

**Report Prepared for:  
The Town of Milton Planning Board  
Regarding:  
Temple Shalom Site**



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**August 25, 2009**

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### **Attachments:**

- 1) Site Pictures**
- 2) Pro-Formas**

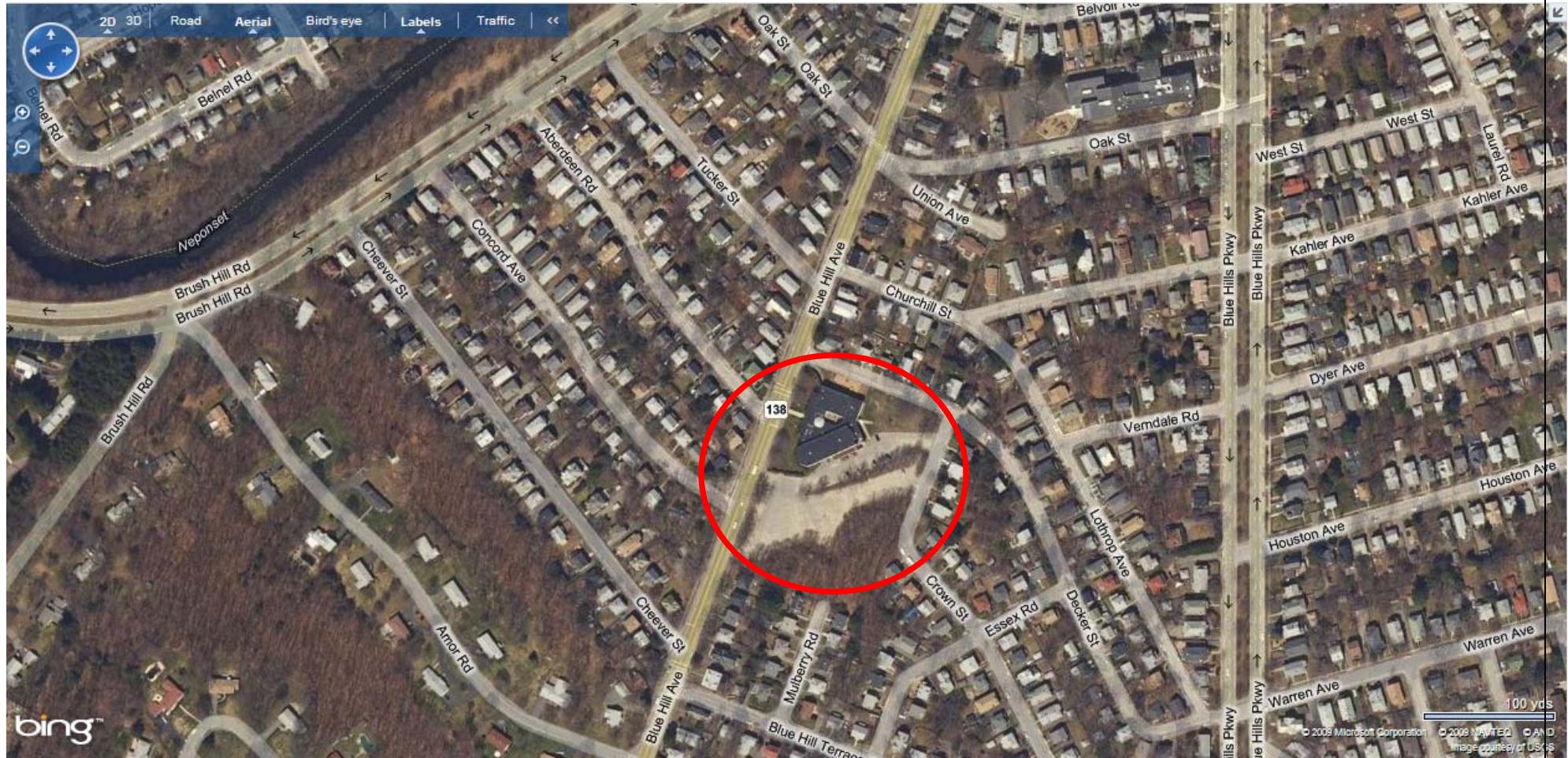
## Overview

The purpose of our work is to assist you and the Temple Redevelopment Advisory Committee in your planning efforts and to evaluate the financial feasibility for a variety of uses at the site, including but not limited to multi-family housing, assisted living and retail uses. We understand that the temple has a goal of achieving \$2.5 M in sale proceeds to build a small temple on the rear of the site as well as to receive additional funds to invest and create an operating reserve of approximately \$100,000 a year. We understand that this operating reserve is in lieu of holding weekly bingo events. Our work involves the following steps:

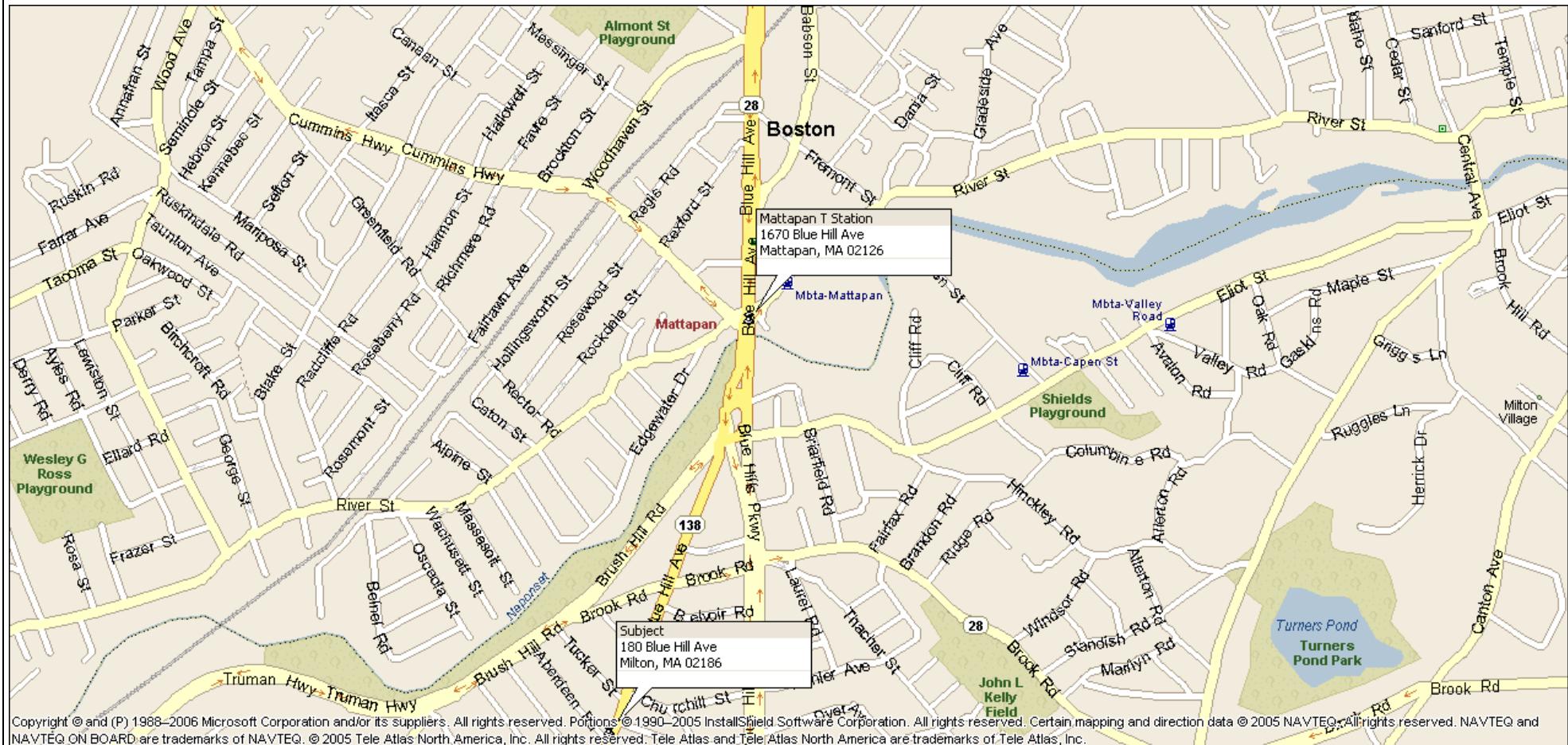
- 1) Meet with client, collect materials, tour site.
- 2) Analyze 4 development proposals and financial pro-formas provided by developer as follows:
  - a. Mixed Use: Pharmacy/Convenience Store (12,900 square feet), Temple (12,000 Square feet), 24 Garden Residential Units (30,000 square feet).
  - b. Residential Use-Temple (12,000 Square feet) and 36 Town Houses at 1,800 square feet.
  - c. Residential Use- Temple (12,000 Square feet) and 72 Garden Style Condominiums, 88,200 square feet.
  - d. Commercial: Temple (12,000 Square feet), Pharmacy/Convenience Store (12,900 square feet) and 20,000 square feet of commercial (Note: We were not provided with a plan showing 20,000 square feet of retail).
  - e. Multi-Family Rental Housing and Chapter 40B
  - f. State of Seniors Housing Market in greater Milton Area including land requirements, site requirements and pricing for land for assisted living.
- 3) Provide a written and verbal report as to our findings.
- 4) Present findings to client, along with a tutorial on Chapter 40B.
- 5) Respond to e-mail and phone requests as needed.

This report addresses items 1-3 in anticipation of a presentation and meeting with the Temple Redevelopment Advisory Committee on Thursday, August 28<sup>th</sup> at 7:30 at the Milton Counsel on Aging. We have had the assistance of Lisa Davis of Lisa Davis Associates in Lexington who reviewed the commercial pro-formas.

The following page shows the site and surrounding neighborhood and then the next page shows the site and its proximity to the Mattapan T Station. The site is a ten minute walk to the T, and there is an elementary school and park within walking distance. In addition, the Temple currently leases to a day care establishment that they hope to maintain. The site is a few minutes' drive to Route 128/93 and a few miles from Curry College and the Blue Hills Reservation. The immediate neighborhood is all one and two family homes. The site has a substantial drop in grade as well as ledge outcroppings.



**Aerial Subject Property**



### **Distance of Subject Property to Mattapan T Station (Approximately ½ mile)**

### **Commercial Use Analysis- Provided by Lisa Davis**

The construction costs for a pharmacy (\$140 per sq. ft.) appear to be reasonable. The special conditions number seems high but if blasting is required that number might be reasonable. Additionally retaining walls will be required because of the significant change in elevation. This is based on the assumption that a Phase 1 Environmental Report will not reveal any adverse conditions. The offsite improvement number of \$50,000 seems low if a traffic light is warranted and we estimate that cost in the \$150,000-\$200,000 range. The landscaping number seems reasonable.

The soft cost numbers seem appropriate. It is possible that the legal number might be high but this is somewhat dependent on how the permitting process will go. There may be a small amount due for real estate tax carry once the project has been built and before it is occupied and/or sold off. It is unclear why there is an amount for real estate taxes since the temple is tax exempt.

Income for the pharmacy is based upon rent of \$42.52 which is the current going rent. The income shows a 4% vacancy but since it is a single user with a long term lease this is not really relevant. A management fee of 4% is standard.

Overall, the pharmacy portion of pro forma seems to be appropriate for this site. The pro forma shows a return of 12.77 % once you sell all condominium units. Pharmacies are one of the few retail tenants that are still expanding. Developing a portion of the site for this use will enable the temple to meet its cash requirements.

### **Pharmacy/Retail Pro-forma**

This pro-forma allocates \$2.4M in land costs to the pharmacy and \$1.6M land costs to the 20,000 retail. On its own, the retail land number of \$80 a square foot seems low, but combined with the pharmacy at \$121 a square foot it is reasonable. Overall, the development numbers look reasonable. \$95 per square foot to build the retail with rents around \$19 per sq. ft. Vacancy of 4% might be low. In addition, there does not appear to be any lease up period. This pro forma is based upon all but 800 sq. ft. rented which is probably unrealistic over the next few years given the state of the marketplace. Return on investment is somewhat lower 11.3% but not surprising as this is a less dense development. In today's economic environment, it is unlikely that the retail would be built without a tenant under a lease agreement. In addition, the upper level of the site does not lend itself as easily to retail as a residential use would due to grading/parking.

### **Residential Land Use Analysis**

#### **Residential Sale/Land Prices**

In order to evaluate the residential section of the pro-formas, we looked at on line data at Banker and Tradesman and the multiple listing service for Milton and surrounding communities. We examined sales for the past few years and none of them were comparable to the scenario being examined. Therefore, the best way to determine land value is to back into to see what the project can afford to pay for the land assuming a 12% return.

Therefore, we first examined sales prices. We looked at listings for new condominiums, both flats and townhouses. We also looked at sales for the past six years of newly development townhouses, flats and duplexes. We focused on 2-3 bedroom units. There is an existing development on Wharf Street that has had 19 sales in the past four years averaging \$623,000 or \$333 a square foot and condo fees running \$700-\$1,200 a month. We also note that there is a brand new 21 unit development, The Residences at Milton Village, offering units from \$500,000-\$700,000 with condominium fees over \$500 a month. Only one of these units is under agreement. Both of these developments are in a higher wealth neighborhood and it would be difficult to compare their prices to this location. Based on our research, we suggest a selling price of \$405,000 for 1,800 square foot townhouses and \$275,000 for 1,100 square foot flats may be achievable at this point and time at the Temple site.

We first looked at the sales prices and square footages for the 24 unit scenario. You may want to consider having the affordable units and market rate units the same size as this is typically a requirement. We also suggest an average size unit at 1,100 plus 15% add on for common area. If you assume an average two bedroom unit is 1,100 square feet, the selling price would be \$275,000 or \$250 a square foot. If you assume a town house unit of 1,800 square feet at \$225 a square foot the selling price is \$405,000. Both prices are similar to those shown on the 24 unit garden style pro-forma and 36 unit town house pro-forma. The 72 unit garden style pro-forma shows a selling price of \$250,000 per unit. This should be the same as the 24 unit garden style pro-forma of \$275,000. Based on the current income limits for the area, we suggest pricing the affordable units at \$185,000 rather than \$172,500.

### **Viability**

However, the issue right now is that there are no lenders lending on new development homeownership projects, other than an occasional one off single family home. Many would be home owners no longer qualify for financing, and there is one development in town that has 21 units on the market, with only one under agreement. **Therefore, regardless of what we can show the numbers might be, it would be difficult if not impossible for a developer to obtain construction financing for a town house or garden style condominium project in the next several years.**

### **Residential Construction Numbers**

We spoke to Plumb House Construction Company about construction pricing for both town houses and garden style units. We also discussed site preparation costs in light of the ledge on the property. They are working on one of the most difficult ledge projects in Massachusetts at Meadow Walk in Lynnfield. Their chief estimator suggested that all in, on site costs should run about \$25,000 a unit. Hard construction costs run \$110 a square foot for town house condominium grade units, \$100 a square foot for garden style condominium grade units, and \$90 a square foot for garden style rental grade units.

The hard cost contingency seems low. A lender would expect to see 3%-5% rather than 2%. The demolition costs look acceptable. Off site costs, in the event that a traffic light is needed, shown on the pro-formas with a pharmacy is low at \$50,000. We would expect to see an allocation of \$150,000-\$200,000.

#### **24 Unit Garden –Overall Analysis**

For the most part, the soft costs seem appropriate. It is difficult for us to assess the real estate tax, insurance and condominium carry's until we have a better understanding of the developers sales absorption assumptions. The construction interest at \$100,000 seems low if you assume \$5M loan at 60% expensed at any given time over one year at 6.5% = \$195,000. Most likely it will take more than a year to build and fill. If we look at the difference in purchase price, soft costs and hard costs, we have suggested that a higher land purchase price may be able to be obtained. This is a small development that may be able to be built in phases, and may be more likely to obtain financing than the larger developments. Especially in light of the fact that the temple and pharmacy will bear some of the costs and there is not a new construction price point on the market today.

<b>24 Unit Garden</b>	<b>Pro Forma</b>	<b>LDS Estimate</b>	<b>Difference</b>
<b>Sales Price</b>	<b>\$ 5,767,500</b>	<b>\$ 6,330,000</b>	<b>\$ (562,500)</b>
Site	\$ 460,000	\$ 600,000	\$ (140,000)
Construction	\$ 3,267,000	\$ 3,036,000	\$ 231,000
Off site	\$ 50,000	\$ 50,000	\$ -
Total	\$ 3,777,000	\$ 3,686,000	\$ 91,000
Contingency	\$ 75,540	\$ 184,300	\$ (108,760)
<b>Total Hard Costs</b>	<b>\$ 3,852,540</b>	<b>\$ 3,870,300</b>	<b>\$ (17,760)</b>
Construction Interest	\$ 100,000	\$ 195,000	\$ (95,000)
<b>Total Dif. Hard and Soft Costs</b>			<b>\$ (112,760)</b>
<b>Land Value</b>	<b>\$ 960,000</b>	<b>\$ 1,200,000</b>	<b>\$ (240,000)</b>

#### **36 Town House –Overall Analysis**

For the most part, the soft costs seem appropriate. It is difficult for us to assess the real estate tax, insurance and condominium carry's until we have a better understanding of the developers sales absorption assumptions. The construction interest at \$300,000 seems low if you assume \$5M loan at 60% expensed at any given time over one year at 6.5% = \$390,000. Most likely it will take more than a year to build and fill. If we look at the difference in purchase price, soft costs and hard costs, we have suggested that a higher land purchase price. Note we have included an additional 5% common area square footage on top of the 1,800 square foot living area. This would face similar issues with funding at this point and time.

<b>36 Unit Town House</b>	<b>Pro Forma</b>	<b>LDS Estimate</b>	<b>Difference</b>
<b>Sales Price</b>	<b>\$ 14,220,000</b>	<b>\$ 14,580,000</b>	<b>\$ (360,000)</b>
Site	\$ 1,570,000	\$ 900,000	\$ 670,000

Construction	\$ 7,128,000	\$ 7,484,400	\$ (356,400)
Off site	\$ 50,000	\$ 50,000	\$ -
Total	\$ 8,748,000	\$ 8,434,400	\$ 313,600
Contingency	\$ 174,960	\$ 421,720	\$ (246,760)
<b>Total Hard Costs</b>	<b>\$ 8,922,960</b>	<b>\$ 8,856,120</b>	<b>\$ 66,840</b>
Construction Interest	\$ 300,000	\$ 390,000	\$ (90,000)
<b>Total Dif. Hard and Soft Costs</b>			<b>\$ (23,160)</b>
<b>Land Value</b>	<b>\$ 1,875,000</b>	<b>\$ 2,232,000</b>	<b>\$ (357,000)</b>

## 72 Garden Style Condominiums –Overall Analysis

We have suggested decreases to the site work because the work will be spread over the cost of all the units. We have suggested increases in architectural, legal and construction interest. We have suggested decreases in the appraisal costs. If we look at the difference in purchase price, soft costs and hard costs, we have suggested a significantly higher land purchase price.

However, we caution that due to the size of this development, it is even less likely to get funded than the two smaller developments we have previously examined. In addition, due to building on the rises in the ledge, there will be a significant amount of disturbance to the surrounding community as well as possible unforeseen costs by the developer. It would be difficult to suggest that either a developer or a lender would consider this as a viable option at this point and time.

72 Unit Garden	Pro Forma	LDS Estimate	Difference
<b>Sales Price</b>	<b>\$ 16,605,000</b>	<b>\$ 18,180,000</b>	<b>\$ (1,575,000)</b>
Site	\$ 2,130,000	\$ 1,800,000	\$ 330,000
Construction	\$ 9,702,000	\$ 9,108,000	\$ 594,000
Off site	\$ 50,000	\$ 50,000	\$ -
Total	\$ 11,882,000	\$ 10,958,000	\$ 924,000
Contingency	\$ 237,640	\$ 547,900	\$ (310,260)
<b>Total Hard Costs</b>	<b>\$ 12,119,640</b>	<b>\$ 11,505,900</b>	<b>\$ 613,740</b>
Architect	\$ 320,000	\$ 500,000	\$ (180,000)
Legal	\$ 60,000	\$ 100,000	\$ (40,000)
Appraisel	\$ 30,000	\$ 15,000	\$ 15,000
Construction Interest	\$ 300,000	\$ 468,000	\$ (168,000)
<b>Total Dif. Hard and Soft Costs</b>			<b>\$ 240,740</b>
<b>Land Value</b>	<b>\$ 450,000</b>	<b>\$ 2,160,000</b>	<b>\$ (1,710,000)</b>

## Rental Apartment Analysis

We spoke to several providers of multi-family rental housing in the greater Boston area. They were all very interesting in evaluating the site in further detail should the developer be interested in meeting with them. Apartment developers refer to this location as an infill suburb. They were pretty unanimous in stating that in order to build out the site without underground

parking, the site would hold 80 units, however, their preference would be to build some underground parking and between 100-120 units in three-four story mid rise buildings. They liked the location because of its proximity to the T and its access to Boston and the distance to Route 128. In addition, because there are streets on 2 ¾ sides of the site, this would allow them to build into the slopes of the site.

They have suggested a land price in today's market of \$3,000,000 for 100 units, taking into account the difficulties of ledge etc. \$30,000 a unit is slightly low for a location within the Route 128 belt but a good ball park number nonetheless. According to deeds we reviewed that were recorded in the Middlesex South Registry of Deeds, Avalon paid \$10M in 2002 or \$34,000 per unit for Avalon Highlands, and \$13,500,000 or \$66,000 a unit in 2004 for Avalon Chestnut Hill. The sales comparables prepared by CBRE show five more recent sales in south shore communities from 2006-2007 averaging approximately \$34,500 a unit.

Rental apartments are one of the only types of real estate with funding options in today's economic environment. There are funding programs with HUD, Fannie and Freddie for rental apartments.

### **Chapter 40B and Rental Apartment Density**

Chapter 40B, which is sometimes referred to as the "anti-snob" zoning bylaw, was enacted by the State in 1969 to increase the supply and improve the regional distribution of low and moderate income housing by allowing a limited suspension of existing local regulations which are inconsistent with construction of such housing. The law basically states that each municipality that is subject to the States zoning regulations must have at least 10% of its residential housing units set aside for affordable housing. If it has not met the 10% threshold, then a developer can propose a project with an affordable component and bypass certain local zoning regulations.

The Massachusetts Department of Housing and Community Development ("DHCD") keeps track of each municipality's affordable units. The Town of Milton is approximately half way to meeting its 10% requirement. Over the past decade there have been significant changes to the law with regard to what type of units are counted, and how many units can be permitted and built per year. In addition, municipalities can create affordable housing plans and if they are implementing such plans, may be able to stay a developer proposing a 40B project. Some of the types of units that can be counted towards a towns 10% requirement include any rental units that have a regulatory agreement requiring, at a minimum, 20% of the units to be made available to households at or below 80% of the area median income. It also counts certain accessory apartments if they are deed restricted, and units that are subsidized by the Massachusetts Department of Retardation or Mental Health. In the event of a rental development, all units are counted, rather than just the affordable units. In contrast only the affordable units are counted in a for-sale project.

The density rule of thumb for 40B's is for 8-12 units per acre for home ownership units, and 40 units per acre for rental apartments. The densities vary depending on the location. For

example communities close to large cities will have higher densities, and more suburban communities will have lower densities. We took a small inventory of developments on approximately 4 acres of land in locations with similar proximities to Boston and note that the majority are close to, if not exceed, 40 units per acre.

Complex	Location	Units	Sq. Feet	Acres	Units/Acre	Type
Arborpoint	Newton	180	168,180	3.86	46.62	Rental
Avalon	Newton	294	350,000	8.03	36.59	Rental
Avalon	Chestnut Hill	204	203,954	4.68	43.57	Rental
Covenant	Chestnut Hill	57	63,822	1.47	38.90	Ownership
Rivers Edge	Medford	222	174,600	4.01	55.39	Rental
Parkside Commons	Chelsea	239	168,712	3.87	61.71	Rental
Oak Grove Village	Malden	550		15	36.67	Rental
Wellington Place	Medford	137	259,089	5.95	23.03	Rental

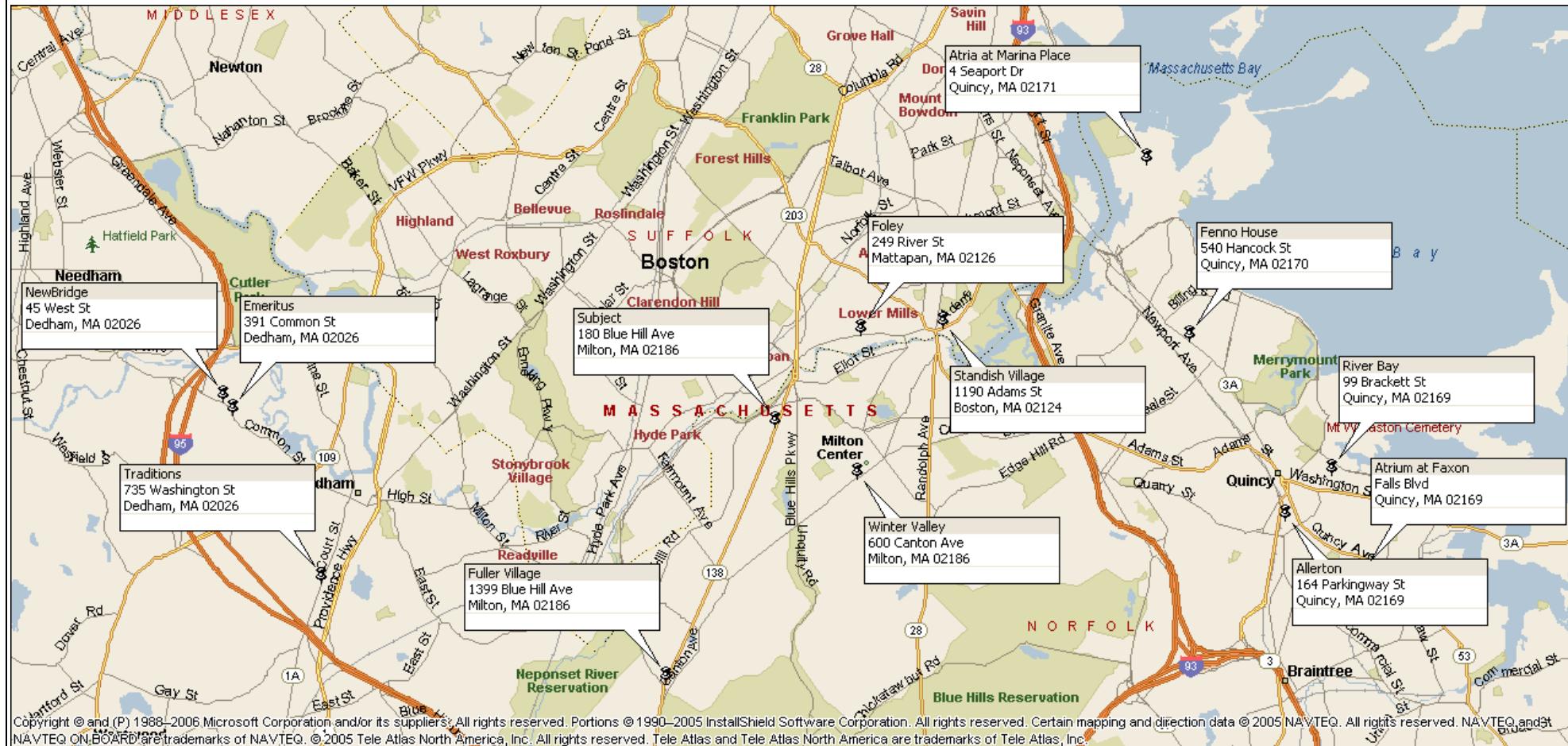
**Therefore, a 40B rental development with 80-120 units is a viable option at this time and may be also able to produce the purchase price the temple is seeking.**

### Senior Housing Options

We created an inventory of senior housing with an emphasis on assisted living in Milton and surrounding communities. Next, we contacted each facility and asked them about the amount of residents originating from Milton, the current occupancy and if the economy in the past year has affect their occupancy, and general pricing information. We looked at properties in a five mile radius, the primary market area, and a five to ten mile radius, the secondary market area. The next chart shows the information that we were able to obtain grouped by market area:

Name	Town	Area	AL	Rents	ALZ	Rents	IL	Rent/Buy In
Fuller Village	Milton	PMA	24	\$2,025+			296	\$165,000-\$500,000
Winter Valley	Milton	PMA	16	\$1,870 plus rent			144	1/3 Income
Foley Residences	Mattapan	PMA	49	\$883-\$3,350				
Standish Village	Dorchester	PMA	85	\$3,100-\$4,810	13	\$4,900-\$5,900		
<b>Total</b>			<b>150</b>		<b>13</b>		<b>144</b>	
Name	Town	Area	AL	Rents	ALZ	Rents	IL	Rent/Buy In
Allerton	Quincy	SMA	42	\$3,450-\$5,500				
Atria	N. Quincy	SMA	110	\$4,000-\$5,500	21	\$5,500-\$6,900		
Atrium at Faxon	Quincy	SMA			60	\$4,800-\$6,100		
River Bay	Quincy	SMA	130	\$1,965-\$4,400				
Fenno House	Quincy	SMA	39	\$2,780-\$3,100			112	
Traditions	Dedham	SMA	81	\$4,200-\$7,000	14	\$4,200-\$7,000		
Emeritus	Dedham	SMA	113	\$3,150-\$5,000	39	\$5,400-\$6,000		
NewBridge*	Dedham	SMA	51	\$6,300-\$7,000	40	\$7,600		
<b>Total</b>			<b>414</b>		<b>93</b>		<b>112</b>	

Note: In lease-up, opened July 23, 2009



Picture above is a map of the locations we examined and their proximity to the Temple site.

In our conversations, we learned that the facilities with lower rents, and targeted towards the low income and moderate income populations were experiencing the highest occupancy, and had not experienced any effects from the downturn in the economy in the past year. In turn, the facilities that were purpose built assisted living facilities, with higher monthly fees, had seen occupancy decrease 3%-5% in the past year. Of note, NewBridge on the Charles that opened last month, and which is part of a continuum of care campus, informed us that their occupancy is ahead of projections. We believe this may be due in part to the lack of Alzheimer's Care Assisted Living in the study area. The new NewBridge on the Charles Alzheimer's Care units essentially doubles the number of units in the study area. There are three facilities in Milton that offer senior housing and services. Although none are traditional assisted living, two facilities, Fuller Village and Winter Valley offer a continuum of care. Fuller Village offers both buy in and rental units for seniors. Residents are able to stay in their units, and receive supportive care on a contract basis. Winter Valley is an independent living rental facility for low and moderate income seniors, which has converted several floors to dedicated affordable assisted living.

Regarding the site, research has shown that the ideal size facility is in the 84 unit range; with a combination of traditional assisted living and special care or Alzheimer's care assisted living. The facilities are designed with services in the core, and the residential units in the wings. Therefore, most assisted living facilities are laid out on campuses of 6-10 acres of land. Buildings are three stories and contain 80,000 square feet. This is because although the residential units may be small, over 40% of buildings are common areas. A fair amount of parking is also required for both the employees and visitors to residents. Therefore, in order to fit a facility on the site, underground parking would be needed. It is expensive to build, and therefore it is rare to see an assisted living facility with underground parking.

Regarding location, assisted living developers like to locate facilities at the edge of major highways and on the edge of residential and retail. This location does not meet these basic criteria; however it is on a busy roadway and close to public transportation which is positive.

Regarding price, because assisted living facilities are so expensive to build and to operate, land values are low. I was involved with an 84 unit facility in Billerica on 7 acres that sold in November 2008 for approximately \$25,000 a unit. This would be the most I would expect to see in the near term given the current economic climate. There are also very few choices to fund assisted living other than HUD. So, if you assume you could fit 86 units on the site, and taking into account the site conditions, a purchase price may look like \$20,000 a unit or \$1,720,000. This amount is far below what the temple would need to re-build their facility. Therefore, assisted living does not appear to be a viable option at this time.

### **Conclusions**

Of the options presented, the pharmacy, residential, temple approach appears to be the most viable at this point in time. This is because the sale of the pharmacy land will essentially pay for the cost to build the temple. The residential development, which may happen at a later date,

will offer income to fund an operating reserve to keep the temple viable into the future. The relatively low price point of the residential units may be more attractive to lenders and potential purchasers.

Although not presented as an option, a multi-family rental development on the site is also a viable option at this point and time. This is because the land price will meet the financial needs of the temple, the location is attractive to developers, there is a zoning tool available to them with Chapter 40B, and there are funding options available today.

**Attachment 1 – Site Pictures**



**View of Temple From Site Street**

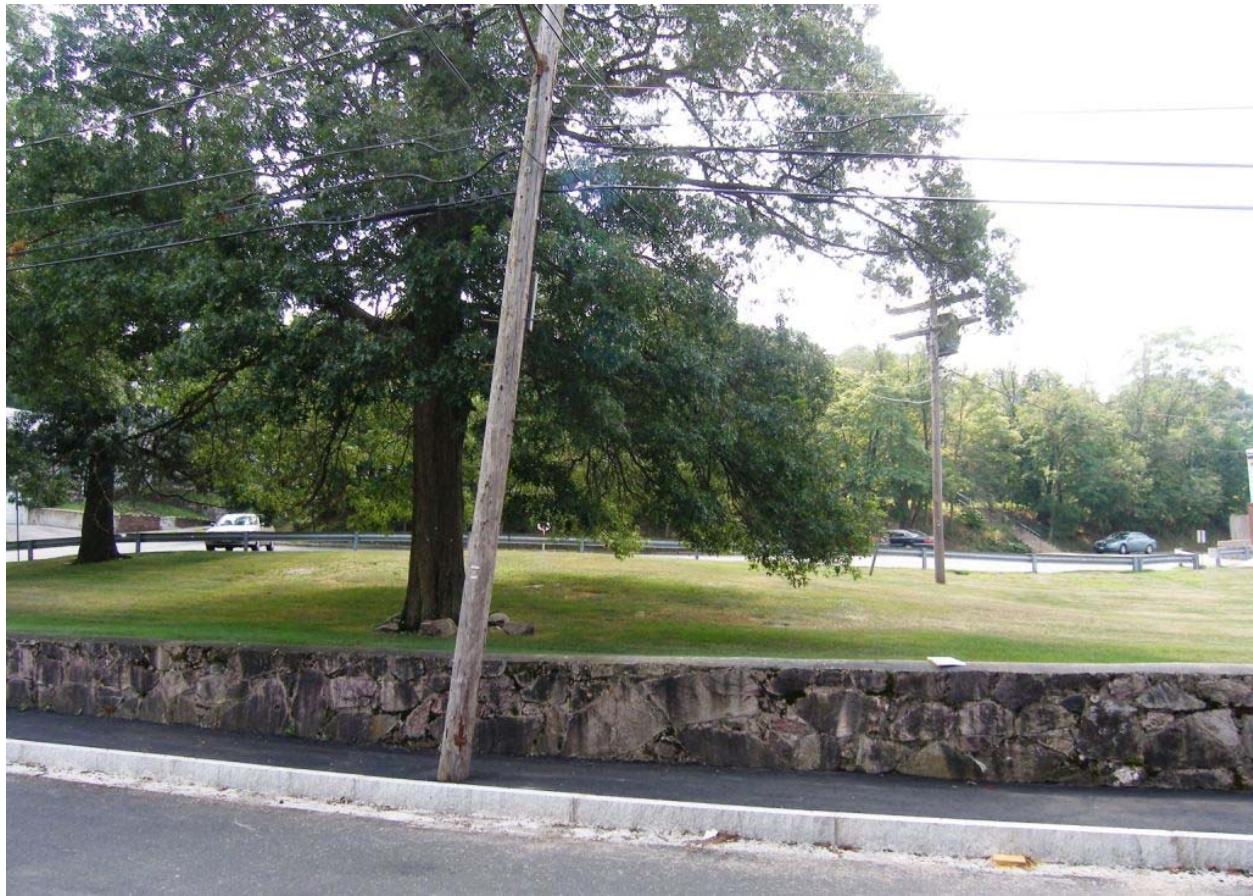
View of Temple from Top of Site Showing Grade



Top of site looking back to residential area



**View from site looking West**



. Back of Site

## Development Option

### Fact Sheet

**Scenario:** **Mixed Use**

**Pharmacy & Residential**

**Total GLA on Site:** 3 Units x 1,150 square feet each = 3,450 sf

21 Units x 1,250 square feet each = 26,250 sf

Pharmacy = 12,900

**Total 42,600 sf**

**Max Number of Floors:** 3 Floors

**Land Value:** \$3,405,000

**PHARMACY RESIDENTIAL**  
PROFORMA

PROJECT - TEMPLE PROJECT		#	UNIT SQ. FT	UNIT SALE PRICE
Pharmacy & Residential				
PHARMACY		1	12,900	\$ 7,350,000.00
AFFORDABLE RESIDENTIAL UNITS / GARDEN		3	1,150	\$ 172,500.00
MARKET RATE RESIDENTIAL UNITS / GARDEN		21	1,250	\$ 250,000.00
TOTAL UNITS		24		
PRELIMINARY CONSTRUCTION BUDGET				
DEVELOPMENT ITEM		UNIT	TOTAL COST	PER UNIT COSTS
RESIDENTIAL LAND ACQUISITION			\$ 960,000.00	\$ 40,000.00
RETAIL LAND ACQUISITION			\$ 2,445,000.00	
TOTAL LAND ACQUISITION			\$ 3,405,000.00	
HARD COSTS				
DEMOLITION			\$ 150,000.00	\$ 6,250.00
SITE COSTS / UTILITIES			\$ 300,000.00	\$ 12,500.00
SPECIAL CONDITIONS / LEDGE REMOVAL			\$ 1,200,000.00	\$ 50,000.00
PARKING LOT CONSTRUCTION			\$ 450,000.00	\$ 18,750.00
LANDSCAPE / HARDSCAPE			\$ 180,000.00	\$ 7,500.00
RESIDENTIAL CONSTRUCTION COST	\$ 12900	\$ 110	\$ 2,887,500.00	\$ 137,500.00
PHARMACY CONSTRUCTION COST		\$ 140	\$ 1,806,000.00	
MITIGATION FUNDS / OFF-SITE IMPROVEMENTS			\$ 50,000.00	\$ 2,083.33
SUBTOTAL / HARD COSTS			\$ 6,873,500.00	\$ 286,395.83
HARD COST CONTINGENCY		2%	\$ 137,470.00	\$ 5,727.92
TOTAL HARD COSTS			\$ 10,415,970.00	\$ 433,998.75
SOFT COSTS				
ARCHITECTURAL / STRUCTURAL / MECHANICAL			\$ 195,000.00	\$ 8,125.00
ENGINEERING / CIVIL / GEOTECH			\$ 180,000.00	\$ 7,500.00
LEGAL			\$ 260,000.00	\$ 10,833.33
BUILDING PERMIT / SEWER & WATER FEES			\$ 200,000.00	\$ 8,333.33
SECURITY			\$ 36,000.00	\$ 1,500.00
INSURANCE			\$ 10,000.00	\$ 416.67
APPRAISAL			\$ 10,000.00	\$ 416.67
PROJECT MANAGEMENT			\$	
PROPERTY TAXES			\$ 50,000.00	\$ 2,083.33
APPLICATION/FINANCING FEES/POINTS			\$ 50,000.00	\$ 2,083.33
CONSTRUCTION INTEREST (Financing)			\$ 300,000.00	\$ 12,500.00
ACCOUNTING			\$	
CONDOMINIUM FEE (Developer)			\$ 10,000.00	\$ 416.67
UTILITIES			\$ 15,000.00	\$ 625.00
MARKETING / COMMISSIONS	2.5%		\$ 131,250.00	\$ 5,468.75
SUBTOTAL / SOFT COSTS			\$ 1,447,250.00	\$ 60,302.08
SOFT COST CONTINGENCY	2%		\$ 28,945.00	\$ 1,206.04
TOTAL SOFT COSTS			\$ 1,476,195.00	\$ 61,508.13
TOTAL DEVELOPMENT COSTS			\$ 11,892,165.00	\$ 495,506.88
PROJECTED EXPENSES / REVENUE / NET PROFITS				
GROSS REVENUE				
AFFORDABLE RESIDENTIAL UNITS			\$ 517,500.00	
MARKET RATE UNITS			\$ 5,250,000.00	
TOTAL REVENUE			\$ 5,767,500.00	
PROJECTED NET PROFITS			\$ (6,124,665.00)	
NET RETURN AS % OF DEVELOPMENT COSTS		-51.50%		
Total Debt after Residential Sales			\$ 6,124,665.00	

**PHARMACY RESIDENTIAL**  
PROFORMA

**Revenues from Rent**

RESIDENTIAL Income	21	\$ 1,800	\$ 37,800
PHARMACY Income	1	\$42.52	
			<hr/> \$ 548,508

**Financing Cost**

Debt service	6.0%	25	\$ 358,498
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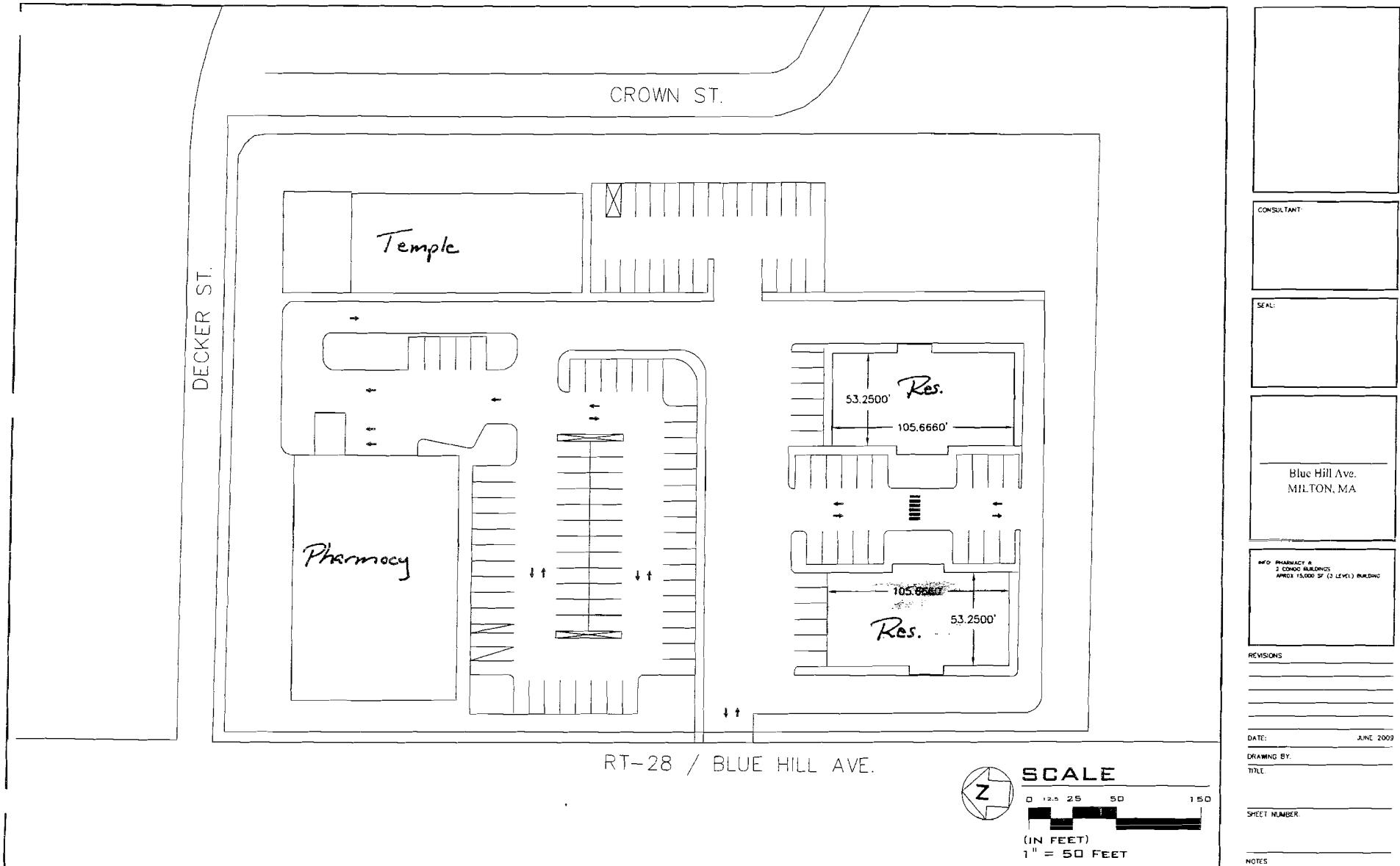
**Cash Flow After Debt Service**

DSCR Capitalization Analysis			
Potential Income		\$ 548,508	
Vacancy	4%	\$21,940	
Management	4.00%	\$21,940	
Reserve	\$250.00	\$7,830	
Net Income		\$ 496,797	
Value Cap	7.50%	\$6,623,965	
Mort LTV TARGET 65%	70.00%	\$4,636,775	
Project Cost		\$ 6,124,665	
Cash in ++++++	24.29%	\$ 1,487,890	
cash on Cash Return		12.77%	2445000

# CONDOMINIUM SALES

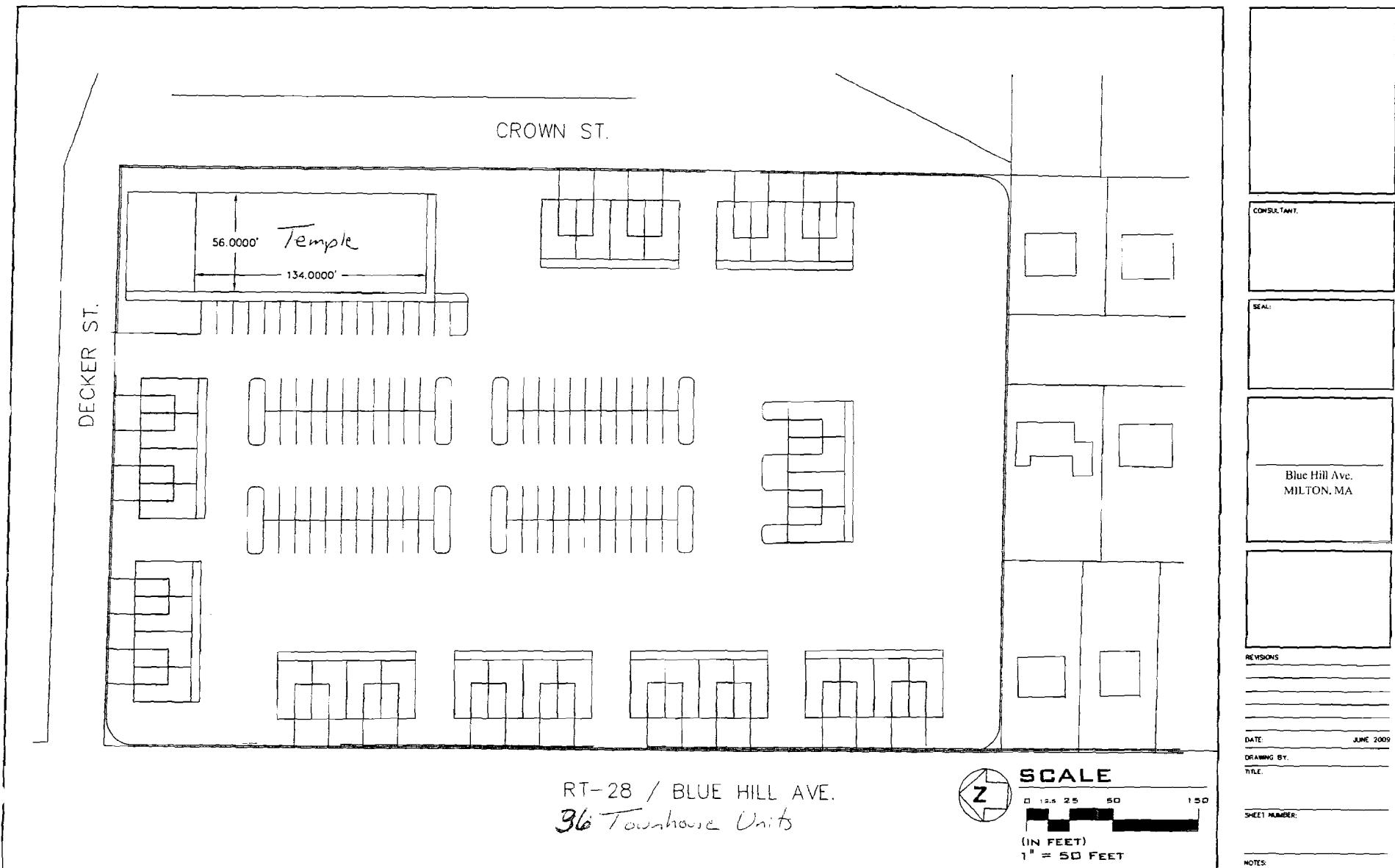
PROFORMA

PROJECT - TEMPLE PROJECT / 2 BUILDINGS			
DEVELOPMENT CONCEPT / GARDEN STYLE	#	UNIT SQ. FT	UNIT SALE PRICE
AFFORDABLE RESIDENTIAL UNITS / GARDEN	3	1,150	\$ 172,500.00
MARKET RATE RESIDENTIAL UNITS / GARDEN	21	1,250	\$ 275,000.00
TOTAL UNITS	24		
PRELIMINARY CONSTRUCTION BUDGET			
DEVELOPMENT ITEM	UNIT	TOTAL COST	PER UNIT COSTS
LAND ACQUISITION		\$ 960,000.00	\$ 40,000.00
<b>HARD COSTS</b>			
DEMOLITION		\$ -	\$ -
SITE COSTS / UTILITIES		\$ 100,000.00	\$ 4,166.67
SPECIAL CONDITIONS / LEDGE REMOVAL		\$ 200,000.00	\$ 8,333.33
PARKING LOT CONSTRUCTION		\$ 100,000.00	\$ 4,166.67
LANDSCAPE / HARDCAPE		\$ 60,000.00	\$ 2,500.00
RESIDENTIAL CONSTRUCTION COST	\$ 110	\$ 3,267,000.00	\$ 136,125.00
MITIGATION FUNDS / OFF-SITE IMPROVEMENTS		\$ 50,000.00	\$ 2,083.33
SUBTOTAL / HARD COSTS		\$ 3,777,000.00	\$ 157,375.00
HARD COST CONTINGENCY	2%	\$ 75,540.00	\$ 3,147.50
<b>TOTAL HARD COSTS</b>		\$ 4,812,540.00	\$ 200,522.50
<b>SOFT COSTS</b>			
ARCHITECTURAL / STRUCTURAL / MECHANICAL		\$ 110,000.00	\$ 4,583.33
ENGINEERING / CIVIL / GEOTECH		\$ 60,000.00	\$ 2,500.00
LEGAL		\$ 20,000.00	\$ 833.33
BUILDING PERMIT / SEWER & WATER FEES		\$ 125,000.00	\$ 5,208.33
SECURITY		\$ 12,500.00	\$ 520.83
INSURANCE		\$ 15,000.00	\$ 625.00
APPRaisal		\$ 10,000.00	\$ 416.67
PROJECT MANAGEMENT		\$ -	\$ -
PROPERTY TAXES		\$ 60,000.00	\$ 2,500.00
APPLICATION/FINANCING FEES/POINTS		\$ 50,000.00	\$ 2,083.33
CONSTRUCTION INTEREST (Financing)		\$ 100,000.00	\$ 4,166.67
ACCOUNTING		\$ 25,000.00	\$ 1,041.67
CONDOMINIUM FEE (Developer)		\$ 25,000.00	\$ 1,041.67
UTILITIES		\$ 15,000.00	\$ 625.00
MARKETING / COMMISSIONS	2.5%	\$ 144,375.00	\$ 6,015.63
SUBTOTAL / SOFT COSTS		\$ 771,875.00	\$ 32,161.46
SOFT COST CONTINGENCY	2%	\$ 15,437.50	\$ 643.23
<b>TOTAL SOFT COSTS</b>		\$ 787,312.50	\$ 32,804.69
<b>TOTAL DEVELOPMENT COSTS</b>		\$ 5,599,852.50	\$ 233,327.19
<b>PROJECTED EXPENSES / REVENUE / NET PROFITS</b>			
<b>GROSS REVENUE</b>			
AFFORDABLE UNITS		\$ 517,500.00	
MARKET RATE UNITS		\$ 5,775,000.00	
TOTAL REVENUE		\$ 6,292,500.00	
<b>PROJECTED NET PROFITS</b>			
<b>NET RETURN AS % OF DEVELOPMENT COSTS</b>	12%	\$ 692,647.50	



**TOWNHOUSES: 36 Unit**  
**PROFORMA**

PROJECT - TEMPLE PROJECT / 9 BUILDINGS					
DEVELOPMENT CONCEPT / Townhouses	#	UNIT SQ. FT	UNIT SALE PRICE		
RESIDENTIAL UNITS (100%)	36	1,800	\$ 395,000.00		
TOTAL UNITS	36	64,800.00			
PRELIMINARY CONSTRUCTION BUDGET					
DEVELOPMENT ITEM	%	UNIT	TOTAL COST	PER UNIT COSTS	% of TOTAL COST
LAND ACQUISITION			\$ 1,875,000.00	\$ 52,083.33	
<b>HARD COSTS</b>					
DEMOLITION			\$ 150,000.00	\$ 4,166.67	1.2%
SITE COSTS / UTILITIES			\$ 300,000.00	\$ 8,333.33	2.4%
SPECIAL CONDITIONS / LEDGE REMOVAL			\$ 700,000.00	\$ 19,444.44	5.5%
PARKING LOT CONSTRUCTION			\$ 450,000.00	\$ 12,500.00	3.5%
LANDSCAPE / HARDSCAPE			\$ 120,000.00	\$ 3,333.33	0.9%
RESIDENTIAL CONSTRUCTION COST			\$ 7,128,000.00	\$ 198,000.00	56.2%
MITIGATION FUNDS / OFF-SITE IMPROVEMENTS			\$ 50,000.00	\$ 1,388.89	0.4%
SUBTOTAL / HARD COSTS			\$ 8,748,000.00	\$ 243,000.00	68.9%
HARD COST CONTINGENCY	2%		\$ 174,960.00	\$ 4,860.00	1.4%
<b>TOTAL HARD COSTS</b>			\$ 10,797,960.00	\$ 299,943.33	85.1%
<b>SOFT COSTS</b>					
ARCHITECTURAL / STRUCTURAL / MECHANICAL			\$ 200,000.00	\$ 5,555.56	1.6%
ENGINEERING / CIVIL / GEOTECH			\$ 120,000.00	\$ 3,333.33	0.9%
LEGAL			\$ 60,000.00	\$ 1,666.67	0.5%
BUILDING PERMIT / SEWER & WATER FEES			\$ 187,499.88	\$ 5,208.33	1.5%
SECURITY			\$ 36,000.00	\$ 1,000.00	0.3%
INSURANCE			\$ 45,000.00	\$ 1,250.00	0.4%
APPRAISAL			\$ 30,000.00	\$ 833.33	0.2%
PROJECT MANAGEMENT			\$ 180,000.00	\$ 5,000.00	1.4%
PROPERTY TAXES			\$ 150,000.00	\$ 4,166.67	1.2%
APPLICATION/FINANCING FEES/POINTS			\$ 300,000.00	\$ 8,333.33	2.4%
CONSTRUCTION INTEREST (Financing)			\$ 75,000.00	\$ 2,083.33	0.6%
ACCOUNTING			\$ 75,000.00	\$ 2,083.33	0.6%
CONDOMINIUM FEE (Developer)			\$ 45,000.00	\$ 1,250.00	0.4%
UTILITIES			\$ 355,500.00	\$ 9,875.00	2.8%
MARKETING / COMMISSIONS	2.5%		\$ 1,858,999.88	\$ 51,638.89	14.6%
SUBTOTAL / SOFT COSTS			\$ 37,180.00	\$ 1,032.78	0.3%
SOFT COST CONTINGENCY	2%				
<b>TOTAL SOFT COSTS</b>			\$ 29.26	\$ 1,896,179.88	\$ 52,671.66
<b>TOTAL DEVELOPMENT COSTS</b>			\$ 195.90	\$ 12,694,139.88	\$ 352,615.00
<b>PROJECTED EXPENSES / REVENUE / NET PROFITS</b>					100.0%
GROSS REVENUE					
			\$ 219.44	\$ 14,220,000.00	
MARKET RATE UNITS			\$ 219.44	\$ 14,220,000.00	
TOTAL REVENUE					
PROJECTED NET PROFITS				\$ 1,525,860.12	
NET RETURN AS % OF DEVELOPMENT COSTS			12.0%		



Development Option

Fact Sheet

**Scenario:** **100% Residential**

**Garden Style**

**Condominium Units – 40B**

Total GLA on Site: 18 Units x 1,150 square feet each = 20,700 sf

54 Units x 1,250 square feet each = 67,500 sf

**Total 88,200 sf**

**Max Number of Floors:** **3 Floors**

**Land Value:** **\$450,000**

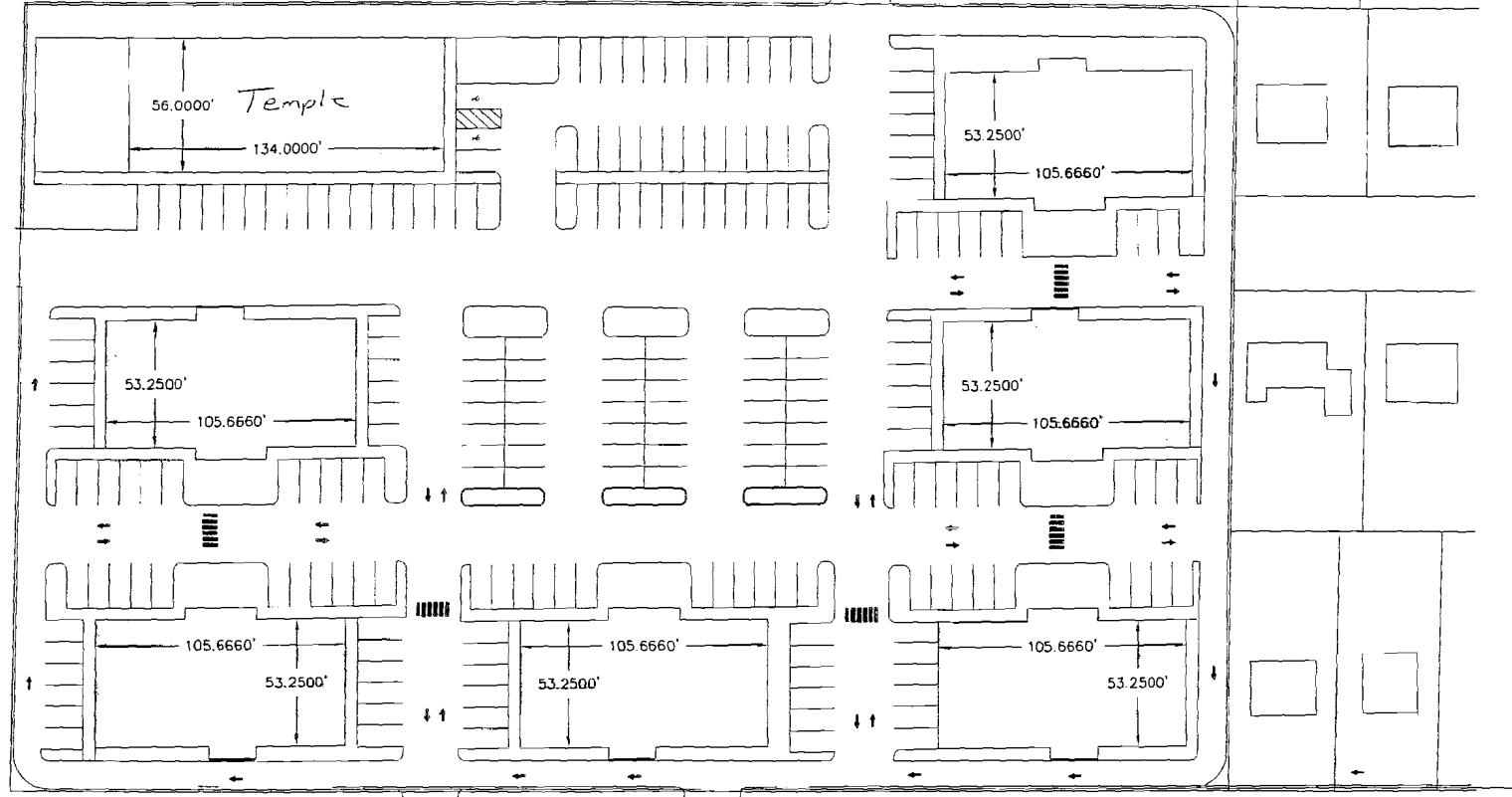
**40B CONDOMINUM: 72 Unit  
PROFORMA**

PROJECT - TEMPLE PROJECT / 6 BUILDINGS			
DEVELOPMENT CONCEPT / GARDEN STYLE	#	UNIT SQ. FT	UNIT SALE PRICE
AFFORDABLE RESIDENTIAL UNITS (25%)	18	1,150	\$ 172,500.00
MARKET RATE RESIDENTIAL UNITS (75%)	54	1,250	\$ 250,000.00
TOTAL UNITS	72		
PRELIMINARY CONSTRUCTION BUDGET			
DEVELOPMENT ITEM	UNIT	TOTAL COST	PER UNIT COSTS
LAND ACQUISITION		\$ 450,000.00	\$ 6,250.00
HARD COSTS			
DEMOLITION		\$ 150,000.00	\$ 2,083.33
SITE COSTS / UTILITIES		\$ 300,000.00	\$ 4,166.67
SPECIAL CONDITIONS / LEDGE REMOVAL		\$ 1,200,000.00	\$ 16,666.67
PARKING LOT CONSTRUCTION		\$ 450,000.00	\$ 6,250.00
LANDSCAPE / HARDSCAPE		\$ 180,000.00	\$ 2,500.00
RESIDENTIAL CONSTRUCTION COST	\$ 110	\$ 9,702,000.00	\$ 134,750.00
MITIGATION FUNDS / OFF-SITE IMPROVEMENTS		\$ 50,000.00	\$ 694.44
SUBTOTAL / HARD COSTS		\$ 11,882,000.00	\$ 165,027.78
HARD COST CONTINGENCY	2%	\$ 237,640.00	\$ 3,300.56
TOTAL HARD COSTS		\$ 12,569,640.00	\$ 174,578.33
SOFT COSTS			
ARCHITECTURAL / STRUCTURAL / MECHANICAL		\$ 320,000.00	\$ 4,444.44
ENGINEERING / CIVIL / GEOTECH		\$ 180,000.00	\$ 2,500.00
LEGAL		\$ 60,000.00	\$ 833.33
BUILDING PERMIT / SEWER & WATER FEES		\$ 375,000.00	\$ 5,208.33
SECURITY		\$ 36,000.00	\$ 500.00
INSURANCE		\$ 45,000.00	\$ 625.00
APPRAISAL		\$ 30,000.00	\$ 416.67
PROJECT MANAGEMENT		\$ -	\$ -
PROPERTY TAXES		\$ 180,000.00	\$ 2,500.00
APPLICATION/FINANCING FEES/POINTS		\$ 150,000.00	\$ 2,083.33
CONSTRUCTION INTEREST (Financing)		\$ 300,000.00	\$ 4,166.67
ACCOUNTING		\$ 75,000.00	\$ 1,041.67
CONDOMINIUM FEE (Developer)		\$ 75,000.00	\$ 1,041.67
UTILITIES		\$ 45,000.00	\$ 625.00
MARKETING / COMMISSIONS	2.5%	\$ 337,500.00	\$ 4,687.50
SUBTOTAL / SOFT COSTS		\$ 2,208,500.00	\$ 30,673.61
SOFT COST CONTINGENCY	2%	\$ 44,170.00	\$ 613.47
TOTAL SOFT COSTS		\$ 2,252,670.00	\$ 31,287.08
TOTAL DEVELOPMENT COSTS		\$ 14,822,310.00	\$ 205,865.42
PROJECTED EXPENSES / REVENUE / NET PROFITS			
GROSS REVENUE			
AFFORDABLE UNITS		\$ 3,105,000.00	
MARKET RATE UNITS		\$ 13,500,000.00	
TOTAL REVENUE		\$ 16,605,000.00	
PROJECTED NET PROFITS		\$ 1,782,690.00	
NET RETURN AS % OF DEVELOPMENT COSTS	12.0%		

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clo to full sell out

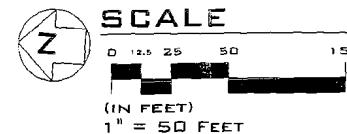
DECKER ST.

CROWN ST.



RT-28 / BLUE HILL AVE.

72 Garden Style Condos  
12 units/bldg



CONSULTANT
SEAL
Blue Hill Ave. MILTON, MA
INFO: 6 GARDEN STYLE CONDO BUILDINGS APPROX 1,000 SF PER UNIT APPROX 15,000 SF (3 LEVEL) BUILDING
REVISIONS
DATE: JUNE 2009
DRAWING BY:
TITLE:
SHEET NUMBER
NOTES

**PHARMACY w/ RETAIL**  
PROFORMA

PROJECT - TEMPLE PROJECT		#	UNIT SQ. FT			
Pharmacy & Retail						
PHARMACY		1	12,900			
RETAIL		1	20,000			
TOTAL		2	32,900			
<b>PRELIMINARY CONSTRUCTION BUDGET</b>						
DEVELOPMENT ITEM	%	PSF	TOTAL COST	PER UNIT COSTS	% of TOTAL COST	
TOTAL LAND ACQUISITION			\$ 4,000,000.00		34.7%	
<b>HARD COSTS</b>						
DEMOLITION			\$ 150,000.00	\$ 75,000.00	1.3%	
SITE COSTS / UTILITIES		\$9.12	\$ 300,000.00	\$ 150,000.00	2.6%	
SPECIAL CONDITIONS / LEDGE REMOVAL		\$36.47	\$ 1,200,000.00	\$ 600,000.00	10.4%	
PARKING LOT CONSTRUCTION		\$13.68	\$ 450,000.00	\$ 225,000.00	3.9%	
LANDSCAPE / HARDSCAPE		\$5.47	\$ 180,000.00	\$ 90,000.00	1.6%	
RETAIL CONSTRUCTION COST		\$95.00	\$ 1,900,000.00	\$ 1,900,000.00	16.5%	
PHARMACY CONSTRUCTION COST		\$140.00	\$ 1,806,000.00	\$ 21.91	15.7%	
MITIGATION FUNDS / OFF-SITE IMPROVEMENTS		\$1.52	\$ 50,000.00	\$ 25,000.00	0.4%	
SUBTOTAL / HARD COSTS		\$183.47	\$ 6,036,000.00	\$ 3,018,000.00	52.3%	
HARD COST CONTINGENCY	2%		\$ 120,720.00	\$ 60,360.00	1.0%	
<b>TOTAL HARD COSTS</b>		\$308.71	\$ 10,156,720.00	\$ 5,078,360.00	88.0%	
<b>SOFT COSTS</b>						
ARCHITECTURAL / STRUCTURAL / MECHANICAL		\$5.93	\$ 195,000.00	\$ 97,500.00	1.7%	
ENGINEERING / CIVIL / GEOTECH		\$5.47	\$ 180,000.00	\$ 90,000.00	1.6%	
LEGAL		\$7.90	\$ 260,000.00	\$ 130,000.00	2.3%	
BUILDING PERMIT / SEWER & WATER FEES		\$6.08	\$ 200,000.00	\$ 100,000.00	1.7%	
SECURITY		\$1.09	\$ 36,000.00	\$ 18,000.00	0.3%	
INSURANCE		\$0.30	\$ 10,000.00	\$ 5,000.00	0.1%	
APPRaisal		\$0.30	\$ 10,000.00	\$ 5,000.00	0.1%	
PROJECT MANAGEMENT		\$0.00	\$ -	\$ -	0.0%	
PROPERTY TAXES		\$1.52	\$ 50,000.00	\$ 25,000.00	0.4%	
APPLICATION/FINANCING FEES/POINTS		\$2.28	\$ 75,000.00	\$ 37,500.00	0.6%	
CONSTRUCTION INTEREST (Financing)		\$9.12	\$ 300,000.00	\$ 150,000.00	2.6%	
ACCOUNTING		\$0.76	\$ 25,000.00	\$ 12,500.00	0.2%	
CONDOMINIUM FEE (Developer)						
UTILITIES		\$0.46	\$ 15,000.00	\$ 7,500.00	0.1%	
MARKETING / COMMISSIONS	2.5%		\$ -	\$ -	0.0%	
<b>SUBTOTAL / SOFT COSTS</b>		\$41.22	\$ 1,356,000.00	\$ 678,000.00	11.8%	
SOFT COST CONTINGENCY	2%		\$ 27,120.00	\$ 13,560.00	0.2%	
<b>TOTAL SOFT COSTS</b>		\$42.04	\$ 1,383,120.00	\$ 691,560.00	12.0%	
<b>TOTAL DEVELOPMENT COSTS</b>		\$350.76	\$ 11,539,840.00	\$ 5,769,920.00	100.0%	

Revenues from Rent

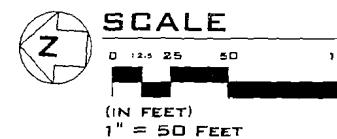
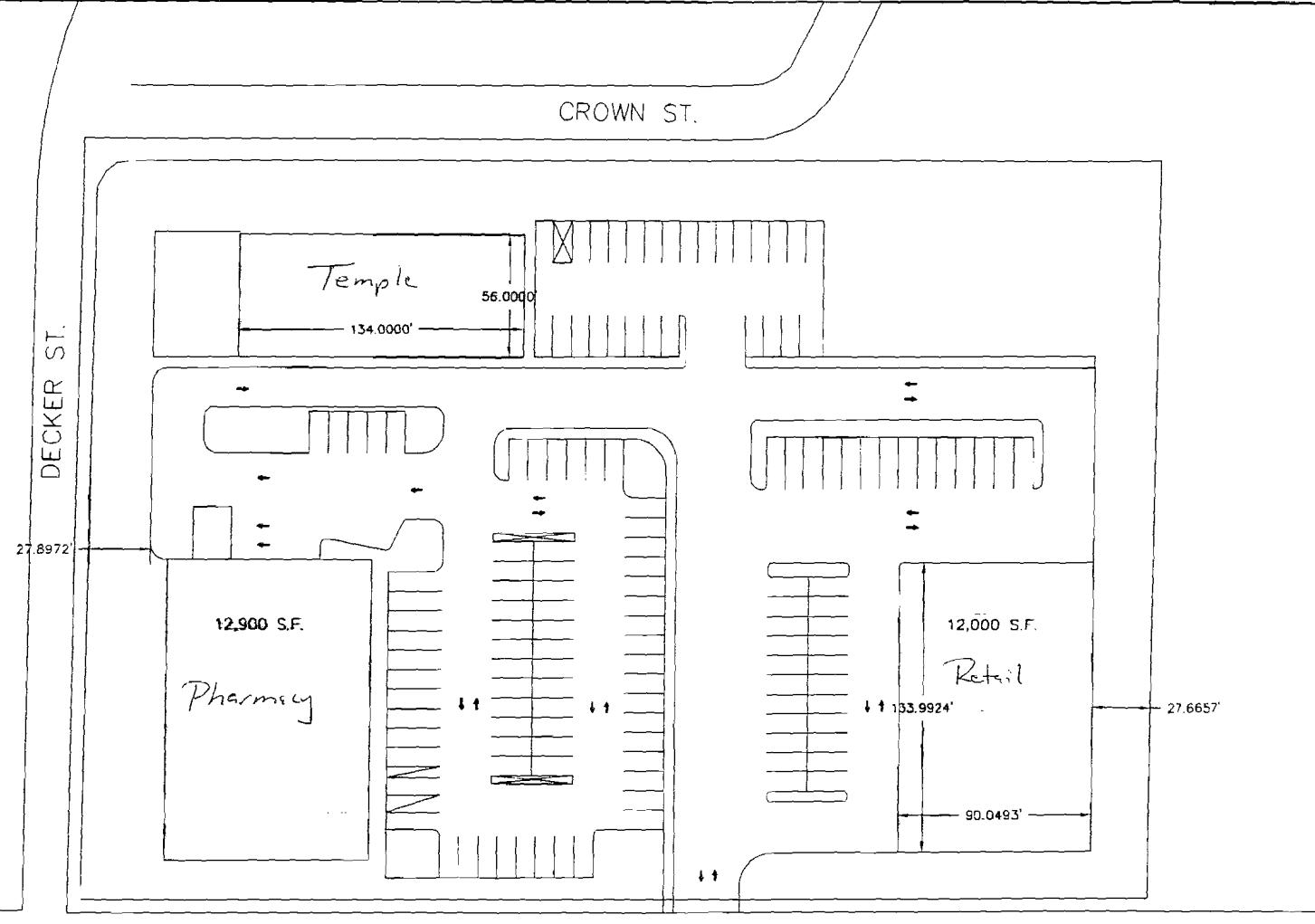
RETAIL RENT Income	1	20,000	
PHARMACY Income	1	12,900	
			\$ 928,508

Financing Cost

Debt service 5.5% 30 \$ 572,053

Cash Flow After Debt Service \$ 356,455

Direct Capitalization Analysis			
Potential Income		\$ 928,508	
Vacancy	4%	\$37,140	
Management	4.00%	\$37,140	
Reserve	\$0.10	\$3,290	
<b>Net Income</b>		\$ 850,937	
Value Cap	7.50%	\$11,345,831	
Mort LTV	74.00%	\$8,395,915	
Project Cost		\$ 11,539,840	
Cash in ++++++ ++++++ ++++++ ++++++	27.24%	\$ 3,143,925	
Cash on Cash Return		11.3%	



CONSULTANT:

SEAL:

Blue Hill Ave.  
MILTON, MA

REVISIONS

DATE: JUNE 2009

DRAWING BY:

TITLE:

NOTE NUMBER:

NOTES