MRB Group

Elevating Communities

115 GLEN STREET PROPERTY OWNER, LLC COST-BENEFIT ANALYSIS

PREPARED JANUARY 27, 2025

PREPARED FOR THE CITY OF GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY

DRAFT

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EXECUTIVE SUMMARY

The Glen Cove Industrial Development Agency (the "Agency") received an application for financial assistance from the 115 Glen Street Property Owner, LLC (the "Applicant") related to a proposed project at that address (the "Site"). The proposed project includes the construction of 29 apartment housing units totaling approximately 29,118 SF, together with associated furniture, fixtures, and equipment (the "Project). The Agency requested a cost-benefit analysis from MRB Group in conformity with GML Section 859-a(5) to enumerate the economic benefits and costs of the Project on the City of Glen Cove (the "City") and the region as part of the Agency's deliberations.

MRB assessed the economic and fiscal impacts of the Project for both one-time construction impacts and ongoing impacts of operations. The effects considered in this analysis include direct and indirect changes to jobs, sales, and expenditures in the region. Economic impacts associated with estimates of "net new" spending stem from household expenditures of future occupants of the Site. The fiscal impacts of the Project include one-time and ongoing new tax revenue as well as the presumed costs of the financial assistance being considered by the Agency. Below are the results of our analyses.

The Applicant provided estimates for both the level of spending and the percentage of locally-sourced materials and labor associated with the construction of the Project. Using these estimates, we assessed the one-time economic impact of construction.[1] The construction phase of the Project will create 15 direct, on-site construction jobs and 9 indirect jobs. Therefore, in total, the construction phase of the Project will create 24 jobs and generate $2.4 million in wages.

Summary of Economic Impacts

	Direct	Indirect	Total
Construction Jobs	15	9	24
Construction Wages	$1,688,555	$687,815	$2,376,370
Ongoing Jobs	7.5	0.5	8
Ongoing Wages	$440,826	$48,372	$489,198

Source: Lightcast, MRB

[1] Note that the direct and indirect "Construction Wages" are shown with respect to Nassau County (the "County"), as such jobs tend to be pulled from a larger labor shed. The direct and indirect "Ongoing Wages" are shown with respect to the City.

Upon completion of the Project, we estimate that the spending of "net new" households, and the economic benefits associated with operating the new facility, will yield 8 total jobs and $489,198 in earnings over the 13-year life of the PILOT.[2]

Regarding costs, the Applicant has requested a sales tax exemption, a mortgage recording tax exemption, and a real property tax exemption. The cost of the sales tax exemption is $356,509, the local portion of which is $175,671. The cost of the mortgage recording tax exemption is $71,250, the local portion of which is $33,929. The real property tax exemption would cost $2.0 million.

Summary of Exemptions, Local Government	
	Total
Cost of Sales Tax Exemption, One-Time	$175,671
Mortgage Recording Tax Exemption	$33,929
PILOT Exemption, 15 Years	$2,045,698

Source: Lightcast, Applicant, MRB

In terms of fiscal benefits, based on our estimated construction-phase earnings, we estimate a one-time sales tax revenue impact to the County of $17,674. Over the life of the PILOT agreement, we estimate that County will benefit from sales tax revenues of $129,183 related to the new household spending, and $59,225 from the new wages earned from ongoing jobs. Under the requested PILOT, the Project will generate $2 million in PILOT payments for the proposed 13-year life of the agreement, representing a $1.8 million increase in payments over the current taxes.

Summary of Fiscal Benefits, Local Government	
Source	Total
Sales Tax, Construction, One-time	$17,674
Sales Tax, Operations, 13 Years	$129,183
Sales Tax, New Household Spending, 13 Years	$59,225
Increase in Property Tax Revenue, 15 Years	$1,753,458

Source: Lightcast, Applicant, MRB

[2] Due to rounding, not all figures will sum.

INTRODUCTION

The Glen Cove Industrial Development Agency received an application for financial assistance from 115 Glen Street Property Owners, LLC, related to a proposed project in Glen Cove, NY. The project includes the demolition of an existing building and construction of 29 apartment units totaling 29,118 square feet. The IDA engaged MRB Group to complete a cost-benefit analysis in conformity with GML Section 859-a(5) to detail the economic benefits and costs of the project for the City of Glen Cove and the region.

MRB Group assessed the economic and fiscal impacts of the project for both one-time construction impacts and ongoing impacts of operations. The effects considered in this analysis include direct and indirect changes to jobs, sales, and expenditures in Nassau County and the City of Glen Cove. Economic impacts associated with estimates of “net new” spending stem from household expenditures of future occupants of the property. The fiscal impacts of the project include one-time and ongoing new tax revenue as well as the presumed costs of the financial assistance being considered by the IDA.

ECONOMIC IMPACT ANALYSIS

The Project would have economic impacts on the County and City in several ways. This includes one-time impacts on jobs, earnings, and sales during the construction phase of the Project, which we estimate for the entire County. It also includes ongoing impacts related to household spending and the operations of the Project, which we estimate for the City.

Methodology

Both one-time, construction-phase impacts and ongoing, operation-phase impacts have “Direct” and “Indirect” components. For the construction phase:

- Direct jobs, wages, and sales are those that occur on-site related to labor and materials used in the construction of the Project.
- Indirect jobs, wages, and sales are those caused by the Direct impacts and result from business-to-business purchases (e.g., a contractor buying a piece of equipment from a dealer) and from employees spending a portion of their wages locally.

For the operation phase:

- Direct jobs, wages, and sales are those jobs created from the operations of the Project (e.g., on-site employment of a maintenance person) and from new household spending occurring as a result of the Project.
- Indirect jobs, wages, and sales are those caused by the Direct impact, such as business-to-business purchases (e.g., a grocery store serving the new households buying goods from a distributor) and from employees of such businesses spending a portion of their wages locally.

MRB Group used the Lightcast economic modeling system to estimate the direct and indirect impacts. Data from the Applicant, from the Agency, and from publicly-available and proprietary data sources were used as inputs to the Lightcast modeling system. Where needed, the Lightcast model was adjusted to best match the Project specifics. We then reported the results of the modeling.

Construction Phase

The applicant provided estimates of the total cost of construction of the project and the percentage of labor and material to be sourced within the County. As shown in the table to the right, the applicant estimates that 60% of materials and 70% of labor will be sourced within the County for a total of $4,315,663 in local spending.

Local Construction Spending			
	Total Cost	% in County	Local Spend
Labor	2,622,289	70%	$1,835,602
Materials	$4,133,434	60%	$2,480,060
Total Local Spend			$4,315,663

Source: Applicant, MRB

Nassau County construction spending of $4.3 million (direct "sales" in the table) was inputted into the Lightcast economic modeling system. This spending creates an estimated 15 direct jobs and direct earnings of approximately $1.7 million. Indirect impacts resulting from direct spending were also modeled, estimated to create 9 jobs, $687,815 in new earnings, and just under $2.0 million in new sales. Therefore, the total one-time construction-phase impact will be 24 jobs, $2.4 million in earnings, and $6.3 million in sales.

Economic Impact of Construction Phase, One-Time			
	Direct	Indirect	Total
Jobs	15	9	24
Earnings	$1,688,555	$687,815	$2,376,370
Sales	$4,315,663	$1,986,274	$6,301,937

Source: Lightcast, MRB

Operation Phase

An important distinction between construction and operation phase impacts is the geographical level at which impacts are measured. Because the operational impact will be significantly more localized relative to the County-level construction impacts, the economic impact of the operation phase was considered at the City level. In this case, the 11542 ZIP code was used to approximate the City boundaries, since this is the smallest geographical unit available in the economic modeling system.

Operation phase impacts come from the effects of net-new household spending from the new units delivered to the market by the project and employment at the site. According to the Applicant, the project will create 29 new apartment units, three of which will be reserved for those earning 80% AMI. The remaining 26 units will be reserved for market-rate and those earning 130% AMI.

Using data from the Bureau of Labor Statistics' Consumer Expenditure Survey (CES), the annual spending estimates were calculated based on household income level. The data used is specific to the Northeastern Region of the United States. Residents that occupy the three 80% AMI units will spend roughly $39,945 each year on the goods listed in the table to the right. We conservatively estimate that 80% of the new household spending will occur locally. Given the 29 total units and household spending profiles, we conclude that $1.2 million in total new household spending will result from the Project.

Total New Household Spending				
	Annual per HH Spend	% Spent Locally	# of Units	Total New Spending
80% AMI				
Food	$10,633	80%	3	$25,519
Household Furnishings	$2,558	80%	3	$6,139
Apparel and Services	$2,730	80%	3	$6,552
Transportation	$12,109	80%	3	$29,062
Healthcare	$5,681	80%	3	$13,634
Entertainment	$2,916	80%	3	$6,998
Personal Care Products and Services	$858	80%	3	$2,059
Education	$961	80%	3	$2,306
Miscellaneous	$1,011	80%	3	$2,426
Other	$488	80%	3	$1,171
Total	**$39,945**	80%	**3**	**$95,868**
130% AMI & Market Rate				
Food	$12,552	80%	26	$261,082
Household Furnishings	$3,219	80%	26	$66,955
Apparel and Services	$2,408	80%	26	$50,086
Transportation	$15,442	80%	26	$321,194
Healthcare	$7,317	80%	26	$152,194
Entertainment	$3,695	80%	26	$76,856
Personal Care Products and Services	$1,004	80%	26	$20,883
Education	$1,796	80%	26	$37,357
Miscellaneous	$1,451	80%	26	$30,181
Other	$2,250	80%	26	$46,800
Total	**$51,134**	**80%**	**26**	**$1,063,587**
Total Spending			**29**	**$1,159,455**

Source: *Table 3104. Northeastern region by income before taxes: Average annual expenditures and characteristics, Consumer Expenditure Surveys, 2021-2022*; MRB

Annual new household spending of $1.2 million will result in 7 new direct jobs and $388,826 in new earnings in the City. Taken together with an estimate of indirect impacts, the economic impact of new household spending in the City will be 7.5 full-time equivalent (FTE) jobs, $430,325 in earnings and $1.3 million in sales.

Economic Impact of New Household Spending, Annually			
	Direct	Indirect	Total
Jobs	7	0.5	7.5
Earnings	$388,826	$41,499	$430,325
Sales	$1,159,455	$117,762	$1,277,218

Source: Lightcast, MRB

In terms of onsite employment, the Applicant stated that one superintendent position will be created earning an average of $52,000 annually. The total economic impact of onsite employment will be 1 job, $58,873 in wages and $171,874 in sales.

Economic Impact of Onsite Employment, Annual			
	Direct	Indirect	Total
Jobs	1	*de minimus*	1
Earnings	$52,000	$6,873	$58,873
Sales	$153,258	$18,616	$171,874

Source: Lightcast, MRB

By aggregating the impact of new household spending and operations of the facility, the combined economic impact can be seen, shown in the table to the right. As shown there, it's anticipated that the City will benefit from 8 jobs, $489,198 in earnings, and $1.4 million in sales on an annual basis.

Combined Economic Impact, Annual			
	Direct	Indirect	Total
Jobs	7.5	0.5	8
Earnings	$440,826	$48,372	$489,198
Sales	$1,312,713	$136,379	$1,449,092

Source: Lightcast, MRB

FISCAL IMPACT ANALYSIS

The project will also have fiscal impacts related to new tax revenues and the cost of tax exemptions, as described below.

Requested PILOT Schedule

The Applicant is proposing a 15-year PILOT abatement as shown below, that includes the two-year construction period. The requested PILOT will abate 100% of the Sites improvement value in Year 3 and each year thereafter, will reduce the % of the improvement value that is abated until the Site is fully taxable at the end of the 15-year PILOT term. Over the life of the abatement, the Site will generate $2.0 million in PILOT revenue.

Proposed PILOT Schedule

	Current Taxes	Improvement Taxes	Abatement %	PILOT
Year 1*	$17,641	-	-	$17,641
Year 2*	$17,641	-	-	$17,641
Year 3	$17,641	$292,243	100.0%	$17,641
Year 4	$17,641	$292,243	92.3%	$40,121
Year 5	$17,641	$292,243	84.6%	$62,601
Year 6	$17,641	$292,243	76.9%	$85,082
Year 7	$17,641	$292,243	69.2%	$107,562
Year 8	$17,641	$292,243	61.5%	$130,042
Year 9	$17,641	$292,243	53.8%	$152,522
Year 10	$17,641	$292,243	46.2%	$175,003
Year 11	$17,641	$292,243	38.5%	$197,483
Year 12	$17,641	$292,243	30.8%	$219,963
Year 13	$17,641	$292,243	23.1%	$242,443
Year 14	$17,641	$292,243	15.4%	$264,924
Year 15	$17,641	$292,243	7.7%	$287,404
Total	$264,615	$3,799,159		$2,018,073

*Construction Period

Source: Applicant; MRB

Requested PILOT Schedule

Under the current assessed value of the unimproved Site, the Site will generate PILOT payments of $17,641 annually, or $264,615 over 15 years. As noted previously, the proposed PILOT would generate $2.0 million in PILOT payments, or a $1.8 million increase above the current taxes.

Increase in Property Tax Revenue			
Year	Current Taxes	PILOT	Increase
Year 1	$17,641	$17,641	$0
Year 2	$17,641	$17,641	$0
Year 3	$17,641	$17,641	$0
Year 4	$17,641	$40,121	$22,480
Year 5	$17,641	$62,601	$44,960
Year 6	$17,641	$85,082	$67,441
Year 7	$17,641	$107,562	$89,921
Year 8	$17,641	$130,042	$112,401
Year 9	$17,641	$152,522	$134,881
Year 10	$17,641	$175,003	$157,362
Year 11	$17,641	$197,483	$179,842
Year 12	$17,641	$219,963	$202,322
Year 13	$17,641	$242,443	$224,802
Year 14	$17,641	$264,924	$247,283
Year 15	$17,641	$287,404	$269,763
Total	$264,615	$2,018,073	$1,753,458

*Construction Period

Source: Applicant; MRB

Cost of PILOT Exemption

As per the requirements of GML Section 859-a(5), we calculate the hypothetical cost of the property tax exemption by comparing the otherwise-applicable taxes to what the Project will generate in PILOT revenue.

The proposed abatement schedule starts with 100% tax abatement in year three and phases in over 13 years, decreasing by 7.7% each year. In the final year of the PILOT, the tax abatement will be 7.7%. Over the proposed 15-year term, the PILOT would generate revenue of $2.0 million. If the Site were to be taxed at full assessed value, absent a PILOT, the Site would generate $4.1 over 13 years. Therefore, we estimate the fiscal "cost" of the Project to be $2.0 million over 15 years.

Cost of Abatement - Full Taxes vs. PILOT Revenue					
Year	PILOT	Tax Rate	Future AV Post Construction	Full Taxes	Cost of Abatement
Year 1	$17,641	59.9388	-	$17,641	$0
Year 2	$17,641	59.9388	-	$17,641	$0
Year 3	$17,641	59.9388	$5,170,000	$309,884	($292,243)
Year 4	$40,121	59.9388	$5,170,000	$309,884	($269,763)
Year 5	$62,601	59.9388	$5,170,000	$309,884	($247,283)
Year 6	$85,082	59.9388	$5,170,000	$309,884	($224,802)
Year 7	$107,562	59.9388	$5,170,000	$309,884	($202,322)
Year 8	$130,042	59.9388	$5,170,000	$309,884	($179,842)
Year 9	$152,522	59.9388	$5,170,000	$309,884	($157,362)
Year 10	$175,003	59.9388	$5,170,000	$309,884	($134,881)
Year 11	$197,483	59.9388	$5,170,000	$309,884	($112,401)
Year 12	$219,963	59.9388	$5,170,000	$309,884	($89,921)
Year 13	$242,443	59.9388	$5,170,000	$309,884	($67,441)
Year 14	$264,924	59.9388	$5,170,000	$309,884	($44,960)
Year 15	$287,404	59.9388	$5,170,000	$309,884	($22,480)
Total	$2,018,073			$4,063,771	($2,045,698)

*Construction Period

Source: MRB

Sales Tax Revenue, Construction Phase

As our economic impact analysis states, we anticipated approximately $2.4 million in total new earnings in the County during the construction phase of the project. We assume 70% of this newly generated construction phase earnings will be spent in Nassau County. From there, we estimate that 25% of that spending will be subject to the sales tax. Applying the County's sales tax rate of 4.25%, we conclude that the construction phase earnings will likely lead to approximately $17,674 in County sales tax revenue.

Sales Tax Revenue - Construction Phase	
Line	Value
Total New Earnings	$2,376,370
% Spent in County	70%
$ Spent in County	$1,663,459
% Taxable	25%
$ Taxable	$415,865
County Sales Tax Rate	4.25%
$ County Sales Tax Revenue	$17,674

Source: MRB

Sales Tax Revenue, Operation Phase

During the operation phase, we estimated $58,873 in total new earnings and $1,277,218 in new household spending within the County. Using the same methodology, we estimate the Project will result in $9,937 in annual sales tax revenue to the County. We estimate total operation phase sales tax revenue to be $129,183 over the remaining 13-year PILOT term once the Project is operational.

Sales Tax Revenue - Operation Phase	
Line	Value
Total New Earnings/ HH Spend	$1,336,091
% Spent in County	70%
$ Spent in County	$935,264
% Taxable	25%
$ Taxable	$233,816
County Sales Tax Rate	4.25%
$ County Sales Tax Revenue	$9,937
Revenue Over 13 Years	$129,183

Source: MRB

New Sales Tax Distributions to City

The County's sales tax revenues are distributed to its constituent cities, towns, and villages according to a set distribution formula based on population. Therefore, to the extent that the Project increases the population of the City, the City would receive additional sales tax distributions from the County. Using the population figure of 27,879 for the City of Glen Cove from the 2023 US Census estimates, we estimate the anticipated population increase and subsequent sales tax distribution stemming from the Project. Under the assumption of 1.5 persons per household, the 29 housing units will attract approximately 44 "net new" residents to the City of Glen Cove, representing an approximate 0.16% increase in population. Noting that the City has budgeted $1.97 million in "Nassau County Local Assistance" revenues in its 2025 budget (the name given by the County for these sales tax distributions), we can estimate the increase in sales tax distributions relative to the population increase. We estimate that the Project will lead to $3,323 in new annual revenues from these sales tax distributions from the County. Over 13 years and escalating at 2%, this equals $45,660 in revenue for the City over the life of the PILOT.

New Sales Tax Distributions to City	
Line	Value
Population	27,879
New Households	29
Persons per HH	1.5
% Increase in Population	0.16%
Sales Tax Distributions to City (2025)	$1,970,720
Increase in Distributions to City (est.)	$3,110
Total - 13 Years @ 2%	$45,660

Source: MRB

Cost of Exemptions

The Applicant has requested an exemption from the sales and use tax, which would result in a benefit of $356,509 to the Applicant. Note that this includes state and local sales tax. The Applicant also requests a mortgage recording tax exemption valued at $71,250, the local portion of which is $33,929.

Cost of Sales Tax Exemption, County	
Line	Value
Sales Tax Exemption	$356,509
County	4.25%
State	4.00%
MCTD	0.375%
County Exemption	$175,671

Source: Applicant; MRB

Cost of MRTE, County	
Line	Value
MRTE	$71,250
County	0.50%
State	0.50%
MCTD	0.05%
County Exemption	$33,929

Source: Applicant; MRB