

# 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

#### Comparison of Return on Investment - 15 Year PILOT

	Commercial PILOT	No PILOT
<u>Equity Dividend Rates: Benchmarks 6.10% to 14.45%</u>		
Average Years 1-5	3.89%	1.68%
Average Years 6-10	6.38%	3.61%
Average Years 11 - 15	7.33%	6.06%
Average, 15 Years	5.76%	3.94%
<u>Cumulative Cash Flow</u>		
End of Year 5	\$ 6,944,407	\$ (699,141)
End of Year 10	\$ 18,326,154	\$ 5,733,704
End of Year 15	\$ 31,622,999	\$ 17,090,430
<u>Debt Service Coverage: Benchmarks 1.35 to 1.86</u>		
Average	1.67	1.38
Minimum	1.56	1.08
Maximum	1.79	1.72

Benchmarks from RealtyRates for Q4 2021

### 20 Year PILOT

#### Comparison of Return on Investment - 20 Year PILOT

	Commercial PILOT	No PILOT
<u>Equity Dividend Rates: Benchmarks 6.10% to 14.45%</u>		
Average Years 1-5	4.06%	1.68%
Average Years 6-10	6.99%	3.61%
Average Years 11 - 20	9.50%	7.98%
Average, 20 Years	7.51%	5.72%
<u>Cumulative Cash Flow</u>		
End of Year 5	\$ 7,247,954	\$ (699,141)
End of Year 10	\$ 19,710,576	\$ 5,733,704
End of Year 20	\$ 53,616,401	\$ 34,214,143
<u>Debt Service Coverage: Benchmarks 1.10 to 1.86</u>		
Average	1.78	1.56
Minimum	0.69	1.08
Maximum	2.17	2.14

Benchmarks from RealtyRates for Q4 2021

# Changes from Prior Pro Forma

## Costs Increased Applicant Added Equity

### *Original Project Budget*

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

Equity \$28,391,768  
As a % 35%

### *Updated Project Budget*

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 \$35,676,504  
40%



# 15-Year PILOT, Operations in Year 5

## Operations Snapshot, Year 5, 15-Year PILOT

	Project Performance	Project Performance as a % of Income	Benchmark Performance	Benchmark Source	Evaluation
<u>Calculation of Net Operating Income</u>					
Gross Operating Income	\$ 8,173,750	n/a			n/a
Vacancy Rate	5%	n/a	7.9% to 10%	CoStar, Camoin 310	Within Range
<u>Calculation of Net Operating Income, Retail and Parking</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
<u>Real Property Taxes</u>	<u>\$ (752,366)</u>	<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
<u>Less: Debt Service</u>	<u>\$ (3,447,345)</u>	n/a	n/a	See Comparison of Returns 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	Project Performance as a % of Income	Benchmark Performance	Benchmark Source	Evaluation	
<u>Calculation of Net Operating Income</u>						
Gross Operating Income	\$ 8,173,750	n/a			n/a	
Vacancy Rate	5%	n/a	7.9% to 10%	CoStar, Camoin 310	Within Range	
<u>Calculation of Net Operating Income, Retail and Parking</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	
<u>Real Property Taxes</u>	<u>\$ (626,133)</u>	<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	
<u>Less: Debt Service</u>	<u>\$ (3,447,345)</u>	n/a	n/a	See Comparison of Returns 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  
*President & Founder, Storrs Associates*

Leading action to  
grow your economy

