

PREPARED FOR:

Nassau County Industrial Development Agency
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Economic and Fiscal Impact

ENGEL BURMAN AT THE BEACH

Nassau County
Industrial Development Agency

JULY 2020

PREPARED BY:



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CAMOIN 310

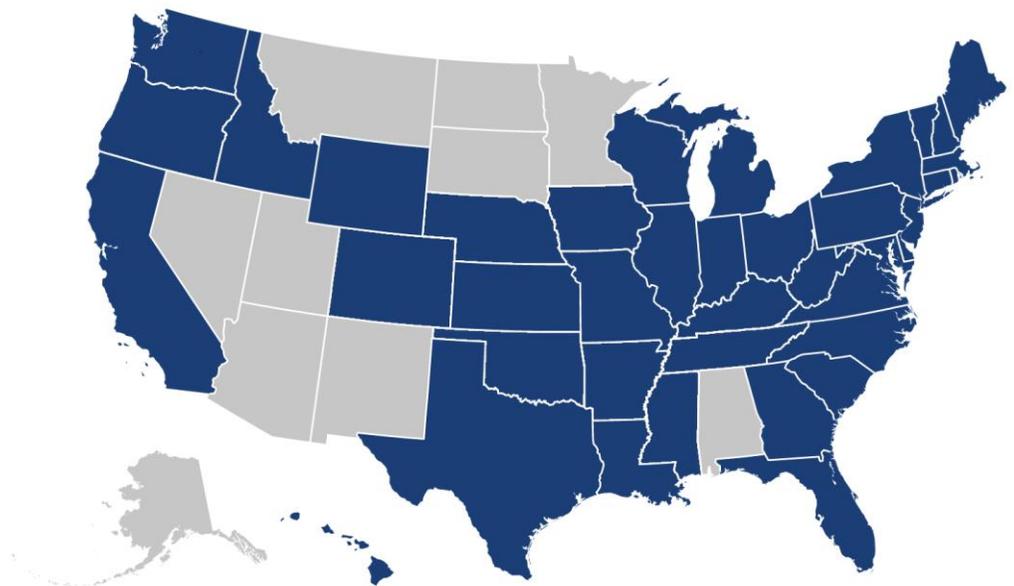
ABOUT CAMOIN 310

Camoin 310 has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin 310 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 32 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**.

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ABOUT THE STUDY

Camoin 310 was retained by the Nassau County Industrial Development Agency to measure the potential economic and fiscal impacts of a project proposed by Engel Burman at the Beach, LLC. The proposed project involves the construction of 238 residential apartments and 200 condominium units on a 6.04 acre site located between Long Beach Boulevard, Shore Road, and Riverside Boulevard, in the City of Long Beach, Nassau County, New York. The goal of this analysis is to provide a complete assessment of the total economic, employment and tax impact of the project on Nassau County that result from the construction phase, new household spending, and on-site operations.

The primary tool used in this analysis is the input-output model developed by Economic Modeling Specialists Intl. (EMSI). Primary data used in this study was obtained from the developer's application for financial assistance to the Nassau County Industrial Development Agency and included the following data points: construction spending, estimated payroll, exemptions, and PILOT schedule. Secondary data was collected by Camoin 310 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 Nassau County Industrial Development Agency were presented in only three categories: direct impact, indirect impact, and total impact. Prior to 2020, Camoin 310 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:
Engel Burman at the Beach, LLC
Application for Assistance and the
Nassau County Industrial
Development Agency

Geography:
Nassau County

Study Period:
2020

Modeling Tool:
EMSI

DIRECT IMPACTS

This initial round of impacts is generated as a result of spending on operations and new household spending at county 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 county businesses, and employees of suppliers. Earnings of these employees enter the economy as employees spend their paychecks in the County on food, clothing, and other goods and services.

ECONOMIC & FISCAL IMPACT

NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY: **ENGEL BURMAN AT THE BEACH LLC**



TOTAL NUMBER OF
JOBS CREATED:

883 JOBS

10

Permanent
Applicant Jobs

91

Permanent
Household
Spending Jobs

47

Permanent
Indirect/
Induced Jobs

468

Direct
Construction
Jobs

267

Indirect /
Induced
Construction
Jobs



Assistance

PILOT

25-year

SALES TAX
EXEMPTION

\$13,731,094

MORTGAGE
TAX
EXEMPTION

\$2,214,421

Annual Earnings:
\$7.3 MN

NET NEW
RESIDENTIAL UNITS:

104 market-rate

23 affordable

+ 100 condos

227 TOTAL UNITS



**\$156.9
MILLION**

construction
spending



\$60.9

MILLION

construction
earnings

Increase in Government
Revenues:

\$15.4 MILLION

Total PILOT
Payments:

\$23 MN

Total Otherwise
Applicable
Property Taxes:

\$7.6 MN



Average Annual
Sales Tax Revenue:

\$231,738



NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY



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EXECUTIVE SUMMARY

The Nassau County Industrial Development Agency (the "Agency") received an application for financial assistance from Engel Burman at the Beach, LLC (the "Applicant") for a proposed residential development (the "Project") on a 6.04 acre site located between Long Beach Boulevard, Shore Road, and Riverside Boulevard in the City of Long Beach, Nassau County, New York (the "Site"). The Project being proposed by the Applicant entails the construction of 238 residential apartments, 12.5% of which will be offered as affordable workforce housing, 200 condominium units, and 6,500 square feet of retail space. The Agency commissioned Camoin 310 to conduct an economic and limited fiscal impact of the Project on Nassau County (the "County").

Camoin 310 conducted a market demand analysis of housing in Nassau County to determine the extent to which any of the housing units would create "new" households and, therefore, new household spending in the county. According to the application, 238 new rental apartment units will be built. Of these 238 units, 30 will be workforce housing units and 208 will be market-rate units. Additionally, 200 condominium units will be constructed. We determined that 50% of the market rate rental units and condominiums, or 104 rental units and 100 condominiums, could be considered as providing "net new" households to the county and 75% of the workforce housing units, or 23 units, will be net new (i.e. allowing households to exist in the county that would otherwise locate elsewhere). We then computed the total amount of net new spending by these new households to derive job creation resulting from the Project.

The following is a summary of our findings from this study, with details in the following sections.

Table 1

Summary of Benefits to County

Construction Phase	
Total Jobs	735
On-Site Jobs	468
Total Earnings	\$ 60,896,256
On-Site Earnings	\$ 43,450,990
One-Time Sales Tax Revenue to County	\$ 452,916
Annual Impacts	
Total Jobs	148
Direct Jobs	101
Indirect and Induced Jobs	47
Total Earnings	\$ 7,252,090
Direct Earnings	\$ 4,038,339
Indirect and Induced Earnings	\$ 3,213,750
Average Annual Sales Tax Revenue to County	\$ 231,738
Average Annual PILOT Payment	\$ 920,197

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Construction Impact

- ◆ The construction of the Project would result in approximately 468 new direct construction jobs generating nearly \$43.5 million in direct new earnings on-site and approximately \$17.4 million in indirect and induced earnings. Figure 1 to the right displays more detail on the economic impact of construction.
- ◆ Sales associated with the construction phase would be taxed, and therefore generate sales tax revenue for the County. Sales tax associated with the construction phase of the Project are estimated to contribute approximately \$452,916 to the County.

Annual Impact

- ◆ The Project would support 148 net new jobs in the county, with nearly \$7.3 million in associated earnings. Those figures are composed of net new jobs resulting from maintenance and operation of the facility and new economic activity from household spending. Figure 2 summarizes the annual economic impact of the Project.
- ◆ Sales associated with the on-site operations and new household spending are estimated to generate \$231,738 sales tax revenue to the County annually.
- ◆ The Applicant has negotiated terms of a proposed PILOT agreement for the rental portion of the Project with the Agency, which includes a 25-year PILOT agreement. Under this proposed PILOT agreement, the Applicant would pay approximately \$920,197 per year.
- ◆ Through negotiations with the Agency, the Applicant could have access to a sales tax exemption valued at up to \$13.7 million and a mortgage tax exemption valued at up to \$2.2 million. However, if we assume that the Project would not occur absent IDA benefits, this is not actually a “cost” to the County since no future revenue stream would exist without the exemptions.
- ◆ The schedule of payments to be made by the Applicant under the draft PILOT agreement would be approximately \$15.4 million more than the property tax payments generated by the Site if the Project were not to occur. In other words, the PILOT represents a benefit to the affected taxing jurisdictions averaging \$615,931 per year.

Figure 1

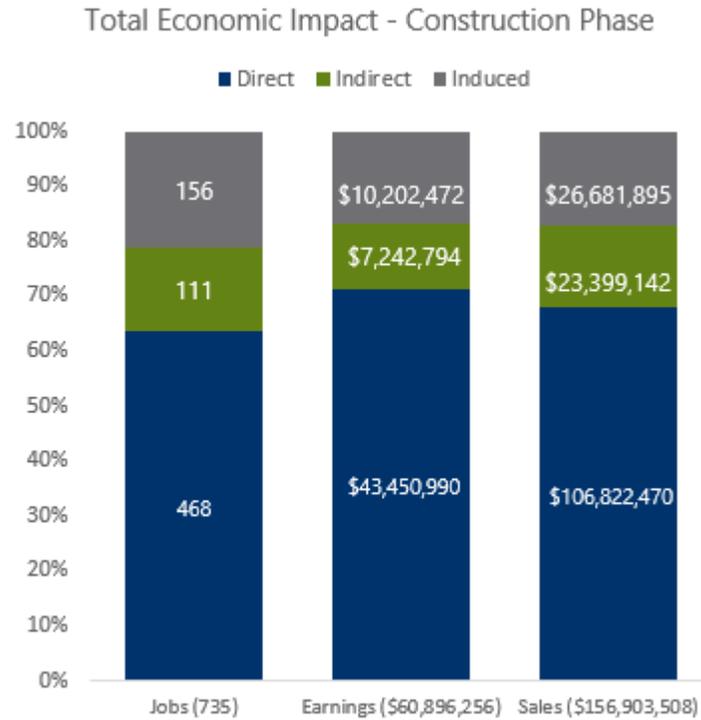
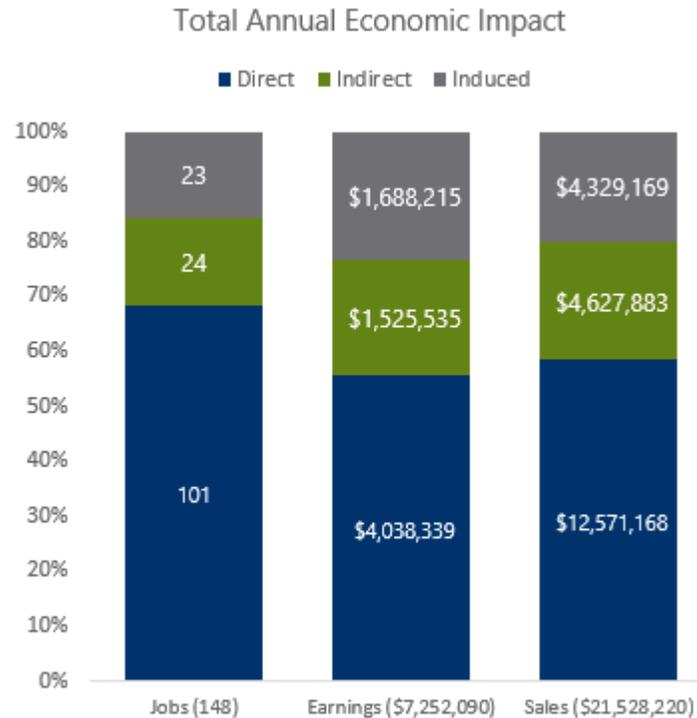


Figure 2



ECONOMIC IMPACT ANALYSIS

The estimates of direct economic activity generated during the construction phase, facility operation, and new resident spending as provided by the Applicant were used as the direct inputs for the economic impact model. Camoin 310 uses the input-output model designed by Economic Modeling Specialists, International (Emsi) to calculate total economic impacts. Emsi allows the analyst to input the amount of new direct economic activity (spending or jobs) occurring within the county 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 Nassau County economy. This is captured in the indirect and induced impacts and is commonly referred to as the “multiplier effect.” See Attachment A for more information on economic impact analysis.

The Project would have economic impacts upon the County as a result of Project construction, new permanent jobs, and spending by new tenant households.

CONSTRUCTION PHASE IMPACTS

The Applicant anticipates that private sector investment in the construction of the Project (excluding land acquisition, legal and financial fees) would cost approximately \$333.8 million¹. If we assume that 32%² of the construction spending would be sourced from within the county, we can project that there will be over \$106.8 million in net new spending in the county associated with the construction phase.

Table 2
Construction Phase Spending

Total Construction Cost	\$ 333,820,220
Percent Sourced from County	32%
Net New Constuction Spending	\$ 106,822,470

Source: Applicant, Camoin 310

Based on \$106,822,470 worth of net new direct spending associated with the construction phase of the Project, we determined that there would be over \$156.9 million in total one-time construction related spending supporting 735 jobs³ in the county over the four-year construction period⁴ and nearly \$60.9 million in earnings. Table 3 outlines the economic impacts of construction.

¹ Includes project costs as provided by the Applicant in Part III of the application for both the rental and condominium communities, except for land acquisition, legal fees, and financial fees.

² The Applicant specified that 30% of material costs, being \$200.3 million, and 35% of labor and other costs being \$133.5 million, would be sourced from within Nassau County.

³ The Applicant estimates that there will be anywhere between 30 and 300 jobs on-site in any given month of the construction period, however we estimate 468 direct construction jobs based on the net new spending amount.

⁴ As estimated by the Applicant.

Table 3

Economic Impact - Construction Phase			
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	468	\$ 43,450,990	\$ 106,822,470
Indirect	111	\$ 7,242,794	\$ 23,399,142
Induced	156	\$ 10,202,472	\$ 26,681,895
Total	735	\$ 60,896,256	\$ 156,903,508

Source: EMSI, Camoin 310

Based solely on 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.

IMPACTS OF NEW HOUSEHOLD SPENDING

In order to determine the annual economic impact of the Project on the county, the first step is to calculate the number of households that can be considered “net new” to the county’s economy. In other words, the number of households that, but for the Project, would not exist in Nassau County. With respect to this Project, net new households consist of those currently residing outside of Nassau County who will choose to move to the county because of the Project, and who would otherwise continue to live elsewhere. For this study, we analyzed the demand of housing in the county and surrounding region. For more information on this methodology, see Attachment B.

NET NEW HOUSEHOLDS

Based on Camoin 310’s rental market demand analysis, this analysis assumes that 50% of households occupying market-rate rental units and condos, and 75% of those occupying workforce units will be net new to the county. This is based on a review of the data and an understanding of the proposed Project as detailed above.

Since 12.5% of rental units are to be designated as workforce units, this means that there will be 30 total workforce apartment units and 208 total market rate units. Of these units, 104 of the market-rate units and 23 of the workforce units will be considered to be net new. 100 of the 200 condos are considered to be net new.

Table 4

Net New Households			
	<u>Total Households</u>	<u>Percent Net New</u>	<u>Net New Households</u>
Market-Rate Apartments	208	50%	104
Workforce Apartments	30	75%	23
Condos	200	50%	100
Total	438	52%	227

Source: Esri, Camoin 310

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SPENDING BY NEW TENANTS

New residents would make purchases in the county, thereby adding new dollars to the Nassau County economy. For this analysis, we researched spending patterns by household income to differentiate the spending by workforce housing rental tenants versus market rate rental tenants and condo residents.

Nassau County median family income in 2018 was \$111,240⁵. The Applicant proposed to offer 12.5% of rental units as workforce housing. According to the application, this housing will be reserved for households making 130% AMI,⁶ which can be estimated as between \$126,625 and \$138,781.⁷ Therefore, we will consider spending for the workforce housing eligible group to be in the \$100,000 to \$149,999 spending basket, per the Bureau of Labor Statistics' 2018 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 2018 Consumer Expenditure Survey, households with an income in this range have annual expenditures (excluding housing and utility costs) of \$46,348.

For market-rate rental units, qualifying tenants will need a household income of at least \$160,000 given market rents in the range of \$4,000 for comparable units in the vicinity of the project. Therefore, market-rate households are assumed to fall in the same \$150,000 to \$199,999 income bracket and are assumed to have annual expenditures of \$57,520.

Given the high-end nature of the development and the desirable beach location, residents of condo units are expected to have annual household incomes of \$200,000+. These households will have annual expenditures of \$77,327.

The second column in the Table 5 shows the total spending for all three household types by category. It is assumed that 70% of total expenditures would occur within Nassau County and, therefore, have an impact on the Nassau County economy. The fourth column shows the total amount spent in the county.

⁵ Source: U.S. Census Bureau, 2014-2018 American Community Survey 5-Year Estimates

⁶ According to the applicant, workforce housing units will be designated for households earning 130% AMI in accordance with Long Island Housing partnership standards and New York General Municipal Law Article 16-A.

⁷ According to HUD's 2019-2020 income limits for the Nassau-Suffolk region

Table 5

Tenant Spending Basket			
Market-Rate Rental Units (\$150,000 to \$199,999 Annual Household Income)			
Category	Annual per Unit Spending Basket	Amount Spent in County (70%)	County Spending (104 net new units)
Food	\$ 13,195	\$ 9,237	\$ 960,596
Household furnishings and equipment	\$ 4,120	\$ 2,884	\$ 299,936
Apparel and services	\$ 3,570	\$ 2,499	\$ 259,896
Transportation	\$ 16,523	\$ 11,566	\$ 1,202,874
Health care	\$ 7,664	\$ 5,365	\$ 557,939
Entertainment	\$ 5,913	\$ 4,139	\$ 430,466
Personal care products and services	\$ 1,353	\$ 947	\$ 98,498
Education	\$ 3,315	\$ 2,321	\$ 241,332
Miscellaneous	\$ 1,867	\$ 1,307	\$ 135,918
Annual Discretionary Spending	\$ 57,520	\$ 40,264	\$ 4,187,456
Workforce Units for Tenants Earnings 130% AMI (\$100,000 to \$149,999 Annual Household Income)			
Category	Annual per Unit Spending Basket	Amount Spent in County (70%)	Total Net New County Spending (23 net new units)
Food	\$ 10,854	\$ 7,598	\$ 174,749
Household furnishings and equipment	\$ 2,883	\$ 2,018	\$ 46,416
Apparel and services	\$ 2,579	\$ 1,805	\$ 41,522
Transportation	\$ 14,167	\$ 9,917	\$ 228,089
Health care	\$ 6,836	\$ 4,785	\$ 110,060
Entertainment	\$ 4,677	\$ 3,274	\$ 75,300
Personal care products and services	\$ 1,077	\$ 754	\$ 17,340
Education	\$ 2,087	\$ 1,461	\$ 33,601
Miscellaneous	\$ 1,188	\$ 832	\$ 19,127
Annual Discretionary Spending	\$ 46,348	\$ 32,444	\$ 746,203
Condo Units (\$200,000+ Annual Household Income)			
Category	Annual per Unit Spending Basket	Amount Spent in County (70%)	County Spending (100 net new units)
Food	\$ 16,392	\$ 11,474	\$ 1,147,440
Household furnishings and equipment	\$ 5,172	\$ 3,620	\$ 362,040
Apparel and services	\$ 5,169	\$ 3,618	\$ 361,830
Transportation	\$ 22,698	\$ 15,889	\$ 1,588,860
Health care	\$ 9,031	\$ 6,322	\$ 632,170
Entertainment	\$ 8,409	\$ 5,886	\$ 588,630
Personal care products and services	\$ 1,867	\$ 1,307	\$ 130,690
Education	\$ 6,251	\$ 4,376	\$ 437,570
Miscellaneous	\$ 2,338	\$ 1,637	\$ 163,660
Annual Discretionary Spending	\$ 77,327	\$ 54,129	\$ 5,412,890
Total Net New County Spending			\$ 10,346,549

Source: 2018 Consumer Expenditure Survey, Bureau of Labor Statistics

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The total net new spending in the county was calculated by multiplying the amount spent in the county by the number of net new units. As shown in the table above, spending in the county by all new households would total \$10,346,549 per year. We used the above spending basket amounts to calculate the direct, indirect, and total impact of the Project on the county. To do this, we attributed the various spending categories to the NAICS codes found in Table 6.

Table 6

Spending Basket Breakdown by NAICS Code

NAICS Code	Industry	Spending Basket Category
445110	Supermarkets and Other Grocery (except Convenience) Stores	Food
722511	Full-Service Restaurants	Food
442299	All Other Home Furnishings Stores	Household furnishings and equipment
448140	Family Clothing Stores	Apparel and services
441110	New Car Dealers	Transportation
447110	Gasoline Stations with Convenience Stores	Transportation
811111	General Automotive Repair	Transportation
524114	Direct Health and Medical Insurance Carriers	Health Care
622110	General Medical and Surgical Hospitals (Private)	Health Care
512131	Motion Picture Theaters	Entertainment
452319	All Other General Merchandise Stores	Entertainment
452319	All Other General Merchandise Stores	Personal care products and services
452319	All Other General Merchandise Stores	Miscellaneous
611310	Colleges, Universities, and Professional Schools	Education

Source: Camoin 310

Using \$10,346,549 as the new sales input, Camoin 310 employed EMSI to determine the indirect, induced, and total impact of the project. Table 7 outlines the findings of this analysis.

Table 7

Economic Impact - Household Spending

	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	91	\$ 3,539,069	\$ 10,346,549
Indirect	19	\$ 1,128,372	\$ 3,468,446
Induced	20	\$ 1,444,124	\$ 3,695,208
Total	130	\$ 6,111,566	\$ 17,510,203

Source: EMSI, Camoin 310

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IMPACTS OF ON-SITE EMPLOYMENT

The Applicant anticipates that 20 people will be employed on-site with an associated on-site payroll of \$978,960 upon Project completion.⁸ 225 of the 438 new housing units, or 51%, are considered net new to the county; therefore, 51% of the on-site activity would be net new. In this case, 10 jobs and \$499,270 in earnings are considered to be net new to the county.⁹

Table 8

Net New Jobs	
Total Jobs	20
Total Payroll	\$978,960
% Net New	51%
Net New Jobs	10
Net New Payroll	\$499,270

Source: Applicant, Camoin 210

Using these new jobs and wages as the direct earnings input, Emsi was used to calculate the indirect and induced economic impact of the on-site activity. Table 9 details the impact that the on-site activity will have on Nassau County in terms of employment, earnings, and sales.

Table 9

Economic Impact - On-Site Operations			
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	10	\$ 499,270	\$ 2,224,619
Indirect	5	\$ 397,163	\$ 1,159,437
Induced	3	\$ 244,091	\$ 633,961
Total	18	\$ 1,140,524	\$ 4,018,017

Source: EMSI, Camoin 310

TOTAL ANNUAL ECONOMIC IMPACT

The complete economic impact of both new household spending as well as on-site operation and maintenance of the Project is displayed in Table 10.

Table 10

Total Annual Economic Impact			
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	101	\$ 4,038,339	\$ 12,571,168
Indirect	24	\$ 1,525,535	\$ 4,627,883
Induced	23	\$ 1,688,215	\$ 4,329,169
Total	148	\$ 7,252,090	\$ 21,528,220

Source: EMSI, Camoin 310

⁸ Represents the operations of both the rental and condominium communities.

⁹ The Project includes the construction of 6,500 square feet of retail space. Based on standard industry assumptions of square feet per employee, 11 jobs are estimated to be attributed to this retail space. These jobs were used as a direct input in Emsi to calculate the direct sales associated with this space. Direct sales for the retail space equal approximately \$766,133. These impacts are captured in the economic impacts of new household spending and are not listed separately in order to avoid double counting.

FISCAL IMPACT ANALYSIS

In addition to the economic impact of the Project on the local economy (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 on the rental portion of the development. The condo portion will pay full taxes. The Applicant has proposed a 25-year payment schedule for the rental development based on the current tax rate, taxable value, and assessed value of the Project, as shown in Table 11.

Table 11

Tax Payments with PILOT (Rental Community)		
<u>Year</u>		<u>PILOT Payments</u>
1	\$	237,483
2	\$	241,782
3	\$	246,158
4	\$	250,613
5	\$	255,149
6	\$	259,768
7	\$	264,469
8	\$	269,256
9	\$	274,130
10	\$	279,092
11	\$	413,978
12	\$	548,955
13	\$	684,025
14	\$	819,191
15	\$	954,452
16	\$	1,089,812
17	\$	1,225,272
18	\$	1,360,834
19	\$	1,496,499
20	\$	1,632,270
21	\$	1,768,149
22	\$	1,904,136
23	\$	2,040,236
24	\$	2,176,448
25	\$	2,312,776
Total	\$	23,004,933
Average	\$	920,197

Source: Nassau County IDA, Camoin 310

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TAX POLICY COMPARISON

Without financial assistance from the Agency, Camoin 310 assumes the Applicant would not undertake the Project. Based on the current taxes applicable on the Site and an assumed annual increase to the tax rate of 2.00%¹⁰ (holding taxable value constant), the following table outlines the estimated tax payments made by the building owner without the Project.

Table 12

Tax Payments without Project (Rental Community)	
<u>Year</u>	<u>Property Tax Payment Without Project*</u>
1	\$ 237,483
2	\$ 242,233
3	\$ 247,077
4	\$ 252,019
5	\$ 257,059
6	\$ 262,200
7	\$ 267,444
8	\$ 272,793
9	\$ 278,249
10	\$ 283,814
11	\$ 289,490
12	\$ 295,280
13	\$ 301,186
14	\$ 307,210
15	\$ 313,354
16	\$ 319,621
17	\$ 326,013
18	\$ 332,534
19	\$ 339,184
20	\$ 345,968
21	\$ 352,887
22	\$ 359,945
23	\$ 367,144
24	\$ 374,487
25	\$ 381,977
Total	\$ 7,606,651
Average	\$ 304,266

Source: Nassau County IDA, Camoin 310

*Assumes an average annual increase of 2.00%

¹⁰ The tax rate is increased by 2.00% annually, the maximum inflation factor that can be reasonably anticipated into the future. New York State property tax cap legislation limits tax levy growth to an inflation factor set by the State or 2.00%, whichever is less, the amount by which a government entity may increase its annual tax levy (certain exceptions apply). Although in recent years the inflation has been less than 2.00%, using 2.00% for the purposes of comparing future otherwise applicable property tax payments without the Project to the proposed PILOT schedule provides a conservative estimate of the Project’s benefit/cost to the County.

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Table 13 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. In the first year of comparison, the property taxes without the Project are equal to the PILOT payments with the Project. Over the course of the proposed PILOT term, the average annual collection by local jurisdictions would be approximately \$615,931 more in PILOT revenue than property taxes without the Project. The total benefit to the affected taxing jurisdictions of the PILOT agreement over 25 years would be over \$15.4 million.

Table 13

Tax Policy Comparison (Rental Community)				
Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) To County of Project	
1	\$ 237,483	\$ 237,483	\$ -	
2	\$ 242,233	\$ 241,782	\$ (451)	
3	\$ 247,077	\$ 246,158	\$ (919)	
4	\$ 252,019	\$ 250,613	\$ (1,406)	
5	\$ 257,059	\$ 255,149	\$ (1,910)	
6	\$ 262,200	\$ 259,768	\$ (2,432)	
7	\$ 267,444	\$ 264,469	\$ (2,975)	
8	\$ 272,793	\$ 269,256	\$ (3,537)	
9	\$ 278,249	\$ 274,130	\$ (4,119)	
10	\$ 283,814	\$ 279,092	\$ (4,722)	
11	\$ 289,490	\$ 413,978	\$ 124,488	
12	\$ 295,280	\$ 548,955	\$ 253,675	
13	\$ 301,186	\$ 684,025	\$ 382,839	
14	\$ 307,210	\$ 819,191	\$ 511,981	
15	\$ 313,354	\$ 954,452	\$ 641,098	
16	\$ 319,621	\$ 1,089,812	\$ 770,191	
17	\$ 326,013	\$ 1,225,272	\$ 899,259	
18	\$ 332,534	\$ 1,360,834	\$ 1,028,300	
19	\$ 339,184	\$ 1,496,499	\$ 1,157,315	
20	\$ 345,968	\$ 1,632,270	\$ 1,286,302	
21	\$ 352,887	\$ 1,768,149	\$ 1,415,262	
22	\$ 359,945	\$ 1,904,136	\$ 1,544,191	
23	\$ 367,144	\$ 2,040,236	\$ 1,673,092	
24	\$ 374,487	\$ 2,176,448	\$ 1,801,961	
25	\$ 381,977	\$ 2,312,776	\$ 1,930,799	
Total	\$ 7,606,651	\$ 23,004,933	\$ 15,398,282	
Average	\$ 304,266	\$ 920,197	\$ 615,931	

Source: Nassau County IDA, Camoin 310

CAMOIN 310

OTHER EXEMPTIONS

The PILOT program would offer the Applicant savings in terms of property tax benefits, but there are other benefits to working with the Agency including a sales tax exemption on construction materials and furniture, fixtures, and equipment and a mortgage recording tax exemption.

Table 14

Summary of Costs to County

	Rental	Condo	Total
Sales Tax Exemption	\$ 6,019,676	\$7,711,418	\$ 13,731,094
Mortgage Tax Exemption	\$ 947,483	\$1,266,938	\$ 2,214,421

Source: Applicant, Camoin 310

The additional incentives offered by the County will benefit the Applicant but will not negatively affect the County because, without the Project, the County 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 above section) would lead to additional sales tax revenue for the County. It is assumed that 70%¹¹ of the construction phase earnings would be spent within Nassau County and that 25% of those purchases would be taxable.

Table 15

**One-Time Sales Tax Revenue
Construction Phase**

Total New Earnings	\$ 60,896,256
Amount Spent in County (70%)	\$ 42,627,379
Amount Taxable (25%)	\$ 10,656,845
County Sales Tax Rate	4.25%
New County Tax Revenue	\$ 452,916

Source: Nassau County, Camoin 310

As a result of the construction phase employment, the County would receive approximately \$452,916 in new sales tax revenue from the economic impacts of renovation.

¹¹ A retail leakage analysis of Nassau County suggests that a vast majority of the goods and services that employees will be purchasing are available within the county (food, clothing, vehicles, computers, etc.), but there still will be some outside spending on travel and through purchases made online and in neighboring counties. Based on third party proprietary retail spending data, 70% is a reasonable assumption for the amount of in-county spending. (Source: Esri Business Analyst Online Retail Market Profile)

CAMOIN 310

SALES TAX REVENUE – NEW HOUSEHOLD SPENDING

In addition to sales tax generated by the construction phase, the County would also receive sales tax revenue from the purchases made by the new households. Table 16 displays the new sales tax revenue that Nassau County would receive annually based on in-county spending by new households.

Table 16

Annual Sales Tax Revenue Household Spending	
Total New Spending	\$ 17,510,203
Amount Taxable (30%)	\$ 5,253,061
County Sales Tax Rate	4.25%
New County Tax Revenue	\$ 223,255

Source: Nassau County, Camoin 310

Note that the household spending figure has already been adjusted to account for 70% of total spending occurring within the county (see table entitled “Tenant Spending Baskets”). Also note that we have used a higher value for “Amount Taxable” as compared to the previous tables (30% rather than 25%) since 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 new earnings generated by on-site jobs that will occur as a result of building occupation at the Project (described under Impacts of On-Site Employment) would lead to additional annual sales tax revenue for the county. It is assumed that 70% of the earnings would be spent within Nassau County and that 25% of those purchases will be taxable. Table 17 displays the annual tax revenue that the County will receive.

Table 17

Annual Sales Tax Revenue On-Site Operations	
Total New Earnings	\$ 1,140,524
Amount Spent in County (70%)	\$ 798,367
Amount Taxable (25%)	\$ 199,592
County Sales Tax Rate	4.25%
New County Tax Revenue	\$ 8,483

Source: Nassau County, Camoin 310

TOTAL ANNUAL SALES TAX REVENUE

The total annual sales tax revenue that the County will receive is summarized in Table 18.

Table 18

Total Annual Sales Tax Revenue	
Household Spending	\$ 223,255
On-Site Operations	\$ 8,483
New County Tax Revenue	\$ 231,738

Source: Nassau County, Camoin 310

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.



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