

March 15, 2022

Mr. Milan Tyler, Partner
 Phillips Lytle LLP
 620 Eighth Ave, 38th Floor
 New York, NY, 10018-1442

RE: JANET LANE / STANLEY PARK PILOT APPLICATION

Dear Milan:

Below is a summary of our economic and fiscal impact analysis findings as they relate to the Fair Housing Development Corporation’s Janet Lane / Stanley Park application, followed by explanations of our assumptions, information sources and calculation tables.

Overview

The City of Glen Cove Industrial Development Agency (the “Agency”) has received an application for financial assistance from the Fair Housing Development Fund Corporation (the “Applicant”) seeking a seven-year extension of their current property tax abatement for a 54-unit affordable housing development located on Janet Lane in the City of Glen Cove, New York (the “City”). The following analysis examines the cost of extending the PILOT abatement an additional seven years and the benefits associated with retaining affordable housing units as it relates to public policy goals and practices.

Summary of Exemptions

According to the Applicant, the Project will generate approximately \$73,442 in PILOT revenue in the first year of the extension. The Applicant has also stated that, absent an IDA incentive, the Project would have generated approximately \$240,000 in property tax revenue across the jurisdictions as shown in the table to the right.

PILOT Payment and Otherwise-Applicable Property Tax

Jurisdiction	PILOT Payment	Taxes Without PILOT
County	\$12,586	\$41,130
School	\$43,771	\$143,040
City	\$17,085	\$55,830
Total	\$73,442	\$240,000

Source: Applicant

The estimated value of the PILOT abatement is the difference between revenue with and without an abatement. Assuming an escalation factor of 2%, we are able to estimate the property tax revenue generated over the next seven years, with and without an

extension of the current PILOT. In the table below, the 'PILOT Payment' column is the cumulative revenue generated through an extension of the current PILOT over the next ten years. The 'Taxes Without PILOT' column is the cumulative revenue generated by the Project absent an extension. The 'Difference' is the hypothetical cost of the extension.

Summary of Exemption - 7 Years

Jurisdiction	PILOT Payment	Taxes Without PILOT	Difference
County	\$93,568	\$305,771	(\$212,202)
School	\$325,409	\$1,063,400	(\$737,991)
City	\$127,011	\$415,058	(\$288,047)
Total	\$545,989	\$1,784,228	(\$1,238,239)

Source: Applicant

We estimate that extending the current PILOT seven years would result in exemptions totaling \$212,202 for the County, \$737,991 for the School, and \$288,047 for the City over the life of the extension. In total, these figures sum to \$1.2 million over seven years.¹ However, as noted by the Applicant, without such exemptions, the property cannot sustain itself and therefore these figures may not be true "costs" to the taxing jurisdictions.

Summary of Benefits

As noted in the exemptions section, above, the property will generate \$545,989 in PILOT revenue for the jurisdictions over the life of the extension. At the local-level, the Applicant has stated the Project will continue to employ one full-time and one part-time employee, collectively earning \$60,000 in the current year. From Year 1 of the proposed extension, the Applicant states that payroll will increase 3% from the previous year. Provided this assumption, we estimate the Project's 1.5 FTE's will earn \$483,612 over the 7-year extension. A portion of these earnings are likely to be spent locally, supporting local suppliers and other businesses. Furthermore, the households that occupy the property will spend a portion of their household earnings locally, sustaining additional jobs and tax revenue. In addition to the above, there are other, non-quantifiable benefits to the extension noted below.

The Project was financed through the U.S. Department of Housing and Urban Development's (HUD) National Housing Act. Today, HUD's national objectives remain

¹ See Appendix for calculation tables for each figure shown.

the preservation of low-to-moderate income housing, reducing blight, and meeting other urgent housing needs.² The Applicant has stated that the Project will no longer be financially feasible absent an extension of the current abatement. In this scenario, currently affordable rent prices of each unit will have to be adjusted upward to market rate – likely displacing the current tenants. As such, the Project advances HUD's National Objective of providing low-to-moderate income housing.

At the state level, New York State Homes and Community Renewal (HCR) has a mission to build, preserve, and protect affordable housing throughout New York State. For the same reason stated above, the proposed extension of the current PILOT is consistent with this mission.

Conclusion

Over the course of seven years, we anticipate roughly \$545,989 in property tax revenue associated with the extension of the abatement will be generated for local taxing jurisdictions, along with other quantifiable and non-quantifiable benefits.

Furthermore, the proposal meets national, state, and local affordable housing goals that ensure the City of Glen Cove is home to a diverse set of housing options available to households of varying incomes.

Details on the analytic framework and assumptions for the above can be found in the appendix to this summary letter.

Sincerely,



R. Michael N'dolo, CEcD
Director of Economic Development

² <https://files.hudexchange.info/resources/documents/Basically-CDBG-Chapter-3-Nat-Obj.pdf>

Appendix

Current Taxes - per Application

Jurisdiction	
County	\$12,586
School	\$43,771
City	\$17,085
Total	\$73,442

PILOT Revenue - 7 Year Extension

Year	County	School	City	Total
Year 1	\$12,586	\$43,771	\$17,085	\$73,442
Year 2	\$12,838	\$44,647	\$17,426	\$74,911
Year 3	\$13,095	\$45,540	\$17,775	\$76,409
Year 4	\$13,356	\$46,451	\$18,130	\$77,937
Year 5	\$13,624	\$47,380	\$18,493	\$79,496
Year 6	\$13,896	\$48,327	\$18,863	\$81,086
Year 7	\$14,174	\$49,294	\$19,240	\$82,708
Total	\$93,568	\$325,409	\$127,011	\$545,989

Estimated Taxes on Project
 (absent PILOT)

Jurisdiction	
County	\$41,130
School	\$143,040
City	\$55,830
Total	\$240,000

Source: Applicant; MRB

Estimated Taxes Without PILOT

Year	County	School	City	'Full' Taxes
Year 1	\$41,130	\$143,040	\$55,830	\$240,000
Year 2	\$41,952	\$145,901	\$56,947	\$244,800
Year 3	\$42,791	\$148,819	\$58,086	\$249,696
Year 4	\$43,647	\$151,795	\$59,247	\$254,690
Year 5	\$44,520	\$154,831	\$60,432	\$259,784
Year 6	\$45,411	\$157,928	\$61,641	\$264,979
Year 7	\$46,319	\$161,086	\$62,874	\$270,279
Total	\$305,771	\$1,063,400	\$415,058	\$1,784,228

Estimated PILOT Payments vs. Taxes Without PILOT

Year	County	School	City	Total
Year 1	-\$28,544	-\$99,269	-\$38,746	-\$166,558
Year 2	-\$29,115	-\$101,254	-\$39,521	-\$169,889
Year 3	-\$29,697	-\$103,279	-\$40,311	-\$173,287
Year 4	-\$30,291	-\$105,345	-\$41,117	-\$176,753
Year 5	-\$30,897	-\$107,451	-\$41,940	-\$180,288
Year 6	-\$31,515	-\$109,601	-\$42,778	-\$183,893
Year 7	-\$32,145	-\$111,793	-\$43,634	-\$187,571
Total	-\$212,202	-\$737,991	-\$288,047	-\$1,238,239

Payroll - 1.5 FTEs

Year	Payroll
Current	\$60,000
Year 1	\$62,900
Year 2	\$65,000
Year 3	\$67,000
Year 4	\$69,010
Year 5	\$71,080
Year 6	\$73,213
Year 7	\$75,409
Total	\$483,612