

Proposed Mixed Use Development

1 North Country Road
Incorporated Village of Port Jefferson,
Town of Brookhaven, Suffolk County

PREPARED FOR

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414 Main Street
Port Jefferson, NY 11777

PREPARED BY



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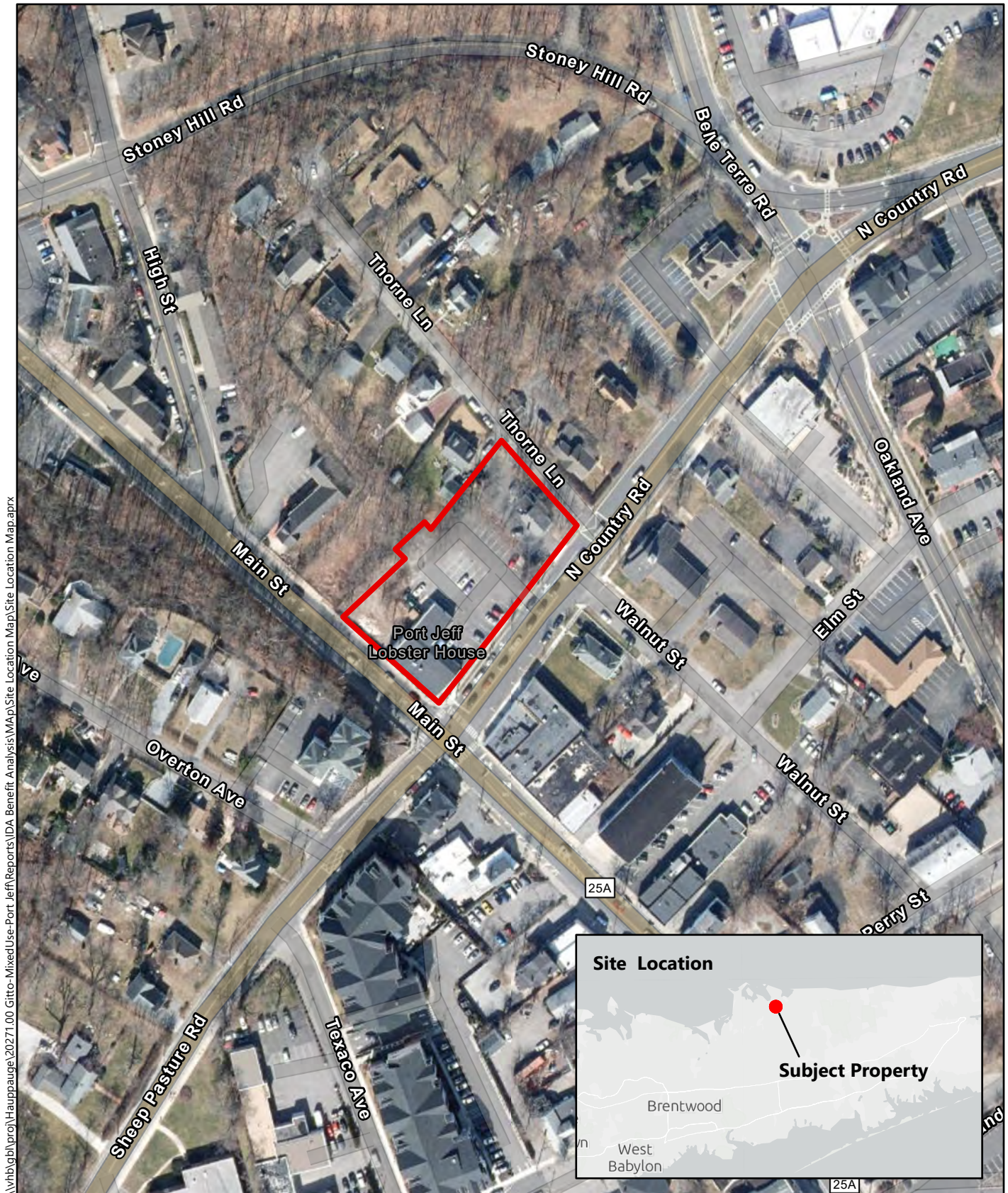
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1

Introduction and Background

1.1 Project Overview

This report has been prepared at the request of One Country LLC on behalf of the Applicant, Port Development LLC (the "Applicant"). The Applicant is seeking Town of Brookhaven Industrial Development Agency (IDA) benefits associated with its proposed redevelopment (the "Project") of the property located at 1 and 17 North Country Road in the Incorporated Village of Port Jefferson, Town of Brookhaven, Suffolk County (the "subject property") (see Figure 1). The subject property is known on the Suffolk County Tax Map as District 0206 – Section 212.00 – Block 03.00 – Lots 027.000, 028.00 and 029.00. The subject property is currently improved with a one-story, 4,400±-square-foot (SF) vacant building that previously contained a restaurant and another two-story vacant building that previously contained an 1,800± SF florist, with associated gravel and paved-surface parking areas. The Project involves the demolition of existing structures and redevelopment of the subject property with a three-story, 48,550± SF mixed-use building, to include ground-floor commercial with residential apartments on all three floors and associated paved parking and landscaped areas. Specifically, the proposed building would include 36 residential apartments (approximately 32 one-bedroom and 4 two-bedroom) of which 7 would be affordable/workforce housing units. The ground level of the proposed building would include 1,800± SF of commercial/retail space. Additional resident amenities, including a fitness room, lobby and lounge spaces, an indoor garage, and a private outdoor patio and lawn/garden area would also be located on the ground floor.



0 50 100 200 Feet

Subject Property

Proposed Mixed Use Development | Port Jefferson, NY

Site Location Map

1 and 17 North Country Road
Village of Port Jefferson, Town of Brookhaven
Suffolk County

Source Info: Suffolk County GIS, ESRI

Benefits are sought only for the residential rental housing component (and associated amenities); benefits are not sought in connection with the proposed commercial space.

The purpose of this report is to evaluate the Project with respect to the guidelines and standards applicable to Town of Brookhaven IDA approval of certain benefits (i.e., Sales Tax Exemption, Mortgage Recording Tax Exemption and Payment-in-lieu-of-Taxes [PILOT]). Specifically, the socioeconomic and community benefits and need for the Project, including economic activity during the construction and operating phases, are evaluated herein.

1.2 Comprehensive Planning Documents

An analysis of the Project's consistency with relevant comprehensive planning documents is presented below.

Village of Port Jefferson 2030 Comprehensive Plan Update

The *Village of Port Jefferson 2030 Comprehensive Plan Update* (the *2030 Plan*) addresses the Village of Port Jefferson's (the Village) current and existing need for housing, transportation, parking, infrastructure, recreation, and other topics. Pertinent aspects of the *2030 Plan*, and the Project's consistency therewith, are outlined below.

Section 1.1.2 of the *2030 Plan* defines the Vision Statement for the comprehensive plan, which indicates, in pertinent part, the desires of the Village to "[c]reate a range of housing types and opportunities for different household incomes" and to "ensure that new growth and redevelopment enriches the aesthetics of and is in harmony with the existing fabric of the Village of Port Jefferson." The proposed action would diversify the Village's housing stock and provide a unique housing option, whereas 36 new apartments would be constructed, nearly all of which (approximately 32 units) are proposed to be one-bedroom units. This design would appeal to a segment of the Village's population and housing market in a way that single-family residences cannot, and will help meet the identified need of the Village for a broader range of housing options. Moreover, the design of the proposed building is such that it would improve the aesthetic and visual conditions of the subject property that enhance the character of the uptown neighborhood.

Section 2.4 of the *2030 Plan* discusses the residential market conditions of the Village at the time of the study, and confirms that the Village of Port Jefferson has the capacity to capture "at least 50 new housing units each year, or 250 housing units over five years, through new construction." This estimate is described within the *2030 Plan* as being a highly conservative estimate, adding that a greater level of development "could likely be supported and should be planned for over a medium-term period." The results presented in the *2030 Plan* support the proposed action,

which – at 36 proposed apartment units – represents only a portion of the level of residential growth anticipated within the Village Comprehensive Plan.¹

This section of the *2030 Plan* further describes that the anticipated future residential apartment units "... can be developed above existing retail properties or on development sites that could include ground-floor retail space." The proposed action fully reflects this aspect of the Village Comprehensive Plan's residential market discussion, as the proposed action contemplates the redevelopment of a primarily retail site in a manner that includes ground-floor retail space.

Section 5.1 of the *2030 Plan* presents various recommendations that are targeted at housing within the downtown C-2 District, within which the subject property is situated. Specifically, relevant to the proposed action, Section 5.1.1 recommends the encouragement of residential housing units over retail and describes benefits associated with same (e.g., furtherance of Smart Growth planning initiatives, contribution to the health of downtown businesses and potential reduction in crime levels). The proposed action proposes the construction of a new building with ground-floor retail and residential apartments with additional residential units on the two floors above, consistent with these plan recommendations.

Toward that end, the *2030 Plan* identifies two action items as follows:

- Change C-1 and C-2 zoning codes to permit mixed (retail and residential) uses as a permitted (rather than conditional) use.
- Set minimum unit sizes to limit the number of single room occupancy units. See Section 5.1.3 for a discussion of minimum unit sizes.

The Village's C-2 zoning code continues to allow residential apartments above retail as a conditional use (rather than as-of-right), but, clearly the proposed action would help the Village achieve the described benefits of this development type in this district nonetheless. With respect to minimum unit sizes, the referenced section of the *2030 Plan* (i.e., Section 5.1.3) makes various recommendations to discourage single room occupancy units such as would be reminiscent of a boarding house. Minimum unit sizes of 500 SF are recommended for efficiency units, plus 100 SF for the first and each additional bedroom (i.e., a minimum of 600 SF for a one-bedroom unit, not including bathroom space). The 36 proposed apartment units largely consist of one-bedroom units, but their design does not resemble a boarding house, and their size would well exceed these recommended minimum sizes. Specifically, the residential spaces of the proposed building would contain the 36 units within 39,905± SF of building area, averaging approximately 850 SF per one-bedroom and 1,500 SF of gross floor area per two-bedroom residential unit.

Section 5.3 of the *2030 Plan* addresses the Village's goals relevant to retail uses within the C-2 District. Of particular relevance to the proposed action is subsection

¹ Other projects occurring in the area since 2018 include Shipyard, Port Jefferson Crossing, Overbay, and the Brookport.

5.3.1, which encourages retail uses that meet the needs of workers, residents and commuters.

The proposed retail use would be contained within the first floor of the proposed building, facing Main Street and North Country Road. There are lobby and lounge amenities associated with the residential component of the mixed-use building which would occupy ground floor spaces. However, these uses are concentrated away from the Main Street road frontage.

Throughout the *2030 Plan*, access to transit and transit-oriented development (TOD) in uptown Port Jefferson are mentioned as key factors for developing the area in a desirable manner. The proposed Project would provide a TOD development in upper Port Jefferson through the addition of 36 residential units within walking distance of the Port Jefferson LIRR station. Not only would this minimize congestion in the Village, but it would also provide an additional boost to local businesses as transit riders walk to and from the station, patronizing local businesses as they meet their daily needs.

As demonstrated above, the Project is well aligned with the relevant goals and guidelines of the *Village of Port Jefferson 2030 Plan Comprehensive Plan Update*.

Upper Port Jefferson Revitalization Planning and Urban Design Study (2012)

The Upper Port Jefferson Revitalization Planning and Urban Design Study (the *Revitalization Plan*) was prepared to analyze land use patterns in Upper Port Jefferson, where there had previously been no planning studies. Although the proposed Project would be built adjacent to the *Revitalization Plan* Study Area, existing conditions on the site, as well as the proposed Project, align with the revitalization goals and objectives set forth in the *Revitalization Plan*. Goals in the study include:

- › House a neighborhood population that would help support and transform the existing commercial Main Street into a more vibrant shopping street serving local needs.
- › Support the Main Street businesses with a walkable, cohesive community. Encourage pedestrian activity, social interaction, and transit ridership.
- › Provide excellent local pedestrian access while accommodating automobile circulation. Safe and convenient sidewalks are critical to the success of walkable neighborhood businesses.
- › Require design quality through design guidelines and zoning controls.
- › Create a “friendly neighborhood” that adds to the quality of life. Design qualities and amenities, such as plazas, gardens, artwork, outdoor performance, farmers market etc. that are critical to a local neighborhood business district’s success, and that can foster smaller businesses, studios, and artist activities.

The *Revitalization Plan* recommends C-2 zoning “be changed to permit mixed-use, residential over commercial” in order to provide the residential population necessary

to support thriving businesses in the area (pg. 41). The *Revitalization Plan* recommends a number of zoning and bulk and dimensional changes in the C-2 district as well as the creation of various overlay districts within the uptown area.

The plan also proposed improvements to the pedestrian environment, including sidewalk improvements, updating lighting, and new street crossings, to create connections to existing and proposed parks, the train station, and businesses in the Upper Port Jefferson area.

Though the proposed Project does not fall within the Upper Port Study Area, it is across the street from and faces the study area, and faces many of the same issues as properties within the Study Area. Thus, the subject property would benefit from some of the same updates and controls as those recommended in the *Revitalization Plan*. The Project would provide the same mixed-use residential and commercial development as recommended by the *Revitalization Plan*, increasing the population of the area to support the commercial district. The Project would be developed as a TOD, as noted above, allowing residents to easily walk to both local businesses and the LIRR station, promoting walkability in Upper Port Jefferson.

Town of Brookhaven Comprehensive Land Use Plan (Final 1996)

The *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. Although the proposed Project would be built within the Village of Port Jefferson, which is a separate municipality within the greater boundary of the Town, the broader demographic trends and needs of the population would be expected to generally apply within the Village as well. The plan proposed to control growth in such a way that maximizes environmental protection and enhances the community's quality of life, while providing for balanced economic growth and opportunity. The *Brookhaven CLUP* includes hamlet studies, goals, demographics data, and analyses of environmental resources, historic preservation, transportation and land use and zoning.

Section 4 of the *Brookhaven CLUP*, Demographics, details the projected changes in population, household size, age structure, density, and housing supply within the Town of Brookhaven. At the time the *Brookhaven CLUP* was created, the fully developed population was projected to be approximately 500,000 – 550,000 persons. To accommodate the increase of nearly 100,000 persons (from the 1990 population estimate of 407,871), the *Brookhaven CLUP* projected the construction of approximately 53,000 additional dwelling units (from the 1990 occupied housing unit estimation of 129,317). However, the *Brookhaven CLUP* acknowledged that the anticipated increase in population would be highly dependent on future development patterns, including the potential increase in subdivision approvals, multifamily developments, acquisition of open space, and other variable factors. As such, the Town of Brookhaven could experience a greater increase in population than anticipated in the *Brookhaven CLUP*. According to the 2019 American

Community Survey (ACS)², the Town of Brookhaven had a population of 483,546 and a total of 175,888 housing units as of 2019.

The Demographics section also outlines the decrease in household size seen throughout the Town. From 1980 to 1990, household size decreased to nearly 3.0 individuals per household. This trend towards 3.0 persons per household (or lower) has been seen throughout both Suffolk and Nassau Counties, and is anticipated to continue in the years to come. The *Brookhaven CLUP* identifies the shifting age demographics as a driving factor in this decline. From 1980 to 1990, the median age in the Town of Brookhaven had increased from 27.8 to 31.5 years. The *Brookhaven CLUP* notes this to be due to an increase in young adults and senior citizens, and a decrease in individuals age 19 or younger. According to the US Census 2019 ACS five-year estimates, the median age in the Town has increased to 40.0.

In consideration of the increasing and aging population, and the housing needed to accommodate these changing household demographics, the *Brookhaven CLUP* repeatedly stresses that housing options will need to be diversified. As opposed to the predominance of single-family residences found throughout the Town, diversified housing options would primarily include an increase in multi-family housing.

The *Brookhaven CLUP* reported that there were 129,137 housing units in the Town in 1990. The 2019 ACS estimate of 175,888 indicates an increase of 46,751± housing units between 1990 and 2019. Considering the *Brookhaven CLUP*'s estimate of 53,000 housing units needed to accommodate the Town's future population, there remains a need for additional housing construction. Though only a fraction of the dwelling units needed, the Project would aid in accommodating the population growth of the Town of Brookhaven. The Project would also help in providing alternative housing options; with a mix of one- and two-bedroom units, the Project would accommodate those smaller households that are increasingly becoming more prominent.

Suffolk County Comprehensive Master Plan 2035 (2015)

The *Suffolk County Comprehensive Master Plan 2035: Framework for the Future* (hereinafter, the "*Suffolk 2035 Plan*"), adopted by the Suffolk County Legislature on July 28, 2015, represents the final part of a planning effort that was initiated in 2011 with the publication of an inventory of data relating to demographics, the economy, and quality of life in Suffolk County. The *Suffolk 2035 Plan* is guided by six key priorities:

1. *Build a 21st Century Transit Network to Provide More Transportation Choices to Improve Mobility, Access, and Safety*
2. *Providing Equitable, Affordable, Fair Housing*

² U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates.

3. *Enhance Economic Competitiveness and Capacity to Build an Innovative Economy*
4. *Support Vibrant Communities*
5. *Streamline Government, Coordinate Policies, and Leverage Investment*
6. *Protect the Environment and Enhance Our Human Capital*

The *Suffolk 2035 Plan* notes that demographic changes in Suffolk County over the past two decades have created a demand for a higher proportion of smaller, multi-family housing units, a higher proportion of rental units, and more affordable units. However, the plan acknowledges that this need is not being met. In response, the plan details how established communities are well suited for supporting multi-family and rental housing, and even cites Port Jefferson as an example of the success that can be achieved by promoting such housing options.

Consistent with the *Suffolk 2035 Plan's* recommendations, the Project includes the redevelopment of an underutilized property to provide 36 residential rental units of various sizes (approximately 32 one-bedroom and 4 two-bedroom units), 7 of which are affordable or workforce housing units. The Project would thus increase the stock of rental units, specifically that of smaller, multi-family housing, and affordable/workforce units. In doing so, the Project will also build upon the successes already seen in Port Jefferson, as noted in the *Suffolk 2035 Plan*.

The *Suffolk 2035 Plan* also notes that while private sector employment has increased throughout the County, not all sectors of employment have experienced the same growth. Specifically, the *Suffolk 2035 Plan* states that "the County is losing high paying jobs and replacing them with lower skill and wage jobs." As described in *Anticipated Benefits of the Project*, below, implementation of the Project would support a total of approximately 133 jobs during construction and create approximately 12 jobs during operations, including jobs resulting from indirect and induced factors. Further, the Project would generate approximately \$8.7 million in annual income during construction, with an average salary of approximately \$65,167, and approximately \$543,306 in annual income during operations, with an average salary of approximately \$46,361, according to the IMPLAN analysis presented herein. The subject site is currently vacant. Therefore, the Project would directly generate approximately 8 new jobs to the site. As further discussed below (see section entitled, *Anticipated Benefits of the Project*), the average operational salary generated by implementation of the Project would be greater than the per capita income in the Town of Brookhaven.

In addition, the project includes measures that would help achieve the goals related to transit access and environmental protection by providing residential units within walking distance of the Port Jefferson LIRR station, reducing the need for personal vehicle use. The Project would also incorporate various environmentally conscious measures such as energy conservation shades and window treatments, as well as energy efficient appliances and HVAC units, and all LED lighting. The Project would also include 7 affordable/workforce units. Residents of the proposed Project would

be within walking distance of nearby businesses in the Upper Port Jefferson area, contributing to the creation of a walkable, vibrant commercial area.

1.3 Rental Housing Trends and Data

The current need for rental housing on Long Island is well documented, as identified in the Comprehensive Planning Documents section, above. The need for rental housing is also underscored in the Regional Planning Association's (RPA) 2020 *Long Island Housing Data Profiles* (Housing Profiles), which identifies housing and demographic trends in communities across Long Island.³ The following trends and statistics pertaining to Port Jefferson and Long Island were identified in the Housing Profiles, including the following:

- › Only 25 of the 3,223 housing units in Port Jefferson were built in 2010 or later.⁴
- › Rent burdened households make up 46.9% of renters in Port Jefferson.
- › Housing production, especially for multi-family units, has not kept up with demand.
- › Long Island has a shortage of rental housing that makes it difficult for young adults and lower-income families in particular to find housing.

In addition, a 2013 report from the RPA, *Long Island's Rental Housing Crisis* (LI Rental Housing)⁵ identifies a number of key trends and statistics pertaining to the Long Island housing market, including the following:

- › Long Island's 4.3% rental vacancy rate means that there are fewer available rental homes than in any other suburban area in the New York region.
- › 56% of renters pay more than 30% of their income for housing.
- › 64% of Long Island renters cannot afford a typical two-bedroom apartment.
- › 55% of 20-to-34 year-olds live with their parents or older relatives.
- › Over 25% of all the rental homes on Long Island are concentrated in ten communities (these communities do not include the Village of Port Jefferson).
- › Every 100 new units of rental housing generated 32 local jobs, \$2.3 million in income and \$395,000 in tax revenue annually.
- › Actions should be taken at all levels of government to create new homes that both meet community needs and relieve the rental housing crisis.

These results demonstrate that rental housing is limited on Long Island. Additionally, the 2019 ACS shows that only about 19 percent of occupied housing units on Long

³ Regional Plan Association. Long Island Housing Data Profiles. Oct 2020. Available at: <https://rpa.org/work/reports/long-island-housing-data-profiles>

⁴ Data used by the RPA for "Housing Units by Year Built" is gathered from the ACS 2018.

⁵ Regional Plan Association, *Long Island's Rental Housing Crisis* (2013), (accessed June 2021) available online at <https://s3.us-east-1.amazonaws.com/rpa-org/pdfs/RPA-Long-Islands-Rental-Housing-Crisis.pdf>

Island are rentals. For the most part, Suffolk County ranks far behind neighboring metropolitan area counties with respect to the percentage of occupied rental housing units, as shown in Table 1, below.

Table 1 – Rental Housing Units as Percentage of Total Occupied Housing Units

| County | Percentage of Rental Units |
|------------------------|-----------------------------------|
| Suffolk County, NY | 19.1 |
| Nassau County, NY | 19.4 |
| Hudson County, NJ | 68.8 |
| Essex County, NJ | 55.5 |
| Westchester County, NY | 37.7 |
| New Haven County, CT | 39.5 |
| Bergen County, NJ | 35.3 |
| Fairfield County, CT | 33.9 |
| Dutchess County, NY | 33.3 |
| Rockland County, NY | 31.9 |
| Putnam County, NY | 20.8 |

Source: U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates.

Further, census data indicates the demand for rentals is increasing. Since its peak at 10.6 percent in 2010, the rental vacancy rate has fallen across the United States to an average of 6.8 in the first quarter of 2021,⁶ indicating that, nationally, the demand for rental units is increasing in relation to supply. The 2019 ACS five-year estimates show that the rental vacancy rate in the Town of Brookhaven and Suffolk County was 3.7 percent. Since 2018 there have been a number of developments totaling 255 units, but demand still exists. The other comparable developments, further discussed in Section 1.4 below, are planned and built around the Village of Port Jefferson. In providing an additional 36 rental housing units, it is anticipated that the Project will provide a much-needed housing type, not only in Port Jefferson as a whole, but in Upper Port Jefferson as well.

1.4 Comparable Rental Developments

The Suffolk County Department of Economic Development and Planning (SCDEP) gathers information on apartment complexes with 10 or more units either existing or currently under construction in the County. According to SCDEP data,⁷ there are 100 apartment complexes with a total of 16,814 units (including those that were under construction at the time of publication in 2018) in the Town of Brookhaven. Of these apartment complexes, 9 were in Port Jefferson, totaling 610 units, and none of them included affordable housing. According to the RPA Housing Profiles, there are 965

⁶ U.S. Census Bureau, *Quarterly Residential Vacancies and Homeownership, First Quarter 2021*, (accessed June 2021); available at <https://www.census.gov/housing/hvs/files/currenthvspress.pdf>

⁷ Suffolk County Department of Economic Development and Planning, *Apartment Complexes of 10 or More Units*, November 29, 2018, (accessed June 2021); available at <https://suffolkcountyny.gov/Portals/0/formsdocs/planning/Research/2018/AptS.pdf>

renter occupied housing units in Port Jefferson. In providing 36 rental apartments, the Project will increase the number of affordable and workforce housing in the Village.

A number of comparable developments have been completed since 2018 or are currently under construction in Port Jefferson. The list below provides the number of units and addresses of these apartment developments:

- › Shipyard at Port Jefferson Harbor: 112 units (201 W Broadway)
- › Port Jefferson Crossing: 45 units (1615 Main Street) – 100% affordable/workforce
- › Overbay Apartment Community: 52 units (217 W Broadway)
- › The Brookport: 44 units (52 Barnum Avenue).

2

Anticipated Benefits of the Project

2.1 IDA Evaluation Criteria

The IDA evaluates projects seeking benefits pursuant to the guidelines in its Uniform Tax Exemption Policy (UTEP).⁸ As the Project is seeking a PILOT Agreement with the IDA, it is subject to the guidelines presented below to determine eligibility for a real property tax abatement (Section 7(D)(1) of the Uniform Tax Exemption Policy). Relevant guidelines, and the Project's consistency therewith, are as follows:

Section 7[D][1][i] *For purposes of the UTEP, "Market Rate Housing Projects" are defined as all housing projects other than Affordable Housing Projects, Senior Living Facilities or Assisted living Facilities. Market Rate Housing Projects may be granted a PILOT Agreement for a term of up to 7 years, starting at the current taxes on the land and any existing buildings, structures and improvements on the land and increasing to full taxation at the end of the PILOT Term with PILOT Payments to be determined by the Agency, in its sole discretion. However, Market Rate Housing Projects that are to be wholly located in or substantially located in one of the areas described below, may be eligible to be granted in the Agency's sole and absolute discretion an enhanced PILOT Agreement for a 13 to 15-year term. The enhanced PILOT Agreement will generally equal land-only taxes for three to five years. The remaining ten years will generally mirror a "double 485-b" exemption. In order to be eligible to receive an enhanced PILOT Agreement, Market Rate Housing*

⁸ Town of Brookhaven Industrial Development Agency, *Uniform Tax Exemption Policy*, June 17, 2020, (accessed June 2021); available from <https://brookhavenida.org/files/Brookhaven%20UTEP%20Final%202020.pdf>.

Projects must be located in one of the following areas: a Community Development Block Grant 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 of Village planned development zone or an incentive zoning program. All Market Rate Housing Projects, regardless of whether it receives an enhanced PILOT Agreement must comply with the requirements of Section 7(D)(j) below.

The Project is a proposed 36-unit rental-residential facility and meets the UTEP definition for Market Rate Housing Projects. The Applicant is applying for an enhanced PILOT Agreement with a 15-year term. The project site is located in a Community Development Block Grant area (Census Tract 1582.06, Block Group 2 is designated a low/mod block group per US Department of Housing and Urban Development [HUD] definitions, based on 2011-2015 ACS for the FY2021 Entitlement CDBG Grantees) and is a Transit Oriented Development (mixed residential and commercial use approximately 5 minute walk to the Port Jefferson Long Island Rail Road Station). Thus, the Project is eligible for an enhanced PILOT Agreement pursuant to this guideline.

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.*

VHB conducted an analysis of the jobs projected to be generated by the Project using the IMPLAN software tool. This analysis was conducted for both the construction period and the operation of the Project. For the construction period, data inputs included the anticipated hard and soft costs associated with construction of the Project (\$13,944,000) and the construction start year of 2021.⁹ Construction of the Project is expected to be completed in 2023, over an 18-month (approximate) construction period. Based on these inputs, the Project is estimated to support approximately 133 jobs during the construction phase. These employment impacts for the construction phase are the sum effect of three different impact types – Direct Effect, Indirect Effect and Induced Effect. Direct Effect impacts are a series of (or single) production changes or expenditures made by producers/consumers as a result of an activity or policy. These initial changes are determined to be a result of an activity or policy (e.g., construction jobs directly related to on-site activity). Indirect Effect impacts are the impacts of local industries buying goods and services from other local industries (e.g., jobs created from construction-related spending).

⁹Construction costs are based on information provided by the Applicant in a Developer Workbook as required by the Town of Brookhaven Industrial Development Agency. Construction costs do not include land or acquisition costs.

Induced Effect impacts are the response by an economy to an initial change (direct effect) 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 (e.g., jobs created through household spending of income from direct jobs). These jobs are broken down as follows:

Table 2 – Employment Impact (Construction Phase)¹⁰

| Impact Type | Employment |
|---------------------|-------------------|
| Direct Effect | 70 |
| Indirect Effect | 30 |
| Induced Effect | 33 |
| <i>Total Effect</i> | <i>133</i> |

The analysis of the Project's employment impacts upon completion of construction (i.e., during the operational phase) is based upon the assumption that the Project would directly generate 8 full-time or full-time equivalent (FTE) jobs when fully operational in the year 2023.¹¹ It is estimated that the retail portion of the Project will generate 3 direct jobs, and the residential portion of the Project will generate 2 full-time maintenance jobs and 6 part-time jobs for rental property leasing, property management, bookkeeping, management reporting and seasonal maintenance. It is noted that IDA benefits are sought only for the residential rental housing component (and associated amenities); benefits are not sought in connection with the proposed commercial space.

The results of the employment analysis for the operational phase of the Project are as follows:

Table 3 – Employment Impact (Operational Phase)¹²

| Impact Type | Employment |
|---------------------|-------------------|
| Direct Effect | 8 |
| Indirect Effect | 2 |
| Induced Effect | 2 |
| <i>Total Effect</i> | <i>12</i> |

As shown above, it is estimated that the Project has the potential to support approximately 133 jobs during construction and create a total of approximately 12 jobs during operation. The subject site is currently vacant with no employees on the

¹⁰ IMPLAN sectors include: Sector 60 – Construction of new multifamily residential structures; Sector 449 – Architectural, engineering, and related services; Sector 447 – Legal services; Sector 440 – Real estate; and, Monetary authorities and depository credit intermediation.

¹¹ Employment estimates based on information provided by the Applicant in the Form Application for Financial Assistance Town of Brookhaven Industrial Development Agency dated May 24, 2021.

¹² IMPLAN sectors include: Sector 468 – Services to buildings; Sector 440 Real estate; and, Sector 406 – Retail – Miscellaneous store retailers.

site. Therefore, the operational jobs will be new to the Town of Brookhaven. The residential component of the proposed Project will generate 8 direct workers and an additional 4 indirect and induced workers.

The IMPLAN analysis also yields projections of the income from jobs that are anticipated to be created by the Project. This includes income from direct, indirect and induced jobs. The results of this analysis, for both the construction and operational phases of the Project are as follows:

Table 4 – Labor Income for Jobs Generated During Construction

| Impact Type | Employment | Labor Income | Average Salary |
|---------------------|-------------------|---------------------|-----------------------|
| Direct Effect | 70 | \$5,042,236 | \$72,032 |
| Indirect Effect | 30 | \$1,827,861 | \$60,929 |
| Induced Effect | 33 | \$1,797,114 | \$54,458 |
| <i>Total Effect</i> | <i>133</i> | <i>\$8,667,211</i> | <i>\$65,167</i> |

Table 5 – Labor Income for Jobs Generated During Operation

| Impact Type | Employment | Labor Income | Average Salary |
|---------------------|-------------------|---------------------|-----------------------|
| Direct Effect | 8 | \$342,903 | \$42,863 |
| Indirect Effect | 2 | \$88,530 | \$54,437 |
| Induced Effect | 2 | \$111,873 | \$54,246 |
| <i>Total Effect</i> | <i>12</i> | <i>\$543,306</i> | <i>\$46,361</i> |

As demonstrated in Table 4 and Table 5 above, the Project would generate approximately \$8,667,211 in labor (payroll) income for all jobs (direct, indirect and induced) during construction, with an average salary of approximately \$65,167. During Project operations, the Project would generate approximately \$543,306 in labor (payroll) income for all jobs (direct, indirect and induced), with an average salary of approximately \$46,361, according to the IMPLAN analysis.

The per capita income in the Town of Brookhaven is \$41,104 as per the 2015-2019 American Community Survey 5-Year Estimates, therefore, the jobs generated by the proposed Project would be greater than the current per capita income of the Town of Brookhaven. Additionally, the per capita income for Suffolk and Nassau Counties are \$44,465 and \$51,422, respectively. The jobs generated by the proposed Project would therefore be in line with the current per capita income for Long Island.

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 capital investment of \$13,944,000 in construction costs, resulting in an overall economic output of approximately \$23.0 million,¹³ including labor income, other property type income, indirect business taxes, etc.

The proposed Project offers numerous public benefits, including the better utilization of a currently vacant property; contribution to the Village's character as a walkable community; and growth of the Village's economic base.

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 Project is consistent with the *2030 Plan*, the *Brookhaven CLUP*, the *Revitalization Plan*, and the *Suffolk 2035 Plan*, as discussed in detail in Section 1.2 of this report, above. All four plans identify the need for increased housing and emphasize the importance in diversifying housing options. The Project is especially well aligned with the Village of Port Jefferson's planning efforts, constructing the type of mixed-use development that fosters walkability which the *2030 Plan* proposes for future development.

The Project will also expand the local economic base. Under a conservative estimate of 1.66 persons per one-bedroom renter-occupied units and 2.51 persons per two-bedroom units, in Port Jefferson, 36 housing units will provide living space for approximately 64 individuals.¹⁴ The Project would therefore bring increased spending power to the Village, helping to support local businesses and generate additional tax revenues.

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 Project would include energy conservation shades and window treatments, as well as energy efficient appliances and HVAC units, and all lighting would use LED light bulbs. The Project site is located within walking distance of transit options, such as the Port Jefferson LIRR station, reducing the need for residents to use personal vehicles.

In addition, the Project would include an improved stormwater management system in compliance with all local, state and federal regulations. The new stormwater management system would increase stormwater capacity at the site and minimize overflow to adjacent properties or stormwater systems. This system would minimize the amount of pollutants entering soil and groundwater at the Project site.

¹³ Calculated through IMPLAN.

¹⁴ Rutgers University, Center for Urban Policy Research. *Residential Demographic Multipliers: Estimates of the Occupants of New Housing*. June 2006.

Prior to implementation of the Project, the proposed project would be subject to a review of potential environmental impacts in accordance with the State Environmental Quality Review Act (SEQRA) and its implementing regulations at 6 NYCRR Part 617. The Project includes the redevelopment of an existing developed site, obviating the need to develop a greenfield site to provide the needed housing options in the community. Extensive landscape plantings are proposed throughout the subject property, improving environmental conditions at the site.

Section 7[D][1][j] *All Market Rate Housing Projects will be required to include a minimum of 10% affordable units and 10% workforce units to be maintained as such for the life of the Lease and Project Agreement. Each of the "affordable" units shall rent at a reduced rent to tenants with an annual income at or below 80% of the median income for the Nassau-Suffolk primary metropolitan statistical area as defined by the Federal Department of Housing and Urban Development. Each of the "workforce" units shall rent at a reduced rent to tenants with an annual income at or below 120% of the median income for the Nassau-Suffolk primary metropolitan statistical area as defined by the Federal Department of Housing and Urban Development. The project shall enter into a contract with a local not-for-profit housing advocacy group acceptable to the Agency to administer the affordability of the affordable units and the workforce units. This information must be provided to the Agency on an annual basis. Compliance with the above requirements for a minimum of 10% affordable units and a minimum of 10% workforce units will not make a Market Rate Housing Project be considered to be an Affordable Housing Project as defined in Section 7(D)(h) above.*

The proposed Project includes 7 affordable and workforce housing units that will comply with the requirements outlined in Section 7[D][1][j] as described above.

Section 7[D][1][j] *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 Project is demonstrated throughout Section 1 of this report. There are documented needs for a more diverse housing stock, affordable and workforce housing, and mixed use developments located in commercial areas with access to transit options. Compliance with the Act is demonstrated throughout Section 2 of this report.

Regarding taxes, the site currently generates \$26,805.14 in taxes, including \$771.82 to the Town of Brookhaven, \$4,733.04 to Suffolk County, \$17,150.78 to the Port Jefferson Union Free School District (UFSD), and \$4,149.50 to other various special districts. After development of the proposed Project, when the assessed value of the subject site is increased to reflect the improvements and new uses, any taxes or PILOT payments paid on the site would be higher than the currently paid taxes. It is anticipated that all taxing jurisdictions will benefit over the course of, and beyond, the PILOT agreement.

Table 6 – Existing Property Taxes for the Subject Site by Taxing Jurisdiction

| Taxing Jurisdiction | Taxes |
|---------------------------------------|--------------------|
| School District (Port Jefferson UFSD) | \$17,150.78 |
| Library District | \$1,451.75 |
| County of Suffolk | \$301.85 |
| County of Suffolk - Police | \$4,431.19 |
| Town - Town Wide Fund | \$608.69 |
| Highway - Town Wide Fund | \$163.13 |
| NYS MTA Tax | \$14.81 |
| Open Space Preservation | \$230.19 |
| Fire District | \$937.76 |
| Ambulance District | \$483.33 |
| County Sewer District | \$623.95 |
| Real Property Tax Law | \$313.74 |
| Out of County Tuition | \$72.07 |
| Suffolk County Community College | \$21.90 |
| <i>Total</i> | <i>\$26,805.14</i> |

Source: Town of Brookhaven Statement of Taxes, 2020-2021

With respect to the potential for the proposed Project to affect the local public-school district (i.e., the Port Jefferson UFSD), it should be noted that the proposed multifamily residential development would be expected to generate extremely few school-aged children. Based upon the results of a 2019 study published by the Real Estate Institute at Stony Brook University College of Business, multifamily residential development on Long Island generates, on average, 0.09 school-aged children per unit. Applied to the 36 proposed units, this would represent less than 4 school-aged children within the Port Jefferson UFSD, which has a current enrollment of approximately 1,065 children (i.e., an increase of less than 0.38 percent). A 2017 study performed by Vision Long Island of transit-oriented development on Long Island identified an average of only 0.026 school-aged children per unit, which, applied to the proposed 36 units, would suggest that less than 1 school-aged child would reside at the proposed development. It should also be noted that nearly all of the proposed residential units (i.e., 32 of the 36 units) would be one-bedroom units, which are inherently less attractive to families with school-aged children than units

with two or more bedrooms. Overall, the proposed development is expected to generate extremely few school-aged children, and no significant adverse impacts upon the local school district are anticipated.

There are two developments that were identified to be of significance within the vicinity of the proposed Project. One is 52 Barnum Avenue, which is a proposed mixed-use development north of the subject property. 52 Barnum Avenue would consist of 44 rental apartment units, 1,500 sf of restaurant space, and 1,200 sf of general commercial space. The other planned development is the proposed renovation at the Mather Hospital Campus, located east of the project site, which would not include any additional housing.

2.2 Other Project Benefits

Currently, the 0.87± acre subject property is improved with a one-story, 4,400±-square-foot (SF) vacant building that previously contained a restaurant and a two-story vacant building that previously contained an 1,800± SF florist, with associated gravel and paved-surface parking areas. As a strictly commercial facility within walking distance to Upper Port Jefferson and the Port Jefferson LIRR station, the subject property is underutilized. The Project will better utilize the subject property, establishing a mixed-use development in a TOD location with nearby shops in walking distance. In doing so, the Project will invigorate the site in a manner that will enhance the character of the neighborhood and advance relevant goals of the Village's Comprehensive Plan. The Project would be especially beneficial in supporting the Comprehensive Plan's housing and development goals, as previously described by providing 36 new units, 7 of which would be affordable. In addition, the Project would support the goals of the *Revitalization Plan*, though it is adjacent to the subject site. The Project would provide housing within walking distance of the Port Jefferson LIRR station, minimizing the need for commuting residents to use personal vehicles. The increased foot traffic would provide "eyes on the street" increasing the safety of the area.

The redevelopment of the subject property with a 36-unit rental housing structure would provide a much-needed housing option for that portion of the population that could otherwise relocate elsewhere (i.e., individuals seeking rental housing and/or non-single-family residential options). With approximately 64 new residents anticipated, the Project has the potential to significantly contribute to the economy of the Village of Port Jefferson. Future residents would likely patronize nearby local businesses, benefitting the local economy and generating increased tax revenues. Considering the Project's proximity to the shops and services in Upper Port Jefferson, nearby businesses stand to benefit from the implementation of the Project.

3

Conclusions

For various reasons discussed above, there is currently a high demand for rental housing in the Town of Brookhaven and the Port Jefferson area. As demonstrated by Census data, rental options are not plentiful on Long Island. In fact, the availability of rental housing on Long Island lags behind other metropolitan counties, even as demographic shifts have led to a higher demand for diversified housing options.

The Project would be consistent with identified goals, objectives and priorities in *the 2030 Plan*, the *Brookhaven CLUP*, the *Revitalization Plan*, and the *Suffolk 2035 Plan*, which all identify the need for additional rental housing. The Project would add a type of housing (rental apartment) that is in high demand throughout the Town of Brookhaven and Long Island, as indicated by the low vacancy rates identified in Census Data. By providing 36 residential rental units, the Project will cater to residents seeking such housing and will encourage these individuals to remain in the region, rather than locate elsewhere.

An IMPLAN analysis was undertaken to evaluate the anticipated employment and economic benefits of the Project during construction and operation phases. This analysis indicates that the Project will support a total of approximately 133 jobs (including direct, indirect and induced jobs) during the 18-month construction period, with a total labor (payroll) income of approximately \$8,667,211. Further, it is estimated that the operation phase of the Project upon completion of construction would potentially generate a total of approximately 12 jobs (including direct, indirect and induced jobs), with a total labor (payroll) income of approximately \$543,306. In addition, the Applicant estimates the total Project costs at \$16,471,500, which is a significant investment in the Village of Port Jefferson and the Town of Brookhaven.

Based on the analysis presented in this report, the Project is consistent with the guidelines and criteria of the IDA UTEP, would result in public benefits related to the community's housing options and employment, and would also result in substantial direct and indirect economic benefits.