Date: April 16, 2024

At a meeting of the Town of Hempstead Industrial Development Agency (the "**Agency**"), held at Town Hall Old Courtroom, 350 Front Street, Hempstead, New York 11550, on the 16th day of April, 2024, at 9:00 a.m., the following members of the Agency were present:

| | |
|---|---|
| Present: | Florestano Girardi, Chairman<br>Thomas J. Grech, Vice Chairman<br>Rev. Dr. Eric C. Mallette, Treasurer<br>Robert Bedford, Member<br>Jerry Kornbluth, Member<br>Jill Ann Mollitor, Member |
| Excused: | Jack Majkut, Secretary |
| Also Present: | Frederick E. Parola, Chief Executive Officer<br>Edie Longo, Chief Financial Officer<br>Michael Lodato, Deputy Executive Director<br>Lorraine Rhoads, Agency Administrator<br>Laura Tomeo, Deputy Agency Administrator<br>Arlyn Eames, Deputy Financial Officer<br>John Ryan, Esq., Agency Counsel<br>Paul V. O'Brien, Esq., Transaction Counsel |

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to the acquisition of a leasehold interest in or title to a certain industrial development facility more particularly described herein (The Promenade 360 LLC 2024 Facility), and the leasing of the Facility to The Promenade 360 LLC.

The following resolution was duly moved, seconded, discussed and adopted with the following members voting:

| Voting Aye | Voting Nay | Abstaining |
|---|---|---|
| F. Girardi | | |
| T. Grech | | |
| E. Mallette | | |
| R. Bedford | | |
| J. Kornbluth | | |
| J. Mollitor | | |

RESOLUTION OF THE TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY TAKING OFFICIAL ACTION TOWARD APPOINTING THE PROMENADE 360 LLC, A NEW YORK LIMITED LIABILITY COMPANY, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF THE PROMENADE 360 LLC AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING AS AGENT OF THE AGENCY FOR THE PURPOSE OF ACQUIRING, RENOVATING, INSTALLING AND EQUIPPING AN INDUSTRIAL DEVELOPMENT FACILITY AND MAKING CERTAIN FINDINGS AND DETERMINATIONS WITH RESPECT TO THE FACILITY

WHEREAS, The Promenade 360 LLC, a limited liability company organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of The Promenade 360 LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "**Company**"), submitted its application for financial assistance (the "**Application**") to the Town of Hempstead Industrial Development Agency (the "**Agency**") to enter into a transaction in which the Agency will assist in the acquisition of an interest in an approximately 0.38 acre parcel of land located at 360A West Merrick Road, Incorporated Village of Valley Stream, Town of Hempstead, Nassau County, New York (the "**Land**"), the interior demolition and renovation of an existing two-story approximately 13,549 square foot commercial building and the conversion thereof to a mixed-use facility consisting of approximately 15 market-rate residential rental units (consisting of approximately 1 studio apartment, 9 one-bedroom apartments and 5 two-bedroom apartments), approximately 517 rentable square feet of ground floor retail space, parking on the Land and associated site improvements (collectively, the "**Improvements**"), and the acquisition of certain furniture, fixtures, equipment and personal property necessary for the completion thereof (the "**Equipment**"; and together with the Land and the Improvements, the "**Facility**"), which Facility would be subleased by the Agency to the Company and further sub-subleased by the Company to future tenants for use as a mixed-use multifamily housing and retail facility (the "**Project**"); and

WHEREAS, the Agency will acquire a leasehold interest in the Land and the Improvements and title to the Equipment and will sublease the Land and the Improvements and lease the Equipment to the Company all pursuant to Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 529 of the Laws of 1971 of the State of New York, as the same may be amended from time to time (collectively, the "**Act**"); and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company in connection with the Facility, in the form of exemptions from sales and use taxes and abatement of real property taxes, all to be more particularly described in a Final Authorizing Resolution to be adopted by the Agency prior to any closing of the transaction described herein; and

WHEREAS, as of the date of this resolution, no determination for financial assistance has been made; and

WHEREAS, the Act authorizes and empowers the Agency to promote, develop, encourage and assist projects such as the Facility and to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, prior to any closing of the transaction described herein, a public hearing (the "**Hearing**") will be held so that all persons with views in favor of or opposed to either the financial assistance contemplated by the Agency or the location or nature of the Facility can be heard; and

WHEREAS, notice of the Hearing will be given prior to any closing of the transaction described herein, and such notice (together with proof of publication) will be substantially in the form annexed hereto as Exhibit A; and

WHEREAS, the minutes of the Hearing will be annexed hereto as Exhibit B; and

WHEREAS, the Agency has given due consideration to the Application and to representations by the Company that the proposed financial assistance is either an inducement to the Company to renovate, install and equip the Facility in the Town of Hempstead or is necessary to maintain the competitive position of the Company in its industry; and

WHEREAS, the Agency has required the Company to provide to the Agency a feasibility report (the "**Feasibility Study**" and, together with the other below listed items, collectively, the "**Requisite Materials**"), to enable the Agency to make findings and determinations that the Facility qualifies as a "project" under the Act and that the Facility satisfies all other requirements of the Act, and such Requisite Materials are listed below and attached as Exhibit C hereof:

1. Feasibility Study received on March 5, 2024;
2. Economic and Fiscal Impact Report dated March 27, 2024 prepared by Camoin Associates;
3. New York Law Journal Article, dated March 22, 2017 on Eligibility of Residential Developments for IDA Benefits by Anthony Guardino, Esq.; and
4. Ryan et al. v. Town of Hempstead Industrial Development Agency et al.; and

WHEREAS, the Agency's Uniform Tax Exemption Policy and Guidelines, as amended to date (the "**UTEP**"), which UTEP is annexed hereto as Exhibit D, provides for the granting of financial assistance by the Agency for certain projects pursuant to Section I.A.(III) (vacant structures), and the Agency contemplates that the proposed financial assistance with respect the granting of an abatement of real property taxes, if approved, would constitute a deviation from the UTEP; and

WHEREAS, the Agency contemplates that, if it approves the Project pursuant to a Final Authorizing Resolution, it would provide financial assistance to the Company in the form of (i) exemptions from sales and use taxes in an amount not to exceed $47,437.50, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (ii) abatement of real property taxes (as set forth in the Proposed PILOT Schedule annexed as Exhibit E hereto); provided, however, that all such financial assistance remains subject to further adjustment until the adoption of a Final Authorizing Resolution; and

WHEREAS, pursuant to Article 8 of the New York Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the "**SEQR Act**") and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York ("**NYSDEC**"), being 6 N.Y.C.R.R. Part 617, et. seq., as amended (the "**Regulations**" and collectively with the SEQR Act, "**SEQRA**"), the Agency must satisfy the requirements contained in SEQRA prior to making a final determination whether to undertake the Project; and

WHEREAS, pursuant to SEQRA, to aid the Agency in determining whether the Project may have a significant adverse impact upon the environment, the Agency has completed, received and/or reviewed: (1) the Application; (2) a Full Environmental Assessment Form ("EAF"); (3) the EAF Mapper Summary Report; (4) the August 16, 2021 Resolutions of the Board of Trustees for the Village of Valley Stream approving: (a) the SEQRA determination; (b) the rezoning of the Land to accommodate the Project; and (c) the site plan; and (5) the October 17, 2023 Appeal Decisions of the Village of Valley Stream Board of Appeals granting approval of the amended site plan and the revised landscaping and lighting plans (collectively, (1)-(5) shall be referred to as the "**Environmental Information**"); and

WHEREAS, prior to making a recommendation about the potential environmental significance of the Project, the Agency has reviewed the Environmental Information, consulted various information sources, and considered the list of activities that are Type I Actions outlined in Section 617.4 of the Regulations, the list of activities that are Type II Actions outlined in Section 617.5 of the Regulations, and the criteria for determining significance outlined in Section 617.7 of the Regulations; and

WHEREAS, 6 NYCRR 617.2(ak) of the Regulations states that a Type II action is an action or class of actions identified under 6 NYCRR 617.5 that have been determined not to have a significant impact on the environment or are otherwise precluded from environmental review under the SEQR Act; and

WHEREAS, 6 NYCRR 617.5(c) provides that Type II actions not subject to further review under SEQRA include, as is specified by §617.5(c)(18), the reuse of commercial structures with uses permitted under the applicable zoning law or ordinance that do not exceed any of the thresholds provided in 6 NYCRR 617.4, which provides activities considered Type I actions requiring SEQRA review; and

WHEREAS, the Project consists of the renovation and conversion of an existing commercial structure into 15 residential rental units and ground floor retail, both permitted uses on the Land under the Village of Valley Stream's Zoning Code with the rezoning of the Land to accommodate the Project by the Board of Trustees for the Village of Valley Stream, and it does not meet or exceed the relevant threshold contained in §617.5(b)(5)(iii) of the addition of 200 or more new residential units to be connected to the existing water and sewer systems within a village having a population of less than 150,000 inhabitants, or any other Type I threshold set in 6 NYCRR 617.4; and

WHEREAS, the Company has agreed to indemnify the Agency against certain losses, claims, expenses, damages and liabilities that may arise in connection with the transaction contemplated by the transfer of leasehold title to the Facility.

NOW, THEREFORE, BE IT RESOLVED by the Town of Hempstead Industrial Development Agency (a majority of the members thereof affirmatively concurring) that:

Section 1. Based upon the Agency's review of the Environmental Information, the Agency has made the following findings:

(a) the Project is a Type II Action pursuant to SEQRA, precluded from further environmental review, as the Project involves the reuse of commercial structures with uses permitted under the applicable zoning law or ordinance and, as proposed, the Project does not meet or exceed any threshold for a Type I Action. Therefore, no findings or determination of significance are required under Article 8 of the New York Environmental Conservation Law.

(b) More specifically, the Project involves interior demolition, renovation, and conversion of an existing two-story commercial building to a mixed-use facility with 15 residential rental units, ground floor retail, and parking spaces permitted by the Land's current zoning and the acquisition of Equipment in connection with the above.

Section 2. In connection with the acquisition, renovation, installation and equipping of the Facility, the Agency hereby makes the following determinations and findings based upon the Agency's review of the information provided by the Company with respect to the Facility, including, the Application, the Requisite Materials and other public information:

(a) There is a lack of affordable, safe, clean and modern rental housing in the Village of Valley Stream and the Town of Hempstead, Nassau County;

(b) Such lack of rental housing has resulted in individuals leaving the Village of Valley Stream and the Town of Hempstead and therefore adversely affecting employers, businesses, retailers, banks, financial institutions, insurance companies, health and legal services providers and other merchants in the Village of Valley Stream and the Town of Hempstead and otherwise adversely impacting the economic health and well-being of the residents of the Town of Hempstead, employers, and the tax base of the Village of Valley Stream and the Town of Hempstead;

(c) The Facility, by providing such rental housing will enable persons to remain in the Village of Valley Stream and the Town of Hempstead and thereby to support the businesses, retailers, banks, and other financial institutions, insurance companies, health care and legal services providers and other merchants in the Village of Valley Stream and the Town of Hempstead which will increase the economic health and well-being of the residents of the Village of Valley Stream and the Town of Hempstead, help preserve and increase permanent private sector jobs in furtherance of the Agency's public purposes as set forth in the Act, and therefore the Agency finds and determines that the Facility is a commercial project within the meaning of Section 854(4) of the Act; and

(d) The Facility will provide services, i.e., rental housing, which but for the Facility, would not otherwise be reasonably accessible to the residents of the Village of Valley Stream and the Town of Hempstead.

Section 3. The acquisition, renovation, installation and equipping of the Facility by the Agency, the subleasing of the Land and the Improvements to the Company, the leasing of the Equipment to the Company and the provision of financial assistance pursuant to the Act will promote job opportunities, health, general prosperity and the economic welfare of the inhabitants of the Town of Hempstead and the people of the State of New York and improve their standard of living, and thereby serve the public purposes of the Act, and subject to the provisions of this resolution, the same is, therefore, approved.

Section 4. Subject to the provisions of this resolution, the Agency shall (i) acquire, renovate, install and equip the Facility; and (ii) lease and sublease the Facility to the Company.

Section 5. The Company is hereby notified that it will be required to comply with Section 875 of the Act. The Company shall be required to agree to the terms of Section 875 pursuant to the Lease and Project Agreement, dated a date to be determined (the "**Lease Agreement**"), by and between the Company and the Agency. The Company is further notified that the tax exemptions and abatements provided pursuant to the Act and the appointment of the Company as agent of the Agency pursuant to this resolution are subject to termination and recapture of benefits pursuant to Sections 859-a and 875 of the Act and the recapture provisions of the Lease Agreement.

Section 6. Counsel to the Agency is authorized and directed to work with Transaction Counsel (Phillips Lytle LLP) to prepare, for submission to the Agency, all documents necessary to affect the transfer of the real estate and personal property described in the foregoing resolution.

Section 7. Notwithstanding the foregoing provisions hereof, this resolution is subject to the Company obtaining any necessary building permits for the acquiring, renovating, installing, equipping and operation of the Facility.

Section 8. The Chairman, the Chief Executive Officer, the Deputy Executive Director and all members of the Agency are hereby authorized and directed (i) to distribute copies of this resolution to the Company and to such other parties as may be required by applicable laws and regulations, and (ii) to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this resolution.

Section 9. Any expenses incurred by the Agency and Transaction Counsel with respect to the Facility shall be paid by the Company. The Company agrees to pay such expenses and further agree to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Facility.

Section 10. The Agency may publish and issue notices of a public hearing and conduct such public hearing with respect to the location and nature of the Project and the financial assistance, if any, to be granted by the Agency to the Company, in accordance with the provisions of Sections 857 and 859-a of the Act.

Section 11. This resolution shall take effect immediately.

ADOPTED: April 16, 2024

STATE OF NEW YORK )
: SS.:
COUNTY OF NASSAU )

We, the undersigned Chief Executive Officer and Chairman of the Town of Hempstead Industrial Development Agency (the "**Agency**"), DO HEREBY CERTIFY:

That we have compared the annexed extract of the minutes of the meeting of the Agency, including the resolutions contained therein, held on April 16, 2024, with the original thereof on file in the office of the Agency, and that the same is a true and correct copy of the proceedings of the Agency and of such resolutions set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

WE FURTHER CERTIFY that (i) all members of the Agency had due notice of said meeting, pursuant to Sections 103a and 104 of the Public Officers Law (Open Meetings Law), (ii) public notice of the time and place of said meeting was duly given in accordance with such Sections 103a and 104, (iii) the meeting in all respects was duly held and was open to the general public, and (iv) there was a quorum present throughout.

IN WITNESS WHEREOF, we have hereunto set our hands as of the 16th day of April, 2024.

By: Frederick E. Parola
Frederick E. Parola
Chief Executive Officer

By: Florestano Girardi
Florestano Girardi
Chairman

EXHIBIT A

## NOTICE OF PUBLIC HEARING

**NOTICE IS HEREBY GIVEN** that a public hearing pursuant to Title 1 of Article 18-A of the New York State General Municipal Law (the "**Hearing**") will be held by the Town of Hempstead Industrial Development Agency (the "**Agency**") on the ___ day of _______, 2024, at ___ a.m., local time, at [________], Village of Valley Stream, Town of Hempstead, New York, in connection with the following matters:

The Promenade 360 LLC, a limited liability company organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of The Promenade 360 LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "**Company**"), submitted its application for financial assistance (the "**Application**") to the Town of Hempstead Industrial Development Agency (the "**Agency**") to enter into a transaction in which the Agency will assist in the acquisition of an interest in an approximately 0.38 acre parcel of land located at 360A West Merrick Road, Incorporated Village of Valley Stream, Town of Hempstead, Nassau County, New York (the "**Land**"), the interior demolition and renovation of an existing two-story approximately 13,549 square foot commercial building and the conversion thereof to a mixed-use facility consisting of approximately 15 market-rate residential rental units (consisting of approximately 1 studio apartment, 9 one-bedroom apartments and 5 two-bedroom apartments), approximately 517 rentable square feet of ground floor retail space, parking on the Land and associated site improvements (collectively, the "**Improvements**"), and the acquisition of certain furniture, fixtures, equipment and personal property necessary for the completion thereof (the "**Equipment**"; and together with the Land and the Improvements, the "**Facility**"), which Facility would be subleased by the Agency to the Company and further sub-subleased by the Company to future tenants for use as a mixed-use multifamily housing and retail facility (the "**Project**"). The Facility would be initially owned, operated and/or managed by the Company.

The Agency contemplates that it would provide financial assistance to the Company in the form of exemptions from sales and use taxes and abatement of real property taxes.

The Company has requested that the Agency provide financial assistance to the Company in the form of abatements of real property taxes for a term of up to twenty (20) years (the "**PILOT Benefit**"). The proposed PILOT Benefit deviates from the Agency's Uniform Tax Exemption Policy and Guidelines, as amended to date (the "**Policy**"), because the proposed PILOT Benefit would be for a term of up to twenty (20) years instead of ten (10) years. Copies of the proposed PILOT payment schedule are available on the Agency's website at www.tohida.org. The Agency is considering the proposed deviation from the Policy due to the current nature of the property and because the Company would not undertake the Project and the Project would not be economically viable without a PILOT Benefit for a term of up to twenty (20) years.

A representative of the Agency will, at the above-stated time and place, hear and accept oral comments from all persons with views in favor of or opposed to either the Project or the financial assistance requested by the Company. Comments may also be submitted to the Agency in writing or electronically prior to or during the Hearing by e-mailing them to idamail@tohmail.org. Minutes of the Hearing will be transcribed and posted on the Agency's website.

Members of the public have the opportunity to review the application for financial assistance filed by the Company with the Agency and an analysis of the costs and benefits of the proposed Project, which can be found on the Agency's website at www.tohida.org.

To the extent practicable, the Hearing will be streamed on the Agency's website in real-time in accordance with Section 857 of the New York State General Municipal Law. A video recording of the Hearing will be posted on the Agency's website, all in accordance with Section 857 of the New York State General Municipal Law.

The Agency anticipates that the members of the Agency will consider a resolution to approve the Project and the financial assistance requested by the Company, including the proposed twenty (20) year PILOT Benefit, at the Agency's Board Meeting (the "**Board Meeting**") to be held on [_______ __], 2024, at 9:00 a.m. local time, at Town of Hempstead Town Hall, Town Hall Courtroom, 350 Front Street, Hempstead, New York 11550.

Dated: _______ __, 2024

TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY

By: Frederick E. Parola
Title: Chief Executive Officer

<u>EXHIBIT B</u>

MINUTES OF PUBLIC HEARING
ON FILE WITH THE AGENCY

# EXHIBIT C

## REQUISITE MATERIALS

1. Feasibility Study received by the Agency on March 5, 2024 (Exhibit C-1);

2. Economic and Fiscal Impact Report dated March 27, 2024 prepared by Camoin Associates (Exhibit C-2);

3. New York Law Journal Article, dated March 22, 2017 on Eligibility of Residential Developments for IDA Benefits by Anthony Guardino, Esq. (Exhibit C-3); and

4. Ryan et al. v. Town of Hempstead Industrial Development Agency et al. (Exhibit C-4).

EXHIBIT C-1

Feasibility Study received March 5, 2024

# THE VALLEY LOFTS

## MIXED USE MULTIFAMILY

15 Residential & 1 Retail Units

# FEASIBILITY STUDY

360A West Merrick Road
Valley Stream, Nassau County, New York 11580

# TABLE OF CONTENTS

## Table of Contents

## Preface

The following report was prepared for the **Town of Hempstead Industrial Development Agency.** The relevant analysis and research was conducted by December 2023.

This study focuses on the analysis of the demand for new rental housing in Valley Stream, Nassau County, New York, and the Geo-economic sustainability of the proposed development.
The proposed development will be located at 360A West Merrick Road, Valley Stream, Nassau County, NY. The site is located on the south side of West Merrick Road in the incorporated Village of Valley Stream section of Nassau County, within the Town of Hempstead, State of New York. The subject site is identified on the Nassau County tax maps as Section 37, Block 346, Lots 926 & 927.

The report is divided into nine sections:

## Executive Summary

Based on the following market analysis and potential, the proposed site at 360 A Merrick Road, Valley Stream, offers an acceptable opportunity with limited risk and thus it should be considered for development.

• The development of the property will be a needed addition to the Valley Stream rental housing market, which undersupplied. A lack of apartments has artificially restricted residential growth.

• The development of the apartments will also be an important employment catalyst for the region. Construction, operations and resident expenditures will support 20-30 annualized jobs during construction and 10 to 15 ongoing jobs. These ongoing jobs include 4-10 jobs (primarily indirectly) stemming from resident expenditures and 1 to 5 jobs (directly and indirectly) generated by the expenditures associated with the operations of the development.

• Comparable, mid/high-rent developments such as The SunValley, The Promenade on Central, The Vantage and the Hawthorne have been successfully marketed in the immediate area of the site, making the site highly marketable.

• No significant site-specific deficiencies that would limit the site's market appeal and potential were found.

• The ongoing demand for new mid/high-end rental housing in the surrounding market is strong and will support additional new development.

• The competition is limited, as the surrounding rental market is undersupplied.

• The project has the potential to support an average monthly rent of between $3,150 and $3,250.

• A 95% stabilized occupancy rate within 6 to 12 months from the start of marketing, including pre-leases is achievable.

• The proposed location is well-suited to the development of mid/high- end rental apartments.

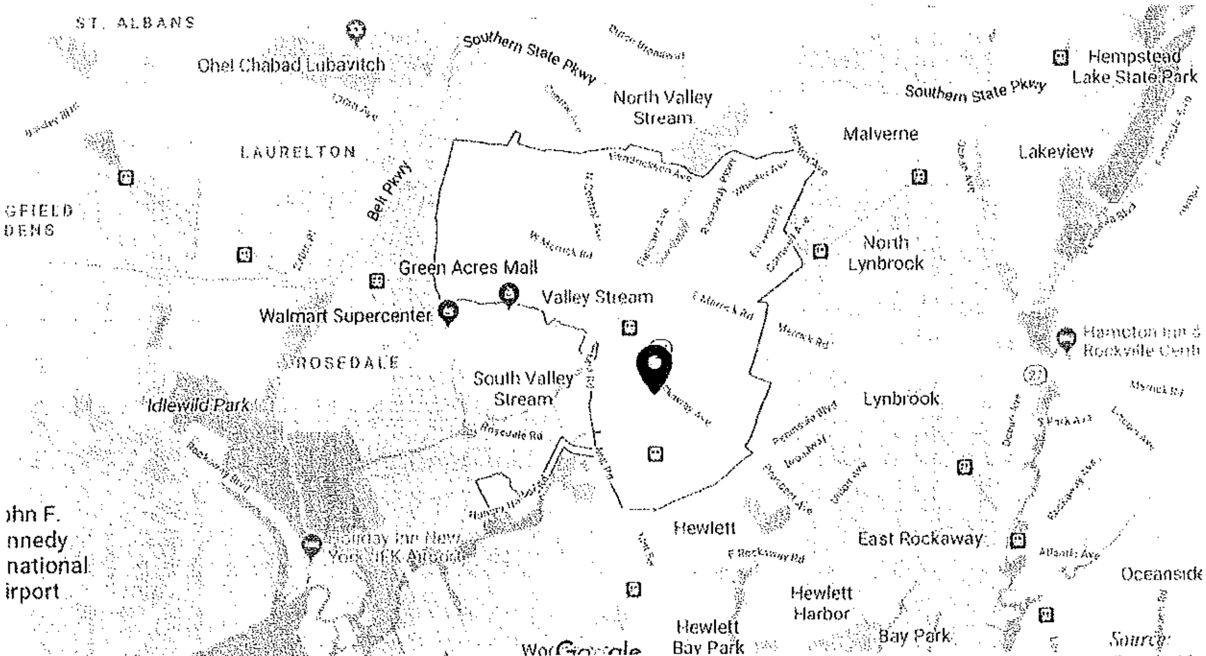
• The site will have the potential to attract a market from a broad geographic area. There is a regular public Bus service in front of the property, also within a short walking distance from the Valley Stream LIRR station and Sunrise Highway.

• The Village Green, Public Library, Park and Pool, as well the main shopping Village area are within walking distance from the site

• The site is expected to attract young professionals /city commuters as well as empty nesters. All households will be attracted to the convenience of the location.

# SECTION I - Neighborhood & Demographic Overview

## Valley Stream at a Glance




Valley Stream is a village located in Nassau County along the border of Queens, New York.

*Source: Google Map*

### Summary

The Incorporated Village of Valley Stream is located in the southwesterly portion of Nassau County in the Town of Hempstead. Valley Stream is bordered on the north by Elmont and North Valley Stream, on the east by the Villages of Lynbrook and Malverne, on the south by Hewlett and Woodmere and on the east by New York City (Queens County) and South Valley Stream. Valley Stream is the largest incorporated Village in Nassau County.

The area is served by the Southern State Parkway, Merrick Road and Sunrise Highway. These roadways connect with all the highways, bridges, tunnels and airports serving the New York metropolitan area.

North/south travel is provided along Central Avenue, which becomes Mill Road south of Sunrise Highway, and Rockaway Parkway.

Public rail transportation is provided by the Long Island Rail Road on the Montauk line, reaching Manhattan in less than 35 minutes. The Valley Stream station is located at Sunrise Highway and Franklin Avenue.

Bus transportation is available along Sunrise Highway, Merrick Road, Central Avenue and Rockaway Parkway. Air transportation is available at nearby John F. Kennedy International Airport.

The village is predominantly residential in character, with commercial and industrial uses allowed along the major arteries and the Long Island Rail Road. Schools, hospitals and houses of worship are conveniently located throughout the village.

The Long Island Power Authority has estimated the 2011 population of the Village of Valley Stream at 37,234 residents.

The subject is situated in a transit-oriented location with excellent linkages to Queens and Brooklyn to the west and other portions of Nassau and Suffolk County to the east.

Additionally, the subject is located within blocks of the Long Island Railroad Valley Stream Station located along Sunrise Highway, which transports passengers to Manhattan in approximately 35± minutes. The subject property is also well-located in terms of shopping and commercial uses. Directly to the east of the subject lies a shopping center with a Stop and Shop Supermarket, a CVS, a Walgreens and many other local retailers. Uses along Merrick Road mostly consist of commercial retail and office uses.

Located just east of Queens in Nassau County, Valley Stream offers suburban living in close proximity to public transit. In addition, and despite the proximity to New York City, Valley Stream offers residents a quiet and relaxed atmosphere. The majority of homes are single family; however, nearly 20% are 2-units and larger. In addition, the majority of residents own vs rent. Despite the proximity, population growth has been low; however, this is primarily due to the zoning, which typically constricts larger multifamily units that would allow for population growth.

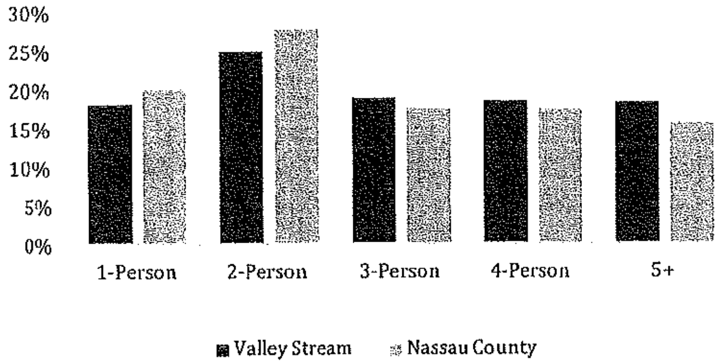
The following demographic profile, assembled by Environics Analytics, a nationally recognized compiler of demographic data, reflects the subject's municipality and market. All values presented herein are estimates for 2020 and all figures presented are for the subject neighborhood unless stated otherwise.

| | Area | 2000 Census | 2010 Census | Change | 2020 Est. | Change | 2025 Projected | Change |
|---|---|---|---|---|---|---|---|---|
| Population | Valley Stream | 36,288 | 37,511 | 0.33% | 37,839 | 0.09% | 37,962 | 0.06% |
| | Nassau County | 1,334,542 | 1,339,532 | 0.04% | 1,359,898 | 0.15% | 1,367,806 | 0.12% |
| Households | Valley Stream | 12,456 | 12,189 | -0.22% | 12,200 | 0.01% | 12,216 | 0.03% |
| | Nassau County | 447,390 | 448,528 | 0.03% | 455,477 | 0.15% | 458,163 | 0.12% |
| Family Households | Valley Stream | 9,576 | 9,541 | -0.04% | 9,526 | -0.02% | 9,530 | 0.01% |
| | Nassau County | 347,022 | 340,523 | -0.19% | 344,666 | 0.12% | 346,285 | 0.09% |

# Neighborhood

## Housing

Households by Household Size



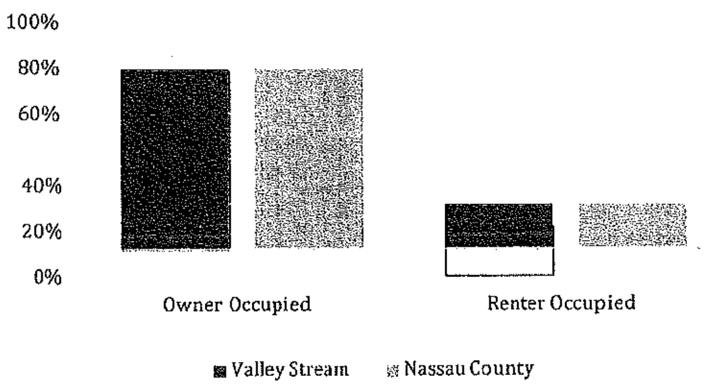

HOUSEHOLDS

12,200

AVERAGE HOUSEHOLD SIZE

3.1

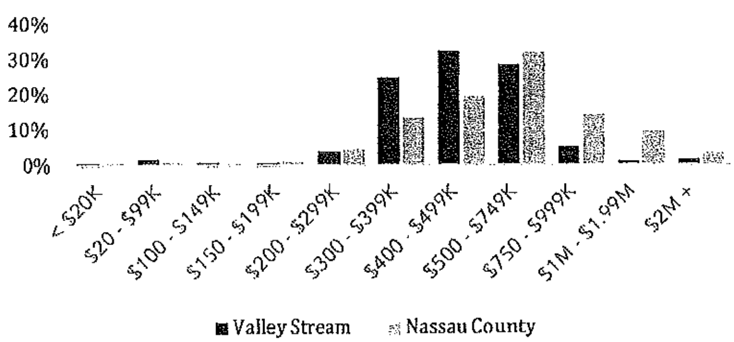
Occupied Housing Units by Tenure




MAJORITY OCCUPIED HOUSING UNITS

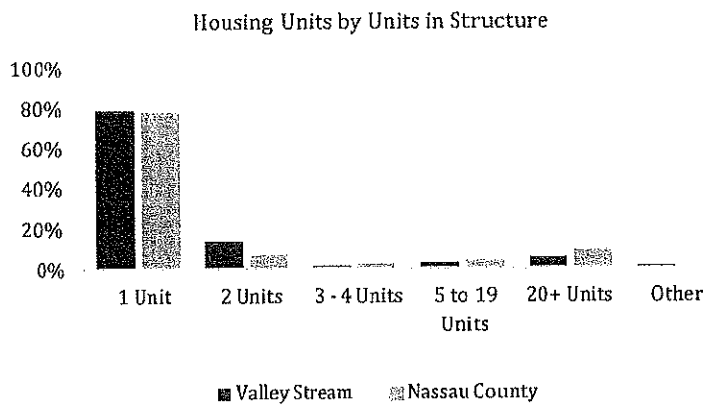
79% Owner Occupied

Owner Occupied Housing Units by Value




MEDIAN OWNER-OCCUPIED HOUSINGVALU E

$454,813

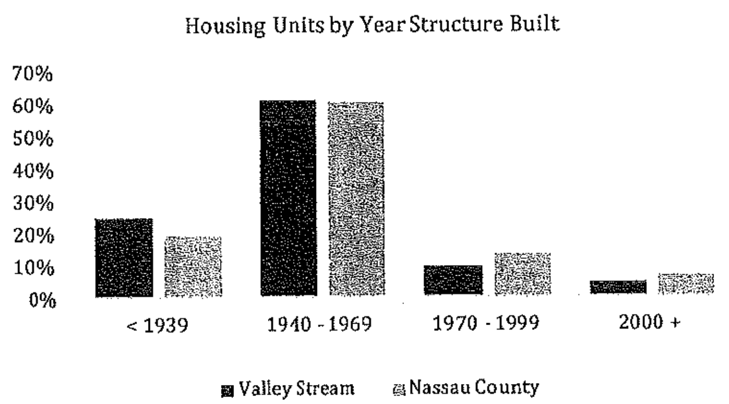



NEIGHBORHOOD HOUSING UNITS

12,762

COUNTY/CITY HOUSING UNITS

478,564




NEIGHBORHOOD MEDIAN YEARSTRUCTURE BUILT

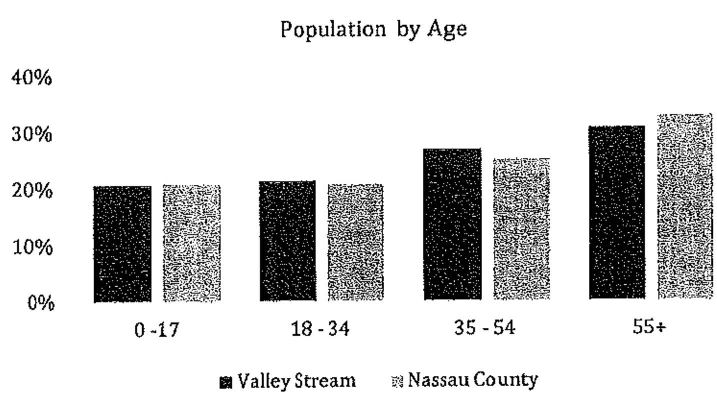
1951

COUNTY/CITY MEDIAN YEARSTRUCTURE BUILT

1955

# Demographics

## Population




POPULATION

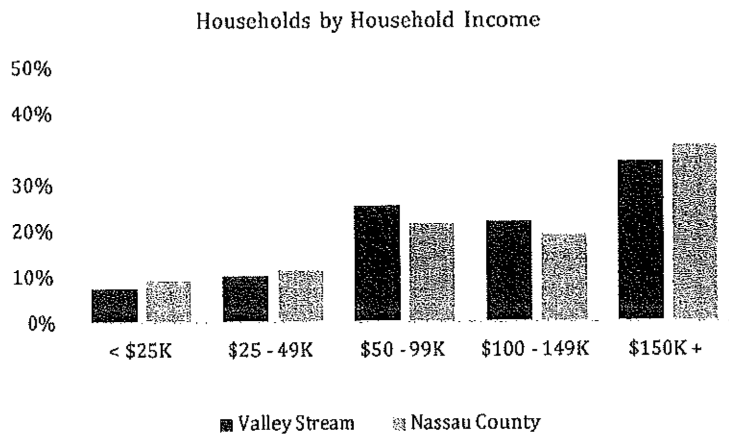
37,839

MEDIAN AGE

45

AVERAGE AGE

41



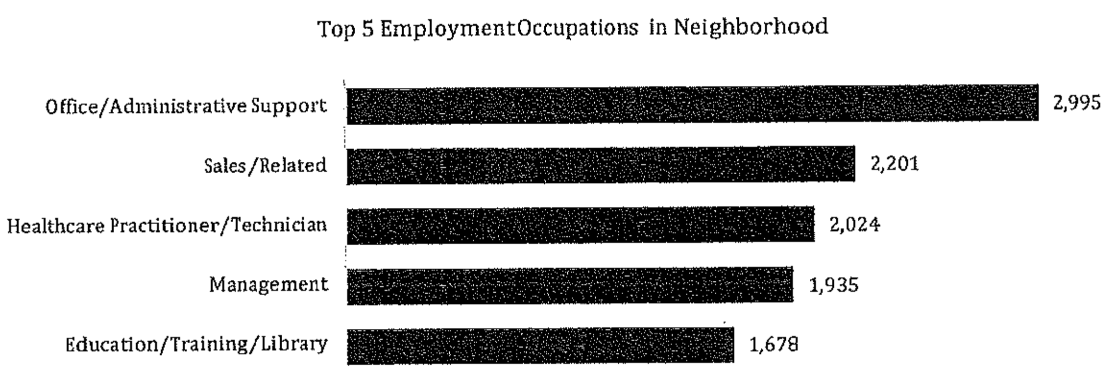

MEDIAN HOUSEHOLD INCOME

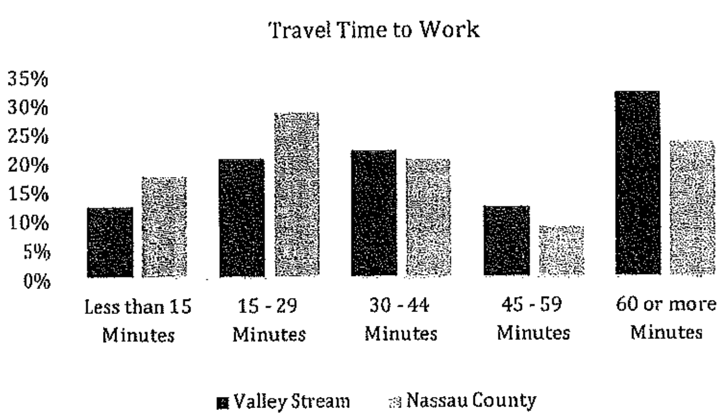
$114,599

AVERAGE HOUSEHOLD INCOME

$142,866

## Employment & Transportation

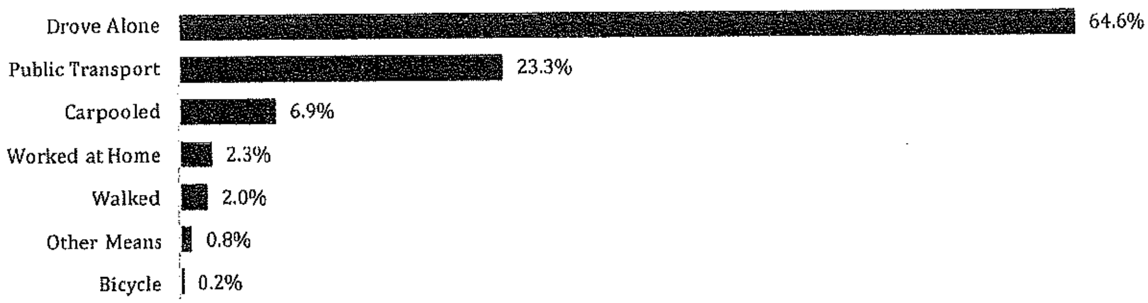



AVERAGE TRAVEL TIME TO WORK

46 minutes

Transport Mode to Work in Neighborhood




Transport Modes and Access

Major roads include State Route 27 and the Southern State Parkway. Local roadways include Mill Road, Central Avenue, and Merrick Road.

The village is served by the Long Island Rail Road at the Valley Stream station, located at Sunrise Highway and Franklin Avenue. It is also served by the Gibson station at Gibson and Munro boulevards, but only along the Far Rockaway Branch.

Nassau County operates the buses and routes in the area, which include several bus routes such as the N1, N2, N4, N8, N25, Q5, Q85, and Q111.

The nearest major airports are John F. Kennedy International Airport (2 mi.), LaGuardia Airport (7 mi) and followed by Newark Liberty International Airport (19 mi.)

## Conclusion

Given its proximity to New York City, Valley Stream has good access to mass transit and public transportation routes, as well as cultural and residential services. For those looking for relative affordability, good schools, and transit opportunities, this area provides that; however, the area does not have the ability to add a large amount of housing as a majority of the land is zoned for single family. As such, growth is expected to be gradual over the long-term.

# SECTION II – Site particulars

## SUBJECT PROPERTY

The subject property consists of a rectangular, mid-block assemblage of C-A zoned land, as designated by the Village of Valley Stream, containing 16,580± square feet of land area (0.38± acres). We note that the subject was recently re-zoned from a C-2 commercial district, as approved by the Valley Stream Board of Trustees (see Addenda). The site is currently improved with a two-story, on-slab, commercial building, containing 13,549± square feet of gross building area (GBA), originally constructed circa 1967.

We note that the subject consists of a development site that was recently rezoned, with the development and site plan also approved by the Valley Stream BZA, summarized as follows:

According to the plans by subject ownership, the existing building structure will remain, however the interior of the building will be cleared and will be redeveloped. The new improvements will contain sixteen (16) units of which fifteen (15) residential units, plus one (1) retail unit. Additionally, the subject will contain on-site parking for 16 vehicles. The subject will also feature storage units for the residential tenants.

| Land Area & Building Area | Land Area | Gross Building Area |
|---|---|---|
| "As Is" | 16,580± Sq. Ft. | 13,549± Sq. Ft |
| "As Completed" | 16,580± Sq. Ft | 13,549± Sq. Ft |

The property is in a C-A – Floating Multiple Dwelling zone.

Below is a summary of the subject property's compliance with regard to use and bulk regulations.

Zoning Summary

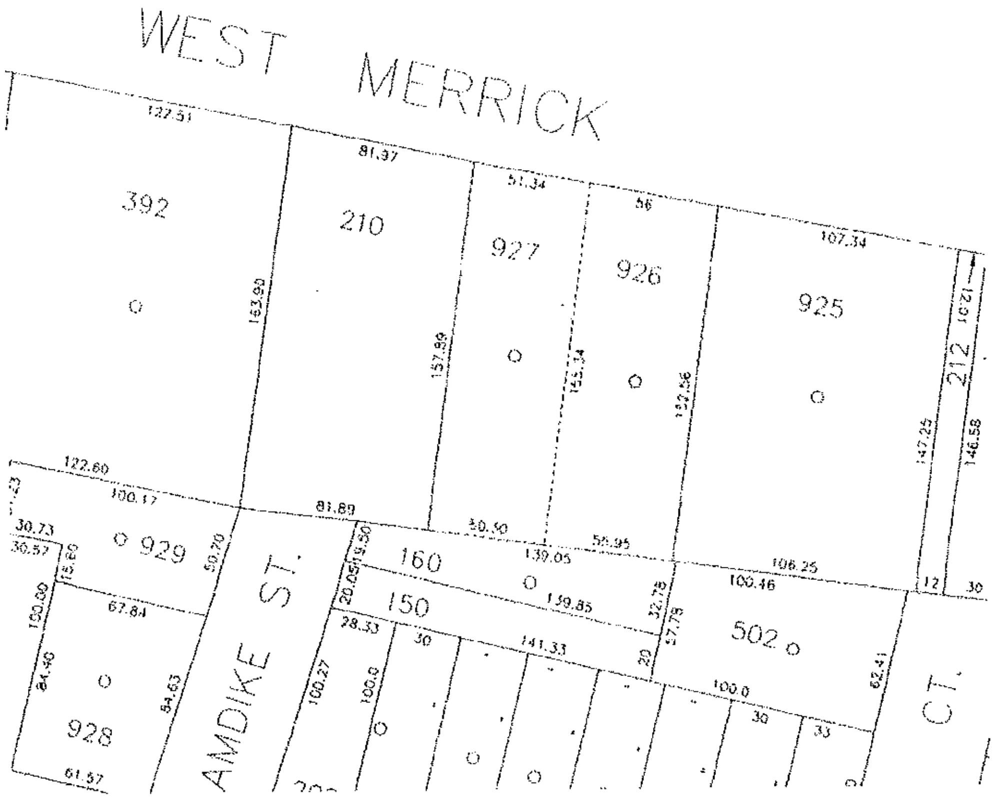
| Authority | Classification |
|---|---|
| Property Jurisdiction | Valley Stream |
| Existing Zoning Classification | C-A – Floating Multiple Dwelling |
| Special Permitting or Condition(s) (i.e., site plan approval, PUD, or other variance) | BZA Site Approved |

Summary of Use and Bulk Regulations

| | Required | Actual | Status |
|---|---|---|---|
| Current Use | Residential and commercial | Commercial | Conforming |
| Minimum Lot Size | 6,000 | 16,580 | Complying |
| Minimum Front Setback | 20 | -- | Complying |
| Minimum Setback (Both Sides) | 20 | -- | Approved |
| Minimum Rear Yard | 20 | -- | Approved |
| Maximum Height | 3 Stories | -- | Complying |
| Maximum Building Coverage | 40% | -- | Complying |
| Min. Parking Required | 16 | -- | Approved |

The land uses in the C-A – Floating Multiple Dwelling, which permits residential and commercial uses as of right. 360A West Merrick Road will be a multifamily apartment building and upon completion of the constructions will be conforming with regards to the allowable uses.

Assessed Value & Real Estate Taxes




Current and Future Tax Liability

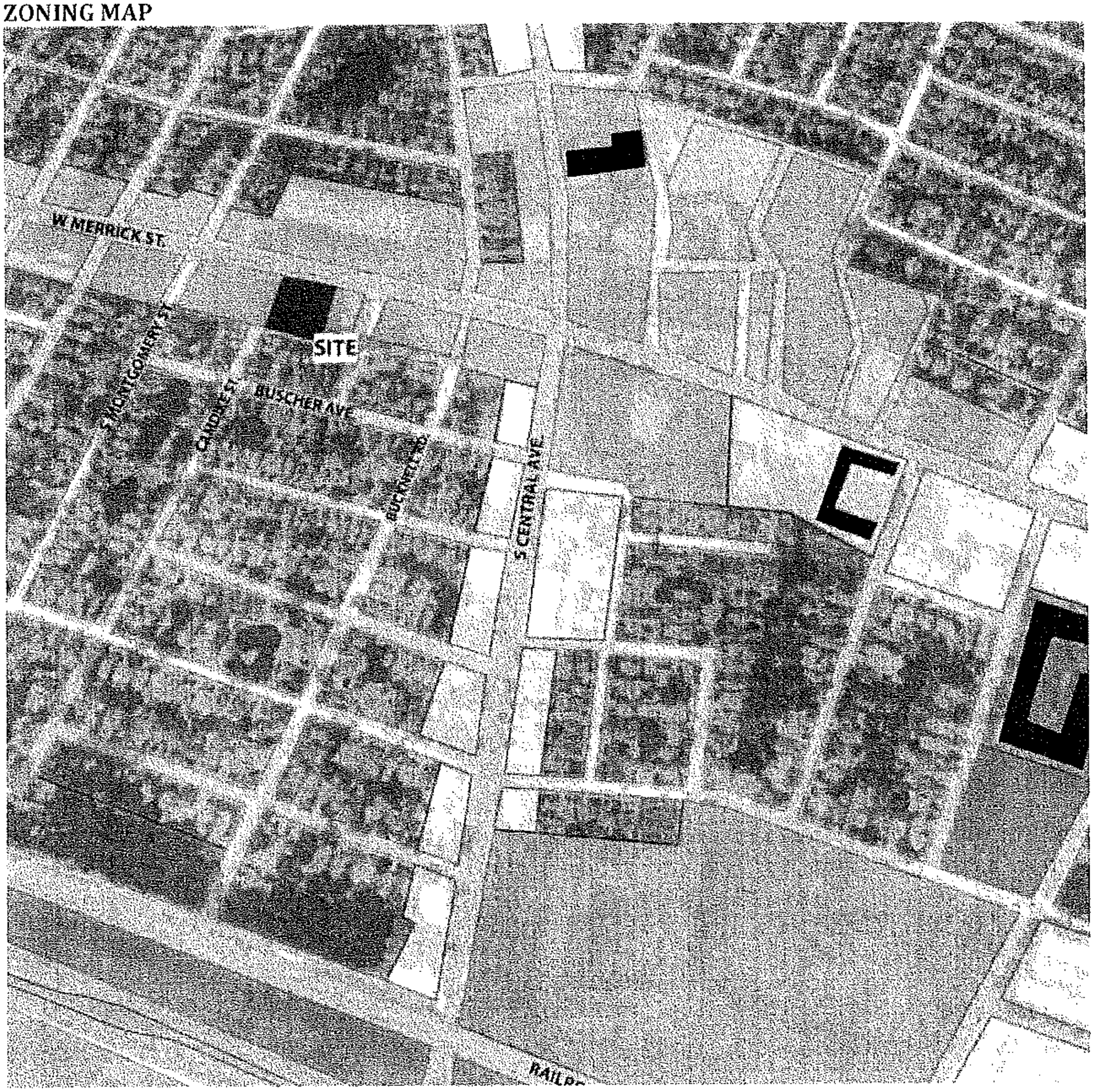
360A West Merrick Road is located in Valley Stream, Nassau County, NY. It is designated on the tax maps as Section 37, Block 346, Lots 926 & 927.

The property is assessed and taxed by the Nassau County, the Town of Hempstead and the Village of Valley Stream, as follows:

We attach herewith a letter from the Law firm od Herman Katz who estimate the Real Estate Tax liability as follows:

As is Land and Building [complete interior removed]: $39,598 per annum
As improved [15 residential + 1 commercial units]: $174,187 per annum

## ZONING MAP




ZONING CLASSIFICATIONS:

- R-1
- C-1
- C-2
- SC
- P-K
- P

The subject is located within a C-2 commercial district, as mapped by the Village of Valley Stream, however, has been approved for re-zoning by the Valley Stream Board of Trustees to a C-A Floating Multiple Dwellings district in the Incorporated Village of Valley Stream. This district is characterized by multiple-family townhouses, condominiums, cooperatives and garden apartments and mixed uses. Upon application to the Board of Trustees, this use may, in the discretion of the Board of Trustees, be permitted in C-1, C-2, C-3 and C-X Districts. A summary of the procedure for approvals under this district are as follows:

**A.** Notwithstanding any other provision of this chapter to the contrary, the Board of Trustees, upon application or its own motion, may in its sole discretion permit a CA use to be established in a C-1, C-2, C-3 or C-X District. Such action shall be adopted and approved by resolution following a majority vote of the Board of Trustees at an open public meeting.

**B.** In exercising its discretion to permit a CA use in a C-1, C-2, C-3, or C-X District, the Board of Trustees shall weigh and balance the economic, environmental, and social benefits to the Village and the surrounding neighborhood of the proposed residential CA use against any existing and/or potential economic, environmental and social detriments to the Village and surrounding neighborhood caused by the continued commercial uses permitted as a matter of right in the district.

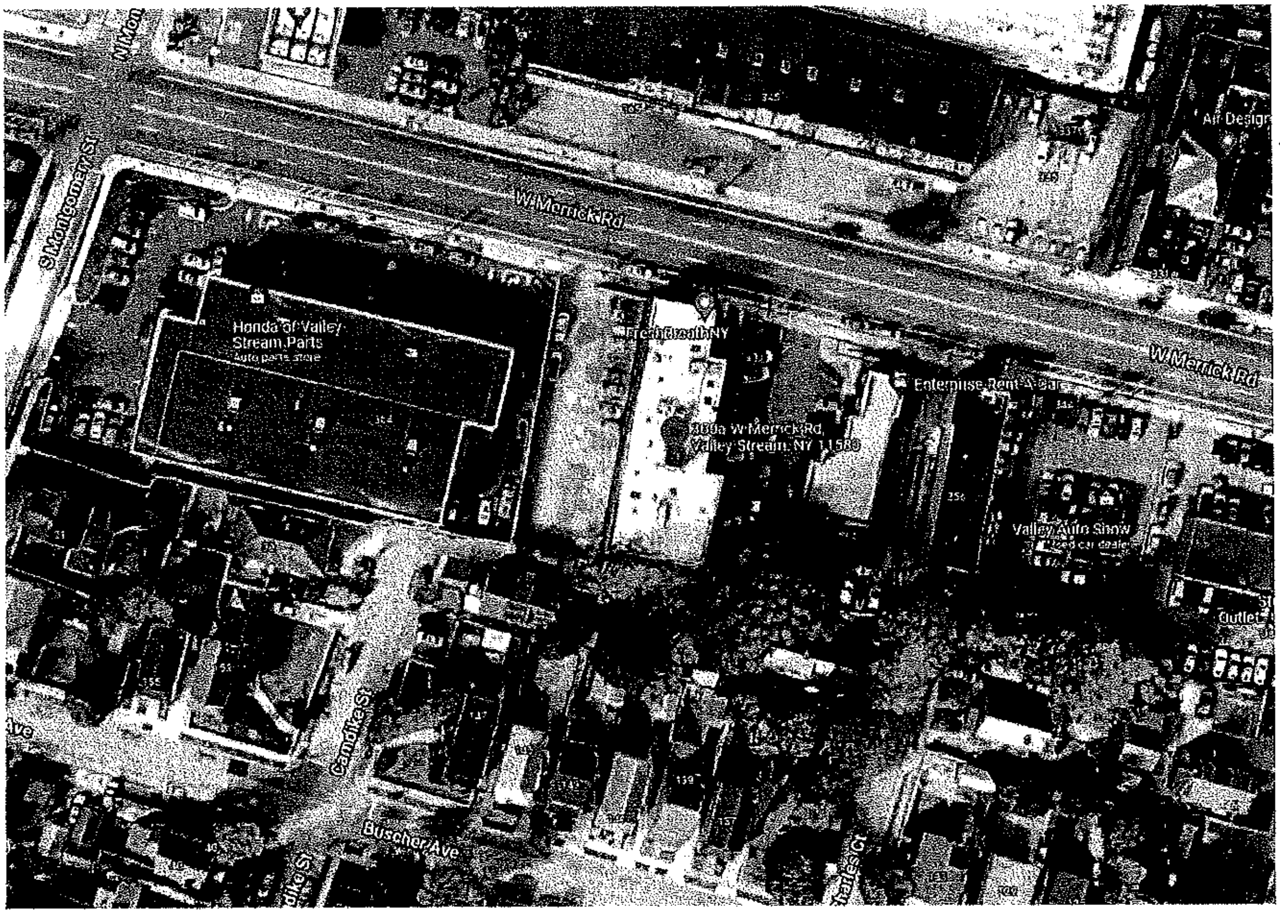
**C.** Notwithstanding any provision of this chapter to the contrary, and in keeping with the stated purposes of the CA use to foster the economic, environmental and social development of the Village and to promote the health, safety, general welfare and ambience of the Village, all bulk, lot, height, yard, density, setback, parking, loading and other requirements shall be in the sole discretion of the Board of Trustees.

**D.** The Board of Trustees may impose any conditions that it may be deem necessary to accomplish the purposes of this article.

The subject is proposed to be improved with a sixteen (16) unit mixed-use building with fifteen (15) apartments and one (1) ground floor retail unit. We note that the subject was recently re-zoned from a C-2 commercial district, as approved by the Valley Stream Board of Trustees, to the C-A floating zoning district (see Addenda). Further, we note that the site plan for the subject site were also approved by the Valley Stream BZA (see Addenda).

Therefore, in our analysis, is based on the 16 units mixed-use development as approved. The building permit to be issued from the Village of Valley Stream Building Department is still pending.

## Site Description

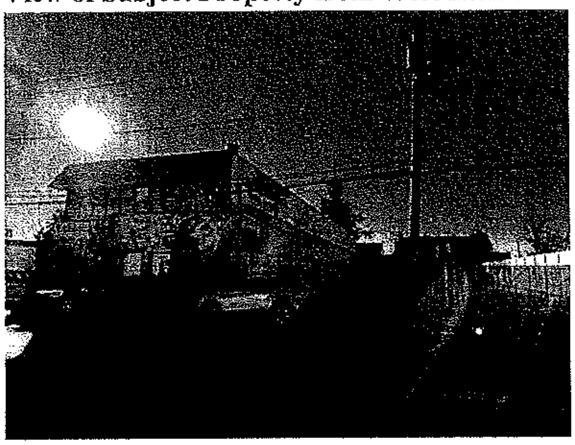



### SITE CHARACTERISTICS

| | |
|---|---|
| Total Land Area: | 16,580±-square-feet. |
| Frontage: | 107.34± feet of frontage along West Merrick Road and an average depth of 155.23± feet. |
| Location/Visibility: | Good from West Merrick Road. |
| Topography/Soil Conditions: | Level and at street grade, with apparent adequate soil/subsoil conditions to support development. Our physical inspection did not include an analysis of hazardous soil or contamination problems. Our indicated value conclusion is based on the assumption that the subject is not affected by any environmental contaminants or remediation. |
| Functional Utility: | Adequate for its proposed commercial/residential use. |
| Utilities: | Available at the street and connected to the site, including public water and sanitary sewer, electric, gas, telephone and cable television. |
| Police & Fire Protection: | Village |
| Site Improvements: | Paved sidewalks and curbs. |

| | |
|---|---|
| Easements/Encroachments: | We are unaware of any easements or encroachments that have a substantial impact on the subject property. |
| Flood Zone/Drainage: | The subject is not located in a Flood Zone |
| Detrimental Conditions: | No detrimental conditions restricting the efficient use or appeal of the property were identified. |
| Adjacent Property Uses: | One- to four-story commercial retail and office buildings. Shopping center to the immediate east and residential uses along side streets. |
| Conclusion | The site is similar to others in the vicinity, and there are no negative external factors.<br>Based on its current use, it is functionally adequate. |

**View of Subject Property from West Merrick Road**



**Additional View of Subject Property from West Merrick Road**

EXTERIOR/STRUCTURAL CHARACTERISTICS

| | |
|---|---|
| Number of Stories: | As Is: Two-story<br>As Completed: Two-story |
| Gross Building Area: | As Is: Total: 13,549± sq. ft.<br>As Completed: 13,549± sq. ft. |

| | |
|---|---|
| Use: | |
| As Is: | Two-story commercial building |
| As Completed: | Two-story mixed use building [15 residential and 1 commercial] |
| Year Built: | |
| As Completed: | February 2025 (Estimated to be one year) |
| Footing/Foundation: | Masonry walls with concrete foundation. |
| Exterior Walls: | Masonry and decorative trim |
| Stairs: | Two |
| Roof: | Flat, rubber with mechanical bulkheads. |

# SECTION III - Description of Improvements

## Current Building Description

The site is currently improved with a two-story, on-slab, commercial building, containing 13,240± square feet of gross building area (GBA), originally constructed circa 1967.

## Proposed Building Description

Upon construction, the subject will become a two-story, mixed-use retail/residential building containing sixteen (16) units: fifteen (15) residential units and one (1) retail unit. It will contain 13,549± sq. ft. of gross building area.

## Structural

| | |
|---|---|
| Foundation | Poured concrete |
| Structural System | Steel and concrete |
| Exterior Walls | Masonry and EIFS |
| Framing | Steel |
| Windows | Casement |
| Roof | Flat, rubber with mechanical bulkheads. |

## Interior & Mechanical Characteristics

The following is a summary of the characteristics upon completion of the prospective constructions.

| | |
|---|---|
| Common Areas: | Marbled, granite or natural stone lobby and LVT hallways, sprinklered, fire safety systems, security cameras. |
| Apartment Floors & Ceilings: | Pre-finished sound-proofed LVT flooring. Smooth finished walls ceilings and stain resistant surface painting. |
| Kitchens: | Custom designed laminated wood cabinets, stainless steel appliances, stone or butcher block countertops, LVT flooring. |
| Bathrooms/Water Closet: | Laminated wood bathroom vanities, stainless steel faucets and bathroom accessories, waterproof colored ceramic floor and wall tiles, silverline glass mirrors. |
| Cellar: | None |
| HVAC: | Each unit has individual HVAC systems in every room (proposed PTACs). Rooftop Units for the common areas. |
| Plumbing: | Return and waste lines are cast iron |

| | |
|---|---|
| Electric: | Wiring as per code. Individual electric meters separate for each unit. |
| Security/Fire Safety: | Details not provided |
| Stairs: | Two (2) |
| Elevator: | None |
| Actual Age: | Building will be finished in 2025 |
| Effective Age: | 0 years |
| Est. Remaining Economic Life: | 60 years |

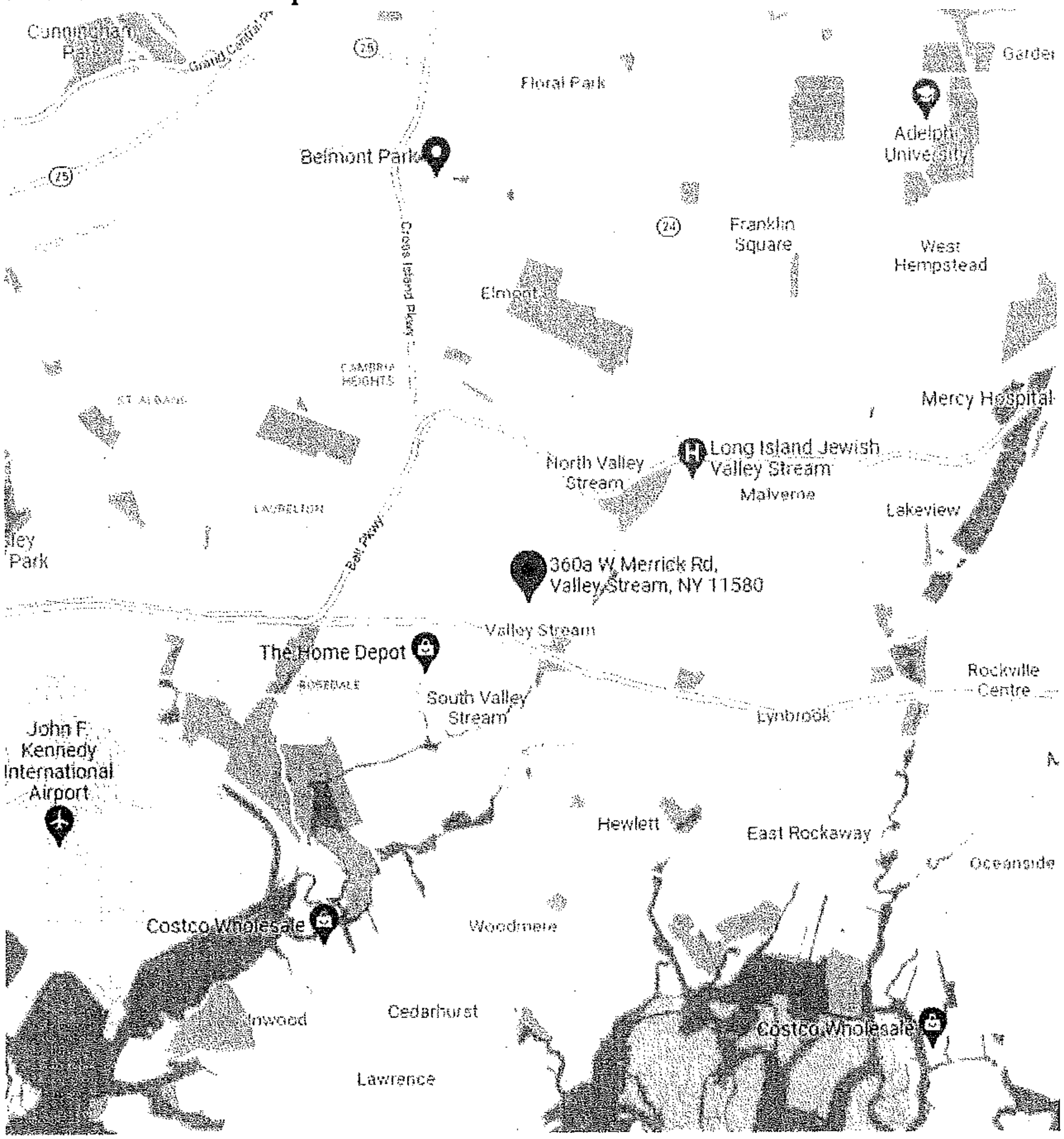
## Remaining Economic Life

Construction will start shortly; the effective building age to be 0 years upon completion, and, given a usable life of 50 years, the remaining economic life of the building is est. at 60 years.

## Summary

Upon completion of constructions, we assume that the subject will be in excellent condition.

## SECTION IV – Development Essential Characteristics




Based on market potential, the proposed site offers an opportunity with limited risk.

- **The development of the property will be a needed addition to the Valley Stream housing market.**

The current apartment market is undersupplied. A lack of apartments has restricted residential growth.

- **The development of the apartments will also be an employment contribution.**

Construction, operations and resident expenditures will support 40-50 annualized jobs during construction and 20 to 30 ongoing jobs. These ongoing jobs include 20-25 jobs (primarily indirectly) stemming from resident expenditures and 5 to 10 jobs (directly and indirectly) generated by the expenditures associated with the operations of the development.

- **The marketability of the site is proven.**

Comparable, mid/high-rent developments have been successfully marketed in the area of the site.

- **The physical characteristics of the site and the accessibility are superb.**

There are no significant site-specific deficiencies that would limit the site's market appeal and potential.

- **The ongoing demand for new mid/high-end rental housing in the surrounding market is strong.**

It will support additional new development.

- **The competition is limited.**

As indicated, the surrounding market is undersupplied.

✓ The project has the potential to support an average project monthly rent of between $3,150 and $3,250.

✓ Lease up will be rapid. We expect that the proposed 16 rental units will achieve a 95% stabilized occupancy rate within 3 to 6 months from the start of marketing, including pre-leases.

Following is a closer look at the basic findings.

**The potential demand for a new rental community is based on four factors:**

- Location
- Potential demand
- Product
- The competition

**The proposed location is well-suited to the development of mid/high-end apartments. The addition will not hinder its market potential.**

The proposed site will have the potential to attract a market from a broad geographic area. It is also within minutes of all levels of retail and personal services. Key employment centers are nearby and within an acceptable commute, as are rail lines

**There is adequate potential demand (income- and wealth- based) within the site's primary market area.**

Probably the majority of the demand for the site (50% to 60%) will come from households already living and/or working within a 20 minute one-way commute of the proposed site.

The remaining of the site's potential will be highly splintered geographically, including households moving out of Manhattan and the greater New York City, and households from places further east on Long Island moving closer to Manhattan.

**The site will attract a fairly broad market, age-wise.**

As much as 40% of all household heads will be over 50 years old. Another 40% to 50% will be between 30 and 50 years old. Less than 20% of the households heads attracted to the site will be less than 30 years old.

All households will be attracted to the convenience of the location. The development of a high-quality product and amenities will also be essential to securing the market and guaranteeing the site's long-term appeal.

**As planned, the site will include 16 units in a single two building.**

All units will be flats. Parking: (16) spaces.

**Three unit types are proposed:**

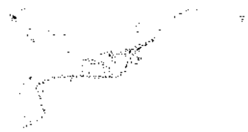
- One (1) Studio
- Nine (9) One-bedroom
- Five (5) Two-bedroom
- **Fifteen (15) Residential Units in Total**

The proposed mix is well suited to the market-segments that the site will attract. The units are suitably sized based on development in the market and the character of the demand that will be attracted to the site.

# SECTION V - The Site and Surrounding Market

## The proposed development will be located at 360A West Merrick Road, Valley Stream, Nassau County, NY.

### LOCATION CHARACTERISTICS



The property is situated in the Village of Valley Stream, the largest Incorporated Village in Nassau County. The area began in 1925 as a vacation community, but evolved into a year-round residence when many visitors decided to settle in full-time.

Valley Stream has a population of about 40,000 people, a density of 10,569.5 people per square mile and a median household income of app. $80,000.

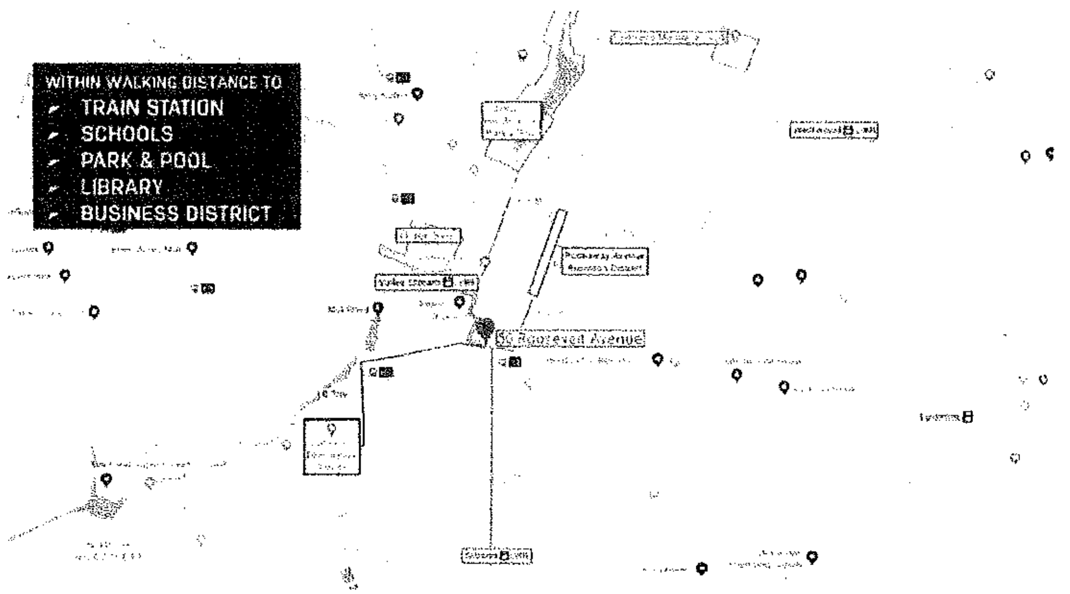
Valley Stream's location near the Queens border gives it easy access to the borough's parkways, the Belt and the Cross Island. Bus routes travel along Sunrise, West Merrick Road, and North and South Central Avenue. Long Island Railroad service is available at two locations within the village with travel time to Manhattan is just under forty minutes.

**Village proximity to JFK Airport and Long Island beaches.**

Valley Stream State Park, the town's largest, has picnic and playground areas, as well as kid-friendly nature trails and an exercise course with 15 fitness stations. Within the village boundaries, Hendrickson Park also has a playground, mini-golf course, bike and walking paths and a pool. Village Green Park has a band shell, and holds summer concerts.

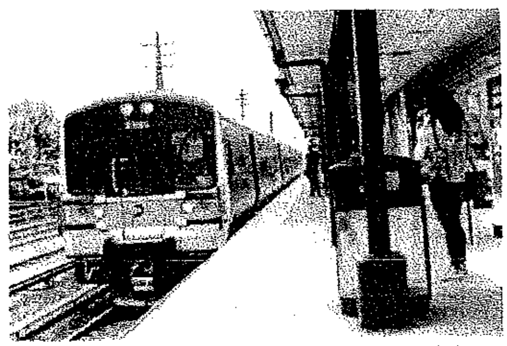
The village oversees numerous programs for residents, such as the Camp Barrett, for students in kindergarten through sixth grade, a popular program which organizes field trips during the summer.

Three elementary school districts and one central high school district serve the village and the surrounding unincorporated areas




# Money Magazine Ranks Valley Stream the Best Place To Live In New York State

http://money.com/money/5108196/best-places-to-live-every-state-us/



A Long Island Railroad (LIRR) commuter train arrives at the Valley Stream, Long Island station on Saturday, July 9, 2016.

**Valley Stream, New York**

Population: 36,702
Projected Job Growth: 5.41%
Median Household Income: $88,695

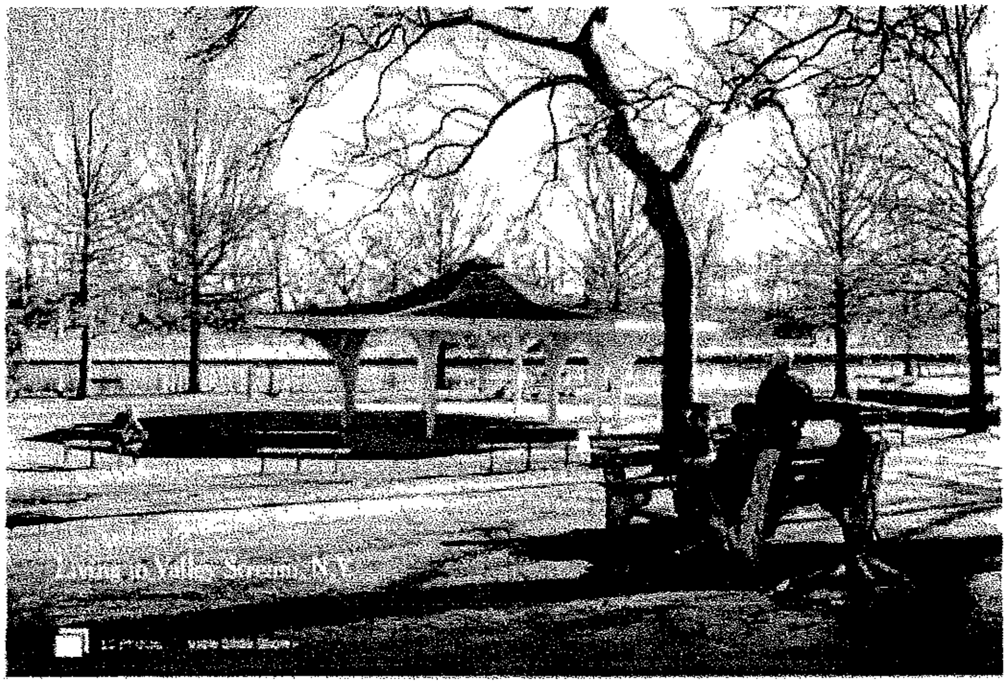
First settled by Scottish immigrants in 1834, Valley Stream is a Nassau County village that attracts residents with a reputation of being "neat, clean and safe." The location is a big draw - it's just 35 minutes from Manhattan, near two major highway arteries, and served by the Long Island Railroad. Snapple originated in Valley Stream, which also boasts several historic colonial sites, a diverse population, and a close-knit suburban community.

REAL ESTATE

The New York Times

LIVING IN

# Valley Stream, N.Y.: Neat, Clean and Safe




https://www.nytimes.com/2017/02/08/realestate/valley-stream-ny-neat-clean-and-safe.html

**Fast and Convenient LIRR Access and a High Resident Income make Valley Stream a Great Location for Multifamily Residential Development.**

**$88,000 Median HH income**
(vs $95,000 for Nassau County)

**22%/78% Rent to Own Ratio**
(vs 21%/79% for Nassau County)

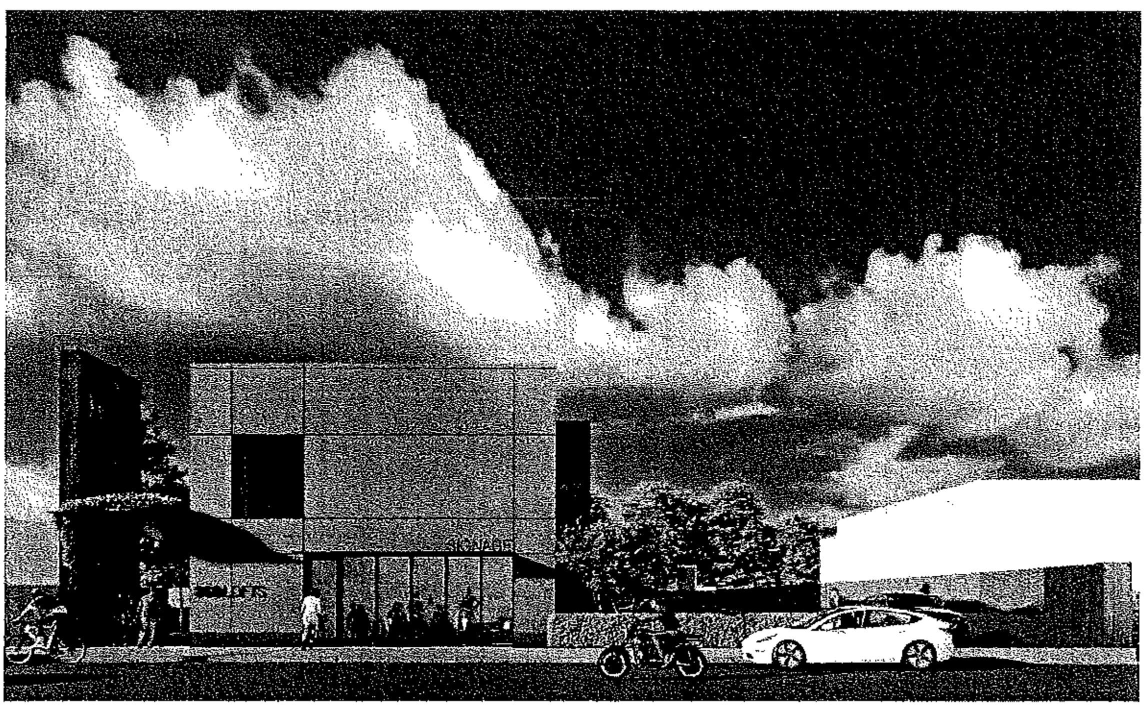
**44% of Residents Work in NYC**

**35 minute LIRR commute to Penn station**

**1,800 daily peak riders**

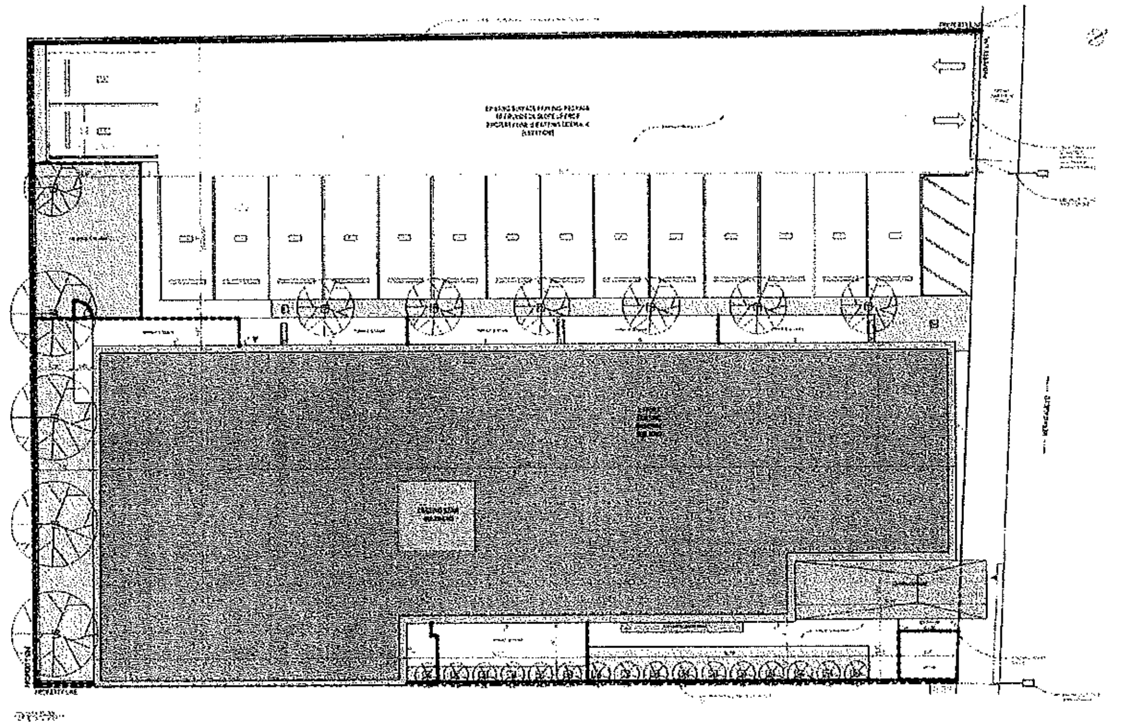
**LIRR Municipal Parking Lots availability**

## Proposed Building Renderings

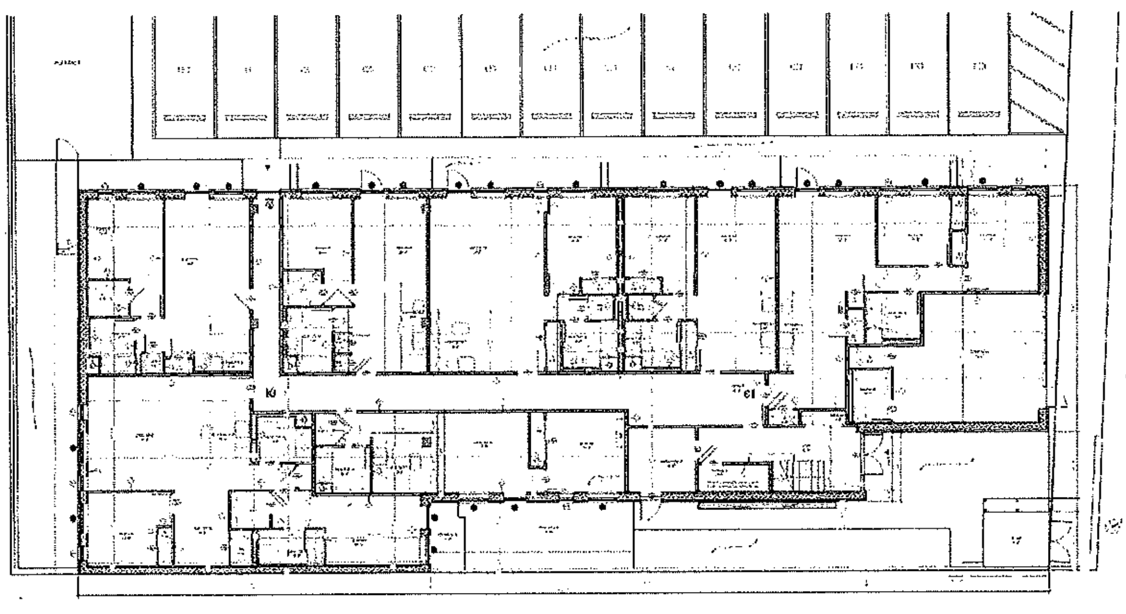



## Proposed Building Plans

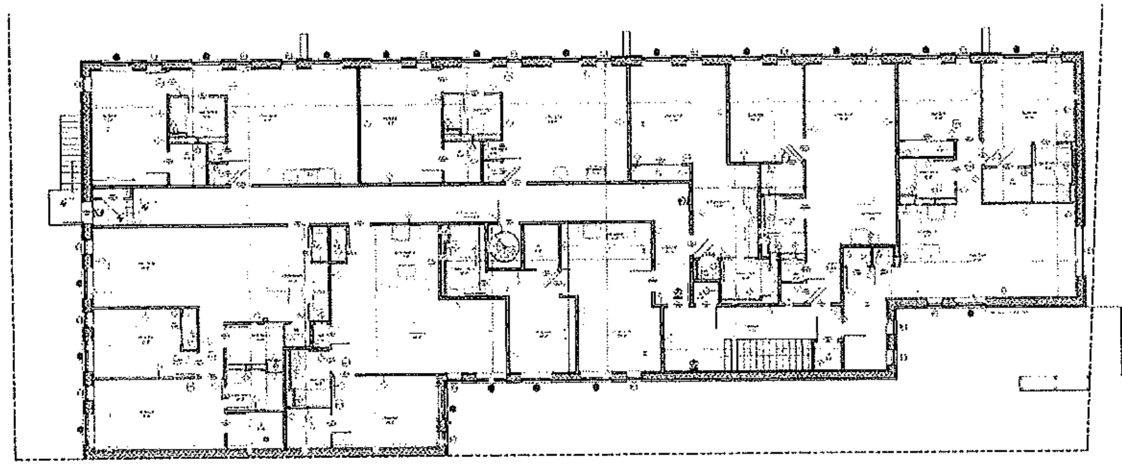
### SITE PLAN



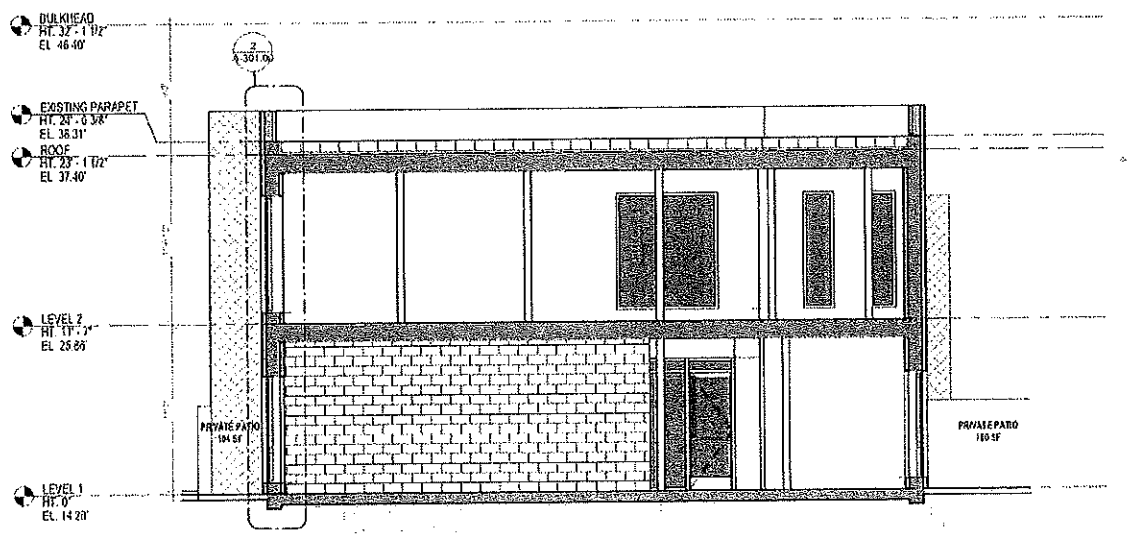
### LEVEL 1



## LEVEL 2



## SECTION




(1) WEST-EAST SECTION
3/16" = 1'-0"

**Demand**

The demand for the proposed site will come from normal movement by renters within and into the market. Roughly 50% will be renters moving from within and into the surrounding market.

Those renter households normally moving into the area will include households moving from points further east on Long Island. They will also include out-migrants from Manhattan, Brooklyn and Queens, also households relocating for work from other locations in New York State and other states. This group will also include households returning home.

We also anticipate that the site will appeal to home owners that have just sold or recently sold their home.

Some of these homeowners will use the apartment as a transitional residence, while looking for or waiting for another sales home. There will also be lifestyle transients, older households deciding what to do after they sold their home. Some will use it as home base and have a second home and still others will opt for apartment living over home ownership.

**The number of households living in the site's primary market has been fairly static.**

However, limited growth should not be construed to indicate that the demand for housing is limited.
For the most part, the surrounding market is fully developed.

High interest rates and land costs, lack of land and strict zoning codes have made it difficult to add housing and grow the number of households in the market.

Without added units, vacancy rates in the market have been driven down. The overall vacancy rate in the surrounding trade area is close to 2%. It has been at this level for years, testifying to an undersupplied market and potential pent up demand.

**While there has been little overall growth in the market, there has been a noticeable shift in tenure within the market.**

There are more renters.

**Incomes among primary market area renters are high.**

Roughly one in five renter households earn more than $100,000. Among those renters that will be income-dependent, this may be the site's income threshold.

Most of the $100,000 plus renters earn less than $150,000. However, this income group does not dominate. Close to one in ten renter households in the market earn more than $150,000.

Of course, not all of the renters moving to the project will be income- dependent. Many will also have other sources of income to supplement their rents.

However, even without the wealth-driven market, the potential for the site is relatively deep.

**High-income renters living in the area already support relatively high rents.**

Almost 30% pay rents of more than $2,000 a month. Close to 7% pay more than $3,000 in rent.

The rent to income ratio in the market averages close to 25%.

The market's rent to income ratio is fairly normal. However, it can be pushed higher. The typical range rent to income ratio is from 25% to 30%.

**Renter households living in the surrounding market are small and most are middle aged.**

More than 30% of all renter households in the market are one-person households. Another 20% of households have two persons.

Among two-person households, there are almost as many households classified as roommates as there are married couples or single-parents. The roommate market accounts for roughly 10% of all households living the market

A significant percentage of the one-person households in the market are older; more than 40% are over 65. Another 40% to 45% are between 35 and 64 years old.

Two-person households (married and partners) are more often middle- aged, with nearly 60% having household heads between 35 and 64 years old. Roommate households are usually young, with more than half being less than 35 years old.

Area renter households are fairly mobile.

Roughly 15% of all renter households did not live in the same house 12 months ago. That means 15% are moving either within or into the surrounding market annually.

Most movers have relocated from an apartment in Nassau County, roughly two thirds. However, 15% are new to the area, moving from other surrounding counties and other New York State locations, and close to 20% are moving from out of state and from abroad.

It should be noted, however, that while mobility rates seem high, it is low compared to many markets, where more than 25% of renters move each year. We feel that the relatively low rate reflects a limited availability of rental apartments.

As we indicated, we expect that a significant portion of the residents will be local home owners in transition or opting to rent instead of own.

The surrounding market is heavily influenced by high-end housing. Nearly 20% of all housing in the surrounding market is valued at more than $750,000. Close to 10% is valued at more than $1,000,000.
Owner household heads tend to be older than renters.

We expect that the rental market generated from this owner group will be 60 and older. Nearly

40% of the market should be in this age group.
The older household is the most likely candidate for a rental. Many are in transition, changing their lifestyle. Some will prefer the convenience of renting. And, as indicated, some will also have a second home and will be using the apartment as a home base to be near friends and children.

The data for market character is based on trends in the market shown by 2013-2017 Census data.

The source for this data is the American Community Survey (ACS), an ongoing Census Bureau survey that samples an area's population base each year.

The data, at the census tract level, is usually presented as a five-year average. We have used the most current information available, the 2013-2017 ACS average. Note: All dollar amounts are in 2017 dollars.

While a five-year average can potentially under count market potential, we feel that the longer timeframe represented in these tables offers more accurate markers for an analysis of potential demand. Growth in the area has been limited and single-year estimates can be skewed by sampling.

HOUSEHOLDS BY TENURE
NASSAU COUNTY
2010-2017 FIVE YEAR AVERAGES

| | Total | Owner | Renter | ---Household Change-- | | | --Household Change (%)- | | |
|---|---|---|---|---|---|---|---|---|---|
| Year | Households | Households | Households | Total | Owners | Renters | Total | Owners | Renters |
| 2006-2010 Annual average | 442,833 | 363,366 | 79,467 | | | | | | |
| 2007-2011 Annual Average | 443,315 | 362,670 | 80,645 | 482 | -696 | 1,178 | 0.11% | -0.19% | 1.48% |
| 2008-2012 Annual Average | 442,869 | 360,215 | 82,654 | -446 | -2,455 | 2,009 | -0.10% | -0.68% | 2.49% |
| 2009-2013 Annual Average | 441,955 | 355,915 | 86,040 | -914 | -4,300 | 3,386 | -0.21% | -1.19% | 4.10% |
| 2010-2014 Annual Average | 441,912 | 354,515 | 87,397 | -43 | -1,400 | 1,357 | -0.01% | -0.39% | 1.58% |
| 2011-2015 Annual Average | 440,640 | 353,777 | 86,863 | -1,272 | -738 | -534 | -0.29% | -0.21% | -0.61% |
| 2012-2016 Annual Average | 440,230 | 353,420 | 86,810 | -410 | -357 | -53 | -0.09% | -0.10% | -0.06% |
| 2013-2017 Annual Average | 444,136 | 357,982 | 86,154 | 3,906 | 4,562 | -656 | 0.89% | 1.29% | -0.76% |

Source: American Community Survey -ACS (2006-2017 averages).

HOUSEHOLD TENURE
NASSAU COUNTY
2010-2017 FIVE YEAR AVERAGES

| | | | | -----Annual Change----- | |
|---|---|---|---|---|---|
| Year | Owners | Renters | Total | Owners | Renters |
| 2006-2010 Annual average | 82.1% | 17.9% | 100.0% | | |
| 2007-2011 Annual Average | 81.8% | 18.2% | 100.0% | -0.2% | 0.2% |
| 2008-2012 Annual Average | 81.3% | 18.7% | 100.0% | -0.5% | 0.5% |
| 2009-2013 Annual Average | 80.5% | 19.5% | 100.0% | -0.8% | 0.8% |
| 2010-2014 Annual Average | 80.2% | 19.8% | 100.0% | -0.3% | 0.3% |
| 2011-2015 Annual Average | 80.3% | 19.7% | 100.0% | 0.1% | -0.1% |
| 2012-2016 Annual Average | 80.3% | 19.7% | 100.0% | 0.0% | 0.0% |
| 2013-2017 Annual Average | 80.6% | 19.4% | 100.0% | 0.3% | -0.3% |

Source: American Community Survey -ACS (2006-2017 averages).

TOTAL OCCUPIED UNITS
AND VACANT STOCK
NASSAU COUNTY
2009-2013 AND 2013-2017 ANNUAL AVERAGES

| Vacancy Category | -----2013-2017 Annual Average----- Number | Percent |
|---|---|---|
| Total Units | 468,850 | 100.0% |
| Total Occupied Units | 441,955 | 94.3% |
| Vacant Housing | 26,895 | 5.7% |
| For Rent | 4,144 | 0.9% |
| Rented but Not Occupied | 912 | 0.2% |
| For Sale | 4,265 | 0.9% |
| Sold but Not Occupied | 4,690 | 1.0% |
| Seasonal | 3,949 | 0.8% |
| Migrants | 41 | 0.0% |
| Other | 8,894 | 1.9% |
| Vacancy Rates: | | |
| For Rent | | 4.5% |
| For Sale | | 1.2% |
| Overall | | 5.7% |

| Vacancy Category | -----2009-2013 Annual Average----- Number | Percent |
|---|---|---|
| Total Units | 468,119 | 100.0% |
| Total Occupied Units | 442,833 | 94.5% |
| Vacant Housing | 25,286 | 5.4% |
| For Rent | 3,920 | 0.8% |
| Rented but Not Occupied | 666 | 0.1% |
| For Sale | 4,595 | 1.0% |
| Sold but Not Occupied | 3,551 | 0.8% |
| Seasonal | 4,288 | 0.9% |
| Migrants | 0 | |
| Other | 8,266 | 1.8% |
| Vacancy Rates: | | |
| For Rent | | 4.7% |
| For Sale | | 1.2% |
| Overall | | 5.4% |

Source: US Census - ACS Five-year Average.

UNITS IN STRUCTURE
NASSAU COUNTY
ANNUAL AVERAGE ENDING IN 2017

| Units in Structure | Number | Percent |
|---|---|---|
| Owner Housing Units: | 357,982 | 100.0% |
| 1, detached and attached | 327,487 | 91.5% |
| 2 to 4 | 11,505 | 3.2% |
| 5 to 19 | 5,558 | 1.6% |
| 20 Plus | 12,722 | 3.6% |
| Mobile homes | 663 | 0.2% |
| Boat, RV, van, etc. | 47 | 0.0% |
| Renter Housing Units: | 86,154 | 100.0% |
| 1, detached and attached | 27,844 | 32.3% |
| 2 to 4 | 25,438 | 29.5% |
| 5 to 19 | 10,018 | 11.6% |
| 20 Plus | 22,663 | 26.3% |
| Mobile homes | 173 | 0.2% |
| Boat, RV, van, etc. | 18 | 0.0% |
| **Total Housing Units:** | **444,136** | **100.0%** |
| 1, detached and attached | 355,331 | 80.0% |
| 2 to 4 | 36,943 | 8.3% |
| 5 to 19 | 15,576 | 3.5% |
| 20 plus | 35,385 | 8.0% |
| Mobile Homes | 836 | 0.2% |
| Boat, RV, van, etc. | 65 | 0.0% |

Source: US Census - ACS Five-year Average.

HOUSEHOLD INCOME
BY TENURE
NASSAU COUNTY
2013-2017 ANNUAL AVERAGE (2013 DOLLARS)

| Tenure and Income | Number | Percent |
|---|---|---|
| Owner occupied: | 357,982 | 100.0% |
| - Less than $5,000 | 3,859 | 1.1% |
| - $5,000 to $9,999 | 2,581 | 0.7% |
| - $10,000 to $14,999 | 4,865 | 1.4% |
| - $15,000 to $19,999 | 5,801 | 1.6% |
| - $20,000 to $24,999 | 7,252 | 2.0% |
| - $25,000 to $34,999 | 14,165 | 4.0% |
| - $35,000 to $49,999 | 23,479 | 6.6% |
| - $50,000 to $74,999 | 39,755 | 11.1% |
| - $75,000 to $99,999 | 41,840 | 11.7% |
| - $100,000 to $149,999 | 76,667 | 21.4% |
| - $150,000 or more | 137,718 | 38.5% |
| Renter occupied: | 86,154 | 100.0% |
| - Less than $5,000 | 3,263 | 3.8% |
| - $5,000 to $9,999 | 3,226 | 3.7% |
| - $10,000 to $14,999 | 4,982 | 5.8% |
| - $15,000 to $19,999 | 5,180 | 6.0% |
| - $20,000 to $24,999 | 4,802 | 5.6% |
| - $25,000 to $34,999 | 8,383 | 9.7% |
| - $35,000 to $49,999 | 10,600 | 12.3% |
| - $50,000 to $74,999 | 14,639 | 17.0% |
| - $75,000 to $99,999 | 10,958 | 12.7% |
| - $100,000 to $149,999 | 11,493 | 13.3% |
| - $150,000 or more | 8,628 | 10.0% |
| **Total:** | **444,136** | **100.0%** |
| - Less than $5,000 | 7,122 | 1.6% |
| - $5,000 to $9,999 | 5,807 | 1.3% |
| - $10,000 to $14,999 | 9,847 | 2.2% |
| - $15,000 to $19,999 | 10,981 | 2.5% |
| - $20,000 to $24,999 | 12,054 | 2.7% |
| - $25,000 to $34,999 | 22,548 | 5.1% |
| - $35,000 to $49,999 | 34,079 | 7.7% |
| - $50,000 to $74,999 | 54,394 | 12.2% |
| - $75,000 to $99,999 | 52,798 | 11.9% |
| - $100,000 to $149,999 | 88,160 | 19.8% |
| - $150,000 or more | 146,346 | 33.0% |

Source: US Census - ACS Five-year Average.

HOME VALUES BY PRICE RANGE
NASSAU COUNTY
2017 DOLLARS

| Home Value | Number | Percent |
|---|---|---|
| Total: | 357,982 | 100.0% |
| Estimate; Total: - Less than $10,000 | 4,239 | 1.2% |
| Estimate; Total: - $10,000 to $14,999 | 163 | 0.0% |
| Estimate; Total: - $15,000 to $19,999 | 83 | 0.0% |
| Estimate; Total: - $20,000 to $24,999 | 226 | 0.1% |
| Estimate; Total: - $25,000 to $29,999 | 231 | 0.1% |
| Estimate; Total: - $30,000 to $34,999 | 411 | 0.1% |
| Estimate; Total: - $35,000 to $39,999 | 622 | 0.2% |
| Estimate; Total: - $40,000 to $49,999 | 984 | 0.3% |
| Estimate; Total: - $50,000 to $59,999 | 568 | 0.2% |
| Estimate; Total: - $60,000 to $69,999 | 446 | 0.1% |
| Estimate; Total: - $70,000 to $79,999 | 554 | 0.2% |
| Estimate; Total: - $80,000 to $89,999 | 551 | 0.2% |
| Estimate; Total: - $90,000 to $99,999 | 644 | 0.2% |
| Estimate; Total: - $100,000 to $124,999 | 1,473 | 0.4% |
| Estimate; Total: - $125,000 to $149,999 | 1,471 | 0.4% |
| Estimate; Total: - $150,000 to $174,999 | 3,306 | 0.9% |
| Estimate; Total: - $175,000 to $199,999 | 2,702 | 0.8% |
| Estimate; Total: - $200,000 to $249,999 | 9,716 | 2.7% |
| Estimate; Total: - $250,000 to $299,999 | 18,083 | 5.1% |
| Estimate; Total: - $300,000 to $399,999 | 80,395 | 22.5% |
| Estimate; Total: - $400,000 to $499,999 | 85,830 | 24.0% |
| Estimate; Total: - $500,000 to $749,999 | 87,737 | 24.5% |
| Estimate; Total: - $750,000 to $999,999 | 28,935 | 8.1% |
| Estimate; Total: - $1,000,000 to $1,499,999 | 14,211 | 4.0% |
| Estimate; Total: - $1,500,000 to $1,999,1000 | 6,300 | 1.8% |
| Estimate; Total: - $2,000,000 plus | 8,101 | 2.3% |

Source: U.S. Census - ACS Five year average.

GROSS RENT BY RENT RANGE
NASSAU COUNTY
2013 DOLLARS

| Gross Rent | Number | Percent |
|---|---|---|
| Total: | 86,154 | |
| With cash rent: | 80,980 | 94.0% |
| With cash rent: - Less than $100 | 64 | 0.1% |
| With cash rent: - $100 to $149 | 58 | 0.1% |
| With cash rent: - $150 to $199 | 314 | 0.4% |
| With cash rent: - $200 to $249 | 1,112 | 1.4% |
| With cash rent: - $250 to $299 | 864 | 1.1% |
| With cash rent: - $300 to $349 | 987 | 1.2% |
| With cash rent: - $350 to $399 | 804 | 1.0% |
| With cash rent: - $400 to $449 | 749 | 0.9% |
| With cash rent: - $450 to $499 | 710 | 0.9% |
| With cash rent: - $500 to $549 | 649 | 0.8% |
| With cash rent: - $550 to $599 | 659 | 0.8% |
| With cash rent: - $600 to $649 | 717 | 0.9% |
| With cash rent: - $650 to $699 | 639 | 0.8% |
| With cash rent: - $700 to $749 | 733 | 0.9% |
| With cash rent: - $750 to $799 | 878 | 1.1% |
| With cash rent: - $800 to $899 | 1,854 | 2.3% |
| With cash rent: - $900 to $999 | 2,505 | 3.1% |
| With cash rent: - $1,000 to $1,249 | 8,085 | 10.0% |
| With cash rent: - $1,250 to $1,499 | 11,031 | 13.6% |
| With cash rent: - $1,500 to $1,999 | 21,647 | 26.7% |
| With cash rent: - $2,000 to $2,999 | 19,911 | 24.6% |
| With cash rent: - $3,000 to $3,499 | 3,116 | 3.8% |
| With cash rent: - $3,500 plus | 2,894 | 3.6% |
| No cash rent | 5,174 | |

Source: U.S. Census - ACS Five year average.

HOUSEHOLDS BY AGE OF HOUSEHOLD HEAD
AND TENURE
NASSAU COUNTY
ANNUAL AVERAGE ENDING IN 2017

| Age of Householder | Number | Percent |
|---|---|---|
| Owner Households: | 357,982 | 100.0% |
| - Householder 15 to 24 years | 1,051 | 0.3% |
| - Householder 25 to 34 years | 20,795 | 5.8% |
| - Householder 35 to 44 years | 55,421 | 15.5% |
| - Householder 45 to 54 years | 84,372 | 23.6% |
| - Householder 55 to 59 years | 45,264 | 12.6% |
| - Householder 60 to 64 years | 40,643 | 11.4% |
| - Householder 65 to 74 years | 58,155 | 16.2% |
| - Householder 75 to 84 years | 33,453 | 9.3% |
| - Householder 85 years and over | 18,828 | 5.3% |
| Renter Households: | 86,154 | 100.0% |
| - Householder 15 to 24 years | 2,793 | 3.2% |
| - Householder 25 to 34 years | 15,793 | 18.3% |
| - Householder 35 to 44 years | 17,946 | 20.8% |
| - Householder 45 to 54 years | 16,899 | 19.6% |
| - Householder 55 to 59 years | 6,993 | 8.1% |
| - Householder 60 to 64 years | 6,384 | 7.4% |
| - Householder 65 to 74 years | 9,190 | 10.7% |
| - Householder 75 to 84 years | 5,185 | 6.0% |
| - Householder 85 years and over | 4,971 | 5.8% |
| **Total:** | **444,136** | **100.0%** |
| - Householder 15 to 24 years | 3,844 | 0.9% |
| - Householder 25 to 34 years | 36,588 | 8.2% |
| - Householder 35 to 44 years | 73,367 | 16.5% |
| - Householder 45 to 54 years | 101,271 | 22.8% |
| - Householder 55 to 59 years | 52,257 | 11.8% |
| - Householder 60 to 64 years | 47,027 | 10.6% |
| - Householder 65 to 74 years | 67,345 | 15.2% |
| - Householder 75 to 84 years | 38,638 | 8.7% |
| - Householder 85 years and over | 23,799 | 5.4% |

Source: US Census - ACS Five-year Average.

BY AGE OF HOUSEHOLD HEAD AND TENURE
NASSAU COUNTY
ANNUAL AVERAGE ENDING IN 2017

| Household Size | Number | Percent |
|---|---|---|
| Owner Households: | 357,982 | 100.0% |
| 1-person household | 59,888 | 16.7% |
| 2-person household | 105,816 | 29.6% |
| 3-person household | 66,193 | 18.5% |
| 4-person household | 70,854 | 19.8% |
| 5-person household | 34,189 | 9.6% |
| 6-person household | 12,432 | 3.5% |
| 7-or-more person household | 8,610 | 2.4% |
| Renter Households: | 86,154 | 100.0% |
| 1-person household | 29,653 | 34.4% |
| 2-person household | 19,812 | 23.0% |
| 3-person household | 14,690 | 17.1% |
| 4-person household | 12,033 | 14.0% |
| 5-person household | 5,719 | 6.6% |
| 6-person household | 2,354 | 2.7% |
| 7-or-more person household | 1,893 | 2.2% |
| **Total:** | **444,136** | **100.0%** |
| 1-person household | 89,541 | 20.2% |
| 2-person household | 125,628 | 28.3% |
| 3-person household | 80,883 | 18.2% |
| 4-person household | 82,887 | 18.7% |
| 5-person household | 39,908 | 9.0% |
| 6-person household | 14,786 | 3.3% |
| 7-or-more person household | 10,503 | 2.4% |

Source: US Census - ACS Five-year Average.

OWNER HOUSEHOLDS BY TYPE OF HOUSEHOLDS AND AGE OF HOUSEHOLD HEAD NASSAU COUNTY ANNUAL AVERAGE ENDING IN 2017

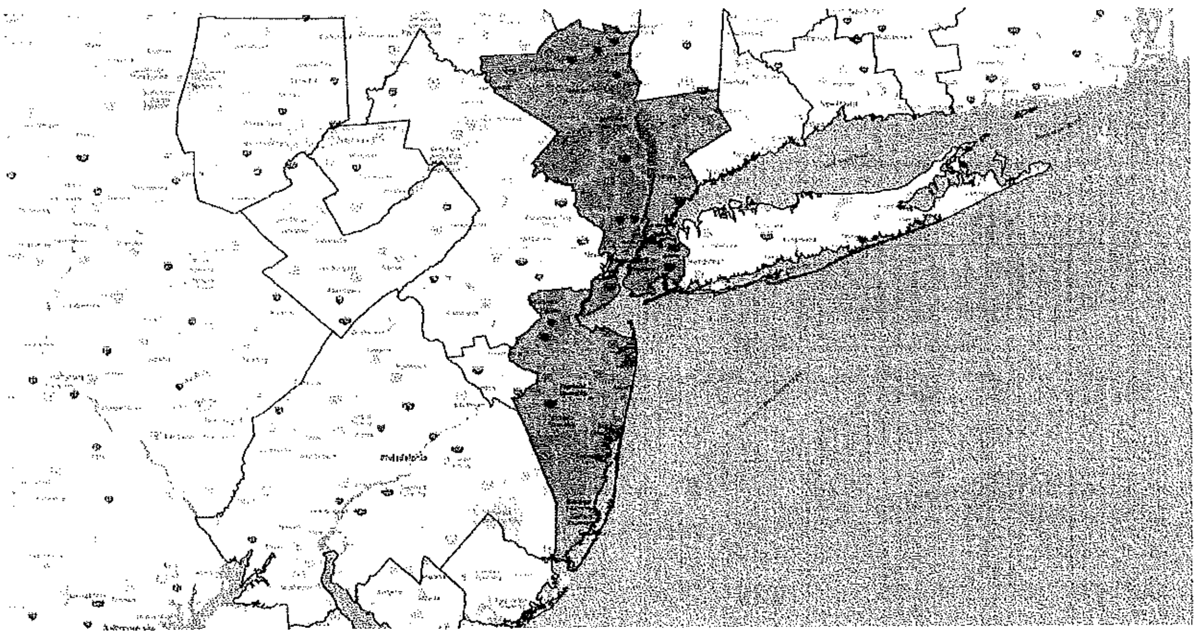
| Mobility | People | Percent Of Total | Percent Of Group |
|---|---|---|---|
| Total: | 1,330,335 | | |
| - Householder lived in owner-occupied housing units | 1,103,768 | 100.0% | |
| - Householder lived in renter-occupied housing units | 226,567 | | 100.0% |
| - Same house 1 year ago: | 1,247,317 | | |
| - Same house 1 year ago: - Householder lived in owner-occupied housing units | 1,054,386 | 95.5% | |
| - Same house 1 year ago: - Householder lived in renter-occupied housing units | 192,931 | | 85.2% |
| - Moved within same county: | 45,910 | | |
| - Moved within same county: - Householder lived in owner-occupied housing units | 23,793 | 2.2% | |
| - Moved within same county: - Householder lived in renter-occupied housing units | 22,117 | | 9.8% |
| - Moved from different county within same state: | 24,336 | | |
| - Moved from different county within same state: - Householder lived in owner-occupied housing units | 18,132 | 1.6% | |
| - Moved from different county within same state: - Householder lived in renter-occupied housing units | 6,204 | | 2.7% |
| - Moved from different state: | 7,124 | | |
| - Moved from different state: - Householder lived in owner-occupied housing units | 4,039 | 0.4% | |
| - Moved from different state: - Householder lived in renter-occupied housing units | 3,085 | | 1.4% |
| - Moved from abroad: | 5,648 | | |
| - Moved from abroad: - Householder lived in owner-occupied housing units | 3,418 | 0.3% | |
| - Moved from abroad: - Householder lived in renter-occupied housing units | 2,230 | | 1.0% |

| Overall Mobility Rates: | |
|---|---|
| Owners | 4.5% |
| Renters | 14.8% |

## Submarket Analyses

## New York Multifamily Market Analysis

The information contained in this section was provided by the CoStar 2019 Q3 Multi-Family Market Report for the New York Market.



Source: CoStar

### Overview

Fundamentals are red-hot in the New York apartment market. Vacancies are at a cyclical low, despite the delivery of more than 60,000 units since the start of 2016. New luxury communities are popping up across the metro, with development particularly focused on the periphery of Manhattan. Inventories have rapidly expanded in several submarkets in Brooklyn, Queens, and New Jersey. New projects have been met with outstanding demand and development will be maintaining its busy pace in the near term.

| | New York | YoY Trend | National Index | YoY Trend |
|---|---|---|---|---|
| Market Asking Rent | $2,851 | Increase | $1,345 | Increase |
| Vacancy Rate | 1.9% | Decrease | 5.7% | Decrease |
| Market Sale Price/SF | $396,151 | Increase | $211 | $195,000 |
| Market Cap Rate | 4.5% | Decrease | 5.8% | Decrease |

Source: CoStar

More than 50,000 units are under construction as of 19Q4, with many more projects in the proposal stages. Development is concentrated in the same areas as recent deliveries. Thousands of units are underway in Long Island City, Williamsburg, Jersey City, and Greater Hudson County. New York has more units underway than any other metro, but as a percentage of existing inventory, upcoming supply additions are less daunting. New York ranks 11th in this metric, out of the 20 largest apartment markets in the country.

Strong rent growth has continued in 2019, building off of last year's strong performance. Rents have increased by about 3% so far in 2019, following nearly 3% growth in 2018. Rent growth has rebounded since a relatively weak performance across 2016-17, when the threat of increased competition from new supply stifled rent growth. Demand has continued to impress, however, and with vacancies near a record low, rent growth has picked back up. Outstanding demand allowed recent deliveries to quickly reach stabilization and Class A & B inventory has recorded the strongest rent growth since the start of 2018. The recently passed Tenant Protection Act could actually have a positive effect on same-store market-rate rent growth going forward, as it will effectively limit market-rate inventory growth.

A low-interest-rate environment and global uncertainty are supporting lofty valuations across the metro. Selling prices top $300,000/unit on average, and cap rates have compressed to below 5%. Still, returns on residential investment in New York don't look too shabby compared with yields on government-issued bonds both here and in countries like Germany and Japan. Instability stemming from Brexit, coupled with other global weaknesses, should further drive demand for residential assets in the metro as New York residential assets continue to be viewed as a global safe haven. Sales volume increased in 2018 from the year before, and Class A & B transaction volume reached a peak. Trading volume this year is on its slowest pace since 2011, however, with about $6 billion exchanged in the first three quarters of 2019.

## Vacancy

Despite new supply, the market remains tight and vacancies are below their historical average. The pipeline will test occupancies in the near term, as under-construction units remain near a record high. Rapid development has not dented occupancies, however, as New York has seemingly been able to capture an endless run of demand. More than 60,000 units have opened since the start of 2016 and occupancies have improved by about 100 basis points in this time.

With metrowide occupancies above 98%, heavily-supplied submarkets are attracting the most demand. Two of the most popular neighborhoods are Long Island City and Williamsburg. At the start of 19Q4, net absorption topped 1,700 units in both submarkets over the last 12 months. Long Island City had the more impressive performance, considering only 200 units opened there over that same time period, while about 2,000 units opened in Williamsburg. Although deliveries in Long Island City have taken a slight breather, the submarket has still been one of the primary targets for developers in most years of this cycle and renters continue to fill spaces at recent deliveries.

Although Amazon's decision to back out of opening HQ2 in the neighborhood hurts, Long Island City is still poised for continued demand growth. The area's office market added large locations from WeWork, Macy's, and Bloomingdale's in recent years. The submarket also offers a convenient commute to Lower Manhattan and Midtown, and direct access to the burgeoning Hudson Yards office market through the 7 Train.

The Williamsburg Submarket also contains the Greenpoint neighborhood, where lease-up on new projects has been a little slower. The two largest deliveries in Greenpoint so far in 2019 were the 372-unit One Blue Slip and the 197-unit OTTO. Both projects delivered in 19Q1 and were about 70%

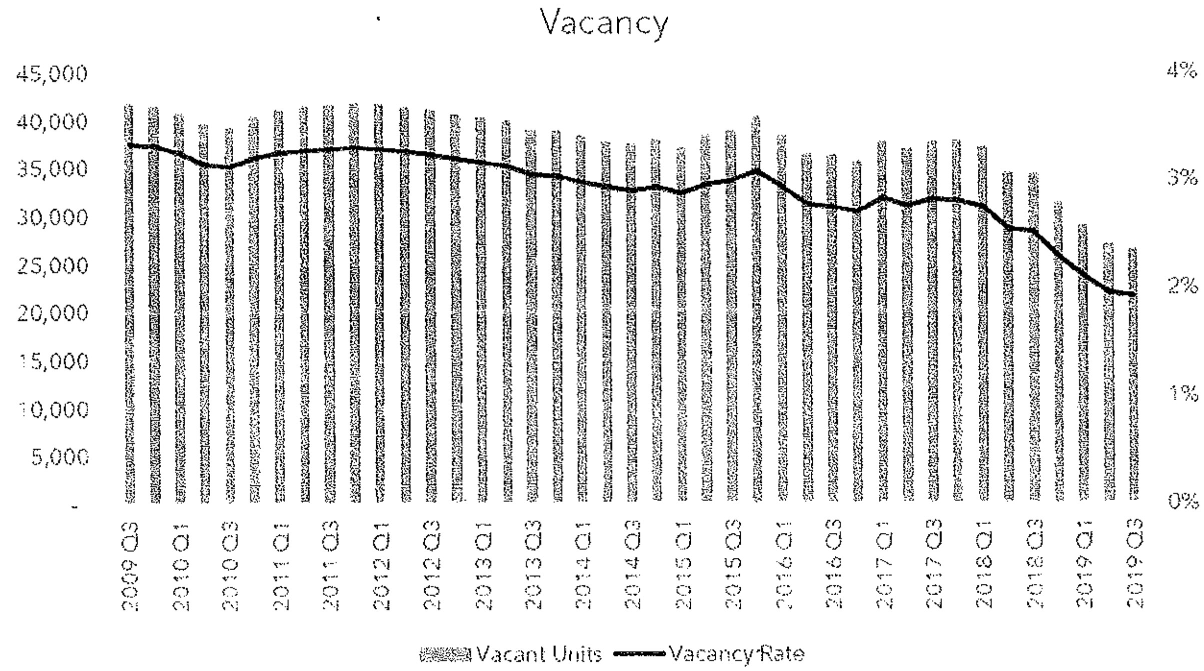
occupied six months after opening. Those are solid lease-up performances by most metro's standards, but lukewarm compared to deliveries in other prime New York submarkets. Demand was more robust at openings within the Williamsburg neighborhood boundaries. For example, the 252-unit 416 Kent Ave. opened in January on the Williamsburg waterfront and reached 95% occupied by the halfway point of the year.

Demand is also spreading farther away from Manhattan. Three of the metro's top five submarkets for net absorption over the last year—Bushwick, Greater Hudson County, and Yonkers/Mt. Vernon/New Rochelle—are not contiguous with Manhattan. Bushwick was the only one of these submarkets where net absorption topped net deliveries, although vacancy expansion was marginal in the other two. Several Subway lines connect Bushwick to Manhattan, whereas Greater Hudson County and Yonkers/Mt. Vernon/New Rochelle are connected by the New Jersey Transit and Metro North systems, respectively. Commutes from these lines are more expensive and longer on average than a Subway commute from Bushwick.

Net absorption topped 1,000 units in Midtown West over the last 12 months, making it the top performing Manhattan submarket. Demand was robust at recently delivered projects, including TF Cornerstone's 1022-unit 606W57. The high-rise opened last summer and was 99% occupied in 19Q4. Midtown West offers quick access to Hudson Yards, and as that emerging office market poaches demand from other parts of the borough, a similar effect seems to be occurring on the residential side.

With an average condo price now topping $1,700/SF, the exorbitant cost of owning in Manhattan is helping drive demand for luxury rentals. Even high-earning residents who can afford to rent in the toniest submarkets may be pressed to purchase apartments of comparable quality in the same neighborhoods.

The Bronx is also emerging as a viable market-rate multifamily market. Although some of the borough's more beleaguered areas have yet to fully establish a proof-of-concept for market-rate developers, signs are encouraging. Vacancies compressed across the Bronx over the last year and are below 1% in four out of the borough's five submarkets. The Bronx offers convenient commutes to Midtown and average rents are a bargain compared with most of New York City. Supply is picking up, with more than 3,000 combined units under construction in the South Bronx and West Bronx submarkets. The Penn Station Access Project, which will add four stops along the New Haven Line, in Hunts Point, Parkchester, Morris Park, and Co-Op City, should bode well for long-term demand.




*Source: CoStar*

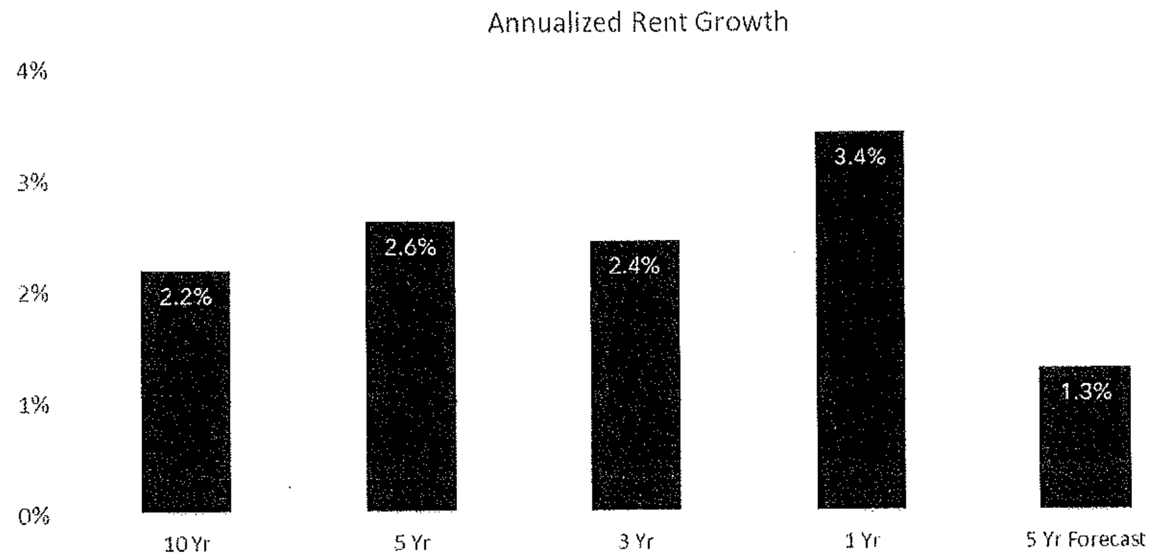
## Rent

After approaching 3% last year, rent growth is on pace for another excellent year. Rents increased by about 3% in the first three quarter of 2019. Record levels of new supply tested rent growth in recent years, and asking rents grew by less than 2% in 2016 and 2017. Encouragingly for landlords, demand has managed to outpace deliveries during this supply boom, leading to last year's renewed growth. Rent growth since the start of last year has also been strongest for Class A & B units.

Heavily supplied submarkets were among the top performers in rent growth over the last year and a half. Rent growth topped 10% during this stretch in Long Island City and Downtown Brooklyn. These submarkets also rank near the top of the metro in percentage of inventory added in this cycle and the rash of new deliveries stunted rent growth across 2016 and 2017. Robust demand has kept occupancies near record levels in these emerging markets, however, and translated into sizable gains last year.

Value-seeking renters are driving growth trends Downtown. The East Village Submarket—arguably the last bastion of relative affordability below 14th Street—continually posts one of the largest rent gains of any Manhattan submarket. In particular, renters in this submarket are ponying up (on a per-SF basis) for unit configurations conducive to living with roommates. At Stuy Town–Peter Cooper Village, flex units command rents more than 10% above those at comparably sized non-partitioned units.

The Tenant Protection Act created much buzz and controversy when passed in June 2019. The legislation will surely limit rent growth potential in rent controlled units but might have the opposite effect on CoStar's same-store market- rate rent series. By making it more difficult to bring units out of rent stabilization, the new laws will effectively limit the market-rate inventory and decrease competition. This could bode well for owners of market-rate properties.




## Construction

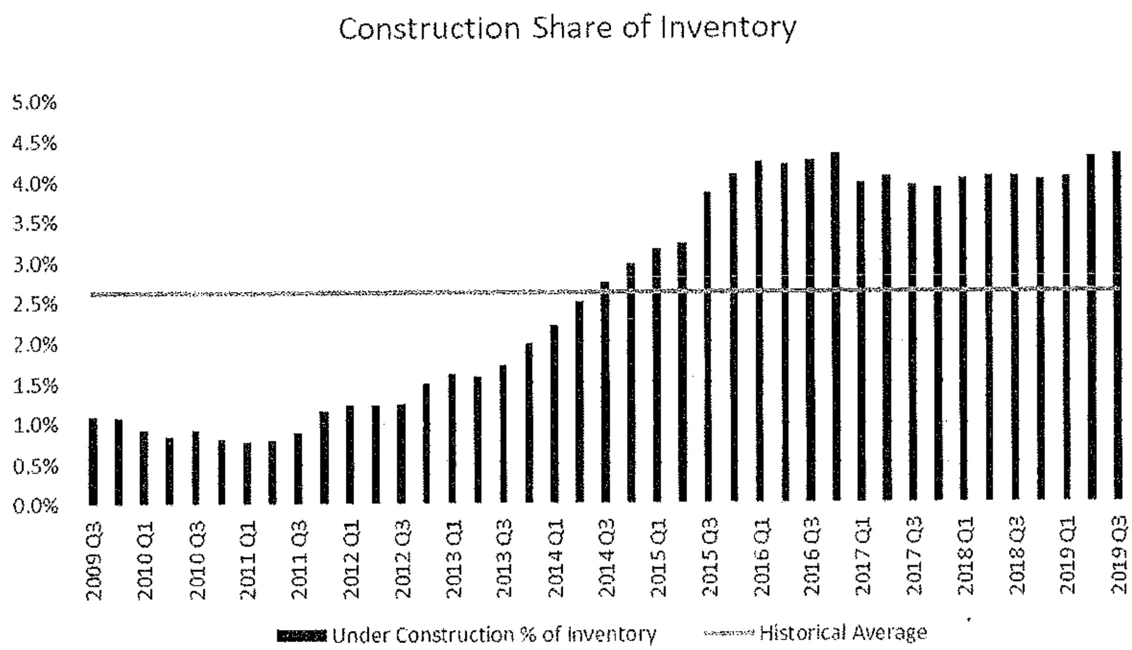
Developers are out in full force. The current pipeline is unlike any the metro has faced in at least 30 years, with more than 50,000 units under construction and set to deliver over the next few years. Development is concentrated on the periphery of Manhattan, in emerging submarkets in Brooklyn and Queens, and sections of New Jersey with strong transit options.

Long Island City is the centerpiece of the supply wave, with more than 4,500 units under construction. Three- quarters of these apartments are concentrated within a half-mile radius of the Queensboro Plaza station, which offers a 15-minute commute to Midtown, a 20-minute commute to the new 7 line terminus at Hudson Yards, and a 25-minute commute to Lower Manhattan. Given the velocity of office leasing at Hudson Yards, Long Island City's ease of access to the Far West Side and relatively affordable rents should help support demand at forthcoming deliveries.

Development has also spread to many parts of New Jersey in this cycle. The Jersey City Waterfront is benefiting from peak rents in Manhattan and TAMI relocations south of Chambers Street. TAMI expansions/relocations in Lower Manhattan also bode well for the area, which offers a 10–30-minute commute to Lower Manhattan via the PATH train. Not surprisingly, recent developments like 90 Columbus in Jersey City are mere steps from public transit.

Construction is also picking up in more inland parts of New Jersey. The Jersey City/Journal Square Submarket leads the metro in underway construction as a percentage of existing inventory. The KRE Group's Journal Squared in Downtown Jersey City is one of the most prominent developments. The first building, consisting of 538 units, is open at more than 95% occupancy. Two additional high-rise phases will bring another 1,300 units to the submarket over the next few years. Roughly 4,000 units are also under construction in Greater Hudson County, where development has been clustered around the PATH station in Harrison.

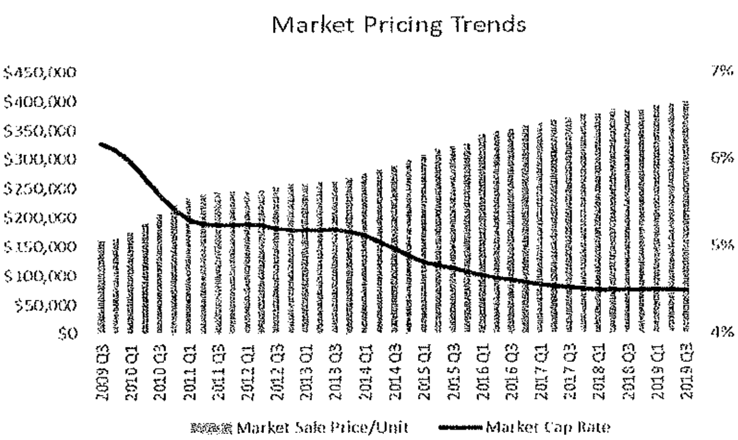
Robust demand will keep developers busy in the near term, but a high-tariff and constricted lending environment could further limit supply growth in the outer years of the forecast. The replacement for 421-a, "Affordable New York," passed its final steps of the legislative process in April 2017. Although very similar to 421-a, the controversial new bill increases the minimum wages for construction workers, provides more flexibility, and altered the application process. Construction timelines have increased in recent years, with the average project taking about two to three months longer to complete compared with three years ago.

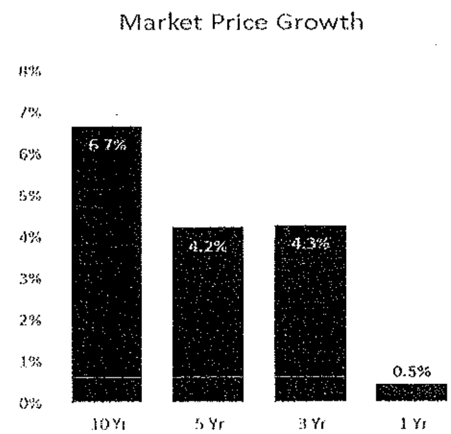



*Source: CoStar*

## Sales

Investment is on pace to decline from last year, with about $6 billion exchanged in the first three quarters of 2019. After Class A & B sales volume reached a cyclical peak in 2018, fewer high-end assets have traded this year. The recently passed Tenant Protection Act should stifle interest in value-add plays for lower-rated assets too. Prices continue to rise, however, and have increased by about 35% compared with five years ago. Market cap rates are trending around 4.5% for the third consecutive year. The new Tenant Protection Act, passed in early June, is expected to dampen liquidity in the market. The controversial legislation will almost certainly lead to a reduction in value-add plays for assets with stabilized units in their mix. Landlords will now face significant hurdles in order to destabilize units and the investment market is already feeling the effects. In one example, cited in a June Wall Street Journal article, the asking price on an East Village property was slashed by 17% after the legislation passed. The listing brokers had been advertising the opportunity to double the building's monthly rental income through destabilization, but that is no longer a realistic goal. Although average cap rates are typically the lowest in Manhattan, they are also getting squeezed in New Jersey and the outer boroughs. In May 2018, Equity Residential picked up The Rivington, a 240-unit asset in Hoboken, for $146 million at a 4.2% cap rate. Just four years prior, the seller, J.P. Morgan Asset Management purchased the same property for $125.5 million.



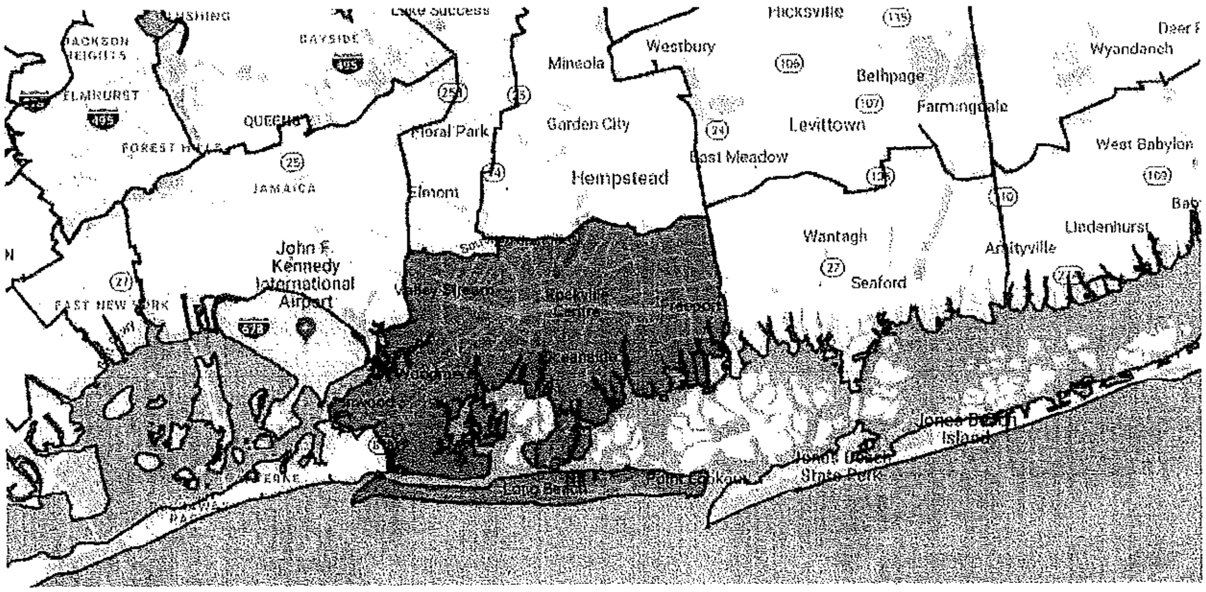

*Source: CoStar*

## Conclusion

Fundamentals are red-hot in the New York apartment market. Vacancies are at a cyclical low, despite the delivery of more than 60,000 units since the start of 2016. Inventories have rapidly expanded in several submarkets in Brooklyn, Queens, and New Jersey. New projects have been met with outstanding demand and development will be maintaining its busy pace in the near term. After approaching 3% last year, rent growth is on pace for another excellent year. Developers are out in full force. The current pipeline is unlike any the metro has faced in at least 30 years, with more than 50,000 units under construction and set to deliver over the next few years. Development is concentrated on the periphery of Manhattan, in emerging submarkets in Brooklyn and Queens, and sections of New Jersey with strong transit options. Overall, the market is in a strong position for future growth; however, a slowdown in the economy could slow demand down

# Southwestern Nassau Multifamily Market Analysis

The following is excerpt from the CoStar 2019 Q3 Southwestern Nassau Submarket Report.




*Source: CoStar*

## Overview

Southwestern Nassau is typical of many Long Island submarkets in that it has attracted modest, but steady demand in this cycle. The submarket ranked near the top of the metro in net absorption over the last year and offers several transit options and a relatively close location to New York City. This is still Long Island, however, and Nassau County's 80% homeownership rate shows that residents moving here are still mostly looking to buy.

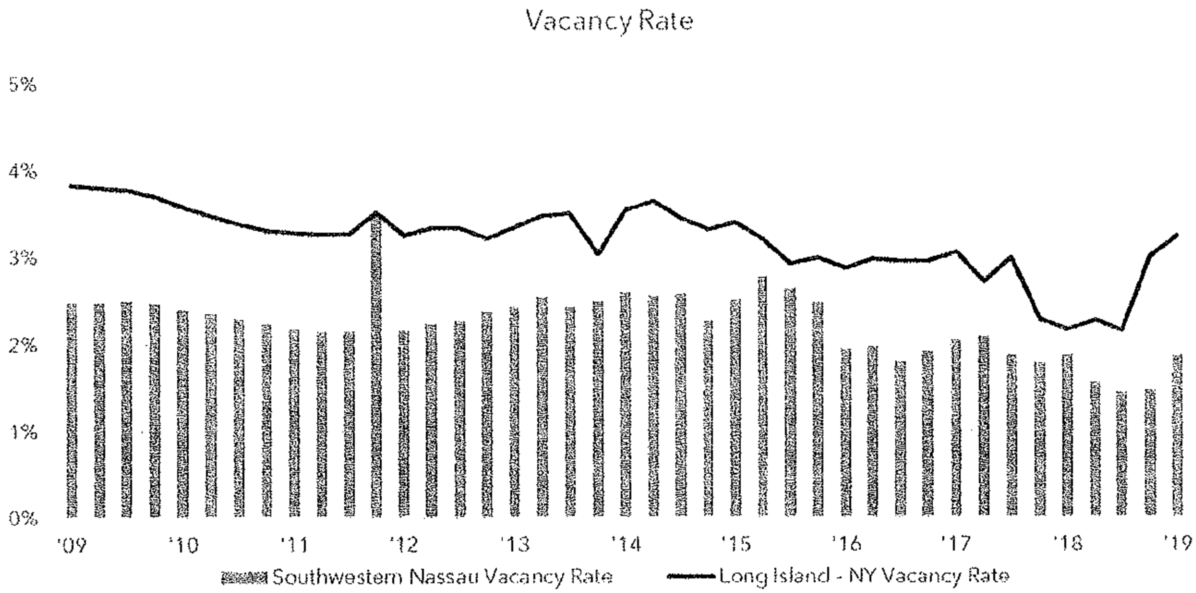
| | Southwestern Nassau | YoY Trend | Long Island - NY | YoY Trend |
|---|---|---|---|---|
| Market Effective Rent | $2,355 | Increase | $2,271 | Increase |
| Vacancy Rate | 1.88% | Increase | 3.24% | Increase |
| Market Sale Price | $262,933 | Increase | $297,650 | Increase |
| Market Cap Rate | 4.94% | Decrease | 4.86% | Decrease |

*Source: CoStar*

## Vacancy

Vacancies are at a record low in 19Q4, as limited supply additions and steady demand have boosted occupancies. As of 2019 Q3, the vacancy rate is 1.88%, which increased over the quarter; however, fewer than 300 new units have opened in this cycle and occupancies exceed 98%. The submarket did take on one of its largest deliveries in 2019, and vacancy compression didn't skip a beat. Waterview Land Development's 86-unit project called The Channel Club opened in Island Park in July. As of 19Q4, the property was 99% occupied.

Net absorption is typically solid, but unspectacular, in this primarily single-family residential submarket. The homeownership rate in Nassau County is about 80%, which far exceeds the national average of about 64%. Demand is spreading to gentrifying neighborhoods in Brooklyn and Queens, and will likely continue to spread to these areas, before renters move to Long Island en masse. Like much of the metro, the medical industry is a major driver of employment. Chem Rx Corporation is headquartered in Long Beach. AdvantageCare Physicians, Sunrise Medical, and All Metro Health Care also have large presences here.

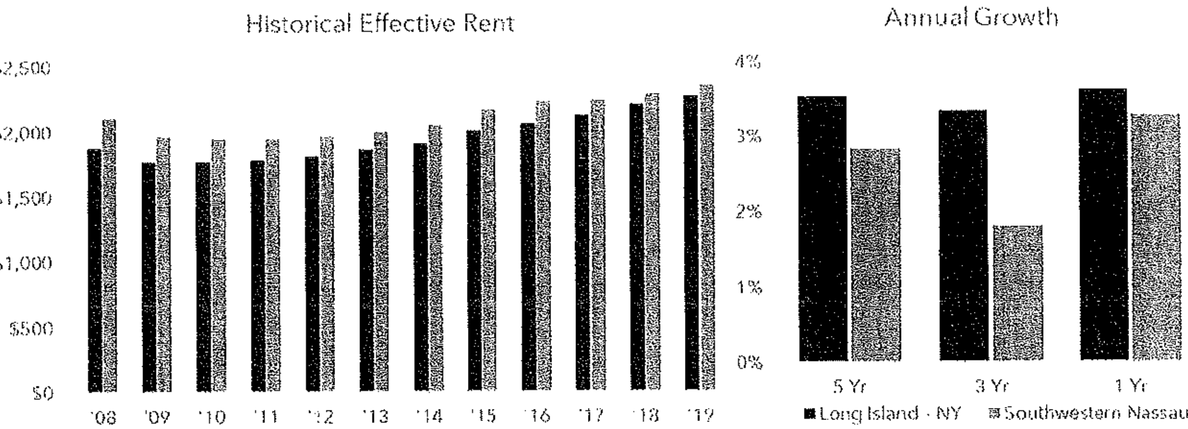



*Source: CoStar*

## Rent

Rent growth has accelerated over the last couple of years. After 2.5% growth was recorded in 2018, the submarket is on pace for increased rent growth. At $2,355, market rents within the submarket have increased year-over-year by 3.29%, while market rents have increased 3.64% during the same time period for the macro market. Going back ten years, rent growth has averaged 1.74% per annum compared to 1.48% for the macro market. Looking forward, the market rent/SF is expected to decrease at an annual rate of -.07% over the next five years for the Southwestern Nassau submarket.

Most growth in 2019 has been recorded in Class C units, however, Class A & B rents have moved at a crawl. Southwestern Nassau rents rank about the middle of the metro, at about $2,400/month. Nassau county rents as a whole are more expensive compared to its Suffolk county neighbors because of proximity to Manhattan and more abundant transit options. However, Southwestern Nassau rents trail those of more northerly Nassau County submarkets, which are at the top of the metro.



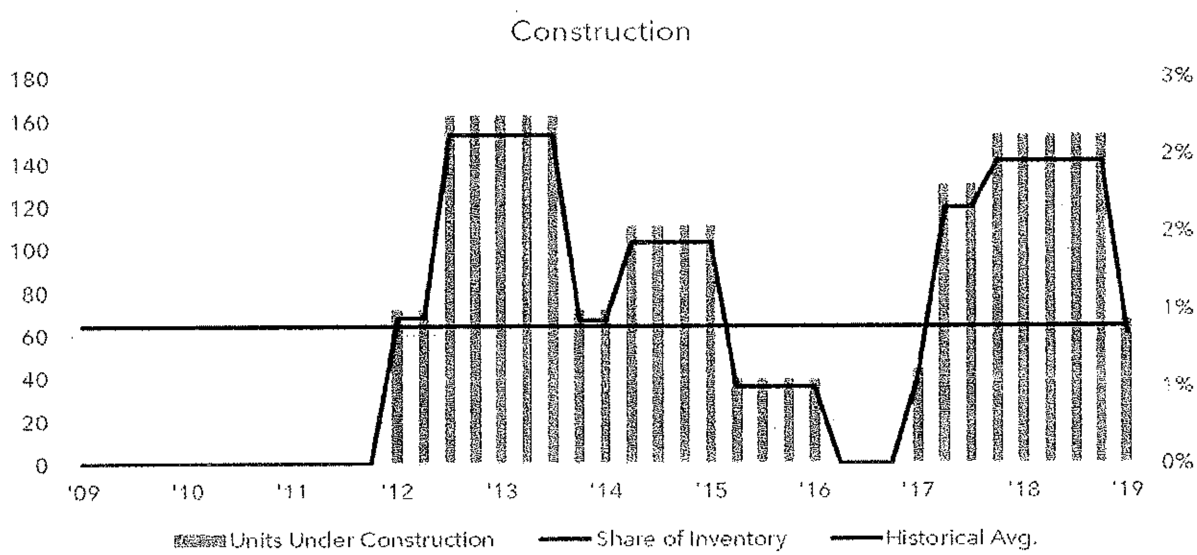

*Source: CoStar*

## Construction

Southwestern Nassau is the second-largest submarket in the metro, but deliveries have been few and far between in this cycle. Fewer than 300 units have opened since 2010, expanding the inventory by less than 5%. Roughly half of the inventory is rated Class D and below.

A difficult approval process constrains new construction throughout Nassau County, especially in the Southwestern Nassau Submarket. Central Nassau, with higher population density and some of Long Island's most concentrated urban areas, is more receptive to apartment construction. As a result, new supply is less prevalent in this submarket. Local citizen groups often oppose projects that may be socially disruptive, and the development process is complicated by the 126 zoning and building districts in Nassau County.

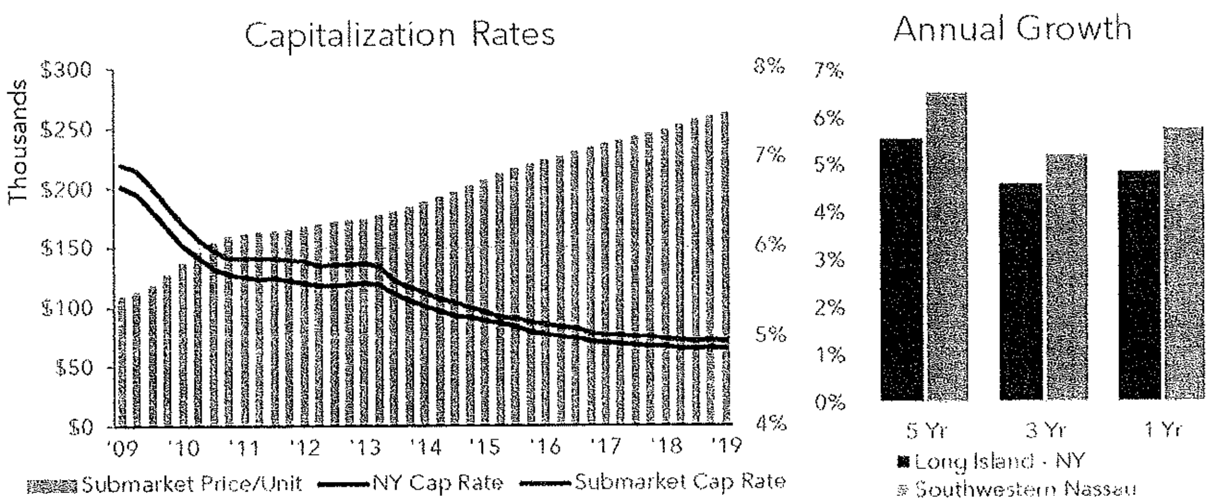
Few deliveries have occurred in this cycle, but one notable project has opened in 2019. The Channel Club, an 86- unit property located on the waterfront in Island Park, opened in July. The development consists of 54 two-bedroom units and 32 one-bedroom units and was well received. By 19Q4, the community was 99% occupied.



## Sales

Multifamily transactions have been practically nonexistent in 2019. The relative lack of institutional assets keeps investors from paying too much attention to the area. Furthermore, pessimistic job and population growth prospects limit the appeal of value-add plays. Just one transaction, a $1.2 million deal for a 6-unit property has been recorded. A few deals have come for 4-unit assets, but those are not included in CoStar's multifamily analytics data.

Although high-volume investment is rare here, last year proved to be an outlier, with more than $70 million exchanged. The largest sale was recorded in 18Q3, when Goldman Sachs acquired the Class B, 90-unit Hawthorne Apartments for $39.8 million ($444,000/unit). The property is one of the newest communities in the submarket, having opened in 2014. The Hawthorne Apartments are located a half-mile from the Valley Stream LIRR station.




*Source: CoStar*

## Conclusion

Limited supply additions have kept occupancies in check, and fewer than 300 units have opened in this cycle. As of 19Q3, vacancies were at a record low, and they will face little pressure from the supply pipeline in the near term, with fewer than 100 units under construction. Tight occupancies have spurred rent growth, which is on pace to top 2.5% for the second consecutive year in 2019. Sales have dried up, however, with less than $2 million traded. Overall, the submarket is in a good position for future growth.

## SECTION VI – Luxury Rentals Reference

## DATA UP TO 2019

**This is a review of 10 luxury (high-end) apartment communities in the marketplace.**

All are located in Nassau County.

**Projects were selected based on their base monthly rent, for a 12-month lease.**

The ten selected communities include some of the highest rents in the surrounding market. Monthly rents at these projects start at close to $2,500 and top out at more than $5,000.

The properties include:

| | | |
|---|---|---|
| Avalon Westbury | 1299 Corporate Drive | Westbury |
| Avalon Garden City | 988 Stewart Avenue | Garden City |
| The Vanderbilt | 990 Corporate Drive | Westbury |
| Metro 303 | 303 Main Street | Hempstead |
| One Third Avenue Apartments | 1 3rd Avenue | Mineola |
| The Allure Mineola (formerly the Modera) | 140 Old Country Road | Mineola |
| The Horizon at Roslyn | 61 Bryant Avenue | Roslyn |
| Avalon at Rockville Centre | 100 Banks Avenue | Rockville |
| Avalon Great Neck | 240 E. Shore Drive | Great Neck |
| Maestro Long Island | 255 Great Neck Road | Great Neck |

Note: The Horizon at Rosyln is the only age restricted community, 55 plus. The others have no age restrictions.

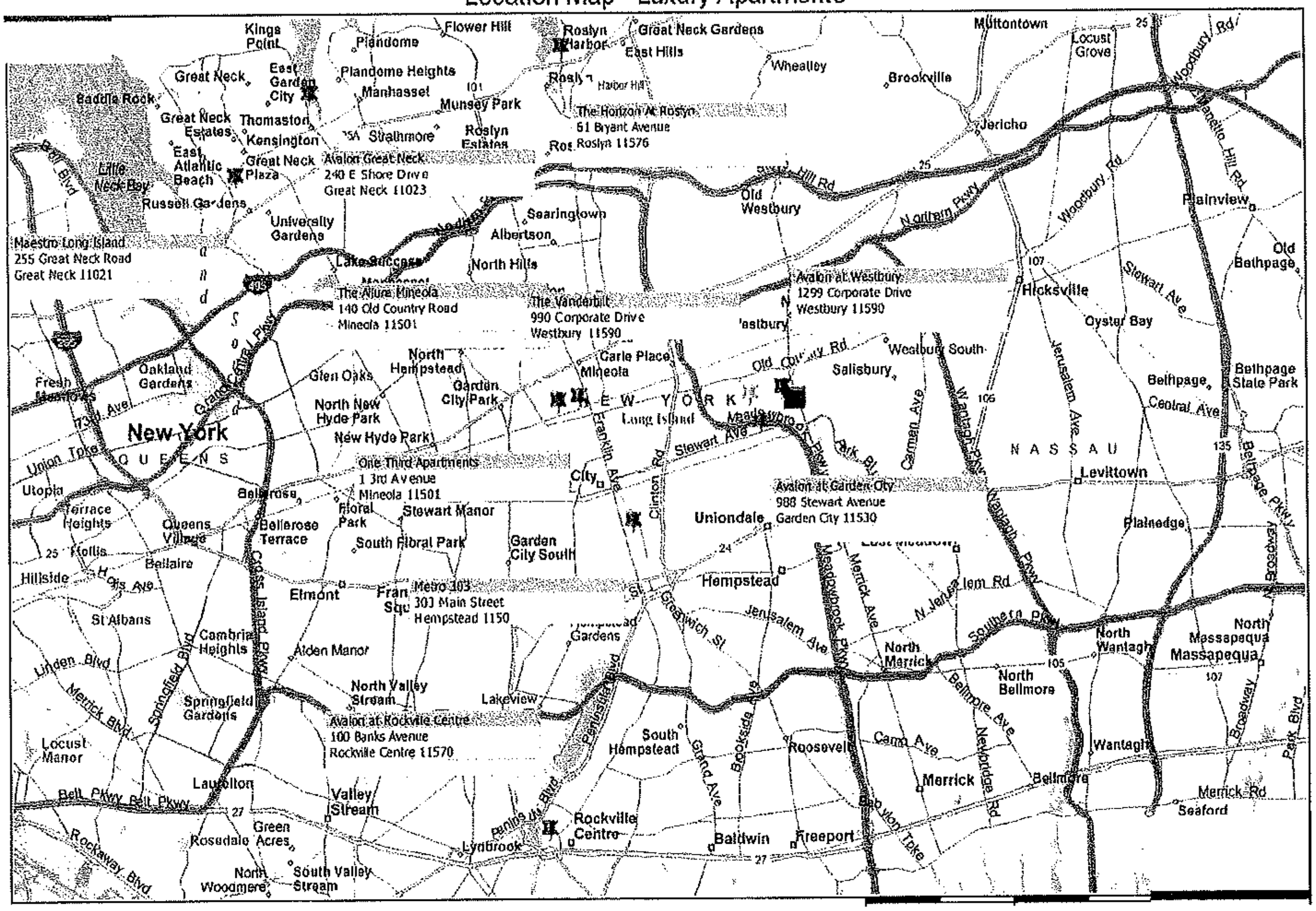
Combined, the ten high end communities include roughly 2,200 rental units.

Two of the properties have less than 100 units: The Horizon at Rosyln and Maestro Long Island. Three have more than 300 units: Avalon Westbury, One Third Avenue Apartments and Avalon at Rockville Center.

The remaining five have between 166 and 274 units.

Most of the properties are elevator buildings with either five or six stories.
This group includes half of the properties. Four offer three-story buildings and one project includes 12 stories (One Third Apartments).

Location Map - Luxury Apartments




Parking varies by massing. Those properties with three stories include satellites garages, attached garages and surface parking. Those properties with five and more stories include attached garages and surface parking.

Parking rates are wide ranging, included in the base rents at some locations and up to $200 per month for a private garage and $100 for a multi- stall garage attached to a building.

**Three of the properties were developed in the last few years.**

The newest community, completed in 2018, is the Vanderbilt.

The Vanderbilt has 195 units, which includes the manager's suite and hotel suites. The project required roughly 15 months to fully lease. 90% of the units were lease during the first 12 months.

The other two properties developed in the last three years are Avalon Great Neck (2017) and One Third Avenue (2016). Initial absorption for these properties is not available. However, both are more than 95% occupied.

**Occupancy rates at all communities are high.**

We estimate that their overall occupancy rate is 97%.

That's based on standing vacant units (available for immediate occupancy). If units in transition (leased but not occupied) are also included, the overall occupancy rate is closer to 95%.

Here are the standing occupancy rates for the inventory:

| | |
|---|---|
| Avalon Westbury | 97.5% |
| Avalon Garden City | 98.2% |
| The Vanderbilt | 100.0 |
| Metro 303 | 97.0% |
| One Third Avenue Apartments | 97.5% |
| The Allure Mineola | 97.1% |
| The Horizon at Roslyn | 98.0% |
| Avalon at Rockville Centre | 95.4% |
| Avalon Great Neck | 95.3% |
| Maestro Long Island | 98.9% |

High occupancy rates, of course, reflect potential market depth for high- end units. They also reflect the overall high occupancy rates in the market.

**Monthly and per square foot rents among the properties surveyed cover a relatively broad range.**

Although the overall focus is high end, projects with monthly rents from $2,500 to more than $5,000, there are differences in rents, stemming from location, age of property and unit sizes.

In general, rents among the newer projects are typically 5% to 10% higher than established comparable properties. Premium locations, including waterside and village dominated, can also support significantly higher rents.

In the following points, a closer look is provided.

**Studio units – We identified three properties that offer studio**

- Metro 303
- Avalon Rockville Center
- Avalon Great Neck.

The average monthly rent for a studio unit is $2,265. The median is $2,144, indicating a relatively narrow rent range among the properties. Monthly rents range from $2,125 to $2,525.

Studio units average 533 square feet. They range in size from 485 to 623 square feet. The average per square foot rent is $4.32.

As indicated, monthly rents are for 12-month leases. Rents for short-term leases are much higher, in some cases as much as double the base 12-month rent. Leases of as little as two months are available at selected locations.

**One-bedroom units - All projects offer one-bedroom units.**

Most properties have at least two or three different one-bedroom floor plans, distinguished by size more than design.

One-bedroom pricing varies within a property by both unit size and location within the community (i.e. a corner unit or a unit on an upper floor). They are also varied by the presence or absence of a balcony or patio.

The number and importance of one-bedroom units varies by project, from 25% to more than 40% of total units.

The average rent for a one-bedroom one-bath unit is $3,197.

The average unit size is 819 square feet and the average per square foot rent is $3.93. The median monthly rent is $3,169 and the median per square foot rent is $3.88.

The lower median per square foot rent reflects a wide range in unit sizes, from 724 square feet to 970 square feet.

All of the properties include one-bedroom units with rents of more than $3,000. One-bedroom units top out at just over $4,000. Avalon Great Neck has some of the highest monthly rents for one-bedroom units.

One-bedroom monthly rents in the market have been increasing by roughly $100 annually or close to 3%. In 2015, the median one-bedroom in the market was $2,821.

note: These are base rents. They do not include premiums.

They allow for differences in location within the property. However, they do not allow for parking or pets.

Parking can add $100 a month for a garaged parking space to $200 a month for a private garage. Pet rents are $50 per month per pet (maximum of two pets). There is also a onetime charge of up to $650 per pet.

*Four properties offer one-bedroom unit with a loft or den.*

- Avalon Garden City
- The Vanderbilt
- Metro 303
- The Allure Mineola

The median rent for a one-bedroom with a den or loft is $3,178. The typical unit has 898 square feet and the median per square foot rent is $3.36.

Units range from $2,675 to $3,878 square feet. The Vanderbilt has the most expensive one-bedroom den/loft units.

The Vanderbilt one-bedroom one-bath units also command a lower monthly rent than their one-bedroom unit. The one-bedroom den/loft leased more quickly than its one bedroom counterpart. Renters took advantage of lower rents during the early stages of lease up. It was the most popular unit that the Vanderbilt offered.

The one-bedroom den/lot unit usually represents 10% to 15% of the overall mix among the properties that we surveyed.

**Two-bedroom units with two baths: All of the properties offer a two-bedroom unit with two baths.**

These units typically account for the majority of the units in a community, up to 50% of the units at a selected project.

Most projects offer four or more floor plans. In addition to size, the two- bedroom floor plans are distinguished by the location of their bedrooms. Most split the bedrooms on either side of the living area to accommodate roommates/a separate office/guest room.

The median rent for a two-bedroom unit with two baths in our inventory is $3,802.

The average square footage is 1,141. The average per square foot rent is $3.31.

The most expensive two-bedroom two-bath units in our survey are at Horizon at Roslyn. Their largest two-bedroom units are from $4,950 to $5,700. These units include 1,300 to 1,750 square feet.

Four other properties have monthly rents for two-bedroom units that top $4,000 per month.

The Vanderbilt - $4,720 average for 1,159 square feet.
One Third Avenue - $4,195.
Avalon Rockville Center - $4,054 for 1,356 square feet.
Avalon Great Neck - $4,435 to $4,485 for 1,194-1,222 square feet.

All of the two-bedroom units at two of these properties are over $4,000: The Vanderbilt and Avalon at Great Neck.

**Three-bedroom units and two-bedroom units with a loft or den: Most properties offer a two-bedroom with den/loft or a three- bedroom unit.**

Avalon Westbury
Avalon Garden City
Metro 303
One Third Avenue
The Allure Mineola
Avalon Great Neck
Maestro Long Island

Most of these communities classify their units as two-bedrooms with a loft or den. The number of true (marketed) three-bedroom units is limited.

Two-bedroom units with a loft/den and three-bedroom units represent between 15% and 35% of the units at the projects we surveyed.

The value added by a loft or den to a two bedroom unit is often limited, to $200 and less. A true three-bedroom units, however, is often more than $700 higher than its two bedroom counterpart. These units are also much larger, often 200 to 400 square feet larger.

**The high-end projects in the market offer a broad range of features, both for the community and individual units.**

Here are the typical community features and their frequencies.

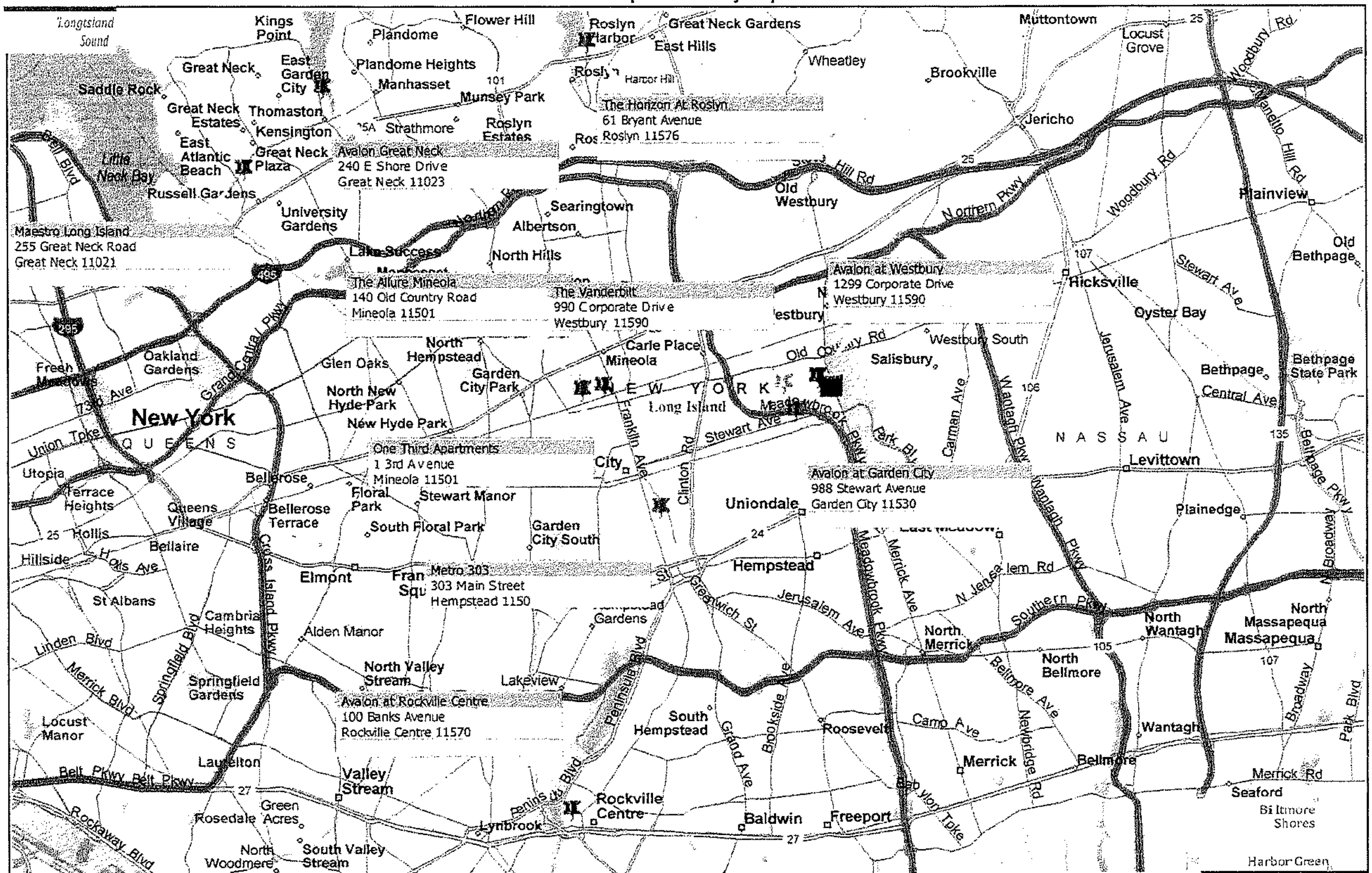
- Gated or controlled access All
- Clubhouse All
- Fitness center All
- Business center All
- Swimming Pool/Spa All
- 24 hour maintenance All
- Media center/theatre Most
- Concierge/doorman Most
- Community area wi/fi Most
- Outdoor kitchen/BBQ Most
- Playground Some

- Raised, 9 or 10 ceilings All
- Special flooring All (tiles and faux hard wood)
- Extensive fenestrations Most
- Walk –in closets Most
- Gourmet kitchen Most
- Formal dining Limited
- Breakfast bar Most
- Kitchen Island Some
- Granite counter tops Some
- High quality cabinets All
- Office/study alcove Some
- Full size W/D provided All
- Additional storage Most
- Fireplaces Limited
- Balconies, patios and decks Most

SELECTED HIGH END APARTMENT
COMMUNITIES LOCATED WITHIN NASSAU
COUNTY, NEW YORK JANUARY 2019

| Name | Location | Municipality | Zip Code | Units | Year Built | Massing |
|---|---|---|---|---|---|---|
| Avalon Westbury | 1299 Corporate Drive | Westbury | 11590 | 395 | 2004 | Three-story |
| Avalon Garden City | 988 Stewart Avenue | Garden City | 11530 | 204 | 2012 | Three-story with townhomes |
| The Vanderbilt | 990 Corporate Drive | Westbury | 11590 | 178 | 2018 | Five-story |
| Metro 303 | 303 Main Street | Hempstead | 11550 | 166 | 2012 | Five-story |
| One Third Avenue Apartments | 1 3rd Avenue | Mineola | 11501 | 315 | 2016 | 12 Stories |
| The Allure Mineola (formerly the Modera) | 140 Old Country Road | Mineola | 11501 | 275 | 2014-15 | Six-story |
| The Horizon at Roslyn | 61 Bryant Avenue | Roslyn | 11576 | 49 | 2007 | Three story |
| Avalon at Rockville Centre | 100 Banks Avenue | Rockville Centre | 11570 | 349 | 1973 | Three-story |
| Avalon Great Neck | 240 E. Shore Drive | Great Neck | 11023 | 191 | 2017 | Six-story |
| Maestro Long Island | 255 Great Neck Road | Great Neck | 11021 | 94 | 2012 | Six-story |

# Location Map - Luxury Apartments

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ONE-BEDROOM UNITS SUMMARY OF RENTS AND SQUARE FEET SELECTED HIGH END APARTMENT COMMUNITIES
JANUARY 2019

| Project | Rent | Sq. Ft | PSF |
|---|---|---|---|
| Avalon Westbury | $2,797 | 765 | $3.66 |
| Avalon Westbury | $2,967 | 765 | $3.88 |
| Avalon Garden City | $3,040 | 786 | $3.87 |
| Avalon Garden City | $3,160 | 898 | $3.52 |
| The Vanderbilt | $3,992 | 962 | $4.15 |
| Metro 303 | $3,576 | 762 | $4.69 |
| Metro 303 | $3,678 | 781 | $4.71 |
| Metro 303 | $2,676 | 735 | $3.64 |
| Metro 303 | $2,660 | 966 | $2.75 |
| Metro 303 | $2,662 | 970 | $2.74 |
| One Third Avenue | $3,050 | 750 | $4.07 |
| One Third Avenue | $3,095 | 830 | $3.73 |
| One Third Avenue | $3,195 | 750 | $4.26 |
| One Third Avenue | $3,495 | 940 | $3.72 |
| The Allure Mineola | $3,139 | 752 | $4.17 |
| The Allure Mineola | $3,179 | 759 | $4.19 |
| The Allure Mineola | $3,428 | 932 | $3.68 |
| The Allure Mineola | $3,178 | 753 | $4.22 |
| Avalon Rockville Centre | $2,720 | 770 | $3.53 |
| Avalon Rockville Centre | $2,850 | 767 | $3.72 |
| Avalon Rockville Centre | $3,010 | 810 | $3.72 |
| Avalon Great Neck | $3,410 | 724 | $4.71 |
| Avalon Great Neck | $3,485 | 815 | $4.28 |
| Avalon Great Neck | $4,090 | 889 | $4.60 |
| Maestro | $3,195 | 825 | $3.87 |
| Maestro | $3,395 | 825 | $4.12 |
| Median | $3,169 | 784 | $3.88 |
| Average | $3,197 | 819 | $3.93 |
| Range | | | |
| Low | $2,660 | 724 | $2.74 |
| High | $4,090 | 970 | $4.71 |

ONE-BEDROOM UNITS SUMMARY OF RENTS AND SQUARE FEET SELECTED HIGH END APARTMENT COMMUNITIES
2015

| Project | Rent | Sq. Ft | PSF |
|---|---|---|---|
| Avalon Westbury | $2,409 | 765 | $3.15 |
| Avalon Westbury | $2,429 | 765 | $3.18 |
| Avalon Garden City | $2,650 | 786 | $3.37 |
| Avalon Garden City | $2,700 | 898 | $3.01 |
| Modera Mineola (now the Allure) | $2,442 | 586 | $4.17 |
| Modera Mineola (now the Allure) | $2,472 | 604 | $4.09 |
| Modera Mineola (now the Allure) | $2,682 | 665 | $4.03 |
| Modera Mineola (now the Allure) | $2,852 | 703 | $4.06 |
| Modera Mineola (now the Allure) | $2,688 | 712 | $3.78 |
| Modera Mineola (now the Allure) | $2,979 | 712 | $4.18 |
| Modera Mineola (now the Allure) | $2,842 | 759 | $3.74 |
| Modera Mineola (now the Allure) | $2,979 | 790 | $3.77 |
| Modera Mineola (now the Allure) | $2,952 | 868 | $3.40 |
| Modera Mineola (now the Allure) | $3,099 | 812 | $3.82 |
| Modera Mineola (now the Allure) | $3,149 | 824 | $3.82 |
| Avalon Rockville Centre | $2,390 | 783 | $3.05 |
| Avalon Rockville Centre | $2,570 | 783 | $3.28 |
| Avalon Rockville Centre | $2,625 | 854 | $3.07 |
| Avalon Rockville Centre | $2,625 | 870 | $3.02 |
| Avalon Long Beach | $2,873 | 868 | $3.31 |
| Avalon Long Beach | $3,023 | 956 | $3.16 |
| Avalon Long Beach | $3,673 | 1,069 | $3.44 |
| Meastro | $3,200 | 750 | $4.27 |
| Meastro | $3,495 | 850 | $4.11 |
| The Horizon at Roslyn (55 plus) | $2,800 | 900 | $3.11 |
| The Horizon at Roslyn (55 plus) | $2,975 | 900 | $3.31 |
| Median | $2,821 | 788 | $3.42 |
| Average | $2,830 | 801 | $3.57 |
| Range | | | |
| Low | $2,409 | 586 | $3.01 |
| High | $3,673 | 1,069 | $4.27 |

ONE-BEDROOM PLUS LOFT OR DEN SUMMARY
OF RENTS AND SQUARE FEET SELECTED HIGH
END APARTMENT COMMUNITIES
JANUARY 2019

| Project | Rent | | Sq. Ft | PSF |
|---|---|---|---|---|
| Avalon Garden City | $3,265 | L | 1,042 | $3.13 |
| The Vanderbilt | $3,878 | D | 1,054 | $3.68 |
| Metro 303 | $2,852 | L | 848 | $3.36 |
| Metro 303 | $2,715 | L | 898 | $3.02 |
| Metro 303 | $2,675 | L | 909 | $2.94 |
| The Allure Mineola | $3,178 | L | 752 | $4.23 |
| The Allure Mineola | $3,428 | D | 832 | $4.12 |
| Median | $3,178 | | 898 | $3.36 |
| Average | $3,142 | | 905 | $3.50 |
| Range | | | | |
| Low | $2,675 | | 752 | $2.94 |
| High | $3,878 | | 1,054 | $4.23 |

D - Den
L - Loft

ONE-BEDROOM PLUS LOFT OR DEN
SUMMARY OF RENTS AND SQUARE
FEET
SELECTED HIGH END APARTMENT COMMUNITIES

| Project | Rent | | Sq. Ft | PSF |
|---|---|---|---|---|
| Modera Mineola (now the Allure) | $3,354 | D | 861 | $3.90 |
| Modera Mineola (now the Allure) | $3,149 | D | 811 | $3.88 |
| Modera Mineola (now the Allure) | $3,452 | L | 872 | $3.96 |
| Modera Mineola (now the Allure) | $3,224 | L | 879 | $3.67 |
| Modera Mineola (now the Allure) | $3,453 | D | 890 | $3.88 |
| Modera Mineola (now the Allure) | $3,241 | D | 898 | $3.61 |
| Modera Mineola (now the Allure) | $3,154 | D | 953 | $3.31 |
| Modera Mineola (now the Allure) | $3,349 | L | 978 | $3.44 |
| Modera Mineola (now the Allure) | $3,553 | L | 997 | $3.56 |
| Modera Mineola (now the Allure) | $3,379 | L | 1,010 | $3.25 |
| Modera Mineola (now the Allure) | $3,379 | L | 1,046 | $3.23 |
| Modera Mineola (now the Allure) | $3,558 | L | 1,097 | $3.03 |
| Median | $3,367 | | 926 | $3.59 |
| Average | $3,354 | | 941 | $3.56 |
| Range | | | | |
| Low | $3,149 | | 811 | $3.96 |
| High | $3,553 | | 1,116 | $3.06 |

D - Den
L - Loft

TWO-BEDROOM UNITS SUMMARY OF RENTS AND SQUARE FEET SELECTED HIGH END APARTMENT COMMUNITIES
JANUARY 2019

| Project | Rent | Sq. Ft | PSF |
|---|---|---|---|
| Avalon Westbury | $3,296 | 1,098 | $3.00 |
| Avalon Westbury | $3,497 | 1,098 | $3.18 |
| Avalon Westbury | $3,700 | 1,176 | $3.15 |
| Avalon Garden City | $3,461 | 1,116 | $3.10 |
| Avalon Garden City | $3,626 | 1,116 | $3.25 |
| **The Vanderbilt** | $4,720 | 1,159 | $4.07 |
| Metro 303 | $2,784 | 1,076 | $2.59 |
| Metro 303 | $2,918 | 1,106 | $2.64 |
| Metro 303 | $2,688 | 1,112 | $2.42 |
| Metro 303 | $2,715 | 1,139 | $2.38 |
| The Allure Mineola | $3,802 | 1,094 | $3.48 |
| The Allure Mineola | $3,977 | 1,157 | $3.44 |
| The Allure Mineola | $3,782 | 1,011 | $3.74 |
| The Allure Mineola | $3,842 | 1,179 | $3.26 |
| The Allure Mineola | $3,906 | 1,124 | $3.48 |
| The Allure Mineola | $3,802 | 1,051 | $3.62 |
| The Allure Mineola | $3,879 | 1,142 | $3.40 |
| The Horizon at Roslyn (55 plus) | $5,200 | 1,300 | $4.00 |
| The Horizon at Roslyn (55 plus) | $5,700 | 1,300 | $4.38 |
| The Horizon at Roslyn (55 plus) | $4,950 | 1,300 | $3.81 |
| Avalon Rockville Centre | $3,395 | 1,132 | $3.00 |
| Avalon Rockville Centre | $3,615 | 1,132 | $3.19 |
| Avalon Rockville Centre | $3,696 | 1,163 | $3.18 |
| Avalon Rockville Centre | $3,957 | 1,163 | $3.40 |
| Avalon Rockville Centre | $3,939 | 1,283 | $3.07 |
| Avalon Rockville Centre | $4,054 | 1,356 | $2.99 |
| Avalon Great Neck | $4,435 | 1,194 | $3.71 |
| Avalon Great Neck | $4,435 | 1,222 | $3.63 |
| Avalon Great Neck | $4,485 | 1,222 | $3.67 |
| Maestro | $3,695 | 1,100 | $3.36 |
| Median | $3,802 | 1,141 | $3.31 |
| Average | $3,865 | 1,161 | $3.32 |
| Range | | | |
| Low | $2,688 | 1,011 | $2.38 |
| High | $5,700 | 1,356 | $4.38 |

TWO-BEDROOM UNITS SUMMARY OF RENTS AND SQUARE FEET SELECTED HIGH END APARTMENT COMMUNITIES

| Project | Rent | Sq. Ft | PSF |
|---|---|---|---|
| Avalon Westbury | $2,910 | 1,098 | $2.65 |
| Avalon Westbury | $2,976 | 1,098 | $2.71 |
| Avalon Westbury | $3,325 | 1,176 | $2.83 |
| Avalon Westbury | $3,333 | 1,176 | $2.83 |
| Avalon Westbury | $3,682 | 1,359 | $2.71 |
| Avalon Garden City | $3,130 | 1,116 | $2.80 |
| Avalon Garden City | $3,390 | 1,116 | $3.04 |
| Avalon Garden City | $3,315 | 1,361 | $2.44 |
| Avalon Garden City | $3,405 | 1,378 | $2.47 |
| Avalon Garden City | $3,465 | 1,114 | $3.11 |
| Modera Mineola (now the Allure) | $3,744 | 981 | $3.82 |
| Modera Mineola (now the Allure) | $3,831 | 1,011 | $3.79 |
| Modera Mineola (now the Allure) | $3,768 | 1,016 | $3.71 |
| Modera Mineola (now the Allure) | $3,862 | 1,051 | $3.67 |
| Modera Mineola (now the Allure) | $3,956 | 1,074 | $3.68 |
| Modera Mineola (now the Allure) | $3,813 | 1,124 | $3.39 |
| Modera Mineola (now the Allure) | $3,929 | 1,134 | $3.46 |
| Modera Mineola (now the Allure) | $3,888 | 1,149 | $3.38 |
| Modera Mineola (now the Allure) | $3,935 | 1,156 | $3.40 |
| Modera Mineola (now the Allure) | $3,918 | 1,157 | $3.39 |
| Modera Mineola (now the Allure) | $4,033 | 1,168 | $3.45 |
| Modera Mineola (now the Allure) | $4,044 | 1,168 | $3.46 |
| Modera Mineola (now the Allure) | $3,893 | 1,179 | $3.30 |
| Avalon Rockville Centre | $3,210 | 1,240 | $2.59 |
| Avalon Rockville Centre | $3,425 | 1,240 | $2.76 |
| Avalon Rockville Centre | $3,260 | 1,283 | $2.54 |
| Avalon Rockville Centre | $3,460 | 1,312 | $2.64 |
| Avalon Rockville Centre | $3,755 | 1,397 | $2.69 |
| Avalon Long Beach | $3,805 | 1,227 | $3.10 |
| Avalon Long Beach | $3,895 | 1,227 | $3.17 |
| Avalon Long Beach | $4,005 | 1,386 | $2.89 |
| Avalon Long Beach | $4,010 | 1,446 | $2.77 |
| Meastro | $3,750 | 1,250 | $3.00 |
| The Horizon at Roslyn (55 plus) | $4,200 | 1,200 | $3.50 |
| The Horizon at Roslyn (55 plus) | $4,700 | 1,200 | $3.92 |
| The Horizon at Roslyn (55 plus) | $5,500 | 1,750 | $3.14 |
| The Horizon at Roslyn (55 plus) | $5,900 | 1,750 | $3.37 |
| Median | $3,805 | 1,176 | $3.11 |
| Average | $3,795 | 1,223 | $3.12 |
| Range | | | |
| Low | $2,910 | 981 | $2.59 |
| High | $5,900 | 1,750 | $3.82 |

TWO-BEDROOM DENS/LOFTS AND THREE-BEDROOM
UNITS SUMMARY OF RENTS AND SQUARE FEET
SELECTED HIGH END APARTMENT COMMUNITIES
JANUARY 2019

| Project | Rent | | Sq. Ft | PSF |
|---|---|---|---|---|
| Avalon Westbury | $4,000 | L | 1,359 | $2.94 |
| Avalon Westbury | $4,072 | L | 1,359 | $3.00 |
| Avalon Westbury | $4,083 | 3B | 1,382 | $2.95 |
| Avalon Westbury | $4,178 | | 1,382 | $3.02 |
| Avalon Garden City | $3,960 | L | 1,300 | $3.05 |
| Avalon Garden City | $4,075 | L | 1,378 | $2.96 |
| Avalon Garden City | $4,650 | TH | 1,930 | $2.41 |
| The Vanderbilt | $5,189 | D | 1,381 | $3.76 |
| Metro 303 | $2,943 | L | 1,272 | $2.31 |
| Metro 303 | $3,107 | L | 1,334 | $2.33 |
| Metro 303 | $3,055 | D | 1,296 | $2.36 |
| Metro 303 | $3,487 | L | 1,471 | $2.37 |
| Metro 303 | $3,054 | 3B | 1,323 | $2.31 |
| Metro 303 | $2,934 | 3B | 1,370 | $2.14 |
| Metro 303 | $3,283 | 3B | 1,386 | $2.37 |
| Metro 303 | $3,817 | 3B | 1,611 | $2.37 |
| One Third Avenue | $4,495 | 3B | 1,222 | $3.68 |
| The Allure Mineola | $4,036 | L | 1,110 | $3.64 |
| Maestro | $5,495 | 3B | 1,480 | $3.71 |
| Median | $4,036 | | 1,369 | $2.95 |
| Average | $3,900 | | 1,404 | $2.79 |
| Range | | | | |
| Low | $2,934 | | 1,110 | $2.14 |
| High | $5,495 | | 1,930 | $3.76 |

3B - Three bedroom
Du - Duplex
L - Loft

## TWO-BEDROOM DENS/LOFTS AND THREE-BEDROOM UNITS SUMMARY OF RENTS AND SQUARE FEET SELECTED HIGH END APARTMENT COMMUNITIES 2015

| Project | Rent | | Sq. Ft | PSF |
|---|---|---|---|---|
| Avalon Westbury | $3,682 | L | 1,359 | $2.71 |
| Avalon Westbury | $3,803 | 3B | 1,382 | $2.75 |
| Avalon Garden City | $4,390 | 3B | 1,885 | $2.33 |
| Avalon Garden City | $4,550 | 3B | 1,885 | $2.41 |
| Modera Mineola (now the Allure) | $3,943 | L | 1,110 | $3.55 |
| Modera Mineola (now the Allure) | $4,130 | L | 1,215 | $3.40 |
| Modera Mineola (now the Allure) | $4,093 | L | 1,288 | $3.18 |
| Modera Mineola (now the Allure) | $4,267 | L | 1,321 | $3.23 |
| Modera Mineola (now the Allure) | $4,218 | L | 1,328 | $3.18 |
| Modera Mineola (now the Allure) | $4,218 | L | 1,343 | $3.14 |
| Meastro | $5,000 | Du | 1,600 | $3.13 |
| Meastro | $5,500 | Du | 1,600 | $3.44 |
| Median | $4,218 | | 1,351 | $3.16 |
| Average | $4,316 | | 1,443 | $3.04 |
| Range | | | | |
| Low | $3,682 | | 1,110 | $2.43 |
| High | $5,500 | | 1,885 | $3.44 |

3B - Three bedroom
Du - Duplex
L - Loft

AVALON
WESTBURY
1299 CORPORATE DRIVE, WESTBURY,
11590
COMMUNITY AND UNIT
FEATURES - JANUARY 2019

| Category | Comment |
|---|---|
| Year Built | 2004 |
| Units | 395 |
| Occupancy | 98.2% |
| Units/Rent Ranges | |
| Studio | None |
| One-bedroom | $2,797-$2,967 |
| One-bedroom loft/den | None |
| Two-bedroom Two- | $3,296-$3,700 |
| bedroom loft/den | $4,000-$4,072 |
| Three-Bedroom | $4,083-$71,78 |
| Other Fees | |
| Garage | Private: $185 per month |
| Pet | Deposit: $600 Monthly: $50 |
| Storage | $100 per month |

Community and Unit Amenities:

**Apartment Features**

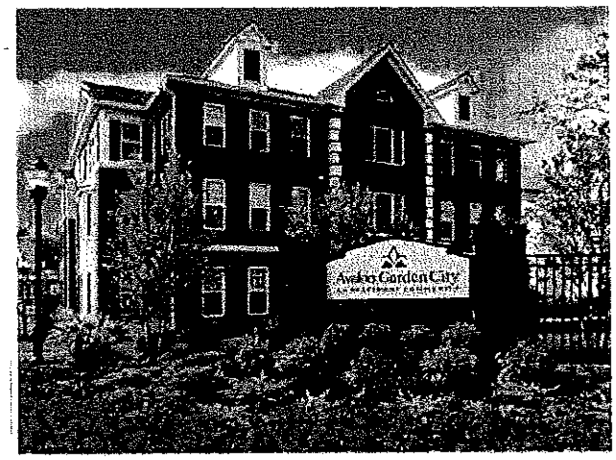
Air Conditioning
Balcony
Cable Ready
Ceiling Fan(s)
Dishwasher
Microwave
Oversized
Closets
Washer & Dryer In Unit
Deck Garbage
Disposal Patio
Refrigerator
Japanese stylebidet
Recessed lighting
9' ceilings
Exposed brick walls

**Community Features**

Accepts Electronic Payments
Business Center
Clubhouse
Emergency Maintenance
Extra Storage - $100 per month
Fitness Center
Gated Access
High Speed Internet Access
Laundry Facility
Playground
Swimming Pool
Controlled
Access Media
Center
On Site Maintenance
Recreation Room

AVALON GARDEN
CITY
988 STEWART AVENUE, GARDEN CITY,
11530
COMMUNITY AND UNIT
FEATURES - JANUARY 2019

| Category | Comment |
|---|---|
| Year Built | 2012 |
| Units | 204 |
| Occupancy | 97.5% |
| Units/Rent Ranges | |
| Studio | None |
| One-bedroom | \$3,040-\$3,160 |
| One-bedroom loft/den | \$3,265 |
| Two-bedroom | \$3,461-\$3,626 |
| Two-bedroom loft/den | \$3,960-\$4,650 |
| Three-Bedroom | na |
| Other Fees | |
| Garage | NA |
| Pet | Deposit: \$650 Monthly: \$50 |
| Storage | NA |




Community and Unit Amenities:

**Apartment Features**

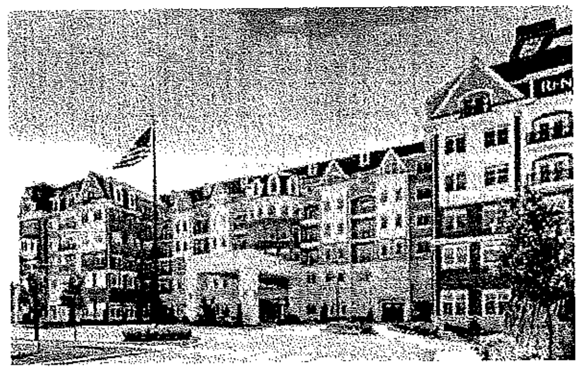
Additional Powder Room
Air Conditioning
Alarm
Balcony Storage
Bay Window
Built In Desk
Carpeted Bedroom(s)
Ceiling Fans
Central air conditioning and ceiling fans
Dishwasher
Double Pane Windows
Double Sinks-Master Bath
Energy-efficient windows
Fireplace
Full Size Washer/Dryer
Gourmet kitchens
Granite Countertops
Hardwood Floors
High Speed Internet Access
Kitchen Island
Loft Layout
Microwave
Pantry
Smoke Free
Walk-In Closets
Washer and dryer in each unit
Wheelchair Accessible (Rooms)
Window Coverings

**Community Features**

Direct access garages in townhomes
Private backyards in select homes
Private balcony or patio
Storage units
Pet Play Area
Property Manager on Site
Recycling
Wi-Fi at Pool and Clubhouse
Cardio Machines
Fitness Center
Pool
Weight Machines
Courtyard View
Detached Garage
Children's play area
Clubhouse with billiards & flat screen TVs
Complimentary package acceptance
2 Car Attached Garage

THE VANDERBILT 990 CORPORATE
DRIVE, WESTBURY 11590
COMMUNITY AND UNIT
FEATURES - JANUARY 2019

| Category | Comment |
|---|---|
| Year Built | 2018 |
| Units | 195 (178 units plus 17 hotel suites) |
| Occupancy | 100% (178 units) |
| Units/Average Rent | |
| Studio | NA |
| One-bedroom | $3,992 |
| One-bedroom loft/den | $3,878 |
| Two-bedroom | $4,720 |
| Two-bedroom loft/den | $5,189 |
| Three-Bedroom | na |
| Other Fees | |
| Garage | Surface an Covered, $100 |
| Pet | Cats and dogs allowed, 25 lb limit<br>Two pet limit |
| On-site storage | Yes |

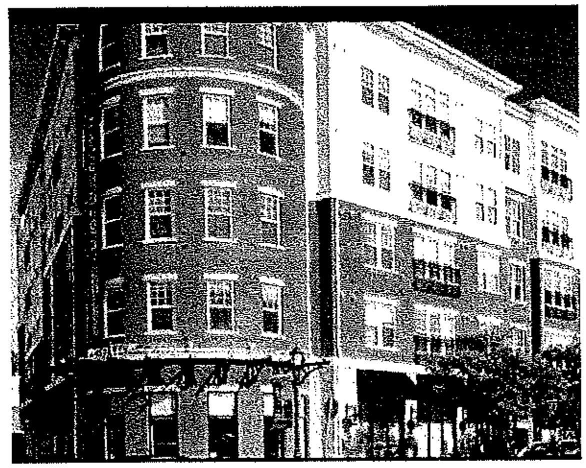


Community and Unit Amenities:

| Apartment Features | Community Features |
|---|---|
| Washer/Dryer en suite | BBQ area outdoor dining |
| Walk-In Closets | Package Service |
| Cable Ready | On-site restaurant |
| Hardwood Floors | Private outdoor pool |
| Granite Countertops | Quick-Grab and Go |
| Kitchen Islands | Library |
| 10 foot ceilings | Fitness Center with cardio machines |
| Balcony | Outdoor Space |
| | Rooftop Lounge |
| | Sundeck Courtyard |
| | Pet Care |
| | On-site hotel suites |
| | Children's playroom |
| | Conference room |

303 MAIN STREET, HEMPSTEAD
11550
COMMUNITY AND UNIT
FEATURES - JANUARY 2019

| Category | Comment |
|---|---|
| Year Built | 2012 |
| Units | 166 |
| Occupancy | 97.0% |
| Units/Rent Ranges | |
| Studio | $2,144 |
| One-bedroom | $2,662-$3,576 |
| One-bedroom loft/den | $2,675-$2,852 |
| Two-bedroom | $2,715-$2,918 |
| Two-bedroom loft/den | $2,943-$3,487 |
| Three-Bedroom | $2,934-$3,817 |
| Other Fees | |
| Garage | $75 to $125 per space |
| Pet | Dogs allowed no aggressive breeds<br>$600 deposit |



| Community and Unit Amenities: | Apartment Features | Community Features |
|---|---|---|
| | Large closets | Elevators |
| | High Speed Internet Access | Gated |
| | Smoke Free | Courtyard |
| | Energy Star Certified | Fitness & Recreation |
| | Washer/Dryer | Fitness Center |
| | Wheelchair Accessible (Rooms) | Pool |
| | Energy-efficient windows | Bike Storage |
| | | Gaming Stations |
| | | Community-Wide WiFi |
| | | Maintenance on site |
| | | Car Charging Station |

ONE THIRD AVENUE APARTMENTS
1 THIRD AVENUE, MINEOLA 11501
COMMUNITY AND UNIT FEATURES
JANUARY 2019

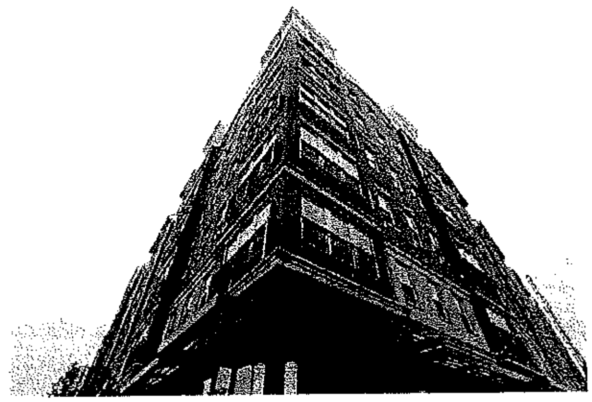
| Category | Comment |
|---|---|
| Year Built | 2016 |
| Units | 315 |
| Occupancy | 97.5% |
| Units/Rent Ranges | |
| Studio | na |
| One-bedroom | $3,050-$3,495 |
| One-bedroom loft/den | na |
| Two-bedroom | $3,895-$4,195 |
| Two-bedroom loft/den | $4,495 |
| Three-Bedroom | $4,995 |
| Other Fees | |
| Garage | Two spaces assigned, first space free Pet |
| Storage | NA |

Community and Unit Amenities:

| Apartment Features | |
|---|---|
| High Speed Internet Access | Elevator |
| Washer/Dryer | Clubhouse |
| Cable Ready | Lounge |
| Trash Compactor | Disposal Chutes |
| Double Vanities | Outdoor Space |
| Tub/Shower | Rooftop Lounge |
| Surround Sound | Sundeck |
| Intercom | Balcony |
| Sprinkler System | Barbecue Area |
| Wheelchair Accessible (Rooms) | Barbecue/Grill |
| Stainless Steel Appliances | Garden |
| Island Kitchen | Fitness & Recreation |
| Kitchen | Fitness Center |
| Microwave | Cardio Machines |
| Oven | Free Weights |
| Range | Weight Machines |
| Refrigerator | Sauna |
| Freezer | Pool |
| Living Space | Bike Storage |
| Hardwood Floors | Doorman |
| Dining Room | Concierge |
| Den | Security |
| Views | Package Service |
| Skylight | |
| Walk-In Closets | |
| Double Pane Windows | |
| Window Coverings | |

THE ALLURE MINEOLA (FORMERLY THE MODERA)
140 OLD COUNTRY ROAD, MINEOLA, 11501
COMMUNITY AND UNIT FEATURES
JAMUARY 2018

| Category | Comment |
|---|---|
| Year Built | 2014-2015 |
| Units | 275 |
| Occupancy | 97.1% |
| Units/Rent Ranges | |
| Studio | na |
| One-bedroom | \$3,139-\$3,428 |
| One-bedroom loft/den | \$3,178-3,428 |
| Two-bedroom | \$3,802-\$3,977 |
| Two-bedroom loft/den | \$4,036 |
| Three-Bedroom | na |
| Other Fees | |
| Garage | NA |
| Pet | Deposit: \$500 Monthly: \$50 |
| Storage | NA |



Community and Unit Amenities:

Apartment Features

Air Conditioning
Carpet Ceiling
Fan Dishwasher
Hardwood Floor
Loft Style Apartment
Microwave
Patio or Balcony
Vaulted Ceiling
Walk In Closets
Washer Dryer In Unit
Window Covering

Patios and Balconies Available

Community Features

Salt Water Swimming Pool
Front Loaded Washer and Dryer in All Units
Work Out Center, Yoga Studio w/ On Demand
Fitness Outdoor Kitchen and Outdoor Fireplace and
Fire Pit Wall to Wall Carpeting in Bedrooms
Dry Cleaning and Package Acceptance Available
Walk-In Closets Wood
Style Plank Flooring Bike
Storage Pet Wash Station
Billiards, Shuffleboard and Bocce Court
Business Center Onsite

Club House
Controlled Access
Disability Access
Elevator
Fitness Center
Garages
Pool

THE HORIZON AT ROSYLN
61 BRYANT AVENUE, ROSLYN, 11576
COMMUNITY AND UNIT FEATURES
JANUARY 2018

| Category | Comment |
|---|---|
| Year Built | 2007 |
| Units | 49 |
| Occupancy | 98.0% |
| Units/Rent Ranges | |
| Studio | na |
| One-bedroom | na |
| One-bedroom loft/den | na |
| Two-bedroom | $4,950-$5,700 |
| Two-bedroom Duplex | None |
| Three-Bedroom | None |
| Other Fees | |
| Garage | Parking garage |
| Pet | NA |
| Storage | NA |
| Amenity Fee | NA |

Community and Unit Amenities:

Apartment Features

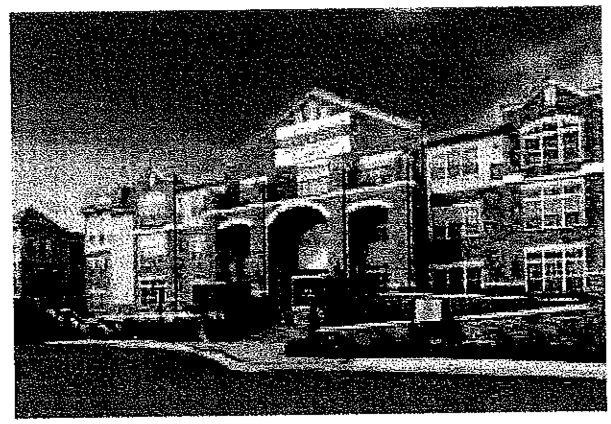
- Cable Ready
- High Speed Internet Access
- Air Conditioning
- Dishwashers
- Hardwood Floors
- Vaulted Ceilings
- Hi Speed Internet/Wi-Fi
- Heating
- Ranges
- Refrigerators
- Smoke Free Options
- Wheelchair Accessible
- Carpet
- Tile Floors
- Housekeeping optional
- Kitchen Type: Efficiency
- Dining Room: Living

Community Features

- Swimming Pool
- Garage parking
- Active Adult (55 plus)
- Storage Units
- Doorman
- Waterside living

AVALON AT ROCKVILLE CENTRE
100 BANKS, AVENUE, ROCKVILLE CENTRE 11570
COMMUNITY AND UNIT FEATURES
JANUARY 2019

| Category | Comment |
|---|---|
| Year Built | 1973 |
| Units | 349 |
| Occupancy | 95.4% |
| Units/Rent Ranges | |
| Studio | $2,125 |
| One-bedroom | $2,720-$3,010 |
| One-bedroom loft/den | na |
| Two-bedroom | $3,395-$4,054 |
| Two-bedroom loft/den | na |
| Three-Bedroom | na |
| Other Fees | |
| Garage | $200 per month |
| Pet | Deposit: $650 Monthly: $50 |
| Storage | $80 per month |



Community and Unit Amenities:

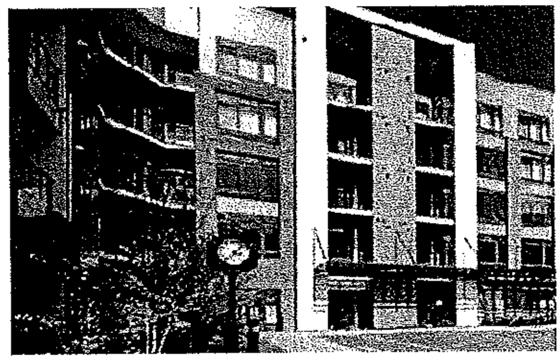
Apartment Features

Gourmet kitchens
countertops
areas Stainless steel appliances
Spacious, walk-in closets
Washer/dryer in every unit
Furnished Units Available

Community Features

24-hour emergency maintenance Granite
Landscaped courtyards and barbeque
Complimentary package acceptance
Courtyard
Private storage available
Fully equipped fitness and cardio center
Swimming pool with
sundeck Controlled Access
Maintenance on site Package
Service
Pet Care
Property Manager on Site
Controlled access garage
parking Recycling

AVALON GREAT NECK
240 E SHORE DRIVE COMMUNITY
AND UNIT FEATURES JANUARY
2019



| Category | Comment |
| --- | --- |
| Year Built | 2017 |
| Units | 191 |
| Occupancy | 95.3% |
| Units/Rent Ranges | |
| Studio | $2,525 |
| One-bedroom | $3,410-$4,090 |
| One-bedroom loft/den | NA Two- |
| bedroom | $4,435-$4,485 |
| Two-bedroom loft/den | NA Three- |
| Bedroom | $5,200-$6,300 |
| Other Fees | |
| Garage | Garage Parking |
| Pet | Cats and dogs allowed<br>$650 deposit plus $50 monthly pet rent |

| Community and Unit Amenities: | Apartment Features | Community Features |
| --- | --- | --- |
| | High Speed Internet Access | Package Service |
| | Washer/Dryer | Wi-Fi at Pool and Clubhouse |
| | Washer/Dryer Hookup | Property Manager on Site |
| | Heating | 24 Hour Availability |
| | Smoke Free | Fitness Center |
| | Dishwasher | Cardio Machines |
| | Disposal | Free Weights |
| | Granite Countertops | Pool |
| | Stainless Steel Appliances | Game room |
| | Kitchen | Rooftop Lounge |
| | Microwave | Sundeck |
| | Oven | Courtyard |
| | Range | Balcony |
| | Refrigerator | Clubhouse |
| | Freezer | Lounge |

| Category | Comment |
|---|---|
| Year Built | 2012 |
| Units | 94 |
| Occupancy | 98.9% |
| | |
| Units/Rent Ranges | |
| Studio | na |
| One-bedroom | $3,195-$3.395 |
| One-bedroom loft/den | None |
| Two-bedroom | $3,695 |
| Two-bedroom Duplex | $5,495 |
| Three-Bedroom | None |
| | |
| Other Fees | |
| Garage | NA |
| Pet | Accepted no info on fees |
| Storage | NA |
| Amenity Fee | NA |

| Community and Unit Amenities: | Apartment Features | Community Features |
|---|---|---|
| | 10 Foot Floor-to-Ceiling Windows | State-of-the-Art Fitness Center |
| | Washer and Dryer in Unit | 5,000 Square Foot Landscaped Roof Terrace |
| | Surround-Sound with iDock | Rooftop Recreation Room |
| | Keyless Entry | 24 Hour Attended Lobby Concierge |
| | Cable and Fios Ready | Indoor Parking Garage |
| | Individual Temperature Control | Lounge and Bar areas |
| | CaesarStone Countertops | Doorman/Conceirge |
| | Italian Kitchen Cabinetry | Fitness Center |
| | GE Café Stainless Steel Appliances | |
| | 5 Burner Stove with Double Oven | |
| | French Door | |
| | Over Counter | |
| | Whisper Quiet | |
| | Marble Bathrooms | |
| | Oversized Bathtubs | |
| | Kohler Bath Fixtures | |
| | Custom Closets | |

## DATA AFTER 2019

### ANALYSIS OF COMPARABLE APARTMENT RENTALS

The subject property will twenty-five (25) units of which twenty-four (24) are residential units, plus one (1) retail unit. The owner has submitted pro-forma rental rates as follows:

### OWNER SUBMITTED PRO-FORMA RENT ROLL

| **Residential**<br>**Unit Type** | **# of Units** | **Avg. Rent/ Mo.** | **Annual Rent** |
|---|---|---|---|
| Studio | 3 | $1,950.00 | $ 70,200.00 |
| Studio + Loft | 1 | $2,400.00 | $ 28,800.00 |
| One-Bedroom | 13 | $2,650.00 | $413,400.00 |
| One-Bedroom + Loft | 6 | $3,750.00 | $270,000.00 |
| Two-Bedroom + Loft | 1 | $4,050.00 | $ 48,600.00 |
| **Total Residential** | **24** | | **$831,000.00** |
| **Commercial**<br>**Type** | **Area SF** | **Rent/ SF** | **Annual Rent** |
| Retail | 2,089 | $26.46 | $ 55,265.00 |
| **Total Commercial** | **2,089** | **$26.46** | **$ 55,265.00** |
| **Other**<br>**Type** | **# of Units** | | **Annual Rent** |
| Storage Units | 10 | $170/unit/month | $ 20,400.00 |
| Car Parking Fee | 26 | $150/space/month | $ 46,800.00 |
| Pets and Other Fees | 24 | $150/unit/month | $ 43,200.00 |
| **Total Other** | | | **$110,400.00** |
| **Total Annual Revenue** | | | **$996,665.00** |

### APARTMENT RENTAL MARKET ANALYSIS

In order to determine whether the subject's projected residential rentals are reasonable and within market parameters, we researched the nearby Valley Stream residential submarket and nearby competing areas for rentals of available comparable luxury apartment units within newly constructed apartment complexes that contain unit/building characteristics and amenities similar to that of the proposed subject complex.

## SUMMARY OF COMPARABLE LUXURY APARTMENT RENTALS

| No. | Location | Apartment Building Type | Year Built | No. of Floors | Unit Type | Unit Size Range (Sq. Ft. ±) | Rent/Month Range |
|---|---|---|---|---|---|---|---|
| 1 | The Hawthorne<br>125 S. Cottage Street<br>Valley Stream | Mid-Rise<br>Elevator | 2012<br>2013 | 3-4 | 1 BR/1 Bath<br>2 BR/2 Bath | 878 – 971<br>1,208 – 1,348 | $3,029 - $3,409<br>$3,570 – 3,859 |
| 2 | The Promenade at Central<br>49 N Central Avenue<br>Valley Stream | Mid-Rise<br>Elevator | 2019 | 2-6 | 1 BR/1 Bath<br>2 BR/2 Bath | 577<br>1,067 – 1,115 | $2,395<br>$3,195 - $3,245 |
| 3 | Avalon @ Rockville Centre<br>80-100 Banks Avenue<br>Rockville Centre | Mid-Rise<br>Elevator | 2011-2019 | 3 | Studio<br>1 BR/1 Bath<br>2 BR/2 Bath | 493<br>770 – 923<br>1,082 – 1,356 | $3,170 - $3,192<br>$3,085 - $3,475<br>$3,410 - $4,490 |
| 4 | West 130<br>130 Hempstead Avenue<br>West Hempstead | Mid-Rise<br>Elevator | 2012 | 3-4 | 1 BR/1 Bath<br>2 BR/1 Bath<br>2 BR/2 Bath<br>2 BR/2 Bath + Loft | 762 – 876<br>1,095<br>1,106 – 1,165<br>1,257 | $2,907 - $3,100<br>$3,330<br>$3,036 - $3,475<br>$3,643 |
| 5 | The Allure<br>140 Old Country Road<br>Mineola | Mid-Rise<br>Elevator | 2012 | 6 | 1 BR/1 Bath<br>2 BR/2 Bath<br>2 BR/2 Bath + Loft | 604 – 752<br>1,051 – 1,168<br>1,215 – 1,346 | $2,637 - $3,272<br>$3,638 - $3,818<br>$4,637 - $4,742 |
| 6 | New Haven<br>451 Fulton Avenue<br>Hempstead | Mid-Rise<br>Elevator | 1973<br>Renovated | 6 | Studio<br>1 BR/1 Bath<br>2 BR/2 Bath | 450-625<br>700 – 825<br>850 – 1,000 | $1,600 - $1,800<br>$1,999 - $2,299<br>$2,499 - $2,799 |

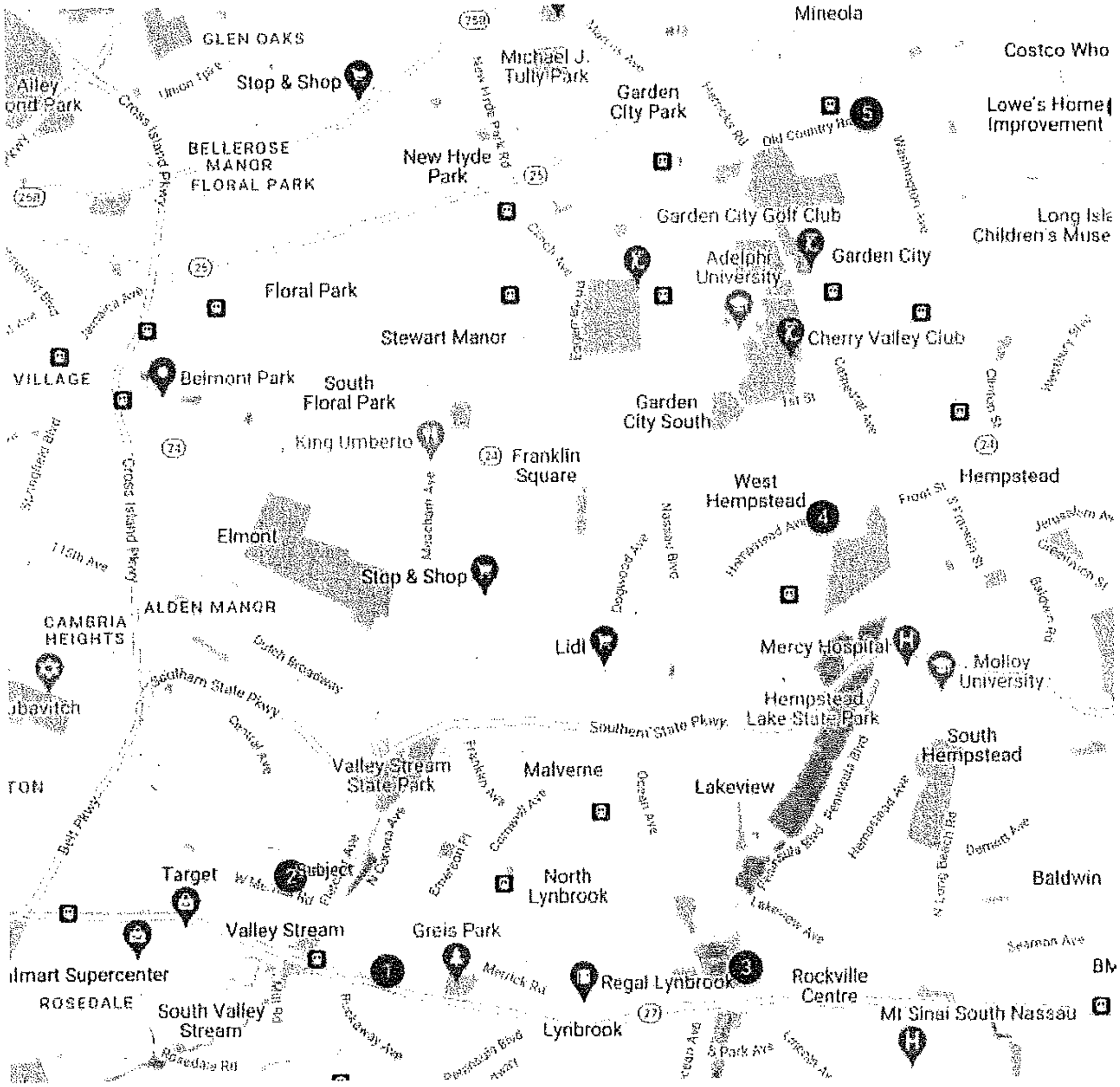
We have selected the most similar luxury apartment complexes when comparing the subject property. All of the comparable luxury apartment buildings are of recent construction and are most similar to the subject in terms of parking, amenities and unit features. All of the comparables contain on-site parking accommodations, similar to the subject. On-site amenities vary between properties.

**Apartment Market Conclusion**

The subject property is projected to contain a total of twenty-four (24) residential units: 3± studio apartments projected to rent at $1,950.00 per month; 1± studio plus loft projected to rent at $2,400.00 per month; 13± one-bedroom apartments projected to rent at $2,650.00 per month; 6± one-bedroom plus loft apartments projected to rent at $3,750.00 per month; and 1± two-bedroom plus loft apartment unit projected to rent at $4,050.00 per month.

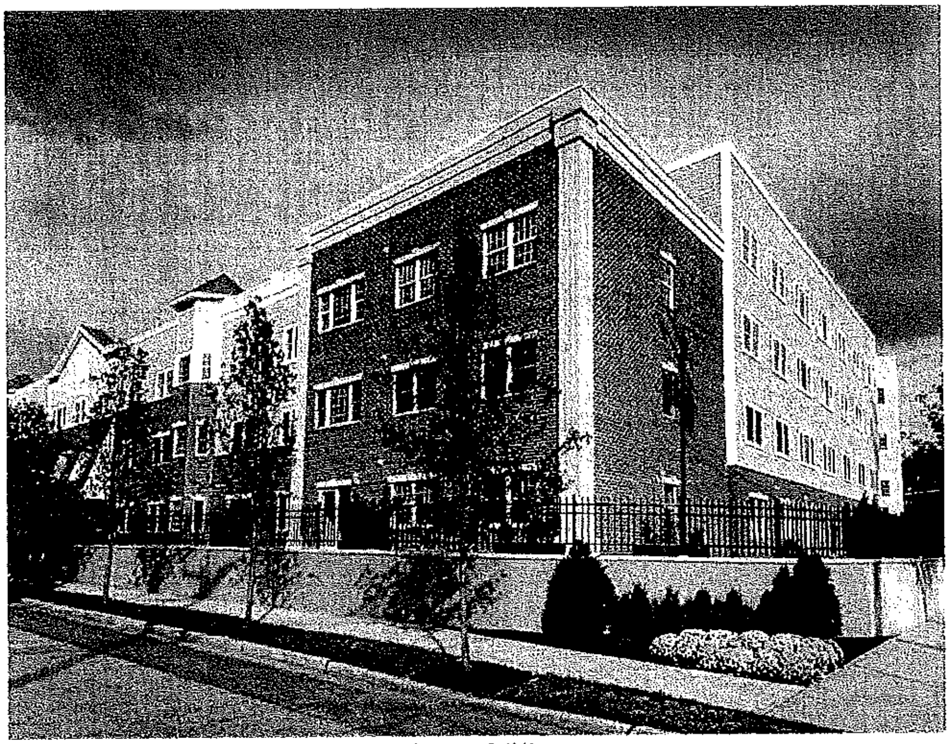
Based upon the previously shown survey, the subject's projections are within the range of similar, competing, properties and therefore have been accepted, herein.

# COMPARABLE APARTMENT RENTALS LOCATION MAP

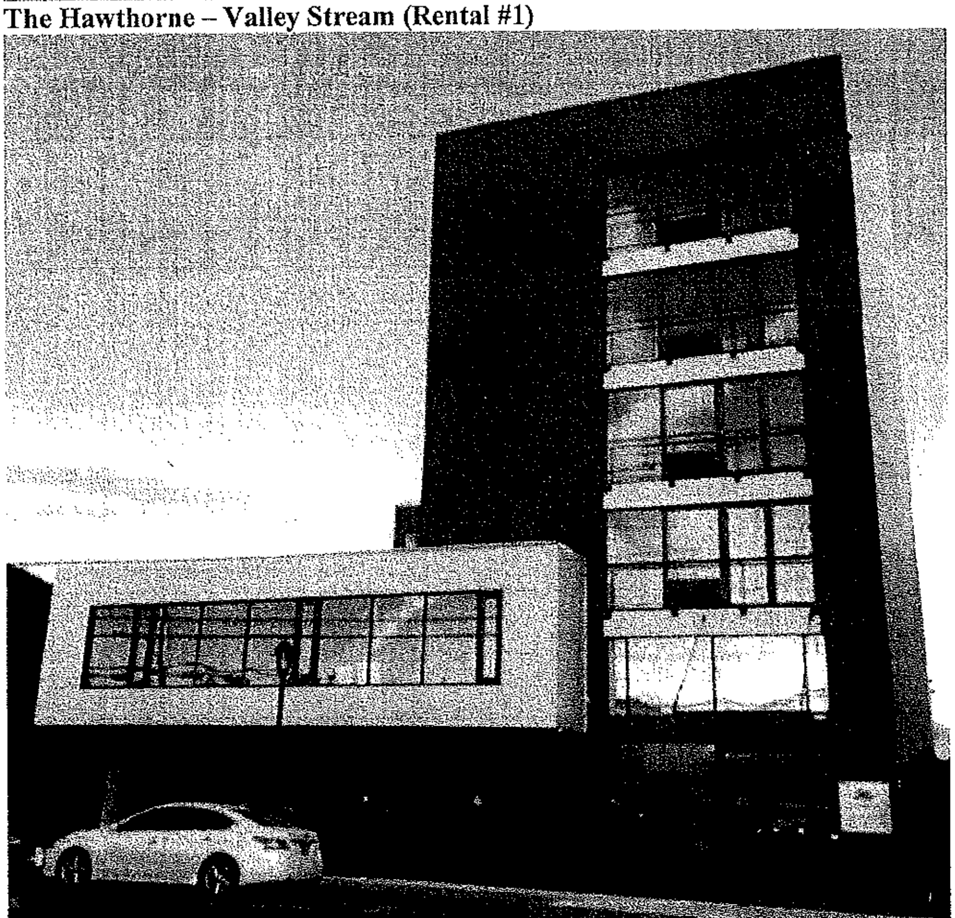



| | |
|---|---|
| 1 | **The Hawthorne, Valley Stream** |
| 2 | **The Promenade at Central, Valley Stream** |
| 3 | **Avalon @ Rockville Centre, Rockville Centre** |
| 4 | **West 130, West Hempstead** |
| 5 | **The Allure, Mineola** |
| 6 | **New Haven, Hempstead** |

## PHOTOGRAPHS OF LUXURY APARTMENT RENTALS



The Hawthorne – Valley Stream (Rental #1)

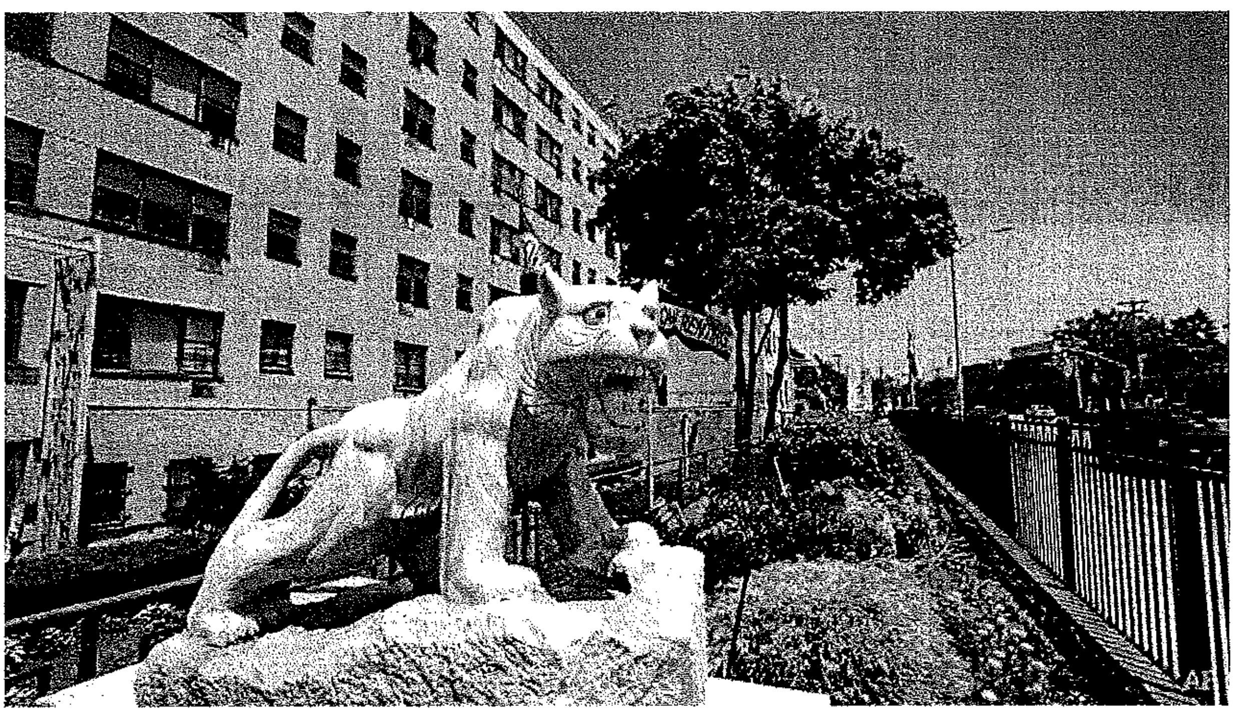


The Promenade at Central, Valley Stream (Rental #2)

**Avalon @ Rockville Centre (Rental #3)**

**West 130 – West Hempstead (Rental #4)**

**The Allure - Mineola (Rental #5)**



**New Haven - Hempstead (Rental #6)**

## ANALYSIS OF COMPARABLE RETAIL RENTALS

In order to determine whether the owner-provided projection for the subject's market rental rate for the subject's proposed retail space, we conducted a survey and analysis of the local commercial market. The subject is proposed to contain one (1) retail unit containing 2,089± square feet of rentable space on the ground floor and second floor. We have specifically focused on the comparable lease information of new construction property in the subject's local area. Although some lease data has been uncovered in the immediate area, we have included additional recent information from some of the adjoining communities that have been deemed sufficiently comparable to the subject.

The comparable rentals are structured on a semi-gross rental basis, whereby the tenants are responsible for their base rent, plus their pro-rata share of increases in real estate taxes above a base year, plus all utilities, liability insurance, and interior repairs & maintenance. The landlord would be responsible for base year real estate taxes, landlord's insurance, asset management costs and structural repairs.

Specifically, we have analyzed the local market for rental indications from which to derive an estimate of the potential rental value of the space (PGI).

The following table presents a summary of the retail rent comparables that we analyzed:

### Summary of Comparable Retail Rentals

| No. | Location | Lease Date | Leased Area (Sq. Ft.±) | Semi-Gross Rent/ Sq. Ft. |
|---|---|---|---|---|
| 1 | 68-72 Atlantic Avenue Lynbrook | 22-Oct | 1,200 | $38.00 |
| 2 | 935-943 Sunrise Highway Lynbrook | 22-Mar | 2,200 | $30.00 |
| 3 | 914 Rockaway Avenue Valley Stream | 22-Jan | 1,250 | $20.67 |
| 4 | 543 Merrick Road Lynbrook | 21-Jul | 1,250 | $27.36 |
| 5 | 2-6 Broadway Lynbrook | 21-Jun | 1,542 | $45.00 |
| 6 | 10 W Merrick Road Valley Stream | 21-Apr | 4,000 | $20.00 |

The comparable retail rentals occurred between April 2021 and October 2022, with rents ranging from $20.00 to $45.00 per square foot of rentable area, semi-gross, with a mean of $30.17 per square foot of rentable area, semi-gross. The comparables range in size from 1,200± to 4,000± square feet of rentable area.

Typically, retail lease terms range from 3 to 10 years with 3.0%-5.0% annual increases. The following is a discussion of the adjustments made to the comparable commercial rentals.

### Market Conditions (Time/Negotiability)

We have considered an adjustment for market conditions (time), whereby older rentals have been adjusted to consider current trends. Based on available market data, we have considered that market conditions have remained relatively stable since 2019 even in light of COVID-19.

The comparable rentals occurred between April 2021 and October 2022. All of the comparable rentals were leased under similar market conditions and did not require adjustment.

### Location

The next adjustment considered was for location, which considered such elements as the amount of pedestrian traffic, the density of the population in the surrounding buildings and proximity to mass transit outlets. We have considered the subject's location along West Merrick Road, which is a well-traveled, primary commercial thoroughfare in the Valley Stream area. Rentals #1, #2 and #5 are situated in superior retail locations and warranted downward adjustments. Rental #3 is located inferior to the subject, and was adjusted upward. The remaining rentals are deemed to be located similar to the subject and were not adjusted.

### Size

Typically, smaller units lease for more on a per-square-foot basis than their larger counterparts, based on economies of scale. This assumes a quantity discount and the diminishing number of users that require larger spaces. The subject property will contain 2,089± square feet of rentable space retail space according to plans provided to us by the owner. The comparables range in size from 1,200± to 4,000± square feet of rentable area. Rentals #1, #3 and #4 are smaller in size to the subject's proposed unit and were adjusted downward. Rentals #2 and #5 are similar to the subject in terms of size and were not adjusted. The remaining Rental #6 is larger in size and was adjusted upward.

### Property Characteristics

Under consideration in this category were such features as the age/condition of the improvements, single vs. multiple tenancy, parking and overall market appeal. The subject retail unit is proposed to consist of ground and second floor retail space, and in good overall condition. Rental #5 is in similar overall condition as compared to the subject's expected finish, but consists of solely ground floor retail space, which consists of ground and second floor retail space, warranting a downward adjustment. Rental #4 is in inferior overall quality, but consist solely of ground floor retail space, overall warranting a net 5% adjustment downward. The remaining rentals are in inferior overall quality and condition, but consist solely of ground floor retail space, overall warranting net neutral adjustments.

The following table summarizes the above-described adjustments applied to the comparable retail rentals:

## ADJUSTMENTS TO THE COMPARABLE RETAIL RENTALS

| No. | Location | Lease Date | Leased Area (Sq.Ft. | Semi-Gross Rent/ Sq.Ft. | x | Time Adj. | = | Adj. Rent/ Sq. Ft | x | Loc. | Adjustments + Size | + Prop. Char. | = | Total Adj. | = | Adj. Rent/ Sq. Ft. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 68-72 Atlantic Lynbrook | 22-Oct | 1,200 | $38.00 | | 1.0 | | $38. | | 0. | 0.95 | 1.00 | | 0. | | $32.30 |
| 2 | 935-943 Sunrise Lynbrook | 22-Mar | 2,200 | $30.00 | | 1.0 | | $30. | | 0. | 1.00 | 1.00 | | 0. | | $28.50 |
| 3 | 914 Rockaway Valley Stream | 22-Jan | 1,250 | $20.67 | | 1.0 | | $20. | | 1. | 0.95 | 1.00 | | 1. | | $23.77 |
| 4 | 543 Merrick Road Lynbrook | 21-Jul | 1,250 | $27.36 | | 1.0 | | $27. | | 1. | 0.95 | 0.95 | | 0. | | $24.62 |
| 5 | 2-6 Broadway Lynbrook | 21-Jun | 1,542 | $45.00 | | 1.0 | | $45. | | 0. | 1.00 | 0.85 | | 0. | | $33.75 |
| 6 | 10 W Merrick Road Valley Stream | 21-Apr | 4,000 | $20.00 | | 1.0 | | $20. | | 1. | 1.10 | 1.00 | | 1. | | $22.00 |

# Conclusion – Retail Market Rents and Terms

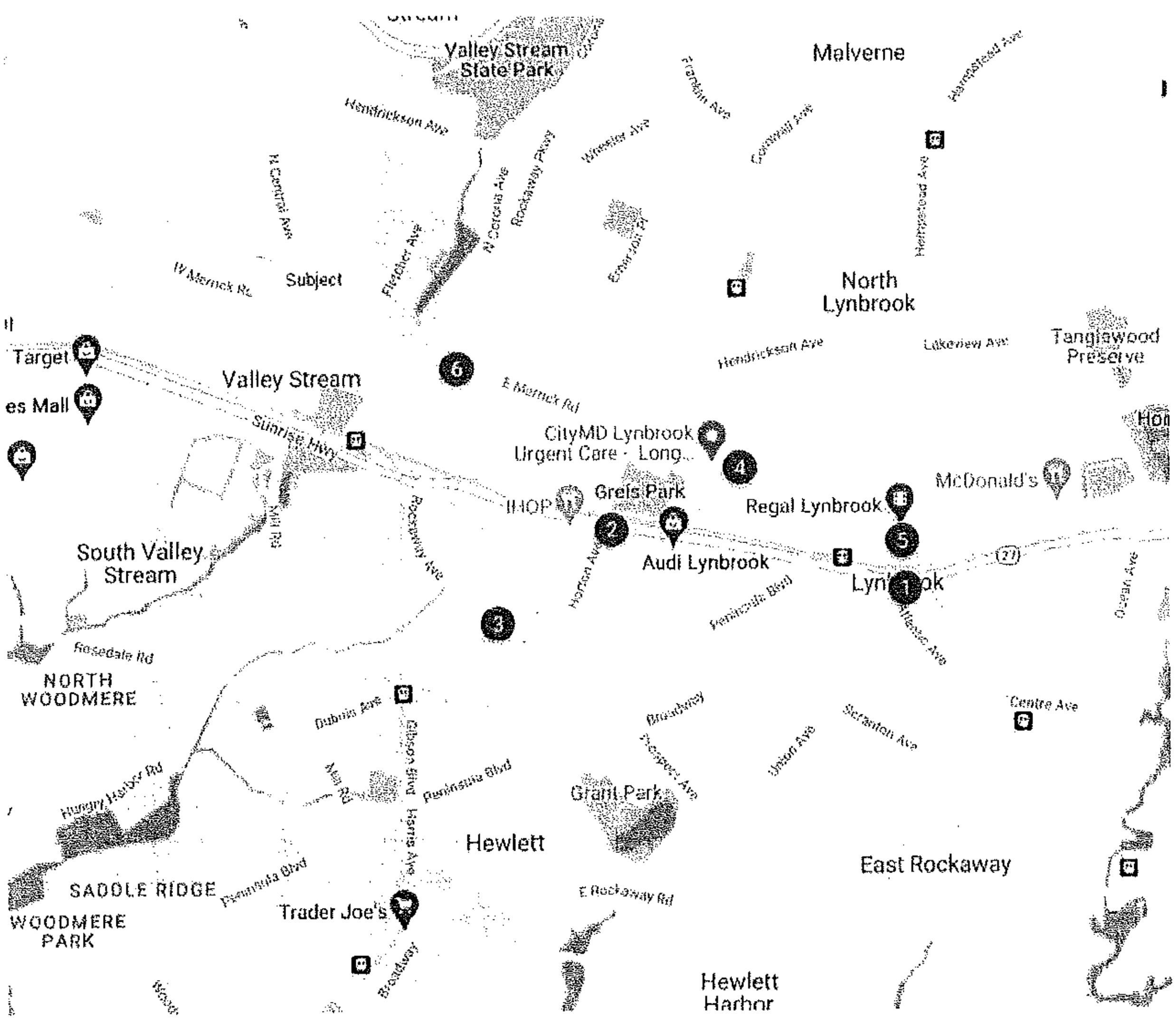
Prior to adjustments, the comparable retail rentals ranged from $20.00 to $45.00 per square foot of rentable area, semi-gross, with a mean of $30.17 per square foot of rentable area. After adjustments, the rents narrowed to a range of $22.00 to $33.75 per square foot of rentable area, with a mean of $27.49 per square foot of rentable area.

Based on this analysis, the subject's location and new construction, we have estimated a market rent of $26.46 per square foot of rentable area, semi-gross, for the retail space within the subject property, which approximates the owner-submitted projection, is within the adjusted range, and is deemed reasonable.

The subject property's projected retail market rental rate and resulting potential gross rental revenue are estimated as follows:

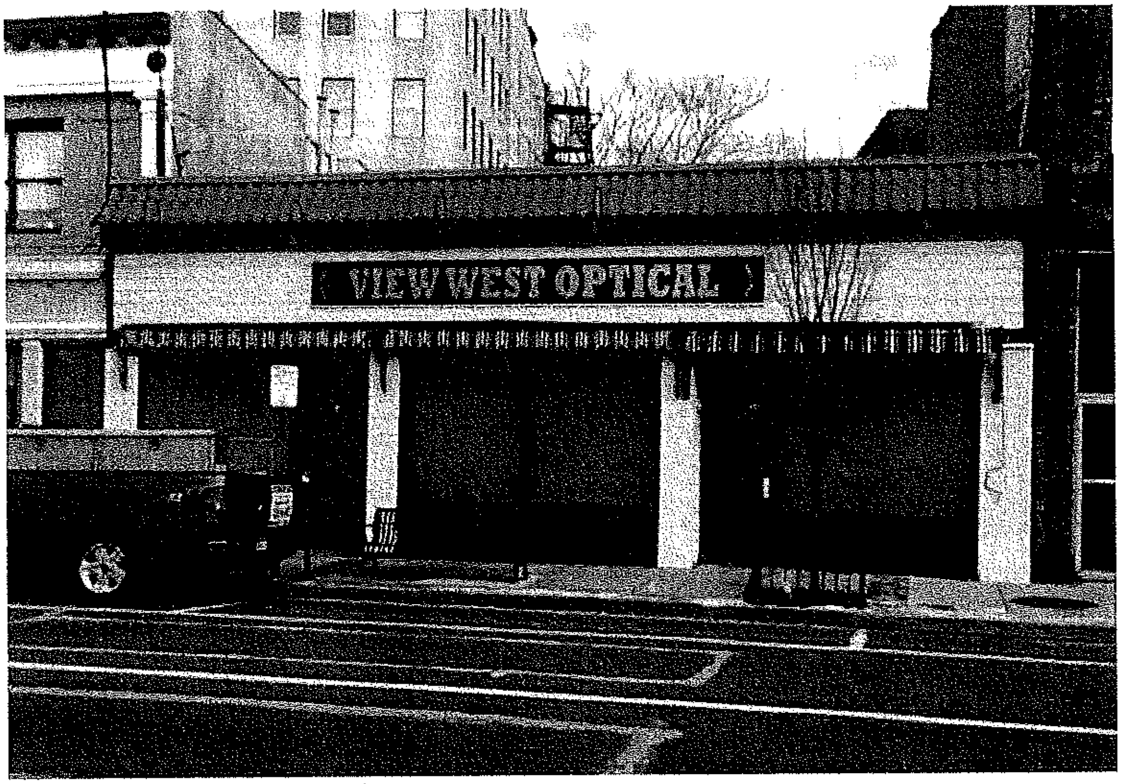
| Type of Space | GRA (Sq. Ft. ±) | | Market Rent/ Sq. Ft. | | Projected PGI |
|---|---|---|---|---|---|
| Retail Space | 2,089 | x | $26.46 | = | $55,265.00 |

## COMPARABLE RETAIL RENTALS LOCATION MAP



| | |
|---|---|
| 1 | 68-72 Atlantic Avenue, Lynbrook |
| 2 | 935-943 Sunrise Highway, Lynbrook |
| 3 | 914 Rockaway Avenue, Valley Stream |
| 4 | 543 Merrick Road, Lynbrook |
| 5 | 2-6 Broadway, Lynbrook |
| 6 | 10 W Merrick Road, Valley Stream |

## PHOTOGRAPHS OF COMPARABLE RETAIL RENTALS



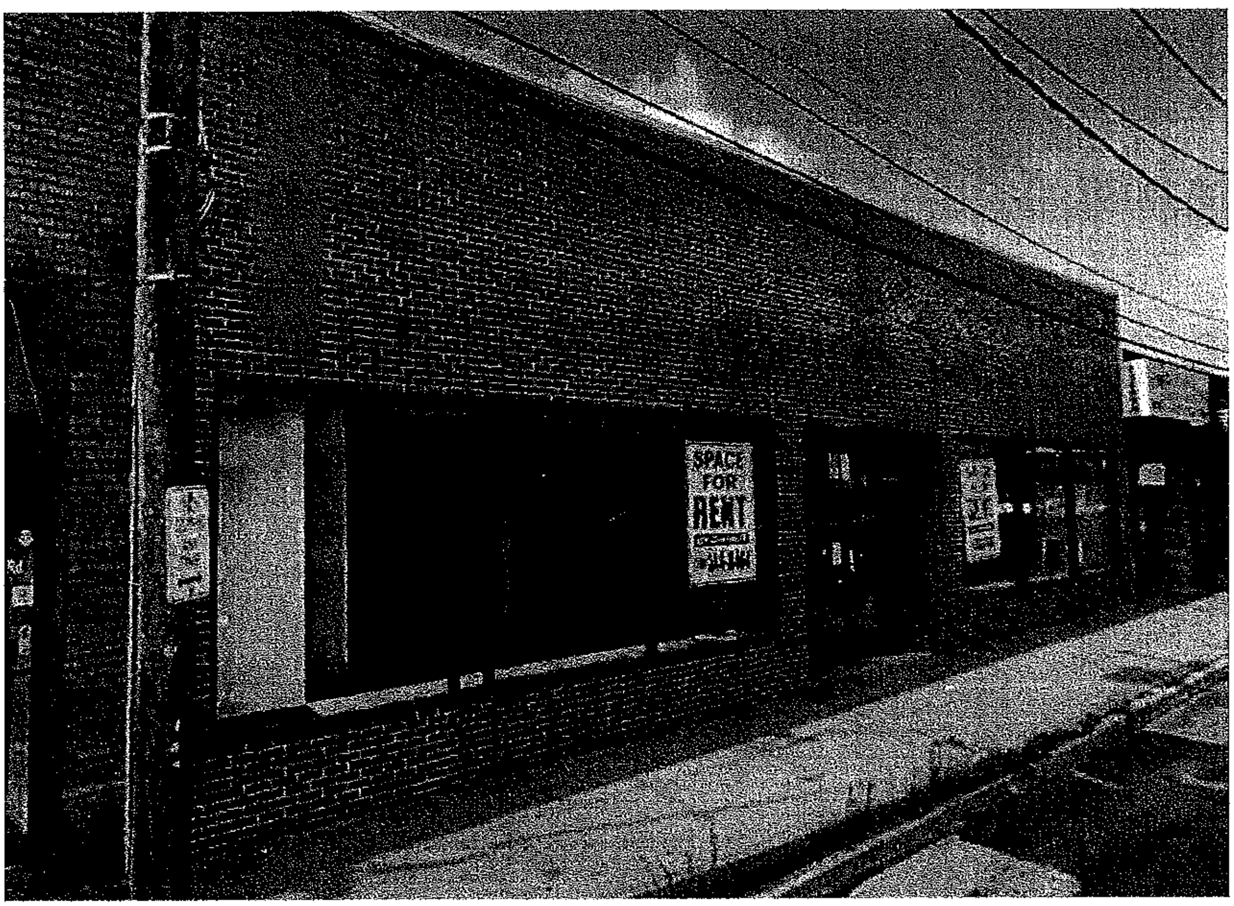
68-72 Atlantic Avenue, Lynbrook


935-943 Sunrise Highway, Lynbrook

914 Rockaway Avenue, Valley Stream

543 Merrick Road, Lynbrook

2-6 Broadway, Lynbrook



10 W Merrick Road, Valley Stream

## SECTION VII - Forecast of Housing Demand

**Area builders have undersupplied the potential demand for new housing in Nassau County.**

Despite the fact that there has been a relatively strong demand for new units powered by population gains and replacement needs, the limited availability of developable land and high prices have curbed development.

**The under building has driven down vacancy rates to levels that will not support area growth.**

- We estimate that the overall vacancy rate in the market is close to 5.4%. As little as two years ago, the vacancy rate in the market was 6.5%.
- Normally, the vacancy rate in the market should be 6% or higher.

**This mismatch, however, is not a new problem for the Nassau County housing market.**

It represents a long term trend.

**As shown, our emphasis is on the County as a whole.**

- We feel that the trends at this level best illustrate the site's market potential.
- The market area surrounding the proposed site faces the same conditions that the county is experiencing. The area is undersupplied. Vacancy rates are low.
- Development has been limited and overall net population/household growth has stagnated.

➢ *In the following, we examine the mismatch between supply and demand. We start with a review of new construction activity measured by units permitted.*

**Residential new construction permit activity in Nassau County was at its lowest level in 2009.**

- That year, there were only 378 units permitted county-wide, including 365 single- family homes and 13 multi-family units.
- Only once, since 1990 (in the last 30 years), has the number of units permitted in the county fallen below 500. That was in 1991, when 458 units were permitted.
- The record low was, of course, precipitated by a National recession.

**Since 2009, new construction activity has increased.**

However, year-to-year gains have been inconsistent, with some years lower than the prior year. The stutter step in activity reflects that availability of land and new development more so than potential demand.

Here is a summary of activity since 2006:

- In 2010, there were 523 units permitted. There were increases in both single- family and multi-family activity from 2009. Most of the gain, however, was in multi- family. There were 400 single-family homes permitted that year and 123 multi-family units.

• In 2011, there were 853 units permitted. That year there was a significant jump in the number of multi-family units permitted. Single-family activity declined. There were 311 single-family units permitted and 542 multi-family units in 2011.

• In 2012, permit activity fell, after the spike in multi-family activity. There were 651 units permitted that year; 375 single-family units and 276 multi-family units.

• In 2013 there were 794 residential units permitted. During that year, the emphasis in activity swung back to single-family units. The number of single-family units permitted almost doubled, reaching 630. There were 164 multi-family units permitted in 2013.

• In 2014 there were 904 units permitted. Single-family activity remained high, with 640 single-family units permitted. Multi-family activity increased from the prior year, reaching 265 units.

• In 2015 there were 1,086 units permitted. An increase in units permitted in buildings with five and more units afforded the gain. The number of single-family units permitted in 2015 was lower than in 2014. In 2015, there were 608 single-family units permitted and 478 multi-family units. Of the multi-family units permitted, 474 were in buildings with five and more units.

• In 2016 there were 741 units permitted. The number of single-family units that was permitted changed little from 2015 to 2016. However, multi-family activity fell by more than 70%. There were 609 single-family units permitted in 2016 and only 132 multi-family units permitted.

• In 2017 there were 1,487 units permitted. Both single-family and multi-family activity was up. There were 943 single-family units permitted; a gain of 50% over 2016. There were 544 multi-family units, with 528 in buildings with five and more units.

• The number of units permitted in 2018 is available through October only. Through October of 2018, there were 823 units permitted. During the same period in 2017, there were 1,064 units permitted. The difference is found in multi-family activity.

**Despite the gains in the total number of units permitted since 2009, activity has been lower than prior to the recession.**

- Like most markets in the U.S., residential activity (single-family and multi-family combined) was greatly reduced during and following the 2008-2009 recession.

- Prior to the recession, there were on average close to 1,250 units permitted annually. The market's peak year was 2008. That year, there were 1,868 units permitted, including 822 single-family units permitted and 1,048 multi-family units.

- However, most of the pre- and post-recession differences are in the number of single-family units permitted. Between 2000 and 2008, there were 844 single-family units permitted on average each year. Since 2010, the average has been 565 units.

- Multi-family activity is also down, but not by as much (number-wise). The average before the recession (2000-2008) was just over 400. The average since 2010 has been less than 300.

***note:** Not all units added to the market have been recorded by residential building permits.*

- Some units are added to the market without a new-construction permit. For the most part, these units include conversion from non-residential uses, such as office buildings, warehousing and schools.
- These additions include newly added units only. Renovations, no matter how extensive, are not included with new. They are existing units.

However, even allowing for these other units, it is clear that all sources of supply are undersupplying the Nassau County housing market. Until recently (2017), there was virtually no change in the number of housing units in the market despite additions.
Most of the added units went to the replacement of units lost through demolition and obsolescence.

Our demand estimate includes units for sale and for rent.

***It represents the number of units that should be added to market, not the actual number that will be added.***

Our forecast of 2,387 units annually is our most likely forecast of demand. We have also developed low and high estimates of demand.

The range is from 2,244 to 2,531 units annually. The variation is based on the performance of those factors that influence demand.

A number of factors regulate the potential demand for new units.

- One of the most important is the local economy.
- There is a direct correlation between the strength of the local economy and the demand for new housing.
- Economic growth will provide a sound foundation for the housing market.
- Job gains in the market have been up during the last five years.
- Recent gains have recaptured all of jobs lost during the recession.
- Growth in employment has been broad based, including most sectors of the economy. Unemployment rates are falling.

These trends are expected to continue over the next two years.

**The link between economic growth and housing activity is tri-fold:**

**First**, a growing economy contributes to population/household gains.

- Over the last four years, job gains have helped to power population gains of roughly 0.3% annually. Employment gains have depleted the market's civilian labor force and have helped to attract people looking for jobs.
- Our forecast gains in jobs have the potential to attract even more people and households to the surrounding market, especially given the market's low unemployment rate. Population and households are expected to increase by 0.3% annually.
- These added people and households will, in turn, require housing. Their impact on the market will lower the inventory of available housing and demand that more units be added to the market, even though the demand may be unanswered.

**Second**, a growing economy is also directly related to the fission of households into more households; i.e. children leaving home, separation and divorce.

As a result, over our forecast period, we expect that the average household size in the market will decline. The drop will be limited. However, it will still mean that there will be even more households for the same population. These additional households will also result in a potential demand for new housing.

**Third**, a growing economy also promotes consumer confidence. Mobility rates increase in a good economy and there is greater price/rent elasticity. More people buy and sell homes and more people move to new rental units at higher prices.

**Expected population /household gains will account for most of the potential demand for new housing.**

Population/households gains will most likely account for roughly 60% of the expected demand for housing during our forecast period, at a gain of roughly 0.3% annually.

➢ *The remaining demand for new housing will come from two other sources:*

**Replacement demand** - We cited this source above. This is the demand to replace units lost from the housing inventory through natural causes, demolitions, code enforcement and obsolescence.

- Replacement demand will play an important role in the potential demand for new housing. It will be the only other source of demand other than household gains.
- Each year roughly 0.20% of the housing inventory will be lost from the market and must be replaced. There are close to 477,800 housing units in the market. The replacement demand stemming from the area inventory is roughly 956 units annually, including units for rent and for sale.

**Vacancy demand** – Every market must maintain a vacant inventory to facilitate potential movement within the market.

- Normally, the overall vacancy rate in the market should be 6.0% to 7.0%. If the rate is higher, vacant stock will subtract from other sources of demand. If the rate is lower, there is the need to add units to satisfy pent-up demand.
- We estimate that the overall vacancy rate in Nassau County is 5.4%. The market's vacancy rate has been near this level for several years. The area's vacancy rate is lower than normal and indicates pent-up demand and the potential to add units.
- In our forecast of demand, we have, however, not elected to use this source of demand. We have assumed that vacancy rates in the market are more likely decline over the next two years then be satisfied by builders.
- It does indicate, however, that oversupply in the market is unlikely to occur unless more than 4,000 additional units (over and above our estimate of normal demand) are added to the market.

**Here is a tabular summary of our forecasts of potential demand, including sources of demand low, middle and high**

| | ------Forecasts------- | | |
|---|---|---|---|
| Subject | Low | Middle | High |
| Sources of Demand: | | | |
| Population and households | 1,289 | 1,432 | 1,57 |
| Vacancy Demand | 0 | 0 | 0 |
| Replacement Demand | 955 | 956 | 95 |
| Forecast: New Housing Demand | 2,244 | 2,387 | 2,53 |

**Our forecasts of demand include the potential for all types of housing.**

- They include the potential for single-family detached (sales housing), as well as, multi-family development (sales and rental housing).
- Most of our forecast demand will likely be for single-family detached housing (sales units). In-keeping with the market over the last several years, we have forecast that 62% to 66% of demand will be for single-family detached housing and 34% to 38% multi-family housing.
- However, the ratio can potentially be very volatile. As we have indicated, multi- family activity since 2010 has ranged from 123 to 544 units in a single year or from 20% to 60% of annual activity.
- Almost all of the demand for multi-family units will be for units in structures with five and more units. Less than 5% of all demand has been for buildings with two to four units.

**Forecasts of demand are estimates of the number of units that should be developed, not estimates of the number that will be developed.**

- Demand is the number of new units that should be added to the market to satisfy area population/household gains and replacement needs, while keeping vacancy rates normal.
- Builders typically build more or less than the number of units permitted. As we have indicated, builders in Nassau County have continually under built potential demand.
- While there is a demand for close to 2,400 units annually, there have been closer to 1,100 units permitted annually over the last five years. Repurposed uses have and will offset some of the mismatch between supply and demand. However, as witnessed by the market's low vacancy rates, this source is not closing the gap.

HOUSING UNITS AUTHORIZED BY BUILDING
PERMIT NASSAU COUNTY
1990-2018

| Year | Total | Single-Family | -------Multi-Family Housing------ Total | Two | 3-4 | 5+ |
|---|---|---|---|---|---|---|
| 1990 | 651 | 417 | 234 | 52 | 0 | 182 |
| 1991 | 458 | 424 | 34 | 30 | 4 | 0 |
| 1992 | 511 | 479 | 32 | 32 | 0 | 0 |
| 1993 | 794 | 534 | 260 | 68 | 0 | 192 |
| 1994 | 753 | 587 | 166 | 54 | 4 | 108 |
| 1995 | 860 | 734 | 126 | 60 | 0 | 66 |
| 1996 | 976 | 623 | 353 | 52 | 0 | 301 |
| 1997 | 1,372 | 925 | 447 | 42 | 34 | 371 |
| 1998 | 1,021 | 770 | 251 | 34 | 4 | 213 |
| 1999 | 1,151 | 730 | 421 | 50 | 3 | 368 |
| 2000 | 1,506 | 753 | 753 | 142 | 6 | 605 |
| 2001 | .989 | 688 | 301 | 32 | 4 | 265 |
| 2002 | 985 | 740 | 245 | 30 | 3 | 212 |
| 2003 | 978 | 635 | 343 | 44 | 8 | 291 |
| 2004 | 1,177 | 735 | 442 | 68 | 0 | 374 |
| 2005 | 1,435 | 1,197 | 238 | 44 | 7 | 187 |
| 2006 | 1,452 | 1,291 | 161 | 38 | 4 | 119 |
| 2007 | 822 | 737 | 85 | 18 | 4 | 63 |
| 2008 | 1,868 | 822 | 1,046 | 6 | 0 | 1,040 |
| 2009 | 378 | 365 | 13 | 8 | 0 | 5 |
| 2010 | 523 | 400 | 123 | 28 | 63 | 32 |
| 2011 | 853 | 311 | 542 | 2 | 0 | 540 |
| 2012 | 651 | 375 | 276 | 2 | 0 | 274 |
| 2013 | 794 | 630 | 164 | 10 | 0 | 154 |
| 2014 | 905 | 640 | 265 | 4 | 4 | 257 |
| 2015 | 1,086 | 608 | 478 | 4 | 0 | 474 |
| 2016 | 741 | 609 | 132 | 6 | 8 | 118 |
| 2017 | 1,487 | 943 | 544 | 8 | 8 | 528 |
| 2017 Oct | 1,064 | 788 | 276 | 8 | 0 | 268 |
| 2018 Oct | 923 | 746 | 177 | 8 | 0 | 169 |
| Avg.(2000-2013) | 1,029 | 691 | 338 | 34 | 7 | 297 |
| Pct. | 100.00% | 67.16% | 32.84% | 3.28% | 0.69% | 28.87% |
| Avg 2006-13 | 918 | 616 | 301 | 14 | 9 | 278 |
| Pct | 100.00% | 67.17% | 32.83% | 1.53% | 0.97% | 30.34% |
| Avg 2010-14 | 745 | 471 | 274 | 9 | 13 | 251 |
| Pct | 100.00% | 63.23% | 36.77% | 1.23% | 1.80% | 33.74% |
| 2006 | 100.00% | 88.91% | 11.09% | 2.62% | 0.28% | 8.20% |
| 2007 | 100.00% | 89.66% | 10.34% | 2.19% | 0.49% | 7.66% |
| 2008 | 100.00% | 44.00% | 56.00% | 0.32% | 0.00% | 55.67% |
| 2009 | 100.00% | 96.56% | 3.44% | 2.12% | 0.00% | 1.32% |
| 2010 | 100.00% | 76.48% | 23.52% | 5.35% | 12.05% | 6.12% |
| 2011 | 100.00% | 36.46% | 63.54% | 0.23% | 0.00% | 63.31% |
| 2012 | 100.00% | 57.60% | 42.40% | 0.31% | 0.00% | 42.09% |
| 2013 | 100.00% | 79.35% | 20.65% | 1.26% | 0.00% | 19.40% |
| 2014 | 100.00% | 70.72% | 29.28% | 0.44% | 0.44% | 28.40% |
| 2015 | 100.00% | 55.99% | 44.01% | 0.37% | 0.00% | 43.65% |
| 2016 | 100.00% | 82.19% | 17.81% | 0.81% | 1.08% | 15.92% |
| 2017 | 100.00% | 63.42% | 36.58% | 0.54% | 0.54% | 35.51% |
| 2017 Oct | 100.00% | 74.06% | 25.94% | 0.75% | 0.00% | 25.19% |
| 2018 Oct | 100.00% | 80.82% | 19.18% | 0.87% | 0.00% | 18.31% |

Source: US Bureau of the Census and HUD.

CHANGES IN HOUSING INVENTORY OCCUPIED UNITS
BY UNITS IN STRUCTURE AND TENURE
2010-2017

| Tenure<br>Units in Structure | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | ---2010-2017 Change---<br>Number | Percent |
|---|---|---|---|---|---|---|---|---|---|---|
| Total: | 442,729 | 442,039 | 441,732 | 438,588 | 440,168 | 436,567 | 440,785 | 446,978 | 4,249 | 1.0% |
| Owner-occupied housing units: | 355,151 | 352,815 | 354,633 | 344,967 | 354,287 | 349,758 | 354,646 | 357,884 | 2,733 | 0.8% |
| 1, detached | 314,965 | 311,391 | 313,851 | 307,481 | 313,791 | 308,832 | 314,371 | 319,718 | 4,753 | 1.5% |
| 1, attached | 8,297 | 9,520 | 9,625 | 9,374 | 8,891 | 8,822 | 9,708 | 8,020 | -277 | -3.3% |
| 2 | 12,634 | 12,067 | 12,484 | 9,992 | 10,301 | 10,718 | 10,048 | 8,121 | -4,513 | -35.7% |
| 3 or 4 | 1,592 | 1,756 | 1,755 | 1,307 | 2,056 | 1,672 | 1,584 | 1,688 | 96 | 6.0% |
| 5 to 9 | 1,884 | 1,986 | 2,132 | 2,006 | 1,587 | 1,212 | 1,606 | 1,559 | -325 | -17.3% |
| 10 to 19 | 3,126 | 2,970 | 3,483 | 3,246 | 3,832 | 3,944 | 3,608 | 4,525 | 1,399 | 44.8% |
| 20 to 49 | 3,671 | 4,464 | 2,674 | 3,386 | 4,520 | 5,338 | 4,509 | 4,312 | 641 | 17.5% |
| 50 or more | 8,055 | 7,877 | 7,986 | 6,904 | 8,713 | 8,710 | 8,838 | 9,144 | 1,089 | 13.5% |
| Other | 927 | 784 | 643 | 1,271 | 596 | 510 | 374 | 797 | -130 | -14.0% |
| Renter-occupied housing units: | 87,578 | 89,224 | 87,099 | 93,621 | 85,881 | 86,809 | 86,139 | 89,094 | 1,516 | 1.7% |
| 1, detached | 22,300 | 25,865 | 23,700 | 25,172 | 22,555 | 25,497 | 24,522 | 27,882 | 5,582 | 25.0% |
| 1, attached | 3,225 | 2,607 | 3,155 | 4,180 | 2,998 | 3,029 | 3,396 | 2,967 | -258 | -8.0% |
| 2 | 20,281 | 20,814 | 20,304 | 20,960 | 21,411 | 17,054 | 18,643 | 16,034 | -4,247 | -20.9% |
| 3 or 4 | 8,964 | 7,405 | 7,191 | 8,368 | 6,832 | 8,305 | 4,982 | 7,768 | -1,196 | -13.3% |
| 5 to 9 | 6,365 | 5,226 | 4,127 | 4,874 | 3,608 | 5,332 | 6,275 | 5,192 | -1,173 | -18.4% |
| 10 to 19 | 5,141 | 4,253 | 5,064 | 4,724 | 5,911 | 5,077 | 5,080 | 5,772 | 631 | 12.3% |
| 20 to 49 | 7,520 | 7,697 | 7,482 | 7,248 | 9,100 | 7,362 | 5,503 | 6,644 | -876 | -11.6% |
| 50 or more | 13,700 | 15,061 | 15,942 | 17,854 | 13,239 | 14,926 | 17,364 | 16,743 | 3,043 | 22.2% |
| Other | 82 | 296 | 134 | 241 | 227 | 227 | 374 | 92 | 10 | 12.2% |

Source: U.S. Bureau of Census, American Community Survey.

POPULATION, HOUSEHOLDS VACANT UNITS, NASSAU COUNTY
2010-2017

| Item | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| | | | | -------------July--------------- | | | | |
| Population | 1,341,500 | 1,346,857 | 1,350,923 | 1,355,099 | 1,358,627 | 1,361,350 | 1,361,500 | 1,369,514 |
| Group Quarters | 22,569 | 20,914 | 20,959 | 20,968 | 20,710 | 19,985 | 19,833 | 20,379 |
| Household Population | 1,318,931 | 1,325,943 | 1,329,964 | 1,334,131 | 1,337,917 | 1,341,365 | 1,341,667 | 1,349,135 |
| Households | 442,729 | 442,039 | 441,732 | 438,588 | 440,168 | 436,567 | 440,785 | 446,978 |
| Average Household Size | 2.98 | 3.00 | 3.01 | 3.04 | 3.04 | 3.07 | 3.04 | 3.02 |
| Household Population Ratio | 98.32% | 98.45% | 98.45% | 98.45% | 98.48% | 98.53% | 98.54% | 98.51% |
| Total Units | 468,196 | 468,651 | 466,820 | 466,109 | 466,973 | 466,846 | 466,987 | 472,366 |
| Vacant Units | 25,467 | 26,612 | 25,088 | 27,521 | 26,805 | 30,279 | 26,202 | 25,388 |
| Vacancy Rate | 5.44% | 5.68% | 5.37% | 5.90% | 5.74% | 6.49% | 5.61% | 5.37% |
| Vacancy by Tenure: | | | | | | | | |
| Owners - Units | 4,578 | 5,124 | 3,859 | 4,492 | 4,740 | 4,400 | 4,481 | 3,339 |
| Renters - Units | 4,027 | 3,676 | 4,620 | 3,895 | 4,936 | 3,580 | 4,281 | 4,316 |
| Owners - Percentage | 1.26% | 1.42% | 1.07% | 1.27% | 1.30% | 1.22% | 1.23% | 0.91% |
| Renters - Percentage | 4.37% | 3.92% | 5.00% | 3.96% | 5.41% | 3.90% | 4.70% | 4.56% |
| Seasonal and Recreational | 4,231 | 5,789 | 4,172 | 3,352 | 3,273 | 5,852 | 2,779 | 4,271 |
| All Other Vacant | 12,631 | 12,023 | 12,437 | 15,782 | 13,856 | 16,447 | 14,661 | 13,462 |

Note: Vacancy rates by tenure do not include units sold or rented but not occupied.
Source: American Community Survey (ACS)

OWNERS AND RENTERS, NASSAU COUNTY
2008-2017

| | -------Households------- | | | | |
|---|---|---|---|---|---|
| Year | Owners | Renters | Total | Owners | Renters |
| 2008 | 363,649 | 71,420 | 435,069 | 83.58% | 16.42% |
| 2009 | 355,370 | 77,026 | 432,396 | 82.19% | 17.81% |
| 2010 | 355,151 | 87,578 | 442,729 | 80.22% | 19.78% |
| 2011 | 352,815 | 89,224 | 442,039 | 79.82% | 20.18% |
| 2012 | 354,633 | 87,099 | 441,732 | 80.28% | 19.72% |
| 2013 | 344,967 | 93,621 | 438,588 | 78.65% | 21.35% |
| 2014 | 354,287 | 85,881 | 440,168 | 80.49% | 19.51% |
| 2015 | 349,758 | 86,809 | 436,567 | 80.12% | 19.88% |
| 2016 | 354,646 | 86,139 | 440,785 | 80.46% | 19.54% |
| 2017 | 357,884 | 89,094 | 446,978 | 80.07% | 19.93% |

Annual Change

| | | | | | |
|---|---|---|---|---|---|
| 2008-09 | -8,279 | 5,606 | -2,673 | -1.40% | 1.40% |
| 2009-10 | -219 | 10,552 | 10,333 | -1.97% | 1.97% |
| 2010-11 | -2,336 | 1,646 | -690 | -0.40% | 0.40% |
| 2011-12 | 1,818 | -2,125 | -307 | 0.47% | - |
| 2012-13 | -9,666 | 6,522 | -3,144 | -1.63% | 1.63% |
| 2013-14 | 9,320 | -7,740 | 1,580 | 1.84% | - |
| 2014-15 | -4,529 | 928 | -3,601 | -0.37% | 0.37% |
| 2015-16 | 4,888 | -670 | 4,218 | 0.34% | - |
| 2016-17 | 3,238 | 2,955 | 6,193 | -0.39% | 0.39% |
| 2008-17 | -5,765 | 17,674 | 11,909 | -3.52% | 3.52% |

Source: American Community Survey (ACS)

THREE FORECASTS
HOUSING DEMAND (LOW, MIDDLE AND HIGH FORECASTS), NASSAU COUNTY
JANUARY 2019 TO JANUARY 2021 (ANNUAL AVERAGE)

| Line | Subject | Low | Middle | High |
|---|---|---|---|---|
| 1 | Population growth rate | 0.29% | 0.32% | 0.35% |
| 2 | Population 2019 | 1,377,017 | 1,377,017 | 1,377,017 |
| 3 | Population 2021 | 1,384,891 | 1,385,766 | 1,386,641 |
| 4 | Annual Population Growth 2019-2021 | 3,937 | 4,374 | 4,812 |
| 5 | Household Population Rate 2019 | 98.53% | 98.53% | 98.53% |
| 6 | Household Population Rate 2021 | 98.53% | 98.53% | 98.53% |
| 7 | Household Population, 2019 | 1,356,762 | 1,356,762 | 1,356,762 |
| 8 | Household Population, 2021 | 1,364,520 | 1,365,382 | 1,366,244 |
| 9 | Average Household Size 2019 | 3.02 | 3.02 | 3.02 |
| 10 | Average Household Size 2021 | 3.01 | 3.01 | 3.01 |
| 11 | Households 2019 | 450,752 | 450,752 | 450,752 |
| 12 | Households 2021 | 453,329 | 453,615 | 453,902 |
| 13 | Annual Household Growth 2019-2021 | 1,289 | 1,432 | 1,575 |
| 14 | Vacancy Rate, 2019 | 5.37% | 5.37% | 5.37% |
| 15 | Vacancy Rate, 2021 | 5.34% | 5.34% | 5.34% |
| 16 | Housing Units, 2019 | 476,354 | 476,354 | 476,354 |
| 17 | Housing Units, 2021 | 478,915 | 479,218 | 479,520 |
| 18 | Vacant Units, 2019 | 25,602 | 25,602 | 25,602 |
| 19 | Vacant Units, 2021 | 25,602 | 25,602 | 25,602 |
| 20 | Annual Change in Vacancy 2019-2021 | 0 | 0 | 0 |
| 21 | Removal Rate (percent of housing units) | 0.20% | 0.20% | 0.20% |
| 22 | Annual Removals | 955 | 956 | 956 |
| 23 | Average Total Housing Demand 2019-2021 | 2,244 | 2,387 | 2,531 |

THREE FORECASTS
HOUSING DEMAND (LOW, MIDDLE AND HIGH FORECASTS) BY UNITS IN STRUCTURE AND AGE OF HOSUEHOLD HEAD
NASSAU COUNTY

JANUARY 2019 TO JANUARY 2021 (ANNUAL AVERAGE)

| Line | Subject | Low | Middle | High |
|---|---|---|---|---|
| 24 | Forecast: Housing Permits (See prior table) | 2,244 | 2,387 | 2,531 |
| 25 | Single-Family Detached Percent | 66.0% | 64.0% | 62.0% |
| 26 | Average Single-Family Units 2019-2021 | 1,481 | 1,528 | 1,569 |
| 27 | Multi-Family as a Percent of Total | 34.0% | 36.0% | 38.0% |
| 28 | Average Multi-Family Units 2019-2021 | 763 | 859 | 962 |
| 29 | Average Multi-Family Units 2019-2021 - Percent in 5 plus Structures | 99.0% | 99.0% | 99.0% |
| 30 | Average Multi-Family Units 2019-2021 - Units in 5 plus Structures | 755 | 851 | 952 |
| 31 | Units in 5 plus Structures for Rent - Percent | 98.0% | 98.0% | 98.0% |
| 32 | Units in 5 plus Structures | 740 | 834 | 933 |

## SECTION VIII - The Local Economy

**Most of the Valley Stream residents, that work, are employed outside of the area.**

- About 60%, however, worked in the surrounding areas of Nassau County.

- Of the remaining workers, most work in either Queens County or Suffolk County. Some commute daily to New York County (Manhattan). Only a small percentage work in the other areas on Long Island and in other New York City counties.

- Most residents drive to work, more than 80%. Roughly 10% use public transportation, both busses and rail, and 3% either telecommute or work at home.

- Between 55% and 60% commute less than 30 minutes one way. Another 25% commute between 30 and 60 minutes one way and almost 20% have a one-way commute of more than 60 minutes.

**The trend in employment has been towards more Valley Stream residents working outside of the Valley Stream area.**

**Due to the broad geographic workplace, we have considered several areas in our evaluation of the economic backdrop for the proposed development.**

- We considered employment trends in Nassau County, as well as, the broader Nassau-Suffolk Division of the New York City CMSA.

- Most jobs in the surrounding 15-minute market area are included within small companies.

- There are, of course, a number of larger employers and their size makes them important.

- Companies classified as professional/technical, retail trade, health services and construction are the highest count establishments in the area. Combined these groups include 50% of all establishments. The emphasis in the market is, for the most part, on support for area resident.

Here is a closer look at the top five types of establishments

| | |
|---|---|
| Type of Establishment | |
| Professional, scientific and technical services | 15.5% |
| Retail Trade | 13.3% |
| Health care and social services | 12.0% |
| Construction | 9.3% |
| Accommodations and food services | 7.0% |

We expect that the employment base in the market area around the site will continue to expand.

We have forecasts gains of roughly 1% annually.

*Note: Job counts refer to covered employment, only. That's the only employment data source at the zip code level.*

- Covered employment includes jobs that are covered by unemployment insurance. They do not include the self-employed, workers on commission only, the military and some church organizations. The jobs not included, however, play a limited role.

- While employment opportunities in the 15-minute market area will be will be important, it is also critical to look at broader market trends.
- Employment trends in Nassau County and the Nassau-Suffolk MSA. Trends at these macro levels are good benchmarks for evaluating the local employment market.

- Macro trends can be especially helpful in understanding the direction the local economy will likely take, by identifying potential declines and increases that are sweeping through the MSA that could impact the local market.

- Both Nassau County and the Nassau-Suffolk MSA indicate the potential for a relatively stable economic environment through 2019 and, potentially, into 2020.

Here is a closer look:

➢ **<u>Nassau County</u>**

- There have been consistent gains in employment in Nassau County, which are expected to continue.

- County-wide there are an estimated 633,801 jobs.

- The county has posted steady gains since 2011. There have been close to 6,800 jobs added to the county annually for a growth rate of 1.1%.

- Continued employment gains have helped to lower unemployment rates for the county. In 2018, the unemployment rate averaged less than 4%. During and after the recession, the unemployment rate for the county was close to 7%.

- Employment growth in Nassau County is expected to continue through 2019.
- This year's growth will most likely top the 2018 gain in employment. However, it should fall short of the 2013 to 2017 gains.

- However, employment gains will still be significant. We forecast an increase of roughly 1%. This growth will keep unemployment rates near 4%.

➢ **<u>The Nassau-Suffolk MSA</u>**

- The outlook for the broader MSA also indicates continued employment gains. There are an estimated 1,353,600 jobs in the MSA. Employment is expected to increase by 1% this year or by some 12,500 jobs.

- The unemployment rate in the MSA is now at 4.1%. It has fallen from a high of 7.5% in 2010. Unemployment rates in the MSA are expected to remain near 4% over the next two years.

- The National economy has experienced an unusually long period of growth. There is also volatility in the equity markets and interest rates are being ratcheted up.

- At this time, there are few concrete signs of a nearing recession.

- However, we recommend that the development of any project be prepared for a downturn, with the most likely timing in late 2019 or early 2020.

- It is unlikely that a 2020 recession will be comparable to 2008-2009.

- The impact of National recessions on the surrounding market prior to the 2008-2009 recession have been mixed. During the early 2000s recessions, the unemployment rate in the broader market never topped 5%. In the early 1990s recession, the unemployment rate in the surrounding market reached 7%, but was short lived.

- In these conditions, the impact of a recession on the proposed site is unlikely to be significant and most likely short term, less than one year.

- However, a recession similar to 2008-2009 would have a marked impact on the proposed site. Initial lease up would be slowed and discounting of rents would be needed. The impact would also extend over two years.

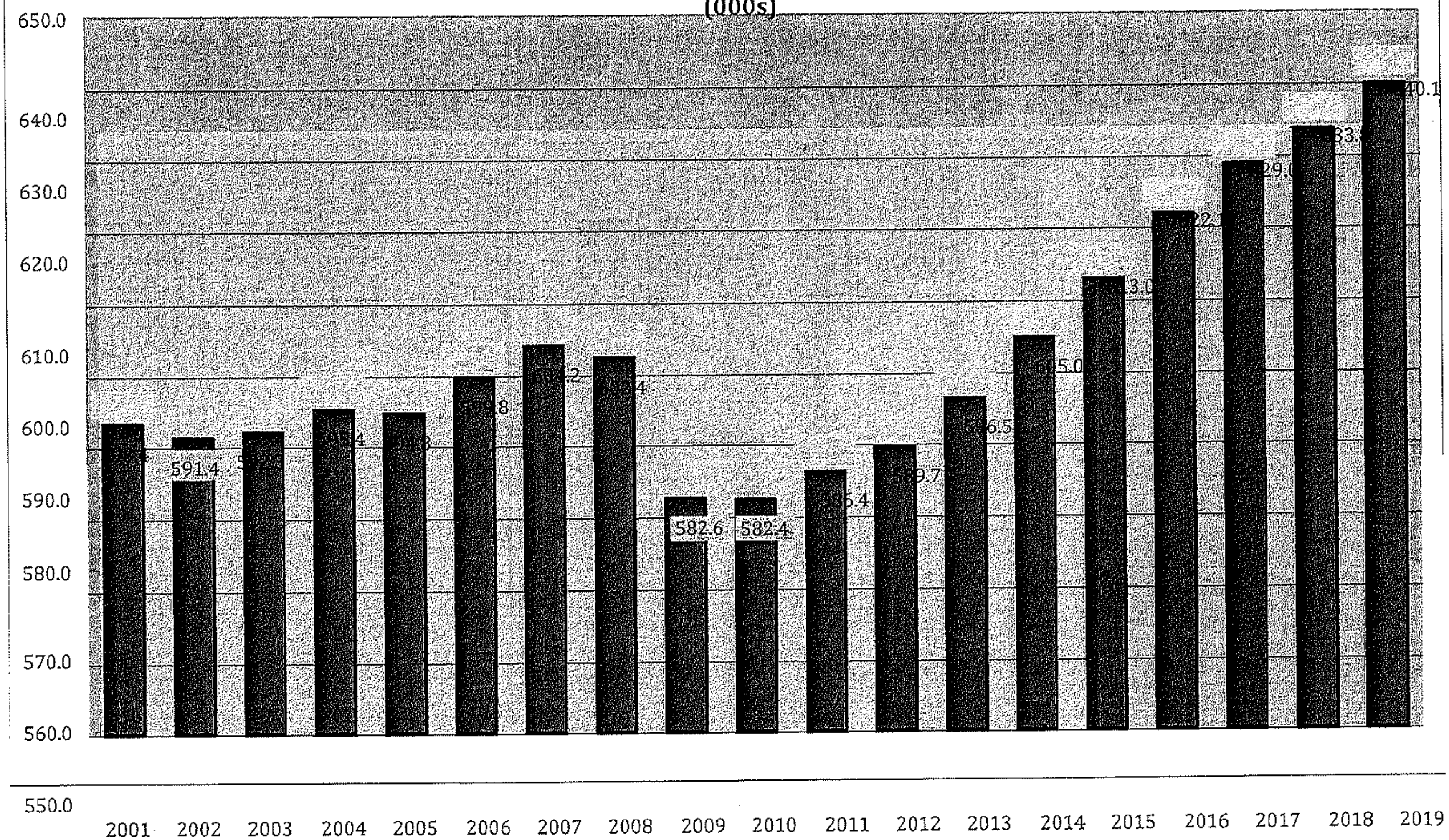
NON-AGRICULTURAL COVERED EMPLOYMENT NASSAU COUNTY, NY
2001-2017 AND 2018-19
PROJECTIONS

| Year | Jobs | ---Annual Change--- Number | Percent |
|---|---|---|---|
| 2001 | 593,368 | | |
| 2002 | 591,381 | -1,987 | -0.33% |
| 2003 | 592,295 | 914 | 0.15% |
| 2004 | 595,364 | 3,069 | 0.52% |
| 2005 | 594,776 | -588 | -0.10% |
| 2006 | 599,794 | 5,018 | 0.84% |
| 2007 | 604,184 | 4,390 | 0.73% |
| 2008 | 602,409 | -1,775 | -0.29% |
| 2009 | 582,644 | -19,765 | -3.28% |
| 2010 | 582,448 | -196 | -0.03% |
| 2011 | 586,366 | 3,918 | 0.67% |
| 2012 | 589,708 | 3,342 | 0.57% |
| 2013 | 596,525 | 6,817 | 1.16% |
| 2014 | 604,958 | 8,433 | 1.41% |
| 2015 | 613,044 | 8,086 | 1.34% |
| 2016 | 622,087 | 9,043 | 1.48% |
| 2017 | 629,006 | 6,919 | 1.11% |
| 2018 [e] | | | |
| Middle | 633,801 | 4,795 | 0.79% |
| Low | 635,000 | 5,994 | 0.99% |
| High | 632,603 | 3,597 | 0.59% |
| 2019 [p] | | | |
| Middle | 640,139 | 6,338 | 1.00% |
| Low | 640,388 | 5,387 | 0.85% |
| High | 639,891 | 7,289 | 1.15% |

[e] Preliminary estimate, based on BLS data.
[p] Projected:

RLS. Source: BLS and RLS

## Nassau County
## Non-Agricultural Employment
## (000s)



COVERED EMPLOYMENT NASSAU COUNTY, NY BY
MONTH 2001-2017

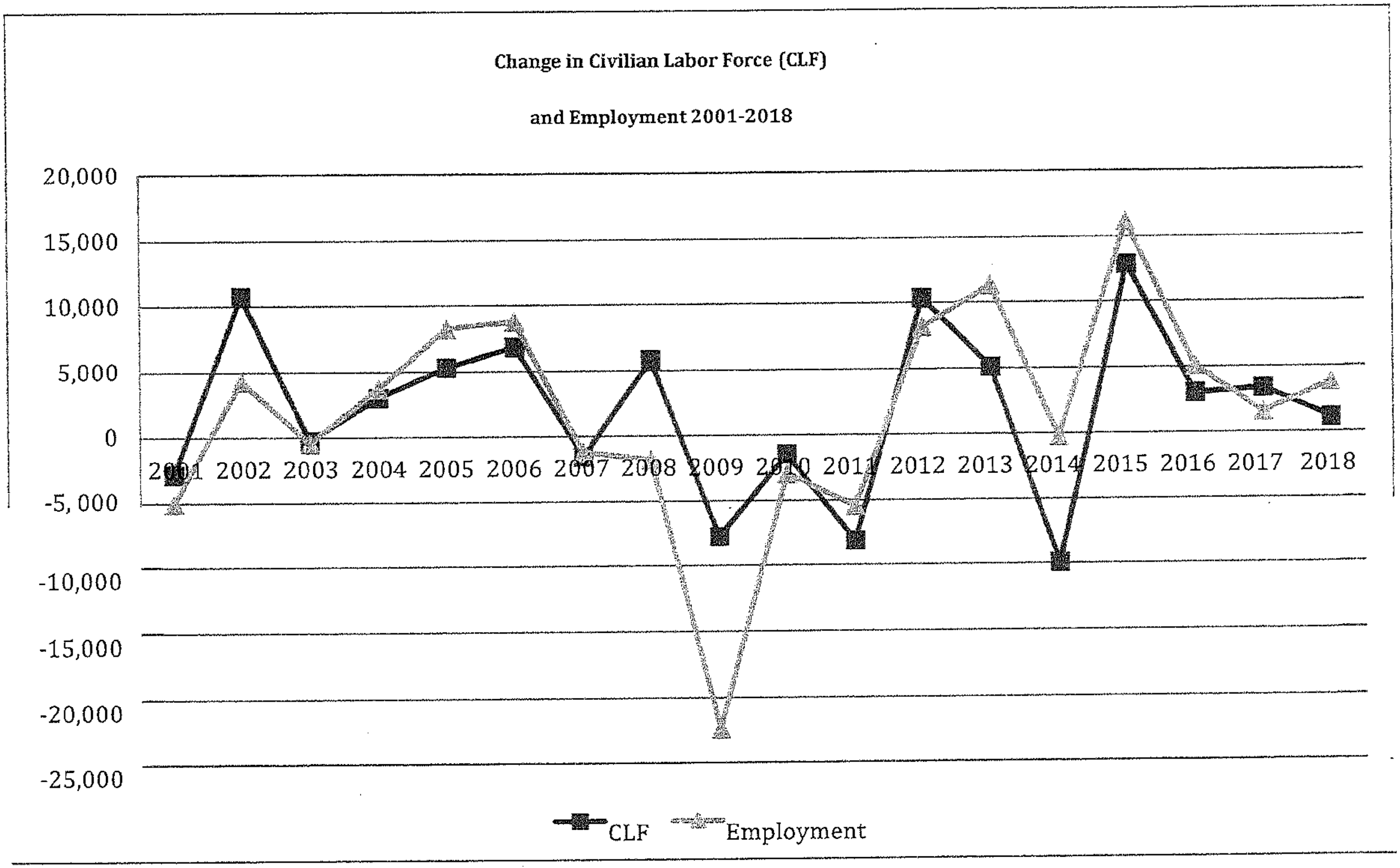
| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Annual |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | 588,886 | 588,186 | 593,875 | 590,113 | 598,070 | 604,189 | 578,620 | 573,411 | 590,721 | 599,727 | 604,507 | 610,106 | 593,368 |
| 2002 | 582,705 | 582,022 | 588,705 | 591,062 | 595,530 | 600,449 | 576,781 | 571,331 | 591,536 | 601,259 | 605,815 | 609,373 | 591,381 |
| 2003 | 582,032 | 580,944 | 587,684 | 591,164 | 596,212 | 603,204 | 580,175 | 573,520 | 594,444 | 602,214 | 606,522 | 609,419 | 592,295 |
| 2004 | 581,560 | 583,021 | 590,228 | 592,774 | 599,811 | 607,587 | 583,844 | 578,245 | 597,131 | 606,258 | 609,840 | 614,071 | 595,364 |
| 2005 | 582,707 | 582,541 | 588,015 | 596,582 | 600,152 | 607,163 | 583,373 | 575,735 | 596,995 | 602,212 | 608,133 | 613,709 | 594,776 |
| 2006 | 586,581 | 586,399 | 593,657 | 597,756 | 604,090 | 611,764 | 586,518 | 580,861 | 602,626 | 611,020 | 615,525 | 620,726 | 599,794 |
| 2007 | 593,827 | 592,439 | 598,019 | 603,833 | 610,130 | 617,936 | 591,032 | 584,165 | 604,874 | 612,757 | 617,890 | 623,310 | 604,184 |
| 2008 | 596,828 | 595,443 | 600,719 | 605,131 | 610,097 | 616,023 | 590,198 | 583,709 | 601,871 | 608,336 | 609,204 | 611,352 | 602,409 |
| 2009 | 582,063 | 580,036 | 582,784 | 581,585 | 589,867 | 595,548 | 568,536 | 561,725 | 580,917 | 586,746 | 589,272 | 592,649 | 582,644 |
| 2010 | 572,111 | 570,245 | 576,619 | 584,105 | 590,405 | 596,291 | 571,587 | 564,406 | 581,642 | 590,813 | 594,086 | 597,071 | 582,448 |
| 2011 | 574,640 | 574,112 | 578,217 | 587,302 | 592,334 | 600,367 | 574,628 | 565,910 | 588,410 | 596,465 | 600,450 | 603,559 | 586,366 |
| 2012 | 579,413 | 579,648 | 586,347 | 588,576 | 595,548 | 602,582 | 574,525 | 570,722 | 593,223 | 601,034 | 596,929 | 607,949 | 589,708 |
| 2013 | 579,403 | 582,535 | 587,269 | 596,675 | 601,674 | 609,697 | 582,661 | 577,737 | 598,703 | 610,106 | 614,584 | 617,256 | 596,525 |
| 2014 | 589,984 | 589,860 | 597,229 | 604,521 | 611,213 | 618,998 | 594,530 | 585,726 | 606,825 | 616,000 | 620,946 | 623,662 | 604,958 |
| 2015 | 596,969 | 596,904 | 603,366 | 609,911 | 620,049 | 625,946 | 604,072 | 596,705 | 616,327 | 625,864 | 628,568 | 631,847 | 613,044 |
| 2016 | 603,438 | 604,681 | 613,464 | 623,443 | 627,862 | 635,424 | 611,692 | 606,289 | 627,500 | 633,100 | 637,729 | 640,426 | 622,087 |
| 2017 | 613,819 | 614,535 | 620,368 | 626,756 | 634,942 | 644,467 | 617,557 | 612,758 | 632,688 | 639,364 | 644,155 | 646,660 | 629,006 |
| 2018 | 620,122 | 623,823 | 628,153 | 633,568 | 639,011 | 647,173 | | | | | | | 633,801 |
| 2008-2010 Change (000s) | -24,717 | -25,198 | -24,100 | -21,026 | -19,692 | -19,732 | -18,611 | -19,303 | -20,229 | -17,523 | -15,118 | -14,281 | -19,961 |
| 2008-2011 Change (000s) | -22,188 | -21,331 | -22,502 | -17,829 | -17,763 | -15,656 | -15,570 | -17,799 | -13,461 | -11,871 | -8,754 | -7,793 | -16,043 |
| 2011-2012 Change (000s) | 4,773 | 5,536 | 8,130 | 1,274 | 3,214 | 2,215 | -103 | 4,812 | 4,813 | 4,569 | -3,521 | 4,390 | 3,342 |
| 2012-2013 Change (000s) | -10 | 2,887 | 922 | 8,099 | 6,126 | 7,115 | 8,136 | 7,015 | 5,480 | 9,072 | 17,655 | 9,307 | 6,817 |
| 2013-2014 Change (000s) | 10,581 | 7,325 | 9,960 | 7,846 | 9,539 | 9,301 | 11,869 | 7,989 | 8,122 | 5,894 | 6,362 | 6,406 | 8,433 |
| 2014-2015 Change (000s) | 6,985 | 7,044 | 6,137 | 5,390 | 8,836 | 6,948 | 9,542 | 10,979 | 9,502 | 9,864 | 7,622 | 8,185 | 8,086 |
| 2015-2016 Change (000s) | 6,469 | 7,777 | 10,098 | 13,532 | 7,813 | 9,478 | 7,620 | 9,584 | 11,173 | 7,236 | 9,161 | 8,579 | 9,043 |
| 2016-2017 Change (000s) | 10,381 | 9,854 | 6,904 | 3,313 | 7,080 | 9,043 | 5,865 | 6,469 | 5,188 | 6,264 | 6,426 | 6,234 | 6,919 |
| 2017-2018 Change (000s) | 6,303 | 9,288 | 7,785 | 6,812 | 4,069 | 2,706 | | | | | | | |

Source: BLS

CIVILIAN LABOR FORCE EMPLOYMENT AND UNEMPLOYMENT
NASSAU COUNTY, NY
2000-2017 WITH 2018
ESTIMATE

| Year | Civilian Labor Force | Employment | Unemployment | Unemployment Rate |
|---|---|---|---|---|
| 1990 | 699,829 | 673,682 | 26,148 | 3.7% |
| 1991 | 687,751 | 648,623 | 39,128 | 5.7% |
| 1992 | 682,060 | 634,021 | 48,039 | 7.0% |
| 1993 | 676,982 | 637,145 | 39,837 | 5.9% |
| 1994 | 675,161 | 641,006 | 34,155 | 5.1% |
| 1995 | 675,787 | 645,219 | 30,567 | 4.5% |
| 1996 | 680,832 | 655,442 | 25,390 | 3.7% |
| 1997 | 692,897 | 668,713 | 24,184 | 3.5% |
| 1998 | 696,875 | 676,297 | 20,578 | 3.0% |
| 1999 | 700,039 | 679,355 | 20,683 | 3.0% |
| 2000 | 673,797 | 651,257 | 22,540 | 3.3% |
| 2001 | 670,973 | 646,155 | 24,819 | 3.7% |
| 2002 | 681,687 | 650,420 | 31,267 | 4.6% |
| 2003 | 681,398 | 649,939 | 31,459 | 4.6% |
| 2004 | 684,388 | 653,640 | 30,748 | 4.5% |
| 2005 | 689,655 | 661,861 | 27,794 | 4.0% |
| 2006 | 696,479 | 670,604 | 25,876 | 3.7% |
| 2007 | 694,915 | 669,351 | 25,564 | 3.7% |
| 2008 | 700,693 | 667,509 | 33,183 | 4.7% |
| 2009 | 692,905 | 645,100 | 47,805 | 6.9% |
| 2010 | 691,435 | 642,118 | 49,317 | 7.1% |
| 2011 | 683,283 | 636,681 | 46,602 | 6.8% |
| 2012 | 693,607 | 644,803 | 48,804 | 7.0% |
| 2013 | 698,691 | 656,121 | 42,571 | 6.1% |
| 2014 | 688,753 | 655,871 | 32,882 | 4.8% |
| 2015 | 701,610 | 672,024 | 29,586 | 4.2% |
| 2016 | 704,626 | 677,104 | 27,522 | 3.9% |
| 2017 | 707,997 | 678,632 | 29,365 | 4.1% |
| 2018 | 709,089 | 682,437 | 26,652 | 3.8% |

Source: BLS - 1990-2017. 2018 estimate based on YTD preliminary data.


Change in Civilian Labor Force (CLF)
and Employment 2001-2018
20,000
15,000
10,000
5,000
0
-5,000
-10,000
-15,000
-20,000
-25,000
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018
CLF
Employment

ANNUAL CHANGE CIVILIAN LABOR FORCE
EMPLOYMENT AND UNEMPLOYMENT NASSAU COUNTY, NY
2000-2017

| Year | ----Annual Change---- Civilian Labor Force | Employment | ----Percent Change---- Civilian Labor Force | Employment |
|---|---|---|---|---|
| 2000-2001 | -2,824 | -5,102 | -0.4% | -0.8% |
| 2001-2002 | 10,713 | 4,265 | 1.6% | 0.7% |
| 2002-2003 | -288 | -481 | 0.0% | -0.1% |
| 2003-2004 | 2,990 | 3,701 | 0.4% | 0.6% |
| 2004-2005 | 5,267 | 8,221 | 0.8% | 1.3% |
| 2005-2006 | 6,824 | 8,743 | 1.0% | 1.3% |
| 2006-2007 | -1,565 | -1,253 | -0.2% | -0.2% |
| 2007-2008 | 5,778 | -1,841 | 0.8% | -0.3% |
| 2008-2009 | -7,787 | -22,409 | -1.1% | -3.4% |
| 2009-2010 | -1,471 | -2,982 | -0.2% | -0.5% |
| 2010-2011 | -8,152 | -5,437 | -1.2% | -0.8% |
| 2011-2012 | 10,324 | 8,122 | 1.5% | 1.3% |
| 2012-2013 | 5,085 | 11,318 | 0.7% | 1.8% |
| 2013-2014 | -9,938 | -250 | -1.4% | 0.0% |
| 2014-2015 | 12,857 | 16,154 | 1.9% | 2.5% |
| 2015-2016 | 3,016 | 5,079 | 0.4% | 0.8% |
| 2016-2017 | 3,371 | 1,528 | 0.5% | 0.2% |
| 2017-2018 | 1,092 | 3,805 | 0.2% | 0.6% |

Source: BLS - 1990-2017. 2018 estimate based on YTD preliminary data.

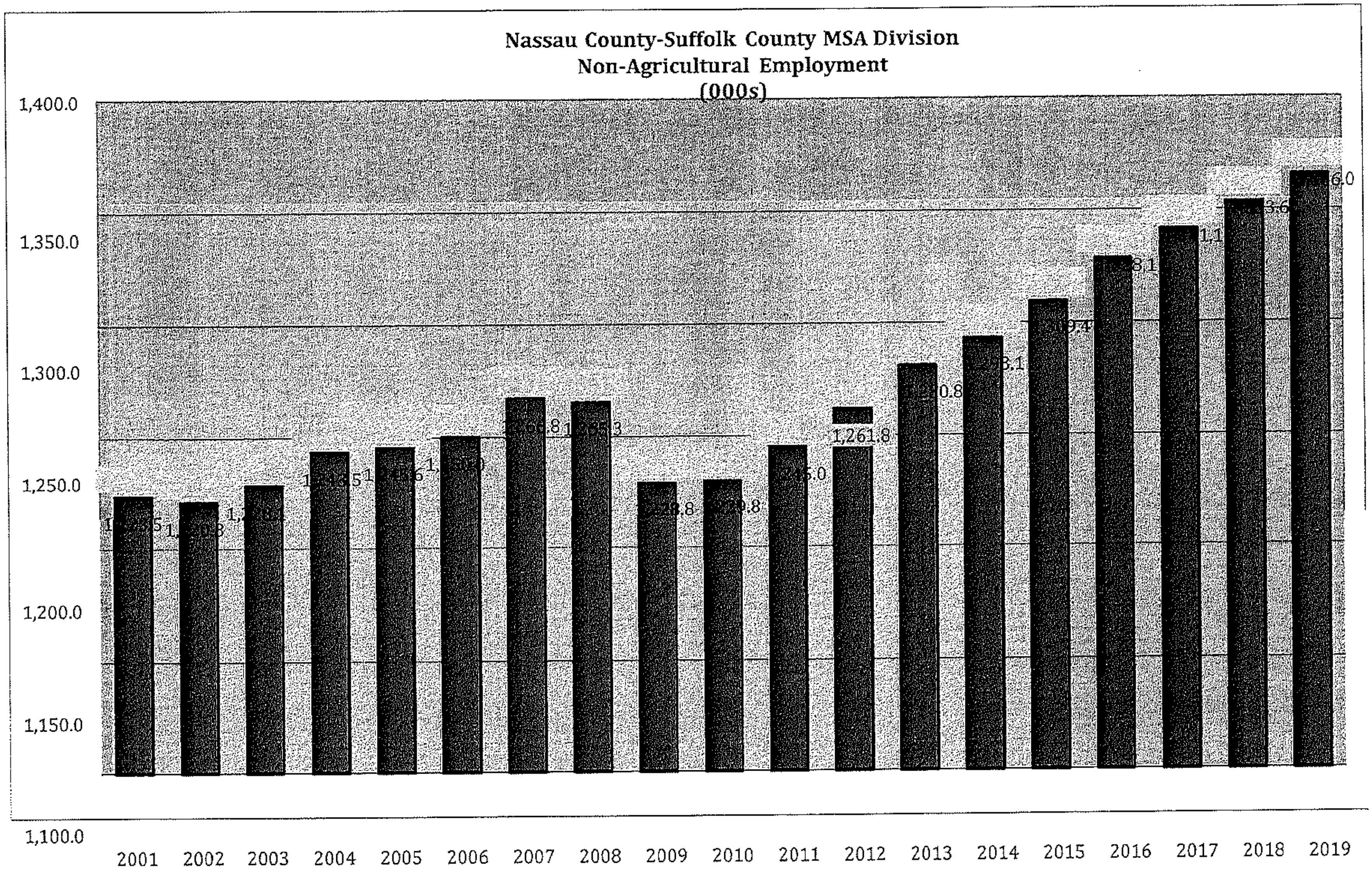
## NON-AGRICULTURAL WAGE & SALARY JOBS NASSAU COUNTY-SUFFOLK COUNTY METRO 2001-2017 AND 2018-19 PROJECTIONS

| Year | Jobs | ---Annual Change--- Number | Percent |
|---|---|---|---|
| 2001 | 1,223,500 | | |
| 2002 | 1,220,800 | -2,700 | - |
| 2003 | 1,228,100 | 7,300 | 0.60% |
| 2004 | 1,243,500 | 15,400 | 1.25% |
| 2005 | 1,245,600 | 2,100 | 0.17% |
| 2006 | 1,250,000 | 4,400 | 0.35% |
| 2007 | 1,266,800 | 16,800 | 1.34% |
| 2008 | 1,265,300 | -1,500 | - |
| 2009 | 1,228,800 | -36,500 | - |
| 2010 | 1,229,800 | 1,000 | 0.08% |
| 2011 | 1,245,000 | 15,200 | 1.24% |
| 2012 | 1,261,800 | 16,800 | 1.37% |
| 2013 | 1,280,800 | 19,000 | 1.51% |
| 2014 | 1,293,100 | 12,300 | 0.96% |
| 2015 | 1,309,400 | 16,300 | 1.26% |
| 2016 | 1,328,100 | 18,700 | 1.43% |
| 2017 | 1,341,100 | 13,000 | 0.98% |
| 2018 [e] | | | |
| Middle | 1,353,600 | 12,500 | 0.97 |
| Low | 1,352,350 | 11,250 | 0.87 |
| High | 1,354,850 | 13,750 | 1.06 % |
| 2019 [p] | | | |
| Middle | 1,365,975 | 12,375 | 0.91 |
| Low | 1,363,488 | 11,138 | 0.82 |
| High | 1,369,081 | 14,231 | 1.05 % |

[e] Preliminary estimate, based on BLS data.

[p] Projected: RLS.

Source: BLS and RLS



Nassau County-Suffolk County MSA Division
Non-Agricultural Employment
(000s)
1,400.0
1,350.0
1,300.0
1,250.0
1,200.0
1,150.0
1,100.0
1,261.8
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019

COVERED EMPLOYMENT NASSAU COUNTY-SUFFOLK COUNTY METRO BY MONTH 2001-2018

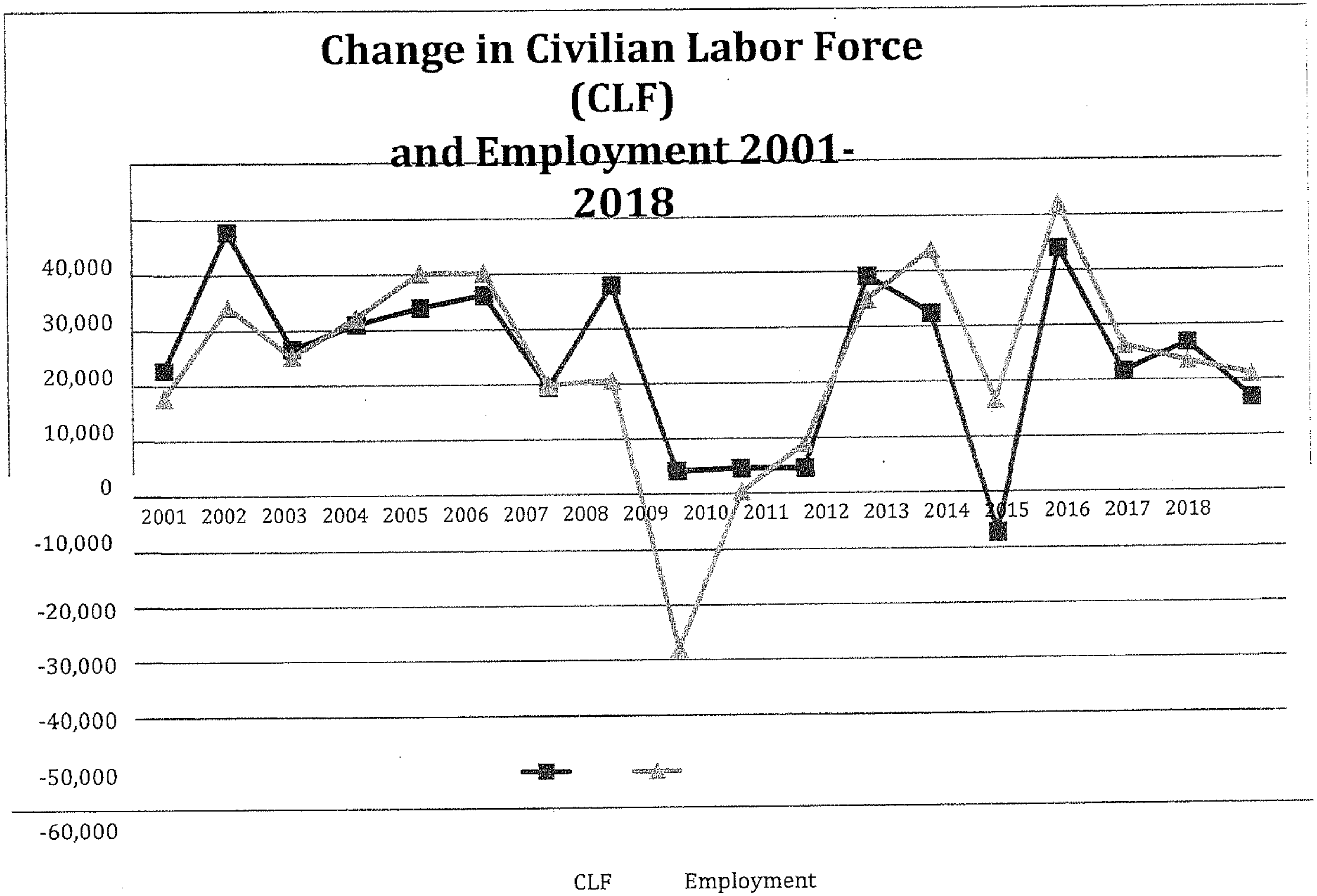
| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Annual |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | 1,197,400 | 1,201,700 | 1,213,400 | 1,215,300 | 1,233,100 | 1,245,800 | 1,224,300 | 1,219,900 | 1,218,400 | 1,230,900 | 1,236,200 | 1,245,100 | 1,223,500 |
| 2002 | 1,188,900 | 1,192,700 | 1,207,000 | 1,216,600 | 1,228,400 | 1,238,800 | 1,218,200 | 1,213,000 | 1,223,700 | 1,235,000 | 1,240,500 | 1,246,300 | 1,220,800 |
| 2003 | 1,193,700 | 1,196,200 | 1,211,100 | 1,220,100 | 1,233,600 | 1,246,000 | 1,228,500 | 1,222,200 | 1,231,300 | 1,245,900 | 1,251,900 | 1,256,600 | 1,228,100 |
| 2004 | 1,202,200 | 1,208,300 | 1,225,600 | 1,233,300 | 1,249,300 | 1,265,300 | 1,247,600 | 1,242,800 | 1,248,700 | 1,261,100 | 1,264,900 | 1,272,300 | 1,243,500 |
| 2005 | 1,209,500 | 1,211,100 | 1,223,900 | 1,244,400 | 1,252,800 | 1,268,300 | 1,250,200 | 1,243,600 | 1,249,700 | 1,255,500 | 1,264,100 | 1,273,600 | 1,245,600 |
| 2006 | 1,211,000 | 1,211,700 | 1,226,800 | 1,240,200 | 1,256,700 | 1,273,100 | 1,253,200 | 1,245,400 | 1,252,100 | 1,268,000 | 1,276,500 | 1,284,800 | 1,250,000 |
| 2007 | 1,234,100 | 1,233,400 | 1,246,100 | 1,261,700 | 1,276,200 | 1,291,400 | 1,269,300 | 1,260,800 | 1,267,000 | 1,280,000 | 1,286,300 | 1,295,300 | 1,266,800 |
| 2008 | 1,240,500 | 1,240,800 | 1,253,400 | 1,266,800 | 1,279,000 | 1,290,300 | 1,274,600 | 1,263,400 | 1,262,000 | 1,272,300 | 1,270,000 | 1,271,000 | 1,265,300 |
| 2009 | 1,210,400 | 1,210,000 | 1,217,400 | 1,224,200 | 1,241,800 | 1,250,500 | 1,232,400 | 1,222,900 | 1,223,300 | 1,235,100 | 1,236,300 | 1,241,600 | 1,228,800 |
| 2010 | 1,191,000 | 1,190,000 | 1,205,100 | 1,228,900 | 1,242,100 | 1,253,000 | 1,234,000 | 1,225,900 | 1,230,200 | 1,248,600 | 1,253,400 | 1,255,500 | 1,229,800 |
| 2011 | 1,202,500 | 1,202,000 | 1,216,600 | 1,241,500 | 1,253,500 | 1,272,900 | 1,258,500 | 1,246,800 | 1,248,800 | 1,260,400 | 1,265,800 | 1,270,800 | 1,245,000 |
| 2012 | 1,226,600 | 1,231,100 | 1,245,000 | 1,254,500 | 1,270,500 | 1,287,300 | 1,268,800 | 1,259,300 | 1,263,000 | 1,276,800 | 1,270,100 | 1,288,400 | 1,261,800 |
| 2013 | 1,233,900 | 1,238,500 | 1,252,700 | 1,276,000 | 1,289,700 | 1,305,600 | 1,291,000 | 1,281,100 | 1,282,700 | 1,301,800 | 1,306,700 | 1,310,400 | 1,280,800 |
| 2014 | 1,249,200 | 1,252,000 | 1,266,100 | 1,286,100 | 1,303,900 | 1,317,000 | 1,304,700 | 1,295,700 | 1,294,100 | 1,312,000 | 1,316,700 | 1,319,100 | 1,293,100 |
| 2015 | 1,262,000 | 1,263,600 | 1,276,300 | 1,299,300 | 1,321,700 | 1,336,800 | 1,325,000 | 1,316,800 | 1,314,900 | 1,328,900 | 1,331,800 | 1,335,500 | 1,309,400 |
| 2016 | 1,279,200 | 1,283,500 | 1,301,100 | 1,323,300 | 1,335,000 | 1,353,500 | 1,343,000 | 1,336,000 | 1,334,400 | 1,345,100 | 1,349,600 | 1,353,400 | 1,328,100 |
| 2017 | 1,299,500 | 1,302,000 | 1,313,200 | 1,331,200 | 1,350,900 | 1,370,900 | 1,356,300 | 1,348,800 | 1,346,300 | 1,353,800 | 1,360,100 | 1,359,700 | 1,341,100 |
| 2018 | 1,306,900 | 1,318,300 | 1,331,000 | 1,349,700 | 1,366,300 | 1,386,100 | 1,369,100 | 1,364,600 | 1,358,600 | 1,366,400 | 1,372,400 | | 1,353,600 |
| 2008-2010 Change (000s) | -49,500 | -50,800 | -48,300 | -37,900 | -36,900 | -37,300 | -40,600 | -37,500 | -31,800 | -23,700 | -16,600 | -15,500 | -35,500 |
| 2008-2011 Change (000s) | -38,000 | -38,800 | -36,800 | -25,300 | -25,500 | -17,400 | -16,100 | -16,600 | -13,200 | -11,900 | -4,200 | -200 | -20,300 |
| 2011-2012 Change (000s) | 24,100 | 29,100 | 28,400 | 13,000 | 17,000 | 14,400 | 10,300 | 12,500 | 14,200 | 16,400 | 4,300 | 17,600 | 16,800 |
| 2012-2013 Change (000s) | 7,300 | 7,400 | 7,700 | 21,500 | 19,200 | 18,300 | 22,200 | 21,800 | 19,700 | 25,000 | 36,600 | 22,000 | 19,000 |
| 2013-2014 Change (000s) | 15,300 | 13,500 | 13,400 | 10,100 | 14,200 | 11,400 | 13,700 | 14,600 | 11,400 | 10,200 | 10,000 | 8,700 | 12,300 |
| 2014-2015 Change (000s) | 12,800 | 11,600 | 10,200 | 13,200 | 17,800 | 19,800 | 20,300 | 21,100 | 20,800 | 16,900 | 15,100 | 16,400 | 16,300 |
| 2015-2016 Change (000s) | 17,200 | 19,900 | 24,800 | 24,000 | 13,300 | 16,700 | 18,000 | 19,200 | 19,500 | 16,200 | 17,800 | 17,900 | 18,700 |
| 2016-2017 Change (000s) | 20,300 | 18,500 | 12,100 | 7,900 | 15,900 | 17,400 | 13,300 | 12,800 | 11,900 | 8,700 | 10,500 | 6,300 | 13,000 |
| 2017-2018 Change (000s) | 7,400 | 16,300 | 17,800 | 18,500 | 15,400 | 15,200 | 12,800 | 15,800 | 12,300 | 12,600 | 12,300 | | |

Source: BLS

CIVILIAN LABOR FORCE EMPLOYMENT AND UNEMPLOYMENT,
NASSAU COUNTY-SUFFOLK COUNTY METRO
2000-2017 WITH 2018 ESTIMATE

| Year | Civilian Labor Force | Employment | Unemployment | Unemployment Rate |
|---|---|---|---|---|
| 1990 | 1,409,858 | 1,352,273 | 57,585 | 4.1% |
| 1991 | 1,388,885 | 1,301,237 | 87,648 | 6.3% |
| 1992 | 1,378,279 | 1,273,425 | 104,854 | 7.6% |
| 1993 | 1,372,116 | 1,281,771 | 90,345 | 6.6% |
| 1994 | 1,368,010 | 1,290,784 | 77,226 | 5.6% |
| 1995 | 1,368,666 | 1,300,768 | 67,898 | 5.0% |
| 1996 | 1,381,752 | 1,324,102 | 57,650 | 4.2% |
| 1997 | 1,409,196 | 1,354,776 | 54,420 | 3.9% |
| 1998 | 1,420,421 | 1,374,127 | 46,294 | 3.3% |
| 1999 | 1,431,732 | 1,384,938 | 46,793 | 3.3% |
| 2000 | 1,405,225 | 1,357,423 | 47,801 | 3.4% |
| 2001 | 1,407,988 | 1,355,156 | 52,832 | 3.8% |
| 2002 | 1,435,700 | 1,369,393 | 66,307 | 4.6% |
| 2003 | 1,442,341 | 1,374,588 | 67,754 | 4.7% |
| 2004 | 1,453,334 | 1,386,755 | 66,579 | 4.6% |
| 2005 | 1,467,327 | 1,406,938 | 60,390 | 4.1% |
| 2006 | 1,483,546 | 1,427,098 | 56,448 | 3.8% |
| 2007 | 1,482,854 | 1,426,891 | 55,962 | 3.8% |
| 2008 | 1,500,689 | 1,427,409 | 73,281 | 4.9% |
| 2009 | 1,484,786 | 1,379,371 | 105,415 | 7.1% |
| 2010 | 1,469,298 | 1,359,716 | 109,582 | 7.5% |
| 2011 | 1,453,816 | 1,348,611 | 105,205 | 7.2% |
| 2012 | 1,473,007 | 1,363,536 | 109,471 | 7.4% |
| 2013 | 1,485,394 | 1,387,373 | 98,022 | 6.6% |
| 2014 | 1,458,233 | 1,383,960 | 74,273 | 5.1% |
| 2015 | 1,482,230 | 1,415,937 | 66,293 | 4.5% |
| 2016 | 1,483,827 | 1,422,345 | 61,483 | 4.1% |
| 2017 | 1,490,685 | 1,425,777 | 64,908 | 4.4% |
| 2018 | 1,487,408 | 1,426,750 | 60,658 | 4.1% |

Source: BLS - 1990-2017. 2018 estimate based on YTD preliminary data.


Change in Civilian Labor Force
(CLF)
and Employment 2001-
2018
40,000
30,000
20,000
10,000
0
-10,000
-20,000
-30,000
-40,000
-50,000
-60,000
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018
CLF
Employment

ANNUAL CHANGE CIVILIAN LABOR FORCE
EMPLOYMENT AND UNEMPLOYMENT
NASSAU COUNTY-SUFFOLK COUNTY METRO
2000-2018

| Year | ----Annual Change---- Civilian Labor Force | Employment | ----Percent Change---- Civilian Labor Force | Employment |
|---|---|---|---|---|
| 2000-2001 | 2,764 | -2,267 | 0.2% | -0.2% |
| 2001-2002 | 27,712 | 14,237 | 2.0% | 1.1% |
| 2002-2003 | 6,641 | 5,194 | 0.5% | 0.4% |
| 2003-2004 | 10,993 | 12,167 | 0.8% | 0.9% |
| 2004-2005 | 13,993 | 20,183 | 1.0% | 1.5% |
| 2005-2006 | 16,219 | 20,160 | 1.1% | 1.4% |
| 2006-2007 | -692 | -207 | 0.0% | 0.0% |
| 2007-2008 | 17,835 | 517 | 1.2% | 0.0% |
| 2008-2009 | -15,903 | -48,037 | -1.1% | -3.4% |
| 2009-2010 | -15,488 | -19,655 | -1.0% | -1.4% |
| 2010-2011 | -15,483 | -11,105 | -1.1% | -0.8% |
| 2011-2012 | 19,192 | 14,925 | 1.3% | 1.1% |
| 2012-2013 | 12,387 | 23,836 | 0.8% | 1.7% |
| 2013-2014 | -27,161 | -3,413 | -1.8% | -0.2% |
| 2014-2015 | 23,997 | 31,977 | 1.6% | 2.3% |
| 2015-2016 | 1,597 | 6,408 | 0.1% | 0.5% |
| 2016-2017 | 6,858 | 3,432 | 0.5% | 0.2% |
| 2017-2018 | -3,277 | 973 | -0.2% | 0.1% |

Source: BLS - 1990-2017. 2018 estimate based on YTD preliminary data.

# SECTION IX – Potential Gross Income

### Gross Rental Income

In order to project market rental rates for the subject's proposed residential units, we researched the Nassau and Suffolk County residential market for rentals of comparable luxury apartment units within newly constructed apartment complexes that contain characteristics similar to that of the proposed subject complex. The annual apartment rental revenue for the subject property has been estimated at $489,600 per annum (app. $3,200 per residential unit per month). In addition, we researched comparable rentals of newly developed or recently renovated retail centers.

Based upon our findings we have estimated a $20,000 annual rental rate for the subject's retail space ($40 psf. This projected retail rental rate is structured on a semi-gross lease basis, whereby the tenant is responsible for its pro-rata share of increases in real estate taxes above a base year, non-structural repairs and maintenance, tenant insurance, and all utilities.

### Vacancy & Credit Loss Allowance

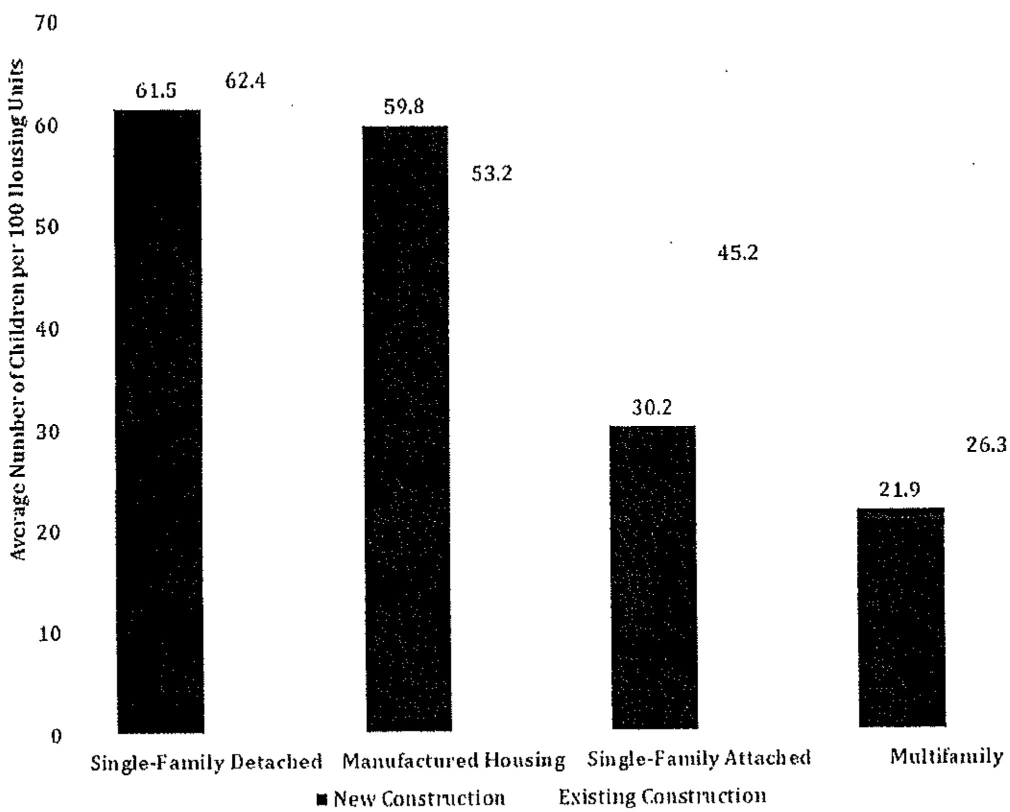
A vacancy and credit loss allowance has been considered within our analysis to account for lease rollover and any future vacancies, as well as concessions, bad debt and delinquent collections. We have estimated a vacancy/credit loss factor of 15.0% for the residential space and 5.0% for the subject's retail income, to account for loss of rent due to future capital improvements on the subject's individual units.

### Net Operating Income

The difference between the PGI and the vacancy and credit loss allowance provides an estimate of collected, or effective gross income EGI = $508,600. From the EGI, we deducted the operating expenses (estimated at 25% of residential EGI and 15% of retail EGI) OPEX = $125,450 to arrive at a potential Net Operating Income NOI = $383,350.

## SECTION X – Est. Number of School Age Children upon stabilization

Using data from the US Census Bureau's American Community Survey (2015), the National Association of Home Builders (NAHB) tabulated the average number of school age children (defined as children between the ages of 5 and 18) in housing units. The tabulations also include breakdowns by different types of residential units, such as single-family detached and multifamily. It also includes breakdowns by household characteristics such as mobility and tenure.




Based on the 15 residential apartments and considering that one is a studio, we estimate a maximum of three school age children to be living at the project upon completion and stabilization.

EXHIBIT C-2

Economic and Fiscal Impact Report dated March 27, 2024 prepared by Camoin Associates

PREPARED FOR:

Town of Hempstead Industrial Development Agency
350 Front Street, Room 234-A
Hempstead, NY 11550

# Economic and Fiscal Impact

## THE PROMENADE 360, LLC

Town of Hempstead
Industrial Development Agency

MARCH 27, 2024

PREPARED BY:

camoin associates

PO Box 3547
Saratoga Springs, NY 12866
518.899.2608
www.camoinassociates.com

CAMOIN ASSOCIATES

# ABOUT THE STUDY

Camoin Associates was retained by the Town of Hempstead Industrial Development Agency to measure the potential economic and fiscal impacts of a project proposed by The Promenade 360 LLC. The proposed project involves construction of a mixed-use facility consisting of approximately 517 square feet of ground floor retail space and 15 apartment units with 100% of units designated as market-rate at 360A West Merrick Road, Valley Stream, New York 11580. The goal of this analysis is to provide a complete assessment of the total economic, employment, and tax impact of the project on the Town of Hempstead that result from the new household spending and on-site operations.

The primary tool used in this analysis is the input-output model developed by Lightcast. Primary data used in this study was obtained from the developer's application for financial assistance to the Town of Hempstead Industrial Development Agency and included the following data points: on-site jobs, exemptions, and PILOT schedule. Secondary data was collected by Camoin Associates and used to estimate spending by new households.

The economic impacts are presented in four categories: direct impact, indirect impact, induced impact, and total impact. The indirect and induced impacts are commonly referred to as the "multiplier effect." Note that previous impact reports commissioned by the Town of Hempstead Industrial Development Agency were presented in only three categories: direct impact, indirect impact, and total impact. Prior to 2020, Camoin Associates included both the indirect and induced impacts in the "indirect impact" category. Beginning in 2020, the indirect and induced impacts will be reported separately to allow for more accurate interpretation of results.

## STUDY INFORMATION

**Data Source:**
The Promenade 360 LLC Application for Assistance, and the Town of Hempstead Industrial Development Agency

**Geography:**
Town of Hempstead

**Study Period:**
2022

**Modeling Tool:**
Lightcast

### DIRECT IMPACTS

*This initial round of impacts is generated as a result of spending on operations and new household spending at town businesses.*

### INDIRECT IMPACTS

*The direct impacts have ripple effects through business-to-business spending. This spending results from the increase in demand for goods and services in industry sectors that supply both the facility and the businesses receiving the new household spending.*

### INDUCED IMPACTS

*Impacts that result from spending by facility employees, employees of town businesses, and employees of suppliers. Earnings of these employees enter the economy as employees spend their paychecks in the town on food, clothing, and other goods and services.*

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# EXECUTIVE SUMMARY

The Town of Hempstead Industrial Development Agency (the "Agency") received an application for financial assistance from The Promenade 360, LLC (the "Applicant") for the construction of a 15-unit residential building consisting of: one (1) studio, nine (9) one-bedroom, and five (5) two-bedroom units, as well as commercial retail space (the "Project") at 360A West Merrick Road, Valley Stream, New York 11580 (the "Site). 100% of the residential units will be designated as market-rate. The Applicant is seeking a 20-year PILOT agreement from the Agency. The Agency commissioned Camoin Associates to conduct an economic and limited fiscal impact analysis of the Project on the Town of Hempstead (the "Town").

Camoin Associates conducted a market analysis and determined that 79% of the units (or 12 units) would be considered as providing "net new" households to the town as they allow households to exist in the town that would otherwise locate elsewhere. We then computed the total spending associated with these households to derive job creation resulting from the Project. The following is a summary of our findings from this study, with details below and in the following sections.

*Table 1*

**Summary of Benefits to Town**

| | | |
|---|---|---|
| Total Jobs | | 3 |
| Direct Jobs | | 2 |
| Total Earnings | $ | 199,472 |
| Direct Earnings | $ | 130,714 |
| Annual Sales Tax Revenue to County | $ | 6,257 |
| Annual Sales Tax Revenue to Town | $ | 552 |
| Average Annual PILOT Payment | $ | 111,565 |
| Average Annual PILOT Payment to Town | $ | 604 |
| Average Annual PILOT Benefit (Cost) | $ | 63,458 |
| Average Annual PILOT Benefit (Cost) to Town | $ | 343 |
| **Average Annual Benefit (Cost) to Town of Project with PILOT compared to No Project** | **$** | **343** |
| **Average Annual Benefit (Cost) to Town of Project with PILOT compared to Project Without PILOT** | **$** | **(541)** |

- The Project would support 3 new jobs in the town, with nearly $200,000 in associated earnings. These figures include net new jobs resulting from both maintenance and operation of the facility as well as economic activity that results from new household spending.
- The Applicant has negotiated terms of a proposed 20-year PILOT agreement with the Agency, where the applicant would pay an average of $111,565 each year, of which $604 will be allocated to the Town.
- The annual net benefit to the Town is estimated to be $896. In this case, this is the sum of the average annual PILOT cost to the Town and new annual sales tax revenue to the Town.
- If the Project were to occur without a PILOT the Town would receive $541 more per year than with the PILOT.
- Through negotiations with the Agency the Applicant could have access to a sales tax exemption valued at up to $47,438. However, if we assume that the Project would not occur absent IDA benefits, this is not actually a "cost" to the state and county since no future revenue stream would exist without the exemptions.

# ECONOMIC IMPACT ANALYSIS

The estimates of direct economic activity generated by facility operation and new resident spending as provided by the Applicant were used as the direct inputs for the economic impact model. Camoin Associates uses the input-output model designed by Lightcast to calculate total economic impacts. Lightcast allows the analyst to input the amount of new direct economic activity (spending or jobs) occurring within the town and uses the direct inputs to estimate the spillover effects that the net new spending or jobs have as these new dollars circulate through the Town of Hempstead's economy. This is captured in the indirect and induced impacts and is commonly referred to as the "multiplier effect." See Attachment A for more information on economic impact analysis.

The Project would have economic impacts on the Town of Hempstead as a result of Project construction, operation, and spending by new tenant households.

## CONSTRUCTION PHASE IMPACTS

The Applicant estimates that private sector investment in the construction of the Project would cost $2.860 million[1], of which 70%[2] would be sourced from within the town. This means that there will be $2.002 million in net new spending in the town associated with the construction phase of the Project.

*Table 2*

**Construction Phase Spending - Town**

| | |
|---|---|
| Total Construction Cost | $ 2,860,000 |
| Percent Sourced from Town | 70% |
| **Net New Constuction Spending** | **$ 2,002,000** |

**Source:** Applicant, Camoin Associates

Based on $2.002 million worth of net new direct spending associated with the construction phase of the Project, Camoin Associates determined that there would be $2.442 million in total one-time construction related spending supporting 9[3] jobs and an associated $908,374 in earnings over the construction period throughout the town. Table 3 outlines the economic impacts of construction.

*Table 3*

**Town Economic Impact - Construction Phase**

| | Jobs | Earnings | Sales |
|---|---|---|---|
| Direct | 7 | $ 758,797 | $ 2,002,000 |
| Indirect | 1 | $ 91,009 | $ 288,849 |
| Induced | 1 | $ 58,567 | $ 151,085 |
| **Total** | **9** | **$ 908,374** | **$ 2,441,934** |

**Source:** Lightcast, Camoin Associates

[1] Includes project costs as provided by the Applicant, excluding acquisition, legal fees, and financial charges.
[2] According to Lightcast, approximately 70% of construction industry demand is met within the town.
[3] Based the total construction costs and county level spending, our analysis found there to be an estimated 7 direct jobs, lower than the 20 FTE construction jobs mentioned in the application.

# IMPACTS OF NEW HOUSEHOLD SPENDING

To determine the annual economic impact of the Project on the town, the first step is to calculate the number of households that can be considered "net new" to the town economy. In other words, the number of households that, but for the Project, would not exist in the Town of Hempstead. With respect to this Project, net new households consist of those who are able to live in the jurisdiction as a result of the Project and would otherwise choose to live elsewhere. See Attachment B for more information on this methodology.

The Applicant proposes to construct 15 units, with 100% (or 15 units) designated as market-rate. Camoin Associates conducted a rental demand analysis for the Project site and found that 79% of the market-rate units, or 12 units, are net new to the town (Table 4). This is based on a review of the data and an understanding of the proposed Project as detailed above.

*Table 4*

**Net New Households**

| | Total Households | Percent Net New | Net New Households |
|---|---|---|---|
| Market-Rate Units | 15 | 79% | 12 |
| **Total** | **15** | **79%** | **12** |

**Source:** Lightcast, Camoin Associates

### SPENDING BY NEW TENANTS

These residents make purchases in the town, thereby adding new dollars to the Town of Hempstead's economy. For this analysis, we researched spending patterns by household income to determine the spending by tenants.

The net new market-rate units will be available to households in the $100,000 to $150,000 annual household income spending basket, the spending basket that most closely resembles likely tenants, per the Bureau of Labor Statistics' 2022 Consumer Expenditure Survey.

Using a spending basket for the region which details household spending in individual consumer categories by income level, we analyzed likely tenant spending. According to the 2022 Consumer Expenditure Survey, households in market-rate units have annual expenditures (excluding housing and utility costs) of $45,942.

It is assumed that 60%[4] of total expenditures would occur within the Town of Hempstead and, therefore, have an impact on the town's economy. The total net new spending columns show the total amount spent in the town, based on the number of net new units.

[4] According to Lightcast, 60% of demand for industries in a typical household spending basket is met within the Town of Hempstead.

*Table 5*

**Market-Rate Units ($100,000 to $149,999 Annual Household Income)**

| Category | Annual per Unit Spending Basket | Amount Spent in Town (60%) | Total Net New Town Spending (12 net new units) |
|---|---|---|---|
| Food | $ 9,336 | $ 5,602 | $ 66,147 |
| Household furnishings and equipment | $ 3,210 | $ 1,926 | $ 22,743 |
| Apparel and services | $ 2,429 | $ 1,457 | $ 17,210 |
| Transportation | $ 16,215 | $ 9,729 | $ 114,885 |
| Health care | $ 7,099 | $ 4,259 | $ 50,297 |
| Entertainment | $ 3,946 | $ 2,368 | $ 27,958 |
| Personal care products and services | $ 1,038 | $ 623 | $ 7,354 |
| Education | $ 1,399 | $ 839 | $ 9,912 |
| Miscellaneous | $ 1,270 | $ 762 | $ 8,998 |
| **Total Tenant Spending** | **$ 45,942** | **$ 27,565** | **$ 325,504** |

**Source:** 2022 Consumer Expenditure Survey, Bureau of Labor Statistics

**Note:** Numbers may not sum due to rounding.

The total net new spending in the town was calculated by multiplying the amount spent in each region by the number of net new units. As shown in the table above, spending in the town by all new households would total $325,504. We used the above spending basket amounts to calculate the direct, indirect, and total impact of the Project on the town.

Using $325,504 as the new sales input, Camoin Associates used Lightcast to determine the indirect, induced, and total impact of the Project on the Town of Hempstead.[5] Table 6 outlines the findings of this analysis.

*Table 6*

**Town Economic Impact - Household Spending**

| | Jobs | Earnings | Sales |
|---|---|---|---|
| Direct | 2 | $ 111,530 | $ 325,504 |
| Indirect | 1 | $ 28,435 | $ 75,028 |
| Induced | 0 | $ 27,937 | $ 71,827 |
| **Total** | **3** | **$ 167,902** | **$ 472,359** |

**Source:** Lightcast, Camoin Associates

[5] Analysis uses the 33 zip codes that are predominantly located within the Town of Hempstead (see Attachment C).

## IMPACTS OF ON-SITE EMPLOYMENT

According to the Applicant, there will be one (1) part time jobs will be on-site following Project completion resulting in zero (0) full-time on-site jobs. Since 79% of the housing units are considered net new to the town, 79% of the jobs, or 0 jobs (due to rounding), are considered to be net new. While there are no full-time jobs on-site, there would still be earnings and sales associated with the part-time employment. The table below detail the impact that this job will have on the Town of Hempstead (Table 7).

*Table 7*

**Town Economic Impact - On-Site Operations**

| | Jobs | Earnings | Sales |
|---|---|---|---|
| Direct | 0 | $ 19,184 | $ 59,621 |
| Indirect | 0 | $ 8,828 | $ 24,489 |
| Induced | 0 | $ 3,557 | $ 9,150 |
| **Total** | **0** | **$ 31,570** | **$ 93,260** |

**Source:** Lightcast, Camoin Associates

## TOTAL ANNUAL ECONOMIC IMPACT

The complete economic impact of both new household spending as well as on-site operation and maintenance of the Project on the Town of Hempstead in Table 8.

*Table 8*

**Town Total Annual Economic Impact**

| | Jobs | Earnings | Sales |
|---|---|---|---|
| Direct | 2 | $ 130,714 | $ 385,125 |
| Indirect | 1 | $ 37,263 | $ 99,516 |
| Induced | 0 | $ 31,494 | $ 80,977 |
| **Total** | **3** | **$ 199,472** | **$ 565,619** |

**Source:** Lightcast, Camoin Associates

# FISCAL IMPACT ANALYSIS

In addition to the economic impact of the Project on the local economies (outlined above), there would also be a fiscal impact in terms of annual property tax and sales tax generation. The following section of the analysis outlines the impact of the completion of the Project on the local taxing jurisdictions in terms of the cost and/or benefit to municipal budgets.

## PAYMENT IN LIEU OF TAXES (PILOT)

The Applicant has applied to the Agency for a Payment In Lieu of Taxes (PILOT) agreement. The Applicant has proposed a 20-year PILOT payment schedule based on the current tax rate, taxable value, and assessed value of the Project. Based on the terms of the PILOT as proposed, Camoin Associates calculated the potential impact on the affected jurisdictions.[6]

*Table 9*

**Tax Payments with PILOT**

| Year | Total PILOT Payments | Portion of Payment by Jurisdiction: Town | County | School District | Village |
|---|---|---|---|---|---|
| 1 | $ 39,598 | $ 214 | $ 6,272 | $ 33,111 | $ 4,087 |
| 2 | $ 39,598 | $ 214 | $ 6,272 | $ 33,111 | $ 4,087 |
| 3 | $ 39,598 | $ 214 | $ 6,272 | $ 33,111 | $ 4,087 |
| 4 | $ 65,000 | $ 352 | $ 10,296 | $ 54,352 | $ 6,708 |
| 5 | $ 67,500 | $ 365 | $ 10,692 | $ 56,443 | $ 6,966 |
| 6 | $ 70,000 | $ 379 | $ 11,088 | $ 58,533 | $ 7,224 |
| 7 | $ 90,000 | $ 487 | $ 14,256 | $ 75,257 | $ 9,289 |
| 8 | $ 100,000 | $ 541 | $ 15,840 | $ 83,619 | $ 10,321 |
| 9 | $ 110,000 | $ 595 | $ 17,424 | $ 91,981 | $ 11,353 |
| 10 | $ 120,000 | $ 649 | $ 19,008 | $ 100,342 | $ 12,385 |
| 11 | $ 125,000 | $ 676 | $ 19,800 | $ 104,523 | $ 12,901 |
| 12 | $ 130,000 | $ 704 | $ 20,592 | $ 108,704 | $ 13,417 |
| 13 | $ 135,000 | $ 731 | $ 21,384 | $ 112,885 | $ 13,933 |
| 14 | $ 140,000 | $ 758 | $ 22,176 | $ 117,066 | $ 14,449 |
| 15 | $ 145,000 | $ 785 | $ 22,968 | $ 121,247 | $ 14,965 |
| 16 | $ 150,000 | $ 812 | $ 23,760 | $ 125,428 | $ 15,481 |
| 17 | $ 155,000 | $ 839 | $ 24,552 | $ 129,609 | $ 15,997 |
| 18 | $ 160,000 | $ 866 | $ 25,344 | $ 133,790 | $ 16,513 |
| 19 | $ 170,000 | $ 920 | $ 26,928 | $ 142,152 | $ 17,545 |
| 20 | $ 180,000 | $ 974 | $ 28,512 | $ 150,514 | $ 18,577 |
| **Total** | **$ 2,231,294** | **$ 12,075** | **$ 353,439** | **$ 1,865,780** | **$ 230,283** |
| **Average** | **$ 111,565** | **$ 604** | **$ 17,672** | **$ 93,289** | **$ 11,514** |
| **Present Value*** | **$ 1,084,334** | **$ 5,868** | **$ 171,760** | **$ 906,706** | **$ 111,910** |

**Source:** Town of Hempstead IDA, Camoin Associates

***Note:** Assumes a 6.25% discount rate.

[6] It is assumed that each jurisdiction will continue to receive the same portion of the PILOT that they currently receive from the full tax bill.

## TAX POLICY COMPARISON

Without financial assistance from the Agency, Camoin Associates assumes the Applicant would not undertake the Project. Table 10 displays the property tax payment without the Project as the building is currently gutted and partially demolished.

*Table 10*

**Tax Payments without Project**

| Year | Total Property Tax Payment Without Project** | Portion of Payment by Jurisdiction: Town | County | School District | Village |
|---|---|---|---|---|---|
| 1 | $ 39,598 | $ 214 | $ 6,272 | $ 33,111 | $ 4,087 |
| 2 | $ 40,390 | $ 219 | $ 6,398 | $ 33,774 | $ 4,168 |
| 3 | $ 41,198 | $ 223 | $ 6,526 | $ 34,449 | $ 4,252 |
| 4 | $ 42,022 | $ 227 | $ 6,656 | $ 35,138 | $ 4,337 |
| 5 | $ 42,862 | $ 232 | $ 6,789 | $ 35,841 | $ 4,424 |
| 6 | $ 43,719 | $ 237 | $ 6,925 | $ 36,558 | $ 4,512 |
| 7 | $ 44,594 | $ 241 | $ 7,064 | $ 37,289 | $ 4,602 |
| 8 | $ 45,486 | $ 246 | $ 7,205 | $ 38,035 | $ 4,694 |
| 9 | $ 46,395 | $ 251 | $ 7,349 | $ 38,795 | $ 4,788 |
| 10 | $ 47,323 | $ 256 | $ 7,496 | $ 39,571 | $ 4,884 |
| 11 | $ 48,270 | $ 261 | $ 7,646 | $ 40,363 | $ 4,982 |
| 12 | $ 49,235 | $ 266 | $ 7,799 | $ 41,170 | $ 5,081 |
| 13 | $ 50,220 | $ 272 | $ 7,955 | $ 41,993 | $ 5,183 |
| 14 | $ 51,224 | $ 277 | $ 8,114 | $ 42,833 | $ 5,287 |
| 15 | $ 52,249 | $ 283 | $ 8,276 | $ 43,690 | $ 5,392 |
| 16 | $ 53,294 | $ 288 | $ 8,442 | $ 44,564 | $ 5,500 |
| 17 | $ 54,360 | $ 294 | $ 8,611 | $ 45,455 | $ 5,610 |
| 18 | $ 55,447 | $ 300 | $ 8,783 | $ 46,364 | $ 5,722 |
| 19 | $ 56,556 | $ 306 | $ 8,958 | $ 47,291 | $ 5,837 |
| 20 | $ 57,687 | $ 312 | $ 9,138 | $ 48,237 | $ 5,954 |
| **Total** | **$ 962,127** | **$ 5,207** | **$ 152,402** | **$ 804,519** | **$ 99,297** |
| **Average** | **$ 48,106** | **$ 260** | **$ 7,620** | **$ 40,226** | **$ 4,965** |
| **Present Value*** | **$ 519,896** | **$ 2,813** | **$ 82,352** | **$ 434,731** | **$ 53,656** |

**Source:** Town of Hempstead IDA, Camoin Associates

***Note:** Assumes a 6.25% discount rate.

****Note:** Assumes an average annual increase of 2.00%

The following table calculates the property tax payments that would be made assuming the Project occurs, but no PILOT is received. This is simply for illustrative purposes as it is assumed that without financial assistance, the Project would not be completed.

*Table 11*

**Tax Payments with Project without PILOT**

| Year | | Total Property Tax Payment Without Project** | Portion of Payment by Jurisdiction | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Town | | County | | School District | | Village |
| 1 | $ | 174,187 | $ | 943 | $ | 27,591 | $ | 145,653 | $ | 17,977 |
| 2 | $ | 177,671 | $ | 961 | $ | 28,143 | $ | 148,566 | $ | 18,337 |
| 3 | $ | 181,224 | $ | 981 | $ | 28,706 | $ | 151,537 | $ | 18,703 |
| 4 | $ | 184,849 | $ | 1,000 | $ | 29,280 | $ | 154,568 | $ | 19,077 |
| 5 | $ | 188,546 | $ | 1,020 | $ | 29,866 | $ | 157,659 | $ | 19,459 |
| 6 | $ | 192,317 | $ | 1,041 | $ | 30,463 | $ | 160,813 | $ | 19,848 |
| 7 | $ | 196,163 | $ | 1,062 | $ | 31,072 | $ | 164,029 | $ | 20,245 |
| 8 | $ | 200,086 | $ | 1,083 | $ | 31,694 | $ | 167,309 | $ | 20,650 |
| 9 | $ | 204,088 | $ | 1,104 | $ | 32,328 | $ | 170,656 | $ | 21,063 |
| 10 | $ | 208,170 | $ | 1,127 | $ | 32,974 | $ | 174,069 | $ | 21,484 |
| 11 | $ | 212,333 | $ | 1,149 | $ | 33,634 | $ | 177,550 | $ | 21,914 |
| 12 | $ | 216,580 | $ | 1,172 | $ | 34,306 | $ | 181,101 | $ | 22,352 |
| 13 | $ | 220,911 | $ | 1,195 | $ | 34,993 | $ | 184,723 | $ | 22,799 |
| 14 | $ | 225,329 | $ | 1,219 | $ | 35,692 | $ | 188,418 | $ | 23,255 |
| 15 | $ | 229,836 | $ | 1,244 | $ | 36,406 | $ | 192,186 | $ | 23,720 |
| 16 | $ | 234,433 | $ | 1,269 | $ | 37,134 | $ | 196,030 | $ | 24,195 |
| 17 | $ | 239,121 | $ | 1,294 | $ | 37,877 | $ | 199,950 | $ | 24,679 |
| 18 | $ | 243,904 | $ | 1,320 | $ | 38,635 | $ | 203,949 | $ | 25,172 |
| 19 | $ | 248,782 | $ | 1,346 | $ | 39,407 | $ | 208,028 | $ | 25,676 |
| 20 | $ | 253,758 | $ | 1,373 | $ | 40,195 | $ | 212,189 | $ | 26,189 |
| **Total** | **$** | **4,232,286** | **$** | **22,903** | **$** | **670,398** | **$** | **3,538,984** | **$** | **436,797** |
| **Average** | **$** | **211,614** | **$** | **1,145** | **$** | **33,520** | **$** | **176,949** | **$** | **21,840** |
| **Present Value*** | **$** | **2,286,963** | **$** | **12,376** | **$** | **362,257** | **$** | **1,912,330** | **$** | **236,028** |

**Source:** Town of Hempstead IDA, Camoin Associates

***Note:** Assumes a 6.25% discount rate.

****Note:** Assumes an average annual increase of 2.00%

Table 12 calculates the benefit (or cost) to the affected taxing jurisdictions as the difference between the PILOT payments associated with the Project and the property tax payments without the Project. On average, $63,458 more in PILOT revenue will be received annually than property taxes that would be received without the Project. The total benefit would be $1,269,167 over the 20-year period. The Applicant will pay $100,050 less on average per year under the PILOT compared to paying full taxes on the final development.

*Table 12*

**Tax Policy Comparison (All Jurisdictions)**

| Year | A<br>Property Tax Payment Without Project | B<br>PILOT Payment | C<br>Property Tax Payment With Project and No PILOT | Benefit (Cost) of Project to Municipalities (B-A) | Benefit (Cost) of PILOT to Applicant (C-B) |
|---|---|---|---|---|---|
| 1 | $ 39,598 | $ 39,598 | $ 174,187 | $ - | $ 134,589 |
| 2 | $ 40,390 | $ 39,598 | $ 177,671 | $ (792) | $ 138,073 |
| 3 | $ 41,198 | $ 39,598 | $ 181,224 | $ (1,600) | $ 141,626 |
| 4 | $ 42,022 | $ 65,000 | $ 184,849 | $ 22,978 | $ 119,849 |
| 5 | $ 42,862 | $ 67,500 | $ 188,546 | $ 24,638 | $ 121,046 |
| 6 | $ 43,719 | $ 70,000 | $ 192,317 | $ 26,281 | $ 122,317 |
| 7 | $ 44,594 | $ 90,000 | $ 196,163 | $ 45,406 | $ 106,163 |
| 8 | $ 45,486 | $ 100,000 | $ 200,086 | $ 54,514 | $ 100,086 |
| 9 | $ 46,395 | $ 110,000 | $ 204,088 | $ 63,605 | $ 94,088 |
| 10 | $ 47,323 | $ 120,000 | $ 208,170 | $ 72,677 | $ 88,170 |
| 11 | $ 48,270 | $ 125,000 | $ 212,333 | $ 76,730 | $ 87,333 |
| 12 | $ 49,235 | $ 130,000 | $ 216,580 | $ 80,765 | $ 86,580 |
| 13 | $ 50,220 | $ 135,000 | $ 220,911 | $ 84,780 | $ 85,911 |
| 14 | $ 51,224 | $ 140,000 | $ 225,329 | $ 88,776 | $ 85,329 |
| 15 | $ 52,249 | $ 145,000 | $ 229,836 | $ 92,751 | $ 84,836 |
| 16 | $ 53,294 | $ 150,000 | $ 234,433 | $ 96,706 | $ 84,433 |
| 17 | $ 54,360 | $ 155,000 | $ 239,121 | $ 100,640 | $ 84,121 |
| 18 | $ 55,447 | $ 160,000 | $ 243,904 | $ 104,553 | $ 83,904 |
| 19 | $ 56,556 | $ 170,000 | $ 248,782 | $ 113,444 | $ 78,782 |
| 20 | $ 57,687 | $ 180,000 | $ 253,758 | $ 122,313 | $ 73,758 |
| **Total** | **$ 962,127** | **$ 2,231,294** | **$ 4,232,286** | **$ 1,269,167** | **$ 2,000,992** |
| **Average** | **$ 48,106** | **$ 111,565** | **$ 211,614** | **$ 63,458** | **$ 100,050** |
| **Present Value*** | **$ 519,896** | **$ 1,084,334** | **$ 2,286,963** | **$ 564,438** | **$ 1,202,629** |

**Source:** Town of Hempstead IDA, Camoin Associates
***Note:** Assumes 6.25% discount rate.

### TOWN

Table 13 calculates the benefit (or cost) to the Town. The Town would receive approximately $343 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Town would be $6,868 over the 20-year period.

*Table 13*

**Tax Policy Comparison for Town**

| | A | B | C | | |
|---|---|---|---|---|---|
| Year | Property Tax Payment Without Project | PILOT Payment | Property Tax Payment With Project and No PILOT | Benefit (Cost) of Project to Municipalities (B-A) | Benefit (Cost) of PILOT to Applicant (C-B) |
| 1 | $ 214 | $ 214 | $ 943 | $ - | $ 728 |
| 2 | $ 219 | $ 214 | $ 961 | $ (4) | $ 747 |
| 3 | $ 223 | $ 214 | $ 981 | $ (9) | $ 766 |
| 4 | $ 227 | $ 352 | $ 1,000 | $ 124 | $ 649 |
| 5 | $ 232 | $ 365 | $ 1,020 | $ 133 | $ 655 |
| 6 | $ 237 | $ 379 | $ 1,041 | $ 142 | $ 662 |
| 7 | $ 241 | $ 487 | $ 1,062 | $ 246 | $ 575 |
| 8 | $ 246 | $ 541 | $ 1,083 | $ 295 | $ 542 |
| 9 | $ 251 | $ 595 | $ 1,104 | $ 344 | $ 509 |
| 10 | $ 256 | $ 649 | $ 1,127 | $ 393 | $ 477 |
| 11 | $ 261 | $ 676 | $ 1,149 | $ 415 | $ 473 |
| 12 | $ 266 | $ 704 | $ 1,172 | $ 437 | $ 469 |
| 13 | $ 272 | $ 731 | $ 1,195 | $ 459 | $ 465 |
| 14 | $ 277 | $ 758 | $ 1,219 | $ 480 | $ 462 |
| 15 | $ 283 | $ 785 | $ 1,244 | $ 502 | $ 459 |
| 16 | $ 288 | $ 812 | $ 1,269 | $ 523 | $ 457 |
| 17 | $ 294 | $ 839 | $ 1,294 | $ 545 | $ 455 |
| 18 | $ 300 | $ 866 | $ 1,320 | $ 566 | $ 454 |
| 19 | $ 306 | $ 920 | $ 1,346 | $ 614 | $ 426 |
| 20 | $ 312 | $ 974 | $ 1,373 | $ 662 | $ 399 |
| **Total** | **$ 5,207** | **$ 12,075** | **$ 22,903** | **$ 6,868** | **$ 10,829** |
| **Average** | **$ 260** | **$ 604** | **$ 1,145** | **$ 343** | **$ 541** |
| **Present Value*** | **$ 2,813** | **$ 5,868** | **$ 12,376** | **$ 3,055** | **$ 6,508** |

**Source:** Town of Hempstead IDA, Camoin Associates

***Note:** Assumes 6.25% discount rate.

**COUNTY**

Table 14 calculates the benefit (or cost) to the County. The County would receive approximately $10,052 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the County would be $201,037 over the 20-year period.

*Table 14*

**Tax Policy Comparison for County**

| Year | A<br>Property Tax Payment Without Project | B<br>PILOT Payment | C<br>Property Tax Payment With Project and No PILOT | Benefit (Cost) of Project to Municipalities (B-A) | Benefit (Cost) of PILOT to Applicant (C-B) |
|---|---|---|---|---|---|
| 1 | $ 6,272 | $ 6,272 | $ 27,591 | $ - | $ 21,319 |
| 2 | $ 6,398 | $ 6,272 | $ 28,143 | $ (125) | $ 21,871 |
| 3 | $ 6,526 | $ 6,272 | $ 28,706 | $ (253) | $ 22,434 |
| 4 | $ 6,656 | $ 10,296 | $ 29,280 | $ 3,640 | $ 18,984 |
| 5 | $ 6,789 | $ 10,692 | $ 29,866 | $ 3,903 | $ 19,174 |
| 6 | $ 6,925 | $ 11,088 | $ 30,463 | $ 4,163 | $ 19,375 |
| 7 | $ 7,064 | $ 14,256 | $ 31,072 | $ 7,192 | $ 16,816 |
| 8 | $ 7,205 | $ 15,840 | $ 31,694 | $ 8,635 | $ 15,854 |
| 9 | $ 7,349 | $ 17,424 | $ 32,328 | $ 10,075 | $ 14,904 |
| 10 | $ 7,496 | $ 19,008 | $ 32,974 | $ 11,512 | $ 13,966 |
| 11 | $ 7,646 | $ 19,800 | $ 33,634 | $ 12,154 | $ 13,834 |
| 12 | $ 7,799 | $ 20,592 | $ 34,306 | $ 12,793 | $ 13,714 |
| 13 | $ 7,955 | $ 21,384 | $ 34,993 | $ 13,429 | $ 13,608 |
| 14 | $ 8,114 | $ 22,176 | $ 35,692 | $ 14,062 | $ 13,516 |
| 15 | $ 8,276 | $ 22,968 | $ 36,406 | $ 14,692 | $ 13,438 |
| 16 | $ 8,442 | $ 23,760 | $ 37,134 | $ 15,318 | $ 13,374 |
| 17 | $ 8,611 | $ 24,552 | $ 37,877 | $ 15,942 | $ 13,325 |
| 18 | $ 8,783 | $ 25,344 | $ 38,635 | $ 16,561 | $ 13,290 |
| 19 | $ 8,958 | $ 26,928 | $ 39,407 | $ 17,970 | $ 12,479 |
| 20 | $ 9,138 | $ 28,512 | $ 40,195 | $ 19,375 | $ 11,683 |
| **Total** | **$ 152,402** | **$ 353,439** | **$ 670,398** | **$ 201,037** | **$ 316,959** |
| **Average** | **$ 7,620** | **$ 17,672** | **$ 33,520** | **$ 10,052** | **$ 15,848** |
| **Present Value*** | **$ 82,352** | **$ 171,760** | **$ 362,257** | **$ 89,407** | **$ 190,498** |

**Source:** Town of Hempstead IDA, Camoin Associates

***Note:** Assumes 6.25% discount rate.

**SCHOOL DISTRICT**

Table 15 calculates the benefit (or cost) to the school district. The school district would receive approximately $53,063 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the school district would be $1,061,261 over the 20-year period.

*Table 15*

**Tax Policy Comparison for School District**

| | A | B | C | | |
|---|---|---|---|---|---|
| Year | Property Tax Payment Without Project | PILOT Payment | Property Tax Payment With Project and No PILOT | Benefit (Cost) of Project to Municipalities (B-A) | Benefit (Cost) of PILOT to Applicant (C-B) |
| 1 | $ 33,111 | $ 33,111 | $ 145,653 | $ - | $ 112,542 |
| 2 | $ 33,774 | $ 33,111 | $ 148,566 | $ (662) | $ 115,455 |
| 3 | $ 34,449 | $ 33,111 | $ 151,537 | $ (1,338) | $ 118,426 |
| 4 | $ 35,138 | $ 54,352 | $ 154,568 | $ 19,214 | $ 100,216 |
| 5 | $ 35,841 | $ 56,443 | $ 157,659 | $ 20,602 | $ 101,217 |
| 6 | $ 36,558 | $ 58,533 | $ 160,813 | $ 21,976 | $ 102,280 |
| 7 | $ 37,289 | $ 75,257 | $ 164,029 | $ 37,968 | $ 88,772 |
| 8 | $ 38,035 | $ 83,619 | $ 167,309 | $ 45,584 | $ 83,691 |
| 9 | $ 38,795 | $ 91,981 | $ 170,656 | $ 53,185 | $ 78,675 |
| 10 | $ 39,571 | $ 100,342 | $ 174,069 | $ 60,771 | $ 73,726 |
| 11 | $ 40,363 | $ 104,523 | $ 177,550 | $ 64,161 | $ 73,027 |
| 12 | $ 41,170 | $ 108,704 | $ 181,101 | $ 67,535 | $ 72,397 |
| 13 | $ 41,993 | $ 112,885 | $ 184,723 | $ 70,892 | $ 71,838 |
| 14 | $ 42,833 | $ 117,066 | $ 188,418 | $ 74,233 | $ 71,351 |
| 15 | $ 43,690 | $ 121,247 | $ 192,186 | $ 77,557 | $ 70,939 |
| 16 | $ 44,564 | $ 125,428 | $ 196,030 | $ 80,865 | $ 70,602 |
| 17 | $ 45,455 | $ 129,609 | $ 199,950 | $ 84,154 | $ 70,341 |
| 18 | $ 46,364 | $ 133,790 | $ 203,949 | $ 87,426 | $ 70,159 |
| 19 | $ 47,291 | $ 142,152 | $ 208,028 | $ 94,861 | $ 65,876 |
| 20 | $ 48,237 | $ 150,514 | $ 212,189 | $ 102,277 | $ 61,675 |
| **Total** | **$ 804,519** | **$ 1,865,780** | **$ 3,538,984** | **$ 1,061,261** | **$ 1,673,204** |
| **Average** | **$ 40,226** | **$ 93,289** | **$ 176,949** | **$ 53,063** | **$ 83,660** |
| **Present Value*** | **$ 434,731** | **$ 906,706** | **$ 1,912,330** | **$ 471,976** | **$ 1,005,623** |

**Source:** Town of Hempstead IDA, Camoin Associates

***Note:** Assumes 6.25% discount rate.

### VILLAGE

Table 16 calculates the benefit (or cost) to the village. The village would receive approximately $6,548 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the village would be $130,986 over the 20-year period.

*Table 16*

**Tax Policy Comparison for Village**

| | A | B | C | | |
|---|---|---|---|---|---|
| **Year** | **Property Tax Payment Without Project** | **PILOT Payment** | **Property Tax Payment With Project and No PILOT** | **Benefit (Cost) of Project to Municipalities (B-A)** | **Benefit (Cost) of PILOT to Applicant (C-B)** |
| 1 | $ 4,087 | $ 4,087 | $ 17,977 | $ - | $ 13,890 |
| 2 | $ 4,168 | $ 4,087 | $ 18,337 | $ (82) | $ 14,250 |
| 3 | $ 4,252 | $ 4,087 | $ 18,703 | $ (165) | $ 14,617 |
| 4 | $ 4,337 | $ 6,708 | $ 19,077 | $ 2,371 | $ 12,369 |
| 5 | $ 4,424 | $ 6,966 | $ 19,459 | $ 2,543 | $ 12,493 |
| 6 | $ 4,512 | $ 7,224 | $ 19,848 | $ 2,712 | $ 12,624 |
| 7 | $ 4,602 | $ 9,289 | $ 20,245 | $ 4,686 | $ 10,957 |
| 8 | $ 4,694 | $ 10,321 | $ 20,650 | $ 5,626 | $ 10,329 |
| 9 | $ 4,788 | $ 11,353 | $ 21,063 | $ 6,564 | $ 9,710 |
| 10 | $ 4,884 | $ 12,385 | $ 21,484 | $ 7,501 | $ 9,100 |
| 11 | $ 4,982 | $ 12,901 | $ 21,914 | $ 7,919 | $ 9,013 |
| 12 | $ 5,081 | $ 13,417 | $ 22,352 | $ 8,335 | $ 8,936 |
| 13 | $ 5,183 | $ 13,933 | $ 22,799 | $ 8,750 | $ 8,867 |
| 14 | $ 5,287 | $ 14,449 | $ 23,255 | $ 9,162 | $ 8,807 |
| 15 | $ 5,392 | $ 14,965 | $ 23,720 | $ 9,572 | $ 8,756 |
| 16 | $ 5,500 | $ 15,481 | $ 24,195 | $ 9,981 | $ 8,714 |
| 17 | $ 5,610 | $ 15,997 | $ 24,679 | $ 10,387 | $ 8,682 |
| 18 | $ 5,722 | $ 16,513 | $ 25,172 | $ 10,791 | $ 8,659 |
| 19 | $ 5,837 | $ 17,545 | $ 25,676 | $ 11,708 | $ 8,131 |
| 20 | $ 5,954 | $ 18,577 | $ 26,189 | $ 12,623 | $ 7,612 |
| **Total** | **$ 99,297** | **$ 230,283** | **$ 436,797** | **$ 130,986** | **$ 206,514** |
| **Average** | **$ 4,965** | **$ 11,514** | **$ 21,840** | **$ 6,549** | **$ 10,326** |
| **Present Value*** | **$ 53,656** | **$ 111,910** | **$ 236,028** | **$ 58,253** | **$ 124,119** |

**Source:** Town of Hempstead IDA, Camoin Associates

***Note:** Assumes 6.25% discount rate.

## OTHER EXEMPTIONS

There are additional benefits to working with the Agency including a one-time sales tax exemption on construction materials and furniture, fixtures, and equipment. Tax exemptions are for the state and county taxes and are not applicable to the town.

*Table 17*

**Summary of Costs to Affected Jurisdictions**

| | | State and County |
|---|---|---|
| Sales Tax Exemption | $ | 47,438 |

**Source:** Applicant, Camoin Associates

The additional incentives offered by the Agency will benefit the Applicant but will not negatively affect the taxing jurisdictions because, without the Project, the Town by definition would not be receiving any associated sales tax or mortgage tax revenue.

## SALES TAX REVENUE

### SALES TAX REVENUE – CONSTRUCTION PHASE

The one-time construction phase earnings described by the total economic impact of the construction work (described in the above section) would lead to additional sales tax revenue for the Town. It is assumed that 70%[7] of the construction phase earnings would be spent within the county and that 25% of those purchases would be taxable.

*Table 18*

**One-Time Sales Tax Revenue, Construction Phase**

| | | |
|---|---|---|
| Total New Earnings | $ | 908,374 |
| Amount Spent in County (70%) | $ | 635,861 |
| Amount Taxable (25%) | $ | 158,965 |
| **Nassau County Sales Tax Revenue (4.25%)** | **$** | **6,756** |
| New Town Sales Tax Revenue Portion* | | 0.375% |
| **New Town Sales Tax Revenue** | **$** | **596** |

**Source:** Town of Hempstead IDA, Camoin Associates

***Note:** Nassau County's sales tax rate is 4.25%, of which 0.75% is allocated to the towns and cities within the county. For this analysis we assume half of the 0.75% is allocated to the Town of Hempstead.

[7] According to Lightcast, 70% demand for industries in a typical household spending basket is met within Nassau County.

### SALES TAX REVENUE – NEW HOUSEHOLD SPENDING

As a result of the Project, the Town would receive sales tax revenue from the purchases made by the households. Table 19 displays the new sales tax revenue that the Town of Hempstead would receive annually based on in-town spending by new households.

*Table 19*

**Annual Sales Tax Revenue, Household Spending**

| | | |
|---|---|---|
| Total New Spending | $ | 472,359 |
| Amount Taxable (30%) | $ | 141,708 |
| **Nassau County Sales Tax Revenue (4.25%)** | **$** | **6,023** |
| New Town Sales Tax Revenue Portion* | | 0.375% |
| **New Town Tax Revenue** | **$** | **531** |

**Source:** Town of Hempstead IDA, Camoin Associates

***Note:** Nassau County's sales tax rate is 4.25%, of which 0.75% is allocated to the towns and cities within the county. For this analysis we assume half of the 0.75% is allocated to the Town of Hempstead.

Note that the household spending figure has already been adjusted to account for 60% of total spending occurring within the town (see table entitled "Tenant Spending Baskets"). It is assumed that 30% of purchases will be taxable, based on the spending baskets of tenants and the understanding that certain non-taxable items (related to housing expenses) have been removed from the total spending line, this increasing the remaining portion taxable.

### SALES TAX REVENUE – EMPLOYEE EARNINGS

The earnings generated by on-site jobs that will occur as a result of building operation at the Project (described under Impacts of On-Site Employment) would lead to additional annual sales tax revenue for the town. It is assumed that 70% of the earnings would be spent within Nassau County and that 25% of those purchases will be taxable. Table 20 displays the annual tax revenue that the Town will receive.

*Table 20*

**Annual Sales Tax Revenue, On-Site Operations**

| | | |
|---|---|---|
| Total New Earnings | $ | 31,570 |
| Amount Spent in County (70%) | $ | 22,099 |
| Amount Taxable (25%) | $ | 5,525 |
| **Nassau County Sales Tax Revenue (4.25%)** | **$** | **235** |
| New Town Sales Tax Revenue Portion* | | 0.375% |
| **New Town Tax Revenue** | **$** | **21** |

**Source:** Town of Hempstead IDA, Camoin Associates

***Note:** Nassau County's sales tax rate is 4.25%, of which 0.75% is allocated to the towns and cities within the county. For this analysis we assume half of the 0.75% is allocated to the Town of Hempstead.

### TOTAL ANNUAL SALES TAX REVENUE

The total annual sales tax revenue that the Town will receive is summarized in Table 21.

*Table 21*

**Total Annual Sales Tax Revenue**

| | | |
|---|---|---|
| Household Spending | $ | 531 |
| On-Site Operations | $ | 21 |
| **New Town Tax Revenue** | **$** | **552** |

**Source:** Town of Hempstead IDA, Camoin Associates

# ATTACHMENT A: WHAT IS ECONOMIC IMPACT ANALYSIS?

The purpose of conducting an economic impact study is to ascertain the total cumulative changes in employment, earnings and output in a given economy due to some initial "change in final demand". To understand the meaning of "change in final demand", consider the installation of a new widget manufacturer in Anytown, USA. The widget manufacturer sells $1 million worth of its widgets per year exclusively to consumers in Canada. Therefore, the annual change in final demand in the United States is $1 million because dollars are flowing in from outside the United States and are therefore "new" dollars in the economy.

This change in final demand translates into the first round of buying and selling that occurs in an economy. For example, the widget manufacturer must buy its inputs of production (electricity, steel, etc.), must lease or purchase property and pay its workers. This first round is commonly referred to as the "Direct Effects" of the change in final demand and is the basis of additional rounds of buying and selling described below.

To continue this example, the widget manufacturer's vendors (the supplier of electricity and the supplier of steel) will enjoy additional output (i.e. sales) that will sustain their businesses and cause them to make additional purchases in the economy. The steel producer will need more pig iron and the electric company will purchase additional power from generation entities. In this second round, some of those additional purchases will be made in the US economy and some will "leak out". What remains will cause a third round (with leakage) and a fourth (and so on) in ever-diminishing rounds of industry-to-industry purchases. Finally, the widget manufacturer has employees who will naturally spend their wages. Again, those wages spent will either be for local goods and services or will "leak" out of the economy. The purchases of local goods and services will then stimulate other local economic activity. Together, these effects are referred to as the "Indirect Effects" of the change in final demand.

Therefore, the total economic impact resulting from the new widget manufacturer is the initial $1 million of new money (i.e. Direct Effects) flowing in the US economy, plus the Indirect Effects. The ratio of Total Effects to Direct Effects is called the "multiplier effect" and is often reported as a dollar-of-impact per dollar-of-change. Therefore, a multiplier of 2.4 means that for every dollar ($1) of change in final demand, an additional $1.40 of indirect economic activity occurs for a total of $2.40.

Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the "local economy" is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider the impact of the widget manufacturer on the entire North American continent, it would have to conclude that the change in final demand is zero and therefore the economic impact is zero. This is because the $1 million of widgets being purchased by Canadians is not causing total North American demand to increase by $1 million. Presumably, those Canadian purchasers will have $1 million less to spend on other items and the effects of additional widget production will be cancelled out by a commensurate reduction in the purchases of other goods and services.

Changes in final demand, and therefore Direct Effects, can occur in a number of circumstances. The above example is easiest to understand: the effect of a manufacturer producing locally but selling globally. If, however, 100% of domestic demand for a good is being met by foreign suppliers (say, DVD players being imported into the US from Korea and Japan), locating a manufacturer of DVD players in the US will cause a change in final demand because all of those dollars currently leaving the US economy will instead remain. A situation can be envisioned whereby a producer is serving both local and foreign demand, and an impact analysis would have to be careful in calculating how many "new" dollars the producer would be causing to occur domestically.

# ATTACHMENT B: CALCULATING NET NEW HOUSEHOLDS

"Net new" households that move into a geography because of the availability of desired housing contribute to that geography's economy in measurable ways. Estimating the number of net new households, the households that would not otherwise live in the geography, is therefore a critical task for an economic and fiscal impact analysis for a project that includes housing.

Our housing market research indicates that housing is heavily affected by demand, with households in different demographic groups seeking diverse housing price points and amenities. Our estimates of net new households take into consideration demographic and economic differences among renters, and price points among units offered, identifying the existence and size of a housing gap (where more units are demanded than are available) or surplus (where there is oversupply) in the market segment to be served by the proposed project. Generally, where there is a significant housing gap outside the geography but within a reasonable distance for relocation, a project will draw a larger proportion of net new households into that geography. Each project may therefore have a different expectation for net new households, depending on price point, age restriction if any, and location.

The following steps outline our process for calculating net new households. All data is drawn from Esri Business Analyst.

1. <u>Identify *where* households are likely to come from</u>. We expect that renters for a new project would consider housing within a reasonable driving time from their current location, creating a "renter-shed" for a new project. Households that are within the drive time but outside of the study area are net new.
2. <u>Identify the existing rental housing supply at different price points</u>. Using data from Esri, we identify rental housing units in the study area by price point and calculate the minimum household income expected to be necessary to afford rent by price range.
3. <u>Identify the number of households at different income levels.</u> We analyze households by income group and rental behavior to estimate an "implied number renting" for different income groups.
4. <u>Calculate net housing surplus or gap by price point.</u> Rental housing supply and rental housing demand is compared to calculate a "net gap," indicating excess demand for the project, or a "net surplus." To estimate net new households for a project, the net gap in the study area is compared to the net gap in the drive time.

# ATTACHMENT C: STUDY AREAS

Town of Hempstead (Green) and Zip Code Region (Red outline with dashes)

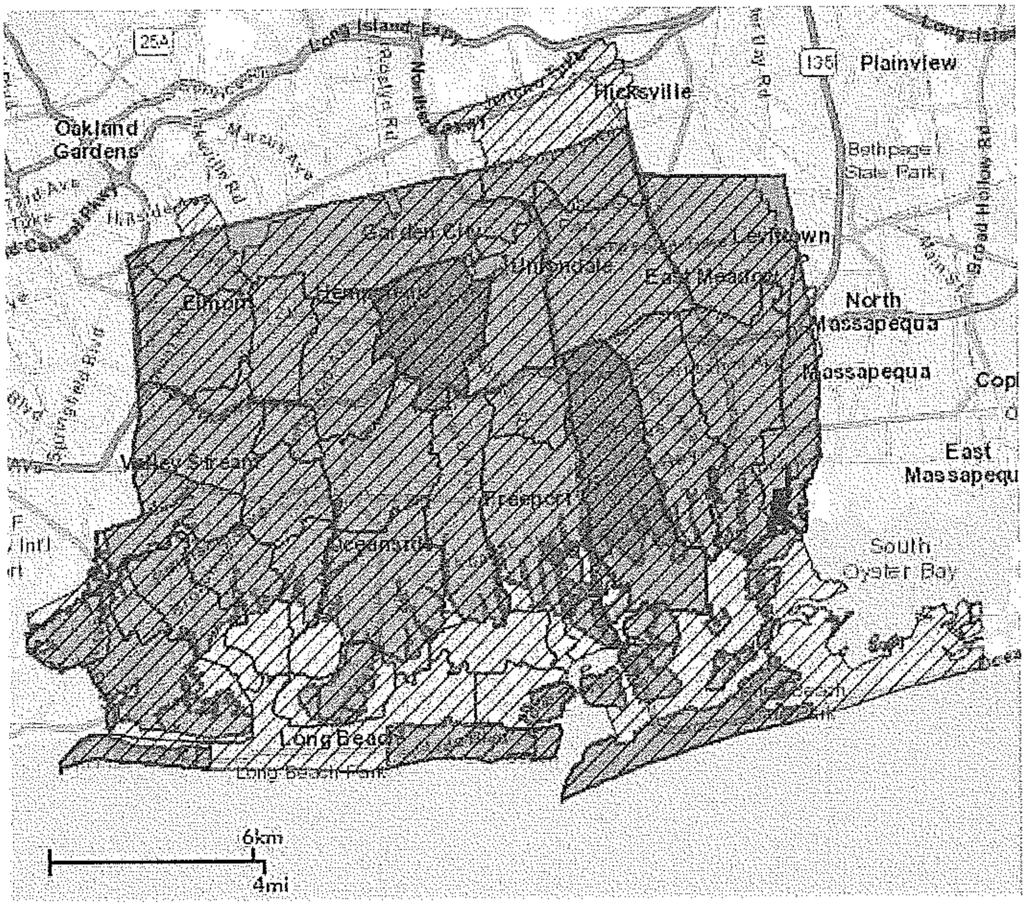

EXHIBIT C-3

New York Law Journal Article, dated March 22, 2017 on Eligibility of Residential Developments for IDA Benefits by Anthony Guardino, Esq.

FARRELLFRITZ
ATTORNEYS

# Eligibility of Residential Developments for IDA Benefits

March 22, 2017

*A court decision upholds what has long been understood to be the rule: Residential developments are eligible to receive IDA benefits.*

It has been nearly 50 years since the New York State Legislature enacted legislation authorizing industrial development agencies ("IDAs") for the purpose of promoting economic development. Now, towns, cities, and counties throughout the state have created their own IDAs under General Municipal Law ("GML") Article 18-A (the "IDA Act") and use them to encourage – and to financially assist – a wide variety of real estate developments, often to great success.

In many instances, however, an IDA's efforts are met with objections, both in and out of court. Recently, for example, tax benefits afforded by a town's IDA to the Green Acres Mall on Long Island aroused community criticism, and led New York State Comptroller Thomas P. DiNapoli to announce that he would audit the IDA to determine its compliance with policies and procedures related to its approval of the project.

There also continue to be disputes over the scope of projects that may receive IDA benefits. Last August, the Supreme Court, Seneca County, rejected a challenge to a decision by the Seneca County IDA to provide tax benefits for a casino being built in the county. *Nearpass v. Seneca County Industrial Development Agency*, 53 Misc. 3d 737 (Sup.Ct.

Seneca Co. 2016). The petitioners argued that the casino was not a project defined in the IDA Act and, therefore, that it was ineligible for IDA benefits. They pointed out, among other things, that when the IDA Act first was enacted, casinos were prohibited in New York, and after casinos were allowed by amendment to the New York Constitution, the IDA Act was not amended to include casinos as a project entitled to IDA benefits.

The court was not persuaded and decided, instead, that the casino facility was a commercial project under the IDA Act and, in particular, that it also was a recreation facility within the purview of GML Section 854(9).

Perhaps more surprising than a dispute over the eligibility of a casino to receive IDA benefits was a recent court case that asked whether a residential development could qualify for IDA benefits – an issue of statewide significance. In *Matter of Ryan v. Town of Hempstead Industrial Development Agency,* Index No. 5324/16 (Sup.Ct. Nassau Co. Jan. 27, 2017), the Supreme Court, Nassau County, held that a residential apartment building project fell within the definition of a project for which IDA benefits may be granted.

After first providing background on the IDA Act, this column will discuss the court's decision in *Matter of Ryan* and its implications.

### The IDA Act

When the legislation governing the governing the creation, organization, and powers of IDAs in New York State was enacted in 1969, it provided that its general purpose was "to promote the economic welfare of [the state's] inhabitants and to actively promote, attract, encourage and develop economically sound commerce and industry through governmental action for the purpose of preventing unemployment and economic deterioration." This intent was further evidenced by the original provision of GML Section 858, which provided that:

The purposes of the agency shall be to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the state of New York and to improve their standard of living.

In approving the bill, then-Governor Nelson Rockefeller noted that "industrial development agencies provide one means for communities to attract new industry, encourage plant modernization and create new job opportunities." McKinney's 1969 Session Laws, Vol. 2, p. 2572.

The original legislation has been amended a number of times since 1969 to broaden the scope of permissible IDA activities. For example, the definition of project was expanded to specifically include construction of industrial pollution control facilities (L 1971, ch 978), winter recreation facilities and then recreation facilities generally (L 1974, ch 954; L 1977, ch 630), horse racing facilities (L 1977, ch 267), railroad facilities (L 1980, ch 803) and educational or cultural facilities (L 1982, ch 541).

As noted above, however, it has not been amended to specifically include casinos. And it also does not specifically include residential developments.

In 1985, however, the New York State Comptroller's Office was asked by the village attorney for the village of Port Chester whether construction of an apartment complex was a commercial purpose within the meaning of GML Section 854(4) and, thereby, whether it was a proper project for industrial development bond financing. In response, the Comptroller issued Opinion No. 85-51, 1985 N.Y. St. Comp. 70 (Aug. 16, 1985) (the "Comptroller's Opinion").

In the Comptroller's Opinion, the Comptroller's Office explained that, at its inception, the IDA Act's primary thrust was to promote the development of commerce and industry as a means of increasing employment opportunities.

The Comptroller's Opinion then reasoned that for an apartment complex to qualify as an eligible project under Article 18-A, it had to promote employment opportunities and prevent economic deterioration in the area served by the IDA.

The Comptroller's Opinion added that the Comptroller's Office was "not in a position to render an opinion" as to whether a project that consisted of the construction of an apartment complex was a commercial activity within the meaning of Article 18-A. Rather, it continued, such a determination "must be made by local officials based upon all the facts relevant to the proposed project."

Any such determination, the Comptroller's Opinion concluded, had to take into account the stated purposes of the IDA Act: "the promotion of employment opportunities and the prevention of economic deterioration."

When this issue reached the court in *Triple S. Realty Corp. v. Village of Port Chester*, Index No. 22355/86 (Sup.Ct. Westchester Co. Aug. 19, 1987), the Westchester County Supreme Court held that residential construction may be eligible for industrial development agency benefits if such construction "would increase employment opportunities and prevent economic determination in the area served by the IDA."

The decision by the Nassau County Supreme Court in *Matter of Ryan* provides further confirmation that residential developments certainly are eligible to receive IDA benefits.

### *Matter of Ryan*

The case arose after the Town of Hempstead Industrial Development Agency (TOHIDA) granted financial and tax benefits and assistance to Renaissance Downtowns UrbanAmerica, LLC, with respect to the construction of a new 336-unit residential apartment complex in the village of Hempstead on Long Island. That was Phase 1 of a multi-phase revitalization project that was planned to include additional mixed-use buildings and parking facilities.

The financial benefits and assistance granted by the TOHIDA included:

- exemptions from mortgage recording taxes for one or more mortgages
- securing the principal amount not to exceed $70,000,000;
- a sales and use tax exemption up to $3,450,000 in connection with the purchase/lease of building materials, services, or other personal property for the project; and
- abatement of real property taxes for an initial term of 10 years pursuant to a Payment in Lieu of Taxes ("PILOT") Agreement.
- The court then pointed out that the TOHIDA had approved Renaissance's application for assistance with respect to the first phase of the revitalization project based on the TOHIDA's findings, that, among other things:
- In its decision, the court noted that the Comptroller's Opinion had observed that the determination of whether construction of an apartment complex was a commercial activity within the meaning of the IDA Act had to be made by local officials based on facts relevant to the proposed project.

- The court agreed with the respondents and dismissed the petition.
- For their part, the respondents contended that the development of a residential rental building fell within the ambit of the statutory definition of a project entitled to receive an IDA's financial assistance and benefits in that it promoted "employment opportunities" and prevented "economic deterioration" in the area served by the IDA.
- Six petitioners, including a trustee for the village of Hempstead, challenged the TOHIDA's resolution in an Article 78 proceeding, arguing that an IDA could not grant benefits for a project that was residential, either in whole or in part, in nature.
- the town of Hempstead was in need of attractive multi-family housing to retain workers in the town and attract new business;
- a healthy residential environment located in the town was needed to further economic growth;
- there was a lack of affordable, safe, clean multi-family housing within the town; and
- the facility would provide the nucleus of a healthy residential environment, and would be instrumental and vital in the further growth of the town.

Moreover, the court continued, the TOHIDA also found that the development of the first phase of the facility would "promote and maintain the job opportunities, health, general prosperity and economic welfare" of the town's citizens and "improve their standard of living."

Given that the project promoted employment opportunities and served to combat economic deterioration in the area served by the TOHIDA, the court upheld the TOHIDA's decision as rationally based and not arbitrary or capricious, an abuse of discretion, or an error of law.

**Conclusion**

IDA benefits can play an important role in real estate development. For nearly five decades, they have benefited New Yorkers in numerous situations. As the Comptroller's Office and the courts have recognized, a project – including a residential project – that demonstrates that it promotes employment opportunities and prevents economic deterioration is eligible to receive IDA benefits.

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Related Practice Areas: Land Use & Municipal

Featured Attorneys: Anthony S. Guardino

Publications: New York Law Journal

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EXHIBIT C-4

Ryan et al. v. Town of Hempstead Industrial Development Agency et al.

SHORT FORM ORDER

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NASSAU

P R E S E N T : HON. JEFFREY S. BROWN
JUSTICE

------------------------------------------------------------------------X TRIAL/IAS PART 13

In the Matter of DONALD L. RYAN, FLAVIA IANNACCONE, JAMES DENON, JOHN M. WILLAMS, REGINAL LUCAS and ROBERT DeBREW, JR.,

Petitioners,

For A Judgment Pursuant to Article 78 of the New York Civil Practice and Rules,

-against-

TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY, RENAISSANCE DOWNTOWNS URBANAMERICA, LLC, and RDUA PARCEL 1 LLC,

Respondents.

------------------------------------------------------------------------X

INDEX # 5324/16

Mot. Seq. 1
Mot. Date 9.13.16
Submit Date 11.17.16

XXX

| The following papers were read on this motion: | Papers Numbered |
|---|---|
| Notice of Petition, Affidavits, Exhibits, Memorandum Annexed | 1,2 |
| Verified Answers | 3,4,5 |
| Opposing Affidavits | 6,7,8,9,10,11,12 |
| Reply Affidavits | 13, 14 |
| Sur-Reply Affidavit | 15 |
| Hearing Record (3 Vols.) | 16 |

Application by petitioners pursuant to Article 78 to invalidate as *ultra vires* and to void the May 18, 2016 resolution passed by the Town of Hempstead Industrial Development Agency (TOHIDA) is decided as hereinafter provided.

In this Article 78 proceeding, petitioners seek to invalidate the resolution passed by respondent TOHIDA on May 18, 2016, which granted financial and tax benefits and assistance to respondent Renaissance Downtowns UrbanAmerica, LLC (Renaissance) *vis-a-vis* construction of a new 336 unit residential apartment complex on the northwest corner of the intersection of Washington and Front Streets (Phase 1 of the multi-phase Village of Hempstead downtown revitalization project[1] which was planned to include additional mixed use buildings/parking facilities). The Phase I property was a tax exempt Village property for at least 50 years until December 15, 2015 when it was acquired by respondent Renaissance.

The financial benefits and assistance granted include:

> exemptions from mortgage recording taxes for one or more mortgages securing the principal amount not to exceed $70,000,000;
>
> sales and use tax exemption up to $3,450,000 in connection with the purchase/lease of building materials, services or other personal property for the project;
>
> abatement of real property taxes for an initial term of ten years pursuant to Payment in Lieu of Taxes Agreement (PILOT).

Based on the theory that the resolution was affected by an error of law, i.e., that residential apartment buildings are not included in the type of project or facility that is eligible for financial assistance under the General Municipal Law Article 18-A (Industrial Development Act [the IDA or the Act]), petitioners seek to invalidate the subject resolution as *ultra vires*/void.

In opposition, respondents first seek dismissal of the petition based on its alleged multiple fatal flaws including petitioners' lack of standing; failure to raise the *ultra vires* issue in the administrative proceeding before respondent TOHIDA; and failure to serve the attorney general in accordance with CPLR 7804(e).

The alleged flaws are not fatal and do not provide a basis for dismissal. Petitioners have standing to maintain an action for equitable or declaratory relief under State Finance Law § 123-b *vis-a-vis* the issue of whether the project herein falls within the definition of a "project" for which IDA benefits may be granted (*see Nearpass v Seneca County Idus. Dev. Agency*, 52 Misc 3d 533 [Sup Ct, Seneca County 2016 Falvey, J.]; *Dudley v. Kerwick*, 52 NY2d 542 [1981]; *cf.*

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[1]The development as outlined in the Appraisal Report (Exhibit "2" to the Petition) was approved in a unanimous 5-0, bi-partisan vote by the Village of Hempstead Board. It includes the construction of , among other things: residential units, structured parking, retail space, medical office building, mixed used artist loft with grade and basement level supermarket, surface parking office space, senior independent living apartment building, hotel and restaurant space.

*Kadish v. Roosevelt Raceway Assoc.*, 183 AD2d 874, 875 [2d Dept 1992] [no standing under State Finance Law § 123-b (1) to challenge financing and acquisition of property by TOHIDA through bond issuance because statute specifically excludes bond issuance by a public benefit corporation). Further, the *ultra vires* issue was, in fact, raised in the administrative proceeding before respondent TOHIDA (Record: Vol, 3 Tab 25, pp 113-114), and the Nassau County Regional Office of the New York State Attorney General rejected service of the petition on the ground that the office did not represent respondent TOHIDA.

In further support of its dismissal, movants argue that the petition fails to state a viable cause of action as it is based on the false premise that an Industrial Development Agency may not grant benefits for a commercial project that is residential, either in whole or in part, in nature.

For the reasons which follow, the petition must be dismissed.

Pursuant to General Municipal Law § 858, an Industrial Development Agency

> "shall be to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, research and recreation facilities . . . and thereby advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and to improve their recreation opportunities, prosperity and standard of living."

An Industrial Development Agency is thus a "governmental agenc[y] or instrumentalit[y] created for the purpose of preventing unemployment and economic deterioration (General Municipal Law § 852) and to "provide one means for communities to attract new industry, encourage plant modernization and create new job opportunities" (Governor's Mem., 1969 McKinney's Session Laws of N.Y. at 2572).

According to respondents, the development of a residential rental building falls within the ambit of the statutory definition of a project,[2] entitled to financial assistance and benefits, as set forth in § 854(4) of the General Municipal Law in that it "promotes employment opportunities and prevents economic deterioration in the area served by the industrial development agency" (Opns. St. Comp. No. 85-51 [N.Y.S. Cptr., 1985 WL 25843]).

In the opinion of the State Comptroller, the determination of whether construction of an apartment complex is a commercial activity within the meaning of the statute must be made by

[2]As set forth in § 854(4) the term "project" is broadly defined to include, in relevant part, "any land, any building or other improvement, and all real and personal properties located within the state of New York and within or outside or partially within and partially outside the municipality for whose benefit the agency was created. . . ."

local officials based upon facts relevant to the proposed project (*Id.* ["Local officials must determine, based upon all the relevant facts, whether construction of an apartment complex will promote employment opportunities and prevent economic deterioration. . . ."]). Respondents argue that TOHIDA acted within the scope of its authority in resolving to provide IDA assistance to the project since it would promote job creation and growth in a distressed area of the Village of Hempstead and serve as the first physical manifestation of the Village's Downtown Revitalization plan and a catalyst for future phases.

Here, the record establishes that a duly noticed public hearing was held regarding respondent Renaissance's application for TOHIDA assistance with respect to the first phase of the $2.5 billion Hempstead Revitalization project for which site plan approval was already in place and a building permit issued. The resolution was granted based on respondent TOHIDA's findings, that, among other things:

> (a) The Town of Hempstead is in need of attractive multi-family housing to retain workers in the Town and attract new business;
>
> (b) a healthy residential environment located in the Town of Hempstead is needed in order to further economic growth;
>
> (c) there is a lack of affordable, safe, clean multi-family housing within the Town of Hempstead;
>
> (d) the facility will provide the nucleus of a healthy residential environment, and will be instrumental and vital in the further growth of the Town of Hempstead.

Respondent TOHIDA also found that:

> the acquisition, construction and equipping of the Phase I Facility will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of the Town of Hempstead and the State of New York and improve their standard of living and thereby serve the public purposes of the Act;
>
> the project conformed with local zoning laws and planning regulations of the Town of Hempstead; and
>
> the project will not have a significant effect on the environment as determined in accordance with Article 8 of the Environmental Conservation Law and regulations promulgated thereunder.

The allegations proffered in opposition to the resolution, regarding traffic congestion; additional garbage/sewage; additional burden of increased student population in an already overcrowded/underfunded school district; burden of increased financial costs of municipal services to support increased population, are speculative and lack merit in the face of reasoned evaluation of the project by respondent TOHIDA as set forth in the record. As stated in the affidavit of Wayne J. Hall, Sr., Mayor of the Incorporated Village of Hempstead and Chairman of the Village Community Development Agency:

> "the IDA benefits awarded to Renaissance for this particular Phase I of the development are critically important to the revitalization of the Village of Hempstead's downtown area, and are essential to the twin goals of preventing any further physical and economic deterioration of the area, as well as promoting employment opportunities to the Village."

As stated in the Socio-Economic Impact of the Village of Hempstead's Revitalization Plan report, dated March 31, 2016, (Exhibit "A" to the Affidavit of Donald Monti in Opposition to Petition):

> "Upon completion, the overall revitalization of the Village of Hempstead will have generated an estimated $4 billion in economic activity, comprised of economic activity during and after the construction period.
>
> Nearly $3 billion of primary and secondary economic activity will be generated from construction of the development encompassing 5 million square feet, comprising 2.8 million square feet of 3,500 residential units and 2.2 million square feet of mixed use, retail, hospitality, office and other commercial uses.
>
> This will result in new socio-economic improvements to the Village of Hempstead that will provide much needed housing for Long Island's young professionals and active adults, and create during the construction period as many as 22,000 temporary construction and secondary jobs generating nearly $1.4 billion in wages.
>
> When completed, the revitalization will create approximately 6,000 permanent and 4,500 secondary jobs generating $498 million in wages of which 1,500 of the permanent jobs generating $125 million in wages projected to be held by Village of Hempstead residents. Thus, in total, the construction activity and resulting permanent jobs and their related secondary economic impacts are expected to generate nearly $4 billion in primary and secondary economic impact, and over the 20 year PILOT period $142 million in new county, town, school and village property taxes, and $43.5 million in new county sales taxes."

In reviewing the actions of an administrative agency, courts must assess whether the determination was the result of an error of law or was arbitrary, capricious, or an abuse of discretion such that the actions at issue were taken without sound basis in reason and without regard to the facts (*Matter of County of Monroe v Kaladjian*, 83 NY2d 185, 189 [1994], citing *Matter of Pell v Bd. of Educ.*, 34 NY2d 222, 231 [1974]; *Akpan v Koch*, 75 NY2d 561, 570-71 [1990]; *Matter of Calvi v Zoning Bd. of Appeals of the City of Yonkers*, 238 AD2d 417, 418 [2d Dept 1997]). The agency's determination need only be supported by a rational basis (*Matter of County of Monroe v Kaladjian, supra; Matter of Jennings v Comm. N.Y.. Dept. of Social Svcs.*, 71 AD3d 98, 108 [2d Dept 2010]). If the determination is rationally based, a reviewing court may not substitute its judgment for that of the agency even if the court might have decided the matter differently (*Matter of Savetsky v Zoning Bd. of Appeals of Southampton*, 5 AD3d 779, 780 [2d Dept 2004]; *Matter of Calvi v Zoning Bd. of Appeals of the City of Yonkers, supra*). It is not for the reviewing court to weigh the evidence or reject the choice made by the agency where the evidence conflicts and room for choice exists (*Matter of Calvi v Zoning Bd. of Appeals of the City of Yonkers, supra*, citing *Toys "R" Us v Silva*, 89 NY2d 411, 424 [1996]; *Akpan v Koch, supra*).

The record at bar establishes that in adopting the challenged resolution following a public hearing, review of Renaissance's application, and the environmental effects, respondent TOHIDA did not act in excess of its jurisdiction or beyond the scope of its authority; i.e., *ultra vires*. Nor was TOHIDA's decision after review of all of the circumstances to adopt the resolution finding that the Phase I facility constituted a "project" under the IDA affected by an error of law as would warrant relief under Article 78.

Where, as here, the project at issue promotes employment opportunities and serves to combat economic deterioration in an area served by an industrial development agency, a finding that the project falls within the ambit of the IDA is rationally based; neither arbitrary or capricious or an abuse of discretion, nor an error of law.

Accordingly, the petition is **denied** and the proceeding is hereby **dismissed**.

This constitutes the decision and order of this court. All applications not specifically addressed herein are denied.

Dated: Mineola, New York
January 25, 2017

ENTER:

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EXHIBIT D

# TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY UNIFORM TAX EXEMPTION POLICY

# TOWN OF HEMPSTEAD
# INDUSTRIAL DEVELOPMENT AGENCY

## UNIFORM TAX EXEMPTION POLICY AND GUIDELINES

Pursuant to the authority vested in it by Section 874(4)(a) of Title One of Article 18-A of the General Municipal Law of the State of New York, the Town of Hempstead Industrial Development Agency (HIDA) may provide financial assistance to qualified applicants for qualified projects in the form of issuance of its tax-exempt or taxable bonds or by participating in straight lease transactions.

HIDA has adopted this Uniform Tax Exemption Policy to provide guidelines for the claiming of real property, sales and use tax and mortgage recording tax abatements.

I. **A. Real Property Taxes:**

HIDA general policy is to grant applicants real property tax abatements for projects involving the purchase and renovation of existing buildings and the construction of new facilities. This program provides for a ten-year period phase-in on the real property taxes. The purchase price in an arms-length transaction can be used to determine the fair market value and assessed value of the property. The phase in will apply to the increased assessment/taxes resulting from the renovation of existing buildings or new construction. HIDA's general policy is to consider freezing the first three years of the taxes at an amount usually based on the current taxes as it, in its sole discretion determines considering the factors listed in Paragraph B, hereof, not one of which is determinative, provided, however that a determination to freeze or fix the assessed value/taxes shall not be considered a deviation from HIDA's uniform tax exemption policy. In addition; it is the general policy of HIDA, that it may grant full or partial tax exemptions for a period up to fifteen years, on a case- by-case basis for (I) manufacturing facilities; (II) senior housing, affordable housing, health care/assisted living facilities; (III) vacant facilities or facilities which HIDA, in its discretion, determines to be in an area of economic distress or having higher than average unemployment or similar circumstances; or (IV) facilities that will create or retain a significant number of full time jobs; or (v) qualifying retail facilities.* A determination by HIDA to grant such exemptions shall not be considered a deviation from policy.

*Retail facilities may be permitted if less than one-third of the total project cost is used for retail sales or services, or meets one of the exceptions, i.e.; a tourism destination, located in a highly distressed area or provide goods or services not otherwise readily available to the residents of the Town.

In determining payments under a payment in lieu of tax ("PILOT") agreement, HIDA will, in consultation with the Nassau County Assessor's Office, through the use of tax roll rates, the Town of Hempstead Office of Receiver of Taxes, and any Village within which the project is located, determine appropriate fixed dollar amounts for PILOT payments under the PILOT Agreement for each tax year that the PILOT Agreement is in effect, as well as the proportionate allocation of such payments amount the taxing jurisdiction.

For Urban Renewal Plans and/or Overlay Zones, the PILOT Agreement may set flat PILOT payments per unit, per year for a term of up to 10 to 15 years, or in the case of such facilities financed with tax-exempt bonds, for the term of the tax-exempt bonds.

Assisted living facilities may be granted a PILOT Agreement for a term of up to 10 to 15 years with fixed PILOT Payments to be determined by the Agency in its sole discretion. However, in the event the Assisted Living Facility is financed by tax exempt bonds, the PILOT Agreement may run concurrently with the term of the bond financing.

Senior living facilities may be granted a PILOT Agreement for a term of up to 10 to 15 years with fixed PILOT Payments to be determined by the Agency in its sole discretion. However, in the event the Senior Living Facility is financed by tax exempt bonds, the PILOT Agreement may run concurrently with the term of the bond financing.

Affordable housing projects may be granted a PILOT for a term of up to 10 to15 years, which is calculated using a "10% Shelter Rent calculation", whereby the Applicant provides HIDA with figures equal to 10% of the annual total revenues minus the total utilities of the affordable housing project in the application, and thereafter on an annual basis.

In the event an affordable housing project is financed by tax-exempt bonds or 9% Low Income Housing Tax Credits or the project is subject to a recorded Regulatory Agreement recorded by a Municipality or a governmental entity restricting the income levels of the residents of the housing project and the amount of rent payable by the residents, the PILOT Agreement may, at the sole discretion of the Agency, run concurrently with the term of the bond financing or the term of the Regulatory Agreement or such period as may be required by a state or federal housing agency or authority that is also providing financing or benefits to such project or such lesser period as the Agency shall determine.

Market Rate Housing Projects may be granted a PILOT for a term of 10 to 15 years, and 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 rate 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.

Market Rate Housing Projects project shall provide the Agency with the number of affordable units and workforce units on a yearly basis as part of the Agency's Annual Compliance, attested to under penalty of perjury by signed affidavit.

Market Rate Housing Projects may receive additional years in a PILOT Agreement if they are located in a highly distressed or blighted area, a block grant area, a local development zone, an opportunity zone, or a transit-oriented zone.

Approval of all housing projects will be at the sole discretion of the Agency's Board Members. 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.

B. **Deviations:**

In addition to, or in lieu of, the aforesaid abatement policy HIDA can determine, on a case-by-case basis, to deviate from the guidelines described above or provide enhanced benefits for a project whose scope, size or potential is expected to have a major impact for the Town of Hempstead. Enhanced benefits may exceed fifteen years, as HIDA deems appropriate. The decision of HIDA to grant or deny any such deviation shall be within the sole discretion of HIDA.

HIDA may consider any or all of the following factors in making such determination, no single one of which is determinative:

- The nature of the proposed project (i.e. manufacturing, commercial, civic, retail).
- The nature of the property before the project begins (i.e. vacant land, vacant buildings, brownfield sites, etc.).
- The economic condition of the area at the time of the application and positive economic effect that the project will have on the area.
- The extent to which a project will create or retain permanent, private sector jobs and the number of jobs to be created or retained and the salary ranges of such jobs.
- The estimated value of tax exemptions to be provided.
- The economic impact of the project and the proposed tax exemptions on affected tax jurisdictions.
- The impact of the proposed project on existing and proposed businesses and economic development projects in the vicinity.
- The amount of private sector investment generated or likely to be generated by the proposed project.
- The likelihood of accomplishing the proposed project in a timely fashion.
- The effect of the proposed project upon the environment and the surrounding area.
- 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 extent to which the proposed project will require the provision of additional services, including, but not limited to, educational, transportation, police, emergency medical or fire services.
- The extent to which the proposed project will provide additional sources of revenue or taxes for the State, County, Town, municipalities and school districts in which the project is located.
- The extent to which the proposed project will provide a benefit (economic or otherwise) not otherwise available within the municipality in which the project is located.
- The number of construction jobs to be created during the construction or renovation of the project and whether the project applicant will pay prevailing wages on such construction jobs.

## II. **Sales Taxes:**

Purchase of construction related equipment (by applicant) or rental or lease of construction related equipment (by applicants or contractors and subcontractors), purchases of construction and building material and purchase, rental or lease of project related equipment, furnishings and other items of personal property are made as agent for HIDA, and are, therefore, afforded full exemption from New York State sales and use tax. Operating expenses of the projects are not to be incurred as agent of HIDA and no sales tax exemption is provided therefore. Sales and use tax exemption will not be granted for the purchase, rental or lease of motor vehicles and trailers registered for over the road use.

All project applicants must agree in writing to timely filing with the New York State Department of Taxation, and HIDA of an annual statement, (and all other forms and reports as maybe required by NYS Department of Taxation including ST-60's, ST-123 and ST-340), of the value of all sales and use tax exemptions claimed in connection with facility in full compliance with the New York State General Municipal Law, in the form and at the time required thereby. The agreement will also include a total exemption amount.

Sales and use tax exemption agreements will have an expiration date based upon the estimated project completion date plus a window (i.e. six months, one year, etc.) to allow for possible delays. The duration will also be determined by the maximum total exemption dollar amount. The window period will be set on the basis of the project and any extensions of the expiration dates or increases in the dollar amount of the exemption must be approved by the HIDA board prior to the expiration date of the exemptions or the date on which the dollar amount of exemptions has been expended.

## III. Mortgage Recording Tax:

Mortgages executed by HIDA in connection with project related financing are provided an exemption from New York State mortgage recording taxes. Mortgages executed by HIDA in connection with non-project related financing may be exempt from New York State mortgage recording taxes, at the discretion of HIDA. In determining whether to permit such exemptions on non-project related financing, HIDA shall consider such factors, as it deems appropriate including, but not limited to, the use of the property, the degree of investment, the degree and nature of employment and the economic condition of the area in which the facility is located.

## IV. A. Recapture of Benefits:

HIDA, with respect to a particular project that receives real property tax abatements, sales and use tax exemptions or mortgage recording tax exemptions shall require the project applicant to agree to the recapture of such benefits by HIDA pursuant to the following schedule:

| | |
|---|---|
| Within first 4 years | 100% |
| Within first 6 years | 75% |
| Within first 8 years | 50% |
| Within first 9 years | 25% |
| After first 9 years | 0% |

Events that HIDA may determine will trigger recapture may include, but shall not be limited to, the following:

- Sale or closure of facility;
- Significant employment reduction or failure to meet employment goals;
- Significant change in use of facility;
- Significant change in business activities of project applicant or operator;
- Material noncompliance with or breach of terms of Agency transaction documents; or
- Failure to create or retain the number of private sector full time (or full time equivalent) or part time jobs that the company represented it would in the Company's application to HIDA.
- Failure to pay PILOT payment.
- Event of Default under the Bond or Lease Documents.

If HIDA determine to provide for recapture with respect to a particular project, HIDA also may, in its sole discretion and on a case-by-case basis, determine the timing and percentage of recapture, either prospectively or retroactively.

## B. Additional Recapture Provisions

In addition to the provision for recapture set forth in Paragraph IV.A, HIDA may, in its sole discretion, and on a case-by-case basis, require recapture of benefits (either retroactively or prospectively as it determines to be appropriate in its best judgment) with respect to any project or project applicant for:

- failure to respond to HIDA inquiries concerning payments of principal and interest;

- failure to respond to HIDA inquiries concerning insurance coverage or failure to provide insurance certificates when and as required by HIDA transaction documents;
- failure to respond to HIDA inquiries regarding payment in lieu of taxes or sales and use tax exemptions;
- failure to respond to HIDA inquiries or to provide facts requested by HIDA in connection with any proceedings or determinations pursuant to Paragraph C or Paragraph D of this policy;
- failure to respond to inquiries of HIDA or failure to provide HIDA with any information or documents requested by HIDA in order to provide any federal, state or local agency with information or reports required under any applicable law, rule or regulation including without limitation information required under PAAA and PARA, number of jobs, total payroll etc.; or
- failure to provide any other information concerning the project or the project applicant or any project operator requested by HIDA.

Upon the occurrence of any of the events listed in this Paragraph IV.B, HIDA will, upon at least ten calendar days written notice to the project applicant, hold a hearing before the IDA Board, at which the project applicant will have the opportunity to provide, or explain its failure to provide, the information requested by HIDA. Within 30 calendar days after the hearing, HIDA will determine whether and to what extent it will require recapture of the value of tax exemptions granted with respect to the project by virtue of HIDA involvement.

## V: VIDEO RECORDINGS OF MEETINGS

The Agency shall, to the extent practicable, stream all open meetings and public hearings on its website in real-time. The agency shall post video recordings of all open meetings and public hearings on its website within five business days of the meeting or hearing and shall maintain such recordings for a period of no less than five years.

## VI: EFFECTIVE DATE

This Uniform Tax Exemption Policy shall apply to all projects for which HIDA has adopted or adopts an Inducement Resolution including refinancings after January 1, 2024, and all refinancing of any project induced or closed before January 1, 2025.

HIDA, by resolution of its Members, and upon notice to all affected tax jurisdictions as may be required by law, may amend or modify the foregoing policy as it may, from time to time, in its sole discretion determine.

Resolution: 039-2023
Adopted by Governance Committee: 9/19/23
Adopted: October 24, 2023
Ayes: 6
Nays: 0

Chairman Flo Girardi

<u>EXHIBIT E</u>

PROPOSED PILOT SCHEDULE

360A West Merrick Road
Valley Stream, NY 11580
Current Tax Information:
Section: 37 Block: 346 Lots: 926, 927
Parcels: 2
SD- Valley Stream 30

Total Current Taxes: $112,734.22
Demolished taxes as per Herman Katz: $39,598.00
Estimated Taxes Once Built: $174,187.00

| Year | Total |
|---|---|
| 1 | $39,598.00 |
| 2 | $39,598.00 |
| 3 | $39,598.00 |
| 4 | $65,000.00 |
| 5 | $67,500.00 |
| 6 | $70,000.00 |
| 7 | $90,000.00 |
| 8 | $100,000.00 |
| 9 | $110,000.00 |
| 10 | $120,000.00 |
| 11 | $125,000.00 |
| 12 | $130,000.00 |
| 13 | $135,000.00 |
| 14 | $140,000.00 |
| 15 | $145,000.00 |
| 16 | $150,000.00 |
| 17 | $155,000.00 |
| 18 | $160,000.00 |
| 19 | $170,000.00 |
| 20 | $180,000.00 |