

SUBMITTED TO:

Village of Port Chester Industrial Development Agency

Economic and Fiscal Impact

BOSTON POST ROAD OWNER, LLC

APRIL 2024

PREPARED BY:



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

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EXECUTIVE SUMMARY

The Village of Port Chester Industrial Development Agency (IDA) received a request for financial assistance from Boston Post Road Owner LLC (the Applicant) to develop a large mixed-use project that will include market-rate housing, senior housing, affordable housing, a boutique hotel, retail space, amenity space, and more (the Project). The Project is to be located at the site of a former hospital campus and residential workforce apartment building at 406-408 Boston Post Road and 999 High Street, Village of Port Chester Town of Rye, NY. To better understand the impact of the Project, the IDA retained Camoin Associates to quantify the economic impact of the demolition phase, construction phase, and full operation phase on the Village of Port Chester and Westchester County.

ECONOMIC IMPACT

The Applicant is proposing to demolish and remediate the former United Hospital property to construct a massive mixed-use project. The Project will result in economic impacts for the Village of Port Chester and Westchester County during all three phases of development.

The following table shows the economic impacts of the three phases on the two study area geographies.

Direct impacts are generated by on site activity.

Indirect impacts accrue through business-to-business spending.

Induced impacts result from direct and indirect employee spending.

Table 1

Economic Impact of Project

Village of Port Chester			Westchester County		
Total Impact of Demolition					
Jobs	Earnings	Sales	Jobs	Earnings	Sales
9	\$ 712,284	\$ 2,198,327	81	\$ 6,487,389	\$ 20,124,424
Total Impact of Construction					
Jobs	Earnings	Sales	Jobs	Earnings	Sales
55	\$ 2,252,182	\$ 20,788,732	442	\$ 20,482,423	\$ 190,177,125
Total Annual Impact of Operations					
Jobs	Earnings	Sales	Jobs	Earnings	Sales
302	\$ 18,657,011	\$ 51,547,056	469	\$ 29,648,707	\$ 77,888,560

Source: Camoin Associates, Lightcast, Applicant

INTRODUCTION

The United Hospital in the Village of Port Chester has been vacant since it closed in 2005. The Village of Port Chester IDA (IDA) has received an application for financial assistance from Boston Post Road Owner LLC (the Applicant) to redevelop the site to accommodate a large mixed-use project that includes affordable, senior, and market-rate residential units, a boutique hotel, restaurant, and retail space (the Project). The Project will be located at 406-408 Boston Post Road and 999 High Street, Village of Port Chester Town of Rye, NY. The IDA commissioned Camoin Associates to conduct an economic impact analysis of the Project on the Village of Port Chester (the Village) and Westchester County (the County).

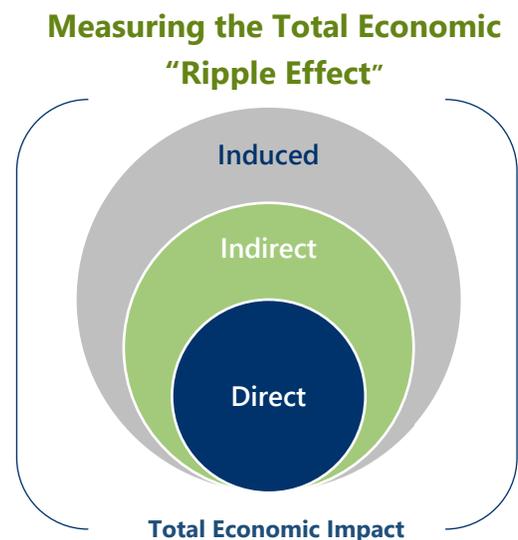
The impact analysis considers the (1) temporary impact during the demolition and remediation phase, (2) the temporary impact during construction phase, (3) and the ongoing annual impacts of operation upon full build out. These are considered the three phases of the Project.

MODELING PROCESS

An economic impact analysis of the Project's three phases was conducted on the village and county economy. The economic impact includes not only the "direct" economic impacts, such as on-site activity but also the secondary economic impacts that are generated throughout the economy through the economic "ripple" effect. The three specific types of impacts considered in the analysis include:

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

The sum of the direct, indirect, and induced impacts equals the total economic impact. The Lightcast (formerly Emsi) Input-Output model is used to calculate the total economic impact, including the three different types of impacts.



ECONOMIC IMPACT

Economic Impact of Demolition

The Applicant estimates that demolition materials and labor will cost approximately \$42 million of a total demolition phase cost of \$124.3 million. An industry analysis found that 5% of demolition-related costs can be sourced from within the Village of Port Chester and 35% can be sourced from within Westchester County, that is considered the net new activity. Table 2 details the direct net new activity for the Village and County.

Table 2

Demolition Phase Spending - Village

	Total Project	Percent of Spending in Village*	Direct Spending inside Village
<u>Demolition Costs</u>			
Demolition Materials Cost	\$ 28,305,000	5%	\$ 1,415,250
Demolition Labor Cost	\$ 13,705,000	5%	\$ 685,250
Demolition Subtotal	\$ 42,010,000	5%	\$ 2,100,500
<u>Other Project Costs</u>			
Land and/or Building Acquisition	\$ 20,000,000	n/a	\$ -
Soft Costs	\$ 33,625,000	n/a	\$ -
Financing Costs	\$ 28,730,000	n/a	\$ -
Other Cost Subtotal	\$ 82,355,000		
Total Costs	\$ 124,365,000		\$ 2,100,500

Demolition Phase Spending - County

	Total Project	Percent of Spending in County*	Direct Spending inside County
<u>Demolition Costs</u>			
Demolition Materials Cost	\$ 28,305,000	35%	\$ 9,906,750
Demolition Labor Cost	\$ 13,705,000	35%	\$ 4,796,750
Demolition Subtotal	\$ 42,010,000	35%	\$ 14,703,500
<u>Other Project Costs</u>			
Land and/or Building Acquisition	\$ 20,000,000	n/a	\$ -
Soft Costs	\$ 33,625,000	n/a	\$ -
Financing Costs	\$ 28,730,000	n/a	\$ -
Other Cost Subtotal	\$ 82,355,000		
Total Costs	\$ 124,365,000		\$ 14,703,500

Source: Applicant.

Note: Land acquisition, soft costs, and financing costs are assumed to have no economic impact.

*An industry analysis was conducted to estimate the percent of spending that is available within the study area.

Based on the net new direct spending during the demolition phase, Table 3 details the direct, indirect, and induced impacts on the Village of Port Chester and Westchester County during this period.

Table 3

Economic Impact Demolition - Village			
	Jobs	Earnings	Sales
Direct	9	\$ 685,250	\$ 2,100,500
Indirect	0	\$ 16,742	\$ 64,230
Induced	0	\$ 10,292	\$ 33,590
Total	9	\$ 712,284	\$ 2,198,320

Economic Impact Demolition - County			
	Jobs	Earnings	Sales
Direct	60	\$ 4,796,750	\$ 14,703,500
Indirect	10	\$ 819,354	\$ 2,854,000
Induced	11	\$ 871,286	\$ 2,566,920
Total	81	\$ 6,487,389	\$ 20,124,420

Source: Lightcast, Camoin Associates

Modeling Software

Lightcast (formerly Emsi) 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 a project, it’s 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 company or project in question.

Definitions

- **Job** is equal to one person employed for some amount of time (part-time, full-time, or temporary) during the study period.
- **Earnings** include wages, salaries, supplements (additional employee benefits), and proprietor income.
- **Sales** represent spending/purchases occurring in the local economy.

Economic Impact of Construction

The Applicant estimates that construction materials and labor will cost approximately \$397 million of a total project cost of \$650.5 million. An industry analysis found that 5% of construction-related costs can be sourced from within the Village of Port Chester and 35% can be sourced from within Westchester County, that is considered the net new activity. Table 4 details the direct net new activity for the Village and County.

Table 4
Construction Phase Spending - Village

	Total Project	Percent of Spending in Village*	Direct Spending inside Village
<u>Construction Costs</u>			
Construction Materials Cost	\$ 354,008,000	5%	\$ 17,700,400
Construction Labor Cost	\$ 43,348,000	5%	\$ 2,167,400
Construction Subtotal	\$ 397,356,000	5%	\$ 19,867,800
<u>Other Project Costs</u>			
Land and/or Building Acquisition	\$ 138,500,000	n/a	\$ -
Machinery and Equipment	\$ 17,500,000	n/a	\$ -
Soft Costs	\$ 25,600,000	n/a	\$ -
Financing Costs	\$ 32,000,000	n/a	\$ -
Other	\$ 39,500,000	n/a	\$ -
Other Project Costs	\$ 253,100,000		
Total Costs	\$ 650,456,000		\$ 19,867,800

Construction Phase Spending - County

	Total Project	Percent of Spending in County*	Direct Spending inside County
<u>Construction Costs</u>			
Construction Materials Cost	\$ 354,008,000	35%	\$ 123,902,800
Construction Labor Cost	\$ 43,348,000	35%	\$ 15,171,800
Construction Subtotal	\$ 397,356,000	35%	\$ 139,074,600
<u>Other Project Costs</u>			
Land and/or Building Acquisition	\$ 138,500,000	n/a	\$ -
Machinery and Equipment	\$ 17,500,000	n/a	\$ -
Soft Costs	\$ 25,600,000	n/a	\$ -
Financing Costs	\$ 32,000,000	n/a	\$ -
Other	\$ 39,500,000	n/a	\$ -
Other Project Costs	\$ 253,100,000		
Total Costs	\$ 650,456,000		\$ 139,074,600

Source: Applicant.

Note: Land acquisition, machinery and equipment purchases, soft costs, and financing costs are assumed to have no economic impact.

*An industry analysis was conducted to estimate the percent of spending that is available within the study area.

Based on the net new direct spending during the construction phase, Table 5 details the direct, indirect, and induced impacts on the Village of Port Chester and Westchester County during this period.

Table 5

Economic Impact Construction - Village			
	Jobs	Earnings	Sales
Direct	54	\$ 2,167,400	\$ 19,867,800
Indirect	1	\$ 52,771	\$ 607,506
Induced	0	\$ 32,011	\$ 313,426
Total	55	\$ 2,252,182	\$ 20,788,732
Economic Impact Construction - County			
	Jobs	Earnings	Sales
Direct	376	\$ 15,171,800	\$ 139,074,600
Indirect	31	\$ 2,583,567	\$ 26,996,887
Induced	35	\$ 2,727,056	\$ 24,105,638
Total	442	\$ 20,482,423	\$ 190,177,125

Source: Lightcast, Camoin Associates

Economic Impact of Operation

Upon full build out, the Project will include 200 units of senior housing, 87 units of affordable housing, 688 units of market rate housing, a 120-room boutique hotel, and 18,170 square feet of commercial space. The following impact analysis considers the impact of residential uses first and then the impact of the onsite jobs. The annual economic impact is the combination of these two sections and is included at the end.

ECONOMIC IMPACT OF RESIDENTIAL USES

NET NEW HOUSEHOLDS

Camoin Associates conducted a market demand analysis of housing in the Village of Port Chester and Westchester County to determine the extent to which any housing units would create “new” households and, therefore, new household spending. Table 6 details the results of this analysis. In total, 99% of the units are considered net new to the Village of Port Chester and 91% are considered net new to Westchester County. We assumed that 100% of the senior and affordable units are net new as there is significant current and future demand for these types of units and limited existing supply. Therefore, the Project is assumed to be adding 968 households to the Village of Port Chester and 886 households to Westchester County that otherwise would be forced to locate elsewhere. For more information on this methodology, see Attachment B.

Table 6

Net New Households - Village

	Total Households	Percent Net New	Net New Households
Market Rate	688	99%	681
Affordable	87	100%	87
Senior	200	100%	200
Total	975	99%	968

Net New Households - County

	Total Households	Percent Net New	Net New Households
Market Rate	688	87%	599
Affordable	87	100%	87
Senior	200	100%	200
Total	975	91%	886

Source: Esri, Camoin Associates

SPENDING BY NEW TENANTS

Both retained and new residents make purchases locally, thereby adding dollars to the local economy. For this analysis, we researched spending patterns by household income, and used that information to model spending by tenants. Likely spending was estimated using a spending basket from the 2023 Consumer Expenditure Survey for the northeast region, which details household spending in individual consumer categories by income level¹.

The Village of Port Chester’s median annual income is \$95,221. It is assumed that households in the affordable and age-restricted units will have an income of no more than 80% of the median annual income whereas households in the market-rate units would earn at least 100% of the median income. Using these assumptions, we

¹ Source: Bureau of Labor Statistics 2023 Consumer Expenditure Survey

estimate that affordable and age-restricted household incomes would fall in the \$50,000 - \$69,999 annual income category and the market rate units would fall in the \$100,000 to \$149,999 annual income category.

A retail industry analysis was conducted to determine the percentage of each spending category that is available within the study areas. The total net new spending in the two study areas was calculated by multiplying the amount spent in the study area by the number of net new units occupied by households in each income range. Table 7 and Table 8 show the results of this analysis and total net new spending.

**Table 7
Tenant Spending Basket - Village**

Affordable/Senior Units - 287 Units (\$50,000 to \$69,999 Annual Household Income)				
Category	Annual per Unit Spending Basket	Percent Spent in Village	Amount Spent in Village	Total Net New Village Spending (287 units)
Food	\$ 7,554	45%	\$ 3,393	\$ 973,756
Household furnishings and equipment	\$ 2,232	8%	\$ 168	\$ 48,109
Apparel and services	\$ 1,502	7%	\$ 107	\$ 30,760
Transportation	\$ 8,854	3%	\$ 272	\$ 78,050
Health care, not including insurance (1)	\$ 1,407	31%	\$ 432	\$ 124,063
Entertainment	\$ 698	10%	\$ 66	\$ 19,043
Personal care products and services	\$ 2,470	7%	\$ 163	\$ 46,832
Education	\$ 727	26%	\$ 187	\$ 53,745
Miscellaneous	\$ 726	8%	\$ 55	\$ 15,683
Net New Village Spending	\$ 26,170		\$ 4,843	\$ 1,390,041
Market Rate Units - 681 Units (\$100,000 to \$149,999 Annual Household Income)				
Category	Annual per Unit Spending Basket	Percent Spent in Village	Amount Spent in Village	Total Net New Village Spending (681 units)
Food	\$ 12,381	45%	\$ 5,561	\$ 3,786,989
Household furnishings and equipment	\$ 3,006	8%	\$ 226	\$ 153,740
Apparel and services	\$ 2,423	7%	\$ 173	\$ 117,743
Transportation	\$ 13,860	3%	\$ 426	\$ 289,911
Health care, not including insurance (1)	\$ 2,243	31%	\$ 689	\$ 469,291
Entertainment	\$ 3,781	10%	\$ 359	\$ 244,768
Personal care products and services	\$ 1,002	7%	\$ 66	\$ 45,079
Education	\$ 1,974	26%	\$ 508	\$ 346,269
Miscellaneous	\$ 1,324	8%	\$ 100	\$ 67,866
Net New Village Spending	\$ 41,994		\$ 8,108	\$ 5,521,656
Total Net New Village Spending				\$ 6,911,697

Source: Camoin Associates, Consumer Expenditure Surveys, U.S. Bureau of Labor Statistics, September, 2023

Totals may not add because of rounding.

(1) Health insurance provider assumed to be outside of village

Table 8

Tenant Spending Basket - County

Affordable/Senior Units - 287 Units (\$50,000 to \$69,999 Annual Household Income)				
Category	Annual per Unit Spending Basket	Percent Spent in County	Amount Spent in County	Total Net New County Spending (287 units)
Food	\$ 7,554	62%	\$ 4,715	\$ 1,353,216
Household furnishings and equipment	\$ 2,232	39%	\$ 878	\$ 252,129
Apparel and services	\$ 1,502	49%	\$ 733	\$ 210,237
Transportation	\$ 8,854	42%	\$ 3,707	\$ 1,063,920
Health care, not including insurance (1)	\$ 1,407	87%	\$ 1,226	\$ 351,958
Entertainment	\$ 698	84%	\$ 585	\$ 167,878
Personal care products and services	\$ 2,470	73%	\$ 1,795	\$ 515,246
Education	\$ 727	63%	\$ 456	\$ 130,922
Miscellaneous	\$ 726	39%	\$ 287	\$ 82,272
Net New County Spending	\$ 26,170		\$ 14,383	\$ 4,127,780
Market Rate Units - 599 Units (\$100,000 to \$149,999 Annual Household Income)				
Category	Annual per Unit Spending Basket	Percent Spent in County	Amount Spent in County	Total Net New County Spending (599 units)
Food	\$ 12,381	62%	\$ 7,728	\$ 4,629,039
Household furnishings and equipment	\$ 3,006	39%	\$ 1,183	\$ 708,701
Apparel and services	\$ 2,423	49%	\$ 1,182	\$ 707,845
Transportation	\$ 13,860	42%	\$ 5,803	\$ 3,475,984
Health care, not including insurance (1)	\$ 2,243	87%	\$ 1,955	\$ 1,171,039
Entertainment	\$ 3,781	84%	\$ 3,169	\$ 1,897,977
Personal care products and services	\$ 1,002	73%	\$ 728	\$ 436,245
Education	\$ 1,974	63%	\$ 1,239	\$ 741,944
Miscellaneous	\$ 1,324	39%	\$ 523	\$ 313,148
Net New County Spending	\$ 41,994		\$ 23,509	\$ 14,081,922
Total Net New County Spending				\$ 18,209,702

Source: Camoin Associates, Consumer Expenditure Surveys, U.S. Bureau of Labor Statistics, September, 2023

Totals may not add because of rounding.

(1) Health insurance provider assumed to be outside of county

Using the new (direct) sales input calculated in Table 7 and Table 8, Camoin Associates employed the Lightcast Input/Output model to determine the indirect, induced, and total impact of the net new household spending as a result of the project. Table 9 outlines the findings of this analysis.

Table 9

Economic Impact of Household Spending - Village			
	Jobs	Earnings	Sales
Direct	51	\$ 2,195,884	\$ 6,911,696
Indirect	3	\$ 167,665	\$ 457,069
Induced	1	\$ 141,007	\$ 416,328
Total	55	\$ 2,504,555	\$ 7,785,094

Economic Impact of Household Spending - County			
	Jobs	Earnings	Sales
Direct	119	\$ 6,604,409	\$ 18,209,703
Indirect	29	\$ 2,116,099	\$ 5,794,535
Induced	23	\$ 2,037,792	\$ 5,154,438
Total	171	\$ 10,758,299	\$ 29,158,676

Source: Lightcast

ECONOMIC IMPACT OF ONSITE JOBS

The Applicant anticipates that the Project will create a total of 217 jobs onsite. Since 100% of the senior units are net new to the region, all onsite jobs associated with the senior units are also assumed to be net new. In the Village, 99% of all non-age restricted units are net new therefore 99% of onsite jobs are also considered net new. In the County, 88% of all non-age restricted units are net new, so 88% of onsite jobs are assumed to be net new. All commercial space related jobs are assumed to be net new to the Village, however they were eliminated from the county calculation to account for the assumption that those could be located elsewhere in the county. The boutique hotel jobs are assumed to be net new to the village and county due to the unique nature of the overall Project.

²Table 10

Onsite Job Projections - Village

	Number	Onsite Jobs	Percent Net New	Total Jobs
Senior Living	200 Units	115	100%	115
Non-Age Restricted Residential	775 Units	42	99%	42
Commercial Space	18,170 Square Feet	10	100%	10
Boutique Hotel	120 Rooms	50	100%	50
Total Jobs		217		216

Onsite Job Projections - County

	Number	Onsite Jobs	Percent Net New	Total Jobs
Senior Living	200 Units	115	100%	115
Non-Age Restricted Residential	775 Units	42	88%	37
Commercial Space	18,170 Square Feet	10	0%	-
Boutique Hotel	120 Rooms	50	100%	50
Total Jobs		217		202

Source: Applicant, US Energy Information Administration Commercial Buildings Energy Consumption Survey, Camoin Associates

The direct jobs are used as an input to model the annual economic impact of operations of the Project upon full build out and shown in Table 11.

² Note: Economic impact of the visitors to the hotel are not included in this analysis although they will generate new economic activity for the village and county through additional spending.

Table 11

Economic Impact of Onsite Jobs - Village			
	Jobs	Earnings	Sales
Direct	216	\$ 14,086,872	\$ 38,055,792
Indirect	25	\$ 1,343,354	\$ 3,559,235
Induced	6	\$ 722,230	\$ 2,146,935
Total	247	\$ 16,152,456	\$ 43,761,962

Economic Impact of Onsite Jobs - County			
	Jobs	Earnings	Sales
Direct	202	\$ 11,671,565	\$ 29,927,949
Indirect	58	\$ 4,048,962	\$ 10,783,413
Induced	37	\$ 3,169,881	\$ 8,018,522
Total	298	\$ 18,890,408	\$ 48,729,884

Source: Lightcast

TOTAL ANNUAL ECONOMIC IMPACT

The combined annual economic impact of new household spending and onsite operations is displayed in Table 12.

Table 12

Total Economic Impact of Operations - Village			
	Jobs	Earnings	Sales
Direct	267	\$ 16,282,756	\$ 44,967,488
Indirect	27	\$ 1,511,019	\$ 4,016,305
Induced	7	\$ 863,236	\$ 2,563,264
Total	302	\$ 18,657,011	\$ 51,547,056

Total Economic Impact of Operations - County			
	Jobs	Earnings	Sales
Direct	321	\$ 18,275,974	\$ 48,137,652
Indirect	87	\$ 6,165,061	\$ 16,577,948
Induced	61	\$ 5,207,672	\$ 13,172,960
Total	469	\$ 29,648,707	\$ 77,888,560

Source: Lightcast

Table 13 shows the top industries most impacted by full build out at the county level categorized by their six digit NAICS (North American Industrial Classification System). The table shows any industry with five or more total jobs, accounting for 357 of the 469 total new jobs created in the county upon full operation.

Table 13

Industries Impacted by Operation - County

NAICS	Description	Total New Jobs
623312	Assisted Living Facilities for the Elderly	115
721110	Hotels (except Casino Hotels) and Motels	50
531311	Residential Property Managers	39
722511	Full-Service Restaurants	27
611310	Colleges, Universities, and Professional Schools	16
722513	Limited-Service Restaurants	12
441110	New Car Dealers	9
445110	Supermarkets and Other Grocery (except Convenience) Stores	8
711510	Independent Artists, Writers, and Performers	8
531210	Offices of Real Estate Agents and Brokers	8
531110	Lessors of Residential Buildings and Dwellings	7
611110	Elementary and Secondary Schools	7
561720	Janitorial Services	6
622110	General Medical and Surgical Hospitals	6
531390	Other Activities Related to Real Estate	6
458110	Clothing and Clothing Accessories Retailers	5
457110	Gasoline Stations with Convenience Stores	5
903611	Elementary and Secondary Schools (Local Government)	5
812112	Beauty Salons	5
903999	Local Government, Excluding Education and Hospitals	5
812990	All Other Personal Services	5

Source: Lightcast

Economic Impact of Visitation

The proposed boutique hotel with 120 rooms is expected to have a significant impact on the local and regional economy. With an estimated annual occupancy rate of 62%, and assuming an average of 1.5 occupants per room, the hotel is projected to host over 40,700 visitors annually.

These visitors will contribute to the local economy by spending money on various services and amenities during their stay. It is estimated that each visitor will spend at least \$100 per day on lodging, transportation, retail, restaurants, attractions, and other activities. (Source: [Forbes](#)).

Based on this assumption, the hotel's visitors are expected to generate an additional \$4,070,000 in direct spending within the region annually, benefiting local businesses and establishments. With the hotel's proximity to the Connecticut border (under 2 miles), this new spending will likely be from out of state.

It's important to note that this analysis only considers the direct economic impact of visitor spending. The actual economic impact is likely to be even larger when considering the indirect and induced effects of visitor activity, such as increased employment and revenue for supporting industries. However, a comprehensive assessment of these broader economic impacts is not included in this analysis.

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 canceled out by a commensurate reduction in the purchases of other goods and services.

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

ATTACHMENT B: CALCULATING NET NEW HOUSEHOLDS

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

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

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

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

ATTACHMENT C: DATA SOURCES



Lightcast

Lightcast (formerly Emsi Burning Glass) is a global leader in labor market analytics, offering a data platform that gives a comprehensive, nuanced, and up-to-date picture of labor markets at all scales from national to local. Key components of the platform include traditional labor market information, job postings analytics, talent profile data, compensation data, and skills analytics. Lightcast integrates government data with information from online job postings, talent profiles, and resumes to produce timely intelligence on the state of the labor market. Job and compensation data is available by industry, occupation, educational program, and skill type. [Click to learn more.](#)



esri

Esri ArcGIS Business Analyst combines proprietary statistical models covering demographic, business, and spending data with map-based analytics to offer insights on market opportunities for industries, businesses, and sites. Business Analyst integrates datasets covering a wide range of topics including demographics, consumer spending, market potential, customer segmentation, business locations, traffic counts, and crime indexes, which can be overlaid spatially to produce customizable maps and uncover market intelligence. Data can be pulled for standard and custom geographies, allowing for valuable comparison between places. [Click to learn more.](#)

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As the nation’s only full-service economic development and lead generation consulting firm, Camoin Associates empowers communities through human connection backed by robust analytics.

Since 1999, Camoin Associates has helped local and state governments, economic development organizations, nonprofit organizations, and private businesses across the country generate economic results marked by resiliency and prosperity.

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 LinkedIn, Facebook, and YouTube.

The Project Team

Rachel Selsky, AICP
Project Principal

Dawn Otterby
Project Analyst

SERVICE LINES



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Economic and Fiscal Impact Analysis



Real Estate Development Analytics and Advisory



Housing Needs Assessment



Prospecting and Business Attraction



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