

Via email ZBA Chairperson@manchester.ma.us

Dear Chair Mellish:

My name is Lee Dellicker. I am a resident of Manchester and live at 10 Forster Road. I write to you regarding concerns I have over the SLV project being proposed on upper School Street.

As some of you know, I was the CEO of Windover for many years and responsible for the successful development and construction of many projects right here in Manchester, Beverly, Gloucester, and throughout Eastern Massachusetts, New Hampshire, and Maine. Windover's portfolio includes large multi-family developments, academic and institutional facilities, hospitality projects (i.e. Gloucester Beauport Hotel), non-profit facilities (i.e. the Cape Ann YMCA), and a separate custom home division. We at Windover are very familiar with affordable housing having built many 40B projects for the North Shore YMCA, and successfully developed, constructed, and continue to own over 200 housing units for homeless veterans throughout Massachusetts and New Jersey. Windover is now 100% employee-owned and I have retired as CEO. I remain active with the company in my current role as Chair of the Windover Board.

I took the liberty to review the pro forma presented by the developer of the SLV project. While the developer did not provide adequate detail to thoroughly understand their assumptions and detail behind their numbers, I have studied what detail they did provide and offer the following observations/opinions:

- I am very concerned with the developers estimate of the site work cost. I have looked at this site several times as a potential development site, and as part of the team evaluating sites for the Manchester/Essex Middle/High School Building Committee. I am very familiar with the quantities of ledge that must be removed to allow construction, and the wetland areas restricting the building envelope. For this site to become feasible for construction, there must be detailed studies evaluating the cost of ledge removal compared to the cost of extreme site walls. Going back several years, we estimated site costs on this site in excess of \$10MM compared to SLV's current estimate of \$8MM. I can't imagine this estimate has come down in the intervening years. I think a more detailed study of these site costs may yield a cost of more than \$12MM.
- This site should require a performance and payment bond. None has been included in the pro forma.
- The acquisition cost is listed as \$1.6MM. My understanding is the actual acquisition cost is considerably higher, \$4 million.
- This project will require monitoring of the sensitive wetlands, blasting, hydrology, etc. This could be as much as \$500k of costs that are not accounted for in the pro forma.
- The building construction cost of the residential units seem very low. They have listed the cost at \$245 per square foot. Windover constructed the 200 units next to the new YMCA in Gloucester completing them in 2020 at a cost of \$285 per square foot.

Currently Windover has several similar size multi-family developments under construction. The average building cost for these projects is \$323 per square foot.

- The estimate of the structured parking also seems very low. SLV listed the cost to be \$100 per square foot. Windover completed a very simple parking deck at Endicott College almost 5 years ago at a cost of \$125 per square foot. Accounting for inflation, SLV's estimate seems to be 50% too low.
- Architect and Engineering fee estimates seem low for this type of project.
- Adding the actual land cost (\$4 million) to my current estimates for site preparation (at least \$12 million), realistic cost per square foot for the building (at \$323/square foot = \$59.2 million) and structured parking (at \$150/square foot = \$14.5 million), with a 10% contingency, my estimate of the hard cost comes out at \$89.7 million as compared to SLV's estimate of \$65.7 million. The 36.5% increase in hard cost is a real number that has to be accounted for in some fashion.

In sum, I feel this pro forma is, at best, very optimistic. Having personally looked at this site several times over the course of a few years, I determined that this site is not suitable for development.

I urge the ZBA to seek assurances that if any construction is commenced at this site, it will actually be completed. The worst outcome would be to have work start on this undeveloped and environmentally sensitive site and then have the project abandoned. The first step toward this assurance would be to require a payment and performance bond covering the entire projected cost of the project based on final construction documents and permitting requirements. But given the fact SLV has already provided estimated costs that I believe are unrealistically low, I also urge the ZBA to require that prior to issuance of any building permit the project has received fully committed equity and debt funding for the entire project and lease up, also based on final construction documents and permitting requirements. Then at least the town has some comfort that knowledgeable third parties have reviewed the budgets and funding sources and have determined they make sense by committing their funds to the project. These are commercially reasonable requests that in my experience a Town like Manchester would require for any proposed development of this size, particularly on such a sensitive and constrained site.

Thank you for your time and consideration of my comments.

Sincerely,

Lee Dellicker
10 Forster Road