Town of Brookhaven

Industrial Development Agency

MEETING AGENDA

<u>Wednesday, July 19, 2023 at 8:05 A.M.</u>

1. ROLL CALL

2. MINUTES

   May 17, 2023
   June 26, 2023

3. CFO'S REPORT

   Budget vs. Actual Report – January 1, 2023 through June 30, 2023

4. APPLICATION

   Selden Commercial Center – Move Academia, Inc. Subtenant

5. RESOLUTIONS

   EB East Patchogue
   AVR-SP Brookhaven JV, LLC
   Selden Commercial Center – Move Academia, Inc. Subtenant
   Separation Payout

6. CEO'S REPORT

   Job Creation Numbers
   ABLI Membership Request

7. EXECUTIVE SESSION

The next IDA meeting is scheduled for August 16, 2023 at 8:00 A.M.

TOWN OF BROOKHAVEN

INDUSTRIAL DEVELOPMENT AGENCY

MEETING MINUTES

MAY 17, 2023

MEMBERS PRESENT:	Frederick C. Braun, III Martin Callahan Felix J. Grucci, Jr. (via Zoom) Mitchell H. Pally Ann-Marie Scheidt Frank C. Trotta
EXCUSED MEMBER:	Gary Pollakusky
ALSO PRESENT:	Lisa M. G. Mulligan, Chief Executive Officer Lori LaPonte, Chief Financial Officer Amy Illardo, Director of Marketing Jocelyn Linse, Executive Assistant Terri Alkon, Administrative Assistant William F. Weir, Nixon Peabody, LLP Howard Gross, Weinberg, Gross & Pergament (via Zoom) Peter Curry, Farrell Fritz, P.C. Ron Yakuel, September Morning, LLC

Chairman Braun opened the Industrial Development Agency meeting at 8:18 A.M. on Wednesday, May 17, 2023, in the Agency's Office on the Second Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. A quorum was present.

MEETING MINUTES OF MARCH 29, 2023

The motion to approve these Minutes as presented was made by Mr. Pally and seconded by Ms. Scheidt. All voted in favor.

CFO'S REPORT

The financial report will be provided at a later date due to the changing of the computer systems. The first quarter of the year is ahead of budget; a closing fee and the annual administrative fees were received. Interest rates in both banks are up to 4%. All payroll taxes and related withholdings have been paid timely in accordance with Federal and State guidelines. All regulatory reports have been filed in a timely fashion. The PARIS report was filed timely with the Authority Budget Office and the New York State Comptroller.

The motion to accept the report was made by Mr. Callahan, seconded by Mr. Trotta, and unanimously approved.

APPLICATIONS & RESOLUTIONS EXPIRATION

This resolution calls for applications and resolutions to expire if they are not progressing. Applications will expire if there has not been a public hearing or resolution passed within one year. Resolutions will expire after 6 months if the project has not moved to closing. Letters will be sent informing applicants of this change and requesting them to sign and return to confirm they are aware; extensions can be requested. This policy will be added to the IDA application and to the IDA's website.

PORT JEFFERSON CROSSING REQUEST

This 100% affordable housing development in Port Jefferson Village has requested the Agency's permission to combine their multiple mortgages from various organizations into a permanent mortgage. They may need an exemption from mortgage recording taxes. They previously were granted abatement of the mortgage recording tax on an amount not to exceed $22 million; they have utilized $14 million.

The motion to approve this request was made by Mr. Callahan and seconded by Mr. Pally. It was approved with Ms. Scheidt recusing herself due to her role with the Community Development Corporation.

WALLACE OAKLAND REQUEST

This project located at the corner of Horseblock Road and Zorn Boulevard has requested to release two parcels of land from the IDA Agreement to sell them.

The motion to approve this request was made by Mr. Pally, seconded by Mr. Trotta, and unanimously approved.

CEO'S REPORT

IT Update

The Agency is officially off the Town's servers and all new computers, printers and phones are in place. Computer software is being purchased as needed. Approximately $30,000 was spent on equipment and there are various new monthly charges for maintenance, phone service, software licenses, etc.

Uniform Tax Exemption Policy Updates

Changes may be made to the UTEP involving housing projects, a public hearing is required with notice mailed to every affected taxing jurisdiction if any edits are made. The percentages for affordable and workforce housing may be adjusted. This will be further discussed at the next Governance Committee meeting.

LIBDC Requests

The LIBDC has requested the Agency sponsor the annual conference in Montauk from October 4th through October 6th at a cost of $5,000. The Agency also typically sponsors an annual dinner meeting at a cost of $5,000. This year's dinner is set for June 26th and the speakers are Senator Murray and Assemblyman Thiele who will discuss the State Budget and what it means for Long Island.

The motion to approve both sponsorships was made by Ms. Scheidt and seconded by Mr. Trotta. The motion passed unanimously with Mr. Pally recusing himself due to his role at the LIBDC.

At 8:54 A.M., Mr. Pally made a motion to enter executive session to discuss proposed, pending or current litigation. The motion was seconded by Ms. Scheidt, and all voted in favor.

At 9:54 A.M., Mr. Callahan made a motion to resume the regular agenda. The motion was seconded by Ms. Scheidt and unanimously approved. No action was taken during executive session.

Brightview Port Jefferson Tour

There will be a tour of the Brightview Port Jefferson facility on June 27th.

SEPTEMBER MORNING, LLC – APPLICATION

This application is for a 70,000 square foot spec industrial facility proposed to be located on Ramsey Road in the Shirley Industrial Park that will be constructed for two to three small or medium end users. This is an approximately $14.5 million project that expects to create 29 full-time equivalent employees. A PILOT and exemptions from mortgage recording and sales tax have been requested. Ron Yakuel of September Morning and their Counsel, Peter Curry provided a brief overview of this project. There will be six loading docks at the facility and ceilings will be forty-five feet high to allow for easier storage of pallets.

The motion to accept the application was made by Mr. Pally, seconded by Mr. Trotta and unanimously approved.

The motion to close the IDA meeting at 10:21 A.M. was made by Mr. Pally and seconded by Ms. Scheidt. All voted in favor.

The next IDA meeting is scheduled for Wednesday, June 14, 2023, at 8:00 A.M.

TOWN OF BROOKHAVEN

INDUSTRIAL DEVELOPMENT AGENCY

SPECIAL MEETING MINUTES

JUNE 26, 2023

MEMBERS PRESENT:	Frederick C. Braun, III Martin Callahan Mitchell H. Pally Ann-Marie Scheidt Frank C. Trotta
EXCUSED MEMBERS:	Felix J. Grucci, Jr. Gary Pollakusky
ALSO PRESENT:	Lisa M. G. Mulligan, Chief Executive Officer Lori LaPonte, Chief Financial Officer Amy Illardo, Director of Marketing Jocelyn Linse, Executive Assistant William F. Weir, Nixon Peabody, LLP (via phone)

Chairman Braun opened the Industrial Development Agency special meeting at 4:00 P.M. on Monday, June 26, 2023, in the Agency's Office on the Second Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. A quorum was present.

RONK HUB SUBTENANT APPLICATION & RESOLUTION – VESPA RONKONKOMA, LLC

Vespa Ronkonkoma, LLC has requested permission to sublease 5,940 square feet at the Ronk Hub Phase 2A development for an Italian restaurant. This restaurant is projected to have 20 full-time equivalent employees.

The motion to accept the application was made by Mr. Pally and seconded by Ms. Scheidt. All voted in favor.

The motion to approve the authorizing resolution was made by Mr. Pally, seconded by Mr. Callahan, and unanimously approved.

RONK HUB SUBTENANT APPLICATION & RESOLUTION – BETHPAGE FEDERAL CREDIT UNION

Bethpage Federal Credit Union has requested to sublease 1,705 square feet at the Ronk Hub Phase 2A development. This credit union expects to have two to three full-time equivalent employees.

The motion to accept the application was made by Mr. Callahan and seconded by Mr. Pally. All voted in favor.

The motion to approve the authorizing resolution was made by Ms. Scheidt, seconded by Mr. Pally, and unanimously approved.

RONK HUB SUBTENANT APPLICATION & RESOLUTION – GREAT SOUTH BAY BREWERY

Great South Bay Brewery is seeking permission to sublease 8,428 square feet at the Ronk Hub Phase 2A development. This brewery expects to employ twelve to fifteen full-time equivalent employees.

The motion to accept the application was made by Mr. Pally and seconded by Mr. Trotta. All voted in favor.

The motion to approve the authorizing resolution was made by Ms. Scheidt, seconded by Mr. Callahan, and unanimously approved.

AMERICAN ORGANIC ENERGY – RESOLUTION

This project has requested to increase the mortgage amount and the mortgage recording tax exemption. The original mortgage amount was approximately $86 million; this resolution allows for a new mortgage amount of approximately $98.6 but not to exceed $100 million.

The motion to approve the resolution was made by Mr. Pally and seconded by Mr. Trotta. All voted in favor.

GGV GROVE APARTMENTS, LLC – RESOLUTION

A public hearing was held for this 55-unit 100% affordable housing project that will have units set aside for domestic violence victims; no comment was received.

The motion to approve the final authorizing resolution was made by Ms. Scheidt, seconded by Mr. Callahan and approved with Mr. Pally recusing himself.

CEO'S REPORT

Macedo Construction

The Agency partially recaptured benefits from Macedo Construction. The recaptured sales tax, mortgage recording tax and PILOT payments have been disbursed.

Sunrise Wind

This project is expected to close this July.

The motion to close the meeting at 4:18 P.M. was made by Mr. Callahan and seconded by Ms. Scheidt. All voted in favor.

The next IDA meeting is scheduled for Wednesday, July 19, 2023, at 8:00 A.M.

Association For a Better Long Island, Inc.

June 6, 2023

Mr. Fred Braun
Brookhaven IDA
One Indepedence Hill
Farmingville, NY 11783

Re: <u>Association for A Better Long Island ("ABLI") Membership</u>

Dear Mr. Braun:

Thank you for your interest in ABLI, specifically an associate membership.

ABLI was chartered 1986, by approximately twenty one of the region's major commercial and industrial owners, builders, and developers for the purpose of addressing common issues and concerns with specific focus on the role of real estate in creating genuine economic growth. Since its inception, the organization's role has broadened to include leadership in regional areas of concern including transportation, affordable housing, energy, infrastructure, sustainability and related matters.

Over three decades, ABLI is proud of its role as a respected thought leader, providing insight and analysis on strategic issues that define and challenge Long Island and its future. These include the cost of municipal government, dysfunctional assessments policies, the role of tax incentives and public policies that have the potential to impact the business sector and the economic development community.

For example, ABLI successfully lobbied to reduce the assessment of LIPA power plants as part of our effort to reduce the region's high energy costs while, in another sector, we successfully defeated legislation that would harm industrial development agencies which drive economic development. We continue to aggressively advocate for self-certification programs and various other programs to streamline the government approval process as well as campaign for much needed infrastructure projects within the region.

ABLI will continue to embrace its role as a strong and effective advocate for responsible economic growth, leveraging the enormous strength of the economic development community to ensure this sector is a full and influential partner in charting the region's future.

As a Corporate member you have an annual dues responsibility of $2,500. The ABLI's dues year runs from July 1st to June 30th. Therefore, if you decide to join the Association, your 2023-2024 dues responsibility will be prorated accordingly, starting July 1, 2023.

If you are interested in becoming a corporate member, please feel free to contact us.

Sincerely yours,

Kyle Strober
Executive Director
Association For a Better Long Island

cc: John Racanelli, Esq., Counsel to ABLI

The ABCs of IDAs on Long Island

They are maligned and misunderstood, but their economic impact is clear

BY KYLE STROBER AND MITCH PALLY

Some say the region is in desperate need of more multifamily housing, but that developers who can create those units should be denied access to industrial development agency tax incentives to build them.

There is an intractable Long Island Gordian knot confronting the construction of multifamily housing that will never be resolved unless we address a tax system that is unsustainable and local zoning that suffocates. Until these two issues are resolved the use of the maligned and misunderstood incentives provided by the region's industrial development agencies will continue to be the only reliable means of bringing significant multifamily housing to market.

There are a myriad number of reasons for the paucity of housing stock, but they mostly lie at the feet of restrictive zoning codes, high taxes, NIMBYism, and the significant time and costs of getting municipal approvals. With time to ribbon cutting usually measured in years, few developers (and investors) are prepared to risk that amount of capital for an indeterminate amount of time. It's easier to build elsewhere, and they do.

The role of the IDA continues to be demonized by those who are ideologically opposed, but the main objections come from those who misunderstand how the deals work. For example, to suggest that the premise of broadening a community's tax base breaks down if a project receives IDA tax relief is incorrect. IDAs do not invest in real estate projects. IDA benefits allow new and increased tax revenue to phase in over time. Those new projects invariably pay significantly more real estate taxes than the previous use of the property from Day One. Secondly, there are the jobs created by the project. Some of them, particularly construction-related jobs, may last two to three years, while other jobs are permanent. These jobs also create a number of new indirect jobs. These individuals then purchase goods and services that generate local sales taxes.


ENGEL BURMAN

Rendering of apartments proposed for the Superblock property in Long Beach.

In the example of a hotel project, which will not impact schools as it will not be producing additional children into the system, it also generates hotel-motel tax revenue, which fuels our billion dollar tourism industry, and generates millions in sales tax revenue as its guests spend money in the region.

An IDA's strategic role is to encourage developers to come to the marketplace and incentivize them to risk millions of dollars. If the margins are too thin, the capital market goes hunting for other projects in welcoming parts of the country. To dismiss IDA programs with "[tax] breaks are free money" is inaccurate and misinformed but far worse, it hurts the development community. The truth is Long Island's real estate taxes, compounded by local zoning density restrictions, very often make or break the financing structure. IDA PILOT programs come close to leveling the financial playing field.

The claim that IDAs shifts the tax burden to residents and businesses equally needs attention. While new developments require additional municipal services, multifamily and hotel projects undergo an economic impact analysis report. In the case of the recent Long Beach "Superblock," the report, commissioned by the city, showed a net positive impact of $476,323 in year one after deducting city expenses, and more than $33 million over the life of the PILOT, after deducting city expenses. New projects are consistently reviewed to ensure they generate increased tax revenue above the cost of additional municipal services and expenses.

The debate over the role of IDAs will continue because everyone is entitled to his or her opinion. However, they are not entitled to their own facts. The facts show that IDAs have enormous economic power, offering the means to strengthen a regional economy now more vulnerable than ever to those across the country seeking to poach Long Island investment, jobs, and tax revenue.

Kyle Strober is executive director of the Association For a Better Long Island. Mitch Pally is chief executive of the Long Island Builders Institute.

HOWARD SCHNAPP

A Long Island Rail Road ticket-vending machine in Mineola.

current political discourse. It was like a breath of fresh air.

John Meehan,
Huntington Station

Let's abide by laws and principles

Lane Filler writes about this election being about the last chance to save America from the loss of values such as fairness, kindness, dignity and nobility ["America is at its best when it's good," Opinion, Sept. 29]. I believe that it doesn't matter whether former Vice President Joe Biden or President Donald Trump wins the election if the people have lost their will to follow fundamental human decency toward others. Whether Biden or Trump wins doesn't change the way people will continue to hate their neighbor. The only way that people can reach the values Filler writes about is by resorting to a belief in their personal deity. Every religion has a book of laws and principles to follow, and right now it seems that some folks are not following them. I believe an acknowledgment of a higher power and a fear of eternal retribution is what motivates people to lift themselves off the floor. I believe worshipping oneself leads to depravity and wanton excess. Atheists would argue with me, but they haven't lived their lives out yet to see the outcome of "I created myself."

Catherine Finelli,
Bellmore

We need to address climate change

Your editorial "Furious fires, fateful floods" on climate change [Sept. 26] made good points about the threats of climate change, but I feel you gave short shrift to President Donald Trump's open hostility and actions to undermine state steps to address this threat, which is no longer looming but already here and sure to get worse. His own intelligence community has warned him of the increasing threat of water and food insecurity around the world, including in our own nation, which could lead to armed conflict and an increase of refugees, many to arrive on our shores. He denies the science of climate change and does not listen to experts about the looming crisis. He sows ignorance and contempt, leaving states alone to fill the void. But states face a federal government committed to combating state-mandated lower emissions of autos and power generation. Remember when a president would take seriously threats to our nation, sit down with members of Congress and other world leaders, and show leadership? Who knew "making America great again" required doing the exact opposite?

Jeffrey Fass
Sayville

'Anarchists'? NY should keep taxes

So New York City residents are now "anarchists" after that designation by the Department of Justice, and the Trump administration will not provide federal funds, thus "defunding" the city ["Leaders reject 'anarchist' label," News, Sept. 22]. So how about we New Yorkers all stop paying our federal taxes and let President Donald Trump and company figure out where to get the $26.6 billion it will lose. Let's fund ourselves and tell Washington to take a hike.

Frank Socci,
West Babylon

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

APPLICATION FOR CONSENT TO SUBLEASE

APPLICATION OF: Selden Commercial Center ("Company")

FOR CONSENT TO SUBLEASE TO

____________________ ("Subtenant")

FACILITY/PROJECT: Move Academia, Inc

DATE: July 5th, 2023

Please respond to all items either by filing in blanks, by attachment (by marking space "see attachment number 1", etc.) or by N.A., where not applicable.

Application must be filed in one (1) original and one (1) electronic form.

A $750.00 non-refundable application fee made payable to the Town of Brookhaven Industrial Development Agency is required at the time of submission to the Agency.

Information provided herein will not be made public by the Agency prior to the passage of an official Resolution but may be subject to disclosure under the New York State Freedom of Information Act.

Please write or call:

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

(631) 406-4244

I. Company Data

A. Company: Selden Commercial Center LLC

Contact: Parviz Farahzad

Title/Position: Member

Address: 635 Middle Country Road Selden NY 11784

Phone: [redacted]

Federal Employer I.D.: [redacted]

B. Related User of the Facility:

Name	Relationship
All Star Arena	President
Tutor Time	Landlord,Tenant
Cross Fit	Landlord, Tenant

C. Company Counsel

Firm Name: Certilman Balin

Individual Attorney: Timothy Shea

Address: 100 Motor Parkway Hauppauge NY

Phone: (631) 979-3000

II. Project/Facility Data

A. Location of Project: 635 Middle Country Road Selden NY

Address: 635 Middle Country Road Selden NY

S.C. Tax Map:
District 0200 Section 474.00 Block 02.00 Lot 001.000

B. Current Occupants, Area Occupied, and Uses

Current Occupant	Area Occupied (Sq. Ft.)	Use	Current # of FTEs
All Star Arena	50,050	Sports Complex	2
Tutor Time	10,800	Kindergarden	9
Cross Fit	1,650	Cross Fit Gym	1

III. Proposed Subtenant

A. Name of Subtenant: Move Academia, Inc

B. Address: [redacted]

C. Contact:

Name: Diego H Silva-Batista

Phone: [redacted]

D. Affiliates Names and Addresses: X

E. Current Location: X

F. Subtenant Counsel:

Firm Name: X

Individual Attorney: X

Address: X

Phone: X

G. Will the completion of the project or the subleasing to the Subtenant result in the removal of any facility or facilities of the Applicant from one area of the State to another OR in the abandonment of any facility or facilities of the Applicant located within the State?

YES _____ NO X

i. If no, explain how current facilities will be utilized

This is the Tenants first location.

ii. If yes, please indicate whether the subleasing of the Facility to the Subtenant is reasonably necessary for the Subtenant to maintain its competitive position in its industry or remain in the State and explain in full:

N/A

H. Principal stockholders, members, or partners, if any, of Subtenant:

Name and Address	Percent Owned
X	X
X	X
X	X

I. Has the Subtenant, or any subsidiary or affiliate of the Subtenant, or any stockholder, partner, member, officer, director, or other entity with which any of these individuals is or has been associated with:

i. Ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding?

YES ____ NO X

1. If yes, please explain

____

____

ii. Been convicted of a felony, or misdemeanor, or criminal offense (other than a motor vehicle violation)?

YES ____ NO X

1. If yes, please explain

____

____

J. Relationship of Subtenant to Company (e.g., affiliate, arm's-length tenant, etc.)

Tenant and Landlord

____

____

K. Proposed area of the facility to be occupied by the Subtenant (Sq. Ft.) 1,050

L. Describe the specific operations of the Subtenant or other users to be conducted at the project site:

A Fitness Center with both group and one on one training.

____

____

M. Does the proposed use and occupancy of the Subtenant conform with all applicable zoning, planning, building and Environmental Laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Facility?

YES X______ **NO** ________

i. If no, please explain

____

____

IV. Proposed Sublease Agreement Terms

A. **Attach a copy of Executed Sublease Agreement (may be conditioned upon Agency approval)**

Term: One Year

Commencement Date: Upon approval of IDA

Guarantors: Diego H Silva-Batista

Base Rent: $2,500

Base Rent Increases and Intervals: N/A

Common Area Rent: X

B. Improvements to Proposed Demised Area to be Made by **Company**

Description: Tenant is taking space As is.

____

____

Cost: X

Source of Payment: X

____

C. Improvements to Proposed Demised Area to be Made by **Subtenant**

Description: Tenant leasing space As is.

____

____

Cost: X

Source of Payment: X

D. Fair Market Rent Evaluation

Is rent to be charged Fair Market? YES X NO ____

How was Fair Market rent determined? (Attach supporting documentation)

Based on other Tenants

E. Does or will any of the "Financial Assistance" provided by the Agency, including Real Estate Tax Exemption, Sales and Use Tax Exemption, benefit the Subtenant in any manner?

YES ____ NO X

If yes, explain

F. How many Full-Time Equivalent Employees (FTEs) are there presently at the subtenant's current location: 0

How may additional FTEs are to be expected at the Facility regarding this application: 0

G. Salary and Fringe Benefits by Subtenant

Jobs To be Created:

	Average Salary	Average Fringe Benefits
Salary Wage Earners	0	0
Commission Wage Earners	0	0
Hourly Wage Earners	0	0
1099/Contract Workers	0	0

What is the annualized salary range of jobs to be created?
$0 to $0

What is the number of construction jobs created as a result of this Subtenant Application? 0 (FTEs)

V. Mortgagees

Have the Holders of all mortgages or record consented to the proposed sublease?

YES ____ NO X Not needed.

If yes, attach evidence thereof.

COMPANY CERTIFICATION

Parviz Farahzad [*Insert name of Chief Executive Officer/Manager/Partner of proposed Company*] deposes and says that s / he is the Member [*insert title*] of Selden Commercial Center, LLC [*insert name of Company*], the company named in the attached application; that s/he has read the foregoing application and knows the contents thereof; that the same is true to her/his knowledge.

Deponent further says that the reason this verification is being made by the deponent and not by Selden Commercial Center, LLC [*insert name of Company*] is because the said company is a Limited Liability Company [*insert type of entity*]. The grounds of deponent's belief relative to all matters in the said application which are not stated upon her/his own personal knowledge, are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his duties as an officer of and from books and papers of said company.

As an Member [*insert position, e.g., officer, member, manager, partner*] of said company (hereinafter referred to as the "applicant"), deponent acknowledges and agrees that applicant shall be and is responsible for all costs incurred by the Town of Brookhaven Industrial Development Agency (hereinafter referred to as the "Agency") in connection with this application and all matters relating to the proposed sublease, including the Agency's attorneys' fees, regardless of whether or not the applicant fails to conclude or consummate necessary negotiations or fails to act within a reasonable or specified period of time to take reasonable, proper, or requested action or withdraws, abandons, cancels, or neglects the application or if the applicant is unable to consummate the sublease for any reason. upon presentation of invoices, applicant shall pay to the agency, its agents or assigns, all costs incurred with respect to the application, including fees to counsel for the agency and fees of general counsel for the agency.

Parviz Fa[signature]

Chief Executive Officer/Member/Manager/Partner of Company

Sworn to before me this
6th day of July

[signature]

NOTARY PUBLIC

ELIZABETH ALIANO
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 01AL6420829
Qualified in Suffolk County
Commission Expires August 16, 2025

SUBTENANT CERTIFICATION

Diego H Silva-Batista [*Insert name of Chief Executive Officer/Manager/Partner of proposed Subtenant*] deposes and says that s/he is the Sole Owner [*insert title*] of Move Academia, Inc [*insert name of Subtenant*], the proposed subtenant named in the attached application; that s/he has read the foregoing application and knows the contents thereof; that the same is true to her/his knowledge.

Deponent further says that the reason this verification is being made by the deponent and not by Diego H Silva-Batista [*insert name of Subtenant*] is because the said proposed subtenant is a S Corp [*insert type of entity*]. The grounds of deponent's belief relative to all matters in the said application which are not stated upon her/his own personal knowledge, are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his duties as an officer of and from books and papers of said proposed subtenant.

Diego Batista

Chief Executive Officer/Member/Manager/Partner of Subtenant

Sworn to before me this
6 day of July 2023

Anita K Kohlberg

NOTARY PUBLIC

ANITA KEIM KOHLBERG
Notary Public - State of New York
NO. 01KO4930806
Qualified in Suffolk County
My Commission Expires May 9, 2026

WEBER
LAW GROUP LLP

July 9, 2023

VIA ELECTRONIC MAIL (twalsh@nixonpeabody.com)

Frederick C. Braun III, Chairman
And Members of the Town of Brookhaven Industrial Development Agency
c/o Division of Economic Development
One Independence Hill
Farmingville, New York 11738

Re: AVR-SP Brookhaven JV LLC 2022 Facility

Dear Chairman Braun and Members of the Brookhaven Industrial Development Agency,

On behalf of AVR-SP Brookhaven JV LLC (the, "JV") which entered into a transaction with the Town of Brookhaven Industrial Development Agency (the, "TOBIDA") in 2022 for certain economic benefits and job creation requirements at the property located on Precision Drive in Shirley, Town of Brookhaven, the JV requests allocation of the benefits and obligations of the transaction to the development parcels now that such parcels have been subdivided. More specifically, as the TOBIDA is aware, the property is being developed with two independent industrial buildings on two separate lots.

The JV requests that the required PILOT payments be split between the properties and that the sales tax exemption be allocated first to the property currently under development, the 150,000 sq. ft. building on Parcel 1 (606,333 sq. ft./13.92 acres), with the remainder of the sales tax benefit available to the 250,000 sq. ft. building to be built in the future on Parcel 2 (959,460 sq. ft./22.03 acers). The JV would accept that the job creation requirements it agreed to as part of the AVR-SP Brookhaven JV LLC 2022 Facility be split between the properties as well.

It is the full intention of the JV to meet all of its obligations under the AVR-SP Brookhaven JV LLC 2022 Facility. The JV believes the division of the benefits and obligations requested herein will make the buildings more marketable and, therefore, will more quickly realize the benefits to the Town of Brookhaven.

Thank you for your consideration of this request.

Respectfully submitted,

Bram D. Weber

cc: AVR-SP Brookhaven JV LLC

Town of Brookhaven Industrial Development Agency

MRB Cost Benefit Calculator

Date	June 15, 2023
Project Title	Engel Burman East Patchogue, LLC
Project Location	West sde of Sipp Ave East Patchogue

MRB group
Cost-Benefit Analysis Tool powered by MRB Group

Economic Impacts

Summary of Economic Impacts over the Life of the PILOT

Project Total Investment

$54,609,000

Temporary (Construction)

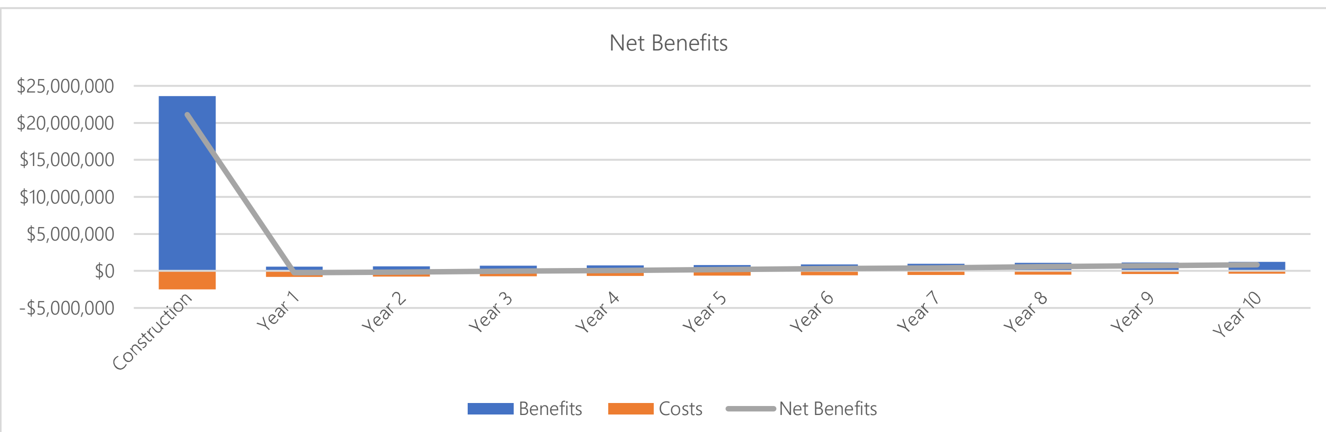
	Direct	Indirect	Total
Jobs	238	60	299
Earnings	$18,310,162	$3,951,472	$22,261,633
Local Spend	$43,687,200	$13,717,974	$57,405,174

Ongoing (Operations)

Aggregate over life of the PILOT

	Direct	Indirect	Total
Jobs	5	3	8
Earnings	$5,004,099	$3,134,071	$8,138,170

Figure 1



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

Figure 2

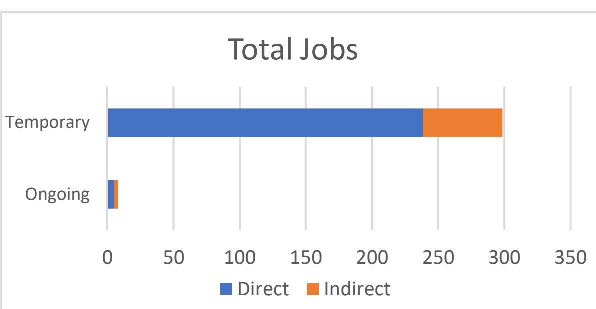
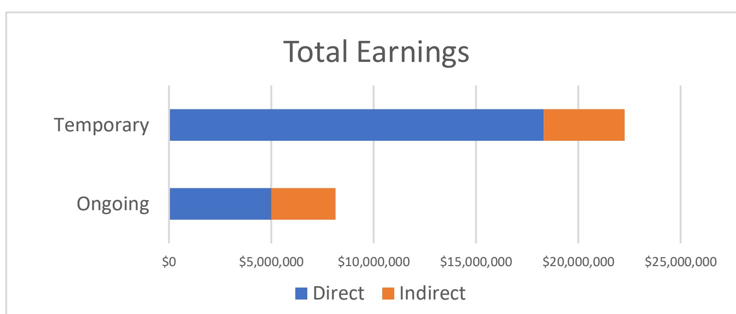


Figure 3



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

Fiscal Impacts

Cost-Benefit Analysis Tool powered by MRB Group

Estimated Costs of Exemptions

	Nominal Value	Discounted Value*
Property Tax Exemption	$7,025,869	$6,263,611
Sales Tax Exemption	$2,166,612	$2,166,612
Local Sales Tax Exemption	*$1,161,806*	*$1,161,806*
State Sales Tax Exemption	*$1,004,806*	*$1,004,806*
Mortgage Recording Tax Exemption	$327,654	$327,654
Local Mortgage Recording Tax Exemption	*$109,218*	*$109,218*
State Mortgage Recording Tax Exemption	*$218,436*	*$218,436*
Total Costs	**$9,520,135**	**$8,757,877**

State and Local Benefits

	Nominal Value	Discounted Value*
Local Benefits	$38,351,398	$35,685,481
To Private Individuals	$30,399,804	$29,185,650
Temporary Payroll	*$22,261,633*	*$22,261,633*
Ongoing Payroll	*$8,138,170*	*$6,924,016*
Other Payments to Private Individuals	*$0*	*$0*
To the Public	$7,951,594	$6,499,831
Increase in Property Tax Revenue	*$7,705,546*	*$6,263,610*
Temporary Jobs - Sales Tax Revenue	*$180,180*	*$180,180*
Ongoing Jobs - Sales Tax Revenue	*$65,868*	*$56,041*
Other Local Municipal Revenue	*$0*	*$0*
State Benefits	$1,580,790	$1,517,654
To the Public	$1,580,790	$1,517,654
Temporary Income Tax Revenue	*$1,001,774*	*$1,001,774*
Ongoing Income Tax Revenue	*$366,218*	*$311,581*
Temporary Jobs - Sales Tax Revenue	*$155,831*	*$155,831*
Ongoing Jobs - Sales Tax Revenue	*$56,967*	*$48,468*
Total Benefits to State & Region	$39,932,188	$37,203,135

Benefit to Cost Ratio

	Benefit*	Cost*	Ratio
Local	$35,685,481	$7,534,635	5:1
State	$1,517,654	$1,223,242	1:1
Grand Total	$37,203,135	$8,757,877	4:1

*Discounted at 2%

Additional Comments from IDA

Engle Burman at East Patchogue, LLC is a proposed 139 unit independent senior living rental housing community with a clubhouse. This proposed facility will include 10% affordable units and 10% workforce units. 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.

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

East Patchogue Project

Economic and Fiscal Impact Analysis

Prepared by:

MRB group

Prepared for:
Engel Burman at East Patchogue, LLC

Date:
December 28, 2022

Executive Summary

Engel Burman at East Patchogue, LLC (the "Developer") is proposing a real estate development project consisting of a 139-unit independent senior living rental apartment complex (the "Project") in the Town of Brookhaven (the "Town") on approximately 13.89 acres of land on the west side of Sipp Avenue in East Patchogue, NY (the "Site"). The Project includes a total of 139 units, with 14 units reserved for households earning up to 120% of the area median income (AMI), 14 units reserved for households earning up to 80% of AMI, and 111 market-rate units.

The following analysis included an examination of the local market's ability to support the Project and the expected economic and fiscal impacts associated with the Project on Suffolk County (the "County") and the Town. MRB Group modeled the economic impacts of the construction of the Project in terms of direct and indirect jobs and earnings in the region. We also modeled the annual economic impacts post-construction based on our estimates of "net new" household spending from future occupants of the Site. In terms of fiscal impacts, we modeled the fiscal benefit of the increase in tax revenue generated by the Project and the fiscal costs associated with the Developer's requested tax abatements. Below are the results of our analysis.

Market Review Conclusions

From a real estate market point of view, the Project appears to be well-positioned in a market characterized by strong fundamentals. Over the last ten years, vacancy rates have typically remained below 5% in the multifamily rental market, despite a steady stream of new unit deliveries.

Economic Impacts

MRB Group estimates that during the project's construction phase, 150 on-site jobs will be created, plus 74 indirect jobs, for a total of 224 new jobs collectively earning $14.6 million in wages.

Upon completion of the Project, we estimate a total of 53 ongoing (permanent) jobs will be created in the Town due to the spending of the new households and the operations of the Project, with total annual earnings of $2.9 million (figures may not sum due to rounding).[1]

Summary of Economic Impacts

	Direct	Indirect	Total
Construction Jobs	150	74	224
Construction Wages	$9,268,010	$5,295,216	$14,563,226
Ongoing Jobs	40	13	53
Ongoing Wages	$2,044,460	$836,979	$2,881,438

Fiscal Impacts

In terms of fiscal benefits, the Project will increase tax revenues from the County, Town, and School District. We estimate that the County will earn sales tax revenue of approximately $117,871 during the construction period, resulting from a portion of the construction phase earnings being spent locally. The Developer has proposed two options for a PILOT abatement schedule for the Agency's consideration: a 15-year PILOT, and a 20-year PILOT. Under the 15-year PILOT, during the operation phase of the Project, we estimate the County will receive $68,173 in sales tax from the operation phase earnings being spent locally and $923,671 in sales tax from new household spending. Over the life of the proposed 15-year PILOT, the Project will generate $6.2 million more in tax revenue than the vacant land would without the Project. This additional revenue will be allocated proportionally to the applicable taxing jurisdictions.

Summary of Fiscal Benefits, Local Government

Source	Total
Sales Tax, Construction, One-time	$117,871
Sales Tax, Operations, 15 Years	$68,173
Sales Tax, Households, 15 Years	$923,671
Increase in Property Tax Revenue, 15 Years	$6,240,060
Total Fiscal Benefits Over 15 Years	**$7,349,775**
Sales Tax, Construction, One-time	$117,871
Sales Tax, Operations, 20 Years	$95,289
Sales Tax, Households, 20 Years	$1,291,069
Increase in Property Tax Revenue, 20 Years	$8,690,911
Total Fiscal Benefits Over 20 Years	**$10,195,140**

[1] Note that the direct and indirect "Construction Jobs" and "Construction Wages" shown are with respect to the County, as such jobs tend to be pulled from a larger labor shed. The direct and indirect "Ongoing Jobs" and "Ongoing Wages" shown are with respect to the Town of Brookhaven.

Therefore, we estimate that the fiscal benefits of the Project, over the 15-year PILOT, including construction and operation phases, would be $7.3 million. Under the 20-year PILOT schedule, the Project will generate $95,289 in sales tax revenue from operations and $1.3 million in sales tax from new household spending. Over 20 years, the Project will generate $8.7 million more in revenue than the vacant land would generate, yielding a total fiscal impact of $10.2 million.

In terms of the fiscal costs, the Applicant has requested a sales tax exemption and a mortgage recording tax exemption of $1.1 million and $218,436, respectively (County portion only). We estimate the cost of the PILOT exemption to be $5.7 million over 15 years. The "cost" of the PILOT exemption is the difference between the anticipated PILOT payments and the estimated taxes on the full assessment. This cost is theoretical by nature, as the Applicant has stated that the Project cannot move forward absent a PILOT inducement.

Summary of Exemptions

	Total
Cost of Sales Tax Exemption, One-Time	$1,067,606
Mortgage Recording Tax Exemption	$218,436
PILOT Exemption, 15 Years	($5,739,145)
PILOT Exemption, 20 Years	($7,336,130)

Contents

Introduction

The Developer is proposing a real estate development project consisting of a 139-unit independent senior living rental apartment complex in the Town, on approximately 13.89 acres of land on the west side of Sipp Avenue in East Patchogue, NY. The Project includes a total of 139 units, with 14 units reserved for households earning up to 120% of the AMI, 14 units reserved for households earning up to 80% of the AMI, and 111 market-rate units.

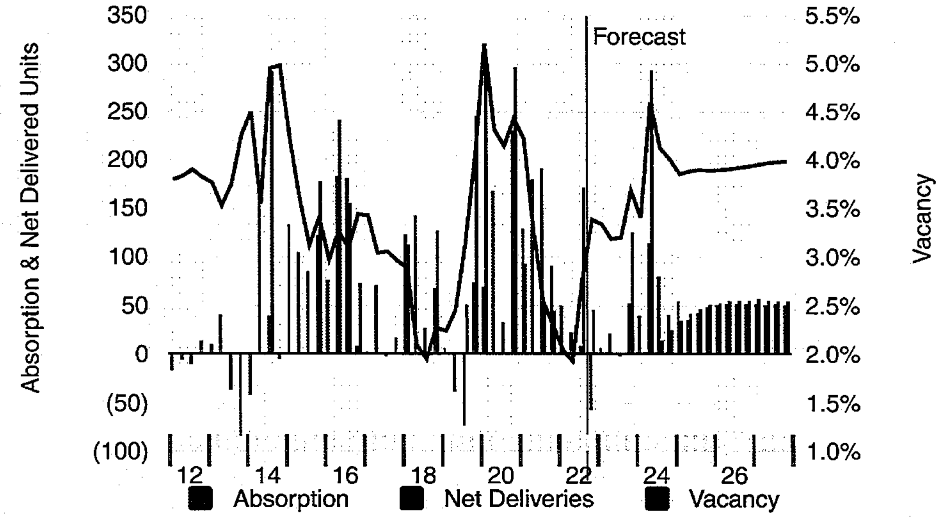
The following analysis included an examination of the local market's ability to support the Project and the expected economic and fiscal impacts associated with the Project on the County and the Town. MRB Group modeled the economic impacts of the construction of the Project in terms of direct and indirect jobs and earnings in the region. We also modeled the annual economic impacts post-construction based on our estimates of "net new" household spending from future occupants of the Site. In terms of fiscal impacts, we modeled the fiscal benefit of the increase in tax revenue generated by the Project and the fiscal costs associated with the Developer's requested tax abatements. Below are the results of our analysis.

Multifamily Real Estate Market Review

Local Real Estate Market

The Town of Brookhaven's multifamily real estate market is characterized by strong fundamentals of high demand and low vacancy. Over the last ten years, multifamily (for-rent and for-sale) vacancy rates have mostly remained below 5%. New deliveries contributed to temporary spikes in vacancy of slightly above 5% in 2014, and 4.5% in 2020. Since Q1 2020, nearly 1,000 rental units have been brought to market through several residential development projects, and those units are currently being absorbed. Vacancy rates are currently estimated at 3%. Historical data from 2010 shows that newly delivered units are quickly absorbed in the area's tight housing market.

Absorption, Net Deliveries & Vacancy



Source: CoStar

As of Q4 2022, there were an estimated 179,371 housing units in the Town of Brookhaven. These housing units are primarily owner-occupied, with only 19.1% of Brookhaven's housing units estimated to be renter-occupied. This composition of housing types is similar to Suffolk County as a whole, where 17.1% of the housing units are renter-occupied.

Rental Units

	Total Housing Units	% of all Occupied Units	Renter-Occupied Units
Brookhaven	179,371	19.1%	34,260
Suffolk County	580,043	17.1%	99,187

Source: ESRI

Affordability

Housing affordability in the Town of Brookhaven also indicates demand for additional multi-family residential units. "House and Home Expenditures," shown in the table, encompasses the average annual spending of households on mortgage payments (or rent), insurance, tax, and property maintenance for owned dwellings. The Spending Potential Index (SPI) is a composite measure of household expenditures for the specified region compared to national averages. A high SPI means expenditures are relatively high compared to national averages. An SPI of 100 means expenditures are the same as the national average. Owned dwellings in the Town have significantly higher home expenditures than the national average for owned dwellings. The Town's SPI of 150 indicates owner-occupied housing may be in short supply/high demand in the Town. In this case, the tight housing market drives up the price of owner-occupied housing, indicating that new market-rate rental units would attract "net new" households to the area that would otherwise be priced out of the market. Housing costs associated with rental properties are also higher than the national average, with an SPI of 107.

Brookhaven House and Home Expenditures

	Average Amount Spent	SPI
Owned Dwelling	$24,265	150
Rented Dwelling	$6,289	107

Source: Consumer Spending data are derived from the 2020 and 2021 Consumer Expenditure Surveys, Bureau of Labor Statistics.

Conclusions from Market Review

We used market statistics to make conclusions regarding a.) the level of support in the market for the Project and b.) the extent to which any of the units of the Project can be considered "net new" to the Town of Brookhaven. The consideration of "net new" units is a factor in the economic impact analysis that follows.

Determination of Market Support

The Town's real estate market is characterized by strong fundamentals, as discussed earlier. Based on these trends, we conclude that the Project is well-positioned to be supported by the market.

Determination of "Net New"

Before calculating the Project's economic impacts, we must determine how many of the future households from the Project can be considered "net new" to the Town. There are several circumstances under which households would be regarded as "net new":

- Out-of-area residents choosing to relocate to the Town because of the Project
- Current Town residents that would otherwise relocate outside of the Town if the option to live in the Project were unavailable

- Current Town residents that will move into the Project, freeing up their current Brookhaven residential space that will then be occupied by households relocating to the Town

As per our review of the market, we consider all units of the Project as "net new" households for the Town.

Economic Impact Analysis

The Project would have economic impacts on the County and Town in several ways. These impacts include one-time impacts on jobs, earnings, and sales during the construction phase of the Project, which we estimate for the entire County. It also includes ongoing impacts related to household spending and the operations of the Project, which we estimate for the Town.[2]

Methodology

Both one-time, construction-phase impacts and ongoing, operation-phase impacts have "Direct" and "Indirect" components. For the construction phase:

- Direct jobs, wages, and sales are those that occur on-site related to labor and materials used in the construction of the Project.
- Indirect jobs, wages, and sales are those caused by the Direct impacts and result from business-to-business purchases (e.g., a contractor buying a piece of equipment from a dealer), and from employees spending a portion of their wages locally.

For the operations phase:

- Direct jobs, wages, and sales are those jobs created from the operations of the Project (e.g., onsite employment of a maintenance person) and from new household spending occurring as a result of the Project.
- Indirect jobs, wages, and sales are those caused by the Direct impact, such as business-to-business purchases (e.g., a grocery store serving the new households buying goods from a distributor), and from employees of such businesses spending a portion of their wages locally.

To estimate the Direct and Indirect impacts, MRB Group employed the Lightcast[3] economic modeling system. We used data from the Developer and publicly available and proprietary data sources as inputs to the Lightcast modeling system. We adjusted the Lightcast model where needed to best match the Project specifics.

[2] By their nature, construction-related impacts tend to be somewhat more diffuse, which is why we report them as County-level impacts. Town-level impacts are measured based on the 36 ZIP codes that closely approximate the Town. See appendix.

[3] Lightcast formerly "Emsi.," uses data from the U.S. Bureau of Labor Statistics, the U.S. Bureau of Economic Analysis, the U.S. Census, and other public data sources to model out economic impacts.

Construction Phase

The Developer has provided estimates of the total cost of construction of the Project and the percentage of labor and materials to be sourced within the County. As shown in the table to the right, the Developer estimates that 50% of its $49.1 million of materials and labor costs[4] would be spent locally, for a total of $24.5 million of in-region construction spending.

In-region construction spending of $24.5 million (direct "Sales" in the table) was then inputted into the Lightcast economic modeling system, assigning the County as the geography of study. This spending creates 150 direct jobs and direct earnings of $9.3 million. The model estimates that this will cause Indirect impacts of 74 new jobs, $5.3 million in new earnings, and $15.3 million in new sales. Therefore, the total, one-time, construction-phase impacts would be 224 jobs, $14.6 million in wages, and $39.8 million in sales.

Construction Spending In Region

	$ Total	% County	$ County
Materials & Labor	$49,059,000	50%	$24,529,500

Source: Developer, MRB

Economic Impact of Construction Phase, One-Time

	Direct	Indirect	Total
Jobs	150	74	224
Earnings	$9,268,010	$5,295,216	$14,563,226
Sales	$24,529,500	$15,290,246	$39,819,746

Source: Emsi, MRB

Operation Phase

Construction phase impacts were measured at the County level to account for their dispersed nature. Conversely, the impacts of the operation phase are estimated at the Town level. We used 36 ZIP Codes that approximate the Town of Brookhaven to model operational impacts.[5]

Operation phase impacts come from two sources. The largest source is the effect of "net new" household spending from the new units brought onto the market by the Project. The second source of operation phase impacts is the employment on Site that results from the operations of the Project, including maintenance and management personnel.

[4] Project budget from the Agency application, minus land, legal, and financing costs.

[5] A full list of ZIP Codes included in the economic impact analysis are listed in Appendix A, where they are compared to the Town's boundaries.

Households with differing incomes have different spending habits. As such, we have utilized different average annual household expenditures based on two relevant income brackets[6]. The first income bracket reflects the spending habits of households earning over $100,000 annually. We assume that the 125 households in this bracket will occupy all of the Project's market-rate units and those workforce units reserved for households earning up to 120% of the area median income. The second income bracket displays the spending habits of households earning between $70,000-$99,000 annually, which we apply to the 14 units reserved for households earning no more than 80% of the area median income.

The large expanse of the Town's geographical boundaries and the high concentration of nearby retailers suggests that most of the households' needs will be served by local businesses. To be conservative, we have estimated that 80% of this spending would occur in the Town of Brookhaven. Therefore, given 139 total units and the spending profiles and percentages shown, we estimate a total of $4.7 million of new household spending would occur annually in the Town.

Total New Household Spending

	Annual per HH Spend	% Spent in Town	Units	Total New Spending
Units with Household Incomes of $100,000+				
Food	$10,984	80%	125	$1,098,400
Household Furnishings and Equipment	$2,796	80%	125	$279,600
Apparel and Services	$2,186	80%	125	$218,600
Transportation	$12,641	80%	125	$1,264,100
Healthcare	$6,277	80%	125	$627,700
Entertainment	$3,608	80%	125	$360,800
Education	$1,839	80%	125	$183,900
Personal Care Products and Services	$946	80%	125	$94,600
Miscellaneous	$1,259	80%	125	$125,900
Other	$513	80%	125	$51,300
Total, Market Rate Units	**$43,049**	**80%**	**125**	**$4,304,900**
Units with Household Incomes of $70,000 - $99,999				
Food	$8,118	80%	14	$90,922
Household Furnishings and Equipment	$2,925	80%	14	$32,760
Apparel and Services	$1,493	80%	14	$16,722
Transportation	$9,449	80%	14	$105,829
Healthcare	$5,144	80%	14	$57,613
Entertainment	$2,821	80%	14	$31,595
Education	$1,544	80%	14	$17,293
Personal Care Products and Services	$736	80%	14	$8,243
Miscellaneous	$1,103	80%	14	$12,354
Other	$439	80%	14	$4,917
Total, Affordable Units	**$33,772**	**80%**	**14**	**$378,246**
Grand Total			**139**	**$4,683,146**

Source: Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, 2020 - 2021 "Table 3104. Northeastern region by income before taxes: Average annual expenditures and characteristics"

[6] We used data from the Consumer Expenditure Survey (CEX) of the Bureau of Labor Statistics as of December 2022, specific to both the Northeast and the respective income level.

MRB Group then took each of the above line items and applied that new household spending to one or more industry codes in Lightcast.[7] This resulted in an estimate of 35 direct jobs and $1.7 million in direct earnings that will be generated by the spending of the new households. Taken together with an estimate of indirect impacts, total impacts from household spending include 45 jobs, $2.4 million in earnings, and $6.5 million in sales.

The Developer stated that it would hire five employees at the Site for operations and maintenance, with an average salary of $60,000. Combined, these five positions account for $300,000 in annual earnings. Together with indirect impacts, the total impacts of operations and maintenance would be 8 jobs, $493,779 in earnings, and $1.6 million in sales.

The combined impacts of household spending and impacts from operations and maintenance are displayed in the table to the right. As summarized in the last column, we anticipate that the Town will benefit from 53 jobs, $2.9 million in earnings, and $8.1 million in sales on an annual basis.

Economic Impact of New Household Spending

	Direct	Indirect	Total
Jobs	35	10	45
Earnings	$1,744,460	$643,199	$2,387,659
Sales	$4,683,146	$1,805,937	$6,489,083

Source: Emsi, MRB

Economic Impact, Operations of Project

	Direct	Indirect	Total
Jobs	5	3	8
Earnings	$300,000	$193,779	$493,779
Sales	$1,055,785	$550,234	$1,606,018

Source: Emsi, MRB

Combined Economic Impact

	Direct	Indirect	Total
Jobs	40	13	53
Earnings	$2,044,460	$836,979	$2,881,438
Sales	$5,738,931	$2,356,170	$8,095,101

Source: Emsi, MRB

[7] For example, for the "Food" line item, we applied half of the spending to the "supermarkets and other grocery" stores NAICS code (North American Industrial Classification System) and half to the "full service restaurants" NAICS code.

Fiscal Impact Analysis – 15 Years

The Project would also have fiscal impacts in terms of new tax revenues. The Applicant provided two potential PILOT schedules for consideration; one under a 15-year term and one under a 20-year term. The analysis below considers the fiscal impact of both.

PILOT Schedule – 15 Years

The table to the right displays the Applicant's proposed PILOT schedule. The Applicant has requested a 15-year PILOT term that would abate a portion of the improvement value associated with the Project. In Year 1, PILOT payments would include the Base Land Tax and 6.25% of the improvement value. Each year the percentage of the improvement value included in the PILOT payment will increase by 6.25% until the Project is fully taxable in Year 16.

PILOT Schedule

Tax Year	Base Land Tax	Projected Improvement Tax	Improvement Phase-In	Total Improvement PILOT	Total PILOT
Year 1	$6,524	$702,256	6.25%	$43,891	$50,415
Year 2	$6,642	$714,967	12.50%	$89,371	$96,013
Year 3	$6,762	$727,908	18.75%	$136,483	$143,245
Year 4	$6,884	$741,083	25.00%	$185,271	$192,155
Year 5	$7,009	$754,496	31.25%	$235,780	$242,789
Year 6	$7,136	$768,153	37.50%	$288,057	$295,193
Year 7	$7,265	$782,056	43.75%	$342,150	$349,415
Year 8	$7,397	$796,212	50.00%	$398,106	$405,502
Year 9	$7,530	$810,623	56.25%	$455,975	$463,506
Year 10	$7,667	$825,295	62.50%	$515,810	$523,476
Year 11	$7,806	$840,233	68.75%	$577,660	$585,466
Year 12	$7,947	$855,441	75.00%	$641,581	$649,528
Year 13	$8,091	$870,925	81.25%	$707,626	$715,717
Year 14	$8,237	$886,689	87.50%	$775,853	$784,090
Year 15	$8,386	$902,738	93.75%	$846,317	$854,703
Year 16*	$8,538	$919,077	100.00%	$919,077	$927,615

*First Year of Full Taxes

Source: Applicant; MRB Group

PILOT Revenue – 15 Years

Absent the Project moving forward, the parcels will generate an estimated $111,153 over 15 years. According to the proposed PILOT schedule, the Project will generate $6.4 million over 15 years. As shown in the table to the right, the proposed PILOT payments would generate $6.2 million more in revenue for the local taxing jurisdictions than the Site without the Project. (Figures may not sum due to rounding.)

PILOT Revenue

Tax Year	Base Land Tax	Total PILOT	Increase in Revenue
Year 1	$6,524	$50,415	$43,891
Year 2	$6,642	$96,013	$89,371
Year 3	$6,762	$143,245	$136,483
Year 4	$6,884	$192,155	$185,271
Year 5	$7,009	$242,789	$235,780
Year 6	$7,136	$295,193	$288,057
Year 7	$7,265	$349,415	$342,150
Year 8	$7,397	$405,502	$398,106
Year 9	$7,530	$463,506	$455,975
Year 10	$7,667	$523,476	$515,810
Year 11	$7,799	$585,466	$577,666
Year 12	$7,933	$649,528	$641,595
Year 13	$8,067	$715,717	$707,650
Year 14	$8,201	$784,090	$775,889
Year 15	$8,335	$854,703	$846,368
	$111,153	$6,351,213	$6,240,060

Source: Applicant; MRB Group

Fiscal Impact Analysis – 20 Years

Under a 20-Year PILOT term, the Project would have fiscal impacts in terms of new tax revenues, as described below.

20-Year PILOT Schedule

The table to the right displays the proposed PILOT schedule under a 20-Year scenario. In Year 1, PILOT payments would include the Base Land Tax and 4.76% of the improvement value. Each year the percentage of the improvement value included in the PILOT payment will increase by 4.76% until the Project is fully taxable in Year 21.

PILOT Schedule - 20 Years

Tax Year	Base Land Tax	Projected Improvement Tax	Improvement Phase-In	Total Improvement PILOT	Total PILOT
Year 1	$6,524	$702,256	4.76%	$33,441	$39,965
Year 2	$6,642	$714,967	9.52%	$68,092	$74,734
Year 3	$6,762	$727,908	14.29%	$103,987	$110,749
Year 4	$6,884	$741,083	19.05%	$141,158	$148,043
Year 5	$7,009	$754,496	23.81%	$179,642	$186,651
Year 6	$7,136	$768,153	28.57%	$219,472	$226,608
Year 7	$7,265	$782,056	33.33%	$260,685	$267,950
Year 8	$7,397	$796,212	38.10%	$303,318	$310,715
Year 9	$7,530	$810,623	42.86%	$347,410	$354,940
Year 10	$7,667	$825,295	47.62%	$392,997	$400,664
Year 11	$7,806	$840,233	52.38%	$440,122	$447,927
Year 12	$7,947	$855,441	57.14%	$488,823	$496,770
Year 13	$8,091	$870,925	61.90%	$539,143	$547,234
Year 14	$8,237	$886,689	66.67%	$591,125	$599,362
Year 15	$8,386	$902,738	71.43%	$644,812	$653,198
Year 16	$8,538	$919,077	76.19%	$700,249	$708,787
Year 17	$8,693	$935,713	80.95%	$757,481	$766,173
Year 18	$8,850	$952,649	85.71%	$816,555	$825,405
Year 19	$9,010	$969,892	90.48%	$877,520	$886,530
Year 20	$9,173	$987,447	95.24%	$940,425	$949,598
Year 21*	$9,339	$1,005,320	100.00%	$1,005,320	$1,014,659

*First Year of Full Taxes

Source: Applicant; MRB Group

PILOT Revenue – 20 Years

Under the 20-Year PILOT scenario, the Project will generate $8.8 million over 20 years. As shown in the table to the right, the proposed PILOT payments would generate $8.7 million more in revenue for the local taxing jurisdictions than the Site without the Project.

PILOT Revenue - 20 Years

Tax Year	Base Land Tax	Total PILOT	Increase in Revenue
Year 1	$6,524	$33,441	$26,917
Year 2	$6,642	$68,092	$61,450
Year 3	$6,762	$103,987	$97,225
Year 4	$6,884	$141,158	$134,274
Year 5	$7,009	$179,642	$172,633
Year 6	$7,136	$219,472	$212,336
Year 7	$7,265	$260,685	$253,420
Year 8	$7,397	$303,318	$295,922
Year 9	$7,530	$347,410	$339,879
Year 10	$7,667	$392,997	$385,331
Year 11	$7,806	$440,122	$432,316
Year 12	$7,947	$488,823	$480,876
Year 13	$8,091	$539,143	$531,053
Year 14	$8,237	$591,125	$582,888
Year 15	$8,386	$644,812	$636,426
Year 16	$8,538	$700,249	$691,711
Year 17	$8,693	$757,481	$748,788
Year 18	$8,850	$816,555	$807,706
Year 19	$9,010	$877,520	$868,510
Year 20	$9,173	$940,425	$931,252
	$155,547	$8,846,458	$8,690,911

Source: Applicant; MRB Group

Sales Tax Revenue, Construction Phase

As stated in the economic impact analysis on page 11, we anticipate approximately $14.6 million in direct and indirect earnings in the County will be generated during the Project's construction phase. We assume 70% of the newly generated earnings will be spent in Suffolk County. We estimate that 25% of that spending amount will be subject to the sales tax. Applying the County's sales tax rate of 4.625%, we conclude that the construction phase earnings will lead to approximately $117,871 in County sales tax revenue throughout construction.

Sales Tax Revenue, Operation Phase

We estimate $493,779 in total new earnings occurring annually within the County during the operation phase associated with new direct and indirect job creation (see page 13). Using the same methodology for estimating sales tax revenue for the construction phase, we estimate the Project will result in $3,997 in annual sales tax revenue to the County. Escalated at 1.81% per year for 15 years and 20 years, this totals $68,173 and $95,289, respectively.

Sales Tax Revenue - Construction Phase

Line	Value
Total New Earnings	$14,563,226
% Spent in County	70%
$ Spent in County	$10,194,258
% Taxable	25%
$ Taxable	$2,548,565
County Sales Tax Rate	4.625%
$ County Sales Tax Revenue	$117,871
Revenue, one-time	$117,871

Source: MRB

Sales Tax Revenue - Operation Phase

Line	Annual Value
Total New Earnings	$493,779
% Spent in County	70%
$ Spent in County	$345,646
% Taxable	25%
$ Taxable	$86,411
County Sales Tax Rate	4.625%
$ County Sales Tax Revenue	$3,997
Revenue Over 15 Years	$68,173
Revenue Over 20 Years	$95,289

Source: MRB

Sales Tax Revenue, Operation Phase

As identified on page 12, we estimate approximately $4.7 million of annual direct and indirect sales in the Town associated with the new household spending by residents of the Project. Assuming 25% of those sales are subject to sales tax, we estimate the Project will result in $54,149 in annual sales tax revenue. Over a 15-Year PILOT term, escalated at 1.81%, we estimate a total impact of $923,671. Over a 20-Year PILOT term, this impact is approximately $1.3 million.

Sales Tax Revenue - Household Spending

Line	Annual Value
New Household Spending	$4,683,146
% Taxable	25%
$ Taxable	$1,170,787
County Sales Tax Rate	4.625%
$ County Sales Tax Revenue	$54,149
Revenue Over 15 Years	$923,671
Revenue Over 20 Years	$1,291,069

Source: MRB

Fiscal Costs – 15 Years

Shown below is the difference in PILOT payments under the proposed terms and the estimated full property taxes of the project post-construction. Over 15 years, the project will have a fiscal "cost" of $5.7 million. However, the Developer has indicated that the Project cannot move forward without an inducement, so this "cost" is theoretical by nature.

Cost of Abatement

Tax Year	Base Land Tax	Projected Improvement Tax	Full Taxes	Total PILOT	Cost of Abatement
Year 1	$6,524	$702,256	$708,780	$50,415	($658,365)
Year 2	$6,642	$714,967	$721,609	$96,013	($625,596)
Year 3	$6,762	$727,908	$734,670	$143,245	($591,425)
Year 4	$6,884	$741,083	$747,967	$192,155	($555,812)
Year 5	$7,009	$754,496	$761,506	$242,789	($518,716)
Year 6	$7,136	$768,153	$775,289	$295,193	($480,096)
Year 7	$7,265	$782,056	$789,322	$349,415	($439,907)
Year 8	$7,397	$796,212	$803,608	$405,502	($398,106)
Year 9	$7,530	$810,623	$818,154	$463,506	($354,648)
Year 10	$7,667	$825,295	$832,962	$523,476	($309,486)
Year 11	$7,806	$840,233	$848,039	$585,466	($262,573)
Year 12	$7,947	$855,441	$863,388	$649,528	($213,860)
Year 13	$8,091	$870,925	$879,016	$715,717	($163,298)
Year 14	$8,237	$886,689	$894,926	$784,090	($110,836)
Year 15	$8,386	$902,738	$911,124	$854,703	($56,421)
			$12,090,358	$6,351,213	($5,739,145)

Source: Applicant; MRB Group

Fiscal Costs – 20 Years

Shown to the right is the difference in PILOT payments under the proposed terms and the estimated full property taxes of the project post-construction. Over 20 years, the project will have a fiscal "cost" of $7.3 million. However, the Developer has indicated that the Project cannot move forward without an inducement, so this "cost" is theoretical by nature.

Cost of Abatement - 20 Years

Tax Year	Base Land Tax	Projected Improvement Tax	Full Taxes	Total PILOT	Cost of Abatement
Year 1	$6,524	$702,256	$708,780	$33,441	($675,339)
Year 2	$6,642	$714,967	$721,609	$68,092	($653,517)
Year 3	$6,762	$727,908	$734,670	$103,987	($630,683)
Year 4	$6,884	$741,083	$747,967	$141,158	($606,809)
Year 5	$7,009	$754,496	$761,506	$179,642	($581,864)
Year 6	$7,136	$768,153	$775,289	$219,472	($555,817)
Year 7	$7,265	$782,056	$789,322	$260,685	($528,636)
Year 8	$7,397	$796,212	$803,608	$303,318	($500,290)
Year 9	$7,530	$810,623	$818,154	$347,410	($470,744)
Year 10	$7,667	$825,295	$832,962	$392,997	($439,965)
Year 11	$7,806	$840,233	$848,039	$440,122	($407,917)
Year 12	$7,947	$855,441	$863,388	$488,823	($374,565)
Year 13	$8,091	$870,925	$879,016	$539,143	($339,872)
Year 14	$8,237	$886,689	$894,926	$591,125	($303,801)
Year 15	$8,386	$902,738	$911,124	$644,812	($266,312)
Year 16	$8,538	$919,077	$927,615	$700,249	($227,367)
Year 17	$8,693	$935,713	$944,405	$757,481	($186,924)
Year 18	$8,850	$952,649	$961,499	$816,555	($144,943)
Year 19	$9,010	$969,892	$978,902	$877,520	($101,382)
Year 20	$9,173	$987,447	$996,620	$940,425	($56,195)
Year 21	$9,339	$1,005,320	$1,014,659	$1,005,320	($7,336,130)

Source: Applicant; MRB Group

Other Fiscal Costs

Per the Agency application, the Developer is seeking a sales tax exemption of $2.2 million and a mortgage recording tax exemption of $327,654. The tables below show the local share of these costs.

Cost of Sales Tax Exemption, County

Type	Value
Sales Tax Exemption	$2,166,612
Local	4.250%
State	4.000%
MCTD	0.375%
Local Exemption	$1,067,606

Source: Applicant

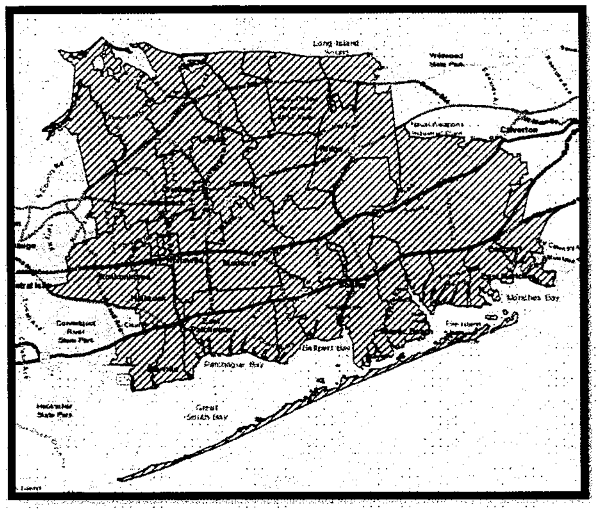
Cost of MRTE Exemption, County

Type	Value
MRTE	$327,654
Local	0.50%
State	0.25%
Local Exemption	$218,436

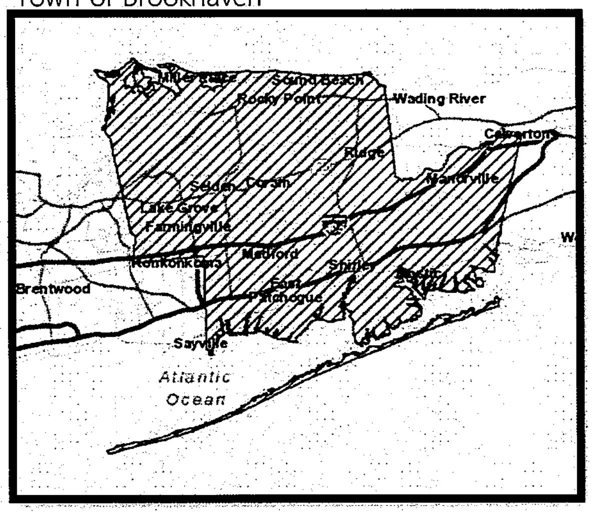
Source: Applicant

Appendix A: Zip Codes Used

36 ZIP Codes of the Town of Brookhaven



Town of Brookhaven



ZIP	Description
11705	Bayport, NY (in Suffolk county)
11713	Bellport, NY (in Suffolk county)
11715	Blue Point, NY (in Suffolk county)
11719	Brookhaven, NY (in Suffolk county)
11727	Coram, NY (in Suffolk county)
11733	East Setauket, NY (in Suffolk county)
11738	Farmingville, NY (in Suffolk county)
11741	Holbrook, NY (in Suffolk county)
11742	Holtsville, NY (in Suffolk county)
11755	Lake Grove, NY (in Suffolk county)
11763	Medford, NY (in Suffolk county)
11764	Miller Place, NY (in Suffolk county)
11766	Mount Sinai, NY (in Suffolk county)
11772	Patchogue, NY (in Suffolk county)
11776	Port Jefferson Station, NY (in Suffolk county)
11777	Port Jefferson, NY (in Suffolk county)
11778	Rocky Point, NY (in Suffolk county)
11779	Ronkonkoma, NY (in Suffolk county)
11782	Sayville, NY (in Suffolk county)
11784	Selden, NY (in Suffolk county)
11786	Shoreham, NY (in Suffolk county)
11789	Sound Beach, NY (in Suffolk county)
11790	Stony Brook, NY (in Suffolk county)
11934	Center Moriches, NY (in Suffolk county)
11940	East Moriches, NY (in Suffolk county)
11941	Eastport, NY (in Suffolk county)
11949	Manorville, NY (in Suffolk county)
11950	Mastic, NY (in Suffolk county)
11951	Mastic Beach, NY (in Suffolk county)
11953	Middle Island, NY (in Suffolk county)
11955	Moriches, NY (in Suffolk county)
11960	Remsenburg, NY (in Suffolk county)
11961	Ridge, NY (in Suffolk county)
11967	Shirley, NY (in Suffolk county)
11973	Upton, NY (in Suffolk county)
11980	Yaphank, NY (in Suffolk county)

Good climate change decisions needed

Long Island officials must protect the region from global warming, rising seas

BY MITCH PALLY
Guest essay

A Moody Analytics report this year placed Long Island fourth among major American population centers threatened by the physical and economic risks of climate change. We rank just behind San Francisco; Cape Coral, Florida; and New York City. If not for the shared threat of severe weather, we would be in pretty good company.

Fortunately, some Long Island elected officials recognize we are at a crossroads, welcoming wind turbines off the Atlantic coast and storm-hardening crucial public infrastructure. More such leaders are needed.

This spring, Brookhaven Town officials announced a host community agreement with offshore wind company Sunrise Wind. The pact will let electrical cables come ashore carrying power from wind turbines built through the state's renewable energy master plan. The town's actions also turned "green" into green for taxpayers, securing millions of dollars in community and environmental benefits for Brookhaven.

A similar opportunity awaits Long Beach, Island Park, and Oceanside as the state's mandate to phase out fossil fuel-powered generating stations will lead to a wind farm some 17 miles off Long Beach. Its power cable would make landfall at Long Beach and connect to a distribution substation in Island Park. Ironically, the substation would be in the shadow of the E.F. Barrett power plant, which has emitted greenhouse gases for generations; the project to be built by Equinor would start the plant down the road toward retirement.

These three communities would receive tens of millions of dollars from Equinor-sponsored community benefit programs following approvals of various permits required to bring the power ashore. Their elected officials will obviously

RANDEE DADDONA

A liftboat vessel, an offshore workspace for South Fork Wind, New York's first offshore wind farm, in Wainscott.

seek the best terms before granting these approvals. More important, these approvals would recognize that those who live closest to an angry sea can begin to make a difference in confronting climate change. But that takes political courage.

Elected officials in these communities must realize that their actions are important not only to their own communities but to all of us who live and work on Long Island. We will either learn how to embrace and manage change, harnessing emerging "green" technologies, or we will begin to lose landmarks, and perhaps entire neighborhoods, if global warming goes unchecked.

Superstorm Sandy taught some hard-earned lessons. The storm overwhelmed two massive wastewater treatment plants along Nassau County's vulnerable South Shore. Since then, Nassau made storm-proofing these two public works a priority with regular drills to ensure that flood gates will operate on command and pump stations can process millions of gallons of waste in the face of severe weather, protecting the health of Nassau's residents. In addition, Veolia, the company that runs the plants, uses waste gases generated at these facilities to help power them.

Homes adjacent to the Bay Park plant have been raised and a number of businesses have sought to redesign their facilities so they are protected from the next storm, but this pragmatic response is far from uniform across Long Island. In too many instances, the tactic of choice is either denial or the enormously expensive and ultimately futile practice of replenishing sand dunes along the shoreline.

Unfortunately, for some Long Islanders, these are not issues of everyday concern. Yet, how we respond to climate change and rising oceans, especially in our waterfront communities, and our willingness to embrace renewable energy, will determine not only our quality of life today but what Long Island may look like for generations to come.

■ **THIS GUEST ESSAY** reflects the views of Mitch Pally, chairman of the Long Island chapter of the League of Conservation Voters and former chief executive of the Long Island Builders Institute.

AP / CHARLIE NEIBERGALL

Former President Donald Trump greets supporters before speaking at the Westside Conservative Breakfast June 1 in Des Moines, Iowa.

News, June 8]:

Thumbs up to the red-white-and-blue flag, and thumbs down to the (Black Flag?) insecticide Moloney allegedly sprayed at the faces of police officers.

He can be charged with one felony and numerous misdemeanors and not only be able to post bail, but a sympathetic judge can allow him to keep his passport long enough to travel to London to celebrate his wife's birthday.

We can expect Moloney's family members to try to distance themselves from his actions to avoid hurting a thriving Long Island funeral business that relies on showing care and compassion to the grieving.

— PHYLLIS LADER, BLUE POINT

State risk: Students unfit for democracy

Of course, civics should be mandatory in high school ["Making civics top school priority," Editorial, May 31].

We have given 18-year-olds the right to vote. They also have the right to an education that enables them to make an informed decision when exercising that right.

As someone who has spent her career in education, I know that it works best when educators teach unencumbered. Teachers present facts, promote discussion, then students synthesize the facts to form opinions.

The politicization of civics, leading to its avoidance, leaves a populace that lacks the necessary knowledge and thought processes essential in this changing world.

Should this continue, we run the risk of having voters unfit to make choices in a democracy.

— MARLENE WILLARD, OCEANSIDE

Social studies teaches about U.S. History and Government. These subjects are important in a democracy where people vote on issues that require this knowledge.

Social studies is more important than algebra, trigonometry, chemistry, physics, etc., because we all use the knowledge from social studies to create the society we live in.

When an issue is being debated, doesn't it help us to know its history? Doesn't it help to know how government works and how the issue will be handled by Congress?

The downgrading of social studies promotes social ignorance. Ignorant voters don't make good decisions.

— RALPH DAINO, WANTAGH

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New Apartment Project in Port Jefferson Village Gets $2MM Grant

Written by Ls Cohen | 08. June 2023

A project in Port Jefferson Village received a boost by way of a $2 million grant through the New York State's Empire State Development agency through the Restore NY program. The funding is one of only two projects awarded on Long Island.

Two vacant buildings at 1601-1605 Main Street in Port Jefferson are set to be demolished to make way for a mixed-use development. The proposed project aims to provide 53 residential units and approximately 2,500 square feet of commercial space.

The project is being developed by Conifer Realty & Developers "to create a vibrant space that combines residential and commercial elements, providing a much-needed solution to the housing shortage in the area," according to a statement released by Margot Garant, the current mayor of Port Jefferson who is running for Brookhaven Town Supervisor this November.

Conifer completed building a similar mixed-use apartment complex on Main Street in the Village just north of the Long Island Railroad station called Port Jefferson Crossing. That project is fully leased having received over 1,300 applicants for the new apartment units.

"Lack of workforce housing has far-reaching consequences for our communities, impacting both the economy and the well-being of residents," said Garant. "Businesses face challenges in attracting and retaining employees due to the exorbitant cost of living, while individuals and families are forced to allocate a significant portion of their income towards housing expenses. We must take immediate action to mitigate the effects of this crisis."

The other grant from Restore NY, in the amount of $2.65 million went to the Village of Hempstead for its Carman Place Apartments project. Conifer Realty is also developing that project to demolish blighted and vacant parcels and complete infrastructure work to construct a mixed-use development with 228 affordable residential units and ground floor retail, according to a write-up about the project.

Newsday

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NEWSDAY'S NEWS AND OPINION DEPARTMENTS OPERATE INDEPENDENTLY

EDITORIAL

Why LI must say yes to housing

■ **MEMBERS OF THE EDITORIAL BOARD** are experienced journalists who offer reasoned opinions, based on facts, to encourage informed debate about the issues facing our community.

The tale of 80 Jericho Turnpike delivers a message: The next offer could be worse.

The Syosset property was a mobile home park until residents were evicted in 2016. After developer Paul Laruccia acquired the property that same year, he proposed 61 units of senior housing and 44 market-rate apartments which would have required a zoning change. In early 2020, the Town of Oyster Bay held a public hearing where objections weren't widespread, but nearby residents raised familiar concerns about the impact on the environment, traffic, and schools.

More time passed. By November 2021, Laruccia was done waiting. Saying he hadn't received a definitive answer on the rezoning, he sold the land to an outdoor storage investment company. Now, the new owners want to build a parking lot for trucks, semitrailers and other vehicles. While the latest proposal isn't a done deal, residents are again objecting, citing similar worries like traffic.

The more Long Islanders reject the housing they need, the more they might get stuck with something else they don't want. As noted by the new developer's attorney, Anthony Guardino, anyone who lives near an industrial area like this one shouldn't be surprised because "that's where industrial uses are going to go."

NEWSDAY / STEVE PFOST

The new owners of the property at 80 Jericho Turnpike in Syosset want to build a parking lot for trucks and other vehicles.

And the more local officials drag out the approval process, the more likely it is that developers will eventually stop trying.

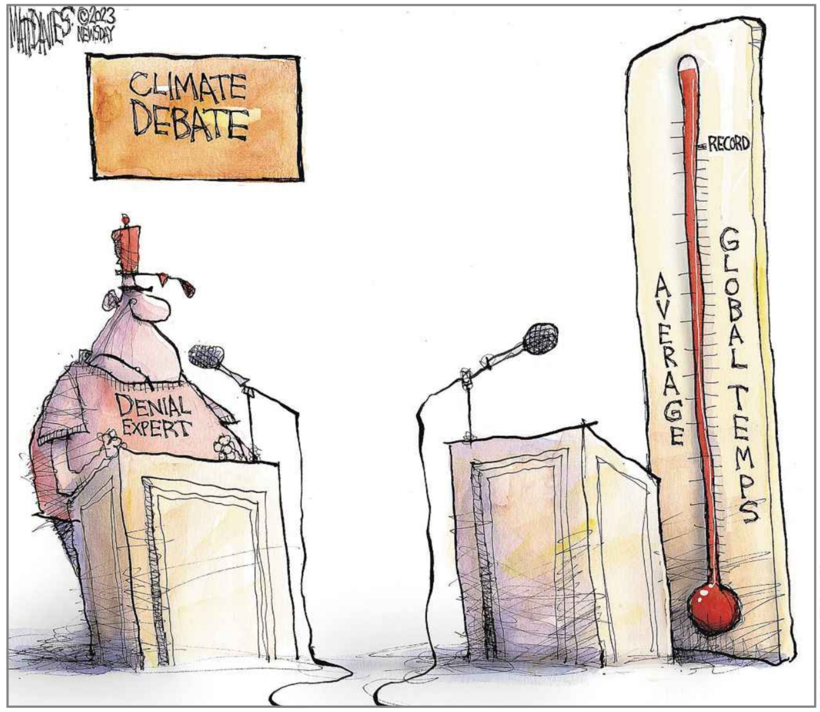
That's why it's heartening to see The Cornerstone Westbury — a 130-unit project with 18 affordable rental units — move forward. It's Westbury's first project under its new transit-oriented development zone, and it moved relatively quickly. Westbury finalized the zoning in 2019 and developer Terwilliger & Bartone submitted its application in spring 2021.

But The Cornerstone also illustrates the tremendous need for well-priced housing — and the true impact of every "no" and every delay. For the 18 "affordable" units, priced between $2,021 and $2,567 a month, the project already has received more than 750 lottery applications. Those units are open to those earning up to 80% of area median income — a maximum of $123,100 for a family of four, according to the application.

Perhaps that's why the news that financing has been completed and work has begun on Matinecock Court — the 45-year-old East Northport affordable housing proposal — brings with it both an exuberant feeling of glee and an exhausted sense of relief. It is one example of a housing project where, thankfully, no one gave up. But it also serves as a symbol of the intransigence and resistance that frequently prevents Long Island from meeting its residents' needs.

Too often, we don't see a project like Matinecock Court come to fruition. Too often, we don't see a lottery like The Cornerstone's come to life. Too often, we end up with truck parking, or a warehouse, or an empty lot.

MATT DAVIES



NEWSDAY / MATT DAVIES

■ **EDITORIAL CARTOONIST MATT DAVIES'** opinions are his own. You can see more of his work at: **newsday.com/matt**

LETTERS

Why IDA tax breaks are good for LI

Long Island faces a housing crisis and a critical need to build more multifamily housing in our downtowns. Many of these developments require private financing to build. Higher interest rates, besides increased land, labor, material and insurance costs, make these developments harder to get financing.

Additionally, if these developments were burdened with the full tax value, there would not be enough return on investment for capital partners to finance, especially during the construction phase when no income is generated.

This is where an Industrial Development Agency can step in and approve a Payment in Lieu of Taxes (PILOT) to phase in full taxes over a set period ["Say no to IDA housing breaks," Editorial, June 28]. Unfortunately, these are often reported as a "giveaway" to developers, but it's important to understand that these PILOTs are substantially higher than if the project never went forward.

In the Riverhead project, the current vacant lot in the middle of downtown generates $24,307 in tax dollars per year, compared with the PILOT payment, which would be hundreds of thousands of dollars when phased in at full value. The IDA's support benefits the entire region, creating a huge multiplier effect with a critical mass of residents living downtown supporting local businesses, stimulating tremendous economic activity.

By enabling multifamily housing development that would otherwise be unable to secure private financing, we can increase the availability of housing stock, which is stymieing Long Island's economic growth and long-term sustainability.

— MIKE FLORIO, ISLANDIA

The writer is CEO of the Long Island Builders Institute.

This is 'affordable' rent these days?

How is $2,021 for a new studio apartment in Westbury "affordable" rent ["Affordable housing lottery for Westbury complex," Long Island, July 3]? Affordablehousingonline.com lists $1,536 as fair market rent in Westbury. Many say rent should be 30% of income, so a single renter would need a monthly salary of $6,000 a month. "Middle class affordable"? Maybe.

— CHRISTINE GIETSCHIER, WESTBURY

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EB East Patchogue DRAFT PILOT

YEAR		PILOT
1		$60,272
2		$115,782
3		$173,490
4		$233,459
5		$295,758
6		$360,455
7		$427,622
8		$497,331
9		$569,657
10		$644,678
11		$722,472
12		$803,119
13		$886,704
14		$973,310
15		$1,063,027

PROPOSED PILOT BENEFITS ARE FOR DISCUSSION PURPOSES ONLY AND HAVE NOT BEEN APPROVED BY THE AGENCY.

Bellport wholesaler will pay $100G for pandemic price-gouging: AG

A Bellport-based wholesale grocery and drug distributor accused of price-gouging for increasing the prices of some Lysol products by more than 50% during the early days of the pandemic will pay the state $100,000, according to New York State Attorney General Letitia James's office.

In a news release issued Monday, Quality King Distributors Inc. was accused of illegally increasing prices for Lysol, including sprays and wipes — violating New York's price-gouging statute that aims to prevent companies from hiking prices on essential goods during emergencies.

A spokesperson for Quality King could not be reached for comment.

Lysol was among the disinfectant products consumers were advised to use after the outbreak of the pandemic to decontaminate surfaces to curtail the spread of the COVID-19 virus.

According to the release, consumers in New York City and Long Island reported the high prices to the attorney general's office. A subsequent investigation of local retailers found that many were raising prices on Lysol because they incurred significantly higher prices from Quality King.

"Quality King raised prices dramatically in the early months of 2020," the release said. It gave as an example, in February 2020, Quality King sold 19-ounce cans of Lysol for $5.20 a can, then five weeks later increased the price to $8 a can, a 54% increase.

In another example in February 2020, Quality King sold 12-can Lysol cases to a dollar store on the Lower East Side for about $5 a can. Then, when the store ordered more from Quality King in early April 2020, the price shot up to $9.08 a can, nearly double.

"As we were grappling with fear and uncertainty in the early days of the pandemic, Quality King took advantage of New Yorkers and jacked up prices on essential products," James said in the release. "We are putting money back into consumers' pockets and requiring Quality King to clean up its act."

Quality King will pay the $100,000 to New York within 30 days, the release said, with $20,000 to be paid in penalties.

The nearly 1,500 New Yorkers who filed complaints with James' office will each receive reimbursement checks of about $10.

The agreement settles an earlier lawsuit against Quality King, James's office said.

PREPARED FOR:

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

Reasonableness Assessment for Financial Assistance

ENGLE BURMAN AT EAST PATCHOGUE, LLC

JUNE 2023

PREPARED BY:

camoin associates

CONTENTS

EXECUTIVE SUMMARY

Project Description

The Town of Brookhaven Industrial Development Agency (Agency) received an application from Engle Burman at East Patchogue, LLC (Applicant) for financial assistance for the construction of a residential development (Project) in East Patchogue, NY featuring 139 units of independent senior living rental housing, including clubhouse. Seven units will be reserved for residents whose incomes are 50% or less of Area Median Income (AMI), 7 units will be reserved for residents with incomes 65% or less of AMI, and 14 units will be reserved for residents with incomes of 120% or less than AMI.

The Project represents a nearly $54.6 million investment and is anticipated by the Applicant to generate 5 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 (PILOT) 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.***
- ***The Project is cash flow positive with the 15 year PILOT provided by the Applicant.***
- ***The average rate of return to the Applicant, with a 15 year PILOT, is below market expectations.***

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.

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 2BR	111	$2,750	$33,000	$110,000	n/a	n/a	Rent is 1.1 times higher than average rent (6); 50% of households earn more than $100,000 (5)
Affordable 2BR	6	$1,862	$22,344	$74,480	50%	$55,830	26% of households earn less than $59,999 (5)
Affordable 2BR	5	$2,209	$26,508	$88,360	65%	$72,579	34% of households earn less than $74,999 (5)
Affordable 2BR	17	$2,650	$31,800	$106,000	120%	$133,992	58% of households earn less than $124,999 (5)

(1) Source: Applicant

(2) Income needed to pay no more than 30% on rent

(3) Source: Applicant - 7 units will be reserved for residents whose incomes are 50% or less of AMI, 7 units will be reserved for residents whose incomes are65% or less of AMI, and 14 units will be reserved for residents whose incomes are 120% or less of AMI. Approximate breakdown used here.

(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

2. PILOT ANALYSIS

Camoin Associates created a PILOT schedule in alignment with the Agency's Uniform Tax Exemption Policy (UTEP) and detailed in the Applicant's Economic Impact Analysis:

PILOT Schedule - Provided 15 Year

		Plus: Improvements				
Year	Current AV (1)	Improvement Value (1)	Proposed Exemption	Taxable AV	Times: Tax Rate (2)	Estimated PILOT
1	$1,760	$213,240	94%	$13,328	$399.48	$60,272
2	1,760	213,240	88%	26,655	407.47	115,782
3	1,760	213,240	81%	39,983	415.62	173,490
4	1,760	213,240	75%	53,310	423.93	233,459
5	1,760	213,240	69%	66,638	432.41	295,758
6	1,760	213,240	63%	79,965	441.06	360,455
7	1,760	213,240	56%	93,293	449.88	427,622
8	1,760	213,240	50%	106,620	458.88	497,331
9	1,760	213,240	44%	119,948	468.05	569,657
10	1,760	213,240	38%	133,275	477.42	644,678
11	1,760	213,240	31%	146,603	486.96	722,472
12	1,760	213,240	25%	159,930	496.70	803,119
13	1,760	213,240	19%	173,258	506.64	886,704
14	1,760	213,240	13%	186,585	516.77	973,310
15	1,760	213,240	6%	199,913	527.11	1,063,027
					Total	**$7,827,135**

(1) Source: Town of Brookhaven (total AV Of $215,000 upon completion, including current AV $1,760 plus improvement value of $213,240)

(2) Assumes tax rate for Fiscal Year 2022/2023 of $399.48 and 2% annual increases.

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 2024, 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	$1,760
Assessed Value of Improvements	$213,240
Total Assessed Value Upon Completion	$215,000
Times: Tax Rate (1)	$399.48
Estimated Taxes on Property Upon Completion	$858,882

Source: Agency, Applicant

(1) Property is made up of multiple parcels with two different tax rates. This analysis uses the higher of the two.

With the PILOT agreement, 47% of the Applicant's taxes will be abated, resulting in over $7 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

15 Year PILOT

Comparison of Taxes on Full Value of Project and with PILOT	
Taxes without PILOT	$14,853,005
Less: PILOT/Tax Payments	($7,827,135)
Foregone Revenue (Benefits to Project)	$7,025,869
Abatement Percent	47%
Net New Taxes Compared with No Project	
PILOT	$7,827,135
Less: Estimated Taxes without Project	($121,587)
Estimated New Tax Revenue (Benefits to Municipalities)	$7,705,548

Proposed PILOT and Tax Comparison (15 year PILOT)

	Benefits to Municipalities			Benefit to Project			
Year	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	$60,272	$7,031	$53,241	$858,882	$60,272	$798,610	7%
2	$115,782	7,171	108,611	876,060	115,782	760,277	13%
3	$173,490	7,315	166,175	893,581	173,490	720,091	19%
4	$233,459	7,461	225,998	911,452	233,459	677,993	26%
5	$295,758	7,610	288,147	929,681	295,758	633,924	32%
6	$360,455	7,763	352,692	948,275	360,455	587,820	38%
7	$427,622	7,918	419,704	967,241	427,622	539,619	44%
8	$497,331	8,076	489,255	986,585	497,331	489,255	50%
9	$569,657	8,238	561,420	1,006,317	569,657	436,660	57%
10	$644,678	8,403	636,276	1,026,443	644,678	381,765	63%
11	$722,472	8,571	713,901	1,046,972	722,472	324,501	69%
12	$803,119	8,742	794,377	1,067,912	803,119	264,792	75%
13	$886,704	8,917	877,787	1,089,270	886,704	202,566	81%
14	$973,310	9,095	964,215	1,111,055	973,310	137,745	88%
15	$1,063,027	9,277	1,053,750	1,133,277	1,063,027	70,250	94%
Totals	**$7,827,135**	**$121,587**	**$7,705,548**	**$14,853,005**	**$7,827,135**	**$7,025,869**	**53%**

(1) Assumes tax rate for Fiscal Year 2022/2023 of $399.48 and a current assessed value of $1,760.

(2) Assumes a 2% annual increase in tax rate and a taxable value of $215,000 upon project completion; Source: Town of Brookhaven, Applicant

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 5% and 3% per year, respectively. Applicant assumes there will be a 4% vacancy rate once stabilized. Operating expenses are lower than the benchmarks. With the PILOT, real property taxes absorb 6% of project income while debt service absorbs 66% of income, resulting in negative cash flow. The PILOT scenario delivers Net Operating Income as a percent of Gross Income that is still better than the range of benchmarks.

Operations Snapshot, Year 5

	15 Year PILOT			
	Project Performance (1)	Share of Gross Operating Income	Benchmark Performance (2)	Evaluation
Calculation of Net Operating Income Residential				
Gross Operating Income	$4,767,176	99%	n/a	n/a
Vacancy Rate and Concessions	4.0%	n/a	4.3%	Within range
Calculation of Net Operating Income, Non-Residential				
Gross Operating Income	$46,585	1%	n/a	n/a
Vacancy Rate	0%	n/a	n/a	n/a
Effective Gross Income (EGI), All Uses (3)	$4,572,012	95%	96%	Within range
Less: Operating Expenses and Reserve	($1,387,562)	29%	49%	More efficient
Less: Real Property Taxes (with PILOT)	($295,758)	6%	n/a	n/a
Net Operating Income	$2,888,692	61%	49%	More efficient
Less: Debt Service	($3,173,828)	66%	n/a	n/a
Cashflow after Operating Costs, Taxes, Debt	($285,136)	-6%	n/a	n/a

(1) Source: Applicant

(2) Source: RealtyRates Q1 2023 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	$43,687,200	80%
Equity and Working Capital	$10,921,800	20%
Total Sources	$54,609,000	100%
Uses of Funds		
Acquisition and Transaction Costs	$3,050,000	6%
Construction Costs	$51,559,000	94%
Total Uses	$54,609,000	100%

(1) Source: Applicant

Terms of the Senior (Long Term) Debt

	Terms (1)	Benchmark (2)	Evaluation
Amount Borrowed	$43,687,200	n/a	n/a
Loan to Total Project Cost	80%	50% to 90%	Within Range
Annual Interest Rate	6.00%	5.09% to 10.15%	Within Range
Maturity in Years	30	15 to 40	Within Range

(1) Source: Applicant

(2) Source: RealtyRates Q1 2023

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 $10,921,800. Neither scenarios result in average rates that meet the minimum benchmark.
- **Cash Flow** shows net cashflow to the Applicant over time. There are currently no benchmarks for cash flow available. Cumulative Cash Flow and average cash flow is slightly positive under the 15 year PILOT.
- **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 11 with a PILOT and year 13 without. Debt comprises 80% of the capital structure.

Note: Debt service payments were not provided for the full 15 year term, so Camoin Associates used the total loan amount and terms provided (30 year, 6% interest) to calculate annual payments.

Comparison of Return on Investment

	No PILOT	15 Year Provided PILOT	Benchmarks (2)
Equity Dividend Rates			
Average	-4.24%	0.29%	7.19% to 16.67%
Minimum	-23.33%	-16.02%	
Maximum	9.08%	10.41%	
Year Benchmarks Met	15	14	
Cash Flow			
Average	($462,937)	$32,007	n/a
Minimum	($2,548,550)	($1,749,939)	
Maximum	$992,164	$1,137,150	
Cumulative	($6,944,062)	$480,111	
Year Investment Recouped	NA	NA	
Debt Service Coverage			
Average	0.85	1.01	1.10 to 2.25
Minimum	0.20	0.45	
Maximum	1.31	1.36	
Years Benchmarks Met	13	11	

(1) See Attachment 1

(2) Source: RealtyRates for Q1 2023 for Northeast Region for Senior Housing

ATTACHMENT 1: PRO FORMAS

Project Name Engel Burman at East Patchogue, LLC

Annual Cashflows (Pro Forma) - 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	Year 14	Year 15
Operating Cash Flow															
Residential Income															
Gross Operating Income	$ 2,076,926	$ 4,222,554	$ 4,407,522	$ 4,583,823	$ 4,767,176	$ 4,957,863	$ 5,156,177	$ 5,362,424	$ 5,576,921	$ 5,855,767	$ 6,148,556	$ 6,455,984	$ 6,778,783	$ 7,117,722	$ 7,473,608
Less: Vacancy Allowance	$ -	$ (145,282)	$ (178,808)	$ (232,451)	$ (241,749)	$ (251,419)	$ (261,475)	$ (271,934)	$ (282,812)	$ (292,788)	$ (307,428)	$ (322,799)	$ (338,939)	$ (355,886)	$ (373,680)
Net Rental Income, Residential	$ 2,076,926	$ 4,077,272	$ 4,228,714	$ 4,351,372	$ 4,525,427	$ 4,706,444	$ 4,894,702	$ 5,090,490	$ 5,294,110	$ 5,562,979	$ 5,841,128	$ 6,133,184	$ 6,439,844	$ 6,761,836	$ 7,099,928
Commercial/Industrial Income															
Gross Operating Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Vacancy Allowance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Rental Income, Commercial/Industrial	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Income															
Parking Income	$ 13,698	$ 27,850	$ 29,070	$ 30,233	$ 31,442	$ 32,700	$ 34,008	$ 35,368	$ 36,783	$ 38,622	$ 40,553	$ 42,581	$ 44,710	$ 46,945	$ 49,293
Other Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Income	$ 6,597	$ 13,412	$ 14,000	$ 14,560	$ 15,142	$ 15,748	$ 16,378	$ 17,033	$ 17,714	$ 18,600	$ 19,530	$ 20,507	$ 21,532	$ 22,609	$ 23,739
Net Income, Other	$ 20,296	$ 41,263	$ 43,070	$ 44,793	$ 46,585	$ 48,448	$ 50,386	$ 52,401	$ 54,497	$ 57,222	$ 60,083	$ 63,087	$ 66,242	$ 69,554	$ 73,032
Effective Gross Income (EGI)	**$ 2,097,221**	**$ 4,118,535**	**$ 4,271,784**	**$ 4,396,165**	**$ 4,572,012**	**$ 4,754,892**	**$ 4,945,088**	**$ 5,142,891**	**$ 5,348,607**	**$ 5,620,201**	**$ 5,901,211**	**$ 6,196,272**	**$ 6,506,085**	**$ 6,831,390**	**$ 7,172,959**
Operating Expenses (enter positive numbers)															
Salaries and Wages	$ 193,479	$ 393,359	$ 410,590	$ 422,908	$ 435,595	$ 448,663	$ 462,123	$ 475,986	$ 490,266	$ 504,974	$ 520,123	$ 535,727	$ 551,799	$ 568,353	$ 585,403
Maintenance	$ 113,780	$ 245,867	$ 256,637	$ 264,336	$ 272,266	$ 280,434	$ 288,847	$ 297,513	$ 306,438	$ 315,631	$ 325,100	$ 334,853	$ 344,899	$ 355,246	$ 365,903
Deposit to replacement reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Insurance	$ 81,875	$ 166,458	$ 173,750	$ 178,963	$ 184,331	$ 189,861	$ 195,557	$ 201,424	$ 207,467	$ 213,691	$ 220,101	$ 226,704	$ 233,505	$ 240,511	$ 247,726
Other	$ 223,927	$ 447,997	$ 466,264	$ 479,426	$ 495,370	$ 511,880	$ 528,977	$ 546,681	$ 565,016	$ 581,967	$ 599,426	$ 617,409	$ 635,931	$ 655,009	$ 674,659
Operating Expenses	**$ 613,062**	**$ 1,253,681**	**$ 1,307,241**	**$ 1,345,632**	**$ 1,387,562**	**$ 1,430,838**	**$ 1,475,504**	**$ 1,521,604**	**$ 1,569,187**	**$ 1,616,262**	**$ 1,664,750**	**$ 1,714,693**	**$ 1,766,134**	**$ 1,819,118**	**$ 1,873,691**
Pre-Tax Operating Income (Revenue less Operating	**$ 1,484,160**	**$ 2,864,853**	**$ 2,964,543**	**$ 3,050,533**	**$ 3,184,449**	**$ 3,324,054**	**$ 3,469,584**	**$ 3,621,287**	**$ 3,779,420**	**$ 4,003,939**	**$ 4,236,461**	**$ 4,481,579**	**$ 4,739,952**	**$ 5,012,272**	**$ 5,299,268**
Real Property Taxes	$ 858,882	$ 876,060	$ 893,581	$ 911,452	$ 929,681	$ 948,275	$ 967,241	$ 986,585	$ 1,006,317	$ 1,026,443	$ 1,046,972	$ 1,067,912	$ 1,089,270	$ 1,111,055	$ 1,133,277
Net Operating Income (NOI) after Taxes	**$ 625,278**	**$ 1,988,794**	**$ 2,070,962**	**$ 2,139,080**	**$ 2,254,768**	**$ 2,375,779**	**$ 2,502,344**	**$ 2,634,702**	**$ 2,773,103**	**$ 2,977,495**	**$ 3,189,489**	**$ 3,413,667**	**$ 3,650,682**	**$ 3,901,217**	**$ 4,165,991**
Loan or Mortgage (Debt Service)															
Interest Payment	$ 2,642,892	$ 2,609,723	$ 2,574,964	$ 2,538,566	$ 2,500,485	$ 2,460,679	$ 2,419,109	$ 2,375,742	$ 2,330,549	$ -	$ -	$ -	$ -	$ -	$ -
Principal Payment	$ 533,475	$ 559,268	$ 585,852	$ 613,191	$ 641,243	$ 669,952	$ 699,254	$ 729,070	$ 759,309	$ -	$ -	$ -	$ -	$ -	$ -
Debt Service	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828
Cash Flow After Financing and Reserve	**$ (2,548,550)**	**$ (1,185,034)**	**$ (1,102,865)**	**$ (1,034,747)**	**$ (919,060)**	**$ (798,049)**	**$ (671,484)**	**$ (539,126)**	**$ (400,725)**	**$ (196,332)**	**$ 15,661**	**$ 239,840**	**$ 476,854**	**$ 727,389**	**$ 992,164**
Debt Service Coverage Ratio (DSCR)	0.20	0.63	0.65	0.67	0.71	0.75	0.79	0.83	0.87	0.94	1.00	1.08	1.15	1.23	1.31
Equity Dividend Rate	-23.33%	-10.85%	-10.10%	-9.47%	-8.41%	-7.31%	-6.15%	-4.94%	-3.67%	-1.80%	0.14%	2.20%	4.37%	6.66%	9.08%

Project Name Engel Burman at East Patchogue, LLC

Annual Cashflows (Pro Forma) - 15 Year PILOT Provided

	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	Year 14	Year 15
Operating Cash Flow															
Residential Income															
Gross Operating Income	$ 2,076,926	$ 4,222,554	$ 4,407,522	$ 4,583,823	$ 4,767,176	$ 4,957,863	$ 5,156,177	$ 5,362,424	$ 5,576,921	$ 5,855,767	$ 6,148,556	$ 6,455,984	$ 6,778,783	$ 7,117,722	$ 7,473,608
Less: Vacancy Allowance	$ -	$ (145,282)	$ (178,808)	$ (232,451)	$ (241,749)	$ (251,419)	$ (261,475)	$ (271,934)	$ (282,812)	$ (234,231)	$ (245,942)	$ (258,239)	$ (271,151)	$ (284,709)	$ (298,944)
Net Rental Income, Residential	$ 2,076,926	$ 4,077,272	$ 4,228,714	$ 4,351,372	$ 4,525,427	$ 4,706,444	$ 4,894,702	$ 5,090,490	$ 5,294,110	$ 5,621,537	$ 5,902,614	$ 6,197,744	$ 6,507,632	$ 6,833,013	$ 7,174,664
Commercial/Industrial Income															
Gross Operating Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Vacancy Allowance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Rental Income, Commercial/Industrial	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Income															
Parking Income	$ 13,698	$ 27,850	$ 29,070	$ 30,233	$ 31,442	$ 32,700	$ 34,008	$ 35,368	$ 36,783	$ 38,622	$ 40,553	$ 42,581	$ 44,710	$ 46,945	$ 49,293
Other Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Income	$ 6,597	$ 13,412	$ 14,000	$ 14,560	$ 15,142	$ 15,748	$ 16,378	$ 17,033	$ 17,714	$ 18,600	$ 19,530	$ 20,507	$ 21,532	$ 22,609	$ 23,739
Net Income, Other	$ 20,296	$ 41,263	$ 43,070	$ 44,793	$ 46,585	$ 48,448	$ 50,386	$ 52,401	$ 54,497	$ 57,222	$ 60,083	$ 63,087	$ 66,242	$ 69,554	$ 73,032
Effective Gross Income (EGI)	**$2,097,221**	**$4,118,535**	**$4,271,784**	**$4,396,165**	**$4,572,012**	**$4,754,892**	**$4,945,088**	**$5,142,891**	**$5,348,607**	**$5,678,759**	**$5,962,697**	**$6,260,832**	**$6,573,873**	**$6,902,567**	**$7,247,695**
Operating Expenses (enter positive numbers)															
Salaries and Wages	$ 193,479	$ 393,359	$ 410,590	$ 422,908	$ 435,595	$ 448,663	$ 462,123	$ 475,986	$ 490,266	$ 504,974	$ 520,123	$ 535,727	$ 551,799	$ 568,353	$ 585,403
Maintenance	$ 113,780	$ 245,867	$ 256,637	$ 264,336	$ 272,266	$ 280,434	$ 288,847	$ 297,513	$ 306,438	$ 315,631	$ 325,100	$ 334,853	$ 344,899	$ 355,246	$ 365,903
Deposit to replacement reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Insurance	$ 81,875	$ 166,458	$ 173,750	$ 178,963	$ 184,331	$ 189,861	$ 195,557	$ 201,424	$ 207,467	$ 213,691	$ 220,101	$ 226,704	$ 233,505	$ 240,511	$ 247,726
Other	$ 223,927	$ 447,997	$ 466,264	$ 479,426	$ 495,370	$ 511,880	$ 528,977	$ 546,681	$ 565,016	$ 581,967	$ 599,426	$ 617,409	$ 635,931	$ 655,009	$ 674,659
Operating Expenses	**$ 613,062**	**$1,253,681**	**$1,307,241**	**$1,345,632**	**$1,387,562**	**$1,430,838**	**$1,475,504**	**$1,521,604**	**$1,569,187**	**$1,616,262**	**$1,664,750**	**$1,714,693**	**$1,766,134**	**$1,819,118**	**$1,873,691**
Pre-Tax Operating Income (Revenue less Operating	**$1,484,160**	**$2,864,853**	**$2,964,543**	**$3,050,533**	**$3,184,449**	**$3,324,054**	**$3,469,584**	**$3,621,287**	**$3,779,420**	**$4,062,496**	**$4,297,947**	**$4,546,139**	**$4,807,740**	**$5,083,449**	**$5,374,004**
Real Property Taxes	$ 60,272	$ 115,782	$ 173,490	$ 233,459	$ 295,758	$ 360,455	$ 427,622	$ 497,331	$ 569,657	$ 644,678	$ 722,472	$ 803,119	$ 886,704	$ 973,310	$ 1,063,027
Net Operating Income (NOI) after Taxes	**$1,423,888**	**$2,749,071**	**$2,791,054**	**$2,817,074**	**$2,888,692**	**$2,963,599**	**$3,041,963**	**$3,123,956**	**$3,209,763**	**$3,417,818**	**$3,575,475**	**$3,743,020**	**$3,921,036**	**$4,110,139**	**$4,310,978**
Loan or Mortgage (Debt Service)															
Interest Payment	$ 2,642,892	$ 2,609,723	$ 2,574,964	$ 2,538,566	$ 2,500,485	$ 2,460,679	$ 2,419,109	$ 2,375,742	$ 2,330,549	$ -	$ -	$ -	$ -	$ -	$ -
Principal Payment	$ 533,475	$ 559,268	$ 585,852	$ 613,191	$ 641,243	$ 669,952	$ 699,254	$ 729,070	$ 759,309	$ -	$ -	$ -	$ -	$ -	$ -
Debt Service	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828	$ 3,173,828
Cash Flow After Financing and Reserve	**########**	**$ (424,757)**	**$ (382,774)**	**$ (356,754)**	**$ (285,136)**	**$ (210,228)**	**$ (131,865)**	**$ (49,871)**	**$ 35,935**	**$ 243,991**	**$ 401,647**	**$ 569,192**	**$ 747,208**	**$ 936,311**	**$1,137,150**
Debt Service Coverage Ratio (DSCR)	0.45	0.87	0.88	0.89	0.91	0.93	0.96	0.98	1.01	1.08	1.13	1.18	1.24	1.30	1.36
Equity Dividend Rate	-16.02%	-3.89%	-3.50%	-3.27%	-2.61%	-1.92%	-1.21%	-0.46%	0.33%	2.23%	3.68%	5.21%	6.84%	8.57%	10.41%

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 December 28, 2022.
- Project financing and annual cashflow workbook submitted by the Applicant in May 2023, with submitted revisions.
- Updated assessed value provided on June 26, 2023.
- 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**.

RealtyRates.com™

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

As offshore wind project-costs soar, developers seek 'flexibility' for increases

A barge off Smith Point, as seen from Moriches Inlet, conducts seafloor survey work for the Sunrise Wind farm in 2020. Credit: Newsday / Mark Harrington

By Mark Harringtonmark.harrington@newsday.comMHarringtonNewsUpdated June 8, 2023 7:51 am

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The rate New Yorkers will pay for offshore wind energy could rise from previously negotiated levels if state regulators approve new requests by project developers for “flexibility” in their contracts to cover soaring costs.

In filings with the state Public Service Commission Wednesday, developers for at least four projects slated for the New York and Long Island power grids are asking for changes in the scheme by which the mostly overseas companies get compensated for energy they deliver to the grids. One of the companies cited the “unanticipated, extraordinary economic events” around the COVID-19 pandemic and the war in Ukraine as drivers for soaring inflation and other increases.

The requests are significant as New York moves to shift the bulk of the state's energy sources away from natural gas and oil-power plants to renewable energy and primarily offshore wind. The state has already contracted for more than 4,000 megawatts of offshore wind power, enough to power millions of homes, and plans to award more than that in coming years to lead the transition.

When New York state announced the first two offshore wind projects in 2019, it said average residential customers' bills would increase by "less than a dollar per month," or as low as 73 cents. It's unclear how any changes to the cost structure, if approved, would change that rate.

In its PSC filing, the developers of the Sunrise Wind project, which is scheduled to connect to Long Island at Smith Point by 2025, and two Empire Wind projects to be located off Nassau's South Shore around the same time, asked for flexibility in their previously awarded contracts to help recover rising costs tied to inflation, rising materials costs and grid connection cost hikes.

"This proposal seeks to redress the impact of unforeseeable economic conditions on the projects and restore the ability to attract the capital required for them to move forward," Norway-based Equinor said in its filing, with co-developer bp. The companies also were awarded a third project called Beacon Wind.

Equinor, in a statement, said it has seen estimated costs of its projects "rise sharply due to inflation, supply chain disruptions, permitting and interconnection delays, rising interest rates, and other outside factors."

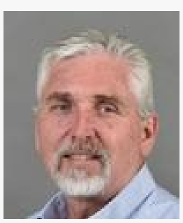
"While we have worked to manage these issues, given the unique moment in our global economy, this is an industrywide issue that cannot be overcome at the project level," said Teddy Muhlfelder, vice president for Equinor Renewables Americas.

In a separate filing, Sunrise Wind noted its budget for the project had increased by an amount that was redacted in its filing, and said without the flexibility it's requesting, its developers "would not be able to obtain a final investment decision allowing it to fully construct the project."

James Denn, a spokesman for the PSC, said, "We are aware of the petitions that have been filed and they will be noticed for public comment shortly." The New York State Energy Research and Development Authority, which awarded the original contracts, said it was "reviewing the petitions."

Sunrise in a statement said its request would "help address unexpected and unprecedented macroeconomic challenges impacting Sunrise Wind" since the 2019 contract award. Since then, Orsted said, "costs have increased significantly due to high inflation, rising interest rates and supply-chain constraints, which are impacting all long-term capital projects, not just offshore wind energy and not just Sunrise Wind." Orsted said the request won't impact economic development commitments it has made tied to Sunrise Wind, including support projects on Long Island.

Orsted and its partner, Eversource, which recently disclosed it is selling its interests in the offshore wind sector, noted New York and other states have addressed the inflation questions in more recent offshore wind contract solicitations, noting projects will include adjusters for inflation and interconnection "cost-sharing mechanisms that more appropriately reflect today's market conditions."



By Mark Harrington

Northwell Health planning $45M expansion into Yaphank retail, office, residential complex

Northwell Health will become the second-largest anchor among the business tenants at The Boulevard, the $450 million retail, office and residential complex under development along William Floyd Parkway in Yaphank.

The largest health care provider in New York state, Northwell is investing about $45 million for interior construction and equipment to open three facilities — a multispecialty medical office building, an ambulatory surgery center and an urgent care center — in the development in 2024, said Alex Costello, spokesman for the New Hyde Park-based health system.

“Northwell chose the Yaphank location for a few reasons. It’s a good location with incoming real estate development in the area; it works well with our multispecialty campuses in Manorville and Shirley; and it allows us to offer more outpatient services from Peconic Bay Medical Center,” he said.

Northwell’s planned Yaphank facilities also will help it expand services on the East End, Costello said.

“We’re working to develop comprehensive women’s health in Riverhead and want to support the upcoming surgical pavilion at South Shore University Hospital in Bay Shore. We’re also expanding our cancer services in Suffolk, with the primary focus being Riverhead, Bay Shore and Huntington,” he said.

Northwell’s 28,000-square-foot multispecialty medical office building will offer dental service, imaging, general pediatrics, orthopedics, pain management and physical therapy, Costello said.

The health care system’s ambulatory surgery center will be the sole occupant of a 16,200-square-foot building, while the urgent care center, GoHealth, will occupy 2,287 square feet unit in a multitenant building.

Northwell’s three facilities in the Yaphank development will employ a total of about 100 people, Costello said.

“Most of them will be new hires, but some may come from other Northwell facilities,” he said.

Moving forward

Located at the former Parr Meadows racetrack site, The Boulevard is a 322-acre retail, office and residential development previously called the Meadows at Yaphank, which is on William Floyd Parkway just north of the Long Island Expressway at Exit 68N.

Also under construction in the complex are upscale rental apartments and for-sale condos and townhomes being developed by The Beechwood Organization in Jericho.

The development’s retail portion, which will total 295,728 square feet when it’s done, is called The Shoppes at The Boulevard. The only tenants on the retail side currently are Ridgewood Savings Bank, which opened this month, and a 197,668-square-foot Walmart Supercenter that opened in 2021 and is the anchor of the shopping center.

Also, a Home2 Suites by Hilton hotel, adjacent to the retail center, was completed on the property in 2020.

On May 8, the Brookhaven Planning Board voted in favor of amendments to the site plan for retail side of the project.

The board approvals included permitting the two buildings that are to be constructed solely for Northwell to be used for health care instead of retail, said Brian Ferruggiari, spokesman for Rose-Breslin Associates LLC, the Yonkers-based developer of the retail portion. Construction of those two Northwell buildings will take at least a year, he said.

The planning board also approved changing plans for an 11,000-square-foot building into two 4,500-square-foot retail buildings with a 2,000-square-foot brick paver plaza in the middle for outdoor seating; and the addition of brick paver patio areas for outdoor seating around two sides of a planned 5,000-square-foot building, he said.

So far, four buildings, including the bank and Walmart, have been constructed in the retail side of the development.

Monti's Barbershop, which will open this fall; Southpaw Brewing Co., which will open this summer; and Tropical Smoothie Cafe, which recently signed a lease, will be among the tenants in an 8,000-square-foot building that is finished, Ferruggiari said.

Bagel Boss, slated for a fall opening; Yaphank Wine and Spirits, which will open this summer; and GoHealth will be among the tenants in a 9,000-square-foot building that is finished, he said.