

Brookwood on the Lake

1507 Round Pond Road, Lake Ronkonkoma,
Town of Brookhaven, Suffolk County

PREPARED FOR

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Introduction

1.1 Project Overview

This report has been prepared at the request of L+M Fund Management II LLC / Lake Ronkonkoma HF LLC (the "Applicant"). The Applicant is seeking Town of Brookhaven Industrial Development Agency (IDA) benefits (i.e., payment-in-lieu-of-taxes [PILOT] agreement, sales tax exemption, and mortgage recording tax exemption) associated with the Applicant's proposed preservation of Project-Based Section 8 housing (the "Proposed Project"). The Proposed Project is located at the existing Brookwood on the Lake Apartments, 1507 Round Pond Road in the Lake Ronkonkoma hamlet of the Town of Brookhaven (**Figure 1**). The Subject Property consists of one parcel designated on the Suffolk County Tax Map as District 0200 – Section 622.00 – Block 01.00 – Lot 023.002 (the "Subject Property"). The apartment complex was built in 1980 and consists of a community room, office, and 336 rental units (approximately 222,000 square feet) with a mix of 84 studios, 196 one-bedroom units, and 56 two-bedroom units over 15 buildings. The units are designated only for seniors age 62 and over, or age 55 and over with a disability, who earn 50 percent of Area Median Income (AMI) or below. All units in the apartment complex are covered by Project Based Section 8 Vouchers, under a Housing Assistance Payment (HAP) contract, through which tenants pay approximately 30 percent of their income for rent and the remainder of the rent cost is subsidized by the U.S. Department of Housing and Urban Development (HUD). The Section 8 HAP contract expires in September 2027.

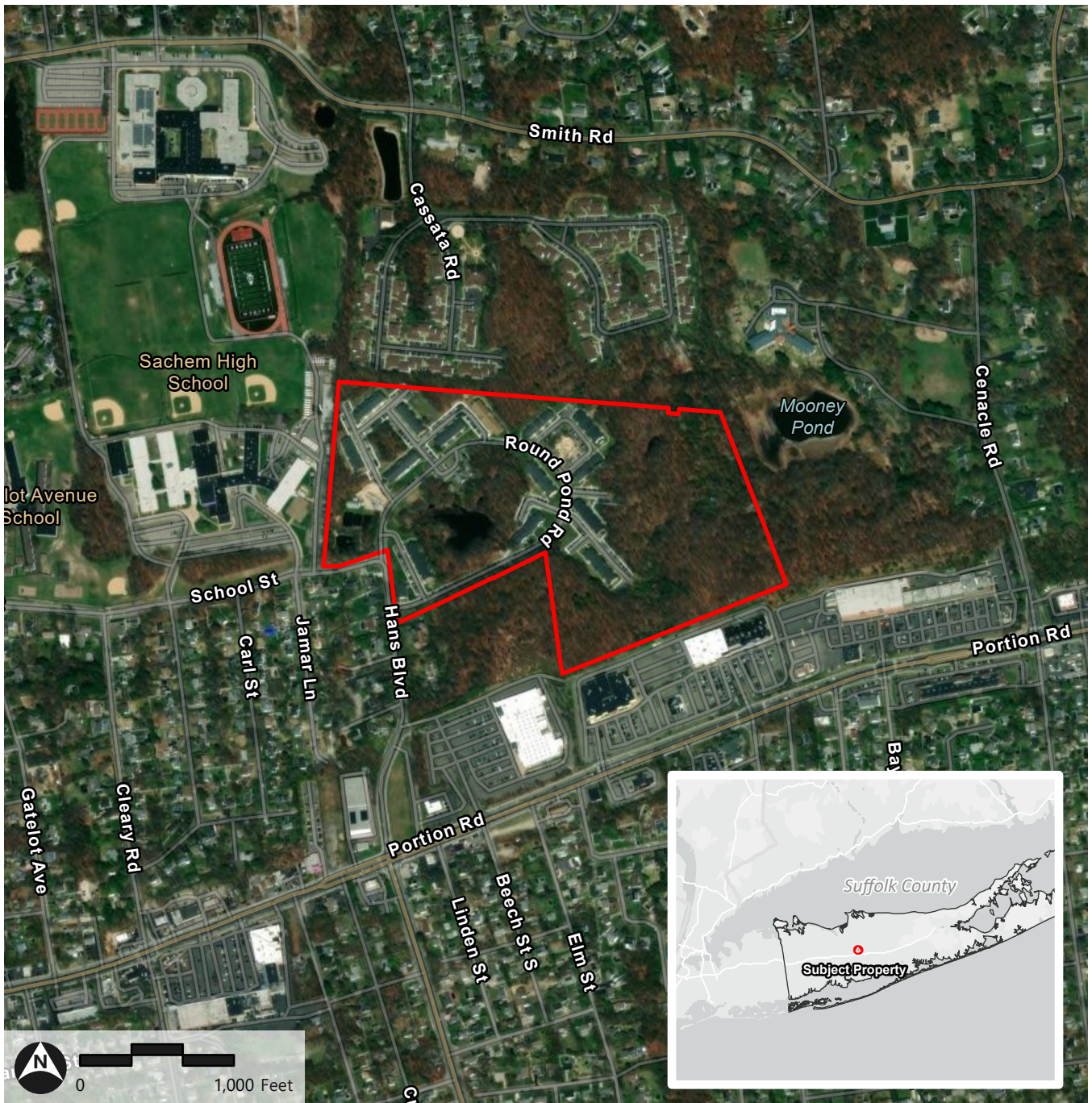
The Applicant proposes to use 100 percent private capital to acquire the Subject Property, preserve Brookwood on the Lake as long-term affordable housing via a long-term regulatory agreement, conduct tenant-in-place renovations in all apartments, and implement new on-site senior services for the tenants. Renovations to the apartment complex include installation of new kitchens and baths with stainless steel appliances, microwaves, and dishwashers; installation of LED lighting; improvements to the existing community space; and amenity enhancements. New on-site supportive services for tenants would consist of a weekly part-time nurse, educational classes (such as cooking demonstrations or financial literacy), and social engagement activities (such as games or arts and crafts). The Applicant plans to own, operate, and manage the property as an affordable Section 8 housing project. The Proposed Project will lock in long-term affordability for 30 years, using all private capital and renewal of the HAP contract. Existing and future low (51 to 80 percent AMI), very low (31 to 50 percent AMI), and extremely low income (30 percent and lower AMI) senior tenants will benefit from high-quality housing upgrades without

displacement and a new social service program that supports aging in-place and socialization. The Proposed Project would be able to proceed immediately upon closing because the Applicant will be using private financing rather than tax-exempt bond financing or State subsidy.

The Applicant is requesting to partner with the Brookhaven IDA for a 30-year PILOT agreement which would reduce the first year amount to approximately one-half of the real property taxes currently paid on the site, include 3 percent annual increases after the first year, and require the Applicant to preserve existing affordability levels for 30 years and renew the HAP contract for an additional 20 years upon expiration in order to maintain eligibility for the 30-year PILOT agreement. The PILOT agreement would therefore preserve long-term senior affordability for Brookwood on the Lake Apartments. The purpose of this report is to evaluate the Proposed Project with respect to the guidelines to determine eligibility for Town of Brookhaven IDA approval of certain benefits (i.e., sales tax exemption, mortgage recording tax exemption and PILOT agreement). Specifically, the socioeconomic and community benefits and need for the Proposed Project, including economic activity during the renovation and operational phases, the need to protect existing affordable housing in the Town of Brookhaven, and the special circumstances of the Proposed Project pursuant to Section 3(B) and Section 8 of the UTEP, are evaluated.

Figure 1: Site Location

Brookwood on the Lake
1507 Round Pond Road, Town of Brookhaven, Suffolk County



Path: \\vhb.com\gbl\C\client\204579.000\05_Work\k\Envr_Rev_Perm\Resources\GIS\Brookwood_IDA_Maps\Brookwood_IDA_Maps.aprx (krondinella, 6/5/2026)

 Subject Property

**Boundaries are approximate.*

Source: ESRI, New York State GIS

1.2 Comprehensive Planning Documents

1.2.1 1996 Town of Brookhaven Comprehensive Land Use Plan

The *1996 Town of Brookhaven Comprehensive Land Use Plan* (the "*Brookhaven CLUP*") was prepared to address land use planning issues and serve as a guide for the future of the Town of Brookhaven. The *Brookhaven CLUP* represents a conservative approach to growth management, seeking to maximize environmental protection and enhance community quality of life while providing for balanced economic growth and opportunity.

The *Brookhaven CLUP* documents that between 1980 and 1990, the Town population aged 65 and over grew by 28 percent, adding nearly 8,500 seniors. By 1990, almost 9,000 seniors lived in Brookhaven. The *Brookhaven CLUP* explicitly recognizes that this growing senior population "presents a service delivery problem for the Town as they grow older." While the Town had provided approximately 4,000 Planned Retirement Community units and more than 1,200 subsidized senior units by 1996, the *Brookhaven CLUP* concludes that "there is a need, fully supported by the Town, to provide more senior housing of diverse types to meet future senior citizen needs."

The *Brookhaven CLUP* identifies declining household sizes as a key demographic trend, dropping from 3.26 persons per household in 1980 to 3.07 in 1990. Rental units had even smaller household sizes (2.61 persons) compared to owner-occupied units (3.20 persons). The plan also notes that "as the population changes there may be additional needs for senior citizen housing, affordable housing and a mix of housing types to meet population demands." Though the *Brookhaven CLUP* was adopted in 1996, the Town population has continued to age and the mix of housing still has not met population demands as described in further detail below.

For seniors on fixed incomes, the combination of rising housing costs and limited affordable options creates particular vulnerability. The Proposed Project seeks to preserve 336 affordable units where residents pay approximately 30 percent of their income toward rent, with the balance subsidized through the federal Section 8 program. Without renewal of the Section 8 HAP contract which expires in September 2027, these low-income seniors could face displacement and the Town would lose a critical affordable housing resource. Given the *Brookhaven CLUP*'s emphasis on addressing housing needs and affordability for the aging population, the preservation of Brookwood on the Lake represents the type of affordable senior housing initiative the Town has prioritized.

1.2.2 2023 Town of Brookhaven Consolidated Strategy and Plan Submission For Housing and Community Developments Program

The *2023 Town of Brookhaven Consolidated Strategy and Plan Submission for Housing and Community Developments Program* (the "*2023 Consolidated Plan*") covers the period from July 1, 2023 to June 30, 2028 and provides a comprehensive assessment of the Town's housing and community development needs. The plan identifies seven primary goals, with creating and maintaining fair and affordable housing as a high priority.

The *2023 Consolidated Plan* identifies affordable housing as a high priority need for the Town. The plan states that "the most prevalent housing problem is housing cost burden, with 60

percent of all households spending more than 30 percent of their household income on housing costs. This problem affects households at all income levels, but households with the lowest income are disproportionately impacted by housing cost burden." For households earning 0-30 percent of Area Median Income (AMI), 86 percent experience one or more housing problems, with the percentage declining as income increases.

The plan emphasizes that "the most significant housing need is affordable housing" and notes that "many households in the Town are faced with a housing cost burden." The *2023 Consolidated Plan* further states that "there is not sufficient housing for households at all income levels," with only 2,496 housing units affordable for the 24,104 households earning 30 percent or less of AMI, with many of those households being seniors.

The Proposed Project directly addresses this identified priority by preserving 336 deeply affordable units for seniors earning 50 percent or below of AMI, where residents pay approximately 30 percent of their income toward rent. Without preservation, these units would be at risk of conversion to market-rate housing, eliminating a substantial portion of the Town's affordable housing stock.

The *2023 Consolidated Plan* also documents the Town's continued aging trend and the specific housing needs of senior residents. The plan notes that "as the Town population continues to age there is a greater need to add accessibility features including ramps and modified bathrooms" and that "housing rehabilitation helps to preserve affordable housing and allows older households to stay in their homes longer." However, "maintenance of older homes is often deferred due to the high construction costs on Long Island."

The plan identifies seniors as one of the major populations who have difficulty finding housing in the Town. According to the Fair Housing Survey conducted as part of the plan, "60% of respondents answered that it was most difficult for seniors" to find affordable housing. The *2023 Consolidated Plan* emphasizes that "supportive housing for frail elderly individuals includes specialized services such as cooking, cleaning and/or personal care which are typically provided in skilled nursing facilities, adult care facilities, and enriched housing."

The Proposed Project addresses these needs by preserving 336 units of affordable senior housing (age 62+) with plans to implement an enhanced supportive services program that will provide services such as on-site wellness nursing, benefits counseling, preventative healthcare education, nutrition programming, socialization activities, and other services designed to help seniors age in place. This combination of affordable housing and supportive services directly responds to the needs identified in the *2023 Consolidated Plan*, which also places a high priority on the delivery of public services.

The *2023 Consolidated Plan* places emphasis on the preservation of existing affordable housing as a critical strategy. The plan states: "Preservation of the Town's aging housing stock is an important priority for maintaining the existing supply of affordable housing." The plan further notes that "housing rehabilitation helps to preserve affordable housing" and identifies residential rehabilitation as a funded activity under the Community Development Block Grant (CDBG) program.

The plan acknowledges the risk of losing existing affordable housing, noting that "several affordable and workforce housing units that were built prior to the adoption of the 2008 Long Island Workforce Housing Act have been lost in recent years. Those units were either affordable

by design (i.e.: older, smaller, non-luxury apartments) or had exhausted their affordability limits." The plan warns that "as developable land becomes scarcer, it has become more common for private developers to redevelop existing housing developments with more and pricier units which often results in the loss of unprotected affordable units."

The Proposed Project aligns directly with the goals and strategies established in the *2023 Consolidated Plan*. The plan's first stated goal is "Creating new and maintaining existing fair and affordable housing" with affordable housing identified as a "high priority" need. The *2023 Consolidated Plan* specifically identifies Lake Ronkonkoma as a community with concentrations of low- and moderate-income populations and establishes it as a geographic priority area for housing and community development activities. By preserving 336 affordable senior housing units in Lake Ronkonkoma, the Proposed Project advances multiple priorities of the *2023 Consolidated Plan*: maintaining existing affordable housing, serving the Town's aging population, addressing housing cost burden among low-income seniors, and directing resources to identified geographic priority areas.

1.2.3 2023 Town of Brookhaven Analysis of Impediments to Fair Housing Choice

The *2023 Town of Brookhaven Analysis of Impediments to Fair Housing Choice* (the "2023 AI") identifies barriers to fair housing choice in the Town and documents actions to overcome those impediments. The analysis identifies seven primary impediments, several of which relate to affordable housing preservation and the challenges facing seniors seeking affordable housing.

The *2023 AI* identifies the high cost of housing, land, and construction as the first impediment to fair housing choice, noting that "the high costs of housing, land and construction continue to act as an impediment to fair housing choice for low- and moderate-income households by limiting the amount of homes that households can afford and hindering the development of more affordable options." The analysis documents that "higher land and construction costs limit opportunities to build new housing, especially housing that is affordable." In the face of limited opportunities to build new affordable housing, the preservation and maintenance of existing affordable housing becomes a more critical method of assisting low-income households in the Town.

The *2023 AI* also identifies lack of housing type variety as a significant impediment, stating: "The Town consists primarily of single-family owned houses...There remains a need for a wider variety of housing serving varied prices, household/family sizes, and special needs populations." The analysis notes that "in the public surveys, the highest number of respondents identified affordable housing, rental housing, senior housing, subsidized housing, and home ownership as needs" and that "it was especially noted that affordable housing is needed among seniors."

Further, the *2023 AI* documents a severe shortage of affordable rental housing, with "insufficient affordable rental units" identified as the top impediment to fair housing choice in both public and organizational surveys. The analysis emphasizes that "rental units are short in supply and long in demand in the Town of Brookhaven, which has driven rents to increase" and that "high rental costs severely impede housing opportunities for low- and moderate-income families, including families with children, seniors, and young adults."

The Proposed Project directly addresses multiple impediments identified in the *2023 AI* by preserving 336 affordable rental units for seniors where residents pay approximately 30 percent of their income toward rent. The Proposed Project maintains critical housing diversity in a market dominated by single-family owner-occupied homes, and locks in long-term affordability in a market where demand for affordable rental housing exceeds supply. By preserving and upgrading affordable senior housing, the Proposed Project addresses the documented need for quality affordable housing among seniors and helps overcome barriers to fair housing choice identified in the *2023 AI*.

1.3 Comparable Housing Developments

The Town of Brookhaven has a limited supply of affordable senior housing developments. According to data from the Suffolk County Department of Economic Development and Planning,¹ there are approximately eight affordable, federally subsidized senior housing communities in the Town, totaling approximately 1,502 units. Brookwood on the Lake, with 336 units, represents approximately 22 percent of the Town's affordable senior housing stock, making it one of the largest federally subsidized senior housing communities in the Town of Brookhaven.

Comparable affordable senior housing developments in the Town include:

- › **Avery Village** – 1100 Village Drive, East Patchogue: 300 units utilizing Project-Based Section 8 rental assistance
- › **Pinehurst, a Conifer Community** – 3000 Brookwood Circle, East Patchogue: 140 units utilizing Low Income Housing Tax Credits
- › **Monsignor Henry J. Reel Village** – 590 Christopher Court, Medford: 120 units (including 8 handicapped-accessible units) utilizing Section 202 Supportive Housing for the Elderly
- › **St. Joseph Village** – 2000 Boyle Road, Selden: 200 units utilizing Project-Based Section 8 rental assistance
- › **George Link Jr. Apartments** – 1100 George Link Jr. Circle, Coram: 76 units utilizing Project-Based Section 8 rental assistance and Section 202 Supportive Housing for the Elderly
- › **Cabrini Gardens Apartments** – 110 Middle Country Road, Coram: 66 units utilizing Section 202 Supportive Housing for the Elderly
- › **Northwood Village** – 9 Northwood Lane, Patchogue: 64 units utilizing Project-Based Section 8 rental assistance.

These developments, along with Brookwood on the Lake, constitute the primary stock of affordable senior housing in the Town, as well as Suffolk County as a whole. Brookwood on the Lake is also one of the largest affordable senior housing complexes in Suffolk County, and accounts for 8 percent of the County's total number of federally subsidized housing units designated for seniors.

The Proposed Project seeks to preserve and rehabilitate this critical affordable housing resource for another 30 years. Without preservation-oriented ownership and the long-term affordability commitment required by IDA financial assistance and regulatory conditions, Brookwood on the Lake could be at risk of conversion to market-rate housing or other non-affordable uses following expiration of the Section 8 HAP contract in 2027, eliminating 336 deeply affordable units serving low-income seniors.

Many of these comparable developments were constructed in the 1970s and 1980s and, like Brookwood on the Lake, face the challenge of aging building systems and the need for capital improvements to maintain quality housing for senior residents. The preservation and

¹ Suffolk County. *Federally Assisted Housing Complexes in Suffolk County*. Available at: <https://suffolkcountyny.gov/Portals/3/docs/Subsidized%20Housing%20List.pdf>. Accessed June 2026.

rehabilitation of Brookwood on the Lake is consistent with the broader need to maintain and improve the Town's existing affordable senior housing stock.

1.4 Rental Housing Units Trends and Data

The current need for affordable rental housing on Long Island is well-documented, and has become increasingly urgent in recent years. A March 2024 report published by the Regional Plan Association (RPA) found that Long Island experienced one of the largest drop-offs in the New York City metro area in the number of housing unit permits issued (including owner-occupied and renter-occupied units) per 1,000 residents between 1997-2009 and 2010-2022, and had the lowest number of housing unit permits per 1,000 residents issued within the period of 2010-2022 of the comparative regions within the region.^{2,3}

Based on information from an October 2020 news release from the Regional Plan Association (RPA) entitled, Lack of Affordable and Rental Housing is a Potential Barrier to Long-Term Economic Recovery on Long Island, according to the Comprehensive Regional Plan Association Analysis of Each Long Island Town and Village,⁴ “the chasm between Long Island’s housing needs and its existing housing stock is a serious threat to its recovery and future economic growth...” The Long Island Housing Data Profiles prepared by RPA “shows how the housing stock of many Long Island communities has changed little since the suburban single-family housing boom of the 1950s, resulting in critical shortages of multi-family units, and housing for young adults and a growing elderly population.” The Data Profiles found that “the region needs more diverse housing options for different ages and household life cycles.” Housing challenges also include “a shortage of affordable and rental housing...” According to the President and CEO of RPA “[y]ounger Long Islanders are forced to leave their communities to find housing that’s affordable elsewhere, aging empty-nesters often struggle to downsize, and owners and renters of all ages and backgrounds are saddled with high housing costs. To retain the talent that will drive future economic success, Long Island must diversify its housing stock.”

Despite the documented need for more housing options on Long Island, local municipalities have been slow to build new units. Per the 2020-2024 American Community Survey Five-Year Estimates, only approximately 1 percent of the existing housing stock in the Town was built in 2020 or later, with less than 5 percent built in 2010 or after.

Population growth in the Town of Brookhaven has been slow over the past 10 years, with only a 0.3 percent growth in population from 488,485 people to 489,810 people from 2014 to 2024 (per the 2020-2024 and 2010-2014 American Community Survey Five-Year Estimates). Using the same data source, however, there has been a 23 percent increase in the number of Brookhaven residents aged 62 and over. In 2014, the share of seniors aged 62 and over was 16 percent of the total population. Just 10 years later, seniors aged 62 and over comprise 20 percent of the Town’s population. Median age in the Town has grown from 38.7 to 39.9 over the same period. As the

² Regional Plan Association. “Homes on Track: Building Thriving Communities Around Transit” March 2024. Available from: <https://rpa.org/work/reports/homes-on-track>. Accessed June 2026.

³ Comparative regions of the Study included the New Jersey Metro Core, the New Jersey Metro Periphery, New York City, Mid-Hudson Valley, Southwest Connecticut, the Lower Hudson Valley and the overall tri-state region.

⁴ Regional Plan Association. “Lack of Affordable and Rental Housing is a Potential Barrier to Long-Term Economic Recovery on Long Island, According to Comprehensive Regional Plan Association Analysis of Each Long Island Town and Village.” October 28, 2020. Available from: <https://rpa.org/latest/news-release/long-island-housing-data-profiles-press-release>. Accessed June 2026.

number of senior residents continues to grow, the need to preserve and construct new senior affordable housing will only become more critical. The Proposed Project would help to address these trends by the 30-year preservation of affordable housing for low, very low, and extremely low income seniors.

2

Anticipated Benefits of the Project

2.1 IDA Evaluation Criteria

The Town of Brookhaven IDA evaluates projects seeking benefits pursuant to the guidelines in its Uniform Tax Exemption Policy (UTEP),⁵ pursuant to Section 874(4)(a) of Title One of Article 18-A of the New York State General Municipal Law (hereinafter “the Act”). As the Proposed Project is seeking a PILOT Agreement (as well as other benefits) from the IDA, it is subject to the UTEP guidelines to determine eligibility for a real property tax abatement (Section 7(D)(1) of the UTEP). Relevant guidelines, and the Proposed Project’s consistency therewith, are presented below.

Section 7(D)(1)(b): *Generally, new jobs created or existing jobs retained by the project should have projected average annual salaries in line with the median per capita income levels on Long Island at the time of application. Projects with low employment numbers may receive reduced benefits. Further, labor intensive industries are viewed favorably. The likelihood that a desirable project will locate in another municipality/region/state, resulting in subsequent real economic losses in the Town, the retention of current jobs at an existing project, and the possible failure to realize future economic benefits for attraction projects are factors that may be considered by the Agency in granting a PILOT Agreement.*

The Proposed Project would support construction during the facility rehabilitation phase which is expected to start in the third quarter of 2026 and take approximately 24 months. The Proposed Project would also retain existing employment and create new employment opportunities in the operational phase of the project. Using inputs from the Applicant, VHB conducted an analysis of the jobs projected to be supported or generated by the Proposed Project using the IMPLAN software tool. This analysis was conducted for both the construction and operational periods of the Proposed Project. For the construction period, data inputs included the anticipated hard construction costs (i.e., building construction and site work), which is approximately \$14.6 million and the Applicant’s estimation of 50 direct construction jobs. Based on these inputs, and with an anticipated 24-month construction period from 2026 to 2028, the Proposed Project is expected to support approximately 89 jobs during the construction phase, including 50 direct jobs, 14 indirect jobs, and 25 induced jobs. The IMPLAN analysis also yields projections of the income

⁵ Town of Brookhaven Industrial Development Agency Uniform Tax Exemption Policy (UTEP), Town of Brookhaven IDA, <https://brookhavenida.org/files/Brookhaven%20UTEP%20Final%202020-Updated.pdf>.

from direct, indirect, and induced jobs that are anticipated to be created or supported by the Proposed Project. During the construction period, the Proposed Project would support approximately almost \$9.6 million in labor (payroll) income for all jobs (direct, indirect and induced), with an average salary of approximately \$107,000. See **Table 1**.

Table 1 Employment Impact (Construction Phase)

Impact Type	Employment	Labor Income	Average Salary
Direct Effect ⁶	50	\$6,372,945	\$127,459
Indirect Effect ⁷	14	\$1,390,351	\$99,169
Induced Effect ⁸	25	\$1,814,001	\$72,156
Total Effect	89	\$9,577,298	\$107,405

Brookwood on the Lake Apartments currently has three full-time employees, earning approximately \$21-\$32 per hour, and one part-time employee who earns approximately \$23 per hour, with an average salary of about \$60,000. The Proposed Project would retain the existing jobs and create an additional two direct permanent jobs for a total of five jobs to be located on the site. IMPLAN was used to estimate the number of indirect and induced jobs, as well as labor income, to be created based on the two new positions. As shown in **Table 2** below, the two new jobs to be created by the Proposed Project would result in an additional 13 indirect jobs and 3 induced jobs supported by the Proposed Project. The direct, indirect, and induced jobs to be created or supported by the Proposed Project would have average salaries of approximately \$65,893.

Table 2 Employment Impact (Operations Phase)

Impact Type	Employment	Labor Income	Average Salary
Direct Effect	2	\$135,200	\$67,600
Indirect Effect	13	\$843,048	\$63,674
Induced Effect	3	\$230,226	\$74,266
Total Effect	18	\$1,208,474	\$65,893

Section 7(D)(1)(c): *The total amount of capital investment and/or public benefit at the project is a factor that may be considered by the Agency in granting a PILOT Agreement.*

The Proposed Project would provide private capital investment totaling \$140 million, a substantial investment for the Town of Brookhaven. This investment includes approximately \$124 million for property acquisition, \$14.6 million for building renovations, and \$1.4 soft costs such as legal services, architectural and engineering services, finance and other related costs. The

⁶ Direct Effect is a series of (or single) production changes or expenditures made by producers/consumers as a distinct result of an activity or policy (i.e., construction jobs directly related to on-site activity).

⁷ Indirect Effect is the impact of local industries buying goods and services from other local industries (i.e., jobs created from construction-related business to business spending).

⁸ Induced Effect is the response by an economy to an initial change that occurs through re-spending of income by a component of value added. Money is recirculated through the household spending patterns causing further local economic activity (i.e., jobs created through household spending of income from direct jobs).

Applicant is not pursuing tax exempt bond financing or State or local subsidies, allowing the Proposed Project to proceed immediately.

The public benefit component of the Proposed Project is the 30-year preservation and rehabilitation of 336 senior residential units subsidized by HUD in the Town of Brookhaven which does not currently have the supply of such units to meet demand and where construction costs and lack of adequate government funding strongly prohibit the new construction of units committed to deep affordability for low, very low, and extremely low incomes.

Section 7(D)(1)(d): *The extent to which a project will further local planning efforts by upgrading blighted areas, create jobs in areas of high unemployment, assist institutions of higher education, provide the opportunity for advanced high-tech growth or diversify the Town's economic base.*

The Proposed Project directly furthers local planning efforts by advancing priorities established in the Town's comprehensive planning documents. As discussed in Section 1.2 above, the 1996 Brookhaven CLUP identifies the need for "more senior housing of diverse types to meet future senior citizen needs" and emphasizes the Town's commitment to creating "a variety of housing types with particular concern for its aging population." Furthermore, the 2023 Consolidated Plan identifies affordable housing as one of the Town's top priorities, with "preservation of the Town's aging housing stock" identified as "an important priority for maintaining the existing supply of affordable housing." The 2023 AI identifies high housing costs, lack of housing variety, and insufficient affordable rental units as primary impediments to fair housing choice, with affordable senior housing specifically identified as a critical need.

As a condition of the proposed PILOT agreement, the Proposed Project will implement these planning priorities by preserving 336 units of affordable senior housing that would otherwise be at risk of conversion to market-rate housing following expiration of the Section 8 HAP contract in 2027. The Proposed Project's \$14.6 million private capital investment will rehabilitate 100 percent of units while maintaining long-term affordability through renewal of the HAP contract. The Proposed Project will support approximately 89 jobs during the 24-month construction phase and will retain existing employment while creating two new permanent positions during operations. By preserving one of the largest affordable senior housing communities in the Town (and Suffolk County as a whole), the Proposed Project advances the Town's and region's documented planning priorities for affordable housing preservation, senior housing, and housing diversity.

Section 7(D)(1)(e): *The effect of the proposed project on the environment and the extent to which the project will utilize, to the fullest extent practicable and economically feasible, resource conservation, energy efficiency, green technologies, and alternative and renewable energy measures.*

The Applicant will use several measures to enhance energy efficiency of the residential units and common spaces while rehabilitating the Brookwood on the Lake Apartment complex. Sustainable components of the capital improvement scope include:

- Low flow fixtures
- Energy Star appliances
- Replace in-unit lighting with LED lighting

- New exterior LED lighting
- Insulate/caulk AC sleeves
- Caulk around window frames where needed
- Weatherstrip exterior doors
- Existing boiler and burner tune up and replacement where necessary with more efficient equipment
- Controls with temperature sensors, and
- HVAC pipe insulation, as needed.

Section 7(D)(1)(f): For purposes of this UTEP, “**Affordable Housing Projects**” are defined as housing projects (i) utilizing either four percent (4%) Low Income Housing Tax credits AND tax-exempt bonds OR nine percent (9%) Low Income Housing Tax credits, (ii) housing projects that receive funding through the HOME, CDBG or any HUD programs which restricts the income levels of the residents of the housing project by the terms of the funding agreements or a Regulatory Agreement is recorded against the property restricting the income levels of the residents of the residents of the housing project and the rent that may be payable by the residents, (iii) Affordable Housing Projects that receive funding from a federal, State, County, Village or Town agency, entity, program or authority which restricts the income levels of the residents of the housing project by the terms of the funding agreements or records a Regulatory Agreement against the property restricting the income levels of the residents of the Affordable Housing Project or the rent that may be payable by the residents, or (iv) any housing project for which the Agency receives a legal opinion acceptable to the Agency that such housing project qualifies as an Affordable Housing Project under federal or State law. Affordable Housing Projects may be granted a PILOT Agreement for a term of up to 15 years with fixed PILOT Payments to be determined by the Agency in its sole discretion. Alternatively, in the sole discretion of the Agency, a “10% Shelter Rent PILOT” may be used for the PILOT Agreement. The “10% Shelter Rent PILOT” may be for a 10-year term or a 15-year term, at the sole discretion of the Agency, with PILOT Payments set at an annual amount equal to 10% of the total revenues of the Affordable Housing Project minus utilities of the Affordable Housing Project. In order to determine the 10% Shelter Rent PILOT, the revenue and utility information of the Affordable Housing Project will need to be provided by the project Applicant to the Agency in conjunction with the Affordable Housing Project at the time of the Application and thereafter on an annual basis. In the event the Affordable Housing Project is financed by tax exempt bonds or 9% Low Income Housing Tax Credits or the project is subject to a recorded Regulatory Agreement recorded by a Municipality or a governmental entity restricting the income levels of the residents of the residents of the housing project and the amount of rent payable by the residents, the PILOT Agreement may, in the sole discretion of the Agency, run concurrently with the term of the bond financing or the term of the Regulatory Agreement or such period as may be required by a state or federal housing agency or authority that is also providing financing or benefits to such project or such lesser period as the Agency shall determine.

The Proposed Project, as a condition of the proposed PILOT agreement, includes the acquisition and rehabilitation of an existing senior housing complex that currently utilizes Project Based Section 8 Vouchers, under a HAP contract, through which tenants pay approximately 30 percent of their income for rent and the remainder of the rent cost is subsidized by HUD. Eligible residents must be 62 years of age or older, or 55 years of age or older with a disability, and meet

income requirements with income at or below 50 percent of AMI, per HUD’s definition. The Section 8 HAP contract expires in September 2027, though it is the Applicant’s intention to renew the HAP contract for the maximum allowable term of an additional 20 years. The Proposed Project, therefore, meets the definition of “Affordable Housing Projects” per the Brookhaven IDA UTEP. The Applicant is requesting an extended PILOT term (30 years total) beyond the PILOT program of up to 15 years outlined in the UTEP Section 7(D)(1)(f) because the Proposed Project has unique circumstances that will result in a significant amount of private capital invested to upgrade and preserve deeply affordable senior housing for 30 years. As noted in the UTEP Section 3(B) and Section 8, the Brookhaven IDA allows for deviation from its standard policies in special circumstances. See Section 2.2 below for additional details.

Section 7(D)(1)(k): *Approval of all housing projects will be at the sole discretion of the Agency’s Board of Members. For housing projects undertaken, the Agency may engage the services of a consultant to assist the Agency to determine appropriate PILOT Payment levels based upon such relevant factors, including, but not limited to, the total project costs, projected rental income, unit size, number and configuration. All project applicants for Market Rate Housing Projects, Senior Housing Living Facilities, Assisted Living Facilities and Affordable Housing Projects must submit a feasibility study to the Agency demonstrating 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 demonstrating that the housing project complies with the Act.*

The need for the Proposed Project is demonstrated throughout Section 1 of this report. There are documented needs in the Town and throughout Long Island, for affordable senior housing. Given the *Brookhaven CLUP’s* emphasis on addressing housing needs and affordability for the aging population and the expressed need in the Town’s *2023 Consolidated Plan* for preserving existing affordable housing, the preservation and rehabilitation of Brookwood on the Lake represents a Town priority.

Compliance with the Act is demonstrated throughout Section 2 of this report. The Proposed Project involves preservation of existing affordable senior housing which would not generate any school-age children, and therefore would not add any additional children to the Sachem Central School District.

The Subject Property currently generates \$861,747.75 in property taxes for the local taxing jurisdictions, including approximately \$562,000 for the Sachem Central School District, \$118,000 for Suffolk County, \$63,000 for the Town of Brookhaven, and \$89,000 of other taxes and fees. See **Table 3** below.

Table 3 2025-2026 Existing Tax Amounts

Taxing Jurisdiction	Tax Amount
Sachem Central School District	\$562,011.75
Sachem CSD Library District	\$30,764.25
Suffolk County	\$6,291.00
Suffolk County - Police	\$111,258.00
Town - Town Wide Fund	\$15,050.25
Highway - Town Wide Fund	\$2,823.75

Taxing Jurisdiction	Tax Amount
Town - Part Town Fund	\$7,692.75
Highway - Part Town Fund	\$37,300.50
Open Space Preservation	\$5,557.50
Fire District - Lake Ronkonkoma	\$45,362.25
Lighting District - Brookhaven	\$3,046.50
Real Property Tax Law	\$13,758.75
Out of County Tuition	\$1,674.00
Suffolk County Community College Tax	\$468.00
Animal Shelter/Ecology Center	\$2,292.75
Parks and Recreation	\$16,395.75
Total	\$861,747.75

Source: Town of Brookhaven Statement of Taxes, 2025-2026

The Applicant has requested a reduction to approximately one-half of the existing real property taxes at the commencement of the proposed PILOT, with 3 percent annual increases. The site would return to full property taxes after year 30 of the PILOT. Though the PILOT would result in a decrease in taxes to the taxing jurisdictions, it would allow the property to remain protected as deeply affordable senior housing for 30 years as discussed further below in Section 2.2.

2.2 PILOT Agreement Special Considerations

The Applicant is requesting a 30-year PILOT agreement. A 30-year PILOT term is necessary to achieve the public policy objectives underlying the proposed acquisition and rehabilitation of Brookwood on the Lake, namely the long-term preservation of affordable housing for low-income elderly residents in the Town of Brookhaven.

Brookwood on the Lake currently operates pursuant to a Project-Based Section 8 HAP contract that expires in September 2027. While the property remains affordable today, the affordability restrictions are not perpetual. Upon expiration of the HAP contract, ownership could elect not to renew the contract and could seek to reposition the property over time as unrestricted market-rate housing. In addition, the property could cease serving elderly residents, resulting in the loss of a critical housing resource specifically designed for seniors living on fixed incomes.

The risk of conversion is not merely theoretical. Brookwood on the Lake contains 336 apartments and is one of the largest affordable senior housing communities in Suffolk County. The property is located in a desirable Long Island submarket within the Sachem Central School District and near numerous public schools, making it attractive to a broad universe of multi-family investors. In the absence of long-term affordability restrictions and preservation-oriented ownership, future owners could pursue alternative business plans focused on conventional market-rate operations. Such approaches could include transitioning the property from senior-restricted housing to general occupancy family housing, thereby eliminating one of the Town's most significant housing resources dedicated to senior residents.

The consequences of such a conversion would be significant. Today, residents benefit from the Project-Based Section 8 program, under which eligible households generally pay approximately 30 percent of their income toward rent, with the balance subsidized through the federal

government. If the HAP contract were not renewed and the property were deregulated, residents would lose those protections. Rather than paying rent based on their income, residents could become responsible for full market rents regardless of their income level, creating substantial rent burdens for elderly households living on fixed incomes and increasing the risk of displacement. Beyond the impact of displacement, the permanent loss of a substantial portion of the Town's and County's stock of protected affordable housing units for seniors would be felt for generations to come.

The proposed transaction is fundamentally a preservation transaction. The Applicant plans to make a significant capital investment in the property, including renovations to 100 percent of residential units, as well as common areas. Unit upgrades will feature modernized kitchens and bathrooms with hard-surface countertops, stainless-steel appliances, microwaves, and dishwashers, along with improvements to the community room and other base building work. In return for this investment, the Applicant is committed to preserving the property's long-term affordability through the renewal of the Section 8 Housing Assistance Payments (HAP) contract as a condition of the proposed PILOT agreement. Upon expiration of the current contract, the Applicant intends to renew the HAP contract for the maximum available term, currently 20 years. Together with the remaining term of the existing contract, this commitment will provide approximately 21 years of continued affordability protections for residents.

Importantly, the PILOT agreement can further require that, so long as the federal Section 8 program remains available, ownership must continue to seek renewal of the HAP contract and operate the property as affordable housing for elderly residents. As a result, the public benefit generated by the PILOT extends beyond the initial contract renewal and creates a framework for long-term affordability preservation.

A shorter PILOT term, such as the standard 15 years, would not adequately support this preservation objective. Under a 15-year PILOT structure, the tax benefits would expire before the end of the contemplated affordability commitment, reducing the long-term incentive to maintain affordability and potentially placing future ownership in substantially the same position faced today: the ability to consider conversion of the property to market-rate housing following expiration of affordability restrictions.

By contrast, a 30-year PILOT aligns the public benefit with the long-term preservation objective. The longer PILOT term provides the economic support necessary to justify substantial rehabilitation expenditures while creating a durable framework for affordability and senior housing preservation. The PILOT is not preserving a property that would otherwise remain affordable indefinitely; rather, it is creating a long-term affordability commitment where none currently exists beyond the remaining HAP contract term.

Accordingly, the requested 30-year PILOT is not intended to provide a windfall to ownership. Rather, it is designed to ensure that one of Suffolk County's largest affordable senior housing communities remains affordable and available to elderly residents for decades into the future. Without a long-term PILOT structure, the property faces a materially greater risk of eventual conversion to unrestricted market-rate housing, resulting in the loss of both affordability protections and age-restricted housing that currently serves a critical community need.

3

Conclusions

The Proposed Project represents an opportunity to preserve and revitalize one of Suffolk County's largest federally subsidized, affordable senior housing communities. Brookwood on the Lake's 336 deeply affordable units constitute approximately 22 percent of the Town of Brookhaven's federally subsidized, affordable senior housing stock. Without IDA financial assistance, this property faces risk of conversion to market-rate housing following expiration of its Section 8 HAP contract in September 2027.

The Proposed Project directly addresses priorities documented in the Town of Brookhaven's comprehensive planning documents, including the need for senior affordable housing preservation, affordable housing maintenance, and housing diversity. The Town's 2023 *Consolidated Plan* establishes affordable housing as a top priority and emphasizes that preservation of the Town's aging housing stock is an important priority for maintaining the existing supply of affordable housing, especially when the high cost of construction impedes the construction of new affordable housing.

The Proposed Project will provide substantial benefits to the Town through a \$140 million private capital investment, including \$14.6 million for comprehensive rehabilitation of 100 percent of the residential units. The Proposed Project will support approximately 89 jobs during the 24-month construction phase and will retain existing employment while creating new permanent positions during operations. The Proposed Project will also implement an enhanced supportive services program providing services such as on-site wellness nursing, benefits counseling, social activity, and other services designed to help seniors age in place.

The Applicant is requesting a 30-year PILOT agreement starting at approximately half of the current real property taxes in the first year with 3 percent annual increases. Though this is a deviation from the standard IDA benefits, as noted in Sections 3(B) and 8 of the UTEP the IDA is allowed to, and has established procedures for, deviation from the standard provisions of the UTEP in special circumstances. Due to unique circumstances of the Proposed Project, the 30-year term is necessary to align the public benefit with the long-term preservation objective and, as a condition of the proposed PILOT agreement, will run concurrently with the renewal of the Section 8 HAP contract, creating a framework for long-term affordability preservation. The PILOT agreement may require that ownership continue to seek renewal of the HAP contract and operate the property as affordable housing for elderly residents. Without this long-term structure, the property faces greater risk of conversion to market-rate housing, resulting in the

loss of both affordability protections and age-restricted housing serving a critical community need.

The Proposed Project advances multiple public policy objectives: preserving affordable senior housing, preventing displacement of very low-income elderly residents, making substantial capital investment in aging housing stock, and ensuring long-term affordability in a market where demand far exceeds supply. The Proposed Project is consistent with the Town of Brookhaven IDA's Uniform Tax Exemption Policy and merits approval of the requested financial assistance.