

PREPARED FOR:

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

Economic and Fiscal Impact

THE HILLCREST OF FLORAL PARK, LLC

Town of Hempstead
Industrial Development Agency

MARCH 11, 2024

PREPARED BY:

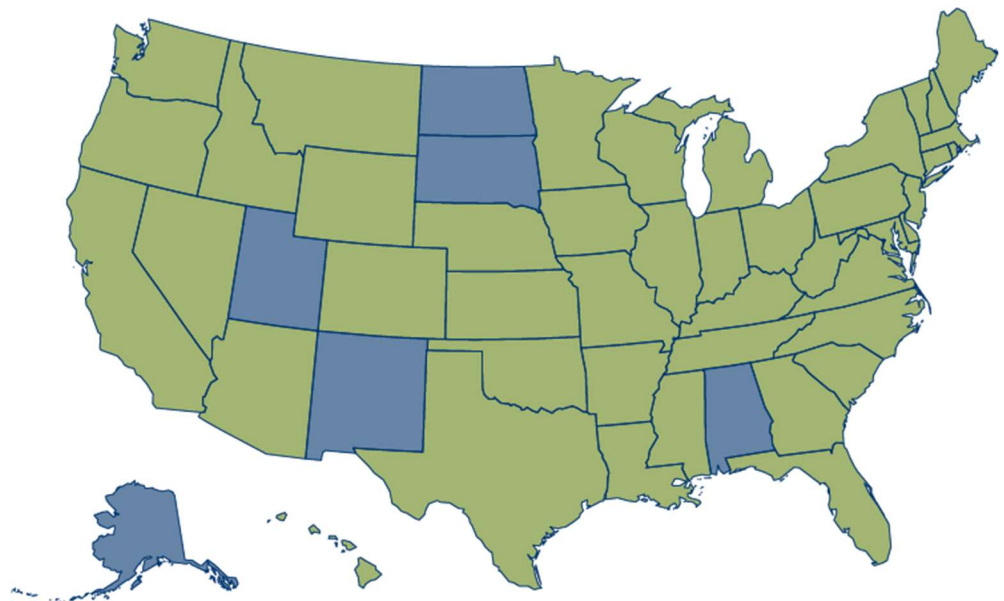


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Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and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

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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 The Hillcrest of Floral Park, LLC. The proposed project involves construction of a 12-unit apartment building with 100% of units designated as market-rate at 41-61 Covert Avenue, Floral Park, New York 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 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:

The Hillcrest of Floral Park, 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 The Hillcrest of Floral Park, LLC (the "Applicant") for the construction of a 12-unit residential rental building consisting of 10 one-bedroom units and 2 two-bedroom units, and 6,679 sf of rentable commercial space (the "Project") at 41-61 Covert Avenue, Floral Park, New York 11001 (the "Site"). 100% of units will be designated as market-rate. The Applicant is seeking a 20-year PILOT agreement from the Agency. The Agency commissioned Camoin Associates to conduct an economic and limited fiscal impact analysis of the Project on the Town of Hempstead (the "Town").

Camoin Associates conducted a market analysis and determined that 79% of the units (or 9 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	6
Direct Jobs	5
Total Earnings	\$ 355,028
Direct Earnings	\$ 215,624
Annual Sales Tax Revenue to County	\$ 6,460
Annual Sales Tax Revenue to Town	\$ 570
Average Annual PILOT Payment	\$ 88,813
Average Annual PILOT Payment to Town	\$ 3,393
Average Annual PILOT Benefit	\$ 31,855
Average Annual PILOT Benefit to Town	\$ 1,217
Average Annual Benefit (Cost) to Town of Project with PILOT compared to No Project	\$ 1,217
Average Annual Benefit (Cost) to Town of Project with PILOT compared to Project Without PILOT	\$ (3,256)

- ◆ The Project would support 6 net new jobs in the town, with over \$355,028 in associated earnings. These figures include net new jobs resulting from both maintenance and operation of the facility as well as economic activity that results from new household spending.
- ◆ The Applicant has negotiated terms of a proposed 20-year PILOT agreement with the Agency, where the applicant would pay an average of \$88,813 each year, of which \$3,393 will be allocated to the Town.
- ◆ The annual net benefit to the Town is estimated to be \$1,787. In this case, this is the sum of the average annual PILOT benefit to the Town and new annual sales tax revenue to the Town.
- ◆ If the Project were to occur without a PILOT the Town would receive \$3,256 more per year than with the PILOT.
- ◆ Through negotiations with the Agency the Applicant could have access to a sales tax exemption valued at up to \$448,500 and a mortgage recording tax exemption valued at up to \$45,000. 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.

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 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 on the Town of Hempstead as a result of Project construction, operation, and spending by new tenant households.

CONSTRUCTION PHASE IMPACTS

The Applicant estimates that private sector investment in the construction of the Project would cost approximately \$8.075 million¹, of which 70%² would be sourced from within the town. This means that there will be nearly \$5.65 million in net new spending in the town associated with the construction phase of the Project.

Table 2

Construction Phase Spending - Town	
Total Construction Cost	\$ 8,075,000
Percent Sourced from Town	70%
Net New Constuction Spending	\$ 5,652,500

Source: Applicant, Camoin Associates

Based on nearly \$5.65 million worth of net new direct spending associated with the construction phase of the Project, Camoin Associates determined that there would be nearly \$6.89 million in total one-time construction related spending supporting 27³ jobs and an associated nearly \$2.56 million in earnings over the construction period throughout the town. Table 3 outlines the economic impacts of construction.

Table 3

Town Economic Impact - Construction Phase				
	Jobs		Earnings	Sales
Direct	20	\$	2,142,409	\$ 5,652,500
Indirect	4	\$	256,959	\$ 815,544
Induced	3	\$	165,359	\$ 426,579
Total	27	\$	2,564,726	\$ 6,894,622

Source: Lightcast, Camoin Associates

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

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

³ Based the total construction costs and county level spending, our analysis found there to be an estimated 20 direct jobs, higher than the 15 FTE construction jobs mentioned in the application.

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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 jurisdiction 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 12 units, with 100% (or 12 units) designated as market-rate. Camoin Associates conducted a rental demand analysis for the Project site and found that 79% of the market-rate and affordable units, or 9 units, are net new to the town (Table 4). This is based on a review of the data and an understanding of the proposed Project as detailed above.

Table 4

Net New Households

	Total Households	Percent Net New	Net New Households
Market-Rate Units	12	79%	9
Total	12	79%	9

Source: Lightcast, 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 net new market-rate units will be available to households in the \$100,000 to \$150,000 annual household income spending basket, the spending basket that most closely resembles likely tenants, per the Bureau of Labor Statistics’ 2022 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 2022 Consumer Expenditure Survey, households in market-rate units have annual expenditures (excluding housing and utility costs) of \$45,942.

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

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Table 5

Tenant Spending Basket**Market-Rate Units (\$100,000 to \$150,000 Annual Household Income)**

Category	Annual per Unit Spending Basket		Amount Spent in Town (60%)		Total Net New Town Spending (9 net new units)
Food	\$	9,336	\$	5,602	\$ 52,917
Household furnishings and equipment	\$	3,210	\$	1,926	\$ 18,195
Apparel and services	\$	2,429	\$	1,457	\$ 13,768
Transportation	\$	16,215	\$	9,729	\$ 91,908
Health care	\$	7,099	\$	4,259	\$ 40,238
Entertainment	\$	3,946	\$	2,368	\$ 22,366
Personal care products and services	\$	1,038	\$	623	\$ 5,883
Education	\$	1,399	\$	839	\$ 7,930
Miscellaneous	\$	1,270	\$	762	\$ 7,198
Total Tenant Spending	\$	45,942	\$	27,565	\$ 260,403

Source: 2022 Consumer Expenditure Survey, Bureau of Labor Statistics

The total net new spending in the town was calculated by multiplying the amount spent in each region by the number of net new units. As shown in the table above, spending in the town by all new households would total \$260,403. We used the above spending basket amounts to calculate the direct, indirect, and total impact of the Project on the town.

Using \$260,403 as the new sales input, Camoin Associates used Lightcast to determine the indirect, induced, and total impact of the Project on the Town of Hempstead.⁵ Table 6 outlines the findings of this analysis.

Table 6

Town Economic Impact - Household Spending

	Jobs		Earnings		Sales
Direct	2	\$	89,224	\$	260,403
Indirect	0	\$	22,748	\$	60,022
Induced	0	\$	22,350	\$	57,462
Total	2	\$	134,321	\$	377,886

Source: Lightcast, Camoin Associates

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

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IMPACTS OF ON-SITE EMPLOYMENT

According to the Applicant, four (4) jobs will be on-site following Project completion. Since 79% of the housing units are considered net new to the town, 79% of the jobs, or three jobs (due to rounding), are considered to be net new. The table below detail the impact that these jobs will have on the Town of Hempstead (Table 7).

Table 7

Town Economic Impact - On-Site Operations

	Jobs	Earnings	Sales
Direct	3 \$	126,400 \$	453,969
Indirect	1 \$	67,221 \$	186,463
Induced	0 \$	27,087 \$	69,673
Total	4 \$	220,707 \$	710,104

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 8.

Table 8

Town Total Annual Economic Impact

	Jobs	Earnings	Sales
Direct	5 \$	215,624 \$	714,371
Indirect	1 \$	89,968 \$	246,485
Induced	0 \$	49,436 \$	127,134
Total	6 \$	355,028 \$	1,087,990

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 20-year PILOT payment schedule based on the current tax rate, taxable value, and assessed value of the Project. Based on the terms of the PILOT as proposed, Camoin Associates calculated the potential impact on the affected jurisdictions.⁶

Table 9

Tax Payments with PILOT

Year	Total		Portion of Payment by Jurisdiction				Village
	PILOT Payments		Town	County	School District		
1	\$ 45,756	\$	1,748	\$ 1,615	\$ 25,297	\$	17,096
2	\$ 45,756	\$	1,748	\$ 1,615	\$ 25,297	\$	17,096
3	\$ 45,756	\$	1,748	\$ 1,615	\$ 25,297	\$	17,096
4	\$ 50,000	\$	1,910	\$ 1,765	\$ 27,643	\$	18,682
5	\$ 52,000	\$	1,987	\$ 1,836	\$ 28,749	\$	19,429
6	\$ 56,000	\$	2,140	\$ 1,977	\$ 30,960	\$	20,923
7	\$ 60,000	\$	2,292	\$ 2,118	\$ 33,172	\$	22,418
8	\$ 65,000	\$	2,484	\$ 2,294	\$ 35,936	\$	24,286
9	\$ 68,000	\$	2,598	\$ 2,400	\$ 37,595	\$	25,407
10	\$ 73,000	\$	2,789	\$ 2,577	\$ 40,359	\$	27,275
11	\$ 75,000	\$	2,866	\$ 2,647	\$ 41,465	\$	28,022
12	\$ 85,000	\$	3,248	\$ 3,000	\$ 46,993	\$	31,759
13	\$ 95,000	\$	3,630	\$ 3,353	\$ 52,522	\$	35,495
14	\$ 105,000	\$	4,012	\$ 3,706	\$ 58,051	\$	39,231
15	\$ 115,000	\$	4,394	\$ 4,059	\$ 63,579	\$	42,968
16	\$ 125,000	\$	4,776	\$ 4,412	\$ 69,108	\$	46,704
17	\$ 135,000	\$	5,158	\$ 4,765	\$ 74,636	\$	50,440
18	\$ 145,000	\$	5,540	\$ 5,118	\$ 80,165	\$	54,176
19	\$ 160,000	\$	6,113	\$ 5,648	\$ 88,458	\$	59,781
20	\$ 175,000	\$	6,686	\$ 6,177	\$ 96,751	\$	65,385
Total	\$ 1,776,269	\$	67,867	\$ 62,701	\$ 982,031	\$	663,669
Average	\$ 88,813	\$	3,393	\$ 3,135	\$ 49,102	\$	33,183
Present Value*	\$ 857,672	\$	32,770	\$ 30,275	\$ 474,174	\$	320,453

Source: Town of Hempstead IDA, Camoin Associates

***Note:** Assumes a 6.25% discount rate.

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

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TAX POLICY COMPARISON

Without financial assistance from the Agency, Camoin Associates assumes the Applicant would not undertake the Project. Table 10 displays the property tax payment associated with the Project.

Table 10

Tax Payments without Project

Year	Total		Portion of Payment by Jurisdiction			
	Property Tax Payment Without Project**		Town	County	School District	Village
1	\$	46,884	\$	1,791	\$	17,517
2	\$	47,822	\$	1,827	\$	17,868
3	\$	48,778	\$	1,864	\$	18,225
4	\$	49,754	\$	1,901	\$	18,590
5	\$	50,749	\$	1,939	\$	18,961
6	\$	51,764	\$	1,978	\$	19,341
7	\$	52,799	\$	2,017	\$	19,727
8	\$	53,855	\$	2,058	\$	20,122
9	\$	54,932	\$	2,099	\$	20,524
10	\$	56,031	\$	2,141	\$	20,935
11	\$	57,152	\$	2,184	\$	21,354
12	\$	58,295	\$	2,227	\$	21,781
13	\$	59,461	\$	2,272	\$	22,216
14	\$	60,650	\$	2,317	\$	22,661
15	\$	61,863	\$	2,364	\$	23,114
16	\$	63,100	\$	2,411	\$	23,576
17	\$	64,362	\$	2,459	\$	24,048
18	\$	65,649	\$	2,508	\$	24,529
19	\$	66,962	\$	2,558	\$	25,019
20	\$	68,302	\$	2,610	\$	25,520
Total	\$	1,139,165	\$	43,525	\$	425,627
Average	\$	56,958	\$	2,176	\$	21,281
Present Value*	\$	615,560	\$	23,519	\$	229,992

Source: Town of Hempstead IDA, Camoin Associates

***Note:** Assumes a 6.25% discount rate.

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The following table calculates the property tax payments that would be made assuming the Project occurs, but no PILOT is received. This is simply for illustrative purposes as it is assumed that without financial assistance, the Project would not be completed.

Table 11

Tax Payments with Project without PILOT

Year	Total		Portion of Payment by Jurisdiction							
	Property Tax Payment		Town	County	School District	Village				
	Without Project**									
1	\$	143,255	\$	5,473	\$	5,057	\$	79,200	\$	53,524
2	\$	146,120	\$	5,583	\$	5,158	\$	80,784	\$	54,595
3	\$	149,043	\$	5,695	\$	5,261	\$	82,400	\$	55,687
4	\$	152,023	\$	5,808	\$	5,366	\$	84,048	\$	56,801
5	\$	155,064	\$	5,925	\$	5,474	\$	85,729	\$	57,937
6	\$	158,165	\$	6,043	\$	5,583	\$	87,443	\$	59,095
7	\$	161,328	\$	6,164	\$	5,695	\$	89,192	\$	60,277
8	\$	164,555	\$	6,287	\$	5,809	\$	90,976	\$	61,483
9	\$	167,846	\$	6,413	\$	5,925	\$	92,796	\$	62,712
10	\$	171,203	\$	6,541	\$	6,043	\$	94,652	\$	63,967
11	\$	174,627	\$	6,672	\$	6,164	\$	96,545	\$	65,246
12	\$	178,120	\$	6,806	\$	6,288	\$	98,476	\$	66,551
13	\$	181,682	\$	6,942	\$	6,413	\$	100,445	\$	67,882
14	\$	185,316	\$	7,080	\$	6,542	\$	102,454	\$	69,240
15	\$	189,022	\$	7,222	\$	6,672	\$	104,503	\$	70,624
16	\$	192,802	\$	7,367	\$	6,806	\$	106,593	\$	72,037
17	\$	196,658	\$	7,514	\$	6,942	\$	108,725	\$	73,478
18	\$	200,592	\$	7,664	\$	7,081	\$	110,899	\$	74,947
19	\$	204,603	\$	7,817	\$	7,222	\$	113,117	\$	76,446
20	\$	208,695	\$	7,974	\$	7,367	\$	115,380	\$	77,975
Total	\$	3,480,720	\$	132,990	\$	122,867	\$	1,924,357	\$	1,300,504
Average	\$	174,036	\$	6,650	\$	6,143	\$	96,218	\$	65,025
Present Value*	\$	1,880,846	\$	71,863	\$	66,393	\$	1,039,848	\$	702,742

Source: Town of Hempstead IDA, Camoin Associates

***Note:** Assumes a 6.25% discount rate.

****Note:** Assumes an average annual increase of 2.00%

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Table 12 calculates the benefit (or cost) to the affected taxing jurisdictions as the difference between the PILOT payments associated with the Project and the property tax payments without the Project. Nearly \$31,860 more in PILOT revenue will be received annually than property taxes that would be received without the Project. The total benefit would be \$637,104 over the 20-year period. The Applicant will pay \$85,223 less on average per year under the PILOT compared to paying full taxes on the final development.

Table 12

Tax Policy Comparison (All Jurisdictions)

	A	B	C			
Year	Property Tax Payment Without Project	PILOT Payment	Property Tax Payment With Project and No PILOT	Benefit (Cost) of Project to Municipalities (B-A)	Benefit (Cost) of PILOT to Applicant (C-B)	
1	\$ 46,884	\$ 45,756	\$ 143,255	\$ (1,128)	\$ 97,499	
2	\$ 47,822	\$ 45,756	\$ 146,120	\$ (2,066)	\$ 100,364	
3	\$ 48,778	\$ 45,756	\$ 149,043	\$ (3,022)	\$ 103,286	
4	\$ 49,754	\$ 50,000	\$ 152,023	\$ 246	\$ 102,023	
5	\$ 50,749	\$ 52,000	\$ 155,064	\$ 1,251	\$ 103,064	
6	\$ 51,764	\$ 56,000	\$ 158,165	\$ 4,236	\$ 102,165	
7	\$ 52,799	\$ 60,000	\$ 161,328	\$ 7,201	\$ 101,328	
8	\$ 53,855	\$ 65,000	\$ 164,555	\$ 11,145	\$ 99,555	
9	\$ 54,932	\$ 68,000	\$ 167,846	\$ 13,068	\$ 99,846	
10	\$ 56,031	\$ 73,000	\$ 171,203	\$ 16,969	\$ 98,203	
11	\$ 57,152	\$ 75,000	\$ 174,627	\$ 17,848	\$ 99,627	
12	\$ 58,295	\$ 85,000	\$ 178,120	\$ 26,705	\$ 93,120	
13	\$ 59,461	\$ 95,000	\$ 181,682	\$ 35,539	\$ 86,682	
14	\$ 60,650	\$ 105,000	\$ 185,316	\$ 44,350	\$ 80,316	
15	\$ 61,863	\$ 115,000	\$ 189,022	\$ 53,137	\$ 74,022	
16	\$ 63,100	\$ 125,000	\$ 192,802	\$ 61,900	\$ 67,802	
17	\$ 64,362	\$ 135,000	\$ 196,658	\$ 70,638	\$ 61,658	
18	\$ 65,649	\$ 145,000	\$ 200,592	\$ 79,351	\$ 55,592	
19	\$ 66,962	\$ 160,000	\$ 204,603	\$ 93,038	\$ 44,603	
20	\$ 68,302	\$ 175,000	\$ 208,695	\$ 106,698	\$ 33,695	
Total	\$ 1,139,165	\$ 1,776,269	\$ 3,480,720	\$ 637,104	\$ 1,704,451	
Average	\$ 56,958	\$ 88,813	\$ 174,036	\$ 31,855	\$ 85,223	
Present Value*	\$ 615,560	\$ 857,672	\$ 1,880,846	\$ 242,111	\$ 1,023,174	

Source: Town of Hempstead IDA, Camoin Associates

***Note:** Assumes 6.25% discount rate.

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TOWN

Table 13 calculates the benefit (or cost) to the Town. The Town would receive approximately \$1,217 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Town would be \$24,342 over the 20-year period.

Table 13

Tax Policy Comparison for Town

	A		B		C	
Year	Property Tax Payment Without Project	PILOT Payment	Property Tax Payment With Project and No PILOT	Benefit (Cost) of Project to Municipalities (B-A)	Benefit (Cost) of PILOT to Applicant (C-B)	
1	\$ 1,791	\$ 1,748	\$ 5,473	\$ (43)	\$ 3,725	
2	\$ 1,827	\$ 1,748	\$ 5,583	\$ (79)	\$ 3,835	
3	\$ 1,864	\$ 1,748	\$ 5,695	\$ (115)	\$ 3,946	
4	\$ 1,901	\$ 1,910	\$ 5,808	\$ 9	\$ 3,898	
5	\$ 1,939	\$ 1,987	\$ 5,925	\$ 48	\$ 3,938	
6	\$ 1,978	\$ 2,140	\$ 6,043	\$ 162	\$ 3,903	
7	\$ 2,017	\$ 2,292	\$ 6,164	\$ 275	\$ 3,872	
8	\$ 2,058	\$ 2,484	\$ 6,287	\$ 426	\$ 3,804	
9	\$ 2,099	\$ 2,598	\$ 6,413	\$ 499	\$ 3,815	
10	\$ 2,141	\$ 2,789	\$ 6,541	\$ 648	\$ 3,752	
11	\$ 2,184	\$ 2,866	\$ 6,672	\$ 682	\$ 3,807	
12	\$ 2,227	\$ 3,248	\$ 6,806	\$ 1,020	\$ 3,558	
13	\$ 2,272	\$ 3,630	\$ 6,942	\$ 1,358	\$ 3,312	
14	\$ 2,317	\$ 4,012	\$ 7,080	\$ 1,695	\$ 3,069	
15	\$ 2,364	\$ 4,394	\$ 7,222	\$ 2,030	\$ 2,828	
16	\$ 2,411	\$ 4,776	\$ 7,367	\$ 2,365	\$ 2,591	
17	\$ 2,459	\$ 5,158	\$ 7,514	\$ 2,699	\$ 2,356	
18	\$ 2,508	\$ 5,540	\$ 7,664	\$ 3,032	\$ 2,124	
19	\$ 2,558	\$ 6,113	\$ 7,817	\$ 3,555	\$ 1,704	
20	\$ 2,610	\$ 6,686	\$ 7,974	\$ 4,077	\$ 1,287	
Total	\$ 43,525	\$ 67,867	\$ 132,990	\$ 24,342	\$ 65,123	
Average	\$ 2,176	\$ 3,393	\$ 6,650	\$ 1,217	\$ 3,256	
Present Value*	\$ 23,519	\$ 32,770	\$ 71,863	\$ 9,251	\$ 39,093	

Source: Town of Hempstead IDA, Camoin Associates

***Note:** Assumes 6.25% discount rate.

CAMOIN ASSOCIATES

COUNTY

Table 14 calculates the benefit (or cost) to the County. The County would receive approximately \$1,124 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the County would be \$22,489 over the 20-year period.

Table 14

Tax Policy Comparison for County

	A		B		C			
Year	Property Tax Payment Without Project		PILOT Payment		Property Tax Payment With Project and No PILOT		Benefit (Cost) of Project to Municipalities (B-A)	Benefit (Cost) of PILOT to Applicant (C-B)
1	\$	1,655	\$	1,615	\$	5,057	\$ (40)	\$ 3,442
2	\$	1,688	\$	1,615	\$	5,158	\$ (73)	\$ 3,543
3	\$	1,722	\$	1,615	\$	5,261	\$ (107)	\$ 3,646
4	\$	1,756	\$	1,765	\$	5,366	\$ 9	\$ 3,601
5	\$	1,791	\$	1,836	\$	5,474	\$ 44	\$ 3,638
6	\$	1,827	\$	1,977	\$	5,583	\$ 150	\$ 3,606
7	\$	1,864	\$	2,118	\$	5,695	\$ 254	\$ 3,577
8	\$	1,901	\$	2,294	\$	5,809	\$ 393	\$ 3,514
9	\$	1,939	\$	2,400	\$	5,925	\$ 461	\$ 3,525
10	\$	1,978	\$	2,577	\$	6,043	\$ 599	\$ 3,467
11	\$	2,017	\$	2,647	\$	6,164	\$ 630	\$ 3,517
12	\$	2,058	\$	3,000	\$	6,288	\$ 943	\$ 3,287
13	\$	2,099	\$	3,353	\$	6,413	\$ 1,255	\$ 3,060
14	\$	2,141	\$	3,706	\$	6,542	\$ 1,566	\$ 2,835
15	\$	2,184	\$	4,059	\$	6,672	\$ 1,876	\$ 2,613
16	\$	2,227	\$	4,412	\$	6,806	\$ 2,185	\$ 2,393
17	\$	2,272	\$	4,765	\$	6,942	\$ 2,493	\$ 2,177
18	\$	2,317	\$	5,118	\$	7,081	\$ 2,801	\$ 1,962
19	\$	2,364	\$	5,648	\$	7,222	\$ 3,284	\$ 1,574
20	\$	2,411	\$	6,177	\$	7,367	\$ 3,766	\$ 1,189
Total	\$	40,212	\$	62,701	\$	122,867	\$ 22,489	\$ 60,166
Average	\$	2,011	\$	3,135	\$	6,143	\$ 1,124	\$ 3,008
Present Value*	\$	21,729	\$	30,275	\$	66,393	\$ 8,546	\$ 36,117

Source: Town of Hempstead IDA, Camoin Associates

***Note:** Assumes 6.25% discount rate.

CAMOIN ASSOCIATES

SCHOOL DISTRICT

Table 15 calculates the benefit (or cost) to the school district. The school district would receive approximately \$17,621 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the school district would be \$352,230 over the 20-year period.

Table 15

Tax Policy Comparison for School District

	A		B		C	
Year	Property Tax Payment Without Project	PILOT Payment	Property Tax Payment With Project and No PILOT	Benefit (Cost) of Project to Municipalities (B-A)	Benefit (Cost) of PILOT to Applicant (C-B)	
1	\$ 25,921	\$ 25,297	\$ 79,200	\$ (624)	\$ 53,903	
2	\$ 26,439	\$ 25,297	\$ 80,784	\$ (1,142)	\$ 55,487	
3	\$ 26,968	\$ 25,297	\$ 82,400	\$ (1,671)	\$ 57,103	
4	\$ 27,507	\$ 27,643	\$ 84,048	\$ 136	\$ 56,405	
5	\$ 28,057	\$ 28,749	\$ 85,729	\$ 692	\$ 56,980	
6	\$ 28,618	\$ 30,960	\$ 87,443	\$ 2,342	\$ 56,483	
7	\$ 29,191	\$ 33,172	\$ 89,192	\$ 3,981	\$ 56,021	
8	\$ 29,775	\$ 35,936	\$ 90,976	\$ 6,161	\$ 55,040	
9	\$ 30,370	\$ 37,595	\$ 92,796	\$ 7,225	\$ 55,201	
10	\$ 30,977	\$ 40,359	\$ 94,652	\$ 9,381	\$ 54,293	
11	\$ 31,597	\$ 41,465	\$ 96,545	\$ 9,868	\$ 55,080	
12	\$ 32,229	\$ 46,993	\$ 98,476	\$ 14,764	\$ 51,482	
13	\$ 32,874	\$ 52,522	\$ 100,445	\$ 19,648	\$ 47,923	
14	\$ 33,531	\$ 58,051	\$ 102,454	\$ 24,520	\$ 44,403	
15	\$ 34,202	\$ 63,579	\$ 104,503	\$ 29,378	\$ 40,924	
16	\$ 34,886	\$ 69,108	\$ 106,593	\$ 34,222	\$ 37,485	
17	\$ 35,583	\$ 74,636	\$ 108,725	\$ 39,053	\$ 34,089	
18	\$ 36,295	\$ 80,165	\$ 110,899	\$ 43,870	\$ 30,734	
19	\$ 37,021	\$ 88,458	\$ 113,117	\$ 51,437	\$ 24,660	
20	\$ 37,761	\$ 96,751	\$ 115,380	\$ 58,990	\$ 18,629	
Total	\$ 629,801	\$ 982,031	\$ 1,924,357	\$ 352,230	\$ 942,326	
Average	\$ 31,490	\$ 49,102	\$ 96,218	\$ 17,612	\$ 47,116	
Present Value*	\$ 340,320	\$ 474,174	\$ 1,039,848	\$ 133,854	\$ 565,674	

Source: Town of Hempstead IDA, Camoin Associates

***Note:** Assumes 6.25% discount rate.

CAMOIN ASSOCIATES

VILLAGE

Table 16 calculates the benefit (or cost) to the village. The village would receive approximately \$11,902 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the special districts would be \$238,042 over the 20-year period.

Table 16

Tax Policy Comparison for Village

	A	B	C			
Year	Property Tax Payment Without Project	PILOT Payment	Property Tax Payment With Project and No PILOT	Benefit (Cost) of Project to Municipalities (B-A)	Benefit (Cost) of PILOT to Applicant (C-B)	
1	\$ 17,517	\$ 17,096	\$ 53,524	\$ (421)	\$ 36,429	
2	\$ 17,868	\$ 17,096	\$ 54,595	\$ (772)	\$ 37,499	
3	\$ 18,225	\$ 17,096	\$ 55,687	\$ (1,129)	\$ 38,591	
4	\$ 18,590	\$ 18,682	\$ 56,801	\$ 92	\$ 38,119	
5	\$ 18,961	\$ 19,429	\$ 57,937	\$ 467	\$ 38,508	
6	\$ 19,341	\$ 20,923	\$ 59,095	\$ 1,583	\$ 38,172	
7	\$ 19,727	\$ 22,418	\$ 60,277	\$ 2,690	\$ 37,859	
8	\$ 20,122	\$ 24,286	\$ 61,483	\$ 4,164	\$ 37,197	
9	\$ 20,524	\$ 25,407	\$ 62,712	\$ 4,882	\$ 37,306	
10	\$ 20,935	\$ 27,275	\$ 63,967	\$ 6,340	\$ 36,692	
11	\$ 21,354	\$ 28,022	\$ 65,246	\$ 6,669	\$ 37,224	
12	\$ 21,781	\$ 31,759	\$ 66,551	\$ 9,978	\$ 34,792	
13	\$ 22,216	\$ 35,495	\$ 67,882	\$ 13,279	\$ 32,387	
14	\$ 22,661	\$ 39,231	\$ 69,240	\$ 16,571	\$ 30,008	
15	\$ 23,114	\$ 42,968	\$ 70,624	\$ 19,854	\$ 27,657	
16	\$ 23,576	\$ 46,704	\$ 72,037	\$ 23,128	\$ 25,333	
17	\$ 24,048	\$ 50,440	\$ 73,478	\$ 26,393	\$ 23,037	
18	\$ 24,529	\$ 54,176	\$ 74,947	\$ 29,648	\$ 20,771	
19	\$ 25,019	\$ 59,781	\$ 76,446	\$ 34,762	\$ 16,665	
20	\$ 25,520	\$ 65,385	\$ 77,975	\$ 39,866	\$ 12,590	
Total	\$ 425,627	\$ 663,669	\$ 1,300,504	\$ 238,042	\$ 636,836	
Average	\$ 21,281	\$ 33,183	\$ 65,025	\$ 11,902	\$ 31,842	
Present Value*	\$ 229,992	\$ 320,453	\$ 702,742	\$ 90,460	\$ 382,289	

Source: Town of Hempstead IDA, Camoin Associates

***Note:** Assumes 6.25% discount rate.

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OTHER EXEMPTIONS

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

Table 17

Summary of Costs to Affected Jurisdictions

	State and County	
Sales Tax Exemption	\$	448,500
Mortgage Tax Exemption	\$	45,000

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	\$	2,564,726
Amount Spent in County (70%)	\$	1,795,308
Amount Taxable (25%)	\$	448,827
Nassau County Sales Tax Revenue (4.25%)	\$	19,075
New Town Sales Tax Revenue Portion*		0.375%
New Town Sales Tax Revenue	\$	1,683

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.

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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	\$	377,886
Amount Taxable (30%)	\$	113,366
Nassau County Sales Tax Revenue (4.25%)	\$	4,818
New Town Sales Tax Revenue Portion*		0.375%
New Town Tax Revenue	\$	425

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	\$	220,707
Amount Spent in County (70%)	\$	154,495
Amount Taxable (25%)	\$	38,624
Nassau County Sales Tax Revenue (4.25%)	\$	1,642
New Town Sales Tax Revenue Portion*		0.375%
New Town Tax Revenue	\$	145

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	\$	425
On-Site Operations	\$	145
New Town Tax Revenue	\$	570

Source: Town of Hempstead IDA, Camoin Associates

ATTACHMENT A: WHAT IS ECONOMIC IMPACT ANALYSIS?

The purpose of conducting an economic impact study is to ascertain the total cumulative changes in employment, earnings and output in a given economy due to some initial “change in final demand”. To understand the meaning of “change in final demand”, consider the installation of a new widget manufacturer in Anytown, USA. The widget manufacturer sells \$1 million worth of its widgets per year exclusively to consumers in Canada. Therefore, the annual change in final demand in the United States is \$1 million because dollars are flowing in from outside the United States and are therefore “new” dollars in the economy.

This change in final demand translates into the first round of buying and selling that occurs in an economy. For example, the widget manufacturer must buy its inputs of production (electricity, steel, etc.), must lease or purchase property and pay its workers. This first round is commonly referred to as the “Direct Effects” of the change in final demand and is the basis of additional rounds of buying and selling described below.

To continue this example, the widget manufacturer’s vendors (the supplier of electricity and the supplier of steel) will enjoy additional output (i.e. sales) that will sustain their businesses and cause them to make additional purchases in the economy. The steel producer will need more pig iron and the electric company will purchase additional power from generation entities. In this second round, some of those additional purchases will be made in the US economy and some will “leak out”. What remains will cause a third round (with leakage) and a fourth (and so on) in ever-diminishing rounds of industry-to-industry purchases. Finally, the widget manufacturer has employees who will naturally spend their wages. Again, those wages spent will either be for local goods and services or will “leak” out of the economy. The purchases of local goods and services will then stimulate other local economic activity. Together, these effects are referred to as the “Indirect Effects” of the change in final demand.

Therefore, the total economic impact resulting from the new widget manufacturer is the initial \$1 million of new money (i.e. Direct Effects) flowing in the US economy, plus the Indirect Effects. The ratio of Total Effects to Direct Effects is called the “multiplier effect” and is often reported as a dollar-of-impact per dollar-of-change. Therefore, a multiplier of 2.4 means that for every dollar (\$1) of change in final demand, an additional \$1.40 of indirect economic activity occurs for a total of \$2.40.

Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the “local economy” is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider the impact of the widget manufacturer on the entire North American continent, it would have to conclude that the change in final demand is zero and therefore the economic impact is zero. This is because the \$1 million of widgets being purchased by Canadians is not causing total North American demand to increase by \$1 million. Presumably, those Canadian purchasers will have \$1 million less to spend on other items and the effects of additional widget production will be cancelled out by a commensurate reduction in the purchases of other goods and services.

Changes in final demand, and therefore Direct Effects, can occur in a number of circumstances. The above example is easiest to understand: the effect of a manufacturer producing locally but selling globally. If, however, 100% of domestic demand for a good is being met by foreign suppliers (say, DVD players being imported into the US from Korea and Japan), locating a manufacturer of DVD players in the US will cause a change in final demand because all of those dollars currently leaving the US economy will instead remain. A situation can be envisioned whereby a producer is serving both local and foreign demand, and an impact analysis would have to be careful in calculating how many “new” dollars the producer would be causing to occur domestically.

ATTACHMENT B: CALCULATING NET NEW HOUSEHOLDS

“Net new” households that move into a geography because of the availability of desired housing contribute to that geography’s economy in measurable ways. Estimating the number of net new households, the households that would not otherwise live in the geography, is therefore a critical task for an economic and fiscal impact analysis for a project that includes housing.

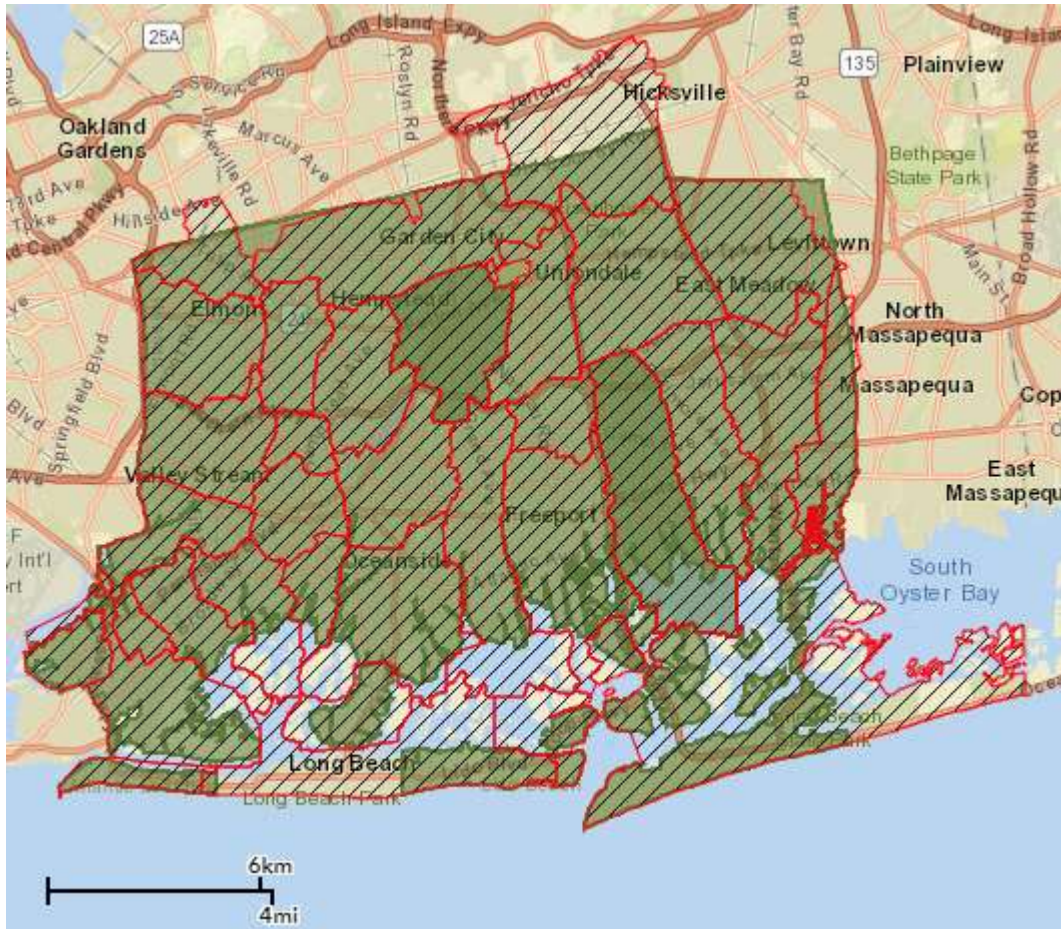
Our housing market research indicates that housing is heavily affected by demand, with households in different demographic groups seeking diverse housing price points and amenities. Our estimates of net new households take into consideration demographic and economic differences among renters, and price points among units offered, identifying the existence and size of a housing gap (where more units are demanded than are available) or surplus (where there is oversupply) in the market segment to be served by the proposed project. Generally, where there is a significant housing gap outside the geography but within a reasonable distance for relocation, a project will draw a larger proportion of net new households into that geography. Each project may therefore have a different expectation for net new households, depending on price point, age restriction if any, and location.

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

1. Identify *where* households are likely to come from. We expect that renters for a new project would consider housing within a reasonable driving time from their current location, creating a “renter-shed” for a new project. Households that are within the drive time but outside of the study area are net new.
2. Identify the existing rental housing supply at different price points. Using data from Esri, we identify rental housing units in the study area by price point and calculate the minimum household income expected to be necessary to afford rent by price range.
3. Identify the number of households at different income levels. We analyze households by income group and rental behavior to estimate an “implied number renting” for different income groups.
4. Calculate net housing surplus or gap by price point. Rental housing supply and rental housing demand is compared to calculate a “net gap,” indicating excess demand for the project, or a “net surplus.” To estimate net new households for a project, the net gap in the study area is compared to the net gap in the drive time.

ATTACHMENT C: STUDY AREAS

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



Leading action to grow your economy

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