

Brooke Cohen
634 Dean Street
Brooklyn, NY 11238

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Dear IDA/Pilot Committee,

We are writing today to express our need for financial assistance by the Agency on this project. This letter comes with immense appreciation for the IDA/Pilot programs and the great work that you do.

This project started as a commitment to save a gorgeous yet dilapidated historic mansion up on the hill in Claverack, NY. Post purchase, it was discovered that the building was designed by famed architect Calvert Vaux and it became even more imperative that we save this exquisite structure. As a refresher, Vaux was one of the most prolific architects in the 19th century. Partners with Frederick Olmsted, they created some of the most iconic public spaces that are still utilized today including, nearby Olana, Central Park, the Met, the American Museum of Natural History and the National Arts Club. The structure is in such severe disarray that the cost to restore it is astronomical and your assistance would contribute greatly to bringing the restoration to fruition.

In addition to the historical importance, this project would also add tremendously to the financial vitality of the area. This would come in the form of jobs creation and long-term career opportunities in the burgeoning hospitality sector. From General Manager positions to house keepers and chefs there would be an array of salary levels and opportunities presented. Additional economic drivers include support for local business and farms, and of course increased tax revenue from property taxes, sales tax and beyond. Furthermore, this project would be creating a much-needed community space for the people to gather at the beautiful restaurant, wellness center and pool that is planned for the property.

More than seen before, projects of this nature are facing stronger headwinds to completion, as the high-interest rate environment has continued. As a refresher, in March 2022, the U.S. Federal Reserve began a cycle of interest rate increases to combat high inflation. This marked the first tightening after the pandemic-era near-zero rates. The Fed kept raising the federal funds rate through mid-2023, pushing the target from near 0% up to over 5%. While there are signs of rate cuts starting in late 2025, with initial reductions (e.g., December 2025) as inflation moderates, the debt market for hotel projects is still tight. Borrowers now face higher debt service costs, especially for longer commercial loans tied to treasury yields plus spreads. As a result, cap rates (expected investment returns) also increased, compressing property valuations because investors demand higher yields to offset costlier debt.

Hotel financing typically carries higher rates than other commercial real estate sectors due to perceived risk, meaning hotel loan rates often ranged above many other property types during 2025. Lenders tightened underwriting for hotel deals, requiring higher debt service coverage ratios (DSCR) — meaning borrowers must show stronger projected earnings to qualify. As a result, borrowers often must contribute more equity or reduce leverage to meet lender requirements, increasing upfront capital needs.

In today's higher-rate financing environment, hotel developers need to target a yield on cost (YoC) that meaningfully exceeds current market cap rates — often by a spread of 200-300 basis points (2.0–3.0%) or more — to justify a new build. This is because financing costs, construction costs and investor return expectations have all risen. The proposed project at 20 Route 9H currently without an IDA shows a YoC of about 8% vs. a YoC of at least 10% that is required to attract lenders. A YoC of 8% would not work for financing because there is no room for interest for lender and profit for equity investor.

The real estate tax savings on an annual basis of approximately \$60k, the sales tax savings of approximately \$1.6M and the mortgage recording tax savings would collectively result in an increase of the project YoC to an estimated 9.5%, which would make the financing of the project much more feasible. Your support is crucial for us to complete this project, and we cannot thank you enough for considering us. I hope you can help us get this project to the finish line.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brooke Cohen', with a stylized, cursive script.

Brooke Cohen