PREPARED FOR:

Tompkins County Industrial Development Agency
119 East Seneca Street, Suite 200
Ithaca, NY 14850

ECONOMIC AND FISCAL IMPACT ANALYSIS

SHIFT CHAINWORKS OWNER 1, LLC - SOUTHWORKS PROJECT

AUGUST 2024

PREPARED BY:

camoin associates

PO Box 3547
Saratoga Springs, NY 12866
518.899.2608
www.camoinassociates.com

ABOUT THE STUDY

The Tompkins County Industrial Development Agency retained Camoin Associates to measure the potential economic and fiscal impacts of a project proposed by Shift Chainworks Owner 1, LLC (Applicant), that includes the redevelopment of a 95-acre site with residential, industrial, retail, commercial, and R&D space (SouthWorks or Project).

This analysis aims to provide a complete assessment of the Project's total economic, employment, and tax impacts on Tompkins County that result from the construction phase and on-site operations.

The primary tool used in this analysis is the input-output model developed by Lightcast. Primary data used in this study was obtained from the developer's application for financial assistance to the Tompkins County Industrial Development Agency and included the following data points: construction spending, housing units, new jobs, and PILOT schedule information.

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."

STUDY INFORMATION

Data Source:
Shift Chainworks Owner 1, LLC Application for Assistance and the Tompkins County Industrial Development Agency

Geography:
Tompkins County

Study Period:
2023

Modeling Tool:
Lightcast

DIRECT IMPACTS

Initial round of impacts generated as a result of spending by new households and of new employment generated as a result of annual operation.

INDIRECT IMPACTS

Direct impacts have ripple effects through business-to-business spending. This spending results from the increase in demand for goods and services by industry sectors in the supply chain.

INDUCED IMPACTS

Impacts that result from the spending by employees and employees of suppliers. Earnings of these employees enter the economy as paychecks are spent on food, clothing, and other goods and services.

CONTENTS

EXECUTIVE SUMMARY

The Tompkins County Industrial Development Agency (the Agency) received an application for financial assistance from Shift Chainworks Owner 1, LLC (the Applicant) for the proposed redevelopment of a 95-acre site to include residential units, commercial, industrial, retail, and research and development space (the Project) at 620 S. Aurora Street, 810 Danby Road, and Stone Quarry Road, Ithaca, NY (the Site). The Project proposed by the Applicant entails the construction of 915 residential units (including 20% that are made available to households at or below 80% Area Median Income), 130,528 square feet of office space, 34,765 square feet of commercial space, and 205,530 square feet of manufacturing space. The Agency commissioned Camoin Associates to conduct an economic and limited fiscal impact analysis of the Project on Tompkins County (the County).

Given the nature of the development and the fact that the specifics of the residential development are not yet finalized, Camoin Associates assumes that 40% of the market rate units and 95% of the affordable units would be considered "net new" to the county (i.e., allowing residents to exist in the county that would otherwise locate elsewhere). Therefore, the Project is estimated to result in 443 net new households. All of the non-residential on-site employment is considered net new to Tompkins County.

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

Table 1

Summary of Benefits to County	
Total Jobs	2,045
Direct Jobs	1,171
Total Earnings	$ 137,167,290
Direct Earnings	$ 78,725,856
Annual Sales Tax Revenue to County	$ 1,111,396
Average Annual PILOT Payment	$ 2,338,889
Total PILOT Payment	$ 46,777,788
Average Annual Benefit (Cost) of Project with PILOT compared to No Project	$ 2,212,806
Average Annual Benefit (Cost) of Project with PILOT compared to Project Without PILOT	$ (3,152,753)

Construction Impact

- The construction associated with the Project would result in approximately 879 new direct construction jobs, generating $49 million in direct new earnings on-site and an additional $12 million in indirect and induced earnings. Figure 1 to the right displays more detail on the economic impact of construction.
- Sales tax associated with the construction phase of the Project are estimated to contribute approximately $426,689 to the County.

Annual Impact

- The Project would support 2,045 net new jobs in the county, with $137 million in associated earnings. Figure 2 summarizes the Project's annual economic impact.
- Sales associated with the on-site operations and household spending are estimated to generate $1.1 million in sales tax revenue for the county annually.
- The Applicant has requested a proposed PILOT agreement with the Agency, including a 20-year PILOT agreement. Under this proposed PILOT agreement, the Applicant would pay approximately $46.8 million over the 20-year PILOT term or an average of approximately $2.3 million annually.
- Through negotiations with the Agency, the Applicant could access a sales tax exemption valued at up to $20,074,500 and a mortgage tax exemption valued at up to $1,764,000. However, assuming 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 these exemptions.
- The schedule of payments to be made by the Applicant under the draft 20-year PILOT agreement would be approximately $44.3 million more than the property tax payments generated by the Site if the Project were not to occur. In other words, the PILOT benefits the affected taxing jurisdictions, averaging $2.2 million annually.

Figure 1

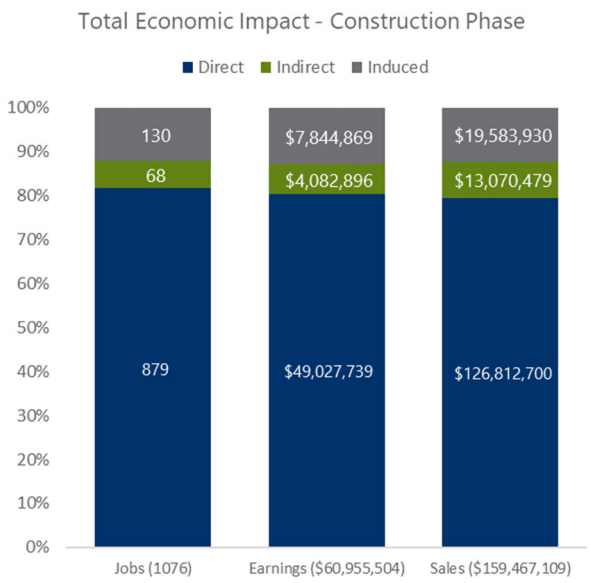
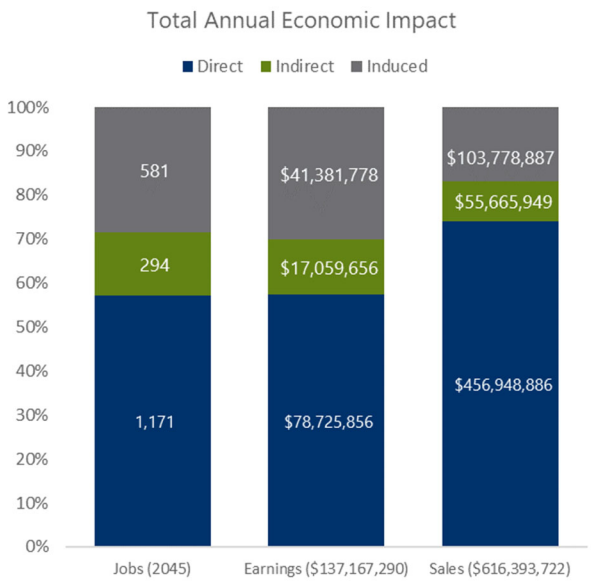


Figure 2



INTRODUCTION

The Tompkins County Industrial Development Agency (the "Agency") received an application for financial assistance from Shift Chainworks Owner 1, LLC (the "Applicant") for the proposed redevelopment of a 95-acre site to include residential units, commercial, industrial, retail, and research and development space (the "Project") at 620 S. Aurora Street, 810 Danby Road, and Stone Quarry Road, Ithaca, NY (the "Site"). The Project proposed by the Applicant entails the construction of 915 residential units (including 20% affordable units), 130,528 square feet of office space, 34,765 square feet of commercial space, and 205,530 square feet of manufacturing space. The Agency commissioned Camoin Associates to conduct an economic and limited fiscal impact analysis of the Project on Tompkins County (the "County").

MODELING PROCESS

An economic impact analysis of Project construction and operations upon full build-out was conducted to quantify the impact of the Project on the local economy. The economic impact includes not only the "direct" economic impacts, such as on-site jobs but also the secondary economic impacts generated throughout the economy through economic "ripple" effects. The three specific types of impacts considered in the analysis include:

- **Direct:** The most immediate impacts include construction spending, on-site jobs, and resident spending on goods and services.
- **Indirect:** These effects occur when businesses within the geography that supply goods and services re-spend a portion of that revenue. In other words, for every dollar spent at a local supplier, a portion will again be spent on goods and services at other regional businesses. This is considered an indirect effect.
- **Induced:** Another "ripple" effect occurs when workers at both the Project and indirectly impacted businesses spend a portion of their wages at businesses within the geographies on goods and services. This portion of the spending by new businesses that are paid to workers and re-spent in the economy is the induced impact.

The sum of the direct, indirect, and induced impacts equals the total economic impact. The Lightcast Input-Output model calculates the total economic impact, including the three different types of impacts.

Modeling Software

Lightcast designed the input-output model used in this analysis. The Lightcast model allows the analyst to input the amount of new direct economic activity (spending, earnings, or jobs) occurring within the region and uses the direct inputs to estimate the spillover effects that the net new spending, earnings, or jobs have as these new dollars circulate throughout the economy. This is captured in the indirect and induced impacts and is commonly referred to as the "multiplier effect." See Appendix A for more information on economic impact analysis.

What does "Net New" Mean?

When looking at the economic impacts of an industry, it is important to look only at the economic changes that would not happen in the project's absence. These effects are the "net new" effect: purchases made only as a result of the project in question.

Definition of a "Job"

A "job" is equal to one person employed for some amount of time (part-time, full-time, or temporary) during the study period.

ECONOMIC IMPACT ANALYSIS

The estimates of direct economic activity generated during the construction and operation phases of the Project were provided by the Applicant and were used as the inputs for the economic impact model. Camoin Associates used 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 county and uses the direct inputs to estimate spillover effects that net new spending or jobs have as these new dollars circulate through the Tompkins County economy. This is captured in the indirect and induced impacts and is commonly called the "multiplier effect." See Attachment A for more information on economic impact analysis.

The Project would impact the county's economy through temporary construction-related spending, new permanent jobs on-site, and spending by new residents within the county.

Key Assumptions:

1. New residential units will average 95% occupancy, or 869 units.[1]
2. Based on a review of supply and demand, housing trends, the 2022 Housing Snapshot, and other data sources, it is assumed that 40% of the market rate and 95% of affordable units are net new to Tompkins County. By "net new," we refer to the fact that these units will serve occupants who, without this new development, would be unable to find suitable housing in Tompkins County. While these new residents may or may not be relocating from outside the county, the broader regional demand for housing is so robust that they are rapidly occupied as existing units become vacant. This turnover leads to residents moving into Tompkins County from the surrounding area.
    - Affordable: The demand for affordable housing in Tompkins County and the surrounding region is extremely high. Whenever affordable units become available, they are filled almost immediately due to the scarcity of such options. According to the Tompkins County 2022 Housing Snapshot, the county faces particularly high rent prices, with over 50% of renters classified as housing cost-burdened—meaning they spend a significant portion of their income on rent. A detailed review of the current inventory of affordable housing within a 45-minute drive reveals a severe shortage relative to the number of households needing housing at this price point. As a result, when affordable units in Tompkins County become available, they are quickly occupied, often by new households from outside the county, after a few cycles of turnover.
    - Market Rate: The supply of market-rate housing in the region is comparatively higher than that of affordable housing, leading to less intense demand for these units.

Therefore, 358 of the 869 units will be net new to the county, or 41%. This is based on our analysis of existing units in the region and the price point of the new units. See Attachment B for more information on this methodology.

3. Since 41% of households are net new, 41% of the housing-related jobs on-site are also considered net new.

[1] Note: The vacancy rate in this analysis is assumed to be 5%, which is different from the Reasonableness Assessment, which uses an assumed 1% vacancy as provided by the Applicant. Five percent is a more conservative estimate for the purposes of this analysis.

4. New households will spend approximately 70% of their annual discretionary income in Tompkins County.
5. 100% of the estimated on-site jobs (non–housing related) are considered to be net new to Tompkins County. Without development, these jobs would not exist within Tompkins County.

IMPACTS OF NEW CONSTRUCTION

The Applicant anticipates that private sector investment in the construction of the Project would cost over $362 million.[2] It is assumed that 35%[3] of the construction spending would be sourced from within the county, representing $126.8 million in net new spending in the county associated with the Project's construction phase.

Table 2

Construction Phase Spending - County

Total Construction Cost	$ 362,322,000
Percent Sourced from County	35%
Net New Construction Spending	**$ 126,812,700**

Source: Applicant, Camoin Associates

Based on $126.8 million worth of net new direct spending on the Project's construction phase, nearly $160 million in total one-time construction-related spending would support 1,076 jobs throughout the county during this construction period and nearly $61 million in earnings. Table 3 outlines the economic impacts of construction.

Table 3

County Economic Impact - Construction Phase

	Jobs	Earnings	Sales
Direct	879	$ 49,027,739	$ 126,812,700
Indirect	68	$ 4,082,896	$ 13,070,479
Induced	130	$ 7,844,869	$ 19,583,930
Total	**1,076**	**$ 60,955,504**	**$ 159,467,109**

Source: Lightcast, Camoin Associates

[2] Includes total cost of construction as provided by the Applicant.

[3] Information provided by the Applicant was reviewed and compared to industry research to estimate the percent of construction-related spending that would be sourced from Tompkins County.

IMPACTS OF NEW HOUSEHOLDS

NEW HOUSEHOLDS

As noted in the Key Assumptions section above, 95% of the new units are expected to be occupied. Of the occupied units, we assume 40% of the market rate units and 95% of the affordable units will be filled by individuals who previously lived outside Tompkins County (see Attachment B for more information). Table 4 estimates the number of net new households the Project will bring to Tompkins County.

Table 4

Net New Households

	Total Households	Occupied	Percent Net New	Net New Households
Market Rate Housing Units	732	695	40%	278
Affordable 80% AMI	183	174	95%	165
Total	**915**	**869**	**51%**	**443**

Source: Lightcast, Camoin Associates

SPENDING BY NEW HOUSEHOLDS

New residents will make purchases in the region, thereby adding dollars to the Tompkins County economy. The Tompkins County Area Median Income (AMI) is $74,034. It is assumed that households in the market rate units will earn approximately 150% of the AMI and households in the affordable units will earn 80%. Applying those household earning numbers to the Bureau of Labor Statistics' household income ranges, the market rate households are expected to earn between $100,000 and $149,999 per year and the affordable unit households are expected to earn between $50,000 and $69,000.[4] Table 5 shows the total new spending in Tompkins County by net new residents by typical consumer spending category. The total net new spending in the County was calculated by multiplying the amount spent in the region under each category by the number of net new households.

[4] Bureau of Labor Statistics 2023 Consumer Expenditure Survey

Table 5

Market Rate Spending Basket

Housing Units ($100,000 to $149,999 Annual Household Income)

Category	Annual per Unit Spending Basket	Amount Spent in County (70%)	Total Net New County Spending (278 net new units)
Food	$ 12,381	$ 8,667	$ 2,410,729
Household furnishings and equipment	$ 3,006	$ 2,104	$ 585,304
Apparel and services	$ 2,423	$ 1,696	$ 471,787
Transportation	$ 13,860	$ 9,702	$ 2,698,708
Health care	$ 2,244	$ 1,571	$ 436,934
Entertainment	$ 3,781	$ 2,647	$ 736,206
Personal care products and services	$ 1,002	$ 701	$ 195,101
Education	$ 1,974	$ 1,382	$ 384,361
Miscellaneous	$ 1,324	$ 927	$ 257,799
Total Spending	**$ 41,995**	**$ 29,397**	**$ 8,176,930**

Affordable Spending Basket

Affordable Units (80% AMI) ($50,000 to $69,999 Annual Household Income)

Category	Annual per Unit Spending Basket	Amount Spent in County (70%)	Total Net New County Spending (165 net new units)
Food	$ 7,554	$ 5,288	$ 873,320
Household furnishings and equipment	$ 2,232	$ 1,562	$ 258,042
Apparel and services	$ 1,502	$ 1,051	$ 173,647
Transportation	$ 8,854	$ 6,198	$ 1,023,613
Health care	$ 1,407	$ 985	$ 162,664
Entertainment	$ 2,470	$ 1,729	$ 285,557
Personal care products and services	$ 727	$ 509	$ 84,049
Education	$ 698	$ 489	$ 80,696
Miscellaneous	$ 726	$ 508	$ 83,933
Total Spending	**$ 26,170**	**$ 18,319**	**$ 3,025,520**
Total New New Spending in County			**$ 11,202,451**

Source: 2022 Consumer Expenditure Survey, Bureau of Labor Statistics

IMPACT ANALYSIS

Table 5 calculates the annual spending totals for different spending basket categories. These totals were used as the direct input into Lightcast's input-output model to determine the indirect, induced, and total impact of net new household spending on the county's economy. Total new spending was distributed among the associated industry sectors for each spending category. Table 6 outlines the results of this analysis.

Table 6

County Economic Impact - Household Spending

	Jobs		Earnings		Sales
Direct	78	$	3,512,288	$	11,202,451
Indirect	13	$	693,637	$	1,860,374
Induced	15	$	1,035,046	$	2,596,522
Total	**106**	**$**	**5,240,971**	**$**	**15,659,346**

Source: Lightcast, Camoin Associates

IMPACTS OF ON-SITE OPERATIONS

NEW JOBS

The Applicant assumes there will be 1,115 new jobs created at the Project upon full build-out. Since 41% of the new, occupied residential units will be filled with individuals new to Tompkins County, 51% of the jobs associated with maintaining the new residential areas will also be new (see Key Assumption 2).

A review of the current vacancy rates within the immediate area and Tompkins County reveal low vacancy levels for the use types expected at the Project.

Table 7

SouthWorks Commercial Property Mix - Town of Ithaca & Tompkins County

		2024 YTD Ithaca NY				2024 YTD Tompkins County NY			
Property Type(1)	Project Square Feet (1)	SF (2)	Vacant SF (2)	Vacancy Rate (2)	Asking Rate PSF/Year (2)	SF (3)	Vacant SF (3)	Vacancy Rate (3)	Asking Rate PSF/Year (3)
Office	117,010	2,424,700	109,599	4.5%	$ 22.58	2,533,995	114,199	4.5%	$ 22.58
Office (Art Studio)	46,100	57,616	1,713	3.0%	$ 25.19	57,616	1,713	3.0%	$ 25.19
Commercial (Retail)	35,790	5,380,995	137,925	2.6%	$ 19.57	6,046,027	149,165	2.5%	$ 19.57
Commercial (Restaurant)	7,650	124,971	-	0.0%	$ 25.48	171,493	4,550	2.7%	$ 12.27
Manufacturing (Flex)	252,510	725,282	-	0.0%	$ 15.00	758,173	-	0.0%	$ 15.00

Data Sources: (1) Shift Capital (2022). (2) CoStar Data For Ithaca & Ithaca College NY. (3) CoStar Data For Tompkins County, NY

Therefore, if the Project were not to be built, the companies would need to look elsewhere to establish their own company. It is assumed that 100% of the non-housing related, on-site jobs are classified as net new because, without the Project, these jobs would not exist. Table 7 displays the number of new, on-site jobs associated with the Project.

Table 8

On-Site Jobs

	Jobs	Net New Percent	Net New Jobs
Office	365	100%	365
Commercial Retail	80	100%	80
Commercial Restaurant	30	100%	30
Manufacturing	530	100%	530
Artist Studio	65	100%	65
Residential	45	51%	23
Total	**1,115**	**98%**	**1,093**

Source: Applicant, Camoin Associates

IMPACT ANALYSIS

The net new job numbers were used as the direct input in Lightcast's input-output model to estimate the indirect and induced effects of the new jobs on Tompkins County. Table 9 details the estimated annual impact that the new on-site activity will have on the county regarding employment, earnings, and sales.

Table 9

County Economic Impact - On-Site Operations

	Jobs		Earnings		Sales
Direct	1,093	$	75,213,569	$	445,746,435
Indirect	281	$	16,366,018	$	53,805,575
Induced	565	$	40,346,733	$	101,182,366
Total	**1,939**	**$**	**131,926,320**	**$**	**600,734,376**

Source: Applicant, Lightcast, Camoin Associates

TOTAL ECONOMIC IMPACT

The total economic impact of new household spending and on-site operations is displayed in Table 10

Table 10

County Total Annual Economic Impact

	Jobs		Earnings		Sales
Direct	1,171	$	78,725,856	$	456,948,886
Indirect	294	$	17,059,656	$	55,665,949
Induced	581	$	41,381,778	$	103,778,887
Total	**2,045**	**$**	**137,167,290**	**$**	**616,393,722**

Source: Lightcast, Camoin Associates

FISCAL IMPACT ANALYSIS

In addition to the economic impact the Project will have on the local economy (outlined above), there would also be a fiscal impact. The following section of the analysis outlines the impact on the local taxing jurisdictions in terms of the cost and/or benefit to municipal budgets.

PAYMENT IN LIEU OF TAXES (PILOT)

Table 11 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. Column A shows what the Property is currently generating, Column B shows the Requested PILOT schedule, and Column C shows what the property would generate if the Project is built but does not receive assistance (Column C is purely hypothetical since the Applicant has stated they will not do the Project without assistance).

Over $2.2 million more in PILOT tax revenue will be received annually over property taxes received without the Project. The total benefit for the municipalities would be over $44 million over 20 years. The Applicant will pay $3 million less per year under the PILOT than full taxes on the final development.

Table 11

Tax Policy Comparison

	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	$ 103,783	$ 545,441	$ 4,520,360	$ 441,658	$ 3,974,919
2	$ 105,859	$ 556,350	$ 4,610,767	$ 450,491	$ 4,054,417
3	$ 107,976	$ 567,477	$ 4,702,982	$ 459,501	$ 4,135,505
4	$ 110,136	$ 578,826	$ 4,797,042	$ 468,691	$ 4,218,215
5	$ 112,338	$ 590,403	$ 4,892,983	$ 478,064	$ 4,302,580
6	$ 114,585	$ 1,089,837	$ 4,990,842	$ 975,251	$ 3,901,006
7	$ 116,877	$ 1,111,633	$ 5,090,659	$ 994,756	$ 3,979,026
8	$ 119,214	$ 1,133,866	$ 5,192,472	$ 1,014,652	$ 4,058,606
9	$ 121,599	$ 1,674,016	$ 5,296,322	$ 1,552,417	$ 3,622,306
10	$ 124,031	$ 1,707,496	$ 5,402,248	$ 1,583,465	$ 3,694,752
11	$ 126,511	$ 2,280,024	$ 5,510,293	$ 2,153,513	$ 3,230,269
12	$ 129,041	$ 2,325,624	$ 5,620,499	$ 2,196,583	$ 3,294,874
13	$ 131,622	$ 2,932,266	$ 5,732,909	$ 2,800,643	$ 2,800,643
14	$ 134,255	$ 2,990,911	$ 5,847,567	$ 2,856,656	$ 2,856,656
15	$ 136,940	$ 3,633,487	$ 5,964,518	$ 3,496,547	$ 2,331,031
16	$ 139,679	$ 3,706,157	$ 6,083,809	$ 3,566,478	$ 2,377,652
17	$ 142,472	$ 4,386,581	$ 6,205,485	$ 4,244,109	$ 1,818,904
18	$ 145,322	$ 4,474,313	$ 6,329,595	$ 4,328,991	$ 1,855,282
19	$ 148,228	$ 5,194,595	$ 6,456,187	$ 5,046,367	$ 1,261,592
20	$ 151,193	$ 5,298,487	$ 6,585,310	$ 5,147,294	$ 1,286,824
Total	**$ 2,521,661**	**$ 46,777,788**	**$ 109,832,848**	**$ 44,256,127**	**$ 63,055,060**
Average	**$ 126,083**	**$ 2,338,889**	**$ 5,491,642**	**$ 2,212,806**	**$ 3,152,753**
Present Value*	**$ 1,362,607**	**$ 20,514,595**	**$ 59,349,403**	**$ 19,151,987**	**$ 38,834,809**

Source: Tompkins County IDA, Camoin Associates

Note*: Present Value calculation assumes a 6.25% discount rate

OTHER EXEMPTIONS

The PILOT program would offer the Applicant property tax benefits. Still, working with the Agency offers other benefits, including a sales tax exemption on construction materials, furniture, fixtures, and equipment and a mortgage recording tax exemption.

Table 12

Summary of Costs to Affected Jurisdictions

		State and County
Sales Tax Exemption	$	20,074,500.00
Mortgage Tax Exemption	$	1,763,808.00

Source: Applicant, Camoin Associates

The additional incentive offered by the Agency will benefit the Applicant. Still, it will not negatively affect the county because, without the Project, the County would not, by definition, 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 construction work's total economic impact (described in the above section) would lead to additional sales tax revenue for the County. It is assumed that 70%[5] 25% of the construction phase earnings would be spent within Tompkins County, and 25% of those purchases would be taxable.

Table 13

One-Time Sales Tax Revenue, Construction Phase

Total New Earnings	$	60,955,504
Amount Spent in County (70%)	$	42,668,852
Amount Taxable (25%)	$	10,667,213
Tompkins County Sales Tax Revenue (4%)	**$**	**426,689**

Source: Tompkins County IDA, Camoin Associates

The construction phase's employment would result in the County receiving approximately $268,437 in new sales tax revenue from its economic impacts.

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 14 displays the new sales tax revenue Tompkins County would receive annually based on in-county spending by new households.

[5] A retail leakage analysis of Tompkins 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)

Table 14

Annual Sales Tax Revenue, Household Spending		
Total New Spending	$	15,659,346
Amount Taxable (30%)	$	4,697,804
Tompkins County Sales Tax Revenue (4%)	**$**	**187,912**

Source: Tompkins County IDA, Camoin Associates

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" than the previous tables (30% rather than 25%) since certain non-taxable items (related to housing expenses) have been removed from the total spending line, increasing the remaining portion taxable.

SALES TAX REVENUE – EMPLOYEE EARNINGS

The new earnings generated by on-site jobs resulting from building occupations 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 Tompkins County and 25% of those purchases would be taxable. Table 15 displays the County's annual tax revenue.

Table 15

Annual Sales Tax Revenue, On-Site Operations		
Total New Earnings	$	131,926,320
Amount Spent in County (70%)	$	92,348,424
Amount Taxable (25%)	$	23,087,106
Tompkins County Sales Tax Revenue (4%)	**$**	**923,484**

Source: Tompkins County IDA, Camoin Associates

TOTAL ANNUAL SALES TAX REVENUE

The total annual sales tax revenue that the County will receive is summarized in Table 16.

Table 16

Total Annual Sales Tax Revenue		
Household Spending	$	187,912
On-Site Operations	$	923,484
New County Tax Revenue	**$**	**1,111,396**

Source: Tompkins County IDA, Camoin Associates

ATTACHMENT A: WHAT IS ECONOMIC IMPACT ANALYSIS?

The purpose of conducting an economic impact study is to ascertain the total cumulative changes in employment, earnings and output in a given economy due to some initial "change in final demand". To understand the meaning of "change in final demand", consider the installation of a new widget manufacturer in Anycounty, 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 a 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. Therefore, Each project may have a different expectation for net new households, depending on price point, age restriction, 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 within the drive time but outside 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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