East Patchogue Project

Economic and Fiscal Impact Analysis

Prepared by:

MRB group

Prepared for:
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Executive Summary

Engel Burman at East Patchogue, LLC (the "Developer") is proposing a real estate development project consisting of a 139-unit independent senior living rental apartment complex (the "Project") in the Town of Brookhaven (the "Town") on approximately 13.89 acres of land on the west side of Sipp Avenue in East Patchogue, NY (the "Site"). The Project includes a total of 139 units, with 14 units reserved for households earning up to 120% of the area median income (AMI), 14 units reserved for households earning up to 80% of AMI, and 111 market-rate units.

The following analysis included an examination of the local market's ability to support the Project and the expected economic and fiscal impacts associated with the Project on Suffolk County (the "County") and the Town. MRB Group modeled the economic impacts of the construction of the Project in terms of direct and indirect jobs and earnings in the region. We also modeled the annual economic impacts post-construction based on our estimates of "net new" household spending from future occupants of the Site. In terms of fiscal impacts, we modeled the fiscal benefit of the increase in tax revenue generated by the Project and the fiscal costs associated with the Developer's requested tax abatements. Below are the results of our analysis.

Market Review Conclusions

From a real estate market point of view, the Project appears to be well-positioned in a market characterized by strong fundamentals. Over the last ten years, vacancy rates have typically remained below 5% in the multifamily rental market, despite a steady stream of new unit deliveries.

Economic Impacts

MRB Group estimates that during the project's construction phase, 150 on-site jobs will be created, plus 74 indirect jobs, for a total of 224 new jobs collectively earning $14.6 million in wages.

Upon completion of the Project, we estimate a total of 53 ongoing (permanent) jobs will be created in the Town due to the spending of the new households and the operations of the Project, with total annual earnings of $2.9 million (figures may not sum due to rounding).[1]

Summary of Economic Impacts

	Direct	Indirect	Total
Construction Jobs	150	74	224
Construction Wages	$9,268,010	$5,295,216	$14,563,226
Ongoing Jobs	40	13	53
Ongoing Wages	$2,044,460	$836,979	$2,881,438

Fiscal Impacts

In terms of fiscal benefits, the Project will increase tax revenues from the County, Town, and School District. We estimate that the County will earn sales tax revenue of approximately $117,871 during the construction period, resulting from a portion of the construction phase earnings being spent locally. The Developer has proposed two options for a PILOT abatement schedule for the Agency's consideration: a 15-year PILOT, and a 20-year PILOT. Under the 15-year PILOT, during the operation phase of the Project, we estimate the County will receive $68,173 in sales tax from the operation phase earnings being spent locally and $923,671 in sales tax from new household spending. Over the life of the proposed 15-year PILOT, the Project will generate $6.2 million more in tax revenue than the vacant land would without the Project. This additional revenue will be allocated proportionally to the applicable taxing jurisdictions.

Summary of Fiscal Benefits, Local Government

Source	Total
Sales Tax, Construction, One-time	$117,871
Sales Tax, Operations, 15 Years	$68,173
Sales Tax, Households, 15 Years	$923,671
Increase in Property Tax Revenue, 15 Years	$6,240,060
Total Fiscal Benefits Over 15 Years	**$7,349,775**
Sales Tax, Construction, One-time	$117,871
Sales Tax, Operations, 20 Years	$95,289
Sales Tax, Households, 20 Years	$1,291,069
Increase in Property Tax Revenue, 20 Years	$8,690,911
Total Fiscal Benefits Over 20 Years	**$10,195,140**

[1] Note that the direct and indirect "Construction Jobs" and "Construction Wages" shown are with respect to the County, as such jobs tend to be pulled from a larger labor shed. The direct and indirect "Ongoing Jobs" and "Ongoing Wages" shown are with respect to the Town of Brookhaven.

Therefore, we estimate that the fiscal benefits of the Project, over the 15-year PILOT, including construction and operation phases, would be $7.3 million. Under the 20-year PILOT schedule, the Project will generate $95,289 in sales tax revenue from operations and $1.3 million in sales tax from new household spending. Over 20 years, the Project will generate $8.7 million more in revenue than the vacant land would generate, yielding a total fiscal impact of $10.2 million.

In terms of the fiscal costs, the Applicant has requested a sales tax exemption and a mortgage recording tax exemption of $1.1 million and $218,436, respectively (County portion only). We estimate the cost of the PILOT exemption to be $5.7 million over 15 years. The "cost" of the PILOT exemption is the difference between the anticipated PILOT payments and the estimated taxes on the full assessment. This cost is theoretical by nature, as the Applicant has stated that the Project cannot move forward absent a PILOT inducement.

Summary of Exemptions

	Total
Cost of Sales Tax Exemption, One-Time	$1,067,606
Mortgage Recording Tax Exemption	$218,436
PILOT Exemption, 15 Years	($5,739,145)
PILOT Exemption, 20 Years	($7,336,130)

Contents

Introduction

The Developer is proposing a real estate development project consisting of a 139-unit independent senior living rental apartment complex in the Town, on approximately 13.89 acres of land on the west side of Sipp Avenue in East Patchogue, NY. The Project includes a total of 139 units, with 14 units reserved for households earning up to 120% of the AMI, 14 units reserved for households earning up to 80% of the AMI, and 111 market-rate units.

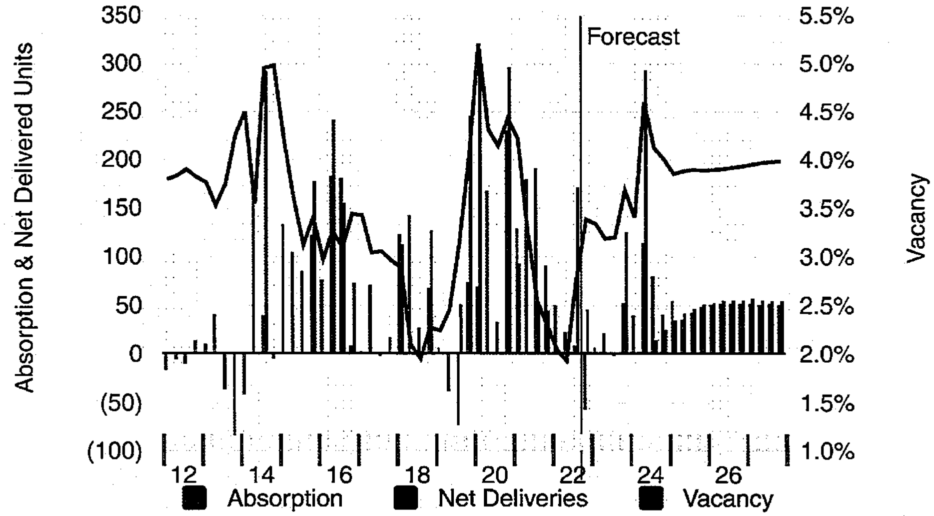
The following analysis included an examination of the local market's ability to support the Project and the expected economic and fiscal impacts associated with the Project on the County and the Town. MRB Group modeled the economic impacts of the construction of the Project in terms of direct and indirect jobs and earnings in the region. We also modeled the annual economic impacts post-construction based on our estimates of "net new" household spending from future occupants of the Site. In terms of fiscal impacts, we modeled the fiscal benefit of the increase in tax revenue generated by the Project and the fiscal costs associated with the Developer's requested tax abatements. Below are the results of our analysis.

Multifamily Real Estate Market Review

Local Real Estate Market

The Town of Brookhaven's multifamily real estate market is characterized by strong fundamentals of high demand and low vacancy. Over the last ten years, multifamily (for-rent and for-sale) vacancy rates have mostly remained below 5%. New deliveries contributed to temporary spikes in vacancy of slightly above 5% in 2014, and 4.5% in 2020. Since Q1 2020, nearly 1,000 rental units have been brought to market through several residential development projects, and those units are currently being absorbed. Vacancy rates are currently estimated at 3%. Historical data from 2010 shows that newly delivered units are quickly absorbed in the area's tight housing market.

Absorption, Net Deliveries & Vacancy



Source: CoStar

As of Q4 2022, there were an estimated 179,371 housing units in the Town of Brookhaven. These housing units are primarily owner-occupied, with only 19.1% of Brookhaven's housing units estimated to be renter-occupied. This composition of housing types is similar to Suffolk County as a whole, where 17.1% of the housing units are renter-occupied.

Rental Units

	Total Housing Units	% of all Occupied Units	Renter-Occupied Units
Brookhaven	179,371	19.1%	34,260
Suffolk County	580,043	17.1%	99,187

Source: ESRI

Affordability

Housing affordability in the Town of Brookhaven also indicates demand for additional multi-family residential units. "House and Home Expenditures," shown in the table, encompasses the average annual spending of households on mortgage payments (or rent), insurance, tax, and property maintenance for owned dwellings. The Spending Potential Index (SPI) is a composite measure of household expenditures for the specified region compared to national averages. A high SPI means expenditures are relatively high compared to national averages. An SPI of 100 means expenditures are the same as the national average. Owned dwellings in the Town have significantly higher home expenditures than the national average for owned dwellings. The Town's SPI of 150 indicates owner-occupied housing may be in short supply/high demand in the Town. In this case, the tight housing market drives up the price of owner-occupied housing, indicating that new market-rate rental units would attract "net new" households to the area that would otherwise be priced out of the market. Housing costs associated with rental properties are also higher than the national average, with an SPI of 107.

Brookhaven House and Home Expenditures

	Average Amount Spent	SPI
Owned Dwelling	$24,265	150
Rented Dwelling	$6,289	107

Source: Consumer Spending data are derived from the 2020 and 2021 Consumer Expenditure Surveys, Bureau of Labor Statistics.

Conclusions from Market Review

We used market statistics to make conclusions regarding a.) the level of support in the market for the Project and b.) the extent to which any of the units of the Project can be considered "net new" to the Town of Brookhaven. The consideration of "net new" units is a factor in the economic impact analysis that follows.

Determination of Market Support

The Town's real estate market is characterized by strong fundamentals, as discussed earlier. Based on these trends, we conclude that the Project is well-positioned to be supported by the market.

Determination of "Net New"

Before calculating the Project's economic impacts, we must determine how many of the future households from the Project can be considered "net new" to the Town. There are several circumstances under which households would be regarded as "net new":

- Out-of-area residents choosing to relocate to the Town because of the Project
- Current Town residents that would otherwise relocate outside of the Town if the option to live in the Project were unavailable

- Current Town residents that will move into the Project, freeing up their current Brookhaven residential space that will then be occupied by households relocating to the Town

As per our review of the market, we consider all units of the Project as "net new" households for the Town.

Economic Impact Analysis

The Project would have economic impacts on the County and Town in several ways. These impacts include one-time impacts on jobs, earnings, and sales during the construction phase of the Project, which we estimate for the entire County. It also includes ongoing impacts related to household spending and the operations of the Project, which we estimate for the Town.[2]

Methodology

Both one-time, construction-phase impacts and ongoing, operation-phase impacts have "Direct" and "Indirect" components. For the construction phase:

- Direct jobs, wages, and sales are those that occur on-site related to labor and materials used in the construction of the Project.
- Indirect jobs, wages, and sales are those caused by the Direct impacts and result from business-to-business purchases (e.g., a contractor buying a piece of equipment from a dealer), and from employees spending a portion of their wages locally.

For the operations phase:

- Direct jobs, wages, and sales are those jobs created from the operations of the Project (e.g., onsite employment of a maintenance person) and from new household spending occurring as a result of the Project.
- Indirect jobs, wages, and sales are those caused by the Direct impact, such as business-to-business purchases (e.g., a grocery store serving the new households buying goods from a distributor), and from employees of such businesses spending a portion of their wages locally.

To estimate the Direct and Indirect impacts, MRB Group employed the Lightcast[3] economic modeling system. We used data from the Developer and publicly available and proprietary data sources as inputs to the Lightcast modeling system. We adjusted the Lightcast model where needed to best match the Project specifics.

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[2] By their nature, construction-related impacts tend to be somewhat more diffuse, which is why we report them as County-level impacts. Town-level impacts are measured based on the 36 ZIP codes that closely approximate the Town. See appendix.

[3] Lightcast formerly "Emsi.," uses data from the U.S. Bureau of Labor Statistics, the U.S. Bureau of Economic Analysis, the U.S. Census, and other public data sources to model out economic impacts.

Construction Phase

The Developer has provided estimates of the total cost of construction of the Project and the percentage of labor and materials to be sourced within the County. As shown in the table to the right, the Developer estimates that 50% of its $49.1 million of materials and labor costs[4] would be spent locally, for a total of $24.5 million of in-region construction spending.

In-region construction spending of $24.5 million (direct "Sales" in the table) was then inputted into the Lightcast economic modeling system, assigning the County as the geography of study. This spending creates 150 direct jobs and direct earnings of $9.3 million. The model estimates that this will cause Indirect impacts of 74 new jobs, $5.3 million in new earnings, and $15.3 million in new sales. Therefore, the total, one-time, construction-phase impacts would be 224 jobs, $14.6 million in wages, and $39.8 million in sales.

Construction Spending In Region

	$ Total	% County	$ County
Materials & Labor	$49,059,000	50%	$24,529,500

Source: Developer, MRB

Economic Impact of Construction Phase, One-Time

	Direct	Indirect	Total
Jobs	150	74	224
Earnings	$9,268,010	$5,295,216	$14,563,226
Sales	$24,529,500	$15,290,246	$39,819,746

Source: Emsi, MRB

Operation Phase

Construction phase impacts were measured at the County level to account for their dispersed nature. Conversely, the impacts of the operation phase are estimated at the Town level. We used 36 ZIP Codes that approximate the Town of Brookhaven to model operational impacts.[5]

Operation phase impacts come from two sources. The largest source is the effect of "net new" household spending from the new units brought onto the market by the Project. The second source of operation phase impacts is the employment on Site that results from the operations of the Project, including maintenance and management personnel.

[4] Project budget from the Agency application, minus land, legal, and financing costs.

[5] A full list of ZIP Codes included in the economic impact analysis are listed in Appendix A, where they are compared to the Town's boundaries.

Households with differing incomes have different spending habits. As such, we have utilized different average annual household expenditures based on two relevant income brackets[6]. The first income bracket reflects the spending habits of households earning over $100,000 annually. We assume that the 125 households in this bracket will occupy all of the Project's market-rate units and those workforce units reserved for households earning up to 120% of the area median income. The second income bracket displays the spending habits of households earning between $70,000-$99,000 annually, which we apply to the 14 units reserved for households earning no more than 80% of the area median income.

The large expanse of the Town's geographical boundaries and the high concentration of nearby retailers suggests that most of the households' needs will be served by local businesses. To be conservative, we have estimated that 80% of this spending would occur in the Town of Brookhaven. Therefore, given 139 total units and the spending profiles and percentages shown, we estimate a total of $4.7 million of new household spending would occur annually in the Town.

Total New Household Spending

	Annual per HH Spend	% Spent in Town	Units	Total New Spending
Units with Household Incomes of $100,000+				
Food	$10,984	80%	125	$1,098,400
Household Furnishings and Equipment	$2,796	80%	125	$279,600
Apparel and Services	$2,186	80%	125	$218,600
Transportation	$12,641	80%	125	$1,264,100
Healthcare	$6,277	80%	125	$627,700
Entertainment	$3,608	80%	125	$360,800
Education	$1,839	80%	125	$183,900
Personal Care Products and Services	$946	80%	125	$94,600
Miscellaneous	$1,259	80%	125	$125,900
Other	$513	80%	125	$51,300
Total, Market Rate Units	**$43,049**	**80%**	**125**	**$4,304,900**
Units with Household Incomes of $70,000 - $99,999				
Food	$8,118	80%	14	$90,922
Household Furnishings and Equipment	$2,925	80%	14	$32,760
Apparel and Services	$1,493	80%	14	$16,722
Transportation	$9,449	80%	14	$105,829
Healthcare	$5,144	80%	14	$57,613
Entertainment	$2,821	80%	14	$31,595
Education	$1,544	80%	14	$17,293
Personal Care Products and Services	$736	80%	14	$8,243
Miscellaneous	$1,103	80%	14	$12,354
Other	$439	80%	14	$4,917
Total, Affordable Units	**$33,772**	**80%**	**14**	**$378,246**
Grand Total			**139**	**$4,683,146**

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

[6] We used data from the Consumer Expenditure Survey (CEX) of the Bureau of Labor Statistics as of December 2022, specific to both the Northeast and the respective income level.

MRB Group then took each of the above line items and applied that new household spending to one or more industry codes in Lightcast.[7] This resulted in an estimate of 35 direct jobs and $1.7 million in direct earnings that will be generated by the spending of the new households. Taken together with an estimate of indirect impacts, total impacts from household spending include 45 jobs, $2.4 million in earnings, and $6.5 million in sales.

The Developer stated that it would hire five employees at the Site for operations and maintenance, with an average salary of $60,000. Combined, these five positions account for $300,000 in annual earnings. Together with indirect impacts, the total impacts of operations and maintenance would be 8 jobs, $493,779 in earnings, and $1.6 million in sales.

The combined impacts of household spending and impacts from operations and maintenance are displayed in the table to the right. As summarized in the last column, we anticipate that the Town will benefit from 53 jobs, $2.9 million in earnings, and $8.1 million in sales on an annual basis.

Economic Impact of New Household Spending

	Direct	Indirect	Total
Jobs	35	10	45
Earnings	$1,744,460	$643,199	$2,387,659
Sales	$4,683,146	$1,805,937	$6,489,083

Source: Emsi, MRB

Economic Impact, Operations of Project

	Direct	Indirect	Total
Jobs	5	3	8
Earnings	$300,000	$193,779	$493,779
Sales	$1,055,785	$550,234	$1,606,018

Source: Emsi, MRB

Combined Economic Impact

	Direct	Indirect	Total
Jobs	40	13	53
Earnings	$2,044,460	$836,979	$2,881,438
Sales	$5,738,931	$2,356,170	$8,095,101

Source: Emsi, MRB

[7] For example, for the "Food" line item, we applied half of the spending to the "supermarkets and other grocery" stores NAICS code (North American Industrial Classification System) and half to the "full service restaurants" NAICS code.

Fiscal Impact Analysis – 15 Years

The Project would also have fiscal impacts in terms of new tax revenues. The Applicant provided two potential PILOT schedules for consideration; one under a 15-year term and one under a 20-year term. The analysis below considers the fiscal impact of both.

PILOT Schedule – 15 Years

The table to the right displays the Applicant's proposed PILOT schedule. The Applicant has requested a 15-year PILOT term that would abate a portion of the improvement value associated with the Project. In Year 1, PILOT payments would include the Base Land Tax and 6.25% of the improvement value. Each year the percentage of the improvement value included in the PILOT payment will increase by 6.25% until the Project is fully taxable in Year 16.

PILOT Schedule

Tax Year	Base Land Tax	Projected Improvement Tax	Improvement Phase-In	Total Improvement PILOT	Total PILOT
Year 1	$6,524	$702,256	6.25%	$43,891	$50,415
Year 2	$6,642	$714,967	12.50%	$89,371	$96,013
Year 3	$6,762	$727,908	18.75%	$136,483	$143,245
Year 4	$6,884	$741,083	25.00%	$185,271	$192,155
Year 5	$7,009	$754,496	31.25%	$235,780	$242,789
Year 6	$7,136	$768,153	37.50%	$288,057	$295,193
Year 7	$7,265	$782,056	43.75%	$342,150	$349,415
Year 8	$7,397	$796,212	50.00%	$398,106	$405,502
Year 9	$7,530	$810,623	56.25%	$455,975	$463,506
Year 10	$7,667	$825,295	62.50%	$515,810	$523,476
Year 11	$7,806	$840,233	68.75%	$577,660	$585,466
Year 12	$7,947	$855,441	75.00%	$641,581	$649,528
Year 13	$8,091	$870,925	81.25%	$707,626	$715,717
Year 14	$8,237	$886,689	87.50%	$775,853	$784,090
Year 15	$8,386	$902,738	93.75%	$846,317	$854,703
Year 16*	$8,538	$919,077	100.00%	$919,077	$927,615

*First Year of Full Taxes

Source: Applicant; MRB Group

PILOT Revenue – 15 Years

Absent the Project moving forward, the parcels will generate an estimated $111,153 over 15 years. According to the proposed PILOT schedule, the Project will generate $6.4 million over 15 years. As shown in the table to the right, the proposed PILOT payments would generate $6.2 million more in revenue for the local taxing jurisdictions than the Site without the Project. (Figures may not sum due to rounding.)

PILOT Revenue

Tax Year	Base Land Tax	Total PILOT	Increase in Revenue
Year 1	$6,524	$50,415	$43,891
Year 2	$6,642	$96,013	$89,371
Year 3	$6,762	$143,245	$136,483
Year 4	$6,884	$192,155	$185,271
Year 5	$7,009	$242,789	$235,780
Year 6	$7,136	$295,193	$288,057
Year 7	$7,265	$349,415	$342,150
Year 8	$7,397	$405,502	$398,106
Year 9	$7,530	$463,506	$455,975
Year 10	$7,667	$523,476	$515,810
Year 11	$7,799	$585,466	$577,666
Year 12	$7,933	$649,528	$641,595
Year 13	$8,067	$715,717	$707,650
Year 14	$8,201	$784,090	$775,889
Year 15	$8,335	$854,703	$846,368
	$111,153	$6,351,213	$6,240,060

Source: Applicant; MRB Group

Fiscal Impact Analysis – 20 Years

Under a 20-Year PILOT term, the Project would have fiscal impacts in terms of new tax revenues, as described below.

20-Year PILOT Schedule

The table to the right displays the proposed PILOT schedule under a 20-Year scenario. In Year 1, PILOT payments would include the Base Land Tax and 4.76% of the improvement value. Each year the percentage of the improvement value included in the PILOT payment will increase by 4.76% until the Project is fully taxable in Year 21.

PILOT Schedule - 20 Years

Tax Year	Base Land Tax	Projected Improvement Tax	Improvement Phase-In	Total Improvement PILOT	Total PILOT
Year 1	$6,524	$702,256	4.76%	$33,441	$39,965
Year 2	$6,642	$714,967	9.52%	$68,092	$74,734
Year 3	$6,762	$727,908	14.29%	$103,987	$110,749
Year 4	$6,884	$741,083	19.05%	$141,158	$148,043
Year 5	$7,009	$754,496	23.81%	$179,642	$186,651
Year 6	$7,136	$768,153	28.57%	$219,472	$226,608
Year 7	$7,265	$782,056	33.33%	$260,685	$267,950
Year 8	$7,397	$796,212	38.10%	$303,318	$310,715
Year 9	$7,530	$810,623	42.86%	$347,410	$354,940
Year 10	$7,667	$825,295	47.62%	$392,997	$400,664
Year 11	$7,806	$840,233	52.38%	$440,122	$447,927
Year 12	$7,947	$855,441	57.14%	$488,823	$496,770
Year 13	$8,091	$870,925	61.90%	$539,143	$547,234
Year 14	$8,237	$886,689	66.67%	$591,125	$599,362
Year 15	$8,386	$902,738	71.43%	$644,812	$653,198
Year 16	$8,538	$919,077	76.19%	$700,249	$708,787
Year 17	$8,693	$935,713	80.95%	$757,481	$766,173
Year 18	$8,850	$952,649	85.71%	$816,555	$825,405
Year 19	$9,010	$969,892	90.48%	$877,520	$886,530
Year 20	$9,173	$987,447	95.24%	$940,425	$949,598
Year 21*	$9,339	$1,005,320	100.00%	$1,005,320	$1,014,659

*First Year of Full Taxes

Source: Applicant; MRB Group

PILOT Revenue – 20 Years

Under the 20-Year PILOT scenario, the Project will generate $8.8 million over 20 years. As shown in the table to the right, the proposed PILOT payments would generate $8.7 million more in revenue for the local taxing jurisdictions than the Site without the Project.

PILOT Revenue - 20 Years

Tax Year	Base Land Tax	Total PILOT	Increase in Revenue
Year 1	$6,524	$33,441	$26,917
Year 2	$6,642	$68,092	$61,450
Year 3	$6,762	$103,987	$97,225
Year 4	$6,884	$141,158	$134,274
Year 5	$7,009	$179,642	$172,633
Year 6	$7,136	$219,472	$212,336
Year 7	$7,265	$260,685	$253,420
Year 8	$7,397	$303,318	$295,922
Year 9	$7,530	$347,410	$339,879
Year 10	$7,667	$392,997	$385,331
Year 11	$7,806	$440,122	$432,316
Year 12	$7,947	$488,823	$480,876
Year 13	$8,091	$539,143	$531,053
Year 14	$8,237	$591,125	$582,888
Year 15	$8,386	$644,812	$636,426
Year 16	$8,538	$700,249	$691,711
Year 17	$8,693	$757,481	$748,788
Year 18	$8,850	$816,555	$807,706
Year 19	$9,010	$877,520	$868,510
Year 20	$9,173	$940,425	$931,252
	$155,547	$8,846,458	$8,690,911

Source: Applicant; MRB Group

Sales Tax Revenue, Construction Phase

As stated in the economic impact analysis on page 11, we anticipate approximately $14.6 million in direct and indirect earnings in the County will be generated during the Project's construction phase. We assume 70% of the newly generated earnings will be spent in Suffolk County. We estimate that 25% of that spending amount will be subject to the sales tax. Applying the County's sales tax rate of 4.625%, we conclude that the construction phase earnings will lead to approximately $117,871 in County sales tax revenue throughout construction.

Sales Tax Revenue, Operation Phase

We estimate $493,779 in total new earnings occurring annually within the County during the operation phase associated with new direct and indirect job creation (see page 13). Using the same methodology for estimating sales tax revenue for the construction phase, we estimate the Project will result in $3,997 in annual sales tax revenue to the County. Escalated at 1.81% per year for 15 years and 20 years, this totals $68,173 and $95,289, respectively.

Sales Tax Revenue - Construction Phase

Line	Value
Total New Earnings	$14,563,226
% Spent in County	70%
$ Spent in County	$10,194,258
% Taxable	25%
$ Taxable	$2,548,565
County Sales Tax Rate	4.625%
$ County Sales Tax Revenue	$117,871
Revenue, one-time	$117,871

Source: MRB

Sales Tax Revenue - Operation Phase

Line	Annual Value
Total New Earnings	$493,779
% Spent in County	70%
$ Spent in County	$345,646
% Taxable	25%
$ Taxable	$86,411
County Sales Tax Rate	4.625%
$ County Sales Tax Revenue	$3,997
Revenue Over 15 Years	$68,173
Revenue Over 20 Years	$95,289

Source: MRB

Sales Tax Revenue, Operation Phase

As identified on page 12, we estimate approximately $4.7 million of annual direct and indirect sales in the Town associated with the new household spending by residents of the Project. Assuming 25% of those sales are subject to sales tax, we estimate the Project will result in $54,149 in annual sales tax revenue. Over a 15-Year PILOT term, escalated at 1.81%, we estimate a total impact of $923,671. Over a 20-Year PILOT term, this impact is approximately $1.3 million.

Sales Tax Revenue - Household Spending

Line	Annual Value
New Household Spending	$4,683,146
% Taxable	25%
$ Taxable	$1,170,787
County Sales Tax Rate	4.625%
$ County Sales Tax Revenue	$54,149
Revenue Over 15 Years	$923,671
Revenue Over 20 Years	$1,291,069

Source: MRB

Fiscal Costs – 15 Years

Shown below is the difference in PILOT payments under the proposed terms and the estimated full property taxes of the project post-construction. Over 15 years, the project will have a fiscal "cost" of $5.7 million. However, the Developer has indicated that the Project cannot move forward without an inducement, so this "cost" is theoretical by nature.

Cost of Abatement

Tax Year	Base Land Tax	Projected Improvement Tax	Full Taxes	Total PILOT	Cost of Abatement
Year 1	$6,524	$702,256	$708,780	$50,415	($658,365)
Year 2	$6,642	$714,967	$721,609	$96,013	($625,596)
Year 3	$6,762	$727,908	$734,670	$143,245	($591,425)
Year 4	$6,884	$741,083	$747,967	$192,155	($555,812)
Year 5	$7,009	$754,496	$761,506	$242,789	($518,716)
Year 6	$7,136	$768,153	$775,289	$295,193	($480,096)
Year 7	$7,265	$782,056	$789,322	$349,415	($439,907)
Year 8	$7,397	$796,212	$803,608	$405,502	($398,106)
Year 9	$7,530	$810,623	$818,154	$463,506	($354,648)
Year 10	$7,667	$825,295	$832,962	$523,476	($309,486)
Year 11	$7,806	$840,233	$848,039	$585,466	($262,573)
Year 12	$7,947	$855,441	$863,388	$649,528	($213,860)
Year 13	$8,091	$870,925	$879,016	$715,717	($163,298)
Year 14	$8,237	$886,689	$894,926	$784,090	($110,836)
Year 15	$8,386	$902,738	$911,124	$854,703	($56,421)
			$12,090,358	$6,351,213	($5,739,145)

Source: Applicant; MRB Group

Fiscal Costs – 20 Years

Shown to the right is the difference in PILOT payments under the proposed terms and the estimated full property taxes of the project post-construction. Over 20 years, the project will have a fiscal "cost" of $7.3 million. However, the Developer has indicated that the Project cannot move forward without an inducement, so this "cost" is theoretical by nature.

Cost of Abatement - 20 Years

Tax Year	Base Land Tax	Projected Improvement Tax	Full Taxes	Total PILOT	Cost of Abatement
Year 1	$6,524	$702,256	$708,780	$33,441	($675,339)
Year 2	$6,642	$714,967	$721,609	$68,092	($653,517)
Year 3	$6,762	$727,908	$734,670	$103,987	($630,683)
Year 4	$6,884	$741,083	$747,967	$141,158	($606,809)
Year 5	$7,009	$754,496	$761,506	$179,642	($581,864)
Year 6	$7,136	$768,153	$775,289	$219,472	($555,817)
Year 7	$7,265	$782,056	$789,322	$260,685	($528,636)
Year 8	$7,397	$796,212	$803,608	$303,318	($500,290)
Year 9	$7,530	$810,623	$818,154	$347,410	($470,744)
Year 10	$7,667	$825,295	$832,962	$392,997	($439,965)
Year 11	$7,806	$840,233	$848,039	$440,122	($407,917)
Year 12	$7,947	$855,441	$863,388	$488,823	($374,565)
Year 13	$8,091	$870,925	$879,016	$539,143	($339,872)
Year 14	$8,237	$886,689	$894,926	$591,125	($303,801)
Year 15	$8,386	$902,738	$911,124	$644,812	($266,312)
Year 16	$8,538	$919,077	$927,615	$700,249	($227,367)
Year 17	$8,693	$935,713	$944,405	$757,481	($186,924)
Year 18	$8,850	$952,649	$961,499	$816,555	($144,943)
Year 19	$9,010	$969,892	$978,902	$877,520	($101,382)
Year 20	$9,173	$987,447	$996,620	$940,425	($56,195)
Year 21	$9,339	$1,005,320	$1,014,659	$1,005,320	($7,336,130)

Source: Applicant; MRB Group

Other Fiscal Costs

Per the Agency application, the Developer is seeking a sales tax exemption of $2.2 million and a mortgage recording tax exemption of $327,654. The tables below show the local share of these costs.

Cost of Sales Tax Exemption, County

Type	Value
Sales Tax Exemption	$2,166,612
Local	4.250%
State	4.000%
MCTD	0.375%
Local Exemption	$1,067,606

Source: Applicant

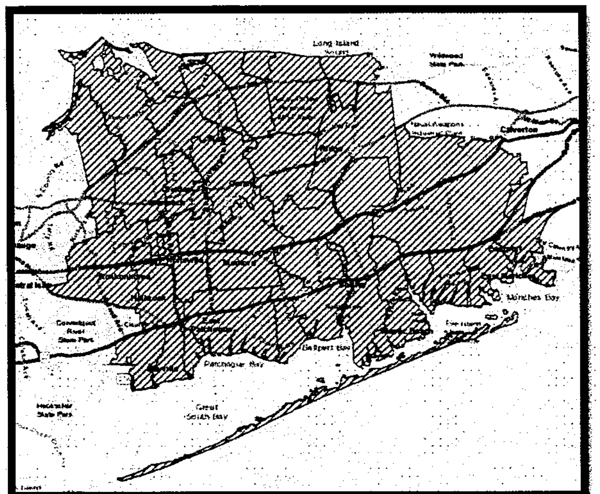
Cost of MRTE Exemption, County

Type	Value
MRTE	$327,654
Local	0.50%
State	0.25%
Local Exemption	$218,436

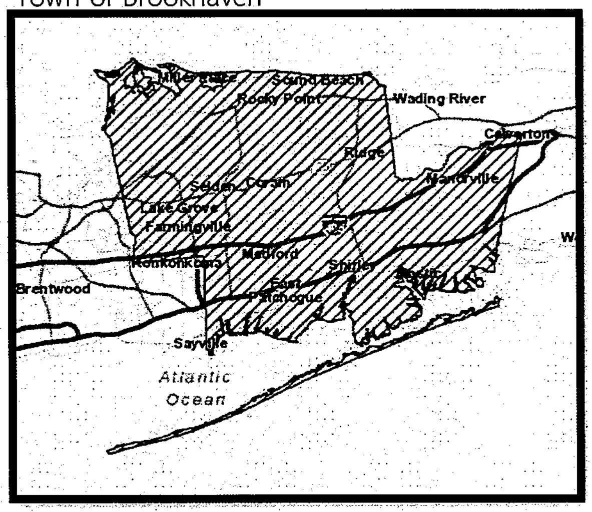
Source: Applicant

Appendix A: Zip Codes Used

36 ZIP Codes of the Town of Brookhaven



Town of Brookhaven



ZIP	Description
11705	Bayport, NY (in Suffolk county)
11713	Bellport, NY (in Suffolk county)
11715	Blue Point, NY (in Suffolk county)
11719	Brookhaven, NY (in Suffolk county)
11727	Coram, NY (in Suffolk county)
11733	East Setauket, NY (in Suffolk county)
11738	Farmingville, NY (in Suffolk county)
11741	Holbrook, NY (in Suffolk county)
11742	Holtsville, NY (in Suffolk county)
11755	Lake Grove, NY (in Suffolk county)
11763	Medford, NY (in Suffolk county)
11764	Miller Place, NY (in Suffolk county)
11766	Mount Sinai, NY (in Suffolk county)
11772	Patchogue, NY (in Suffolk county)
11776	Port Jefferson Station, NY (in Suffolk county)
11777	Port Jefferson, NY (in Suffolk county)
11778	Rocky Point, NY (in Suffolk county)
11779	Ronkonkoma, NY (in Suffolk county)
11782	Sayville, NY (in Suffolk county)
11784	Selden, NY (in Suffolk county)
11786	Shoreham, NY (in Suffolk county)
11789	Sound Beach, NY (in Suffolk county)
11790	Stony Brook, NY (in Suffolk county)
11934	Center Moriches, NY (in Suffolk county)
11940	East Moriches, NY (in Suffolk county)
11941	Eastport, NY (in Suffolk county)
11949	Manorville, NY (in Suffolk county)
11950	Mastic, NY (in Suffolk county)
11951	Mastic Beach, NY (in Suffolk county)
11953	Middle Island, NY (in Suffolk county)
11955	Moriches, NY (in Suffolk county)
11960	Remsenburg, NY (in Suffolk county)
11961	Ridge, NY (in Suffolk county)
11967	Shirley, NY (in Suffolk county)
11973	Upton, NY (in Suffolk county)
11980	Yaphank, NY (in Suffolk county)