

PREPARED FOR:

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

Reasonableness Assessment for Financial Assistance

5226 & 5228 MAIN STREET
5226 MAIN, LLC

JUNE 2024

PREPARED BY:



CONTENTS

Executive Summary.....	1
1. Revenue Assumptions.....	2
2. Operating Performance.....	3
3. Financing Plan.....	4
4. Rate of Return.....	5
Attachment 1: Pro Formas	6
Appendix B: Definitions.....	9

EXECUTIVE SUMMARY

Project Description

The Town of Amherst Industrial Development Agency (Agency) received an application from 5226 Main, LLC (Applicant) for financial assistance to construct a four-story mixed-use building (Project) in Amherst, NY, featuring 10,930 square feet of commercial and 30 apartments. The Project represents a \$9,842,337 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:

- **Assumptions are generally in line with local and regional benchmarks except for stated operating expenses, which are lower than the benchmarks.**
- **Over the life of the proposed PILOT, the Project is cash flow positive and has adequate debt service coverage but falls below industry benchmarks for expected equity dividend rates.**
- **The rate of return to the Applicant over the life of the PILOT is below market expectations. A PILOT is required to achieve positive cash flow.**

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. 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	
1BR	2	\$1,475	\$17,700	\$59,000	\$1,602	Rent is 0.92 times the benchmark for a one bedroom in Amherst.	
Market Rate 2BR	17	\$2,085	\$25,020	\$83,400	\$1,914	Rent is 1.09 times higher than the benchmark for a two bedroom in Amherst.	
3BR	5	\$3,285	\$39,420	\$131,400	\$2,403	Rent is 1.37 times higher than the benchmark for a three bedroom in Amherst.	
1BR	1	\$1,300	\$15,600	\$52,000	\$1,602	Rent aligns with the requirements of the Amherst Industrial Development Agency and will adjust annually.	
Workforce 2BR	4	\$1,500	\$18,000	\$60,000	\$1,914	Rent aligns with the requirements of the Amherst Industrial Development Agency and will adjust annually.	
3BR	1	\$1,700	\$20,400	\$68,000	\$2,403	Rent aligns with the requirements of the Amherst Industrial Development Agency and will adjust annually.	

(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, year 6 of the pro forma provided). The Applicant assumes that gross revenue will escalate at 2% per year and expenses will grow by 2% per year, these assumptions are within range. Applicant assumes there will be a 3% vacancy for residential once stabilized; this vacancy rate is in line with the market¹. Operating expenses are lower than the benchmarks. Both PILOT scenarios deliver net operating income as a percentage of gross income that is higher than the benchmark range, but the debt service payments reduce cashflow substantially. Without a PILOT, cash flow is negative in year 5 of operation.

Operations Snapshot, Year 5 of Full Operation

	10 Year PILOT				10 Year No PILOT			
	Share of Gross				Share of Gross			
	Project Performance (1)	Operating Income	Benchmark Performance (2)	Evaluation	Project Performance (1)	Operating Income	Benchmark Performance (2)	Evaluation
<u>Calculation of Net Operating Income Residential</u>								
Gross Operating Income	\$828,970	70%	n/a	n/a	\$828,970	70%	n/a	n/a
Vacancy Rate and Concessions	3%	n/a	4%	Within range	3%	n/a	4%	Within range
<u>Calculation of Net Operating Income, Non-Residential</u>								
Gross Operating Income	\$352,359	30%	n/a	n/a	\$352,359	30%	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)	\$1,121,224	95%	96%	Within range	\$1,121,224	95%	96%	Within range
Rating Expenses and Reserve	(\$160,092)	14%	50%	More efficient	(\$160,092)	14%	50%	More efficient
Property Taxes (with PILOT)	(\$91,917)	8%	n/a	n/a	(\$211,144)	18%	n/a	n/a
Net Operating Income	\$869,215	74%	48%	More efficient	\$749,988	63%	48%	More efficient
Less: Debt Service	(\$821,667)	70%	n/a	n/a	(\$821,667)	70%	n/a	n/a
Cashflow after Operating Costs, Taxes, Debt	\$47,548	4%	n/a	n/a	(\$71,679)	-6%	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.

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	\$8,684,416	75%
Equity and Working Capital	<u>\$2,895,584</u>	<u>25%</u>
Total Sources	\$11,580,000	100%
<u>Uses of Funds</u>		
Acquisition and Transaction Costs	\$879,000	8%
Construction Costs	<u>\$10,701,000</u>	<u>92%</u>
Total Uses	\$11,580,000	100%

(1) Source: Applicant

Terms of the Senior (Long Term) Debt			
	<u>Terms (1)</u>	<u>Benchmark (2)</u>	<u>Evaluation</u>
Amount Borrowed	\$8,684,416	n/a	n/a
Loan to Total Project Cost	75%	55% - 90%	Within Range
Annual Interest Rate	8.25%	4.81% - 9.11%	Within Range
Maturity in Years	25	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 (year two in the provided pro forma material). 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 \$2,895,584 and are included over the life of the PILOT. **The Project does not achieve the benchmark for equity dividend rate under either scenario.**
- ◆ **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 with the PILOT** with 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 under the PILOT scenario.** Debt comprises 75% of the capital structure.

Comparison of Return on Investment			
	<u>10 Year</u> <u>PILOT</u>	<u>10 Year No</u> <u>PILOT</u>	<u>Benchmarks</u> <u>(2)</u>
<u>Equity Dividend Rates</u>			
Average	1.75%	-2.37%	4.73% to 13.59%
Minimum	0.30%	-4.69%	
Maximum	3.64%	0.39%	
Year Benchmarks Met	NA	NA	
<u>Cash Flow</u>			
Average	\$50,554	(\$68,673)	n/a
Minimum	\$8,565	(\$135,825)	
Maximum	\$105,270	\$11,206	
Cumulative	\$505,538	(\$686,733)	
Year Investment Recouped	NA	NA	
<u>Debt Service Coverage</u>			
Average	1.06	0.92	1.00 to 1.86
Minimum	1.01	0.83	
Maximum	1.13	1.01	
Years Benchmarks Met	2	10	

(1) See Attachment 1

(2) Source: RealtyRates for Q2 2024 for Northeast Region for Apartments

ATTACHMENT 1: PRO FORMAS

5226 Main Street	Date	6/3/2024										
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	Year 11
Operating Cash Flow												
<u>Residential Income</u>												
Gross Operating Income	\$ -	\$ 382,920	\$ 765,840	\$ 781,157	\$ 796,780	\$ 812,716	\$ 828,970	\$ 845,549	\$ 862,460	\$ 879,709	\$ 897,304	\$ 915,250
Less: Vacancy Allowance (3%)	\$ -	\$ (11,488)	\$ (22,975)	\$ (23,435)	\$ (23,903)	\$ (24,381)	\$ (24,869)	\$ (25,366)	\$ (25,874)	\$ (26,391)	\$ (26,919)	\$ (27,457)
Net Rental Income, Residential	\$ -	\$ 371,432	\$ 742,865	\$ 757,722	\$ 772,877	\$ 788,334	\$ 804,101	\$ 820,183	\$ 836,586	\$ 853,318	\$ 870,385	\$ 887,792
<u>Commercial/Industrial Income</u>												
Gross Operating Income	\$ -	\$ 335,580	\$ 335,580	\$ 335,580	\$ 335,580	\$ 335,580	\$ 352,359	\$ 352,359	\$ 352,359	\$ 352,359	\$ 352,359	\$ 369,977
Less: Vacancy Allowance (10%)	\$ -	\$ (33,558)	\$ (33,558)	\$ (33,558)	\$ (33,558)	\$ (33,558)	\$ (35,236)	\$ (35,236)	\$ (35,236)	\$ (35,236)	\$ (35,236)	\$ (36,998)
Net Rental Income, Commercial/Industrial	\$ -	\$ 302,022	\$ 302,022	\$ 302,022	\$ 302,022	\$ 302,022	\$ 317,123	\$ 317,123	\$ 317,123	\$ 317,123	\$ 317,123	\$ 332,979
<u>Other Income</u>												
Parking Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income, Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Effective Gross Income (EGI)	\$ -	\$ 673,454	\$ 1,044,887	\$ 1,059,744	\$ 1,074,899	\$ 1,090,356	\$ 1,121,224	\$ 1,137,306	\$ 1,153,710	\$ 1,170,441	\$ 1,187,508	\$ 1,220,771
<u>Operating Expenses (enter positive numbers)</u>												
Salaries and Wages	\$ -	\$ 35,000	\$ 35,700	\$ 36,414	\$ 37,142	\$ 37,885	\$ 38,643	\$ 39,416	\$ 40,204	\$ 41,008	\$ 41,828	\$ 42,665
Maintenance	\$ -	\$ 35,000	\$ 35,700	\$ 36,414	\$ 37,142	\$ 37,885	\$ 38,643	\$ 39,416	\$ 40,204	\$ 41,008	\$ 41,828	\$ 42,665
Deposit to replacement reserve	\$ -	\$ 18,000	\$ 18,360	\$ 18,727	\$ 19,102	\$ 19,484	\$ 19,873	\$ 20,271	\$ 20,676	\$ 21,090	\$ 21,512	\$ 21,942
Insurance	\$ -	\$ 40,000	\$ 40,800	\$ 41,616	\$ 42,448	\$ 43,297	\$ 44,163	\$ 45,046	\$ 45,947	\$ 46,866	\$ 47,804	\$ 48,760
Other	\$ -	\$ 17,000	\$ 17,340	\$ 17,687	\$ 18,041	\$ 18,401	\$ 18,769	\$ 19,145	\$ 19,528	\$ 19,918	\$ 20,317	\$ 20,723
Operating Expenses	\$ -	\$ 145,000	\$ 147,900	\$ 150,858	\$ 153,875	\$ 156,953	\$ 160,092	\$ 163,294	\$ 166,559	\$ 169,891	\$ 173,288	\$ 176,754
Pre-Tax Operating Income (Revenue less Operating Expenses)	\$ -	\$ 528,454	\$ 896,987	\$ 908,886	\$ 921,023	\$ 933,403	\$ 961,132	\$ 974,012	\$ 987,150	\$ 1,000,551	\$ 1,014,219	\$ 1,044,017
Real Property Taxes (assuming no PILOT)*	\$ -	\$ 15,161	\$ 211,144	\$ 211,144	\$ 211,144	\$ 211,144	\$ 211,144	\$ 211,144	\$ 211,144	\$ 211,144	\$ 211,144	\$ 211,144
Net Operating Income (NOI) after Taxes	\$ -	\$ 513,293	\$ 685,843	\$ 697,742	\$ 709,879	\$ 722,259	\$ 749,988	\$ 762,868	\$ 776,006	\$ 789,407	\$ 803,075	\$ 832,873
<u>Loan or Mortgage (Debt Service)</u>												
Interest Payment	\$ -	\$ 712,394	\$ 703,030	\$ 692,864	\$ 681,826	\$ 669,843	\$ 656,833	\$ 642,707	\$ 627,372	\$ 610,722	\$ 592,646	\$ 573,021
Principal Payment	\$ -	\$ 109,274	\$ 118,638	\$ 128,804	\$ 139,841	\$ 151,825	\$ 164,835	\$ 178,960	\$ 194,295	\$ 210,945	\$ 229,021	\$ 248,647
Debt Service	\$ -	\$ 821,667	\$ 821,667	\$ 821,667	\$ 821,667	\$ 821,667	\$ 821,667	\$ 821,667	\$ 821,667	\$ 821,667	\$ 821,667	\$ 821,667
Cash Flow After Financing and Reserve	\$ -	\$ (308,374)	\$ (135,825)	\$ (123,925)	\$ (111,788)	\$ (99,408)	\$ (71,679)	\$ (58,799)	\$ (45,661)	\$ (32,261)	\$ (18,592)	\$ 11,206
Debt Service Coverage Ratio (DSCR)			0.83	0.85	0.86	0.88	0.91	0.93	0.94	0.96	0.98	1.01
Equity Dividend Ratio			-4.69%	-4.28%	-3.86%	-3.43%	-2.48%	-2.03%	-1.58%	-1.11%	-0.64%	0.39%

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

Reasonableness Assessment for 5226 Main, LLC – Town of Amerherst Industrial Development Agency

5226 Main Street		Date 6/3/2024											
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	Year 11	
Operating Cash Flow													
<u>Residential Income</u>													
Gross Operating Income	\$ -	\$ 382,920	\$ 765,840	\$ 781,157	\$ 796,780	\$ 812,716	\$ 828,970	\$ 845,549	\$ 862,460	\$ 879,709	\$ 897,304	\$ 915,250	
Less: Vacancy Allowance (3%)	\$ -	\$ (11,488)	\$ (22,975)	\$ (23,435)	\$ (23,903)	\$ (24,381)	\$ (24,869)	\$ (25,366)	\$ (25,874)	\$ (26,391)	\$ (26,919)	\$ (27,457)	
Net Rental Income, Residential	\$ -	\$ 371,432	\$ 742,865	\$ 757,722	\$ 772,877	\$ 788,334	\$ 804,101	\$ 820,183	\$ 836,586	\$ 853,318	\$ 870,385	\$ 887,792	
<u>Commercial/Industrial Income</u>													
Gross Operating Income	\$ -	\$ 335,580	\$ 335,580	\$ 335,580	\$ 335,580	\$ 335,580	\$ 352,359	\$ 352,359	\$ 352,359	\$ 352,359	\$ 352,359	\$ 369,977	
Less: Vacancy Allowance (10%)	\$ -	\$ (33,558)	\$ (33,558)	\$ (33,558)	\$ (33,558)	\$ (33,558)	\$ (35,236)	\$ (35,236)	\$ (35,236)	\$ (35,236)	\$ (35,236)	\$ (36,998)	
Net Rental Income, Commercial/Industrial	\$ -	\$ 302,022	\$ 302,022	\$ 302,022	\$ 302,022	\$ 302,022	\$ 317,123	\$ 317,123	\$ 317,123	\$ 317,123	\$ 317,123	\$ 332,979	
<u>Other Income</u>													
Parking Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Income, Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Effective Gross Income (EGI)	\$ -	\$ 673,454	\$ 1,044,887	\$ 1,059,744	\$ 1,074,899	\$ 1,090,356	\$ 1,121,224	\$ 1,137,306	\$ 1,153,710	\$ 1,170,441	\$ 1,187,508	\$ 1,220,771	
<u>Operating Expenses (enter positive numbers)</u>													
Salaries and Wages	\$ -	\$ 35,000	\$ 35,700	\$ 36,414	\$ 37,142	\$ 37,885	\$ 38,643	\$ 39,416	\$ 40,204	\$ 41,008	\$ 41,828	\$ 42,665	
Maintenance	\$ -	\$ 35,000	\$ 35,700	\$ 36,414	\$ 37,142	\$ 37,885	\$ 38,643	\$ 39,416	\$ 40,204	\$ 41,008	\$ 41,828	\$ 42,665	
Deposit to replacement reserve	\$ -	\$ 18,000	\$ 18,360	\$ 18,727	\$ 19,102	\$ 19,484	\$ 19,873	\$ 20,271	\$ 20,676	\$ 21,090	\$ 21,512	\$ 21,942	
Insurance	\$ -	\$ 40,000	\$ 40,800	\$ 41,616	\$ 42,448	\$ 43,297	\$ 44,163	\$ 45,046	\$ 45,947	\$ 46,866	\$ 47,804	\$ 48,760	
Other	\$ -	\$ 17,000	\$ 17,340	\$ 17,687	\$ 18,041	\$ 18,401	\$ 18,769	\$ 19,145	\$ 19,528	\$ 19,918	\$ 20,317	\$ 20,723	
Operating Expenses	\$ -	\$ 145,000	\$ 147,900	\$ 150,858	\$ 153,875	\$ 156,953	\$ 160,092	\$ 163,294	\$ 166,559	\$ 169,891	\$ 173,288	\$ 176,754	
Pre-Tax Operating Income (Revenue less Operating Expenses)	\$ -	\$ 528,454	\$ 896,987	\$ 908,886	\$ 921,023	\$ 933,403	\$ 961,132	\$ 974,012	\$ 987,150	\$ 1,000,551	\$ 1,014,219	\$ 1,044,017	
Real Property Taxes (assuming PILOT)*	\$ -	\$ 15,161	\$ 66,754	\$ 75,141	\$ 83,529	\$ 83,529	\$ 91,917	\$ 91,917	\$ 100,305	\$ 100,305	\$ 108,692	\$ 117,080	
Net Operating Income (NOI) after Taxes	\$ -	\$ 513,293	\$ 830,233	\$ 833,745	\$ 837,494	\$ 849,874	\$ 869,215	\$ 882,095	\$ 886,845	\$ 900,246	\$ 905,527	\$ 926,937	
<u>Loan or Mortgage (Debt Service)</u>													
Interest Payment	\$ -	\$ 712,394	\$ 703,030	\$ 692,864	\$ 681,826	\$ 669,843	\$ 656,833	\$ 642,707	\$ 627,372	\$ 610,722	\$ 592,646	\$ 573,021	
Principal Payment	\$ -	\$ 109,274	\$ 118,638	\$ 128,804	\$ 139,841	\$ 151,825	\$ 164,835	\$ 178,960	\$ 194,295	\$ 210,945	\$ 229,021	\$ 248,647	
Debt Service	\$ -	\$ 821,667	\$ 821,667	\$ 821,667	\$ 821,667	\$ 821,667	\$ 821,667	\$ 821,667	\$ 821,667	\$ 821,667	\$ 821,667	\$ 821,667	
Cash Flow After Financing and Reserve	\$ -	\$ (308,374)	\$ 8,565	\$ 12,078	\$ 15,827	\$ 28,207	\$ 47,548	\$ 60,428	\$ 65,178	\$ 78,578	\$ 83,860	\$ 105,270	
Debt Service Coverage Ratio (DSCR)			1.01	1.01	1.02	1.03	1.06	1.07	1.08	1.10	1.10	1.13	
Equity Dividend Ratio			0.30%	0.42%	0.55%	0.97%	1.64%	2.09%	2.25%	2.71%	2.90%	3.64%	

* Assumes property taxes on current plus abatement on improvement. No annual percent increase assumed. 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:

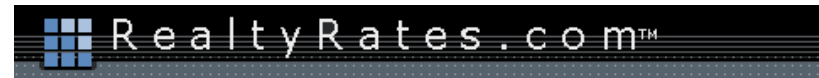
- ◆ *Test Assumptions* by comparing rents, operating costs, and vacancy rates to real estate benchmarks for similar projects and noting any significant differences. Operating performance and net income are also evaluated.
- ◆ *Review the Financing Plan* and perform an objective third-party evaluation 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

Rachel Selsky
Vice President, Project Principal