

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:



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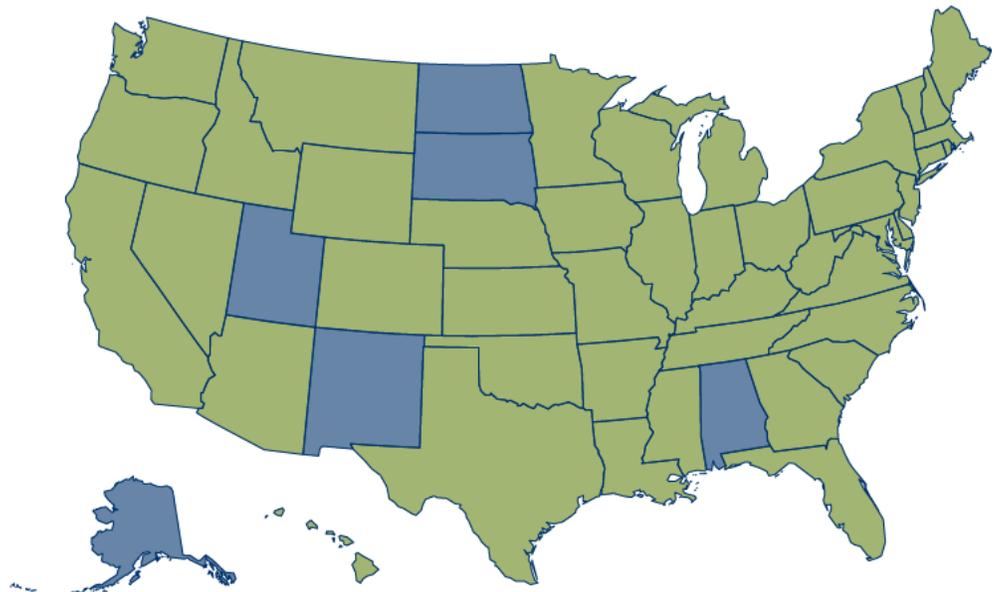
ABOUT CAMOIN ASSOCIATES

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

THE PROJECT TEAM

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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 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 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:
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

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 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 future revenue stream would exist without the exemptions.

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

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ECONOMIC IMPACT ANALYSIS

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

The Project would have economic impacts upon the Town of Hempstead as a result of Project 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 \$19.4 million¹, of which 70%² would be sourced from within the town. This means that there will be nearly \$13.6 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	\$ 19,418,573
Percent Sourced from Town	70%
Net New Constuction Spending	\$ 13,593,001

Source: Applicant, Camoin Associates

Based on nearly \$13.6 million worth of net new direct spending associated with the construction phase of the Project, Camoin Associates determined that there would be nearly \$17.5 million in total one-time construction related spending supporting 76 jobs and an associated nearly \$7.1 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	57 \$	5,697,093 \$	13,593,001
Indirect	9 \$	658,489 \$	2,100,454
Induced	10 \$	702,785 \$	1,782,415
Total	76 \$	7,058,367 \$	17,475,871

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.

IMPACTS OF NEW HOUSEHOLD SPENDING

To determine the annual economic impact of the Project on the town, the first step is to calculate the number of households that can be considered “net new” to the town economy. In other words, the number of households that, but for the Project, would not exist in the Town of Hempstead. With respect to this Project, net new households consist of those who are able to live in the jurisdictions as a result of the Project and would otherwise choose to live elsewhere. See Attachment B for more information on this methodology.

The Applicant proposes to construct 48 units, with 25% (or 12 units) targeted to households earning up to 80% of AMI. Camoin Associates conducted a rental demand analysis for the Project site and found that 82% of the market-rate and affordable units, or 40 units, are net new to the town (Table 5). This is based on a review of the data and an understanding of the proposed Project as detailed above.

Table 5

Net New Households

	Total Households	Percent Net New	Net New Households
Market Rate	36	82%	30
Affordable	12	82%	10
Total	48	83%	40

Source: Esri, Camoin Associates

SPENDING BY NEW TENANTS

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

The 10 net new affordable units will be available to households earning up to 80% of AMI.³ Therefore, we will consider spending for tenants to be in the \$70,000 to \$99,999 annual household income spending basket, the spending basket that most closely resembles likely tenants, per the Bureau of Labor Statistics’ 2020 Consumer Expenditure Survey. Market-rate unit tenants are expected to fall in the \$100,000 to \$149,000 annual household income spending basket.

Using a spending basket for the region which details household spending in individual consumer categories by income level, we analyzed likely tenant spending. According to the 2020 Consumer Expenditure Survey, households in market-rate units have annual expenditures (excluding housing and utility costs) of \$44,188 and households in affordable units have annual expenditures of \$33,157.

It is assumed that 60%⁴ of total expenditures would occur within the Town of Hempstead and, therefore, have an impact on the town’s economy. The total net new spending columns show the total amount spent in the town, based on the number of net new units.

³ According to the Applicant.

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

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Table 6

Tenant Spending Basket

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

Category	Annual per Unit Spending Basket	Amount Spent in Town (60%)	Total Net New Town Spending (30 net new units)
Food	\$ 9,901	\$ 5,941	\$ 178,218
Household furnishings and equipment	\$ 2,909	\$ 1,745	\$ 52,362
Apparel and services	\$ 2,037	\$ 1,222	\$ 36,666
Transportation	\$ 14,888	\$ 8,933	\$ 267,984
Health care	\$ 6,508	\$ 3,905	\$ 117,144
Entertainment	\$ 4,331	\$ 2,599	\$ 77,958
Personal care products and services	\$ 934	\$ 560	\$ 16,812
Education	\$ 1,494	\$ 896	\$ 26,892
Miscellaneous	\$ 1,186	\$ 712	\$ 21,348
Total Tenant Spending	\$ 44,188	\$ 26,513	\$ 795,384

Affordable Units for Tenants Earning at or below 80% AMI (\$70,000 to \$99,999 Annual Household Income)

Category	Annual per Unit Spending Basket	Amount Spent in Town (60%)	Total Net New Town Spending (10 net new units)
Food	\$ 7,475	\$ 4,485	\$ 44,850
Household furnishings and equipment	\$ 2,396	\$ 1,438	\$ 14,376
Apparel and services	\$ 1,145	\$ 687	\$ 6,870
Transportation	\$ 11,098	\$ 6,659	\$ 66,588
Health care	\$ 5,745	\$ 3,447	\$ 34,470
Entertainment	\$ 2,694	\$ 1,616	\$ 16,164
Personal care products and services	\$ 652	\$ 391	\$ 3,912
Education	\$ 893	\$ 536	\$ 5,358
Miscellaneous	\$ 1,059	\$ 635	\$ 6,354
Total Tenant Spending	\$ 33,157	\$ 19,894	\$ 198,942
Total In-Town Spending			\$ 994,326

Source: 2020 Consumer Expenditure Survey, Bureau of Labor Statistics

The total net new spending in the town was calculated by multiplying the amount spent in each region by the number of net new units. As shown in the table above, spending in the town by all new households would total over \$994,000. We used the above spending basket amounts to calculate the direct, indirect, and total impact of the Project on the town.

Using \$994,326 as the new sales input, Camoin Associates used Emsi to determine the indirect, induced, and total impact of the Project on the Town of Hempstead.⁵ Table 7 outlines the findings of this analysis.

Table 7

Town Economic Impact - Household Spending

	Jobs	Earnings	Sales
Direct	8 \$	356,442 \$	994,326
Indirect	1 \$	93,764 \$	247,677
Induced	1 \$	88,390 \$	222,916
Total	10 \$	538,596 \$	1,464,919

Source: Emsi, Camoin Associates

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

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IMPACTS OF ON-SITE EMPLOYMENT

According to the Applicant, two (2) jobs will be on-site following Project completion. Since 82% of the housing units are considered net new to the town, 82% of the jobs, or two jobs (due to rounding), are considered to be net new. The table below detail the impact that these jobs will have on the Town of Hempstead (Table 8).

Table 8

Town Economic Impact - On-Site Operations

	Jobs	Earnings	Sales
Direct	2 \$	101,027 \$	339,791
Indirect	1 \$	51,386 \$	139,296
Induced	0 \$	21,476 \$	54,339
Total	3 \$	173,890 \$	533,426

Source: Emsi, Camoin Associates

TOTAL ANNUAL ECONOMIC IMPACT

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

Table 9

Town Total Annual Economic Impact

	Jobs	Earnings	Sales
Direct	10 \$	457,469 \$	1,334,117
Indirect	2 \$	145,150 \$	386,972
Induced	1 \$	109,867 \$	277,255
Total	13 \$	712,486 \$	1,998,345

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 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.⁶

Table 10

Tax Payments with PILOT

Year	Total		Portion of Payment by Jurisdiction			
	PILOT Payments		Town	County	School District	Special Districts
1	\$ 42,945	\$	3,786	\$ 10,800	\$ 21,753	\$ 6,606
2	\$ 42,945	\$	3,786	\$ 10,800	\$ 21,753	\$ 6,606
3	\$ 42,945	\$	3,786	\$ 10,800	\$ 21,753	\$ 6,606
4	\$ 65,000	\$	5,730	\$ 16,346	\$ 32,925	\$ 9,999
5	\$ 70,000	\$	6,171	\$ 17,603	\$ 35,458	\$ 10,768
6	\$ 75,000	\$	6,611	\$ 18,860	\$ 37,991	\$ 11,538
7	\$ 80,000	\$	7,052	\$ 20,118	\$ 40,523	\$ 12,307
8	\$ 85,000	\$	7,493	\$ 21,375	\$ 43,056	\$ 13,076
9	\$ 95,000	\$	8,374	\$ 23,890	\$ 48,121	\$ 14,614
10	\$ 100,000	\$	8,815	\$ 25,147	\$ 50,654	\$ 15,384
11	\$ 115,000	\$	10,137	\$ 28,919	\$ 58,252	\$ 17,691
12	\$ 125,000	\$	11,019	\$ 31,434	\$ 63,318	\$ 19,229
13	\$ 135,000	\$	11,900	\$ 33,949	\$ 68,383	\$ 20,768
14	\$ 145,000	\$	12,782	\$ 36,464	\$ 73,448	\$ 22,306
15	\$ 155,000	\$	13,663	\$ 38,978	\$ 78,514	\$ 23,844
16	\$ 165,000	\$	14,545	\$ 41,493	\$ 83,579	\$ 25,383
17	\$ 175,000	\$	15,426	\$ 44,008	\$ 88,645	\$ 26,921
18	\$ 180,000	\$	15,867	\$ 45,265	\$ 91,177	\$ 27,690
19	\$ 190,000	\$	16,749	\$ 47,780	\$ 96,243	\$ 29,229
20	\$ 200,000	\$	17,630	\$ 50,295	\$ 101,308	\$ 30,767
Total	\$ 2,283,835	\$	201,322	\$ 574,323	\$ 1,156,856	\$ 351,334
Average	\$ 114,192	\$	10,066	\$ 28,716	\$ 57,843	\$ 17,567

Source: Town of Hempstead IDA, Camoin Associates

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

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TAX POLICY COMPARISON

Without financial assistance from the Agency, Camoin Associates assumes the Applicant would not undertake the Project. Table 11 displays the property tax payment associated with the Project.

Table 11

Tax Payments without Project

Year	Total Property Tax Payment		Portion of Payment by Jurisdiction							
	Without Project*		Town	County	School District	Special Districts				
1	\$	64,617	\$	5,696	\$	16,249	\$	32,731	\$	9,940
2	\$	65,909	\$	5,810	\$	16,574	\$	33,386	\$	10,139
3	\$	67,227	\$	5,926	\$	16,906	\$	34,053	\$	10,342
4	\$	68,572	\$	6,045	\$	17,244	\$	34,734	\$	10,549
5	\$	69,943	\$	6,166	\$	17,589	\$	35,429	\$	10,760
6	\$	71,342	\$	6,289	\$	17,941	\$	36,138	\$	10,975
7	\$	72,769	\$	6,415	\$	18,299	\$	36,860	\$	11,194
8	\$	74,224	\$	6,543	\$	18,665	\$	37,598	\$	11,418
9	\$	75,709	\$	6,674	\$	19,039	\$	38,350	\$	11,647
10	\$	77,223	\$	6,807	\$	19,419	\$	39,117	\$	11,880
11	\$	78,767	\$	6,943	\$	19,808	\$	39,899	\$	12,117
12	\$	80,343	\$	7,082	\$	20,204	\$	40,697	\$	12,360
13	\$	81,949	\$	7,224	\$	20,608	\$	41,511	\$	12,607
14	\$	83,588	\$	7,368	\$	21,020	\$	42,341	\$	12,859
15	\$	85,260	\$	7,516	\$	21,441	\$	43,188	\$	13,116
16	\$	86,965	\$	7,666	\$	21,869	\$	44,052	\$	13,378
17	\$	88,705	\$	7,819	\$	22,307	\$	44,933	\$	13,646
18	\$	90,479	\$	7,976	\$	22,753	\$	45,831	\$	13,919
19	\$	92,288	\$	8,135	\$	23,208	\$	46,748	\$	14,197
20	\$	94,134	\$	8,298	\$	23,672	\$	47,683	\$	14,481
Total	\$	1,570,013	\$	138,398	\$	394,816	\$	795,276	\$	241,523
Average	\$	78,501	\$	6,920	\$	19,741	\$	39,764	\$	12,076

Source: Town of Hempstead IDA, Camoin Associates

*Note: Assumes an average annual increase of 2.00%

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Table 12 calculates the benefit (or cost) to the affected taxing jurisdictions as the difference between the PILOT payments associated with the Project and the property tax payments without the Project. Nearly \$36,000 more in PILOT revenue will be received annually than property taxes that would be received without the Project. The total benefit would be nearly \$714,000 over the 20-year period.

Table 12

Tax Policy Comparison (All Jurisdictions)

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 64,617	\$ 42,945	\$ (21,672)
2	\$ 65,909	\$ 42,945	\$ (22,964)
3	\$ 67,227	\$ 42,945	\$ (24,282)
4	\$ 68,572	\$ 65,000	\$ (3,572)
5	\$ 69,943	\$ 70,000	\$ 57
6	\$ 71,342	\$ 75,000	\$ 3,658
7	\$ 72,769	\$ 80,000	\$ 7,231
8	\$ 74,224	\$ 85,000	\$ 10,776
9	\$ 75,709	\$ 95,000	\$ 19,291
10	\$ 77,223	\$ 100,000	\$ 22,777
11	\$ 78,767	\$ 115,000	\$ 36,233
12	\$ 80,343	\$ 125,000	\$ 44,657
13	\$ 81,949	\$ 135,000	\$ 53,051
14	\$ 83,588	\$ 145,000	\$ 61,412
15	\$ 85,260	\$ 155,000	\$ 69,740
16	\$ 86,965	\$ 165,000	\$ 78,035
17	\$ 88,705	\$ 175,000	\$ 86,295
18	\$ 90,479	\$ 180,000	\$ 89,521
19	\$ 92,288	\$ 190,000	\$ 97,712
20	\$ 94,134	\$ 200,000	\$ 105,866
Total	\$ 1,570,013	\$ 2,283,835	\$ 713,822
Average	\$ 78,501	\$ 114,192	\$ 35,691

Source: Town of Hempstead IDA, Camoin Associates

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TOWN

Table 13 calculates the benefit (or cost) to the Town. The Town would receive approximately \$3,146 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Town would be nearly \$63,000 over the 20-year period.

Table 13

Tax Policy Comparison for Town

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 5,696	\$ 3,786	\$ (1,910)
2	\$ 5,810	\$ 3,786	\$ (2,024)
3	\$ 5,926	\$ 3,786	\$ (2,140)
4	\$ 6,045	\$ 5,730	\$ (315)
5	\$ 6,166	\$ 6,171	\$ 5
6	\$ 6,289	\$ 6,611	\$ 322
7	\$ 6,415	\$ 7,052	\$ 637
8	\$ 6,543	\$ 7,493	\$ 950
9	\$ 6,674	\$ 8,374	\$ 1,701
10	\$ 6,807	\$ 8,815	\$ 2,008
11	\$ 6,943	\$ 10,137	\$ 3,194
12	\$ 7,082	\$ 11,019	\$ 3,937
13	\$ 7,224	\$ 11,900	\$ 4,676
14	\$ 7,368	\$ 12,782	\$ 5,413
15	\$ 7,516	\$ 13,663	\$ 6,148
16	\$ 7,666	\$ 14,545	\$ 6,879
17	\$ 7,819	\$ 15,426	\$ 7,607
18	\$ 7,976	\$ 15,867	\$ 7,891
19	\$ 8,135	\$ 16,749	\$ 8,613
20	\$ 8,298	\$ 17,630	\$ 9,332
Total	\$ 138,398	\$ 201,322	\$ 62,924
Average	\$ 6,920	\$ 10,066	\$ 3,146

Source: Town of Hempstead IDA, Camoin Associates

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COUNTY

Table 14 calculates the benefit (or cost) to the County. The County would receive approximately \$8,975 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the County would be nearly \$180,000 over the 20-year period.

Table 14

Tax Policy Comparison for County

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 16,249	\$ 10,800	\$ (5,450)
2	\$ 16,574	\$ 10,800	\$ (5,775)
3	\$ 16,906	\$ 10,800	\$ (6,106)
4	\$ 17,244	\$ 16,346	\$ (898)
5	\$ 17,589	\$ 17,603	\$ 14
6	\$ 17,941	\$ 18,860	\$ 920
7	\$ 18,299	\$ 20,118	\$ 1,818
8	\$ 18,665	\$ 21,375	\$ 2,710
9	\$ 19,039	\$ 23,890	\$ 4,851
10	\$ 19,419	\$ 25,147	\$ 5,728
11	\$ 19,808	\$ 28,919	\$ 9,112
12	\$ 20,204	\$ 31,434	\$ 11,230
13	\$ 20,608	\$ 33,949	\$ 13,341
14	\$ 21,020	\$ 36,464	\$ 15,443
15	\$ 21,441	\$ 38,978	\$ 17,538
16	\$ 21,869	\$ 41,493	\$ 19,624
17	\$ 22,307	\$ 44,008	\$ 21,701
18	\$ 22,753	\$ 45,265	\$ 22,512
19	\$ 23,208	\$ 47,780	\$ 24,572
20	\$ 23,672	\$ 50,295	\$ 26,622
Total	\$ 394,816	\$ 574,323	\$ 179,507
Average	\$ 19,741	\$ 28,716	\$ 8,975

Source: Town of Hempstead IDA, Camoin Associates

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SCHOOL DISTRICT

Table 15 calculates the benefit (or cost) to the school district. The school district would receive approximately \$18,079 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 \$362,000 over the 20-year period.

Table 15

Tax Policy Comparison for School District

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 32,731	\$ 21,753	\$ (10,978)
2	\$ 33,386	\$ 21,753	\$ (11,632)
3	\$ 34,053	\$ 21,753	\$ (12,300)
4	\$ 34,734	\$ 32,925	\$ (1,809)
5	\$ 35,429	\$ 35,458	\$ 29
6	\$ 36,138	\$ 37,991	\$ 1,853
7	\$ 36,860	\$ 40,523	\$ 3,663
8	\$ 37,598	\$ 43,056	\$ 5,458
9	\$ 38,350	\$ 48,121	\$ 9,772
10	\$ 39,117	\$ 50,654	\$ 11,538
11	\$ 39,899	\$ 58,252	\$ 18,353
12	\$ 40,697	\$ 63,318	\$ 22,621
13	\$ 41,511	\$ 68,383	\$ 26,872
14	\$ 42,341	\$ 73,448	\$ 31,107
15	\$ 43,188	\$ 78,514	\$ 35,326
16	\$ 44,052	\$ 83,579	\$ 39,528
17	\$ 44,933	\$ 88,645	\$ 43,712
18	\$ 45,831	\$ 91,177	\$ 45,346
19	\$ 46,748	\$ 96,243	\$ 49,495
20	\$ 47,683	\$ 101,308	\$ 53,625
Total	\$ 795,276	\$ 1,156,856	\$ 361,580
Average	\$ 39,764	\$ 57,843	\$ 18,079

Source: Town of Hempstead IDA, Camoin Associates

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SPECIAL DISTRICTS

Table 16 calculates the benefit (or cost) to the special districts. The special districts would receive approximately \$5,491 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the special districts would be nearly \$110,000 over the 20-year period.

Table 16

Tax Policy Comparison for Special Districts

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 9,940	\$ 6,606	\$ (3,334)
2	\$ 10,139	\$ 6,606	\$ (3,533)
3	\$ 10,342	\$ 6,606	\$ (3,735)
4	\$ 10,549	\$ 9,999	\$ (549)
5	\$ 10,760	\$ 10,768	\$ 9
6	\$ 10,975	\$ 11,538	\$ 563
7	\$ 11,194	\$ 12,307	\$ 1,112
8	\$ 11,418	\$ 13,076	\$ 1,658
9	\$ 11,647	\$ 14,614	\$ 2,968
10	\$ 11,880	\$ 15,384	\$ 3,504
11	\$ 12,117	\$ 17,691	\$ 5,574
12	\$ 12,360	\$ 19,229	\$ 6,870
13	\$ 12,607	\$ 20,768	\$ 8,161
14	\$ 12,859	\$ 22,306	\$ 9,447
15	\$ 13,116	\$ 23,844	\$ 10,728
16	\$ 13,378	\$ 25,383	\$ 12,004
17	\$ 13,646	\$ 26,921	\$ 13,275
18	\$ 13,919	\$ 27,690	\$ 13,771
19	\$ 14,197	\$ 29,229	\$ 15,031
20	\$ 14,481	\$ 30,767	\$ 16,286
Total	\$ 241,523	\$ 351,334	\$ 109,811
Average	\$ 12,076	\$ 17,567	\$ 5,491

Source: Town of Hempstead IDA, Camoin Associates

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OTHER EXEMPTIONS

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

Table 17

Summary of Costs to Affected Jurisdictions

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

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%⁷ of the construction phase earnings would be spent within the county and that 25% of those purchases would be taxable.

Table 18

One-Time Sales Tax Revenue, Construction Phase		
Total New Earnings	\$	7,058,367
Amount Spent in County (70%)	\$	4,940,857
Amount Taxable (25%)	\$	1,235,214
Nassau County Sales Tax Revenue (4.25%)	\$	52,497
New Town Sales Tax Revenue Portion*		0.375%
New Town Sales Tax Revenue	\$	4,632

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

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

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Table 19

Annual Sales Tax Revenue, Household Spending	
Total New Spending	\$ 1,464,919
Amount Taxable (30%)	\$ 439,476
Nassau County Sales Tax Revenue (4.25%)	\$ 18,678
New Town Sales Tax Revenue Portion*	0.375%
New Town Tax Revenue	\$ 1,648

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.

SALES TAX REVENUE – EMPLOYEE EARNINGS

The earnings generated by on-site jobs that will occur as a result of building operation at the Project (described under Impacts of On-Site Employment) would lead to additional annual sales tax revenue for the town. It is assumed that 70% of the earnings would be spent within Nassau County and that 25% of those purchases will be taxable. Table 20 displays the annual tax revenue that the Town will receive.

Table 20

Annual Sales Tax Revenue, On-Site Operations	
Total New Earnings	\$ 173,890
Amount Spent in County (70%)	\$ 121,723
Amount Taxable (25%)	\$ 30,431
Nassau County Sales Tax Revenue (4.25%)	\$ 1,293
New Town Sales Tax Revenue Portion*	0.375%
New Town Tax Revenue	\$ 114

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 21.

Table 21

Total Annual Sales Tax Revenue	
Household Spending	\$ 1,648
On-Site Operations	\$ 114
New Town Tax Revenue	\$ 1,762

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.

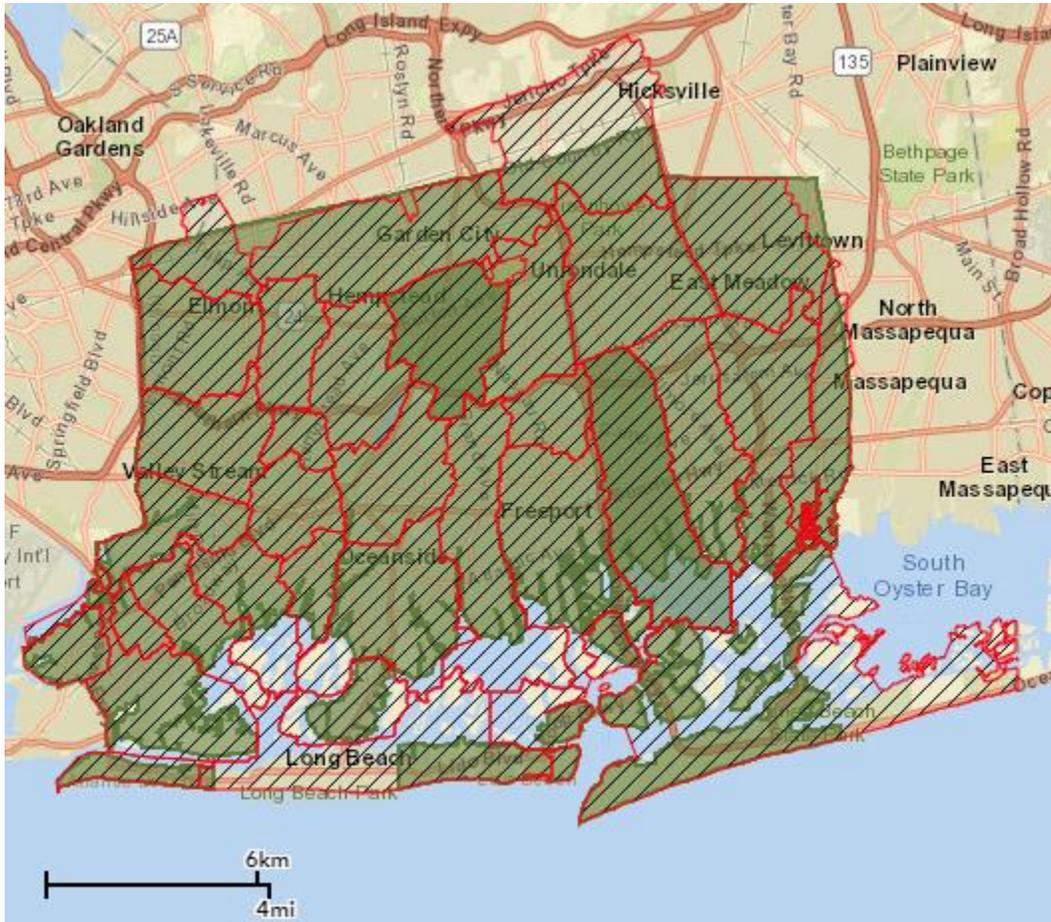
Our housing market research indicates that housing is heavily affected by demand, with households in different demographic groups seeking diverse housing price points and amenities. Our estimates of net new households take into consideration demographic and economic differences among renters, and price 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)



Leading action to grow your economy

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