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## DEERFIELD APARTMENTS

### Deerfield, NY

### Property Profile

Horatio Street

Deerfield Apartments, located at the intersection of Horatio St and Mulaney Road, is a new construction— a mixed use and multifamily development featuring 65 units in a low-rise building with an elevator. The units comprise 19 one-bedroom, 27 two-bedroom, and 19 three-bedroom apartments, all offered at affordable rates for households earning up to 80% of the Area Median Income.

Adjacent to SUNY POLY Tech, one of the standout features of Deerfield Apartments is its proposed daycare facility, providing a convenient childcare option for students and staff. The Town is recognized as a well-resourced area specifically identified by the state for investment, aimed at connecting working families with high-performing schools and established major employment opportunities.

The development offers a range of amenities onsite, including owner-paid utilities covering heating and cooling expenses, ENERGY STAR certified appliances such as ranges, refrigerators, and dishwashers. It boasts ample open space, a gazebo, seating areas, and paved sidewalks leading to onsite parking equipped with EV charging stations. These facilities connect seamlessly with both the town sidewalk network and the college campus.

Common areas within the development include a community room, laundry facilities, property management and resident service offices, a library, and lounges scattered throughout the corridors. Rent covers refuse collection, water, sewer services, and high-speed broadband internet. Additionally, eight units are designed to be handicapped accessible, three units accommodate individuals with hearing or visual impairments, and all units are visitable.

### DEVELOPMENT TEAM

**PathStone Corporation**  
Developer, Owner, Manager  
**Christa Construction LLC**  
General Contractor  
**SWBR**  
Architect  
**Turner Engineering**  
Mechanical Engineer  
**Leslie W. Kernan, Jr., Esq**  
Attorney  
**Sustainable Comfort**  
HRES Rater/Net-Zero Energy Consultant

### Statistics

**Location**  
Deerfield, NY  
Oneida County  
**Type of Housing**  
Rental  
New Construction  
**Number of Units**  
65 Units  
**Year Construction Close**  
2026  
**Total Development Cost**  
\$32,980,000

### Funding Sources

- ◆ NYS HCR HTF
- ◆ NYS HCR HOME
- ◆ NYS HCR CIF
- ◆ Conventional Debt
- ◆ Acquisition Sponsor Loan
- ◆ Solar Incentives
- ◆ Limited Partner Equity
- ◆ Deferred Developer Fee



## FIRST LEARNING

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### CARE-A-LOT

- FARMINGTON
- SOUTH GREECE
- HENRIETTA
- FAIRPORT
- NORTH GREECE
- PITTSFORD
- BROWNCROFT
- VICTOR

### GENERATIONS

- DOWNTOWN—CLINTON SQUARE
- HIGHLAND—ST. JOHNS
- GATES—WASHINGTON IRVING
- IRONDEQUOIT
- FAIRPORT

First Learning owns and operates thirteen high-quality child-care centers in the Rochester, NY area. Started in 2017, many of the centers that we operate have been in business for over three decades. We are continuing to grow and expect to have over 20 centers by the end of 2025. Our success comes from a commitment to excellence in childcare, combining innovative technology with expert programming that is recognized by NECPA and QUALITYstarsNY. We offer inclusive services, providing more Universal Pre-K classrooms than anyone in the region, and make quality education accessible to all. Our team's dedication and resilience, especially through the challenges of the pandemic, ensure that we continue to provide the best care for over 1,500 children each day. Together, we're helping families raise our future, one child at a time."



**PathStone**  
Development Corporation

## DEERFIELD PERSPECTIVE

### 1 Bedroom

- **\$19,800:** Part-time workers, fixed-income seniors, janitors, custodians, childcare and food service workers, part-time retail staff, entry-level hospitality staff.
- **\$33,000:** Full-time receptionists, customer service reps, childcare workers, custodians, chip factory entry-level staff, office assistants, nursing aides, hospitality staff (hotel front desk, wait staff), EMTs.
- **\$39,600:** Entry-level office assistants, full-time childcare workers, junior admin staff, delivery drivers, entry-level TAs, teachers, chip factory and Wolfsped workers, hospitality supervisors, EMTs, junior police officers.
- **\$52,800:** Experienced office admins, senior childcare workers, full-time junior techs, supervisory custodians, experienced EMTs, mid-career hospitality staff (restaurant assistant managers), police officers.

### 2 Bedroom

- **\$23,760:** Part-time custodians, fixed-income seniors, receptionists, childcare, admin roles, healthcare support, entry-level hospitality, EMTs.
- **\$39,600:** Full-time receptionists, medical office assistants, childcare, chip factory entry-level, factory workers, early IT support, hospitality (front desk, housekeepers), EMTs, junior police officers.
- **\$47,520:** Junior technicians, TAs, teachers, entry-level trades, chip factory and Wolfsped workers, electricians, plumbers, police officers, EMTs, mid-level hospitality staff (restaurant managers, hotel supervisors).
- **\$63,360:** Skilled tradespeople, senior teachers, mid-level techs, experienced hospitality managers, supervisory factory workers, experienced electricians/plumbers, senior EMTs, police officers with specialized duties.

### 3 Bedroom

- **\$27,435:** Janitors, custodians, childcare, part-time retail, fixed-income seniors, admin, hospitality, EMTs.
- **\$45,725:** Mid-level admins, chip factory, custodians, customer service, medical receptionists, police officers, EMTs, hospitality supervisors.
- **\$59,100:** Teachers, mid-career techs, chip factory workers, supervisory custodians, tradespeople, junior techs, police officers, EMTs, hospitality managers.
- **\$73,160:** Senior tradespeople, advanced techs, experienced teachers, senior hospitality managers, factory supervisors, police officers with advanced certifications or rank, senior EMTs or paramedics.

### The Impact of Affordable Housing: Strengthening Communities and Supporting Essential Workers

#### Boosting Economic Stability:

Affordable housing lets residents spend less on rent, allocating more to essentials like healthcare and education, supporting economic stability.

#### Supporting Workforce Housing:

Affordable housing enables essential workers—EMTs, teachers, hospitality staff—to live where they work, strengthening community ties.

**Addressing Housing Crisis:** Affordable housing combats rising living costs, offering solutions for low- to moderate-income families.

#### Promoting Diversity & Inclusion:

Provides housing for people across economic backgrounds, fostering diverse communities.

**Long-Term Family Benefits:** Stable housing supports family health, education, and breaks cycles of poverty.

**Revitalizing Communities:** Housing projects drive neighborhood revitalization, benefiting local businesses.

**Environmental & Social Justice:** Ensures everyone has access to safe, energy-efficient housing.

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## NEWMARK VALUATION & ADVISORY

November 11, 2024

Mr. Joshua Fraass, MSRED  
Real Estate Developer  
PathStone Development Corporation  
7 Prince Street  
Rochester, NY 14607

Re: 581-A Calculation  
Proposed Workforce Housing Development  
Deerfield, New York

Dear Mr. Fraass:

At your request, we have analyzed projections for real estate taxes that would apply to the new development of an affordable housing project. This would include 65 total apartments with a mix of one, two and three-bedrooms.

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. Joshua Fraass, MSRED

November 11, 2024

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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.

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 and mortgage costs.
- A “load” factor to account for the real estate tax burden of 2.124%. The current tax rate is approximately \$236 per \$1,000 of assessed value, and the equalization rate is 9% ( $236/1000 \times .09$ ).
- Total built-up cap rate of 9.124%

To establish an appropriate assessment and therefore real estate taxes, we capitalize the budgeted NOI without taxes as follows:

|   |                        |
|---|------------------------|
| <b>Net Operating Income w/o taxes:</b>                    | \$268,988              |
| <b>“Loaded” Capitalization Rate:</b>                      | 9.124%                 |
| <b>Full Value Assessment:</b>                             | <b>\$2,948,105</b>     |
| <b>Equalized at 9%:</b>                                   | <b>\$265,329 ®</b>     |
| <b>Real Estate Tax Rate Per \$1,000:</b>                  | <u>\$236.00</u>        |
| <b>Total Estimated Taxes at Completion/Stabilization:</b> | <b><u>\$62,621</u></b> |
| <sup>(1)</sup> NOI Divided By Loaded Cap Rate             |                        |

Mr. Joshua Fraass, MSRED

November 11, 2024

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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**



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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

**NYSAFAH 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. NYSAFAH 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](mailto: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 NYSAFAH 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 NYSAFAH if you have any questions.** Contact Bernie Carr at 718.432.2100 or email [bernie@nysafah.org](mailto: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.*

S T A T E   O F   N E W   Y O R K

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1999--B  
Cal. No. 1098

2005-2006 Regular Sessions

I N   S E N A T E

February 8, 2005

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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

# YEAR 1 CASH FLOW VALUATION

|                      | Deerfield Apartments | Year 1  |
|----------------------|----------------------|---------|
| INCOME               |                      |         |
|                      | Residential rent     | 777,732 |
|                      | Vacancy              | 38,887  |
|                      | Commercial rent      | 62,936  |
|                      | Vacancy              | 6,294   |
|                      | Miscellaneous income | 6,500   |
|                      | Vacancy              | 325     |
|                      | Total Income         | 801,663 |
| EXPENSES             |                      |         |
|                      | Operating costs      | 516,425 |
|                      | Real estate tax      | 0       |
|                      | Replacement reserve  | 16,250  |
|                      | Operating reserve    | 0       |
|                      | Total Expenses       | 532,675 |
| NET OPERATING INCOME |                      | 268,988 |

Built up Rate 9.124% (7% base cap. rate plus composite tax rate)

|                 |           |
|-----------------|-----------|
| 581-a Valuation | 2,948,105 |
|-----------------|-----------|

## 2023-24 TAX RATES PER THOUSAND (Per County website.)

|                   |              |
|-------------------|--------------|
| Library           | 6.0564620    |
| County/Town       | 50.342343000 |
| School            | 165.736436   |
| Highway           | 13.87558800  |
| Composite         | 236.01       |
| Equalization Rate | 9%           |
| ANNUAL TAXES      |              |
| Year 1 Calculated | 62,621       |

| Estimated Real Estate Tax Schedule |                 |
|------------------------------------|-----------------|
| Year                               | Total           |
| 1                                  | \$ 62,620.62    |
| 2                                  | \$ 64,499.24    |
| 3                                  | \$ 66,434.22    |
| 4                                  | \$ 68,427.24    |
| 5                                  | \$ 70,480.06    |
| 6                                  | \$ 72,594.46    |
| 7                                  | \$ 74,772.30    |
| 8                                  | \$ 77,015.47    |
| 9                                  | \$ 79,325.93    |
| 10                                 | \$ 81,705.71    |
| 11                                 | \$ 84,156.88    |
| 12                                 | \$ 86,681.58    |
| 13                                 | \$ 89,282.03    |
| 14                                 | \$ 91,960.49    |
| 15                                 | \$ 94,719.31    |
| 16                                 | \$ 97,560.89    |
| 17                                 | \$ 100,487.71   |
| 18                                 | \$ 103,502.34   |
| 19                                 | \$ 106,607.42   |
| 20                                 | \$ 109,805.64   |
| 21                                 | \$ 113,099.81   |
| 22                                 | \$ 116,492.80   |
| 23                                 | \$ 119,987.59   |
| 24                                 | \$ 123,587.21   |
| 25                                 | \$ 127,294.83   |
| 26                                 | \$ 131,113.67   |
| 27                                 | \$ 135,047.08   |
| 28                                 | \$ 139,098.50   |
| 29                                 | \$ 143,271.45   |
| 30                                 | \$ 147,569.60   |
| Total                              | \$ 2,979,202.07 |

  

|                          |             |
|--------------------------|-------------|
| Est. Annual Tax Per Unit | \$ 1,527.80 |
|--------------------------|-------------|