



TOWN OF UPTON ECONOMIC FEASIBILITY ANALYSIS

PREPARED BY RKG ASSOCIATES



Source: Town of Upton

TABLE OF CONTENTS

INTRODUCTION

METHODOLOGY & INPUTS

MARKET ASSESSMENT

RESULTS

APPENDIX



INTRODUCTION

ECONOMIC FEASIBILITY ANALYSIS

BACKGROUND



Section 4.B “Affordability Requirements” of EOHLC’s Compliance Guidelines for Multi-Family Zoning Districts has set limitations related to affordability requirements to ensure consistency with the state’s law for as-of-right zoning.

Specifically, municipalities must require no more than 10% of units in a project to be affordable units, and the cap on income of families or individuals who are eligible to occupy those units at no less than 80% of Area Median income.

Exception to this guidance is permitted for affordability requirements between 10% and 20% of affordable units if it is supported by an Economic Feasibility Analysis.



METHODOLOGY & MODELING INPUTS

**ECONOMIC FEASIBILITY
ANALYSIS**

METHODOLOGICAL OVERVIEW

THE ECONOMIC FEASIBILITY MODEL IS A PROFORMA-BASED EXCEL MODEL THAT IS DESIGNED TO TEST THE FINANCIAL IMPACT OF POTENTIAL POLICY CHANGES AGAINST THE FINANCIAL RISK/REWARD OF A POTENTIAL INVESTMENT.

RKG's economic feasibility model uses locally-sourced data to determine how changes to inclusionary zoning could impact the financial performance of a potential project. At its most basic level, the model is designed to capture construction and operational costs and compare those to potential revenues to determine if the project will meet or exceed local return expectations.

The model has the capability to test variations across nearly all data points to test the sensitivity of dozens of variables on financial feasibility. This includes variability in construction costs, land costs, operational costs, development type and size, location within the community, and more. The model is also set up to test changes in affordability metrics such as the percentage of affordable units, target AMIs, unit thresholds, and more.

While the model is a powerful tool to understand the impacts of changes to inclusionary zoning and the sensitivity of modifying assumptions, it is not intended to be the only analytic or encapsulate the exact specifics of a deal.

BASIC MODELING COMPONENTS

The economic feasibility modeling is based upon three principal components: **construction costs**, **operational revenues**, and **operational costs**. Each component relies upon several market-based and financial inputs for the model to be effective. The primary inputs for which local data was derived include, but is not limited to:

Construction Costs

- Soft costs – design and preparation
- Hard costs – materials and construction
- Land costs – physical location

Operation Costs

- Financing costs – debt and equity to pay for the project
- Marketing, management, repairs, property taxes

Operational Revenues

- Rental rates and sale prices
- Parking revenue

MODELING ASSUMPTIONS

To conduct an economic feasibility analysis for the proposed zoning, RKG must make several qualifications and assumptions to create a series of archetypal development projects that would trigger the affordability requirement based on the zoning. It should be noted that these development scenarios do not include any site-specific information, agreed-upon purchase prices, site plans or building designs. More specifically:

- There are no architectural plans or building specific plans/estimates.
- The model assumes the parcel is easily developable meaning hard cost estimates for new construction do not assume added costs such as major site improvements, blasting, demolition, or infrastructure costs.
- Land costs are derived from residual land values, assessment data and market comparable as this model is not an actual site-specific land acquisition pro forma.
- Construction hard costs and assumptions are based on an average within the market and are derived from interviews with developers and contractors as well as data RSMeans.
- Interest rates and financial assumptions are based on the point of time of the analysis. Evolving macroeconomic conditions can alter the financing of projects such as a slow down in rent growth, higher costs of capital, and changing cap rates.

EFA ASSUMPTIONS CHECKLIST

Construction Costs	Input	Source
Land Acquisition (per unit)	\$30,000	Assessment Data; Residual Land Est.
Total Land Costs	Variable	Assessment Data
Soft Costs (percentage of hard costs)	20%	Local Developers
Hard Costs (per SQFT)		
Residential	-	RS Means
Commercial Stick Built	\$250	RS Means/Developers
Commercial Podium	\$325	RS Means/Developers
Commercial Steel	-	RS Means
Parking Assumptions		
Parking Ratio (district dependent)	1.5	Town of Upton
Parking Cost by Type		
Surface (per space)	\$6,000	Local Construction
Structured (per space)	\$35,000	Local Developers
Underground (per space)	\$75,000	Local Developers
Operations & Expenses	Input	Source
VACL (percentage)	5%	Moody's Analytics
Operating Expense (% of EGI)	23%	Local Developers



EFA ASSUMPTIONS CHECKLIST

Revenue Sources	Input	Source
Rents by Bed Count (per SQFT)*		
Studio/Efficiency	-	CoStar/Market Comps
One Bedroom	\$2.81	CoStar/Market Comps
Two Bedroom	\$2.34	CoStar/Market Comps
Three Bedroom	\$2.58	CoStar/Market Comps
Sale Value (per SQFT)		
Other Income		
Parking Revenue (surface/structured) (per month per space)	\$50/\$150	Local Developers
On-Site Laundry (per month)	N/A	N/A
Other (please list)	N/A	N/A
Financial		
	Input	Source
Lending Rate (Percentage)	7%	Local Developers / CoStar
Lending Term (Years)	30	
Debt Equity Ratio	70/30	
Cap Rate	5.5%	
Return Expectations		
Internal Rate of Return (IRR)	15%	
Return on Cost (ROC)	6.5%	
Cash on Cash (CoC)	5.5%	



MODEL OUTPUTS

THE CORE FUNCTION OF THE ECONOMIC FEASIBILITY MODEL IS TO UNDERSTAND HOW CHANGES IN POLICY AND PROJECT TYPE IMPACT FINANCIAL RETURNS COMPARED TO MARKET EXPECTATIONS.

FINANCIAL ANALYSES

The model measures three financial outcomes using three different metrics; Cash on Cash (COC), Return on Cost (ROC), Internal Rate of Return (IRR). Each measure represents a decision point for those involved in the transactions that make residential development financially feasible:

- COC – Investors/Developers
- ROC – Investors/Developers
- IRR – Developers/Operators

PROJECT EXAMPLES

To test the financial implications of different project types in the districts, the model was constructed with data local to Upton and its submarket and scenarios were generated using a range of project sizes that matched what the MBTA Compliance Model projected for the district.

To highlight these differences, this report provides examples of how different development and district assumptions can impact economic feasibility.



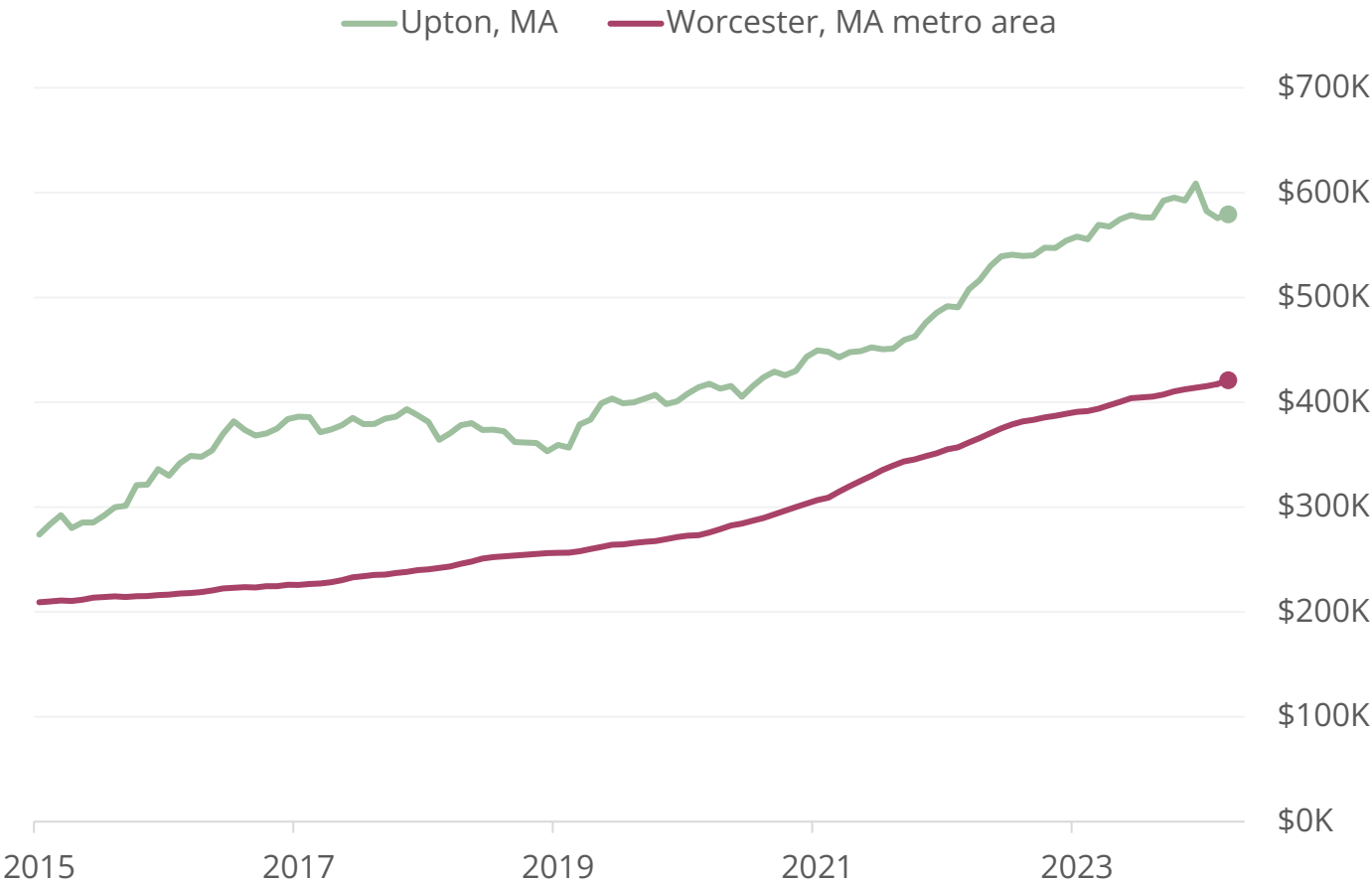
MARKET ASSESSMENT

**ECONOMIC FEASIBILITY
ANALYSIS**

MARKET ASSESSMENT

Upton Median Sale Price

Single Family 12-month moving average



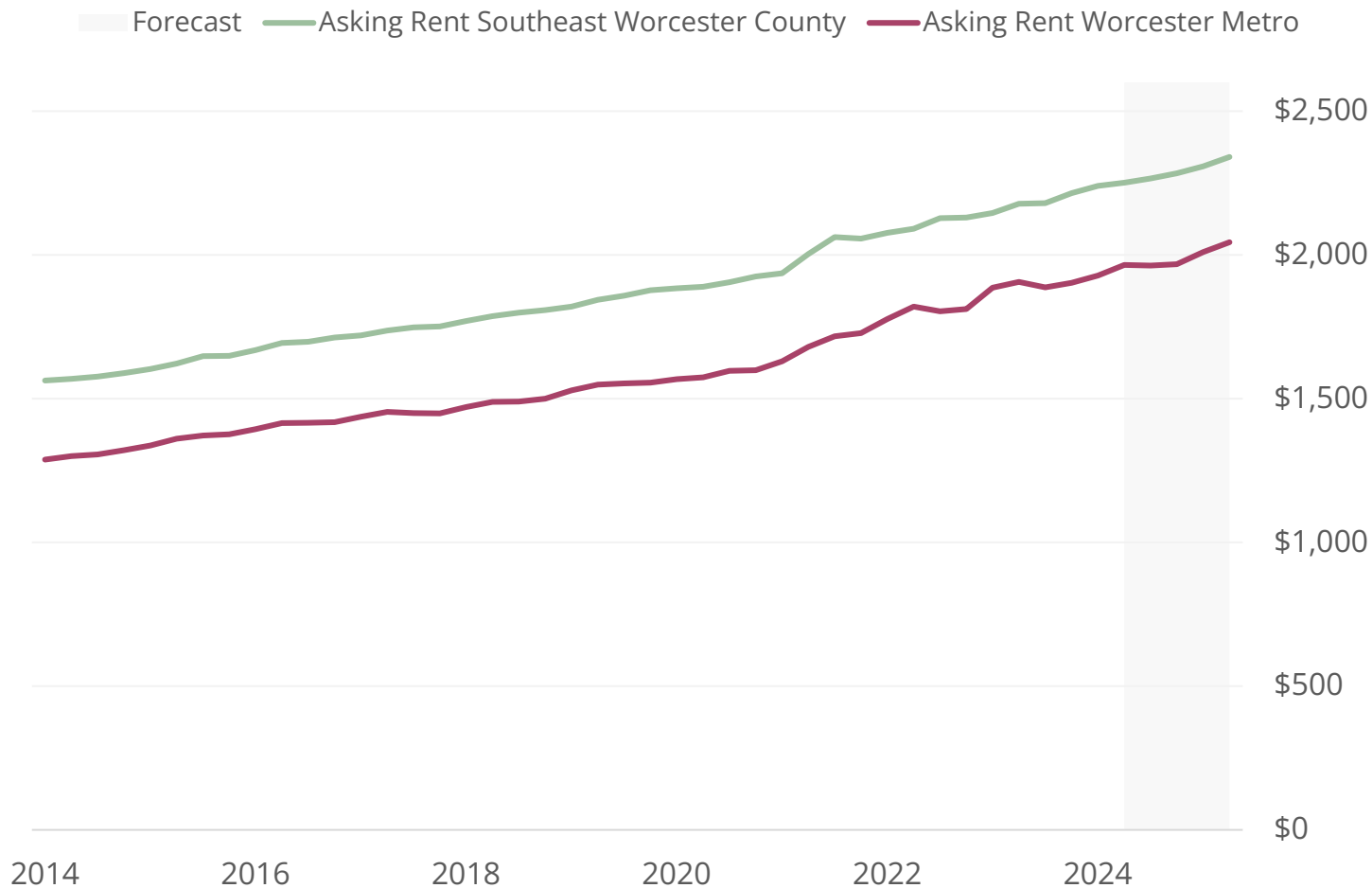
Despite the high current interest rate environment and slowdown in sales volumes, sales prices continue to grow throughout the Worcester metro and in Upton due to the limited available inventory.

Median sale prices in Upton throughout the last few years have tracked a faster growth rate compared to the Worcester Metro with median sale prices exceeding that of the metro average. Low inventories throughout the metro have continued to contribute to these higher home prices.

Rising home prices positively correlate with rents meaning that as home prices have grown, so too have rents in Upton and the Worcester metro. While rents have seen some softening in recent quarters, limited inventories continue to drive high asking prices with the high-rate environment continuing to keep many households from purchasing a home and thus driving rental demand and asking rents.

MARKET ASSESSMENT

Asking Rent Per Unit Comparison Submarket vs Worcester Metro

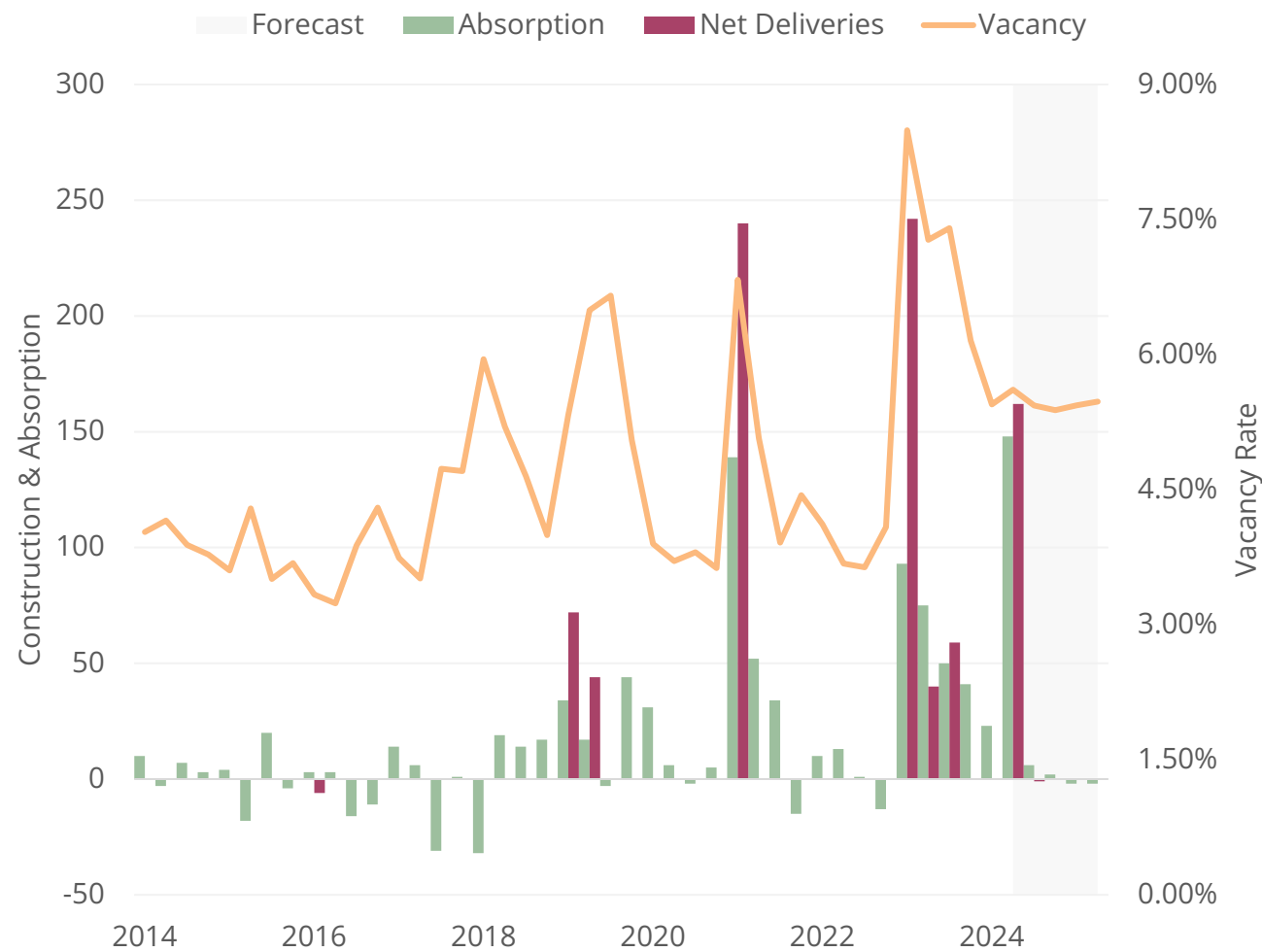


Within the Worcester Metro market, Upton lies in the Southeast Worcester County submarket. Comparing the submarket asking rents to the Worcester Metro, rents exceed the Worcester metro average and have experienced a similar rate of growth in recent years.

Similar to home prices, rent growth in Upton accelerated in 2021 and remains stable at record highs. Recent economic forecasts further support that future rent growth is expected to remain stable over the next year at these higher asking rents throughout the market.

MARKET ASSESSMENT

Southeast Worcester County Submarket Multifamily Market Activity



The vacancy rate in the Southeast Worcester County multifamily submarket is 5.6% which is 2.3% lower than it was this time last year. Over this period there have been 300 units of positive absorption, and 240 net deliveries suggesting continued demand for multifamily in the submarket.

The submarket has added approximately 500 units over the last three years. Over this same period, rents have increased 13.9% compared to the Worcester metro average of 17.6%. Given the recent cool down in multifamily production and uncertainty around interest rates, CoStar forecasts do not expect any new construction in 2025, as of May 2024.

MARKET ASSESSMENT

Upton falls within the Eastern Worcester County, MA HUD Metro FMR Area. The following affordable rents are derived from 50% of AMI levels for 1-person to 5-person households. This economic feasibility analysis for Upton tests the viability of an affordable requirement of 12.5% and 15% of units at 80% of AMI for projects of six (6) or more units.

Maximum Affordable Rents by AMI (all utilities included in rent)													
Unit Type	30%	40%	50%	60%	70%	80%	90%	100%	110%	120%	130%	140%	150%
Efficiency	\$750	\$1,008	\$1,266	\$1,524	\$1,782	\$2,040	\$2,298	\$2,556	\$2,814	\$3,072	\$3,330	\$3,588	\$3,846
1BR	\$797	\$1,073	\$1,350	\$1,626	\$1,903	\$2,179	\$2,456	\$2,732	\$3,009	\$3,285	\$3,562	\$3,838	\$4,115
2BR	\$899	\$1,213	\$1,526	\$1,839	\$2,153	\$2,466	\$2,779	\$3,093	\$3,406	\$3,720	\$4,033	\$4,346	\$4,660
3BR	\$999	\$1,350	\$1,700	\$2,050	\$2,400	\$2,750	\$3,100	\$3,450	\$3,800	\$4,151	\$4,501	\$4,851	\$5,201
4BR	\$1,087	\$1,470	\$1,853	\$2,237	\$2,620	\$3,003	\$3,386	\$3,770	\$4,153	\$4,536	\$4,919	\$5,303	\$5,686



RESULTS SUMMARY

ECONOMIC FEASIBILITY ANALYSIS

ECONOMIC FEASIBILITY ANALYSIS

The economic feasibility analysis conducted by RKG provides key insights regarding the relative impact on economic feasibility resulting from the change in inclusionary zoning requirements.

To that end, RKG modeled multiple prototypical development scenarios by calibrating the model with market-based assumptions and tested the findings against real world examples.

The financial model calculates the basic go/ no-go decision a developer must make about a potential project. The decision to pursue a project comes down to overall financial return and risk exposure.

The model tests Internal Rate of Return (IRR), Cash on Cash (COC), and Return on Cost (ROC) metrics. This analysis focuses on the IRR and ROC metrics, as IRR can vary based on the specifics of the deal (current market expectation sits at 15% preferred, 12% minimum), the ROC gives a clearer sense of the return on investment (current market expectation targets 6% - 7%).

The market scenario analysis provides an assessment of how a project would perform financially based on market averages for acquisition, construction, operation, and reversion.

The analysis presents the performance of projects when using the proposed set aside rates (ranging from 12.5% - 15% for projects six or more units) at the proposed Area Median Income (AMI) target of 80% of AMI.

RKG tested the development feasibility across several scenarios testing project size (number of units), construction typology (stick, stick over podium, steel frame), and across the districts the town is considering for MBTA 3A compliance:

- Upton Center Business
- Route 140 East Mall

The following pages detail the results of multiple development scenarios for the districts to demonstrate the sensitivity and overall level of economic feasibility.

ECONOMIC FEASIBILITY ANALYSIS

Results Overview

- Based on the results for Upton across project scenarios, market rate asking rents are strong enough to support projects with a 12.5% and 15% set aside at 80% of AMI for projects built using wood frame construction with surface parking, which meets the requirements for the proposed MBTA district.
- Across all scenarios in the proposed district, the IRR results fall within the realm of market expectations and ROC remains strong in the mid-6% range. Cash-on-Cash falls below market expectations but it is important to note that this measure can be subjective as it measures a snapshot of annual cash flow as opposed to return on cost which measures the cumulative return including the sale price at the end of the reversion period.
- Over the last three years, the Southeastern Worcester County submarket has continued to see new multifamily units added to the market. Given the current interest rate environment and slight weakening in multifamily fundamentals in recent quarters, multifamily development has seen some pressure, making it hard to achieve deeper levels of affordability without additional financing from state and federal programs.
- Despite these macroeconomic trends, demand for multifamily remains strong and lower land values compared to adjacent submarkets continue to support the prospects of multifamily development. Given these trends, rents are likely to remain strong in the submarket which would continue to support development including those with the aforementioned affordability levels.

EFA MODEL DISTRICT INPUTS

The figure provides the summary zoning inputs from the MBTA Compliance Model. Based on these inputs, development scenarios performed in the EFA will meet the following requirements: 2.5 stories (wood frame construction), and a parking ratio of 1.5 per dwelling unit. Based on the Town’s MBTA zoning proposal, developments involving the creation of six (6) or more dwelling units are subject to the inclusionary housing requirements.

ZONING INPUTS - DISTRICT 1 **Upton Center Business**

Model Inputs for Calculating Unit Yield	Input
Minimum Lot Size	0
Additional Lot Square Feet per Dwelling Unit	0
Open Space %	0%
Excluded Land Counted Toward Open Space	N
Parking Spaces per Dwelling Unit	0.00
Building Height	2.5
Maximum Lot Coverage %	0%
Floor Area Ratio	0.00
Zoning Restrictions that Cap Unit Counts	Input
Lot Area per Dwelling Unit	0
Maximum Dwelling Units per Acre	16.00
Cap on Maximum Dwelling Units per District	0.00

ZONING INPUTS - DISTRICT 2 **Route 140 East small**

Model Inputs for Calculating Unit Yield	Input
Minimum Lot Size	0
Additional Lot Square Feet per Dwelling Unit	0
Open Space %	0%
Excluded Land Counted Toward Open Space	N
Parking Spaces per Dwelling Unit	0.00
Building Height	2.5
Maximum Lot Coverage %	0%
Floor Area Ratio	0.00
Zoning Restrictions that Cap Unit Counts	Input
Lot Area per Dwelling Unit	0
Maximum Dwelling Units per Acre	23.00
Cap on Maximum Dwelling Units per District	0.00

EFA MODEL RESULT

RKG’s economic feasibility model uses locally-sourced and market level data to determine how zoning requirements impact the financial performance of a potential project. The model is designed to capture construction and operation costs and compare those to potential revenues to determine if the project assumptions will meet or exceed local return expectations, which is analogous with economic feasibility.

The scenarios modeled capture unit scenarios, parking spaces per dwelling unit and building height requirements for the proposed MBTA districts the town is considering for MBTA 3A compliance.

The range in unit sizes is intended to encompass the range of results from the compliance model’s final lot multi-family unit capacity as well as the minimum scenario that triggers the affordability requirement.

Based on RKG’s pro forma models for the district, projects with a 12.5% and a 15% set aside are economically feasible across both IRR and ROC return measures given the assumptions in this report. Across all project sizes, rents and wood frame construction result in return on cost measures (ROC) and internal rates of return (IRR) that fall within market expectation.

For the smaller unit sizes, 12.5% and 15% set asides result in similar returns due to rounding up to the nearest affordable unit. As projects scale, IRRs hover within market expectation and return on cost measures fall within line of market expectation. With these results the town could consider either set aside at 80% of AMI.



Development Scenarios for both Districts

12.5% Set aside at 80% of AMI

Unit Counts	IRR	COC	ROC
6	13.00%	3.37%	6.60%
15	12.11%	2.75%	6.41%
25	12.24%	2.84%	6.44%
50	12.26%	2.85%	6.44%
100	12.20%	2.81%	6.43%

15% Set aside at 80% of AMI

Unit Counts	IRR	COC	ROC
6	13.00%	3.37%	6.60%
15	12.11%	2.75%	6.41%
25	12.23%	2.82%	6.44%
50	12.05%	2.69%	6.40%
100	12.15%	2.76%	6.42%

-  Below market expectation
-  Not economically feasible



APPENDIX

ECONOMIC FEASIBILITY ANALYSIS

PROFORMA SCENARIOS 10-YEAR PROFORMA

6 units – stick construction – Surface Parking – 12.5% set aside

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Potential Gross Income	\$0	\$195,193	\$200,658	\$206,277	\$212,052	\$217,990	\$224,094	\$230,368	\$236,818	\$243,449	\$250,266
Vacancy & Credit Losses	\$0	(\$9,760)	(\$10,033)	(\$10,314)	(\$10,603)	(\$10,899)	(\$11,205)	(\$11,518)	(\$11,841)	(\$12,172)	(\$12,513)
Other Income	\$0	\$5,551	\$5,707	\$5,866	\$6,031	\$6,200	\$6,373	\$6,552	\$6,735	\$6,924	\$7,117
Effective Gross Income	\$0	\$190,984	\$196,332	\$201,829	\$207,480	\$213,290	\$219,262	\$225,401	\$231,713	\$238,200	\$244,870
Operating Expenses	\$0	(\$73,570)	(\$76,111)	(\$77,982)	(\$80,086)	(\$82,200)	(\$84,382)	(\$86,619)	(\$88,917)	(\$91,275)	(\$93,696)
Net Operating Income	\$0	\$117,415	\$120,221	\$123,847	\$127,394	\$131,090	\$134,880	\$138,782	\$142,796	\$146,925	\$151,174
Investment											
Developer Equity	(\$533,791)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Partial Unit Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Financing Fee	(\$37,365)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equity Investor Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$0	(\$99,437)	(\$99,437)	(\$99,437)	(\$99,437)	(\$99,437)	(\$99,437)	(\$99,437)	(\$99,437)	(\$99,437)	(\$99,437)
Property Taxes*	(\$24,341)										
Sale Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,748,617
Cost of Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$164,917)
Remaining Loan Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,068,803)
Net Sale Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,514,897
After Tax Cash Flow	(\$595,497)	\$17,978	\$20,783	\$24,410	\$27,957	\$31,652	\$35,443	\$39,345	\$43,359	\$47,488	\$1,514,897

15 units – stick construction – Surface Parking – 12.5% set aside

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Potential Gross Income	\$0	\$497,998	\$511,941	\$526,276	\$541,012	\$556,160	\$571,732	\$587,741	\$604,198	\$621,115	\$638,506
Vacancy & Credit Losses	\$0	(\$24,900)	(\$25,597)	(\$26,314)	(\$27,051)	(\$27,808)	(\$28,587)	(\$29,387)	(\$30,210)	(\$31,056)	(\$31,925)
Other Income	\$0	\$14,186	\$14,584	\$14,992	\$15,412	\$15,843	\$16,287	\$16,743	\$17,212	\$17,694	\$18,189
Effective Gross Income	\$0	\$487,284	\$500,928	\$514,954	\$529,373	\$544,195	\$559,433	\$575,097	\$591,199	\$607,753	\$624,770
Operating Expenses	\$0	(\$187,527)	(\$194,052)	(\$198,810)	(\$204,177)	(\$209,567)	(\$215,130)	(\$220,834)	(\$226,692)	(\$232,704)	(\$238,877)
Net Operating Income	\$0	\$299,757	\$306,876	\$316,144	\$325,195	\$334,628	\$344,302	\$354,263	\$364,508	\$375,049	\$385,893
Investment											
Developer Equity	(\$1,402,439)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Partial Unit Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Financing Fee	(\$98,171)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equity Investor Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$0	(\$261,253)	(\$261,253)	(\$261,253)	(\$261,253)	(\$261,253)	(\$261,253)	(\$261,253)	(\$261,253)	(\$261,253)	(\$261,253)
Property Taxes*	(\$63,951)										
Sale Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,016,236
Cost of Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$420,974)
Remaining Loan Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,808,088)
Net Sale Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,787,174
After Tax Cash Flow	(\$1,564,561)	\$38,504	\$45,623	\$54,891	\$63,942	\$73,375	\$83,049	\$93,010	\$103,255	\$113,796	\$3,787,174

PROFORMA SCENARIOS 10-YEAR PROFORMA

25 units – stick construction – Surface Parking – 12.5% set aside

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Potential Gross Income	\$0	\$828,501	\$851,700	\$875,547	\$900,062	\$925,264	\$951,172	\$977,804	\$1,005,183	\$1,033,328	\$1,062,261
Vacancy & Credit Losses	\$0	(\$41,425)	(\$42,585)	(\$43,777)	(\$45,003)	(\$46,263)	(\$47,559)	(\$48,890)	(\$50,259)	(\$51,666)	(\$53,113)
Other Income	\$0	\$23,438	\$24,095	\$24,769	\$25,463	\$26,176	\$26,909	\$27,662	\$28,437	\$29,233	\$30,051
Effective Gross Income	\$0	\$810,515	\$833,209	\$856,539	\$880,522	\$905,177	\$930,522	\$956,576	\$983,360	\$1,010,895	\$1,039,200
Operating Expenses	\$0	(\$311,382)	(\$322,356)	(\$330,226)	(\$339,151)	(\$348,102)	(\$357,344)	(\$366,819)	(\$376,549)	(\$386,538)	(\$396,792)
Net Operating Income	\$0	\$499,133	\$510,853	\$526,313	\$541,372	\$557,075	\$573,178	\$589,757	\$606,811	\$624,357	\$642,408
Investment											
Developer Equity	(\$2,324,655)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Partial Unit Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Financing Fee	(\$162,726)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equity Investor Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$0	(\$433,048)	(\$433,048)	(\$433,048)	(\$433,048)	(\$433,048)	(\$433,048)	(\$433,048)	(\$433,048)	(\$433,048)	(\$433,048)
Property Taxes*	(\$106,004)										
Sale Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,680,142
Cost of Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$700,809)
Remaining Loan Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,654,631)
Net Sale Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,324,702
After Tax Cash Flow	(\$2,593,385)	\$66,085	\$77,806	\$93,265	\$108,324	\$124,027	\$140,130	\$156,710	\$173,764	\$191,309	\$6,324,702

50 units – stick construction – Surface Parking – 12.5% set aside

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Potential Gross Income	\$0	\$1,648,392	\$1,694,547	\$1,741,994	\$1,790,770	\$1,840,911	\$1,892,457	\$1,945,446	\$1,999,918	\$2,055,916	\$2,113,481
Vacancy & Credit Losses	\$0	(\$82,420)	(\$84,727)	(\$87,100)	(\$89,538)	(\$92,046)	(\$94,623)	(\$97,272)	(\$99,996)	(\$102,796)	(\$105,674)
Other Income	\$0	\$46,260	\$47,555	\$48,887	\$50,256	\$51,663	\$53,109	\$54,596	\$56,125	\$57,697	\$59,312
Effective Gross Income	\$0	\$1,612,232	\$1,657,375	\$1,703,781	\$1,751,487	\$1,800,529	\$1,850,943	\$1,902,770	\$1,956,047	\$2,010,817	\$2,067,120
Operating Expenses	\$0	(\$620,295)	(\$641,921)	(\$657,650)	(\$675,407)	(\$693,237)	(\$711,640)	(\$730,508)	(\$749,884)	(\$769,774)	(\$790,193)
Net Operating Income	\$0	\$991,937	\$1,015,454	\$1,046,131	\$1,076,079	\$1,107,292	\$1,139,304	\$1,172,262	\$1,206,164	\$1,241,043	\$1,276,926
Investment											
Developer Equity	(\$4,618,965)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Partial Unit Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Financing Fee	(\$323,328)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equity Investor Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$0	(\$860,442)	(\$860,442)	(\$860,442)	(\$860,442)	(\$860,442)	(\$860,442)	(\$860,442)	(\$860,442)	(\$860,442)	(\$860,442)
Property Taxes*	(\$210,625)										
Sale Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,216,843
Cost of Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,393,011)
Remaining Loan Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$9,248,502)
Net Sale Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,575,331
After Tax Cash Flow	(\$5,152,917)	\$131,494	\$155,011	\$185,688	\$215,637	\$246,849	\$278,861	\$311,820	\$345,721	\$380,601	\$12,575,331

PROFORMA SCENARIOS 10-YEAR PROFORMA

100 units – stick construction – Surface Parking – 12.5% set aside

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Potential Gross Income	\$0	\$3,292,424	\$3,384,612	\$3,479,381	\$3,576,804	\$3,676,954	\$3,779,909	\$3,885,746	\$3,994,547	\$4,106,394	\$4,221,373
Vacancy & Credit Losses	\$0	(\$164,621)	(\$169,231)	(\$173,969)	(\$178,840)	(\$183,848)	(\$188,995)	(\$194,287)	(\$199,727)	(\$205,320)	(\$211,069)
Other Income	\$0	\$92,520	\$95,111	\$97,774	\$100,511	\$103,326	\$106,219	\$109,193	\$112,250	\$115,393	\$118,624
Effective Gross Income	\$0	\$3,220,323	\$3,310,492	\$3,403,185	\$3,498,475	\$3,596,432	\$3,697,132	\$3,800,652	\$3,907,070	\$4,016,468	\$4,128,929
Operating Expenses	\$0	(\$1,239,988)	(\$1,282,962)	(\$1,314,460)	(\$1,349,935)	(\$1,385,573)	(\$1,422,353)	(\$1,460,063)	(\$1,498,788)	(\$1,538,541)	(\$1,579,352)
Net Operating Income	\$0	\$1,980,335	\$2,027,530	\$2,088,725	\$2,148,539	\$2,210,859	\$2,274,779	\$2,340,589	\$2,408,282	\$2,477,927	\$2,549,577
Investment											
Developer Equity	(\$9,237,929)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Partial Unit Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Financing Fee	(\$646,655)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equity Investor Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$0	(\$1,720,885)	(\$1,720,885)	(\$1,720,885)	(\$1,720,885)	(\$1,720,885)	(\$1,720,885)	(\$1,720,885)	(\$1,720,885)	(\$1,720,885)	(\$1,720,885)
Property Taxes*	(\$421,250)										
Sale Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$46,355,950
Cost of Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,781,357)
Remaining Loan Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$18,497,004)
Net Sale Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25,077,589
After Tax Cash Flow	(\$10,305,834)	\$259,450	\$306,645	\$367,840	\$427,655	\$489,974	\$553,894	\$619,704	\$687,397	\$757,042	\$25,077,589

PROFORMA SCENARIOS 10-YEAR PROFORMA

6 units – stick construction – Surface Parking – 15% set aside

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Potential Gross Income	\$0	\$195,193	\$200,658	\$206,277	\$212,052	\$217,990	\$224,094	\$230,368	\$236,818	\$243,449	\$250,266
Vacancy & Credit Losses	\$0	(\$9,760)	(\$10,033)	(\$10,314)	(\$10,603)	(\$10,899)	(\$11,205)	(\$11,518)	(\$11,841)	(\$12,172)	(\$12,513)
Other Income	\$0	\$5,551	\$5,707	\$5,866	\$6,031	\$6,200	\$6,373	\$6,552	\$6,735	\$6,924	\$7,117
Effective Gross Income	\$0	\$190,984	\$196,332	\$201,829	\$207,480	\$213,290	\$219,262	\$225,401	\$231,713	\$238,200	\$244,870
Operating Expenses	\$0	(\$73,570)	(\$76,111)	(\$77,982)	(\$80,086)	(\$82,200)	(\$84,382)	(\$86,619)	(\$88,917)	(\$91,275)	(\$93,696)
Net Operating Income	\$0	\$117,415	\$120,221	\$123,847	\$127,394	\$131,090	\$134,880	\$138,782	\$142,796	\$146,925	\$151,174
Investment											
Developer Equity	(\$533,791)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Partial Unit Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Financing Fee	(\$37,365)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equity Investor Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$0	(\$99,437)	(\$99,437)	(\$99,437)	(\$99,437)	(\$99,437)	(\$99,437)	(\$99,437)	(\$99,437)	(\$99,437)	(\$99,437)
Property Taxes*	(\$24,341)										
Sale Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,748,617
Cost of Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$164,917)
Remaining Loan Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,068,803)
Net Sale Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,514,897
After Tax Cash Flow	(\$595,497)	\$17,978	\$20,783	\$24,410	\$27,957	\$31,652	\$35,443	\$39,345	\$43,359	\$47,488	\$1,514,897

15 units – stick construction – Surface Parking – 15% set aside

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Potential Gross Income	\$0	\$497,998	\$511,941	\$526,276	\$541,012	\$556,160	\$571,732	\$587,741	\$604,198	\$621,115	\$638,506
Vacancy & Credit Losses	\$0	(\$24,900)	(\$25,597)	(\$26,314)	(\$27,051)	(\$27,808)	(\$28,587)	(\$29,387)	(\$30,210)	(\$31,056)	(\$31,925)
Other Income	\$0	\$14,186	\$14,584	\$14,992	\$15,412	\$15,843	\$16,287	\$16,743	\$17,212	\$17,694	\$18,189
Effective Gross Income	\$0	\$487,284	\$500,928	\$514,954	\$529,373	\$544,195	\$559,433	\$575,097	\$591,199	\$607,753	\$624,770
Operating Expenses	\$0	(\$187,527)	(\$194,052)	(\$198,810)	(\$204,177)	(\$209,567)	(\$215,130)	(\$220,834)	(\$226,692)	(\$232,704)	(\$238,877)
Net Operating Income	\$0	\$299,757	\$306,876	\$316,144	\$325,195	\$334,628	\$344,302	\$354,263	\$364,508	\$375,049	\$385,893
Investment											
Developer Equity	(\$1,402,439)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Partial Unit Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Financing Fee	(\$98,171)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equity Investor Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$0	(\$261,253)	(\$261,253)	(\$261,253)	(\$261,253)	(\$261,253)	(\$261,253)	(\$261,253)	(\$261,253)	(\$261,253)	(\$261,253)
Property Taxes*	(\$63,951)										
Sale Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,016,236
Cost of Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$420,974)
Remaining Loan Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,808,088)
Net Sale Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,787,174
After Tax Cash Flow	(\$1,564,561)	\$38,504	\$45,623	\$54,891	\$63,942	\$73,375	\$83,049	\$93,010	\$103,255	\$113,796	\$3,787,174

PROFORMA SCENARIOS 10-YEAR PROFORMA

25 units – stick construction – Surface Parking – 15% set aside

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Potential Gross Income	\$0	\$818,966	\$841,897	\$865,470	\$889,703	\$914,615	\$940,224	\$966,550	\$993,613	\$1,021,435	\$1,050,035
Vacancy & Credit Losses	\$0	(\$40,948)	(\$42,095)	(\$43,273)	(\$44,485)	(\$45,731)	(\$47,011)	(\$48,328)	(\$49,681)	(\$51,072)	(\$52,502)
Other Income	\$0	\$23,438	\$24,095	\$24,769	\$25,463	\$26,176	\$26,909	\$27,662	\$28,437	\$29,233	\$30,051
Effective Gross Income	\$0	\$801,456	\$823,896	\$846,966	\$870,681	\$895,060	\$920,121	\$945,885	\$972,370	\$999,596	\$1,027,585
Operating Expenses	\$0	(\$308,876)	(\$319,509)	(\$327,371)	(\$336,201)	(\$345,078)	(\$354,237)	(\$363,628)	(\$373,272)	(\$383,172)	(\$393,336)
Net Operating Income	\$0	\$492,580	\$504,387	\$519,595	\$534,479	\$549,982	\$565,884	\$582,256	\$599,097	\$616,423	\$634,249
Investment											
Developer Equity	(\$2,296,290)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Partial Unit Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Financing Fee	(\$160,740)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equity Investor Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$0	(\$427,764)	(\$427,764)	(\$427,764)	(\$427,764)	(\$427,764)	(\$427,764)	(\$427,764)	(\$427,764)	(\$427,764)	(\$427,764)
Property Taxes*	(\$104,711)										
Sale Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,531,792
Cost of Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$691,908)
Remaining Loan Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,597,835)
Net Sale Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,242,049
After Tax Cash Flow	(\$2,561,741)	\$64,816	\$76,624	\$91,831	\$106,716	\$122,218	\$138,121	\$154,493	\$171,333	\$188,660	\$6,242,049

50 units – stick construction – Surface Parking – 15% set aside

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Potential Gross Income	\$0	\$1,639,673	\$1,685,584	\$1,732,780	\$1,781,298	\$1,831,174	\$1,882,447	\$1,935,156	\$1,989,340	\$2,045,041	\$2,102,303
Vacancy & Credit Losses	\$0	(\$81,984)	(\$84,279)	(\$86,639)	(\$89,065)	(\$91,559)	(\$94,122)	(\$96,758)	(\$99,467)	(\$102,252)	(\$105,115)
Other Income	\$0	\$46,260	\$47,555	\$48,887	\$50,256	\$51,663	\$53,109	\$54,596	\$56,125	\$57,697	\$59,312
Effective Gross Income	\$0	\$1,603,949	\$1,648,860	\$1,695,028	\$1,742,489	\$1,791,278	\$1,841,434	\$1,892,994	\$1,945,998	\$2,000,486	\$2,056,500
Operating Expenses	\$0	(\$619,090)	(\$640,161)	(\$655,970)	(\$673,648)	(\$691,436)	(\$709,787)	(\$728,603)	(\$747,926)	(\$767,761)	(\$788,124)
Net Operating Income	\$0	\$984,860	\$1,008,699	\$1,039,058	\$1,068,840	\$1,099,842	\$1,131,647	\$1,164,391	\$1,198,072	\$1,232,725	\$1,268,375
Investment											
Developer Equity	(\$4,618,965)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Partial Unit Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Financing Fee	(\$323,328)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equity Investor Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$0	(\$860,442)	(\$860,442)	(\$860,442)	(\$860,442)	(\$860,442)	(\$860,442)	(\$860,442)	(\$860,442)	(\$860,442)	(\$860,442)
Property Taxes*	(\$210,625)										
Sale Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,061,370
Cost of Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,383,682)
Remaining Loan Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$9,248,502)
Net Sale Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,429,186
After Tax Cash Flow	(\$5,152,917)	\$124,417	\$148,257	\$178,615	\$208,398	\$239,400	\$271,205	\$303,949	\$337,630	\$372,283	\$12,429,186

PROFORMA SCENARIOS 10-YEAR PROFORMA

100 units – stick construction – Surface Parking – 15% set aside

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Potential Gross Income	\$0	\$3,278,529	\$3,370,327	\$3,464,697	\$3,561,708	\$3,661,436	\$3,763,956	\$3,869,347	\$3,977,689	\$4,089,064	\$4,203,558
Vacancy & Credit Losses	\$0	(\$163,926)	(\$168,516)	(\$173,235)	(\$178,085)	(\$183,072)	(\$188,198)	(\$193,467)	(\$198,884)	(\$204,453)	(\$210,178)
Other Income	\$0	\$92,520	\$95,111	\$97,774	\$100,511	\$103,326	\$106,219	\$109,193	\$112,250	\$115,393	\$118,624
Effective Gross Income	\$0	\$3,207,122	\$3,296,922	\$3,389,235	\$3,484,134	\$3,581,690	\$3,681,977	\$3,785,072	\$3,891,054	\$4,000,004	\$4,112,004
Operating Expenses	\$0	(\$1,236,879)	(\$1,279,235)	(\$1,310,765)	(\$1,346,106)	(\$1,381,648)	(\$1,418,319)	(\$1,455,920)	(\$1,494,532)	(\$1,534,169)	(\$1,574,862)
Net Operating Income	\$0	\$1,970,243	\$2,017,687	\$2,078,470	\$2,138,028	\$2,200,042	\$2,263,658	\$2,329,152	\$2,396,522	\$2,465,835	\$2,537,143
Investment											
Developer Equity	(\$9,209,564)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Partial Unit Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Financing Fee	(\$644,669)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equity Investor Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$0	(\$1,715,601)	(\$1,715,601)	(\$1,715,601)	(\$1,715,601)	(\$1,715,601)	(\$1,715,601)	(\$1,715,601)	(\$1,715,601)	(\$1,715,601)	(\$1,715,601)
Property Taxes*	(\$419,956)										
Sale Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$46,129,864
Cost of Sale	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,767,792)
Remaining Loan Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$18,440,208)
Net Sale Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,921,864
After Tax Cash Flow	(\$10,274,189)	\$254,642	\$302,086	\$362,870	\$422,427	\$484,441	\$548,057	\$613,552	\$680,921	\$750,234	\$24,921,864



Town of Upton
Economic Feasibility Analysis
May 2024

