

HABITAT FOR HUMANITY – NEW YORK CITY ATLANTIC AVENUE DEVELOPMENT



ECONOMIC AND FISCAL IMPACT STUDY JULY 2008

Executive Summary

On behalf of Habitat for Humanity – New York City, HR&A Advisors, Inc. analyzed the projected economic and fiscal benefits to the City of New York associated with a 41-unit transit-oriented, affordable-housing condominium development that Habitat-NYC is constructing in the neighborhood of Ocean Hill-Brownsville, Brooklyn. This Habitat-NYC development is historic in that it is the largest multifamily project ever constructed by a Habitat for Humanity affiliate globally. It is also the “greenest” multifamily Habitat-NYC project ever constructed, earning a LEED Silver designation.

Habitat-NYC’s Project meets an urgent need for low-income affordable housing in New York City and, specifically, in the Ocean Hill-Brownsville community where the median household income is approximately \$20,000. Not only will the project help the City to meet its goal of creating and preserving 165,000 units of affordable housing by 2013, but its’ LEED-Silver certification will save energy costs for its future residents and will fulfill the City’s long-term sustainability goals.

HR&A’s analysis recognizes that without affordable housing developments such as Habitat-NYC’s Ocean Hill-Brownsville project, the City simply would not be able to achieve its growth forecast for population and jobs. In this context, HR&A has made the following key findings regarding the economic and fiscal impacts that Habitat-NYC will produce for the Ocean Hill-Brownsville neighborhood, borough of Brooklyn and City of New York:

- **Create Significant Investment and New Jobs for New York City.** Habitat-NYC will make an estimated **\$12.1 million capital investment** in Ocean-Hill Brownsville. In addition to nearly 7,000 volunteers, this investment will support **111 jobs** for New Yorkers over the course of the construction period. In total, the Project’s development will contribute more than **\$20 million of economic activity** to the City of New York.

Economic Activity	
Direct Economic Activity	\$12.1 million
Habitat-NYC and volunteer spending, events and transportation	\$0.15 million
Indirect and Induced Economic Activity	\$8.2 million
Total	\$20.45 million

- **Contribute to Neighborhood Revitalization.** In addition to providing affordable home-ownership opportunities for 41 low-income families, Habitat-NYC’s construction and volunteer efforts will channel nearly **\$2 million to businesses in the Ocean Hill-Brownsville community** – ranging from purchases of construction materials to lunches for volunteers. This local spending is subset of the overall economic impact.
- **Retain Consumer Spending in New York City.** The provision of affordable housing to low-income individuals by Habitat-NYC will enable persons to remain residents of the City and, furthermore, spend their disposable income locally. **Resident**

.....

spending will contribute nearly \$13.9 million to the City economy on a present value basis.

- **Generate Tax Revenues that Far Exceed Public Investment.** The economic activity from construction plus the ongoing benefits of sustainable homeownership for 41 families will yield total **fiscal benefits in excess of \$4.4 million for New York City** on a present value basis. These fiscal benefits to the City of New York provide a return of 1000% on the \$400,000 investment by the Brooklyn Borough President's office, and are twice as large as the combined total contributions by City and State government. Fiscal benefits include:
 - Nearly \$500,000 in personal, business, sales and property transfer tax revenues during construction.
 - Approximately \$180,000 per year in new property tax revenues after expiration of the initial property tax abatement.
 - An additional \$34,000 per year in income and sales tax revenues associated with retaining Habitat-NYC residents in the City of New York.

Introduction

On behalf of Habitat for Humanity – New York City (“Habitat-NYC”), HR&A Advisors, Inc. (“HR&A”) analyzed the projected economic and fiscal benefits to the City of New York associated with a 41-unit transit-oriented, affordable-housing condominium development (“Project”) that Habitat-NYC is constructing in the neighborhood of Ocean Hill-Brownsville, Brooklyn.

HR&A Advisors, Inc. is an industry leader in economic development, real estate and public policy consulting. Equipped with a unique understanding of the intersection of the public and private sectors, HR&A has served a diversity of clients since 1976. HR&A has completed dozens of economic and fiscal impact studies for government agencies, non-profit institutions, and private developers in the New York region and nationally. These analyses have contributed to successful developments that include the East River Science Park, the new headquarters for the New York Times, and the New Jersey Performing Arts Center.



Habitat-NYC’s Project meets an urgent need for low-income affordable housing in New York City and, specifically, in the Ocean Hill-Brownsville area of Brooklyn. As the City has sustained population expansion and enjoyed an unprecedented real-estate boom over the past fifteen years, the price of real estate has increased steadily and the City’s stock of low-income affordable housing has shrunk. In order to address this shortage of affordable housing, Mayor Bloomberg has committed the City to create and preserve 165,000 units of affordable housing by the year 2013 through the New Housing Marketplace Plan: “Building affordable housing is critical to New York’s future. As our City grows and continues to attract people from around the world, it is a challenge for working New Yorkers to find quality, affordable housing.”¹

Habitat-NYC’s Ocean Hill-Brownsville Project is a critical action in satisfying the overwhelming demand for affordable housing City-wide and in the Ocean Hill-Brownsville community of Brooklyn. According to the local community board, affordable housing is one of the most pressing needs in the community, where the median household income is \$20,000 and one in

¹ “Mayor Michael Bloomberg Details Nation’s Largest Municipal Housing Plan.” Retrieved from: http://www.mikebloomberg.com/en/issues/affordable_housing/mayor_michael_bloomberg_details_nations_largest_municipal_housing_plan on January 2, 2008.

four residents spends more than half of their income on housing.² Furthermore, fewer than 16 percent of all Ocean Hill-Brownsville residents own their homes.³

Habitat-NYC's investment will not only provide 41-units of much-needed affordable housing and homeownership opportunities, it will also contribute to the neighborhood revitalization and economic development of Ocean Hill-Brownsville and wider Brooklyn, and to New York City's fiscal well-being.

Given the challenge of providing affordable housing due to the cost of construction and real estate, and given the importance of providing affordable housing to accommodate the City's growth, all new affordable housing developments are considered new to the City's supply, including Habitat-NYC's project. There are no opportunity costs or displacement effects for the City associated with the Project, and 100% of the jobs and revenues created as a result of construction and operation of the Project are considered *net new* economic activity for New York City, the borough of Brooklyn, and the neighborhood of Ocean Hill-Brownsville.⁴

² Brooklyn Community Board 16.

³ Claritas. "Pop-Facts: Census Demographic Quick Facts, Ocean-Hill Brownsville." Prepared for HR&A Advisors, Inc., November 21, 2007.

⁴ With the exception of Ongoing Spending impacts, discussed in the "Methodology" section.

The Project

Habitat-NYC broke ground on the Project in March 2007 with completion expected by March 2009. The Project is a 41-unit condominium complex, oriented towards low-income families, ranging in household income levels from 45% of the Area Median Income (“AMI”) to 80% of AMI, and currently living elsewhere in Brooklyn or in other parts of New York City.

The Project is located at the intersections of Atlantic Avenue, Eastern Parkway, and Sherlock Place in Eastern Brooklyn. It includes a mix of one-, two- and three-bedroom units in three, four-story buildings with an average unit size of 800 square feet. Eleven ground-floor residences will be handicapped-adaptable. The Project is being constructed with healthy and environmentally friendly materials and is designed to receive Silver certification under the LEED for Homes guidelines of the US Green Building Council. Habitat-NYC currently estimates that the full project will provide affordable housing for, at minimum, 100 City residents. This Project represents Habitat-NYC’s largest and “greenest” development to date.

Habitat-NYC’s total budget for construction of the Project is \$12,133,000,⁵ of which \$9,666,000 covers hard costs and the remaining \$2,467,000 is allocated for soft costs. The Project will measure 32,295 square feet in size, with an average construction cost per square foot of \$225.

Construction of the Ocean Hill-Brownsville Project directly creates 57 Full-Time Equivalent (“FTE”) jobs, 98% of which are held by NYC residents. These 57 FTE jobs will earn a total of \$2,126,000 over the two year build-out period. Operation and maintenance of the development will also produce ongoing employment. **Table 1**, below, summarizes the capital costs and shows the employment impact of the construction of the Project.

Table 1: Proposed Capital Investment and Jobs

Soft Costs	\$2.5 million
Hard Costs	\$9.6 million
Total Capital Investment	\$12.1 million
Direct Construction Jobs	57 FTE

⁵ All dollar amounts cited in this report are in 2008 dollars, unless otherwise noted.

Methodology

In-Depth interviews with Habitat-NYC and Contractor staff. HR&A conducted several interviews at the project construction site as well as at Habitat-NYC's offices to set key assumptions regarding the Project's capital costs, schedule, job creation impact, salaries for current employees, volunteer participation, and resident composition and demographics. These interviews also revealed local economic impacts, including the percent of materials' purchases made locally and the spending patterns of Habitat-NYC volunteers. The complete list of interviews is attached as an Appendix .

A key tool for the economic impact analysis was the IMPLAN® (Impact Analysis for PLANning) Input-Output Model, developed at the University of Minnesota with the U.S. Forest Service's Land Management Planning Unit. IMPLAN® traces the pattern of commodity purchases and sales between industries that are associated with each dollar's worth of a product or service sold to a customer, analyzing interactions among 528 industrial sectors for each region, individual counties or groups of counties, and each state in the nation. IMPLAN® is used for the preparation of economic impact analyses by many public and private entities throughout the U.S. and is widely recognized as a tool for economic impact analyses. For the Habitat-NYC Project, HR&A used data for the five boroughs of New York City.

The IMPLAN® model estimates impact multipliers for three distinct and mutually exclusive categories defined below:

- ***Direct Impacts.*** These are all jobs and wages that follow from the Project itself. For example, new jobs are created in New York City by the construction and ongoing operation of the Project.
- ***Indirect Impacts.*** Indirect impacts are created by the businesses' purchases of goods and services that sustain the initial economic stimulus created by the Habitat-NYC project. For instance, if new jobs are created in New York City as a consequence of the project (*direct impact*), then business service jobs, restaurants, and retail that relocate, spring up, or expand at the new location would be counted as indirect impacts.
- ***Induced Impacts.*** Induced impacts are created by direct and indirect employee spending for household goods and services, which are unrelated to the particular event being examined. Induced impacts generally occur near the homes of the direct and indirect employees. The jobs and wages are associated with a wide variety of convenience goods (e.g. banks and supermarkets), comparison shopping goods (e.g. car dealers, household appliances and furniture stores) and services.

The sum of the direct, indirect, and induced impacts constitute the total economic impact of the project for New York City.

All economic and fiscal benefits from the Project are treated as "net new" to the City.⁶ The City's supply of affordable housing does not meet the overwhelming demand and Habitat-NYC is providing a significant increase in the supply pool of quality, sustainable affordable housing. Given the challenge of constructing affordable housing due to the cost of construction and real estate in the City, and given the importance of providing affordable housing to accommodate

⁶ With the exception of ongoing spending impacts, discussed on the following page.

the City's growth, all new affordable housing developments are considered new to the City's supply.

HR&A determined that in the context of an affordable housing shortfall and Habitat-NYC's unique business model, there are no opportunity costs or displacement effects for the City associated with the Project. Therefore, for this analysis we have concluded that 100% of the jobs and revenues created as a result of construction and operation of the Project will be *net new* economic activity for New York City, the borough of Brooklyn, and the neighborhood of Ocean Hill-Brownsville.

Furthermore, Habitat-NYC employs a building model that relies heavily on AmeriCorps and volunteer labor, many of whom purchase local goods and services in the local community. This unique aspect of Habitat's model—the double bottom-line of affordable housing development and community development—generates local spending that would not be replicated by other construction projects and developments in the area. Therefore, 100% of the spending produced as a result of the Project construction is considered *net new* economic activity for the City.

Through the provision of affordable housing, Habitat-NYC is helping the City of New York retain a diversity of residents who would otherwise be *at risk*, or forced to move outside the City in search of more affordable options. Habitat-NYC's Project retains 41 families, or over 100 residents in the City of New York. As these future residents would be at risk but for this project, the future economic activity and fiscal impacts associated with their *residency status* are included in this study.⁷ These impacts include future payment of the New York City personal income tax and retail sales tax associated with purchases made near one's place of residence. Given that consumers are twice as likely to make purchases where they live as where they work, HR&A estimates that 66% of future consumer spending by these residents will be net new to the City.⁸

Net New Tax Revenues Estimated for Direct Impacts of the Project. The results from the economic impact model were used to estimate the impact on tax revenues for the City of New York. IMPLAN® provides various outputs, such as additional personal income, number of jobs and economic output, which are in turn used to estimate City tax payments by individuals and businesses. Tax estimates are derived by multiplying the City tax rate by the appropriate taxable base.⁹

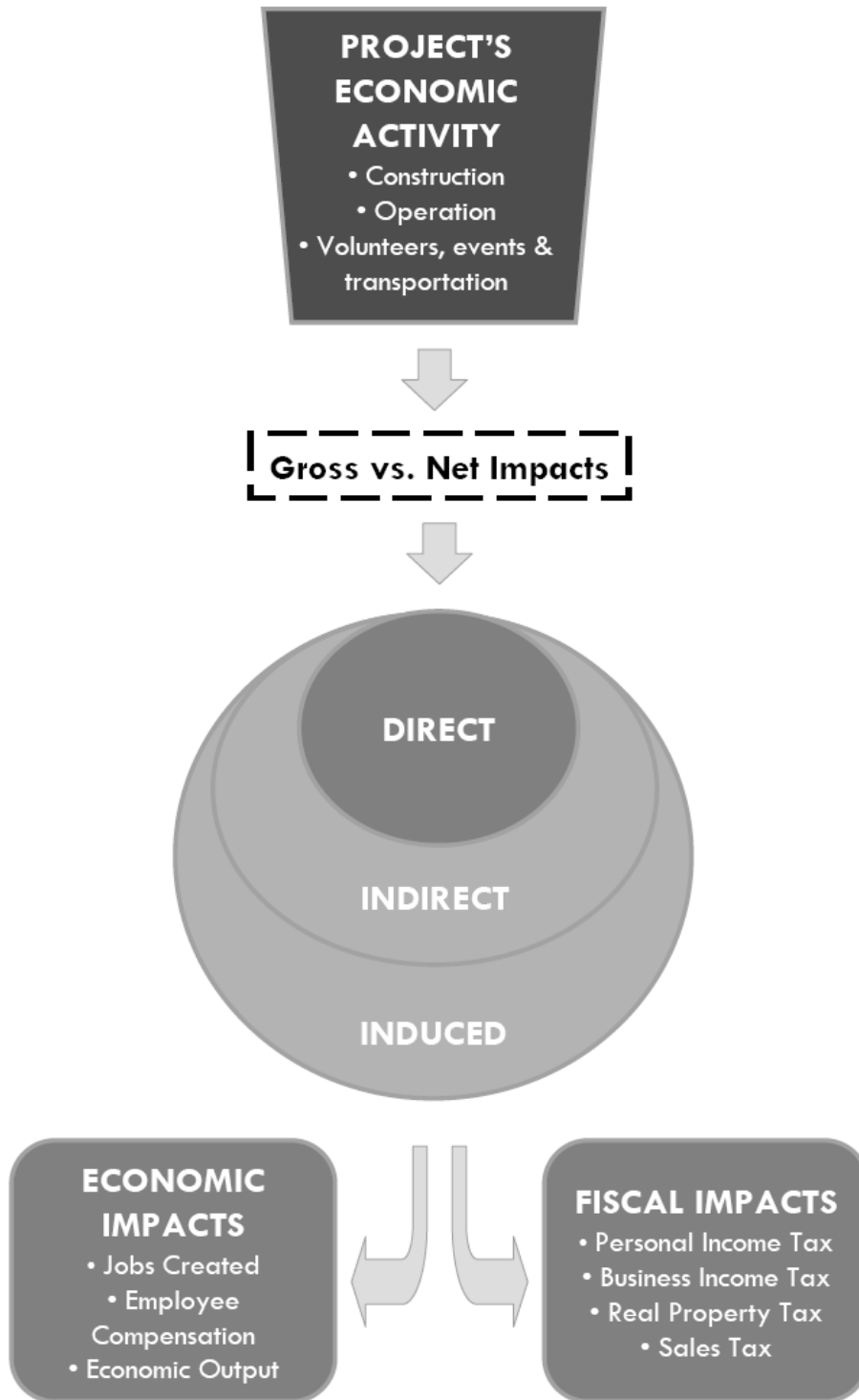
The following **Figure 1** illustrates the structure and methodology of this Habitat-NYC economic and fiscal impact analysis.

⁷ This study only assumes that Habitat-NYC households' residency is at risk, and not their employment status.

⁸ See "Ongoing Spending Impacts" section for further explanation and source information.

⁹ For income tax calculations, HR&A consulted tax tables for City personal income taxes and applies an average rate based on average individual salaries.

Figure 1: Habitat-NYC Economic and Fiscal Impact Analysis



One Time Construction Impacts

Habitat-NYC plans to invest \$12 million to construct the Ocean Hill-Brownsville housing development. This investment will generate construction jobs, construction-related spending in the Ocean Hill-Brownsville community, and tax revenues.

HR&A interviewed Habitat-NYC staff members and the general contractor to gather information on direct new employment estimates, and used the IMPLAN® model to generate indirect and induced economic impacts of the Project's construction value.

Based on detailed interviews, HR&A estimates that the construction project will directly support 57 FTE jobs, broken down as follows:¹⁰

- 33 general contractor and subcontractor staff
- 12 AmeriCorps volunteer coordinators
- 12 Habitat-NYC staff

Based on the IMPLAN® model, the Project will also generate 54 FTE indirect and induced jobs in the City of New York. These jobs represent approximately \$2.25 million of direct compensation, with an additional \$1.89 million of indirect and induced employee compensation.

Based on primary data obtained from Habitat-NYC and the general contractor, HR&A estimated the potential New York City taxes generated by this Project based on the following assumptions:

- Of the direct jobs, 98% are held by NYC residents.¹¹
- Of the indirect and induced jobs, 73% are NYC residents.¹²
- Of the \$12 million capital investment, 43% (\$5.2 million) will be spent on construction materials
- Of the spending on construction materials, 47% (\$2.4 million) of materials' spending will be subject New York City sales tax.¹³

Given these assumptions, the following **Table 2** details the economic and tax revenue impacts of the Project during the construction period.

¹⁰ For purposes of this report a "job" is defined as one full-time equivalent job for one year, or approximately 2,000 hours of labor.

¹¹ Based on HR&A primary data from staff interviews.

¹² "Journey to Work: 1970-2000," Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce.

¹³ Only purchases made by the general contractor are taxable; materials purchased directly by Habitat for Humanity are tax-exempt due to the organization's nonprofit status.

Table 2: One Time Economic and Fiscal Impacts Related to Capital Investment

<i>Personal Income Tax from Jobs</i>	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	<i>Total</i>
Total Construction Labor (FTE)	57	19	35	111
Construction Jobs held by NYC Residents (FTE)	56	14	26	96
NYC Resident Payroll	\$2.1 million	\$0.5 million	\$0.9 million	\$3.5 million
Average NYC Income Tax Rate	3.21%	3.15%	3.15%	
NYC Personal Income Tax Revenues	\$68,300	\$16,400	\$27,000	\$111,700
Sales Tax on Construction Materials				
Total Spending on Construction Materials	\$5.2 million			\$5.2 million
Taxable Expenditures on Construction Materials	\$2.4 million			\$2.4 million
NYC Sales Tax Rate	4.0%			4.0%
NYC Sales Tax Revenues on Construction Materials	\$97,200			\$97,200
Business Income Taxes				
Total Value of the Economic Output of Construction	\$12.1 million	\$2.8 million	\$5.4 million	\$20.3 million
NYC Business Income Tax Revenues¹⁴	\$80,000	\$39,000	\$114,000	\$233,000
Transfer Tax on Sale of Units				
Average Unit Value	\$125,000			\$125,000
Number of Units	41			41
NYC Real Property Transfer Tax Rate	1.0%			1.0%
NYC Real Property Transfer Tax Revenues	\$51,300			\$51,300

¹⁴ HR&A estimates that business income tax receipts would be 1.4% of economic output. This is consistent with the ratio of total NYC business income tax collections in 2006 to NYC gross regional product in 2006.

Neighborhood Revitalization

Over the two years of build-out, the construction of the Project will generate significant spending on goods and services apart from spending on construction materials. For example, workers at the construction site purchase lunch in Ocean Hill-Brownsville, and Habitat-NYC holds various special events at the construction site over the course of the build-out.

Volunteers play an important role in the construction process within the Habitat business model. Based on figures provided by Habitat-NYC, HR&A estimated that volunteers will spend almost 6,900 days working on the Project. Of these volunteer days, 5,100 will be contributed by members of corporate or school groups, while 1,700 will be contributed by members of faith groups. An estimated 2% of faith volunteers will originate from the local Ocean Hill-Brownsville community. Volunteers help to build not only the Project but also a sense of community in the Project and wider Ocean Hill-Brownsville neighborhood.



HR&A interviewed Habitat-NYC staff members, AmeriCorps volunteer coordinators, and construction workers on-site to generate direct spending estimates. HR&A estimates that workers at the construction site—including Habitat-NYC staff members, contracted construction workers, AmeriCorps members, and volunteers—spend a total of \$104,000 on food over the two years of build-out. Habitat-NYC spends an additional \$24,000 on volunteer events, and employees and volunteers

spend \$19,000 on transportation (e.g. charter buses and gas for automobiles). In total, \$147,000 is spent in New York City as a direct result of construction. HR&A's on-site interviews reveal that 80% of total spending occurs within Ocean Hill-Brownsville. This \$116,000 in local spending, or economic activity, is a significant driver of community revitalization.

Furthermore, the general contractor and Habitat-NYC make special efforts to purchase construction materials locally. HR&A estimates that \$1.8 million, or 37% of the budget for construction materials, will be purchased locally in the Ocean Hill-Brownsville area.

The following **Table 3** details the one-time spending on construction and non-construction materials that will take place in the Ocean Hill-Brownsville neighborhood, support local businesses and contribute to neighborhood revitalization.

Table 3: One Time Spending in Ocean Hill-Brownsville

Local Economic Activity	
Non-Construction Spending	\$0.12 million
Construction Materials Spending	\$1.8 million
Total One-Time Spending in Ocean Hill-Brownsville	\$1.92 million

Ongoing Economic and Fiscal Impacts

The Project will continue to create significant impacts far beyond the date that construction concludes—both in terms of economic impacts and fiscal impacts for the City of New York and the local Ocean Hill-Brownsville community. The residents who inhabit the 41-units of the project will pay property taxes and personal income taxes to the City of New York, contributing to its fiscal well-being, and their spending on goods and services will benefit the local community through positive economic impacts.

The City will derive significant fiscal benefits from the ongoing effects of the residential Project. The fiscal impacts will consist of the income taxes and property taxes paid by the residents of the Project, the sales taxes paid by the residents from their spending on goods and services, and the income taxes paid by employees of the Project (those who service and maintain the development).

Real Estate Property Taxes

Habitat-NYC has negotiated a real estate property tax abatement program with the New York City Department of Housing Preservation and Development in an effort to reduce the tax burden for low-income residents.¹⁵ For an initial period, Habitat-NYC residents will only pay taxes on the value of the land and then over a period of time, taxes on the value of the improvement will phase-in. **Table 4** outlines the annual real estate property tax revenue impacts of this Project on an ongoing basis.

Table 4: Annual Real Estate Property Tax Revenues from New Residents

<i>Real Estate Property Taxes</i>	<i>Year 1</i>	<i>Year 20</i>
Units	41	
Non-Exempt Taxable Value	\$630,000	\$2,720,000
NYC Assessment Ratio	45%	
Assessed Value	\$290,000	\$1,220,000
NYC Class II Property Tax Rate	11.928%	
NYC Annual Property Tax Revenues	\$34,000	\$180,000

Personal Income Taxes

Based on primary data about residents obtained from Habitat-NYC, HR&A calculated the average household income for this Project to be \$39,000. Applying an average income tax rate of 2.91%, HR&A estimated the personal income taxes generated by the residents of Habitat-NYC. The following **Table 5** details the annual income tax revenue impacts of this Project on an ongoing basis.

¹⁵ Habitat for Humanity has in place a thirty-year tax abatement program for its developments with the New York City Department of Housing, Preservation, and Development. The abatement is as follows:

- During years #1-10, residents pay property taxes only on the unimproved value of the land;
- During years #11-20, residents pay property taxes on the unimproved value of the land plus incremental annual increases of 10% on the value of improvements made on the land;
- From year 21 onward, residents pay property taxes on the full value of the improved land.

Table 5: Annual Income Tax Revenues from New Residents

Personal Income Taxes	
Households	41
Annual Income	\$1.6 million
Average NYC Income Tax Rate	2.91%
NYC Annual Income Tax Revenues	\$25,000

Residential Jobs & Personal Income Taxes

The management and operations of the Habitat-NYC Project will also lead to the creation of jobs. Using an employment multiplier of .06 FTE jobs per unit, HR&A estimated that the Project would support 2.5 FTE jobs on an annual basis, of which 73% will be held by NYC residents.¹⁶ HR&A also ran the IMPLAN® model for New York City to estimate indirect and induced economic impacts of the Project as shown in the following **Table 6**.

Table 6: Economic Impacts Related to Project Operation

	<i>Direct</i>	<i>Indirect and Induced</i>	<i>Total</i>
Jobs	2.5	1	3.5
Annual Economic Output	\$180,000	\$103,000	\$283,000
Annual Payroll	\$92,000	\$34,000	\$126,000

In addition, HR&A estimated the tax revenue impacts of the employees of the Project. The following **Table 7** outlines the income tax revenue impacts of the employees of the Project on an ongoing basis.

Table 7: Annual Income Tax Revenues from New Employees & New Residents

Personal Income Taxes	<i>Direct</i>	<i>Indirect and Induced</i>	<i>Total</i>
Annual Payroll subject to NYC Income Tax	\$67,000	\$17,000	\$84,000
Average NYC Income Tax Rate	2.99%	2.99%	
Total NYC Annual Income Tax Revenues	\$1,400	\$400	\$1,800

Ongoing Spending Impacts

As the cost of housing in New York City increases, the provision of affordable housing to low-income individuals enables those persons to remain residents of the City. These residents would otherwise be pushed out of New York City due to the prohibitive cost of housing. As City homeowners, residents of the Ocean Hill-Brownsville development will spend much of their disposable income in the local community and within the City.

Furthermore, given Habitat's unique model, the Project residents have a substantially higher portion of disposable income available for spending. Habitat-NYC sets housing prices at exactly 1/3 of each households' income and acts as lender for an interest-free mortgage.

¹⁶ See note 11.

Since many of the Project’s residents are emerging from housing situations where they spend over 50% of their income on housing, and the residents would not be able to obtain low-cost financing from traditional sources, Habitat-NYC provides 41 households with the opportunity to access and spend a significantly higher amount of disposable income.

According to Consumer Expenditure Survey (“CES”) data provided the U.S. Bureau of Labor, the average NYC resident spends 47% of their total income on non-housing expenditures.¹⁷ The households inhabiting the development, with an average income of \$39,000, will spend at minimum \$746,000 per year on goods and services. HR&A assumed that 66% of this spending, or \$492,000 will be “net new” to the City of New York, given that consumers are twice as likely to shop closer to home as to work.¹⁸ The present value of the net new consumer spending is approximately \$13.9 million, as shown in the following **Table 8**.¹⁹

Table 8: Present Value of New Residents Spending

Annual Spending per Household	\$18,200
Total Taxable Spending (41 units)	\$746,000
Percent Spending Net New	66%
Net New Spending	\$492,000
PV (40 years at 5.0%)	\$13,900,000

Based on the CES breakdown of spending patterns, HR&A estimated that approximately 39% of non-housing expenditures are taxable, equivalent to 18% of total income. Therefore, \$290,000 of residents’ spending would be taxable. **Table 9** below summarizes the sales tax revenues from the Project residents’ spending.

Table 9: Annual Tax Revenues from New Resident Spending

Sales Taxes	
Annual Spending per Household	\$18,200
Annual Taxable Spending per Household	\$7,000
Total Taxable Spending (41 units)	\$290,000
Percent Spending Net New	66%
Net New Taxable Spending	\$191,000
NYC Sales Tax Rate	4.0%
NYC Annual Sales Tax	\$7,600

¹⁷ “Consumer Expenditure Survey.” U.S. Bureau of Labor Statistics. And “Statistical Abstract of the United States.” U.S. Census Bureau. 2002-03.

¹⁸ “Office Worker Spending Patterns.” ICSC Research Quarterly 11.1 (Spring 2004).

¹⁹ For present value calculation assumptions, see “Present Value of New Tax Revenues” section.

Summary of One-Time and Ongoing Economic and Fiscal Impacts

The following **Tables 10 and 11** summarize the employment and fiscal impacts of the one-time construction and spending associated with construction, and with ongoing operations of the Habitat-NYC Project and the spending of its' residents. **Table 12** demonstrates the total economic activity that results from Project construction.

Table 10: Summary of One-Time Construction and Spending Impacts for New York City

Employment Impact of Construction	
Total Direct FTE Construction Employment	57
Estimated Indirect and Induced Employment	54
Total New FTE Employment in NYC	111
NYC Tax Impact of Construction	
Sales Tax from Construction	\$97,200
Personal Income Tax from Construction	\$111,700
Business Income Tax from Construction	\$233,000
Real Property Transfer Tax from Unit Sales	\$51,300
Total NYC Tax Revenue	\$493,200

Table 11: Summary of Ongoing Operation and Spending Impacts

Ongoing Employment	
Total Direct Employment	2.5
Estimated Indirect and Induced Employment	1
Total New FTE Employment	3.5
Annual NYC Tax Revenues from Operation	
Income Tax from Employees	\$1,800
Income Tax from Residents	\$25,000
Real Estate Property Taxes from Residents (Year 20)	\$180,000
Sales Tax from Residents	\$7,600
Total Annual NYC Tax Revenue	\$214,400

Table 12: Summary of One-Time Economic Activity

Economic Activity	
Direct Economic Activity	\$12.1 million
Habitat-NYC and volunteer spending, events and transportation	\$0.15 million
Indirect and Induced Economic Activity	\$8.2 million
Total	\$20.45 million

Present Value of New Tax Revenues

HR&A evaluated the combined fiscal impacts from construction and ongoing operations using a discounted present value analysis. All new tax revenues to the City and State were modeled over the 40-year period mid-2007 through mid-2046, using the following assumptions:

- Revenues increase by 3% per year, consistent with U.S. CPI excluding energy costs.
- Discount rate of 5%, representing a risk premium of 80 basis points above the Bond Buyer's 20 Bond Index as of January 15, 2008.

The present value of the net new tax revenues is more than \$4.4 million for the City of New York, as shown in the following table.

Table 13: Present Value of NYC Tax Revenues

One-Time Taxes	\$493,200
Ongoing Taxes (Year 20)	\$214,400
PV (40 years at 5.0%)	\$4,440,000

Appendix – List of Interviews Conducted by HR&A Advisors

1. Joshua Lockwood, Executive Director, Habitat-NYC
2. Neeraj Nagpal, Finance Director, Habitat-NYC
3. Deborah Nocella, Director of Volunteer Programs, Habitat-NYC
4. Petra-Ann Van Buckley, Family Partners Director, Habitat-NYC
5. Paige Bellenabum, Director of Advocacy, Habitat-NYC
6. Paul Thibault, Director of Construction and Real Estate, Habitat-NYC
7. Gina Buffone, Senior Project Manager, Habitat-NYC
8. Vertical General Contractors
9. AmeriCorps Volunteer Coordinators