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MEMORANDUM

Date: April 24, 2026

To: Members of the Danvers Historic District Commission

Copy: Aaron Henry, Timothy Hudon, Jenn Mason
Janice Fahey, Assistant Attorney General

From: Jim Cotter

Re: Development costs/options for 199 Hobart Street, Danvers, MA (the "Property")

As the Receiver for the Property, I appeared before the Commission on January 22, 2026. I outlined my plan for determining the costs for Phase 1 of the rehabilitation of the Property. I indicated that I would report back when I had a tentative cost.

Phase 1 consists of correcting the sever structural defects in the support and foundation of the building on the Property (the "Building"). At that time, I was waiting for final plans from Structures North Structural Engineers, Inc., the structural engineers retained to draft the plans for the structural work (the "Plans" and the "Work") and for cost proposals responsive to the Plans.

On February 26, 2026, I received the proposals. The initial cost of the Work ranged from \$395,310.00 to \$406,193.00.

At the suggestion of a contractor/consultant assisting me, the Plans included Option 1. Rather than calling for the roof to be removed during the work, Option 1 called for a knee wall to be constructed in the attic to support the roof during and after the reconstruction of the roof support. This option reduced the above costs by approximately \$60,000.00.

Further tweaking of the Plans reduced the cost by eliminating the reconstruction of the structure for the main entry, which, as I understand, was constructed only decades ago, and the structure for the rear entry. Additionally, reconstruction of the chimney was being delayed to a potential Phase 2 and, to save costs, the holes in the front roof would be repaired with cedar shanks and the back roof lightly power washed. (In view of the following, I am not requesting Commission approval for any of these options.)

Despite these modifications, the lowest, most responsible construction cost for Phase 1 is \$309,110.00. Additional costs for Phase 1 are set forth in the attached proforma result in a total phase 1 cost of \$396,332.00 before financing.

Based on the following, it does not appear that conventional or private financing for Phase 1 will be available. Without public or private investment/grants, the loan-to-value ratio lenders apply to loan requests (60%-70%) is not met.

The following is my broker's comparative market analysis ("CMA") of recent sales prices in the area. These figures will govern the level of institutional or private financing for the project:

Sale as is after the Phase 1: \$400,000-\$450,000 +/-; and,

Sale after full rehabilitation: \$900,000-\$950,000 +/- depending on the level of rehabilitation, and, according to the CMA, perhaps, up to \$1,000,000.00.

The line of credit I've secured is \$300,000.00, about \$40,000.00 of which I've accessed for the structural plans, some exterior and interior clean up, and closing costs. I'll inquire from the lender about increasing the line of credit; however, I'm not optimistic that it will do so. If the credit line is increased to pay for the cost of Phase 1, the loan to value ratio will be about 100%, not the 60%-70-80% loan to value ratio normally required by lenders.

Since funding is not available to pay for Phase 1, the following is an option I've followed in other cases where financing is insufficient or nonexistent. I request authorization from the Court to sell the property in its "as is" condition to a buyer who can finance the cost of the acquisition cost and work and has the experience to complete the rehabilitation of the property under the supervision of the Court and Receiver.

Before I make a recommendation to the Court in this type of sale, I obtain financial information from potential buyers showing liquid assets sufficient to purchase the property and to complete the work. I also require a plan and timetable for the work and, here, a contractor with a history of working on historic buildings.

The buyer is obligated to finish the work within a certain time period set by the Court. Mr. Thoron, the owner, would have the right to make an offer; however, it would have to include proof of liquid funds, a plan, and timetable for the rehabilitation and a contract with a qualified contractor.

Based on the insufficient financing for Phase 1, and other than dismissing the Receivership, at this time, I believe this is my only option.

I will welcome your thoughts. Thank you.

Jim Cotter

199 Hobart Street, Danvers, MA

Phase 1 Structural work 21-Apr-26

Construction

Structural work/roof repair, power wash	289,310.00		
Roof repair/soft wash	13,800.00		
Demo for mold remediation Mechanical access or			
Mold remediation and Demo 1st 2nd floors	15,000.00		
Asbestos remediation	3,800.00		
Oil tank removal	700		
Sub total	322,610.00		
Contingency	0.2	64,522	due to age, unknowns in walls
Construction total	387,132.00		
<u>Soft costs</u>			
Engineering oversight	9,200.00		
Architectural planning/scope of work for Phase 2			
Total construction cost	396,332.00		