PREPARED FOR:

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

Economic and Fiscal Impact

D&F DEVELOPMENT GROUP

Town of Hempstead
Industrial Development Agency

AUGUST 28, 2023

PREPARED BY:

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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 D&F Development Group. The proposed project involves the renovation and construction of an 80-total-unit residential apartment buildings at 106 Broadway, Freeport NY 11520. 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 and Village of Freeport 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. 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:
D&F 106 Broadway Application for Assistance and the Town of Hempstead Industrial Development Agency

Geography:
Town of Hempstead
Village of Freeport

Study Period:
2023

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 D&D Development Group (the "Applicant") for the construction of 80 residential units (the "Project") at 106 Broadway, Freeport, NY (the "Site"). The development will consist of 75 one-bedroom, 4 2-bedroom units, and 1 superintendent unit along with on-site parking. Among these units, 8 (4 one-bedroom and 4 two-bedroom units) will be priced at 30% of AMI, 48 (all one-bedroom, 40 of which are for the Frail Elderly/Senior) will be priced at 50% of AMI, and 23 (all one-bedroom units) will be priced at 60% of AMI. The Applicant is seeking a sales tax exemption, mortgage recording tax exemption, and a 30-year PILOT 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) and the Village of Freeport (the Village).

Camoin Associates conducted a market analysis and determined 100% of the affordable units (or 79[1] 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		16
Direct Jobs		12
Total Earnings	$	990,778
Direct Earnings	$	638,154
Annual Sales Tax Revenue to County	$	27,242
Annual Sales Tax Revenue to Town	$	2,404
Average Annual PILOT Payment	$	150,164
Average Annual PILOT Payment to Town	$	983
Average Annual PILOT Benefit	$	150,164
Average Annual PILOT Benefit to Town	$	983
Average Annual Net Benefit to Town	**$**	**3,387**

[1] Note that while 80 units will be constructed, one unit is a superintendent unit, not an affordable residential unit. The impact of this unit is captured in the on-site job impacts not the household spending impacts.

Table 2

Summary of Benefits to Village

Total Jobs		8
Direct Jobs		7
Total Earnings	$	402,759
Direct Earnings	$	350,085
Average Annual PILOT Payment	$	150,164
Average Annual PILOT Payment to Village	$	51,797
Average Annual PILOT Benefit	$	150,164
Average Annual PILOT Benefit to Village	$	51,797
Average Annual Net Benefit to Village	**$**	**51,797**

- The Project supports 16 net new jobs in the town and 8 net new jobs in the village, with $990,778 and $402,759 million in associated earnings, respectfully. 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 $150,164 each year, of which $983 are estimated to be allocated to the Town and $51,797 are estimated to be allocated to the village. All of the PILOT payments represent a benefit to the jurisdiction as the Site does not currently generate taxes.
- Through negotiations with the Agency, the Applicant could have access to a sales tax exemption valued at up to $1,252,350 and a mortgage recording tax exemption valued at up to $253,768. However, if we assume that the Project would not occur absent IDA benefits, this is not actually a "cost" to the state and county since no future revenue stream would exist without the exemptions.

Table 3

Summary of Costs to Affected Jurisdictions

		State and County
Sales Tax Exemption	$	1,252,350
Mortgage Tax Exemption	$	253,768

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 region's economy. This is captured in the indirect and induced impacts and is commonly referred to as the "multiplier effect." See Attachment A for more information on economic impact analysis.

The Project would have economic impacts upon the Town of Hempstead and the Village of Freeport 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 $40.7 million[2], of which 70%[3] is assumed to be sourced from within the town. This means that there will be nearly $28.5 million in net new spending in the town associated with the construction phase of the Project.

Table 4

Construction Phase Spending - Town		
Total Construction Cost	$	40,651,553
Percent Sourced from Town		70%
Net New Constuction Spending	**$**	**28,456,087**

Source: Applicant, Camoin Associates

Based on nearly $28.5 million worth of net new direct spending associated with the construction phase of the Project, Camoin Associates determined that there would be over $36.3 million in total one-time construction related spending supporting 146 total jobs and an associated over $13.8 million in earnings over the construction period throughout the town. Table 5 outlines the economic impacts of construction.

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

Table 5

Town Economic Impact - Construction Phase

	Jobs		Earnings		Sales
Direct	109	$	11,132,390	$	28,456,087
Indirect	18	$	1,308,797	$	4,234,731
Induced	19	$	1,400,403	$	3,635,401
Total	**146**	**$**	**13,841,591**	**$**	**36,326,220**

Source: Lightcast, Camoin Associates

Of the total construction cost, 30%[4] is assumed to be sourced from within the village. This means that there will be over $12.1 million in net new spending in the village associated with the construction phase of the Project.

Table 6

Construction Phase Spending - Village

Total Construction Cost	$	40,651,553
Percent Sourced from Village		30%
Net New Constuction Spending	**$**	**12,195,466**

Source: Applicant, Camoin Associates

Based on over $12.1 million worth of net new direct spending associated with the construction phase of the Project, Camoin Associates determined that there would be over $12.8 million in total one-time construction related spending supporting 102 jobs and an associated over $4.9 million in earnings over the construction period throughout the village. Table 7 outlines the economic impacts of construction.

Table 7

Village Economic Impact - Construction Phase

	Jobs		Earnings		Sales
Direct	99	$	4,771,025	$	12,195,466
Indirect	2	$	126,960	$	455,327
Induced	1	$	63,770	$	182,678
Total	**102**	**$**	**4,961,754**	**$**	**12,833,472**

Source: Lightcast, Camoin Associates

[4] According to Lightcast, approximately 30% of construction industry demand is met within the village.

IMPACTS OF NEW HOUSEHOLD SPENDING

To determine the annual economic impact of the Project on the town and village, the first step is to calculate the number of households that can be considered "net new" to the 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 80 affordable units, including one unit for the Superintendent. The impact of the Superintendent's spending in the community is captured in the on-site employment section instead of the new household spending section to avoid double counting. Camoin Associates conducted a rental demand analysis for the Project site and found that 100% of the affordable units, or 79 units, are net new to the town (Table). This is based on a review of the data and an understanding of the proposed Project as detailed above.

Table 8

Net New Households

	Total Households	Percent Net New	Net New Households
30% AMI	8	100%	8
50% AMI	48	100%	48
60% AMI	23	100%	23
Total	**79**	**100%**	**79**

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.

The 8 net new 30% AMI units, which are typically affordable to households, making at least 30% of the area median income. The Town of Hempstead AMI is $122,805. Therefore, we will consider spending for tenants to be in the $30,000 to $39,999 spending basket, per the Bureau of Labor Statistics' 2020 Consumer Expenditure Survey.

The 48 net new 50% AMI units, which are typically affordable to households, making at least 50% of the area median income. The Town of Hempstead AMI is $122,805. Therefore, we will consider spending for tenants to be in the $50,000 to $69,999 spending basket, per the Bureau of Labor Statistics' 2020 Consumer Expenditure Survey.

The 23 net new 60% AMI units, which are typically affordable to households, making at least 60% of the area median income. The Town of Hempstead AMI is $122,805. Therefore, we will consider spending for tenants to be in the $70,000 to $99,999 spending basket, 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 30% AMI units have annual expenditures (excluding housing and utility costs) of $22,223, households in the 50% AMI units have annual expenditures (excluding housing and utility costs) of $27,200, and households in the 60% AMI units have annual expenditures (excluding housing and utility costs) of $33,157.

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

[5] According to Lightcast, 60% of demand for industries in a typical household spending basket is met within the Town of Hempstead.

[6] According to Lightcast, 25% of demand for industries in a typical household spending basket is met within the Village of Freeport.

Table 9

Tenant Town Spending Basket

Category	30% AMI Units $30,000 to $39,999 Annual Household Income		
	Annual per Unit Spending Basket	Amount Spent in Town (60%)	Total Net New Town Spending (8 net new units)
Food	$ 5,756	$ 3,454	$ 27,629
Household furnishings and equipment	$ 1,340	$ 804	$ 6,432
Apparel and services	$ 851	$ 511	$ 4,085
Transportation	$ 6,491	$ 3,895	$ 31,157
Health care	$ 4,180	$ 2,508	$ 20,064
Entertainment	$ 2,101	$ 1,261	$ 10,085
Personal care products and services	$ 464	$ 278	$ 2,227
Education	$ 426	$ 256	$ 2,045
Miscellaneous	$ 614	$ 368	$ 2,947
Subtotal	**$ 22,223**	**$ 13,334**	**$ 106,670**
Category	**50% AMI Units $50,000 to $69,999 Annual Household Income**		
	Annual per Unit Spending Basket	**Amount Spent in Town (60%)**	**Total Net New Town Spending (48 net new units)**
Food	$ 6,026	$ 3,616	$ 173,549
Household furnishings and equipment	$ 1,793	$ 1,076	$ 51,638
Apparel and services	$ 1,208	$ 725	$ 34,790
Transportation	$ 9,225	$ 5,535	$ 265,680
Health care	$ 4,958	$ 2,975	$ 142,790
Entertainment	$ 2,004	$ 1,202	$ 57,715
Personal care products and services	$ 539	$ 323	$ 15,523
Education	$ 688	$ 413	$ 19,814
Miscellaneous	$ 759	$ 455	$ 21,859
Subtotal	**$ 27,200**	**$ 16,320**	**$ 783,360**
Category	**60% AMI Units $70,000 to $99,999 Annual Household Income**		
	Annual per Unit Spending Basket	**Amount Spent in Town (60%)**	**Total Net New Town Spending (23 net new units)**
Food	$ 7,475	$ 4,485	$ 103,155
Household furnishings and equipment	$ 2,396	$ 1,438	$ 33,065
Apparel and services	$ 1,145	$ 687	$ 15,801
Transportation	$ 11,098	$ 6,659	$ 153,152
Health care	$ 5,745	$ 3,447	$ 79,281
Entertainment	$ 2,694	$ 1,616	$ 37,177
Personal care products and services	$ 652	$ 391	$ 8,998
Education	$ 893	$ 536	$ 12,323
Miscellaneous	$ 1,059	$ 635	$ 14,614
Subtotal	**$ 33,157**	**$ 19,894**	**$ 457,567**
Total Tenant Spending			**$ 1,347,597**

Source: 2020 Consumer Expenditure Survey, Bureau of Labor Statistics

Table 10

Tenant Village Spending Basket

Category	30% AMI Units $30,000 to $39,999 Annual Household Income		
	Annual per Unit Spending Basket	Amount Spent In Village (25%)	Total Net New Villlage Spending (8 net new units)
Food	$ 5,756	$ 1,439	$ 11,512
Household furnishings and equipment	$ 1,340	$ 335	$ 2,680
Apparel and services	$ 851	$ 213	$ 1,702
Transportation	$ 6,491	$ 1,623	$ 12,982
Health care	$ 4,180	$ 1,045	$ 8,360
Entertainment	$ 2,101	$ 525	$ 4,202
Personal care products and services	$ 464	$ 116	$ 928
Education	$ 426	$ 107	$ 852
Miscellaneous	$ 614	$ 154	$ 1,228
Subtotal	**$ 22,223**	**$ 5,556**	**$ 44,446**
Category	**50% AMI Units $50,000 to $69,999 Annual Household Income**		
	Annual per Unit Spending Basket	**Amount Spent In Village (25%)**	**Total Net New Villlage Spending (48 net new units)**
Food	$ 6,026	$ 1,507	$ 72,312
Household furnishings and equipment	$ 1,793	$ 448	$ 21,516
Apparel and services	$ 1,208	$ 302	$ 14,496
Transportation	$ 9,225	$ 2,306	$ 110,700
Health care	$ 4,958	$ 1,240	$ 59,496
Entertainment	$ 2,004	$ 501	$ 24,048
Personal care products and services	$ 539	$ 135	$ 6,468
Education	$ 688	$ 172	$ 8,256
Miscellaneous	$ 759	$ 190	$ 9,108
Subtotal	**$ 27,200**	**$ 6,800**	**$ 326,400**
Category	**60% AMI Units $70,000 to $99,999 Annual Household Income**		
	Annual per Unit Spending Basket	**Amount Spent In Village (25%)**	**Total Net New Villlage Spending (23 net new units)**
Food	$ 7,475	$ 1,869	$ 42,981
Household furnishings and equipment	$ 2,396	$ 599	$ 13,777
Apparel and services	$ 1,145	$ 286	$ 6,584
Transportation	$ 11,098	$ 2,775	$ 63,814
Health care	$ 5,745	$ 1,436	$ 33,034
Entertainment	$ 2,694	$ 674	$ 15,491
Personal care products and services	$ 652	$ 163	$ 3,749
Education	$ 893	$ 223	$ 5,135
Miscellaneous	$ 1,059	$ 265	$ 6,089
Subtotal	**$ 33,157**	**$ 8,289**	**$ 190,653**
Total Tenant Spending			**$ 561,499**

Source: 2020 Consumer Expenditure Survey, Bureau of Labor Statistics

The total net new spending in the town and the village was calculated by multiplying the amount spent in each region by the number of net new units. As shown in the table above, spending in the town by all new households would total nearly $1.3 million per year of which $561,499 would occur within the village. We used the above spending basket amounts to calculate the direct, indirect, and total impact of the Project on the town and the village.

Using $1.3 million as the new sales input, Camoin Associates employed Lightcast to determine the indirect, induced, and total impact of the Project on the Town of Hempstead.[7] Table 11 outlines the findings of this analysis.

Table 11

Town Economic Impact - Household Spending

	Jobs	Earnings	Sales
Direct	9	$ 479,115	$ 1,347,598
Indirect	2	$ 117,437	$ 324,065
Induced	1	$ 118,289	$ 304,006
Total	**12**	**$ 714,841**	**$ 1,975,669**

Source: Lightcast, Camoin Associates

The following table outlines the impact of the Project on the Village of Freeport using the $561,680 as the new sales input.

Table 12

Village Economic Impact - Household Spending

	Jobs	Earnings	Sales
Direct	4	$ 199,725	$ 561,680
Indirect	0	$ 9,023	$ 23,760
Induced	0	$ 13,855	$ 44,795
Total	**4**	**$ 222,603**	**$ 630,235**

Source: Lightcast, Camoin Associates

[7] Analysis uses the 34 zip codes that are predominantly located within the Town of Hempstead (see Attachment C).

IMPACTS OF ON-SITE EMPLOYMENT

The Applicant anticipates that 3 total jobs will be on-site within two years following Project completion (including the Superintendent who will spend wages locally). Since 100% of the housing units are considered net new to the town, 100% of the jobs are considered to be net new. The table below detail the impact that these 3 net new jobs will have on the Town of Hempstead (Table 13).

Table 13

Town Economic Impact - On-Site Operations

	Jobs	Earnings	Sales
Direct	3	$ 159,039	$ 543,420
Indirect	1	$ 82,263	$ 237,589
Induced	0	$ 34,634	$ 89,408
Total	**4**	**$ 275,936**	**$ 870,417**

Source: Lightcast, Camoin Associates

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

Table 14

Village Economic Impact - On-Site Operations

	Jobs	Earnings	Sales
Direct	3	$ 150,360	$ 513,763
Indirect	1	$ 24,526	$ 62,878
Induced	0	$ 5,270	$ 16,799
Total	**4**	**$ 180,156**	**$ 593,439**

Source: Lightcast, 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.

Table 15

Town Total Annual Economic Impact

	Jobs		Earnings		Sales
Direct	12	$	638,154	$	1,891,018
Indirect	3	$	199,700	$	561,654
Induced	1	$	152,923	$	393,414
Total	**16**	**$**	**990,778**	**$**	**2,846,086**

Source: Lightcast, Camoin Associates

Table 16 shows the complete annual economic impact of the Project on the Village of Freeport.

Table 16

Village Total Annual Economic Impact

	Jobs		Earnings		Sales
Direct	7	$	350,085	$	1,075,443
Indirect	1	$	33,549	$	86,638
Induced	0	$	19,125	$	61,594
Total	**8**	**$**	**402,759**	**$**	**1,223,675**

Source: Lightcast, Camoin Associates

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

FISCAL IMPACT ANALYSIS

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

PAYMENT IN LIEU OF TAXES (PILOT)

The Applicant has applied to the Agency for a Payment In Lieu of Taxes (PILOT) agreement. The Applicant has proposed a PILOT (30 years) 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.

Table 17

Tax Payments with PILOT

	Total	Portion of Payment by Jurisdiction			
Year	PILOT Payments	Town	County	School District	Village
1	$ 30,968	$ 203	$ 2,331	$ 17,752	$ 10,682
2	$ 30,968	$ 203	$ 2,331	$ 17,752	$ 10,682
3	$ 30,968	$ 203	$ 2,331	$ 17,752	$ 10,682
4	$ 124,829	$ 817	$ 9,396	$ 71,557	$ 43,058
5	$ 127,326	$ 833	$ 9,584	$ 72,989	$ 43,919
6	$ 129,872	$ 850	$ 9,776	$ 74,448	$ 44,798
7	$ 132,470	$ 867	$ 9,972	$ 75,938	$ 45,694
8	$ 135,119	$ 884	$ 10,171	$ 77,456	$ 46,607
9	$ 137,822	$ 902	$ 10,374	$ 79,006	$ 47,540
10	$ 140,578	$ 920	$ 10,582	$ 80,586	$ 48,490
11	$ 143,390	$ 939	$ 10,794	$ 82,197	$ 49,460
12	$ 146,257	$ 957	$ 11,009	$ 83,841	$ 50,449
13	$ 149,183	$ 976	$ 11,230	$ 85,518	$ 51,459
14	$ 152,166	$ 996	$ 11,454	$ 87,228	$ 52,488
15	$ 155,209	$ 1,016	$ 11,683	$ 88,973	$ 53,537
16	$ 158,314	$ 1,036	$ 11,917	$ 90,753	$ 54,608
17	$ 161,480	$ 1,057	$ 12,155	$ 92,567	$ 55,700
18	$ 164,710	$ 1,078	$ 12,398	$ 94,419	$ 56,814
19	$ 168,004	$ 1,100	$ 12,646	$ 96,307	$ 57,951
20	$ 171,364	$ 1,122	$ 12,899	$ 98,233	$ 59,110
21	$ 174,791	$ 1,144	$ 13,157	$ 100,198	$ 60,292
22	$ 178,287	$ 1,167	$ 13,420	$ 102,202	$ 61,498
23	$ 181,853	$ 1,190	$ 13,689	$ 104,246	$ 62,728
24	$ 185,490	$ 1,214	$ 13,963	$ 106,331	$ 63,982
25	$ 189,200	$ 1,238	$ 14,242	$ 108,458	$ 65,262
26	$ 192,983	$ 1,263	$ 14,527	$ 110,626	$ 66,567
27	$ 196,843	$ 1,288	$ 14,817	$ 112,839	$ 67,898
28	$ 200,780	$ 1,314	$ 15,114	$ 115,096	$ 69,256
29	$ 204,796	$ 1,341	$ 15,416	$ 117,398	$ 70,642
30	$ 208,892	$ 1,367	$ 15,724	$ 119,746	$ 72,054
Total	**$ 4,504,912**	**$ 29,487**	**$ 339,103**	**$ 2,582,414**	**$ 1,553,908**
Average	**$ 150,164**	**$ 983**	**$ 11,303**	**$ 86,080**	**$ 51,797**

Source: Town of Hempstead IDA, Camoin Associates

TAX POLICY COMPARISON

Without the Agency's preliminary inducement to provide financial assistance, Camoin Associates assumes the Applicant would not have acquired the Property and would not undertake the Project. Prior to the inducement the Site was owned by a church organization and no taxes were collected, meaning any taxes collected through the PILOT represent a new benefit to the jurisdiction.

Table 18 calculates the benefit to the affected taxing jurisdictions as the difference between the PILOT payments associated with the Project and the lack of property tax payments without the Project. The total benefit would be $4.5 million over the 30-year period.

Table 18

Tax Policy Comparison (All Jurisdictions)

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	$ -	$ 30,968	$ 30,968
2	$ -	$ 30,968	$ 30,968
3	$ -	$ 30,968	$ 30,968
4	$ -	$ 124,829	$ 124,829
5	$ -	$ 127,326	$ 127,326
6	$ -	$ 129,872	$ 129,872
7	$ -	$ 132,470	$ 132,470
8	$ -	$ 135,119	$ 135,119
9	$ -	$ 137,822	$ 137,822
10	$ -	$ 140,578	$ 140,578
11	$ -	$ 143,390	$ 143,390
12	$ -	$ 146,257	$ 146,257
13	$ -	$ 149,183	$ 149,183
14	$ -	$ 152,166	$ 152,166
15	$ -	$ 155,209	$ 155,209
16	$ -	$ 158,314	$ 158,314
17	$ -	$ 161,480	$ 161,480
18	$ -	$ 164,710	$ 164,710
19	$ -	$ 168,004	$ 168,004
20	$ -	$ 171,364	$ 171,364
21	$ -	$ 174,791	$ 174,791
22	$ -	$ 178,287	$ 178,287
23	$ -	$ 181,853	$ 181,853
24	$ -	$ 185,490	$ 185,490
25	$ -	$ 189,200	$ 189,200
26	$ -	$ 192,983	$ 192,983
27	$ -	$ 196,843	$ 196,843
28	$ -	$ 200,780	$ 200,780
29	$ -	$ 204,796	$ 204,796
30	$ -	$ 208,892	$ 208,892
Total	**$ -**	**$ 4,504,912**	**$ 4,504,912**
Average	**$ -**	**$ 150,164**	**$ 150,164**

Source: Town of Hempstead IDA, Camoin Associates

TOWN

Table 19 calculates the benefit to the Town. The Town would receive approximately $903 more in PILOT revenue annually than it would without the Project. The total benefit to the Town would be over $29,487 over the 30-year period.

Table 19

Tax Policy Comparison for Town

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	$ -	$ 203	$ 203
2	$ -	$ 203	$ 203
3	$ -	$ 203	$ 203
4	$ -	$ 817	$ 817
5	$ -	$ 833	$ 833
6	$ -	$ 850	$ 850
7	$ -	$ 867	$ 867
8	$ -	$ 884	$ 884
9	$ -	$ 902	$ 902
10	$ -	$ 920	$ 920
11	$ -	$ 939	$ 939
12	$ -	$ 957	$ 957
13	$ -	$ 976	$ 976
14	$ -	$ 996	$ 996
15	$ -	$ 1,016	$ 1,016
16	$ -	$ 1,036	$ 1,036
17	$ -	$ 1,057	$ 1,057
18	$ -	$ 1,078	$ 1,078
19	$ -	$ 1,100	$ 1,100
20	$ -	$ 1,122	$ 1,122
21	$ -	$ 1,144	$ 1,144
22	$ -	$ 1,167	$ 1,167
23	$ -	$ 1,190	$ 1,190
24	$ -	$ 1,214	$ 1,214
25	$ -	$ 1,238	$ 1,238
26	$ -	$ 1,263	$ 1,263
27	$ -	$ 1,288	$ 1,288
28	$ -	$ 1,314	$ 1,314
29	$ -	$ 1,341	$ 1,341
30	$ -	$ 1,367	$ 1,367
Total	**$ -**	**$ 29,487**	**$ 29,487**
Average	**$ -**	**$ 983**	**$ 983**

Source: Town of Hempstead IDA, Camoin Associates

COUNTY

Table 20 calculates the benefit to the County. The County would receive approximately $10,540 more in PILOT revenue annually than it would without the Project. The total benefit to the County would be over $263,506 over the 30-year period.

Table 20

Tax Policy Comparison for County

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	$ -	$ 2,331	$ 2,331
2	$ -	$ 2,331	$ 2,331
3	$ -	$ 2,331	$ 2,331
4	$ -	$ 9,396	$ 9,396
5	$ -	$ 9,584	$ 9,584
6	$ -	$ 9,776	$ 9,776
7	$ -	$ 9,972	$ 9,972
8	$ -	$ 10,171	$ 10,171
9	$ -	$ 10,374	$ 10,374
10	$ -	$ 10,582	$ 10,582
11	$ -	$ 10,794	$ 10,794
12	$ -	$ 11,009	$ 11,009
13	$ -	$ 11,230	$ 11,230
14	$ -	$ 11,454	$ 11,454
15	$ -	$ 11,683	$ 11,683
16	$ -	$ 11,917	$ 11,917
17	$ -	$ 12,155	$ 12,155
18	$ -	$ 12,398	$ 12,398
19	$ -	$ 12,646	$ 12,646
20	$ -	$ 12,899	$ 12,899
21	$ -	$ 13,157	$ 13,157
22	$ -	$ 13,420	$ 13,420
23	$ -	$ 13,689	$ 13,689
24	$ -	$ 13,963	$ 13,963
25	$ -	$ 14,242	$ 14,242
26	$ -	$ 14,527	$ 14,527
27	$ -	$ 14,817	$ 14,817
28	$ -	$ 15,114	$ 15,114
29	$ -	$ 15,416	$ 15,416
30	$ -	$ 15,724	$ 15,724
Total	**$ -**	**$ 263,506**	**$ 263,506**
Average	**$ -**	**$ 10,540**	**$ 10,540**

Source: Town of Hempstead IDA, Camoin Associates

SCHOOL DISTRICT

Table 21 calculates the benefit to the School District. The School District would receive approximately $86,080 more in PILOT revenue annually than it would without the Project. The total benefit to the School District would be over $2.5 million over the 30-year period.

Table 21

Tax Policy Comparison for School District

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	$ -	$ 17,752	$ 17,752
2	$ -	$ 17,752	$ 17,752
3	$ -	$ 17,752	$ 17,752
4	$ -	$ 71,557	$ 71,557
5	$ -	$ 72,989	$ 72,989
6	$ -	$ 74,448	$ 74,448
7	$ -	$ 75,938	$ 75,938
8	$ -	$ 77,456	$ 77,456
9	$ -	$ 79,006	$ 79,006
10	$ -	$ 80,586	$ 80,586
11	$ -	$ 82,197	$ 82,197
12	$ -	$ 83,841	$ 83,841
13	$ -	$ 85,518	$ 85,518
14	$ -	$ 87,228	$ 87,228
15	$ -	$ 88,973	$ 88,973
16	$ -	$ 90,753	$ 90,753
17	$ -	$ 92,567	$ 92,567
18	$ -	$ 94,419	$ 94,419
19	$ -	$ 96,307	$ 96,307
20	$ -	$ 98,233	$ 98,233
21	$ -	$ 100,198	$ 100,198
22	$ -	$ 102,202	$ 102,202
23	$ -	$ 104,246	$ 104,246
24	$ -	$ 106,331	$ 106,331
25	$ -	$ 108,458	$ 108,458
26	$ -	$ 110,626	$ 110,626
27	$ -	$ 112,839	$ 112,839
28	$ -	$ 115,096	$ 115,096
29	$ -	$ 117,398	$ 117,398
30	$ -	$ 119,746	$ 119,746
Total	**$ -**	**$ 2,582,414**	**$ 2,582,414**
Average	**$ -**	**$ 86,080**	**$ 86,080**

Source: Town of Hempstead IDA, Camoin Associates

VILLAGE

Table 22 calculates the benefit to the Village. The Village would receive approximately $51,797 more in PILOT revenue annually than it would without the Project. The total benefit to the Village would be over $1.5 million over the 30-year period.

Table 22

Tax Policy Comparison for Village

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	$ -	$ 10,682	$ 10,682
2	$ -	$ 10,682	$ 10,682
3	$ -	$ 10,682	$ 10,682
4	$ -	$ 43,058	$ 43,058
5	$ -	$ 43,919	$ 43,919
6	$ -	$ 44,798	$ 44,798
7	$ -	$ 45,694	$ 45,694
8	$ -	$ 46,607	$ 46,607
9	$ -	$ 47,540	$ 47,540
10	$ -	$ 48,490	$ 48,490
11	$ -	$ 49,460	$ 49,460
12	$ -	$ 50,449	$ 50,449
13	$ -	$ 51,459	$ 51,459
14	$ -	$ 52,488	$ 52,488
15	$ -	$ 53,537	$ 53,537
16	$ -	$ 54,608	$ 54,608
17	$ -	$ 55,700	$ 55,700
18	$ -	$ 56,814	$ 56,814
19	$ -	$ 57,951	$ 57,951
20	$ -	$ 59,110	$ 59,110
21	$ -	$ 60,292	$ 60,292
22	$ -	$ 61,498	$ 61,498
23	$ -	$ 62,728	$ 62,728
24	$ -	$ 63,982	$ 63,982
25	$ -	$ 65,262	$ 65,262
26	$ -	$ 66,567	$ 66,567
27	$ -	$ 67,898	$ 67,898
28	$ -	$ 69,256	$ 69,256
29	$ -	$ 70,642	$ 70,642
30	$ -	$ 72,054	$ 72,054
Total	**$ -**	**$ 1,553,908**	**$ 1,553,908**
Average	**$ -**	**$ 51,797**	**$ 51,797**

Source: Town of Hempstead IDA, Camoin Associates

OTHER EXEMPTIONS

There are additional benefits to working with the Agency including a one-time sales tax exemption on 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 23

Summary of Costs to Affected Jurisdictions

		State and County
Sales Tax Exemption	$	1,252,350
Mortgage Tax Exemption	$	253,768

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

Table 24

One-Time Sales Tax Revenue, Construction Phase

Total New Earnings	$	13,841,591
Amount Spent in County (70%)	$	9,689,113
Amount Taxable (25%)	$	2,422,278
Nassau County Sales Tax Revenue (4.25%)	**$**	**102,947**
New Town Sales Tax Revenue Portion*		0.375%
New Town Sales Tax Revenue	**$**	**9,084**

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.

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

SALES TAX REVENUE – NEW HOUSEHOLD SPENDING

As a result of the Project, the Town would receive sales tax revenue from the purchases made by the households. Table 25 displays the new sales tax revenue that the Town of Hempstead would receive annually based on in-town spending by new households.

Table 25

Annual Sales Tax Revenue, Household Spending

Total New Spending	$	1,975,669
Amount Taxable (30%)	$	592,701
Nassau County Sales Tax Revenue (4.25%)	**$**	**25,190**
New Town Sales Tax Revenue Portion*		0.375%
New Town Tax Revenue	**$**	**2,223**

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 26 displays the annual tax revenue that the Town will receive.

Table 26

Annual Sales Tax Revenue, On-Site Operations

Total New Earnings	$	275,936
Amount Spent in County (70%)	$	193,155
Amount Taxable (25%)	$	48,289
Nassau County Sales Tax Revenue (4.25%)	**$**	**2,052**
New Town Sales Tax Revenue Portion*		0.375%
New Town Tax Revenue	**$**	**181**

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 37.

Table 37

Total Annual Sales Tax Revenue

Household Spending	$	2,223
On-Site Operations	$	181
New Town Tax Revenue	**$**	**2,404**

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.

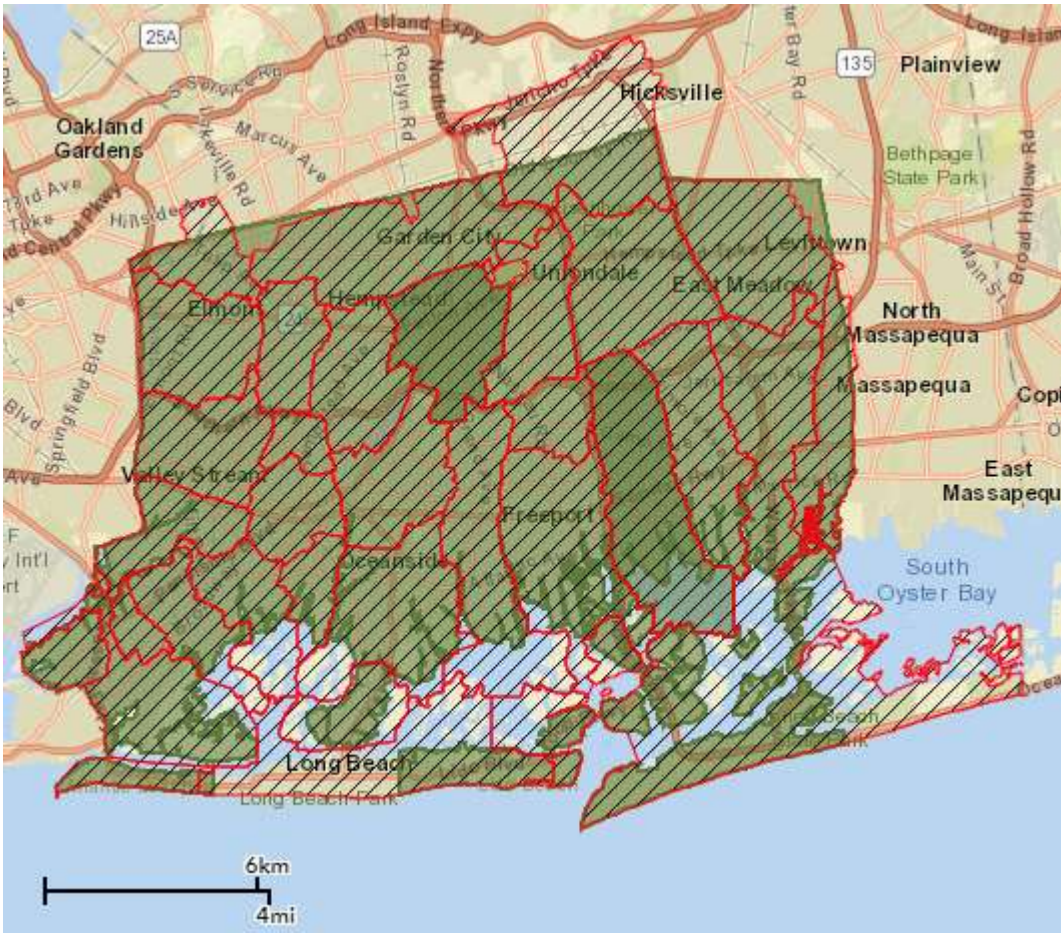
Our housing market research indicates that housing is heavily affected by demand, with households in different demographic groups seeking diverse housing price points and amenities. Our estimates of net new households take into consideration demographic and economic differences among renters, and price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



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** and on **Facebook**.

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