

APPRAISAL SUMMARY

430 Nahant Road, Nahant, Massachusetts

Prepared by:

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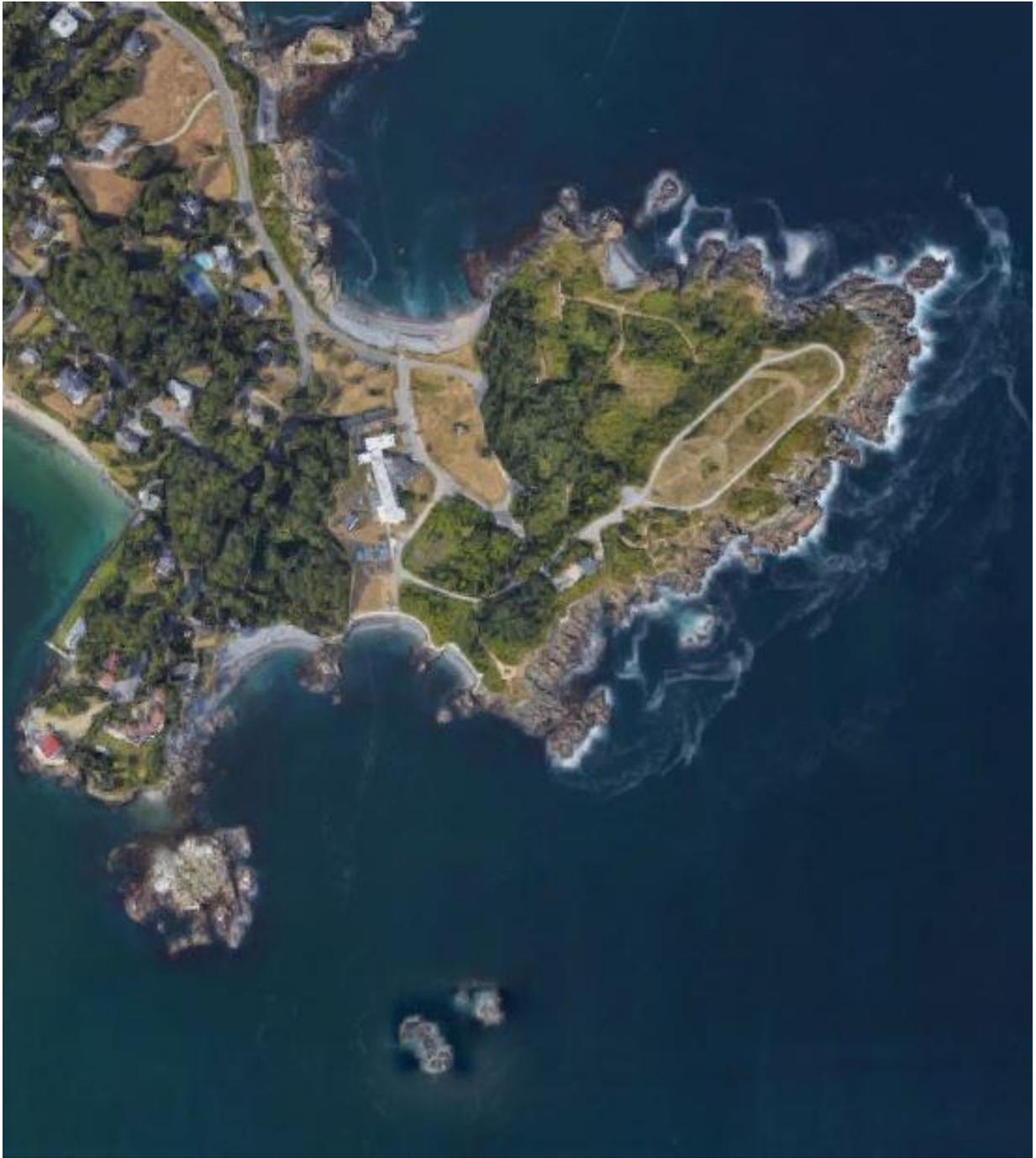
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CONFIDENTIALITY OF REAL PROPERTY APPRAISALS IN EMINENT DOMAIN

Massachusetts law provides that the Town of Nahant has the legal right to maintain the confidentiality of all appraisal reports to be used in connection with a potential taking by eminent domain:

1. Appraisal reports are not public records falling within an unambiguous exemption to the Public Records Law (G. L. c. 4 § 7, cl. 26(i)).
2. Appraisal reports are not exchanged during the discovery or any phase of litigation. Because there is no right to review the appraisal report of the owner of property taken, public disclosure regarding the value of property which may be taken by eminent domain would be severely prejudicial to the interests of the Town.
3. Appraisal reports are not evidence at trial.

The full report has been reviewed by the Board of Selectmen who unanimously agree that the report itself be retained as a confidential document. However, the Board requested that counsel prepare a summary of the facts known and opinions held by the appraiser for public disclosure.



Summary of Salient Facts and Conclusions

Property Name	Northeastern University Marine Science Center
Address	430 Nahant Rd. Nahant, Essex County, Massachusetts 01908
Property Type	Non-profit educational; open space
Owner of Record	Northeastern University
Tax ID	202-0-1
Property Before the Conservation Restriction	
Land Area-acres	20.42
Street Frontage-Ft.	1,357.25
Water Frontage-Ft.	4,265
Gross Building Area-sq. Ft.	14,544 SF
Other Improvements	Murphy Bunker, asphalt paving, landscaping; outbuildings; underground piping and equipment used in conjunction with seawater intake, distribution, circulation and discharge.
Permanent Conservation Restriction	
Land Area-acres	12.45
Street Frontage-Ft.	564.50
Water Frontage-Ft.	4,265
Building improvements	None
Other Improvements	Murphy Bunker-Air Rights
Zoning Designation	NR-Natural Resource District
Highest and Best Use -Before the Conservation Restriction	Continued Non-profit Educational, non-profit outdoor recreational, and open space conservation use
Highest and Best Use- After the Conservation Restriction	Continued Non-profit Educational, non-profit outdoor recreational, and open space conservation use
Exposure Time; Marketing Period	6-12 months; 6-12 months
Effective Date of the Appraisal	May 22, 2020
Date of the Report	September 9, 2020
Property Interest Appraised	Permanent Non-exclusive Conservation Restriction

Value of Permanent Conservation Restriction	\$1,870,000
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The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Greenberg Trauig LLP, Attorneys at Law and Counsel at Greenberg Trauig LLP, Seyfarth Shaw LLP, KP Law, and Lurie Friedman LLP may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Appraiser

Emmet T. Logue, MAI, CRE, of Integra Realty Resources – Boston, prepared an appraisal of the total reduction in market value of the fee simple interest in the 20.42± acre Northeastern University property at 430 Nahant Road, Nahant, Massachusetts (“Property”), as a result of a proposed permanent, non-exclusive, conservation restriction easement taking on a 12.45± acre portion.

Mr. Logue’s qualifications are attached.

Appraisal Standards

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and applicable Massachusetts state appraisal regulations, including the Manual of Massachusetts Eminent Domain Appraisal Law. Mr. Logue’s opinions are based on his personal inspection of the Property and environs, analysis of relevant property and market data and on the appraiser’s experience with valuation assignments with similar property characteristics, constraints and opportunities.

Appraisal Conclusion

Based on the valuation analysis in the appraisal report, summarized herein, and subject to the definitions, assumptions, and limiting conditions expressed therein, Mr. Logue arrived at the following opinion of damages due the proposed easement taking on 12.45± acres of the Property:

Value Conclusion			
Appraisal Premise	Interest Appraised	Date of Value	Damage Conclusion
Market Value	Permanent Non-exclusive Conservation Restriction	May 22, 2020	\$1,870,000

Neighborhood Description

The neighborhood in which the Property is located is referred to as East Point which includes properties with water frontage or views and is among the most desirable residential areas of Nahant. The easternmost point of the neighborhood includes the Property and the adjacent 8.3± acre town owned Lodge Park. Residential property values in the East Point area along Swallow Cave Road, Cliff Street, Vernon Street and adjacent sections of Nahant Road are generally in excess of \$1,000,000 for many of the oceanfront properties including large house lots. Turnover is limited with only two sales occurring in the past four years at \$2,200,000 for a water view property in 2016 and \$815,000 for a non-waterfront property in 2018. Residential property values in East Point have increased significantly in the past several years.

Property Description

The Property, from which the proposed conservation easement will be taken, is an irregular-shaped, 20.42± acre site at East Point off the east end of Nahant Road and the east side of Swallow Cove Road abutting Lodge Park and fronting on Massachusetts Bay. The Property has 4,265 lin. feet of water frontage on the northerly and southerly boundaries, including Canoe Beach and Bathing Beach at the northwest corner and along the southwest boundary, respectively.

The Property is improved by the buildings used by Northeastern University's Marine Science Center ("MSC") clustered on a southwesterly 7.97± acres portion. The MSC improvements include a one-story wood frame classroom, office and research building containing 14,544 sq. ft. of gross floor area, a number of smaller outbuildings. Notable is an underground former military battery, known as the Murphy Bunker or Battery, built into a hillside and used for classroom and lab. Accessory parking is available; access is by Nahant Road.

Approximately 12.45± acres of the Property are undeveloped, coastal open space consisting principally of waterfront, meadow, woodland and exposed rocky shore line. This 12.45± acres is the area targeted for the conservation easement.

Description of the Easement Area and the Remainder After the Taking

A. Easement Area to be Taken by Eminent Domain

The portion of the Property to be encumbered by the proposed permanent conservation easement ("Easement") to be taken by eminent domain ("Taking") consists of 12.45± acres in the northerly section east of Nahant Road and north of Lodge Park and the southerly part of the site southwest of Lodge Park and southeast of the MSC campus ("Easement Area"). The Easement Area is predominantly open space, including all of the Property's water frontage, Canoe Beach and the Bathing Beach areas, and 565+/- feet of street frontage at the end of Nahant Road. The Easement Area also encompasses the air rights/development rights above the Murphy Bunker.

B. Easement Rights to be Taken

The Taking is of an easement. The Easement imposes a restriction on the use of the Easement Area similar to limits on use imposed by the existing Natural Resource zoning district (see below). The Easement will limit use of the Easement Area to non-profit outdoor recreation, conservation, preservation, and natural resource uses which essentially has been the use of this land for over 50 years. The Easement will "take" the development rights within the Easement Area, including those over the Murphy Bunker, but will not impact continued classroom and lab use of the Murphy Bunker. In addition, the Easement will take the owner's exclusivity rights (e.g., the right to exclude others), making the Easement Area open and accessible to the general public.

After the Taking, the total acreage remaining in Northeastern's ownership is the same 20.42± acre land area. Street and water frontage are the same after the Taking as before. The Easement does not include the buildings or other MSC related improvements. The remainder

property is left with all the improvements intact. In the Easement Area, non-profit educational and religious uses (so-called Dover Amendment uses) are permitted after the Taking as had been before under existing zoning. The Easement will eliminate development in the Easement Area preventing construction of all buildings and other improvements, including those for educational and religious uses. What had been private property before the Taking with the right of the owner to exclude others, after the Taking, the general public will be permitted to access the Easement Area. The Town will control the Easement Area for the benefit of the general public. Northeastern (and its successors) will be permitted to use the Easement Area as before, but that use is no longer exclusive, but is shared with the general public after the Taking.

Market Conditions

As of the date of value, the economy (globally, nationally, and locally) was in a state of transition with some concern of the onset of a recession. The outbreak of COVID-19 was declared a global pandemic by the World Health Organization (WHO) on March 11, 2020. Some market deterioration had occurred shortly before this date, but the declaration by the WHO soon led to municipal and statewide orders to “shelter in place,” causing widespread closures of businesses and a massive disruption to general commerce. The fluid nature of economic conditions is contributing to significant uncertainty in the markets. The effect COVID-19 will have on the local and regional real estate markets is currently unknown and will depend, in part, on the scale and longevity of the outbreak. As of the date of valuation, the single family suburban real estate market, including Nahant, was steadily improving due to limited inventory, increased relocation from the cities to the suburbs, and low interest rates. The impact of COVID-19 on economic conditions is considered throughout this appraisal.

Assessment and Real Estate Taxes

The tax rate in the Town of Nahant for Fiscal Year 2020 is \$10.97 per \$1,000 of assessed value for residential and commercial properties. The Town of Nahant has adopted the Community Preservation Act (CPA) and applies a 3.0% CPA charge. The real estate assessment for FY 2020 is shown in the following table.

Assessment			
Tax ID	Assessed Value		
	Land	Improvements	Total
202-0-1	\$3,421,300	\$1,967,200	\$5,388,500

Zoning

The Property is located in the Natural Resource (NR) zoning district as described in the Nahant Zoning By-Law, as amended. The NR District is intended for natural resource and recreation uses. In summary, uses allowed by right within the NR district are restricted to non-profit educational and religious purposes to the extent required by M.G.L. c. 40A, § 3 (The Dover Amendment), non-profit outdoor recreation, agriculture, conservation related uses and environmental monitoring. The NR does not allow by right or by special permit any private development, such as residential, commercial or industrial use. While the Dover Amendment prevents municipalities from

prohibiting, regulating or restricting the use of land for educational purposes by a non-profit educational corporation, such as Northeastern, it does not require towns to allow for-profit educational or private development.

Valuation

A. Highest and Best Use

The determination of highest and best use (“HBU”) is the foundation of valuation. The first step is to determine HBU as it exists before the Taking. Because the proposed Taking is only a portion of the Property, the appraiser must also determine whether the Taking impacted HBU after the Taking.

Within the marketplace for waterfront land, the possible uses and users of the Property are not for-profit, economic entities because the NR zoning and Dover Amendment do not allow any for-profit developments. A purchaser of the Property, before and after the Taking, would, therefore, not be competing with a for-profit developer because for-profit use(s) are not allowed at the Property, before or after the Taking. For these reasons, the Easement will not change the highest and best use of the Property:

Before the Taking: For continued non-profit educational, conservation, preservation and natural resource use.

After the Taking: For continued non-profit educational, conservation, preservation and natural resource use.

B. Definition of Market Value

Because this is an assignment related to a potential taking, the appraiser must follow Massachusetts law in determining value and the damages owed to the owner. Under established law, the criterion for just compensation is the fair market value of the property taken defined as the highest price which a hypothetical willing buyer would pay to a hypothetical willing seller in an assumed free and open market, neither party being under any obligation to buy or sell.

C. Partial Taking: Severance

When a taking by eminent domain is made of only a portion of the property, or as here, of rights from the property, the appraiser is required to determine whether that taking has resulted in a diminution in value to the remaining property, called the “remainder.” This is referred to as “severance” (e.g., a portion is severed off the whole) and the landowner is entitled to be paid “severance damages,” if any. The difference between the value of the property before and the value of the property after the taking is the measure of severance damages.

In the Easement Area itself, Northeastern is left with its ownership in fee intact of the same total acreage before as after. However, all development rights in the Easement Area have been taken preventing development of any nature or intended use. The right to use the

Easement Area remains the same before and after the Taking. Access to Easement Area will be shared with the general public where it was exclusive to the owner. In the 7.97± acre remainder after the Taking, Northeastern (or its successor) has the legal right to use that portion for the same purposes as before the Taking. No building or other improvement is adversely impacted. Development rights in the remainder are unchanged. Access is unaffected.

Mr. Logue concluded that there is no diminution in value to the remainder (e.g., no severance) and that the full damages may be assessed by determining the diminution in value of the Easement Area alone.

D. Sales Comparison Approach

a. Value of the Easement Area Before the Taking

In determining the fair market value of the Easement Area, Mr. Logue used the Sales Comparison Approach.

Mr. Logue relied on the best available sales data for waterfront land, adjusted where necessary for differences in location and physical characteristics. The sales that Mr. Logue found most helpful are attached hereto as Exhibit 1. Each has ocean or bay frontage and is situated in a primarily residential neighborhood. The Development Land comparable sales all have private, for-profit development potential by reason of their zoning, but each is reasonably similar to the Property in terms of location, topography, water frontage and/or view. The Limited Development Land comparable sales are predominantly conservation or open space.

Price paid per acre of total land area is the appropriate unit of comparison. Total land area was used because the values per acre of total land area and useable land area for sites like the Property, which do not have private development potential, vary less significantly than for sites with private development potential where the utility, highest and best use and value are based primarily on the amount of useable/developable area on the site.

Based on an analysis of those sales as compared to the Property, Mr. Logue arrived at a land value conclusion in fee, before the taking, for the 12.45 acres as follows:

Land Value Conclusion	
Indicated Value per Acre	\$200,000
Land Area to be Restricted-acres	12.45
Indicated Value in Fee	\$2,490,000
Rounded	\$2,500,000

b. Value of the Easement Area After the Taking

Taking of an easement is not a taking of the entirety. Northeastern (and its successors) is left with its fee simple interest in the land remaining subject to the Easement which has value. Based on analysis of the property rights to be taken in the Easement Area, particularly the restriction preventing development and the rights of the Town to access the Easement Area at any point and to control use of the Easement Area for the benefit of the Town and public, but also considering the property rights to be retained by the owner, Mr. Logue concluded that a maximum of 75% of the bundle of rights within the Easement Area would accrue to the Town.

Applying the 75% shared use adjustment to the 100% property rights, the weighted easement rights to be taken are 75%, meaning that the value of the property rights retained by the owner have been reduced by 75%. Applying this percentage to the estimated fee simple value of \$200,000 per acre, the value of the fee interest in the 12.45± acres remaining is \$50,000/acre and the damages sustained are equal to \$150,000 per acre.

E. Value Conclusion – Opinion of Land Damages as a Result of the Taking

Based on the valuation analysis in the appraisal report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, Mr. Logue concluded that it is his opinion that the damages resulting from the Taking of the Easement and owed as just compensation are as follows:

Value Conclusion			
Appraisal Premise	Interest Appraised	Date of Value	Damage Conclusion
Market Value	Permanent Non-exclusive Conservation Restriction	May 22, 2020	\$1,870,000

Exhibit 1

DEVELOPABLE LAND SALES

Location	Land Area	Use	Date	Price	Price/Acre
35 Littles Point Rd, Swampscott	6.28 ac	20 Resi Units	12/18/17	\$2.75M	\$477,707 (incl. demo)
155 Mishaum Point Rd., Dartmouth	4.5 ac	1 House Lot	9/15/18	\$2.3M	\$511,111
135 Putnam Ave., Cotuit	11.78 ac	3 House lots	5/5/19	\$5,045,000	\$428,268
130 Glades Rd., Scituate	3.3 ac	1 House lot	5/15/20	\$2,175,000	\$659,091
373 Summer St., Manchester	5 ac	1 House lot	5/22/17	\$1,350,000	\$270,000
397-405 Washington St., Duxbury	11.16 ac (net 10.38 ac)	8 House lots	11/1/17	\$7M (net \$6.2M)	\$597,302
298 Argilla Rd., Ipswich	20.5 ac	1 House lot	9/23/16	\$2.5M	\$121,961

LIMITED DEVELOPMENT LAND SALES

Location	Land Area	Use	Date	Price	Price/Acre
75 Coles Island Rd., W Gloucester	19.5 ac	Conservation open space	5/31/19	\$500,000	\$25,641
83-97 Coles Island Rd., W Gloucester	52.3 ac	3 house lots	5/31/19	\$2.8M	\$53,537
20 Howard Beach, Mattapoiseett	7.57 ac	Conservation Open Space	1/31/20	\$250,000	\$33,025
Salt Island, Gloucester	5 ac	Conservation Open Space	12/21/17	\$250,000	\$50,000

Emmet T. Logue, MAI, SRA, CRE

1. Experience

Emmet T. Logue, MAI, is Executive Director of Integra-Boston. Mr. Logue previously managed the Hunneman appraisal group since 1978 and has been a professional appraiser since 1970. He is a Member of the Appraisal Institute (MAI) and the Counselors of Real Estate (CRE®). His experience includes residential, commercial, industrial, special purpose, and vacant land assignments throughout Massachusetts, Rhode Island, and southern New Hampshire. He has completed fee appraisal, real estate counseling, review appraisal, marketability, and highest and best use assignments for acquisition, disposition, condemnation, city planning, assessment equalization, corporate decision making, probate, estate planning, mortgage financing, and reuse purposes.

2. Professional Activities & Affiliations

Appraisal Institute, Member (MAI) Appraisal Institute
Appraisal Institute, Senior Residential Appraiser (SRA) Appraisal Institute Counselor of Real Estate (CRE) Counselors Of Real Estate
Member: Lambda Alpha International Member: Greater Boston Real Estate Board Mortgage Brokers Association (MBA)
National Council of Real Estate Investment Fiduciaries (NCREIF) National Multifamily Housing Council (NMHC)

3. Licenses

Massachusetts, Certified General, 349, Expires January 2022

New Hampshire, Certified General, NHCG-117, Expires January 2021

4. Education

Graduate of Boston College with Bachelor of Science Degree in Finance.

Successfully completed numerous real estate appraisal courses and seminars pertaining to a wide variety of properties and valuation concepts.

He has completed the continuing education program for Designated Members of the Appraisal Institute.

5. Qualified Before Courts & Administrative Bodies

Mr. Logue has qualified as an expert witness in Superior Court in Eastern and Central Massachusetts counties as well as Massachusetts District and Probate Courts, the Massachusetts Appellate Tax Board, Federal Bankruptcy Court and Massachusetts Land Court. He has participated in arbitration panels and other alternate dispute resolution matters.

