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

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

WHEREAS, Ferrandino and Son Development Group, LLC, a limited liability company organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of Ferrandino and Son Development Group, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (the "**Company**"), has applied to the Agency to enter into a transaction in which the Agency will assist in (A) the acquisition of approximately 4.08 acres of land located 214, 210, 200, 192-198, and 188 West Main Street, 25, 21, and 14 Hammond Street, and 26 West Avenue, Village of Patchogue, Town of Brookhaven, New York (also known as Tax Map Nos. 200-9-6-1.6, 1.9, 3, 4, 5, 13, 14, 18 and 24) (the "**Land**"), (B) the demolition of certain existing structure thereon, and the construction, renovation, equipping and furnishing of two four-story mixed-use buildings with a total of 262 residential units, of which 49 are studios, 141 are one-bedroom units and 72 are two-bedroom units, with retail, office space, two parking garages and outdoor parking totaling approximately 444,458 square feet, with (i) 27 of such units to be reserved as affordable housing for residents whose incomes are at or below 80% of the median income according to household size for the Nassau-Suffolk primary metropolitan statistical area as defined by the Federal Department of Housing and Urban Development (“**AMGI**”) and (ii) 26 of such units to be reserved as workforce housing for residents whose incomes are at or below 120% of AMGI, together with the acquisition, installation and equipping of improvements, structures and other related facilities attached to the Land (the “**Improvements**”), and (C) the acquisition and installation therein of certain equipment and personal property including, but not limited to, shared common areas, a public riverwalk, two swimming pools, two gyms, lobby space, a pet spa, lounge bar, golf simulator and other amenities and the furnishing thereof, furniture, appliances, structures, equipment and personal property in the units (the “**Equipment**”; and, together with the Land and the Improvements, the “**Facility**”), which Facility is to be subleased by the Agency to the Company and used by the Company to provide housing and lifestyle activities for the residents of Patchogue and Long Island to be known as 214 W Main Street (the “**Project**”); and

WHEREAS, the Agency will acquire a leasehold interest in the Land and the Improvements pursuant to a certain Company Lease Agreement, dated as of April 1, 2025, or such other date as the Chairman or Chief Executive Officer of the Agency and counsel to the Agency shall agree (the "**Company Lease**"), by and between the Company and the Agency; and

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

WHEREAS, the Agency will sublease and lease the Facility to the Company pursuant to a certain Lease and Project Agreement, dated as of April 1, 2025, or such other date as the Chairman or Chief Executive Officer of the Agency and counsel to the Agency shall agree (the "**Lease Agreement**"), by and between the Agency and the Company; and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company in the form of: (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be $105,000,000.00, corresponding to mortgage recording tax exemptions not to exceed $787,500.00, in connection with the financing of the acquisition, demolition, construction, renovation and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of the acquisition, demolition, construction, renovation and equipping of the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed $5,000,000.00, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit A hereof); and

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

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

WHEREAS, the Act authorizes and empowers the Agency to promote, develop, encourage and assist projects such as the Facility and to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, a public hearing (the "**Hearing**") was held on March 27, 2025, so that all persons with views in favor of or opposed to either the financial assistance contemplated by the Agency or the location or nature of the Facility, could be heard; and

WHEREAS, notice of the Hearing was given on March 14, 2025, and such notice (together with proof of publication), having been filed with the records of this Agency; and

WHEREAS, the minutes of the Hearing having been filed with the records of this Agency; and

WHEREAS, in accordance with Section 874(4) of the Act, the Agency caused written notice of a meeting of the Agency (the "**Agency Meeting**") with respect to the proposed deviation from the Agency's Uniform Tax Exemption Policy adopted June 20, 2012, as amended on October 15, 2014, September 20, 2017 and June 17, 2020 ("**UTEP**"), which such UTEP is on file with the records of the Agency and is posted on the Agency's website (https://brookhavenida.org/files/Brookhaven%20UTEP%20Final%202020-Updated.pdf), and the reasons therefor to be mailed by certified mail, return receipt requested, to each of the affected tax jurisdictions; the members of the Agency conducted the Agency Meeting on the date hereof and reviewed any comments or correspondence received with respect to the proposed deviation from the Agency's UTEP and approved the proposed deviation; and

WHEREAS, the Agency required the Company to provide to the Agency a feasibility report, prepared by Grow America, dated November 15. 2024, updated March 11, 2025 (the "**Feasibility Study**"), together with such letters or reports from interested parties and governmental agencies or officials (the "**Letters of Support**"; and together with the Feasibility Study, the "**Requisite Materials**") to enable the Agency to make findings and determinations that the Facility qualifies as a "project" under the Act and that the Facility satisfies all other requirements of the Act, and such Requisite Materials are listed below and attached as Exhibit C hereof:

1. Feasibility Study, dated November 15, 2024, updated March 11, 2025, prepared by Grow America;

2. Reasonableness Assessment for Financial Assistance, dated March 2025, prepared by Camoin Associates;

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

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

WHEREAS, the Agency's UTEP provides for the granting of financial assistance by the Agency for residential projects pursuant to Sections 3(A) and 7(D); and

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

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

WHEREAS, to aid the Agency in determining whether the Facility may have a significant effect upon the environment, the Company has prepared and submitted to the Agency an Environmental Assessment Form (the "**EAF**") and related documents (collectively, the

"**Questionnaire**") with respect to the Facility, a copy of which is on file at the office of the Agency; and

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

WHEREAS, in connection with the procedures set forth in 6 NYCRR § 617.6(b)(3), the Board of Trustees of the Village of Patchogue (the "**Lead Agency**"), appointed itself as Lead Agency and following a coordinated review, determined pursuant to a resolution, dated January 8, 2024, that the Company's request for a change of zone for the real property from D2 Business and E Industrial to D2 Business (the "**Action**") was a Type I Action that would not have a significant impact on the environment, and adopted a Negative Declaration for the Project pursuant to the provisions of SEQR; and

WHEREAS, this determination constitutes a negative declaration for purposes of SEQR; and

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

WHEREAS, the Agency finds that the negative declaration of the Lead Agency accurately and adequately examines environmental issues presented by the Action; and

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

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

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

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

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

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

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

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

Section 3. The Agency hereby finds and determines:

(a) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and

(b) The Facility constitutes a "project", as such term is defined in the Act; and

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

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

(e) Based upon representations of the Company and counsel to the Company,

(i) the Facility conforms with the local zoning laws and planning regulations of the Town of Brookhaven, Suffolk County, and all regional and local land use plans for the area in which the Facility is located; and

(ii) The Facility and the operations conducted therein will not cause or result in the violation of the health, labor or other laws of the United States of America, the State of New York, or the Town of Brookhaven; and

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

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

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

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

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

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

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

Section 7. The Agency hereby authorizes and approves the following economic benefits to be granted to the Company in connection with the acquisition, demolition, construction, renovation, and equipping of the Facility in the form of: (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be $105,000,000.00, corresponding to mortgage recording tax exemptions not to exceed $787,500.00, in connection with the financing of the acquisition, demolition, construction, renovation, and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of the acquisition, demolition, construction, renovation, and equipping of the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed $5,000,000.00, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit A hereof). In connection with the abatement of real property taxes as set forth in the PILOT Schedule on Exhibit A hereof, the current pro-rata.

allocation of PILOT payments to each affected tax jurisdiction in accordance with Section 858(15) of the Act and the estimated difference between the real property taxes on the Facility and the PILOT payments set forth on the PILOT Schedule on Exhibit A hereof are more fully described in the CBA developed by the Agency in accordance with the provisions of Section 859-a(5)(b) of the Act, a copy of which CBA is attached hereto as Exhibit B.

Section 8. Subject to the provisions of this resolution, the Company is herewith and hereby appointed the agent of the Agency to acquire, demolish, construct, renovate and equip the Facility. The Company is hereby empowered to delegate its status as agent of the Agency to its agents, subagents, contractors, subcontractors, materialmen, suppliers, vendors and such other parties as the Company may choose in order to acquire, construct and equip the Facility. The Agency hereby appoints the agents, subagents, contractors, subcontractors, materialmen, vendors and suppliers of the Company as agents of the Agency solely for purposes of making sales or leases of goods, services and supplies to the Facility, and any such transaction between any agent, subagent, contractor, subcontractor, materialmen, vendor or supplier, and the Company, as agent of the Agency, shall be deemed to be on behalf of the Agency and for the benefit of the Facility. This agency appointment expressly excludes the purchase by the Company of any motor vehicles, including any cars, trucks, vans or buses which are licensed by the Department of Motor Vehicles for use on public highways or streets. The Company shall indemnify the Agency with respect to any transaction of any kind between and among the agents, subagents, contractors, subcontractors, materialmen, vendors and/or suppliers and the Company, as agent of the Agency. The aforesaid appointment of the Company as agent of the Agency to acquire, demolish, construct, renovate and equip the Facility shall expire at the earliest of (a) the completion of such activities and improvements, (b) a date which the Agency designates, or (c) the date on which the Company has received exemptions from sales and use taxes in an amount not to exceed $5,000,000.00, in connection with the purchase or lease of equipment, building materials, services or other personal property; provided however, such appointment may be extended at the discretion of the Agency, upon the written request of the Company if such activities and improvements are not completed by such time. The aforesaid appointment of the Company shall be effective upon, and is subject to, the completion of the transaction and the execution of the documents contemplated by this resolution.

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

Section 10. The form and substance of the Company Lease, the Lease Agreement and the Loan Documents to which the Agency is a party (each in substantially the forms presented to or approved by the Agency and which, prior to the execution and delivery thereof, may be redated and renamed) are hereby approved subject to provisions requiring that (a) twenty seven (27) dwelling units at the Facility shall be reserved as affordable housing, that is, the units shall be occupied (but not on a transient basis) by individuals whose income per unit based upon family size (provided that for purposes of determining the income of a unit, a unit which does not have a separate bedroom shall be deemed to have one occupant, and a unit which has one or more separate bedrooms shall be deemed to have one and one-half occupants for each separate bedroom) does not exceed 80% of AMGI for the current year (or if the AMGI shall cease to be issued, then such other index as the Agency may select) and the gross rent for such dwelling unit (as determined under 26 USCS §42) shall not exceed shall not exceed 30% of 80% of the AMGI for the current year; and (b) twenty six (26) dwelling units at the Facility shall be reserved as workforce housing, that is, the units shall be occupied (but not on a transient basis) by individuals whose income per unit based upon family size (determined as above provided) does not exceed 120% of AMGI for the current year (or if the AMGI shall cease to be issued, then such other index as the Agency may select) and the gross rent for such dwelling unit shall not exceed shall not exceed 30% of 120% of the AMGI for the current year.

Section 7. The Chairman, Chief Executive Officer and/or any other member of the Agency are hereby authorized, on behalf of and in the name of the Agency, to execute, deliver and perform a Company Lease, Lease Agreement, and the Loan Documents to which the Agency is a party, and additional certificates, agreements, instruments and documents (collectively, the "**Agency Documents**"), in such form and containing such terms, conditions and provisions as the person executing same on behalf of the Agency shall deem necessary or desirable, and shall approve, such necessity, desirability, and approval, to be conclusively evidenced by his or her execution and delivery thereof, and as such, each of such instruments are hereby approved by the Agency. The Chairman, Chief Executive Officer, any other member of the Agency, and/or any officer, employee or agent of the Agency, are hereby authorized and directed, on behalf of and in the name of the Agency, to pay all fees, charges and expenses incurred, to cause compliance with the terms, conditions and provisions of agreements binding upon the Agency, and to do all such further acts and things, in furtherance of the foregoing as such person shall deem necessary or desirable, and shall approve.

Section 8. The Chairman, the Chief Executive Officer of the Agency or any member of the Agency are further hereby authorized, on behalf of the Agency, to designate any additional Authorized Representatives of the Agency (as defined in and pursuant to the Lease Agreement).

Section 9. Weinberg Gross & Pergament LLP are hereby appointed Transaction Counsel to the Agency, and is authorized and directed to work with Counsel to the Company and others, to prepare, for submission to the Agency, all documents necessary to effect the transaction described in these resolutions.

Section 10. Any and all acts, instruments, and other writings heretofore or hereafter performed and/or executed and delivered by any one or more of the Chairman, Chief Executive Officer or any member of the Agency, pursuant to the several foregoing resolutions, for and on behalf of and in the name of the Agency, in connection with the transactions contemplated thereby, be and the same hereby are, in all respects ratified, confirmed and approved.

Section 11. The Agency Documents, promptly following the execution, and delivery thereof, be identified by any of the Chairman, Chief Executive Officer or any member of the Agency by his or her endorsement thereon and when so identified be filed with the official records of the Agency.

Section 12. Any expenses incurred by the Agency with respect to the Facility shall be paid by the Company. By acceptance hereof, the Company, agrees to pay such expenses and further agrees to indemnify and hold harmless the Agency, its members, directors, employees and agents from and against all claims, suits, actions, proceedings, obligations, damages, liabilities, judgments, costs and expenses, including legal fees and expenses, incurred as a result of action or inaction taken by or on behalf of the Agency in good faith with respect to the Facility.

Section 13. The Chairman, Chief Executive Officer, Counsel to the Agency or any member of the Agency are hereby authorized and directed (i) to distribute copies of this resolution to the Company, and (ii) to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this resolution.

Section 14. This resolution shall take effect immediately and shall continue in effect for one year hereafter unless and until sooner rescinded or terminated by the Agency, provided, however, the Company's obligations under Section 12 of the resolution shall survive any rescission, termination or amendment of this resolution.

Adopted: March 28, 2025

Accepted: April 7, 2025

FERRANDINO AND SON DEVELOPMENT GROUP, LLC

By: ______________________________

Peter Ferrandino, Member

EXHIBIT A

Proposed PILOT Schedule

FOR DISCUSSION PURPOSES ONLY

PILOT Year	PILOT Amount
1	$184,361
2	$184,361
3	$184,361
4	$188,048
5	$191,809
6	$237,799
7	$285,553
8	$340,603
9	$487,209
10	$639,544
11	$797,777
12	$962,084
13	$1,132,643
14	$1,309,641
15	$1,493,265
16	$1,683,710
17	$1,881,176

Thereafter, 100% of all taxes and assessments, including special ad valorem levies, special assessments and service charges against real property located in the Town of Brookhaven (including any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is wholly or partially located) which are or may be for special improvements or special district improvements, that the Company would pay without exemption as if the Facility was owned by the Company exclusive of the Agency's leasehold interest therein.

In addition, at all times, 100% of all special ad valorem levies, special assessments, special district taxes and service charges levied (or would be levied if the Facility were owned by the Company exclusive of the Agency's leasehold interest therein) against the Facility for special improvements or special district improvements.

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

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

EXHIBIT B

Cost Benefit Analysis

Town of Brookhaven Industrial Development Agency
MRB Cost Benefit Calculator

MRB group
Cost-Benefit Analysis Tool powered by MRB Group

Date	3.18.25
Project Title	Ferrandino and Sons
Project Location	South side of Montauk Hwy between West Ave and Hammond St Patchogue

Economic Impacts

Summary of Economic Impacts over the Life of the PILOT

Project Total Investment

$160,529,200

Temporary (Construction)

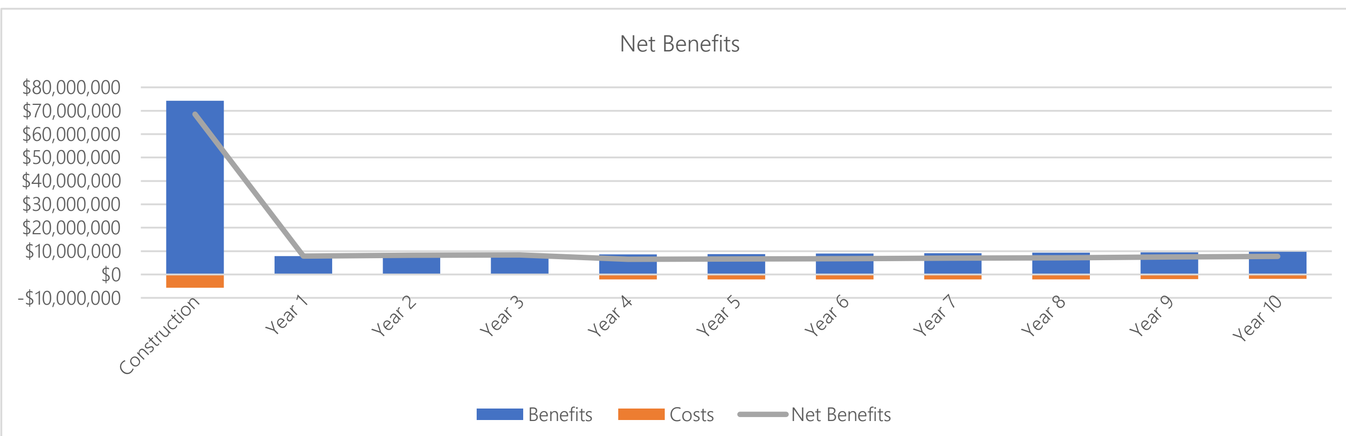
	Direct	Indirect	Total
Jobs	952	203	1154
Earnings	$55,666,963	$14,324,341	$69,991,304
Local Spend	$144,476,280	$49,719,133	$194,195,413

Ongoing (Operations)

Aggregate over life of the PILOT

	Direct	Indirect	Total
Jobs	97	31	128
Earnings	$108,853,929	$42,815,248	$151,669,177

Figure 1



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

Figure 2

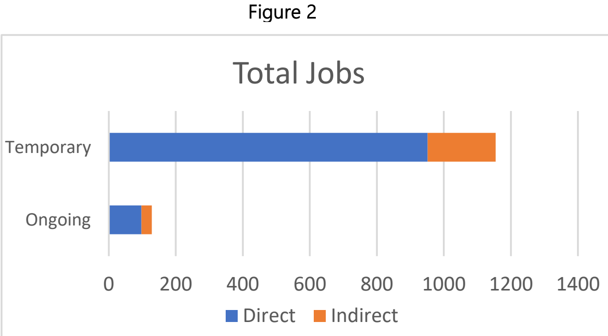
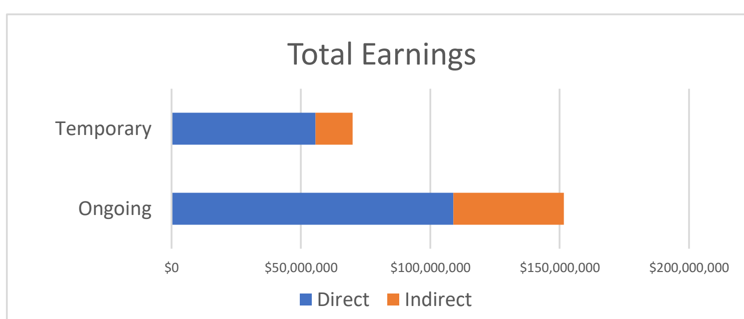


Figure 3



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

Fiscal Impacts

MRB group

Cost-Benefit Analysis Tool powered by MRB Group

Estimated Costs of Exemptions

	Nominal Value	Discounted Value*
Property Tax Exemption	$24,601,355	$20,360,140
Sales Tax Exemption	$4,923,581	$4,923,581
Local Sales Tax Exemption	*$2,672,801*	*$2,672,801*
State Sales Tax Exemption	*$2,250,780*	*$2,250,780*
Mortgage Recording Tax Exemption	$772,381	$772,381
Local Mortgage Recording Tax Exemption	*$257,460*	*$257,460*
State Mortgage Recording Tax Exemption	*$514,921*	*$514,921*
Total Costs	**$30,297,317**	**$26,056,102**

State and Local Benefits

	Nominal Value	Discounted Value*
Local Benefits	$232,332,340	$204,621,041
To Private Individuals	$221,660,482	$196,273,655
Temporary Payroll	*$69,991,304*	*$69,991,304*
Ongoing Payroll	*$151,669,177*	*$126,282,351*
Other Payments to Private Individuals	*$0*	*$0*
To the Public	$10,671,859	$8,347,386
Increase in Property Tax Revenue	*$8,494,499*	*$6,437,030*
Temporary Jobs - Sales Tax Revenue	*$581,803*	*$581,803*
Ongoing Jobs - Sales Tax Revenue	*$1,595,558*	*$1,328,554*
Other Local Municipal Revenue	*$0*	*$0*
State Benefits	$11,808,288	$10,441,036
To the Public	$11,808,288	$10,441,036
Temporary Income Tax Revenue	*$3,149,609*	*$3,149,609*
Ongoing Income Tax Revenue	*$6,825,113*	*$5,682,706*
Temporary Jobs - Sales Tax Revenue	*$489,939*	*$489,939*
Ongoing Jobs - Sales Tax Revenue	*$1,343,627*	*$1,118,782*
Total Benefits to State & Region	$244,140,629	$215,062,077

Benefit to Cost Ratio

	Benefit*	Cost*	Ratio
Local	$204,621,041	$23,290,402	9:1
State	$10,441,036	$2,765,701	4:1
Grand Total	$215,062,077	$26,056,102	8:1

*Discounted at 2%

Additional Comments from IDA

The applicant's proposed project includes 262 units of studio, one, and two bedroom unit housing on the south side of Montauk Highway between West Ave and Hammond Street in Patchogue Village. The facility will include 27 units that will be set aside as affordable and 26 units that will be set aside as workforce. The project will include two pools, two gyms, a public riverwalk, a pet spa, a lounge bar, and a golf simulator. The project will create five full time equivalent jobs. As per the Brookhaven IDA Uniform Project Evaluation Criteria Policy, the criteria met for this project include, but are not limited to, capital investment by the application and an increase in the number of affordable housing units.

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

<u>EXHIBIT C</u>

Requisite Materials

EXHIBIT C-1

Feasibility Study, dated November 15, 2024, updated March 11, 2025, prepared by Grow America;

Formerly NDC | Partners in Community Development

FEASIBILITY STUDY

SUBSTANTIATION OF NEED FOR TOWN OF BROOKHAVEN IDA FINANCIAL ASSISTANCE

INDUSTRIAL DEVELOPMENT AGENCY
Town Of Brookhaven

Rendering of the Proposed Mixed-Use, Mixed-Income, Transit-Oriented Development

PROJECT APPLICANT AND NAME

Ferrandino and Son Development Group LLC
214 West Main Street Project

LOCATION

214, 210, 200, 192-198, 188 West Main Street
14, 21, 25 Hammond Street
26 West Avenue
Patchogue, NY 11772

PROJECT DESCRIPTION

New Construction of a 262-Unit Mixed-Use, Mixed-Income, Transit-Oriented Development

REQUESTED FINANCIAL ASSISTANCE

Payment in Lieu of Taxes (PILOT)
Sales Tax Exemption on Building Materials and Equipment
Mortgage Recording Tax Exemption

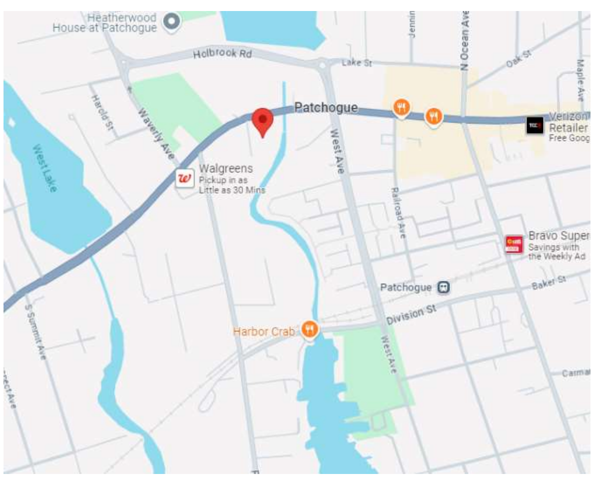
November 15, 2024
[Updated March 11, 2025]

I. ASSIGNMENT

Grow America (formerly National Development Council or NDC) 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 requested to analyze financial structures of proposed developments and determine the appropriateness of financial assistance or incentives. The Town of Brookhaven IDA (the IDA) requested that Ferrandino and Son Development Group LLC and its counsel arrange for the completion of a feasibility report that demonstrates 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 project understandings and findings related to the mixed-use, mixed-income rental housing development at 214 West Main Street.

II. PROJECT SUMMARY

Ferrandino and Son Development Group LLC (the "Applicant" and/or "Developer") has applied for financial assistance for a proposed mixed-use, mixed-income, transit-oriented development on West Main Street in the Village of Patchogue, Town of Brookhaven. The application requests a sales tax exemption on building materials and equipment, mortgage recording tax exemption, and property tax abatement in the form of a payment in-lieu of taxes (PILOT). The Applicant is owned 100% by Peter Ferrandino, an accomplished Long Island -based contractor and developer. Mr. Ferrandino is the founder and CEO of numerous entities including Ferrandino and Son Inc. and Nord Development Group. In over 30 years of work, Mr. Ferrandino has led Ferrandino and Son through exponential growth and directed its evolution from a regional organization to a nationally recognized company managing over 80,000 properties across the United States. The project lead is Joseph Rossi of Nord Development Group, a senior real estate executive who has successfully led many highly complex, award-winning, transformative mixed-use and mixed-income developments.



Project Location

Satellite Image of Site

The subject site, totaling 4.08 acres, is strategically located less than a half mile from the Patchogue Long Island Railroad Station, qualifying it as a transit-oriented development (TOD). The subject development site consists of 9 properties that presently contain a steel manufacturing building, an auto repair shop, a laundromat, and a custom iron works manufacturing facility called "The Carriage House." After acquisition of the properties, the Developer plans to demolish all buildings except for the Carriage House and redevelop the site by constructing two four-story mixed-use buildings totaling 444,000± gross square feet (GSF). The project will include 262 residential units, 300± SF of “grab and go” retail space, 540± SF of office space, a public riverwalk, two parking garages, and additional outdoor parking.

The project construction will feature a one-level Type 1 concrete and steel superstructure with a poured-in-place podium. Building 1 will include a two-level parking deck, with the second level lined with residential units to conceal the parking structure from the property's facade. Above the concrete podium, four levels of Type 5 wood-frame construction will house the residential portions of the buildings. The facade incorporates a tasteful combination of brick and EIFS, enhancing the property's aesthetic appeal from the street and throughout the development.

Approximately 80% of the units will feature large inset balconies. The building offers an extensive array of amenities, including two pools, two gyms, two lobbies, a pet spa, a lounge bar, and a golf simulator, with nearly 18,000 square feet of total amenity space. Building and amenity renderings are shown in **Appendix VI (Page 23).**

The residential units will feature a mix of studio, one-bedroom, and two-bedroom apartments of various sizes. Of the total units, 209 will be market-rate, while 26 workforce units will be reserved for individuals earning less than 120% of the area median income (AMI) and 27 affordable units will be designated for individuals earning less than 80% of AMI in accordance with the IDA’s Uniform Tax Exemption Policy (UTEP).

Building 1 will feature 154 residential units, along with the proposed retail and office space. The ground floor will include a central courtyard and a pool, situated above a two-level parking garage with 282 spaces. The office space, housed within the refurbished Carriage House and incorporated into the first floor, will reportedly be leased to the Patchogue Chamber of Commerce for $1 per year as a community benefit.

Building 2 will include 108 residential units and an outdoor courtyard located on the second floor, above a single-level parking garage with 91 spaces. Additionally, 15 surface parking spaces will be created on the west side of Building 1, along with 32 surface parking spaces on the south side of Hammond Street. Altogether, the development will offer parking for 420 vehicles, with 372 spaces in covered structured garages and 48 spaces at surface level.

In addition to the above, the Developer intends to clean up and restore the Patchogue River to its natural state by removing pollutants, debris, and invasive plant species that currently affect the river. The Developer also plans to redevelop the 7,000 SF (0.16 acre) Suffolk County Parks parcel located at the front of the site along West Main Street. This parcel will be integrated into the project’s riverwalk design, which encompasses approximately 26,000 SF surrounding the river between the two buildings. This area will be landscaped with native plants, enhanced with a six-foot-wide boardwalk extending from West Main to Hammond Street, and will be a community benefit accessible to the public and maintained by the Developer.

The project aims to create a high-quality multi-family residential development to meet the growing housing demand in the Village of Patchogue. This design will attract residents seeking alternatives to single-family homes, offering a broader range of housing options. The project aligns with the established land use and development patterns in Patchogue Village, being situated near other multi-family residential developments. It will revitalize a highly underutilized property at a prime location within walking distance of several key destinations, including retail shops and restaurants in downtown Patchogue Village, Great Patchogue Lake, Blue Point Brewing Company, the YMCA, and the Carnegie Library.

The project will be constructed in two phases. Phase 1, which involves the construction of the western side of the river, is expected to take twenty-four (24) months to complete. Phase 2, focusing on the construction of the eastern side, will begin twelve (12) months after the start of Phase 1 and is also anticipated to take twenty-four (24) months to finish. Altogether, the construction is expected to span three (3) years across both phases.

The IDA is considering a 17-year property tax abatement through a PILOT agreement. After reviewing the application, Grow America has determined that the proposed 17-year PILOT, including three years of construction, is necessary for financial viability. The "as-complete" taxes, estimated at $2,213,907 annually ($8,4350 per unit annually), are very high. With full taxes the project is not feasible. The 17-year schedule is a deviation to the IDA's Uniform Tax Exemption Policy (UTEP). The longer and steeper abatement schedule is justified by the significant development costs. There are numerous extraordinary costs beyond those typical of standard developments, as covered more thoroughly in **Section II and outlined in Appendix III (Pages 18-20)**.

The proposed schedule offers a 100% abatement during the three construction years. The first two years of operations have abatement percentages of 98% and 96%. In operating years 3-14, the abatement percentage will be reduced by 6.25% annually, ending with a 25% abatement in operating year 14.

A detailed breakdown of the proposed PILOT schedule can be found in **Appendix I (Page 16)**.

III. SOURCES & USES

The sources and uses are outlined on the following page. The development budget is $160.5 million, equal to $362 per gross square foot and $613K per unit, both of which are high. The Applicant attributes these high costs to several factors, including steep acquisition costs ($66K per unit) for land assemblage, elevated interest rates that have doubled the capitalized interest carry during construction, and the significant rise in building material and labor costs. The project parking needs cannot be accommodated with surface lots; the structured parking garages add approximately $15 million to the budget. The Applicant highlights substantial extraordinary expenses, including $4.8 million for sewer infrastructure, $7.0 million for the rehabilitation of the surrounding river area and the construction of a public riverwalk, and $4.0 million for the preservation of the historic Carriage House. The latter will be donated to the Patchogue Village Chamber of Commerce to support local economic development and benefit the community. These costs are outlined in more detail by the Applicant in **Appendix III (Pages 18 – 20).**

The Applicant intends to finance the project primarily through a fairly traditional capital structure of debt (60% of cost) and equity (40% of cost) for a complex mixed-use mixed-income development. The Applicant also has applied for approximately $1 million from the Suffolk County Workforce Housing Fund to subsidize the residential units priced at less than 80% of area median income.

To address the difference between the construction and permanent financing, the $7 million gap between the construction and permanent loan is not profit for the developer. Most refinance proceeds are retained in the project as lender-required reserves, with any excess converting equity to debt. This is a common industry practice since debt is cheaper than equity, limiting the need for additional investor contributions. The final permanent loan amount is subject to market conditions at the time of conversion, and construction loans typically have terms of around 36 months. The developer would like to convert to construction loan ($96.3 million) to a higher permanent loan ($103.4 million) after it reaches stabilization, however; the permanent loan amount will be subject to market conditions at the time of conversion and all metrics must be achieved for converting to a larger amount.

SOURCES & USES				
USES OF FUNDS	**$**	**Per Unit**	**Per GSF**	**%**
Property Acquisition Cost	$17,350,000	$66,221	$39	11%
Closing and bank fees	$233,240	$890	$1	0%
Insurance	$3,438,500	$13,124	$8	2%
Legal fees	$841,500	$3,212	$2	1%
Required interest reserves or escrows	$5,851,287	$22,333	$13	4%
Other (excess parcel tax; transfer tax; RE Tax)	$488,278	$1,864	$1	0%
Total Acquisition & Transaction Costs	**$28,202,805**	**$107,644**	**$64**	**18%**
Hard Costs				
Building demolition and construction	$75,004,331	$286,276	$169	47%
Site work (paving, etc.)	$22,095,000	$84,332	$50	14%
Infrastructure (sewer, e.g.)	$6,691,573	$25,540	$15	4%
Amenities/FF&E	$1,327,000	$5,065	$3	1%
Soft Costs				
Architecture and engineering fees	$3,752,821	$14,324	$8	2%
Marketing & Dev Fee (3%)	$5,622,462	$21,460	$13	4%
Permits, inspections	$5,216,212	$19,909	$12	3%
Other (Financing Fees; Operating Deficit; Contingency)	$12,616,996	$48,156	$28	8%
Total Construction Costs	**$132,326,395**	**$505,063**	**$298**	**82%**
Total Project Costs	**$160,529,200**	**$612,707**	**$362**	**100%**
SOURCES OF FUNDS *	**Construction $**	**%**	**Perm $**	**%**
Private Mortgage	**$96,317,520**	**60%**	$103,434,000	64%
Suffolk County Workforce Fund	**$945,000**	**1%**	$945,000	1%
Equity	**$63,266,680**	**39%**	$56,150,200	35%
Total	**$160,529,200**	**100%**	$160,529,200	100%

**** GA assumes the permanent loan sized at same amount as construction loan as metrics do not support the larger amount.***

Grow America's analysis does not assume the $7 million gap. Instead, GA assumes conversion to permanent debt as the same amount as the construction loan, as the lender ratios are still tight assuming the lower construction loan amount. This further supports the need for a 17-year PILOT, as the project would not be sustainable when factoring in the conversion to the higher permanent loan amount. This means the project would not be hitting the required debt coverage ratios (DCR) when calculating debt service on the $103.4 million loan. From a lending standpoint, the permanent lender would not convert to the higher dollar amount, as the required DCR metrics would not be met.

IV. SUMMARIZED BENEFITS PACKAGE

The Applicant obtained estimated "as complete" tax assessments from the respective assessor offices of the Village of Patchogue and the Town of Brookhaven. The estimated as complete tax for the proposed development is $2,213,907 annually, equivalent to over $8,450 per unit. Grow America used these assessments and resulting taxes in its analysis. The Tax Benefit Summary below includes the PILOT as proposed as part of this analysis, the estimated sales tax exemption on building materials and equipment, and mortgage recording tax exemption.

IDA TAX BENEFITS					
IDA RELATED PROPERTY TAXES			**SALES TAX EXEMPTION**		
Current Taxes	$184,361		Construction Hard Cost		$103,790,904
Starting PILOT	$184,361		Value of Building Materials*	50%	$51,895,452
Tax Savings Over Term	$23,733,953		Sales Tax		8.630%
PILOT Payments Over Term	$11,630,860		Value of Exemption		$4,478,578
Average PILOT Payments Over Term	**$830,776**				
Multiplier Over Current Taxes	**4.5 X**		FF&E		$1,327,000
			Sales Tax		8.630%
			Value of Exemption		$114,520
			Total Sales Tax Exemption		$4,593,098
MORTGAGE RECORDING TAX			**FINANCIAL ASSISTANCE SUMMARY**		
Mortgage	$103,434,000		Real Estate Tax Savings Over PILOT Term		$23,733,953
Mortgage Recording Tax	1.05%		Mortgage Recording Tax Savings		$775,755
Transit District Exclusion	-0.30%		Sales Tax Exemption		$4,593,098
Mortgage Recording Tax Savings	0.75%		IDA Financial incentive Package		$29,102,806
Value of Exemption	$775,755				
			Total Project Cost		$160,529,200
			Benefits as a % of Total Project Cost		18%

The analysis reflects the 17-year proposed PILOT schedule. Grow America has reviewed the development program, as detailed in **Section V,** and concludes that the 17-year PILOT (inclusive of three construction years) is suitable to help meet lender and investor metrics. The PILOT schedule is detailed in **Appendix I (Page 16).**

Based upon the proposed PILOT schedule, the total project savings from the three level of IDA tax assistance are $29,102,806, which is approximately 18% of total project costs ($160,529,200). Grow America typically sees project savings from IDA assistance in New York fall anywhere between 15-25% of total project costs, meaning the assistance for this development is reasonable and within range of assistance for other projects.

V. SUMMARY OF GROW AMERICA ANALYSIS

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

- Projecting market rent growth at 3.0% annually.

- Projecting workforce rent growth at 2.0% annually.
- Projecting expense growth at 2.50% annually
- Projecting the terminal value of the project using a 5.50% capitalization (cap) rate

Rent Roll

The unit mix and proposed rents are shown on the table below. The market rate rents range from $4.07 per square foot for studio units to $3.14 per square foot for two-bedroom units and are consistent with the market. The affordable and workforce units are priced for households earning less than 80% and 120% AMI. Of note, the 120% AMI studio and one-bedroom units are priced closer to 100% AMI rent limits.

RENT ROLL							
Unit Description	*%*	*Units*	*Avg NSF*	*Total NSF*	*Mo Rent*	*Rent/SF*	*Annual Rent*
Market							
Studio	15%	39	682	26,598	$2,773	$4.07	$1,297,764
One Bedroom	43%	112	990	110,880	$3,498	$3.53	$4,701,312
Two Bedroom / Two Bathroom	22%	58	1,326	76,908	$4,167	$3.14	$2,900,232
Workforce (120% AMI)							
Studio	2%	5	628	3,140	$2,298	$3.66	$137,880
One Bedroom	5%	14	816	11,424	$2,903	$3.56	$487,704
Two Bedroom / Two Bathroom	3%	7	1,254	8,778	$3,990	$3.18	$335,160
Affordable (80% AMI)							
Studio	2%	5	606	3,030	$1,956	$3.23	$117,360
One Bedroom	6%	15	776	11,640	$2,210	$2.85	$397,800
Two Bedroom / One Bathroom	1%	2	1,036	2,072	$2,534	$2.45	$60,816
Two Bedroom / Two Bathroom	2%	5	1,254	6,270	$2,585	$2.06	$155,100
Super's Unit							
Two Bedroom	0%	0	0	0	$0		$0
Total / Average	**100%**	**262**	**995**	**260,740**	**$3,369**	**$3.38**	**$10,591,128**

INCOME SUMMARY			
Market Income	$8,899,308	*$3,548 avg. rent*	*209 units*
Workforce Income (120% AMI)	$960,744	*$3,079 avg. rent*	*26 units*
Workforce Income (80% AMI)	$731,076	*$1,965 avg. rent*	*27 units*
Other Income	$809,140		
Total	**$11,400,268**		

UNIT BREAKDOWN		
Studio	49	19%
One Bedroom	141	54%
Two Bedroom / One Bath	2	1%
Two Bedroom / Two Bath	70	27%
Total	**262**	**100%**

Stabilized Operating Pro Forma

The table on the following page illustrates financial performance with the PILOT in the first stabilized year of operations (Year 3). In addition to high development and operating costs, the development would not be financially feasible without the assistance of the IDA as the estimated full taxes are very high at $8,791 per unit in the stabilized year. When full taxes are plugged into the operating pro forma in the stabilized year, projected cash flow is negative.

Even with the proposed PILOT schedule, the project is challenged to meet lender and investor thresholds. Returns from the project, even with the proposed PILOT schedule, are quite marginal, with stabilized Yield to Cost (YTC) at 5.5%. Pre-tax Internal Rates of Return (IRR) is projected to be 8%. In Year 3, the development achieves a debt coverage ratio (DCR) of 1.18, meaning there is only a 18% cushion of net operating income over project debt service. This is a low cushion, as most lenders require at least a 1.20 DCR. Financial challenges lie in high development costs caused by today's economic environment, high operating costs associated with the management of the properties and public spaces maintained by the Developer, and high as-complete taxes between the Village, Town, and County.

STABILIZED OPERATING PRO FORMA (YEAR 3)						
		(1) WITHOUT PILOT		(2) WITH 3RD YEAR PILOT		
	262 units	$	Per Unit	$	Per Unit	
Market Income	209 units	$10,423,931	*$4,156 per month*			
Workforce Income (120% AMI)	26 units	$1,103,593	*$3,537 per month*			
Workforce Income (80% AMI)	27 units	$839,777	*$2,592 per month*			
Other Income		$949,798				
Gross Income		$13,317,099				
Residential Vacancy		($742,038)	*6.50% vacancy*			
Effective Gross Income		**$12,575,061**		**$12,575,061**		
General Expenses		($3,358,806)	*$12,820*	($3,358,806)	*$12,820*	
Reserves		($74,870)	*$286*	($74,870)	*$286*	
RE Taxes/PILOT		($2,303,349)	*$8,791*	($237,799)	*$908*	
Total Expenses		($5,737,025)	*$21,897*	($3,671,475)	*$14,013*	
Net Operating Income		$6,838,036		$8,903,586		
Debt Service (First Mortgage)		($7,567,875)		($7,567,875)		
Cash Flow		($729,839)		$1,335,711		
METRICS						**Market**
Debt Coverage Ratio (DCR)		-0.90		1.18		>1.20
Cash on Cash		-1.2%		2.1%		>4.7%
Yield to Cost		4.3%		5.5%		>6.5%
Internal Rate of Return (IRR)		4%		8%		>10%

Without the proposed financial incentive 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 essential for the project's financial feasibility.

15-Year vs. 17-Year PILOT Comparison

The financial analysis demonstrates that a 17-year PILOT is essential for ensuring the long-term feasibility of the proposed development while maintaining reasonable returns that do not constitute undue enrichment for the applicant.

Under the 15-year PILOT scenario analyzed by Camoin Associates, the projected financial performance falls significantly below *the Camoin-reported industry benchmarks*. The average cash-on-cash return is

2.72%, with a high of 3.68% and a low of 1.70%, compared to industry benchmarks ranging from 4.72% to 9.60%. Additionally, the debt coverage ratio (DCR) under this scenario averages 1.25, with a minimum of 1.15 and a maximum of 1.39—figures that, while above the 1.00 threshold, leave little margin for financial stability, particularly during economic downturns or periods of operational challenges. While the Camoin report presents these financial metrics, it does not provide a specific recommendation regarding the appropriate PILOT term. Additionally, Grow America considers a 1.00 DCR unrealistic, as most lenders require a minimum DCR of 1.20.

15-Year vs 17-Year PILOT Comparison			
	15-Year PILOT (Camoin Study)	17-Year PILOT (Grow America Study)	Camoin Study Benchmarks
Cash-on-Cash (Equity Dividend Rates)			
Average	2.72%	3.58%	-
Minmum	1.70%	2.11%	4.72%
Maximum	3.68%	5.05%	9.60%
Debt Service Coverage			
Average	1.25	1.31	-
Minmum	1.15	1.18	1.00
Maximum	1.39	1.42	1.86

Extending the PILOT term to 17 years improves these financial metrics, bringing them closer to sustainable levels. Under this 17-year structure, the projected average cash-on-cash return increases to 3.58%, with a high of 5.05% and a minimum of 2.11%. While this remains on the lower end of the industry benchmark range, it provides a more viable return for investors, making the project financially feasible. Similarly, the DCR improves to an average of 1.31, with a minimum of 1.18 and a maximum of 1.42—enhancing financial strength while remaining within industry standards.

Even with the 17-year PILOT, the project's returns are not excessive. The adjusted financials allow the project to meet debt obligations and maintain reasonable investor returns, but they do not yield excess profits. Instead, the 17-year PILOT ensures that the project can secure necessary financing, sustain operations, and deliver the intended public benefits, including job creation, increased tax revenue, and economic development.

Without the 17-year PILOT, the financial viability of the project remains uncertain, as the 15-year scenario does not provide a sufficient return to attract and retain investment. Given these considerations, approving the extended PILOT is a necessary step to ensure the project moves forward.

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 new net students to the school districts. On average, one (1) student per eleven (11) units, or 9.09%, was identified as the impact on public school enrollment from the multi-family projects surveyed.

As it relates to the subject 262-unit development, the 9.09% multiplier against the 262 units results in an estimated nineteen (19) new students being added to the Patchogue school district from the development, as follows.

SCHOOL IMPACT	
Units	262
Less Studios	(49)
Less Senior Units	0
Adjusted Unit Count	213
Multiplier (1 student for every 11 units)	9.09%
Estimated Number of Net New Students	19
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 Uniform Tax Exemption Policy (UTEP), applicants for Market Rate 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 eliminate nine (9) blighted parcels and replace them with much-needed market-rate and workforce and affordable rental units.
    - 26 workforce housing units will be reserved for individuals earning less than 120% of AMI and 27 affordable housing units will be designated for individuals earning less than 80% of AMI.
- The project will revitalize a highly underutilized property at a prime location within walking distance of downtown Patchogue Village and Long Island Railroad station.
- The project aligns with the established land use and development patterns in Patchogue Village, being situated near other multi-family residential developments.
- The Applicant has engaged in discussions with several major regional employers, including NYU Langone, Stony Brook University, and Brookhaven National Laboratory. These employers have expressed an urgent need for more housing in the area to help address workforce retention challenges.
- The project provides numerous public benefits, including a public riverwalk, community park, and donated office space.
- According to the *Village of Patchogue Economic and Fiscal Impact Analysis* Study (prepared for Long Island Regional Planning Council in 2018), between 2000 and 2017 large residential developments like Copper Beech, Artspace Lofts, and New Village attracted 211 new non-local households, which generated $10.2 million in economic output.
    - Future projects are expected to continue this trend, with new non-local households further contributing to local spending and job creation.

Existing Housing Projects

- **New Village**
    - Type: Multifamily Rental Building
    - Address: 1 Village Green, Patchogue, NY 11772
    - Developer: Tritec
    - Units: 291 units + 62,000 sq. ft. retail & office
    - Built: 2014
    - Stories: 5
- **River Walk**
    - Type: For Sale Condominiums/Townhouses
    - Address: 72 West Ave, Patchogue, NY 11772
    - Developer: Michael Kelly
    - Units: 163 units
    - Built: Dec 2011
    - Stories: 2.5
- **Heatherwood House at Patchogue**
    - Type: Garden Style Rental Apartments
    - Address: 99 Waverly Ave, Patchogue, NY 11772
    - Developer: Heatherwood
    - Units: 272 units
    - Built: 1965
    - Stories: 2
- **Tiffany Apartments**
    - Type: Multifamily Rental Building
    - Address: 1 Maple Ave, Patchogue, NY 11772
    - Units: 102 units
    - Stories: 5
- **Terry Apartments**
    - Type: Multifamily Rental Building
    - Address: 38 Rider Ave, Patchogue, NY 11772
    - Units: 65 units
    - Built: 1970
    - Stories: 5

Planned Housing Projects

- **238 W Main**
    - Type: Multifamily Rentals
    - Address: 238-254 W Main St, Patchogue, NY 11772
    - Developer: Michael Kelly
    - Units: 26 units
    - Stories: 3
- **Greybarn**
    - Type: Multifamily Rentals
    - Address: 304 E Main St, Patchogue, NY 11772
    - Developer: Rechler Equities
    - Units: 91 units

  - Stories: 3
- **80 Division St (In Construction)**
  - Type: Multifamily Rentals
  - Address: 80 Division St, Patchogue, NY 11772
  - Developer: RAIA 80 LLC
  - Units: 16 units
  - Stories: 3.5

Impact on Local Taxing Jurisdictions (Quantified in Grow America's Economic Analysis Report)

- The development of a new multifamily housing project will generate significant annual property tax revenue for local jurisdictions, delivering tangible benefits to the community. The project will enrich the tax base by repositioning currently underutilized properties into higher-value residential buildings, providing a greater stream of recurring revenue. The project's contribution to property tax rolls represents meaningful growth to the jurisdiction's revenue base, while not overburdening municipal services. The added value to the tax base will help distribute the cost of government services across a broader population, easing the burden on existing taxpayers.

Impact on Local School District and Expected Number of Children

- The impact on the local school district and expected number of children is calculated on **Page 9** of this report.
- An estimated nineteen (19) new students will be added to the Patchogue school district from the development.
- According to the *Village of Patchogue Economic and Fiscal Impact Analysis* Study, an analysis of seven (7) multi-family residential projects in Patchogue—Copper Beech, Condos on Waverly, Riverview Condos, Bay Village Condos, Artspace Lofts, New Village Apartments, and Riverwalk Condos—revealed a positive fiscal impact on the Patchogue-Medford School District.
  - These projects, which collectively housed 40 public school-age children, generated approximately $6.6 million in school property tax revenue over a ten-year period, while the estimated educational costs associated with these students totaled just $1.18 million. This resulted in a net fiscal surplus of $5.4 million for the school district, demonstrating that the revenue from these developments far exceeded the costs of accommodating the additional students.

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

The 214 West Main Street 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 revitalizing an underutilized property in Patchogue. It provides much-needed mixed-income housing, including 53 units designated for affordable and workforce housing, meeting the community's demand for affordable living options. Additionally, the project will clean and restore the Patchogue River, contributing to environmental sustainability.
- **Job Creation and Economic Development**

- The project will create 310 temporary construction jobs and five permanent jobs, contributing to local employment opportunities.
- The development is expected to generate significant local spending. The inclusion of affordable housing units will also support workforce retention for major regional employers such as NYU Langone, Stony Brook University, and Brookhaven National Laboratory, which have identified the need for housing to support their employees.

- **Environmental Impact**
  - The development includes several environmentally beneficial components, including restoring the Patchogue River, removing pollutants, and creating a public riverwalk. This commitment to improving the local environment aligns with the goals of sustainable development.
- **Financial Suitability**
  - The project has demonstrated through its financial analysis that it would not proceed except for with the financial assistance provided by the IDA.
  - High development costs, including extraordinary expenses such as river restoration and public improvements, make the project financially unfeasible without a PILOT agreement, sales tax exemption, and mortgage recording tax relief.
- **Alignment with Enhanced PILOT Criteria**
  - As outlined in Section 7(D)(1)(i) of the IDA's Uniform Tax Exemption Policy (UTEP), in order to be eligible for an enhanced PILOT agreement, market rate housing projects must be located in one of the following areas: a Community Development Block Grant area, an Opportunity Zone, a revitalization area, a Transit Oriented Development, a Highly Distressed Area (as defined in the Act), an established downtown, a blighted area or parcel of land as per the Town's Code, or if such Market Rate Housing Project is part of a Town or Village planned development zone or an incentive zoning program. The proposed project fits all the following:
    - *Community Development Block Grant Area:* Patchogue qualifies as it has received Community Development Block Grant funds and aligns with the Town of Brookhaven's 2023-2027 consolidated plan. The Patchogue Community Development Agency anticipates receiving a total of $750,000 over the five-year period.
    - *Transit-Oriented Development:* The subject site is strategically located less than a half mile (approximately 0.25 miles) from the Patchogue Long Island Railroad Station (LIRR), qualifying it as a transit-oriented development (TOD).
    - *Established Downtown:* The subject site is located at a prime location within walking distance of several key destinations, including retail shops and restaurants in downtown Patchogue Village, Great Patchogue Lake, Blue Point Brewing Company, the YMCA, and the Carnegie Library. It is accessible via the Patchogue Long Island Railroad Station (approximately 0.25 miles), numerous buses stops within a half-mile radius, and a 6-mile drive from MacArthur Airport. It is also located near with several major regional employers, including NYU Langone, Stony Brook University, and Brookhaven National Laboratory.
    - *Blighted Area per Town Code:* The project will aid in cleaning up and redeveloping over 4 acres along West Main Street, addressing the currently

poor condition per Town Code. The property exceeds the necessary point value of 100 for blight designation, totaling 190 points, which is quantified in **Appendix IV (Page 21).**

- *Town or Village Planned Development Zone or an Incentive Zoning Program:* The Long Island Regional Planning Council has recognized Downtown Patchogue as a region of significance for redevelopment efforts. The Village has engaged in New York State's Downtown Revitalization Initiative process since February 2017, applying for the West Main Street area. The criteria for DRI funding were fulfilled, but the Village opted to withdraw from the process to retain oversight of their planning.

VIII. COST BENEFIT ANALYSIS

The analysis on the following page shows a net positive public value. The public benefit factors the PILOT increment, Town fees, and IDA fees, as well as the values of the fifty-three (53) workforce and affordable housing units, riverwalk improvements, and carriage house preservation and donation. The project benefit factors savings realized from the PILOT, exemption on the mortgage recording tax, and exemption on the sales tax on building materials. In addition to the analysis below, Grow America included a municipal tax collection comparison in **Appendix V (Page 22)**, illustrating projected tax revenue over a 20-year period with and without the proposed development. The analysis estimates an increase of approximately $16.6 million in new municipal taxes over two decades if the project proceeds, alongside approximately $28.5 million in public benefits, resulting in a total of approximately $40 million in public benefits. These benefits are detailed individually **on the following page (Page 15).**

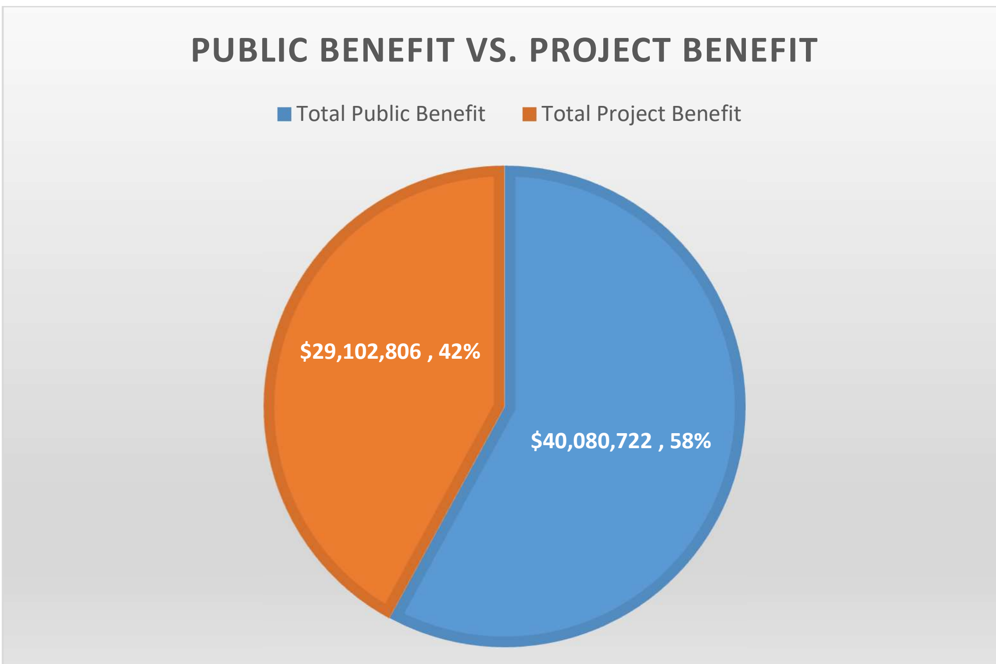
The Developer will realize $23,733,953 in savings during the 20-year PILOT term, $4,593,098 in savings through the sales tax exemption, and $775,755,381 in savings through the mortgage recording tax exemption. The aggregate PILOT payment is $11,630,860, an average of $830,776 annually, a 4.5X multiple over the current taxes. The development will pay approximately $4,124,995 in reported one-time fees in addition to IDA fees. The additional public benefit is the value attributed to the workforce housing units ($11.9 million) and the civic improvements ($11 million) that the developer will undertake at its own cost.

Not captured in the graph are the new jobs to be created and intangible benefits of the proposed project. The Applicant expects 310 temporary construction jobs and five (5) full-time equivalent permanent jobs for the development. The project will maximize land use with an improved mixed-income, mixed-use, and transit-oriented community within walking distance of key destinations, such as downtown Patchogue Village's retail shops and restaurants, Great Patchogue Lake, Blue Point Brewing Company, the YMCA, and the Carnegie Library. Additionally, the aggregate disposable income from the residential base of 262 households, estimated at over $10 million, will further strengthen the retail base in the continuing evolving market in the Village of Patchogue.

GrowAmerica

PUBLIC AND PROJECT BENEFIT SUMMARY	
Full IDA Taxes Over PILOT Term	$11,630,860
Estimated Value of Affordable Housing*	$11,986,813
Riverwalk Improvements	$7,011,960
Carriage House Preservation	$3,993,271
Carriage House Office Donation	$806,500
Town Building Fees	$4,124,995
IDA Fees	$526,323
Total Public Benefit	**$40,080,722**
Tax Savings Over Term	$23,733,953
Mortgage Recording Tax Exemption	$775,755
Sales Tax Exemption	$4,593,098
Total Project Benefit	**$29,102,806**
Net Public Benefit	**$10,977,917**

ESTIMATED VALUE OF AFFORDABLE HOUSING*	
Average Market Rate Rents	$3,548
Average 120% Workforce Rents	$3,079
Delta	$469
# of Units	26
Loss of Annual Income	$146,347
Cap Rate	5.50%
Value of 120% AMI Workforce Units	$2,660,854
Average Market Rate Rents	$3,548
Average 80% Affordable Rents	$1,965
Delta	$1,583
# of Units	27
Loss of Annual Income	$512,928
Cap Rate	5.50%
Value of 80% AMI Affordable Units	$9,325,959
Total Value of Affordable / Workforce Units	**$11,986,813**



GrowAmerica

APPENDIX I: PILOT SCHEDULE

PILOT SCHEDULE								
214 W Main Street								
Current Taxes	$184,361							
Improvement Taxes	$2,029,546							
"As Improved" (Full) Taxes	$2,213,907							
Units	262							
Estimated Taxes/Unit	**$8,450**							
Annual Escalator	2.00%							
PILOT Year	**Operating Year**	**Base Taxes**	**Improvement Taxes**	**"As Improved" Full Taxes**	**Abatement**	**Savings**	**PILOT**	**Increment Over Base Taxes**
1	Construction	$184,361	N/A	$184,361	100.00%	$0	$184,361	$0
2	Construction	$184,361	N/A	$184,361	100.00%	$0	$184,361	$0
3	Construction	$184,361	N/A	$184,361	100.00%	$0	$184,361	$0
4	1	$188,048	$2,025,859	$2,213,907	98.00%	($2,025,859)	$188,048	$0
5	2	$191,809	$2,066,376	$2,258,185	96.00%	($2,066,376)	$191,809	$0
6	3	$195,645	$2,107,703	$2,303,349	93.75%	($2,065,549)	$237,799	$42,154
7	4	$199,558	$2,149,858	$2,349,416	87.50%	($2,063,863)	$285,553	$85,994
8	5	$203,549	$2,192,855	$2,396,404	81.25%	($2,055,801)	$340,603	$137,053
9	6	$207,620	$2,236,712	$2,444,332	75.00%	($1,957,123)	$487,209	$279,589
10	7	$211,773	$2,281,446	$2,493,219	68.75%	($1,853,675)	$639,544	$427,771
11	8	$216,008	$2,327,075	$2,543,083	62.50%	($1,745,306)	$797,777	$581,769
12	9	$220,328	$2,373,616	$2,593,945	56.25%	($1,631,861)	$962,084	$741,755
13	10	$224,735	$2,421,089	$2,645,824	50.00%	($1,513,180)	$1,132,643	$907,908
14	11	$229,230	$2,469,511	$2,698,740	43.75%	($1,389,100)	$1,309,641	$1,080,411
15	12	$233,814	$2,518,901	$2,752,715	37.50%	($1,259,450)	$1,493,265	$1,259,450
16	13	$238,491	$2,569,279	$2,807,769	31.25%	($1,124,059)	$1,683,710	$1,445,219
17	14	$243,260	$2,620,664	$2,863,925	25.00%	($982,749)	$1,881,176	$1,637,915
Total		**$3,003,871**	**$32,360,943**	**$35,364,813**		**($23,733,953)**	**$11,630,860**	**$8,626,990**
						67% of full taxes	33% of full taxes	
							$830,776 avg. annually	
							$3,171 per unit annually	
							4.5 multiplier	

FIRST 3 YEARS OF FULL TAXES								
PILOT Year	**Operating Year**	**Base Taxes**	**Improvement Taxes**	**"As Improved" Full Taxes**	**Abatement**	**Savings**	**Taxes Paid**	**Increment Over Base Taxes**
N/A	15	$248,126	$2,673,078	$2,921,203	0.00%	$0	$2,921,203	$2,673,078
N/A	16	$253,088	$2,726,539	$2,979,627	0.00%	$0	$2,979,627	$2,726,539
N/A	17	$258,150	$2,781,070	$3,039,220	0.00%	$0	$3,039,220	$2,781,070
Total Operating Years 15-17		**$759,364**	**$8,180,687**	**$8,940,050**		**$0**	**$8,940,050**	**$8,180,687**

APPENDIX II: Pro Forma

214 W Main Project															
14-YEAR PRO FORMA (PILOT TERM DURING OPERATING YEARS)															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
Vacancy		*6.0%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*
Revenue															
Market Income	3.00%	9,825,555	10,120,322	10,423,931	10,736,649	11,058,749	11,390,511	11,732,227	12,084,193	12,446,719	12,820,121	13,204,724	13,600,866	14,008,892	14,429,159
Workforce Income (120% AMI)	2.00%	1,060,739	1,081,954	1,103,593	1,125,665	1,148,178	1,171,142	1,194,564	1,218,456	1,242,825	1,267,681	1,293,035	1,318,896	1,345,274	1,372,179
Workforce Income (80% AMI)	2.00%	807,167	823,310	839,777	856,572	873,703	891,178	909,001	927,181	945,725	964,639	983,932	1,003,611	1,023,683	1,044,157
Other Income	3.00%	895,276	922,134	949,798	978,292	1,007,641	1,037,870	1,069,006	1,101,077	1,134,109	1,168,132	1,203,176	1,239,271	1,276,450	1,314,743
Gross Income		12,588,737	12,947,720	13,317,099	13,697,178	14,088,271	14,490,701	14,904,799	15,330,907	15,769,378	16,220,574	16,684,868	17,162,644	17,654,298	18,160,238
Vacancy		(701,608)	(721,535)	(742,038)	(763,133)	(784,838)	(807,170)	(830,148)	(853,790)	(878,116)	(903,146)	(928,901)	(955,402)	(982,671)	(1,010,730)
Effective Gross Income		11,887,129	12,226,185	12,575,061	12,934,045	13,303,434	13,683,531	14,074,651	14,477,117	14,891,262	15,317,427	15,755,966	16,207,242	16,671,627	17,149,508
Operating Expenses															
General	2.50%	(3,196,960)	(3,276,884)	(3,358,806)	(3,442,776)	(3,528,846)	(3,617,067)	(3,707,493)	(3,800,181)	(3,895,185)	(3,992,565)	(4,092,379)	(4,194,689)	(4,299,556)	(4,407,045)
Reserves	2.50%	(71,262)	(73,044)	(74,870)	(76,741)	(78,660)	(80,626)	(82,642)	(84,708)	(86,826)	(88,996)	(91,221)	(93,502)	(95,839)	(98,235)
PILOT		(188,048)	(191,809)	(237,799)	(285,553)	(340,603)	(487,209)	(639,544)	(797,777)	(962,084)	(1,132,643)	(1,309,641)	(1,493,265)	(1,683,710)	(1,881,176)
Total Expenses		(3,456,270)	(3,541,737)	(3,671,475)	(3,805,070)	(3,948,108)	(4,184,903)	(4,429,680)	(4,682,666)	(4,944,095)	(5,214,205)	(5,493,241)	(5,781,455)	(6,079,105)	(6,386,456)
Net Operating Income		**8,430,859**	**8,684,448**	**8,903,586**	**9,128,975**	**9,355,325**	**9,498,628**	**9,644,972**	**9,794,451**	**9,947,167**	**10,103,222**	**10,262,725**	**10,425,786**	**10,592,522**	**10,763,052**
Debt Service (First Mortgage)		(6,501,433)	(6,501,433)	(7,567,875)	(7,567,875)	(7,567,875)	(7,567,875)	(7,567,875)	(7,567,875)	(7,567,875)	(7,567,875)	(7,567,875)	(7,567,875)	(7,567,875)	(7,567,875)
Cash Flow		**1,929,427**	**2,183,016**	**1,335,711**	**1,561,100**	**1,787,450**	**1,930,753**	**2,077,096**	**2,226,576**	**2,379,292**	**2,535,347**	**2,694,850**	**2,857,911**	**3,024,647**	**3,195,177**
Metrics															
DCR (First Mortgage)		1.30	1.34	1.18	1.21	1.24	1.26	1.27	1.29	1.31	1.34	1.36	1.38	1.40	1.42
Cash on Cash		3.05%	3.45%	2.11%	2.47%	2.83%	3.05%	3.28%	3.52%	3.76%	4.01%	4.26%	4.52%	4.78%	5.05%
Yield to Cost		5.25%	5.41%	5.55%	5.69%	5.83%	5.92%	6.01%	6.10%	6.20%	6.29%	6.39%	6.49%	6.60%	6.70%
Valuation Cap Rate	5.50% cap rate														195,691,856
Outstanding Loan Balance															(70,355,197)
Net Sale Proceeds															125,336,658
	Equity														
Benefit Stream	(63,266,680)	1,929,427	2,183,016	1,335,711	1,561,100	1,787,450	1,930,753	2,077,096	2,226,576	2,379,292	2,535,347	2,694,850	2,857,911	3,024,647	128,361,305
IRR	8%														

GrowAmerica

APPENDIX III: Applicant-Submitted Itemized Civic Improvements & Extraordinary Costs

Riverwalk Costs

Construction Bridge	848,000
Erosion Control	177,020
Clearing, Excavation, Backfill, Base Course	1,391,250
Shoring & Dewatering Elevator Pit	275,600
Water, Sewer, Drainage	798,575
Bulkhead New & Repairs	333,900
Retaining Wall	401,635
Steps, Curbs, Sidewalk	456,885
Asphalt	241,600
Decking	1,170,185
Water Feature	79,500
Landscaping & Irrigation	837,810
Total Calculated Cost	**7,011,960**

Sewer Costs

Abandon / Fill of Existing Sewer	47,560
Trenching Associated w/ existing Sewer	87,799
New Sewer Pipe	1,259,035
Trenching Associated with Installation of Pipe	428,287
OSHA Compliant Shoring for Trench	289,710
Well Points	91,833
Riser Pipe	179,075
Header Pipe	
Demolition existing Sidewalk	97,801
New Sidewalk	385,700
Allowance on Pump Station	
Sewer Odor Mitigation	
Allowance on Soft Cost	230,000
Impact Fee	1,369,500
Application & Inspection Fee	1,300
Floor Area	130,148
LF of Sewer Pipe Installed	475
Permanent Sewer Design	205,000

Total Calculated Cost	**4,803,223**

Carriage House Preservation Costs

Site Logistics	35,100
General Requirements	295,300
Existing Conditions	918,300
Excavations & Foundations	901,500
Masonry	24,500
Brick	308,800
Structural Steel	37,800
Carpentry, Drywall & Insulation	63,600
Architectural Woodwork	7,500
Roofing	172,800
Doors & Hardware	1,600
Storefronts	84,000
Windows	29,800
Ceramic/ Stone	3,000
Flooring	4,400
Painting	9,600
Specialties	1,200
Kitchen Cabinets & Vanities	2,500
Plumbing	15,000
Plumbing Fixtures	900
HVAC	61,600
Electric	67,200
Light Fixtures	1,400
Construction Contingency	152,370
General Conditions	454,983
Insurance	146,190
Overhead	76,019
Fee	116,309
Total Calculated Cost	**3,993,271**

Carriage House Office Donation

Turn Key Buildout for Tenant	27,000

Common Area Maintenance - 20 Year Term	54,000
Rent Valuation - 20 Year Term	725,500
Total Calculated Cost	**806,500**

Municipal Permits & Fees

Building Permit	1,836,000
Building Permit Renewal Fee	
Commercial Fire Alarm	357
Building & Housing Fee	40,086
Sewer Fees	172,954
Water and Sewer	1,603,440
Certifcate of Occupancy	408
Fire Alarm Application Fee	714
3rd Party Special Inspector	255,000
Plan Review Fee	10,200
Pool fee	357
Village Board of Trustees (Change of Zone)	1,020
Village Planning Board (Site Plan)	612
Village Planning Board ZBA - Variance Relief	510
Village Sewer District (Map & Plan Study)	15,300
Suffolk Planning Commission	204
Suffolk Water Authority Tap Fees	66,300
SCDH Wastewater Mgmt Application	5,610
SCDH Board of Review	255
PSEG	102,000
ARB for Design	255
Plan Review Fee	1,020
demo permit	7,140
Sidewalk encumbrance	4,080
Generator	510
Natural Gas	357
Gas fireplaces	306
Total Calculated Fees	**4,124,995**

GrowAmerica

APPENDIX IV: Blighted Property Designation

Blighted Property Designation		
§ 88-3 Blighted Property Designation	<--- Town Code Link	**Blighted Property** = "An improved or vacant property which meets or exceeds a point value of **100 points** as set forth within this chapter."
Description	Total Eligible Points	Carriage House Project Points
Determination by Town Attorney that condition is a serious threat to health safety	50	0
Owner Violations Issued	50	0
Property attracted illegal, noxious activity	50	50
Determination of fire hazard by Fire Marshal	50	0
Boarded eindows, doors, entry/exits	5	5
Broken or unsecured windows	10	10
Broken or unsecured doors, entry/exits	10	10
Excessive litter / debris	10	10
Overgrown grass 12 inches or higher	10	10
More than 1 unregistered vehicle	5	5
Broken, unsecured Roof	10	0
Broken, unsecured Gutters	5	5
Broken, unsecured Siding shingles	10	0
Broken, unsecured Chimeny	10	0
Broken, unsecured Shutters	5	0
Broken, unsecured accessory structures	15	0
Junk Vehicles (2 pts per vehicle)	2	10
Damaged/unsightly/unsecured signage or awnings	15	0
Presence of graffiti	10	10
Broken outdoor light fixtures	5	5
Broken fencing and gates	10	10
Broken/exposed electrical wires and equipment	15	0
Unfinished construction	20	0
Damaged, dead or fallen trees	10	10
Evidence of unrepaired fire damage	30	0
Peeling paint	5	0
Stagnant water	10	0
Unsecured wells / cesspools	10	0
Presence of Vermin	30	30
Presence of indoor appliances, furniture or equipment in outdoor area	10	10
Lumber/construction materials or debris outdoors	10	0
Totals	497	**190**

APPENDIX V: Municipal Tax Collection Comparison Over 20 Years

Municipal Tax Collection		
Year	**If Project is Built**	**If Current Properties Remain**
1	$184,361	$184,361
2	$184,361	$188,048
3	$184,361	$191,809
4	$188,048	$195,645
5	$191,809	$199,558
6	$237,799	$203,549
7	$285,553	$207,620
8	$340,603	$211,773
9	$487,209	$216,008
10	$639,544	$220,328
11	$797,777	$224,735
12	$962,084	$229,230
13	$1,132,643	$233,814
14	$1,309,641	$238,491
15	$1,493,265	$243,260
16	$1,683,710	$248,126
17	$1,881,176	$253,088
18	$2,921,203	$258,150
19	$2,979,627	$263,313
20	$3,039,220	$268,579
TOTAL	$21,123,994	$4,479,487
Municipal Gain to Tax		**$16,644,507**

APPENDIX VI: Additional Renderings

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.

EXHIBIT C-2

Reasonableness Assessment for Financial Assistance, dated March 2025, prepared by Camoin Associates;

PREPARED FOR:

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

Reasonableness Assessment for Financial Assistance

FERRANDINO AND SON DEVELOPMENT GROUP, LLC

MARCH 2025

PREPARED BY:

camoin associates

CONTENTS

Executive Summary 1

1. Operating Assumptions 2

2. PILOT Analysis 4

3. Operating Performance 7

4. Financing Plan 8

5. Rate of Return 9

Attachment 1: Pro Formas 10

Appendix A: Scope of Services 14

Appendix B: Definitions 15

EXECUTIVE SUMMARY

Project Description

The Town of Brookhaven Industrial Development Agency (Agency) received an application from Ferrandino and Son Development Group LLC (Applicant) for financial assistance for a 4.08-acre mixed-use project of 320,896 square feet consisting of two 4-story multifamily buildings with 2 parking garages, 262 total residential units, a 301-square-foot “Grab and Go” retail food location, and 540 square feet of ancillary office space. 10% of the units will be affordable (80% of AMI) and 10% of the units will be workforce (120% of AMI) per their application.

The Project represents a $177.6 million investment and is anticipated by the Applicant to generate 5 full-time equivalent permanent jobs within three years in addition to 310 estimated construction jobs. To support this project, the Applicant requests financial assistance through a Payment In Lieu of Taxes (PILOT) agreement.

Purpose of this Analysis

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

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

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

- ***Certain assumptions are within norms, such as the vacancy rate. However, certain segments of affordable and workforce housing are outside of 2024 benchmarks and certain market rent units are above that of comparable new construction projects (post 2020) in Suffolk County. Operating expenses/net operating income are more efficient than benchmarks.***
- ***The average equity dividend rate is below the benchmark (4.72%) for both the PILOT (3.58%) and No PILOT (0.90%) scenarios.***
- ***Debt service coverage ratio benchmark is met in year 1 in the PILOT scenario and year 9 in the No PILOT scenario.***

1. OPERATING ASSUMPTIONS

The Applicant's operating assumptions are compared to CoStar estimates for rent in 2024 in Suffolk County and key metrics for workforce and affordable housing income limits as provided by the U.S. Department of Housing and Urban Development.

The ability of households in Suffolk County to afford market rate, workforce, and affordable apartments is estimated by calculating the income necessary to pay no more than 30% of income on rent.

Affordable/Workforce Apartment Unit Type, Rent, and Household Income

Type of Apartment (1)	Number of Units (1)	Rent per Month (1)	Rent per Year	Household Income Required (2)	Income Limits Workforce (3)	Income Limits Affordable (3)	Benchmarks
Affordable Studio	2	$1,914	$22,968	$76,560	n/a	$87,500	Meets Benchmark
Affordable Studio	3	$1,984	$23,808	$79,360	n/a	$87,500	Meets Benchmark
Workforce Studio	5	$2,298	$27,576	$91,920	$131,200	n/a	Meets Benchmark
Affordable 1BR	15	$2,210	$26,520	$88,400	n/a	$100,000	Meets Benchmark
Workforce 1BR	14	$2,903	$34,836	$116,120	$149,950	n/a	Meets Benchmark
Affordable 2BR	2	$2,534	$30,408	$101,360	n/a	$112,500	Meets Benchmark
Affordable 2BR	5	$2,585	$31,020	$103,400	n/a	$112,500	Meets Benchmark
Workforce 2BR	7	$3,990	$47,880	$159,600	$168,700	n/a	Meets Benchmark

(1) Source: Applicant

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

(3) Uncapped FY 2023 Low Income Limit Table By Family Size, Town of Brookhaven

Market Rate Apartment Unit Type, Rent, and Household Income

Type of Apartment (1)	Number of Units (1)	Rent per Month (1)	Rent per Year	Household Income Required (2)	CoStar Market Rent (3)	Benchmarks (4)
Market Studio	1	$2,575	$30,900	$103,000	$2,793	Rent is 8% Lower Than Market- Meets Benchmark
Market Studio	6	$2,681	$32,172	$107,240	$2,793	Rent is 4% Lower Than Market - Meets Benchmark
Market Studio	10	$2,801	$33,612	$112,040	$2,793	Rent is at Market - Meets Benchmark
Market Studio	4	$2,704	$32,448	$108,160	$2,793	Rent is 3% Lower Than Market - Meets Benchmark
Market Studio	9	$2,726	$32,712	$109,040	$2,793	Rent is 2% Lower Than Market - Meets Benchmark
Market Studio	2	$2,806	$33,672	$112,240	$2,793	Rent is at Market - Meets Benchmark
Market Studio	2	$2,826	$33,912	$113,040	$2,793	Rent is 1% Higher Than Market - Meets Benchmark
Market Studio	2	$2,902	$34,824	$116,080	$2,793	Rent is 4% Higher Than Market - Meets Benchmark
Market Studio	3	$3,104	$37,248	$124,160	$2,793	Rent is 11% Higher Than Market - Meets Benchmark
Market 1BR	4	$2,787	$33,444	$111,480	$3,130	Rent is 11% Lower Than Market - Meets Benchmark
Market 1BR	40	$3,182	$38,184	$127,280	$3,130	Rents is 2% Higher Than Market - Meets Benchmark
Market 1BR	13	$3,305	$39,660	$132,200	$3,130	Rent is 6% Higher Than Market - Meets Benchmark
Market 1BR	4	$3,464	$41,568	$138,560	$3,130	Rent is 11% Higher Than Market - Meets Benchmark
Market 1BR	3	$3,360	$40,320	$134,400	$3,130	Rent is 7% Higher Than Market - Meets Benchmark
Market 1BR	3	$3,485	$41,820	$139,400	$3,130	Rent is 11% Higher Than Market - Meets Benchmark
Market 1BR	3	$3,550	$42,600	$142,000	$3,130	Rent is 13% Higher Than Market - Meets Benchmark
Market 1BR	2	$3,657	$43,884	$146,280	$3,130	Rent is 17% Higher Than Market - Meets Benchmark
Market 1BR	4	$3,674	$44,088	$146,960	$3,130	Rent is 17% Higher Than Market - Meets Benchmark
Market 1BR	4	$3,702	$44,424	$148,080	$3,130	Rent is 18% Higher Than Market - Meets Benchmark
Market 1BR	4	$3,878	$46,536	$155,120	$3,130	***Rent is 24% Higher Than Market - Exceeds Benchmark***
Market 1BR	4	$4,052	$48,624	$162,080	$3,130	***Rent is 29% Higher Than Market - Exceeds Benchmark***
Market 1BR	11	$4,052	$48,624	$162,080	$3,130	***Rent is 29% Higher Than Market - Exceeds Benchmark***
Market 1BR	4	$4,069	$48,828	$162,760	$3,130	***Rent is 30% Higher Than Market - Exceeds Benchmark***
Market 1BR	2	$4,191	$50,292	$167,640	$3,130	***Rent is 34% Higher Than Market - Exceeds Benchmark***
Market 1BR	2	$4,267	$51,204	$170,680	$3,130	***Rent is 36% Higher Than Market - Exceeds Benchmark***
Market 1BR	4	$4,323	$51,876	$172,920	$3,130	***Rent is 38% Higher Than Market - Exceeds Benchmark***
Market 1BR	1	$4,347	$52,164	$173,880	$3,130	***Rent is 39% Higher Than Market - Exceeds Benchmark***
Market 2BR	22	$3,988	$47,856	$159,520	$3,698	Rent is 8% Higher Than Market - Meets Benchmark
Market 2BR	11	$4,013	$48,156	$160,520	$3,698	Rent is 9% Higher Than Market - Meets Benchmark
Market 2BR	8	$4,261	$51,132	$170,440	$3,698	Rent is 15% Higher Than Market - Meets Benchmark
Market 2BR	4	$4,256	$51,072	$170,240	$3,698	Rent is 15% Higher Than Market - Meets Benchmark
Market 2BR	4	$4,128	$49,536	$165,120	$3,698	Rent is 12% Higher Than Market - Meets Benchmark
Market 2BR	3	$4,383	$52,596	$175,320	$3,698	Rent is 19% Higher Than Market - Meets Benchmark
Market 2BR	3	$4,278	$51,336	$171,120	$3,698	Rent is 16% Higher Than Market - Meets Benchmark
Market 2BR	3	$4,438	$53,256	$177,520	$3,698	***Rent is 20% Higher Than Market - Exceeds Benchmark***

(1) Source: Applicant
(2) Income needed to pay no more than 30% on rent
(3) 2024 Average monthly rent for newly built apartments (Post 2020) for Suffolk County, NY Source: CoStar
(4) Benchmark allowance of 20% used to account for new construction & amenities

2. PILOT ANALYSIS

Camoin Associates created a PILOT schedule in alignment with the Agency's Uniform Tax Exemption Policy (UTEP) and detailed in the Applicant's economic impact analysis.

PILOT Schedule - 17-Year Schedule

Year	As-Is Scenario Existing Town and Village Taxes Without Project (1)	Proposed Exemption (2)	Total PILOT (2)	Estimated PILOT Savings (2)	Project w/out PILOT (2)
Construction/ Tax Year 1	$184,361	-	$184,361	$0	$184,361
Construction/ Tax Year 2	$184,361	-	$184,361	$0	$184,361
Construction/ Tax Year 3	$184,361	-	$184,361	$0	$184,361
PILOT/Tax Year 4	$188,048	100.00%	$188,048	$2,025,859	$ 2,213,907
PILOT/Tax Year 5	$191,809	100.00%	$191,809	$2,066,376	$ 2,258,185
PILOT/Tax Year 6	$195,645	98.17%	$237,799	$2,065,549	$ 2,303,348
PILOT/Tax Year 7	$199,558	96.34%	$285,553	$2,063,863	$ 2,349,416
PILOT/Tax Year 8	$203,549	94.28%	$340,603	$2,055,801	$ 2,396,404
PILOT/Tax Year 9	$207,620	88.56%	$487,209	$1,957,123	$ 2,444,332
PILOT/Tax Year 10	$211,772	82.84%	$639,544	$1,853,675	$ 2,493,219
PILOT/Tax Year 11	$216,008	77.12%	$797,777	$1,745,306	$ 2,543,083
PILOT/Tax Year 12	$220,328	71.40%	$962,084	$1,631,860	$ 2,593,944
PILOT/Tax Year 13	$224,735	65.69%	$1,132,643	$1,513,181	$ 2,645,824
PILOT/Tax Year 14	$229,229	59.97%	$1,309,641	$1,389,100	$ 2,698,741
PILOT/Tax Year 15	$233,814	54.25%	$1,493,265	$1,259,450	$ 2,752,715
PILOT/Tax Year 16	$238,490	48.53%	$1,683,710	$1,124,060	$ 2,807,770
PILOT/Tax Year 17	$243,260	42.81%	$1,881,176	$982,748	$ 2,863,924
Total	**$3,556,946**	**66.1%**	**$ 12,183,942**	**$ 23,733,954**	**$ 35,917,897**

(1) Source: Calculated Full Land & Improvement Value From Existing Land Parcels, Excludes Village Sewer, BIDS - Statement of Taxes 2024-2025. Assumes 2% annual increase

(2) Source: Town of Brookhaven, Village of Patchogue

The PILOT agreement will abate 66.1% of the Applicant's taxes, resulting in $23,733,954 in foregone tax revenue (benefit to the Project) to the municipality over the next 17 years. This amount is higher than the $8,626,997 in estimated new tax revenue (benefit to the municipality) the municipality stands to gain from the Project with the PILOT.

Real Property Tax Comparison

17 Year PILOT	
Comparison of Taxes on Full Value of Project and with PILOT	
Taxes without PILOT	$35,917,897
Less: PILOT/Tax Payments	($12,183,943)
Foregone Revenue (Benefits to Project)	$23,733,954
Abatement Percent	66.1%
Net New Taxes Compared with No Project	
PILOT	$12,183,943
Less: Estimated Taxes without Project	($3,556,946)
Estimated New Tax Revenue (Benefits to Municipalities)	$8,626,997

This table shows the PILOT timeline and the Project's tax payments. It calculates the benefits to the municipalities and the benefits (or savings) to the Project.

Proposed PILOT and Tax Comparison (17 year PILOT)

	Benefits to Municipalities			***Benefit to Project***			
Year	PILOT Payments	Less: Current Tax Revenues (1)	Net New Tax Revenues	Taxes Owed after Project Completion (2)	Less: PILOT Payments	Estimated Savings to Project	PILOT's Share of Estimated Taxes Owed
1	$ 184,361	$ 184,361	$ -	$ 184,361	$ 184,361	$ -	100.0%
2	$ 184,361	$ 184,361	$ -	$ 184,361	$ 184,361	$ 0	100.0%
3	$ 184,361	$ 184,361	$ -	$ 184,361	$ 184,361	$ 0	100.0%
4	$ 188,048	$ 188,048	$ -	$ 2,213,907	$ 188,048	$ 2,025,859	8.5%
5	$ 191,809	$ 191,809	$ -	$ 2,258,185	$ 191,809	$ 2,066,376	8.5%
6	$ 237,799	$ 195,645	$ 42,154	$ 2,303,348	$ 237,799	$ 2,065,549	10.3%
7	$ 285,553	$ 199,558	$ 85,995	$ 2,349,416	$ 285,553	$ 2,063,863	12.2%
8	$ 340,603	$ 203,549	$ 137,054	$ 2,396,404	$ 340,603	$ 2,055,801	14.2%
9	$ 487,209	$ 207,620	$ 279,589	$ 2,444,332	$ 487,209	$ 1,957,123	19.9%
10	$ 639,544	$ 211,772	$ 427,772	$ 2,493,219	$ 639,544	$ 1,853,675	25.7%
11	$ 797,777	$ 216,008	$ 581,769	$ 2,543,083	$ 797,777	$ 1,745,306	31.4%
12	$ 962,084	$ 220,328	$ 741,756	$ 2,593,944	$ 962,084	$ 1,631,860	37.1%
13	$ 1,132,643	$ 224,735	$ 907,908	$ 2,645,824	$ 1,132,643	$ 1,513,181	42.8%
14	$ 1,309,641	$ 229,229	$ 1,080,412	$ 2,698,741	$ 1,309,641	$ 1,389,100	48.5%
15	$ 1,493,265	$ 233,814	$ 1,259,451	$ 2,752,715	$ 1,493,265	$ 1,259,450	54.2%
16	$ 1,683,710	$ 238,490	$ 1,445,220	$ 2,807,770	$ 1,683,710	$ 1,124,060	60.0%
17	$ 1,881,176	$ 243,260	$ 1,637,916	$ 2,863,924	$ 1,881,176	$ 982,748	65.7%
Totals	**$ 12,183,942**	**$ 3,556,946**	**$ 8,626,997**	**$ 35,917,897**	**$ 12,183,942**	**$ 23,733,955**	**33.9%**

(1) Assumes no development at the project site with taxes based on 2023-2024 State of Property Tax Table - Town of Brookhaven & Village of Patchogue

(2) Assumes a 2% annual increase in tax rate and an assessed value of $1,809,500 for the Village of Patchogue and an assessed value of $490,000 for the Town of Brookhaven upon project completion; Source: Village of Patchogue, Town of Brookhaven, Applicant

3. OPERATING PERFORMANCE

The project's operating performance is measured using Year 8 of the Applicant's Pro Forma. The Applicant assumes that gross revenue and expenses will escalate at 2% per year and that there will be a 6% vacancy rate once stabilized, within the range for Suffolk County, NY. Operating expenses are lower than the benchmarks. With a 17 year PILOT, real property taxes absorb 3% of project income, while debt service absorbs 58% of income, resulting in a positive cash flow of $1,787,447. Without a PILOT, cashflow is negative $268,354.

Operations Snapshot, Year 8

	17 Year PILOT				17 Year No PILOT			
	Project Performance (1)	Share of Gross Operating Income	Benchmark Performance (2)	Evaluation	Project Performance (1)	Share of Gross Operating Income	Benchmark Performance (2)	Evaluation
Calculation of Net Operating Income Residential								
Gross Operating Income	$13,080,631	100%	n/a	n/a	$13,080,631	100%	n/a	n/a
Vacancy Rate and Concessions (4)	6.0%	n/a	5.8%	Within range	6.0%	n/a	5.8%	Within range
Effective Gross Income (EGI), All Uses (3)	$13,303,434	102%	96%	Within range	$13,303,434	102%	96%	Within range
Less: Operating Expenses and Reserve	($3,607,506)	28%	51%	More efficient	($3,607,506)	28%	51%	More efficient
Less: Real Property Taxes	$ (340,603)	3%	n/a	n/a	$ (2,396,404)	18%	n/a	n/a
Net Operating Income	$ 9,355,325	72%	48%	More efficient	$ 7,299,524	56%	48%	More efficient
Less: Debt Service	($7,567,878)	58%	n/a	n/a	($7,567,878)	58%	n/a	n/a
Cashflow after Operating Costs, Taxes, Debt	$ 1,787,447	14%	n/a	n/a	$ (268,354)	-2%	n/a	n/a

(1) Source: Applicant

(2) Source: RealtyRates Q2 2024 for Northeast Region

(3) Net of vacancy and concessions and including parking and other revenue

(4) Average vacancy rate for 2024 in Suffolk County, NY is 5.8%; Source: CoStar

4. FINANCING PLAN

- The Sources and Uses of Funds show the total project costs and debt and equity capital structure.
- The Senior (Long Term) Debt Terms are mixed. Loan to Total Project Costs is 60%, which meets the industry benchmarks of 55-90%. The annual interest rate for long-term debt is within range, and the maturity term is within acceptable limits.

Sources and Uses of Funds

Sources of Funds	Amount (1)	Share
Bank Financing	$96,317,520	60.0%
Other	$945,000	0.6%
Equity and Working Capital	$63,266,680	39.4%
Total Sources	$160,529,200	100%
Uses of Funds		
Acquisition and Transaction Costs	$28,202,805	18%
Construction Costs	$132,326,395	82%
Total Uses	$160,529,200	100%

(1) Source: Applicant

Terms of the Senior (Long Term) Debt

	Terms (1)	Benchmark (2)	Evaluation
Amount Borrowed	$96,317,520	n/a	n/a
Loan to Total Project Cost	60.00%	55% to 90%	Within Range
Annual Interest Rate	7.65%	4.39% to 8.69%	Within Range
Maturity in Year	30	15 to 40	Within Range

(1) Source: Applicant

(2) Source: RealtyRates Q4 2024

5. RATE OF RETURN

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

- **The Equity Dividend Rate** is the net cash flow for each year divided by the initial equity investment. Equity Dividend Rates are benchmarked using current market information from RealtyRates.com for similar projects in the region. Equity Dividend Rates close to the benchmarks indicate a Project outcome in line with the current market, which means the Applicant is earning a reasonable return. Very low or negative rates indicate the Project is unlikely to be undertaken if compared to other possible investments. Equity **The average equity dividend rate does not meet this criterion in either scenario but is much higher in the PILOT Scenario.**

  Cash Flow shows net cash flow to the Applicant over time. There are currently no cash flow benchmarks available. **Cumulative Cash Flow is positive for both scenarios but insufficient to recoup the initial investment.**

  Debt Service Coverage estimates how well the Project's net income, after taxes, supports debt repayment. **Debt Service Coverage does not meet this benchmark in the No PILOT scenario but meets this criteria in the PILOT Scenario.**

Comparison of Return on Investment

	No PILOT	17 Year Provided PILOT	Benchmarks (1)
Equity Dividend Rates			
Average	0.90%	3.58%	4.72% to 13.59%
Minimum	-1.15%	2.11%	
Maximum	3.50%	5.05%	
Year Benchmarks Met	n/a	16	
Cash Flow			
Average	$570,312	$2,265,594	n/a
Minimum	($729,841)	$1,335,708	
Maximum	$2,212,426	$3,195,174	
Cumulative	$7,984,364	$31,718,318	
Year Investment Recouped	n/a	n/a	
Debt Service Coverage			
Average	1.08	1.31	1.00 to 1.86
Minimum	0.90	1.18	
Maximum	1.29	1.42	
Years Benchmarks Met	9	1	

(1) Source: RealtyRates for Q4 2024

ATTACHMENT 1: PRO FORMAS

Ferrandino and Sons Development Group LLC **Date** 3/18/2025

Annual Cashflows (Pro Forma) - 17 Year PILOT

	Construction Year 1-3	Year 4 (Stabilized)	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Cash Flow								
Residential Income								
Gross Operating Income	$ -	$ 11,693,461	$ 12,025,586	$ 12,367,301	$ 12,718,886	$ 13,080,631	$ 13,452,831	$ 13,835,793
Less: Vacancy Allowance (enter as a negative number)	$ -	$ (701,608)	$ (721,535)	$ (742,038)	$ (763,133)	$ (784,838)	$ (807,170)	$ (830,148)
Net Rental Income, Residential	$ -	$ 10,991,853	$ 11,304,051	$ 11,625,263	$ 11,955,753	$ 12,295,793	$ 12,645,661	$ 13,005,645
Commercial/Industrial Income								
Gross Operating Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Vacancy Allowance (enter as a negative number)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Rental Income, Commercial/Industrial	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Income								
Parking Income	$ -	$ 388,963	$ 400,632	$ 412,651	$ 425,030	$ 437,781	$ 450,915	$ 464,442
Other Income	$ -	$ 506,313	$ 521,502	$ 537,147	$ 553,262	$ 569,860	$ 586,955	$ 604,564
Other Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Income, Other	$ -	$ 895,276	$ 922,134	$ 949,798	$ 978,292	$ 1,007,641	$ 1,037,870	$ 1,069,006
Effective Gross Income (EGI)	**$ -**	**$ 11,887,129**	**$ 12,226,185**	**$ 12,575,061**	**$ 12,934,045**	**$ 13,303,434**	**$ 13,683,531**	**$ 14,074,651**
Operating Expenses (enter positive numbers)								
General	$ -	$ 3,196,960	$ 3,276,884	$ 3,358,806	$ 3,442,776	$ 3,528,846	$ 3,617,067	$ 3,707,493
Reserves	$ -	$ 71,262	$ 73,044	$ 74,870	$ 76,741	$ 78,660	$ 80,626	$ 82,642
Operating Expenses	**$ -**	**$ 3,268,222**	**$ 3,349,928**	**$ 3,433,676**	**$ 3,519,517**	**$ 3,607,506**	**$ 3,697,693**	**$ 3,790,135**
Pre-Tax Operating Income (Revenue less Operating Expenses)	**$ -**	**$ 8,618,907**	**$ 8,876,257**	**$ 9,141,385**	**$ 9,414,528**	**$ 9,695,928**	**$ 9,985,838**	**$ 10,284,516**
Real Property Taxes (assuming 17 Year PILOT**)**	$ -	$ 188,048	$ 191,809	$ 237,799	$ 285,553	$ 340,603	$ 487,209	$ 639,544
Net Operating Income (NOI) after Taxes	**$ -**	**$ 8,430,859**	**$ 8,684,448**	**$ 8,903,586**	**$ 9,128,975**	**$ 9,355,325**	**$ 9,498,629**	**$ 9,644,972**
Loan or Mortgage (Debt Service)								
I.O. Period	$ -	$ 6,501,433	$ 6,501,433	$ -	$ -	$ -	$ -	$ -
Mortgage Payment	$ -	$ -	$ -	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878
Debt Service	$ -	$ 6,501,433	$ 6,501,433	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878
Cash Flow After Financing and Reserve	**$ -**	**$ 1,929,426**	**$ 2,183,015**	**$ 1,335,708**	**$ 1,561,097**	**$ 1,787,447**	**$ 1,930,751**	**$ 2,077,094**
Debt Service Coverage Ratio (DSCR)		1.30	1.34	1.18	1.21	1.24	1.26	1.27
Equity Dividend Rate		3.05%	3.45%	2.11%	2.47%	2.83%	3.05%	3.28%

Ferrandino and Sons Development Group LLC

Annual Cashflows (Pro Forma) - 17 Year PILOT

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
Operating Cash Flow							
Residential Income							
Gross Operating Income	$ 14,229,830	$ 14,635,269	$ 15,052,441	$ 15,481,691	$ 15,923,373	$ 16,377,848	$ 16,845,496
Less: Vacancy Allowance (enter as a negative number)	$ (853,790)	$ (878,116)	$ (903,146)	$ (928,901)	$ (955,402)	$ (982,671)	$ (1,010,731)
Net Rental Income, Residential	$ 13,376,040	$ 13,757,153	$ 14,149,295	$ 14,552,790	$ 14,967,971	$ 15,395,177	$ 15,834,765
Commercial/Industrial Income							
Gross Operating Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Vacancy Allowance (enter as a negative number)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Rental Income, Commercial/Industrial	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Income							
Parking Income	$ 478,375	$ 492,727	$ 507,508	$ 522,734	$ 538,416	$ 554,568	$ 571,205
Other Income	$ 622,702	$ 641,382	$ 660,624	$ 680,442	$ 700,855	$ 721,882	$ 743,538
Other Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Income, Other	$ 1,101,077	$ 1,134,109	$ 1,168,132	$ 1,203,176	$ 1,239,271	$ 1,276,450	$ 1,314,743
Effective Gross Income (EGI)	**$ 14,477,117**	**$ 14,891,262**	**$ 15,317,427**	**$ 15,755,966**	**$ 16,207,242**	**$ 16,671,627**	**$ 17,149,508**
Operating Expenses (enter positive numbers)							
General	$ 3,800,181	$ 3,895,185	$ 3,992,565	$ 4,092,379	$ 4,194,689	$ 4,299,556	$ 4,407,045
Reserves	$ 84,708	$ 86,826	$ 88,996	$ 91,221	$ 93,502	$ 95,839	$ 98,235
Operating Expenses	**$ 3,884,889**	**$ 3,982,011**	**$ 4,081,561**	**$ 4,183,600**	**$ 4,288,191**	**$ 4,395,395**	**$ 4,505,280**
Pre-Tax Operating Income (Revenue less Operating Expenses)	**$ 10,592,228**	**$ 10,909,251**	**$ 11,235,866**	**$ 11,572,366**	**$ 11,919,051**	**$ 12,276,232**	**$ 12,644,228**
Real Property Taxes (assuming 17 Year PILOT**)**	$ 797,777	$ 962,084	$ 1,132,643	$ 1,309,641	$ 1,493,265	$ 1,683,710	$ 1,881,176
Net Operating Income (NOI) after Taxes	**$ 9,794,451**	**$ 9,947,167**	**$ 10,103,223**	**$ 10,262,725**	**$ 10,425,786**	**$ 10,592,522**	**$ 10,763,052**
Loan or Mortgage (Debt Service)							
I.O. Period	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Mortgage Payment	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878
Debt Service	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878
Cash Flow After Financing and Reserve	**$ 2,226,573**	**$ 2,379,289**	**$ 2,535,345**	**$ 2,694,847**	**$ 2,857,908**	**$ 3,024,644**	**$ 3,195,174**
Debt Service Coverage Ratio (DSCR)	1.29	1.31	1.34	1.36	1.38	1.40	1.42
Equity Dividend Rate	3.52%	3.76%	4.01%	4.26%	4.52%	4.78%	5.05%

Ferrandino and Sons Development Group LLC **Date** 3/18/2025

Annual Cashflows (Pro Forma) - 17 Year No PILOT

	Construction Year 1-3	Year 4 (Stabilized)	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Cash Flow								
Residential Income								
Gross Operating Income	$ -	$ 11,693,461	$ 12,025,586	$ 12,367,301	$ 12,718,886	$ 13,080,631	$ 13,452,831	$ 13,835,793
Less: Vacancy Allowance (enter as a negative number)	$ -	$ (701,608)	$ (721,535)	$ (742,038)	$ (763,133)	$ (784,838)	$ (807,170)	$ (830,148)
Net Rental Income, Residential	$ -	$ 10,991,853	$ 11,304,051	$ 11,625,263	$ 11,955,753	$ 12,295,793	$ 12,645,661	$ 13,005,645
Commercial/Industrial Income								
Gross Operating Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Vacancy Allowance (enter as a negative number)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Rental Income, Commercial/Industrial	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Income								
Parking Income	$ -	$ 388,963	$ 400,632	$ 412,651	$ 425,030	$ 437,781	$ 450,915	$ 464,442
Other Income	$ -	$ 506,313	$ 521,502	$ 537,147	$ 553,262	$ 569,860	$ 586,955	$ 604,564
Other Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Income, Other	$ -	$ 895,276	$ 922,134	$ 949,798	$ 978,292	$ 1,007,641	$ 1,037,870	$ 1,069,006
Effective Gross Income (EGI)	**$ -**	**$ 11,887,129**	**$ 12,226,185**	**$ 12,575,061**	**$ 12,934,045**	**$ 13,303,434**	**$ 13,683,531**	**$ 14,074,651**
Operating Expenses (enter positive numbers)								
General	$ -	$ 3,196,960	$ 3,276,884	$ 3,358,806	$ 3,442,776	$ 3,528,846	$ 3,617,067	$ 3,707,493
Reserves	$ -	$ 71,262	$ 73,044	$ 74,870	$ 76,741	$ 78,660	$ 80,626	$ 82,642
Operating Expenses	**$ -**	**$ 3,268,222**	**$ 3,349,928**	**$ 3,433,676**	**$ 3,519,517**	**$ 3,607,506**	**$ 3,697,693**	**$ 3,790,135**
Pre-Tax Operating Income (Revenue less Operating Expenses)	**$ -**	**$ 8,618,907**	**$ 8,876,257**	**$ 9,141,385**	**$ 9,414,528**	**$ 9,695,928**	**$ 9,985,838**	**$ 10,284,516**
Real Property Taxes (assuming No PILOT**)**	$ -	$ 2,213,907	$ 2,258,185	$ 2,303,348	$ 2,349,416	$ 2,396,404	$ 2,444,332	$ 2,493,219
Net Operating Income (NOI) after Taxes	**$ -**	**$ 6,405,000**	**$ 6,618,072**	**$ 6,838,037**	**$ 7,065,112**	**$ 7,299,524**	**$ 7,541,506**	**$ 7,791,297**
Loan or Mortgage (Debt Service)								
I.O. Period	$ -	$ 6,501,433	$ 6,501,433	$ -	$ -	$ -	$ -	$ -
Mortgage Payment	$ -	$ -	$ -	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878
Debt Service	$ -	$ 6,501,433	$ 6,501,433	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878
Cash Flow After Financing and Reserve	**$ -**	**$ (96,433)**	**$ 116,639**	**$ (729,841)**	**$ (502,766)**	**$ (268,354)**	**$ (26,372)**	**$ 223,419**
Debt Service Coverage Ratio (DSCR)		0.99	1.02	0.90	0.93	0.96	1.00	1.03
Equity Dividend Rate		-0.15%	0.18%	-1.15%	-0.79%	-0.42%	-0.04%	0.35%

Ferrandino and Sons Development Group LLC

Annual Cashflows (Pro Forma) - 17 Year No PILOT

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
Operating Cash Flow							
Residential Income							
Gross Operating Income	$ 14,229,830	$ 14,635,269	$ 15,052,441	$ 15,481,691	$ 15,923,373	$ 16,377,848	$ 16,845,496
Less: Vacancy Allowance (enter as a negative number)	$ (853,790)	$ (878,116)	$ (903,146)	$ (928,901)	$ (955,402)	$ (982,671)	$ (1,010,731)
Net Rental Income, Residential	$ 13,376,040	$ 13,757,153	$ 14,149,295	$ 14,552,790	$ 14,967,971	$ 15,395,177	$ 15,834,765
Commercial/Industrial Income							
Gross Operating Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Vacancy Allowance (enter as a negative number)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Rental Income, Commercial/Industrial	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Income							
Parking Income	$ 478,375	$ 492,727	$ 507,508	$ 522,734	$ 538,416	$ 554,568	$ 571,205
Other Income	$ 622,702	$ 641,382	$ 660,624	$ 680,442	$ 700,855	$ 721,882	$ 743,538
Other Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Income, Other	$ 1,101,077	$ 1,134,109	$ 1,168,132	$ 1,203,176	$ 1,239,271	$ 1,276,450	$ 1,314,743
Effective Gross Income (EGI)	**$ 14,477,117**	**$ 14,891,262**	**$ 15,317,427**	**$ 15,755,966**	**$ 16,207,242**	**$ 16,671,627**	**$ 17,149,508**
Operating Expenses (enter positive numbers)							
General	$ 3,800,181	$ 3,895,185	$ 3,992,565	$ 4,092,379	$ 4,194,689	$ 4,299,556	$ 4,407,045
Reserves	$ 84,708	$ 86,826	$ 88,996	$ 91,221	$ 93,502	$ 95,839	$ 98,235
Operating Expenses	**$ 3,884,889**	**$ 3,982,011**	**$ 4,081,561**	**$ 4,183,600**	**$ 4,288,191**	**$ 4,395,395**	**$ 4,505,280**
Pre-Tax Operating Income (Revenue less Operating Expenses)	**$ 10,592,228**	**$ 10,909,251**	**$ 11,235,866**	**$ 11,572,366**	**$ 11,919,051**	**$ 12,276,232**	**$ 12,644,228**
Real Property Taxes (assuming No PILOT)	$ 2,543,083	$ 2,593,944	$ 2,645,824	$ 2,698,741	$ 2,752,715	$ 2,807,770	$ 2,863,924
Net Operating Income (NOI) after Taxes	**$ 8,049,145**	**$ 8,315,307**	**$ 8,590,042**	**$ 8,873,625**	**$ 9,166,336**	**$ 9,468,462**	**$ 9,780,304**
Loan or Mortgage (Debt Service)							
I.O. Period	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Mortgage Payment	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878
Debt Service	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878	$ 7,567,878
Cash Flow After Financing and Reserve	**$ 481,267**	**$ 747,429**	**$ 1,022,164**	**$ 1,305,747**	**$ 1,598,458**	**$ 1,900,584**	**$ 2,212,426**
Debt Service Coverage Ratio (DSCR)	1.06	1.10	1.14	1.17	1.21	1.25	1.29
Equity Dividend Rate	0.76%	1.18%	1.62%	2.06%	2.53%	3.00%	3.50%

APPENDIX A: SCOPE OF SERVICES

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

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

Sources Consulted

- Application for Financial Assistance dated 11/9/2023.
- Project financing and annual cashflow workbook submitted by the Applicant in August 2024, with submitted revisions.
- Updated assessed value provided on August 22nd, 2024.
- Real estate tax information and estimates received from the Agency, including anticipated future assessed value of the Project.
- CoStar
- RealtyRates.com

CoStar™

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

RealtyRates.com™

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

APPENDIX B: DEFINITIONS

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

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

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

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

ABOUT CAMOIN ASSOCIATES

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

THE PROJECT TEAM

Rachel Selsky
Vice President, Project Principal

Thomas Galvin
Senior Real Estate Specialist, Project Analyst

EXHIBIT C-3

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

New York Law Journal
Real Estate Trends
WWW.NYLJ.COM
An ALM Publication
VOLUME 257—NO. 54
WEDNESDAY, MARCH 22, 2017

ZONING AND LAND USE PLANNING

Eligibility of Residential Developments for IDA Benefits

By
Anthony S. Guardino

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

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

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

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

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

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

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

The IDA Act

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

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

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

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

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

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

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

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

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

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

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

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

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

'Matter of Ryan'

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

The financial benefits and assistance granted by the TOHIDA included:

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

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

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

The court agreed with the respondents and dismissed the petition.

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

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

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

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

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

Conclusion

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

EXHIBIT C-4

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

SHORT FORM ORDER

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NASSAU

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

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

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

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

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

The financial benefits and assistance granted include:

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

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

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

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

---

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

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

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

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

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

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

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

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

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

---

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

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

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

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

Respondent TOHIDA also found that:

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

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

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

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

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

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

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

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

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

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

Dated: Mineola, New York
January 25, 2017

ENTER:

Jeffrey S. Brown

HON. JEFFREY S. BROWN
J.S.C.

Attorney for Petitioner
LaReddola Lester & Assocs., LLP
600 Old Country Road, Ste. 224
Garden City, NY 11530
516-357-0056
5163570069@fax.nycourts.gov

Attorney for Respondent Renaissance Downtowns
Forchelli Curto Deegan Schwartz
Mineo & Terrana, LLP
333 Earle Ovington Blvd., Ste. 1010
Uniondale, NY 11553
516-248-1700
5162481729@fax.nycourts.gov

Attorneys for Respondent Hempstead Industrial
Lisa Bloom, Esq.
William F. Weir, Esq.
Nixon Peabody, LLP
50 Jericho Quadrangle, Ste. 300
Jericho, NY 11753
516-832-7500
lbloom@nixonpeabody.com

and

Ryan Brennan & Donnelly, LLP
John E. Ryan, Esq.
131 Tulip Avenue
Floral Park, NY 11001
516-328-1100
jryan@rbdllp.net