City of Hudson Industrial Development Agency

Review of Hudson House Project Impacts, 9/8/2020

camoin associates
ECONOMIC DEVELOPMENT

310 Ltd

Today’s Discussion

Why Provide a PILOT?

Hudson House Impacts

Questions

Why Consider a PILOT?

- Businesses have to make an investment before they can start operating
- Businesses and developers need a return on their investment
- *A PILOT reduces costs in the early years so the project can succeed*

Why Perform this Analysis?

- New York State requires a Benefit / Cost analysis for all IDA projects
- It estimates the economic benefits like jobs, and lodging and sales taxes
- And also estimates the “costs” or tax revenue the City won’t collect

Sample Project with and without a PILOT

The “if not for” argument:

Without the financial assistance, the project won’t be built

Sample Project Performance <u>without</u> IDA Assistance

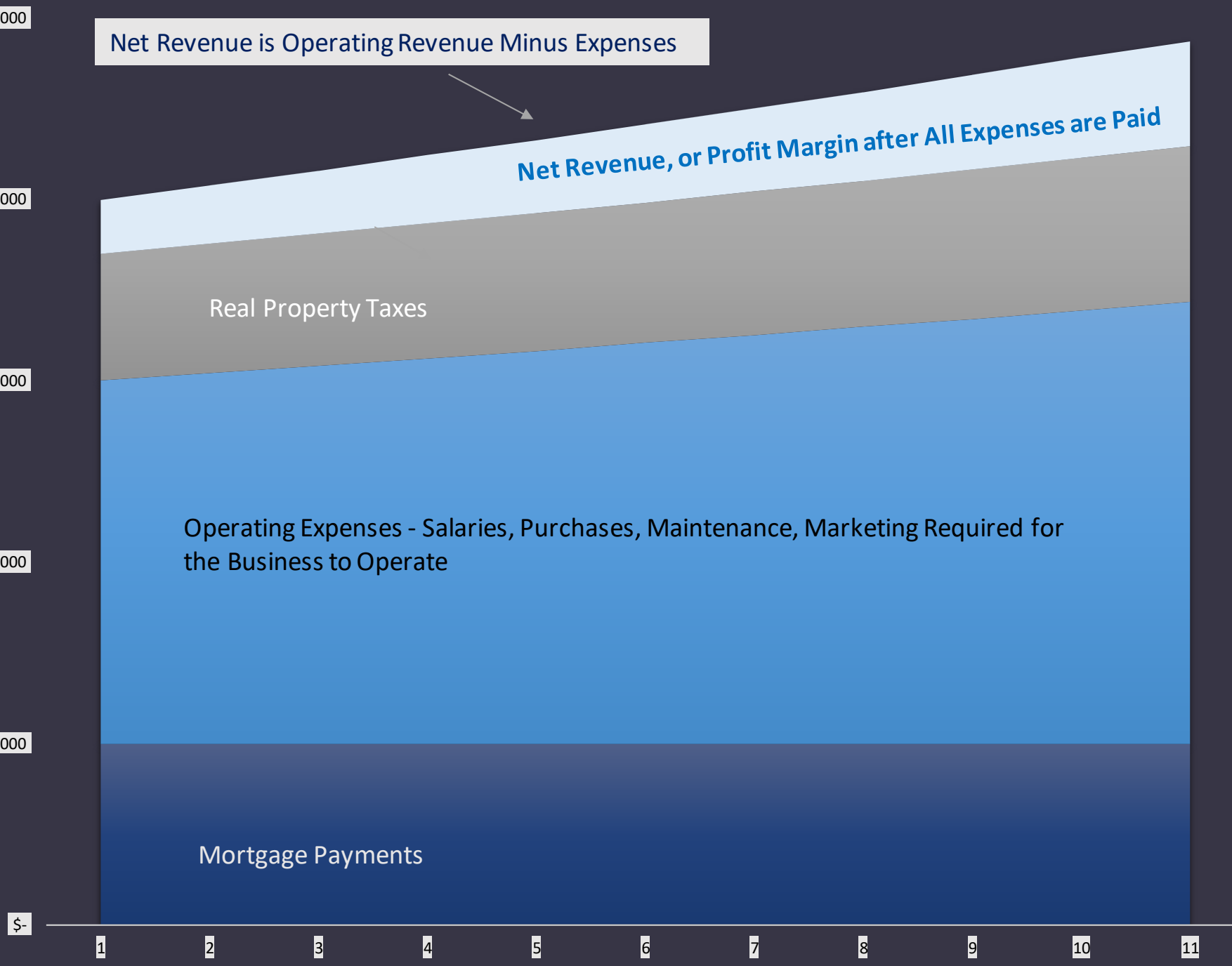
5 Year Return on Investment Averages 4% but Market Benchmark is 7%

Developer is Unlikely to Build the Project

Sample Project Performance with IDA Assistance

5 Year Return on Investment Averages 7%
Market Benchmark is 7%

Developer is Likely to Build the Project



Hudson House Impacts

$14.3 million invested

30 new direct full time jobs

<u>New City of Hudson and School District Revenues over 11 Years</u>

$1.3 million lodging taxes

$207,707 sales taxes

$86,275 parking revenues

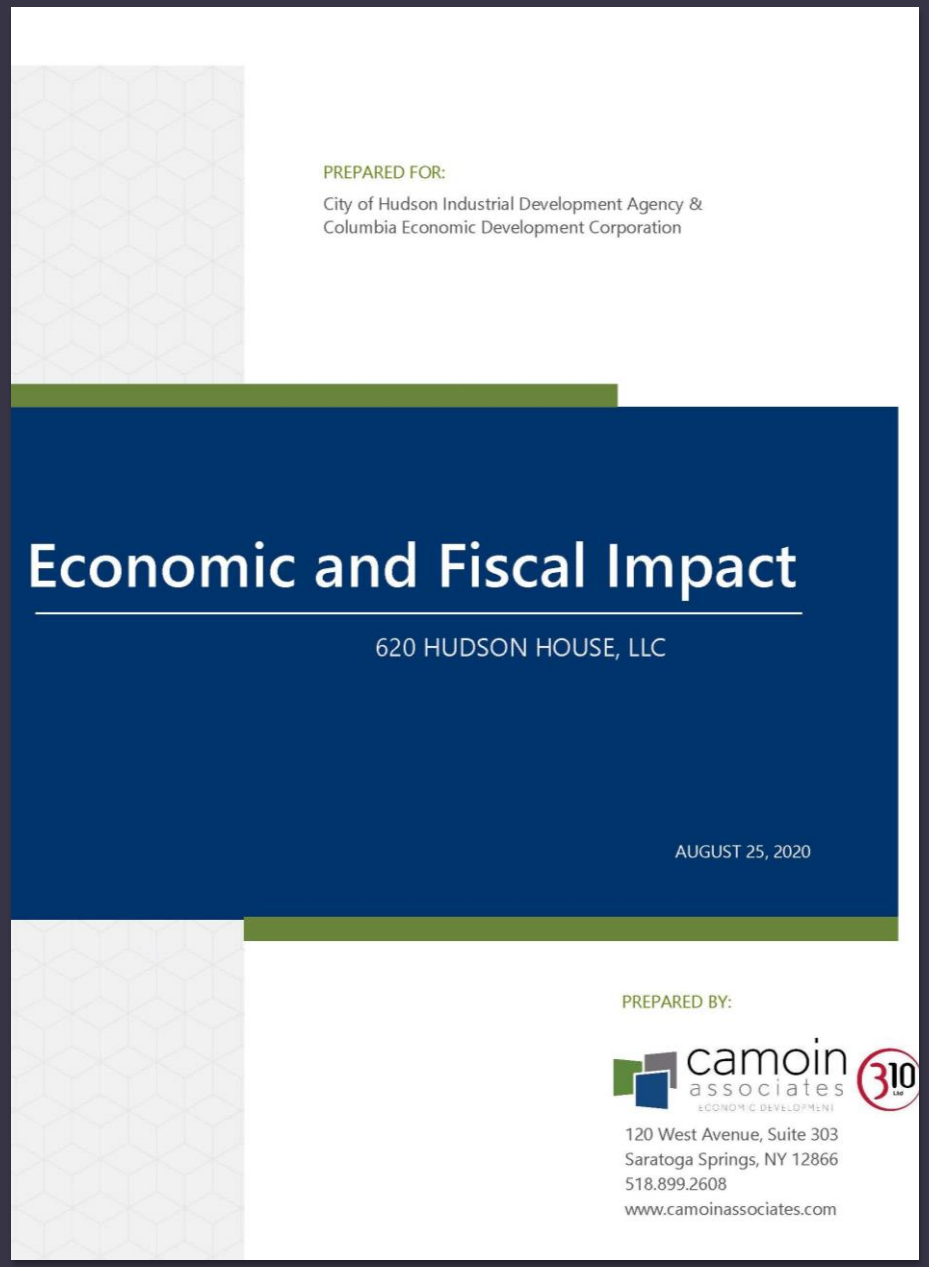
$554,088 real property taxes

<u>Total "Costs" of Financial Assistance to City and School District</u>

$343,572

Foregone property, sales, and mortgage taxes

No current cash receipts are reduced



PREPARED FOR:

City of Hudson Industrial Development Agency &
Columbia Economic Development Corporation

Economic and Fiscal Impact

620 HUDSON HOUSE, LLC

AUGUST 25, 2020

PREPARED BY:

camoin associates
ECONOMIC DEVELOPMENT

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

Fiscal Benefits / Cost Ratio Total Region over 11 Years

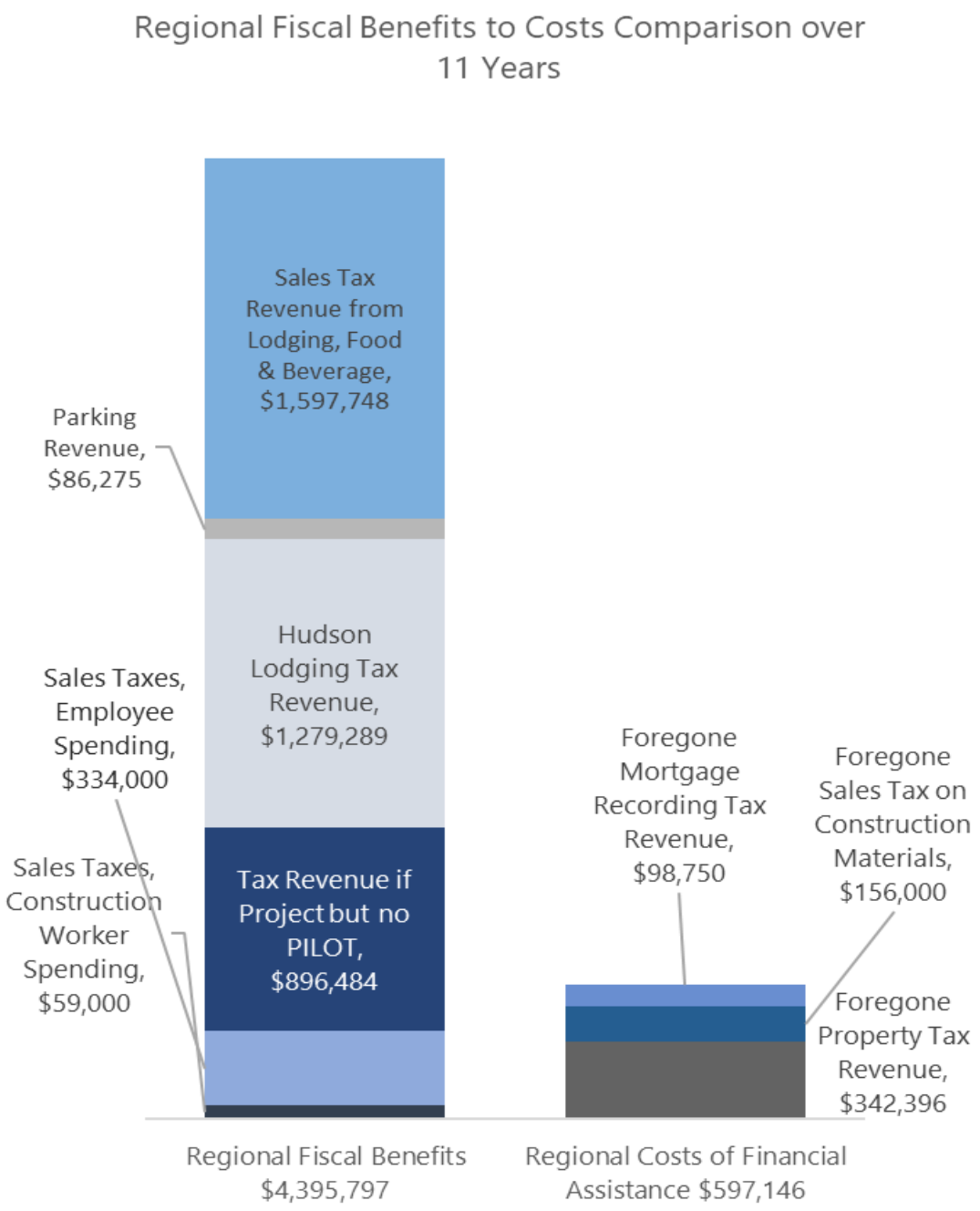
Total fiscal benefits to region, including City of Hudson, School District, and Columbia County

$4,395,797

Total "costs" to the region

$597,146

Foregone revenue only, no current cash receipts are reduced



Total Impacts Including Effects of Jobs and Spending, Statewide

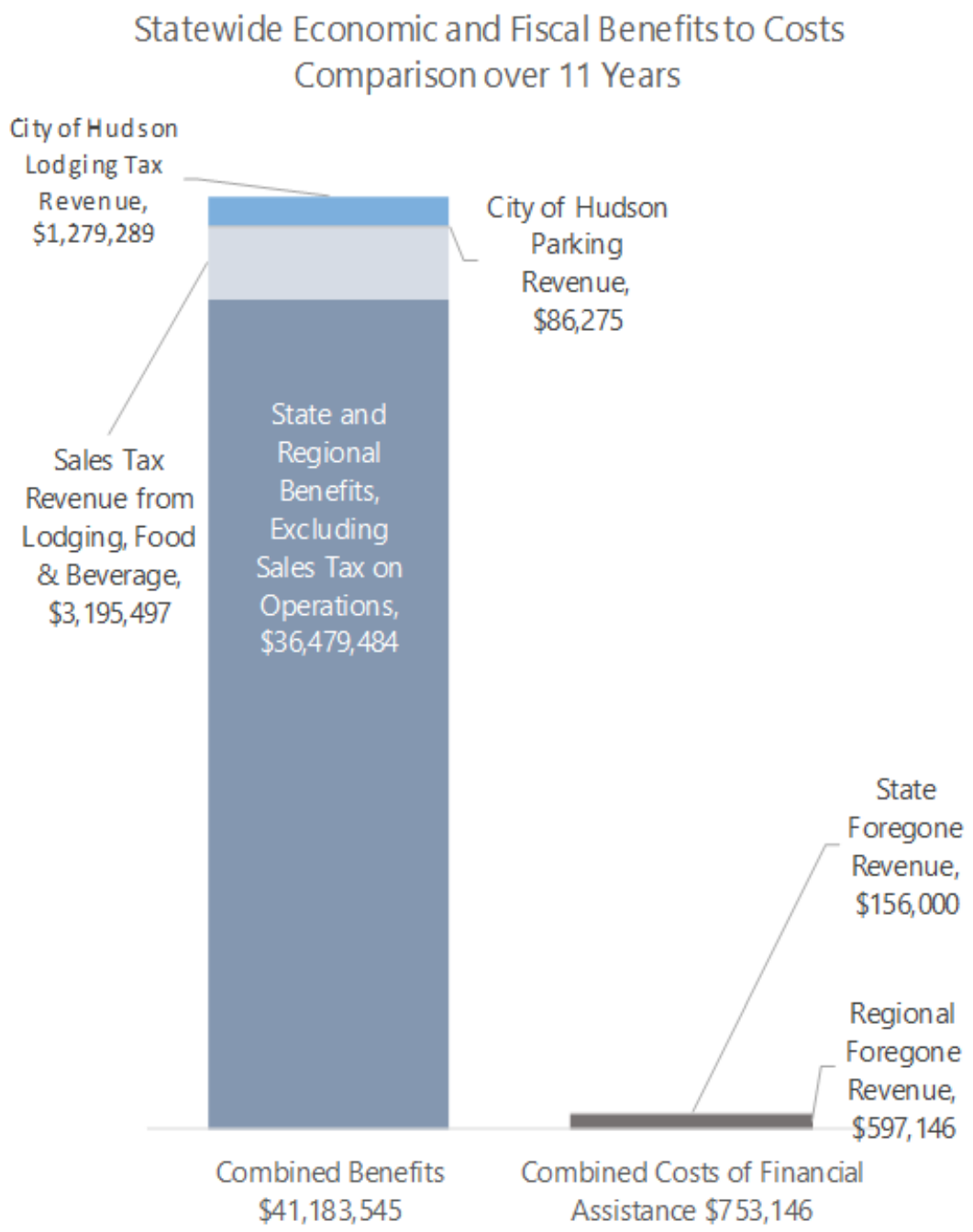
11 Years of Operations

30 direct jobs, 18 additional

$28 million payroll

$1.38 million state income tax

$358,000 state sales tax revenue



Benefit / Cost Ratios

Total for Region
$4,395,796 Benefits
$597,146 “Costs”
$7.36 / $1

City of Hudson	City of Hudson Schools	Columbia County
$2,026,345 Benefits	$457,207 Benefits	$1,911,248 Benefits
$168,950 “Costs”	$174,622 “Costs”	$253,574 “Costs”
$11.99 / $1	**$2.62 / $1**	**$7.54 / $1**

Additional Factors IDAs Often Consider

- Will a meaningful number of jobs be created in the community?
- How much private capital is invested?
- How does the project fit within the community?
- Does it revitalize a distressed area?
- How does it serve existing residents?

Discussion

Thank you from Camoin 310

Victoria Storrs

Development Finance Practice Leader

Victoria@camoinassociates.com