



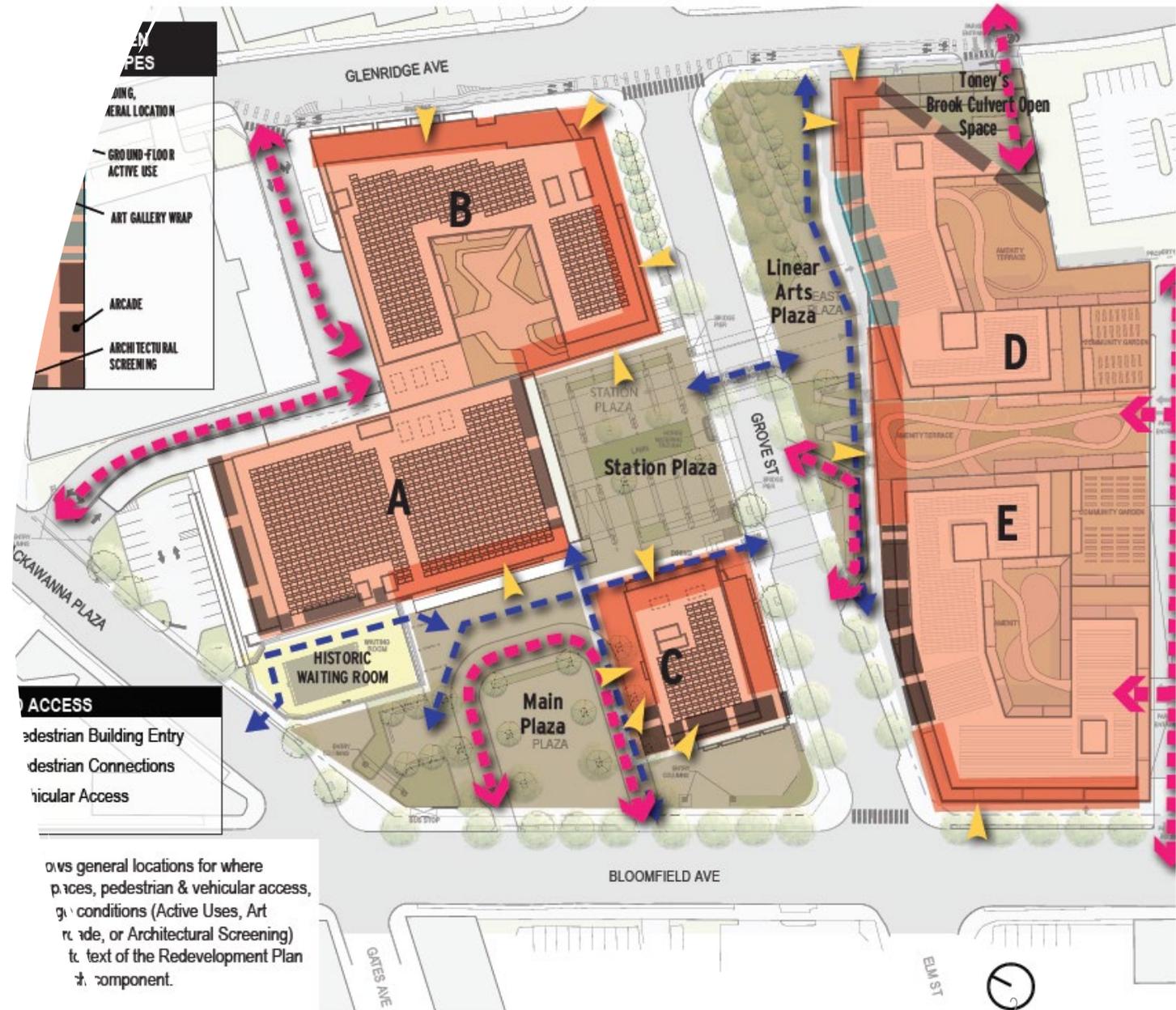
LACKAWANNA PLAZA REDEVELOPMENT PLAN

Redevelopment & Financial Agreements

February 17, 2026

CONCEPT PLAN/REGULATING PLAN

- The Redevelopment Agreement is developed to implement the details of the redevelopment plan, particularly in terms of development timing.



Shows general locations for where
plazas, pedestrian & vehicular access,
ground-floor active uses, art gallery wrap,
arcade, or architectural screening
are located in the text of the Redevelopment Plan
and the component.

PHASING PLAN

The Redevelopment Agreement includes a phasing plan and timetable for completing the redevelopment project.

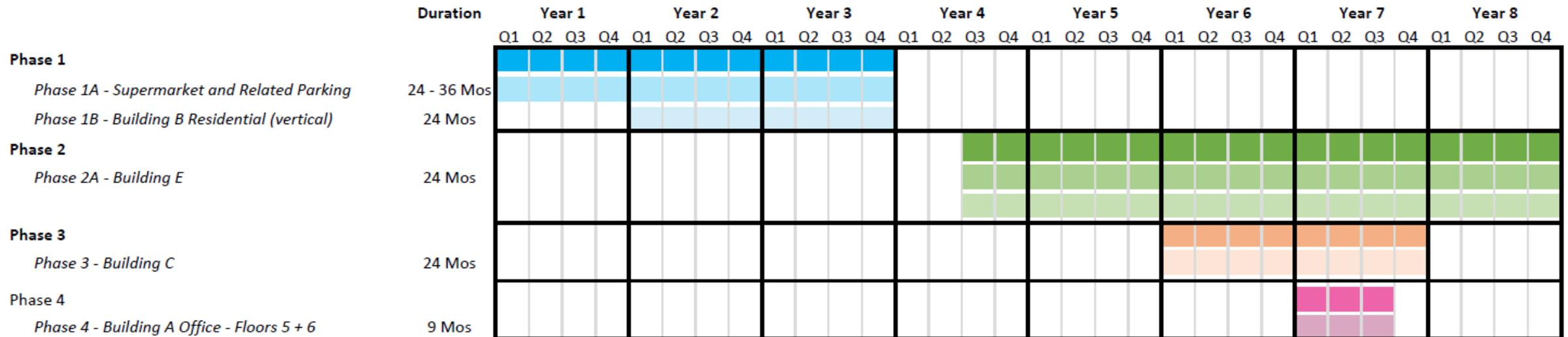
- Phases 1A and 1B include the west side.
- Phases 2A and 2B include the east side.
- Phase 3 is the office building on the west side.



LEMENTS, OPEN SPACE AND



CONSTRUCTION TIMETABLE



PUBLIC BENEFITS

- Affordable Housing – 20% of the total residential units for affordable housing (60 units if 300 units built).
- Workforce Housing – 10% of the residential units for workforce housing (30 units if 300 units built).
- Supermarket – Redeveloper shall provide a supermarket, between 30,000 and 50,000 square feet in size, to be provided in the first phase of the project.
- Historic Preservation – Preserve historic resources including the historic Waiting Room, Skylit Passage, Terminal Shed, Platform Canopies, Horse Water Trough, Concrete Stairs to Grove Street and Entry Columns.
- Bike Lane – Redeveloper shall construct a two-way cycle track along Glenridge Avenue.
- Bus Shelter – Redeveloper shall build a bus shelter on Bloomfield Avenue.
- Enhanced Architectural Design – Redeveloper shall be guided by the design guidelines which are designed to "draw out architectural ambition" as stated in the Redevelopment Plan, including the detailed design guidelines set forth in Section IV.



PUBLIC BENEFITS - PUBLIC OPEN SPACE

- Four discrete public open space areas to be available to the public including
 - Main Plaza – minimum 35,000 square feet.
 - Station Plaza – minimum 15,000 square feet
 - Linear Arts Plaza – minimum 16,000 square feet
 - Toney's Brook Culvert Open Space
- Redeveloper shall ensure that the Main Plaza is available to the Township for approximately 10 free planned public events annually as well as programmed arts and entertainment events.
- A publicly-accessible bathroom shall be provided and maintained by the Redeveloper within the Redevelopment Area.



MAIN PLAZA AERIAL



WHAT IS A PILOT?

PILOTs are a useful tool to encourage investments in the Township, generating quantifiable benefits to current and future residents.

In lieu of paying property taxes on the improvements created by the project, the redeveloper makes annual service charges known as "payments in lieu of taxes" or "PILOTs" which are often based on a percentage of annual rental income generated from the project.

As income increases, the payments made to the Township increase. A PILOT allows the Township to retain more revenue locally than traditional taxes.

WHEN AND WHY IS A PILOT USED?

PILOTs are used to enable a redeveloper to undertake and complete specific projects. A PILOT is used to facilitate specific benefits including:

- Production of affordable and workforce housing and to cover the cost of onsite parking and amenity fees for residents in affordable units.
- Expensive enhancements such as parking decks, public plazas, quality materials, sustainability features and stormwater mitigation that exceed State standards.
- Provide site-specific requirements such as requiring a supermarket and preserving historic resources.



WHAT ARE THE BENEFITS OF A PILOT?



- Allows for projects not otherwise financially feasible
- Typically provides greater revenue to the municipality than conventional taxes
- Ongoing transparency - audited financial statements - not provided under traditional taxation
- Ability to negotiate valuable public improvements and enhancements to the project that benefit the surrounding neighborhood.
- More stability and certainty than conventional taxes
- Market based taxation: If the market is stronger than expected the municipality shares in the market upside because PILOTs are collected based on annual gross revenue.

WHAT ARE SOME MISCONCEPTIONS ABOUT PILOTS?

That the project can be built without a PILOT.

The municipality receives less money than it would under conventional taxes.

PILOTs cause an increase in property taxes for existing residents.

School budget revenue decreases as a result of Financial Agreements.

WHAT CONDITIONS MAKE THIS PILOT NECESSARY?

Adaptive reuse requirements

Historical costs

Site related costs

Affordable unit requirements

Workforce housing requirements

Open space and community use requirements

General cost inflation related to materials, interest rates, labor

HOW DO WE ENSURE THE ACCURACY OF THE FINANCIAL COSTS AND REVENUES?

The assumptions that make up the proforma have been analyzed by the municipality's professionals for reasonableness. Once the project is completed, the redeveloper is required to submit an architect's certification of Final Total Project cost and audited financial reports annually.

HOW CAN THIS PROJECT SUCCEED IF THE PROJECTED INVESTMENT METRICS ARE LOWER THAN WHAT IS A TYPICAL TARGET FOR INVESTORS?

The project projects positive cash flow. These investors are making a decision to accept lower than expected returns because they believe that the project is a unique opportunity that will outperform the general marketplace and ultimately provide returns that are as good or greater than other comparable investments.



WHAT IS THE TIMEFRAME FOR GETTING THIS PROJECT STABILIZED?

The project will be completed in phases. The developer hopes that much of the development will happen simultaneously with initial buildings being completed over around three years and following phases being completed within a year or two later. Factors such as government approvals, litigation, market conditions can cause completion to accelerate or decelerate.



HOW IS A PILOT DIFFERENT FROM A TRADITIONALLY TAXED PROPERTY?

Taxes on traditionally taxed properties are based on an assessment of what that property is worth today and can vary widely each time there is a reassessment. Payments under a PILOT are designed to be stable over time.

PILOTs are most commonly based on a percentage of a project's annual gross revenue. By basing the PILOT payments on the project's revenues, the municipality shares in the financial success of the project as rents increase over time.

IS THE SCHOOL DISTRICT NEGATIVELY IMPACTED BY A PILOT REVENUE STRUCTURE?

The Board of Education is guaranteed to receive 100% of its adopted budget each year. Changes in municipal receipts to the positive or negative do not affect that budget. As an example, when tax appeals occur, the municipality absorbs the financial impact, while the Board of Education is unaffected.



WHAT ARE THE ANNUAL NET REVENUES TO THE TOWNSHIP AFTER THE TOWNSHIP'S COSTS TO PROVIDE MUNICIPAL SERVICES, INCLUDING SCHOOL COSTS, IS CONSIDERED?

This is highly dependent on one's view of a traditional incremental cost model for analyzing net impact. Under that model, the municipality can expect to generate approximately \$500,000 in incremental revenue associated with this project. However, the project has received municipal services and continues to receive municipal services. Further, the investment will improve the condition of the site and the existing buildings to meet current standards. The more likely result is that a much larger percentage of the revenue will be utilized to offset costs that would otherwise be raised by existing taxpayers.

PROJECT SUMMARY

Total Project Costs

Land Costs	\$ 20,275,000
Planning and Design	\$ 4,000,000
Surveying and testing	\$ 300,000
Hard Costs	\$220,934,350
Special Site Costs	
Public Plazas and Open Space	\$ 8,405,000
Historic Preservation Costs	\$ 8,000,000
Environmental Sustainability Costs	\$ 12,500,000
Infrastructure Costs	\$ 7,000,000
Litigation Costs	\$ 1,000,000
Insurance, interest and finance costs	\$ 22,853,531
Costs of Obtaining intial permanent financing	\$ 2,500,000
Commissions and other expenses	\$ 6,737,803
Real Estate Taxes during construction	\$ 1,200,000
Developers overhead	\$ 11,046,718
	<u>\$326,752,401</u>

SF By Use/Building

	Office	Retail	Apartments	Parking
Building A	56,626	34,751	-	99,498
Building B	20,000	24,040	-	72,730
Building C	41,801	16,320	-	-
Building D	-	7,670	123,718	81,236
Building E	-	4,408	164,798	81,236
	<u>118,427</u>	<u>87,189</u>	<u>288,516</u>	<u>334,700</u>



DEVELOPER RETURNS - CONVENTIONAL TAXES VS. PROPOSED PILOT

<u>Conventional Taxes</u>		<u>PILOT</u>	
	<u>Year 3</u>		<u>Year 3</u>
Annual Gross Revenue	\$ 21,704,835	Annual Gross Revenue	\$ 21,704,835
Operating Expenses	2,686,641	Operating Expenses	2,686,641
Property Taxes	3,393,012	PILOT + Admin Fee	2,213,893
Net Operating Income	\$ 15,625,182	Net Operating Income	\$ 16,804,301
Project Value	\$ 297,622,516	Project Value	\$ 320,081,922
Total Project Cost	326,752,401	Total Project Cost	326,752,401
Net Project Value	\$ (29,129,885)	Net Project Value	\$ (6,670,479)
IRR - 10 Year Sale	1.50%	IRR - 10 Year Sale	2.98%
Yield on Cost - Year 3	4.78%	Yield on Cost - Year 3	5.14%
Debt Service Coverage Ratio	1.03	Debt Service Coverage Ratio	1.10



CURRENT TAXES VS. PROJECTED PILOT

Year	Current Taxes	Township Share	Gross PILOT	Township Share	Additional Revenue from PILOT
1	\$ 408,355	\$ 107,083	\$ 729,049	\$ 405,914	\$ 298,831
2	416,522	109,225	2,021,147	1,653,224	1,544,000
3	424,853	111,409	2,170,484	1,791,934	1,680,525
4	433,350	113,637	2,213,893	1,827,773	1,714,136
5	442,017	115,910	2,258,171	1,864,329	1,748,419
6	450,857	118,228	2,533,668	2,125,039	2,006,810
7	459,874	120,593	2,584,341	2,167,539	2,046,947
8	469,072	123,005	2,636,028	2,210,890	2,087,886
9	478,453	125,465	2,688,749	2,255,108	2,129,643
10	488,022	127,974	2,742,524	2,300,210	2,172,236
11	497,783	130,533	3,178,834	2,716,231	2,585,697
12	507,738	133,144	3,242,411	2,770,555	2,637,411
13	517,893	135,807	3,307,259	2,825,966	2,690,159
14	528,251	138,523	3,373,404	2,882,486	2,743,962
15	538,816	141,294	3,440,872	2,940,135	2,798,842
16	549,592	144,120	3,509,690	2,998,938	2,854,819
17	560,584	147,002	3,579,884	3,058,917	2,911,915
18	571,796	149,942	3,651,481	3,120,095	2,970,153
19	583,232	152,941	3,724,511	3,182,497	3,029,556
20	594,897	156,000	3,799,001	3,246,147	3,090,147
21	606,794	159,120	4,184,980	3,611,768	3,452,649
22	618,930	162,302	4,268,679	3,684,004	3,521,702
23	631,309	165,548	4,354,053	3,757,684	3,592,136
24	643,935	168,859	4,441,134	3,832,838	3,663,979
25	656,814	172,236	4,529,957	3,909,494	3,737,258
26	669,950	175,681	4,620,556	3,987,684	3,812,003
27	683,349	179,195	4,712,967	4,067,438	3,888,243
28	697,016	182,778	4,807,226	4,148,787	3,966,008
29	710,956	186,434	4,903,371	4,231,762	4,045,328
30	725,176	190,163	5,001,438	4,316,398	4,126,235
Total	\$ 16,566,189	\$ 4,344,149	\$ 103,209,762	\$ 87,891,784	\$ 83,547,636

PILOT VS CONVENTIONAL TAXES

PILOT Analysis

Conventional Tax Analysis

Comparison Summary

Year	% of AGR	% of OAT	Gross PILOT	Less: Land Tax Credit	Less: County Share (5%)	Admin Fee (2% of Gross PILOT)	Township Share of PILOT	Conventional Taxes	Township Share of Conventional Taxes	PILOT - Township Share	Conventional Tax - Township Share	PILOT Gain/Loss
1	10.00%	0%	\$ 729,049	\$ (438,029)	\$ (14,551)	\$ 14,581	\$ 405,914	\$ 3,261,257	\$ 855,199	\$ 405,914	\$ 855,199	\$ (449,285)
2	10.00%	0%	2,021,147	(446,790)	(78,718)	40,423	1,653,224	3,326,482	872,303	1,653,224	872,303	780,921
3	10.00%	0%	2,170,484	(455,726)	(85,738)	43,410	1,791,934	3,393,012	889,749	1,791,934	889,749	902,186
4	10.00%	0%	2,213,893	(464,840)	(87,453)	44,278	1,827,773	3,460,872	907,544	1,827,773	907,544	920,229
5	10.00%	0%	2,258,171	(474,137)	(89,202)	45,163	1,864,329	3,530,090	925,695	1,864,329	925,695	938,634
6	11.00%	0%	2,533,668	(483,620)	(102,502)	50,673	2,125,039	3,600,691	944,209	2,125,039	944,209	1,180,830
7	11.00%	0%	2,584,341	(493,292)	(104,552)	51,687	2,167,539	3,672,705	963,093	2,167,539	963,093	1,204,447
8	11.00%	0%	2,636,028	(503,158)	(106,644)	52,721	2,210,890	3,746,159	982,355	2,210,890	982,355	1,228,535
9	11.00%	0%	2,688,749	(513,221)	(108,776)	53,775	2,255,108	3,821,083	1,002,002	2,255,108	1,002,002	1,253,106
10	11.00%	0%	2,742,524	(523,486)	(110,952)	54,850	2,300,210	3,897,504	1,022,042	2,300,210	1,022,042	1,278,168
11	12.50%	0%	3,178,834	(533,955)	(132,244)	63,577	2,716,231	3,975,454	1,042,483	2,716,231	1,042,483	1,673,748
12	12.50%	0%	3,242,411	(544,635)	(134,889)	64,848	2,770,555	4,054,963	1,063,332	2,770,555	1,063,332	1,707,223
13	12.50%	0%	3,307,259	(555,527)	(137,587)	66,145	2,825,966	4,136,063	1,084,599	2,825,966	1,084,599	1,741,367
14	12.50%	0%	3,373,404	(566,638)	(140,338)	67,468	2,882,486	4,218,784	1,106,291	2,882,486	1,106,291	1,776,195
15	12.50%	0%	3,440,872	(577,971)	(143,145)	68,817	2,940,135	4,303,160	1,128,417	2,940,135	1,128,417	1,811,719
16	12.50%	20%	3,509,690	(589,530)	(146,008)	70,194	2,998,938	4,389,223	1,150,985	2,998,938	1,150,985	1,847,953
17	12.50%	20%	3,579,884	(601,321)	(148,928)	71,598	3,058,917	4,477,007	1,174,005	3,058,917	1,174,005	1,884,912
18	12.50%	20%	3,651,481	(613,347)	(151,907)	73,030	3,120,095	4,566,547	1,197,485	3,120,095	1,197,485	1,922,610
19	12.50%	20%	3,724,511	(625,614)	(154,945)	74,490	3,182,497	4,657,878	1,221,435	3,182,497	1,221,435	1,961,063
20	12.50%	20%	3,799,001	(638,126)	(158,044)	75,980	3,246,147	4,751,036	1,245,863	3,246,147	1,245,863	2,000,284
21	13.50%	20%	4,184,980	(650,889)	(176,705)	83,700	3,611,768	4,846,057	1,270,780	3,611,768	1,270,780	2,340,988
22	13.50%	40%	4,268,679	(663,906)	(180,239)	85,374	3,684,004	4,942,978	1,296,196	3,684,004	1,296,196	2,387,808
23	13.50%	40%	4,354,053	(677,185)	(183,843)	87,081	3,757,684	5,041,837	1,322,120	3,757,684	1,322,120	2,435,564
24	13.50%	40%	4,441,134	(690,728)	(187,520)	88,823	3,832,838	5,142,674	1,348,562	3,832,838	1,348,562	2,484,275
25	13.50%	40%	4,529,957	(704,543)	(191,271)	90,599	3,909,494	5,245,528	1,375,534	3,909,494	1,375,534	2,533,961
26	13.50%	40%	4,620,556	(718,634)	(195,096)	92,411	3,987,684	5,350,438	1,403,044	3,987,684	1,403,044	2,584,640
27	13.50%	40%	4,712,967	(733,006)	(198,998)	94,259	4,067,438	5,457,447	1,431,105	4,067,438	1,431,105	2,636,333
28	13.50%	60%	4,807,226	(747,666)	(202,978)	96,145	4,148,787	5,566,596	1,459,727	4,148,787	1,459,727	2,689,059
29	13.50%	60%	4,903,371	(762,620)	(207,038)	98,067	4,231,762	5,677,928	1,488,922	4,231,762	1,488,922	2,742,841
30	13.50%	80%	5,001,438	(777,872)	(211,178)	100,029	4,316,398	5,791,486	1,518,700	4,316,398	1,518,700	2,797,697
Total			\$103,209,762				\$ 87,891,784	\$132,302,941	\$ 34,693,775	\$ 87,891,784	\$ 34,693,775	\$53,198,010

ADDITIONAL RESIDENTS

Type	# of Units	Persons Multiplier	New Persons
Studio - Market	29	1.551	45
1 BR - Market	106	1.551	164
2 BR - Market	98	2.355	231
3 BR - Market	7	3.289	23
Studio - Affordable	6	1.39	8
1 BR - Affordable	27	1.39	38
2 BR - Affordable	25	2.51	63
3 BR - Affordable	2	3.59	7
Total	300		579

Budget Category	Core Appropriations	Low % Applied	Resident Portion	High % Applied	Resident Portion
General Government	\$ 5,503,183	10.00%	\$ 550,318	15.00%	\$ 825,477
Land-Use Administration	2,088,479	10.00%	208,848	15.00%	313,272
Uniform Construction Code	1,172,088	10.00%	117,209	15.00%	175,813
Public Safety	28,928,790	25.00%	7,232,197	35.00%	10,125,076
Public Works	25,199,785	10.00%	2,519,979	15.00%	3,779,968
Health and Human Services	2,941,712	25.00%	735,428	35.00%	1,029,599
Education (including Library)	4,403,915	10.00%	440,392	15.00%	660,587
Landfill / Solid Waste Disposal	4,844,814	10.00%	484,481	15.00%	726,722
Statutory Expenditures	12,341,869	10.00%	1,234,187	15.00%	1,851,280
Court and Public Defender	745,688	10.00%	74,569	15.00%	111,853
Total	\$ 88,170,323		\$ 13,597,608		\$ 19,599,649
Current Population			41,076		41,076
Per Resident Cost			\$ 331.04		\$ 477.16
New Resident Costs			\$ 191,669		\$ 276,273

PUBLIC SCHOOL CHILDREN

PSC Multipliers

Cost Per Student Calculations	2025-2026
Total Budgetary Comparative Per Pupil Cost	\$ 21,799
Total Classroom Instruction	11,931
Classroom-Salaries and Benefits	11,331
Classroom-General Supplies and Textbooks	528
Classroom-Purchased Services	72
Total Support Services	5,195
Support Services-Salaries and Benefits	4,748
Total Administrative Costs	1,938
Administration Salaries and Benefits	1,712
Total Operations and Maintenance of Plant	2,350
Operations and Maintenance-Salaries and Benefits	1,184
Board Contribution to Food Services	13
Total Extracurricular Costs	348
Total Equipment Costs	1
Legal Costs	72
Employee Benefits as a percentage of salaries*	30.40%
Total Cost Per Student for PILOT Analysis	\$ 11,931

Source:
2025-2026 User Friendly Budget

Total Cost Per Student	\$ 11,931
Local Revenue Sources	84.8%
Net Cost Per Student	\$ 10,122

<u>Market</u>	<u>Units</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
Studio/1BR	118	0.004	0.021	0	2
2BR	86	0.065	0.089	6	8
3BR	6	0.245	0.37	1	2
<u>Affordable</u>					
Studio/1BR	47	0.088	0.088	4	4
2BR	25	0.439	0.439	11	11
3BR	2	1.229	1.229	2	2
<u>Workforce</u>					
Studio/1BR	3	0.004	0.021	0	0
2BR	12	0.065	0.089	1	1
3BR	1	0.245	0.37	0	0
	300	2.384	2.716	26	31

PUBLIC SCHOOL CHILDREN

Key Considerations around school children:

- Enrollment has remains below historical levels
- Fixed costs are extremely high and not connected to school children
- Even in a conservative scenario, the enrollment impact would be less than 1/2 of 1%

Cost per Student	
High	31
Amount	\$ 318,045
Low	26
Amount	\$ 264,561

SUMMARY

- Project is financially challenged due to the high costs of adaptive reuse of a historical site.
- The PILOT helps create financial feasibility and certainty that will take a \$400,000 revenue stream and increase it to over \$2 million.
- Project will be truly mixed use, with significant amounts of office, retail & residential.
- The revenue (\$1.8+ million) should exceed any incremental costs (\$575,000) creating additional financial resources for existing taxpayers while restoring a deteriorating asset.

