

PREPARED FOR:

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

# Economic and Fiscal Impact

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MCRT INVESTMENTS, LLC

Town of Hempstead  
Industrial Development Agency

DECEMBER 22, 2021

PREPARED BY:



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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 MCRT Investments, LLC. The proposed project involves construction of a 150-unit residential building at 103-129 Woodfield Road, West Hempstead, New York 11552. Ten percent (10%) of units will be set aside as affordable. 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:  
MCRT Investments, 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 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 MCRT Investments, LLC (the “Applicant”) for the construction of a 150-unit residential building (the “Project”) at 103-129 Woodfield Road, West Hempstead, New York 11552 (the “Site”). Ten percent (10%) of units will be set aside as affordable. The Applicant is seeking a sales tax exemption, mortgage recording tax exemption, and a PILOT agreement. 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 analysis and determined that 86% of the market rate units (116 units) and 87% of the affordable units (13 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

<b>Summary of Benefits</b>	
Total Jobs	47
Direct Jobs	34
Total Earnings	\$ 2,500,741
Direct Earnings	\$ 1,598,171
Annual Sales Tax Revenue to Town	\$ 5,983
Average Annual PILOT Payment	\$ 532,278
Average Annual PILOT Payment to Town	\$ 47,351
Average Annual PILOT Benefit	\$ 290,300
Average Annual PILOT Benefit to Town	\$ 25,825
<b>Average Annual Net Benefit to Town</b>	<b>\$ 31,808</b>

- ◆ The Project would support 47 net new jobs in the town, with \$2.5 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, where the applicant would pay an average of \$532,278 each year, of which \$47,351 will be allocated to the Town. As compared to the otherwise applicable property taxes this PILOT represents an average annual benefit to the Town of \$25,825.
- ◆ The annual net benefit to the Town is estimated to be \$31,808. In this case, this is the sum of the average annual PILOT benefit to the Town and new annual 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 \$2,184,626 and a mortgage recording tax exemption valued at up to \$348,445. 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**

	<b>State and County</b>	
Sales Tax Exemption	\$	2,184,626
Mortgage Tax Exemption	\$	348,445

**Source:** Applicant, Camoin Associates

# 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 construction, operation, and spending by new tenant households.

## CONSTRUCTION PHASE IMPACTS

The Applicant estimates that private sector investment in the construction of the Project would cost approximately \$60.9 million<sup>1</sup>, of which 70%<sup>2</sup> would be sourced from within the town. This means that there will be over \$42.6 million in net new spending in the town associated with the construction phase of the Project.

Table 3

<b>Construction Phase Spending</b>	
Total Construction Cost	\$ 60,906,385
Percent Sourced from County	70%
<b>Net New Constuction Spending</b>	<b>\$ 42,634,470</b>

Source: Applicant, Camoin Associates

Based on over \$42.6 million worth of net new direct spending associated with the construction phase of the Project, Camoin Associates determined that there would be over \$54.8 million in total one-time construction related spending supporting 239 jobs and an associated over \$22.1 million in earnings over the construction period throughout the town. Table 4 outlines the economic impacts of construction.

Table 4

<b>Economic Impact - Construction Phase</b>			
	<b>Jobs</b>	<b>Earnings</b>	<b>Sales</b>
Direct	178 \$	17,868,942 \$	42,634,470
Indirect	29 \$	2,065,352 \$	6,588,078
Induced	32 \$	2,204,286 \$	5,590,549
<b>Total</b>	<b>239 \$</b>	<b>22,138,581 \$</b>	<b>54,813,097</b>

Source: Emsi, Camoin Associates

<sup>1</sup> Includes project costs as provided by the Applicant, excluding acquisition, legal fees, and financial charges.

<sup>2</sup> According to Emsi, approximately 70% of construction industry demand is met within the town.

## 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 town as a result of the Project and would otherwise choose to live elsewhere. See Attachment B for more information on this methodology.

The Applicant proposes to construct 150 units, 10% of which (15 units) would be affordable targeted to households earning up to 80% of AMI. Camoin Associates conducted a rental demand analysis for the Project site and found that 86% of the market rate units, or 116 units, and 87% of the affordable units, or 13 units, are net new to the town (Table 5). This is based on a review of the data and an understanding of the proposed Project as detailed above.

Table 5

### Net New Households

	Total Households	Percent Net New	Net New Households
Market Rate	135	86%	116
Affordable	15	87%	13
<b>Total</b>	<b>150</b>	<b>86%</b>	<b>129</b>

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 tenants.

The 13 net new affordable units will be available to households earning up to 80% of AMI.<sup>3</sup> Therefore, we will consider spending for tenants to be in the \$70,000 to \$99,999 spending basket, the spending basket that most closely resembles likely tenants, per the Bureau of Labor Statistics’ 2020 Consumer Expenditure Survey. Market rate tenants are expected to fall in 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 2020 Consumer Expenditure Survey, households in market rate units will have annual expenditures (excluding housing and utility costs) of \$44,188 and household in affordable units will have annual expenditures of \$33,157.

It is assumed that 60%<sup>4</sup> 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, based on the number of net new units.

<sup>3</sup> According to the Applicant.

<sup>4</sup> According to Emsi, 60% of demand for industries in a typical household spending basket is met within the Town of Hempstead.



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Table 6

**Tenant Spending Basket**

**Market Rate Units (\$100,000 to \$149,999 Annual Household Income)**

Category	Annual per Unit Spending Basket	Amount Spent in Town (60%)	Total Net New Town Spending (116 net new units)
Food	\$ 9,901	\$ 5,941	\$ 689,110
Household furnishings and equipment	\$ 2,909	\$ 1,745	\$ 202,466
Apparel and services	\$ 2,037	\$ 1,222	\$ 141,775
Transportation	\$ 14,888	\$ 8,933	\$ 1,036,205
Health care	\$ 6,508	\$ 3,905	\$ 452,957
Entertainment	\$ 4,331	\$ 2,599	\$ 301,438
Personal care products and services	\$ 934	\$ 560	\$ 65,006
Education	\$ 1,494	\$ 896	\$ 103,982
Miscellaneous	\$ 1,186	\$ 712	\$ 82,546
<b>Total Tenant Spending</b>	<b>\$ 44,188</b>	<b>\$ 26,513</b>	<b>\$ 3,075,485</b>

**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 (60%)	Total Net New Town Spending (13 net new units)
Food	\$ 7,475	\$ 4,485	\$ 58,305
Household furnishings and equipment	\$ 2,396	\$ 1,438	\$ 18,689
Apparel and services	\$ 1,145	\$ 687	\$ 8,931
Transportation	\$ 11,098	\$ 6,659	\$ 86,564
Health care	\$ 5,745	\$ 3,447	\$ 44,811
Entertainment	\$ 2,694	\$ 1,616	\$ 21,013
Personal care products and services	\$ 652	\$ 391	\$ 5,086
Education	\$ 893	\$ 536	\$ 6,965
Miscellaneous	\$ 1,059	\$ 635	\$ 8,260
<b>Total Tenant Spending</b>	<b>\$ 33,157</b>	<b>\$ 19,894</b>	<b>\$ 258,625</b>

**Total Spending, All Units**

**\$ 3,334,109**

Source: 2020 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 would total over \$3.3 million per year. We used the above spending basket amounts to calculate the direct, indirect, and total impact of the Project on the town.

Using \$3.3 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.<sup>5</sup> Table 7 outlines the findings of this analysis.

<sup>5</sup> Analysis uses the 33 zip codes that are predominantly located within the Town of Hempstead (see Attachment C).

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Table 7

**Economic Impact - Household Spending**

	<b>Jobs</b>	<b>Earnings</b>	<b>Sales</b>
Direct	26 \$	1,194,061 \$	3,334,109
Indirect	5 \$	314,445 \$	830,434
Induced	4 \$	296,675 \$	748,195
<b>Total</b>	<b>35 \$</b>	<b>1,805,182 \$</b>	<b>4,912,739</b>

Source: Emsi, Camoin Associates

**IMPACTS OF ON-SITE EMPLOYMENT**

The Applicant estimates 9 on-site jobs upon Project completion. Since 86% of the housing units are considered net new to the town, 86% of the jobs, or 8 jobs (due to rounding), are considered to be net new. The table below detail the impact that these jobs will have on the Town of Hempstead (Table 8).

Table 8

**Economic Impact - On-Site Operations**

	<b>Jobs</b>	<b>Earnings</b>	<b>Sales</b>
Direct	8 \$	404,110 \$	1,359,165
Indirect	3 \$	205,544 \$	557,183
Induced	1 \$	85,905 \$	217,356
<b>Total</b>	<b>12 \$</b>	<b>695,559 \$</b>	<b>2,133,705</b>

Source: Emsi, Camoin Associates

**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 9.

Table 9

**Total Annual Economic Impact**

	<b>Jobs</b>	<b>Earnings</b>	<b>Sales</b>
Direct	34 \$	1,598,171 \$	4,693,275
Indirect	8 \$	519,989 \$	1,387,618
Induced	5 \$	382,581 \$	965,551
<b>Total</b>	<b>47 \$</b>	<b>2,500,741 \$</b>	<b>7,046,443</b>

Source: Emsi, 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 25-year PILOT 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 affected jurisdictions.<sup>6</sup>

Table 10

### Tax Payments with PILOT

Year	Total		Portion of Payment by Jurisdiction			
	PILOT Payments		Town	County	School District	Special Districts
1	\$ 129,631	\$	11,532	\$ 25,538	\$ 68,553	\$ 24,009
2	\$ 129,631	\$	11,532	\$ 25,538	\$ 68,553	\$ 24,009
3	\$ 129,631	\$	11,532	\$ 25,538	\$ 68,553	\$ 24,009
4	\$ 190,000	\$	16,902	\$ 37,431	\$ 100,477	\$ 35,190
5	\$ 207,100	\$	18,423	\$ 40,799	\$ 109,520	\$ 38,357
6	\$ 225,739	\$	20,082	\$ 44,471	\$ 119,377	\$ 41,809
7	\$ 246,056	\$	21,889	\$ 48,474	\$ 130,121	\$ 45,572
8	\$ 268,201	\$	23,859	\$ 52,836	\$ 141,832	\$ 49,673
9	\$ 292,339	\$	26,006	\$ 57,592	\$ 154,597	\$ 54,144
10	\$ 318,649	\$	28,347	\$ 62,775	\$ 168,511	\$ 59,017
11	\$ 347,327	\$	30,898	\$ 68,424	\$ 183,677	\$ 64,328
12	\$ 378,587	\$	33,679	\$ 74,583	\$ 200,208	\$ 70,118
13	\$ 412,660	\$	36,710	\$ 81,295	\$ 218,226	\$ 76,428
14	\$ 449,799	\$	40,014	\$ 88,612	\$ 237,867	\$ 83,307
15	\$ 490,281	\$	43,615	\$ 96,587	\$ 259,275	\$ 90,804
16	\$ 534,406	\$	47,540	\$ 105,280	\$ 282,609	\$ 98,977
17	\$ 582,503	\$	51,819	\$ 114,755	\$ 308,044	\$ 107,885
18	\$ 634,928	\$	56,483	\$ 125,083	\$ 335,768	\$ 117,594
19	\$ 692,072	\$	61,566	\$ 136,340	\$ 365,987	\$ 128,178
20	\$ 761,279	\$	67,723	\$ 149,974	\$ 402,586	\$ 140,996
21	\$ 899,020	\$	79,976	\$ 177,109	\$ 475,427	\$ 166,506
22	\$ 996,422	\$	88,641	\$ 196,298	\$ 526,937	\$ 184,546
23	\$ 1,169,457	\$	104,034	\$ 230,386	\$ 618,442	\$ 216,594
24	\$ 1,319,181	\$	117,354	\$ 259,882	\$ 697,621	\$ 244,324
25	\$ 1,502,058	\$	133,622	\$ 295,910	\$ 794,331	\$ 278,194
<b>Total</b>	<b>\$ 13,306,953</b>	<b>\$</b>	<b>1,183,779</b>	<b>\$ 2,621,508</b>	<b>\$ 7,037,101</b>	<b>\$ 2,464,566</b>
<b>Average</b>	<b>\$ 532,278</b>	<b>\$</b>	<b>47,351</b>	<b>\$ 104,860</b>	<b>\$ 281,484</b>	<b>\$ 98,583</b>

Source: Town of Hempstead IDA, Camoin Associates

<sup>6</sup> It is assumed that each jurisdiction will continue to receive the same portion of the PILOT that they currently receive from the full tax bill.

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**TAX POLICY COMPARISON**

Without financial assistance from the Agency, Camoin Associates assumes the Applicant would not undertake the Project. Table 17 displays the property tax payment associated with the Project.

Table 11

**Tax Payments without Project**

Year	Total		Portion of Payment by Jurisdiction			
	Property Tax Payment Without Project*		Town	County	School District	Special Districts
1	\$ 188,866	\$	16,801	\$ 37,207	\$ 99,878	\$ 34,980
2	\$ 192,644	\$	17,137	\$ 37,951	\$ 101,876	\$ 35,679
3	\$ 196,497	\$	17,480	\$ 38,710	\$ 103,913	\$ 36,393
4	\$ 200,427	\$	17,830	\$ 39,485	\$ 105,991	\$ 37,121
5	\$ 204,435	\$	18,186	\$ 40,274	\$ 108,111	\$ 37,863
6	\$ 208,524	\$	18,550	\$ 41,080	\$ 110,273	\$ 38,620
7	\$ 212,694	\$	18,921	\$ 41,901	\$ 112,479	\$ 39,393
8	\$ 216,948	\$	19,300	\$ 42,739	\$ 114,728	\$ 40,181
9	\$ 221,287	\$	19,686	\$ 43,594	\$ 117,023	\$ 40,984
10	\$ 225,713	\$	20,079	\$ 44,466	\$ 119,363	\$ 41,804
11	\$ 230,227	\$	20,481	\$ 45,355	\$ 121,751	\$ 42,640
12	\$ 234,832	\$	20,890	\$ 46,262	\$ 124,186	\$ 43,493
13	\$ 239,528	\$	21,308	\$ 47,188	\$ 126,669	\$ 44,363
14	\$ 244,319	\$	21,734	\$ 48,132	\$ 129,203	\$ 45,250
15	\$ 249,205	\$	22,169	\$ 49,094	\$ 131,787	\$ 46,155
16	\$ 254,189	\$	22,613	\$ 50,076	\$ 134,423	\$ 47,078
17	\$ 259,273	\$	23,065	\$ 51,078	\$ 137,111	\$ 48,020
18	\$ 264,459	\$	23,526	\$ 52,099	\$ 139,853	\$ 48,980
19	\$ 269,748	\$	23,997	\$ 53,141	\$ 142,650	\$ 49,960
20	\$ 275,143	\$	24,477	\$ 54,204	\$ 145,503	\$ 50,959
21	\$ 280,646	\$	24,966	\$ 55,288	\$ 148,413	\$ 51,978
22	\$ 286,258	\$	25,465	\$ 56,394	\$ 151,382	\$ 53,018
23	\$ 291,984	\$	25,975	\$ 57,522	\$ 154,409	\$ 54,078
24	\$ 297,823	\$	26,494	\$ 58,672	\$ 157,498	\$ 55,160
25	\$ 303,780	\$	27,024	\$ 59,845	\$ 160,648	\$ 56,263
<b>Total</b>	<b>\$ 6,049,448</b>	<b>\$</b>	<b>538,155</b>	<b>\$ 1,191,758</b>	<b>\$ 3,199,122</b>	<b>\$ 1,120,412</b>
<b>Average</b>	<b>\$ 241,978</b>	<b>\$</b>	<b>21,526</b>	<b>\$ 47,670</b>	<b>\$ 127,965</b>	<b>\$ 44,816</b>

Source: Town of Hempstead IDA, Camoin Associates

\*Note: Assumes an average annual increase of 2.00%

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Table 12 calculates the benefit (or cost) to the affected taxing jurisdictions as the difference between the PILOT payments associated with the Project and the property tax payments without the Project. Over \$290,000 more in PILOT revenue will be received annually than property taxes that would be received without the Project. The total benefit would be \$7.3 million over the 25-year period.

Table 12

**Tax Policy Comparison (All Jurisdictions)**

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 188,866	\$ 129,631	\$ (59,236)
2	\$ 192,644	\$ 129,631	\$ (63,013)
3	\$ 196,497	\$ 129,631	\$ (66,866)
4	\$ 200,427	\$ 190,000	\$ (10,427)
5	\$ 204,435	\$ 207,100	\$ 2,665
6	\$ 208,524	\$ 225,739	\$ 17,215
7	\$ 212,694	\$ 246,056	\$ 33,361
8	\$ 216,948	\$ 268,201	\$ 51,252
9	\$ 221,287	\$ 292,339	\$ 71,051
10	\$ 225,713	\$ 318,649	\$ 92,936
11	\$ 230,227	\$ 347,327	\$ 117,100
12	\$ 234,832	\$ 378,587	\$ 143,755
13	\$ 239,528	\$ 412,660	\$ 173,131
14	\$ 244,319	\$ 449,799	\$ 205,480
15	\$ 249,205	\$ 490,281	\$ 241,076
16	\$ 254,189	\$ 534,406	\$ 280,217
17	\$ 259,273	\$ 582,503	\$ 323,230
18	\$ 264,459	\$ 634,928	\$ 370,470
19	\$ 269,748	\$ 692,072	\$ 422,324
20	\$ 275,143	\$ 761,279	\$ 486,136
21	\$ 280,646	\$ 899,020	\$ 618,374
22	\$ 286,258	\$ 996,422	\$ 710,163
23	\$ 291,984	\$ 1,169,457	\$ 877,473
24	\$ 297,823	\$ 1,319,181	\$ 1,021,357
25	\$ 303,780	\$ 1,502,058	\$ 1,198,278
<b>Total</b>	<b>\$ 6,049,448</b>	<b>\$ 13,306,953</b>	<b>\$ 7,257,506</b>
<b>Average</b>	<b>\$ 241,978</b>	<b>\$ 532,278</b>	<b>\$ 290,300</b>

Source: Town of Hempstead IDA, Camoin Associates

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**TOWN**

Table 13 calculates the benefit (or cost) to the Town. The Town would receive approximately \$25,825 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Town would be nearly \$646,000 over the 25-year period.

Table 13

**Tax Policy Comparison for Town**

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 16,801	\$ 11,532	\$ (5,270)
2	\$ 17,137	\$ 11,532	\$ (5,606)
3	\$ 17,480	\$ 11,532	\$ (5,948)
4	\$ 17,830	\$ 16,902	\$ (928)
5	\$ 18,186	\$ 18,423	\$ 237
6	\$ 18,550	\$ 20,082	\$ 1,531
7	\$ 18,921	\$ 21,889	\$ 2,968
8	\$ 19,300	\$ 23,859	\$ 4,559
9	\$ 19,686	\$ 26,006	\$ 6,321
10	\$ 20,079	\$ 28,347	\$ 8,268
11	\$ 20,481	\$ 30,898	\$ 10,417
12	\$ 20,890	\$ 33,679	\$ 12,788
13	\$ 21,308	\$ 36,710	\$ 15,402
14	\$ 21,734	\$ 40,014	\$ 18,279
15	\$ 22,169	\$ 43,615	\$ 21,446
16	\$ 22,613	\$ 47,540	\$ 24,928
17	\$ 23,065	\$ 51,819	\$ 28,754
18	\$ 23,526	\$ 56,483	\$ 32,957
19	\$ 23,997	\$ 61,566	\$ 37,570
20	\$ 24,477	\$ 67,723	\$ 43,246
21	\$ 24,966	\$ 79,976	\$ 55,010
22	\$ 25,465	\$ 88,641	\$ 63,176
23	\$ 25,975	\$ 104,034	\$ 78,059
24	\$ 26,494	\$ 117,354	\$ 90,859
25	\$ 27,024	\$ 133,622	\$ 106,598
<b>Total</b>	<b>\$ 538,155</b>	<b>\$ 1,183,779</b>	<b>\$ 645,624</b>
<b>Average</b>	<b>\$ 21,526</b>	<b>\$ 47,351</b>	<b>\$ 25,825</b>

Source: Town of Hempstead IDA, Camoin Associates

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**COUNTY**

Table 14 calculates the benefit (or cost) to the County. The County would receive approximately \$57,190 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the County would be over \$1.4 million over the 25-year period.

Table 14

**Tax Policy Comparison for County**

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 37,207	\$ 25,538	\$ (11,670)
2	\$ 37,951	\$ 25,538	\$ (12,414)
3	\$ 38,710	\$ 25,538	\$ (13,173)
4	\$ 39,485	\$ 37,431	\$ (2,054)
5	\$ 40,274	\$ 40,799	\$ 525
6	\$ 41,080	\$ 44,471	\$ 3,391
7	\$ 41,901	\$ 48,474	\$ 6,572
8	\$ 42,739	\$ 52,836	\$ 10,097
9	\$ 43,594	\$ 57,592	\$ 13,997
10	\$ 44,466	\$ 62,775	\$ 18,309
11	\$ 45,355	\$ 68,424	\$ 23,069
12	\$ 46,262	\$ 74,583	\$ 28,320
13	\$ 47,188	\$ 81,295	\$ 34,107
14	\$ 48,132	\$ 88,612	\$ 40,480
15	\$ 49,094	\$ 96,587	\$ 47,493
16	\$ 50,076	\$ 105,280	\$ 55,204
17	\$ 51,078	\$ 114,755	\$ 63,677
18	\$ 52,099	\$ 125,083	\$ 72,984
19	\$ 53,141	\$ 136,340	\$ 83,199
20	\$ 54,204	\$ 149,974	\$ 95,770
21	\$ 55,288	\$ 177,109	\$ 121,821
22	\$ 56,394	\$ 196,298	\$ 139,904
23	\$ 57,522	\$ 230,386	\$ 172,865
24	\$ 58,672	\$ 259,882	\$ 201,210
25	\$ 59,845	\$ 295,910	\$ 236,064
<b>Total</b>	<b>\$ 1,191,758</b>	<b>\$ 2,621,508</b>	<b>\$ 1,429,749</b>
<b>Average</b>	<b>\$ 47,670</b>	<b>\$ 104,860</b>	<b>\$ 57,190</b>

Source: Town of Hempstead IDA, Camoin Associates

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**SCHOOL DISTRICT**

Table 15 calculates the benefit (or cost) to the school district. The school district would receive approximately \$153,519 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the school district would be over \$3.8 million over the 25-year period.

Table 15

**Tax Policy Comparison for School District**

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 99,878	\$ 68,553	\$ (31,325)
2	\$ 101,876	\$ 68,553	\$ (33,323)
3	\$ 103,913	\$ 68,553	\$ (35,361)
4	\$ 105,991	\$ 100,477	\$ (5,514)
5	\$ 108,111	\$ 109,520	\$ 1,409
6	\$ 110,273	\$ 119,377	\$ 9,104
7	\$ 112,479	\$ 130,121	\$ 17,642
8	\$ 114,728	\$ 141,832	\$ 27,104
9	\$ 117,023	\$ 154,597	\$ 37,574
10	\$ 119,363	\$ 168,511	\$ 49,147
11	\$ 121,751	\$ 183,677	\$ 61,926
12	\$ 124,186	\$ 200,208	\$ 76,022
13	\$ 126,669	\$ 218,226	\$ 91,557
14	\$ 129,203	\$ 237,867	\$ 108,664
15	\$ 131,787	\$ 259,275	\$ 127,488
16	\$ 134,423	\$ 282,609	\$ 148,187
17	\$ 137,111	\$ 308,044	\$ 170,933
18	\$ 139,853	\$ 335,768	\$ 195,915
19	\$ 142,650	\$ 365,987	\$ 223,337
20	\$ 145,503	\$ 402,586	\$ 257,083
21	\$ 148,413	\$ 475,427	\$ 327,014
22	\$ 151,382	\$ 526,937	\$ 375,555
23	\$ 154,409	\$ 618,442	\$ 464,033
24	\$ 157,498	\$ 697,621	\$ 540,123
25	\$ 160,648	\$ 794,331	\$ 633,684
<b>Total</b>	<b>\$ 3,199,122</b>	<b>\$ 7,037,101</b>	<b>\$ 3,837,978</b>
<b>Average</b>	<b>\$ 127,965</b>	<b>\$ 281,484</b>	<b>\$ 153,519</b>

Source: Town of Hempstead IDA, Camoin Associates



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**SPECIAL DISTRICTS**

Table 16 calculates the benefit (or cost) to the special districts. The special districts would receive approximately \$53,766 more in PILOT revenue annually than they would receive in property taxes without the Project. The total benefit to the special districts would be over \$1.3 million over the 25-year period.

Table 16

**Tax Policy Comparison for Special Districts**

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 34,980	\$ 24,009	\$ (10,971)
2	\$ 35,679	\$ 24,009	\$ (11,671)
3	\$ 36,393	\$ 24,009	\$ (12,384)
4	\$ 37,121	\$ 35,190	\$ (1,931)
5	\$ 37,863	\$ 38,357	\$ 494
6	\$ 38,620	\$ 41,809	\$ 3,188
7	\$ 39,393	\$ 45,572	\$ 6,179
8	\$ 40,181	\$ 49,673	\$ 9,492
9	\$ 40,984	\$ 54,144	\$ 13,159
10	\$ 41,804	\$ 59,017	\$ 17,213
11	\$ 42,640	\$ 64,328	\$ 21,688
12	\$ 43,493	\$ 70,118	\$ 26,625
13	\$ 44,363	\$ 76,428	\$ 32,065
14	\$ 45,250	\$ 83,307	\$ 38,057
15	\$ 46,155	\$ 90,804	\$ 44,649
16	\$ 47,078	\$ 98,977	\$ 51,899
17	\$ 48,020	\$ 107,885	\$ 59,865
18	\$ 48,980	\$ 117,594	\$ 68,614
19	\$ 49,960	\$ 128,178	\$ 78,218
20	\$ 50,959	\$ 140,996	\$ 90,037
21	\$ 51,978	\$ 166,506	\$ 114,528
22	\$ 53,018	\$ 184,546	\$ 131,529
23	\$ 54,078	\$ 216,594	\$ 162,516
24	\$ 55,160	\$ 244,324	\$ 189,164
25	\$ 56,263	\$ 278,194	\$ 221,932
<b>Total</b>	<b>\$ 1,120,412</b>	<b>\$ 2,464,566</b>	<b>\$ 1,344,155</b>
<b>Average</b>	<b>\$ 44,816</b>	<b>\$ 98,583</b>	<b>\$ 53,766</b>

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 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.

Table 17

**Summary of Costs to Affected Jurisdictions**

	State and County	
Sales Tax Exemption	\$	2,184,626
Mortgage Tax Exemption	\$	348,445

**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 – CONSTRUCTION PHASE**

The one-time construction phase earnings described by the total economic impact of the construction work (described in the above section) would lead to additional sales tax revenue for the Town. It is assumed that 70%<sup>7</sup> of the construction phase earnings would be spent within the county and that 25% of those purchases would be taxable.

Table 18

**One-Time Sales Tax Revenue, Construction Phase**

Total New Earnings	\$	22,138,581
Amount Spent in County (70%)	\$	15,497,006
Amount Taxable (25%)	\$	3,874,252
<b>Nassau County Sales Tax Revenue (4.25%)</b>	<b>\$</b>	<b>164,656</b>
New Town Sales Tax Revenue Portion*		0.38%
<b>New Town Sales Tax Revenue</b>	<b>\$</b>	<b>14,528</b>

**Source:** Town of Hempstead IDA, Camoin Associates

**\*Note:** 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.

<sup>7</sup> According to Emsi, 70% demand for industries in a typical household spending basket is met within Nassau County.

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**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 19 displays the new sales tax revenue that the Town of Hempstead would receive annually based on in-town spending by new households.

Table 19

<b>Annual Sales Tax Revenue, Household Spending</b>	
Total New Spending	\$ 4,912,739
Amount Taxable (30%)	\$ 1,473,822
<b>Nassau County Sales Tax Revenue (4.25%)</b>	<b>\$ 62,637</b>
New Town Sales Tax Revenue Portion*	0.375%
<b>New Town Tax Revenue</b>	<b>\$ 5,527</b>

**Source:** Town of Hempstead IDA, Camoin Associates

**\*Note:** 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.

Note that the household spending figure has already been adjusted to account for 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.

**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 Nassau County and that 25% of those purchases will be taxable. Table 20 displays the annual tax revenue that the Town will receive.

Table 20

<b>Annual Sales Tax Revenue, On-Site Operations</b>	
Total New Earnings	\$ 695,559
Amount Spent in County (70%)	\$ 486,891
Amount Taxable (25%)	\$ 121,723
<b>Nassau County Sales Tax Revenue (4.25%)</b>	<b>\$ 5,173</b>
New Town Sales Tax Revenue Portion*	0.375%
<b>New Town Tax Revenue</b>	<b>\$ 456</b>

**Source:** Town of Hempstead IDA, Camoin Associates

**\*Note:** 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.

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**TOTAL ANNUAL SALES TAX REVENUE**

The total annual sales tax revenue that the Town will receive is summarized in Table 21.

Table 21

<b>Total Annual Sales Tax Revenue</b>	
Household Spending	\$ 5,527
On-Site Operations	\$ 456
<b>New Town Tax Revenue</b>	<b>\$ 5,983</b>

**Source:** Town of Hempstead IDA, 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.

## ATTACHMENT B: CALCULATING NET NEW HOUSEHOLDS

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

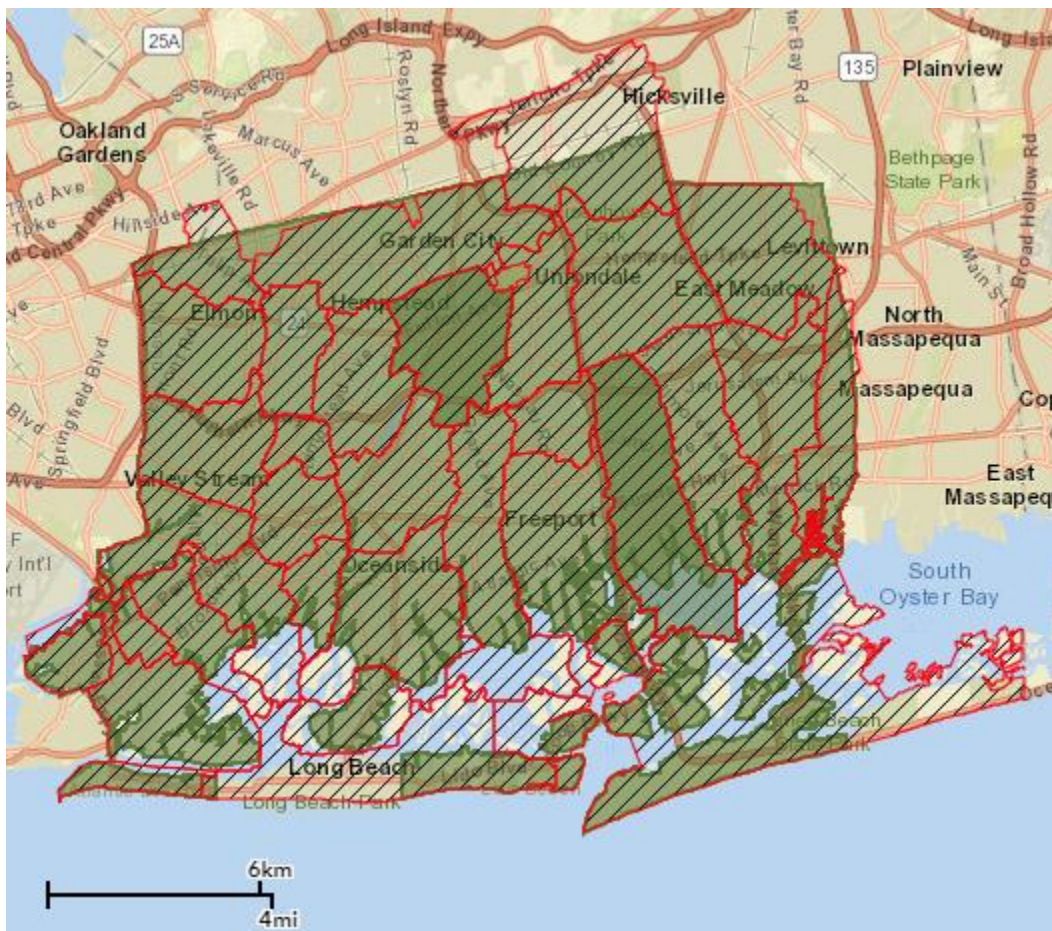
Our housing market research indicates that housing is heavily affected by demand, with households in different demographic groups seeking diverse housing price points and amenities. Our estimates of net new households take into consideration demographic and economic differences among renters, and price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

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

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

# ATTACHMENT C: STUDY AREA

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





# Leading action to grow your economy

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