Lincoln School Apartments

Market and Financial Feasibility Analysis

November 2025

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Note: Throughout this document words or phrases highlighted in blue indicate a hyperlink to specific source material.

RKG Associates, Inc. (RKG), in partnership with Innes Associates, was contracted by the Hingham Affordable Housing Trust (HAHT) to support the development of a Request for Interest (RFI) for the potential disposition, rehabilitation, and expansion of the Lincoln School Apartments (LSA), a 60-unit income-restricted senior housing property located at 86 Central Street in Hingham, Massachusetts.

The Town and HAHT are considering what ownership strategy would best enable significant reinvestment in the existing building and if feasible, the construction of additional affordable senior housing units on the site. This effort includes understanding market conditions, identifying development and financing pathways such as LIHTC and Historic Tax Credits, and determining how various redevelopment scenarios could improve long-term sustainability for current and future residents. The Consultant team also participated in a series of interviews and a site tour with developers, during October & November 2025, concerning financing and development alternatives which led to the determination of scenarios presented in the financial feasibility section of this report.

Site Context

Lincoln School Apartments is situated on a centrally located parcel within walking distance of Hingham Square, municipal services, and community amenities frequently used by older adults. The property consists of a former school building adapted for senior housing, with surface parking and landscaped areas integrated into the surrounding residential neighborhood.

The site's configuration and existing structure present both opportunities and constraints for potential expansion.

The Lincoln School Apartments

Source and Image Credit: Google Earth

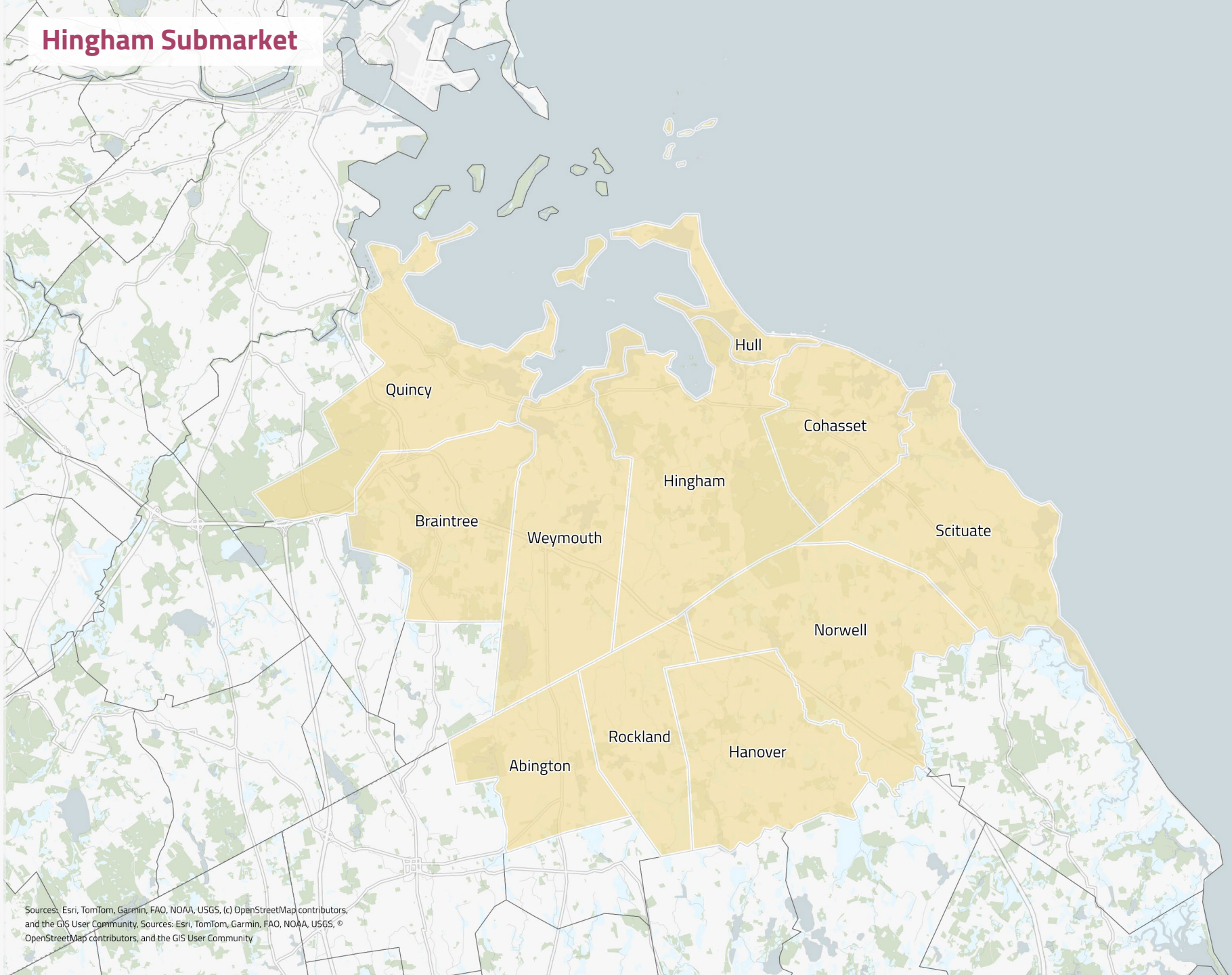
The Lincoln School Apartments

Source and Image Credit: RKG Associates

Hingham Submarket

To compare market conditions within Hingham to a broader submarket, the communities highlighted in orange represent what is referred to as the submarket throughout this report.

Across demographics, older adult housing product and property comparables, Hingham is compared to this collection of communities to benchmark performance and the underlying fundamentals.



Key Trends for Older Adult Affordable Housing

Supply Indicators

- Limited availability of income-restricted senior housing in the South Shore.
- Few comparable affordable older-adult properties within Hingham or adjacent towns.
- Strong, sustained occupancy at existing affordable senior buildings across the region.
- Most residents originate from the host community or nearby South Shore municipalities.
- Overall housing production in Hingham remains low, limiting turnover and options for lower-income seniors.

Demand Drivers

- Rapid growth in the 65+ population across the South Shore and metro Boston.
- Increased need among older adults for stable, predictable housing costs on fixed incomes.
- Many seniors prefer to remain near long-established social networks, services, and family members.
- Downsizing or right-sizing is constrained by limited supply of affordable alternatives.
- Substantial low-income senior households—even in higher-income towns—support continued demand for subsidized units.

Barriers & Risks

- High development and rehabilitation costs challenge feasibility without layered subsidies.
- Limited site availability in Hingham restricts opportunities to produce additional senior units.
- Capital needs and modernization requirements at older buildings increase financial risk for owners or potential partners.
- Slower approval timelines and regulatory complexity in Massachusetts can delay delivery of age-restricted affordable housing.
- Economic uncertainty may affect financing sources, especially tax credits and soft funding programs.

Captured above are key trends shaping affordable senior housing in the South Shore and Boston metro region. These considerations are particularly relevant for Lincoln School Apartments, where aging demographics, strong local demand, and limited comparable supply underscore the importance of modernizing and expanding income-restricted housing for older adults. These factors provide essential context for evaluating reinvestment needs and future redevelopment potential at the property.

Overview Summary

- In the context of Hingham and the South Shore Submarket, the older adult population continues to grow, and demand for income-restricted senior housing remains strong, reflected in long waitlists at the Lincoln School Apartments and other South Shore properties. The site's walkable location near Hingham Square, municipal services, and daily amenities positions it well for continued use as senior housing. However, the existing building faces significant modernization needs—roofing, HVAC, repointing, and ADA compliance—that exceed the property's operating capacity, underscoring the need for a reinvestment strategy that balances capital needs with long-term affordability and preservation goals.

  Comparable adaptive-reuse projects in Bridgewater, Auburn, and Southbridge demonstrate a consistent redevelopment pattern: school-to-senior housing conversions are made financially feasible through layered public-private partnerships. These projects rely on combinations of federal LIHTC equity, state historic credits, soft funding from state and nonprofit sources, and strategic local commitments—often including CPA support and municipal disposition at low or no cost. These case studies confirm that historic reuse for senior housing is both achievable and impactful when scale, subsidies, and flexible procurement processes are aligned.

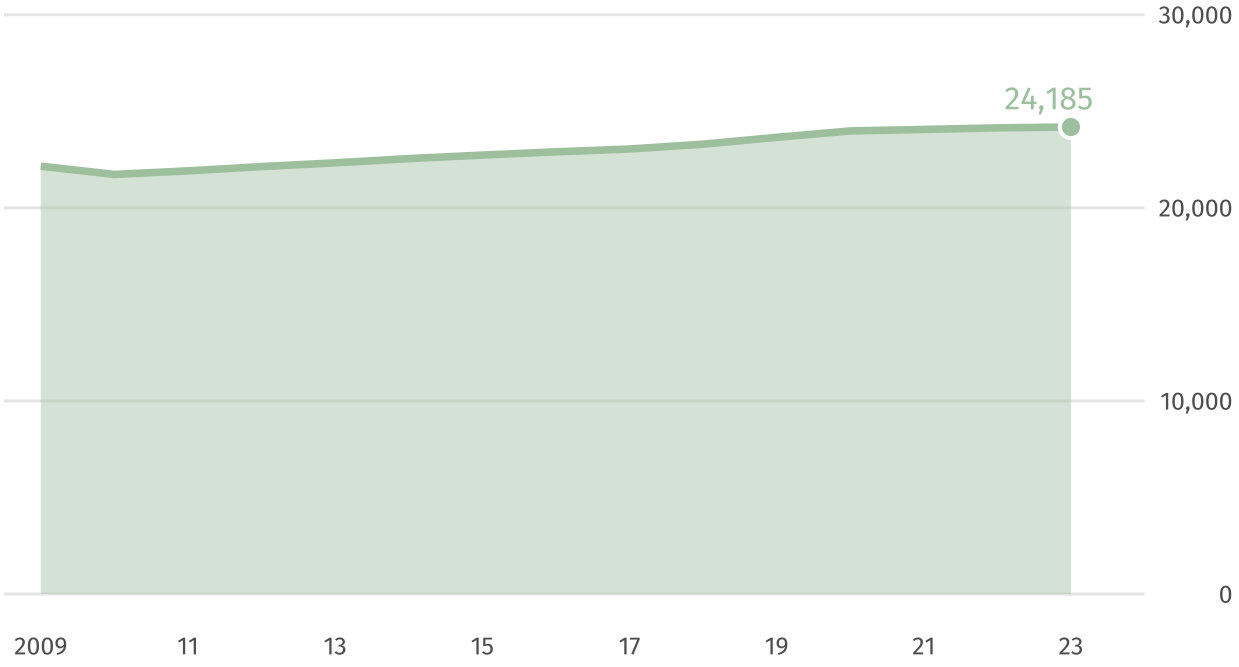
  Financial feasibility testing of three scenarios—renovation only, renovation plus 30 new affordable units, and renovation plus a 30-unit mixed-income addition—shows that each option generates a notable funding gap due to construction costs, phased renovation logistics, and operational impacts during unit turnover. While adding new units improves economies of scale and enhances long-term financial performance, none of the scenarios are self-supporting without outside subsidy. The findings reinforce that Lincoln School's reinvestment will require a layered capital stack, early decisions about ownership structure, and coordinated planning around density and site yield to align the project with developer expectations and available state and federal programs.

Hingham Market Overview

Demographic Trends

Population growth in Hingham and its submarket have continued to climb.

Change in Total Population



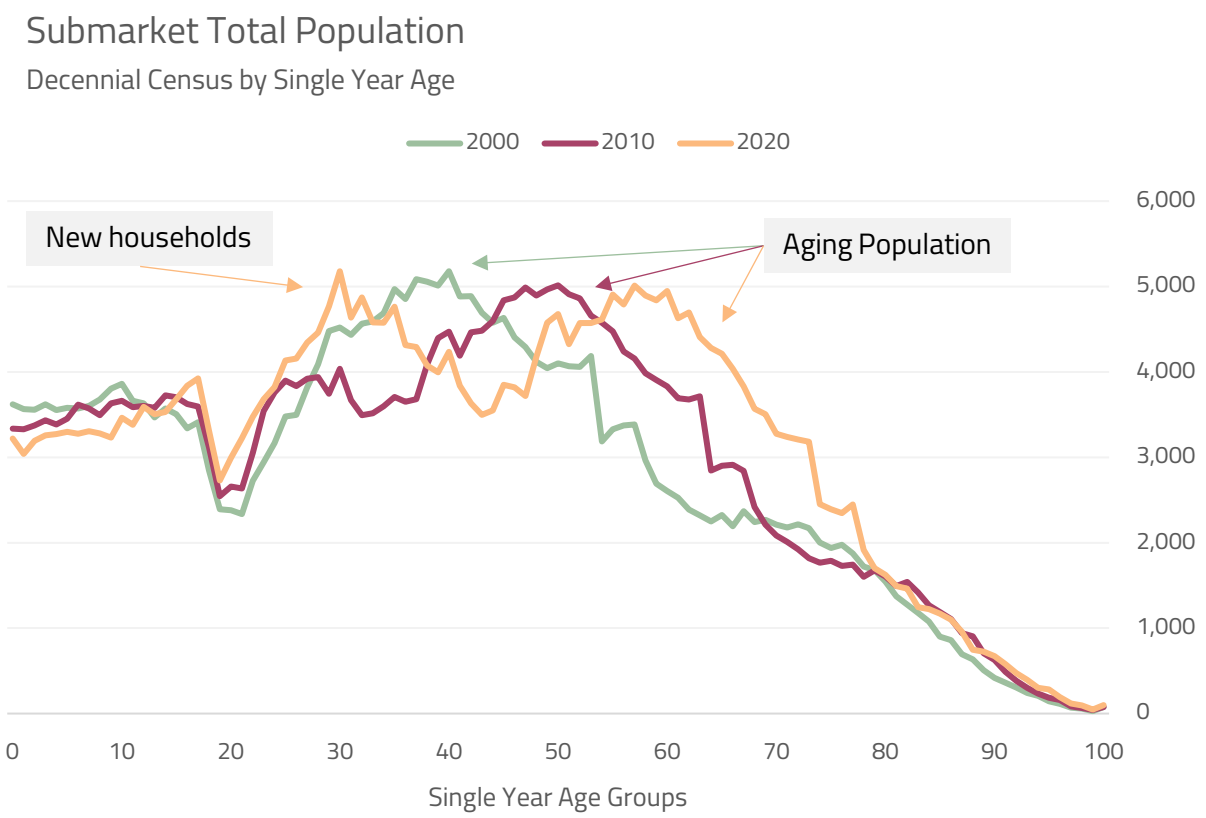
Town	2018[1]	2023[1]	Absolute Change[1]	Percent Change
Braintree	37,207	38,762	1,555	4.2%
Cohasset	8,449	8,358	−91	−1.1%
Quincy	94,121	101,361	7,240	7.7%
Weymouth	56,384	57,786	1,402	2.5%
Abington	16,330	17,008	678	4.2%
Hanover	14,397	14,800	403	2.8%
Hingham	23,298	24,185	887	3.8%
Hull	10,424	10,098	−326	−3.1%
Norwell	10,987	11,309	322	2.9%
Rockland	17,909	17,709	−200	−1.1%
Scituate	18,591	19,145	554	3.0%

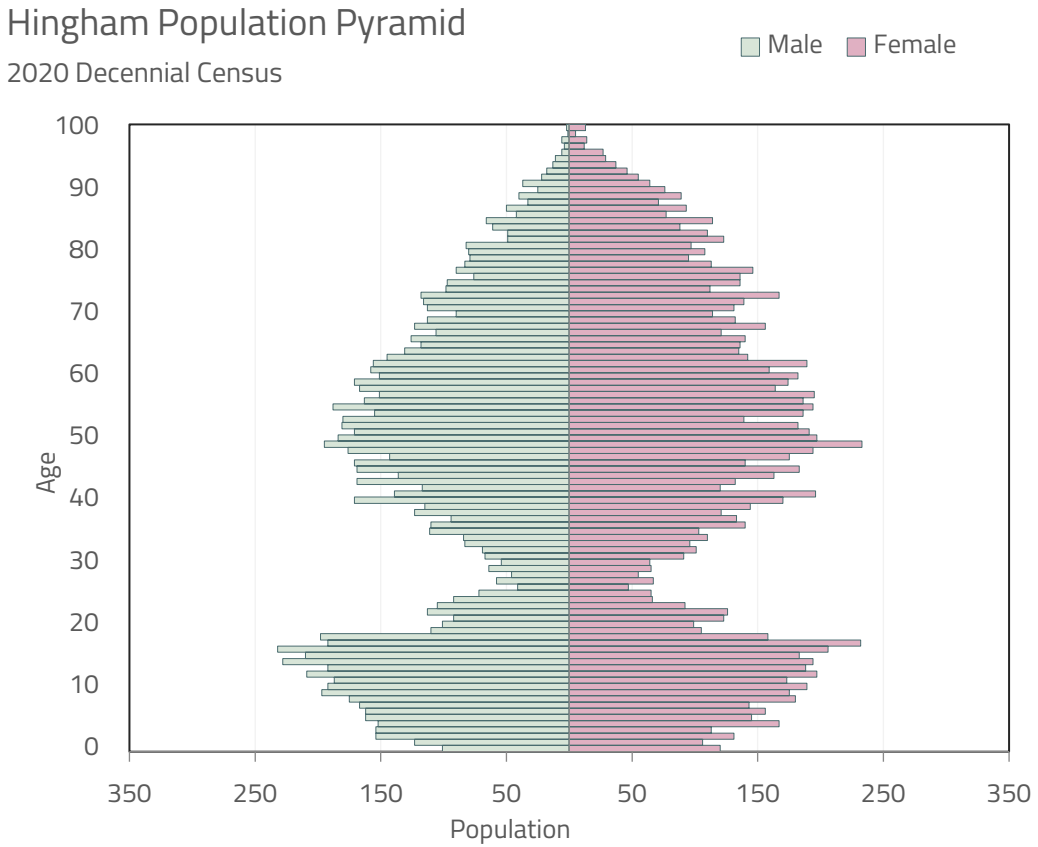
[1] ACS Total Population Estimate

Population growth in Hingham has been steady over the past few decades. The most recent ACS estimates indicate growth has outpace several neighboring towns. The broader submarket has also experienced moderate growth, driven largely by strong gains in Quincy, Weymouth, and Abington. While a few communities such as Cohasset, Hull, and Rockland saw slight population declines, the overall region continues to expand, reflecting ongoing demand for housing in across South Shore communities.

Source: ACS 5-Year Estimates

South Shore communities across the submarket are seeing a steady rise in older adult populations.





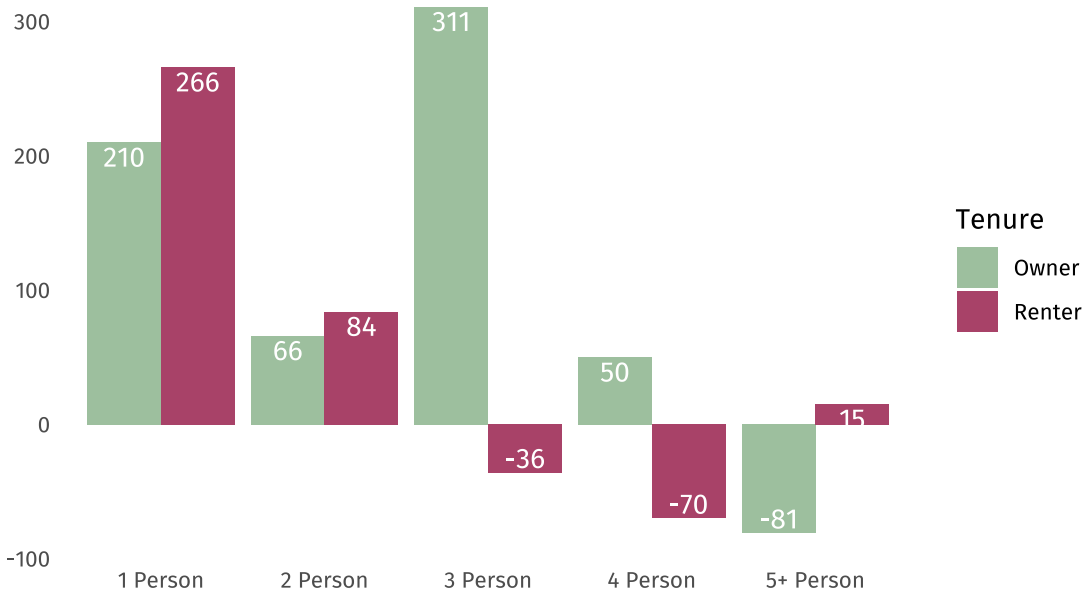
The submarket's age distribution (left) shows a clear and steady aging pattern, with each successive decade producing a ten-year shift in the population peak and an increasingly larger share of residents over age 65. At the same time, the submarket has experienced a noticeable spike in 30–35-year-olds, likely reflecting the arrival of new households and early-stage homebuyers.

Hingham (right) mirrors these regional dynamics, with its population pyramid showing strong concentrations of residents under 20 and above 40, and particularly large cohorts between ages 65 and 80—evidence of long-term aging in place and limited turnover. Together, these patterns highlight a growing need for older adult housing options and supportive environments, as the supply of younger households is not keeping pace with the expanding older population.

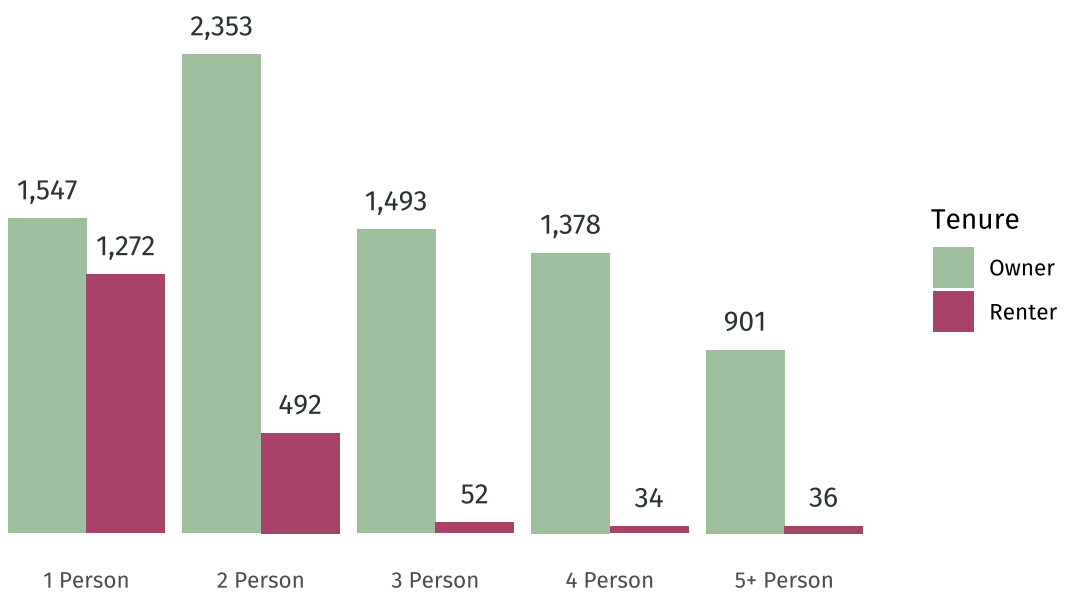
Source: Decennial Census

Hingham has seen the most growth in one-person households and three-person owner households.

Change in Household Size by Tenure



Household Size by Tenure



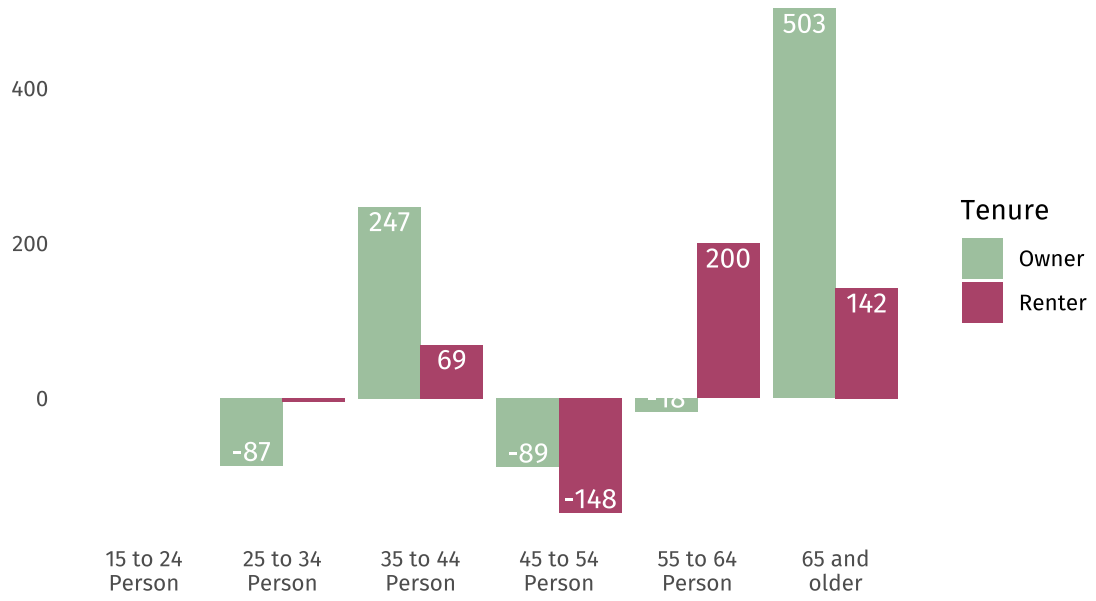
ACS 5-year estimates of Hingham households by size and tenure indicate that over the past decade, Hingham has seen considerable growth in one-person owner and renter households. This is a likely mix of new rental units added to the market and owner households with a single person living alone—typically older households.

Hingham has also seen a notable increase in three-person households which is often a leading indicator of newer households buying into the market although in other instances this can be children moving back home or intergenerational households as well.

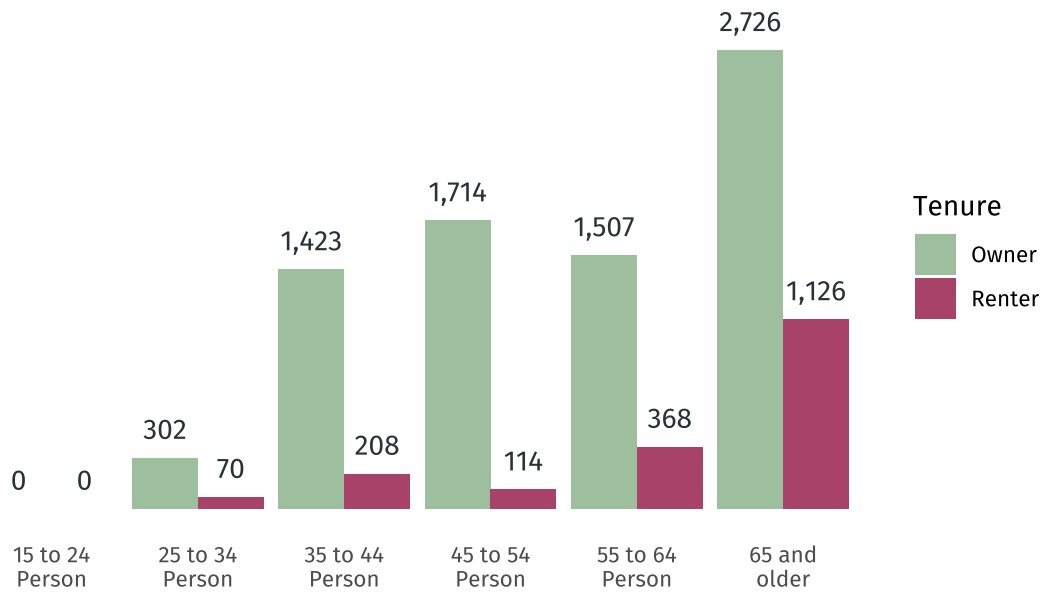
Source: ACS 5-Year Estimates, 2018 - 2023

Most of Hingham's household change was driven by households 65 years and older.

Change in Households by Age & Tenure



Household Age by Tenure



Comparing ACS estimate of household tenure and age, Hingham's household trends show clear aging dynamics, with the largest gains occurring among households age 55 and older—particularly older owner households, which have grown substantially over the past decade. At the same time, renter households in the 55–64 and 65+ cohorts have also increased, reflecting a mix of aging in place, downsizing, and growing demand for alternative housing options.

Younger owner and renter households have declined or remained relatively flat, underscoring limited turnover and high barriers to entry for first-time buyers. For households 35 to 44, Hingham saw increases both in owners and renters—this trend in unsurprising given the previous data points, as the median first-time homebuyer in the Boston Metro has shifted to the 35 – 44 age cohort.

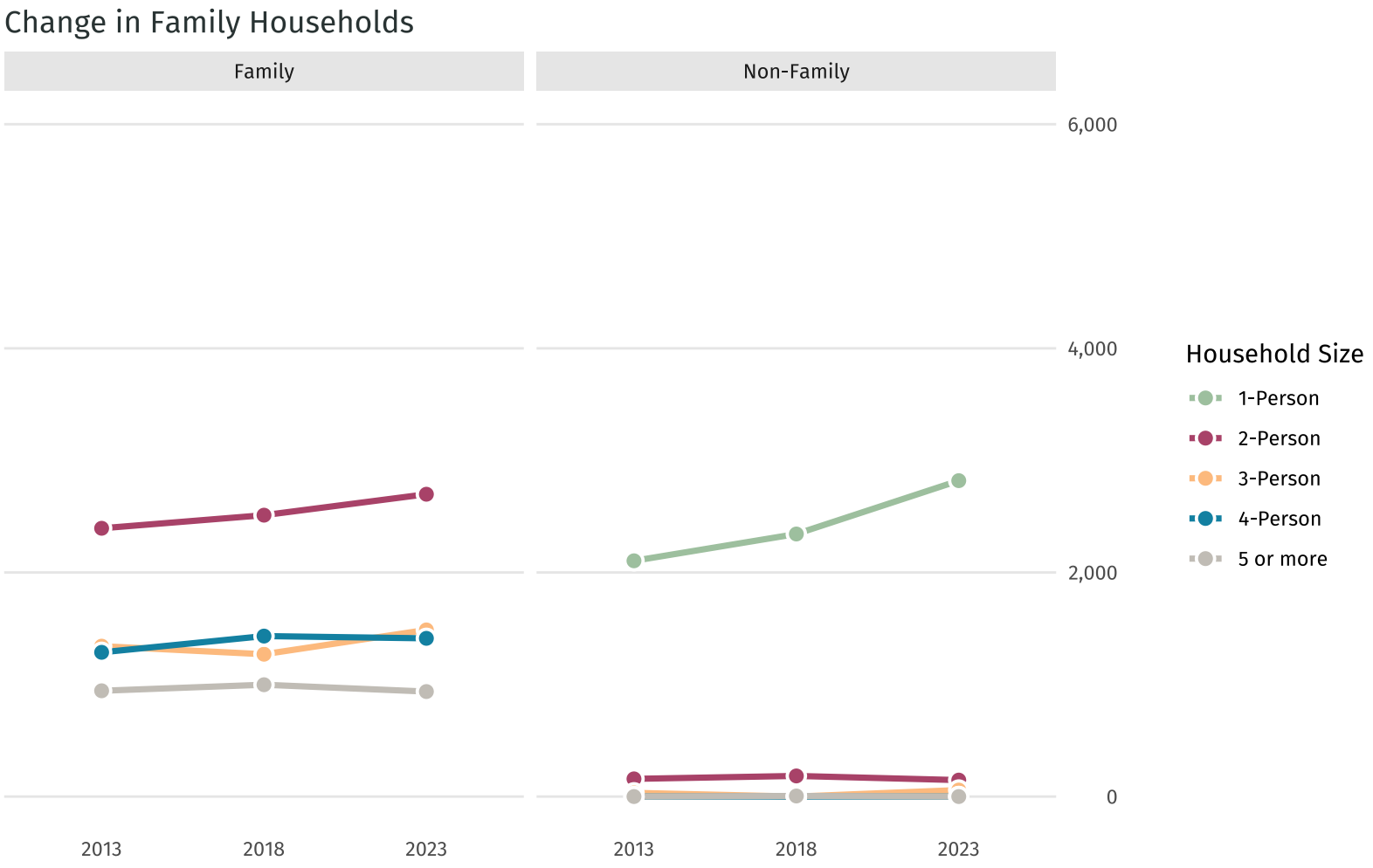
Source: ACS 5-Year Estimates, 2018 - 2023

The largest share of household change was driven by one-person households.

Hingham's household composition continues to evolve, with modest but steady growth among family households—particularly two-, three-, and four-person families.

At the same time, the most notable change is on the non-family side, where one-person households have grown significantly over the past decade. This rise in single-person households accompanied with the previous data points on age of householder are consistent with broader aging-in-place trends as more older adults remain in the community live alone.

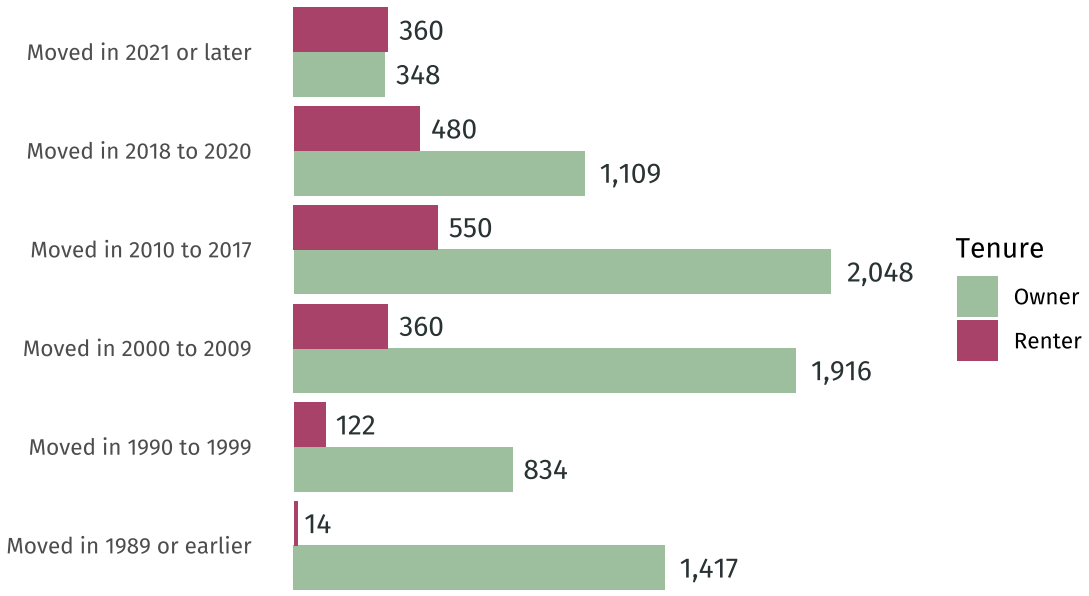
Together, these shifts reinforce the dual drivers in Hingham & the submarket : aging residents and higher income younger household entrants.



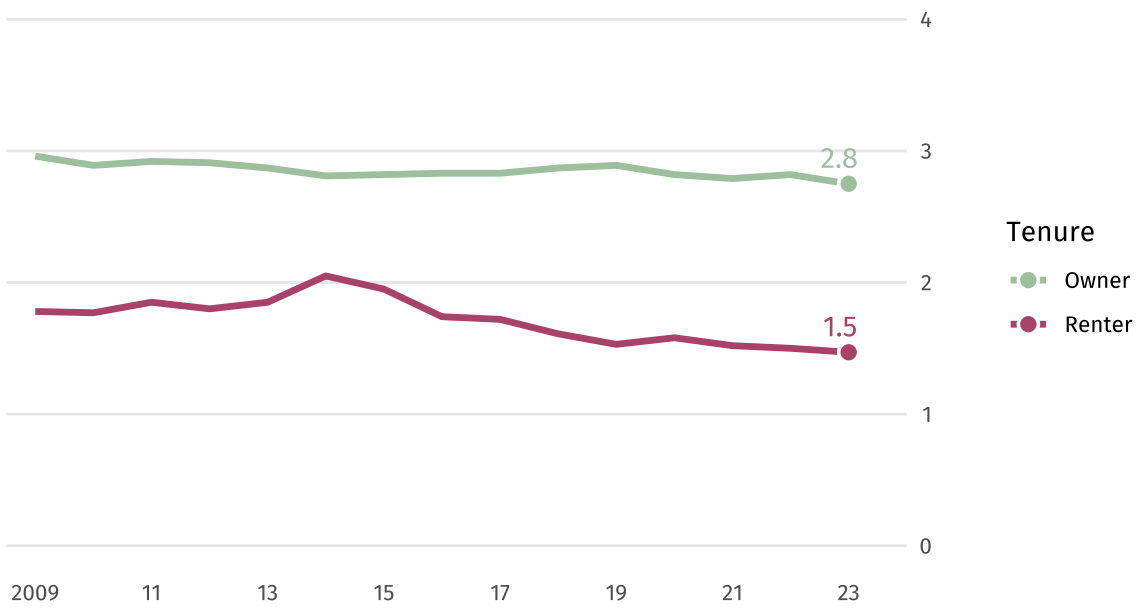
Source: ACS 5-Year Estimates, 2013 - 2023

Hingham has seen continued average household size shrinkage and slower residential mobility on the ownership side.

Year Householder Moved In



Change in Average Household Size



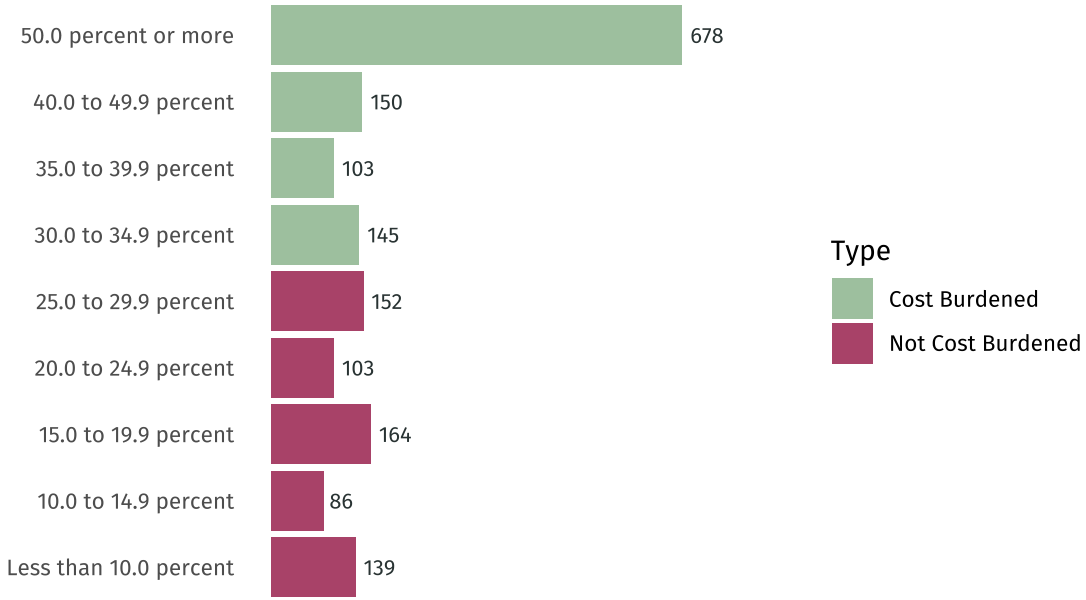
Based on ACS estimates for Hingham, the distribution of move-in years (left) shows that a large share of Hingham's owners have been in their homes for multiple decades, reinforcing the pattern of long-term aging in place and limited turnover among older households. At the same time, recent in-movers are far more likely to be renters, reflecting both the addition of newer rental units and the influx of younger or transitioning households who cannot easily access Hingham's ownership market.

These trends track with the continued decline in renter household size and the gradual shrinkage in owner household size, suggesting more single-person and older households living alone across both tenures. Together, these patterns highlight a housing market shaped by two parallel forces: an aging resident base remaining in place for long periods, and a growing segment of newer, smaller renter households entering the community.

Source: ACS 5-Year Estimates, 2018 - 2023

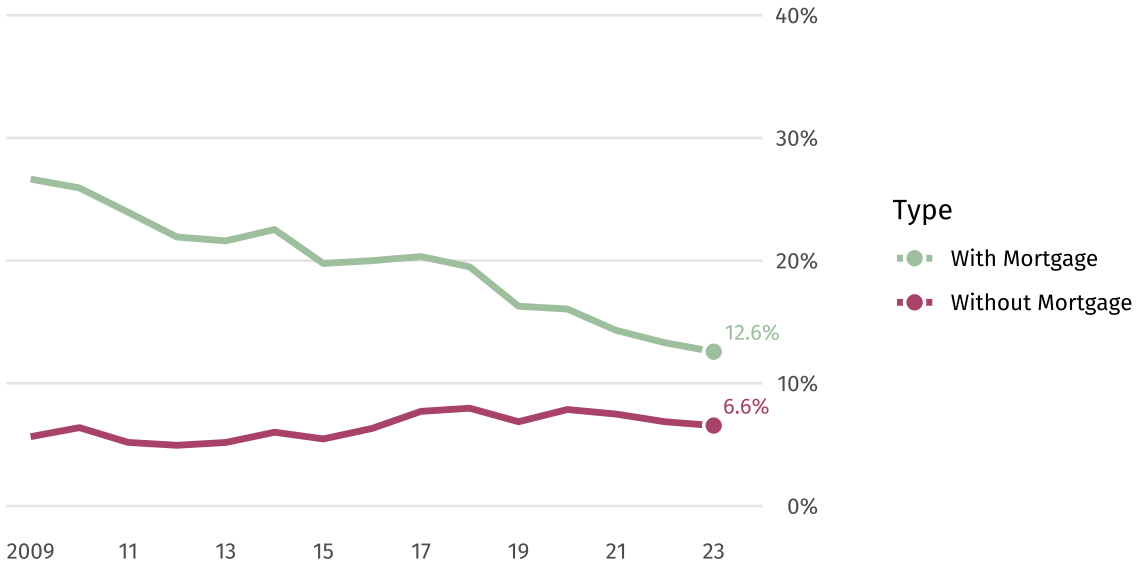
Cost burdening in Hingham continues to exacerbate among renters, among owners it has declined.

Rent as a Percent of Income



Households that spend 30% or more on housing costs

By Mortgage Status

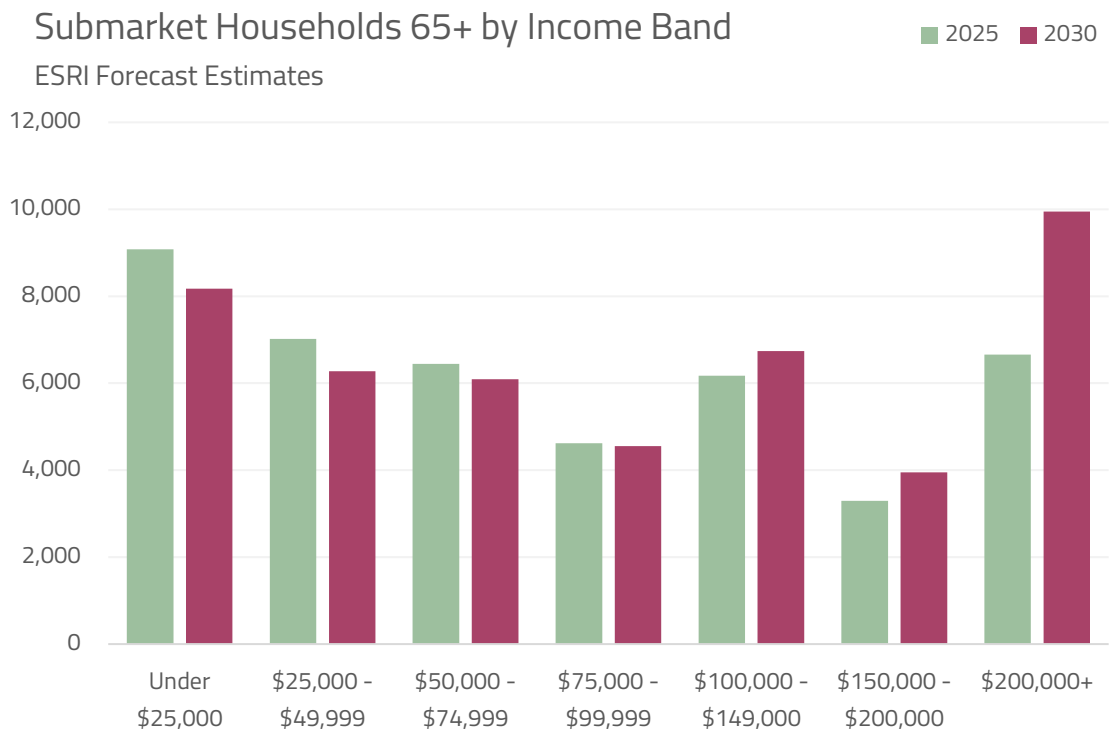


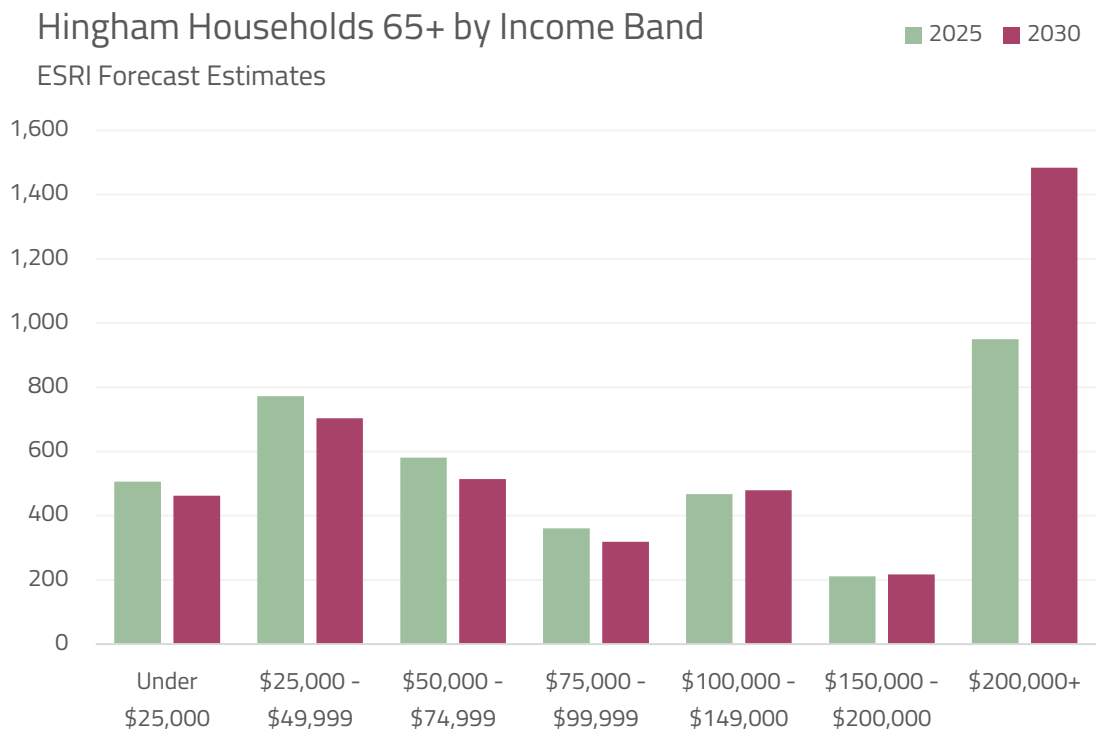
Hingham's renter households experience notably higher levels of cost burdening, with the largest share spending 50% or more of income on rent—unsurprising given rising rental costs in the submarket and the presence of older renters on fixed incomes. Rising regional rents also contribute to this pressure, making affordability a challenge even for younger renters entering the community.

Among owners, cost burdening has steadily declined over time, reflecting a homeowner base that is increasingly high-income, long-tenured, and less likely to carry a mortgage. Together, these trends highlight a growing affordability gap between renters and owners, underscoring the importance of preserving and expanding income-restricted senior housing like Lincoln School Apartments.

Source: ACS 5-Year Estimates, 2009 - 2023

Despite income and wealth gains among older adults, demand for more affordable options remains considerable.





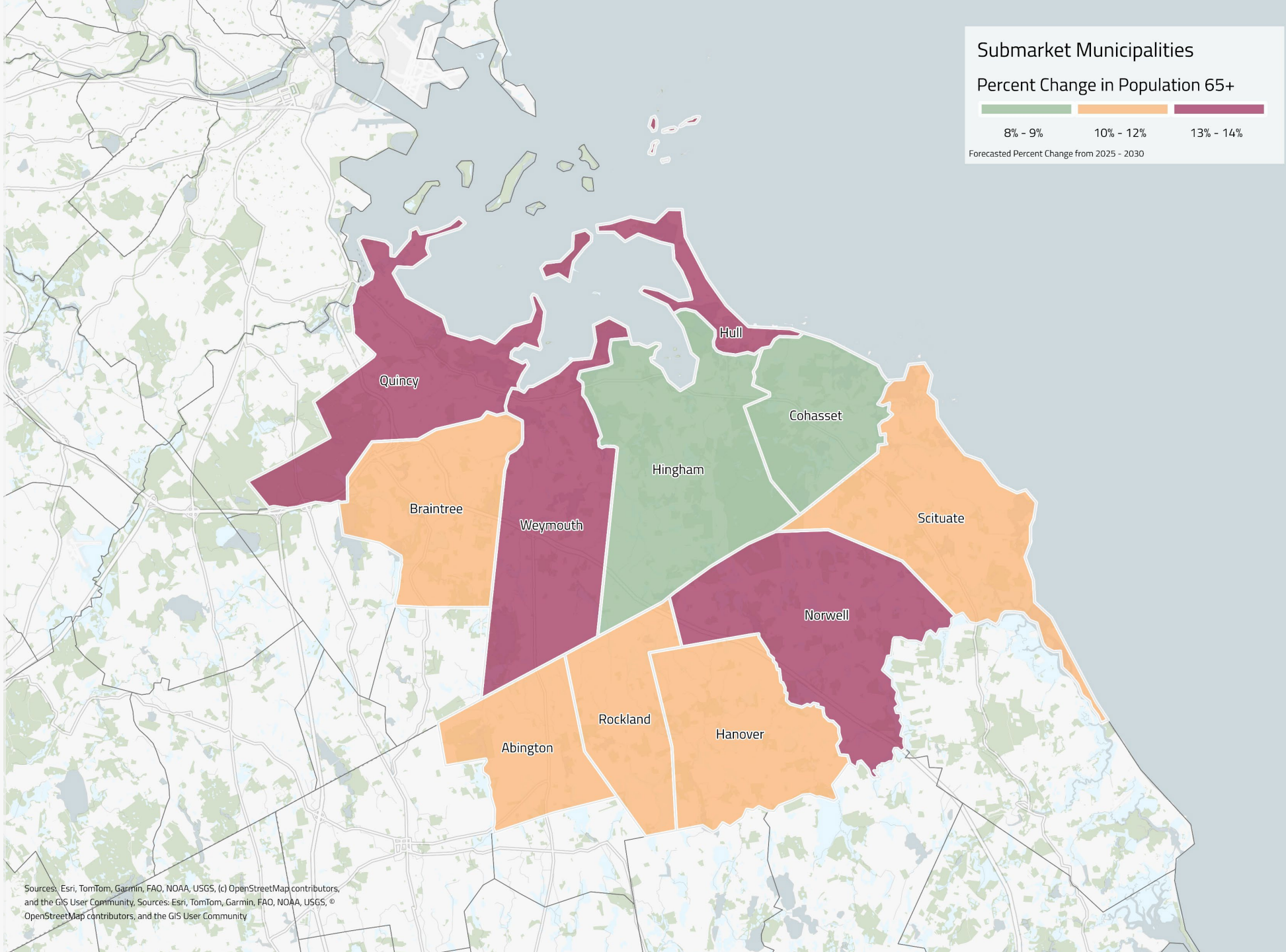
ESRI forecasts of households 65 and older by income band show that while the submarket's 65+ households are projected to continue seeing income growth overall, a substantial share will still fall below $50,000 in annual income. It should be noted that this could reflect some older adults on fixed incomes who may be asset-rich but cash-constrained. Hingham mirrors this submarket bifurcation, growth is strongest among high-income older adult households, yet a meaningful segment of older residents will continue to have very limited incomes.

These trends coupled with the long waitlists at Lincoln School Apartments and the broader aging trends across the region, the persistence of low-income older adult households affirms ongoing demand for affordable and supportive older adult housing option.

Source: ESRI 2025 – 2030 Demographic Estimates

Across the submarket, ESRI forecasts show that every community is expected to see continued growth in its 65+ population, with several towns—particularly Quincy, Norwell, and Weymouth—projected to experience some of the fastest increases.

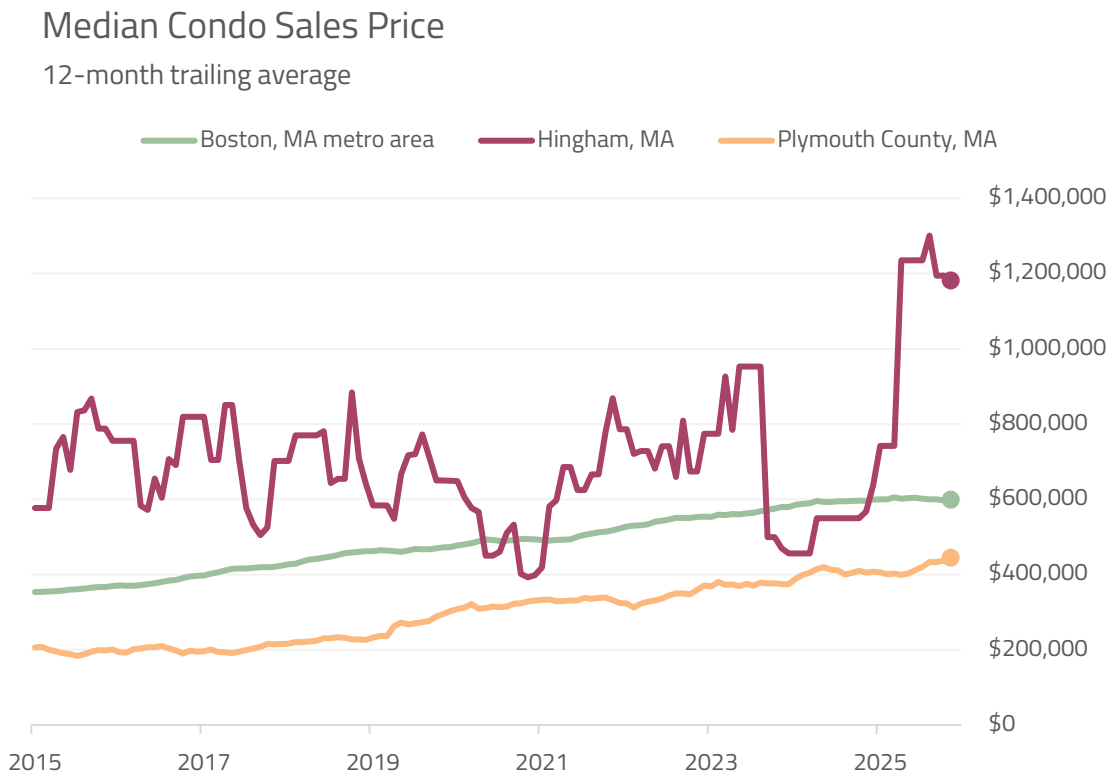
Hingham sits in the middle of this regional trend, reinforcing that rising senior demand is not isolated but part of a broader demographic shift placing sustained pressure on age-restricted and affordable senior housing options.

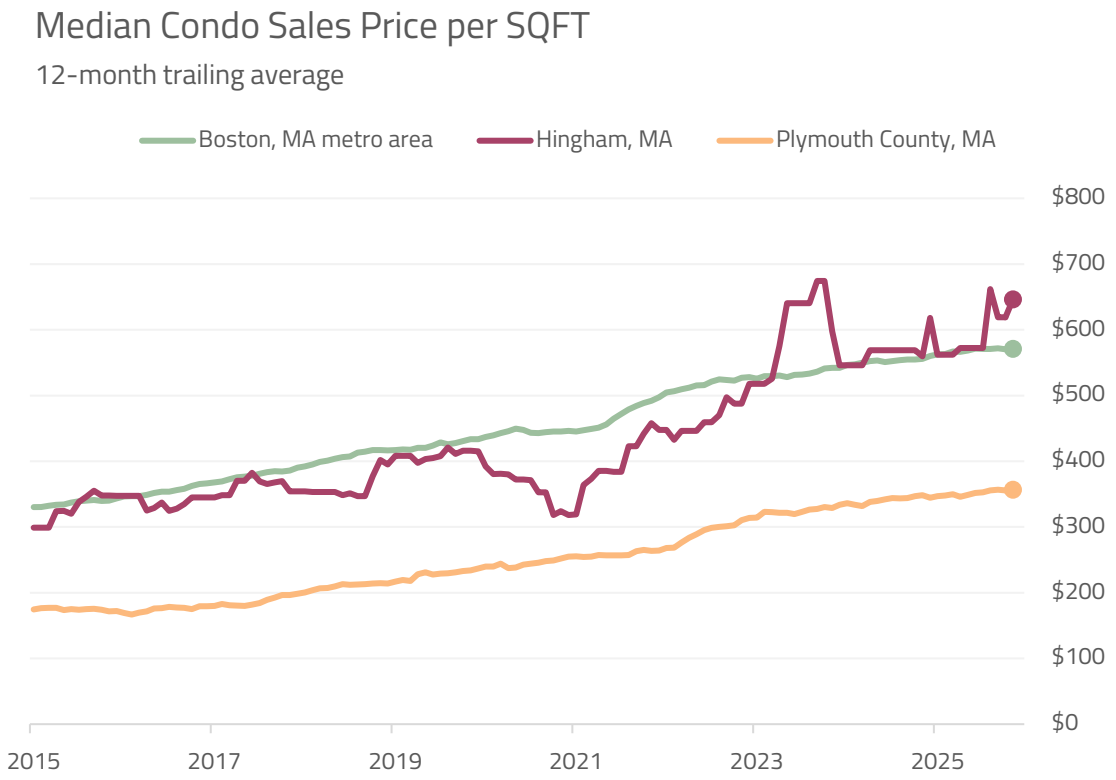


Hingham Market Analysis

Older Adult Housing

Condo units in Hingham carry a considerable premium compared to the County and Boston Metro.



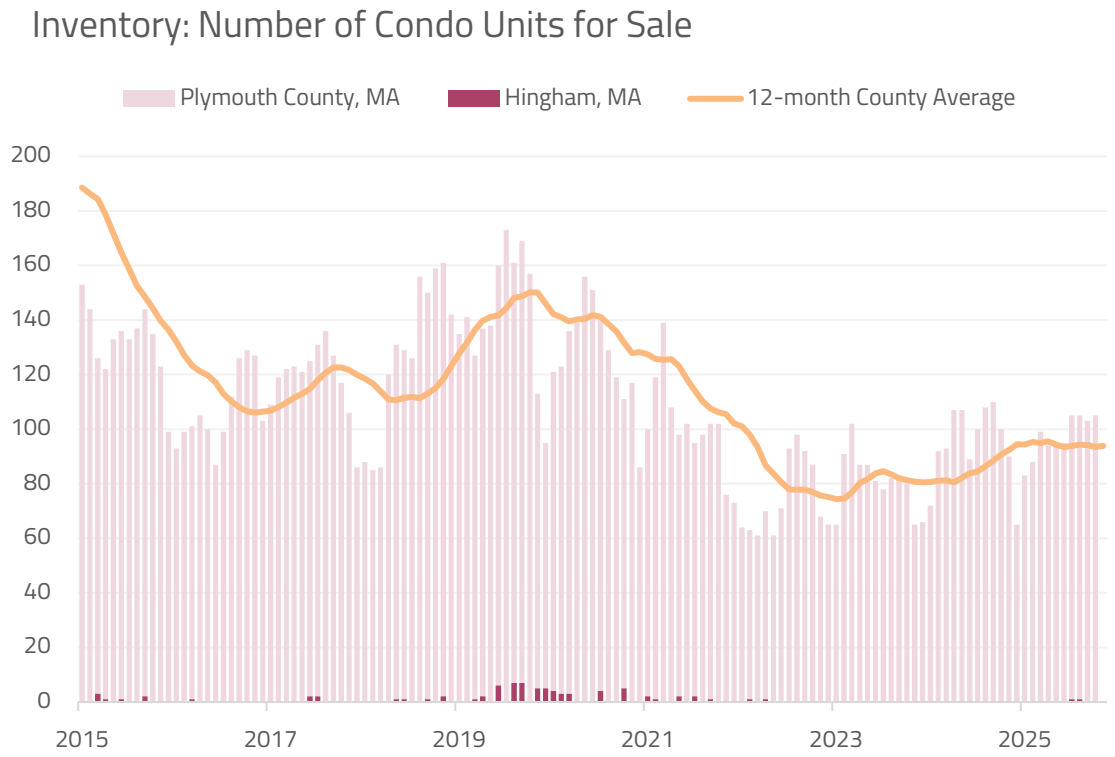


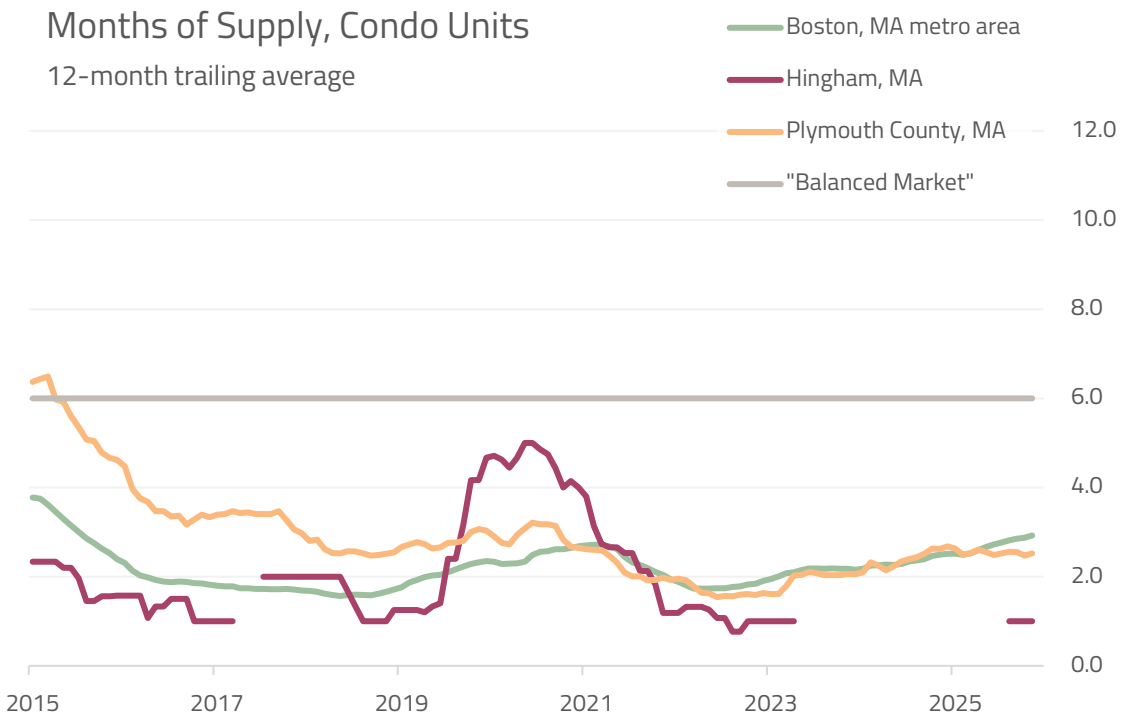
Condo pricing in Hingham consistently outperforms both Plymouth County and the broader Boston metro, with a clear and sustained premium visible in both median sale prices and price per square foot. This premium reflects the town's desirability but also means that condos, often the most attainable ownership product for older adults seeking to downsize, are largely out of reach for many senior households.

As a result, market-rate options provide little relief for fixed-income or lower-income seniors, reinforcing the need for affordable, age-restricted housing alternatives. It should also be noted that the limited number of sales in Hingham mean that the few that sell (often at high prices) drive the moving average up considerably.

Source: Redfin Market Data

Hingham's condo inventory remains very tight with limited sales and almost no forward moving supply.



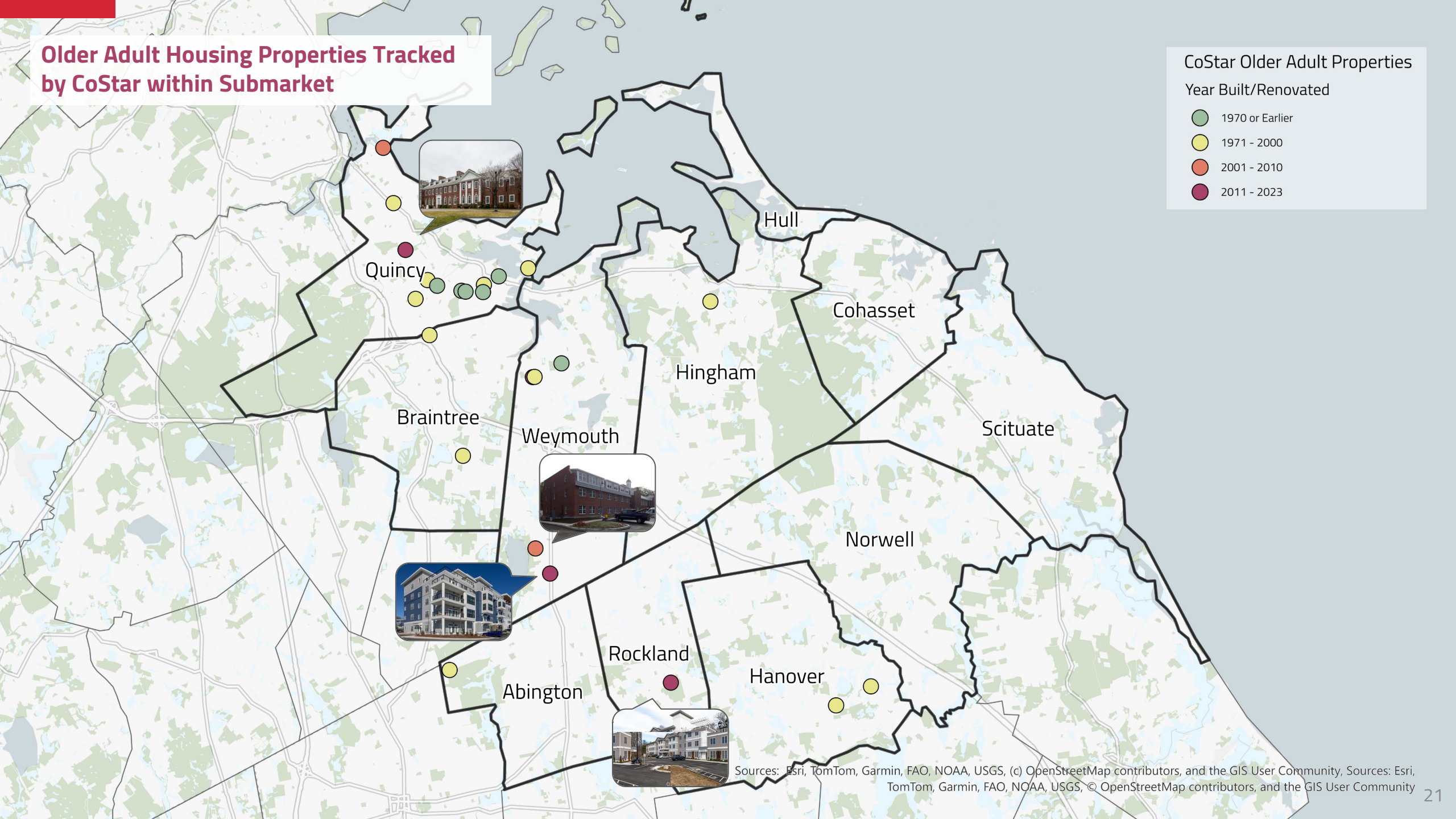


Condo inventory in Hingham remains extremely limited, with only a handful of units available at any given time compared to the much larger supply across Plymouth County. This scarcity translates directly into exceptionally low months of supply, often well below even the county and metro averages, signaling a market where demand consistently outstrips available product.

For older adults considering downsizing, this means that Hingham offers very few opportunities, and the ones that do exist are quickly absorbed or priced at a premium. As a result, relying on the condo market to meet the needs of lower-income or fixed-income seniors is not realistic. This further underscores the importance of expanding affordable, age-restricted housing options like Lincoln School Apartments.

Source: Redfin Market Data

Older Adult Housing Properties Tracked by CoStar within Submarket



Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, (c) OpenStreetMap contributors, and the GIS User Community, Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community

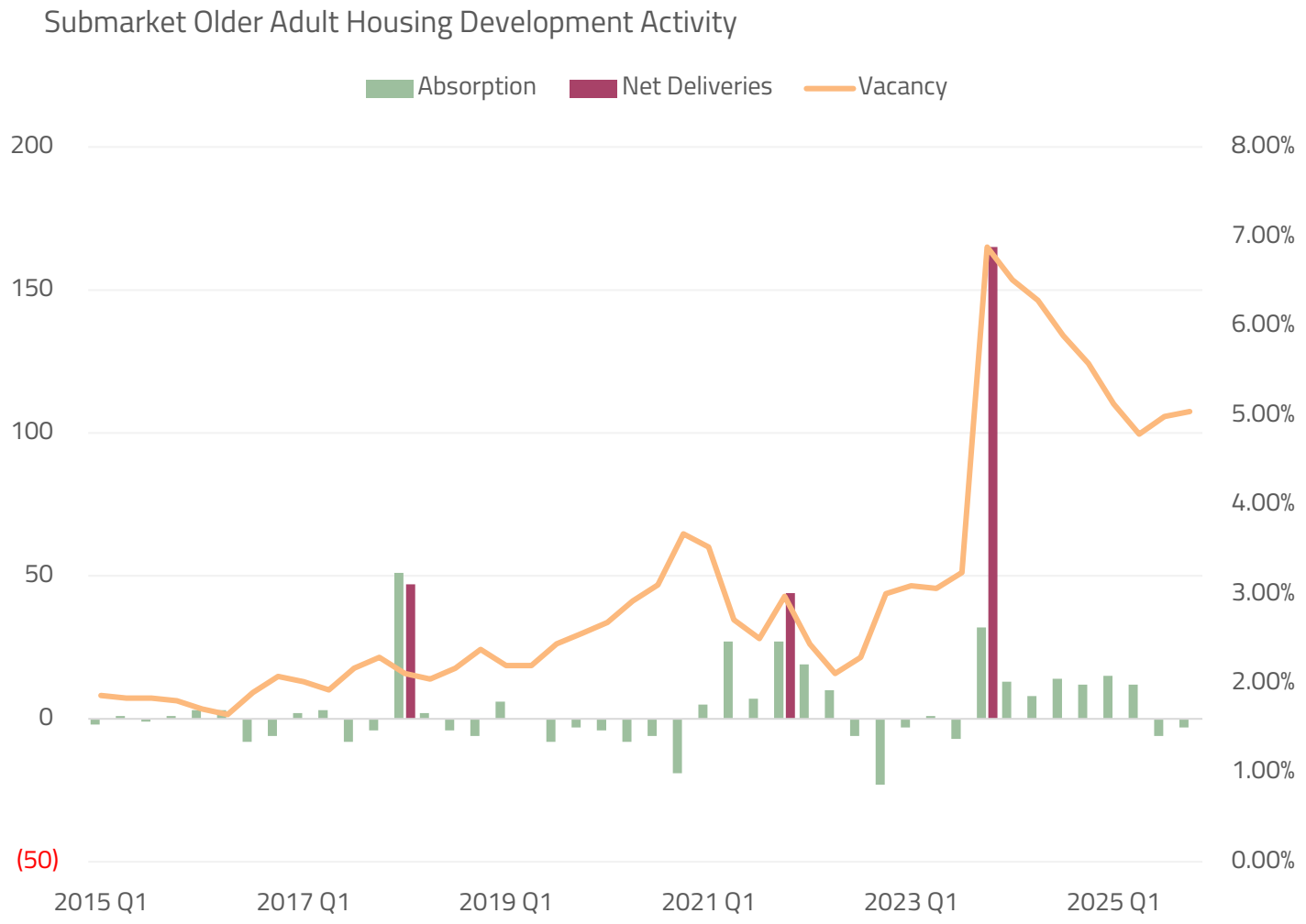
The Submarket has seen very limited and sporadic delivery of new older adult housing product both market & affordable.

Limited New Supply

The submarket has seen virtually no older adult deliveries in recent years, outside of a new project in Weymouth delivered in 2023. This lack of new construction limits affordable housing options for older adults and is reflective of the strained development conditions.

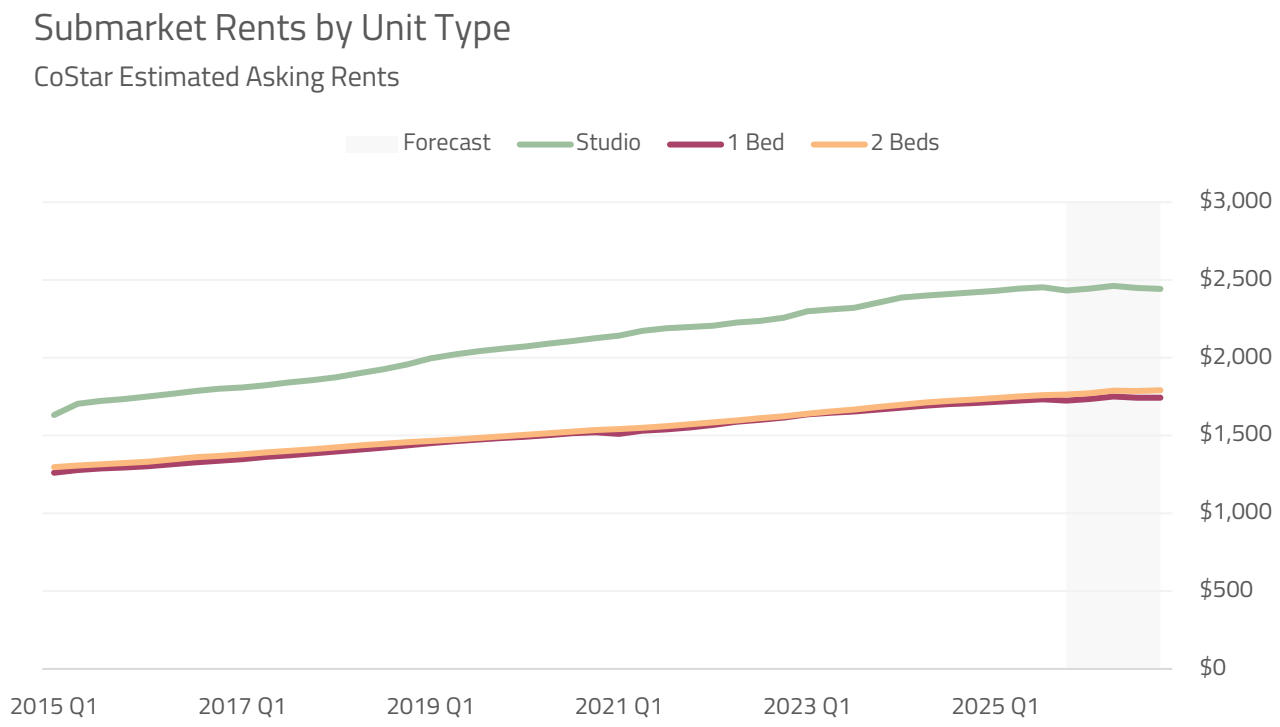
Low Vacancy

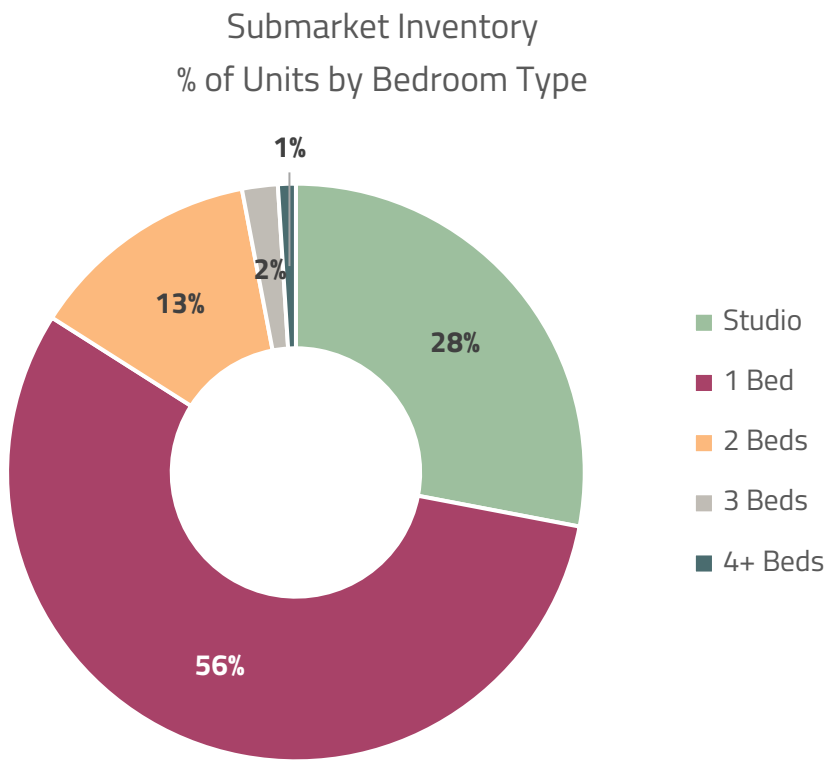
Unsurprisingly, the tight stock of older adult housing has meant exceptionally tight vacancy. This is further evidenced by the long waitlist for the Lincoln School Apartments. Vacancy ticked up in 2023 with the deliver of new units but has been in the process of coming down in following quarters.



Source: Costar Analytics

CoStar data reflects both affordability constraints and the design realities of age-restricted development.





Submarket older adult housing rents have grown slowly over the past decade, reflecting the fact that most properties are income-restricted and therefore cannot track broader market-rate increases. This limited rent growth reinforces the need for deep public subsidy and layered financing to close feasibility gaps—consistent with the challenges observed in comparable adaptive-reuse and senior projects across Massachusetts (see following case studies).

The inventory is heavily skewed toward studios and one-bedroom units, which aligns with the needs and preferences of older adults, who typically occupy smaller households and place greater value on accessibility, services, and operating cost efficiency. From a development perspective, these smaller unit types also provide economies of scale by lowering per-unit square footage, helping projects remain financially viable despite constrained rents and rising construction costs.

Source: Costar Analytics

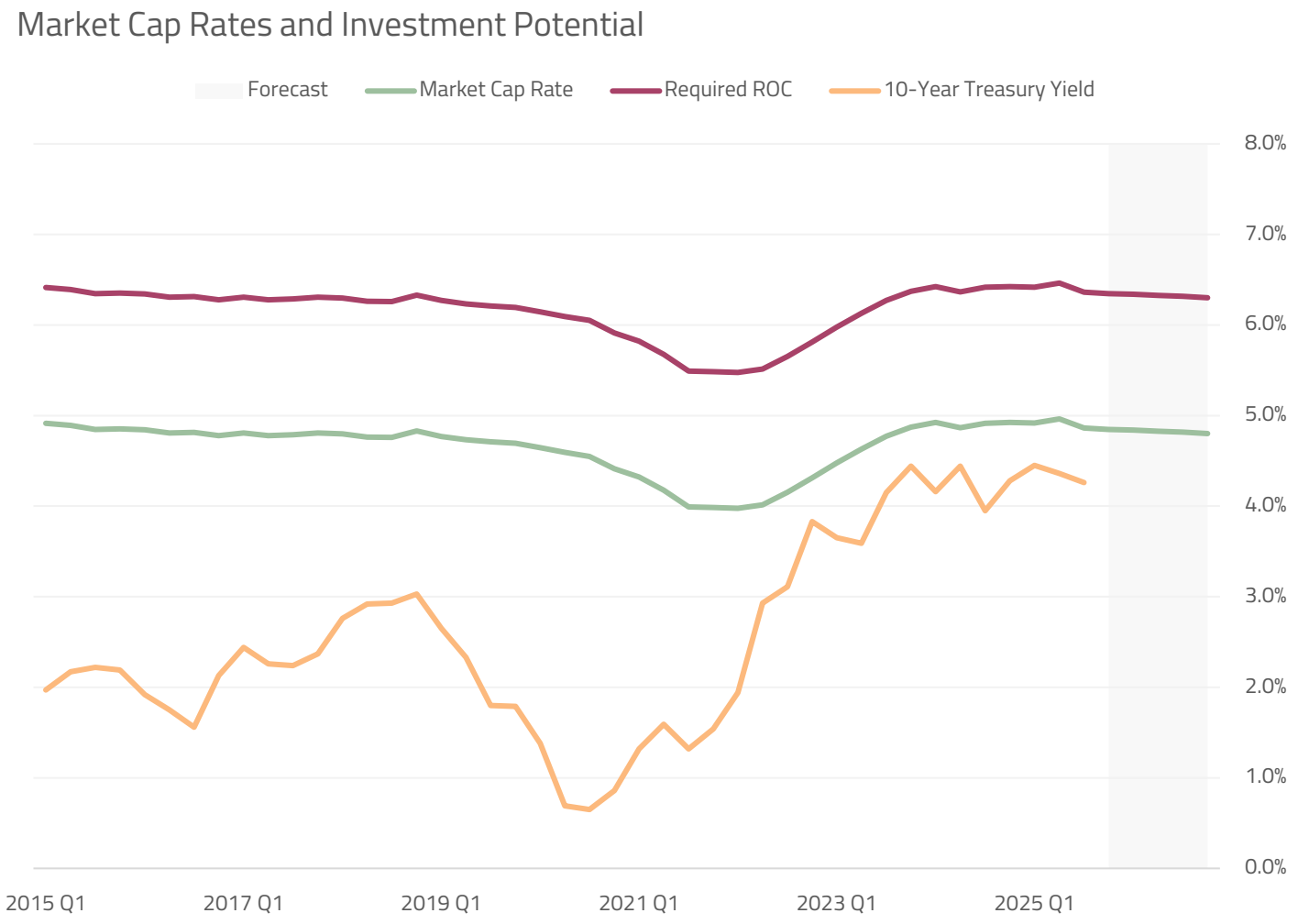
Market cap rates continue to show signs of decline, although property specifics will vary greatly.

Submarket cap rates are expected to continue to compress hovering at 4.5 – 5 percent but the relatively tight spread to the 10-year Treasury does not necessarily translate into stronger investment potential.

Instead, these low cap rates reflect durable demand, limited vacancy, and the perception of senior affordable housing as a stable, lower-volatility asset class—conditions that support pricing but compress yields.

Even with this stability, the required return on cost remains meaningfully above both the market cap rate and the risk-free rate, highlighting the persistent feasibility gap for affordable, age-restricted development.

In high-cost markets, the challenge is not compensating for risk, but rather bridging the gap between constrained achievable rents and elevated construction and financing costs. As a result, substantial public subsidy or soft financing is often required to allow projects to reach a return on cost that is viable for developers.



Source: Costar Analytics, Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis, Percent, Quarterly, Not Seasonally Adjusted

Adaptive Re-Use of Public Property has been successful across the state.

McElwain School Apartments
Bridgewater, MA
Year Renovated: 2023
GBA: 50,000 SF
Density: 23 Units per Acre
Occupancy: 57

Mary D. Stone School Apartments
Auburn, MA
Year Renovated: 2021
GBA: 63,732 SF
Density: 12 Units per Acre
Units: 55

The Residences at Wells School
Southbridge, MA
Year Renovated: 2022
GBA: 111,471 SF
Density: 28 Units per Acre
Units: 62

The three projects highlighted on the following pages represent recent, well-documented examples of historic school buildings successfully redeveloped into affordable and older-adult housing. Although these projects vary in market, geography and demographics, they were selected because they are among the most recent and relevant adaptive-reuse school conversions in Massachusetts, and they clearly illustrate the financing structures currently being used to make these projects feasible.

Each case demonstrates a consistent pattern; layered capital stacks combining federal and state LIHTCs, state and federal historic tax credits, soft funding from CEDAC and local sources, and permanent lending from partners such as MHP. These precedents provide useful guidance, demonstrating how similar public–private partnership strategies could be applied to meet reinvestment and expansion needs at the Lincoln School Apartments.

Source: CoStar

McElwain School Apartments

Overview

McElwain School Apartments is a mixed-income residential community created through the adaptive reuse of the historic McElwain School and an adjacent home, combined with a new three-story apartment building on Main Street in Bridgewater, Massachusetts. The development delivers 57 one-, two-, and three-bedroom apartments—51 of which are affordable to households earning up to 60 percent of area median income—within walking distance of downtown services, transit, and neighborhood amenities

The project preserves key architectural features of the 110-year-old school while adding modern, energy-efficient housing and on-site amenities such as a community room, fitness center, playground, dog park, and landscaped open space, helping knit a long-vacant public property back into the fabric of the town.

Photo Source(s) :CoStar

Financing Strategy

The McElwain School was sold to the development team of MPZ Development LLC and Capstone Communities LLC following an RFP. The roughly $23–29 million redevelopment was delivered through a layered public-private financing strategy that combined local, state, and federal resources with private capital. The Town of Bridgewater committed approximately $1.35 million CPA funds for housing and recreation improvements, leveraging substantial outside investment.

Massachusetts Housing Investment Corporation provided a construction bridge loan of about $14–15 million, in which The Life Initiative participated, while the Massachusetts Housing Partnership supplied a $5.3–5.4 million permanent first mortgage. State and federal low-income housing tax credits and historic tax credits—allocated by DHCD and syndicated by MHIC—generated equity, with Cape Cod Five purchasing state LIHTCs and New York Life purchasing state historic tax credits. Additional support from CEDAC ($600,000 in predevelopment/bridge financing) and other state and federal subsidies rounded out the capital stack, enabling deep affordability with a small share of market-rate units while preserving the historic school and creating new community amenities.

Sources: MPZ Development, MHP, CEDAC, Keith Construction, The Enterprise, City of Bridgewater

Mary D. Stone School Apartments

Overview

Mary D. Stone Apartments is a mixed-income senior community created through the adaptive reuse of the historic 1920s Mary D. Stone Elementary School in Auburn, Massachusetts. The project transforms the former school and a new four-story addition into 55 studio, one-, and two-bedroom apartments for residents 62 and older, including 45 affordable homes (with several units at 30% and 50% AMI) and 10 market-rate units.

Located next to Town Hall and a town-owned playground and ballfield, the development preserves key architectural features while adding modern, LEED Silver–targeted design, accessible community and meeting rooms, on-site laundry, and supportive services that help seniors age in place and stay connected to the broader neighborhood.

Financing Strategy

The approximately $21.4–$21.5 million redevelopment was financed through a layered capital stack that combined tax credit equity, state subsidy, and permanent debt. Pennrose and financing partner CREA assembled equity from federal low-income housing tax credits and Massachusetts state low-income and historic tax credits, with additional state support from the Affordable Housing Trust, Housing Stabilization, and Community Based Housing programs

The Massachusetts Housing Partnership provided a $1.8 million low-interest permanent first mortgage, complementing soft and hard debt from MassHousing, CEDAC, Citizens Bank, BlueHub Capital, and Dorfman Capital.

This public–private financing, paired with the Town of Auburn's disposition of the school through a competitive RFP and strong local political support, enabled deep affordability, preservation of a beloved civic landmark, and delivery of new senior housing without displacing existing residents.

Sources: Town of Auburn, Affordable Housing Tax Credit Coalition, MHP, MHP Press Release, Pennrose, AHF

Wells School Apartments

Overview

The project at the former Mary E. Wells School (also referred to as the "Wells School") in Southbridge, Massachusetts, transforms a 1916 historic school building — listed on the National Register of Historic Places — into a mixed-income senior housing community. The adaptive reuse redevelopment yields 62 one- and two-bedroom units for residents age 55+ (of which 56 are income-restricted at or below 60% AMI, including eight units at or below 30% AMI, and six market-rate units

The 90,000-square-foot building preserves many original features and includes a full suite of amenities: interior courtyard, resident lounge, library/work pods, fitness & yoga studio, media/game room, laundry facilities, and concierge wellness services. The project's location in downtown Southbridge provides proximity to transit, medical facilities, retail and community services, making the site highly walkable for aging residents.

Financing Strategy

The development — about a $25.7 million project by Arch Communities and WinnDevelopment / WinnCompanies — utilized a layered capital stack combining historic tax credits (federal + state), low-income housing tax credits (LIHTC) federal + state, construction and permanent financing, and state and nonprofit soft financing.

Equity was raised via the purchase of all federal and state historic tax credits and LIHTCs by Bank of America, which also provided the construction loan. A permanent first mortgage loan from Massachusetts Housing Partnership (MHP) of $400,000 supported the adaptive reuse. Soft financing and gap funds were provided from the Community Economic Development Assistance Corporation (CEDAC), BlueHub Capital, and state agencies. The City of Southbridge disposed of the building via an RFP (awarded to the development team Arch Communities & WinnDevelopment) and enabled the project's success by facilitating approvals and local support. The alignment of historic preservation incentives with senior housing demand enabled the project to capture two major tax credit flows (LIHTC + HTC) and deliver a cost-effective rental structure with deep affordability and strong market appeal.

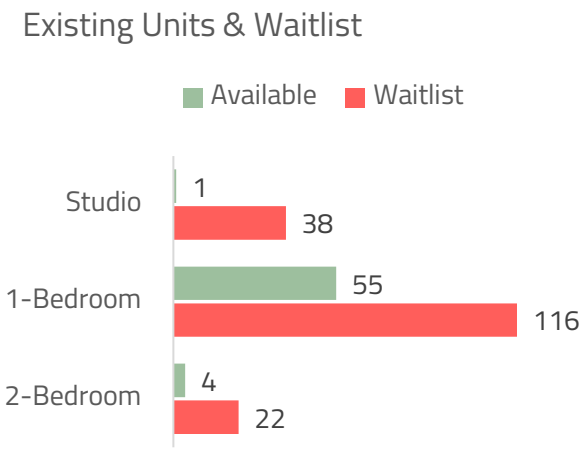
Sources: tat, HUD, MHP, Keith Construction, AHF, Winn Companies, CEDAC

Financial Feasibility Analysis

Lincoln School Apartments

The Lincoln School Apartments – Stats & Capital Needs

View of Front



Lincoln School Apartments is a 60-unit senior housing property located at 86 Central Street in Hingham. The building is a former public school that was converted to residential use, with units distributed across the original structure and subsequent additions.

The site includes surface parking, landscaped areas, and pedestrian access points connecting to Central Street and surrounding residential blocks. The property is situated within close proximity to Hingham Square, municipal facilities, and community services, placing it in an ideal location in terms of access to community resources and amenities.

Identified capital needs imperative to the long-term sustainability of the property include:

a) Roof Replacement – 20+ years old
b) Exterior repointing – 105+ years old, in some areas
c) Heating system overhaul & HVAC
d) ADA upgrade

FINANCIAL FEASIBILITY ANALYSIS OVERVIEW

The financial feasibility model is an Excel-based proforma model that is designed to test the financial viability of a development project to determine if the project would be considered feasible by the private market. RKG's model uses locally- and regionally-sourced data to determine how different development programs might impact the financial performance of a potential project. At its most basic level, the model is designed to capture construction and operational costs and compare those to potential revenues to determine if the project will meet or exceed financial return expectations.

The model has the capability to test variations across nearly all data points to test the sensitivity of dozens of variables on financial feasibility. This includes variability in construction costs, land costs, operational costs, development type and size, location within the community, and more. The model is also set up to test changes in affordability metrics such as the percentage of affordable units, target AMIs, unit thresholds, and more. While the model is a powerful tool to understand the financial viability of different development scenarios and programs, it is not intended to be the only analytic tool or encapsulate the exact specifics of a deal.

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

Construction Costs

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

Operation Costs

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

Operational Revenues

- Rental rates and sale prices
- Parking revenue

FINANCIAL FEASIBILITY ANALYSIS OVERVIEW

The financial feasibility analysis for Lincoln School considered three possible scenarios:

1. Rehabilitation of the existing building and renovation of all 60 existing housing units.
2. Rehabilitation of the building and housing units + adding a new wing to the building with 30 additional affordable units.
3. Rehabilitation of the building and housing units + adding a new wing to the building with 24 additional affordable units and 6 market rate units.

To evaluate the financial feasibility of the three scenarios for the Lincoln School property, the consultant team constructed a purpose-built acquisition and redevelopment model tailored to the building's existing conditions and its potential reuse options. As with all early-stage feasibility exercises, these scenarios are conceptual and are not based on architectural plans, site plans, engineering documents, or negotiated terms of disposition. Instead, the analysis is intended to help the Town understand the likely financial performance of each scenario, the level of public subsidy that may be required, and the relative differences in outcomes across the options. More specifically:

The financial model was structured as an acquisition-style pro forma in which the purchase price of the property was set to zero, reflecting the Town's ability to dispose of the publicly owned parcel at little to no cost as an incentive for rehabilitation. Total rehabilitation and construction costs were derived from the estimated future replacement costs identified in the capital needs assessment and were supplemented with additional hard-cost assumptions for scenarios involving new construction. Operating expenses, rental income, and other key assumptions were drawn directly from the property's FY24–FY25 operating budget and were extrapolated based on reasonable market assumptions for additional units, including both fully affordable and mixed-income rent structures.

Surface parking was incorporated into both development scenarios that included new construction, with costs estimated based on comparable projects and discussions with developers familiar with similar school reuse efforts. The model's inputs, including but not limited to construction costs, rent assumptions, operating performance, and required returns, were informed by developer interviews (conduced through October & November 2025), CoStar market data, and cost, pricing, and financing benchmarks derived from peer projects profiled in the case study section of this report.

Across all scenarios, the resulting feasibility gaps illustrate the range of subsidy necessary to offset the combined costs of acquisition, maintenance, rehabilitation, new construction, and long-term operations. These results are presented in a series of scenario tables, recognizing that any future change for the property will require detailed negotiation, strategic structuring of the capital stack, and alignment with a selected developer's business model.

HOW TO THINK ABOUT THIS FINANCIAL MODELING EXERCISE

Estimates, Historical/Current Financials & Assumptions

2025 Operating Budget

Future Replacement Costs from Capital Needs Assessments

Conveyance
Town conveys LSA, price if any TBD

Like all three case studies—scenarios are modeled based on a conveyance.

If the town retained ownership; funding capital improvements would require CPA funding, bonding or grants. The project would be ineligible for subsidy like LIHTC & Historic Tax Credits.

What is assumed in the model:
- Renovation costs per unit,
- Hard costs for construction of new units & parking
- Market rate rents (Scenario 3)
- Contingency set aside relative to capital needs projects
- Costs to temporarily relocate residents during occupied renovation

Modeled Scenarios

1. Rehabilitation of the existing building and renovation of all 60 existing housing units.
2. Rehabilitation of the building and housing units + adding a new wing to the building with 30 additional affordable units.
3. Rehabilitation of the building and housing units + adding a new wing to the building with 24 additional affordable units and 6 market rate units.

These scenarios were based on developer interviews, site specifics and the aforementioned case studies of successful adaptive re-use projects of similar scope

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What does this mean?

Unlike the aforementioned case studies, LSA units are currently occupied. An occupied renovation means cash flow during construction & renovation. This also assumes lower renovation costs compared to the case studies with units receiving upgrades not full gut/rehab costs.

What is the financial gap generated from each scenario—how much money is needed to keep the property operating at a net positive cash flow.

In the following slides for each scenario, the colored tables represent the estimated gap in funding that would occur assuming varying costs of unit renovation and building renovation.

To read those tables, follow each row value for the unit cost and column value for the building renovation to the intersecting cell, which identifies the funding gap. For example, if each unit reno costs $30K and the building renovation costs $4.08M, the funding gap that would need to be filled would be $1.29M.

	Scenario 1 Rehab Of Existing Building	Scenario 2 Town Retains Ownership	Scenario 3 Rehab + 30 Affordable Units	Scenario 4 Rehab + 30 Units (Mixed-Income)
What was Modeled?	• Renovation of all 60 existing units within current footprint. • Occupied renovation. • Capital needs from CNA (~$3.7M) + ~$30k/unit modernization + relocation costs.	• Assumptions the same as scenario 1 and 3—renovation of 60 existing units and/or addition of 30 new units) but the Town continues to own the building & land and undertakes rehab and/or construction of additional units.	• Renovation of existing 60 units plus a new wing with 30 income-restricted units. • Construction cost for the addition + incremental operating income. • Additional surface parking (0.5 per unit).	• Same as Scenario 3, but 6 units leased at market rents. • Building size, parking requirements, and rehab costs mirror Scenario 3.
Benefits of Scenario	• Lowest scale of construction; least site disturbance. • Maintains existing building without increasing density. • Simpler permitting compared to adding new units.	• Maximum policy control: waitlist policies, affordability, tenant prioritization, long-term stewardship. • Avoids conveyance of public asset.	• Adds 30 new affordable senior units—addressing Town Master Plan goals and directly addressing submarket need. • New units generate additional rent, improving long-term operations. • Greater economies of scale, consistent with developer recommendations and statewide case studies.	• Market-rate units provide incremental revenue, slightly reducing the gap compared to Scenario 3. • Still captures benefits of scale by adding 30 new units.
Disadvantages/ Considerations	• Still results in a multi-million-dollar funding gap, even at conservative cost assumptions. • No new units added (no economies of scale and no new revenue streams).	• Cannot access LIHTC or Historic Credits (eliminates 40–70% of a typical adaptive reuse capital stack, based on case studies). • Town must fund ALL major capital improvements and any new construction via CPA, bonding, grants, HAHT reserves. • All development risk shifts to Town. • Town incurs higher hard construction costs than private developers.	• Can obtain many of the benefits of ownership noted in ownership scenario through transaction structure and drafting. • To obtain LIHTC + Historic Tax Credits to be viable, needs conveyance or developer ground lease. • Larger upfront cost, construction period and more complex phasing.	• Still produces a substantial gap, only modestly smaller than Scenario 3. • Mixed-Income deal adds further complexity. • As with Scenario 3, requires LIHTC/HTC.

Scenario 1 – Financial Feasibility of Rehabilitation of the Existing Building

The consultant team used the financial feasibility model to test all three reuse/redevelopment options to determine the viability of each scenario and how much (if any) public subsidy may be required to bring the project up to stabilized occupancy and cash flow. The first scenario tests the financial implications of rehabilitating the existing structure containing the 60 units of affordable housing on site today. This scenario assumes the building footprint would remain as is and upgrades would occur to both the interior and exterior of the building as needed.

For this scenario, we used the 2022 LSA CNA spreadsheet to estimate future capital and maintenance costs from the years 2025 to 2033. This figure amounted to $3,713,469. In addition, we estimated an additional renovation cost of $30,000 per existing unit for modernization and a contingency cost of $2,700 per month per unit in temporary relocation costs (rent + moving) while each unit is being renovated. Total costs to complete the capital and renovations of the building and units is estimated to be $6.2M over an initial three-year period. We are assuming two units could be renovated per month; therefore 60 units would take up to three years in total. It should also be noted that this model assumes an occupied renovation project, with additional housing costs incurred for residents moved during active renovation of their unit.

Since we do not know the exact cost of building and unit renovations, we created model sensitivity tables illustrating different costs and how those might impact the funding gap for the project in the early years. This figure uses different building renovation costs and unit renovation costs to estimate the potential funding gap. As costs increase, so does the funding gap.

With other similar projects, gaps have been closed using a wide range of subsidies and resources including (but not limited to): capital reserve funds, CPA funds, town appropriated funds, tax credit programs, low-interest rate loans, and even philanthropic funding.

What does this table show?

Renovation Cost Estimate

Renovation Cost per Unit

What is the estimated funding gap under these various cost assumptions?

Unit Renovation Cost	Common Area/Building Renovations				
	$3,084,816	$3,584,816	$4,084,816	$4,584,816	$5,084,816
$10,000	$0	$0	-$8,927	-$255,033	-$555,033
$15,000	$0	-$44,927	-$289,367	-$589,367	-$889,367
$20,000	-$80,927	-$323,700	-$623,700	-$923,700	-$1,224,767
$25,000	-$358,033	-$658,033	-$958,033	-$1,258,033	-$1,578,767
$30,000	-$692,367	-$992,367	-$1,292,367	-$1,592,367	-$1,932,767
$35,000	-$1,026,700	-$1,326,700	-$1,626,700	-$1,926,700	-$2,286,767
$40,000	-$1,361,033	-$1,661,033	-$1,961,033	-$2,261,033	-$2,640,767
$45,000	-$1,695,367	-$1,995,367	-$2,295,367	-$2,595,367	-$2,994,767
$50,000	-$2,029,700	-$2,329,700	-$2,629,700	-$2,948,767	-$3,348,767
$55,000	-$2,364,033	-$2,664,033	-$2,964,033	-$3,302,767	-$3,702,767
$60,000	-$2,698,367	-$2,998,367	-$3,298,367	-$3,656,767	-$4,056,767

Each sensitivity table presents the results of a pro forma of the property using the 2025 operating budget and future replacement cost estimates as a starting point. For each scenario, those inputs and drivers are held equal. Additional costs and potential cash flow associated with each scenario is then modeled and the resulting sensitivity table reflects the initial estimate (highlighted by blue box) and a range of costs above and below that mark to show the impact of potential variability in those cost assumptions. Each cell of the table represents the gap under those cost combinations.

Scenario 2 – Financial Feasibility of Rehabilitation + New Construction of 30 Additional Affordable Units

Next, the consultant team used the financial feasibility model to identify any funding gaps associated with a similar rehabilitation scenario plus the construction of a new wing to the building which could house up to 30 additional deed-restricted affordable units. These units are assumed to be of similar size and mix to the existing 60 units of housing in the building today. We also assumed these new units would generate the same amount of rent per unit as the existing units do today.

For this scenario, we used the same assumptions as Scenario 1 to generate estimates for both the capital costs for the building and the interior renovation costs for each of the existing 60 units. In addition, we estimated an additional $8M in hard costs for building the new wing of 30 units. Using a parking ratio of 0.5 for each new unit we estimate an additional $50,000 in site costs to accommodate surface parking spaces. This would bring the total cost of the project (renovations + new construction) to a total of $11.8M. We assume a three-year period to renovate the existing building and units and a two-year construction and lease up period for the new wing of the building. Again, it should also be noted that this model assumes an occupied renovation project, with additional housing costs incurred for residents moved during active renovation of their unit.

We created a similar financing gap table for Scenario 2 illustrating how changes in costs could impact the financing gap in the early years. Under this scenario, the gap is much larger due to the addition of the new 30-unit wing of the building.

What does this table show?

Renovation Cost Estimate

Renovation Cost per Unit

What is the estimated funding gap under these various cost assumptions?

Unit Renovation Cost	Common Area/Building Renovations + 30 Additional Affordable Units				
	$11,922,216	$12,422,216	$12,922,216	$13,422,216	$13,922,216
$10,000	-$5,508,706	-$6,000,372	-$6,492,039	-$6,983,706	-$7,475,372
$15,000	-$5,862,706	-$6,354,372	-$6,846,039	-$7,337,706	-$7,829,372
$20,000	-$6,216,706	-$6,708,372	-$7,200,039	-$7,691,706	-$8,183,372
$25,000	-$6,570,706	-$7,062,372	-$7,554,039	-$8,045,706	-$8,537,372
$30,000	-$6,924,706	-$7,416,372	-$7,908,039	-$8,399,706	-$8,891,372
$35,000	-$7,278,706	-$7,770,372	-$8,262,039	-$8,753,706	-$9,245,372
$40,000	-$7,632,706	-$8,124,372	-$8,616,039	-$9,107,706	-$9,599,372
$45,000	-$7,986,706	-$8,478,372	-$8,970,039	-$9,461,706	-$9,953,372
$50,000	-$8,340,706	-$8,832,372	-$9,324,039	-$9,815,706	-$10,307,372
$55,000	-$8,694,706	-$9,186,372	-$9,678,039	-$10,169,706	-$10,661,372
$60,000	-$9,048,706	-$9,540,372	-$10,032,039	-$10,523,706	-$11,015,372

Each sensitivity table presents the results of a pro forma of the property using the 2025 operating budget and future replacement cost estimates as a starting point. For each scenario, those inputs and drivers are held equal. Additional costs and potential cash flow associated with each scenario is then modeled and the resulting sensitivity table reflects the initial estimate (highlighted by blue box) and a range of costs above and below that mark to show the impact of potential variability in those cost assumptions. Each cell of the table represents the gap under those cost combinations.

Scenario 3 – Financial Feasibility of Rehabilitation + 30 Additional Units (24 Affordable & 6 Market Rate)

Lastly, the consultant team used the financial feasibility model to identify any funding gaps associated with a similar rehabilitation scenario plus the construction of a new wing to the building which could house up to 30 additional units with a mix of 24 deed restricted affordable units and 6 market rate units. These units are assumed to be of similar size and mix to the existing 60 units of housing in the building today. For rents, we assumed the affordable units would generate the same amount of rent per unit as the existing units do today while market rate units would average $3,000 a month in rent similar to other new multifamily projects in the market.

For this scenario, we used the same assumptions as Scenario 2 to generate estimates for both capital costs, interior renovation costs, and construction costs for the 30 new housing units. The only change to this scenario is estimating slightly higher monthly rents for the six market rate units. We again assumed a three-year period to renovate the existing building and units and a two-year construction and lease up period for the new wing of the building. Similarly, it should also be noted that this model assumes an occupied renovation project, with additional housing costs incurred for residents moved during active renovation of their unit.

We created a similar financing gap table for Scenario 3 illustrating how changes in costs could impact the financing gap in the early years. Under this scenario, the gap is slightly lower than Scenario 2 due to the addition of market rate units.

What does this table show?

Renovation Cost Estimate

Renovation Cost per Unit

What is the estimated funding gap under these various cost assumptions?

Unit Renovation Cost	Common Area/Building Renovations + 30 Additional Units, 24 Affordable & 6 Market Rate				
	$11,922,216	$12,422,216	$12,922,216	$13,422,216	$13,922,216
$10,000	-$5,245,967	-$5,737,634	-$6,229,301	-$6,720,967	-$7,212,634
$15,000	-$5,599,967	-$6,091,634	-$6,583,301	-$7,074,967	-$7,566,634
$20,000	-$5,953,967	-$6,445,634	-$6,937,301	-$7,428,967	-$7,920,634
$25,000	-$6,307,967	-$6,799,634	-$7,291,301	-$7,782,967	-$8,274,634
$30,000	-$6,661,967	-$7,153,634	-$7,645,301	-$8,136,967	-$8,628,634
$35,000	-$7,015,967	-$7,507,634	-$7,999,301	-$8,490,967	-$8,982,634
$40,000	-$7,369,967	-$7,861,634	-$8,353,301	-$8,844,967	-$9,336,634
$45,000	-$7,723,967	-$8,215,634	-$8,707,301	-$9,198,967	-$9,690,634
$50,000	-$8,077,967	-$8,569,634	-$9,061,301	-$9,552,967	-$10,044,634
$55,000	-$8,431,967	-$8,923,634	-$9,415,301	-$9,906,967	-$10,398,634
$60,000	-$8,785,967	-$9,277,634	-$9,769,301	-$10,260,967	-$10,752,634

Each sensitivity table presents the results of a pro forma of the property using the 2025 operating budget and future replacement cost estimates as a starting point. For each scenario, those inputs and drivers are held equal. Additional costs and potential cash flow associated with each scenario is then modeled and the resulting sensitivity table reflects the initial estimate (highlighted by blue box) and a range of costs above and below that mark to show the impact of potential variability in those cost assumptions. Each cell of the table represents the gap under those cost combinations.

What if the Town retains ownership of the Lincoln School Apartments?

The Town of Hingham currently owns the land and the building and leases it to LSA LLC (HAHT-controlled), with Corcoran managing operations. For this ownership model moving forward there are a few key considerations:

LIHTC & Historic Tax Credits

These credits require developer ownership or a long-term leasehold interest because:

- Tax credit investors must have a real ownership stake.
- The property must be placed into a new ownership entity eligible for credits.
- Public entities cannot passively receive LIHTC equity.

Therefore:

If the Town keeps ownership, the project cannot use LIHTC or state/federal Historic Credits — removing roughly 40–70% of the capital stack used in the three case study projects.

Covering Capital Needs

Since LSA cannot generate enough operating revenue to self-fund the estimated renovation, the Town would need to cover the reinvestment cost through public sources:

- CPA funds (most flexible local tool)
- Municipal bonding (Town Meeting approval required)
- HAHT reserves (limited)
- State capital programs (e.g., Community Economic Development Assistance Corporation (CEDAC), HOME MOD, Aging in Place funds)
- Possible small federal sources (e.g., Community Development Block Grant Program (CDBG))

Operations of Property

A professional management company can continue to operate the property under HUD Housing Assistance Payments (HAP) rules. However:

- Limited Operating income (rent + HUD subsidy) growth.
- No new revenue streams are created without adding units.
- Even with an addition, the Town carries all development risk and capital responsibility. Long-term sustainability depends entirely on municipal resources.

Summary of Findings

The Lincoln School cannot self-fund its capital needs; outside investment and scale are essential.

The capital needs assessment shows multi-million-dollar reinvestment requirements over the next 10–15 years—far beyond the property's current revenue and reserve capacity. Operating income today only covers routine maintenance. Developers unanimously characterized the building as having "no residual value" without substantial recapitalization.

All three feasibility scenarios further confirm this characterization. Even in the most conservative rehabilitation-only case, a financial gap remains, and the introduction of 24–30 new units reduces but does not eliminate that shortfall. Adding new units, consistent with developer recommendations and the success of similar school conversions across Massachusetts, would achieve economies of scale and draw greater investor interest.

Summary of Findings

Retaining Town ownership would preserve local control but requires major public investment and limits financing options.

If the Town elects to maintain ownership of the Lincoln School Apartments—either continuing the current ownership model or modifying it to include new construction—the Town retains full policy control and can ensure long-term affordability. A professional third-party manager can continue to operate the building under HUD rules, allowing the Town to retain oversight of tenant selection, and long-term stewardship of the property. This approach aligns with Hingham's commitment to maintaining senior housing and avoids the need to convey the property.

However, retaining ownership comes with notable financial and operational implications. Because municipalities cannot directly utilize LIHTC or Federal/State Historic Tax Credits, the Town would need to fund all major capital improvements and any new construction through local sources such as CPA, bonding, and/or state grants.

Maintaining ownership also concentrates all development risk on the Town. Operating income is constrained by HUD subsidy formulas, leaving limited capacity to build reserves or offset future capital cycles. While adding new units (whether all-affordable or mixed-income) could improve scale and operating performance, the Town would still need to finance construction costs entirely through public means unless a tax-credit-eligible ground lease structure is pursued.

If the Town retains ownership, all rehabilitation and modernization needs identified in the capital needs assessments become the full funding gap the Town must cover, since LIHTC and Historic Credits would not be available to offset costs. This scenario preserves public control but requires the Town to finance reinvestment through tools such as CPA, bonding, HAHT reserves, and some state and federal programs (e.g., CEDAC HOME MOD, Aging in Place funds, CDBG) placing the fiscal responsibility on the Town compared to a conveyance-based public–private partnership.

Summary of Findings

- **A tax-credit–driven public-private partnership is the most viable redevelopment path.**

  The case studies from Bridgewater, Auburn, and Southbridge demonstrate a consistent financing pattern: adaptive-reuse of senior housing almost always relies on a layered capital stack combining LIHTC equity, state historic credits, soft funding from state and nonprofit lenders, and a low-cost permanent mortgage.

  For Hingham, this means that a developer will likely require control via ground lease or conveyance, paired with Town participation, to leverage federal and state tax credit programs. This aligns with developer interviews, which indicated that the project is mission-aligned but financially infeasible without LIHTC + historic credits and a negotiated development structure.

- **The Town could convey LSA via a long-term ground lease, though not a favored option.**

  A long-term ground lease to a private development entity could unlock LIHTC and Historic Credits, but only if the developer receives sufficient leasehold control for tax purposes. Developers interviewed indicated this structure is uncommon and often less attractive, as financing partners tend to prefer fee ownership or a fully transferable 99-year ground lease with clear revenue participation. Even with a qualifying ground lease, the Town would relinquish operational control of the improvements and would still need to negotiate a complex tax-credit partnership structure.

Summary of Findings

- **CPA funding will need to play a catalytic role to unlock private capital and signal municipal commitment.**

  Across all scenarios, there is a large subsidy gap ranging from several million to well over $7 million depending on program mix and scale. This mirrors feedback from developers that a local commitment is a strong validation of municipal partnership. The case studies reinforce this: McElwain required $1.35M in CPA funds; Mary D. Stone and Wells School relied heavily on state and local soft funding to complete the capital stack.

  CPA investment at Lincoln could be used strategically to (a) reduce the developer's upfront rehabilitation cost burden, (b) stabilize operating deficits during renovation, (c) meet LIHTC local match expectations, and (d) improve competitiveness for state allocations. Without CPA funding, the feasibility gap remains prohibitively high.

- **The Town should structure its procurement process to allow negotiation, flexibility, and developer-driven solutions.**

  The Town should consider that developers expressed a strong preference for an RFQ followed by negotiation rather than a rigid prescriptive RFP. This is consistent with best practices in adaptive reuse seen in the case studies, where towns sought concept proposals, selected a qualified partner, and then co-developed program, phasing, and financing. For Lincoln School, such flexibility will be crucial for decisions around: (a) Whether to rehabilitate in phases or pursue temporary relocation, (b) How many new units can be added, and where, (c) any potential for coordinated use of adjacent parcels, (d) Whether the final structure should be Town-owned, ground leased or conveyed. A flexible procurement process will enable developers to propose cost-saving innovations, density options, and financing strategies that the Town alone cannot identify.

Lincoln School Apartments Market and Financial Feasibility Analysis

November 2025