Date: May 15, 2024

At a meeting of the Town of Brookhaven Industrial Development Agency (the "**Agency**"), held at 1 Independence Hill, 2nd Floor, Farmingville, New York 11738 on the 15th day of May, 2024, the following members of the Agency were:

Present: Frederick C. Braun III, Chairman
Martin Callahan, Vice-Chair
Mitchell H. Pally, Treasurer
Frank C. Trotta, Asst. Treasurer
Ann-Marie Scheidt, Secretary
Felix J. Grucci, Jr., Asst. Secretary (via Zoom)
John Rose, Member

Recused:
Excused:

Also Present: Lisa M. G. Mulligan, Chief Executive Officer
Lori LaPonte, Chief Financial Officer
Jocelyn Linse, Executive Assistant
Annette Eaderesto, Esq., Counsel to the Agency
Barry Carrigan, Esq., Transaction Counsel
Howard Gross, Esq., Transaction Counsel (via Zoom)
Andrew Komaromi, Esq., Transaction Counsel

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to acquisition of a leasehold interest in and title to a certain industrial development facility more particularly described below (R Squared Patchogue LLC Facility) and the leasing of the facility to R Squared Patchogue LLC.

The following resolution was duly moved, seconded, discussed and adopted with the following members voting:

Voting Aye	Voting Nay
Braun	
Callahan	
Pally	
Trotta	
Scheidt	
Grucci	
Rose	

RESOLUTION OF THE TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ACQUISITION, DEMOLITION, CONSTRUCTION AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY, AND MAKING CERTAIN FINDINGS AND DETERMINATIONS WITH RESPECT TO THE FACILITY AND APPROVING THE FORM, SUBSTANCE AND EXECUTION OF RELATED DOCUMENTS

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 358 of the Laws of 1970 of the State of New York, as amended from time to time (collectively, the "**Act**"), the Town of Brookhaven Industrial Development Agency (the "**Agency**"), was created with the authority and power among other things, to assist with the acquisition of certain industrial development projects as authorized by the Act; and

WHEREAS, R Squared Patchogue LLC, a limited liability company organized and existing under the laws of the State of Delaware, on behalf of itself and/or the principals of R Squared Patchogue LLC and/or an entity formed or to be formed on behalf of any of the foregoing (the "**Company**), has applied to the Agency, to enter into a transaction in which the Agency will assist in (i) the acquisition of multiple parcels of land totaling approximately 3.42 acres located at 303 Main Street, East Patchogue, New York (the "**Land**"), (ii) the demolition of existing structures located thereon and (iii) the construction, equipping and furnishing of a 3-story approximately 130,000 square foot multi-family rental apartment building including approximately 91 apartments (approximately 48 1-bedroom units and approximately 43 2-bedroom units), at least 10% of the units will be Affordable units which shall rent at a reduced rate to tenants with an annual income at or below 80% of Area Median Income as defined in Section 7(D)(1)(j) of the Agency's Uniform Tax Exempt Policy (**UTEP**) ("**AMI**") and at least 10% of the units will be Workforce units which shall rent at a reduced rent to tenants with an annual income at or below 120% of AMI (which Affordable and Workforce units may be counted, as applicable, towards satisfaction of the set-aside requirements in Section 7(D)(1)(j) of the Agency's UTEP as well as any set-aside requirements imposed by the Town of Brookhaven), with additional improvements including, but not limited to, parking, swimming pool, clubhouse, courtyard and other outdoor amenity areas together with the acquisition, installation and equipping of improvements, structures and other related facilities attached to the Land and certain equipment and personal property (the "**Improvements**" and "**Equipment**"; and, together with the Land, the "**Facility**"), which Facility is to be leased and subleased by the Agency to the Company and used by the Company to provide mixed-income, multi-family rental apartments for the residents of East Patchogue, Town of Brookhaven, New York (the "**Project**"); and

WHEREAS, the Agency will acquire a leasehold interest in the Land and the Improvements pursuant to a certain Company Lease Agreement, dated as of June 1, 2024, or such other date as the Chairman or Chief Executive Officer of the Agency and counsel to the Agency shall agree (the "**Company Lease**"), by and between the Company and the Agency; and

WHEREAS, the Agency will acquire title to the Equipment pursuant to a certain Bill of Sale, dated the Closing Date (as defined in the hereinafter defined Lease Agreement) (the "**Bill of Sale**"), from the Company to the Agency; and

WHEREAS, the Agency will sublease and lease the Facility to the Company pursuant to a certain Lease and Project Agreement, dated as of June 1, 2024, or such other date as the Chairman or Chief Executive Officer of the Agency and counsel to the Agency shall agree (the "**Lease Agreement**"), by and between the Agency and the Company; and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company in the form of: (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be $42,025,480 but not to exceed $45,000,000, corresponding to mortgage recording tax exemptions presently estimated to be $315,191.10, but not to exceed $337,500, in connection with the financing of the acquisition, construction and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of the acquisition, construction and equipping of the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed $1,532,570, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit C hereof); and

WHEREAS, in connection with the abatement of real property taxes as set forth in the PILOT Schedule on Exhibit C hereof, the current pro-rata allocation of PILOT payments to each affected tax jurisdiction in accordance with Section 858(15) of the Act and the estimated difference between the real property taxes on the Facility and the PILOT payments set forth on the PILOT Schedule on Exhibit C hereof are more fully described in the Cost Benefit Analysis ("**CBA**") developed by the Agency in accordance with the provisions of Section 859-a(5)(b) of the Act, a copy of which CBA is attached hereto as Exhibit F; and

WHEREAS, as security for a loan or loans, the Agency and the Company will execute and deliver to a lender or lenders not yet determined (collectively, the "**Lender**"), a mortgage or mortgages, and such other loan documents satisfactory to the Agency, upon advice of counsel, in both form and substance, as may be reasonably required by the Lender, to be dated a date to be determined, in connection with the financing, any refinancing or permanent financing of the costs of the acquisition, construction and equipping of the Facility (collectively, the "**Loan Documents**"); and

WHEREAS, a public hearing (the "**Hearing**") was held on May 15, 2024, so that all persons with views in favor of or opposed to either the financial assistance contemplated by the Agency or the location or nature of the Facility, could be heard; and

WHEREAS, notice of the Hearing was given on May 4, 2024, and such notice (together with proof of publication), was substantially in the form annexed hereto as Exhibit A; and

WHEREAS, the report of the Hearing is substantially in the form annexed hereto as Exhibit B; and

WHEREAS, the Agency required the Company to provide to the Agency an Economic and Fiscal Impact Analysis, prepared by Nelson Pope Voorhis (the "**Feasibility Study**"), together with such letters or reports from interested parties and governmental agencies or officials (the "**Letters of Support**"; and together with the Feasibility Study, the "**Requisite**

EXHIBIT E

Town of Brookhaven Industrial Development Agency Uniform Tax Exemption Policy

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY
UNIFORM TAX EXEMPTION POLICY (UTEP)

SECTION 1. PURPOSE AND AUTHORITY. Pursuant to Section 874(4)(a) of Title One of Article 18-A of the New York State General Municipal Law (the "**Act**"), Town of Brookhaven Industrial Development Agency (the "**Agency**") is required to establish a uniform tax-exemption policy applicable to the provision of any financial assistance to any project. This uniform tax-exemption policy ("**UTEP**") was adopted pursuant to a resolution enacted by the members of the Agency on June 20, 2012, as amended on October 15, 2014, September 20, 2017 and June 17, 2020.

SECTION 2. DEFINITIONS. All words and terms used herein and defined in the Act shall have the meanings assigned to them in the Act, unless otherwise defined herein or unless the context or use indicates another meaning or intent. The following words and terms used herein shall have the respective meanings set forth below, unless the context or use indicates another meaning or intent:

(A) "**Administrative Fee**" shall mean a charge imposed by the Agency to an Applicant or project occupant for the administration of a project.

(B) '**Act**" shall have the meaning assigned thereto in Section 1 of this UTEP.

(C) "**Affected Tax Jurisdiction**" means, with respect to a particular project, the County, the Town, any Village or applicable School District, in which such project is located which will fail to receive real property tax payments or other tax payments which would otherwise be due with respect to such project due to a Tax Exemption obtained by reason of the involvement of the Agency in such project.

(D) "**Affordable Housing Project**" shall have the meaning assigned thereto in Section 7(D)(f) of this UTEP.

(E) "**Agency**" shall have the meaning assigned thereto in Section 1 of this UTEP.

(F) "**Agency Fee**" shall mean the normal charges imposed by the Agency on an Applicant or a project occupant to compensate the Agency for the Agency's participation in a project pursuant to the Agency's adopted Fee Schedule. The term "Agency Fee" shall include, but not limited to, not only the Agency's normal application fee and the Agency's normal Administrative Fee, but also may include (1) reimbursement of the Agency's expenses, (2) rent imposed by the Agency for use of the property of the Agency and (3) other similar charges, penalties and interest imposed by the Agency.

(G) "**Applicant**" shall mean an individual or entity who files an application with the Agency to receive financial assistance with respect to a project.

(H) "**Applicant Project**" shall mean a project which is undertaken by the Agency, which complies with the Act and the policies of the Agency, for the benefit of an Applicant which either (1) has been or will be financed by the issuance by the Agency of bonds, notes or other evidences of indebtedness with respect thereto or (2) a straight lease transaction which the Agency has determined to undertake pursuant to the Lease Policy and the Act.

(I) "**Assessor**" shall mean (i) the Assessor of the Town, and (ii) if a project is located in a Village, the Assessor of the Village.

(J) "**Assisted Living Facility**" shall have the meaning assigned thereto in Section 7(D)(g) of this UTEP.

(K) "**County**" shall mean Suffolk County, New York.

(L) "**Exemption Form**" shall have the meaning assigned thereto in Section 7(B) of this UTEP.

(M) "**FTEs**" shall have the meaning assigned thereto in this Section 9(E) of this UTEP.

(N) "**Lease and Project Agreement**" shall mean a Lease and Project Agreement" entered into between and the Agency and an Applicant with respect to a project.

(O) "**Lease Policy**" shall mean the lease policy approved by resolution of the members of the Agency, pursuant to which the Agency set forth the circumstances under which the Agency will consider undertaking a straight-lease transaction.

(P) "**Loss Event**" shall have the meaning assigned thereto in Section 9(F) of this UTEP.

(Q) "**Market Rate Housing Project**" shall have the meaning assigned thereto in Section 7(D)(i) of this UTEP.

(R) "**Municipality**" shall mean the County, the Town and each village located within the Town.

(S) "**Non-Applicant Project**" shall mean a project which is undertaken by the Agency for the benefit of the Agency and shall not include an Applicant Project.

(T) "**Normal Mortgage Tax**" shall have the meaning assigned thereto in Section 5(f) hereof.

(U) "**PILOT Payment**" or "**Payment in Lieu of Tax**" shall mean any payment made to the Agency or an Affected Tax Jurisdiction in lieu of the real property taxes or other taxes which would have been levied by or on behalf of an Affected Tax Jurisdiction with respect to a project but for the Tax Exemption obtained by reason of the involvement of the Agency in such project, but such term shall not include Agency Fees.

(V) "**PILOT Agreement**" shall have the meaning assigned thereto in Section 7(A) of this UTEP.

(W) "**Real Property Tax Abatements**" shall have the meaning assigned thereto in Section 7(D)(i) of this UTEP.

(X) "**Real Property Tax Abatement Savings**" shall have the meaning assigned thereto in Section 9(B)(iii) of this UTEP.

(Y) "**Recapture Event**" shall have the meaning assigned thereto in Section 9(C) of this UTEP.

(Z) "**Recaptured Benefits**" shall have the meaning assigned thereto in Section 9(B) of this UTEP.

(AA) "**Recapture Policy**" shall have the meaning assigned thereto in Section 3(E) this UTEP.

(BB) "**Renewable Energy Systems**" shall have the meaning assigned thereto in Section 66-p of the New York Public Service Law.

(CC) "**Sales Tax Exemption Period**" shall have the meaning assigned thereto in Section 4(B) of this UTEP.

(DD) "**Sales Tax Savings**" shall have the meaning assigned thereto in Section 9(B)(ii) of this UTEP.

(EE) "**School District**" shall mean each school district located within the Town.

(FF) "**Senior Living Facility**" shall have the meaning assigned thereto in Section 7(D)(h) of this UTEP.

(GG) "**Tax Exemption**" shall mean any financial assistance granted to a project which is based upon all or a portion of the taxes which would otherwise be levied and assessed against a project but for the involvement of the Agency in such project.

(HH) "**Town**" shall mean the Town of Brookhaven, New York.

(II) "**UTEP**" shall have the meaning assigned thereto in Section 1 of this UTEP.

(JJ) "**Village**" means any incorporated Village located within the Town.

SECTION 3. GENERAL PROVISIONS.

(A) Policy. The policy of the Agency is to grant Tax Exemptions as hereinafter set forth to (1) any Applicant Project and (2) any Non-Applicant Project, in each case approved by the Agency in accordance with the provisions of the Act and the policies of the Agency. In reviewing applications for financial assistance, the Agency shall take into consideration, review and comply with all requirements and provisions of the Act.

(B) Exceptions. The Agency reserves the right to deviate from such policy in special circumstances. In determining whether special circumstances exist to justify such a deviation, the Agency may consider the magnitude of the deviation sought and the factors which might make the project unusual, which factors might include but not be limited to the following factors: (1) The magnitude and/or importance of any permanent private sector job creation and/or retention related to the proposed project in question; (2) whether the Affected Tax Jurisdictions will be reimbursed by the project occupant if such project does not fulfill the purposes for which Tax Exemption was granted; (3) the impact of such project on existing and proposed businesses or economic development projects; (4) the amount of private sector investment generated or likely to be generated by such project; (5) the estimated value of the Tax Exemptions requested; (6) the extent to which such project will provide needed services and revenues to the Affected Tax Jurisdictions; (7) the effect of the proposed project upon the environment, the extent to which the project will utilize, to the fullest extent practicable and economically feasible, resource conservation, energy efficiency, green technologies, and alternative and renewable energy measures; and (8) if the project is designated blighted as per the Town's Code. In addition, the Agency may consider the other factors outlined in Section 874(4)(a) of the Act.

(C) Application. No request for a Tax Exemption relating to an Applicant Project shall be considered by the Agency unless an application and environmental assessment form are filed with the Agency on the forms prescribed by the Agency pursuant to the Act and the policies of the Agency. Such application shall contain the information requested by the Agency, including a description of the proposed project, the proposed financial assistance being sought with respect to the project, the estimated date of completion of the project, whether such financial assistance is consistent with this UTEP and all other information required by the Act and corresponding rules and regulations. The Agency reserves the right to reject any application that the Board, in its sole discretion, determines (1) does not comply with the Town's Code, Zoning Plan, Land Use plans or Economic Development policy, or (2) the project or the requested Tax Exemptions are not in the best interest of the residents or tax payers of the Town or does not otherwise comply with the Act or any other applicable federal, state or local laws, rules or regulations. As required under the Act, prior to any project receiving benefits from the Agency, the project applicant must establish that the project would not proceed but for the benefits granted by the Agency. The fact that the Agency has accepted an Application or adopted a preliminary inducement resolution with respect to a project, does not mean or imply that the Agency will grant final approval of an Applicant's project or the requested Tax Exemptions.

(D) Public Hearings and Notice to Affected Tax Jurisdictions. No request for approval of an Applicant Project by the Agency which involves the issuance of bonds, notes or other evidences of indebtedness with respect thereto or any other application for Tax Exemptions, or entering into a Lease and Project Agreement or PILOT Agreement, or the granting of other financial assistance to Project Applicant which may aggregate more than $100,000 or which involves a proposed deviation from the provisions of this Uniform Tax Exemption Policy, shall be given final approval by the Agency unless and until the Agency: (1) has published a public notice and conducted a public hearing with respect to the location and nature of the project, the issuance of bonds or notes, if applicable, and the Tax Exemptions and other financial assistance to be granted by the Agency to the Project Applicant in accordance with the provisions of Section 859-a of the Act, (2) has sent written notice of said request to each Affected Tax Jurisdiction describing generally the location and nature of the project, the issuance of bonds or notes, if applicable, and the Tax Exemptions and other financial assistance to be granted by the Agency to the Project Applicant and if the request involves a deviation from this UTEP, describing such deviation and the need for such deviation, and (3) has given each Affected Tax Jurisdiction and members of the public a reasonable opportunity, either in writing or in person, to be heard by the Agency with respect to the location and nature of the project and proposed Tax Exemption to be granted to the Applicant in accordance with the Act. With respect to Non-Applicant Projects, the Agency shall comply with the provisions of Section 859-a of the Act, to the extent applicable. In addition, the Agency shall comply with all other notice provisions and public hearing requirements contained in the Act relative thereto.

(E) Recapture of Benefits. In accordance with the Act, the Agency has adopted a recapture policy and requirements (the "**Recapture Policy**") which is contained in every Lease and Project Agreement and other applicable project documents with respect to Tax Exemptions and other financial assistance granted to the Project Applicant. The Agency's Recapture Policy is described generally in Section 9 of this UTEP.

SECTION 4. SALES AND USE TAX EXEMPTION.

(A) General. State law provides that purchases of tangible personal property by the Agency or by an agent of the Agency, and purchases of tangible personal property by a contractor for incorporation into or improving, maintaining, servicing or repairing real property of the Agency, are exempt from sales and use taxes imposed pursuant to Article 28 of the Tax Law. In accordance with the Act, the Agency has a policy of abating sales and use taxes applicable (1) only to the initial acquisition, construction, renovation and/or equipping of an Applicant Project and (2) to any Non-Applicant Project. The grant of sales and use tax exemptions by the Agency are subject to the Agency's Recapture Policy.

(B) Period of Exemption. Except as set forth in subsection (A) above, the period of time for which a sales and use tax exemption shall be effective (the "**Sales Tax Exemption Period**") shall be determined as follows:

(1) General. The sales and use tax exemption for an Applicant Project shall be for the Sales Tax Exemption Period commencing no earlier than (i) the date of issuance by the Agency of bonds, notes or other evidences of indebtedness with respect to such project, or (ii) the execution and delivery by the Agency of a Lease and Project Agreement or other document evidencing the sales and use tax exemption relating to such project, and

ending on the date of completion of the project or specific date set by the Agency. The Sales Tax Exemption Period for a Non-Applicant Project shall extend for such period of time as the Agency shall determine.

(2) Normal Termination. The Sales Tax Exemption Period for an Applicant Project will normally end upon the earlier of (i) completion of the acquisition, construction, renovation and/or equipping of such project, (ii) the specific date set by the Agency or (iii) the date upon which the Applicant has received the benefit of one hundred percent (100%) of the approved sales and use tax exemption regardless of whether the acquisition, construction, renovation and/or equipping of such project has been completed. The Agency and the Applicant shall agree on the estimated date of completion of the project, and the sales and use tax exemption shall cease on the agreed upon date, as stated in the Lease and Project Agreement or other document evidencing the sales and use tax exemption, unless terminated earlier in accordance with the terms of the lease agreement or other document evidencing the exemption.

(3) Extension of Sales Tax Exemption Period/Increase in Amount. The Chief Executive Officer of the Agency is authorized on behalf of the Agency to approve (i) requests from Applicants regarding the extension of the completion date of its project and the extension of the Sales Tax Exemption Period, and (ii) requests from Applicants regarding an increase of sales and use tax exemptions in an amount not to exceed $100,000, in connection with the purchase or lease of equipment, building materials, services or other personal property, without the need of approval of the Board of the Agency.

(4) Items Exempted. The sales and use tax exemption granted by the Agency with respect to an Applicant Project shall extend only to items acquired and installed during the Sales Tax Exemption Period. The sales and use tax exemption shall only apply to the purchase or lease of such items as more particularly described in the Lease and Project Agreement or other such document evidencing the sales and use tax exemption. Such Lease and Project Agreement or other document shall also explicitly describe the items which are not eligible for sales and use tax exemption.

(5) Percent of Exemption. Unless otherwise determined by resolution of the Agency, the sales and use tax exemption shall be equal to one hundred percent (100%) of the sales and use taxes that would have been levied if the project were not exempt by reason of the Agency's involvement in the project. If an exemption of less than one hundred percent (100%) is determined by the Agency to be applicable to a particular Applicant Project, then the Applicant shall be required to pay a PILOT Payment to the Agency equal to the applicable percentage of sales and use tax liability not being abated. The Agency shall remit such PILOT Payment, within thirty (30)

days of receipt thereof by the Agency, to the Affected Tax Jurisdictions and New York State in accordance with Section 874(3) of the Act.

(C) Lease and Project Agreement. The final act of granting a sales and use tax exemption by the Agency shall be confirmed by the execution by an authorized officer of the Agency of a Lease and Project Agreement or other document entered into by the Agency and the Applicant evidencing such exemption.

(D) Required Filings, Reports and Records. The New York State Department of Taxation and Finance requires that proper forms and supporting materials be filed with a vendor to establish a purchaser's entitlement to a sales and use tax exemption. Additionally, Section 874(8) of the Act requires project occupants and agents of the Agency to annually file with the New York State Department of Taxation and Finance a statement of the value of all sales and use tax exemptions claimed under the Act by the project occupant and/or all agents, subcontractors and consultants thereof. The Applicant's obligation to comply with such requirements shall be more fully described in the Lease and Project Agreement or other such document evidencing the exemption.

SECTION 5. MORTGAGE RECORDING TAX EXEMPTION.

(A) General. The Act provides that mortgages granted by or joined by the Agency and recorded by the Agency or caused to be recorded by the Agency are partially exempt from mortgage recording taxes imposed pursuant to Article 11 of the Tax Law. The Agency has a policy of partially abating mortgage recording taxes in accordance with the Act for the initial financing or any subsequent refinancing for each project with respect to which the Agency grants a mortgage to secure the indebtedness issued by the Agency. In instances where the initial financing commitment provides for a construction financing of the project to be replaced by a permanent financing of the project immediately upon or shortly after the completion of the project, the Agency's policy is to abate the mortgage recording tax on a case-by-case basis on both the construction financing and the permanent financing pursuant to the Act.

(B) Non-Agency Financings. In a straight-lease transaction where the Agency holds title to or has a leasehold interest in the project, the determination to grant mortgage tax abatement(s) for mortgages entered into by the Agency to secure loans or indebtedness incurred by an Applicant to finance the costs of an Applicant Project as provided for in the Lease and Project Agreement, will be made by the Agency on a case-by-case basis in the sole discretion of the Agency. As described in Section (F) below, the Agency may enter into the mortgage even if it has determined not to grant a mortgage recording tax abatement. The policy of the Agency is to consent to the granting of a mortgage and to join in such mortgage, so long as the following conditions are met:

(1) The documents relating to such proposed mortgage contain the Agency's standard non-recourse and hold harmless language and such other provisions as the Agency may require, as provided to the lender;

(2) The granting of the mortgage is permitted under any existing documents relating to the project, and any necessary consents relating thereto have been obtained by the project occupant;

(3) The payment of the Agency Fee relating to same; and

(4) The granting of such mortgage recording tax exemption is in the best interest of the Agency and in furtherance of the Agency's public purposes in accordance with the Act.

(C) Refinancing. It is the policy of the Agency to abate mortgage recording taxes on any debt issued by the Agency for the purpose of refinancing prior bonds, notes or debt issued by the Agency or loans or indebtedness incurred by an Applicant to finance the costs of an Applicant Project as provided for in the Lease and Project Agreement, or on any modifications, extensions and renewals thereof, so long as the Agency Fees relating to same have been paid and the Applicant is not in default under any agreements with the Agency. Additionally, in the event of a refinancing of a mortgage in connection with a straight-lease transaction to which the Agency granted a mortgage recording tax abatement, it is the policy of the Agency to abate mortgage recording taxes with respect to such refinancing in an amount equal to the outstanding balance secured by the current mortgage. The determination to grant any additional mortgage recording tax abatement on any new indebtedness in connection with such refinancing shall be made by the Agency on a case-by-case basis in the sole discretion of the Agency.

(D) Non-Agency Projects. In the event that the Agency does not hold title to or does not have a leasehold interest in a project, it is the policy of the Agency not to join in a mortgage relating to that project and not to abate any mortgage recording taxes relating to that project.

(E) Exemption Affidavit. The act of granting a mortgage recording tax exemption by the Agency is confirmed by the execution by an authorized officer of the Agency of mortgage recording tax exemption affidavit relating thereto.

(F) Mortgage Recording Tax Payments. If the Agency is a party to a mortgage that is not to be granted a mortgage recording tax exemption by the Agency (a "non-exempt mortgage"), then the Applicant and/or project occupant or other person recording same shall pay the same mortgage recording taxes with respect to same as would have been payable had the Agency not been a party to said mortgage (the "**Normal Mortgage Tax**"). Such mortgage recording taxes are payable to the County Clerk of the County, who shall in turn distribute same in accordance with law. If for any reason a non-exempt mortgage is to be recorded and the Agency is aware that such non-exempt mortgage may for any reason be recorded without the payment of the normal mortgage tax, then the Agency shall prior to executing such non-exempt mortgage collect a payment equal to the normal mortgage tax and remit same within thirty (30) days of receipt by the Agency to the Affected Tax Jurisdictions in accordance with Section 874(3) of the Act.

SECTION 6. REAL ESTATE TRANSFER TAXES.

(A) Real Estate Transfer Tax. Article 31 of the Tax Law provides for the imposition of a tax upon certain real estate transfers. Section 1405(b)(2) of the Tax Law provides that transfers into the Agency are exempt from such tax, and the New York State Department of Taxation and Finance has ruled that transfers of property by the Agency back to the same entity which transferred such property to the Agency are exempt from such tax. The policy of the Agency is not to impose a payment in lieu of tax upon any real estate transfers to or from the Agency.

(B) Required Filings. It shall be the responsibility of the Applicant and/or project occupant to ensure that all documentation necessary relative to the real estate transfer taxes and the real estate transfer gains tax are timely filed with the appropriate officials.

SECTION 7. REAL ESTATE TAX EXEMPTION.

(A) General. Pursuant to Section 874 of the Act and Section 412-a of the Real Property Tax Law, property owned by or under the jurisdiction or supervision or control of the Agency is exempt from general real estate taxes (but not exempt from special assessments and special ad valorem levies). However, it is the policy of the Agency that, notwithstanding the foregoing, every non-governmental project will be required to enter into (i) a Lease and Project Agreement that contains provisions for PILOT Payments or (ii) a standalone payment in lieu of tax agreement acceptable to the Agency (in either case, a "**PILOT Agreement**"). Such PILOT Agreement shall require PILOT Payments in accordance with the provisions set forth below.

(B) PILOT Requirement. Unless the Applicant and/or project occupant and the Agency shall have entered into a PILOT Agreement, the project documents shall provide that the Agency will not file a New York State Department of Taxation and Finance, Division of Equalization and Assessment Form RP-412-a (an "**Exemption Form**") with the Assessor and each Affected Tax Jurisdiction with respect to the project, and the project documents shall provide that the Applicant and/or the project occupant shall be required to make PILOT Payments in such amounts as would result from taxes being levied on the project by the Affected Tax Jurisdictions as if the project were not owned by or under the jurisdiction or supervision or control of the Agency. The project documents shall provide that, if the Agency and the Applicant and/or project occupant have entered into (i) a Lease and Project Agreement that contains provisions for PILOT Payments or (ii) a standalone PILOT Agreement acceptable to the Agency, the project documents shall provide that the Agency will file an Exemption Form with the Assessor and each Affected Tax Jurisdiction. The terms of the PILOT Agreement shall control the amount of PILOT Payments until the expiration or sooner termination of such PILOT Agreement. Except as otherwise provided by resolution of the Agency, all real estate PILOT Payments are to be paid to the Agency for distribution to the Affected Tax Jurisdictions. Upon expiration of the initial period as aforesaid, the assessment of the project shall revert to a normal assessment (i.e., the project will be assessed as if the project were owned by the Applicant and not by the Agency). Also, any addition to the project shall be assessed normally as aforesaid, unless such addition shall be approved by the Agency as a separate project following notice and a public hearing as described in Section 859-a of the Act. Other than fixing the final assessment for the initial period as aforesaid, the policy of the Agency is to not provide the Applicant and/or project occupant with any abatement, other than abatements allowed under the Real Property Tax Law.

(C) Required Filings. As indicated in subsection (B) above, pursuant to Section 874 of the Act and Section 412-a of the Real Property Tax Law, no real estate tax exemption with respect to a particular project shall be effective until an Exemption Form is filed with the assessor of each Affected Tax Jurisdiction. Once an Exemption Form with respect to a particular project is filed with a particular Affected Tax Jurisdiction, the real property tax exemption for such project does not take effect until (1) a tax status date for such Affected Tax Jurisdiction occurs subsequent to such filing, (2) an assessment roll for such Taxing Jurisdiction is finalized subsequent to such tax status date, (3) such assessment roll becomes the basis for the preparation of a tax roll for such Affected Tax Jurisdiction, and (4) the tax year to which such tax roll relates commences.

(D) PILOT Agreement. Unless otherwise determined by resolution of the Agency, all PILOT Agreements shall satisfy the following general conditions:

(1) Real Property Tax Abatement. The Agency provides real property tax abatements ("**Real Property Tax Abatements**") in the form of reduction of existing taxes and/or freezing existing taxes and/or abating the increased taxes as the result of the project. Except as may described in this UTEP, the Agency's standard PILOT Agreement will contain fixed PILOT Payments for each tax year throughout the term of the PILOT Agreement as determined by the Agency in its sole discretion. The standard real property tax abatement provided by the Agency is based on the total increased assessment for a project over a ten (10) year period, however, the Agency in its sole discretion may grant a fifteen (15) year PILOT Agreement or grant a five (5) year extension of a ten (10) year PILOT Agreement without such fifteen (15) year term be considered a deviation. As required by the Act, unless otherwise agreed to by the affected taxing jurisdictions, all PILOT Payments must be disbursed by the Agency to the Affected Taxing Jurisdictions in proportion to the amount of real property taxes and other taxes that would have been received by such Affected Taxing Jurisdiction had the project not been tax exempt due to the Act. Each abatement of real property taxes pursuant to a PILOT Agreement is based on a cost benefit analysis to determine if the project is eligible for the standard exemption. In cases where a project does not meet Agency guidelines for the standard exemption, a reduced abatement in terms of percent and/or duration may be extended to the applicant, the amount of such reduced abatement to be dependent on the facts and circumstances of each particular case. The guidelines to determine eligibility for the standard exemption are as follows:

(a) Industrial, manufacturing, research and development, commercial, warehousing, distribution facilities, retail (subject to retail restrictions in the Act), and corporate office facilities are all eligible for the standard exemption. Speculative office projects may be eligible for the standard exemption if they are projected to provide economic benefits in terms of jobs, involve significant capital investments in the Town, repurpose existing vacant or nearly vacant buildings, or will stimulate the local economy. The extent to which the project will directly create or retain permanent private sector jobs as well as "temporary" jobs during the construction period are factors that will be considered by the Agency in determining if a project is eligible for a PILOT Agreement. In addition, the level of secondary "multiplier" jobs that will be created or retained as a result of the project will be considered by the Agency. Current policy is to rely on a cost benefit analysis of the project.

(b) Generally, new jobs created or existing jobs retained by the project should have projected average annual salaries in line with the median per capita income levels on Long Island at the time of application. Projects with low employment numbers may receive reduced benefits. Further, labor intensive industries are viewed favorably. The likelihood that a desirable project will locate in another municipality/region/state, resulting in subsequent real economic losses in the Town, the retention of current jobs at an existing project, and the possible failure to realize future economic benefits for attraction projects are factors that may be considered by the Agency in granting a PILOT Agreement.

(c) The total amount of capital investment and/or public benefit at the project is a factor that may be considered by the Agency in granting a PILOT Agreement.

(d) The extent to which a project will further local planning efforts by upgrading blighted areas, create jobs in areas of high unemployment, assist institutions of higher education, provide the opportunity for advanced high-tech growth or diversify the Town's economic base.

(e) The effect of the proposed project on the environment and the extent to which the project will utilize, to the fullest extent practicable and economically feasible, resource conservation, energy efficiency, green technologies, and alternative and renewable energy measures.

(f) For purposes of this UTEP, "**Affordable Housing Projects**" are defined as housing projects (i) utilizing either four percent (4%) Low Income Housing Tax credits AND tax-exempt bonds OR nine percent (9%) Low Income Housing Tax credits, (ii) housing projects that receive funding through the HOME, CDBG or any HUD programs which restricts the income levels of the residents of the housing project by the terms of the funding agreements or a

Regulatory Agreement is recorded against the property restricting the income levels of the residents of the residents of the housing project and the rent that may be payable by the residents, (iii) Affordable Housing Projects that receive funding from a federal, State, County, Village or Town agency, entity, program or authority which restricts the income levels of the residents of the housing project by the terms of the funding agreements or records a Regulatory Agreement against the property restricting the income levels of the residents of the Affordable Housing Project or the rent that may be payable by the residents, or (iv) any housing project for which the Agency receives a legal opinion acceptable to the Agency that such housing project qualifies as an Affordable Housing Project under federal or State law. Affordable Housing Projects may be granted a PILOT Agreement for a term of up to 15 years with fixed PILOT Payments to be determined by the Agency in its sole discretion. Alternatively, in the sole discretion of the Agency, a "10% Shelter Rent PILOT" may be used for the PILOT Agreement. The "10% Shelter Rent PILOT" may be for a 10-year term or a 15-year term, at the sole discretion of the Agency, with PILOT Payments set at an annual amount equal to 10% of the total revenues of the Affordable Housing Project minus utilities of the Affordable Housing Project. In order to determine the 10% Shelter Rent PILOT, the revenue and utility information of the Affordable Housing Project will need to be provided by the project Applicant to the Agency in conjunction with the Affordable Housing Project at the time of the Application and thereafter on an annual basis. In the event the Affordable Housing Project is financed by tax exempt bonds or 9% Low Income Housing Tax Credits or the project is subject to a recorded Regulatory Agreement recorded by a Municipality or a governmental entity restricting the income levels of the residents of the residents of the housing project and the amount of rent payable by the residents, the PILOT Agreement may, in the sole discretion of the Agency, run concurrently with the term of the bond financing or the term of the Regulatory Agreement or such period as may be required by a state or federal housing agency or authority that is also providing financing or benefits to such project or such lesser period as the Agency shall determine.

(g) For purposes of this UTEP, "**Assisted Living Facilities**" are defined as facilities licensed or regulated by the State as assisted or enhanced living facilities and may include memory care units or units to care for persons with cognitive or physical disabilities who cannot safely live or care for themselves independently. Assisted Living Facilities may be granted a PILOT Agreement for a term of to 10 to 15 years with fixed PILOT Payments to be determined by the Agency in its sole discretion. However, in the event the Assisted Living Facility is financed by tax exempt bonds, the PILOT Agreement may run concurrently with the term of the bond financing.

(h) For purposes of this UTEP, "**Senior Living Facilities**" are defined as independent living facilities which are restricted for residents 55 years of age or older per the Town Code. Senior Living Facilities may be granted a PILOT Agreement for a term of to 10 to 15 years with fixed PILOT Payments to be determined by the Agency in its sole discretion. However, in the event the Senior Living Facility is financed by tax exempt bonds, the PILOT Agreement may run concurrently with the term of the bond financing.

(i) For Purposes of this UTEP, "**Market Rate Housing Projects**" are defined as all housing projects other than Affordable Housing Projects, Senior Living Facilities or Assisted Living Facilities. Market Rate Housing Projects may be granted a PILOT Agreement for a term of up to 7 years, starting at the current taxes on the land and any existing buildings, structures and improvements on the land and increasing to full taxation at the end of the PILOT Term with PILOT Payments to be determined by the Agency, in its sole discretion. However, Market Rate Housing Projects that are to be wholly located in or substantially located in one of the areas described below, may be eligible to be granted in the Agency's sole and absolute discretion an enhanced PILOT Agreement for a 13 to 15-year term. The enhanced PILOT Agreement will generally equal land-only taxes for three to five years. The remaining ten years will generally mirror a "double 485-b" exemption. In order to be eligible to receive an enhanced PILOT Agreement, Market Rate Housing Projects must be located in one of the following areas: a Community Development Block Grant area, an Opportunity Zone, a revitalization area, a Transit Oriented Development, a Highly Distressed Area (as defined in the Act), an established downtown, a blighted area or parcel of land as per the Town's Code, or if such Market Rate Housing Project is part of a Town or Village planned development zone or an incentive zoning program. All Market Rate Housing Projects, regardless of whether it receives an enhanced PILOT Agreement, must comply with the requirements of Section 7(D)(j) below.

(j) All Market Rate Housing Projects will be required to include a minimum of 10% affordable units and 10% workforce units to be maintained as such for the life of the Lease and Project Agreement. Each of the "affordable" units shall rent at a reduced rent to tenants with an annual income at or below 80% of the median income for the Nassau-Suffolk primary metropolitan statistical area as defined by the Federal Department of Housing and Urban Development.

Each of the "workforce" units shall rent at a reduced rent to tenants with an annual income at or below 120% of the median income for the Nassau-Suffolk primary metropolitan statistical area as defined by the Federal Department of Housing and Urban Development. The project shall enter into a contract with a local not-for-profit housing advocacy group acceptable to the Agency to administer the affordability of the affordable units and the workforce units. This information must be provided to the Agency on an annual basis. Compliance with the above requirements for a minimum of 10% affordable units and a minimum of 10% workforce units will not make a Market Rate Housing Project be considered to be an Affordable Housing Project as defined in Section 7(D)(h) above.

(k) Approval of all housing projects will be at the sole discretion of the Agency's Board of Members. For housing projects undertaken, the Agency may engage the services of a consultant to assist the Agency to determine appropriate PILOT Payment levels based upon such relevant factors, including, but not limited to, the total project costs, projected rental income, unit size, number and configuration. All project applicants for Market Rate Housing Projects, Senior Housing Living Facilities, Assisted Living Facilities and Affordable Housing Projects must submit a feasibility study to the Agency demonstrating the need for the project, other existing or planned housing projects, the impact on the local taxing jurisdictions, the impact on the local school district and the expected number of children, if any, who are likely to attend the local school district, and demonstrating that the housing project complies with the Act.

(l) Electrical power generating facilities, electrical storage facilities, co-generation facilities, energy transmission lines or facilities, including electrical transmission lines, poles and underground conduits, undersea electrical cables, convertor stations, electrical interconnect facilities, equipment and substations, natural gas pipelines and pumping stations, Renewable Energy Systems, and other energy projects are eligible for PILOT Agreements for a term of ten (10) years up to twenty-five (25) years following the completion of the construction, acquisition, and equipping of the project with fixed PILOT Payments determined by the Agency in its sole discretion and subject to periodic escalation. In determining the PILOT Agreement, the Agency, may consider the total amount of power generated, stored or transmitted by such project and the assessed value of such project.

(2) Reduction for Failure to Achieve Goals: If the Agency's approval of a particular project is predicated upon achievement by the project of certain minimum goals (such as creating and maintaining certain minimum

employment levels), the PILOT Agreement may provide for the benefits provided thereby to the project to be reduced or eliminated if, in the sole judgment of the Agency, the project has failed to fulfill such minimum goals.

(3) Expiration or Termination of PILOT Agreement: Upon expiration of the initial period as aforesaid, the assessment of the project shall revert to a normal assessment (i.e., the project will be assessed as if the project were owned by the Applicant and not by the Agency). Also, any addition to the project shall be assessed normally as aforesaid, unless such addition shall be approved by the Agency as a separate project following notice and a public hearing as described in Section 859-a of the Act. Other than fixing the final assessment for the initial period as aforesaid, the policy of the Agency is to not provide the Applicant and/or project occupant with any abatement, other than abatements allowed under the Real Property Tax Law.

(4) Special District Taxes: As indicated above, the Agency is not exempt from special assessments and special ad valorem levies and accordingly, these amounts are not subject to abatement by reason of ownership of or the involvement in the project by the Agency. The PILOT Agreement shall make this clear and shall require that all such amounts be directly paid by the Applicant and/or project occupant. However, Applicants and project occupants should be aware that the courts have ruled that an Agency-sponsored project is also eligible to apply for an exemption from special district taxes pursuant to Section 485-b of the Real Property Tax Law. If an applicant or project occupant desires to obtain an exemption from special district taxes pursuant to said Section 485-b, it is the responsibility of the Applicant and/or project occupant to apply for same at its sole cost and expense.

(5) Payment of PILOT Payments: Unless otherwise determined by resolution of the Agency or otherwise provided for in a Lease and Project Agreement or a PILOT Payment invoice from the Agency, all PILOT Payments payable to an Affected Tax Jurisdiction shall be billed and collected directly by the Agency. Pursuant to Section 874(3) of the Act, such PILOT Payments shall be remitted to each Affected Tax Jurisdiction within thirty (30) days of receipt.

(6) Late Payment of PILOT Payments: Any PILOT Payments that are not paid on the date that such payments are due shall be subject to penalties and interest as required by the Act and the Lease and Project Agreement or the PILOT Agreement.

(7) Recapture: All PILOT Agreements are subject to Recapture upon the recurrence of a Recapture Event.

(8) Enforcement: An Affected Tax Jurisdiction which has not received a PILOT Payment due to it under a PILOT Agreement may exercise its remedies under Section 874(6) of the Act. In addition, such Affected Tax Jurisdiction may petition the Agency to exercise whatever remedies that the Agency may have under the project documents to enforce payment; and if such Affected Tax Jurisdiction indemnifies the Agency and agrees to pay the Agency's costs incurred in connection therewith, the Agency may take action to enforce the PILOT Agreement.

(E) Real Property Appraisals. Since the policy of the Agency stated in this Section 7 is to base the value of a project for payment in lieu of tax purposes on a valuation of such project performed by the respective Assessors, normally a separate real property appraisal is not required. However, the Agency may require the submission of a real property appraisal if (1) the Assessor of any particular Affected Tax Jurisdiction requires one, or (2) if the valuation of the project for payment in lieu of tax purposes is based on a value determined by the Applicant or by someone acting on behalf of the Applicant, rather than by an Assessor of an Affected Tax Jurisdiction or by the Agency. In lieu of an appraisal, the Agency may require that an Applicant submit to the Agency and each Assessor a certified enumeration of all project costs. If the Agency requires the submission of a real property appraisal, such appraisal shall be prepared by an independent MAI certified appraiser acceptable to the Agency.

SECTION 8. PROCEDURES FOR DEVIATION.

(A) General. In the case where the Agency may determine to deviate from the provisions of this Uniform Tax Exemption Policy pursuant to the provisions of Section 3(B) hereof, the Agency may deviate from the provisions hereof, provided that:

(1) The Agency adopts a resolution (a) setting forth, with respect to the proposed deviation, the amount of the proposed Tax Exemption, the amount and nature of the proposed PILOT, the duration of the proposed Tax Exemption and the details of the proposed PILOT and whether or not a Tax Exemption of any kind shall be granted, (b) indicating the reasons for the proposed deviation, and (c) imposing such terms and conditions thereof as the Agency shall deem just and proper; and

(2) As provided in Section 3(D) hereof, the Agency shall give prior written notice of the proposed deviation from this Uniform Tax Exemption Policy to each Affected Tax Jurisdiction, setting forth therein a general description of the proposed deviation and the reasons therefore. As required by the Act, the Agency shall give such notice to each Affected Tax Jurisdiction prior to the consideration by the Agency of the final resolution determining to proceed with such proposed deviation from this Uniform Tax Exemption Policy.

(B) Agency-Owned Projects. Where a project (1) constitutes a Non-Applicant Project, (2) is otherwise owned and operated by the Agency or (3) has been acquired by the Agency for its own account after a failure of a project occupant, such project may at the option of the Agency be exempted by the Agency from all taxes, to the extent provided in Section 874(1) and (2) of the Act.

(C) Unusual Projects. Where a project is unusual in nature and requires special considerations related to its successful operations as demonstrated by appropriate evidence presented to the Agency, the Agency may consider the granting of a deviation from the established exemption policy in accordance with the procedures provided in Section 3(B) and Section 8(A) hereof. The Agency may authorize a minimum payment in lieu of tax or such other arrangement as may be appropriate.

SECTION 9. RECAPTURE.

(A) Recapture of Agency Benefits. It is understood and agreed by the Applicant that the Agency will enter into a Lease and Project Agreement or PILOT Agreement to provide financial assistance and grant Tax Exemptions to the Applicant as an inducement to the Applicant to acquire, locate, construct, renovate, equip and operate a project in the Town in order to accomplish the Public Purposes of Agency under the Act. Upon the occurrence of a Recapture Event, the Agency will recapture up to 100% of the Recaptured Benefits in accordance with the Act and the provisions of the Lease and Project Agreement and the PILOT Agreement.

(B) For purposes of this UTEP, "**Recaptured Benefits**" shall mean all direct monetary benefits, Tax Exemptions and abatements and other financial assistance, if any, derived solely from the Agency's participation in the transaction contemplated by the Lease and Project Agreement and the PILOT Agreement including, but not limited to, the amount equal to 100% of:

(i) mortgage recording tax exemption; and

(ii) sales and use tax exemption savings realized by or for the benefit of the Applicant, including any savings realized by any agent of the Applicant pursuant to the Lease Agreement and Project Agreement and each sales tax agent authorization letter issued in connection with the Lease Agreement and Project Agreement ("**Sales Tax Savings**"); and

(iii) Real Property Tax Abatement savings granted pursuant to the Lease Agreement and Project Agreement and the PILOT Agreement (i.e., full Taxes on the Facility less the PILOT Payments) (the "**Real Property Tax Abatement Savings**").

(C) Recaptured Benefits, upon the occurrence of a Recapture Event in accordance with the provisions of the Lease Agreement and Project Agreement and the declaration of a Recapture Event by notice from the Agency to the Applicant, shall be payable directly to the Agency or to the State of New York if so directed by the Agency within ten (10) days after such notice of a Recapture Event.

(D) For purposes of this UTEP a "**Recapture Event**" shall mean any of the following events:

(i) The occurrence and continuation of an Event of Default under the Lease Agreement and Project Agreement, which remains uncured beyond any applicable notice and/or grace period, if any, provided hereunder; or

(ii) The Facility shall cease to be a "project" within the meaning of the Act, as in effect on the Closing Date, through the act or omission of the Applicant; or

(iii) The sale of the Facility or closure of the Facility and/or departure of the Applicant from the Town, except as due to casualty, condemnation or force majeure; or

(iv) Failure of the Company to create or cause to be maintained the number of FTE jobs at the Facility as provided in the Lease and Project Agreement, which failure, in the sole judgment of the Agency, is not reflective of the business conditions of the Applicant or the subtenants of the Applicant, including without limitation loss of major sales, revenues, distribution or other adverse business developments and/or local, national or international economic conditions, trade issues or industry wide conditions; or

(v) Any significant deviations from the project information contained in the Application which, in the sole judgment of the Agency, would constitute a significant diminution of the Applicant's activities in, or commitment to, the Town of Brookhaven, Suffolk County, New York; or

(vi) The Applicant receives or claims Sales Tax Savings in connection with the project work in excess of the maximum amount of the sales and use tax exemptions authorized by the Agency or receives or claims Sales Tax Savings prior to the commencement of the Sales Tax Exemption Period of after the Sales Tax Exemption Period; provided, however, that the foregoing shall constitute a Recapture Event with respect to such excess Sales Tax Savings only. It is further provided that failure to repay the Sales Tax Savings within thirty (30) days shall constitute a Recapture Event with respect to all Recaptured Benefits.

(E) If a Recapture Event has occurred due solely to the failure of the Applicant to create or cause to be maintained the number of fulltime equivalent employees (**"FTEs"**) at the project as provided in the Lease and Project Agreement in any year but the applicant has created or caused to be maintained at least 85% of such required number of FTEs for such year, then in lieu of recovering the Recaptured Benefits provided above, the Agency may, in its sole discretion, adjust the PILOT Payments due under Lease and Project Agreement and the PILOT Agreement on a pro rata basis so that the amounts payable will be adjusted upward retroactively for such year by the same percentage as the percentage of FTEs that are below the required FTE level for such year. Such adjustments to the PILOT Payments may be made each year until such time as the Applicant has complied with the required number of FTEs pursuant to the Lese and Project Agreement.

(F) Furthermore, notwithstanding the foregoing, a Recapture Event shall not be deemed to have occurred if the Recapture Event shall have arisen as a result of (i) a "force majeure" event, (ii) a taking or condemnation by governmental authority of all or part of the Facility, or (iii) the inability or failure of the Applicant after the project shall have been destroyed or damaged in whole or in part (such occurrence a **"Loss Event"**) to rebuild, repair, restore or replace the project to substantially its condition prior to such Loss Event, which inability or failure shall have arisen in

EXHIBIT F

Cost Benefit Analysis

Town of Brookhaven Industrial Development Agency
MRB Cost Benefit Calculator

MRB group
Cost-Benefit Analysis Tool powered by MRB Group

Date	5.2.24
Project Title	R Squared Patchogue, LLC
Project Location	303 Main Street East Patchogue, NY

Economic Impacts

Summary of Economic Impacts over the Life of the PILOT
Project Total Investment
$46,694,978

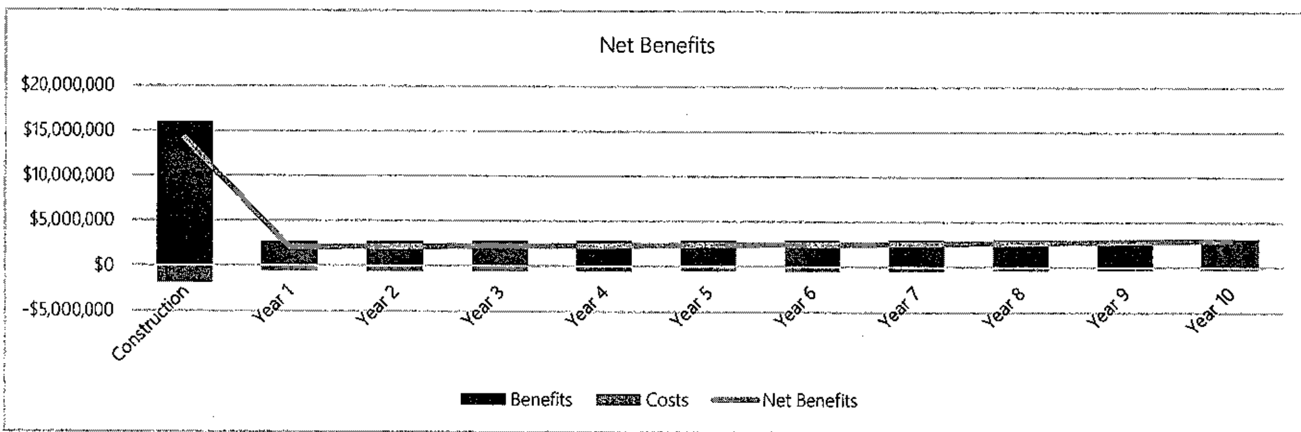
Temporary (Construction)

	Direct	Indirect	Total
Jobs	205	44	249
Earnings	$12,021,415	$3,093,376	$15,114,790
Local Spend	$31,200,000	$10,736,966	$41,936,966

Ongoing (Operations)
Aggregate over life of the PILOT

	Direct	Indirect	Total
Jobs	32	11	43
Earnings	$26,356,201	$10,400,968	$36,757,169

Figure 1



Net Benefits chart will always display construction through year 10, irrespective of the length of the PILOT.

Figure 2

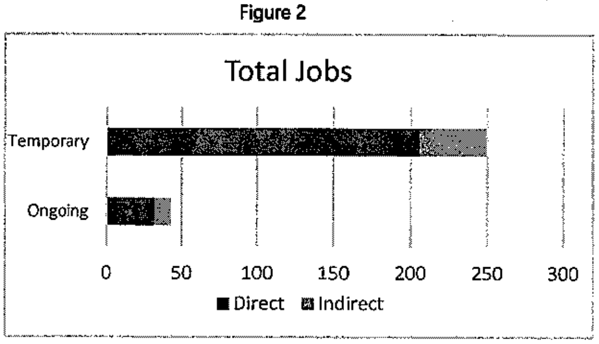
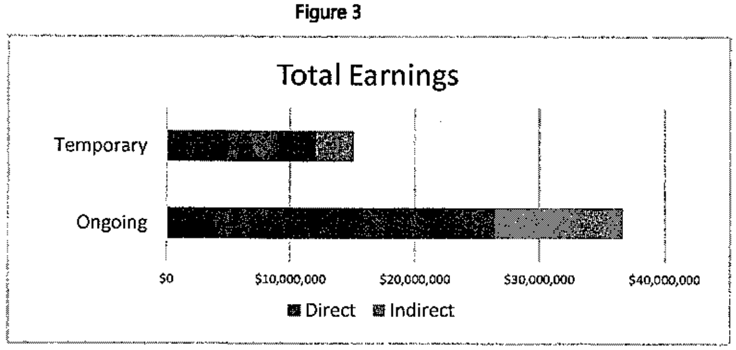


Figure 3



Ongoing earnings are all earnings over the life of the PILOT.

Fiscal Impacts

MRB | group
Cost-Benefit Analysis Tool powered by MRB Group

Estimated Costs of Exemptions

	Nominal Value	Discounted Value*
Property Tax Exemption	$5,004,008	$4,528,388
Sales Tax Exemption	$1,532,570	$1,532,570
Local Sales Tax Exemption	*$821,813*	*$821,813*
State Sales Tax Exemption	*$710,757*	*$710,757*
Mortgage Recording Tax Exemption	$315,191	$315,191
Local Mortgage Recording Tax Exemption	*$105,064*	*$105,064*
State Mortgage Recording Tax Exemption	*$210,127*	*$210,127*
Total Costs	**$6,851,769**	**$6,376,149**

State and Local Benefits

	Nominal Value	Discounted Value*
Local Benefits	**$56,120,784**	**$50,548,954**
To Private Individuals	$51,871,959	$47,028,125
Temporary Payroll	*$15,114,790*	*$15,114,790*
Ongoing Payroll	*$36,757,169*	*$31,913,334*
Other Payments to Private Individuals	*$0*	*$0*
To the Public	$4,248,825	$3,520,829
Increase in Property Tax Revenue	*$3,840,555*	*$3,150,241*
Temporary Jobs - Sales Tax Revenue	*$122,335*	*$122,335*
Ongoing Jobs - Sales Tax Revenue	*$285,935*	*$248,254*
Other Local Municipal Revenue	*$0*	*$0*
State Benefits	**$2,687,337**	**$2,436,775**
To the Public	$2,687,337	$2,436,775
Temporary Income Tax Revenue	*$680,166*	*$680,166*
Ongoing Income Tax Revenue	*$1,654,073*	*$1,436,100*
Temporary Jobs - Sales Tax Revenue	*$105,804*	*$105,804*
Ongoing Jobs - Sales Tax Revenue	*$247,295*	*$214,706*
Total Benefits to State & Region	**$58,808,121**	**$52,985,729**

Benefit to Cost Ratio

	Benefit*	Cost*	Ratio
Local	$50,548,954	$5,455,264	9:1
State	$2,436,775	$920,884	3:1
Grand Total	**$52,985,729**	**$6,376,149**	**8:1**

*Discounted at 2%

Additional Comments from IDA

The applicant's proposed project includes 91 residential apartments (46 one- bedroom and 45 two-bedroom) with 10% at the affordable rate and 10% at the workforce rate at a blighted site in the East Patchogue incentive overlay district. A portion of the workforce/affordable units will be set aside for individuals with developmental disabilities. The facility will include a clubhouse, outdoor pool, courtyard and outdoor amenitites including a dog park. As per the Brookhaven IDA Uniform Project Evalution Criteria Policy, the criteria met for this project include, but are not limited to, capital investment by the applicant and an increase in the number of affordable housing units. PLEASE NOTE: The project applicant will create 2 full time exquivalent (FTE) positions. The

Does the IDA believe that the project can be accomplished in a timely fashion? Yes

Materials") to enable the Agency to make findings and determinations that the Facility qualifies as a "project" under the Act and that the Facility satisfies all other requirements of the Act, and such Requisite Materials are listed below and attached as Exhibit D hereof:

1. Economic & Fiscal Impact Analysis, dated June 20, 2022, prepared by Nelson Pope Voorhis;
2. Reasonableness Assessment for Financial Assistance, R Squared Patchogue LLC, dated April, 2024, prepared by Camoin Associates;
3. New York Law Journal Article, dated March 22, 2017 on Eligibility of Residential Developments for IDA Benefits by Anthony Guardino, Esq.; and
4. Ryan et al. v. Town of Hempstead Industrial Development Agency et al.; and

WHEREAS, the UTEP is annexed hereto as Exhibit E, provides for the granting of financial assistance by the Agency for residential projects pursuant to Sections 3(A) and 7(D); and

WHEREAS, the Agency has given due consideration to the application of the Company and to representations by the Company that the proposed Facility is an inducement to the Company to maintain the competitive position of the Company in its industry; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively, the "**SEQR Act**" or "**SEQR**"), the Agency constitutes a "State Agency"; and

WHEREAS, to aid the Agency in determining whether the Facility may have a significant effect upon the environment, the Company has prepared and submitted to the Agency an Environmental Assessment Form (the "**EAF**") and related documents (collectively, the "**Questionnaire**") with respect to the Facility, a copy of which is on file at the office of the Agency; and

WHEREAS, the Agency constitutes an "Involved Agency" (as defined in SEQR); and

WHEREAS, the Agency has reviewed the Questionnaire and such other documents as the Agency felt it necessary or appropriate to examine to adequately review the proposed Action; and

WHEREAS, the Company has agreed to indemnify the Agency against certain losses, claims, expenses, damages and liabilities that may arise in connection with the transaction contemplated by the leasing of the Facility by the Agency to the Company;

NOW, THEREFORE, BE IT RESOLVED by the Agency (a majority of the members thereof affirmatively concurring) as follows:

Section 1. Based upon the Questionnaire prepared by the Company and reviewed by the Agency, and other representations and information furnished regarding the Facility, the Agency determines that the action relating to the acquisition, construction and equipping of the Facility in an "Unlisted" action, as that term is defined under SEQR. The Agency also determines that the Facility will not have a "significant effect" on the environment and, therefore, an environmental impact statement will not be prepared. This determination constitutes a negative declaration for purposes of SEQR. Notice of this determination shall be filed to the extent required by the applicable regulations under SEQR or as may be deemed advisable by the Chairman or the Chief Executive Officer of the Agency or counsel to the Agency.

Section 2. In connection with the acquisition, demolition, construction and equipping of the Facility the Agency hereby makes the following determinations and findings based upon the Agency's review of the information provided by the Company with respect to the Facility, including, the Company's Application, the Requisite Materials and other public information:

(a) There is a lack of affordable, safe, clean and modern affordable rental housing in the Town of Brookhaven;

(b) Such lack of affordable rental housing has resulted in individuals leaving the Town of Brookhaven and therefore adversely affecting employers, businesses, retailers, banks, financial institutions, insurance companies, health and legal services providers and other merchants in the Town of Brookhaven and otherwise adversely impacting the economic health and well-being of the residents of the Town of Brookhaven, employers, and the tax base of the Town of Brookhaven;

(c) The Facility, by providing such affordable rental housing will enable persons to remain in the Town of Brookhaven and thereby to support the businesses, retailers, banks, and other financial institutions, insurance companies, health care and legal services providers and other merchants in the Town of Brookhaven which will increase the economic health and well-being of the residents of the Town of Brookhaven, help preserve and increase permanent private sector jobs in furtherance of the Agency's public purposes as set forth in the Act, and therefore the Agency finds and determines that the Facility is a commercial project within the meaning of Section 854(4) of the Act; and

(d) The Facility will provide services, i.e., affordable rental housing, which but for the Facility, would not otherwise be reasonably accessible to the residents of the Town of Brookhaven.

Section 3. The Agency hereby finds and determines:

(a) By virtue of 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 Facility constitutes a "project", as such term is defined in the Act; and

(c) The acquisition, demolition, construction and equipping of the Facility and the leasing of the Facility to the Company, will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of Town of Brookhaven, and the State of New York and improve their standard of living and thereby serve the public purposes of the Act; and

(d) The acquisition, demolition, construction and equipping of the Facility is reasonably necessary to induce the Company to maintain and expand its business operations in the State of New York; and

(e) Based upon representations of the Company and counsel to the Company, the Facility conforms with the local zoning laws and planning regulations of the Town of Brookhaven, Suffolk County, and all regional and local land use plans for the area in which the Facility is located; and

(f) It is desirable and in the public interest for the Agency to lease the Facility to the Company; and

(g) The Company Lease will be an effective instrument whereby the Agency leases the Land and the Improvements from the Company; and

(h) The Lease Agreement will be an effective instrument whereby the Agency leases the Facility to the Company, the Agency and the Company set forth the terms and conditions of their agreement regarding payments-in-lieu of taxes, the Company agrees to comply with all Environmental Laws (as defined therein) applicable to the Facility and will describe the circumstances in which the Agency may recapture some or all of the benefits granted to the Company; and

(i) The Loan Documents to which the Agency is a party will be effective instruments whereby the Agency and the Company agree to secure the Loan made to the Company by the Lender.

Section 4. The Agency has assessed all material information included in connection with the Company's application for financial assistance, including but not limited to, the cost-benefit analysis prepared by the Agency and such information has provided the Agency a reasonable basis for its decision to provide the financial assistance described herein to the Company.

Section 5. In consequence of the foregoing, the Agency hereby determines to: (i) lease the Land and the Improvements from the Company pursuant to the Company Lease, (ii) execute, deliver and perform the Company Lease, (iii) lease and sublease the Facility to the Company pursuant to the Lease Agreement, (iv) execute, deliver and perform the Lease Agreement, (v) grant a mortgage on and security interest in and to the Facility pursuant to the Loan Documents, and (vi) execute, deliver and perform the Loan Documents to which the Agency is a party.

Section 6. The Agency is hereby authorized to acquire the real property and personal property described in Exhibit A and Exhibit B, respectively, to the Lease Agreement, and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition are hereby approved, ratified and confirmed.

Section 7. The Agency hereby authorizes and approves the following economic benefits to be granted to the Company in connection with the acquisition, construction and equipping of the Facility in the form of: (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be $42,025,480 but not to exceed $45,000,000, corresponding to mortgage recording tax exemptions presently estimated to be $315,191.10, but not to exceed $337,500, in connection with the financing of the acquisition, construction and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of the acquisition, construction and equipping of the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed $1,532,570, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit C hereof). In connection with the abatement of real property taxes as set forth in the PILOT Schedule on Exhibit C hereof, the current pro-rata allocation of PILOT payments to each affected tax jurisdiction in accordance with Section 858(15) of the Act and the estimated difference between the real property taxes on the Facility and the PILOT payments set forth on the PILOT Schedule on Exhibit C hereof are more fully described in the CBA developed by the Agency in accordance with the provisions of Section 859-a(5)(b) of the Act, a copy of which CBA is attached hereto as Exhibit F.

Section 8. Subject to the provisions of this resolution, the Company is herewith and hereby appointed the agent of the Agency to acquire, construct and equip the Facility. The Company is hereby empowered to delegate its status as agent of the Agency to its agents, subagents, contractors, subcontractors, materialmen, suppliers, vendors and such other parties as the Company may choose in order to acquire, construct and equip the Facility. The Agency hereby appoints the agents, subagents, contractors, subcontractors, materialmen, vendors and suppliers of the Company as agents of the Agency solely for purposes of making sales or leases of goods, services and supplies to the Facility, and any such transaction between any agent, subagent, contractor, subcontractor, materialmen, vendor or supplier, and the Company, as agent of the Agency, shall be deemed to be on behalf of the Agency and for the benefit of the Facility. This agency appointment expressly excludes the purchase by the Company of any motor vehicles, including any cars, trucks, vans or buses which are licensed by the Department of Motor Vehicles for use on public highways or streets. The Company shall indemnify the Agency with respect to any transaction of any kind between and among the agents, subagents, contractors, subcontractors, materialmen, vendors and/or suppliers and the Company, as agent of the Agency. The aforesaid appointment of the Company as agent of the Agency to acquire, construct and equip the Facility shall expire at the earlier of (a) the completion of such activities and improvements, (b) a date which the Agency designates, or (c) the date on which the Company has received exemptions from sales and use taxes in an amount not to exceed $1,532,570, in connection with the purchase or lease of equipment, building materials, services or other personal property; provided however, such appointment may be extended at the discretion of the Agency, upon the written request of the Company if such activities and improvements are not completed by such time. The aforesaid appointment of the Company is subject to the completion of the transaction and the execution of the documents contemplated by this resolution.

Section 9. The Company is hereby notified that it will be required to comply with Section 875 of the Act. The Company shall be required to agree to the terms of Section 875 pursuant to the Lease Agreement. The Company is further notified that the tax exemptions and abatements provided pursuant to the Act and the appointment of the Company as agent of the Agency pursuant to this Authorizing Resolution are subject to termination and recapture of benefits pursuant to Sections 859-a and 875 of the Act and the recapture provisions of the Lease Agreement.

Section 10. The form and substance of the Company Lease, the Lease Agreement and the Loan Documents to which the Agency is a party (each in substantially the forms presented to or approved by the Agency and which, prior to the execution and delivery thereof, may be redated and renamed) are hereby approved.

Section 11.

(a) The Chairman, the Chief Executive Officer of the Agency or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Company Lease, the Lease Agreement and the Loan Documents to which the Agency is a party, all in substantially the forms thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman, the Chief Executive Officer of the Agency or any member of the Agency shall approve, and such other related documents as may be, in the judgment of the Chairman and counsel to the Agency, necessary or appropriate to effect the transactions contemplated by this resolution (hereinafter collectively called the "**Agency Documents**"). The execution thereof by the Chairman, the Chief Executive Officer of the Agency or any member of the Agency shall constitute conclusive evidence of such approval.

(b) The Chairman, the Chief Executive Officer of the Agency or any member of the Agency are further hereby authorized, on behalf of the Agency, to designate any additional Authorized Representatives of the Agency (as defined in and pursuant to the Lease Agreement).

Section 12. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Agency Documents, and to execute and deliver all such additional certificates, instruments and documents, pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Agency Documents binding upon the Agency.

Section 13. Any expenses incurred by the Agency with respect to the Facility shall be paid by the Company. The Company shall agree to pay such expenses and further agrees to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Facility.

Section 14. This resolution shall take effect immediately.

STATE OF NEW YORK)
: SS.:
COUNTY OF SUFFOLK)

I, the undersigned Chief Executive Officer of the Town of Brookhaven Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the annexed extract of the minutes of the meeting of the Town of Brookhaven Industrial Development Agency (the "**Agency**"), including the resolutions contained therein, held on the 15th day of May, 2024, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolutions set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

That the Agency Documents contained in this transcript of proceedings are each in substantially the form presented to the Agency and/or approved by said meeting.

I FURTHER CERTIFY that public notice of the time and place of said meeting was duly given to the public and the news media in accordance with the New York Open Meetings Law, constituting Chapter 511 of the Laws of 1976 of the State of New York, and that all members of said Agency had due notice of said meeting and that the meeting was in all respects duly held.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 15th day of May, 2024.

By: Lisa M Mulligan
Chief Executive Officer

EXHIBIT A

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 Town of Brookhaven Industrial Development Agency (the "**Agency**") on the 15th day of May, 2024, at 10:00 a.m. local time, at Town of Brookhaven Town Hall, 1 Independence Hill, Farmingville, New York 11738, in connection with the following matters:

R Squared Patchogue LLC, a limited liability company organized and existing under the laws of the State of Delaware, on behalf of itself and/or the principals of R Squared Patchogue LLC and/or an entity formed or to be formed on behalf of any of the foregoing (the "**Company**), has applied to the Agency, to enter into a transaction in which the Agency will assist in (i) the acquisition of multiple parcels of land totaling approximately 3.42 acres located at 303 Main Street, East Patchogue, New York (the "**Land**"), (ii) the demolition of existing structures located thereon and (iii) the construction, equipping and furnishing of a 3-story approximately 130,000 square foot multi-family rental apartment building including approximately 91 apartments (approximately 48 1-bedroom units and approximately 43 2-bedroom units), at least 10% of the units will be Affordable units which shall rent at a reduced rate to tenants with an annual income at or below 80% of Area Median Income as defined in Section 7(D)(1)(j) of the Agency's Uniform Tax Exempt Policy (**UTEP**) ("**AMI**") and at least 10% of the units will be Workforce units which shall rent at a reduced rent to tenants with an annual income at or below 120% of AMI (which Affordable and Workforce units may be counted, as applicable, towards satisfaction of the set-aside requirements in Section 7(D)(1)(j) of the Agency's UTEP as well as any set-aside requirements imposed by the Town of Brookhaven), with additional improvements including, but not limited to, parking, swimming pool, clubhouse, courtyard and other outdoor amenity areas together with the acquisition, installation and equipping of improvements, structures and other related facilities attached to the Land and certain equipment and personal property (the "**Improvements**" and "**Equipment**"; and, together with the Land, the "**Facility**"), which Facility is to be leased and subleased by the Agency to the Company and used by the Company to provide mixed-income, multi-family rental apartments for the residents of East Patchogue, Town of Brookhaven, New York (the "**Project**"). The Facility will be initially owned, operated and/or managed by the Company.

The Agency will acquire a leasehold interest in the Land and in the Improvements and title to or a leasehold interest in the Equipment and will sublease and lease the Facility to the Company. The Agency contemplates that it will provide financial assistance to the Company in the form of exemptions from mortgage recording taxes in connection with the financing or any subsequent refinancing of the Facility, exemptions from sales and use taxes and abatement of real property taxes, consistent with the policies of the Agency.

A representative of the Agency will, at the above-stated time and place, hear and accept written comments from all persons with views in favor of or opposed to either the proposed financial assistance to the Company or the location or nature of the Facility. Prior to the hearing, all persons will have the opportunity to review on the Agency's website (https://brookhavenida.org/), the application for financial assistance filed by the Company with the Agency and an analysis of the costs and benefits of the proposed Facility.

Dated: May 4, 2024

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

By: Lisa MG Mulligan
Title: Chief Executive Officer

EXHIBIT B

MINUTES OF PUBLIC HEARING HELD ON
MAY 15, 2024 AT 10:00 A.M.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY
(R SQUARED PATCHOGUE LLC 2024 FACILITY)

Section 1. Lisa MG Mulligan, Chief Executive Officer of the Town of Brookhaven Industrial Development Agency (the "**Agency**") called the hearing to order.

Section 2. Lisa MG Mulligan then appointed herself the hearing officer of the Agency, to record the minutes of the hearing.

Section 3. The hearing officer then described the proposed transfer of the real estate, the other financial assistance proposed by the Agency and the location and nature of the Facility as follows:

> R Squared Patchogue LLC, a limited liability company organized and existing under the laws of the State of Delaware, on behalf of itself and/or the principals of R Squared Patchogue LLC and/or an entity formed or to be formed on behalf of any of the foregoing (the "**Company**), has applied to the Agency, to enter into a transaction in which the Agency will assist in (i) the acquisition of multiple parcels of land totaling approximately 3.42 acres located at 303 Main Street, East Patchogue, New York (the "**Land**"), (ii) the demolition of existing structures located thereon and (iii) the construction, equipping and furnishing of a 3-story approximately 130,000 square foot multi-family rental apartment building including approximately 91 apartments (approximately 48 1-bedroom units and approximately 43 2-bedroom units), at least 10% of the units will be Affordable units which shall rent at a reduced rate to tenants with an annual income at or below 80% of Area Median Income as defined in Section 7(D)(1)(j) of the Agency's Uniform Tax Exempt Policy (**UTEP**) ("**AMI**") and at least 10% of the units will be Workforce units which shall rent at a reduced rent to tenants with an annual income at or below 120% of AMI (which Affordable and Workforce units may be counted, as applicable, towards satisfaction of the set-aside requirements in Section 7(D)(1)(j) of the Agency's UTEP as well as any set-aside requirements imposed by the Town of Brookhaven), with additional improvements including, but not limited to, parking, swimming pool, clubhouse, courtyard and other outdoor amenity areas together with the acquisition, installation and equipping of improvements, structures and other related facilities attached to the Land and certain equipment and personal property (the "**Improvements**" and "**Equipment**"; and, together with the Land, the "**Facility**"), which Facility is to be leased and subleased by the Agency to the Company and used by the Company to provide mixed-income, multi-family rental apartments for the residents of East Patchogue, Town of Brookhaven, New York

(the "**Project**"). The Facility will be initially owned, operated and/or managed by the Company.

The Agency will acquire a leasehold interest in the Land and the Improvements and title to the Equipment and lease the Facility to the Company. The Agency contemplates that it will provide financial assistance to the Company in the form of exemptions from mortgage recording taxes in connection with the financing or any subsequent refinancing of the Facility, exemptions from sales and use taxes in connection with the construction and equipping of the Facility and exemption of real property taxes consistent with the policies of the Agency.

<u>Section 4.</u> The hearing officer then opened the hearing for comments from the floor for or against the proposed transfer of real estate, the other financial assistance proposed by the Agency and the location and nature of the Facility. The following is a listing of the persons heard and a summary of their views:

See attached.

Section 5. The hearing officer then asked if there were any further comments, and, there being none, the hearing was closed at 10:30 a.m.

DATE: 5/15/24 R2

PUBLIC HEARING

REQUEST TO ADDRESS THE BROOKHAVEN IDA BOARD

Speakers are limited to three (3) minutes. Longer statements may be submitted in writing to the IDA for distribution and shall become part of the permanent record if desired.

NAME (Please Print) FRANK MAZZIE

ADDRESS 241 SO OCEAN AVE
PATCHOGUE NY 11772

PHONE 631/687-6330

REPRESENTING PATCHOGUE MEDFORD UFSD

HANDICAPPED SERVICES AVAILABLE UPON REQUEST

DATE: MAY 15, 2024 R2

PUBLIC HEARING

REQUEST TO ADDRESS THE BROOKHAVEN IDA BOARD

Speakers are limited to three (3) minutes. Longer statements may be submitted in writing to the IDA for distribution and shall become part of the permanent record if desired.

NAME (Please Print) BERNADETTE SMITH

ADDRESS 163 MAPLE AVE
PATCHOGUE, NY 11772

PHONE 631-790-6949

REPRESENTING PATCHOGUE-MEDFORD UFSD

HANDICAPPED SERVICES AVAILABLE UPON REQUEST

DATE: 5/15/2024 R2

PUBLIC HEARING

REQUEST TO ADDRESS THE BROOKHAVEN IDA BOARD

Speakers are limited to three (3) minutes. Longer statements may be submitted in writing to the IDA for distribution and shall become part of the permanent record if desired.

NAME (Please Print) Doreen Lamm

ADDRESS 241 South Ocean Ave
Patchogue NY 11772

PHONE 631-687-6318

REPRESENTING Patchogue-Medford UFSD

HANDICAPPED SERVICES AVAILABLE UPON REQUEST

Patchogue-Medford School District

BOARD OF EDUCATION

Donna Jones, Ed.D.
Superintendent of Schools

Frank Mazzie
Assistant Superintendent for
Business & Operations
241 South Ocean Avenue
Patchogue, New York 11772
(631) 687-6330
(631) 687-6339 FAX

May 15, 2024

Ms. Lisa Mulligan, CEO
Town of Brookhaven
Industrial Development Agency
One Independence Hill
Farmingville, NY 11738
Lmulligan@brookhavenida.org

Re: R Squared Patchogue LLC

Dear Ms. Mulligan:

On behalf of the Patchogue-Medford UFSD we would like the Town of Brookhaven Industrial Development Agency Board to consider our comments regarding the proposed PILOT schedule for the above-named project. We respectfully request that the Agency consider increasing the proposed PILOT schedule so that any one year is no less than the tax revenue received for all taxed jurisdictions from the 2023-2024 tax year. According to the Town of Brookhaven statement of taxes for 2023-2024, this amount is listed at $152,108.71. Increasing the amount of the PILOT will ensure that the residents of the Patchogue-Medford UFSD are not adversely impacted by the proposed PILOT agreement for the first four years.

Thank you in advance for taking the time to hear our concerns regarding the proposed PILOT schedule.

Sincerely,

Frank Mazzie
Assistant Superintendent for Business & Operations

cc: Board of Education
D. Jones, Ed.D.
D. Logan
D. Lamm

The Patchogue-Medford School Community's Mission is to provide diverse pathways and varied enrichment opportunities that will lead to meaningful learning experiences for all students.

STATE OF NEW YORK)
: SS.:
COUNTY OF SUFFOLK)

I, the undersigned Chief Executive Officer of the Town of Brookhaven Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the foregoing copy of the minutes of a public hearing held by the Town of Brookhaven Industrial Development Agency (the "**Agency**") on May 15, 2024 at 10:00 a.m., local time, with the original thereof on file in the office of the Agency, and that the same is a true and correct copy of the minutes in connection with such matter.

IN WITNESS WHEREOF, I have hereunto set my hand as of May 15, 2024.

Lisa MulLigan

Chief Executive Officer

EXHIBIT C

Proposed PILOT Schedule

Schedule of payments-in-lieu-of-taxes: Town of Brookhaven, (including any existing incorporated village and any village which may be incorporated after the date hereof, within which the Facility is wholly or partially located), Patchogue-Medford Union Free School District, Suffolk County and Appropriate Special Districts

Property Address: 303 Main Street, East Patchogue, New York

Tax Map Nos. 0200-977.05-02.00-028.000, 030.000, 031.001, 031.002, & 032.000-035.000

School District: Patchogue-Medford Union Free School District

Year	PILOT Payment
1	$ 66,943
2	$68,282
3	$139,294
4	$142,080
5	$217,383
6	$221,730
7	$301,553
8	$384,481
9	$470,604
10	$560,019
11	$652,822
12	$749,114
13	$848,995
And thereafter	Full taxes due

PILOT Payments shall be allocated among the Taxing Authorities in proportion to the amount of real property tax and other taxes which would have been received by each Taxing Authority if the Facility was owned by the Company exclusive of the Agency's leasehold interest.

All annual PILOT Payments as described above shall be payable in two equal semi-annual installments on or prior to January 31 and May 31 of each year of the Lease Term or on such other due dates as may be established from time to time during the Lease Term

EXHIBIT D

Requisite Materials

1. Economic & Fiscal Impact Analysis, dated June 20, 2022, prepared by Nelson Pope Voorhis;

2. Reasonableness Assessment for Financial Assistance, R Squared Patchogue LLC, dated April, 2024, prepared by Camoin Associates;

3. New York Law Journal Article, dated March 22, 2017 on Eligibility of Residential Developments for IDA Benefits by Anthony Guardino, Esq.; and

4. Ryan et al. v. Town of Hempstead Industrial Development Agency et al.

<u>EXHIBIT D-1</u>

Economic & Fiscal Impact Analysis, dated June 20, 2022, prepared by Nelson Pope Voorhis

ECONOMIC & FISCAL IMPACT ANALYSIS

Greybarn Patchogue
Multifamily Residential Development

303 East Main Street
East Patchogue, NY

NPV No.11092

Prepared for:
Rechler Equity Development LLC
85 South Service Road
Plainview, New York 11803
Contact: Kristen McCabe

Prepared by:

NELSON POPE VOORHIS
environmental • land use • planning

70 Maxess Road
Melville, NY 11747
Contact: Charles J. Voorhis, CEP, AICP
o: 631.427.5665 | cvoorhis@nelsonpopevoorhis.com

June 20, 2022

TABLE OF CONTENTS

ATTACHMENTS

EXECUTIVE SUMMARY

This analysis examines the economic and fiscal impacts that currently occur and are anticipated to occur through the construction and annual operations of a multifamily residential development known as Greybarn Patchogue. The report further includes demographic information and a review of planning documents that further support the need for the proposed project and its consistency with planning goals.

The subject site is located at 303 East Main Street in the **hamlet of East Patchogue**, Town of Brookhaven, Suffolk County, New York and is surrounded by a mix of commercial uses including restaurants, retail shops, banks, and a car dealership. The proposed project will provide a **91-unit multifamily residential development**, consisting of 37 one-bedroom market rate units, 36 two-bedroom market rate units, 5 one-bedroom workforce units, 5 two-bedroom workforce units, 4 one-bedroom affordable units, and 4 two-bedroom affordable units.

The proposed project responds to the public need for increased housing opportunities, including workforce and affordable housing opportunities. Housing costs have skyrocketed, housing availability has fallen, and local businesses and institutions are no longer able to fill essential positions to meet customer demand during what should be a post-pandemic recovery. The shortage of housing and demand for workers impacts many across the employment spectrum, especially essential lower- and middle-income workers such as retail and restaurant workers and hospital, school, and Town staff. Consumer activity from the increase in residents will ripple through the local community, creating beneficial economic and fiscal impacts throughout the hamlet of East Patchogue, the Town of Brookhaven, Suffolk County, and the region as a whole. The proposed project will provide a solid tax base at the time of full occupancy and full taxation as quantified in this report.

Economic benefit includes direct economic impacts, as well as those indirect and induced impacts that are projected to occur – on output, employment and labor income – during both the 18-month construction period, and annually upon stabilized operations of the proposed project. During construction, direct, indirect, and induced impacts of the proposed project will result in **$47,348,138 in total output, 225.52 jobs** (total full-time equivalent [FTE] jobs), and **$21,733,161 in labor income** (total wages). During annual operations, direct, indirect, and induced impacts of the proposed project will result in **$4,449,563** in **output** (total revenue), **6.27 jobs** (total FTE jobs), and **$518,260** in **labor income** (total wages).

The Applicant will be applying to the Town of Brookhaven to participate in its Payment in Lieu of Taxes (PILOT) program. IDA tax deferral promotes beneficial development/redevelopment and creates jobs while supplementing taxes and meeting other goals such as housing options including affordable housing. Since the exact terms of the PILOT have not yet been negotiated, this study analyzes the projected fiscal impacts based on a stabilized year of operations and full taxation based on current assessments and projected revenues.

This projection of tax revenues is useful in assisting with an understanding of existing and future taxes to help structure a PILOT agreement. Any tax deferral programs will delay and phase-in full taxation. At full build-out and during annual operations, the proposed project is projected to generate significantly more tax revenue than the current conditions of the property. It is estimated that the proposed project will generate **$570,975 in annual taxes** under full taxation of the property, of which **$379,718** would be allocated to the **Patchogue-Medford Union Free School District.** The current taxes generated by the eight parcels that comprise the property are $147,008 in annual taxes, of which $97,766 is allocated to the school district.

In summary, the proposed project is beneficial to economic conditions in the hamlet of East Patchogue, the Town of Brookhaven, Suffolk County, and the region, as a result of job creation (construction and operations), and provides an increase in revenue to local taxing jurisdictions. Overall, the project is economically and socially beneficial as discussed in more detail in the full report.

1.0 INTRODUCTION AND PURPOSE

Nelson Pope Voorhis (NPV) has been requested to prepare an economic and fiscal impact analysis for the proposed multifamily residential development, known as Greybarn Patchogue, located at 303 East Main Street in East Patchogue, Town of Brookhaven, Suffolk County, New York. The location can be more specifically described as Suffolk County Tax Map District 200, Section 977.5, Block 2, Lots 28, 30, 31.1, 31.2, 32, 33, 34 & 35.

NPV is a professional environmental and planning firm with qualifications and expertise to prepare economic and fiscal impact analyses, and has a track record of similar completed projects, as well as residential and commercial market analysis and related economic development services to private and municipal clients. The economic qualifications of the firm and personnel are provided in **Attachment A**.

This analysis examines the fiscal and economic impacts that are anticipated to occur through the construction and annual operations of the proposed 91-unit multifamily residential development, consisting of 37 one-bedroom market rate units, 36 two-bedroom market rate units, 5 one-bedroom workforce units, 5 two-bedroom workforce units, 4 one-bedroom affordable units, and 4 two-bedroom affordable units.

The proposed project responds to the public need for additional quality housing, including workforce and affordable housing opportunities in the hamlet of East Patchogue and the Town of Brookhaven. The proposed project responds to the Town's desire to provide such rental housing opportunities in the area, as recognized in various comprehensive planning documents and evidenced by current conditions within the surrounding community. The project provides a positive contribution toward addressing demand for such housing needs.

As economic stability returns following the coronavirus pandemic of 2020-22, the proposed project is expected to contribute to the long-term economic health of the community. More specifically, the proposed project will advance the planning goals of the Town and will establish many new construction jobs and housing that will help in the post-pandemic recovery. Housing costs have skyrocketed and the shortage of housing and demand impacts many across the employment spectrum. The residents of the proposed housing units will support local businesses in the community, bringing increased patronage and spending power to the community. The proposed project will also create a short- and long-term economic benefit by providing revenue to taxing jurisdictions. Consumer activity will ripple through the local community, creating beneficial fiscal and economic impacts throughout the hamlet of East Patchogue, the Town of Brookhaven, Suffolk County, and the region as a whole.

The following analysis examines and quantifies the fiscal and economic impacts that are anticipated to result from the proposed Greybarn Patchogue multifamily residential development. **Section 2.0** outlines the methodology and the sources of data used to project the fiscal and economic impacts generated in this analysis. **Section 3.0** examines and summarizes demographics and trends specific to the hamlet of East Patchogue, the Town of Brookhaven and Suffolk County. In addition, this section examines trends among the local, regional and national housing market. **Section 4.0** analyzes relevant town and local planning documents specific to the community and summarizes the proposed project's consistency with such reports.

Section 5.0 outlines the direct economic impacts, as well as those indirect and induced impacts that are estimated to occur – on output, employment and labor income – during both the 18-month construction period, and annually upon stabilized operations of the proposed Greybarn Patchogue residential development. These projections anticipate stabilization of the economy in post-pandemic conditions. A summary of these key economic findings is provided in **Table 1.**

TABLE 1
SUMMARY OF KEY ECONOMIC FINDINGS

Impact Type	Output (Total Revenue)	Employment (Total Number of FTE Jobs)	Labor Income (Total Wages)
Economic Impacts during Construction			
Direct Impact	$32,939,584	143.80	$16,469,792
Indirect Impact	$4,146,581	22.67	$1,562,773
Induced Impact	$10,261,973	59.05	$3,700,596
Total Impact	**$47,348,138**	**225.52**	**$21,733,161**
Projected Economic Impacts during Annual Operations			
Direct Impact	$3,404,430	2.00	$171,899
Indirect Impact	$792,633	2.88	$255,046
Induced Impact	$252,500	1.39	$91,314
Total Impact	**$4,449,563**	**6.27**	**$518,260**

Source: Data provided by Rechler Equity Development LLC; Analysis by Nelson, Pope & Voorhis, LLC, via IMPLAN software.

Section 5.0 also summarizes the existing fiscal conditions – including enrollment, budget, and current tax rates and levies for the Patchogue-Medford Union Free School District (UFSD). This section summarizes the land use and tax base composition, detailed budgets and the current tax rates and levies for the Town of Brookhaven and Suffolk County. Moreover, this section summarizes the fiscal impacts that are anticipated to result from the proposed project. These include tax revenues that would be allocated to each of the local taxing jurisdictions. This information is useful in understanding the future tax benefit and structuring a PILOT agreement.

The Applicant will be applying to the Town of Brookhaven to participate in its PILOT program. Since the exact terms of the PILOT have not yet been negotiated, this study analyzes the projected fiscal impacts based on a stabilized year of operations and full taxation based on current assessments and projected revenues. This projection of tax revenues is useful in assisting with an understanding of existing and future taxes to help structure a PILOT agreement. Any tax deferral programs will delay and phase-in full taxation.

At full build-out and during annual operations, the proposed project is projected to generate significantly more tax revenue than the current conditions of the property. It is estimated that the proposed project will generate $570,975 in annual taxes under full taxation of the property, of which $379,718 would be allocated to the Patchogue-Medford UFSD. The current taxes generated by the eight parcels that comprise the property are $147,008 in annual taxes, of which $97,766 is allocated to the school district. The distribution of anticipated tax revenues is shown in **Table 2.**

TABLE 2
TAX REVENUE COMPARISON

Taxing Jurisdiction	Current Tax Revenue[1]	Projected Tax Revenue	Tax Revenue Percent Distribution
Total School Taxes	**$105,068**	**$408,081**	**71.5%**
School District- Patchogue-Medford UFSD	$97,766	$379,718	66.5%
Library District- Patchogue-Medford UFSD	$7,303	$28,363	5.0%
Total County Taxes	**$16,377**	**$63,609**	**11.1%**
County of Suffolk	$1,089	$4,230	0.7%
County of Suffolk - Police	$15,288	$59,379	10.4%
Total Town Taxes	**$8,923**	**$34,657**	**6.1%**
Town - Town Wide Fund	$2,125	$8,253	1.4%
Highway - Town Wide Fund	$577	$2,241	0.4%
Town- Part Town Fund	$688	$2,673	0.5%
Highway- Part Town Fund/Snow Removal	$5,533	$21,491	3.8%
Other Taxes	**$16,640**	**$64,629**	**11.3%**
New York State MTA Tax	$52	$204	0.0%
Open Space Preservation	$811	$3,148	0.6%
Fire Districts - Yaphank	$13,926	$54,087	9.5%
Lighting Districts- North Patchogue	$428	$1,663	0.3%
Real Property Tax Law	$1,099	$4,269	0.7%
Out of County Tuition	$248	$962	0.2%
Suffolk County Community College Tax	$76	$297	0.1%
TOTAL: ALL TAXING JURISDICTIONS	**$147,008**	**$570,975**	**100.0%**

Source: Data provided by the Town of Brookhaven Assessor's Office; Analysis by Nelson, Pope & Voorhis, LLC.

Lastly, **Section 6.0** outlines the references and sources of information utilized in this analysis.

[1] Current tax revenue for all parcels that comprise of the subject property.

2.0 METHODOLOGY

Various data and information from federal, state, local, and commercial data sources was used to analyze the existing conditions and projected fiscal and economic impacts stemming from the construction and annual operation of the proposed development at Greybarn Patchogue.

Rechler Equity Development LLC supplied information regarding the estimated rental rates, unit mix, construction cost and construction schedule, as well as the estimated employment and employee salaries during the annual operations of the proposed project.

Patchogue-Medford Union Free School District provided data pertaining to the district budget, enrollment trends and per-pupil education costs.

The Town of Brookhaven and Suffolk County provided information regarding approved budgets and current tax rates for the parcels that comprise the subject property. This tax information was used to compare the existing revenues to those that are projected to be generated upon full build-out and full taxation of proposed project.

CoStar provided the Central Suffolk Retail Report which included vacancy rates for rental apartments on Long Island.

New York State Education Department provided New York State District Report Cards and the Fiscal Accountability Summary reports specific to the Patchogue-Medford UFSD. This information allows for an analysis of how the development may affect the school district's enrollment.

New York State Office of Real Property Services supplied data pertaining to the existing tax base and tax revenues for the Town of Brookhaven. This information was used to better understand how local budgets and taxing jurisdictions will be affected by the proposed project.

United States Bureau of Labor Statistics and New York State Department of Labor publish the Occupational Employment Statistics survey. This survey was used to estimate the wages earned among those employed within "construction and extraction" occupations in the Long Island labor market. These wages were assumed for each of the workers responsible for the construction of the proposed project.

United States Census Bureau provided the latest population counts and other pertinent demographic data for East Patchogue, the Town of Brookhaven, and Suffolk County.

Environmental Systems Research Institute, Inc. (ESRI) generated on-demand demographic reports specific to hamlet of East Patchogue, the Town of Brookhaven and Suffolk County through their *Business Analyst Online* program. Specifically, data was collected for the 2000 Census, 2010

Census and 2021 estimates for population and housing characteristics, as well as five-year (2026) population and housing projections for the East Patchogue hamlet, Town of Brookhaven and Suffolk County. All estimates and projections provided by ESRI draw upon data from sources including the Current Population Survey, American Community Survey, Census of Retail Trade (all via the United States Census Bureau), Consumer Expenditure Survey (via the United States Bureau of Labor Statistics), United States Postal Service, Internal Revenue Service, National Bureau of Economic Research, and other commercial and federal data sources.

Rutgers University, Center for Urban Policy Research provides residential demographic multipliers specific to the occupants of new housing in New York State. The data is specific to the number of bedrooms within various housing types and housing values, and allows for a projection of the number of residents and school-aged children (SAC) anticipated to live within the proposed project. Other demographic studies are considered in the determination of school-aged child population including studies by the Long Island Housing Partnership and the Stony Brook University Real Estate Institute. The most appropriate determination of SAC is based on review and assessment of the specifics of the project in consideration of these references.

IMPLAN (formerly known as the Minnesota IMPLAN Group) developed an economic impact modeling system called IMPLAN, short for "impact analysis for planning." The program was developed in the 1970s through the United States Department of Agriculture's Forest Service, and was privatized in 1993.

IMPLAN is built on a mathematical input-output (I-O) model to express relationships between various sectors of the economy in a specific geographic location. The I-O model assumes fixed relationships between producers and their suppliers based on demand, and the inter-industry relationships within a region largely determine how that economy will respond to change. In an I-O model, the increase in demand for a certain product or service causes a multiplier effect; increased demand for a product affects the producer of the product, the producer's employees, the producer's suppliers, the supplier's employees, and so on, ultimately generating a total impact in the economy that is greater than the initial change in demand.

The IMPLAN model is a method for estimating local economic multipliers, including those pertaining to production, value-added, employment, wage and supplier data. IMPLAN differentiates in its software and data sets between 546 sectors that are recognized by the United States Department of Commerce. Multipliers are available for all states, counties and zip codes, and are derived from production, employment and trade data from sources including the United States Census Bureau, County Business Patterns, Annual Survey of Government Employment, Annual Survey of Retail Trade; United States Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Consumer Expenditure Survey; United States Department of Labor; Office of Management and Budget; United States Department of Commerce; Internal Revenue Service; United States Department of Agriculture, National Agricultural Statistical Service; Federal Procurement Data Center; and United States Bureau of Economic Analysis, Regional Economic

Information System, Survey of Current Business, among other national, regional, state and local data sources.

IMPLAN is widely accepted as the industry standard for estimating how much a one-time or sustained increase in economic activity in a particular region will be supplied by industries located in the region. Federal government agencies such as the Army Corps of Engineers, Bureau of Economic Analysis, Bureau of Land Management, Environmental Protection Agency, Federal Reserve Bank, Fish and Wildlife Service, and National Park Service have used the multipliers to study the local impact of government regulation on specific industries and to assess the local economic impacts of Federal actions. State and local governments including New York State Department of Labor, New York State Division of the Budget, New York State Office of the State Comptroller, New York State Assembly and New York City Economic Development Corporation, have used the multipliers to estimate the regional economic impacts of government policies and projects and of events, such as the location of new businesses within their state, or to assess the impacts of tourism. Likewise, businesses, universities and private consultants have used the multipliers to estimate the economic impacts of a wide range of projects, such as building a new sports facility or expanding an airport; of natural disasters; of student spending; or of special events, such as national political conventions.

NP&V personnel have received formal IMPLAN training through IMPLAN, and possess the qualifications to project economic impacts for a multitude of project types using this software. For the purpose of this analysis, multipliers specific to socio-economic data in Suffolk County's "Construction of new multifamily residential structures" industry were analyzed to determine the direct, indirect and induced economic impacts during the construction period of the proposed project. Moreover, multipliers specific to socio-economic data in Suffolk County's "Tenant-occupied housing" industry was analyzed to determine the direct, indirect and induced economic impacts during the annual operations of the proposed project. A summary of these economic impacts can be found in **Section 5.0** of this analysis.

3.0 DEMOGRAPHICS AND HOUSING TRENDS

As noted in **Section 1.0**, this section examines demographics and socioeconomic characteristics, as well as trends specific to the East Patchogue community, the Town of Brookhaven and Suffolk County. In addition, this section summarizes trends among the local, regional and national housing market.

3.1 Demographics

Population

Trends in the residential population and in the number of households were examined for East Patchogue,[2] the Town of Brookhaven and Suffolk County. An analysis of past data, coupled with current estimates and projections, illustrate the changing needs of the community, and how such needs can be addressed within the local housing market – including the proposed Greybarn Patchogue development.

As seen in **Table 3** and **Chart 1**, the populations within East Patchogue, the Town of Brookhaven, and Suffolk County all increased between 2000 and 2010. Between 2000 and 2010, the population of East Patchogue increased by 7.47%, or by approximately 1,561 persons. Similarly, the population within the Town of Brookhaven grew by 8.43%, or by nearly 38,000 residents. Suffolk County witnessed population growth of nearly 74,000 persons, increasing by approximately 5.2% between 2000 and 2010.[3]

Current estimates and projections suggest a slight decline in population for East Patchogue and Suffolk County through 2026, while estimates suggest that Brookhaven had a slight increase in population through 2021 and is projected to decrease in population by 2026. Based on the available standard demographic references, population within the East Patchogue community is expected to decrease by 404 persons, declining by 1.8% between 2010 and 2021, followed by a decline of 375 persons or 1.7% between 2021 and 2026. The population within the Town of Brookhaven is estimated to have increased by 1,142 residents, with 0.23% growth estimated between 2010 and 2021. Between 2021 and 2026 it is projected that the population of the Town will decrease by approximately 4,200 persons, a decline of 0.87%. Population growth within Suffolk County is projected to decrease by 0.04% (542 persons) between 2010 and 2021, and 0.91% (13,541 persons) between 2021 and 2026.[4]

It is important to note that this population projection does not account for specific developments currently in the planning or approval process. Moreover, while such factors are examined at the local level, projections are not based solely upon specific build-out scenarios or land use analyses. Rather, the projections are based upon historical trends and current estimates at the county

[2] East Patchogue demographics are based on the East Patchogue Census Designated Place (CDP) per the US Census.
[3] ESRI, *Community Profile Report*. All reports accessed via ESRI Business Analyst Online, April 11, 2022.
[4] ESRI, *Community Profile Report*. All reports accessed via ESRI Business Analyst Online, April 11, 2022.

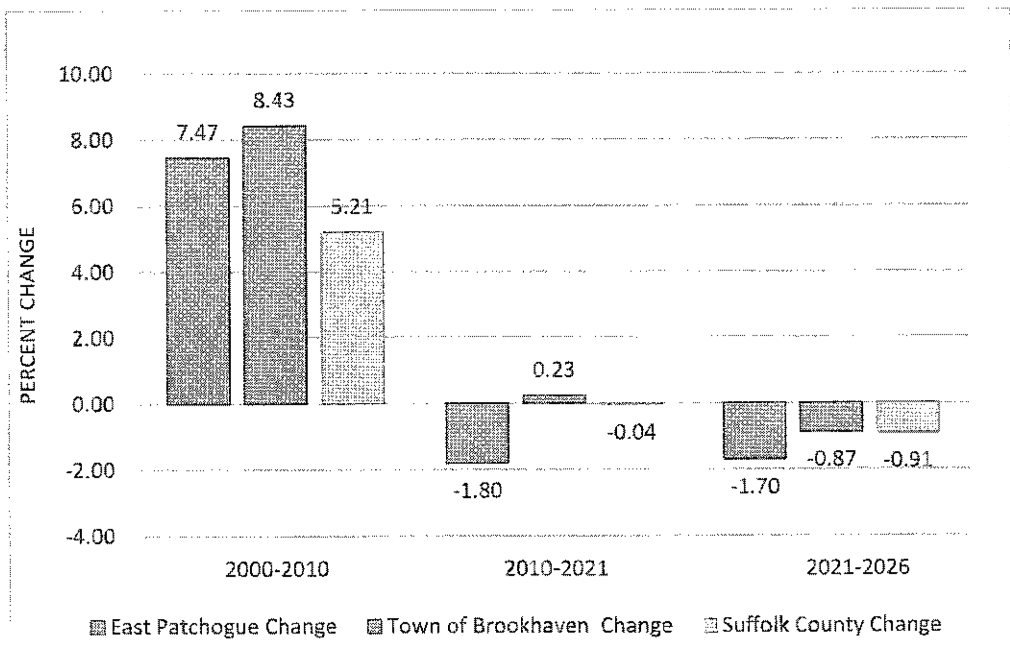
level, a time series of county-to-county migration data, an historical analysis of residential building permit data and residential postal delivery counts. Such data is supplemented with available information generated by nationwide databases, statistics providers and demographic and spatial analysis tools.

TABLE 3
POPULATION TRENDS

Year	East Patchogue	Town of Brookhaven	Suffolk County
2000	20,908	448,245	1,419,369
2010	22,469	486,040	1,493,350
2021 (Estimate)	22,065	487,182	1,492,708
2026 (Projection)	21,690	482,958	1,479,167

Source: United States Bureau of the Census; ESRI Business Analyst; Analysis by Nelson, Pope & Voorhis, LLC.

CHART 1
PERCENT CHANGE IN POPULATION TRENDS



Source: ESRI Business Analyst; Analysis by Nelson, Pope & Voorhis, LLC.

Housing Units

The number of housing units within each geographic area has witnessed an increase in each of the time periods analyzed since 2000 as seen in **Table 4** and **Chart 2**. The increase in housing units was greatest between 2000 and 2010 when the increases in population were also the greatest. The 2026 projections for number of housing units are 8,904 units, 181,430 units, and

590,806 units in East Patchogue, Brookhaven, and Suffolk County, respectively.[5]

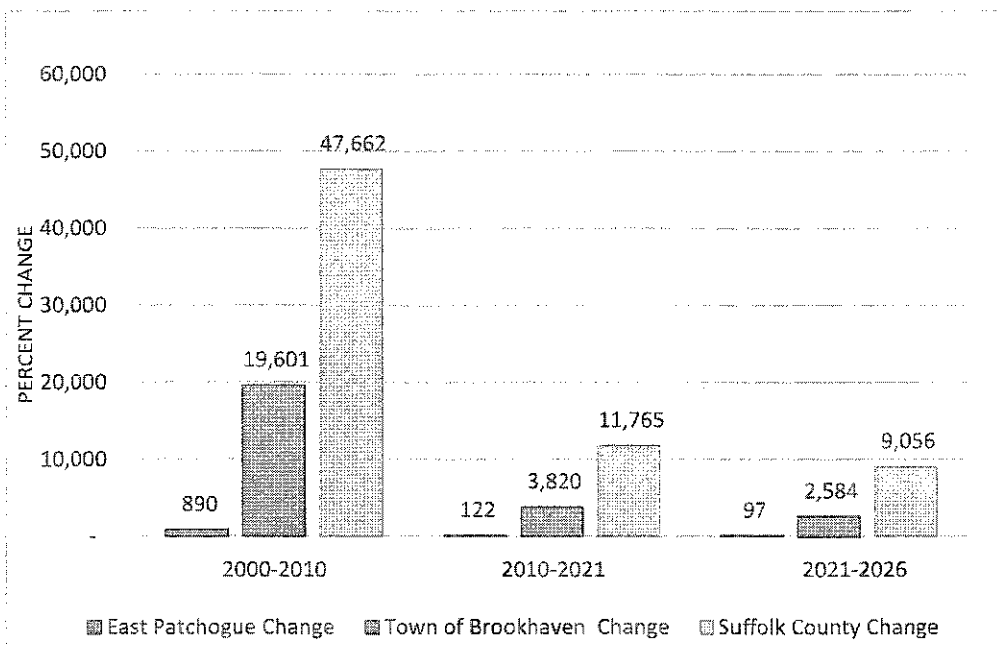
Housing unit projection does not account for specific developments currently in the planning or approval process. Moreover, while such factors are examined at the local level, projections are not based solely upon specific build-out scenarios or land use analyses. Rather, the projections are based upon historical trends and current estimates at the county level, a time series of county-to-county migration data, and historical analysis of residential building permit data.

TABLE 4
HOUSING UNIT TRENDS

Year	East Patchogue	Town of Brookhaven	Suffolk County
2000	7,795	155,425	522,323
2010	8,685	175,026	569,985
2021 (Estimate)	8,807	178,846	581,750
2026 (Projection)	8,904	181,430	590,806

Source: United States Bureau of the Census; ESRI Business Analyst; Analysis by Nelson, Pope & Voorhis, LLC.

CHART 2
CHANGE IN NUMBER OF HOUSING UNITS



Source: ESRI Business Analyst; Analysis by Nelson, Pope & Voorhis, LLC.

[5] ESRI, Community Profile Report. All reports accessed via ESRI Business Analyst Online, April 2022.

As seen in **Table 5**, the 2021 estimated average household size in East Patchogue is 2.65 persons.[6] This is lower than the average household size of that in the Town of Brookhaven, at 2.88 persons per household, and that of Suffolk County, at 2.92 persons per household. When compared to other parts of Suffolk County, the relatively smaller household size in East Patchogue is reflective of the relatively greater number of single-person households, young professionals, young families, empty-nesters and seniors in the community.

TABLE 5
AVERAGE HOUSEHOLD SIZE: 2021 (ESTIMATE)

Geographic Area	Household Size
East Patchogue	2.65
Town of Brookhaven	2.88
Suffolk County	2.92

Source: ESRI Business Analyst; Analysis by Nelson, Pope & Voorhis, LLC.

Tenure

As seen in **Table 6**, the majority of the housing units in each geographic location are owner-occupied. East Patchogue has the greatest share of rental properties when compared to the Town of Brookhaven and Suffolk County, with renter-occupied units comprising 32.7% of the housing stock. This is nearly double that of the Town of Brookhaven (17.9%) and Suffolk County (16.5%) as a whole.[7] East Patchogue has lower vacancy rates at 7.2% than the Town (8.2%) and County (13.8%) indicating demand for such housing. It is noted that the information provided in **Table 6** represents total housing tenure and does not differentiate between different types of housing (i.e. single family, townhomes, apartments). It is estimated that the vacancy rates for apartment units is much lower than the averages presented below, as confirmed by the CoStar Central Suffolk Retail Report, which forecasts vacancy rates of 1.7% and increasing market rental rates for the balance of 2022 through 2025 for quality rental apartments on Long Island.

TABLE 6
HOUSING TENURE: 2021 (ESTIMATE)

Housing Type	East Patchogue	Town of Brookhaven	Suffolk County
Total Housing Units	8,807	178,846	581,750
Owner-Occupied	60.1%	73.9%	69.7%
Renter-Occupied	32.7%	17.9%	16.5%
Vacant Housing Units	7.2%	8.2%	13.8%

Source: ESRI Business Analyst; Analysis by Nelson, Pope & Voorhis, LLC.

Income

[6] ESRI, *Community Profile Report*. All reports accessed via ESRI Business Analyst Online, April 2022.
[7] ESRI, *Community Profile Report*. All reports accessed via ESRI Business Analyst Online, April 2022.

Household income serves as a primary measure in determining affordability among various housing options within a given community. As seen in **Table 7**, households in East Patchogue have a median income of approximately $81,904. The median household income within the Town of Brookhaven and Suffolk County is significantly higher than that of East Patchogue – at $102,497 and $106,692, respectively.[8] The considerably lower median household income levels found in East Patchogue are indicative of a population with a greater demand for affordable and workforce housing options.

TABLE 7
MEDIAN HOUSEHOLD INCOME: 2021 (ESTIMATE)

Geographic Area	Household Income
East Patchogue	$81,904
Town of Brookhaven	$102,497
Suffolk County	$106,692

Source: ESRI Business Analyst; Analysis by Nelson, Pope & Voorhis, LLC.

3.2 National, Regional and Local Housing Market Trends

Current and projected local, regional and national housing conditions are an important component to understanding the market for new housing in the East Patchogue community. Many external economic forces are shaping the local housing market conditions in the community, Suffolk County and the Long Island region as a whole.

The national housing market has been strong, and as of December 2019, home construction was at its highest levels in 13 years.[9] Nationally, new housing has been demanded to meet the needs of the young workforce. Conversely, aging long-term residences are being developed as infill multi-family housing in many downtown settings. Overall, housing sales increased by 10.8% between December 2018 and December 2019 – the highest sales level in almost two years. Likewise, new home sales increased by 23.0% over the same time period.[10] Up until March 2020, Long Island's housing market remained strong, with home sales rising by 3.7%, and home sale prices rising more significantly – by 8.0% between February 2019 and February 2020 in Suffolk County.[11] In Nassau County, home sales have increased by 7.3% between February 2019 and

[8] ESRI, *Community Profile Report*. All reports accessed via ESRI Business Analyst Online, April 2022.
[9] The Associated Press, "New US home construction dips again in February" March 18, 2020, accessed via Long Island Business News.
[10] Long Island Association, "LIA Monthly Economic Report." February 2020.
[11] Multiple Listing Service of Long Island, "Suffolk County Market Updates." February 2020.

February 2020, while home sales prices increasing by 5.0% over the same period.[12] According to the National Association of Realtors, Long Island residential real estate ranks as the 9th highest-priced metropolitan area in the nation, with the median sales price of single-family homes pegged at $507,600 as of the third quarter of 2019.

However, the increased cost of building materials and recent supply chain issues have increased the cost of construction which has in turn negatively impacted housing affordability as prices of new and existing home are soaring.[13] The Federal Reserve recently approved a 0.25 percentage point rate hike in an effort to control inflation and is anticipated to increase interest rates six times total this year.[11] Although it is believed that increased interest rates will threaten the value of real estate, multi-family assets tend to perform well in this type of economic environment.[14] Economic growth fuels employment and higher wages which in turn drives demand for housing in a market with a chronic shortage of housing units.[12] These conditions give multi-family development owners the ability to raise rental rates to offset construction and allows multi-family properties to avoid the impacts of inflation.[12] Additionally, as many first-time homebuyers are unable to purchase a home due competition and surging home prices (due to limited availability and the desire for more space in response to the pandemic), these higher-income buyers are flooding the rental market and have created an unfavorable situation for lower-income renters looking for affordable apartments.[15] Despite these rental trends, the affordable housing shortage continues to remain constant and many developers are faced with barriers to new construction such as land availability and lengthy land use review and approval processes.[16]

The housing market on Long Island is reflective of national trends, but there remains several issues and challenges specific to the region. Long Island faces several housing challenges including a shortage of rental housing, an exodus of young adults, and meeting the housing needs of a growing elderly population.[17] Long Island is largely built out or limited by zoning, and subsequently, is feeling the pressure of unmet housing demand not only from its own communities, but on a regional scale as well.

[12] Multiple Listing Service of Long Island, "Nassau County Market Updates." February 2020.
[13] Nasdaq. "Will Housing ETFs Suffer as New Home Sales Dip in February." March 24, 2002. https://www.nasdaq.com/articles/will-housing-etfs-suffer-as-new-home-sales-dip-in-february
[14] Forbes. Inflation And Rising Interest Rates: What Is The Impact On Multifamily Investments?" https://www.forbes.com/sites/forbesbusinesscouncil/2022/03/08/inflation-and-rising-interest-rates-what-is-the-impact-on-multifamily-investments/?sh=64c3eae844bf
[15] Business Insider. "Owning a home is no longer the American dream" January 22, 2022. https://www.businessinsider.com/rent-prices-rising-high-demand-few-affordable-apartments-2022-1
[16] HUD. Harvard's Joint Center for Housing Studies Report: America's Rental Housing 2022 Release." March 21, 2022. https://www.huduser.gov/portal/pdredge/pdr-edge-featd-article-032222.html
[17] Regional Plan Association. "Long Island Housing Data Profiles:

Rent increases, the cost of living, the disparity between supply and demand combined with the pandemic have intensified the affordable housing crisis on Long Island and in New York City. Overall, rental properties remain limited, with an average vacancy rate of only 3.7% throughout the New York-Newark-Jersey City metropolitan area.[18] As of 2020, the median gross rent for the hamlet of East Patchogue was $1,542, which was less than the median gross rent in the Town of Brookhaven ($1,834) and Suffolk County ($1,810).

Therefore, there remains a high demand for housing including workforce and affordable housing throughout Long Island communities, including the Town of Brookhaven and the hamlet of East Patchogue.

[18] https://ipropertymanagement.com/research/rental-vacancy-rate#new-york

4.0 CONSISTENCY WITH EXISTING COMPREHENSIVE PLANNING DOCUMENTS

As noted in **Section 1.0**, this section analyzes relevant town and local planning documents specific to the East Patchogue community (where applicable) and summarizes the proposed project's consistency with such reports. This includes the *Town of Brookhaven Comprehensive Land Use Plan* (prepared in 1996) Suffolk County Planning Commission's *Smart Communities through Smart Growth* plan (2000), and Suffolk County's *Smart Growth Committee Report: Analysis and Prioritization of the Recommendations of the Smart Growth Policy Plan for Suffolk County* (2003).

Town of Brookhaven Comprehensive Land Use Plan (1996)

The *Town of Brookhaven Comprehensive Land Use Plan* (1996 Comprehensive Plan) sets several general goals, identifies environmental resources, discusses existing land uses, provides broad policies and recommendations, and includes a land use map depicting recommended future land uses and development patterns.

The 1996 Comprehensive Plan notes that the Town created a variety of methods to promote multifamily housing. In addition, the Plan notes methods to increase affordable housing such as incentives to developers through the Department of Housing, Community Development and Governmental Affairs. This office has fast-tracked qualified affordable housing projects and worked with non-profit affordable housing entities to increase the pool of affordable housing. The 1996 Comprehensive Plan also recognized that the housing supply may create additional need for new development to meet future population demands.

Planning recommendations and goals in the 1996 Comprehensive Plan that are generally applicable to the proposed project are as follows:

- Consideration should be given to placement of high density residential rather than additional shopping centers along already congested highways and adjacent to activity centers to create a sense of place.
- There is a need to continue to provide a choice of housing types for an aging population desiring to remain in the community as well as affordable housing for the young.
- Higher density residential housing tends to be occupied by fewer people, therefore limiting population growth.

Overall, the proposed project complies with the intent and advances the recommendations provided in the *Town of Brookhaven Comprehensive Land Use Plan* as the Greybarn Patchogue multifamily development will provide additional housing options, including some additional workforce and affordable housing units.

Smart Growth Policy Plan for Suffolk County (2000)

The 2000 *Smart Growth Policy Plan for Suffolk County* (2000 Smart Growth Plan) was prepared as required by legislation adopted by the Suffolk County Legislature effective March 30, 2000 establishing a Smart Growth Policy for Suffolk County. The purpose of the 2000 Smart Growth Plan was to highlight and examine various laws, regulations, policies and programs of Suffolk County in order to recommend changes to encourage smart growth. The 2000 Smart Growth Plan discusses eight principles of "Smart Growth" development (that corresponds with Smart Growth Policy legislation) that can be used as guidelines for further development in communities. These principles include:

- Direct development to strengthen existing communities;
- Encourage consultation and collaboration between communities;
- Preserve open spaces, natural and historic resources and working farms;
- Encourage compact and orderly development;
- Provide transportation choices;
- Provide a variety of housing choices;
- Encourage permitted processes that are predictable, certain, efficient and final;
- Encourage consistency of government policies and programs;

The 2000 Smart Growth Plan provides 43 recommendations to implement and advance these eight principles throughout Suffolk County. The recommendations that are relevant to the proposed project include continuing county housing initiatives to promote affordably priced homes. In addition, in the Smart Growth Public Hearing Transcripts, there was a preference for higher density housing developments over commercial shopping centers.

The Greybarn Patchogue residential development is consistent with these principles and recommendations in that the proposed project will provide additional housing opportunities.

Suffolk County Smart Growth Committee Report: Analysis and Prioritization of the Recommendations of the Smart Growth Policy Plan for Suffolk County (2003)

The Suffolk County Smart Growth Committee Report (Smart Growth Report) was prepared to prioritize the 43 recommendations provided in the 2000 *Smart Growth Policy Plan for Suffolk County* (2000 Smart Growth Plan). The Suffolk County Legislature assembled a Smart Growth Committee to review and prioritize the recommendations of the 2000 Smart Growth Plan. Of the five top priority recommendations endorsed by the Smart Growth Committee, one overall priority recommendation that relates to the proposed project was to "encourage the provision of a variety of housing choices."

5.0 SUMMARY OF ECONOMIC AND FISCAL IMPACTS

As noted in **Section 1.0**, this analysis summarizes the existing conditions and the fiscal and economic impacts that are associated with the development of Greybarn Patchogue. Fiscal impacts include the generation of property tax revenues and their distribution among local taxing jurisdictions, upon full taxation of the parcels. Economic impacts include direct, indirect and induced benefits on output, employment and associated labor income during the 18-month construction phase and during a stabilized year of annual operations.

The proposed project will increase the distribution of tax ratables throughout the Patchogue-Medford UFSD, the Town of Brookhaven and Suffolk County, upon full build-out and full-taxation of the development. Moreover, the proposed project will generate immediate construction jobs as well as permanent employment opportunities for Town and area residents. Such fiscal and economic benefits are most crucial for the economic well-being throughout the East Patchogue community, the greater Long Island region and New York State.

A summary of findings is provided herein, with detailed methodologies and references provided throughout this analysis. This analysis was prepared using methods, data and information that are considered to be industry standard for such fiscal and economic impact analyses.

Definition of Economic Impacts

A *direct impact* arises from the first round of buying and selling. These direct impacts can be used to identify additional rounds of buying and selling for other sectors of the economy and to identify the impact of spending by local households. An *indirect impact* refers to the increase in sales of other industry sectors, which include further round-by-round sales. An *induced impact* accounts for the changes in output and labor income by those employed within the region, resulting from direct and indirect impacts. The *total impact* is the sum of the direct, indirect and induced impacts.

Key Findings

<u>Economic Impacts of Construction</u>

A detailed analysis of direct, indirect and induced impacts generated during the 18-month construction period is outlined below. It is important to note that each of these impacts are temporary and are projected to occur only while the proposed project is being constructed.

- For the purpose of this analysis, it is anticipated that construction of the proposed project will commence in July 2022, with the construction period anticipated to occur over a period of approximately 18 months, culminating in early 2024.[19]

[19] Construction schedule provided by Rechler Equity Development LLC, in April 2022.

- The proposed project is projected to represent approximately $32.9 million [20] in construction costs over the 18-month construction period.[21] This $32.9 million in direct annual output is projected to generate an indirect impact of over $4.1 million, and an induced impact of an additional $10.2 million, bringing the total economic impact on output to over $47.3 million during the 18-month construction period.[22]
- During the construction period, direct employment refers to the number of short-term jobs necessary to complete the construction of the proposed project. The construction period is anticipated to generate 143.8 full time equivalent (FTE) jobs, which are anticipated to last the entire duration of the 18-month construction period.
- The 143.8 FTE jobs created during the construction period will have an indirect impact of 22.67 FTE employees and an induced impact of 59.05 FTE employees in other industry sectors, bringing the total impact of the 18-month construction period to 225.52 FTE jobs.[23] This job creation – direct, as well as indirect and induced – is most crucial during Long Island's present economic state, and presents opportunities for persons who remain unemployed throughout the region.
- During the construction period, direct labor income refers to the annual earnings, wages, or salary paid to each of the workers responsible for the construction of the proposed project. Labor income typically comprises approximately 50% of the cost of residential construction; the remaining portion represents the cost of materials.[24]
- Labor income is projected to total $73,779 per year, per employee.[25] When applied to the 18-month construction period, this represents approximately $110,668 per employee, and over $16.4 million in collective earnings among the 143.8 FTE employees. This labor income is projected to have an indirect impact of over $1.5 million and an induced impact of over $3.7 million, bringing the total economic impact of the 18-month construction period to over $21.7 million in labor income.[26]

[20] For the purpose of this analysis, this figure and all other figures in the construction portion of this analysis reflect 2022 dollars, the year in which construction is assumed to commence.
[21] Construction costs provided by Rechler Equity Development LLC, in April 2022. It is important to note that all costs are estimates based upon market conditions as of the date of preparation of this analysis.
[22] According to IMPLAN, a multiplier of 1.521609 represents the total dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand through the "Construction of new multifamily residential structures" (IMPLAN Sector 58) in Suffolk County, New York.
[23] According to IMPLAN, a multiplier of 10.74 represents the total change in the number of jobs that occurs in all industries for each additional one million dollars of output delivered to final demand through the "Construction of new multifamily residential structures" (IMPLAN Sector 58) in Suffolk County, New York.
[24] Construction/renovations labor and materials estimates per architectural design group Nelson + Pope.
[25] New York State Department of Labor's Occupational Employment Statistics survey reports a mean wage of $71,630 among those employed within construction and extraction occupations in the Long Island labor market. Data was collected between November 2017 and May 2020, and then updated to the first quarter of 2021 by making cost-of-living adjustments. An additional annual inflation factor of three percent (3%) was applied to the average wage, to reflect wages at the commencement of the construction period – estimated to occur in 2022 for the purpose of this analysis.
[26] According to IMPLAN, a multiplier of 0.806574 represents the total dollar change in labor income of households employed by all industries for each additional dollar of output delivered to final demand through the "Construction of new multifamily residential structures" (IMPLAN Sector 58) in Suffolk County, New York.

A summary of key economic findings projected to occur during the 18-month construction period is provided in **Table** 8

TABLE 8
SUMMARY OF KEY ECONOMIC FINDINGS
DURING 18-MONTH CONSTRUCTION PERIOD

Impact Type	Output (Total Revenue)	Employment (Total Number of FTE Jobs)	Labor Income (Total Wages)
Direct Impact	$32,939,584	143.80	$16,469,792
Indirect Impact	$4,146,581	22.67	$1,562,773
Induced Impact	$10,261,973	59.05	$3,700,596
Total Impact	**$47,348,138**	**225.52**	**$21,733,161**

Source: Data provided by Rechler Equity Development LLC; Analysis by Nelson, Pope & Voorhis, LLC, via IMPLAN software.

Economic Impacts of Annual Operations
A detailed analysis of direct, indirect and induced impacts generated annually during operations is outlined below. It is important to note that each of these impacts is permanent and on-going and they are projected on an annual basis, assuming continued stabilized operations.

- It is assumed that the proposed project will begin the operational phase of development upon the completion of the 18-month construction period, anticipated to occur in-2024. For the purpose of this analysis, the first year of stabilized operations is assumed to occur in 2025, which is the second year of operations.
- Annual output will be generated in the form of monthly rental income, which averages based on the following rates[27]:
    - $2,922.50 for each one (1)-bedroom market-rate unit and (1) bedroom workforce unit;
    - $3,507.50 for each two (2)-bedroom market-rate unit and (2) bedroom workforce unit;
    - $1,948.75 for each one (1)-bedroom affordable unit; and,
    - $2,338.75 for each two (2)-bedroom affordable unit.
- Annual rental income is anticipated to total $3.4 million.
- The annual operational revenues are projected to generate an indirect impact of over $790,000 and an induced impact of over $250,000 per year. This additional output is generated through round-by-round sales made at various merchants in other sectors of the regional economy. These include local retailers, service providers, banks, grocers,

[27] Assumptions pertaining to monthly rental rates provided by Rechler Equity Development LLC, in April 2022. It is important to note that all costs are estimates based upon market conditions as of the date of preparation of this analysis.

restaurants, financial institutions, insurance companies, health and legal services providers, and other establishments in the region.

- The sum of the direct, indirect and induced impacts results in a total economic impact on output of over $4.4 million during annual operations.[28]
- The proposed project is anticipated to generate 2.0 FTE jobs on site.[29] The 2.0 FTE jobs will have an indirect impact of 2.88 FTE employees and an induced impact of 1.39 FTE employees in other industry sectors, bringing the total economic impact of employment to 6.27 FTE jobs during annual operations.[30]
- The 2.0 FTE jobs will generate a total of $171,899 in collective labor income. This labor income includes an average employee salary of $75,000[31] and benefits equal to approximately 14.6% of the total salaries for the residential positions.[32]
- The $171,899 in labor income will have an indirect impact of over $255,000 and an induced impact of over $91,000, bringing the total economic impact of labor income to $518,260 during annual operations.[33]

A summary of key economic findings projected to occur during annual operations is provided in **Table 9**.

TABLE 9
SUMMARY OF KEY ECONOMIC FINDINGS DURING ANNUAL OPERATIONS

Impact Type	Output (Total Revenue)	Employment (Total Number of FTE Jobs)	Labor Income (Total Wages)
Direct Impact	$3,404,430	2.00	$171,899
Indirect Impact	$792,633	2.88	$255,046
Induced Impact	$252,500	1.39	$91,314
Total Impact	**$4,449,563**	**6.27**	**$518,260**

Source: Data provided by Rechler Equity Development LLC; Analysis by Nelson, Pope & Voorhis, LLC, via IMPLAN software.

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[28] According to IMPLAN, a multiplier of 1.375349 represents the total dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand by the "Tenant-occupied housing" (IMPLAN Sector 448) industry, in Suffolk County, New York.

[29] Assumptions pertaining to the direct employment of the proposed project provided by Rechler Equity Development LLC, in April 2022.

[30] According to IMPLAN, a multiplier of 7.88 represents the total change in the number of jobs that occurs in all industries for each additional one million dollars of output delivered to final demand by "Tenant-occupied housing" (IMPLAN Sector 448) in Suffolk County, New York.

[31] Assumptions pertaining to the annual salaries within the residential component of the proposed project provided by Rechler Equity Development LLC, in April 2022.

[32] According to IMPLAN, a multiplier of 1.145993 represents the total benefits specific to employee salaries among "Tenant-occupied housing" (IMPLAN Sector 448) in Suffolk County, New York.

[33] According to IMPLAN, a multiplier of 0.286447 represents the total dollar change in labor income of households employed by all industries for each additional dollar of output delivered to final demand by "Tenant-occupied housing" (IMPLAN Sector 448), in Suffolk County, New York.

Existing Fiscal Conditions

- As seen in **Section 3.0**, and according to the 2021 data estimates, there are approximately 22,065 persons residing within 8,807 housing units in East Patchogue. Likewise, there are approximately 487,182 persons residing within 178,846 housing units in the Town of Brookhaven and 1,492,708 persons residing within 581,750 housing units in Suffolk County[34]
- The vast majority of assessed parcels in the Town of Brookhaven are residential properties, comprising 74.0% of the total number of parcels. However, such properties comprise 46.9% of the Town's tax base[35] and cause the greatest burden on community services.
- The Town of Brookhaven created a balanced budget for the 2022 fiscal year of over \$135.1 million, compared to a 2021 adopted budget of over \$130.3 million.[36]
- Suffolk County adopted a 2022 operating budget with expenditures of \$4.018 billion and revenues of \$4.738 billion.[37]
- The proposed project is located within the boundaries of the Patchogue-Medford UFSD. The latest Census estimates suggest that 95.1% of all school-aged children who are enrolled in school and reside within the school district boundaries attended public schools; the remaining 4.9% of school-aged children attend private schools.
- Student enrollment within the Patchogue-Medford UFSD has decreased by 858 students, or 10.7% – over the ten (10) years between the 2011-12 and 2020-21 academic years.[38]
- According to the New York State School Report Card Fiscal Accountability Summary for the Patchogue-Medford UFSD, expenditures averaged \$11,952 per general education student and \$39,491 per special education student during the 2017-18 academic year. During this year, 1,081 students, or 12.5% of the students within Patchogue-Medford UFSD, were enrolled in the special education program.[39]
- For the 2021 fiscal year, school district expenditures totaled over \$244.3 million, of which over \$120.1 million was spent on education and over \$46.2 million was spent on employee benefits. The total revenue for this year was over \$224.0 million, of which over \$104.7 million was levied through real property taxes and assessments, over \$72.4 million through state aid, and over \$8.2 million through federal aid.[40]
- The Patchogue-Medford UFSD adopted a balanced budget for the 2022-2023 academic year, with revenues and expenditures totaling over \$211.1 million.[41]

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[34] ESRI, *Community Profile Report*. All reports accessed via ESRI Business Analyst Online, April 2022.
[35] New York State Office of Real Property Services, 2021 Annual Assessment Rolls, 2021 Parcel Counts by Individual Property Class Code.
[36] Town of Brookhaven, *"2022 Adopted Operating Budget."*
[37] Suffolk County, *"2022 Adopted Operating Budget Suffolk County Volume 1,"* 2021.
[38] New York State Department of Education.
[39] New York State Department of Education.
[40] Office of the New York State Comptroller.
[41] Patchogue-Medford UFSD.

- Prior to the coronavirus pandemic of 2020-22, unemployment had been decreasing substantially since its peak in 2010-2012. Unemployment in the Town, County, Long Island and New York State increased significantly in 2020; but started to decline in 2021 and has continued to decline into 2022. As of February 2022, approximately 9,400 persons – 3.7% of the Town's labor force – were unemployed. While it is important to note that this data has not been seasonally adjusted, the February 2022 unemployment rate for the Town was equal to Long Island's unemployment rate (3.7% of the labor force – or 54,700 persons) and marginally lower than Suffolk County's unemployment rate (approximately 30,000 person or 3.9% of the County's labor force). However, the Town, County, and Long Island unemployment rates are all lower than New York State's overall unemployment rate of 5.1% (477,100 persons).
- The project site is currently taxed at a rate of 412.077 per $100 of assessed valuation. This translates into a current generation of $147,008 in property tax revenues for the eight tax parcels that comprise the subject property.[42] The existing distribution of tax revenues is shown in **Table 10**.

General Fiscal Impacts

- An analysis of housing occupancy estimates allows for a determination of the number of residents and school-aged children that would likely result from the proposed project. This derivation of the projected number of school-aged children is based on standard demographic multipliers published by the Center for Urban Policy Research at Rutgers University, which are based on the number of bedrooms, type of building and approximate rent. These data are important in projecting fiscal impacts to the school district as related to tax revenue and cost of education.
- The project is proposed to include the development of 91 multi-family residential units. Such housing is projected to create a total of 181 residents. Of this, it is projected that 14 persons will be school-aged children between the ages of five (5) and 17 years old, as seen in **Table 11.**[43]

[42] Town of Brookhaven Assessor's Office.

[43] Demographic reports by the Long Island Housing Partnership and the Stony Brook University Real Estate Institute were also reviewed. The Rutgers demographic multipliers were found to be most representative of the housing types offered by this project, and further provide a breakdown by geographic region, unit type, rental rates and number of bedrooms which are not provided by other demographic studies. As a result, the Rutgers multipliers were used for this study.

TABLE 10
EXISTING TAX REVENUES

Taxing Jurisdiction	Current Tax Rate (per $100 Assessed Valuation)	Current Tax Revenue[44]	Tax Revenue Percent Distribution
Total School Taxes	**294.515**	**$105,068**	**71.5%**
School District- Patchogue-Medford UFSD	274.045	$97,766	66.5%
Library District- Patchogue-Medford UFSD	20.47	$7,303	5.0%
Total County Taxes	**45.907**	**$16,377**	**11.1%**
County of Suffolk	3.053	$1,089	0.7%
County of Suffolk – Police	42.854	$15,288	10.4%
Total Town Taxes	**25.012**	**$8,923**	**6.1%**
Town - Town Wide Fund	5.956	$2,125	1.4%
Highway - Town Wide Fund	1.617	$577	0.4%
Town- Part Town Fund	1.929	$688	0.5%
Highway- Part Town Fund/Snow Removal	15.51	$5,533	3.8%
Other Taxes	**46.643**	**$16,640**	**11.3%**
New York State MTA Tax	0.147	$52	0.0%
Open Space Preservation	2.272	$811	0.6%
Fire Districts – Yaphank	39.035	$13,926	9.5%
Lighting Districts- North Patchogue	1.2	$428	0.3%
Real Property Tax Law	3.081	$1,099	0.7%
Out of County Tuition	0.694	$248	0.2%
Suffolk County Community College Tax	0.214	$76	0.1%
TOTAL: ALL TAXING JURISDICTIONS	**412.077**	**$147,008**	**100.0%**

Source: Data provided by the Town of Brookhaven Assessor's Office; Analysis by Nelson, Pope & Voorhis, LLC.

[44] Current tax revenue for all parcels that comprise of the subject property.

TABLE 11
IMPACT ON POPULATION

Parameter	1-BR Market-Rate Units[45]	2-BR Market-Rate Units[46]	1-BR Workforce Units[47]	2-BR Workforce Units[48]	1-BR Affordable Units[49]	2-BR Affordable Units[50]	Total: All Units
Number of Units	37	36	5	5	4	4	***91***
Average Infants/Toddlers per Household	0.08	0.19	0.08	0.19	0.08	0.19	-
Average School-Aged Children per Household	0.08	0.24	0.08	0.24	0.08	0.24	-
Average Adults per Household	1.51	1.88	1.51	1.88	1.51	1.88	-
Projected New Residents	**61.8**	**83.2**	**8.4**	**11.6**	**6.7**	**9.2**	***181***
Infants/Toddlers	3.0	6.8	0.4	1.0	0.3	0.8	***12***
School-Age Children	3.0	8.6	0.4	1.2	0.3	1.0	***14***
Adults	55.9	67.7	7.6	9.4	6.0	7.5	***154***

Source: Center for Urban Policy Research at Rutgers University; Analysis by Nelson, Pope & Voorhis, LLC.

<u>Anticipated Fiscal Impacts</u>

- For taxing purposes, the total estimated market valuation of the proposed project is based upon rental rates ranging from $1,948.75 to $3,507.50 per month for the residential units.[51] As shown in **Table 12**, monthly rental rates for all 91 units total $3.4 million per year.

[45] The demographic multiplier per housing unit assumes a renter-occupied 1-BR residence within a structure type of 5+ units, with rent of more than $1,000 per month.
[46] The demographic multiplier per housing unit assumes a renter-occupied 2-BR residence within a structure type of 5+ units, with rent of more than $1,100 per month.
[47] The demographic multiplier per housing unit assumes a renter-occupied 1-BR residence within a structure type of 5+ units, with rent of more than $1,000 per month.
[48] The demographic multiplier per housing unit assumes a renter-occupied 2-BR residence within a structure type of 5+ units, with rent of more than $1,100 per month.
[49] The demographic multiplier per housing unit assumes a renter-occupied 1-BR residence within a structure type of 5+ units, with rent of more than $1,000 per month.
[50] The demographic multiplier per housing unit assumes a renter-occupied 2-BR residence within a structure type of 5+ units, with rent of more than $1,100 per month.
[51] Residential rental rates provided by Rechler Equity Development LLC, in April 2022.

TABLE 12
RENTAL RATES

Unit Type	Number of Units	Monthly Rental Rate	Total Gross Rent
1-BR Market-Rate	37	$2,922.50	$1,297,590
2-BR Market-Rate	36	$3,507.50	$1,515,240
1-BR Workforce	5	$2,922.50	$175,350
2-BR Workforce	5	$3,507.50	$210,450
1-BR Affordable	4	$1,948.75	$93,540
2-BR Affordable	4	$2,338.75	$112,260
Total: All Rental Units	**91**	--	**$3,404,430**

Source: Data provided by Rechler Equity Development LLC; Analysis by Nelson, Pope & Voorhis, LLC.

- After applying estimated loss from vacancies of 5%, as well as an expense ratio of 40%, a capitalization rate of 0.1 and a Town equalization rate of 0.74%, the estimated assessed valuation of the proposed project upon full build-out and occupancy is approximately $138,560. This is shown in **Table 13**.

TABLE 13
ESTIMATED ASSESSED VALUATION

Parameter	Value
Gross Annual Rents	$3,404,430
Estimated Loss from Vacancies	5%
Expense Ratio	40%
Net Income	$1,872,437
Capitalization Rate	0.1
Estimated Market Value	$18,724,365
2021 Equalization Rate	0.74%
Assessed Value	**$138,560**

- When the assessed valuation of $138,560 is applied to the current tax rates, the proposed project is projected to generate $570,975 in annual taxes under full build-out and full taxation of the property. This represents a net increase of over $423,967 per year when compared to existing site conditions. The distribution of tax revenues is shown in **Table 14**.
- Fiscal impacts are projected based on full build-out and full taxation based on current assessments and projected revenues. It is noted that any tax deferral programs will delay and phase-in full taxation. The projection of tax revenues is useful in determining existing,

PILOT and future taxation to assist with an understanding of existing and future taxes to assist the IDA in decision-making.

TABLE 14
ANTICIPATED TAX REVENUE GENERATION

Taxing Jurisdiction	Current Tax Revenue[52]	Projected Tax Revenue	Change in Tax Revenue	Tax Revenue Percent Distribution
Total School Taxes	**$105,068**	**$408,081**	**$303,013**	**71.5%**
School District- Patchogue-Medford UFSD	$97,766	$379,718	$281,952	66.5%
Library District- Patchogue-Medford UFSD	$7,303	$28,363	$21,061	5.0%
Total County Taxes	**$16,377**	**$63,609**	**$47,232**	**11.1%**
County of Suffolk	$1,089	$4,230	$3,141	0.7%
County of Suffolk - Police	$15,288	$59,379	$44,090	10.4%
Total Town Taxes	**$8,923**	**$34,657**	**$25,734**	**6.1%**
Town - Town Wide Fund	$2,125	$8,253	$6,128	1.4%
Highway - Town Wide Fund	$577	$2,241	$1,664	0.4%
Town- Part Town Fund	$688	$2,673	$1,985	0.5%
Highway- Part Town Fund/Snow Removal	$5,533	$21,491	$15,958	3.8%
Other Taxes	**$16,640**	**$64,629**	**$47,989**	**11.3%**
New York State MTA Tax	$52	$204	$151	0.0%
Open Space Preservation	$811	$3,148	$2,338	0.6%
Fire Districts - Yaphank	$13,926	$54,087	$40,161	9.5%
Lighting Districts- North Patchogue	$428	$1,663	$1,235	0.3%
Real Property Tax Law	$1,099	$4,269	$3,170	0.7%
Out of County Tuition	$248	$962	$714	0.2%
Suffolk County Community College Tax	$76	$297	$220	0.1%
TOTAL: ALL TAXING JURISDICTIONS	**$147,008**	**$570,975**	**$423,967**	**100.0%**

Source: Data provided by the Town of Brookhaven Assessor's Office; Analysis by Nelson, Pope & Voorhis, LLC.

- Approximately 95.1% of all school-aged children who are enrolled in school and reside within the Patchogue-Medford UFSD boundaries attended public schools; the remaining 4.9% of school-aged children residing within the district attend private schools. For the purpose of this analysis, and when applying this factor to the 14 school-aged children projected to reside within the proposed project, it is estimated that one (1) student will attend private schools; the remaining 13 students are likely to attend public schools within the Patchogue-Medford UFSD.
- The estimated 13 school-aged children anticipated to attend public schools within the Patchogue-Medford UFSD will result in additional costs to the school district; however, this cost will be offset by the school tax revenue generated by the proposed project upon full taxation, with a substantial surplus that will benefit the school district as noted in

[52] Current tax revenue for all parcels that comprise of the subject property.

review of **Table 15** below.

- The ratio of special education students to the total enrollment within the Patchogue-Medford UFSD is approximately 12.5%. For lack of any other statistics to use as a basis for projection, it is assumed that the portion of special education students will remain constant with the development of the proposed project. When applied to the estimated 13 school-aged children that are projected to attend public schools, it is anticipated that 11 of these students would be enrolled within the general education program, while two (2) of these students would be enrolled within the school district's special education program.
- According to the New York State School Report Card, Fiscal Accountability Supplement for the Patchogue-Medford UFSD, expenditures averaged $11,952 per general education student and $39,491 per special education student during the 2017-18 academic year.[53] Given these assumptions, it is estimated that the 13 public-school students will result in additional costs to the Patchogue-Medford UFSD amounting to approximately $210,454 per academic year.
- As seen in **Table 14**, the proposed project is anticipated to levy tax revenues for the Patchogue-Medford UFSD, estimated to total $379,718 per year. These property tax revenues would cover all associated expenses incurred by the 13 public-school students, resulting in a net surplus revenue to the school district of over $160,000 per year upon full taxation of the property. This net revenue could ease the district's need to tap into additional fund balances and could also help alleviate an increased burden on other taxpayers throughout the district. This is shown in **Table 15**.

TABLE 15
FISCAL IMPACT ON SCHOOL DISTRICT

Parameter	General Education	Special Education	Total: All Students
Student Enrollment: Existing Conditions	7,578	1,081	8,659
Percentage of Enrollment: Existing Conditions	87.5%	12.5%	100.0%
Number of Additional Students in Public Schools: Proposed Project	11	2	13
Expenditure per Pupil: Existing Conditions	$11,952	$39,491	-
Additional Expenditures: Proposed Project	$131,472	$78,982	**$210,454**
Projected Tax Revenue Allocated to School District: Proposed Project	-	-	**$379,718**
Net Additional Revenue			**$169,264**

Source: Patchogue-Medford UFSD; New York State Education Department; Analysis by Nelson, Pope & Voorhis, LLC.

[53] This data reflects the most recently published data as of the date of submission of this analysis.

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ATTACHMENT A
Nelson, Pope & Voorhis, LLC
Economic Analysis Qualifications

STATEMENT OF QUALIFICATIONS
ECONOMIC AND FISCAL IMPACT ANALYSIS

NELSON POPE VOORHIS
environmental • land use • planning

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INTRODUCTION

Nelson, Pope & Voorhis, LLC ("Nelson Pope Voorhis" or "NPV") is an environmental planning and consulting firm established in 1997 that serves governmental and private sector clients preparing creative solutions specialized in the area of complex environmental project management and land use planning/analysis. Our offices are strategically located in Melville, Long Island, NY and Suffern, NY in the Hudson River Valley. NPV consists of three divisions, created to better serve clients with high quality, innovative and responsive consulting services in all aspects of environmental planning. The three divisions are:

- **Environmental and Community Planning Division:** prepares comprehensive plans, long-term planning studies, corridor redevelopment studies, brownfield plans and comprehensive and strategic zoning amendments. The group is effective in the use of geographic information systems (GIS) mapping to evaluate issues and present baseline data. Effective community outreach strategies are developed and tailored for each project and the community in which the project is taking place. The group represents a number of planning boards in the region.

- **Phase I/II ESA and Remediation Division:** prepares Phase I/II Environmental Site Assessments with soil and groundwater sampling services, lead based paint, asbestos and radon inspection services, and all forms of environmental sampling. The division evaluates the implications of past and/or present contamination and property uses on future land uses.

- **Environmental Resource and Wetland Division:** conducts ecological assessment and planning, landscape and coastal restoration, wetland delineation and restoration, habitat assessment, conducts stormwater modeling and green infrastructure planning and implementation. This division assists clients through permitting and SEQRA processes.

The primary focus of the firm is to provide quality consulting services that meet the needs and goals of our clients while respecting the environment. We pride ourselves being extremely responsive to each client. Clients rely on NPV's depth of experience and expertise to provide solutions to each unique project within budget and on schedule. Our clientele, some of whom we have represented for decades, recognize NPV's capabilities and are secure in knowing that they receive quality professional services from project inception through completion. NPV's multidisciplinary staff includes AICP-certified planners, economists, ecologists, hydrologists, certified environmental professionals, grants specialists, and GIS specialists.

As a local firm, NPV has significant expertise in performing both Economic and Fiscal Impact Analyses as well as Market Studies. We have served as a primary consultant to many private developers as well as municipalities and have established a solid track-record of completed projects and local government references throughout Long Island, with an emphasis on economic related projects.

NPV has the capabilities to provide the following services:

PHASE I/II ESA AND REMEDIATION

ENVIRONMENTAL AUDITS

Phase I ESA & Due Diligence Investigations
Phase II ESA
Groundwater Investigations
Soil Sampling, Boring and Classifications
Soil Gas Surveys
Monitoring Wells & Piezometers
Tank Sampling
Pesticide Sampling & Plans
Soil Management Plans
Remediation
Brownfield/Voluntary Cleanup Plans
RCRA Closures
Superfund Sites
Asbestos Surveys
Influent/Effluent Sampling
Lead Based Paint Surveys
Subsurface Investigations
Ground Penetrating Radar (GPR)
Dewatering Services
Pipe Camera
Magnetometer
Groundwater Monitoring Studies
Flow Studies
Water Supply Studies
Nitrogen Load/TMDL Evaluation

ENVIRONMENTAL ANALYSIS

NYS SEQRA/NYC CEQR Administration
NEPA Analysis/Documentation
EIS/EAF Preparation
GEIS & Regional Impact Analysis
Noise Monitoring & Assessment
Air Impact Analysis
Visual Assessment

COMMUNITY AND LAND PLANNING

ECONOMIC

Fiscal Impact Analysis
Economic Impact Analysis
IMPLAN and RIMS II Economic Impact Modeling
School District/Community Service Impact Analysis
Market Studies
Niche Market Analysis
Demographic Studies
Economic Development Planning
Business Retention & Expansion Strategies
Downtown Revitalization
IDA Financing Assistance

PLANNING

Development of Feasibility Studies
LEED Planning
Public Outreach Meetings
Demographic Analysis
Municipal Review Services
Planning & Zoning Analysis
Build Out Analysis
GIS Analysis
Code Preparation & Review
Downtown Revitalization
Regional Planning & Land Use Plans
Recreation Planning
LWRP & Harbor Management Plans
Grant Writing & Administration
Public Outreach & Community Surveys
Community Visioning
District Mapping
Spatial Analysis of Call Database
Needs Assessment
Demographic Analysis

ENVIRONMENTAL AND WETLAND ASSESSMENT

STORMWATER MANAGEMENT

Stormwater Permitting
Stormwater Pollution Prevention Plans (SWPPP)
Erosion & Sediment Control Plans
NYSDEC "Qualified Inspectors" for Construction Field Monitoring
Stormwater Management Programs
NYSDEC Annual Reports
Construction Stormwater Field Monitoring
Outfall & Infrastructure Inventory
GIS Mapping & Analysis
Stormwater BMP's
Stormwater Management Planning
Low Impact Design

ECOLOGY & WETLANDS

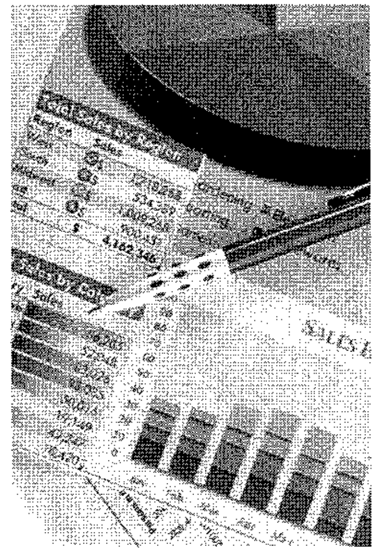
Wetland Delineation and Permits
Permit Plans
Restoration/Mitigation Plans
Ecological Studies and Surveys
Endangered Species Surveys
Pond Management Plans
Invasive Species Control
Water Quality Evaluation
Habitat Management
Watershed Management Plans
Environmental Education /Outreach

COASTAL & WATERFRONT MANAGEMENT

Waterfront Management Plans
Waterfront Certifications
Coastal Erosion Hazard Area
FEMA Compliance
Shoreline Restoration Planning
Ecological Landscape Design

Economic and Fiscal Impact Analyses & Market Studies

NPV performs economic impact analyses and utilizes the software IMPLAN (a model that combines a set of extensive databases, economic factors, multipliers, and demographic statistics) to estimate short and long-term employment projections generated by a development. Economic impacts are determined by inputting the anticipated direct spending from construction and operations of each of the development through the IMPLAN model which may be calibrated to reflect local spending patterns. The IMPLAN model estimates the full-time job creation during construction and under operation — and the direct, indirect and induced economic benefits related to purchase of goods and services. Direct effects are the immediate result of the project implementation. Indirect benefits stem from the purchase by local businesses/industries of goods and services from other local businesses/industries (also known as intermediate expenditures). Induced benefits reflect the spending of wages from residents (accounting for household purchases made by paid employees or from new residents in housing developments).



For fiscal impact analyses, NPV identifies project benefits and/or impacts in terms of tax revenue projections and demand for community services from various providers – including the ramifications of development on local school districts.

NPV prepares market studies to evaluate the need for a particular type of development, which include housing needs assessments, evaluation of retail gaps and surpluses, and niche market and branding studies.

KEY PERSONNEL

All NPV professionals are available to assist on an as-needed basis. Kathy Eiseman will serve as the project coordinator, working as the primary contact and assigning projects to the various professionals on the team. Specific individuals expected to provide services and their individual roles for Economic and Fiscal Impact Analyses initiatives are noted as follows:

Personnel	Qualifications, Project Role
Kathryn J. Eiseman AICPPartner	Project Oversight
Charles J. Voorhis, CEP, AICP Principal	Project Coordination
Taylor Garner Environmental Planner/GIS Manager	Project Coordination, Preparation of Reports
Valerie Monastra Principal Planner	Preparation of Reports

Nelson Pope Voorhis is managed by a select group of partners. Each provides specific expertise in the field of environmental planning, land use planning/analysis, remediation, engineering and land surveying that is unique within the industry. The diverse leadership of NPV couples the experience of our senior partners with the innovation and enthusiasm of our younger staff. Many of the team's staff have advanced technical degrees and/or technical certifications. Such as LEED Accredited Professional (LEED AP), OSHA 40 Hour HAZWOPER, and American Institute of Certified Planners (AICP), etc.

Kathryn J. Eiseman, AICP, Partner is a Partner and Division Manager of the Environmental & Community Planning Division. She has over 20 years of planning experience in environmental planning and manages both private and public planning projects. Current projects include the Local Waterfront Revitalization Program for the Town of Islip and Brownfield Opportunity Area (BOA) for the Town of Riverhead BOA. Ms. Eiseman is the planner for the Villages of Southampton and Sag Harbor Planning Boards and directs her staff to perform site plan and subdivision reviews and advises the Board on a regular basis. She is skillful in managing complex projects and working with team members both in house and as subconsultants. Her staff is proficient in the use of GIS and design software for preparation of high-quality graphic products. Ms. Eiseman is experienced in the art of public participation and education and tailors her approach to the unique needs of each project community. She is an enthusiastic and creative planner who endeavors to bring a fresh approach to each project as well as to her position as Treasurer for the Long Island Section of the American Planning Association.

Charles Voorhis, CEP, AICP is Principal of NPV and has over 40 years of experience in environmental planning on Long Island and in the New York metropolitan area. Mr. Voorhis is a member of the American Institute of Certified Planners (AICP) and is a Certified Environmental Professional (CEP). He has a wealth of experience in managing large scale municipal projects including regional environmental planning, downtown revitalization and action planning, Generic Environmental Impact Statements, stormwater management, wetlands and coastal management, and municipal consulting. Mr. Voorhis and his firm serve as environmental planning consultants to many of New York Towns and Villages and are currently in the process of preparing several long-range planning initiatives for several Towns in Nassau and Suffolk Counties.

Taylor Garner is an environmental planner with an undergraduate degree in Environmental Science from Villanova University and a master's degree in Urban Planning with a concentration in Sustainability and the Environment from Hunter College. Ms. Garner has undergone the Formal training course in the IMPLAN Economic Modeling System IMPLAN. She oversees the preparation of market analyses and feasibility studies, niche market studies and branding plans, school district analyses, economic development strategies, as well as fiscal (projecting taxes and the impact to local jurisdictions) and economic (projecting job creating and associated revenues circulating throughout the economy) impact analyses for residential, commercial, office, industrial, recreational, hospitality, tourism and mixed-use developments. She has experience in analyzing demographic data and preparing grant applications. Ms. Garner has been involved with comprehensive plans, local waterfront revitalization plans, brownfield development, zoning plans, and public participation and community visioning processes. Ms. Garner is also experienced in the preparation and review of environmental assessment documents, including SEQRA and CEQR documents, and site plan review for the Villages of Southampton and Sag Harbor and the Town of Oyster Bay.

Valerie Monastra is an is an AICP Certified Environmental Planner with over 18 years of experience throughout the Hudson Valley in management and planning pertaining to land use development, zoning, environmental review, affordable housing and community development projects. Her educational and employment history encompass both urban and environmental planning as well as governmental administration. Ms. Monastra has experience providing planning services to New York State agencies including DOS, DEC, OPRHP and ESD and is expert in the SEQRA and NEPA processes. Ms. Monastra serves as the President of the Westchester Municipal Planning Federation. She has vast experience working on the local level with municipalities to complete plans and navigate projects through the land use approval process.

Detailed resumes can be provided upon request.

Relevant Experience

The following list of projects have been selected to demonstrate the team's qualifications and capabilities.

City of New Rochelle Downtown Overlay Zone (DOZ) Zoning Amendments (New Rochelle, NY)

NPV prepared an economic and fiscal impact analysis for the proposed 2021 Amendments to the City of New Rochelle Downtown Overlay Zone (DOZ), located in the downtown area of New Rochelle, New York. The City is proposing updates to the Theoretical Development Scenario (TDS), which was originally evaluated as part of the 2015 Generic Environmental Impact Statement (GEIS). The GEIS was prepared to evaluate potential impacts that could result from the adoption of the DOZ. The 2021 TDS changes are proposed to address the shift in demand away from certain commercial uses and to provide for additional residential and live/work options, as well as retail and restaurant options designed to integrate the outdoors and new outdoor recreational opportunities into the DOZ. Additionally, the 2021 DOZ Amendments include the continuation of the DO Zones to the south and east to add a new "Waterfront Overlay District" ("DO-7 Zone") to allow for development on or near a newly created publicly accessible waterfront. Collectively, the 2021 DOZ Amendments (the "Proposed Action") are intended to continue the successful growth within the entire DOZ while re-balancing the potential development impacts of a revised TDS.

The analysis examines the economic and fiscal impacts that are anticipated to occur through the implementation, construction and annual operations of the revised TDS, intended to continue growth within various zoning districts within the City's downtown and waterfront.

Greybarn Sayville (Sayville, NY)

NPV has updated this fiscal and economic impact analysis for the Greybarn-Sayville Planned Development District (PDD) as part of the Draft Environmental Impact Statement (DEIS). The proposed project is on the site of a former Country Club, a 114.33-acre property in the hamlet of Sayville of the Town of Islip. The proposed project will include the development of 1,365 multi-family residential rental units, on-site stormwater and sanitary wastewater treatment systems, connections to the public water supply, recreational and commercial amenities (limited to the site's residents, and including small retail/commercial spaces, interior open spaces, outdoor pool/patio areas, and an internal walking trail network), and a 25±-acre public open space along the perimeter of the site, in which a pedestrian path is proposed. The proposed project also includes expanded wastewater treatment capabilities for wastewater from downtown Sayville, and installation of a sewer main from downtown Sayville to the on-site sewage treatment plant (STP).

The project responds to the public need for increased quality rental housing opportunities in the area. The proposed project has been designed using smart growth development principles, by incorporating features and characteristics including internal walkability, sense-of-place features, safe and convenient pedestrian access to on-site amenities (within the site and limited to use of the site's residents), and on-site recreational amenities for its residents. In addition, the proposed project will create strong economic activity by providing jobs and a solid tax base.

Concern for Independent Living (Southampton, NY)

NPV prepared a fiscal and economic impact summary to examine the fiscal and economic impacts that are anticipated to occur through the construction and annual operations of a proposed residential development with 60 workforce rental apartment units to be located on County Road 39 in the Village of Southampton. Due to the generally affluent nature of the south fork of Long Island, and many parts of Southampton in particular, the demand for workforce housing units in Southampton is strong, and there is documented need for this type of housing in the community. The proposed project responds to the Town's and community's desire to provide such rental housing opportunities in the area, as recognized in various comprehensive planning documents and evidenced by current conditions within the surrounding community.

There also remains an unmet demand for veteran housing, including housing for disabled veterans who may have a need for accessible housing and supportive services. The units will be comprised of 36 one-bedroom and 24 two-bedroom apartment units, and the proposed project will also include a 5,000 square foot (SF) community building with a gym, computer room, and community room for use by residents and staff, as well as service provision for the supportive housing units. All of the units will be designated as "affordable" units under the Town Code and will be occupied by households that meet applicable economic standards as administered by the Town. A portion of the units will be occupied by veterans, including disabled veterans and disabled veterans in need of support. The project will benefit the community by transforming an overgrown and littered site into attractive, high-quality workforce housing that will enhance the community. As economic stability returns following the coronavirus pandemic of 2020, the proposed project is expected to contribute to the long-term economic health of the community.

Superblock Long Beach (Long Beach, NY)

NPV prepared a Fiscal Impact Analysis and a Household Buying Power Analysis for a residential development in Long Beach, New York. This analysis will assist the developer in quantifying the fiscal impact that the new residential development will have on the local tax base, and the economic impact that new household spending will have on the local economy. Economic impact including construction and operational job creation was addressed in detail in the Economic Impact Summary Analysis prepared by NPV earlier in 2020. This analysis examines the fiscal impacts and the household spending that is anticipated to occur during annual operations of a new residential development including: 200 one- and two-bedroom condominiums; and, 238 market-rate and workforce studio, one- and two-bedroom rental units.

Prior to the coronavirus pandemic of 2020, the condominium market in Long Beach has been quite attractive, with a strong demand and a supply of such housing units proximate to the boardwalk, and/or with water views. The rental market has suffered from a dearth of new transit-oriented communities. The proposed residential development is responsive to this demand in Long Beach, and as economic stability returns, is expected to contribute to the long-term economic health of the community through the provision of such newly constructed luxury housing opportunities. The proposed residential development is expected to create strong economic activity by providing a solid tax base upon completion and full taxation of the project. The new residents living within the 200 condominiums and 238 rental units proposed for development will patronize downtown establishments, bringing significant new disposable income to the merchants in the community. Consumer activity will ripple through the local community, creating beneficial fiscal and economic impacts throughout Long Beach, Nassau County, and the region as a whole. Consequently, economic activity including job creation and consumer buying power will be generated by the project.

Storage Deluxe (Valley Stream, NY)

NPV prepared a market feasibility, fiscal and economic impact summary analysis for a commercial storage facility in Valley Stream, New York. This analysis examines the feasibility in the local market, as well as fiscal and economic impacts that are anticipated to occur through the construction and annual operations of a new four-story, 140,000 square foot (SF) commercial storage facility. With the decline in the number of warehouse facilities in the region, and rising commercial rents, many companies can no longer afford large warehouses. Such businesses have nowhere to store their inventory, which is a major roadblock to their success and growth. The proposed commercial storage facility is responsive to this need and anticipates serving the needs of hundreds of local businesses in Valley Stream and surrounding communities, in a cost-effective manner.

The proposed commercial storage facility will create strong economic activity by providing new employment opportunities and will provide a tax revenue and/or payment in lieu of taxes. The analysis served to accompany the IDA application to the Town of Hempstead.

RD Industrial Site (Yaphank, NY)

NPV prepared a series of economic and fiscal calculations as part of the Land Use Application being prepared for a 47+ acre project site is located the hamlet of Yaphank, Town of Brookhaven. The proposed project includes the development of two one-story distribution warehouses, as well as a three-story self-storage building. For the purpose of this analysis, it was assumed that both distribution warehouse buildings will be occupied by a mix of industrial and office uses, with a split of 90%/10% favoring pure industrial use.

As economic stability returns following the coronavirus pandemic of 2020-21, the proposed project is expected to contribute to the long-term economic health of the community. More specifically, the proposed project will establish many new construction and operational jobs that will help in the pre- and post-pandemic recovery, as well as a solid tax base upon full build-out and full-taxation of the property.

Canoe Place Inn and Hampton Boathouses (Hampton Bays, NY)

The Canoe Place Inn (CPI) has a longstanding history and serves as an important part of the character of the Hampton Bays community. The rehabilitation the formerly vacant CPI included synergistic uses on the site reminiscent of its history, working together to draw interest for destination weddings, charity events, business conferences and other special events.

In the 2014 preparation of the Environmental Impact Statement, NPV prepared a Fiscal Impact Analysis and Assessment of Needs and Benefits for the Canoe Place Inn and Hampton Boathouses
properties. The study examined and quantified the beneficial impacts to the local school district as well as the generation of annual property tax revenues. Moreover, the analysis projected the economic impacts – on output, employment and labor income – during both the construction period and annually, upon a stabilized year of operations of the rehabilitated CPI and residential project components. NPV also prepared a Residential Market Analysis for the Hampton Boathouses property on Shinnecock Canal. The analysis analyzed the relationship between the demand for, and supply of, comparable residential developments and ultimately,

quantified the amount and type of housing units that could be supported by the target market – including both those for year-round residents and seasonal residents.

In 2019, NPV prepared a Market Feasibility Analysis for CPI, for submission to the Suffolk County Industrial Development Agency (SCIDA) for tax deferral and other financial assistance. The analysis examined the demand for CPI, the local and regional tourism market and forecasted growth, and determined that CPI will establish a tourism destination that is likely to attract a significant number of visitors from outside the economic development region, and therefore eligible for SCIDA assistance.

Danford's Hotel, Marina & Spa: Economic Planning Analysis(Port Jefferson, NY)

Danford's Hotel, Marina & Spa is an integrated water-dependent facility in Port Jefferson, New York, and is referred to as "the anchor of Port Jefferson." The hotel, marina, spa and restaurant are inter-related uses that support recreational/commercial boating, marine trades, marine material suppliers and related industries. The combined facility is an economic engine for Port Jefferson and the region, with the annual maintenance to, and operations of, the facility creating strong economic activity. An abundant amount of consumer activity ripples through the

local community, contributing vastly to the economy of downtown Port Jefferson, and into the Town of Brookhaven, Suffolk County and the region as a whole.

NPV prepared an Economic Planning Analysis that quantified the beneficial economic impacts associated with Danford's Hotel, Marina & Spa. The analysis examined the direct, indirect and induced impacts on output, employment and labor income, during the annual maintenance and repair construction of the facility, as well as during annual operations of the hotel, marina & spa.

TopGolf Market Feasibility Analysis (Holtsville, New York)

Topgolf is a global sports and entertainment community, which was first launched in the United States in 2005. It has served as the pioneer in the golf entertainment industry ever since. The most recent location in Holtsville, NY includes a 65,000 square foot, state-of-the-art, multi-level golf entertainment complex, and allows for a unique experience that can be enjoyed year-round. No such facility currently exists on Long Island. The synergistic uses provided at the Topgolf Holtsville location will work together to draw interest for local residents, college students and employers, as well as persons originating from outside of the area for patronage, corporate and charity events, business conferences and other special activities. This broad combination of guests will provide economic activity both at the site and into the surrounding community.

In 2016, NPV prepared a Economic and Fiscal Impact Analysis that examined and quantified the beneficial tax revenue benefits as well as economic impacts – on output, employment and labor income – during both the construction period and annually, upon a stabilized year of operations of the proposed Entertainment Recreation Facility. In 2019, NPV prepared a Market Feasibility Analysis for Topgolf, to accompany the Industrial Development Agency (IDA) application to the Town of Brookhaven. The analysis examined the strength of the regional entertainment recreation industry, the demand for this type of use, the lack of supply of comparable facilities in the local and regional economy, and various benefits that would be accrued to the local economy and community at large, through the annual operations of the Topgolf project. The analysis concluded that

Topgolf would provide a combined entertainment and recreation facility, that but for the project, would not be reasonably available to the residents of the Town of Brookhaven or Suffolk County, and therefore it was deemed eligible and appropriate for IDA assistance.

Economic Development Chapter of the Comprehensive Plan Update (Town of Southold)

In an effort to achieve the Town's vision, five goals and numerous objectives were formed to provide direction for future decision-making pertaining to the Town's economy. Much of the Town's economic vitality is based on the Town's unique rural, historic and maritime-based character as well as its natural resources. NP&V prepared the economic chapter of the Comprehensive Plan Update for the Town of Southold to allow for the formation of appropriate recommendations and implementation strategies focused on long-term economic sustainability throughout the Town.

One of the specific tasks involved with the economic chapter of the Town's Comprehensive Plan is the zoning/build-out analysis. The Town of Southold is facing development pressure and is concerned about the impact that the current zoning may have on the Town's resources. The Town of Southold prepared a build-out analysis of several zoning districts, and NP&V funneled these findings into a model to assess the regional impact of full build-out and modified development scenarios. Ensuring quality of life, protection of environmental resources, housing needs and maintenance of the tax base were key elements of the model. This project involved the creation of a model to synthesize multiple evaluation factors to analyze the impact of full build out of the Town of Southold under its current zoning.

Niche Market and Branding Plan & Build-Out/Tax Base Analysis(Bellport, NY)

NPV worked with the Town of Brookhaven on a niche market and branding plan for the Greater Bellport community. The focus of this plan was to form a set of recommendations that outlined the necessary steps that members in the Greater Bellport community can take in order to successfully create a sense of place, community pride and positive perceptions through a more niche-oriented position in the local market. NPV recommended various initiatives to make the Greater Bellport community unique and marketable, creating a place that people want to be, where people are comfortable, and a place that people remember and come back to time and again. The niche market and branding plan strives to promote the community's niche market to new residents, visitors and economic development opportunities alike, offering the Greater Bellport community the opportunity to develop a theme that they want to be known for.NPV worked with the Town of Brookhaven on a build-out/tax base analysis, to analyze how the local school district could be impacted by growth. NPV created a GIS model to compare tax assessments for various land use scenarios to ensure an adequate tax base to support increased growth in school population without disproportionate increases in residential tax rates. This model was used to test assumptions for future development and to analyze various alternatives in an automated fashion, allowing for easy comparison of scenarios and results. Ultimately, the model will provide a reality check for future planning with respect to provision of quality community services and may provide support for creating additional commercial tax base within the district.

EXHIBIT D-2

Reasonableness Assessment for Financial Assistance, R Squared Patchogue LLC, dated April, 2024, prepared by Camoin Associates

PREPARED FOR:

Town of Brookhaven Industrial Development Agency
One Independence Hill
Farmingville, NY 11738

Reasonableness Assessment for Financial Assistance

R SQUARED PATCHOGUE LLC

APRIL 2024

PREPARED BY:

camoin associates

CONTENTS

EXECUTIVE SUMMARY

Project Description

The Town of Brookhaven Industrial Development Agency (Agency) received an application from R Squared Patchogue LLC (Applicant) for financial assistance for the construction of a residential development (Project) at N/S/O East Main Street, Brookhaven, NY, featuring 72 market rate apartments, 10 workforce, and 9 affordable apartments.

The Project represents a $45 million investment and is anticipated by the Applicant to generate 2 full-time permanent job within two years. To support this project, the Applicant requests financial assistance in the form of a Payment In Lieu of Taxes agreement.

Purpose of this Analysis

An objective, third-party review of the assumptions and estimated operating and financial performance of a project helps Industrial Development Agencies perform a complete evaluation of a proposed Project. Camoin Associates was engaged to analyze the Project and deliver an analysis and opinion to answer three questions:

- Are the operating assumptions such as rent, vacancy, and expenses within norms for the region?
- Is the assistance necessary for the Project to be financially feasible, and therefore undertaken by the Applicant?
- If assistance is awarded, will the Applicant's rate of return on investment be similar to market expectations for similar projects in the region, and therefore reasonable?

Findings: This analysis concludes that the answer to each of these questions is as follows:

- ***Certain assumptions are within norms, such as rent and vacancy rate. However, operating expenses are lower than typical benchmarks. If operating expenses were to end up being higher, the assistance would be even more important.***
- ***Assistance in the form of a 13 year PILOT is necessary to Project feasibility.***
- ***The rate of return to the Applicant, with a 13 year PILOT, is similar to market expectations and therefore reasonable.***

1. OPERATING ASSUMPTIONS

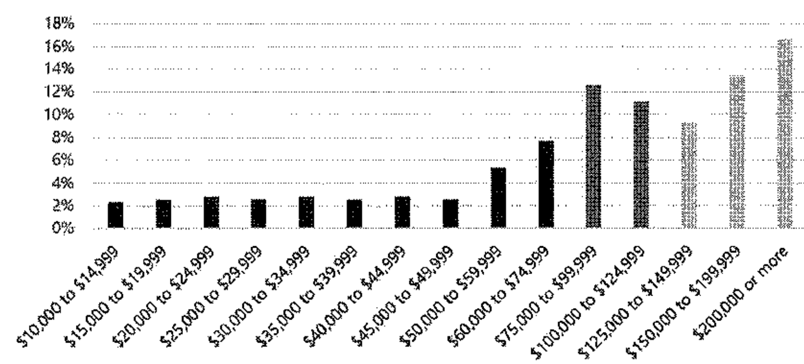
The Applicant's operating assumptions are compared to CoStar estimates for rent in 2022 in Suffolk County. The ability of households in Suffolk County to afford market rate, workforce, and affordable apartments is estimated by calculating the income necessary to pay no more than 30% of income on rent. The affordable apartments must be made available to households earning 80% of Area Median Income (AMI) in the county, and the workforce apartments available to those earning 120% of AMI.

Apartment Unit Type, Rent, and Household Income

Type of Apartment (1)	Number of Units (1)	Rent per Month (1)	Rent per Year	Household Income Required (2)	Income Limit (3)	Max Household Income (4)	Benchmarks
Market Rate 1BR	38	$3,241	$38,897	$129,658	n/a	n/a	Rent is 1.2 times higher than average rent (6); 39% of households earn more than $125,000 (5)
Market Rate 2BR	34	$3,712	$44,548	$148,494	n/a	n/a	Rent is 1.5 times higher than average rent (6); 30% of households earn more than $150,000 (5)
Workforce 1BR	5	$1,905	$22,860	$76,200	120%	$133,992	Rent is 1.2 times higher than average rent (6); 24% of households earn between $75,000 and $124,999 (5)
Workforce 2BR	5	$2,286	$27,435	$91,450	120%	$133,992	Rent is 1.5 times higher than average rent (6); 24% of households earn between $75,000 and $124,999
Affordable 1BR	5	$1,444	$17,325	$57,750	80%	$89,328	34% of households earn less than $74,999 (5)
Affordable 2BR	4	$1,733	$20,790	$69,300	80%	$89,328	34% of households earn less than $74,999 (5)

(1) Source: Applicant
(2) Income needed to pay no more than 30% on rent
(3) Source: Applicant
(4) Using Suffolk County's Area Median Income (AMI) of $111,660; Source: US Census Bureau QuickFacts
(5) Source: U.S. Census Bureau, 2015-2019 American Community Survey
(6) Average monthly rent for 2022 in Suffolk County, NY is estimated at $2,416; Source: CoStar

Household Income Distribution for Suffolk County, NY



2. PILOT ANALYSIS

Camoin Associates created a PILOT schedule in alignment with the Agency's Uniform Tax Exemption Policy (UTEP):

PILOT Schedule - 13 Year PILOT

		Plus: Improvements				
Year	Current AV (1)	Improvement Value (1)	Proposed Exemption (2)	Taxable AV	Times: Tax Rate (3)	Estimated PILOT
1	$15,000	$ -	100%	$0	$446.28	$66,943
2	15,000	-	100%	0	455.21	68,282
3	15,000	150,000	90%	15,000	464.31	139,294
4	15,000	150,000	90%	15,000	473.60	142,080
5	15,000	150,000	80%	30,000	483.07	217,383
6	15,000	150,000	80%	30,000	492.73	221,730
7	15,000	150,000	70%	45,000	502.59	301,553
8	15,000	150,000	60%	60,000	512.64	384,481
9	15,000	150,000	50%	75,000	522.89	470,604
10	15,000	150,000	40%	90,000	533.35	560,019
11	15,000	150,000	30%	105,000	544.02	652,822
12	15,000	150,000	20%	120,000	554.90	749,114
13	15,000	150,000	10%	135,000	566.00	848,995
					Total	$4,823,301

(1) Source: Nelson Pope Voorhis, validated with the Town of Brookhaven (total AV Of $165,000 upon completion, including current AV $15,000 plus improvement value of $150,000)

(2) Per Agency policy total term of 13-15 years. Applicant states construction will be complete in two years.

(3) Assumes $437.534 tax rate with an 2% annual increase.

Note: Applicant anticipates a lower Improvement Value of $129,325. This analysis is based on information confirmed by the Town of Brookhaven Assessor.

This PILOT analysis uses an aggregated tax rate for the jurisdictions to calculate future taxes. Steps in this analysis for the affected and non-affected jurisdictions:

- Estimate taxes for the first fiscal year after construction is completed, anticipated to be 2026, using the most recent tax rates and escalating by 2% per year.
- Estimate future taxes on the parcels with the completed project. Tax rates are estimated to increase 2% annually.
- Assess a PILOT schedule that reduces taxes to improve Project financial performance and induce construction.

Basic Assumptions for PILOT and Estimated Taxes

Current Assessed Value (1)	$15,000
Assessed Value of Improvements (1)	$150,000
Total Assessed Value	$165,000
Times: Tax Rate (2)	$446.28
Estimated Taxes on Assessed Value Upon Completion	$736,370

(1) Source: Agency.

(2) Assumes tax rate for Fiscal Year 2023/2024, with a 2% annual increase.

With the PILOT agreement, 49% of the Applicant's taxes will be abated, resulting in $4.6 million in foregone tax revenue to municipalities. The table on the following page shows the timeline of PILOT and tax payments generated by the Project and calculates both the benefits to the municipalities and the benefits (or savings) to the Project.

Real Property Tax Comparison

13 Year PILOT	
Comparison of Taxes on Full Value of Project and with PILOT	
Taxes without PILOT	$9,457,909
Less: PILOT/Tax Payments	($4,823,301)
Foregone Revenue (Benefits to Project)	$4,634,608
Abatement Percent	49%
Net New Taxes Compared with No Project	
PILOT	$4,823,301
Less: Estimated Taxes without Project	($982,741)
Estimated New Tax Revenue (Benefits to Municipalities)	$3,840,560

Proposed PILOT and Tax Comparison (13 Year PILOT)

	Benefits to Municipalities			***Benefit to Project***			
ar	PILOT Payments	Less: Current Tax Revenues (1)	Net New Tax Revenues	Taxes Owed after Project Completion (2)	Less: PILOT Payments	Estimated Savings to Project	Share of Estimated Taxes Owed
1	$66,943	$66,943	$0	$66,943	$66,943	$0	100%
2	68,282	68,282	0	68,282	68,282	0	100%
3	139,294	69,647	69,647	766,119	139,294	626,825	18%
4	142,080	71,040	71,040	781,441	142,080	639,361	18%
5	217,383	72,461	144,922	797,070	217,383	579,687	27%
6	221,730	73,910	147,820	813,012	221,730	591,281	27%
7	301,553	75,388	226,165	829,272	301,553	527,718	36%
8	384,481	76,896	307,584	845,857	384,481	461,377	45%
9	470,604	78,434	392,170	862,774	470,604	392,170	55%
10	560,019	80,003	480,016	880,030	560,019	320,011	64%
11	652,822	81,603	571,219	897,631	652,822	244,808	73%
12	749,114	83,235	665,879	915,583	749,114	166,470	82%
13	848,995	84,900	764,096	933,895	848,995	84,900	91%
Totals	**$4,823,301**	**$982,741**	**$3,840,560**	**$9,457,909**	**$4,823,301**	**$4,634,608**	**51%**

(1) Assumes tax rate for Fiscal Year 2023/2024, with a 2% annual increase and current assessed value of $15,000.

(2) Assumes a 2% annual increase in tax rate and a taxable value of $165,000 upon project completion; Source: Town of Brookhaven

3. OPERATING PERFORMANCE

The operating performance of the Project is measured using Year 5 of the Applicant's Pro Forma. The Applicant assumes that gross revenue and expenses will escalate at 2% per year, and there will be a 3% vacancy rate once stabilized. Operating expenses are lower than the benchmarks. With the PILOT, real property taxes absorb 5% of project income while debt service absorbs 69% of income. Together, operating expenses, tax, and debt service absorb 89% of project income. The PILOT scenario delivers Net Operating Income as a percent of Gross Income that is above the range of benchmarks.

Operations Snapshot, Year 5, 13 Year PILOT

	Project Performance (1)	Share of Gross Operating Income	Benchmark Performance (2)	Evaluation
Calculation of Net Operating Income Residential				
Gross Operating Income	$3,823,041	99%	n/a	n/a
Vacancy Rate and Concessions	3.0%	n/a	4.3%	Within range
Calculation of Net Operating Income, Non-Residential				
Gross Operating Income	$177,741	5%	n/a	n/a
Vacancy Rate	0%	n/a	n/a	n/a
Effective Gross Income (EGI), All Uses (3)	$3,880,759	97%	96%	Within range
Less: Operating Expenses and Reserve	($577,548)	14%	4780%	More efficient
Less: Real Property Taxes (with PILOT)	($217,383)	5%	n/a	n/a
Net Operating Income	$3,085,829	81%	50%	More efficient
Less: Debt Service	($2,661,214)	69%	n/a	n/a
Cashflow after Operating Costs, Taxes, Debt	$424,615	11%	n/a	n/a

(1) Source: Applicant

(2) Source: RealtyRates Q1 2024 for Northeast Region

(3) Net of vacancy and concessions

4. FINANCING PLAN

- The Sources and Uses of Funds shows the total project costs and capital structure of debt and equity.
- The Terms of the Senior (Long Term) Debt are within range of benchmarks.

Sources and Uses of Funds

Sources of Funds	Amount (1)	Share
Bank Financing	$38,321,759	85%
Equity and Working Capital	$6,895,005	15%
Total Sources	$45,216,764	100%
Uses of Funds		
Acquisition and Transaction Costs	$17,337,873	38%
Construction Costs	$27,878,891	62%
Total Uses	$45,216,764	100%

(1) Source: Applicant

Terms of the Senior (Long Term) Debt

	Terms (1)	Benchmark (2)	Evaluation
Amount Borrowed	$38,321,759	n/a	n/a
Loan to Total Project Cost	85%	55% to 90%	Within Range
Annual Interest Rate	SOFR (3.48%)+	4.98% to 9.28%	Within Range
Maturity in Years	30	15 to 40	Within Range

(1) Source: Applicant
(2) Source: RealtyRates Q1 2024

5. RATE OF RETURN

An estimated return on investment is calculated using the Applicant's operating pro forma and capital structure. This analysis measures whether the financial assistance is necessary and reasonable. Financial performance with and without a PILOT is estimated over the full PILOT period. Three metrics are used to evaluate outcomes:

- **The Equity Dividend Rate** is net cashflow for each year, divided by the initial equity investment. Equity Dividend Rates are benchmarked using current market information from RealtyRates.com for similar projects in the region. Equity Dividend Rates that are close to the benchmarks indicate a Project outcome in line with the current market, which means the Applicant is earning a reasonable return. Very low or negative rates indicate the Project is unlikely to be undertaken if compared to other possible investments. Equity Dividend Rates are based on an initial equity investment of $6,895,005. For the No PILOT scenario the Project is below the benchmarks in years 1-13 except for year 2 when only paying on value of the land. With the PILOT, taxes are reduced sufficiently to improve performance and deliver returns that meet the benchmarks by year 2.
- **Cash Flow** shows net cashflow to the Applicant over time. Cashflow differences between a PILOT and No PILOT scenario indicate whether the Applicant is earning a return. There are currently no benchmarks for cash flow available. Cumulative Cash Flow and average cash flow is positive under the 13 year PILOT but the initial equity investment will not be fully recouped by year 13.
- **Debt Service Coverage** estimates how well the Project's net income, after taxes, supports repayment of debt. Debt Service Coverage exceeds the benchmark by year 2 with a PILOT and year 8 without. Debt comprises 85% of the capital structure.

Comparison of Return on Investment

	13 Year (1)		Bench-marks (2)
	PILOT	No PILOT	
Equity Dividend Rates			
Average	4.78%	-0.39%	4.63% to 12.37%
Minimum	-9.72%	-9.72%	
Maximum	7.01%	5.69%	
Year Benchmarks Met	2	NA	
Cash Flow			
Average	$329,480	($27,029)	n/a
Minimum	($670,039)	($670,039)	
Maximum	$483,090	$392,542	
Cumulative	$4,283,236	($351,372)	
Year Investment Recouped	NA	NA	
Debt Service Coverage			
Average	1.12	0.99	1.00 to 1.86
Minimum	0.75	0.75	
Maximum	1.18	1.15	
Years Benchmarks Met	2	8	

(1) See Attachment 1

(2) Source: RealtyRates for Q1 2024 for Northeast Region

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ATTACHMENT 1: PRO FORMAS

Annual Cashflows (Pro Forma) With 13 Year PILOT

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
Operating Cash Flow													
Residential Income													
Gross Operating Income	$ 2,454,145	$ 3,602,537	$ 3,674,588	$ 3,748,080	$ 3,823,041	$ 3,899,502	$ 3,977,492	$ 4,057,042	$ 4,138,183	$ 4,220,947	$ 4,305,366	$ 4,391,473	$ 4,479,302
Less: Vacancy Allowance (enter as a negative	$ (78,194)	$ (113,408)	$ (115,570)	$ (117,775)	$ (120,023)	$ (122,317)	$ (124,657)	$ (127,044)	$ (129,478)	$ (131,961)	$ (134,493)	$ (137,076)	$ (139,711)
Net Rental Income, Residential	$ 2,375,951	$ 3,489,129	$ 3,559,018	$ 3,630,305	$ 3,703,018	$ 3,777,185	$ 3,852,835	$ 3,929,999	$ 4,008,705	$ 4,088,986	$ 4,170,872	$ 4,254,396	$ 4,339,591
Other Income													
Parking Income	$ 19,950	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200	$ 22,200
Storage	$ 11,850	$ 16,200	$ 16,200	$ 16,200	$ 16,200	$ 16,200	$ 16,200	$ 16,200	$ 16,200	$ 16,200	$ 16,200	$ 16,200	$ 16,200
Garbage	$ 19,100	$ 27,300	$ 27,300	$ 27,300	$ 27,300	$ 27,300	$ 27,300	$ 27,300	$ 27,300	$ 27,300	$ 27,300	$ 27,300	$ 27,300
Amenity Fee	$ 68,250	$ 68,250	$ 68,250	$ 68,250	$ 68,250	$ 68,250	$ 68,250	$ 68,250	$ 68,250	$ 68,250	$ 68,250	$ 68,250	$ 68,250
Pet Fees	$ 13,300	$ 15,400	$ 15,400	$ 15,400	$ 15,400	$ 15,400	$ 15,400	$ 15,400	$ 15,400	$ 15,400	$ 15,400	$ 15,400	$ 15,400
Water/Sewer/Fireline	$ 19,864	$ 28,391	$ 28,391	$ 28,391	$ 28,391	$ 28,391	$ 28,391	$ 28,391	$ 28,391	$ 28,391	$ 28,391	$ 28,391	$ 28,391
Net Income, Other	$ 152,314	$ 177,741	$ 177,741	$ 177,741	$ 177,741	$ 177,741	$ 177,741	$ 177,741	$ 177,741	$ 177,741	$ 177,741	$ 177,741	$ 177,741
Effective Gross Income (EGI)	**$ 2,528,264**	**$ 3,666,870**	**$ 3,736,760**	**$ 3,808,047**	**$ 3,880,759**	**$ 3,954,926**	**$ 4,030,577**	**$ 4,107,740**	**$ 4,186,447**	**$ 4,266,727**	**$ 4,348,614**	**$ 4,432,138**	**$ 4,517,332**
Operating Expenses (enter positive numbers)													
Utilities	$ 50,027	$ 51,027	$ 52,048	$ 53,089	$ 54,150	$ 55,233	$ 56,338	$ 57,465	$ 58,614	$ 59,786	$ 60,982	$ 62,202	$ 63,446
Maintenance	$ 180,954	$ 184,573	$ 188,264	$ 192,029	$ 195,870	$ 199,787	$ 203,783	$ 207,859	$ 212,016	$ 216,256	$ 220,581	$ 224,993	$ 229,493
Management Fee	$ 151,696	$ 220,012	$ 224,206	$ 228,483	$ 232,846	$ 237,296	$ 241,835	$ 246,464	$ 251,187	$ 256,004	$ 260,917	$ 265,928	$ 271,040
Insurance	$ 87,471	$ 89,221	$ 91,005	$ 92,825	$ 94,682	$ 96,576	$ 98,507	$ 100,477	$ 102,487	$ 104,537	$ 106,627	$ 108,760	$ 110,935
Other	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Expenses	**$ 470,148**	**$ 544,833**	**$ 555,523**	**$ 566,426**	**$ 577,548**	**$ 588,892**	**$ 600,463**	**$ 612,265**	**$ 624,304**	**$ 636,583**	**$ 649,108**	**$ 661,883**	**$ 674,914**
Pre-Tax Operating Income (Revenue less Opera	**$ 2,058,117**	**$ 3,122,037**	**$ 3,181,237**	**$ 3,241,620**	**$ 3,303,211**	**$ 3,366,034**	**$ 3,430,114**	**$ 3,495,475**	**$ 3,562,143**	**$ 3,630,144**	**$ 3,699,506**	**$ 3,770,255**	**$ 3,842,419**
Real Property Taxes	$ 66,943	$ 68,282	$ 139,294	$ 142,080	$ 217,383	$ 221,730	$ 301,553	$ 384,481	$ 470,604	$ 560,019	$ 652,822	$ 749,114	$ 848,995
Net Operating Income (NOI) after Taxes	**$ 1,991,174**	**$ 3,053,756**	**$ 3,041,942**	**$ 3,099,540**	**$ 3,085,829**	**$ 3,144,304**	**$ 3,128,560**	**$ 3,110,994**	**$ 3,091,539**	**$ 3,070,125**	**$ 3,046,684**	**$ 3,021,141**	**$ 2,993,423**
Loan or Mortgage (Debt Service)													
Interest Payment	$ 2,161,178	$ 2,132,061	$ 2,101,248	$ 2,068,642	$ 2,034,136	$ 1,997,621	$ 1,958,980	$ 1,918,089	$ 1,874,817	$ 1,829,025	$ 1,780,567	$ 1,729,287	$ 1,675,021
Principal Payment	$ 500,036	$ 529,153	$ 559,965	$ 592,572	$ 627,077	$ 663,592	$ 702,233	$ 743,124	$ 786,396	$ 832,188	$ 880,646	$ 931,927	$ 986,193
Debt Service	$ 2,661,214	$ 2,661,214	$ 2,661,214	$ 2,661,214	$ 2,661,214	$ 2,661,214	$ 2,661,214	$ 2,661,214	$ 2,661,214	$ 2,661,214	$ 2,661,214	$ 2,661,214	$ 2,661,214
Cash Flow After Financing and Reserve	**$ (670,039)**	**$ 392,542**	**$ 380,729**	**$ 438,326**	**$ 424,615**	**$ 483,090**	**$ 467,347**	**$ 449,781**	**$ 430,325**	**$ 408,912**	**$ 385,470**	**$ 359,928**	**$ 332,210**
Debt Service Coverage Ratio (DSCR)	0.75	1.15	1.14	1.16	1.16	1.18	1.18	1.17	1.16	1.15	1.14	1.14	1.12
Equity Dividend Rate	-9.72%	5.69%	5.52%	6.36%	6.16%	7.01%	6.78%	6.52%	6.24%	5.93%	5.59%	5.22%	4.82%

Annual Cashflows (Pro Forma) With No PILOT

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
Operating Cash Flow													
Residential Income													
Gross Operating Income	2,454,145	3,602,537	3,674,588	3,748,080	3,823,041	3,899,502	3,977,492	4,057,042	4,138,183	4,220,947	4,305,366	4,391,473	4,479,302
Less: Vacancy Allowance (enter as a negative	(78,194)	(113,408)	(115,570)	(117,775)	(120,023)	(122,317)	(124,657)	(127,044)	(129,478)	(131,961)	(134,493)	(137,076)	(139,711)
Net Rental Income, Residential	2,375,951	3,489,129	3,559,018	3,630,305	3,703,018	3,777,185	3,852,835	3,929,999	4,008,705	4,088,986	4,170,872	4,254,396	4,339,591
Other Income													
Parking Income	19,950	22,200	22,200	22,200	22,200	22,200	22,200	22,200	22,200	22,200	22,200	22,200	22,200
Storage	11,850	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200
Garbage	19,100	27,300	27,300	27,300	27,300	27,300	27,300	27,300	27,300	27,300	27,300	27,300	27,300
Amenity Fee	68,250	68,250	68,250	68,250	68,250	68,250	68,250	68,250	68,250	68,250	68,250	68,250	68,250
Pet Fees	13,300	15,400	15,400	15,400	15,400	15,400	15,400	15,400	15,400	15,400	15,400	15,400	15,400
Water/Sewer/Fireline	19,864	28,391	28,391	28,391	28,391	28,391	28,391	28,391	28,391	28,391	28,391	28,391	28,391
Net Income, Other	152,314	177,741	177,741	177,741	177,741	177,741	177,741	177,741	177,741	177,741	177,741	177,741	177,741
Effective Gross Income (EGI)	**2,528,264**	**3,666,870**	**3,736,760**	**3,808,047**	**3,880,759**	**3,954,926**	**4,030,577**	**4,107,740**	**4,186,447**	**4,266,727**	**4,348,614**	**4,432,138**	**4,517,332**
Operating Expenses (enter positive numbers)													
Utilities	50,027	51,027	52,046	53,089	54,150	55,233	56,338	57,465	58,614	59,786	60,982	62,202	63,446
Maintenance	180,954	184,573	188,264	192,029	195,870	199,787	203,783	207,859	212,016	216,256	220,581	224,993	229,493
Management Fee	151,696	220,012	224,206	228,483	232,846	237,296	241,835	246,464	251,187	256,004	260,917	265,928	271,040
Insurance	87,471	89,221	91,005	92,825	94,682	96,576	98,507	100,477	102,487	104,537	106,627	108,760	110,935
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses	**470,148**	**544,833**	**555,523**	**566,426**	**577,548**	**588,892**	**600,463**	**612,265**	**624,304**	**636,583**	**649,108**	**661,883**	**674,914**
Pre-Tax Operating Income (Revenue less Opera	**2,058,117**	**3,122,037**	**3,181,237**	**3,241,620**	**3,303,211**	**3,366,034**	**3,430,114**	**3,495,475**	**3,562,143**	**3,630,144**	**3,699,506**	**3,770,255**	**3,842,419**
Real Property Taxes	66,943	68,282	766,119	781,441	797,070	813,012	829,272	845,857	862,774	880,030	897,631	915,583	933,895
Net Operating Income (NOI) after Taxes	**1,991,174**	**3,053,756**	**2,415,118**	**2,460,179**	**2,506,141**	**2,553,023**	**2,600,842**	**2,649,617**	**2,699,368**	**2,750,115**	**2,801,876**	**2,854,672**	**2,908,524**
Loan or Mortgage (Debt Service)													
Interest Payment	2,161,178	2,132,061	2,101,248	2,068,642	2,034,136	1,997,621	1,958,980	1,918,089	1,874,817	1,829,025	1,780,567	1,729,287	1,675,021
Principal Payment	500,036	529,153	559,965	592,572	627,077	663,592	702,233	743,124	786,396	832,188	880,646	931,927	986,193
Debt Service	2,661,214	2,661,214	2,661,214	2,661,214	2,661,214	2,661,214	2,661,214	2,661,214	2,661,214	2,661,214	2,661,214	2,661,214	2,661,214
Cash Flow After Financing and Reserve	**(670,039)**	**392,542**	**(246,096)**	**(201,035)**	**(155,072)**	**(108,191)**	**(60,372)**	**(11,596)**	**38,155**	**88,901**	**140,662**	**193,458**	**247,310**
Debt Service Coverage Ratio (DSCR)	0.75	1.15	0.91	0.92	0.94	0.96	0.98	1.00	1.01	1.03	1.05	1.07	1.09
Equity Dividend Rate	-9.72%	5.69%	-3.57%	-2.92%	-2.25%	-1.57%	-0.88%	-0.17%	0.55%	1.29%	2.04%	2.81%	3.59%

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APPENDIX A: SCOPE OF SERVICES

To assist with its evaluation the Applicant's request for financial assistance, Camoin was commissioned by the Town of Brookhaven Industrial Development Agency to conduct the above analyses. The analysis is comprised of four tasks:

- *Test Assumptions* by comparing rents, operating costs, and vacancy rates to real estate benchmarks for similar projects and noting any significant differences. Operating performance and net income are also evaluated.
- *Review the Financing Plan* and perform an objective third-party evaluation of the estimated return on investment (ROI) to the Applicant with and without a PILOT agreement. We also analyze whether the capital structure and terms of the long-term debt are within market benchmarks for obtaining bank financing.
- *Evaluate the effects of one or more PILOTs* recommended by the Agency and determine whether the PILOT would result in a return that is within what would normally be anticipated in the current market for a similar project.
- *Provide an objective, third-party opinion* about the need for and reasonableness of the financial assistance.

Sources Consulted

- Application for Financial Assistance dated January 25, 2022.
- Project financing and annual cashflow workbook submitted by the Applicant in April 2024.
- Real estate tax information and estimates received from the Agency, including anticipated future assessed value of the Project.
- CoStar
- RealtyRates.com

CoStar™

CoStar is the leading source of commercial real estate intelligence in the U.S. It provides a full market inventory of properties and spaces—available as well as fully leased—by market and submarket. Details on vacancy, absorption, lease rates, inventory, and other real estate market data are provided, as well as property-specific information including photos and floor plans. More at **www.costar.com**.

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RealtyRates.com™ is a comprehensive resource of real estate investment and development news, trends, analytics, and market research that support real estate professionals involved with more than 50 income producing and sell-out property types throughout the U.S. RealtyRates.com™ is the publisher of the award-winning Investor, Developer and Market Surveys, providing data essential to the appraisal, evaluation, disposition and marketing of investment and development real estate nationwide.

APPENDIX B: DEFINITIONS

Equity Dividend Rate: This is calculated as the rate of return on the equity component of a project. It is calculated as follows: (Source: RealtyRates.com)

Equity Dividend / Equity Investment = Equity Dividend Rate, where Equity Dividend = Net Operating Income – Debt Service.

Debt Service Coverage Ratio (DSCR): The ratio of annual debt repayment, including principal and interest, to total Net Operating Income (NOI). (Source: RealtyRates.com)

Net Operating Income (NOI): Income net of all operating costs including vacancy and collection loss but not including debt service. Appraisers also typically expense reserves for repairs and replacements. However, because reserves are not usually reported along with other transaction data, RealtyRates.com tracks lender requirements but does not include them in calculations. (Source: RealtyRates.com)

ABOUT CAMOIN ASSOCIATES

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of $6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 32 states and garnered attention from national media outlets including Marketplace (NPR), Crain's New York Business, Forbes magazine, The New York Times, and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. We are based in Saratoga Springs, NY, with regional offices in Portland, ME; Boston, MA; Richmond, VA and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at **www.camoinassociates.com**. You can also find us on Twitter **@camoinassociate** and on **Facebook** and **LinkedIn**.

THE PROJECT TEAM

Rachel Selsky
Vice President, Project Principal

EXHIBIT D-3

New York Law Journal Article, dated March 22, 2017 on Eligibility of Residential Developments for IDA Benefits

New York Law Journal
Real Estate Trends
WWW.NYLJ.COM
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ZONING AND LAND USE PLANNING

Eligibility of Residential Developments for IDA Benefits

By Anthony S. Guardino

It has been nearly 50 years since the New York State Legislature enacted legislation authorizing industrial development agencies (IDAs) for the purpose of promoting economic development. Now, towns, cities, and counties throughout the state have created their own IDAs under General Municipal Law (GML) Article 18-A (the IDA Act) and use them to encourage—and to financially assist—a wide variety of real estate developments, often to great success.

In many instances, however, an IDA's efforts are met with objections, both in and out of court. Recently, for example, tax benefits afforded by a town's IDA to the Green Acres Mall on Long Island aroused community criticism, and led New York State Comptroller Thomas DiNapoli to announce that he would audit the IDA to determine its compliance with policies and procedures related to its approval of the project.

ANTHONY S. GUARDINO *is a partner with Farrell Fritz in the firm's Hauppauge office.*

There also continues to be disputes over the scope of projects that may receive IDA benefits. Last August, the Supreme Court, Seneca County, rejected a challenge to a decision by the Seneca County IDA to provide tax benefits for a casino being built in the county. *Nearpass v. Seneca County Industrial Development Agency*, 53 Misc. 3d 737 (Sup.Ct. Seneca Co. 2016). The petitioners argued that the casino was not a project defined in the IDA Act and, therefore, that it was ineligible for IDA benefits. They pointed out, among other things, that when the IDA Act first was enacted, casinos were prohibited in New York, and after casinos were allowed by amendment to the New York Constitution, the IDA Act was not amended to include casinos as a project entitled to IDA benefits.

The court was not persuaded and decided, instead, that the casino facility was a commercial project under the IDA Act and, in particular, that it also was a recreation facility within the purview of GML Section 854(9).

Perhaps more surprising than a dispute over the eligibility of a casino to receive IDA benefits was a recent court case that asked whether a residential development could qualify for IDA benefits—an issue of statewide significance. In *Matter of Ryan v. Town of Hempstead Industrial Development Agency*, Index No. 5324/16 (Sup.Ct. Nassau Co. Jan. 27, 2017), the Supreme Court, Nassau County, held that a residential apartment building project fell within the definition of a project for which IDA benefits may be granted.

After first providing background on the IDA Act, this column will discuss the court's decision in *Matter of Ryan* and its implications.

The IDA Act

When the legislation governing the creation, organization, and powers of IDAs in New York State was enacted in 1969, it provided that its general purpose was "to promote the economic welfare of [the state's] inhabitants and to actively promote, attract, encourage and develop economically sound commerce and industry through governmental action for the purpose of preventing unemployment and economic deterioration." This intent was further evidenced by the original provision of GML Section 858, which provided that:

> The purposes of the agency shall be to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the state of New York and to improve their standard of living.

The decision by the Nassau County Supreme Court in 'Matter of Ryan' provides confirmation that residential developments are eligible to receive industrial development agency benefits.

In approving the bill, then-Governor Nelson Rockefeller noted that "industrial development agencies provide one means for communities to attract new industry, encourage plant modernization and create new job opportunities." McKinney's 1969 Session Laws, Vol. 2, p. 2572.

The original legislation has been amended a number of times since 1969 to broaden the scope of permissible IDA activities. For example, the definition of project was expanded to specifically include construction of industrial pollution control facilities (L 1971, ch 978), winter recreation facilities and then recreation facilities generally (L 1974, ch 954; L 1977, ch 630), horse racing facilities (L 1977, ch 267), railroad facilities (L 1980, ch 803) and educational or cultural facilities (L 1982, ch 541).

As noted above, however, it has not been amended to specifically include casinos. And it also does not specifically include residential developments.

In 1985, however, the New York state comptroller's office was asked by the village attorney for the village of Port Chester whether construction of an apartment complex was a commercial purpose within the meaning of GML Section 854(4) and, thereby, whether it was a proper project for industrial development bond financing. In response, the Comptroller issued Opinion No. 85-51, 1985 N.Y. St. Comp. 70 (Aug. 16, 1985) (the "comptroller's opinion").

In the comptroller's opinion, the comptroller's office explained that, at its inception, the IDA Act's primary thrust was to promote the development of commerce and industry as a means of increasing employment opportunities.

The comptroller's opinion then reasoned that for an apartment complex to qualify as an eligible project under Article 18-A, it had to promote employment opportunities and prevent economic deterioration in the area served by the IDA.

The comptroller's opinion added that the comptroller's office was "not in a position to render an opinion" as to whether a project that consisted of the construction of an apartment complex was a commercial activity within the meaning of Article 18-A. Rather, it continued, such a determination "must be made by local officials based upon all the facts relevant to the proposed project."

Any such determination, the comptroller's opinion concluded, had to take into account the stated purposes of the IDA Act: "the promotion of employment opportunities and the prevention of economic deterioration."

When this issue reached the court in *Triple S. Realty v. Village of Port Chester*, Index No. 22355/86 (Sup. Ct. Westchester Co. Aug. 19, 1987), the Westchester County Supreme Court held that residential construction may be eligible for industrial development agency benefits if such construction "would increase employment opportunities and prevent economic determination in the area served by the IDA."

The decision by the Nassau County Supreme Court in *Matter of Ryan* provides further confirmation that residential developments certainly are eligible to receive IDA benefits.

'Matter of Ryan'

The case arose after the Town of Hempstead Industrial Development Agency (TOHIDA) granted financial and tax benefits and assistance to Renaissance Downtowns UrbanAmerica, with respect to the construction of a new 336-unit residential apartment complex in the village of Hempstead on Long Island. That was Phase 1 of a multiphase revitalization project that was planned to include additional mixed-use buildings and parking facilities.

The financial benefits and assistance granted by the TOHIDA included:

- exemptions from mortgage recording taxes for one or more mortgages;
- securing the principal amount not to exceed $70 million;
- a sales and use tax exemption up to $3.45 million in connection with the purchase/lease of building materials, services, or other personal property for the project; and
- abatement of real property taxes for an initial term of 10 years pursuant to a payment in lieu of taxes (PILOT) agreement.

Six petitioners, including a trustee for the village of Hempstead, challenged the TOHIDA's resolution in an Article 78 proceeding, arguing that an IDA could not grant benefits for a project that was residential, either in whole or in part, in nature.

For their part, the respondents contended that the development of a residential rental building fell within the ambit of the statutory definition of a project entitled to receive an IDA's financial assistance and benefits in that it promoted "employment opportunities" and prevented "economic deterioration" in the area served by the IDA.

The court agreed with the respondents and dismissed the petition.

In its decision, the court noted that the comptroller's opinion had observed that the determination of whether construction of an apartment complex was a commercial activity within the meaning of the IDA Act had to be made by local officials based on facts relevant to the proposed project.

The court then pointed out that the TOHIDA had approved Renaissance's application for assistance with respect to the first phase of the revitalization project based on the TOHIDA's findings, that, among other things:

- the town of Hempstead was in need of attractive multi-family housing to retain workers in the town and attract new business;
- a healthy residential environment located in the town was needed to further economic growth;
- there was a lack of affordable, safe, clean multi-family housing within the town; and
- the facility would provide the nucleus of a healthy residential environment, and would be instrumental and vital in the further growth of the town.

Moreover, the court continued, the TOHIDA also found that the development of the first phase of the facility would "promote and maintain the job opportunities, health, general prosperity and economic welfare" of the town's citizens and "improve their standard of living."

Given that the project promoted employment opportunities and served to combat economic deterioration in the area served by the TOHIDA, the court upheld the TOHIDA's decision as rationally based and not arbitrary or capricious, an abuse of discretion, or an error of law.

Conclusion

IDA benefits can play an important role in real estate development. For nearly five decades, they have benefited New Yorkers in numerous situations. As the comptroller's office and the courts have recognized, a project—including a residential project—that demonstrates that it promotes employment opportunities and prevents economic deterioration is eligible to receive IDA benefits.

<u>EXHIBIT D-4</u>

Ryan et al. v. Town of Hempstead Industrial Development Agency et al.

SHORT FORM ORDER

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NASSAU

P R E S E N T : HON. JEFFREY S. BROWN
JUSTICE

In the Matter of DONALD L. RYAN, FLAVIA IANNACCONE, JAMES DENON, JOHN M. WILLAMS, REGINAL LUCAS and ROBERT DeBREW, JR., Petitioners, For A Judgment Pursuant to Article 78 of the New York Civil Practice and Rules, -against- TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY, RENAISSANCE DOWNTOWNS URBANAMERICA, LLC, and RDUA PARCEL 1 LLC, Respondents.	TRIAL/IAS PART 13 INDEX # 5324/16 Mot. Seq. 1 Mot. Date 9.13.16 Submit Date 11.17.16 XXX

The following papers were read on this motion:	Papers Numbered
Notice of Petition, Affidavits, Exhibits, Memorandum Annexed	1,2
Verified Answers	3,4,5
Opposing Affidavits	6,7,8,9,10,11,12
Reply Affidavits	13, 14
Sur-Reply Affidavit	15
Hearing Record (3 Vols.)	16

Application by petitioners pursuant to Article 78 to invalidate as *ultra vires* and to void the May 18, 2016 resolution passed by the Town of Hempstead Industrial Development Agency (TOHIDA) is decided as hereinafter provided.

In this Article 78 proceeding, petitioners seek to invalidate the resolution passed by respondent TOHIDA on May 18, 2016, which granted financial and tax benefits and assistance to respondent Renaissance Downtowns UrbanAmerica, LLC (Renaissance) *vis-a-vis* construction of a new 336 unit residential apartment complex on the northwest corner of the intersection of Washington and Front Streets (Phase 1 of the multi-phase Village of Hempstead downtown revitalization project[1] which was planned to include additional mixed use buildings/parking facilities). The Phase I property was a tax exempt Village property for at least 50 years until December 15, 2015 when it was acquired by respondent Renaissance.

The financial benefits and assistance granted include:

> exemptions from mortgage recording taxes for one or more mortgages securing the principal amount not to exceed $70,000,000;
>
> sales and use tax exemption up to $3,450,000 in connection with the purchase/lease of building materials, services or other personal property for the project;
>
> abatement of real property taxes for an initial term of ten years pursuant to Payment in Lieu of Taxes Agreement (PILOT).

Based on the theory that the resolution was affected by an error of law, i.e., that residential apartment buildings are not included in the type of project or facility that is eligible for financial assistance under the General Municipal Law Article 18-A (Industrial Development Act [the IDA or the Act]), petitioners seek to invalidate the subject resolution as *ultra vires*/void.

In opposition, respondents first seek dismissal of the petition based on its alleged multiple fatal flaws including petitioners' lack of standing; failure to raise the *ultra vires* issue in the administrative proceeding before respondent TOHIDA; and failure to serve the attorney general in accordance with CPLR 7804(e).

The alleged flaws are not fatal and do not provide a basis for dismissal. Petitioners have standing to maintain an action for equitable or declaratory relief under State Finance Law § 123-b *vis-a-vis* the issue of whether the project herein falls within the definition of a "project" for which IDA benefits may be granted (*see Nearpass v Seneca County Idus. Dev. Agency*, 52 Misc 3d 533 [Sup Ct, Seneca County 2016 Falvey, J.]; *Dudley v. Kerwick*, 52 NY2d 542 [1981]; *cf.*

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[1]The development as outlined in the Appraisal Report (Exhibit "2" to the Petition) was approved in a unanimous 5-0, bi-partisan vote by the Village of Hempstead Board. It includes the construction of , among other things: residential units, structured parking, retail space, medical office building, mixed used artist loft with grade and basement level supermarket, surface parking office space, senior independent living apartment building, hotel and restaurant space.

Kadish v. Roosevelt Raceway Assoc., 183 AD2d 874, 875 [2d Dept 1992] [no standing under State Finance Law § 123-b (1) to challenge financing and acquisition of property by TOHIDA through bond issuance because statute specifically excludes bond issuance by a public benefit corporation). Further, the *ultra vires* issue was, in fact, raised in the administrative proceeding before respondent TOHIDA (Record: Vol, 3 Tab 25, pp 113-114), and the Nassau County Regional Office of the New York State Attorney General rejected service of the petition on the ground that the office did not represent respondent TOHIDA.

In further support of its dismissal, movants argue that the petition fails to state a viable cause of action as it is based on the false premise that an Industrial Development Agency may not grant benefits for a commercial project that is residential, either in whole or in part, in nature.

For the reasons which follow, the petition must be dismissed.

Pursuant to General Municipal Law § 858, an Industrial Development Agency

> "shall be to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, research and recreation facilities . . . and thereby advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and to improve their recreation opportunities, prosperity and standard of living."

An Industrial Development Agency is thus a "governmental agenc[y] or instrumentalit[y] created for the purpose of preventing unemployment and economic deterioration (General Municipal Law § 852) and to "provide one means for communities to attract new industry, encourage plant modernization and create new job opportunities" (Governor's Mem., 1969 McKinney's Session Laws of N.Y. at 2572).

According to respondents, the development of a residential rental building falls within the ambit of the statutory definition of a project,[2] entitled to financial assistance and benefits, as set forth in § 854(4) of the General Municipal Law in that it "promotes employment opportunities and prevents economic deterioration in the area served by the industrial development agency" (Opns. St. Comp. No. 85-51 [N.Y.S. Cptr., 1985 WL 25843]).

In the opinion of the State Comptroller, the determination of whether construction of an apartment complex is a commercial activity within the meaning of the statute must be made by

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[2]As set forth in § 854(4) the term "project" is broadly defined to include, in relevant part, "any land, any building or other improvement, and all real and personal properties located within the state of New York and within or outside or partially within and partially outside the municipality for whose benefit the agency was created. . . ."

local officials based upon facts relevant to the proposed project (*Id.* ["Local officials must determine, based upon all the relevant facts, whether construction of an apartment complex will promote employment opportunities and prevent economic deterioration. . . ."]). Respondents argue that TOHIDA acted within the scope of its authority in resolving to provide IDA assistance to the project since it would promote job creation and growth in a distressed area of the Village of Hempstead and serve as the first physical manifestation of the Village's Downtown Revitalization plan and a catalyst for future phases.

Here, the record establishes that a duly noticed public hearing was held regarding respondent Renaissance's application for TOHIDA assistance with respect to the first phase of the $2.5 billion Hempstead Revitalization project for which site plan approval was already in place and a building permit issued. The resolution was granted based on respondent TOHIDA's findings, that, among other things:

> (a) The Town of Hempstead is in need of attractive multi-family housing to retain workers in the Town and attract new business;
>
> (b) a healthy residential environment located in the Town of Hempstead is needed in order to further economic growth;
>
> (c) there is a lack of affordable, safe, clean multi-family housing within the Town of Hempstead;
>
> (d) the facility will provide the nucleus of a healthy residential environment, and will be instrumental and vital in the further growth of the Town of Hempstead.

Respondent TOHIDA also found that:

> the acquisition, construction and equipping of the Phase I Facility will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of the Town of Hempstead and the State of New York and improve their standard of living and thereby serve the public purposes of the Act;
>
> the project conformed with local zoning laws and planning regulations of the Town of Hempstead; and
>
> the project will not have a significant effect on the environment as determined in accordance with Article 8 of the Environmental Conservation Law and regulations promulgated thereunder.

The allegations proffered in opposition to the resolution, regarding traffic congestion; additional garbage/sewage; additional burden of increased student population in an already overcrowded/underfunded school district; burden of increased financial costs of municipal services to support increased population, are speculative and lack merit in the face of reasoned evaluation of the project by respondent TOHIDA as set forth in the record. As stated in the affidavit of Wayne J. Hall, Sr., Mayor of the Incorporated Village of Hempstead and Chairman of the Village Community Development Agency:

> "the IDA benefits awarded to Renaissance for this particular Phase I of the development are critically important to the revitalization of the Village of Hempstead's downtown area, and are essential to the twin goals of preventing any further physical and economic deterioration of the area, as well as promoting employment opportunities to the Village."

As stated in the Socio-Economic Impact of the Village of Hempstead's Revitalization Plan report, dated March 31, 2016, (Exhibit "A" to the Affidavit of Donald Monti in Opposition to Petition):

> "Upon completion, the overall revitalization of the Village of Hempstead will have generated an estimated $4 billion in economic activity, comprised of economic activity during and after the construction period.
>
> Nearly $3 billion of primary and secondary economic activity will be generated from construction of the development encompassing 5 million square feet, comprising 2.8 million square feet of 3,500 residential units and 2.2 million square feet of mixed use, retail, hospitality, office and other commercial uses.
>
> This will result in new socio-economic improvements to the Village of Hempstead that will provide much needed housing for Long Island's young professionals and active adults, and create during the construction period as many as 22,000 temporary construction and secondary jobs generating nearly $1.4 billion in wages.
>
> When completed, the revitalization will create approximately 6,000 permanent and 4,500 secondary jobs generating $498 million in wages of which 1,500 of the permanent jobs generating $125 million in wages projected to be held by Village of Hempstead residents. Thus, in total, the construction activity and resulting permanent jobs and their related secondary economic impacts are expected to generate nearly $4 billion in primary and secondary economic impact, and over the 20 year PILOT period $142 million in new county, town, school and village property taxes, and $43.5 million in new county sales taxes."

In reviewing the actions of an administrative agency, courts must assess whether the determination was the result of an error of law or was arbitrary, capricious, or an abuse of discretion such that the actions at issue were taken without sound basis in reason and without regard to the facts (*Matter of County of Monroe v Kaladjian*, 83 NY2d 185, 189 [1994], citing *Matter of Pell v Bd. of Educ.*, 34 NY2d 222, 231 [1974]; *Akpan v Koch*, 75 NY2d 561, 570-71 [1990]; *Matter of Calvi v Zoning Bd. of Appeals of the City of Yonkers*, 238 AD2d 417, 418 [2d Dept 1997]). The agency's determination need only be supported by a rational basis (*Matter of County of Monroe v Kaladjian, supra; Matter of Jennings v Comm. N.Y.. Dept. of Social Svcs.*, 71 AD3d 98, 108 [2d Dept 2010]). If the determination is rationally based, a reviewing court may not substitute its judgment for that of the agency even if the court might have decided the matter differently (*Matter of Savetsky v Zoning Bd. of Appeals of Southampton*, 5 AD3d 779, 780 [2d Dept 2004]; *Matter of Calvi v Zoning Bd. of Appeals of the City of Yonkers, supra*). It is not for the reviewing court to weigh the evidence or reject the choice made by the agency where the evidence conflicts and room for choice exists (*Matter of Calvi v Zoning Bd. of Appeals of the City of Yonkers, supra*, citing *Toys "R" Us v Silva*, 89 NY2d 411, 424 [1996]; *Akpan v Koch, supra*).

The record at bar establishes that in adopting the challenged resolution following a public hearing, review of Renaissance's application, and the environmental effects, respondent TOHIDA did not act in excess of its jurisdiction or beyond the scope of its authority; i.e., *ultra vires*. Nor was TOHIDA's decision after review of all of the circumstances to adopt the resolution finding that the Phase I facility constituted a "project" under the IDA affected by an error of law as would warrant relief under Article 78.

Where, as here, the project at issue promotes employment opportunities and serves to combat economic deterioration in an area served by an industrial development agency, a finding that the project falls within the ambit of the IDA is rationally based; neither arbitrary or capricious or an abuse of discretion, nor an error of law.

Accordingly, the petition is **denied** and the proceeding is hereby **dismissed**.

This constitutes the decision and order of this court. All applications not specifically addressed herein are denied.

Dated: Mineola, New York
January 25, 2017

ENTER:

Jeffrey S. Brown

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