
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

Deliverables

Final Report
Code Review
Architectural

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'*
-

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
-

Soft Code Compliance Costs			Cost/SF		Total Cost
Development Expense					
	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
Construction Cost					\$2,666,169
	Soft Costs (Engineering, Architect, Legal)			10.00%	\$266,617
	Developer's Profit & Overhead			10.00%	\$266,617
	Construction Contingency			15.00%	\$399,925
Total Cost to Bring to Code Compliance			\$83.31		\$3,600,000

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

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
-

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
Total Cost to Develop School			\$391	\$16,900,000

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
Construction Cost				\$4,178,519
	Soft Costs (Engineering, Architect, Legal)		10.00%	\$417,852
	Developer's Profit & Overhead		10.00%	\$417,852
	Construction Contingency		10.00%	\$417,852
Total Cost to Develop Municipal Office - Full Scope			\$124.97	\$5,400,000

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
Construction Cost				\$3,671,019
	Soft Costs (Engineering, Architect, Legal)		10.00%	\$367,102
	Developer's Profit & Overhead		10.00%	\$367,102
	Construction Contingency		10.00%	\$367,102
Total Cost to Develop Municipal Office - Limited Scope			\$167.19	\$4,800,000

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
Total Cost to Develop Condominiums			\$195	\$8,425,950
<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
Net Income				(\$2,100,000)

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>
Residential Income					
24	One-Bedroom Units		\$1,500	\$432,000	\$18,000
Potential Gross Residential Income				\$432,000	\$18,000
Residential Vacancy & Collection Loss			5.0%	\$21,600	\$900
Effective Gross Income				\$453,600	\$18,900
Operating Expenses					
Operating Expenses				\$156,000	\$6,500
Total operating expenses				\$156,000	\$6,500
Replacement Reserve				\$6,000	\$250
Net Operating Income				\$291,600	\$12,150
Capitalization Rate					6.50%
Implied Capitalized Value				\$4,486,154	

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

Multifamily Housing - 24 Units w/in Existing Envelope		
<i>LIHTC Development Proforma</i>		
Sources		
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
Total Sources		\$8,370,450
Uses		
Acquisition Basis - Land		\$250,000
Direct Construction Costs		\$8,425,019
Site Work & Remediation		\$500,000
Total Uses		\$9,175,019
Net Difference		(\$804,569)

Multifamily Housing - RENTAL

Multifamily Housing - 100 Units w/Large Addition to Rear		
<i>LIHTC Development Proforma</i>		
Sources		
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
Total Sources		\$18,787,854
Uses		
Acquisition Basis - Land		\$250,000
Direct Construction Costs		\$17,099,063
Demolition Costs - Addition		\$244,980
Site Work & Remediation		\$850,000
Total Uses		\$18,444,043
Net Difference		\$343,811

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

Multifamily Housing - 24 Units w/in Existing Envelope		
<i>LIHTC Development Proforma</i>		
Sources		
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
Total Sources		\$7,384,723
Uses		
Acquisition Basis - Land		\$250,000
Direct Construction Costs		\$8,425,019
Site Work & Remediation		\$500,000
Total Uses		\$9,175,019
Net Difference		(\$1,790,296)

Multifamily Housing - CURRENT

Multifamily Housing - 100 Units w/Large Addition to Rear

LIHTC Development Proforma

Sources		
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
Total Sources		\$16,787,264
Uses		
Acquisition Basis - Land		\$250,000
Direct Construction Costs		\$17,099,063
Demolition Costs - Addition		\$244,980
Site Work & Remediation		\$850,000
Total Uses		\$18,444,043
Net Difference		(\$1,656,779)

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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Commercial Office/Retail Use	SF	Cost/SF	Total Cost
<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
Total Cost to Develop Commercial Office/Retail		\$163	\$7,021,625
<i>Capitalized Rental Revenue</i>			
Income			
Annual Office/Retail Rents (NNN)	43,210	\$10.00	\$432,100
Gross Potential Income			\$432,100
Vacancy Allowance		20.00%	(\$86,420)
Effective Gross Income			\$345,680
Operating Expenses			
Management Fee		5.00%	\$17,284
Legal Fees/Auditing/Accounting			\$10,000
Other Insurance		0.50%	\$2,161
Contingency Reserve		2.50%	\$10,803
Total Operating Expenses			\$40,247
Net Operating Income			\$305,433
Capitalized Value		10.00%	\$3,054,330
Net Income			(\$4,000,000)

Commercial Office/Retail Use	SF	Cost/SF	Total Cost
<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
Total Cost to Develop Commercial Office/Retail		\$163	\$4,665,375
<i>Capitalized Rental Revenue</i>			
Income			
Annual Office/Retail Rents (NNN)	28,710	\$10.00	\$287,100
Gross Potential Income			\$287,100
Vacancy Allowance		20.00%	(\$57,420)
Effective Gross Income			\$229,680
Operating Expenses			
Management Fee		5.00%	\$11,484
Legal Fees/Auditing/Accounting			\$10,000
Other Insurance		0.50%	\$1,436
Contingency Reserve		2.50%	\$7,178
Total Operating Expenses			\$30,097
Net Operating Income			\$199,583
Capitalized Value		10.00%	\$1,995,830
Net Income			(\$2,700,000)

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)

**VARIABLE AND UNCERTAIN*

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
-

Demolition Scenario

Feasibility Cost Analysis				
Demolition Scenario		SF	Cost/SF	Total Cost
<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
Total Demolition Cost				\$745,000

Demolition Scenario

Single Family Sales Scenario		Lots	Price/Lot	Total Income
<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
Subtotal Sales				\$760,000
<i>Single Family Sales Expenses</i>				
Brokerage Commission/Marketing			5.00%	\$38,000
Demolition Cost				\$745,000
Net Income				(\$23,000)

Status Quo

Mothball

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

Control
Disposition
Financing

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

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
