

PREPARED FOR:

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

Economic and Fiscal Impact

HEMPSTEAD VILLAGE HOUSING
ASSOCIATES, L.P.

Town of Hempstead
Industrial Development Agency

SEPTEMBER 2026

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 proposed Payment in Lieu of Taxes (PILOT) extension requested by Hempstead Village Housing Associates, L.P. The request covers Woods Edge Apartments, a 129-unit affordable rental housing community on 2.84 acres at 110-130 Jerusalem Avenue in the Village of Hempstead, New York. The Applicant plans approximately \$2.0 million in capital improvements to the property and is not adding units or on-site jobs. The goal of this analysis is to assess the one-time economic impact of the planned improvements and the ongoing fiscal impact of the proposed PILOT extension on the Town of Hempstead.

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 Applicant's application for financial assistance to the Town of Hempstead Industrial Development Agency and included the following data points: planned capital improvement costs, current and proposed PILOT payments, and jurisdiction tax allocations.

The economic impacts are presented in four categories: direct impact, indirect impact, induced impact, and total impact. The indirect and induced impacts are commonly referred to as the "multiplier effect."

STUDY INFORMATION

Data Source:
Hempstead Village Housing
Associates, L.P. Application for
Assistance and the Town of
Hempstead Industrial
Development Agency

Geography:
Town of Hempstead

Study Period:
2026

Modeling Tool:
Lightcast

DIRECT IMPACTS

This initial round of impacts is generated as a result of spending on construction, 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 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 from Hempstead Village Housing Associates, L.P. (the "Applicant") for an extension of the Agency's existing Payment in Lieu of Taxes (PILOT) agreement covering Woods Edge Apartments (the "Project"), a 129-unit affordable rental housing community at 110-130 Jerusalem Avenue in the Village of Hempstead, NY (the "Site"). The existing PILOT dates to 2006 and is scheduled to expire at the end of 2026. The Applicant is requesting an extension through 2040 to align with the maturity of the Agency's related tax-exempt bonds. The Applicant plans approximately \$2.0 million in capital improvements to the property, including new elevators, kitchen and bathroom upgrades, and other building systems work, and is seeking a sales tax exemption on those improvements in addition to the PILOT extension. The Project's 129 units, its on-site jobs, and its tenants are expected to remain in place whether or not the PILOT is extended. The Agency commissioned Camoin Associates to conduct an economic and fiscal impact analysis of the Project on the Town of Hempstead (the "Town").

Table 1

Summary of Benefits to Town	
Average Annual PILOT Payment	\$ 365,460
Average Annual PILOT Payment to Town	\$ 4,271
Average Annual PILOT Benefit (Cost)	\$ (1,639,175)
Average Annual PILOT Benefit (Cost) to Town	\$ (19,157)
Average Annual Benefit (Cost) to Town of Project with PILOT compared to No Project - Property and Sales Tax	
	\$ (19,157)
Average Annual Benefit (Cost) to Town of Project with PILOT compared to Project Without PILOT	
	\$ (19,157)

The Applicant is requesting a 14-year extension of the existing PILOT agreement, through 2040. Under the extension, the Applicant would pay an average of \$365,460 each year across all jurisdictions, compared to an estimated average of \$2.0 million per year in full, un-abated property taxes if the PILOT is not extended.

The Applicant is also seeking a sales tax exemption on the planned capital improvements, valued at an estimated \$115,575. The Applicant is not seeking a mortgage recording tax exemption, as the improvements are being funded with equity rather than new mortgage financing.

Table 2

Summary of Costs to Affected Jurisdictions	
	State and County
Sales Tax Exemption	\$ 115,575
Mortgage Tax Exemption	NA

Source: Applicant, Camoin Associates

ECONOMIC IMPACT ANALYSIS

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 will affect the Town of Hempstead's economy. Details about these impacts are provided in the following sections.

CONSTRUCTION PHASE IMPACTS

The Applicant estimates that the renovation portion of the Project will cost approximately \$1,397,500, of which 25%¹ is assumed to be sourced from within the Town. This means there will be \$349,375 in net new spending in the Town associated with the renovation.

Construction Phase Spending - Town

Total Construction Cost	\$	1,397,500
Percent Sourced from Town		25%
Net New Construction Spending	\$	349,375

Table 3 **Source:** Applicant, Lightcast, Camoin Associates

Based on \$349,375 worth of net new direct spending associated with the renovation, Camoin Associates determined that there would be over \$461,866 in total one-time construction-related spending supporting 2 total jobs and an associated \$165,830 in earnings over the renovation period throughout the Town. Table 4 outlines the economic impacts of the construction phase.

Table 4

Town Economic Impact - Construction Phase

	Jobs	Earnings	Sales
Direct	1 \$	132,819 \$	349,375
Indirect	0 \$	12,661 \$	38,872
Induced	0 \$	20,351 \$	73,618
Total	2 \$	165,830 \$	461,866

Source: Lightcast, Camoin Associates

Total may be off due to rounding.

The Project is expected to have no negative impact on the State's renewable energy goals or emission reduction targets.

¹ According to Lightcast, approximately 25% of construction industry demand is met within the town.

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Based solely on the information in the application, the project timeline should allow the Agency to reach the conclusion that there is a likelihood of accomplishing the Project in a timely manner. Although we are not construction experts, nothing has come to our attention that would cause us to reach a contrary conclusion.

ANNUAL ECONOMIC IMPACT

Because the Project involves renovation of an existing, fully-occupied affordable housing community, no households or on-site jobs are net new to the Town. The Project therefore has no recurring annual economic impact; the one-time construction-phase impact described above is the only economic impact of the Project.

SCHOOL AGED CHILDREN

The impact on school district enrollment is expected to be minimal since no net new households will result from the Project.

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FISCAL IMPACT ANALYSIS

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

PAYMENT IN LIEU OF TAXES (PILOT)

The Applicant has applied to the Agency for a 14-year extension of the existing PILOT agreement, through 2040, based on the current tax rate, taxable value, and assessed value of the Project. Based on the terms of the extension as proposed, Camoin Associates calculated the potential impact on the Town of Hempstead and other applicable jurisdictions.

Table 5

Tax Payments with PILOT

Year	Total		Portion of Payment by Jurisdiction			
	PILOT Payments		Town	County	School District	Village
1	\$ 320,299	\$	3,743	\$ 1,361	\$ 79,347	\$ 235,848
2	\$ 326,705	\$	3,818	\$ 1,388	\$ 80,934	\$ 240,565
3	\$ 333,239	\$	3,894	\$ 1,416	\$ 82,552	\$ 245,376
4	\$ 339,904	\$	3,972	\$ 1,444	\$ 84,203	\$ 250,284
5	\$ 346,702	\$	4,052	\$ 1,473	\$ 85,888	\$ 255,290
6	\$ 353,636	\$	4,133	\$ 1,503	\$ 87,605	\$ 260,395
7	\$ 360,709	\$	4,216	\$ 1,533	\$ 89,357	\$ 265,603
8	\$ 367,923	\$	4,300	\$ 1,564	\$ 91,145	\$ 270,915
9	\$ 375,282	\$	4,386	\$ 1,595	\$ 92,967	\$ 276,334
10	\$ 382,787	\$	4,474	\$ 1,627	\$ 94,827	\$ 281,860
11	\$ 390,443	\$	4,563	\$ 1,659	\$ 96,723	\$ 287,498
12	\$ 398,252	\$	4,654	\$ 1,692	\$ 98,658	\$ 293,248
13	\$ 406,217	\$	4,747	\$ 1,726	\$ 100,631	\$ 299,113
14	\$ 414,341	\$	4,842	\$ 1,761	\$ 102,644	\$ 305,095
Total	\$ 5,116,442	\$	59,794	\$ 21,743	\$ 1,267,481	\$ 3,767,424
Average	\$ 365,460	\$	4,271	\$ 1,553	\$ 90,534	\$ 269,102
Present Value*	\$ 3,280,820	\$	38,342	\$ 13,942	\$ 812,748	\$ 2,415,788

Source: Town of Hempstead IDA, Camoin Associates

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

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TAX POLICY COMPARISON

Woods Edge Apartments is an existing, occupied affordable housing community. Unlike a new construction project, the property and its tenants remain in place whether or not the PILOT is extended. The following table displays the estimated property tax payments if the current PILOT is not extended (Column A) the estimated PILOT payments if the extension is granted (Column B) and the estimated full, un-abated property tax payments if the PILOT is not extended and the property reverts to full taxation (Column C).

The far-right column subtracts the PILOT payment from the estimated full property taxes (Column C – Column B) to calculate the benefit to the Applicant, and the corresponding cost to the municipalities in foregone tax revenue, of extending the PILOT.

Table 6

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	\$ 1,756,918	\$ 320,299	\$ 1,756,918	\$ (1,436,618)	\$ 1,436,618	
2	\$ 1,792,056	\$ 326,705	\$ 1,792,056	\$ (1,465,351)	\$ 1,465,351	
3	\$ 1,827,897	\$ 333,239	\$ 1,827,897	\$ (1,494,658)	\$ 1,494,658	
4	\$ 1,864,455	\$ 339,904	\$ 1,864,455	\$ (1,524,551)	\$ 1,524,551	
5	\$ 1,901,744	\$ 346,702	\$ 1,901,744	\$ (1,555,042)	\$ 1,555,042	
6	\$ 1,939,779	\$ 353,636	\$ 1,939,779	\$ (1,586,143)	\$ 1,586,143	
7	\$ 1,978,575	\$ 360,709	\$ 1,978,575	\$ (1,617,866)	\$ 1,617,866	
8	\$ 2,018,146	\$ 367,923	\$ 2,018,146	\$ (1,650,223)	\$ 1,650,223	
9	\$ 2,058,509	\$ 375,282	\$ 2,058,509	\$ (1,683,227)	\$ 1,683,227	
10	\$ 2,099,679	\$ 382,787	\$ 2,099,679	\$ (1,716,892)	\$ 1,716,892	
11	\$ 2,141,673	\$ 390,443	\$ 2,141,673	\$ (1,751,230)	\$ 1,751,230	
12	\$ 2,184,506	\$ 398,252	\$ 2,184,506	\$ (1,786,254)	\$ 1,786,254	
13	\$ 2,228,196	\$ 406,217	\$ 2,228,196	\$ (1,821,979)	\$ 1,821,979	
14	\$ 2,272,760	\$ 414,341	\$ 2,272,760	\$ (1,858,419)	\$ 1,858,419	
Total	\$ 28,064,894	\$ 5,116,442	\$ 28,064,894	\$ (22,948,452)	\$ 22,948,452	
Average	\$ 2,004,635	\$ 365,460	\$ 2,004,635	\$ (1,639,175)	\$ 1,639,175	
Present Value*	\$ 17,996,074	\$ 3,280,820	\$ 17,996,074	\$ (14,715,254)	\$ 14,715,254	

Source: Town of Hempstead IDA, Camoin Associates

*Note: Assumes 6.25% discount rate.

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Table 7

Tax Policy Comparison for Town

Year	A		B		C		Benefit (Cost) of Project to Municipalities (B-A)	Benefit (Cost) of PILOT to Applicant (C-B)
	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	\$ 20,533	\$ 3,743	\$ 20,533	\$ (16,789)	\$ 16,789			
2	\$ 20,943	\$ 3,818	\$ 20,943	\$ (17,125)	\$ 17,125			
3	\$ 21,362	\$ 3,894	\$ 21,362	\$ (17,468)	\$ 17,468			
4	\$ 21,789	\$ 3,972	\$ 21,789	\$ (17,817)	\$ 17,817			
5	\$ 22,225	\$ 4,052	\$ 22,225	\$ (18,173)	\$ 18,173			
6	\$ 22,670	\$ 4,133	\$ 22,670	\$ (18,537)	\$ 18,537			
7	\$ 23,123	\$ 4,216	\$ 23,123	\$ (18,908)	\$ 18,908			
8	\$ 23,586	\$ 4,300	\$ 23,586	\$ (19,286)	\$ 19,286			
9	\$ 24,057	\$ 4,386	\$ 24,057	\$ (19,671)	\$ 19,671			
10	\$ 24,538	\$ 4,474	\$ 24,538	\$ (20,065)	\$ 20,065			
11	\$ 25,029	\$ 4,563	\$ 25,029	\$ (20,466)	\$ 20,466			
12	\$ 25,530	\$ 4,654	\$ 25,530	\$ (20,875)	\$ 20,875			
13	\$ 26,040	\$ 4,747	\$ 26,040	\$ (21,293)	\$ 21,293			
14	\$ 26,561	\$ 4,842	\$ 26,561	\$ (21,719)	\$ 21,719			
Total	\$ 327,987	\$ 59,794	\$ 327,987	\$ (268,192)	\$ 268,192			
Average	\$ 23,428	\$ 4,271	\$ 23,428	\$ (19,157)	\$ 19,157			
Present Value*	\$ 210,315	\$ 38,342	\$ 210,315	\$ (171,973)	\$ 171,973			

Source: Town of Hempstead IDA, Camoin Associates

*Note: Assumes 6.25% discount rate.

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Table 8

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	\$	7,466	\$	1,361	\$	7,466	\$	(6,105)	\$	6,105
2	\$	7,616	\$	1,388	\$	7,616	\$	(6,227)	\$	6,227
3	\$	7,768	\$	1,416	\$	7,768	\$	(6,352)	\$	6,352
4	\$	7,923	\$	1,444	\$	7,923	\$	(6,479)	\$	6,479
5	\$	8,082	\$	1,473	\$	8,082	\$	(6,608)	\$	6,608
6	\$	8,243	\$	1,503	\$	8,243	\$	(6,741)	\$	6,741
7	\$	8,408	\$	1,533	\$	8,408	\$	(6,875)	\$	6,875
8	\$	8,576	\$	1,564	\$	8,576	\$	(7,013)	\$	7,013
9	\$	8,748	\$	1,595	\$	8,748	\$	(7,153)	\$	7,153
10	\$	8,923	\$	1,627	\$	8,923	\$	(7,296)	\$	7,296
11	\$	9,101	\$	1,659	\$	9,101	\$	(7,442)	\$	7,442
12	\$	9,283	\$	1,692	\$	9,283	\$	(7,591)	\$	7,591
13	\$	9,469	\$	1,726	\$	9,469	\$	(7,743)	\$	7,743
14	\$	9,658	\$	1,761	\$	9,658	\$	(7,898)	\$	7,898
Total	\$	119,266	\$	21,743	\$	119,266	\$	(97,523)	\$	97,523
Average	\$	8,519	\$	1,553	\$	8,519	\$	(6,966)	\$	6,966
Present Value*	\$	76,477	\$	13,942	\$	76,477	\$	(62,535)	\$	62,535

Source: Town of Hempstead IDA, Camoin Associates

*Note: Assumes 6.25% discount rate.

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Table 9

Tax Policy Comparison for School District

Year	A		B		C		Benefit (Cost) of Project to Municipalities (B-A)	Benefit (Cost) of PILOT to Applicant (C-B)
	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	\$ 435,236	\$ 79,347	\$ 435,236	\$ (355,889)	\$ 355,889			
2	\$ 443,941	\$ 80,934	\$ 443,941	\$ (363,007)	\$ 363,007			
3	\$ 452,819	\$ 82,552	\$ 452,819	\$ (370,267)	\$ 370,267			
4	\$ 461,876	\$ 84,203	\$ 461,876	\$ (377,672)	\$ 377,672			
5	\$ 471,113	\$ 85,888	\$ 471,113	\$ (385,226)	\$ 385,226			
6	\$ 480,536	\$ 87,605	\$ 480,536	\$ (392,930)	\$ 392,930			
7	\$ 490,146	\$ 89,357	\$ 490,146	\$ (400,789)	\$ 400,789			
8	\$ 499,949	\$ 91,145	\$ 499,949	\$ (408,805)	\$ 408,805			
9	\$ 509,948	\$ 92,967	\$ 509,948	\$ (416,981)	\$ 416,981			
10	\$ 520,147	\$ 94,827	\$ 520,147	\$ (425,320)	\$ 425,320			
11	\$ 530,550	\$ 96,723	\$ 530,550	\$ (433,827)	\$ 433,827			
12	\$ 541,161	\$ 98,658	\$ 541,161	\$ (442,503)	\$ 442,503			
13	\$ 551,984	\$ 100,631	\$ 551,984	\$ (451,353)	\$ 451,353			
14	\$ 563,024	\$ 102,644	\$ 563,024	\$ (460,380)	\$ 460,380			
Total	\$ 6,952,430	\$ 1,267,481	\$ 6,952,430	\$ (5,684,949)	\$ 5,684,949			
Average	\$ 496,602	\$ 90,534	\$ 496,602	\$ (406,068)	\$ 406,068			
Present Value*	\$ 4,458,112	\$ 812,748	\$ 4,458,112	\$ (3,645,365)	\$ 3,645,365			

Source: Town of Hempstead IDA, Camoin Associates

*Note: Assumes 6.25% discount rate.

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Table 10

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	\$ 1,293,683	\$ 235,848	\$ 1,293,683	\$ (1,057,835)	\$ 1,057,835	
2	\$ 1,319,557	\$ 240,565	\$ 1,319,557	\$ (1,078,991)	\$ 1,078,991	
3	\$ 1,345,948	\$ 245,376	\$ 1,345,948	\$ (1,100,571)	\$ 1,100,571	
4	\$ 1,372,867	\$ 250,284	\$ 1,372,867	\$ (1,122,583)	\$ 1,122,583	
5	\$ 1,400,324	\$ 255,290	\$ 1,400,324	\$ (1,145,034)	\$ 1,145,034	
6	\$ 1,428,331	\$ 260,395	\$ 1,428,331	\$ (1,167,935)	\$ 1,167,935	
7	\$ 1,456,897	\$ 265,603	\$ 1,456,897	\$ (1,191,294)	\$ 1,191,294	
8	\$ 1,486,035	\$ 270,915	\$ 1,486,035	\$ (1,215,120)	\$ 1,215,120	
9	\$ 1,515,756	\$ 276,334	\$ 1,515,756	\$ (1,239,422)	\$ 1,239,422	
10	\$ 1,546,071	\$ 281,860	\$ 1,546,071	\$ (1,264,210)	\$ 1,264,210	
11	\$ 1,576,992	\$ 287,498	\$ 1,576,992	\$ (1,289,495)	\$ 1,289,495	
12	\$ 1,608,532	\$ 293,248	\$ 1,608,532	\$ (1,315,285)	\$ 1,315,285	
13	\$ 1,640,703	\$ 299,113	\$ 1,640,703	\$ (1,341,590)	\$ 1,341,590	
14	\$ 1,673,517	\$ 305,095	\$ 1,673,517	\$ (1,368,422)	\$ 1,368,422	
Total	\$ 20,665,211	\$ 3,767,424	\$ 20,665,211	\$ (16,897,787)	\$ 16,897,787	
Average	\$ 1,476,087	\$ 269,102	\$ 1,476,087	\$ (1,206,985)	\$ 1,206,985	
Present Value*	\$ 13,251,170	\$ 2,415,788	\$ 13,251,170	\$ (10,835,381)	\$ 10,835,381	

Source: Town of Hempstead IDA, Camoin Associates***Note:** Assumes 6.25% discount rate.**OTHER EXEMPTIONS**

There is an additional benefit to working with the Agency: a one-time sales tax exemption on the materials and equipment used in the renovation. The Applicant is not seeking a mortgage recording tax exemption. This exemption is for state and county sales tax and is not applicable to the Town.

Table 17

Summary of Costs to Affected Jurisdictions

	State and County
Sales Tax Exemption	\$ 115,575
Mortgage Tax Exemption	NA

Source: Applicant, Camoin Associates

The sales tax exemption will benefit the Applicant but will not affect the Town, since sales tax exemptions apply only to state and county sales tax.

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SALES TAX REVENUE**SALES TAX REVENUE – CONSTRUCTION PHASE**

The one-time renovation-phase earnings described in the construction-phase economic impact above would lead to additional sales tax revenue for the Town. It is assumed that 70% of the renovation-phase earnings would be spent within the county, and that 25% of those purchases would be taxable. The portion of sales tax revenue allocated to the town is 0.375%. As a result, there is estimated to be \$109 in new sales tax revenue to the Town as a result of the renovation.

Table 18

One-Time Sales Tax Revenue, Construction Phase		
Total New Earnings	\$	165,830
Amount Spent in County (70%)	\$	116,081
Amount Taxable (25%)	\$	29,020
Nassau County Sales Tax Revenue (4.25%)	\$	1,233
New Town Sales Tax Revenue Portion*		0.375%
New Town Sales Tax Revenue	\$	109

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.

ATTACHMENT A: WHAT IS ECONOMIC IMPACT ANALYSIS?

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

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

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

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

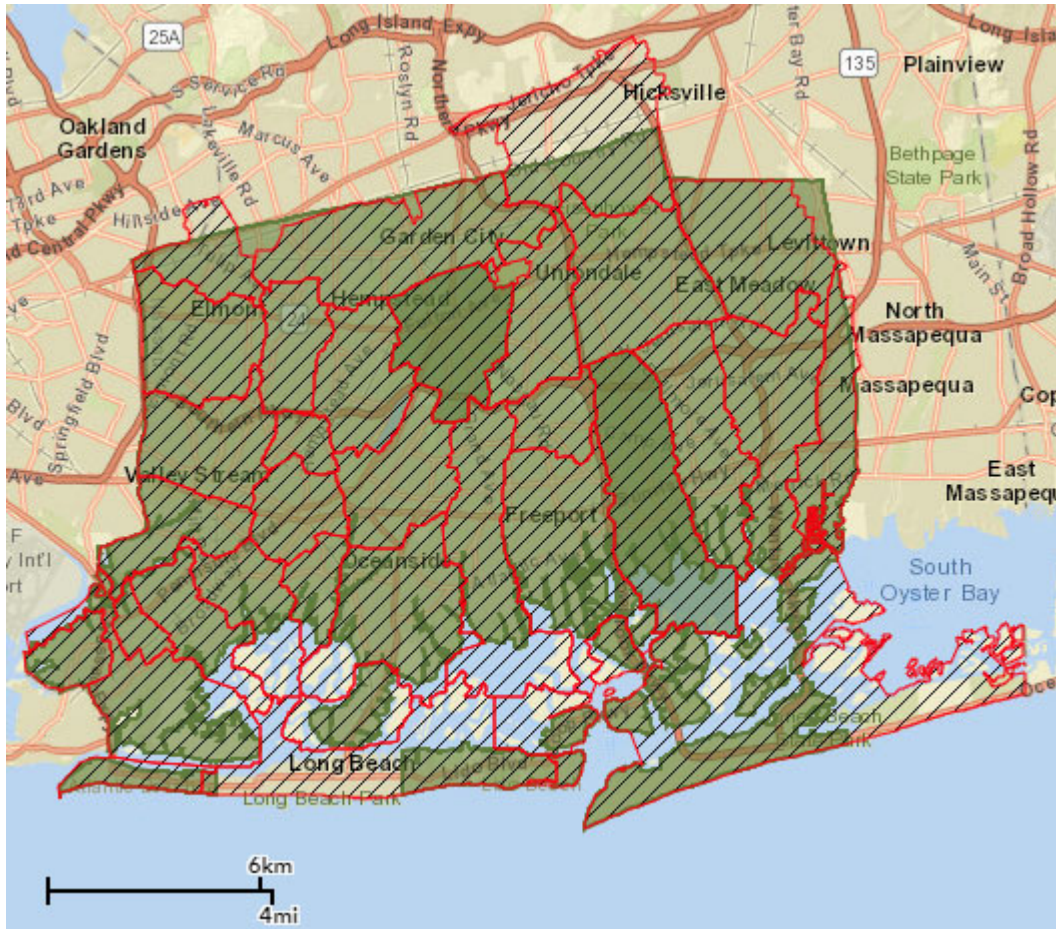
Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the “local economy” is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider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

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

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ATTACHMENT B: STUDY AREAS

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



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ABOUT CAMOIN ASSOCIATES

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 43 states and garnered attention from national media outlets including Marketplace (NPR), Crain's New York Business, Forbes magazine, The New York Times, and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. To learn more about our experience and projects in all of our service lines, please visit our website at **www.camoinassociates.com**.



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