

# Cost-Benefit Analysis for Prosperity Avenue Holdings, LLC - Owner

Prepared by Hempstead IDA using InformAnalytics



# Executive Summary

### INVESTOR

**Prosperity Avenue Holdings, LLC  
- Owner**

### TOTAL INVESTED

**\$7.0 Million**

### LOCATION

**585 Commercial Avenue, Garden  
City**

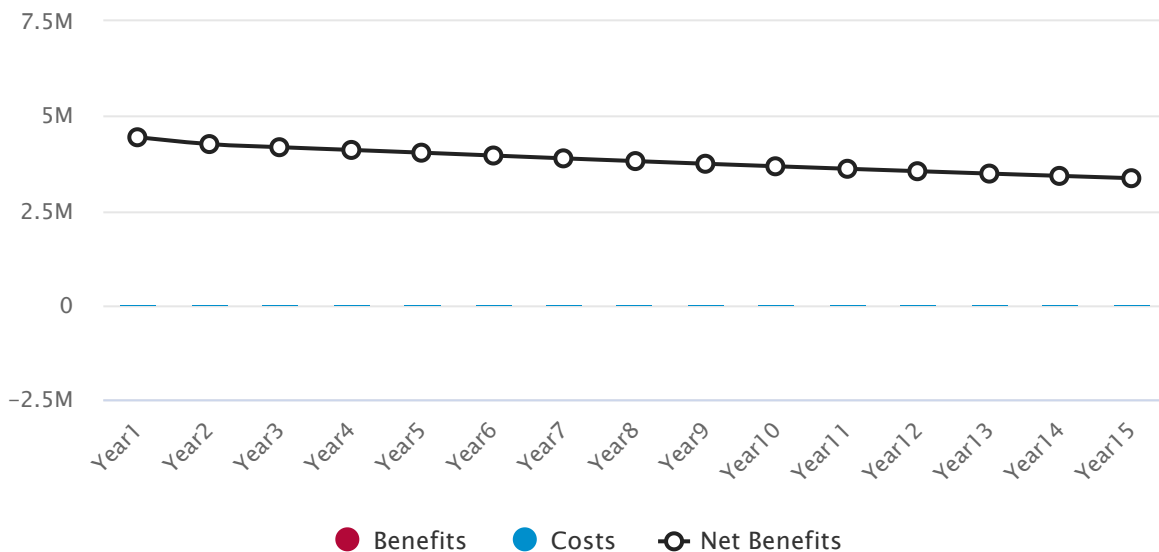
### TIMELINE

**15 Years**

F1 FIGURE 1

Discounted\* Net Benefits for Prosperity Avenue Holdings, LLC - Owner by Year

Total Net Benefits: **\$57,371,000**



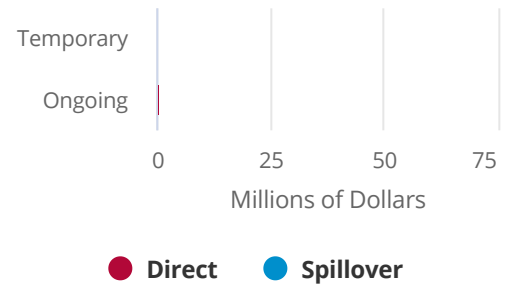
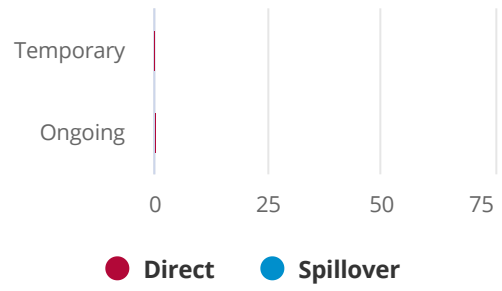
Discounted at 2%

F2 FIGURE 2

Total Jobs

F3 FIGURE 3

Total Payroll



# Proposed Investment

Prosperity Avenue Holdings, LLC - Owner proposes to invest \$7.0 million at 585 Commercial Avenue, Garden City over 15 years. Hempstead IDA staff summarize the proposed with the following: The renovation will consist of remodeling, renovation and re-equipping of the single story building located at 585 Commercial Avenue, Garden City. The working area of the project will consist of 11,900 square feet. The shop area will occupy approx. 10,628 square feet of the building. The 1,272 square feet will be utilized for a classroom training facility, back office support and business processing.

T1 TABLE 1

## Proposed Investments

Description	Amount
<b>CONSTRUCTION SPENDING</b>	
The working area of the project will consist of 11,900 square feet. The shop area will occupy approx. 10,628 square feet of the building. The 1,272 square feet will be utilized for a classroom training facility, back office support and business processing	\$150,000
<b>OTHER SPENDING</b>	
Land/Building Acquisition	\$2,650,000
Building Renovation	\$1,500,000
Site Work	\$200,000
Machinery and Equipment	\$2,200,000
Legal Fees	\$100,000
Architectural/Engineering Fees	\$100,000

F4 FIGURE 4

## Location of Investment



Financial Charges	\$50,000
Other: Land Planning, Marketing	\$50,000
<b>Total Investments</b>	<b>\$7,000,000</b>
Discounted Total (2%)	\$7,000,000

**May not sum to total due to rounding.**

# Cost-Benefit Analysis

A cost-benefit analysis of this proposed investment was conducted using InformAnalytics, an economic impact model developed by CGR. The report estimates the impact that a potential project will have on the local economy based on information provided by Hempstead IDA. The report calculates the costs and benefits for specified local taxing districts over the first 15 years, with future returns discounted at a 2% rate.

T2 TABLE 2

## Estimated Costs or Incentives

Hempstead IDA is considering the following incentive package for Prosperity Avenue Holdings, LLC - Owner.

Description	Nominal Value	Discounted Value*
Property Tax Exemption	\$6,316,000	\$5,530,000
Sales Tax Exemption	\$259,000	\$259,000
Mortgage Recording Tax Exemption	\$66,000	\$66,000
<b>Total Costs</b>	<b>\$6,641,000</b>	<b>\$5,855,000</b>

**May not sum to total due to rounding.**

\* Discounted at 2%

T3 TABLE 3

### State & Regional Impact (Life of Project)

The following table estimates the total benefits from the project over its lifetime.

Description	Direct	Spillover	Total
<b>REGIONAL BENEFITS</b>	<b>\$28,342,000</b>	<b>\$39,493,000</b>	<b>\$67,836,000</b>
<b>To Private Individuals</b>	<b>\$27,062,000</b>	<b>\$38,973,000</b>	<b>\$66,035,000</b>
Temporary Payroll	\$62,000	\$17,000	\$80,000
Ongoing Payroll	\$27,000,000	\$38,955,000	\$65,955,000
<b>To the Public</b>	<b>\$1,280,000</b>	<b>\$521,000</b>	<b>\$1,801,000</b>
Property Tax Revenue	\$739,000	N/A	\$739,000
Temporary Sales Tax Revenue	\$830	\$233	\$1,000
Ongoing Sales Tax Revenue	\$361,000	\$520,000	\$881,000
Purchases Sales Tax Revenue	\$180,000	N/A	\$180,000
<b>STATE BENEFITS</b>	<b>\$1,861,000</b>	<b>\$2,498,000</b>	<b>\$4,358,000</b>
<b>To the Public</b>	<b>\$1,861,000</b>	<b>\$2,498,000</b>	<b>\$4,358,000</b>
Temporary Income Tax Revenue	\$3,000	\$897	\$4,000
Ongoing Income Tax Revenue	\$1,389,000	\$2,047,000	\$3,436,000
Temporary Sales Tax Revenue	\$718	\$201	\$919
Ongoing Sales Tax Revenue	\$312,000	\$450,000	\$762,000
Purchases Sales Tax Revenue	\$156,000	N/A	\$156,000



Total Benefits to State & Region	\$30,203,000	\$41,991,000	\$72,194,000
Discounted Total Benefits (2%)	\$26,534,000	\$36,692,000	\$63,226,000

**May not sum to total due to rounding.**

T4 TABLE 4

**Benefit to Cost Ratio**

The following benefit to cost ratios were calculated using the discounted totals.

Description	Benefit*	Cost*	Ratio
Region	\$59,398,000	\$5,669,000	10:1
State	\$3,828,000	\$186,000	21:1
<b>Grand Total</b>	<b>\$63,226,000</b>	<b>\$5,855,000</b>	<b>11:1</b>

**May not sum to total due to rounding.**

\* Discounted at 2%

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