
ECONOMIC & FISCAL FEASIBILITY STUDY

Medford Gardens Senior Housing Development

SCTM#: 200-700-1-4.2

Horseblock Road

Medford, NY

NPV No.23183

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A NPV Qualifications

EXECUTIVE SUMMARY

This Feasibility Study examines the existing conditions and the economic and fiscal impacts that are anticipated to occur through the construction and annual operations of a senior rental residential development to be known as Medford Gardens. This report further includes demographic information and a review of planning documents that further support the need for the proposed project and its consistency with established planning goals of the Town and County.

The subject site is located on the north side of Horseblock Road in the **hamlet of Medford**, Town of Brookhaven, Suffolk County, New York. The subject property is currently vacant land and is surrounded by a mix of commercial uses (including restaurants/food establishments, retail shops, and a fitness center), single-family residences, a nursing home facility, and a few semi-industrial uses (storage facility, truck sales). The proposed project will provide a **67-unit senior multifamily residential development**, consisting of 10 studios, 56 one-bedroom units, and one unit dedicated for the building manager that will not generate rent. All units will be designated as affordable to residents earning between 30% and 60% of the Area Median Income (AMI). In addition, 33 of the proposed units will utilize New York State Office of Mental Health's Empire State Supportive Housing Initiative (ESSHI) subsidies to house and provide services to individuals with disabilities.

The proposed project responds to the public need for increased housing opportunities, including senior, rental, and affordable housing opportunities. Housing costs have skyrocketed, housing availability has fallen, and local businesses and institutions are no longer able to fill essential positions to meet customer demand during what should be a post-pandemic recovery. Consumer activity from the increase in residents and employees of the proposed project will ripple through the local community, creating beneficial economic and fiscal impacts throughout the hamlet of Medford, the Town of Brookhaven, Suffolk County, and the region as a whole.

Economic benefit includes direct economic impacts, as well as those indirect and induced impacts that are projected to occur – on output, employment and labor income – during both the 19-month construction period, and annually upon stabilized operations of the proposed project. During **construction**, direct, indirect, and induced impacts of the proposed project are estimated to result in nearly **\$37.1 million in total output, 170 jobs** (total full-time equivalent [FTE] jobs), and over **\$16.8 million in labor income** (total wages). During **annual operations**, direct, indirect, and induced impacts of the proposed project are expected to result in over **\$1.3 million in output** (total revenue), **8.8 jobs** (total FTE jobs), and over **\$460,000 in labor income** (total wages).

In addition to the job creation benefits summarized above, this study analyzes the projected fiscal impacts based on a stabilized year of operations and full taxation based on current assessments and projected revenues. The proposed project is expected to provide a significant increase in tax revenue as compared to the existing conditions of the property at the time of full occupancy and full taxation as quantified in this report, particularly in consideration that as an age-restricted

community, the development will not result in increased costs to the school district related to additional school aged children.

The Applicant will be applying to the Town of Brookhaven Industrial Development Agency (IDA) to participate in its Payment in Lieu of Taxes (PILOT) program. IDA tax deferral promotes beneficial development/redevelopment and creates jobs while supplementing taxes and meeting other goals such as increasing senior affordable housing options. Since the exact terms of the PILOT have not yet been negotiated, this study analyzes the projected fiscal impacts based on a stabilized year of operations and full taxation. This projection of tax revenues is useful in assisting with an understanding of existing and future taxes to help structure a PILOT agreement. Any tax deferral programs will delay and phase-in full taxation.

Under full taxation, the proposed project is projected to generate significantly more tax revenue than the current conditions of the property. It is estimated that the proposed project would generate **\$133,546** in annual taxes under full taxation of the property, of which **\$92,179** would be allocated to the **Patchogue-Medford Union Free School District**. The current taxes generated by the property are \$3,181 in annual taxes, of which \$2,196 is allocated to the school district.

In summary, the proposed project will be beneficial to economic conditions in the hamlet of Medford, the Town of Brookhaven, Suffolk County, and the region, as a result of job creation (construction and operations) and provides an increase in revenue to local taxing jurisdictions. Overall, the project is economically and socially beneficial as discussed in more detail in the following sections of this Feasibility Study.

1.0 INTRODUCTION AND PURPOSE

Nelson Pope Voorhis (NPV) has been requested to prepare an economic and fiscal impact analysis for the proposed senior housing development, known as Medford Gardens, located on the north side of Horseblock Road in the hamlet of Medford, Town of Brookhaven, Suffolk County, New York. The location can be more specifically described as Suffolk County Tax Map District 200, Section 700, Block 1, Lot 4.2.

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

This analysis examines the fiscal and economic impacts that are anticipated to occur through the construction and annual operations of the proposed **67-unit senior multifamily residential development**, consisting of 10 studios, 56 one-bedroom units, and one unit dedicated for the building manager that will not generate rent. All units will be designated as affordable to residents earning between 30% and 60% of the Area Median Income (AMI). In addition, 33 of the proposed units will utilize New York State Office of Mental Health's Empire State Supportive Housing Initiative (ESSHI) subsidies to provide housing and services to individuals with disabilities.

The proposed project responds to the public need for increased housing opportunities, including senior, rental, and affordable housing opportunities. Housing costs have skyrocketed, housing availability has fallen, and local businesses and institutions are no longer able to fill essential positions to meet customer demand during what should be a post-pandemic recovery. Consumer activity from the increase in residents and employees of the proposed project will ripple through the local community, creating beneficial economic and fiscal impacts throughout the hamlet of Medford, the Town of Brookhaven, Suffolk County, and the region as a whole. The proposed project is expected to provide a significant increase in tax revenue as compared to the existing conditions of the property at the time of full occupancy and full taxation, as quantified in this report. The proposed project responds to the Town's desire to provide such rental housing opportunities in the area, as recognized in various comprehensive planning documents and evidenced by current conditions within the surrounding community.

As economic stability returns following the coronavirus pandemic of 2020-22, the proposed project is expected to contribute to the long-term economic health of the community. More specifically, the proposed project will advance the planning goals of the Town and will establish many new construction jobs and additional housing opportunities that will help in the post-pandemic recovery. The proposed project will also create short- and long-term economic benefits by providing increased tax revenue as compared to the existing vacant condition of the site.

The following analysis examines and quantifies the fiscal and economic impacts that are anticipated to result from the proposed Medford Gardens senior rental residential development. **Section 2.0** outlines the methodology and the sources of data used to project the fiscal and economic impacts generated in this analysis. **Section 3.0** examines and summarizes demographics and trends specific to the hamlet of Medford, the Town of Brookhaven and Suffolk County. In addition, this section examines trends among the local, regional and national housing market. **Section 4.0** analyzes relevant town and local planning documents specific to the community and summarizes the proposed project’s consistency with such reports. **Section 5.0** outlines the direct economic impacts, as well as those indirect and induced impacts that are estimated to occur – on output, employment and labor income – during both the 19-month construction period, and annually upon stabilized operations of the proposed Medford Gardens senior rental residential development. These projections anticipate stabilization of the economy in post-pandemic conditions. A summary of these key economic findings is provided in **Table 1**.

TABLE 1
SUMMARY OF KEY ECONOMIC FINDINGS

Impact Type	Output (Total Revenue)	Employment (Total Number of FTE Jobs)	Labor Income (Total Wages)
<i>Economic Impacts during Construction</i>			
Direct Impact	\$25,725,836	111.40	\$12,862,918
Indirect Impact	\$3,527,763	17.31	\$1,253,410
Induced Impact	\$7,844,227	41.62	\$2,734,989
Total Impact	\$37,097,825	170.33	\$16,851,317
<i>Projected Economic Impacts during Annual Operations</i>			
Direct Impact	\$954,120	7.00	\$322,728
Indirect Impact	\$200,430	0.68	\$64,750
Induced Impact	\$215,023	1.13	\$74,995
Total Impact	\$1,369,574	8.81	\$462,473

Source: Data provided by WellLife Network Inc; Analysis by Nelson, Pope & Voorhis, LLC, via IMPLAN software.

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

The Applicant will be applying to the Town of Brookhaven Industrial Development Agency (IDA) to participate in its Payment in Lieu of Taxes (PILOT) program. IDA tax deferral promotes beneficial development/redevelopment and creates jobs while supplementing taxes and meeting other goals such as increasing senior affordable housing options. Since the exact terms of the PILOT have not yet been negotiated, this study analyzes the projected fiscal impacts based on a stabilized year of operations and full taxation. This projection of tax revenues is useful in assisting with an understanding of existing and future taxes to help structure a PILOT agreement. Any tax deferral programs will delay and phase-in full taxation.

Under full taxation, the proposed project is projected to generate significantly more tax revenue than the current conditions of the property. It is estimated that the proposed project would generate \$133,546 in annual taxes under full taxation of the property, of which \$92,179 would be allocated to the Patchogue-Medford Union Free School District. The current taxes generated by the property are \$3,181 in annual taxes, of which \$2,196 is allocated to the school district. The distribution of anticipated tax revenues is shown in **Table 2**.

TABLE 2
TAX REVENUE COMPARISON

Taxing Jurisdiction	Current Tax Revenue	Full Taxation Estimated Revenue	Estimated Change in Tax Revenue	Tax Revenue Percent Distribution
Total School Taxes	\$2,357	\$98,962	\$96,605	74.1%
School District- Patchogue-Medford UFSD	\$2,196	\$92,179	\$89,983	69.0%
Library District- Patchogue-Medford UFSD	\$162	\$6,783	\$6,622	5.1%
Total County Taxes	\$365	\$15,339	\$14,973	11.5%
County of Suffolk	\$21	\$898	\$876	0.7%
County of Suffolk - Police	\$344	\$14,441	\$14,097	10.8%
Total Town Taxes	\$197	\$8,274	\$8,077	6.2%
Town - Town Wide Fund	\$48	\$1,996	\$1,949	1.5%
Highway - Town Wide Fund	\$14	\$574	\$561	0.4%
Town- Part Town Fund	\$15	\$630	\$615	0.5%
Highway- Part Town Fund/Snow Removal	\$121	\$5,074	\$4,953	3.8%
Other Taxes	\$261	\$10,971	\$10,710	8.2%
New York State MTA Tax	\$1	\$48	\$46	0.0%
Open Space Preservation	\$18	\$735	\$718	0.6%
Fire Districts - Medford	\$136	\$5,695	\$5,559	4.3%
Lighting Districts - Brookhaven	\$10	\$410	\$400	0.3%
Ambulance District - Medford	\$60	\$2,536	\$2,475	1.9%
Real Property Tax Law	\$30	\$1,246	\$1,216	0.9%
Out of County Tuition	\$6	\$233	\$228	0.2%
Suffolk County Community College Tax	\$2	\$69	\$67	0.1%
TOTAL: ALL TAXING JURISDICTIONS	\$3,181	\$133,546	\$130,365	100.0%

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

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

2.0 METHODOLOGY

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

WellLife Network, Inc. supplied information regarding the estimated rental rates, unit mix, construction cost and construction schedule, as well as the estimated employment and employee salaries during the annual operations of the proposed project.

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

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

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

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

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

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

Environmental Systems Research Institute, Inc. (ESRI) generated on-demand demographic reports specific to hamlet of Medford, the Town of Brookhaven and Suffolk County through their *Business Analyst Online* program. Specifically, data was collected for the 2010 Census, 2020 Census and 2023 estimates for population and housing characteristics, as well as five-year (2028) population and housing projections for the Medford hamlet, Town of Brookhaven and Suffolk County. All estimates and projections provided by ESRI draw upon data from sources including

the Current Population Survey, American Community Survey, Census of Retail Trade (all via the United States Census Bureau), Consumer Expenditure Survey (via the United States Bureau of Labor Statistics), United States Postal Service, Internal Revenue Service, National Bureau of Economic Research, and other commercial and federal data sources.

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

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

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

IMPLAN is widely accepted as the industry standard for estimating how much a one-time or sustained increase in economic activity in a particular region will be supplied by industries located in the region. Federal government agencies such as the Army Corps of Engineers, Bureau of Economic Analysis, Bureau of Land Management, Environmental Protection Agency, Federal Reserve Bank, Fish and Wildlife Service, and National Park Service have used the multipliers to study the local impact of government regulation on specific industries and to assess the local economic impacts of Federal actions. State and local governments including New York State Department of Labor, New York State Division of the Budget, New York State Office of the State Comptroller, New York State Assembly and New York City Economic Development Corporation, have used the multipliers to estimate the regional economic impacts of government policies and

projects and of events, such as the location of new businesses within their state, or to assess the impacts of tourism. Likewise, businesses, universities and private consultants have used the multipliers to estimate the economic impacts of a wide range of projects, such as building a new sports facility or expanding an airport; of natural disasters; of student spending; or of special events, such as national political conventions.

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

3.0 DEMOGRAPHICS AND HOUSING TRENDS

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

3.1 Demographics

Population

Trends in the residential population and in the number of households were examined for Medford,¹ the Town of Brookhaven and Suffolk County. An analysis of past data, coupled with current estimates and projections, illustrates the changing needs of the community, and how such needs can be addressed within the local housing market – including the proposed Medford Gardens development.

As seen in **Table 3** and **Chart 1**, the populations within Medford and Brookhaven stayed relatively constant and the population in Suffolk County increased between 2010 and 2020. During this time period, the population of Medford increased by 0.43%, or by approximately 105 persons. The population within the Town of Brookhaven decreased by 0.04% or by approximately 189 residents. Suffolk County witnessed population growth of nearly 32,300 people, increasing by approximately 2.16% between 2010 and 2020.²

Current estimates and projections suggest a slight decline in population for Medford, the Town of Brookhaven as well as Suffolk County through 2028. Based on the available standard demographic references, population within Medford is expected to decrease by 374 persons, declining by 1.54% between 2020 and 2023, followed by a decline of 582 persons or 2.44% between 2023 and 2028. The population within the Town of Brookhaven is estimated to have decreased by 131 residents or 0.03% between 2020 and 2023 with a further decline of 3,305 residents or 0.68% between 2023 and 2028. Population growth within Suffolk County is projected to decrease by 0.13% (1,984 persons) between 2020 and 2023, and 0.86% (13,030 persons) between 2023 and 2028.

It is important to note that these population projections do not account for specific developments currently in the planning or approval process. Moreover, while such factors are examined at the local level, projections are not based solely upon specific build-out scenarios or land use analyses. Rather, the projections are based upon historical trends and current estimates at the county level, a time series of county-to-county migration data, a historical analysis of residential building permit data and residential postal delivery counts. Such data is supplemented with available

¹ Medford demographics are based on the Medford Census Designated Place (CDP) per the US Census.

² ESRI, *Community Profile Report*. All reports accessed via ESRI Business Analyst Online, August 31, 2023.

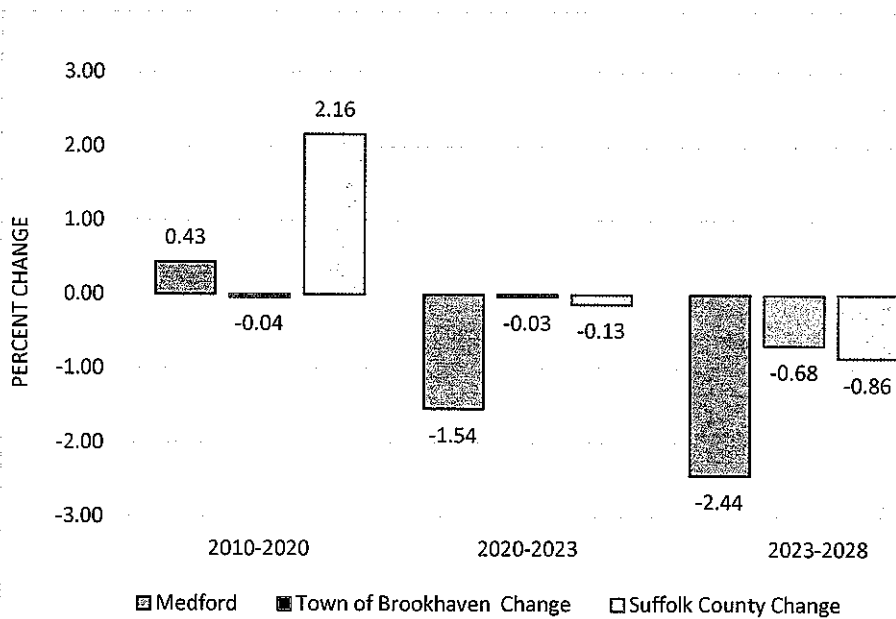
information generated by nationwide databases, statistics providers and demographic and spatial analysis tools.

**TABLE 3
 POPULATION TRENDS**

Year	Medford	Town of Brookhaven	Suffolk County
2010	24,142	485,962	1,493,641
2020	24,247	485,773	1,525,920
2023 (Estimate)	23,873	485,642	1,523,936
2028 (Projection)	23,291	482,337	1,510,906

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

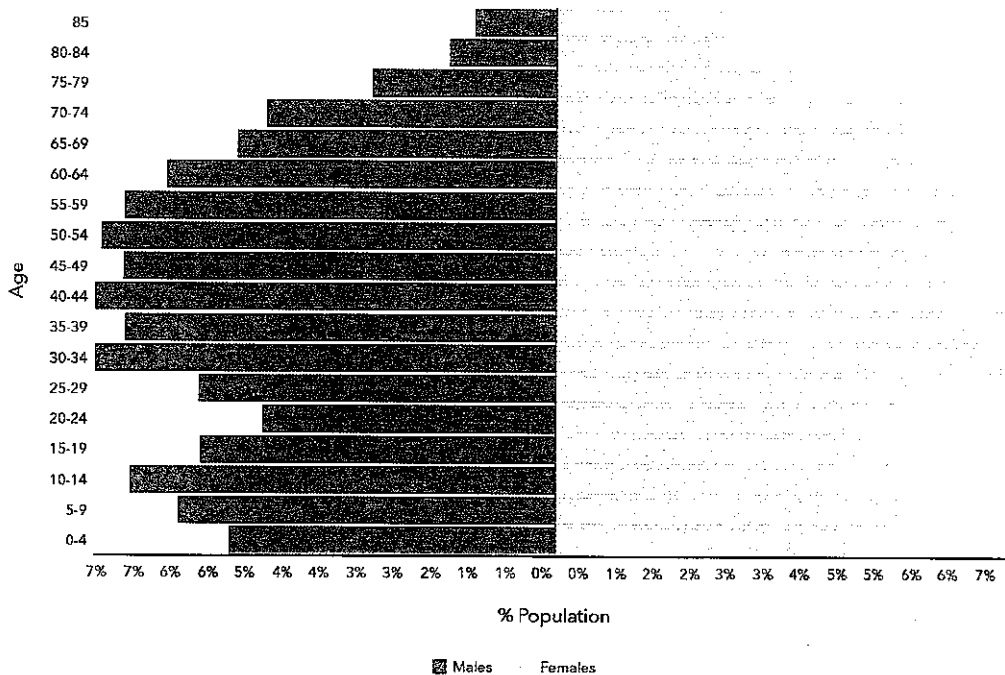
**CHART 1
 PERCENT CHANGE IN POPULATION TRENDS**



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

Examining detailed age demographics of Medford indicates that there is a significant senior population residing within the hamlet. In Medford, the population of individuals 50+ is significant and expected to increase. Between 2010 and 2020, the population of individuals 50+ grew by 7.8% of the population, from 31.70% to 39.5%.

**CHART 2
 MEDFORD AGE PYRAMID**



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

Housing Units

The number of housing units within the Town of Brookhaven and Suffolk County has witnessed an increase in each of the time periods analyzed since 2010 as seen in **Table 4**. However, while Medford experienced an increase of 245 units between 2010 and 2020, there was a decrease of 34 units between 2020 and 2023 followed by a projected decrease of 33 units between 2023 and 2028. The increase in housing units was greatest for all three geographic areas between 2010 and 2020 when the increases in populations were also the greatest. The 2028 projections for number of housing units are 8,349 units, 181,334 units, and 586,653 units in Medford, Brookhaven, and Suffolk County, respectively.⁴

Housing unit projection does not account for specific developments currently in the planning or approval process. Moreover, while such factors are examined at the local level, projections are not based solely upon specific build-out scenarios or land use analyses.

**TABLE 4
 HOUSING UNIT TRENDS**

Year	Medford	Town of Brookhaven	Suffolk County
2010	8,171	174,999	570,091
2020	8,418	178,581	578,940
2023 (Estimate)	8,382	180,686	584,653
2028 (Projection)	8,349	181,334	586,903

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

As seen in **Table 5**, the 2023 estimated average household size in Medford is 2.92 persons.⁴ This is higher than the average household size of that in the Town of Brookhaven, at 2.78 persons per household, and that of Suffolk County, at 2.87 persons per household.

**TABLE 5
 AVERAGE HOUSEHOLD SIZE: 2023 (ESTIMATE)**

Geographic Area	Household Size
Medford	2.92
Town of Brookhaven	2.78
Suffolk County	2.87

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

There is a large percentage of householders that are 55+ in age for the three geographic areas analyzed, with this percentage of the overall population expected to increase by 2028 as seen in **Table 6**. Medford is expected to experience an increase of 9% in the population aged 55 and over between 2010 and 2028. The Town of Brookhaven is expected to experience an increase of 10.5% and Suffolk County an increase of 10.9% of this age group between 2010 and 2028.

**TABLE 6
 PERCENT HOUSHOLDERS 55+**

Year	Medford	Town of Brookhaven	Suffolk County
2010	41.9%	41.5%	43.7%
2023 (Estimate)	49.9%	50.7%	53.3%
2028 (Projection)	50.9%	52.0%	54.6%

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

Tenure

As seen in **Table 7**, the majority of housing units in each geographic location are owner-occupied. Medford has the smallest share of rental properties when compared to the Town of Brookhaven and Suffolk County, with renter occupied units comprising 13.5% of the housing stock. This is 5.5% less than the Town of Brookhaven (19.0%) and 3.5% less than Suffolk County as a whole (17.0%). Medford also has lower vacancy rates at 4.0% compared to the Town of Brookhaven, at 6.5%, and Suffolk County at 10.9%, indicating demand for housing. It is noted that the information provided in **Table 6** represents total housing tenure and does not differentiate between different types of housing (i.e., single family, townhomes, apartments).

**TABLE 7
 HOUSING TENURE: 2023 (ESTIMATE)**

Housing Type	East Patchogue	Town of Brookhaven	Suffolk County
Total Housing Units	8,382	180,686	584,653
Owner-Occupied	82.5%	74.5%	72.1%
Renter-Occupied	13.5%	19.0%	17.0%
Vacant Housing Units	4.0%	6.5%	10.9%

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

As seen in **Table 8**, the median gross rent is highest in Medford at \$1,996 followed by the Town of Brookhaven at \$1,951 and Suffolk County at \$1,895. Although rental rates were the most expensive in Medford, hamlet has the lowest median value of owner-occupied housing units at \$463,604. The Town of Brookhaven is slightly higher at \$472,839 followed by Suffolk County with the highest median value of \$539,048 as seen in **Table 9**.

**TABLE 8
 MEDIAN GROSS RENT: 2021 (ACS ESTIMATE)**

Geographic Area	Median Rent
Medford	\$1,996
Town of Brookhaven	\$1,951
Suffolk County	\$1,895

Source: ACS 5-Year Estimate; Analysis by Nelson, Pope & Voorhis, LLC.

**TABLE 9
 MEDIAN VALUE OF OWNER-OCCUPIED HOUSING UNITS:
 2023 (ESTIMATE)**

Geographic Area	Median Value
Medford	\$463,604
Town of Brookhaven	\$472,839
Suffolk County	\$539,048

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

Income

Household income serves as a primary measure in determining affordability among various housing options within a given community. As seen in **Table 10**, households in Medford have a median income of approximately \$105,125. The median household income within the Town of Brookhaven and Suffolk County is slightly higher than that of Medford – at \$108,125 and \$115,114 respectively. Median household income for 55+ households is significantly lower in all geographic areas studies as part of this analysis. Medford’s 55+ median household income is the lowest at approximately \$76,634, followed by the Town of Brookhaven at \$86,285 and Suffolk County at \$94,878.³

**TABLE 10
 MEDIAN HOUSEHOLD INCOME: 2023 (ESTIMATE)**

Geographic Area	Household Income	Median Household Income for Households 55+
Medford	\$105,125	\$76,634
Town of Brookhaven	\$108,596	\$86,285
Suffolk County	\$115,114	\$94,878

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

3.2 National, Regional and Local Housing Market Trends

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

The housing market is impacted by many factors and can rapidly change in response to changing economic conditions. Over the past five years, the housing market has been impacted greatly by world-wide events, such as the Covid-19 pandemic. In December 2019, home construction was at its highest levels in 13 years.⁴ Nationally, new housing had been demanded to meet the needs of the young workforce. Conversely, aging long-term residences were being developed as infill multi-family housing in many downtown settings. According to the National Association of Realtors, Long Island residential real estate ranks as the 9th highest-priced metropolitan area in the nation as of the third quarter of 2019.

However, the increased cost of building materials and recent supply chain issues have increased the cost of construction which has in turn negatively impacted housing affordability as prices of

³ ESRI, *Community Profile Report*. All reports accessed via ESRI Business Analyst Online, August 31 2023.

⁴ The Associated Press, “New US home construction dips again in February” March 18, 2020, accessed via Long Island Business News.

new and existing homes are soaring.⁵ Additionally, as many first-time homebuyers are unable to purchase a home due to competition and surging home prices, these higher-income buyers are flooding the rental market and have created an unfavorable situation for lower- and moderate-income renters looking for apartments.⁶

These trends were greatly exacerbated during the Covid-19 pandemic as competition for a limited housing stock increased rapidly and significantly as residents of New York City and other nearby urban areas moved farther east to Long Island due to a desire for more space in response to the pandemic. The pandemic also impacted supply chains, with decreased availability and increased shipping times for building materials, causing delays and increasing overall costs.

More recent trends suggest a national housing market that is weaker overall than the spikes observed during the height of the pandemic as high mortgage rates, elevated home prices and constrained housing inventory (49% below historic averages) all contribute to the affordability crisis. Mortgage rates are higher than experienced in decades with the average 30-year fixed rate peaking at 7.23% in August 2023. Year-over-year existing monthly home sales dipped in July for the second consecutive month, slipping by 2.25 to a six-month low. The Federal Reserve recently approved a 0.25 percentage point rate hike in July in an effort to control inflation resulting in a current 5.25%-5.5% interest rate. For a housing recovery to occur there would need to be an increase in inventory, lower interest rates, and lower mortgage rates; however, this is not predicted to occur in the near future.⁷

The housing market on Long Island is reflective of national trends, but there remain several issues and challenges specific to the region. Long Island faces several housing challenges including a shortage of rental housing, an exodus of young adults, and meeting the housing needs of a growing elderly population. Long Island is largely built out or limited by zoning, and subsequently, is feeling the pressure of unmet housing demand. Due to the lack of appropriate housing for younger adults, the percentage of population over 65 on Long Island is increasing rapidly. Population projections for Long Island as whole estimate that the trend will continue. By 2040, the number of people over 65 is expected to increase by 40%, while its population under 35 could shrink by 13%.⁸ An aging population requires diverse housing options such as multifamily and rental options. Overall, rental properties on Long Island and regionally remain limited, with an average vacancy rate of only 3.3% throughout the New York-Newark-Jersey City metropolitan area.⁹ As of 2021, the median gross rent for the hamlet of Medford was \$1,996, which was more than the median gross rent in the Town of Brookhaven (\$1,951) and Suffolk County (\$1,895).

⁵Nasdaq. "Will Housing ETFs Suffer as New Home Sales Dip in February." March 24, 2020.

<https://www.nasdaq.com/articles/will-housing-etfs-suffer-as-new-home-sales-dip-in-february>

⁶Business Insider. "Owning a home is no longer the American dream" January 22, 2022. <https://www.businessinsider.com/rent-prices-rising-high-demand-few-affordable-apartments-2022-1>

⁷Forbes Advisor, "Housing Market Predictions for 2023: When Will Home Prices Be Affordable Again." September 7 2023.

⁸Regional Plan Association. "Long Island Housing Data Profiles"

⁹<https://ipropertymanagement.com/research/rental-vacancy-rate#new-york>

Long Island is experiencing a similar housing crisis with high home prices, low inventory, and high mortgage rates, all taking a toll on housing sales. Median price of closed home sales in Nassau County reached \$725,000 in August 2023 and \$585,750 in Suffolk County according to OneKey MLS. These all-time high home prices can be directly attributed to severe lack of homes on the market with inventory at historically low levels. According to OneKey MLS there are currently approximately 5,107 homes for sale on Long Island which is down from 6,854 homes listed at the end of August 2022.¹⁰

Rent increases, the cost of living, the disparity between supply and demand combined with the pandemic have intensified the affordable housing crisis on Long Island and in New York City. Overall, rental properties remain limited, with an average vacancy rate of only 3.3% throughout the New York-Newark-Jersey City metropolitan area.¹¹ As of 2021, the median gross rent for the hamlet of Medford was \$1,996, which was more than the median gross rent in the Town of Brookhaven (\$1,951) and Suffolk County (\$1,895).

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

¹⁰ LI Business News, "LI Home Prices Hit New Highs Amid Scant Supply." September 13 2023.

¹¹ <https://ipropertymanagement.com/research/rental-vacancy-rate#new-york>

4.0 CONSISTENCY WITH EXISTING COMPREHENSIVE PLANNING DOCUMENTS

As noted in **Section 1.0**, this section analyzes relevant town and local planning documents specific to the Medford community (where applicable) and summarizes the proposed project's consistency with such reports. This includes the *Town of Brookhaven Comprehensive Land Use Plan* (prepared in 1996) Suffolk County Planning Commission's *Smart Communities through Smart Growth* plan (2000), Suffolk County's *Smart Growth Committee Report: Analysis and Prioritization of the Recommendations of the Smart Growth Policy Plan for Suffolk County* (2003), Medford Vision Update (2010), and Suffolk County Comprehensive Master Plan 2023 (2015). This section also summarizes The Newmark Comprehensive Market Study, conducted for the proposed project in August 2023.

Town of Brookhaven Comprehensive Land Use Plan (1996)

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

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

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

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

Prior to the preparation of the Town wide Comprehensive Plan there were Hamlet Plans developed that are referenced and incorporated into the Comprehensive Plan. Medford's Mini Master Plan specifically recommends providing affordable housing for all segments of the population, specifically senior citizens.

Overall, the proposed project complies with the intent and advances the recommendations provided in the *Town of Brookhaven Comprehensive Land Use Plan* as the Medford Gardens senior housing development will provide additional affordable senior housing options.

Smart Growth Policy Plan for Suffolk County (2000)

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

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

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

The Medford Gardens senior housing development is consistent with these principles and recommendations in that the proposed project will provide additional affordable housing opportunities, specifically for seniors.

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

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

Medford Vision Update (2010)

The 2010 Medford Vision Plan was prepared as an update to the 1994 Medford Hamlet Comprehensive Plan. The 1994 Plan listed eleven goals, most of which are still applicable today. One goal is to provide affordable housing for all segments of the population, particularly senior citizens. This goal was further expanded in the 2010 updated Vision Statement to provide a diversity of housing for all segments of the population. A majority of respondents to the Medford community survey supported the statement “a mix of housing types would allow the young, elderly, and families to live in the same neighborhood”.

Suffolk County Comprehensive Master Plan 2023 – Framework For The Future

The Suffolk County Planning Commission drafted the “Suffolk County Comprehensive Master Plan 2035” in 2015 in order to create a blueprint for the future of Suffolk County. Long-term planning goals are intended to guide activities related to growth in Suffolk County. Suffolk County’s land use is largely comprised of low-density residential development with scattered single use commercial areas. This pattern of development can no longer be sustained by the network of transportation, water, and wastewater infrastructure and cannot easily accommodate further residential growth or economic development. Future planning in the region will require special attention to the relationship between land use, the overall economy, traffic and transportation systems, as well as natural and built resources.

Long term planning goals outlined in the Plan include (1) to provide the foundation for sustainable growth and resiliency of Suffolk County and (2) to encourage economic development that will help to retain and attract business and create jobs for Suffolk County residents. In order to attain these long-term aspirational goals, the Plan identifies six key objectives one of which is to provide equitable, affordable, and fair housing.

Many of the housing-related issues in Suffolk County, such as the shortfall in workforce and senior housing, as well as a lack of multi-family housing, have manifested themselves over the past several decades and are now posing an obstacle for the County on its path to continued, sustainable growth. The County identifies the need for increased affordable and fair housing. Lack of affordable housing means that existing as well as potential residents are priced out of the market. Demographic changes occurring within Suffolk County over the past two decades have created a new housing demand profile that includes a higher proportion of smaller, multi-family units, a higher proportion of rental units, and more units that are priced at levels that are affordable to households earning under \$75,000 annually. While the demand has shifted towards smaller multifamily units, single family homes continue to be built at a faster pace, and existing inventory of multifamily housing remains low.

Newmark Comprehensive Market Study Proposed Senior Housing

Newmark completed a study for the proposed Medford Gardens senior development in August 2023. The objectives of the study were to (1) demonstrate that sufficient demand exists for the proposal in the market area, (2) demonstrate that the proposed project will not cause any undue economic harm on the existing rental stock in the market area, and (3) evaluate the positioning

of the subject's structure within the context of the current market conditions in the area and evaluate rent advantage.

The study found that there is a defined need for this project as affordable housing for seniors in the Medford area is extremely limited. Any existing affordable units have extensive waitlists and limited turnover. The occupancy rate for comparable units in the primary market area is 99%. In addition, 35% of local renters earn less than \$30,000 per year. The rent and unit mix of the proposed development will attract income qualified renter households not currently living in affordable housing.

In addition, the study noted that affordable options for seniors in Medford include only one older complex north of the site that is regularly fully occupied with a waitlist. Other options include Conifer Village and Pinehurst which have a combined total of 300 units; however, there are typically limited turnover and regular waitlists populated by existing renters and homeowners. Other age restricted affordable options in Patchogue are older deep subsidy developments with rental assistance built in the last 20 years with extensive waitlists as well as 35 affordable units included as part of the Fairway Manor property. The only pipeline project in the area is the recently approved GGV Grove Apartments on East Main Street in Patchogue with 55 mixed income workforce units in a walkup building.

The study concludes that considering the wait lists at other affordable projects within the Primary Housing Market Area (PMA), and the number of age and income eligible households for each unit type after elimination of the existing affordable housing, there would be no negative impact on the existing affordable housing stock based on the development of the new housing units for seniors. There has been ongoing new market rate and affordable development that have been well supported. The subject site is well located for development of an age-restricted housing complex given the availability of services in the immediate area including medical care, groceries, a pharmacy and other conveniences. There is a clear demand in the area based on the low capture rate and the high number of income-qualified households not living in affordable tax credit housing that would support the project.

5.0 SUMMARY OF ECONOMIC AND FISCAL IMPACTS

As noted in **Section 1.0**, this analysis summarizes the existing conditions and the fiscal and economic impacts that are associated with the development of Medford Gardens. Fiscal impacts include the generation of property tax revenues and their distribution among local taxing jurisdictions. Economic impacts include direct, indirect and induced benefits on output, employment and associated labor income during the 19-month construction phase and during a stabilized year of annual operations.

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

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

Definition of Economic Impacts

A **direct impact** arises from the first round of buying and selling and includes the production of changes and expenditures made as a result of the proposed action. These direct impacts can be used to identify additional rounds of buying and selling for other sectors of the economy and to identify the impact of spending by local households. During construction, the direct impact includes the number of construction employees, their salaries, and most of the expenditures that are anticipated to be incurred by the developer. It generally includes expenditures related to demolition, construction, purchase of materials, engineering, architecture, and environmental consultants. During operations, direct impacts include the salaries of employees of the development (such as maintenance and management), and direct output would be in the form of monthly rental rates for the proposed apartments.

An **indirect impact** refers to the increase in sales of other industry sectors stemming from business-to-business purchases in the supply chain due to the initial input purchases, which include further round-by-round sales. The indirect impacts on output related to construction include additional purchases within the supply chain.

An **induced impact** accounts for the changes in household spending resulting from the labor income generated by the employees of the proposed action during construction and operations, resulting from direct and indirect impacts.

The **total impact** is the sum of the direct, indirect and induced impacts.

Key Findings

Economic Impacts of Construction

A detailed analysis of direct, indirect and induced impacts generated during the 19-month construction period is outlined below. It is important to note that each of these impacts is temporary and are projected to occur only while the proposed project is being constructed.

- For the purpose of this analysis, it is anticipated that construction of the proposed project will commence in spring 2024, with the construction period anticipated to occur over a period of approximately 19 months, culminating in late 2025.¹²
- The proposed project is projected to represent approximately \$25.7 million¹³ in construction costs over the 19-month construction period.¹⁴ This \$25.7 million in direct annual output is projected to generate an indirect impact of over \$3.5 million, and an induced impact of an additional \$7.8 million, bringing the total economic impact on output to nearly \$37.1 million during the 19-month construction period.¹⁵
- During the construction period, direct employment refers to the number of short-term jobs necessary to complete the construction of the proposed project. The construction period is anticipated to generate 111.4 full-time equivalent (FTE) jobs, which are anticipated to last the entire duration of the 19-month construction period.
- The 111.4 FTE jobs created during the construction period are anticipated to have an indirect impact of 17.31 FTE employees and an induced impact of 41.62 FTE employees in other industry sectors, bringing the total impact of the 19-month construction period to 170.33 FTE jobs.¹⁶ This job creation – direct, as well as indirect and induced – presents opportunities for persons who remain unemployed throughout the region.
- During the construction period, direct labor income refers to the annual earnings, wages, or salary paid to each of the workers responsible for the construction of the proposed project. Labor income typically comprises approximately 50% of the cost of residential construction; the remaining portion represents the cost of materials.¹⁷

¹² Construction schedule provided by WellLife Network Inc. in September 2023.

¹³ For the purpose of this analysis, this figure and all other figures in the construction portion of this analysis reflect 2024 dollars, the year in which construction is assumed to commence.

¹⁴ Construction costs provided by WellLife Network Inc. in September 2023. It is important to note that all costs are estimates based upon market conditions as of the date of preparation of this analysis.

¹⁵ According to IMPLAN, a multiplier of 1.538445 represents the total dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand through the “Construction of new multifamily residential structures” (IMPLAN Sector 58) in Suffolk County, New York.

¹⁶ According to IMPLAN, a multiplier of 9.64 represents the total change in the number of jobs that occurs in all industries for each additional one million dollars of output delivered to final demand through the “Construction of new multifamily residential structures” (IMPLAN Sector 58) in Suffolk County, New York.

¹⁷ Construction/renovations labor and materials estimates per architectural design group Nelson + Pope.

- Labor income is projected to average approximately \$71,000 per year, per employee.¹⁸ When applied to the 19-month construction period, this represents an average of approximately \$110,000 per FTE employee, and over \$12.8 million in collective earnings among the 111.4 FTE employees. This labor income is projected to have an indirect impact of over \$1.2 million and an induced impact of over \$2.7 million, bringing the total economic impact of the 19-month construction period to over \$16.8 million in labor income.¹⁹

A summary of key economic findings projected to occur during the 19-month construction period is provided in **Table 11**.

TABLE 11
SUMMARY OF KEY ECONOMIC FINDINGS
DURING 19-MONTH CONSTRUCTION PERIOD

Impact Type	Output (Total Revenue)	Employment (Total Number of FTE Jobs)	Labor Income (Total Wages)
Direct Impact	\$25,725,836	111.40	\$12,862,918
Indirect Impact	\$3,527,763	17.31	\$1,253,410
Induced Impact	\$7,844,227	41.62	\$2,734,989
Total Impact	\$37,097,825	170.33	\$16,851,317

Source: Data provided by WellLife Network Inc; Analysis by Nelson, Pope & Voorhis, LLC, via IMPLAN software.

Economic Impacts of Annual Operations

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

- It is assumed that the proposed project will begin the operational phase of development upon the completion of the 19-month construction period. For the purpose of this analysis, the first year of stabilized operations is assumed to occur in 2026, which will be the first full year of operations.

¹⁸ New York State Department of Labor’s Occupational Employment Statistics survey reports a median wage of \$68,768 among those employed within construction and extraction occupations in the Long Island labor market. The Occupational Employment and Wage Statistics (OEWS) program provides estimates of employment and wages for nearly 800 job titles across New York State. These are estimates of the number of workers by occupation and the typical wages paid to people in those jobs. Wage information has been updated to the first quarter of 2023 by making cost-of-living adjustments.. An additional annual inflation factor of three percent (3%) was applied to the average wage, to reflect wages at the commencement of the construction period – estimated to occur in 2024 for the purpose of this analysis.

¹⁹ According to IMPLAN, a multiplier of 0.822728 represents the total dollar change in labor income of households employed by all industries for each additional dollar of output delivered to final demand through the “Construction of new multifamily residential structures” (IMPLAN Sector 58) in Suffolk County, New York.

- Annual output will be generated in the form of monthly rental income. The anticipated rental rents for the various unit types proposed are as follows:²⁰
 - \$1,100 for each studio unit; and,
 - A range of \$975 to \$1,460 for each one-bedroom unit.
- Annual rental income is anticipated to total approximately \$950,000.
- The annual operational revenues are projected to generate an indirect impact of approximately \$200,000 and an induced impact of over \$215,000 per year. This additional output is generated through round-by-round sales made at various merchants in other sectors of the regional economy. These include local retailers, service providers, banks, grocers, restaurants, financial institutions, insurance companies, health and legal services providers, and other establishments in the region.
- The sum of the direct, indirect and induced impacts results in a total economic impact on output of over \$1.3 million per year during annual operations.²¹
- The proposed project is anticipated to generate 7.0 FTE jobs on site.²² The 7.0 FTE jobs is expected to have an indirect impact of 0.68 FTE employees and an induced impact of 1.13 FTE employees in other industry sectors, bringing the total economic impact of employment to 8.81 FTE jobs during annual operations.²³
- The 7.0 FTE jobs are estimated to generate a total of \$322,728 in collective labor income. This labor income includes an average employee salary of \$40,000²⁴ and benefits equal to approximately 15% of the total salaries for the residential positions.²⁵
- The approximately \$322,000 in labor income is projected to have an indirect impact of over \$60,000 and an induced impact of over \$70,000, bringing the total economic impact of labor income to over \$460,000 during annual operations.²⁶

A summary of key economic findings projected to occur during annual operations is provided in **Table 12**.

²⁰ Assumptions pertaining to monthly rental rates provided by WellLife Network Inc. in September 2023. It is important to note that all costs are estimates based upon market conditions as of the date of preparation of this analysis.

²¹ According to IMPLAN, a multiplier of 1.296519 represents the total dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand by the "Tenant-occupied housing" (IMPLAN Sector 448) industry, in Suffolk County, New York.

²² Assumptions pertaining to the direct employment of the proposed project provided by WellLife Network Inc. in September 2023.

²³ According to IMPLAN, a multiplier of 6.91 represents the total change in the number of jobs that occurs in all industries for each additional one million dollars of output delivered to final demand by "Tenant-occupied housing" (IMPLAN Sector 448) in Suffolk County, New York.

²⁴ Assumptions pertaining to the number of employees and annual salaries within the proposed project provided by WellLife Network Inc. in September 2023.

²⁵ According to IMPLAN, a multiplier of 1.152601 represents the total benefits specific to employee salaries among "Tenant-occupied housing" (IMPLAN Sector 448) in Suffolk County, New York.

²⁶ According to IMPLAN, a multiplier of 0.170305 represents the total dollar change in labor income of households employed by all industries for each additional dollar of output delivered to final demand by "Tenant-occupied housing" (IMPLAN Sector 448), in Suffolk County, New York.

TABLE 12
SUMMARY OF KEY ECONOMIC FINDINGS DURING ANNUAL OPERATIONS

Impact Type	Output (Total Revenue)	Employment (Total Number of FTE Jobs)	Labor Income (Total Wages)
Direct Impact	\$954,120	7.00	\$322,728
Indirect Impact	\$200,430	0.68	\$64,750
Induced Impact	\$215,023	1.13	\$74,995
Total Impact	\$1,369,574	8.81	\$462,473

Source: Data provided by WellLife Network Inc; Analysis by Nelson, Pope & Voorhis, LLC, via IMPLAN software.

Existing Fiscal Conditions

- The vast majority of assessed parcels in the Town of Brookhaven are residential properties, comprising 74.1% of the total number of parcels. However, such properties comprise 46.9% of the Town’s tax base²⁷ and cause the greatest burden on community services.
- The Town of Brookhaven adopted an operating budget of \$328.6 million for the 2023 fiscal year.²⁸
- Suffolk County adopted a 2022 operating budget with expenditures of \$3.972 billion and revenues of \$5.114 billion.²⁹
- The proposed project is located within the boundaries of the Patchogue-Medford UFSD. The latest American Community Survey data (2021 5-Year estimates) suggest that 97.9% of all school-aged children who are enrolled in school and reside within the school district boundaries attended public schools; the remaining 2.1% of school-aged children attend private schools.
- Student enrollment within the Patchogue-Medford UFSD has decreased by 577 students, or 7.3% – over the ten years between the 2012-13 and 2021-22 academic years.³⁰
- According to the New York State School Report Card Fiscal Accountability Summary for the Patchogue-Medford UFSD, expenditures averaged \$24,747 per student during the 2021-22 academic year.³¹
- For the 2022 fiscal year, school district expenditures totaled over \$244.3 million, of which over \$125.5 million was spent on education and nearly \$50.0 million was spent on employee benefits. The total revenue for this year was over \$252.5 million, of which nearly \$108.1 million was levied through real property taxes and assessments, over \$77.2 million through state aid, and over \$15.6 million through federal aid.³²
- The Patchogue-Medford UFSD adopted a balanced budget for the 2023-2024 academic

²⁷ New York State Office of Real Property Services, 2022 Annual Assessment Rolls, 2022 Parcel Counts by Individual Property Class Code.

²⁸ Town of Brookhaven, “2023 Adopted Operating Budget.”

²⁹ Suffolk County, “2023 Adopted Operating Budget Suffolk County Volume 1,” 2022.

³⁰ New York State Department of Education.

³¹ New York State Department of Education.

³² Office of the New York State Comptroller.

year, with revenues and expenditures totaling over \$231.3 million.³³

- Prior to the coronavirus pandemic of 2020-22, unemployment had been decreasing substantially since its peak in 2010-2012. Unemployment in the Town, County, Long Island and New York State increased significantly in 2020; but started to decline in 2021 and continued to decline in 2022. As of July 2023 (the most recent data available), approximately 8,400 persons – 3.1% of the Town’s labor force – were unemployed. While it is important to note that this data has not been seasonally adjusted, the July 2023 unemployment rate for the Town was equal to Suffolk County’s unemployment rate (3.1% of the labor force – or 25,500 persons) and marginally higher than Long Island’s unemployment rate (approximately 47,000 person or 3.1% of the County’s labor force). However, the Town, County, and Long Island unemployment rates are all lower than New York State’s overall unemployment rate of 4.1% (407,400 persons).
- The project site is currently taxed at a rate of 410.462 per \$100 of assessed valuation and an assessed value of 775. This translates into a current generation of \$3,181 in property tax revenues for the subject property.³⁴ The existing distribution of tax revenues is shown in **Table 13**.

³³ Patchogue-Medford UFSD.

³⁴ Town of Brookhaven Assessor’s Office.

**TABLE 13
 EXISTING TAX REVENUES**

Taxing Jurisdiction	Current Tax Rate (per \$100 Assessed)	Current Tax Revenue	Tax Revenue Percent Distribution
Total School Taxes	304.166	\$2,357	74.1%
School District- Patchogue-Medford UFSD	283.317	\$2,196	69.0%
Library District- Patchogue-Medford UFSD	20.849	\$162	5.1%
Total County Taxes	47.144	\$365	11.5%
County of Suffolk	2.759	\$21	0.7%
County of Suffolk - Police	44.385	\$344	10.8%
Total Town Taxes	25.431	\$197	6.2%
Town - Town Wide Fund	6.135	\$48	1.5%
Highway - Town Wide Fund	1.765	\$14	0.4%
Town- Part Town Fund	1.937	\$15	0.5%
Highway- Part Town Fund/Snow Removal	15.594	\$121	3.8%
Other Taxes	33.721	\$261	8.2%
New York State MTA Tax	0.146	\$1	0.0%
Open Space Preservation	2.260	\$18	0.6%
Fire Districts - Medford	17.504	\$136	4.3%
Lighting Districts - Brookhaven	1.259	\$10	0.3%
Ambulance District - Medford	7.794	\$60	1.9%
Real Property Tax Law	3.830	\$30	0.9%
Out of County Tuition	0.717	\$6	0.2%
Suffolk County Community College Tax	0.211	\$2	0.1%
TOTAL: ALL TAXING JURISDICTIONS	410.462	\$3,181	100.0%

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

Anticipated Fiscal Impacts

- The project is proposed to include the development of 67 senior rental residential units, which includes one unit for the building manager that will not generate rental revenues. Therefore, the proposed Medford Gardens development will not result in additional school aged children residing in the community or attending the Patchogue-Medford Union Free School District.
- For taxing purposes, the total estimated market valuation of the proposed project is based upon rental rates ranging from an anticipated \$975 to \$1,460 per month for the residential units.³⁵ As shown in **Table 14**, monthly rental rates for the 66 rent-generating units will total an estimated \$954,120 per year.
-

³⁵ Residential rental rates provided by WellLife Network Inc. in September 2023.

**TABLE 14
 ANTICIPATED RENTAL RATES**

Unit Type	Number of Units	Monthly Rental Rate	Total Gross Rent
Studio (ESSHI subsidy, 30% AMI)	8	\$1,100	\$105,600
Studio (ESSHI subsidy, 50% AMI)	2	\$1,100	\$26,400
One Bedroom (40% AMI)	10	\$975	\$117,000
One Bedroom (50% AMI)	10	\$1,218	\$146,160
One Bedroom (60% AMI)	13	\$1,460	\$227,760
One Bedroom (ESSHI subsidy, 30% AMI)	20	\$1,200	\$288,000
One Bedroom (ESSHI subsidy, 50% AMI)	3	\$1,200	\$43,200
Total: All Rental Units	66	--	\$954,120

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

- After applying estimated loss from vacancies of 5%, as well as an expense ratio of 40%, a capitalization rate of 0.1 and a Town equalization rate of 0.62%³⁶, the estimated assessed valuation of the proposed project upon full build-out and occupancy is approximately \$32,535. This is shown in Table 15.

**TABLE 15
 ESTIMATED ASSESSED VALUATION**

Parameter	Value
Gross Annual Rents	\$954,120
Estimated Loss from Vacancies	5%
Expense Ratio	40%
Net Income	\$524,766
Capitalization Rate	0.1
Estimated Market Value	\$5,247,660
2022 Equalization Rate	0.62%
Assessed Value	\$32,535

- When the estimated assessed valuation of \$32,535 is applied to the current tax rates, the proposed project is projected to generate \$133,546 in annual taxes under full build-out and full taxation of the property. This represents a net increase of over \$130,000 per year when compared to existing site conditions. The distribution of tax revenues is shown in Table 16.
- Fiscal impacts are projected based on full build-out and full taxation based on current assessments and projected revenues. It is noted that any tax deferral programs will delay and phase-in full taxation. The projection of tax revenues is useful in determining an

³⁶ New York State Office of Real Property Tax Services Municipal Profiles.

understanding of existing and future taxes to assist the IDA in decision-making when developing a PILOT payment schedule.

- An analysis of estimated taxes under full buildout and full taxation, represents a significant increase in tax revenue generated by the property resulting from the proposed development. The majority of the tax revenue generated (approximately 69%) is estimated to be for the Patchogue-Medford UFSD. Since the proposed project is a senior housing development, no increase in student enrollment or increase in costs to the school district are anticipated. The increase in tax revenue generated by the project could ease the district's need to tap into additional fund balances and could also help alleviate an increased burden on other taxpayers throughout the district.

**TABLE 16
 ANTICIPATED TAX REVENUE GENERATION**

Taxing Jurisdiction	Current Tax Revenue	Full Taxation Estimated Revenue	Change in Tax Revenue
Total School Taxes	\$2,357	\$98,962	\$96,605
School District- Patchogue-Medford UFSD	\$2,196	\$92,179	\$89,983
Library District- Patchogue-Medford UFSD	\$162	\$6,783	\$6,622
Total County Taxes	\$365	\$15,339	\$14,973
County of Suffolk	\$21	\$898	\$876
County of Suffolk - Police	\$344	\$14,441	\$14,097
Total Town Taxes	\$197	\$8,274	\$8,077
Town - Town Wide Fund	\$48	\$1,996	\$1,949
Highway - Town Wide Fund	\$14	\$574	\$561
Town- Part Town Fund	\$15	\$630	\$615
Highway- Part Town Fund/Snow Removal	\$121	\$5,074	\$4,953
Other Taxes	\$261	\$10,971	\$10,710
New York State MTA Tax	\$1	\$48	\$46
Open Space Preservation	\$18	\$735	\$718
Fire Districts - Medford	\$136	\$5,695	\$5,559
Lighting Districts - Brookhaven	\$10	\$410	\$400
Ambulance District - Medford	\$60	\$2,536	\$2,475
Real Property Tax Law	\$30	\$1,246	\$1,216
Out of County Tuition	\$6	\$233	\$228
Suffolk County Community College Tax	\$2	\$69	\$67
TOTAL: ALL TAXING JURISDICTIONS	\$3,181	\$133,546	\$130,365

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

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