

IDAs: A Shift in Focus

Presented by:

Rachel Selsky, Camoin Associates

Andy Corcione, Capitalize Albany

Bridget Gibbons, Westchester County Economic Development

October 25, 2023

Session Agenda

Introduction: The Role and Impact of New York State's Industrial Development Agencies

Albany IDA: Standardizing IDA Assistance to Support Housing Development

Westchester County IDA: Approaches to Measure the Return on Investment

The Role and Impact of New York State's Industrial Development Agencies



Presented by: Rachel Selsky, Vice President and COO

October 2023



What are IDAs

Leading **economic development organizations** in NYS

Able to **offer financial assistance** to induce private investment

Historically **focused on job creation and investment**

Recent expansion to support the achievement of state priorities
– housing, renewable energy, and downtown revitalization

Why conduct an impact analysis?

Document and communicate the value of New York's IDAs in pursuing regional and state level economic development goals.

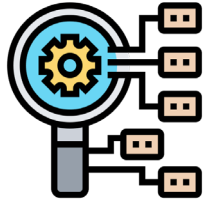
Quantify the **impact** of IDA projects.

Supplement metrics collected by other state entities.

Demonstrate the impact of IDAs on **regions and school districts** across the state.

Update previous analysis completed in 2021.

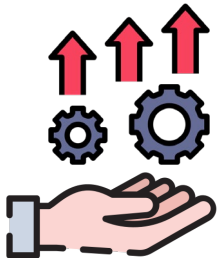
Study Data and Methods



Most recent IDA project data from PARIS and NYS Comptroller (2021)



Survey of IDAs in March-April 2021 | 80 respondents



Traditional economic impact analysis and survey data analysis

Results

1.3 million permanent, annual jobs

\$141 billion in annual wages

17,000 temporary construction jobs

\$1.5 billion in construction wages

Results

\$12.4 billion in annual tax revenue for NYS

Tax abatements generate an ROI of \$6.57

\$339 million in PILOT revenue for school districts

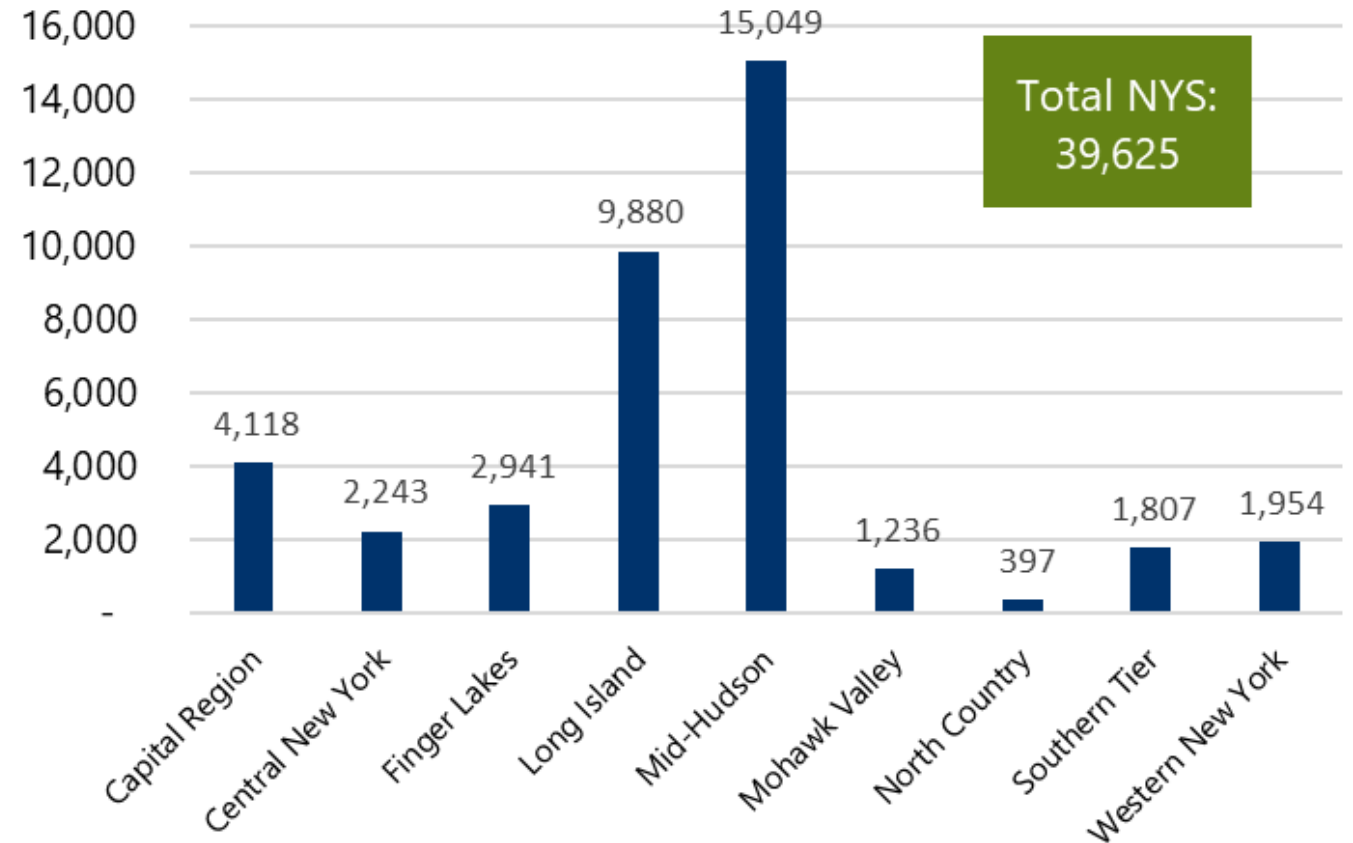
Survey Key Findings: Residential Projects

425 projects
approved statewide
since 2018

39,625
new housing units

10,000+
new housing
units are affordable

Total Number of New Housing Units to be Built from Approved Projects (2018-2022)



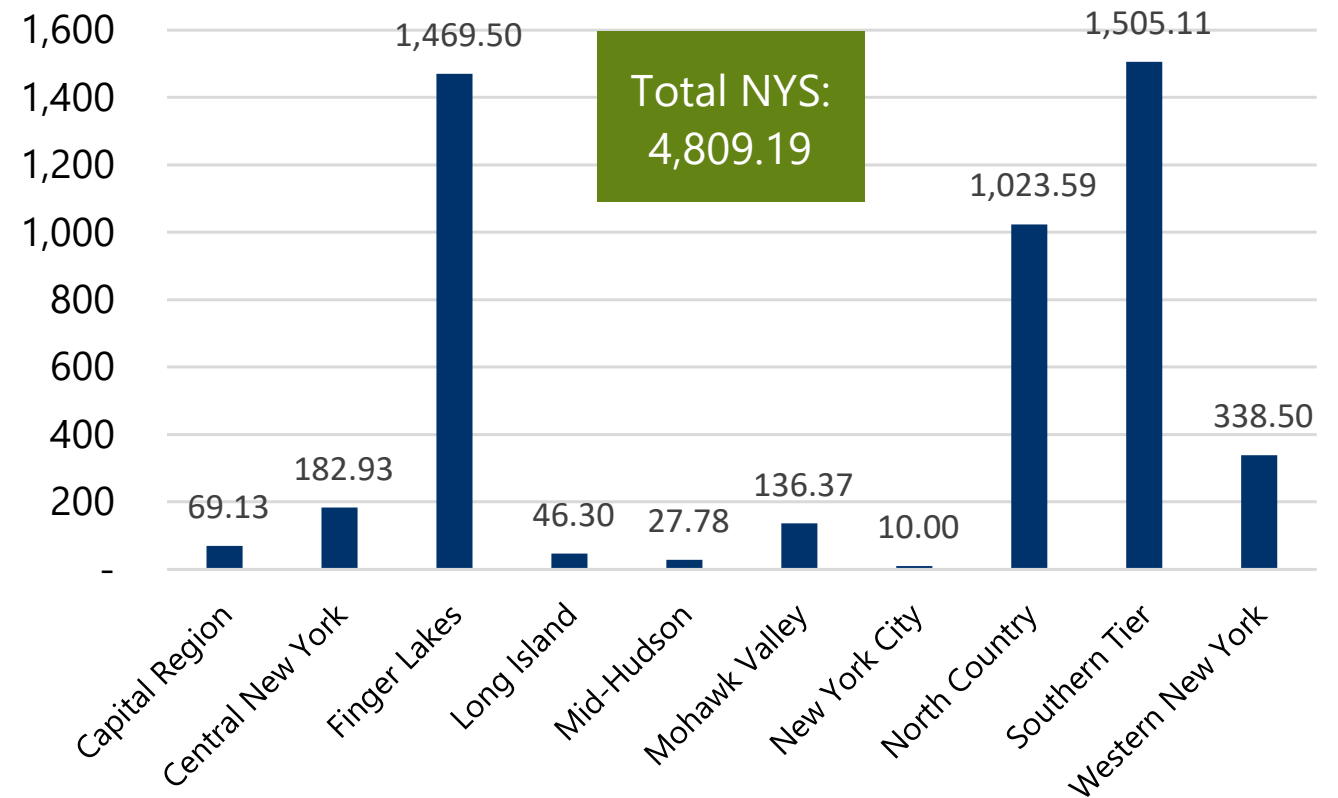
Source: NYSEDC 2023 Survey of IDAs

Survey Key Findings: Wind/Solar Energy Projects

233 projects
approved statewide
since 2018

4,809 megawatts
of clean, renewable
energy generated

**Megawatts (MW) of Renewable Energy Approved
Wind/Solar Energy Generation Projects Will Generate
(2018-2022)**

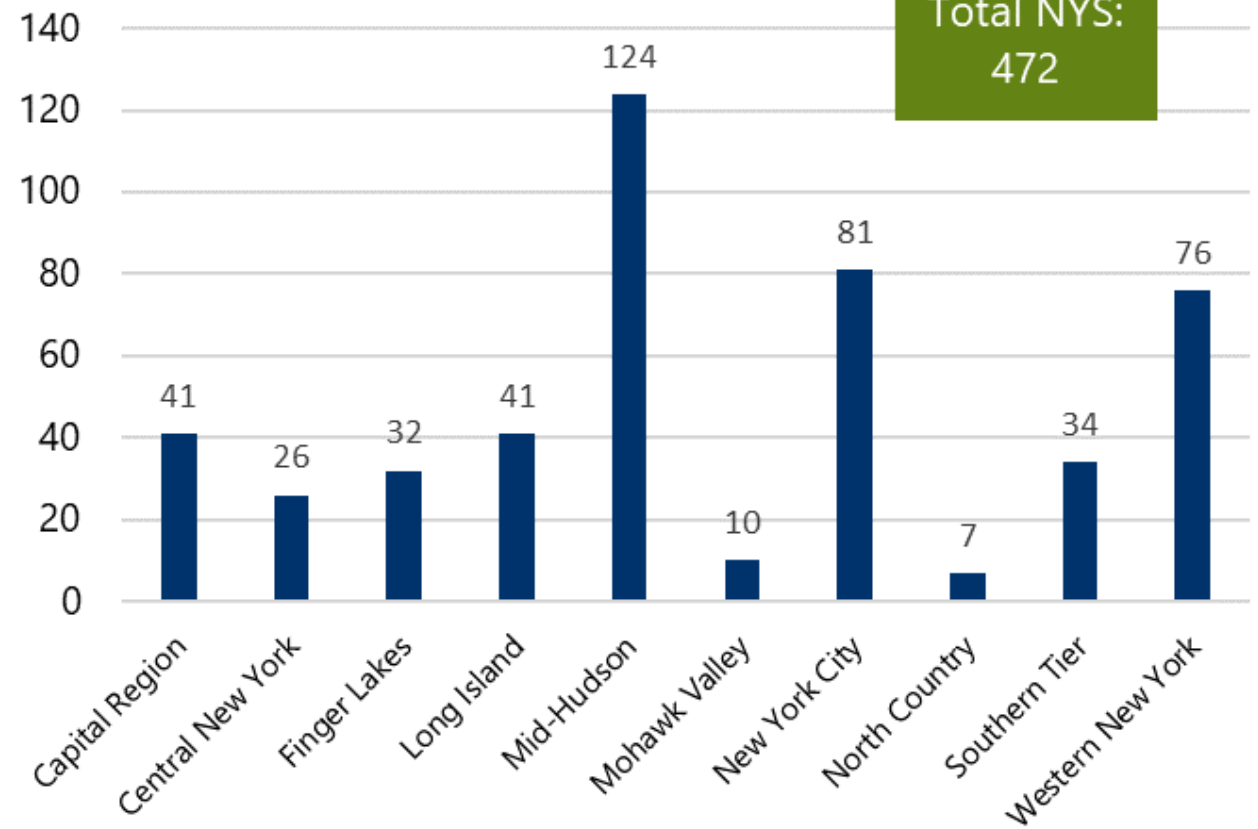


Source: NYSEDC 2023 Survey of IDAs

Survey Key Findings: Downtown Corridor Projects

472 projects
approved in downtown
corridors since 2018

Total Number of Projects Approved in Downtown Corridors (2018-2022)



Source: NYSEDC 2023 Survey of IDAs

What misperceptions do IDAs face?

- ✘ Assistance takes money from local municipalities and schools
- ✘ Only support big businesses, large corporations, and industrial parks
- ✘ Face little oversight and accountability
- ✘ Operate behind closed doors without transparency
- ✘ I in IDA stands for industrial and they should only support industrial projects



Thank you!

Contact:
Rachel@camoinassociates.com
518-899-2608



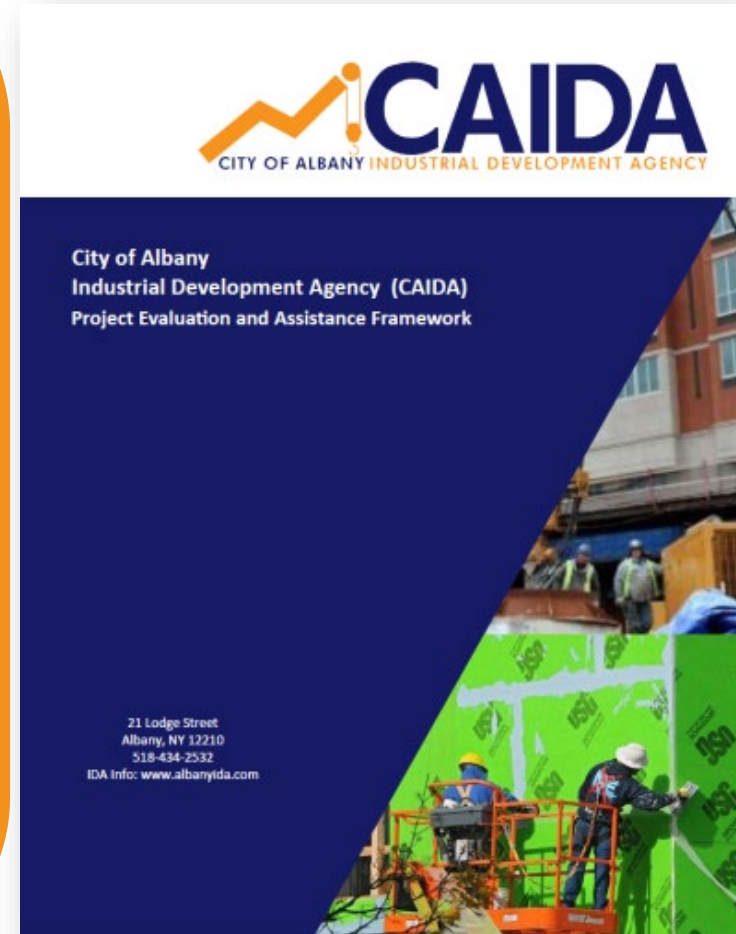


City of Albany Industrial Development Agency



Project Evaluation & Assistance Framework

- Supports responsible planning and management of future tax dollars while growing City's tax base.
- Evaluated CAIDA experience, Albany market conditions, industry standards and consultants' expertise to develop realistic capital, operating and financial assumptions.
 - 3 years of historical research
 - Market analysis
 - 3rd Party Verification
 - Best Practice Research
 - Rigorous testing & calibration



Project Evaluation & Assistance Framework

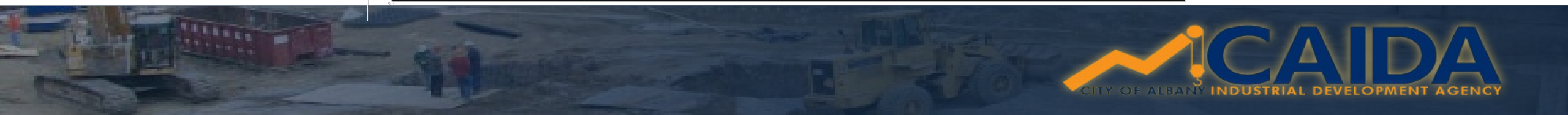
Enacted by Board in 2017

- Extensive Project Evaluation Criteria
- User-friendly Standard Assistance Model
- Detailed Community Benefits
- Detailed Baseline Market/Pro-forma Analysis
- Extra Community Commitments
- Third- Party Verification



Community Benefits Metrics

Baseline Requirements (Must Achieve All)		
<input type="checkbox"/> Complete Application	<input type="checkbox"/> Albany 2030 Aligned	<input type="checkbox"/> Meet Project Use Definition
<input type="checkbox"/> Meets NYS/CAIDA Requirements	<input type="checkbox"/> Planning Approval (if applicable)	<input type="checkbox"/> "But For" Requirement
Community Benefit Metrics (Must Achieve 10)		
Revitalization	Investment	Employment
Target Geography <input type="checkbox"/> Distressed Census Tract <input type="checkbox"/> High Vacancy Census Tract <input type="checkbox"/> Downtown <input type="checkbox"/> BID <input type="checkbox"/> Neighborhood Plan	Financial Commitment (cumulative) <input type="checkbox"/> 2.5M - 10M <input type="checkbox"/> 10.1M-17.5M <input type="checkbox"/> 17.6M-25M	Permanent Jobs (cumulative) <input type="checkbox"/> 3 - 40 <input type="checkbox"/> 41-80 <input type="checkbox"/> 81 - 120 <input type="checkbox"/> 121-180 <input type="checkbox"/> >180
Identified Priority <input type="checkbox"/> Downtown Residential <input type="checkbox"/> Tax Exempt/Vacant <input type="checkbox"/> Identified Catalyst Site <input type="checkbox"/> Historic Preservation <input type="checkbox"/> Community Catalyst	Community Commitment <input type="checkbox"/> MWBE/DBE Participation <input type="checkbox"/> EEO Workforce Utilization <input type="checkbox"/> Inclusionary Housing <input type="checkbox"/> Regional Labor <input type="checkbox"/> City of Albany Labor <input type="checkbox"/> Apprenticeship Program	Retained Jobs (cumulative) <input type="checkbox"/> 3 - 40 <input type="checkbox"/> 41-80 <input type="checkbox"/> 81 - 120 <input type="checkbox"/> 121-180 <input type="checkbox"/> >180
Identified Growth Area <input type="checkbox"/> Manufacturing / Distribution <input type="checkbox"/> Technology <input type="checkbox"/> Hospitality <input type="checkbox"/> Existing Cluster <input type="checkbox"/> Conversion to Residential		Construction Jobs (cumulative) <input type="checkbox"/> 6 - 80 <input type="checkbox"/> 81 - 160 <input type="checkbox"/> 161 - 240 <input type="checkbox"/> > 240



Project Assistance

- Standard assistance schedules
- Applied to the estimated improved assessment value
- Subject to any restrictions (i.e. minimum PILOT payments)
- Affordable projects eligible for 10% shelter rents

Multi-Family Commercial					
Assessed Value per Unit					
AV	\$60,000-\$69,999	\$70,000-\$79,999	\$80,000-\$89,999	\$90,000-\$99,000	\$100,000+
Year 1	90%	90%	90%	90%	90%
Year 2	90%	90%	90%	90%	90%
Year 3	90%	90%	90%	90%	90%
Year 4	90%	90%	90%	90%	90%
Year 5	90%	90%	90%	90%	90%
Year 6	90%	90%	90%	90%	90%
Year 7	90%	90%	90%	90%	90%
Year 8	90%	80%	90%	90%	90%
Year 9	80%	70%	90%	90%	90%
Year 10	60%	60%	85%	90%	90%
Year 11	40%	50%	80%	85%	85%
Year 12	20%	40%	70%	75%	80%
Year 13	-	30%	60%	65%	70%
Year 14	-	20%	50%	60%	65%
Year 15	-	10%	45%	50%	65%
Year 16	-	-	40%	40%	60%
Year 17	-	-	30%	30%	55%
Year 18	-	-	20%	20%	50%
Year 19	-	-	-	20%	45%
Year 20	-	-	-	20%	40%

Commercial	
50%	Year 1
45%	Year 2
40%	Year 3
35%	Year 4
30%	Year 5
25%	Year 6
20%	Year 7
15%	Year 8
10%	Year 9
5%	Year 10
-	Year 11
-	Year 12
-	Year 13
-	Year 14
-	Year 15
-	Year 16
-	Year 17
-	Year 18
-	Year 19
-	Year 20

Commercial/Retail Findings

Resolution No. 0622-__

RESOLUTION (A) DETERMINING THAT THE PROPOSED PROJECT IS A COMMERCIAL PROJECT AND (B) MAKING CERTAIN FINDINGS REQUIRED UNDER THE GENERAL MUNICIPAL LAW.



Affordable Housing Examples



The Swinburne Building (2018)

Residential Units: 74

Investment: \$25.1 M

Jobs: 35 retained, 65 construction, 47 new

Clinton Ave Apartments II (2023)

Residential Units: 61

Investment: \$31.3 M

Jobs: 150 construction, 17 new



Market-Rate Housing Examples



Harmony Mills South (2019)

Residential Units: 162

Jobs: 4 retained, 89 construction,
1 new

Total Investment: \$39,968,941

The Reserve at Park South 2 (2019)

Residential Units: 36

Jobs: 160 construction, .5 new

Total Investment: \$5,583,500





Bridget Gibbons, Director of Economic Development
and Executive Director, Westchester County IDA

OCTOBER 25, 2023



County of Westchester IDA

- Provides benefits to projects in municipalities in Westchester that don't have their own IDA
 - Yonkers, New Rochelle, Port Chester, Peekskill, Mount Pleasant – *all have their own IDA*
- Sales tax and mortgage recording tax exemption benefits provided by IDA, PILOT (negotiated with the individual municipality)
- Mostly mixed-use residential projects; some corporate HQ relocation/expansions; recently seeing more clean energy-related projects such as battery storage and solar



IDA Impact on Westchester's Economy

- In 2022, the IDA provided final and preliminary approval of financial incentives to residential and commercial developments representing a total private investment in Westchester County's economy of approximately **\$1.84 billion**.
- Led by the continued expansion of Regeneron, the projects receiving IDA incentives in 2022 are expected to create over **1,580 construction jobs, 600 new residential units** and **832,000 square feet of commercial and retail space** in communities throughout the County.
- White Plains currently has 6,000 new housing units leasing, in development or planned. WP recently announce plan to develop 3,200 more.





Mixed-use resident - Greystar development - 500-unit \$275M White Plains project



Corporate Expansion - Morgan Stanley \$200M Renovation of Harrison Office Complex - The project will create 923 construction jobs, retain from 1,200 to 1,350 employees, add up to 1,100 jobs, and create up to 500 jobs for food services, security, maintenance and landscaping and other work.



In what was the largest development project to come before the IDA in 2022, pharmaceutical giant Regeneron received final approval of financial incentives for Phase 2 of the major expansion of its Tarrytown campus. The new facility would house Regeneron's multiple new R&D laboratories, administrative buildings, and amenities. The 724,000-square-foot project represents a total investment of \$1.39 billion resulting in the creation of approximately 800 construction jobs as well as a projected 1,000 new high-paying full-time jobs.

Our Process

- Projects are approved by the local municipal planning and zoning boards before they come to the Westchester IDA
- Preliminary meeting with our Planning Department, IDA counsel to determine eligibility
- Once application is received, send it to Camoin to conduct a cost-benefit analysis
- Projects must comply with our Policies which require local hire



Cost Benefit Analysis

- **Summary information for the Project**
 - Applicant background
 - Project description
 - For housing projects, breakdown of units by size
 - Project Timeline
 - Project Budget and Total Project Costs
 - Request and Need for Financial Assistance – the “but for”



Cost Benefit Analysis Continued

- **Economic Impact – Construction Phase**
 - Estimated construction jobs (local hires)
 - Estimated project capital expenditures to be procured within Westchester
 - Number of full-time equivalent jobs to be created during the construction period
 - Estimated employee earnings and estimated economic activity within the County



CBA – Estimated Economic Impact

Economic Impact - Construction Phase

	Total Activity		
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Total Associated Activity	625	\$ 31,900,000	\$ 58,800,000
Percent in Westchester	10%	10%	10%

Economic Impact in Westchester - Construction Phase

	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	63	\$ 3,190,000	\$ 5,880,000
Indirect	7	\$ 528,500	\$ 1,056,673
Induced	8	\$ 576,156	\$ 997,366
Total	77	\$ 4,294,656	\$ 7,934,040

Source: Emsi, Camoin Associates

Note: Applicant anticipates 500-750 jobs will be created on-site during construction, 10% of which are expected to be for Westchester County residents.



CBA – Estimated Economic Impact

- **Economic Impact – Operational Phase**

- The Project will create xx jobs on-site resulting in approximately \$xxx.xK in earnings and \$xx.xM in economic activity within the County annually

Economic Impact - On-Site Operations

	<u>Jobs</u>		<u>Earnings</u>		<u>Sales</u>
Direct	9	\$	472,504	\$	1,500,719
Indirect	4	\$	239,820	\$	674,881
Induced	2	\$	149,540	\$	373,485
Total	15	\$	861,864	\$	2,549,085

Source: Emsi, Camoin Associates



Total Annual Project Economic and Fiscal Impact

When combining the impact of household spending by residents and on-site operations, the Project will generate approximately 53 full- jobs and an average of approximately \$133K of County tax revenue (sales and property taxes time) on an annual basis.

Total Annual Economic Impact			
	Jobs	Earnings	Sales
Direct	38	\$ 1,651,177	\$ 4,967,158
Indirect	9	\$ 626,132	\$ 1,741,836
Induced	6	\$ 551,209	\$ 1,372,617
Total	53	\$ 2,828,519	\$ 8,081,612

Source: Ems

Annual Sales Tax Revenue

On-Site Operations

Total New Earnings	\$ 861,864
Amount Spent in County (70%)	\$ 603,305
Amount Taxable (25%)	\$ 150,826
County Sales Tax Rate	4.00%
New County Tax Revenue	\$ 6,033

Source: Camoin Associates

Annual Sales Tax Revenue

Net New Household Spending

Total New Spending	\$ 5,532,526
Amount Taxable (30%)	\$ 1,659,758
County Sales Tax Rate	4.00%
New County Tax Revenue	\$ 66,390

Source: Camoin Associates

Cost Benefit Analysis Continued

- **Project Community Benefits**
 - **Sustainability** – e.g., all-electric building, LEED Gold standards
 - **Minority and Women Owned Business Enterprise Procurement** – commitment to a certain dollar amount or portion of the project
 - **Labor** – e.g., if paying prevailing wage
 - **Increase in Real Property Taxes** – e.g., if not for this Project, the Project Site would not generate additional real estate tax revenue
 - **Other benefits** – e.g., creation of public space



Cost Benefit Analysis and Ratio

The cost benefit ratio for the Project is 1.02:1 meaning \$1.02 of County tax revenue will be generated for every \$1 of County tax incentives awarded. This ratio is consistent with other mixed-use and multifamily projects the IDA previously induced and does not reflect the multimillion-dollar investment by Applicant in constructing the municipal building which effectively reduces the net benefit by \$13M.

Fiscal Benefits and Costs of Financial Assistance in Westchester County Over 20 Years

One-time Sales Tax Revenue from Construction Earnings	\$	30,063
Sales Tax Revenue from Household Spending, 20 Years, Present Value	\$	1,085,577
Sales Tax Revenue from On-Site Employee Spending, 20 Years, Present Value	\$	98,649
Add'l Property Tax Revenue, Project vs. No Project, Present Value	\$	<u>952,795</u>
Total Fiscal Benefits	\$	<u>2,167,084</u>
Foregone One-Time Sales Tax on Construction Sales	\$	52,400
Foregone One-Time Mortgage Recording Tax	\$	500,000
Foregone Property Tax Revenue, Present Value	\$	<u>1,571,960</u>
Total Costs of Financial Assistance	\$	2,124,360
Benefits to Costs (\$2,167,084 / \$2,124,360)		1.02

Notes: Sales tax on construction materials purchased in county only.



IDA Labor Policies

- **Local Hire**

- The local labor market for construction workers is individuals living in Bronx, Dutchess, Orange, Putnam, Rockland and Westchester Counties.
- At least 85% local labor from the local market, 35% of which must be Westchester County residents.

- **Exemptions allowed**

- Warranty issues related to installation of specialized equipment
- Specialized construction is required and no local contractors or local construction workers have the required skills, certifications or training to perform the work
- 10% cost differentials in bid prices whereby the use of local labor significantly increases the cost of the project
- No local labor is available for the project
- The contractor requires the use of key or core persons such as supervisors, foremen, or construction workers having special skills.



IDA Labor Policies Continued

- **Apprenticeship Programs**

- All IDA project sub-contractors must be enrolled in a New York State certified apprenticeship program
- Exemptions allowed

- **Other requirements**

- Certificates of NYS Workers' Compensation Insurance, NYS Disability Insurance, General Liability Insurance,
- Proof of current OSHA 10 training certification (completed within the last five years) for all construction workers performing work on the project site
- Proof of a four hour scaffold course for all construction workers utilizing a scaffold on the project site
- Proof that all construction workers working on a project site passed a drug screening test prior to their hiring



IDA Labor Policies Compliance

- Third party to monitor compliance with our policies
- Loewke Brill does the following:
 - Conducts introductory meeting with benefit recipient and general contractor to explain labor policies, on-site contact and check-in procedures
 - Visits sites monthly to check worker county of residence (based on ID)
 - Processes exemptions from the labor policies – vets validity, helps projects overcome challenges so they don't need an exemption
 - Provides monthly, quarterly and annual reports to the IDA Board
- Fees are charged to the project, in escrow account, calculated based on scope and duration



Thank you!

Questions?

bgibbons@westchestercountyny.gov

914-995-2952

