

**PROJECT PROFILE:
SAWYER'S LANDING MIXED-USE WORKFORCE HOUSING
AND INFRASTRUCTURE PROJECT—AMENDED**
\$48,842,000
October 18, 2024



ELIGIBILITY

- Commercial Project under NYS Law
- Eligible Project under Countywide Eligibility Policy

COMPANY INCENTIVES (EST.)

- Property Tax = \$3,428,760
- Sales Tax = \$3,024,560
- Mortgage Tax = \$256,420

PROJECT BENEFITS (EST.)

- Property Taxes = \$1,919,440
- Income Taxes = \$1,195,962
- Sales Taxes = \$501,624

EMPLOYMENT

- 153 Construction and Supply Related Jobs Created
- 2 Full-Time Direct Positions Created
- 23 Full-Time Indirect Positions Created from Household Spending
-

PROJECT SCHEDULE (EST.)

- Work begins November 2024
- Project Completion June 2026

Project Address:

50 Dodge Road
Amherst, New York 14228
(Sweet Home School District)

Investment:

Acquisition: \$3,000,000
Construction: \$34,438,000
Infrastructure: \$8,770,000
Soft/Other Costs: \$2,634,000

Company Description:

Sawyers Landing is headed by a Severyn Development, which primarily focuses on residential development throughout Western New York.

Project Description:

The applicant is seeking a modification to previously approved AIDA project consisting of approximately 5 acres of a larger 18-acre parcel to construct a mixed use development consisting of 146 residential units and 27,470 square feet of commercial space. The new project removes townhomes from the AIDA portion of the project and a portion of the commercial space. The modified project still includes a workforce housing component consisting of over 22% of the units that will be leased at 80% of area median income (AMI) and consist of a combination of studio, one bedroom and two bedroom units. The entire 18-acre site is currently paying \$20,671 in annual town, county & school taxes. AIDA benefits are limited to the construction of the two mixed use buildings and will not include equipping and build out of the commercial space.

Offsite improvements including the extension of the recreational trail that will cross the entire Muir Woods property and a connection to the Town's recreational trails across Dodge Road are being constructed by the developer. This investment, along with topography and soil conditions add an additional \$3.2 million to the project and impact feasibility. The applicant states that Agency assistance is necessary to complete the project due to adherence to the site development, material and labor increases, and higher cost lending requirements. The Reasonableness Assessment prepared by Camoin Associates notes the low return on investment even with the project incentives. Additionally, the requested assistance will enable the applicant to include 25 workforce housing units.



**PROJECT PROFILE:
SAWYER'S LANDING MIXED-USE WORKFORCE
HOUSING AND INFRASTRUCTURE PROJECT
\$48,842,000**

AIDA COMPANY HISTORY:

None

MATERIAL TERMS:

1. Investment of not less than \$41,515,700 at the project location as noted in the application.
2. Creation of 2 direct full-time equivalent jobs and maintenance of employment throughout the PILOT term.
3. Compliance with the Agency's Local Labor Policy in connection with the construction of the Project.
4. Maintenance of 25 total units as Workforce Housing

AIDA Project Evaluation Criteria - Neighborhood Redevelopment

Distressed Census Tracts	No
Designated Enhancement Area	No
Age of Structure	N/A
Building Vacancy	N/A
Redevelopment Supports Local Community Development Plan	This site is part of the Audubon New Community and slated for development for decades. This project is one of the remaining parcels to be developed. The site is directly adjacent to Audubon Industrial Park and vacant and near vacant office properties.
Environmental or Safety Issues	The project seeks to improve pedestrian safety by providing off road sidewalks and pathways connecting the Town's recreational trails.
LEED/Renewal Resources	None
Building has Historic Designation	None
Site or Structure has Delinquent Property or Other Local Taxes	No
Impediments to Conventionally Finance Project	Lending Requirements are more stringent, such as increased equity, along with interest rates not seen in decades. Camoin report lists low return on investment.
Transit Oriented Development	The project supports density on the site and includes workforce housing with a bus route nearby on Sweet Home Road.
Increased Property Value	The entire 18 acre property generates \$20,671 a year in Town, County and School Taxes. Even with a PILOT, the 5 acre AIDA project will pay over \$100,000 in combined taxes in Year 1 of the 10-Year PILOT.
Provides Workforce and/or Affordable Housing	Workforce Housing is defined as pricing for 80-120% of Area Median Income. This project provides over 22% of the units at approximately 80%.

Town of Amherst Industrial Development Agency

MRB Cost Benefit Calculator

Date: October 9, 2024
Project Title: Sawyer's Landing Mixed Use and Workforce Housing Project
Project Location: 50 Dodge Road 14228



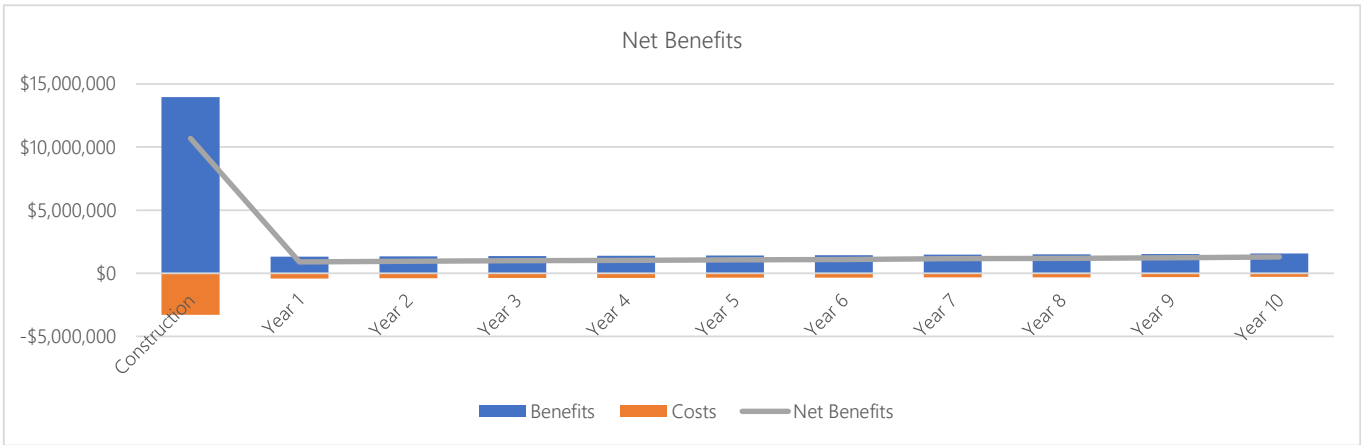
Economic Impacts

Summary of Economic Impacts over the Life of the PILOT
Project Total Investment
\$48,842,000

Temporary (Construction)			
	Direct	Indirect	Total
Jobs	115	38	153
Earnings	\$10,792,544	\$2,378,987	\$13,171,531
Local Spend	\$28,000,000	\$6,432,850	\$34,432,850

Ongoing (Operations)			
Aggregate over life of the PILOT			
	Direct	Indirect	Total
Jobs	18	6	23
Earnings	\$9,456,344	\$3,949,059	\$13,405,403

Figure 1



Net Benefits chart will always display construction through year 10, irrespective of the length of the PILOT.

Figure 2

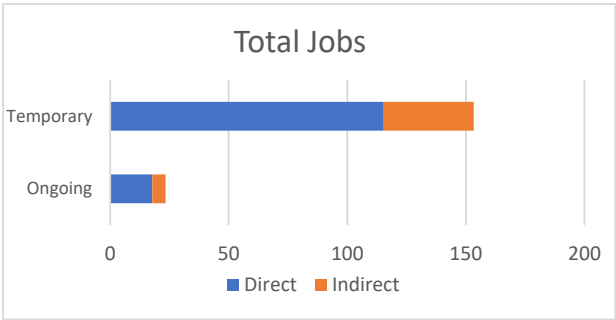
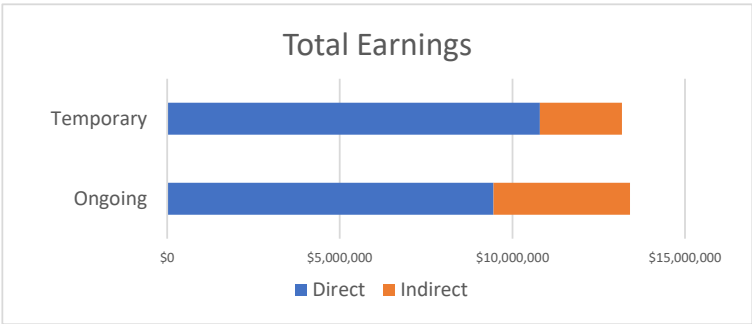


Figure 3



Fiscal Impacts



Cost-Benefit Analysis Tool powered by MRB Group

Estimated Costs of Exemptions

	Nominal Value	Discounted Value*
Property Tax Exemption	\$3,428,760	\$3,100,534
Sales Tax Exemption	\$3,024,560	\$3,024,560
Local Sales Tax Exemption	\$1,641,904	\$1,641,904
State Sales Tax Exemption	\$1,382,656	\$1,382,656
Mortgage Recording Tax Exemption	\$256,420	\$256,420
Local Mortgage Recording Tax Exemption	\$85,473	\$85,473
State Mortgage Recording Tax Exemption	\$170,947	\$170,947
Total Costs	\$6,709,740	\$6,381,514

State and Local Benefits

	Nominal Value	Discounted Value*
Local Benefits	\$28,768,684	\$27,133,951
To Private Individuals	\$26,576,934	\$25,175,139
Temporary Payroll	\$13,171,531	\$13,171,531
Ongoing Payroll	\$13,405,403	\$12,003,608
Other Payments to Private Individuals	\$0	\$0
To the Public	\$2,191,750	\$1,958,812
Increase in Property Tax Revenue	\$1,919,440	\$1,703,532
Temporary Jobs - Sales Tax Revenue	\$109,488	\$109,488
Ongoing Jobs - Sales Tax Revenue	\$162,822	\$145,791
Other Local Municipal Revenue	\$0	\$0
State Benefits	\$1,425,276	\$1,347,854
To the Public	\$1,425,276	\$1,347,854
Temporary Income Tax Revenue	\$592,719	\$592,719
Ongoing Income Tax Revenue	\$603,243	\$540,162
Temporary Jobs - Sales Tax Revenue	\$92,201	\$92,201
Ongoing Jobs - Sales Tax Revenue	\$137,113	\$122,772
Total Benefits to State & Region	\$30,193,960	\$28,481,805

Benefit to Cost Ratio

	Benefit*	Cost*	Ratio
Local	\$27,133,951	\$4,827,911	6:1
State	\$1,347,854	\$1,553,603	1:1
Grand Total	\$28,481,805	\$6,381,514	4:1

*Discounted at 2%

Additional Comments from IDA

This is a good project.

Does the IDA believe that the project can be accomplished in a timely fashion? Yes

PREPARED FOR:

Town of Amherst Industrial Development Agency
4287 Main Street
Amherst, New York 14226

Reasonableness Assessment for Financial Assistance

50 DODGE ROAD
SAWYERS LANDING LLC

JUNE 2024

PREPARED BY:



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EXECUTIVE SUMMARY

Project Description

The Town of Amherst Industrial Development Agency (Agency) received an application from Sawyers Landing LLC (Applicant) for financial assistance to construct two mixed-use buildings (Project) in Amherst, NY, featuring 146 apartments and 27,470 square feet of commercial space. The Project represents a \$45.9 million investment. To support this project, the Applicant requests financial assistance in the form of a Payment In Lieu of Taxes (PILOT) agreement, sales tax exemption, and mortgage recording tax exemption.

Purpose of this Analysis

An objective, third-party review of a project's assumptions and estimated operating and financial performance helps Industrial Development Agencies perform a complete evaluation of a proposed project. Camoin Associates was engaged to analyze the Project and deliver an analysis and opinion to answer three questions:

- ◆ Are the operating assumptions such as rent, vacancy, and expenses within norms for the region?
- ◆ Is the assistance necessary for the Project to be financially feasible, and therefore undertaken by the Applicant?
- ◆ If assistance is awarded, will the Applicant's rate of return on investment be similar to market expectations for similar projects in the region, and therefore reasonable?

Findings: This analysis concludes that the answer to each of these questions is as follows:

- ***The Applicant's assumptions are generally in line with the regional and industry benchmarks, except the higher than typical annual revenue increase (8% increase per year) and lower than typical operating expenses.***
- ***Over the life of the proposed PILOT, the Project is cash flow positive and meets the industry benchmarks.***
- ***The rate of return to the Applicant over the life of the PILOT is in line with market expectations. A PILOT is required to achieve the necessary equity dividend rate, and without it, the Applicant's expected return is likely not enough to warrant moving forward with the investment.***

1. REVENUE ASSUMPTIONS

The Applicant's operating revenue assumptions are compared to CoStar estimates for rent in 2024 in the Town of Amherst. Overall, the rent assumed for the market rate units is within range of the current median rent in Amherst and the workforce units align with current Amherst IDA requirements (with the exception of the 3-bedroom units). Section 2 of this report, Operating Performance, assesses other assumptions made by the Applicant, including expenses, vacancy rates, and income and expense escalation.

Apartment Unit Type, Rent, and Household Income							
Type of Apartment (1)	Number of Units in Project(1)	Average Rent per Month (1)	Rent per Year	Household Income Required (2)	Median Rent for Amherst (3)	Benchmarks	
Market	Studio	9	\$1,500	\$18,000	\$60,000	\$1,973	Rent is 0.76 times the benchmark for a studio apartment in Amherst.
	1BR	82	\$1,900	\$22,800	\$76,000	\$1,602	Rent is 1.19 times higher than the benchmark for a one bedroom in Amherst.
	2BR	4	\$2,200	\$26,400	\$88,000	\$1,914	Rent is 1.15 times higher than the benchmark for a two bedroom in Amherst.
	3BR	22	\$3,100	\$37,200	\$124,000	\$2,403	Rent is 1.29 times higher than the benchmark for a three bedroom in Amherst.
Workforce	Studio	3	\$1,300	\$15,600	\$52,000	\$1,973	Rent will aligns with the requirements of the Amherst Industrial Development Agency and will adjust annually.
	1BR	21	\$1,500	\$18,000	\$60,000	\$1,602	Rent will aligns with the requirements of the Amherst Industrial Development Agency and will adjust annually.
	3BR	5	\$1,800	\$21,600	\$72,000	\$2,403	Rent is \$100 more per month than the Amherst Industrial Development Agency requirements.

(1) Source: Applicant
 (2) Income needed to pay no more than 30% on rent
 (3) Median monthly rent for properties built in 2000 or later in the Town of Amherst, NY; Source: CoStar

2. OPERATING PERFORMANCE

The operating performance of the Project is measured using Year 5 of the Applicant's Pro Forma (five years of full operation). The Applicant assumes that gross revenue for the residential portion will escalate at 8% per year and expenses will grow by 5% per year. The projected annual income growth factor is higher than typically assumed. Applicant assumes there will be a 5% vacancy for residential once stabilized; this vacancy rate is higher than the market but in range for the industry benchmark¹. Operating expenses are lower than the benchmark. Both scenarios deliver net operating income as a percentage of gross income that is more efficient (higher) than the benchmark range.

Operations Snapshot, Year 5 of Full Operation

	10 Year PILOT				10 Year No PILOT			
	Project Performance (1)	Share of Gross Operating Income	Benchmark Performance (2)	Evaluation	Project Performance (1)	Share of Gross Operating Income	Benchmark Performance (2)	Evaluation
<u>Calculation of Net Operating Income Residential</u>								
Gross Operating Income	\$4,745,930	85%	n/a	n/a	\$4,745,930	85%	n/a	n/a
Vacancy Rate and Concessions	5%	n/a	4%	Within range	5%	n/a	4%	Within range
<u>Calculation of Net Operating Income, Non-Residential</u>								
Gross Operating Income	\$857,850	15%	n/a	n/a	\$857,850	15%	n/a	n/a
Vacancy Rate	10%	n/a	8%	Within range	10%	n/a	8%	Within range
Effective Gross Income (EGI), All Uses (3)	\$5,305,986	95%	96%	Within range	\$5,305,986	95%	96%	Within range
Less: Operating Expenses and Reserve	(\$1,293,692)	23%	50%	More efficient	(\$1,293,692)	23%	50%	More efficient
Less: Real Property Taxes	<u>(\$239,370)</u>	<u>4%</u>	<u>n/a</u>	<u>n/a</u>	<u>(\$737,840)</u>	<u>13%</u>	<u>n/a</u>	<u>n/a</u>
Net Operating Income	\$3,772,924	67%	48%	More efficient	\$3,274,454	58%	48%	More efficient
Less: Debt Service	<u>(\$2,842,262)</u>	51%	n/a	n/a	<u>(\$2,842,262)</u>	51%	n/a	n/a
Cashflow after Operating Costs, Taxes, Debt	\$930,661	17%	n/a	n/a	\$432,191	8%	n/a	n/a

(1) Source: Applicant

(2) Source: RealtyRates Q2 2024 for Northeast Region

(3) Net of vacancy and concessions

Note: National Apartment Association 2020 Survey of Operating Income and Expenses in Rental Apartment Communities was also reviewed and similar results were observed.

Note: Real property taxes adjusted for No PILOT from Applicant's pro forma based on information from the Agency.

¹ Note: Current vacancy rates in Amherst for properties built since 2000 are 2.4% for multifamily. Source: CoStar.

3. FINANCING PLAN

- ◆ The Sources and Uses of Funds show the total project costs and capital structure of debt and equity.
- ◆ The Terms of the Senior (Long Term) Debt are within the range of the benchmarks.

Sources and Uses of Funds

<u>Sources of Funds</u>	<u>Amount (1)</u>	<u>Share</u>
Bank Financing	\$40,791,270	75%
Equity and Working Capital	\$13,597,090	25%
Total Sources	\$54,388,360	100%
<u>Uses of Funds</u>		
Acquisition and Transaction Costs	\$6,549,498	12%
Construction Costs	\$47,838,862	88%
Total Uses	\$54,388,360	100%

(1) Source: Applicant

Terms of the Senior (Long Term) Debt

	<u>Terms (1)</u>	<u>Benchmark (2)</u>	<u>Evaluation</u>
Amount Borrowed	\$40,791,270	n/a	n/a
Loan to Total Project Cost	75%	55% - 90%	Within Range
Annual Interest Rate	7.00%	4.81% - 9.11%	Within Range
Maturity in Years	30	15 - 40	Within Range

(1) Source: Applicant

(2) Source: RealtyRates Q2 2024

4. RATE OF RETURN

An estimated return on investment is calculated using the Applicant's operating pro forma and capital structure. This analysis measures whether the financial assistance is necessary and reasonable. Financial performance is estimated over the full PILOT period (10 years) and compared to no PILOT and starts in the first year of full operation. Three metrics are used to evaluate outcomes:

- ◆ **The Equity Dividend Rate** is net cashflow for each year, divided by the initial equity investment. Equity Dividend Rates are benchmarked using current market information from RealtyRates.com for similar projects in the region. Equity Dividend Rates that are close to the benchmarks indicate a Project outcome in line with the current market, which means the Applicant is earning a reasonable return. Very low or negative rates indicate the Project is unlikely to be undertaken if compared to other possible investments. Equity Dividend Rates are based on an initial equity investment of \$13,597,090 and are included over the life of the PILOT. **Under the PILOT, the Project's average equity dividend rate meets the industry benchmark.**
 - Note that with the Applicant's 8% increased revenue assumption the benchmark for equity dividend rate is eventually met under both scenarios. However, without a PILOT it does not occur within the first five years.
- ◆ **Cash Flow** shows net cashflow to the Applicant over time. There are currently no benchmarks for cash flow available. **Cumulative Cash Flow and average cash flow are positive under both scenarios** with equity investment not being recouped within the 10 year schedule.
- ◆ **Debt Service Coverage** estimates how well the Project's net income, after taxes, supports the repayment of debt. **Debt Service Coverage exceeds the benchmark starting in year 2 with the PILOT assistance.** Debt comprises 75% of the capital structure.

Comparison of Return on Investment

	<u>10 Year PILOT</u>	<u>10 Year No PILOT</u>	<u>Benchmarks (2)</u>
<u>Equity Dividend Rates</u>			
Average	7.57%	3.90%	4.73% to 13.59%
Minimum	-1.26%	-5.61%	
Maximum	19.10%	16.12%	
Year Benchmarks Met			
<u>Cash Flow</u>			
Average	\$1,028,699	\$530,230	n/a
Minimum	(\$171,149)	(\$762,955)	
Maximum	\$2,596,715	\$2,191,582	
Cumulative	\$10,286,993	\$5,302,296	
Year Investment Recouped	NA	NA	
<u>Debt Service Coverage</u>			
Average	1.32	1.16	1.00 to 1.86
Minimum	0.94	0.73	
Maximum	1.80	1.67	
Years Benchmarks Met	2	4	

(1) See Attachment 1

ATTACHMENT 1: PRO FORMAS

Sawyer's Landing / Mixed Use & Townhomes		Date	6/6/2024									
Annual Cashflows (Pro Forma) - No PILOT												
	Construction	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Operating Cash Flow												
Residential Income												
Gross Operating Income	\$ -	\$ 3,488,400	\$ 3,767,472	\$ 4,068,870	\$ 4,394,379	\$ 4,745,930	\$ 5,125,604	\$ 5,535,652	\$ 5,978,505	\$ 6,456,785	\$ 6,973,328	
Less: Vacancy Allowance (enter as a negative number)	\$ -	\$ (174,420)	\$ (183,141)	\$ (192,298)	\$ (201,913)	\$ (212,009)	\$ (222,609)	\$ (233,739)	\$ (245,426)	\$ (257,698)	\$ (270,583)	
Net Rental Income, Residential	\$ -	\$ 3,313,980	\$ 3,584,331	\$ 3,876,572	\$ 4,192,466	\$ 4,533,921	\$ 4,902,995	\$ 5,301,913	\$ 5,733,078	\$ 6,199,087	\$ 6,702,745	
Commercial/Industrial Income												
Gross Operating Income	\$ -	\$ 630,545	\$ 680,989	\$ 735,468	\$ 794,305	\$ 857,850	\$ 926,477	\$ 1,000,596	\$ 1,080,643	\$ 1,167,095	\$ 1,260,462	
Less: Vacancy Allowance (enter as a negative number)	\$ -	\$ (63,055)	\$ (68,099)	\$ (73,547)	\$ (79,431)	\$ (85,785)	\$ (92,648)	\$ (100,060)	\$ (108,064)	\$ (116,709)	\$ (126,046)	
Net Rental Income, Commercial/Industrial	\$ -	\$ 567,491	\$ 612,890	\$ 661,921	\$ 714,875	\$ 772,065	\$ 833,830	\$ 900,536	\$ 972,579	\$ 1,050,385	\$ 1,134,416	
Other Income												
Parking Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Income / Late Fees / Pet Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Income, Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Effective Gross Income (EGI)	\$ -	\$ 3,881,471	\$ 4,197,221	\$ 4,538,493	\$ 4,907,341	\$ 5,305,986	\$ 5,736,825	\$ 6,202,449	\$ 6,705,657	\$ 7,249,472	\$ 7,837,161	
Operating Expenses (enter positive numbers)												
Salaries and Wages	\$ -	\$ 285,000	\$ 299,250	\$ 314,213	\$ 329,923	\$ 346,419	\$ 363,740	\$ 381,927	\$ 401,024	\$ 421,075	\$ 442,129	
Maintenance / Contracts / Asset Fee	\$ -	\$ 176,000	\$ 184,800	\$ 194,040	\$ 203,742	\$ 213,929	\$ 224,626	\$ 235,857	\$ 247,650	\$ 260,032	\$ 273,034	
Deposit to replacement reserve	\$ -	\$ 194,074	\$ 203,777	\$ 213,966	\$ 224,664	\$ 235,898	\$ 247,692	\$ 260,077	\$ 273,081	\$ 286,735	\$ 301,072	
Insurance	\$ -	\$ 215,000	\$ 225,750	\$ 237,038	\$ 248,889	\$ 261,334	\$ 274,401	\$ 288,121	\$ 302,527	\$ 317,653	\$ 333,536	
Other / Marketing / Utilities	\$ -	\$ 194,250	\$ 203,963	\$ 214,161	\$ 224,869	\$ 236,112	\$ 247,918	\$ 260,314	\$ 273,329	\$ 286,996	\$ 301,346	
Operating Expenses	27%	\$ 1,064,324	\$ 1,117,540	\$ 1,173,417	\$ 1,232,088	\$ 1,293,692	\$ 1,358,376	\$ 1,426,295	\$ 1,497,610	\$ 1,572,491	\$ 1,651,115	
Pre-Tax Operating Income (Revenue less Operating Expenses)	\$ -	\$ 2,817,147	\$ 3,079,681	\$ 3,365,076	\$ 3,675,253	\$ 4,012,294	\$ 4,378,448	\$ 4,776,154	\$ 5,208,047	\$ 5,676,982	\$ 6,186,046	
Real Property Taxes (assuming no PILOT)*	\$ -	\$ 737,840	\$ 737,840	\$ 737,840	\$ 737,840	\$ 737,840	\$ 737,840	\$ 737,840	\$ 737,840	\$ 737,840	\$ 737,840	
Net Operating Income (NOI) after Taxes	\$ -	\$ 2,079,307	\$ 2,341,841	\$ 2,627,236	\$ 2,937,413	\$ 3,274,454	\$ 3,640,608	\$ 4,038,314	\$ 4,470,207	\$ 4,939,142	\$ 5,448,206	
Loan or Mortgage (Debt Service)												
Interest Payment	\$ -	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 414,362	\$ 414,362	\$ 414,362	\$ 414,362	\$ 414,362	
Refinance - Continue mortgage												
Debt Service	\$ -	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 3,256,624	\$ 3,256,624	\$ 3,256,624	\$ 3,256,624	\$ 3,256,624	
Cash Flow After Financing and Reserve	\$ -	\$ (762,955)	\$ (500,421)	\$ (215,026)	\$ 95,151	\$ 432,191	\$ 383,984	\$ 781,690	\$ 1,213,583	\$ 1,682,518	\$ 2,191,582	
Cash on Cash / Average	25%		-3.68%	-1.58%	0.70%	3.18%	2.82%	5.75%	8.93%	12.37%	16.12%	
Debt Service Coverage Ratio (DSCR)		0.73	0.82	0.92	1.03	1.15	1.12	1.24	1.37	1.52	1.67	
Equity Dividend Rate		-5.61%	-3.68%	-1.58%	0.70%	3.18%	2.82%	5.75%	8.93%	12.37%	16.12%	
* Assumes property taxes on current plus improvement and no percent annual increase. Source: Camoin Associates, Agency, Applicant												

* Assumes property taxes on current plus improvement and no percent annual increase. Source: Camoin Associates, Agency, Applicant

Reasonableness Assessment for Sawyers Landing LLC – Town of Amerherst Industrial Development Agency

Sawyer's Landing / Mixed Use & Townhomes		Date	6/6/2024										
Annual Cashflows (Pro Forma) - PILOT													
	Construction	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
Operating Cash Flow													
Residential Income													
Gross Operating Income	\$	-	\$ 3,488,400	\$ 3,767,472	\$ 4,068,870	\$ 4,394,379	\$ 4,745,930	\$ 5,125,604	\$ 5,535,652	\$ 5,978,505	\$ 6,456,785	\$ 6,973,328	
Less: Vacancy Allowance (enter as a negative number)	\$	-	\$ (174,420)	\$ (183,141)	\$ (192,298)	\$ (201,913)	\$ (212,009)	\$ (222,609)	\$ (233,739)	\$ (245,426)	\$ (257,698)	\$ (270,583)	
Net Rental Income, Residential	\$	-	\$ 3,313,980	\$ 3,584,331	\$ 3,876,572	\$ 4,192,466	\$ 4,533,921	\$ 4,902,995	\$ 5,301,913	\$ 5,733,078	\$ 6,199,087	\$ 6,702,745	
Commercial/Industrial Income													
Gross Operating Income	\$	-	\$ 630,545	\$ 680,989	\$ 735,468	\$ 794,305	\$ 857,850	\$ 926,477	\$ 1,000,596	\$ 1,080,643	\$ 1,167,095	\$ 1,260,462	
Less: Vacancy Allowance (enter as a negative number)	\$	-	\$ (63,055)	\$ (68,099)	\$ (73,547)	\$ (79,431)	\$ (85,785)	\$ (92,648)	\$ (100,060)	\$ (108,064)	\$ (116,709)	\$ (126,046)	
Net Rental Income, Commercial/Industrial	\$	-	\$ 567,491	\$ 612,890	\$ 661,921	\$ 714,875	\$ 772,065	\$ 833,830	\$ 900,536	\$ 972,579	\$ 1,050,385	\$ 1,134,416	
Other Income													
Parking Income	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Income / Late Fees / Pet Rent	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Income	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Income, Other	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Effective Gross Income (EGI)	\$	-	\$ 3,881,471	\$ 4,197,221	\$ 4,538,493	\$ 4,907,341	\$ 5,305,986	\$ 5,736,825	\$ 6,202,449	\$ 6,705,657	\$ 7,249,472	\$ 7,837,161	
Operating Expenses (enter positive numbers)													
Salaries and Wages	\$	-	\$ 285,000	\$ 299,250	\$ 314,213	\$ 329,923	\$ 346,419	\$ 363,740	\$ 381,927	\$ 401,024	\$ 421,075	\$ 442,129	
Maintenance / Contracts / Asset Fee	\$	-	\$ 176,000	\$ 184,800	\$ 194,040	\$ 203,742	\$ 213,929	\$ 224,626	\$ 235,857	\$ 247,650	\$ 260,032	\$ 273,034	
Deposit to replacement reserve	\$	-	\$ 194,074	\$ 203,777	\$ 213,966	\$ 224,664	\$ 235,898	\$ 247,692	\$ 260,077	\$ 273,081	\$ 286,735	\$ 301,072	
Insurance	\$	-	\$ 215,000	\$ 225,750	\$ 237,038	\$ 248,889	\$ 261,334	\$ 274,401	\$ 288,121	\$ 302,527	\$ 317,653	\$ 333,536	
Other / Marketing / Utilities	\$	-	\$ 194,250	\$ 203,963	\$ 214,161	\$ 224,869	\$ 236,112	\$ 247,918	\$ 260,314	\$ 273,329	\$ 286,996	\$ 301,346	
Operating Expenses	27%		\$ 1,064,324	\$ 1,117,540	\$ 1,173,417	\$ 1,232,088	\$ 1,293,692	\$ 1,358,376	\$ 1,426,295	\$ 1,497,610	\$ 1,572,491	\$ 1,651,115	
Pre-Tax Operating Income (Revenue less Operating Expenses)	\$	-	\$ 2,817,147	\$ 3,079,681	\$ 3,365,076	\$ 3,675,253	\$ 4,012,294	\$ 4,378,448	\$ 4,776,154	\$ 5,208,047	\$ 5,676,982	\$ 6,186,046	
Real Property Taxes (assuming PILOT)*		\$	-	\$ 146,034	\$ 177,145	\$ 208,258	\$ 208,258	\$ 239,370	\$ 239,370	\$ 270,483	\$ 270,483	\$ 301,595	\$ 332,707
Net Operating Income (NOI) after Taxes	\$	-	\$ 2,671,113	\$ 2,902,536	\$ 3,156,818	\$ 3,466,995	\$ 3,772,924	\$ 4,139,078	\$ 4,505,671	\$ 4,937,564	\$ 5,375,387	\$ 5,853,339	
Loan or Mortgage (Debt Service)													
Interest Payment		\$	-	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	
Principal Payment		\$	-	\$ -	\$ -	\$ -	\$ -	\$ 414,362	\$ 414,362	\$ 414,362	\$ 414,362	\$ 414,362	
Refinance - Continue mortgage													
Debt Service	\$	-	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 2,842,262	\$ 3,256,624	\$ 3,256,624	\$ 3,256,624	\$ 3,256,624	\$ 3,256,624	
Cash Flow After Financing and Reserve	\$	-	\$ (171,149)	\$ 60,274	\$ 314,556	\$ 624,733	\$ 930,661	\$ 882,454	\$ 1,249,047	\$ 1,680,940	\$ 2,118,763	\$ 2,596,715	
Cash on Cash / Average	29%			0.44%	2.31%	4.59%	6.84%	6.49%	9.19%	12.36%	15.58%	19.10%	
Debt Service Coverage Ratio (DSCR)			0.94	1.02	1.11	1.22	1.33	1.27	1.38	1.52	1.65	1.80	
Equity Dividend Rate			-1.26%	0.44%	2.31%	4.59%	6.84%	6.49%	9.19%	12.36%	15.58%	19.10%	
* Assumes property taxes on current plus PILOT and no percent annual increase. Source: Camoin Associates, Agency, Applicant													

* Assumes property taxes on current plus PILOT and no percent annual increase. Source: Camoin Associates, Agency, Applicant

Appendix A: Scope of Services

To assist with its evaluation of the Applicant's request for financial assistance, Camoin was commissioned by the Town of Amherst Industrial Development Agency to conduct the above analyses. The analyses are comprised of four tasks:

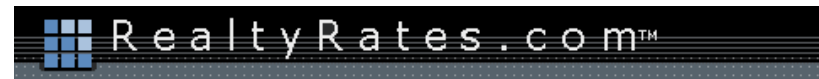
- ◆ *Test Assumptions* by comparing rents, operating costs, and vacancy rates to real estate benchmarks for similar projects and noting any significant differences. Operating performance and net income are also evaluated.
- ◆ *Review the Financing Plan* and perform an objective third-party evaluation of the estimated return on investment (ROI) to the Applicant with and without a PILOT agreement. We also analyze whether the capital structure and terms of the long-term debt are within market benchmarks for obtaining bank financing.
- ◆ *Evaluate the effects of one or more PILOTs* recommended by the Agency and determine whether the PILOT would result in a return that is within what would normally be anticipated in the current market for a similar project.
- ◆ *Provide an objective, third-party opinion* about the need for and reasonableness of the financial assistance.

Sources Consulted

- ◆ Project financing and annual cashflow workbook submitted by the Applicant in May 2024.
- ◆ Real estate tax information and estimates received from the Agency, including anticipated future assessed value of the Project.
- ◆ CoStar
- ◆ RealtyRates.com
- ◆ National Apartment Association 2020 Survey of Operating Income and Expenses in Rental Apartment Communities



CoStar is the leading source of commercial real estate intelligence in the U.S. It provides a full market inventory of properties and spaces—available as well as fully leased—by market and submarket. Details on vacancy, absorption, lease rates, inventory, and other real estate market data are provided, as well as property-specific information including photos and floor plans. More at **www.costar.com**.



RealtyRates.com™ is a comprehensive resource for real estate investment and development news, trends, analytics, and market research that supports real estate professionals involved with more than 50 income producing and sell-out property types throughout the US. 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.

APPENDIX B: DEFINITIONS

Equity Dividend Rate: This is calculated as the rate of return on the equity component of a project. It is calculated as follows: (Source: RealtyRates.com)

$$\text{Equity Dividend} / \text{Equity Investment} = \text{Equity Dividend Rate, where Equity Dividend} = \text{Net Operating Income} - \text{Debt Service.}$$

Debt Service Coverage Ratio (DSCR): The ratio of annual debt repayment, including principal and interest, to total Net Operating Income (NOI). (Source: RealtyRates.com)

Net Operating Income (NOI): Income net of all operating costs including vacancy and collection loss but not including debt service. Appraisers also typically expense reserves for repairs and replacements. However, because reserves are not usually reported along with other transaction data, RealtyRates.com tracks lender requirements but does not include them in calculations. (Source: RealtyRates.com)

ABOUT CAMOIN ASSOCIATES

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects over \$6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 32 states and garnered attention from national media outlets including Marketplace (NPR), Crain's New York Business, Forbes magazine, The New York Times, and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects to build public support and leverage additional funding. We are based in Saratoga Springs, NY, with regional offices in Portland, ME; Boston, MA; Richmond, VA and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter [@camoinassoc](https://twitter.com/camoinassoc) and [Facebook](#) and [LinkedIn](#).

THE PROJECT TEAM

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