

MEMORANDUM

TO: 1 HMB Property
Owner, LLC

From: Tina Lund AICP, Principal
Urbanomics, Inc.

DATE: May 8, 2024

RE: Economic and Fiscal Impacts Assessment

Urbanomics was asked to prepare an economic and fiscal assessment of the 1 Half Moon Drive residential development project (the Project) proposed by 1 HMB Property Owner, LLC (the Applicant). The Project consists of 280 units split between 264 market rate and 28 affordable rental units.

Summary of Findings

The one-time construction investment of \$115.5 million will yield a total of \$159.2 million of economic impacts to Westchester County over the two-year construction period. For every dollar spent on construction, another \$0.38 will be spent on goods and services supporting the construction work and workers.

Table 1. Two-Year Construction Impact Summary			
Impact Type	Jobs	Wages	Output
Direct Effect	916	\$69,186,045	\$115,519,566
Total Effect	1,124	\$85,532,527	\$159,237,607
<i>Multiplier</i>	<i>1.23</i>	<i>\$1.24</i>	<i>\$1.38</i>

2024 Minnesota IMPLAN Group, Inc.

The operations of the Project, consisting of the residential expenditures of the residents of 280 new units will generate \$27.0 million in economic activity in Westchester County each year.

Table 2. Annual Operations Impact Summary 2030 and Thereafter

Impact	Employment	Labor Income	Output
Total	130	\$9,999,327	\$26,956,898

Source: 2024 Minnesota IMPLAN Group, Inc., Urbanomics

Each year, this economic activity will support 130 jobs in Westchester County with wages of \$10.0 million.

The Fiscal benefits of the redevelopment will include adding \$82.0 million in market value to the property, increasing the assessed value and ultimately increasing property taxes from \$204,000 to \$2.5 million per year.

Economic Impacts

Methodology

Economic Impact Modeling software allows an analyst to trace spending through an economy and measure the cumulative effects of that spending. I.e., the ripple effects of spending throughout the economy. This can be measured in terms of value added (GDP), output (business revenues), and jobs and wages. The events measured can include the construction of a development, operations of said development, as well as the likely expenditures of any households in the development.

IMPLAN is currently the foremost provider of economic impact modeling software. It allows customized inputs based on construction expenditures, operations costs by industry sector, as well as household expenditures based on average income of resident households. The model looks at three components of change:

- Direct: the initial industry change or event,
- Indirect: inter-industry spending caused by the direct expenditure(s), and
- Induced: local spending caused by changes in household income.

The economic impacts estimated by the model include employment, labor income, value-added (gross domestic product), and gross output (local business revenues). For the sake of clarity, only employment, labor income and gross output will be discussed.

Assumptions

A model was calibrated for Westchester County, NY to the appropriate build and operations years as well as to the Local Purchase Percentage—which indicates how much of the benefit will occur within each geographic area.

The following developer assumptions were used as inputs into the modeling software:

Construction Costs and Phasing

Hard and soft construction costs¹ totaling \$115.5 million for the proposed development were taken from the development budget provided by Monday Properties. As shown in Table 3, there is a single phase of construction distributed over 24 months. Hard and soft development costs were evenly distributed across the construction period of each phase.

Table 3. Construction Costs

	Total	Year 1	Year 2
Hard Costs	\$99,799,579	\$49,899,790	\$49,899,790
Soft Costs	\$15,719,987	\$7,859,994	\$7,859,994
Total	\$115,519,566	\$57,759,783	\$57,759,783

Source: Monday Properties development budget May 8, 2024

¹ The IMPLAN model inputs for construction include both hard and soft costs.

Economic impacts vary by construction type. The \$115.5 million Project is classified in IMPLAN as new construction of multifamily residential.

Operations

Once construction is complete, the economic activity generated by the development will be driven by the expenditures of new resident households.

Household Expenditure Assumptions

The proposed development will have 280 units, divided among market rate (264) and affordable (28) rentals. Each resident household will have an economic impact on the surrounding area via household expenditures. IMPLAN models these impacts based upon aggregate household income of new residents grouped by income level. Household income for each new residential household is estimated based on standard affordability (i.e., rent paid will be no more than 30% of annual income) as shown in Table 4.

Table 4 Household Occupation Assumptions

	Units		Rents		Household Income Levels	
	Market	Affordable	Market	Affordable	Market	Affordable
Studio	11	1	\$2,715	\$1,147	\$108,600	\$45,880
1 Bed	92	10	\$3,225	\$1,331	\$129,000	\$53,240
1-Bed + Den	24	3	\$3,675	\$1,331	\$147,000	\$53,240
2-Bed/ 2 Bath	77	9	\$4,750	\$1,578	\$190,000	\$63,120
2-Bed + Den	33	4	\$5,150	\$1,578	\$206,000	\$63,120
3 Bed	14	2	\$6,500	\$1,913	\$260,000	\$76,520

Source: Monday Properties, Urbanomics

For the purposes of the IMPLAN model, aggregate incomes from all units are grouped by income level category for inclusion in the Westchester County model in order to reflect different expenditure patterns (as shown in Table 5).

Table 5 Household Incomes by IMPLAN Group

	IMPLAN Groupings	Aggregate Incomes
Affordable Hslds 1	\$40K-\$50K	\$45,880
Affordable Hslds 2	\$50K-\$70K	\$1,512,680
Affordable Hslds 3	\$70K-\$10K0K	\$153,040
Market Rate Hslds 1	\$100K-\$150K	\$16,590,600
Market Rate Hslds 2	\$150K-\$200K	\$14,630,000
Market Rate Hslds 3	>\$200K	\$10,438,000

Source: Monday Properties, Urbanomics

Economic Impacts

Construction Impacts

The aggregate values of construction by type and year as reflects the construction program were entered into the IMPLAN model calibrated for Westchester County construction of new multifamily housing.

Direct Impacts by year are shown in Table 6.

Table 6. Direct Economic Impacts of Construction by Year: Westchester (2024\$)

Construction Year	Employment	Labor Income	Output
Year 1	458	\$34,593,022	\$57,759,783
Year 2	458	\$34,593,022	\$57,759,783

Source: 2024 Minnesota IMPLAN Group, Inc., Urbanomics

The construction program is anticipated to generate 916 person-years of direct construction employment over the course of construction. The number of jobs per year along with full-time equivalents and estimates of full-time and part-time employment are detailed in Table 7.

Table 7. Direct Construction Employment by Year: Person-Years of Employment, FTEs, Full-Time and Part-Time Jobs

Construction Year	Person-Years of Employment (IMPLAN output)	FTEs (96.9%)	Full-Time Jobs	Part-Time Jobs
			(83.5% of FTEs)	
Year 1	458	444	371	146
Year 2	458	444	371	146
Total	916	888	742	292

Source: 2024 Minnesota IMPLAN Group, Inc., Urbanomics

The sum total of construction investment is \$115.5 million. The modeled construction impacts of the 24-month construction period for Westchester County are shown in total in Table 8.

Table 8. Total Economic Impacts of All Construction: Westchester (2024\$)

Impact Type	Emp.	Labor Income	Output
Direct Effect	916	\$69,186,045	\$115,519,566
Indirect Effect	62	\$5,153,798	\$13,756,461
Induced Effect	147	\$11,192,684	\$29,961,580
Total Effect	1,124	\$85,532,527	\$159,237,607

Source: 2024 Minnesota IMPLAN Group, Inc., Urbanomics

The \$115.5 million in direct construction expenditures in Westchester will spur additional spending among the local businesses from which goods and services are purchased (\$13.8 million) as well as household expenditures of those receiving wages (\$30.0 million). As conservatively modeled, the combined economic impact in terms of output would be \$159.2 million over the two-year construction period. This indicates that for every dollar spent on construction, an additional \$0.38 of revenues ripple through the economy. The greatest recipients of these “ripple effect” benefits include building materials retailers, local real estate management and brokers, hospitals and other medical providers, financial institutions, wholesalers, and non-store retailers.

The average direct wage stemming from construction activity, inclusive of all full and part time workers is \$75,512.² Aggregate labor income stemming from the indirect and induced impacts of construction is projected at \$5.2 million and \$11.2 million, respectively, bringing the total economic impact of the construction in labor income to over \$85.5 million.

Occupancy Impacts

The occupancy inputs drawn from the *pro forma* as described in the assumptions were loaded into the IMPLAN model calibrated for Westchester County’s local purchase percentages. Table 9 presents the impacts of the revenue and occupancy assumptions for 2026, the first year of full operation and occupancy. These impacts will occur ANNUALLY once the redevelopment is operating at full capacity.

Table 9. Annual Economic Impacts of Operations and Occupancy in 2028, First Complete Year of Operations and Occupancy Westchester County (2024\$)

Impact	Employment	Labor Income	Output
Direct	0.00	\$0.00	\$0.00
Indirect	0.00	\$0.00	\$0.00
Induced	130	\$9,999,328	\$26,956,898
Total	130	\$9,999,328	\$26,956,898

Source: 2024 Minnesota IMPLAN Group, Inc., Urbanomics

Note: (*) Totals may not add up due to rounding.

Once fully occupied, the new residential structure(s) will create \$27.0 million in induced economic activity in Westchester County stemming from the purchases of new resident households. When run through the Westchester County IMPLAN model, this level of consumer expenditure is expected to support a baseline of 130 jobs in Westchester County, with wages totaling from \$10.0 million. The suppliers of goods and services that will most benefit from these consumer expenditures include health care and insurance, financial institutions, non-store retailers, grocers, restaurants, as well as legal and other professional services providers.

This \$27.0 million in benefits will accrue to Westchester County each year, a portion of which will be spent in local Croton-on-Hudson businesses.

² Weighted average wage forecasted by IMPLAN based on and inflated from NYS Department of Labor's *NAICS Based Industry Employment and Wages*, which shows 2022 average annual wages for Westchester County within the construction sector as \$83,763, while residential building construction workers (including single family homes) averaged \$70,513.

Fiscal Impacts

The 1 Half Moon Drive Project will not only contribute to the Village and County's economy by creating and supporting jobs, but it will also contribute through payment of taxes to County, municipal and other entities.

Property Taxes

The greatest share of taxes derived from any development is from property taxes. The project site is located at 1 Half Moon Drive, Section Block and Lot 078.12-004-001.00. As of January 1, 2023, the full market value of the site is \$7,327,532 million, with a Municipal assessed value of \$231,550 using a uniform percentage of 3.16. The Town of Cortlandt, Westchester County and the School and Library Districts Assessed value is estimated using an equalization rate of 1.256 and is listed at 92,025 on the 2023 tax bill for the property. The library and school district tax rates of 28.02 and 1294.37, respectively, per \$1000 of value yield a total school/library tax of \$121,692.84 per year. The collective Town and County taxes (200.69 per \$1000 of assessed value) total \$18,468.50. These values are shown in Table 10.

Table 10. Property Tax Impacts

	Village	Town of Cortlandt/County	School District/Library
2023-24 Market Value	\$7,327,532	\$7,327,532	\$7,327,532
2023-24 Assessed Value	\$231,550	\$92,025	\$92,025
Taxable Value	\$231,550	\$92,025	\$92,025
Tax Rate	278.4350	200.69	1322.39
Billed Property Tax	\$64,471.62	\$18,468.50	\$121,692.94

Source: Village of Croton-on-Hudson Tax Bill 2023-2024, 2023 School District Tax Bill Detail Report, Westchester County Property Tax Rates³, Urbanomics.

The Project will add more than \$82 million in market value to the property, increasing the taxable value to \$90.7 million as shown in Table 11.

Table 11. Village Tax: Income-Based Valuation of Project

Potential Yearly Gross Income	\$15,533,177
Net Operating Income	\$10,624,834
Overall Capitalization Rate*	11.71%
Market Value	\$90,732,997
Village Assessed Value (3.16 equalization rate)	\$2,867,163
Town/County/School Assessed Value (1.256 equalization rate)	\$1,139,606

Sources: Monday Properties, Village of Croton-on-Hudson Tax Bill 2023-2024, 2023 School District Tax Bill Detail Report Loaded Cap Rate: 11.71. 7.5 base cap rate (CBRE plus an effective tax rate of 4.21 for the Village of Croton on Hudson.

As shown in Table 12, the Project will generate \$2.5 million in property taxes: \$799,000 to the Village, \$229,000 to Westchester County and the Town of Cortlandt, and \$1.51 million to the Croton-Harmon School and Library Districts. This is a net increase of \$2.4 million in property taxes.

³ <https://www.westchestergov.com/property-tax-rates>

Table 12. Base Year Property Tax Impacts

	Current Conditions*			Proposed Action**			Net Gain from Proposed Action		
	Village	Town/County	School District	Village	Town/County	School District	Village	Town/County	School District
Market Value	\$7,327,532			\$90,732,997			\$83,405,465		
Assessed Value	\$231,550	\$92,025	\$92,025	\$2,867,163	\$1,139,606	\$1,139,606	\$2,635,613	\$1,047,581	\$1,047,581
Taxable Value	\$231,550	\$92,025	\$92,025	\$2,867,163	\$1,139,606	\$1,139,606	\$2,635,613	\$1,047,581	\$1,047,581
Tax Rate	278.43	200.69	1322.39	278.43	200.69	1322.39	278.43	200.69	1322.39
Estimated Taxes	\$ 64,472	\$ 18,468	\$ 121,693	\$ 798,318	\$ 228,708	\$ 1,507,004	\$ 733,847	\$ 210,239	\$1,385,311

Sources: Village of Croton-on-Hudson Tax Bill 2023-2024, 2023 School District Tax Bill Detail Report, Urbanomics.
Notes: (*): Market, assessed, taxable value, and tax generation drawn from FY 2023-2024 tax bills. (**): Market, assessed, taxable value, and tax generation drawn from FY 2028-2029 estimates.

Fiscal Costs

Any development also generates costs to the municipality, county, and school districts in terms of services provided to the new residents. Table 13 presents the per person value of municipal and school district services based upon 2022 estimates of population and enrollment in conjunction with the 2023 property tax levy for these areas.

Table 13. Per Capita Costs

	Property Tax Levy	Residents/Students	Per Capita Costs
Village of Croton-on-Hudson	\$12,834,004	8,237	\$1,558
Westchester/Town of Cortland†	\$22,074,733	42,122	\$524
Croton-Harmon School District	\$42,666,366	1,525	\$27,978

Sources: Westchester County Property Tax Rates⁴, Urbanomics, US Bureau of the Census American Community Survey 2022, New York State Department of Education Croton-Harmon UFSD profile⁵.

Urbanomics prepared custom crosstabulations of US Census American Community Survey 2022 5-year microdata using the *ipums.usa* data tool⁶ maintained by the University of Minnesota. Identifying the total number of households and persons in all Westchester County structures with 50 or more units allowed a population generation estimate that best reflects current local conditions for the development type in question. These population multipliers were then applied to the number of project units by number of bedrooms to estimate the likely number of total residents in the Project as shown in Table 14.

⁴ Ibid.

⁵ <https://data.nysed.gov/profile.php?instid=800000035699>

⁶ Steven Ruggles, Sarah Flood, Matthew Sobek, Daniel Backman, Annie Chen, Grace Cooper, Stephanie Richards, Renae Rodgers, and Megan Schouweiler. IPUMS USA: Version 15.0 [dataset]. Minneapolis, MN: IPUMS, 2024.

<https://doi.org/10.18128/D010.V15.0>

Table 14. Project Population Generation

	Project Units	Population Multipliers	Project Residents
Studio	12	1.33	16
1 Bed	129	1.48	191
2 Bed	123	2.13	262
3 Bed	16	2.88	46
Total	280		515
At 94% Occupancy			484

Source: IPUMS.USA, Urbanomics

The 280 units at 94% occupancy are expected to house a total of 484 residents, inclusive of 16 public school children, the average of the range estimated in the BFJ Memorandum dated May 7, 2024. The per capita costs shown in Table 13 were then applied to the new residents and public school children in order to determine an estimate of costs that the multiple taxing districts would accrue due to the new residents as shown in Table 15. This estimate is extremely conservative in that it does not account for economies of scale or administrative costs that remain constant regardless of number of residents.

Table 15. Project Resident Costs

	Project Residents/ Public School Students	Per Capita Costs	Total Costs
Village of Croton-on-Hudson	484	\$1,558	\$754,072
Westchester/Town of Cortlandt	484	\$524	\$253,616
Croton-Harmon School District	16	\$27,978	\$447,648

Source: Urbanomics

Table 16 show that the net fiscal benefit of the project is over \$1 million. The Croton-Harmon UFSD will be the greatest beneficiary with a net gain of \$1.06 million; the Village of Croton-on-Hudson will see a net benefit of \$44,000 each year; while Westchester County/the Town may see a loss of \$25,000.

Table 16. Fiscal Cost/Benefit Relationship

	Tax Revenues	Per Capita Costs	Net Value
Village of Croton-on-Hudson	\$798,318	\$754,072	\$44,246
Westchester/Town of Cortlandt	\$228,708	\$253,616	(\$24,908)
Croton-Harmon School District	\$1,507,004	\$447,648	\$1,059,356
Total	\$2,534,030	\$1,455,336	\$1,078,694

Source: IPUMS.USA, Urbanomics

Conclusion

The Project will be an economic and fiscal benefit to the Village, the School District, and the County both during the construction phasing and during the full occupation of the development.

The one-time net economic benefit from construction will generate \$159.2 million throughout the local economy over the course of 2 years, supporting 562 jobs with \$42.8 million in wages each year.

Annual benefits include \$27.0 million in local expenditures of resident households, supporting 130 jobs with \$10.0 million in wages. The project will also contribute \$2.5 million in property taxes each year to be distributed among the Village, School District, Town, and County tax districts with a net fiscal benefit of more than \$1.1 million. Any fiscal loss to the County in property taxes will easily be offset by retail sales taxes on retail expenditures of the new households.