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:

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ABOUT CAMOIN ASSOCIATES

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of $6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 44 states and garnered attention from national media outlets including Marketplace (NPR), Crain's New York Business, Forbes magazine, The New York Times, and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. We are based in Saratoga Springs, NY, with regional offices in Portland, ME; Boston, MA; Richmond, VA and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at **www.camoinassociates.com**. You can also find us on Twitter **@camoinassociate** and on **Facebook**.

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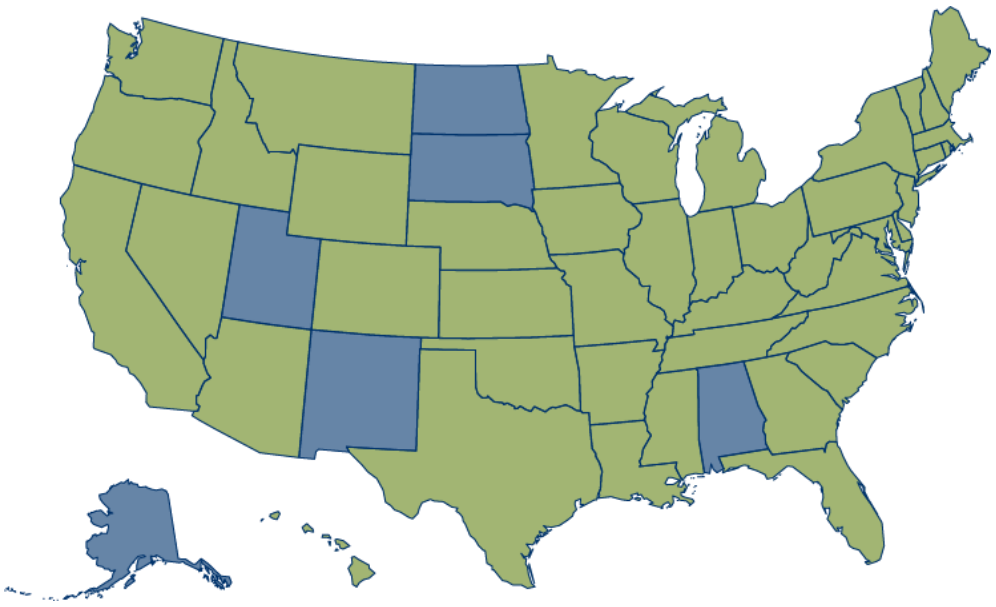

ABOUT THE STUDY

Camoin Associates was retained by the Town of Hempstead Industrial Development Agency to measure the potential economic and fiscal impacts of a project proposed by 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 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:
Estella Housing, LLC Application for Assistance and the Town of Hempstead Industrial Development Agency

Geography:
Town of Hempstead

Study Period:
2022

Modeling Tool:
Emsi

DIRECT IMPACTS

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

INDIRECT IMPACTS

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

INDUCED IMPACTS

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

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EXECUTIVE SUMMARY

The Town of Hempstead Industrial Development Agency (the "Agency") received an application for financial assistance from 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[1], of which 70%[2] 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 Economic 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

[1] Includes project costs as provided by the Applicant, excluding acquisition, legal fees, and financial charges.
[2] According to Emsi, approximately 70% of construction industry demand is met within the town.

Of the total construction cost, 30%[3] 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 - Village

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

	Total Households	Percent Net New	Net New Households
Affordable	96	98%	94
Total	**96**	**98%**	**94**

Source: Esri, Camoin Associates

[3] 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.[4] 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%[5] 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[6]. 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	Annual per Unit Spending Basket	Amount Spent in Town (60%)	Total Net New Town Spending (94 net new units)	Amount Spent in Village (25%)	Total Net New Village Spending (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
Total Tenant Spending	**$ 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.[7] Table 9 outlines the findings of this analysis.

[4] According to the Applicant.
[5] According to Emsi, 60% of demand for industries in a typical household spending basket is met within the Town of Hempstead.
[6] According to Emsi, 25% of demand for industries in a typical household spending basket is met within the Village of Hempstead.
[7] Analysis uses the 33 zip codes that are predominantly located within the Town of Hempstead (see Attachment C).

Table 9

Town Economic Impact - Household Spending

	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.[8]

Table 10

Village Economic Impact - Household Spending

	Jobs		Earnings		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

[8] 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.[9]

Table 15

Tax Payments with PILOT

Year	Total PILOT Payments	Portion of Payment by Jurisdiction			
		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	$ 109,910	$ 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

[9] 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

Year	Total Property Tax Payment Without Project*	Portion of Payment by Jurisdiction			
		Town	County	School District	Village
1	$ -	$ -	$ -	$ -	$ -
2	$ -	$ -	$ -	$ -	$ -
3	$ -	$ -	$ -	$ -	$ -
4	$ -	$ -	$ -	$ -	$ -
5	$ -	$ -	$ -	$ -	$ -
6	$ -	$ -	$ -	$ -	$ -
7	$ -	$ -	$ -	$ -	$ -
8	$ -	$ -	$ -	$ -	$ -
9	$ -	$ -	$ -	$ -	$ -
10	$ -	$ -	$ -	$ -	$ -
11	$ -	$ -	$ -	$ -	$ -
12	$ -	$ -	$ -	$ -	$ -
13	$ -	$ -	$ -	$ -	$ -
14	$ -	$ -	$ -	$ -	$ -
15	$ -	$ -	$ -	$ -	$ -
16	$ -	$ -	$ -	$ -	$ -
17	$ -	$ -	$ -	$ -	$ -
18	$ -	$ -	$ -	$ -	$ -
19	$ -	$ -	$ -	$ -	$ -
20	$ -	$ -	$ -	$ -	$ -
21	$ -	$ -	$ -	$ -	$ -
22	$ -	$ -	$ -	$ -	$ -
23	$ -	$ -	$ -	$ -	$ -
24	$ -	$ -	$ -	$ -	$ -
25	$ -	$ -	$ -	$ -	$ -
26	$ -	$ -	$ -	$ -	$ -
27	$ -	$ -	$ -	$ -	$ -
28	$ -	$ -	$ -	$ -	$ -
29	$ -	$ -	$ -	$ -	$ -
30	$ -	$ -	$ -	$ -	$ -
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)

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of 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**

Source: Town of Hempstead IDA, Camoin Associates

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

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of 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**

Source: Town of Hempstead IDA, Camoin Associates

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	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of 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**

Source: Town of Hempstead IDA, Camoin Associates

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

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of 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**

Source: Town of Hempstead IDA, Camoin Associates

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

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of 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	$ -	$ 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**

Source: Town of Hempstead IDA, Camoin Associates

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%[10] 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 Phase

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

***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 – 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, Household Spending

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

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

[10] According to Emsi, 70% demand for industries in a typical household spending basket is met within Nassau County.

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 Operations

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

***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 25.

Table 25

Total Annual Sales Tax Revenue

Household Spending	$	2,542
On-Site Operations	$	399
New Town Tax Revenue	**$**	**2,941**

Source: Town of Hempstead IDA, Camoin Associates

ATTACHMENT A: WHAT IS ECONOMIC IMPACT ANALYSIS?

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

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

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

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

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

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

ATTACHMENT B: CALCULATING NET NEW HOUSEHOLDS

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

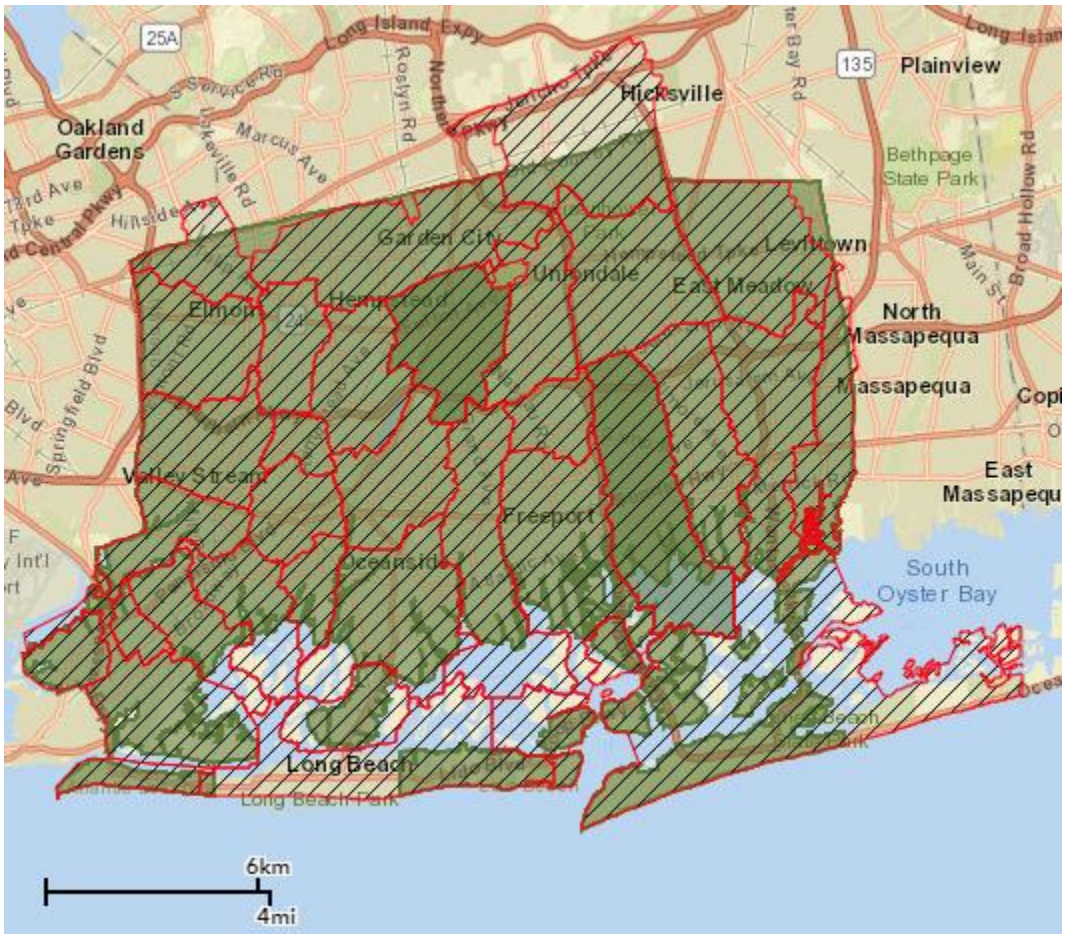
Our housing market research indicates that housing is heavily affected by demand, with households in different demographic groups seeking diverse housing price points and amenities. Our estimates of net new households take into consideration demographic and economic differences among renters, and price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

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

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

ATTACHMENT C: STUDY 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

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