## TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY BOARD MEETING

Nathan L. Bennett Pavilion\*
One Washington Street, Hempstead, NY
AGENDA
Monday, January 31, 2022, 9:00 AM

#### \*Notes:

- AS MANDATED BY GOVERNOR KATHY HOCHUL, <u>MASKS MUST BE WORN</u> AT THE TOWN OF HEMPSTEAD FACILITY. Social Distancing is also encouraged.
- 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:**

 Consideration of an Inducement Resolution for NBD Holding LLC, 417, 435, 444, 447, and 477 Woodcleft Avenue, Village of Freeport

#### **Village of Hempstead:**

- Consideration of an Inducement Resolution for Estella Housing, 176 Main Street, Hempstead
- Consideration of a Preliminary Inducement Resolution for Carman Place Apartments, Bedell Street and Main Street, Hempstead
- Update on Alphamore LLC, 50 Clinton Street, Hempstead

#### NEW BUSINESS - Applications, Transaction Resolutions and Presentations:

- Consideration of an Authorizing Resolution for 615 Merrick Owner LLC, 615 Merrick Avenue, Westbury
- Consideration of an Assignment and Assumption Resolution for IV1 Logistics
   Acquisitions (assignment from Novapark LLC), 51 Charles Lindbergh Boulevard,
   Uniondale
- Consideration of an Inducement Resolution for **Parabit Systems Inc.** , 33-35 Debevoise Avenue, Roosevelt
- Consideration of an Inducement Resolution for Inwood Property Development LLC, 360-370 Bayview Avenue, Inwood
- Consideration of an Inducement Resolution for Rock 50 LLC, 50 North Park Avenue, Village of Rockville Centre
- Consideration of a Preliminary Inducement Resolution for MCRT Investments, 103-129 Woodfield Road, West Hempstead

Consideration of a Tenant Consent for Valley Stream Green Acres LLC, 2034
 Green Acres Mall, Valley Stream – Rivian

#### **NEW BUSINESS - Other:**

- CEO's Report
- Summary of Confidential Evaluation of Board Performance 2021
- Distribution of Board Self-Evaluation forms (included in meeting materials)
- Consideration of Appointment of Officers 2022
- Consideration of Agency Committees 2022
- Consideration of a Resolution to reappoint John E. Ryan as Agency Counsel
- Consideration of a Resolution to reappoint Nixon Peabody LLP and Phillips Lytle LLP as Transaction/Bond Counsel
- Consideration of a Resolution to renew the Agency's Membership with the LIBDC for 2022
- Consideration of the Construction Wage Policy (Prevailing Wage Policy)
- Bond Allocation for 2022
- Recurring Expenses Resolution
- Compliance Review 2021

**OLD BUSINESS:** None

#### READING AND APPROVAL OF MINUTES OF PREVIOUS MEETING(s):

• Consideration and Adoption of the Minutes of December 20, 2021

#### **REPORT OF THE TREASURER:**

- Financial Statements and Expenditure List: December 14, 2021 January 24, 2022
- Budget Line Transfers 2021

**COMMITTEE UPDATES:** 

**EXECUTIVE SESSION:** 

<u>ADJOURNMENT</u>

Chairman Approval: 1/20/22

## PROJECT ABSTRACT TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY

NBD Holding, LLC Project: 2802-21-20A

**Applicant Name and Address:** 

333 Jericho Turnpike, Suite 126

Jericho, NY 11753

**Project Address:** 

417, 435, 444, 447 & 477 Woodcleft Avenue

Freeport, NY 11520

#### Project:

The applicant intends to construct an 89,836 hotel building on 1.615 acres of land. This building will be under the flag of the Hilton Garden Inn located within the Village of Freeport. The Hotel will consist of 100 rooms including a 125 capacity ball room with an attached independently operated 100 person restaurant. This hotel will serve as a tourist destination and will serve guests traveling to the site for leisure and business purposes.

#### **Project Costs:**

S. Land acquisition	\$5,300,000
Building construction	\$100,000
Site Work	\$27,000,000
Machinery and Equipment	\$3,800,000
Legal Fees	\$50,000
Architectural/Engineering Fees	\$430,000/\$704,420
Financial Charges	\$5,200
Other (consulting fees)	\$1,000,000
Total	\$43,584,420

#### Employment:

	Full	Part
Present	0	0
1 <sup>st</sup> Year	25	9
2 <sup>nd</sup> Year	30	11

LMA: .100%

Creation: of 35.5 FTE by year 2

Full Time: \$42,000 - \$95,000 Average: \$68,500

Some positions will be created by the to be determined third party restaurant tenant.

Benefits Sought: 20 Year PILOT, Sales Tax Exemption, Mortgage Recording Tax

Exemption

#### Benefit Analysis:

Sales Tax Exemption Renovation, Furnishing and Fixture: \$20,060,000 x 8.625%= \$1,730,175

Mortgage  $32,000,000 \times .75\% = 240,000$ 

Section; 62, Block: 177, Lots: 339, 526, 541, 542, 548

Section; 62, Block: 233, Lots: 2 & 3

Parcels: 7 SD- Freeport 9

Full Assessed Value: \$ 2,408,000 Total Assessment: \$24,080

Current Tax Information: \$133,151.35

General 21: \$16,678.14 School 21/22: \$81,077.36

Village: \$35,395.85

Estimated Taxes Once Built: \$772,824

Applicant Counsel: Dan Deegan/Jessica Leis/ John Gordon

Transaction Counsel: Paul O'Brien

#### NBD Holding, LLC Project: 2802-21-20A PILOT

417, 435, 444, 447 & 477 Woodcleft Avenue

Freeport, NY 11520

Current Tax Information:

Section; 62, Block: 177, Lots: 339, 526, 541, 542, 548

Section; 62, Block: 233, Lots: 2 & 3

Parcels: 7 SD- Freeport 9

Current Total Taxes Year: \$133,151.35 Estimated Taxes Once Built: \$772,824.00

Year	Total
1	\$133,151.35
2	\$133,151.35
3	\$133,151.35
4	\$225,000.00
5	\$255,000.00
6	\$280,000.00
7	\$310,000.00
8	\$355,000.00
9	\$400,000.00
10	\$440,000.00
11	\$470,000.00
12	\$510,000.00
13	\$550,000.00
14	\$590,000.00
15	\$630,000.00
16	\$670,000.00
17	\$710,000.00
18	\$750,000.00
19	\$790,000.00
20	\$830,000.00

12/7/21 - 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**

NBD HOLDING, LLC.

Town of Hempstead Industrial Development Agency

**JANUARY 3, 2021** 

PREPARED BY:



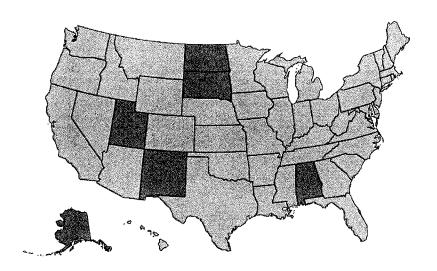
PO Box 3547 Saratoga Springs, NY 12866 518.899.2608 www.camoinassociates.com

## 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 and on Facebook.

#### THE PROJECT TEAM

Rachel Selsky
Vice President
Jessica Tagliafierro
Senior Research Analyst





## 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 NBD Holding, LLC. The proposed project involves the construction of a 100-room Hilton Garden Inn at 417, 435, 444, 447, and 477 Woodcleft Avenue, Freeport, 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 onsite 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

#### STUDY INFORMATION

#### **Data Source:**

NBD Holding, LLC Application for Assistance and the Town of Hempstead Industrial Development Agency

> Geography: Town of Hempstead

Study Period: 2021

Modeling Tool: Emsi

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.

#### 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**

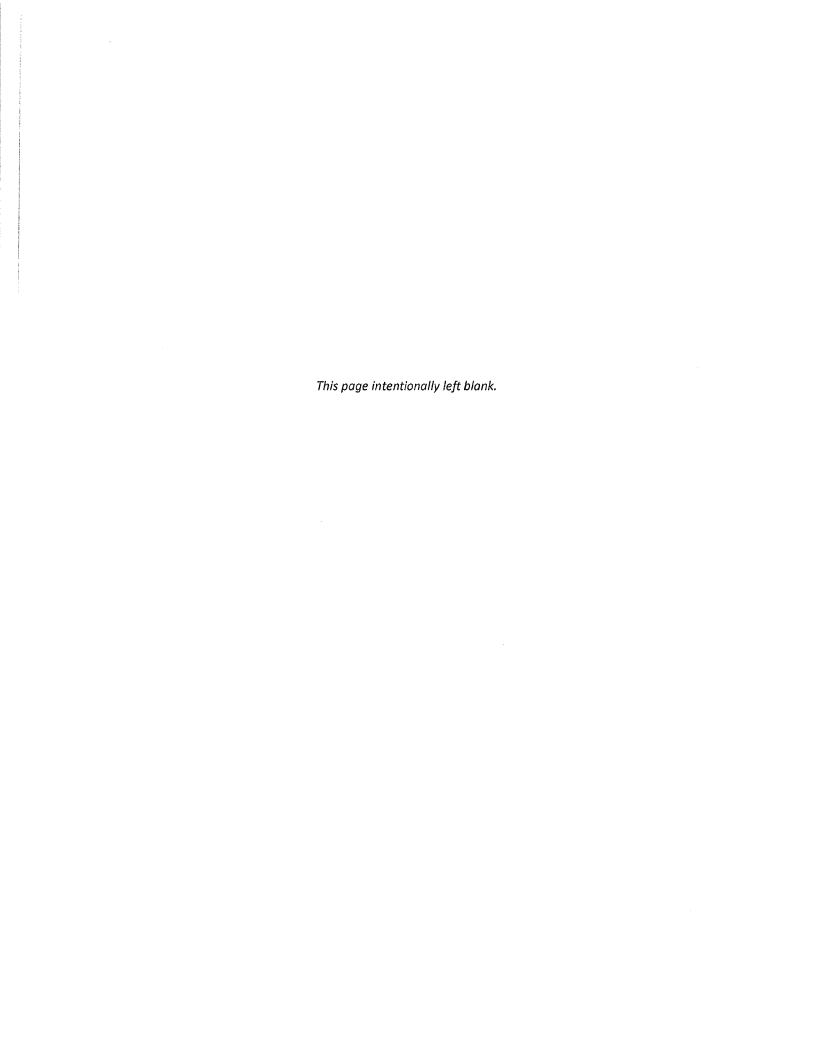
Impacts that result from spending by facility employees, employees of town businesses, and employees of suppliers. Earnings of these employees enter the economy as employees spend their paychecks in the town on food, clothing, and other goods and services.



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## **EXECUTIVE SUMMARY**

The Town of Hempstead Industrial Development Agency (the "Agency") received an application for financial assistance from NBD Holding, LLC (the "Applicant") for the construction of a 100-room Hilton Garden Inn (the "Project") at 417, 435, 444, 447, and 477 Woodcleft Avenue, Freeport, Town of Hempstead, Nassau County, New York (the "Site"). When complete, the Project will include a 125-person capacity ball room and an attached independently operated 100-person restaurant. The Applicant is seeking a 20-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 to Town	
Total Jobs	10
Direct Jobs	8
Total Earnings	\$ 304,677
Direct Earnings	\$ 206,830
Annual Sales Tax Revenue to County	\$ 2,266
Annual Sales Tax Revenue to Town	\$ 200
Average Annual PILOT Payment	\$ 458,223
Average Annual PILOT Payment to Town	\$ 4,001
Average Annual PILOT Benefit	\$ 296,461
Average Annual PILOT Benefit to Town	\$ 2,589
Average Annual Net Benefit to Town	\$ 2,789

- The Project supports 10 net new jobs in the town, with nearly \$305,000 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 20-year PILOT agreement with the Agency, where the applicant would pay an average of \$458,223 each year, of which approximately \$4,000 will be allocated to the Town.
- On an annual basis, the Project will support an estimated \$2,266 new sales tax revenue in Nassau County, of which \$200 will be allocated to the Town. This is a conservative estimate of sales tax revenue to be generated as this does not include the sales tax revenue generated by the hotel's retail sales.
- The annual net benefit to the Town will be \$2,798. In this case, this is the sum of the average annual PILOT benefit 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 \$1,730,175 and a mortgage recording tax exemption valued at up to \$240,000. However, if we assume that the Project would not occur absent IDA benefits, this is not actually a "cost" to the state and

Table 2

#### **Summary of Costs to Affected Jurisdictions**

	<b>State and County</b>
Sales Tax Exemption	\$ 1,730,175
Mortgage Tax Exemption	\$ 240,000

Source: Applicant, Camoin Associates

county since no future revenue stream would exist without the exemptions.



## **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.

#### **CONSTRUCTION PHASE IMPACTS**

The Applicant anticipates that private sector investment in the construction of the Project would cost approximately \$32.3 million<sup>1</sup>, of which 70%<sup>2</sup> would be sourced from within the town. This means that there will be over \$22.6 million in net new spending in the town associated with the construction phase of the Project.

Table 3

Construction Phase Spending	
Total Construction Cost	\$ 32,330,000
Percent Sourced from Town	70%
Net New Constuction Spending	\$ 22,631,000

Source: Applicant, Camoin Associates

Based on over \$22.6 million worth of net new direct spending associated with the construction phase of the Project, we determined that there would be over \$28.8 million in total one-time construction related spending supporting 191 jobs and an associated nearly \$12.3 million in earnings over the construction period throughout the town. Table 4 outlines the economic impacts of construction.

Town Fronomic Impact - Construction Phase

			town Economic impact Construction i hase										
Jobs		Earnings		Sales									
144	\$	10,041,876	\$	22,631,000									
21	\$	1,071,959	\$	3,346,586									
27	\$	1,158,156	\$	2,833,194									
191	\$	12,271,991	\$	28,810,780									
	144 21 27	Jobs 144 \$ 21 \$ 27 \$ <b>191 \$</b>	144 \$ 10,041,876 21 \$ 1,071,959 27 \$ 1,158,156	144 \$ 10,041,876 \$ 21 \$ 1,071,959 \$ 27 \$ 1,158,156 \$									

Table 4

Source: Emsi, Camoin Associates

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



2

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

#### IMPACTS OF ON-SITE EMPLOYMENT

In order to conduct an economic impact analysis, an initial step is to determine what portion of the on-site jobs, sales, and earnings are net new to the region in question; in other words, what portion of the new jobs, sales, and earnings would not occur but for the project. The direct impact of this Project is defined as the sales at the Site from customers who otherwise would have had to go outside of the town in order to find the type of accommodations they desire. For example, a customer may prefer to stay in Town of Hempstead, but if hotels with the amenities desired are unavailable, the customer would have to go to neighboring towns or counties. By increasing the number of hotel rooms and expanding types of accommodation available, the Project will allow the Town of Hempstead to "capture" some of the sales that are currently going to adjacent towns. These captured sales are considered net new sales to the town and are used as the direct input for the economic impact model.

The applicant indicated that the hotel would be operated as a Hilton Garden Inn. Hilton Garden Inn is marketed as a mid-price hotel with high levels of service, but more relaxed than traditional Hilton hotel and resorts. Hilton Garden Inn properties typically include a full cooked-to-order breakfast, 24-7 business centers, fitness centers, and on-site laundry. Nationally, the brand's major competitors include Hampton by Hilton, Courtyard by Marriott, and Holiday Inn.

Camoin Associates conducted research on the Long Island hotel market to determine the percentage of revenue generated by the hotel that would be net new to the Town of Hempstead. Sales would be net new to the county for two main reasons: (1) Customers who would typically stay at Hilton properties in neighboring towns would decide to stay at the Project because of loyalty to the Hilton and Garden Inn brands, and (2) the Project would be able to satisfy additional demand for rooms in the Town of Hempstead on nights when area hotels have reached 100% occupancy.

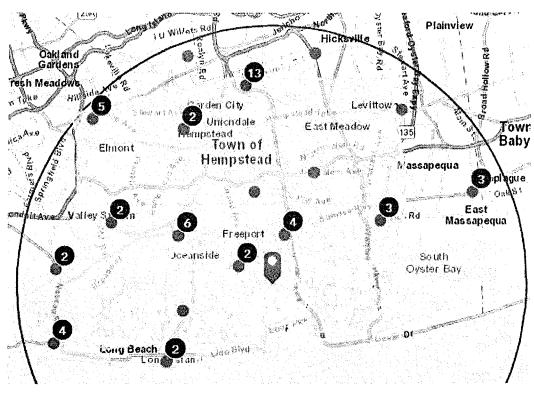
#### NET NEW SALES FROM BRAND LOYAL/EXTENDED STAY-PREFERENCE CUSTOMERS

Brand-loyal customers who would typically stay at Hilton hotels in neighboring towns due to limited Hilton offerings in the Town of Hempstead are likely to stay at the Project. Revenue from these customers would be net new the town.

Map A on the following page shows the locations of hotels within 10-miles of the site of the hotel in Freeport. Blue shading denotes the Town of Hempstead. According to Esri, there are 54 hotels within 10-miles of the Project, including a Hilton Garden Inn in Westbury, a Courtyard by Marriott in Westbury, and Hampton Inns in Garden City and Rockville Center. Two of these properties are in the Town of Hempstead. The following is more detail on the four comparable properties:

- Hilton Garden Inn Privado Road, Westbury, New York, 11590 (Town of North Hempstead)
- Courtyard by Marriott Privado Road, Westbury, New York, 11590 (Town of North Hempstead)
- Hampton Inn North Avenue, Garden City, New York, 11530 (Town of Hempstead)
- Hampton Inn Merrick Road, Rockville Center, New York, 11570 (Town of Hempstead)





Map A: Hotel Inventory Within Proximity to the Project Site

These properties, given their proximity and comparable price points, would be the most likely source of brandloyal, or mid-priced-loyal guests who may shift their demand to the Project, perhaps because it offers them a more convenient location. However, since some of these properties are located within the Town of Hempstead, some guests who shift to the Project would <u>not</u> be net new to the town. The Project could, however, potentially attract loyal Hilton customers who would typically stay at nearby properties in neighboring towns. Revenue from these guests <u>would</u> be considered net new to the town.

#### **NET NEW SALES FROM INCREASED SUPPLY OF ROOMS**

The second way in which the Project could contribute net new revenue to the Town of Hempstead is by increasing the supply of rooms overall. On nights when hotel occupancy rates in the town approach 100%, the town is foregoing tax revenue due to a lack of supply. According to data from CoStar, the Nassau County hotel occupancy rate prior to the COVID-19 pandemic trended between 82% and 88% (in 2019). Since dropping to 44.0% in March 2020, rates have climbed back up to 73.2% (as of October 2021), indicating that the market (including the Town of Hempstead) is on the rebound and trending towards pre-COVID-19 levels.

#### **IMPACT OF NET NEW SALES**

Assigning a specific figure to the proportion of "net new" activity is imprecise in this case, but using the market figures provided and our professional judgment, we are conservatively estimating that 20% of sales at the site will be "net new" to the town. Therefore, of the 41 positions<sup>3</sup> created at the hotel, the direct impact of the Project will

<sup>&</sup>lt;sup>3</sup> Provided by the Applicant. Assumes 30 full-time and 11 part-time jobs.



be 8 new positions. Using these new jobs as direct inputs into the model, Emsi was used to calculate the economic impacts of the on-site activity. Table 5 details the impact that the on-site activity will have on the Town of Hempstead in terms of employment, earnings, and sales.

Table 5

Town Economic Impact - On-Site Operations

	Jobs	Earnings	Sales
Direct	8	\$ 206,830	\$ 642,090
Indirect	1	\$ 45,045	\$ 105,404
Induced	1	\$ 52,802	\$ 129,563
Total	10	\$ 304,677	\$ 877,056

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 20-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 affected jurisdictions.<sup>4</sup>

Table 6

**Tax Payments with PILOT** 

		Total	i je makatija	Portion of Pa	31/04	ent by Jurisdiction	n.	
Year	D		Town			School District		Villago
1 Gal	\$	ILOT Payments	 	 County			\$	Village
2		133,151	\$ 1,163	\$ 15,515	\$	81,077		35,396
2	<b>&gt;</b>	133,151	\$ 1,163	\$ 15,515	\$	81,077	\$	35,396
3	\$	133,151	\$ 1,163	\$ 15,515	\$	81,077	\$	35,396
4	\$	225,000	\$ 1,965	\$ 26,218	\$	137,005	\$	59,812
5	\$	255,000	\$ 2,227	\$ 29,714	\$	155,272	\$	67,787
6	\$	280,000	\$ 2,445	\$ 32,627	\$	170,495	\$	74,433
7	\$	310,000	\$ 2,707	\$ 36,123	\$	188,762	\$	82,408
8	\$	355,000	\$ 3,100	\$ 41,366	\$	216,164	\$	94,370
9	\$	400,000	\$ 3,493	\$ 46,610	\$	243,565	\$	106,333
10	\$	440,000	\$ 3,842	\$ 51,271	\$	267,921	\$	116,966
11	\$	470,000	\$ 4,104	\$ 54,767	\$	286,188	\$	124,941
12	\$	510,000	\$ 4,453	\$ 59,428	\$	310,545	\$	135,574
13	\$	550,000	\$ 4,803	\$ 64,089	\$	334,901	\$	146,207
14	\$	590,000	\$ 5,152	\$ 68,750	\$	359,258	\$	156,841
15	\$	630,000	\$ 5,501	\$ 73,411	\$	383,614	\$	167,474
16	\$	670,000	\$ 5,851	\$ 78,072	\$	407,971	\$	178,107
17	\$	710,000	\$ 6,200	\$ 82,733	\$	432,327	\$	188,741
18	\$	750,000	\$ 6,549	\$ 87,394	\$	456,683	\$	199,374
19	\$	790,000	\$ 6,898	\$ 92,055	\$	481,040	\$	210,007
20	\$	830,000	\$ 7,248	\$ 96,716	\$	505,396	\$	220,640
Total	\$	9,164,454	\$ 80,025	\$ 1,067,887	\$	5,580,340	\$	2,436,202
Average	\$	458,223	\$ 4,001	\$ 53,394	\$	279,017	\$	121,810

Source: Town of Hempstead IDA, Camoin Associates

<sup>&</sup>lt;sup>4</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.



\_\_\_

#### 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%<sup>5</sup> (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** 

1	17.5	Tota		Ро	rtion of Pay	mei	nt by Jurisdiction	on				
		<b>Property Tax Payment</b>		이 가능을 받는 사람들이 되었다. 그리고 한 경험 중요?								
Year		Without Project*	Town		County		<b>School District</b>		Village			
1	\$	133,151	\$ 1,163	\$	15,515	\$	81,077	\$	35,396			
2	\$	135,814	\$ 1,186	\$	15,826	\$	82,699	\$	36,104			
3	\$	138,531	\$ 1,210	\$	16,142	\$	84,353	\$	36,826			
4	\$	141,301	\$ 1,234	\$	16,465	\$	86,040	\$	37,562			
5	\$	144,127	\$ 1,259	\$	16,794	\$	87,761	\$	38,314			
6	\$	147,010	\$ 1,284	\$	17,130	\$	89,516	\$	39,080			
7	\$	149,950	\$ 1,309	\$	17,473	\$	91,306	\$	39,861			
8	\$	152,949	\$ 1,336	\$	17,822	\$	93,132	\$	40,659			
9	\$	156,008	\$ 1,362	\$	18,179	\$	94,995	\$	41,472			
10	\$	159,128	\$ 1,390	\$	18,542	\$	96,895	\$	42,301			
11	\$	162,311	\$ 1,417	\$	18,913	\$	98,833	\$	43,147			
12	\$	165,557	\$ 1,446	\$	19,292	\$	100,810	\$	44,010			
13	\$	168,868	\$ 1,475	\$	19,677	\$	102,826	\$	44,890			
14	\$	172,245	\$ 1,504	\$	20,071	\$	104,882	\$	45,788			
15	\$	175,690	\$ 1,534	\$	20,472	\$	106,980	\$	46,704			
16	\$	179,204	\$ 1,565	\$	20,882	\$	109,119	\$	47,638			
17	\$	182,788	\$ 1,596	\$	21,299	\$	111,302	\$	48,591			
18	\$	186,444	\$ 1,628	\$	21,725	\$	113,528	\$	49,563			
19	\$	190,173	\$ 1,661	\$	22,160	\$	115,798	\$	50,554			
20	\$	193,976	\$ 1,694	\$	22,603	\$	118,114	\$	51,565			
Total	\$	3,235,228	\$ 28,250	\$	376,985	\$	1,969,967	\$	860,026			
Average	\$	161,761	\$ 1,413	\$	18,849	\$	98,498	\$	43,001			

Source: Town of Hempstead IDA, Camoin Associates

\*Note: Assumes an average annual increase of 2,00%

<sup>&</sup>lt;sup>5</sup> 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)...



7

Table 8 calculates the benefit 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 \$296,000 more in PILOT revenue will be received annually than property taxes that would be received without the Project. The total benefit would be \$5.9 million over the 20-year period.

Table 8

**Tax Policy Comparison (All Jurisdictions)** 

Tax Ton	icy compans	Property			<b>X</b> -		5/30 (86)		
Year			Without	P	ILOT	R	Benefit (Cost)		
real		Project	· · · · · · · · · · · · · · · · · · · ·	P	ayment		f Project		
1		¢	133,151	\$	133,151	\$	rroject		
2		¢	135,814	\$	133,151	\$	(2,663)		
3		¢	138,531	\$	133,151	\$	(5,379)		
4		\$	141,301	\$	225,000	\$	83,699		
5		\$	144,127	\$	255,000	\$	110,873		
			147,010	\$	280,000	\$	132,990		
6		\$				\$	160,050		
7		\$	149,950	\$	310,000				
8		\$	152,949	\$	355,000	\$	202,051		
9		\$	156,008	\$	400,000	\$	243,992		
10		\$	159,128	\$	440,000	\$	280,872		
11		\$	162,311	\$	470,000	\$	307,689		
12		\$	165,557	\$	510,000	\$	344,443		
13		\$	168,868	\$	550,000	\$	381,132		
14		\$	172,245	\$	590,000	\$	417,755		
15		\$	175,690	\$	630,000	\$	454,310		
16		\$	179,204	\$	670,000	\$	490,796		
17		\$	182,788	\$	710,000	\$	527,212		
18		\$	186,444	\$	750,000	\$	563,556		
19		\$	190,173	\$	790,000	\$	599,827		
20		\$	193,976	\$	830,000	\$	636,024		
Total		\$	3,235,228	\$	9,164,454	\$	5,929,226		
Average		\$	161,761	\$	458,223	\$	296,461		



#### **TOWN**

Table 9 calculates the benefit to the Town. The Town would receive approximately \$2,600 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Town would be \$51,775 over the 20-year period.

Table 9

**Tax Policy Comparison for Town** 

	and the second		( ) ·		y a	
Year	Proper	ty Tax Payment	PIL	<b>OT Payment</b>	В	enefit (Cost) of
		Without Project				Project
1	\$	1,163	\$	1,163	\$	-
2	\$	1,186	\$	1,163	\$	(23)
3	\$	1,210	\$	1,163	\$	(47)
4	\$	1,234	\$	1,965	\$	731
5	\$	1,259	\$	2,227	\$	968
6	\$	1,284	\$	2,445	\$	1,161
7	\$	1,309	\$	2,707	\$	1,398
8	\$	1,336	\$	3,100	\$	1,764
9	\$	1,362	\$	3,493	\$	2,131
10	\$	1,390	\$	3,842	\$	2,453
11	\$	1,417	\$	4,104	\$	2,687
12	\$	1,446	\$	4,453	\$	3,008
13	\$	1,475	\$	4,803	\$	3,328
14	\$	1,504	\$	5,152	\$	3,648
15	\$	1,534	\$	5,501	\$	3,967
16	\$	1,565	\$	5,851	\$	4,286
17	\$	1,596	\$	6,200	\$	4,604
18	\$	1,628	\$	6,549	\$	4,921
19	\$	1,661	\$	6,898	\$	5,238
20	\$	1,694	\$	7,248	\$	5,554
Total	\$	28,250	\$	80,025	\$	51,775
Average	\$	1,413	\$	4,001	\$	2,589



#### COUNTY

Table 10 calculates the benefit to the County. The County would receive approximately \$34,545 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the County would be nearly \$691,000 over the 20-year period.

Table 10

**Tax Policy Comparison for County** 

					,	
Year	<b>Property Ta</b>	x Payment	PILC	OT Payment	Be	enefit (Cost) of
	With	out Project				Project
1	\$	15,515	\$	15,515	\$	-
2	\$	15,826	\$	15,515	\$	(310)
3	\$	16,142	\$	15,515	\$	(627)
4	\$	16,465	\$	26,218	\$	9,753
5	\$	16,794	\$	29,714	\$	12,919
6	\$	17,130	\$	32,627	\$	15,497
7	\$	17,473	\$	36,123	\$	18,650
8	\$	17,822	\$	41,366	\$	23,544
9	\$	18,179	\$	46,610	\$	28,431
10	\$	18,542	\$	51,271	\$	32,729
11	\$	18,913	\$	54,767	\$	35,853
12	\$	19,292	\$	59,428	\$	40,136
13	\$	19,677	\$	64,089	\$	44,411
14	\$	20,071	\$	68,750	\$	48,679
15	\$	20,472	\$	73,411	\$	52,938
16	\$	20,882	\$	78,072	\$	57,190
17	\$	21,299	\$	82,733	\$	61,433
18	\$	21,725	\$	87,394	\$	65,668
19	\$	22,160	\$	92,055	\$	69,895
20	\$	22,603	\$	96,716	\$	74,113
Total	\$	376,985	\$	1,067,887	\$	690,903
Average	\$	18,849	\$	53,394	\$	34,545



#### SCHOOL DISTRICT

Table 11 calculates the benefit to the school district. The school district would receive approximately \$180,519 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 \$3.6 million over the 20-year period.

Table 13

**Tax Policy Comparison for School District** 

Year	Property	<b>Tax Payment</b>	PIL	OT Payment	В	enefit (Cost) of
	W	thout Project				Project
1	\$	81,077	\$	81,077	\$	-
2	\$	82,699	\$	81,077	\$	(1,622)
3	\$	84,353	\$	81,077	\$	(3,276)
4	\$	86,040	\$	137,005	\$	50,965
5	\$	87,761	\$	155,272	\$	67,512
6	\$	89,516	\$	170,495	\$	80,979
7	\$	91,306	\$	188,762	\$	97,456
8	\$	93,132	\$	216,164	\$	123,031
9	\$	94,995	\$	243,565	\$	148,569
10	\$	96,895	\$	267,921	\$	171,026
11	\$	98,833	\$	286,188	\$	187,355
12	\$	100,810	\$	310,545	\$	209,735
13	\$	102,826	\$	334,901	\$	232,076
14	\$	104,882	\$	359,258	\$	254,375
15	\$	106,980	\$	383,614	\$	276,634
16	\$	109,119	\$	407,971	\$	298,851
17	\$	111,302	\$	432,327	\$	321,025
18	\$	113,528	\$	456,683	\$	343,156
19	\$	115,798	\$	481,040	\$	365,241
20	\$	118,114	\$	505,396	\$	387,282
Total	\$	1,969,967	\$	5,580,340	\$	3,610,373
Average	\$	98,498	\$	279,017	\$	180,519



#### **VILLAGE**

Table 12 calculates the benefit to the Village. The Village would receive approximately \$79,000 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Village would be nearly \$1.6 million over the 20-year period.

Table 12

**Tax Policy Comparison for Village** 

i tra					
Year	Prope	rty Tax Payment	OT Payment	В	enefit (Cost) of
		Without Project			Project
1	\$	35,396	\$ 35,396	\$	-
2	\$	36,104	\$ 35,396	\$	(708)
3	\$	36,826	\$ 35,396	\$	(1,430)
4	\$	37,562	\$ 59,812	\$	22,250
5	\$	38,314	\$ 67,787	\$	29,473
6	\$	39,080	\$ 74,433	\$	35,353
7	\$	39,861	\$ 82,408	\$	42,546
8	\$	40,659	\$ 94,370	\$	53,712
9	\$	41,472	\$ 106,333	\$	64,861
10	\$	42,301	\$ 116,966	\$	74,665
11	\$	43,147	\$ 124,941	\$	81,794
12	\$	44,010	\$ 135,574	\$	91,564
13	\$	44,890	\$ 146,207	\$	101,317
14	\$	45,788	\$ 156,841	\$	111,052
15	\$	46,704	\$ 167,474	\$	120,770
16	\$	47,638	\$ 178,107	\$	130,469
17	\$	48,591	\$ 188,741	\$	140,150
18	\$	49,563	\$ 199,374	\$	149,811
19	\$	50,554	\$ 210,007	\$	159,453
20	\$	51,565	\$ 220,640	\$	169,075
Total	\$	860,026	\$ 2,436,202	\$	1,576,176
Average	\$	43,001	\$ 121,810	\$	78,809



#### 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 13

#### **Summary of Costs to Affected Jurisdictions**

	Sta	te and County
Sales Tax Exemption	\$	1,730,175
Mortgage Tax Exemption	\$	240,000

**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.

#### SALES TAX REVENUE

#### SALES TAX REVENUE - CONSTRUCTION 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 70% of the construction phase earnings would be spent within the county and that 25% of those purchases would be taxable.

Table 14

New Town Sales Tax Revenue	\$ 8,053
New Town Sales Tax Revenue Portion*	0.375%
Nassau County Sales Tax Revenue (4.25%)	\$ 91,273
Amount Taxable (25%)	\$ 2,147,598
Amount Spent in County (70%)	\$ 8,590,394
Total New Earnings	\$ 12,271,991

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>6</sup> According to Emsi, 70% demand for industries in a typical household spending basket is met within Nassau County.



13

#### 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 county and that 25% of those purchases will be taxable. Table 15 displays the annual tax revenue that the Town will receive.

Table 15

Annual Sales Tax Revenue, On-Site Operations				
Total New Earnings	\$	304,677		
Amount Spent in County (70%)	\$	213,274		
Amount Taxable (25%)	\$	53,318		
Nassau County Sales Tax Revenue (4.25%)	\$	2,266		
New Town Sales Tax Revenue Portion*		0.375%		
New Town Tax Revenue	\$	200		

Source: Town of Hempstead IDA, Camoin Associates

#### ADDITIONAL TAX REVENUE - ONGOING HOTEL OPERATIONS

In addition to the sales tax revenue generated by the earnings of the direct and indirect employment positions created by the Project, there would also be revenue generated from taxes charged directly at the hotel (sales tax and hotel tax). The Applicant does not provide revenue estimates for hotel operation upon completion however, 20% of revenue generated will be net new to the town. From this, the town will receive additional sales tax revenue. Nassau County will also collect net new hotel tax revenue (3% rate).



<sup>\*</sup>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.

# 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.

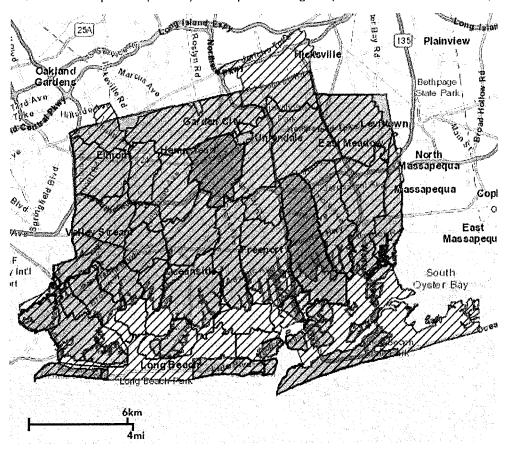
Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the "local economy" is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider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

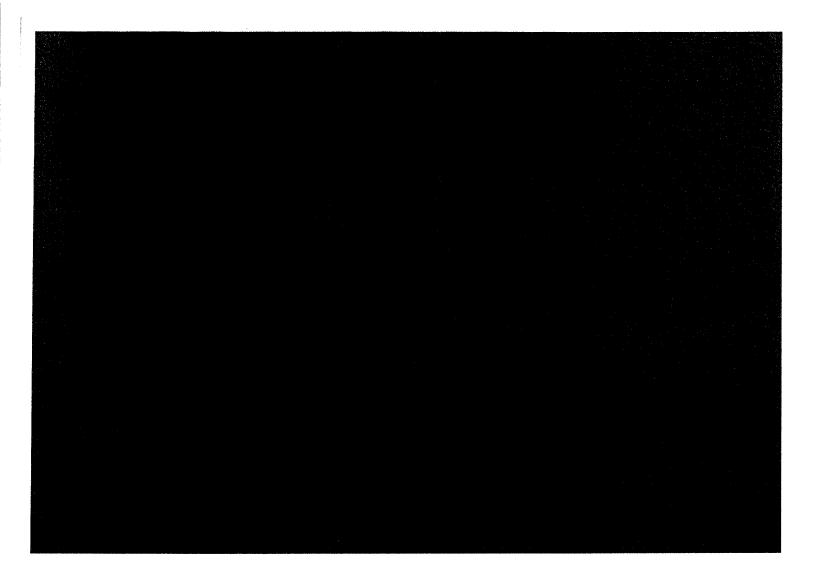


### ATTACHMENT B: STUDY AREA

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

Estella Housing, LLC Project: 2802 -21-16A

Application Date: 9/27/21

Contact: Ralph Fasano

Applicant Name and Address:

Estella Housing, LLC

c/o concern for Independent Living, INC

312 Expressway Drive South Medford, New York 11763

Project Address:

176 Main Street Hempstead, NY 11550

#### Project:

The applicant intends to develop a current commercial parking lot located at 176 Main Street within the Village of Hempstead. The proposed project is located within the Village's Downtown Overlay Zone and will create 96 rental units (42 Studios, 34 One Bedroom, 19 Two Bedroom and 1 Superintendent Unit). The total building will be approximately 125,911 square feet inclusive of 5,538 square feet of space for a community service facility. This will be housed on .6193 acres. The residential portion of the project will be 100% affordable, with all units having income restrictions of 60% of the Area Median Income, one unit will be a non-income bearing unit reserved for a site employee.

Project Costs: Land and/or building acquisition	\$4,800,000
Building Renovation	\$31,321,974
	Ψο 1,0 = 1,5 / .
Site Work	\$2,300,000
Machinery and Equipment	\$245,000
Legal Fees	\$275,000
Architectural/Engineering Fees	\$1,772,500
Financial Charges	\$2,005,539
Other (Professional fees, appraisal, survey, title and recording, market students)	\$7,738,662 dy etc.)

#### **Employment**:

	Full	Part
Present	0	0
1 <sup>st</sup> Year	7	0
2 <sup>nd</sup> Year	7	0

LMA: 7

Creation: of 7 FTE by year one Salary Average: \$70,000

Hourly Wage Earners Range: \$103,000 - \$118,000

Hourly Wage Average: \$110,500

Temporary Construction Jobs: 100

Benefits Sought: 30 Year PILOT

#### Benefit Analysis:

The Estella project is using tax exempt financing through NY State Housing Finance Agency so that is why they do not need the mortgage or sales tax exemption through the IDA.

Sales Tax Exemption Renovation, Furnishing and Fixture:

 $0 \times 8.625\% = 0$ 

Mortgage \$0

Current Tax Information:

Section: 34 Block: 522 Lots: 5 & 327

Parcels: 2

SD- Hempstead - 1

Total Taxes: Currently Tax Exempt

(If it were not exempt as per National Development Council Report: \$37,642.00)

Full Assessed Value: \$629,600 Total Assessment: \$6,296

Estimated Taxes Once Built as per SVS Report: \$347,130

Applicant Counsel: Dan Deegan/Jessica Leis

Transaction Counsel: Paul O'Brien

#### Estella Housing, LLC DRAFT PILOT

176 Main Street Hempstead, NY 11550

Section: 34 Block: 522 Lots: 5 & 327

Parcels: 2

SD- Hempstead - 1

If it were not tax exempt as per NDC Report: \$37,642.00 Estimated Taxes Once Built as per SVS Report: \$347,130

- Based upon Shelter Rent Formula used for Affordable/Workforce Housing Developments
- 10% of (Rental Income less Utility Costs)

Year	Total
1	\$37,642.00
2 3	\$37,642.00
	\$37,642.00
4	\$95,683.00
5	\$97,597.00
6	\$99,549.00
7 ·	\$101,540.00
8	\$103,570.00
9	\$105,642.00
10	\$107,755.00
11	\$109,910.00
12	\$112,108.00
13	\$114,350.00
14	\$116,637.00
15	\$118,970.00
16	\$121,349.00
17	\$123,776.00
18	\$126,252.00
19	\$128,777.00
20	\$131,352.00
21	\$133,979.00
22	\$136,659.00
23	\$139,392.00
24	\$142,180.00
25	\$145,024.00
26	\$147,924.00
27	\$150,882.00
28	\$153,900.00
29	\$156,978.00
30	\$160,118.00

12/7/21 - 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**

ESTELLA HOUSING, LLC

Town of Hempstead Industrial Development Agency

**JANUARY 7, 2022** 

PREPARED BY:



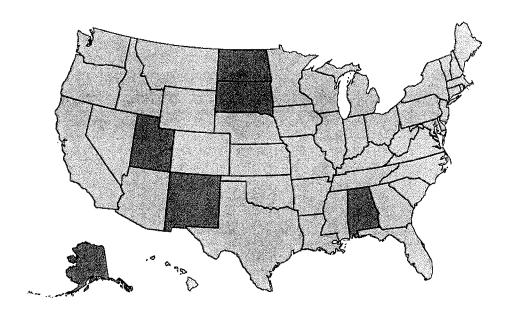
PO Box 3547 Saratoga Springs, NY 12866 518.899.2608 www.camoinassociates.com

## 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 and on Facebook.

#### THE PROJECT TEAM

Rachel Selsky Vice President Jessica Tagliafierro Senior Analyst





## 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 Estella Housing, LLC. The proposed project involves construction of a residential apartment building with a total of 96 units (95 rental units plus one super's unit) as well as 5,504 square feet of commercial space at 176 Main Street, Hempstead, New York 11550. 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

STUDY INFORMATION

Data Source:
Estella Housing, LLC Application
for Assistance and the Town of
Hempstead Industrial
Development Agency

Geography:
Town of Hempstead

Study Period: 2022

Modeling Tool: Emsi

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.

#### 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**

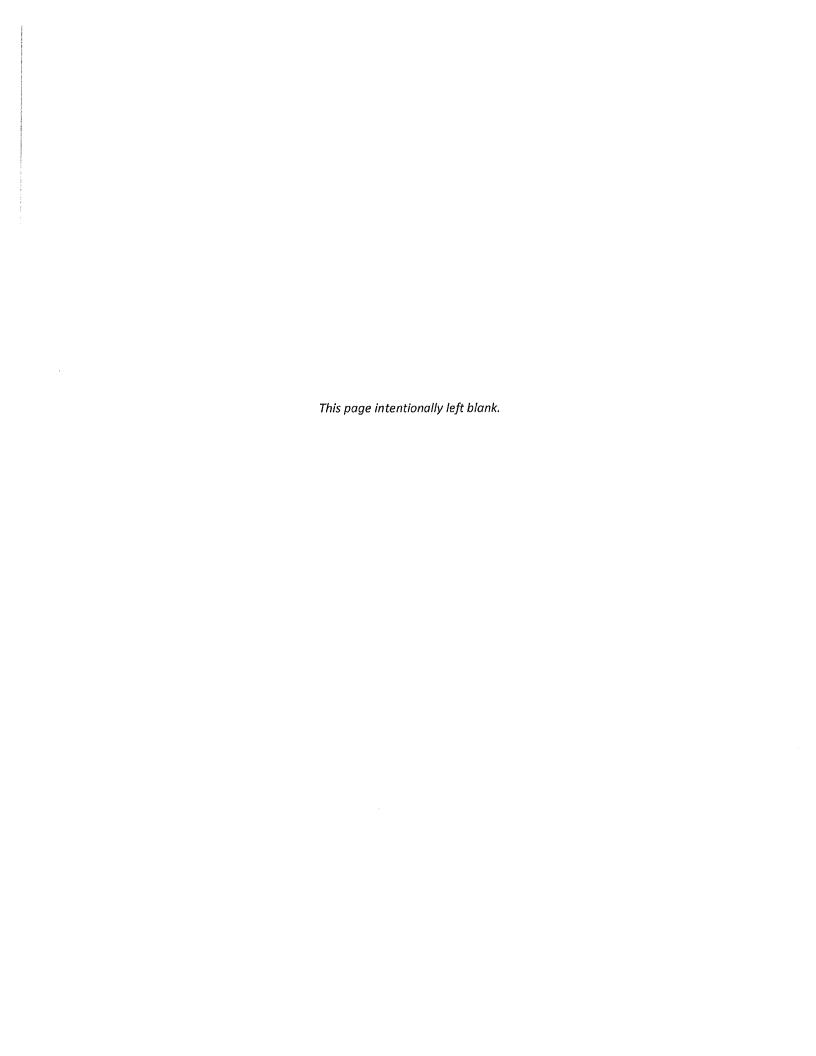
Impacts that result from spending by facility employees, employees of town businesses, and employees of suppliers. Earnings of these employees enter the economy as employees spend their paychecks in the town on food, clothing, and other goods and services.



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## **EXECUTIVE SUMMARY**

The Town of Hempstead Industrial Development Agency (the "Agency") received an application for financial assistance from Estella Housing, LLC (the "Applicant") for the construction of a residential rental building with a total of 96 units (95 rental units plus one super's unit) as well as 5,504 square feet of commercial space (the "Project") at 176 Main Street, Hempstead, New York 11550 (the "Site"). The development will consist entirely of affordable housing units for tenants earning up to 60% of AMI. 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 analysis and determined that 98% of the units (or 94 units) would be considered as providing "net new" households to the town and village as they allow households to exist in the jurisdictions 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 to Town	
Total Jobs	27
Direct Jobs	19
Total Earnings	\$ 1,440,936
Direct Earnings	\$ 905,556
Annual Sales Tax Revenue to County	\$ 33,334
Annual Sales Tax Revenue to Town	\$ 2,941
Average Annual PILOT Payment	\$ 116,493
Average Annual PILOT Payment to Town	\$ 2,245
Average Annual PILOT Benefit	\$ 116,493
Average Annual PILOT Benefit to Town	\$ 2,245
Average Annual Net Benefit to Town	\$ 5,187

Table 2

Summary of Benefits to Village	
Total Jobs	 13
Direct Jobs	12
Total Earnings	\$ 680,146
Direct Earnings	\$ 584,001
Average Annual PILOT Payment	\$ 116,493
Average Annual PILOT Payment to Village	\$ 60,082
Average Annual PILOT Benefit	\$ 116,493
Average Annual PILOT Benefit to Village	\$ 60,082
Average Annual Net Benefit to Village	\$ 60,082



- \* The Project would support 27 net new jobs in the town, with over \$1.4 million in associated earnings. For the Village of Hempstead, 13 jobs and \$680,000 in associated earnings would be supported. 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 \$116,493 each year, of which \$2,245 will be allocated to the Town and \$60,082 will be allocated to the Village. The property is currently tax exempt, therefore these figures represent the average annual benefit of the PILOT.
- \* The annual net benefit to the Town is estimated to be \$5,187. 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. The annual net benefit to the Village is estimated to be \$60.082.



## 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 and the Village 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 \$43.4 million<sup>1</sup>, of which 70%<sup>2</sup> would be sourced from within the town. This means that there will be nearly \$30.4 million in net new spending in the town associated with the construction phase of the Project.

Table 3

Construction Phase Spending - Town						
Total Construction Cost	\$	43,378,136				
Percent Sourced from Town		70%				
Net New Constuction Spending	\$	30,364,695				

Source: Applicant, Camoin Associates

Based on nearly \$30.4 million worth of net new direct spending associated with the construction phase of the Project, Camoin Associates determined that there would be over \$39.0 million in total one-time construction related spending supporting 171 jobs and an associated nearly \$15.8 million in earnings over the construction period throughout the town. Table 4 outlines the economic impacts of construction.

Table 4

Town	Fconomic	impact -	Construction	Phase

	Jobs	Earnings	Sales	
Direct	127	\$ 12,726,439	\$	30,364,695
Indirect	21	\$ 1,470,964	\$	4,692,095
Induced	23	\$ 1,569,915	\$	3,981,645
Total	171	\$ 15,767,318	\$	39,038,435

Source: Emsi, Camoin Associates

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



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

Of the total construction cost, 30% is assumed to be sourced from within the village. This means that there will be over \$13.0 million in net new spending in the village associated with the construction phase of the Project.

Table 5

Construction Phase Spending - Villac
--------------------------------------

, ,	 
Total Construction Cost	\$ 43,378,136
Percent Sourced from Village	30%
Net New Constuction Spending	\$ 13,013,441

Source: Applicant, Camoin Associates

Based on over \$13.0 million worth of net new direct spending associated with the construction phase of the Project, Camoin Associates determined that there would be over \$13.5 million in total one-time construction related spending supporting 53 jobs and an associated over \$5.6 million in earnings over the construction period throughout the village. Table 6 outlines the economic impacts of construction.

Table 6

**Village Economic Impact - Construction Phase** 

	Jobs	Earnings	 Sales
Direct	50	\$ 5,454,188	\$ 13,013,441
Indirect	2	\$ 107,052	\$ 367,453
Induced	1	\$ 56,827	\$ 159,311
Total	53	\$ 5,618,067	\$ 13,540,205

Source: Emsi, Camoin Associates

### 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 and village economy. In other words, the number of households that, but for the Project, would not exist in the Town and Village of Hempstead. With respect to this Project, net new households consist of those who are able to live in the jurisdictions as a result of the Project and would otherwise choose to live elsewhere. See Attachment B for more information on this methodology.

The Applicant proposes to construct 96 units (95 rental units and one super's unit), all targeted to households earning up to 60% of AMI. Camoin Associates conducted a rental demand analysis for the Project site and found that 98% of the units, or 94 units, are net new to the town and village (Table 7). This is based on a review of the data and an understanding of the proposed Project as detailed above.

Table 7

### **Net New Households**

	<b>Total Households</b>	Percent Net New	Net New Households
Affordable	96	98%	94
Total	96	98%	94

Source: Esri, Camoin Associates

<sup>&</sup>lt;sup>3</sup> According to Emsi, approximately 30% of construction industry demand is met within the village.



### **SPENDING BY NEW TENANTS**

These residents make purchases in the town and village, thereby adding new dollars to the Town and Village of Hempstead's economies. For this analysis, we researched spending patterns by household income to determine the spending by tenants.

The 94 net new affordable units will be available to households earning up to 60% of AMI.<sup>4</sup> Therefore, we will consider spending for tenants to be in the \$50,000 to \$69,999 spending basket, the spending basket that most closely resembles likely tenants, per the Bureau of Labor Statistics' 2020 Consumer Expenditure Survey.

Using a spending basket for the region which details household spending in individual consumer categories by income level, we analyzed likely tenant spending. According to the 2020 Consumer Expenditure Survey, households in workforce units have annual expenditures (excluding housing and utility costs) of \$27,200.

It is assumed that 60%<sup>5</sup> of total expenditures would occur within the Town of Hempstead and, therefore, have an impact on the town's economy and that 25% of expenditures would occur within the village<sup>6</sup>. The total net new spending columns show the total amount spent in the town and village, based on the number of net new units.

Table 8

Tenant Spending Basket

Affordable Units for Tenants Earning at or below 60% AMI (\$50,000 to \$69,999 Annual Household Income)

Category	nual per Unit nding Basket	mount Spent Town (60%)	· S.	Total Net New Town pending (94 net new units)	Amount Spent n Village (25%)	\$ otal Net New Village pending (94 net new units)
Food	\$ 6,026	\$ 3,616	\$	339,866	\$ 1,507	\$ 141,611
Household furnishings and equipment	\$ 1,793	\$ 1,076	\$	101,125	\$ 448	\$ 42,136
Apparel and services	\$ 1,208	\$ 725	\$	68,131	\$ 302	\$ 28,388
Transportation	\$ 9,225	\$ 5,535	\$	520,290	\$ 2,306	\$ 216,788
Health care	\$ 4,958	\$ 2,975	\$	279,631	\$ 1,240	\$ 116,513
Entertainment	\$ 2,004	\$ 1,202	\$	113,026	\$ 501	\$ 47,094
Personal care products and services	\$ 539	\$ 323	\$	30,400	\$ 135	\$ 12,667
Education	\$ 688	\$ 413	\$	38,803	\$ 172	\$ 16,168
Miscellaneous	\$ 759	\$ 455	\$	42,808	\$ 190	\$ 17,837
<b>Total Tenant Spending</b>	\$ 27,200	\$ 16,320	\$	1,534,080	\$ 6,800	\$ 639,200

Source: 2020 Consumer Expenditure Survey, Bureau of Labor Statistics

The total net new spending in the town and the village was calculated by multiplying the amount spent in each region by the number of net new units. As shown in the table above, spending in the town by all new households would total over \$1.5 million per year of which over \$639,000 would occur within the village. We used the above spending basket amounts to calculate the direct, indirect, and total impact of the Project on the town and the village.

Using \$1.5 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>7</sup> Table 9 outlines the findings of this analysis.

<sup>&</sup>lt;sup>7</sup> Analysis uses the 33 zip codes that are predominantly located within the Town of Hempstead (see Attachment C).



<sup>&</sup>lt;sup>4</sup> According to the Applicant.

<sup>&</sup>lt;sup>5</sup> According to Emsi, 60% of demand for industries in a typical household spending basket is met within the Town of Hempstead.

<sup>&</sup>lt;sup>6</sup> According to Emsi, 25% of demand for industries in a typical household spending basket is met within the Village of Hempstead

Table 9 **Town Economic Impact - Household Spending** 

en entité pai	Jobs	Earnings	Sales
Direct	12	\$ 551,960	\$ 1,534,080
Indirect	2	\$ 145,480	\$ 385,134
Induced	2	\$ 134,881	\$ 340,192
Total	16	\$ 832,322	\$ 2,259,406

Source: Emsi, Camoin Associates

The following table outlines the impact of the Project on the Village of Hempstead.<sup>8</sup>

Village Economic Impact - Household Spending

	Jobs	Earnings	4, -1	Sales
Direct	5	\$ 232,742	\$	639,200
Indirect	0	\$ 13,389	\$	36,492
Induced	0	\$ 15,649	\$	50,094
Total	5	\$ 261,781	\$	725,786

Source: Emsi, Camoin Associates

### IMPACTS OF ON-SITE EMPLOYMENT

According to the Applicant, seven (7) jobs will be on-site following Project completion. Since 98% of the housing units are considered net new to the town, 98% of the jobs, or seven job (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 11).

Table 11

Town Economic Impact - On-Site Operations

	Jobs		Earnings	Sales		
Direct	7	\$	353,596	\$	1,189,270	
Indirect	3	\$	179,851	\$	487,535	
Induced	1	\$	75,167	\$	190,187	
Total	11	\$	608,614	\$	1,866,992	

Source: Emsi, Camoin Associates

The following table shows the impact on the village from the seven on-site jobs.

Table 12

Village Economic Impact - On-Site Operations

	Jobs	Earnings	Sales		
Direct	7	\$ 351,259	\$	1,181,409	
Indirect	1	\$ 54,836	\$	141,956	
Induced	0	\$ 12,270	\$	38,497	
Total	8	\$ 418,365	\$	1,361,862	

Source: Emsi, Camoin Associates

<sup>&</sup>lt;sup>8</sup> The zip code 11550 was used.



Camoin Associates also considered the extent to which any of the retail space would bring new retail sales to the town and village. We determined that, because of the generic nature of the retail space and the availability of retail throughout the town and village, none of the retail space would be "net new" to the Town or Village of Hempstead. The retail component of the Project is not expected to induce any more retail spending within the jurisdictions than would otherwise occur elsewhere in the town and village 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 13.

Table 13

**Town Total Annual Economic Impact** 

	Jobs	Earnings	Sales
Direct	19	\$ 905,556	\$ 2,723,350
Indirect	5	\$ 325,331	\$ 872,669
Induced	3	\$ 210,048	\$ 530,379
Total	27	\$ 1,440,936	\$ 4,126,398

Source: Emsi, Camoin Associates

Table 14 shows the complete annual economic impact of the Project on the Village of Hempstead.

Table 14

**Village Total Annual Economic Impact** 

	Jobs	Earnings	Sales
Direct	12	\$ 584,001	\$ 1,820,609
Indirect	1	\$ 68,225	\$ 178,448
Induced	0	\$ 27,920	\$ 88,591
Total	13	\$ 680,146	\$ 2,087,648

**Source:** Emsi, Camoin Associates

Note that town impacts are inclusive of village impacts. Town and village impacts should not be added together.



## 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 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>9</sup>

Table 15

**Tax Payments with PILOT** 

		Total	er personal and the control	Portion of Pa	aym	ent by Jurisdictio	n	e de la Joseph des la casa
Year	P	ILOT Payments	Town	County		School District		Village
1	\$	37,642	\$ 726	\$ 2,039	\$	15,463	\$	19,414
2	\$	37,642	\$ 726	\$ 2,039	\$	15,463	\$	19,414
3	\$	37,642	\$ 726	\$ 2,039	\$	15,463	\$	19,414
4	\$	95,683	\$ 1,844	\$ 5,183	\$	39,307	\$	49,349
5	\$	97,597	\$ 1,881	\$ 5,286	\$	40,093	\$	50,337
6	\$	99,549	\$ 1,919	\$ 5,392	\$	40,895	\$	51,343
7	\$	101,540	\$ 1,957	\$ 5,500	\$	41,713	\$	52,370
8	\$	103,570	\$ 1,996	\$ 5,610	\$	42,547	\$	53,417
9	\$	105,642	\$ 2,036	\$ 5,722	\$	43,398	\$	54,486
10	\$	107,755	\$ 2,077	\$ 5,837	\$	44,266	\$	55,576
11	\$	<b>10</b> 9,910	\$ 2,118	\$ 5,953	\$	45,151	\$	56,687
12	\$	112,108	\$ 2,161	\$ 6,072	\$	46,054	\$	57,821
13	\$	114,350	\$ 2,204	\$ 6,194	\$	46,975	\$	58,977
14	\$	116,637	\$ 2,248	\$ 6,318	\$	47,915	\$	60,157
15	\$	118,970	\$ 2,293	\$ 6,444	\$	48,873	\$	61,360
16	\$	121,349	\$ 2,339	\$ 6,573	\$	49,850	\$	62,587
17	\$	123,776	\$ 2,386	\$ 6,704	\$	50,847	\$	63,839
18	\$	126,252	\$ 2,433	\$ 6,838	\$	51,865	\$	65,116
19	\$	128,777	\$ 2,482	\$ 6,975	\$	52,902	\$	66,418
20	\$	131,352	\$ 2,532	\$ 7,115	\$	53,960	\$	67,746
21	\$	133,979	\$ 2,582	\$ 7,257	\$	55,039	\$	69,101
22	\$	136,659	\$ 2,634	\$ 7,402	\$	56,140	\$	70,483
23	\$	139,392	\$ 2,687	\$ 7,550	\$	57,263	\$	71,893
24	\$	142,180	\$ 2,740	\$ 7,701	\$	58,408	\$	73,331
25	\$	145,024	\$ 2,795	\$ 7,855	\$	59,576	\$	74,797
26	\$	147,924	\$ 2,851	\$ 8,012	\$	60,767	\$	76,293
27	\$	150,882	\$ 2,908	\$ 8,173	\$	61,983	\$	77,819
28	\$	153,900	\$ 2,966	\$ 8,336	\$	63,222	\$	79,375
29	\$	156,978	\$ 3,026	\$ 8,503	\$	64,487	\$	80,963
30	\$	160,118	\$ 3,086	\$ 8,673	\$	65,777	\$	82,582
Total	\$	3,494,779	\$ 67,359	\$ 189,294	\$	1,435,662	\$	1,802,463
Average	\$	116,493	\$ 2,245	\$ 6,310	\$	47,855	\$	60,082

Source: Town of Hempstead IDA, Camoin Associates

<sup>&</sup>lt;sup>9</sup> It is typically assumed that each jurisdiction will continue to receive the same portion of the PILOT that they currently receive from the full tax bill. Since the property is currently tax exempt, Camoin Associates applied the distribution of taxes by jurisdiction for neighboring property 163-169 Main Street to the Project.



### TAX POLICY COMPARISON

Without financial assistance from the Agency, Camoin Associates assumes the Applicant would not undertake the Project. Table 16 displays the property tax payment associated with the residential portion of the Project. It is assumed that the property will continue to be tax exempt.

Table 16

**Tax Payments without Project** 

Tux Tuy!!!	Total		Ро	rtion of Paym	ent by Jurisdicti	on	
Year	Property Tax Payment Without Project*	Town		County	School District		Village
1	\$ -	\$ -	\$	-	\$ -	\$	~
2	\$ -	\$ <b>~</b>	\$	<del>-</del> .	\$ ~	\$	~
3	\$ -	\$ -	\$	-	\$ -	\$	-
4	\$ **	\$ <del>-</del>	\$	~ .	\$ -	\$	**
5	\$ ~	\$ -	\$	-	\$ -	\$	-
6	\$ -	\$ -	\$		\$ -	\$	-
7	\$ •	\$ -	\$	-	\$ -	\$	-
8	\$ -	\$ -	\$	-	\$ -	\$	-
9	\$ -	\$ -	\$		\$ -	\$	-
10	\$ -	\$ -	\$		<b>-</b>	\$	-
11	\$ -	\$ -	\$		\$ -	\$	-
12	\$ -	\$ -	\$	- !	\$ -	\$	-
13	\$ -	\$ -	\$	- !	\$ -	\$	-
14	\$ -	\$ -	\$		<b>-</b>	\$	•
15	\$ -	\$ -	\$		-	\$	-
16	\$ -	\$ -	\$		\$ -	\$	-
17	\$ -	\$ -	\$		<b>-</b>	\$	•
18	\$ 	\$ ***	\$		<b>-</b>	\$	-
19	\$ -	\$ -	\$		<b>-</b>	\$	-
20	\$ -	\$ =	\$		-	\$	-
21	\$ <b></b>	\$ _	\$		<b>-</b>	\$	-
22	\$ w	\$ -	\$		-	\$	-
23	\$ -	\$ -	\$		-	\$	-
24	\$ -	\$ -	\$		-	\$	-
25	\$ -	\$ -	\$	- :	-	\$	-
26	\$ -	\$ -	\$	- !	-	\$	-
27	\$ -	\$ -	\$	- :	-	\$	-
28	\$ -	\$ -	\$		-	\$	-
29	\$ -	\$ ~	\$		-	\$	=
30	\$ -	\$ -	\$	- 5	-	\$	-
Total	\$ -	\$ -	\$		-	\$	-
Average	\$ -	\$ -	\$	- ;		\$	-

Source: Town of Hempstead IDA, Camoin Associates



Table 17 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 \$116,000 more in PILOT revenue will be received annually than property taxes that would be received without the Project. The total benefit would be \$3.5 million over the 30-year period.

Table 17

**Tax Policy Comparison (All Jurisdictions)** 

Tax Policy Compari	Property Tax	15)	: -			
Year	Payment Without		P	ILOT	Ве	enefit (Cost)
Teal	Project		P	ayment		Project
1	\$	-	\$	37,642	\$	37,642
2	\$	-	\$	37,642	\$	37,642
3	\$	_	\$	37,642	\$	37,642
4	\$		\$	95,683	\$	95,683
5	\$	-	\$	97,597	\$	97,597
6	\$	_	\$	99,549	\$	99,549
7	\$	-	\$	101,540	\$	101,540
8	\$	_	\$	103,570	\$	103,570
9	\$	-	\$	105,642	\$	105,642
10	\$	-	\$	107,755	\$	107,755
11	\$	_	\$	109,910	\$	109,910
12	\$	-	\$	112,108	\$	112,108
13	\$	-	\$	114,350	\$	114,350
14	\$	-	\$	116,637	\$	116,637
15	\$	-	\$	118,970	\$	118,970
16	\$	-	\$	121,349	\$	121,349
17	\$	-	\$	123,776	\$	123,776
18	\$	-	\$	126,252	\$	126,252
19	\$	-	\$	128,777	\$	128,777
20	\$	-	\$	131,352	\$	131,352
21	\$	-	\$	133,979	\$	133,979
22	\$	-	\$	136,659	\$	136,659
23	\$	-	\$	139,392	\$	139,392
24	\$	-	\$	142,180	\$	142,180
25	\$	-	\$	145,024	\$	145,024
26	\$	-	\$	147,924	\$	147,924
27	\$		\$	150,882	\$	150,882
28	\$	-	\$	153,900	\$	153,900
29	\$	-	\$	156,978	\$	156,978
30	\$	-	\$	160,118	\$	160,118
Total	\$	-	\$	3,494,779	\$	3,494,779
Average	\$	-	\$	116,493	\$	116,493



### **TOWN**

Table 18 calculates the benefit (or cost) to the Town. The Town would receive approximately \$2,245 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Town would be over \$67,000 over the 30-year period.

Table 18

### **Tax Policy Comparison for Town**

K ji sa salijina	19,800			And the second s		
Year	<b>Property Tax</b>	<b>Payment</b>	PILO	OT Payment	В	enefit (Cost) of
		ut Project				Project
1	\$	-	\$	726	\$	726
2	\$	**	\$	726	\$	726
3	\$	-	\$	726	\$	726
4	\$	-	\$	1,844	\$	1,844
5	\$	-	\$	1,881	\$	1,881
6	\$	-	\$	1,919	\$	1,919
7	\$	-	\$	1,957	\$	1,957
8	\$	-	\$	1,996	\$	1,996
9	\$	~	\$	2,036	\$	2,036
10	\$	-	\$	2,077	\$	2,077
11	\$	-	\$	2,118	\$	2,118
12	\$	-	\$	2,161	\$	2,161
13	\$	-	\$	2,204	\$	2,204
14	\$	-	\$	2,248	\$	2,248
15	\$	-	\$	2,293	\$	2,293
16	\$	-	\$	2,339	\$	2,339
17	\$	-	\$	2,386	\$	2,386
18	\$	-	\$	2,433	\$	2,433
19	\$	-	\$	2,482	\$	2,482
20	\$	-	\$	2,532	\$	2,532
21	\$	-	\$	2,582	\$	2,582
22	\$	-	\$	2,634	\$	2,634
23	\$	**	\$	2,687	\$	2,687
24	\$	-	\$	2,740	\$	2,740
25	\$	-	\$	2,795	\$	2,795
26	\$	-	\$	2,851	\$	2,851
27	\$	-	\$	2,908	\$	2,908
28	\$	-	\$	2,966	\$	2,966
29	\$	-	\$	3,026	\$	3,026
30	\$	-	\$	3,086	\$	3,086
Total	\$	-	\$	67,359	\$	67,359
Average	\$	•	\$	2,245	\$	2,245



### COUNTY

Table 19 calculates the benefit (or cost) to the County. The County would receive approximately \$6,310 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the County would be over \$189,000 over the 30-year period.

Table 19

### **Tax Policy Comparison for County**

Year	<b>Property Tax Pay</b>	ment	PILOT	Payment	Bene	fit (Cost) of
	Without Pr					Project
1	\$	-	\$	2,039	\$	2,039
2	\$	-	\$	2,039	\$	2,039
3	\$	-	\$	2,039	\$	2,039
4	\$	-	\$	5,183	\$	5,183
5	\$	-	\$	5,286	\$	5,286
6	\$	-	\$	5,392	\$	5,392
7	\$	-	\$	5,500	\$	5,500
8	\$	-	\$	5,610	\$	5,610
9	\$	-	\$	5,722	\$	5,722
10	\$	-	\$	5,837	\$	5,837
11	\$	-	\$	5,953	\$	5,953
12	\$	-	\$	6,072	\$	6,072
13	\$	-	\$	6,194	\$	6,194
14	\$	-	\$	6,318	\$	6,318
15	\$	-	\$	6,444	\$	6,444
16	\$	-	\$	6,573	\$	6,573
17	\$	-	\$	6,704	\$	6,704
18	\$	-	\$	6,838	\$	6,838
19	\$	-	\$	6,975	\$	6,975
20	\$	-	\$	7,115	\$	7,115
21	\$	-	\$	7,257	\$	7,257
22	\$	-	\$	7,402	\$	7,402
23	\$	***	\$	7,550	\$	7,550
24	\$	_	\$	7,701	\$	7,701
25	\$	-	\$	7,855	\$	7,855
26	\$	-	\$	8,012	\$	8,012
27	\$	-	\$	8,173	\$	8,173
28	\$	-	\$	8,336	\$	8,336
29	\$	-	\$	8,503	\$	8,503
30	\$	-	\$	8,673	\$	8,673
Total	\$	-	\$	189,294	\$	189,294
Average	\$		\$	6,310	\$	6,310



### **SCHOOL DISTRICT**

Table 20 calculates the benefit (or cost) to the school district. The school district would receive approximately \$47,855 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 \$1.4 million over the 30-year period.

Table 20

### **Tax Policy Comparison for School District**

Tax Folicy Company						
Year	Property Ta	x Payment	PILC	T Payment	В	enefit (Cost) of
		out Project				Project
1	\$	-	\$	15,463	\$	15,463
2	\$	-	\$	15,463	\$	15,463
3	\$	-	\$	15,463	\$	15,463
4	\$	-	\$	39,307	\$	39,307
5	\$	-	\$	40,093	\$	40,093
6	\$	_	\$	40,895	\$	40,895
7	\$	_	\$	41,713	\$	41,713
8	\$	-	\$	42,547	\$	42,547
9	\$	-	\$	43,398	\$	43,398
10	\$	-	\$	44,266	\$	44,266
11	\$	-	\$	45,151	\$	45,151
12	\$	-	\$	46,054	\$	46,054
13	\$	-	\$	46,975	\$	46,975
14	\$	-	\$	47,915	\$	47,915
15	\$	-	\$	48,873	\$	48,873
16	\$	-	\$	49,850	\$	49,850
17	\$	-	\$	50,847	\$	50,847
18	\$	-	\$	51,865	\$	51,865
19	\$	_	\$	52,902	\$	52,902
20	\$	-	\$	53,960	\$	53,960
21	\$	-	\$	55,039	\$	55,039
22	\$	-	\$	56,140	\$	56,140
23	\$		\$	57,263	\$	57,263
24	\$	-	\$	58,408	\$	58,408
25	\$		\$	59,576	\$	59,576
26	\$	-	\$	60,767	\$	60,767
27	\$	-	\$	61,983	\$	61,983
28	\$	-	\$	63,222	\$	63,222
29	\$	-	\$	64,487	\$	64,487
30	\$	-	\$	65,777	\$	65,777
Total	\$	-	\$	1,435,662	\$	1,435,662
Average	\$	-	\$	47,855	\$	47,855



### **VILLAGE**

Table 21 calculates the benefit (or cost) to the Village. The Village would receive approximately \$60,082 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Village would be over \$1.8 million over the 30-year period.

Table 21

### **Tax Policy Comparison for Village**

	* 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1					
Year	Property	Tax Payment	PIL	<b>OT Payment</b>	В	enefit (Cost) of
	W	ithout Project				Project
1	\$	-	\$	19,414	\$	19,414
2	\$	=	\$	19,414	\$	19,414
3	\$	-	\$	19,414	\$	19,414
4	\$	-	\$	49,349	\$	49,349
5	\$	-	\$	50,337	\$	50,337
6	\$	***	\$	51,343	\$	51,343
7	\$	-	\$	52,370	\$	52,370
8	\$	-	\$	53,417	\$	53,417
9	\$		\$	54,486	\$	54,486
10	\$		\$	55,576	\$	55,576
11	\$	-	\$	56,687	\$	56,687
12	\$	-	\$	57,821	\$	57,821
13	\$	-	\$	58,977	\$	58,977
14	\$	-	\$	60,157	\$	60,157
15	\$	<del></del>	\$	61,360	\$	61,360
16	\$	-	\$	62,587	\$	62,587
17	\$	-	\$	63,839	\$	63,839
18	\$	-	\$	65,116	\$	65,116
19	\$		\$	66,418	\$	66,418
20	\$	-	\$	67,746	\$	67,746
21	\$	-	\$	69,101	\$	69,101
22	\$	-	\$	70,483	\$	70,483
23	\$	-	\$	71,893	\$	71,893
24	\$	-	\$	73,331	\$	73,331
25	\$	-	\$	74,797	\$	74,797
26	\$	-	\$	76,293	\$	76,293
27	\$	-	\$	77,819	\$	77,819
28	\$	-	\$	79,375	\$	79,375
29	\$	-	\$	80,963	\$	80,963
30	\$	-	\$	82,582	\$	82,582
Total	\$	-	\$	1,802,463	\$	1,802,463
Average	\$	_	\$	60,082	\$	60,082



### 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>10</sup> of the construction phase earnings would be spent within the county and that 25% of those purchases would be taxable.

Table 22

One-Time Sales Tax Revenue, Construction	n Ph	ase
Total New Earnings	\$	15,767,318
Amount Spent in County (70%)	\$	11,037,123
Amount Taxable (25%)	\$	2,759,281
Nassau County Sales Tax Revenue (4.25%)	\$	117,269
New Town Sales Tax Revenue Portion*		0.375%
New Town Sales Tax Revenue	\$	10,347

Source: Town of Hempstead IDA, Camoin Associates

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

Table 23

Annual Sales Tax Revenue, Househo	Id Spe	ending
Total New Spending	\$	2,259,406
Amount Taxable (30%)	\$	677,822
Nassau County Sales Tax Revenue (4.25%)	\$	28,807
New Town Sales Tax Revenue Portion*		0.375%
New Town Tax Revenue	\$	2,542

Source: Town of Hempstead IDA, Camoin Associates

Note that the household spending figure has already been adjusted to account for 60% 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.

<sup>&</sup>lt;sup>10</sup> According to Emsi, 70% demand for industries in a typical household spending basket is met within Nassau County.



<sup>\*</sup>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>\*</sup>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.

### 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 24 displays the annual tax revenue that the Town will receive.

Table 24

Annual Sales Tax Revenue, On-Site Operation	ations	
Total New Earnings	\$	608,614
Amount Spent in County (70%)	\$	426,030
Amount Taxable (25%)	\$	106,507
Nassau County Sales Tax Revenue (4.25%)	\$	4,527
New Town Sales Tax Revenue Portion*		0.375%
New Town Tax Revenue	\$	399

**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 25.

Table 25

\$ 2,542
\$ 399
\$ 2,941
\$ \$ <b>\$</b>



<sup>\*</sup>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.

## 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.

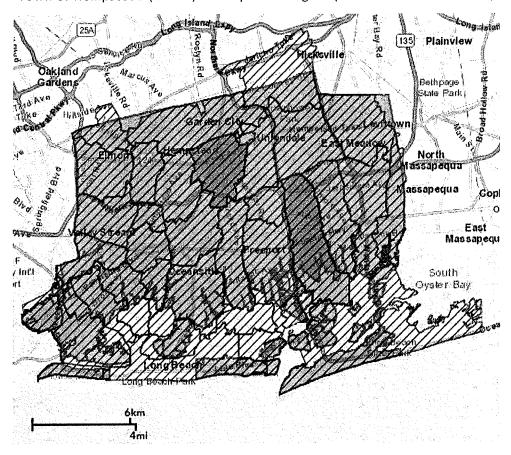
The following steps outline our process for calculating net new households. All data is drawn from Esri Business Analyst.

- 1. <u>Identify where households are likely to come from.</u> 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. <u>Identify the existing rental housing supply at different price points</u>. 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. <u>Identify the number of households at different income levels.</u> We analyze households by income group and rental behavior to estimate an "implied number renting" for different income groups.
- 4. <u>Calculate net housing surplus or gap by price point.</u> Rental housing supply and rental housing demand is compared to calculate a "net gap," indicating excess demand for the project, or a "net surplus." To estimate net new households for a project, the net gap in the study area is compared to the net gap in the drive time.



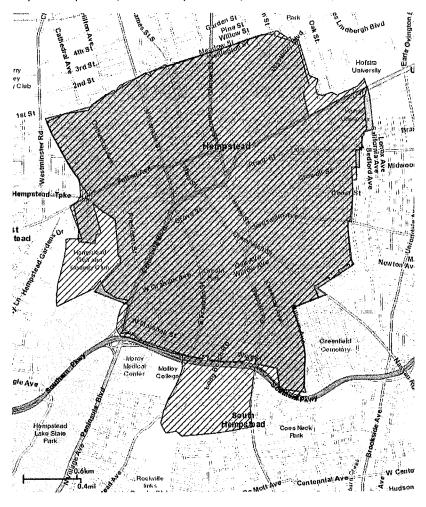
### ATTACHMENT C: STUDY AREAS

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

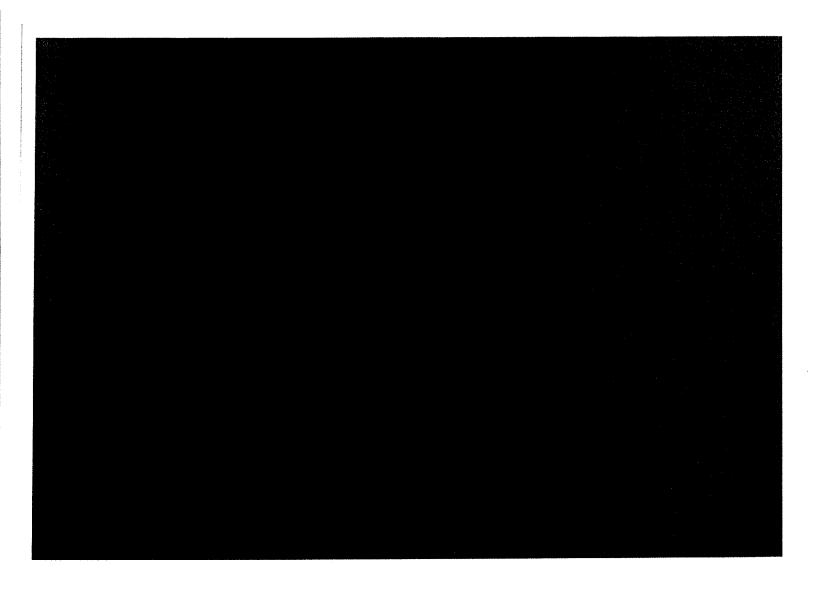




### Village of Hempstead (Green) and Hempstead Zip Code 11550 (Red outline with dashes)







# 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

### Carman Place Apartments, LLC 2802-21-19A (RESIDENTIAL PORTION) 2802-21-19B (COMMERCIAL PORTION)

Application Date: 10/15/21

Contact: Roger Pine

Applicant Name and Address: 1000 University Avenue, Suite 500 Rochester, NY 14607

**Project Address:** 

155-162 Main Steet, 163-169 Main Street, 171 Main Street, 173 – 175 Main Street, 177-179 Main Street, 122 Bedell Street, 126 Bedell Street, (no designation yet) Bedell Street, (no designation yet) Columbia Street. Hempstead, NY 11550

Project: The Applicant seeks to demolish an existing 15,573 square foot building and develop, construct, operate and own two-residential buildings with a total of 228 affordable rental units, including 1 super's unit, plus a 22,600 square foot commercial space on Main Street and Bedell Street in the Village of Hempstead. The total square feet of both buildings will be 323,198. The residential buildings will consist of 30 studio apartments, 140 one-bedroom, and 57 two-bedroom apartments. These apartments will be 100% workforce housing, income-restricted for individuals and families earning up to \$116,910. The project will also consist of structured parking that will accommodate 296 below, at grade and street level parking spaces. 228 spaces will be designated for residential and 68 will be designated for retail of which 42 will be metered on-street parking. The proposed 22,600SF of commercial space will target retail tenants. In total this project will take place on 2.54 acres.

### Project Costs:

Land and/or building acquisition	\$11,450,000
Building(s) demo/construction	\$62,724,037
Site Work	\$6,900,000
Machinery and Equipment	\$2,000,000
Legal Fees	\$557,750
Architectural/Engineering Fees	\$2,126,770
Financial Charges	\$16,058,727
Other (Soft Costs/Prof Fees)	\$19,663,838

### Employment:

	Full	Part
Present	0	0
1 <sup>st</sup> Year	67	0
2 <sup>nd</sup> Year	67	0

Number of jobs represent commercial space employment

LMA: 100%

Creation: of 67 FTE by year one

Average Salary of Employees: \$53,289.00

Range:

\$35,526-\$71,052.00

Temporary Construction Jobs: 200

### Benefits Sought:

30 Year PILOT, MRT and STE on RESIDENTIAL PORTION 20 Year PILOT, MRT and STE on COMMERCIAL PORTION

### Benefit Analysis:

Sales Tax Exemption Renovation, Furnishing and Fixture:  $$41,196,507 \times 8.625\% = $3,553,198.72$ 

Mortgage  $$63,220,000 \times .75\% = $474,150.00$ 

**Current Tax Information:** 

Section; 34, Block: 195, Lots: 8(9,10,116), 111, 129, 130, 131(132), 135, 138

Parcels: 7

SD- Hempstead 1

Total Current Tax: \$231,850.35

21 General: \$19,431.79 21 – 22 School: \$119,516.48 21 Village: \$92,902.08

Estimated Taxes Once Built: \$1,240,061.00

Counsel: Dan Deegan/John Gordon

IDA Counsel: Bill Weir

### **PILOT Schedule**

### 1/24/2022

Carman Place Apartments

2802-21-19A (RESIDENTIAL PORTION)

Section 34, Block 195, Lots 8, 9, 10, 111, 116, 129, 130, 131-132, 135, & 138 **RESIDENTIAL UNIT** 30 YEARS

Residential:	
10% Gross shelter	
ent after completion	)

		10% Gross shelter
<u>YEAR</u>		rent after completion
	1	\$215,620
	2	\$215,620
	3	\$215,620
	4	\$341,276
	5	\$347,913
	6	\$354,676
	7	\$361,569
	8	\$368,594
	9	\$375,753
1	LO	\$383,049
1	L1	\$390,485
1	12	\$398,062
1	L3	\$405,784
1	<b>L</b> 4	\$413,653
3	15	\$421,672
1	<b>L</b> 6	\$429,844
1	L7	\$438,171
1	l8	\$446,657
1	19	\$455,304
2	20	\$464,116
2	21	\$473,095
2	22	\$482,244
2	23	\$491,567
2	24	\$501,067
2	25	\$510,747
2	26	\$520,611
2	27	\$530,661
2	28	\$540,901
2	29	\$551,335
\$	30	\$561,966

First 3 years at 93% of current assessment for construction period. Remaining 7% paid on commercial portion

PILOT Schedule 12/3/2021
Carman Place Apartments 2802-21-19B (COMMERCIAL PORTION)

Section 34, Block 195, Lots 8, 9, 10, 111, 116, 129, 130, 131-132, 135, & 138 COMMERCIAL CONDO UNIT

	Commercial:
	Phase-in of
YEAR	assessment
1	\$16,230
2	\$16,230
3	\$16,230
4	\$23,623
5	\$31,016
6	\$38,408
7	\$45,801
8	\$53,194
9	\$60,587
10	\$67,980
11	\$75,373
12	\$82,765
13	\$90,158
14	\$97,551
15	\$104,944
16	\$112,337
17	\$119,730
18	\$127,122
19	\$134,515
20	\$141,908

CURRENT COMMERCIAL SHARE OF TAX BASED ON AS-BUILT RATIO OF COMMERCIAL TO TOTAL SQUARE FEET (7%)

Phase-in amount:	\$141,908.00
Share of current	<u>-\$16,230</u>
TOTAL	\$125,678.00
PER YEAR (1/17)	\$7.392.82

### PREPARED FOR:

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

## **Economic and Fiscal Impact**

CARMAN PLACE APARTMENTS, LLC

Town of Hempstead
Industrial Development Agency

**JANUARY 5, 2021** 

PREPARED BY:



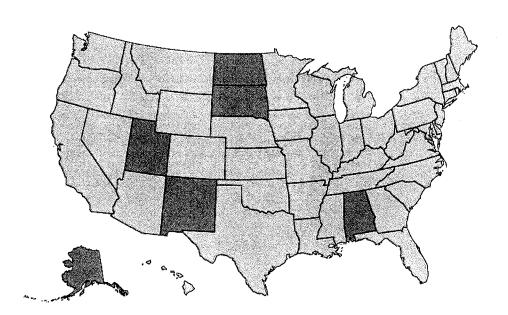
PO Box 3547 Saratoga Springs, NY 12866 518.899.2608 www.camoinassociates.com

## **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 and on Facebook.

### THE PROJECT TEAM

Rachel Selsky Vice President Jessica Tagliafierro Senior Analyst





## 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 Carman Place Apartments, LLC. The proposed project involves construction of two residential buildings with a total of 228 units (227 rental units plus one super's unit) as well as 22,600 square feet of commercial space at 155-162, 163-169, 171, 173-175, and 177-179 Main Street and 122 and 126 Bedell Street, Hempstead, New York 11550. 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 onsite 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:**

Carman Place Apartments, 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**

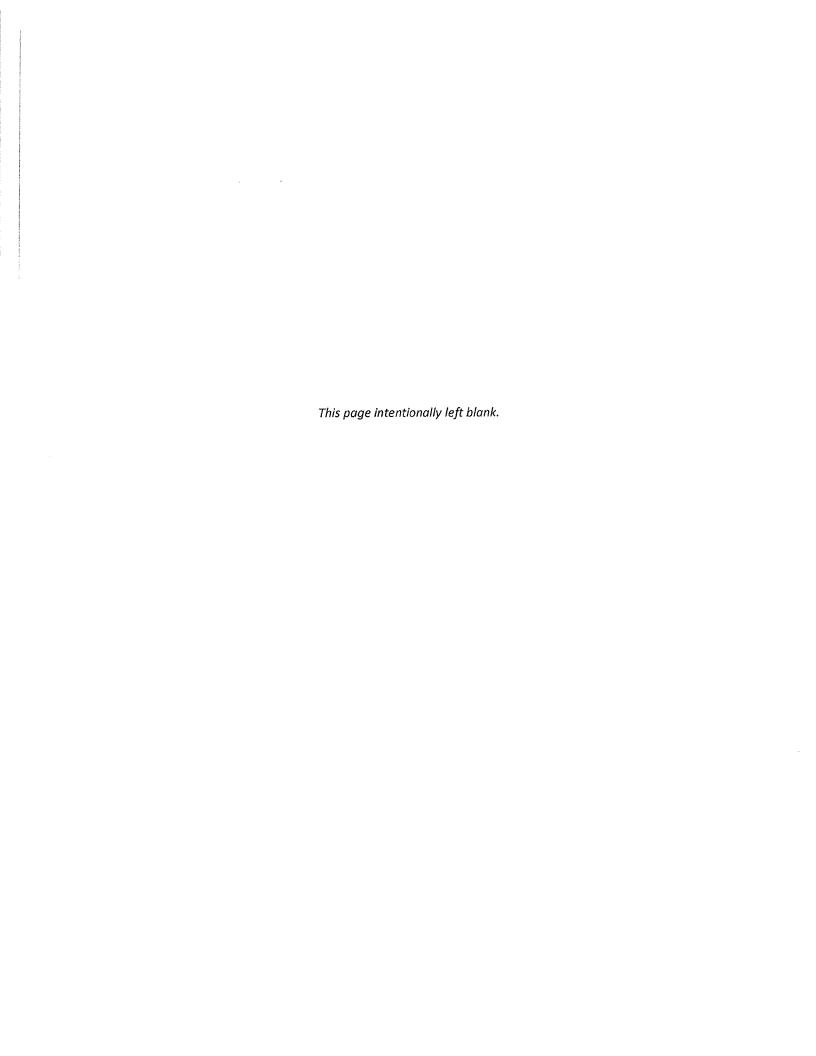
Impacts that result from spending by facility employees, employees of town businesses, and employees of suppliers. Earnings of these employees enter the economy as employees spend their paychecks in the town on food, clothing, and other goods and services.



## **CONTENTS**

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Attachment B: Calculating Net New Households	26
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## **EXECUTIVE SUMMARY**

The Town of Hempstead Industrial Development Agency (the "Agency") received an application for financial assistance from Carman Place Apartments, LLC (the "Applicant") for the construction of two residential buildings with a total of 228 units (227 rental plus one super's unit) as well as 22,600 square feet of commercial space (the "Project") at 155-162, 163-169, 171, 173-175, and 177-179 Main Street and 122 and 126 Bedell Street, Hempstead, New York 11550 (the "Site"). The development will consist entirely of workforce housing units for tenants earning up to \$116,910. The Applicant is seeking a sales tax exemption, mortgage recording tax exemption, and a PILOT agreement. Both a commercial and shelter rent formulas will be used, resulting in two PILOT agreements (30 year PILOT on residential portion and 20 year PILOT on commercial portion) 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 analysis and determined that 85% of the units (or 194 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 to Town	
Total Jobs	46
Direct Jobs	34
Total Earnings	\$ 2,444,399
Direct Earnings	\$ 1,594,158
Annual Sales Tax Revenue to Town	\$ 6,619
Average Annual PILOT Payment (Residential)	\$ 420,254
Average Annual PILOT Payment to Town	\$ 8,667
Average Annual PILOT Benefit (Residential)	\$ 128,677
Average Annual PILOT Benefit to Town	\$ 2,654
Average Annual PILOT Payment (Commercial)	\$ 72,785
Average Annual PILOT Payment to Town	\$ 1,501
Average Annual PILOT Benefit (Commercial)	\$ 53,068
Average Annual PILOT Benefit to Town	\$ 1,094
Average Annual Net Benefit to Town	\$ 10,368



Table 2

**Summary of Benefits to Village** 18 Total Jobs **Direct Jobs** 17 843,230 **Total Earnings Direct Earnings** \$ 768,982 \$ 420,254 Average Annual PILOT Payment (Residential) \$ 168,395 Average Annual PILOT Payment to Village Average Annual PILOT Benefit (Residential) \$ 128,677 51,561 \$ Average Annual PILOT Benefit to Village Average Annual PILOT Payment (Commercial) \$ 72,785 Average Annual PILOT Payment to Village \$ 29,165 \$ Average Annual PILOT Benefit (Commercial) 53,068 \$ 21,264 Average Annual PILOT Benefit to Village 72.825 Average Annual Net Benefit to Village

- The Project would support 46 net new jobs in the town, with over \$2.4 million in associated earnings. For the Village of Hempstead, 18 jobs and \$843,000 in associated earnings would be supported. 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 on the residential portion with the Agency, where the applicant would pay an average of \$420,254 each year, of which \$8,667 will be allocated to the Town and \$168,395 will be allocated to the Village. As compared to the otherwise applicable property taxes this PILOT represents an average annual benefit to the Town and Village of \$2,654 and \$51,561, respectively.
- The Applicant has negotiated terms of a proposed 20-year PILOT agreement on the commercial portion with the Agency, where the applicant would pay an average of \$72,785 each year, of which \$1,501 will be allocated to the Town and \$29,165 will be allocated to the village. This PILOT represents an average annual benefit to the Town and Village of \$1,094 and \$21,264, respectively.
- The annual net benefit to the Town is estimated to be \$10,368. In this case, this is the sum of the average annual PILOT benefit to the Town (both residential and commercial) and new annual sales tax revenue to the Town. The annual net benefit to the Village is estimated to be \$72,825.
- \* Through negotiations with the Agency the Applicant could have access to a sales tax exemption valued at up to \$3,553,199 and a mortgage recording tax exemption valued at up to \$474,150. 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 3

Summary of Costs to Affected Jurisdictions

	State and County
Sales Tax Exemption	\$ 3,553,199
Mortgage Tax Exemption	\$ 474,150

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 and the Village 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 \$93.4 million<sup>1</sup>, of which 70%<sup>2</sup> would be sourced from within the town. This means that there will be nearly \$65.4 million in net new spending in the town associated with the construction phase of the Project.

Table 4

\$ 93,414,645
70%
\$ 65,390,252
\$ <b>\$</b>

Source: Applicant, Camoin Associates

Based on nearly \$65.4 million worth of net new direct spending associated with the construction phase of the Project, Camoin Associates determined that there would be nearly \$84.1 million in total one-time construction related spending supporting 366 jobs and an associated nearly \$34.0 million in earnings over the construction period throughout the town. Table 5 outlines the economic impacts of construction.

Table 5

Town E	conomi	c Impact	-	<b>Construction Phase</b>

	Jobs	Earnings	Sales
Direct	273	\$ 27,406,336	\$ 65,390,252
Indirect	44	\$ 3,167,716	\$ 10,104,409
Induced	49	\$ 3,380,805	\$ 8,574,456
Total	366	\$ 33,954,858	\$ 84,069,117

Source: Emsi, Camoin Associates

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



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

Of the total construction cost, 30%<sup>3</sup> is assumed to be sourced from within the village. This means that there will be over \$28.0 million in net new spending in the village associated with the construction phase of the Project.

Table 6

Construction Phase Spending	
Total Construction Cost	\$ 93,414,645
Percent Sourced from Village	30%
Net New Constuction Spending	\$ 28,024,394

Source: Applicant, Camoin Associates

Based on over \$28.0 million worth of net new direct spending associated with the construction phase of the Project, Camoin Associates determined that there would be nearly \$29.2 million in total one-time construction related spending supporting 113 jobs and an associated nearly \$12.1 million in earnings over the construction period throughout the village. Table 7 outlines the economic impacts of construction.

Table 7

**Village Economic Impact - Construction Phase** 

	Jobs	Earnings		Sales
Direct	107	\$ 11,745,573	\$ 28,02	4,394
Indirect	4	\$ 230,535	\$ 791	,308
Induced	2	\$ 122,378	\$ 343	3,077
Total	113	\$ 12,098,485	\$ 29,158	,779

Source: Emsi, Camoin Associates

### 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 and village economy. In other words, the number of households that, but for the Project, would not exist in the Town and Village of Hempstead. With respect to this Project, net new households consist of those who are able to live in the jurisdictions as a result of the Project and would otherwise choose to live elsewhere. See Attachment B for more information on this methodology.

The Applicant proposes to construct 228 units (227 rental units and one super's unit), all targeted to households earning up to \$116,910. Camoin Associates conducted a rental demand analysis for the Project site and found that 85% of the units, or 194 units, are net new to the town and village (Table 8). This is based on a review of the data and an understanding of the proposed Project as detailed above.

Table 8

### **Net New Households**

	Total Households	Percent Net New	Net New Households
Workforce	228	85%	194
Total	228	85%	194

Source: Esri, Camoin Associates

<sup>&</sup>lt;sup>3</sup> According to Emsi, approximately 30% of construction industry demand is met within the village.



#### SPENDING BY NEW TENANTS

These residents make purchases in the town and village, thereby adding new dollars to the Town and Village of Hempstead's economies. For this analysis, we researched spending patterns by household income to determine the spending by tenants.

The 194 net new workforce units will be available to households earning up to \$116,910.<sup>4</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.

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 workforce units have annual expenditures (excluding housing and utility costs) of \$33,157.

It is assumed that 60%<sup>5</sup> of total expenditures would occur within the Town of Hempstead and, therefore, have an impact on the town's economy and that 25% of expenditures would occur within the village<sup>6</sup>. The total net new spending columns show the total amount spent in the town and village, based on the number of net new units.

Tenant Spending Basket
Workforce Units for Tenants Earning at or below \$116,910 (\$70,000 to \$99,999 Annual Household Income)

Category	nual per Unit nding Basket	nount Spent Town (60%)	Fotal Net New Town ending (194 net new	Amount Spent	otal Net New Village ending (194 net new units)
Food	\$ 7,475	\$ 4,485	\$ 870,090	\$ 1,869	\$ 362,538
Household furnishings and equipment	\$ 2,396	1,438	\$ 278,894	\$ 599	\$ 116,206
Apparel and services	\$ 1,145	\$ 687	\$ 133,278	\$ 286	\$ 55,533
Transportation	\$ 11,098	\$ 6,659	\$ 1,291,807	\$ 2,775	\$ 538,253
Health care	\$ 5,745	\$ 3,447	\$ 668,718	\$ 1,436	\$ 278,633
Entertainment	\$ 2,694	\$ 1,616	\$ 313,582	\$ 674	\$ 130,659
Personal care products and services	\$ 652	\$ <b>3</b> 91	\$ 75,893	\$ 163	\$ 31,622
Education	\$ 893	\$ 536	\$ 103,945	\$ 223	\$ 43,311
Miscellaneous	\$ 1,059	\$ 635	\$ 123,268	\$ 265	\$ 51,362
Total Tenant Spending	\$ 33,157	\$ 19,894	\$ 3,859,475	\$ 8,289	\$ 1,608,115

Source: 2020 Consumer Expenditure Survey, Bureau of Labor Statistics

The total net new spending in the town and the village was calculated by multiplying the amount spent in each region by the number of net new units. As shown in the table above, spending in the town by all new households would total nearly \$3.9 million per year of which \$1.6 million would occur within the village. We used the above spending basket amounts to calculate the direct, indirect, and total impact of the Project on the town and the village.

Using \$3.9 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>7</sup> Table 10 outlines the findings of this analysis.

<sup>&</sup>lt;sup>7</sup> Analysis uses the 33 zip codes that are predominantly located within the Town of Hempstead (see Attachment C).



<sup>&</sup>lt;sup>4</sup> According to the Applicant.

<sup>&</sup>lt;sup>5</sup> According to Emsi, 60% of demand for industries in a typical household spending basket is met within the Town of Hempstead.

<sup>&</sup>lt;sup>6</sup> According to Emsi, 25% of demand for industries in a typical household spending basket is met within the Village of Hempstead.

Table 10 **Town Economic Impact - Household Spending** 

	Jobs	ļ.	Earnings	4.4	Sales
Direct	30	\$	1,392,103	\$	3,859,475
Indirect	6	\$	363,628	\$	961,787
Induced	4	\$	340,889	\$	859,745
Total	40	\$	2,096,619	\$	5,681,006

Source: Emsi, Camoin Associates

The following table outlines the impact of the Project on the Village of Hempstead.<sup>8</sup>

Table 11 **Village Economic Impact - Household Spending** 

	Jobs	Earnings	Sales
Direct	13	\$ 586,801	\$ 1,608,115
Indirect	1	\$ 33,251	\$ 90,557
Induced	0	\$ 39,745	\$ 127,252
Total	14	\$ 659,797	\$ 1,825,923

Source: Emsi, Camoin Associates

### IMPACTS OF ON-SITE EMPLOYMENT

According to the Applicant, five (5) jobs will be on-site following Project completion. Since 85% of the housing units are considered net new to the town, 85% of the jobs, or four (4) 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 12).

**Town Economic Impact - On-Site Operations** 

	Jobs	Earnings	Sales
Direct	4	\$ 202,055	\$ 679,583
Indirect	2	\$ 102,772	\$ 278,592
Induced	1	\$ 42,953	\$ 108,678
Total	7	\$ 347,779	\$ 1,066,852

Source: Emsi, Camoin Associates

The following table shows the impact on the village from the one on-site job.

**Village Economic Impact - On-Site Operations** 

	Jobs	Earnings	Sales
Direct	4	\$ 182,181	\$ 577,904
Indirect	0	\$ 1,252	\$ 1,943
Induced	0	\$ 0	\$ 1
Total	4	\$ 183,433	\$ 579,848

Source: Emsi, Camoin Associates

<sup>&</sup>lt;sup>8</sup> The zip code 11550 was used.



Camoin Associates also considered the extent to which any of the retail space would bring new retail sales to the town and village. We determined that, because of the generic nature of the retail space and the availability of retail throughout the town and village, none of the retail space would be "net new" to the Town or Village of Hempstead. The retail component of the Project is not expected to induce any more retail spending within the jurisdictions than would otherwise occur elsewhere in the town and village 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 14.

Table 14

**Town Total Annual Economic Impact** 

	Jobs	 Earnings	Sales
Direct	34	\$ 1,594,158	\$ 4,539,057
Indirect	7	\$ 466,400	\$ 1,240,378
Induced	5	\$ 383,841	\$ 968,423
Total	46	\$ 2,444,399	\$ 6,747,859

Source: Emsi, Camoin Associates

Table 15 shows the complete annual economic impact of the Project on the Village of Hempstead.

Table 15

Village Total Annual Economic Impact

	Jobs	Earnings	Sales	
Direct	17	\$	768,982	\$ 2,186,018
Indirect	1	\$	34,503	\$ 92,500
Induced	0	\$	39,746	\$ 127,254
Total	18	\$	843,230	\$ 2,405,771

Source: Emsi, Camoin Associates

Note that town impacts are inclusive of village impacts. Town and village impacts should not be added together.



# 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): RESIDENTIAL PORTION

The Applicant has applied to the Agency for a Payment In Lieu of Taxes (PILOT) agreement. The Applicant has proposed a 30-year PILOT payment schedule on the residential portion of the Project 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>9</sup>

Table 16

**Tax Payments with PILOT** 

rax Pay	mer	its with PILO	 	 	 		
		Total		Portion of Pa			
Year	P	ILOT Payments	Town	County	School District		Village
1	\$	215,620	\$ 4,447	\$ 13,625	\$ 111,150	\$	86,399
2	\$	215,620	\$ 4,447	\$ 13,625	\$ 111,150	\$	86,399
3	\$	215,620	\$ 4,447	\$ 13,625	\$ 111,150	\$	86,399
4	\$	341,276	\$ 7,038	\$ 21,565	\$ 175,924	\$	136,749
5	\$	347,913	\$ 7,175	\$ 21,984	\$ 179,346	\$	139,408
6	\$	354,676	\$ 7,315	\$ 22,411	\$ 182,832	\$	142,118
7	\$	361,569	\$ 7,457	\$ 22,847	\$ 186,385	\$	144,880
8	\$	368,594	\$ 7,602	\$ 23,291	\$ 190,006	\$	147,695
9	\$	375,753	\$ 7,749	\$ 23,743	\$ 193,697	\$	150,564
10	\$	383,049	\$ 7,900	\$ 24,204	\$ 197,458	\$	153,487
11	\$	390,485	\$ 8,053	\$ 24,674	\$ 201,291	\$	156,467
12	\$	398,062	\$ 8,210	\$ 25,153	\$ 205,197	\$	159,503
13	\$	405,784	\$ 8,369	\$ 25,641	\$ 209,177	\$	162,597
14	\$	413,653	\$ 8,531	\$ 26,138	\$ 213,234	\$	165,750
15	\$	421,672	\$ 8,696	\$ 26,645	\$ 217,368	\$	168,963
16	\$	429,844	\$ 8,865	\$ 27,161	\$ 221,580	\$	172,238
17	\$	438,171	\$ 9,037	\$ 27,687	\$ 225,873	\$	175,574
18	\$	446,657	\$ 9,212	\$ 28,223	\$ 230,247	\$	178,975
19	\$	455,304	\$ 9,390	\$ 28,770	\$ 234,705	\$	182,440
20	\$	464,116	\$ 9,572	\$ 29,327	\$ 239,247	\$	185,971
21	\$	473,095	\$ 9,757	\$ 29,894	\$ 243,876	\$	189,568
22	\$	482,244	\$ 9,946	\$ 30,472	\$ 248,592	\$	193,234
23	\$	491,567	\$ 10,138	\$ 31,061	\$ 253,398	\$	196,970
24	\$	501,067	\$ 10,334	\$ 31,661	\$ 258,295	\$	200,777
25	\$	510,747	\$ 10,533	\$ 32,273	\$ 263,285	\$	204,656
26	\$	520,611	\$ 10,737	\$ 32,896	\$ 268,370	\$	208,608
27	\$	530,661	\$ 10,944	\$ 33,531	\$ 273,550	\$	212,635
28	\$	540,901	\$ 11,155	\$ 34,178	\$ 278,829	\$	216,738
29	\$	551,335	\$ 11,371	\$ 34,838	\$ 284,208	\$	220,919
30	\$	561,966	\$ 11,590	\$ 35,510	\$ 289,688	\$	225,179
Total	\$	12,607,632	\$ 260,016	\$ 796,652	\$ 6,499,105	\$	5,051,859
Average	\$	420,254	\$ 8,667	\$ 26,555	\$ 216,637	\$	168,395

<sup>&</sup>lt;sup>9</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.



# TAX POLICY COMPARISON: RESIDENTIAL PORTION

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 residential portion of the Project.

Table 17

**Tax Payments without Project** 

	Total		Po	ortion of Payı	me	nt by Jurisdiction	on	
Voor	<b>Property Tax Payment</b>							
Year	Without Project*	Town		County		<b>School District</b>		Village
1	\$ 215,621	\$ 4,447	\$	13,625	\$	111,150	\$	86,399
2	\$ 219,933	\$ 4,536	\$	13,897	\$	113,373	\$	88,127
3	\$ 224,332	\$ 4,627	\$	14,175	\$	115,641	\$	89,889
4	\$ 228,819	\$ 4,719	\$	14,459	\$	117,954	\$	91,687
5	\$ 233,395	\$ 4,813	\$	14,748	\$	120,313	\$	93,521
6	\$ 238,063	\$ 4,910	\$	15,043	\$	122,719	\$	95,391
7	\$ 242,824	\$ 5,008	\$	15,344	\$	125,173	\$	97,299
8	\$ 247,681	\$ 5,108	\$	15,650	\$	127,677	\$	99,245
9	\$ 252,634	\$ 5,210	\$	15,963	\$	130,230	\$	101,230
10	\$ 257,687	\$ 5,314	\$	16,283	\$	132,835	\$	103,255
11	\$ 262,841	\$ 5,421	\$	16,608	\$	135,492	\$	105,320
12	\$ 268,097	\$ 5,529	\$	16,941	\$	138,201	\$	107,426
13	\$ 273,459	\$ 5,640	\$	17,279	\$	140,965	\$	109,575
14	\$ 278,929	\$ 5,753	\$	17,625	\$	143,785	\$	111,766
15	\$ 284,507	\$ 5,868	\$	17,977	\$	146,660	\$	114,002
16	\$ 290,197	\$ 5,985	\$	18,337	\$	149,594	\$	116,282
17	\$ 296,001	\$ 6,105	\$	18,704	\$	152,586	\$	118,607
18	\$ 301,921	\$ 6,227	\$	19,078	\$	155,637	\$	120,979
19	\$ 307,960	\$ 6,351	\$	19,459	\$	158,750	\$	123,399
20	\$ 314,119	\$ 6,478	\$	19,849	\$	161,925	\$	125,867
21	\$ 320,401	\$ 6,608	\$	20,246	\$	165,164	\$	128,384
22	\$ 326,809	\$ 6,740	\$	20,650	\$	168,467	\$	130,952
23	\$ 333,345	\$ 6,875	\$	21,063	\$	171,836	\$	133,571
24	\$ 340,012	\$ 7,012	\$	21,485	\$	175,273	\$	136,242
25	\$ 346,813	\$ 7,153	\$	21,914	\$	178,778	\$	138,967
26	\$ 353,749	\$ 7,296	\$	22,353	\$	182,354	\$	141,747
27	\$ 360,824	\$ 7,442	\$	22,800	\$	186,001	\$	144,582
28	\$ 368,040	\$ 7,590	\$	23,256	\$	189,721	\$	147,473
29	\$ 375,401	\$ 7,742	\$	23,721	\$	193,515	\$	150,423
30	\$ 382,909	\$ 7,897	\$	24,195	\$	197,386	\$	153,431
Total	\$ 8,747,323	\$ 180,402	\$	552,726	\$	4,509,155	\$	3,505,039
Average	\$ 291,577	\$ 6,013	\$	18,424	\$	150,305	\$	116,835



Table 18 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. Nearly \$129,000 more in PILOT revenue will be received annually than property taxes that would be received without the Project. The total benefit would be \$3.9 million over the 30-year period.

Table 18

**Tax Policy Comparison (All Jurisdictions)** 

rax roncy co	mparison (All Jur Property				· .	
Year		t Without		ILOT		Benefit (Cost)
	Project		F	ayment		of Project
1	\$	215,621	\$	215,620	\$	(1)
2	\$	219,933	\$	215,620	\$	(4,313)
3	\$	224,332	\$	215,620	\$	(8,712)
4	\$	228,819	\$	341,276	\$	112,457
5	\$	233,395	\$	347,913	\$	114,518
6	\$	238,063	\$	354,676	\$	116,613
7	\$	242,824	\$	361,569	\$	118,745
8	\$	247,681	\$	368,594	\$	120,913
9	\$	252,634	\$	375,753	\$	123,119
10	\$	257,687	\$	383,049	\$	125,362
11	\$	262,841	\$	390,485	\$	127,644
12	\$	268,097	\$	398,062	\$	129,965
13	\$	273,459	\$	405,784	\$	132,325
14	\$	278,929	\$	413,653	\$	134,724
15	\$	284,507	\$	421,672	\$	137,165
16	\$	290,197	\$	429,844	\$	139,647
17	\$	296,001	\$	438,171	\$	142,170
18	\$	301,921	\$	446,657	\$	144,736
19	\$	307,960	\$	455,304	\$	147,344
20	\$	314,119	\$	464,116	\$	149,997
21	\$	320,401	\$	473,095	\$	152,694
22	\$	326,809	\$	482,244	\$	155,435
23	\$	333,345	\$	491,567	\$	158,222
24	\$	340,012	\$	501,067	\$	161,055
25	\$	346,813	\$	510,747	\$	163,934
26	\$	353,749	\$	520,611	\$	166,862
27	\$	360,824	\$	530,661	\$	169,837
28	\$	368,040	\$	540,901	\$	172,861
29	\$	375,401	\$	551,335	\$	175,934
30	\$	382,909	\$	561,966	\$	179,057
Total	\$	8,747,323	\$	12,607,632	\$	3,860,309
Average	\$	291,577	\$	420,254	\$	128,677



# **TOWN**

Table 19 calculates the benefit (or cost) to the Town. The Town would receive approximately \$2,654 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Town would be nearly \$76,000 over the 30-year period.

Table 19

**Tax Policy Comparison for Town** 

		e i je sa sa sa jeta se jeta Posta sa se jeta se			•	
Year	<b>Property</b>	Tax Payment	PIL	OT Payment	В	enefit (Cost) of
	Wit	thout Project				Project
1	\$	4,447	\$	4,447	\$	(0)
2	\$	4,536	\$	4,447	\$	(89)
3	\$	4,627	\$	4,447	\$	(180)
4	\$	4,719	\$	7,038	\$	2,319
5	\$	4,813	\$	7,175	\$	2,362
6	\$	4,910	\$	7,315	\$	2,405
7	\$	5,008	\$	7,457	\$	2,449
8	\$	5,108	\$	7,602	\$	2,494
9	\$	5,210	\$	7,749	\$	2,539
10	\$	5,314	\$	7,900	\$	2,585
11	\$	5,421	\$	8,053	\$	2,633
12	\$	5,529	\$	8,210	\$	2,680
13	\$	5,640	\$	8,369	\$	2,729
14	\$	5,753	\$	8,531	\$	2,779
15	\$	5,868	\$	8,696	\$	2,829
16	\$	5,985	\$	8,865	\$	2,880
17	\$	6,105	\$	9,037	\$	2,932
18	\$	6,227	\$	9,212	\$	2,985
19	\$	6,351	\$	9,390	\$	3,039
20	\$	6,478	\$	9,572	\$	3,093
21	\$	6,608	\$	9,757	\$	3,149
22	\$	6,740	\$	9,946	\$	3,206
23	\$	6,875	\$	10,138	\$	3,263
24	\$	7,012	\$	10,334	\$	3,322
25	\$	7,153	\$	10,533	\$	3,381
26	\$	7,296	\$	10,737	\$	3,441
27	\$	7,442	\$	10,944	\$	3,503
28	\$	7,590	\$	11,155	\$	3,565
29	\$	7,742	\$	11,371	\$	3,628
30	\$	7,897	\$	11,590	\$	3,693
Total	\$	180,402	\$	260,016	\$	79,614
Average	\$	6,013	\$	8,667	\$	2,654



# COUNTY

Table 20 calculates the benefit (or cost) to the County. The County would receive approximately \$8,131 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the County would be nearly \$244,000 over the 30-year period.

Table 20

**Tax Policy Comparison for County** 

		2 (1 ) (1 ) (1 ) (1 ) (1 ) (1 ) (1 ) (1				
Year	Prope	rty Tax Payment	PIL	OT Payment	B	enefit (Cost) of
		<b>Without Project</b>				Project
1	\$	13,625	\$	13,625	\$	(0)
2	\$	13,897	\$	13,625	\$	(273)
3	\$	14,175	\$	13,625	\$	(550)
4	\$	14,459	\$	21,565	\$	7,106
5	\$	14,748	\$	21,984	\$	7,236
6	\$	15,043	\$	22,411	\$	7,369
7	\$	15,344	\$	22,847	\$	7,503
8	\$	15,650	\$	23,291	\$	7,640
9	\$	15,963	\$	23,743	\$	7,780
10	\$	16,283	\$	24,204	\$	7,921
11	\$	16,608	\$	24,674	\$	8,066
12	\$	16,941	\$	25,153	\$	8,212
13	\$	17,279	\$	25,641	\$	8,361
14	\$	17,625	\$	26,138	\$	8,513
15	\$	17,977	\$	26,645	\$	8,667
16	\$	18,337	\$	27,161	\$	8,824
17	\$	18,704	\$	27,687	\$	8,983
18	\$	19,078	\$	28,223	\$	9,146
19	\$	19,459	\$	28,770	\$	9,310
20	\$	19,849	\$	29,327	\$	9,478
21	\$	20,246	\$	29,894	\$	9,648
22	\$	20,650	\$	30,472	\$	9,822
23	\$	21,063	\$	31,061	\$	9,998
24	\$	21,485	\$	31,661	\$	10,177
25	\$	21,914	\$	32,273	\$	10,359
26	\$	22,353	\$	32,896	\$	10,544
27	\$	22,800	\$	33,531	\$	10,732
28	\$	23,256	\$	34,178	\$	10,923
29	\$	23,721	\$	34,838	\$	11,117
30	\$	24,195	\$	35,510	\$	11,314
Total	\$	552,726	\$	796,652	\$	243,925
Average	\$	18,424	\$	26,555	\$	8,131



# **SCHOOL DISTRICT**

Table 21 calculates the benefit (or cost) to the school district. The school district would receive approximately \$66,332 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the school district would be nearly \$2.0 million over the 30-year period.

Table 21

# **Tax Policy Comparison for School District**

rax rolley compariso						
Year	Property	Tax Payment	PIL	OT Payment	В	enefit (Cost) of
		ithout Project				Project
1	\$	111,150	\$	111,150	\$	(0)
2	\$	113,373	\$	111,150	\$	(2,223)
3	\$	115,641	\$	111,150	\$	(4,491)
4	\$	117,954	\$	175,924	\$	57,971
5	\$	120,313	\$	179,346	\$	59,033
6	\$	122,719	\$	182,832	\$	60,113
7	\$	125,173	\$	186,385	\$	61,212
8	\$	127,677	\$	190,006	\$	62,330
9	\$	130,230	\$	193,697	\$	63,466
10	\$	132,835	\$	197,458	\$	64,623
11	\$	135,492	\$	201,291	\$	65,799
12	\$	138,201	\$	205,197	\$	66,995
13	\$	140,965	\$	209,177	\$	68,212
14	\$	143,785	\$	213,234	\$	69,449
15	\$	146,660	\$	217,368	\$	70,707
16	\$	149,594	\$	221,580	\$	71,986
17	\$	152,586	\$	225,873	\$	73,287
18	\$	155,637	\$	230,247	\$	74,610
19	\$	158,750	\$	234,705	\$	75,955
20	\$	161,925	\$	239,247	\$	77,322
21	\$	165,164	\$	243,876	\$	78,712
22	\$	168,467	\$	248,592	\$	80,125
23	\$	171,836	\$	253,398	\$	81,562
24	\$	175,273	\$	258,295	\$	83,022
25	\$	178,778	\$	263,285	\$	84,507
26	\$	182,354	\$	268,370	\$	86,016
27	\$	186,001	\$	273,550	\$	87,549
28	\$	189,721	\$	278,829	\$	89,108
29	\$	193,515	\$	284,208	\$	90,692
30	\$	197,386	\$	289,688	\$	92,302
Total	\$	4,509,155	\$	6,499,105	\$	1,989,950
Average	\$	150,305	\$	216,637	\$	66,332



# VILLAGE

Table 22 calculates the benefit (or cost) to the Village. The Village would receive approximately \$51,561 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Village would be over \$1.5 million over the 30-year period.

Table 22

# **Tax Policy Comparison for Village**

Year	Prope	rty Tax Payment	PII	OT Payment	В	enefit (Cost) of
		Without Project				Project
1	\$	86,399	\$	86,399	\$	(0)
2	\$	88,127	\$	86,399	\$	(1,728)
3	\$	89,889	\$	86,399	\$	(3,491)
4	\$	91,687	\$	136,749	\$	45,062
5	\$	93,521	\$	139,408	\$	45,887
6	\$	95,391	\$	142,118	\$	46,727
7	\$	97,299	\$	144,880	\$	47,581
8	\$	99,245	\$	147,695	\$	48,450
9	\$	101,230	\$	150,564	\$	49,334
10	\$	103,255	\$	153,487	\$	50,232
11	\$	105,320	\$	156,467	\$	51,147
12	\$	107,426	\$	159,503	\$	52,077
13	\$	109,575	\$	162,597	\$	53,022
14	\$	111,766	\$	165,750	\$	53,984
15	\$	114,002	\$	168,963	\$	54,962
16	\$	116,282	\$	172,238	\$	55,956
17	\$	118,607	\$	175,574	\$	56,967
18	\$	120,979	\$	178,975	\$	57,995
19	\$	123,399	\$	182,440	\$	59,041
20	\$	125,867	\$	185,971	\$	60,104
21	\$	128,384	\$	189,568	\$	61,184
22	\$	130,952	\$	193,234	\$	62,282
23	\$	133,571	\$	196,970	\$	63,399
24	\$	136,242	\$	200,777	\$	64,534
25	\$	138,967	\$	204,656	\$	65,688
26	\$	141,747	\$	208,608	\$	66,861
27	\$	144,582	\$	212,635	\$	68,054
28	\$	147,473	\$	216,738	\$	69,265
29	\$	150,423	\$	220,919	\$	70,496
30	\$	153,431	\$	225,179	\$	71,748
Total	\$	3,505,039	\$	5,051,859	\$	1,546,820
Average	\$	116,835	\$	168,395	\$	51,561



# PAYMENT IN LIEU OF TAXES (PILOT): COMMERCIAL PORTION

The Applicant has applied to the Agency for a Payment In Lieu of Taxes (PILOT) agreement. The Applicant has proposed a 20-year PILOT payment schedule on the commercial portion of the Project 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>10</sup>

Table 23

**Tax Payments with PILOT** 

		Total		Portion of Pa	ym	ent by Jurisdictio	n	
Year	P	ILOT Payments	Town	County		School District		Village
1	\$	16,230	\$ 335	\$ 1,026	\$	8,366	\$	6,503
2	\$	16,230	\$ 335	\$ 1,026	\$	8,366	\$	6,503
3	\$	16,230	\$ 335	\$ 1,026	\$	8,366	\$	6,503
4	\$	23,623	\$ 487	\$ 1,493	\$	12,177	\$	9,466
5	\$	31,016	\$ 640	\$ 1,960	\$	15,988	\$	12,428
6	\$	38,408	\$ <b>7</b> 92	\$ 2,427	\$	19,799	\$	15,390
7	\$	45,801	\$ 945	\$ 2,894	\$	23,610	\$	18,353
8	\$	53,194	\$ 1,097	\$ 3,361	\$	27,421	\$	21,315
9	\$	60,587	\$ 1,250	\$ 3,828	\$	31,232	\$	24,277
10	\$	67,980	\$ 1,402	\$ 4,296	\$	35,043	\$	27,239
11	\$	75,373	\$ 1,554	\$ 4,763	\$	38,854	\$	30,202
12	\$	82,765	\$ 1,707	\$ 5,230	\$	42,665	\$	33,164
13	\$	90,158	\$ 1,859	\$ 5,697	\$	46,476	\$	36,126
14	\$	97,551	\$ 2,012	\$ 6,164	\$	50,287	\$	39,089
15	\$	104,944	\$ 2,164	\$ 6,631	\$	54,097	\$	42,051
16	\$	112,337	\$ 2,317	\$ 7,098	\$	57,908	\$	45,013
17	\$	119,730	\$ 2,469	\$ 7,565	\$	61,719	\$	47,975
18	\$	127,122	\$ 2,622	\$ 8,033	\$	65,530	\$	50,938
19	\$	134,515	\$ 2,774	\$ 8,500	\$	69,341	\$	53,900
20	\$	141,908	\$ 2,927	\$ 8,967	\$	73,152	\$	56,862
Total	\$	1,455,702	\$ 30,022	\$ 91,983	\$	750,399	\$	583,298
Average	\$	72,785	\$ 1,501	\$ 4,599	\$	37,520	\$	29,165

Source: Town of Hempstead IDA, Camoin Associates

<sup>&</sup>lt;sup>10</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.



15

# TAX POLICY COMPARISON: COMMERCIAL PORTION

Without financial assistance from the Agency, Camoin Associates assumes the Applicant would not undertake the Project. Table 24 displays the property tax payment associated with the commercial portion of the Project.

Table 24

**Tax Payments without Project** 

	Total		Ро	rtion of Payn	ne	nt by Jurisdictio	n	
Year	Property Tax Payment Without Project*	Town		County		School District		Village
1	\$ 16,230	\$ 335	\$	1,026	\$	8,366	\$	6,503
2	\$ 16,554	\$ 341	\$	1,046	\$	8,533	\$	6,633
3	\$ 16,885	\$ 348	\$	1,067	\$	8,704	\$	6,766
4	\$ 17,223	\$ 355	\$	1,088	\$	8,878	\$	6,901
5	\$ 17,567	\$ 362	\$	1,110	\$	9,056	\$	7,039
6	\$ 17,919	\$ 370	\$	1,132	\$	9,237	\$	7,180
7	\$ 18,277	\$ 377	\$	1,155	\$	9,422	\$	7,324
8	\$ 18,643	\$ 384	\$	1,178	\$	9,610	\$	7,470
9	\$ 19,015	\$ 392	\$	1,202	\$	9,802	\$	7,619
10	\$ 19,396	\$ 400	\$	1,226	\$	9,998	\$	7,772
11	\$ 19,784	\$ 408	\$	1,250	\$	10,198	\$	7,927
12	\$ 20,179	\$ 416	\$	1,275	\$	10,402	\$	8,086
13	\$ 20,583	\$ 424	\$	1,301	\$	10,610	\$	8,248
14	\$ 20,995	\$ 433	\$	1,327	\$	10,823	\$	<b>8,4</b> 13
15	\$ 21,415	\$ 442	\$	1,353	\$	11,039	\$	8,581
16	\$ 21,843	\$ 450	\$	1,380	\$	11,260	\$	8,752
17	\$ 22,280	\$ 459	\$	1,408	\$	11,485	\$	8,927
18	\$ 22,725	\$ 469	\$	1,436	\$	11,715	\$	9,106
19	\$ 23,180	\$ 478	\$	1,465	\$	11,949	\$	9,288
20	\$ 23,643	\$ 488	\$	1,494	\$	12,188	\$	9,474
Total	\$ 394,335	\$ 8,133	\$	24,917	\$	203,276	\$	158,009
Average	\$ 19,717	\$ 407	\$	1,246	\$	10,164	\$	7,900



<sup>\*</sup>Note: Assumes an average annual increase of 2.00%

Table 25 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 \$53,000 more in PILOT revenue will be received annually than property taxes that would be received without the Project. The total benefit would be \$1.1 million over the 20-year period.

Table 25

**Tax Policy Comparison (All Jurisdictions)** 

Year	Property Payment Project	Tax Without	ILOT ayment	enefit (Cost) f Project
1	\$	16,230	\$ 16,230	\$ 0
2	\$	16,554	\$ 16,230	\$ (324)
3	\$	16,885	\$ 16,230	\$ (655)
4	\$	17,223	\$ 23,623	\$ 6,400
5	\$	17,567	\$ 31,016	\$ 13,448
6	\$	17,919	\$ 38,408	\$ 20,490
7	\$	18,277	\$ 45,801	\$ 27,524
8	\$	18,643	\$ 53,194	\$ 34,551
9	\$	19,015	\$ 60,587	\$ 41,571
10	\$	19,396	\$ 67,980	\$ 48,584
11	\$	19,784	\$ 75,373	\$ 55,589
12	\$	20,179	\$ 82,765	\$ 62,586
13	\$	20,583	\$ 90,158	\$ 69,575
14	\$	20,995	\$ 97,551	\$ 76,556
15	\$	21,415	\$ 104,944	\$ 83,529
16	\$	21,843	\$ 112,337	\$ 90,494
17	\$	22,280	\$ 119,730	\$ 97,450
18	\$	22,725	\$ 127,122	\$ 104,397
19	\$	23,180	\$ 134,515	\$ 111,335
20	\$	23,643	\$ 141,908	\$ 118,265
Total	\$	394,335	\$ 1,455,702	\$ 1,061,367
Average	\$	19,717	\$ 72,785	\$ 53,068



# **TOWN**

Table 26 calculates the benefit (or cost) to the Town. The Town would receive approximately \$1,094 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Town would be \$21,889 over the 20-year period.

Table 26

**Tax Policy Comparison for Town** 

			· · · · _			
Year	Property Tax	<b>Payment</b>	PILO	OT Payment	Be	nefit (Cost) of
	Witho	ut Project				Project
1	\$	335	\$	335	\$	0
2	\$	341	\$	335	\$	(7)
3	\$	348	\$	335	\$	(14)
4	\$	355	\$	487	\$	132
5	\$	362	\$	640	\$	277
6	\$	370	\$	792	\$	423
7	\$	377	\$	945	\$	568
8	\$	384	\$	1,097	\$	713
9	\$	392	\$	1,250	\$	857
10	\$	400	\$	1,402	\$	1,002
11	\$	408	\$	1,554	\$	1,146
12	\$	416	\$	1,707	\$	1,291
13	\$	424	\$	1,859	\$	1,435
14	\$	433	\$	2,012	\$	1,579
15	\$	442	\$	2,164	\$	1,723
16	\$	450	\$	2,317	\$	1,866
17	\$	459	\$	2,469	\$	2,010
18	\$	469	\$	2,622	\$	2,153
19	\$	478	\$	2,774	\$	2,296
20	\$	488	\$	2,927	\$	2,439
Total	\$	8,133	\$	30,022	\$	21,889
Average	\$	407	\$	1,501	\$	1,094



# **COUNTY**

Table 27 calculates the benefit (or cost) to the County. The County would receive approximately \$3,353 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the County would be over \$67,000 over the 20-year period.

Table 27

**Tax Policy Comparison for County** 

Year	Property	Tax Payment	PILO	T Payment	Be	nefit (Cost) of
		ithout Project		•		Project
1	\$	1,026	\$	1,026	\$	0
2	\$	1,046	\$	1,026	\$	(20)
3	\$	1,067	\$	1,026	\$	(41)
4	\$	1,088	\$	1,493	\$	404
5	\$	1,110	\$	1,960	\$	850
6	\$	1,132	\$	2,427	\$	1,295
7	\$	1,155	\$	2,894	\$	1,739
8	\$	1,178	\$	3,361	\$	2,183
9	\$	1,202	\$	3,828	\$	2,627
10	\$	1,226	\$	4,296	\$	3,070
11	\$	1,250	\$	4,763	\$	3,513
12	\$	1,275	\$	5,230	\$	3,955
13	\$	1,301	\$	5,697	\$	4,396
14	\$	1,327	\$	6,164	\$	4,837
15	\$	1,353	\$	6,631	\$	5,278
16	\$	1,380	\$	7,098	\$	5,718
17	\$	1,408	\$	7,565	\$	6,158
18	\$	1,436	\$	8,033	\$	6,597
19	\$	1,465	\$	8,500	\$	7,035
20	\$	1,494	\$	8,967	\$	7,473
Total	\$	24,917	\$	91,983	\$	67,066
Average	\$	1,246	\$	4,599	\$	3,353



# **SCHOOL DISTRICT**

Table 28 calculates the benefit (or cost) to the school district. The school district would receive approximately \$27,356 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the school district would be \$547,124 over the 20-year period.

Table 28

**Tax Policy Comparison for School District** 

			i girt i		•	
Year	Property	Tax Payment	PILO	OT Payment	В	enefit (Cost) of
tak in the second		ithout Project				Project
1	\$	8,366	\$	8,366	\$	0
2	\$	8,533	\$	8,366	\$	(167)
3	\$	8,704	\$	8,366	\$	(338)
4	\$	8,878	\$	12,177	\$	3,299
5	\$	9,056	\$	15,988	\$	6,932
6	\$	9,237	\$	19,799	\$	10,562
7	\$	9,422	\$	23,610	\$	14,188
8	\$	9,610	\$	27,421	\$	17,811
9	\$	9,802	\$	31,232	\$	21,430
10	\$	9,998	\$	35,043	\$	25,045
11	\$	10,198	\$	38,854	\$	28,656
12	\$	10,402	\$	42,665	\$	32,262
13	\$	10,610	\$	46,476	\$	35,865
14	\$	10,823	\$	50,287	\$	39,464
15	\$	11,039	\$	54,097	\$	43,059
16	\$	11,260	\$	57,908	\$	46,649
17	\$	11,485	\$	61,719	\$	50,234
18	\$	11,715	\$	65,530	\$	53,816
19	\$	11,949	\$	69,341	\$	57,392
20	\$	12,188	\$	73,152	\$	60,964
Total	\$	203,276	\$	750,399	\$	547,124
Average	\$	10,164	\$	37,520	\$	27,356



# **VILLAGE**

Table 22 calculates the benefit (or cost) to the Village. The Village would receive approximately \$21,264 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Village would be over \$425,000 over the 20-year period.

Table 29

**Tax Policy Comparison for Village** 

Year	Property	Tax Payment	PILO	T Payment	Ве	nefit (Cost) of
		ithout Project				Project
1	\$	6,503	\$	6,503	\$	0
2	\$	6,633	\$	6,503	\$	(130)
3	\$	6,766	\$	6,503	\$	(263)
4	\$	6,901	\$	9,466	\$	2,564
5	\$	7,039	\$	12,428	\$	5,389
6	\$	7,180	\$	15,390	\$	8,210
7	\$	7,324	\$	18,353	\$	11,029
8	\$	7,470	\$	21,315	\$	13,845
9	\$	7,619	\$	24,277	\$	16,658
10	\$	7,772	\$	27,239	\$	19,468
11	\$	7,927	\$	30,202	\$	22,274
12	\$	8,086	\$	33,164	\$	25,078
13	\$	8,248	\$	36,126	\$	27,879
14	\$	8,413	\$	39,089	\$	30,676
15	\$	8,581	\$	42,051	\$	33,470
16	\$	8,752	\$	45,013	\$	36,261
17	\$	8,927	\$	47,975	\$	39,048
18	\$	9,106	\$	50,938	\$	41,832
19	\$	9,288	\$	53,900	\$	44,612
20	\$	9,474	\$	56,862	\$	47,388
Total	\$	158,009	\$	583,298	\$	425,288
Average	\$	7,900	\$	29,165	\$	21,264



# 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 30

# **Summary of Costs to Affected Jurisdictions**

13		State and County
Sales Tax I	Exemption	\$ 3,553,199
Mortgage	Tax Exemption	\$ 474,150

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>11</sup> of the construction phase earnings would be spent within the county and that 25% of those purchases would be taxable.

Table 31

One-Time Sales Tax Revenue, Construction Phase		
Total New Earnings	\$	33,954,858
Amount Spent in County (70%)	\$	23,768,400
Amount Taxable (25%)	\$	5,942,100
Nassau County Sales Tax Revenue (4.25%)	\$	252,539
New Town Sales Tax Revenue Portion*		0.375%
New Town Sales Tax Revenue	\$	22,283

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>&</sup>lt;sup>11</sup> According to Emsi, 70% demand for industries in a typical household spending basket is met within Nassau County.



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

Table 32

Annual Sales Tax Revenue, Household Spending			
Total New Spending	\$	5,681,006	
Amount Taxable (30%)	\$	1,704,302	
Nassau County Sales Tax Revenue (4.25%)	\$	72,433	
New Town Sales Tax Revenue Portion*		0.375%	
New Town Tax Revenue	\$	6,391	

Source: Town of Hempstead IDA, Camoin Associates

Note that the household spending figure has already been adjusted to account for 60% 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.

# **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 33 displays the annual tax revenue that the Town will receive.

Table 33

ations	
\$	347,779
\$	243,446
\$	60,861
\$	2,587
	0.375%
\$	228
	\$ \$ <b>\$</b>



<sup>\*</sup>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>\*</sup>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.

# **TOTAL ANNUAL SALES TAX REVENUE**

The total annual sales tax revenue that the Town will receive is summarized in Table 34.

Table 34

# **Total Annual Sales Tax Revenue**

Household Spending	\$ 6,391
On-Site Operations	\$ 228
New Town Tax Revenue	\$ 6,619



# 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.

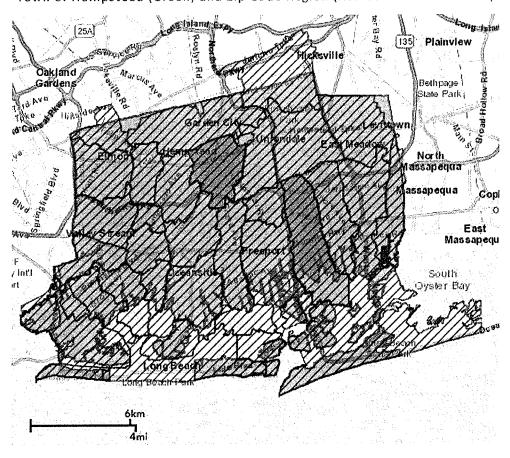
The following steps outline our process for calculating net new households. All data is drawn from Esri Business Analyst.

- 1. <u>Identify where households are likely to come from</u>. 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. <u>Identify the existing rental housing supply at different price points</u>. 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. <u>Identify the number of households at different income levels.</u> We analyze households by income group and rental behavior to estimate an "implied number renting" for different income groups.
- 4. <u>Calculate net housing surplus or gap by price point.</u> Rental housing supply and rental housing demand is compared to calculate a "net gap," indicating excess demand for the project, or a "net surplus." To estimate net new households for a project, the net gap in the study area is compared to the net gap in the drive time.



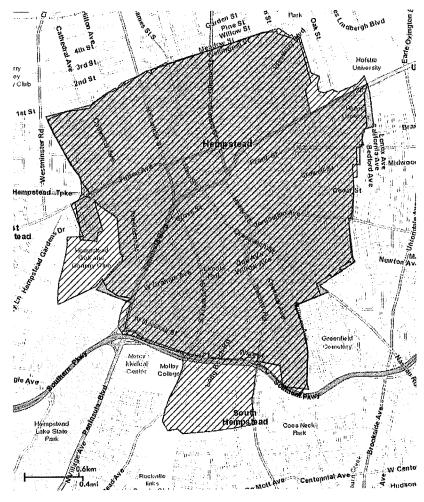
# ATTACHMENT C: STUDY AREAS

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

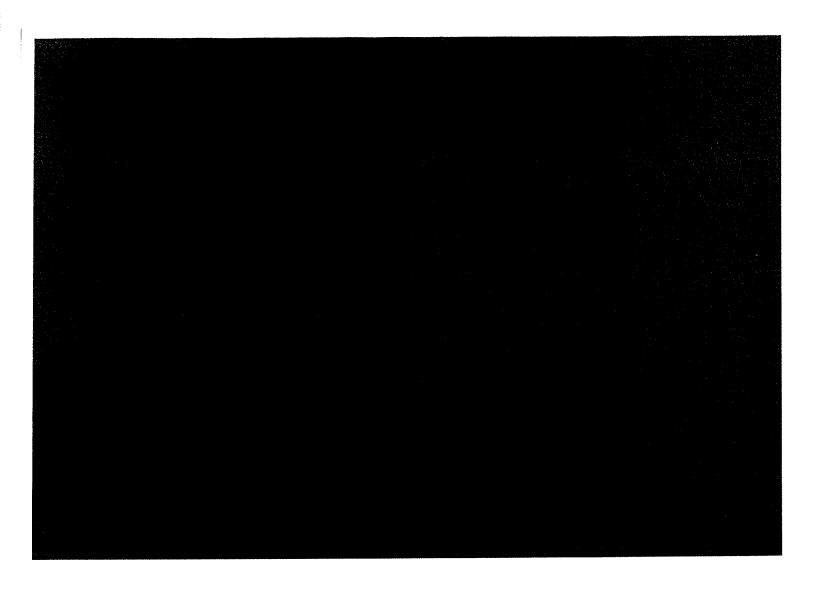




# Village of Hempstead (Green) and Hempstead Zip Code 11550 (Red outline with dashes)







# 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:

Architectural/Engineering Fees

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

# Employment:

	Full	Part
Present	0	0
1 <sup>st</sup> Year	0	0
2 <sup>nd</sup> 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

 $$2,500,000 \times 8.025\% - $215,025$ Mortgage  $$8,000,000 \times .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:



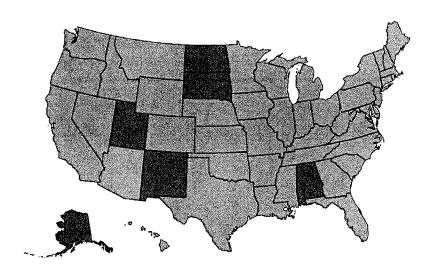
PO Box 3547 Saratoga Springs, NY 12866 518.899.2608 www.camoinassociates.com

# 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 and on Facebook.

### THE PROJECT TEAM

Rachel Selsky
Vice President
Jessica Tagliafierro
Senior Research Analyst





# 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

# 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

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.

# 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

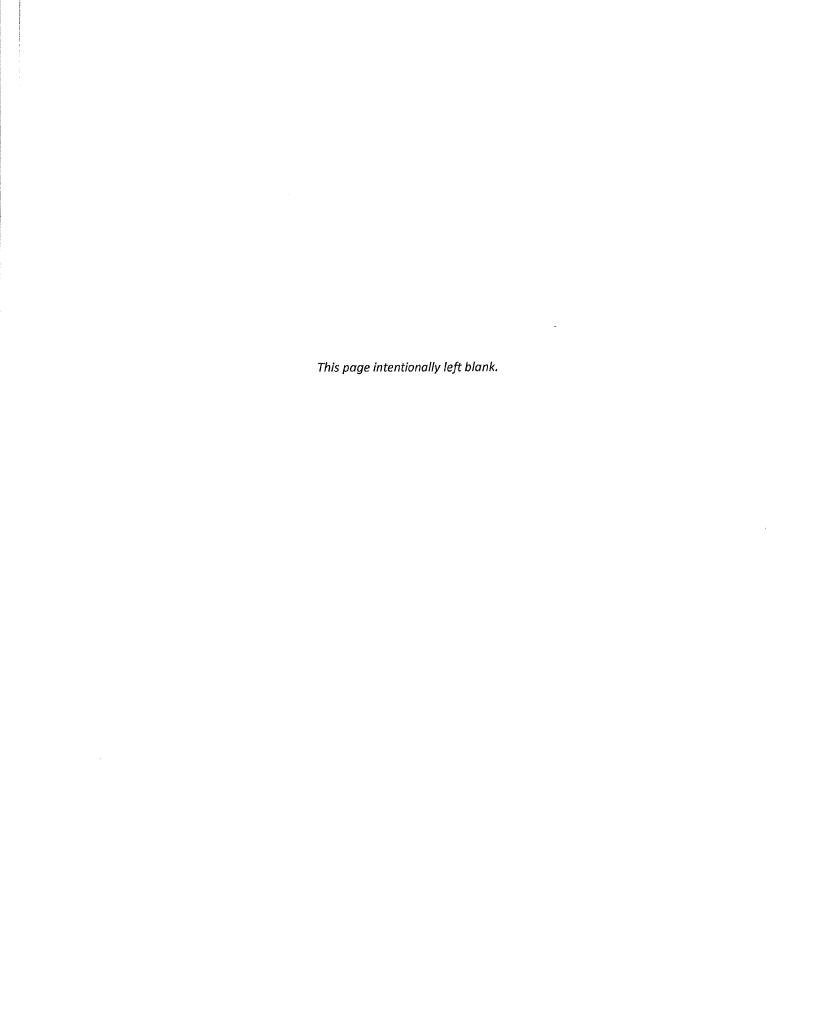
Impacts that result from spending by facility employees, employees of town businesses, and employees of suppliers. Earnings of these employees enter the economy as employees spend their paychecks in the town on food, clothing, and other goods and services.



# **CONTENTS**

Executive Summary	
Economic Impact Analysis	2
Fiscal Impact Analysis	4
Attachment A: What is Economic Impact Analysis?	9
Attachment B: Study Areas	10





# **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.

nubic 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

Table 2

Summary of Losts to A	Arrected Julisan	LUOIIS	
	State and County		
Sales Tax Exemption	\$	215,625	
Mortgage Tax Exemption	\$	60,000	

Source: Applicant, Camoin Associates

state and county since no future revenue stream would exist without the exemptions.



# **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 million<sup>1</sup>, of which 70%<sup>2</sup> 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>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

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



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<sup>&</sup>lt;sup>1</sup> Includes project costs and provided by the Applicant in Part IV of the application, excluding acquisition, legal fees, and financial charges.

# 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



# 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.<sup>3</sup>

Table 6

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

Source: Town of Hempstead IDA, Camoin Associates

<sup>&</sup>lt;sup>3</sup> 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%.



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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%<sup>4</sup> (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

fax Payments without Project						
		Town Portion of				
<u>Year</u>	<u>Propert</u>	Property Tax Payment		Payment Without		
	With	Without Project*		<u>Project</u>		
4	\$	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

<sup>&</sup>lt;sup>4</sup> 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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<sup>\*</sup>Assumes an average annual increase of 2.00%

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)

Account of the Control of the Contro	Proper	Property Tax Payment		DU OT Designation		Benefit (Cost) of	
Year		out Project	PILC	PILOT Payment		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)	



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

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 A	ffected Jurisdic	tions
	<u>State</u>	and County
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.



## SALESTAX 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%<sup>5</sup> 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

Mello Pation : Time	
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

<sup>\*</sup>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 Hemostead.

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

<sup>\*</sup>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

<sup>&</sup>lt;sup>5</sup> According to Emsi, 60% demand for industries in a typical household spending basket is met within the Town of Hempstead.



8

## 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.

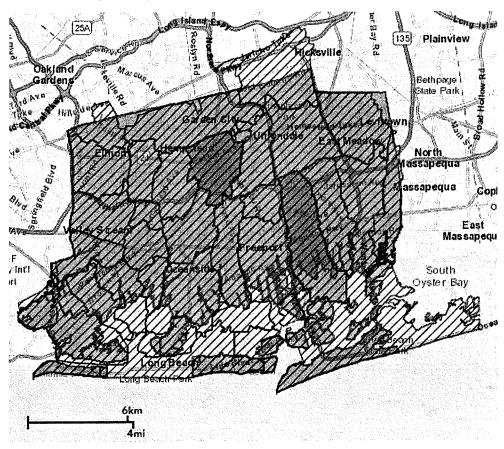
Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the "local economy" is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider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

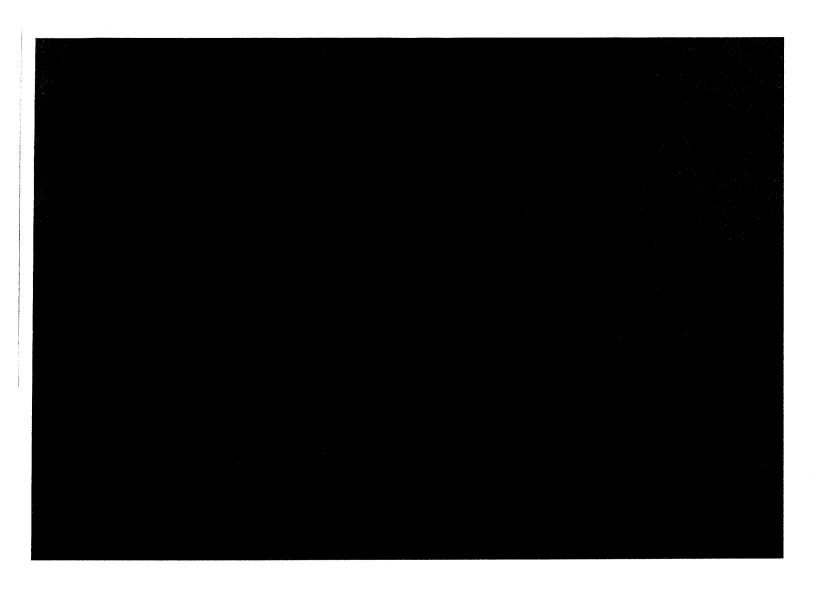


## ATTACHMENT B: STUDY AREAS

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







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



## PROJECT ABSTRACT TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY

## IV1 Logistics Acquisition LLC Project: 2802-21-23A

Application Date: 12/3/21

Contact: Jonah Mermelstein

**Applicant Name and Address:** 

Brookfield Place New York 250 Vesey Street, 15<sup>th</sup> Floor New York, New York 10281

**Project Address:** 

51 Charles Lindbergh Boulevard

Uniondale, NY 11553

<u>Project:</u> This property is currently an IDA project, with a PILOT which is set to expire on December 31, 2032. This new owner seeks to continue the current PILOT and have it assigned and is not seeking any new benefits. The site houses an 89,464 square foot building on 6.65 acres of land. This building is used for the creation of pharmaceuticals, pharmacy supplies and equipment, as well as a financial and credit union services.

**Project Costs:** 

Approximate Amount: \$26,850,000.00

Land and/or Building Acquisition Legal Fees:

\$26,750,000.00 \$100,000.00

## **Employment**:

Present	255	0
1 <sup>st</sup> Year	255	0
2 <sup>nd</sup> Year	255	0

LMA 60% - 70% of the FTEs

Retention of 255 FTE

Average Salary of Hourly Employees: \$50,000-375,000 Average of Hourly and Salaried Employees: \$212,500

Benefits Sought: Assignment and Assumption of current PILOT (10 Years Remaining)

Expires: 12/31/2032

Current Tax Information: Currently within PILOT

Section; 44, Block: F, Lots: P/O 377

Parcels: 1 SD- 2

## IV1 Logistics Acquisition LLC Project: 2802-21-23A (PILOT Assignment)

51 Charles Lindbergh Boulevard

Uniondale, NY 11553

Section; 44, Block: F, Lots: P/O 377

Parcels: 1 School District - 2

Total Tax: Currently within PILOT

## \$ 495,000 (Last Year of Current PILOT)

Year	Total
1	\$ 497,000
2	\$ 497,000
3	\$ 497,000
4	\$ 510,000
5	\$ 525,000
6	\$ 535,000
7	\$ 545,000
8	\$ 570,000
9	\$585,000
10	\$600,000

PILOT Expires 12/31/32

1/20/22 This has been NOT been approved by the TOH IDA Board.

## Parabit Realty, LLC & Parabit Systems, INC

Project: 2802-21-22A DRAFT PILOT EXTENSION

Section; 55, Block: 415, Lots: 260 (261), 1, & 2

Parcels: 3 SD- Roosevelt

Lots: 260 and 261 are currently within an IDA PILOT

Current PILOT Payments Remaining: 2022 Gen/2021-2022 School \$81,451.00 2023 Gen/2022-2023 School \$84,709.00

Current Taxes if property was not within a PILOT/previously owned by TOH: \$104,427.74

Estimated As Built Taxes: \$125,000.00

Year Current Year	Total				
2022 Gen/2021-2022 School	\$81,451.00				
1	\$84,709.00				
2	\$84,709.00				
3	\$84,709.00				
4	\$91,327.00				
5	\$100,000.00				
6	\$105,000.00				
7	\$110,000.00				
8	\$120,000.00				
9	\$130,000.00				
10	\$140,000.00				
11	\$145,000.00				

1/11/22 - DRAFT

1/14/22 – SECOND DRAFT

This Pilot has NOT been approved by the Hempstead IDA Board

# **Economic and Fiscal Impact**

PARABIT REALTY, LLC & PARABIT SYSTEMS, INC

Town of Hempstead Industrial Development Agency **JANUARY 21, 2022** 

PREPARED BY:



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

# Parabit Realty, LLC & Parabit Systems Inc.

## The Project

to meet the demands of current growth in manufacturing kiosks and ATM Access Control systems for banks. 7,820 SF expansion of an existing facility at 33-35 Debevoise Avenue, Roosevelt, NY 11575

## Requested Financial Assistance

**PILOT:** 10-year extension to an existing PILOT, which has 2-years remaining.

**Sales Tax Exemption:** \$185,437.5050

Mortgage Tax Abatement: \$18,937.50

## Total Annual Economic Impact

Jobs: 17

Earnings: \$1,346,359

Sales: \$4,618,310

## Fiscal Benefit or Cost to Town

Annual Sales Tax Revenue: \$884

Average Annual PILOT Payment: \$18,777

Average Annual PILOT Cost: \$1,334

## Summary of Benefits to Town

Total Jobs		17
Direct Jobs		13
Total Earnings	₩	1,346,359
Direct Earnings	₩	991,685
Annual Sales Tax Revenue to County	₩	10,014
Annual Sales Tax Revenue to Town	₩	884
Average Annual PILOT Payment	\$	111,075
Average Annual PILOT Payment to Town	₩	18,777
Average Annual PILOT Cost	₩	(7,891)
Average Annual PILOT Cost to Town	<del>6</del> ∕1	(1,334)



# **Economic and Fiscal Impacts of Construction Phase**

## **Construction Phase Spending - Town**

\$ 2,810,000	%02	ing \$ 1,967,000
Total Construction Cost	Percent Sourced from Town	Net New Constuction Spending

Source: Applicant, Camoin Associates

# **Town Economic Impact - Construction Phase**

	Sqof		Earnings		Sales
Direct	11	₩	813,427	❖	1,967,000
Indirect	_	₩	94,816	₩	302,930
Induced	_	<del>6</del>	102,738	₩	260,595
Total	. <u>W</u>	₩	1,010,981	₩	2,530,525

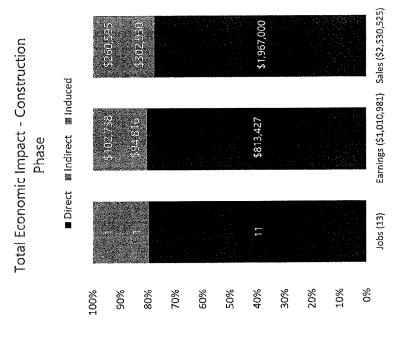
Source: Emsi, Camoin Associates

# One-Time Sales Tax Revenue, Construction Phase

Total New Earnings	₩	1,010,981
Amount Spent in County (70%)	₩	707,687
Amount Taxable (25%)	₩	176,922
Nassau County Sales Tax Revenue (4.25%)	₩	7,519
New Town Sales Tax Revenue Portion*		0.375%
New Town Sales Tax Revenue	₩1	663

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.





# **Economic and Fiscal Impacts of Annual Operations**

Total Annual Economic Impact ■ Direct 窗 Indirect 窓 Induced 517,844 3,701,244 991,685 \$ Town Economic Impact - On-Site Operations 197,891 Earnings 13 \$ 2 \$ sqof Indirect Direct

Induced	7	₩	156,784	₩	399,223
Total	17 \$	₩	1,346,359	₩	4,618,310
Source: Emsi, Camoin Associates	,,				
Annual Sales Tax Revenue. On-Site Operations	e O	S-uC	ite Operatio	Suc	
Total New Earnings				₩	1,346,359
Amount Spent in County (70%)	9			₩.	942,452
Amount Taxable (25%)				₩	235,613
Nassau County Sales Tax Revenue (4.25%)	ven	ine (	4.25%)	₩	10,014
New Town Sales Tax Revenue Portion*	Por	tion			0.375%
New Town Tax Revenue				€9	884

\*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.

Source: Town of Hempstead IDA, Camoin Associates

						\$3,701,244					Sales (\$4,618,310)
	The second secon	5/197/2911-				\$991,685					Earnings (\$1,346,359)
	CV .					Ű,					Jobs (17)
100%	%06	80%	%07	%09	20%	40%	30%	20%	10%	%0	



## PILOT Payments

## Tax Payments with PILOT

•				
		Total		Town
Year	PIL	PILOT Payments		Portion
- Existing PILOT	\$	81,451	₩	13,769
Existing PILOT	₩	84,709	₩	14,320
-	\$	84,709	₩	14,320
2	₩.	84,709	₩	14,320
8	₩	91,327	₩	15,439
4	₩	100,000	↔	16,905
5	₩	105,000	₩	17,750
9	₩	110,000	↔	18,595
7	₩	120,000	₩	20,286
8	↔	130,000	₩	21,976
6	₩	140,000	₩	23,667
10	₩	145,000	₩	24,512
Total	₩	1,110,745	₩	187,769
Average	↔	111,075	₩	18,777

Source: Town of Hempstead IDA, Camoin Associates

## Tax Payments without Project

		Total		
,	Property Tax Payment	/ment		Town
Year	Without Project*	oject*		Portion
Existing PILOT	\$ 10	104,428	₩	17,653
Existing PILOT	\$ 106	106,516	₩	18,006
-	\$ 108	108,647	₩	18,366
2	\$ 110	110,820	₩	18,734
3	\$	113,036	₩	19,108
4	\$ 115	115,297	₩	19,491
2	\$	117,603	₩	19,880
9	\$ 119	119,955	₩	20,278
7	\$ 127	122,354	₩	20,684
∞	\$ 12	124,801	₩	21,097
6	\$ 12	127,297	₩	21,519
10	\$	129,843	₩.	21,950
Total	\$ 1,189	1,189,650	<b>\$</b>	1,189,650
Average	\$ 118	118,965	₩	20,111

Source: Town of Hempstead IDA, Camoin Associates

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

The current total property tax payment without project is calculated based on a 2.00% annual increase to value of what the current taxes would be without the current PILOT, as provided by the applicant.



# Tax Policy Comparison

Tax Policy Comparison (All Jurisdictions)

Year	Property Tax Payment	Payment		PILOT	8	Benefit (Cost)	Year	Property	roperty Tax Payment	olid
	Withou	Without Project		Payment		of Project		Wit	Without Project	
<b>*</b>	\$	108,647	₩	84,709	₩	(23,938)	-	₩	18,366	₩
2	÷~	110,820	₩	84,709	₩	(26,111)	2	\$	18,734	₩
3	<del>67</del>	113,036	₩	91,327	₩	(21,709)	m	<b>\$</b>	19,108	₩
4	\$	115,297	₩	100,000	₩	(15,297)	4	s	19,491	↔
5	- ◆	117,603	₩	105,000	₩	(12,603)	5	<b>⇔</b>	19,880	₩
9	<b>∽</b>	119,955	₩	110,000	<del>69</del>	(6,955)	9	₩	20,278	₩
7	<b>.</b>	122,354	₩	120,000	₩	(2,354)	7	€4	20,684	₩
8	₩.	124,801	₩	130,000	₩	5,199	- ∞	₩.	21,097	₩
თ	• <del>\$</del>	127,297	₩	140,000	₩	12,703	6	₩	21,519	₩
10	•	129,843	₩	145,000	₩	15,157	10	₩	21,950	₩
Total	<b>₩</b>	1,189,650	₩	1,110,745	₩	(78,905)	Total	₩	201,108	₩
Average	₩.	118,965	₩	111,075	₩	(7,891)	Average	₩	20,111	₩
Source: Town of Hempstead IDA, Camoin Associates	tead IDA, Camoin Asso	ociates					Source: Town of Hempstead IDA, Camoin Associates	ipstead IDA, Camo	in Associates	

Project
(4,047)
(4,414)
(3,670)
(2,586)
(2,130)
(1,683)
(398)
879
2,147
2,562
(13,339)

14,320 \$
14,320 \$
15,439 \$
16,905 \$
17,750 \$
20,286 \$
21,976 \$
23,667 \$
24,512 \$
24,512 \$
24,517 \$

ent PILOT Payment Benefit (Cost) of

Tax Policy Comparison for Town

Summary of Costs to Affected Jurisdictions - Other

Exemptions

	516	State and County
Sales Tax Exemption	₩	185,438
Mortgage Tax Exemption	₩	18,938

Source: Applicant, Camoin Associates



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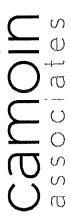
Vice President, Project Principal Rachel Selsky

Jessica Tagliafierro Senior Analyst

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## PROJECT ABSTRACT TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY

## Inwood Property Development, LLC Project: 2802-21-21A

Application Date: 11/24/21 Contact: Isaiah Moultrie

Applicant Name and Address 216 Cedar Avenue

Hewlett, New York 11557

**Project Address:** 360-370 Bayview Avenue

Inwood, New York 11096

## Project:

The applicant intends to construct a 48 Unit, 52,582 square foot building on.23 acres of land. The building will be comprised of 20 one bedroom units, 15 two bedroom units, and 12 three bedroom units, as well as 1 Studio. 25% of the units will be affordable based off of an 80% AMI or less.

## **Project Costs:**

Land acquisition	\$2,200,000
Building construction	\$14,950,455
Site Work	\$518,477
Machinery and Equipment	\$3,715,641
Legal Fees	\$53,000
Architectural/Engineering Fees	\$234,000
Financial Charges	\$125,000
Total	\$21,796,573

## Employment:

Full	Part
0	0
2	0
2	0
	0 2

LMA: 1

Creation: of 2 FTE by year 2

Full Time: \$35,000 - \$95,000 Average: \$65,000

<u>Benefits Sought:</u> 20 Year PILOT, Sales Tax Exemption, Mortgage Recording Tax Exemption

## Benefit Analysis:

Sales Tax Exemption Renovation, Furnishing and Fixture: \$12,997,000.20 x 8.625%= \$1,120,991.26

Mortgage  $17,437,258.40 \times .75\% = 130,779.43$ 

Section; 40, Block: 157, Lots: 2, 212, 214, 615, 616, 623

Parcels: 6 SD- Lawrence

Full Assessed Value: \$2,357,000

Total Assessment: \$8,018

Current Tax Information: \$64,616.60

General 21: \$33,915.08 School 21/22: \$30,701.52

Village: N/A

Estimated Taxes Once Built: \$150,000.00

Applicant Counsel: Dan Baker Transaction Counsel: Paul O'Brien

## Inwood Property Development, LLC Project: 2802-21-21A DRAFT PILOT

Section; 40, Block: 157, Lots: 2, 212, 214, 615, 616, 623

Parcels: 6 SD- Lawrence

Current Tax Information: \$64,616.60

Land Only Value as per Opinion Letter: \$42,945

Estimated Taxes Once Built: \$150,000.00

Year	Total
1	\$42,945.00
2	\$42,945.00
3	\$42,945.00
4	\$65,000.00
5	\$70,000.00
6	\$75,000.00
7	\$80,000.00
8	\$85,000.00
9	\$95,000.00
10	\$100,000.00
11	\$115,000.00
12	\$125,000.00
13	\$135,000 .00
14	\$145,000.00
15	\$155,000.00
16	\$165,000.00
17	\$175,000.00
18	\$180,000.00
19	\$190,000.00
20	\$200,000.00

1/11/22 - DRAFT

1/12/22 - SECOND DRAFT

1/12/22 – THIRD 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**

INWOOD PROPERTY DEVELOPMENT, LLC

Town of Hempstead
Industrial Development Agency

JANUARY 21, 2022

PREPARED BY:



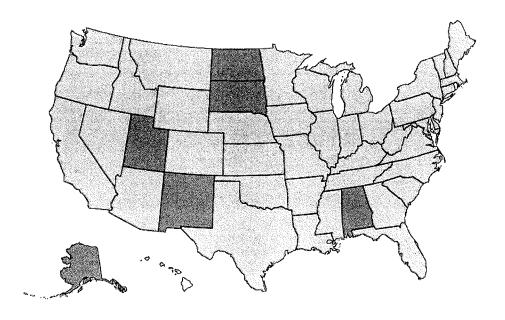
PO Box 3547 Saratoga Springs, NY 12866 518.899.2608 www.camoinassociates.com

## **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 and on Facebook.

## THE PROJECT TEAM

Rachel Selsky
Vice President
Jessica Tagliafierro
Senior Analyst





## 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 Inwood Property Development, LLC. The proposed project involves construction of a 48-unit apartment building with 25% of units affordable for tenants earning up to 80% of AMI at 360-370 Bayview Avenue, Inwood, New York 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

## STUDY INFORMATION

## **Data Source:**

Inwood Property Development, LLC Application for Assistance and the Town of Hempstead Industrial Development Agency

> Geography: Town of Hempstead

Study Period: 2022

Modeling Tool: Emsi

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.

## **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**

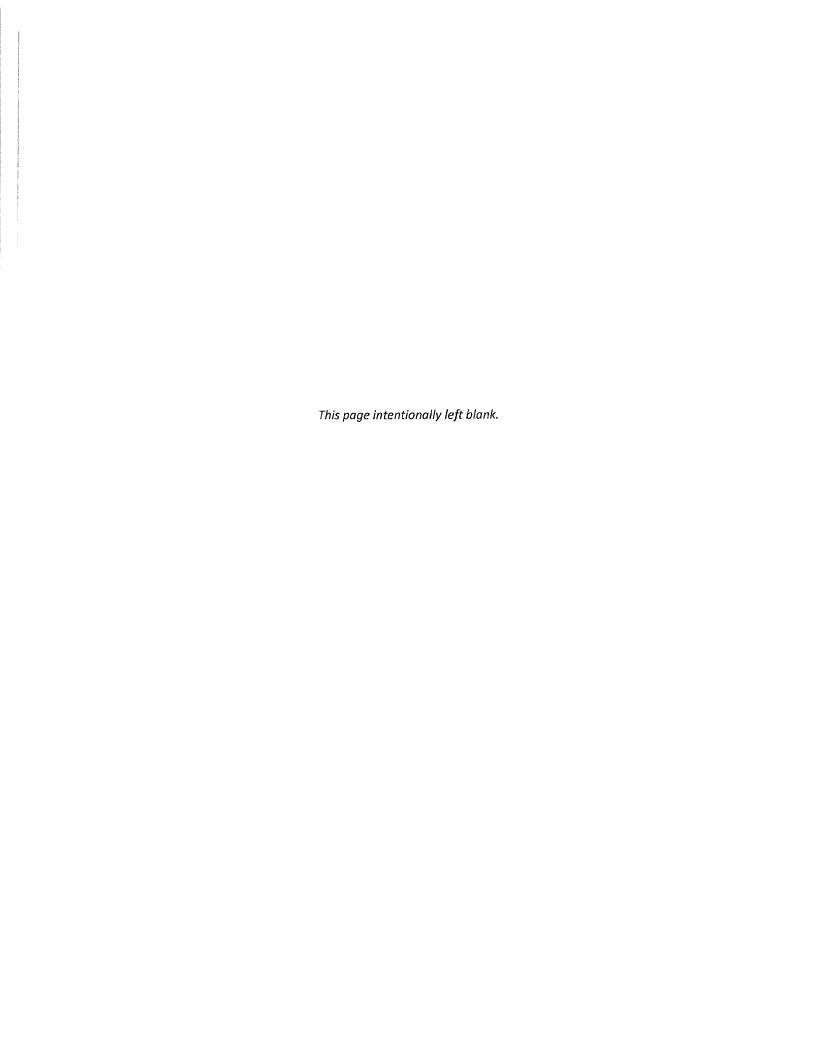
Impacts that result from spending by facility employees, employees of town businesses, and employees of suppliers. Earnings of these employees enter the economy as employees spend their paychecks in the town on food, clothing, and other goods and services.



## **CONTENTS**

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Economic Impact Analysis	2
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Attachment B: Calculating Net New Households	16
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## **EXECUTIVE SUMMARY**

The Town of Hempstead Industrial Development Agency (the "Agency") received an application for financial assistance from Inwood Property Development, LLC (the "Applicant") for the construction of a 48-unit residential rental building consisting of 20 one-bedroom units, 15 two-bedroom units, 12 three-bedroom units, and one studio unit (the "Project") at 360-370 Bayview Avenue, Inwood, New York 11096 (the "Site). 25% of units will be affordable housing units for tenants earning up to 80% of AMI. The Applicant is seeking a 20-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 analysis and determined that 82% of the market-rate and affordable units (or 40 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 to Town	
Total Jobs	13
Direct Jobs	10
Total Earnings	\$ 712,486
Direct Earnings	\$ 457,469
Annual Sales Tax Revenue to County	\$ 19,971
Annual Sales Tax Revenue to Town	\$ 1,762
Average Annual PILOT Payment	\$ 114,192
Average Annual PILOT Payment to Town	\$ 10,066
Average Annual PILOT Benefit	\$ 35,691
Average Annual PILOT Benefit to Town	\$ 3,146
Average Annual Net Benefit to Town	\$ 4,908

- The Project would support 13 net new jobs in the town, with over \$712,000 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 20-year PILOT agreement with the Agency, where the applicant would pay an average of \$114,192 each year, of which \$10,066 will be allocated to the Town.
- \* The annual net benefit to the Town is estimated to be \$4,908. 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 \$1,120,991 and a mortgage recording tax exemption valued at up to \$130,779. 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

Table 2
Summary of Costs to Affected Jurisdictions

	State and County
Sales Tax Exemption	\$ 1,120,991
Mortgage Tax Exemption	\$ 130,779

Source: Applicant, Camoin Associates

future revenue stream would exist without the exemptions.

