

FEASIBILITY STUDY

SUBSTANTIATION OF NEED FOR TOWN OF BROOKHAVEN IDA FINANCIAL ASSISTANCE

Prepared For:
Town of Brookhaven Industrial Development Agency
1 Independence Hill | Farmingville, NY 11738

Regarding:
Alegria South, LLC (Community Development Corporation of Long Island & The D&F Development Group, LLC)

New Construction of a 96-Unit 100% Affordable, Mixed-Use Project at 1627-1665 Montauk Highway, North Bellport, NY

Request:
Sales tax exemption on building materials and equipment;
Mortgage recording tax exemption; and
Payment in-lieu of taxes (PILOT)

Grow America
633 3rd Avenue
19th Floor Suite J
New York, NY 10017
www.growamerica.org

October 16, 2026

CONTENTS

I. ASSIGNMENT 3
II. PROJECT SUMMARY 3
III. SOURCES & USES 5
IV. SUMMARIZED BENEFITS PACKAGE 6
V. SUMMARY OF GROW AMERICA ANALYSIS 7
a. RENT ROLL 8
b. PRO FORMA ANALYSIS 9
VI. STUDENT IMPACT 10
VII. PILOT CRITERIA REVIEW 10
APPENDIX I: PILOT SCHEDULE 15
APPENDIX II: PRO FORMA 16
GROW AMERICA DISCLAIMER 17

INDUSTRIAL DEVELOPMENT AGENCY
Town Of Brookhaven

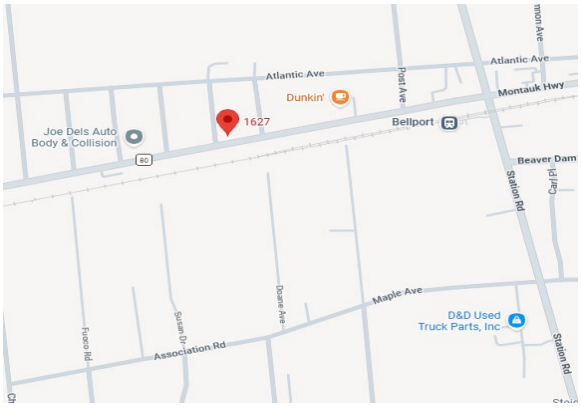
I. ASSIGNMENT

Grow America (formerly National Development Council) is a national not-for-profit economic development organization that provides development finance advisory services to municipalities and public benefit agencies throughout the country. Grow America is often asked to analyze the financial structures of proposed developments and determine the appropriateness of financial assistance or incentives. The Town of Brookhaven Industrial Development Agency (the "IDA" or the "Agency") requested that Alegria South, LLC and its counsel arrange for the completion of a feasibility report demonstrating that the tax assistance package requested of the IDA is necessary for the proposed project to be financially feasible. The purpose of this memo is to describe Grow America's understanding of the project and its findings related to the proposed affordable, mixed-use development at 1627-1665 Montauk Highway in North Bellport.

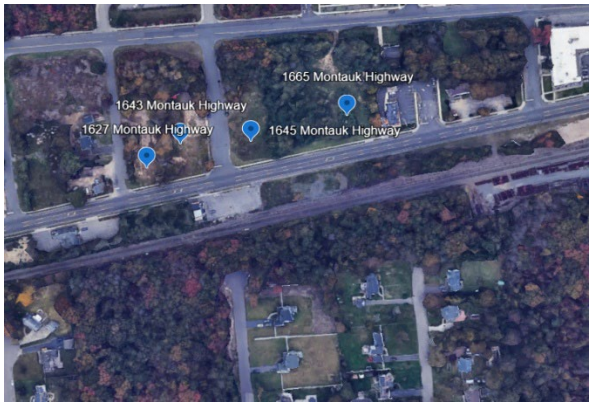
II. PROJECT SUMMARY

Alegria South, LLC (the "Applicant" and/or "Developer") has applied for financial assistance for Alegria South (the "Project"), a proposed mixed-use, transit-oriented development in North Bellport, Town of Brookhaven, Suffolk County, New York. The Project will consist of three components: a 96-unit affordable rental housing development, a community center and community service facility, and an off-site sewage treatment plant ("STP") that will serve the proposed development. The Project will be developed as a joint venture between The D & F Development Group, LLC ("D&F") and Community Development Long Island ("CDLI").

The application requests a sales tax exemption on building materials and equipment, a mortgage recording tax exemption, and a property tax abatement in the form of a payment in lieu of taxes ("PILOT").



Approximate Site Location on Map



Aerial Photo of Site

Both the residential and STP sites are currently vacant and underutilized, and neither has any known environmental issues. The Project is located within the area covered by the Town's Greater Bellport Land Use Plan, adopted in 2014, and the Greater Bellport Overlay District ("GBOD"), established by local law in 2022. The GBOD provides the zoning density needed to support the Town's goals for the area, which include affordable housing, sewer infrastructure, commercial uses, and placemaking as part of a broader

effort to establish a Downtown North Bellport. The site is approximately a five-minute walk from the Bellport Long Island Rail Road ("LIRR") station and several bus lines.

The residential component will include four newly constructed, three-story townhome-style buildings. The unit mix will consist of 18 one-bedroom units, 46 two-bedroom units, and 31 three-bedroom units, plus one three-bedroom unit reserved for the property superintendent. Units will be affordable to households earning at or below 30%, 50%, 60%, and 70% of the Area Median Income ("AMI"). NYS Homes and Community Renewal ("HCR") will impose a 50-year affordability period, and Suffolk County will require 10 units to remain affordable in perpetuity.

The Project will set aside 15 one-bedroom units as supportive housing for individuals with intellectual and developmental disabilities ("I/DD"). Services and referrals will be provided by Independent Support Services, which is applying for Integrated Supportive Housing funds through the NYS Office for People with Developmental Disabilities ("OPWDD"). Consistent with Suffolk County requirements for affordable housing projects receiving County funding, five units will be set aside for veterans and five units for volunteer firefighters and emergency medical services ("EMS") personnel serving the local fire or ambulance district. In addition, 20 units will be accessible to people with mobility impairments and six units will be accessible to those with hearing or visual impairments, with referrals and services provided by the Long Island Center for Independent Living.

The buildings are designed in a shingle style and will feature wood-frame construction, Hardie plank siding, vinyl windows, and pitched roofs with architectural shingles. The Project will follow the 2025 HCR Design Criteria and will pursue Enterprise Green Communities 2020 Plus, Energy Star Multifamily New Construction, DOE Zero Energy Ready Homes, and EPA Indoor airPLUS certifications. The buildings will be delivered solar ready.

Resident amenities will include a community room, supportive service offices, a common laundry room, in-unit and common area broadband access, in-unit bulk storage, EV charging stations, an outdoor seating area, a playground, and Energy Star appliances in each unit. The Applicant is negotiating a bulk agreement with Optimum Communications to provide residents with broadband service at the owner's expense. Tenants will be responsible for electric service, including heating, cooking, hot water, and air conditioning, while the owner will provide water. The site will include 184 paved parking spaces, 12 of which will be accessible, along with eight land-banked spaces as required by zoning, for a total of 192 spaces.

The commercial component will be a community center featuring a catering, take-out, and food preparation facility expected to be operated by Shiloh Community Church and Chara's Kitchen & Catering. Both are minority-owned organizations that have operated in the Bellport community for many years.

The Project will be served by a 30,000-gallon STP located approximately 580 feet from the residential site. The STP's excess capacity is expected to serve a potential affordable homeownership development by the Long Island Housing Partnership.

The Applicant has requested a 30-year property tax abatement through a PILOT Agreement, aligned with the term of the Project's permanent financing. Under the IDA's Uniform Tax Exemption Policy ("UTEP"), the definition of "Affordable Housing Projects" includes those utilizing nine percent (9%) Low-Income Housing Tax Credits ("LIHTCs"), such as the proposed development in North Bellport is anticipated to.

According to the UTEP, Affordable Housing Projects may, at the sole discretion of the Agency, be granted a PILOT Agreement with fixed payments for a term of up to 15 years. Alternatively, the Agency may approve a "10% Shelter Rent PILOT" for a 10- or 15-year term, under which payments are calculated as 10% of project effective gross income ("EGI") minus utilities.

The UTEP further provides that if a project is financed with 9% LIHTCs or is subject to a Regulatory Agreement that restricts tenant income and rents, the Agency may, at its discretion, approve a PILOT term that matches the term of the Regulatory Agreement or project financing. In this case, the Project is subject to a 50-year affordability period and will obtain permanent financing with a 30-year term.

Following its review of the application, Grow America recommends a 30-year PILOT schedule, aligned with the term of the Project's permanent financing. The PILOT will be calculated at 10% of shelter rent in Operating Year 1, with annual increases of 3.00% in Years 2 through 30. A detailed breakdown of the proposed PILOT schedule is provided in **Appendix I** of this report.

III. SOURCES & USES

The proposed sources and uses are outlined on the following page. The Developer has assembled a complex capital structure of eleven permanent funding sources. The development budget totals $69.96 million, or $630 per gross square foot and $728,756 per unit. These figures are notably high but in line with other affordable housing projects in Suffolk County financed with LIHTC equity in 2026. The Applicant noted that these high costs are driven partially by the required site work and construction of the STP, which together add approximately $78,000 to the per-unit project cost. These project-specific factors were compounded by broader market conditions, including the nationwide increase in construction costs.

The Developer has structured a layered capital stack consistent with LIHTC affordable housing, integrating senior debt, subordinate soft loans, tax credit equity, and deferred sources. The permanent capital structure includes:

- Private Financing (Webster Bank First Mortgage): $8,000,000 (11% of total sources)
- Federal LIHTC Equity: $28,179,679 (40%)
    - The equity raise reflects a limited partner investment priced at $0.91 per dollar of tax credit, which represents strong market pricing and indicates that the Developer has effectively utilized LIHTC equity.
- State LIHTC Equity: $6,471,850 (9%)
- HCR New Construction Program ("NCP"): $9,000,000 (13%)
- Long Island Investment Fund: $4,500,000 (6%)
- OPWDD Integrated Supportive Housing Program ("ISH"): $3,500,000 (5%)

- Suffolk County Workforce Housing Funds: $2,685,000 (4%)
- Long Island Housing Partnership: $1,313,280 (2%)
- Community Investment Fund ("CIF"): $400,000 loan and $133,333 equity (1%)
- Deferred Developer Fee: $2,277,395 (3%)

USES OF FUNDS				
	$	Per Unit	Per SF	%
Land Acquisition	$2,480,000	$25,833	$22	4%
Residential New Construction (HC)	$33,969,180	$353,846	$306	49%
Commercial New Construction (HC)	$412,500	$4,297	$4	1%
Sewer Treatment Plant (HC)	$3,600,000	$37,500	$32	5%
Site Work (HC)	$3,873,950	$40,354	$35	6%
General Requirements / Overhead / Profit (HC)	$5,859,788	$61,039	$53	8%
Hard Cost Contingency (5% of HCs)	$2,385,771	$24,852	$21	3%
Construction Financing Costs	$6,412,981	$66,802	$58	9%
General Soft Costs	$5,750,596	$59,902	$52	8%
Developer Fee	$4,500,000	$46,875	$41	6%
Reserves	$715,771	$7,456	$6	1%
Total	**$69,960,538**	**$728,756**	**$630**	**100%**

SOURCES OF FUNDS				
	Construction	Permanent	Per Unit	%
Private Financing	$45,498,146	$8,000,000	$83,333	11%
Federal LIHTC Equity	$15,498,823	$28,179,679	$293,538	40%
State LIHTC Equity	$3,559,518	$6,471,850	$67,415	9%
HCR New Construction Program (NCP)	–	$9,000,000	$93,750	13%
Community Investment Fund (CIF)	–	$400,000	$4,167	1%
OPWDD Multi-family Integrated Supportive Housing Program (ISH)	–	$3,500,000	$36,458	5%
Suffolk County Workforce Housing Funds	–	$2,685,000	$27,969	4%
Long Island Housing Partnership	$1,313,280	$1,313,280	$13,680	2%
Long Island Investment Fund	–	$4,500,000	$46,875	6%
CIF Equity	–	$133,333	$1,389	<1%
Deferred Costs	$715,771	–	–	–
Financing Gap (To Be Identified)	–	$3,500,000	$36,458	5%
Deferred Developer Fee	$3,375,000	$2,277,395	$23,723	3%
Total Sources of Funds	**$69,960,538**	**$69,960,538**	**$728,756**	**100%**

Notably, there is a financing gap of $3,500,000 (5%). The Applicant's counsel stated that the Applicant is working with HCR to close it. Potential sources include a contribution of half of the builder's fee and additional tax credits or other funding from HCR.

The developer fee totals $4,500,000, representing 6% of total development costs and 7% of total eligible costs (total development cost less reserves and land acquisition), which is below the typical LIHTC range of 10–15% of eligible costs. The Developer proposes to defer $2,277,395, or approximately 51% of the total fee, to be repaid from residual cash flow. Based on Grow America's pro forma, the deferred fee is fully repaid in Year 14, within the 15-year compliance period.

IV. SUMMARIZED BENEFITS PACKAGE

The Developer has requested a 30-year PILOT for the subject property. Grow America has reviewed the development program, as detailed in **Section V**, and concludes that a 30-year PILOT based upon "10% of shelter rent" is appropriate to help meet lender metrics. "Shelter rent" is defined as EGI less utilities. The

starting PILOT will be $194,922, approximately 7.4x the $26,413 in land-only taxes currently paid. The PILOT schedule is detailed in **Appendix I**.

IDA TAX BENEFITS	
IDA RELATED PROPERTY TAXES	
Total PILOT Payment Over 30 Years	$9,273,502
Current Taxes Paid	$26,413
Average Payment Paid Over 30 Years	$309,117
Multiplier Over Current Taxes Paid	11.7x
Average Per Unit Payment Paid Over 30 Years	$3,220
SALES TAX EXEMPTION	
Construction Hard Costs	$50,101,189
Value of Eligible Building Materials	$31,696,330
Sales Tax	8.750%
Total Value of Sales Tax Exemption	$2,773,429
MORTGAGE RECORDING TAX	
Mortgage	$45,498,146
Mortgage Recording Tax	1.05%
Transit District Exclusion	(0.30%)
Value of Exemption	$341,236

Under the recommended PILOT schedule, the tax increment is significant. Approximately $9.3 million in PILOT payments will be made over the 30-year term. The average annual PILOT of $309,117 is approximately 11.7x the $26,413 in current land-only real estate taxes. In addition, the requested sales tax exemption on building materials is valued at approximately $2,773,429, based on the Applicant's estimated building materials cost of $31,696,330. The requested mortgage recording tax exemption is valued at approximately $341,236, based on a construction loan of $45,498,146.

V. SUMMARY OF GROW AMERICA ANALYSIS

Grow America based its analysis on the revenue assumptions provided by the Developer in the IDA application. For consistency with other IDA reviews, Grow America created its pro forma with the following assumptions:

- Permanent loan assumptions in line with the current market for similar projects:
  - 30-year amortization

  - Interest rate of 7.00%
- Increasing residential gross income by 2.0% annually
- Increasing commercial gross income by 2.0% annually
- Calculating management fee at 7.0% of EGI
- Increasing operating expenses by 3.0% annually

a. RENT ROLL

Monthly rents range from $780 for a one-bedroom unit at 30% of AMI to $2,763 for a three-bedroom unit at 70% of AMI. The full unit mix and proposed rents are provided below. The Developer also assumes $12 per square foot ("SF") annually for the 1,364 SF community center/commercial space. Grow America used the maximum AMI rents for the Nassau-Suffolk, NY HUD Metro FMR Area and subtracted the Applicant's assumed utility allowances to estimate net rents. One three-bedroom unit is reserved for the property superintendent and generates no rental income.

RENT ROLL										
Unit Description	**%**	**Units**	**Avg. NSF**	**Total NSF**	**Max AMI Rent**	**Less: Utility Allow.**	**Tenant Subsidy**	**Gross Rent**	**Rent/SF**	**Annual Rent**
30% AMI										
One Bedroom	3%	3	482	1,446	$924	$144	–	$780	$1.62	$28,080
Two Bedroom	7%	7	880	6,160	$1,109	$185	–	$924	$1.05	$77,616
Total / Average	**10%**	**10**	**761**	**7,606**	**$1,054**	**$173**	**–**	**$881**	**$1.16**	**$105,696**
50% AMI Limit										
One Bedroom	16%	15	482	7,230	$1,541	$144	–	$1,397	$2.90	$251,460
Two Bedroom	6%	6	880	5,280	$1,848	$185	–	$1,663	$1.89	$119,736
Total / Average	**22%**	**21**	**596**	**12,510**	**$1,629**	**$156**	**–**	**$1,473**	**$2.47**	**$371,196**
60% AMI										
Two Bedroom	33%	32	880	28,160	$2,218	$185	–	$2,033	$2.31	$780,672
Three Bedroom	31%	30	950	28,500	$2,563	$227	–	$2,336	$2.46	$840,960
Total / Average	**65%**	**62**	**914**	**56,660**	**$2,385**	**$205**	**–**	**$2,180**	**$2.39**	**$1,621,632**
70% AMI										
Two Bedroom	1%	1	880	880	$2,588	$185	–	$2,403	$2.73	$28,836
Three Bedroom	1%	1	950	950	$2,990	$227	–	$2,763	$2.91	$33,156
Total / Average	**2%**	**2**	**915**	**1,830**	**$2,789**	**$206**	**–**	**$2,583**	**$2.82**	**$61,992**
Super's Unit										
Three Bedroom	1%	1	950	950	–	–	–	–	–	–
Total / Average	**1%**	**1**	**950**	**950**	**–**	**–**	**–**	**–**	**–**	**–**
Total / Average	**100%**	**96**	**829**	**79,556**					**$2.26**	**$2,160,516**

b. *PRO FORMA ANALYSIS*

The table below shows the Project's financial performance in the first stabilized year of operations (Year 3), both with the recommended PILOT and with full real estate taxes. The Applicant's counsel provided a tax rate of $404.262 per $100 of assessed value for all parcels, and the Town Assessor estimated the as-complete assessed value at $150,000. This results in estimated as-complete full taxes of $606,393 ($150,000 ÷ 100 × $404.262). When full taxes are applied to the operating pro forma in the stabilized year, net operating income falls to $467,496 and projected cash flow is negative ($249,119), with a debt coverage ratio ("DCR") of 0.73 on the first mortgage. **Simply put, the development is not financially feasible with full taxes.**

Grow America recommends approving a 30-year "shelter rent" PILOT. With the PILOT, the development achieves a DCR of 1.21 on all debt in Year 3, meaning there is a 21% cushion of net operating income over total debt service, and a DCR of 1.36 on the first mortgage. This is a reasonable, but not excessive, cushion for an affordable residential project with a significant supportive housing component. Operating expenses, exclusive of real estate taxes, are $11,217 per unit in the third operating year. This is high but consistent with other newly constructed affordable housing properties in Suffolk County. Grow America modeled the HCR, OPWDD, Suffolk County, and CIF loans ($15,585,000 combined) as subordinate soft debt at a 0.50% annual interest rate, or $77,925 per year.

OPERATING ANALYSIS (YEAR 3)				
	Units	With PILOT	Without PILOT	Comment (With PILOT)
Revenue				
Residential Gross Income	95	$2,247,801	$2,247,801	*$1,972 per unit per month*
Community Center / Commercial		$17,029	$17,029	
Gross Income		**$2,264,830**	**$2,264,830**	
Residential Vacancy		($112,390)	($112,390)	*5% vacancy*
Commercial / Retail Vacancy		($1,703)	($1,703)	*10% vacancy*
Effective Gross Income		**$2,150,737**	**$2,150,737**	
Operating Expenses				
Payroll		($205,210)	($205,210)	*$2,138 per unit annually*
Administrative		($58,568)	($58,568)	*$610 per unit annually*
Management Fee		($150,552)	($150,552)	*$1,568 per unit annually*
Maintenance		($320,908)	($320,908)	*$3,343 per unit annually*
Insurance		($190,962)	($190,962)	*$1,989 per unit annually*
Utilities		($125,186)	($125,186)	*$1,304 per unit annually*
Reserves		($25,462)	($25,462)	*$265 per unit annually*
PILOT		($206,793)	($606,393)	*$2,154 per unit annually*
Total Expenses		**($1,283,641)**	**($1,683,241)**	***$13,371 per unit annually***
Operating Expenses Excl. PILOT		*($1,076,848)*	*($1,076,848)*	*$11,217 per unit annually*
Net Operating Income (NOI)		**$867,096**	**$467,496**	
Debt Service				
First Mortgage		($638,690)	($638,690)	
Subordinate Financing		($77,925)	($77,925)	
Total Debt Service		**($716,615)**	**($716,615)**	
Cash Flow		**$150,481**	**($249,119)**	
Debt Coverage Ratio (First Mortgage)		1.36	0.73	
Debt Coverage Ratio (All Debt)		1.21	0.65	

Without the proposed financial assistance package and PILOT schedule, the Project would not be financially viable, as the Developer would be unable to generate sufficient returns to attract the necessary

construction and permanent financing. The proposed PILOT schedule is necessary for the Project's financial feasibility.

VI. STUDENT IMPACT

The Real Estate Institute ("REI") at Stony Brook University conducted a study in 2019 that evaluated the impact of residential development on local school districts. REI evaluated fourteen (14) residential developments and surveyed the residents and local school districts to determine the number of net new students. On average, one (1) student per eleven (11) units, or 9.09%, was identified as the impact on public school enrollment from the multifamily projects surveyed.

For the subject 96-unit development, applying the 9.09% multiplier to the 96 units results in an estimated nine (9) new students being added to the local school district, as outlined below.

SCHOOL IMPACT	
Units	96
Less Studios	0
Less Senior Units	0
Adjusted Unit Count	96
Multiplier (1 student for every 11 units)	9.09%
Estimated Number of Net New Students	9

Impact of Market Rate Apartments on School District Enrollment, per Real Estate Institute Study at Stony Brook University

VII. PILOT CRITERIA REVIEW

As outlined in Section 7(D)(1)(k) of the IDA's UTEP, applicants for Affordable Housing Projects must demonstrate "the need for the project, other existing or planned housing projects, the impact on the local taxing jurisdictions, the impact on the local school district and the expected number of children, if any, who are likely to attend the local school district, and demonstrate that the housing project complies with the Act." Grow America has determined the following:

Need for the Project

- The Project will redevelop vacant, underutilized land that is currently a blight to the neighborhood, replacing it with much-needed affordable rental housing.
    - All ninety-five (95) revenue units will be reserved for households earning at or below 30%, 50%, 60%, and 70% of the AMI, with one additional unit reserved for the property superintendent.
- The Project is a transit-oriented development located approximately a five-minute walk from the Bellport LIRR station and three Suffolk County bus lines.
    - The development furthers the Town of Brookhaven's goals for the area as outlined in the Greater Bellport Land Use Plan (2014) and the GBOD (2022), including the creation of a Downtown North Bellport.
- The site is located within HUD-designated Qualified Census Tract 1591.03.

- Fifteen (15) one-bedroom units will be set aside as supportive housing for individuals with I/DD, with services provided by Independent Support Services, advancing New York State and Suffolk County's goals for Special Needs Housing.
- Twenty (20) units will be accessible to persons with mobility impairments.
- Six (6) units will be accessible to persons with hearing or visual impairments.
- Five (5) units will be set aside for veterans and five (5) units for volunteer firefighters and EMS personnel serving the local fire or ambulance district.
- The Project will be subject to a 50-year affordability period through HCR, and Suffolk County will require ten (10) units to remain affordable in perpetuity.

Existing Housing Projects Within a 2.0-Mile Radius (Minimum 50 Units)

- **Conifer Village at Patchogue Senior Apartments**
    - Type: Affordable Senior Rental (Rent Restricted)
    - Address: 1 Brookwood Lane, East Patchogue, NY
    - Developer: Conifer Realty
    - Units: 174
    - Built: 2011
    - Stories: 2
- **Pinehurst, A Conifer Community**
    - Type: Affordable Senior Rental (Rent Subsidized)
    - Address: 3000 Brookwood Lane, East Patchogue, NY
    - Developer: Conifer Realty
    - Units: 140
    - Stories: 3
- **East Winds Apartments**
    - Type: Market-Rate Garden Apartments
    - Address: 887 Montauk Highway, Patchogue, NY
    - Units: 96
    - Built: 1973
    - Stories: 2
- **Rosemont Brookhaven**
    - Type: Market-Rate Garden Apartments
    - Address: 1220 Orchid Circle, Bellport, NY

  - Units: 795
  - Built: 2003
  - Stories: 2

- **East Patchogue at Lakeside**
  - Type: Market-Rate Garden Apartments
  - Address: 9 Pondview Drive, East Patchogue, NY
  - Units: 249
  - Built: 1979 (renovated 2010)
  - Stories: 2
- **Fairfield at East Patchogue**
  - Type: Market-Rate Garden Apartments
  - Address: 301-319 Robinson Avenue, Patchogue, NY
  - Developer: Fairfield Properties
  - Units: 81
  - Stories: 2
- **Sutton Landing at Patchogue**
  - Type: Mixed-Income Senior Rental (Affordable Units)
  - Address: 1000 Sutton Court, East Patchogue, NY
  - Units: 139
  - Built: 2025
  - Stories: 2
- **Concern Independent Living**
  - Type: Affordable Senior / Supportive Rental (Rent Restricted)
  - Address: 270 Patchogue-Yaphank Road, East Patchogue, NY
  - Developer: Concern for Independent Living
  - Units: 50
  - Built: 2009
  - Stories: 2

Planned Housing Projects

  - None identified.

Impact on Local Taxing Jurisdictions (Quantified in this Feasibility Study)

- The development of a new affordable multifamily housing project will generate quantifiable annual property tax revenue for local jurisdictions, delivering tangible benefits to the community. Under the recommended PILOT, annual payments begin at $194,922 in Year 1, compared to the $26,413 in land-only taxes currently paid on the vacant site, and total approximately $9.3 million over the 30-year term. The Project's contribution to tax rolls represents meaningful growth to the jurisdiction's revenue base.

Impact on Local School District and Expected Number of Children

- The impact on the local school district and expected number of children is calculated in **Section VI** of this report.
- An estimated nine (9) new students will be added to the local school district from the development.

General Compliance with Article 18-A of the New York State General Municipal Law (the "Act")

The Project complies with Article 18-A of the New York State General Municipal Law, which governs the actions of IDAs, by fulfilling key public policy goals, as outlined below:

- **Public Purpose**
  - The Project serves a clear public purpose by addressing housing needs and redeveloping vacant, underutilized land in North Bellport. It provides 96 units of much-needed affordable housing, including supportive housing for individuals with I/DD, along with a community center and an STP that will also support future affordable homeownership in the area.
- **Job Creation and Economic Development**
  - The Project will create approximately 50 temporary construction jobs and two (2) full-time equivalent ("FTE") permanent jobs, contributing to local employment opportunities.
  - The development is expected to generate local spending. The inclusion of affordable housing units will also support workforce retention in the area.
  - The commercial component will be a community center featuring a catering, take-out, and food preparation facility expected to be operated by Shiloh Community Church and Chara's Kitchen & Catering, two long-standing, minority-owned Bellport organizations. The facility will provide affordable food options to a community that has long been identified as a food desert, along with space for workshops, programs, events, and cultural gatherings.
- **Environmental Impact**
  - The Project will follow the 2025 HCR Design Criteria and will pursue Enterprise Green Communities 2020 Plus, Energy Star Multifamily New Construction, DOE Zero Energy Ready Homes, and EPA Indoor airPLUS certifications. The buildings will be all-electric and delivered solar ready, with Energy Star appliances in each unit and EV charging stations on site. The new STP will provide modern wastewater treatment for the development and

surrounding area, consistent with the Town's sewer infrastructure goals for Greater Bellport.

- **Financial Suitability**
  - The Applicant has demonstrated through its financial analysis that the Project would not proceed without the financial assistance provided by the IDA.
  - High development costs make the Project financially infeasible without a PILOT Agreement, sales tax exemption, and mortgage recording tax exemption.
- **Alignment with Affordable Housing PILOT Criteria**
  - As outlined in Section 7(D)(1)(f) of the UTEP, to be eligible for a PILOT Agreement longer than 15 years, affordable projects must be funded by 9% LIHTCs, funded by tax-exempt bonds, or subject to a recorded Regulatory Agreement restricting income and rents required by a state or federal housing agency. The proposed Project meets the following criteria:
    - *Funded by 9% LIHTC Equity:* The Project is anticipated to be financed with 9% LIHTCs, generating approximately $28.2 million in federal and $6.5 million in state tax credit equity.
    - *Subject to a 50-Year Affordability Period:* The Project is subject to a 50-year affordability period required by HCR, and Suffolk County will require ten (10) units to remain affordable in perpetuity. The Developer has chosen to request a 30-year PILOT schedule, in line with the Project's permanent financing.

APPENDIX I: PILOT SCHEDULE

PILOT SCHEDULE (Standard)	
Total Units	96
Gross SF	111,104
Current Taxes (2025/26)	$26,413
As Complete Full Taxes (reference)	$606,393
Shelter Rent Calculation (Year 1)	
Effective Gross Income	$2,067,221
Less Utilities	($118,000)
Shelter Rent	$1,949,221
Multiplied by…	10.00%
Starting PILOT (Year 1)	**$194,922**
PILOT / Unit	$2,030
Escalator	3.00%

PILOT Year	Current Taxes	PILOT	PILOT Per Unit	Increment
1	$26,413	$194,922	$2,030	$168,509
2	$27,205	$200,770	$2,091	$173,564
3	$28,022	$206,793	$2,154	$178,771
4	$28,862	$212,997	$2,219	$184,134
5	$29,728	$219,387	$2,285	$189,659
6	$30,620	$225,968	$2,354	$195,348
7	$31,539	$232,747	$2,424	$201,209
8	$32,485	$239,730	$2,497	$207,245
9	$33,459	$246,922	$2,572	$213,462
10	$34,463	$254,329	$2,649	$219,866
11	$35,497	$261,959	$2,729	$226,462
12	$36,562	$269,818	$2,811	$233,256
13	$37,659	$277,912	$2,895	$240,254
14	$38,788	$286,250	$2,982	$247,461
15	$39,952	$294,837	$3,071	$254,885
16	$41,151	$303,682	$3,163	$262,532
17	$42,385	$312,793	$3,258	$270,408
18	$43,657	$322,177	$3,356	$278,520
19	$44,966	$331,842	$3,457	$286,876
20	$46,315	$341,797	$3,560	$295,482
21	$47,705	$352,051	$3,667	$304,346
22	$49,136	$362,613	$3,777	$313,477
23	$50,610	$373,491	$3,891	$322,881
24	$52,128	$384,696	$4,007	$332,567
25	$53,692	$396,237	$4,127	$342,544
26	$55,303	$408,124	$4,251	$352,821
27	$56,962	$420,367	$4,379	$363,405
28	$58,671	$432,978	$4,510	$374,308
29	$60,431	$445,968	$4,645	$385,537
30	$62,244	$459,347	$4,785	$397,103
Total	**$1,256,609**	**$9,273,502**		**$8,016,892**
		$309,117 average	*$3,220 avg. per unit*	

GrowAmerica

APPENDIX II: PRO FORMA

Year	Escalator	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Revenue																
Residential Gross Income	2.00%	$2,160,516	$2,203,726	$2,247,801	$2,292,757	$2,338,612	$2,385,384	$2,433,092	$2,481,754	$2,531,389	$2,582,017	$2,633,657	$2,686,330	$2,740,057	$2,794,858	$2,850,755
Community Center / Commercial	2.00%	$16,368	$16,695	$17,029	$17,370	$17,717	$18,072	$18,433	$18,802	$19,178	$19,561	$19,953	$20,352	$20,759	$21,174	$21,597
Gross Income		**$2,176,884**	**$2,220,422**	**$2,264,830**	**$2,310,127**	**$2,356,329**	**$2,403,456**	**$2,451,525**	**$2,500,555**	**$2,550,567**	**$2,601,578**	**$2,653,609**	**$2,706,682**	**$2,760,815**	**$2,816,032**	**$2,872,352**
Residential Vacancy	5.00%	($108,026)	($110,186)	($112,390)	($114,638)	($116,931)	($119,269)	($121,655)	($124,088)	($126,569)	($129,101)	($131,683)	($134,317)	($137,003)	($139,743)	($142,538)
Commercial / Retail Vacancy	10.00%	($1,637)	($1,670)	($1,703)	($1,737)	($1,772)	($1,807)	($1,843)	($1,880)	($1,918)	($1,956)	($1,995)	($2,035)	($2,076)	($2,117)	($2,160)
Effective Gross Income		**$2,067,221**	**$2,108,566**	**$2,150,737**	**$2,193,752**	**$2,237,627**	**$2,282,379**	**$2,328,027**	**$2,374,588**	**$2,422,079**	**$2,470,521**	**$2,519,931**	**$2,570,330**	**$2,621,737**	**$2,674,171**	**$2,727,655**
Operating Expenses																
Payroll	3.00%	($193,430)	($199,233)	($205,210)	($211,366)	($217,707)	($224,238)	($230,966)	($237,895)	($245,031)	($252,382)	($259,954)	($267,752)	($275,785)	($284,058)	($292,580)
Administrative	3.00%	($55,206)	($56,862)	($58,568)	($60,325)	($62,135)	($63,999)	($65,919)	($67,896)	($69,933)	($72,031)	($74,192)	($76,418)	($78,711)	($81,072)	($83,504)
Management Fee	–	($144,705)	($147,600)	($150,552)	($153,563)	($156,634)	($159,767)	($162,962)	($166,221)	($169,546)	($172,936)	($176,395)	($179,923)	($183,522)	($187,192)	($190,936)
Maintenance	3.00%	($302,487)	($311,562)	($320,908)	($330,536)	($340,452)	($350,665)	($361,185)	($372,021)	($383,181)	($394,677)	($406,517)	($418,713)	($431,274)	($444,212)	($457,539)
Insurance	3.00%	($180,000)	($185,400)	($190,962)	($196,691)	($202,592)	($208,669)	($214,929)	($221,377)	($228,019)	($234,859)	($241,905)	($249,162)	($256,637)	($264,336)	($272,266)
Utilities	3.00%	($118,000)	($121,540)	($125,186)	($128,942)	($132,810)	($136,794)	($140,898)	($145,125)	($149,479)	($153,963)	($158,582)	($163,340)	($168,240)	($173,287)	($178,486)
Reserves	3.00%	($24,000)	($24,720)	($25,462)	($26,225)	($27,012)	($27,823)	($28,657)	($29,517)	($30,402)	($31,315)	($32,254)	($33,222)	($34,218)	($35,245)	($36,302)
PILOT	3.00%	($194,922)	($200,770)	($206,793)	($212,997)	($219,387)	($225,968)	($232,747)	($239,730)	($246,922)	($254,329)	($261,959)	($269,818)	($277,912)	($286,250)	($294,837)
Total Expenses		**($1,212,751)**	**($1,247,686)**	**($1,283,641)**	**($1,320,644)**	**($1,358,728)**	**($1,397,924)**	**($1,438,264)**	**($1,479,782)**	**($1,522,513)**	**($1,566,493)**	**($1,611,759)**	**($1,658,347)**	**($1,706,299)**	**($1,755,652)**	**($1,806,450)**
Net Operating Income (NOI)		**$854,471**	**$860,880**	**$867,096**	**$873,107**	**$878,899**	**$884,456**	**$889,763**	**$894,806**	**$899,566**	**$904,028**	**$908,173**	**$911,983**	**$915,438**	**$918,519**	**$921,205**
Debt Service	**Interest Rate**															
First Mortgage	7.00%	($638,690)	($638,690)	($638,690)	($638,690)	($638,690)	($638,690)	($638,690)	($638,690)	($638,690)	($638,690)	($638,690)	($638,690)	($638,690)	($638,690)	($638,690)
Subordinate Financing	0.50%	($77,925)	($77,925)	($77,925)	($77,925)	($77,925)	($77,925)	($77,925)	($77,925)	($77,925)	($77,925)	($77,925)	($77,925)	($77,925)	($77,925)	($77,925)
Total Debt Service		**($716,615)**	**($716,615)**	**($716,615)**	**($716,615)**	**($716,615)**	**($716,615)**	**($716,615)**	**($716,615)**	**($716,615)**	**($716,615)**	**($716,615)**	**($716,615)**	**($716,615)**	**($716,615)**	**($716,615)**
Cash Flow		**$137,855**	**$144,264**	**$150,481**	**$156,492**	**$162,283**	**$167,840**	**$173,148**	**$178,190**	**$182,951**	**$187,412**	**$191,557**	**$195,367**	**$198,823**	**$201,904**	**$204,589**
Debt Coverage Ratio (First Mortgage)		1.34	1.35	1.36	1.37	1.38	1.38	1.39	1.40	1.41	1.42	1.42	1.43	1.43	1.44	1.44
Debt Coverage Ratio (All Debt)		1.19	1.20	1.21	1.22	1.23	1.23	1.24	1.25	1.26	1.26	1.27	1.27	1.28	1.28	1.29
Aggregate Cash Flow		$137,855	$282,120	$432,601	$589,093	$751,376	$919,217	$1,092,365	$1,270,555	$1,453,506	$1,640,918	$1,832,476	$2,027,843	$2,226,665	$2,428,569	$2,633,159
Deferred Developer Fee Balance (opening $2,277,395)		$2,139,540	$1,995,275	$1,844,794	$1,688,302	$1,526,019	$1,358,178	$1,185,030	$1,006,840	$823,889	$636,477	$444,920	$249,552	$50,730	–	–

GROW AMERICA DISCLAIMER

Standard disclaimer regarding Grow America's compliance with Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") and amended Section 15B of the Securities and Exchange Act of 1934 ("Exchange Act"):

Grow America is not a Registered Municipal Advisor as defined in Dodd-Frank and the Exchange Act and therefore cannot provide advice to a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, including structure, timing, terms, or other similar matters concerning such financial products or issues.

The general information contained in this document is factual in nature and consistent with current market conditions and does not contain or express subjective assumptions, opinions, or views, or constitute a recommendation, either express or implied, upon which a municipal entity or obligated person may rely with respect to municipal products or the issuance of municipal securities.

In connection with these matters, it is expressly understood by all parties that Grow America is not acting as your agent, advisor, municipal advisor, or fiduciary. Grow America may have financial and other interests that differ from yours. You should discuss the information contained herein with your own municipal, financial, legal, accounting, tax, and/or other advisors, as applicable, to the extent that you deem appropriate.