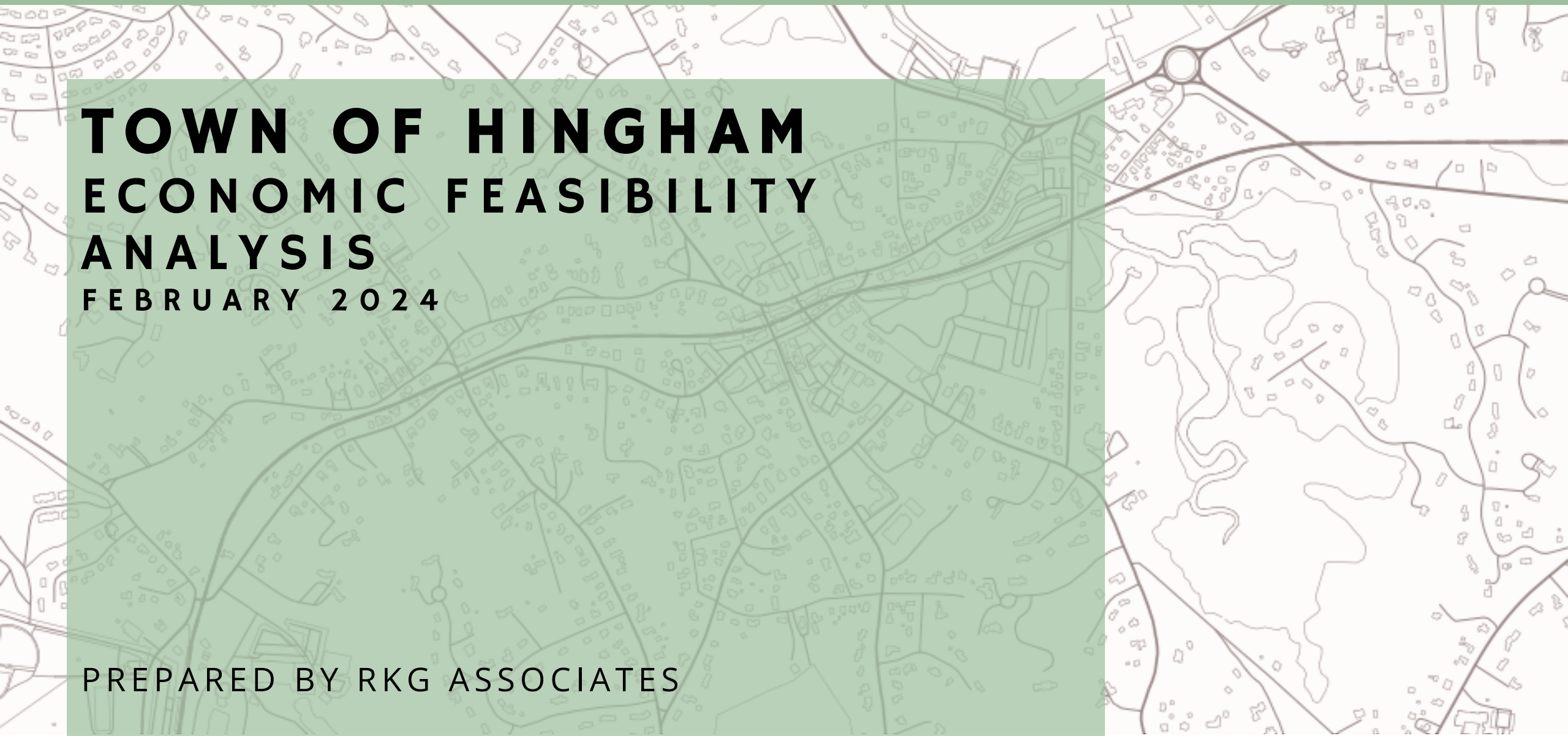
TOWN OF HINGHAM

ECONOMIC FEASIBILITY ANALYSIS

FEBRUARY 2024

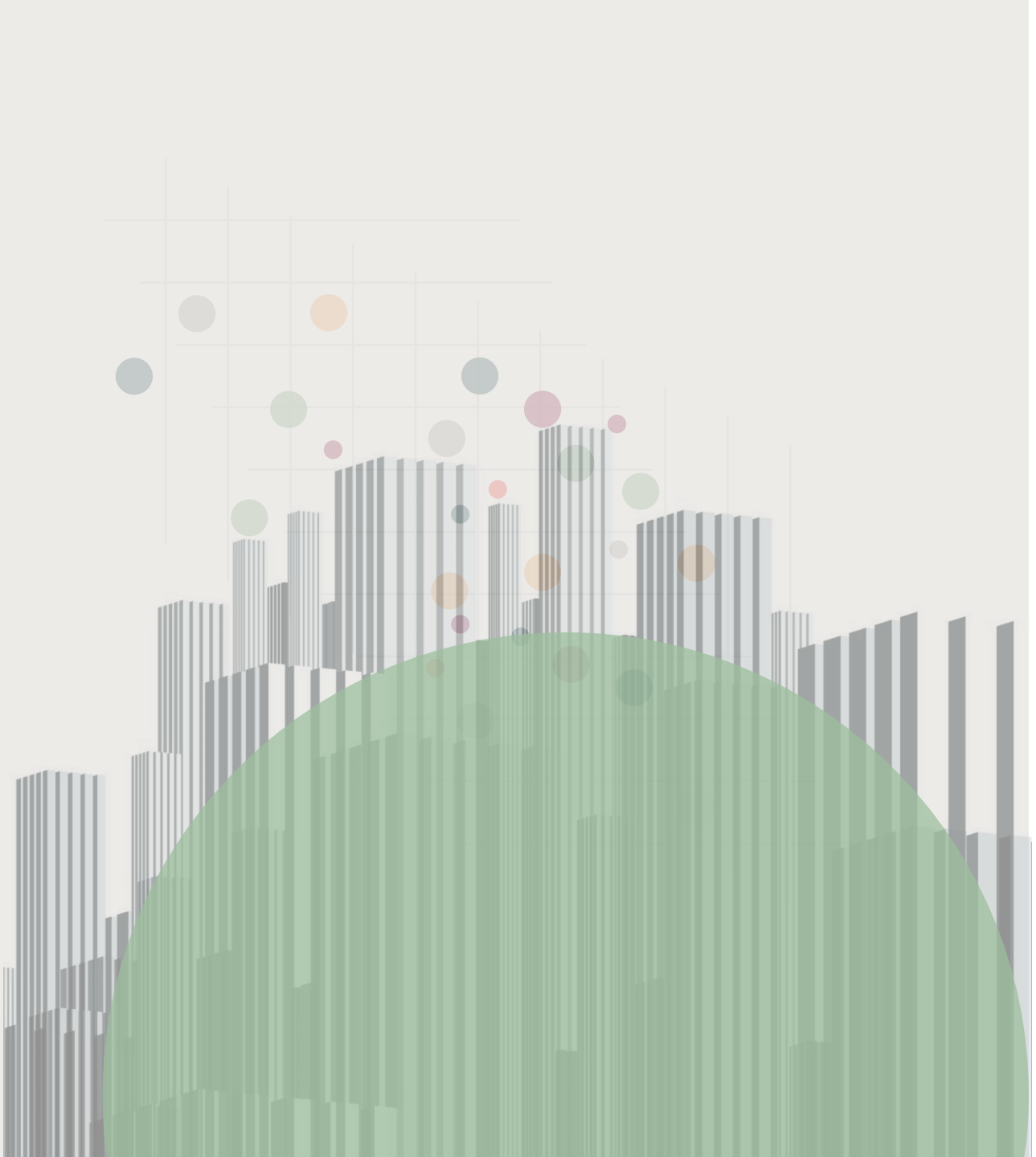


PREPARED BY RKG ASSOCIATES

RKG

Source: Town of Hingham

TABLE OF CONTENTS



INTRODUCTION

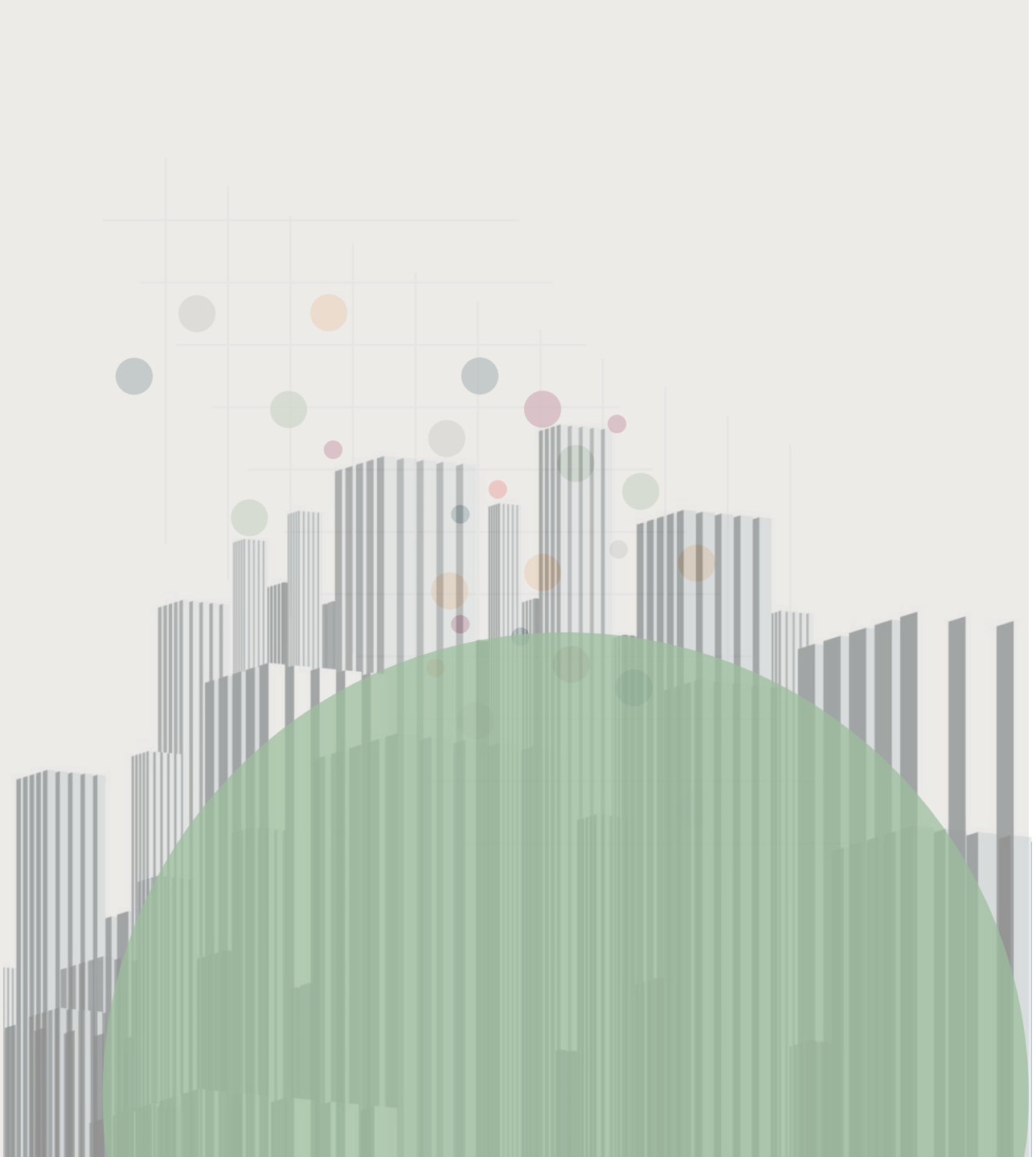
ECONOMIC FEASIBILITY ANALYSIS

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

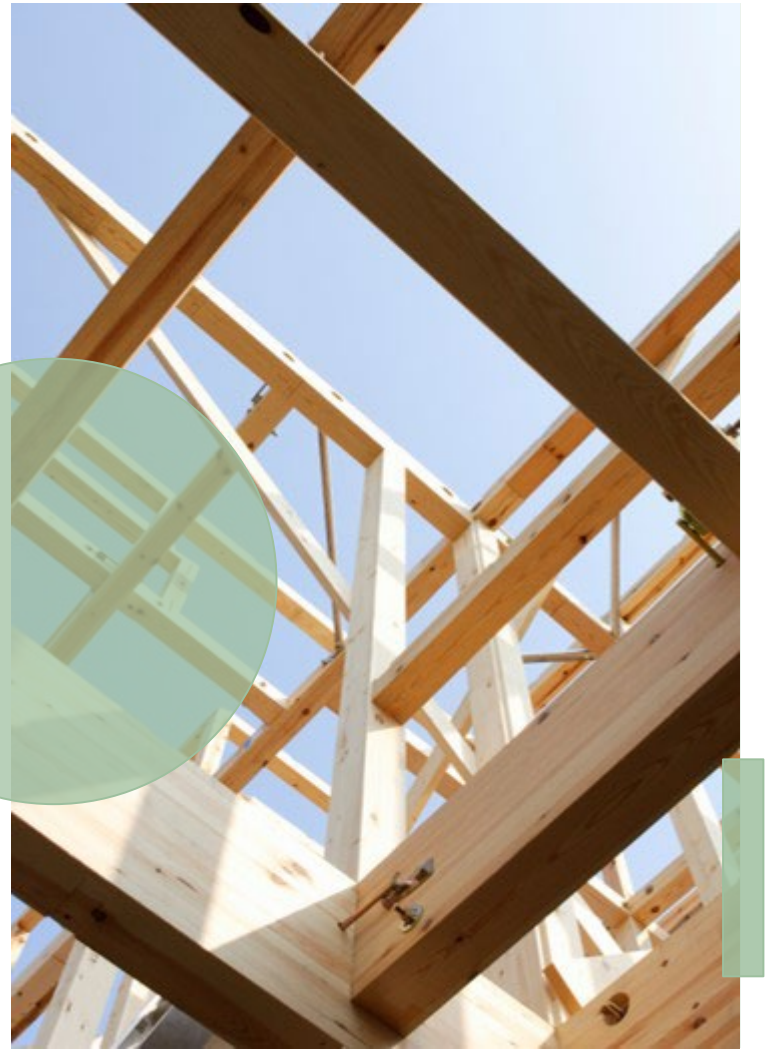
To conduct an economic feasibility analysis for the proposed zoning, RKG must make several qualifications and assumptions to create a series of archetypal development projects that would trigger the affordability requirement based on the zoning. It should be noted that these development scenarios do 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)	$50,000	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	$180	RS Means
Commercial Stick Built	$280	RS Means/Developers
Commercial Podium	$320	RS Means
Commercial Steel	$400	RS Means
Parking Assumptions		
Parking Ratio (district dependent)	1.5	Town of Hingham
Parking Cost by Type		
Surface (per space)	$5,000	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	$3.38	CoStar/Market Comps
Two Bedroom	$2.80	CoStar/Market Comps
Three Bedroom	$3.43	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%	
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 EXPECATATIONS.

FINANCIAL ANALYSES

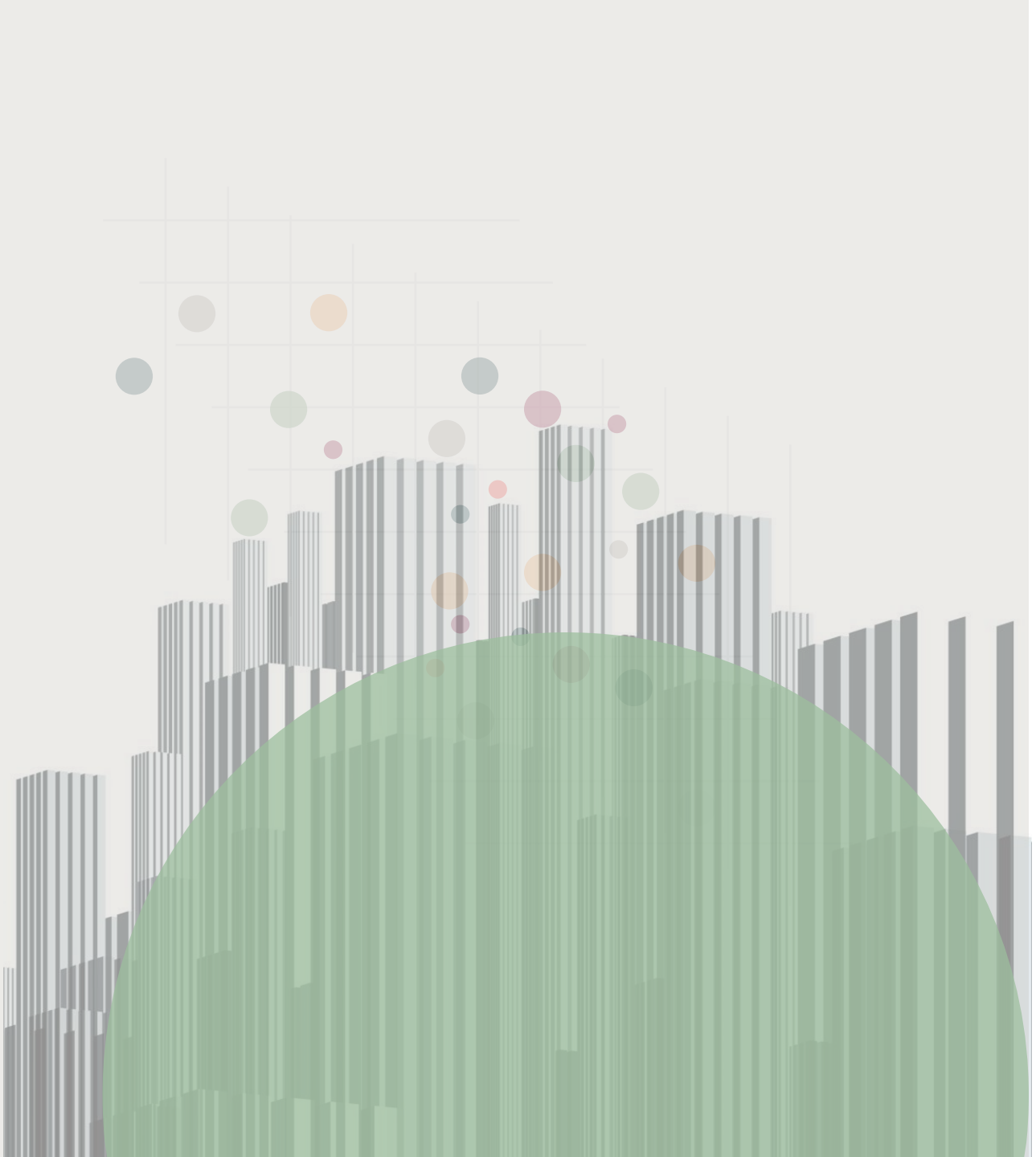
The model measures three financial outcomes using three different metrics; Cash on Cash (COC), Return on Cost (ROC), Internal Rate of Return (IRR). Each measure represents a decision point for those involved in the transactions that make residential development financially feasible:

- 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 Hingham and its submarket and scenarios were generated using a range of project sizes that matched what the MBTA Compliance Model projected for each district.

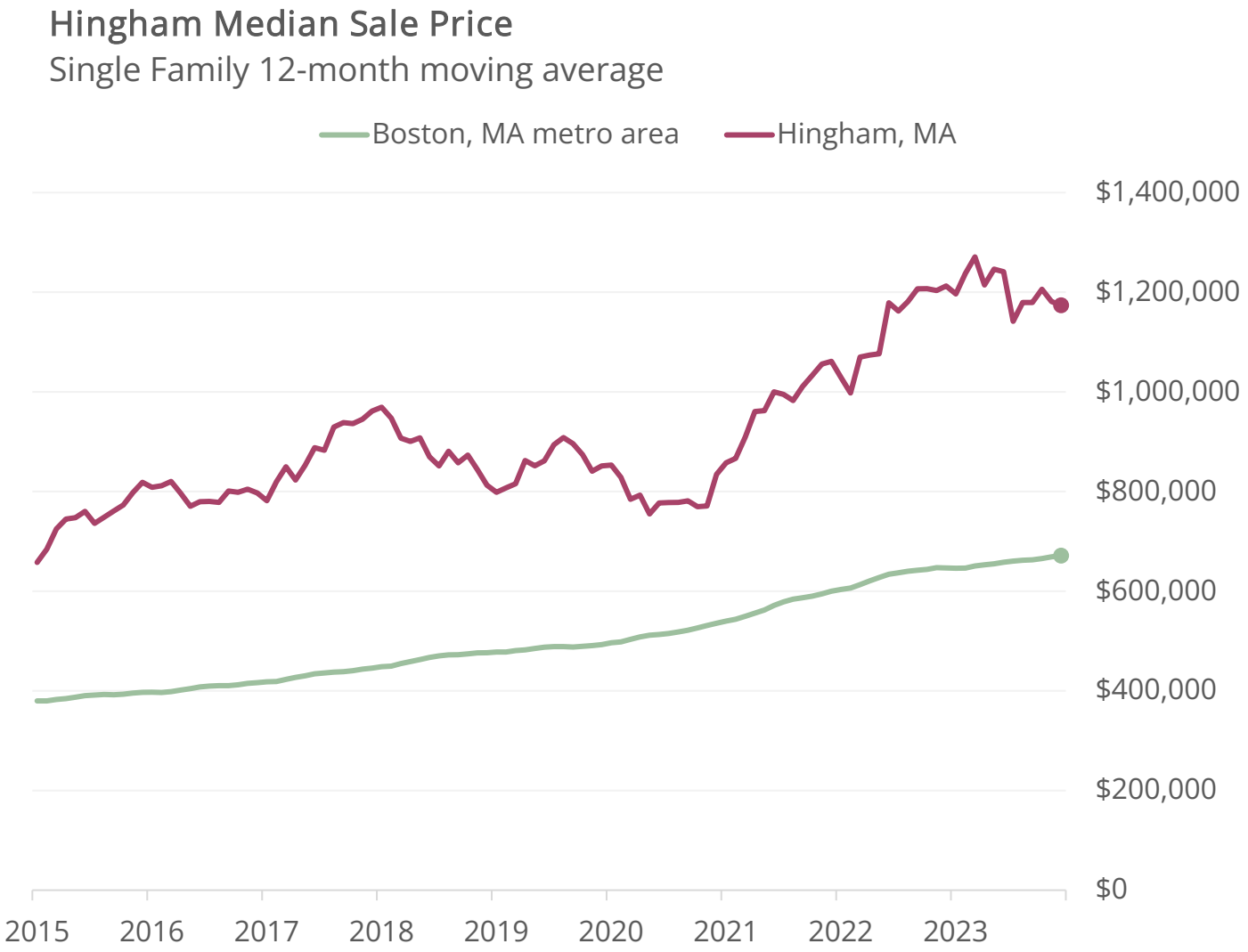
To highlight these differences, this report provides examples of how different development and district assumptions can impact economic feasibility.



MARKET ASSESSMENT

ECONOMIC FEASIBILITY ANALYSIS

MARKET ASSESSMENT



Source: Redfin Housing Market Data

Single family home prices in Hingham saw considerable home price growth like the rest of the Boston metro market.

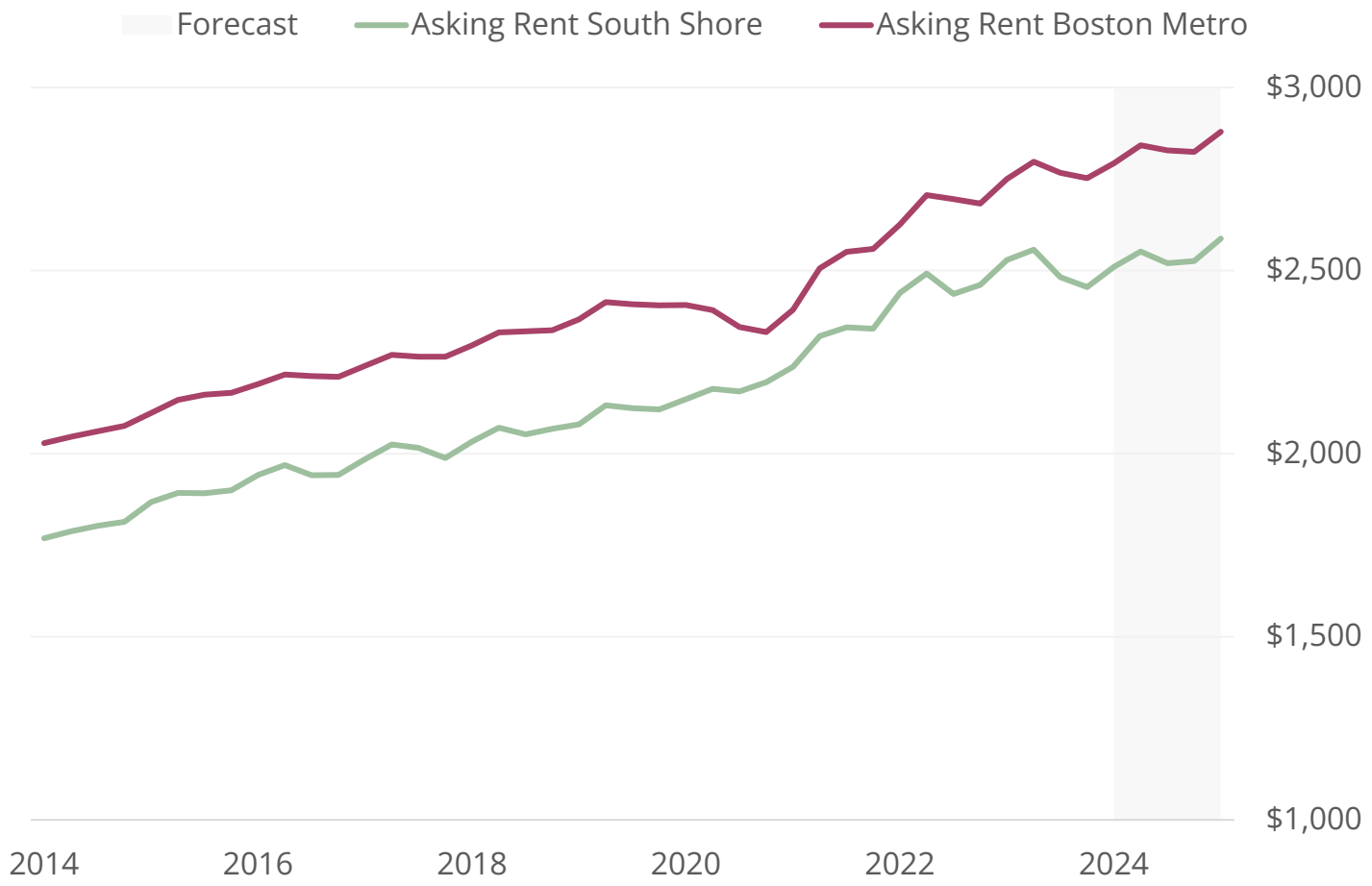
Hingham homes prices far exceed the metro averages. Record low inventories throughout the Boston metro continuing to contribute to these high home prices.

High home prices positively correlate with rents meaning that as home prices have grown, so too have rents in Hingham. While rents have seen some softening in recent quarters, limited for-sale inventories continue to drive high asking prices and asking rents as the high-rate environment continues to keep many households from purchasing a home.

MARKET ASSESSMENT

Asking Rent Per Unit Comparison

Submarket vs Boston Metro



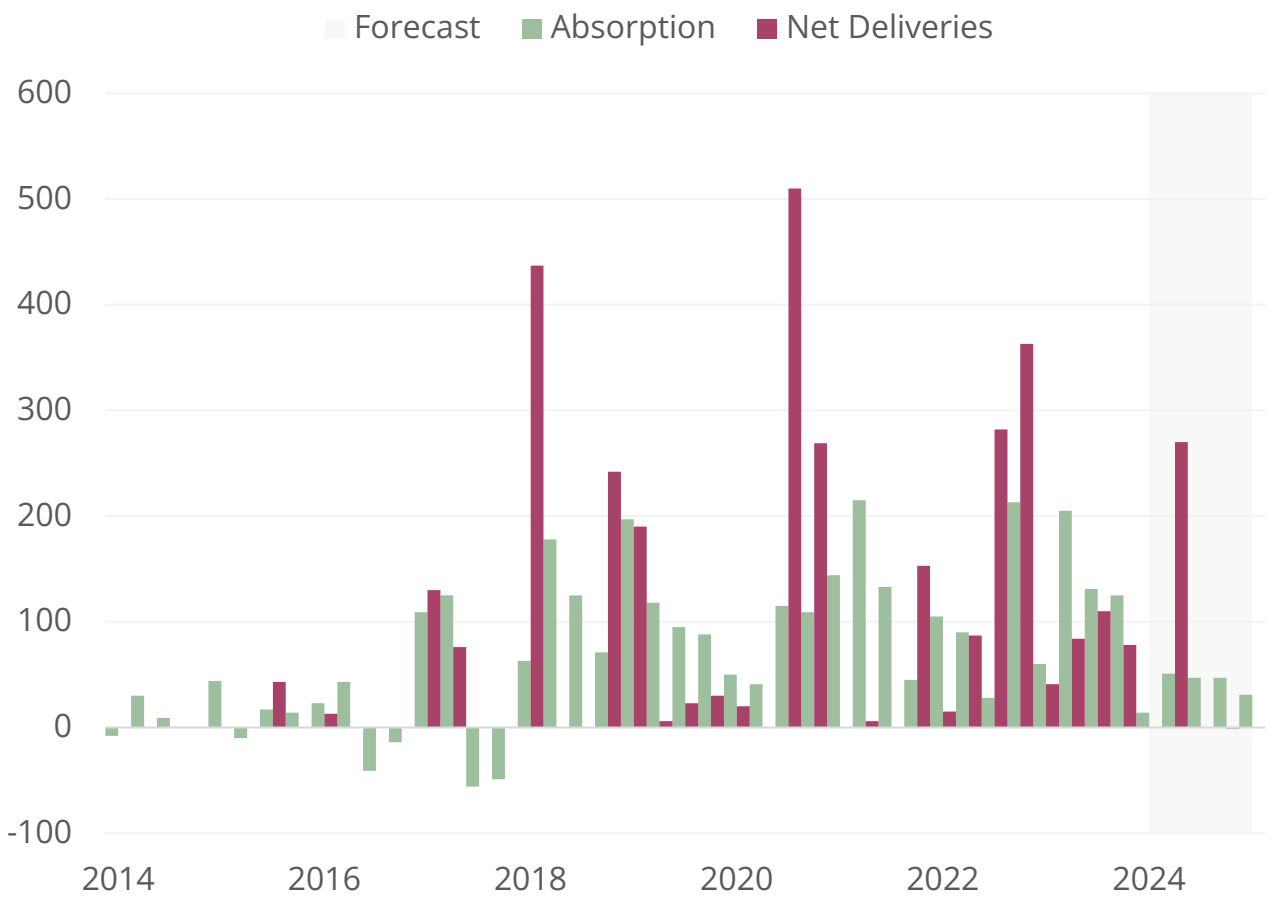
Within the Boston Metro market, Hingham lies in the South Shore submarket. Comparing South Shore asking rents to the Boston Metro, rents have tracked on average $200 lower than the metro average, but many new multifamily developments see rents competitive with Boston metro rents.

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

Source: CoStar, Oxford Economics

MARKET ASSESSMENT

South Shore Submarket
Net Deliveries & Absorption Trends



The South Shore multifamily submarket continues to see active construction and absorption trends. Over the last 12-months the vacancy rate has dropped by 2% to 5.3% despite more units being delivered.

With an estimated 330 units currently under construction, the South Shore market will see a 3% expansion in inventories and continued absorption driven by the demand for rental units.

Source: CoStar, Oxford Economics

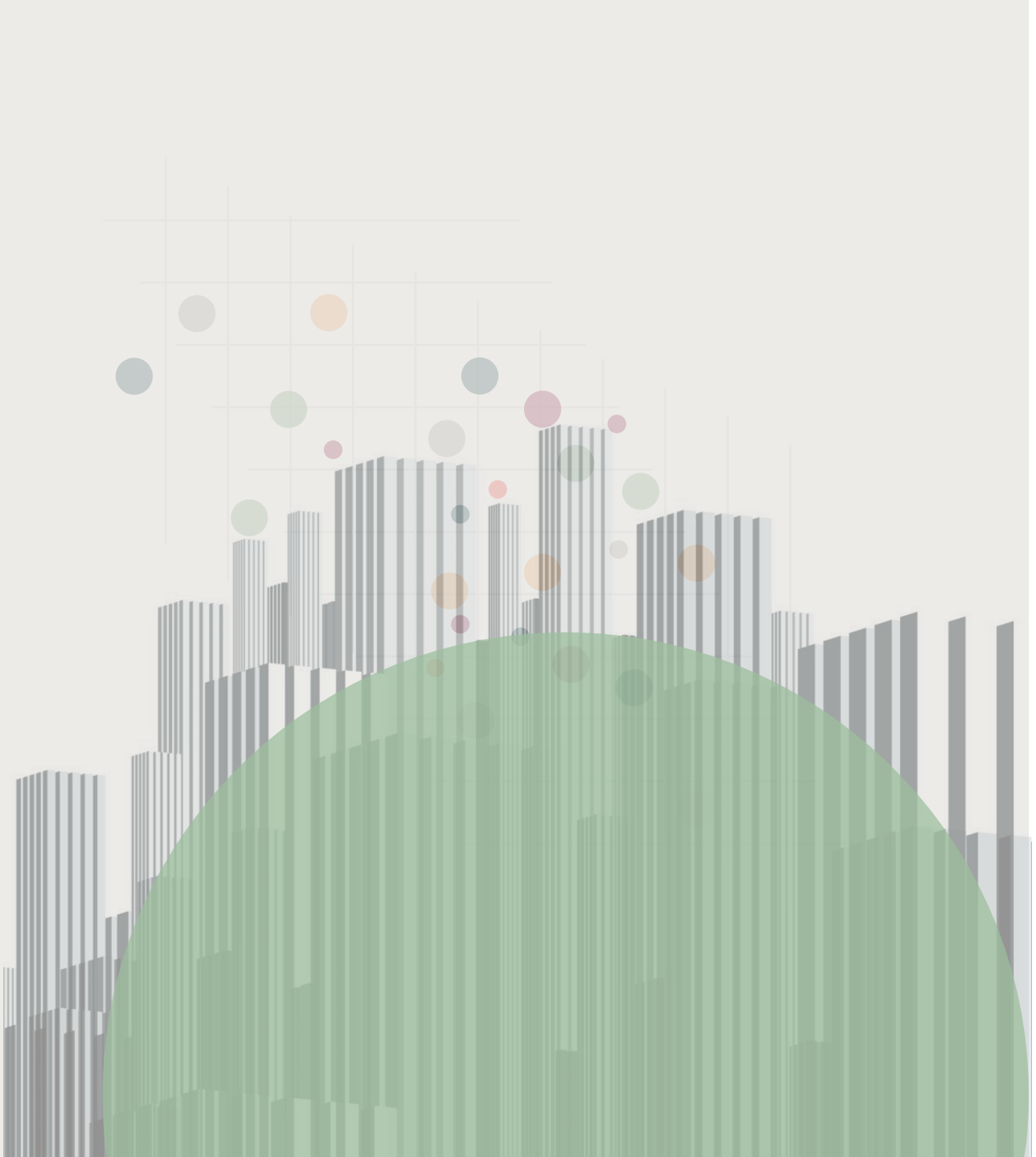
MARKET ASSESSMENT

Hingham falls within the Boston-Cambridge-Quincy, MA-NH 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 Hingham tests the viability of an affordable requirement of 15% of units at 80% of AMI for projects of ten (10) 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	$760	$1,021	$1,283	$1,544	$1,805	$2,067	$2,328	$2,589	$2,851	$3,112	$3,373	$3,635	$3,896
1BR	$807	$1,087	$1,367	$1,647	$1,927	$2,208	$2,488	$2,768	$3,048	$3,328	$3,608	$3,888	$4,168
2BR	$911	$1,229	$1,546	$1,863	$2,181	$2,498	$2,816	$3,133	$3,451	$3,768	$4,085	$4,403	$4,720
3BR	$1,013	$1,368	$1,722	$2,077	$2,431	$2,786	$3,141	$3,495	$3,850	$4,205	$4,559	$4,914	$5,269
4BR	$1,102	$1,490	$1,878	$2,266	$2,655	$3,043	$3,431	$3,819	$4,207	$4,596	$4,984	$5,372	$5,760

Source: HUD Office of Policy Development & Research



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, 12.5% minimum) while 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 (15% for projects ten 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 four districts the town is considering for MBTA 3A compliance:

- Overlay Subdistrict 1 (319 Lincoln St & Hewitts Landing)
- Overlay Subdistrict 2 (111 Fitzroy Dr) Avalon Multifamily
- Overlay Subdistrict 3 (300 Beal Street & East Weymouth) Spirito, Cove
- Overlay Subdistrict 4 (152 Shipyard) Avalon Townhomes

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

ECONOMIC FEASIBILITY ANALYSIS

Results Overview

- Based on the results for Hingham across project scenarios, market rate asking rents are strong enough to support projects with a 15% set aside at 80% of AMI that are built using wood frame construction with surface parking, which meets the requirements for Hingham's districts.
- Across all scenarios, the IRR results fall within market expectations and ROC hover within market expectations of 6% - 7%. 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. Based on the IRR and ROC results, projects meeting the assumptions outlined in this report are economically feasible.
- It should be noted that while the 10-unit project has an ROC of 6.34% (which is on the lower end of the acceptable range), this may be a more viable return for small projects (contingent on the specifics of the deal).
- Highlighted in the market assessment, construction activity and absorption trends continue to drive the South Shore multifamily market underscoring the demand for housing. Despite these increases in inventories, rents for new developments remain competitive to the Boston metro which will continue to support development.

EFA MODEL DISTRICT INPUTS

The figure below 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 - 4 stories (wood frame construction), and a parking ratio of 1.5 per Dwelling unit.

319 Lincoln St & Hewitts Landing

Model Inputs for Calculating Unit Yield	Input
Minimum Lot Size	130,680
Additional Lot Square Feet per Dwelling Unit	0
Open Space %	0%
Excluded Land Counted Toward Open Space	Y
Parking Spaces per Dwelling Unit	1.50
Building Height	4
Maximum Lot Coverage %	0%
Floor Area Ratio	0.95

Zoning Restrictions that Cap Unit Counts	Input
Lot Area per Dwelling Unit	0
Maximum Dwelling Units per Acre	40.00
Cap on Maximum Dwelling Units per District	0.00

111 Fitzroy Dr

Model Inputs for Calculating Unit Yield	Input
Minimum Lot Size	108,900
Additional Lot Square Feet per Dwelling Unit	0
Open Space %	0%
Excluded Land Counted Toward Open Space	Y
Parking Spaces per Dwelling Unit	1.50
Building Height	3
Maximum Lot Coverage %	0%
Floor Area Ratio	0.85

Zoning Restrictions that Cap Unit Counts	Input
Lot Area per Dwelling Unit	0
Maximum Dwelling Units per Acre	25.00
Cap on Maximum Dwelling Units per District	0.00

300 Beal Street & East Weymouth

Model Inputs for Calculating Unit Yield	Input
Minimum Lot Size	217,800
Additional Lot Square Feet per Dwelling Unit	0
Open Space %	0%
Excluded Land Counted Toward Open Space	Y
Parking Spaces per Dwelling Unit	1.50
Building Height	2.5
Maximum Lot Coverage %	0%
Floor Area Ratio	0.85

Zoning Restrictions that Cap Unit Counts	Input
Lot Area per Dwelling Unit	0
Maximum Dwelling Units per Acre	18.00
Cap on Maximum Dwelling Units per District	0.00

152 Shipyard

Model Inputs for Calculating Unit Yield	Input
Minimum Lot Size	87,120
Additional Lot Square Feet per Dwelling Unit	0
Open Space %	0%
Excluded Land Counted Toward Open Space	Y
Parking Spaces per Dwelling Unit	1.50
Building Height	2.5
Maximum Lot Coverage %	0%
Floor Area Ratio	0.85

Zoning Restrictions that Cap Unit Counts	Input
Lot Area per Dwelling Unit	0
Maximum Dwelling Units per Acre	15.00
Cap on Maximum Dwelling Units per District	0.00

Source: Town of Hingham, RKG Associates

EFA MODEL RESULTS

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 the parking spaces per dwelling unit and building height requirements for the four districts the town is considering for MBTA 3A compliance:

- Overlay Subdistrict 1 (319 Lincoln St & Hewitts Landing)
- Overlay Subdistrict 2 (111 Fitzroy Dr) Avalon Multifamily
- Overlay Subdistrict 3 (300 Beal Street & East Weymouth) Spirito, Cove
- Overlay Subdistrict 4 (152 Shipyard) Avalon Townhomes

The range in unit sizes is intended to encompass the range of results from the compliance model's final lot multi-family unity capacity as well as the minimum scenario that triggers the affordability requirement. Based on RKG's pro forma models for the district, IRR and ROC measures suggest that projects are financially feasible using the assumptions in the report. It should be noted that while the 10-unit project has an ROC of 6.34% this may be acceptable for a project of this size (contingent on the specifics of the deal).

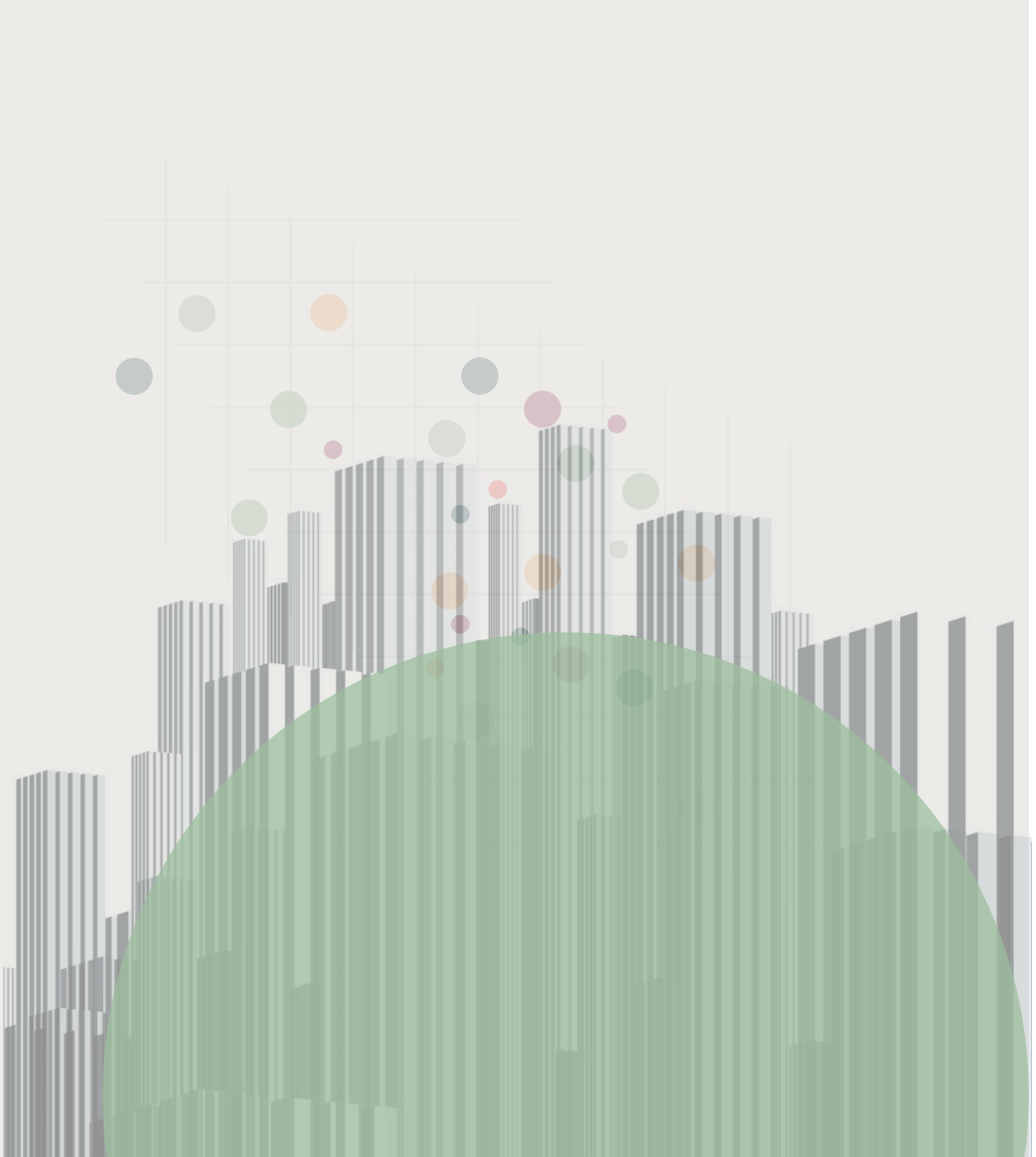
EFA Scenario Matrix

Unit Counts	IRR	COC	ROC
10	13.35%	2.50%	6.34%
50	14.21%	3.13%	6.53%
75	14.23%	3.14%	6.53%
100	14.24%	3.15%	6.53%
150	14.28%	3.18%	6.54%
200	14.33%	3.22%	6.55%

Below market expectation

Not economically feasible

Source: Town of Hingham, RKG Associates



APPENDIX

ECONOMIC FEASIBILITY ANALYSIS

EFA PROFORMA SCENARIOS

10-YEAR PROFORMA

10 units – stick construction – surface parking – parking ratio 1.5

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Potential Gross Income	$0	$346,151	$355,843	$365,807	$376,049	$386,579	$397,403	$408,530	$419,969	$431,728	$443,816
Vacancy & Credit Losses	$0	($17,308)	($17,792)	($18,290)	($18,802)	($19,329)	($19,870)	($20,426)	($20,998)	($21,586)	($22,191)
Other Income	$0	$9,252	$9,511	$9,777	$10,051	$10,333	$10,622	$10,919	$11,225	$11,539	$11,862
Effective Gross Income	$0	$338,095	$347,562	$357,294	$367,298	$377,582	$388,154	$399,023	$410,195	$421,681	$433,488
Operating Expenses	$0	($122,169)	($127,837)	($130,713)	($134,253)	($137,769)	($141,402)	($145,126)	($148,949)	($152,873)	($156,901)
Net Operating Income	$0	$215,926	$219,725	$226,581	$233,045	$239,813	$246,752	$253,897	$261,246	$268,807	$276,587
Investment											
Developer Equity	($1,022,023)	$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	($71,542)	$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	($190,387)	($190,387)	($190,387)	($190,387)	($190,387)	($190,387)	($190,387)	($190,387)	($190,387)	($190,387)
Property Taxes*	($34,067)										
Sale Value	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$5,531,733
Cost of Sale	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($331,904)
Remaining Loan Balance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($2,046,385)
Net Sale Proceeds	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$3,153,443
Before Tax Cash Flow	($1,127,632)	$25,539	$29,338	$36,193	$42,657	$49,425	$56,365	$63,509	$70,859	$78,420	$3,153,443

50 units – stick construction – surface parking – parking ratio 1.5

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Potential Gross Income	$0	$1,774,800	$1,824,495	$1,875,580	$1,928,097	$1,982,083	$2,037,582	$2,094,634	$2,153,284	$2,213,576	$2,275,556
Vacancy & Credit Losses	$0	($88,740)	($91,225)	($93,779)	($96,405)	($99,104)	($101,879)	($104,732)	($107,664)	($110,679)	($113,778)
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	$1,732,320	$1,780,825	$1,830,688	$1,881,948	$1,934,642	$1,988,812	$2,044,499	$2,101,745	$2,160,594	$2,221,090
Operating Expenses	$0	($622,640)	($652,263)	($666,798)	($684,891)	($702,827)	($721,364)	($740,365)	($759,874)	($779,898)	($800,451)
Net Operating Income	$0	$1,109,681	$1,128,562	$1,163,891	$1,197,057	$1,231,815	$1,267,448	$1,304,133	$1,341,870	$1,380,696	$1,420,639
Investment											
Developer Equity	($5,099,867)	$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	($356,991)	$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	($950,027)	($950,027)	($950,027)	($950,027)	($950,027)	($950,027)	($950,027)	($950,027)	($950,027)	($950,027)
Property Taxes*	($169,996)										
Sale Value	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$28,412,784
Cost of Sale	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($1,704,767)
Remaining Loan Balance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($10,211,407)
Net Sale Proceeds	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$16,496,610
Before Tax Cash Flow	($5,626,853)	$159,653	$178,535	$213,863	$247,030	$281,788	$317,421	$354,106	$391,843	$430,669	$16,496,610

Source: Town of Hingham, RKG Associates

EFA PROFORMA SCENARIOS

10-YEAR PROFORMA

75 units – stick construction – surface parking – parking ratio 1.5

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Potential Gross Income	$0	$2,670,944	$2,745,730	$2,822,611	$2,901,644	$2,982,890	$3,066,411	$3,152,270	$3,240,534	$3,331,269	$3,424,544
Vacancy & Credit Losses	$0	($133,547)	($137,287)	($141,131)	($145,082)	($149,144)	($153,321)	($157,614)	($162,027)	($166,563)	($171,227)
Other Income	$0	$69,698	$71,650	$73,656	$75,719	$77,839	$80,018	$82,259	$84,562	$86,930	$89,364
Effective Gross Income	$0	$2,607,095	$2,680,094	$2,755,136	$2,832,280	$2,911,584	$2,993,108	$3,076,915	$3,163,069	$3,251,635	$3,342,681
Operating Expenses	$0	($939,300)	($983,490)	($1,005,500)	($1,032,761)	($1,059,808)	($1,087,757)	($1,116,407)	($1,145,822)	($1,176,013)	($1,207,002)
Net Operating Income	$0	$1,667,796	$1,696,604	$1,749,637	$1,799,520	$1,851,776	$1,905,351	$1,960,508	$2,017,247	$2,075,622	$2,135,679
Investment											
Developer Equity	($7,662,381)	$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	($536,367)	$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	($1,427,384)	($1,427,384)	($1,427,384)	($1,427,384)	($1,427,384)	($1,427,384)	($1,427,384)	($1,427,384)	($1,427,384)	($1,427,384)
Property Taxes*	($255,413)										
Sale Value	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$42,713,580
Cost of Sale	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($2,562,815)
Remaining Loan Balance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($15,342,301)
Net Sale Proceeds	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$24,808,464
Before Tax Cash Flow	($8,454,161)	$240,411	$269,220	$322,252	$372,135	$424,392	$477,967	$533,124	$589,863	$648,238	$24,808,464

100 units – stick construction – surface parking – parking ratio 1.5

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Potential Gross Income	$0	$3,554,492	$3,654,018	$3,756,331	$3,861,508	$3,969,630	$4,080,780	$4,195,042	$4,312,503	$4,433,253	$4,557,384
Vacancy & Credit Losses	$0	($177,725)	($182,701)	($187,817)	($193,075)	($198,482)	($204,039)	($209,752)	($215,625)	($221,663)	($227,869)
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	$3,469,288	$3,566,428	$3,666,288	$3,768,944	$3,874,474	$3,982,959	$4,094,482	$4,209,128	$4,326,983	$4,448,139
Operating Expenses	$0	($1,249,272)	($1,308,192)	($1,337,441)	($1,373,708)	($1,409,684)	($1,446,861)	($1,484,970)	($1,524,097)	($1,564,255)	($1,605,476)
Net Operating Income	$0	$2,220,016	$2,258,236	$2,328,847	$2,395,236	$2,464,790	$2,536,099	$2,609,512	$2,685,031	$2,762,728	$2,842,663
Investment											
Developer Equity	($10,194,609)	$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	($713,623)	$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	($1,899,100)	($1,899,100)	($1,899,100)	($1,899,100)	($1,899,100)	($1,899,100)	($1,899,100)	($1,899,100)	($1,899,100)	($1,899,100)
Property Taxes*	($339,820)										
Sale Value	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$56,853,263
Cost of Sale	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($3,411,196)
Remaining Loan Balance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($20,412,553)
Net Sale Proceeds	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$33,029,515
Before Tax Cash Flow	($11,248,052)	$320,916	$359,136	$429,747	$496,136	$565,690	$636,999	$710,413	$785,932	$863,629	$33,029,515

Source: Town of Hingham, RKG Associates

EFA PROFORMA SCENARIOS

10-YEAR PROFORMA

150 units – stick construction – surface parking – parking ratio 1.5

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Potential Gross Income	$0	$5,325,705	$5,474,825	$5,628,120	$5,785,707	$5,947,707	$6,114,243	$6,285,442	$6,461,434	$6,642,354	$6,828,340
Vacancy & Credit Losses	$0	($266,285)	($273,741)	($281,406)	($289,285)	($297,385)	($305,712)	($314,272)	($323,072)	($332,118)	($341,417)
Other Income	$0	$138,780	$142,666	$146,660	$150,767	$154,988	$159,328	$163,789	$168,375	$173,090	$177,936
Effective Gross Income	$0	$5,198,200	$5,343,749	$5,493,374	$5,647,189	$5,805,310	$5,967,859	$6,134,959	$6,306,738	$6,483,326	$6,664,860
Operating Expenses	$0	($1,869,746)	($1,958,396)	($2,002,094)	($2,056,405)	($2,110,259)	($2,165,915)	($2,222,966)	($2,281,540)	($2,341,660)	($2,403,369)
Net Operating Income	$0	$3,328,454	$3,385,353	$3,491,281	$3,590,784	$3,695,051	$3,801,944	$3,911,993	$4,025,198	$4,141,667	$4,261,491
Investment											
Developer Equity	($15,260,715)	$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	($1,068,250)	$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	($2,842,838)	($2,842,838)	($2,842,838)	($2,842,838)	($2,842,838)	($2,842,838)	($2,842,838)	($2,842,838)	($2,842,838)	($2,842,838)
Property Taxes*	($508,690)										
Sale Value	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$85,229,811
Cost of Sale	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($5,113,789)
Remaining Loan Balance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($30,556,361)
Net Sale Proceeds	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$49,559,661
Before Tax Cash Flow	($16,837,655)	$485,617	$542,516	$648,443	$747,947	$852,214	$959,106	$1,069,155	$1,182,360	$1,298,829	$49,559,661

200 units – stick construction – surface parking – parking ratio 1.5

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Potential Gross Income	$0	$7,128,137	$7,327,725	$7,532,901	$7,743,822	$7,960,649	$8,183,547	$8,412,687	$8,648,242	$8,890,393	$9,139,324
Vacancy & Credit Losses	$0	($356,407)	($366,386)	($376,645)	($387,191)	($398,032)	($409,177)	($420,634)	($432,412)	($444,520)	($456,966)
Other Income	$0	$185,040	$190,221	$195,547	$201,023	$206,651	$212,438	$218,386	$224,501	$230,787	$237,249
Effective Gross Income	$0	$6,956,770	$7,151,560	$7,351,803	$7,557,654	$7,769,268	$7,986,808	$8,210,438	$8,440,330	$8,676,660	$8,919,606
Operating Expenses	$0	($2,504,121)	($2,622,442)	($2,681,033)	($2,753,744)	($2,825,862)	($2,900,388)	($2,976,783)	($3,055,218)	($3,135,722)	($3,218,354)
Net Operating Income	$0	$4,452,649	$4,529,118	$4,670,770	$4,803,910	$4,943,406	$5,086,419	$5,233,655	$5,385,112	$5,540,938	$5,701,252
Investment											
Developer Equity	($20,384,094)	$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	($1,426,887)	$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	($3,797,245)	($3,797,245)	($3,797,245)	($3,797,245)	($3,797,245)	($3,797,245)	($3,797,245)	($3,797,245)	($3,797,245)	($3,797,245)
Property Taxes*	($679,470)										
Sale Value	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$114,025,038
Cost of Sale	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($6,841,502)
Remaining Loan Balance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($40,814,846)
Net Sale Proceeds	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$66,368,690
Before Tax Cash Flow	($22,490,450)	$655,404	$731,873	$873,525	$1,006,665	$1,146,161	$1,289,175	$1,436,410	$1,587,868	$1,743,693	$66,368,690

Source: Town of Hingham, RKG Associates

RKG ASSOCIATES INC

Hingham Economic Feasibility Analysis

February 2024