

Township of Teaneck

189 The Plaza

June 27, 2023

Prepared by:



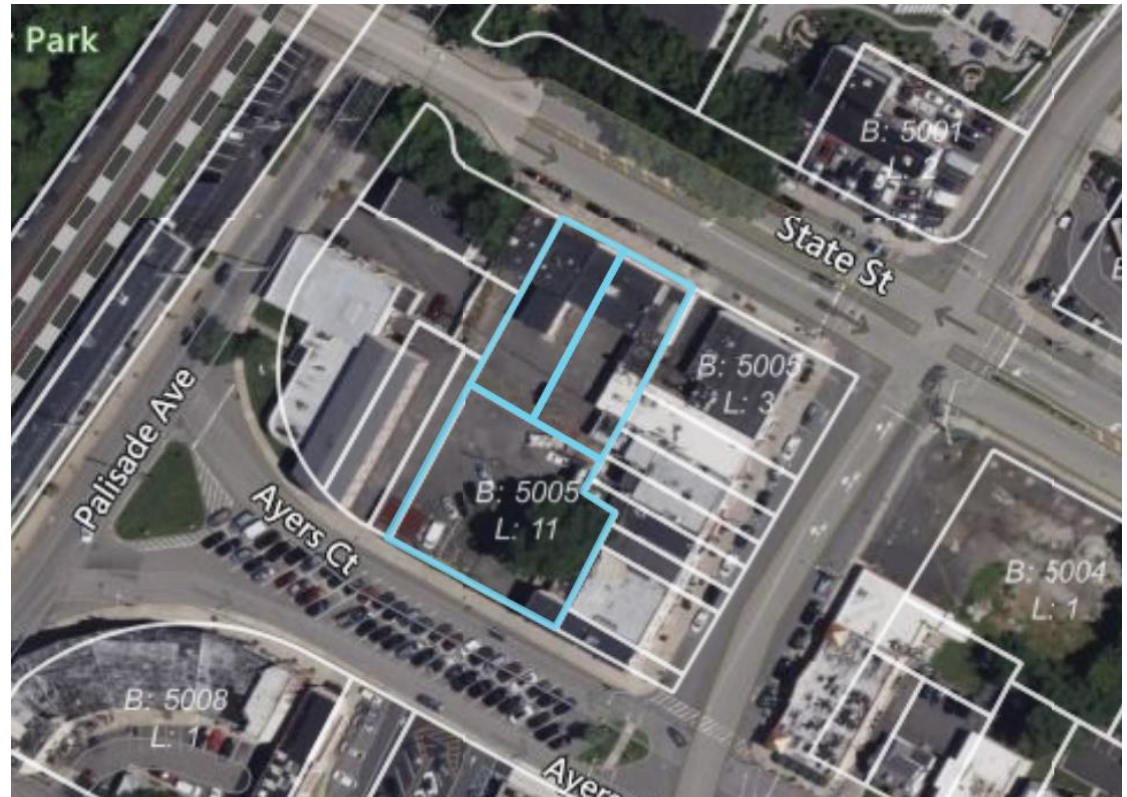
NW FINANCIAL GROUP, LLC
Exceeding Expectations

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Project Summary

189 The Plaza (Block 5005, Lot 1.01)

- 109,473 Gross SF
- 6 Stories
- 48 Units (7 Affordable)
- 95 Structured Parking Spaces
 - 22 Public Spaces
- \$21.9 Million Project Cost



Sources & Uses

Sources	%	Total Cost
Debt	65%	\$ 14,242,140
Equity	35%	7,668,844
Total Sources	100%	\$ 21,910,984

Uses	Per Unit	Per SF*	Total Cost
Hard Costs	\$ 322,045	\$ 242.37	\$ 15,458,174
Soft Costs	76,100	57.27	3,652,810
Acquisition	58,333	43.90	2,800,000
Total	\$ 456,479	\$ 343.55	\$ 21,910,984

***Excludes 45,694 SF of "Parking and Back of House"**

The Total Project Costs are based on the pro forma provided by the Developer.

Unit Mix and Expected Rents / Revenue

Market Rate Units

Type	Count	SF/Unit	Monthly Rent/Unit	Monthly Rent/SF	Annual Rent
One Bedroom	7	712	\$ 2,475	\$ 3.48	\$ 207,900
Two Bedroom	27	1,156	3,440	2.98	1,114,560
Three Bedroom	7	1,339	3,825	2.86	321,300
Total	41	1,111	\$ 3,341	\$ 3.01	\$ 1,643,760

Affordable Units (52% of AMD)

Type	Count	SF/Unit	Monthly Rent/Unit	Monthly Rent/SF	Annual Rent
One Bedroom	1	612	\$ 1,194	\$ 1.95	\$ 14,329
Two Bedroom	4	1,037	1,433	1.38	68,765
Three Bedroom	2	1,200	1,655	1.38	39,718
Total	7	1,023	\$ 1,462	\$ 1.43	\$ 122,811

Parking

Type	Count	Monthly Rent/Space	Monthly Rent	Annual Rent/Space	Annual Rent
Public	22	\$ -	\$ -	\$ -	\$ -
Residential - 1st Space	48	-	-	-	-
Residential - 2nd Space	25	135	3,375	1,620	40,500
Total	95		\$ 3,375		\$ 40,500

15% of the units (7) will be affordable and developed in accordance with Council on Affordable Housing regulations.

Teaneck Affordable Housing Ordinance

Unit Mix Requirements:

- The combined number of studios and one-bedrooms is no greater than 20% of all affordable units
- At least 30% must be two-bedrooms
- At least 20% must be three-bedrooms

Income Restrictions:

- The maximum rent shall be affordable to households earning no more than 60% of median income, and the average rent shall be affordable to households earning no more than 52% of median income.
- At least 13% of all affordable units at no more than 30% of median income.

2022 Income Limits

<u>AMI</u>	<u>1-Bed (1.5 Persons)</u>	<u>2-Bed (3 Persons)</u>	<u>3-Bed (4.5 Persons)</u>
30%	\$ 27,555	\$ 33,060	\$ 38,190
40%	36,740	44,080	50,920
50%	45,925	55,100	63,650
60%	55,110	66,120	76,380

2022 Maximum Rents

<u>AMI</u>	<u>1-Bed (1.5 Persons)</u>	<u>2-Bed (3 Persons)</u>	<u>3-Bed (4.5 Persons)</u>
30%	\$ 689	\$ 827	\$ 955
40%	919	1,102	1,273
50%	1,148	1,378	1,591
60%	1,378	1,653	1,910

Negotiated PILOT Summary

- The negotiated PILOT terms are as follows:

Years	% of Annual Gross Revenue	% of Otherwise Applicable Taxes
1 - 10	10%	0%
11 - 15	12%	20%
16 - 20	12%	40%
21 - 25	13%	60%
26 - 30	13%	80%

- The lot currently generates \$77,688 in tax revenue, of which the Township receives \$26,472.
 - Board of Education – 57%
 - Township – 34%
 - County – 9%
- At stabilization in Year 2, the Gross PILOT is estimated to be \$178,227 of which the Township will receive approximately \$172,880, including a 2% administration fee.
- Over the 30-year term, the Township will receive an estimated \$8.22 million. During that same time period, existing taxes would only generate \$1.07 million. **This is an additional \$7.15 million to the Township.**

PILOT Comparison to Earlier Requests

	30-Year Gross PILOT	
Original Request	\$	7,735,714
Amended Request	\$	7,869,833
Negotiated	\$	8,475,028
Increase from Original	\$	739,314

- The Developer originally requested a PILOT starting at 10% of AGR, increasing to 12% for the market component and 7% of AGR, increasing to 9% for the affordable component. It also included the best-case phase-in scenario for the Developer.
- The negotiated PILOT starts at 10% of AGR, increasing to 13% for all units (market and affordable). The phase-in now favors the Township and includes five years of 20%, 40%, 60% and 80%.

Developer Returns - Conventional Taxes vs. Negotiated PILOT

<u>Conventional Taxes</u>		<u>Negotiated PILOT</u>	
	<u>Stabilized Year</u>		<u>Stabilized Year</u>
Annual Gross Revenue	\$ 1,782,273	Annual Gross Revenue	\$ 1,782,273
Operating Expenses	333,446	Operating Expenses	333,446
Property Taxes	312,000	PILOT + Admin Fee	181,792
Net Operating Income	\$ 1,136,827	Net Operating Income	\$ 1,267,035
Project Value	\$ 20,669,579	Project Value	\$ 23,037,000
Total Project Cost	21,910,984	Total Project Cost	21,910,984
Net Project Value	\$ (1,241,405)	Net Project Value	\$ 1,126,016
IRR - 10 Year Sale	4.81%	IRR - 10 Year Sale	7.57%
Yield on Cost	5.19%	Yield on Cost	5.78%
DSCR	1.10	DSCR	1.22

Note: The property taxes are based on input from the tax assessor

A typical Internal Rate of Return for a development such as this is between 11% and 14%, while the Yield on Cost is typically between 6% - 7%. Lenders typically require a minimum DSCR of 1.2x - 1.3x.

Projected PILOT Over 30-Year Term

PILOT Analysis

Year	% of AGR	% of OAT	Gross PILOT	Less: County Share (5%)	Admin Fee (2% of Gross PILOT)	Township Share of PILOT
1	10%	0%	\$ 91,965	\$ (4,598)	\$ 1,839	\$ 89,206
2	10%	0%	178,227	(8,911)	3,565	172,880
3	10%	0%	181,792	(9,090)	3,636	176,338
4	10%	0%	185,428	(9,271)	3,709	179,865
5	10%	0%	189,136	(9,457)	3,783	183,462
6	10%	0%	192,919	(9,646)	3,858	187,131
7	10%	0%	196,777	(9,839)	3,936	190,874
8	10%	0%	200,713	(10,036)	4,014	194,691
9	10%	0%	204,727	(10,236)	4,095	198,585
10	10%	0%	208,822	(10,441)	4,176	202,557
11	12%	20%	255,598	(12,780)	5,112	247,930
12	12%	20%	260,710	(13,035)	5,214	252,888
13	12%	20%	265,924	(13,296)	5,318	257,946
14	12%	20%	271,242	(13,562)	5,425	263,105
15	12%	20%	276,667	(13,833)	5,533	268,367
16	12%	40%	282,201	(14,110)	5,644	273,735
17	12%	40%	287,845	(14,392)	5,757	279,209
18	12%	40%	293,601	(14,680)	5,872	284,793
19	12%	40%	299,473	(14,974)	5,989	290,489
20	12%	40%	305,463	(15,273)	6,109	296,299
21	13%	60%	337,537	(16,877)	6,751	327,410
22	13%	60%	344,287	(17,214)	6,886	333,959
23	13%	60%	351,173	(17,559)	7,023	340,638
24	13%	60%	358,197	(17,910)	7,164	347,451
25	13%	60%	365,360	(18,268)	7,307	354,400
26	13%	80%	401,466	(20,073)	8,029	389,422
27	13%	80%	409,495	(20,475)	8,190	397,210
28	13%	80%	417,685	(20,884)	8,354	405,155
29	13%	80%	426,039	(21,302)	8,521	413,258
30	13%	80%	434,560	(21,728)	8,691	421,523
Total			\$ 8,475,028			\$ 8,220,777

*Year 1 assumes 50% occupancy

Conventional Tax Analysis

Conventional Taxes	Township Share of Conventional Taxes
\$ 305,882	\$ 104,229
312,000	106,313
318,240	108,440
324,605	110,608
331,097	112,820
337,719	115,077
344,473	117,378
351,363	119,726
358,390	122,121
365,558	124,563
372,869	127,054
380,326	129,595
387,933	132,187
395,691	134,831
403,605	137,528
411,677	140,278
419,911	143,084
428,309	145,945
436,875	148,864
445,613	151,842
454,525	154,878
463,616	157,976
472,888	161,135
482,346	164,358
491,993	167,645
501,832	170,998
511,869	174,418
522,106	177,907
532,549	181,465
543,200	185,094
\$ 12,409,060	\$ 4,228,357

Existing Taxes vs. PILOT

Year	Current Taxes	Township Share	Gross PILOT	Township Share	Additional Revenue from PILOT
1	\$ 77,688	\$ 26,472	\$ 91,965	\$ 89,206	\$ 62,734
2	79,242	27,001	178,227	172,880	145,879
3	80,827	27,541	181,792	176,338	148,797
4	82,443	28,092	185,428	179,865	151,773
5	84,092	28,654	189,136	183,462	154,808
6	85,774	29,227	192,919	187,131	157,904
7	87,489	29,812	196,777	190,874	161,062
8	89,239	30,408	200,713	194,691	164,283
9	91,024	31,016	204,727	198,585	167,569
10	92,844	31,636	208,822	202,557	170,921
11	94,701	32,269	255,598	247,930	215,661
12	96,595	32,915	260,710	252,888	219,974
13	98,527	33,573	265,924	257,946	224,373
14	100,498	34,244	271,242	263,105	228,861
15	102,508	34,929	276,667	268,367	233,438
16	104,558	35,628	282,201	273,735	238,107
17	106,649	36,340	287,845	279,209	242,869
18	108,782	37,067	293,601	284,793	247,726
19	110,958	37,809	299,473	290,489	252,681
20	113,177	38,565	305,463	296,299	257,734
21	115,440	39,336	337,537	327,410	288,074
22	117,749	40,123	344,287	333,959	293,836
23	120,104	40,925	351,173	340,638	299,713
24	122,506	41,744	358,197	347,451	305,707
25	124,956	42,579	365,360	354,400	311,821
26	127,455	43,430	401,466	389,422	345,992
27	130,005	44,299	409,495	397,210	352,912
28	132,605	45,185	417,685	405,155	359,970
29	135,257	46,088	426,039	413,258	367,169
30	137,962	47,010	434,560	421,523	374,513
Total	\$ 3,151,653	\$ 1,073,918	\$ 8,475,028	\$ 8,220,777	\$ 7,146,859

Residents and Public School Children

Type	# of Units	Persons Multiplier	New Persons	Public School Children Multiplier	New Public School Children
1 BR - Market	7	1.551	11	0.004	0
2 BR - Market	27	2.355	64	0.065	2
3 BR - Market	7	3.289	23	0.245	2
1 BR - Affordable	1	1.392	1	0.088	0
2 BR - Affordable	4	2.511	10	0.408	2
3 BR - Affordable	2	3.591	7	1.087	2
Total	48		116		8

2021 Population	41,678
Increase %	0.28%

10/15/22 Actual Enrollment	3,976
Increase %	0.20%

Multipliers are from “Who Lives in New Jersey Housing – The Profile of Occupants of Residential Development in New Jersey”, a study by the Center for Urban Policy Research at Rutgers University, which was last updated in November 2018.

Public School Children - Actual Data

Name	Address	City	Units	Projected PSC	Actual PSC
Meridia on Westfield	240-250 West Westfield Avenue	Roselle Park	212	10.49	2
Citizen Linden	307-309 West Elizabeth Avenue	Linden	234	13.38	10
Meridia Lifestyles	103 South Wood Avenue	Linden	176	10.95	12
Meridia Lifestyles II	100 South Wood Avenue	Linden	138	8.42	7
CitiVillage Phases I & II	1140 East St. George Avenue	Linden	113	4.48	2
Meridia Main Station	534 East Main Street	Bound Brook	240	7.37	1
The Vibe	17-19 West Main Street	Bound Brook	64	0.99	0
Mohring Place	209 East Second Street	Bound Brook	42	6.06	4
215 Ridge	215 East Second Street	Bound Brook	34	6.66	1
Total			1,253	68.79	39

The projections above are based on multipliers from the Rutgers study, while the actual data was provided by the Board of Education for that municipality.

Resident Cost Calculation

Budget Category	Appropriations	% of Spending Applied in Municipal Cost Calculation	Resident Portion
General Government	\$ 4,381,765	10.00%	\$ 438,177
Land-Use Administration	-	10.00%	-
Uniform Construction Code	1,018,245	50.00%	509,123
Public Safety	24,373,907	50.00%	12,186,954
Public Works	7,802,815	10.00%	780,282
Health and Human Services	989,245	10.00%	98,925
Parks and Recreation	4,029,144	25.00%	1,007,286
Education (including Library)	2,362,830	10.00%	236,283
Landfill / Solid Waste Disposal	-	50.00%	-
Statutory Expenditures	10,067,448	50.00%	5,033,724
Court and Public Defender	513,788	50.00%	256,894
Total	\$ 55,539,187		\$ 20,547,646
2021 Population			41,678
Per Resident Cost			\$ 493

The Division of Local Government Services created a PILOT Financial Agreement Forecast model (“PFAF”), which uses budget data provided by the municipality to calculate a baseline cost of services from the municipality associated with a proposed project.

Public School Children Cost Calculation

Cost Per Student Calculations	2019-20 (Actual)	2020-21 (Actual)	2021-22 (Original Budget)	2021-22 (Revised Budget)	2022-23 (Proposed)
Total Budgetary Comparative Per Pupil Cost	\$ 20,473	\$ 21,389	\$ 26,096	\$ 23,913	\$ 24,058
Total Classroom Instruction	12,303	12,662	15,204	13,959	13,458
Classroom-Salaries and Benefits	11,194	11,525	13,845	12,584	11,923
Classroom-General Supplies and Textbooks	508	297	517	500	371
Classroom-Purchased Services	601	840	842	875	1,164
Total Cost Per Student for PILOT Analysis	\$ 12,303	\$ 12,662	\$ 15,204	\$ 13,959	\$ 13,458

The information above comes from the 2022-2023 Teaneck Board of Education User Friendly Budget.

Public School Children Cost Calculation

Board of Education General Fund Revenues	Amount
Local Sources	\$ 97,572,331
State Sources	7,667,457
Federal Sources	76,552
Other Sources	8,713,427
Total	\$ 114,029,767
% from Local Sources	85.57%

Total Cost Per Student	\$ 13,458
Local Revenue Sources	85.57%
Net Cost Per Student	\$ 11,516

Resident and Public School Children Impact

Type	# of Units	New Persons	New Municipal Costs	New Public School Children	New School Costs	Total New Costs
1 BR - Market	7	11	\$ 5,423	0	\$ -	\$ 5,423
2 BR - Market	27	64	31,553	2	23,031	54,584
3 BR - Market	7	23	11,339	2	23,031	34,371
1 BR - Affordable	1	1	493	0	-	493
2 BR - Affordable	4	10	4,930	2	23,031	27,961
3 BR - Affordable	2	7	3,451	2	23,031	26,482
Total	48	116	\$ 57,189	8	\$ 92,125	\$149,314

Net Benefit to Township

Year	Township Share of PILOT	Resident Cost	School Cost	Total Cost	Net Benefit
1	\$ 89,206	\$ 28,595	\$ 46,063	\$ 74,657	\$ 14,548
2	172,880	57,189	92,125	149,314	23,566
3	176,338	58,333	93,968	152,301	24,037
4	179,865	59,500	95,847	155,347	24,518
5	183,462	60,690	97,764	158,454	25,009
6	187,131	61,903	99,719	161,623	25,509
7	190,874	63,141	101,714	164,855	26,019
8	194,691	64,404	103,748	168,152	26,539
9	198,585	65,692	105,823	171,515	27,070
10	202,557	67,006	107,939	174,946	27,611
11	247,930	68,346	110,098	178,445	69,485
12	252,888	69,713	112,300	182,013	70,875
13	257,946	71,107	114,546	185,654	72,292
14	263,105	72,530	116,837	189,367	73,738
15	268,367	73,980	119,174	193,154	75,213
16	273,735	75,460	121,557	197,017	76,717
17	279,209	76,969	123,989	200,958	78,252
18	284,793	78,508	126,468	204,977	79,817
19	290,489	80,079	128,998	209,076	81,413
20	296,299	81,680	131,578	213,258	83,041
21	327,410	83,314	134,209	217,523	109,888
22	333,959	84,980	136,893	221,873	112,085
23	340,638	86,680	139,631	226,311	114,327
24	347,451	88,413	142,424	230,837	116,614
25	354,400	90,181	145,272	235,454	118,946
26	389,422	91,985	148,178	240,163	149,259
27	397,210	93,825	151,141	244,966	152,244
28	405,155	95,701	154,164	249,865	155,289
29	413,258	97,615	157,247	254,863	158,395
30	421,523	99,568	160,392	259,960	161,563
Total	\$ 8,220,777	\$ 2,247,087	\$ 3,619,809	\$ 5,866,896	\$ 2,353,881