

# Everett Road Senior Housing Project Cost-Benefit Analysis

Prepared by:



Prepared for:  
Town of Colonie IDA

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## Executive Summary

The Town of Colonie Industrial Development Agency (the “Agency”) received an application for financial assistance from Crisafulli Holdings, LLC (the “Applicant”) related to a proposed project located off of Everett Road Extension in the Town of Colonie (the “Site”). The proposed project includes the development of an approximately 156,750 square foot residential building offering 114 age-restricted housing units and the associated furniture, fixtures, and equipment (the “Project”). The Agency requested an economic and fiscal impact analysis from MRB Group to assess the benefits and costs of the Project on the Town of Colonie (the “Town”) and other jurisdictions as part of the Agency’s deliberations.

MRB Group conducted a thorough assessment of 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, wages, and sales. 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.

Using estimates of the percentage of locally-sourced labor and materials used in the construction phase of the Project, we were able to assess the one-time economic impact.<sup>1</sup> The construction phase of the Project will produce approximately 100 direct, on-site construction jobs and 17 indirect jobs. Therefore, in total, the construction phase of the Project will create 117 jobs and generate \$5 million in wages. Upon completion of the Project, we estimate that the spending of net new households and the operations of the facility will yield 46 jobs total, producing \$2 million in annual wages.

### Summary of Economic Impacts

	Direct	Indirect	Total
Construction Jobs	100	17	117
Construction Wages	\$3,853,088	\$1,098,844	\$4,951,932
Ongoing Jobs	37	10	46
Ongoing Wages	\$1,420,973	\$540,753	\$1,961,726

<sup>1</sup> Note that the direct and indirect “Construction Jobs” and “Construction Wages” shown are with respect to Albany County (the “County”), as such jobs tend to be pulled from a larger labor shed. The direct and indirect “Ongoing Jobs” and “Ongoing Wages” shown are with respect to the Town.

In term of fiscal benefits to the County,<sup>2</sup> based upon the estimated construction-phase earnings, we project a one-time sales tax revenue impact to the County of \$34,644. Upon completion of the Project, we estimate that that County will benefit from additional sales tax revenues of \$408,941 over the course of ten years related to the new household spending and the new wages being earned from ongoing jobs.<sup>3</sup>

In terms of fiscal benefits for the Town, the Project will increase the Town’s population, and thus its portion of sales tax revenues distributed from the County.<sup>4</sup> Over ten years, this amounts to \$577,187.

Finally, for the Town, County, and South Colonie Central School District, we estimate an increase in property tax revenue, over and above current taxes, of \$3.5 million during the first ten years of the Project’s operations.

In terms of costs of the Project, the Applicant has requested a sales tax exemption and a mortgage recording tax exemption. The estimated cost to the state and County of the sales tax exemption is \$772,540, and the cost of the mortgage recording tax exemption is \$200,000.

### Summary of Fiscal Benefits

Source	Total
Sales Tax, One-Time	\$34,664
Sales Tax, Operations, 10 Years	\$408,941
New Sales Tax Distributions to Town, 10 Years	\$577,187
Increase in Property Tax, 10 Years	\$3,545,366
<b>Total Fiscal Benefits Over 10 Years</b>	<b>\$4,566,157</b>

### Summary of Exemptions

	Total
Cost of Sales Tax Exemption, One-Time	\$772,540
Mortgage Recording Tax Exemption	\$200,000

<sup>2</sup> Note that while we report the entire cost of the exemptions to both state and local government, we are reporting only the fiscal benefits that accrue to the County, Town, and school district.

<sup>3</sup> Typically, we would estimate fiscal benefits over the term of the proposed PILOT. However, in this case, the Applicant is not requesting a PILOT exemption, so we use a standard 10-year timeframe.

<sup>4</sup> Albany County distributes a portion of its entire sales tax collections to its various municipalities based on population. Because of the presumed increase in Town population due to the Project, we estimate the Town will benefit from \$51,910 in additional sales tax revenue distributions in the first year following the next census. We escalate this figure by 2% per year for 10 years.

## Contents

Executive Summary .....	2
Introduction .....	5
Economic Impact Analysis.....	6
Methodology .....	6
Construction Phase.....	7
Operation Phase .....	8
Fiscal Impact Analysis .....	10
Property Tax Revenue.....	10
Sales Tax Revenue, Operation Phase.....	11
New Sales Tax Distributions to Town.....	12
Cost of Exemptions.....	13
Appendix .....	14

## Introduction

The Town of Colonie Industrial Development Agency received an application for financial assistance from Crisafulli Holdings, LLC related to a proposed project located off of Everett Road Extension in the Town of Colonie. The proposed project includes the development of an approximately 156,750 square foot residential building offering 114 age-restricted housing units and the associated furniture, fixtures, and equipment. The Agency requested an economic and fiscal impact analysis from MRB Group to assess the benefits and costs of the Project as part of the Agency's deliberations.

MRB Group conducted a thorough assessment of 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, wages, and sales. 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.

## Economic Impact Analysis

The Project would have economic impacts on the County and Town in a number of ways. This includes one-time impacts to 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 Town.<sup>5</sup>

### 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.<sup>6</sup>
- 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.

To estimate the Direct and Indirect impacts, MRB Group employs the Emsi<sup>7</sup> economic modeling system. We used data from the Applicant, from the Agency, and from publicly-available and proprietary data sources as inputs to the Emsi modeling system. Where needed, we adjusted the Emsi model to best match the Project specifics. We then reported the results of the modeling.

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<sup>5</sup> By their nature, construction-related impacts tend to be somewhat more diffuse, which is why we report them as County-level impacts. Town-level impacts are measured based on 10 ZIP codes, which closely approximate the Town. A full list and map of these ZIP Codes is included in the Appendix.

<sup>6</sup> A recent market study, provided by the Applicant, found that comparable senior housing developments in the Town are at nearly 100% occupancy. As such we assume all new households associated with the Project will be considered “net new.”

<sup>7</sup> Emsi, formerly “Economic Modeling Systems, Intl.,” uses data from the US Bureau of Labor Statistics, the US Bureau of Economic Analysis, the US Census, and other public data sources to model out economic impacts.

### Construction Phase

As shown in the table to the right, we use an estimate of 50% of the Project’s \$18.4 million of materials and labor costs<sup>8</sup> being sourced within the County, for a total of \$9.2 million of in-County construction spending.

Albany County construction spending of \$9.2 million (direct “Sales” in the table) was used as an input into the Emsi economic modeling system. According to the model, this spending will create approximately 100 direct jobs and direct earnings of approximately \$3.9 million. Indirect impacts resulting from direct spending were also modeled, with 17 new jobs, \$1.1 million in new earnings, and \$3.2 million in new sales. Therefore, the total one-time construction-phase impacts would be 117 jobs, \$5.0 million in wages, and \$12.4 million in sales.

We also note here that, based on the information provided by the Applicant, the Project timeline appears reasonable and should allow the Agency to conclude that the Project will be completed in a timely manner.

### Construction Spending In Region

	\$ Total	% County	\$ County
Materials & Labor	\$18,358,000	50%	\$9,179,000

Source: Applicant, MRB

### Economic Impact of Construction Phase, One-Time

	Direct	Indirect	Total
Jobs	100	17	117
Earnings	\$3,853,088	\$1,098,844	\$4,951,932
Sales	\$9,179,000	\$3,193,531	\$12,372,531

Source: Emsi, MRB

<sup>8</sup> We used the Applicant’s stated costs of the Project of \$21.4 million, less land acquisition, legal fees, and financing costs.

## Operation Phase

An important distinction between construction and operation phase impacts is the geographic level at which impacts were 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 Town level. In this case, we have used 10 local ZIP Codes, which are representative of the smallest unit of geography considered in our economic modeling system (see Appendix.)

Operation phase impacts come from the effects of net-new household spending from the new units being brought onto the market by the Project and the employment at the Site.

According to the Applicant, this Project will bring to market 114 units of age-restricted senior housing, all of which we consider "net new." We used data from the Consumer Expenditure Survey (CEX) of the Bureau of Labor Statistics as of September 2019. As shown, the typical household spends \$36,991 per year in the categories of goods shown. We have estimated that approximately 80% of this spending would occur in the Town of Colonie. Given 114 units and the spending profile and percentages shown, we estimate that a total of \$3.4 million of new household spending would occur annually in the Town.

### Total New Annual Household Spending

	Annual per HH Spend	% Spent in Town	Units	Total New Spending
Food	\$9,460	80%	114	\$862,752
Household Furnishings and Equipment	\$1,987	80%	114	\$181,214
Apparel and Services	\$1,654	80%	114	\$150,845
Transportation	\$11,086	80%	114	\$1,011,043
Healthcare	\$5,307	80%	114	\$483,998
Entertainment	\$3,516	80%	114	\$320,659
Education	\$1,680	80%	114	\$153,216
Personal Care Products and Services	\$844	80%	114	\$76,973
Miscellaneous	\$849	80%	114	\$77,429
Other	\$608	80%	114	\$55,450
<b>Total</b>	<b>\$36,991</b>		<b>114</b>	<b>\$3,373,579</b>

Source: Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, 2018-2019, "Table 3104. Northeastern region by income before taxes: Average annual expenditures and characteristics."



By matching the line items of household expenditures with corresponding industry codes in Emsi, we are able to assess the impact of new household spending.<sup>9</sup> Our analysis reveals that the new household spending will result in an estimated 33 new direct jobs and \$1.3 million in new earnings. Taken together with an estimate of indirect impacts, total household spending impacts include 40 jobs, \$1.7 million in earnings, and \$4.6 million in sales.

The Applicant also stated that the development would employ 3.5 full-time employees at the Site for management and maintenance. The wages paid to the full- and part-time employees have been stated as \$56,900 and \$39,000, respectively. In total, the Applicant has stated the Project would account for \$156,400 in annual wages paid to the 3.5 employees. According to Emsi, these wages correspond to sales of \$521,348. Together with a small amount of Indirect impacts, total impacts of management and maintenance would be 6 jobs, \$256,273 in earnings, and \$794,355 in sales.

By aggregating the impact of new household spending and operations of the facility, we see the combined impact displayed in the table to the right. As shown, we anticipate that the Town will benefit from 46 jobs, \$2 million in earnings, and \$5.3 million in sales on an annual basis.

### Economic Impact, New Household Spending

	Direct	Indirect	Total
Jobs	33	7	40
Earnings	\$1,264,573	\$440,881	\$1,705,454
Sales	\$3,373,579	\$1,178,131	\$4,551,710

Source: Emsi, MRB

### Economic Impact, Operations and Maintenance of Project

	Direct	Indirect	Total
Jobs	3.5	2.5	6.0
Earnings	\$156,400	\$99,873	\$256,273
Sales	\$521,348	\$273,007	\$794,355

Source: Emsi, MRB

### Economic Impact, Combined Annual Impact

	Direct	Indirect	Total
Jobs	37	10	46
Earnings	\$1,420,973	\$540,753	\$1,961,726
Sales	\$3,894,927	\$1,451,138	\$5,346,066

Source: Emsi, MRB

<sup>9</sup> For example, for the "Food" line item, we applied half of the spending to the "Supermarkets and other grocery" store NAICS code (North American Industrial Classification System) and half to the "Full service restaurants" NAICS code.

## Fiscal Impact Analysis

The Project would also have fiscal impacts in terms of new tax revenues and the cost of tax exemptions, described below.

### Property Tax Revenue

The Applicant has not requested a PILOT exemption. As such, the new property tax revenues are calculated as the difference between the taxes paid on the Site without the Project and the taxes to be paid on the assessed value resulting from the Project. The Site’s current applicable tax rates total 39.80951, which we escalate each year at 2%. The Site’s current assessed value is \$381,000, and the Town Assessor provided an estimated future assessed value of the Project at \$7,785,000 in his letter dated March 30, 2021.

As shown in the table, we estimate that the taxes on the Site without the Project would total \$182,440 over the next ten years. With the Project, the Site would generate \$3.7 million in taxes, or an increase of \$3.5 million over 10 years.

### Future Assessed Value

Line	Value
Current AV	\$381,000
Future AV	\$7,785,000
Increase in AV	\$7,404,000
Escalation Factor	2%
Tax Rate	39.80951

Source: Applicant, MRB

### Property Tax Payment

Year	Escalation Factor	Tax Rate	Current AV	Taxes w/o Project	Future AV	Taxes with Project	Increase in Revenue
Year 1	1.000	39.8095	\$381,000	\$15,167	\$7,785,000	\$309,917	\$294,750
Year 2	1.020	40.6057	\$388,620	\$15,780	\$7,940,700	\$322,438	\$306,657
Year 3	1.040	41.4178	\$396,392	\$16,418	\$8,099,514	\$335,464	\$319,046
Year 4	1.061	42.2462	\$404,320	\$17,081	\$8,261,504	\$349,017	\$331,936
Year 5	1.082	43.0911	\$412,407	\$17,771	\$8,426,734	\$363,117	\$345,346
Year 6	1.104	43.9529	\$420,655	\$18,489	\$8,595,269	\$377,787	\$359,298
Year 7	1.126	44.8320	\$429,068	\$19,236	\$8,767,174	\$393,050	\$373,814
Year 8	1.149	45.7286	\$437,649	\$20,013	\$8,942,518	\$408,929	\$388,916
Year 9	1.172	46.6432	\$446,402	\$20,822	\$9,121,368	\$425,450	\$404,628
Year 10	1.195	47.5760	\$455,330	\$21,663	\$9,303,796	\$442,638	\$420,975
<b>TOTAL</b>				<b>\$182,440</b>		<b>\$3,727,806</b>	<b>\$3,545,366</b>

Source: Applicant, MRB

### Sales Tax Revenue, Construction Phase

As our economic impact analysis states, we anticipated approximately \$5 million in total new earnings in the County during the construction phase of the project. We assume 70% of this newly generated construction phase spending will be spent in Albany County. From there, we estimate 25% of that spending amount will be subject to the sales tax. Applying the County’s sales tax rate of 4.00%, we conclude that the construction phase earnings will likely lead to approximately \$34,664 in County sales tax revenue.

### Sales Tax Revenue - Construction Phase

Line	Value
Total New Earnings	\$4,951,932
% Spent in County	70%
\$ Spent in County	\$3,466,352
% Taxable	25%
\$ Taxable	\$866,588
County Sales Tax Rate	4.00%
\$ County Sales Tax Revenue	\$34,664

Source: Applicant, MRB

### Sales Tax Revenue, Operation Phase

During the operation phase, we estimated \$2 million in total new earnings and \$3.4 million in new household spending occurring within the County. Using the same methodology as above, we estimate the project will result in \$37,347 in annual sales tax revenue to the County. Escalating this at 2%, this totals \$408,941 in revenue over the next 10 years.

### Sales Tax Revenue - Operation Phase

Line	Value
Total New Earnings	\$1,961,726
New Household Spending	\$3,373,579
% Spent in County	70%
\$ Spent in County	\$3,734,714
% Taxable	25%
\$ Taxable	\$933,678
County Sales Tax Rate	4.00%
\$ County Sales Tax Revenue	\$37,347
Revenue Over 10 Years @ 2%	\$408,941

Source: MRB

### New Sales Tax Distributions to Town

The County’s sales tax revenues are distributed to its constituent cities and towns according to a set distribution formula<sup>10</sup> that is based on population. Therefore, to the extent that the Project increases the population of the Town, the Town would receive additional sales tax distributions from the County.

By using the population figure of 81,588 for the Town of Colonie from the 2010 US Census, we are able to estimate the anticipated population increase and subsequent sales tax distribution stemming from the Project. Under the assumption of 1.5 persons per household, the 114 affordable housing units will attract approximately 171 residents to the Town of Colonie, representative of an approximate 0.21% increase in population.

Noting that the Town has budgeted \$25.2 million in “sales and use tax” revenues in its 2021 budget, we are able to estimate the proportional increase in sales tax distributions, relative to the population increase. We estimate that the Project will lead to \$52,712 in new annual Town revenues from these sales tax distributions from the County. Escalating this at 2% per year, we arrive at a 10-year increase of \$577,187.

### New Sales Tax Distributions to Town

Line	Value
Population (2010 Census)	81,588
New Households	114
Persons per HH	1.5
New Persons	171
% Increase in Population	0.20959%
Sales Tax Distributions to Town (2021)	\$25,150,320
Increase in Distributions to Town (est.)	\$52,712
Dist. Over 10 Years @ 2%	\$577,187

Source: Town 2021 Budget, US Census, MRB

<sup>10</sup> Of the overall 4.00% tax rate imposed by the County: “The County retains 60% and distributes 40% to the cities and towns on the basis of published decennial population figures.” Source: “Local Government Sales Taxes in New York State: 2015 Update.” New York State Comptroller, Division of Local Government and School Accountability, March 2015.

### Cost of Exemptions

The Applicant has requested an exemption from the sales and use tax, which would result in a benefit of \$772,540 to the Applicant, which includes both the state and county portions.

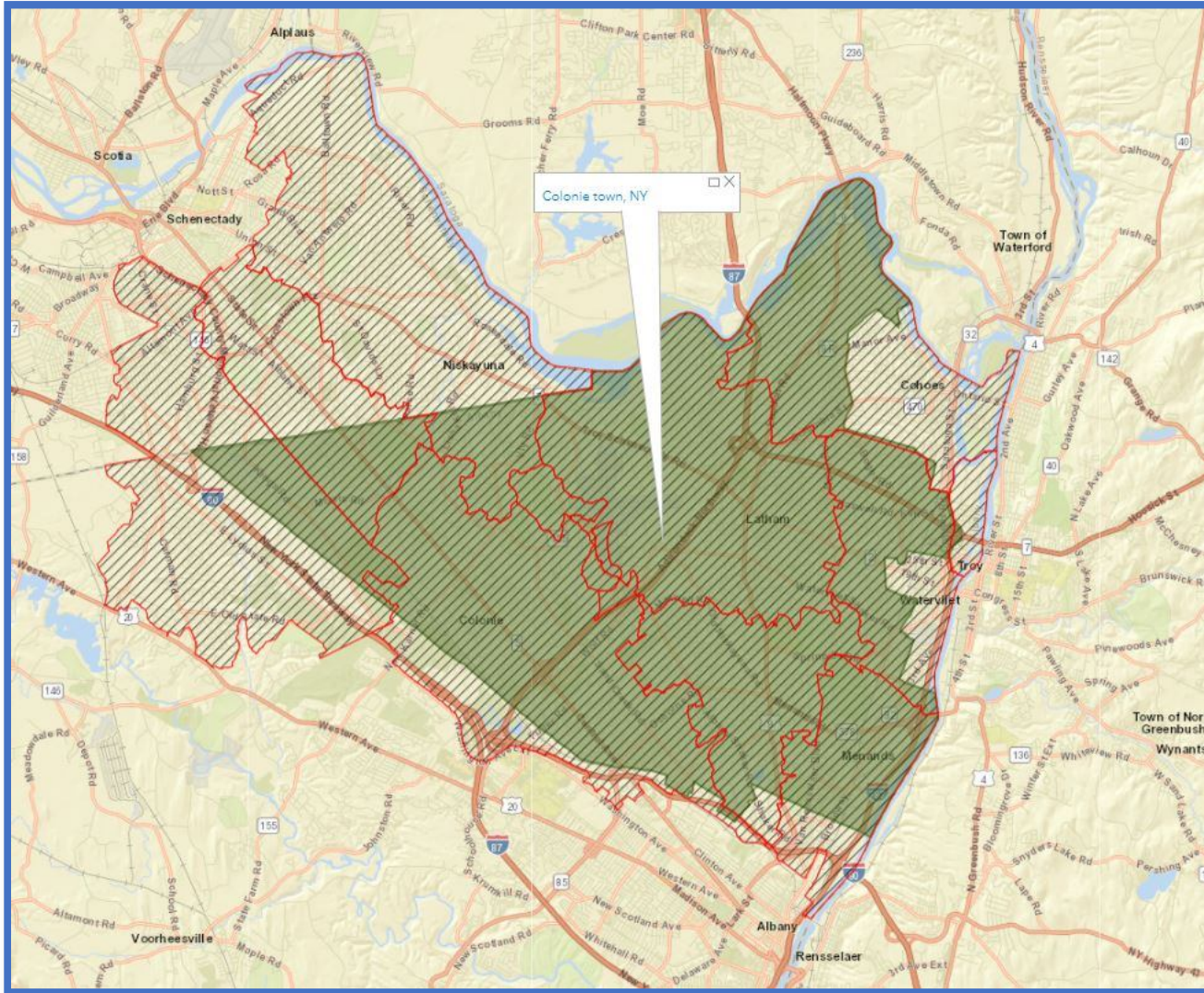
The Applicant is also requesting a mortgage recording tax exemption valued at \$200,000, which also includes both state and county portions.

### Summary of Exemptions

	Total
Cost of Sales Tax Exemption, One-Time	\$772,540
Mortgage Recording Tax Exemption	\$200,000



Appendix



Colonie ZIP Codes

ZIP Codes
12205 (Albany)
12211 (Albany)
12303 (Schenectady)
12304 (Schenectady)
12309 (Schenectady)
12047 (Cohoes)
12110 (Latham)
12183 (Troy)
12189 (Watervliet)
12204 (Albany)