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# Findings & Conclusions Rogers School

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# Overview

## Deliverables

- Final Report - DRAFT
- Code Review
- Plans & Renderings
- AutoCAD (DWG/DXF) 3D Models

## Use Analysis

- Uses
- Methodology
- Conclusions

## Decisions

- Control
- Disposition
- Financing

## Recommendations

- Risk
- Uncertainty
- Value & Opportunity

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# **Deliverables**

**Final Report**  
**Code Review**  
**Architectural**

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# Final Report - Draft

## Economic Overview

- Slow & Stable Economic Fundamentals
  - Low-No-Negative Growth Projections
  - Aging Population
  - Current Capital Markets Climate
    - *Uncertain at Best*
  - Current Economics & Market Feasibility
    - *'Wait and See'*
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# Code Review

## Key Assumptions

- Volumetric Data from Architect
- Basic ADA Compliance
- 'Soft' Commercial Code Compliance
  - \$800,000 - 30% Threshold
- NO remediation, fire-safety, or systems included
- 10% Soft Costs - 10% Profit & Overhead - 15% Contingency

## Conclusions

- \$3,600,000+/-
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# 'Soft Code' Compliance Model

- Exterior/Site
    - Sidewalk Repairs
    - Entry Repairs
    - Lot Pavement
    - Landscaping
    - Railings/HC Ramps
  - Interior/Envelope
    - Windows
    - Insulation
    - ADA Hardware
    - Flooring
    - Skylights
    - Membrane Roofing
  - Accessibility
    - Stair Lift
    - Ramps
    - Elevator
  - Vanilla Office Fitout
    - Partitions
    - Bathrooms
    - Fire Doors
    - Paint & Trim
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Soft Code Compliance Costs		Cost/SF	Total Cost
<i>Development Expense</i>			
Site Control			\$0
Remediation			\$0
Site Work, Parking, Paving & Landscaping			\$894,000
Interior Fit out Costs			
Original Building			\$784,860
Addition			\$322,860
Circulation Costs/Common Areas			\$425,400
Envelope Repair Costs/Energy Code			\$239,049
<b>Construction Cost</b>			<b>\$2,666,169</b>
Soft Costs (Engineering, Architect, Legal)		10.00%	\$266,617
Developer's Profit & Overhead		10.00%	\$266,617
Construction Contingency		15.00%	\$399,925
<b>Total Cost to Bring to Code Compliance</b>		<b>\$83.31</b>	<b>\$3,600,000</b>

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# Architectural

## Delivered to Town

- Floor Plans
  - Elevations
  - Renderings
  - AutoCAD 3D Model Source Files
    - AutoCAD
    - BIM - Building Information Modeling
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# Use Analysis

Uses

Methodology

Conclusions

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# Comments

## Challenges

- Low Level of Previous RFP Interest
  - Physical Building Envelope and Floor Plates
  - Barriers to Entry for Alternatives are Low
  - Non-Conformity for Zoning
  - Non-Conformity for Code-Compliance
  - Non-Conformity for ADA Compliance
    - 30% Threshold (\$800,000)
  - Structural and Environmental Risk
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# Potential Uses

## Public (Elementary) School

- Renovation to current standard (entire building)

## School Administration/Municipal Office

- Full Scope - Entire Building
- Limited Scope - 1st floor, 2nd floor, addition only

## Multifamily Housing

- Market Rate Condominiums
- Market Rate Rental Housing
- Subsidized (Affordable) Housing

## Commercial Office/Retail

- Full Scope - Entire Building
  - Limited Scope - 1st floor, 2nd floor, addition only
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# Potential Uses

## Other Uses

- Wedding/Event Venue
  - Component Use
- Arts/Cultural/Educational Facility
  - Component Use

## Demolition

- Single-Family House Lots

## Status Quo

- Mothball
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# Public (Elementary) School

## Assumptions

- Renovation to current standard (entire building)
  - Massachusetts School Building Authority
    - School Renovation and Addition Data 2015/2016
  - NO Site Work or Extraordinary Remediation Estimates
  - \$300 Per Square Foot of Building Area
  - 20% Contingency
  - 10% Developer's Profit (in this case Construction Manager, etc)
  - **\$16,900,000** +/-
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# Public (Elementary) School

School/Education Use	SF	Cost/SF	Total Cost
<i>Development Expense</i>			
Site Control			\$0
Site Work/Remediation			\$0
Construction Cost	43,210	\$300	\$12,963,000
Construction Contingency		20.00%	\$2,592,600
Developer's Profit		10.00%	\$1,296,300
<b>Total Cost to Develop School</b>		<b>\$391</b>	<b>\$16,900,000</b>

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# School Administration/Municipal

## Assumptions

- **Full Scope** - Entire Building
  - **Limited Scope** - 1st floor, 2nd floor, addition only
  - NO Site Control/Work or Extraordinary Remediation Estimates
  - \$35 Per Square Foot of Building Area (Interior Fitout)
  - 10% Soft Costs
  - 10% Developer's Profit & Overhead
  - 10% Contingency
  - **Full Scope: \$5,400,000** +/-
  - **Limited Scope: \$4,800,000** +/-
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# School Administration/Municipal

## Full Scope

Municipal Office/Administrative - Full Scope		SF	Cost/SF	Total Cost
<i>Development Expense</i>				
	Site Control			\$0
	Remediation			\$0
	Site Work, Parking, Paving & Landscaping			\$894,000
	Interior Fit Out Costs			
	Original Building			\$784,860
	Addition			\$322,860
	Circulation Costs/Common Areas			\$425,400
	Envelope Repair Costs/Energy Code			\$239,049
	Interior Office Finish - Low Cost	43,210	\$35.00	\$1,512,350
	<b>Construction Cost</b>			<b>\$4,178,519</b>
	Soft Costs (Engineering, Architect, Legal)		10.00%	\$417,852
	Developer's Profit & Overhead		10.00%	\$417,852
	Construction Contingency		10.00%	\$417,852
<b>Total Cost to Develop Municipal Office - Full Scope</b>			<b>\$124.97</b>	<b>\$5,400,000</b>

# School Administration/Municipal

## Limited Scope

Municipal Office/Administrative - Limited Scope		SF	Cost/SF	Total Cost
<i>Development Expense</i>				
	Site Control			\$0
	Remediation			\$0
	Site Work, Parking, Paving & Landscaping			\$894,000
	Interior Fit Out Costs			
	Original Building			\$784,860
	Addition			\$322,860
	Circulation Costs/Common Areas			\$425,400
	Envelope Repair Costs/Energy Code			\$239,049
	Interior Office Finish - Low Cost	28,710	\$35.00	\$1,004,850
	<b>Construction Cost</b>			<b>\$3,671,019</b>
	Soft Costs (Engineering, Architect, Legal)		10.00%	\$367,102
	Developer's Profit & Overhead		10.00%	\$367,102
	Construction Contingency		10.00%	\$367,102
<b>Total Cost to Develop Municipal Office - Limited Scope</b>			<b>\$167.19</b>	<b>\$4,800,000</b>

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# Multifamily Housing - CONDO

## Assumptions - Construction Cost

- Full Scope - Entire Building
  - NO Site Control/Work or Extraordinary Remediation Estimates
  - \$150 Per Square Foot of Building Area (All In)
  - 10% Soft Costs
  - 10% Developer's Profit & Overhead
  - 10% Contingency
  - Cost \$8,425,000 +/-
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# Multifamily Housing - CONDO

## Assumptions - Sales

- Full Scope - Useable Building Area (net of hallways etc)
  - \$250 Per Square Foot of Unit Area (based on recent sales)
  - 5.0% Brokerage Commission/Marketing Costs
  - \$6,945,000 +/-
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# Multifamily Housing - CONDO

MF Residential - Condominium		SF	Cost/SF	Total Cost
<i>Development Expense</i>				
Site Control				\$0
Site Work/Remediation				\$0
Construction Cost - All In		43,210	\$150	\$6,481,500
Soft Costs (Engineering, Architect, Legal)			10.00%	\$648,150
Developer's Profit & Overhead			10.00%	\$648,150
Construction Contingency			10.00%	\$648,150
<b>Total Cost to Develop Condominiums</b>			<b>\$195</b>	<b>\$8,425,950</b>
<i>Condominium Sales Revenue</i>				
Condominium Sales		26,459	\$250	\$6,614,750
<i>Condominium Sales Expenses</i>				
Brokerage Commission/Marketing			5.00%	\$330,738
<b>Net Income</b>				<b>(\$2,100,000)</b>

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# Multifamily Housing - RENTAL

## Assumptions - Construction Cost

- Full Scope - Entire Building (NO New Construction)
  - NO Site Control/Work or Extraordinary Remediation Estimates
  - \$150 Per Square Foot of Building Area (All In)
  - 10% Soft Costs
  - 10% Developer's Profit & Overhead
  - 10% Contingency
  - Cost \$8,425,000 +/-
-

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# Multifamily Housing - RENTAL

## Assumptions - Rental Model - MARKET RATE

- **Full Scope** - Useable Building Area (net of hallways etc)
    - 24 One-Bedroom Units
  - \$1,500 Per Unit Per Month Market Rental Rate
  - 5.0% Vacancy and Collections Loss
  - \$6,500 Per Unit Operating Expenses
  - \$250 Per Unit Replacement Reserve
  - Aggressive 6.50% Capitalization Rate
  - **\$4,486,000** +/-
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# Multifamily Housing - RENTAL

Market Rate MF Rental Apartments					
<i>Unit #</i>	<i>Unit type</i>	<i>SF</i>	<i>Rent/Month</i>	<i>Annual</i>	<i>Per Unit/Year</i>
<b>Residential Income</b>					
24	One-Bedroom Units		\$1,500	\$432,000	\$18,000
Potential Gross Residential Income				\$432,000	\$18,000
<i>Residential Vacancy &amp; Collection Loss</i>			<i>5.0%</i>	<i>\$21,600</i>	<i>\$900</i>
<b>Effective Gross Income</b>				<b>\$453,600</b>	<b>\$18,900</b>
<b>Operating Expenses</b>					
Operating Expenses				\$156,000	\$6,500
<b>Total operating expenses</b>				<b>\$156,000</b>	<b>\$6,500</b>
Replacement Reserve				\$6,000	\$250
<b>Net Operating Income</b>				<b>\$291,600</b>	<b>\$12,150</b>
Capitalization Rate					6.50%
<b>Implied Capitalized Value</b>					<b>\$4,486,154</b>

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# Multifamily Housing - RENTAL

## Assumptions - Rental Model - AFFORDABLE

- **Full Scope** - Useable Building Area (net of hallways etc)
    - 24 One-Bedroom Units
  - **Additional Scope** - Large Addition to Rear w/Demolition
    - 50 One-Bedroom Units
    - 25 Two-Bedroom Units
    - 25 Three-Bedroom Units
  - LIHTC 60% AMI @ 100%
  - 3.0% Vacancy and Collections Loss
  - \$6,000 - \$7,000 Per Unit Operating Expenses
  - 1.15 Debt Coverage (DCR)
  - 9% LIHTC @ \$0.85
  - Historic Tax Credits
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# Multifamily Housing - RENTAL

<b>Multifamily Housing - 24 Units w/in Existing Envelope</b>		
<i>LIHTC Development Proforma</i>		
<b>Sources</b>		
LIHTC Capital - 9% Credit @ \$0.85/c		\$6,445,140
Historic Tax Credits @ 20% of base		\$1,685,004
1st Mortgage - 30y/4.50% - 1.15 DCR		\$240,307
<b>Total Sources</b>		<b>\$8,370,450</b>
<b>Uses</b>		
Acquisition Basis - Land		\$250,000
Direct Construction Costs		\$8,425,019
Site Work & Remediation		\$500,000
<b>Total Uses</b>		<b>\$9,175,019</b>
<b>Net Difference</b>		<b>(\$804,569)</b>

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# Multifamily Housing - RENTAL

<b>Multifamily Housing - 100 Units w/Large Addition to Rear</b>		
<i>LIHTC Development Proforma</i>		
<b>Sources</b>		
LIHTC Capital - 9% Credit @ \$0.85/c		\$13,080,783
Historic Tax Credits @ 20% of base		\$3,419,813
1st Mortgage - 30y/4.50% - 1.15 DCR		\$2,287,259
<b>Total Sources</b>		<b>\$18,787,854</b>
<b>Uses</b>		
Acquisition Basis - Land		\$250,000
Direct Construction Costs		\$17,099,063
Demolition Costs - Addition		\$244,980
Site Work & Remediation		\$850,000
<b>Total Uses</b>		<b>\$18,444,043</b>
<b>Net Difference</b>		<b>\$343,811</b>

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# Multifamily Housing - RENTAL

## Assumptions - Rental Model - AFFORDABLE CURRENT

- **Full Scope** - Useable Building Area (net of hallways etc)
    - 24 One-Bedroom Units
  - **Additional Scope** - Large Addition to Rear w/Demolition
    - 50 One-Bedroom Units
    - 25 Two-Bedroom Units
    - 25 Three-Bedroom Units
  - LIHTC 60% AMI @ 100%
  - 3.0% Vacancy and Collections Loss
  - \$6,000 - \$7,000 Per Unit Operating Expenses
  - 1.15 Debt Coverage (DCR)
  - 9% LIHTC @ \$0.72
  - Historic Tax Credits
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# Multifamily Housing - CURRENT

<b>Multifamily Housing - 24 Units w/in Existing Envelope</b>		
<i>LIHTC Development Proforma</i>		
<b>Sources</b>		
LIHTC Capital - 9% Credit @ \$0.72/c		\$5,459,412
Historic Tax Credits @ 20% of base		\$1,685,004
1st Mortgage - 30y/4.50% - 1.15 DCR		\$240,307
<b>Total Sources</b>		<b>\$7,384,723</b>
<b>Uses</b>		
Acquisition Basis - Land		\$250,000
Direct Construction Costs		\$8,425,019
Site Work & Remediation		\$500,000
<b>Total Uses</b>		<b>\$9,175,019</b>
<b>Net Difference</b>		<b>(\$1,790,296)</b>

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# Multifamily Housing - CURRENT

<b>Multifamily Housing - 100 Units w/Large Addition to Rear</b>		
<i>LIHTC Development Proforma</i>		
<b>Sources</b>		
LIHTC Capital - 9% Credit @ \$0.72/c		\$11,080,193
Historic Tax Credits @ 20% of base		\$3,419,813
1st Mortgage - 30y/4.50% - 1.15 DCR		\$2,287,259
<b>Total Sources</b>		<b>\$16,787,264</b>
<b>Uses</b>		
Acquisition Basis - Land		\$250,000
Direct Construction Costs		\$17,099,063
Demolition Costs - Addition		\$244,980
Site Work & Remediation		\$850,000
<b>Total Uses</b>		<b>\$18,444,043</b>
<b>Net Difference</b>		<b>(\$1,656,779)</b>

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# Commercial Office/Retail

## Assumptions - Cost

- Full Scope - Entire Building
  - Limited Scope - 1st floor, 2nd floor, addition only
  - NO Site Control/Work or Extraordinary Remediation Estimates
  - \$125 Per Square Foot of Building Area
  - 10% Soft Costs
  - 10% Developer's Profit & Overhead
  - 10% Contingency
  - **Full Scope: \$7,021,000 +/-**
  - **Limited Scope: \$4,665,000 +/-**
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# Commercial Office/Retail

## Assumptions - Revenue Model

- **Full Scope** - Entire Building
- **Limited Scope** - 1st floor, 2nd floor, addition only
- \$10.00 Per Square Foot (NNN)
- 20% Vacancy Allowance
- 5.0% Management Fee
- 0.50% Insurance
- 2.50% Contingency Reserve
- MSC legal Fees/Auditing/Accounting
- 10.0% Capitalization Rate

## Implied Value

- **Full Scope: \$3,054,000** +/-
  - **Limited Scope: \$1,995,000** +/-
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<b>Commercial Office/Retail Use</b>	<b>SF</b>	<b>Cost/SF</b>	<b>Total Cost</b>
<i>Development Expense</i>			
Site Control			\$0
Site Work/Remediation			\$0
Construction Cost	43,210	\$125	\$5,401,250
Construction Contingency		10.00%	\$540,125
Soft Costs		10.00%	\$540,125
Developer's Profit		10.00%	\$540,125
<b>Total Cost to Develop Commercial Office/Retail</b>		<b>\$163</b>	<b>\$7,021,625</b>
<i>Capitalized Rental Revenue</i>			
<b>Income</b>			
Annual Office/Retail Rents (NNN)	43,210	\$10.00	\$432,100
Gross Potential Income			\$432,100
Vacancy Allowance		20.00%	(\$86,420)
<b>Effective Gross Income</b>			<b>\$345,680</b>
<b>Operating Expenses</b>			
Management Fee		5.00%	\$17,284
Legal Fees/Auditing/Accounting			\$10,000
Other Insurance		0.50%	\$2,161
Contingency Reserve		2.50%	\$10,803
<b>Total Operating Expenses</b>			<b>\$40,247</b>
<b>Net Operating Income</b>			<b>\$305,433</b>
<b>Capitalized Value</b>		<b>10.00%</b>	<b>\$3,054,330</b>
<b>Net Income</b>			<b>(\$4,000,000)</b>

<b>Commercial Office/Retail Use</b>	<b>SF</b>	<b>Cost/SF</b>	<b>Total Cost</b>
<i>Development Expense</i>			
Site Control			\$0
Site Work/Remediation			\$0
Construction Cost	28,710	\$125	\$3,588,750
Construction Contingency		10.00%	\$358,875
Soft Costs		10.00%	\$358,875
Developer's Profit		10.00%	\$358,875
<b>Total Cost to Develop Commercial Office/Retail</b>		<b>\$163</b>	<b>\$4,665,375</b>
<i>Capitalized Rental Revenue</i>			
<b>Income</b>			
Annual Office/Retail Rents (NNN)	28,710	\$10.00	\$287,100
Gross Potential Income			\$287,100
Vacancy Allowance		20.00%	(\$57,420)
<b>Effective Gross Income</b>			<b>\$229,680</b>
<b>Operating Expenses</b>			
Management Fee		5.00%	\$11,484
Legal Fees/Auditing/Accounting			\$10,000
Other Insurance		0.50%	\$1,436
Contingency Reserve		2.50%	\$7,178
<b>Total Operating Expenses</b>			<b>\$30,097</b>
<b>Net Operating Income</b>			<b>\$199,583</b>
<b>Capitalized Value</b>		<b>10.00%</b>	<b>\$1,995,830</b>
<b>Net Income</b>			<b>(\$2,700,000)</b>

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# Remediation Costs

## Assumptions & Experience

- **Encapsulation**
  - \$2.25 - \$3.00 Per Square Foot of Building Area  
(\$100,000 - \$130,000)
- **Spot Removal**
  - \$15.00 Per Square Foot of Building Area  
(\$650,000)
- **Full Abatement**
  - \$30.00-\$40.00 Per Square Foot of Building Area  
(\$1.3M - \$1.7M)

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*\*VARIABLE AND UNCERTAIN*

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# Other Uses

## Assumptions

- Wedding/Event Venue
- Arts/Cultural/Educational Facility
  - Public-Private Model

## Conclusions

- Component Uses
  - Likely Unable to Self-Sustain
  - Impossible to Model Without Defined Scope
  - Going Concern
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# Demolition Scenario

## Assumptions

- Demolition of Entire Building
  - Hazardous Materials Removal and Abatement
  - NO Site Work Assumption
  - 6 Single Family Lots of 15,000 SF
    - \$85,000 per Saleable Lot
  - 2 Single Family Lots of 25,000 SF
    - \$125,000 per Saleable Lot
  - 5.0% Brokerage Fee/Marketing Cost
  - 15.0% Contingency
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# Demolition Scenario

<b>Feasibility Cost Analysis</b>				
<b>Demolition Scenario</b>		<b>SF</b>	<b>Cost/SF</b>	<b>Total Cost</b>
<i>Demolition Expense</i>				
Site Control				\$0
Demolition		43,210	\$5.00	\$216,050
Hazardous Material Removal		43,210	\$10.00	\$432,100
Site Work				\$0
Demolition Contingency			15.00%	\$97,223
<b>Total Demolition Cost</b>				<b>\$745,000</b>

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# Demolition Scenario

<b>Single Family Sales Scenario</b>	<b>Lots</b>	<b>Price/Lot</b>	<b>Total Income</b>
<i>Single Family Home Sales Revenue</i>			
SF Lot Sales - 15,000 SF Lots	6	\$85,000	\$510,000
SF Lot Sales - 25,000 SF Lots	2	\$125,000	\$250,000
<b>Subtotal Sales</b>			<b>\$760,000</b>
<i>Single Family Sales Expenses</i>			
Brokerage Commission/Marketing		5.00%	\$38,000
Demolition Cost			\$745,000
<b>Net Income</b>			<b>(\$23,000)</b>

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# Status Quo

## Mothball

- Short Term Mothball
  - Long-Term Mothball
    - Preservation Brief 31
    - Inspection Checklist
    - Maintenance Schedule
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# Decisions

Control  
Disposition  
Financing

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# Decisions

- **Maintain Ownership**
    - **In House Development**
    - **Long-Term Lease**
    - **Public Private Partnership (P3)**
  - **Dispose of the Asset**
    - **For Development**
    - **For End User**
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# Recommendations

**Risk**

**Uncertainty**

**Value & Opportunity**

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# Strategies and Actions

- **Reduce Risk**
    - Physical Asset/Structure
  - **Reduce Uncertainty**
    - Zoning Change
  - **Provide Value and Opportunity**
    - Dedicated Funding Sources
    - Bond Financing - CPA Funds
    - MassWorks Infrastructure Program
    - Access to Tax Credits (MA & Fed Historic)
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# Questions

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