

Plaza Square Apartments at Patchogue
Economic Impact Analysis

Prepared by:

MIRB | *group*

Prepared for:
G4 Development Group, LLC

Date:
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Executive Summary

G4 Development Group, LLC (the "Developer") is proposing a real estate development project, Plaza Square Apartments at Patchogue, at 365-369 East Main Street in East Patchogue, NY (the "Site"). The project consists of the construction of 49,000 square feet of residential space comprised of 40 residential apartments, together with associated furniture, fixtures, machinery and equipment (the "Project"), of which 4 units will be affordable units available to those who earn no more than 80% of the area median income and 4 units will be workforce units available to those who earn no more than 120% of the area median income. The Developer will submit an application to the Town of Brookhaven Industrial Development Agency (IDA) requesting incentives to induce this project, and has indicated that the project will not move forward without the IDA's assistance. The following analysis includes an examination of the local market's ability to support the Project, the extent of economic impacts associated with the Project on the Town of Brookhaven (the "Town"), and associated fiscal benefits.

To do so, 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, which result from our estimates of "net new" household spending from future occupants of the Site. Below are the results of our analyses.

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 stayed below 4% in the multi-family rental market, despite a steady stream of deliveries. In the last 2 years, there have been considerably more deliveries than on average over the previous 9 years, but even those new projects have shown good absorption characteristics despite the COVID-19 pandemic.

Two similar sites in the Town have shown positive leasing trends, again despite the pandemic. The Project has many amenities, including very strong local shopping amenities, and contains attractively priced "affordable" units that should immediately be absorbed. We therefore conclude that the market data appear to support the Project's success.

Economic Impacts and Other Benefits

In terms of economic impacts, we estimate that there will be 29 direct, on-site local construction jobs, 13 indirect jobs and, therefore, a total of 42 construction-phase local jobs, collectively earning \$2.54 million in wages.

Once the Project is complete and occupied, we estimate a total of 17 ongoing (permanent) jobs will be created due to the spending of the new households and 1 part-time position for ongoing operations, with total annual earnings of \$807,749.¹

We also note certain other direct benefits of the Project to the Town in the form of ongoing maintenance services to be procured from local contractors and a community benefit payment of \$340,000 contributed by the Developer to be used for community improvements.

Furthermore, we estimate that the County will receive one-time sales tax revenue of \$20,598 associated with the construction wages earned during the Site's renovation. Upon completion of the Project, we estimate the County will benefit from the additional sales tax revenue of \$7,575 over the 15-year PILOT term related the new wages being earned from ongoing jobs. Over the same period, a further \$401,198 of sales tax revenue will be generated for the County by new household spending. Under the proposed PILOT terms, we estimate the Project will generate \$1.47 million in property tax revenue for the County, City and school district on parcels that are currently tax exempt. Therefore, in total, the fiscal benefits of the proposed Project will be approximately \$2.2 million over the life of the PILOT.

Summary of Economic Impacts

	Direct	Indirect	Total
Construction Jobs	29	13	42
Construction Wages	\$1,675,572	\$869,293	\$2,544,865
Ongoing Jobs	14	3	17
Ongoing Wages	\$571,738	\$236,012	\$807,749

Summary of Fiscal Benefits, Local Government

Source	Total
Sales Tax, Construction, One-time	\$20,598
Sales Tax, Operations, 15 Years	\$7,575
Sales Tax, Households, 15 Years	\$401,198
Increase in Property Tax Revenue, 15 Years	\$1,467,099
Host Community Benefit Payment	\$340,000
Total Fiscal Benefits Over 15 Years	\$2,236,470

¹ Note that the direct and indirect "Construction Jobs" and "Construction Wages" shown are with respect to Suffolk County (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.

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Introduction

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To do so, MRRB Group consulted various data sources, including Co-Star, Emsi and Esri. We 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 on the Town, which result from our estimates of "net new" household spending from future occupants of the Site.

Multifamily Real Estate Market Review

Demographics

The Project involves a 40-unit development to include 32 market rate units and 8 income-based units in the Town of Brookhaven. Current trends in demographic data suggest that the demand for housing is expected to increase through 2026. Using projections forecasted by Esri, an international leader in GIS software, median household income is anticipated to grow through 2026, but the population overall and percentage of renter-occupied units are both projected to decline slightly.

Local Real Estate Market

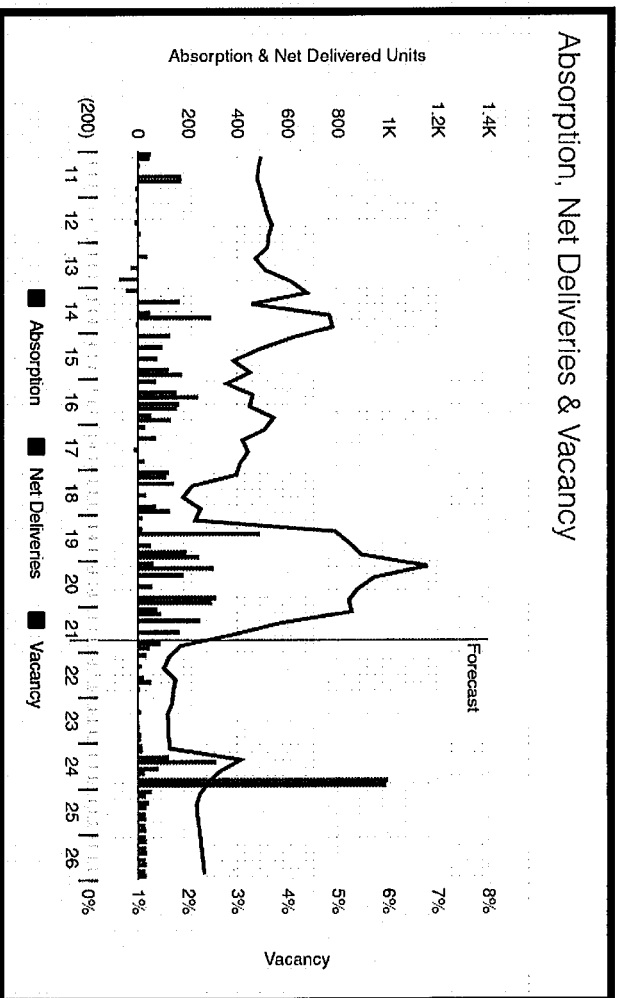
From 2011-2021, multifamily (for-rent and for-sale) vacancy rates for the Town were persistently low. Up until 2019, those rates were running mostly below 4% and were closely correlated with vacancy rates from the rest of Long Island. Since Q3 2018, several residential development projects have brought nearly 1,600 rental units to the market that have been fully absorbed.

According to Co-Star, our real estate data provider, there are another 30 units to be delivered in Q4 2021, adding to the supply. Historical data has shown that newly delivered units are quickly absorbed in the area's otherwise tight housing market. While there was a spike in vacancy rates in 2019 and 2020 due to new deliveries and a short-term shock from COVID-19, rates have since returned to below 2% and are forecasted to stay below 3% through 2026.

Brookhaven Profile

	2021	2026	2021-2026 Growth
Population	487,182	482,958	-0.9%
Median Household Income	\$102,497	\$111,551	8.8%
Total Renter-Occupied Housing Units	19.5%	19%	-3.4%

Source: ESRI



As of Q1 2021, there were approximately 164,000 residential units in the Town of Brookhaven. While primarily owner-occupied, approximately 19.5% of Brookhaven's housing stock is comprised of renter-occupied units. This composition is similar to Suffolk County as a whole.

Rental Units

	Total Housing Units	% of all Occupied Units	Renter-Occupied Units
Brookhaven	164,229	19.5%	32,035
Suffolk County	501,469	19.1%	95,829

Source: ESRI

Affordability

Housing affordability in the Town of Brookhaven also indicates demand for both market-rate and affordable rental units. "House and Home Expenditures," shown in the table to the right, encompasses annual spending of households on mortgage, insurance, tax, and property maintenance for owned dwellings. The Spending Potential Index (SPI) is a composite measure of household expenditures for the specified region as compared to national averages. For the Town, owned dwellings have significantly higher home expenditures and spending potential as compared to national averages. This SPI figure again demonstrates that housing is in short supply/high demand in the Town, indicating that any new market-rate or affordable units would attract net new households to the area. The picture is largely the same with respect to rental properties, with median contract rent in the Town of \$21,252 per year (\$1,771 per month compared to \$1,062 per month nationally; source: 2015-2019 American Community Survey.) As described below in the "Comparable Spaces" section of this report, we understand that the units in the proposed Project are anticipated to be priced attractively in the market for both market-rate and affordable units.

Brookhaven House and Home Expenditures

	Average Amount Spent	SPI
Owned Dwelling	\$22,160	155

Source: Consumer Spending data are derived from the 2018 and 2019 Consumer Expenditure Surveys, Bureau of Labor Statistics.

Housing affordability can also be assessed by calculating the household income threshold for the area. This threshold represents the minimum income required to be considered not "burdened" by housing costs. The general rule of thumb is a household should pay no more than 28% of income on housing costs. Using the 2021 Median Home Value for the Town of \$347,200, we are able to calculate a household income threshold of \$89,914, which is reasonable given the actual median household income \$102,497. However, as shown in the table below, more than 36% of all households earn an income that would be considered "burdened" by these housing costs. Therefore, there is a clear and demonstrated need for rental housing units in the Town of Brookhaven that serve this otherwise "burdened" set of residents.

Household Income Threshold

	Total Housing Units
Median Home Value, 2021	\$347,200
10% Down Payment	\$34,720
Loan Amount	\$312,480
Avg. Mortgage Payment, 30 Yrs. @ 4%	\$1,492
Est. Additional Costs	\$606
Avg. Mortgage + Additional Costs	\$2,098
Household Income Threshold	\$89,914
Median Household Income, 2021	\$102,497

Source: ESRI, Zillow, MRRB Group

2021 Households by Income

Income Range	Brookhaven % of HH
<\$15,000	5.1%
\$15,000-\$24,999	4.7%
\$25,000-\$34,999	4.7%
\$35,000-\$49,999	7.9%
\$50,000-\$74,999	14.1%
\$75,000-\$99,999	11.9%
\$100,000-\$149,999	19.9%
\$150,000-\$199,999	14.4%
\$200,000+	17.2%

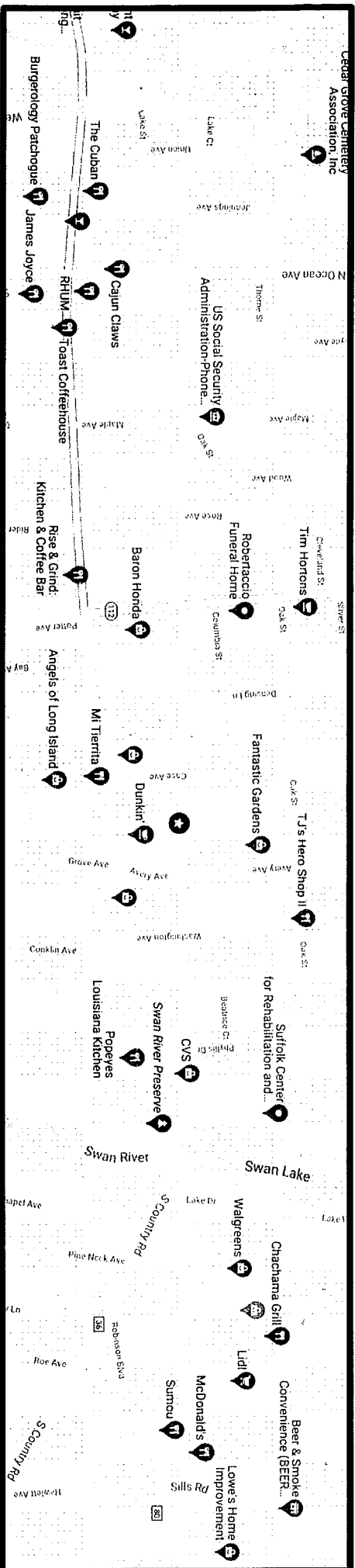
Source: ESRI

Local Spending

The Project includes a community benefit payment of \$340,000 (or \$8,500 per unit) to be made by the developer to the Town. This payment will be used to:

- Re-mill, pave, and stripe the existing parking lot,
- Design and construct a public plaza, and
- Fund the Council District #5 Park Fund.

The abovementioned parking lot and public plaza will be donated back to the Town for public use.



The map above shows numerous retailers and restaurants in the immediate area surrounding the Site, denoted by the green star marker. Due to the high concentration of local retailers coupled with the large physical geography of the Town, we are able to conservatively estimate that at least 80% of new residents' spending on retail goods would be spent within the Town, generating local economic impact covered later in this report.

The developer also intends to contract with third-party businesses to provide maintenance services for the Site on an ongoing basis, including lawn, plowing and other general maintenance services. As such, the project will support provide additional economic benefit to local contractors.

Comparable Spaces

To further assess the feasibility of the Project, we examined two comparable residential developments in the Town that offer similar amenities. Both comparable developments consistently have no or low vacancy, despite the recent negative shock due to the COVID-19 pandemic. This indicates that there is strong demand for rental units in Brookhaven. Additionally, neither comparable space offers affordable income restricted housing units.

Heatherwood House at Patchogue

Heatherwood House at Patchogue is a 272-unit market rate housing development built in 1965. The site offers both 1- and 2-bedrooms apartments with average asking rents of \$1,840 and \$2,377, respectively. Site amenities include a clubhouse, fitness center, laundry facilities, pool, and tennis courts.

The site currently has no vacancies, and also had no vacancies last quarter or a year ago. The site appears to be consistently filled.

New Village at Patchogue

This development was built in 2014 and brought 291 housing units to the market. The site offers both market rate and affordable units, as well as 1-, 2-, and 3-bedroom apartment. The average asking rents are \$2,942 for 1-bedrooms, \$3,264 for 2-bedrooms, and \$3,119 for 3-bedrooms. Site amenities include a clubhouse, fitness center, lounge, pet care, pool, and sundeck.

According to CoStar, the site currently has no vacancy. A year ago there was vacancy of 1.4% (or 4 units), but all have been absorbed.

Heatherwood House at Patchogue

Item	Value
Inventory	272
Year Built	1965
Vacancy Rate	0%
1 Bedroom Asking Rent	\$1,840
2 Bedroom Asking Rent	\$2,377

Source: Laffey New Developments Division, CoStar

New Village at Patchogue

Item	Value
Inventory	291
Year Built	2014
Vacancy Rate	0%
1 Bedroom Asking Rent	\$2,942
2 Bedroom Asking Rent	\$3,264
3 Bedroom Asking Rent	\$3,119

Source: Laffey New Developments Division, CoStar

Conclusions On Market Review

We used the market statistics to make certain conclusions regarding both (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 (which will factor into the economic impact analysis that follows).

Determination of Market Support

As noted above in the various data points, the Project appears to be well positioned in a strong market. Despite the COVID-19 pandemic, two similar multi-family residential properties in the Town have shown positive leasing trends. The local market overall also has consistently low vacancy rates, even upon new deliveries. The Project also has many amenities, including very strong local shopping amenities, and contains 8 attractively priced "affordable" units that should immediately be absorbed. We therefore conclude that the market data appear to support the Project's success.

Determination of "Net New"

Prior to calculating the economic impacts of the Project, we must determine how many of the future households of the Project can be considered "net new" to the Town. There are several circumstances for which households would be considered net new:

- 1) Out-of-area residents choosing to relocate to the Town because of the Project.
- 2) Current Town residents that would otherwise relocate outside of the Town if the option to live in the Project were unavailable.
- 3) Current Town residents that will move into the Project, freeing up their Brookhaven residential space that will then be occupied by new Town residents.

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 a number of ways. This includes one-time impacts to 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 Town².

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 operation 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 employs the Emsi³ economic modeling system. We used data from the Developer and from publicly-available and proprietary data sources as inputs to the Emsi modeling system. Where needed, we adjusted the Emsi model to best match the Project specifics. We then reported the results of the modeling.

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, which closely approximates the Town.

³ Emsi, formerly "Economic Modeling Systems, Intl," uses data from the US Bureau of Labor Statistics, the US Bureau of Economic Analysis, the US 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 60% of its \$6.66 million of materials and labor costs would be spent locally, for a total of \$3.99 million of in-region construction spending.

Construction Spending In Region			
	\$ Total	% County	\$ County
Materials & Labor	\$6,655,000	60%	\$3,993,000

Source: Developer, MRB

We used this \$3.99 million spending figure (direct "Sales" in the table) as the input into the Emsi economic modeling system, assigning the County as the geography of study. This spending creates 29 direct jobs and direct earnings of \$1.68 million. The model estimates that this will cause Indirect impacts of 13 jobs, \$869,293 in earnings and \$2.50 million in sales. Therefore, the total, one-time, construction-phase impacts would be 42 jobs, \$2.54 million in wages and \$6.49 million in sales.

Economic Impact of Construction Phase, One-Time			
	Direct	Indirect	Total
Jobs	29	13	42
Earnings	\$1,675,572	\$869,293	\$2,544,865
Sales	\$3,993,000	\$2,495,206	\$6,488,206

Source: Emsi, MRB

Operation Phase

Unlike the construction phase impacts that were measured at the County level, to account for their dispersed nature, we estimated operation phase impacts at the Town level. To do so, we have used 36 ZIP Codes to best approximate the Town of Brookhaven in order to model operational impacts⁴.

Operation phase impacts come from two sources. By far the largest source is the effect of net-new household spending from the new units being 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, in this case a part-time leasing agent. The Project will bring to market 32 units of market-rate and 8 units of affordable housing, all of which, as noted above, we consider "net new." We used data from the Consumer Expenditure Survey (CEX) of the Bureau of Labor Statistics as of September 2021, specific to both the Northeast and the respective income-levels.

⁴ A full list of ZIP Codes included in the economic impact analysis are listed in Appendix A, and are compared to the Town's boundaries.

Four of the affordable units will be reserved for households earning no more than 80% of the area's median income (AMI) of \$102,497, which equates to approximately \$81,998. An additional 4 units will be reserved to households earning no more than 120% of AMI, or approximately \$122,996. Households with differing incomes will likely have different spending habits. As such, we have utilized different average annual household expenditures based upon relevant income brackets. As shown, households earning an income reflective of AMI and 120% of AMI spend an estimated \$46,687 per year on the categories of goods shown. Comparatively, prospective tenants of the affordable units at 80% of AMI would likely spend \$36,426 on the same categories of goods.

The large expanse of the Town's geographical boundaries and the high concentration of retailers suggest that most of the households' needs will be served by local businesses. For the purposes of being conservative, we have estimated that 80% of this spending would occur in the Town of Brookhaven. Therefore, given 40 total units and the spending profile and percentages shown, we estimate a total of \$1.46 million of new household spending would occur annually in the Town.

Total New Annual Household Spending

	Annual per HH Spend	% Spent in Town	Units	Total Spending
80% AMI Units				
Food	\$9,379	80%	4	\$30,013
Household Furnishings and Equipment	\$2,644	80%	4	\$8,461
Apparel and Services	\$1,474	80%	4	\$4,717
Transportation	\$10,495	80%	4	\$33,584
Healthcare	\$5,272	80%	4	\$16,870
Entertainment	\$3,145	80%	4	\$10,064
Education	\$1,594	80%	4	\$5,101
Personal Care Products and Services	\$802	80%	4	\$2,566
Miscellaneous	\$1,093	80%	4	\$3,498
Other	\$528	80%	4	\$1,690
Total	\$36,426	80%	4	\$116,563
AMI and 120% AMI Units				
Food	\$11,842	80%	36	\$341,050
Household Furnishings and Equipment	\$2,644	80%	36	\$76,147
Apparel and Services	\$3,077	80%	36	\$88,618
Transportation	\$13,705	80%	36	\$394,704
Healthcare	\$6,318	80%	36	\$181,958
Entertainment	\$3,854	80%	36	\$110,995
Education	\$2,497	80%	36	\$71,914
Personal Care Products and Services	\$975	80%	36	\$28,080
Miscellaneous	\$1,341	80%	36	\$38,621
Other	\$434	80%	36	\$12,499
Total	\$46,687	80%	36	\$1,344,586
Grand Total	\$81,532		40	\$1,461,149

Source: Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, September, 2021 "Table 3104. Northeastern region by income before taxes: Average annual expenditures and characteristics. Consumer Expenditure Surveys, 2019-2020"

MRRB Group then took each of the above line items and applied that new household spending to one or more industry codes in Emsi⁵. This resulted in an estimate of 13 direct jobs and \$546,738 in direct earnings. Taken together with an estimate of indirect impacts, total household spending impacts include 16 jobs, \$753,631 in earnings and \$2 million in sales.

The Developer also stated in its application that it would employ one part-time employee with a wage of \$25,000 at the Site for operations. According to Emsi, this corresponds to sales of \$83,416. Together with assessed indirect impacts, the total impacts of operations would be 1 job, \$54,119 in earnings and \$162,088 in sales⁶. This does not include the economic impact of ongoing maintenance contracts with local contractors.

The combined impacts of household spending along with impacts from operations is displayed in the table to the right. As shown, we anticipate that the Town will benefit from 17 jobs, \$807,749 in earnings and \$2.17 million in sales on an annual basis.

Economic Impact, Household Expenditures

	Direct	Indirect	Total
Jobs	13	3	16
Earnings	\$546,738	\$206,893	\$753,631
Sales	\$1,461,149	\$545,293	\$2,006,441

Source: Emsi, MRRB

Economic Impact, Operations of Project

	Direct	Indirect	Total
Jobs	1	0	1
Earnings	\$25,000	\$29,119	\$54,119
Sales	\$83,416	\$78,672	\$162,088

Source: Emsi, MRRB

Economic Impact, Combined Annual Impact

	Direct	Indirect	Total
Jobs	14	3	17
Earnings	\$571,738	\$236,012	\$807,749
Sales	\$1,544,565	\$623,965	\$2,168,530

Source: Emsi, MRRB

⁵ For example, for the "Food" line item, we applied half of the spending to the "Supermarkets and other grocery" store NAICS code (North American Industrial Classification System) and half to the "Full service restaurants" NAICS code.

⁶ The Emsi projection is indicating that there will be less than 1 indirect FTE with earnings of \$29,119 annually.

Fiscal Impact Analysis

The Project would also have fiscal impacts in terms of new tax revenues as described below. The table below displays the Applicant's proposed PILOT schedule.

PILOT Schedule

The Applicant has requested a 15-year PILOT term that will abate a portion of the improvement value associated with the renovation. From year 1 to year 6, 100% of the amount of improvement value will be abated. After year 6, the exempt amount will decrease by 10 points each year for the remaining 9 years. In year 16, the Site will be fully taxable, generating an estimated \$314,834 in property tax revenue.

PILOT Schedule per Application

Year	Current AV	Improvement Value	Proposed Exemption	Improvement Value in PILOT	Total Value Subject to PILOT	Estimated PILOT Payment
Year 1	\$3,155	\$54,845	100%	\$0	\$3,155	\$12,725
Year 2	\$3,155	\$54,845	100%	\$0	\$3,155	\$12,979
Year 3	\$3,155	\$54,845	100%	\$0	\$3,155	\$13,239
Year 4	\$3,155	\$54,845	100%	\$0	\$3,155	\$13,504
Year 5	\$3,155	\$54,845	100%	\$0	\$3,155	\$13,774
Year 6	\$3,155	\$54,845	100%	\$0	\$3,155	\$14,049
Year 7	\$3,155	\$54,845	90%	\$5,485	\$8,640	\$39,241
Year 8	\$3,155	\$54,845	80%	\$10,969	\$14,124	\$65,435
Year 9	\$3,155	\$54,845	70%	\$16,454	\$19,609	\$92,661
Year 10	\$3,155	\$54,845	60%	\$21,938	\$25,093	\$120,950
Year 11	\$3,155	\$54,845	50%	\$27,423	\$30,578	\$150,333
Year 12	\$3,155	\$54,845	40%	\$32,907	\$36,062	\$180,843
Year 13	\$3,155	\$54,845	30%	\$38,392	\$41,547	\$212,514
Year 14	\$3,155	\$54,845	20%	\$43,876	\$47,031	\$245,379
Year 15	\$3,155	\$54,845	10%	\$49,361	\$52,516	\$279,474
Year 16*	\$3,155	\$54,845	0%	\$54,845	\$58,000	\$314,834

*First year full taxes
Source: Applicant

PILOT Revenue

According to the Applicant's proposed PILOT schedule, the Project will generate \$1.47 million over the 15-year term. Since the parcels being acquired are currently owned by the Town and exempt, all PILOT revenue is new revenue to the various taxing jurisdictions.

PILOT Revenue

Year	Current AV	Improvement Value	Tax Rate	Proposed Exemption	Estimated PILOT Revenue
Year 1	\$3,155	\$54,845	403.321	100%	\$12,725
Year 2	\$3,155	\$54,845	411.387	100%	\$12,979
Year 3	\$3,155	\$54,845	419.615	100%	\$13,239
Year 4	\$3,155	\$54,845	428.007	100%	\$13,504
Year 5	\$3,155	\$54,845	436.568	100%	\$13,774
Year 6	\$3,155	\$54,845	445.299	100%	\$14,049
Year 7	\$3,155	\$54,845	454.205	90%	\$39,241
Year 8	\$3,155	\$54,845	463.289	80%	\$65,435
Year 9	\$3,155	\$54,845	472.555	70%	\$92,661
Year 10	\$3,155	\$54,845	482.006	60%	\$120,950
Year 11	\$3,155	\$54,845	491.646	50%	\$150,333
Year 12	\$3,155	\$54,845	501.479	40%	\$180,843
Year 13	\$3,155	\$54,845	511.509	30%	\$212,514
Year 14	\$3,155	\$54,845	521.739	20%	\$245,379
Year 15	\$3,155	\$54,845	532.173	10%	\$279,474
TOTAL					\$1,467,099

Source: Applicant, MRB

Sales Tax Revenue, Construction Phase

As our economic impact analysis states, we anticipate approximately \$2.5 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. From there, 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 \$20,598 in County sales tax revenue over the duration of construction.

Sales Tax Revenue - Construction Phase

Line	Value
Total New Earnings	\$2,544,865
% Spent in County	70%
\$ Spent in County	\$1,781,406
% Taxable	25%
\$ Taxable	\$445,351
County Sales Tax Rate	4.625%
\$ County Sales Tax Revenue	\$20,598
Revenue, one-time	\$20,598

Source: MRRB

Sales Tax Revenue, Operation Phase

We estimated \$54,119 in total new earnings occurring annually within the County during the operation phase associated with new direct and indirect job creation. Using the same methodology as above, we estimate the Project will result in \$438 in annual sales tax revenue to the County. Escalated at 2% per year for 15 years, this totals \$7,575 in revenue over the term of the proposed PILOT.

Sales Tax Revenue - Operation Phase

Line	Annual Value
Total New Earnings	\$54,119
% Spent in County	70%
\$ Spent in County	\$37,883
% Taxable	25%
\$ Taxable	\$9,471
County Sales Tax Rate	4.625%
\$ County Sales Tax Revenue	\$438
Revenue Over 15 Years	\$7,575

Source: MRRB

Sales Tax Revenue, New Household Spending

As noted earlier in this analysis, we anticipate over \$2 million of direct and indirect sales in the Town associated with new household spending by residents of the Site. Assuming that 25% of those sales are subject to sales tax, we estimate the Project will result in \$23,199 in annual sales tax revenue to the County. Escalated at 2% per year for 15 years, this totals \$401,198 in revenue over the term of the proposed PILOT.

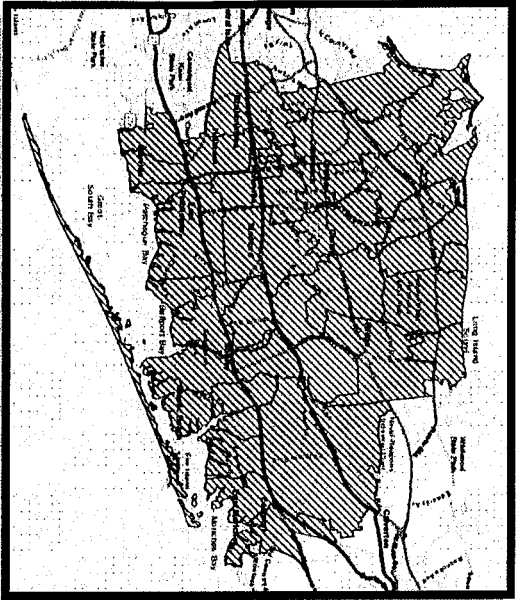
Sales Tax Revenue - Household Spending

Line	Annual Value
New Household Spending	\$2,006,441
% Taxable	25%
\$ Taxable	\$501,610
County Sales Tax Rate	4.625%
\$ County Sales Tax Revenue	\$23,199
Revenue Over 15 Years	\$401,198

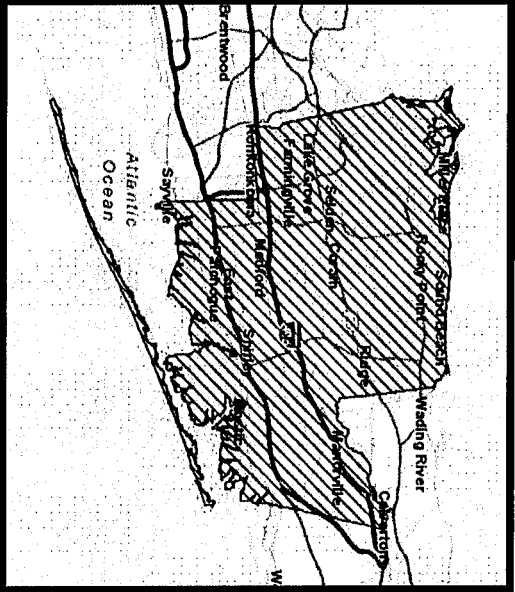
Source: MRRB

Appendix A

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	Rensselaer, 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)