

PREPARED FOR:

Town of Hempstead Industrial Development Agency
350 Front Street, Room 234-A
Hempstead, NY 11550

Economic and Fiscal Impact

PARK LAKE HEMPSTEAD, L.P.

Town of Hempstead
Industrial Development Agency

SUBMITTED APRIL 1, 2021

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CAMOIN 310

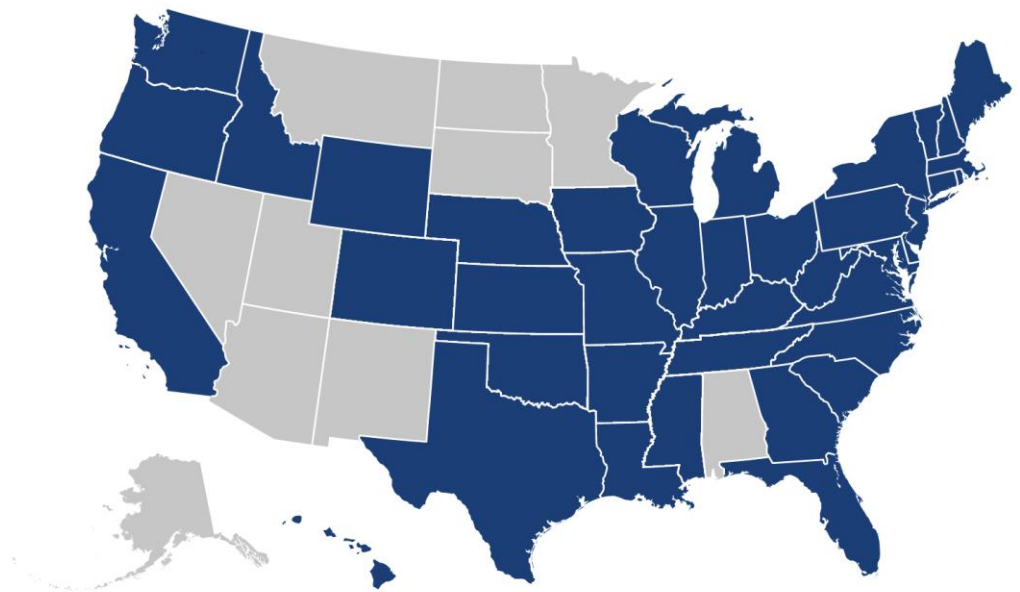
ABOUT CAMOIN 310

Camoin 310 has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin 310 has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 32 states and garnered attention from national media outlets including Marketplace (NPR), Crain's New York Business, Forbes magazine, The New York Times, and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. We are based in Saratoga Springs, NY, with regional offices in Portland, ME; Boston, MA; Richmond, VA and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter [@camoinassociate](https://twitter.com/camoinassociate) and on **Facebook**.

THE PROJECT TEAM

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ABOUT THE STUDY

Camoin 310 was retained by the Town of Hempstead Industrial Development Agency to measure the potential economic and fiscal impacts of a project proposed by Park Lake Hempstead, L.P. The proposed project involves the purchase and renovation of the 240 affordable housing residential units at 295, 299 and 317 South Franklin Street; 4-118 Martin Luther King Drive; 57, 61, and 62 Oakland Street; and 69 and 70 Dorlon Street in the Village of Hempstead, Town Of Hempstead, Nassau County, New York. The goal of this analysis is to provide a complete assessment of the total economic, employment and tax impact of the project on the Town of Hempstead and the Village of Hempstead that result from the new household spending and on-site operations.

The primary tool used in this analysis is the input-output model developed by Economic Modeling Specialists Intl. (Emsi). Primary data used in this study was obtained from the developer's application for financial assistance to the Town of Hempstead Industrial Development Agency and included the following data points: on-site jobs, exemptions, and PILOT schedule. Secondary data was collected by Camoin 310 and used to estimate spending by new households.

The economic impacts are presented in four categories: direct impact, indirect impact, induced impact, and total impact. The indirect and induced impacts are commonly referred to as the "multiplier effect." Note that previous impact reports commissioned by the Town of Hempstead Industrial Development Agency were presented in only three categories: direct impact, indirect impact, and total impact. Prior to 2020, Camoin 310 included both the indirect and induced impacts in the "indirect impact" category. Beginning in 2020, the indirect and induced impacts will be reported separately to allow for more accurate interpretation of results.

STUDY INFORMATION

Data Source:

Park Lake Hempstead, L.P.
Application for Assistance and the
Town of Hempstead Industrial
Development Agency

Geography:

Town of Hempstead and Village
of Hempstead

Study Period:

2020

Modeling Tool:

Emsi

DIRECT IMPACTS

This initial round of impacts is generated as a result of spending on operations and new household spending at town and village businesses.

INDIRECT IMPACTS

The direct impacts have ripple effects through business to business spending. This spending results from the increase in demand for goods and services in industry sectors that supply both the facility and the businesses receiving the new household spending.

INDUCED IMPACTS

Impacts that result from spending by facility employees, employees of town businesses, and employees of suppliers. Earnings of these employees enter the economy as employees spend their paychecks in the town on food, clothing, and other goods and services.

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EXECUTIVE SUMMARY

The Town of Hempstead Industrial Development Agency (the "Agency") received an application for financial assistance from Park Lake Hempstead, L.P. (the "Applicant") for the purchase and renovation of the 240 affordable residential units (the "Project") at 295, 299 and 317 South Franklin Street; 4-118 Martin Luther King Drive; 57, 61, and 62 Oakland Street; and 69 and 70 Dorlon Street in the Village of Hempstead, Town Of Hempstead, Nassau County, New York (the "Site"). The renovation will include new interior finishes and appliances, new exterior finishes, new entrance ways, new landscaping, updated electrical, plumbing and heating services, as well as other upgrades to the property. Additionally, the two accessory buildings currently housing the management office and PAL facility will be completely renovated to become the new community and business center facility. The Site is currently subject to a PILOT agreement and the Applicant is looking to obtain an assignment of the current PILOT after the transfer of the property with the extension of the PILOT to a complete 20-years. The Applicant is also seeking an option to further extend the PILOT an additional 5 years upon the completion of the initial 20-year period. The Agency commissioned Camoin 310 to conduct an economic and limited fiscal impact analysis of the Project on the Town of Hempstead (the "Town") and the Village of Hempstead (the "Village").

Camoin 310 conducted a market demand analysis of housing in the town and village to determine the extent to which any of the housing units are "new" households and, therefore, associated with new household spending in the town and village. The Project will support the retention of 240 affordable-rate residential units in the Town and Village of Hempstead. We determined that all 240 affordable-rate units are considered as providing "net new" households to the town and village as they allow households to exist in the town and village that would otherwise locate elsewhere. We then computed the total spending associated with these households to derive job creation resulting from the Project.

The following is a summary of our findings from this study, with details below and in the following sections.

Table 1
Summary of Benefits

	Town	Village
Total Jobs	69	37
Direct Jobs	49	33
Total Earnings	\$ 3,361,158	\$ 1,651,826
Direct Earnings	\$ 2,089,403	\$ 1,452,846
Annual Sales Tax Revenue	\$ 8,242	NA
Initial PILOT (years 1-20) Average Annual Payment	\$ 96,758	\$ 263,887
Extended PILOT (years 1-25) Average Annual Payment	\$ 102,971	\$ 280,829

- ◆ The Project supports 69 net new jobs in the town, with nearly \$3.4 million in associated earnings. 37 of those jobs and \$1.7 million in earnings are in the village. These figures include net new jobs resulting from both maintenance and operation of the facility as well as economic activity that results from new household spending.
- ◆ The Applicant has negotiated terms of a proposed PILOT agreement with the Agency, which includes an initial 20-year PILOT with an option to extend for an additional 5-years upon completion of the initial 20-year period. Under the initial 20-year PILOT, the Applicant would pay an average of \$879,622 each year, with \$96,758 going to the town and \$263,887 going to the village. Under the extended PILOT agreement, the Applicant would pay an average of \$936,096 each year of the 25-year period, with \$102,971 going to the Town and \$280,829 going to the village.

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- ◆ Through negotiations with the Agency the Applicant could have access to a sales tax exemption valued at up to \$1.38 million and a mortgage recording tax exemption valued at up to \$645,000. However, if we assume that the Project would not occur absent IDA benefits, this is not actually a "cost" to the state and county since no future revenue stream would exist without the exemptions.

Summary of Costs to Affected Jurisdictions		
		<u>State and County</u>
Sales Tax Exemption	\$	1,380,000
Mortgage Tax Exemption	\$	645,000
Source: Applicant, Camoin 310		

- ◆ Compared to the otherwise-applicable property taxes, the initial PILOT represents a cost to the Town of \$180,377 per year on average, and \$189,299 per year on average under the extended 25-year PILOT scenario. For the Village, the 20-year PILOT represents a per year average cost of \$491,938 and \$516,271 under the extended 25-year PILOT scenario.

ECONOMIC IMPACT ANALYSIS

The estimates of direct economic activity generated by facility operation and new resident spending as provided by the Applicant were used as the direct inputs for the economic impact model. Camoin 310 uses the input-output model designed by Economic Modeling Specialists, International (Emsi) to calculate total economic impacts. Emsi allows the analyst to input the amount of new direct economic activity (spending or jobs) occurring within the town and uses the direct inputs to estimate the spillover effects that the net new spending or jobs have as these new dollars circulate through the Town of Hempstead's economy. This is captured in the indirect and induced impacts and is commonly referred to as the "multiplier effect." See Attachment A for more information on economic impact analysis.

The Project would have economic impacts upon the Town of Hempstead and the Village of Hempstead as a result of Project operation, new permanent jobs, and spending by new tenant households.

IMPACTS OF NEW HOUSEHOLD SPENDING

In order to determine the annual economic impact of the Project on the town and village, the first step is to calculate the number of households that can be considered "net new" to the town and village economies. In other words, the number of households that, but for the Project, would not exist in the Town of Hempstead and the Village of Hempstead. With respect to this Project, net new households consist of those who are able to live in the jurisdictions as a result of the Project and would otherwise choose to live elsewhere. For this study, we analyzed the demand of rental apartments. For more information on this methodology, see Attachment B.

Based on Camoin 310's rental market demand analysis, this analysis assumes that 100% of these affordable households are net new to the town. This is based on a review of the data and an understanding of the proposed Project as detailed above.

SPENDING BY NEW TENANTS

The existing residential complex consists of 240 affordable apartment units across 14 two-story apartment buildings. These affordable units are available to households earning up to 50% of area median income (AMI) in accordance with HUD Section 8 Affordable Housing. These residents make purchases in the town, thereby adding new dollars to the Town of Hempstead's economy. For this analysis, we researched spending patterns by household income to determine the spending by affordable-rate tenants.

We assume an average household size of 2 persons given the type of development and units. The 50% AMI income for a 2-person occupancy is \$49,600¹. Therefore, we will consider spending for tenants to be in the \$40,000 to \$49,999 spending basket, per the Bureau of Labor Statistics' 2019 Consumer Expenditure Survey.

Using a spending basket for the region which details household spending in individual consumer categories by income level, we analyzed likely tenant spending. According to the 2019 Consumer Expenditure Survey, households with an income in this range have annual expenditures (excluding housing and utility costs) of \$26,874.

It is assumed that 70%² of total expenditures would occur within the Town of Hempstead and, therefore, have an impact on the town's economy. A retail spending analysis of the Village of Hempstead indicates that the village has an array of businesses to meet local demand and therefore we assume a conservative 40% of total expenditures would

¹ According to HUD's 2019-2020 income limits for the Nassau-Suffolk region.

² Based on an analysis of goods and services available within the town, using Esri Business Analyst.

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occur within the Village. The total net new spending columns show the total amount spent in the town and the village, respectively, based on the number of net new units.

Table 2

Tenant Spending Basket					
Affordable Units for Tenants Earning 50% AMI (\$40,000 to \$49,999 Annual Household Income)					
Category	Annual per Unit Spending Basket	Amount Spent in Town (70%)	Total Net New Town Spending (240 net new units)	Amount Spent in Village (40%)	Total Net New Village Spending (240 net new units)
Food	\$ 7,193	\$ 5,035	\$ 1,208,424	\$ 2,877	\$ 690,528
Household furnishings and equipment	\$ 1,447	\$ 1,013	\$ 243,096	\$ 579	\$ 138,912
Apparel and services	\$ 1,400	\$ 980	\$ 235,200	\$ 560	\$ 134,400
Transportation	\$ 8,359	\$ 5,851	\$ 1,404,312	\$ 3,344	\$ 802,464
Health care	\$ 4,518	\$ 3,163	\$ 759,024	\$ 1,807	\$ 433,728
Entertainment	\$ 1,945	\$ 1,362	\$ 326,760	\$ 778	\$ 186,720
Personal care products and services	\$ 647	\$ 453	\$ 108,696	\$ 259	\$ 62,112
Education	\$ 552	\$ 386	\$ 92,736	\$ 221	\$ 52,992
Miscellaneous	\$ 813	\$ 569	\$ 136,584	\$ 325	\$ 78,048
Annual Discretionary Spending	\$ 26,874	\$ 18,812	\$ 4,514,832	\$ 10,750	\$ 2,579,904

Source: 2019 Consumer Expenditure Survey, Bureau of Labor Statistics

The total net new spending in the town and the village was calculated by multiplying the amount spent in each region by the number of net new units. As shown in the table above, spending in the town by all new households totals \$4,514,832 per year of which \$2,579,904 occurs within the village. We used the above spending basket amounts to calculate the direct, indirect, and total impact of the Project on the town and the village. To do this, we attributed the various spending categories to the NAICS codes found in Table 3.

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Table 3

Spending Basket Breakdown by NAICS Code

NAICS Code	Industry	Spending Basket Category
445110	Supermarkets and Other Grocery (except Convenience) Stores	Food
722511	Full-Service Restaurants	Food
442299	All Other Home Furnishings Stores	Household furnishings and equipment
448140	Family Clothing Stores	Apparel and services
441110	New Car Dealers	Transportation
447110	Gasoline Stations with Convenience Stores	Transportation
811111	General Automotive Repair	Transportation
524114	Direct Health and Medical Insurance Carriers	Health Care
622110	General Medical and Surgical Hospitals (Private)	Health Care
512131	Motion Picture Theaters	Entertainment
452319	All Other General Merchandise Stores	Entertainment
452319	All Other General Merchandise Stores	Personal care products and services
452319	All Other General Merchandise Stores	Miscellaneous
611310	Colleges, Universities, and Professional Schools	Education

Source: Camoin 310

Using \$4.5 million as the new sales input, Camoin 310 employed Emsi to determine the indirect, induced, and total impact of the Project on the Town of Hempstead.³ Table 4 outlines the findings of this analysis.

Table 4

Town Economic Impact - Household Spending

	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	37	\$ 1,499,803	\$ 4,514,832
Indirect	7	\$ 419,226	\$ 1,174,703
Induced	5	\$ 416,549	\$ 1,038,320
Total	49	\$ 2,335,579	\$ 6,727,854

Source: Emsi, Camoin 310

\$2.6 million was used as the sales input to calculate the impact of the Project on the Village of Hempstead.⁴ Table 5 summarizes the impact on the Village of Hempstead.

³ Analysis uses the 33 zip codes that are predominantly located within the Town of Hempstead (see Attachment C).

⁴ The zip code used for this analysis is 11550 (see Attachment C).

Table 5

Village Economic Impact - Household Spending				
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>	
Direct	21	\$ 863,260	\$ 2,579,904	
Indirect	1	\$ 39,199	\$ 108,714	
Induced	1	\$ 65,782	\$ 210,275	
Total	23	\$ 968,240	\$ 2,898,894	

Source: Emsi, Camoin 310

IMPACTS OF ON-SITE EMPLOYMENT

The Applicant anticipates that 12 jobs will be on-site within two years following Project completion. This is a combination of 11 retained jobs and one new job. Since 100% of the housing units are considered net new to the town and village, all 12 of the onsite jobs are also considered to be net new. The tables below detail the impact that these 12 jobs will have on the Town of Hempstead (Table 6) and the Village of Hempstead (Table 7).

Table 6

Town Economic Impact - On-Site Operations				
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>	
Direct	12	\$ 589,599	\$ 2,025,794	
Indirect	6	\$ 306,196	\$ 808,801	
Induced	2	\$ 129,784	\$ 325,094	
Total	19	\$ 1,025,579	\$ 3,159,690	

Source: Emsi, Camoin 310

Table 7

Village Economic Impact - On-Site Operations				
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>	
Direct	12	\$ 589,586	\$ 2,025,748	
Indirect	2	\$ 74,126	\$ 178,603	
Induced	0	\$ 19,873	\$ 62,362	
Total	14	\$ 683,585	\$ 2,266,713	

Source: Emsi, Camoin 310

TOTAL ANNUAL ECONOMIC IMPACT

The complete economic impact of both new household spending as well as on-site operation and maintenance of the Project on the Town of Hempstead and the Village of Hempstead is displayed in Table 8 and Table 9.

Table 8

Town Total Annual Economic Impact			
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	49	\$ 2,089,403	\$ 6,540,626
Indirect	13	\$ 725,422	\$ 1,983,504
Induced	7	\$ 546,333	\$ 1,363,414
Total	69	\$ 3,361,158	\$ 9,887,544

Source: Emsi, Camoin 310

Table 9

Village Total Annual Economic Impact			
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	33	\$ 1,452,846	\$ 4,605,652
Indirect	2	\$ 113,325	\$ 287,317
Induced	1	\$ 85,655	\$ 272,638
Total	37	\$ 1,651,826	\$ 5,165,607

Source: Emsi, Camoin 310

FISCAL IMPACT ANALYSIS

In addition to the economic impact of the Project on the local economies (outlined above), there would also be a fiscal impact in terms of annual property tax and sales tax generation. The following section of the analysis outlines the impact of the completion of the Project on the local taxing jurisdictions in terms of the cost and/or benefit to municipal budgets.

PAYMENT IN LIEU OF TAXES (PILOT)

The Project is currently within a Payment in Lieu of Taxes (PILOT) agreement and the Applicant has applied to assume the remaining nine years of the PILOT plus an extension to equal a 20-year PILOT. There is an option to extend the PILOT for an additional 5 years if compliance is met at the end of the initial 20-years. The initial PILOT (years 1-20) and extended PILOT (years 1-25) are displayed in Table 10, along with their projected impacts on the town and village.⁵

⁵ It is assumed that the PILOT distribution among the jurisdictions is proportional to their share of taxes for properties within the jurisdictions.

Table 10

Tax Payments with PILOT

<u>Year</u>	<u>PILOT Payments</u>	<u>Town Portion of Payment</u>	<u>Village Portion of Payment</u>	<u>School Portion of Payment</u>
1	\$ 575,000	\$ 63,250	\$ 172,500	\$ 339,250
2	\$ 605,000	\$ 66,550	\$ 181,500	\$ 356,950
3	\$ 640,000	\$ 70,400	\$ 192,000	\$ 377,600
4	\$ 680,000	\$ 74,800	\$ 204,000	\$ 401,200
5	\$ 720,000	\$ 79,200	\$ 216,000	\$ 424,800
6	\$ 760,000	\$ 83,600	\$ 228,000	\$ 448,400
7	\$ 805,000	\$ 88,550	\$ 241,500	\$ 474,950
8	\$ 840,000	\$ 92,400	\$ 252,000	\$ 495,600
9	\$ 880,000	\$ 96,800	\$ 264,000	\$ 519,200
10	\$ 920,000	\$ 101,200	\$ 276,000	\$ 542,800
11	\$ 936,652	\$ 103,032	\$ 280,996	\$ 552,625
12	\$ 953,605	\$ 104,897	\$ 286,082	\$ 562,627
13	\$ 970,866	\$ 106,795	\$ 291,260	\$ 572,811
14	\$ 988,438	\$ 108,728	\$ 296,531	\$ 583,178
15	\$ 1,006,329	\$ 110,696	\$ 301,899	\$ 593,734
16	\$ 1,024,544	\$ 112,700	\$ 307,363	\$ 604,481
17	\$ 1,043,088	\$ 114,740	\$ 312,926	\$ 615,422
18	\$ 1,061,968	\$ 116,816	\$ 318,590	\$ 626,561
19	\$ 1,081,189	\$ 118,931	\$ 324,357	\$ 637,902
20	\$ 1,100,759	\$ 121,083	\$ 330,228	\$ 649,448
21	\$ 1,120,683	\$ 123,275	\$ 336,205	\$ 661,203
22	\$ 1,140,967	\$ 125,506	\$ 342,290	\$ 673,171
23	\$ 1,161,618	\$ 127,778	\$ 348,485	\$ 685,355
24	\$ 1,182,644	\$ 130,091	\$ 354,793	\$ 697,760
25	\$ 1,204,050	\$ 132,446	\$ 361,215	\$ 710,390
Initial PILOT (years 1-20)				
Total	\$ 17,592,438	\$ 1,935,168	\$ 5,277,731	\$ 10,379,538
Average	\$ 879,622	\$ 96,758	\$ 263,887	\$ 518,977
Extended PILOT (years 1-25)				
Total	\$ 23,402,400	\$ 2,574,264	\$ 7,020,720	\$ 13,807,416
Average	\$ 936,096	\$ 102,971	\$ 280,829	\$ 552,297

Source: Town of Hempstead IDA, Camoin 310

TAX POLICY COMPARISON

Without financial assistance from the Agency, Camoin 310 assumes the Applicant would not undertake the Project. Based on the current taxes applicable on the Site as provided by the Town of Hempstead IDA and an assumed annual increase to the tax rate of 2.00%⁶ (holding taxable value constant), Table 11 outlines the estimated tax payments made by the building owner without the Project.

⁶ The tax rate is increased by 2.00% annually, the maximum inflation factor that can be reasonably anticipated into the future. New York State property tax cap legislation limits tax levy growth to an inflation factor set by the State or 2.00%, whichever is less, the amount by which a government entity may increase its annual tax levy (certain exceptions apply). Although in recent years the inflation has been less than 2.00%, using 2.00% for the purposes of comparing future otherwise applicable property tax payments without the Project to the proposed PILOT schedule provides a conservative estimate of the Project's benefit/cost to the town.

Table 11

Tax Payments without Project

Year	Property Tax Payment Without Project*	Town Portion of Payment Without Project	Village Portion of Payment Without Project
1	\$ 2,073,818	\$ 228,120	\$ 622,145
2	\$ 2,115,294	\$ 232,682	\$ 634,588
3	\$ 2,157,600	\$ 237,336	\$ 647,280
4	\$ 2,200,752	\$ 242,083	\$ 660,226
5	\$ 2,244,767	\$ 246,924	\$ 673,430
6	\$ 2,289,663	\$ 251,863	\$ 686,899
7	\$ 2,335,456	\$ 256,900	\$ 700,637
8	\$ 2,382,165	\$ 262,038	\$ 714,650
9	\$ 2,429,808	\$ 267,279	\$ 728,942
10	\$ 2,478,404	\$ 272,624	\$ 743,521
11	\$ 2,527,973	\$ 278,077	\$ 758,392
12	\$ 2,578,532	\$ 283,639	\$ 773,560
13	\$ 2,630,103	\$ 289,311	\$ 789,031
14	\$ 2,682,705	\$ 295,098	\$ 804,811
15	\$ 2,736,359	\$ 300,999	\$ 820,908
16	\$ 2,791,086	\$ 307,019	\$ 837,326
17	\$ 2,846,908	\$ 313,160	\$ 854,072
18	\$ 2,903,846	\$ 319,423	\$ 871,154
19	\$ 2,961,923	\$ 325,812	\$ 888,577
20	\$ 3,021,161	\$ 332,328	\$ 906,348
21	\$ 3,081,584	\$ 338,974	\$ 924,475
22	\$ 3,143,216	\$ 345,754	\$ 942,965
23	\$ 3,206,080	\$ 352,669	\$ 961,824
24	\$ 3,270,202	\$ 359,722	\$ 981,061
25	\$ 3,335,606	\$ 366,917	\$ 1,000,682
Initial PILOT (years 1-20)			
Total	\$ 50,388,323	\$ 5,542,716	\$ 15,116,497
Average	\$ 2,519,416	\$ 277,136	\$ 755,825
Extended PILOT (years 1-25)			
Total	\$ 66,425,012	\$ 7,306,751	\$ 19,927,504
Average	\$ 2,657,000	\$ 292,270	\$ 797,100

Source: Town of Hempstead IDA, Camoin 310

*Assumes an average annual increase of 2.00%

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Table 12 calculates the benefit (or cost) to the affected taxing jurisdictions as the difference between the PILOT payments associated with the Project and the property tax payments without the Project. The tax policy comparison under the proposed PILOT is as follows:

- ◆ *Initial PILOT (years 1-20)*: Under the initial 20-year PILOT the average annual collection by the local jurisdictions would be approximately \$1.6 million less in PILOT revenue than the property taxes without the Project. The total cost to the affected taxing jurisdictions would be \$32.8 million over this period.
- ◆ *Extended PILOT (years 1-25)*: If the existing PILOT were extended for an additional 5 years, the average annual collection by local jurisdictions would be approximately \$1.7 million less in PILOT revenue than the property taxes without the Project. The total cost to the affected taxing jurisdictions would be \$43.0 million over this period.

Table 12

Tax Policy Comparison (All Jurisdictions)				
Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project	
1	\$ 2,073,818	\$ 575,000	\$	(1,498,818)
2	\$ 2,115,294	\$ 605,000	\$	(1,510,294)
3	\$ 2,157,600	\$ 640,000	\$	(1,517,600)
4	\$ 2,200,752	\$ 680,000	\$	(1,520,752)
5	\$ 2,244,767	\$ 720,000	\$	(1,524,767)
6	\$ 2,289,663	\$ 760,000	\$	(1,529,663)
7	\$ 2,335,456	\$ 805,000	\$	(1,530,456)
8	\$ 2,382,165	\$ 840,000	\$	(1,542,165)
9	\$ 2,429,808	\$ 880,000	\$	(1,549,808)
10	\$ 2,478,404	\$ 920,000	\$	(1,558,404)
11	\$ 2,527,973	\$ 936,652	\$	(1,591,321)
12	\$ 2,578,532	\$ 953,605	\$	(1,624,927)
13	\$ 2,630,103	\$ 970,866	\$	(1,659,237)
14	\$ 2,682,705	\$ 988,438	\$	(1,694,267)
15	\$ 2,736,359	\$ 1,006,329	\$	(1,730,030)
16	\$ 2,791,086	\$ 1,024,544	\$	(1,766,542)
17	\$ 2,846,908	\$ 1,043,088	\$	(1,803,820)
18	\$ 2,903,846	\$ 1,061,968	\$	(1,841,878)
19	\$ 2,961,923	\$ 1,081,189	\$	(1,880,734)
20	\$ 3,021,161	\$ 1,100,759	\$	(1,920,402)
21	\$ 3,081,584	\$ 1,120,683	\$	(1,960,901)
22	\$ 3,143,216	\$ 1,140,967	\$	(2,002,249)
23	\$ 3,206,080	\$ 1,161,618	\$	(2,044,462)
24	\$ 3,270,202	\$ 1,182,644	\$	(2,087,558)
25	\$ 3,335,606	\$ 1,204,050	\$	(2,131,556)
Initial PILOT (years 1-20)				
Total	\$ 50,388,323	\$ 17,592,438	\$	(32,795,885)
Average	\$ 2,519,416	\$ 879,622	\$	(1,639,794)
Extended PILOT (years 1-25)				
Total	\$ 66,425,012	\$ 23,402,400	\$	(43,022,612)
Average	\$ 2,657,000	\$ 936,096	\$	(1,720,904)

Source: Town of Hempstead IDA, Camoin 310

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Table 13 calculates the benefit (or cost) to the Town.

- ◆ *Initial PILOT (years 1-20)*: Under the initial 20-year PILOT the average annual collection by the Town would be approximately \$180,000 less in PILOT revenue than the property taxes without the Project. The total cost to the Town would be \$3.6 million over the 20-year period.
- ◆ *Extended PILOT (years 1-25)*: If the existing PILOT were extended for an additional 5 years, the average annual collection by the Town would be approximately \$189,000 less in PILOT revenue than the property taxes without the Project. The total cost to the Town would be \$4.7 million over this period.

Table 14 calculates the benefit (or cost) to the Village.

- ◆ *Initial PILOT (years 1-20)*: Under the initial 20-year PILOT the average annual collection by the Village would be approximately \$492,000 less in PILOT revenue than the property taxes without the Project. The total cost to the Village would be \$9.8 million over the 20-year period.
- ◆ *Extended PILOT (years 1-25)*: If the existing PILOT were extended for an additional 5 years, the average annual collection by the Village would be approximately \$516,000 less in PILOT revenue than the property taxes without the Project. The total cost to the Village would be \$12.9 million over this period.

Table 13

Tax Policy Comparison for Town				
Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project	
1	\$ 228,120	\$ 63,250	\$	(164,870)
2	\$ 232,682	\$ 66,550	\$	(166,132)
3	\$ 237,336	\$ 70,400	\$	(166,936)
4	\$ 242,083	\$ 74,800	\$	(167,283)
5	\$ 246,924	\$ 79,200	\$	(167,724)
6	\$ 251,863	\$ 83,600	\$	(168,263)
7	\$ 256,900	\$ 88,550	\$	(168,350)
8	\$ 262,038	\$ 92,400	\$	(169,638)
9	\$ 267,279	\$ 96,800	\$	(170,479)
10	\$ 272,624	\$ 101,200	\$	(171,424)
11	\$ 278,077	\$ 103,032	\$	(175,045)
12	\$ 283,639	\$ 104,897	\$	(178,742)
13	\$ 289,311	\$ 106,795	\$	(182,516)
14	\$ 295,098	\$ 108,728	\$	(186,369)
15	\$ 300,999	\$ 110,696	\$	(190,303)
16	\$ 307,019	\$ 112,700	\$	(194,320)
17	\$ 313,160	\$ 114,740	\$	(198,420)
18	\$ 319,423	\$ 116,816	\$	(202,607)
19	\$ 325,812	\$ 118,931	\$	(206,881)
20	\$ 332,328	\$ 121,083	\$	(211,244)
21	\$ 338,974	\$ 123,275	\$	(215,699)
22	\$ 345,754	\$ 125,506	\$	(220,247)
23	\$ 352,669	\$ 127,778	\$	(224,891)
24	\$ 359,722	\$ 130,091	\$	(229,631)
25	\$ 366,917	\$ 132,446	\$	(234,471)
Initial PILOT (years 1-20)				
Total	\$ 5,542,716	\$ 1,935,168	\$	(3,607,547)
Average	\$ 277,136	\$ 96,758	\$	(180,377)
Extended PILOT (years 1-25)				
Total	\$ 7,306,751	\$ 2,574,264	\$	(4,732,487)
Average	\$ 292,270	\$ 102,971	\$	(189,299)

Source: Town of Hempstead IDA, Camoin 310

Table 14

Tax Policy Comparison For Village			
Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 622,145	\$ 172,500	\$ (449,645)
2	\$ 634,588	\$ 181,500	\$ (453,088)
3	\$ 647,280	\$ 192,000	\$ (455,280)
4	\$ 660,226	\$ 204,000	\$ (456,226)
5	\$ 673,430	\$ 216,000	\$ (457,430)
6	\$ 686,899	\$ 228,000	\$ (458,899)
7	\$ 700,637	\$ 241,500	\$ (459,137)
8	\$ 714,650	\$ 252,000	\$ (462,650)
9	\$ 728,942	\$ 264,000	\$ (464,942)
10	\$ 743,521	\$ 276,000	\$ (467,521)
11	\$ 758,392	\$ 280,996	\$ (477,396)
12	\$ 773,560	\$ 286,082	\$ (487,478)
13	\$ 789,031	\$ 291,260	\$ (497,771)
14	\$ 804,811	\$ 296,531	\$ (508,280)
15	\$ 820,908	\$ 301,899	\$ (519,009)
16	\$ 837,326	\$ 307,363	\$ (529,963)
17	\$ 854,072	\$ 312,926	\$ (541,146)
18	\$ 871,154	\$ 318,590	\$ (552,563)
19	\$ 888,577	\$ 324,357	\$ (564,220)
20	\$ 906,348	\$ 330,228	\$ (576,121)
21	\$ 924,475	\$ 336,205	\$ (588,270)
22	\$ 942,965	\$ 342,290	\$ (600,675)
23	\$ 961,824	\$ 348,485	\$ (613,339)
24	\$ 981,061	\$ 354,793	\$ (626,267)
25	\$ 1,000,682	\$ 361,215	\$ (639,467)
Initial PILOT (years 1-20)			
Total	\$ 15,116,497	\$ 5,277,731	\$ (9,838,765)
Average	\$ 755,825	\$ 263,887	\$ (491,938)
Extended PILOT (years 1-25)			
Total	\$ 19,927,504	\$ 7,020,720	\$ (12,906,784)
Average	\$ 797,100	\$ 280,829	\$ (516,271)

Source: Town of Hempstead IDA, Camoin 310

OTHER EXEMPTIONS

There are additional benefits to working with the Agency including a one-time sales tax exemption on renovation materials and furniture, fixtures, and equipment as well as a mortgage recording tax exemption. Tax exemptions are for the state and county taxes and are not applicable to the town and village.

Table 15

Summary of Costs to Affected Jurisdictions		
		<u>State and County</u>
Sales Tax Exemption	\$	1,380,000
Mortgage Tax Exemption	\$	645,000

Source: Applicant, Camoin 310

The additional incentives offered by the Agency will benefit the Applicant but will not negatively affect the taxing jurisdictions because, without the Project, the jurisdictions by definition would not be receiving any associated sales tax or mortgage tax revenue.

SALES TAX REVENUE

SALES TAX REVENUE – NEW HOUSEHOLD SPENDING

As a result of the Project, the Town would receive sales tax revenue from the purchases made by the households. Table 16 displays the new sales tax revenue that the Town of Hempstead would receive annually based on in-town spending by new households.

Table 16

Annual Sales Tax Revenue Household Spending		
Total New Spending	\$	6,727,854
Amount Taxable (30%)	\$	2,018,356
New Town Sales Tax Revenue Portion*		0.375%
New Town Tax Revenue	\$	7,569

*Nassau County's sales tax rate is 4.25%, of which 0.75% is allocated to the towns and cities within the county. For this analysis we assume half of the 0.75% is allocated to the Town of Hempstead.

Source: Town of Hempstead IDA, Camoin 310

Note that the household spending figure has already been adjusted to account for 70% of total spending occurring within the town (see table entitled "Tenant Spending Baskets"). It is assumed that 30% of purchases will be taxable, based on the spending baskets of tenants and the understanding that certain non-taxable items (related to housing expenses) have been removed from the total spending line, this increasing the remaining portion taxable.

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SALES TAX REVENUE – EMPLOYEE EARNINGS

The earnings generated by on-site jobs that will occur as a result of building operation at the Project (described under Impacts of On-Site Employment) would lead to additional annual sales tax revenue for the town. It is assumed that 70% of the earnings would be spent within the Town of Hempstead and that 25% of those purchases will be taxable. Table 17 displays the annual tax revenue that the Town will receive.

Table 17

Annual Sales Tax Revenue On-Site Operations	
Total New Earnings	\$ 1,025,579
Amount Spent in County (70%)	\$ 717,905
Amount Taxable (25%)	\$ 179,476
New Town Sales Tax Revenue Portion*	0.375%
New Town Tax Revenue	\$ 673

*Nassau County's sales tax rate is 4.25%, of which 0.75% is allocated to the towns and cities within the county. For this analysis we assume half of the 0.75% is allocated to the Town of Hempstead.

Source: Town of Hempstead IDA, Camoin 310

TOTAL ANNUAL SALES TAX REVENUE

The total annual sales tax revenue that the Town will receive is summarized in Table 18.

Table 18

Total Annual Sales Tax Revenue	
Household Spending	\$ 7,569
On-Site Operations	\$ 673
New Town Tax Revenue	\$ 8,242

Source: Town of Hempstead IDA, Camoin 310

ATTACHMENT A: WHAT IS ECONOMIC IMPACT ANALYSIS?

The purpose of conducting an economic impact study is to ascertain the total cumulative changes in employment, earnings and output in a given economy due to some initial “change in final demand”. To understand the meaning of “change in final demand”, consider the installation of a new widget manufacturer in Anytown, USA. The widget manufacturer sells \$1 million worth of its widgets per year exclusively to consumers in Canada. Therefore, the annual change in final demand in the United States is \$1 million because dollars are flowing in from outside the United States and are therefore “new” dollars in the economy.

This change in final demand translates into the first round of buying and selling that occurs in an economy. For example, the widget manufacturer must buy its inputs of production (electricity, steel, etc.), must lease or purchase property and pay its workers. This first round is commonly referred to as the “Direct Effects” of the change in final demand and is the basis of additional rounds of buying and selling described below.

To continue this example, the widget manufacturer’s vendors (the supplier of electricity and the supplier of steel) will enjoy additional output (i.e. sales) that will sustain their businesses and cause them to make additional purchases in the economy. The steel producer will need more pig iron and the electric company will purchase additional power from generation entities. In this second round, some of those additional purchases will be made in the US economy and some will “leak out”. What remains will cause a third round (with leakage) and a fourth (and so on) in ever-diminishing rounds of industry-to-industry purchases. Finally, the widget manufacturer has employees who will naturally spend their wages. Again, those wages spent will either be for local goods and services or will “leak” out of the economy. The purchases of local goods and services will then stimulate other local economic activity. Together, these effects are referred to as the “Indirect Effects” of the change in final demand.

Therefore, the total economic impact resulting from the new widget manufacturer is the initial \$1 million of new money (i.e. Direct Effects) flowing in the US economy, plus the Indirect Effects. The ratio of Total Effects to Direct Effects is called the “multiplier effect” and is often reported as a dollar-of-impact per dollar-of-change. Therefore, a multiplier of 2.4 means that for every dollar (\$1) of change in final demand, an additional \$1.40 of indirect economic activity occurs for a total of \$2.40.

Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the “local economy” is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider the impact of the widget manufacturer on the entire North American continent, it would have to conclude that the change in final demand is zero and therefore the economic impact is zero. This is because the \$1 million of widgets being purchased by Canadians is not causing total North American demand to increase by \$1 million. Presumably, those Canadian purchasers will have \$1 million less to spend on other items and the effects of additional widget production will be cancelled out by a commensurate reduction in the purchases of other goods and services.

Changes in final demand, and therefore Direct Effects, can occur in a number of circumstances. The above example is easiest to understand: the effect of a manufacturer producing locally but selling globally. If, however, 100% of domestic demand for a good is being met by foreign suppliers (say, DVD players being imported into the US from Korea and Japan), locating a manufacturer of DVD players in the US will cause a change in final demand because all of those dollars currently leaving the US economy will instead remain. A situation can be envisioned whereby a producer is serving both local and foreign demand, and an impact analysis would have to be careful in calculating how many “new” dollars the producer would be causing to occur domestically.

ATTACHMENT B: CALCULATING NET NEW HOUSEHOLDS

“Net new” households that move into a geography because of the availability of desired housing contribute to that geography’s economy in measurable ways. Estimating the number of net new households, the households that would not otherwise live in the geography, is therefore a critical task for an economic and fiscal impact analysis for a project that includes housing.

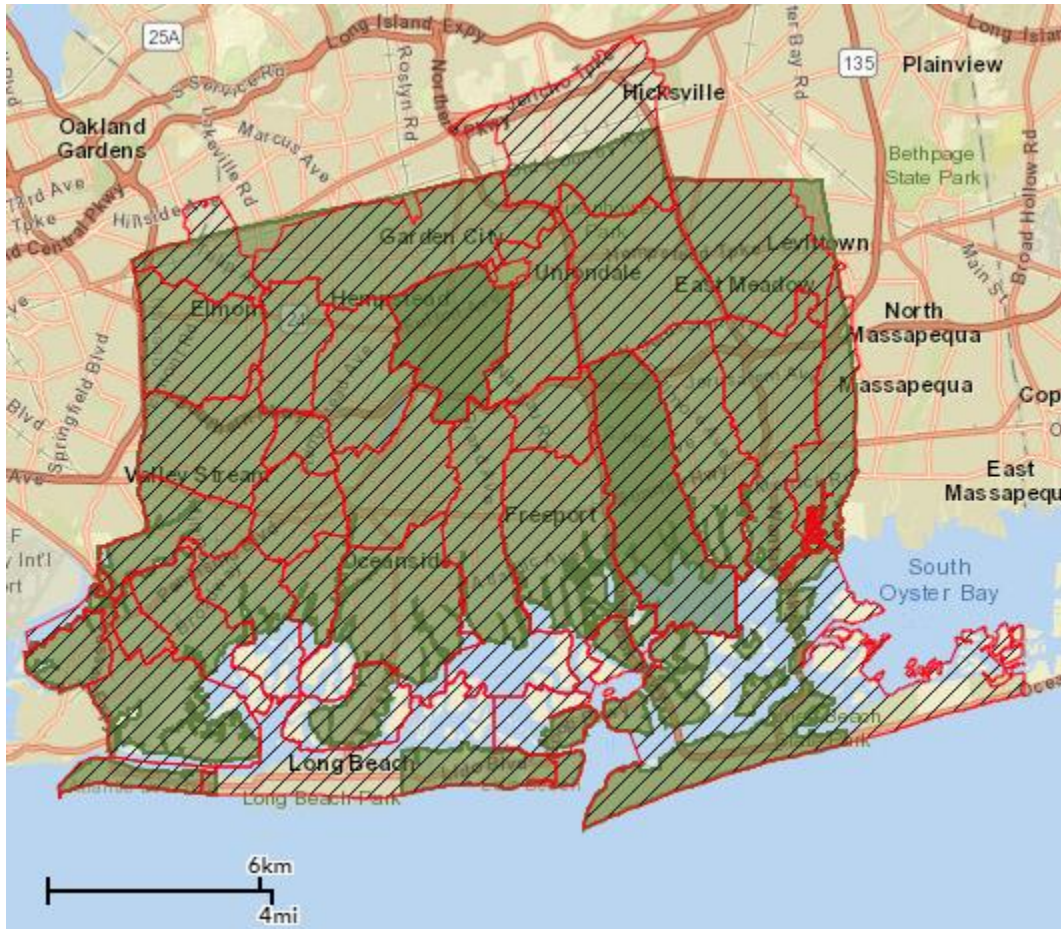
Our housing market research indicates that housing is heavily affected by demand, with households in different demographic groups seeking diverse housing price points and amenities. Our estimates of net new households take into consideration demographic and economic differences among renters, and price points among units offered, identifying the existence and size of a housing gap (where more units are demanded than are available) or surplus (where there is oversupply) in the market segment to be served by the proposed project. Generally, where there is a significant housing gap outside the geography but within a reasonable distance for relocation, a project will draw a larger proportion of net new households into that geography. Each project may therefore have a different expectation for net new households, depending on price point, age restriction if any, and location.

The following steps outline our process for calculating net new households. All data is drawn from Esri Business Analyst.

1. Identify *where* households are likely to come from. We expect that renters for a new project would consider housing within a reasonable driving time from their current location, creating a “renter-shed” for a new project. Households that are within the drive time but outside of the study area are net new.
2. Identify the existing rental housing supply at different price points. Using data from Esri, we identify rental housing units in the study area by price point and calculate the minimum household income expected to be necessary to afford rent by price range.
3. Identify the number of households at different income levels. We analyze households by income group and rental behavior to estimate an “implied number renting” for different income groups.
4. Calculate net housing surplus or gap by price point. Rental housing supply and rental housing demand is compared to calculate a “net gap,” indicating excess demand for the project, or a “net surplus.” To estimate net new households for a project, the net gap in the study area is compared to the net gap in the drive time.

ATTACHMENT C: STUDY AREAS

Town of Hempstead (Green) and Zip Code Region (Red outline with dashes)



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Village of Hempstead (Green) and Hempstead Zip Code 11550 (Red outline with dashes)





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