

Salem Superior Courthouse & County Commissioners Building **Feasibility of Real Estate Options** **2012 Update**



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Massachusetts Division of Capital Asset Management

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1. INTRODUCTION & EXECUTIVE SUMMARY

As a result of the decision to consolidate, update and expand courthouse functions in Salem into a new facility – the J. Michael Ruane Judicial Center (opened in 2011) – the historic Salem Superior Court Building (1861-91) and Essex County Commissioners Building (1841), located at 32-34 Federal Street in Salem, will become surplus. A study was commissioned by the Division of Capital Asset Management (DCAM) in 2008 order to evaluate the likely feasibility of reusing those two buildings, and analyze various broad re-use options to determine the implications for these historic buildings. **This report updates the 2008 Study.**

The information provided in this report will first be utilized in soliciting potential State or other governmental uses and, if that is not successful, preparing a Request For Proposals (RFP) in order to offer the property to private parties or institutions.

The findings of this study show that redevelopment of the two buildings could work physically for a number of uses, including office, institutional and residential. The initial development schemes developed in 2008 still do not work financially; however new schemes incorporating apartment, office, and institutional uses do have the potential to financially.

1-A Study Methodology

For the purposes of executing this study, existing information and reports on the buildings were collected and reviewed, and the property was toured with a preservation architect (Bruner/Cott and Associates) and structural engineer (Structures North) specializing in the re-use of historic buildings. The consultant team, including an historic preservation consultant (Overlook Associates), considered the key defining features that needed to be retained to allow National Park Service (NPS) certification for tax credits as well as those elements and features that were important to retain.

A broad regulatory review was also conducted in order to determine issues that might impact redevelopment. Zoning does not appear to be a concern for any of the otherwise viable uses.

GLC Development Resources reviewed the market for uses that could potentially make use of either building.

With physical, regulatory and market analysis completed, the project team was able to determine opportunities and constraints for the buildings and begin to define potential redevelopment opportunities.

1-B Reuse Options

Several re-use options were determined, and concept plans prepared for the re-use options. Financial models were then developed in order to determine viability of the options.

ORIGINAL 2008 STUDY OPTIONS

- OPTIONS 1A-1D Residential—both Rental and For-Sale Scenarios, with a Small-Unit Configuration and a Large-Unit Configuration. These options were determined to be not feasible as part of the 2008 study and are not feasible currently. Issues include an inability to achieve more than approximately six parking spaces on-site thereby limiting the marketability of condominiums, and sales prices relative to development costs. These alternatives would most likely have a significant greatest impact on the historic character of the interior of the buildings, although the schemes have little impact on building exteriors and would preserve important interior features.
- OPTIONS 2A-2B Mixed Uses. These options presented mixed office/residential schemes in different configurations. The office re-use in the Superior Court Building would be similar to the all-office scheme. These options were determined to be not feasible as part of the 2008 study and are marginally feasible currently when including a rental apartment component.
- OPTION 3 Office. The buildings lend themselves well to office conversion and provide the opportunity for a minimally invasive use that preserves much of the historic character of the buildings. It makes sense that the many law firms occupying smaller residential buildings in the adjacent neighborhood could take advantage of upgraded space in a renovated Superior Court/County Commissioners complex. Many of the courtrooms may be able to be re-used without subdivision and the Law Library could be used as a common meeting center or a high quality restaurant. The vacated houses in the neighborhood currently being used as office space could be returned to residential use. This option was determined to be marginally feasible as part of the 2008 study and are not feasible currently.

2012 UPDATE OPTIONS

- OPTIONS 4A-B & 5A-B & 6A-B Mixed Use With Institutional Anchor. The Institutional use, along with office or rental residential, potentially makes the best use of the historic buildings in terms of maintaining historic attributes. A major user has indicated a strong interest in exploring acquisition and re-use of the buildings for institutional use. This 2012 Update presents three schemes that each pair institutional uses with either office uses or apartment residential uses. Based on financial analysis, the institutional/apartment mix schemes are economically feasible and the institutional/office mix schemes are marginally economically feasible.

1-C Conclusions

It is our opinion that there is a strong likelihood that interest will be achieved from developers via the RFP process based on the number of potentially economically viable schemes developed as a part of these studies. Although it is unlikely that a developer scheme would exactly match a scheme presented here, the combination of an institutional anchor tenant, the use of historic tax credits, and minimal parking and site costs make development here possible due to a strong rental apartment market and a marginally strong office market.

2. BACKGROUND

2-A Building Data & Site Analysis

i. Building Description

The Salem Superior Court Building, built in phases between 1861-1891, and the Essex County Commissioners Building (1841) operate as one building with connected rear atrium space, common elevator, and common main entrance. The buildings are located at 32-34 Federal Street in Salem. In general the red brick exterior, brownstone banding, columns and details appear to be in very good condition. A thorough exteriors analysis was not conducted but it was noted that interior areas of the north/east and north/west brick turrets showed signs of water



Public entrances to Superior Court (left) (1861-1891) and Commissioners' Building (right) (1841)

infiltration. Other areas showing signs of damage due to water infiltration were at the roof of the connector between the two buildings. Up until January 2012, the Superior Court building housed a historic law library, three grandly detailed spacious courtrooms, a holding cell facility and storage in the basement. (The library functions were relocated to the renovated Baptist church as part of the construction of the new J. Michael Ruane Judicial Center.)

The Romanesque Revival Superior Court building, constructed in 1861, is approximately 39,500± gross square feet with red brick exterior, brownstone banding and arched windows. Brownstone columns and a heavy brownstone arch support a projecting entry bay with gabled roof. Projecting stair turrets with conical roofs and a tower provide vertical accents. Major spaces are three courtrooms, the Former Essex County Law Library and Superior Court Clerk Magistrate's Office.

The Greek Revival Commissioner's building, constructed in 1841, is approximately 15,600± gross square feet. Its gray granite façade and slate roof are in good condition. This building housed ancillary space for the Superior Court, first floor offices, second floor open plan offices and basement storage. The previous alterations included masonry infills at the basement's vaulted masonry piers as a means to support the altered open plan of the upper floors. The attic space has wood rafters and heavy timber tie beams supporting the roof.

The ridge height is approximately seven feet above the wood floor and an additional two to three feet to the top of the wood joists below.

The only accessible means of entry is at the recently constructed connector between the Superior Court and the Commissioners' building. This entrance can serve as public access to both buildings from Federal Street, but is currently not frequently in use due to security operational issues. The existing heating system for the two buildings is via a steam line and tunnel to the Probate and Family Court.

ii. Overview of Salem Trial Courts Existing Conditions Report

As part of the decision making process for developing the J. Michael Ruane Judicial Center, an existing conditions report was completed. The report, dated September 2003, describes the condition, use and historic qualities of the Superior Court and County Commissioners Building.

That study focused primarily on looking at the buildings in terms of their adequacy for use as a courthouse and civic facility; whereas this study assumes that the buildings will be rehabilitated and a new use determined. As a result, the 2003 report is geared mostly towards adequacy for a civic, public, legal use. The analysis, however, is relevant to this study, as a new user may have similar issues and requirements as the current user. Also, the general building condition, layout, and key issues are discussed. The "Summary Findings" listed in the report are as follows:

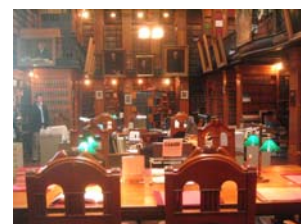
- No separate circulation systems
- Multiple level changes
- Unenclosed egress stairs
- Superior Court building has unprotected wood joists
- Small floor plates for each building: 5,200 – 11,799 square feet

Structure

The Superior Court was built in several stages and consists of the older portion nearest to Federal Street that is constructed of masonry bearing walls and wood joists, and the more recent portion built closer to Bridge Street, which has masonry bearing walls and columns. The Commissioners Building has masonry bearing wall construction, and the attic space has a wood floor on wood joists. Wood rafters and heavy timber beams support the roof.

Interior Features

The most notable spaces in the complex, all located in the Superior Court Building, are the three courtrooms, the south stairs, and the Essex Law Library. The Law Library features a two-story open space, vaulted ceiling with wood arches, skylights, and



Essex Law Library

ornate oak bookcases, a perimeter mezzanine structure supported by iron brackets, and perhaps most dramatically, a large twenty-five foot wide brownstone fireplace.

Accessibility & Circulation

The joint facility currently lacks an accessible entrance that is co-located with the general public entrance. The accessible entrance is located on the Federal Street side of the connection point between the two buildings and is often blocked by parked cars. On the interiors, the majority of the complex is not in conformance with current accessibility regulations, most notably the courtrooms.

The two buildings – the Superior Court and the County Commissioners building – are built at different floor elevations, and as a result floors do not line up between them. The circa-1980s elevator, located in the tower turret of the Superior Court, manages this difference with an elevator cab that stops at all levels in each building. However, the elevator does not access the basement of the Superior Court Building where the holding cells and public men's restrooms are located; and does not comply with current codes. A wheelchair lift does access the basement level from the lowest elevator landing; however, the operability of the lift is unknown.



South Stair at Superior Court

Building Systems

Per the September 2003 report, a list of building system issues is as follows:

- Potential roof leaks, most notably with respect to the roof over the circa 1980 link between the Superior Court Building and the Commissioners Building.
- Electrical systems (upgraded in 1980) are generally in good condition.
- Emergency power and emergency lighting systems do not appear to be up to current electrical and safety codes.
- Lighting types in the complex vary between buildings and rooms. The majority of fixtures are older T-12 lamps. Light fixtures vary from modern to older than 50 years.
- Fire alarms and detectors exist throughout the Superior Court Building; they are non-existent within the Commissioners Building.
- Heating is provided via a shared plant located underground between the complex and the neighboring Probate and Family Court Building. Localized specific temperatures cannot be controlled throughout the Superior Court building. Air

conditioning is provided via window units. Heat in the Commissioners building is provided via individually controlled convection heaters.

- Ventilation systems in both buildings require replacement due to condition, noise, and age.

Summary

Generally, the building complex is in sound structural condition. However, as noted by the decision to relocate the building functions in a new consolidated facility, the building has out-lived a useful life for the demands of the currently programmed use. A new user to the space would be required to make many of the upgrades and modifications that are currently deficient in the current complex. However, depending on the use and user type, the extent of renovations would vary.

iii. Historic Considerations

Both buildings are on the National Register of Historic Places. The notable interior features of the Superior Court Building are the second floor Essex Law Library, the courtrooms and the stairways. These elements likely will be required to be maintained in order for a re-use to be eligible for Historic Tax Credits; which are included in the financial calculations found later in this report. The Law Library retains its original historic architectural elements of fluted pilasters, crown moldings and a mezzanine with a vaulted ceiling and skylight. The Library is remote from the building's street entry.



Essex Law Library Mezzanine

The three courtrooms retain their wood wainscot and the wood ribs of the high vaulted ceilings. All courtrooms have desirable spaciousness that could be maintained with the second floor Session I courtroom as the most likely to be of highest priority in terms of retention in a new program. This courtroom also has high stained-glass arched windows.

The open tread stairs at the north central stair hall between the 1861 and 1891 buildings are ornate iron with bracketed supports. A herringbone pattern tile floor surrounds the stairway landings. This and the south stair have historical significance and could be maintained as existing.

The County Commissioners Building interior has been significantly altered, with any remaining historic details, therefore, most likely gaining increased preservation significance under historic review of a new program. The most notable interior features are the brick arches of the masonry floor and bearing wall construction system. These are currently concealed under dropped ceilings. Interior shutters still exist in many of the large windows. Many materials of both buildings such as the original staircase with wall supported granite treads of the Commissioners building and the spiral iron stairs of the clerk space in the Superior Court, could be preserved, and if necessary and appropriate, could be re-used elsewhere in the complex. A list of these features is presented in Section A-1.

iv. Regulatory Review

This section is based on review of the City of Salem Zoning Ordinance and other relevant ordinances, and discussions with Lynn Duncan, Director, Department of Planning and Community Development for the City of Salem.

The subject property is located within the following districts in Salem:

- Local zoning is the B-5 Central Development Zoning District.
- The building complex (the “Essex County Court Building Complex”) is on the National Register of Historic Places.
- The site is located within the Federal Street National Historic District.
- The site is not located with a local City of Salem Historic District, but is located nearby the McIntire District.
- The site is located within the Salem Redevelopment Authority (SRA) jurisdictional boundary.
- The site is located within the City of Salem’s Ward 2.

Local Zoning

The B-5 Central Development Zoning District is a mixed-use, downtown core zoning district incorporating all viable uses for the purposes of creating a vibrant downtown. Uses include all manner of office, retail, and residential uses. All uses under the generalized “B” commercial zoning districts are allowable (which is essentially the range of non-industrial commercial and institutional uses), with the general exception of automobile and warehouse/wholesale commercial establishments. Residential uses allowable include “one-family, two-family, and multi-family residential uses in townhouse, row house, flats or multi-story arrangements, including high-rises, and secondary uses in upper floors.” By and large, all residential uses are allowable with the exception of single-family detached structures.

Density regulations in the B-5 District, as they would apply to a re-use of the Courthouse Complex and as presented in Table III of the City of Salem Zoning Ordinance, are as follows:

	<i>Non-residential Uses, <u>Existing Building</u></i>	<i>Residential Uses or Combined Residential & Non-residential Uses, <u>Existing Building</u></i>
Minimum Lot Area (sq ft)	2,000	2,000
Minimum Lot Area per Dwelling Unit (sq ft)	n/a	n/a
Minimum Lot Width (feet)	30	30
Maximum Lot Coverage By All Buildings (%)	100	100
Minimum Width of Side Yard (feet)	n/a	n/a
Maximum Height of Building (Feet)	70	70
Maximum Height of Building (Stories)	6	6
Floor Area Ratio	6:1	6:1

Parking is not required for non-residential uses in the B-5 District. For residential uses, a requirement of one space per unit is required; however, the requirement can be met by parking “at municipal or other parking facilities in the vicinity of the proposed use.” A candidate site for parking is the shared municipal parking facility in downtown Salem and future facilities planned in conjunction with the MBTA commuter rail station in Salem. As a parking requirement could most likely not be met on-site for a residential use, these alternative parking locations would most likely be utilized to meet the requirement.

All viable re-use schemes and all schemes investigated as part of this study would conform to the current B-5 Zoning District. As a result, a re-use scheme would most likely be a by-right use and therefore not subject to a zone change and could be approved by the Salem Planning Board. Assuming the project has more than six residential units, an application, site plan review, and public hearing would all be required.

However, due to the historic nature of the building and the location of the site within the Salem Redevelopment Agency’s jurisdiction, primary approval and permitting hurdles would be a part of those processes.

Historic Review

The buildings are included in two overlapping historic districts listed in the National Register of Historic Places: the Essex County Court Building Complex (listed 1976) and the Federal Street Historic District (listed 1983).

All properties listed in the National Register of Historic Places are automatically included in the State Register of Historic Places. Disposal of the buildings by the Commonwealth for private redevelopment will be subject to review under the Massachusetts Environmental Policy Act (MEPA) as it applies to the actions undertaken by agencies, boards, departments, commissions and authorities of the Commonwealth of Massachusetts. Such action would also be subject to the Massachusetts Historical Commission Act, which requires reviews of projects that affect properties on the State Register of Historic Places that are undertaken by any agency, executive office, department, board, commission, bureau, division, or authority of the Commonwealth established to serve a public purpose. The end result of such reviews may be the placement of a preservation covenant on the buildings. The covenant will require review by the Massachusetts Historical Commission (MHC) of any proposed changes to exterior features and may also cover significant interior spaces of the Superior Court building, particularly the Essex County Law Library and courtroom spaces.

The buildings are not in a local historic district, which means that alterations to the structures are not subject to local review by the Salem Historical Commission (SHC). However, SHC would have the opportunity to review and comment as an interested party under the Memorandum of Agreement between the Department of Capital Asset Management (DCAM) and MHC for the development of the J. Michael Ruane Judicial Center. The Memorandum of Agreement also includes specific provisions for the review of any proposed plans by MHC as well as other interested parties.

If the buildings were opened to private redevelopment and Federal or State historic tax credits were used as a funding component for that redevelopment, all plans for re-use would be subject to reviews associated with those programs. Use of Federal tax credits requires review by the National Park Service and use of State historic tax credits requires review by the Massachusetts Historical Commission.

Salem Redevelopment Authority

All development projects proposed in the Salem Redevelopment Authority (SRA) Urban Renewal Areas are required to undergo a two-step review process as it relates specifically to SRA review. The process involves: 1) Preliminary Approval at the Schematic Design Review phase; and (after Planning Board approval) 2) Final Approval of the final design of the project. As the membership of the Planning Board and the Salem Redevelopment Agency are staffed similarly, the application & review process can be completed efficiently. SRA guidelines include historic preservation standards.

2-B Market Overview

The Market Overview section from the 2008 report remains current in terms of a broad understanding of the Salem market for residential, retail, and office uses; however the most significant change since 2008 is the strong apartment rental market that exists currently,

and the subsequent availability of funding for apartment development projects. The for sale residential market has dipped slightly since 2008 and the office market has improved slightly. A review of comps was undertaken for the purposed of providing assumptions for the underwriting performed as part of the financial analysis here. The comps are for apartment and office uses in and around Salem and are presented in the appendix.

2-C Redevelopment Opportunities

Private Office

Pros

- Market Opportunity
- Potential Tax Revenue
- Spaces Potentially Appropriate
- Opportunity to Maintain Public Access

Cons

- Public May not Have Access to Historic Space

Residential

Pros

- Market Opportunity
- Potential Tax Revenue
- Historic Assets Could be Maintained
- Historic Tax Credits Could Be Used In For-Rent Scenario.

Cons

- Public May Not Have Access to Historic Spaces
- Parking

Retail

Pros

- Unique & Interesting Retail Opportunity
- Public Access to Historic Asset
- Historic Assets Could be Maintained
- Historic Tax Credits Could Be Used

Cons

- Location & Structure Potentially Not Well Suited to Retail Use
- Parking

Mixed Use

Pros

- Character & Usability of Each Building Could Address Different Market Opportunities
- Potential Tax Revenue
- Historic Assets Could be Maintained
- Historic Tax Credits Could Be Used

Cons

- Public May not Have Access to Historic Spaces

Government & Institutional

Pros

Cons

- Public Access & Historic Assets Could be Maintained
- Appropriate Use for Location
- Potential Challenge to Find Appropriate User
- Limited or No Tax Revenue

2-D Opportunities & Constraints

The Superior Court & County Commissioners Building Complex offers a unique opportunity for redevelopment based primarily on locational and historic attributes. An overview evaluation of key opportunities & constraints is as follows:

Opportunities

- Unique historic structure
- Prime location in downtown Salem adjacent to MBTA station, downtown shopping, historic areas, and existing court complex.

Constraints

- Design constraints and considerations:
- Multiple level changes at the Superior Courthouse
- Regulatory upgrades at both buildings: rated stair enclosures, fire protection systems, interior ADA upgrades
- Historic features:
- Details at Superior Court courtrooms to be incorporated as is or salvaged and reused elsewhere within the building
- Voluminous space of Session I Courtroom
- Exterior to be unaltered
- Window replacements to match original
- Heating system separation from neighboring Family & Probate Court
- Legal lot separation from neighboring Family & Probate Court
- Retaining and integrating internal and external historic qualities of buildings, including historic courtrooms and law library.
- Cost of renovation
- Market appropriateness for development schemes
- If an institutional user is desired; finding an appropriate user



Public & ADA Access at Common Connector

3. REUSE OPTIONS

This section of the report – which includes economic feasibility information and accompanying architectural feasibility information – evaluates several proposed development scenarios. The analysis illustrates that viable re-use options exist for the historic existing courthouse facility, with interior renovations. In summary:

- The complex has a viable economic use.
- Proposed viable uses work in tandem with the planning goals of the City of Salem.
- Proposed viable uses could preserve the historic character and integrity of the buildings, including the preservation of the Essex County Law Library room with public access.

3-A Reuse Options Approach

i. Design Feasibility Approach

A field study was conducted to determine the feasibility of various new uses. The final plans were designed with the intent of minimally invasion measures. Due to the layout of masonry bearing walls and columns and their combined vaulted ceilings, it was determined that reconstruction to accommodate parking in either basement would not be economically feasible. The configuration of the buildings interiors and the lack of parking negated a number of uses initially discussed including retail and a boutique hotel. The included plans outline the alternate options for most viable programs of combining residential units with commercial office and institutional uses. The attached construction implications list the major renovation changes. A structural report is included in the appendix which includes the structural implications for each option.



High & arched windows on the west side of the Superior Court Building

In each option the central ramp location is maintained for public and handicap access. All options also include the addition of a canopy cover over the ramp entry and a new drop off area. Seven parking spaces have been added to the north of the site with access along the west of Superior Court drive entered from Federal Street. The single storey masonry shed at the rear of the Commissioners' building will be removed. Public and private circulation is well organized and consistent on each level.

ii. Economic Feasibility Approach

A residual land value analysis was completed for each scenario. Assumptions for each analysis are embedded with the summary pro formas, presented here. Positive land value assumed economic viability; negative land value assumes that the scheme would not be economically viable. Positive land value can be viewed as a potential land sales price from the Commonwealth to a developer. All scenarios assume the use of Federal and State Historic Tax Credits.

Option 1: Residential Alternatives (2008 Scheme)

As presented in the architectural feasibility report, two residential alternatives were developed. Each utilizes the full extent of both the Superior Court Building and the County Commissioners building as residential space. The historic library space in the Superior Court Building would be preserved as common, public space for both building tenants and the general public. Minimal on-site parking is provided and it is assumed that parking requirements would be met off-site, most likely in the nearby Salem municipal garage.

i. Options 1A-1D - Residential Units

The 1B & 1D options fit 22 large residential units in both buildings, including both flats and duplexes. Security control can be maintained at each of the residential suite entries with keycard access. Principal features of this option include:

Superior Court

- Loft style inter-flooring at the 2nd floor Session I creates additional square footage while maintaining daylight and views through the existing high arched windows and maintains the spatial feel.
- A new floor above the coffered ceilings makes use of the interstitial space allowing for full height units at the 3rd floor level.
- Skylights are added between the dormers of the 3rd floor units.
- The Essex Law Library and mezzanine is transformed into a café/library with public access maintained through the central stair and elevator.
- The anteroom to the Law Library is programmed as an exercise room available to private residences and the public.
- The basement combines residential flats, storage and mechanical space.
- A new stair is added within the existing north structure as a second means of egress.



*Skylights added to the Commissioners' Building
Roof would not be visible from the street*

Commissioners' Building

- A new elevator and stair are added at the Federal Street entrance allowing access from the basement to the 2nd floor.
- The basement space is made habitable by combining into a duplex with the first floor. The east basement windows can be enlarged to add more daylight to these spaces.
- The 2nd floor is combined with a new floor added to the attic to allow for spacious duplexes.
- Skylights are added to provide daylight to the top level of the upper duplexes.
- Units in this scheme create a single loaded corridor facing the potential garden space between the buildings.
- A private access door at the rear of the building leads to a private garden space.

The 1A & 1C options fit 32 smaller residential units in both buildings, including flats and duplexes. Security control can be maintained at each of the residential suite entries with keycard access. Principal features of this option include:

Superior Court

- Full inter-flooring is added at the 2nd floor Session I creating a duplex with the 3rd floor.
- Skylights are added between the dormers of the 3rd floor units.
- The Essex Law Library and mezzanine is transformed into an exercise space with public access maintained through the central stair and elevator.
- The anteroom to the Law Library is transformed to a studio residential unit.
- The basement combines residential flats, storage and mechanical space.
- A new stair is added within the existing north structure as a second means of egress.

Commissioners' Building

- A new elevator and stair are added at the Federal Street entrance allowing access from the basement to the 2nd floor.
- The basement space is made habitable by combining into a duplex with the first floor. The east basement windows can be enlarged to add more daylight to these spaces.
- The 2nd floor is combined with a new floor added to the attic to allow for duplexes.
- Skylights are added to provide daylight to the top level of the upper duplexes.
- Units in this scheme create a central double loaded corridor.
- A private egress door at the rear of the building leads to a private garden space.

iii. Financial Feasibility, Residential Only Options

These options were determined to be not feasible as part of the 2008 study and are not feasible currently. The summary pro formas for these alternatives are presented on the following pages.

1A. Rental Apartment - 32 Units (2008 Scheme)

PROGRAM SUMMARY		Sq Ft
Residential		33,410
Circulation		10,540
Public		3,830
Mechanical/Common/Storage		3,420
Total Sq Feet		51,200
LEASABLE SPACE SUMMARY		
Superior Court Building	Units	Sq Ft
County Commissioners Building	23	22,270
Total	9	11,140
	32	33,410
ANNUAL REVENUES		Annual
Residential Rental Revenue	\$2.05 monthly rent PSF	\$821,900
Less: Vacancy	5% average vacancy	(\$41,095)
Less: Operating Expense	\$350 monthly expense per unit	(\$134,400)
NOI		\$646,405

Uses of Funds

HARD COSTS		
Site Prep & Landscaping & Utilities	\$250,000 estimate	\$250,000
Hard Costs - Renovation	\$240 psf of total sq ft	\$12,288,000
SOFT COSTS		
Soft Costs	25% of hard costs subtotal	\$3,134,500
FEES & OVERHEAD		
Developer Fee	18% of hard + soft costs	\$2,821,100
TOTAL DEVELOPMENT COSTS		\$18,493,600

Sources of Funds

SUPPORTABLE DEBT	1.15 DSCR 4.50% rate 25 year term	\$8,334,800
OWNER EQUITY	\$84,314 Annual Cash Available after Debt Svc 15% Required Annual Return	\$562,100
FEDERAL HISTORIC TAX CREDIT EQUITY	95% of TDC 20% credit \$0.97 price per credit	\$3,408,400
STATE HISTORIC TAX CREDIT EQUITY	5 # of successful applications \$500,000 per award \$0.87 price per credit	\$2,175,000
DEFERRED DEVELOPER FEE	75% deferred	\$2,115,800
TOTAL SOURCES OF FUNDS		\$16,596,100

Value or (Funding Shortfall)

Positive Value or (Funding Shortfall)	(\$1,897,500)
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1B. Rental Apartment - 22 Units (2008 Scheme)

PROGRAM SUMMARY		Sq Ft
Residential		30,820
Circulation		8,280
Public		4,550
Mechanical/Common/Storage		3,200
Total Sq Feet		46,850
LEASABLE SPACE SUMMARY		
Superior Court Building	Units	Sq Ft
County Commissioners Building	16	19,840
Total	6	10,980
	22	30,820
ANNUAL REVENUES		Annual
Residential Rental Revenue	\$1.95 monthly rent PSF	\$721,200
Less: Vacancy	5% average vacancy	(\$36,060)
Less: Operating Expense	\$400 monthly expense per unit	(\$105,600)
NOI		\$579,540

Uses of Funds

HARD COSTS		
Site Prep & Landscaping & Utilities	\$250,000 estimate	\$250,000
Hard Costs - Renovation	\$225 psf of total sq ft	\$10,541,300
SOFT COSTS		
Soft Costs	25% of hard costs subtotal	\$2,697,800
FEES & OVERHEAD		
Developer Fee	18% of hard + soft costs	\$2,428,000
TOTAL DEVELOPMENT COSTS		\$15,917,100

Sources of Funds

SUPPORTABLE DEBT	1.15 DSCR 4.50% rate 25 year term	\$7,472,600
OWNER EQUITY	\$75,592 Annual Cash Available after Debt Svc 15% Required Annual Return	\$503,900
FEDERAL HISTORIC TAX CREDIT EQUITY	95% of TDC 20% credit \$0.97 price per credit	\$2,933,500
STATE HISTORIC TAX CREDIT EQUITY	5 # of successful applications \$500,000 per award \$0.87 price per credit	\$2,175,000
DEFERRED DEVELOPER FEE	75% deferred	\$1,821,000
TOTAL SOURCES OF FUNDS		\$14,906,000

Value or (Funding Shortfall)

Positive Value or (Funding Shortfall)	(\$1,011,100)
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1C. Condo - 32 Units (2008 Scheme)

PROGRAM SUMMARY		<u>Sq Ft</u>
Residential		33,410
Circulation		10,540
Public		3,830
Mechanical/Common/Storage		3,420
<i>Total Sq Feet</i>		<u>51,200</u>

SELLABLE SPACE SUMMARY		<u>Units</u>	<u>Sq Ft</u>
Superior Court Building		23	22,270
County Commissioners Building		9	11,140
<i>Total</i>		<u>32</u>	<u>33,410</u>

SALES REVENUES		
Residential Sales Revenue	\$335.00 per square foot	\$11,192,400
Less: Cost of Sales	5% cost of sale	(\$559,600)
TOTAL REVENUE FROM SALES		\$10,632,800

Uses of Funds

HARD COSTS		
Site Prep & Landscaping & Utilities	\$250,000 estimate	\$250,000
Hard Costs - Renovation	\$240 psf of total sq ft	\$12,288,000
SOFT COSTS		
Soft Costs	20% of hard costs subtotal	\$2,507,600
FEES & OVERHEAD		
Fees & Overhead	5% of hard + soft costs	\$752,300
TOTAL DEVELOPMENT COSTS		\$15,797,900

Sources of Funds

REVENUE FROM SALES	\$10,632,800
TOTAL SOURCES OF FUNDS	\$10,632,800

Value or (Funding Shortfall)

Positive Value or (Funding Shortfall)	(\$5,165,100)
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1D. Condo - 22 Units (2008 Scheme)

PROGRAM SUMMARY		Sq Ft
Residential		30,820
Circulation		8,280
Public		4,550
Mechanical/Common/Storage		3,200
<i>Total Sq Feet</i>		<u>46,850</u>

SELLABLE SPACE SUMMARY		Units	Sq Ft
Superior Court Building		16	19,840
County Commissioners Building		6	10,980
<i>Total</i>		<u>22</u>	<u>30,820</u>

SALES REVENUES		
Residential Sales Revenue	\$345.00 per square foot	\$10,632,900
Less: Cost of Sales	5% cost of sale	(\$531,600)
TOTAL REVENUE FROM SALES		\$10,101,300

Uses of Funds

HARD COSTS		
Site Prep & Landscaping & Utilities	\$250,000 estimate	\$250,000
Hard Costs - Renovation	\$225 psf of total sq ft	\$10,541,300
SOFT COSTS		
Soft Costs	20% of hard costs subtotal	\$2,158,300
FEES & OVERHEAD		
Fees & Overhead	5% of hard + soft costs	\$647,500
TOTAL DEVELOPMENT COSTS		\$13,597,100

Sources of Funds

REVENUE FROM SALES	\$10,101,300
TOTAL SOURCES OF FUNDS	\$10,101,300

Value or (Funding Shortfall)

Positive Value or (Funding Shortfall)	(\$3,495,800)
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Option 2: Mixed Use Alternatives (2008 Scheme)

The mixed-use alternatives effectively re-splits the complex into the two original buildings, with the Superior Court being used solely as a small office building and the Commissioners building being retrofitted as six, large residential units with loft areas. The existing courtrooms would become office space and the historic law library would be utilized as common meeting space or a café open to the public. Security control can be maintained at each of the residential suite entries with keycard access.

i. Option 2A - Office & Residential Mix

Superior Court – Offices

- Loft style inter-flooring at the 2nd floor Session I creates additional square footage while maintaining daylight and views through the existing high arched windows and the spatial feel.
- Skylights are added between the dormers of the 3rd floor units.
- The Essex Law Library and mezzanine is transformed into a café/library with public access through the central stair and elevator.
- The anteroom to the Law Library is transformed to an office suite.
- The basement houses offices, storage and mechanical space.
- A new stair is added within the existing north structure as a second means of egress.

Commissioners' Building – (6 Large Residential)

- A new elevator and stair are added at the Federal Street entrance allowing access from the basement to the 2nd floor.
- The basement space is made habitable by combining into a duplex with the first floor. The east basement windows can be enlarged to add more daylight to these spaces.
- The 2nd floor is combined with a new floor added to the attic to allow for spacious duplexes.
- Skylights are added to provide daylight to the top level of the upper duplexes.
- Units in this scheme create a single loaded corridor facing the potential garden space between the buildings.
- A private egress door at the rear of the building leads to a private garden space.

ii. Financial Feasibility, Office & Residential Mix

Financial feasibility for the office/residential mix is as follows, illustrating a marginally viable project.

2A. Office/Rental Apartment Mix (2008 Scheme)

PROGRAM SUMMARY		Sq Ft
Residential		10,980
Office		24,030
Circulation		9,090
Public		3,600
Mechanical/Common/Storage		2,380
<i>Total Sq Feet</i>		<u>50,080</u>

LEASABLE SPACE SUMMARY		Sq Ft
Superior Court Building - Office (Ofc SF Total + 50% allocation of Circ & Public)		30,375
County Commissioners Building - Rental Apartment	6 units	11,140
<i>Total</i>		<u>41,515</u>

ANNUAL REVENUES		Annual
Office Lease Revenue	\$18.00 annual PSF rent (NNN)	\$546,800
Less: Vacancy	5% average vacancy	(\$27,300)
Less: Operating Expense	5% op ex/cap reserve	(\$27,300)
Residential Rental Revenue	\$1.95 monthly rent PSF	\$260,700
Less: Vacancy	5% average vacancy	(\$13,000)
Less: Operating Expense	\$350 monthly expense per unit	(\$2,100)
NOI		\$737,800

Uses of Funds

HARD COSTS		
Site Prep & Landscaping & Utilities	\$250,000 estimate	\$250,000
Hard Costs - Renovation	\$225 psf of total sq ft	\$11,268,000
SOFT COSTS		
Soft Costs	25% of hard costs subtotal	\$2,879,500
FEES & OVERHEAD		
Developer Fee	18% of hard + soft costs	\$2,591,600

TOTAL DEVELOPMENT COSTS **\$16,989,100**

Sources of Funds

SUPPORTABLE DEBT	1.15 DSCR 4.50% rate 25 year term	\$9,513,300
OWNER EQUITY	\$96,235 Annual Cash Available after Debt Svc 15% Required Annual Return	\$641,600
FEDERAL HISTORIC TAX CREDIT EQUITY	95% of TDC 20% credit \$0.97 price per credit	\$3,131,100
STATE HISTORIC TAX CREDIT EQUITY	5 # of successful applications \$500,000 per award \$0.87 price per credit	\$2,175,000
DEFERRED DEVELOPER FEE	75% deferred	\$1,943,700
TOTAL SOURCES OF FUNDS		\$17,404,700

Value or (Funding Shortfall)

Positive Value or (Funding Shortfall) **\$415,600**

ii. Option 2B - Office & Institutional Mix

The second mixed use alternative assumes a use of the structures in an institutional format, mixing offices and classrooms in a manner most likely to be utilized by an academic institution. As detailed in the architectural plans, the existing courtroom spaces would be utilized as classrooms (along with other spaces) and the historic law library would be maintained as a library & gathering area use.

This option combines cellular and open offices with classrooms and/or conference space throughout both buildings. Principal features of this option include:

Superior Court

- 2nd floor Session I is open to the existing full height. It is anticipated that offices in this space can be open plan or glazed wall cellular offices.
- Skylights are added between the dormers of the 3rd floor units to bring more daylight to the office space at this level.
- The Essex Law Library and mezzanine is transformed into a café/library with public access through the central stair and elevator.
- The anteroom to the Law Library is transformed to a classroom.
- The basement offices, storage and mechanical space.
- A new stair is added within the existing north structure as a second means of egress.

Commissioners' Building

- A new elevator and stair are added at the Federal Street entrance allowing access from the basement to the 2nd floor.
- The east basement windows can be enlarged to add more daylight to the office spaces.
- The attic space is used for storage.
- Classrooms in this scheme create a corridor at the 2nd floor.
- An egress door at the rear of the building leads to a outdoor garden space.

ii. Financial Feasibility, Office & Institutional Mix

Financial feasibility for the office/residential mix is as follows, illustrating no viability, based on the 2008 plans. Office/Institutional Mixes are presented in Schemes 4-6 and do achieve financial viability.

2B. Office/Institutional Mix (2008 Scheme)

PROGRAM SUMMARY	Sq Ft
Office	20,890
Institutional	6,930
Circulation	7,960
Public	3,600
Mechanical/Common/Storage	7,170
Total Sq Feet	46,550

LEASABLE SPACE SUMMARY	Sq Ft
Office (Ofc SF Total + 25% allocation of Circ & Public)	23,780
Institutional (Inst Total + 25% allocation of Circ & Public)	9,820
Total	33,600

ANNUAL REVENUES		Annual
Office Lease Revenue	\$18.00 annual PSF rent (NNN)	\$428,000
Less: Vacancy	5% average vacancy	(\$21,400)
Less: Operating Expense	5% op ex/cap reserve	(\$21,400)
Institutional Rental Revenue	\$15.00 annual PSF rent (NNN)	\$147,300
Less: Vacancy	5% average vacancy	(\$7,400)
Less: Operating Expense	5% op ex/cap reserve	(\$7,400)
NOI		\$517,700

Uses of Funds

HARD COSTS		
Site Prep & Landscaping & Utilities	\$250,000 estimate	\$250,000
Hard Costs - Renovation	\$225 psf of total sq ft	\$10,473,800
SOFT COSTS		
Soft Costs	25% of hard costs subtotal	\$2,681,000
FEES & OVERHEAD		
Developer Fee	18% of hard + soft costs	\$2,412,900
TOTAL DEVELOPMENT COSTS		\$15,817,700

Sources of Funds

SUPPORTABLE DEBT	1.15 DSCR 4.50% rate 25 year term	\$6,675,300
OWNER EQUITY	\$67,526 Annual Cash Available after Debt Svc 15% Required Annual Return	\$450,200
FEDERAL HISTORIC TAX CREDIT EQUITY	95% of TDC 20% credit \$0.97 price per credit	\$2,915,200
STATE HISTORIC TAX CREDIT EQUITY	5 # of successful applications \$500,000 per award \$0.87 price per credit	\$2,175,000
DEFERRED DEVELOPER FEE	75% deferred	\$1,809,700
TOTAL SOURCES OF FUNDS		\$14,025,400

Value or (Funding Shortfall)

Positive Value or (Funding Shortfall)	(\$1,792,300)
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Option 3: Office Only Alternative (2008 Scheme)

This alternative assumes a use of both structures in an office format. No drawings of this feasibility are provided, but would utilize the office layout of the Superior Court Building presented in Alternative 2-C (Office/Residential Mix) and the office layout of the Commissioners Building presented in Alternative 2-D (Office/Institutional Mix). Financial feasibility for the office/residential mix is as follows, illustrating no viability, based on the 2008 plans.



Basement windows allow for potential of additional rentable space on the lower level

3. Office (2008 Scheme)

PROGRAM SUMMARY			<u>Sq Ft</u>
Office			32,200
Café			3,600
Circulation			7,960
Public			1,640
Mechanical/Common/Storage			4,230
<i>Total Sq Feet</i>			<u>49,630</u>
LEASABLE SPACE SUMMARY			<u>Sq Ft</u>
Office (Ofc SF Total + 50% allocation of Circ & Public)			37,000
Café			3,600
<i>Total</i>			<u>40,600</u>
ANNUAL REVENUES			<u>Annual</u>
Office & Café Lease Revenue	<i>\$18.00 annual PSF rent (NNN)</i>		\$730,800
Less: Vacancy	<i>5% average vacancy</i>		(\$36,500)
Less: Operating Expense	<i>5% op ex/cap reserve</i>		(\$36,500)
NOI			\$657,800

Uses of Funds

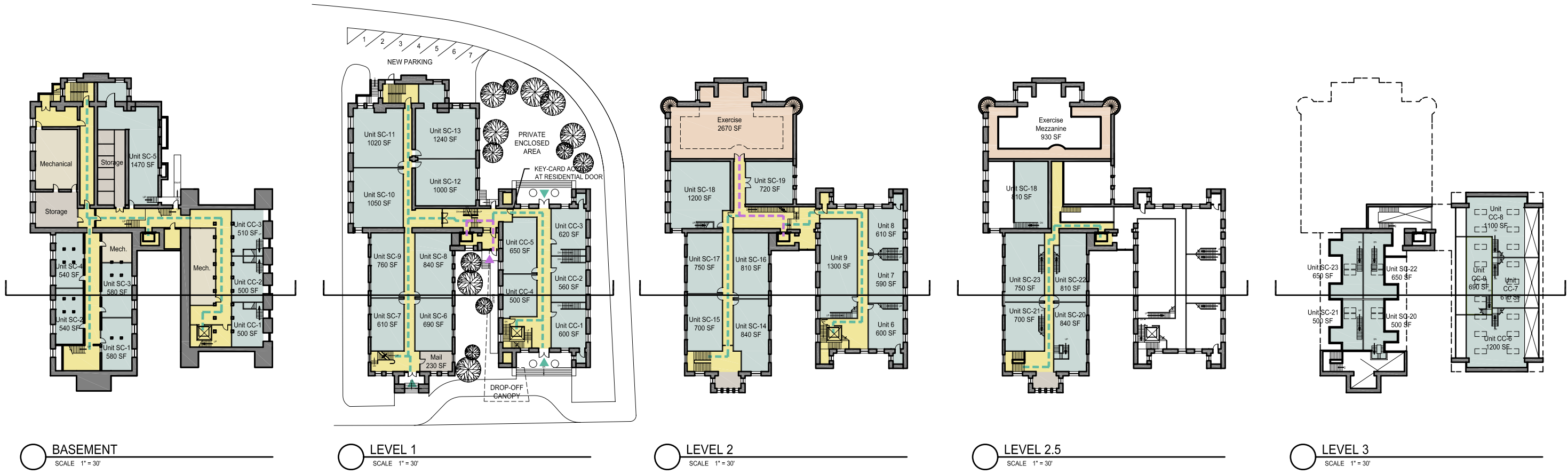
HARD COSTS			
Site Prep & Landscaping & Utilities	<i>\$250,000 estimate</i>		\$250,000
Hard Costs - Renovation	<i>\$225 psf of total sq ft</i>		\$11,166,800
SOFT COSTS			
Soft Costs	<i>25% of hard costs subtotal</i>		\$2,854,200
FEES & OVERHEAD			
Developer Fee	<i>18% of hard + soft costs</i>		\$2,568,800
TOTAL DEVELOPMENT COSTS			\$16,839,800

Sources of Funds

SUPPORTABLE DEBT			
	<i>1.15 DSCR</i>		\$7,440,500
	<i>4.50% rate</i>		
	<i>20 year term</i>		
OWNER EQUITY			
	<i>\$85,800 Annual Cash Available after Debt Svc</i>		\$572,000
	<i>15% Required Annual Return</i>		
FEDERAL HISTORIC TAX CREDIT EQUITY			
	<i>95% of TDC</i>		\$3,103,600
	<i>20% credit</i>		
	<i>\$0.97 price per credit</i>		
STATE HISTORIC TAX CREDIT EQUITY			
	<i>5 # of successful applications</i>		\$2,175,000
	<i>\$500,000 per award</i>		
	<i>\$0.87 price per credit</i>		
DEFERRED DEVELOPER FEE	<i>75% deferred</i>		\$1,926,600
TOTAL SOURCES OF FUNDS			\$15,217,700

Value or (Funding Shortfall)

Positive Value or (Funding Shortfall)			(\$1,622,100)
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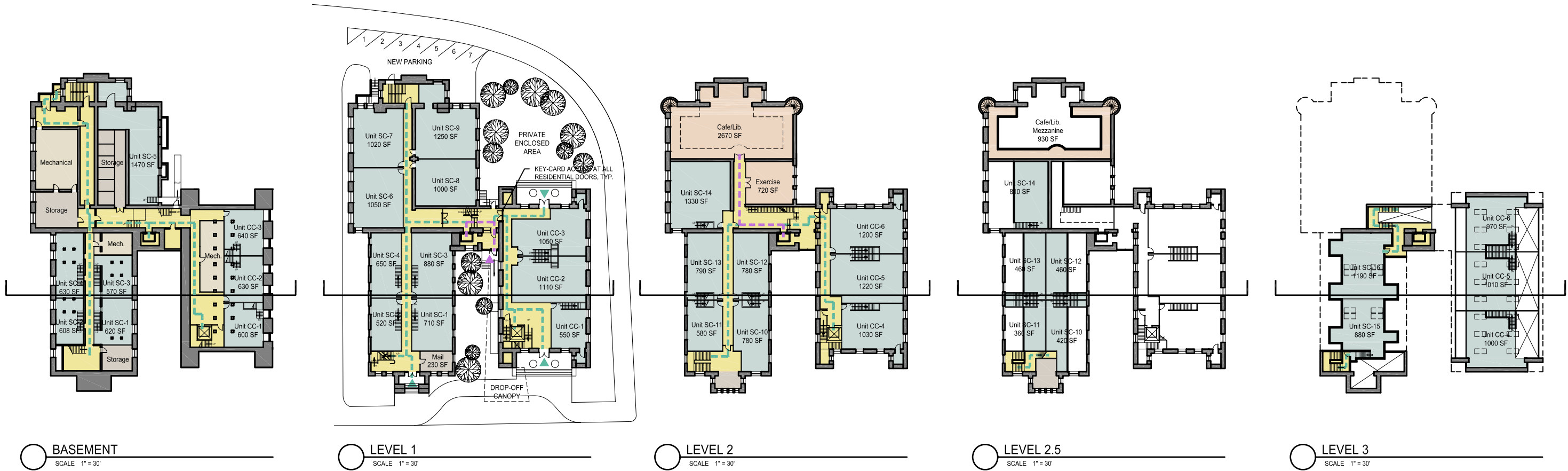
- PUBLIC ACCESS
- PRIVATE ACCESS
- RESIDENTIAL
- OFFICE
- CIRCULATION
- COMMON / STORAGE
- MECHANICAL
- PUBLIC

SUPERIOR COURT BUILDING						
SPACE	B	1	2	2.5	3	TOTAL
SC-1	580					580
SC-2	540					540
SC-3	580					580
SC-4	540					540
SC-5	1470					1470
SC-6		690				690
SC-7		610				610
SC-8		840				840
SC-9		760				760
SC-10		1050				1050
SC-11		1020				1020
SC-12		1000				1000
SC-13		1240				1240
SC-14			840			840
SC-15			700			700
SC-16			810			810
SC-17			750			750
SC-18			1320	810		2130
SC-19			720			720
SC-20				840	500	1340
SC-21				700	500	1200
SC-22				810	650	1460
SC-23				750	650	1400
CIRC	2950	1970	1950	830	200	7900
MECH	1190					1190

SUPERIOR COURT BUILDING						
SPACE	B	1	2	2.5	3	TOTAL
STORAGE	1260					1260
EXERCISE				2670	930	3600
MAIL		230				230

COUNTY COMMISSIONER'S BUILDING						
SPACE	B	1	2	2.5	3	TOTAL
CC-1	500	600				1100
CC-2	500	560				1060
CC-3	510	620				1130
CC-4		500				500
CC-5		650				650
CC-6			600		1200	1800
CC-7			590		610	1200
CC-8			610		1100	1710
CC-9			1300		690	1990
CIRC	1150	950	840			2840
MECH	670					670

TOTALS						
UNIT		TOTAL				
RESIDENTIAL , 32 UNITS		33,410				
CIRCULATION		10,540				
PUBLIC		3,830				
MECHANICAL / COMMON / STORAGE		3,420				
TOTAL		51,200				



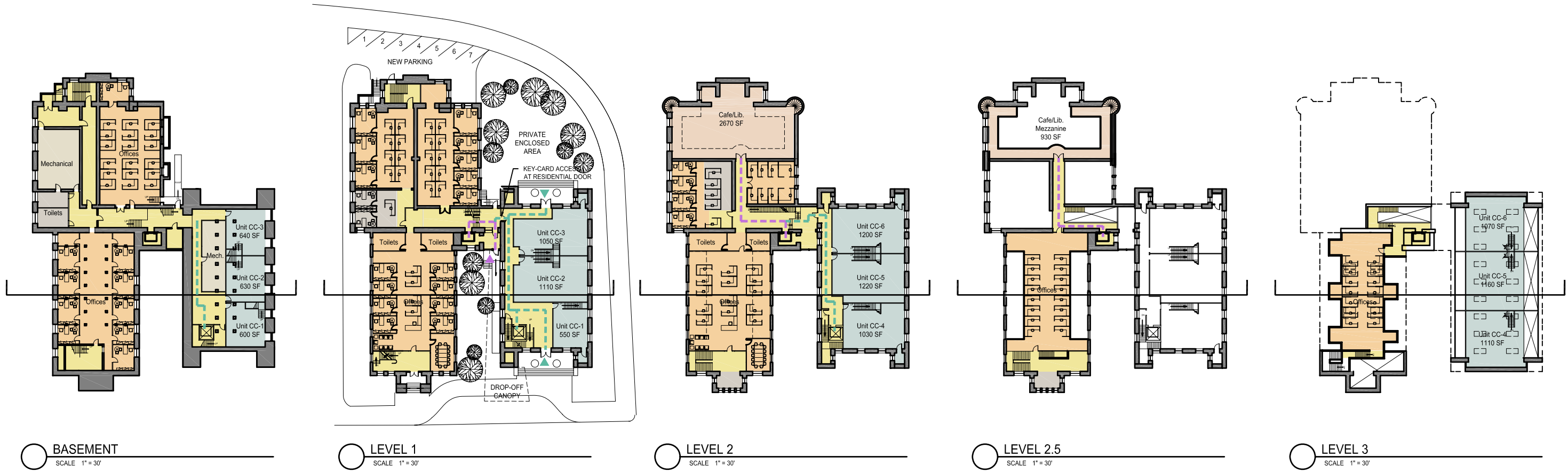
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 - **PRIVATE ACCESS**
 - RESIDENTIAL**
 - CIRCULATION**
 - COMMON / STORAGE**
 - MECHANICAL**
 - PUBLIC**
-

SUPERIOR COURT BUILDING						
UNIT	B	1	2	2.5	3	TOTAL
SC-1	620	630				1250
SC-2	450	480				930
SC-3	570	860				1430
SC-4	630	610				1240
SC-5	1470					1470
SC-6		1050				1050
SC-7		1040				1040
SC-8		1000				1000
SC-9		1250				1250
SC-10			820	500		1320
SC-11			620	360		980
SC-12			820	560		1380
SC-13			820	480		1300
SC-14			1370	760		2130
SC-15					880	880
SC-16					1190	1190
CIRC	2140	1450	1430	300	400	5720
MECH	1190					1190
STORAGE	1260					1260
CAFE			2670	930		3600
EXERCISE			720			720
MAIL		230				230

COUNTY COMMISSIONER'S BUILDING						
UNIT	B	1	2	2.5	3	TOTAL
CC-1	600	550				1150
CC-2	630	1110				1740
CC-3	640	1050				1690
CC-4			1030		970	2000
CC-5			1220		1010	2230
CC-6			1200		970	2170
CIRC	840	1150	720			2710
MECH	600					600

TOTALS						
UNIT						
RESIDENTIAL, 22 UNITS						
CIRCULATION						
PUBLIC						
MECHANICAL / COMMON / STORAGE						
TOTAL						

2007-11-30



- PUBLIC ACCESS
 - PRIVATE ACCESS
 - RESIDENTIAL
 - OFFICE
 - CIRCULATION
 - COMMON / STORAGE
 - MECHANICAL
 - PUBLIC
-

SUPERIOR COURT BUILDING						
UNIT	B	1	2	2.5	3	TOTAL
OFFICES	5470	8130	5450	2250	2730	24030
CIRC	1810	1170	1590	300	400	5270
MECH	950					950
STORAGE	530					530
CAFE			2670	930		3600

COUNTY COMMISSIONER'S BUILDING						
UNIT	B	1	2	2.5	3	TOTAL
CC-1	600	550				1150
CC-2	630	1110				1740
CC-3	640	1050				1840
CC-4			1030		970	2000
CC-5			1220		1010	2230
CC-6			1200		970	2170
CIRC	840	1150	720			2710
MECH	600					600

TOTALS	
UNIT	TOTAL
RESIDENTIAL, 6 UNITS	10,980
OFFICES	24,030
CIRCULATION	9,090
PUBLIC	3,600
MECHANICAL / COMMON / STORAGE	2,380
TOTAL	50,080

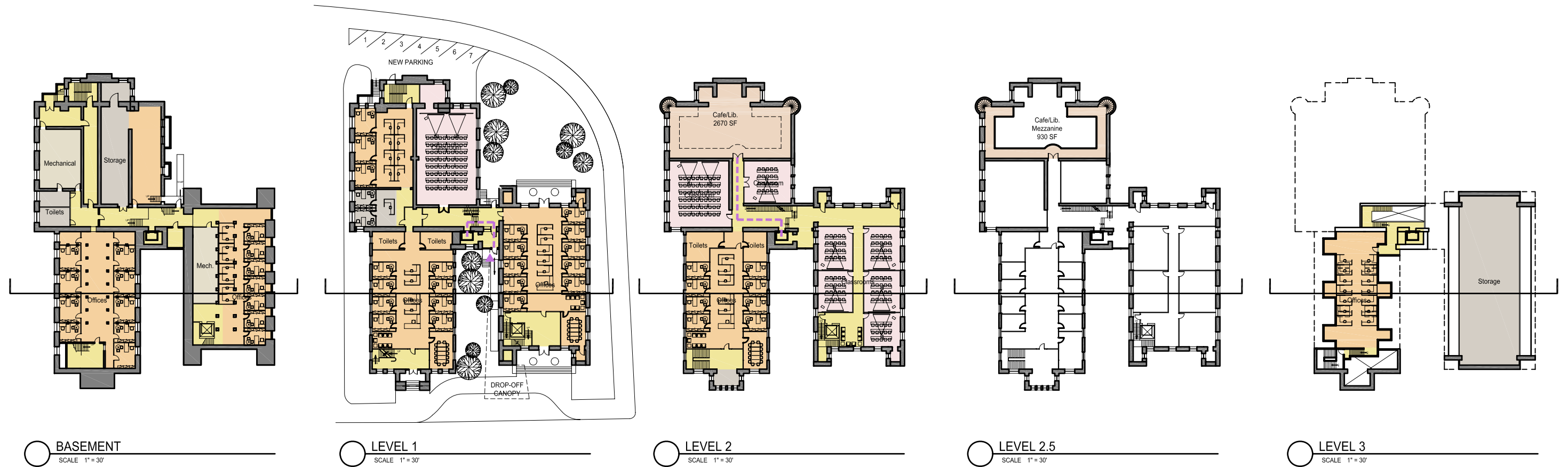


2007-11-30

SALEM COURTS REUSE

OPTION 2A : OFFICES + RESIDENTIAL (LARGER UNITS)
SPACE USE

Bruner/Cott



- PUBLIC ACCESS
- PRIVATE ACCESS
- CLASSROOM
- OFFICE
- CIRCULATION
- COMMON / STORAGE
- MECHANICAL
- PUBLIC



SUPERIOR COURT BUILDING						
SPACE	B	1	2	2.5	3	TOTAL
OFFICES	4300	5760	3300		2080	15400
CLASSRM		2070	2140			4210
CIRC	1810	1170	1590	300	400	5270
MECH	950					950
STORAGE	1830					1830
CAFE			2670	930		3600

COUNTY COMMISSIONER'S BUILDING						
SPACE	B	1	2	2.5	3	TOTAL
CLASSRM			2720			2720
OFFICE	2000	3450				5450
CIRC	970	700	1020			2690
MECH	690					690
STORAGE					3700	3700

TOTALS		
UNIT		TOTAL
OFFICES		20,890
CLASSROOM		6,930
CIRCULATION		7,960
PUBLIC		3,600
MECHANICAL / COMMON / STORAGE		7,170
TOTAL		46,550

2007-11-30

SALEM COURTS REUSE

OPTION 2B : OFFICES + INSTITUTIONAL USE
SPACE USE

Bruner/Cott

Options 4-6: Mixed Use Scheme with Institutional Anchor (2012 Schemes)

This 2012 Update presents three schemes that each pair institutional uses with either office uses or apartment residential uses. The schemes are based on discussions with an institutional user, and illustrate the potential location of an institutional use in three different areas of the complex. The remaining space would then be utilized for either office or residential rental use. Each of the schemes assume progressively less space to be set aside for an institutional user, and each of the schemes attempts to separate uses between the institutional user and the companion use. Option 4 assumes the institutional use in the back (north) portion of the Courthouse building only, on both floors 1 & 2. Option 5 assumes the institutional use only on the second floor of both buildings. Option 6 assumes the institutional use occupies the entirety of the Commissioners building and remains out of the courthouse building.

Base assumptions for these schemes are imbedded in the pro formas, illustrating current market rates. The basis for the assumptions are presented in the comparables and market data included in the appendix. All schemes assume that the institutional user would pay \$15 per square foot annually, triple net.

Based on financial analysis, the institutional/apartment mix schemes are economically feasible and the institutional/office mix schemes are marginally economically feasible.

A summary is as follows:

<u>Scheme</u>	<u>Positive Land Value or (Funding Shortfall)</u>
4A. Institutional/Office Mix (52% office, 22% Institutional, 26% Circulation)	(\$351,800)
4B. Institutional/Rental Apt Mix (52% apartment, 22% Institutional, 26% Circulation)	\$110,600
5A. Institutional/Office Mix (54% office, 20% Institutional, 26% Circulation)	(\$307,700)
5B. Institutional/Rental Apt Mix (54% apartment, 20% Institutional, 26% Circulation)	\$253,800
6A. Institutional/Office Mix (58% office, 16% Institutional, 26% Circulation)	(\$248,500)
6B. Institutional/Rental Apt Mix (58% apartment, 16% Institutional, 26% Circulation)	\$456,100

Pro formas and scheme layouts are included in the following pages.



2011-12-15

4A. Institutional/Office Mix (2012 Scheme)

PROGRAM SUMMARY		<u>Sq Ft</u>
Office		23,494
Institutional		10,100
Mechanical/Circulation/Storage		12,000
<i>Total Sq Feet</i>		<u>45,594</u>
LEASABLE SPACE SUMMARY		<u>Sq Ft</u>
Office (Ofc SF Total + 25% allocation of Circ & Public)		26,494
Institutional (Inst Total + 25% allocation of Circ & Public)		13,100
<i>Total</i>		<u>39,594</u>
ANNUAL REVENUES		<u>Annual</u>
Office Lease Revenue	<i>\$18.00 annual PSF rent (NNN)</i>	\$476,900
Less: Vacancy	<i>5% average vacancy</i>	(\$23,800)
Less: Operating Expense	<i>5% op ex/cap reserve</i>	(\$23,800)
Institutional Rental Revenue	<i>\$15.00 annual PSF rent (NNN)</i>	\$196,500
Less: Vacancy	<i>5% average vacancy</i>	(\$9,800)
Less: Operating Expense	<i>5% op ex/cap reserve</i>	(\$9,800)
NOI		\$606,200

Uses of Funds

HARD COSTS		
Site Prep & Landscaping & Utilities	<i>\$250,000 estimate</i>	\$250,000
Hard Costs - Renovation	<i>\$225 psf of total sq ft</i>	\$10,258,700
SOFT COSTS		
Soft Costs	<i>25% of hard costs subtotal</i>	\$2,627,200
FEES & OVERHEAD		
Developer Fee	<i>18% of hard + soft costs</i>	\$2,364,500
TOTAL DEVELOPMENT COSTS		\$15,500,400

Sources of Funds

SUPPORTABLE DEBT		
	<i>1.15 DSCR</i>	\$7,816,400
	<i>4.50% rate</i>	
	<i>25 year term</i>	
OWNER EQUITY		
	<i>\$79,070 Annual Cash Available after Debt Svc</i>	\$527,100
	<i>15% Required Annual Return</i>	
FEDERAL HISTORIC TAX CREDIT EQUITY		
	<i>95% of TDC</i>	\$2,856,700
	<i>20% credit</i>	
	<i>\$0.97 price per credit</i>	
STATE HISTORIC TAX CREDIT EQUITY		
	<i>5 # of successful applications</i>	\$2,175,000
	<i>\$500,000 per award</i>	
	<i>\$0.87 price per credit</i>	
DEFERRED DEVELOPER FEE	<i>75% deferred</i>	\$1,773,400
TOTAL SOURCES OF FUNDS		\$15,148,600

Value or (Funding Shortfall)

Positive Value or (Funding Shortfall)		(\$351,800)
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4B. Institutional/Rental Apt Mix (2012 Scheme)

PROGRAM SUMMARY			<u>Sq Ft</u>
Institutional			10,100
Residential Apartment			23,494
Mechanical/Circulation/Storage			12,000
<i>Total Sq Feet</i>			45,594
LEASABLE SPACE SUMMARY			<u>Sq Ft</u>
Institutional (Inst Total + 25% allocation of Circ & Public)			13,100
Residential Apartment	20 units		23,494
<i>Total</i>			36,594
ANNUAL REVENUES			<u>Annual</u>
Institutional Lease Revenue	\$15.00 annual PSF rent (NNN)		\$196,500
Less: Vacancy	5% average vacancy		(\$9,800)
Less: Operating Expense	5% op ex/cap reserve		(\$9,800)
Residential Rental Revenue	\$1.95 monthly rent PSF		\$549,800
Less: Vacancy	5% average vacancy		(\$27,500)
Less: Operating Expense	\$400 monthly expense per unit		(\$8,000)
NOI			\$691,200

Uses of Funds

HARD COSTS			
Site Prep & Landscaping & Utilities	\$250,000 estimate		\$250,000
Hard Costs - Renovation	\$240 psf of total sq ft		\$10,942,600
SOFT COSTS			
Soft Costs	25% of hard costs subtotal		\$2,798,200
FEES & OVERHEAD			
Developer Fee	18% of hard + soft costs		\$2,518,300
TOTAL DEVELOPMENT COSTS			\$16,509,100

Sources of Funds

SUPPORTABLE DEBT			
	1.15 DSCR		\$8,912,400
	4.50% rate		
	25 year term		
OWNER EQUITY			
	\$90,157 Annual Cash Available after Debt Svc		\$601,000
	15% Required Annual Return		
FEDERAL HISTORIC TAX CREDIT EQUITY			
	95% of TDC		\$3,042,600
	20% credit		
	\$0.97 price per credit		
STATE HISTORIC TAX CREDIT EQUITY			
	5 # of successful applications		\$2,175,000
	\$500,000 per award		
	\$0.87 price per credit		
DEFERRED DEVELOPER FEE			
	75% deferred		\$1,888,700
TOTAL SOURCES OF FUNDS			\$16,619,700

Value or (Funding Shortfall)

Positive Value or (Funding Shortfall)	\$110,600
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2011-12-15

SALEM COURTS REUSE

OPTION 5: OFFICES + INSTITUTIONAL USE
SPACE USE

Inst User occupies 2nd floor
north north SC bldg
and east CC bldg.

Bruner/Cott

5A. Institutional/Office Mix (2012 Scheme)

PROGRAM SUMMARY			<u>Sq Ft</u>
Office			24,694
Institutional			8,900
Mechanical/Circulation/Storage			12,000
<i>Total Sq Feet</i>			<u>45,594</u>
LEASABLE SPACE SUMMARY			<u>Sq Ft</u>
Office (Ofc SF Total + 25% allocation of Circ & Public)			27,694
Institutional (Inst Total + 25% allocation of Circ & Public)			11,900
<i>Total</i>			<u>39,594</u>
ANNUAL REVENUES			<u>Annual</u>
Office Lease Revenue	<i>\$18.00 annual PSF rent (NNN)</i>		\$498,500
Less: Vacancy	<i>5% average vacancy</i>		(\$24,900)
Less: Operating Expense	<i>5% op ex/cap reserve</i>		(\$24,900)
Institutional Rental Revenue	<i>\$15.00 annual PSF rent (NNN)</i>		\$178,500
Less: Vacancy	<i>5% average vacancy</i>		(\$8,900)
Less: Operating Expense	<i>5% op ex/cap reserve</i>		(\$8,900)
NOI			\$609,400

Uses of Funds

HARD COSTS			
Site Prep & Landscaping & Utilities	<i>\$250,000 estimate</i>		\$250,000
Hard Costs - Renovation	<i>\$225 psf of total sq ft</i>		\$10,258,700
SOFT COSTS			
Soft Costs	<i>25% of hard costs subtotal</i>		\$2,627,200
FEES & OVERHEAD			
Developer Fee	<i>18% of hard + soft costs</i>		\$2,364,500
TOTAL DEVELOPMENT COSTS			\$15,500,400

Sources of Funds

SUPPORTABLE DEBT			
	<i>1.15 DSCR</i>		\$7,857,700
	<i>4.50% rate</i>		
	<i>25 year term</i>		
OWNER EQUITY			
	<i>\$79,487 Annual Cash Available after Debt Svc</i>		\$529,900
	<i>15% Required Annual Return</i>		
FEDERAL HISTORIC TAX CREDIT EQUITY			
	<i>95% of TDC</i>		\$2,856,700
	<i>20% credit</i>		
	<i>\$0.97 price per credit</i>		
STATE HISTORIC TAX CREDIT EQUITY			
	<i>5 # of successful applications</i>		\$2,175,000
	<i>\$500,000 per award</i>		
	<i>\$0.87 price per credit</i>		
DEFERRED DEVELOPER FEE	<i>75% deferred</i>		\$1,773,400
TOTAL SOURCES OF FUNDS			\$15,192,700

Value or (Funding Shortfall)

Positive Value or (Funding Shortfall)			(\$307,700)
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5B. Institutional/Rental Apt Mix (2012 Scheme)

PROGRAM SUMMARY			<u>Sq Ft</u>
Institutional			8,900
Residential Apartment			24,694
Mechanical/Circulation/Storage			12,000
<i>Total Sq Feet</i>			45,594
LEASABLE SPACE SUMMARY			<u>Sq Ft</u>
Institutional (Inst Total + 25% allocation of Circ & Public)			11,900
Residential Apartment	20 units		24,694
<i>Total</i>			36,594
ANNUAL REVENUES			<u>Annual</u>
Institutional Lease Revenue	\$15.00 annual PSF rent (NNN)		\$178,500
Less: Vacancy	5% average vacancy		(\$8,900)
Less: Operating Expense	5% op ex/cap reserve		(\$8,900)
Residential Rental Revenue	\$1.95 monthly rent PSF		\$577,800
Less: Vacancy	5% average vacancy		(\$28,900)
Less: Operating Expense	\$400 monthly expense per unit		(\$8,000)
NOI			\$701,600

Uses of Funds

HARD COSTS			
Site Prep & Landscaping & Utilities	\$250,000 estimate		\$250,000
Hard Costs - Renovation	\$240 psf of total sq ft		\$10,942,600
SOFT COSTS			
Soft Costs	25% of hard costs subtotal		\$2,798,200
FEES & OVERHEAD			
Developer Fee	18% of hard + soft costs		\$2,518,300
TOTAL DEVELOPMENT COSTS			\$16,509,100

Sources of Funds

SUPPORTABLE DEBT	1.15 DSCR 4.50% rate 25 year term		\$9,046,500
OWNER EQUITY	\$91,513 Annual Cash Available after Debt Svc 15% Required Annual Return		\$610,100
FEDERAL HISTORIC TAX CREDIT EQUITY	95% of TDC 20% credit \$0.97 price per credit		\$3,042,600
STATE HISTORIC TAX CREDIT EQUITY	5 # of successful applications \$500,000 per award \$0.87 price per credit		\$2,175,000
DEFERRED DEVELOPER FEE	75% deferred		\$1,888,700
TOTAL SOURCES OF FUNDS			\$16,762,900

Value or (Funding Shortfall)

Positive Value or (Funding Shortfall)	\$253,800
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2011-12-15

SALEM COURTS REUSE

OPTION 6 : OFFICES + INSTITUTIONAL USE
SPACE USE

Inst User occupies 1st and
2nd floor CC bldg.

Bruner/Cott

6A. Institutional/Office Mix (2012 Scheme)

PROGRAM SUMMARY			<u>Sq Ft</u>
Office			26,394
Institutional			7,200
Mechanical/Circulation/Storage			12,000
<i>Total Sq Feet</i>			<u>45,594</u>
LEASABLE SPACE SUMMARY			<u>Sq Ft</u>
Office (Ofc SF Total + 25% allocation of Circ & Public)			29,394
Institutional (Inst Total + 25% allocation of Circ & Public)			10,200
<i>Total</i>			<u>39,594</u>
ANNUAL REVENUES			<u>Annual</u>
Office Lease Revenue	<i>\$18.00 annual PSF rent (NNN)</i>		\$529,100
Less: Vacancy	<i>5% average vacancy</i>		(\$26,500)
Less: Operating Expense	<i>5% op ex/cap reserve</i>		(\$26,500)
Institutional Rental Revenue	<i>\$15.00 annual PSF rent (NNN)</i>		\$153,000
Less: Vacancy	<i>5% average vacancy</i>		(\$7,700)
Less: Operating Expense	<i>5% op ex/cap reserve</i>		(\$7,700)
NOI			\$613,700

Uses of Funds

HARD COSTS			
Site Prep & Landscaping & Utilities	<i>\$250,000 estimate</i>		\$250,000
Hard Costs - Renovation	<i>\$225 psf of total sq ft</i>		\$10,258,700
SOFT COSTS			
Soft Costs	<i>25% of hard costs subtotal</i>		\$2,627,200
FEES & OVERHEAD			
Developer Fee	<i>18% of hard + soft costs</i>		\$2,364,500
TOTAL DEVELOPMENT COSTS			\$15,500,400

Sources of Funds

SUPPORTABLE DEBT			
	<i>1.15 DSCR</i>		\$7,913,100
	<i>4.50% rate</i>		
	<i>25 year term</i>		
OWNER EQUITY			
	<i>\$80,048 Annual Cash Available after Debt Svc</i>		\$533,700
	<i>15% Required Annual Return</i>		
FEDERAL HISTORIC TAX CREDIT EQUITY			
	<i>95% of TDC</i>		\$2,856,700
	<i>20% credit</i>		
	<i>\$0.97 price per credit</i>		
STATE HISTORIC TAX CREDIT EQUITY			
	<i>5 # of successful applications</i>		\$2,175,000
	<i>\$500,000 per award</i>		
	<i>\$0.87 price per credit</i>		
DEFERRED DEVELOPER FEE			
	<i>75% deferred</i>		\$1,773,400
TOTAL SOURCES OF FUNDS			\$15,251,900

Value or (Funding Shortfall)

Positive Value or (Funding Shortfall)			(\$248,500)
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6B. Institutional/Rental Apt Mix (2012 Scheme)

PROGRAM SUMMARY			<u>Sq Ft</u>
Institutional			7,200
Residential Apartment			26,394
Mechanical/Circulation/Storage			12,000
Total Sq Feet			45,594
LEASABLE SPACE SUMMARY			<u>Sq Ft</u>
Institutional (Inst Total + 25% allocation of Circ & Public)			10,200
Residential Apartment	20 units		26,394
Total			36,594
ANNUAL REVENUES			<u>Annual</u>
Institutional Lease Revenue	\$15.00 annual PSF rent (NNN)		\$153,000
Less: Vacancy	5% average vacancy		(\$7,700)
Less: Operating Expense	5% op ex/cap reserve		(\$7,700)
Residential Rental Revenue	\$1.95 monthly rent PSF		\$617,600
Less: Vacancy	5% average vacancy		(\$30,900)
Less: Operating Expense	\$400 monthly expense per unit		(\$8,000)
NOI			\$716,300

Uses of Funds

HARD COSTS			
Site Prep & Landscaping & Utilities	\$250,000 estimate		\$250,000
Hard Costs - Renovation	\$240 psf of total sq ft		\$10,942,600
SOFT COSTS			
Soft Costs	25% of hard costs subtotal		\$2,798,200
FEES & OVERHEAD			
Developer Fee	18% of hard + soft costs		\$2,518,300
TOTAL DEVELOPMENT COSTS			\$16,509,100

Sources of Funds

SUPPORTABLE DEBT			
	1.15 DSCR		\$9,236,000
	4.50% rate		
	25 year term		
OWNER EQUITY			
	\$93,430 Annual Cash Available after Debt Svc		\$622,900
	15% Required Annual Return		
FEDERAL HISTORIC TAX CREDIT EQUITY			
	95% of TDC		\$3,042,600
	20% credit		
	\$0.97 price per credit		
STATE HISTORIC TAX CREDIT EQUITY			
	5 # of successful applications		\$2,175,000
	\$500,000 per award		
	\$0.87 price per credit		
DEFERRED DEVELOPER FEE			
	75% deferred		\$1,888,700
TOTAL SOURCES OF FUNDS			\$16,965,200

Value or (Funding Shortfall)

Positive Value or (Funding Shortfall)	\$456,100
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4. ANALYSIS & RECOMMENDATIONS

4-A Physical Analysis

All of the options make sense from a physical perspective. One can provide reasonable marketable spaces with appropriate circulation that do not require extraordinary manipulation of the buildings. The historic exteriors are kept intact, capable of meeting Park Service standards. On the interior, the law library is preserved for public access in all schemes and the character of the large courtrooms is retained to some extent in all schemes. However, these courtrooms are kept whole to a much greater extent in the office and institutional scenarios.

The major difficulty with the property from a physical and market perspective is that it is physically and financially impractical to provide parking within the structures and it is only possible to get approximately 6-7 spaces on the site. This severely limits the marketability of for-sale units to more than 6 or 7 units. Rental housing and office or institutional use could make use of nearby parking facilities.



*Small green space located behind
Commissioner's Building*

4-B Analysis of Economic Feasibility & Recommendation

It is the opinion of the consultant that the 2008 Schemes remain infeasible.

Regarding the 2012 schemes, it is the opinion of the consultant that the schemes coupling an institutional user with an office user are marginally infeasible, however, slight increases in rents from either an office tenant or the institutional tenant, or a higher allocation of public space to leasable space, could result in a feasible project.

It is the opinion of the consultant that the schemes coupling an institutional user with an apartment user are feasible; however, such a use may not be the most ideal solution as the uses could be seen as incompatible.

There is a strong likelihood that interest will be achieved from developers via the RFP process based on the number of potentially economically viable schemes developed as

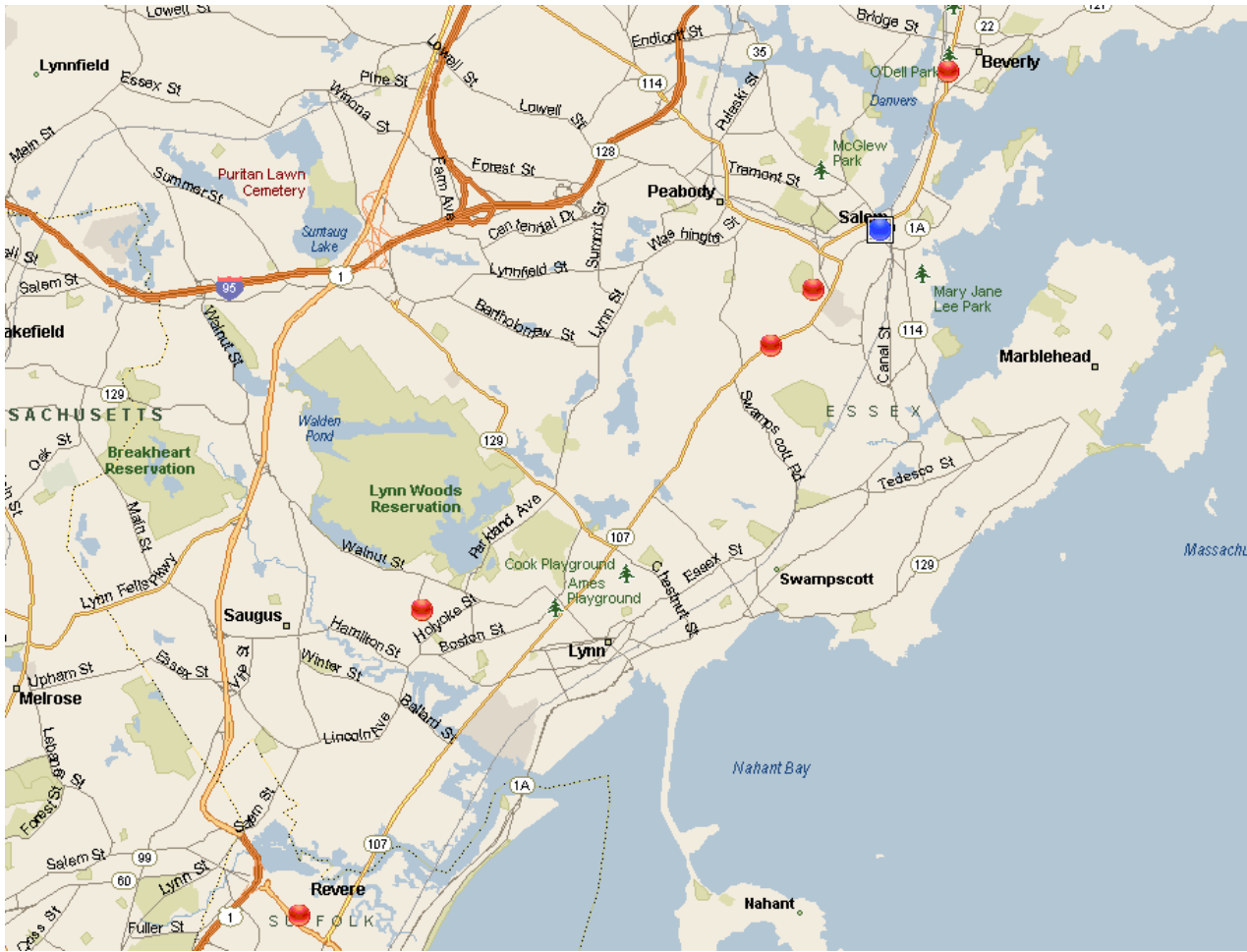
part of this study, and that those schemes would address the goals of the Commonwealth, the local community, and potential institutional users. Although it is unlikely that a developer scheme would exactly match a scheme presented here, the combination of an institutional anchor tenant, the use of historic tax credits, and minimal parking and site costs make development here possible due to a strong rental apartment market and a marginally strong office market.

As such, it is recommended that an RFP be issued to solicit developer proposals.

A P P E N D I X

- Market Data for Salem

Map of Rental Properties from Surrounding Area



COMP. PROPERTY:	1.Princeton Crossing	DATE: 5/17/2011
PROPERTY ADDRESS:	12 Heritage Drive Salem, MA	
KEY CROSS STREET:	Route 107	
CONTACT NAME:	Tori	DEVELOPER:
PHONE NUMBER:	978.740.1700	MANAGEMENT CO.: Princeton Properties



UNIT TYPE	BATH	# UNITS	RENT RANGE		SQ. FT. RANGE		\$/ SQ. FT. RANGE		% LEASED
1 BR	1	179	\$1,030	\$1,170	600	700	\$1.72	\$1.67	
2 BR	1	179	\$1,290	\$1,360	800	900	\$1.61	\$1.51	
TOTAL		358							96.0%

YEAR BUILT: 1970's				SECURITY DEPOSIT:	
BUILDING TYPE Garden		OTHER FEES:			
NUMBER OF BUILDINGS		LEASE TERMS: 1 year			
NUMBER OF FLOORS: 3.0		FURNISHED UNITS:			
CONCESSIONS/SPECIALS:					
None					
BUILDING COMMENTS:					
INTERIOR AMENITIES					
MICROWAVE:		SECURITY: (intercom)		WINDOW COVERING:	
FF REFRIGERATOR:	X	alarm:		blinds:	X
WASHER/DRYER:		gate:		shades:	
conn:		patrol:		CARPET	X
full size:		CEILING FAN:		HARDWOOD:	
stacked:		FIREPLACE:		VINYL:	X
DISHWASHER:	X	VAULTED CEILING:		OUTSIDE STORAGE:	
GARBAGE DISPOSAL:	X	VIEWS:		PATIO/BALCONIES:	
CABLE READY:	X	INTERNET ACCESS:		ELEVATOR:	
COUNTERTOP TYPE: Formica		AIR CONDITIONING: X			
EXTERIOR AMENITIES					
LAUNDRY ROOM:	X	FITNESS:		X	
POOL:	X	CLUBHOUSE:			
JACUZZI/SAUNA:		BUSINESS CENTER:			
TENNIS:		PARKING:		X	off street:
BASKETBALL:					carport:
PLAYGROUND:					garage:
COMMUNITY SPACE:					zip car:
ON SITE OFFICE	X	SERVICE COORDINATOR:			
OTHER:					
OTHER					
PETS:		UTILITIES (type):			
deposit:		resident pays: Unit Electric and Cooking Elec.			
pet rent:					
OTHER FEES:		included: Gas Heat, Water, Sewer, Garbage			
		CLASS:			
PROPERTY CONDITION:					
Good					
COMMENTS:					
286 Market rate units and 72 affordable units					

COMP. PROPERTY:	2. The Millery	DATE: 5/17/2011
PROPERTY ADDRESS:	101 Rantoul Street Beverly, MA	
KEY CROSS STREET:	Fayette	
CONTACT NAME:	Scott	DEVELOPER:
PHONE NUMBER:	866.304.9755	MANAGEMENT CO.: Peabody Properties



UNIT TYPE	BATH	# UNITS	RENT RANGE		SQ. FT. RANGE		\$/ SQ. FT. RANGE		% LEASED
1 BR	1	24	\$1,050	\$1,210	615	615	\$1.71	\$1.97	
2 BR	2	75	\$1,260	\$1,420	950	950	\$1.33	\$1.49	
TOTAL		99							100.0%

YEAR BUILT:	1978	SECURITY DEPOSIT:	1 Month
BUILDING TYPE	Mid-rise	OTHER FEES:	
NUMBER OF BUILDINGS	1	LEASE TERMS:	Flexible
NUMBER OF FLOORS:	7	FURNISHED UNITS:	
CONCESSIONS/SPECIALS:			
None			
BUILDING COMMENTS:			
INTERIOR AMENITIES			
MICROWAVE:		SECURITY: Intercom	WINDOW COVERING:
F/F REFRIGERATOR: X		alarm:	blinds:
WASHER/DRYER:		gate:	shades:
conn:		patrol:	CARPET X
full size:		CEILING FAN:	HARDWOOD:
stacked:		FIREPLACE:	VINYL: X
DISHWASHER: X		VAULTED CEILING:	OUTSIDE STORAGE:
GARBAGE DISPOSAL: X		VIEWS:	PATIO/BALCONIES:
CABLE READY: X		INTERNET ACCESS: X	ELEVATOR:
COUNTERTOP TYPE: Formica		AIR CONDITIONING: X	
EXTERIOR AMENITIES			
LAUNDRY ROOM: X		FTNESS:	
POOL:		CLUBHOUSE:	
JACUZZI/SAUNA:		BUSINESS CENTER:	
TENNIS:		PARKING: X	off street: x (w/rent)
BASKETBALL:			carport:
PLAYGROUND:			garage:
COMMUNITY SPACE: X			zip car:
ON SITE OFFICE: X		SERVICE COORDINATOR:	
OTHER:			
OTHER			
PETS:		UTILITIES (type):	
deposit:		resident pays: Unit Electric and Cooking Elec.	
pet rent: \$25/cat \$50/dog			
OTHER FEES:		included: Gas Heat, Water, Sewer, Garbage	
		CLASS:	
PROPERTY CONDITION:			
Good			
COMMENTS:			
Mixed income property			

COMP. PROPERTY:	3. Northgate Apts	DATE: 5/17/2011
PROPERTY ADDRESS:	237 Lantern Road Revere, MA	
KEY CROSS STREET:	Route 60	
CONTACT NAME:	Roxanne Aiello	DEVELOPER:
PHONE NUMBER:	781.289.3535	MANAGEMENT CO.: Dolben Company



UNIT TYPE	BATH	# UNITS	RENT RANGE		SQ. FT. RANGE		\$/ SQ. FT. RANGE		% LEASED
Studio	1	11	\$885	\$965	385	385	\$2.30	\$2.51	
1 BR	1	125	\$1,200	\$1,200	412	698	\$2.91	\$1.72	
2 BR	1	61	\$1,350	\$1,400	912	912	\$1.48	\$1.54	
2 BR-TH	1.5	2	\$1,475	\$1,545	1,278	1,278	\$1.15	\$1.21	
3 BR	1	6	\$1,545	\$1,545	1,200	1,220	\$1.29	\$1.27	
3 BR-TH	1.5	10	\$1,595	\$1,595	1,425	1,425	\$1.12	\$1.12	
TOTAL		215							98.0%

YEAR BUILT: 1980's				SECURITY DEPOSIT: 1 Month			
BUILDING TYPE Garden				OTHER FEES:			
NUMBER OF BUILDINGS				LEASE TERMS: 12 Months			
NUMBER OF FLOORS: 4				FURNISHED UNITS:			
CONCESSIONS/SPECIALS:							
None							
BUILDING COMMENTS:							
INTERIOR AMENITIES							
MICROWAVE:		SECURITY: Intercom		WINDOW COVERING:			
F/F REFRIGERATOR:	X	alarm:		blinds:		X	
WASHER/DRYER:		gate:		shades:			
conn:		patrol:		CARPET		X	
full size:		CEILING FAN:		HARDWOOD:			
stacked:		FIREPLACE:		VINYL:		X	
DISHWASHER:	X	VAULTED CEILING:		OUTSIDE STORAGE:			
GARBAGE DISPOSAL:	X	VIEWS: City		PATIO/BALCONIES:		X	
CABLE READY:	X	INTERNET ACCESS: X		ELEVATOR:		X	
COUNTERTOP TYPE: Formica		AIR CONDITIONING: Window					
EXTERIOR AMENITIES							
LAUNDRY ROOM:	X	FITNESS:		X			
POOL:	X	CLUBHOUSE:					
JACUZZI/SAUNA:		BUSINESS CENTER:					
TENNIS:		PARKING:		X	off street:	X	
BASKETBALL:				carport:			
PLAYGROUND:				garage:			
COMMUNITY SPACE:	X			zip car:			
ON SITE OFFICE	X	SERVICE COORDINATOR:					
OTHER:							
OTHER							
PETS:		UTILITIES (type):					
deposit:		resident pays: Unit Electric and Cooking Elec.					
pet rent:							
OTHER FEES:		included: Gas Heat, Water, Sewer, Garbage					
		CLASS:					
PROPERTY CONDITION:							
Good							

COMP. PROPERTY: 4. Kings Lynne Apts		DATE: 5/17/2011
PROPERTY ADDRESS: 115 O'Callaghan Way Lynn, MA		
KEY CROSS STREET: Walnut		
CONTACT NAME: Elaine Kalapinski	DEVELOPER:	
PHONE NUMBER: 781.581.7106	MANAGEMENT CO.:	CMJ Managaement



BEDROOM	BATH	# UNITS	RENT RANGE		SQ. FT. RANGE		\$/ SQ. FT. RANGE		% LEASED
1 BR	1	188	\$1,090	\$1,090	675	675	\$1.61	\$1.61	
2 BR	1	72	\$1,245	\$1,245	708	708	\$1.76	\$1.76	
2 BR-TH	1.5	52	\$1,325	\$1,325	725	725	\$1.83	\$1.83	
3 BR	2	89	\$1,495	\$1,495	800	800	\$1.87	\$1.87	
4 BR	3	40	\$1,615	\$1,690	850	1,000	\$1.90	\$1.69	
TOTAL		441							100.0%

YEAR BUILT: 1978		SECURITY DEPOSIT:	
BUILDING TYPE Midrise		OTHER FEES:	
NUMBER OF BUILDINGS		LEASE TERMS:	
NUMBER OF FLOORS: 2-5		FURNISHED UNITS:	
CONCESSIONS/SPECIALS:			
BUILDING COMMENTS:			
There are 15 of the larger four bedroom units. These include a den.			
INTERIOR AMENITIES			
MICROWAVE:		SECURITY: Intercom	WINDOW COVERING:
F/F REFRIGERATOR: X		alarm:	blinds: X
WASHER/DRYER:		gate:	shades:
conn:		patrol:	CARPET: X
full size:		CEILING FAN:	HARDWOOD:
stacked:		FIREPLACE:	VINYL: X
DISHWASHER: X		VAULTED CEILING:	OUTSIDE STORAGE: X
GARBAGE DISPOSAL: X		VIEWS:	PATIO/BALCONIES: X
CABLE READY: X		INTERNET ACCESS: X	ELEVATOR: X
COUNTERTOP TYPE: Formica		AIR CONDITIONING: Unit	
EXTERIOR AMENITIES			
LAUNDRY ROOM: X		FITNESS: X	
POOL: X		CLUBHOUSE:	
JACUZZI/SAUNA: X		BUSINESS CENTER:	
TENNIS:		PARKING: Yes	off street: X
BASKETBALL:			carport:
PLAYGROUND:			garage:
COMMUNITY SPACE: X			zip car:
ON SITE OFFICE: X		SERVICE COORDINATOR:	
OTHER:			
OTHER			
PETS:		UTILITIES (type):	
deposit:		resident pays: Unit Electric and Cooking Elec.	
pet rent:			
OTHER FEES:		included: Gas Heat, Water, Sewer, Garbage	
		CLASS:	
PROPERTY CONDITION:			
Good			
COMMENTS:			
Property contains mix of market and affordable units with MRVP and HAP contract apartments Rents shown reflect market rents			

COMP. PROPERTY: 5. Hawthorne Commons		DATE: 5/17/2011
PROPERTY ADDRESS: 205 Highland Ave Salem, MA		
KEY CROSS STREET: First		
CONTACT NAME: Kim	DEVELOPER:	
PHONE NUMBER: 978.825.0030	MANAGEMENT CO.: Lincoln Properties	



UNIT TYPE	BATH	# UNITS	RENT RANGE		SQ. FT. RANGE		\$/ SQ. FT. RANGE		% LEASED
1 BR	1	114	\$1,270	\$1,340	768	795	\$1.65	\$1.69	
2 BR	1	114	\$1,630	\$1,680	1,060	1,093	\$1.54	\$1.54	
TOTAL		228							93.0%

YEAR BUILT: 2003				SECURITY DEPOSIT: 1 Month			
BUILDING TYPE Garden				OTHER FEES:			
NUMBER OF BUILDINGS				LEASE TERMS: 6 and 12 Months			
NUMBER OF FLOORS: 3				FURNISHED UNITS:			
CONCESSIONS/SPECIALS:							
None							
BUILDING COMMENTS:							
Excellent							
INTERIOR AMENITIES							
MICROWAVE: X		SECURITY: Intercom		WINDOW COVERING:			
F/F REFRIGERATOR: X		alarm:		blinds: X			
WASHER/DRYER: X		gate:		shades:			
conn:		patrol:		CARPET X			
full size:		CEILING FAN:		HARDWOOD:			
stacked:		FIREPLACE:		VINYL: X			
DISHWASHER: X		VAULTED CEILING:		OUTSIDE STORAGE:			
GARBAGE DISPOSAL: X		VIEWS:		PATIO/BALCONIES: X			
CABLE READY: X		INTERNET ACCESS: X		ELEVATOR: X			
COUNTERTOP TYPE: Formica		AIR CONDITIONING: Central					
EXTERIOR AMENITIES							
LAUNDRY ROOM: X		FITNESS: X					
POOL: X		CLUBHOUSE: X					
JACUZZI/SAUNA: X		BUSINESS CENTER: X					
TENNIS:		PARKING: X		off street: Free			
BASKETBALL:				carport:			
PLAYGROUND:				garage: \$150/mo.			
COMMUNITY SPACE: X				zip car:			
ON SITE OFFICE: X		SERVICE COORDINATOR:					
OTHER:							
OTHER							
PETS: Cats and Dogs OK		UTILITIES (type):					
deposit:		resident pays: Heat, Unit Electric and Cooking					
pet rent: 45 35							
OTHER FEES:		included: Water, Sewer, Garbage					
		CLASS:					
PROPERTY CONDITION:							
Excellent							

The next table illustrates the range of rents observed at the comparables examined. The table illustrates the unit rents and the rent adjusted to reflect the fact that most Class B apartments provide heat, hot water, electricity and cooking fuel. We have displayed the rents as a monthly rent and as a rent per square foot of living space.

Summary of Rent Comparables

				UNIT RENTS			
BEDROOM	BATH	SQ. FT. RANGE		RENT RANGE		\$/ SQ. FT. RANGE	
1 BR	1	412	795	\$1,030	\$1,340	\$1.61	\$1.97
2 BR	1-2	708	1,093	\$1,245	\$1,680	\$1.33	\$1.76

In the apartment rental market, occupancies above 95% are generally considered effectively “fully occupied”, since most property owners assume approximately 5% vacancy and credit loss for market rate apartments in their pro forma analysis and projections. The comparable properties reviewed exhibited an overall occupancy of 97.4%, with two development fully occupied. Of the more than 1,300 units at the five properties reviewed, only 35 units are currently available.

Comparable Occupancy Data

Comparable	Units		%
	Total	Vacant	Vacant
1.Princeton Crossing	358	14	4.0%
2. The Millery	99	0	0.0%
3. Northgate Apts	215	4	2.0%
4. Kings Lynne Apts	441	0	0.0%
5. Hawthorne Commons	<u>228</u>	<u>16</u>	<u>7.0%</u>
	1,341	35	2.6%

Residential Operating Expenses

These vary widely depending on the final product. Relevant variables include number of units, building type, level of affordability and reporting requirements, level of site amenities, and others.

The data in the next table are taken from 15 rental properties in Eastern Massachusetts

Residential Operating Expenses

	Low	High	Mean	Median
Units				
Studio	0.00	54.00	7.60	0.00
1-BR	8.00	193.00	69.13	69.00
2-BR	1.00	120.00	43.47	38.00
3-BR	0.00	36.00	7.53	0.00
4+-BR	0.00	8.00	0.80	0.00
Total	76.00	231.00	128.53	124.00
Family	0.00	229.00	37.47	1.00
Elderly	0.00	188.00	29.67	0.99
HP	0.00	20.00	2.29	0.00
Low-Income				
Mod-Income				
Market				
Building Type				
Management Fee %	2.1%	5.5%	4.1%	4.1%
Benefits %	0.0%	60.3%	27.6%	24.9%
Gross Rental Income				
Vacancy	0%	14%	4%	1%
Effective Gross Income				
Management Fee	\$300	\$3,017	\$808	\$651
Administrative				
Payroll	\$375	\$2,920	\$912	\$691
Taxes and Benefits	\$0	\$728	\$206	\$167
Legal	\$0	\$260	\$84	\$60
Audit	\$0	\$239	\$109	\$91
Marketing	\$0	\$827	\$127	\$33
Telephone	\$27	\$176	\$75	\$66
Office Supplies	\$48	\$255	\$134	\$105
Accounting	\$0	\$77	\$38	\$64
Miscellaneous	\$0	\$738	\$153	\$125
Subtotal Administrative	\$920	\$5,754	\$1,837	\$1,526
Maintenance				
Payroll	\$361	\$1,230	\$772	\$770
Taxes and Benefits	\$0	\$421	\$201	\$173
Janitorial Materials	\$14	\$695	\$166	\$101
Landscaping	\$46	\$555	\$256	\$191
Contracts	\$0	\$0	\$0	\$0
Decorating (Interior)	\$0	\$917	\$267	\$162
Repairs (Int/Ext)	\$198	\$1,046	\$474	\$469
Elevator	\$0	\$196	\$61	\$30
Trash	\$0	\$246	\$109	\$112
Snow	\$0	\$521	\$121	\$101
Extermination	\$0	\$111	\$32	\$24
Recreation	\$0	\$159	\$12	\$0
Other	\$0	\$456	\$59	\$16
Subtotal Maintenance	\$1,616	\$3,129	\$2,530	\$2,627
Utilities				
Electricity	\$99	\$1,333	\$531	\$435
Gas/Oil	\$31	\$865	\$414	\$421
Water and Sewer	\$127	\$823	\$375	\$354
Other				
Subtotal Utilities	\$399	\$2,498	\$1,320	\$1,269
Other Expenses				
Real Estate Taxes	\$204	\$3,889	\$1,156	\$781
Insurance	\$103	\$903	\$383	\$369
Resident Services	\$0	\$19,149	\$1,321	\$43
Security	\$0	\$762	\$141	\$20
Other	\$0	\$113	\$10	\$1
Subtotal Other Expenses	\$805	\$20,985	\$3,012	\$1,393
Total	\$4,255	\$34,219	\$9,507	\$7,227

Salem, Massachusetts

For Sale Housing:

Not requested, can provide.

Residential Land Sales

Not requested, would be similar to Rutland data.

Commercial**Salem Commercial Lease Data**

Street	Town	Type	Size (SF)		Rent/SF		Notes
			Low	High	Low	High	
Congress	Salem	Retail	800	2,000	\$15.00	\$15.00	Single story brick
Church	Salem	Reail	1,830	1,834	\$15.00	\$15.00	Two story renovated brick
Essex	Salem	Retail	500	21,500	\$12.00	\$18.00	Museum Place Mall
Lafayette	Salem	Retail/Rest	1,500	3,875	\$10.00	\$14.67	Licquor License
Front	Salem	Retail	2,000	5,000	\$20.00	\$20.00	Two stdory brick, street retail
Washington	Salem	Retail	620	2,150	\$13.09	\$20.00	Two story brick, street retail
Salem Green	Salem	Office	850	5,000	\$15.00	\$15.00	Space in 40,000 sf building
Holyoke Sq	Salem	Office	1,750	4,200	\$16.50	\$16.50	Space in 55,000 sf building
Front St	Salem	Office	2,229	2,229	\$14.25	\$14.25	Space in 24,000 sf building
Federal	Salem	Office	2,000	20,000	\$8.00	\$14.00	Space in 150,000 sf building
Essex	Salem	Office	500	21,500	\$12.00	\$18.00	Museum Place Mall
		Low	500		\$8.00		
		High	21,500		\$20.00		
		Median	2,000		\$15.00		
		Mean	4,721		\$15.06		