



**FitzGerald Morris
Baker Firth**
Attorneys & Counselors

Kara I. Lais
Partner
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December 22, 2025

Via Certified Mail Return Receipt Requested

Jared Goderie, Chairman
Fulton County Board of Supervisors
County Office Building
223 West Main Street
Johnstown, New York 12095

Alicia D. Koster, Superintendent
Greater Johnstown School District
1 Sir Bills Circle, Suite 101
Johnstown, New York 12095

Melissa Baker, School Business Manager
Greater Johnstown School District
1 Sir Bills Circle, Suite 101
Johnstown, New York 12095

Amy Praight, Mayor
City of Johnstown
City Hall
33-41 East Main Street
Johnstown, New York 12095

David D'Amore, President
Board of Education
Greater Johnstown School District
1 Sir Bills Circle, Suite 101
Johnstown, New York 12095

Larraina Carpenter, District Clerk
Board of Education
Greater Johnstown School District
1 Sir Bills Circle, Suite 101
Johnstown, New York 12095

Re: Notice of Public Hearing
Hale Creek Preserve LLC
6 Prindle Avenue & 79 East Main Street, City of Johnstown
Tax Map Parcel # 174.8-3-8 and 174.8-3-30

Dear All:

Please accept this letter on behalf of the Fulton County Industrial Development Agency (FCIDA). Enclosed is a notice of public hearing for the above-referenced project. The public hearing will take place on January 6, 2026 at 10:00 a.m. at the offices of the Fulton County Planning Department, 1 East Montgomery Street, Johnstown, New York 12095 and will be live-streamed at www.fcida.org/join-us/public-hearings/.

A copy of the resolution setting the public hearing and further describing the project and the proposed financial assistance is included for your review.

The FCIDA will be considering a payment of lieu of taxes (PILOT) agreement with a term of 30 years commencing with a \$250.00 per unit payment with an annual escalation of Two Percent (2.0%). Further information on the incentives and the comparison to the "581-a Tax Exemption" is enclosed herein for your review. The Company will also qualify for a mortgage recording tax exemption (estimated amount of \$22,125.00) and sales tax exemption (estimated amount of \$593,180.00) but will be receiving these benefits from other public authorities/agencies.

If you have any questions concerning this matter, please feel free to contact me. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kara Lais". The signature is fluid and cursive, with the first name "Kara" and last name "Lais" clearly distinguishable.

Kara I. Lais

cc: Scott Henze, FCIDA, Executive Director, *via email*
Sue Collins, FCIDA, Chair, *via email*

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing pursuant to Article 18-A of the New York State General Municipal Law will be held by the Fulton County Industrial Development Agency (the “Agency”) on January 6, 2026, at 10:00 a.m. at the offices of the Fulton County Planning Department, 1 East Montgomery Street, Johnstown, New York 12095.

The hearing will also be live streamed on the Agency’s website at www.fcida.org/join-us/public-hearings/

Hale Creek Preserve LLC, a limited liability company established pursuant to the laws of the State of New York, having an address of 366 Fifth Avenue, New York, New York 10001 (the “Company”) has requested that the Agency provide financial assistance in the form of a real property tax abatement regarding a certain senior affordable housing project (the “Project”) to consist of: (i) the acquisition by the Agency of a leasehold interest in certain real property located at 6 Prindle Avenue and 79 East Main Street in the City of Johnstown, County of Fulton, New York and being known as tax map parcel numbers 174.8-3-8 and 174.8-3-30, respectively, and consisting of approximately 4.73 acres (the “Land”); (ii) the planning, design, construction, operation and maintenance by the Company of an approximately 55,651+/- square foot facility consisting of sixty four (64) unit senior affordable housing (the “Improvements”); (iii) the acquisition of and installation in and around the Land and Improvements by the Company of machinery, equipment, fixtures and other items of tangible personal property (the “Equipment” and, collectively with, the Land and the Improvements, the “Facility”); and (iv) entering into a straight lease transaction (within the meaning of subdivision (15) of Section 854 of the Act), pursuant to which the Agency will retain a leasehold interest in the Facility for a period of time and sublease such interest in the Facility back to the Company (the “Straight Lease Transaction”), all pursuant to Title 1 of Article 18-A of the General Municipal Law of the State of New York, Chapter 862 of the Laws of 1971 of the State of New York (collectively, the “Act”), as amended.

The Agency may be providing financial assistance with respect to the Project in the form of a partial real property tax abatement. Should other financial assistance be requested, it shall be consistent with the policies of the Agency, inclusive of the deviation provisions.

The proposed financial assistance may exceed \$100,000 and therefore the Agency is required to hold a public hearing in accordance with Section 859-a of the General Municipal Law.

A representative of the Agency will be in attendance at the above-stated time and place to hear and accept written comments from all persons with views in favor of or opposed to the granting of financial assistance contemplated by the Agency or the location or nature of the Facility. The application of the Company is available for public inspection during normal business hours at the offices of the Agency, located at 1 East Montgomery Street, Johnstown, New York.

Fulton County Industrial Development Agency
Scott Henze, Executive Director
Published: December 24, 2025

FULTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Adopted December 9, 2025

Introduced by Greg Truckenmiller
who moved its adoption.

Seconded by Joseph Semione

**RESOLUTION ACCEPTING AN APPLICATION FOR FINANCIAL ASSISTANCE
SUBMITTED BY HALE CREEK PRESERVE LLC (THE "COMPANY") RELATING
TO A CERTAIN PROJECT; AUTHORIZING A PUBLIC HEARING WITH RESPECT
TO THE PROJECT; AND DESCRIBING THE FINANCIAL ASSISTANCE BEING
CONTEMPLATED BY THE AGENCY WITH RESPECT TO THE PROJECT**

WHEREAS, Hale Creek Preserve LLC, a limited liability company established pursuant to the laws of the State of New York, having an address of 366 Fifth Avenue, New York, New York 10001 (the "Company") has requested that the Agency provide financial assistance in the form of a real property tax abatement regarding a certain senior affordable housing project (the "Project") to consist of: (i) the acquisition by the Agency of a leasehold interest in certain real property located at 6 Prindle Avenue and 79 East Main Street in the City of Johnstown, County of Fulton, New York and being known as tax map parcel numbers 174.8-3-8 and 174.8-3-30, respectively, and consisting of approximately 4.73 acres (the "Land"); (ii) the planning, design, construction, operation and maintenance by the Company of an approximately 55,651+/- square foot facility consisting of sixty four (64) unit senior affordable housing (the "Improvements"); (iii) the acquisition of and installation in and around the Land and Improvements by the Company of machinery, equipment, fixtures and other items of tangible personal property (the "Equipment" and, collectively with, the Land and the Improvements, the "Facility"); and (iv) entering into a straight lease transaction (within the meaning of subdivision (15) of Section 854 of the Act), pursuant to which the Agency will retain a leasehold interest in the Facility for a period of time and sublease such interest in the Facility back to the Company (the "Straight Lease Transaction"), all pursuant to Title 1 of Article 18-A of the General Municipal Law of the State of New York, Chapter 862 of the Laws of 1971 of the State of New York (collectively, the "Act"), as amended; and

WHEREAS, Section 859-a of the Act requires that prior to granting financial assistance of more than \$100,000.00 to any project, an Agency must (i) adopt a resolution describing the project and the financial assistance contemplated by the Agency with respect thereto, and (ii) hold a public hearing in the city, town or village where the project proposes to locate upon at least ten (10) days published notice and, at the same time, provide notice of such hearing to the Chief Executive Officer of each affected taxing jurisdiction within which the project is located; and

WHEREAS, the Agency is in the process of reviewing and considering the Company's Application requesting the Agency to provide financial assistance for the proposed Project

(collectively the "Financial Assistance") in the form of a real property tax abatement through a payment in lieu of tax agreement (the "PILOT Agreement") that is considered a deviation. As described in the Agency's uniform tax exemption policy (the "UTEP"), pursuant to which the Company would make payments in lieu of real property taxes to each affected tax jurisdiction (the "Affected Tax Jurisdictions"), which shall be consistent with the UTEP of the Agency; and

WHEREAS, the Agency desires to (i) accept the Application; (ii) authorize the scheduling and conduct of a public hearing; and (iii) negotiate, but not enter into Project Agreement, pursuant to which the Agency will designate the Company, as its agent for the purpose of acquiring, constructing and equipping the Project and a Lease Agreement and a Payment in Lieu of Tax Agreement with the Company.

NOW, THEREFORE, BE IT RESOLVED:

1. The Company has presented an Application in a form acceptable to the Agency. Based upon the representations made by the Company to the Agency in the Company's Application, the Agency hereby finds and determines that:

- (a) Pursuant to the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and
- (b) The Agency has the authority to take the actions contemplated herein under the Act; and
- (c) The action to be taken by the Agency will induce the Company to develop the Project, thereby increasing employment opportunities in Fulton County, New York, and otherwise furthering the purposes of the Agency as set forth in the Act and its mission; and
- (d) The Project will not result in the abandonment of one or more facilities of the Company within the State; and
- (e) The estimated total Project cost is \$27,866,265.00.

2. The proposed financial assistance being contemplated by the Agency includes a partial real property tax abatement through a PILOT Agreement, pursuant to which the Company would make payments in lieu of real property taxes to the Affected Tax Jurisdictions, for a term of 30 years commencing in year 1 with a per unit amount of Two Hundred Fifty Dollars (\$250.00) or Sixteen Thousand Dollars (\$16,000.00). per year and thereafter increasing by Two Percent (2.0%) annually. The PILOT has an estimated value of \$74,312.00, based on the current tax rates and estimates of real property taxes that would otherwise be due for this Project pursuant to Real Property Tax Law section 581-a, which the Project qualifies for.

3. The Chair, Vice Chair and/or the Chief Executive Officer of the Agency are

[SEAL] AARON ENFIELD
Notary Public, State of New York
No. 01EN0011852
Qualified in Fulton County
My Commission Expires 08/08/2027



Re: Five Corners Development and The NRP Group (collectively, “The Development Team”) payment in-lieu of taxes (“PILOT”) with the Fulton County IDA (“IDA”) for the redevelopment of the former City of Johnstown’s municipal lot located on Prindle Avenue into a 64-unit senior affordable housing project (“Project” or “Hale Creek Preserve”).

Introduction

Please see enclosed for your consideration the Development Team’s proposal for the IDA to provide financial assistance to the Hale Creek Preserve development in the form of a PILOT. As set forth in this letter, the requested assistance is needed to ensure financial feasibility and stable operating costs for the proposed affordable housing Project, which seeks to benefit the community and senior residents in need of safe, decent, and affordable housing in the City of Johnstown. Please note that this request does not include other agency benefits, including sales tax exemption and an exemption from mortgage recording taxes.

Enclosed is a copy of the Development Team’s application for financial assistance, together with the \$1,000 application fee.

An overview of the Project, its financing sources, and a narrative of the tax exemption analysis are set forth below.

Project Overview

As detailed in Section 4: Project Description, the Development Team is proposing to redevelop a 4.73 acre parcel of land, located at the end of Prindle Avenue in the City of Johnstown, into 64 units of senior affordable housing. The Project will offer a mix of one and two bedroom units ranging from 627-816 square feet. The units will target households earning between 30-60% of Area Median Income, with gross rents ranging from approximately \$830 to \$1,111 per month. Support services funded by the NYS Empire State Supportive Housing Initiative will be provided for 14 units. The building will feature a central elevator, laundry services on each floor, a community room, gym, and free WiFi for all residents and guests to enjoy. The Project will further include the improvement and extension of a walking trail along Hale Creek that will provide the public and residents with accessible access into downtown or to the Senior Community Center. Those improvements and land will be donated back to the City of Johnstown.

During construction, the project will create over 200 jobs and upon stabilization, will employ 5 full-time individuals and up to 15 part-time individuals, with salaries ranging from



\$47,000 to \$88,000. The Project anticipates creating over \$1.1 million in annual salaries from the local market.

Project Financing

In September 2025, the Development Team submitted an application to the NYS Homes and Community Renewal (“HCR”) under its Multifamily Finance 9% Low Income Housing Tax Credits RFP. HCR is expected to announce awards in Spring 2026. If awarded, the project will be funded through a mix of Development Team equity, tax credit equity, and the NYS Low Income Housing Trust Fund.

The Project will also enter into a regulatory agreement with HCR, which will enforce the Project’s compliance with affordable housing requirements that restrict the use and occupancy of the project to income-qualifying residents for a period of at least 50 years.

Tax Exemption Analysis

NY State Law states that housing projects, where at least 20% of units are subject to an income-based occupancy restriction under a regulatory agreement with a government entity, are entitled to RPTL 581-a, an exemption from real property taxation. Taxes under a 581-a are based on a project’s actual (or anticipated) net operating income. While Hale Creek Preserve would be entitled as-of-right to leverage this exemption, we propose instead to work with the IDA under a fixed PILOT payment that is approximate to the anticipated taxes paid under a 581-a structure.

Whereas 581-a taxes are subject to the volatility of a project’s net operating income, PILOTs provide a framework for a predictable and stable payment that is critical for forecasting the performance and financial health of affordable housing projects. Being able to reasonably forecast the tax burden through a PILOT for the full duration of the 50-year regulatory period is also important for the state agencies and lenders who provide construction financing for these public benefit projects. Importantly, unlike market rate housing, affordable housing is generally not financially modeled to produce excess cash flow to act as a buffer against unanticipated increases in operating costs. Therefore, there is little room in operating budgets for significant and unexpected increases in operating expenses, particularly real estate taxes.

PILOT Payment Analysis

As mentioned above, the 581-a requires assessment of the actual (or anticipated) net operating income to determine taxes annually. Accordingly, our proposed PILOT payment is based on the tax that would otherwise be paid on the assessed value of the Project, viewed



over a 30-year term. The attached Exhibit A shows the forecasted 581-a taxes utilizing the current City of Johnstown equalization rate, tax rate, a capitalization rate (as provided by Newmark in Exhibit B) and the Project's forecasted net operating income over the next 30 years. While the 581-a taxes shown in the first 18 years are higher than that of what is being proposed, the inverse is true thereafter given the project net operating income over time trends downward (expenses outpacing CPI increases). Over the course of that 30-year period, the total delta in the proposed PILOT relative to the 581-a is forecasted at \$74,312; this mirrors the amount requested in the exemption in the IDA application. Our proposal is based off of paying \$250 per unit, increasing 2.0% annually, to mirror the HCR requirement for rent growth. The Development Team has comparable PILOT terms on projects that it has developed in other municipalities in NYS.

We look forward to your input on this proposal and continual support for this exciting affordable housing project in the City of Johnstown.



Exhibit A

| | | | |
|---------------------|---------------|-------------------|--------------|
| Equalization Rate | 62.0% | PILOT Rent / Unit | \$250 |
| Tax Rate | 44.48 | Number of Units | 64 |
| Capitalization Rate | 9.274% | Annual Escalation | 2.0% |

| Year | Loaded NOI | 581-a Taxes | Proposed PILOT | Annual Delta |
|--------------|------------|------------------|------------------|--|
| 1 | \$127,969 | \$38,053 | \$16,000 | \$22,053 |
| 2 | \$126,589 | \$37,643 | \$16,320 | \$21,323 |
| 3 | \$125,063 | \$37,189 | \$16,646 | \$20,543 |
| 4 | \$123,386 | \$36,691 | \$16,979 | \$19,711 |
| 5 | \$121,549 | \$36,144 | \$17,319 | \$18,826 |
| 6 | \$119,547 | \$35,549 | \$17,665 | \$17,884 |
| 7 | \$117,371 | \$34,902 | \$18,019 | \$16,883 |
| 8 | \$115,015 | \$34,201 | \$18,379 | \$15,822 |
| 9 | \$112,471 | \$33,445 | \$18,747 | \$14,698 |
| 10 | \$109,730 | \$32,630 | \$19,121 | \$13,508 |
| 11 | \$106,785 | \$31,754 | \$19,504 | \$12,250 |
| 12 | \$103,627 | \$30,815 | \$19,894 | \$10,921 |
| 13 | \$100,247 | \$29,810 | \$20,292 | \$9,518 |
| 14 | \$96,636 | \$28,736 | \$20,698 | \$8,038 |
| 15 | \$92,784 | \$27,591 | \$21,112 | \$6,479 |
| 16 | \$88,682 | \$26,371 | \$21,534 | \$4,837 |
| 17 | \$84,319 | \$25,073 | \$21,965 | \$3,109 |
| 18 | \$79,684 | \$23,695 | \$22,404 | \$1,291 |
| 19 | \$74,767 | \$22,233 | \$22,852 | -\$619 |
| 20 | \$69,556 | \$20,684 | \$23,309 | -\$2,625 |
| 21 | \$64,040 | \$19,043 | \$23,775 | -\$4,732 |
| 22 | \$58,207 | \$17,309 | \$24,251 | -\$6,942 |
| 23 | \$52,043 | \$15,476 | \$24,736 | -\$9,260 |
| 24 | \$45,536 | \$13,541 | \$25,230 | -\$11,690 |
| 25 | \$38,673 | \$11,500 | \$25,735 | -\$14,235 |
| 26 | \$31,439 | \$9,349 | \$26,250 | -\$16,901 |
| 27 | \$23,820 | \$7,083 | \$26,775 | -\$19,691 |
| 28 | \$15,802 | \$4,699 | \$27,310 | -\$22,611 |
| 29 | \$7,368 | \$2,191 | \$27,856 | -\$25,665 |
| 30 | \$0 | \$0 | \$28,414 | -\$28,414 |
| Total | | \$723,401 | \$649,089 | \$74,312 Exemption \$ |

Exhibit B

NEWMARK VALUATION & ADVISORY

September 10, 2025

Mr. Daniel Brenner
NRP Holdings LLC
Executive Vice President, Project Operations
1228 Euclid Avenue
Cleveland, OH 44115

Re: 581-A Calculation
Proposed Senior Housing Development
Hale Creek Preserve
Johnstown, New York
Newmark Job No.: 25-0228575

Dear Mr. Brenner:

At your request, we have analyzed projections for real estate taxes that would apply to the new development of an affordable housing project.

As a Low Income Housing Tax Credit development, the real estate assessment and therefore the real estate taxes will fall under New York State Legislation 581-a. In lieu of any type of PILOT or tax abatement/exemption, assessors are required to consider the actual restricted cash flow when establishing and setting real estate taxes for these types of developments. We have attached some paperwork related to the 581-a legislation as part of this letter.

Basically, the *legislation* results in an analysis that would typify a tax certiorari case. Since real estate taxes are in question, the analyst prepares an estimate based on the following:

- Review of the restricted total collected income for the project. This would be based on the restricted rents and estimates related to vacancy and collection loss on an annual basis. Appropriate other revenue/income is added.
- Deduction of appropriate operating expenses, with the exception of real estate taxes. This includes an allocation of reserves.
- A PILOT or tax abatement could influence the real estate taxes, and a PILOT would technically override the 581-a legislation if favorable. The 581-a could be re-invoked at any point in time during the lifecycle/life span of the of the project.

Mr. David Brenner
September 10, 2025

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We have presented as an attachment to this letter the support documents. Since this is proposed, the operating budget was considered. Details are attached, but the following apply:

| | |
|---|--------------------|
| Effective Residential Revenue: | \$565,937 |
| Less: Other Operating Expenses:* | <u>(\$437,969)</u> |
| Net Operating Income: | \$127,968 |
| * Not including real estate taxes. | |

The net operating income is a tax "loaded" NOI, as it does not account for real estate taxes. The operating expenses appear reasonable based on the work that Newmark has completed in other areas throughout Upstate New York, and for affordable housing of this nature.

The next step within the analysis is to establish a **capitalization rate** which can be used to convert the NOI to a value indication. We have used the following as a basis.

- Current market orientated cap rate of 7%. This takes into account the size of the project and other variables like location, type of housing and unit mix, the below market rents and 50 year requirement to remain affordable housing, as well as rising interest rates for mortgages.
- A "load" factor to account for the real estate tax burden of 2.75% (\$44.48 x 62%).
- Total built-up cap rate of 9.274%

The last step is to establish an appropriate assessment and therefore real estate taxes as follows:

| | |
|---|----------------------------|
| Net Operating Income: | \$127,968 |
| "Loaded" Capitalization Rate: | 9.274% |
| Full Value Assessment: | \$1,379,868 |
| Assessment at 62%: | \$ 855,512 ® |
| Real Estate Tax Rate Per \$1,000: | <u>\$44.48 per \$1,000</u> |
| Total Estimated Taxes at Completion/Stabilization: | \$38,053 ® |
| ⁽¹⁾ NOI Divided By Cap Rate | |

Mr. David Brenner
September 9, 2025

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This tax burden makes reasonable sense based on the economics of the project presented and also review of tax burdens for both market orientated and affordable projects that we are aware of throughout this and other portions of New York.

There are obvious caveats associated with the above including:

- *The operating pro-formas presented to the assessor must match the actual operating obligations presented to Newmark.*
- *The assessment will be reviewed on a consistent basis and as there are changes to the economics of the project, there could be changes to the assessment thresholds.*
- *All information was based on current variables, but would apply to the project as if it is complete.*

Thank you and please let me know if there any questions or issues.

Respectfully,

NEWMARK VALUATION & ADVISORY



David M. Carlon
Senior Vice President
Certified General Real Estate Appraiser
NYS Cert. #46-45365
Email:dave.carlon@nmrk.com



M. Scott Allen, MAI
Senior Managing Director
Certified General Real Estate Appraiser
Specialty Practice Leader: HUD FHA/Affordable Housing
NYS Cert. #46-4454
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NEW YORK STATE ASSOCIATION FOR AFFORDABLE HOUSING

5925 BROADWAY • BRONX, NEW YORK 10463

PHONE: 718-432-2100 • FAX: 718-432-2400

**NYSFAH GUIDELINES FOR RPTL 581-a:
THE AFFORDABLE HOUSING PROPERTY TAX REFORM LAW**

As you know, under the provisions of section 581-a of the Real Property Tax Law, all affordable rental housing must be assessed under the income approach. NYSFAH has been working with DHCR and the NYS Assessors Association to see that this law is implemented in a fair and efficient manner. Based on these discussions, and the regulations that were adopted by DHCR, we have the following recommendations for our members who wish to take advantage of the legislation:

1. Read the regulations. In three paragraphs, the regulations define affordable rental housing and lay out exactly what documentation you must submit to your local assessor. A copy of the regulations follows.

- Affordable housing is defined as property operating under a regulatory agreement with a government agency in which at least 20% of the residential units are rented to tenants who qualify in accordance with an income test.
- To qualify to be assessed under 581-a, an owner must submit the most recent financial statement or independent auditor's report showing 12 months of income and expenses for the project; if you submit an annual report to the regulating agency, then that is what you should submit to the assessor. If the most recent financial statement does not reflect 12 months of occupancy, then submit the most recent operating budget approved by the regulating agency.

2. Submit all documentation by March 1. If you do not submit by this date, the assessor may not be able to take your actual operations into account when making the assessment, and you will then have to go through the grievance procedure to receive an accurate assessment.

3. Talk to the assessor. Since the legislation is new, not all assessors will be aware of it or fully understand it. If the assessor has questions that you cannot answer, you can refer him or her to Bob Marks (rmarks@orps.state.ny.us) at the NYS Office of Real Property Assessment (ORPS), which is an advisory agency for assessors.

4. Expect to pay real estate taxes. Some owners have suggested that projects that had a negative cash flow in 2006 would not be required to pay taxes. The law was not intended to reward poorly operated properties or eliminate the real estate tax liabilities of properties with temporary financial difficulties. In fact, we at NYSFAH are concerned that if owners attempt to abuse the law to avoid paying taxes it will be amended or revoked. It is our understanding that assessors have the right to request additional support for income and expenses, including budgets and statements from prior years, in order to determine a net operating income that most accurately reflects property operations over the assessment period.

5. You may still want to apply even if you have a PILOT. Many PILOT agreements do not exclude you from special assessments, special charges and special ad valorem levies. Many of these are based on your assessment and therefore 581-a will still apply.

6. Contact NYSFAFH if you have any questions. Contact Bernie Carr at 718.432.2100 or email bernie@nysafah.org.

We will continue our discussions with DHCR and the assessors, but we need your help to make this legislation work. Let us know about your experiences over the next few months, both good and bad.

A new Part 2656 is added to Title 9 NYCRR as follows:

ASSESSMENT OF RESIDENTIAL REAL PROPERTY

Section 2656.1 Statutory authority.

This Part is adopted and promulgated pursuant to the powers granted to the New York State Division of Housing and Community Renewal by Real Property Tax Law section 581-a.

Section 2656.2 Definitions.

As used in this Part:

(a) Residential rental purposes shall mean all permitted uses on residential real property which has the same owner.

(b) Regulatory agreement shall mean any agreement, including but not limited to a contract or covenant, between a property owner and the municipal, state or federal government, or an instrumentality thereof, which requires the property owner to rent at least twenty percent of the residential units to tenants who qualify in accordance with an income test.

(c) Income documentation shall mean the most recent financial statement, independent auditor's report and rent roll for the residential real property or, if the most recent financial statement does not reflect twelve (12) months of occupancy, the most recent operating budget approved by the municipal, state, or federal government, or instrumentality thereof, that is party to the regulatory agreement.

Section 2656.3 Submission requirements.

The property owner shall provide the local assessing unit with a copy of all applicable regulatory agreements and, on an annual basis, income documentation prior to the taxable status date.

These regulations will remain effective for 90 days. During that time period will commence the process to adopt these regulations on a permanent basis. The regulations will be published as draft regulations for a 30 day public comment period. The comments will be considered, the regulations amended as required and adopted as a permanent regulation.

STATE OF NEW YORK

1999--B
Cal. No. 1098

2005-2006 Regular Sessions

I N S E N A T E

February 8, 2005

Introduced by Sens. SKELOS, ROBACH -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government-- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the real property tax law, in relation to the assessed valuation of certain real property used for residential rental purposes

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. The real property tax law is amended by adding a new section 581-a to read as follows:

S 581-A. ASSESSMENT OF RESIDENTIAL REAL PROPERTY. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE ASSESSED VALUATION OF REAL PROPERTY USED FOR RESIDENTIAL RENTAL PURPOSES WHERE AT LEAST TWENTY PERCENT OF THE RESIDENTIAL UNITS ARE SUBJECT TO AN AGREEMENT WITH A MUNICIPALITY, THE STATE, THE FEDERAL GOVERNMENT, OR AN INSTRUMENTALITY THEREOF, WHICH AGREEMENT RESTRICTS OCCUPANCY OF THOSE UNITS TO TENANTS WHO QUALIFY IN ACCORDANCE WITH AN INCOME TEST, SHALL BE DETERMINED USING THE INCOME APPROACH AS APPLIED TO THE ACTUAL NET OPERATING INCOME, AFTER DEDUCTING FOR RESERVES REQUIRED BY ANY FEDERAL, STATE OR MUNICIPAL PROGRAMS. FOR THE PURPOSES OF THIS SECTION "NET OPERATING INCOME" SHALL MEAN THE ACTUAL OR ANTICIPATED NET INCOME THAT REMAINS AFTER

ALL OPERATING EXPENSES ARE DEDUCTED FROM EFFECTIVE GROSS INCOME, BUT BEFORE MORTGAGE DEBT SERVICE AND BOOK DEPRECIATION ARE DEDUCTED. THE ASSESSED VALUATION OF REAL PROPERTY USED FOR SUCH RESIDENTIAL RENTAL PURPOSES SHALL BE DETERMINED USING THE ACTUAL NET OPERATING INCOME, AND SHALL NOT INCLUDE FEDERAL, STATE OR MUNICIPAL INCOME TAX CREDITS, SUBSIDIZED MORTGAGE FINANCING, OR PROJECT GRANTS, WHERE SUCH SUBSIDIES ARE USED TO OFFSET THE PROJECT DEVELOPMENT COST IN ORDER TO PROVIDE FOR LOWER INITIAL RENTS AS DETERMINED BY REGULATIONS PROMULGATED BY THE DIVISION OF HOUSING AND COMMUNITY RENEWAL.

S 2. This act shall take effect immediately and shall apply to taxable status dates occurring on or after the first of January next succeeding the date on which it shall have become a law.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets { } is old law to be omitted.

LBD07924-05-5

S. 1999--B

THE NRP GROUP LLC
Hale Creek Preserve
Johnstown, NY; Fulton County
Scenario: 9%

Stabilized Proforma

| | <u>Annual Escalation</u> | <u>Begins After</u> | |
|-------------------------------------|--------------------------|---------------------|----------|
| Revenue | 2.00% | Year 1 | |
| Operating Expenses | 3.00% | Year 1 | |
| Replacement Reserves | 3.00% | Year 1 | |
| | <u>Total</u> | <u>Per Unit</u> | <u>%</u> |
| <u>Revenue</u> | | | |
| Gross Potential Rent | \$ 580,200 | \$ 9,066 | 97.3% |
| Standard Other | 6,144 | 96 | 1.0% |
| Community | 9,900 | 155 | 1.7% |
| Laundry | - | - | 0.0% |
| Other | - | - | 0.0% |
| Commercial | - | - | 0.0% |
| Gross Potential Income | \$ 596,244 | 9,316 | |
| Vacancy | (30,307) | (474) | -5.2% |
| Effective Gross Income | \$ 565,937 | \$ 8,843 | |
| <u>Operating Expenses</u> | | | |
| Management Fees | \$ 41,940 | \$ 655 | 7.4% |
| Payroll | 160,000 | 2,500 | 28.3% |
| Administrative | 35,200 | 550 | 6.2% |
| Benchmarking Fee | 495 | 8 | 0.1% |
| Advertising | 6,400 | 100 | 1.1% |
| Utilities | 40,491 | 633 | 7.2% |
| Solar Savings | (20,754) | (324) | -3.7% |
| Repairs & Maintenance | 102,400 | 1,600 | 18.1% |
| Monitoring Fee / Transportation Fee | 2,123 | 33 | 0.4% |
| WiFi | 16,680 | 261 | 2.9% |
| Insurance | 36,993 | 578 | 6.5% |
| Real Estate Taxes | 33,403 | 522 | 5.9% |
| Total Operating Expenses | \$ 455,372 | \$ 7,115 | |
| Replacement Reserves | 16,000 | 250 | 2.8% |
| Total Operating Expenses & Reserves | \$ 471,372 | \$ 7,365 | 83.3% |
| Net Operating Income | \$ 94,565 | \$ 1,478 | 16.7% |
| Hard Debt Service | 32,000 | 500 | 5.7% |
| Net Cash Flow | \$ 62,565 | \$ 978 | 11.1% |
| Debt Coverage Ratio | 2.96x | | |
| Income-to-Expense Ratio | 1.12x | | |
| Expense Ratio | 83.29% | | |