PREPARED FOR:

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

Economic and Fiscal Impact

CENTENNIAL HOLDINGS, LLC

Town of Hempstead
Industrial Development Agency

SEPTEMBER 27, 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 Centennial Holdings, LLC. The proposed project involves construction of a 24-unit residential apartment building at 1 Carnation Ave. Floral Park NY, 11001. 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 net 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:
Centennial Holdings, LLC Application for Assistance and the Town of Hempstead Industrial Development Agency

Geography:
Town of Hempstead

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 Centennial Holdings, LLC (the "Applicant") for the construction of a 24-unit residential apartment building (the "Project") at 1 Carnation Ave. Floral Park, NY 11001 (the "Site"). The development will consist of 12 1-bedroom units and 12 2-bedroom units, along with on-site parking and amenities. The Applicant is seeking a sales tax exemption, mortgage recording tax exemption, and a 20-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).

Camoin Associates conducted a market analysis and determined 79% of the units (or 19 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		7
Direct Jobs		5
Total Earnings	$	339,246
Direct Earnings	$	222,086
Annual Sales Tax Revenue to County	$	10,884
Annual Sales Tax Revenue to Town	$	960
Average Annual PILOT Payment	$	148,307
Average Annual PILOT Payment to Town	$	1,033
Average Annual PILOT Benefit	$	67,686
Average Annual PILOT Benefit to Town	$	471
Average Annual Net Benefit to Town	**$**	**1,432**

- The Project supports 7 total jobs in the town, with $339,246 in associated earnings. These figures include new jobs resulting from both maintenance and operation of the facility as well as economic activity that results from net new household spending.
- The Applicant has negotiated terms of a proposed PILOT agreement for a term of 20 years with the Agency, where the Applicant would pay an average of $148,307 each year, of which $1,033 will be allocated to the Town. The PILOT represents an average annual benefit to the Town of $471.
- Through negotiations with the Agency the Applicant could have access to a sales tax exemption valued at up to $517,500 and a mortgage recording tax exemption valued at up to $70,500. 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	$	517,500
Mortgage Tax Exemption	$	70,500

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 $9.3 million[1], of which 70%[2] is assumed to be sourced from within the town. This means that there will be over $6.5 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	$	9,292,387
Percent Sourced from Town		70%
Net New Constuction Spending	**$**	**6,504,671**

Source: Applicant, Camoin Associates

Based on over $6.5 million worth of net new direct spending associated with the construction phase of the Project, Camoin Associates determined that there would be over $8.3 million in total one-time construction related spending supporting 32[3] total jobs and an associated over $3.1 million in earnings over the construction period throughout the town. Table 4 outlines the economic impacts of construction.

[1] Includes project costs as provided by the Applicant, excluding acquisition, legal charges, and financial charges.

[2] According to Lightcast, approximately 70% of construction industry demand is met within the town.

[3] While the application indicated 30 direct construction jobs (21 from the Town of Hempstead based on 70% being sourced locally), based on the construction spending in region we found this number to be 23 direct construction jobs using the model with 32 total jobs as a result of the construction period.

Table 4

Town Economic Impact - Construction Phase

	Jobs		Earnings		Sales
Direct	23	$	2,505,789	$	6,504,671
Indirect	4	$	295,942	$	962,274
Induced	4	$	323,935	$	842,798
Total	**32**	**$**	**3,125,666**	**$**	**8,309,743**

Source: Lightcast, Camoin Associates

IMPACTS OF NEW HOUSEHOLD SPENDING

To determine the annual economic impact of the Project on the town, the first step is to calculate the number of households that can be considered "net new" to the town 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 24 market rate units. Camoin Associates conducted a rental demand analysis for the Project site and found that 79% of the units, or 19 units, are net new to the town (Table 5). This is based on a review of the data and an understanding of the proposed Project as detailed above.

Table 5

Net New Households

	Total Households	Percent Net New	Net New Households
Residential Units	24	79%	19
Total	**24**	**79%**	**19**

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 19 units will be market rate units, which are typically affordable to households making at least 150% of the area median income. The Town of Hempstead AMI is $122,805. Therefore, we will consider spending for tenants to be in the $150,000 to $199,999 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 these units have annual expenditures (excluding housing and utility costs) of $49,665.

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

[4] 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.

Table 6

Tenant Spending Basket
Residential Apartment Units ($150,000 to $199,999 Annual Household Income)

Category	Annual per Unit Spending Basket	Amount Spent in Town (60%)	Total Net New Town Spending (19 net new units)
Food	$ 11,002	$ 6,601	$ 125,423
Household furnishings and equipment	$ 4,042	$ 2,425	$ 46,079
Apparel and services	$ 2,276	$ 1,366	$ 25,946
Transportation	$ 14,404	$ 8,642	$ 164,206
Health care	$ 7,662	$ 4,597	$ 87,347
Entertainment	$ 5,236	$ 3,142	$ 59,690
Personal care products and services	$ 961	$ 577	$ 10,955
Education	$ 2,426	$ 1,456	$ 27,656
Miscellaneous	$ 1,656	$ 994	$ 18,878
Total Tenant Spending	**$ 49,665**	**$ 29,799**	**$ 566,181**

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 $566,181. We used the above spending basket amounts to calculate the direct, indirect, and total impact of the Project on the town.

Using $566,181 million as the new sales input, Camoin Associates employed Lightcast to determine the direct, indirect, induced, and total impact of the Project on the Town of Hempstead.[5] Table 7 outlines the findings of this analysis.

Table 7

Town Economic Impact - Household Spending

	Jobs	Earnings	Sales
Direct	4	$ 197,086	$ 566,181
Indirect	1	$ 48,867	$ 134,547
Induced	1	$ 49,347	$ 127,284
Total	**6**	**$ 295,300**	**$ 828,013**

Source: Lightcast, Camoin Associates

[5] 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 1 job (part-time) will be on-site within two years following Project completion. Since 79% of the housing units are considered net new to the town, 79% of the jobs are considered to be net new. The table below detail the impact that this job will have on the Town of Hempstead (Table 8).

Table 8

Town Economic Impact - On-Site Operations

	Jobs	Earnings	Sales
Direct	1	$ 25,000	$ 90,309
Indirect	0	$ 13,199	$ 38,540
Induced	0	$ 5,746	$ 14,870
Total	**1**	**$ 43,946**	**$ 143,719**

Source: Lightcast, Camoin Associates

TOTAL ANNUAL ECONOMIC IMPACT

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

Table 9

Town Total Annual Economic Impact

	Jobs	Earnings	Sales
Direct	5	$ 222,086	$ 656,490
Indirect	1	$ 62,067	$ 173,087
Induced	1	$ 55,093	$ 142,154
Total	**7**	**$ 339,246**	**$ 971,732**

Source: Lightcast, Camoin Associates

FISCAL IMPACT ANALYSIS

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

PAYMENT IN LIEU OF TAXES (PILOT)

The Applicant has applied to the Agency for a Payment In Lieu of Taxes (PILOT) agreement. The Applicant has proposed a PILOT (20 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.[6]

Table 10

Tax Payments with PILOT

	Total	Portion of Payment by Jurisdiction			
Year	PILOT Payments	Town	County	School District	Special Districts
1	$ 53,711	$ 374	$ 4,540	$ 31,282	$ 17,515
2	$ 53,711	$ 374	$ 4,540	$ 31,282	$ 17,515
3	$ 53,711	$ 374	$ 4,540	$ 31,282	$ 17,515
4	$ 80,000	$ 557	$ 6,762	$ 46,593	$ 26,087
5	$ 95,000	$ 662	$ 8,030	$ 55,329	$ 30,979
6	$ 110,000	$ 766	$ 9,298	$ 64,066	$ 35,870
7	$ 120,000	$ 836	$ 10,143	$ 69,890	$ 39,131
8	$ 130,000	$ 905	$ 10,989	$ 75,714	$ 42,392
9	$ 140,000	$ 975	$ 11,834	$ 81,538	$ 45,653
10	$ 150,000	$ 1,045	$ 12,679	$ 87,362	$ 48,914
11	$ 160,000	$ 1,114	$ 13,525	$ 93,186	$ 52,175
12	$ 170,000	$ 1,184	$ 14,370	$ 99,010	$ 55,436
13	$ 180,000	$ 1,254	$ 15,215	$ 104,835	$ 58,697
14	$ 190,000	$ 1,323	$ 16,060	$ 110,659	$ 61,958
15	$ 200,000	$ 1,393	$ 16,906	$ 116,483	$ 65,219
16	$ 205,000	$ 1,428	$ 17,328	$ 119,395	$ 66,849
17	$ 210,000	$ 1,463	$ 17,751	$ 122,307	$ 68,480
18	$ 215,000	$ 1,497	$ 18,174	$ 125,219	$ 70,110
19	$ 220,000	$ 1,532	$ 18,596	$ 128,131	$ 71,740
20	$ 230,000	$ 1,602	$ 19,441	$ 133,955	$ 75,001
Total	**$ 2,966,133**	**$ 20,658**	**$ 250,722**	**$ 1,727,517**	**$ 967,235**
Average	**$ 148,307**	**$ 1,033**	**$ 12,536**	**$ 86,376**	**$ 48,362**

Source: Town of Hempstead IDA, Camoin Associates

[6] 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.

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 Without Project*	Portion of Payment by Jurisdiction			
		Town	County	School District	Special Districts
1	$ 66,361	$ 462	$ 5,609	$ 38,650	$ 21,640
2	$ 67,689	$ 471	$ 5,722	$ 39,423	$ 22,073
3	$ 69,042	$ 481	$ 5,836	$ 40,211	$ 22,514
4	$ 70,423	$ 490	$ 5,953	$ 41,016	$ 22,965
5	$ 71,832	$ 500	$ 6,072	$ 41,836	$ 23,424
6	$ 73,268	$ 510	$ 6,193	$ 42,673	$ 23,892
7	$ 74,734	$ 521	$ 6,317	$ 43,526	$ 24,370
8	$ 76,228	$ 531	$ 6,443	$ 44,397	$ 24,858
9	$ 77,753	$ 542	$ 6,572	$ 45,284	$ 25,355
10	$ 79,308	$ 552	$ 6,704	$ 46,190	$ 25,862
11	$ 80,894	$ 563	$ 6,838	$ 47,114	$ 26,379
12	$ 82,512	$ 575	$ 6,975	$ 48,056	$ 26,907
13	$ 84,162	$ 586	$ 7,114	$ 49,017	$ 27,445
14	$ 85,846	$ 598	$ 7,256	$ 49,998	$ 27,994
15	$ 87,563	$ 610	$ 7,402	$ 50,998	$ 28,554
16	$ 89,314	$ 622	$ 7,550	$ 52,018	$ 29,125
17	$ 91,100	$ 634	$ 7,701	$ 53,058	$ 29,707
18	$ 92,922	$ 647	$ 7,855	$ 54,119	$ 30,301
19	$ 94,781	$ 660	$ 8,012	$ 55,202	$ 30,907
20	$ 96,676	$ 673	$ 8,172	$ 56,306	$ 31,525
Total	**$ 1,612,410**	**$ 11,230**	**$ 136,294**	**$ 939,090**	**$ 525,796**
Average	**$ 80,620**	**$ 562**	**$ 6,815**	**$ 46,954**	**$ 26,290**

Source: Town of Hempstead IDA, Camoin Associates

*Note: Assumes an average annual increase of 2.00%

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. There is $67,686 more in PILOT revenue received annually than property taxes that would be received without the Project. The total benefit would be over $1.3 million over the 20-year period.

Table 12

Tax Policy Comparison (All Jurisdictions)

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	$ 66,361	$ 53,711	$ (12,650)
2	$ 67,689	$ 53,711	$ (13,978)
3	$ 69,042	$ 53,711	$ (15,331)
4	$ 70,423	$ 80,000	$ 9,577
5	$ 71,832	$ 95,000	$ 23,168
6	$ 73,268	$ 110,000	$ 36,732
7	$ 74,734	$ 120,000	$ 45,266
8	$ 76,228	$ 130,000	$ 53,772
9	$ 77,753	$ 140,000	$ 62,247
10	$ 79,308	$ 150,000	$ 70,692
11	$ 80,894	$ 160,000	$ 79,106
12	$ 82,512	$ 170,000	$ 87,488
13	$ 84,162	$ 180,000	$ 95,838
14	$ 85,846	$ 190,000	$ 104,154
15	$ 87,563	$ 200,000	$ 112,437
16	$ 89,314	$ 205,000	$ 115,686
17	$ 91,100	$ 210,000	$ 118,900
18	$ 92,922	$ 215,000	$ 122,078
19	$ 94,781	$ 220,000	$ 125,219
20	$ 96,676	$ 230,000	$ 133,324
Total	**$ 1,612,410**	**$ 2,966,133**	**$ 1,353,723**
Average	**$ 80,620**	**$ 148,307**	**$ 67,686**

Source: Town of Hempstead IDA, Camoin Associates

TOWN

Table 13 calculates the benefit (or cost) to the Town. The Town would receive approximately $471 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Town would be over $9,428 over the 20-year period.

Table 13

Tax Policy Comparison for Town

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	$ 462	$ 374	$ (88)
2	$ 471	$ 374	$ (97)
3	$ 481	$ 374	$ (107)
4	$ 490	$ 557	$ 67
5	$ 500	$ 662	$ 161
6	$ 510	$ 766	$ 256
7	$ 521	$ 836	$ 315
8	$ 531	$ 905	$ 375
9	$ 542	$ 975	$ 434
10	$ 552	$ 1,045	$ 492
11	$ 563	$ 1,114	$ 551
12	$ 575	$ 1,184	$ 609
13	$ 586	$ 1,254	$ 667
14	$ 598	$ 1,323	$ 725
15	$ 610	$ 1,393	$ 783
16	$ 622	$ 1,428	$ 806
17	$ 634	$ 1,463	$ 828
18	$ 647	$ 1,497	$ 850
19	$ 660	$ 1,532	$ 872
20	$ 673	$ 1,602	$ 929
Total	**$ 11,230**	**$ 20,658**	**$ 9,428**
Average	**$ 562**	**$ 1,033**	**$ 471**

Source: Town of Hempstead IDA, Camoin Associates

COUNTY

Table 14 calculates the benefit (or cost) to the County. The County would receive approximately $5,721 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the County would be over $114,428 over the 20-year period.

Table 14

Tax Policy Comparison for County

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	$ 5,609	$ 4,540	$ (1,069)
2	$ 5,722	$ 4,540	$ (1,182)
3	$ 5,836	$ 4,540	$ (1,296)
4	$ 5,953	$ 6,762	$ 809
5	$ 6,072	$ 8,030	$ 1,958
6	$ 6,193	$ 9,298	$ 3,105
7	$ 6,317	$ 10,143	$ 3,826
8	$ 6,443	$ 10,989	$ 4,545
9	$ 6,572	$ 11,834	$ 5,262
10	$ 6,704	$ 12,679	$ 5,975
11	$ 6,838	$ 13,525	$ 6,687
12	$ 6,975	$ 14,370	$ 7,395
13	$ 7,114	$ 15,215	$ 8,101
14	$ 7,256	$ 16,060	$ 8,804
15	$ 7,402	$ 16,906	$ 9,504
16	$ 7,550	$ 17,328	$ 9,779
17	$ 7,701	$ 17,751	$ 10,050
18	$ 7,855	$ 18,174	$ 10,319
19	$ 8,012	$ 18,596	$ 10,585
20	$ 8,172	$ 19,441	$ 11,270
Total	**$ 136,294**	**$ 250,722**	**$ 114,428**
Average	**$ 6,815**	**$ 12,536**	**$ 5,721**

Source: Town of Hempstead IDA, Camoin Associates

SCHOOL DISTRICT

Table 15 calculates the benefit (or cost) to the school district. The school district would receive approximately $39,421 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the school district would be over $788,427 over the 20-year period.

Table 15

Tax Policy Comparison for School District

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	$ 38,650	$ 31,282	$ (7,368)
2	$ 39,423	$ 31,282	$ (8,141)
3	$ 40,211	$ 31,282	$ (8,929)
4	$ 41,016	$ 46,593	$ 5,578
5	$ 41,836	$ 55,329	$ 13,493
6	$ 42,673	$ 64,066	$ 21,393
7	$ 43,526	$ 69,890	$ 26,364
8	$ 44,397	$ 75,714	$ 31,317
9	$ 45,284	$ 81,538	$ 36,253
10	$ 46,190	$ 87,362	$ 41,172
11	$ 47,114	$ 93,186	$ 46,072
12	$ 48,056	$ 99,010	$ 50,954
13	$ 49,017	$ 104,835	$ 55,817
14	$ 49,998	$ 110,659	$ 60,661
15	$ 50,998	$ 116,483	$ 65,485
16	$ 52,018	$ 119,395	$ 67,377
17	$ 53,058	$ 122,307	$ 69,249
18	$ 54,119	$ 125,219	$ 71,100
19	$ 55,202	$ 128,131	$ 72,930
20	$ 56,306	$ 133,955	$ 77,650
Total	**$ 939,090**	**$ 1,727,517**	**$ 788,427**
Average	**$ 46,954**	**$ 86,376**	**$ 39,421**

Source: Town of Hempstead IDA, Camoin Associates

VILLAGE

Table 16 calculates the benefit (or cost) to the village. The village would receive approximately $22,072 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the village would be over $441,440 over the 20-year period.

Table 16

Tax Policy Comparison for the Village

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	$ 21,640	$ 17,515	$ (4,125)
2	$ 22,073	$ 17,515	$ (4,558)
3	$ 22,514	$ 17,515	$ (4,999)
4	$ 22,965	$ 26,087	$ 3,123
5	$ 23,424	$ 30,979	$ 7,555
6	$ 23,892	$ 35,870	$ 11,978
7	$ 24,370	$ 39,131	$ 14,761
8	$ 24,858	$ 42,392	$ 17,535
9	$ 25,355	$ 45,653	$ 20,298
10	$ 25,862	$ 48,914	$ 23,052
11	$ 26,379	$ 52,175	$ 25,796
12	$ 26,907	$ 55,436	$ 28,529
13	$ 27,445	$ 58,697	$ 31,252
14	$ 27,994	$ 61,958	$ 33,964
15	$ 28,554	$ 65,219	$ 36,665
16	$ 29,125	$ 66,849	$ 37,724
17	$ 29,707	$ 68,480	$ 38,772
18	$ 30,301	$ 70,110	$ 39,809
19	$ 30,907	$ 71,740	$ 40,833
20	$ 31,525	$ 75,001	$ 43,476
Total	**$ 525,796**	**$ 967,235**	**$ 441,440**
Average	**$ 26,290**	**$ 48,362**	**$ 22,072**

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 17

Summary of Costs to Affected Jurisdictions

		State and County
Sales Tax Exemption	$	517,500
Mortgage Tax Exemption	$	70,500

Source: Applicant, Camoin Associates

The additional incentives offered by the Agency will benefit the Applicant but will not negatively affect the taxing jurisdictions because, without the Project, the Town by definition would not be receiving any associated sales tax or mortgage tax revenue.

SALES TAX REVENUE

SALES TAX REVENUE – CONSTRUCTION PHASE

The one-time construction phase earnings described by the total economic impact of the construction work (described in the above section) would lead to additional sales tax revenue for the Town. It is assumed that 70%[7] of the construction phase earnings would be spent within the county and that 25% of those purchases would be taxable.

Table 18

One-Time Sales Tax Revenue, Construction Phase

Total New Earnings	$	3,125,666
Amount Spent in County (70%)	$	2,187,966
Amount Taxable (25%)	$	546,992
Nassau County Sales Tax Revenue (4.25%)	**$**	**23,247**
New Town Sales Tax Revenue Portion*		0.375%
New Town Sales Tax Revenue	**$**	**2,051**

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.

[7] 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 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	$	828,013
Amount Taxable (30%)	$	248,404
Nassau County Sales Tax Revenue (4.25%)	**$**	**10,557**
New Town Sales Tax Revenue Portion*		0.375%
New Town Tax Revenue	**$**	**932**

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	$	43,946
Amount Spent in County (70%)	$	30,762
Amount Taxable (25%)	$	7,690
Nassau County Sales Tax Revenue (4.25%)	**$**	**327**
New Town Sales Tax Revenue Portion*		0.375%
New Town Tax Revenue	**$**	**29**

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

TOTAL ANNUAL SALES TAX REVENUE

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

Table 21

Total Annual Sales Tax Revenue		
Household Spending	$	932
On-Site Operations	$	29
New Town Tax Revenue	**$**	**960**

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.

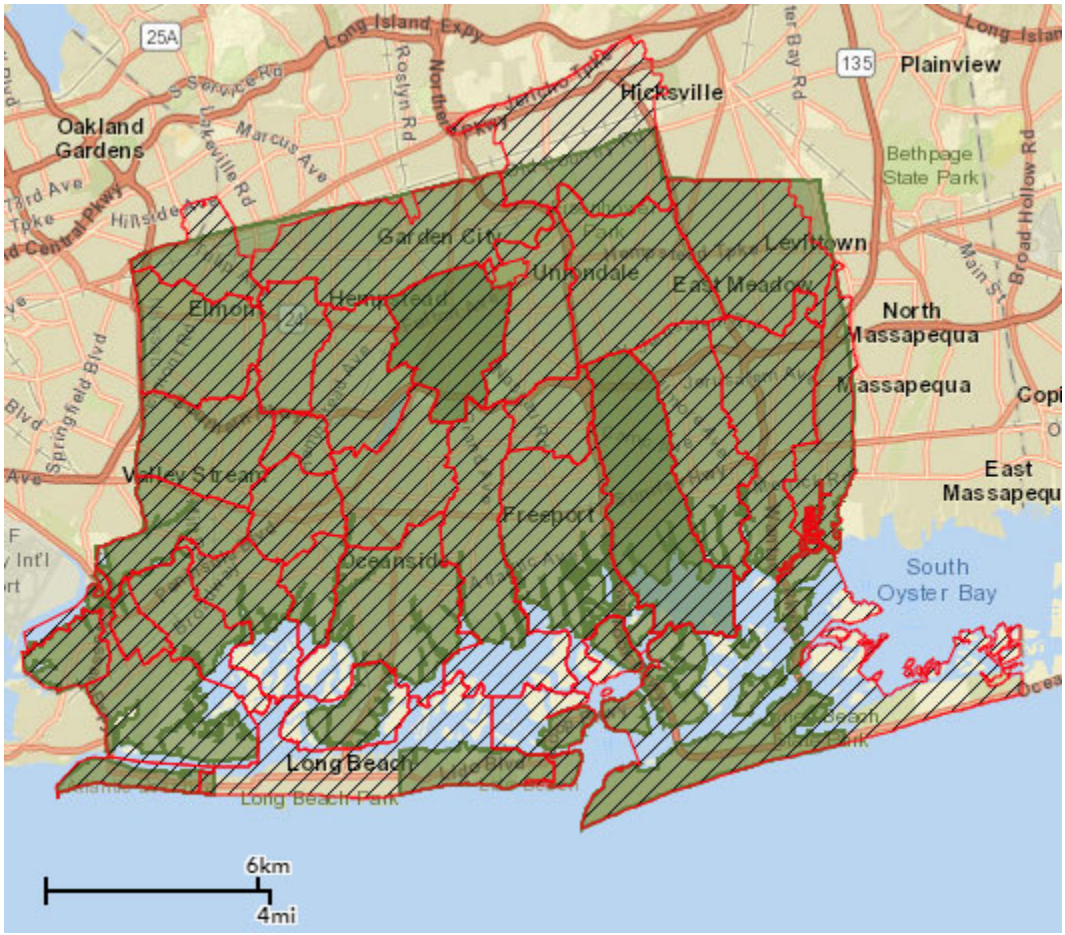
Our housing market research indicates that housing is heavily affected by demand, with households in different demographic groups seeking diverse housing price points and amenities. Our estimates of net new households take into consideration demographic and economic differences among renters, and price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