

## **Determination of a fair value for the town property at 72 Stow Road**

Over a period of three years, the Boxborough Building Committee examined and evaluated 14 sites for location of new public safety facilities. In November 2019, the committee recommended to the Select Board that the best option for construction of new public safety facilities would be to use the town property at 72 Stow Road currently held by the Boxborough Housing Board. This will require at some point that town meeting vote to approve fair compensation to the Boxborough Affordable Housing Trust for loss of this affordable housing asset. This document provides background material and information bearing on the determination of fair value for the property. This includes:

- A Memorandum of Understanding executed in 2011 and recorded with the Town Clerk in 2014
- Performance history of the town's investment portfolio from 2010-2019
- Appraised valuation in 2007, prior to purchase by the Housing Board
- An opinion of value for the property provided by the Town Assessor in November 2019
- Advice of Town Counsel: a series of email on the matter

### **Memorandum of Understanding**

In 2010 the property at 72 Stow Road was purchased by the Boxborough Housing Board (BHB) for affordable housing purposes. Funds were provided by the Boxborough Affordable Housing Trust (BAHT), as authorized by the Trustees. It was recognized then that it might not be possible to utilize a portion of the land for affordable housing purposes, due to unforeseen difficulties or circumstances. The Select Board (Board of Selectmen then), the BHB and BAHT entered into a Memorandum of Understanding (MOU) describing the intent and the process by which the Trust would be properly reimbursed or compensated for loss of the asset. The MOU was executed in 2011 and recorded with the Town Clerk in 2014. No recipe or formula is given. Rather, the process relies on the "good faith and advocacy" of all parties to do what is best for the town.

### **Performance history of town's investment portfolio 2010-2019**

The Boxborough Affordable Housing Trust funds are pooled or comingled with all of the town trust funds, including the town stabilization fund. All funds are managed by the Town's fiduciary, Bartholomew and Company. Under Massachusetts General Law, municipalities may invest such funds only in vehicles approved by the state banking commissioner. These vehicles are selected to be very safe. Consequently, as would be expected, they generally have very modest or low rates of return. The Town Treasurer provided a summary of the pooled trust fund rate of return for the period 2010-2019. The annualized rate of return was about 1.6%/year, for a total appreciation for the period of 15%. The performance of the town investment portfolio might be considered in determination of a fair valuation of the Stow Road property.

**Appraised value in 2007**

The Housing Board had a professional appraisal done in 2007 by Avery Associates, in preparation to consider purchase of the property. This appraisal produced a range of \$700,000 - \$1,000,000 under two scenarios. After negotiation with the sellers, the Housing Board purchased the property for \$850,000.

**Assessor's opinion of value in 2019**

In November 2019, the Town Assessor was asked to provide an opinion of value based on current market conditions and comparable properties. This resulted in an "as-is" value of \$591,209.

## Advice of Town Counsel

In November 2019, the Town Administrator asked Town Counsel to advise on the matter of determining a fair valuation and the process of acquiring the property from the Boxborough Housing Board for general municipal purposes. The response is contained in the following email exchanges:

**From:** Jonathan D. Eichman [<mailto:JEichman@k-plaw.com>]  
**Sent:** Tuesday, December 03, 2019 10:19 AM  
**To:** Ryan Ferrara <[rferrara@boxborough-ma.gov](mailto:rferrara@boxborough-ma.gov)>; Les Fox <[lfox@boxborough-ma.gov](mailto:lfox@boxborough-ma.gov)>  
**Cc:** Ralph Murphy ([almur10@mac.com](mailto:almur10@mac.com)) <[almur10@mac.com](mailto:almur10@mac.com)>; Maria Neyland <[mneyland@boxborough-ma.gov](mailto:mneyland@boxborough-ma.gov)>; John Giorgio <[JGiorgio@k-plaw.com](mailto:JGiorgio@k-plaw.com)>  
**Subject:** RE: Housing Authority Property

All:

Ryan's summary is correct. As background, I was unable to locate a fully executed MOU between the AHT and the BHB. The drafts of this agreement provided by Les (attached) indicate that the final version was to be filed with the Town Clerk (not recorded), so that is where to look. However, the intent of the parties, as indicated by the drafts, can be honored without locating the final signed agreement. Funds can be appropriated by Town Meeting directly to the AHT, eliminating the intermediate transfer of funds to and from the BHB. As noted in the draft MOU, the method for determining the appropriate amount of reimbursement was left to the parties. A legal basis for the reimbursement payment can be found in the Regulatory Agreement governing the Boxborough Meadows 40B development, which provides that all excess profits from that development must be given to the Town for affordable housing purposes. I understand that the purchase funds for 72 Stow Road were made up of the funds paid to the AHT as excess profits pursuant to settlement of the litigation concerning Boxborough Meadows. Thus, by the terms of the Regulatory Agreement, those funds should remain dedicated to affordable housing purposes.

Please contact me with further questions.

Jonathan D. Eichman, Esq.

KP | LAW

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[jeichman@k-plaw.com](mailto:jeichman@k-plaw.com)  
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in error, please delete all electronic copies of this message and attachments thereto, if any, and destroy any hard copies you may have created and notify me immediately.

**From:** Ryan Ferrara [<mailto:rferrara@boxborough-ma.gov>]  
**Sent:** Monday, December 02, 2019 6:51 PM  
**To:** Les Fox <[lfox@boxborough-ma.gov](mailto:lfox@boxborough-ma.gov)>; John Giorgio <[JGiorgio@k-plaw.com](mailto:JGiorgio@k-plaw.com)>; Jonathan D. Eichman <[JEichman@k-plaw.com](mailto:JEichman@k-plaw.com)>  
**Cc:** Ralph Murphy ([almur10@mac.com](mailto:almur10@mac.com)) <[almur10@mac.com](mailto:almur10@mac.com)>; Maria Neyland <[mneyland@boxborough-ma.gov](mailto:mneyland@boxborough-ma.gov)>  
**Subject:** RE: Housing Authority Property

Les and Al, I had a chance to speak with Jonathan Eichman this morning regarding a number of matters including the Stow Road property. Jonathan, please feel free to correct any errors in my summary below.

### **Process:**

The required steps for the Town to transfer the 72 Stow Road parcel from the Housing Board to presumably the Select Board, requires a formal vote and letter from the Housing Board indicating that they no longer have a need for the property. The Select Board would then sponsor a warrant article transferring the care, custody and control of the 72 Stow Road from the Housing Board to the Board of Selectmen. The article would also likely include funding for the transfer of the parcel to ensure the Affordable Housing Trust is appropriately compensated for the property.

### **Transfer Price:**

There are no set rules for one branch of municipal government to purchase property from another. Jonathan recommend a reasonable means to establish a purchase price would be to go back to initial purchase date of December 17, 2010 and calculate what the investment income would be if the Town Treasurer/Collector invested the \$850,000 purchase price in a MGL approved investment vehicle. I will accordingly work with the Nick F. to come up with a reasonable calculation for the property, nearly nine years after the original purchase.

Les/Al, this would seem to be a reasonable objective for us to pursue the transfer for the May Annual Town Meeting. What are your respective thoughts on the matter?

**Ryan Ferrara**

**Town Administrator**

**Town of Boxborough**

**Office: 978-264-1712**

**Email: [rferrara@boxborough-ma.gov](mailto:rferrara@boxborough-ma.gov)**

When responding, please be aware that the Massachusetts Secretary of State has determined that most email is a public record and therefore cannot be kept confidential.

**From:** Les Fox  
**Sent:** Wednesday, November 20, 2019 10:14 AM  
**To:** 'John Giorgio' <[JGiorgio@k-plaw.com](mailto:JGiorgio@k-plaw.com)>; 'Jonathan D. Eichman' <[JEichman@k-plaw.com](mailto:JEichman@k-plaw.com)>  
**Cc:** 'rferrara@boxborough-ma.gov' <[rferrara@boxborough-ma.gov](mailto:rferrara@boxborough-ma.gov)>  
**Subject:** RE: Housing Authority Property

John and Jon,

This morning I spoke with Al Murphy, chair of the Housing Board, about this. He points out that three parties will need to be involved achieving a proper resolution of the issues around using all or a portion of the Stow Road land for non-housing purposes: the Housing Board, the Housing Trust, and "the town". Our understanding is that the Trustees approved use of the Trust funds for purchase of the property by the Housing Board, acting as the Town's agent. I believe Al, as chair of the Housing Board actually signed the deed. Our standard process has been for the Trustees to vote to authorize the Housing Board to make any and all expenditures from the trust fund for any purpose.

Aside from the preamble sections, one difference in the two versions of the MOA is the signatories to the agreement. Both chairs of the BHB and BAHT are listed on each. In one, Frank Powers, chair of the selectboard at the time, was signatory for the town. In the other, Selina Shaw, as TA was signatory for the town. I don't know what version was recorded.

Les

**From:** Les Fox  
**Sent:** Tuesday, November 19, 2019 9:12 PM  
**To:** 'John Giorgio' <[JGiorgio@k-plaw.com](mailto:JGiorgio@k-plaw.com)>; 'Jonathan D. Eichman' <[JEichman@k-plaw.com](mailto:JEichman@k-plaw.com)>  
**Cc:** 'rferrara@boxborough-ma.gov' <[rferrara@boxborough-ma.gov](mailto:rferrara@boxborough-ma.gov)>  
**Subject:** RE: Housing Authority Property

John Jon,

I found the attached MOAs in my files from 2010, pertaining to the Stow Road property. They are very similar but not identical. One was probably a work in process.

I don't seem to have the final signed and recorded versions. K&P probably has copies on file, and it is likely Al Murphy, Chair of the Housing Board or Clerk Liz Markiewicz has them. And of course there is the Registry. I had forgotten about the MOA. I am not sure what DOR rules might apply but wanted to draw your attention to the MOA.

Les

**From:** Les Fox [<mailto:lesfox@comcast.net>]  
**Sent:** Tuesday, November 19, 2019 7:05 PM  
**To:** John Giorgio <[JGiorgio@k-plaw.com](mailto:JGiorgio@k-plaw.com)>  
**Cc:** Jonathan D. Eichman <[JEichman@k-plaw.com](mailto:JEichman@k-plaw.com)>; [rferrara@boxborough-ma.gov](mailto:rferrara@boxborough-ma.gov)  
**Subject:** Re: Housing Authority Property

Thanks John. There was no town meeting vote to purchase. It was funded by the trust on vote of the trustees.

Les

978-771-4093

Sent from my iPhone



On Nov 19, 2019, at 6:20 PM, John Giorgio <[JGiorgio@k-plaw.com](mailto:JGiorgio@k-plaw.com)> wrote:

Jonathan

If the land was acquired for affordable housing purposes under the control of the Housing Board, it could not be used for any other municipal purpose without following 40:15A that is a declaration that the land is no longer needed for the purpose for which it was acquired and a two thirds vote of town meeting. That being said, we would need to examine the original town meeting vote and the deed into the town. Unlike a release of Article 97 land there would be no inherent requirement that the BHB be reimbursed at all unless the original town meeting vote so required. From a political standpoint, reimbursement may be necessary , however.

John W. Giorgio, Esq.

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On Nov 19, 2019, at 6:01 PM, Jonathan D. Eichman <[JEichman@k-plaw.com](mailto:JEichman@k-plaw.com)> wrote:

Any thoughts on this? I have not gotten into it yet.

Jonathan D. Eichman, Esq.

KP | LAW

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**From:** Les Fox [<mailto:lfox@boxborough-ma.gov>]  
**Sent:** Tuesday, November 19, 2019 12:36 PM  
**To:** Jonathan D. Eichman <[JEichman@k-plaw.com](mailto:JEichman@k-plaw.com)>  
**Cc:** Ryan Ferrara <[rferrara@boxborough-ma.gov](mailto:rferrara@boxborough-ma.gov)>  
**Subject:** RE: Housing Authority Property

Jonathan,

To expand:

The land was purchased in 2010 with \$850,000 of funds from the Affordable Housing Trust. These funds were obtained in settlement of the town's lawsuit for excess profits under the applicable sections of Ch 40B. Subsequently the town has expended an additional \$33,000 in maintenance, repairs and legal expenses associated with the property. Town meeting has been told more than once that the Trust funds may only be used for affordable housing purposes consistent with Ch. 40B. It has always been my understanding as well as that of the Housing Board chair and member of the Trust that use of the land for any other purpose would require the Trust to be "made whole". The question is what rule must we follow to "make whole"? Return of the original principal of \$850,000 plus \$33,000 of expenses, or some amount tied to current fair market value and/or loss of principal appreciation that the trust would otherwise have realized, or ....?

I believe there must be DOR guidance on this. The town assessor queried DOR on this matter and was told to check with Town Counsel, so here we are.

Les

**From:** Ryan Ferrara  
**Sent:** Tuesday, November 19, 2019 11:59 AM  
**To:** Jonathan D. Eichman <[JEichman@k-plaw.com](mailto:JEichman@k-plaw.com)>  
**Cc:** Les Fox <[lfox@boxborough-ma.gov](mailto:lfox@boxborough-ma.gov)>  
**Subject:** Housing Authority Property

Jonathan, the Town's Building Committee (BBC) is meeting this evening. The Committee is seeking a parcel of land suitable to build a public safety facility. After much review, the Town is now considering obtaining a parcel owned by the Housing Board. If the Town were to pursue the purchase of this parcel from the Boxborough Housing Board, what considerations would the Town need to account for? The land is currently vacant and the Housing Board hasn't to date deemed a purpose for the site. We don't anticipate the exchange to be contentious. The BBC meeting is taking place at 6PM tonight thus if you could provide your quick thoughts on the matter, I would appreciate it.

**Ryan Ferrara**

**Town Administrator**

**Town of Boxborough**

**Office: 978-264-1712**

**Email: [rferrara@boxborough-ma.gov](mailto:rferrara@boxborough-ma.gov)**

When responding, please be aware that the Massachusetts Secretary of State has determined that most email is a public record and therefore cannot be kept confidential.

**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN THE**  
**BOXBOROUGH HOUSING BOARD**  
**AND**  
**BOXBOROUGH AFFORDABLE HOUSING TRUST**  
**AND**  
**TOWN OF BOXBOROUGH**

WHEREAS, The Boxborough Housing Board ("Board") was established in 2000 pursuant to the *Housing Board Bylaw* and charged with developing, implementing and executing the Boxborough Affordable Housing Long-Range Plan (the Plan) to provide for affordable housing in the Town of Boxborough as well as for providing a diverse stock of affordable housing in accordance with said Plan; and

WHEREAS, The Boxborough Affordable Housing Trust ("Trust") was established in 2007 pursuant to the *Affordable Housing Trust Bylaw* for the purpose of providing for the creation and preservation of affordable housing for the benefit of low and moderate income households, and to support the activities of the Boxborough Housing Board through grants of real and personal property; and

WHEREAS, The Trust granted to the Board the sum of \$850,000 for the purchase of a certain parcel of land in Boxborough ("72 Stow Road") as described in the deed to the Town of Boxborough, acting by and through the Boxborough Housing Board, recorded with the Middlesex Registry of Deeds, Southern District, in Book 56124, Page 151; and

WHEREAS, due to financial, construction and topographical considerations, as well as the nature and extent of affordable housing, it is uncertain that all of 72 Stow Road can be used for affordable housing purposes and the Board may determine that a portion or share of the property would best be utilized for municipal purposes other than affordable housing;

NOW, THEREFORE, the Trust, Board, and the Town of Boxborough ("Town") hereby agree as follows:

1. 72 Stow Road shall be used substantially to provide affordable housing and to provide or augment facilities for the Town.

**RECEIVED**

**AUG 04 2014**

**TOWN CLERK  
TOWN OF BOXBOROUGH**

2. In the event that some portion or share of 72 Stow Road is not used for affordable housing, the Town shall reimburse the Board for said portion or share. Representatives of the Board, Trust, and Town shall negotiate a fair payment to the Board for said portion or share. The Board shall convey this payment to the Trust.
3. In order that future planners will not be constrained in unintended ways, the method by which the future property valuation or apportionment, or method of reimbursement to the Board and ultimately the Trust shall be determined is not precisely specified by this Agreement. Instead, this Agreement relies upon the good faith and effective advocacy of these planners to realize the intent of the Board, Trust and the Town.
4. The term of this Agreement shall be indefinite and shall apply to all future uses of 72 Stow Road. A record of the Agreement shall be retained indefinitely and filed with the Town Clerk along with the Deed and other relevant documents concerning 72 Stow Road.
5. This instrument represents the entire agreement among the Board, Trust and Town and may not be modified or changed in any manner except by a writing signed by all parties.

Signed this 24<sup>th</sup> day of January 2011:

For the Boxborough Housing Board

R. Allen Murphy 1/20/2011  
R. Allen Murphy, Date  
Chairman

For the Boxborough Affordable Housing Trust

Leslie R. Fox 1/20/2011  
Leslie R. Fox, Date  
Chairman

For the Town of Boxborough

Francis J. Powers 1/24/2011  
Francis J. Powers, Date  
Chair,  
Boxborough Board  
of Selectmen

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AUG 04 2011

TOWN OF BOXBOROUGH



# Performance History

From 12/17/2010 to 9/30/2019

Since Inception

Town of Boxborough Trust Funds UA (xxxx4179) - PPS Custom NFS

Yearly	From	To	Time Weighted Return (%)						
			Portfolio Return	Bloomberg Barclays US Govt/Credit 1-3 Yr	Consumer Price Index (Seasonally Adjusted)	US Treasury Bills	Bloomberg Barclays US Govt/Credit 1-5 Yr	Dow Jones Industrial Average	MSCI EAFE (NR)
	12/17/2010	12/31/2010	-0.10	0.20	0.00	0.00	0.47	0.71	1.80
	01/01/2011	12/31/2011	2.20	1.59	3.46	0.16	2.73	8.38	-12.14
	01/01/2012	12/31/2012	1.17	1.26	1.90	0.31	6.32	10.24	17.32
	01/01/2013	12/31/2013	0.31	0.64	1.24	0.28	1.25	29.65	22.78
	01/01/2014	12/31/2014	2.01	0.77	1.34	0.06	2.03	10.04	-4.90
	01/01/2015	12/31/2015	1.20	0.65	0.46	0.12	1.51	0.21	-0.81
	01/01/2016	12/31/2016	1.87	1.28	1.78	0.41	2.30	16.50	1.00
	01/01/2017	12/31/2017	1.43	0.84	2.16	0.82	2.33	28.11	25.03
	01/01/2018	12/31/2018	0.10	1.60	2.13	2.03	1.01	-3.48	-13.79
	01/01/2019	09/30/2019	3.96	3.42	1.35	2.00	5.56	17.51	12.80
<b>Total</b>			<b>15.00</b>	<b>12.93</b>	<b>16.95</b>	<b>6.33</b>	<b>28.44</b>	<b>191.20</b>	<b>49.24</b>
<b>Annualized</b>			<b>1.60</b>	<b>1.39</b>	<b>1.80</b>	<b>0.70</b>	<b>2.89</b>	<b>12.93</b>	<b>4.66</b>

# Performance History

From 12/17/2010 to 9/30/2019

Since Inception

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\*"Current yield", if reflected in this report, is the percentage of interest (bonds) or dividends (stocks) that the security is yielding based on the security's current price. It is calculated by dividing a bond's current interest rate, or a stock's dividends paid over the prior 12 months, by the current market price of the security as of the date of this statement. Current yield, if reflected in this report, is provided for informational or illustrative purposes only and is not an accurate reflection of the actual return an investor will receive because bond and stock prices are constantly changing due to market factors. "Distribution rate" applies to securities that are not listed or traded on a national securities exchange (i.e., nontraded real estate investment programs). Distribution rates and payments are not guaranteed and may be modified at the program's discretion. Distributions may consist of return of principal (including offering proceeds) or borrowings. A breakdown of the distribution components and the time period during which they have been funded from return of principal, borrowings, or any sources other than cash flow from investment or operations can be found in your tax forms, which the sponsor will provide. When distributions include a return of principal, the program will have less money to invest, which may lower its overall return. When distributions include borrowings, the distribution rate may not be sustainable. Please refer to the relevant prospectus or offering memorandum for additional information and disclosures about the nature of and potential source of funds for distributions relating to nontraded securities.

All returns are shown net of fees unless otherwise indicated. Commonwealth relies upon data, formulas, and software to calculate the performance of portfolios. Periodic software enhancements may possibly cause inconsistencies with some performance calculations. Please notify your advisor if you have reason to believe calculations are incorrect to help ensure proper performance calculations going forward.

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Blended benchmark returns are composed of individual index data and index composition may change over time. All indices are unmanaged and it is not possible to invest directly in an index or blended benchmark. Unlike investments, indices and blended benchmarks do not incur management fees, charges, or expenses.



# Performance History

From 12/17/2010 to 9/30/2019

Since Inception

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Bloomberg Barclays US Govt/Credit 1-3 Yr - The Bloomberg Barclays US Govt/Credit 1-3 Yr Index measures a composite of government and corporate issues with maturities between 1-3 years.

Consumer Price Index (Seasonally Adjusted) - The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. This data is reported on a seasonally adjusted basis, which eliminates the influences of weather, holidays, opening and closing of schools and other recurring seasonal events, in order to more easily compare data from month to month.

US Treasury Bills - The 3-Month Treasury Bill represents the monthly return equivalents of yield averages, which are not marked to market; this index is an average of the last three three-month Treasury Bill issues.

Bloomberg Barclays US Govt/Credit 1-5 Yr - This index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities of between 1 and 5 years and are publicly issued

Dow Jones Industrial Average - Computed by summing the prices of the stocks of 30 companies and then dividing that total by an adjusted value--one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities.

MSCI EAFE (NR) - MSCI EAFE is a composite reflective of the equity market performance of developed markets in Europe, Australia and the Far East. (Total Return Net)

# **COMPLETE APPRAISAL**

## **SUMMARY FORMAT**

### **PROPERTIES**

72 Stow Road—11.05 acres  
Lot 207 Burroughs Road—2.43 Acres  
Boxborough, Massachusetts 01719

### **DATE OF VALUATION**

August 3, 2007

### **PREPARED FOR**

Town of Boxborough  
c/o Selina Shaw, Town Administrator  
29 Middle Road  
Boxborough, Massachusetts, 01719

### **PREPARED BY**

Avery Associates  
282 Central Street  
Post Office Box 834  
Acton, Massachusetts 01719  
Tel: 978-263-5002  
File No. 27085/2007121

# Avery Associates

Real Estate Appraisers – Counselors

282 Central St.  
P.O. Box 834  
Acton, MA 01720  
Tel: 978-263-5002  
Fax: 978-635-9435  
[jon@averyandassociates.com](mailto:jon@averyandassociates.com)

August 20, 2007

Town of Boxborough  
c/o Selina Shaw, Town Administrator  
29 Middle Road  
Boxborough, Massachusetts, 01719

RE: 72 Stow Road—11.05 Acres  
Parcel 207 Burroughs Road—2.43 Acres  
Boxborough, MA

Dear Ms. Shaw:

In accordance with our agreement, we are pleased to transmit the appraisal report detailing our estimate of the market value of the fee simple interest in the above referenced property. This appraisal contains the data, analysis and conclusions on which the estimate is based.

The subject properties total 13.48 acres of Business zoned land with 613 feet of frontage along Stow Road near the intersection with Massachusetts Avenue, Route 111. The site is improved with two dwellings; a 1930 vintage, wood frame, cape style building with 5 rooms, 3 bedrooms, 1 bath and 1,344 square feet of living area and an 883 sf, 1940 vintage, single story cottage with 3 rooms, 1 bedroom and 1 bath. We have been asked to present the market value under two valuation scenarios. The first scenario 'as is' under current zoning requirements and the second scenario, hypothetically as if the property were rezoned to be Agricultural/Residential.

The value opinion reported is qualified by certain definitions, limiting conditions and certifications presented in detail in the appraisal report. This report has been prepared for your exclusive use. It may not be distributed to or relied upon by other persons or entities without our permission.

The analysis under Scenario I is based on the **Extraordinary Assumption** that each of the lots depicted in the Conceptual Development Plan can meet applicable State and Local requirements for construction of a commercial building.

The analysis under Scenario II is based on the **Hypothetical Condition** that the site is rezoned Agricultural/Residential and that each of the lots depicted in the Conceptual Development Plan can meet applicable State and Local requirements for construction of a single family dwelling. **This is a hypothetical value since the property owners must apply for such rezoning and the Boxborough Town Meeting must vote to approve such rezoning. Neither application nor vote has taken place.**

Page 2  
Selina Shaw, Town Administrator  
August 20, 2007

Based upon our analysis, it is our opinion that the estimated market value, under Scenario I, subject to the noted **Extraordinary Assumption**, general assumptions and limiting conditions, for the fee simple estate "as is," as of August 3, 2007, is:

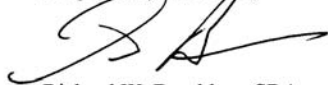
**ONE MILLION (\$1,000,000) DOLLARS**

It is further our opinion that the estimated market value, under Scenario II, subject to the noted **Hypothetical Condition**, general assumptions and limiting conditions, for the fee simple estate as of August 3, 2007, is:

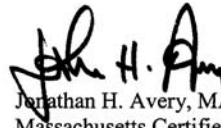
**SEVEN HUNDRED THOUSAND (\$700,000) DOLLARS**

This letter must remain attached to the report, which contains 35 pages plus related exhibits, in order for the value opinion set forth to be considered valid.

Respectfully submitted,



Richard W. Bernklow, SRA  
Massachusetts Certified General  
Real Estate Appraiser #3111



Jonathan H. Avery, M.A.I., CRE  
Massachusetts Certified General  
Real Estate Appraiser #26

**AVERY ASSOCIATES**  
REAL ESTATE APPRAISERS - COUNSELORS

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## **SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS**

<b><u>ADDRESS:</u></b>	72 Stow Road Parcel 207 Burroughs Road Boxborough, Massachusetts
<b><u>OWNER(S) OF RECORD:</u></b>	72 Stow Rd—Lyons Family Trust Beverly Ludovico, Trustee (Named 2005) Parcel 207 Burroughs Rd GL Trust—Robert Ludovico, Trustee
<b><u>DATE OF VALUE ESTIMATE:</u></b>	August 3, 2007
<b><u>INTEREST APPRAISED:</u></b>	Fee Simple
<b><u>LAND AREA:</u></b>	72 Stow—11.05 Acres Parcel 207—2.43 Acres
<b><u>IMPROVEMENTS:</u></b>	2 wood frame dwellings: c.1930 Cape with 5 rooms 3 bedrooms and 1 bath and 1,344 square feet of living area; c.1940 Cottage with 3-1-1 room count and 883 sf of living area.
<b><u>ZONING:</u></b>	Business
<b><u>HIGHEST AND BEST USE:</u></b>	Scenario I--Subdivision as commercial lots Scenario II—Hypothetical Subdivision as residential lots
<b><u>ESTIMATED VALUE:</u></b>	
Scenario I	\$1,000,000
Scenario II	\$700,000
<b><u>APPRAISED BY:</u></b>	Richard W. Bernklow, SRA Jonathan H. Avery, MAI, CRE Avery Associates 282 Central Street Acton, MA 01720

## **SUBJECT PROPERTY PHOTOGRAPHS**

72 Stow Road  
Parcel 207 Burroughs Road  
Boxborough, Massachusetts  
Taken By: R. Bernklow (08/15/07)



**View of Stow Road Frontage Facing South**



**View of Existing Cape Facing East**



**SUBJECT PROPERTY PHOTOGRAPHS**

72 Stow Road  
Parcel 207 Burroughs Road  
Boxborough, Massachusetts  
Taken By: R. Bernklow (08/15/07)



**View of Cottage Facing East**



**View of the Rear Yard Facing West**



## **SUBJECT PROPERTY PHOTOGRAPHS**

72 Stow Road  
Parcel 207 Burroughs Road  
Boxborough, Massachusetts  
Taken By: R. Bernklow (08/15/07)



**View of Trail Into the Woods Facing West**



**View of the Woods Along the Eastern Boundary**

**PURPOSE OF THE APPRAISAL:** The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property, under two valuation scenarios. The first scenario; as is, and the second under the Hypothetical Condition, as if the land is rezoned Agricultural/Residential. In presenting these values it has been necessary to make a careful physical inspection, examination, and analysis of the property. The definitions of fee simple and market value can be found in the Addenda section to this report.

**INTENDED USE/USERS OF REPORT:** This appraisal is intended to assist the client, Ms. Selina Shaw, Town Administrator, Town of Boxborough and the Board of Selectmen as they consider possible purchase of the subject property. The intended user is the Town of Boxborough and their assigns.

**INTEREST VALUED:** Fee simple estate. Please see the definitions section of the Addenda.

**DATE OF VALUATION:** August 3, 2007

**DATE OF REPORT:** August 20, 2007

**SCOPE OF THE APPRAISAL:**

Richard W. Bernklow, SRA and Jonathan H. Avery, MAI, CRE inspected the subject property July 29, 2007 accompanied by John Lyons, representing the owners. The property was further inspected on several subsequent occasions. A review has been made of deeds, plans and other pertinent documents to understand the legal characteristics of the property.

A review has been made of municipal tax and zoning material, including special provisions of any bylaws. Data has then been gathered pertinent to the valuation of the property. The approaches to value employ many sources including municipal and county records, sales recording services, cost services and interviews with professionals active in the real estate field. Deeds were reviewed when available and data confirmed with parties to the transactions as a means of verification, when possible.

Available local information resources were used such as Massachusetts Municipal Profiles, Community Profiles on the Internet, Massachusetts Department of Employment and Training, Massachusetts Bureau of Waste Site Cleanup, The Boxborough Assessors, Boxborough Building/Planning Departments, The Beacon, local real estate brokers and web sites.

Upon the verification of the data, recognized valuation techniques were then employed in deriving value indications from appropriate cost, sales and income perspectives. These indicators were reviewed and concurred with and by Mr. Avery as they were then reconciled into the value estimate(s) found in this report.

This Summary Appraisal Report is a brief recapitulation of the appraiser's data, analyses and conclusions. Supporting documentation is retained in the appraisers file. Explanation of terms and definitions are attached in the addenda section of the summary report.

The analysis under Scenario I is based on the **Extraordinary Assumption** that each of the lots depicted in the Conceptual Development Plan can meet applicable State and Local requirements for construction of a commercial building.

The analysis under Scenario II is based on the **Hypothetical Condition** that the site is zoned residential and that each of the lots depicted in the Conceptual Development Plan can meet applicable State and Local requirements for construction of a single family dwelling. **This is a hypothetical value since the property owners must apply for such rezoning and the Boxborough Town Meeting must vote to approve such rezoning. Neither application nor vote has taken place.**

#### **CONSIDERATION OF HAZARDOUS SUBSTANCES IN THE APPRAISAL PROCESS**

No specific geotechnical engineering information or Phase One site investigation has been provided to the appraisers. Under federal and state laws, the owner of real estate which is contaminated and from which there is a release or threatened release may be held liable for cost of corrective action. A Phase One site investigation is customary business practice. Such an investigation entails a review of the property, its history and available government records to determine if there is reason to believe that contamination may be present.

Unless otherwise stated in this report, the existence of hazardous substances, including with limitation asbestos, polychlorinated biphenyls, petroleum leakage, agricultural chemicals or urea formaldehyde foam insulation, which may or may not be present on the property, were not called to the attention of nor did the appraiser become aware of such during inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. Since the presence of such hazardous substances may significantly affect the value of the property, the value as estimated herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto which would cause a loss in value. If such substances do exist then the value as estimated herein will vary dependent on the extent of contamination and the costs of remediation.

The subject property is not included on the **List of Confirmed Disposal Sites and Locations To Be Investigated** (Bureau of Waste Site Cleanup, Massachusetts DEP web site, surveyed August 2007). We have appraised the subject property based on the assumption the site is not contaminated; however, if the subject site becomes or is found contaminated, the value estimate contained herein will change.

## **HISTORY AND IDENTIFICATION OF REAL ESTATE APPRAISED:**

The subject properties have an address of 72 Stow Road, and Parcel 207 Burroughs Road, Boxborough, Middlesex County, MA. The Boxborough Assessor's identify the properties as follows:

<b><u>Address</u></b>	<b><u>Map/Parcel</u></b>	<b><u>Owner</u></b>	<b><u>Legal Reference</u></b>	<b><u>Date</u></b>	<b><u>Lot Size</u></b>
72 Stow Rd	6-4-166	Lyons Family Tr.	22794/187	4-Jan-93	11.05
P-207 Burroughs	10-4-207	G L Trust	20996/94	6-Feb-91	2.43

The legal description for 72 Stow Road is detailed in a deed recorded in Book 48744, Page 98, dated January 4, 1993 at the Middlesex County South District Registry of Deeds, Cambridge, MA. No consideration was paid and the transaction was intra-family between Beverly Ludovico, trustee Francis G. Lyons Family Trust and Beverly Ludovico, trustee Lyons Family Trust. The previous deed was Book 22794, Page 187, dated January 4, 1993 and another intra-family transfer. Beverly Ludovico became trustee in 2005.

The second legal description is detailed in a deed recorded in Book 20996, Page 94 between Francis G. Lyons and Robert D. Ludovico, Trustee of GL Trust. The consideration paid was \$3,000. This is also an intra-family transfer. A portion of this parcel was sold June 10, 2002 for \$175,000 leaving 2.43 acres. The portion sold was developed with a house.

The subject was under consideration in 2005 for development of an age restricted, 36 unit multi-family project. This would be developed under MGL Chapter 40B, in the same way the Boxborough Meadows project was developed. The property was under Chapter 61B at the time and was offered to the town the right to match the offered price @ \$2,767,500. The town passed on its right of first refusal, however after conceptual plans were drawn for the project, the developer backed out because of changing market conditions. It is important to note that this agreement was predicated on residential use of the property. Residential use is not allowed in this zoning district and it would be only allowed because of MGL Chapter 40B. Residential development in this zoning district is impossible without a zoning change or use of MGL Chapter 40B.

This offer to purchase, despite what is legally and physically allowed for development, is based on an alternative residential development. The speculative nature of 40B developments greatly influences what a buyer will pay for a potential site. The value for the buyer is in securing permits and approvals not in the utility/zoning of the site alone. Therefore, this 2005 agreement to sell the property is considered to be based more of speculation for a 40B development, than the examination of what is legally possible for development, as is, under current zoning regulations and current market conditions.

Copies of the deeds are attached in the Addenda.

## **AREA SUMMARY**

The subject is located in the affluent Middlesex County community of Boxborough. Its population according to the 2000 U.S. Census was 4,868, a 45.6% increase over 1990. Median household income per 2000 census was \$87,618 and the 2006 median price of a single-family house was \$562,500 down slightly 0.9% from the 2005 median house price of \$567,500.

The suburban Town of Boxborough is located approximately 26 miles northwest of Boston. The community offers good proximity to commuter routes with Interstate 495 bisecting the town north/south and Route 2 located just above the northern border. Interstate 495 has emerged, over the past 10 years, as a major employment center due to the lack of developable land along Route 128, the inner beltway surrounding Boston.

Boxborough's rural character coupled with its location on two major highways spurred growth in the mid to late 1980's and into the 1990's. Boxborough had the highest percentage of growth for the 2000 Census in the Commonwealth, growing 45.6% over the 1990 census figures. Continued growth is expected due to high demand for new homes from maturing "baby boomers."

The local and national economies have been recovering for the past several years. Unemployment rates in Boxborough have gone up from the historic lows of 2001 to average 3.7% for June 2007, while the state average for the same time frame was 4.9%, just around the national average.

### **Economy:**

Massachusetts reported creation of 8,200 new jobs in June, one of the highest recent figures since January 2006. Since January 2006, Massachusetts reported creation of 35,700 new jobs, with almost 23,200 of those jobs created in 2007. Consumer confidence levels have been rising and falling in response to economic news, local housing news and international war news. Consumer spending, however, continues and the national job situation appears to be getting slowly better and many businesses are reporting strong growth. A report by University of Massachusetts in August 2006 stated that the state's economy was growing faster than the national economy—for both the 2<sup>nd</sup> & 3<sup>rd</sup> quarters. This is the first time in the last few years this has happened.

The same group (UMASS Donahue Institute) stated that the Massachusetts economy grew 4.7% at an annual rate for the first quarter of 2007, nearly 3 times the national rate. This good news should help in the housing market where conditions remain soft, and the growth in the second half of the year is only projected at 2%. Boxborough's workforce is considered to be mostly "white collar" with most new homes purchased by "white collar" workers.

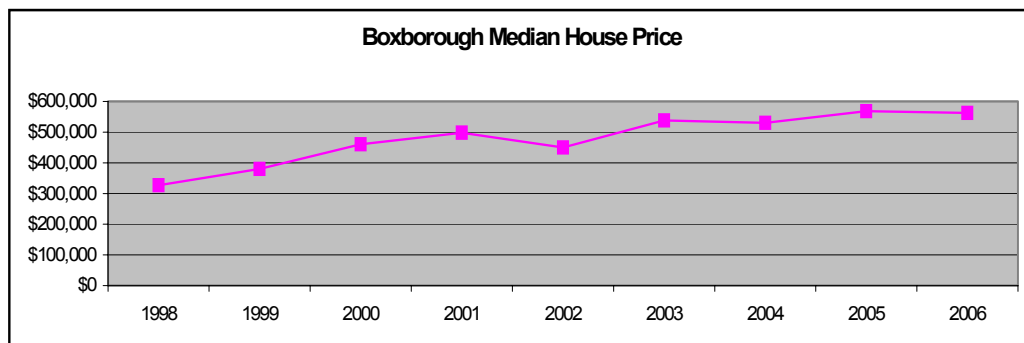
The economic bright lights had long been residential real estate and new house construction (fueled by low interest rates), although since 2005, the residential market has slowed and begun a decline in all parts of the country. In 2006 the median house price in Massachusetts fell 3.5% over 2005, the first time in more than 10 years. According to the July 23, 2007 edition of Banker & Tradesman, sales volume for single family homes dropped 4% and condominium sales fell 12.3%. The median price for the first half of 2007 is down 3.6% from \$330,000 to \$318,000. Another major factor affecting prices is foreclosures, which are up significantly in 2007. These properties compete directly with available housing and tend to skew statistics.

## Housing Market:

Boxborough new construction starts at \$699,000 and progresses rapidly upward. The town has had few recent large-scale developments or subdivisions. Most new construction occurs on 1-3 lot developments or ANR lots on existing roads. Most new homes are priced from \$650,000 and up, with some new houses, depending on size and location selling above \$900,000. The following chart details the median sales price in Boxborough over the past few years:

Year	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Median House Price	\$327,000	\$380,000	\$460,000	\$497,500	\$449,450	\$537,750	\$530,000	\$567,500	\$562,500

Source: The Warren Group



The median prices for both houses and lots in Boxborough have been on the rise for the past several years. Boxborough has long been an attractive location for homebuyers because of the quality of life, good schools and close proximity to Boston.

From January 1, 2005 though the date of valuation, the following MLS/Pin data describes the Boxborough Housing Market:

<u>2005 Statistics</u>		<u>2006 Statistics</u>		<u>2007 Statistics</u>	
# of Price Changes	37	# of Price Changes	52	# of Listings	18
Average Price Change	-6.17%	Average Price Change	-6.28%	# of Houses Pending	8
# Of Houses Sold	50	# Of Houses Sold	33	Average Pending Price	\$677,587
<b>Sales Pace</b>	<b>4.17/Month</b>	<b>Sales Pace</b>	<b>2.75/Month</b>	# of Price Changes	22
Average Sales Price	\$649,760	Average Sales Price	\$628,561	Average Price Change	-5.44%
Average Marketing Time	151 Days	Average Marketing Time	187 Days	# Of Houses Sold	17
				Average Sales Price	\$627,332
				Average Marketing Time	172 Days
				<b>Sales Pace</b>	<b>2.42/Month</b>



These statistics indicate the market has slowed significantly, especially when compared to 2005. The number of current listings equates to 7.4 months worth of supply, given the current sales pace in Boxborough. Since the number of statewide listings has increased in August 2005, sales have slowed across all categories. Boxborough house sales pace in 2005 was 4.17 sales per month, now falling to 2.42 sales per month for 2007. This is clearly demonstrative of a weaker market and softer demand. Overall, market conditions are soft and the need to entice buyers with a significant product or property with attractive pricing is becoming more prevalent.

There are only 4 lots currently listed for sale in a range from \$299,000 to \$650,000. Only 1 sale was reported through MLS/Pin in 2006 that of an 11.7 acre oversize lot selling for \$330,000. The highest priced property is for a 3 unit attached condominium on 2.3 acres, while the other listings are single lots. Demand for lots has fallen in response to the increase in house listings and overall slowdown in new construction.

**General Commercial RE Conditions:** The Greater Boston commercial real estate markets, unlike the residential sector, have not fared well since the last recession. Vacancy has increased and rents have fallen. This has slowly begun to turn around, between 2006 through present, although vacancy level remains high. The following is a breakdown of the vacancy and availability rates in the Greater Boston Area for Office space and includes the Route 495/North market, (including Boxborough) as of the second quarter of 2007, as reported by Jones Lang Lasalle:

	<b>Physical Vacancy</b>	<b>Availability Rate</b>	<b>Quoted Rents</b>
Greater Boston Office	11.0%	16.6%	\$29.62/sf
495/North Office	22.7%	29.7%	\$17.72/sf
Total Suburbs Office	14.5%	20.5%	\$21.82/sf

There have been some small commercial developments locally, in Shirley, where the airport was redeveloped and a former gravel pit in Littleton where lots for industrial uses have sold. Locally, smaller owner-users are less impacted by regional news. While there has been little Boxborough development, other towns have seen development.

**Local Commercial Market:** There is no available published study of the local market. We have used the Finard Report, which is a general study of the Greater Boston Commercial/Retail Market. According to the Finard Retail Report, January 2007, the average vacancy for the Northwest Area (Including Boxborough) was 5.9% up slightly from the 4.8% for 2006. Research of the local area and a review of available properties in the MLS/PIN system revealed little available commercial space with most offerings for office space. The Boxborough Plaza (629 Massachusetts Avenue) is offering 1,500 sf retail for lease at \$15/sf and 1,000 sf of office space for \$12/sf. There are no other offerings for space along Massachusetts Avenue. Many of the existing facilities in Boxborough are for owner/users rather than tenants. There are offering of land for large commercial developments, but these have been vacant and offered for years.

Boxborough is rather affluent with an average income of \$101,568, within a three-mile radius of Boxborough Center, which includes portions of neighboring Harvard, Littleton, Acton & Stow. The largest population in the same area is aged 18-64, with 17,533 persons and the total number of households within the same three-mile radius is 9,344. These are appealing statistics indicating potential for a substantial commercial market; however, Boxborough has not been favored by much of this development. The majority of commercial development has occurred in abutting Acton and Littleton, where there are large commercial sections of town along the most traveled roadways, Routes 27, 119 and 2A.

Boxborough has been active in reworking it's zoning to be more hospitable to commercial development. The majority of the road along Massachusetts Avenue is zoned for Business, and directly downtown, a newer district called the Town Center is designed to appeal to mixed use, retail and small scale development. This district is located across from the subject along Stow Road and is the site of the noted senior condominium projects and 3 houses converted into office & retail space. These houses were recently tuned into a condominium and individual units sold. Ample acreage remains within the Town Center and Business districts for development.

There is a small, mixed retail and office building located east of the subject on Massachusetts Avenue, in the direction of Acton. This is among the largest retail developments in town. There is a hotel/office complex located at the off ramp with Interstate 495. None of these influences is within close proximity to the subject, but neither are they considered to be adverse to the neighborhood's marketability.

Much of Massachusetts Avenue is zoned for business/commercial use; however, most of the most recent sales along it have been single family houses. Homes in the immediate neighborhood range from older ranches and capes to colonial style homes with values in the \$300,000 to \$700,000 range.

<u>Address</u>	<u>Sales Price</u>	<u>Sales Date</u>	<u>Use</u>
104 Massachusetts	\$500,000	21-Dec-06	Mixed Use Store & Apartments
364 Massachusetts	\$330,000	16-May-07	Single family
408 Massachusetts	\$427,000	19-May-05	Single family
709 Massachusetts	\$350,000	6-Jan-06	Single family
827 Massachusetts	\$300,000	12-Sep-06	Split converted to office use
1034 Massachusetts	\$625,000	31-Oct-05	2 Buildings on 1 lot/Off. & Ind. Use

Although much of Massachusetts Avenue is zoned for business, due to the small population in town, there is weak current demand for commercial sites for retail development.

Most of the retail space built in the area is in Acton or Littleton, as both towns have a much greater population than Boxborough. A new retail plaza is under construction in Littleton adjacent to Donelans on Route 2A.



**Conclusions:** The national economy is well into a third year of recovery, and finally, the present recovery has generated some momentum in Massachusetts. Despite the continued national economic growth and reported local job growth, new job creation that is still down 135,000 jobs from the height of the last boom. The Massachusetts economy is growing faster than the national economy and may help attenuate the weak housing market. The commercial office market is strengthening as land is being purchased for anticipated development for a recovering market. Most small-scale users are less affected by the regional market. There is some resilience in the local owner/user small commercial and industrial market.

New residential developments in Boxborough have been very successful, however, the slowing market conditions in Eastern Massachusetts have impacted Boxborough and slowed new development. Home and land prices have risen since 1998, due to strong and continued demand; however, the softening of the residential market due to increased supply of houses/lots and fewer buyers has finally slowed the housing market and may force prices lower in the near term.

Boxborough is a desirable residential community with good access to highways and employment centers. Growth in households and population are expected to continue at a steady rate. Because of the rapid population growth over the past ten years, the town has become very proactive in examination of new developments and identifying land the town wants to protect. Boxborough is very active in acquiring land for conservation and preservation purposes.

## **NEIGHBORHOOD SUMMARY**

The subject property is located in the center of town near Massachusetts Avenue, Route 111, which bisects the town and provides access to Interstate 495. Route 111 is a busy street with a daily traffic count of 20,000+/- vehicles per day according to MassHighway statistics. Any commercial developer considering the Boxborough market would need to be attracted by the town's demographics, rather than simple traffic flow.

Despite being the center of town, the neighborhood has a rural, fairly undeveloped, character, which is considered appealing. The Town Hall is located on Middle Road; Centre Apartments at 670 Massachusetts Ave. and Carriage House Condominiums at 774 Massachusetts Ave. are on opposite sides of Massachusetts Avenue. Several small offices in converted houses are located on Stow Road. A 20 unit senior housing complex, called Sheriff's Meadow is also located on Stow Road, across the street from the subject property as is the smaller, age restricted, 6 unit Tisbury Meadows. The United Church of Christ, a church daycare, auto repair shops, contractor's yards and other small commercial users exist along Middle Street/Massachusetts Avenue along with Boxborough Meadows, a recent MGL Chapter 40B residential development, built on a former gravel pit.

## **Conclusions**

The location of the property in the town center is considered a neutral factor affecting its value. The rural character of the town is also considered an amenity. The Business zoning is somewhat of an unknown, as little property has been recently developed in the area. Another factor is the amount of residences surrounding the area; any allowed use for the business district will likely have input from the surrounding residential uses. This limits the areas appeal for the general market.

Boxborough has had trouble attracting retail development, but is actively promoting this area for that purpose. The town has attractive demographics for commercial development, but needs to overcome the lack of a highly traveled roadway, which appeals to most "traffic driven" retail development. Based on the projected growth for the town with the Cisco development, more commercial activity should follow creating needed local services for homebuyers in Boxborough.

## **TAX SUMMARY**

For real estate taxation purposes the subject property is assessed to Lyons Family Trust and GL Trust in the following manner:

<u>Year</u>	<u>Map/Parcel</u>	<u>Acreage</u>	<u>Land Assessment</u>	<u>Yard Items Assessment</u>	<u>Building Assessment</u>	<u>Total Assessment</u>	<u>Tax Rate</u>	<u>Taxes</u>
2007	6-4-166	11.05	\$357,500	\$3,800	\$152,400	\$513,700	\$13.87	\$7,125.02
2007	10-4-207	30.09	\$24,300			\$24,300	\$13.87	\$337.04
2006	6-4-166	11.05	\$357,500	\$3,800	\$152,400	\$513,700	\$13.24	\$6,801.39
2006	10-4-207	30.09	\$24,300			\$24,300	\$13.24	\$321.73
Total 2007								\$7,462.06
Total 2006								\$7,123.12

Fiscal year 2007 real estate taxes total \$7,462.06 based upon the single tax rate of \$13.87 per \$1,000 of assessed value. Boxborough has a variety of commercial properties in town ranging from the Cisco Campus to small users, however, most of the tax base is residential; commercial properties account for 7.8% of the tax base and industrial properties account for 13.7%. Because the ratio of commercial and industrial properties is low, Boxborough maintains a single tax rate applied across all categories. This is similar to many abutting towns including Acton. A single rate is an advantage, as it does not shift the tax burden from residential properties to commercial/industrial properties as it does with a split rate.

**Comments:** Boxborough has a single tax rate applied to all property types. The assessed value is not considered a reflection of market value. The subject property is assessed in line with other competing properties in Boxborough.

## **ZONING SUMMARY**

**Zoning District:** Business

**Permitted Uses:** Two family conversions (in dwellings in existence on 5/3/65), farm, riding school, ski tow, private golf course, public or private tennis, skating or swimming facility, conservation area, public utility, educational religious or governmental use, philanthropic use, nursing or rest home, assisted living facility, day care center, hospital, funeral home, club, professional or business office, veterinary clinic, research & development, bank, hotel/motel, service shops (barber, salon, dry-cleaner), craft or art studio, copy/printing shop, retail stores containing less than 25,000 SF of gross floor area, automobile service, garage, repair or like facility, repair shop and light manufacturing. Special permit required for auto sales, kennel or restaurant.

### **Dimensional Requirements:**

Minimum Lot Area: 40,000 sf      Minimum Lot Frontage: 100 lf

Minimum Setbacks: 50 ft. front, 30 ft. side yard, 40 ft rear Yard

Lot Coverage (Maximum %) 50%      Minimum Lot Width: 100 Feet

Maximum Building Height: 45 Ft/3 Stories

Parking: 1 space per 250 SF of building.

### **Zoning Comments:**

The subject greatly exceeds the zoning minimum for lot size and frontage. This is a sign that subdivision into multiple lots may be a possibility. The existing improvements of two houses on one lot are grandfathered and may continue. If the property is subdivided into multiple lots, then the residential uses presently used will likely change.

The existing houses could serve as a transition use while land is subdivided and temporarily rented generating an income stream. More will be presented in the Highest and Best Use analysis.

## **DESCRIPTION OF THE SUBJECT PROPERTY**

### **SITE:**

<b>Site Area:</b>	72 Stow Rd	11.05 acres (481,338 sf)	<b>Frontage:</b>	613 LF
	Parcel 207	2.43 Acres (105,851 sf)	<b>Frontage:</b>	None

<b>Zoning:</b>	Business	<b>Shape:</b>	Irregular/"L" Shape
----------------	----------	---------------	---------------------

**Topography:** Begins at road grade along the road frontage and then moving east the property drops to a lower plateau, 10-20 feet below grade and then follows the same pattern for another tier 10-20 feet below the first. The last third slopes down again toward an older gravel pit and the abutting Boxborough Meadows a recent MGL Chapter 40B residential development.

**Utilities Available:** Electricity, gas and telephone. Boxborough does not have either town water or town sewer and therefore, both on site wells and on site septic systems are required in compliance with Boxborough Board of Health rules and Massachusetts Title V regulations. No determination of compliance for the existing septic systems are made; they are assumed to be in compliance with Boxborough Board of Health regulations and Massachusetts Title V.

**Easements/Restrictions:** Inspection of the subject site and deed did not detail any easements or restrictions. The Special Permit 2000-21 for Robert Ludovico issued creating a reduced frontage residential lot along Stow Road requires the 2.43 acre lot (Parcel 209)...*a deed restriction against locating an above-ground sewerage treatment system structure(s) or open trenches on the rear portion of the 2.43 acre parcel that is being cut off*—we have found no such deed restriction.

The Special Permit continues:...*because at the request of the applicant a landlocked lot will be created by virtue of a removal of the business zoned portion of the lot from the lot as a whole, a covenant, shall be recorded precluding the owner, its heirs assigns and/or successors from asserting against any person or entity any so called easement by necessity, or from otherwise seeking to gain by involuntary means access to the lot allowed by this special permit.* We have found no recorded covenant in the transfer deed, Bk 35647, Pg 375 for Lot 1 Stow Road sold by Robert Ludovico nor any covenant recorded for Parcel 209.

**Soil Conditions:** Soil types are important to any potential development of the land due to the requirement for installing private septic systems. According to the USDA Web Soil Survey (W.S.S.) the main soil types found on this parcel are:

- **Hinckley:** These soils consist of very deep, excessively drained soils on stream terraces, eskers, kames and outwash plains. This soil is suited to cultivated crops, hay and pasture. The major pasture management concern is the prevention of over grazing. This soil has essentially no limitations as a site for dwellings or local streets and roads.
- **Merrimack:** This is a very deep, strongly sloping, somewhat excessively drained soil on side slopes of terraces that commonly follow major stream valleys. Most areas of this soil are used as individual home sites. Some areas are used for cropland, pastureland and woodland. This soil is a poor filter for septic fields.
- **Paxton** series consists of very deep, well-drained soils on glacial till uplands. Most of these soils are covered with trees. Slope is the major limitation and erosion is a hazard. These soils have a very stony surface and stones below the surface.

All of the soils on-site appear capable of supporting septic systems, with the Hinckley soils offering the best characteristics for septic systems. These soils are considered typical of the area and suggest little barrier to development.

**Wetlands/Flood Zone:** Inspection of the site did not reveal any obvious wetlands and none are shown on town maps. The subject property does not appear to be located within a flood hazard zone as shown on FIRM Map #250184-0003C, dated September 8, 1999.

**Conclusions:** The subject site clearly meets zoning requirements, however the current use with two residential dwellings is a grandfathered use and likely interim use at best. The site is also much larger than what zoning requires and has ample frontage, indicating potential for subdivision.

While this is a commercial location, there has been little new commercial development in the area over the last 5-10 years. Most recent development in Boxborough has been residential. The location, somewhat removed from Massachusetts Avenue is an indication that retail use may not be a viable use in this location. This is an isolated area with only a few commercial enterprises, single family dwellings, offices from converted houses and condominium complexes. The lack of public utilities in Boxborough forces each site to accommodate both on-site wells and septic systems, adding to the cost of land development. The Business District is not as flexible as the Town Center District, which does allow for some residential uses; however, neither district has fostered continued growth or strong development in Boxborough.

### **IMPROVEMENTS:**

The site is improved by 2 buildings a 1930 vintage cape and 1940 vintage cottage.

**Cape:** *The interior of this dwelling was not inspected. Information regarding the house comes from the Boxborough Assessor's Records.* The cape has a wraparound porch, fieldstone foundation, shake exterior, storm doors & windows and asphalt shingle roof. The interior contains 3 bedrooms and 5 rooms and 1 bath. There is a full basement. Heat is gas fired forced hot water. Overall the dwelling is in average condition, based on its examination from the exterior. Total living area is 1,344 sf over both floors.

**Cottage:** *The interior of this dwelling was not inspected. Information regarding the house comes from the Boxborough Assessor's Records.* The exterior of the house is clapboard with block foundation, asphalt shingle roof and storm doors & windows. The interior features 3 rooms, 1 bedroom and 1 bathroom. Heat is gas fired forced hot water. Overall the dwelling is in average condition, based on its examination from the exterior. Total living area is 883 sf with a partial basement.

**Conclusions:** The improvements are both older style dwellings considered to be average (at best) in appeal and condition. There have been no recorded building permits for either dwelling in the last 10 years. The houses are a grandfathered use in this zoning district as residential development is not a Business Use. Having multiple dwellings on a single lot increases the non-conformity.

The existing houses are considered an interim use, until the property is proposed for some conforming business development, a buyer would typically keep the existing houses as rental units.

### **Development Potential:      Scenario I**

The subject site totals 13.48 acres of land zoned Business with 613 linear feet of frontage. Zoning requires a minimum 40,000 sf (0.92 acres) and 100 feet of frontage. In addition, each lot must support on-site well and septic system because there are no town water or sewer utilities in town. In addition because Stow Road is a “scenic road” in Boxborough any changes to the road including tree removal, new driveways or stonewall removal must have the written consent of the Planning Board. This is an additional level of oversight, because few commercial areas of other towns are considered scenic ways. All commercial uses are also subject to site plan review.

Residential use is not allowed in this district, so the existing 2 houses on the lot are grandfathered and legal nonconforming uses. Both homes are older and could serve temporarily for rentals however, they are not considered to contribute or offer value in the Business zone and would not likely be renovated and incorporated into future uses appropriate for the zoning.

According to the development constraints, maximum impervious surfaces in this Business District are 50% of the lot, or 20,000 sf for each 40,000 sf lot. In the subject ‘s case, the 13.48 acres can allow up to 6.74 acres of improvements or 293,594 square feet. The impervious surfaces include buildings and site improvements like parking. There is no maximum Floor Area Ratio.

No Boxborough development has ever been proposed for such a high density. The most recent development, 871 Massachusetts Avenue, is a 2 acre site with an 8,000 sf building. This 10% coverage is more typical of the area and far more likely to get approved in Boxborough. A similar size development was built at 20 Codman Hill, where a 2.64 acre site was the location for an 8,120 sf day care facility with related parking. This coverage ratio is 7.06%. Lower ratios are common for the area given the low density residential developments that dominate the area and the onsite well & septic utility requirements.

The subject property appears to have sufficient frontage to create a maximum 5 conforming, ANR lots. This is the easiest and simplest means of subdividing lots. While this may not maximize density, road development and the shape/slope of the subject do not indicate a better return than using readily available frontage.

The shape of the site, being a large sideways L, restricts maximization from a dimensional viewpoint. The length of the eastern section, being much longer than the frontage, indicates that simply dividing the property in 100 foot lots (5) along the frontage will leave a final oversize lot. This oversize lot will have much of its area located along the eastern edge of the property. It should be appealing because of large size and possibility for siting larger improvements or having a larger yard.

Boxborough is noted for its low density. It is also possible that the site could be divided into two oversize lots, where the buyer would use the additional acreage for yard storage or future growth. Because there are more than 600 lf of frontage, evenly dividing the frontage into two large lots would still allow for future subdivision if desired, or when the density of development in town warranted it. Given the neighborhood of Boxborough Center presently, it might be easier to develop and market oversize lots.

This type of proposal is similar to what occurred at 20 Codman Hill, where 2 lots were combined for development. The larger size also allows for more buffer space from abutting residential uses. Part of the difficulty in marketing Business zoned land in more rural areas is the proximity and impact from residential users.

In considering the subject property we believe that 2 development possibilities existing. The first is for a 5 lot maximum development creating 4 lots roughly 55,000 to 60,000 sf in size, with the fifth lot an "L" shaped lot incorporating the balance of the site or roughly 8 ± acres in size. An alternative is lower density, 2 lot development with large site offering both expansion potential for users and/or additional subdivision when growth and density warrants it. In our analysis we will model both alternatives.

## **Development Potential:      Scenario II**

Under this valuation scenario where the property is hypothetically assumed to have been rezoned Residential/Agricultural (the predominant zoning district in town) the site appears to have sufficient frontage to create 4 conforming ANR lots. The shape of the property does not lend itself to easily creating lots. For residential users, the location along busy (moderate traffic) Stow Road is considered to have the strongest limiting impact on value. Size and topography also contribute, but to a lesser degree.

In the current market, land buyers are seeking to minimize expenses. Potential buyers for the subject would be interested in creating frontage lots rather than building roadways and adding to development expenses. An example of this is Derby Woods in Stow, where new lots on the road sold for \$320,000 when finished in 2005 and lot sales in 2007 fell to \$270,000. Clearly the expense of road creation is not being rewarded in the current market. In the current market, where builder/developers are seeking to reduce expenses, using existing frontage is the most appealing method of creating lots and more appealing.

Using the existing frontage, 4 lots can be created and using the size of the site makes them oversize and more appealing for buyers. Or, 3 standard lots and one oversize one could be created, with the oversize lot again commanding a higher price due to size.

All development is based on uncertainty, with profit and reward achieved by entrepreneurs willing to take risks. In a weak market, entrepreneurs are more cautious and prefer to avoid/reduce risk. Because of the uncertainty in the market, using the existing frontage along with the Agricultural/Residential rules and regulations, the lowest risk and best opportunity for reward is by using existing frontage for lot creation.

## **HIGHEST AND BEST USE**

Highest and best use is a forecasting process, which answers three questions: Should a site be left as is? Should it be improved? What improvement provides the greatest value? A property's location and potential use create utility; utility and scarcity create value. A property is examined by four criteria: Legally permissible, physically possible, financially feasible and maximally productive. The definition of highest and best use can be found in the Addenda to this report.

The subject is examined as vacant land because the present improvements are older and serve only as interim uses.

### **Highest and best use:                      Scenario I**

The subject is one of the few areas zoned for business not located on Massachusetts Avenue (which carries the highest volume of traffic in town and has the best characteristics for retail/commercial development). This district is located across from the Town Center District, which offers slightly more flexibility in uses, but has also seen minimal development. It is unlikely that the subject's location would appeal to any retail users. The Business Zoning however, offers additional uses for office space, automotive users and even small industrial uses. These uses are far more likely and more similar to the users already along Massachusetts Avenue.

The subject is located in the business zone of Boxboro requiring a minimum of 100 feet of frontage and 40,000 sf (0.92 acres) of area per lot. The site has ample frontage and sufficient land to be divided. Individual wells and septic systems are also required and based on available information, is likely capable of supporting both. Commercial uses would likely be locally based small scale users such as a contractor's yard, small offices, small automotive users, etc. Retail use is unlikely, because of the lack of traffic and visibility from Massachusetts Avenue. The site is assumed to be capable of supporting both well and septic system as required by the town, but no soil testing or potential well sites have been investigated.

The most reasonable development scenario for the subject is similar to that occurring at the former Shirley Airport. The area is zoned Commercial Highway offering a similar mix of retail and small-scale industrial/commercial uses. The airport was subdivided into 5 conforming lots, 4 of which were sold over a 2 year period. Lots ranging from one acre up to 5 acres were created. While Shirley is considered an inferior location, this subdivision of a larger commercial zoned parcel (no longer being viable as an airport) is considered a similar development to what may occur at the subject.

Based on this analysis, the Highest and Best Use is to subdivide the site into smaller sites for commercial uses. The existing houses could be used for rental property while marketing the land; this use will end once buyers are found and the land sold for new development.

### **Hypothetical Highest and best use:                      Scenario II**

Based on the assumed hypothetical rezoning, highest and best use is estimated to be residential development, with the maximum possible lots possible based on existing road frontage.



## **APPRAISAL PROCESS**

The methodology traditionally used for the valuation of real property is derived from three basic approaches to value; The Cost Approach, the Sales Comparison Approach and the Income Capitalization Approach. From the indicated values produced by each of these approaches and the weight accorded to each, an estimate of market value is made. The following is a brief summary of the method used in each approach to value.

### **The Cost Approach:**

The Cost Approach values a property by estimating the cost new of improvements to which is added the value of the land. This amount is then depreciated by the age of the improvement. The summation of these sections is a market value for the combined land and improvements. Land sales and accurate construction costs are required for this approach.

### **The Sales Comparison Approach:**

A second technique for valuation of a property is the Sales Comparison Approach. The Sales Comparison Approach uses sales of similar properties to compare and contrast with the subject. Comparables inferior to the subject receive positive adjustments; comparables superior to the subject receive negative adjustments. The market indicates what common unit of measuring value should be used and that measurement is applied to the subject.

### **The Income Capitalization Approach:**

Utilizing a property's ability to generate income, appraisers can analyze and converted this income stream into an estimate of value. Many commercial properties are leased in order to derive a stream of income. The Income Capitalization Approach can used to estimate both the fee simple and leased fee interests in a property. The fee simple and leased fee values can be the same when lease rates are at market rates.

### **The Cost of Development Approach:**

The Cost of Development Approach is an additional valuation tool available to the appraiser when subdivision and development represent the highest and best use of a property. After determining the number and size of lots that can be created from the appraised parcel, a sales comparison analysis of the finished lots is undertaken. After adjusting the comparable sales for differences, the appraiser estimates the most likely retail sales prices of the lots, the probable development period and the absorption rate.

All direct and indirect costs associated with the development and conveyances of lots are deducted from their projected retail sales prices. Development and entrepreneurial profit are then deducted from projected gross sales price to arrive at the net sales proceeds. If the time frame is greater than one year, then their proceeds are discounted to the present. The result is the indication of value of the subject property.

## **VALUATION METHODS USED**

In order to estimate the value of the subject, under both scenarios, we have prepared a Cost of Development Model that mirrors how the typical buyer would view the subject property. That is, a development with an existing home and potential for developing commercial lots.

### **COST OF DEVELOPMENT APPROACH:**      **Scenario I--Value As Is**

The Cost of Development Approach begins by focusing on the conceptual development plan. The characteristics of the concept lots are compared to similar parcels sold in the Boxborough Marketplace. The subject is compared and contrasted with lots from our survey; the most similar comparable sales are weighted in analysis and used as a basis for projecting retail value.

This appraisal is based on the *Extraordinary Assumption* that each of the lots depicted in the conceptual plan meet applicable State and Local requirements for construction of a commercial improvement.

The first step in the analysis is an estimate of the retail price of the concept lots. The following chart summarizes the industrial/commercial lot sales in the Greater Boxborough Market for comparison with the subject and as the basis of retail price projections.

#	Address	Price	Date	Bk/Pg	Acreage	Price/Ac	Planned	
							FAR	Price/FAR
1	6 Spectacle Pond, Littleton	\$575,000	05-Jun-07	49561/403	3.15	\$182,540	24,000	\$23.96
2	200 Codman Rd, Boxborough	\$1,000,000	14-May-07	49442/594	32.27	\$30,989	100,000	\$10.00
3	1 Whitney Street, Berlin	\$700,000	15-Feb-07	40672/245	4.80	\$145,833	14,033	\$49.88
4	10 Sudbury Rd, Maynard	\$425,000	06-Feb-07	48954/274	0.95	\$447,368	9,240	\$46.00
5	Lot 1A Lancaster Rd, Shirley	\$210,000	02-Jun-06	47564/535	0.92	\$228,261	N/A	N/A
6	48 Knox Trail, Acton	\$230,000	29-Sep-05	LC1309/43	1.25	\$184,000	N/A	N/A
7	Lot 3A Lancaster Rd, Shirley	\$229,000	06-Sep-05	46035/61	2.10	\$109,048	6,825	\$33.55
8	Lot 2A Lancaster Rd, Shirley	\$200,000	24-Jun-05	45463/440	0.98	\$204,082	7,220	\$27.70
9	20 Codman Road, Boxborough	\$500,000	21-Jan-05	44520/450	2.64	\$189,394	8,120	\$61.58
10	282 Central Street, Hudson	\$375,000	30-Jan-03	37878/374	7.43	\$50,471	25,000	\$15.00

### **Lot Sales Description:**

Lot Sale 1 is a former gravel pit being redeveloped for small commercial/industrial users. This location is just off Route 2A near the Ayer Line and across the street from Middlesex Corporation. The area is part of the aquifer zone, so intense developments will not be allowed, however, the site is entirely clear and level, because it was a builder's staging area. This is a superior site with good visibility near a heavily traveled road.

Lot Sales 2 & 9 are the only examples from Boxborough. There are located in the OP zoning district, however, Sale 9 is located on the corner of Massachusetts Avenue and Codman Road. The use of day care is allowed in the OP (and Business) districts. Sale 2 is a large site previously approved for 100,000 sf of office space. These sales comparables share similar location with the subject, although Sale 9, on the corner of Rte 111 & Codman near the Cisco campus is considered a better location for a daycare than the subject.

Lot Sale 3 is a commercial property located at the rotary just north of the Solomon Pond Mall. The buyer secured permits for a 14,033 sf combination retail store, office and warehouse for Pure Hockey, a hockey retail and mail order business. The site is basically at grade with little wetlands. This location is remote, but does have high traffic volume and proximity to the Solomon Pond Mall and New England Sports Center, a 4 rink skating area in Marlborough.

Lot Sale 4 is proposed for a commercial contractors building. It is located along the Maynard/Sudbury Line just off Route 117. The buyer had to secure an agreement with all the abutters (residential property owners) for the conduct of business at the premises including hours of operation, plant buffers, trash/vehicle storage on-site, night lighting, fuel oil storage and outdoor maintenance. These additional requirements are considered representative of placing commercial property in close proximity to residential property. This sale is located in a more densely developed area than Boxborough, offering more potential tenants/buyers for the improvements.

Lot Sales 5, 7 & 8 in Shirley are all lots created on the former Shirley Airport. The site is mostly clear of trees and basically level. These lots are the only ones offering town sewer. All other sites require septic systems. The lots are mostly rectangular in size with two presently improved by local contractors' buildings. One is a two unit building, both owner occupied and leased, while the second is a larger single story building with mezzanine office space for a local homebuilder. There remains 5-10 acres available for development. The area is zoned Commercial Highway, although there are only 2 retail uses, a small diner and auto repair garage. Zoning requires 20,000 sf minimum. The same way we believe larger lots would be more appealing in Boxborough; the lots here in Shirley are larger than the minimum required.

Lot Sale 6 in Acton is located at the end of the Concord/Acton industrial park area just off Route 62. The area is zoned for R&D, but most users are small-scale commercial contractors. This parcel was bought in conjunction with the buyer's purchase of a pre-engineered building in the same area. This location is more industrial than the subject but less impacted by abutting residential properties. While not a viable commercial location it is still considered superior to the subject's location.

Lot Sale 10 in Hudson is located on a side road off Route 62, near the intersection with Interstate 495, where a 25,000 sf multi-unit condominium was built. The lot lacks town sewerage and had impact from ample wetlands. This is not a truly commercial location, although Lot 10, being just off a major route, is considered similar to the subject's location.

### **Lot Sales Analysis:**

We have examined the lot sales on both a price per lot basis and price per acre basis. Typically a price per sf of FAR could be examined, if the known or proposed size of an improvement is known. In our case, we have not used this additional factor, as there are no proposed improvements. The Boxborough Sales provide some indications on how the market perceives large lots vs. small lots. The price per acre for the two Boxborough Sales demonstrates a low price per acre for large sites and high price per acre for small sites. This fact is often repeated in the marketplace and will be part of the basis for our analysis.

The lot sales considered most similar to the subject on a per lot basis are the three lots in Shirley along with Lot Sale 9 in Boxborough. These present lot values from \$200,000 to \$250,000 per lot. Lot Sale 9 is actually 2 individual lots of 1.06 acres and 1.58 acres—combined for development.

The price per acre sales considered most similar are Sales 1, 3 5, 6 & 7. Sale 1 because of location, Sales 3 & 7 because of size. Sales 5 & 6 because of location and size. The two different indicators should be mutually supportive of any final projected retail price. Price per acre is generally higher with smaller sites and lower with larger sites. The two Boxborough Sales are good examples demonstrating this.

The first analysis performed is for the 5 lot plan. While the Shirley Lots present the lower end of the value range, Shirley is considered an inferior market to Boxborough based on demographics. These lots offer superior characteristics of town sewer and basically level sites. The location difference and the physical differences are considered to be offsetting.

The highest priced sales considered on a lot basis are Sale 9, at \$250,000 for each lot. As noted, this property on the corner of Codman Road and Massachusetts Avenue is considered a superior location. These lots are adjusted downward to \$225,000 based on this location differences. The Shirley Lots provide indicators from \$200,000 to \$229,000 per lot with the third at \$210,000. When compared with the subject and the offsetting adjustments for location and physical qualities, we believe the upper end indicators would be more appropriate for any proposed subject lots. Based on these 4 sales, we project individual retail lot prices at \$225,000 for the 4 ANR lots.

Conceptual Lot 5 is oversize and to project this retail price we have used Sales 1, 2, 3, 4, 9 & 10, with a range from \$310,000 to \$1,000,000. While this lot is oversize, it does not offer additional subdivision because of limited frontage; therefore the site will be oversize but with no potential for further subdivision. If the site offered further development potential, it would likely achieve a higher price.

The upper end of the range from \$575,000 to \$1,000,000 is considered too high to apply to the subject. Lot Sale 3 is more a retail location than the subject and offers greater appeal and visibility along a well traveled route, it will be adjusted negatively for these superior characteristics. Sale 2 is much larger than then subject and it is unlikely that a development of 100,000 sf would be approved for the subject's location. Sale 1 is considered superior location and superior physical qualities. A value for the largest conceptual lot at the subject should be between \$400,000 and \$700,000, with a trend toward the lower end of the range due to lack of traffic for a retail location.

Using Sale 1 as the guideline with offsetting adjustments for size vs. physical characteristics and slightly better location, we have estimate a retail price of \$550,000 for the Conceptual 8 acre lot. This is toward the low middle of the value range, but considered appropriate as this is not a retail location. Based on this analysis the projected retail prices for the conceptual subject lots are shown in the following chart:

<u>Location</u>	<u>Size</u>	<u>Retail Price</u>
Lot 1	1.26 Ac	\$225,000
Lot 2	1.37 Ac	\$225,000
Lot 3	1.37 Ac	\$225,000
Lot 4	1.37 Ac	\$225,000

The price per acre for this analysis computes to roughly \$175,000 to \$185,000 per acre for the smaller lots and slightly below \$70,000 per acre for the oversize lot. These indicators are well within the range presented by the comparables. A price per acre between \$175,000 and \$200,000 is demonstrated by Sales 1, 4, 5, 6, 8 & 9—this is a good range for lots below 2 acres in size. The oversize lot, in the same fashion as the larger lots, is projected at a lower price per acre.

### **Lot Sales Analysis: Price Per Lot 2 Lot Plan**

The retail price projection of the conceptual 2 lot development with each lot being 6.5 + acres in size, again uses both indicators. A price per acre a figure around \$100,000 is considered a good indicator. These conceptual lots offer additional subdivision potential, because of frontage and size, which the market will reward with higher price. A price around \$100,000 per acre will include the potential for additional development along with recognizing the diminishment per acre for buying large lots.

The whole price based on the comparables is based on Sale 1, 2 3, 4 & 9. These are the most similar in size and appeal for an oversize lot. Sale 9 is two lots combined for development, although each was standalone property. The oversize subject lots would be similar in appeal to this sale and its price of \$500,000 is considered a good minimum for the subject, because while it was two completely approved lots, these conceptual lots due sell with subdivision potential with both ample lot size and frontage for division.

The prices at \$700,000 and \$1,000,000 are considered too high based on the subject's location. Sale 1 with it Littleton Location and appeal, adjusted slightly positively for lot size difference is considered the best comparable for projecting retail price. We project a retail price at \$625,000 based on the range of the comparables, the lot size of the subject and location & physical characteristics. This retail price is used for both lots, as they will be mostly similar in overall layout, frontage, topography and appeal. The projected retail price for the 2 lot conceptual plan is \$625,000 each.

The next section deals with the potential rental income generated by the existing 2 houses.

### **Projected Rental Income:**

As noted the interiors of the units were not inspected. At the time of inspection both units appeared occupied. No information regarding the present tenants and rental rates/expenses were presented to the appraiser for analysis. We have relied on examination of the market for both rental rates and anticipated property expenses.

Residences typically rent on either a month-to-month basis (usually called on an at will basis) or single year lease. For stability, yearlong tenancy is most typical and preferred. A survey of the local rental market has been made to project the subject rents in order to ensure that they are at market levels. Consideration is given to similar age properties, condition, bedroom counts and amenities. The following chart summarizes the most similar rentals in the Boxborough Area:

<b><u>Boxborough Rental Comparables</u></b>									
<b>#</b>	<b><u>Address</u></b>	<b><u>Town</u></b>	<b><u>Rental Date</u></b>	<b><u>Rental Amount</u></b>	<b><u>Room Count</u></b>	<b><u>House Size</u></b>	<b><u>House Style</u></b>	<b><u>Rent Per SF</u></b>	<b><u>Comments</u></b>
1	31B Liberty Square Rd	Boxborough	June-07	\$750	3-1-1	468	Condo	\$1.60	1st level with newly renovated bath
2	5 Leonard U1	Boxborough	February-07	\$775	3-1-1	600	Condo	\$1.29	Renovated first floor unit
3	81 Leonard	Boxborough	Available	\$850	3-1-1	644	Condo	\$1.32	Updated unit with new kitchen and large rooms
4	188 Swansone U332	Boxborough	June-07	\$1,000	4-2-1	814	Condo	\$1.23	Second floor unit with renovated interior
5	135 Flagg Hill	Boxborough	July-07	\$1,850	5-2-1	1,362	Ranch	\$1.36	Custom built ranch, 2 fireplaces
6	671 Massachusetts Av.	Boxborough	July-07	\$1,400	6-2-2	1,000	Ranch	\$1.40	Single family home with 1 car garage
7	125 Burroughs	Boxborough	January-07	\$2,000	7-3-2.5	2,064	Ranch	\$0.97	Separate master suite, kitchen rebuilt in 01
8	232 Littlefield	Boxborough	December-06	\$1,500	6-3-1	1,327	Ranch	\$1.13	Eat in kitchen w/newer windows
9	180 Stow Road	Boxborough	June-06	\$1,800	6-3-3	1,610	Ranch	\$1.12	Finished basement, enclosed porch & garage

### **Rental Analysis:**

Rentals 1-4 are most similar to the 1 bedroom cottage while Rentals 5-9 are most similar to the cape. While they are not the same style they are similar in size.

No rentals were found for detached 1 bedroom houses. The condominiums share the 1 bedroom utility and are similar in size. The subject cottage is considered in average condition, with the separate utility adding some additional appeal. The range from \$775 to \$1,000 per month for similar size and bedroom count properties is applicable to the cottage. Given its condition, size and location a projection at \$850 per month or \$5,100 per 6 month period appears probable based on all positive and negative features.

Rental rates for the cape dwelling will be slightly higher, because it is a larger, 3 bedroom home. The rental comparables presented display a range from \$1,400 to \$2,000. Each of these rentals is noted as being superior in condition and all are similar detached dwellings. We have adjusted this range for the subject's condition and project a rental rate of \$1,250 per month or \$7,500 per 6 month period.

Because each dwelling is separate, each tenant will pay utilities. The landlord is responsible for taxes, insurance and water/sewer. We anticipate minimal expenses for the rental operation, as it will be short-term. The two dwellings would be razed in the third period to allow subdivision to continue.

### **Absorption**

The next step in this analysis is to project absorption – the estimated time to secure approvals and sell the lots. Because the concept plan is for an approval not required (ANR) subdivision, there is limited time required for approval costs. This type of development is allowed where existing lot size and frontage is sufficient to create lots.

ANR developments take much less time, 2-3 months and thus sales of ANR lots can occur during the first year.

We have modeled sales after the sales pace in Shirley for the Airport Subdivision. As noted 4 lots sold in the first 2 years, with one lot having some existing (old airport hanger) improvements.

We have used a sales pace of 1 lot each six months for the first 18 months of sales (3 periods), increasing to 2 lots per period for the final period, once the development is established. This is consistent with the pace of sales at the Shirley development.

In the 2 lot analysis, we project sellout in 18 months, with 1 sale in the first 6 months and 1 sale in the last 6 months. Based on the large lot size and Boxborough Location, this is considered a fair pace for larger lots.

**Appreciation:** The best recent market appreciation example for industrial land found is a resale from 2004 in Andover. A 15 acre industrial lot sold for \$1,500,000 in June 2004 and resold in July 2007 for \$1,600,000 demonstrating 2% annual appreciation. The market appreciation applied is the same as in the Sales Analysis of 2% annually. This rate is applied across all sales and based on the earlier sale/resale in Andover. The commercial market does not follow the residential market, which is much weaker at present.

### **Development Expense Analysis**

**Legal—Approval Costs:** The subject site would be developed through the ANR process, which is less expensive and time consuming than a Definitive Subdivision. Given the complexity, size of land, topography, survey requirements, wetlands and proposed number of lots, we have allocated a cost of \$10,000 for the ANR process. This figure is used for both analyses.

**Engineering/Septic Design:** A cost estimate of \$5,000 per lot has been made for the owner to provide a septic design for each lot. Full-scale individual plans will be required for all lots. This is a typical expense for the sellers/developers of land. This figure is used for both analyses.

**Demolition:** There are two houses and a detached garage and shed that need to be razed. We have allocated a cost of \$20,000 for demolition and removal of debris for these two structures based on experience with other demolition projects. This figure is used for both analyses.

**Real Estate Taxes:** The taxes are taken from the actual taxes on the property, and are used for the first year (2-6 month periods). This totals \$7,462 (rounded) for the first year. The subdivision will be taxed on individual lots once it has been approved. We have estimated the taxes per lot to be \$1,750 per period, based on market rate predicted for lots, the ratio of sales price to assessed price and the tax rate in Boxborough. The developer should set aside enough money to cover all lots in reserve and 50% of the taxes for each lot sold that year. This figure is used for both analyses.

**Legal—Conveyance:** The excise stamp tax on the sale of real estate in the Commonwealth of Massachusetts is \$4.56 per thousand dollars of sale price. We have taken a closing cost expense of \$4.56/\$1000, plus \$1,000 per lot sale to pay for the representation of an attorney at closing. This figure is used for both analyses.

**Apartment Expenses:** We have made a modest \$1,000 expense per period for any apartment expenses. This covers building insurance, any water or septic requirements and any utilities or rent loss. This figure is used for both analyses.

**Marketing Expense:** Marketing expense has been estimated for the purpose of exposing the property to the market and securing a buyer for the individual lots. The estimate of 5% of the retail sales price is based upon the going rate for brokerage commissions in Greater Boxborough. Given the price range estimated for the retail lots, this is considered fair compensation for a competent broker. This figure is used for both analyses.

**Discount Rate:** The discount rate is a rate that recognizes the time value of money. It includes compensation for the illiquidity of funds and the risk associated with the investment being analyzed. Based upon a review of the investor surveys analyzed, excerpts of which can be found in the Addenda section to this report, the range for discount rates for an investment similar to a development of the subject property were found to be between 12%-25%. These rates however, include developer profit and we have projected profit as separate line item. Consequently, we have utilized a discount rate at the lower end of the range, of 8%. This figure is used for both analyses.

**Developers Overhead & Profit:** An overhead and profit estimate is made with consideration that the entrepreneur selling the package will require a return for risk and investment management. An overhead and profit allowance of 10% of gross sale proceeds has been taken after discussing with local developers their profit expectations and our experiences with similar projects. This is considered a lower risk development because there are no roads to develop, no wetlands to cross and 2 houses ready and capable of producing income. This is the return on entrepreneurial efforts to convert one large parcel into smaller individual ownerships. In the 2 lot analysis, we used a lower profit allowance at 5%, because there are fewer lots to sell and each lot offers potential for subdivision.

**Summary:** After making expense deductions, the net cash flows are discounted back to the present at our estimated rate and the present worth of the property calculated. Both models utilized end with very similar projections of market value at \$1,000,000. The two models present slightly different methods of analyzing the same property with market data. Because of the close range of values, either method of analysis is considered both valid and could be used by market participants. It is our opinion that the market value of the subject property, under Scenario I, using the **Extraordinary Assumption**, to a single purchaser, as of August 3, 2007 is **\$1,000,000**. The two Cost of Development Models follow:



<div>Subject Property</div>		Development Presumptions/Expenses					
72 Stow Road		Date of Valuation	3-Aug-07				
Parcel 207 Burroughs Rd		Average Market Unit Price	\$225,000				
Boxborough, MA		Oversize Lot Price	\$550,000				
"As-Is" Scenario		Annual Appreciation	2.0%				
		Developer's Overhead & Profit	10.0%				
		Discount Rate	8.0%				
Six Month Periods							
Number of Lots to be Sold	5	Sales During Period	1	1	1	2	
		Units Remaining	4	3	2	0	
<u>INCOME</u>			<u>Period 1</u>	<u>Period 2</u>	<u>Period 3</u>	<u>Period 4</u>	<u>Totals</u>
Proceeds from Lot Sales			\$225,000	\$227,250	\$229,500	\$791,610	\$1,473,360
6 Month House Rentals			\$12,600	\$12,600			
Total Income			\$237,600	\$239,850	\$229,500	\$791,610	
<u>EXPENSES</u>							
Legal & Approvals			\$10,000				\$10,000
Septic Designs @ \$5,000 Per Lot			\$5,000	\$5,000	\$5,000	\$10,000	\$25,000
Demolition of 2 Houses @ \$10,000 Per House					\$20,000		
Real Estate Taxes during sellout @ \$1,750 per Lot/Periods 3 & 4			\$3,731	\$3,731	\$4,375	\$1,750	\$13,587
Apartment Expenses @ \$1,000 Per Period			\$1,000	\$1,000			
Legal Expense/Closing Costs \$4.56/1000 + \$1,000 Per Lot			\$2,026	\$2,036	\$2,047	\$5,610	\$11,719
Advertising, brokerage @ 5% of sales proceeds			\$11,880	\$11,993	\$11,475	\$39,581	\$74,928
Total Expenses			\$33,637	\$23,760	\$42,897	\$56,940	\$135,234
Development Proceeds			\$191,363	\$203,490	\$186,603	\$734,670	\$1,316,126
Developer's Overhead & Profit @ 10.0% of Lot sales proceeds			\$22,500	\$22,725	\$22,950	\$79,161	\$68,175
Net Development Proceeds			\$168,863	\$180,765	\$163,653	\$655,509	\$1,168,790
PRESENT WORTH OF NET PROCEEDS			\$1,035,315	Rounded to	\$1,000,000		

**DEVELOPMENT MODEL/LOT SELLOUT ANALYSIS**

Subject Property		Development Presumptions/Expenses			
72 Stow Road Parcel 207 Burroughs Rd Boxborough, MA "As-Is" Scenario  Six Month Periods		Date of Valuation		3-Aug-07	
		Average Market Unit Price		\$625,000	
		Annual Appreciation		2.0%	
		Developer's Overhead & Profit		5.0%	
		Discount Rate		8.0%	
<hr/>					
Number of Lots to be Sold	2	Sales During Period	1	0	1
		Units Remaining	1	1	0
<hr/>					
<u>INCOME</u>			<u>Period 1</u>	<u>Period 2</u>	<u>Period 3</u>
Proceeds from Lot Sales			\$625,000	\$0	\$637,500
6 Month House Rentals			\$12,600	\$12,600	
Total Income			\$637,600	\$12,600	\$637,500
<hr/>					
<u>EXPENSES</u>					
Legal & Approvals			\$5,000		
Septic Designs	@	\$5,000 Per Lot	\$5,000		\$5,000
Demolition of 2 Houses	@	\$10,000 Per House			\$20,000
Real Estate Taxes during sellout	@	\$1,750 per Lot/Period 3	\$3,731	\$3,731	\$875
Apartment Expenses	@	\$1,000 Per Period	\$1,000	\$1,000	
Legal Expense/Closing Costs		\$4.56/1000 + \$1,000 Per Lot	\$3,850	\$1,000	\$3,907
Advertising, brokerage	@	5% of sales proceeds	\$31,250	\$0	\$31,875
Total Expenses			\$49,831	\$5,731	\$61,657
Development Proceeds			\$575,169	-\$5,731	\$575,843
Developer's Overhead & Profit			\$31,250	\$0	\$31,875
Net Development Proceeds			\$543,919	(\$5,731)	\$543,968
PRESENT WORTH OF NET PROCEEDS			\$1,001,286	Rounded to	\$1,000,000

**COST OF DEVELOPMENT ANALYSIS**  
**Residential Zoning**

**Scenario II Hypothetical**

We have also been asked to estimate the *current* value of the subject property to a single purchaser based on the **Hypothetical Condition** that it is rezoned for residential use. **This will be a hypothetical value since the property owners must apply for such rezoning and the Boxborough Town Meeting must vote to approve such rezoning. Neither application nor vote has taken place.** In estimating this value we have utilized the same Cost of Development cash flow technique presented in the “as-is” valuation section of this report.

In this analysis, we are looking at the number of possible residential lots. In the Residential/Agricultural Zoning District, each lot requires a minimum of 150 feet of frontage and 60,000 sf per lot. As the site has 613 feet of frontage and is roughly 600 feet deep, the site appears capable of creating 4 ANR lots. Like the ANR plan for the commercial zone, there will be one oversize lot and the remaining lots similar in size.

To project a retail price for each conceptual lot we have examined the land market in Boxborough and surrounding town. The residential market is weak, with slow sales and lower prices, even for new construction. The new house constructed at 132 Stow Road sold for \$735,000 and is an indication of the appeal of the neighborhood and land value, as lots in the area are roughly 30-35% of finished house price.

The following lot sales are considered in our retail price projections:

<u>Sale</u>	<u>Address</u>	<u>Town</u>	<u>Sales Price</u>	<u>Sales Date</u>	<u>Lot Size (ac)</u>	<u>Reference</u>	<u>Comments</u>
1	201 Sargent Rd	Boxborough	\$330,000	6-May-06	11.70	47404/587	Oversize lot with installed septic system
2	Lot 3 Hill Road	Boxborough	\$262,500	14-Mar-06	1.79	47103/414	ANR lot on Hill Road, abuts town land
3	Lot 2 Hill Road	Boxborough	\$262,500	14-Mar-06	1.72	47103/443	ANR lot on Hill Road, abuts town land
4	Lot 3 Harwood	Littleton	\$215,000	20-Sep-06	1.01	48192/283	ANR lot located on Harwood
5	2 Oak Ridge Rd	Littleton	\$210,000	5-Jan-06	2.64	46777/397	Located on the corner of Oak Ridge & Oak Hill
6	Lot 7C Maquire	Stow	\$235,000	16-Jul-07	1.51	49780/27	Level ANR lot on private road near Hudson Line
7	Lot 14 Sylvan Dr.	Stow	\$270,000	7-Mar-07	0.64	49091/533	Derby Woods cluster development off Harvard Rd
8	L2 Partridge Pond	Acton	\$340,000	13-Apr-07	2.31	49272/159	Lot impacted by wetlands 1/3 uplands 5 BR Septic
9	Lot 2 Stow Road	Harvard	\$363,000	25-Apr-07	4.7	41039/284	ANR open field lot with small pond

Sales were taken from Boxborough and surrounding towns because there have been few recent sales in any of the surrounding towns. This is part of the weak residential market because lower demand for new homes directly translates into less demand for lot sales.

Sales in Boxborough demonstrate prices from \$262,500 to \$330,000. The highest priced lot included an installed septic system and is oversize for the market. The other lots are part of a 4-lot ANR project on Hill Road. Boxborough markets and sells better than Stow or Littleton but is an inferior market to both Acton & Harvard. The subject's Stow Road location is not considered a premium location due to traffic volume and the proximity of dissimilar uses. The projected retail price will therefore not be at the top of the value range.

Sale 8 in Stow is located on the corner of a busy road and has some impact from traffic flow. Sale 7 is located in a new development near Wedgewood Pines Golf Course. The Acton and Harvard sales are considered to set the upper end of the market, a figure over \$300,000 is unlikely given traffic volume along Stow Road.

A new house at 132 Stow Road sold for \$735,000 May 2007 and another at Lot 140 Stow Road is on the market at \$719,900 sited on 1.4 acres. Both these homes lend evidence that this is not the premium Boxborough residential location.

The best indication of value for the subject is by using the Littleton lots as the lower end of the range and Sale 8 in Stow and Sales 2 & 3 in Boxborough. A retail price around the upper middle of this range is considered appropriate between \$235,000 and \$262,500. Based on the location, traffic flow and topography, we have selected a lot price of \$250,000 for each typical size Residential Conceptual Lot. The oversize lot (7 + acres) is projected at \$300,000 by emphasizing Lot Sale 1.

While the market is weak it is not considered to be declining. There is some modest appreciation occurring in the market. A good example comes from Sale 1, which sold for \$300,000 in 2001 and resold in May 2006 for \$330,000 demonstrating 1.7% annual appreciation. We continued to apply a 2% annual appreciation rate to the noted land sales in this analysis.

**Absorption:**

We used a sales pace of 1 lot per 6 months, for the first year and 2 sales in the last 6 months. This pace is similar to the 4 lots sold on Hill Road, for a total timeframe of 18 months.

**Development Expense Analysis**

**Legal—Approval Costs:** Same as Scenario I.

**Engineering/Septic Design:** Same as Scenario I on a per lot basis.

**Demolition:** Same as Scenario I.

**Real Estate Taxes:** Same as Scenario I.

**Legal—Conveyance:** Same as Scenario I.

**Apartment Expenses:** Same as Scenario I.

**Marketing Expense:** Same as Scenario I.

**Discount Rate:** The discount rate is the same as Scenario I.

**Developers Overhead & Profit:** The overhead and profit estimate of 10% is the same as Scenario I.

**Summary:** After making expense deductions, the net cash flows are discounted back to the present at our estimated rate and the present worth of the property calculated. It is our opinion that the market value of the subject property, under Scenario II, under the **Hypothetical Condition**, to a single purchaser, as of August 3, 2007 is **\$700,000**. The Cost of Development Model follows:

DEVELOPMENT MODEL/LOT SELLOUT ANALYSIS						
<div>Subject Property</div>			Development Presumptions/Expenses			
72 Stow Road Parcel 207 Burroughs Rd Boxborough, MA "As-If Residential" Scenario  Six Month Periods			Date of Valuation	3-Aug-07		
			Average Market Unit Price	\$250,000		
			Oversize Lot Price	\$300,000		
			Annual Appreciation	2.0%		
			Developer's Overhead & Profit	10.0%		
			Discount Rate	8.0%		
Number of Lots to be Sold	4	Sales During Period	1	1	2	
			Units Remaining	3	2	0
<u>INCOME</u>			<u>Period 1</u>	<u>Period 2</u>	<u>Period 3</u>	<u>Totals</u>
Proceeds from Lot Sales			\$250,000	\$252,500	\$510,000	\$1,012,500
6 Month House Rentals			\$12,600	\$12,600		
Total Income			\$262,600	\$265,100	\$510,000	
<u>EXPENSES</u>						
Legal & Approvals			\$10,000			\$10,000
Septic Designs @ \$5,000 Per Lot			\$5,000	\$5,000	\$10,000	\$20,000
Demolition of 2 Houses @ \$10,000 Per House					\$20,000	
Real Estate Taxes during sellout @ \$1,750 per Lot/Periods 3 & 4			\$3,731	\$3,731	\$1,750	\$9,212
Apartment Expenses @ \$1,000 Per Period			\$1,000	\$1,000		
Legal Expense/Closing Costs \$4.56/1000 + \$1,000 Per Lot			\$2,140	\$2,151	\$3,326	\$7,617
Advertising, brokerage @ 5% of sales proceeds			\$13,130	\$13,255	\$25,500	\$51,885
Total Expenses			\$35,001	\$25,137	\$60,576	\$98,714
Development Proceeds			\$214,999	\$227,363	\$449,424	\$891,786
Developer's Overhead & Profit @ 10.0% of Lot sales proceeds			\$25,000	\$25,250	\$51,000	\$101,250
Net Development Proceeds			\$189,999	\$202,113	\$398,424	\$790,536
PRESENT WORTH OF NET PROCEEDS			\$723,754	Rounded to	\$700,000	

## **RECONCILIATION& VALUE CONCLUSION**

The final step in estimating the market value of the subject properties is a correlation of the value from each of the approaches to value. We have utilized the Cost of Approach for both Scenarios, because of the potential under each scenario for creating multiple lots. This approach is a synthesis of all three approaches to value, The Cost Sales and Income Approaches.

The analysis under Scenario I is based on the **Extraordinary Assumption** that each of the lots depicted in the Conceptual Development Plan can meet applicable State and Local requirements for construction of a commercial building.

The analysis under Scenario II is based on the **Hypothetical Condition** that the site is zoned residential and that each of the lots depicted in the Conceptual Development Plan can meet applicable State and Local requirements for construction of a single family dwelling. **This is a hypothetical value since the property owners must apply for such rezoning and the Boxborough Town Meeting must vote to approve such rezoning. Neither application nor vote has taken place.**

The Cost of Development Approach is considered to be a reliable indicator of value for the subject under Scenario I, conceptual 5 lot (or 2 lot) commercial subdivision. Retail price projections for finished lots were estimated from sales data. Included in the income stream was 1 year worth of income from the existing houses. All of the expenses and costs of development are subtracted from projected sales and then discounted back to the present, reflecting risk and reward for the development. The indication of value for the subject property by the Cost of Development Approach is **\$1,000,000.**

The Cost of Development Approach is also considered to be a reliable indicator of value for the subject under Scenario II, conceptual 4 lot residential subdivision. This scenario resulted in fewer lots owing to different zoning requirements for frontage. Retail price projections for finished lots were estimated from sales data. Included in the income stream was 1 year worth of income from the existing houses. All of the expenses and costs of development are subtracted from projected sales and then discounted back to the present, reflecting risk and reward for the development. The indication of value for the subject property by the Cost of Development Approach is **\$700,000.**

Based on this analysis, it is our opinion that the estimated market value, under Scenario I, subject to the noted assumptions and limiting conditions, "as is" for the fee simple estate interest in the subject property, as of August 3, 2007, is:

**ONE MILLION (\$1,000,000) DOLLARS**


It is further our opinion that the estimated market value, under Scenario II, subject to the noted assumptions and limiting conditions, for the fee simple estate interest in the subject property, as of August 3, 2007, is:

**SEVEN HUNDRED THOUSAND (\$700,000) DOLLARS**


### CERTIFICATION

We certify that, to the best of our knowledge and belief,...

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal unbiased professional analyses, opinions, and conclusions.
- we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved with this assignment.
- our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Mr. Bernklow and Mr. Avery are currently certified under the voluntary continuing education program of the Appraisal Institute.
- we have made a personal inspection of the property that is the subject of this report.
- no one provided significant professional assistance to the persons signing this certification.
- the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.



Richard W. Bernklow, SRA  
Massachusetts Certified General  
Real Estate Appraiser #3111



Jonathan H. Avery, MAI, CRE  
Massachusetts Certified General  
Real Estate Appraiser #26

**AVERY ASSOCIATES**  
REAL ESTATE APPRAISERS - COUNSELORS



# **ADDENDA**

**SUBJECT DEEDS**

**ASSESSOR'S MAP**

**CONCEPTUAL COMMERCIAL PLANS**

**CONCEPTUAL RESIDENTIAL PLAN**

Total Number of Pages: 2

SQ

**Beverly G. Ludovico, Trustee of The Francis G. Lyons Family Trust** of 12 Independence Road, Acton, Massachusetts 01720 (Reference the Resignation and Appointment of the Francis G. Lyons Family Trust dated December 1, 2005 and recorded in the Middlesex South District Registry of Deeds in Book 46740, Page 57 appointing Beverly G. Ludovico as Trustee)

for consideration paid and in full consideration of One and 00/100 Dollar (\$1.00)

grants to **Beverly G. Ludovico, Trustee of The Lyons Family Trust** of 12 Independence Road, Acton, Massachusetts 01720

with quitclaim covenants

The land in Boxborough, Middlesex County, Massachusetts, with the buildings thereon being shown as containing 14.85 Acres on a plan entitled "Land in Boxborough owned by Ernest A. Moore, et ux", by Horace F. Tuttle, C.E. dated August 28, 1951, recorded at Middlesex South Registry of Deeds at Book 7805, Page 69, bounded and described as follows:

Beginning at a pipe at a stone wall at the Northwesterly corner of the premises on the Easterly side of Stow Road and at land of Ernest A. Moore, et ux as shown on said plan; thence running South 57° 47' East by said land of Moore, four hundred fifty-six and 2/10 (456.2) feet to a stake as shown on said plan; thence running South 85° 28' East by land of Ruth L. Richardson as shown on said plan and by a stone wall, eighty-six and 10/100 (86.10) feet; thence running South 80° 18' East by a stone wall by said land of Richardson, one hundred thirty-four and 3/10 (134.3) feet to land formerly of Arthur M. Whitcomb as shown on said plan; thence turning and running South 7° 30' West by said land formerly of Whitcomb by a stone wall, seven hundred eighty-two and 3/10 (782.3) feet to land formerly of Charles H. Richardson, as shown on said plan; thence turning and running North 83° 46' West by land of said Richardson by a stone wall, two hundred sixty-two and 2/10 (262.2) feet to a point; thence running Westerly in part by a stone wall by land formerly of Ernest A. Moore, et ux, now of Eugene C. Prowten, four hundred sixty-seven (467) feet to Stow Road; thence turning and running North 4° 20' East by said Stow Road by a stone wall, one hundred thirty-two and 8/10 (132.8) feet to a point; thence running North 10° 15' East by said Stow Road by a stone wall two hundred eighty-six (286) feet to a point; thence running North 13° 15' East by said Stow Road by a stone wall, five hundred seventy-four and 20/100 (574.20) feet to the point of beginning.

Excepting therefrom that parcel of land shown as Lot 1-A on a plan entitled "Land in Boxborough, Mass. surveyed for Michael T. & Laura J. Lyons Scale: 1" = 40' November, 1992 by David E. Ross Associates, Inc., recorded at the Middlesex South Registry of Deeds in Book 22794 at Page 173 consisting of 3.80 Acres according to said plan and which Lot 1-A is comprised of two parcels, the first of which was conveyed by deed from Francis G. Lyons and Rita E. Lyons to Michael T. Lyons and Laura J. Lyons dated March 25, 1985 and recorded at Middlesex South Registry of Deeds at Book 7805, Page 70 and the second of which was conveyed by deed from Francis G. Lyons to Michael T. Lyons and Laura J. Lyons dated December 31, 1992 and recorded in Book 22794 at Page 174.

When recorded, return to:

Brown & Brown, PC  
110 Great Road  
Bedford, MA 01730



Bk: 48744 Pg: 98 Doc: DEED  
Page: 1 of 2 12/28/2006 11:28 AM

Property Address: 72 Stow Road, Boxborough, Massachusetts

For title reference see deed of Francis G. Lyons dated December 31, 1992 and recorded with said Deeds in Book 22794 at Page 187.

Witness my hand and seal on this 19<sup>th</sup> day of December, 2006.

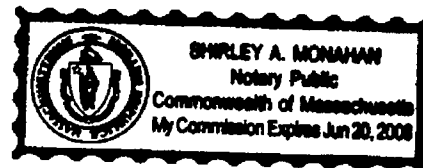
*Beverly G. Ludovico*, Trustee  
Beverly G. Ludovico, Trustee

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss.

On this 19<sup>th</sup> day of December, <sup>2006</sup>~~2005~~, before me, the undersigned notary public, personally appeared the above-named **Beverly G. Ludovico, Trustee of The Francis G. Lyons Family Trust**, proved to me through satisfactory evidence of identification, which was photo identification, to be the person whose name is signed on the preceding document, and acknowledged to me that she signed it voluntarily for its stated purpose.

*Shirley Monahan*  
Notary Public  
My Commission Expires: 6/20/08



*Angela C. Brown*  
Attest. Middlesex S. Register

T-2

## QUITCLAIM DEED

I, FRANCIS G. LYONS of Boxborough, Middlesex County, Massachusetts being unmarried, for consideration paid, and in full consideration of Three Thousand and 00/100 (\$3,000.00) Dollars

grants to Robert D. Ludovico as he is Trustee of G L Trust u/d/t dated December 17, 1990, to be recorded herewith of 12 Independence Road, Acton, MA

with QUITCLAIM COVENANTS

A certain parcel of land situated on the Northerly side of Burroughs Road, Boxborough, Mass., shown on a plan entitled, "Compiled Plan of Land in Boxborough, Mass., owned by Grace C. Sweeney" Harlan E. Tuttle, Surveyor, dated June 25, 1970, recorded in Middlesex South District Registry of Deeds, Book 11871, Page 542 and bounded and described as follows:

SOUTHERLY by Burroughs Road, 131.00 feet;  
 WESTERLY by land of Luongo as shown on said plan, 290.00 feet;  
 SOUTHERLY by land of said Luongo, 150.00 feet;  
 WESTERLY by land of Doyle and land of Prowten, by two courses, measuring respectively 484.5 feet and 142.5 feet;  
 NORTHERLY by land of Lyons, 262.20 feet; and  
 EASTERLY by land of Bry Realty Trust and land of Kimball, by two courses, measuring respectively 462.98 feet and 452.30 feet.

Containing 5.20 acres of land, more or less.

For title see deed of Francis G. Lyons dated August 3, 1990 recorded with Middlesex South District Registry of Deeds, Book 11871, Page 542.

WITNESS my hand and seal this 17th day of December, 1990.

*Francis G. Lyons*  
 Francis G. Lyons

25.00

342

MSD 02/06/91 01:32:58

13.68 \*\*\*

\*\*\*\* MASS. EXCISE TAX:

Property at: Burroughs Road, Boxborough, MA

CANCELLED

TAX 13.68  
CASH 13.68MASSACHUSETTS  
EXCISE TAX  
CANCELLEDDEEDS REG 15  
MIDDLE SOUTH

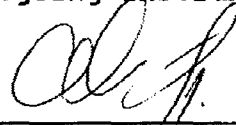
02/06/91

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss.

December 17, 1990

Then personally appeared the above-named Francis G. Lyons and acknowledged the foregoing instrument to be his free act and deed, before me



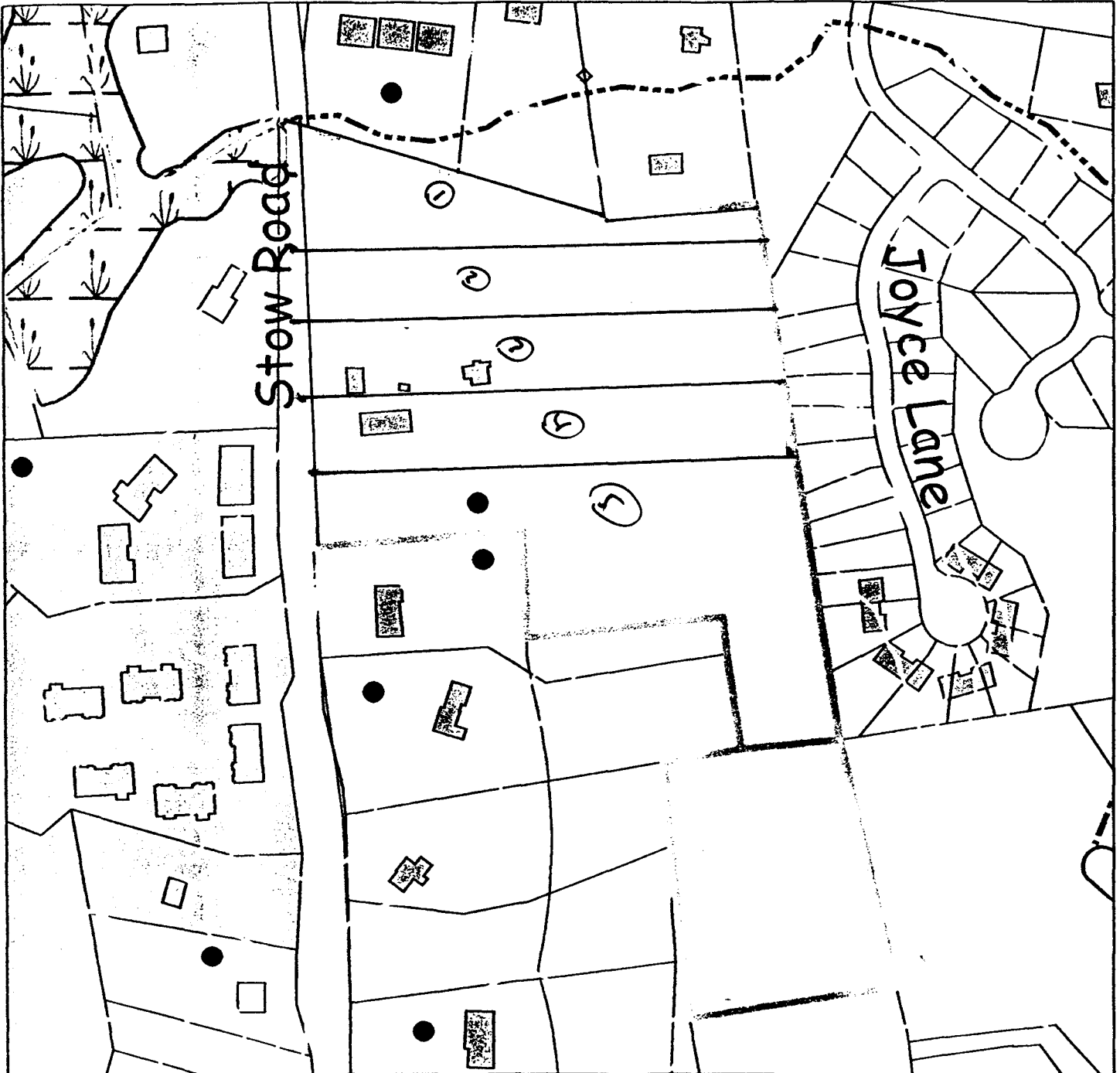
Notary Public

My commission expires:

**CHARLES G. MADISON, JR.**  
Notary Public, Commonwealth of Massachusetts  
My Commission Expires August 15, 1997

Quitclaim Deed

# Town of Boxborough 72 Stow Road

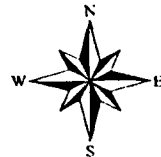


## Legend

- Wells
- ~ 10ft Contours
- - - Brooks
- Wetlands & Watershed Overlay District
- Subject Properties

## Zoning

- AGRICULT/RES
- BUSINESS
- TOWN CENTER
- BUSINESS I

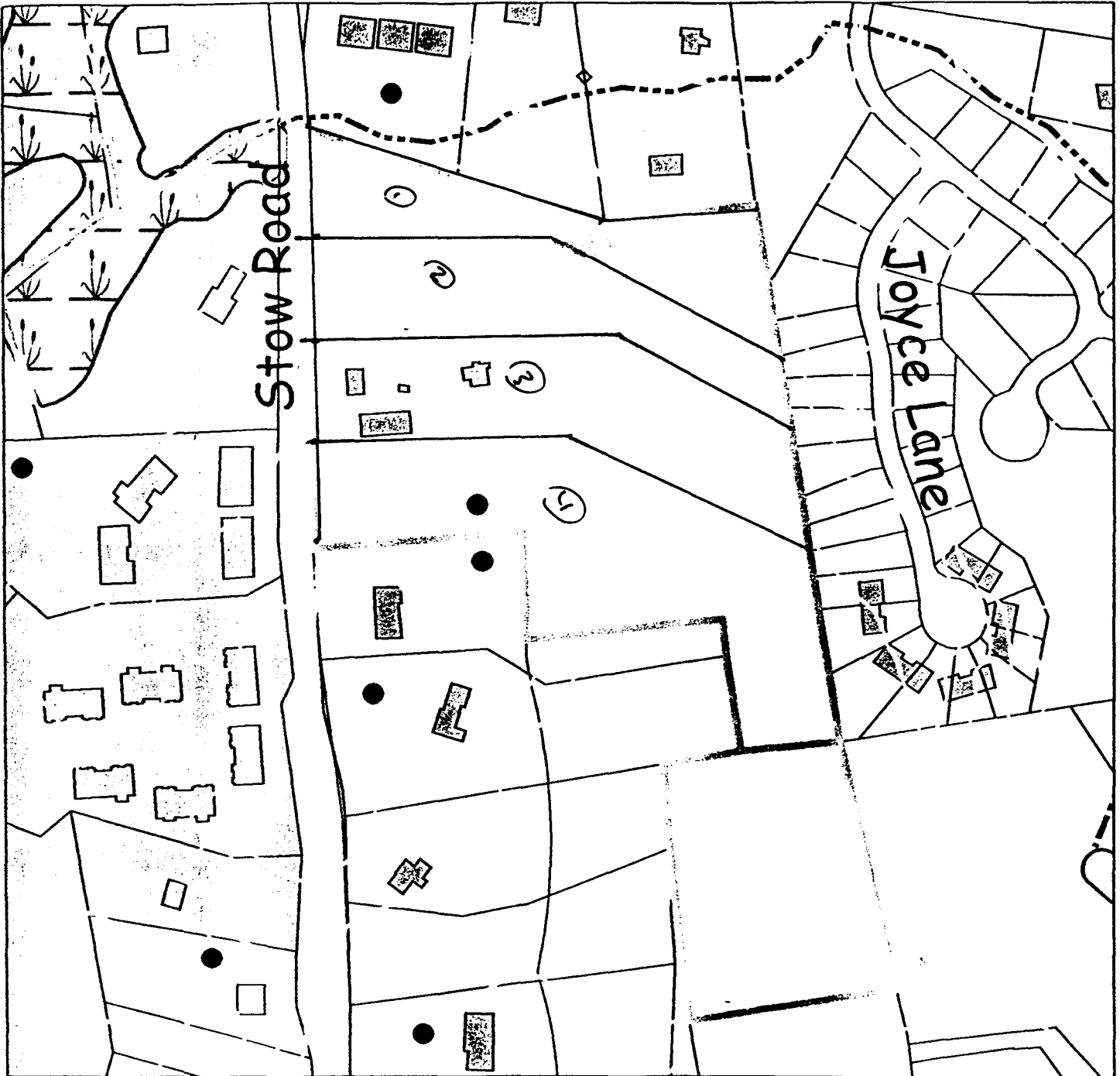


200 100 0 Feet  
200

1" = 200'  
Business Layout 100' x 100'

# Town of Boxborough

## 72 Stow Road

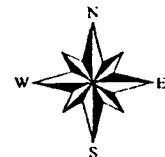


### Legend

- Wells
- 10ft Contours
- ~ Brooks
- Wetlands & Watershed Overlay District
- Subject Properties

### Zoning

- AGRICULT/RES
- BUSINESS
- TOWN CENTER
- BUSINESS I



200 100 0 200 Feet

*Res. Inter. 180 FF*



**MASS GIS PHOTOS**

**TOPOGRAPHICAL MAP**

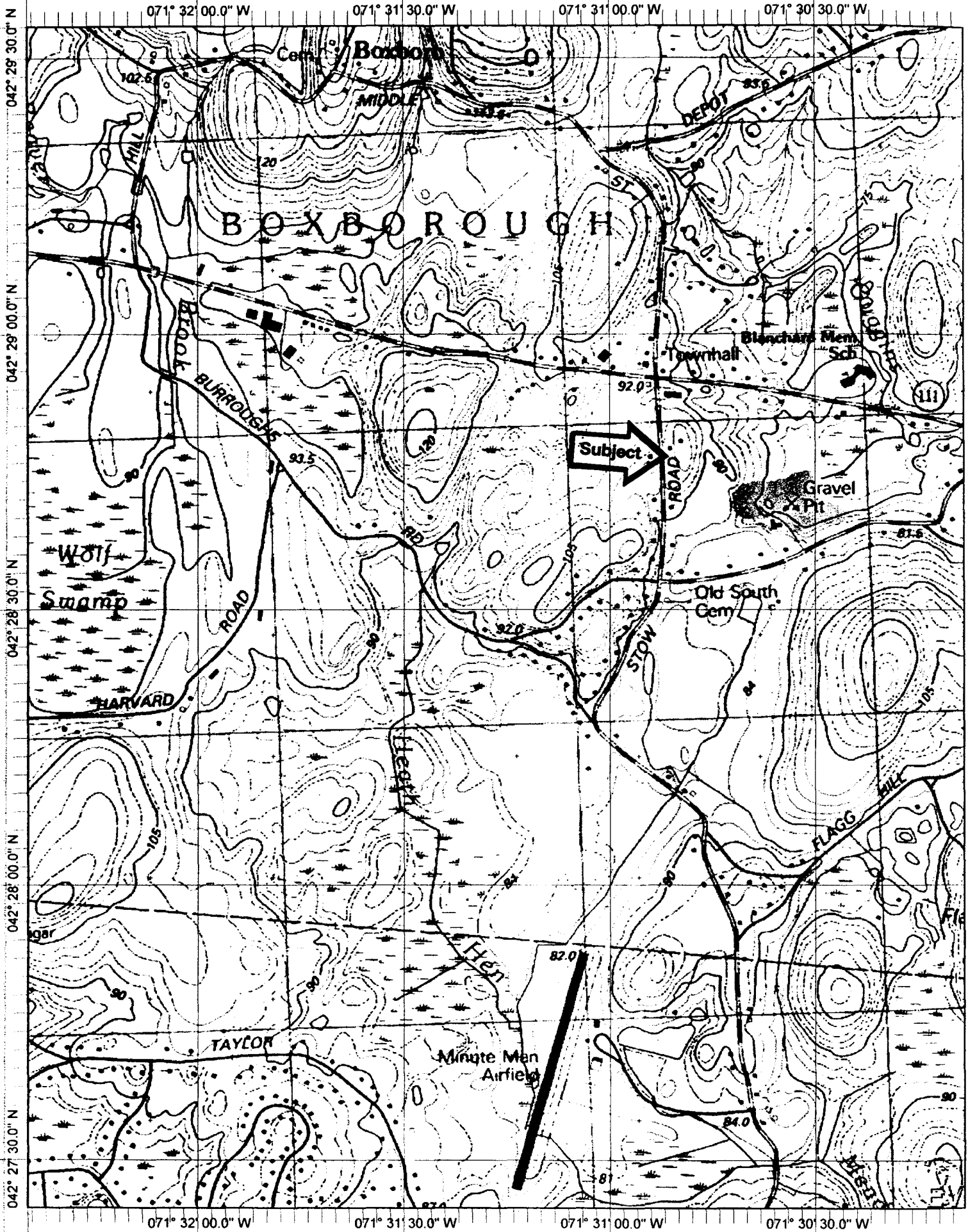
**SOILS MAP**

**FLOOD MAP**

**ZONING MAP**

MassGIS Color 2005 Orthophoto Map





Soil Map—Middlesex County, Massachusetts  
(72 Stow Road)



Natural Resources  
Conservation Service

Web Soil Survey 2.0  
National Cooperative Soil Survey

8/15/2007  
Page 1 of 3

## Map Unit Legend

Middlesex County, Massachusetts (MA017)			
Map Unit Symbol	Map Unit Name	Acres in AOI	Percent of AOI
52A	Freetown muck, 0 to 1 percent slopes	0.1	0.4%
253B	Hinckley loamy sand, 3 to 8 percent slopes	8.2	51.8%
254B	Merrimac fine sandy loam, 3 to 8 percent slopes	0.3	1.8%
307B	Paxton fine sandy loam, 3 to 8 percent slopes, extremely stony	2.9	18.6%
307D	Paxton fine sandy loam, 15 to 25 percent slopes, extremely stony	3.7	23.6%
600	Pits, gravel	0.6	3.7%
Totals for Area of Interest (AOI)		15.8	100.0%

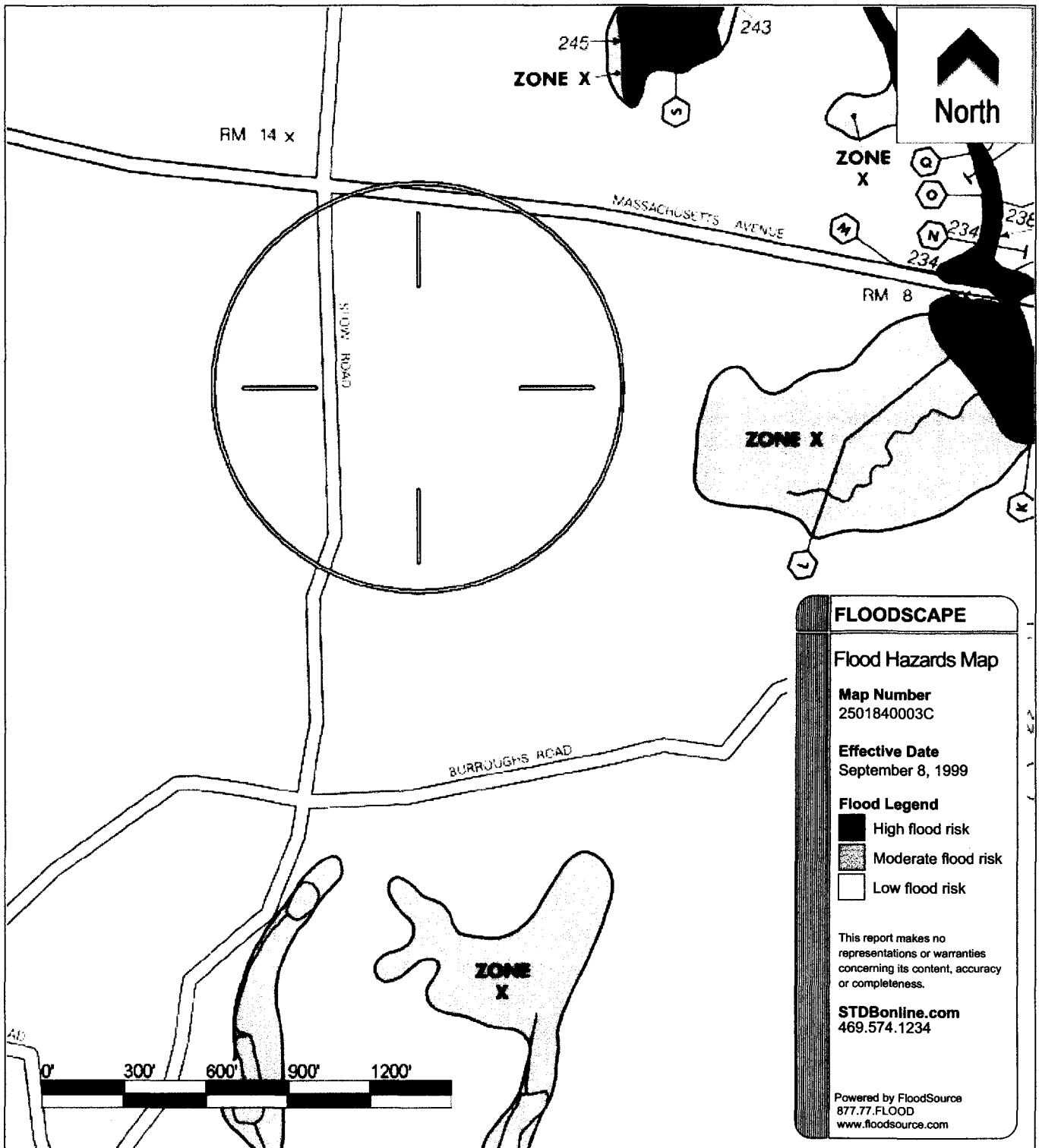


**STDBonline.com**  
FLOODSOURCE  
FLOODSCAPE™



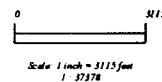
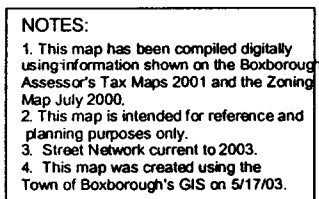
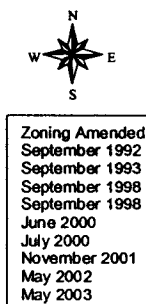
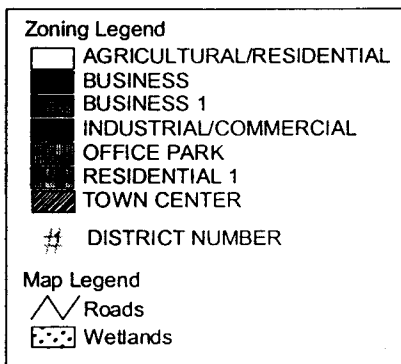
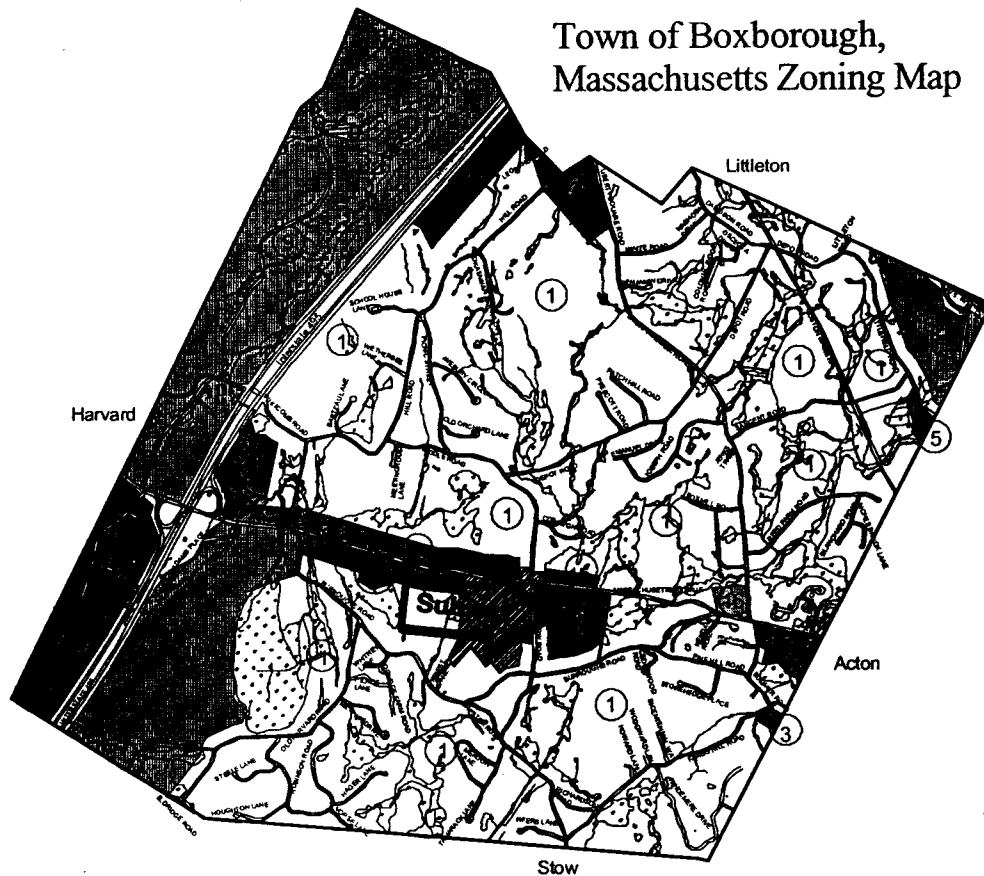
**PROPERTY ADDRESS:**

72 Stow Rd, Boxborough, MA 01719



# APPENDIX C TOWN MAPS

## Town of Boxborough, Massachusetts Zoning Map

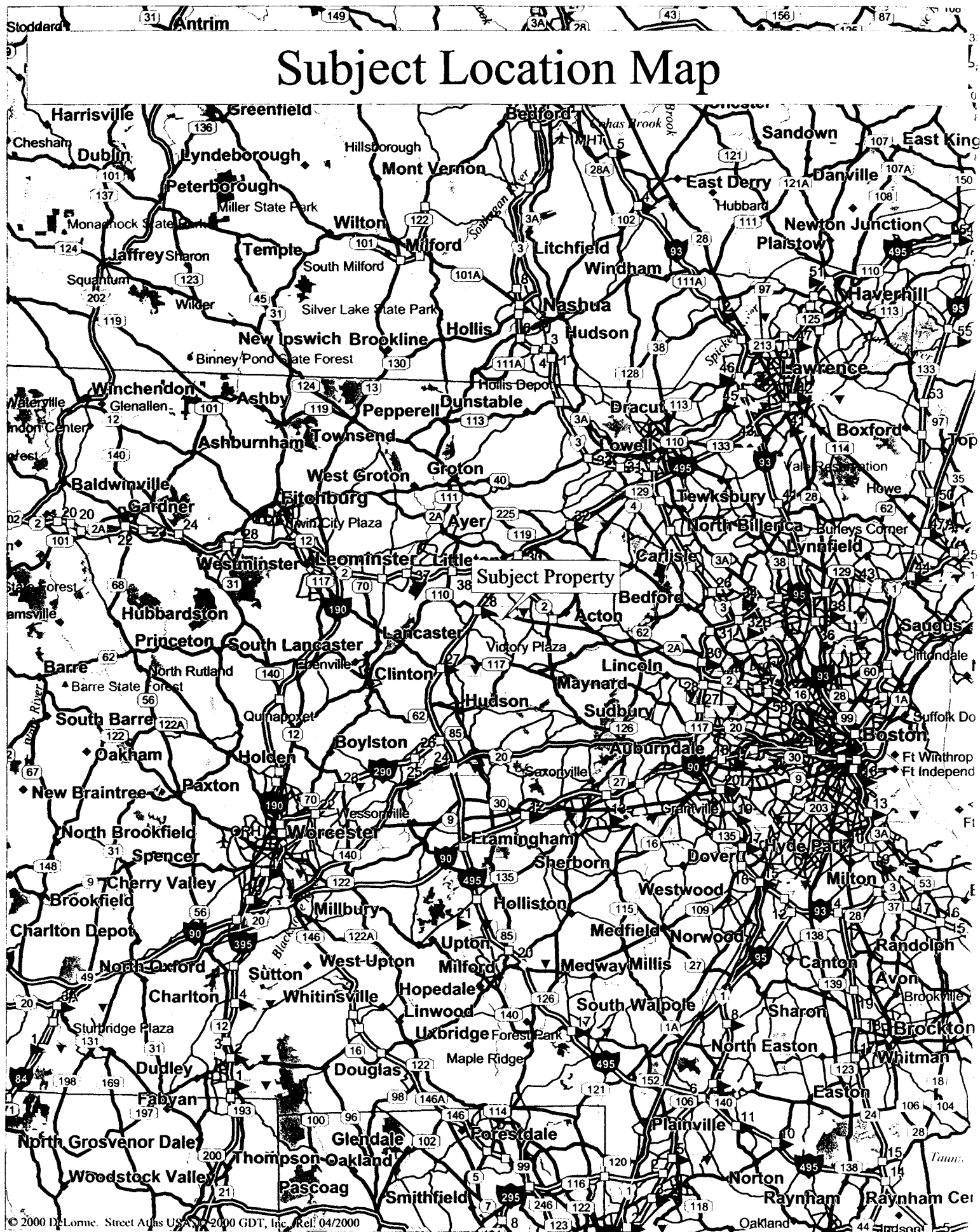


**LOCATION MAP**

**NEIGHBORHOOD MAP**



# Subject Location Map



[illegible]

**COMMERCIAL LOT SALES LOCATION MAP**

**RESIDENTIAL LOT SALES LOCATION MAP**

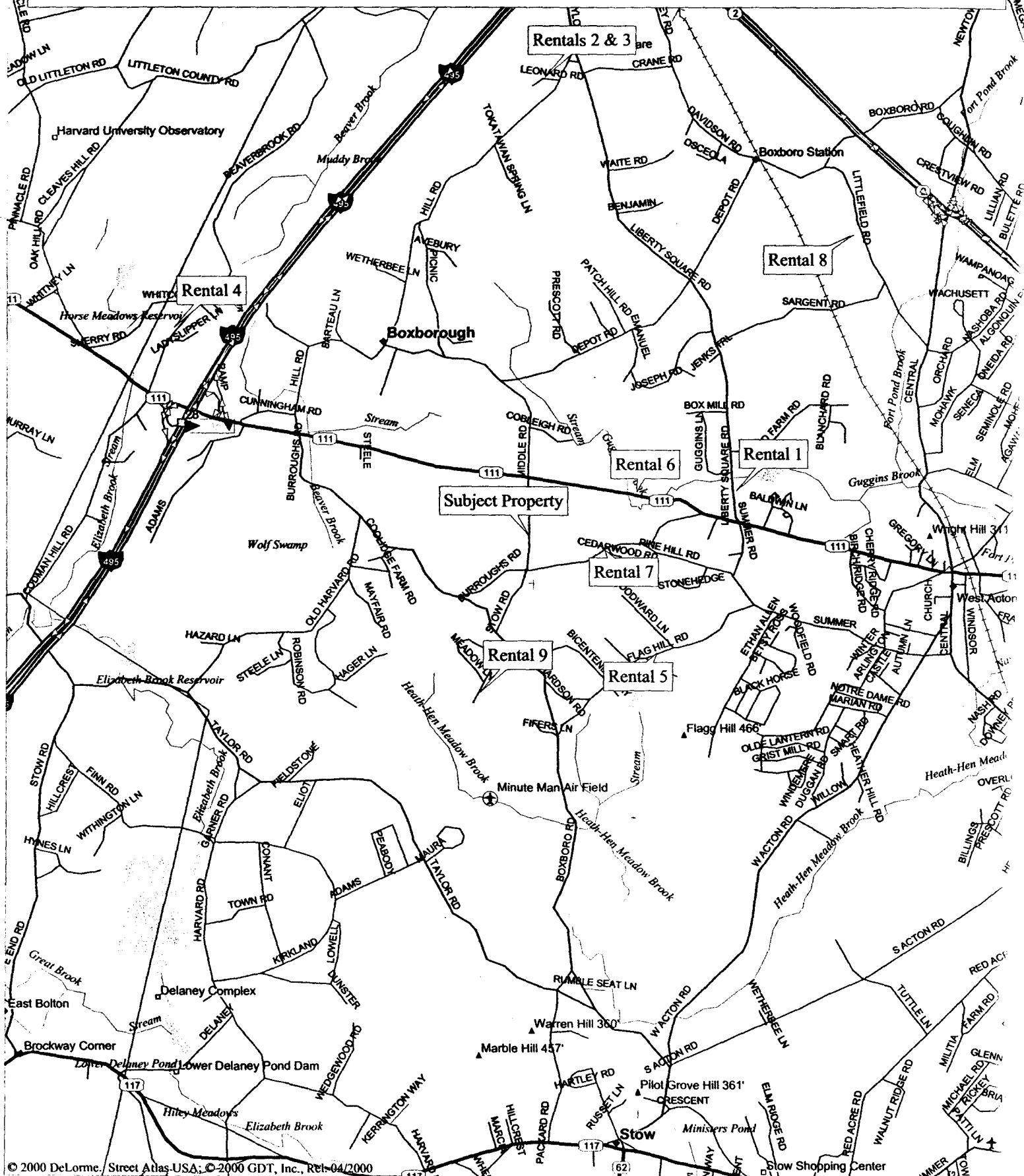
**RENTALS LOCATION MAP**

[illegible]

# Comparable House Lots Location Map

A detailed topographic map of the Westford, Massachusetts area, showing the locations of nine house lots for sale. The map includes major roads like I-495, I-93, and I-95, and features such as the Nashua River, Mill Pond, and various hills. The 'Subject Property' is highlighted in the center, near the intersection of I-495 and I-93. Other lots are labeled: Lot Sale 1 (near Westford Station), Lot Sale 2 & 3 (near Liberty Square), Lot Sale 4 (near Westford Station), Lot Sale 5 (near Westford Station), Lot Sale 6 (near Stow), Lot Sale 7 (near Stow), Lot Sale 8 (near Westford Station), and Lot Sale 9 (near Still River). The map also shows surrounding towns like Shirley, Westford, Stow, and Bolton, and includes a scale bar and a north arrow.

# Comparable Rentals Location Map



## **INVESTOR'S SURVEY**

# National Development Land Market

EVEN THOUGH STRONG FUNDAMENTALS AND RISING RENTAL RATES ARE PROVIDING VARIOUS DEVELOPMENT LAND OPPORTUNITIES IN MANY MAJOR MARKETS, CONSTRUCTION ACTIVITY HAS BEEN TEMPERED BY HIGH CONSTRUCTION COSTS, HIGH LAND PRICES, AND HIGHER DEBT RATES. "We need to see some robust rent growth in order to justify new construction at the current prices of concrete and steel," notes a participant. Even in some of the best coastal markets, where demand is strong and supply is dwindling, many developers are unable to carry out ground-up projects. The end result has been a bit of a decline in development returns. "Returns on new projects are being pushed down because of higher interest rates and higher construction costs," affirms a participant.

The price of concrete products experienced a 4.6% year-over-year increase in April 2007, while the price of cement increased 5.1%, according to the Bureau of Labor Statistics. On a much grander scale, the price of steel surged 17.1% over that time period. Although steel inventories have been rebuilding from their extremely weak levels witnessed in the latter part of 2005, many investors expect steel prices to rise in the coming quarters due to pent-up demand. While such high prices are bad news for developers who are ready to break ground on new projects, the higher costs will likely postpone some planned projects and prolong the industry's stability.

While high land prices are also helping to limited construction projects, some land owners are taking advantage of strong developer interest by placing tracts of land up for sale at some impressive prices. In Rosenberg, Texas, for example, a 108-acre retail land tract has been placed up for sale and will likely sell for close to \$18.0

million (or about \$3.00 per square foot). This land is situated in an area outside of Houston that is experiencing tremendous development activity. It is located across from the two-million-square-foot Rosenberg Town Center. Until recently, land prices in this submarket were close to \$2.00 per square foot.

Certain developers, however, are eagerly acquiring land now in preparation for future development opportunities. Cypress Creek Florida Land Investors, for example, is looking to assemble a land portfolio of \$200 to \$400 million over the next few years. It is targeting large land tracts of 50 acres or more and plans on a holding period of two to five years.

## CONSTRUCTION

### Retail

Retail construction spending increased 13.0% in 2006 with retail construction starts jumping by more than two-thirds in Arizona, Nevada, and Utah and by half in Colorado, according to Reed Construction Data (Reed). On the other hand, project starts were down in California, Florida, Georgia, New York, and New Jersey last year. Due to slower economic growth and rising construction costs, double-digit construction spending is not expected to last for too long. Reed forecasts retail construction spending at 11.0% in 2007 and at 6.0% in 2008.

The decline in project spending and property deliveries comes at a time when many consumers are faced with higher

oil prices, higher interest rates, and more mindful spending habits. Interestingly, a large portion of the retail pipeline is comprised of big-box projects (43.0%), which have surpassed the construction of regional and super-regional centers, according to Marcus & Millichap. Markets that offer some of the best retail development land opportunities due to strong population growth and/or tight fundamentals include Austin, Fort Lauderdale, Las Vegas, Oakland, Phoenix, San Diego, and Seattle.

### Office

Vacancy rates continue to decline throughout much of the U.S. CBD and suburban office markets. In the first quarter of 2007, the national vacancy rate was 9.9% for the CBD and 14.3% for the suburbs, according to Cushman & Wakefield. Much of the demand for office space has been in the Class-A sector, which posted an overall vacancy rate of 8.17% in the CBD and 13.1% in the suburbs during that time period. The combination of strong demand and dwindling supply has caused rental rates to rise and developers to commence and plan new projects.

One individual office market experiencing high levels of speculative office space construction is Phoenix, where 1.7 million square feet of speculative space were under construction at the end of the first quarter of 2007. This amount represents about 24.0% of the total speculative office space under con-

Exhibit DL-1

DISCOUNT RATES (IRRS) INCLUDING DEVELOPER'S PROFIT Second Quarter 2007		
	CURRENT QUARTER	FOURTH QUARTER 2006
Free & Clear		
RANGE	10.00% - 25.00%	12.00% - 25.00%
AVERAGE	17.72%	18.15%
CHANGE	-	0



struction in the top office markets in the country (both CBD and suburban).

#### Warehouse

Warehouse construction spending has held steady for the past two quarters (see Table NDL-1). The annual increase, however, is mainly due to higher construction costs than to warehouse starts. While a surge of warehouse construction was readily absorbed during the recent economic expansion, supply has started to eclipse demand in many markets.

Some of the better development land opportunities for warehouse construction exist where overall vacancy rates are below the national level, such as Orange County, Long Island, Houston, and Northern New Jersey. By comparison, many investors are wary of warehouse markets experiencing incessant amounts of supply, such as Atlanta and Chicago. "We are bearish on Chicago's warehouse market right now," shares a participant.

#### Apartment

Even though positive economic trends, such as rising interest rates, steady population growth, and increasing immigration, continue to create development land opportunities in the national apartment sector, rising vacancy rates are diminishing developers' prospects. The average vacancy rate for the U.S. rental market rose to 6.1% in the first quarter of 2007, the highest level in almost two years, according to Reis. For some markets, such

as Miami, the recent increase in vacancy is due to the conversion of unsold condos to rental units. "The condo craze is over and investors who couldn't sell are now trying to lease," notes a participant.

Overall, apartment construction starts (buildings with five or more units) dropped 18.5% to 78,000 units in the first four months of 2007, according to the National Apartment Association. By comparison, this total was 95,700 for the same period in 2006. While coastal markets have been favored by apartment developers recently, many have turned their attention to the Midwest, where a shift toward renting has emerged.

#### DISCOUNT RATES

Free-and-clear discount rates including developers profit are shown in Exhibit DL-1. These rates assume that entitlements are in place. Discount rates for projects that lack entitlements are typically increased 300 to 600 basis points; the average increase is 425 basis points. An insufficient number of responses prevented us from reporting discount rates subject to financing this quarter.

#### ABSORPTION PERIOD

The absorption period required to sell an entire project varies significantly depending on location, size, and property type. This quarter, preferred absorption periods for participants ranged from 12 to 240 months. The mean absorption period is 58.0 months.

#### FORECAST ASSUMPTIONS

Growth rates for lot pricing vary due to local market conditions. Participants report an overall range from 0.0% to 10.0% with a mean of 3.1%. Over the near term, 50.0% of participants forecast lot prices to increase at the rate of inflation, while 25.0% of them project increases greater than inflation. The remainder (25.0%) expects increases less than in-

Exhibit DL-2

GROWTH RATES FOR DEVELOPMENT EXPENSES	
EXPENSE	SECOND QUARTER 2007
<b>Infrastructure</b>	
RANGE	3.00% – 3.00%
AVERAGE	3.00%
<b>Amenities</b>	
RANGE	3.00% – 3.00%
AVERAGE	3.00%
<b>Advertising</b>	
RANGE	3.00% – 3.00%
AVERAGE	3.00%
<b>Real Estate Taxes</b>	
RANGE	1.00% – 3.00%
AVERAGE	2.60%
<b>Administrative</b>	
RANGE	3.00% – 4.00%
AVERAGE	3.25%
<b>Contingency</b>	
RANGE	3.00% – 5.00%
AVERAGE	4.00%
<b>Other</b>	
RANGE	3.00% – 3.00%
AVERAGE	3.00%

flation. Inflation growth rate assumptions range from 0.0% to 4.0% and average approximately 2.0%. The ranges and averages for the reported expense growth rates are shown in Exhibit DL-2.

#### OUTLOOK

Development land opportunities continue to exist throughout the commercial real estate industry, but rising construction costs and a slowing economy are diminishing returns and creating challenges for developers. In the best markets, where barriers to entry are high and supply/demand imbalances favor landlords, land prices remain very high and entitlement processes are long and arduous. The end result has been a slowdown in construction starts for most property types.

Nevertheless, the underlying strength of the industry – with most property sectors reporting stabilized vacancy rates – will continue to provide development land opportunities on a select basis in the months ahead. ♦

TABLE NDL-1  
U.S. WAREHOUSE CONSTRUCTION  
SPENDING

Time	\$Billions	Change
1Q2007	\$15.2	0%
4Q2006	\$15.2	+ 5.56%
3Q2006	\$14.4	- 1.41%
2Q2006	\$14.2	- 2.73%
1Q2006	\$14.6	—

Source: U.S. Census Bureau, Department of Commerce

**DEFINITIONS**

**AND**

**ASSUMPTIONS**

## **APPRAISAL LEXICON**

**MARKET VALUE** "The most probable price, which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is consummation of a sale as of a specified date and passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are motivated;
2. Both parties are well informed or well advised and each acting in what he considers his own best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars, or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing, or sales concessions granted by anyone associated with the sale." (1)

**LEASED FEE INTEREST** An ownership interest held by a landlord with rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease. (2)

**FEE SIMPLE ESTATE** Absolute ownership unencumbered by another interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (3)

**HIGHEST AND BEST USE** The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. (4)

**EXPOSURE TIME** Exposure time is defined as "The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale..." (5) Exposure time is considered to have happened prior to the date of the appraisal and is an integral part of the valuation process.

**MARKETING PERIOD** The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal. (6)

**LEASEHOLD INTEREST** The interest held by the lessee (the tenant or renter) through a lease transferring the rights of use and occupancy for a stated term under certain conditions. (7)

(1) FIRREA 12CFR Part 323.2.

(2) The Dictionary of Real Estate Appraisal, Appraisal Institute, 2002, Fourth Edition - Page 161.

(3) Ibid. - 113.

(4) Ibid. - 135.

(5) Ibid. - 105.

(6) Ibid. - 175.

(7) Ibid. - 162.

## **ASSUMPTIONS AND LIMITING CONDITIONS**

This appraisal report has been made with the following general assumptions:

1. This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2b of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraisers are not responsible for the unauthorized use of this report.
2. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
3. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
4. Responsible ownership and competent property management are assumed.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.

10. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
11. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

This appraisal report has been made with the following general limiting conditions:

1. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocation of land and building must not be used in conjunction with any other appraisal and are invalid if used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
5. Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.
6. The forecasts, projections, or operating estimates contained herein are based upon current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes in future conditions.

# **QUALIFICATIONS**

<p style="text-align: center;"><b>QUALIFICATIONS OF RICHARD W. BERNKLOW</b> <b>REAL ESTATE APPRAISER</b></p>
--

**EDUCATION**

- B.A. University of Lowell, Lowell, Massachusetts
- Appraisal Institute
  - Course 101 Introduction to Appraising Real Property 1988
  - Course 201 Applied Residential Property Valuation 1989
  - Course 410/420 Standards of Professional Practice 1991
  - Course 310 Capitalization Theory & Techniques 1992
  - Course 510 Advanced Capitalization Techniques 1993
  - Course 410/420 Standards of Professional Practice 1996
  - Course 410/420 Standards of Professional Practice 1998
  - Course 520 Highest and Best Use Analysis 1998
  - Course 540 Report Writing 2000
- Appraisal Institute Seminars
  - The Appraiser as Expert Witness 1993
  - Residential Demonstration Report Workshop 1993
  - Appraising Troubled Properties 1993
  - Contemporary Issues in Lending-Commercial 1994
  - The High-Tech Appraisal Office 1996
  - Non-Conforming Uses 1999
- MA Board of Real Estate Appraisers
  - Commercial Appraisal Problem Solving 1996
- Middlesex County Assessors Association
  - Appraising Assisted Living Facilities & Appraising the Tough Ones 1997

**PROFESSIONAL AND TRADE AFFILIATIONS**

Appraisal Institute - SRA Member  
Chairman, Board of Assessors, Stow MA Term 2000-2002

**DESIGNATIONS AND AFFILIATIONS**

Massachusetts Certified General Real Estate Appraiser #3111

**BUSINESS EXPERIENCE**

A professional real estate appraiser with 16 years of experience in the valuation of residential, commercial and industrial properties. Mr. Bernklow has worked as both an independent appraiser and as an employee for several firms throughout his career. Appraisal assignments have been completed in the following states: Connecticut, Maine, Massachusetts, New Hampshire and Rhode Island with most emphasis on Massachusetts and New Hampshire properties. Prior to his present affiliation, Mr. Bernklow served in the following capacities:

1996-1999	Senior Appraiser, Joseph C. Sansone Company F/K/A Property Tax Research Woburn, Massachusetts
1995-1996	Commercial Appraiser, Allied Appraisal Worcester, Massachusetts
1993-1995	Independent Fee Appraiser D/B/A Preferred Appraisals Pepperell, Massachusetts
1989-1994	Senior Appraiser, Property Consultants, Inc. Chelmsford, Massachusetts
1987-1989	Senior Appraiser, Realty Appraisals Tewksbury, Massachusetts
1985-1987	Appraiser, Appraiser Trainee, Able Appraisal Nashua, New Hampshire

**Appraisal Assignments Include:**

Apartments	Banks
Condominiums	Easements
Garages	High-End Residential
Horse Farm	Hotels and Motels
Industrial Land	Laboratory Buildings
Medical Office	Mill Buildings
Mixed-Use Properties	Multi-Family Dwellings
Office Buildings	Office Condominiums
Raw Land	Research & Development
Residential	Restaurants
Retail Plazas	Subdivisions
Unbuildable Land	Warehouses

**BUSINESS ADDRESS**

Avery Associates  
282 Central Street  
Post Office Box 834  
Acton, MA 01720-0834  
Tel: 978-263-5002  
Fax: 978-635-9435  
[rick@averyandassociates.com](mailto:rick@averyandassociates.com)



<p style="text-align: center;"><b>QUALIFICATIONS OF JONATHAN H. AVERY</b> <b>REAL ESTATE APPRAISER AND CONSULTANT</b></p>
---

**EDUCATION**

- BBA University of Massachusetts, Amherst, Massachusetts
- Graduate of Realtors Institute of Massachusetts - GRI
- American Institute of Real Estate Appraisers
  - Course 1-A Basic Appraisal Principles, Methods and Techniques
  - Course 1A-B Capitalization Theory and Techniques
  - Course 2 Basic Appraisal of Urban Properties
  - Course 6 Real Estate Investment Analysis
  - Course 410/420 Standards of Professional Practice

**PROFESSIONAL AND TRADE AFFILIATIONS**

- The Counselors of Real Estate
  - 1985 - CRE Designation #999
  - 1993 - Chairman, New England Chapter
  - 1995 - National Vice President
  - 1998 - First Vice President
  - 1999 - President
- Appraisal Institute
  - 1982 - Member Appraisal Institute - MAI Designation #6162
  - 1975 - Residential Member - RM Designation #872
  - 1977 - Senior Residential Appraiser - SRA Designation
  - 1981 - Senior Real Property Appraiser - SRPA Designation
  - 1986-1987 - President, Eastern Massachusetts Chapter
  - 1992 - President, Greater Boston Chapter
  - 1994 - National Executive Committee
  - 1995 - Chair, Appraisal Standards Council
  - 1996-1998 - Vice Chair, Appraisal Standards Council
- Massachusetts Board of Real Estate Appraisers
  - 1972 - MRA Designation
  - 1981 - President of the Board
- Affiliate Member, Greater Boston Real Estate Board
- Licensed Real Estate Broker - Massachusetts 1969
- Massachusetts Certified General Real Estate Appraiser #26
- New Hampshire Certified General Real Estate Appraiser #NHGC-241

**BUSINESS EXPERIENCE**

Mr. Avery is Principal of the firm of Avery Associates located in Acton, Massachusetts. Avery Associates is involved in a variety of real estate appraisal and consulting activities including: market value estimates, marketability studies, feasibility studies, and general advice and guidance on real estate matters to public, private and corporate clients. Mr. Avery has served as arbitrator and counselor in a variety of proceedings and negotiations involving real estate. During 1993, he served as an appraisal consultant for the Eastern European Real Property Foundation in Poland. He has been actively engaged in the real estate business since 1967 and established Avery Associates in 1979. Prior to his present affiliation, Mr. Avery served in the following capacities:

1978-1979     Managing Partner, Avery and Tetreault,  
Real Estate Appraisers and Consultants

1975 -1978     Chief Appraiser, Home Federal Savings and Loan Association  
Worcester, Massachusetts

1972-1975     Staff Appraiser, Northeast Federal Saving and Loan Association  
Watertown, Massachusetts

1971-1972     Real Estate Broker, A. H. Tetreault, Inc.  
Lincoln, Massachusetts

### **TEACHING EXPERIENCE**

- Instructor, Bentley College, Continuing Education Division, 1976-1982;  
Appraisal Methods and Techniques  
Microcomputer Applications for Real Estate Appraisal
- Approved Instructor Appraisal Institute - since 1982
- Chapter Education Chairman 1986-1987
- Seminar Instructor; Massachusetts Board of Real Estate Appraisers since 1981
- Certified Appraisal Standards Instructor-Appraiser Qualifications Board

### **PROFESSIONAL EXPERIENCE**

Qualified expert witness; Middlesex County District Court and Superior Court, Essex County Superior Court, Norfolk County Superior Court, Worcester County Probate Court, Federal Tax Court, Federal Bankruptcy Court, Appellate Tax Board of Massachusetts and Land Court of Massachusetts. Member, Panel of Arbitrators - American Arbitration Association, National Association of Securities Dealers Regulation, Counselors of Real Estate ADR.

#### **Appraisal Assignments Include:**

Land (Single Lots and Subdivisions)  
One to Four Family Dwellings  
Apartments  
Residential Condominiums  
Office Buildings  
Restaurants  
Industrial Buildings  
Racquet Club  
Petroleum Fuel Storage Facility  
Lumber Yard  
School Buildings

Historic Renovations  
Movie Theater  
Conservation Easements  
Hotels and Motels  
Shopping Centers  
Golf Courses  
Churches  
Gasoline Service Stations  
Farms  
Office Condominiums  
Automobile Dealerships

### **BUSINESS ADDRESS**

Avery Associates  
282 Central Street  
Post Office Box 834  
Acton, MA 01720-0834  
Tel: 978-263-5002  
Fax: 978-635-9435  
jon@averyandassociates.com

<p style="text-align: center;"><b>AVERY ASSOCIATES</b> <b>REPRESENTATIVE LIST OF CLIENTS</b></p>
--

**FINANCIAL INSTITUTIONS**

Fleet BankBoston  
Bay State Federal Savings  
Brookline Savings Bank  
Cambridge Savings Bank  
Cambridgeport Savings Bank  
CitiCorp Industrial Credit, Inc.  
Community National Bank  
Citizens Bank  
Enterprise Bank & Trust  
Danvers Savings Bank  
Farwest Savings Bank  
First Essex Savings Bank  
North Middlesex Savings  
Medford Savings Bank  
Eastern Bank  
Middlesex Savings Bank  
Banknorth Group  
Salem Five Savings Bank

**PUBLIC SECTOR/NON PROFIT**

MassHousing  
Massachusetts Highway Department  
Acton Housing Authority  
Lincoln Conservation Commission  
Federal Deposit Insurance Corporation  
Stow Planning Board  
Harvard Conservation Commission  
Town of Acton  
Town of Natick  
Town of Concord  
Water Supply District of Acton  
The Nature Conservancy  
City of Gloucester  
Mass. Dept. of Environmental Management  
Sudbury Valley Trustees  
The Trust for Public Land  
Walden Woods Project  
Internal Revenue Service  
Massachusetts Water Resources Authority  
U.S. Forest Service  
Trustees of Reservations

**CORPORATIONS**

Eastman Kodak Corporation  
Toyota Financial Services  
MassDevelopment  
Concord Lumber Corporation  
Exxon Mobil Company  
Prudential Relocation Management  
Whittaker Corporation  
Mitre Corporation  
Dow Chemical Company  
NYNEX Properties Company  
Varian Associates  
Monsanto Chemical  
Cendant Mobility Services  
Sun Life Assurance Company  
Veryfine Corporation  
Coca Cola Company  
Westinghouse Broadcasting  
Boston Medflight

**LAW FIRMS & FIDUCIARIES**

Nutter, McClennen & Fish  
Lynch, Brewer, Hoffman & Fink  
Ropes & Gray  
Foley, Hoag & Eliot  
Holland & Knight  
Palmer & Dodge  
Loring, Wolcott & Coolidge  
Peabody & Arnold  
Esdaile, Barrett & Esdaile  
Harrison & Maguire  
Jager & Smith  
Hemenway & Barnes  
Hale & Dorr  
Lee, Levine & Bowser  
Choate, Hall & Stewart  
Brown, Rudnick, Berlach & Isreals  
Rierner & Braunstein  
Hanify & King  
Posternak, Blankstein & Lund  
Comins & Newbury  
Anderson & Kreiger



# TOWN OF BOXBOROUGH

**SANDERS (SANDY) J. GENNA, MAA**

**TOWN ASSESSOR**

29 Middle Road, Boxborough, Massachusetts 01719

Phone (978) 264-1720 • Fax (978) 264-3127

[sgenna@boxborough-ma.gov](mailto:sgenna@boxborough-ma.gov)

[assessor@boxborough-ma.gov](mailto:assessor@boxborough-ma.gov)

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## **70-72 Stow Road** **Opinion of Value**

**“AS IS” VALUE = \$591,209 (Rounded)**

**“AS VACANT” VALUE = \$556,209 (Rounded)**

Inspection Date: 11/25/2019

Purpose: To determine the current residential “as is” fair market value **as is**. Sub-division of the parcel into smaller residential lots was not considered. The current structures should be razed.

Scope: The parcel is located in a residential/agricultural zone restricting what improvements can be made. It was inspected on 11/25/19. Deeds and municipal records, zoning maps, wet land protection maps, water protection maps, flood maps and a previous appraisal were reviewed. Three years of sales of similar properties showed no sales in Boxborough. Therefore, current listings and current “under agreements” listings were also reviewed. Due to limited land sales and listings within the Town of Boxborough similar sales, listings and “under agreements in the neighboring Towns of Harvard were also reviewed. Harvard is similar in demographics and value.

The subject property is located in proximity to the area known as “Town Center” with easy access to Massachusetts Avenue. The area consists of retail/office buildings, condominiums, a place of worship, multifamily homes, single family homes and Town Hall. The property is made up of two parcels containing approximately 13.48 Acres. Approximately one quarter of the land is within an Interim Well Head Protection zone (See Attached Map). The parcel also possesses 613’ of frontage along Stow Road. The land was originally purchased by the Town with the possibility of subdividing the lot into commercial or residential lots. The parcel has never been subdivided. At this time the Town is considering utilizing the parcel to construct a new Safety Center.

Upon inspection the land it was noted to be mostly wooded with a cleared area of approximately of 3-4 acres. The clearing is located towards the front and center of the lot. Within this area there are two small vacant houses and a garage. It is this writer's understanding that all three structures have been vacant for a number of years. Based this information and exterior inspections, all three structures were noted to be in disrepair. No interior inspections of these structures were conducted. The land gently rises above grade to the center with a steep decline to the rear. The parcel is bordered by multi-family buildings to the north, a residential complex to the east, single family homes to the south and condominiums to the west. The area for future development is surrounded by a substantial amount of woods providing adequate visual and sound buffers between any development and the abutting properties.

Both parcels including the structures are currently assessed at a total of \$565,500. All three structures appear to be incorrectly assessed as the garage and "cottage" are considered to be in fair condition. The main house is considered to be in average condition. At best I would consider each structure to be in "poor" condition.

A search of MLS and the Patriot database show no valid land sales within the past three years in Boxborough. Therefore similar sales and listings located in the Town of Harvard and one under agreement in Boxborough were considered.

**1178 Hill Rd. Boxborough, MA. – Under Agreement**

Listed at \$425,000 – 13.48 Acres.

This lot is located in proximity to the Littleton Town line and Rt. 495. It is reported to be a sloping wooded lot with wetlands and electric at the street. As per MLS perc testing has not been completed. With adjustments for the location and lack of perc testing an estimated adjustment \$10,000 would be called for to reflect the subject's superior location and fairly level cleared lot.

$$\$425,000 + \$10,000 / 13.48(\text{acres}) = \$32,270 \text{ per acre}$$

**168 Bolton Rd. Harvard, MA.**

Sale date 12/3/18

Sale Price = \$595,000

This is reported to be a 16.8 acre lot containing wetlands, some areas of sloping land, wooded area, a cleared area and electric at the street.

$$\$595,000 / 16.8 \text{ Acres} = \$35,416 \text{ per acre}$$

**Lt #2 Willard Ln. Harvard, MA**  
List Price = \$799,000 - 23.33 Acres

This lot is reported to be level with farmland and wooded areas.

$\$799,000 / 23.33 \text{ (acres)} = \$34,247 \text{ per acre}$

Average per acre = \$33,977

70-72 Stow Rd. – 13.48 acres x \$33,977 = \$458,009

Main House = \$ 75,000 (Est)

Cottage = \$ 55,600 (Est)

Garage = \$ 2,600 (Est)

Total \$591,209

Estimated Demolition - \$ 35,000

Total = \$556,209

Sincerely,



Sanders J. Genna, MAA  
Town Assessor