Content

Anticipated Economic Benefits

While a broader economic impact analysis was beyond the scope of the Town's analyses, additional anticipated benefits of redevelopment and new multi-family housing units include:

- Increased ability to attract and retain a local workforce for small and large employers, including the Town of Needham.
- Construction jobs.
- Ongoing jobs, namely in mixed-use developments.
- Increased economic activity through additional spending by new residents in Needham's local economy and in the region.
- "New growth" property tax revenue to support municipal and school operations and services.

Propensity for Change Modeling

Propensity for Change Modeling

The Rate of Change Analysis uses a financial feasibility model for multifamily development that derives land value utilizing market return metrics, asking rents, and construction costs.

The analytical approach can be simplified into the following steps:

- Identify development scenarios based on height, unit, parking, and affordability requirements.
- Run a financial feasibility model for each scenario based on market factors (e.g., rents, rates, construction costs, return expectations).
- Using target return metrics from the following step, derive land values required to meet an Internal Rate of Return (IRR) of 15%.
- Identify parcels that currently have land values below the established threshold. These are parcels with the highest probability for turnover and redevelopment if the zoning is changed.

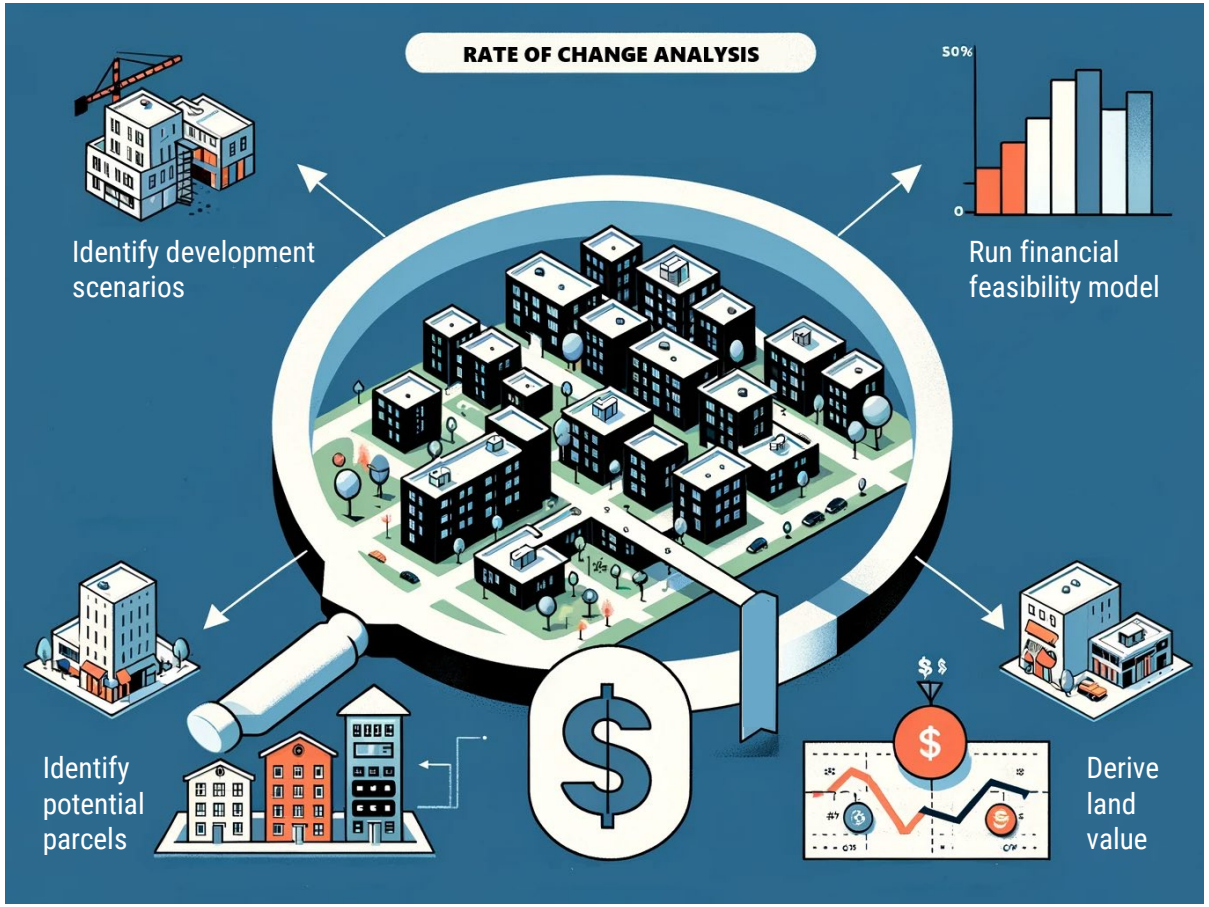


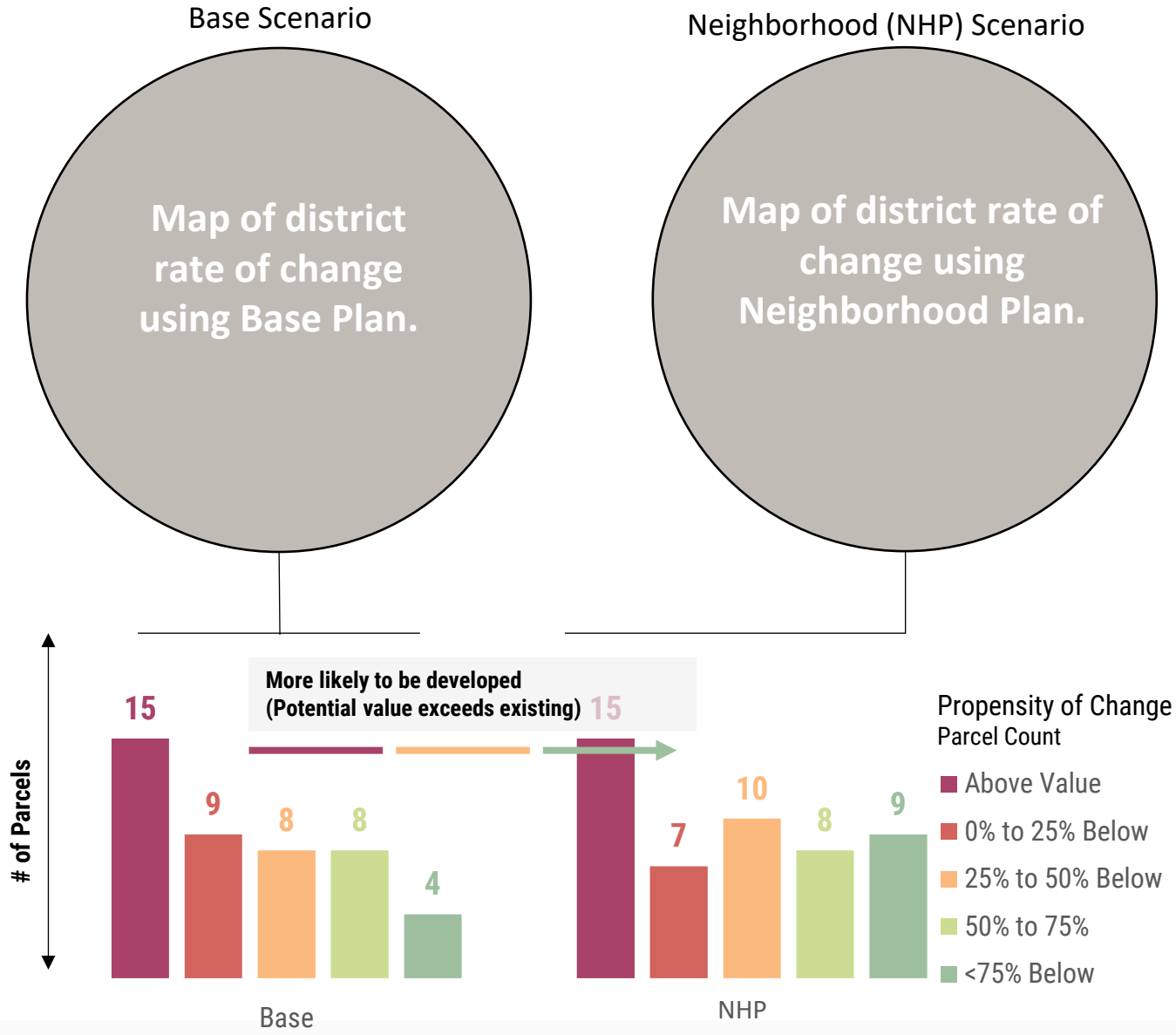
Image Source: RKG Associates, Inc.

Propensity for Change Modeling

OVERVIEW

District Requirements	
Height	**District requirements from MBTA Compliance Model**
Max DU / AC	
FAR	
Minimum Lot Size	
Model Scenario	
Construction Type	**Development Scenario Assumptions (Representative of average project type in district)**
Units	
Parking Max	
Parking Type	

Source: MassGIS, Town of Needham, CoStar, EOHLC, RSMeans



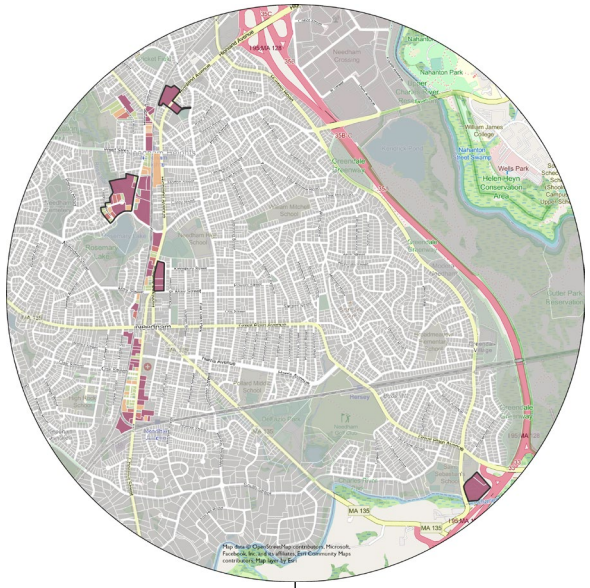
Propensity for Change Modeling

A 1 DISTRICT

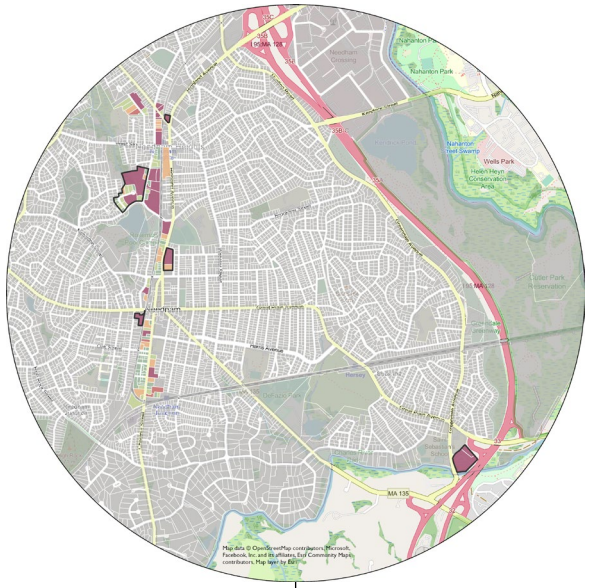
	BASE	NHP
District Requirements		
Height	3	4
Max DU / AC	18	36
FAR	0.5	1
Minimum Lot Size	20,000	20,000
Model Scenario		
Construction Type	Wood Frame	Wood Frame
Units	25	50
Parking Ratio	1	1
Parking Type	Surface	Surface

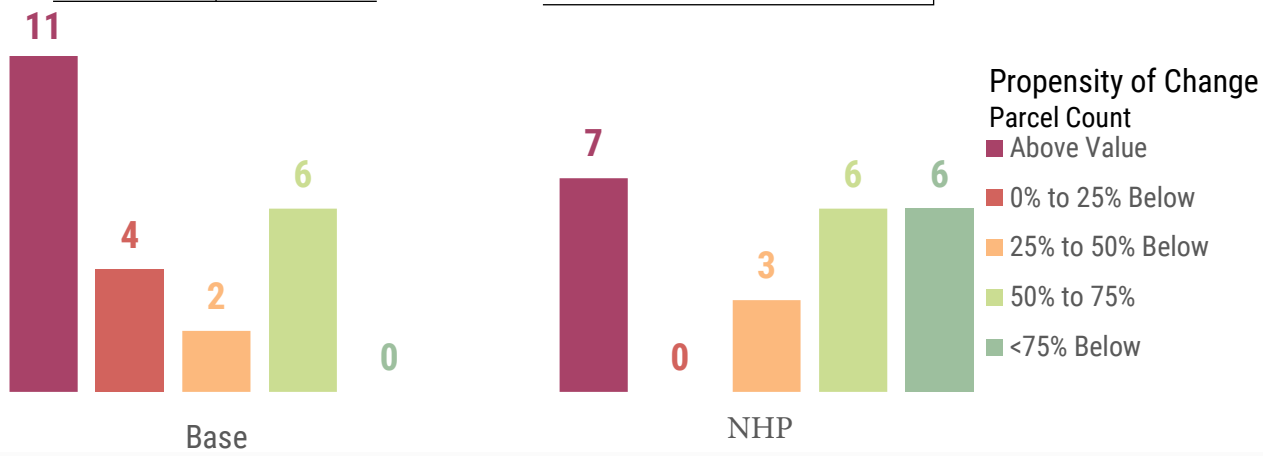
Source: MassGIS, Town of Needham, CoStar, EOHLC, RSMeans

Base Scenario



NHP Scenario





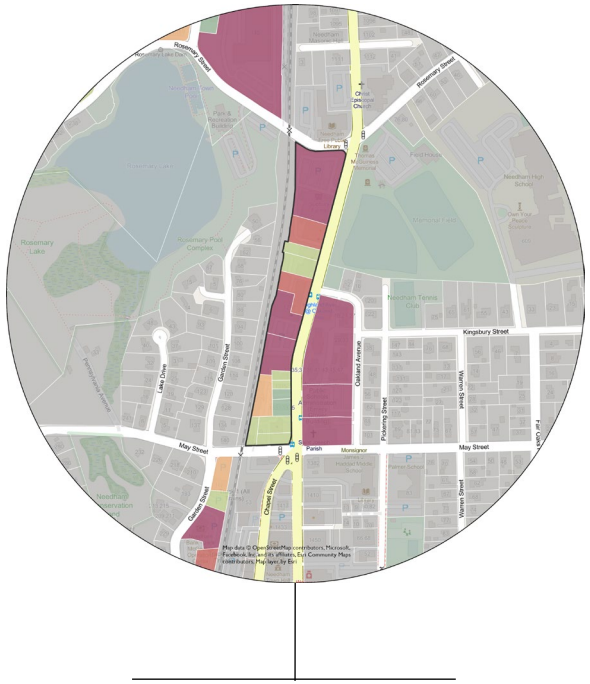
Propensity for Change Modeling

B DISTRICT

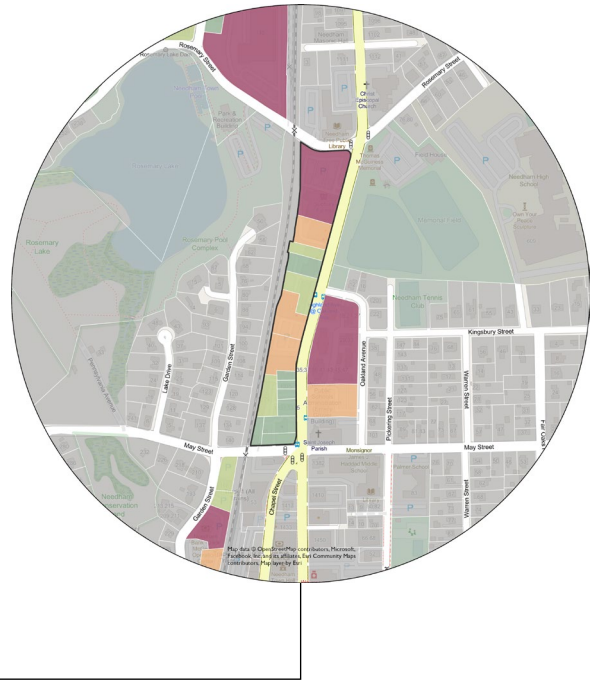
	BASE	NHP
District Requirements		
Height	3	4
Max DU / AC		48
FAR		2
Minimum Lot Size	10,000	10,000
Model Scenario		
Construction Type	Wood Frame	Wood Frame
Units	25	40
Parking Ratio	1	1
Parking Type	Surface	Surface

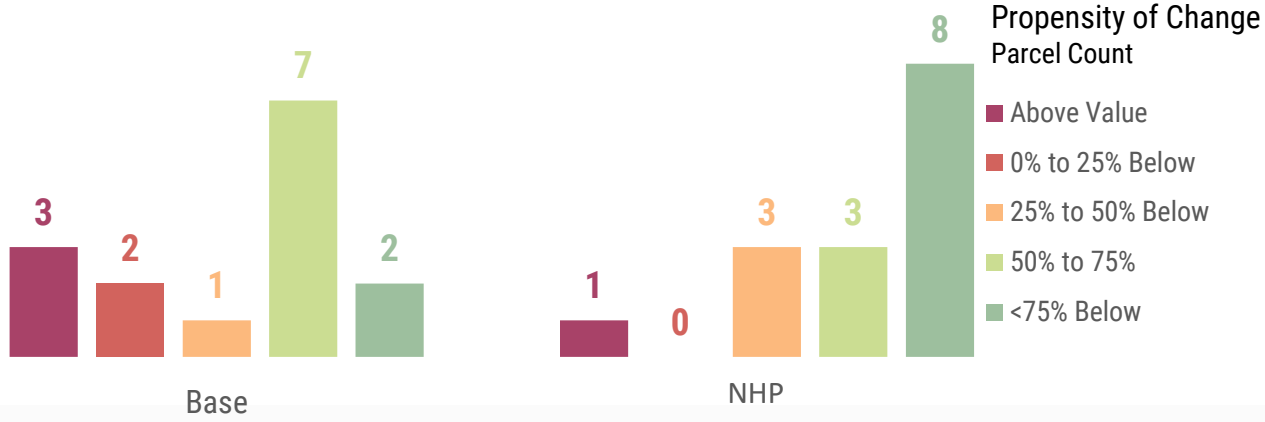
Source: MassGIS, Town of Needham, CoStar, EOHLC, RSMeans

Base Scenario



NHP Scenario





Propensity for Change Modeling

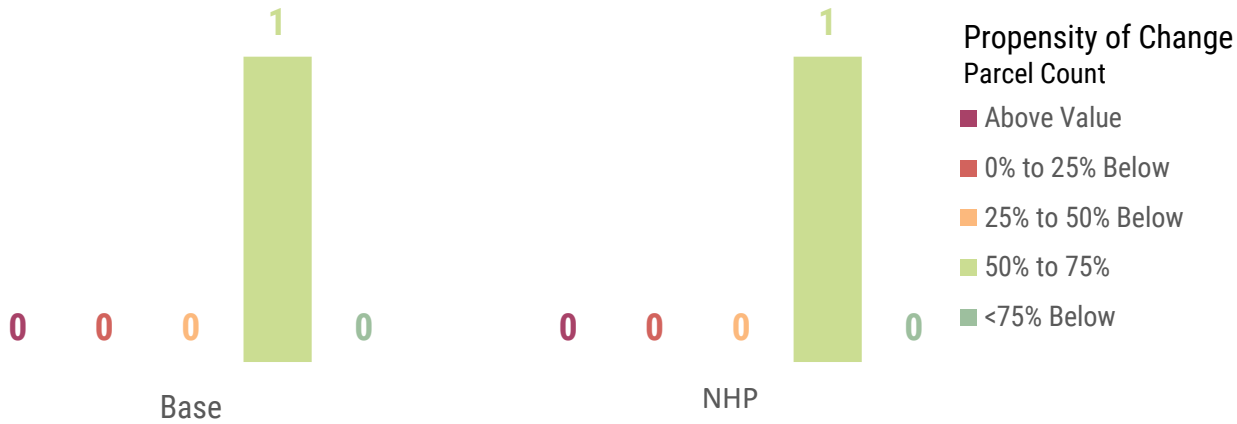
B - A V S Q D I S T R I C T

	BASE	NHP
District Requirements		
Height	3	3
Max DU / AC	44	44
FAR	1.3	1.3
Minimum Lot Size	10,000	10,000
Model Scenario		
Construction Type	Wood Frame	Wood Frame
Units	150	150
Parking Ratio	1	1
Parking Type	Surface	Surface

Source: MassGIS, Town of Needham, CoStar, EOHLC, RSMeans

Base Scenario

NHP Scenario



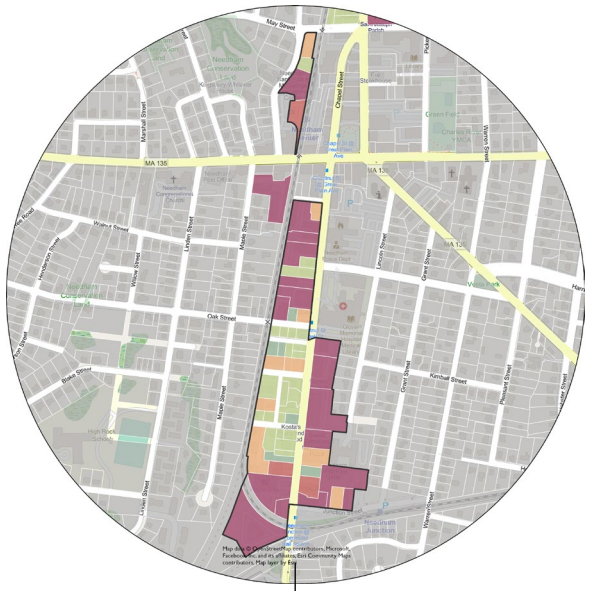
Propensity for Change Modeling

B-CH ST DISTRICT

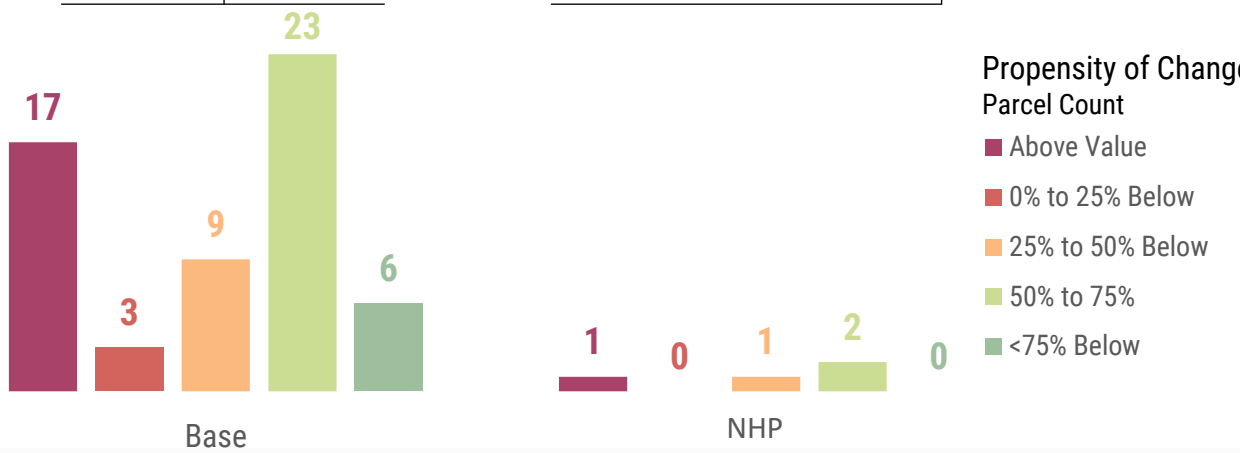
	BASE	NHP
District Requirements		
Height	3	3
Max DU / AC	18	
FAR	0.7	2
Minimum Lot Size	10,000	10,000
Model Scenario		
Construction Type	Wood Frame	Wood Frame
Units	15	25
Parking Ratio	1	1
Parking Type	Surface	Surface

Source: MassGIS, Town of Needham, CoStar, EOHLC, RSMeans

Base Scenario



NHP Scenario



Propensity for Change Modeling

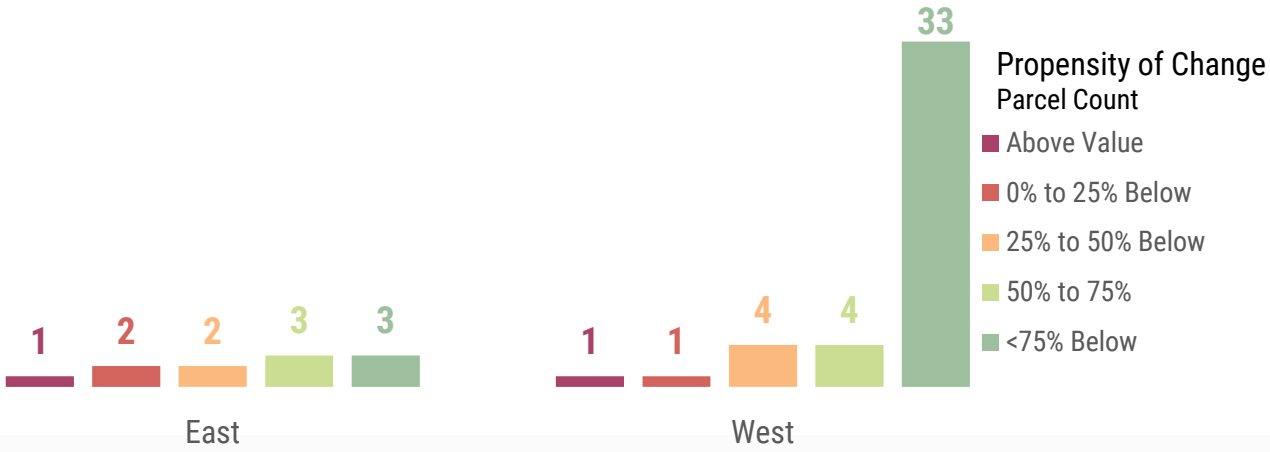
B-CH ST EAST & WEST

	NHP EAST	NHP WEST
District Requirements		
Height	3	4
Max DU / AC		
FAR	2	2
Minimum Lot Size	10,000	10,000
Model Scenario		
Construction Type	Wood Frame	Wood Frame
Units	40	50
Parking Ratio	1	1
Parking Type	Surface	Surface

Source: MassGIS, Town of Needham, CoStar, EOHLC, RSMeans

B-CH ST EAST

B-CH ST WEST



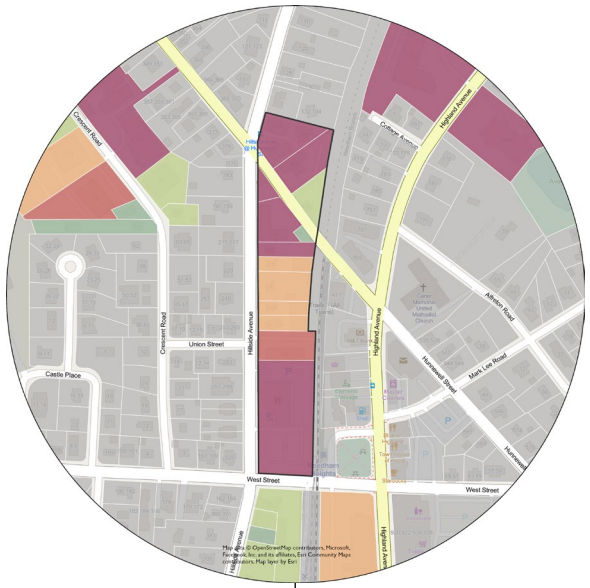
Propensity for Change Modeling

B-H AV DISTRICT

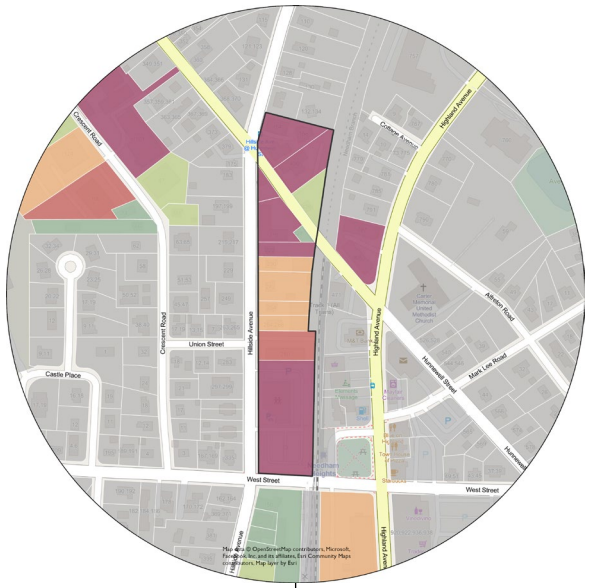
	BASE	NHP
District Requirements		
Height	3	3
Max DU / AC		24
FAR	0.7	1
Minimum Lot Size	10,000	10,000
Model Scenario		
Construction Type	Wood Frame	Wood Frame
Units	15	15
Parking Ratio	1	1
Parking Type	Surface	Surface

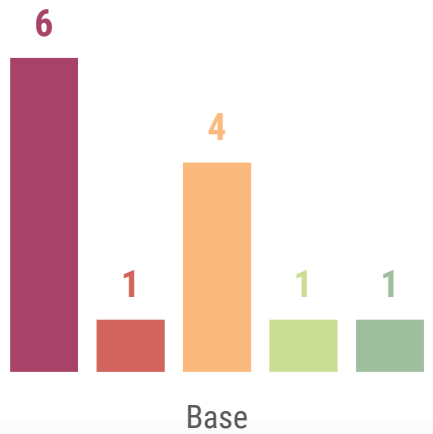
Source: MassGIS, Town of Needham, CoStar, EOHLC, RSMeans

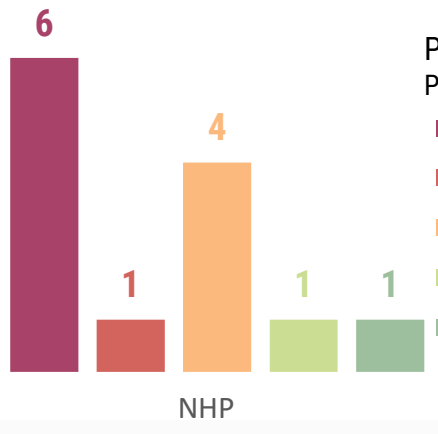
Base Scenario



NHP Scenario







Propensity of Change
Parcel Count
- Above Value
- 0% to 25% Below
- 25% to 50% Below
- 50% to 75%
- <75% Below

Propensity for Change Modeling

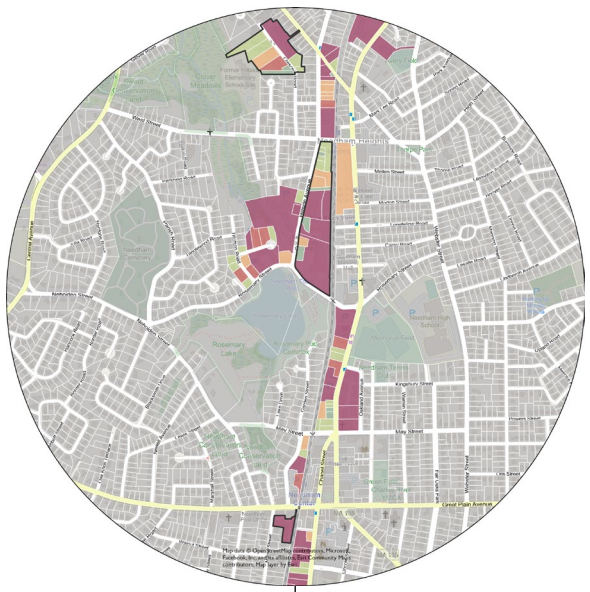
INDUSTRIAL DISTRICT

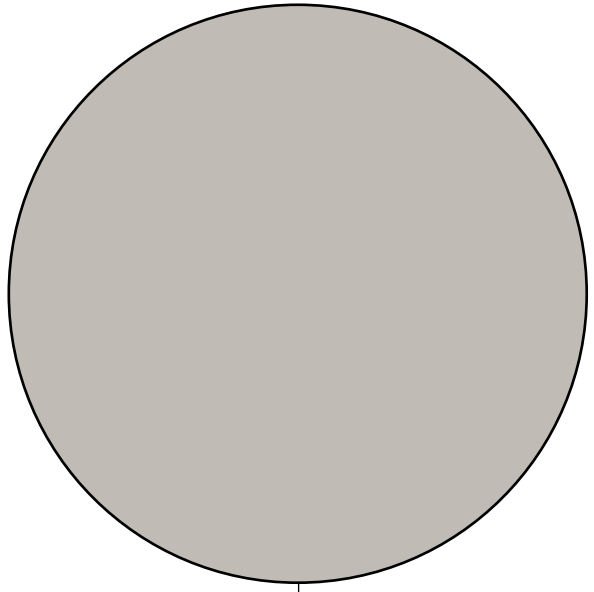
BASE -

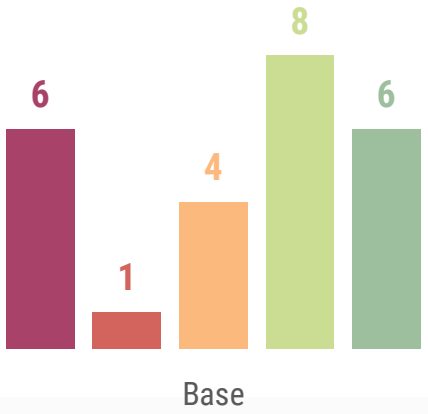
District Requirements		
Height	3	-
Max DU / AC		-
FAR	0.5	-
Minimum Lot Size	10,000	-
Model Scenario		
Construction Type	Wood Frame	-
Units	25	-
Parking Ratio	1	-
Parking Type	Surface	-

Source: MassGIS, Town of Needham, CoStar, EOHLC, RSMeans

Base Scenario







Propensity of Change
Parcel Count
- Above Value
- 0% to 25% Below
- 25% to 50% Below
- 50% to 75%
- <75% Below

Propensity for Change Modeling

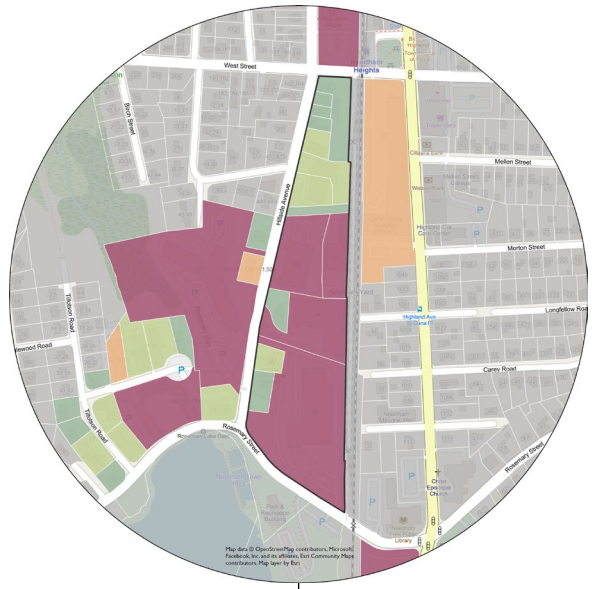
I-CRESCENT & I-HILLSIDE

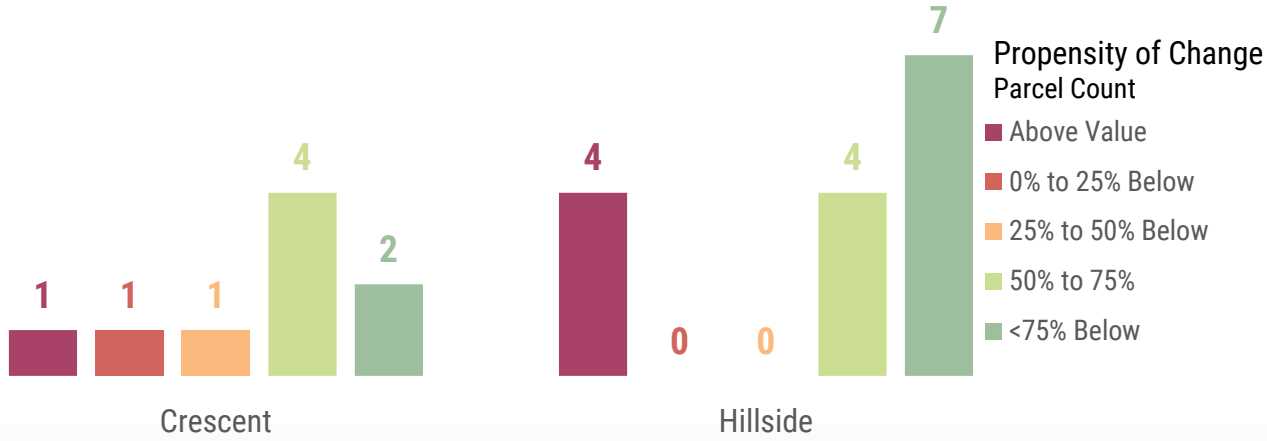
	NHP CRESCENT	NHP HILLSIDE
District Requirements		
Height	3	3
Max DU / AC	24	24
FAR	0.75	1
Minimum Lot Size	10,000	10,000
Model Scenario		
Construction Type	Wood Frame	Wood Frame
Units	25	40
Parking Max	1	1
Parking Type	Surface	Surface

Source: MassGIS, Town of Needham, CoStar, EOHLC, RSMeans

I-Crescent

I-Hillside





Fiscal Impact Model & Results

Fiscal Impact Analysis

To test the fiscal impact of Needham's two MBTA Scenarios, RKG Associates constructed a fiscal impact model to understand the potential tax revenues from new development compared to the municipal and school costs to support that development.

MODEL ASSUMPTIONS

- Town tax rates (FY23)
- Multi-family Valuation
  - Based on costs researched by RKG
- Existing property values and taxes (FY23)
- Development program
- Incremental governmental expenditures
  - General government (FY 24)
  - Public safety (police and fire FY24)
  - Public works (FY 24)
  - Schools (FY 24)
- Student generation rates per unit

CONSTRUCTION COST ASSUMPTIONS

Residential Type	Gross SQFT per Unit	Per SQFT Cost	Total Value per Unit
Studio Apartments	500	$300	$150,000
One Bed Apartments	750	$300	$225,000
Two Bed Apartments	1,050	$300	$315,000
Three Bed Apartments	1,250	$300	$375,000

Source: RS Means, CoStar, Needham Assessor Database, RKG Associates 2023

Fiscal Impact Analysis

- RKG identified costs by department that are likely to increase with the addition of a new household in town. We anticipate costs such as police staff salaries, library expenditures, or maintenance of recreation fields to increase with new households while a department head's salary or hours for Town Counsel to experience little to no impact.
- RKG identified all costs that are likely to vary (variable costs) with the addition of new households as a subset of the Town's total operational budget.
- Other Category accounts for debt service, unemployment, retirement, and insurance. Items not likely to increase substantially with the addition of a new housing unit.
- Once we establish the incremental budget, we must apportion that budget to residential and non-residential uses. For that we use a breakout of assessed value from Mass Department of Revenue (DOR) which shows 88% of Needham's assessed value driven by residential with 9% driven by commercial/industrial property.

Variable Expenses by Town Department (FY24)

Use Category	FY 2024 Budget	Variable Share of Budget	Residential Proportional Share @ 88%	Efficiency Adjustment	Adjusted Expenses
General Gov't	$14,358,516	$6,338,432	$5,577,820	10%	$557,782
Public Safety - Fire	$10,695,558	$10,655,531	$9,376,867	75%	$7,032,650
Public Safety - Police	$8,749,162	$8,614,268	$7,580,556	60%	$4,548,334
Public Works	$20,340,339	$8,793,620	$7,738,386	15%	$1,160,758
Other	$66,335,088	$0	$0	0%	$0
TOTALS	**$120,478,663**	**$34,401,851**	**$30,273,629**		**$13,299,524**

Source: Town of Needham FY24 Budget, RKG Associates.

Assessed Value by Property Class (2023)

Class	Value	% of Total
Residential	$10,715,862,649	88%
Commercial/Industrial	$1,151,557,337	9%
Total	**$12,247,868,326**	**97%**

Source: MA DOR 2022, RKG Associates.
Remaining 3% is personal property tax.

Fiscal Impact Analysis

- After calculating the incremental costs by department and the share of that budget allocated to residential uses, we must calculate municipal costs on a per household (HH) basis. This forms our estimates for calculating future costs of the housing in MBTA Districts.

- The cost allocation by land use table to the right summarizes the calculations used to estimate the per HH cost. The incremental budget for each major category of town services is allocated to residential uses using the share of total assessed value on the prior page. Those allocations are then divided by the total number of occupied households in Needham. This calculation gives us an estimate of cost on a per HH or per FTE employee that we can apply to each scenario.

Total Households in Needham

Category	Totals
Total Households (HHs)	11,710

Source: US Census 2017-2021 Estimates.

Cost Allocation for Residential Units

Cost Category	Variable Budget	Cost per HH
General Gov't	$557,782	$47.63
Public Safety - Fire	$7,032,650	$600.57
Public Safety - Police	$4,548,334	$388.41
Public Works	$1,160,758	$99.13
Other	$0	$0.00
TOTALS	**$13,299,524**	**$1,136**

Fiscal Impact Analysis

- RKG calculated the estimated number of school aged children that could result from the addition of each residential unit.
- RKG utilized school aged children (SAC) ratios from local Needham data from the school department on recently constructed multi-family developments and RKG's proprietary list of residential development projects and SAC ratios from around the Greater Boston region.
- RKG then calculated a variable education cost specific to Needham's school budget based on FY2022 budget information provided by the Department of Elementary and Secondary Education (DESE) inflated by the percentage increase of Needham's school budget through FY24.
- Using local costs only (net of state aid and grants), the estimated cost to educate a child in the Needham District was $13,459. This accounts for 61% of the full cost to educate a child in Needham of $22,005.
- By multiplying the local cost to educate a child by the number of school children in each scenario we can estimate total education cost. These costs, along with municipal costs, are then then netted against the gross property tax revenue for each scenario later in this analysis.

SCHOOL ASSUMPTIONS

Budget Category	FY24 Variable Budget Amount	% of Variable Costs	Per Pupil Cost
Classroom Teachers	$46,072,554	62%	$8,315
Instructional Leadership	$9,198,011	12%	$1,660
Other Teaching Services	$10,465,939	14%	$1,889
Instructional Materials	$3,958,076	5%	$714
Transportation	$1,183,735	2%	$214
Pupil Services	$3,699,453	5%	$668
Total	**$74,577,767**		**$13,459**

Use Category	SAC Ratio per Unit
Studio – MKT	0.00
One Bedroom – MKT	0.00
Two Bedroom – MKT	0.16
Three Bedroom – MKT	0.50
Studio - AFF	0.00
One Bedroom – AFF	0.00
Two Bedroom – AFF	0.38
Three Bedroom – AFF	1.20

Source: DESE 2022, Residential Demographic Multipliers for Massachusetts, 2017, Town of Needham SAC Metrics.

Fiscal Impact Analysis

To calculate an estimated net fiscal impact for each district under each scenario….

Number of Units X Per Unit Revenue = Gross Property Tax Revenue

Number of Units X Per Unit Municipal Costs = Municipal Costs

Number of Units X SAC Ratio X Per Child School Costs = Education Costs

Gross Property Tax Revenue - Municipal Costs - Education Costs = Net Fiscal Impact

Fiscal Impact Analysis - Results

Base Full Build Scenario

District Name	Units	Net Fiscal Impact
Apartment 1	526	$325,076
Business	210	$121,032
Avery Square Business	189	$112,967
Chestnut Street Business	370	$220,938
Hillside Avenue	80	$49,953
Industrial	495	$307,401
TOTALS	**1,870**	**$1,137,367**

Base Propensity Scenario

District Name	Units	Net Fiscal Impact
Apartment 1	0	$0
Business	43	$18,438
Avery Square Business	189	$112,967
Chestnut Street Business	50	$21,126
Hillside Avenue	8	$4,487
Industrial	121	$63,777
TOTALS	**411**	**$220,795**

Housing Plan Full Build Scenario

District Name	Units	Net Fiscal Impact
Apartment 1	877	$542,562
Business	305	$192,128
Avery Square Business	189	$112,967
Chestnut Street East	547	$333,141
Chestnut Street West	732	$450,340
Chestnut Street Business	75	$38,419
Hillside Ave Business	62	$35,349
Industrial - Crescent	184	$114,892
Industrial - Hillside	325	$197,887
TOTALS	**3,296**	**$2,017,685**

Housing Plan Propensity Scenario

District Name	Units	Net Fiscal Impact
Apartment 1	82	$41,107
Business	111	$67,627
Avery Square Business	189	$112,967
Chestnut Street East	137	$73,768
Chestnut Street West	560	$349,671
Chestnut Street Business	33	$8,829
Hillside Ave Business	6	-$518
Industrial - Crescent	79	$47,646
Industrial - Hillside	91	$48,409
TOTALS	**1,228**	**$749,506**

Fiscal Impact Analysis – Additional Revenues

Base Full Build Scenario

District Name	CPA Tax	Excise Tax
Apartment 1	$36,216	$315,255
Business	$14,459	$125,862
Avery Square Business	$13,013	$113,276
Chestnut Street Business	$25,475	$221,757
Hillside Avenue	$5,508	$47,948
Industrial	$34,081	$296,675
TOTALS	**$128,752**	**$1,120,773**

Base Propensity Scenario

District Name	CPA Tax	Excise Tax
Apartment 1	$0	$0
Business	$2,961	$25,772
Avery Square Business	$13,013	$113,276
Chestnut Street Business	$3,443	$29,967
Hillside Ave Business	$541	$4,795
Industrial	$8,331	$72,521
TOTALS	**$28,289**	**$246,331**

Housing Plan Full Build Scenario

District Name	CPA Tax	Excise Tax
Apartment 1	$60,383	$525,625
Business	$21,000	$182,800
Avery Square Business	$13,013	$113,276
Chestnut Street East	$37,662	$327,841
Chestnut Street West	$50,399	$438,720
Chestnut Street Business	$5,164	$44,951
Hillside Ave Business	$4,269	$37,159
Industrial - Crescent	$12,669	$110,279
Industrial - Hillside	$22,377	$194,787
TOTALS	**$226,936**	**$1,975,438**

Housing Plan Propensity Scenario

District Name	CPA Tax	Excise Tax
Apartment 1	$5,646	$49,146
Business	$7,642	$66,527
Avery Square Business	$13,013	$113,276
Chestnut Street East	$9,433	$82,110
Chestnut Street West	$38,557	$335,633
Chestnut Street Business	$2,272	$19,778
Hillside Ave Business	$395	$3,596
Industrial - Crescent	$5,439	$47,348
Industrial - Hillside	$6,265	$54,540
TOTALS	**$88,662**	**$771,954**

Tax Implication Analysis

Overview of Analysis and Approach

The Town of Needham engaged RKG Associates, Inc. (RKG) to conduct an analysis of the impacts of the MBTA Communities rezoning scenarios on gross property taxes. The focus of this analysis was to understand the tax implications of shifting a parcel of land within the MBTA District from a commercial/industrial use to a residential use. Since Needham has a split tax rate where residential property is taxed at a lower rate than commercial/industrial property, shifting the use of a parcel could reduce its annual tax payment.

Recognizing that the ability to permit multifamily housing as of right in the MBTA District could result in some parcels redeveloping, the Town wanted to try to quantify the potential impact of redevelopment on the tax base.

To do that, RKG worked closely with the Town's Assessor to collect FY24 property assessments and total tax bills for every parcel that falls within the proposed MBTA Districts under the Base Compliance and the Neighborhood Housing Plan scenarios. RKG analyzed the property tax implications for four build-out scenarios in total, which included:

- Base Compliance Scenario using the Propensity for Change Model to Estimate Build Out
- Base Compliance Scenario Full Build
- Neighborhood Housing Plan Scenario using the Propensity for Change Model to Estimate Build Out
- Neighborhood Housing Plan Scenario Full Build

For each of the four build-out scenarios, RKG selected all impacted parcels within the proposed MBTA Districts and joined their parcel information with the assessed value and total tax bill information from the Town's Assessor. This created a link from each MBTA District parcel to the taxes currently paid in FY24. RKG summed the total tax bills for these parcels and compared those totals to the gross property tax revenue projections from RKG's fiscal impact model. The following page shows the comparisons of existing property taxes today to the projected property taxes under each MBTA District scenario.

Property Tax Comparison – Base Compliance

The two tables below illustrate the differences in the use of the parcels, total assessed value, and total property taxes between the FY24 existing conditions and the MBTA Base Compliance scenario. Under the propensity for change model, RKG projected 57 parcels to redevelop. Under this scenario, the projected property taxes were not enough to cover the transition of 43 parcels from commercial to residential classification. There is a projected loss of nearly $150,000 in gross property taxes. This is mostly due to the low number of units projected under the propensity model scenario, but again, this is a projection and not prediction of what will happen in the future.

Under the Base Compliance full build scenario, the gross property taxes are enough to offset the loss of commercial properties because of the much higher total unit count which drive more value than the propensity for change model.

Base Compliance – Propensity Model

Scenario	Commercial/ Industrial Properties	Residential Properties	Total Assessed Value	Total Property Taxes
Existing Conditions	43	14	$40,634,700	$884,215
Base Compliance	0	57	$58,707,000	$735,012
Difference	-43	43	$18,072,300	-$149,203

Base Compliance – Full Build Model

Scenario	Commercial/ Industrial Properties	Residential Properties	Total Assessed Value	Total Property Taxes
Existing Conditions	85	25	$223,908,700	$4,768,964
Base Compliance	0	110	$493,152,000	$6,174,263
Difference	-85	85	$269,243,300	$1,405,299

Property Tax Comparison – Neighborhood Housing Plan

The two tables below illustrate the differences in the use of the parcels, total assessed value, and total property taxes between the FY24 existing conditions and the MBTA Neighborhood Housing Plan scenario. Under the propensity for change model, RKG is projecting 80 parcels to redevelop. Under this scenario, the projected property taxes are enough to cover the transition of 60 parcels from commercial to residential classification. There is a projected increase of nearly $2M in gross property taxes over existing tax amounts. This is due to the higher total unit count projected under the propensity model scenario.

Under the Neighborhood Housing Plan full build scenario, the gross property taxes continue to be more than enough to offset the loss of commercial properties because of the much higher total unit count which drives far more value than the propensity for change model.

Neighborhood Housing Plan – Propensity Model

Scenario	Commercial/ Industrial Properties	Residential Properties	Total Assessed Value	Total Property Taxes
Existing Conditions	60	20	$79,142,600	$1,689,551
NHP	0	80	$290,136,000	$3,632,503
Difference	-60	60	$210,993,400	$1,942,951

Neighborhood Housing Plan– Full Build Model

Scenario	Commercial/ Industrial Properties	Residential Properties	Total Assessed Value	Total Property Taxes
Existing Conditions	85	24	$205,828,400	$4,538,096
NHP	0	109	$881,496,000	$11,036,330
Difference	-85	85	$675,667,600	$6,498,233

Economic Feasibility Analysis

Economic Feasibility Analysis

The economic feasibility analysis tests development scenarios under a hypothetical scenario that does not factor in any site-specific details such as potential remediation, infrastructure, or demolition costs. Like the MBTA Compliance Model, the EFA model is meant to test whether affordability thresholds and specific set asides create hardships for a developer wanting to build under the community's Inclusionary Zoning regulations.

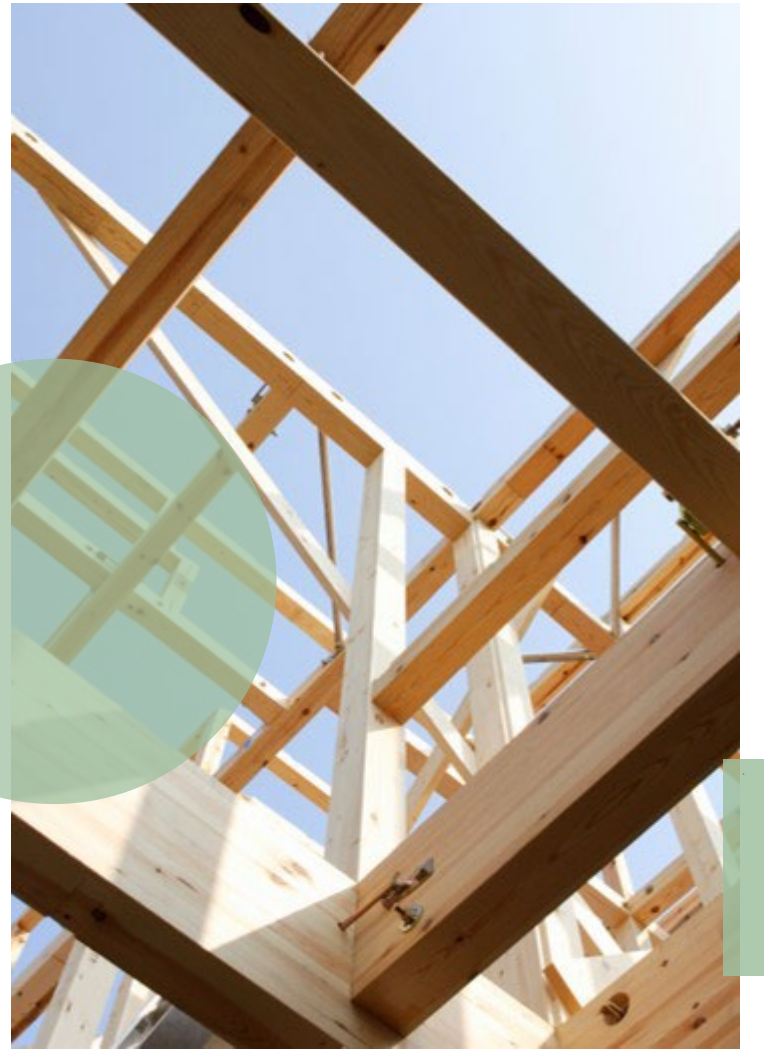
Current market conditions serve as point in time inputs to the EFA model such as asking rents, construction hard costs on a per sqft basis, cap rates, land values, interest rates, and more are outlined on the following pages. One important qualification for this type of analysis is that it is meant to merely test the relationship between zoning requirements and market conditions, it does not factor in site or deal specific details.

For example, if the zoning allows a height maximum of four stories, wood frame construction will be used as an input across the different development scenarios (e.g., 6, 25…200 units). The results may show that a 200-unit wood frame project is feasible but if there are no parcels that are large enough to accommodate a 4 story 200 unit stick built structure with parking, despite the results indicating feasibility, it is unlikely that development would move forward.

Economic Feasibility Analysis: Assumptions

Construction Costs	Input	Source
Land Acquisition (per unit)	$50,000	Assessment Data
Total Land Costs	Variable	Assessment Data
Soft Costs (percentage of hard costs)	20%	Local Developers
Hard Costs (per SQFT)		
Residential	$150	RS Means
Commercial Stick Built	$265	RS Means
Commercial Podium	$335	RS Means
Commercial Steel	$450	RS Means
Parking Assumptions		
Parking Ratio (district dependent)		Town of Needham
Parking Cost by Type		
Surface (per space)	$8,000	Local Developers
Structured (per space)	$35,000	Local Developers
Underground (per space)	$75,000	Local Developers

Operations & Expenses	Input	Source
VACL (percentage)	5%	Moody's Analytics
Operating Expense (% of EGI)	23%	Local Developers



Economic Feasibility Analysis: Assumptions

Revenue Sources	Input	Source
Rents by Bed Count (per SQFT)*		
Studio/Efficiency	$4.94	CoStar/Market Comps
One Bedroom	$3.99	CoStar/Market Comps
Two Bedroom	$3.55	CoStar/Market Comps
Three Bedroom	$3.65	CoStar/Market Comps
Sale Value (per SQFT)		
Other Income		
Parking Revenue (surface/structured) (per month per space)	$50/$150	Local Developers
On-Site Laundry (per month)	N/A	N/A
Other (please list)	N/A	N/A

Financial	Input	Source
Lending Rate (Percentage)	6%	Local Developers / CoStar
Lending Term (Years)	30	
Debt Equity Ratio	70/30	
Cap Rate	5%	
Return Expectations		
Internal Rate of Return (IRR)	15%	
Return on Cost (ROC)	6.0%	
Cash on Cash (CoC)	5.5%	

Economic Feasibility Analysis: Scenarios

The following table outlines the specifics of each scenario run through the economic feasibility model.

EFA Scenarios	S1 - Minimum Threshold	S2	S3	S4	S5 - Maximum
Unit Count	6	25	50	100	200
Construction Type	Stick	Stick	Stick	Stick	Stick
Parking Assumption	Surface	Surface	Structured	Structured	Structured
Parking Ratio	1	1	1	1	1
For S1 – S5, IZ set asides were tested at 10% though 20% at 2.5pp increments. Parking ratios were held constant at 1 and the area median income threshold was held at 80% of AMI					
IZ Scenarios					
IZ %	10.0%	12.5%	15.0%	17.5%	20.0%
AMI	80%	80%	80%	80%	80%
Rounding	Round up at 0.5	Round up at 0.5	Round up at 0.5	Round up at 0.5	Round up at 0.5

To evaluate the performance of each scenario, three return measures are presented in the results:

- **Internal Rate of Return (IRR),** which is the annual rate of growth an investment is expected to generate, in this case how profitable is a specific development scenario estimated to be?
- **Cash-on-Cash (CoC),** which is the cash income earned from cash invested in a development scenario
- **Return on Cost (RoC),** which is an estimate of how much profit is earned relative to the total cost of the development scenario

Economic Feasibility Analysis: Results

Internal Rate of Return

	10.0%	12.5%	15.0%
S1 – 6 Units	20.30%	20.30%	20.30%
S2 – 25 Units	21.55%	21.55%	21.09%
S3 – 50 Units	20.48%	20.11%	19.53%
S4 – 100 Units	20.69%	20.20%	19.85%
S5 – 200 Units	20.62%	20.21%	19.89%

Internal Rate of Return (IRR), is the annual rate of growth an investment is expected to generate, in this case how profitable is a specific development scenario estimated to be. **Market expectation sits around 15% meaning the results of these hypothetical scenarios exceed market expectations.**

Economic Feasibility Analysis: Results

Cash-on-Cash

	10.0%	12.5%	15.0%
S1 – 6 Units	7.60%	7.60%	7.60%
S2 – 25 Units	8.66%	8.66%	8.21%
S3 – 50 Units	7.88%	7.52%	6.98%
S4 – 100 Units	8.06%	7.60%	7.28%
S5 – 200 Units	7.99%	7.61%	7.31%

Cash-on-Cash (CoC), is the cash income earned from cash invested in a development scenario.
Market expectation sits around 5.5% meaning the results of these hypothetical scenarios exceed market expectations.

Economic Feasibility Analysis: Results

Return on Cost

	10.0%	12.5%	15.0%
S1 – 6 Units	7.32%	7.32%	7.32%
S2 – 25 Units	7.63%	7.63%	7.50%
S3 – 50 Units	7.40%	7.29%	7.13%
S4 – 100 Units	7.45%	7.32%	7.22%
S5 – 200 Units	7.43%	7.32%	7.23%

Return on Cost (RoC), is an estimate of how much profit is earned relative to the total cost of the development scenario. **Market expectation sits around 6 - 6.5% meaning the results of these hypothetical scenarios exceed market expectations.**