

PREPARED FOR:

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

Economic and Fiscal Impact

BALDWIN JAZ, LLC

Town of Hempstead
Industrial Development Agency

SEPTEMBER 8, 2022

PREPARED BY:



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

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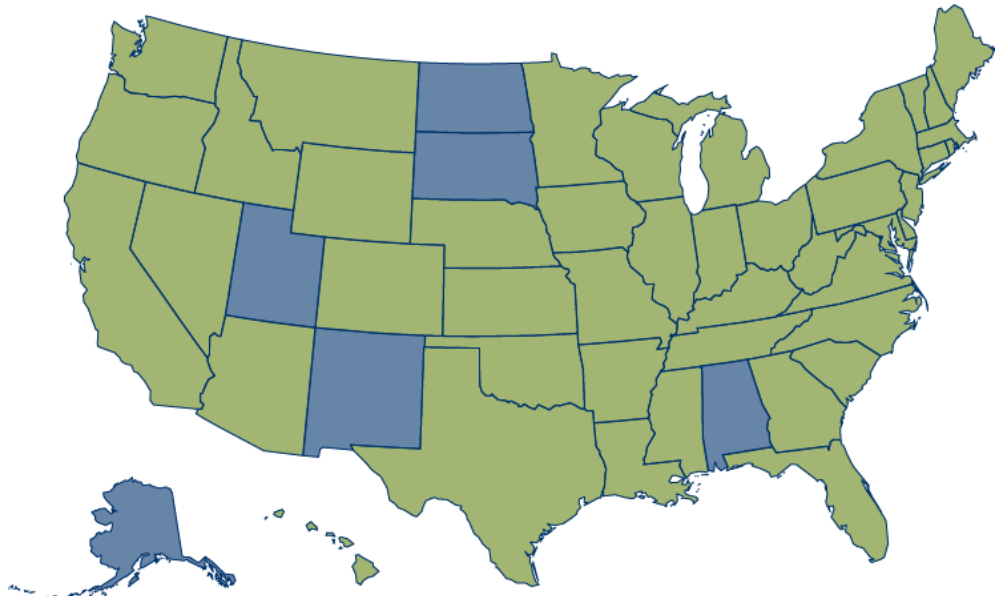
ABOUT CAMOIN ASSOCIATES

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 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

Rachel Selsky
Vice President

Jessica Tagliaferro
Senior Analyst



ABOUT THE STUDY

Camoin Associates was retained by the Town of Hempstead Industrial Development Agency to measure the potential economic and fiscal impacts of a project proposed by Baldwin Jaz, LLC. The proposed project involves construction of a 215-unit multifamily residential facility, with 10% of units set aside for workforce housing at 223 Grand Avenue, 734, 736, 746, 752 Sunrise Highway, and 2292 Harrison Avenue, Baldwin, New York 11510. 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 Lightcast (formerly 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."

STUDY INFORMATION

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

Geography:
Town of Hempstead

Study Period:
2022

Modeling Tool:
Lightcast

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 Baldwin Jaz, LLC (the "Applicant") for the construction of a 215-unit multifamily residential facility, with 10% of units set aside for workforce housing (the "Project") at 223 Grand Avenue, 734, 736, 746, 752 Sunrise Highway, and 2292 Harrison Avenue, Baldwin, New York 11510 (the "Site"). The development will consist of 132 1-bedroom units and 36 2- bedroom units, along with ground floor restaurant/retail space and other amenities. The Applicant is seeking a sales tax exemption, mortgage recording tax exemption, and 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 of rental housing within the down and determined that 83% of the 193 market rate units (or 160 units) and 80% of the 22 workforce units (18 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	58
Direct Jobs	42
Total Earnings	\$ 3,181,513
Direct Earnings	\$ 2,055,199
Annual Sales Tax Revenue to County	\$ 91,306
Annual Sales Tax Revenue to Town	\$ 8,056
Average Annual PILOT Payment	\$ 1,148,333
Average Annual PILOT Payment to Town	\$ 179,903
Average Annual PILOT Benefit	\$ 972,816
Average Annual PILOT Benefit to Town	\$ 152,406
Average Annual Net Benefit to Town	\$ 160,462

- ◆ The Project supports 58 net new jobs in the town, with nearly \$3.2 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 PILOT agreement for a term of 30 years with the Agency, where the applicant would pay an average of \$1,148,333 each year, of which \$179,903 will be allocated to the Town. The PILOT represents an average annual benefit to the Town of \$152,406.
- ◆ Through negotiations with the Agency the Applicant could have access to a sales tax exemption valued at up to \$3,203,998 and a mortgage recording tax exemption valued at up to \$526,097. 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	\$ 3,203,998
Mortgage Tax Exemption	\$ 526,097

Source: Applicant, Camoin Associates

ECONOMIC IMPACT ANALYSIS

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

The Project would have economic impacts upon the Town of Hempstead as a result of Project operation, new permanent jobs, and spending by new tenant households.

CONSTRUCTION PHASE IMPACTS

The Applicant estimates that private sector investment in the construction of the Project would cost approximately \$95.2 million¹, of which 70%² is assumed to be sourced from within the town. This means that there will be nearly \$66.7 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	\$ 95,219,521
Percent Sourced from Town	70%
Net New Construction Spending	\$ 66,653,665

Source: Applicant, Camoin Associates

Based on nearly \$66.7 million worth of net new direct spending associated with the construction phase of the Project, Camoin Associates determined that there would be over \$86.0 million in total one-time construction related spending supporting 349 jobs and an associated over \$31.3 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	256	\$ 24,561,024	\$ 66,653,665
Indirect	43	\$ 3,208,894	\$ 9,992,288
Induced	50	\$ 3,579,413	\$ 9,368,409
Total	349	\$ 31,349,331	\$ 86,014,362

Source: Lightcast (formerly Emsi), Camoin Associates

¹ Includes project costs as provided by the Applicant, excluding acquisition 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. See Attachment B for more information on this methodology.

The Applicant proposes to construct 215 multifamily residential units, 10% of which (or 22 units) will be workforce units. Camoin Associates conducted a market analysis of multifamily rental units in the Town of Hempstead and determined that 83% of the market rate units, or 160 units, and 80% of the workforce units, or 18 units, would be 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	193	83%	160
Workforce	22	80%	18
Total	215	83%	178

Source: Esri, Camoin Associates

SPENDING BY NEW TENANTS

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

Based on median incomes for the town, we consider spending for tenant in market rate units to be in the \$100,000 to \$149,999 annual household income range and spending for tenants in the workforce units to be in the \$70,000 to \$99,999 annual household income range, 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 the market rate units will have average annual expenditures (excluding housing and utility costs) of \$44,188 and households in the workforce units will have average annual expenditures of \$33,157.

It is assumed that 60%³ 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 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**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 (160 net new units)
Food	\$ 9,901	\$ 5,941	\$ 950,496
Household furnishings and equipment	\$ 2,909	\$ 1,745	\$ 279,264
Apparel and services	\$ 2,037	\$ 1,222	\$ 195,552
Transportation	\$ 14,888	\$ 8,933	\$ 1,429,248
Health care	\$ 6,508	\$ 3,905	\$ 624,768
Entertainment	\$ 4,331	\$ 2,599	\$ 415,776
Personal care products and services	\$ 934	\$ 560	\$ 89,664
Education	\$ 1,494	\$ 896	\$ 143,424
Miscellaneous	\$ 1,186	\$ 712	\$ 113,856
Total Tenant Spending	\$ 44,188	\$ 26,513	\$ 4,242,048

Workforce Units (\$70,000 to \$99,999 Annual Household Income)

Category	Annual per Unit Spending Basket	Amount Spent in Town (60%)	Total Net New Town Spending (18 net new units)
Food	\$ 7,475	\$ 4,485	\$ 80,730
Household furnishings and equipment	\$ 2,396	\$ 1,438	\$ 25,877
Apparel and services	\$ 1,145	\$ 687	\$ 12,366
Transportation	\$ 11,098	\$ 6,659	\$ 119,858
Health care	\$ 5,745	\$ 3,447	\$ 62,046
Entertainment	\$ 2,694	\$ 1,616	\$ 29,095
Personal care products and services	\$ 652	\$ 391	\$ 7,042
Education	\$ 893	\$ 536	\$ 9,644
Miscellaneous	\$ 1,059	\$ 635	\$ 11,437
Total Tenant Spending	\$ 33,157	\$ 19,894	\$ 358,096
Total Discretionary Spending			\$ 4,600,144

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 the town by the number of net new units. As shown in the table above, spending in the town by all new households totals \$4.6 million per year. We used the above spending basket amounts to calculate the direct, indirect, and total impact of the Project on the town.

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Using \$4.6 million as the new sales input, Camoin Associates employed Lightcast (formerly Emsi) to determine the indirect, induced, and total impact of the Project on the Town of Hempstead.⁴ Table 7 outlines the findings of this analysis.

Table 7

Town Economic Impact - Household Spending

	Jobs	Earnings	Sales
Direct	34 \$	1,626,844 \$	4,600,144
Indirect	6 \$	389,949 \$	1,053,751
Induced	5 \$	414,382 \$	1,069,638
Total	45 \$	2,431,175 \$	6,723,533

Source: Emsi, Camoin Associates

IMPACTS OF ON-SITE EMPLOYMENT

The Applicant anticipates that 10 jobs will be on-site within two years following Project completion. Since 83% of all households are considered to be net new (Table 5), 83% of new jobs, or 8 jobs, 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	8 \$	428,355 \$	1,543,184
Indirect	4 \$	219,046 \$	614,206
Induced	1 \$	102,938 \$	267,283
Total	13 \$	750,339 \$	2,424,673

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	42 \$	2,055,199 \$	6,143,328
Indirect	10 \$	608,995 \$	1,667,957
Induced	6 \$	517,319 \$	1,336,921
Total	58 \$	3,181,513 \$	9,148,206

Source: Emsi, Camoin Associates

⁴ Analysis uses the 33 zip codes that are predominantly located within the Town of Hempstead (see Attachment B).

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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.

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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 Town of Hempstead and other applicable jurisdictions.⁵

Table 10

Tax Payments with PILOT

Year	Total		Portion of Payment by Jurisdiction							
	PILOT Payments		Town	County	School District	Special Districts				
1	\$	130,000	\$	20,366	\$	45,466	\$	82,768	\$	64,168
2	\$	130,000	\$	20,366	\$	45,466	\$	82,768	\$	64,168
3	\$	130,000	\$	20,366	\$	45,466	\$	82,768	\$	64,168
4	\$	175,000	\$	27,416	\$	61,204	\$	111,419	\$	86,379
5	\$	250,000	\$	39,166	\$	87,435	\$	159,169	\$	123,399
6	\$	310,000	\$	48,566	\$	108,419	\$	197,370	\$	153,015
7	\$	390,000	\$	61,099	\$	136,398	\$	248,304	\$	192,503
8	\$	450,000	\$	70,499	\$	157,382	\$	286,505	\$	222,119
9	\$	500,000	\$	78,332	\$	174,869	\$	318,339	\$	246,798
10	\$	575,000	\$	90,082	\$	201,100	\$	366,090	\$	283,818
11	\$	650,000	\$	101,832	\$	227,330	\$	413,840	\$	320,838
12	\$	730,000	\$	114,365	\$	255,309	\$	464,775	\$	360,326
13	\$	820,000	\$	128,465	\$	286,786	\$	522,076	\$	404,749
14	\$	910,000	\$	142,565	\$	318,262	\$	579,377	\$	449,173
15	\$	1,100,000	\$	172,331	\$	384,712	\$	700,345	\$	542,956
16	\$	1,200,000	\$	187,998	\$	419,686	\$	764,013	\$	592,316
17	\$	1,300,000	\$	203,664	\$	454,660	\$	827,681	\$	641,676
18	\$	1,400,000	\$	219,331	\$	489,634	\$	891,349	\$	691,035
19	\$	1,500,000	\$	234,997	\$	524,608	\$	955,016	\$	740,395
20	\$	1,600,000	\$	250,664	\$	559,582	\$	1,018,684	\$	789,755
21	\$	1,700,000	\$	266,330	\$	594,555	\$	1,082,352	\$	839,114
22	\$	1,790,000	\$	280,430	\$	626,032	\$	1,139,653	\$	883,538
23	\$	1,830,000	\$	286,696	\$	640,021	\$	1,165,120	\$	903,282
24	\$	1,900,000	\$	297,663	\$	664,503	\$	1,209,687	\$	937,834
25	\$	1,980,000	\$	310,196	\$	692,482	\$	1,260,622	\$	977,322
26	\$	2,000,000	\$	313,330	\$	699,477	\$	1,273,355	\$	987,193
27	\$	2,100,000	\$	328,996	\$	734,451	\$	1,337,023	\$	1,036,553
28	\$	2,200,000	\$	344,662	\$	769,425	\$	1,400,691	\$	1,085,913
29	\$	2,300,000	\$	360,329	\$	804,399	\$	1,464,359	\$	1,135,272
30	\$	2,400,000	\$	375,995	\$	839,372	\$	1,528,026	\$	1,184,632
Total	\$	34,450,000	\$	5,397,101	\$	12,048,492	\$	21,933,544	\$	17,004,408
Average	\$	1,148,333	\$	179,903	\$	401,616	\$	731,118	\$	566,814

Source: Town of Hempstead IDA, Camoin Associates

⁵ It is assumed that the jurisdictions will continue to receive the same portion of the PILOT payments as they do from the property's 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. The following table displays the estimated property tax payments without 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	\$	129,795	\$	20,334	\$	45,394	\$	82,637	\$	64,066
2	\$	132,391	\$	20,741	\$	46,302	\$	84,290	\$	65,348
3	\$	135,039	\$	21,156	\$	47,228	\$	85,976	\$	66,655
4	\$	137,739	\$	21,579	\$	48,173	\$	87,696	\$	67,988
5	\$	140,494	\$	22,010	\$	49,136	\$	89,449	\$	69,347
6	\$	143,304	\$	22,451	\$	50,119	\$	91,238	\$	70,734
7	\$	146,170	\$	22,900	\$	51,121	\$	93,063	\$	72,149
8	\$	149,094	\$	23,358	\$	52,144	\$	94,925	\$	73,592
9	\$	152,075	\$	23,825	\$	53,187	\$	96,823	\$	75,064
10	\$	155,117	\$	24,301	\$	54,250	\$	98,759	\$	76,565
11	\$	158,219	\$	24,787	\$	55,335	\$	100,735	\$	78,096
12	\$	161,384	\$	25,283	\$	56,442	\$	102,749	\$	79,658
13	\$	164,611	\$	25,789	\$	57,571	\$	104,804	\$	81,252
14	\$	167,904	\$	26,305	\$	58,722	\$	106,900	\$	82,877
15	\$	171,262	\$	26,831	\$	59,897	\$	109,038	\$	84,534
16	\$	174,687	\$	27,367	\$	61,095	\$	111,219	\$	86,225
17	\$	178,181	\$	27,915	\$	62,317	\$	113,444	\$	87,949
18	\$	181,744	\$	28,473	\$	63,563	\$	115,712	\$	89,708
19	\$	185,379	\$	29,042	\$	64,834	\$	118,027	\$	91,502
20	\$	189,087	\$	29,623	\$	66,131	\$	120,387	\$	93,333
21	\$	192,868	\$	30,216	\$	67,453	\$	122,795	\$	95,199
22	\$	196,726	\$	30,820	\$	68,803	\$	125,251	\$	97,103
23	\$	200,660	\$	31,436	\$	70,179	\$	127,756	\$	99,045
24	\$	204,673	\$	32,065	\$	71,582	\$	130,311	\$	101,026
25	\$	208,767	\$	32,706	\$	73,014	\$	132,917	\$	103,047
26	\$	212,942	\$	33,361	\$	74,474	\$	135,576	\$	105,108
27	\$	217,201	\$	34,028	\$	75,964	\$	138,287	\$	107,210
28	\$	221,545	\$	34,708	\$	77,483	\$	141,053	\$	109,354
29	\$	225,976	\$	35,402	\$	79,033	\$	143,874	\$	111,541
30	\$	230,496	\$	36,111	\$	80,613	\$	146,751	\$	113,772
Total	\$	5,265,529	\$	824,923	\$	1,841,558	\$	3,352,444	\$	2,599,048
Average	\$	175,518	\$	27,497	\$	61,385	\$	111,748	\$	86,635

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 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 \$973,000 more in PILOT revenue will be received annually than property taxes that would be received without the Project. The total benefit would be \$29.2 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	\$ 129,795	\$ 130,000	\$ 205
2	\$ 132,391	\$ 130,000	\$ (2,391)
3	\$ 135,039	\$ 130,000	\$ (5,039)
4	\$ 137,739	\$ 175,000	\$ 37,261
5	\$ 140,494	\$ 250,000	\$ 109,506
6	\$ 143,304	\$ 310,000	\$ 166,696
7	\$ 146,170	\$ 390,000	\$ 243,830
8	\$ 149,094	\$ 450,000	\$ 300,906
9	\$ 152,075	\$ 500,000	\$ 347,925
10	\$ 155,117	\$ 575,000	\$ 419,883
11	\$ 158,219	\$ 650,000	\$ 491,781
12	\$ 161,384	\$ 730,000	\$ 568,616
13	\$ 164,611	\$ 820,000	\$ 655,389
14	\$ 167,904	\$ 910,000	\$ 742,096
15	\$ 171,262	\$ 1,100,000	\$ 928,738
16	\$ 174,687	\$ 1,200,000	\$ 1,025,313
17	\$ 178,181	\$ 1,300,000	\$ 1,121,819
18	\$ 181,744	\$ 1,400,000	\$ 1,218,256
19	\$ 185,379	\$ 1,500,000	\$ 1,314,621
20	\$ 189,087	\$ 1,600,000	\$ 1,410,913
21	\$ 192,868	\$ 1,700,000	\$ 1,507,132
22	\$ 196,726	\$ 1,790,000	\$ 1,593,274
23	\$ 200,660	\$ 1,830,000	\$ 1,629,340
24	\$ 204,673	\$ 1,900,000	\$ 1,695,327
25	\$ 208,767	\$ 1,980,000	\$ 1,771,233
26	\$ 212,942	\$ 2,000,000	\$ 1,787,058
27	\$ 217,201	\$ 2,100,000	\$ 1,882,799
28	\$ 221,545	\$ 2,200,000	\$ 1,978,455
29	\$ 225,976	\$ 2,300,000	\$ 2,074,024
30	\$ 230,496	\$ 2,400,000	\$ 2,169,504
Total	\$ 5,265,529	\$ 34,450,000	\$ 29,184,471
Average	\$ 175,518	\$ 1,148,333	\$ 972,816

Source: Town of Hempstead IDA, Camoin Associates

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TOWN

Table 13 calculates the benefit to the Town. The Town would receive approximately \$152,406 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Town would be nearly \$4.6 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	\$ 20,334	\$ 20,366	\$ 32
2	\$ 20,741	\$ 20,366	\$ (375)
3	\$ 21,156	\$ 20,366	\$ (789)
4	\$ 21,579	\$ 27,416	\$ 5,837
5	\$ 22,010	\$ 39,166	\$ 17,156
6	\$ 22,451	\$ 48,566	\$ 26,115
7	\$ 22,900	\$ 61,099	\$ 38,200
8	\$ 23,358	\$ 70,499	\$ 47,141
9	\$ 23,825	\$ 78,332	\$ 54,508
10	\$ 24,301	\$ 90,082	\$ 65,781
11	\$ 24,787	\$ 101,832	\$ 77,045
12	\$ 25,283	\$ 114,365	\$ 89,082
13	\$ 25,789	\$ 128,465	\$ 102,676
14	\$ 26,305	\$ 142,565	\$ 116,260
15	\$ 26,831	\$ 172,331	\$ 145,501
16	\$ 27,367	\$ 187,998	\$ 160,630
17	\$ 27,915	\$ 203,664	\$ 175,750
18	\$ 28,473	\$ 219,331	\$ 190,858
19	\$ 29,042	\$ 234,997	\$ 205,955
20	\$ 29,623	\$ 250,664	\$ 221,040
21	\$ 30,216	\$ 266,330	\$ 236,114
22	\$ 30,820	\$ 280,430	\$ 249,610
23	\$ 31,436	\$ 286,696	\$ 255,260
24	\$ 32,065	\$ 297,663	\$ 265,598
25	\$ 32,706	\$ 310,196	\$ 277,490
26	\$ 33,361	\$ 313,330	\$ 279,969
27	\$ 34,028	\$ 328,996	\$ 294,968
28	\$ 34,708	\$ 344,662	\$ 309,954
29	\$ 35,402	\$ 360,329	\$ 324,926
30	\$ 36,111	\$ 375,995	\$ 339,885
Total	\$ 824,923	\$ 5,397,101	\$ 4,572,178
Average	\$ 27,497	\$ 179,903	\$ 152,406

Source: Town of Hempstead IDA, Camoin Associates

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COUNTY

Table 14 calculates the benefit to the County. The County would receive approximately \$340,231 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the County would be over \$10.2 million over the 30-year period.

Table 14

Tax Policy Comparison for County

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 45,394	\$ 45,466	\$ 72
2	\$ 46,302	\$ 45,466	\$ (836)
3	\$ 47,228	\$ 45,466	\$ (1,762)
4	\$ 48,173	\$ 61,204	\$ 13,031
5	\$ 49,136	\$ 87,435	\$ 38,298
6	\$ 50,119	\$ 108,419	\$ 58,300
7	\$ 51,121	\$ 136,398	\$ 85,277
8	\$ 52,144	\$ 157,382	\$ 105,239
9	\$ 53,187	\$ 174,869	\$ 121,683
10	\$ 54,250	\$ 201,100	\$ 146,849
11	\$ 55,335	\$ 227,330	\$ 171,995
12	\$ 56,442	\$ 255,309	\$ 198,867
13	\$ 57,571	\$ 286,786	\$ 229,215
14	\$ 58,722	\$ 318,262	\$ 259,540
15	\$ 59,897	\$ 384,712	\$ 324,816
16	\$ 61,095	\$ 419,686	\$ 358,592
17	\$ 62,317	\$ 454,660	\$ 392,343
18	\$ 63,563	\$ 489,634	\$ 426,071
19	\$ 64,834	\$ 524,608	\$ 459,774
20	\$ 66,131	\$ 559,582	\$ 493,451
21	\$ 67,453	\$ 594,555	\$ 527,102
22	\$ 68,803	\$ 626,032	\$ 557,229
23	\$ 70,179	\$ 640,021	\$ 569,843
24	\$ 71,582	\$ 664,503	\$ 592,921
25	\$ 73,014	\$ 692,482	\$ 619,468
26	\$ 74,474	\$ 699,477	\$ 625,003
27	\$ 75,964	\$ 734,451	\$ 658,487
28	\$ 77,483	\$ 769,425	\$ 691,942
29	\$ 79,033	\$ 804,399	\$ 725,366
30	\$ 80,613	\$ 839,372	\$ 758,759
Total	\$ 1,841,558	\$ 12,048,492	\$ 10,206,934
Average	\$ 61,385	\$ 401,616	\$ 340,231

Source: Town of Hempstead IDA, Camoin Associates

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SCHOOL DISTRICT

Table 15 calculates the benefit to the school district. The school district would receive approximately \$619,370 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 \$18.6 million over the 30-year period.

Table 15

Tax Policy Comparison for School District

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 82,637	\$ 82,768	\$ 131
2	\$ 84,290	\$ 82,768	\$ (1,522)
3	\$ 85,976	\$ 82,768	\$ (3,208)
4	\$ 87,696	\$ 111,419	\$ 23,723
5	\$ 89,449	\$ 159,169	\$ 69,720
6	\$ 91,238	\$ 197,370	\$ 106,132
7	\$ 93,063	\$ 248,304	\$ 155,241
8	\$ 94,925	\$ 286,505	\$ 191,580
9	\$ 96,823	\$ 318,339	\$ 221,516
10	\$ 98,759	\$ 366,090	\$ 267,330
11	\$ 100,735	\$ 413,840	\$ 313,106
12	\$ 102,749	\$ 464,775	\$ 362,025
13	\$ 104,804	\$ 522,076	\$ 417,271
14	\$ 106,900	\$ 579,377	\$ 472,476
15	\$ 109,038	\$ 700,345	\$ 591,307
16	\$ 111,219	\$ 764,013	\$ 652,794
17	\$ 113,444	\$ 827,681	\$ 714,237
18	\$ 115,712	\$ 891,349	\$ 775,636
19	\$ 118,027	\$ 955,016	\$ 836,990
20	\$ 120,387	\$ 1,018,684	\$ 898,297
21	\$ 122,795	\$ 1,082,352	\$ 959,557
22	\$ 125,251	\$ 1,139,653	\$ 1,014,402
23	\$ 127,756	\$ 1,165,120	\$ 1,037,364
24	\$ 130,311	\$ 1,209,687	\$ 1,079,376
25	\$ 132,917	\$ 1,260,622	\$ 1,127,704
26	\$ 135,576	\$ 1,273,355	\$ 1,137,780
27	\$ 138,287	\$ 1,337,023	\$ 1,198,736
28	\$ 141,053	\$ 1,400,691	\$ 1,259,638
29	\$ 143,874	\$ 1,464,359	\$ 1,320,485
30	\$ 146,751	\$ 1,528,026	\$ 1,381,275
Total	\$ 3,352,444	\$ 21,933,544	\$ 18,581,100
Average	\$ 111,748	\$ 731,118	\$ 619,370

Source: Town of Hempstead IDA, Camoin Associates

CAMOIN ASSOCIATES

SPECIAL DISTRICTS

Table 16 calculates the benefit to the special districts. The special districts would receive approximately \$480,179 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the special districts would be over \$14.4 million over the 30-year period.

Table 16

Tax Policy Comparison for Special Districts

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 64,066	\$ 64,168	\$ 101
2	\$ 65,348	\$ 64,168	\$ (1,180)
3	\$ 66,655	\$ 64,168	\$ (2,487)
4	\$ 67,988	\$ 86,379	\$ 18,392
5	\$ 69,347	\$ 123,399	\$ 54,052
6	\$ 70,734	\$ 153,015	\$ 82,281
7	\$ 72,149	\$ 192,503	\$ 120,354
8	\$ 73,592	\$ 222,119	\$ 148,526
9	\$ 75,064	\$ 246,798	\$ 171,734
10	\$ 76,565	\$ 283,818	\$ 207,253
11	\$ 78,096	\$ 320,838	\$ 242,741
12	\$ 79,658	\$ 360,326	\$ 280,667
13	\$ 81,252	\$ 404,749	\$ 323,498
14	\$ 82,877	\$ 449,173	\$ 366,296
15	\$ 84,534	\$ 542,956	\$ 458,422
16	\$ 86,225	\$ 592,316	\$ 506,091
17	\$ 87,949	\$ 641,676	\$ 553,726
18	\$ 89,708	\$ 691,035	\$ 601,327
19	\$ 91,502	\$ 740,395	\$ 648,893
20	\$ 93,333	\$ 789,755	\$ 696,422
21	\$ 95,199	\$ 839,114	\$ 743,915
22	\$ 97,103	\$ 883,538	\$ 786,435
23	\$ 99,045	\$ 903,282	\$ 804,237
24	\$ 101,026	\$ 937,834	\$ 836,808
25	\$ 103,047	\$ 977,322	\$ 874,275
26	\$ 105,108	\$ 987,193	\$ 882,086
27	\$ 107,210	\$ 1,036,553	\$ 929,343
28	\$ 109,354	\$ 1,085,913	\$ 976,559
29	\$ 111,541	\$ 1,135,272	\$ 1,023,731
30	\$ 113,772	\$ 1,184,632	\$ 1,070,860
Total	\$ 2,599,048	\$ 17,004,408	\$ 14,405,360
Average	\$ 86,635	\$ 566,814	\$ 480,179

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 17

Summary of Costs to Affected Jurisdictions

	State and County	
Sales Tax Exemption	\$	3,203,998
Mortgage Tax Exemption	\$	526,097

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%⁶ 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	\$	31,349,331
Amount Spent in County (70%)	\$	21,944,532
Amount Taxable (25%)	\$	5,486,133
Nassau County Sales Tax Revenue (4.25%)	\$	233,161
New Town Sales Tax Revenue Portion*		0.375%
New Town Sales Tax Revenue	\$	20,573

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.

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

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SALES TAX REVENUE – NEW HOUSEHOLD SPENDING

As a result of the Project, the Town would receive sales tax revenue from the purchases made by the households. Table 19 displays the new sales tax revenue that the Town of Hempstead would receive annually based on in-town spending by new households.

Table 19

Annual Sales Tax Revenue, Household Spending	
Total New Spending	\$ 6,723,533
Amount Taxable (30%)	\$ 2,017,060
Nassau County Sales Tax Revenue (4.25%)	\$ 85,725
New Town Sales Tax Revenue Portion*	0.375%
New Town Tax Revenue	\$ 7,564

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	\$ 750,339
Amount Spent in County (70%)	\$ 525,237
Amount Taxable (25%)	\$ 131,309
Nassau County Sales Tax Revenue (4.25%)	\$ 5,581
New Town Sales Tax Revenue Portion*	0.375%
New Town Tax Revenue	\$ 492

Source: Town of Hempstead IDA, Camoin Associates

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

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TOTAL ANNUAL SALES TAX REVENUE

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

Table 21

Total Annual Sales Tax Revenue	
Household Spending	\$ 7,564
On-Site Operations	\$ 492
New Town Tax Revenue	\$ 8,056

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.

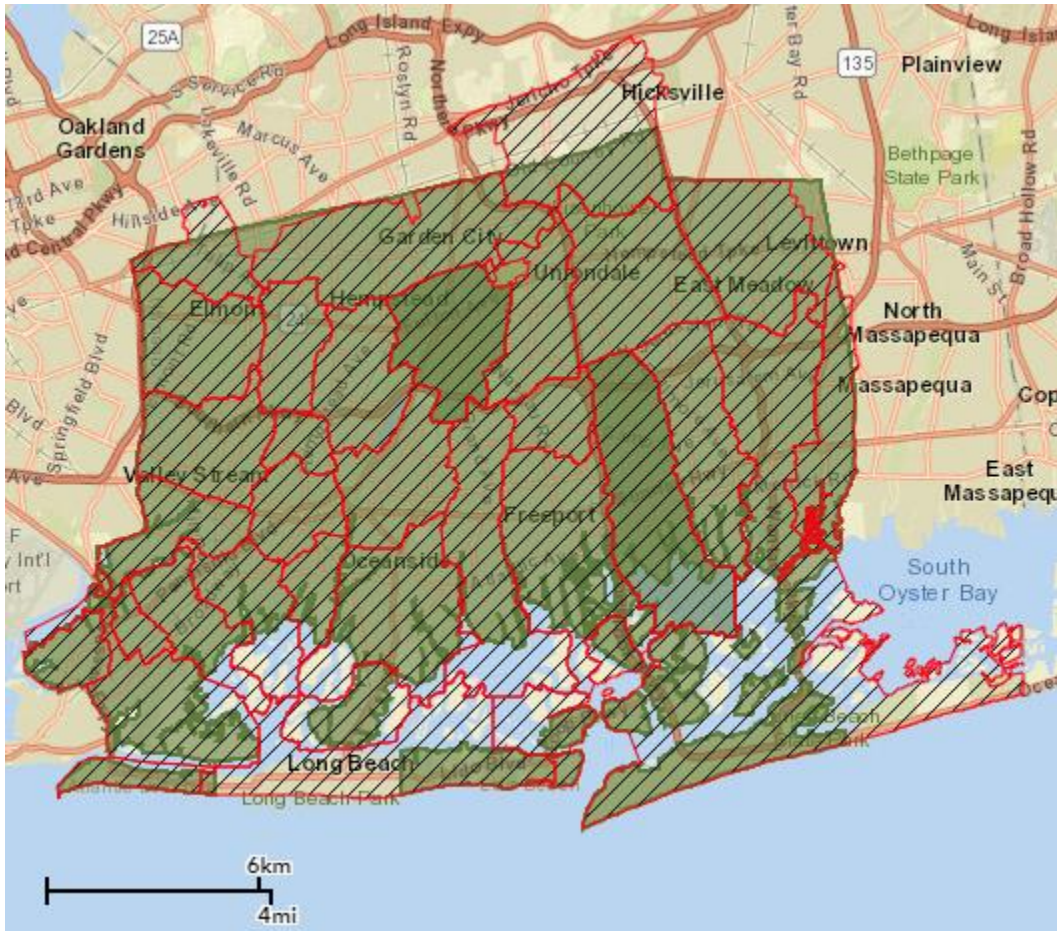
Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the “local economy” is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider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

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ATTACHMENT B: STUDY AREAS

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



Leading action to grow your economy

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

