

115 Glen Street Project PILOT Review

February 25, 2025 |
Grow America East Team



Project Summary

- 29-unit, mixed-income, 3-story apartment building
 - Mix of studio, one, and two-bedroom units
 - 23 market-rate
 - 3 130% AMI workforce
 - 3 80% AMI affordable
- Parking for 42 vehicles
 - 13 allocated to the senior center
- Fitness center, tenant lounge, and rooftop outdoor deck
- Located in a Community Development Block Grant area, established downtown, and a blighted area of land
 - Eligible for an enhanced PILOT agreement
- Experienced developers with a proven track record in New York

Rent Roll

RENT ROLL							
Unit Description	%	Units	NSF	Total NSF	Mo Rent	Rent/SF	Annual Rent
Market							
Studio (201/301)	7%	2	700	1,400	\$2,750	\$3.93	\$66,000
Studio (202/3-302/3)	7%	2	600	1,200	\$2,650	\$4.42	\$63,600
1 BR (204-6, 304-6)	21%	6	806	4,836	\$3,350	\$4.16	\$241,200
1 BR 211-14, 311-14 (front)	28%	8	786	6,288	\$3,250	\$4.13	\$312,000
2 BR (208/308)	7%	2	1079	2,158	\$3,950	\$3.66	\$94,800
2 BR (210/310)	7%	2	1001	2,002	\$3,800	\$3.80	\$91,200
2 BR Duplex (315)	3%	1	1,253	1,253	\$4,200	\$3.35	\$50,400
Total / Average	79%	23	832	19,137	\$3,330	\$4.00	\$919,200
Workforce (130% AMI)							
Studio (202-203)	7%	2	600	1,200	\$2,600	\$4.33	\$62,400
1 BR (307)	3%	1	806	806	\$3,250	\$4.03	\$39,000
Total / Average	10%	3	669	2,006	\$2,817	\$4.21	\$101,400
Affordable (80% AMI)							
Studio (209/309)	7%	2	616	1,232	\$2,250	\$3.65	\$54,000
1 BR (207)	3%	1	806	806	\$2,400	\$2.98	\$28,800
Total / Average	10%	3	679	2,038	\$2,300	\$3.39	\$82,800
Total / Average	100%	29	799	23,181			\$1,103,400
INCOME SUMMARY				PROGRAM			
Market Gross Income	\$919,200	\$3,330 avg. per unit monthly		Market Units	23	79%	
Workforce Gross Income	\$101,400	\$2,817 avg. per unit monthly		Workforce Units (130% AMI)	3	10%	
Affordable Gross Income	\$82,800	\$2,300 avg. per unit monthly		Affordable Units (80% AMI)	3	10%	
Senior Parking Gross Income	\$14,616	\$94 avg. per spot monthly		Total Units	29	100%	
Total Gross Income	\$1,118,016			Building Gross Square Feet	29,118		
				Residential Net SF	23,181	80%	
				Parking (Grade-Level)	42 Spaces		
				Allocated to Senior Center	13 Spaces		

Sources & Uses

SOURCES & USES				
USES OF FUNDS	\$	Per Unit	Per SF	%
Acquisition	\$1,500,000	\$51,724	\$52	12%
Demolition	\$100,000	\$3,448	\$3	1%
Site Work	\$600,000	\$20,690	\$21	5%
Construction Hard Costs	\$5,855,723	\$201,921	\$201	47%
FF&E	\$200,000	\$6,897	\$7	2%
Architectural & Engineering	\$419,273	\$14,458	\$14	3%
Finance Costs	\$974,734	\$33,612	\$33	8%
Legal Costs	\$772,846	\$26,650	\$27	6%
City Fees	\$456,648	\$15,746	\$16	4%
Other Soft Costs	\$1,600,213	\$55,180	\$55	13%
Total	\$12,479,437	\$430,325	\$429	100%
SOURCES OF FUNDS	\$	Per Unit	Per SF	%
Private Loan	\$8,111,634	\$279,712	\$279	65%
Equity	\$4,367,803	\$150,614	\$150	35%
Total	\$12,479,437	\$430,325	\$429	100%
<i>*Developer has input a \$9,500,000 loan (76% of total project costs), but Grow America assumes a 65% / 35% debt / equity split</i>				

PILOT Request/Recommendation

- 15-year tax schedule (recommended)
 - “As-is” taxes during two construction years (Years 1 & 2)
 - 100% abatement on improvements in first year of operation (Year 3)
 - Straight phase-in schedule Years 4 - 15
 - Over 13 years of operation, aggregate taxes are \$2,018,073
 - \$155,236 annual average or \$5,353/unit annually
 - **Average annual tax payment over term is 8.8x current taxes**
- Predictability of schedule crucial for securing debt and equity commitments

PILOT SCHEDULE

115 Glen Street

Land Taxes Only	\$6,728		Starting Abatement	100%
Current Taxes	\$17,641		Phase-In Period	13
Improvement Taxes	\$292,243		Decrease	7.7%
"As Improved" (Full) Taxes	\$309,884			
Proposed Units / GSF	29	29,118		
Estimated Full Taxes Per Unit / GSF	\$10,686	\$10.64		
Annual Escalator	0.00%			<i>5.00% discount</i>

Year	PILOT Year	Base Taxes	Improvement Taxes	"As Improved" Full Taxes	Abatement	Savings	PILOT	Increment
2025	1 Constrcuton	\$17,641	\$0	\$17,641	0%	\$0	\$17,641	\$0
2026	2 Constrcuton	\$17,641	\$0	\$17,641	0%	\$0	\$17,641	\$0
2027	3	\$17,641	\$292,243	\$309,884	100%	(\$292,243)	\$17,641	\$0
2028	4	\$17,641	\$292,243	\$309,884	92.3%	(\$269,763)	\$40,121	\$0
2029	5	\$17,641	\$292,243	\$309,884	84.6%	(\$247,283)	\$62,601	\$44,960
2030	6	\$17,641	\$292,243	\$309,884	76.9%	(\$224,802)	\$85,082	\$67,441
2031	7	\$17,641	\$292,243	\$309,884	69.2%	(\$202,322)	\$107,562	\$89,921
2032	8	\$17,641	\$292,243	\$309,884	61.5%	(\$179,842)	\$130,042	\$112,401
2033	9	\$17,641	\$292,243	\$309,884	53.8%	(\$157,362)	\$152,522	\$134,881
2034	10	\$17,641	\$292,243	\$309,884	46.2%	(\$134,881)	\$175,003	\$157,362
2035	11	\$17,641	\$292,243	\$309,884	38.5%	(\$112,401)	\$197,483	\$179,842
2036	12	\$17,641	\$292,243	\$309,884	30.8%	(\$89,921)	\$219,963	\$202,322
2037	13	\$17,641	\$292,243	\$309,884	23.1%	(\$67,441)	\$242,443	\$224,802
2038	14	\$17,641	\$292,243	\$309,884	15.4%	(\$44,960)	\$264,924	\$247,283
2039	15	\$17,641	\$292,243	\$309,884	7.7%	(\$22,480)	\$287,404	\$269,763
TOTAL		\$264,615	\$3,799,159	\$4,063,774		(\$2,045,701)	\$2,018,073	\$1,730,978

50% of full taxes 50% of full taxes
 \$155,236 annual avg.
NPV of Savings: \$1,371,491 NPV \$5,353 per unit annually
 8.80 multiplier



Summarized Benefits Package

IDA TAX BENEFITS				
IDA RELATED PROPERTY TAXES		SALES TAX EXEMPTION		
Current Taxes	\$17,641	\$608 per unit	Construction Cost	\$6,555,723
As Complete Full Taxes	\$309,884	\$10,686 per unit	Value of Building Materials	60% \$3,933,434
Multiplier (As-Complete Taxes Over Current Taxes)	17.6 x		Sales Tax	8.625%
PILOT Schedule	13-Year Phase-In		Value of Exemption	<u>\$339,259</u>
PILOT Over 13 Years	\$2,018,073			
Savings Over 13 Years	<u>(\$2,045,701)</u>		Furniture, Equipment, & Machinery	\$200,000
Increment Over Savings	<u><u>(\$27,628)</u></u>		Sales Tax	8.625%
			Value of Exemption on M&E	\$17,250
Average PILOT Paid Over Term	\$155,236		Total Value of Sales Tax Exemption	<u><u>\$356,509</u></u>
Multiplier (Average PILOT Over Current Taxes)	8.8 x			
MORTGAGE RECORDING TAX		FINANCIAL ASSISTANCE SUMMARY		
Mortgage*	\$9,500,000	Real Estate Tax Savings Over PILOT Term	\$2,045,701	
Mortgage Recording Tax	1.05%	Mortgage Recording Tax Savings	\$71,250	
Transit District Exclusion	-0.30%	Sales Tax Exemption	\$356,509	
Mortgage Recording Tax Savings	<u>0.75%</u>	IDA Financial Incentive Package	<u><u>\$2,473,460</u></u>	
Value of Exemption	<u><u>\$71,250</u></u>			
		Total Project Cost	\$12,479,437	
		IDA Financial Package as a % of Cost	20%	
		Private Investment to Public Investment Ratio	\$5.05: \$1.00	

*\$ amount provided by Developer in IDA Pro Forma

Stabilized Operating Pro Forma

STABILIZED OPERATING PRO FORMA (YEAR 3)								
	Units	(1) WITHOUT PILOT		(2) WITH 3RD YEAR PILOT		(3) WITH AVG. PILOT OVER TERM		
		\$	Comment	\$	Comment	\$	Comment	
Market Gross Income	23	\$975,179	\$3,533 per unit per month					
Workforce Gross Income	3	\$107,575	\$2,988 per unit per month					
Affordable Gross Income	3	\$87,843	\$2,440 per unit per month					
Senior Parking Gross Income		\$15,506						
Gross Income		\$1,186,103						
Vacancy		(\$59,305)	5.00% vacancy					
Effective Gross Income		\$1,126,798		\$1,126,798		\$1,126,798		
Operating Expenses Excl Taxes		(\$283,260)	\$9,768 per unit annually	(\$283,260)	\$9,768 per unit annually	(\$283,260)	\$9,768 per unit annually	
RE Taxes / PILOT		(\$309,884)	\$10,686 per unit annually	(\$62,601)	\$2,159 per unit annually	(\$155,236)	\$5,353 per unit annually	
Reserves		(\$21,218)	\$732 per unit annually	(\$21,218)	\$732 per unit annually	(\$21,218)	\$732 per unit annually	
Total Expenses		(\$614,362)	\$21,185 per unit annually	(\$367,080)	\$12,658 per unit annually	(\$459,715)	\$15,852 per unit annually	
Net Operating Income		\$512,436		\$759,718		\$667,083		
Debt Service (Perm Mortgage)		(\$615,253)		(\$615,253)		(\$615,253)		
Cash Flow		(\$102,817)		\$144,466		\$51,831		
FINANCIAL RETURN SUMMARY								
		(1) WITHOUT PILOT		(2) WITH 3RD YEAR PILOT		(3) WITH AVG. PILOT OVER TERM		Typical in Market
Debt Coverage Ratio		0.83		1.23		1.08		>1.20
Cash on Cash Return		-2.4%		3.3%		1.2%		>6.5%
Yield to Cost Return		4.1%		6.1%		5.3%		>6.5%
Leveraged Pre-Tax IRR Over Term		4%		10%		10%		>12%

PILOT Analysis

- In Year 3, the development achieves a debt coverage ratio (DCR) of 1.23, meaning there is an 23% cushion of net operating income over project debt service
 - On the low-end for a mixed-income project
- Other metrics (cash-on-cash, yield-to-cost, and internal rate of return) are marginal
- Operating expenses on high-end
 - Estimated at \$10,500 per unit (excluding RE Taxes / PILOT)
 - Grow America typically sees operating expenses (exclusive of PILOT) between \$6,000 - \$10,000
- “But for” the proposed financial incentive package and PILOT schedule, the development is not considered financially feasible

Benefits Analysis

PILOT VS SAVINGS	
Full IDA Taxes (PILOT) Over Term	\$2,018,073
Value of Affordable Housing	\$674,466
Estimated City Fees	\$456,648
Total Public Benefit	\$3,149,187
Real Estate Tax Savings Over Term	\$2,045,701
Sales Tax Exemption	\$356,509
Mortgage Recording Tax Exemption	\$71,250
Total Project Savings	\$2,473,460
Net Public Benefit	\$675,728

ESTIMATED VALUE OF AFFORDABLE HOUSING	
Average Market Rate Rents	\$3,330
Average 80% Affordable Rents	\$2,300
Delta	\$1,030
# of Units	3
Loss of Annual Income	\$37,096
Cap Rate	5.50%
Value of 80% Affordable Units	\$674,466

Other Benefits Analysis

- 50 temporary construction jobs
- Eliminates a blighted and underutilized property
- Replaces it with much needed market rate and affordable rental units and maximizes the site's land use with an improved mixed-income development.
- Adds considerable new disposable income to strengthen retail trade in downtown

