SUFFOLK COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Public Hearing on the Project with respect to
Seven Beach Lane LLC and WHBH Real Estate LLC

August 16, 2022
2:18 p.m.

7 Library Avenue
Westhampton Beach, New York

BEFORE:  ANTHONY CATAPANO,
       Hearing Officer
APPEARANCES:

CERTILMAN, BALIN, ADLER & HYMAN, LLP  
Attorneys for Applicants  
90 Merrick Avenue, 9th Floor  
East Meadow, New York 11554  
BY: DANIEL J. BAKER, ESQ.

JAMES N. HULME, P.C.  
Attorneys for Applicants  
323 Mill Road  
Westhampton Beach, New York 11978  
BY: JAMES N. HULME, ESQ.

ESSEKS, HEFTER, ANGEL,  
DiITALIA & PASCA, ESQS.  
Attorneys for Westhampton Village  
108 East Main Street  
Riverhead, New York 11901  
BY: STEPHEN ANGEL, ESQ.
August 23, 2022

Anthony J. Catapano, Executive Director
Suffolk County Industrial Development Agency
H. Lee Dennison Building
100 Veterans Memorial Highway
Hauppauge, NY 11788
Via e-mail tony.catapano@suffolkcountyny.gov

Re: Seven Beach Lane LLC/WHBH Real Estate LLC

Dear Mr. Catapano:

This will confirm my most recent telephone conversations with you and Daniel J. Baker of Certilman Balin.

The Village of Westhampton Beach has asked me to withdraw its objections to the Suffolk County Industrial Development Agency ("IDA") financing of the 7 Beach Lane project.

The project was discussed at the Village’s Work Session on Wednesday, August 17, 2022. There was a consensus among the Trustees that the Village should withdraw its objections, support the project, and support the package of financial incentives offered by the IDA, including the 10-year abatement of Village taxes.

If you have any questions, do not hesitate to contact me.

Very truly yours,

[Signature]

SRA: mw

Stephen R. Angel
August 16, 2022

Via email – info@suffolkida.org

Suffolk County Industrial Development Agency
ATTN: Anthony J. Catapano, Executive Director

Re: Seven Beach Lane LLC/WHBH Real Estate LLC

Dear Mr. Catapano:

I am Village attorney for the Village of Westhampton Beach ("Village") and write this letter in that capacity.

First, I want to advise you that I will appear at the public hearing scheduled for today, August 16, 2022, at 2:00 p.m. at the Westhampton Free Library in connection with the application of Seven Beach Lane LLC/WHBH Real Estate LLC ("Applicant").

In summary, the Village’s opposition to the Applicant’s application are, among other things, the following:

1. The Village was never contacted by a representative of the Applicant or the Suffolk Industrial Development Agency ("IDA") regarding the application. The Village first learned of the application to the IDA when it received a copy of the Notice of Public Hearing.

2. As a result of not having had prior notice of the application to the IDA, the Village has not had an opportunity to discuss the application at a meeting of the Board of Trustees. The Notice of Public Hearing was received after the last regular meeting of the Board of Trustees and the public hearing is being held before the next work session of the Board of Trustees.

3. For your information, the Village’s initial substantive issues with the application – in advance discussion and deliberation at a duly called meeting – are the following, among others:

   a. A luxury hotel in the middle of a vibrant Village should not receive an abatement from Village real property taxes;
b. No construction/development project in the Village, to my knowledge, has received a real property tax abatement;

c. There have been numerous successful construction/development projects in the Village over the past several years that have been completed without real property tax relief or other governmental assistance;

d. Granting this private development project for a boutique hotel an abatement of Village real property taxes will result in a precedent of other developers insisting on the same treatment; and

e. The project is apparently financially viable for the Applicant without the IDA’s assistance.

Sincerely,

[Signature]

Stephen R. Angel
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MR. CATAPANO: Good afternoon. My name is Anthony Catapano and this is a public hearing being conducted for a project known as WHBH Real Estate LLC, 7 Beach Lane, LLC project.

We are here in Westhampton Beach Free Library to conduct the public hearing for this project. It was supposed to start at 2:00, but we have been here even prior to 2:00 and so we are just getting going now. We had some issues with the connection and, and all, but everything is fine now.

So, the public notice was published in Newsday, the legal notice was published in Newsday on August 4, 2022. And it was also distributed by certified mail to the county executive, to the town supervisor, to the school superintendent of Westhampton Beach and also to the village.
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mayor of Westhampton Beach.

Also, the documents are on our -- on our website. This is an in-person hearing, so it's not remote, it's all an in-person public hearing.

And we also are allowing comments to be submitted through tomorrow, Wednesday, August 17th, by 3:00 p.m. You could e-mail them to our info@suffolkida@gmail account or you can send them through our mail at our address in Hauppauge.

And so, the documents are -- our website is Suffolkida.org, the documents are located on the public notices tab.

And this meeting is also being live streamed. And you can access that through our YouTube channel or go to our website and there is a link to watch meetings and you could watch this live.
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stream.

And so we have the
applicant's attorney, Dan Baker,
and also James Hulme for the
applicant. And then also next to
me here is Stephen Angel, who is
the village attorney. And he
submitted a letter and he is going
to summarize that letter.

Thank you.

MR. ANGEL: Thank you. As
you stated, my name is Stephen
Angel, I'm the village attorney in
the Village of Westhampton Beach.
I'm also a partner of the firm
Esseks, Hefter, Angel, DiTalia &
Pasca, LLP in Riverhead, New York.

And the purpose of my
appearance is to essentially
oppose the application, at least
initially. And the first reason
is that the village didn't know
about this application to the IDA,
which includes an abatement of the
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village's real property taxes.

The village received the certified copy of the public notice, which was sent by certified mail, after the last regular meeting of the village board of trustees. And this public hearing is being held before the next meeting of the board of trustees, which will take place tomorrow and is a work session. So, there hasn't even been an opportunity for the village board of trustees, which is the decision-making arm of the village, to consider the application, consider the pros and cons and the loss of potential income under these circumstances.

The, the substantive issues that we are concerned about that leads to me appearing today are several, at least at this point, there may be more, I have to
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discuss it with our village board.

But it seemed to us, at least in my initial discussions with the mayor, that a luxury hotel or a luxury boutique hotel in the middle of a vibrant village, and Westhampton Beach is a very vibrant village right now, should not receive an abatement of real property taxes. There is something inherently unnecessary about that and perhaps wrong.

Second, there is -- to my knowledge, there was no construction project or development project during my tenure with the village, which goes on now for probably six or seven years, that has received a real property tax abatement, not -- and notwithstanding those, that lack of tax abatements, there have been substantial projects within the village, which have
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been successful, as far as we
know, without real property tax
relief and/or governmental
assistance.

And granting this private
development an abatement of
village taxes could result in
others applying for it. And we
are concerned about the
precedential value. And it may
result in other
construction/development
applications coming before the
village and using the IDA services
and seeking real property tax
abatements under circumstances
where we really don't think the
market requires it, people will
build the projects anyway.

And as I said -- sort of
inherent in what I'm saying is we
see no likelihood or we don't
see -- we think that the project
is viable even commercially viable
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without IDA tax abatement assistance. We don't -- we are skeptical about that need.

Again, I'm saying this under circumstances where our village board of trustees has not had an opportunity to discuss the project, they only learned about it after the last meeting. No one has discussed it with them. And I think at this point I have to say that the village opposes it, they have to be convinced.

Thank you for the time.

MR. CATAPANO: Thank you, Mr. Angel.

So, with regard to the village taxes, I guess I handed Mr. Angel the assessment of the benefits and how the property tax abatement structure would work for village taxes.

So, I guess I'll just briefly describe that now. So,
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the land taxes or the existing
taxes are around $5,000 and it's
estimated that full taxes that the
project, after improvements, would
be approximately $25,000. It
depends on how the assessor is
assessing the property once it's
completed, but that was the
estimates that we have used and
through a tax certiorari attorney
who is familiar with the
assessments and tax values and
all.

So, anyway the full tax
amount after completion of the
project is $25,000 a year and the
existing structure and land taxes
on the what exists currently is
around $5,000. So, the
improvement is about $20,000 a
year. So, the applicant has
requested a 20-year property tax
abatement, but we use the national
development counsel to help us
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size and structure the property
tax abatements and the benefits
for particular projects and the
financial need for it. And so,
they recommended a 10-year
property tax abatement starting at
50 percent abatement of
improvements in the first year.

So, they will always be
paying the existing taxes of about
$5,000 and then the improvements,
the abatement is on the $20,000.
So, it goes over a 10-year period
and it ends up being an average
savings of 22 percent over that
10-year period or a savings of
about $55,000.

So, by the same token, they
will be paying 78 percent of the
of the tax bill and paying
approximately a little less than
$200,000 or $195,000 over that
same period. So, the net
abatement is about $55,000 with
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regard to village taxes.

And then also with respect
to our board of directors of the
IDA, there was an application that
was submitted that contains
information on the project. And
then also a study, a tourism study
and demand analysis was done by
HVS, which is posted on our
website. And again, the National
Development Counsel had done a
review of the project and
recommended the benefits of the
10-year proper tax abatement.

And then so the project is
also receiving sales tax exemption
on construction materials and any
equipment that's included in the
project.

And then also there is a
mortgage recording tax exemption
if they do use a mortgage, which I
believe they will do so.

And then the project is
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estimated to create almost 14 jobs
or 13 and a half full-time
equivalent jobs with an average
salary of about 53 to $55,000.

So, again, thank you,
Mr. Angel for your comments.

And so at this point we
will leave the public hearing open
for about another 15 minutes in
order to give the public an
opportunity to attend this
hearing.

So, we will put it in
recess for now and if someone does
come then we will open it back up.

MR. BAKER: Tony, if I
could just --

MR. CATAPANO: I'm sorry,
Dan. Dan Baker, the applicant's
attorney.

MR. BAKER: Thank you.
Daniel Baker, Certilman, Balin,
Adler & Hyman. I just want to
make a brief statement, really,
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after hearing Mr. Angel's comments.

And first and foremost on behalf of the applicant we, you know, are sorry that we did not have discussions with the village before this time. That was on us and a miscommunication between our team, but nonetheless it did not happen and we, you know, are sorry for that, but would look forward to speaking to the mayor and the board of trustees and anybody at the village that we need to.

In fact, if we could do that tomorrow at the work session, we would want to do that. I assume that it's an open work session that if we wanted to attend we could?

MR. ANGEL: You have to get on the agenda. Jim knows that.

MR. BAKER: All right. So, we will work on that, but
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hopefully we can, we can do that
in quick fashion.

And without getting into
the detail of it here, because we
have, you know, explained our
application and our position in
support for our requests to the
IDA board at the IDA board
meeting, I will say that we would
like the opportunity to speak to
the village and explain to the
mayor and trustees why the IDA
benefits are necessary to get this
project done. And how the full
package, when you really look at
the -- what will flow from this
construction and this project and
this building not only on site,
but how it will help the rest of
the village.

In our belief, it is easily
offsetting the benefits that the
IDA can give which are necessary
to not only construct the building
and obtain the materials necessary to do it, but to obtain financing to do it. And in this climate with the rising costs of construction, the rising interest rates and the difficulties with obtaining financing, these benefits are absolutely necessary to build the project the way it was proposed and the way its been approved by the village and the way the applicant envisions it becoming a real gem within the village.

So, with that, thank you for the time and we look forward to speaking with the village in more detail.

MR. CATAPANO: Okay. Thank you, Dan.

So, if there is not anyone -- if there is anyone else that wishes to make any comments, they can do so now. Otherwise, we
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will, again, we will leave this
hearing opened another 15 minutes
in order to give the public an
opportunity to attend this
hearing.

I should also point out
that we have off camera Cynthia
Tooker from Veritext Legal
Solutions, the court reporter.
She is transcribing this public
hearing as well.

So, we will take a brief
recess right now, thank you.

(A recess was taken.)

MR. CATAPANO: So, this is
a public hearing for the WHBH Real
Estate LLC, 7 Beach Lane project.
We just are ready to end the
public hearing. There are no
further comments that anyone
wishes to make.

And also the public can
still submit comments to our gmail
account, info@Suffolkida.org,
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through tomorrow at 3:00 p.m. So,
August 17th by 3:00 p.m.

Thank you.

So, this public hearing has ended, thanks.

(Time Noted: 2:45 p.m.)
CERTIFICATION

I, Cynthia R. Tooker, a Notary Public in and for the State of New York, do hereby certify:

THAT the foregoing is a true and accurate transcript of my stenographic notes.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of August, 2022.

CYNTHIA R. TOOKER