

DRAFT

HOUSING MARKET ANALYSIS
FOR
PECONIC CROSSING APARTMENTS
A PROPOSED RENTAL HOUSING PROJECT

IN
THE TOWN OF RIVERHEAD, SUFFOLK COUNTY, NEW YORK

PREPARED FOR:
CONIFER REALTY, LLC

PREPARED BY:
WAVERLY RESEARCH GROUP, INC
5015 Silverton Court
Las Cruces, New Mexico 88011
575-522-3400

PREPARED: OCTOBER, 2014

THE WAVERLY RESEARCH GROUP, INC.

5015 Silverton Court
Las Cruces, New Mexico 88011
(575) 522-3400
FAX (575) 532-9796
waverlygroup@qwestoffice.net

October 22, 2014

Mr. Michael Birkby, Project Coordinator
Conifer Realty, LLC
183 E. Main Street, Suite 600
Rochester, New York 14604

Dear Mr. Birkby:

We have completed the analysis of the proposed 48-unit rental project for non age-restricted households in Riverhead, Suffolk County, New York. The study is done in accordance with the requirements for a professional market study outlined in the Capital Programs Manual by the New York State Homes and Community Renewal (HCR) and its Division of Housing and Community Renewal (DHCR).

This is a market analysis for rental units for an apartment project for general, non age-restricted households, to be funded under the federal Low Income Housing Tax Credit program (LIHC), Community Development Block Grant – Disaster Recovery (CDBG-DR) and potentially including Housing Trust Fund funding as well. The project is designed as a Transportation Oriented Development. The study provides conclusions for households within target incomes, based on program limits and DHCR guidelines. Target households would be eligible at the 60% of Area Median Income level or below; all of the units would be eligible for LIHC, and there will be no direct rental subsidies. *- at time of application*

The analysis comprises seven sections, as follows:

- Project description
- Market Area description
- Site and Community description
- Economic and Demographic Base
- Housing Supply and Competitive Environment
- Housing Demand Analysis and Determination of Need
- Market Conclusions

Real Estate Market Research

Pertinent aspects of the methodology and analytic process are included in the text where appropriate.

The Riverhead area market has a substantial and sustained need and support for an assisted rental project for non-age-restricted households, in this case specifically for units without direct rental subsidies, given the limited supply of such affordable rental options for non-age-restricted households in this portion of eastern Long Island. Given the strength of demand for assisted and conventional housing in the Primary Market Area and adjacent markets, we conclude that the market would absorb the proposed 48-unit project within 4 months or less of construction completion. This conclusion is based on household trends, tenure and affordability patterns, existing conditions in the competitive market, and the current waiting lists in most affordable projects in this market.

It has been a pleasure to work with you and your team on this assignment. I want to express appreciation for the help given by the public and private individuals who provided information and assistance in the analysis.

If you or any reviewing official have any questions concerning the methodology or conclusions of the study, please contact me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Donald F. Robinson". The signature is fluid and cursive, with a prominent initial "D" and a long, sweeping underline.

Donald F. Robinson

STATEMENT OF CONTINGENT AND LIMITING CONDITIONS

1. The consultants declare that they do not have, and will not have in the future, any material interest in the proposed project, and that there is no identity between them and the purchaser of the study. Further, the consultants declare that the payment of the study fee is in no way contingent upon a favorable study conclusion, nor upon approval of the project by any agency before or after the fact, and that the conclusions and recommendations are based solely on the consultants' professional opinions and best efforts.
2. The consultants have based this analysis on information about conditions in the Town of Riverhead, Suffolk County, New York, which has been obtained from the most pertinent and current available sources, and every reasonable effort has been made to insure its accuracy and reliability. However, the consultants assume no responsibility for inaccuracies in reporting by any of the Federal, State, or Municipal agencies cited, nor for any data withheld or erroneously reported by sources cited during the normal course of a thorough investigation. The consultants reserve the right to alter their conclusions on the basis of any discovered inaccuracies.

Further, the consultants have adopted the assumption that the estimates and projections provided by the Census Bureau and by commercial demographic sources - in particular Nielsen/Claritas and Ribbon Demographics - are true and accurate with no consideration of potential variations or margins of error, and that the analysis and conclusions based on those data can be considered reliable. It is noted that the Nielsen/Ribbon Demographics 2014 data set, **originally published in January 2014, is used in this analysis**; it is the most recent demographic set available at this time, and is considered reliable unless otherwise noted.

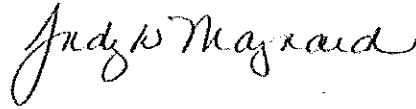
3. No opinion of a legal, architectural or engineering nature is intentionally expressed or implied.
4. The fee charged for this study does not include payment for testimony nor further consultation.
5. This analysis assumes a free and fair real estate market place, with no constraints imposed by any market element based on race, age or gender, except for age eligibility established by law for units designated for occupancy by elderly households.
6. The study is designed to satisfy the underwriting guidelines, rules and methodology requirements of DHCR, and the conclusions reflect the predicted ability of the project to meet or exceed DHCR market thresholds. A positive conclusion does not necessarily imply that the project would be feasible or successful under different underwriting standards, and this study does not necessarily incorporate generally accepted market analysis standards and elements pre-empted by DHCR guidelines.

The consultants affirm that the senior analyst of the firm has made a physical inspection of the site and market area, and that information has been used in the full assessment of the need and demand for new rental units. The latest inspection was made on September 20 - 21, 2014.

The consultants certify that no identity of interest exists between the preparer and the developer or owner of the proposed project, and that the market study complies to the best of our ability with the requirements of the Capital Programs Manual.

A handwritten signature in black ink, appearing to read "Donald F. Robinson". The signature is fluid and cursive, with a prominent initial "D" and "R".

Donald F. Robinson, Principal

A handwritten signature in black ink, appearing to read "Judy W. Maynard". The signature is cursive and elegant, with a clear "J" and "M".

Judy W. Maynard, Senior Analyst

Date: October 22, 2014

TABLE OF CONTENTS

Letter of Transmittal

Statement of Limiting Conditions and Assumptions

Market Study Documentation for Community Impact Revitalization Scoring

Report Summary	1
Introduction - Study Methodology	4
Project Description	7
Market Area Description	9
Primary Market Area Map	11
Site and Community Description	12
Site Map	18
Community Services Map	19
Flood Relief Map	1x
Economic and Demographic Base	20
Populations and Households	21
Income	26
Economics and Employment	31
Housing Supply Analysis	37
Housing Stock	37
Competitive Environment	40
Apartment Map	45
Competitive Apartments	46
Rent Reconciliation	58
Housing Demand Forecast	63
Income Eligibility	64
Total Net Demand Pool	65
Income Segment and Household Size Qualifications	67
Market Conclusions	69

APPENDICES:

List of Information Contacts

Waverly Research Group, Inc. Credentials

Market Study Documentation for
Community Impact Revitalization Scoring

PECONIC CROSSING APARTMENTS
TOWN OF RIVERHEAD, SUFFOLK COUNTY, NEW YORK

1. WEIGHTED AVERAGE CAPTURE RATE:

The capture rate as a weighted average of each individual unit segment capture rates is 8.6% for the total project, as shown in the following table.

COMMUNITY IMPACT REVITALIZATION SCORING TABLE SEGMENT AND WEIGHTED AVERAGE CAPTURE RATES PECONIC CROSSING APARTMENTS			
<u>Rent Structure Segments</u>	<u>Segment Demand</u>	<u>Number Of Units</u>	<u>Capture Rate</u>
60% - 1BR	362	16	4.4%
60% - 2BR	299	32	10.7%
Total 60%	546	48	8.8%
Overall Project	546	48	8.8%
Weighted Average Capture Rate of All Segments		48	8.6%

The derivation of the capture rates is discussed on pages 2, 67 and 68.

2. The occupancy rate for comparable units is 98.8% in LIHC non-age-restricted units, 98.8% for market-rate units, and 98.8% overall, as cited on pages 3, 41 and 46.

REPORT SUMMARY

This study was commissioned to determine the level of market support for the proposed new construction of a multi-family housing apartment project for general, non-age-restricted family households in the Town of Riverhead, Suffolk County, New York. The project will be developed using the federal Low Income Housing Credit (LIHC) program, administered by New York State Homes and Community Renewal, Division of Housing and Community Renewal. Additional funding may include the NYS Housing Trust Fund funds, also administered by HCR; and potentially the Community Development Block Grant – Disaster Recovery (CDBG-DR) funds administered by the Governor's Office of Storm Recovery and HCR.

The purpose of the study is to provide a reliable examination of the probable market support for the project and the overall strength of the multi-family housing market, using DHCR underwriting guidelines, and to evaluate the potential market risk associated with the proposed project. The study generally follows standard procedures for a housing market study, including the identification and analysis of the primary market area, the site circumstances, demographic and income characteristics and economic conditions in the market area, evaluation of the existing rental housing supply, and projected demand among all households for rental housing using Capital Programs Manual guidelines.

Conclusions in specific sections of the study are summarized below. Further detail on each section is provided in the body of the report.

1. Site Description - The site for the proposed apartment project is located on the southern side of W. Main Street, adjacent on the east to the Chase Bank, in the village center part of the Riverhead CDP. Adjacent uses are primarily commercial, to the north, east and west, with a park on the Peconic River located to the south of the property. The property is four blocks southeast of the railroad station, currently unused as a ticket office, but still available to serve passengers on the active Long Island Railroad.
2. Project Description - The proposed development will include 48 general occupancy units, comprising 16 one-bedroom units and 32 two-bedroom units, in one 5-story building with parking on the ground floor. TOD and Flood Recovery orientation statement. The proposed configuration, rents and utility allowances are shown below:

PECONIC CROSSING						
<u>Number of Units</u>	<u>Bedroom Size</u>	<u>Size (SF)</u>	<u>Net Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>	<u>Target AMI</u>
16	1BR/1Ba	725	\$990	\$33	\$1,023	60%
32	2BR/2Ba	950	\$1,180	\$41	\$1,221	60%
48						

3. Market Area - The market area for the subject LIHC project includes 6 Census Tracts in the Town of Riverhead, one Tract in the Town of Brookhaven and two Census Tracts in the Town of Southampton. The definition of tracts in Riverhead varied slightly between the 2000 and the 2010 Census.

RIVERHEAD MARKET AREA
PRIMARY MARKET AREA DEFINITION - CENSUS TRACTS

<u>TOWN</u>	<u>2000 Census Tract</u>	<u>2010 Census Tract</u>
Riverhead	1697.01	1697.01
	1697.02	1697.03
		1697.04
	1698	1698
	1699	1699.01
		1699.02
Brookhaven	1594.1	1594.1
Southampton	1904.01	1904.01
	1904.02	1904.02

4. Key Conclusions:

- There is an apparent overall general demand pool, net of existing, comparable program-assisted apartments, for over 530 units of affordable rental housing at the proposed rents and without additional direct rental subsidies.
- The required capture rate of the "net demand" estimate by the proposed units is only 9.0% of the general family LIHC demand. 9% of 530
- The required capture rate of the various AMI components and unit configurations of the proposed project, after adjustments for household size, ranges between 4.4% and 10.7% with a weighted average of 8.6% - well under the 20% threshold.
- The proposed unit mix is considered appropriate for the target population, and marketable, and the units should be easily absorbed in this location.
- Proposed unit rents at the 60% AMI level are positioned well below the adjusted Market Rent, and will enjoy a significant marketing advantage over conventional projects.
- The absorption should result in reaching stabilized occupancy within 4 months after completion of the construction,

5. Long Term Feasibility – There appears to be a sustained demand for non-age-restricted, affordable rental units in this Market Area with a very limited supply of non-elderly projects. In addition, the need for affordable replacement housing for units impacted by the recent flood damage magnifies this need. This project is expected to be successfully absorbed in a relatively short period. It is further expected that the project will maintain near 95% or higher stabilized occupancy over the mid- and long-term future.
6. No modifications are recommended to the proposed, given the occupancy and size constraints of the programs, characteristics of the target population, and the apparent demand estimated in the analysis.
7. Market Strengths of the proposed include the location in the western suburbs, the convenient retail and service in the immediate area, and the full conditions at rental projects throughout the Market Area and adjacent areas. There are no apparent market weaknesses.
8. The market area has seen one affordable senior project completed in the past 10 years. John Westley Village III Apartments is a 92-unit, age-restricted LIHC project completed in 2004 - 2005 with no rental assistance. However, given the unmet demand particularly in non-age restricted units, the existing projects have not been able to satisfy the need for affordable units in this community and market area, particularly for low income households and for younger households.
9. Based on data from the September 2014 survey Waverly conducted of nine non-age-restricted apartment projects (1,771 units) within or adjacent to the PMA, the current vacancy rate in the Town of Riverhead Market Area is 1.2%, with 21 vacancies – 14 of which are in one older project. There are 5 vacancies in the LIHC units, for a vacancy rate of 1.2%.

INTRODUCTION

Waverly Research Group has prepared this market study for the proposed project in accordance with market study regulations and guidelines for the Low Income Housing Tax Credit (LIHC) program as administered by the NYS Homes and Community Renewal, Division of Housing and Community Renewal and specified in the Capital Programs Manual, Sub-Section 5.06. In general, the study follows generally accepted procedures for a professional market study, including the identification and analysis of the site circumstances, demographic and economic conditions in the area, existing housing supply, and projected demand for rental housing. Additional procedures and descriptions based on standards adopted by the National Council of Housing Market Analysts (NCHMA) for the Market Analyst industry are included where appropriate, and the study generally adheres to the NCHMA *Standard Definitions of Key Terms Used in Market Studies for Housing Projects*.

There are several general underwriting criteria used by DHCR which are distinct to this program analysis and affect the housing demand projection and the project evaluation. These criteria are listed below.

- The **target population for elderly housing** includes households headed by persons **age 55 and above**; projects may elect to serve only those **age 62 and above**. There is **no age limit for tenant eligibility** used in this project.
- The **target income range** for projects includes households who will pay **between 30% and 48%** of their income for gross rent – that is, street rent plus utilities. Households receiving Rental Assistance will pay no more than 30% of their income for gross rent.
- The project penetration rate should be 20% or less of the total net effective demand for the area, including components by size and target AMI level.
- For elderly projects, the demand component from conversion of owners to renters does not exceed 10% of the total age and income-qualified homeowners in the defined market area.
- The initial income-eligible demand pool is adjusted for occupancy at all other program assisted units. This yields a conservative, net demand estimate.
- While the primary market area generally will account for 70% to 80% of the demand for a project, with the balance deriving from outside that defined area, this methodology recognizes only the defined local, primary market area as the source of demand. This again is a conservative approach, and may particularly understate elderly demand in areas that have seen significant in-migration of working adult households in past years (the adult children effect).

In addition, there are several terms that will be used throughout the study, which have very specific meanings within a real estate framework, but which may have other meanings in other contexts. Two sets of terms in particular are identified here to avoid confusion in the study.

TYPE OF PROJECT RENT STRUCTURE:

- Conventional – also referred to as “market-rate”, reflects projects which are developed without any program funding from public or private sources, using equity and conventional finance. Rents are established by the owner, typically without regulatory constraints.
- Assisted – projects that use some form of program financing designed to make rents more affordable. The financing may include federal and state grant, loan or loan guarantee programs; the Low Income Housing Tax Credit program, direct rental assistance, and in some cases private grants or preferential loans.
- Subsidized – projects that have direct rental assistance, which allows tenants to pay only an affordable proportion of their income for rent, with the balance paid by another agency (usually governmental). These subsidies are project-based; that is, the subsidies are attached to the units. Tenant-based subsidies are carried by the tenants, who may use them in assisted or conventional projects. Note: all subsidized projects are also assisted projects, but not all assisted projects are subsidized.

RENT INCLUSIONS:

- Gross Rent refers to the total rent payment, including sewer, water, gas and electric utilities. (Cable and telephone utilities are excluded from this definition.) Gross rents are usually identified as a monthly rent. Gross rents are used in studies for program usage such as LIHC maximum rents or HUD Fair Market Rents.
- Net Rent, also called “street rent”, involves the rent paid to the landlord, and usually excludes some or all utilities. Net rents are used in comparisons with conventional projects, and are also usually identified as a monthly rent.
- Utility Allowance is the amount of the Gross Rent not included in the Net Rent, and reflects the estimated amount a tenant will have to pay out-of-pocket for utilities.

The analysts performed an in-depth, on-site analysis in the market area, surrounding neighborhoods, and the site. Personal interviews were conducted with local area real estate professionals, municipal planners and other persons knowledgeable of the local housing market, particularly local area rental management firms and apartment managers.

Among sources used and cited throughout the study are the U.S. Census of Population and Housing, as well as the latest versions of the American Community Survey; the New York Department of Labor; the Town of Riverhead municipal governments; the U.S. Department of Housing and Urban Development; and pertinent information and materials collected from local professional real estate sources. Throughout the study, demographic and income estimates and projections are derived from calculations, interpolations and projections of data developed by Nielsen, prepared in HISTA data formats by Ribbon Demographics. The 2014 HISTA data in this study were compiled and published in January 2014, and include correlations to the 2010 Census and the 2008 – 2012 American Community Survey data.

Specific elements of the methodology are discussed in the text of the study.

PROJECT DESCRIPTION

Conifer Realty, LLC, with the Community Development Corporation of Long Island, Inc., has proposed the new construction of Peconic Crossing Apartments, a 48-unit, non-age-restricted project located in the center of the Town of Riverhead in eastern Suffolk County. All of the units in the current proposal will be restricted to occupancy by LIHC eligible tenants, and none of the units are expected to have direct Rental Assistance.

Project details include the following:

- The project will be developed for size and income-qualified households with no age restriction. The units will be LIHC-restricted to households earning 60% of AMI or below.
- The project will involve new construction subsequent to the demolition of the existing structure on the site, now housing the Long Island Science Center which will move to new facilities near the Long Island Aquarium and Exhibition Center east of the village center.
- The 48 units will comprise 16-1BR units each with an average 725 square feet and 32-2BR units with an average 950 square feet. All units will be targeted at the 60% AMI level. There will be no project-based subsidy for any units, although Vouchers will be accepted; all rents will fall below the Fair Market Rents for the area.
- The configuration will include 3 handicapped units for the mobility impaired and 1 unit for the hearing and visually impaired. The project will not include any designated supportive services for special needs populations.

The project configuration and rents are shown below:

<u>Number of Units</u>	<u>Bedroom Size</u>	<u>Size (SF)</u>	<u>Net Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>	<u>Target AMI</u>
16	1BR/1Ba	725	\$990	\$33	\$1,023	60%
<u>32</u>	2BR/2Ba	950	\$1,180	\$41	\$1,221	60%
48						

- The project consists of one 4-story building with residential above first floor garage parking. The garage parking will comprise 48 spaces; none will be assigned. There will be on-site management, with card-key access to the residential units.

- Project amenities will include the following:
 - Office for on-site management
 - Laundry room
 - Community room
 - Community computer/business center
 - Fitness center
 - Elevators
 - Key fob security entry
- Unit amenities will include:
 - Refrigerator
 - Stove
 - Dishwasher
 - Microwave
 - Walk-in Closets
 - Carpeting
 - Mini-blinds
 - Central air conditioning
 - Internet connectivity
 - CATV connectivity
- The rents will include cold water, sewer and trash removal, and gas heat and hot water will also be included. The tenant will be responsible for electric, CATV, internet and telephone utilities.
- Insert Statement about Transportation Oriented Development, any features relating to that category, plus a statement about flood recovery from Sandy.
- The Architect is Beatty, Harvey, Coco Architects LLP. The most current date of the architectural plan is pending .
- Construction is expected to begin Summer/Fall 2015 with a projected occupancy date in the Summer/Fall of 2016.

MARKET AREA DESCRIPTION

The definition of a market area for any real estate use is generally limited to the geographic area within which consumers will consider the available alternatives to be relatively equal. This process implicitly and explicitly considers the location and proximity to consumer generators, transportation access, and the proximity and scale of competitive options. On occasion, both a primary and a secondary area are defined, where the primary area consumers will have the greatest propensity to choose a specific product at a specific location, and the secondary area consumers are less likely to choose the product but will still generate significant demand.

In almost all new apartment developments, a number of the tenants come from outside the defined primary (and/or secondary) market area. Out-of-market demand is not specific to any geography, and is often "opportunity-oriented": demand is generated by the availability of units. Out-of-market demand includes elderly households who return to their home of origin, elderly parents "imported" by their children, and households of any age who move because appropriate and affordable housing options are available. This evaluation considers demand from the defined primary market area only. No adjustment is made for demand from a secondary market area or for out-of-market demand.

PRIMARY MARKET AREA

A primary market area definition is typically based on analysis of population and housing development, transportation and geographic patterns, housing stock conditions, and the location of competitive affordable housing with respect to the proposed site. In the case of Riverhead (on Long Island), the primary factor is the geographic location of Riverhead CDP within the Town of Riverhead. Riverhead CDP is located at the mouth of the Peconic River, which effectively splits the easternmost part of Long Island into a North and South Fork. Riverhead CDP includes the Town's main commercial district. Transportation corridors serving the area include NY Highway 25 (Middle Country Road/east-west), Highway 24 which extends from the eastern terminus of Interstate 495/Long Island Expressway through Riverhead to Highway 27 (Sunrise Parkway) at Hampton Bays. Also taken into consideration is Riverhead's position in regard to surrounding Towns. In addition, the trends observed by and opinions of local apartment managers are used to substantiate the assumptions.

Based on these factors, the effective market area for the project is defined as the Town of Riverhead in its entirety, the eastern portion of the Town of Brookhaven, and the northern portion of the Town of Southampton lying south of Riverhead, which contains a small portion of the CDP. Some consideration was given to including the census tracts along the southern coast but they constitute their own markets due to residential density along Montauk Highway which parallels the Atlantic Coast. This area is defined by the following

Census Tracts. The overall boundaries remained unchanged between the 2000 and the 2010 Censuses, but two tracts were split such that the 2010 Census geography comprises nine tracts rather than seven.

RIVERHEAD MARKET AREA
PRIMARY MARKET AREA DEFINITION - CENSUS TRACTS

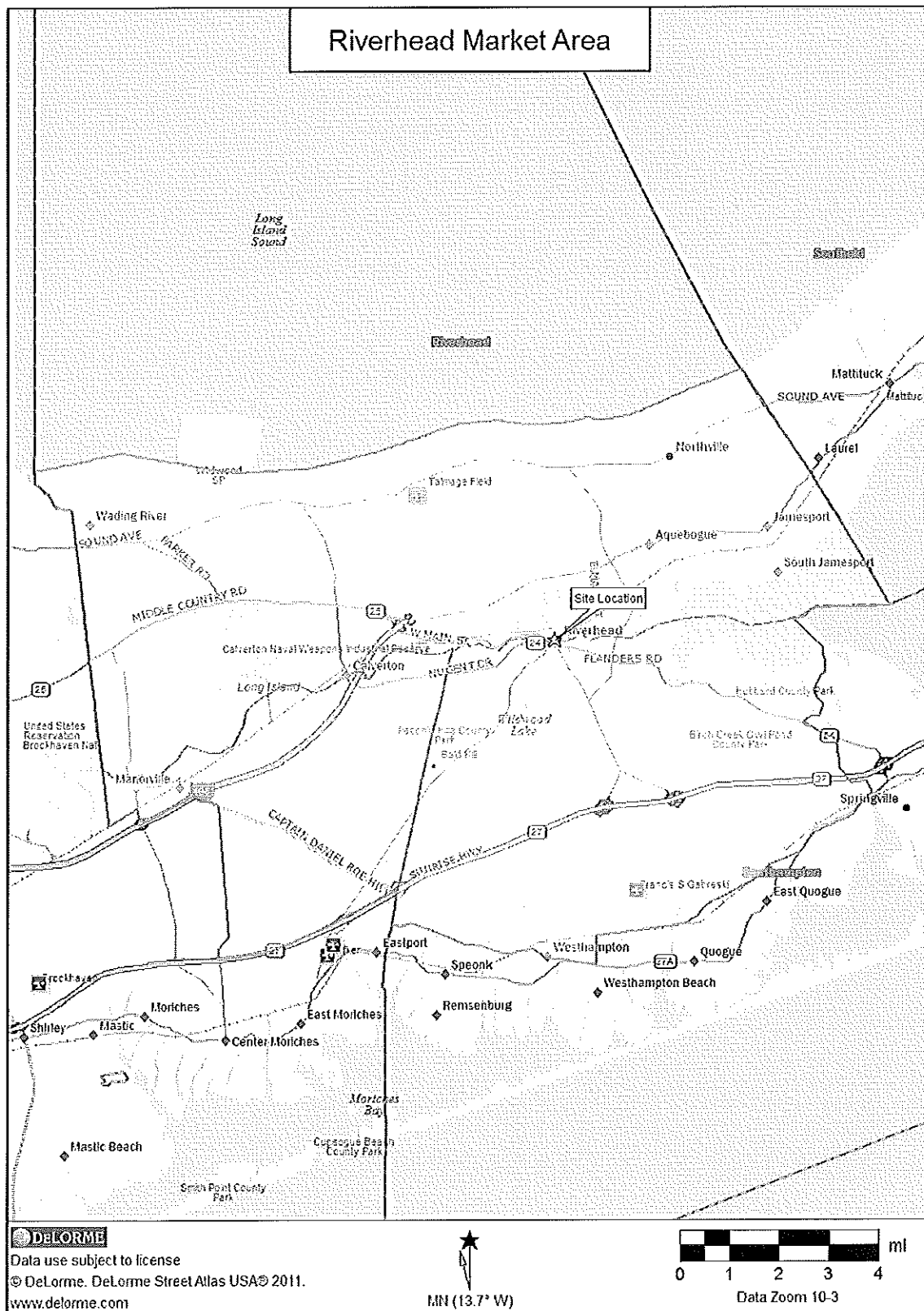
<u>TOWN</u>	<u>2000 Census Tract</u>	<u>2010 Census Tract</u>
Riverhead	1697.01	1697.01
	1697.02	1697.03
		1697.04
	1698	1698
	1699	1699.01
		1699.02
Brookhaven	1594.1	1594.1
Southampton	1904.01	1904.01
	1904.02	1904.02

Suffolk County is primarily suburban to exurban in nature, with development and population density declining from west to east. The easternmost parts of the County are more rural in character, with more agricultural land use. The Suffolk county seat is in Riverhead, although many county offices are in Hauppauge on the west side of the county which has the highest population density. Suffolk is the fourth most populous county in the state.

The Riverhead Census Defined Place (CDP) is in south-central part of the Town Riverhead, and the location of the Town offices. There is relatively easy access from the Riverhead community and the site to the eastern terminus of the Long Island Expressway (3 miles west) and to a Long Island Railroad station (0.35 mile northwest of the site), which provides access to the remainder of Long Island and to New York City. Several local thoroughfares also connect the Riverhead community to the Town of Southampton, and more densely developed areas in the south part of the Island along the Sunrise and Montauk Highway corridors.

Other adjacent or nearby towns in Suffolk County are considered to form separate market areas, and in many cases are distinctly different in character from Riverhead. While it is likely that residents at the proposed project will be drawn from adjacent or reasonably close areas, some potential local residents may choose to migrate to other areas in the Nassau - Suffolk region. It is the consultant's opinion, fostered by conversations with local officials and residents in Riverhead, that the net migration effect will balance at zero, and the defined market area will best represent the population served by the proposed project.

The market area is shown on the map on the following page.



SITE AND COMMUNITY DESCRIPTION

The site for the proposed apartment project is located in Riverhead CDP, within the Town of Riverhead in the eastern part of Suffolk County, roughly three miles east of the terminus of the Long Island Expressway (I-495). The site is located in the southwest quadrant of the intersection of Main Street (Highway 25) with Peconic Avenue in downtown Riverhead. The site is located in Zip Code 11901 and Census Tract 1698 in Suffolk County, New York. Census Tract 1698 is not designated as a Difficult to Develop Area nor a Qualified Census Tract by HUD for 2015.

The site is currently occupied by a two- and three story building and its parking lot, currently housing the Long Island Science Center which is moving to a more appropriate site east of the downtown near the Long Island Aquarium and Exhibition Center. The site is adjacent to the Chase Bank at the intersection of W. Main and Peconic. The irregular parcel comprises a total of 0.51 acres and is now zoned DC1 (Downtown Center), which will allow the proposed development. All utilities are available to the site, including gas.

The site is conveniently located with respect to local shopping, employment centers, and public services. Adjacent uses are primarily commercial, with retail, restaurants and offices located along Main Street in Riverhead Central Business District. There is a local park to the southwest of the site on the Peconic River. Route 25/Main Street is a two-lane east-west highway running through downtown Riverhead, with older commercial development. Roanoke Street, which extends north from Main Street, includes many of the local municipal and county services. The Riverhead fire department is 3 blocks north on Roanoke and the Police Station is 4 blocks east on Main.

Other public services and retail in proximity to the site includes the new post office located roughly 1.5 miles west of the site on W. Main. Old Country Road skirts the northern boundary of the CDP roughly 1.5 to 2 miles north of the site, with a variety of free standing "big box" stores (including Wal-Mart, Home Depot, Target and Kmart) and shopping centers containing both service and retail, along with boutique stores and pharmacies. There are two supermarkets near the intersection of Old Country Road and Mill Road (Waldbaum's Grocery and Stop & Shop). The Riverhead Free Library is within walking distance north of the site on Griffing Avenue. There is also a major discount shopping area (Tanger Outlets) located roughly 2.5 miles west of the downtown between W. Main and Old Country Road.

The community is served by the Riverhead Central School District. The elementary schools serving the site are Roanoke Avenue Elementary (K-4), located about 1/3 mile north of the subject on Roanoke, and Pulaski Street Elementary (5-6), located 3/4 mile north on Pulaski Street. Riverhead Middle and High Schools are adjacent to each other on Osborne Avenue, roughly 0.8-0.9 miles north. The closest hospital is Peconic Bay Medical Center (formerly Central Suffolk Hospital) at the intersection of Roanoke Avenue and Old Country Road, 1.4

miles north of the site. A number of physicians and dentists offices are located throughout the market area.

Riverhead CDP is located in the eastern part of Suffolk County in the southern part of Riverhead Town, and the south portion of the CDP is in the Town of Southampton. Route 25 connects Riverhead to central Long Island to the west, and Route 24 to the coastal urban areas south. Route 25 also connects Riverhead to the Long Island Expressway, 3 miles west of Riverhead.

The Long Island Railroad and the Suffolk Metro Bus Line have a station roughly four blocks northwest, within walking distance of the site. The LIRR currently offers five trains a day, and bus service is both local and regional. The station itself has not operated as a full service ticket office since the 1970's, and will be leased and occupied by Islandwide Transportation, a regional taxi service. The waiting room and restrooms will still be available to train passengers at peak hours. There is still some consideration for adding additional "scoot" trains to provide more frequent service to the LIRR transfer stations.

In late October 2012, the entire region, including Long Island, was hit by severe flooding and storm damage from Post Tropical Cyclone Sandy. Evidence of the damage ...
ADD ANY FLOOD HOUSING IMPACT AND RECOVERY EFFORTS.....The impact of the flooding on the housing supply conditions is discussed more fully in the Competitive Environment section.

Reported crime rates vary according to reporting agency. In 2013 The NYS Division of Criminal Justice Services reported a total of 986 Violent and Property Crimes in the Town of Riverhead, which represents an overall 3.0% decrease in crime since 2009 and a 6.6.0% decrease since 2012. The data indicate a 15.8% decrease in violent crime and a 15.8% decrease in property crime from 2012 to 2013. The comparison of crime statistics across market areas is difficult and relatively unreliable, due to the fact that the statistics are self-reported by each law enforcement agency, with little uniformity in definitions and reporting standards

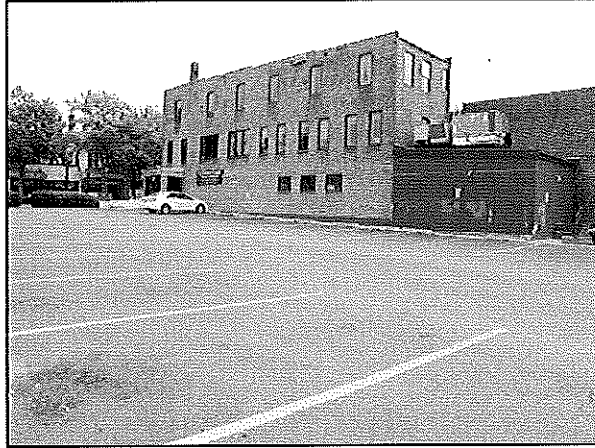
The following pages show the site and services map for the area, and photographs of the site and environs.



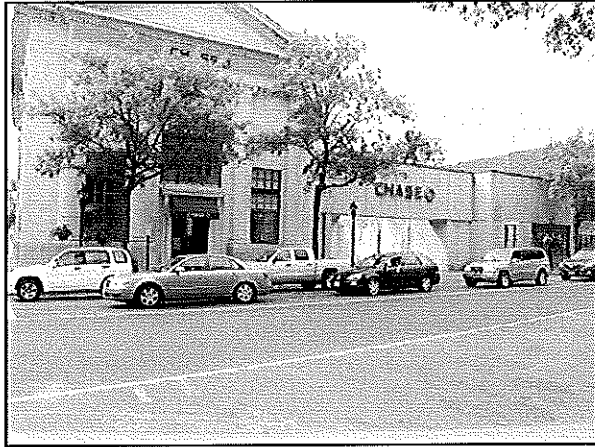
Site from north across Main Street



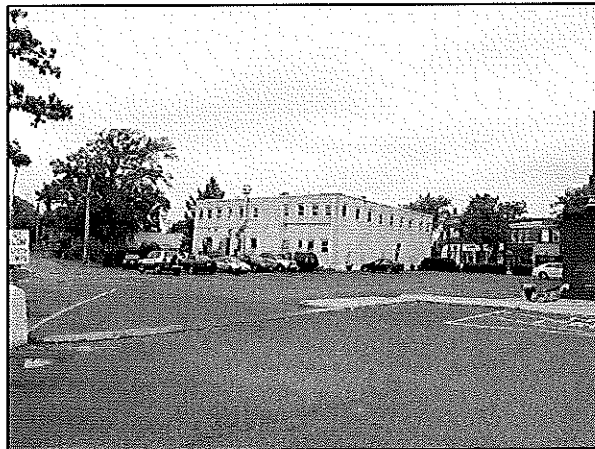
Site from northwest on Main Street showing parking area



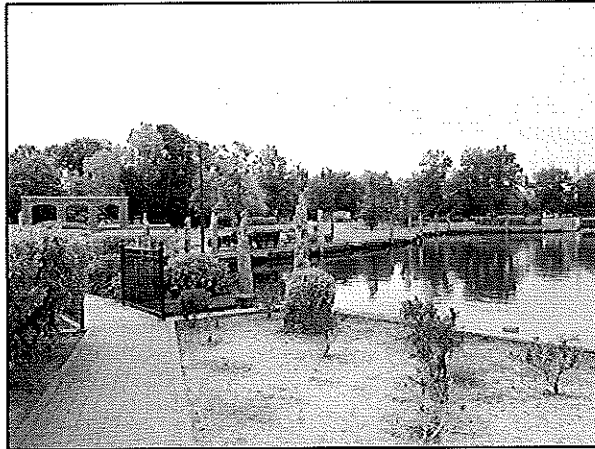
Site from southwest



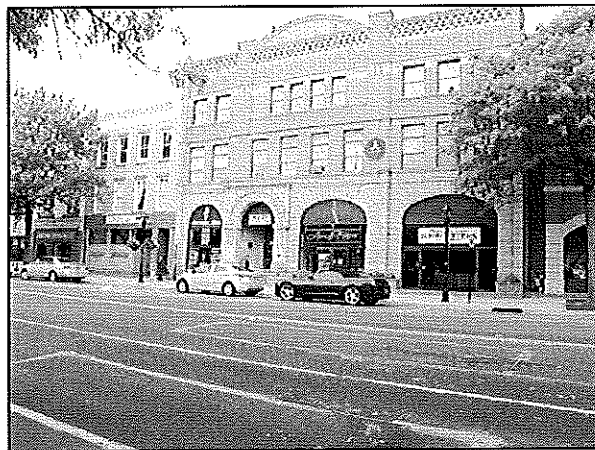
Adjacent Bank to east, with site on right



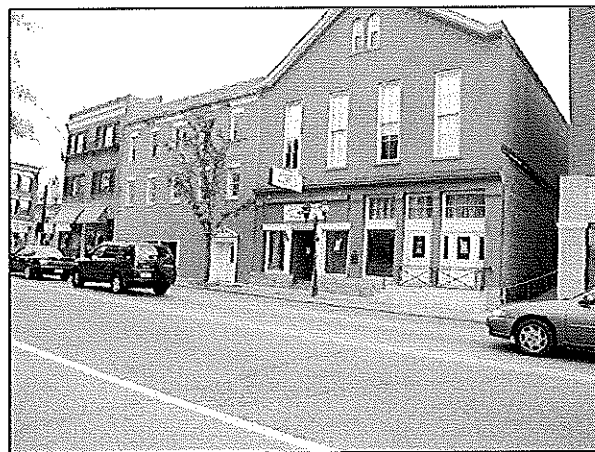
Adjacent building to west of site from southeast



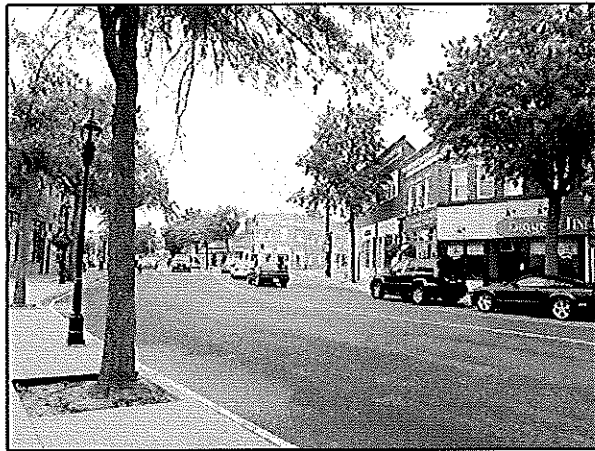
Adjacent park south of site



Commercial north of site across Main Street



Commercial across Peconic Avenue east of site and bank



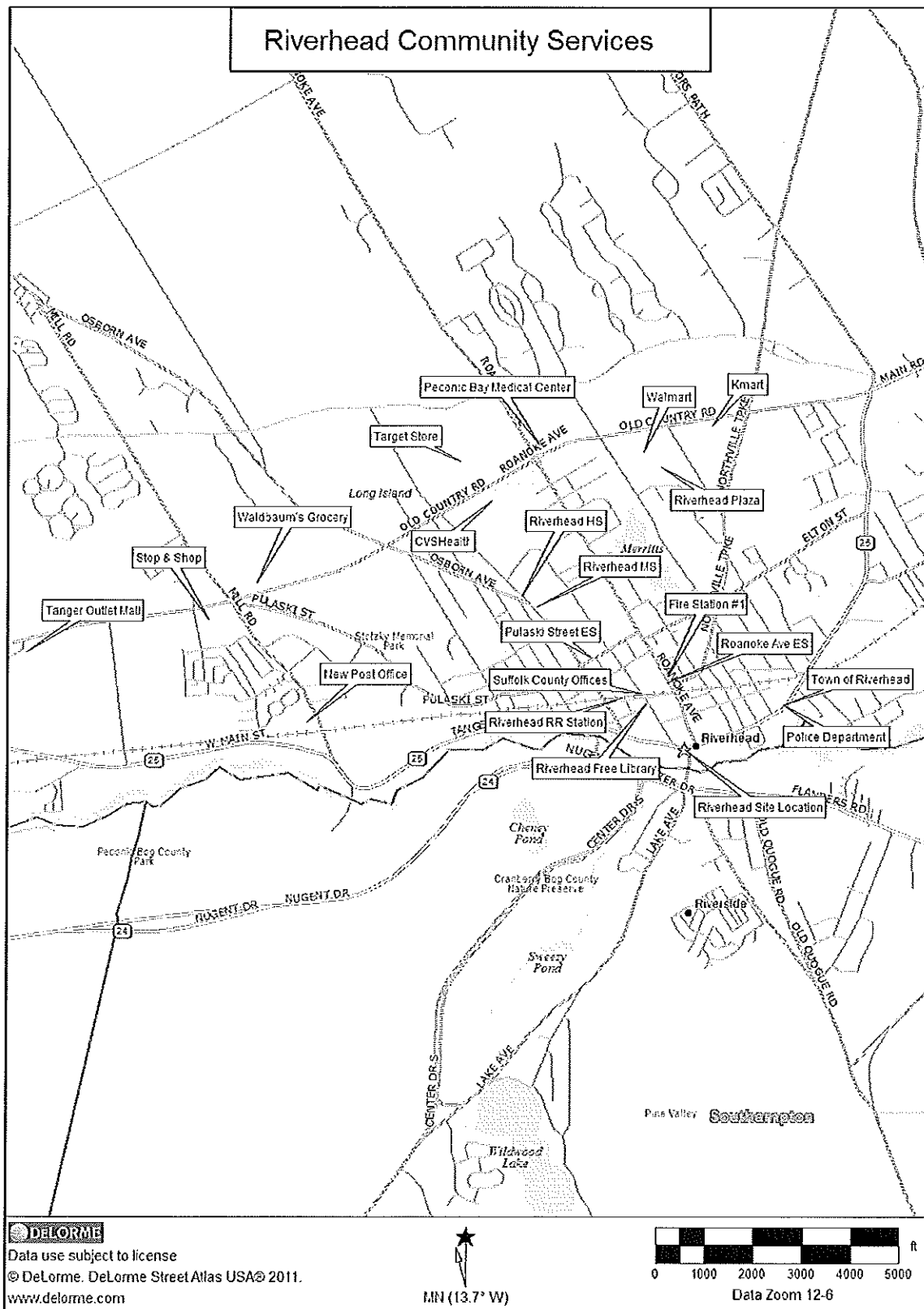
Main Street looking west from site



Main Street looking east from Peconic Avenue



Riverhead LIRR Station four blocks northwest of site



ECONOMIC AND DEMOGRAPHIC BASE

Demand for any real estate use is typically a function of three basic indices - household growth, employment, and income. Population and particularly household data indicate the strength of the consumer base, and the characteristics of those consumer households affect product design and marketing. Employment trends reflect the economic health of the market, as well as the potential for sustained growth. Analysis of the income distribution identifies the ability of target segments to afford a specific product.

For this study, reflecting a specified methodology and an affordable product, these three indices are examined with specific demand goals in mind. Need by type is based on household strength and income distribution, with household size analysis and affordability segmentation to identify eligible households. Demand is estimated using growth trends, mobility, tenure, and income segmentation, to determine the consumer base to evaluate in the context of the competitive environment. Finally, household characteristics such as household size and age help determine the housing features in demand by the consumers.

Normally this type of analysis relies on Department of Housing and Urban Development (HUD) estimates of income medians, levels, and program limits for consumer households. The 2014 HUD Multifamily Tax Subsidy income limits and data are used in this study both in deriving income estimates and defining upper income limits for target household segments. For comparison purposes, the HUD Fair Market Rents are also identified, and reflect 2015 Proposed FMR's issued in August.

For the purposes of this analysis and in accordance with the Guidelines in the Capital Programs Manual, the forecast period is defined as five years, from 2014 to 2019. The 2014 estimates and 2019 forecast were released by Nielsen/Claritas in January-2014, and reflect the base year prior to the year that the project would begin development. The five year forecast allows sufficient time for predevelopment planning, financial approvals by multiple agencies, actual construction, leasing and stabilization. Generally, development requires roughly two years to bring units to the point of occupancy after selection for funding. This yields a typical marketing and lease-up period of approximately six to twelve months. The proposed project could commence construction within six months of funding, with completion 12 to 13 months later.

This type of study will include complete data for the defined Primary Market Area, and some demographic and economic data for the larger jurisdiction, in this case Suffolk County, within which the site and the PMA are located.

POPULATIONS AND HOUSEHOLDS

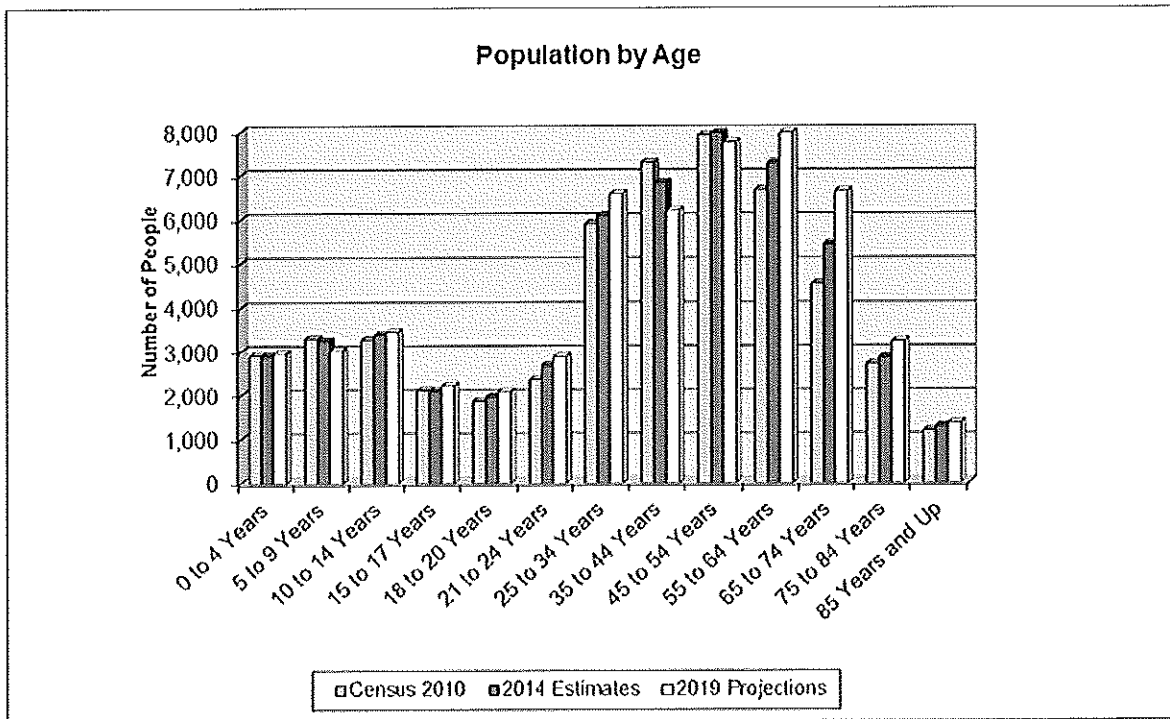
The population of the Town of Riverhead market area experienced above-average annual growth conditions between 2000 and 2010 of over 2% per year, but which according to Claritas-Nielsen has declined to a more moderate 0.9% since 2010. Nielsen projects that the forecast period should see similar moderate growth at 0.8% per year. At this time, more than 450 people per year are added to the population base. The same data and projections showed much more modest growth trends in the general population in Suffolk County. See Table 1.

TABLE 1 POPULATION TRENDS RIVERHEAD MARKET AREA 2000 - 2019				
<u>Total Population</u>	<u>2000</u>	<u>2010</u>	<u>2014</u>	<u>2019</u>
Riverhead Market Area	42,269	52,030	54,020	56,326
Suffolk County	1,419,369	1,493,350	1,499,594	1,511,141
PMA POPULATION CHANGE:				
	NUMBER		GROWTH RATE	
	<u>Total</u>	<u>Annual</u>	<u>Total</u>	<u>Annual</u>
2000 - 2010	9,761	976	23.1%	2.1%
2010 - 2014	1,990	498	3.8%	0.9%
2014 - 2019	2,306	461	4.3%	0.8%
COUNTY POPULATION CHANGE:				
	NUMBER		GROWTH RATE	
	<u>Total</u>	<u>Annual</u>	<u>Total</u>	<u>Annual</u>
2000 - 2010	73,981	7,398	5.2%	0.5%
2010 - 2014	6,244	1,561	0.4%	0.1%
2014 - 2019	11,547	2,309	0.8%	0.2%
NOTES: 1. 2014 data are estimates and 2019 data are projections. 2. Annual growth rates are compound rates, not simple averages.				
SOURCES: 2010 Census of Population and Housing 2000 Census of Population, SF1 Nielsen/Ribbon Demographics 2014 HISTA data				

The age distribution table (Table 2) details the growth rates among the various population segments between 2000 and 2010, and in the forecast period. The data show increases across the board, and an impressive increase in the younger elderly groups, with a forecast of low population growth or even modest losses in non-elderly cohorts. Growth in the elderly age cohorts is expected to increase with the aging of the “baby boomer” segment.

TABLE 2 POPULATION AGE DISTRIBUTION RIVERHEAD MARKET AREA 2000 - 2019						
	Growth/Yr			Growth/Yr		
	<u>2000</u>	<u>2010</u>	<u>00-'10</u>	<u>2014</u>	<u>2019</u>	<u>14 - '19</u>
Less than 18 years	10,258	11,591	1.2%	11,629	11,633	0.0%
Proportion	24.3%	22.3%		21.5%	20.7%	
18 - 34 years	8,448	10,130	1.8%	10,729	11,544	1.5%
Proportion	20.0%	19.5%		19.9%	20.5%	
35 - 54 years	13,063	15,203	1.5%	14,795	13,952	-1.2%
Proportion	30.9%	29.2%		27.4%	24.8%	
55 - 64 years	3,849	6,671	5.7%	7,280	7,968	1.8%
Proportion	9.1%	12.8%		13.5%	14.1%	
65 - 74 years	3,261	4,533	3.3%	5,434	6,643	4.1%
Proportion	7.7%	8.7%		10.1%	11.8%	
75 - 84 years	2,502	2,717	0.8%	2,869	3,226	2.4%
Proportion	5.9%	5.2%		5.3%	5.7%	
85 years and over	888	1,185	2.9%	1,284	1,360	1.2%
Proportion	2.1%	2.3%		2.4%	2.4%	
Total Population	42,269	52,030		54,020	56,326	
SOURCES: 2000 Census of Population, SF1 2010 Census of Population and Housing Nielsen/Ribbon Demographics 2014 HISTA data						

The following chart shows a graphic representation of gains and losses in the various age cohorts.



HOUSEHOLDS

Household growth in the market area was also above average in the 2000's, corresponding to strong population growth more than offsetting a surprising increase in household size. The number of households is projected to increase at a moderate rate in the forecast period, consistent with population conditions and stabilizing household size.

TABLE 3 HOUSEHOLD TRENDS RIVERHEAD MARKET AREA 2000 - 2019				
Riverhead Market Area		In Group		Persons Per
<u>Year</u>	<u>Population</u>	<u>Quarters</u>	<u>Households</u>	<u>Household</u>
2000	42,269	2,104	15,442	2.60
2010	52,030	2,151	18,584	2.68
2014	54,020	2,175	19,175	2.70
2019	56,326	2,200	19,945	2.71
Suffolk County				
2000	1,419,369	28,578	469,299	2.96
2010	1,493,350	29,406	499,922	2.93
2014	1,499,594	29,750	503,508	2.92
2019	1,511,141	30,200	508,754	2.91
PMA HOUSEHOLD TREND ANALYSIS				
	NUMBER		GROWTH RATE	
	<u>Total</u>	<u>Annual</u>	<u>Total</u>	<u>Annual</u>
2000 - 2010	3,142	314	20.3%	1.9%
2010 - 2014	591	148	3.2%	0.8%
2014 - 2019	770	154	4.0%	0.8%
NOTES: 1. 2014 data are estimates and 2019 data are projections.				
2. Annual growth rates are compound rates, not simple averages.				
SOURCES: 2000 Census of Population, SF1				
2010 Census of Population and Housing				
Nielsen/Ribbon Demographics 2014 HISTA data				

In almost every market, rural and urban, there has been a decline in the household size since 1960, due to a number of sociological factors. These include smaller families, fewer extended or three generation families, a greater number of divorces and single parents, increased personal longevity yielding more elderly, one- and two-person households, etc. (By definition, the minimum household size is 1.0). This has been true in the county for families, but the market area showed a surprising increase in household size.

Tenure among households showed a slightly decreasing proportion of renters over the 2000's, which is forecast to stabilize in the current decade. Nielsen projects net renter

change in this market to be a gain of nearly 150 renter households in the forecast period, all things being equal.

TABLE 4 HOUSEHOLDS BY TENURE RIVERHEAD MARKET AREA 2000 - 2019					
	<u>Households</u>	<u>Owner</u>	<u>Percent</u>	<u>Renter</u>	<u>Percent</u>
2000	15,442	11,870	76.9%	3,572	23.1%
2010	18,584	14,572	78.4%	4,012	21.6%
2014	19,175	15,045	78.5%	4,130	21.5%
2019	19,945	15,670	78.6%	4,275	21.4%
SUFFOLK COUNTY					
	<u>Households</u>	<u>Owner</u>	<u>Percent</u>	<u>Renter</u>	<u>Percent</u>
2000	469,299	374,360	79.8%	94,939	20.2%
2010	499,922	393,507	78.7%	106,415	21.3%
2014	503,508	395,438	78.5%	108,070	21.5%
2019	508,754	398,644	78.4%	110,110	21.6%
NOTES: 1. 2014 data are estimates and 2019 data are projections.					
SOURCES: 2000 Census of Population, SF1					
2010 Census of Population and Housing					
Nielsen/Ribbon Demographics 2014 HISTA data					

In the following income section, each of the tables addressing the income distribution for the households across the forecast period also provides an enumeration of the household sizes for total households and renters. Table 5 provides the total household size distribution without regard to income.

TABLE 5
HOUSEHOLDS BY SIZE
RIVERHEAD MARKET AREA
2014

Primary Market Area						
Household Size	<u>Owner-Occupied</u>			<u>Renter-Occupied</u>		
	<u>Number</u>	<u>Percent</u>	<u>Cumulative Percentage</u>	<u>Number</u>	<u>Percent</u>	<u>Cumulative Percentage</u>
One Person	3,435	22.8%	22.8%	1,427	34.6%	34.6%
Two Persons	5,233	34.8%	57.6%	1,075	26.0%	60.6%
Three Persons	2,196	14.6%	72.2%	567	13.7%	74.3%
Four Persons	2,231	14.8%	87.0%	377	9.1%	83.4%
Five or more Persons	1,950	13.0%	100.0%	684	16.6%	100.0%
Total Households	15,045	100.0%		4,130	100.0%	
SOURCE: Nielsen/Ribbon Demographics 2014 HISTA data						

Generally, the proportion of single person households is just over 25%, considered a very low proportion, and is around 35% for renters (although higher for lower income renters), while the incidence of single person households among owners is only 23%. This would tend to indicate that the need among prospective renters is for all size units, with the largest need in 1BR and 2BR units, although again there is surprising strength in the larger unit need as well.

INCOME

Establishing the factor to identify which target households are eligible by income requires the definition of the limits of the affordable income range. Typically in demand analysis for assisted programs that restrict income eligibility, the upper limit is set using HUD limits for such programs at 60% of the area median income, in this case, adjusted for household size. This analysis converts household size into bedroom mix using reasonable occupancies – 1BR units will serve households with one or two persons, and 2BR units will serve households with 2 – 4 persons, while 3BR units serve households with 3 to 6 persons. Limits are usually used based on the average size: therefore, a 1BR unit can accommodate up to two people according to density standards, but the expected average is 1.5 persons; 2BR = 3 people; and 3BR = 4.5 people. This includes expected household size and usage by elderly households, and generally are standards used in affordable housing programs.

TABLE 6 PROGRAM INCOME LIMITS AND MAXIMUM RENTS NASSAU-SUFFOLK HMFA 2014						
		<u>50%</u>			<u>60%</u>	
Target Income	Income	Maximum	Proposed	Income	Maximum	Proposed
<u>Level</u>	<u>Limit</u>	<u>Rent</u>	<u>Rent</u>	<u>Limit</u>	<u>Rent</u>	<u>Rent</u>
1BR	\$39,425	\$986	NA	\$47,300	\$1,183	\$1,023
2BR	\$47,300	\$1,183	NA	\$56,760	\$1,419	\$1,221
2014 Median Family Income			\$105,100			
HUD FAIR MARKET RENTS (Proposed FY 2015)						
	<u>0BR</u>	<u>1BR</u>	<u>2BR</u>	<u>3BR</u>	<u>4BR</u>	
	\$1,100	\$1,395	\$1,718	\$2,234	\$2,572	
SOURCE: U.S. Department of Housing and Urban Development.						

Target income range analysis for LIHC projects in general will use ranges with specified upper and lower limits. The lower limit is usually established using an assumed maximum proportion that a household will pay – typically 35% for a non-elderly household and 40% for an elderly household – applied to the proposed rent. An apartment for an age-restricted household with a gross rent of \$600, for example, will have a target income range with a lower limit of \$18,000, while a non-age-restricted household would have a lower limit of \$20,500. The upper limit is usually the maximum Multifamily Tax Subsidy Income Limit for the average household size for the subject unit as calculated and published by HUD, as shown in the table above. In those cases where the units have Project Based Rental Assistance, the lower limit is set at \$0, and the upper limit is still the HUD Income Limit for the target AMI level, unless the subsidy contract specifies a lower AMI limit.

In New York, however, the affordability range for non-subsidized units, including both upper and lower income limits, is defined by the proposed rents and general affordability standards identified by DHCR. Lower limits are established by assuming that a household can afford to pay up to 48% of its income for housing expenses, including utilities. The upper limit is established by program income limits at 30% of income. These limits are in place regardless of the household size and the target AMI level, based strictly on the proposed rent.

NOTE: The most recent Consumer Expenditure Survey (CE 2013 published September 9, 2014) indicates that the average housing cost paid by all renter households is around 38.2% of gross income. However, the average cost paid by very low income households (households where the gross income is below \$15,000) is 40.7% of income and low income

households (generally \$15,000 to \$30,000 – generally eligible for LIHC but not subsidies) is 37.3%; these are in the middle of the DHCR affordability range. For seniors, including homeowners, the average cost of housing is a little higher than non-elderly at 34.3% of income compared to 22.6% for all households, which implies that elderly renters is higher still at around 39%. In very tight markets, some renters have paid in excess of 50% of their incomes for housing, but that limit tends to defeat the purpose of the affordable housing programs.

In Town of Riverhead, the rents used to calculate these limits are established well below the maximums allowed at the target AMI levels under the LIHC program, and well below the Fair Market Rents for the area. This analysis uses the income distributions for households in the Town of Riverhead PMA as the income standard, not Suffolk County incomes.

With the relatively high renter incomes (estimated in 2014 at \$39,800) and the rent increases over recent years, there are a significant proportion of renter households with very low incomes, who could not afford to pay the typical market rents without direct rental subsidies. There is also a substantial segment that would fall into the low and moderate income category – those that would need assisted units but not direct subsidies. The proportions of the households in the target income segments for each category and AMI level of the proposed project will be developed in the demand section.

The guidelines request income distributions by household size and tenure for the current and forecast years in this analysis, and this breakdown is readily available using the Nielsen/Ribbon Demographics HISTA estimates and projections.

TABLE 7
TOWN OF RIVERHEAD MARKET AREA
(4 tables)



HISTA 2.2 Summary Data

Riverhead Market Area

nielsen
.....

© 2014 All rights reserved

Nielsen Claritas

Total Households						
All Age Groups						
Year 2014 Estimates						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	358	282	89	81	31	841
\$10,000-20,000	842	403	151	57	89	1,542
\$20,000-30,000	994	504	171	210	79	1,958
\$30,000-40,000	394	509	125	85	123	1,236
\$40,000-50,000	644	439	166	97	163	1,509
\$50,000-60,000	413	483	205	63	119	1,283
\$60,000-75,000	286	639	207	169	205	1,506
\$75,000-100,000	505	741	514	333	288	2,381
\$100,000-125,000	125	800	308	475	393	2,101
\$125,000-150,000	143	506	224	401	338	1,612
\$150,000-200,000	66	582	385	300	494	1,827
\$200,000+	92	420	218	337	312	<u>1,379</u>
Total	4,862	6,308	2,763	2,608	2,634	19,175

Renter Households						
All Age Groups						
Year 2014 Estimates						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	137	196	21	58	16	428
\$10,000-20,000	338	200	50	21	16	625
\$20,000-30,000	261	57	63	110	33	524
\$30,000-40,000	122	140	79	43	115	499
\$40,000-50,000	252	65	24	14	61	416
\$50,000-60,000	121	55	126	7	65	374
\$60,000-75,000	73	49	47	9	51	229
\$75,000-100,000	31	69	53	1	176	330
\$100,000-125,000	43	124	84	60	18	329
\$125,000-150,000	16	11	12	43	31	113
\$150,000-200,000	13	23	3	5	87	131
\$200,000+	<u>20</u>	<u>86</u>	<u>5</u>	<u>6</u>	<u>15</u>	<u>132</u>
Total	1,427	1,075	567	377	684	4,130

Total Households						
All Age Groups						
Year 2019 Projections						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	359	265	64	81	33	802
\$10,000-20,000	812	355	125	55	69	1,416
\$20,000-30,000	1,040	458	146	170	62	1,876
\$30,000-40,000	426	501	132	85	112	1,256
\$40,000-50,000	567	377	137	65	122	1,268
\$50,000-60,000	429	493	204	53	128	1,307
\$60,000-75,000	313	627	239	135	206	1,520
\$75,000-100,000	508	728	513	314	285	2,348
\$100,000-125,000	152	805	297	448	373	2,075
\$125,000-150,000	184	536	259	449	376	1,804
\$150,000-200,000	99	737	453	313	561	2,163
\$200,000+	173	631	324	519	463	<u>2,110</u>
Total	5,062	6,513	2,893	2,687	2,790	19,945

Renter Households						
All Age Groups						
Year 2019 Projections						
	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5+-Person Household	Total
\$0-10,000	140	186	21	62	17	426
\$10,000-20,000	337	185	55	22	13	612
\$20,000-30,000	276	50	59	96	30	511
\$30,000-40,000	137	121	86	44	108	496
\$40,000-50,000	211	60	28	11	52	362
\$50,000-60,000	115	53	129	3	78	378
\$60,000-75,000	87	58	53	9	65	272
\$75,000-100,000	35	78	56	2	178	349
\$100,000-125,000	55	125	70	65	19	334
\$125,000-150,000	28	19	20	51	45	163
\$150,000-200,000	21	45	9	8	96	179
\$200,000+	<u>43</u>	<u>115</u>	<u>10</u>	<u>7</u>	<u>18</u>	<u>193</u>
Total	1,485	1,095	596	380	719	4,275

The most critical of these income distributions is the current year renter distribution. The 2014 renter distribution matrix forms the basis for the definition of affordability segments for each of the AMI levels discriminated by bedroom size in the Demand section later in the study.

ECONOMICS AND EMPLOYMENT

The economic situation for Town of Riverhead is statistically represented by the employment activity, both in workers and jobs, in Suffolk County as a whole. No job data are available at the Village or Town level for this market, and the majority of the jobs and workers are concentrated in the western portions of the County. Current employment by place of residence is 745,300, with a 2014 unemployment rate of 5.5% through August 2014, down from 6.4% in 2013 due as much to a decline in the labor force as to an increase in employed workers.

The County in this case encompasses a broader geographic and categorical employment base than Town of Riverhead, and the entire Long Island region also is influenced by the New York City metro area. However, given the limits on available data and the limited degree of commuting within the area, the employment trends in Suffolk County can be assumed to reflect general conditions in the market area. These data are slightly limited in time – labor force data are current through the middle of summer of 2014, but jobs data only reflects 2013. In the volatile economy now in effect, the current economic picture may vary substantially from the trends through 2008, reflecting the recession of 2008-2009 and the slow recovery since.

The economy in Suffolk County presents a stronger economic picture at this time than most areas of the state and nation during the current recession and slow recovery. Labor data for 2008 through 2013 indicate initial employment declines with some recent recovery over the past five years, after reasonably strong gains in employed workers since 2000. Job data indicate that job creation in the private sector and the public sector has been positive if modest in the past two years, after losses during the recession. In general, these trends show a stronger recovery than the national economy, although growth has been hampered.

The national economy in general has shown sluggish signals in the past ten years, with a significant recession in 2000 – 2002 and a purported recovery in 2003 and 2004, but with very little recapture of the jobs lost. That recession was highlighted by lower factory orders and increasing transfer of jobs offshore, increased unemployment claims, increasing and longer layoffs and reduced consumer confidence, while the recovery showed fewer primary employment jobs such as manufacturing, and more service and government jobs.

The national economy in general has shown sluggish signals since 2000, with a significant recession in 2000 – 2002, and a largely jobless recovery in 2003 and 2004, but with very little recapture of the jobs lost. That recession was highlighted by lower factory orders and increasing transfer of jobs offshore, increased unemployment claims, increasing and longer layoffs and reduced consumer confidence, while the recovery showed fewer primary employment jobs such as manufacturing, and more service and government jobs.

At this time, the national economy is still showing lingering signs of weakness, originally related to difficulties in the financial and credit markets, major declines in the housing industry, and increasing unemployment. The economy was in recession between December 2007 and autumn 2009, and although economic growth has ostensibly resumed in the past few quarters, that growth has been slow in most months with a slight pick-up in late 2013, and many leading economic indicators continue to decline or resist improvement—again particularly employment. (While the unemployment rate has declined, this is considered primarily due to the shrinkage of the labor force, rather than strong employment growth.) Many economists predict that employment will not actually recover until well after 2015, and job growth will be slow for the remainder of the decade.

The Suffolk County economy will likely experience some restraining impact from this trend, with slower than potential economic growth and therefore population growth.

There are several large employers in the region, mostly in central and western Suffolk, in particular Stony Brook University and Medical Center and Brookhaven National Laboratory in Upton. The local economy is oriented to education/health care, government, and trade, as well as professional and technical services. The manufacturing and technology sector is still substantial in the local economy, but continues to decline.

Jobs data have historically been reported using the Standard Industrial Classification (SIC) system. This has now been replaced by the North American Industry Classification System (NAICS), which will serve as the new structure for classifying business activity in the United States. The New York State Department of Labor began publishing NAICS-based state and local employment estimates in spring 2003, followed by final revisions to statewide and local area data (called a "benchmark") for previous calendar years (2000-2002).

Table 8 presents jobs data by place of work for Suffolk County for 2000, 2008 and 2013 reported under the NAICS system. The number of jobs showed a gain of around 44,200 between 2000 and 2008, with gains in most sectors except manufacturing and information jobs, and public employment has declined since 2008.

TABLE 8
EMPLOYMENT BY INDUSTRY GROUP (NAICS)
SUFFOLK COUNTY
2000 - 2013
(Place of Work)

	<u>2000</u>	<u>2008</u>	Growth <u>00 - '08</u>	<u>2013</u>	Growth <u>08 - '13</u>	Avg. 2013 <u>Wage/Week</u>
JOBS:						
Manufacturing	65,523	57,223	-1.7%	54,500	-1.0%	\$1,180
Construction, Natural Resources	35,518	42,386	2.2%	40,375	-1.0%	\$1,141
Trade	108,999	116,630	0.8%	114,094	-0.4%	\$850
Trans. And Utilities	19,532	19,481	0.0%	18,373	-1.2%	\$918
Information	15,940	11,311	-4.2%	9,416	-3.6%	\$1,300
Financial Services	28,655	29,848	0.5%	28,410	-1.0%	\$2,274
Professional/Technical Svcs.	75,223	81,479	1.0%	87,922	1.5%	\$1,100
Education/Health Care	72,565	87,292	2.3%	94,672	1.6%	\$895
Leisure and Hospitality	38,051	47,392	2.8%	56,365	3.5%	\$411
Other Services	20,214	22,120	1.1%	22,917	0.7%	\$551
Government	<u>97,038</u>	<u>106,226</u>	1.1%	<u>100,065</u>	-1.2%	\$1,260
Total	578,299	622,567	0.9%	628,769	0.2%	\$1,027
Total Private	481,261	516,341	0.9%	528,704	0.5%	\$983

NOTES: 1. Annual growth rates are compound, not simple averages.
2. Data use NAICS system, with SIC data converted prior to 2001.

SOURCE: New York State Department of Labor

Average incomes from wages are high in Suffolk County, with an overall annual average for all jobs at approximately \$53,400.

(NOTE: there have been several changes in the employment data reporting system in the past 25 years, which make data difficult to compare directly, in both this section and the labor force trends section to follow. In particular, 2000 – 2013 data for employment by place of residence [workers] have been revised to a 2013 benchmark, while data prior to 2000 have not been revised.)

Table 9 indicates the major employers in Suffolk County. There have been several recent small expansions in a variety of industries mostly in central and western Suffolk County, including relocated and expanding pharmaceutical companies. D'Addario, a manufacturer of musical instrument strings and other accessories, continues to expand primarily through consolidation of operations elsewhere. At the same time, there have been

some reductions and closings in Suffolk County this year, including some 200 Adecco employees cut in Melville, Clearwater Paper announced the closing of its facility in Central Islip with a loss of 150+ workers and Bimbo Bakeries/Entenmann's will close its facility in Bay Shore, laying off 178 employees.

TABLE 9
SELECTED MAJOR PRIVATE EMPLOYERS
SUFFOLK COUNTY
2014

<u>Firm</u>	<u>Location</u>	<u>Business</u>	<u>Number of Employees</u>
Stony Brook University	Stony Brook	Higher Education	14,000
Stony Brook Medical Center	Stony Brook	Health Care	5,777
Brookhaven National Laboratory	Upton	Scientific Research	3,100
Canon USA	Melville	Imaging Equipment	1,800
CA Technologies	Melville	Software	1,500
Peconic Bay Medical Center	Riverhead	Health Care	1,200
D'Addario & Co.	Farmingdale	Musical Instrument Strings	790
Henry Schein	Melville	Dental Product Distribution	700
Riverhead Central School District	Riverhead	Education	650
NBTY	Amityville	Nutritional Supplements	350
SOURCE: Corporate websites, Long Island Business News, Long island Press			

There was a substantial increase in employed workers from 2000 through 2008, slightly higher than in the 90's, and with substantial declines in employed persons since 2008. 2013 employment declined to 742,000 workers, with unemployment reported at 6.4%, although the latest employment data show an increase as of August to 745,300 workers with jobs and a decline in unemployment to 5.5% due to a decline in the labor force as well as an increase in employed workers. See Table 10.

TABLE 10 LABOR FORCE TRENDS SUFFOLK COUNTY 1990 - 2013 (Place of Residence)				
	<u>1990</u>	<u>2000</u>	<u>2008</u>	<u>2013</u>
Civilian Labor Force	708,700	735,900	797,100	792,800
Employment	677,700	710,800	757,100	742,000
Unemployment	31,000	25,100	40,000	50,800
Unemployment Rate	4.4%	3.4%	5.0%	6.4%
CHANGES IN EMPLOYMENT LEVELS				
	NUMBER		GROWTH RATE	
	<u>Total</u>	<u>Annual</u>	<u>Total</u>	<u>Annual</u>
1990 - 2000	33,100	3,310	4.9%	0.5%
2000 - 2008	46,300	5,788	6.5%	0.8%
2008 - 2013	-15,100	-3,020	-2.0%	-0.4%
<p>1. 1990 - 2013 data are annual averages. Due to major changes in estimating benchmarks, 2000 - 2013 data are not comparable to prior data. The 1990 - 2000 Change analysis reflects data using earlier benchmarks, while the 2000-2013 analysis reflects the 2013 benchmark.</p> <p>2. Annual growth rates are compound rates, not simple averages.</p>				
SOURCE: New York State Department of Labor				

The two sets of data combined, workers and jobs, indicate a stable and growing economic climate, where job and worker levels showed moderate losses in the first years after 2008, and recovery in both employed workers and jobs in recent years. The worker base is larger than the job base, indicating substantial incidence of commuting to or from jobs in adjacent counties.

Commuting patterns from the 2008 - 2012 American Community Survey indicate that roughly 92% of the market area workers have jobs in the County, reflecting modest out-commuting, but a much larger 24% of the county as a whole commutes outside Suffolk. A very small number (0.2%) of Town of Riverhead area employees work out of state.

The time that workers spend in commuting indicates that jobs are widely dispersed in the region with lengthy commutes, but that commuting to other sectors in the region is not as common as it is for the county at large. Over 28% of the market area workers drive 15 minutes or less to work, and 40% travel 30 minutes or more. In the County, the commuting statistics show a slightly longer commutes, with 42% traveling longer than 30 minutes, and 25% of the workers traveling less than 15 minutes to work. Commuting data and proportions are provided in Table 11.

TABLE 11 COMMUTING TRENDS RIVERHEAD MARKET AREA 2008 - 2012 (From Residence)				
	<u>RIVERHEAD MARKET AREA</u>		<u>SUFFOLK COUNTY</u>	
Workers By Place Of Residence:				
Worked in County	21,799	92.2%	538,710	75.5%
Worked Outside County, In State	1,787	7.6%	169,596	23.8%
Worked Out of State	<u>53</u>	0.2%	<u>5,290</u>	0.7%
Total Workers	23,639		713,596	
Travel Time to Work:				
Less than 5 minutes	808	3.5%	16,882	2.5%
5 - 9 minutes	2,412	10.5%	62,571	9.1%
10 - 14 minutes	3,377	14.7%	90,913	13.2%
15 - 19 minutes	3,424	14.9%	95,394	13.9%
20 - 24 minutes	2,681	11.7%	95,274	13.8%
25 - 29 minutes	1,079	4.7%	37,925	5.5%
30 - 44 minutes	4,624	20.1%	136,229	19.8%
45 - 59 minutes	2,271	9.9%	52,559	7.6%
60 minutes or more	2,312	10.1%	100,220	14.6%
SOURCE: American Community Survey, 2008-2012				

HOUSING SUPPLY ANALYSIS

This section of the study examines the existing housing supply and its ability to satisfy the needs of the household population segments identified in the prior section. The examination includes an evaluation of the housing stock, based on 2000 and 2010 Census plus American Community Survey data, and analyzes supply growth trends by type, tenure, substandard conditions, etc. Further, the competitive environment is explored to define general rental market conditions, focusing on affordable rental options, but also investigating some overall sales statistics. The most directly competitive units are examined in greater detail regarding vacancy and waiting lists, unit and project features, rent levels and subsidies.

For purposes of this analysis, seasonal or second homes are excluded; only year-round units are considered. For the Town of Riverhead area, this is moderately significant, with over 2,400 such units (10.9%) in 2010.

HOUSING STOCK

There are typically no permit data available for Counties as a whole, per se. In New York, the Counties generally do not have permitting authority; County totals would be a sum of all reporting jurisdictions. For this market area, however, the publication of permits reported by the Town of Riverhead is available, which provides a reasonable representation of permit trends. The number of permits is declining as expected in the current housing downturn, with few multi-family permits since 2007.

TABLE 12 HOUSING UNITS AUTHORIZED TOWN OF RIVERHEAD 2000 - 2013			
<u>YEAR</u>	<u>SINGLE- FAMILY</u>	<u>MULTI- FAMILY</u>	<u>TOTAL</u>
2000	180	418	598
2001	176	316	492
2002	228	355	583
2003	206	404	610
2004	213	407	620
2005	168	0	168
2006	108	0	108
2007	136	24	160
2008	59	0	59
2009	62	0	62
2010	56	0	56
2011	32	0	32
2012	34	12	46
2013	<u>22</u>	<u>0</u>	<u>22</u>
TOTAL	1,680	1,936	3,616
ANNUAL AVERAGE:	120	138	258
PROPORTION	46.5%	53.5%	100.0%
SOURCE: U.S. Census, C-40 Building Reports			

Housing stock data reported in the Census is usually a more reliable indicator of changes in the housing supply than the permit data, and is easier to correlate with population and household growth. Based on data from the 2000 and 2010 Census, the housing stock growth reflects a close correlation between the high growth in units in the market area (2.0%) and the above average household growth rate (1.9%). The low vacancy rates increased slightly for owned and rented homes during the period.

The 2012 proportion of older units, built before 1940, is moderate at 10%+, about the same as in 2000.

It is noted that the vacancy rates reported in the Census may not be considered accurate representations of current market conditions in the PMA, particularly for renters. First, housing market dynamics have changed considerably since 2000, and are likely to

continue to vary widely over the next five years as the market adjusts to the dramatic impact of the bursting of the for-sale housing bubble. Secondly, the vacancy data in the Census include all units for sale or rent that the respondent chooses to mention – including dilapidated or uninhabitable units, units for rent on a seasonal or temporary basis, and units that are not actually available to the market at the time but might have been intended to be offered in the future. For these reasons, the survey of rental units in the PMA conducted as part of this analysis is considered a more accurate representation of vacancy conditions than the Census.

TABLE 13 HOUSING STOCK GROWTH RIVERHEAD MARKET AREA 2000 - 2012				
	<u>2000</u>	<u>2010</u>	<u>Annual Percentage</u> <u>Change Change/Yr.</u>	
Total Housing Units	18,058	22,245	419	2.1%
Seasonal Vacancies	<u>1,736</u>	<u>2,426</u>	69	3.4%
Year Round Units	16,322	19,819	350	2.0%
Units Built before 1940	1,877	2,291	41	2.0%
	10.4%	10.3%		
Vacancies:				
Vacant for Sale	173	328	16	6.6%
For Sale Vacancy Rate	1.4%	2.2%		
Vacant for Rent	143	236	9	5.1%
For Rent Vacancy Rate	3.8%	5.6%		
Occupied Units	15,442	18,584	314	1.9%
			<u>2008-2012</u>	
Units Per Building			<u>Owner</u>	<u>Renter</u>
1 Unit	13,714	17,512	12,767	1,826
2 - 9 Units	1,210	2,469	600	1,322
10 or more Units	704	607	16	486
Mobile Homes	2,413	2,311	1,565	374
SOURCES: 2000 Census of Population, SF1 & SF3 2010 Census of Population and Housing 2008-2012 American Community Survey				

COMPETITIVE ENVIRONMENT

Market conditions in rental housing in the Riverhead area reflect a suburban/semi-rural housing market with a limited variety of subsidized and conventional projects in the market area as well as single family rentals; most are considered too expensive for the many renter households seeking affordable housing.

As part of the supply analysis in Riverhead, a survey was undertaken of three projects located in the PMA and six communities outside of the PMA but within 20 miles of the site. Properties outside of the market area were included because of the lack of non-age-restricted LIHC units within the PMA and the scarcity of market rate rental units in the market. This sample comprises 1,171 units and includes two non-age-restricted LIHC apartment complexes in the PMA (both carry 100% HUD Section 8 rental assistance), two LIHC outside of the market area and six market rate properties. NOTE: Several complexes in Riverhead and vicinity are not included in the survey since the owners or managers declined to participate by not returning calls or refusing to provide information. Examination of supply trends in the regional apartment market indicates several key factors, including the following:

- The total size of the rental market in the Riverhead PMA includes an estimate of roughly 4,130 occupied rental units at this time. There are approximately 695 independent apartments in the market area with some form of subsidy or program assistance; 520 of these designated for seniors and 175 for families. This implies that roughly 16.8% of the rental market comprises program-assisted units, and 83.2% are conventional rentals.
- Tenants in conventional rentals may use Housing Choice Vouchers, which would increase the assisted proportion. However, these Vouchers are portable (Voucher Holders may use them in units outside the issuing area), and it is not readily determined how many Vouchers are in use strictly within the PMA.
- There is no public housing in the Town of Riverhead. Elderly, handicapped/disabled and fully subsidized units that are not part of the LIHC program were not included in the survey. Listed below are both family and elderly assisted complexes found within the PMA.

Riverhead Market Area Assisted Housing

<u>Family Complex</u>	<u>Program</u>	<u>Units</u>
River Pointe	HUD Section 8/LIHC	135
Doctor's Path	HUD Section 8/LIHC	40
		<u>175</u>

<u>Elderly Complex</u>	<u>Program</u>	<u>Units</u>
Henry Perkins	HUD/Disabled	50
Tradewinds	HUD 202	114
Riverhead Landings	LIHC	44
John Wesley Village II	LIHC	220
John Wesley Village III	LIHC	92
		<u>520</u>

Total Assisted Housing 695

- None of the nine properties surveyed can be considered directly competitive with the proposed. Doctor's Path (which was not used in the competitive survey and resulting analysis) and River Pointe are acquisition/rehabilitation properties renovated under the LIHC program; both carry HUD Section 8 rental assistance. Art Space in Patchogue is non-age restricted, but is marketed to artists; the only non-artists in residence were approved using tax credit income limits to fill the final units upon lease-up. Island View is an LIHC property built in 2000 and is considered the most comparable project, even though it is outside of the PMA, but rents are relatively high in the 60% AMI LIHC range. The complex has 1BR, 2BR and 3BR units and amenities are more enhanced than in the proposed. Island View has no project based rental assistance.
- The newest market rate apartment surveyed is Avalon Charles Pond, built in 2009. Avalon Charles Pond is located adjacent to the Wincoram United Artist site, a new LIHC property which is currently under construction in Coram west of the PMA. The Avalon units range in size from approximately 723 to 1,399 square feet and include high-end features and amenities. They are reportedly 97% leased with rents between \$1,500 and \$2,085.
- The rental housing stock in Riverhead is aging, with no family complexes added in the past ten years although some rehabilitation took place in the mid-2000's. The apartments included in the survey are generally older and were built in the 1970's. The properties that did not respond to requests for information also appeared to be in the older group based on observations during field work.
- Overall occupancy is relatively high at; as subsets, LIHC complexes have 98.8% occupancy (1.2% vacancy) and market rate occupancy is the same at 98.8% (1.2% vacancy). River Pointe, a LIHC/HUD Section 8 project with full subsidies, is at 100%

occupancy. Most vacancies in the LIHC market are concentrated in Art Space (LIHC) and the Villas at Pine Hills golf community project (Market).

- The LIHC projects are the only properties with waiting lists. River Pointe's list is 2 to 7 years long including applications for Section 8 apartments; Island View's list is 6 to 12 months depending on type of unit, and Art Space has a waiting list of 25-30 applicants. The market rate units all reported no waiting lists.
- Unit and project amenities are relatively basic with some upscale features in newer complexes and fewer amenities in the older properties, which is typical in a mix of suburban and exurban rental housing. All units have a stove, refrigerator, CATV and internet connectivity, window treatments; most have carpeting. Air conditioning is provided in all but one property, which requires tenants to provide their own air conditioner, and only one provides ceiling fans. Other amenities offered vary from project to project.

Project amenities include an on-site manager, laundry facilities and those without laundry rooms have washer and dryers in the unit. The various properties offer a mix of various amenities such as a playground, picnic/grill areas, swimming pools, and clubhouses or community buildings. Parking is available at all complexes with garages for an additional fee at four complexes. (See Amenities Table for full comparison.)

- The overall cost of conventional rental units is very high in the PMA. Market rents were calculated using weighted averages. Rents for Studio units range from \$999 to \$1,140, with a weighted average of \$1,095; the 1BR average is \$1,384, with a range of \$1,220 to \$1,595; 2BR rents range from \$1,515 to \$2,085 with a weighted average of is \$1,762. There are no 3BR units in the market properties surveyed.
- Among LIHC properties, Island View's 60% AMI rents are \$1,132 for 1BR, \$1,355 for 2BR and \$1,554 for 3BR units, all substantially higher than the 60% rents at the proposed.
- There are few rental apartments or single-family housing advertised in on-line classifieds. Among advertised units, average rents were \$1,214 for 1BR, \$1,463 for 2BR and \$1,916 for 3BR units. Advertised rents for single family homes were around \$1,850 to \$1,970. The lower end of the range were often units that do not include any utilities, while those at the upper end often include heat and hot water but not electric.
- Attempts to contact several planning and other agencies were made. The following declined to return calls requesting information: Riverhead Planning Division, Suffolk County IDA. Suffolk County Economic Development and Community Housing Innovations.

The Environmental Planner with Riverhead CDP within the Department of Planning stated there are two "affordable" developments planned in Riverhead; one is the subject of this market analysis and the other is a 19 unit workforce housing

development over commercial in the rehabilitated Woolworths building in downtown Riverhead.

- Three entities administer Housing Choice Vouchers that impact Riverhead and Suffolk County: the Town of Riverhead Housing Authority, Southampton Housing Authority and Community Development Corporation of Long Island. All three administrators withheld information on voucher numbers and waiting lists and did not offer an opinion on need for affordable housing.

Some information was available from a previous market study conducted in 2012. At that time, CDC of Long Island administered 3,496 Vouchers with 3,318 utilized. They also had 300 VASH between Nassau and Suffolk Counties. The waiting list has been closed since 2008 and when the moratorium was lifted in April 2012 they received 12,000 applications of which they took the first 5,000. At that time there were 1,300 qualified applicants and were calling in 120 applicants per month. The program manager stated the waiting list should speak for itself when it comes to the need of affordable housing in Suffolk County.

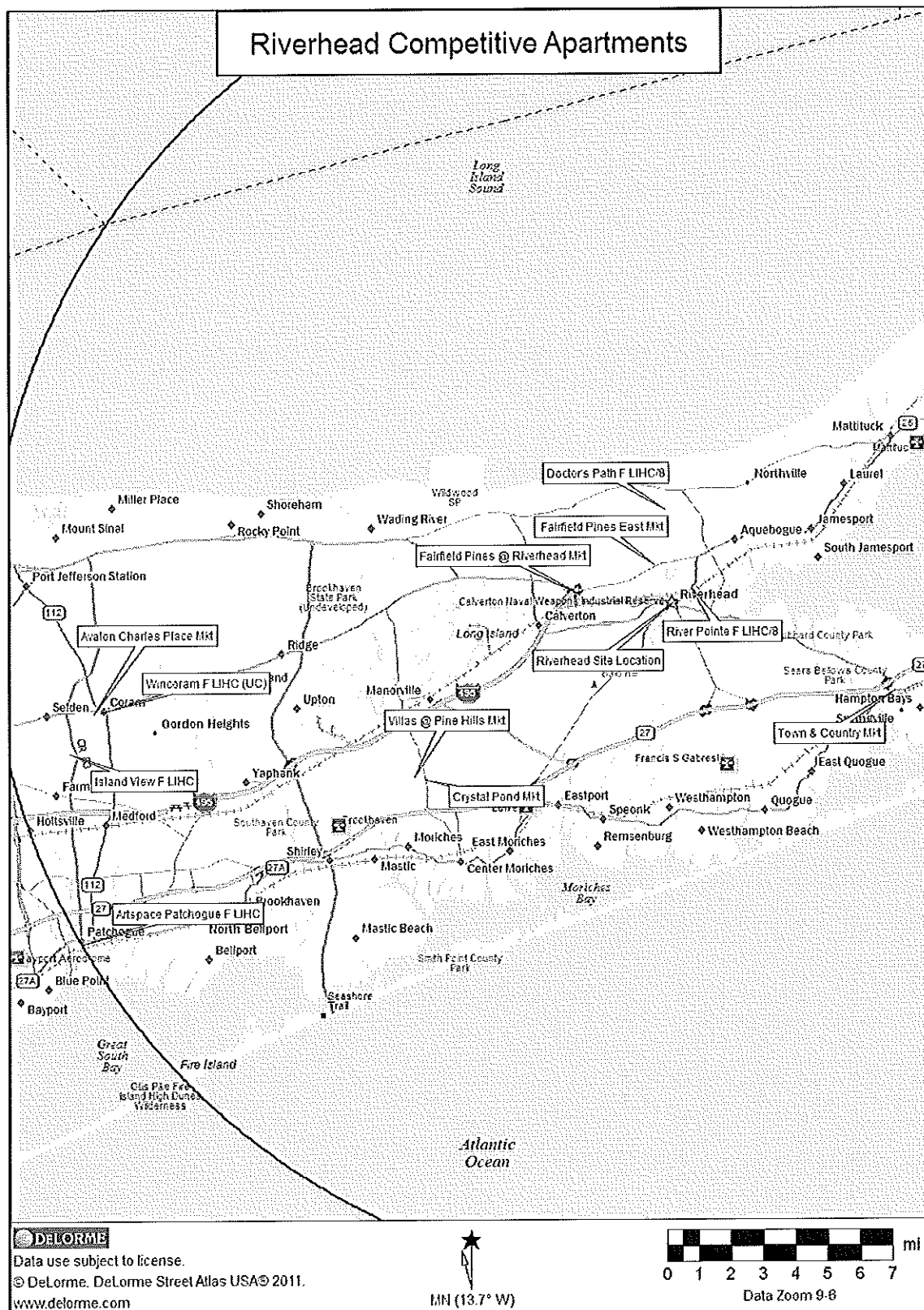
The greatest problem current tenants have is affording and paying electric utility bills, since electricity is not included in the rent. New applicants have difficulty coming up the utility security deposit; some have bad credit history with the utility company, and cannot arrange for a hook-up or new account. Houses are available to voucher holders because of the number of foreclosures in the area; owners do not want to sell their houses but are willing to rent them.

- According to the New York State Association of Realtors Quarterly Housing Survey comparing Q2-2013 to Q2-2014, in the second quarter *median sales prices* of existing single-family homes sold in Suffolk County decreased by 1.6% from \$320,000 to \$315,000. The existing single-family *closed sales* in the same time frame was down 6.0% with 2,980 homes sold in 2013, compared to 2,801 homes sold in 2014. However, new listings are up 9%, total homes for-sale increased by 7.1% and the months' inventory/supply is down 1.7%.
- Despite the high average home prices and the relatively low mortgage rates, and given the median price for a 3BR home at \$315,000 (even considering a 10% down payment), the monthly mortgage payment would be \$1,400 to \$1,600. Real estate taxes in the area would add approximately \$300 to \$350 per month. When maintenance, insurance and utilities are added, it is clear that purchasing an average home in this market would cost roughly double the highest projected rent (\$1,221) at the proposed project.
- The impact of the proposed on existing projects is expected to be negligible, since the demand for affordable housing, in particular family units, is so great. All projects are at nearly full occupancy, with vacancies limited to the normal turnover which occurs when any new product enters the market. Further, no other complex surveyed has similar LIHC rents, and therefore the project will be affordable to a different income

segment. The assisted rentals have few to no vacancies, and waiting lists sufficient to fill turnover as it occurs.

It is emphasized that local managers provide the individual project information voluntarily. In some cases, the managers are unwilling or unable to provide complete information, or may inadvertently provide incorrect information. Despite these potential problems, the compilation and synthesis of the status of the comparables is considered to provide the best indication of the competitive position of the subject project.

The following pages contain a map indicating project locations follows, followed by summary tables reflecting apartment project details.



COMPETITIVE APARTMENTS
Riverhead, NY

<u>Apartment Complex</u>	<u>Built</u>	<u>Total</u>	<u>Studio</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>Vacant</u>	<u>WL</u>	<u>Program</u>
Peconic Crossing	Subject	48		16	32				LIHC
11 West Main St., Riverhead, NY 11901	Rent			\$990	\$1,180				60% AMI
	SF			725	950				
	Rent/SF			\$1.37	\$1.24				
River Pointe*	1979	135		33	92	10	3	2 to 7 years	HUD Section 8 A/R LIHC
821 East Main St. Riverhead, NY 11901	Rent			B0I	B0I	B0I			
	SF	2007		751	768	1,232			
(631) 727-6766	Rent/SF			N/A	N/A	N/A			
Island View	2000	224		32	136	56	0	6 to 12 depends on unit	LIHC 60% AMI
100 Vista View Dr., Farmingville, NY 11738	Rent			\$1,132	\$1,355	\$1,554			
	SF			778	1,005-1,021	1,212			
(631) 732-5100	Rent/SF			\$1.46	\$1.33-35	\$1.28			
Art Space	2011	45	3	20	19	3	2	'Oh, yes' 25-30	LIHC 50% & 60% AMI
20 Terry St., Patchogue, NY 11772	Rent		\$861-1,040	\$905-1,100	\$1,081-1,314	\$1,239-1,509			
	SF		Varies	Varies	Varies	Varies			
(631) 293-2997	Rent/SF		N/A	N/A	N/A	N/A			
Fairfield Pines East	1975	169	10	94	65		0	None	Market Rate
1355 Roanoke Ave., Riverhead, NY 11901	Rent	Rehab	\$1,140	\$1,220-1,275	\$1,515				
	SF	2003	589	647-879	924-965				
(631) 727-1919	Rent/SF		\$1.94	\$1.45-1.97	\$1.56-1.64				
Fairfield Pines @ Riverhead	1970	112		84	28		0	None	Market Rate
1750 W. Main St., Riverhead, NY 11901	Rent			\$1,330-1,340	\$1,650				
	SF			847	999				
(631) 369-3884	Rent/SF			\$1.57-1.58	\$1.65				
Town & Country	1974	86	N/A	N/A			0	None	Market Rate
6 Lamplight Circle, Hampton Bays, NY 11946	Rent		\$1,289	\$1,349-1,469					
	SF		641	641-830					
(631) 878-2525	Rent/SF		\$2.01	\$1.17-2.10					
Crystal Pond	1991	100		50	50		0	None	Market Rate
163 Wading River Rd., Manorville, NY 11949	Rent			\$1,499-1,569	\$1,829-1,949				
	SF			896	1,216				
(631) 878-2525	Rent/SF			\$1.67-1.75	\$1.50-1.60				
Villas @ Pine Hills*	1971	700	91	263	346		14	None	Market Rate
1B Country Club Dr. Manorville, NY 11949	Rent		\$999	\$1,239-1,469	\$1,689-1,819				
	SF		392	558-728	854-958				
(631) 878-2525	Rent/SF		\$2.55	\$1.96-2.36	\$1.80-2.07				
Avalon Charles Pond	2009	200		100	100		2	None	Market Rate
1 Charles Pond Dr., Coram, NY 11727	Rent			\$1,500-1,595	\$1,755-2,085				
	SF			723-1,060	1,102-1,399				
(631) 698-1640	Rent/SF			\$1.50-2.07	\$1.49-1.59				
Total Units: 1,771									
Total Units Reporting Mix: 1,685									
**Proportion:									
			104	676	836	69			
			6.2%	40.1%	49.6%	4.1%			

All Units Reporting Vacancies: 1,771

Total Units Vacant: 21

Overall Vacancy Rate: 1.2%

LIHC Units Reporting Vacancies: 404

Total Units Vacant: 5

Tax Credit Vacancy Rate: 1.2%

Market Rate Units Reporting Vacancies: 1,367

Total Units Vacant: 16

Market Vacancy Rate: 1.2%

* See Individual Complex Report

** Proportion includes only complexes reporting

COMPLEX AMENITIES
Riverhead, NY

<u>Complex</u>	Unit Amenities													
	Refrigerator	Stove	Dishwasher	Garbage Disposal	Microwave	Washer/Dryer	W/D Hook-Ups	Emergency Call	Ceiling Fans	Patio/Balcony/Porch	Storage	Walk-in Closets	Cable Ready	Internet Access
Peconic Crossing (Subject)	X	X	X		X							X	X	X
River Pointe	X	X								X			X	X
Island View	X	X	X				X			X		X	X	X
Art Space	X	X		X							X		X	X
Fairfield Pines East	X	X	X							X		X	X	X
Fairfield Pines @ Riverhead	X	X								\$		X	X	X
Town & Country	X	X	X										X	X
Crystal Pond	X	X	X			S	X			X	X		X	X
Villas at Pine Hills	X	X	X			S	X			X	X	X	X	X
Avalon Charles Pond	X	X	X		X	X			X	X		X	X	X

<u>Complex</u>	Project Amenities													
	On Site Mgt.	Laundry Room	Secured Entrance	Elevators	Community Room	Community Building	Computer/Internet Access	Fitness Center	Swimming Pool	Playground or Tot Lot	Walking Trails/Paths	Sports Courts	Parking	Garage/Carport
Peconic Crossing (Subject)	X	X		X	X		X	X					X	X
River Pointe	X	X	X		X					X			X	
Island View	X	X			X	X		X	X			X	X	
Art Space	X	X	X	X	X								X	
Fairfield Pines East	X	X											\$	
Fairfield Pines @ Riverhead	X	X				X		X	X			X	X	
Town & Country	X	X				X			X			X	X	
Crystal Pond	X	X				X		X	X			X	X	\$
Villas at Pine Hills	X	X	X		X	X		X	X	X		X	X	\$
Avalon Charles Pond	X		X		X	X		X	X	X	X		X	\$

(S) Select Units

(\$) Additional Fee

(T) Tenant Provides

(*) Part-time Manager

COMPLEX UTILITIES INCLUDED IN RENT
Riverhead, NY

Complex	Utilities Included	None	Cold Water	Sewer	Trash Removal	Heat	Hot Water	Electric	Gas for Cooking	Recycle	Basic CATV
Peconic Crossing (Subject)			X	X	X	X	X				
River Pointe			X	X	X	X	X				
Island View			X	X	X						
Art Space			X	X	X	X	X		X		
Fairfield Pines East			X	X	X	X	X		X		
Fairfield Pines @ Riverhead			X	X	X	X	X		X		
Town & Country			X	X	X	X	X				
Crystal Pond			X	X	X	X	X				
Villas at Pine Hills			X	X	X	X	X				
Avalon Charles Pond		X								\$	

Complex: River Pointe Apartments
Address: 831 East Main St.,
City, State, Zip Riverhead, NY 11901
Phone Number: (631) 727-6766

Interview Date: September 8, 2014
Method of Contact: Telephone
Name of Contact: Kelly, Related Management
Position: Manager

Development Program: HUD Section 8, LIHC A/R
Rent Subsidy/Type: HUD Section 8
Subsidized Units: All units
Housing Choice Vouchers: None

Date Built: 1979, PIS 2007
Type: 2 story garden
Condition: Average
Age Restricted: Family, no restrictions

<u>BR/Bath</u>	<u>Units</u>	<u>Rent 30% BOI</u>	<u>UA</u>	<u>SF</u>	<u>Rent/SF</u>	<u>Vacant</u>
1BR/ 1Ba	33	BOI	\$45	651	N/A	0
2BR/ 1Ba	92	BOI	\$64	768	N/A	3
3BR/ 1Ba	10	BOI	\$80	1,232	N/A	0
Total Units: 135						Total Vacant: 3

Current Occupancy: 98%

Security Deposit: BOI, equal to 1 month's rent

Typical Turnover: 33 in 2014

Application Fee: None

Waiting List: 2 to 7 years, depends on unit

Concessions: None

Unit Amenities:

(\$) Additional Fee

(S) Select Units

Utilities Included:

- ☒ Refrigerator
- ☒ Stove
- ☐ Dishwasher
- ☐ Garbage Disposal
- ☐ Microwave
- ☐ Washer & Dryer
- ☐ W/ D Hook-ups
- ☐ Emergency Call

- ☐ Ceiling fans
- ☒ Patio/Balcony
- ☐ Storage
- ☐ Walk-in Closets
- ☒ Cable Ready
- ☒ Internet Access
- ☐
- ☐

- Flooring**
- ☒ Carpet
 - ☒ Hardwood
 - ☒ Vinyl/tile
- Windows**
- ☐ Shades
 - ☒ Miniblinds
 - ☐ Verticals

- Air Conditioning:**
- ☐ Central
 - ☐ Wall/window
 - ☒ Sleeves
 - ☒ Tenant Provides
- Heating Fuel:**
- ☒ Gas
 - ☐ Electric

- ☒ Cold Water
- ☒ Sewer
- ☒ Trash
- ☒ Heat
- ☒ Hot Water
- ☐ Gas/Electricity
- ☐ Recycle
- ☐ CATV

Project Amenities:

- ☒ On-site Mgt.
- ☒ Laundry Room
- ☒ Gated Entrance
- ☐ Elevators

- ☒ Community Room
- ☐ Community Building
- ☐ Computer/Internet Access
- ☐ Fitness Center

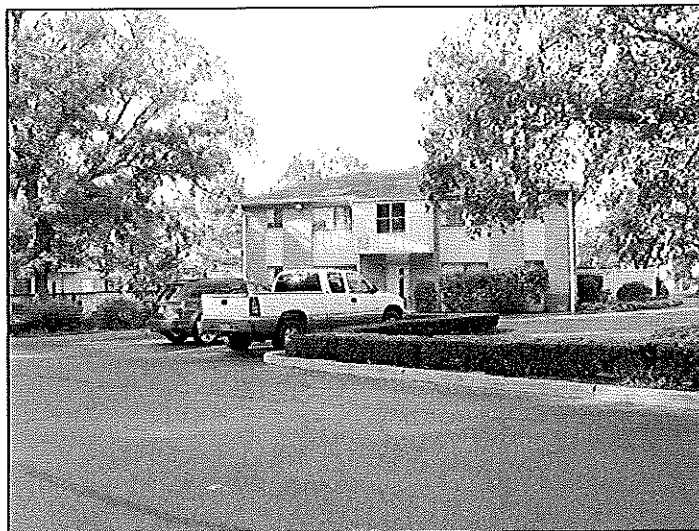
- ☐ Swimming Pool
- ☒ Playground/Tot Lot
- ☐ Tennis Courts
- ☐ Trails/Paths

- ☐ Sports Court
- ☒ Parking
- ☐ Garage/Carport
- ☐ Benches/Seating

- ☐ Picnic/Grill Area
- ☐ On-site Storage
- ☐ Gazebo
- ☐

Premium Fees: None

Additional Information: *AKA Riverhead Village FKA Millbrook Apartments



Complex: Island View Apartments
Address: 100 Vista View Dr.,
City, State, Zip: Farmingville, NY 11738
Phone Number: (631) 732-5100

Interview Date: September 4, 2014
Method of Contact: Telephone
Name of Contact: Debbie
Position: Assistant Director
Date Built: 2000
Type: 2 story garden walk-up
Condition: Average
Age Restricted: Family, no restrictions

Development Program: LIHC, new construction
Rent Subsidy/Type: None
Subsidized Units: None
Housing Choice Vouchers: Accepts, number not available

BR/Bath	Units	AMI	Rent	UA	SF	Rent/SF	Vacant
1BR/ 1Ba	32	60%	\$1,132	\$77	778	\$1.46	0
2BR/ 2Ba	136	60%	\$1,355	\$97	1,005-1,021	\$1.33-1.35	0
3BR/ 2Ba	56	60%	\$1,554	\$125	1,212	\$1.28	0
Total Units: 224							Total Vacant: 0

Current Occupancy: 100%
Typical Turnover: N/A (no comment)
Waiting List: None

Security Deposit: Equal to 1 month's rent
Application Fee: \$65
Concessions: None

Unit Amenities:

- ☒ Refrigerator
☒ Stove
☒ Dishwasher
☐ Garbage Disposal
☐ Microwave
☒ Washer & Dryer
☒ W/ D Hook-ups
☐ Emergency Call

(\$ Additional Fee)

- ☐ Ceiling fans
☒ Patio/Balcony
☐ Storage
☒ Walk-in Closets
☒ Cable Ready
☒ Internet Access
☐
☐

(\$ Select Units)

- Flooring**
☒ Carpet
☐ Hardwood
☒ Vinyl/tile
Windows
☐ Shades
☒ Miniblinds
☐ Verticals

Air Conditioning:

- ☒ Central
☐ Wall/window
☐ Sleeves
☐ Tenant Provides
Heating Fuel:
☐ Gas
☒ Electric

Utilities Included:

- ☒ Cold Water
☒ Sewer
☒ Trash
☐ Heat
☐ Hot water
☐ Gas/Electricity
☐ Recycle
☐ CATV

Project Amenities:

- ☒ On-site Mgt.
☒ Laundry Room
☐ Secured Entrance
☐ Elevators

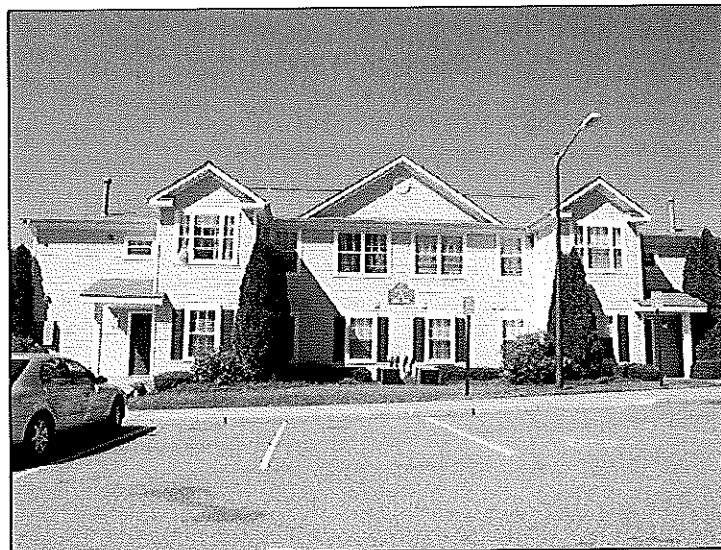
- ☒ Community Room
☒ Community Building
☐ Computer/Internet Access
☒ Fitness Center

- ☒ Swimming Pool
☐ Playground/Tot Lot
☐ Tennis Courts
☐ Trails/Paths

- ☒ Sand Volleyball
☒ Parking
☐ Garage/Carport
☐ Benches/Seating

- ☒ Picnic/Grill Area
☐ On-site Storage
☐ Gazebo
☐

Premium Fees: Additional fees for IT bundles, washer & dryer, and painting unit on move out.



Complex: Art Space Apartments
Address: 20 Terry St.,
City, State, Zip: Patchogue, NY 11772
Phone Number: (631) 293-2997

Interview Date: September 5, 2014

Method of Contact: Telephone

Name of Contact: Janet Myerson

Position: Manager

Development Program: LIHTC, TEB New Construction

Date Built: 2011

Rent Subsidy/Type: None

Type: 3-5 story

Subsidized Units: None

Condition: Very good

Housing Choice Vouchers: Accepts, 6 in use

Age Restricted: Family, no restrictions

<u>BR/Bath</u>	<u>Units</u>	<u>AMI</u>	<u>Rent</u>	<u>UA</u>	<u>SF</u>	<u>Rent/SF</u>	<u>Vacant</u>
0BR/ 1Ba	3	50%	\$861	\$46	Varies	N/A	0
0BR/ 1Ba		60%	\$1,040	\$46	Varies	N/A	0
1BR/ 1Ba		50%	\$905	\$66	Varies	N/A	0
1BR/ 2Ba	20	60%	\$1,100	\$66	Varies	N/A	1
2BR/ 1Ba		50%	\$1,081	\$85	Varies	N/A	0
2BR/ 1Ba		60%	\$1,314	\$85	Varies	N/A	1
3BR/ 2Ba	3	50%	\$1,239	\$107	Varies	N/A	0
3BR/ 2Ba		60%	\$1,509	\$107	Varies	N/A	0

Total Units: 45

Total Vacant: 2

Current Occupancy: 96%

Security Deposit: Equal to 1 month's rent

Typical Turnover: 2 per month

Application Fee: None

Waiting List: "Fluid", 25 to 30 on list

Concessions: None

Unit Amenities:

- ☒ Refrigerator
- ☒ Stove
- ☐ Dishwasher
- ☒ Garbage Disposal
- ☐ Microwave
- ☐ Washer & Dryer
- ☐ W/ D Hook-ups
- ☐ Emergency Call

(\$ Additional Fee)

- ☐ Ceiling fans
- ☐ Patio/Balcony
- ☒ Storage
- ☐ Walk-In Closets
- ☒ Cable Ready
- ☒ Internet Access
- ☐

(\$ Select Units)

- Flooring**
- ☐ Carpet
 - ☐ Hardwood
 - ☒ Concrete
- Windows**
- ☒ Shades
 - ☐ Miniblinds
 - ☐ Verticals

Air Conditioning:

- ☒ Central
- ☐ Wall/window
- ☐ Sleeves
- ☐ Tenant Provides

Heating Fuel:

- ☒ Gas
- ☐ Electric

Utilities Included:*

- ☐ Cold Water
- ☐ Sewer
- ☐ Trash
- ☐ Heat
- ☐ Hot water
- ☐ Gas/Electricity
- ☐ Recycle
- ☐ CATV

Project Amenities:

- ☒ On-site Mgt.
- ☒ Laundry Room
- ☒ Secured Entrance
- ☒ Elevators

- ☒ Community Room
- ☒ Gallery Space
- ☐ Computer/Internet Access
- ☐ Fitness Center

- ☐ Swimming Pool
- ☐ Playground/Tot Lot
- ☐ Tennis Courts
- ☐ Trails/Paths

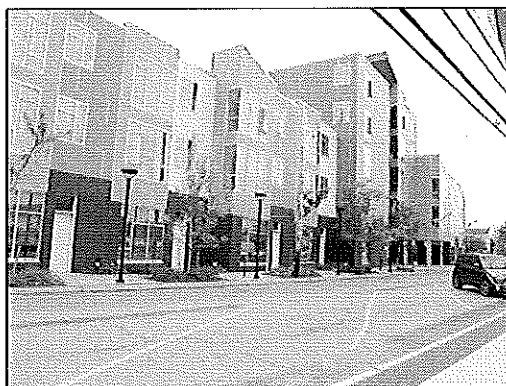
- ☐ Sports Court
- ☒ Parking
- ☐ Garage/Carport
- ☒ Benches/Seating

- ☐ Picnic/Grill Area
- ☐ On-site Storage
- ☐ Gazebo
- ☒ Community Garden

Premium Fees: None

Additional Information: *Utilities are charged to the tenant based on kilowatt charge used per month and units are individually metered.

The apartments are over street level commercial including the Patchogue Arts Council & Plaza Cinema & Media
 This is a live/work artists LIHC; only 4 tenants are non-artists.



Complex:	Fairfield Pines East Apartments	Interview Date:	September 8, 2014
Address:	1355 Roanoke Ave.,	Method of Contact:	Telephone
City, State, Zip	Riverhead, NY 11901	Name of Contact:	Becky
Phone Number:	(631) 727-1919	Position:	Leasing Agent
Development Program:	Market Rate	Date Built:	1975, rehab 2003
Rent Subsidy/Type:	None	Type:	2 story frame, garden
Subsidized Units:	None	Condition:	Fair
Housing Choice Vouchers:	None	Age Restricted:	Family, no restrictions

<u>BR/Bath</u>	<u>Units</u>	<u>Rent</u>	<u>SF</u>	<u>Rent/SF</u>	<u>Vacant</u>
OBR/ 1Ba	10	\$1,140	589	\$1.94	0
1BR/ 1Ba	10	\$1,220-1,275	647	\$1.89-1.97	0
1BR/ 1.5Ba	84	\$1,275	758-879	\$1.45-1.68	0
2BR/ 1.5Ba	65	\$1,515	924-973	\$1.56-1.64	0
Total Units:	169			Total Vacant:	0

Current Occupancy:	100%	Security Deposit:	Equal to 1 month's rent
Typical Turnover:	25% per year	Application Fee:	\$60 NRF + \$200 (1/2 to 1st mo. Rent)
Waiting List:	None	Concessions:	None

Unit Amenities:

- ☒ Refrigerator
☒ Stove
☒ Dishwasher
☐ Garbage Disposal
☐ Microwave
☐ Washer & Dryer
☐ W/ D Hook-ups
☐ Emergency Call

(\$ Additional Fee

- ☐ Ceiling fans
☒ Terrace
☐ Storage
☒ Large Closets
☒ Cable Ready
☒ Internet Access
☐

(S) Select Units

Flooring

- ☒ Carpet
☒ Laminate
☐ Vinyl/tile
Windows
☐ Shades
☒ Miniblinds
☐ Verticals

Air Conditioning:

- ☒ Central
☐ Wall/window
☐ Sleeves
☐ Tenant Provides
Heating Fuel:
☒ Gas
☐ Electric

Utilities Included:

- ☒ Cold Water
☒ Sewer
☒ Trash
☒ Heat
☒ Hot Water
☒ Gas (Cooking)
☐ Recycle
☐ CATV

Project Amenities:

- ☒ On-site Mgt.
☒ Laundry Room
☐ Secured Entrance
☐ Elevators

- ☐ Community Room
☐ Community Building
☐ Computer/Internet Access
☐ Fitness Center

- ☐ Swimming Pool
☐ Playground/Tot Lot
☐ Tennis Courts
☐ Trails/Paths

- ☐ Sports Court
☒ Parking
☐ Garage/Carport
☐ Benches/Seating

- ☐ Picnic/Grill Area
☐ On-site Storage
☐ Gazebo
☐

Premium Fees: None



Complex: Fairfield Pines @ Riverhead
Address: 1750 West Main St.,
City, State, Zip Riverhead, NY 11901
Phone Number: (631) 369-3884

Interview Date: September 8, 2014
Method of Contact: Telephone
Name of Contact: Becky
Position: Leasing Agent

Development Program: Market Rate
Rent Subsidy/Type: None
Subsidized Units: None
Housing Choice Vouchers: None

Date Built: 1970
Type: 2 story brick
Condition: Average to good
Age Restricted: Family, no restrictions

<u>BR/Bath</u>	<u>Units</u>	<u>Rent</u>	<u>SF</u>	<u>Rent/SF</u>	<u>Vacant</u>
1BR/ 1Ba	84	\$1,330-1,340	847	\$1.57-1.58	0
2BR/ 1.5Ba	28	\$1,650	999	\$1.65	0
Total Units:	112			Total Vacant:	0

Current Occupancy: 100%
Typical Turnover: 25% annually
Waiting List: None

Security Deposit: Equal to 1 month's rent + \$60 CC NRF
Application Fee: \$100 (Applied to 1st month if approved)
Concessions: None

Unit Amenities:

(\$) Additional Fee

(S) Select Units

Utilities Included:

- ☒ Refrigerator
- ☒ Stove
- ☐ Dishwasher
- ☐ Garbage Disposal
- ☐ Microwave
- ☐ Washer & Dryer
- ☐ W/ D Hook-ups
- ☐ Emergency Call

- ☐ Ceiling fans
- ☒ Terrace
- ☐ Storage
- ☒ Walk-in Closets
- ☒ Cable Ready
- ☒ Internet Access
- ☐
- ☐

Flooring

- ☒ Carpet
- ☐ Hardwood
- ☒ Vinyl/tile
- Windows**
- ☐ Shades
- ☒ Miniblinds
- ☐ Verticals

Air Conditioning:

- ☐ Central
- ☒ Wall/window
- ☐ Sleeves
- ☐ Tenant Provides
- Heating Fuel:**
- ☒ Gas
- ☐ Electric

- ☒ Cold Water
- ☒ Sewer
- ☒ Trash
- ☒ Heat
- ☒ Hot Water
- ☒ Gas
- ☐ Recycle
- ☐ CATV

Project Amenities:

- ☒ On-site Mgt.
- ☒ Laundry Room
- ☐ Secured Entrance
- ☐ Elevators

- ☐ Community Room
- ☐ Community Building
- ☐ Computer/Internet Access
- ☐ Fitness Center

- ☐ Swimming Pool
- ☐ Playground/Tot Lot
- ☐ Tennis Courts
- ☐ Trails/Paths

- ☐ Sports Court
- ☒ Parking
- ☒ Garage/Carport
- ☐ Benches/Seating

- ☐ Picnic/Grill Area
- ☒ On-site Storage
- ☐ Gazebo
- ☐

Premium Fees: \$75/month for a garage or storage space



Complex: Town & Country Apartments
Address: 16 Lamplight Circle,
City, State, Zip Hampton Bays, NY 11946
Phone Number: (631) 728-6219

Interview Date: September 8, 2014
Method of Contact: Telephone
Name of Contact: Nicole
Position: Leasing Agent
Date Built: 1974
Type: 2 story townhouse
Condition: Average
Age Restricted: Family, no restrictions

Development Program: Market Rate
Rent Subsidy/Type: None
Subsidized Units: None
Housing Choice Vouchers: None

<u>BR/Bath</u>	<u>Units</u>	<u>Rent</u>	<u>SF</u>	<u>Rent/SF</u>	<u>Vacant</u>
0BR/ 1Ba	N/A	\$1,289	641	\$2.01	0
1BR/ 1Ba	N/A	\$1,349	641	\$2.10	0
1BR/ 1Ba	N/A	\$1,459-1,469	830	\$1.76-1.77	0
Total Units:	86			Total Vacant:	0

Current Occupancy: 100%
Typical Turnover: "High", due to job loss
Waiting List: None

Security Deposit: Equal to 1 month's rent + \$150 NRF Credit
 Check + \$300 lease binder + \$500 cleaning

Application Fee: \$35 per person

Concessions: None

Unit Amenities:

(\$ Additional Fee)

- ☒ Refrigerator
- ☒ Stove
- ☒ Dishwasher
- ☐ Garbage Disposal
- ☐ Microwave
- ☐ Washer & Dryer
- ☐ W/ D Hook-ups
- ☐ Emergency Call

- ☐ Ceiling fans
- ☐ Patio/Balcony
- ☐ Storage
- ☐ Walk-In Closets
- ☒ Cable Ready
- ☒ Internet Access
- ☐
- ☐

(S) Select Units

Flooring

- ☒ Carpet
- ☐ Hardwood
- ☒ Vinyl/tile
- Windows**
- ☐ Shades
- ☒ Miniblinds
- ☐ Verticals

Air Conditioning:

- ☐ Central
- ☒ Wall/window
- ☐ Sleeves
- ☐ Tenant Provides
- Heating Fuel:**
- ☒ Gas
- ☐ Electric

Utilities Included:

- ☒ Cold Water
- ☒ Sewer
- ☒ Trash
- ☒ Heat
- ☒ Hot Water
- ☐ Gas/Electricity
- ☐ Recycle
- ☐ CATV

Project Amenities:

- ☒ On-site Mgt.
- ☒ Laundry Room
- ☐ Secured Entrance
- ☐ Elevators

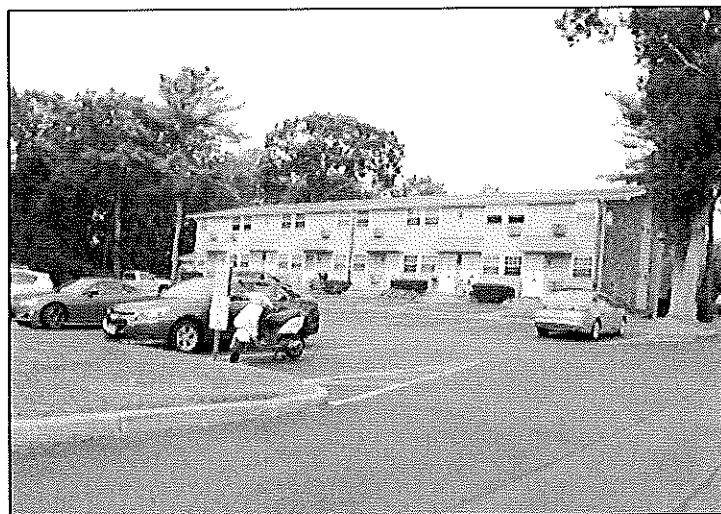
- ☐ Community Room
- ☒ Community Building
- ☐ Computer/Internet Access
- ☒ Fitness Center

- ☒ Swimming Pool
- ☐ Playground/Tot Lot
- ☐ Tennis Courts
- ☐ Trails/Paths

- ☒ Sports Court
- ☒ Parking
- ☐ Garage/Carport
- ☐ Benches/Seating

- ☐ Picnic/Grill Area
- ☐ On-site Storage
- ☐ Gazebo
- ☐

Premium Fees: None



Complex: Crystal Pond Apartments
Address: 163 Wading River Rd.,
City, State, Zip Manorville, NY 11949
Phone Number: (631) 878-2525

Interview Date: September 8, 2014
Method of Contact: Telephone
Name of Contact: Nicole
Position: Leasing Agent
Date Built: 1991
Type: 1 story frame, ranch style
Condition: Good
Age Restricted: Family, no restrictions

Development Program: Market Rate
Rent Subsidy/Type: None
Subsidized Units: None
Housing Choice Vouchers: None

<u>BR/Bath</u>	<u>Units</u>	<u>Rent</u>	<u>SF</u>	<u>Rent/SF</u>	<u>Vacant</u>
1BR/ 1Ba	50	\$1,459-1,569	896	\$1.67-1.75	0
2BR/ 1Ba	50	\$1,829-1,949	1,216	\$1.50-1.60	0
Total Units:	100			Total Vacant:	0

Current Occupancy: 100%
Typical Turnover: "High", people losing jobs
Waiting List: None

Security Deposit: Equal to 1 month's rent + \$150 NRF Credit
 Check + \$300 lease binder + \$500 cleaning

Application Fee: \$35 per person

Concessions: None

Unit Amenities:

(\$ Additional Fee)

- ☒ Refrigerator
- ☒ Stove
- ☐ Dishwasher
- ☐ Garbage Disposal
- ☐ Microwave
- ☒ Washer & Dryer
- ☒ W/ D Hook-ups
- ☐ Emergency Call

- ☐ Ceiling fans
- ☒ Patio/Balcony
- ☒ Storage
- ☒ Walk-in Closets
- ☒ Cable Ready
- ☒ Internet Access
- ☐
- ☐

(S) Select Units

Flooring

- ☒ Carpet
- ☐ Hardwood
- ☒ Vinyl/tile
- Windows**
- ☐ Shades
- ☒ Miniblinds
- ☐ Verticals

Air Conditioning:

- ☐ Central
- ☒ Wall/window
- ☐ Sleeves
- ☐ Tenant Provides
- Heating Fuel:**
- ☐ Gas
- ☐ Electric

Utilities Included:

- ☒ Cold Water
- ☒ Sewer
- ☒ Trash
- ☐ Heat
- ☐ Hot Water
- ☐ Gas/Electricity
- ☐ Recycle
- ☐ CATV

Project Amenities:

- ☒ On-site Mgt.
- ☒ Laundry Room
- ☐ Secured Entrance
- ☐ Elevators

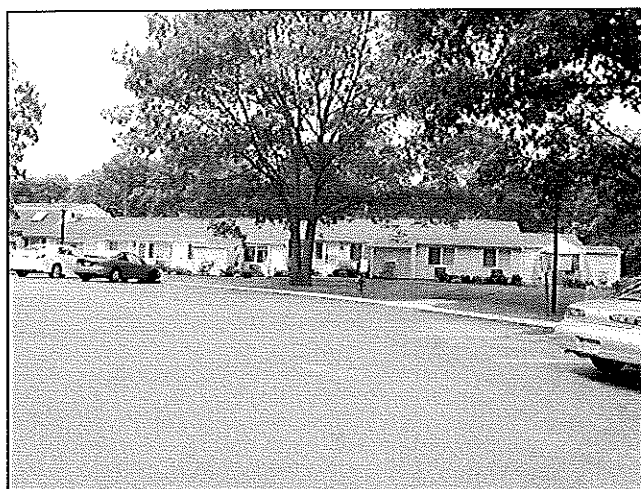
- ☐ Community Room
- ☒ Community Building
- ☐ Computer/Internet Access
- ☒ Fitness Center

- ☒ Swimming Pool
- ☐ Playground/Tot Lot
- ☐ Tennis Courts
- ☐ Trails/Paths

- ☒ Sports Court
- ☒ Parking
- ☒ Garage/Carport
- ☐ Benches/Seating

- ☐ Picnic/Grill Area
- ☐ On-site Storage
- ☐ Gazebo
- ☒ Pond/Views

Premium Fees: Garage \$125/month.



Complex: Villas @ Pine Hills Apartments
Address: 1B Country Club Dr.,
City, State, Zip Manorville, NY 11949
Phone Number: (631) 878-2525

Interview Date: September 8, 2014
Method of Contact: Telephone
Name of Contact: Nicole
Position: Leasing Agent

Development Program: Market Rate
Rent Subsidy/Type: None
Subsidized Units: None
Housing Choice Vouchers: None

Date Built: 1971
Type: 1 story garden
Condition: Good
Age Restricted: Family, no restrictions

<u>BR/Bath</u>	<u>Units</u>	<u>Rent</u>	<u>SF</u>	<u>Rent/SF</u>	<u>Vacant</u>
0BR/ 1Ba	N/A	\$999	392	\$2.55	10
1BR/ 1Ba	N/A	\$1,239	558	\$2.22	
1BR/ 1Ba	N/A	\$1,289-1,359	576	\$2.24-2.36	3
1BR/ 1Ba	N/A	\$1,429-1,469	728	\$1.96-2.02	
2BR/ 1Ba	N/A	\$1,689-1,764	854	\$1.98-2.07	1
2BR/ 1Ba	N/A	\$1,729-1,819	958	\$1.80-1.90	
Total Units:	700			Total Vacant:	14

Current Occupancy: 98%
Typical Turnover: "Several a month"
Waiting List: None

Security Deposit: Equal to 1 month's rent + \$150 NRF Credit
 Check + \$300 lease binder + \$500 cleaning
Application Fee: \$35 per person
Concessions: None

Unit Amenities:

(\$ Additional Fee)

(\$ Select Units)

Utilities Included:

- ☒ Refrigerator
- ☒ Stove
- ☒ Dishwasher
- ☐ Garbage Disposal
- ☐ Microwave
- ☒ Washer & Dryer
- ☒ S/W/ D Hook-ups
- ☐ Emergency Call

- ☐ Ceiling fans
- ☒ Patio/Balcony
- ☐ Storage
- ☒ Walk-in Closets
- ☒ Cable Ready
- ☒ Internet Access
- ☐
- ☐

- Flooring**
- ☒ Carpet
 - ☐ Hardwood
 - ☒ Vinyl/tile
- Windows**
- ☐ Shades
 - ☒ Miniblinds
 - ☐ Verticals

- Air Conditioning:**
- ☒ Central
 - ☒ Wall Units
 - ☐ Sleeves
 - ☐ Tenant Provides
- Heating Fuel:**
- ☒ Gas
 - ☐ Electric

- ☒ Cold Water
- ☒ Sewer
- ☒ Trash
- ☒ Heat
- ☒ Hot Water
- ☐ Gas/Electricity
- ☐ Recycle
- ☐ CATV

Project Amenities:

- ☒ On-site Mgt.
- ☒ Laundry Room
- ☒ Secured Entrance
- ☐ Elevators

- ☒ Community Room
- ☒ Community Building
- ☐ Computer/Internet Access
- ☒ Fitness Center

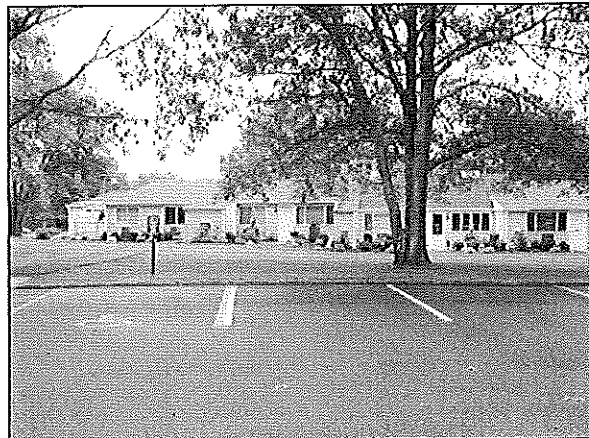
- ☒ Swimming Pool
- ☒ Playground/Tot Lot
- ☐ Tennis Courts
- ☒ Trails/Paths

- ☒ Sports Court
- ☒ Parking
- ☒ Garage/Carport
- ☐ Benches/Seating

- ☒ Picnic/Grill Area
- ☐ On-site Storage
- ☐ Gazebo
- ☒ Billiards & TV Room

Premium Fees: \$125/month for a garage, Golf Course views add \$\$fees per month.

Additional Information: Rent includes membership in the adjacent Pine Hills Country Club with full access to amenities.



Complex: Avalon Charles Pond Apartments **Interview Date:** September 10, 2014
Address: 1 Charles Pond Dr., **Method of Contact:** Telephone
City, State, Zip: Coram, NY 11727 **Name of Contact:** Amber
Phone Number: (631) 698-1640 **Position:** Leasing Agent
Development Program: Market Rate **Date Built:** 2009
Rent Subsidy/Type: None **Type:** 3 story walk-up, 4th loft
Subsidized Units: None **Condition:** Very good
Housing Choice Vouchers: None **Age Restricted:** Family, no restrictions

<u>BR/Bath</u>	<u>Units</u>	<u>Rent</u>	<u>SF</u>	<u>Rent/SF</u>	<u>Vacant</u>
1BR/ 1Ba	100	\$1,500-1,595	723-1,060	\$1.79-2.23	1
2BR/ 1Ba	100	\$1,755-2,085	1,102-1,399	\$1.67-2.01	1
Total Units:	200			Total Vacant:	2

Current Occupancy: 99% **Security Deposit:** \$750
Typical Turnover: 10 per month **Application Fee:** \$125
Waiting List: None **Concessions:** None

Unit Amenities:

- ☒ Refrigerator
☒ Stove
☒ Dishwasher
☐ Garbage Disposal
☒ Microwave
☒ Washer & Dryer
☐ W/ D Hook-ups
☐ Emergency Call

(\$ Additional Fee)

- ☒ Ceiling fans
☒ Patio/Balcony
☐ Storage
☒ Walk-in Closets
☒ Cable Ready
☒ Internet Access
☒ WIFI
☐

(S) Select Units

- Flooring**
☒ Carpet
☐ Hardwood
☒ Vinyl/tile
Windows
☐ Shades
☒ Miniblinds
☐ Verticals

Air Conditioning:

- ☒ Central
☐ Wall/window
☐ Sleeves
☐ Tenant Provides
Heating Fuel:
☒ Gas
☐ Electric

Utilities Included:

- ☐ Cold Water
☐ Sewer
☐ Trash
☐ Heat
☐ Hot Water
☐ Gas/Electricity
☒ Recycle \$15
☐ CATV

Project Amenities:

- ☒ On-site Mgt.
☐ Laundry Room
☒ Gated Entrance
☐ Elevators

- ☒ Community Room
☒ Community Building
☐ Computer/Internet Access
☒ Fitness Center

- ☒ Swimming Pool
☒ Sundeck
☒ Playground/Tot Lot
☒ Trails/Paths

- ☐ Sports Court
☒ Parking
☒ Garage/Carport
☐ Benches/Seating

- ☒ Picnic/Grill Area
☒ On-site Storage
☒ Gazebo
☒ Billards Room

Premium Fees: Garage \$125/month, \$10 for a second parking space.



RENT RECONCILIATION - RENT COMPARABILITY ANALYSIS

As part of the rent positioning evaluation, the analysis has developed an adjusted market rent to compare the proposed with a hypothetical conventional ideal similar to the proposed, which employs a more specific rent comparability analysis than the simple ranges and averages identified in the prior section. The derivation of the rent estimate is normally based on evaluation of the apartments in the defined area, comparing the specific rents with a series of objective and subjective characteristics of the proposed Peconic Crossing project. An adjustment is made to the existing rents for these various factors to determine the equivalent rent if those characteristics were brought to "standard". The objective factors include size of unit, age, bathrooms, availability of unit and project amenities, rent discounts or premiums, utilities included in the rent and specific promotions or concessions. Subjective factors can include a variety of conditions that a consumer might consider, such as location and curb appeal, view, access to neighborhood and community services, condition of the units and the grounds, the impact of adjacent uses, etc.

The PMA and adjacent parts of Suffolk County have several conventional apartment projects, four of which were examined in greater detail in order to prepare a derivation of estimated Market Rents using a Rent Comparability Grid. The proposed project has 1BR and 2BR units, and all of the comparables have similar 1BR and 2BR units. This method attempts to quantify a number of subjective variables regarding the features and characteristics of a target property in comparison to the same variables of comparable properties. The procedure then uses the resulting factors to adjust the comparable rents to derive an equivalent Market Rent for the subject units as proposed. This technique is most frequently used in appraisals required by HUD and other federal agency programs, and this analysis uses a HUD Form modified for this specific purpose.

The comparables were selected based on availability of unit types, target market, rehabilitation and condition status, and age and general attractiveness of the projects, as well as proximity to the subject. One project was selected that is just outside the PMA since it is reasonably close, while one other that is further outside the PMA was used because it is one of the few new projects in the area. The rent adjustments used in this analysis are based on a variety of sources, including data and opinions provided by local apartment managers and real estate professionals, utility allowances used in the area, and the experience of the analysts in other markets in New York and across the country. It is emphasized, however, that ultimately the values employed in the adjustments reflect the opinions of the market analyst.

The rent comparability grids used to estimate these market rents by unit type are provided on the following pages. A discussion of some of the rent adjustments is also provided. The comparables were previously described, and the map in the prior section shows their locations.

Rent Comparability Grid			Unit Type		1BR-1Bath Units					
Subject			Comp #1		Comp #2		Comp #3		Comp #4	
Person Crossing 11 W. Main Street Riverhead, NY			Avalon Charles Pond 1 Charles Pond Dr. Coram, NY		Fairfield Pines at Riverhead 1750 W. Main St. Riverhead, NY		Fairfield Pines East 1355 Ronsboro Avenue Riverhead, NY		Town and Country 10 Lamplight Circle Hampton Bays, NY	
Data on			Data		Data		Data		Data	
A Rents Charged			Data		Data		Data		Data	
1 \$ Last Rent / Restricted?			\$1,548		\$1,335		\$1,275		\$1,349	
2 Date Last Leased (m/d/y)			September-14		September-14		September-14		September-14	
3 Rent Concessions			N		N		N		N	
4 Occupancy for Unit Type			99%		100%		100%		100%	
5 Effective Rent & Rent/SF			\$1,548		\$1,335		\$1,275		\$1,349	
B Design, Location, Condition			Data		Data		Data		Data	
6 Structure / Stories			5		WU/2		WU/2		2 IH	
7 Yr. Built/Yr. Renovated			2015		1970		1976/2003		1974	
8 Condition / Street Appeal			New		Average		Fair		Average	
9 Neighborhood			Good		Good		Good		Good	
10 Same Market? Miles to Subj			N - 10		y - 3.2		y - 1.4		n - 7.8	
C Unit Equipment/ Amenities			Data		Data		Data		Data	
11 # Bedrooms			1		1		1		1	
12 # Baths			1		1		1.5 (\$20)		1	
13 Unit Interior Sq. Ft.			725		847 (\$42)		713 (\$3)		641 (\$21)	
14 Balcony/ Patio			N		N (\$5)		Y (\$5)		N	
15 AC: Central/ Wall			Central		Central		Central		Central	
16 Range/ refrigerator			Y/Y		Y/Y		Y/Y		Y/Y	
17 Microwave/ Dishwasher			Y/Y		N/N \$10		Y/N \$5		Y/N \$5	
18 Washer/Dryer			N/N		N/N (\$50)		N/N		N/N	
19 Floor Coverings			Y		Y		Y		Y	
20 Window Coverings			Y		Y		Y		Y	
21 Cable/ Satellite/Internet Ready			Y		Y		Y		Y	
22 Ceiling Fan			N		N (\$5)		N		N	
23 Fireplace			N		N (\$5)		N		N	
D Site Equipment/ Amenities			Data		Data		Data		Data	
24 Parking (1 \$ Fee)			lower level garage		Surface Garage \$20		Surface Garage \$20		Surface \$20	
25 Extra Storage			N		Y \$		Y \$		N	
26 Security			Y		N		N \$5		N \$5	
27 Clubhouse/ Meeting Rooms			Y		N \$10		N \$10		Y	
28 Pool/ Recreation Areas			N/Y		N/N (\$10)		N/N \$10		Y/Y (\$10)	
29 Fitness Center			Y		N		N \$5		Y	
30 Business/Computer Center			Y		N \$5		N \$5		N \$5	
31 Elevator			Y		N \$5		N \$5		N \$5	
32 Other fee			N							
E Utilities			Data		Data		Data		Data	
33 Heat (in rent?/ type)			Y/Gas		Y/Gas		Y/Gas		Y/Gas	
34 Cooling (in rent?/ type)			N/Elec		N/Elec		N/Elec		N/Elec	
35 Cooking (in rent?/ type)			Y/Gas		Y/Gas		Y/Gas		Y/Gas	
36 Hot Water (in rent?/ type)			Y/Gas		Y/Gas		Y/Gas		Y/Gas	
37 Other Electric			N		N		N		N	
38 Cold Water/ Sewer			Y		Y		Y		Y	
39 Trash/ Recycling			Y		Y		Y		Y	
F Adjustments Recap			Pos		Neg		Pos		Neg	
40 # Adjustments B to D			5		10		11		8	
41 Sum Adjustments B to D			47 (\$117)		160 (\$31)		134 (\$22)		163 (\$10)	
42 Sum Utility Adjustments			\$109							
43 Net/ Gross Adjmts B to F			Net		Gross		Net		Gross	
44 Adjusted & Market Rents			\$39		\$273		\$211		\$169	
45 Adj Rent Last rent			\$1,587		\$1,485		\$1,384		\$1,502	
46 Estimated Market Rent			\$1,489		Estimated Market Rent/ Sq. Ft		\$1.65			

10-21-2014
 Date

HUD92273 - 58

Rent Comparability Grid			Unit Type		2BR-2Bath Units					
Subject			Comp #1		Comp #2		Comp #3		Comp #4	
Peconic Crossing 11 W. Main Street Riverhead, NY			Avalon Charles Pond 1 Charles Pond Dr. Coram, NY		Fairfield Pines at Riverhead 1760 W. Main St. Riverhead, NY		Fairfield Pines East 1355 Roanoke Avenue Riverhead, NY		Town and Country 16 Lamphigh Circle Hampton Bays, NY	
A	Rents Charged	Data	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / restricted?		\$1,020		\$1,650		\$1,615		\$1,464	
2	Date Last Leased (mo/yr)		September-14		September-14		September-14		September-14	
3	Rent Concessions		N		N		N		N	
4	Occupancy for Unit Type		99%		100%		100%		100%	
5	Effective Rent & Rent/SF		\$1,020		\$1,650		\$1,515		\$1,464	
B. Design, Location, Condition			Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	5	WU/3		WU/2		WU/2		2 TH	
7	Yr. Built/Yr. Renovated	2015	2009	\$12	1970	\$90	1976/2003	\$36	1974	\$82
8	Condition / Street Appeal	New	Very Good	\$5	Average	\$20	Fair	\$20	Average	\$20
9	Neighborhood	Good	Good		Good		Good		Good	
10	Same Market? Miles to Subj		N - 19		y - 3.2		y - 1.4		n - 7.8	
C. Unit Equipment/ Amenities			Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	2	2		2		2		2	
12	# Baths	2	2		2		1.5	\$20	2	
13	Unit Interior Sq. Ft.	950	1260	(\$15)	999	(\$12)	950		830	\$30
14	Balcony/ Patio	N	Y	(\$5)	N		Y	(\$5)	N	
15	AC: Central/ Wall	Central	Central		Central		Central		Central	
16	Range/ refrigerator	Y/Y	Y/Y		Y/Y		Y/Y		Y/Y	
17	Microwave/ Dishwasher	Y/Y	Y/Y		Y/N	\$10	Y/N	\$5	Y/N	\$5
18	Washer/Dryer	N/N	Y/Y	(\$50)	N/N		N/N		N/N	
19	Floor Coverings	Y	Y		Y		Y		Y	
20	Window Coverings	Y	Y		Y		Y		Y	
21	Cable/ Satellite/Internet	Y	Y		Y		Y		Y	
22	Coiling Fan	N	Y	(\$5)	N		N		N	
23	Other	N	Some	(\$5)	N		N		N	
D. Site Equipment/ Amenities			Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking (\$ Fee)	lower level garage	Surface Garage	\$20	Surface Garage	\$20	Surface	\$20	Surface	\$20
25	Extra Storage	N	Y		Y		Y		N	
26	Security	Y	Y		N	\$5	N	\$5	N	\$5
27	Clubhouse/ Meeting Rooms	Y	Y		N	\$10	N	\$10	Y	
28	Pool/ Recreation Areas	N/Y	Y/Y	(\$10)	N/N	\$10	N/N	\$10	Y/Y	(\$10)
29	Fitness Center	Y	Y		N	\$5	N	\$5	Y	
30	Business Center	Y	N	\$5	N	\$5	N	\$5	N	\$5
31	Other	Y	N	\$5	N	\$5	N	\$5	N	\$5
32	Other rec	N					N		N	
E. Utilities			Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	Y/Gas	N/Gas	\$55	Y/Gas		Y/Gas		Y/Gas	
34	Cooling (in rent?/ type)	N/Elec	N/Elec		N/Elec		N/Elec		N/Elec	
35	Cooking (in rent?/ type)	Y/Gas	N/Gas		Y/Gas		Y/Gas		Y/Gas	
36	Hot Water (in rent?/ type)	Y/Gas	N/Gas	\$21	Y/Gas		Y/Gas		Y/Gas	
37	Other Electric	N	N		N		N		N	
38	Cold Water/ Sewer	Y	N	\$18	Y		Y		Y	
39	Trash /Recycling	Y	N	\$15	Y		Y		Y	
F. Adjustments Recap			Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D		6	0	10	1	11	1	8	1
41	Sum Adjustments B to D		47	(\$100)	180	(\$12)	151	(\$5)	172	(\$10)
42	Sum Utility Adjustments		\$109							
43	Net/ Gross Adjmts B to E		Not	Gross	Not	Gross	Not	Gross	Not	Gross
44	Adjusted & Market Rents		\$6	\$306	\$168	\$192	\$146	\$156	\$162	\$182
45	Adjusted Rent (\$- 43)		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
46	Adjusted Rent (\$- 43)		\$1,926		\$1,818		\$1,661		\$1,626	
47	Adj Rent Last rent			109%		110%		110%		111%
48	Estimated Market Rent		\$1,758		Estimated Market Rent/ Sq. Ft		\$1.85			

10-21-2014
 Date

HUD 92273 - 53

RENT ADJUSTMENT FACTORS

The comparables used in this analysis vary in many details and features from the proposed, in some cases by a wide margin. Therefore, the rent adjustments designed to approximate unit and rent equivalency are applied across a wide selection of characteristics. Some of the assumptions used to derive these adjustment factors are discussed below.

- None of the comparable projects offers rent concessions, so there is no adjustment for effective rent rather than street rent.
- The age of the project is evaluated at \$20 per decade variance since completion, with adjustments for rehabilitation.
- The condition of the units and the project, and the street appeal of the project are evaluated on a scalar basis of five levels, with a \$10 variance between whole levels. The perceived attraction of the neighborhood is similarly valued by scale.
- All comparisons are based on similar unit types where available. While a full differential for an added bedroom might be \$100 or more, there would also be a size adjustment incorporated into the model, which requires the BR adjustment to be less. Bath adjustments are \$40 for a full bath and \$20 for a half bath.
- The adjustment for size is functional, with a moderate (\$.25/SF) adjustment for size differences.
- Unit features and amenities are generally valued at \$5 for moderate variances (balconies, ceiling fans).
- Project amenities are similarly valued, with \$5 for typical additions, and \$10 for a major amenity such as a clubhouse.
- Three projects in this market include heat, hot water, sewer, water and trash in the rent, as does the subject; the other includes no utilities. The adjustments to utilities are based on utility estimates in similar areas and allowances reported in the market.

The derived Market Rents above reflect one of the measures of market rents in the PMA. Others include the HUD estimated Fair Market Rents, and the weighted average of market rate units in the survey sample. These comparisons are provided below.

MARKET RENT (NET) ESTIMATE DERIVATION MARKET RENT INDICATORS TOWN OF RIVERHEAD, NEW YORK 2014		
	1BR	2BR
Proposed Net Rent @ 60% AMI	\$990	\$1,180
1. Existing Market Rents:		
Apartment Average	\$1,384	\$1,762
2. Adjusted Net Market Rent Estimate	\$1,459	\$1,758
3. HUD 2015 Final Fair Market Rents, Adjusted to Net Rent	\$1,362	\$1,677

All units would have a substantial price advantage over conventional apartments.

No achievable rent comparison is prepared in the Riverhead market, since there is are only two family LIHC projects in the PMA, both with subsidized rents. Two others outside the market were included in the supply survey in the previous section to provide perspective; both have LIHC rents higher than the proposed.

HOUSING DEMAND FORECAST

This analysis initially derives and evaluates the area market demand considering all of the target income segments – in this case Area Median Income (AMI) limits at the 60% level. The demand analysis also takes into account all guidelines and regulations regarding specific household characteristics and factors, in an attempt to define the most representative pool of potential tenants.

The most typical market evaluation technique used in demand analysis involves a capture rate analysis of the project. It develops an effective market demand, and evaluates the required penetration of this effective demand pool. The process starts with the entire forecast household pool – existing households plus the expected growth, and narrows that base to a more limited demand estimate incorporating those households who are eligible and most likely to consider occupying the proposed housing units, using factors such as age, tenure, household size, income eligibility, and target segment overlap. The capture rate required by the proposed project is then calculated, and compared to a maximum acceptable rate – in New York that capture rate is 20% for all unit segments.

This analysis employs three variations on the market demand evaluation methodology described above, which are designed to address specific DHCR guidelines and restrictions. The first involves adjusting the total eligible demand base for those households currently occupying presumably acceptable and affordable housing. This process in essence combines the capture rate analysis mentioned above with a "residual demand" method. In this process, the total number of existing publicly-assisted (affordable) units in the market area is subtracted from the age-appropriate household base to yield the "net" or residual demand for affordable units in this price range. This variation then compares the required capture rate of this residual by the proposed to the same 20% standard, although that does tend to adjust for competition twice. The net demand capture rate is used in this analysis.

The second variation excludes any consideration of household growth in the demand estimate, in accordance with DHCR restrictions. The third variation involves the calculation of demand components for each component of the bedroom mix and for each target AMI level, and the derivation of separate capture rates for each target component, as well as for the project as a whole.

The estimation process can be accomplished by the calculation of three separate steps. The first is the estimation of the overall net demand pool for the proposed rent levels, adjusting for target income segments – in this case the 60% AMI level. The second involves the reduction of the gross eligible demand by the existing affordable supply, or in this analysis that portion of the affordable supply that serves the same age and income targets as the subject. The last calculation involves the application of the individual bedroom

segments to the overall pool to derive segment demand, and the further calculation of the capture rates the units in each segment would require.

Throughout the demand forecast process, income qualification by household size is based on the income distribution estimates derived in the various subsets of Table 7 from the demographic analysis section of the report.

This project is a non-age-restricted project, and by definition occupancy will not be restricted to seniors by age of householder. However, seniors will also be eligible for occupancy, and the experience at other affordable family projects in New York indicates substantial tenancy by seniors in non-age-restricted projects.

INCOME ELIGIBILITY

As identified earlier in the study, typically a demand estimate is derived by applying a proportion of households in an overall target income range for the entire project, and making a series of adjustments for target AMI levels, bedroom mix and household size. In this analysis, using the HISTA income matrix, the demand is estimated for each bedroom size at the target AMI levels, using each eligible household size and deriving a specific income eligibility range for that income cell. The demand for a unit size by AMI level would then be the sum of each of the discrete, eligible cells. For example, the demand for a 1BR unit at the 60% AMI level, with a basic rent of \$1,023, would comprise the number of 1 person households within the appropriate eligible income range plus the number of 2 person households within that eligible income range. The eligible proportion would be derived as follows:

Lower Limit for 1 person without PBRA = $\$1,023 * 12 / .48 = \$25,575$

Upper Limit for 1 person without PBRA = $\$1,023 * 12 / .30 = \$40,920$

Eligible 1 person renter households in income range = 261 households from HISTA

Note: if the 1BR units had PBRA, that would have added an additional 600 1-person households to the pool, since the bulk of 1 person senior households are in lower incomes.

Lower Limit for 2 person without PBRA = $\$1,023 * 12 / .48 = \$25,575$

Upper Limit for 2 person without PBRA = $\$1,023 * 12 / .30 = \$40,920$

Eligible 2 person households in income range = 171 households from HISTA

Total Eligible households within size limits without PBRA = 432 households

This cell by cell accumulation would be further adjusted for the 70 existing affordable, non-subsidized units allocated to this size and AMI level, resulting in a net component demand estimate of 362 households. The derivation of the net reduction is calculated in the following section.

The same procedure would be followed for the two-bedroom units as well, to derive the proportions of households to be applied to the estimate. There is limited overlap since the income ranges are provided by discrete household size.

This methodology does not require an average income limit, since the size of the household is not material to the affordable range, only the rent. There is also no need for household size adjustment, since only those households eligible will be included in the estimate and the proportion:

- 1BR – 1 and 2 person households
- 2BR – 2, 3 and 4 person households

The derived proportions are then being applied to the demand sources identified in the section introduction.

TOTAL NET DEMAND POOL

There are traditionally three basic sources of demand for a rental project for non-age-restricted tenants, although only one is used in this analysis:

- net household formation (normal growth);
- existing renters who choose to move to another unit (turnover), typically based on affordability and project location and features; and
- households from outside the market area who move to units as they become available in order to be close to family and friends, particularly adult children (extraordinary in-migration). This source of demand is particularly prevalent in Counties with heavy recent in-migration of mature households with elderly parents such as the lower Hudson Valley, more so than in other parts of New York.

The analysis addresses only the second of these sources to derive a demand estimate. The extra-ordinary in-migration factor can only be evaluated as an addendum to the market pool and in this analysis is excluded entirely, as is demand from growth, according to DHCR restrictions.

The first step in the process takes the total household base – around 19,175 households in the estimated base year of 2014 – and divides it into segments based on tenure. There are only an estimated 4,130 renters and 15,045 owners in the pool. The initial renter pool therefore is 4,130 households. All existing renters are included at this stage, who may consider moving due to a desire to improve their living conditions, to accommodate different space requirements, because of changes in income and affordability, need for different transportation or location access, or simply from choice.

These households are next segmented by income. The compiled HISTA data, in the cell process described above, show that around 15.3% of the renters fall in the assisted income eligibility category without subsidies, yielding an unadjusted target pool of 633 income qualified renters. These are further adjusted to reflect households already residing in assisted housing.

In the Town of Riverhead market area there are 695 program-assisted rental apartment units in the market; 520 are age-restricted (208 subsidized) senior units, and all of the family units carry direct subsidies. The income eligible renter base is adjusted for these units, at a factor of 102 units to be removed. This factor is derived using a 20% proportion of the subsidized family units since the majority of subsidized tenants do not fall in the target income range for the proposed, a lesser 15% proportion of non-subsidized senior units plus a still lesser 10% proportion of the subsidized senior units. These proportions are based on income overlap of subsidized and non-subsidized units, size and bedroom mix adjustments, and the propensity of seniors to lease units in a family project.

Riverhead Market Area Assisted Housing

<u>Family Complex</u>	<u>Program</u>	<u>Units</u>
River Pointe	HUD Section 8/LIHC	135
Doctor's Path	HUD Section 8/LIHC	40
		<u>175</u>
<u>Elderly Complex</u>	<u>Program</u>	<u>Units</u>
Henry Perkins	HUD/Disabled	50
Tradewinds	HUD 202	114
Riverhead Landings	LIHC	44
John Wesley Village II	LIHC	220
John Wesley Village III	LIHC	92
		<u>520</u>
Total Assisted Housing		<u>695</u>

*Summerwind
Woolworth
Howell Ave/Main
Riverhead Landings
PINE CREST
FAIRFIELD ROSS
-1 ALDERSGATE*

Subtracting this adjustment factor from the income eligible pool of 633 renter households yields a target group of 531 income qualified renters, net of those housed in comparable affordable housing.

A final adjustment to this total of 531 income qualified households would involve household size. In this case, the derivation of demand based on the individual HISTA cell eligibility excludes all ineligible household sizes by bedroom mix – no households with more than 2 persons are included in the 1BR estimate, for example, and none with less than 2 persons or over 4 persons are included in the 2BR estimate.

The total net demand pool calculation for general family household units is summarized below:

TABLE 14 CALCULATION OF LIHC HOUSING DEMAND ESTIMATE BY AMI LEVEL PECONIC CROSSING APARTMENTS	
<u>DEMAND ESTIMATE:</u>	<u>60%AMI</u>
Demand From Growth:	
Demand from Income-Qualified Renter Households from Growth	Excluded
Demand from Existing Renter Households:	
Current Number of Renter Households (2014)	4,130
Renter Households in Income Range, by Household Size	<u>15.3%</u>
Program Eligible Renter Households	633
Less: Income/Rent Adjusted Program Assisted Rental Supply	102
Total Income-Qualified Demand Estimate	531
Net Income-Qualified Demand Estimate	531
Proposed LIHTC Units	48
Required Effective Capture Rate	9.0%

INCOME SEGMENT AND HOUSEHOLD SIZE QUALIFICATION

The proposed project offers units at two sizes, and within the project configuration all units will be targeted to a single income-restricted segment. This analysis develops a discriminated income range for each type of unit and AMI level proposed to be served by the subject. For each component of the project, a specific target income range is determined based on the proposed rents and program limits. Based on the cell by cell income

distributions by tenure and household size presented in the Table 7 HISTA series, the proportion of the total income distribution is then calculated for each component.

These proportions are discriminated by household size, given the density requirements in the CPM and the individual HISTA cell demand estimation described above. Further an allocated estimate of existing supply reductions is made in each discrete category. Finally, the specific income segments tend to overlap to a limited degree, and an adjustment is made to eliminate the overlapped demand to prevent double-counting.

This calculation is shown in Table 15.

TABLE 15 NET HOUSING DEMAND AND CAPTURE RATES BY SEGMENT PECONIC CROSSING APARTMENTS					
<u>Rent Structure Segments</u>	<u>Segment Demand</u>	<u>Overlap Adjustment</u>	<u>Adjusted Demand</u>	<u>Number Of Units</u>	<u>Capture Rate</u>
60% - 1BR	362	0	362	16	4.4%
60% - 2BR	307	8	299	32	10.7%
Total 60%	531	0	531	48	9.0%
Overall Project	531	0	531	48	9.0%

Given the non-age-restricted need not served by the available, affordable options for renters in these price ranges with no direct rental subsidies, the full conditions in the LIHC senior projects and the lack of affordable family projects, and the overall occupancy rates in the Town of Riverhead PMA and adjacent areas, these capture rates are considered very reasonable and achievable. A general family project would be readily absorbed and would fill comfortably within a four month absorption period, extrapolating from absorption of units for families in this and other markets in New York.

MARKET CONCLUSIONS

Based on the preceding analysis, the following conclusions and recommendations can be reached regarding the rental market in Town of Riverhead:

- There is a substantial, net baseline demand in this housing market for over 530 units of affordable non-age-restricted rental housing at the proposed rents and without direct rental subsidies.
- Application of various feasibility tests indicate the following conclusions:
 - * The required, overall capture rate of the "net demand" estimate by the proposed units is a moderate 9.0% (38 units/531 potential renters).
 - * The required capture rates of each of the components of the general family baseline project, and the overall AMI target level, range between 4.4% and 10.7% with a weighted average of 8.6%, well below the 20% threshold.
 - * The affordable rent positions of the proposed project units targeting the LIHC AMI level of 60% will enjoy a substantial marketing advantage over the derived Market Rent for the proposed units.
- The project has the support and cooperation of local officials, and the project developers are experienced in developing and managing similar projects in the Suffolk County market and across the state.
- The site is well located in regard to its access and proximity to community services and activities in the Town of Riverhead PMA, as well as access to transportation options, and is considered a beneficial use of the subject property, part of the downtown revitalization effort. The potential for adverse impact is likely to be minimal.
- The bedroom mix of existing units in the market, the household size distribution, and the capabilities and flexibility of various sized units indicate that 1BR and 2BR units are in demand in this market for this target population. The proposed mix of 16 1BR units and 32 2BR units is considered marketable, and the units should be readily absorbed in this location.
- The absorption is expected to result in an initial lease-up around 4 months after completion or less, or around 12 units per month. The velocity of absorption may be adversely affected if the initial leasing occurs in the winter months, when fewer households choose to move, but a well-designed marketing program and substantial pre-leasing effort should allow many of the units to be reserved prior to opening.

- It is expected that the project will maintain near 95% or higher stabilized occupancy over the near and mid-term future.
- The proposed apartments are needed at this location, they are functional, are well designed, and will balance the existing mix of assisted senior units in the community, filling a hole in the housing stock.

As previously mentioned, the demand analysis was directed to a five-year forecast period, from 2014 to 2019. Approvals and program coordination, financing and construction scheduling indicate that the units could be available in the summer/fall of 2016, approximately 20 to 24 months from now, and should reach stabilized occupancy in the first year. The conclusions of this market study and the project evaluation - that there is substantial market support for the project and that it should be well received in the market and reasonably absorbed - are considered valid for that time period.

OFFICIALS AND OTHER INFORMATION CONTACTS
Riverhead and Suffolk County, New York

Joe Hall, Environmental Planner, Riverhead Planning Department, Riverhead, NY 631-727-3200 X207

Kelly, Manager, River Pointe Apartments, Riverhead, NY 631-727-6766

Janet Myerson, Manager, Art Space Apartments, Patchogue, NY 631-293-2997

Debbie, Assistant Director, Island View Apartments, Farmingville, NY 631-732-5100

Michael Birkby, Conifer Realty, LLC, 585-324-0546, Wincoram Commons Apartments, Coram, NY

Becky, Leasing Agent, Fairfield Pines @ Riverhead Apartments and Fairfield Pines East Apartments, Riverhead, NY 631-727-1919 or 631-369-3884

Nicole, Leasing Agent with Heatherwood Communities, Town & Country Apartments in Hampton Bays, NY, Crystal Pond Apartments and Villas @ Pine Hills in Manorville, NY 631-878-2525

Amber, Leasing Agent, Avalon Charles Pond Apartments, Coram, NY 631-698-1640

Withheld information upon request or declined to return phone calls requesting information:

Linda P. at the D+F Group re: Doctors Path Apartments

Rebecca Downs, Rental Subsidy, HCV Administrator, Southampton Housing Authority, Hampton Bays, NY 631-488-4220

Kelly (no last name given), Assistant Director, Riverhead Housing Development Corporation, HCV information, Riverhead NY 631-722-8701

Marianne Scopo, Director, Community Development Corporation of Long Island, Centereach, NY 631-471-1215 x113

Suffolk County Planning Commission, Hauppauge, NY, 631-853-5111

Internet Sources of Information:

<http://www.nhtinc.org> (National Housing Trust Fund)

<http://lihtc.huduser.org/>

www.census.gov

www.huduser.org

www.census.gov/const

www.orps.state.ny.us/MuniPro/
www.labor.state.ny.us/workforceindustrydata/index.asp
<http://www.labor.ny.gov/home/stats>
<http://www.nyscfaprojectdata.ny.gov/>
<http://www.nyhousingsearch.gov/index.html>
http://www.criminaljustice.ny.gov/crimnet/ojsa/indexcrimes/county_totals.htm
<http://www.criminaljustice.ny.gov/crimnet/ojsa/stats.htm>
<http://www.ucrdatatool.gov/Search/Crime/Local/JurisbyJuris.cfm>
www.rdmfhrentals.sc.egov.usda.gov
<http://lihtc.findthedata.org>
www.craigslist.org
<http://www.trulia.com>
<http://apartments.american towns.oodle.com/11901/apartments-for-rent>
<http://www.townofriverheadny.gov>
<http://riverheadida.org/articles-of-interest.php>
<http://www.cdcli.org/>
<http://southamptonhousingauthority.com/housingchoicevoucherprogram/tshahousingchoicevoucherwaitinglistfaqs.html>
<http://www.suffolkcountyny.gov/Departments>
<http://suffolktimes.timesreview.com/2012/12/36599/developer-buying-woolworth-building-in-downtown-riverhead/>
<http://riverheadnewsreview.timesreview.com/category/news/police-news/>
<http://riverheadnewsreview.timesreview.com/2014/08/57082/taxi-company-to-lease-out-riverhead-lirr-station/nyrej.com>
<http://lirr42.mta.info>
http://www.sct-bus.org/bus_schedules.html