

PREPARED FOR:

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

Economic and Fiscal Impact

B2K AT LYNBROOK, LLC

Town of Hempstead
Industrial Development Agency

MAY 10, 2024

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 B2K at Lynbrook, LLC. The proposed project is to renovate a current four-story assisted living facility (90,388 square feet with 122 assisted living units), common areas, and above-ground parking on 1 acre of land at 8 Freer Street Lynbrook, NY 11563. This analysis aims to provide a complete assessment of the project's total economic, employment, and tax impact on the Town of Hempstead that results from the site's renovation.

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 called 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.

STUDY INFORMATION

Data Source:
B2K at Lynbrook 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 B2K at Lynbrook, LLC (the "Applicant") for the renovation of a 90,388 sf, 122-unit assisted senior living facility consisting of forty-two (42) friendship suites, forty-eight (48) suites, twenty-nine (29) one-bedroom, and three (3) studio units as well as above ground parking (the "Project") at 8 Freer Street, Lynbrook, New York 11563 (the "Site"). The project will consist of common area renovation, including but not limited to new flooring, painting, millwork, trim, furnishings, appliances, kitchen equipment, light fixtures, and tiling. The common bathrooms will receive new tiling and plumbing fixtures, while the units will get new paint and carpet. The parking garage will get new roofing, railings, striping, fireproofing, landscaping, perimeter wall replacement, and lighting upgrades. The Applicant is seeking a 15-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").

The proposed renovation will not result in additional units or employment at the Site. As the Site is operational and expected to operate in the same capacity after renovation, there will be no net new units or onsite employment resulting from the renovation. The only impacts to be tracked are the renovation phase and the fiscal impacts of the pilot. 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	
Average Annual PILOT Payment	\$ 703,612
Average Annual PILOT Payment to Town	\$ 4,135
Average Annual PILOT Benefit (Cost)	\$ 703,612
Average Annual PILOT Benefit (Cost) to Town	\$ 4,135
Average Annual Benefit (Cost) to Town of Project with PILOT compared to No Project	\$ 4,135
Average Annual Benefit (Cost) to Town of Project with PILOT compared to Project Without PILOT	\$ 38

- ◆ The Applicant has negotiated terms of a proposed 20-year PILOT agreement with the Agency, where the Applicant would pay an average of \$703,612 each year, of which \$4,135 will be allocated to the Town.
- ◆ The annual net benefit to the Town is estimated to be \$4,135. In this case, this is the sum of the average annual PILOT benefit to the Town.
- ◆ If the Project were to occur without a PILOT the Town would receive \$38 less per year than with the PILOT.
- ◆ Through negotiations with the Agency, the Applicant could access a sales tax exemption valued at up to \$329,677 and a mortgage tax exemption of \$267,000. However, assuming 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 renovation, 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 renovation.

RENOVATION PHASE IMPACTS

The Applicant estimates that private sector investment in the renovation of the Project would cost \$7.3 million¹, of which 70%² would be sourced from within the town. This means there will be nearly \$3.6 million in net new spending in the town associated with the renovation phase of the Project.

Table 2

Renovation Phase Spending - Town

Total Renovation Cost	\$	7,300,000
Percent Sourced from Town		70%
Net New Renovation Spending	\$	3,567,522

Source: Applicant, Camoin Associates

Based on \$3.567 million worth of net new direct spending associated with the renovation phase of the Project, Camoin Associates determined that there would be \$4.351 million in total one-time renovation-related spending supporting 25 jobs and an associated \$1.622 million in earnings throughout the town's renovation period. Table 3 outlines the economic impacts of renovation.

Table 3

Town Economic Impact - Renovation Phase

	Jobs	Earnings	Sales
Direct	21 \$	1,355,738 \$	3,567,522
Indirect	2 \$	161,843 \$	513,895
Induced	2 \$	104,675 \$	270,016
Total	25 \$	1,622,256 \$	4,351,433

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 renovation industry demand is met within the town.

IMPACTS OF NEW HOUSEHOLD SPENDING

Based on our understanding of the application, the facility is currently operational with a total of 122 units. Based on the proposed renovation, no additional units will be added and therefore no net new households generating economic impact.

IMPACTS OF ON-SITE EMPLOYMENT

Based on our understanding of the application, the facility is currently operational with 68 on-site employees. Based on the proposed renovation, no additional jobs will be added. Additionally, as the site is currently operational and, regardless of the renovation, will continue operating, there are no calculated impacts annual impacts from on-site employment.

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 proposed terms of the PILOT, Camoin Associates calculated the potential impact on the affected jurisdictions.³

Table 4

Tax Payments with PILOT

Year	Total		Portion of Payment by Jurisdiction			
	PILOT Payments		Town	County	School District	Village
1	\$ 39,598	\$	214	\$ 6,272	\$ 33,111	\$ 4,087
2	\$ 39,598	\$	214	\$ 6,272	\$ 33,111	\$ 4,087
3	\$ 39,598	\$	214	\$ 6,272	\$ 33,111	\$ 4,087
4	\$ 65,000	\$	352	\$ 10,296	\$ 54,352	\$ 6,708
5	\$ 67,500	\$	365	\$ 10,692	\$ 56,443	\$ 6,966
6	\$ 70,000	\$	379	\$ 11,088	\$ 58,533	\$ 7,224
7	\$ 90,000	\$	487	\$ 14,256	\$ 75,257	\$ 9,289
8	\$ 100,000	\$	541	\$ 15,840	\$ 83,619	\$ 10,321
9	\$ 110,000	\$	595	\$ 17,424	\$ 91,981	\$ 11,353
10	\$ 120,000	\$	649	\$ 19,008	\$ 100,342	\$ 12,385
11	\$ 125,000	\$	676	\$ 19,800	\$ 104,523	\$ 12,901
12	\$ 130,000	\$	704	\$ 20,592	\$ 108,704	\$ 13,417
13	\$ 135,000	\$	731	\$ 21,384	\$ 112,885	\$ 13,933
14	\$ 140,000	\$	758	\$ 22,176	\$ 117,066	\$ 14,449
15	\$ 145,000	\$	785	\$ 22,968	\$ 121,247	\$ 14,965
16	\$ 150,000	\$	812	\$ 23,760	\$ 125,428	\$ 15,481
17	\$ 155,000	\$	839	\$ 24,552	\$ 129,609	\$ 15,997
18	\$ 160,000	\$	866	\$ 25,344	\$ 133,790	\$ 16,513
19	\$ 170,000	\$	920	\$ 26,928	\$ 142,152	\$ 17,545
20	\$ 180,000	\$	974	\$ 28,512	\$ 150,514	\$ 18,577
Total	\$ 2,231,294	\$	12,075	\$ 353,439	\$ 1,865,780	\$ 230,283
Average	\$ 111,565	\$	604	\$ 17,672	\$ 93,289	\$ 11,514
Present Value*	\$ 1,084,334	\$	5,868	\$ 171,760	\$ 906,706	\$ 111,910

Source: Town of Hempstead IDA, Camoin Associates

*Note: Assumes a 6.25% discount rate.

³ 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.

CAMOIN ASSOCIATES

TAX POLICY COMPARISON

Without financial assistance from the Agency, Camoin Associates assumes the Applicant would not undertake the Project. Table 5 displays the property tax payment without the Project as the building is currently gutted and partially demolished.

Table 5

Tax Payments without Project

Year	Total		Portion of Payment by Jurisdiction			
	Property Tax Payment	Without Project**	Town	County	School District	Village
1	\$	39,598	\$ 214	\$ 6,272	\$ 33,111	\$ 4,087
2	\$	40,390	\$ 219	\$ 6,398	\$ 33,774	\$ 4,168
3	\$	41,198	\$ 223	\$ 6,526	\$ 34,449	\$ 4,252
4	\$	42,022	\$ 227	\$ 6,656	\$ 35,138	\$ 4,337
5	\$	42,862	\$ 232	\$ 6,789	\$ 35,841	\$ 4,424
6	\$	43,719	\$ 237	\$ 6,925	\$ 36,558	\$ 4,512
7	\$	44,594	\$ 241	\$ 7,064	\$ 37,289	\$ 4,602
8	\$	45,486	\$ 246	\$ 7,205	\$ 38,035	\$ 4,694
9	\$	46,395	\$ 251	\$ 7,349	\$ 38,795	\$ 4,788
10	\$	47,323	\$ 256	\$ 7,496	\$ 39,571	\$ 4,884
11	\$	48,270	\$ 261	\$ 7,646	\$ 40,363	\$ 4,982
12	\$	49,235	\$ 266	\$ 7,799	\$ 41,170	\$ 5,081
13	\$	50,220	\$ 272	\$ 7,955	\$ 41,993	\$ 5,183
14	\$	51,224	\$ 277	\$ 8,114	\$ 42,833	\$ 5,287
15	\$	52,249	\$ 283	\$ 8,276	\$ 43,690	\$ 5,392
16	\$	53,294	\$ 288	\$ 8,442	\$ 44,564	\$ 5,500
17	\$	54,360	\$ 294	\$ 8,611	\$ 45,455	\$ 5,610
18	\$	55,447	\$ 300	\$ 8,783	\$ 46,364	\$ 5,722
19	\$	56,556	\$ 306	\$ 8,958	\$ 47,291	\$ 5,837
20	\$	57,687	\$ 312	\$ 9,138	\$ 48,237	\$ 5,954
Total	\$	962,127	\$ 5,207	\$ 152,402	\$ 804,519	\$ 99,297
Average	\$	48,106	\$ 260	\$ 7,620	\$ 40,226	\$ 4,965
Present Value*	\$	519,896	\$ 2,813	\$ 82,352	\$ 434,731	\$ 53,656

Source: Town of Hempstead IDA, Camoin Associates

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

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

CAMOIN ASSOCIATES

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 6

Tax Payments with Project without PILOT

Year	Total		Portion of Payment by Jurisdiction			
	Property Tax Payment	Without Project**	Town	County	School District	Village
1	\$	174,187	\$ 943	\$ 27,591	\$ 145,653	\$ 17,977
2	\$	177,671	\$ 961	\$ 28,143	\$ 148,566	\$ 18,337
3	\$	181,224	\$ 981	\$ 28,706	\$ 151,537	\$ 18,703
4	\$	184,849	\$ 1,000	\$ 29,280	\$ 154,568	\$ 19,077
5	\$	188,546	\$ 1,020	\$ 29,866	\$ 157,659	\$ 19,459
6	\$	192,317	\$ 1,041	\$ 30,463	\$ 160,813	\$ 19,848
7	\$	196,163	\$ 1,062	\$ 31,072	\$ 164,029	\$ 20,245
8	\$	200,086	\$ 1,083	\$ 31,694	\$ 167,309	\$ 20,650
9	\$	204,088	\$ 1,104	\$ 32,328	\$ 170,656	\$ 21,063
10	\$	208,170	\$ 1,127	\$ 32,974	\$ 174,069	\$ 21,484
11	\$	212,333	\$ 1,149	\$ 33,634	\$ 177,550	\$ 21,914
12	\$	216,580	\$ 1,172	\$ 34,306	\$ 181,101	\$ 22,352
13	\$	220,911	\$ 1,195	\$ 34,993	\$ 184,723	\$ 22,799
14	\$	225,329	\$ 1,219	\$ 35,692	\$ 188,418	\$ 23,255
15	\$	229,836	\$ 1,244	\$ 36,406	\$ 192,186	\$ 23,720
16	\$	234,433	\$ 1,269	\$ 37,134	\$ 196,030	\$ 24,195
17	\$	239,121	\$ 1,294	\$ 37,877	\$ 199,950	\$ 24,679
18	\$	243,904	\$ 1,320	\$ 38,635	\$ 203,949	\$ 25,172
19	\$	248,782	\$ 1,346	\$ 39,407	\$ 208,028	\$ 25,676
20	\$	253,758	\$ 1,373	\$ 40,195	\$ 212,189	\$ 26,189
Total	\$	4,232,286	\$ 22,903	\$ 670,398	\$ 3,538,984	\$ 436,797
Average	\$	211,614	\$ 1,145	\$ 33,520	\$ 176,949	\$ 21,840
Present Value*	\$	2,286,963	\$ 12,376	\$ 362,257	\$ 1,912,330	\$ 236,028

Source: Town of Hempstead IDA, Camoin Associates

*Note: Assumes a 6.25% discount rate.

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

CAMOIN ASSOCIATES

Table 7 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. On average, \$63,458 more in PILOT revenue will be received annually than property taxes that would be received without the Project. The total benefit would be \$1,269,167 over the 20-year period. The Applicant will pay \$100,050 less on average per year under the PILOT compared to paying full taxes on the final development.

Table 7

Tax Policy Comparison (All Jurisdictions)

Year	A	B	C		
	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	\$ 39,598	\$ 39,598	\$ 174,187	\$ -	\$ 134,589
2	\$ 40,390	\$ 39,598	\$ 177,671	\$ (792)	\$ 138,073
3	\$ 41,198	\$ 39,598	\$ 181,224	\$ (1,600)	\$ 141,626
4	\$ 42,022	\$ 65,000	\$ 184,849	\$ 22,978	\$ 119,849
5	\$ 42,862	\$ 67,500	\$ 188,546	\$ 24,638	\$ 121,046
6	\$ 43,719	\$ 70,000	\$ 192,317	\$ 26,281	\$ 122,317
7	\$ 44,594	\$ 90,000	\$ 196,163	\$ 45,406	\$ 106,163
8	\$ 45,486	\$ 100,000	\$ 200,086	\$ 54,514	\$ 100,086
9	\$ 46,395	\$ 110,000	\$ 204,088	\$ 63,605	\$ 94,088
10	\$ 47,323	\$ 120,000	\$ 208,170	\$ 72,677	\$ 88,170
11	\$ 48,270	\$ 125,000	\$ 212,333	\$ 76,730	\$ 87,333
12	\$ 49,235	\$ 130,000	\$ 216,580	\$ 80,765	\$ 86,580
13	\$ 50,220	\$ 135,000	\$ 220,911	\$ 84,780	\$ 85,911
14	\$ 51,224	\$ 140,000	\$ 225,329	\$ 88,776	\$ 85,329
15	\$ 52,249	\$ 145,000	\$ 229,836	\$ 92,751	\$ 84,836
16	\$ 53,294	\$ 150,000	\$ 234,433	\$ 96,706	\$ 84,433
17	\$ 54,360	\$ 155,000	\$ 239,121	\$ 100,640	\$ 84,121
18	\$ 55,447	\$ 160,000	\$ 243,904	\$ 104,553	\$ 83,904
19	\$ 56,556	\$ 170,000	\$ 248,782	\$ 113,444	\$ 78,782
20	\$ 57,687	\$ 180,000	\$ 253,758	\$ 122,313	\$ 73,758
Total	\$ 962,127	\$ 2,231,294	\$ 4,232,286	\$ 1,269,167	\$ 2,000,992
Average	\$ 48,106	\$ 111,565	\$ 211,614	\$ 63,458	\$ 100,050
Present Value*	\$ 519,896	\$ 1,084,334	\$ 2,286,963	\$ 564,438	\$ 1,202,629

Source: Town of Hempstead IDA, Camoin Associates

*Note: Assumes 6.25% discount rate.

CAMOIN ASSOCIATES

TOWN

Table 8 calculates the benefit (or cost) to the Town. The Town would receive approximately \$343 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Town would be \$6,868 over the 20-year period.

Table 8

Tax Policy Comparison for Town

Year	A		B		C		
	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	\$ 214	\$ 214	\$ 943	\$ -	\$ 728		
2	\$ 219	\$ 214	\$ 961	\$ (4)	\$ 747		
3	\$ 223	\$ 214	\$ 981	\$ (9)	\$ 766		
4	\$ 227	\$ 352	\$ 1,000	\$ 124	\$ 649		
5	\$ 232	\$ 365	\$ 1,020	\$ 133	\$ 655		
6	\$ 237	\$ 379	\$ 1,041	\$ 142	\$ 662		
7	\$ 241	\$ 487	\$ 1,062	\$ 246	\$ 575		
8	\$ 246	\$ 541	\$ 1,083	\$ 295	\$ 542		
9	\$ 251	\$ 595	\$ 1,104	\$ 344	\$ 509		
10	\$ 256	\$ 649	\$ 1,127	\$ 393	\$ 477		
11	\$ 261	\$ 676	\$ 1,149	\$ 415	\$ 473		
12	\$ 266	\$ 704	\$ 1,172	\$ 437	\$ 469		
13	\$ 272	\$ 731	\$ 1,195	\$ 459	\$ 465		
14	\$ 277	\$ 758	\$ 1,219	\$ 480	\$ 462		
15	\$ 283	\$ 785	\$ 1,244	\$ 502	\$ 459		
16	\$ 288	\$ 812	\$ 1,269	\$ 523	\$ 457		
17	\$ 294	\$ 839	\$ 1,294	\$ 545	\$ 455		
18	\$ 300	\$ 866	\$ 1,320	\$ 566	\$ 454		
19	\$ 306	\$ 920	\$ 1,346	\$ 614	\$ 426		
20	\$ 312	\$ 974	\$ 1,373	\$ 662	\$ 399		
Total	\$ 5,207	\$ 12,075	\$ 22,903	\$ 6,868	\$ 10,829		
Average	\$ 260	\$ 604	\$ 1,145	\$ 343	\$ 541		
Present Value*	\$ 2,813	\$ 5,868	\$ 12,376	\$ 3,055	\$ 6,508		

Source: Town of Hempstead IDA, Camoin Associates

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

CAMOIN ASSOCIATES

COUNTY

Table 9 calculates the benefit (or cost) to the County. The County would receive approximately \$10,052 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the County would be \$201,037 over the 20-year period.

Table 9

Tax Policy Comparison for County

Year	A		B		C	
	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	\$ 6,272	\$ 6,272	\$ 27,591	\$ -	\$ 21,319	
2	\$ 6,398	\$ 6,272	\$ 28,143	\$ (125)	\$ 21,871	
3	\$ 6,526	\$ 6,272	\$ 28,706	\$ (253)	\$ 22,434	
4	\$ 6,656	\$ 10,296	\$ 29,280	\$ 3,640	\$ 18,984	
5	\$ 6,789	\$ 10,692	\$ 29,866	\$ 3,903	\$ 19,174	
6	\$ 6,925	\$ 11,088	\$ 30,463	\$ 4,163	\$ 19,375	
7	\$ 7,064	\$ 14,256	\$ 31,072	\$ 7,192	\$ 16,816	
8	\$ 7,205	\$ 15,840	\$ 31,694	\$ 8,635	\$ 15,854	
9	\$ 7,349	\$ 17,424	\$ 32,328	\$ 10,075	\$ 14,904	
10	\$ 7,496	\$ 19,008	\$ 32,974	\$ 11,512	\$ 13,966	
11	\$ 7,646	\$ 19,800	\$ 33,634	\$ 12,154	\$ 13,834	
12	\$ 7,799	\$ 20,592	\$ 34,306	\$ 12,793	\$ 13,714	
13	\$ 7,955	\$ 21,384	\$ 34,993	\$ 13,429	\$ 13,608	
14	\$ 8,114	\$ 22,176	\$ 35,692	\$ 14,062	\$ 13,516	
15	\$ 8,276	\$ 22,968	\$ 36,406	\$ 14,692	\$ 13,438	
16	\$ 8,442	\$ 23,760	\$ 37,134	\$ 15,318	\$ 13,374	
17	\$ 8,611	\$ 24,552	\$ 37,877	\$ 15,942	\$ 13,325	
18	\$ 8,783	\$ 25,344	\$ 38,635	\$ 16,561	\$ 13,290	
19	\$ 8,958	\$ 26,928	\$ 39,407	\$ 17,970	\$ 12,479	
20	\$ 9,138	\$ 28,512	\$ 40,195	\$ 19,375	\$ 11,683	
Total	\$ 152,402	\$ 353,439	\$ 670,398	\$ 201,037	\$ 316,959	
Average	\$ 7,620	\$ 17,672	\$ 33,520	\$ 10,052	\$ 15,848	
Present Value*	\$ 82,352	\$ 171,760	\$ 362,257	\$ 89,407	\$ 190,498	

Source: Town of Hempstead IDA, Camoin Associates

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

CAMOIN ASSOCIATES

SCHOOL DISTRICT

Table 10 calculates the benefit (or cost) to the school district. The school district would receive approximately \$53,063 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the school district would be \$1,061,261 over the 20-year period.

Table 10

Tax Policy Comparison for School District

Year	A		B		C	
	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	\$ 33,111	\$ 33,111	\$ 145,653	\$ -	\$ 112,542	
2	\$ 33,774	\$ 33,111	\$ 148,566	\$ (662)	\$ 115,455	
3	\$ 34,449	\$ 33,111	\$ 151,537	\$ (1,338)	\$ 118,426	
4	\$ 35,138	\$ 54,352	\$ 154,568	\$ 19,214	\$ 100,216	
5	\$ 35,841	\$ 56,443	\$ 157,659	\$ 20,602	\$ 101,217	
6	\$ 36,558	\$ 58,533	\$ 160,813	\$ 21,976	\$ 102,280	
7	\$ 37,289	\$ 75,257	\$ 164,029	\$ 37,968	\$ 88,772	
8	\$ 38,035	\$ 83,619	\$ 167,309	\$ 45,584	\$ 83,691	
9	\$ 38,795	\$ 91,981	\$ 170,656	\$ 53,185	\$ 78,675	
10	\$ 39,571	\$ 100,342	\$ 174,069	\$ 60,771	\$ 73,726	
11	\$ 40,363	\$ 104,523	\$ 177,550	\$ 64,161	\$ 73,027	
12	\$ 41,170	\$ 108,704	\$ 181,101	\$ 67,535	\$ 72,397	
13	\$ 41,993	\$ 112,885	\$ 184,723	\$ 70,892	\$ 71,838	
14	\$ 42,833	\$ 117,066	\$ 188,418	\$ 74,233	\$ 71,351	
15	\$ 43,690	\$ 121,247	\$ 192,186	\$ 77,557	\$ 70,939	
16	\$ 44,564	\$ 125,428	\$ 196,030	\$ 80,865	\$ 70,602	
17	\$ 45,455	\$ 129,609	\$ 199,950	\$ 84,154	\$ 70,341	
18	\$ 46,364	\$ 133,790	\$ 203,949	\$ 87,426	\$ 70,159	
19	\$ 47,291	\$ 142,152	\$ 208,028	\$ 94,861	\$ 65,876	
20	\$ 48,237	\$ 150,514	\$ 212,189	\$ 102,277	\$ 61,675	
Total	\$ 804,519	\$ 1,865,780	\$ 3,538,984	\$ 1,061,261	\$ 1,673,204	
Average	\$ 40,226	\$ 93,289	\$ 176,949	\$ 53,063	\$ 83,660	
Present Value*	\$ 434,731	\$ 906,706	\$ 1,912,330	\$ 471,976	\$ 1,005,623	

Source: Town of Hempstead IDA, Camoin Associates

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

CAMOIN ASSOCIATES

VILLAGE

Table 11 calculates the benefit (or cost) to the village. The village would receive approximately \$6,548 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the village would be \$130,986 over the 20-year period.

Table 11

Tax Policy Comparison for Village

Year	A		B		C	
	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	\$ 4,087	\$ 4,087	\$ 17,977	\$ -	\$ 13,890	
2	\$ 4,168	\$ 4,087	\$ 18,337	\$ (82)	\$ 14,250	
3	\$ 4,252	\$ 4,087	\$ 18,703	\$ (165)	\$ 14,617	
4	\$ 4,337	\$ 6,708	\$ 19,077	\$ 2,371	\$ 12,369	
5	\$ 4,424	\$ 6,966	\$ 19,459	\$ 2,543	\$ 12,493	
6	\$ 4,512	\$ 7,224	\$ 19,848	\$ 2,712	\$ 12,624	
7	\$ 4,602	\$ 9,289	\$ 20,245	\$ 4,686	\$ 10,957	
8	\$ 4,694	\$ 10,321	\$ 20,650	\$ 5,626	\$ 10,329	
9	\$ 4,788	\$ 11,353	\$ 21,063	\$ 6,564	\$ 9,710	
10	\$ 4,884	\$ 12,385	\$ 21,484	\$ 7,501	\$ 9,100	
11	\$ 4,982	\$ 12,901	\$ 21,914	\$ 7,919	\$ 9,013	
12	\$ 5,081	\$ 13,417	\$ 22,352	\$ 8,335	\$ 8,936	
13	\$ 5,183	\$ 13,933	\$ 22,799	\$ 8,750	\$ 8,867	
14	\$ 5,287	\$ 14,449	\$ 23,255	\$ 9,162	\$ 8,807	
15	\$ 5,392	\$ 14,965	\$ 23,720	\$ 9,572	\$ 8,756	
16	\$ 5,500	\$ 15,481	\$ 24,195	\$ 9,981	\$ 8,714	
17	\$ 5,610	\$ 15,997	\$ 24,679	\$ 10,387	\$ 8,682	
18	\$ 5,722	\$ 16,513	\$ 25,172	\$ 10,791	\$ 8,659	
19	\$ 5,837	\$ 17,545	\$ 25,676	\$ 11,708	\$ 8,131	
20	\$ 5,954	\$ 18,577	\$ 26,189	\$ 12,623	\$ 7,612	
Total	\$ 99,297	\$ 230,283	\$ 436,797	\$ 130,986	\$ 206,514	
Average	\$ 4,965	\$ 11,514	\$ 21,840	\$ 6,549	\$ 10,326	
Present Value*	\$ 53,656	\$ 111,910	\$ 236,028	\$ 58,253	\$ 124,119	

Source: Town of Hempstead IDA, Camoin Associates

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

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OTHER EXEMPTIONS

Working with the Agency has additional benefits, including a one-time sales tax exemption on renovation materials and furniture, fixtures, and equipment. Tax exemptions are for the state and county taxes and do not apply to the town.

Table 12

Summary of Costs to Affected Jurisdictions

	State and County	
Sales Tax Exemption	\$	47,438

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 revenue.

SALES TAX REVENUE

SALES TAX REVENUE – RENOVATION PHASE

The one-time renovation phase earnings described by the total economic impact of the renovation work (described in the above section) would lead to additional sales tax revenue for the Town. It is assumed that 70%⁴ of the renovation phase earnings would be spent within the county, and 25% of those purchases would be taxable.

Table 13

One-Time Sales Tax Revenue, Construction Phase		
Total New Earnings	\$	908,374
Amount Spent in County (70%)	\$	635,861
Amount Taxable (25%)	\$	158,965
Nassau County Sales Tax Revenue (4.25%)	\$	6,756
New Town Sales Tax Revenue Portion*		0.375%
New Town Sales Tax Revenue	\$	596

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.

⁴ According to Lightcast, 70% demand for industries in a typical household spending basket is met within Nassau County.

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.

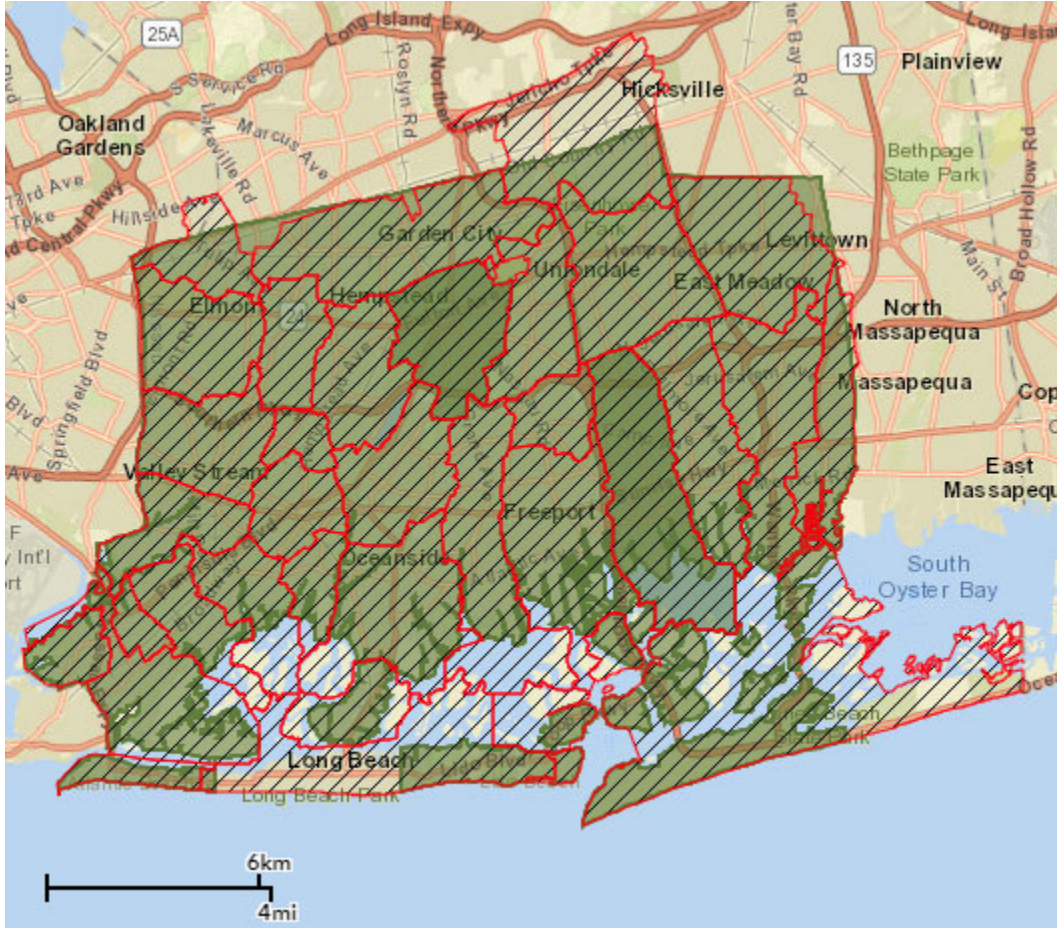
Our housing market research indicates that housing is heavily affected by demand, with households in different demographic groups seeking diverse housing price points and amenities. Our estimates of net new households take into consideration demographic and economic differences among renters, and price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



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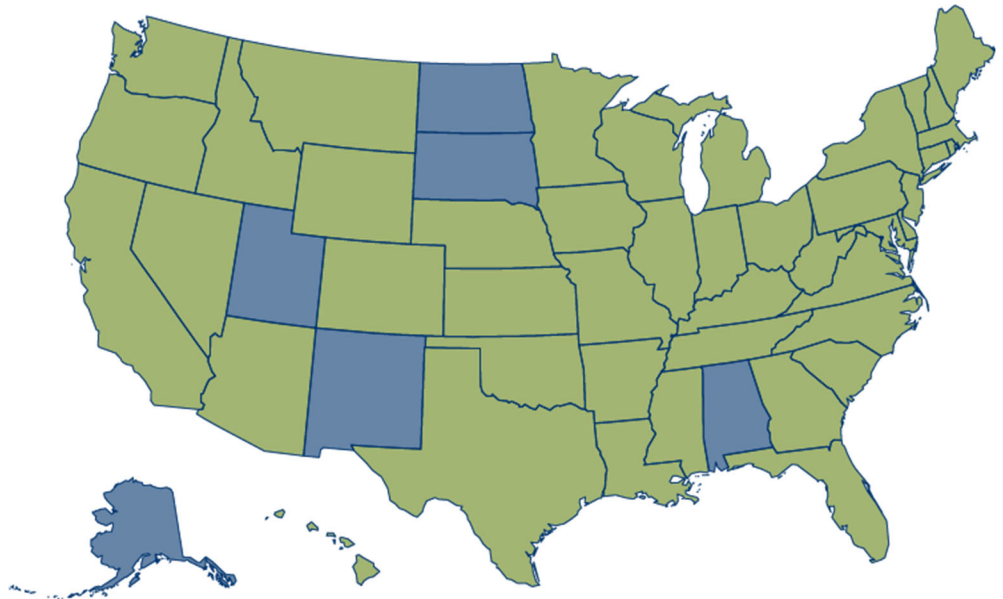
ABOUT CAMOIN ASSOCIATES

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 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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