May 2, 2024

Westchester Crossing
Senior Living Development
Boston Post Road Owner, LLC

FINANCIAL ASSISTANCE ANALYSIS FOR THE
VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY

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Storrs
ASSOCIATES

Executive Summary

The Westchester Crossing Project and Senior Living Component

Boston Post Road Owner, LLC (Applicant) requests financial assistance from the Village of Port Chester IDA (Agency) for a Senior Living facility at 406 Boston Post Road (Project). This Project is part of the planned redevelopment of the former United Hospital site. Storrs Associates, LLC has been engaged by the Agency to conduct an objective, third-party analysis to assist the Agency with its evaluation of the application. The Project includes:

- 200 market-rate apartments, with on-site care services for senior residents as well as common amenities such as laundry
- 112 parking spaces
- $100,129,000 total investment

Proposed Financial Assistance

- PILOT schedule: A 15-year Standard CD6 PILOT with an estimated savings of $11,667,918 and a 20-year Enhanced CD6 PILOT with an estimated savings of $15,527,697 are analyzed in this report.
- Mortgage Recording Tax abatement estimated at $660,851
- Construction Materials sales tax abatement estimated at $3,287,481

Conclusions and Recommendation

This analysis concludes that Agency financial assistance is necessary for financial feasibility, and without it, the Project would not be built. Storrs Associates finds that the assistance and estimated rate of return to the Applicant is within current market expectations.

Storrs Associates further finds that the completion and operation of the Project, as assisted, is necessary for the Applicant to undertake the site preparation and infrastructure investment needed for the entire Westchester Crossing development to be undertaken.

Storrs Associates therefore recommends that assistance to the Senior Living facility be evaluated in light of the full Westchester Crossing Project.

Purpose of this Analysis

As part of its due diligence in evaluating proposed projects, the Agency requests a third-party review of the operating and financial assumptions, and the anticipated rate of return, for a project. This provides the Agency with an objective analysis of likely financial performance with and without the requested financial assistance. Storrs Associates, LLC provides this analysis and a professional opinion about whether the financial assistance is necessary to the project –the "if not for" test –and whether it is reasonable in current market conditions. This analysis explores basic questions for the Agency:

- Are the operating assumptions such as rent, vacancy, and expenses within norms for the region?
- Is the capital structure within norms for the project type and has the applicant demonstrated its own financial commitment?
- Is the assistance necessary for the project to be financially feasible, with the estimated rate of return conforming to market expectations for similar projects in the region?
- If the financial assistance is awarded, is the project likely to be built and to operate?

Contents of This Report

PROPOSED FINANCIAL ASSISTANCE

Two UTEP Section CD6 PILOTs are analyzed here, a Standard and an Enhanced. On a stand-alone basis, the Project would be expected to meet acceptable return benchmarks with a UTEP PILOT.

The Applicant also requests abatement of mortgage recording tax and sales taxes on construction materials, which would be the same with either PILOT.

Table 1 calculates the estimated value of the financial assistance used in this analysis. Actual values will be different.

Sales Tax on Construction Materials will depend on the value of the purchased goods that are subject to sales tax. New York State determines which goods are subject to sales tax.

Mortgage Recording Tax will depend on the final approved and closed value of the mortgage on the Project.

Real Property Tax Abatement will depend on the final assessed value of the completed Project and the tax rates in effect once the Project is operational.

Table 1

Estimated Financial Assistance Proposed

	Section 6 Standard PILOT, 15 Yrs	Section 6 Enhanced PILOT, 20 Yrs
Sales Tax Exemption on Construction Materials (1)		
Taxable Construction Materials Costs, Estimated	$39,253,500	$39,253,500
Sales Tax Rate Subject to Exemption	8.375%	8.375%
Estimated Sales Tax Exemption	$3,287,481	$3,287,481
Mortgage Recording Tax Exemption		
Estimated Mortgage Amount	$66,085,140	$66,085,140
Mortgage Recording Tax Benefit, 1.3% Percent of Mortgage	859,107	859,107
Less: 0.3% Not Eligible for Exemption	(198,255)	(198,255)
Estimated Mortgage Recording Tax Exemption, 1.0% of Mortgage	$660,851	$660,851
Real Property Tax Abatement		
Estimated Real Property Taxes if no PILOT	$23,283,187	$31,849,159
Less: Estimated PILOT Tax Payments	(11,615,269)	(16,271,462)
Real Property Tax Abatement	$11,667,918	$15,577,697
Estimated Financial Assistance Proposed, Total	$15,616,250	$19,526,029

Taxable construction materials and estimated mortgage amount are increased by a cushion of 10% above the Applicant's budget.
Exemptions shown are aggregated for all affected jurisdictions including State, County, Town, School District, and Village.

Prevailing Wage Requirements

Projects receiving financial assistance from an Industrial Development Agency are required to comply with New York's prevailing wage requirements, unless an exemption is allowed, for example for certain affordable housing projects. No such exemptions apply to the Project.

Therefore, Storrs Associates compares the dollar benefits to the total project costs and construction costs, and calculates that the value of the financial assistance does not cross the threshold of 30% of the total project cost, which might otherwise bring prevailing wage requirements into effect.

Table 2

Total Public Benefits

	Section 6 Standard PILOT, 15 Yrs	Section 6 Enhanced PILOT, 20 Yrs
Estimated Tax Exemptions		
Construction STE	$3,287,481	$3,287,481
MRTE Savings	$660,851	$660,851
PILOT Savings	$11,667,918	$15,577,697
Total Estimated Tax Exemptions	$15,616,250	$19,526,029
Estimated Tax Credits and Grants		
None		
Total Estimated Public Benefits	$15,616,250	$19,526,029
Estimated Ratios of Public Benefits to Project Costs		
Total Project Cost	$100,129,000	$100,129,000
% Benefits to Cost	15.60%	19.50%
Construction Cost	$76,370,000	$76,370,000
% Benefits to Construction Cost	20.45%	25.57%

IDA Benefits to the Project

Storrs Associates finds that Agency financial assistance is necessary for the Project to be financially feasible, and without assistance it is unlikely to be built.

Storrs Associates analyzed pro forma cashflows and project financing details submitted by the Applicant, leading to the conclusion that Agency financial assistance is necessary for Project to be financially feasible, that the rates of return to the Applicant meet only the lower thresholds of current market expectations, and that net cash flow at full taxes is too weak for the Project to be financially stable. Without Agency financial assistance, the Project is unlikely to be built and to operate. This finding holds for either PILOT.

This report considers the Project as if it were a standalone investment, rather than a key component of a major development plan. However, because (1) demand for senior housing is unmet in Westchester County and (2) co-location of standard market-rate + affordable units with units created for seniors is likely to benefit all demographic groups, Storrs Associates views the Project as potentially making a greater contribution to the Village than can be objectively shown in this type of analysis. Important considerations include:

1. Westchester Crossing is a multi-site plan that is expected to redevelop the former United Hospital campus, returning it to productive use as well as remediating environmental concerns and creating a more appealing entryway to the Village. The costs to prepare the site for redevelopment are estimated to be $124 million, and as the site work produces no revenue, costs are partly borne by Residential 1 and Residential 2, decreasing their investment returns on a percentage and a cash flow level.
2. Senior Living is marginal without a PILOT, unlikely to be built, but with a Standard PILOT delivers returns at the lower end of market expectations. The Enhanced PILOT improves performance more. If considered as a portfolio along with Residential 1, Residential 2, and the Hotel, rates of return and annual cashflows from Senior Living make a substantial contribution to the overall viability of Westchester Crossing.

Storrs Associates therefore recommends that the Agency evaluate the Senior Living assistance in light of the full Westchester Crossing project.

Estimating a Rate of Return on a Project

Financial performance with and without each of the two UTEP PILOTs is estimated over the full PILOT period. Three metrics are used to evaluate outcomes:

The Equity Dividend Rate, or Return on Equity, is net cashflow for each year, divided by the initial equity investment. Equity Dividend Rates are benchmarked using current market information. Equity Dividend Rates that are within the benchmarks indicate a Project outcome in line with the current market, with the Applicant earning a reasonable return.

The Hurdle Rate, or Risk-Free Return, is a set of three U.S. Treasury yields at points in time. Rates for 10– and 20-years are collected directly from the Federal Reserve Bank of St. Louis data service, and 15-year rates are interpolated between the 10– and 20– year published rates. All rates used here are collected monthly, and Storrs Associates calculates a 6-month rolling average to reduce the impact of daily or monthly changes, which may or may not represent a general trend in longer-term investment return requirements.

U.S. Treasuries are assumed to have no credit risk but are assumed to incorporate inflation expectations. These are used as an estimated minimum return, or Hurdle Rate, because they show what an investor can earn while taking no risk. A project that delivers lower returns with more risk is unlikely to be undertaken.

Cumulative Cash Flow shows net cash flow to the Project's investor(s) over time. It is useful to note cash flow differences between a PILOT and a No PILOT scenario, as this is another indicator of whether the Applicant is earning a return. No benchmarks are published.

Debt Service Coverage estimates how well Project's net income, after taxes, supports repayment of debt. Benchmarks are from RealtyRates.com based on current bank practices.

Discussion of Results

Return on Equity after 15 years is estimated by Storrs Associates to be 4.82% with a Standard PILOT. An Enhanced PILOT of 20 years is estimated to return 5.74% over the first 15 years and 7.24% over the full 20 years. Using a 15-year Treasury yield of 4.38% as a hurdle rate shows that either PILOT clears the hurdle, and both meet the lowest Equity Dividend Rate for market rate housing of 4.63% by year 15. However, a full Assisted Living facility would be expected to return at least 7.15% in the northeast, with an average of 10.93% (RealtyRates.com). Storrs Associates recommends that the Agency consider these benchmarks as a desired range rather than a target, with the standard market-rate as a lower limit, and the Assisted Living raising the return threshold above that of the other residential components of Westchester Crossing.

Return results are calculated over a time horizon of 20 years. This includes 15 years of PILOT payments and 5 years of full tax payments.

Cash Flow Measures include a net loss during the first two to three years with or without a PILOT. The PILOT enables the Project to recover that loss and achieve stability earlier. More than the rate of return, the cashflow demonstrates the contribution of a PILOT to feasibility because the Project is estimated to earn between $12 million and $15 million with Agency assistance, but only $747,073 without it. No capital gain is expected because the estimated sale price at the end of 15 or 20 years is estimated to be insufficient to repay the outstanding debt, which is interest-only and therefore principal does not decline over time.

Table 3

Comparison of Return on Investment

	Section 6 Standard PILOT, 15 Yrs	Section 6 Enhanced PILOT, 20 Yrs	No PILOT, 20 Yrs
Project Cost	$100,129,000	$100,129,000	$100,129,000
Initial Equity	40,051,600	40,051,600	40,051,600
Initial Equity as a % of Project Costs	40.00%	40.00%	40.00%
Cash on Cash Return, Benchmark for 1 Year Out is 4.63% to 13.57%, Average of 8.65%			
10-Year Treasury Yield, 6-month Rolling Average, is 4.30%, 15-year Interpolated is 4.38%, and 20-year is 4.61%			
Year 5	3.24%	3.49%	0.60%
Year 10	3.94%	4.51%	2.42%
Year 15	4.82%	5.74%	4.54%
Year 20	7.03%	7.24%	7.03%
Summary Return Measures			
Net Cashflow by Year 15	$12,414,991	$15,096,995	$747,073
Net Cashflow by End of PILOT	$12,414,991	$28,345,711	$12,768,015
End of PILOT Capital Gain after Debt Payoff	-$10,807,171	-$6,999,370	-$6,999,370
Internal Rate of Return	<0%	<0%	<0%
Debt Service Coverage Ratios, Benchmark 1.25 to 1.86, Average 1.56			
Average	1.27	1.45	1.22
Minimum	-0.78	-0.78	-1.22

Benefits to Port Chester

Estimated Fiscal Benefits and Costs

Purpose and Use of this Analysis

New York State requires Industrial Development Agencies to conduct a cost/benefit analysis but does not establish a ratio or benchmark. However, a ratio of tax benefits to foregone tax revenue, or savings to the Project, can help evaluate the effects of both the Project and the financial assistance, and is useful for comparing similar projects over time. This is a hypothetical analysis only, as without the requested financial assistance the Project would not be built.

Estimated Economic Benefits

The Agency has commissioned a thorough economic impact report for the Project from Camoin Associates, Inc.

Community Benefit Contributions for the Westchester Crossing Project such as mitigation for traffic and public school enrollment are incorporated into the financial structure for the Residential 1 and Residential 2 projects along with ordinary costs such as permitting and Agency fees. Only ordinary costs such as permitting and Agency fees are expected to be paid by the Senior Living project.

Table 4

Estimated Fiscal Benefits and Costs

Fiscal Benefits	Section 6 Standard PILOT, 15 Yrs	Section 6 Enhanced PILOT, 20 Yrs
Sales Tax from Construction Materials Purchase	$3,287,481	$3,287,481
Mortgage Recording Tax	660,851	660,851
Real Property Tax on Completed Project	23,283,187	31,849,159
Less: Property Tax Revenue on Base Value	(886,507)	(1,212,657)
Net Fiscal Benefits	$26,345,011	$34,584,834
Fiscal Costs (Foregone Revenue)		
Construction Sales Tax	($3,287,481)	($3,287,481)
Mortgage Recording Tax	(660,851)	(660,851)
Property Tax	(11,667,918)	(15,577,697)
Total Costs of Financial Assistance	($15,616,250)	($19,526,029)
Benefit to Cost Ratio	**1.69**	**1.77**
Net Fiscal Benefit	**$10,728,761**	**$15,058,805**

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

PROJECT OPERATIONS

Operating Snapshot at PILOT Year 5

The fifth year of operations is used to create a snapshot of Project performance. A two-year ramp-up period to full operation is consistent with the other residential projects in Westchester Crossing, and reasonable.

- After stabilization, the Applicant expects income to increase at an average rate of 3.0% per year, below the 3.7% average effective rent growth reported by CoStar for Northern Westchester County, but reasonable as a conservative estimate.
- Operating expenses are expected to increase at the same rate as revenue, with no imbalance built into the numbers.
- Debt service, at 23% of EGI, is a fixed interest-only payment, which reduces annual costs by deferring principal.
- When full taxes of $1.5 million and debt service of $3.3 million are paid, NOI is only $239,935, or 2% of Effective Gross Income. This is too low to ensure stable operations. Either PILOT's strengthening of NOI is significant and critical to the Project.
- The largest single expense for the Project is an estimated $5.3 million in salaries for on-site services to residents, comprising the majority of the Non-Tax Operating Expenses of $9.4 million (Table 5).
- "Ratios of Expense to Income" is 37% of EGI when services costs are included, contributing to an overall Expense Ratio of 67% - 75%, well above the 47.3% benchmark for standard residential projects.
- "Ratios of Expense to Income" drops to 28% when senior services are excluded, slightly better than the performance of Residential 1 and 2, each of which carries relatively more debt.
- Senior services are therefore the major cost driver for the Project, and other measures are consistent with both Residential 1 and Residential 2 operations.

Table 5

Comparison of Operating Results, Year 5

	Section 6 Standard PILOT, 15 Yrs	Section 6 Enhanced PILOT, 20 Yrs	No PILOT, 20 Yrs
Net Operating Income			
EGI: Operating Income after Vacancy	$14,462,168	$14,462,168	$14,462,168
Less: Operating Expenses	(9,861,038)	(9,759,687)	(10,917,977)
Salaries for Senior Services Staff	*(5,317,129)*	*(5,317,129)*	*(5,317,129)*
Non-Tax Operating Expenses and Reserve	*(4,095,677)*	*(4,095,677)*	*(4,095,677)*
Real Property Tax Expense	*(448,232)*	*(346,882)*	*(1,505,171)*
Net Operating Income (NOI)	$4,601,131	$4,702,481	$3,544,192
Net Income after Debt Service			
Debt Service	($3,304,257)	($3,304,257)	($3,304,257)
Net Operating Income after Debt Service	$1,296,874	$1,398,224	$239,935
Ratios of Expense to Income			
Debt Service as a % of EGI	23%	23%	23%
Real Property Tax Expense as a % of EGI	3%	2%	10%
NOI after Debt Service as a % of EGI	9%	10%	2%
Operating Expenses as a % of EGI, Senior Services Included	37%	37%	37%
Expense Ratio, Services Included	68%	67%	75%
Operating Expenses as % of EGI, Senior Services Excluded	28%	28%	28%
Expense Ratio, Services Excluded	31%	31%	39%

Benchmark from RealtyRates.com for units without services is 47.3% and is used in the reports for Residential 1and 2.

Storrs Associates flags projects where expenses increase faster than income as potentially non-feasible over the long term and notifies the Agency of concerns. No such concerns have been identified.

PROJECT RENTS AND VACANCY RATES

Senior Living provides two types of units: 90 1 bedroom residences, and 110 1 bedroom (1BR) residences with support services such as managed care or assisted living, as shown in Table 6a. All are market rate.

Table 6b presents regional senior housing data for 2022 as a comparison to the Applicant's estimates for the Senior Living Project.

For the 90 residences, starting rent at $4,750 is higher than the standard market-rate units planned for Westchester Crossing: $2,650 ($40.77/sf) for Residential 1 and $2,535 ($39.10/sf) for Residential 2. Compared to the $6,620 "All Senior" (which includes high cost assisted living as well as lower cost active older adult facilities), Project rents are low, which suggests the service level is expected to be at the lower end.

The 110 1BR units with services start in year 1 at $7,250, 3% higher than the 2022 average, somewhat less than certain measures of inflation.

Annual rent growth is estimated to be a more conservate 3% at the Project, compared with a regional low of 3.5% (Hudson Valley) in 2022. Vacancy is estimated at 15%, high for standard residential but within the ranges shown in Table 6b for senior housing.

Table 6b

Supplemental Table: Regional Senior Housing Trends in 2022

	NY Metro	Hudson Valley
All Senior		
Annual Rent Growth	4.2%	4.0%
Stabilized Vacancy	15.2%	13.8%
Average Rent	$6,620	$6,326
Assisted Living		
Annual Rent Growth	4.6%	3.5%
Stabilized Vacancy	15.0%	12.6%
Average Rent	$7,011	$6,621

Source: NIC MAP® Data Service

Table 6a

Residential Unit Rent and Household Income, First Year

Unit Type	# of Units	Square Feet per Unit	Per Unit Monthly Rent	Total Monthly Rent	Per Unit Annual Rent	Annual Rent per SF	Estimated Household Income (1)	Gross Rental Income
Market Rate Units								
1 Bedroom	90	850	$4,750	$427,500	$57,000	$67.06	$190,000	$5,130,000
1 Bedroom with Assisted Living	110	600	$7,250	$797,500	$87,000	$145.00	$290,000	$9,570,000
Totals	200							$14,700,000

(1) Income needed to pay no more than 30% on rent, calculated by Storrs Associates.

Table 6c

Commercial Rent, First Year Revenue

Parking, Spaces	112	$170 per Month	$228,480
Total			$228,480

Senior Housing data from the National Investment Center for Senior Housing and Care (NICMap Vision.)

Financing Plan

Capital Structure

The capital structure is 40% equity and 60% debt. As shown in Table 7a, 76% of Project costs are for construction. The financial plan for the full Westchester Crossing project anticipates a combination of debt and equity to pay for the site work needed for any development to be done. As "built" projects are begun, an individual project will acquire a parcel of property. Storrs Associates' analyses of the financial structure for Residential 1 and Residential 2 calculate that those projects would pay purchase prices sufficient to repay the $124 million initial investment; both of those projects demonstrate relatively weak financial performance because of the debt needed to fund that repayment, as discussed in the reports.

The Senior Living Project also purchases a parcel in the Westchester Crossing site, but the price of $10.1 million is a more modest 10% of costs. This allows the Project to borrow less, making debt service a significant but more manageable cost.

The Applicant expects to obtain debt financing with a structure that allows interest-only payments for a full 30 years, with no principal amortization. Storrs Associates finds this reasonable for a developer with the Applicant's experience, but did conduct a test to confirm that the Project would support a standard amortization if needed, although with substantially lower returns. The interest-only structure reduces debt service costs.

As with both of the other residential projects, the capital structure results in a completion loan-to-value that exceeds 100%, suggesting that immediate sale would not repay the loan. Storrs Associates estimates that, assuming a 1.5% increase in market value each year, sale of the Project would not be sufficient pay off the principal on the mortgage or generate a capital gain.

Table 7a

Sources and Uses of Funds	Amount	Percent
Debt		
Mortgage	$60,077,400	60%
Equity		
Developer equity	$4,005,160	4%
LP Equity	$36,046,440	36%
Total Sources	**$100,129,000**	**100%**
Uses of Funds		
Total Construction Costs	$76,370,000	76%
Total Soft Costs	4,059,000	4%
Total Property Acquisition	10,100,000	10%
Total Financing Costs	9,600,000	10%
Total Uses	**$100,129,000**	**100%**

Source: Applicant

Table 7b

Financing Terms, Long Term Debt		
Principal after Construction Loan Payoff	$60,077,400	
Interest Rate	5.50%	
Term in Years	30	
Interest Only Period	Life of Loan	
Loan to Value at Completion	150%	
Market Value, Appreciation of 1.5% per Year	15 Years	20 Years
Anticipated Market Value after 15 Years	$49,270,229	$53,078,030
Less: Principal Outstanding	(60,077,400)	(60,077,400)
Estimated Sale Proceeds	-$10,807,171	-$6,999,370
Loan to Value	122%	113%

PILOT ANALYSIS—STANDARD

Notes and Disclaimers

This PILOT analysis is an estimate based on currently available information, including operating information from the Applicant, and the actual Project revenue, assessed value, tax rates, and tax obligations may be different.

Methodology

The Village of Port Chester Industrial Development Agency's Uniform Tax Exemption Policy (UTEP) provides for PILOTs that are comprised of the future taxes on a Base Value reflecting current parcel status, and an Added Value reflecting the new investment in the Project. The Project is evaluated here using a 15-year CD6 Standard PILOT.

- Calculate the taxes on the Base Value and escalate by 1% annually.
- Calculate future taxes using the Added Value of improvements from an estimated as-built value from the Town of Rye Assessor, and an aggregated tax rate provided by the Agency for the current year. The as-built value is provided for the Agency's financial assistance evaluation purposes only.

Methodology Cont'd

- Escalate taxes on the Added Value by 1% annually.
- Add taxes on the Base Value and Added Value to calculate taxes estimated to be paid by the Project if no PILOT is awarded.
- The PILOT % Abatement from the UTEP is applied to the full taxes to calculate the PILOT payments and annual tax savings.

Figure 1

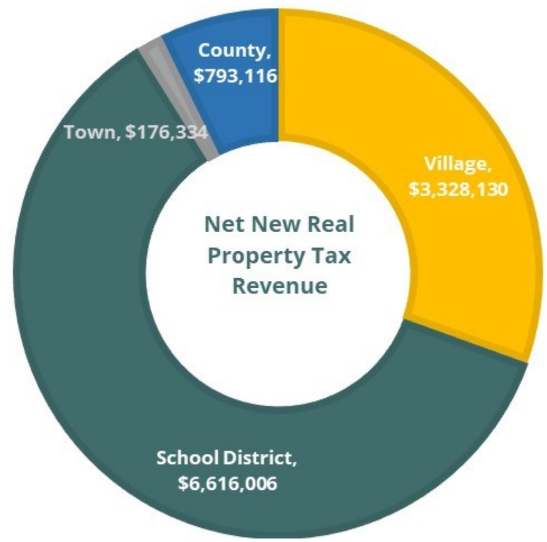

Table 8a

Comparison of Taxes on Full Value of Project, and Project with PILOT

	Village	School District	Town	County	All Jurisdictions
Taxes without PILOT	$7,100,275	$14,114,674	$376,193	$1,692,044	$23,283,187
Less: PILOT Payments	(3,542,110)	(7,041,379)	(187,671)	(844,109)	(11,615,269)
Foregone Revenue	$3,558,165	$7,073,295	$188,522	$847,935	$11,667,918
Abatement Percent	50%	50%	50%	50%	50%
Net New Taxes Compared with No Project					
PILOT Payments	$3,542,110	$7,041,379	$187,671	$844,109	$11,615,269
Less: Taxes without Project	(213,980)	(425,372)	(11,337)	(50,993)	(701,683)
Net New Tax Revenue	$3,328,130	$6,616,006	$176,334	$793,116	$10,913,586

Village, School, and County taxes estimated using 2023 Non-Homestead Rates as a pro rata % of Total Taxes

Table 8b

Estimated Tax Comparisons, Standard CD6 15-Year PILOT

Full Market Value Estimate, TOR Assessor	$40,000,000	Full Taxes without PILOT	$23,283,187	100%
Less: Current Value	-$1,523,000	Less: PILOT Payments	-$11,615,269	50%
Calculated Added Value	$38,477,000	Foregone Revenue/Abatement	$11,667,918	50%

		Hypothetical Taxes if Project Proceeds with No PILOT			Standard Section 6 PILOT, 15 Years, Plus Results with 5 Years Full Taxes			
		A1	A2	A = A1 + A2	B = A1 + (A2 x D)	C = A - B	D	E
Tax Year Ending	Development Year	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	$52,924	$0	$52,924	$52,924	$0	n/a	n/a
5/1/2025	Interim	53,453	0	53,453	53,453	0	n/a	n/a
5/1/2026	Interim	53,988	0	53,988	53,988	0	n/a	n/a
5/1/2027	Interim	54,528	0	54,528	54,528	0	n/a	n/a
5/1/2028	1	55,073	1,391,366	1,446,440	55,073	1,391,366	0%	100%
5/1/2029	2	55,624	1,405,280	1,460,904	153,994	1,306,910	7%	93%
5/1/2030	3	56,180	1,419,333	1,475,513	240,693	1,234,820	13%	87%
5/1/2031	4	56,742	1,433,526	1,490,268	343,447	1,146,821	20%	80%
5/1/2032	5	57,309	1,447,861	1,505,171	448,232	1,056,939	27%	73%
5/1/2033	6	57,882	1,462,340	1,520,223	540,455	979,768	33%	67%
5/1/2034	7	58,461	1,476,963	1,535,425	649,247	886,178	40%	60%
5/1/2035	8	59,046	1,491,733	1,550,779	760,160	790,619	47%	53%
5/1/2036	9	59,636	1,506,650	1,566,287	858,161	708,126	53%	47%
5/1/2037	10	60,233	1,521,717	1,581,950	973,263	608,687	60%	40%
5/1/2038	11	60,835	1,536,934	1,597,769	1,090,581	507,188	67%	33%
5/1/2039	12	61,443	1,552,303	1,613,747	1,194,625	419,122	73%	27%
5/1/2040	13	62,058	1,567,826	1,629,884	1,316,319	313,565	80%	20%
5/1/2041	14	62,678	1,583,505	1,646,183	1,440,328	205,856	87%	13%
5/1/2042	15	63,305	1,599,340	1,662,645	1,550,691	111,954	93%	7%
Total, Interim + PILOT Period		$1,101,401	$22,396,679	$23,498,080	$11,830,162	$11,667,918		
Total, PILOT Period Only		$886,507	$22,396,679	$23,283,187	$11,615,269	$11,667,918		
NPV, 3.0%		$701,683	$17,727,274	$18,428,957	$8,542,843	$9,886,113		

PILOT Analysis—Enhanced

Notes and Disclaimers

This PILOT analysis is an estimate based on currently available information, including operating information from the Applicant, and the actual Project revenue, assessed value, tax rates, and tax obligations may be different.

Methodology

The Village of Port Chester Industrial Development Agency's Uniform Tax Exemption Policy (UTEP) provides for PILOTs that are comprised of the future taxes on a Base Value reflecting current parcel status, and an Added Value reflecting the new investment in the Project. The Project is evaluated here using a 20-year CD6 Enhanced PILOT.

- Calculate the taxes on the Base Value and escalate by 1% annually.
- Calculate future taxes using the Added Value of improvements from an estimated as-built value from the Town of Rye Assessor, and an aggregated tax rate provided by the Agency for the current year. The as-built value is provided for the Agency's financial assistance evaluation purposes only.

Methodology Cont'd

- Escalate taxes on the Added Value by 1% annually.
- Add taxes on the Base Value and Added Value to calculate taxes estimated to be paid by the Project if no PILOT is awarded.
- The PILOT % Abatement from the UTEP is applied to the full taxes to calculate the PILOT payments and annual tax savings.

Figure 2

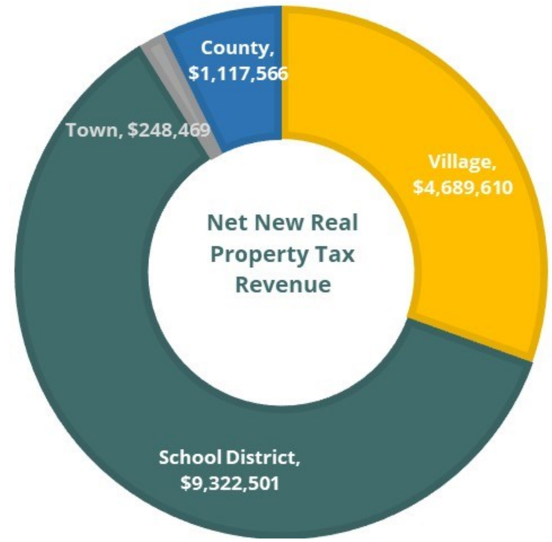

Table 9a

Comparison of Taxes on Full Value of Project, and Project with PILOT

	Village	School District	Town	County	All Jurisdictions
Taxes without PILOT	$9,712,493	$19,307,516	$514,596	$2,314,554	$31,849,159
Less: PILOT Payments	(4,962,029)	(9,864,044)	(262,903)	(1,182,486)	(16,271,462)
Foregone Revenue	$4,750,464	$9,443,471	$251,693	$1,132,068	$15,577,697
Abatement Percent	49%	49%	49%	49%	49%
Net New Taxes Compared with No Project					
PILOT Payments	$4,962,029	$9,864,044	$262,903	$1,182,486	$16,271,462
Less: Taxes without Project	(272,419)	(541,544)	(14,434)	(64,919)	(893,316)
Net New Tax Revenue	$4,689,610	$9,322,501	$248,469	$1,117,566	$15,378,147

Village, School, and County taxes estimated using 2023 Non-Homestead Rates as a pro rata % of Total Taxes

Table 9b

Estimated Tax Comparisons, Enhanced CD6 20-Year PILOT

Full Market Value Estimate, TOR Assessor	$40,000,000	Full Taxes without PILOT	$31,849,159	100%
Less: Current Value	-$1,523,000	Less: PILOT Payments	-$16,271,462	51%
Calculated Added Value	$38,477,000	Foregone Revenue/Abatement	$15,577,697	49%

		Hypothetical Taxes if Project Proceeds with No PILOT			Enhanced Section 6 PILOT, 20 Year Abatement Schedule			
		A1	A2	A = A1 + A2	B = A1 + (A2 x D)	C = A - B	D	E
Tax Year Ending	Development Year	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	$52,924	$0	$52,924	$52,924	$0	n/a	n/a
5/1/2025	Interim	53,453	0	53,453	53,453	0	n/a	n/a
5/1/2026	Interim	53,988	0	53,988	53,988	0	n/a	n/a
5/1/2027	Interim	54,528	0	54,528	54,528	0	n/a	n/a
5/1/2028	1	55,073	1,391,366	1,446,440	55,073	1,391,366	0%	100%
5/1/2029	2	55,624	1,405,280	1,460,904	125,888	1,335,016	5%	95%
5/1/2030	3	56,180	1,419,333	1,475,513	198,113	1,277,400	10%	90%
5/1/2031	4	56,742	1,433,526	1,490,268	271,771	1,218,497	15%	85%
5/1/2032	5	57,309	1,447,861	1,505,171	346,882	1,158,289	20%	80%
5/1/2033	6	57,882	1,462,340	1,520,223	423,467	1,096,755	25%	75%
5/1/2034	7	58,461	1,476,963	1,535,425	501,550	1,033,874	30%	70%
5/1/2035	8	59,046	1,491,733	1,550,779	581,152	969,627	35%	65%
5/1/2036	9	59,636	1,506,650	1,566,287	662,297	903,990	40%	60%
5/1/2037	10	60,233	1,521,717	1,581,950	745,005	836,944	45%	55%
5/1/2038	11	60,835	1,536,934	1,597,769	829,302	768,467	50%	50%
5/1/2039	12	61,443	1,552,303	1,613,747	915,210	698,537	55%	45%
5/1/2040	13	62,058	1,567,826	1,629,884	1,002,754	627,131	60%	40%
5/1/2041	14	62,678	1,583,505	1,646,183	1,091,957	554,227	65%	35%
5/1/2042	15	63,305	1,599,340	1,662,645	1,182,843	479,802	70%	30%
5/1/2043	16	63,938	1,615,333	1,679,271	1,275,438	403,833	75%	25%
5/1/2044	17	64,578	1,631,487	1,696,064	1,369,767	326,297	80%	20%
5/1/2045	18	65,223	1,647,801	1,713,025	1,465,855	247,170	85%	15%
5/1/2046	19	65,876	1,664,279	1,730,155	1,563,727	166,428	90%	10%
5/1/2047	20	66,534	1,680,922	1,747,457	1,663,410	84,046	95%	5%
Total, Interim + PILOT Period		$1,427,550	$30,636,502	$32,064,052	$16,486,356	$15,577,697		
Total, PILOT Period Only		$1,212,657	$30,636,502	$31,849,159	$16,271,462	$15,577,697		
NPV, 3.0%		$893,316	$22,568,683	$23,461,999	$10,879,606	$12,582,394		

About this Report

Scope of Services - Financial Assistance Analysis

The purpose of the report is to provide a consistent, accurate, and reliable analysis of a proposed project that has asked the Agency for financial assistance. The basic components are:

1. Evaluate the capital structure, operating assumptions, and financial performance of the Project, calculate return on investment, and provide an opinion on whether the requested financial assistance is necessary and reasonable. This includes applying an appropriate PILOT schedule from the Agency's Uniform Tax Exemption Policy for the Agency's approval.
2. Create a short benefit/cost analysis that compares new tax revenue resulting from the Project with the costs of the financial assistance.

Westchester Crossing Analyses

The Agency has engaged Storrs Associates to conduct financial assistance analyses and provide advice for each the five components of the project, including:

Site preparation, remediation, and infrastructure, or "Master Project"

Residential 1 Project

Residential 2 Project

Senior Living Project

Hotel Project

Data Sources

CoStar™ CoStar is an industry leader in commercial real estate information, analytics, and news. It provides clients both data and research tools to understand transactions, trends, assets, and market players down to individual community levels. Data ranges from market overviews of rents, Market Capitalization, occupancy, and net income, to fine-grained data on individual buildings, including loan performance and tax assessments.

RealtyRates.com™ RealtyRates.com™ is a comprehensive resource of real estate investment and development news, trends, analytics, and market research that support real estate professionals involved with more than 50 income producing and sell-out property types throughout the U.S. RealtyRates.com™ is the publisher of the award-winning Investor, Developer and Market Surveys, providing data essential to the appraisal, evaluation, disposition and marketing of investment and development real estate nationwide

RSMeans data from GORDIAN® RSMeans provides construction estimating data including up-to-date building and construction costs by region, type of project, and materials such as steel vs. concrete or roofing selections, and also collects and provides data about soft costs such as engineering, architecture, and design.

Storrs Associates

Storrs Associates, LLC is a partner and advisor to public and private entities seeking to encourage economic growth and to make direct public and private investments. We deliver client-driven, high quality advice, customized analyses and reports, public speaking and learning sessions, and transaction management. Victoria Storrs, the company President, founded the firm in 2021 to provide direct, responsive service to municipal governments and the public and private organizations who work with and for them.

She has worked with municipal governments for more than 20 years, beginning as an investment banker at First Albany Corporation and managing debt financings for state public authorities. She taught money and capital markets at the State University of New York at Albany School of Business, and has been a development finance and economic development consultant for more than seven years, including five years at Camoin Associates of Saratoga Springs, NY, where she became the firm's first Development Finance Practice Leader.

Storrs Associates, LLC is located in Albany County, NY, and serves clients throughout New York and the Northeast. Learn more at www.storrsassociates.com and on LinkedIn.

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PORT CHESTER, NY

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