77 | $89 |
| Other Site Costs Not Included Above | $0 | /floorpate SF | $0 | $0 | $0 | $0 |
| Retail TI (mix of retail & restaurant) | $75 | /Retail NSF | $485,569 | $20,232 | $16 | $18 |
| Total Hard Costs | | | $12,599,219 | $524,967 | $405 | $468 |
| Soft Costs (Incl Dev OH&Fee, Financing Costs, Lease-Up) | 20.0% | of hard | $2,519,844 | $104,993 | $81 | $94 |
| **Total Development Cost Not Including Land** | | | **$15,119,063** | **$629,961** | **$486** | **$562** |

**Operating Income, Supportable Land/Shell Cost**

| | | | | | Total | $/Unit | $/GSF | $/NetSF |
|---|---|---|---|---|---|---|---|---|
| **Residential Rental** | | | $/unit/mo | | | | | |
| Gross Potential Rent | | | | | | | | |
| Market Rate Units | | | $2,250 | | $648,000 | $27,000 | $20.81 | $24.07 |
| Affordable Units | @ 80% of AMI | | $0 | | $0 | $0 | $0.00 | $0.00 |
| Total Gross Potential Apartment Rent | | | | | $648,000 | $27,000 | $20.81 | $24.07 |
| Other Income @ $/mo/unit | | | $50 | | $14,400 | $600 | $0.46 | $0.53 |
| Potential Gross Income | | | | | $662,400 | $27,600 | $21.27 | $24.61 |
| Vacancy | | | 5% | | ($33,120) | ($1,380) | ($1.06) | ($1.23) |
| **Effective Gross Income** | | | | | $629,280 | $26,220 | $20.21 | $23.38 |
| | | | $/unit | | | | | |
| Operating Expenses (incl reserves) | | | $6,500 | | $156,000 | $6,500 | $5.01 | $5.80 |
| RE Taxes | | | | | | | | |
| Market Rate Units | | | $2,856 | | $68,544 | $2,856 | $2.20 | $2.55 |
| Affordable Units | @ 80% of AMI | | $2,142 | | $0 | $0 | $0.00 | $0.00 |
| Total RE Taxes | | | $2,856 | | $68,544 | $2,856 | $2.20 | $2.55 |
| Total RE Tax + Oper Exps - % of EGI = | | | $9,356 | 35.7% | $224,544 | $9,356 | $7.21 | $8.34 |
| **NOI** | | | | | **$404,736** | **$16,864** | **$13.00** | **$15.04** |
| **Residential Supportable TDC @ ROC =** | | | **7.00%** | | **$5,781,943** | **$240,914** | **$185.70** | **$214.79** |
| **Commercial Rental** | | | | | | | | |
| Gross Potential Rent - Retail | | | $15.00 | Triple Net | $97,114 | $4,046 | $3.12 | $3.61 |
| Retail Vacancy | | 10.0% | ($1.50) | | ($9,711) | ($405) | ($0.31) | ($0.36) |
| Effective Gross Income | | | $13.50 | | $87,402 | ($405) | ($0.31) | ($0.36) |
| Management & Unreimbursed Expenses | | 15.0% | ($2.03) | | ($13,110) | ($546) | ($0.42) | ($0.49) |
| **NOI** | | | $11.48 | | $74,292 | $3,096 | $2.39 | $2.76 |
| **Commercial Supportable TDC @ ROC =** | | | **8.50%** | | **$874,024** | **$36,418** | **$28.07** | **$32.47** |
| **Combined Residential & Commercial NOI** | | | | | $479,028 | $19,960 | $15.39 | $17.79 |
| **Supportable TDC @ ROC =** | | | **7.20%** | | **$6,655,967** | **$277,332** | **$213.77** | **$247.26** |
| **SUPPORTABLE LAND/SHELL COST (Supportable Dev Cost less Dev Cost Without Land)** | | | | | **($8,463,096)** | **($352,629)** | **($271.81)** | **($314.39)** |

Notes and Assumptions
Above estimates are for illustrative purposes and do not constitute appraised values
All assumptions in untrended $2024, with required return on cost somewhat improved from current conditions
See report for full assumptions and conditions