

APPENDIX O

CONSULTATION REPORT
REAL ESTATE PROPERTY VALUES

Cushman & Wakefield
January 21, 2019



CONSULTATION REPORT

Proposed Development – Indian Hills Country Club
21 Breeze Hill Road
Northport, New York
“The Preserve at Indian Hills”

Prepared For Use in Approval Process by:

Mr. Jim Tsunis
Managing Member
The Northwind Group
One Rabro Drive, Suite 100
Hauppauge, New York 11788

Prepared By:

Cushman & Wakefield of Long Island, Inc.
Valuation & Advisory
1377 Motor Parkway
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Donald P. Franklin II, MAI
Director
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April 11, 2019

Mr. Jim Tsunis
Managing Member
The Northwind Group
One Rabro Drive
Hauppauge, New York 11788

Re: Probable Effect on Property Values in the Northport Area
Due to the Proposed Redevelopment of the Indian Hills Country Club
21 Breeze Hill Road
Northport, New York 11768

Dear Mr. Tsunis:

At your request, we have researched the market area surrounding the Indian Hills Country Club and prepared the accompanying report. The report addresses the probable impacts on market value for existing homes in the community of a proposed 98 unit "cluster" development on the grounds of and adjacent to the Indian Hills Country Club. This development would allow the golf course to continue to operate. Also researched were the possible effects on the market value of homes in the area of an alternative development of 98 single-family homes on the site. The alternative development would require the elimination of the golf course. The report is intended for use of the client (Northwind Development) in the planning/approval process with the Town of Huntington. Use for any other purpose is not intended.

Attached hereto, find a report outlining the data gathered during our investigation, the reasoning applied in the process, and our conclusions. Our opinions, analyses, and conclusions are subject to the scope of work, definitions, standard conditions, and any special conditions stated herein.

Very truly yours,
CUSHMAN & WAKEFIELD OF
LONG ISLAND, INC.

A handwritten signature in black ink, appearing to read "Donald P. Franklin II".

Donald P. Franklin II, MAI
Director

Property Location:	The property is located on Spring Hill Road, with frontage on various other streets, in the Fort Salonga area, with a Northport mailing address.
Tax Map Numbers:	400/14/4/1, 2 400/15/1/3.1, 3.2, 11, 12, 19, p/o lot 22.
Zoning:	R-40 – Town of Huntington
Land Area Total:	154.56 Acres
Proposed 98 Unit “Cluster” Development:	The property would be subdivided into seven lots, 3 of which would be improved with two-unit townhouses. The existing golf course would be reconfigured and remain available for recreation and open space on 113.60 acres. A new clubhouse would be developed on one of the lots, near the existing clubhouse on the south side of Spring Hill Road. The development would be open to only 55 and older residents.
Alternative Development 98 One-Family Homes:	An alternative development would require the demolition of the existing golf course, eliminating the open space. This would result in the construction of 98 single-family homes on 108.66 acres. Parkland would be limited to 20.72 acres with 11.26 acres of roads and a recharge basin of 10.05 acres. These homes would be available to anyone.
Special Conditions:	The analysis contained herein relies upon the assumption that the proposed development is built to the plan prepared by Nelson & Pope dated December 2017. It is also assumed that the proposed improvements will be constructed in a workmanlike manner.

Local Area Description

The property is located in the Fort Salonga area, in northeast Huntington Town. General boundaries of the area are Northport Bay and the Villages of Asharoken and Northport on the west, Long Island Sound on the north, Sunken Meadow Parkway on the east and the Hamlets of East Northport and Commack on the south. This area is part of the north shore of Long Island.

The area has 10,155 residents and 3,310 total housing units according to the US Census Bureau. Total land area of the area is 9.90 square miles, of which 1.12% is underwater. The terrain of the area is hilly. The following is a demographic summary of the area, prepared by Experian.

DEMOGRAPHIC SUMMARY						
	1.0-Mile Radius	3.0-Mile Radius	5.0-Mile Radius	New York-Newark CBSA	State of New York	United States
POPULATION STATISTICS						
2000	2,088	29,395	90,876	18,932,371	18,963,955	281,422,025
2017	2,035	29,094	90,905	20,218,282	19,850,165	325,372,858
2022	2,054	29,369	91,193	20,593,143	20,148,830	338,317,173
Compound Annual Change						
2000 - 2017	-0.15%	-0.06%	0.00%	0.39%	0.27%	0.86%
2017 - 2022	0.19%	0.19%	0.06%	0.37%	0.30%	0.78%
HOUSEHOLD STATISTICS						
2000	731	10,220	31,092	6,887,153	7,052,616	105,480,443
2017	745	10,524	32,211	7,459,876	7,542,570	123,183,573
2022	762	10,729	32,591	7,698,236	7,755,993	129,506,301
Compound Annual Change						
2000 - 2017	0.11%	0.17%	0.21%	0.47%	0.40%	0.92%
2017 - 2022	0.45%	0.39%	0.23%	0.63%	0.56%	1.01%
AVERAGE HOUSEHOLD INCOME						
2000	\$123,946	\$104,358	\$98,732	\$70,917	\$61,883	\$56,675
2017	\$162,541	\$154,528	\$147,332	\$105,408	\$91,530	\$81,217
2022	\$182,458	\$172,403	\$164,363	\$118,484	\$102,380	\$93,376
Compound Annual Change						
2000 - 2017	1.61%	2.34%	2.38%	2.36%	2.33%	2.14%
2017 - 2022	2.34%	2.21%	2.21%	2.37%	2.27%	2.83%
OCCUPANCY						
Owner Occupied	89.60%	83.26%	85.80%	50.73%	52.42%	63.60%
Renter Occupied	10.40%	16.74%	14.20%	49.27%	47.58%	36.40%

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DISTRIBUTION OF HOUSEHOLD INCOME						
Category	1.0-Mile Radius	3.0-Mile Radius	5.0-Mile Radius	New York-Newark CBSA	State of New York	United States
\$150,000 or more	39.78%	34.00%	32.32%	18.47%	14.06%	10.62%
\$125,000 to \$149,999	7.39%	8.77%	9.49%	6.54%	5.66%	5.05%
\$100,000 to \$124,999	10.08%	13.17%	13.08%	9.82%	9.05%	8.59%
\$75,000 to \$99,999	13.98%	12.15%	12.58%	11.89%	12.15%	12.58%
\$50,000 to \$74,999	10.62%	12.29%	11.81%	15.25%	16.65%	18.18%
\$35,000 to \$49,999	8.06%	8.05%	7.13%	10.29%	11.48%	13.11%
\$25,000 to \$34,999	3.49%	3.73%	4.37%	7.61%	8.62%	9.71%
\$15,000 to \$24,999	2.28%	3.66%	4.02%	8.49%	9.51%	10.18%
Under \$15,000	4.30%	4.17%	5.19%	11.64%	12.81%	11.98%

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The data indicates that residents closer to the Indian Hills Country Club have higher incomes than those farther away. This is due to the presence of the golf course, as well as the fact that the Long Island Sound is adjacent to the golf course.

The area is generally suburban in character, improved primarily with single-family homes. Supporting retail services are located sporadically along Fort Salonga Road (Route 25A) and in greater concentration on Larkfield Road. Additional services are found in the Village of Northport. The area is home to multiple golf courses, including Crab Meadow, Northport Golf Course at the VA, and the two courses at Sunken Meadow Park. Additional recreation is available on the beaches of the Long Island Sound.

According to the Multiple Listing Service, there are currently 22 houses for sale in the Northport area (which includes Fort Salonga). Asking prices for the homes range from \$479,000 to \$1,600,000. Homes in the area are diverse. Large variations in building sizes are evident. There are a variety of styles and the homes have been constructed from the 1920's to present day. In addition, many homes are either water-front or have some water view. This leads to a wide range of prices.

Overall, the area is a desirable residential community, albeit with limited access to public transportation and it is remote from the Long Island Expressway.

Subject Aerial Photograph

The following picture has been enhanced with a yellow line added showing the approximate boundaries of the Indian Hills property.



Description of Property and Proposed Development

The Indian Hills property is located on the north and south sides of Breeze Hill Road. There is additional frontage on Fresh Pond Road and Mystic Lane. The property on the north side of Breeze Hill Road is improved with the golf course. This area generally slopes down from the roadway and lies below the level of the homes that border the property on the west. The homes that border the property on the northeast are at a similar grade. The area on the south side of the street slopes up from the roadway at the eastern end and down from the roadway on the west end. The east end is improved with the clubhouse and parking, while the south has a driving range. Properties further to the south are at a higher elevation than the golf course property.

Proposed 98 Unit “Cluster” Development

The property owner has proposed a development that would preserve the golf course and open spaces on the property while developing 98 townhouses. The townhouses would be built in three sections. The first would be located at the northwest corner of the property. This area would have 4.31 acres of common space and 38 units. Access would be from Mystic Lane. This area is now largely wooded, and lies well below the level of the adjacent homes to the west. Some reconfiguration of the golf course is required.

The second section is located at the east side of the northern parcel, on land that is now largely developed with the golf course. The parcel would have access from Fresh Pond Road, would be improved with 12 units, and have 2.74 acres of common area. This section is generally level with the homes to the north and east. The third section is located at the southern end of the property, part of which is land recently acquired. This parcel includes previously developed land and woods. It would include 48 units with common area of 12.32 acres. Townhouses here would generally be built below the level of surrounding homes.

Anticipated Impact of Cluster Development

The proposed development would have the positive impact on surrounding homes of preserving the golf course and open space, allowing many of the adjacent properties to retain their property value enhancing views. The 55 and over community of townhomes would also be non-competitive with the existing housing stock. This would preserve property values by not adding competitive supply. Over 55 communities also do not significantly increase traffic in an area, do not add students to the public school system, and contribute to the real estate tax base.

Possible negative impacts are decreased views for several homes. It appears that 4 homes may experience affected views on the northwest side of the property. This will be mitigated by the fact that the new townhomes will be constructed at a grade level far below the homes on Hayes Hill Drive. There are approximately 11 houses located adjacent to the project on the south side of the project (lot 3 per the proposed development plan). These homes currently view either woods or possibly the driving range and clubhouse, which are not particularly value enhancing views. The anticipated impact on the values of these homes is nominal.

There are 3 houses located near the proposed development at the east end of the property that could be affected by the proposed development. One of those houses currently overlooks a maintenance area, therefore any change in view may be positive.

Anticipated Impact of Alternative 98 Single-Family Home Development

The alternative to the cluster development is to subdivide the parcel into 98 single-family homes plots. This will have the negative impact of removing the golf course, and its open spaces, from the area. I see no positive impacts from this proposal to the community.

Negative impacts are multiple. There are approximately 37 houses either adjacent to the proposed development or across Fresh Pond Road with views of the course. These homes will have the views from the homes affected by the loss of the course, replaced by single-family homes. Approximately 25 of those homes would experience a measurable loss in value due to the absence of the course, including the 2 homes that would be adversely affected if the cluster development were to be built. In short, 23 additional homes over and above those impacted by the proposed cluster development would be directly affected.

The possible impacts on the neighboring community property values extend beyond those homes directly adjacent to, or enjoying views of the existing golf course. Property values in the entire community, approximately 3,300 homes according to the U.S. Census Bureau, could see negative effects on property value, at least in the short term.

According to MLS, there are currently, January 4, 2019, 22 homes for sale in the area. The proposed development would add 98 homes to the existing inventory, a 3% increase in inventory. The 98 single-family homes would not likely be marketed at the same time. The units would likely be introduced in phases of 20+/- houses. This would be nearly a 100% increase in the available inventory of single family homes for sale. As the development could take 3-5 years to completely sell out, property values of single-family homes in the area would be affected for a significant period of time.

The development of single-family homes on the site would also increase traffic in the area, both over and above the current situation and the proposed cluster development.

Conclusions

The proposed cluster development would have a minimal impact on property values in the area, affecting only 2 homes. The alternative redevelopment of the site would have a significantly greater impact on the community, probably affecting the values of all homes in the short term, while certainly affecting the value of 23 more homes than the cluster development. Traffic would be less under the cluster development than the single-family home development. The benefits to the school district of the over 55 community, as opposed to the current condition or the alternative development of single-family homes is also a consideration. The proposed over 55 community would add no students to the district, while adding tax dollars over and above what is currently received.

SCOPE OF THE WORK

As part of the protocol of this engagement, we inspected the subject property and market area, investigated the history and zoning of the property; reviewed the proposed plans for the development of the property, and researched supply/demand and underlying market fundamentals, prevailing and anticipated economic conditions.

"Property" means the subject of the Report

"C&W" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of C&W who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

1. No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
2. The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor C&W shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of C&W any inaccuracies or errors that it believes are contained in the Report.
3. The opinions are only as of the dates stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions.
4. The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of C&W is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person other than the party to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales or promotional or offering or SEC material without C&W's prior written consent.

Any authorized user of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by C&W in writing to use or rely thereon, hereby agrees to indemnify and hold C&W, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person or entity.

5. The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or

can be obtained and renewed for any use on which the value estimate contained in the Report is based.

6. The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. C&W assumes no responsibility for the soundness of structural members nor for the condition of mechanical equipment, plumbing or electrical components.
7. The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best estimates of current market thinking on future income and expenses. The Appraiser and C&W make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
8. Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. C&W recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
9. Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. C&W recommends that an expert in this field be employed.
10. In the event of a claim against C&W or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by C&W or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
11. If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and C&W, its employees and the Appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party which retained C&W to prepare the Report.

By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions stated herein.

CURRICULUM VITAE



Donald P. Franklin II, MAI

Director

Valuation & Advisory

Practice Group Member | Dispute Analysis & Litigation Support
Cushman & Wakefield of Long Island, Inc.

Professional Expertise

Mr. Franklin has been appraising real estate for the last 30 years. His field of expertise covers all varieties of real estate ranging from single-family homes to super regional shopping centers. He has concentrated his practice in preparing appraisals for litigation purposes and in consulting with attorneys and other professionals regarding the value of properties where the proper valuation is the subject of dispute. Mr. Franklin has extensive experience in court testimony and has been recognized as an expert witness in New York State Supreme Court in Bronx, Kings, Nassau, Alleghany, Suffolk, and Orange Counties. He has testified in cases involving calculations of damages due to trespassing, real estate tax certiorari cases, condemnation, and deficiency judgments.

Appraisal, feasibility and consulting assignments have included nursing home, regional mall, big box retail, department store buildings, beach club, shopping centers, single and multi-tenant retail and office buildings, apartment buildings, industrial buildings (including those affected by environmental contamination) and single and multifamily residential. Mr. Franklin has also been a featured speaker at the Nassau County Bar Association regarding contaminated real estate and at joint meetings of the Long Island Chapter of the Appraisal Institute and the Suffolk County Bar Association regarding the separation of business and real estate values and as a witness at a mock trial. His experience also includes extensive experience appraising real property in lower New York State and in appraising senior care facilities all over the state.

EXPERIENCE

Professional History

Cushman & Wakefield of Long Island, Inc.

Director

1377 Motor Parkway

Islandia, New York 11749

Donald.Franklin@cushwake.com

2015 - Present

R.D. Geronimo, Ltd.

Director of Litigation Services

2014 - 2015

Goodman-Marks Associates, Inc.
Senior Vice President
1997 – 2014

John E. Grossman, Associates, Inc.
1992 – 1997

New York State Division of Equalization & Assessment
1986 - 1992

Memberships, Licenses, Professional Affiliations and Education

- Designated Member, MAI Appraisal Institute
- Certified General Real Estate Appraiser in the following state:
 - New York – 46000028306
- Bachelor of Arts, Colgate University

Appraisal Education

- Appraisal Institute Courses (Partial List):
 - Standards of Professional Practice Parts A and B
 - Appraisal of Nursing Facilities
 - Litigation Valuation Overview
 - Fundamentals of Separating Real Property, Personal Property & Intangible Business Assets
 - Advanced Market Analysis and Highest and Best Use
 - Complex Litigation Appraisal Case Studies
 - Advanced Concepts and Case Studies
- Society of Real Estate Appraisers (Partial List)
 - Introduction to Appraising Real Estate, Applied Residential Property Valuation
 - Principles of Income Property Appraisals, Applied Income Property Valuation

Personal

- Member, Ethics Commission, City of Glen Cove 2016 to current
- Member, Planning Board, City of Glen Cove 2017 to current