

**TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY
BOARD MEETING**

**Nathan L. Bennett Pavilion*
One Washington Street, Hempstead, NY
AGENDA**

Thursday, November 18, 2021, 9:00 AM

***Notes:**

- Visitors to the Town of Hempstead are encouraged to wear masks and socially distance when indoors.
- A livestream of the meeting may also be viewed at www.tohida.org . Select "Watch Meetings"

The Agenda will include but not be limited to:

AGENDA:

- Confirm the presence of a Quorum
- Public Comment with respect to Agenda items

VILLAGE BUSINESS:

Village of Freeport:

- None

Village of Hempstead:

- None

NEW BUSINESS - Applications, Transaction Resolutions and Presentations:

- Consideration of an Authorizing Resolution for **43-47 Broadway Realty LLC**, 47 Broadway, Lynbrook
- Consideration of an Authorizing Resolution for **25 Wanser LLC**, 25 Wanser Avenue and 40 Bayview Avenue, Inwood
- Consideration of an Inducement Resolution for **615 Merrick Owner LLC**, 615 Merrick Avenue, Westbury

NEW BUSINESS - Other:

- CEO's Report

OLD BUSINESS:

- Updated Contact List
- Update Alphamore LLC Default

READING AND APPROVAL OF MINUTES OF PREVIOUS MEETING(S):

- Consideration and Adoption of the Minutes of October 21, 2021

REPORT OF THE TREASURER:

- Financial Statements and Expenditure List: October 15, 2021 – November 11, 2021

COMMITTEE UPDATES:

EXECUTIVE SESSION:

ADJOURNMENT

Chairman Approval: 11/9/21

PROJECT ABSTRACT
TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY

43-47 Broadway Realty, LLC
Project: 2802-21-04A

Application Date: 6/28/21 Contact: Kenneth Breslin

Applicant Name and Address: 43-47 Broadway Realty, LLC

Project Address: 17 & 21 Langdon Place
 47 Broadway
 90 & 96 Station Plaza
 Lynbrook, NY 11563

Project:

The applicant intends to demolish a vacant building, as well as a warehouse and distribution center and a residential home. The project site would be developed into a multi-family transit oriented development. The project would be comprised of 201 Residential Units, consisting of approximately. 55 Studios, 111 One Bedrooms, and 35 Two Bedroom Units; approximately 278,014 square foot building with approximately 2,000 Square feet of ground floor/ retail/amenity space with 205 on-site parking spaces. 10% of the residential units will be set aside as affordable housing, pursuant to U.S. Department of Housing and Urban Development guidelines.

Project Costs:

Land and/or building acquisition	\$13,189,000.00
Building(s) demolition/construction	\$54,496,200.00
Site Work	\$2,390,000.00
Machinery and Equipment	\$5,330,400.00
Legal Fees	\$1,060,000.00
Architectural/Engineering Fees	\$2,451,900.00
Financial Charges	\$3,425,061.00
Other	\$12, 901,021.00
Total	\$ 95,234,122.00

Employment:

	Full	Part
Present	0	0
1 st Year	7	3
2 nd Year	7	3

LMA : 100%

Creation: of 8.5 FTE

Average Salary of Hourly Employees: \$24-46 an hour

Full Time: \$45,000 - \$85,000 Average: \$65,000.00

Part Time \$25,000.00 Average: \$25,000.00

Benefits Sought: 30 Year PILOT, Sales Tax Exemption, MRT Exemption

Benefit Analysis:

Sales Tax Exemption Renovation, Furnishing and Fixture:

\$19,494,140.00 x 8.625% = \$ 1,681,369.57

Mortgage \$93,234,122 = \$699,255.91

Current Tax Information:

Section; 37, Block: 519, Lots: 13,14,(117-118),(119-124),213

Parcels: 5

SD- Lynbrook 20

Total Tax: \$183,919.35

Full Assessed Value: \$ 3,721,500.00

Land Assessment Total: \$10,946.00

Total Assessment: \$31,869.00

General: \$18,608.57

School: \$119,295.07

Village: \$46,015.71

Estimated Taxes Once Built: \$1,144,083.20

43-47 Broadway Realty, LLC
PILOT

17 & 21 Langdon Place
47 Broadway
90 & 96 Station Plaza
Lynbrook, NY 11563

Current Tax Information:

Section; 37, Block: 519, Lots: 13,14,(117-118),(119-124),213

Parcels: 5

SD- Lynbrook 20

Current Total Taxes Year: \$183,919.35

Estimated Taxes Once Built: \$1,144,083.20

Year	Total
1	\$185,000.00
2	\$185,000.00
3	\$185,000.00
4	\$200,000.00
5	\$225,000.00
6	\$250,000.00
7	\$325,000.00
8	\$380,000.00
9	\$450,000.00
10	\$525,000.00
11	\$600,000.00
12	\$675,000.00
13	\$750,000.00
14	\$830,000.00
15	\$900,000.00
16	\$1,145,000.00
17	\$1,180,000.00
18	\$1,230,000.00
19	\$1,275,000.00
20	\$1,320,000.00
21	\$1,360,000.00
22	\$1,400,000.00
23	\$1,450,000.00
24	\$1,500,000.00
25	\$1,540,000.00
26	\$1,575,000.00
27	\$1,625,000.00
28	\$1,680,000.00
29	\$1,720,000.00
30	\$1,800,000.00

8/30/21 – DRAFT

This Pilot has NOT been approved by the Hempstead IDA Board

PREPARED FOR:

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

Economic and Fiscal Impact

43-47 BROADWAY REALTY, LLC

Town of Hempstead
Industrial Development Agency

SEPTEMBER 8, 2021

PREPARED BY:



PO Box 3547
Saratoga Springs, NY 12866
518.899.2608
www.camoinassociates.com

CAMOIN ASSOCIATES

ABOUT CAMOIN ASSOCIATES

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates 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 43 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

Rachel Selsky
Vice President

Jessica Tagliafierro
Senior Analyst

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ABOUT THE STUDY

Camoin Associates was retained by the Town of Hempstead Industrial Development Agency to measure the potential economic and fiscal impacts of a project proposed by 43-47 Broadway Realty, LLC. The proposed project involves the construction of 201 apartment units, of which 20 are affordable units at 17 & 21 Langdon Place, 47 Broadway, 90 & 96 Station Plaza, Lynbrook, NY 11563. 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 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 Associates 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 Associates 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:

43-47 Broadway Realty, LLC
Application for Assistance and the
Town of Hempstead Industrial
Development Agency

Geography:

Town of Hempstead

Study Period:

2021

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 43-47 Broadway Realty, LLC (the "Applicant") for the construction of 201 apartment units (the "Project") at 17 & 21 Landon Place, 47 Broadway, 90 & 96 Station Plaza, Lynbrook, Town of Hempstead, Nassau County, New York (the "Site"). The development will consist of 201 residential units, including 10% (20 units) set aside as affordable (making no more than 80% AMI), and 2,000 square feet of ground floor retail/amenity space. The Applicant is seeking a 30-year PILOT agreement from the Agency. The Agency commissioned Camoin Associates to conduct an economic and limited fiscal impact analysis of the Project on the Town of Hempstead (the "Town").

Camoin Associates conducted a market demand analysis of housing in the town to determine the extent to which any of the housing units are "new" households and, therefore, associated with new household spending in the town. We determined that 156 of the market rate units and 18 of the affordable units would be considered as providing "net new" households to the town as they allow households to exist in the town 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

Total Jobs	69
Direct Jobs	51
Total Earnings	\$ 3,641,470
Direct Earnings	\$ 2,423,490
Annual Sales Tax Revenue	\$ 9,294
Average Annual PILOT Payment	\$ 948,833
Average Annual PILOT Payment to Town	\$ 96,001
Average Annual PILOT Benefit	\$ 700,125
Average Annual PILOT Benefit to Town	\$ 70,837

- ◆ The Project supports 69 net new jobs in the town, with over \$3.6 million in associated earnings. 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 30-year PILOT agreement with the Agency, where the applicant would pay an average of \$948,833 each year, of which \$96,001 will be allocated to the Town. As compared to the otherwise applicable property taxes, the PILOT represents an average annual benefit to the Town of \$70,837.
- ◆ Through negotiations with the Agency the Applicant could have access to a sales tax exemption valued at up to \$1.7 million and a mortgage recording tax exemption valued at up to approximately \$699,000. 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.

Table 2

Summary of Costs to Affected Jurisdictions

	<u>State and County</u>	
Sales Tax Exemption	\$	1,681,370
Mortgage Tax Exemption	\$	699,256

Source: Applicant, Camoin Associates

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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 Associates 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 as a result of Project operation, new permanent jobs, and spending by new tenant households.

IMPACTS OF NEW HOUSEHOLD SPENDING

To determine the annual economic impact of the Project on the town, the first step is to calculate the number of households that can be considered "net new" to the town economy. In other words, the number of households that, but for the Project, would not exist in the Town 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.

The Applicant proposes to construct 201 rental units, of which 181 will be market rate units and 20 will be affordable rate units. Based on Camoin Associates' rental market demand analysis, this analysis assumes that 86% of the market rate households are net new to the town and 88% of the affordable households are net new (Table 3). This is based on a review of the data and an understanding of the proposed Project as detailed above.

Table 3

Net New Households			
	Total Households	Percent Net New	Net New Households
Market-Rate	181	86%	156
Affordable	20	88%	18
Total	201	86%	173

Source: Esri, Camoin Associates

SPENDING BY NEW TENANTS

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 and market-rate tenants.

The 18 net new affordable units will be available to households earning up to 80% of Nassau County area median income (AMI).¹ We assume an average household size of 2 persons given the type of development and units. The 80% AMI income for a 2-person occupancy is \$81,050². Therefore, we will consider spending for tenants to be in

¹ According to the Applicant.

² According to HUD's 2020-2021 income limits for the Nassau-Suffolk region.

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the \$70,000 to \$99,999 spending basket, per the Bureau of Labor Statistics' 2019 Consumer Expenditure Survey. Tenants in the 156 net new market rate units will fall into the \$100,000 to \$149,999 spending basket.

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 in affordable units have annual expenditures (excluding housing and utility costs) of \$34,198 and households in market rate units have annual expenditures of \$45,846.

It is assumed that 70%³ of total expenditures would occur within the Town of Hempstead and, therefore, have an impact on the town's economy. 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 4
Tenant Spending Basket

Affordable Units for Tenants Earning 80% AMI (\$70,000 to \$99,999 Annual Household Income)			
Category	Annual per Unit Spending Basket	Amount Spent in Town (70%)	Total Net New Town Spending (18 net new units)
Food	\$ 9,460	\$ 6,622	\$ 119,196
Household furnishings and equipment	\$ 1,987	\$ 1,391	\$ 25,036
Apparel and services	\$ 3,807	\$ 2,665	\$ 47,968
Transportation	\$ 11,086	\$ 7,760	\$ 139,684
Health care, not including insurance (1)	\$ 969	\$ 678	\$ 12,209
Entertainment	\$ 3,516	\$ 2,461	\$ 44,302
Personal care products and services	\$ 844	\$ 591	\$ 10,634
Education	\$ 1,680	\$ 1,176	\$ 21,168
Miscellaneous	\$ 849	\$ 594	\$ 10,697
Annual Discretionary Spending	\$ 34,198	\$ 23,939	\$ 430,895
Market Rate Units (\$100,000 to \$149,999 Annual Household Income)			
Category	Annual per Unit Spending Basket	Amount Spent in Town (70%)	Total Net New Town Spending (156 net new units)
Food	\$ 10,633	\$ 7,443	\$ 1,161,124
Household furnishings and equipment	\$ 2,858	\$ 2,001	\$ 312,094
Apparel and services	\$ 2,565	\$ 1,796	\$ 280,098
Transportation	\$ 15,050	\$ 10,535	\$ 1,643,460
Health care	\$ 6,685	\$ 4,680	\$ 730,002
Entertainment	\$ 4,150	\$ 2,905	\$ 453,180
Personal care products and services	\$ 1,052	\$ 736	\$ 114,878
Education	\$ 1,862	\$ 1,303	\$ 203,330
Miscellaneous	\$ 991	\$ 694	\$ 108,217
Annual Discretionary Spending	\$ 45,846	\$ 32,092	\$ 5,006,383
Total Tenant Spending			\$ 5,437,278

Source: 2019 Consumer Expenditure Survey, Bureau of Labor Statistics

The total net new spending in the town 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 \$5,437,278 per year. We used the above spending basket amounts to calculate the direct, indirect, and total impact of the Project on the town. Using \$5.4 million as the new sales input, Camoin Associates used Emsi to

³ Based on an analysis of goods and services available within the town, using Esri Business Analyst. Every category of retail exists within the Town, but some portion of the retail expenditure occurs outside the Town limits.

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determine the indirect, induced, and total impact of the Project on the Town of Hempstead.⁴ Table 5 outlines the findings of this analysis.

Table 5

Economic Impact - Household Spending			
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	43	\$ 1,966,635	\$ 5,437,278
Indirect	8	\$ 467,649	\$ 1,236,823
Induced	6	\$ 465,871	\$ 1,154,373
Total	57	\$ 2,900,155	\$ 7,828,474

Source: Emsi, Camoin Associates

IMPACTS OF ON-SITE EMPLOYMENT

The Applicant anticipates that 10 total jobs will be on-site within two years following Project completion. Since 86% of the housing units are considered net new to the town and village, 86% of the jobs, or 8 jobs (rounding to nearest full job), are considered to be net new. The table below detail the impact that these 8 jobs will have on the Town of Hempstead (Table 6).

Table 6

Economic Impact - On-Site Operations			
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	8	\$ 456,855	\$ 1,353,721
Indirect	3	\$ 202,631	\$ 528,834
Induced	1	\$ 81,830	\$ 203,249
Total	9	\$ 741,315	\$ 2,085,805

Source: Emsi, Camoin Associates

Camoin Associates also considered the extent to which any of the retail space would bring new retail sales to the town. We determined that, because of the generic nature of the retail space and the availability of retail throughout the town, none of the retail space would be "net new" to the Town of Hempstead. The retail component of the Project is not expected to induce any more retail spending within the town than would otherwise occur elsewhere in the town absent the retail space, and therefore the retail component per se would not generate net new sales or jobs.

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 in Table 7.

Table 7

Total Annual Economic Impact			
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	51	\$ 2,423,490	\$ 6,790,999
Indirect	11	\$ 670,280	\$ 1,765,657
Induced	7	\$ 547,700	\$ 1,357,622
Total	69	\$ 3,641,470	\$ 9,914,279

Source: Emsi, Camoin Associates

⁴ Analysis uses the 33 zip codes that are predominantly located within the Town of Hempstead (see Attachment C).

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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 Applicant has applied to the Agency for a Payment In Lieu of Taxes (PILOT) agreement. The Applicant has proposed a 30-year payment schedule based on the current tax rate, taxable value, and assessed value of the Project. Based on the terms of the PILOT as proposed, Camoin Associates calculated the potential impact on the Town of Hempstead.⁵

Table 8

Tax Payments with PILOT			
Year	PILOT Payments	Town Portion of Payment	
1	\$ 185,000	\$	18,718
2	\$ 185,000	\$	18,718
3	\$ 185,000	\$	18,718
4	\$ 200,000	\$	20,236
5	\$ 225,000	\$	22,765
6	\$ 250,000	\$	25,294
7	\$ 325,000	\$	32,883
8	\$ 380,000	\$	38,448
9	\$ 450,000	\$	45,530
10	\$ 525,000	\$	53,118
11	\$ 600,000	\$	60,707
12	\$ 675,000	\$	68,295
13	\$ 750,000	\$	75,883
14	\$ 830,000	\$	83,978
15	\$ 900,000	\$	91,060
16	\$ 1,145,000	\$	115,849
17	\$ 1,180,000	\$	119,390
18	\$ 1,230,000	\$	124,449
19	\$ 1,275,000	\$	129,002
20	\$ 1,320,000	\$	133,555
21	\$ 1,360,000	\$	137,602
22	\$ 1,400,000	\$	141,649
23	\$ 1,450,000	\$	146,708
24	\$ 1,500,000	\$	151,767
25	\$ 1,540,000	\$	155,814
26	\$ 1,575,000	\$	159,355
27	\$ 1,625,000	\$	164,414
28	\$ 1,680,000	\$	169,979
29	\$ 1,720,000	\$	174,026
30	\$ 1,800,000	\$	182,120
Total	\$ 28,465,000	\$	2,880,028
Average	\$ 948,833	\$	96,001

Source: Town of Hempstead IDA, Camoin Associates

⁵ It is assumed that the Town of Hempstead will continue to receive the same portion of the full tax bill that they currently are. The current total taxes are \$183,919.35 of which the Town receives approximately 10%.

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TAX POLICY COMPARISON

Without financial assistance from the Agency, Camoin Associates 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 9 outlines the estimated tax payments made by the building owner without the Project.

Table 9
Tax Payments Without Project

<u>Year</u>	<u>Property Tax Payment</u> <u>Without Project*</u>	<u>Town Portion of</u> <u>Payment Without</u> <u>Project</u>
1	\$ 183,919	\$ 18,609
2	\$ 187,598	\$ 18,981
3	\$ 191,350	\$ 19,360
4	\$ 195,177	\$ 19,748
5	\$ 199,080	\$ 20,143
6	\$ 203,062	\$ 20,545
7	\$ 207,123	\$ 20,956
8	\$ 211,266	\$ 21,375
9	\$ 215,491	\$ 21,803
10	\$ 219,801	\$ 22,239
11	\$ 224,197	\$ 22,684
12	\$ 228,681	\$ 23,137
13	\$ 233,254	\$ 23,600
14	\$ 237,919	\$ 24,072
15	\$ 242,678	\$ 24,554
16	\$ 247,531	\$ 25,045
17	\$ 252,482	\$ 25,546
18	\$ 257,531	\$ 26,056
19	\$ 262,682	\$ 26,578
20	\$ 267,936	\$ 27,109
21	\$ 273,294	\$ 27,651
22	\$ 278,760	\$ 28,204
23	\$ 284,336	\$ 28,768
24	\$ 290,022	\$ 29,344
25	\$ 295,823	\$ 29,931
26	\$ 301,739	\$ 30,529
27	\$ 307,774	\$ 31,140
28	\$ 313,929	\$ 31,763
29	\$ 320,208	\$ 32,398
30	\$ 326,612	\$ 33,046
Total	\$ 7,461,255	\$ 754,914
Average	\$ 248,708	\$ 25,164

Source: Town of Hempstead IDA, Camoin Associates

*Assumes an average annual increase of 2.00%

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.

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Table 10 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 jurisdictions will receive approximately \$700,000 more in PILOT revenue annually than property taxes that would be received without the Project. The total benefit would be over \$21 million over the 30-year period.

Table 10

Tax Policy Comparison (All Jurisdictions)				
Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project	
1	\$ 183,919	\$ 185,000	\$	1,081
2	\$ 187,598	\$ 185,000	\$	(2,598)
3	\$ 191,350	\$ 185,000	\$	(6,350)
4	\$ 195,177	\$ 200,000	\$	4,823
5	\$ 199,080	\$ 225,000	\$	25,920
6	\$ 203,062	\$ 250,000	\$	46,938
7	\$ 207,123	\$ 325,000	\$	117,877
8	\$ 211,266	\$ 380,000	\$	168,734
9	\$ 215,491	\$ 450,000	\$	234,509
10	\$ 219,801	\$ 525,000	\$	305,199
11	\$ 224,197	\$ 600,000	\$	375,803
12	\$ 228,681	\$ 675,000	\$	446,319
13	\$ 233,254	\$ 750,000	\$	516,746
14	\$ 237,919	\$ 830,000	\$	592,081
15	\$ 242,678	\$ 900,000	\$	657,322
16	\$ 247,531	\$ 1,145,000	\$	897,469
17	\$ 252,482	\$ 1,180,000	\$	927,518
18	\$ 257,531	\$ 1,230,000	\$	972,469
19	\$ 262,682	\$ 1,275,000	\$	1,012,318
20	\$ 267,936	\$ 1,320,000	\$	1,052,064
21	\$ 273,294	\$ 1,360,000	\$	1,086,706
22	\$ 278,760	\$ 1,400,000	\$	1,121,240
23	\$ 284,336	\$ 1,450,000	\$	1,165,664
24	\$ 290,022	\$ 1,500,000	\$	1,209,978
25	\$ 295,823	\$ 1,540,000	\$	1,244,177
26	\$ 301,739	\$ 1,575,000	\$	1,273,261
27	\$ 307,774	\$ 1,625,000	\$	1,317,226
28	\$ 313,929	\$ 1,680,000	\$	1,366,071
29	\$ 320,208	\$ 1,720,000	\$	1,399,792
30	\$ 326,612	\$ 1,800,000	\$	1,473,388
Total	\$ 7,461,255	\$ 28,465,000	\$	21,003,745
Average	\$ 248,708	\$ 948,833	\$	700,125

Source: Town of Hempstead IDA, Camoin Associates

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Table 11 calculates the benefit (or cost) to the Town. The Town would receive approximately \$70,837 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Town would be over \$2.1 million over the 30-year period.

Table 11

Tax Policy Comparison for Town				
Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project	
1	\$ 18,609	\$ 18,718	\$	109
2	\$ 18,981	\$ 18,718	\$	(263)
3	\$ 19,360	\$ 18,718	\$	(642)
4	\$ 19,748	\$ 20,236	\$	488
5	\$ 20,143	\$ 22,765	\$	2,623
6	\$ 20,545	\$ 25,294	\$	4,749
7	\$ 20,956	\$ 32,883	\$	11,927
8	\$ 21,375	\$ 38,448	\$	17,072
9	\$ 21,803	\$ 45,530	\$	23,727
10	\$ 22,239	\$ 53,118	\$	30,879
11	\$ 22,684	\$ 60,707	\$	38,023
12	\$ 23,137	\$ 68,295	\$	45,158
13	\$ 23,600	\$ 75,883	\$	52,283
14	\$ 24,072	\$ 83,978	\$	59,905
15	\$ 24,554	\$ 91,060	\$	66,506
16	\$ 25,045	\$ 115,849	\$	90,804
17	\$ 25,546	\$ 119,390	\$	93,844
18	\$ 26,056	\$ 124,449	\$	98,392
19	\$ 26,578	\$ 129,002	\$	102,424
20	\$ 27,109	\$ 133,555	\$	106,446
21	\$ 27,651	\$ 137,602	\$	109,951
22	\$ 28,204	\$ 141,649	\$	113,445
23	\$ 28,768	\$ 146,708	\$	117,939
24	\$ 29,344	\$ 151,767	\$	122,423
25	\$ 29,931	\$ 155,814	\$	125,883
26	\$ 30,529	\$ 159,355	\$	128,826
27	\$ 31,140	\$ 164,414	\$	133,274
28	\$ 31,763	\$ 169,979	\$	138,216
29	\$ 32,398	\$ 174,026	\$	141,628
30	\$ 33,046	\$ 182,120	\$	149,074
Total	\$ 754,914	\$ 2,880,028	\$	2,125,114
Average	\$ 25,164	\$ 96,001	\$	70,837

Source: Town of Hempstead IDA, Camoin Associates

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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.

Table 12

Summary of Costs to Affected Jurisdictions

	<u>State and County</u>	
Sales Tax Exemption	\$	1,681,370
Mortgage Tax Exemption	\$	699,256

Source: Applicant, Camoin Associates

The additional incentives offered by the Agency will benefit the Applicant but will not negatively affect the taxing jurisdictions because, without the Project, the Town 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 13 displays the new sales tax revenue that the Town of Hempstead would receive annually based on in-town spending by new households.

Table 13

**Annual Sales Tax Revenue
Household Spending**

Total New Spending	\$	7,828,474
Amount Taxable (30%)	\$	2,348,542
New Town Sales Tax Revenue Portion*		0.375%
New Town Tax Revenue	\$	8,807

*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 Associates

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 14 displays the annual tax revenue that the Town will receive.

Table 14

Annual Sales Tax Revenue On-Site Operations		
Total New Earnings	\$	741,315
Amount Spent in County (70%)	\$	518,921
Amount Taxable (25%)	\$	129,730
New Town Sales Tax Revenue Portion*		0.375%
New Town Tax Revenue	\$	486

*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 Associates

TOTAL ANNUAL SALES TAX REVENUE

The total annual sales tax revenue that the Town will receive is summarized in Table 15.

Table 15

Total Annual Sales Tax Revenue		
Household Spending	\$	8,807
On-Site Operations	\$	486
New Town Tax Revenue	\$	9,294

Source: Town of Hempstead IDA, Camoin Associates

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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.

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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.

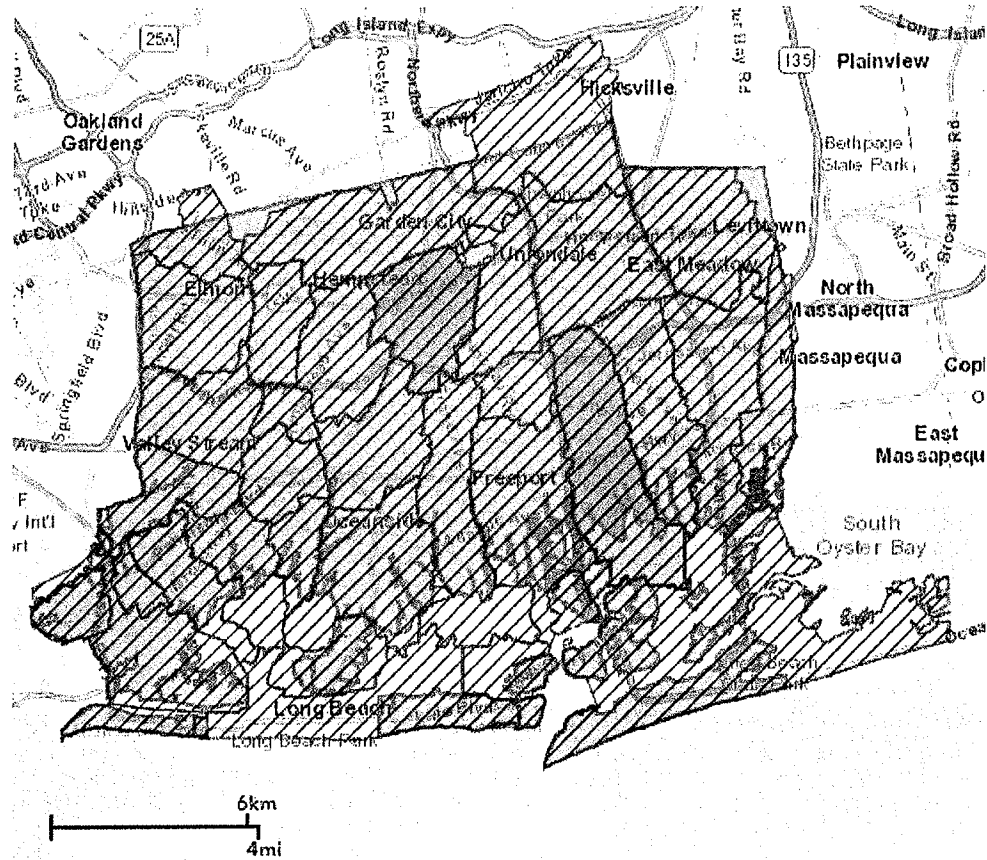
The following steps outline our process for calculating net new households. All data is drawn from Esri Business Analyst.

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.

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ATTACHMENT C: STUDY AREAS

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





Leading action to grow your economy

Camoin Associates
PO Box 3547
Saratoga Springs, NY 12866
518.899.2608
www.camoinassociates.com
@camoinassociate



*PROJECT ABSTRACT
TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY*

**25 Wanser, LLC
Project: 2802-21-09A**

Application Date: 7/21/21 Contact: Christine Linsalato

Applicant Name and Address: Heatherwood
58 Vanderbilt Motor Parkway, Suite 100
Commack, NY 11725

Project Address: 25 WANSEER AVENUE AND 40 BAYVIEW AVENUE,
LAWRENCE/INWOOD, NY 11096

Project:

The applicant intends to demolish 4 buildings across all parcels. They seek to construct a new 391,241 square foot building on approx. 5.23 acres located at 25 Wanser Avenue and 40 Bayview Avenue. This new complex will contain 313 apartments in a single five story structure, the complex will include 250 market rate units, consisting of 148 one bedroom, 129 two bedroom, 26 three bedroom and 10 four bedroom apartments. The development will also include 63 affordable units targeted to tenants with incomes at or below 60% Area Median Income for Nassau County. In addition, the community will include a retail component which will amount to less than 10% of the project, and parking for 492 vehicles.

Project Costs:

Land and/or building acquisition	\$27,250, 000.00
Building(s) demolition/construction	\$95,979,956.00
Site Work	\$5,579,713.00
Legal Fees	\$550,000.00
Architectural/Engineering Fees	\$3,605,771.00
Financial Charges	\$7,859,325.00
Marketing and Leasing	\$1,419,533.00
FF&E	\$322,390.00
TOD Zoning Fees	\$2,504,000.00
Permits and Fees	\$1,566,830.00
Builder's Risk and Insurance	\$1,104,605.00
Title Insurance	\$376,624.00

Real Estate Taxes	\$776,946.00
Financing Fees	\$559,964.00
Hard Cost Contingency	\$3,056,462.00
Soft Cost Contingency	\$1,528,231.00
Total	\$154,040,350.00

Employment:

	Full	Part
Present	0	0
1 st Year	4	0
2 nd Year	6	0

LMA : 6

Creation: of 6 FTE by year two

Full Time: \$64,000 - \$72,000 Average: \$68,000.00

Construction Jobs: 250

Benefits Sought: 25 Year PILOT, Sales Tax Exemption, MRT

Benefit Analysis:

Sales Tax Exemption Renovation, Furnishing and Fixture:

\$61,129,235.00 x 8.625% = \$ 5,272,397.00

Mortgage \$123,232,280.00 x .75% = \$924,242.10

Current Tax Information:

Section: 40, Block: 66, Lots: 30,31,(36,37),(38,39),40,68,69,156,157,158,(56, 73, 154, 155)

Section: 40, Block: 82, Lots: 114

Parcels: 12

SD- Lawrence 15

Total Taxes: \$215,520.27

Full Assessed Value: \$4,745,300

Total Assessment: \$47,453

General: \$125,960.68

School: \$89,559.59

Village: N/A

Estimated Taxes Once Built: \$2,755,084.00

Applicant Counsel: Peter Curry

Transaction Counsel: Paul O'Brien

25 Wanser, LLC
(Heatherwood)
PILOT

25 WANSER AVENUE AND 40 BAYVIEW AVENUE,
LAWRENCE/INWOOD, NY 11096

Current Tax Information:

Section; 40, Block: 66, Lots: 30,31,(36,37),(38,39),40,68,69,156,157,158,(56, 73, 154, 155)

Section: 40, Block: 82, Lots: 114

Parcels: 12

SD- Lawrence 15

Current Total Taxes Year: \$215,520.27

Estimated Taxes Once Built: \$2,755,084.00

Year	Total
1	\$215,520.00
2	\$215,520.00
3	\$215,520.00
4	\$325,000.00
5	\$400,000.00
6	\$420,000.00
7	\$550,000.00
8	\$675,000.00
9	\$750,000.00
10	\$850,000.00
11	\$950,000.00
12	\$1,000,000.00
13	\$1,100,000.00
14	\$1,300,000.00
15	\$1,500,000.00
16	\$1,750,000.00
17	\$2,000,000.00
18	\$2,786,000.00
19	\$2,841,000.00
20	\$2,898,000.00
21	\$2,956,000.00
22	\$3,015,000.00
23	\$3,076,000.00
24	\$3,137,000.00
25	\$3,200,000.00

8/9/21 – DRAFT

This Pilot has NOT been approved by the Hempstead IDA Board

PREPARED FOR:

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

Economic and Fiscal Impact

25 WANSER, LLC

Town of Hempstead
Industrial Development Agency

AUGUST 18, 2021

PREPARED BY:



PO Box 3547
Saratoga Springs, NY 12866
518.899.2608
www.camoinassociates.com

CAMOIN ASSOCIATES

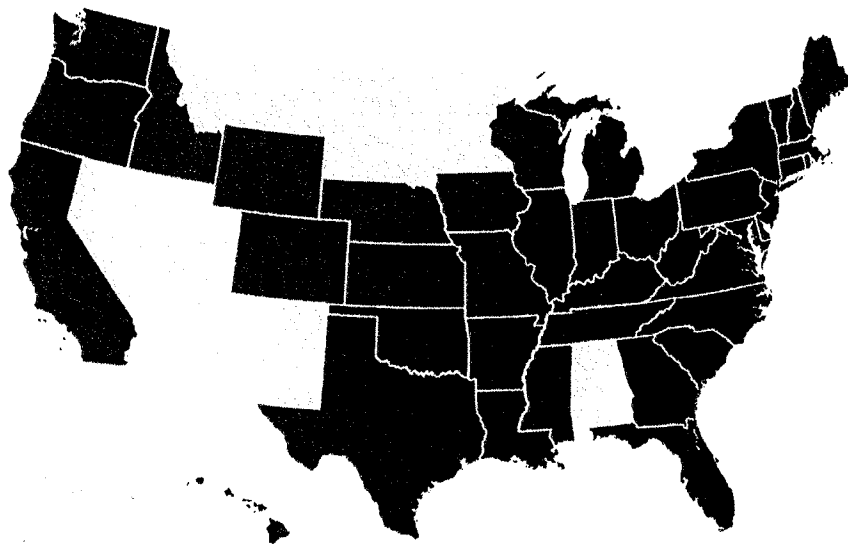
ABOUT CAMOIN ASSOCIATES

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates 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 43 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 and on Facebook.

THE PROJECT TEAM

Rachel Selsky
Vice President

Jessica Tagliafierro
Senior Analyst



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ABOUT THE STUDY

Camoin Associates was retained by the Town of Hempstead Industrial Development Agency to measure the potential economic and fiscal impacts of a project proposed by 25 Wanser, LLC. The proposed project involves construction of 313 apartment units, of which 63 are affordable units at 25 Wanser Avenue and 40 Bayview Avenue, Lawrence/Inwood, NY 11096. 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 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 Associates 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 Associates 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:
25 Wanser, LLC Application for
Assistance and the Town of
Hempstead Industrial
Development Agency

Geography:
Town of Hempstead

Study Period:
2021

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 25 Wanser, LLC (the "Applicant") for the construction of 313 apartment units (the "Project") at 25 Wanser Avenue and 40 Bayview Avenue, Lawrence/Inwood, Town of Hempstead, Nassau County, New York (the "Site"). The development will consist of 250 market-rate residential units, 63 affordable units (313 total units) and some retail space, along with related parking surfaces and streetscapes. The Applicant is seeking a 25-year PILOT agreement from the Agency. The Agency commissioned Camoin Associates to conduct an economic and limited fiscal impact analysis of the Project on the Town of Hempstead (the "Town").

Camoin Associates conducted a market demand analysis of housing in the town to determine the extent to which any of the housing units are "new" households and, therefore, associated with new household spending in the town. We determined that 205 of the market rate units and 63 of the affordable units would be considered as providing "net new households to the town as they allow households to exist in the town 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

Total Jobs	91
Direct Jobs	68
Total Earnings	\$ 4,773,468
Direct Earnings	\$ 3,184,381
Annual Sales Tax Revenue	\$ 13,127
Average Annual PILOT Payment	\$ 1,525,022
Average Annual PILOT Payment to Town	\$ 891,298
Average Annual PILOT Benefit	\$ 1,248,896
Average Annual PILOT Benefit to Town	\$ 729,916

- ♦ The Project supports 91 net new jobs in the town, with over \$4.7 million in associated earnings. 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 25-year PILOT agreement with the Agency, where the applicant would pay an average of \$1.5 million each year, of which \$891,298 will be allocated to the Town. As compared to the otherwise applicable property taxes, the PILOT represents an average annual benefit to the Town of \$729,916.
- ♦ Through negotiations with the Agency the Applicant could have access to a sales tax exemption valued at up to \$5.3 million and a mortgage recording tax exemption valued at up to \$1.3. 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.

Table 2
Summary of Costs to Affected Jurisdictions

	State and County	
Sales Tax Exemption	\$	5,272,397
Mortgage Tax Exemption	\$	1,293,939

Source: Applicant, Camoin Associates

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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 Associates 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 as a result of Project operation, new permanent jobs, and spending by new tenant households.

IMPACTS OF NEW HOUSEHOLD SPENDING

To determine the annual economic impact of the Project on the town, the first step is to calculate the number of households that can be considered "net new" to the town economy. In other words, the number of households that, but for the Project, would not exist in the Town 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.

The Applicant proposes to construct 313 rental units, of which 250 will be market rate units and 63 will be affordable rate units. Based on Camoin Associates' rental market demand analysis, this analysis assumes that 100% of the affordable households are net new to the town and 82% of the market rate households are net new (Table 1). This is based on a review of the data and an understanding of the proposed Project as detailed above.

Table 3

Net New Households

	Total Households	Percent Net New	Net New Households
Market-Rate	250	82%	205
Affordable	63	100%	63
Total	313	86%	268

Source: Esri, Camoin Associates

SPENDING BY NEW TENANTS

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 and market-rate tenants.

The 63 net new affordable units will be available to households earning up to 60% of Nassau County area median income (AMI).¹ We assume an average household size of 2 persons given the type of development and units. The 60% AMI income for a 2-person occupancy is \$60,750². Therefore, we will consider spending for tenants to be in

¹ According to the Applicant.

² According to HUD's 2020-2021 income limits for the Nassau-Suffolk region.

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the \$50,000 to \$69,999 spending basket, per the Bureau of Labor Statistics' 2019 Consumer Expenditure Survey. Tenants in the 205 net new market rate units will fall into the \$100,000 to \$149,999 spending basket.

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 in affordable units have annual expenditures (excluding housing and utility costs) of \$28,738 and households in market rate units have annual expenditures of \$45,846.

It is assumed that 70%³ of total expenditures would occur within the Town of Hempstead and, therefore, have an impact on the town's economy. 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 4

Tenant Spending Basket

Affordable Units for Tenants Earning 60% AMI (\$50,000 to \$69,999 Annual Household Income)			
Category	Annual per Unit Spending Basket	Amount Spent in Town (70%)	Total Net New Town Spending (63 net new units)
Food	\$ 7,922	\$ 5,545	\$ 349,360
Household furnishings and equipment	\$ 3,152	\$ 2,206	\$ 139,003
Apparel and services	\$ 2,886	\$ 2,020	\$ 127,273
Transportation	\$ 8,972	\$ 6,280	\$ 395,665
Health care	\$ 740	\$ 518	\$ 32,634
Entertainment	\$ 2,204	\$ 1,543	\$ 97,196
Personal care products and services	\$ 732	\$ 512	\$ 32,281
Education	\$ 1,014	\$ 710	\$ 44,717
Miscellaneous	\$ 1,116	\$ 781	\$ 49,216
Annual Discretionary Spending	\$ 28,738	\$ 20,117	\$ 1,267,346
Market Rate Units (\$100,000 to \$149,999 Annual Household Income)			
Category	Annual per Unit Spending Basket	Amount Spent in Town (70%)	Total Net New Town Spending (205 net new units)
Food	\$ 10,633	\$ 7,443	\$ 1,525,836
Household furnishings and equipment	\$ 2,858	\$ 2,001	\$ 410,123
Apparel and services	\$ 2,565	\$ 1,796	\$ 368,078
Transportation	\$ 15,050	\$ 10,535	\$ 2,159,675
Health care	\$ 6,685	\$ 4,680	\$ 959,298
Entertainment	\$ 4,150	\$ 2,905	\$ 595,525
Personal care products and services	\$ 1,052	\$ 736	\$ 150,962
Education	\$ 1,862	\$ 1,303	\$ 267,197
Miscellaneous	\$ 991	\$ 694	\$ 142,209
Annual Discretionary Spending	\$ 45,846	\$ 32,092	\$ 6,578,901
Total Tenant Spending			\$ 7,846,247

Source: 2019 Consumer Expenditure Survey, Bureau of Labor Statistics

³ Based on an analysis of goods and services available within the town, using Esri Business Analyst. Every category of retail exists within the Town, but some portion of the retail expenditure occurs outside the Town limits.

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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 \$7,846,247 per year. We used the above spending basket amounts to calculate the direct, indirect, and total impact of the Project on the town.

Using \$7.8 million as the new sales input, Camoin Associates employed Emsi to determine the indirect, induced, and total impact of the Project on the Town of Hempstead.⁴ Table 5 outlines the findings of this analysis.

Table 5

Economic Impact - Household Spending			
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	63	\$ 2,835,039	\$ 7,846,247
Indirect	11	\$ 675,576	\$ 1,798,075
Induced	8	\$ 671,752	\$ 1,679,703
Total	82	\$ 4,182,366	\$ 11,324,025

Source: Emsi, Camoin Associates

IMPACTS OF ON-SITE EMPLOYMENT

The Applicant anticipates that 6 jobs will be on-site within two years following Project completion. Since 86% of the housing units are considered net new to the town and village, 86% of the jobs, or 5 jobs, are considered to be net new. The table below detail the impact that these 5 jobs will have on the Town of Hempstead (Table 6).

Table 6

Economic Impact - On-Site Operations			
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	5	\$ 349,342	\$ 1,167,324
Indirect	3	\$ 171,658	\$ 454,565
Induced	1	\$ 70,101	\$ 176,063
Total	9	\$ 591,102	\$ 1,797,952

Source: Emsi, Camoin Associates

Camoin Associates also considered the extent to which any of the retail space would bring new retail sales to the town. We determined that, because of the generic nature of the retail space and the availability of retail throughout the town, none of the retail space would be "net new" to the Town of Hempstead. The retail component of the Project is not expected to induce any more retail spending within the town than would otherwise occur elsewhere in the town absent the retail space, and therefore the retail component per se would not generate net new sales or jobs.

⁴ Analysis uses the 33 zip codes that are predominantly located within the Town of Hempstead (see Attachment C).

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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 in Table 7.

Table 7

Total Annual Economic Impact				
	<u>Jobs</u>		<u>Earnings</u>	<u>Sales</u>
Direct	68	\$	3,184,381	\$ 9,013,571
Indirect	14	\$	847,234	\$ 2,252,640
Induced	9	\$	741,853	\$ 1,855,766
Total	91	\$	4,773,468	\$ 13,121,977

Source: Emsi, Camoin Associates

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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 Applicant has applied to the Agency for a Payment In Lieu of Taxes (PILOT) agreement. The Applicant has proposed a 25-year payment schedule based on the current tax rate, taxable value, and assessed value of the Project. Based on the terms of the PILOT as proposed, Camoin Associates calculated the potential impact on the Town of Hempstead.⁵

Table 8

Tax Payments with PILOT			
Year	PILOT Payments	Town Portion of Payment	
1	\$ 215,520	\$	125,961
2	\$ 215,520	\$	125,961
3	\$ 215,520	\$	125,961
4	\$ 325,000	\$	189,946
5	\$ 400,000	\$	233,780
6	\$ 420,000	\$	245,469
7	\$ 550,000	\$	321,447
8	\$ 675,000	\$	394,503
9	\$ 750,000	\$	438,337
10	\$ 850,000	\$	496,782
11	\$ 950,000	\$	555,227
12	\$ 1,000,000	\$	584,449
13	\$ 1,100,000	\$	642,894
14	\$ 1,300,000	\$	759,784
15	\$ 1,500,000	\$	876,674
16	\$ 1,750,000	\$	1,022,786
17	\$ 2,000,000	\$	1,168,899
18	\$ 2,786,000	\$	1,628,276
19	\$ 2,841,000	\$	1,660,421
20	\$ 2,898,000	\$	1,693,734
21	\$ 2,956,000	\$	1,727,632
22	\$ 3,015,000	\$	1,762,115
23	\$ 3,076,000	\$	1,797,766
24	\$ 3,137,000	\$	1,833,418
25	\$ 3,200,000	\$	1,870,238
Total	\$ 38,125,560	\$	22,282,458
Average	\$ 1,525,022	\$	891,298

Source: Town of Hempstead IDA, Camoin Associates

⁵ It is assumed that the Town of Hempstead will continue to receive the same portion of the full tax bill that they currently are. The current total taxes are \$771,088 of which the Town receives approximately 9%.

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TAX POLICY COMPARISON

Without financial assistance from the Agency, Camoin Associates 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 9 outlines the estimated tax payments made by the building owner without the Project.

Table 9

Tax Payments without Project

<u>Year</u>	<u>Property Tax Payment</u> <u>Without Project*</u>	<u>Town Portion of</u> <u>Payment Without</u> <u>Project</u>
1	\$ 215,520	\$ 125,961
2	\$ 219,830	\$ 128,480
3	\$ 224,227	\$ 131,049
4	\$ 228,712	\$ 133,670
5	\$ 233,286	\$ 136,344
6	\$ 237,951	\$ 139,071
7	\$ 242,711	\$ 141,852
8	\$ 247,565	\$ 144,689
9	\$ 252,516	\$ 147,583
10	\$ 257,566	\$ 150,534
11	\$ 262,718	\$ 153,545
12	\$ 267,972	\$ 156,616
13	\$ 273,331	\$ 159,748
14	\$ 278,798	\$ 162,943
15	\$ 284,374	\$ 166,202
16	\$ 290,062	\$ 169,526
17	\$ 295,863	\$ 172,917
18	\$ 301,780	\$ 176,375
19	\$ 307,816	\$ 179,903
20	\$ 313,972	\$ 183,501
21	\$ 320,251	\$ 187,171
22	\$ 326,656	\$ 190,914
23	\$ 333,190	\$ 194,732
24	\$ 339,853	\$ 198,627
25	\$ 346,650	\$ 202,600
Total	\$ 6,903,170	\$ 4,034,553
Average	\$ 276,127	\$ 161,382

Source: Town of Hempstead IDA, Camoin Associates

*Assumes an average annual increase of 2.00%

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.

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Table 10 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. More than \$1.2 million more in PILOT revenue will be received annually than property taxes that would be received without the Project. The total benefit would be \$31.2 million over the 25-year period.

Table 10

Tax Policy Comparison (All Jurisdictions)				
Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project	
1	\$ 215,520	\$ 215,520	\$ -	
2	\$ 219,830	\$ 215,520	\$ (4,310)	
3	\$ 224,227	\$ 215,520	\$ (8,707)	
4	\$ 228,712	\$ 325,000	\$ 96,288	
5	\$ 233,286	\$ 400,000	\$ 166,714	
6	\$ 237,951	\$ 420,000	\$ 182,049	
7	\$ 242,711	\$ 550,000	\$ 307,289	
8	\$ 247,565	\$ 675,000	\$ 427,435	
9	\$ 252,516	\$ 750,000	\$ 497,484	
10	\$ 257,566	\$ 850,000	\$ 592,434	
11	\$ 262,718	\$ 950,000	\$ 687,282	
12	\$ 267,972	\$ 1,000,000	\$ 732,028	
13	\$ 273,331	\$ 1,100,000	\$ 826,669	
14	\$ 278,798	\$ 1,300,000	\$ 1,021,202	
15	\$ 284,374	\$ 1,500,000	\$ 1,215,626	
16	\$ 290,062	\$ 1,750,000	\$ 1,459,938	
17	\$ 295,863	\$ 2,000,000	\$ 1,704,137	
18	\$ 301,780	\$ 2,786,000	\$ 2,484,220	
19	\$ 307,816	\$ 2,841,000	\$ 2,533,184	
20	\$ 313,972	\$ 2,898,000	\$ 2,584,028	
21	\$ 320,251	\$ 2,956,000	\$ 2,635,749	
22	\$ 326,656	\$ 3,015,000	\$ 2,688,344	
23	\$ 333,190	\$ 3,076,000	\$ 2,742,810	
24	\$ 339,853	\$ 3,137,000	\$ 2,797,147	
25	\$ 346,650	\$ 3,200,000	\$ 2,853,350	
Total	\$ 6,903,170	\$ 38,125,560	\$ 31,222,390	
Average	\$ 276,127	\$ 1,525,022	\$ 1,248,896	

Source: Town of Hempstead IDA, Camoin Associates

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Table 11 calculates the benefit (or cost) to the Town. The Town would receive approximately \$729,916 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Town would be over \$18 million over the 25-year period.

Table 11

Tax Policy Comparison for Town				
Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project	
1	\$ 125,961	\$ 125,961	\$	-
2	\$ 128,480	\$ 125,961	\$	(2,519)
3	\$ 131,049	\$ 125,961	\$	(5,089)
4	\$ 133,670	\$ 189,946	\$	56,276
5	\$ 136,344	\$ 233,780	\$	97,436
6	\$ 139,071	\$ 245,469	\$	106,398
7	\$ 141,852	\$ 321,447	\$	179,595
8	\$ 144,689	\$ 394,503	\$	249,814
9	\$ 147,583	\$ 438,337	\$	290,754
10	\$ 150,534	\$ 496,782	\$	346,247
11	\$ 153,545	\$ 555,227	\$	401,682
12	\$ 156,616	\$ 584,449	\$	427,833
13	\$ 159,748	\$ 642,894	\$	483,146
14	\$ 162,943	\$ 759,784	\$	596,841
15	\$ 166,202	\$ 876,674	\$	710,472
16	\$ 169,526	\$ 1,022,786	\$	853,260
17	\$ 172,917	\$ 1,168,899	\$	995,982
18	\$ 176,375	\$ 1,628,276	\$	1,451,901
19	\$ 179,903	\$ 1,660,421	\$	1,480,518
20	\$ 183,501	\$ 1,693,734	\$	1,510,233
21	\$ 187,171	\$ 1,727,632	\$	1,540,462
22	\$ 190,914	\$ 1,762,115	\$	1,571,201
23	\$ 194,732	\$ 1,797,766	\$	1,603,034
24	\$ 198,627	\$ 1,833,418	\$	1,634,791
25	\$ 202,600	\$ 1,870,238	\$	1,667,638
Total	\$ 4,034,553	\$ 22,282,458	\$	18,247,905
Average	\$ 161,382	\$ 891,298	\$	729,916

Source: Town of Hempstead IDA, Camoin Associates

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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.

Table 12

Summary of Costs to Affected Jurisdictions

		<u>State and County</u>
Sales Tax Exemption	\$	5,272,397
Mortgage Tax Exemption	\$	1,293,939

Source: Applicant, Camoin Associates

The additional incentives offered by the Agency will benefit the Applicant but will not negatively affect the taxing jurisdictions because, without the Project, the Town 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 13 displays the new sales tax revenue that the Town of Hempstead would receive annually based on in-town spending by new households.

Table 13

**Annual Sales Tax Revenue
Household Spending**

Total New Spending	\$	11,324,025
Amount Taxable (30%)	\$	3,397,207
New Town Sales Tax Revenue Portion*		0.375%
New Town Tax Revenue	\$	12,740

*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 Associates

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 14 displays the annual tax revenue that the Town will receive.

Table 14

Annual Sales Tax Revenue		
On-Site Operations		
Total New Earnings	\$	591,102
Amount Spent in County (70%)	\$	413,771
Amount Taxable (25%)	\$	103,443
New Town Sales Tax Revenue Portion*		0.375%
New Town Tax Revenue	\$	388

*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 Associates

TOTAL ANNUAL SALES TAX REVENUE

The total annual sales tax revenue that the Town will receive is summarized in Table 15.

Table 15

Total Annual Sales Tax Revenue		
Household Spending	\$	12,740
On-Site Operations	\$	388
New Town Tax Revenue	\$	13,127

Source: Town of Hempstead IDA, Camoin Associates

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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.

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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.

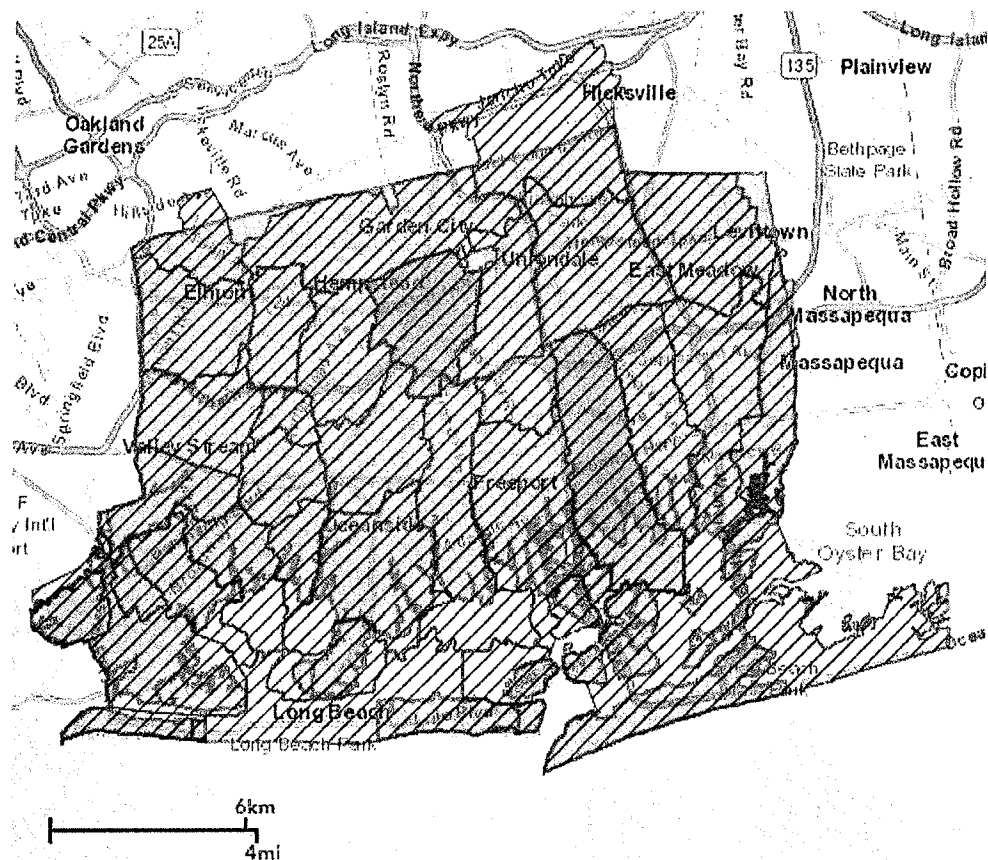
The following steps outline our process for calculating net new households. All data is drawn from Esri Business Analyst.

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.

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ATTACHMENT C: STUDY AREAS

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





Leading action to grow your economy

Camoin Associates
PO Box 3547
Saratoga Springs, NY 12866
518.899.2608
www.camoinassociates.com
@camoinassociate



PROJECT ABSTRACT
TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY

615 Merrick Owner, LLC
Project: 2802-21-18A

Application Date: 9/29/21 Contact: David Hercman

Applicant Name and Address: c/o Milvado Realty Group

6851 Jericho Tpke, Suite 155

Syosset, NY 11791

Project Address: 615 Merrick Avenue
Westbury, New York 11590

Project:

The applicant intends to renovate a current 78,909 sf (plus 95,288 sf parking garage) building located at 615 Merrick Avenue, Westbury on 2.1 acres. The building will be leased to one or more tenants for office use, which will require renovation, updating and modifications to accommodate new one or more new occupants and split the space up if necessary. It is currently owner-occupied as the headquarters of NY Community Bank as anchor tenant, which is leaving the space and is therefore selling the property. The building itself is outdated, and requires extensive and significant renovations to transform and reposition the building into a modern, attractive, Class-A office building. Such investments include: general systems repair, modernization and upgrades to the HVAC and elevators, renovations of the lobby, and renovations/alterations of the interior offices to accommodate one or more new occupants of the building.

(This project had previously been in a TOH IDA PILOT, which had ended in 2008. It had been vacant land prior.)

Project Costs:

Land and/or building acquisition	\$12,300,000
Building Renovation	\$4,000,000
Legal Fees	\$75,000
Architectural/Engineering Fees	\$250,000

Total \$16,625,000

Employment:

	Full	Part
Present	0	0
1 st Year	0	0
2 nd Year	60	10

LMA : 43.5

Creation: of 65 FTE by year two

Salary Average: \$65,000

Range \$50,000 - \$80,000

Construction Jobs: 20 as per cover letter

Benefits Sought: 13 Year PILOT, Sales Tax Exemption, MRT

Benefit Analysis:

Sales Tax Exemption Renovation, Furnishing and Fixture:

\$2,500,000 x 8.625% = \$ 215,625

Mortgage \$8,000,000 x .75% = \$60,000

Current Tax Information:

Section: 44 Block: 78 Lots: 47

Parcels: 1

SD- Uniondale 2

Total Taxes: \$520,220.13

Full Assessed Value: \$12,335,700

Total Assessment: \$123,357

General: \$211,709.86

School: \$308,510.27

Village: N/A

Estimated Taxes Once Built: N/A (only internal renovations being made)

Applicant Counsel: Dan Deegan/John Gordon

Transaction Counsel: Paul O'Brien

615 Merrick Owner, LLC
DRAFT PILOT

615 Merrick Avenue
Westbury, New York 11590

Current Tax Information:

Section: 44 Block: 78 Lots: 47

Parcels: 1

SD- Uniondale 2

Current Total Taxes Year: \$520,220.13

Estimated Taxes Once Built: N/A (only internal renovations being made)

Year	Total
1	\$520,220.00
2	\$520,220.00
3	\$520,220.00
4	\$540,624.00
5	\$548,236.00
6	\$559,061.00
7	\$570,102.00
8	\$581,364.00
9	\$592,852.00
10	\$604,569.00
11	\$616,520.00
12	\$628,711.00
13	\$641,145.00

11-4-21 – DRAFT

This Pilot has NOT been approved by the Hempstead IDA Board

PREPARED FOR:

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

Economic and Fiscal Impact

615 MERRICK OWNER LLC.

Town of Hempstead
Industrial Development Agency

NOVEMBER 11, 2021

PREPARED BY:



PO Box 3547
Saratoga Springs, NY 12866
518.899.2608
www.camoinassociates.com

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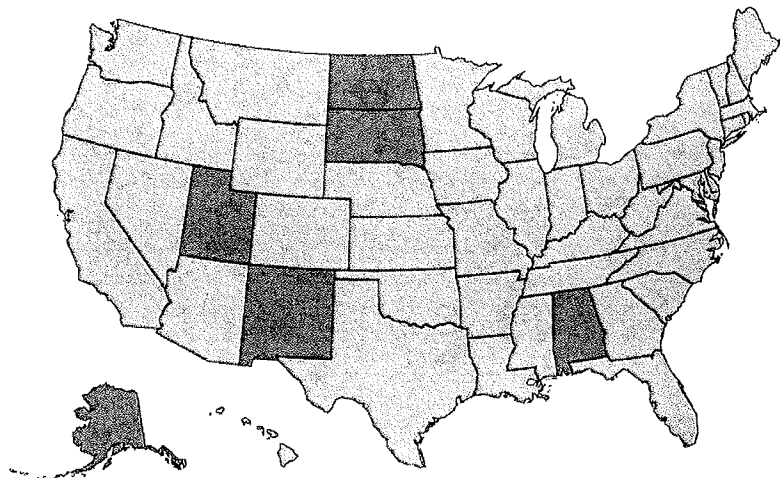
ABOUT CAMOIN ASSOCIATES

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates 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 44 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

Rachel Selsky
Vice President

Jessica Tagliafierro
Senior Research Analyst



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ABOUT THE STUDY

Camoin Associates was retained by the Town of Hempstead Industrial Development Agency to measure the potential economic and fiscal impacts of a project proposed by 615 Merrick Owner LLC. The proposed project involves the renovation of an existing approximately 78,909 square foot office building at 615 Merrick Avenue, Westbury, 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 that result from the renovation of the facility 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: renovation spending, on-site jobs, exemptions, and PILOT schedule.

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 Associates 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:

615 Merrick Owner, LLC
Application for Assistance and the
Town of Hempstead Industrial
Development Agency

Geography:

Town of Hempstead

Study Period:

2021

Modeling Tool:

Emsi

DIRECT IMPACTS

This initial round of impacts is generated as a result of spending on renovation and operations.

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.

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 615 Merrick Owner LLC (the "Applicant") for the renovation of an existing approximately 78,909 square foot office building (the "Project") at 615 Merrick Avenue, Westbury, Town of Hempstead, Nassau County, New York (the "Site"). While the future tenant is yet to be determined, the site requires extensive renovations to transform it into modern, Class-A office space. The Applicant is seeking a 13-year PILOT agreement from the Agency. The Agency commissioned Camoin Associates to conduct an economic and limited fiscal impact analysis of the Project on the Town of Hempstead (the "Town").

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

Table 1
Summary of Benefits

Total Jobs	98
Direct Jobs	65
Total Earnings	\$ 10,439,010
Direct Earnings	\$ 8,099,330
Annual Sales Tax Revenue to County	\$ 66,549
Annual Sales Tax Revenue to Town	\$ 5,872
Average Annual PILOT Payment	\$ 572,603
Average Annual PILOT Payment to Town	\$ 94,764
Average Annual Net Benefit to Town	\$ 3,413

- ♦ The Project supports 60 net new jobs in the town, with over \$6.3 million in associated earnings. These figures include net new jobs resulting from both on-site direct jobs and indirect/induced activity.
- ♦ The Applicant has negotiated terms of a proposed 13-year PILOT agreement with the Agency, where the applicant would pay an average of \$566,988 each year, of which nearly \$94,000 will be allocated to the Town.
- ♦ On an annual basis, the Project will support an estimated \$40,296 new sales tax revenue in Nassau County, of which \$3,556 will be allocated to the Town.
- ♦ **The annual net benefit to the Town will be \$3,413.** In this case, this is the sum of the average annual PILOT cost to the Town and projected new sales tax revenue to the Town.
- ♦ Through negotiations with the Agency the Applicant could have access to a sales tax exemption valued at up to \$215,625 and a mortgage recording tax exemption valued at up to \$60,000. 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.

Table 2
Summary of Costs to Affected Jurisdictions

	State and County	
Sales Tax Exemption	\$	215,625
Mortgage Tax Exemption	\$	60,000

Source: Applicant, Camoin Associates

CAMOIN ASSOCIATES

ECONOMIC IMPACT ANALYSIS

The estimates of direct economic activity generated by facility operation and renovation spending as provided by the Applicant were used as the direct inputs for the economic impact model. Camoin Associates 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 as a result of Project operation, new permanent jobs, and renovation spending.

RENOVATION PHASE IMPACTS

The Applicant anticipates that private sector investment in the renovation of the Project would cost approximately \$4.25 million¹, of which 70%² would be sourced from within the town. This means that there will be nearly \$3.0 million in net new spending in the town associated with the renovation phase of the Project.

Table 3

Renovation Phase Spending	
Total Renovation Cost	\$ 4,250,000
Percent Sourced from Town	70%
Net New Renovation Spending	\$ 2,975,000

Source: Applicant, Emsi, Camoin Associates

Based on nearly \$3.0 million worth of net new direct spending associated with the renovation phase of the Project, we determined that there would be nearly \$3.8 million in total one-time renovation related spending supporting 15 jobs and an associated over \$1.5 million in earnings over the renovation period throughout the town. Table 4 outlines the economic impacts of renovation.

Table 4

Economic Impact - Renovation Phase			
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	11	\$ 1,246,280	\$ 2,975,000
Indirect	2	\$ 138,628	\$ 438,108
Induced	2	\$ 149,302	\$ 371,671
Total	15	\$ 1,534,210	\$ 3,784,779

Source: Emsi, Camoin Associates

¹ Includes project costs and provided by the Applicant in Part IV of the application, excluding acquisition, legal fees, and financial charges.

² According to Emsi, approximately 70% of demand by the construction industry is met within the town.

CAMOIN ASSOCIATES

IMPACTS OF ON-SITE EMPLOYMENT

The Applicant conservatively estimates that 65 jobs will be on-site within two years following Project completion. This is an estimated figure since the future tenant of the space has yet to be determined. The table below details the impact that these 65 jobs will have on the Town of Hempstead (Table 5).

Table 5

Total Annual Economic Impact				
	<u>Jobs</u>	<u>Earnings</u>		<u>Sales</u>
Direct	65	\$ 8,099,330	\$	14,632,316
Indirect	20	\$ 1,431,379	\$	3,637,328
Induced	13	\$ 908,301	\$	2,297,406
Total	98	\$ 10,439,010	\$	20,567,050

Source: Emsi, Camoin Associates

CAMOIN ASSOCIATES

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 Applicant has applied to the Agency for a Payment In Lieu of Taxes (PILOT) agreement. The Applicant has proposed a 13-year payment schedule based on the current tax rate, taxable value, and assessed value of the Project. Based on the terms of the PILOT as proposed, Camoin Associates calculated the potential impact on the Town of Hempstead.³

Table 6

Tax Payments with PILOT		
Year	PILOT Payments	Town Portion of Payment
1	\$ 520,220	\$ 86,095
2	\$ 520,220	\$ 86,095
3	\$ 520,220	\$ 86,095
4	\$ 540,624	\$ 89,471
5	\$ 548,236	\$ 90,731
6	\$ 559,061	\$ 92,523
7	\$ 570,102	\$ 94,350
8	\$ 581,364	\$ 96,214
9	\$ 592,852	\$ 98,115
10	\$ 604,569	\$ 100,054
11	\$ 616,520	\$ 102,032
12	\$ 628,711	\$ 104,049
13	\$ 641,145	\$ 106,107
Total	\$ 7,443,844	\$ 1,231,929
Average	\$ 572,603	\$ 94,764

Source: Town of Hempstead IDA, Camoin Associates

³ It is assumed that the Town of Hempstead will continue to receive the same portion of the full tax bill that they currently are. The current total taxes are \$520,220 of which the Town receives approximately 17%.

CAMOIN ASSOCIATES

TAX POLICY COMPARISON

Without financial assistance from the Agency, Camoin Associates 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%⁴ (holding taxable value constant), Table 7 outlines the estimated tax payments made by the building owner without the Project.

Table 7

Tax Payments without Project

<u>Year</u>	<u>Property Tax Payment</u> <u>Without Project*</u>	<u>Town Portion of</u> <u>Payment Without</u> <u>Project</u>
1	\$ 520,220	\$ 86,095
2	\$ 530,624	\$ 87,816
3	\$ 541,237	\$ 89,573
4	\$ 552,062	\$ 91,364
5	\$ 563,103	\$ 93,191
6	\$ 574,365	\$ 95,055
7	\$ 585,852	\$ 96,956
8	\$ 597,569	\$ 98,896
9	\$ 609,521	\$ 100,873
10	\$ 621,711	\$ 102,891
11	\$ 634,145	\$ 104,949
12	\$ 646,828	\$ 107,048
13	\$ 659,765	\$ 109,189
Total	\$ 7,637,002	\$ 1,263,896
Average	\$ 587,462	\$ 97,223

Source: Town of Hempstead IDA, Camoin Associates

*Assumes an average annual increase of 2.00%

⁴ 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.

CAMOIN ASSOCIATES

Table 8 calculates the 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. Approximately \$15,000 less in PILOT revenue will be received annually than property taxes that would be received without the Project. The total cost would be \$193,158 over the 13-year period.

Table 8

Tax Policy Comparison (All Jurisdictions)				
Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project	
1	\$ 520,220	\$ 520,220	\$ -	
2	\$ 530,624	\$ 520,220	\$ (10,404)	
3	\$ 541,237	\$ 520,220	\$ (21,017)	
4	\$ 552,062	\$ 540,624	\$ (11,438)	
5	\$ 563,103	\$ 548,236	\$ (14,867)	
6	\$ 574,365	\$ 559,061	\$ (15,304)	
7	\$ 585,852	\$ 570,102	\$ (15,750)	
8	\$ 597,569	\$ 581,364	\$ (16,205)	
9	\$ 609,521	\$ 592,852	\$ (16,669)	
10	\$ 621,711	\$ 604,569	\$ (17,142)	
11	\$ 634,145	\$ 616,520	\$ (17,625)	
12	\$ 646,828	\$ 628,711	\$ (18,117)	
13	\$ 659,765	\$ 641,145	\$ (18,620)	
Total	\$ 7,637,002	\$ 7,443,844	\$ (193,158)	
Average	\$ 587,462	\$ 572,603	\$ (14,858)	

Source: Town of Hempstead IDA, Camoin Associates

CAMOIN ASSOCIATES

Table 9 calculates the cost to the Town. The Town would receive approximately \$2,500 less in PILOT revenue annually than it would receive in property taxes without the Project. The total cost to the Town would be \$31,967 over the 13-year period.

Table 9

Tax Policy Comparison for Town				
Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project	
1	\$ 86,095	\$ 86,095	\$	-
2	\$ 87,816	\$ 86,095	\$	(1,722)
3	\$ 89,573	\$ 86,095	\$	(3,478)
4	\$ 91,364	\$ 89,471	\$	(1,893)
5	\$ 93,191	\$ 90,731	\$	(2,460)
6	\$ 95,055	\$ 92,523	\$	(2,533)
7	\$ 96,956	\$ 94,350	\$	(2,607)
8	\$ 98,896	\$ 96,214	\$	(2,682)
9	\$ 100,873	\$ 98,115	\$	(2,759)
10	\$ 102,891	\$ 100,054	\$	(2,837)
11	\$ 104,949	\$ 102,032	\$	(2,917)
12	\$ 107,048	\$ 104,049	\$	(2,998)
13	\$ 109,189	\$ 106,107	\$	(3,082)
Total	\$ 1,263,896	\$ 1,231,929	\$	(31,967)
Average	\$ 97,223	\$ 94,764	\$	(2,459)

Source: Town of Hempstead IDA, Camoin Associates

OTHER EXEMPTIONS

There are additional benefits to working with the Agency including a one-time sales tax exemption on construction 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 10

Summary of Costs to Affected Jurisdictions	
	<u>State and County</u>
Sales Tax Exemption	\$ 215,625
Mortgage Tax Exemption	\$ 60,000

Source: Applicant, Camoin Associates

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

CAMOIN ASSOCIATES

SALES TAX REVENUE

SALES TAX REVENUE – RENOVATION PHASE

The one-time renovation phase earnings described by the total economic impact of the renovation work (described in the above section) would lead to additional sales tax revenue for the Town. It is assumed that 60%⁵ of the renovation phase earnings would be spent within the Town of Hempstead and that 25% of those purchases would be taxable.

Table 11

**One-Time Sales Tax Revenue
Renovation Phase**

Total New Earnings	\$	1,534,210
Amount Spent in Town (60%)	\$	920,526
Amount Taxable (25%)	\$	230,131
Nassau County Sales Tax Revenue (4.25%)	\$	9,781
New Town Sales Tax Revenue Portion*		0.375%
New Town Tax Revenue	\$	863

*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 Associates

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 60% of the earnings would be spent within the Town of Hempstead and that 25% of those purchases will be taxable. Table 12 displays the annual tax revenue that the Town will receive.

Table 12

**Annual Sales Tax Revenue
On-Site Operations**

Total New Earnings	\$	10,439,010
Amount Spent in Town (60%)	\$	6,263,406
Amount Taxable (25%)	\$	1,565,852
Nassau County Sales Tax Revenue (4.25%)	\$	66,549
New Town Sales Tax Revenue Portion*		0.375%
New Town Tax Revenue	\$	5,872

*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 Associates

⁵ According to Emsi, 60% demand for industries in a typical household spending basket is met within the Town of Hempstead.

CAMOIN ASSOCIATES

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.

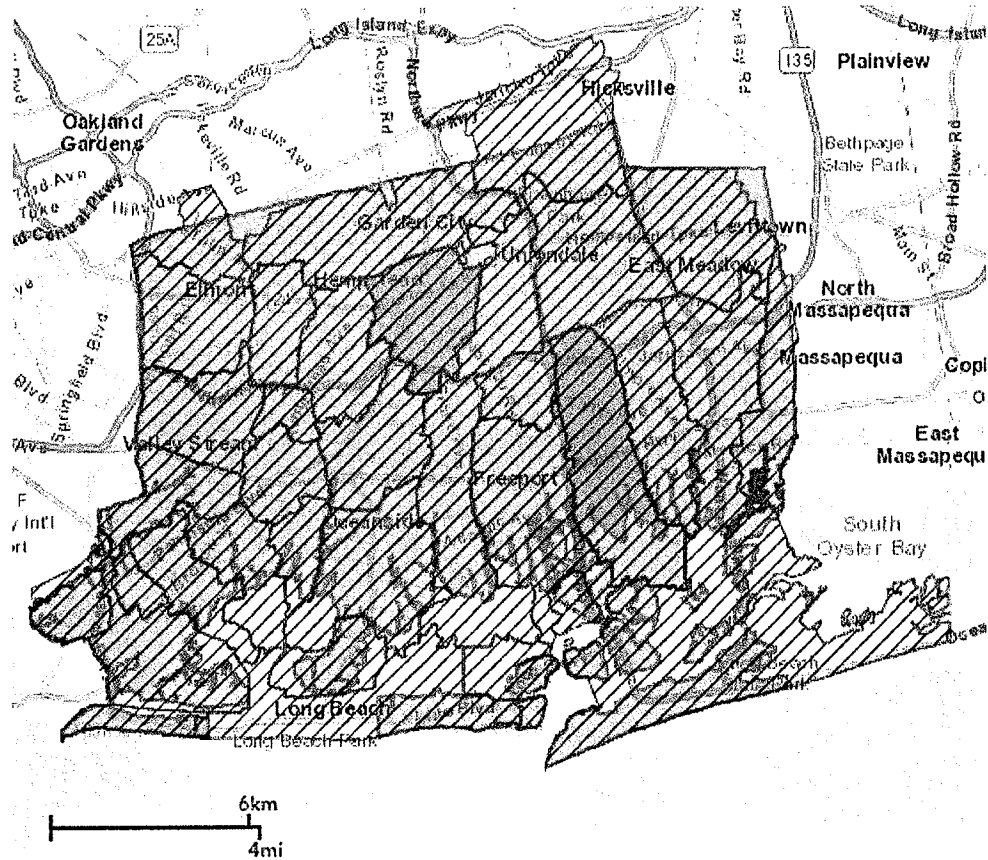
Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the "local economy" is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider 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.

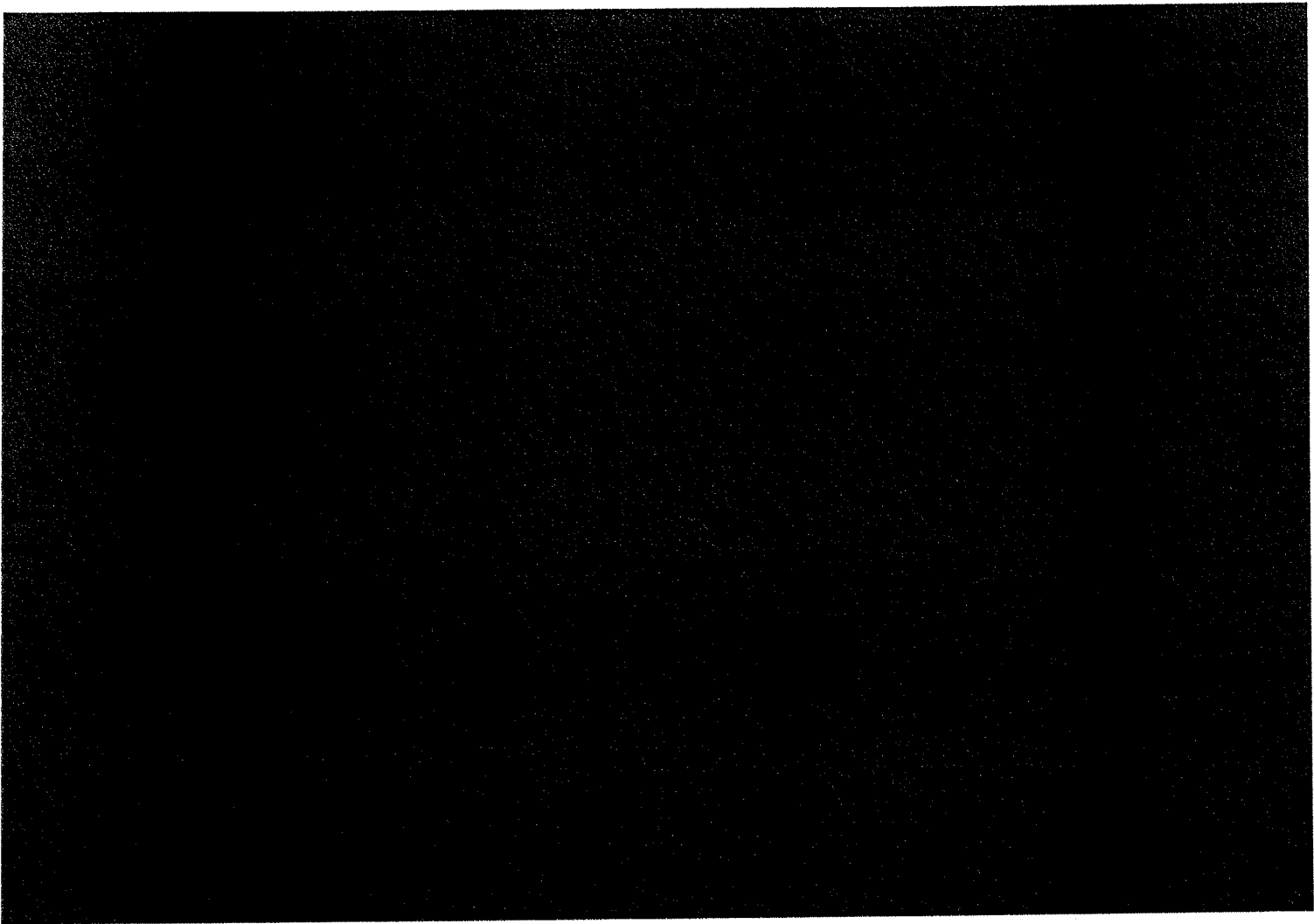
Changes in final demand, and therefore Direct Effects, can occur in a number of circumstances. The above example is easiest to understand: the effect of a manufacturer producing locally but selling globally. If, however, 100% of domestic demand for a good is being met by foreign suppliers (say, DVD players 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.

CAMOIN ASSOCIATES

ATTACHMENT B: STUDY AREAS

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





Leading action to grow your economy

Camoin Associates
PO Box 3547
Saratoga Springs, NY 12866
518.899.2608
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Frederick E. Parola
Chief Executive Officer



350 FRONT STREET HEMPSTEAD, NY 11550-4037
(516) 489-5000 EXT. 4200 • (516) 489-3179

NOTICE OF DEFAULT

November 1, 2021

VIA FEDERAL EXPRESS *Tracking # 7750 7862 8872*

William Segal
Alpha Equity Group
3021 Avenue J - basement office
Brooklyn, NY 11210

Re: Town of Hempstead Industrial Development Agency
2701 Associates LLC 2016 Facility (as assigned to Alphamore LLC)

Dear Mr. Segal:

The Town of Hempstead Industrial Development Agency (the “**Agency**”) previously assisted Alphamore LLC, a limited liability company organized and existing under the laws of the State of New York, (the “**Company**”) in the acquisition of an approximately 2.52 acre parcel of land located at 50 Clinton Street, Village of Hempstead, Town of Hempstead, New York (the “**Land**”), the acquisition of the Original Facility (as defined in the Assignment Agreement (as defined below)) and the acquisition of certain equipment and personal property (the “**Equipment**”; and together with the Original Facility, the “**Facility**”), all leased by the Agency to the Company pursuant to the Lease Agreement (as defined below). Any capitalized term not defined herein shall be defined in the Lease Agreement (as defined below).

The Agency leases the Facility to the Company, as assignee of the Assignor, pursuant to the terms and conditions set forth in a certain Lease and Project Agreement, dated as of December 1, 2016, by and between the Agency, as sublessor, and 2701 Associates LLC (the “**Assignor**”), as sublessee (the “**Original Lease Agreement**”), a memorandum of Lease Agreement was to be recorded in the Nassau County Clerk’s office, as assigned by the Assignor to the Company pursuant to that certain Assignment, Assumption and Amendment Agreement, dated as of January 1, 2018 (the “**Assignment Agreement**”), by and between the Agency, Assignor, and the Company and amended and restated pursuant to that certain Amended and Restated Lease and Project Agreement (the “**Lease Agreement**”) dated as of January 1, 2018.

William Segal
Alpha Equity Group
3021 Avenue J - basement office
Brooklyn, NY 11210
November 1, 2021
Page 2

According to the Lease Agreement, the Company is obligated to pay, as payments in lieu of taxes and assessments, the amounts set forth in Exhibit C attached to the Lease Agreement (the "**PILOT Payments**").

To date, the Company has not paid PILOT Payments (i) for the second half of the 2020/2021 School Tax Year in the amount of \$109,284.20, (ii) for the first half of the 2021 Village Tax Year in the amount of \$52,387.21, and (iii) for the second half of the 2021 General Tax Year in the amount of \$16,115.87. Because the Company failed to make any of these payments, statutory penalties and interest have accrued on the original amounts due pursuant to the Lease Agreement. The amounts set forth in this paragraph include statutory penalties and interest, for a total amount due of \$177,787.28 (the "**Outstanding PILOT Amount**"). An additional 1% late penalty will be added to the amounts owed for the second half 2020/2021 School Tax Year and second half 2021 General Tax Year if such amounts are not paid by November 10, 2021, and each month thereafter; and an additional 1% late penalty will be added to the amounts owed for the first half 2021 Village Tax Year if such amounts are not paid by October 30, 2021, and each month thereafter.

In addition, Section 4.3(b) of the Lease Agreement states "the Company shall pay to the Agency as additional rent, within fifteen (15) days of receipt of demand therefor, an amount equal to the sum of the expenses of the Agency and the members thereof incurred (i) by reason of the Agency's ownership, leasing, subleasing, or financing of the Facility, or (ii) in connection with the carrying out of the Agency's duties and obligations under the Agency Documents, the payment of which is not otherwise provided for under this Lease Agreement. The foregoing shall be in addition to any annual or continuing administrative or management fee imposed by the Agency now or hereafter." To date, the Company has paid the Agency an outstanding document processing fee in the amount of \$1,000.

It has also come to the Agency's attention that an event of default has occurred under the Company's First Mortgage, Consolidation, Extension, Modification, Assumption and Security Agreement (the "**Mortgage**") to Bethpage Federal Credit Union (the "**Lender**"). Section 10.1(a)(viii) provides that an event of default under the Mortgage shall constitute an event of default under the Lease Agreement.

Under Section 5.4(b) of the Lease Agreement, the occurrence and continuation of any Event of Default under the Lease Agreement constitutes a "Recapture Event".

The Agency sent a letter dated June 22, 2021 to the Company, with a copy sent to the Company's counsel, notifying the Company of its past due PILOT Payments and providing notice of the Company's default. Such letter, attached hereto as Exhibit A, also provided notice that the Company's project would appear on the Agency's Board meeting to be held on July 22,

William Segal
Alpha Equity Group
3021 Avenue J - basement office
Brooklyn, NY 11210
November 1, 2021
Page 3

2021 for consideration of termination and recapture of benefits should payment not be received by July 14, 2021.

The Agency's Board voted on October 21, 2021 to terminate the Lease Agreement and the associated financial benefits and to recapture benefits to the extent provided in the Lease Agreement.

Therefore, the Agency has declared an Event of Default has occurred under Sections 10.1(a)(i), (iii), (iv), and (viii) of the Lease Agreement, for failure by the Company to pay or cause to be paid the expenses incurred by the Agency in connection with its leasing of the Facility, failure to make PILOT Payments, the occurrence of an event of default under the Mortgage, and the occurrence and continuation of a Recapture Event.

Notwithstanding the cure periods set forth in the Lease Agreement, the Agency has agreed to allow the Company until the Agency's next regularly scheduled board meeting on November 18, 2021 (the "**Cure Date**") to cure the Events of Default and Recapture Events set forth herein. Please arrange to pay to the Agency, by the Cure Date (i) all Outstanding PILOT Amounts, plus any penalty or interest accruing to the payment date; (ii) the Agency's outstanding document processing fee in the amount of \$1,000; and (iii) the PILOT Payment for the first half 2021/2022 School Tax Year in the amount of \$106,646.33 which is due November 10, 2021. Please also, by the Cure Date, provide the Agency with sufficient proof that the event of default that has occurred under the Mortgage has been cured.

If the Events of Default herein are not cured by the Cure Date, the Agency shall exercise its remedies provided under Section 10.2(a)(i) and (ii) of the Lease Agreement to declare all amounts due under the Lease Agreement immediately due and payable (including unpaid expenses of the Agency and unpaid PILOT Payments, and terminate the Lease Agreement and Company Lease, re-convey the Equipment to the Company, return the Facility to the tax rolls, and terminate all authorized tax exemptions.

In addition, if the Events of Default and Recapture Events described herein are not cured by the Cure Date, the Agency shall exercise its right under Section 5.4 of the Lease Agreement to recapture 75% of all financial benefits received by the Company in connection with this transaction, including sales tax exemptions, mortgage recording tax exemption and real property tax abatements. Our records show that you received at least \$123,992.79 in mortgage recording tax exemptions, \$699,039.72 in real property tax abatements and \$258,750.00 in sales and use tax exemptions, for a total of \$1,081,782.51 in total financial benefits to date (the "**Recapture Benefits**"). The Agency reserves the right to recapture any additional financial benefit accruing to the Company, to the extent allowed under the Lease Agreement, from the date hereof, to the date the Lease Agreement is terminated and the Facility is returned to the tax rolls.


William Segal
Alpha Equity Group
3021 Avenue J - basement office
Brooklyn, NY 11210
November 1, 2021
Page 4

All current unpaid Outstanding PILOT Amounts shall incur a penalty at a rate of one percent (1%) per month until such amounts are fully paid. In the event the Agency declares the Recapture Benefits due, and such Recapture Benefits shall not be paid, such amounts shall bear interest at a rate equal to one percent (1%) plus the Prime Rate (as defined in the Lease Agreement), until the Company shall have made such payment in full, together with such accrued interest to the date of payment, to the Agency. Nothing set forth in this letter shall limit the Agency's rights to collect and recapture any amounts due and owing under the Lease Agreement prior to the time the Lease Agreement is terminated.

The Agency hereby further notifies you that the PILOT Payment for the first half School 2021/22 in the amount of \$106,646.33 is due November 10, 2021 and will incur a penalty at a rate of five percent (5%) if payment is not received by that date as per the Lease Agreement. Furthermore, the PILOT Payment for the second half 2021 Village Tax Year in the amount of \$48,425.25 is due on December 1, 2021 and will incur a penalty at a rate of five percent (5%) after December 31, 2021, as per the PILOT/Lease Agreement.

Very truly yours,

TOWN OF HEMPSTEAD DEVELOPMENT AGENCY

By: 
Name: Frederick E. Parola
Title: Chief Executive Officer

cc: John E. Ryan, Esq.
William F. Weir, Esq.
Daniel J. Baker, Esq
Bethpage Federal Credit Union
Brendan J. DeRiggi, Esq.
Elliot Steinmentz, Esq.
Chana Vashosky
Sara Stern

EXHIBIT A

Notice of failure to pay PILOT Payments and other amounts due

TOWN OF HEMPSTEAD



Industrial
Development Agency

COPY

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CHIEF EXECUTIVE OFFICER

350 FRONT STREET, HEMPSTEAD, NY 11550-4037
(516) 489-5000 EXT. 4200 * FAX: (516) 489-3179

June 22 , 2021

William Segal
Alphamore LLC
Alphamore Equity Group
3021 Avenue J – Basement Office
Brooklyn, NY 11210

RE: Alphamore LLC, 50 Clinton Street, Hempstead
PILOT Arrears and Sales Tax Exemption Recapture Outstanding

Dear Mr. Segal:

Enclosed you will several outstanding invoices. This letter will serve as notice that:

Failure to comply with making these payments in full constitutes a default in your agreement with the IDA. If we have not received the requested payments by Wednesday, July 14, 2021, your project will appear on our July 22, 2021 Board meeting agenda for consideration of Termination and Recapture of benefits.

If you are unable to make payment at this time, we invite you to attend the meeting and explain your situation to the Board directly.

To make payment, please follow the explicit instructions on each invoice.

Sincerely,

Edie M. Longo
Chief Financial Officer

cc: enclosures
cc: Daniel J. Baker, Esq.
cc : John E. Ryan, Esq.

Frederick E. Parola
Chief Executive Officer



350 FRONT STREET HEMPSTEAD, NY 11550-4037
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TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY
BOARD MEETING

October 21, 2021 9:00 a.m.

Town Hall Pavilion, One Washington Street, Hempstead

Agenda: Village Business: Village of Freeport: No new Business, Village of Hempstead: Consideration of a Termination of Benefits for Alphamore LLC, Consideration of a Sales Tax Exemption Extension of time only for FAD Henry Street Food Corp., New Business: Consideration of an Authorizing Resolution for an Assignment and Assumption from 130 Hempstead Avenue, West Hempstead, to Castle Lanterra Acquisition LLC/ 130 Hempstead, Consideration of an Authorizing Resolution for 111 Hempstead Tpke LLC, Consideration of an Inducement Resolution for 43-47 Broadway Realty LLC, Consideration of a Preliminary Inducement Resolution for PGD Baldwin Commons, Consideration of a Due Diligence Inducement for Ocean Ave Marina Inc., Consideration of a Mortgage Refinance for The Vantage on Roosevelt, Consideration for a mortgage Refinance for Beechwood Portofino, Consideration of a Mortgage Refinance for Beechwood Merrick, Tenant Consent for Equity One/Regency Centers- Laser Away, Tenant Consent for Valley Stream Green Acres LLC –Famous Rotisserie, CEO Report, Consideration and Adoption of the Governance Committee Charter, Consideration and Adoption of the Procurement Officer, Consideration and Adoption of the Conflict of Interest Policy, Consideration and Adoption of the Audit Committee Charter, Consideration and Adoption of the Finance Committee Charter. Old Business: Late PILOT update (830 Atlantic LLC), Consideration and Adoption of the Minutes September 22, 2021, Report of the Treasurer, Consideration and Adoption of the 2022 Budget, Consideration and Adoption of the Four Year Financial Plan, Committee Updates, Executive Session, Adjournment

Those in attendance:

Florestano Girardi, Chairman
Eric C. Mallette, Treasurer
Thomas Grech, Member
Jack Majkut, Secretary
Robert Bedford, Board Member

Village of Hempstead Members:

LaMont Johnson,
Joylette Williams
Stacey Lucas –Hargraves
Daneil Oppenheimer

Also in attendance:

Frederick E. Parola, CEO
Edie Longo, CFO
Arlyn Eames, Deputy Financial Officer
Michael Lodato, Deputy Executive Director
Laura Tomeo, Deputy Agency Administrator
John E. Ryan, Agency Counsel
Paul O'Brien, Phillips Lytle LLP
Bill Weir, Nixon Peabody
Alan Wax, Todd Shapiro Associates, Inc. (electronically)

Excused:

Resigned:

James G. Marsh, Esq., Vice Chairman
Cherice Vanderhall, Board Member

The meeting was called to order at 9:13 a.m. The Chairman declared a quorum was present.

Public Comment: The Chairman opened the floor to comments by the public. There was no public comment.

Village of Freeport: No new Business

Village of Hempstead:

Consideration of a Termination of Benefits for Alphamore LLC, 50 Clinton Street, Hempstead due to non-payment of PILOT (tabled from August 26). Dan Baker spoke on behalf of the client. Dan Oppenheimer made a motion to terminate the benefit for Alphamore LLC. This motion was seconded by LaMont Johnson. All were in favor. Motion carried. A letter will be drafted by counsel for recapture of benefits.

Consideration of a Sales Tax Exemption Extension of time only for Fad Henry Street Food Corp.: Dan Baker spoke on behalf of the client. Thomas Grech made a motion to approve a Sales Tax Extension of time only for Fad Henry until August 15, 2022. This motion was seconded by Flo Girardi. All were in favor. Motion carried.

New Business:

Consideration of an Authorizing Resolution for an Assignment and Assumption from 130 Hempstead Avenue Apartment Investors LLC, 130 Hempstead Avenue, West Hempstead, to Castle Lanterra Acquisition LLC/130 Hempstead: Flo Girardi made a motion to approve an Authorizing Resolution for an Assignment of 130 Hempstead Ave, West Hempstead, to Castle Lanterra Acquisition LLC/130 Hempstead Ave. The applicant intends to acquire 130 Hempstead Ave, West Hempstead and requested an assignment of the existing TOH IDA PILOT on the property. The 207,976 square foot building is on 2.73 acres and is a 150 unit multi-family apartment complex. This motion was seconded by Eric Mallette. All were in favor. Motion carried.

Consideration of an Authorizing Resolution for 111 Hempstead Tpke LLC, 111 Hempstead Tpke, West Hempstead: Dan Deegan spoke about the project. Flo Girardi made a motion to approve an authorizing resolution for 111 Hempstead Tpke. The applicant seeks to demolish a 300,000 square foot three story retail building on the west side of Broad Street in West Hempstead. They plan to construct a 488,819 square foot building on 9.43 acres. This includes 5,143 square feet of retail/residential flex space. The project will also include improving streetscapes and constructing two three story buildings and one four story building containing a total of 428 apartment units and retail use. This motion was seconded by Tom Grech. All were in favor. Motion carried

Consideration of an Inducement Resolution for 43- 47 Broadway Realty LLC, 17 & 21 Langdon Place, 47 Broadway, 90 & 96 Station Plaza Lynbrook: John Farrell made a presentation to the Board on behalf of 43-47 Broadway Realty LLC., 17 & 21 Langdon Place, 47 Broadway, 90 & 96 Station Plaza Lynbrook. Thomas Grech made a motion to approve an Inducement Resolution for 43-47 Broadway Realty LLC. The applicant intends to demolish a vacant building, as well as a warehouse and distribution center and a residential home. The project site would be developed into a multi-family transit oriented development. The project would be comprised of 201 residential units, consisting of approximately 55 studios, 111 one bedrooms, and 35 two bedroom units. The total project will be an approximately, 278,014 square foot building with approximately 2,000 square feet of ground floor/retail/amenity space and 205 on-site parking spaces. This motion was seconded by Flo Girardi. All were in favor. Motion carried

Consideration of a Preliminary Inducement Resolution for PGD Baldwin Commons, 785 Merrick Road, Baldwin: Dan Deegan made a presentation to the Board on behalf PGD Baldwin Commons. Flo Girardi made a motion to approve a Preliminary Inducement Resolution for PGD Baldwin Commons. The applicant intends to demolish a current automobile storage lot and construct a new 32,759 square foot building on approximately .5 acres. This new complex will contain 33 units for workforce housing. The building will be comprised of 4 stories including 27 one bedroom and 6 two bedroom units. All residential units will be on floors 2-4, the ground floor will function as a leasing office, community room and fitness room. This motion was seconded by Thomas Grech. All were in favor. Motion carried

Consideration of a Due Diligence Inducement for Ocean Avenue Marina Inc.: Peter Curry made a presentation to the Board on behalf Ocean avenue Marina. Flo Girardi made a motion to approve a Due Diligence Inducement not inclusive of a PILOT Agreement for Ocean Avenue Marina, Inc. 50 & 80 Waterfront Blvd, Island Park. The project would include construction of a (4) story residential apartment building. The building will consist of one and two bedroom apartments. The location is approximately 3.58 acres and the new building will be approximately 135, 406 square feet. This motion was seconded by Thomas Grech. All were in favor. Motion carried

Consideration of a Mortgage Refinance for The Vantage on Roosevelt, 4654 Roosevelt Avenue, Valley Stream: Fred Parola advised the board of the refinance for Vantage. Flo Girardi made a motion to approve the resolution of a Mortgage Refinance for the Vantage on Roosevelt. This motion was seconded by Thomas Grech. All were in favor. Motion carried.

Consideration of a Mortgage Refinance for Beechwood Portofino, 900 Corporate Drive Westbury: Fred Parola briefed the board members about the refinance of Beechwood Portofino. Flo Girardi made a motion to approve the resolution of a Mortgage Refinance for Beechwood Portofino. This motion was seconded by Robert Bedford. All were in favor. Motion carried.

Consideration of a Mortgage Refinance for Beechwood Merrick, 695 Merrick Avenue, Westbury: Fred Parola advised with the board members about the refinance for Beechwood Merrick.. Flo Girardi made a motion to approve the resolution of a Mortgage Refinance for the Beechwood Merrick. This motion was seconded by Robert Bedford. All were in favor. Motion carried.

Consideration of a Tenant Consent for Equity One/Regency Centers, 900 Old Country Road, Westbury- LaserAway: Flo Girardi made a motion to approve the resolution of a Tenant Consent for Equity One/Regency Centers, 900 Old Country Road, Westbury. LaserAway will occupy approximately 1,500 square feet and shall be used and occupied solely for the operation of a typical, first class, high-end LaserAway location. The term of the lease is 10 year term with one (1) five (5) year option. The estimated employees will be 3- 4 salespeople / 2-3 registered nurses. This motion was seconded by Thomas Grech. All were in favor. Motion carried.

Consideration of a Tenant Consent for Valley Stream Green Acres LLC, Valley Stream – Famous Rotisserie: Flo Girardi made a motion to approve the resolution of a Tenant Consent for Valley Stream Green Acres LLC, Valley Stream to Famous Rotisserie. Famous Rotisserie will occupy approximately 578 square feet of space and will create an estimate of 9 employees. This motion was seconded by Jack Majkut. All were in favor. Motion carried.

CEO Report: Fred Parola provided the Board with a copy of the CEO Report.

Consideration and Adoption of the Governance Committee Charter: Flo Girardi made a motion to adopt The Governance Committee Charter as presented. This motion was seconded by Robert Bedford. All were in favor. Motion carried.

Consideration and Adoption of the Procurement Officer: Flo Girardi made a motion to appoint Fred Parola the Procurement Officer for the IDA. This motion was seconded by Thomas Grech. All were in favor. Motion carried.

Consideration and Adoption of the Conflict of Interest Policy: Flo Girardi made a motion to adopt the Conflict of Interest Policy as approved by committee. This motion was seconded by Eric Mallette. All were in favor. Motion carried.

Consideration and Adoption of the Audit Committee Charter: Flo Girardi made a motion to adopt the Audit Committee Charter as presented. This motion was seconded by Robert Bedford. All were in favor. Motion carried.

Consideration and Adoption of the Finance Committee Charter: Robert Bedford made a motion to adopt the Finance Committee Charter as approved by committee. This motion was seconded by Thomas Grech. All were in favor. Motion carried.

Old Business:

Late PILOT update (830 Atlantic LLC) Arlyn addressed the board and advised them that 830Atlantic has paid their final Pilot Payment to the IDA. This project will expire December 31, 2021.

Reading and Approval of Minutes of Previous Meeting(s):

Minutes of the September 22, 2021 Board Meeting: Flo Girardi made a motion to adopt the minutes of September 22, 2021. This motion was second by Eric Mallette. All were in favor. Motion carried.

Report of the Treasurer: The Board was furnished with copies of the Financial Statements and Expenditure list for September 16, 2021 – October 14, 2021.

Committee Updates: There were no updates

Executive Session: There was no executive session

Adjournment: Flo Girardi made a motion to adjourn the meeting at 10:14 a.m. This motion was seconded by Thomas Grech. All were in favor. Motion carried.

Jack Majkut, Secretary
November 18, 2021

3:43 PM

11/09/21

Accrual Basis

Town of Hempstead I. D. A.
Balance Sheet
 As of November 11, 2021

	Nov 11, 21
Current Liabilities	
Other Current Liabilities	
550-00 · Accrued Expenses	-13,999.98
602-00 · Payroll Liabilities	
602-11 · AFLAC WITHHOLDING	548.64
602-09 · NY Unemployment	-534.18
602-01 · Retirement W/H	-1,910.51
602-02 · Fed'L Income Tax W/H	-143.35
602-06 · Retirement Loan	127.00
602-07 · Disability W/H	165.54
Total 602-00 · Payroll Liabilities	-1,746.86
Total Other Current Liabilities	-15,746.84
Total Current Liabilities	-15,746.84
Long Term Liabilities	
Deferred inflows of resources	
500-4 · Change in assumptions	4,442.00
500-2 · Change in pro - employer & prop	6,139.00
Total Deferred inflows of resources	10,581.00
605 · Net pension liability - pro. sh	257,487.39
603-00 · Postretirement health benefits	1,161,454.00
602 · -10 Compensated absences	74,460.24
Total Long Term Liabilities	1,503,982.63
Total Liabilities	1,488,235.79
Equity	
3000 · Opening Bal Equity	498,858.39
909-00 · Fund Balance	1,869,997.33
Net Income	284,274.24
Total Equity	2,653,129.96
TOTAL LIABILITIES & EQUITY	4,141,365.75