



Community Opportunities Group, Inc.

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MEMORANDUM

TO: John Connery, Connery Associates; Roy MacDowell, Boulder Capital; Steven Zieff, Boulder Capital

FROM: Judi Barrett

DATE: March 28, 2008

RE: Legacy Farms Revenue Assumptions

CC: Anthony Troiano, Town Manager; Elaine Lazarus, Planning Director; J. Raymond Miyares, Town Counsel

In our March 10, 2008 interim report to the Town, we stated that we were still reviewing your Legacy Farms revenue assumptions. Since we have nearly finished this portion of our review, I want to identify a concern so that you can address it as soon as possible.

In your recent submissions to the Planning Board, you indicate that you are using FY 2008 as the base year for the service costs associated with Legacy Farms. Accordingly, we need to make sure that revenue assumptions line up with FY 2008 conditions as well. We are reasonably comfortable with your estimated assessed value per sq. ft. for retail/restaurant and commercial space, although the office space value you used appears somewhat high for Hopkinton. Nonetheless, we are more concerned about the assumed average sale price (and by extension, the assumed average assessed value) for townhouse units.

In consultation with the Town's assessor, we understand that townhouse sale prices usually run about one-half of single-family sale prices in Hopkinton. We also understand that even when the market was strong, the highest sale price for a new high-end townhouse was about \$650,000. Today, the sale prices for these units have dropped considerably, but as you know, FY 2008 assessed values would not reflect current conditions; instead, they would reflect market conditions of approximately one year ago. After consulting with the assessor, we obtained a database of townhouse sales in Hopkinton during 2006 and 2007 and found that for new units, sale prices ranged from a low of \$397,000 to a high of \$626,500 (excluding affordable units in comprehensive permit developments).

While the proposed units at Legacy Farms may sell for an average of \$745,000 in the future, we are unable to locate evidence of townhouses that sold in this price range during the period within which comparable sales would have been used to set Hopkinton's FY 2007 or FY 2008 assessed values. Since the projected tax revenue from townhouses

constitutes a fairly large percentage of the overall projected revenue for Legacy Farms, it is important to establish an appropriate assessed value assumption for these units. Alternatively, if you plan to use future estimated sale prices as a basis for your revenue assumptions, municipal and school service costs will need to be adjusted to the same future base year.

Please provide documentation to support your townhouse sale price and absorption rate assumptions and so that we may review it. We also need documentation that shows how you arrived at an assumed sale price of \$425,000 for the multi-family condominiums. We are trying to wrap up our work so that we can focus on completing a review of public safety costs once we receive Fay, Spofford & Thorndike's peer review of your traffic study. Should you have questions, please don't hesitate to call me at (781) 834-7324, or on my cell phone, (617) 455-8641.

Thank you in advance for your cooperation.