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April 4, 2025

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

Attn: Lisa M.G. Mulligan, Executive Director

***Re: Port Jefferson Commons Project
53-unit Affordable Residential Rental Development
1601-1605 Main Street, Village of Port Jefferson***

Dear Lisa:

As you may know, this firm represents Port Jefferson Commons, LLC and/or an entity formed on its behalf ("Applicant") in connection with its proposed approximately 73,430 square foot 53-unit 100% affordable residential rental development project to be located at 1601-1605 Main Street in the Village of Port Jefferson ("Project"). Applicant is seeking:

1. A 30-year payment in lieu of taxes ("PILOT") from the Town of Brookhaven Industrial Development Agency ("Agency");
2. Sales tax exemption for construction materials and furniture, fixtures and equipment ("FF&E"); and
3. Partial mortgage recording tax exemption for Project financing.

Enclosed is an updated executed application for financial assistance being submitted by Applicant to the Agency. Please consider this letter as part of the application. This Project has previously come before the Agency for acceptance of an application, but the financing method was not yet determined. The Project has since been awarded 9% low-income housing tax credits by New York State Homes and Community Renewal, so the Project can move forward with the assistance of the Agency.

Applicant

Applicant will be controlled by Rochester-based Conifer, LLC and Community Development Corporation of Long Island. This team has successfully completed affordable housing developments on Long Island, including the newly-constructed Port Jefferson Crossing development directly adjacent to the Project, which received financial assistance through the Agency. Each organization has a strong track record, including successful Conifer projects across the east coast.

Background and Purpose

The Project presents an opportunity to create high-quality affordable housing by furthering ongoing municipal revitalization efforts in the Village of Port Jefferson. The Project is in close proximity to the Port Jefferson LIRR station and is in furtherance of the Village of Port Jefferson's goals for the area as outlined in its Urban Renewal Plan and 2030 Comprehensive Plan Update. The Project also adheres to the State's Workforce Opportunity Goals.

The Project

Applicant proposes to demolish two existing blighted buildings on the .57-acre site and replace them with a new construction 73,430 SF sustainable multifamily elevator building with 53 affordable residential rental units, and approximately 2,485 SF of commercial space.

The building will consist of 32 one-bedroom units and 20 two-bedroom units targeted at households earning 30%, 50%, 60%, and 80% AMI, plus a one-bedroom super's unit, broken down as follows:

- 5 - 1 BR units at 30% AMI
- 10 - 1 BR units at 50% AMI
- 8 - 1 BR units at 60% AMI
- 9 - 1 BR units at 80% AMI
- 1 - 1 BR unit for Super/Mgr
- 7 - 2 BR units at 50% AMI
- 7 - 2 BR units at 60% AMI
- 6 - 2 BR units at 80% AMI

The concrete podium structure will have a 60-space parking garage at the cellar level with residential units, commercial space, a fitness room, lobby, mail room, and laundry on the ground floor. The remaining 2 stories will be wood frame construction that will include the remaining residential units, and a community room on the third floor.

All residential dwelling units will be ADA compliant, with 6 fully adapted units designated for mobility impaired residents, and 2 units adapted for hearing and vision-impaired residents.

The Project will further advance the NY State and County Special Needs Housing Goal by creating a special needs housing community with a set-aside on five of the apartments for individuals with intellectual or developmental disabilities. The Project will also provide five units with a preference for veterans.

The approximately 2,485 SF of commercial space will consist of retail/office space on the ground floor. One potential commercial user will be a green grocer/market, to be operated by a local minority operator with locations in Patchogue, Farmingville and Brentwood. Upper Port Jefferson is in need of commercial/retail presence, and this would anchor the area by providing needed services and creating long-term jobs.

The Village of Port Jefferson is highly supportive of this Project and has committed \$2,000,000 in Restore NY funding to benefit this project. Construction is anticipated to take 18 months and the Project will be affordable for at least 50 years.

Green Design

The all-electric building will use highly efficient air source heat pumps for heating and cooling and will feature semi-central ERVs for fresh air. The central heat pump domestic water heating system will be controlled by a demand and temperature system to reduce energy use. The building's envelope will reduce energy use and increase resiliency with insulation levels above code.

The project will certify to EPA Indoor AirPlus program, DOE Zero Energy Ready Home, and Enterprise Green Communities 2020 Plus. Energy Star appliances will be installed in each unit. The Project will include three EV charging stations.

HDFC Ownership Structure

It is anticipated that the ownership structure will be set up using a housing development fund corporation ("HDFC") to own fee title to the property as nominee for Applicant, which will be the beneficial owner pursuant to a nominee agreement to be entered into.

Applicant will be owned 99.99% by a federal low-income housing tax credit investor (expected to be Red Stone Equity Partners or a related entity), and the remaining .01% interest will be owned collectively by affiliates of (i) Red Stone, (ii) Conifer, LLC and (iii) Community Development Corporation of Long Island.

Need for PILOT

Due to the affordability restrictions which will be in place and the financing structure for the Project, a 30-year PILOT, coterminous with financing, is necessary in order to make the Project financially feasible to finance, construct and operate.

Request for Sales Tax Exemption and Mortgage Recording Tax Exemption

In addition, sales tax exemption for construction materials and FF&E, and mortgage recording tax exemption for Project financing will partially alleviate the burden of high construction costs. It is anticipated that the Project will be financed with a construction loan in the amount of \$25,000,000 and permanent financing in the amount of \$4,975,000, which will require mortgage recording tax exemption. Applicant requests sales tax exemption and mortgage recording tax exemption, which will assist with reducing costs if such exemptions are not available through the contemplated HDFC ownership structure referenced above.

If you require any further information, please feel free to contact me.

Very truly yours,

FORCHELLI DEEGAN TERRANA LLP

By: John P. Gordon

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