

## **GEORGICA GREEN VENTURES SYNOPSIS**

### **TAXES/ABATEMENT**

- The two parcels currently generate a total of \$34,234 in property taxes; in Year One, Riverview Lofts will generate approximately \$84,000 – a 60% increase over current levels;
- The property will generate over \$6 million in property taxes over the next 30 years – which is \$4.7 million more than the current property would be expected to.
- The project has an as-of-right ability to have their tax assessment determined based on an income minus expenses basis known as a 581a Real Property Tax Law;
- The IDA believes that a tax abatement for the first 15 years of the project is a prudent opportunity for the town to invest in workforce housing that will generate housing and economic opportunities downtown without incurring capital outlays;
- The IDA has worked with outside housing and economic consultants to develop an exemption model spanning 15 years that meets funding, agency margins, debt coverage ratios, maintains the affordability of the project, and provides sustained growth in the town's tax revenues over the long-term;
- We have also worked to establish realistic forecasts of revenue and expenses in order to provide a predictable property tax expense model between years 16 through 30 to satisfy federal and state funding agencies who will maintain a vested interest in the success and affordability of the project for the entire 30 year span of their support;
- Regarding mortgage recording tax exemption, the use of federal and state funding sources means that many of these fees are automatically exempt and would be so even without IDA intervention;
- The estimated sales and use tax exemption figure represents the maximum amount eligible for exemption for construction materials, building systems and furnishings – the project will have to prove the expenditure and submit documentation to NYS annually.

### **TENANTS**

- The mixed income model enables a range of tenant options, all of which are based on HUD's Median Income for a Family of Four for Suffolk County, which is \$110,800 in 2017.
- Example:
  - 15 of the units could be leased by a single person in an income range of \$70,000 and \$100,850 per year or by a family of four in an income range between \$99,720 and \$144,050 per year.
  - 87 of the units could be leased to a single person making in the range of \$46,550 per year to a family making \$66,500 per year.
  - 13 units could be leased by a single person earning up to \$70,000 or by a family of four making up to \$100,000
- As an example, Riverhead police officers in 2017 had a starting salary of \$53,540. Average salary at Town Hall was \$48,950 in 2015 (Newsday)
- 75% of the 116 units are studio or one-bedroom apartments, 25% are two-bedroom units;
- Rents range from \$976 to \$1452 for the 60% AMI category, from \$1125 to \$1655 for the 90% AMI category, and from \$1326 to \$1955 for the 130% AMI category.

## **PARKING**

- The project will be located within the Town of Riverhead Parking District and is therefore not required to provide any parking – this is a policy adopted by the Town Board;
- Nevertheless, Georgica Green will be providing 55 spaces;
- Parking district, sewer, water, lighting, BID, and ambulance district taxes ARE NOT EXEMPTED ON ANY IDA PROJECT!!
- Currently, the project generates \$4,287. in special district taxes, \$1531 of which is parking district revenue; Riverview Lofts will be paying a minimum of \$25,758 in special district taxes in year one (with increases each year) and every year forward; if the percentages hold the same (28% for parking district), then they will pay approximately \$7,212 per year to support the district's maintenance of existing and creation of additional downtown parking - or 79% more than the current level. This is beyond the 55 spaces they will build and maintain within the downtown area;
- By Year 15, special district taxes are increased to \$33,988; if the percentages remain the same (28%), then \$9,517 would be generated by the project specifically for the parking district.
- According to the US Census Bureau rental units have a lower average number of motor vehicles per unit.
- Affordable housing helps reduce the number of cars on the road by allowing working people to live near their jobs. In addition, studies show that affordable housing residents own fewer cars and drive less often than residents of market-rate homes.

## **SCHOOL IMPACT**

- Estimates from the Center for Urban Policy Research Institute suggest that the project could be expected to result in 14 new students within the school district. That does not assume any residents currently residing in Riverhead that move into the complex.

## **NEED**

- Over the last 25 years, Long Island has lost 16% of its population aged 18-34 in part due to a lack of economic opportunity, high cost of living and lack of housing options – that rate is the highest in the entire metro NY area (LI Index);
- A greater portion of Long Islanders are rent burdened (paying >30% of income on housing) and severely rent burdened (paying >50% of income) than national and NYC averages;
- Nearly 75% of Long Island's young workers surveyed by LI Index say that they are likely to move out of the region by 2020 because of these barriers;
- Long Island is likely to see its share of single person households increase up to 3 times faster than larger households and a majority give high preference toward walkable, mixed-use areas, indicating a higher demand for multifamily units;
- A lack of affordable housing affects employers, entry-level and service sector workers, recent college graduates, young professionals and small families: younger residents are finding a lack of housing options, high costs and lack of housing in walkable communities; young families have a hard time coming up with the down payment for a house; and older residents are looking to downsize.

- A study conducted in 2012 after Summerwind came on line showed that average market rate occupancy in Riverhead was 98-99% and average occupancy for affordable units was 99%; both market and affordable have significant waiting lists at projects within Riverhead.
- A comprehensive market study supports the appropriateness of the project for downtown Riverhead and affirms that it is supportable and viable for the area.
- The mixed-use multifamily downtown housing model is endorsed by nearly every planning and economic organization in the region, including the LI Index, the LI Regional Economic Development Council, the LI Regional Planning Council, Vision Long Island, the Suffolk County Office of Economic Development, etc.
- The project conforms to the town's Comprehensive Plan and has received final site plan and environmental approvals from the Riverhead Town Board;
- Need for the project has been affirmed through Governor Cuomo's \$20 billion five-year plan for affordable housing;
- Significant support for the project has been committed by various federal, state and county agencies;

### **ECONOMIC BENEFITS**

- Represents a \$57 million direct investment in downtown Riverhead;
- Means 116 construction jobs in Riverhead representing \$15.6 million in earnings each year during the 2-year construction period and 202 indirect jobs representing \$9.5 million for a total annual impact of \$25 million in labor income;
- After construction, the project is expected to generate \$4 million per year in economic impact;
  - These are LOCAL impacts, representing income and jobs for residents and revenue for all jurisdictions within the local area; they include the impact of local residents who earn money from the construction activity who spend part of it within the local economy;
- Indirect job creation can be expected in sectors from retail, personal services, restaurants, auto repair and health clubs, to dry cleaners;
- Generation of rent from retail component helps to support the feasibility of the affordable units above; sales tax generated from the retail component will mean that sales tax abatement is recaptured quickly and is an ongoing source of revenue for the region;
- The project itself will generate 3 direct jobs for property management, maintenance and repair.
- Additionally the Economic Impact Analysis projects 27 FTE direct jobs upon commercial space tenancy.

### **ADDITIONAL BENEFITS**

- From an economic development perspective, the project has tremendous potential to grow the local economy and will contribute to the long-term health and vitality of the downtown area;
- Such a project makes sense for downtown – sewers, five-story zoning adopted by the town board, recreational amenities such as river, boardwalk, restaurants, personal services available, train and bus service, banking, and soon, healthcare at the old SCNB building;
- The project and its tenants can be expected to spark additional investment within the area along with new employment opportunities;

- The rent levels and income thresholds maximize options for tenants and enhances the pool of eligible applicants for high quality housing for the Riverhead workforce;

### **GEORGICA GREEN**

- Extensive experience in developing quality, viable projects throughout NYS – Southampton, Watertown and Coney Island for instance;
- Ability to gain financing commitments and to package numerous and substantial funding sources to make the project viable and maintain high quality standards;
- Have provided extensive information to community groups throughout the process;

**09-11-17**