

PREPARED FOR:

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

Economic and Fiscal Impact

43-47 BROADWAY REALTY, LLC

Town of Hempstead
Industrial Development Agency

FEBRUARY 18, 2022

PREPARED BY:



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CAMOIN ASSOCIATES

ABOUT CAMOIN ASSOCIATES

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 43 states and garnered attention from national media outlets including Marketplace (NPR), Crain's New York Business, Forbes magazine, The New York Times, and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. We are based in Saratoga Springs, NY, with regional offices in Portland, ME; Boston, MA; Richmond, VA and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter [@camoinassociate](https://twitter.com/camoinassociate) and on [Facebook](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 43-47 Broadway Realty, LLC. The proposed project involves the construction of 201 apartment units, of which 20 are affordable units at 17 & 21 Langdon Place, 47 Broadway, 90 & 96 Station Plaza, Lynbrook, NY 11563. The goal of this analysis is to provide a complete assessment of the total economic, employment and tax impact of the project on the Town of Hempstead that result from the new household spending and on-site operations.

The primary tool used in this analysis is the input-output model developed by Economic Modeling Specialists Intl. (Emsi). Primary data used in this study was obtained from the developer's application for financial assistance to the Town of Hempstead Industrial Development Agency and included the following data points: on-site jobs, exemptions, and PILOT schedule. Secondary data was collected by Camoin Associates and used to estimate spending by new households.

The economic impacts are presented in four categories: direct impact, indirect impact, induced impact, and total impact. The indirect and induced impacts are commonly referred to as the "multiplier effect." Note that previous impact reports commissioned by the Town of Hempstead Industrial Development Agency were presented in only three categories: direct impact, indirect impact, and total impact. Prior to 2020, Camoin Associates included both the indirect and induced impacts in the "indirect impact" category. Beginning in 2020, the indirect and induced impacts will be reported separately to allow for more accurate interpretation of results.

STUDY INFORMATION

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

Geography:
Town of Hempstead

Study Period:
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 and village businesses.

INDIRECT IMPACTS

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

INDUCED IMPACTS

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

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EXECUTIVE SUMMARY

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

Camoin Associates conducted a market demand analysis of housing in the town to determine the extent to which any of the housing units are "new" households and, therefore, associated with new household spending in the town. We determined that 156 of the market rate units and 18 of the affordable units would be considered as providing "net new" households to the town as they allow households to exist in the town that would otherwise locate elsewhere. We then computed the total spending associated with these households to derive job creation resulting from the Project. The following is a summary of our findings from this study, with details below and in the following sections.

Table 1

Summary of Benefits

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

- ◆ The Project supports 69 net new jobs in the town, with over \$3.6 million in associated earnings. These figures include net new jobs resulting from both maintenance and operation of the facility as well as economic activity that results from new household spending.
- ◆ The Applicant has negotiated terms of a proposed 30-year PILOT agreement with the Agency, where the applicant would pay an average of \$948,833 each year, of which \$96,001 will be allocated to the Town. As compared to the otherwise applicable property taxes, the PILOT represents an average annual benefit to the Town of \$70,837.
- ◆ Through negotiations with the Agency the Applicant could have access to a sales tax exemption valued at up to \$1.9 million and a mortgage recording tax exemption valued at up to approximately \$518,774. 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	\$ 1,891,732
Mortgage Tax Exemption	\$ 518,774

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, new permanent jobs, 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 \$84.6 million¹, of which an estimated 70%² would be sourced from within the town. This means that there will be nearly \$59.2 million in net new spending in the town associated with the construction phase of the Project.

Table 3

Construction Phase Spending	
Total Construction Cost	\$ 84,561,973
Percent Sourced from County	70%
Net New Construction Spending	\$ 59,193,381

Source: Applicant, Camoin Associates

Based on nearly \$59.2 million worth of net new direct spending associated with the construction phase of the Project, Camoin Associates determined that there would be over \$76.6 million in total one-time construction related spending supporting 304 jobs and an associated nearly \$28.1 million in earnings over the construction period throughout the town. Table 4 outlines the economic impacts of construction.

Table 4

Economic Impact - Construction Phase			
	Jobs	Earnings	Sales
Direct	219	\$ 21,961,998	\$ 59,193,381
Indirect	42	\$ 3,023,127	\$ 9,423,775
Induced	43	\$ 3,073,933	\$ 7,993,314
Total	304	\$ 28,059,058	\$ 76,610,470

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.

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IMPACTS OF NEW HOUSEHOLD SPENDING

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

The Applicant proposes to construct 201 rental units, of which 181 will be market rate units and 20 will be affordable rate units. Based on Camoin Associates’ rental market demand analysis, this analysis assumes that 86% of the market rate households are net new to the town and 88% of the affordable households are net new (Table 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	181	86%	156
Affordable	20	88%	18
Total	201	86%	173

Source: Esri, Camoin Associates

SPENDING BY NEW TENANTS

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

The 18 net new affordable units will be available to households earning up to 80% of Nassau County area median income (AMI).³ We assume an average household size of 2 persons given the type of development and units. The 80% AMI income for a 2-person occupancy is \$81,050⁴. Therefore, we will consider spending for tenants to be in the \$70,000 to \$99,999 spending basket, per the Bureau of Labor Statistics’ 2019 Consumer Expenditure Survey. Tenants in the 156 net new market rate units will fall into the \$100,000 to \$149,999 spending basket.

Using a spending basket for the region which details household spending in individual consumer categories by income level, we analyzed likely tenant spending. According to the 2019 Consumer Expenditure Survey, households in affordable units have annual expenditures (excluding housing and utility costs) of \$34,198 and households in market rate units have annual expenditures of \$45,846.

It is assumed that 70%⁵ of total expenditures would occur within the Town of Hempstead and, therefore, have an impact on the town’s economy. The total net new spending columns show the total amount spent in the town and the village, respectively, based on the number of net new units.

³ According to the Applicant.

⁴ According to HUD’s 2020-2021 income limits for the Nassau-Suffolk region.

⁵ Based on an analysis of goods and services available within the town, using Esri Business Analyst. Every category of retail exists within the Town, but some portion of the retail expenditure occurs outside the Town limits.

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Table 6

Tenant Spending Basket**Affordable Units for Tenants Earning 80% AMI (\$70,000 to \$99,999 Annual Household Income)**

Category	Annual per Unit Spending Basket	Amount Spent in Town (70%)	Total Net New Town Spending (18 net new units)
Food	\$ 9,460	\$ 6,622	\$ 119,196
Household furnishings and equipment	\$ 1,987	\$ 1,391	\$ 25,036
Apparel and services	\$ 3,807	\$ 2,665	\$ 47,968
Transportation	\$ 11,086	\$ 7,760	\$ 139,684
Health care, not including insurance (1)	\$ 969	\$ 678	\$ 12,209
Entertainment	\$ 3,516	\$ 2,461	\$ 44,302
Personal care products and services	\$ 844	\$ 591	\$ 10,634
Education	\$ 1,680	\$ 1,176	\$ 21,168
Miscellaneous	\$ 849	\$ 594	\$ 10,697
Annual Discretionary Spending	\$ 34,198	\$ 23,939	\$ 430,895

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

Category	Annual per Unit Spending Basket	Amount Spent in Town (70%)	Total Net New Town Spending (156 net new units)
Food	\$ 10,633	\$ 7,443	\$ 1,161,124
Household furnishings and equipment	\$ 2,858	\$ 2,001	\$ 312,094
Apparel and services	\$ 2,565	\$ 1,796	\$ 280,098
Transportation	\$ 15,050	\$ 10,535	\$ 1,643,460
Health care	\$ 6,685	\$ 4,680	\$ 730,002
Entertainment	\$ 4,150	\$ 2,905	\$ 453,180
Personal care products and services	\$ 1,052	\$ 736	\$ 114,878
Education	\$ 1,862	\$ 1,303	\$ 203,330
Miscellaneous	\$ 991	\$ 694	\$ 108,217
Annual Discretionary Spending	\$ 45,846	\$ 32,092	\$ 5,006,383
Total Tenant Spending			\$ 5,437,278

Source: 2019 Consumer Expenditure Survey, Bureau of Labor Statistics

The total net new spending in the town was calculated by multiplying the amount spent in each region by the number of net new units. As shown in the table above, spending in the town by all new households totals \$5,437,278 per year. We used the above spending basket amounts to calculate the direct, indirect, and total impact of the Project on the town. Using \$5.4 million as the new sales input, Camoin Associates used Emsi to determine the indirect, induced, and total impact of the Project on the Town of Hempstead.⁶ Table 7 outlines the findings of this analysis.

Table 7

Economic Impact - Household Spending

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

Source: Emsi, Camoin Associates

⁶ 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

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

Table 8

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

Source: Emsi, Camoin Associates

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

TOTAL ANNUAL ECONOMIC IMPACT

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

Table 9

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

Source: Emsi, Camoin Associates

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FISCAL IMPACT ANALYSIS

In addition to the economic impact of the Project on the local economies (outlined above), there would also be a fiscal impact in terms of annual property tax and sales tax generation. The following section of the analysis outlines the impact of the completion of the Project on the local taxing jurisdictions in terms of the cost and/or benefit to municipal budgets.

PAYMENT IN LIEU OF TAXES (PILOT)

The Applicant has applied to the Agency for a Payment In Lieu of Taxes (PILOT) agreement. The Applicant has proposed a 30-year payment schedule based on the current tax rate, taxable value, and assessed value of the Project. Based on the terms of the PILOT as proposed, Camoin Associates calculated the potential impact on the Town of Hempstead.⁷

Table 10

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

Source: Town of Hempstead IDA, Camoin Associates

⁷ It is assumed that the Town of Hempstead will continue to receive the same portion of the full tax bill that they currently are. The current total taxes are \$183,919.35 of which the Town receives approximately 10%.

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TAX POLICY COMPARISON

Without financial assistance from the Agency, Camoin Associates assumes the Applicant would not undertake the Project. Based on the current taxes applicable on the Site as provided by the Town of Hempstead IDA and an assumed annual increase to the tax rate of 2.00%⁸ (holding taxable value constant), Table 11 outlines the estimated tax payments made by the building owner without the Project.

Table 11

Tax Payments Without Project

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

Source: Town of Hempstead IDA, Camoin Associates

*Assumes an average annual increase of 2.00%

⁸ The tax rate is increased by 2.00% annually, the maximum inflation factor that can be reasonably anticipated into the future. New York State property tax cap legislation limits tax levy growth to an inflation factor set by the State or 2.00%, whichever is less, the amount by which a government entity may increase its annual tax levy (certain exceptions apply). Although in recent years the inflation has been less than 2.00%, using 2.00% for the purposes of comparing future otherwise applicable property tax payments without the Project to the proposed PILOT schedule provides a conservative estimate of the Project's benefit/cost to the town.

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

Table 12

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

Source: Town of Hempstead IDA, Camoin Associates

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Table 13 calculates the benefit (or cost) to the Town. The Town would receive approximately \$70,837 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Town would be over \$2.1 million over the 30-year period.

Table 13

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

Source: Town of Hempstead IDA, Camoin Associates

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OTHER EXEMPTIONS

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

Table 14

Summary of Costs to Affected Jurisdictions

	State and County	
Sales Tax Exemption	\$	1,891,732
Mortgage Tax Exemption	\$	518,774

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%⁹ of the construction phase earnings would be spent within the county and that 25% of those purchases would be taxable.

Table 15

One-Time Sales Tax Revenue Construction Phase

Total New Earnings	\$	28,059,058
Amount Spent in County (70%)	\$	19,641,341
Amount Taxable (25%)	\$	4,910,335
Town Sales Tax Revenue Portion*		0.38%
New County Tax Revenue	\$	18,414

*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: Nassau County, 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 16 displays the new sales tax revenue that the Town of Hempstead would receive annually based on in-town spending by new households.

⁹ According to Emsi, 70% demand for industries in a typical household spending basket is met within Nassau County.

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Table 16

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

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

Source: Town of Hempstead IDA, Camoin Associates

Note that the household spending figure has already been adjusted to account for 70% of total spending occurring within the town (see table entitled "Tenant Spending Baskets"). It is assumed that 30% of purchases will be taxable, based on the spending baskets of tenants and the understanding that certain non-taxable items (related to housing expenses) have been removed from the total spending line, this increasing the remaining portion taxable.

SALES TAX REVENUE – EMPLOYEE EARNINGS

The earnings generated by on-site jobs that will occur as a result of building operation at the Project (described under Impacts of On-Site Employment) would lead to additional annual sales tax revenue for the town. It is assumed that 70% of the earnings would be spent within the Town of Hempstead and that 25% of those purchases will be taxable. Table 17 displays the annual tax revenue that the Town will receive.

Table 17

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

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

Source: Town of Hempstead IDA, Camoin Associates

TOTAL ANNUAL SALES TAX REVENUE

The total annual sales tax revenue that the Town will receive is summarized in Table 18.

Table 18

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

Source: Town of Hempstead IDA, Camoin Associates

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.

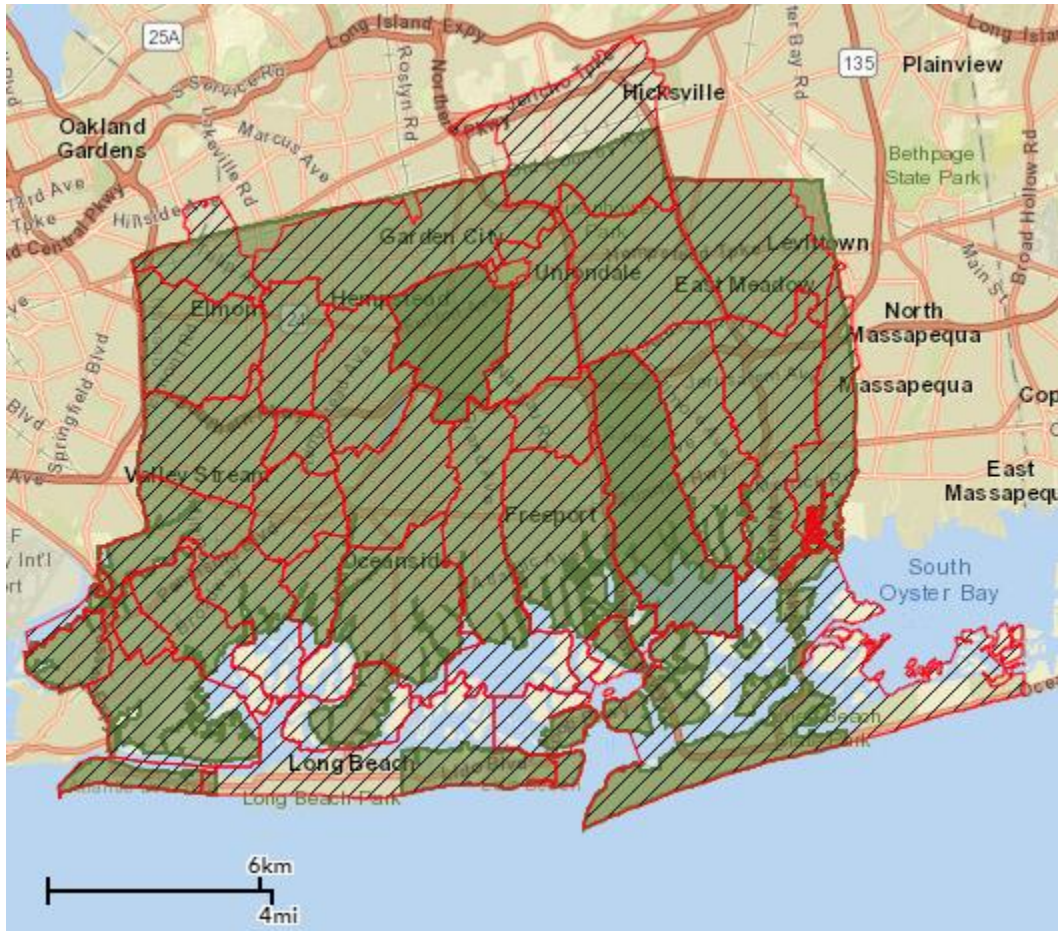
The following steps outline our process for calculating net new households. All data is drawn from Esri Business Analyst.

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.

CAMOIN ASSOCIATES

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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