

Memorandum

To: Village of Port Chester Industrial Development Agency
Cc: Frank Ferrara, Chair, Chris Steers, Administrative Director
Justin Miller, Harris Beach PLLC
From: Victoria Storrs, Storrs Associates
Date: 5/7/2024
Re: Westchester Crossing Deviation PILOTs

Frank Ferrara and Chris Steers, on behalf of the Port Chester Industrial Development Agency (Agency) have asked Storrs Associates to study whether a Deviation PILOT, as described in the Agency's Uniform Tax Exemption Policy, would significantly improve the financial performance of two of the development projects, Residential 1 and Residential 2.

Reports for both Residential 1 and Residential 2 have been provided to the Agency by Storrs Associates. These reports analyze the projects with no PILOT, with a Standard CD6 PILOT, and with an Enhanced CD6 PILOT. This memo on deviations should be read in conjunction with those reports.

The financial performance of Residential 1 and 2 is weaker, in terms of rate of return and annual cash flow, than is generally desirable for multi-family housing that is largely market rate, with a 10-year return generally below the risk-free rate of a U.S. Treasury Note of the same maturity. The reason for this is the \$124 million of necessary site work, the cost of which is largely paid by the first two development projects, Residential 1 and Residential 1, through their purchase of shovel-ready parcels. The investment in site preparation, remediation, and infrastructure increases the purchase prices, and therefore the total project costs and new mortgage debt to complete the development projects.

Deviation PILOTs for Residential 1 and 2 are studied as a possible means for the Agency to provide additional financial assistance to the overall Westchester Crossing plan. For each of This memo presents tables that summarize the results of:

1. The Enhanced CD6 PILOT from the reports, as a baseline;
2. A customized PILOT schedule created by Storrs Associates with a term of no more than 20 years and a total abatement of 60%; and
3. A PILOT schedule submitted to the Agency by the Applicant, with a term of no more than 20 years and a total abatement of 70%.

Residential 1

Tables 1-3 below compare the returns on investment, fiscal benefits and costs with a ratio and net fiscal benefit, and operating performance with the three PILOTs.

Tables 4-6 present each PILOT and the estimated tax payments.

Table 1

RESIDENTIAL 1

Comparison of Return on Investment

	<u>Rose Associates</u>	<u>Deviation PILOT, 20</u>	<u>Section 6 Enhanced</u>
	<u>Deviation</u>	<u>Years</u>	<u>PILOT, 20 Yrs</u>
<u>Project Cost</u>	\$275,725,380	\$275,725,380	\$275,725,380
Initial Equity	110,290,152	110,290,152	110,290,152
Initial Equity as a % of Project Costs	40.00%	40.00%	40.00%
<u>Cash on Cash Return, Equity Dividend Benchmark for 1 Year Out is 4.70% to 13.66%, Average of 8.76%</u>			
<u>10-Year Treasury Yield, 6-month Rolling Average, is 4.30%, 15-year Interpolated is 4.38%, and 20-year is 4.61%</u>			
Year 5	3.09%	2.95%	2.51%
Year 10	4.51%	4.39%	3.36%
Year 15	5.61%	4.81%	4.41%
Year 20	6.45%	5.68%	5.68%
<u>Cash Flow Measures</u>			
Net Cashflow by Year 15	\$48,198,628	\$44,491,828	\$34,621,162
Net Cashflow by End of PILOT	\$48,198,628	\$73,127,097	\$63,032,568
End of PILOT Capital Gain after Debt Payoff	-\$29,942,098	-\$19,470,646	-\$19,470,646
Internal Rate of Return	<0%	<0%	<0%
<u>Debt Service Coverage Ratios, Benchmark 1.25 to 1.87, Average 1.56</u>			
Average	1.50	1.45	1.39
Minimum	-0.02	-0.02	-0.02

Benchmarks: RealtyRates, Federal Reserve Bank of St. Louis

Table 2

RESIDENTIAL 1

Estimated Fiscal Benefits and Costs

	<u>Rose Associates</u>	<u>Deviation PILOT, 20</u>	<u>Section 6 Enhanced</u>
<u>Fiscal Benefits</u>	<u>Deviation</u>	<u>Years</u>	<u>PILOT, 20 Yrs</u>
Sales Tax from Construction Materials Purchase	\$7,587,968	\$7,587,968	\$7,587,968
Mortgage Recording Tax	1,819,788	1,819,788	1,819,788
Real Property Tax on Completed Project	87,585,187	87,585,187	87,585,187
Less: Property Tax Revenue on Base Value	<u>(2,668,960)</u>	<u>(2,668,960)</u>	<u>(2,668,960)</u>
Net Fiscal Benefits	\$94,323,982	\$94,323,982	\$94,323,982
<u>Fiscal Costs (Foregone Revenue)</u>			
Construction Sales Tax	(\$7,587,968)	(\$7,587,968)	(\$7,587,968)
Mortgage Recording Tax	(1,819,788)	(1,819,788)	(1,819,788)
Property Tax	<u>(62,935,582)</u>	<u>(53,271,757)</u>	<u>(43,177,228)</u>
Total Costs of Financial Assistance	(\$72,343,338)	(\$62,679,512)	(\$52,584,983)
Benefit to Cost Ratio	1.30	1.50	1.79
Net Fiscal Benefit	\$21,980,645	\$31,644,470	\$41,739,000

Exemptions shown are aggregated for all affected jurisdictions including State, County, Town, School District, and Village.

Table 3

RESIDENTIAL 1

Comparison of Operating Results, Year 5

	<u>Rose Associates</u>	<u>Deviation PILOT, 20</u>	<u>Section 6 Enhanced</u>
	<u>Deviation</u>	<u>Years</u>	<u>PILOT, 20 Yrs</u>
<u>Net Operating Income</u>			
EGI: Operating Income after Vacancy	\$16,854,531	\$16,854,531	\$16,854,531
Less: Operating Expenses	(4,342,392)	(4,502,915)	(4,984,485)
<i>Non-Tax Operating Expenses and Reserve</i>	<i>(4,055,735)</i>	<i>(4,055,735)</i>	<i>(4,055,735)</i>
<i>Real Property Tax Expense</i>	<i><u>(286,657)</u></i>	<i><u>(447,180)</u></i>	<i><u>(928,751)</u></i>
Net Operating Income (NOI)	\$12,512,140	\$12,351,616	\$11,870,046
<u>Net Income after Debt Service</u>			
Debt Service	<u>(\$9,098,938)</u>	<u>(\$9,098,938)</u>	<u>(\$9,098,938)</u>
Net Operating Income after Debt Service	\$3,413,202	\$3,252,679	\$2,771,108
NOI after Debt Service as a % of EGI	20%	19%	16%
Non-Tax Operating Expenses as a % of EGI	24%	24%	24%
Real Property Tax Expense as a % of EGI	2%	3%	6%
Debt Service as a % of EGI	54%	54%	54%
Expense Ratio, Should be below			
Benchmark of 47.23%	26%	27%	30%

Benchmarks from RealtyRates.com

Table 4

Residential 1 Estimated Tax Comparisons, Rose Associates Deviation PILOT

Full Market Value, Estimated by Assessor	\$110,000,000	Full Taxes without PILOT, after Interim Years	\$87,585,187	100%
Less: Current Value	<u>-3,352,000</u>	Less: PILOT Payments	<u>-24,649,604</u>	28%
Calculated Added Value	\$106,648,000	Foregone Revenue/Abatement	\$62,935,582	72%

Hypothetical Taxes if Project Proceeds with No PILOT					Rose Associates Deviation PILOT				
Tax Year Ending	Development Year	A1	A2	A = A1 + A2	B = A1 + (A2 x D)	C = A - B	D	E	
		Estimated Full Taxes on Base Value +1% Escalator	Estimated Full Taxes on Added Value +1% Escalator	Estimated Full Taxes on Base + Added Value	Estimated PILOT Payment (Base + Added)	Abatement or Foregone Revenue: Full Taxes - PILOT	PILOT as a % of Full Taxes	Abatement or Foregone Revenue as a % of Full Taxes	
5/1/2024	Interim	\$116,482	\$0	\$116,482	\$116,482	\$0	n/a	n/a	
5/1/2025	Interim	117,647	0	117,647	117,647	0	n/a	n/a	
5/1/2026	Interim	118,823	0	118,823	118,823	0	n/a	n/a	
5/1/2027	Interim	120,012	0	120,012	120,012	0	n/a	n/a	
5/1/2028	1	121,212	3,856,497	3,977,709	121,212	3,856,497	0%	100%	
5/1/2029	2	122,424	3,895,062	4,017,486	161,374	3,856,112	1%	99%	
5/1/2030	3	123,648	3,934,013	4,057,661	202,328	3,855,333	2%	98%	
5/1/2031	4	124,884	3,973,353	4,098,237	244,085	3,854,152	3%	97%	
5/1/2032	5	126,133	4,013,086	4,139,220	286,657	3,852,563	4%	96%	
5/1/2033	6	127,395	4,053,217	4,180,612	330,056	3,850,556	5%	95%	
5/1/2034	7	128,669	4,093,749	4,222,418	374,294	3,848,125	6%	94%	
5/1/2035	8	129,955	4,134,687	4,264,642	419,383	3,845,259	7%	93%	
5/1/2036	9	131,255	4,176,034	4,307,289	548,858	3,758,430	10%	90%	
5/1/2037	10	132,567	4,217,794	4,350,362	765,237	3,585,125	15%	85%	
5/1/2038	11	133,893	4,259,972	4,393,865	985,887	3,407,978	20%	80%	
5/1/2039	12	135,232	4,302,572	4,437,804	1,210,875	3,226,929	25%	75%	
5/1/2040	13	136,584	4,345,598	4,482,182	1,440,264	3,041,918	30%	70%	
5/1/2041	14	137,950	4,389,054	4,527,004	1,674,119	2,852,885	35%	65%	
5/1/2042	15	139,330	4,432,944	4,572,274	1,912,507	2,659,766	40%	60%	
5/1/2043	16	140,723	4,477,274	4,617,996	2,014,773	2,603,223	45%	55%	
5/1/2044	17	142,130	4,522,046	4,664,176	2,261,023	2,403,153	50%	50%	
5/1/2045	18	143,551	4,567,267	4,710,818	2,740,360	1,970,458	60%	40%	
5/1/2046	19	144,987	4,612,939	4,757,926	3,229,058	1,528,869	70%	30%	
5/1/2047	20	146,437	4,659,069	4,805,506	3,727,255	1,078,251	80%	20%	
Total, Interim + PILOT Period		\$3,141,923	\$84,916,227	\$88,058,150	\$25,122,568	\$62,935,582			
Total, PILOT Period Only		\$2,668,960	\$84,916,227	\$87,585,187	\$24,649,604	\$62,935,582			
NPV, 3.0%		\$1,966,116	\$62,554,382	\$64,520,498	\$15,835,929	\$48,684,569			

Table 5

Residential 1 Estimated Tax Comparisons, 20 Year Deviation PILOT

Full Market Value Estimate, TOR Assessor	\$110,000,000	Full Taxes without PILOT	\$87,585,187	100%
Less: Current Value	<u>-3,352,000</u>	Less: PILOT Payments	<u>-34,313,430</u>	39%
Calculated Added Value	\$106,648,000	Foregone Revenue/Abatement	\$53,271,757	61%

Hypothetical Taxes if Project Proceeds with No PILOT					Deviation PILOT, 20 Year Abatement Schedule				
Tax Year Ending	Development Year	A1	A2	A = A1 + A2	B = A1 + (A2 x D)	C = A - B	D = B/A	E = C/A	
		Estimated Full Taxes on Base Value +1% Escalator	Estimated Full Taxes on Added Value +1% Escalator	Estimated Full Taxes on Base + Added Value	Estimated PILOT Payment (Base + Added)	Abatement/ Foregone Revenue: Full Taxes - PILOT	PILOT as a % of Full Taxes	Abatement/ Foregone Revenue as a % of Full Taxes	
5/1/2024	Interim	\$116,482	\$0	\$116,482	\$0	\$116,482	100%	0%	
5/1/2025	Interim	117,647	0	117,647	0	117,647	100%	0%	
5/1/2026	Interim	118,823	0	118,823	0	118,823	100%	0%	
5/1/2027	Interim	120,012	0	120,012	0	120,012	100%	0%	
5/1/2028	1	121,212	3,856,497	3,977,709	121,212	3,856,497	0%	100%	
5/1/2029	2	122,424	3,895,062	4,017,486	200,325	3,817,161	2%	98%	
5/1/2030	3	123,648	3,934,013	4,057,661	281,009	3,776,652	4%	96%	
5/1/2031	4	124,884	3,973,353	4,098,237	363,286	3,734,952	6%	94%	
5/1/2032	5	126,133	4,013,086	4,139,220	447,180	3,692,040	8%	92%	
5/1/2033	6	127,395	4,053,217	4,180,612	532,716	3,647,896	10%	90%	
5/1/2034	7	128,669	4,093,749	4,222,418	619,919	3,602,500	12%	88%	
5/1/2035	8	129,955	4,134,687	4,264,642	708,811	3,555,831	14%	86%	
5/1/2036	9	131,255	4,176,034	4,307,289	799,420	3,507,868	16%	84%	
5/1/2037	10	132,567	4,217,794	4,350,362	891,770	3,458,591	18%	82%	
5/1/2038	11	133,893	4,259,972	4,393,865	985,887	3,407,978	20%	80%	
5/1/2039	12	135,232	4,302,572	4,437,804	1,426,004	3,011,800	30%	70%	
5/1/2040	13	136,584	4,345,598	4,482,182	1,874,823	2,607,359	40%	60%	
5/1/2041	14	137,950	4,389,054	4,527,004	2,332,477	2,194,527	50%	50%	
5/1/2042	15	139,330	4,432,944	4,572,274	2,799,096	1,773,178	60%	40%	
5/1/2043	16	140,723	4,477,274	4,617,996	3,274,814	1,343,182	70%	30%	
5/1/2044	17	142,130	4,522,046	4,664,176	3,759,767	904,409	80%	20%	
5/1/2045	18	143,551	4,567,267	4,710,818	4,025,728	685,090	85%	15%	
5/1/2046	19	144,987	4,612,939	4,757,926	4,296,632	461,294	90%	10%	
5/1/2047	20	146,437	4,659,069	4,805,506	4,572,552	232,953	95%	5%	
Total, Interim + PILOT Period		\$3,141,923	\$84,916,227	\$88,058,150	\$34,313,430	\$53,744,720			
Total, PILOT Period Only		\$2,668,960	\$84,916,227	\$87,585,187	\$34,313,430	\$53,271,757			
NPV, 3.0%		\$1,966,116	\$62,554,382	\$64,520,498	\$22,048,094	\$42,472,404			

Table 6

Residential 1 Estimated Tax Comparisons, Enhanced CD6 20-Year PILOT

Full Market Value, Estimated by Assessor	\$110,000,000	Full Taxes without PILOT	\$87,585,187	100%
Less: Current Value	<u>-3,352,000</u>	Less: PILOT Payments	<u>-44,407,959</u>	51%
Calculated Added Value	\$106,648,000	Foregone Revenue/Abatement	\$43,177,228	49%

Hypothetical Taxes if Project Proceeds with No PILOT					Enhanced Section 6 PILOT, 20 Year Abatement Schedule				
Tax Year Ending	Development Year	A1	A2	A = A1 + A2	B = A1 + (A2 x D)	C = A - B	D	E	
		Estimated Full Taxes on Base Value +1% Escalator	Estimated Full Taxes on Added Value +1% Escalator	Estimated Full Taxes on Base + Added Value	Estimated PILOT Payment (Base + Added)	Abatement or Foregone Revenue: Full Taxes - PILOT	PILOT as a % of Full Taxes	Abatement or Foregone Revenue as a % of Full Taxes	
5/1/2024	Interim	\$116,482	\$0	\$116,482	\$116,482	\$0	n/a	n/a	
5/1/2025	Interim	117,647	0	117,647	117,647	0	n/a	n/a	
5/1/2026	Interim	118,823	0	118,823	118,823	0	n/a	n/a	
5/1/2027	Interim	120,012	0	120,012	120,012	0	n/a	n/a	
5/1/2028	1	121,212	3,856,497	3,977,709	121,212	3,856,497	0%	100%	
5/1/2029	2	122,424	3,895,062	4,017,486	317,177	3,700,309	5%	95%	
5/1/2030	3	123,648	3,934,013	4,057,661	517,049	3,540,612	10%	90%	
5/1/2031	4	124,884	3,973,353	4,098,237	720,887	3,377,350	15%	85%	
5/1/2032	5	126,133	4,013,086	4,139,220	928,751	3,210,469	20%	80%	
5/1/2033	6	127,395	4,053,217	4,180,612	1,140,699	3,039,913	25%	75%	
5/1/2034	7	128,669	4,093,749	4,222,418	1,356,793	2,865,625	30%	70%	
5/1/2035	8	129,955	4,134,687	4,264,642	1,577,096	2,687,547	35%	65%	
5/1/2036	9	131,255	4,176,034	4,307,289	1,801,668	2,505,620	40%	60%	
5/1/2037	10	132,567	4,217,794	4,350,362	2,030,575	2,319,787	45%	55%	
5/1/2038	11	133,893	4,259,972	4,393,865	2,263,879	2,129,986	50%	50%	
5/1/2039	12	135,232	4,302,572	4,437,804	2,501,647	1,936,157	55%	45%	
5/1/2040	13	136,584	4,345,598	4,482,182	2,743,943	1,738,239	60%	40%	
5/1/2041	14	137,950	4,389,054	4,527,004	2,990,835	1,536,169	65%	35%	
5/1/2042	15	139,330	4,432,944	4,572,274	3,242,391	1,329,883	70%	30%	
5/1/2043	16	140,723	4,477,274	4,617,996	3,498,678	1,119,318	75%	25%	
5/1/2044	17	142,130	4,522,046	4,664,176	3,759,767	904,409	80%	20%	
5/1/2045	18	143,551	4,567,267	4,710,818	4,025,728	685,090	85%	15%	
5/1/2046	19	144,987	4,612,939	4,757,926	4,296,632	461,294	90%	10%	
5/1/2047	20	146,437	4,659,069	4,805,506	4,572,552	232,953	95%	5%	
Total, Interim + PILOT Period		\$3,141,923	\$84,916,227	\$88,058,150	\$44,880,923	\$43,177,228			
Total, PILOT Period Only		\$2,668,960	\$84,916,227	\$87,585,187	\$44,407,959	\$43,177,228			
NPV, 3.0%		\$1,966,116	\$62,554,382	\$64,520,498	\$29,645,452	\$34,875,045			

Residential 2

Tables 7-9 below compare the returns on investment, fiscal benefits and costs with a ratio and net fiscal benefit, and operating performance with the three PILOTs.

Tables 10-12 present each PILOT and the estimated tax payments.

Table 7

RESIDENTIAL 2

Comparison of Return on Investment

	<u>Rose Associates</u>	<u>Deviation PILOT, 20</u>	<u>Section 6 Enhanced</u>
	<u>Deviation</u>	<u>Years</u>	<u>PILOT, 20 Yrs</u>
<u>Project Cost</u>	\$226,961,620	\$226,961,620	\$226,961,620
Initial Equity	90,784,648	90,784,648	90,784,648
Initial Equity as a % of Project Costs	40.00%	40.00%	40.00%
<u>Cash on Cash Return, Equity Dividend Benchmark for 1 Year Out is 4.64% to 13.59%, Average of 8.67%</u>			
<u>10-Year Treasury Yield, 6-month Rolling Average, is 4.30%, 15-year Interpolated is 4.38%, and 20-year is 4.61%</u>			
Year 5	3.08%	2.94%	2.51%
Year 10	4.50%	4.39%	3.37%
Year 15	5.62%	4.83%	4.43%
Year 20	6.53%	5.73%	5.73%
<u>Summary Return Measures</u>			
Net Cashflow by Year 15	\$36,133,580	\$33,129,348	\$25,129,516
Net Cashflow by End of PILOT	\$36,133,580	\$56,872,332	\$48,691,067
End of PILOT Capital Gain after Debt Payoff	-\$25,318,956	-\$16,751,405	-\$16,751,405
Internal Rate of Return	<0%	<0%	<0%
<u>Debt Service Coverage Ratios, Benchmark 1.25 to 1.86, Average 1.56</u>			
Average	1.47	1.42	1.36
Minimum	-0.45	-0.45	-0.45

Benchmarks: RealtyRates, Federal Reserve Bank of St. Louis

Table 8

RESIDENTIAL 2

Estimated Fiscal Benefits and Costs

	<u>Rose Associates</u>	<u>Deviation PILOT, 20</u>	<u>Section 6 Enhanced</u>
<u>Fiscal Benefits</u>	<u>Deviation</u>	<u>Years</u>	<u>PILOT, 20 Yrs</u>
Sales Tax from Construction Materials Purchase	\$5,723,450	\$5,723,450	\$5,723,450
Mortgage Recording Tax	1,497,947	1,497,947	1,497,947
Real Property Tax on Completed Project	71,660,607	71,660,607	71,660,607
Less: Property Tax Revenue on Base Value	(2,838,954)	(2,838,954)	(2,838,954)
Net Fiscal Benefits	\$76,043,049	\$76,043,049	\$76,043,049
 <u>Fiscal Costs (Foregone Revenue)</u>			
Construction Sales Tax	(\$5,723,450)	(\$5,723,450)	(\$5,723,450)
Mortgage Recording Tax	(1,497,947)	(1,497,947)	(1,497,947)
Property Tax	(51,188,878)	(43,174,909)	(34,993,643)
Total Costs of Financial Assistance	(\$58,410,275)	(\$50,396,305)	(\$42,215,040)
 Benefit to Cost Ratio	 1.30	 1.51	 1.80
Net Fiscal Benefit	\$17,632,775	\$25,646,744	\$33,828,009

Exemptions shown are aggregated for all affected jurisdictions including State, County, Town, School District, and Village.

Table 9

RESIDENTIAL 2

Comparison of Operating Results, Year 5

	<u>Rose Associates</u>	<u>Deviation</u>	<u>Section 6 Enhanced</u>
	<u>Deviation</u>	<u>PILOT, 20 Years</u>	<u>PILOT, 20 Yrs</u>
<u>Net Operating Income</u>			
EGI: Operating Income after Vacancy	\$13,695,037	\$13,695,037	\$13,695,037
Less: Operating Expenses	(3,410,291)	(3,540,390)	(3,930,686)
<i>Non-Tax Operating Expenses and Reserve</i>	<i>(3,146,025)</i>	<i>(3,146,025)</i>	<i>(3,146,025)</i>
<i>Real Property Tax Expense</i>	<i>(264,266)</i>	<i>(394,365)</i>	<i>(784,661)</i>
Net Operating Income (NOI)	\$10,284,746	\$10,154,647	\$9,764,351
 <u>Net Income after Debt Service</u>			
Debt Service	(\$7,489,734)	(\$7,489,734)	(\$7,489,734)
Net Operating Income after Debt Service	\$2,795,012	\$2,664,914	\$2,274,617
 NOI after Debt Service as a % of EGI	 20%	 19%	 17%
Non-Tax Operating Expenses as a % of EGI	23%	23%	23%
Real Property Tax Expense as a % of EGI	2%	3%	6%
Debt Service as a % of EGI	55%	55%	55%
 Expense Ratio, Should be below Benchmark of 47.23%	 25%	 26%	 29%

Benchmark from RealtyRates.com

Table 10

Residential 2 Estimated Tax Comparisons, Rose Associates Deviation PILOT

Full Market Value, Estimated by Assessor	\$90,000,000	Full Taxes without PILOT	\$71,660,607	100%
Less: Current Value	<u>-\$3,565,500</u>	Less: PILOT Payments	<u>-\$20,471,729</u>	29%
Calculated Added Value	\$86,434,500	Foregone Revenue/Abatement	\$51,188,878	71%

Hypothetical Taxes if Project Proceeds with No PILOT				Rose Associates Deviation PILOT				
Tax Year Ending	Development Year	A1	A2	A = A1 + A2	B = A1 + (A2 x D)	C = A - B	D	E
		Estimated Full Taxes on Base Value +1% Escalator	Estimated Full Taxes on Added Value +1% Escalator	Estimated Full Taxes on Base + Added Value	Estimated PILOT Payment (Base + Added)	Abatement/ Foregone Revenue: Full Taxes - PILOT	PILOT as a % of Full Taxes	Abatement/ Foregone Revenue as a % of Full Taxes
5/1/2024	Interim	\$123,901	\$0	\$123,901	\$123,901	\$0	n/a	n/a
5/1/2025	Interim	125,140	0	125,140	125,140	0	n/a	n/a
5/1/2026	Interim	126,392	0	126,392	126,392	0	n/a	n/a
5/1/2027	Interim	127,655	0	127,655	127,655	0	n/a	n/a
5/1/2028	1	128,932	3,125,557	3,254,489	128,932	3,125,557	0%	100%
5/1/2029	2	130,221	3,156,813	3,287,034	161,789	3,125,244	1%	99%
5/1/2030	3	131,524	3,188,381	3,319,904	195,291	3,124,613	2%	98%
5/1/2031	4	132,839	3,220,265	3,353,103	229,447	3,123,657	3%	97%
5/1/2032	5	134,167	3,252,467	3,386,634	264,266	3,122,368	4%	96%
5/1/2033	6	135,509	3,284,992	3,420,501	299,758	3,120,742	5%	95%
5/1/2034	7	136,864	3,317,842	3,454,706	335,934	3,118,771	6%	94%
5/1/2035	8	138,233	3,351,020	3,489,253	372,804	3,116,449	7%	93%
5/1/2036	9	139,615	3,384,530	3,524,145	478,068	3,046,077	10%	90%
5/1/2037	10	141,011	3,418,376	3,559,387	653,767	2,905,619	15%	85%
5/1/2038	11	142,421	3,452,559	3,594,981	832,933	2,762,048	20%	80%
5/1/2039	12	143,845	3,487,085	3,630,930	1,015,617	2,615,314	25%	75%
5/1/2040	13	145,284	3,521,956	3,667,240	1,201,871	2,465,369	30%	70%
5/1/2041	14	146,737	3,557,175	3,703,912	1,391,748	2,312,164	35%	65%
5/1/2042	15	148,204	3,592,747	3,740,951	1,585,303	2,155,648	40%	60%
5/1/2043	16	149,686	3,628,675	3,778,361	1,632,904	2,145,457	45%	55%
5/1/2044		151,183	3,664,961	3,816,144	1,832,481	1,983,664	50%	50%
5/1/2045		152,695	3,701,611	3,854,306	2,220,967	1,633,339	60%	40%
5/1/2046		154,222	3,738,627	3,892,849	2,617,039	1,275,810	70%	30%
5/1/2047		155,764	3,776,013	3,931,777	3,020,811	910,967	80%	20%
5/1/2048		0	0	0	0	0	100%	0%
Total, Interim + PILOT Period		\$3,342,043	\$68,821,653	\$72,163,695	\$20,974,817	\$51,188,878		
Total, PILOT Period Only		\$2,838,954	\$68,821,653	\$71,660,607	\$20,471,729	\$51,188,878		
NPV, 3.0%		\$2,091,344	\$50,698,154	\$52,789,498	\$13,225,542	\$39,563,956		

Table 11

Residential 2 Estimated Tax Comparisons, 20 Year Deviation PILOT

Full Market Value, Estimated by Assessor	\$90,000,000	Full Taxes without PILOT	\$71,660,607	100%
Less: Current Value	<u>-\$3,565,500</u>	Less: PILOT Payments	<u>-\$28,485,698</u>	40%
Calculated Added Value	\$86,434,500	Foregone Revenue/Abatement	\$43,174,909	60%

Hypothetical Taxes if Project Proceeds with No PILOT				Deviation PILOT				
Tax Year Ending	Development Year	A1	A2	A = A1 + A2	B = A1 + (A2 x D)	C = A - B	D	E
		Estimated Full Taxes on Base Value +1% Escalator	Estimated Full Taxes on Added Value +1% Escalator	Estimated Full Taxes on Base + Added Value	Estimated PILOT Payment (Base + Added)	Abatement/ Foregone Revenue: Full Taxes - PILOT	PILOT as a % of Full Taxes	Abatement/ Foregone Revenue as a % of Full Taxes
5/1/2024	Interim	\$123,901	\$0	\$123,901	\$123,901	\$0	n/a	n/a
5/1/2025	Interim	125,140	0	125,140	125,140	0	n/a	n/a
5/1/2026	Interim	126,392	0	126,392	126,392	0	n/a	n/a
5/1/2027	Interim	127,655	0	127,655	127,655	0	n/a	n/a
5/1/2028	1	128,932	3,125,557	3,254,489	128,932	3,125,557	0%	100%
5/1/2029	2	130,221	3,156,813	3,287,034	193,358	3,093,676	2%	98%
5/1/2030	3	131,524	3,188,381	3,319,904	259,059	3,060,846	4%	96%
5/1/2031	4	132,839	3,220,265	3,353,103	326,055	3,027,049	6%	94%
5/1/2032	5	134,167	3,252,467	3,386,634	394,365	2,992,270	8%	92%
5/1/2033	6	135,509	3,284,992	3,420,501	464,008	2,956,493	10%	90%
5/1/2034	7	136,864	3,317,842	3,454,706	535,005	2,919,701	12%	88%
5/1/2035	8	138,233	3,351,020	3,489,253	607,375	2,881,877	14%	86%
5/1/2036	9	139,615	3,384,530	3,524,145	681,140	2,843,006	16%	84%
5/1/2037	10	141,011	3,418,376	3,559,387	756,319	2,803,068	18%	82%
5/1/2038	11	142,421	3,452,559	3,594,981	832,933	2,762,048	20%	80%
5/1/2039	12	143,845	3,487,085	3,630,930	1,189,971	2,440,960	30%	70%
5/1/2040	13	145,284	3,521,956	3,667,240	1,554,066	2,113,174	40%	60%
5/1/2041	14	146,737	3,557,175	3,703,912	1,925,324	1,778,588	50%	50%
5/1/2042	15	148,204	3,592,747	3,740,951	2,303,852	1,437,099	60%	40%
5/1/2043	16	149,686	3,628,675	3,778,361	2,689,758	1,088,602	70%	30%
5/1/2044	17	151,183	3,664,961	3,816,144	3,083,152	732,992	80%	20%
5/1/2045	18	152,695	3,701,611	3,854,306	3,299,064	555,242	85%	15%
5/1/2046	19	154,222	3,738,627	3,892,849	3,518,986	373,863	90%	10%
5/1/2047	20	155,764	3,776,013	3,931,777	3,742,977	188,801	95%	5%
Total, Interim + PILOT Period		\$3,342,043	\$68,821,653	\$72,163,695	\$28,988,787	\$43,174,909		
Total, PILOT Period Only		\$2,838,954	\$68,821,653	\$71,660,607	\$28,485,698	\$43,174,909		
NPV, 3.0%		\$2,091,344	\$50,698,154	\$52,789,498	\$18,367,090	\$34,422,408		

Table 12

Residential 2 Estimated Tax Comparisons, Enhanced CD6 20-Year PILOT

Full Market Value, Estimated by Assessor	\$90,000,000	Full Taxes without PILOT	\$71,660,607	100%
Less: Current Value	<u>\$3,565,500</u>	Less: PILOT Payments	<u>\$36,666,964</u>	51%
Calculated Added Value	\$86,434,500	Foregone Revenue/Abatement	\$34,993,643	49%

Hypothetical Taxes if Project Proceeds with No PILOT					Enhanced Section 6 PILOT, 20 Year Abatement Schedule				
Tax Year Ending	Development Year	A1	A2	A = A1 + A2	B = A1 + (A2 x D)	C = A - B	D	E	
		Estimated Full Taxes on Base Value +1% Escalator	Estimated Full Taxes on Added Value +1% Escalator	Estimated Full Taxes on Base + Added Value	Estimated PILOT Payment (Base + Added)	Abatement/ Foregone Revenue: Full Taxes - PILOT	PILOT as a % of Full Taxes	Abatement/ Foregone Revenue as a % of Full Taxes	
5/1/2024	Interim	\$123,901	\$0	\$123,901	\$123,901	\$0	n/a	n/a	
5/1/2025	Interim	125,140	0	125,140	125,140	0	n/a	n/a	
5/1/2026	Interim	126,392	0	126,392	126,392	0	n/a	n/a	
5/1/2027	Interim	127,655	0	127,655	127,655	0	n/a	n/a	
5/1/2028	1	128,932	3,125,557	3,254,489	128,932	3,125,557	0%	100%	
5/1/2029	2	130,221	3,156,813	3,287,034	288,062	2,998,972	5%	95%	
5/1/2030	3	131,524	3,188,381	3,319,904	450,362	2,869,543	10%	90%	
5/1/2031	4	132,839	3,220,265	3,353,103	615,878	2,737,225	15%	85%	
5/1/2032	5	134,167	3,252,467	3,386,634	784,661	2,601,974	20%	80%	
5/1/2033	6	135,509	3,284,992	3,420,501	956,757	2,463,744	25%	75%	
5/1/2034	7	136,864	3,317,842	3,454,706	1,132,216	2,322,489	30%	70%	
5/1/2035	8	138,233	3,351,020	3,489,253	1,311,090	2,178,163	35%	65%	
5/1/2036	9	139,615	3,384,530	3,524,145	1,493,427	2,030,718	40%	60%	
5/1/2037	10	141,011	3,418,376	3,559,387	1,679,280	1,880,107	45%	55%	
5/1/2038	11	142,421	3,452,559	3,594,981	1,868,701	1,726,280	50%	50%	
5/1/2039	12	143,845	3,487,085	3,630,930	2,061,742	1,569,188	55%	45%	
5/1/2040	13	145,284	3,521,956	3,667,240	2,258,457	1,408,782	60%	40%	
5/1/2041	14	146,737	3,557,175	3,703,912	2,458,901	1,245,011	65%	35%	
5/1/2042	15	148,204	3,592,747	3,740,951	2,663,127	1,077,824	70%	30%	
5/1/2043	16	149,686	3,628,675	3,778,361	2,871,192	907,169	75%	25%	
5/1/2044	17	151,183	3,664,961	3,816,144	3,083,152	732,992	80%	20%	
5/1/2045	18	152,695	3,701,611	3,854,306	3,299,064	555,242	85%	15%	
5/1/2046	19	154,222	3,738,627	3,892,849	3,518,986	373,863	90%	10%	
5/1/2047	20	155,764	3,776,013	3,931,777	3,742,977	188,801	95%	5%	
Total, Interim + PILOT Period		\$3,342,043	\$68,821,653	\$72,163,695	\$37,170,052	\$34,993,643			
Total, PILOT Period Only		\$2,838,954	\$68,821,653	\$71,660,607	\$36,666,964	\$34,993,643			
NPV, 3.0%		\$2,091,344	\$50,698,154	\$52,789,498	\$24,524,485	\$28,265,013			