GROW AMERICA

FEASIBILITY STUDY

SUBSTANTIATION OF NEED FOR TOWN OF BROOKHAVEN IDA FINANCIAL ASSISTANCE

Prepared For:
Town of Brookhaven Industrial Development Agency
1 Independence Hill | Farmingville, NY 11738

Regarding:
Port Jefferson Commons, LLC (Community Development Corporation of Long Island & Conifer, LLC)

New Construction of a 53-Unit 100% Affordable, Mixed-Use Project at 1601-1605 Main Street, Village of Port Jefferson

Headquarters
633 3rd Avenue
19th Floor Suite J
New York, NY 10017
www.growamerica.org

May 02, 2025

CONTENTS

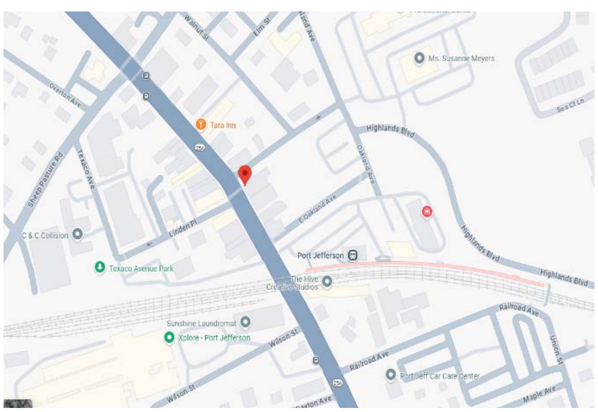
I. ASSIGNMENT

Grow America (formerly National Development Council or NDC) is a national not-for-profit economic development organization that provides development finance advisory services to municipalities and public benefit agencies throughout the country. Grow America is often requested to analyze financial structures of proposed developments and determine the appropriateness of financial assistance or incentives. The Town of Brookhaven IDA (the IDA) requested that Port Jefferson Commons LLC and its counsel arrange for the completion of a feasibility report that demonstrates that the tax assistance package requested of the IDA is necessary for the proposed project to be financially feasible. The purpose of this memo is to describe Grow America's project understandings and findings related to the affordable, mixed-use development at 1601-1605 Main Street.

II. PROJECT SUMMARY

Port Jefferson Commons LLC (the Applicant and/or Developer) has applied for financial assistance for a proposed affordable rental housing development in the Village of Port Jefferson, Town of Brookhaven, NY. The ownership structure is expected to be established through a Housing Development Fund Corporation (HDFC), which will hold fee title to the property as nominee for the Applicant. The Applicant will be the beneficial owner pursuant to a nominee agreement to be executed. The Applicant will be owned 99.99% by a federal low-income housing tax credit investor, anticipated to be Red Stone Equity Partners or an affiliated entity. The remaining 0.01% interest will be held collectively by affiliates of (i) Red Stone, (ii) Conifer, LLC, and (iii) the Community Development Corporation of Long Island (CDCLI). Conifer and CDCLI have successfully completed other affordable housing developments on Long Island, including the newly constructed Port Jefferson Crossing development.

The application requests a sales tax exemption on building materials and equipment, mortgage recording tax exemption, and property tax abatement in the form of a payment in-lieu of taxes (PILOT).



Site Location on Map

Aerial Photo of Site

The subject site, encompassing approximately 0.57 acres, is located at 1601-1605 Main Street in the Village of Port Jefferson. The property currently contains two blighted buildings. The Developer intends to redevelop this transit-oriented site, less than one-half mile from the Port Jefferson LIRR train station, by constructing a 73,430 square foot (SF), mixed-use apartment building, comprising 53 units, 60 parking spaces, and approximately 2,485 SF of commercial space. The residential units will be a mix of 32 one-bedroom apartments and 20 two-bedroom apartments, in addition to a one-bedroom super's unit. The area median income (AMI) breakdown is outlined in **Section V** of this report.

The proposed development will feature a concrete podium structure with the 60-space parking garage located at the cellar level. The ground floor will include residential units, the commercial/retail space, a fitness room, lobby, mail room, and laundry facilities. The remaining two stories will be constructed using wood-frame construction and will house the remaining residential units, as well as a community room located on the third floor.

All residential dwelling units will be ADA compliant. Six units will be fully adapted for mobility-impaired residents, and two units will be adapted for individuals with hearing and vision impairments. The Project will further advance both New York State and Suffolk County's Special Needs Housing Goals by designating five units for individuals with intellectual or developmental disabilities (I/DD). An additional five units will include a preference for veterans.

The commercial component is expected to include retail or office space on the ground floor. One anticipated tenant is a local minority-owned green grocer/market with existing locations in Patchogue, Farmingville, and Brentwood. The Upper Port Jefferson area is currently underserved by commercial retail, and this tenant would serve as a key anchor by providing essential goods and services while generating long-term employment opportunities.

The development will be an all-electric building, designed with sustainability and energy efficiency as core priorities. It will utilize highly efficient air-source heat pumps for heating and cooling, semi-central energy recovery ventilators (ERVs) for fresh air, and a centrally controlled heat pump domestic hot water system regulated by demand and temperature sensors to reduce energy consumption. The building envelope will exceed code requirements, enhancing both energy efficiency and climate resiliency.

The project is targeting certification under the EPA Indoor airPLUS program, the DOE Zero Energy Ready Home program, and Enterprise Green Communities 2020 Plus. All units will be equipped with Energy Star appliances. Additionally, the project will include three electric vehicle (EV) charging stations to support low-emission transportation.

The Applicant has requested a 30-year property tax abatement through a PILOT Agreement, aligned with the term of the project's financing. Under the IDA's Uniform Tax Exemption Policy (UTEP), the definition of "Affordable Housing Projects" includes those utilizing nine percent (9%) Low-Income Housing Tax Credits (LIHTCs), such as the proposed development in Port Jefferson.

According to the UTEP, Affordable Housing Projects may, at the sole discretion of the Agency, be granted a PILOT Agreement with fixed payments for a term of up to 15 years. Alternatively, the Agency may approve a "10% Shelter Rent PILOT" for a 10- or 15-year term, under which payments are calculated as 10% of project effective gross income (EGI) minus utilities.

The UTEP further provides that if a project is financed with 9% LIHTCs or is subject to a Regulatory Agreement that restricts tenant income and rents, the Agency may, at its discretion, approve a PILOT term that matches the term of the Regulatory Agreement or project financing. In this case, the project includes a 50-year affordability period and will acquire permanent financing with a 30-year term.

Following its review of the application, Grow America recommends a 30-year PILOT schedule, aligned with the term of the project's financing. The PILOT will be calculated at 10% of shelter rent in Operating Year 1, with annual increases of 2.00% from Years 2 through 30. A detailed breakdown of the proposed PILOT schedule is provided in **Appendix I** of this report.

III. SOURCES & USES

The proposed sources and uses are outlined below. The developer has secured a complex, ten-source capital structure.

SOURCES & USES				
USES OF FUNDS	***$***	***Per Unit***	***Per SF***	***%***
Land Acquisition	$3,925,000	$74,057	$53	11%
Site Work	$2,145,770	$40,486	$29	6%
Construction Hard Costs	$16,555,710	$312,372	$225	45%
Construction Contingency	$1,014,265	$19,137	$14	3%
Machinery & Equipment	$1,727,934	$32,603	$24	5%
General Soft Costs	$3,642,915	$68,734	$50	10%
Financing Costs	$2,799,467	$52,820	$38	8%
Legal Costs	$610,000	$11,509	$8	2%
Developer Fee	$4,071,313	$76,817	$55	11%
Reserves	$568,290	$10,722	$8	2%
Total	**$37,060,664**	**$699,258**	**$505**	**100%**
SOURCES OF FUNDS	***Construction $***	***Perm $***	***Per Unit***	***%***
Private Financing	$25,000,000	$4,975,000	$93,868	13%
Federal LIHTC Equity	$5,261,094	$15,031,697	$283,617	41%
State LIHTC Equity	$1,189,881	$3,399,660	$64,145	9%
HCR Housing Trust Fund (HTF)	$0	$5,980,000	$112,830	16%
Community Investment Fund (CIF)	$0	$906,098	$17,096	2%
Restore NY Grant	$0	$2,000,000	$37,736	5%
Suffolk County Workforce Housing Funds	$1,100,000	$1,820,000	$34,340	5%
Deferred Capitalized Reserves	$568,290	$0	$0	0%
Developer Equity (CIF 1/3 Match)	$301,731	$301,731	$5,693	1%
Deferred Developer Fee	$3,639,668	$2,646,478	$49,934	7%
Total	**$37,060,664**	**$37,060,664**	**$699,258**	**100%**

The development budget for Port Jefferson Commons totals $37.1 million, translating to $505 per gross square foot and $699,258 per unit. These figures are notably high compared to other affordable, mixed-use, transit-oriented developments in the Village of Port Jefferson and across Suffolk County. Several key factors contribute to these elevated costs. As a podium building, the project requires a more complex and expensive construction method. The site's significant grade change necessitates extensive grading and structural work, further increasing expenses. In addition, the prolonged pre-development timeline, during which five separate funding applications were submitted, forced the development team to carry the property to maintain site control, resulting in substantial holding costs. These project-specific challenges were compounded by broader market conditions, including the nationwide surge in construction costs driven by supply chain disruptions and labor shortages.

The Developer has assembled a layered capital stack totaling $37.1 million. The primary source of funding is $18.4 million in tax credit equity, generated from the sale of federal and state Low-Income Housing Tax Credits (LIHTC). This is complemented by a $4.9 million permanent loan. The balance of the financing is covered by a combination of public soft funding, including $5.9 million from New York State Homes & Community Renewal (HCR), $906,098 from the Community Investment Fund, $2 million from Restore NY, and $1.8 million from the Suffolk County Workforce Housing program. Additionally, the project benefits from $301,731 in sponsor equity. This diverse mix of private, federal, state, and local sources reflects the complex and high-cost nature of affordable housing development in Long Island.

DEVELOPER FEE ANALYSIS		
Capitalized Developer Fee	$4,071,313	
Deferred Developer Fee	$2,646,478	65%
Earned Developer Fee at Closing	$1,424,835	35%

Due to restricted rents and the lower cash flow typical of LIHTC developments, the Developer's primary financial incentive is the capitalized developer fee, which generally ranges from 10% to 15% of total development costs excluding acquisition. For this project, the developer fee totals $4,071,313, or approximately 11% of the total development cost. Of this amount, the Developer has elected to defer $2,646,478—about 65% of the total fee—which must be repaid from residual cash flow within the first fifteen (15) years of operations. While current projections show the deferred fee being repaid by Year 17, the project will need to achieve stronger operating performance to meet the Year 15 deadline and ensure full repayment within the compliance period.

IV. SUMMARIZED BENEFITS PACKAGE

The Developer has submitted a request for a 30-year PILOT for the subject property. Grow America has reviewed the development program, as detailed in **Section V**, and concludes that the 30-year PILOT based upon "10% of shelter rent" is appropriate to help meet lender and investor metrics. "Shelter rent" is defined as effective gross income (EGI) less utilities. The starting PILOT will be $101,231, which is an approximate 3.8X multiplier over the current $26,413 in land taxes currently being paid. The PILOT schedule is detailed in **Appendix I.**

IDA TAX BENEFITS					
IDA RELATED PROPERTY TAXES		**SALES TAX EXEMPTION ON BUILDING MATERIALS & EQUIPMENT**			
Current Taxes	$26,413	Construction Cost		$17,569,975
Starting PILOT	$101,231	Value of Building Materials	60%	$10,541,985
PILOT Payments Over 30-Yr Term	$4,106,729	Sales Tax		8.625%
Average PILOT Payments Over 30-Yr Term	$136,891	Value of Exemption		$909,246
Average PILOT Over Current Taxes	5.2x	Furniture, Equipment, & Machinery		$1,727,934
		Sales Tax		8.625%
		Value of Exemption on M&E		$149,034
		Total Value of Sales Tax Exemption		$1,058,281
MORTGAGE RECORDING TAX EXEMPTION				
Mortgage*	$29,975,000			
Mortgage Recording Tax	1.05%			
Transit District Exclusion	-0.30%			
Mortgage Recording Tax Savings	0.75%			
Value of Exemption	$224,813			

**As input in the IDA application (includes sum total of construction and permanent financing)*

With the PILOT and the abatement schedule, the tax increment is significant. Over $4.1 million in real estate tax revenue is realized over the 30-year term. The average annual PILOT ($136,891) paid over the term is a 5.2X multiplier above the $26,413 in current land-only real estate taxes.

V. SUMMARY OF GROW AMERICA ANALYSIS

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

- Increasing baseline taxes by 2.0% annually
- Permanent loan assumptions that are in line with the current market for similar projects
    - 30-year amortization
    - Interest rate of 7.50%
- Increasing residential and laundry gross income by 2.0% annually
- Increasing commercial gross income by 3.0% annually
- Increasing operating expenses by 3.0% annually

a. RENT ROLL

Monthly rents range from $781 for a one-bedroom unit at 30% of AMI to $2,691 for a two-bedroom unit at 80% AMI. These rents are based on the HUD-established allowable limits for the Nassau-Suffolk region. The full unit mix and proposed rents are provided on the following page. The Developer also assumes $10 per SF for the 2,485 SF of commercial space and $16 per unit monthly for laundry.

RENT ROLL									
Unit Description	*%*	*Units*	*NSF*	*Total NSF*	*Gross Rent*	*U/A*	*Net Rent*	*Rent/SF*	*Annual Rent*
30% AMI									
One Bedroom	9%	5	745	3,725	$879	$98	$781	$1.05	$46,860
50% AMI									
One Bedroom	19%	10	745	7,450	$1,465	$98	$1,367	$1.83	$164,040
Two Bedroom	13%	7	970	6,790	$1,757	$121	$1,636	$1.69	$137,424
60% AMI									
One Bedroom	15%	8	745	5,960	$1,758	$98	$1,660	$2.23	$159,360
Two Bedroom	13%	7	970	6,790	$2,109	$121	$1,988	$2.05	$166,992
80% AMI									
One Bedroom	17%	9	745	6,705	$2,344	$98	$2,246	$3.01	$242,568
Two Bedroom	11%	6	970	5,820	$2,812	$121	$2,691	$2.77	$193,752
Super's Unit									
One Bedroom	2%	1	745	745	$0	$0	$0	$0.00	$0
Total	**100%**	**53**		**43,985**					**$1,110,996**

INCOME SUMMARY		
Residential Gross Income	$1,110,996	*$1,747 avg. per unit monthly*
Commercial Gross Income	$24,850	*$10 per SF annually*
Laundry Gross Income	$10,176	*$16 avg. per unit monthly*
Total Gross Potential Income	**$1,146,022**	

PROGRAM		
One Bedroom	33	*62%*
Two Bedroom	20	*38%*
Total	**53**	***100%***
Gross Square Feet (GSF)	73,430	
Residential NSF	43,985	*60%*
Commercial NSF	2,485	*3%*
Parking Spaces	60	

b. *PRO FORMA ANALYSIS*

The table on the following page illustrates financial performance with the PILOT in the first stabilized year of operations (Year 3). When full taxes are plugged into the operating proforma in the stabilized year, projected cash flow is negative. **Simply put, the development is not financially feasible with full taxes.**

Grow America recommends approving a 30-year “shelter rent” PILOT. In Year 3, the development achieves a debt coverage ratio (DCR) of 1.23, meaning there is a 23% cushion of net operating income over project debt service. This is a marginal cushion for an affordable residential project. Operating expenses, exclusive of real estate taxes, are $8,790 per unit in the third operating year. This is considered reasonable and consistent with other affordable housing properties in Suffolk County.

STABILIZED OPERATING PRO FORMA (YEAR 3)					
		(1) WITHOUT PILOT		(2) WITH 3RD YEAR 30-YR PILOT	
	Units	$	Comment	$	Comment
Residential Gross Income	53	$1,155,880	*$1,817 per unit monthly*		
Commercial Gross Income		$26,363	*$11 per SF annually*		
Laundry Gross Income		$10,587	*$17 per unit monthly*		
Gross Income		$1,192,831			
Vacancy (Res + Laundry)		($58,323)	*5.00% vacancy*		
Vacancy (Commercial)		($2,636)	*10.00% vacancy*		
Effective Gross Income		**$1,131,871**		**$1,131,871**	
Operating Expenses Less Utilities & PILOT		($386,097)	*$7,285 per unit*	($386,097)	*$7,285 per unit*
Utilities		($79,751)	*$1,505 per unit*	($79,751)	*$1,505 per unit*
RE Taxes / PILOT		($352,914)	*$6,659 per unit*	($105,320)	*$1,987 per unit*
Total Expenses		($818,762)	*$15,448 per unit*	($571,168)	*$10,777 per unit*
Net Operating Income		**$313,109**		**$560,703**	
Private Financing		($417,431)		($417,431)	
HCR Housing Trust Fund (HTF)		($29,900)		($29,900)	
Suffolk County Workforce Housing Funds		($9,100)		($9,100)	
Debt Service (Total Debt)		($456,431)		($456,431)	
Cash Flow		**($143,322)**		**$104,272**	

FINANCIAL METRICS SUMMARY					
	(1) WITHOUT PILOT		(2) WITH 3RD YEAR 30-YR PILOT		Typical in Market
Debt Coverage Ratio (First Mortgage)	0.75		1.34		>1.25
Debt Coverage Ratio (All Debt)	0.69	*does not work*	1.23	*marginal*	>1.20

Without the proposed financial incentive package and PILOT schedule, the project would not be financially viable, as the Developer would be unable to generate sufficient returns to attract the necessary construction and permanent financing. The proposed PILOT schedule is essential for the project's financial feasibility.

VI. STUDENT IMPACT

The Real Estate Institute (REI) at Stony Brook University conducted a study in 2019 that evaluated the impact of residential development on local school districts. REI evaluated fourteen (14) residential developments and surveyed the residents and local school districts to determine new net students to the school districts. On average, one (1) student per eleven (11) units, or 9.09%, was identified as the impact on public school enrollment from the multi-family projects surveyed.

As it relates to the subject 53-unit development, the 9.09% multiplier against the 53 units results in an estimated five (5) new students being added to the Port Jefferson school district from the development, as outlined on the following page.

SCHOOL IMPACT	
Units	53
Less Studios	0
Less Senior Units	0
Adjusted Unit Count	53
Multiplier (1 student for every 11 units)	9.09%
Estimated Number of Net New Students	5
Impact of Market Rate Apartments on School District Enrollment, per Real Estate Institute Study at Stony Brook University	

VII. PILOT CRITERIEA REVIEW

As outlined in Section 7(D)(1)(k) of the IDA's Uniform Tax Exemption Policy (UTEP), applicants for Affordable Housing Projects must demonstrate "the need for the project, other existing or planned housing projects, the impact on the local taxing jurisdictions, the impact on the local school district and the expected number of children, if any, who are likely to attend the local school district, and demonstrate that the housing project complies with the Act." Grow America has determined the following:

Need for the Project

- The project will eliminate a blighted parcel and replace it with much-needed workforce and affordable rental units.
  - All fifty-three (53) units will be reserved for individuals earning between 30% and 80% of the AMI.
- The project will revitalize a highly underutilized property at a prime location within walking distance of the Port Jefferson Long Island Railroad station.
  - The development helps further the Village of Port Jefferson's goals for the area as outlined in its Urban Renewal Plan and 2030 Comprehensive Plan Update.
- The development is recognized as a priority project by the Long Island Regional Economic Development Council.
- All residential units will be ADA compliant, ensuring full accessibility for individuals with disabilities.
- Six (6) units will be fully adapted for mobility-impaired residents.
- Two (2) units will be adapted for individuals with hearing and vision impairments.
- Five (5) units will be dedicated for individuals with intellectual or developmental disabilities (I/DD), advancing New York State and Suffolk County's goals for Special Needs Housing.
- Five (5) units will carry a preference for veterans, addressing a critical gap in supportive housing options for this population.
- The Project has been awarded competitive 9% Low-Income Housing Tax Credits, reflecting both the public need and the development's alignment with state and federal affordable housing priorities.

- 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.

Existing Housing Projects

- **Port Jefferson Crossing**
  - Type: Multifamily Rental Building
  - Address: 1615 Main Street, Port Jefferson, NY
  - Developer: Conifer
  - Units: 45
  - Built: 2023
  - Stories: 3
- **The Hills at Port Jefferson**
  - Type: Multifamily Rental Building
  - Address: 23 Texaco Avenue, Port Jefferson, NY
  - Developer: Rail Realty LLC
  - Units: 74
  - Built: 2016
  - Stories: 3
- **12 Linden Place**
  - Type: Multifamily Rental Building
  - Address: 12 Linden Place, Port Jefferson, NY
  - Developer: TJK Linden LLC
  - Units: 9
  - Built: 1950
  - Stories: 3

Planned Housing Projects

- **One North Project**
  - Type: Multifamily Rental Building
  - Address: 1 N Country Road, Port Jefferson, NY
  - Developer: The Gitto Group
  - Units: 35

  - Stories: 3

Impact on Local Taxing Jurisdictions (Quantified in this Feasibility Study)

- The development of a new affordable and workforce multifamily housing project will generate quantifiable annual property tax revenue for local jurisdictions, delivering tangible benefits to the community. The project will increase the tax base by repositioning currently underutilized properties into a higher-value residential building, providing a greater stream of recurring revenue. The project's contribution to property tax rolls represents meaningful growth to the jurisdiction's revenue base.

Impact on Local School District and Expected Number of Children

- The impact on the local school district and expected number of children is calculated in **Section VI** of this report.
- An estimated five (5) new students will be added to the Brookhaven-Comsewogue Union Free School District from the development.

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

The Port Jefferson Commons project complies with Article 18-A of the New York State General Municipal Law, which governs the actions of IDAs, by fulfilling key public policy goals, as outlined below:

- **Public Purpose**
  - The project serves a clear public purpose by addressing housing needs and revitalizing an underutilized property in Port Jefferson. It provides a much-needed 53 units of workforce and affordable housing, meeting the community's demand for affordable living options.
- **Job Creation and Economic Development**
  - The project will create 144 temporary construction jobs and 1-2 full-time equivalent (FTE) permanent jobs, contributing to local employment opportunities.
  - The development is expected to generate local spending. The inclusion of affordable housing units will also support workforce retention in the area.
  - The commercial component is expected to include retail or office space on the ground floor. One anticipated tenant is a local minority-owned green grocer/market with existing locations in Patchogue, Farmingville, and Brentwood. The Upper Port Jefferson area is currently underserved by commercial retail, and this tenant would serve as a key anchor by providing essential goods and services while generating long-term employment opportunities.
- **Environmental Impact**
  - The all-electric building will incorporate high-efficiency air source heat pumps for heating and cooling, along with semi-central ERVs to provide continuous fresh air. A central heat pump domestic hot water system, optimized with demand and temperature controls, will minimize energy use. The building envelope exceeds code insulation standards, enhancing both energy efficiency and resiliency. The Project will pursue certifications under EPA Indoor AirPlus, DOE Zero Energy Ready Home, and Enterprise Green

Communities 2020 Plus. Each unit will feature ENERGY STAR appliances, and the site will include three electric vehicle (EV) charging stations.

- **Financial Suitability**
  - The project has demonstrated through its financial analysis that it would not proceed except for with the financial assistance provided by the IDA.
  - High development costs make the project financially unfeasible without a PILOT agreement, sales tax exemption, and mortgage recording tax relief.
- **Alignment with Affordable Housing PILOT Criteria**
  - As outlined in Section 7(D)(1)(f) of the IDA's Uniform Tax Exemption Policy (UTEP), in order to be eligible for a PILOT agreement beyond 15 years, affordable projects must be: funded by 9% LIHTCs, funded by tax exempt bonds, or subject to a recorded Regulatory Agreement restricting income and rents required by a state or federal housing agency. The proposed project fits all the following:
    - *Funded by 9% LIHTC Equity:* The project was awarded 9% Low-Income Housing Tax Credits in March 2025.
    - *Subject to a 50-Year Affordability Period:* The project is subject to a 50-year affordability period, as required by the terms of the 9% LIHTC award in combination with Housing Trust Fund (HTF) financing from NYS Homes and Community Renewal (HCR). The Developer has chosen to request a 30-year PILOT schedule, in line with the project's permanent financing.

APPENDIX I: PILOT SCHEDULE

PILOT SCHEDULE (10% of Shelter Rent)					
Port Jefferson Commons Phase II					
Total Units	53				
Gross SF	73,430				
Existing Taxes	$26,413				
Current Taxes/Unit	$498				
10% Shelter Rent Calculation (Year 1)					
Effective Gross Income	$1,087,478				
Less Utilities	($75,173)				
Shelter Rent	$1,012,305				
Multiplied by…	10.00%				
10% EGI	$101,231				
PILOT/Unit	$1,910				
Escalator	2.00%				
PILOT Year	**Operating Year**	**Existing Taxes**	**PILOT**	**PILOT Per Unit**	**Increment Over Existing Taxes**
1	Construction	$26,413	$26,413	$498	$0
2	Construction	$26,413	$26,413	$498	$0
3	**1**	**$26,413**	**$101,231**	**$1,910**	**$74,818**
4	2	$26,941	$103,255	$1,948	$76,314
5	3	$27,480	$105,320	$1,987	$77,840
6	4	$28,030	$107,427	$2,027	$79,397
7	5	$28,590	$109,575	$2,067	$80,985
8	6	$29,162	$111,767	$2,109	$82,605
9	7	$29,745	$114,002	$2,151	$84,257
10	8	$30,340	$116,282	$2,194	$85,942
11	9	$30,947	$118,608	$2,238	$87,661
12	10	$31,566	$120,980	$2,283	$89,414
13	11	$32,197	$123,399	$2,328	$91,202
14	12	$32,841	$125,867	$2,375	$93,026
15	13	$33,498	$128,385	$2,422	$94,887
16	14	$34,168	$130,952	$2,471	$96,784
17	15	$34,851	$133,572	$2,520	$98,720
18	16	$35,548	$136,243	$2,571	$100,695
19	17	$36,259	$138,968	$2,622	$102,708
20	18	$36,985	$141,747	$2,674	$104,763
21	19	$37,724	$144,582	$2,728	$106,858
22	20	$38,479	$147,474	$2,783	$108,995
23	21	$39,248	$150,423	$2,838	$111,175
24	22	$40,033	$153,432	$2,895	$113,398
25	23	$40,834	$156,500	$2,953	$115,666
26	24	$41,651	$159,630	$3,012	$117,980
27	25	$42,484	$162,823	$3,072	$120,339
28	26	$43,333	$166,079	$3,134	$122,746
29	27	$44,200	$169,401	$3,196	$125,201
30	28	$45,084	$172,789	$3,260	$127,705
31	29	$45,986	$176,245	$3,325	$130,259
32	30	$46,905	$179,770	$3,392	$132,864
Total			$4,106,729		$3,035,204
			$136,891 average		
			$2,583 avg. per unit		

APPENDIX II: PRO FORMA

PORT JEFFERSON COMMONS PHASE II																
PRO FORMA																
Year		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue																
Residential Gross Income	2.00%	1,110,996	1,133,216	1,155,880	1,178,998	1,202,578	1,226,629	1,251,162	1,276,185	1,301,709	1,327,743	1,354,298	1,381,384	1,409,012	1,437,192	1,465,936
Commercial Gross Income	3.00%	24,850	25,596	26,363	27,154	27,969	28,808	29,672	30,562	31,479	32,424	33,396	34,398	35,430	36,493	37,588
Laundry Gross Income	2.00%	10,176	10,380	10,587	10,799	11,015	11,235	11,460	11,689	11,923	12,161	12,404	12,653	12,906	13,164	13,427
Gross Income		1,146,022	1,169,191	1,192,831	1,216,951	1,241,562	1,266,672	1,292,294	1,318,437	1,345,111	1,372,328	1,400,099	1,428,435	1,457,347	1,486,849	1,516,950
Vacancy (Res + Laundry)	5.00%	(56,059)	(57,180)	(58,323)	(59,490)	(60,680)	(61,893)	(63,131)	(64,394)	(65,682)	(66,995)	(68,335)	(69,702)	(71,096)	(72,518)	(73,968)
Vacancy (Commercial)	10.00%	(2,485)	(2,560)	(2,636)	(2,715)	(2,797)	(2,881)	(2,967)	(3,056)	(3,148)	(3,242)	(3,340)	(3,440)	(3,543)	(3,649)	(3,759)
Effective Gross Income		1,087,478	1,109,452	1,131,871	1,154,746	1,178,085	1,201,898	1,226,196	1,250,987	1,276,281	1,302,090	1,328,424	1,355,293	1,382,708	1,410,682	1,439,224
Operating Expenses																
Operating Expenses Less Utilities & PILOT	3.00%	(363,933)	(374,851)	(386,097)	(397,679)	(409,610)	(421,898)	(434,555)	(447,592)	(461,019)	(474,850)	(489,096)	(503,768)	(518,881)	(534,448)	(550,481)
Utilities	3.00%	(75,173)	(77,428)	(79,751)	(82,144)	(84,608)	(87,146)	(89,760)	(92,453)	(95,227)	(98,084)	(101,026)	(104,057)	(107,179)	(110,394)	(113,706)
PILOT		(101,231)	(103,255)	(105,320)	(107,427)	(109,575)	(111,767)	(114,002)	(116,282)	(118,608)	(120,980)	(123,399)	(125,867)	(128,385)	(130,952)	(133,572)
Total Expenses		(540,337)	(555,534)	(571,168)	(587,250)	(603,793)	(620,811)	(638,318)	(656,327)	(674,854)	(693,914)	(713,521)	(733,693)	(754,445)	(775,794)	(797,759)
Net Operating Income		**547,142**	**553,917**	**560,703**	**567,496**	**574,292**	**581,088**	**587,878**	**594,660**	**601,427**	**608,177**	**614,903**	**621,600**	**628,264**	**634,887**	**641,465**
Debt Service																
Private Financing	7.50%	(417,431)	(417,431)	(417,431)	(417,431)	(417,431)	(417,431)	(417,431)	(417,431)	(417,431)	(417,431)	(417,431)	(417,431)	(417,431)	(417,431)	(417,431)
HCR Housing Trust Fund (HTF)	0.50%	(29,900)	(29,900)	(29,900)	(29,900)	(29,900)	(29,900)	(29,900)	(29,900)	(29,900)	(29,900)	(29,900)	(29,900)	(29,900)	(29,900)	(29,900)
Suffolk County Workforce Housing Funds	0.50%	(9,100)	(9,100)	(9,100)	(9,100)	(9,100)	(9,100)	(9,100)	(9,100)	(9,100)	(9,100)	(9,100)	(9,100)	(9,100)	(9,100)	(9,100)
Total Debt Service		(456,431)	(456,431)	(456,431)	(456,431)	(456,431)	(456,431)	(456,431)	(456,431)	(456,431)	(456,431)	(456,431)	(456,431)	(456,431)	(456,431)	(456,431)
Cash Flow		**90,711**	**97,486**	**104,272**	**111,065**	**117,861**	**124,656**	**131,447**	**138,229**	**144,996**	**151,746**	**158,472**	**165,169**	**171,832**	**178,456**	**185,034**
Metrics																
DCR (First Mortgage)		1.31	1.33	1.34	1.36	1.38	1.39	1.41	1.42	1.44	1.46	1.47	1.49	1.51	1.52	1.54
DCR (All Debt)		1.20	1.21	1.23	1.24	1.26	1.27	1.29	1.30	1.32	1.33	1.35	1.36	1.38	1.39	1.41
Accumulated Cash Flow	**Deferred Fee**	188,197	285,683	389,955	501,020	618,881	743,538	874,985	1,013,213	1,158,210	1,309,955	1,468,427	1,633,596	1,805,429	1,983,885	2,168,918
Deferred Developer Fee Balance	**$2,646,478**	2,458,281	$2,360,795	$2,256,523	$2,145,458	$2,027,597	$1,902,940	$1,771,493	$1,633,265	$1,488,268	$1,336,523	$1,178,051	$1,012,882	$841,049	$662,593	$477,560

GROW AMERICA DISCLAIMER

Standard disclaimer regarding Grow America's compliance with Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") and amended Section 15B of the Securities and Exchange Act of 1934 ("Exchange Act"):

Grow America is not a Registered Municipal Advisor as defined in Dodd-Frank and the Exchange Act and therefore cannot provide advice to a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, including structure, timing, terms, or other similar matters concerning such financial products or issues.

The general information contained in this document is factual in nature and consistent with current market conditions and does not contain or express subjective assumptions, opinions, or views, or constitute a recommendation, either express or implied, upon which a municipal entity or obligated person may rely with respect to municipal products or the issuance of municipal securities.

In connection with these matters, it is expressly understood by all parties that Grow America is not acting as your agent, advisor, municipal advisor, or fiduciary. Grow America may have financial and other interests that differ from yours. You should discuss the information contained herein with your own municipal, financial, legal, accounting, tax, and/or other advisors, as applicable, to the extent that you deem appropriate.