

# Yule Development

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## PROJECTS

- **River Crossing**

River Crossing is a 96 unit apartment property located in Tyngsborough, Massachusetts. It is a few hundred yards from the Route 113 bridge over the Merrimack River, just north of Lowell. Built originally as apartments, it was converted to condominiums in the 1980s. After the conversion took place, the septic system began to have problems. By 1988 it had completely failed, and the Tyngsborough Building Inspector condemned and shut down the entire property. It was vandalized as it sat vacant for four and a half years. Copper plumbing was ripped out of the bathrooms. In addition there were problems with the water supply, which came from private wells on the property.

After the property was shut down, one of the participating lenders, Hibernia Bank (now Eastern Bank), was able to acquire title to 92 of the 96 apartments. This was accomplished through negotiation, loan acquisitions and foreclosures. Hibernia then requested proposals from developers to take on the redevelopment of the project. Yule Development Company won the competition over a number of other developers.



Kitchen Before



Kitchen After

At that time, engineered plans had been completed for a new sewer line. It was also clear that the apartments could be renovated and rented. However, the estimated cost of the solution to the sewer and water problems, plus the cost of the apartment renovations was prohibitive. The projected rents were not high enough to provide a satisfactory return.

Most therefore concluded that plans were economically unfeasible. This represented a classic distressed property scenario for Yule Development Company.

Yule solved the problem in four ways:

1. The cost of solving the sewer problem was reduced through a re-design of the proposed sewer system engineering;
2. A method was put in place to renovate the apartments in highly cost effective ways;
3. Energy improvements to the buildings reduced the cost of heating by nearly \$100 per apartment per month. As a result, rents could be increased by most of this \$100, with no net out-of-pocket cost to the tenant.
4. Equally important, a morass of legal, regulatory and political problems was solved.

The cost of the sewer, water, and apartment upgrade was \$1,700,000, or approximately \$18,000 per apartment.

The key to success was solving the sewage problem. A new high capacity sewer line was constructed from the project to the nearest municipal sewer system. It was one and one half miles in length. Sewage from the property was collected in two 25 foot deep duplex pump chambers. Force main pumps were installed, with a backup generator system. There were significant regulatory, political and abutter issues to be resolved in the process of obtaining approvals to put in the new sewer line.

The existing water supply wells were upgraded. Cross easements and use agreements were negotiated with the abutting apartment properties.

Inside the apartments, all the existing appliances were replaced, and dishwashers and microwave ovens were added. The kitchen cabinets were repaired and repainted. The carpet and vinyl floor coverings were replaced. Everything was repaired as necessary, and painted. Bathroom plumbing was repaired, missing fixtures and piping was replaced.

Extensive energy efficiency improvements were made. The apartments have electric heat. Prior experience was that electric costs in the winter were \$150 to \$200 per apartment per month. After the work was completed monthly bills, in the winter, were reduced to \$50 to \$75. The energy improvement tasks included new attic insulation, sealing of party wall cavities, and a vapor barrier and insulation on the lower levels and foundations. The installation of these improvements was complex, and informed by extensive infra-red heat loss studies of the buildings.



## **Insulation Improvements**

The site was reorganized. Parking was placed in less obtrusive, but more convenient locations. Many shrubs, Japanese cherry trees and other plantings were added. Screening was placed around equipment sheds. The entry was redesigned, with new signs and lighting. An irrigation system was installed, to ensure that the grass was green all summer, and that the cherry trees and other plantings would thrive.

While the renovation work was underway, the project was renamed and remarketed. The first building came on line within six months, and the project was complete and fully rented within 13 months of the acquisition closing. During this period Yule Development was able to acquire the remaining four condominium units from the prior owners / lenders.

During 2002, all the windows in the property are being replaced with new vinyl windows, double paned, with thermal breaks, low emissivity glass, and argon between the panes of glass.

