SUBMITTED TO:

Greg DeRosa, Founder
G2D Development Corp.
36 New York Ave
Huntington, NY 11743

Market Analysis and Economic Impact

331 Main Street, LLC Project, Town of Riverhead, NY

G2D Group

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PREPARED BY:

120 West Avenue, Suite 303
Saratoga Springs, NY 12866
518.899.2608
www.camoinassociates.com

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CAMOIN 310

EXECUTIVE SUMMARY

G2D Development Corp. (G2D) is proposing to build a residential development (the Project) at 331 East Main Street, Town of Riverhead, Suffolk County, New York. The Project entails construction of a highly-amenitized residential community with 36 rental units available at market rate rents.

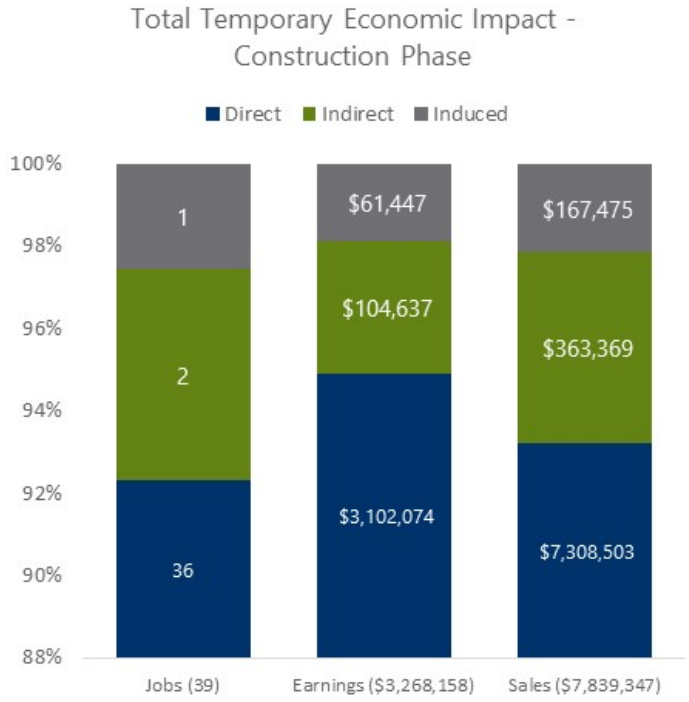
G2D is seeking financial assistance from the Town of Riverhead Industrial Development Agency (the IDA). To facilitate their review, Camoin 310 was commissioned by G2D to conduct two analyses:

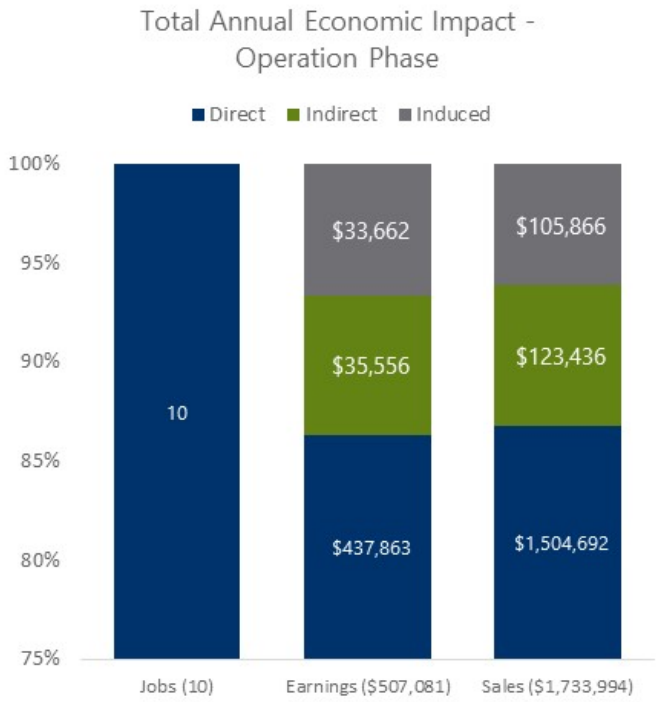
A ***housing demand analysis*** to determine the demand for market rate units within the region and the Town of Riverhead. Based on supply and demand trends in the Town of Riverhead and Suffolk County, the analysis has found that the Town of Riverhead can support additional rental units. In particular, there is high demand for rental units designed to appeal to the growing number of households in higher income groups, as well as Riverhead's workforce that commutes from the New York City area.

An ***economic impact analysis*** to estimate the economic activity expected to be generated by the construction and operation of the Project, and by the new households moving into the Town of Riverhead because the new apartments are available.

It is estimated that construction of 331 Main Street will result in 36 full time equivalent construction jobs and an additional three jobs in supporting businesses. Direct construction earnings are estimated to be nearly $3.3 million. Annual operations plus the spending of new households is estimated to support ten new jobs in the Town of Riverhead, and more than $500,000 of earnings annually. Economic impact in town totals more than $1.7 million.

The first section of this report presents the housing demand analysis. The economic impact analysis follows.





HOUSING DEMAND ANALYSIS

Throughout this analysis, Camoin 310 compares the housing market in the Town of Riverhead with Suffolk County. The following sections summarize the supply and demand of housing in the town, as well as the significant commuter workforce. Through this analysis we can conclude that:

- Based on supply and demand trends in the Town of Riverhead and Suffolk County, the Town of Riverhead can support additional rental units. There is demand for rental units that appeal to a range of income groups, particularly Riverhead's workforce that commutes from the New York City area.
- The majority of the housing stock in the Town of Riverhead and Suffolk County is single-family, owner occupied units. Rental occupied units have declined from 19% of the town's housing stock to 17% in 2019. According to Long Island Index a lack of rental housing is a top reason young people are leaving Long Island.[1] Creating a highly-amenitized housing development in a walkable downtown through this Project will help Riverhead capture these young professionals, some of whom will choose in time to purchase family homes as they are vacated by seniors and empty nesters. This supports demand and housing values across a wider demographic spectrum of households.
- Approximately 15% of units in the Town of Riverhead are vacant, which is similar to the vacancy rate in Suffolk County (13%). Second homes used for seasonal, recreational, or occasional use make up the majority of the vacant units within the town. Excluding second homes, the vacancy rate is 6.3%. This is a healthy rate and indicates that the town could support additional new units.
- As of 2019, the median household income in the Town of Riverhead was $76,000 compared to $97,000 in Suffolk County. Household incomes are projected to increase in both geographies, with the growth targeted in higher earning ($100,000 and more) households. Household incomes of renter occupied households are significantly lower at $42,000 for the town and $51,000 for the county as of 2018 data. These lower rental income figures can be indicative of housing stock that is outdated and lower-quality. Diversifying the rental housing stock to include units at higher rent prices will help Riverhead capture more of the high earning demographic, who will in turn spend their earnings in the local economy.
- Projections based on historical growth indicate the Town of Riverhead has outpaced the county in terms of household growth between 2010 and 2019. Projections suggest the county will experience a slight decline in the total number of households in the county between 2019 and 2024, while the town is projected to continue growing. Household growth is led by higher earning households.
- The Town of Riverhead has a significant commuter base with nearly 13,000 people commuting into the town for work. Of these commuters, over 20% travel greater than 50 miles to work in Riverhead from areas including New York City and beyond. This Project presents an opportunity for Riverhead to capture a portion of these workers to live closer to their jobs to avoid long commute times and transportation fees.

[1] Long Island Index 2018 Report

SUPPLY

The table below outlines the housing stock by units in structure for the Town of Riverhead and Suffolk County. Both geographies' housing stocks are predominately single-family detached homes, at 71.2% in the town and 79.8% in the county. Multifamily options are less prevalent in the town than the county, indicating potential to fill that need in Riverhead. The percentage of multifamily developments with 20 or more units is even less prevalent in Riverhead than Suffolk County at 0.4% and 3.3%, respectively. The need for more rental, co-op, condos, and other multifamily options has been expressed in the Long Island Multifamily Housing Study which examined the current housing stock and regional housing needs.[2]

Housing Units by Units in Structure, 2018

	Town of Riverhead		Suffolk County	
1-unit, detached	11,893	71.2%	458,857	79.8%
1-unit, attached	867	5.2%	25,749	4.5%
2 units	496	3.0%	22,289	3.9%
3 or 4 units	400	2.4%	12,968	2.3%
5 to 9 units	439	2.6%	16,309	2.8%
10 to 19 units	564	3.4%	14,506	2.5%
20 or more units	70	0.4%	19,199	3.3%
Mobile home	153	0.9%	5,148	0.9%
Boat, RV, van, etc.	1,830	11.0%	137	0.0%
Total	16712	100.0%	575,162	100.0%

Source: 2014-2018 American Community Survey

The housing stock in the Town of Riverhead has a median year built of 1982. The number of housing units built within the last decade accounts for approximately 2.8% of the housing stock in the Town of Riverhead and 1.3% in Suffolk County.

Housing Units by Year Structure Built, 2018

	Town of Riverhead		Suffolk County	
2014 or later	199	1.2%	3,105	0.5%
2010 to 2013	274	1.6%	4,467	0.8%
2000 to 2009	3,287	19.7%	44,994	7.8%
1990 to 1999	2,936	17.6%	50,710	8.8%
1980 to 1989	1,984	11.9%	59,878	10.4%
1970 to 1979	1,906	11.4%	105,581	18.4%
1960 to 1969	1,808	10.8%	117,491	20.4%
1950 to 1959	2,094	12.5%	106,512	18.5%
1940 to 1949	638	3.8%	28,649	5.0%
1939 or earlier	1,586	9.5%	53,775	9.3%
Median Year Built	1982		1969	

Source: 2014-2018 American Community Survey

[2] Long Island's Needs for Multifamily Housing: Measuring How Much We Are Planning to Build vs. How Much We Need for Long Island's Future, February 2016

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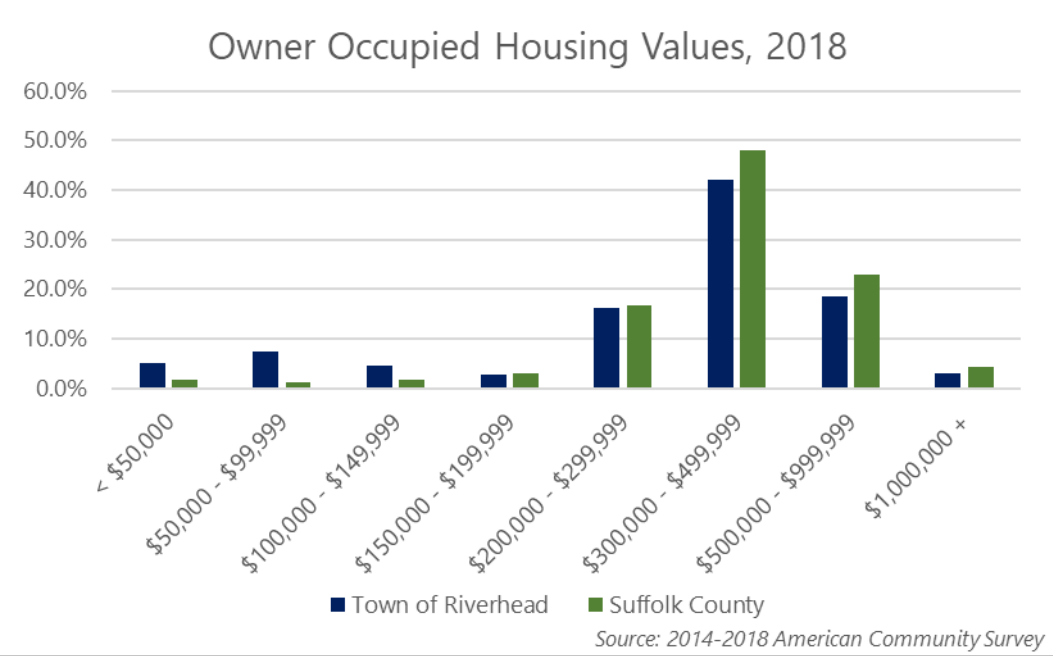
The majority of occupied housing units in the Town of Riverhead and Suffolk County are valued between $300,000 and $499,999. The town's median home value is $358,200 compared to $386,800 in the county.



Housing values are projected to increase in the town over the next five years with the median housing value increasing 12.2% from 2019 to 2024. Growth will be led by homes valued between $500,000 and $1,999,999. The number of owner-occupied homes valued under $500,000 is projected to decline, due in part to appreciation. Rising home prices have been confirmed in regional housing studies such as the Long Island Index 2018 Report.

Town of Riverhead Owner Occupied Housing Values, 2019 - 2024

	2019	2024	Change 2019 - 2024	
< $50,000	448	294	(154)	(34.4%)
$50,000-$99,999	351	249	(102)	(29.1%)
$100,000-$149,999	227	171	(56)	(24.7%)
$150,000-$199,999	262	196	(66)	(25.2%)
$200,000-$249,999	570	474	(96)	(16.8%)
$250,000-$299,999	700	535	(165)	(23.6%)
$300,000-$399,999	2,198	1,761	(437)	(19.9%)
$400,000-$499,999	2,497	2,303	(194)	(7.8%)
$500,000-$749,999	2,258	3,002	744	32.9%
$750,000-$999,999	741	1,312	571	77.1%
$1,000,000-$1,499,999	178	272	94	52.8%
$1,500,000-$1,999,999	36	84	48	133.3%
$2,000,000 +	382	341	(41)	(10.7%)
Median Home Value	$ 426,752	$ 478,897	52,145	12.2%

Source: Esri

Home values across Suffolk County have exhibited a similar trend. Looking forward to 2024, housing values in the county are projected to rise 10.0% with growth occurring in homes valued above $500,000. Furthermore, the county is expected to see a 36.4% increase in homes valued over $2 million.

Suffolk County Owner Occupied Housing Values, 2019 - 2024

	2019	2024	Change 2019 - 2024	
< $50,000	5,625	2,624	(3,001)	(53.4%)
$50,000-$99,999	3,246	1,642	(1,604)	(49.4%)
$100,000-$149,999	5,280	3,630	(1,650)	(31.3%)
$150,000-$199,999	11,194	8,626	(2,568)	(22.9%)
$200,000-$249,999	23,541	19,119	(4,422)	(18.8%)
$250,000-$299,999	35,431	29,148	(6,283)	(17.7%)
$300,000-$399,999	99,488	87,824	(11,664)	(11.7%)
$400,000-$499,999	75,412	73,065	(2,347)	(3.1%)
$500,000-$749,999	79,372	90,376	11,004	13.9%
$750,000-$999,999	33,155	45,143	11,988	36.2%
$1,000,000-$1,499,999	17,141	21,350	4,209	24.6%
$1,500,000-$1,999,999	5,038	6,043	1,005	19.9%
$2,000,000 +	9,524	12,990	3,466	36.4%
Median Home Value	$ 423,761	$ 465,937	$ 42,176	10.0%

Source: Esri

Overall, gross rents in Town of Riverhead lag those in Suffolk County with median gross rents of $1,421 and $1,698, respectively. However, the Town of Riverhead has a greater portion of renters with gross rents at $3,000 or more at 7.1%. This is compared to 4.1% in the county. The Town of Riverhead has a smaller portion of units priced between $2,000 and $2,500 compared to Suffolk County.

Renter Occupied Housing Units by Gross Rent, 2018

	Town of Riveread		Suffolk County	
Less than $500	299	11.0%	4,916	5.3%
$500 to $999	317	11.7%	8,369	9.1%
$1,000 to $1,499	943	34.7%	21,870	23.8%
$1,500 to $1,999	568	20.9%	27,381	29.8%
$2,000 to $2,499	229	8.4%	18,756	20.4%
$2,500 to $2,999	171	6.3%	6,931	7.5%
$3,000 or more	192	7.1%	3,737	4.1%
Median Gross Rent	$	1,421	$	1,698

Source: 2014-2018 American Community Survey

DEMAND

Between 2010 and 2019, the Town of Riverhead outpaced the county in terms of household growth, expanding 4.8% compared to the county's growth of 0.7%. The number of households is projected to decline slightly in the county between 2019 and 2024, while the Town of Riverhead is expected to grow slightly.

Change in Number of Households, 2010 - 2024

	2010	2019	2024	Change 2010 - 2019	% Change 2010 - 2019	Change 2019 - 2024	% Change 2019 - 2024
Town of Riverhead	12,990	13,616	13,670	626	4.8%	54	0.4%
Suffolk County	499,922	503,659	500,460	3,737	0.7%	(3,199)	(0.6%)

Source: Esri

As of 2019, approximately 17.3% of housing units are occupied by renters in the Town of Riverhead, while about 67.6% are owner-occupied and the remaining 15.1% are vacant. Of these vacant units in Riverhead, the majority are second homes and are vacant for seasonal, recreational, or occasional use. Excluding these second homes, the vacancy rate in the town is 6.3%. Between 2010 and 2019, the number of owner-occupied households increased by 778 while there was a decline of 152 renter occupied units and five less vacant units. This suggests rental units are coming offline for owner occupied use. A survey conducted by Long Island Index in 2018 identified a top reason for young people leaving Long Island as a lack of housing solutions for renting and rental properties becoming scarce on Long Island.[3]

Town of Riverhead Household Trends by Tenure

	2010		2019		2024	
Owner Occupied	10,070	65.3%	10,848	67.6%	10,994	67.2%
Renter Occupied	2,920	18.9%	2,768	17.3%	2,676	16.4%
Vacant	2,434	15.8%	2,429	15.1%	2,691	16.4%
Total	15,424	100.0%	16,045	100.0%	16,361	100.0%

Source: Esri

The vacancy rate in Suffolk County in 2019 was approximately 13.1%. Vacancy has steadily increased across the county since 2010 and is projected to continue increasing into 2024.

Suffolk County Household Trends by Tenure

	2010		2019		2024	
Owner Occupied	393,507	69.0%	403,466	69.6%	401,599	68.4%
Renter Occupied	106,415	18.7%	100,193	17.3%	98,861	16.8%
Vacant	70,063	12.3%	75,806	13.1%	87,072	14.8%
Total	569,985	100.0%	579,465	100.0%	587,532	100.0%

Source: Esri

Examining the household size of the two geographies indicates that the Town of Riverhead has a strong presence of households with 1 and 2 people whereas the county has a large presence of households of 2 people and 4 or more people.

Households By Size

	Town of Riverhead		Suffolk County	
1 Person	3,480	27.1%	107,892	22.4%
2 Person	4,764	37.1%	147,171	30.5%
3 Person	1,605	12.5%	85,908	17.8%
4 or More	2,992	23.3%	141,128	29.3%
Total	12,841	100.0%	482,099	100.0%

Source: 2013-2017 American Community Survey

[3] Long Island Index 2018 Report

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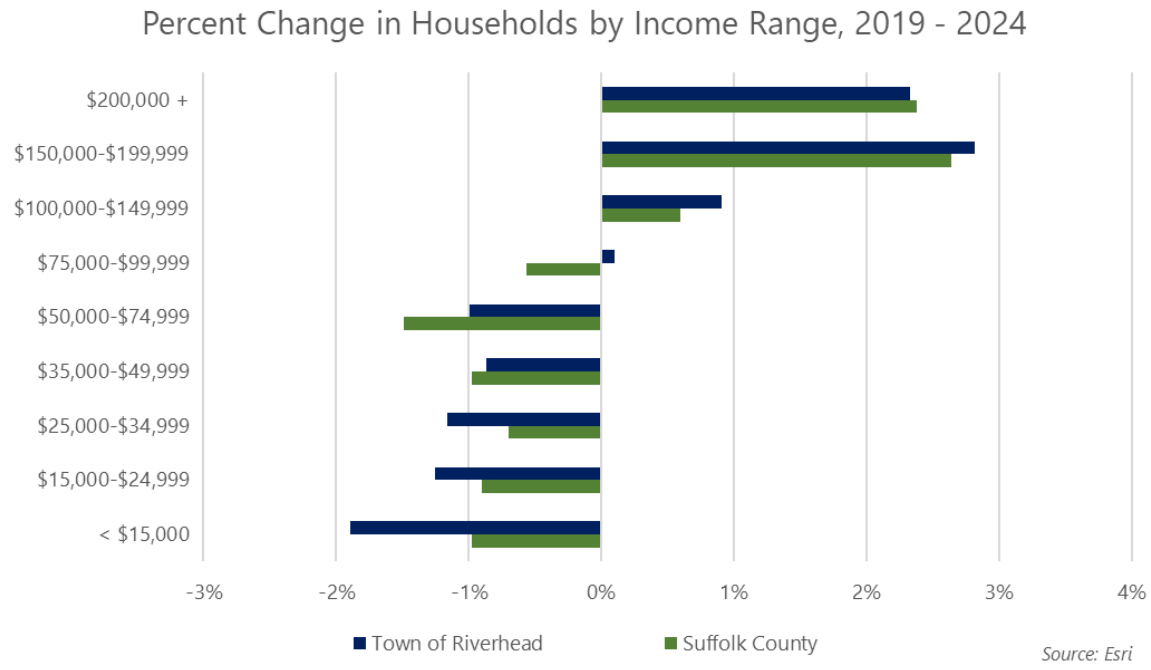
Trends in household income are a factor in estimating the type of housing product that will be in demand in the future. Based on past trends, household incomes are projected to rise in both the Town of Riverhead and Suffolk County, with the Town of Riverhead expected to see an increase in the number of households earning over $75,000 and Suffolk County expected to see an increase in households earning over $100,000. Another factor is the *current* availability of housing at different price points, and that appeals to different demographic groups. Wider offerings, including more rental housing in a community with high ownership costs, can affect household income trends by making it possible for more households at different income levels to live in the community.



Household income data is displayed below for the Town of Riverhead and Suffolk County for 2019 and projected to 2024. For both geographies, the largest income cohort is $100,000 to $149,999 with 16.4% in the town and 20.6% in the county. Looking forward to 2024, median household incomes are projected to grow approximately $12,000 in the town to $88,000 which will result in an increase in higher earning income cohorts.

Town of Riverhead Household Income, 2019 - 2024

	2019	2024
< $15,000	10.3%	8.4%
$15,000-$24,999	6.6%	5.3%
$25,000-$34,999	8.0%	6.8%
$35,000-$49,999	11.3%	10.5%
$50,000-$74,999	12.9%	12.0%
$75,000-$99,999	11.8%	11.9%
$100,000-$149,999	16.4%	17.3%
$150,000-$199,999	11.3%	14.1%
$200,000 +	11.4%	13.7%
Median Household Income	$ 76,432	$ 88,187

Source: Esri

Suffolk County Household Income, 2019 - 2024

	2019	2024
< $15,000	6.1%	5.1%
$15,000-$24,999	5.4%	4.5%
$25,000-$34,999	5.0%	4.3%
$35,000-$49,999	8.8%	7.9%
$50,000-$74,999	13.5%	12.0%
$75,000-$99,999	12.3%	11.7%
$100,000-$149,999	20.0%	20.6%
$150,000-$199,999	13.5%	16.1%
$200,000 +	15.5%	17.8%
Median Household Income	$ 97,325	$ 107,749

Source: Esri

Median household incomes for renters is significantly lower than owner occupied household incomes in both the town and county. As of 2018, the median household income for renters in the Town of Riverhead was $41,758, over $9,000 less than the county at $51,087.

Renter Household Income, 2018

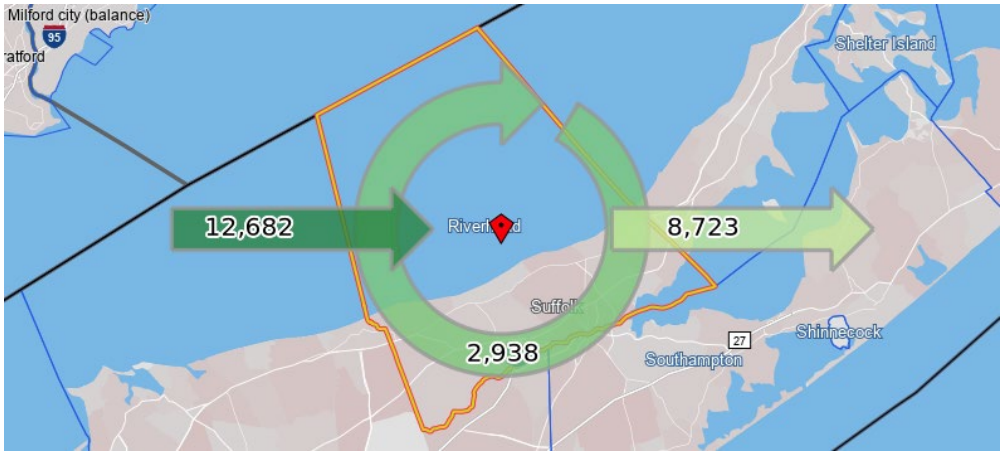
	Town of Riverhead		Suffolk County	
Less than $5,000	165	5.6%	4,939	4.9%
$5,000 to $9,999	154	5.3%	3,562	3.5%
$10,000 to $14,999	309	10.5%	7,895	7.8%
$15,000 to $19,999	107	3.7%	5,581	5.5%
$20,000 to $24,999	179	6.1%	5,507	5.4%
$25,000 to $34,999	353	12.1%	10,510	10.3%
$35,000 to $49,999	477	16.3%	11,997	11.8%
$50,000 to $74,999	410	14.0%	15,206	14.9%
$75,000 to $99,999	305	10.4%	12,474	12.3%
$100,000 to $149,999	326	11.1%	14,721	14.5%
$150,000 or more	144	4.9%	9,431	9.3%
Median Household Income	$ 41,758		$ 51,087	

Source: 2014-2018 American Community Survey

COMMUTER MARKET

The proposed Project at 331 East Main Street is located within the Town of Riverhead. As of 2017 census data, 12,682 workers commute into the Town of Riverhead for work. Approximately 2,938 Riverhead residents both live and work within the Town and 8,723 Riverhead residents leave the town for work outside of the town. Of the Riverhead workers, nearly 34.5% travel less than 10 miles to work, 33.6% travel 10 to 24 miles, 11.7% travel between 25 and 50 miles, and 20.4% travel greater than 50 miles.

Town of Riverhead Inflow/Outflow, 2017



Source: US Census OnTheMap 2017

Travel times on Long Island can vary greatly based on public transportation schedules and traffic. Approximately 7.9% of Riverhead's workforce lives in New York City where travel times can be upwards of two hours. This commuter workforce presents an opportunity for Riverhead to attract residents that are looking to forgo long commute times in conjunction with transportation fees.

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ECONOMIC IMPACT ANALYSIS

Industrial Development Agencies in the State of New York are encouraged, and for certain information, required, to evaluate the benefits of a project that requests financial assistance. G2D Development Corp. engaged Camoin 310 to study the economic impacts of the 331 Main Street housing project. These impacts include new jobs and payroll to maintain the facility, and the spending by the new households living in the Town of Riverhead. This activity would not occur without the Project because of an inadequate supply of housing. These are ongoing, annual impacts. The construction of the Project also generates one-time economic impacts during the construction period, estimated by G2D at 12 – 14 months.

The primary tool used in this analysis is the input-output model developed by Economic Modeling Specialists Intl. (EMSI). Primary data used in the study was obtained from G2D's application for financial assistance to the Town of Riverhead IDA and included construction spending, estimated payroll, and rental unit counts and estimated rent per unit. Secondary data was collected by Camoin 310 to confirm the assumption that all units would be occupied by residents new to the town, and to estimate their local spending.

The economic impacts are presented in four categories: direct impact, indirect impact, induced impact, and total impact. The indirect and induced impacts are commonly referred to as the "multiplier effect."

STUDY INFORMATION

Data Source:
G2D Development Corp. Application for Assistance to the Town of Riverhead Industrial Development Agency

Geography:
Town of Riverhead, NY

Study Period:
2020

Modeling Tool:
EMSI

DIRECT IMPACTS

This initial round of impacts is generated as a result of spending on operations and new household spending at town businesses.

INDIRECT IMPACTS

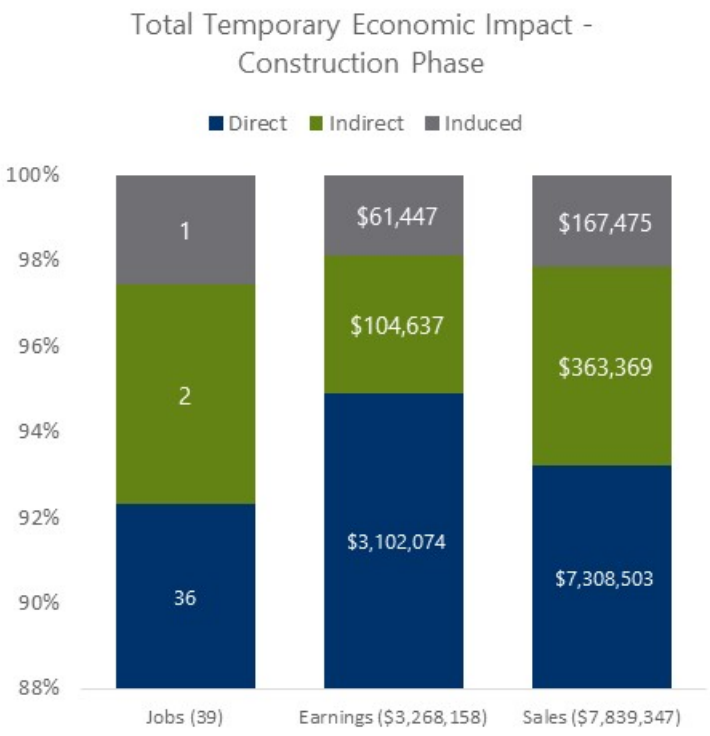
The direct impacts have ripple effects through business to business spending. This spending results from the increase in demand for goods and services in industry sectors that supply both the facility and the businesses receiving the new household spending.

INDUCED IMPACTS

Impacts that result from spending by facility employees, employees of town businesses, and employees of suppliers. Earnings of these employees enter the economy as employees spend their paychecks in the town on food, clothing, and other goods and services.

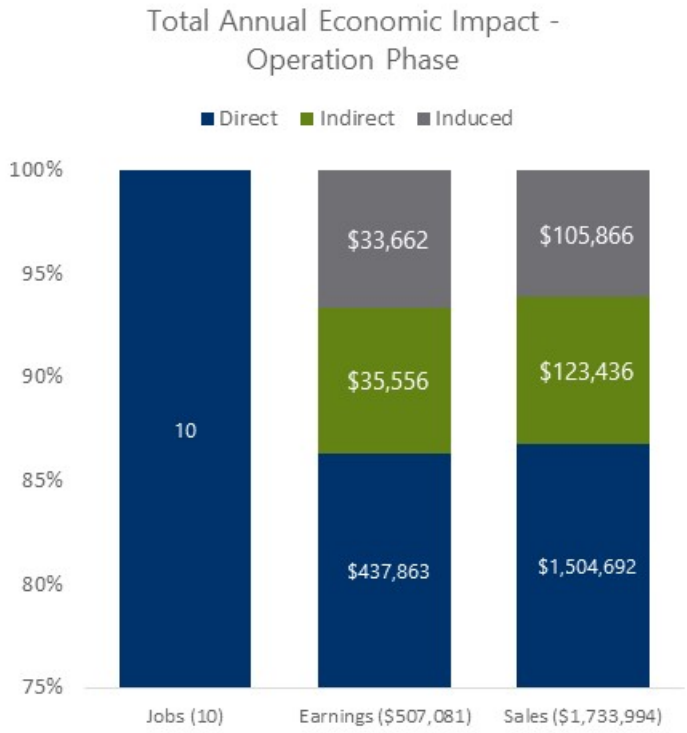
Construction Impact

- G2D estimates that construction, including professional fees and financing costs but not land acquisition, will cost more than $11.2 million over a 14-month period.
- The construction of the Project would result in approximately 36 new direct construction jobs (full time equivalent) generating nearly $3.1 million in direct new earnings on-site and nearly $3.3 million when indirect and induced earnings are calculated. It is estimated that approximately 70% of these new earnings will be spent within the Town of Riverhead, supporting 3 additional jobs to total 39 as a result of construction.
- Based on the availability of construction materials and expertise in the town, it is estimated that $7.3 million of the direct construction spending will occur within the town. Together with indirect and induced sales resulting from construction, this is $7.8 million of economic impact.



Annual Impact

- The Project would support 10 net new jobs in the town, with over $500,000 in associated earnings. These figures are composed of net new jobs resulting from maintenance and operation of the facility and new economic activity from household spending.
- An economic impact of more than $1.7 million is associated with the on-site operations and new household spending are estimated.



CONSTRUCTION PHASE IMPACTS

G2D estimates that construction, including professional fees and financing costs but not land acquisition, will cost $11,243,851 over a 14-month period[4]. Of this, 65%, or $7,308,503 is assumed to be spent in the town[5].

Construction Phase Spending

Total Project Cost	$	12,943,851
Less: Land Acquisition	$	(1,700,000)
Total Construction Cost	$	11,243,851
Percent Sourced in Town		65%
Net New Construction Spending	$	7,308,503

Source: G2D

Based on the net new direct spending associated with the construction phase of the Project, we determined that the net new labor costs (earnings, as shown in the table below) would support 36 new direct jobs. Indirect and induced activity as a result of the spending of the earnings generate additional jobs and earnings, for a total of 39 jobs and nearly $3.3 million of earnings. One-time construction related spending of $7.3 million (shown as Sales in the table below) aggregates sales and labor costs to calculate direct, indirect, and induced sales of more than $7.8 million.

Economic Impact - Construction Phase

	Jobs		Earnings		Sales
Direct	36	$	3,102,074	$	7,308,503
Indirect	2	$	104,637	$	363,369
Induced	1	$	61,447	$	167,475
Total	39	$	3,268,158	$	7,839,347

Source: EMSI, Camoin 310

[4] Land acquisition cost is $1,700,000 for a total project cost of $12,943,851.

[5] Based on an analysis of construction sales and materials availability and number of related businesses in the Town of Riverhead, using data from Esri. The vast majority of this 65% will be spent in the town but there may be instances where a small amount leaks out into adjacent areas in Suffolk County.

IMPACTS OF NEW HOUSEHOLD SPENDING

NET NEW HOUSEHOLDS

Based on the market analysis, all 36 units are expected to draw new households into the town, households that otherwise cannot find housing that meet their needs. To confirm this further, we also calculated a gap in rental housing by price point using the methodology described in Attachment B.

Net New Households	
Total Units	36
Percent Net New	100%
Net New Households	36

Source: Esri, Camoin 310, G2D

It is not expected that these new households will generate a significant number of new school-aged children for the school district. Considering the Project's target market of young professionals, the unit-type mix of 1 and 2 bedrooms, and past research conducted on market rate unit developments on Long Island, the Project would add no more than three school aged children to the district.[6]

SPENDING BY NEW TENANTS

New residents would make purchases in the town, thereby adding new dollars to the Town of Riverhead economy. For this analysis, we researched spending patterns by household income.

Median Household Income in the Town of Riverhead was $76,432 in 2019[7]. G2D submitted a breakdown of rent by apartment type, and Camoin 310 calculated a weighted-average annual rent of $29,500. Assuming that 30% of household income is spent on rent, income needed to support a household will be approximately $98,333 per year. Households earning the median of $76,432 would spend slightly more of their income (37%) and households earning $100,000, a common income threshold for statistics, would spend 30%. The range of household incomes is assumed to be $70,000 to $99,999, using ranges from the Bureau of Labor Statistics.

Using a spending basket for the region which details household spending in individual consumer categories by income level[8], we analyzed likely tenant spending. According to the 2018 Consumer Expenditure Survey, households with an income in this range have annual expenditures (excluding housing and utility costs) of $34,201.

The second column in the table below shows the total spending for market-rate households by category. It is assumed that 70% of total expenditures would occur within the town and, therefore, have an impact on the town's economy[9]. The fourth column shows the total amount spent in the town.

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[6] A study conducted by Stony Brook Real Estate Institute in 2019 titled *Impact of Market Rate Apartments on School District Enrollment* looked at fourteen market rate apartment complexes in Nassau and Suffolk County. The complex most similar to the Project had 42 units and generated .07 school aged children per unit. Further analysis could be conducted to refine this number to be more specific to the Project in question and the potential fiscal impact to the school district. For example, analyzing complexes with fewer units and similar unit types, looking at local enrollment trends, assessing the school budget, and other factors that would produce a more definitive answer to the impact of the Project on the school district.

[7] Source: Esri

[8] Source: Bureau of Labor Statistics 2018 Consumer Expenditure Survey

[9] The percent of household spending within the residents' community is driven chiefly by (1) size and location of the community relative to a broader region, and (2) the availability of goods and services in the community. Camoin 310 performs a retail spending pattern analysis using Esri data as a quantitative measure of likely purchases within a community. The Town of

Tenant Spending Basket

Market-Rate Units ($70,000 to $99,999+ Annual Household Income)

Category	Annual per Unit Spending Basket	Amount Spent in Town (70%)	Total Net New Town Spending (36 net new units)
Food	$ 9,001	$ 6,301	$ 227,141
Household furnishings and equipment	$ 1,971	$ 1,380	$ 49,738
Apparel and services	$ 2,071	$ 1,450	$ 52,262
Transportation	$ 9,390	$ 6,573	$ 236,958
Health care	$ 5,114	$ 3,580	$ 129,052
Entertainment	$ 3,146	$ 2,202	$ 79,390
Personal care products and services	$ 785	$ 550	$ 19,810
Education	$ 1,396	$ 977	$ 35,228
Miscellaneous	$ 1,327	$ 929	$ 33,487
Annual Discretionary Spending	$ 34,201	$ 23,941	$ 863,065
Total Net New Spending			$ 863,065

Source: 2018 Consumer Expenditure Survey, Bureau of Labor Statistics

Using $863,065 as the new sales input, Camoin 310 employed EMSI to determine the indirect, induced, and total impact of the net new household spending as a result of the project. The following table outlines the findings of this analysis.

Economic Impact - Household Spending

	Jobs	Earnings	Sales
Direct	8	$ 293,863	$ 863,065
Indirect	0	$ 13,374	$ 46,821
Induced	0	$ 24,489	$ 78,048
Total	8	$ 331,725	$ 987,934

Source: EMSI, Camoin 310

Riverhead has extensive retail offerings that can be expected to capture a majority of household spending in the categories listed in the table titled "Tenant Spending Basket". The town's geographic location at the end of Long Island further supports local rather than regional spending.

IMPACTS OF ON-SITE EMPLOYMENT

G2D anticipates that on-site payroll within three years of Project completion will be $144,000,[10] with an expectation of four part time jobs. To be consistent with the assumption that all of the households will be net new to the town, it is assumed that all of the jobs and payroll will also be net new. Using these new wages as the direct input, EMSI was used to calculate the indirect and induced economic impact of the on-site activity. For the purposes of the calculation, the four anticipated part time jobs are shown as two full time jobs. The indirect and induced activity is expected to generate earnings for other workers ($22,182 and $9,173, respectively) that are not sufficient to support directly any full time jobs; as a result, no indirect or induced jobs are anticipated solely because of the operations.

Economic Impact - On-Site Operations

	Jobs		Earnings		Sales
Direct	2	$	144,000	$	641,627
Indirect	0	$	22,182	$	76,615
Induced	0	$	9,173	$	27,818
Total	2	$	175,355	$	746,060

Source: EMSI, Camoin 310. Direct Jobs is from Application.

TOTAL ANNUAL ECONOMIC IMPACT

The economic impact of both new household spending as well operation of the Project is displayed below.

Total Annual Economic Impact

	Jobs		Earnings		Sales
Direct	10	$	437,863	$	1,504,692
Indirect	0	$	35,556	$	123,436
Induced	0	$	33,662	$	105,866
Total	10	$	507,081	$	1,733,994

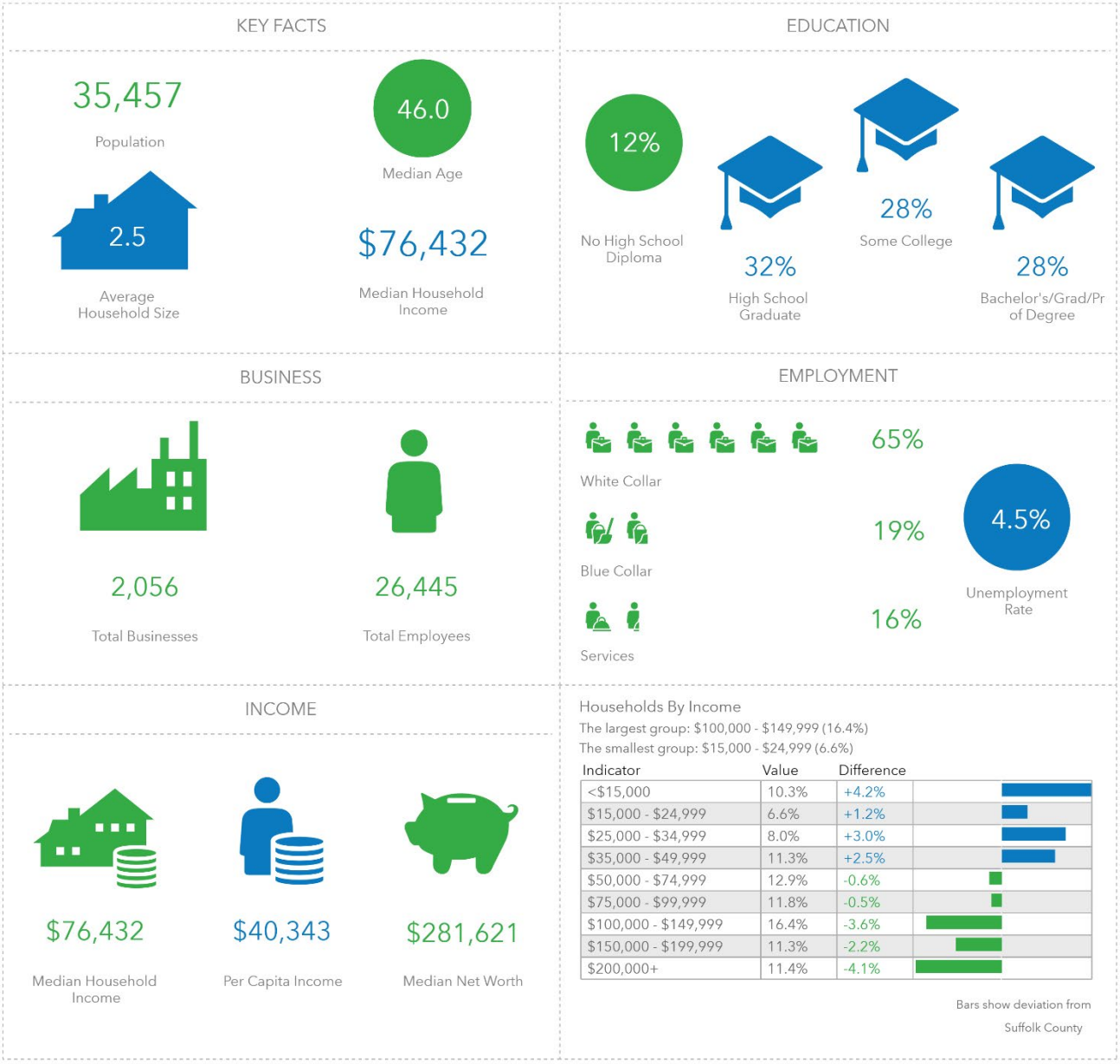
Source: EMSI, Camoin 310

[10] Payroll is used for this analysis to control for part time work or adjustments to actual employee numbers.

CAMOIN 310

EXHIBIT 1: ECONOMIC SNAPSHOT

The infographic below highlights key economic facts about the Town of Riverhead, where the Project is located.



This infographic contains data provided by Esri, Esri and Infogroup. The vintage of the data is 2019, 2024.

CAMOIN 310

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

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

CAMOIN 310

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.

ABOUT CAMOIN 310

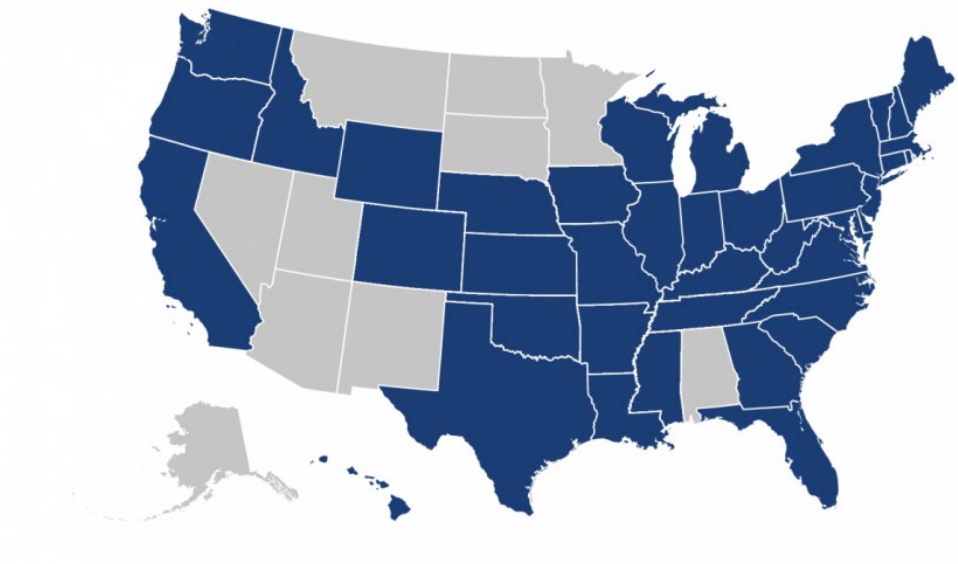
Camoin 310 has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin 310 has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of $6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 40 states and garnered attention from national media outlets including Marketplace (NPR), Crain's New York Business, Forbes magazine, The New York Times, and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. We are based in Saratoga Springs, NY, with regional offices in Portland, ME; Boston, MA; Richmond, VA and Brattleboro, VT. 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 Twitter **@camoinassociate** and on **Facebook**.

THE PROJECT TEAM

Rachel Selsky
Vice President, Project Principal

Victoria Storrs
Senior Analyst, Project Manager

Bethany Meys
Analyst, Project Staff



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