

10/25/2022

**Port Chester IDA**

Value analysis of provided information regarding:

Project known as: **2SM Development, LLC**  
 Location: **S Main St/Westchester Ave/E Broadway**

**INCOME**

<u>Commercial Space</u>				<u>Annual</u>	
6766 sf (Grnd fl)	\$40	per sf	annual		\$270,640
Retail transient parking (not counted)					
Commercial vacancy:	10%				<u>(\$27,064)</u>
<b>ECGI</b>					\$243,576
<u>Residential Space</u>					
Studio	\$2,200	54		\$1,425,600	
1BR	\$2,800	183		\$6,148,800	
2BR	\$3,600	56		<u>\$2,419,200</u>	
PGI - Mkt rate units					\$9,993,600
Mkt rate vacancy:	6%				<u>(\$599,616)</u>
					\$9,393,984
Affd Stud	\$1,100	6		\$79,200	
Affd 1BR	\$1,300	20		\$312,000	
Affd 2BR	\$1,700	6		<u>\$122,400</u>	
PGI - Affd rate units					\$513,600
Affd rate vacancy:	2%				<u>(\$10,272)</u>
					\$503,328
<u>OTHER Income</u>					
Parking				\$725,000	
Other incl laundry etc.				<u>\$515,000</u>	
PGI- other income					\$1,240,000
Other income vac.:	5%				<u>(\$62,000)</u>
					<u>\$1,178,000</u>
<b>EGI:</b>					\$11,318,888

**EXPENSES**

*Provided Expenses not detailed (only Salaries, maintenance, Insurance, & "other")*

**\*\*Tax expense on Pro-Forma incorrect at about 2% (Non-Homestead =3.7%)**

Typical expense ratios for this type property:

expense ratio (incl. tax):	55%
expense ratio (w/o taxes):	30%

<b>NOI:</b>	incl. tax expense:	\$5,093,500
	not incl. taxes:	\$7,923,222

**CAP RATES**

Base Cap Rate (Ro)	6.70%
Tax Cap Rate	<u>3.70%</u>
Tax loaded Cap Rate:	10.40%

**Indicated Values:**

taxes included in expenses:	NOI incl tax exp./Base Cap Rate		Rounded
	\$5,093,500	6.70%	\$76,022,382
Capitalized taxes:	NOI w/o taxes/tax load Cap Rate		<b>\$76,200,000</b>
	\$7,923,222	10.40%	\$76,184,823

	Ro	Ratio of GBA	Weight %
Cap Rate weighting: Residential	6.50%	90%	5.85000%
Commercial	8.50%	10%	<u>0.85000%</u>
			6.70000%

2SM Assemblage TOR AV

Tax Map Parcel No	Address	TOR 2022 A/V
142.30-2-47	16 S Main St	\$ 1,268,300
142.30-2-48	14 S Main St	\$ 751,300
142.30-2-49	10 S Main St	\$ 442,300
142.30-2-54	106 Westchester Ave	\$ 332,300
142.30-2-57	7 E Broadway *	\$ 226,400
142.30-2-58	15 E Broadway	\$ 431,500
142.30-2-68	8 S Main St	\$ 2,292,400
		<b>\$ 5,744,500</b>



p. Project Costs (Estimates):

Category	Amount
Land-acquisition	\$14,306,811
Buildings-Construction/Renovation (No FF&E)	\$92,850,170
Utilities, roads and appurtenant costs	included in construction costs
Machinery and Equipment (All FF&E)	\$4,090,000
Soft Costs (Architect, Legal and Engineering)	\$20,918,847
Costs of Bond issue	N/A
Construction Loan Fees and interest	\$8,684,007
Other (specify)	\$6,641,510 (Owner's contingency)
<b>Total Project Costs</b>	<b>\$147,491,346</b>

<b>CONSTRUCTION COST ESTIMATES</b>			
	Project 1	Project 2 (if any)	Total
<b>Hard costs</b>			
Building demolition and construction	\$ 101,902,428.50		\$ 101,902,428.50
Sewer			\$ -
Amenities	\$ 900,000.00		\$ 900,000.00
Machinery and equipment	\$ 3,190,000.00		\$ 3,190,000.00
Labor costs (if costs can be separated from materials)			\$ -
<b>Soft costs</b>			
Architecture and engineering fees	\$ 7,212,241.04		\$ 7,212,241.04
Other professional fees associated with construction	\$ 7,732,939.93		\$ 7,732,939.93
Permits, inspections, mitigation fees	\$ 5,100,253.51		\$ 5,100,253.51
Other (Soft Cost Contingency)	\$ 1,884,720.94		\$ 1,884,720.94
<b>Total Construction Costs</b>	<b>\$ 127,922,583.91</b>	<b>\$ -</b>	<b>\$ 127,922,583.91</b>
<b>TOTAL PROJECT COSTS</b>	<b>\$ 153,498,862.55</b>	<b>\$ -</b>	<b>\$ 153,498,862.55</b>
<b>COST PER SQUARE FOOT CALCULATIONS</b>			
	Project 1	Project 2 (if any)	Total
Gross Square footage of building(s)	350,378	-	350,378
Construction Cost per GSF	\$ 365.10		\$ 365.10
Total Project Costs per GSF	\$ 438.10		\$ 438.10
<b>OPERATING ASSUMPTIONS</b>			
	Project 1	Project 2 (if any)	
Stabilized Vacancy Rate, Residential (market rate)	6%		
Stabilized Vacancy Rate, Residential (affordable)	2%		
Stabilized Vacancy Rate, Commercial or Industrial	10%		
Income Growth Factor after Project Stabilization (market rat	2.00%		
Income Growth Factor after Project Stabilization (affordable)	1.50%		
Expense Growth Factor after Project Stabilization	2.00%		

# Residential workup

## Renter Units

	Market	Workforce	Affordable	Total
Single Family	<b>Total</b>			
	2 Bedrooms			-
	3+ Bedrooms			-
Two-4 Family	<b>Total</b>			
	Studio			-
	1 Bedroom			-
	2 Bedrooms			-
	3+ Bedrooms			-
5+ Family	<b>Total</b>			
	Studio	54	6	60
	1 Bedroom	182	20	202
	2 Bedrooms	57	6	63
	3+ Bedrooms	-	-	-
<b>Total Rental Units</b>				<b>325</b>

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## RESIDENTIAL UNITS

	Unit Type	Number of Units	Rent/Month	Rent/Year	Unit Rent/mo
Market Rate	Studio	54	\$ 120,605.63	\$ 1,447,267.56	\$ 2,233.44
	1BR	183	\$ 529,503.20	\$ 6,354,038.40	\$ 2,893.46
	2BR	56	\$ 216,643.23	\$ 2,599,718.76	\$ 3,868.63
	3BR		\$ -	\$ -	
Affordable	Studio	6	\$ 7,043.75	\$ 84,525.00	\$ 1,173.96
	1BR	20	\$ 25,249.03	\$ 302,988.36	\$ 1,262.45
	2BR	6	\$ 10,404.44	\$ 124,853.28	\$ 1,734.07
	3BR		\$ -	\$ -	
<b>Total</b>		<b>325</b>	<b>\$ 909,449.28</b>	<b>\$ 10,913,391.36</b>	

## Cash Flows

	<b>Construction</b>	<b>Year 1</b>
<u>Residential Income</u>		
Gross Operating Income (Market Rate)	\$ 10,389,153	\$ 10,596,936
Gross Operating Income (Affordable)	\$ 521,488	\$ 529,311
Less: Vacancy Allowance (enter as a negative number)	\$ (633,779)	\$ (646,403)
<b>Net Rental Income, Residential</b>	<b>\$ 10,276,862</b>	<b>\$ 10,479,844</b>

<u>Commercial/Industrial Income</u>		
Gross Operating Income	\$ 362,555	\$ 369,806
Less: Vacancy Allowance (enter as a negative number)	\$ (36,256)	\$ (36,981)
<b>Net Rental Income, Commercial/Industrial</b>	<b>\$ 326,300</b>	<b>\$ 332,825</b>

<u>Other Income</u>		
Parking Income	\$ 697,200	\$ 711,144
Other Income	\$ 494,910	\$ 504,808
Less: Vacancy Allowance	\$ (99,415)	\$ (101,403)
<b>Net Income, Other</b>	<b>\$ 1,092,695</b>	<b>\$ 1,114,549</b>

**\$ 11,695,857    \$ 11,927,219**

Operating Expenses (enter positive numbers)

Salaries and Wages	\$ 1,177,917
Maintenance	\$ 96,252
Deposit to replacement reserve	\$ -
Insurance	\$ 211,755
Other	\$ 765,347

**\$ 2,251,272**

7409 sf on Ground floor  
\$ 48.93 rent per sf for initial rent

(Per Frank Ferrara email 10/24/22)

So I spoke with the applicant.

They are anticipating \$40/sq ft gross rent on 6,766 sq ft.

But they are also anticipating \$6,250 per month in transient parking associated with the retail.

This is apart from the Parking related income they list in the spreadsheet,

which is purely from the residential tenants and will be contractual.

Add this up and you should arrive at or close to their \$362,555 pre vacancy allowance numbers for commercial/industrial on the spreadsheet.

Probably reasonable

Low at less than \$0.50/sf

Appears reasonable at about \$1/sf

No idea what this includes or how reasonable it is.

Very low at 20% of EGI w/o taxes

Taxes are then estimated low at about 2% vs actual NH 3.7% of value.