Comparison of PILOT Outcomes Updated Port Chester Holdings I

Village of Port Chester Industrial Development Agency

Regular Meeting January 12, 2022

Presented by Victoria Storrs, President & Founder, Storrs Associates





Comparison of Returns

Project Return Meets Benchmarks with 20-Year PILOT Is Too Far Below with 15-year for Project to be Feasible

15 Year PILOT 20 Year PILOT

Comparison of Return on Investment - 15 Year PILOT

Comparison of Return on Investment - 20 Year PILOT

	<u>Com</u>	mercial PILOT		No PILOT		<u>Cor</u>	<u>mmercial PILOT</u>		No PILOT
Equity Dividend Rates: Benchmarks 6.10% to 14.45%					Equity Dividend Rates: Benchmarks 6.10% to 14.45%				
Average Years 1-5		3.89%		1.68%	Average Years 1-5		4.06%		1.68%
Average Years 6-10		6.38%		3.61%	Average Years 6-10		6.99%		3.61%
Average Years 11 - 15		7.33%		6.06%	Average Years 11 - 20		9.50%		7.98%
Average, 15 Years		5.76%		3.94%	Average, 20 Years		7.51%		5.72%
Cumulative Cash Flow					<u>Cumulative Cash Flow</u>				
End of Year 5	\$	6,944,407	\$	(699,141)	End of Year 5	\$	7,247,954	\$	(699,141)
End of Year 10	\$	18,326,154	\$	5,733,704	End of Year 10	\$	19,710,576	\$	5,733,704
End of Year 15	\$	31,622,999	\$	17,090,430	End of Year 20	\$	53,616,401	\$	34,214,143
<u>Debt Service Coverage: Bench</u>	nmarks 1.3	5 to 1.86			<u>Debt Service Coverage: Be</u>	nchmarks 1.1	0 to 1.86		
Average		1.67		1.38	Average		1.78		1.56
Minimum		1.56		1.08	Minimum		0.69		1.08
Maximum		1.79		1.72	Maximum		2.17		2.14

Benchmarks from RealtyRates for Q4 2021

Benchmarks from RealtyRates for Q4 2021





Changes from Prior Pro Forma

Costs Increased Applicant Added Equity

Original Project Budget

Updated Project Budget

Acquisition	\$11,225,000
Hard Costs	\$59,127,364
Soft Costs	\$10,766,973
Total Costs	\$81,119,337

Acquisition \$11,225,000, no change Hard Costs \$65,040,100, 10% increase Soft Costs \$12,926,160, 20% increase Total Costs \$89,191,260, 9.95% increase

Equity \$28,391,768 As a % 35% Equity \$35,676,504 40%





15-Year PILOT

		$B = A1 + (A2 \times D)$	<u>C</u> = A - B	<u>D = B/A</u>	<u>E = C/A</u>
PILOT Year	Tax Year Ending	Estimated PILOT Payment (Base	Abatement/ Foregone revenue: Full	PILOT as a % of Full Taxes	Abatement/ Foregone Revenue as a %
		+ Added)	taxes - PILOT		of Full Taxes
1	12/31/2022	\$255,108	\$1,732,968	0%	100%
2	12/31/2023	380,179	1,627,777	7%	93%
3	12/31/2024	490,049	1,537,987	13%	87%
4	12/31/2025	619,933	1,428,383	20%	80%
5	12/31/2026	752,366	1,316,433	27%	73%
6	12/31/2027	869,172	1,220,316	33%	67%
7	12/31/2028	1,006,634	1,103,748	40%	60%
8	12/31/2029	1,146,759	984,727	47%	53%
9	12/31/2030	1,270,820	881,981	53%	47%
10	12/31/2031	1,416,200	758,129	60%	40%
11	12/31/2032	1,564,362	631,711	67%	33%
12	12/31/2033	1,696,010	522,023	73%	27%
13	12/31/2034	1,849,663	390,550	80%	20%
14	12/31/2035	2,006,219	256,396	87%	13%
15	12/31/2036	2,145,801	139,440	93%	7%
Totals		\$17,469,275	\$14,532,570	55%	45%

20-Year PILOT

$B = A1 + (A2 \times D)$	C = A - B	D = B/A	E = C/A		
Estimated PILOT	Abatement/		Abatement/		
Payment (Base	Foregone	PILOT as a % of	Foregone		
+ Added)	revenue: Full	Full Taxes	Revenue as a % of Full Taxes		
+ Added)	taxes - PILOT				
\$255,108	\$1,732,968	0%	100%		
345,174	1,662,783	5%	95%		
437,015	1,591,021	10%	90%		
530,659	1,517,657	15%	85%		
626,133	1,442,667	20%	80%		
723,462	1,366,025	25%	75%		
822,676	1,287,706	30%	70%		
923,802	1,207,685	35%	65%		
1,026,867	1,125,934	40%	60%		
1,131,902	1,042,427	45%	55%		
1,238,935	957,137	50%	50%		
1,347,995	870,038	55%	45%		
1,459,113	781,101	60%	40%		
1,572,318	690,298	65%	35%		
1,687,641	597,601	70%	30%		
1,805,113	502,981	75%	25%		
1,924,767	406,408	80%	20%		
2,046,632	307,854	85%	15%		
2,170,743	207,289	90%	10%		
2,297,131	104,681	95%	5%		
\$24,373,186	\$19,402,258	56%	44%		





15-Year PILOT, Operations in Year 5

Operations Snapshot, Year 5, 15-Year PILOT

			Project Performance	Benchmark		
	Projec	ct Performance	as a % of Income	Performance	Benchmark Source	Evaluation
Calculation of Net Operating Income						
Gross Operating Income	\$	8,173,750	n/a			n/a
Vacancy Rate		5%	n/a	7.9% to 10%	CoStar, Camoin 310	Within Range
Calculation of Net Operating Income, Retail a	nd Parki	<u>ng</u>				
Gross Operating Income	\$	752,930	n/a	n/a	n/a	n/a
Vacancy Rate		0.0%	n/a	4.8%	CoStar	Below Target
Effective Gross Income (EGI), All Uses (1)	\$	8,517,993	95%	91%	RealtyRates	Within Range
Operating Expenses and Reserve	\$	(2,240,472)	25%	44%	RealtyRates	More Efficient
Real Property Taxes	\$	(752,366)	<u>8%</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Net Operating Income	\$	5,525,155	68%	56%	RealtyRates	More Efficient
Less: Debt Service	\$	(3,447,345)	n/a	n/a	See Comparison of Ret	urns for Coverage
NOI after Debt Service	\$	2,077,810	25%	0%	RealtyRates	Less Efficient
Cashflow after Operating Costs, Taxes, Debt	\$	2,077,810	23%	n/a	n/a	n/a

Source: Applicant. Benchmarks from RealtyRates (performance) and CoStar (vacancy). Evaluation by Storrs Associates.

(1) Net of vacancy.





20-Year PILOT, Operations in Year 5

Operations Snapshot, Year 5, 20-Year PILOT

			Project Performance	Benchmark		
	Projec	ct Performance	as a % of Income	Performance	Benchmark Source	Evaluation
Calculation of Net Operating Income						
Gross Operating Income	\$	8,173,750	n/a			n/a
Vacancy Rate		5%	n/a	7.9% to 10%	CoStar, Camoin 310	Within Range
Calculation of Net Operating Income, Retail an	nd Parki	<u>ng</u>				
Gross Operating Income	\$	752,930	n/a	n/a	n/a	n/a
Vacancy Rate		0.0%	n/a	4.8%	CoStar	Below Target
Effective Gross Income (EGI), All Uses (1)	\$	8,517,993	95%	91%	RealtyRates	Within Range
Operating Expenses and Reserve	\$	(2,240,472)	25%	44%	RealtyRates	More Efficient
Real Property Taxes	\$	(626,133)	<u>7%</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Net Operating Income	\$	5,651,388	69%	56%	RealtyRates	More Efficient
Less: Debt Service	\$	(3,447,345)	n/a	n/a	See Comparison of Re	turns for Coverage
NOI after Debt Service	\$	2,204,043	27%	0%	RealtyRates	Less Efficient
Cashflow after Operating Costs, Taxes, Debt	\$	2,204,043	25%	n/a	n/a	n/a

Source: Applicant. Benchmarks from RealtyRates (performance) and CoStar (vacancy). Evaluation by Storrs Associates.

(1) Net of vacancy.





THE PROJECT TEAM

Rachel Selsky

Vice President, Camoin Associates

Victoria Storrs

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Leading action to grow your economy





