

Economic and Fiscal Impact Analysis: Kingstonian Project

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Prepared for:

Kingstonian Development, LLC



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About Camoin Associates

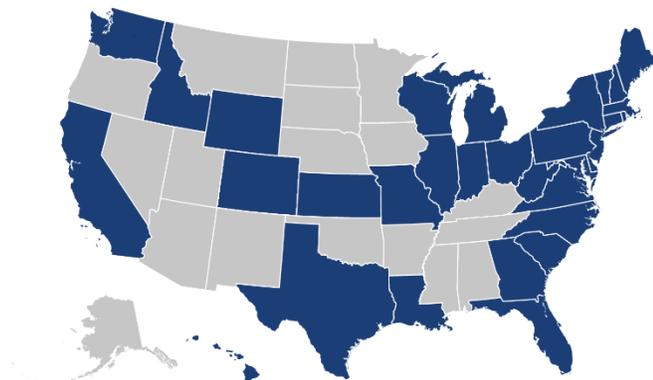
Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; 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 32 states and garnered attention from national media outlets including *Marketplace* (NPR), *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](https://twitter.com/camoinassociate) and on [Facebook](https://www.facebook.com/camoinassociate).

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Executive Summary

Camoin Associates was retained by Kingstonian Development, LLC (the "Developer") to conduct an economic and fiscal impact analysis of the proposed \$52 million Kingstonian project in the City of Kingston, NY (the "Project"). The Project will be a modern, mixed-use development that includes 131 market-rate residential rental units, a 32-room boutique hotel, 8,000 square feet of other commercial space, a pedestrian plaza and a pedestrian walkway over Schwenk Drive. The Project also includes a 420-space parking garage, of which at least 250 spaces would be available for public use with the rest dedicated to the parking needs of the Project itself.

Figure 1: Project Rendering



Source: Developer

Note: Not final rendering. Architectural details are still under review and refinement.

Our analysis focused on three types of economic and fiscal impacts, namely: (1) one-time impacts related to the construction of the Project, (2) ongoing impacts from the operations of the Project, such as the hotel and retail employment as well as new household-related spending, and (3) impacts on properties in the immediate vicinity of the Project that will benefit from the presence of the new parking garage.

Construction Impacts

We began by evaluating the one-time economic impacts related to the construction of the various components of the Project. As shown below, the construction phase will allow for the creation of 259 direct jobs, over \$15 million in new direct earnings and over \$41.6 million in new direct sales. These direct impacts will cause indirect impacts as the new construction spending circulates in the local economy through business-to-business purchases and as construction workers spend a portion of their earnings locally. Including this indirect impact, we anticipate a total of 357 construction phase jobs, nearly \$19.2 million in earnings, and approximately \$52.6 million in sales. Please see Attachment A for more information on economic impact analysis.

Economic Impact - Construction Phase			
	Direct	Indirect	Total
Jobs	259	98	357
Earnings	\$ 15,255,022	\$ 3,939,265	\$ 19,194,287
Sales	\$ 41,662,574	\$ 10,985,088	\$ 52,647,662

Source: EMSI, Camoin Associates

Operational Impacts

To understand the operational phase of the Project, we conducted an extensive market analysis of the various retail, hospitality and residential components and have concluded that all activity generated by the project would represent "net new" economic activity for the City of Kingston. Therefore, once the Project is built and operating, new permanent jobs will be created as shown below.

Annual Economic Impact - Operational Impact			
	Direct	Indirect	Total
Jobs	73	33	106
Earnings	\$ 2,166,596	\$ 1,218,327	\$ 3,384,923
Sales	\$ 7,673,229	\$ 3,384,484	\$ 11,057,713

Source: EMSI, Camoin Associates

106 total direct and indirect jobs will be created as a result of the Project. These jobs will be associated with over \$11 million in new sales and \$3.4 million in new earnings. This includes people working onsite at the development as well as additional jobs generated by the new economic activity.

These new economic impacts will have associated fiscal benefits for Kingston, the local school district and Ulster County in the form of new tax revenue, as shown in the table below.

Annual Fiscal Benefits Operational Impact	
Sales Tax	\$ 43,562
Property Tax	\$ 97,321
Occupancy Tax	\$ 24,031
Total Fiscal Benefits	\$ 164,914

Source: Camoin Associates

The Project will generate directly and indirectly nearly \$165,000 in sales, property, and occupancy tax, annually. Note that this does not include any property tax or PILOT payment the Project itself would generate.

Garage-Related Impacts

During our interviews for the market analysis, many respondents noted a dearth of parking in uptown Kingston and how a lack of parking negatively impacts uptown property development. The Project includes a new parking garage that will add at least 122 spaces of public parking in uptown.¹ This will allow for better access to uptown businesses, including local retailers and restaurants. Our research has shown that each new public parking space is associated with \$20,000 in new annual revenue to local businesses and that people will walk to do business within a 0.31 mile radius of their place of parking. Based on that research, we believe that the addition of a substantial number of new parking spots in downtown will allow for an increase in real estate development, business formation, and economic activity in uptown Kingston.

Annual Economic Impact - Garage Operation			
	Direct	Indirect	Total
Jobs	40	7	47
Earnings	\$ 865,996	\$ 313,897	\$ 1,179,892
Sales	\$ 2,440,000	\$ 820,728	\$ 3,260,728

Source: EMSI, Camoin Associates

Total direct and indirect garage-related economic impacts include 47 new permanent jobs, nearly \$1.2 million in new earnings, and over \$3.2 million in new sales, annually.

Likewise, this new activity has fiscal benefits for the City, school district and the County.

Annual Fiscal Benefits Garage-Related	
Sales Tax	\$ 32,607
Property Tax	\$ 101,403
Total Fiscal Benefits	\$ 134,010

Source: Camoin Associates

New tax revenue related to the development of the garage will be approximately \$134,000. This includes increases in sales tax collected by local businesses, as well as new property tax from new construction/renovations and increases in property values to properties surrounding the new development.

Alternatively, should the City of Kingston instead build and fund the garage independently, there would be an associated annual cost to taxpayers. This cost would be equal to approximately \$130 per year for the typical homeowner and \$470 per year for a typical small business owner.

¹ The garage will include 250 public parking spaces. 122 of these spaces will be net new as the current site for the parking garage houses 128 public parking spaces.

Combined Impacts

Below is a summary of all one-time and ongoing economic and fiscal impacts:

Summary of Benefits	
One-Time Construction Phase Jobs	357
One-Time Construction Phase Earnings	\$ 19,194,287
One-Time Construction-Related Sales Tax Revenue	\$ 134,360
Annual Jobs	153
Annual Earnings	\$ 4,564,815
Annual New Tax Revenue (Fiscal Benefits)	\$ 298,924

Note that the above "Annual New Tax Revenue" does not include any property tax or PILOT payments that the Project itself will make to the City/School District/County, as those amounts are not yet known.

Table of Contents

Demographic and Socioeconomic Profile	7
Residential Market Analysis.....	8
Hospitality Market Analysis	14
Transportation and Parking Findings.....	21
Economic Impact Analysis	22
Fiscal Benefits	30
Attachment A: What is Economic Impact Analysis?.....	37
Attachment B: Data Sources	38



Market Analysis

To begin the economic and fiscal impact analysis, Camoin Associates conducted a brief market analysis based on the proposed uses of the Project to determine which elements of the Project would not exist in the City of Kingston and Ulster County, but for the project. In other words, the objective of this analysis was to determine which elements are “net-new” to the City of Kingston and to Ulster County.

To do so, we consulted various data sources, including local real estate data sources, and socio-demographic and industry employment trends from ESRI and EMSI. The market data allowed us to understand trends in pricing, occupancy, construction, product in development, etc. It helps gauge the current demand for residential and commercial space and helps to understand how the Project fits in to that demand profile. We also conducted a brief review of market data specific to hotels in the area using Smith Travel Research data on occupancy, RevPAR, ADR, inventory and product under development.

To supplement this data, we conducted a series of interviews with the Developer, real estate professionals, and local municipal and economic development officials. This uncovered the qualitative information necessary to frame the data, such as gathering a better understanding of the challenges of the site and the areas immediately adjacent to the site, particularly as it relates to:

- the availability of parking and how the new proposed parking garage will alter that dynamic,
- information on visitation to the area and the existing hotel market, and
- the housing market dynamics for market-rate rentals.

Findings from the market research are summarized in the following pages.

Demographic and Socioeconomic Profile

Overview

The table below compares basic demographic indicators for the City of Kingston and Ulster County. The key findings include the following:

- Growth in population and the number of households is projected to be largely flat through 2023.
- The average household size is largest in the County, at 2.42, with the City at 2.29. Average household size is not projected to change.
- The population of the City is younger than the County, with a median age of 40.2. Median age is projected to increase at a 1% rate over the coming five years.
- Median household incomes are lower in the City of Kingston than in Ulster County, at about \$48,000 and \$64,000, respectively.
- The City of Kingston is showing a median income of \$47,752 in 2017 and is projected to grow steadily through 2023, with a growth rate of 11%, to \$52,836.

Basic Demographics				
Population				
	2018	2023	Change 2018-2023	% Change 2018-2023
City of Kingston	24,138	24,305	167	0.7%
Ulster County	185,142	186,670	1,528	0.8%
Households				
	2018	2023	Change 2018-2023	% Change 2018-2023
City of Kingston	10,248	10,296	48	0.5%
Ulster County	71,793	72,258	465	0.6%
Average Household Size				
	2018	2023	Change 2018-2023	% Change 2018-2023
City of Kingston	2.29	2.29	0	0.0%
Ulster County	2.42	2.42	0	0.0%
Median Age				
	2018	2023	Change 2018-2023	% Change 2018-2023
City of Kingston	40.2	40.8	0.6	1.5%
Ulster County	43.8	44.3	0.5	1.1%
Median Household Income				
	2018	2023	Change 2018-2023	% Change 2018-2023
City of Kingston	\$47,752	\$52,836	\$5,084	10.6%
Ulster County	\$63,719	\$73,316	\$9,597	15.1%

Source: ESRI

Residential Market Analysis

Housing Supply

The table below displays the housing stocks by structure type in the City of Kingston and in Ulster County. About 50% of units in the City are multifamily units while only about 28% of units in the County are multifamily units. Of the multifamily units in Kingston, most buildings have a relatively low number of units in them, with between two and nine units in the structure, which could suggest a trend of low-rise development and/or single-family homes being converted to multifamily rentals.

Housing Units by Units in Structure, 2016				
	City of Kingston		Ulster County	
	Units	% of Total	Units	% of Total
1 Detached Unit in Structure	4,827	45.4%	58,275	69.6%
1 Attached Unit in Structure	387	3.6%	2,250	2.7%
2 Units in Structure	2,051	19.3%	5,837	7.0%
3 or 4 Units in Structure	1,152	10.8%	3,937	4.7%
5 to 9 Units in Structure	1,057	10.0%	3,673	4.4%
10 to 19 Units in Structure	607	5.7%	1,903	2.3%
20 to 49 Units in Structure	542	5.1%	2,476	3.0%
Mobile Homes	-	0.0%	5,372	6.4%
Boat/RV/Van/etc.	-	0.0%	39	0.0%
Total	10,623	100%	83,762	100%

Source: American Community Survey 2012-2016

With a median year built of 1939, the City of Kingston's housing stock is significantly older than that of Ulster County, which has a median year built of 1963. Over 53% of the City's housing stock was built before 1940. Most notably, little has been built in the City and County since 2014.

Housing Units by Year Built, 2016				
	City of Kingston		Ulster County	
	Units	% of Total	Units	% of Total
Built in 2014 or Later	-	0.0%	120	0.1%
Built in 2010-2013	149	1.4%	1,077	1.3%
Built in 2000-2009	297	2.8%	7,708	9.2%
Built in 1990-1999	225	2.1%	7,042	8.4%
Built in 1980-1989	339	3.2%	9,694	11.6%
Built in 1970-1979	1,030	9.7%	9,917	11.8%
Built in 1960-1969	848	8.0%	9,709	11.6%
Built in 1950-1959	1,385	13.0%	11,308	13.5%
Built in 1940-1949	631	5.9%	4,657	5.6%
Built in 1939 or Earlier	5,719	53.8%	22,530	26.9%
Median Year Structure Built	1939		1963	

Source: American Community Survey 2012-2016, Esri

Multifamily & Rental Market

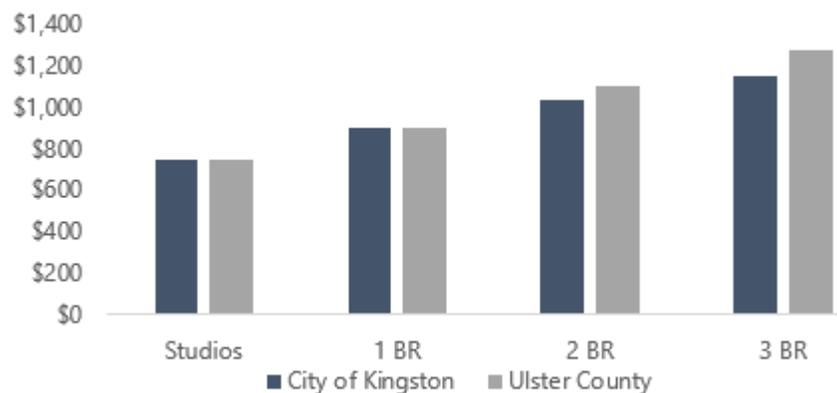
Rents in the City of Kingston are generally in line with those in Ulster County. Median rents in the City of Kingston are at \$1,018 while median rents in Ulster County are at \$1,022. Most rents in the City are below \$1,500, with only 11.2% of gross rents at \$1,500 or above. Similarly, 12.7% of rents in Ulster County are \$1,500 or greater.

Gross Rent, 2016				
	City of Kingston		Ulster County	
	Units	% of Total	Units	% of Total
Less than \$500	621	12.6%	1,512	7.7%
\$500 to \$999	1,734	35.1%	7,766	39.8%
\$1,000 to \$1,499	2,027	41.1%	7,751	39.7%
\$1,500 to \$1,999	496	10.0%	1,870	9.6%
\$2,000 to \$2,499	37	0.7%	458	2.3%
\$2,500 to \$2,999	-	0.0%	68	0.3%
\$3,000 or more	21	0.4%	85	0.4%
Median (dollars)	\$	1,018	\$	1,022

Source: American Community Survey 2012-2016

The chart below shows a more detailed view of rents in both the city and in the county, per Ulster County's annual Rental Housing Survey. Rents are similar between the City of Kingston and Ulster County across apartment sizes with the exception of rates for two bedroom and three bedroom units being slightly higher in the County than in the City.

Median Rental Rates, 2017



Source: 2017 Ulster County Rental Housing Survey

As seen in the table below², after dipping slightly from 2015 to 2016, rent for one and two-bedroom apartments have continued to increase in Kingston.

² Table contains data for years which the survey is available. As a result, there are some inconsistencies in periods used (ex. "2008-2009" vs. "2010").

Kingston Historical Median Rental Rates				
	Studio	1 BR	2BR	3BR
2017	\$745	\$900	\$1,033	\$1,155
2016	\$725	\$813	\$950	\$1,150
2015	\$750	\$873	\$1,048	\$1,140
2014	\$768	\$884	\$1,013	\$1,057
2011	\$650	\$790	\$1,010	\$1,175
2010	\$650	\$875	\$1,050	\$1,175
2008-2009	\$650	\$838	\$1,020	\$1,155
2007	\$635	\$800	\$935	\$1,100
2005-2006	\$625	\$775	\$970	\$1,100
2003-2004	\$585	\$710	\$850	\$1,000
2002	\$420	\$642	\$700	\$917

Source: Ulster County Rental Housing Survey

Although median rents in the city remain less than \$1,200, gross rent as a percentage of household income tends to be high with nearly half of rent-paying households spending more than a third of their income on rent.

Gross Rent as a Percentage of Income (GRPI), 2016				
	City of Kingston		Ulster County	
	Units	% of Total	Units	% of Total
Less than 15%	397	8.2%	1,788	9.4%
15.0 to 19.9 percent	451	9.3%	1,982	10.4%
20.0 to 24.9 percent	520	10.7%	2,318	12.2%
25.0 to 29.9 percent	519	10.7%	1,410	7.4%
30.0 to 34.9 percent	614	12.6%	1,946	10.2%
35.0 percent or more	2,355	48.5%	9,628	50.5%
Not computed	211		1,920	

Source: American Community Survey 2012-2016

Housing Demand

As of 2016, the City of Kingston had a higher occupancy rate and lower vacancy rate than Ulster County. Aligning with urban trends, there is a larger share of rental units in the city (47.7%) than in the county (25.1%). The 2017 Ulster County Rental survey found that demand for rental apartments in Kingston is among of the strongest in Ulster County, with a vacancy rate of 1.12%.³ This is extremely low. A 'healthy' market (i.e. a market with an adequate supply of stock available for consumers looking for a rental unit) has a vacancy rate estimated between 5-10%.

³ Ulster County's report refers to market vacancies, not economic vacancies. The market vacancy rate is the number of units available for rent divided by the total number of rentable units. The U.S. Census Bureau includes economic vacancies, or rental units that are vacant but not available for rent, in the American Community Survey (ACS). Differences in the two vacancy rates can be attributed to these methodology differences.

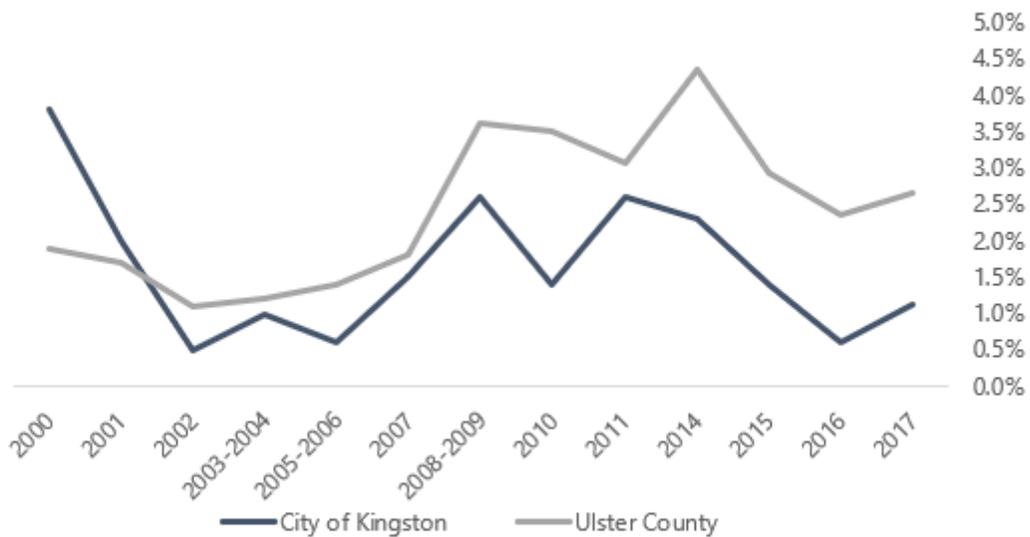
Housing Occupancy, 2016				
	City of Kingston		Ulster County	
	Units	% of Total	Units	% of Total
Occupied Housing	9,398	88.5%	69,335	82.8%
Owner Occupied	4,331	40.8%	48,343	57.7%
Renter Occupied	5,067	47.7%	20,992	25.1%
Vacant Housing	1,225	11.5%	14,427	17.2%
Homeowner Vacancy	255	2.4%	1,759	2.1%
Rental Vacancy	467	4.4%	5,361	6.4%
Other Vacancy*	503	4.7%	7,307	8.7%
Total Housing Units	10,623	100%	83,762	100%

*Other vacancy includes seasonal, recreational, and other uses.

Source: American Community Survey 2012-2016

Vacancy rates in the city have trended below rates in the county since 2002. Vacancy rates in the City of Kingston have remained consistently low, particularly over the last three years.

Historical Rental Vacancy Rates



Source: Ulster County Rental Housing Survey

Trends in household income and age can help identify the type of housing product that will be in demand in the future. The tables below analyze the change in households by income and age of householder within the City of Kingston. Esri projects a net increase of 48 households to the City between 2018 and 2023. The net gain in households is attributed to an increase in higher income households, particularly across the 35 to 44 and 65+ age

cohort. Households with incomes in excess of \$75,000 are expected to increase by 513, while households making less than \$75,000 are expected to decrease by 465.

City of Kingston Households by Income and Age of Householder, 2018								
	<25	25-34	35-44	45-54	55-64	65-74	75+	Total
<\$15,000	72	185	188	205	299	251	257	1,457
\$15,000-\$24,999	50	150	128	107	200	198	295	1,128
\$25,000-\$34,999	60	193	177	161	225	198	191	1,205
\$35,000-\$49,999	78	259	239	240	274	238	178	1,506
\$50,000-\$74,999	75	315	282	310	356	250	175	1,763
\$75,000-\$99,999	29	223	221	228	262	145	115	1,223
\$100,000-\$149,999	19	192	245	297	287	157	47	1,244
\$150,000-\$199,999	13	33	68	109	76	50	21	370
\$200,000+	0	36	82	101	80	45	6	350
Total	396	1,586	1,630	1,758	2,059	1,532	1,285	10,246

Source: Esri

City of Kingston Change in Households by Income and Age of Householder, 2018-2023								
	<25	25-34	35-44	45-54	55-64	65-74	75+	Total
<\$15,000	(4)	(23)	(17)	(49)	(57)	(11)	5	(156)
\$15,000-\$24,999	(7)	(31)	(35)	(31)	(40)	(10)	0	(154)
\$25,000-\$34,999	(4)	(21)	(12)	(27)	(34)	14	15	(69)
\$35,000-\$49,999	(1)	(19)	(11)	(24)	(28)	19	20	(44)
\$50,000-\$74,999	(3)	(20)	(5)	(35)	(30)	29	22	(42)
\$75,000-\$99,999	1	3	12	(9)	(5)	23	27	52
\$100,000-\$149,999	(2)	27	48	30	34	56	21	214
\$150,000-\$199,999	3	10	23	13	19	21	13	102
\$200,000+	0	16	36	33	28	26	6	145
Total	(17)	(58)	39	(99)	(113)	167	129	48

Source: Esri

Market Summary

The Kingstonian Project includes 131 residential units targeted to empty nesters downsizing from single-family homes and young professionals who are looking for modern, rental units in a walkable urban setting. The planned unit breakdown includes 65 one-bedroom units, 56 two-bedroom units, and 10 three-bedroom units, ranging in price from \$1,550 to \$2,850+ per month. The market analysis determined that these high-end residential units will be “net-new” to the City of Kingston and Ulster County, for the following reasons:

The County's supply of multi-unit rental options is limited. The Project will add housing density and diversity to the County's urban center.

Over 70% of housing stock in Ulster County is made up of single-family homes and less than 3% of the housing stock in the county consists of units that are part of large, multi-unit structures consisting of more than 20 units. The City of Kingston's housing stock is more diverse. About half of the city's housing stock is made up of single-family homes and the balance consists of multi-unit structures. According to the American Community Survey, there are not any structures with more than 50 units in Ulster County.

The housing stock is old and aging. The Project will provide new rental units that are in-demand in the market today.

In the City of Kingston, over 50% of the housing units were built before 1939 and no new units have been constructed since 2013. In Ulster County, the housing stock is younger with a median age of 1963 compared to the City housing stock's median age of 1939; however, only 120 residential units have been built in Ulster County since 2014, which represents less than 0.1% of the total housing supply county-wide.

The Project will create high-end rental units, which are limited in the market.

Median rents in the City of Kingston and Ulster County are around \$1,020. Price points expected for the Project are expected to range from \$1,550 for a one-bedroom to \$2,850 for the largest units. In the existing housing stock, only about 10% of the rental units fall in this range, which represents about 500 units in the city and 1,870 units in the county.

The Project is meeting an unmet, pent-up demand for rentals.

The 2017 Ulster County Rental survey found that demand for rental apartments in Kingston is among of the strongest in Ulster County, with a vacancy rate of 1.12%. A vacancy rate of 5-10% is considered healthy, allowing consumers options to choose from while not driving prices down.

The number of higher-income households is increasing.

A net increase of 48 households are projected to be added to the City of Kingston between 2018 and 2023. The net gain in households is attributed to an increase in higher income households, particularly across the 35 to 44 and 65+ age cohort. Households with incomes more than \$75,000 are expected to increase by 513.

Hospitality Market Analysis

Hospitality Market Findings

Lodging Inventory

To conduct this analysis, we used Smith Travel Research (STR) data. STR collected data on 16 hotels within Ulster County, by ZIP Code. Collectively, these hotels totaled approximately 1,300 rooms. The number of rooms per facility ranged from 26 to 208 with a median of 82 rooms per facility. The Holiday Inn Express & Suites Kingston Ulster in Lake Katrine is one of the newest in the county, having opened in December 2016. Other new hotels include the Residence Inn Kingston and the Hampton Inn New Paltz, both of which also opened in 2016.

Of the hotel properties in Ulster County, 7 are in the Kingston ZIP Code; however, as identified in the table on the following page, only 2 properties are within the City of Kingston – the Best Western Plus and Super 8. Both are located on the northwestern edge of the City, outside of downtown.

Ulster County Lodging Inventory by ZIP Code					
ZIP Code Name	ZIP Code	Properties		Rooms	
		#	%	#	%
Gardiner	12525	1	6%	26	2%
Highland	12528	1	6%	44	3%
Kingston	12401	7	44%	754	58%
Lake Katrine	12449	1	6%	101	8%
New Paltz	12561	4	25%	226	17%
Saugerties	12477	2	13%	151	12%
Total		16	100%	1302	100%

Source: STR

There are a limited number of upscale and luxury hotels in the county; 13% and 6% of the hotels in the county fall into these classes, respectively. Seven hotels, or 44% of the properties, and 31% of hotel rooms are in the economy class.

Ulster County Lodging Inventory by Class				
Hotel Class	Properties		Rooms	
	#	%	#	%
Economy	7	44%	410	31%
Midscale	1	6%	142	11%
Upper Midscale	5	31%	543	42%
Upscale	2	13%	181	14%
Luxury	1	6%	26	2%
Total	16	100%	1302	100%

Source: STR

The table below shows the full list of hotels studied in Ulster County.

Hotel Inventory in Ulster County, NY (2018)					
Hotel	ZIP Code Name	Class	Franchise Date	Date Opened	Rooms
Minnewaska Lodge	Gardiner	Luxury	Jan 2001	Jan 2001	26
Super 9 Highland	Highland	Economy	Jan 2003	Jan 2003	44
Rodeway Inn Skytop Kingston	Kingston	Economy	Nov 2008	Jun 1968	58
Super 8 Kingston*	Kingston	Economy	Jun 1984	Jun 1984	84
Quality Inn & Suites Kingston	Kingston	Midscale	May 2005	Sep 1973	142
Hampton Inn Kingston	Kingston	Upper Midscale	Jun 2007	Jun 2007	81
Best Western Plus Kingston Hotel & Conference Center*	Kingston	Upper Midscale	Jan 2015	Feb 1969	208
Courtyard Kinston	Kingston	Upscale	May 2006	May 2006	89
Residence Inn Kingston	Kingston	Upscale	Jun 2016	Jun 2016	92
Holiday Inn Express & Suites Kingston Ulster	Lake Katrine	Upper Midscale	Dec 2016	Dec 2016	101
Econo Lodge New Paltz	New Paltz	Economy	Dec 1991	Jun 1980	32
Rodeway Inn & Suites New Paltz	New Paltz	Economy	Jul 2005	Jun 1967	39
Americas Best Value Inn New Paltz	New Paltz	Economy	Sep 2014	Sep 1984	69
Hampton Inn New Paltz	New Paltz	Upper Midscale	Dec 2016	Dec 2016	86
Howard Johnson Inn Saugerties	Saugerties	Economy	Jun 1972	Jun 1972	84
Comfort Inn Saugerties	Saugerties	Upper Midscale	Nov 1997	Nov 1991	67

Source: STR

* Located in the City of Kingston.

Pipeline

Excluding the Kingstonian project, there are currently 7 hotels in development within Ulster County, representing an additional 700 rooms. Two of these are in Kingston: an as-yet unnamed independent hotel at Pearl Street and a Comfort Inn & Suites. These will add 14 independent and 94 upper midscale rooms, respectively.

Ulster County Hotel Pipeline (November 2018)					
Hotel Name	ZIP Code Name	Class	Opening Date	Rooms	Status
Unnamed Hotel @ Pearl St	Kingston	Independent	May 2019	14	In Construction
Williams Lake Resort	Rosendale Village	Independent	Unknown	130	Final Planning
The Wildacres Resort @ Belleayre	Highmount	Independent	Unknown	208	Planning
Highmount Spa Resort @ Belleayre	Highmount	Independent	Unknown	120	Planning
Comfort Inn & Suites Kingston	Kingston	Upper Midscale	Dec 2020	94	Planning
Unnamed Hotel @ Hudson Valley Wine Village	Highland	Independent	Unknown	50	Planning
Unnamed Hotel @ The Gunks	New Paltz	Independent	Unknown	96	Planning

Source: STR



Trends in Occupancy Rates

Hotel occupancy in Ulster County has fluctuated between 48% and 56% from 2012 to 2018. After a slight dip in 2017, occupancy is trending towards its peak at 55.8% in 2018.

Annual Average Occupancy, 2012-2018

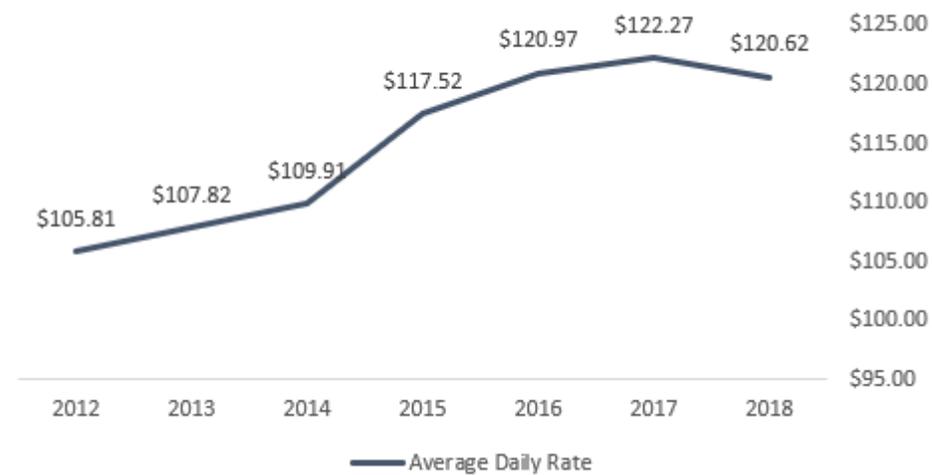


Source: STR

Trends in Revenue

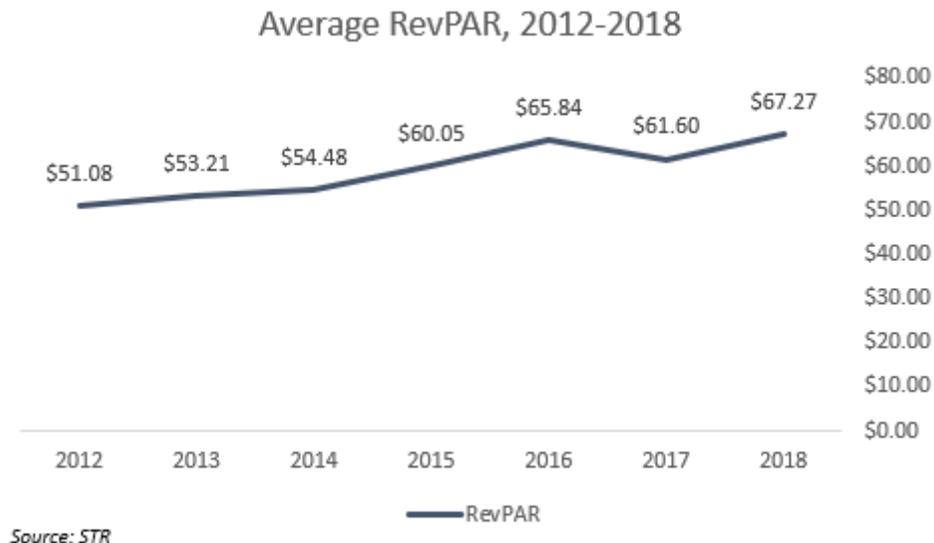
The annual average daily rate (ADR) has increased steadily for hotels in Ulster County from 2012 to 2017, although showing a slight dip through September 2018.

Average Daily Rate, 2012-2018



Source: STR

Another key revenue metric is specified as revenue per available room (RevPAR), which is total room revenue divided by the number of available rooms. An increase in RevPAR indicates the average room rate or occupancy rate is increasing. Within the Ulster County market, both revenue factors are trending upwards. Revenue per available room has increased from \$51 in 2012 to \$67 in 2018.



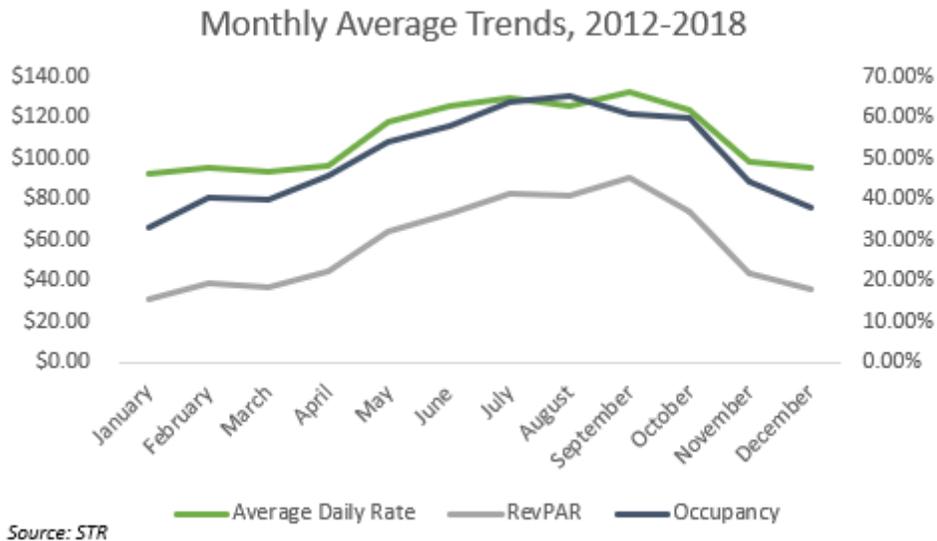
Trends by Month of Stay

Hotel data based on month of stay can be used to differentiate between the “peak” and “off” season. Currently, occupancy in Ulster County is highest in August, while ADR and RevPAR peak in September.

Market Trends by Month- Ulster County			
	Occupancy	Average Daily Rate	RevPAR
January	33.30%	\$92.39	\$30.78
February	40.60%	\$95.13	\$38.58
March	39.70%	\$93.27	\$37.00
April	46.00%	\$96.31	\$44.29
May	54.10%	\$118.18	\$63.94
June	57.80%	\$125.84	\$72.69
July	64.00%	\$129.76	\$83.06
August	65.40%	\$125.87	\$82.31
September	60.70%	\$132.49	\$90.37
October	59.80%	\$123.73	\$74.02
November	44.30%	\$98.79	\$43.77
December	37.80%	\$95.29	\$35.97

Source: STR

Unsurprisingly, the peak season for hotel stays in Ulster County is from June through September.



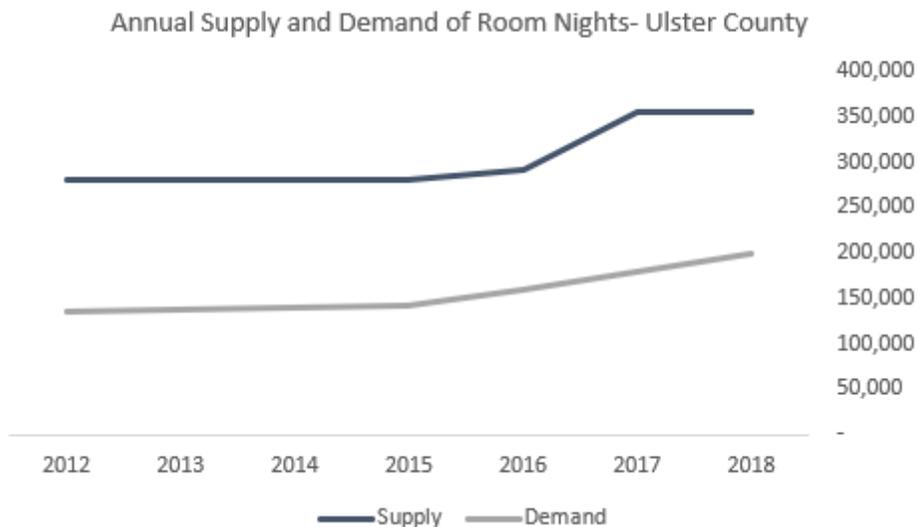
Demand for Rooms

Between 2012 and 2018, growth in demand for hotel rooms outpaced growth in supply. Demand increased by 46% while supply increased by 27%. Currently, there is a supply of approximately 355,446 room nights and demand of approximately 198,222 room nights, due to the seasonality of the market.

Ulster County Change in Hotel Supply and Demand, 2012-2018		
	Room Nights	Percent Change
Change in Supply	75,075	27%
Change in Demand	62,873	46%

Source: STR

The graph below shows that annual supply has exceeded demand since 2012. Currently supply of room nights exceeds demand by approximately 157,224.



To estimate the number of new hotel rooms the market will be able to support, projections were made for both the future demand for hotel rooms in the county and the future supply of hotel rooms. Demand was estimated by examining the trend over the past 7 years, which showed that demand has been increasing at an average annual rate of about 6% in the county. Over the last three years, this growth has been even stronger, at 10% annually. Thus, a high estimate of 10% and a low estimate of 3% were also examined as realistic alternative growth rates.

The supply of hotel room nights was based on 2018 as a base year and was adjusted for projects in the pipeline. For the purposes of this analysis, the unnamed hotel at Pearl Street and the Comfort Inn & Suites Kingston were the only development anticipated to come online during this time period.

The projections show the hotel room-night demand in 2023 will be between approximately 230,000 and 320,000. The availability (supply) of hotel room nights is expected to reach 355,000 in 2023.

Ulster County Hotel Room-Night Supply and Demand Projection						
Projected Demand (Occupied Hotel Room Nights)						
Growth Scenario	2018	2019	2020	2021	2022	2023
Low (3%)	198,222	204,169	210,294	216,603	223,101	229,794
Medium (6%)	198,222	210,115	222,722	236,086	250,251	265,266
High (10%)	198,222	218,044	239,849	263,833	290,217	319,239
Supply (Available Hotel Room Nights)						
Growth Scenario	2018	2019	2020	2021	2022	2023
Pipeline Forecast	355,446	355,460	355,554	355,554	355,554	355,554

Source: STR and Camoin Associates

Based on the supply and demand projections, the projected occupancy rate for hotels in the county would be between 65% and 90%. At these occupancy levels, new hotel development would be feasible. To estimate how many additional available room-nights (supply) would be feasible, it is assumed that the current occupancy rate would be achievable in the future. That is, the market would be expected to continue to add hotel room to the supply until the occupancy rate hit 56%. As shown in the table below, there is potential for an additional supply of 54,800 to 214,500 annual room-nights in the county.

Hotel Room-Night Potential (2023) - Ulster County				
Growth Scenario	Room-Night Demand (2023)	Room-Night Supply (2023)	Projected Area Occupancy (%)	Annual Room-Night Supply Potential
Low (3%)	229,794	355,554	65%	54,792
Medium (6%)	265,266	355,554	75%	118,135
High (10%)	319,239	355,554	90%	214,516

Source: Camoin Associates

Based on an average occupancy rate of 58%, the potential room-nights translate to between 87 new hotel rooms in the low case to 341 rooms in the high scenario. The high scenario seems likely given the current pace of increased interest in and visitation to the county in recent years.

Hotel Room Potential (2023) - Ulster County			
	Low	Med	High
Room-Night Potential (Annual)	54,792	118,135	214,516
Rooms Per Night Average (Daily)	150	324	588
New Rooms Supported (58% occupancy)	87	188	341

Source: Camoin Associates



Market Summary

The Project includes a 32-room boutique hotel with rates around \$180-\$220+ per night per room in peak season. Based on our market research, the boutique hotel is considered “net new” for the following reasons:

Upscale and Luxury lodging is limited in Ulster County.

Of the 16 lodging properties in Ulster County, 3 are considered upscale or luxury. In terms of bed-counts, there are about 200 upscale/luxury rooms, which represents 16% of the total number of rooms in Ulster County (about 1,300 total).

Demand for lodging is increasing faster than projects are coming online.

After a slight dip in 2017, occupancy is trending towards peaking in 2018 at 55.8%. Between 2012 and 2018, growth in demand for hotel rooms outpaced growth in supply. Demand for hotel rooms increased by 46% while supply increased by 27%. According to local business owners and officials interviewed for this project, it is hard to rent a room during the peak season, which is April to September for Ulster County. It is estimated that the market can support up to 341 new hotel rooms in the County.

Downtown, walkable lodging options are absent in the market.

While nearly half of Ulster County’s hotels are in the City of Kingston, they are located at the periphery along major travel corridors. The only rooms for rent in Ulster County that are located downtown walkable neighborhoods, like Uptown Kingston, are those available through Airbnb. Otherwise, you cannot find a hotel room in a downtown setting with walkable access to visitor amenities in the county.

Transportation and Parking Findings

The Project also includes a 420-space parking garage, and at least 250 of the new spaces would be available for public use. As outlined below, the parking garage is considered net-new because of the severe lack of parking infrastructure in the Uptown Kingston commercial district.

The City of Kingston’s downtown area, which is also referred to as “Uptown Kingston” or the “Stockade Business District (SBD)” is a multi-modal transportation hub for the City of Kingston, Ulster County, and the region. In addition to providing connections to several major roadways such as I-87, NYS Route 32 and Route 28, Uptown Kingston includes a bus terminal for Adirondack Trailways and exchanges for Ulster County Area Transit (UCAT) and Kingston Citibus. Regional train service is also easily accessible from Kingston. The Rhinecliff Amtrak station is located directly across the Hudson River and Metro-North commuter rail service is available from Poughkeepsie, approximately 20 miles to the south of Kingston.

In 2009, the Ulster County Transportation Council commissioned a report titled *City of Kingston Uptown Stockade Area Transportation Plan* to address poor access and traffic circulation within Uptown Kingston. This plan concluded that parking utilization was high and that traffic operations were expected to continue to deteriorate. In response, this plan recommended, among other things, that parking enforcement, improved wayfinding to municipal lots, and the implementation of a comprehensive parking management strategy be undertaken. This, in addition to other transportation planning initiatives, has led the City of Kingston and Ulster County to prioritize the development of an intermodal transportation facility and increases to parking capacity.

Currently, parking in Kingston is spread out throughout the city. In Uptown Kingston, nearly 18% of the land is allocated to parking. Within the 47 acres of parking lots in this district, there are three municipal parking lots. The North Front Street lot (both the north and the south sides) houses 128 parking spots.

Although there is a significant amount of land dedicated to parking in this area, there is a shortage of parking within the Uptown Kingston area. While the City has not commissioned a comprehensive parking inventory and demand study, constituent feedback has been noted and has driven many of the parking related goals in the City’s Uptown Stockade Business District Downtown Revitalization Initiative Strategic Investment Plan.⁴

Local businesses and public officials interviewed for this project all noted the significant lack of parking infrastructure in Uptown Kingston. Local shop owners indicated that customers often come in flustered after having circled for a long time, looking for a spot to park their car. Many feel that the stress generated by searching for a parking spot causes many potential customers and visitors avoid to the Uptown area altogether, which means the parking issue is affecting sales and restricting potential growth of local businesses. Parking in the City of Kingston’s municipal lots was free until October 2017, when paid parking through a kiosk system was implemented. Beginning in October 2017, parking in these municipal lots costs 75 cents per hour. In comparison, street meter parking in the City of Kingston was increased from 50 cents per hour to \$1 per hour in June 2017. The city has about 800 metered street parking spots. In addition to paying at the meters, users can pay for parking via the “Whoosh!” app on their smartphones.



Source: *Uptown Stockade Business District Downtown Revitalization Initiative Strategic Investment Plan*

⁴ “City of Kingston Uptown Stockade Business District: New York State Downtown Revitalization Initiative Strategic Investment Plan.” March 2018.

Impact Analysis

Economic Impact Analysis

Construction Impacts

The Developer anticipates that the construction of this project will cost over \$52 million. The developer estimates that 80% of this construction spending would be sourced from within Ulster County. Using this assumption, we can project that there will be over \$41.6 million in net new spending in the County associated with the construction phase.

Construction Phase Spending	
Total Construction Cost	\$52,078,217
Percent Sourced from County	80%
Net New Construction Spending	\$41,662,574

Source: Client, Camoin Associates

Based on \$41.6 million worth of net new direct spending associated with the construction phase of the project, we determined that there would be over \$52 million in total one-time construction related spending supporting 357 jobs over the construction period throughout the County, and \$19 million in one-time construction related earnings.

Economic Impact - Construction Phase			
	Direct	Indirect	Total
Jobs	259	98	357
Earnings	\$ 15,255,022	\$ 3,939,265	\$ 19,194,287
Sales	\$ 41,662,574	\$ 10,985,088	\$ 52,647,662

Source: EMSI, Camoin Associates

See Attachment A for an explanation of "Indirect" and other terms.

Operational Impacts

Net New Households

To determine the annual economic impact of the Project on the County, the first step is to calculate the number of households that can be considered "net new" to the County's economy. In other words, the number of households that, but for the Project, would not exist in Ulster County. With respect to this Project, net new households consist of (1) those currently residing outside of Ulster County who will choose to move to the County because of the Project, and who would otherwise continue to live elsewhere, (2) current residents of Ulster County who will move into the Project and free up other housing in the County, which would be occupied by new County residents.

The new housing units proposed within the Project will be high end. The results of our residential market analysis show that such units will primarily draw tenants from outside the city and county. Therefore, we estimate that 100% of the 131 units would be occupied by households who would be considered "net new" to Ulster County.

Spending by New Tenants

New residents would make purchases in the County, thereby adding new dollars to the Ulster County economy. To understand the amount of spending that will occur, we estimate the average income of net new renters.

To estimate average household income we used the generally accepted budgeting principle that the cost of rent should be no more than a third of a household's income. With rent prices estimated between \$1,500-\$3,000 per month, we can assume that renters will likely have an income between \$60,000 and \$120,000.

Using a spending basket for the region which details household spending in individual consumer categories by income level, we analyzed likely potential renter spending. Given the likely household income for potential renters, we assume that the average renter will fall within the Bureau of Labor Statistics' income bracket of \$70,000 to \$99,999, and will have annual expenditures (excluding housing and utility costs) of \$35,482.

Based on available retail in Ulster County we have assumed that 70% of total expenditures would occur within Ulster County and, therefore, have an impact on the Ulster County economy. The third column in the table below shows the total amount spent in the County per unit.

Tenant Spending Basket			
Market-Rate Units (\$70,000 to \$99,999 Annual Household Income)			
Category	Annual per Unit Spending Basket	Amount Spent in County (70%)	Total Net New County Spending (131 net new units)
Food	\$ 8,385	\$ 5,870	\$ 768,905
Household furnishings and equipment	\$ 2,362	\$ 1,653	\$ 216,595
Apparel and services	\$ 1,981	\$ 1,387	\$ 181,658
Transportation	\$ 10,795	\$ 7,557	\$ 989,902
Health care	\$ 5,639	\$ 3,947	\$ 517,096
Entertainment	\$ 3,466	\$ 2,426	\$ 317,832
Personal care products and services	\$ 836	\$ 585	\$ 76,661
Education	\$ 1,115	\$ 781	\$ 102,246
Miscellaneous	\$ 903	\$ 632	\$ 82,805
Annual Discretionary Spending	\$ 35,482	\$ 24,837	\$ 3,253,699

Source: 2017 Consumer Expenditure Survey, Bureau of Labor Statistics

The total net new spending in the County was calculated by multiplying the amount spent in the County by the number of net new units. As shown in the table above, spending in the County by all new households would total over \$3.2 million per year. We used the above spending basket amounts to calculate the direct, indirect, and total impact of the Project on the County. To do this, we attributed the various spending categories to the NAICS codes found in the table below.

Spending Basket Breakdown by NAICS Code		
NAICS Code	Industry	Spending Basket Category
445110	Supermarkets and Other Grocery (except Convenience) Stores	Food
722511	Full-Service Restaurants	Food
442299	All Other Home Furnishings Stores	Household furnishings and equipment
448140	Family Clothing Stores	Apparel and services
441110	New Car Dealers	Transportation
447110	Gasoline Stations with Convenience Stores	Transportation
811111	General Automotive Repair	Transportation
524114	Direct Health and Medical Insurance Carriers	Health care
622110	General Medical and Surgical Hospitals (Private)	Health care
512131	Motion Picture Theaters	Entertainment
452319	All Other General Merchandise Stores	Entertainment, Personal care products and services, Miscellaneous
	All Other General Merchandise Stores	Personal care products and services
	All Other General Merchandise Stores	Miscellaneous
611310	Colleges, Universities, and Professional Schools	Education

Source: EMSI, Camoin Associates

Using \$3,253,700 as the new sales input, Camoin Associates employed EMSI to determine the indirect and total impacts of the household spending. The following table outlines the findings of this analysis.

Economic Impact - Household Spending			
	Direct	Indirect	Total
Jobs	34	10	44
Earnings	\$ 1,136,472	\$ 432,128	\$ 1,568,600
Sales	\$ 3,253,700	\$ 1,153,059	\$ 4,406,759

Source: EMSI, Camoin Associates

Spending from tenant households will result in a total of 44 net new jobs, over \$1.5 million in earnings, and nearly \$4.5 million in sales in Ulster County, annually.

Impacts of On-site Employment

The Developer plans to hire 13 full-time employees upon completion of this project for the hotel and residential building operations. We estimate that an additional 26⁵ full-time employees will be hired as tenants lease the over 8,000 square feet of additional food service, retail, and other space. Therefore, Camoin Associates projects that 39 full-time workers will be employed on-site once the Project is complete.

⁵ Estimate based on square footage and employment data from the Institute of Transportation Engineers, the U.S. Department of Energy, and the San Diego Association of Governments.

On-Site Employment	
	Jobs
Operations	13
Retail Space	26
Food Service- 6000 sf	18
Retail Space- 2000 sf	4
Other	4
Total	39

Source: Developer, Institute of Transportation Engineers, U.S. Department of Energy, and the San Diego Association of Government

The table below details the impact the 39 new jobs will have on Ulster County in terms of direct, indirect and total impacts on employment and wages.

Annual Economic Impact - Operation and Maintenance			
	Direct	Indirect	Total
Jobs	39	23	62
Earnings	\$ 1,030,125	\$ 786,198	\$ 1,816,323
Sales	\$ 4,419,529	\$ 2,231,425	\$ 6,650,954

Source: EMSI, Camoin Associates

The 39 net new on-site jobs will create 23 additional indirect jobs, resulting in total annual earnings of approximately \$1.8 million and sales over \$6.6 million.

The complete economic impact of both new household spending as well as operation and maintenance of the new mixed-use facility is displayed in the table below.

Combined Annual Economic Impact of Operational Phase			
	Direct	Indirect	Total
Jobs	73	33	106
Earnings	\$ 2,166,596	\$ 1,218,327	\$ 3,384,923
Sales	\$ 7,673,229	\$ 3,384,484	\$ 11,057,713

Source: EMSI, Camoin Associates

The total annual economic impact will include over 100 new jobs with over \$3 million in new earnings and approximately \$11 million in new sales.

Garage-Related Impact

The proposed mixed-use development plans include a garage with 420 parking spaces, at least 250 of which will be for public use. The development would include the property of the North Front Street lot and would expand the amount of public parking that is available while reducing the land acreage that is used for this purpose. As a result of this project, parking capacity in the City of Kingston's downtown area will increase by 292 total spots.

Parking Capacity at Site	
	# of Spots
Current	128
Proposed	420
Public	250
Private	170
Change	292

Garage Operation Impact

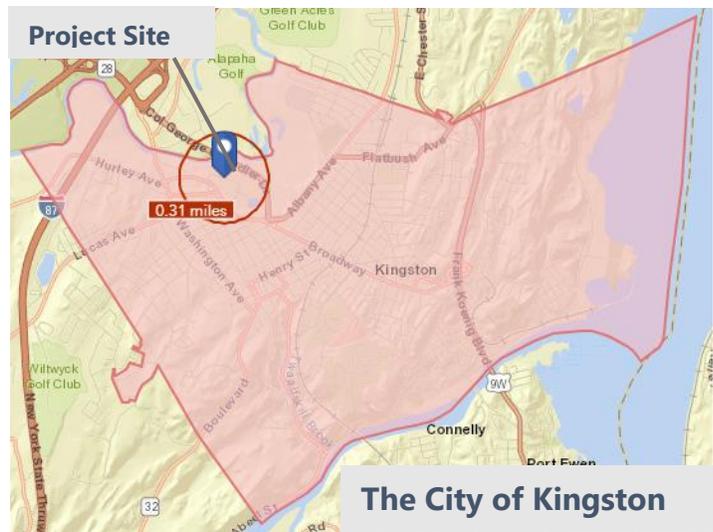
The challenge of finding parking impacts local businesses and economic activity. According to a study by INRIX Parking, 39% of drivers avoid shopping destinations because of the lack of parking. Thus, increasing parking capacity in response to demand will have a positive impact on businesses in the area. To estimate this impact, we analyzed the increase in public spaces and the potential revenue from available spaces. According to the International Parking Institute, one parking space is valued at \$20,000 per year in revenue to local businesses and the local government. This means that a net increase of 122 new public parking spaces could create approximately \$2.4 million in new annual revenue for local businesses.

Annual Business Impact of Parking Garage		
New Public Spaces	Revenue Per Space	Total New Revenue
122	\$20,000	\$2,440,000

Source: International Parking Institute

According to our research, 0.31 miles⁶ is a reasonable estimate of how far people will walk from their place of parking to their shopping destination. Within a radius of 0.31 miles from the site of the proposed parking garage, 2017 total retail sales (retail trade and food and drink) were \$70,571,118⁷. Therefore, the new public parking spaces could create a 3% bump in sales to businesses within this radius.

The approximately \$2.4 million increase in revenue to local businesses as a result of the increase of public parking spaces will have a positive economic impact on Ulster County. This revenue increase will result in the addition of 47 jobs to the County, creating an additional \$3.3 million in annual sales and \$1.2 million in annual earnings.



Source: Esri

⁶ Van der Warden P., et al. "Car Drivers' Characteristics and the Maximum Walking Distance Between Parking Facility and Final Destination." The Journal of Transport and Land Use, 2017.

⁷ Esri

Annual Economic Impact - Garage Operation			
	Direct	Indirect	Total
Jobs	40	7	47
Earnings	\$ 865,996	\$ 313,897	\$ 1,179,892
Sales	\$ 2,440,000	\$ 820,728	\$ 3,260,728

Source: EMSI, Camoin Associates

Additional Garage Impact

In addition to the quantifiable economic impacts on Ulster County of developing a parking garage in the City of Kingston’s downtown area, less tangible benefits are also expected. This is because effective parking garages can serve as the anchors of downtown areas. When located appropriately, garages allow people to use one parking space for multiple trips, which means they can spend more time visiting shops and restaurants and less time trying to find parking. Downtown areas are an ideal location for parking garages when there are a variety of destinations located close to the parking structure. This fits nicely with the existing business environment in Uptown Kingston, as well as with the vision of the proposed mixed-use development. When used in this manner, parking garages will increase foot traffic through downtown areas and help businesses engage new customers and generate sales growth.

Additionally, the consolidation of a number of parking lots into fewer parking garages will further improve the walkability of downtown areas. Less concrete parking lots will increase the aesthetics of a downtown area and reduce the “choppiness” of pedestrian walking routes. Visitors to Uptown Kingston will be even more encouraged to park their car in the central garage and travel on foot between their various destinations. The consolidation of parking area in this way will free up land and unlock the economic development potential of these sites. Per this proposed project, land that will no longer be used for parking will instead support a variety of mixed uses. With the concentration of parking in a single smaller area, space will be freed up for offices, restaurants, stores, parks, and landscaped gathering areas. This creates a stronger sense of community and of place, which encourages people to come back more frequently.

Parking Garage Impact

Case Study: Morristown, NJ

Morristown, NJ constructed a \$10 million, 700 space downtown parking garage in 2000. This catalyzed more than \$60 million in new residential and commercial development in the immediate vicinity over the following five years.

A second \$16 million, 800 space garage was completed in 2008. This supported a new round of residential and commercial development, totaling \$125 million.

Summary of Economic Impacts

Below is a summary of all the economic impacts enumerated in our analysis.

Construction Impacts

We evaluated the one-time economic impacts related to the construction of the various components of the Project.

Economic Impact - Construction Phase			
	Direct	Indirect	Total
Jobs	259	98	357
Earnings	\$ 15,255,022	\$ 3,939,265	\$ 19,194,287
Sales	\$ 41,662,574	\$ 10,985,088	\$ 52,647,662

Source: EMSI, Camoin Associates

As shown above, the construction phase will allow for the creation of 259 direct jobs, over \$15 million in earnings, and \$41.6 million in sales. These direct impacts will cause indirect impacts as the new construction spending circulates in the local economy through business-to-business purchases and as construction workers spend a portion of their earnings locally. Including this indirect impact, we anticipate a total of 357 jobs, over \$19 million in earnings, and \$52.6 million in sales.

Operational Impacts

Based on the net new economic activity occurring in Ulster County as a result of the development, once the Project is built and operating, 106 new permanent jobs will be created as shown below. These jobs, as well as the associated new \$3.4 million of earnings and \$11 million of sales includes economic activity generated by new household spending and the operation of the new businesses.

Annual Economic Impact - Operational Impact			
	Direct	Indirect	Total
Jobs	73	33	106
Earnings	\$ 2,166,596	\$ 1,218,327	\$ 3,384,923
Sales	\$ 7,673,229	\$ 3,384,484	\$ 11,057,713

Source: EMSI, Camoin Associates

Garage-Related Impacts

The addition of a substantial number of new parking spots in uptown Kingston will allow for an increase in development and economic activity in the area. Below is a summary of these garage-related economic impacts.

Annual Economic Impact - Garage Operation			
	Direct	Indirect	Total
Jobs	40	7	47
Earnings	\$ 865,996	\$ 313,897	\$ 1,179,892
Sales	\$ 2,440,000	\$ 820,728	\$ 3,260,728

Source: EMSI, Camoin Associates

Development of the garage will create 47 new permanent jobs for Ulster County, along with \$1.2 million in new earnings and \$3.3 million in new sales.



Combined Impacts

Below is a summary of the one-time and ongoing economic impacts of the Project.

Combined Economic Impact	
Construction Phase Jobs	357
Construction Phase On-Site Jobs	259
Construction Phase Earnings	\$ 19,194,287
Construction Phase On-Site Earnings	\$ 15,255,022
Annual Jobs	153
Direct Jobs	113
Indirect Jobs	40
Annual Earnings	\$ 4,564,815
Direct Earnings	\$ 3,032,592
Indirect Earnings	\$ 1,532,224
Annual Sales	\$ 14,318,441
Direct Sales	\$ 10,113,229
Indirect Sales	\$ 4,205,212

Fiscal Benefits

Construction Impacts

Based on the over \$19.1 million of net new sales related to the construction phase of the Project, Ulster County will generate one-time sales tax revenue of \$134,360.

One-Time County Sales Tax Revenue Construction Phase	
Total New Earnings	\$19,194,287
Amount Spent in Ulster County (70%)	\$ 13,436,001
Amount Taxable (25%)	\$ 3,359,000
County Sales Tax Rate	4.00%
New Ulster County Tax Revenue	\$ 134,360

Source: Ulster County, Camoin Associates

Operational Impacts

Sales Tax Revenue

Sales tax revenue will be generated by the development in two ways: (1) from direct sales associated with the operation and maintenance of the facilities and operations of the businesses, and (2) from the spending generated by the net new households.

Through the operational phase of the residential/hotel mixed use development, we have modeled that approximately \$6.6 million in new sales will result, generating \$1.8 million in earnings. We have assumed that 70% of these earnings will occur within Ulster County, 25% of which will be taxable. At the County's 4% sales tax rate, these new sales will result in \$12,714 in new revenue for Ulster County.

Annual County Sales Tax Revenue Operation and Maintenance	
Total New Earnings	\$ 1,816,323
Amount Spent in Ulster County (70%)	\$ 1,271,426
Amount Taxable (25%)	\$ 317,857
County Sales Tax Rate	4%
New County Tax Revenue	\$ 12,714

Source: Ulster County, Camoin Associates

The 131 net new households will also result in an additional \$4 million of sales in the County. These sales will generate \$30,847 in tax revenue for Ulster County.

Annual County Sales Tax Revenue Household Spending	
Total New Spending	\$ 4,406,759
Amount Spent in Ulster County (70%)	\$ 3,084,731
Amount Taxable (25%)	\$ 771,183
County Sales Tax Rate	4%
New County Tax Revenue	\$ 30,847

Source: Ulster County, Camoin Associates

New Ulster County sales tax revenues resulting from the residential/hotel mixed use development will total over \$74,000.

Annual Sales Tax Revenue Operational Phase	
Building Operation	\$ 43,562
Household Spending	\$ 30,847
New County Tax Revenue	\$ 74,409

Source: Ulster County, Camoin Associates

Occupancy Tax Revenue

Ulster County imposes a 2% occupancy tax, also known as a bed tax, on the occupancy of rooms in a hotel or motel located in the county. Following the year of completion, the new hotel is expected to generate over \$1.2 million in stabilized revenue, annually. Assuming that all of these sales are taxable, new Ulster County annual occupancy tax revenue will equal over \$24,000.

Ulster County Occupancy Tax	
Accommodations Spending	\$1,201,536
Occupancy Tax Rate	2%
Occupancy Tax Revenue	\$ 24,031

Source: Ulster County, Camoin Associates

Property Tax Revenue

We assessed the benefit that increases to taxable assessed values will provide by looking at the County, City and school district property tax levies. For 2018, the total levy of these three taxing jurisdictions was \$63,534,861.

Annual Property Tax Revenue- 2018	
Total County Property Tax Levy	\$ 6,425,944
Total City Property Tax Levy	\$ 18,752,646
Total City School District Property Tax Levy	\$ 38,356,270
Total Property Tax Levy	\$ 63,534,861

Source: City of Kingston, Camoin Associates

The property tax base of a community is directly proportional to the economic activity within the community. Said another way, as economic activity increases within a region, that region's governments have the ability to raise additional revenue against an expanding tax base.⁸

To estimate the additional increase in potential property tax revenue in the County/City/School District that can be attributed to the Project, we determined the ratio of total sales expected to be associated with the development to the Gross Regional Product of Ulster County. The new \$11 million⁹ in sales associated with the development would account for about 0.15% of the County's Gross Regional Product. This is, in effect, the portion of the property tax base that will be available based on the economic activity generated by the development. Applying this ratio to current total property tax levies by the County, City, and School District jurisdictions, we estimate total potential indirect property tax revenues of approximately \$97,321.

Potential Annual Property Tax Revenue Residential/Hotel Development - Indirect	
Total Sales Attributable to Development	\$ 11,057,713
2017 Gross Regional Product	\$ 7,207,814,613
New GRP	\$ 7,218,872,326
Pct. Of GRP Attributable to Development	0.15%
Total Property Tax Levy	\$ 63,534,861
Property Tax Revenue Attributable to Development	\$ 97,321

Source: City of Kingston, Camoin Associates

Total Operational Fiscal Benefits

In total, the various taxing jurisdictions (Ulster County, City of Kingston, City of Kingston School District) will benefit from nearly \$165,000 in sales tax, occupancy tax, and property tax annual revenues attributable to the residential/hotel mixed use development. Note that this does not include any property tax or PILOT payments that the Project itself will make, as those amounts are not yet known.

Annual Fiscal Benefits Operational Impact	
Sales Tax	\$ 43,562
Property Tax	\$ 97,321
Occupancy Tax	\$ 24,031
Total Fiscal Benefits	\$ 164,914

Source: Camoin Associates

⁸ The property tax revenue attributable to development represents the ability to tax without affecting existing tax payers.

⁹ Includes sales from the operation of the facility and sales from new household spending.

Garage-Related Impacts

Sales Tax Revenue

Sales tax revenue will increase as a result of the additional parking capacity created by the development of the garage. We have modeled that the addition of these parking spaces will generate an additional approximately \$3.3 million in sales to local businesses.

Assuming that 25% of new sales are taxable, at the County’s 4% sales tax rate, the increased spending related to the parking garage will result in over \$32,000 in new sales tax revenue for Ulster County.

Annual County Sales Tax Revenue Increased Parking	
Total New Spending	\$ 3,260,728
Amount Taxable (25%)	\$ 815,182
County Sales Tax Rate	4%
New County Tax Revenue	\$ 32,607

Source: Ulster County, Camoin Associates

Property Tax Revenue

Property tax revenue is also expected to increase as a function of the economic activity that the additional parking capacity will generate. Per our market analysis, there is a deficit of public parking in the City of Kingston, and specifically in the Uptown Kingston area. The value of retail and office buildings in an area is affected by the available land area to accommodate parking for customers and building occupants; inadequate parking will prevent building occupants from competing with other businesses in the market area which have adequate parking. A lack of adequate parking can represent up to a 69%¹⁰ loss in a building’s assessed value.

Our research indicates that improving the walkability of an area, such as through creating a central convenient parking space, can lead to anywhere from a 2% to an over 12% increase in property values.¹¹ To estimate this impact on property tax revenues, we modeled a low, medium, and high scenario of 2%, 7%, and 12% property value appreciation. Given the high demand for additional parking in Uptown Kingston, we anticipate that the appreciation in value of properties surrounding the parking garage will be towards the higher end of this spectrum.

The current total taxable assessed value of properties within a 0.31 mile radius¹², or walking distance, of the proposed parking garage is \$94,293,177. Following the development of the parking garage, the taxable assessed value could reasonably be expected to increase to between approximately \$96 million and \$106 million.

Change in Assessed Value			
Current	Low-2%	Medium- 7%	High- 12%
\$ 94,293,177	\$ 96,179,041	\$100,893,699	\$ 105,608,358

Source: Camoin Associates

This change in property values would translate into an increase of between \$101,000 and \$608,000 in new property tax revenue following the development of the Project.

¹⁰ Source: “Loss in Value Due to Inadequate Parking.” Tom Keith & Associates, Inc. Business & Real Estate Appraisers.

¹¹ Sources: “Walking the Walk: How Walkability Raises Home Values in U.S. Cities.” CEOS for Cities, 2009. Leinberger, C.B. “Now Covered: A Walkable, Convenient Place.” The New York Times, 2012. Wiley, J.D. “The Impact of Commercial Development on Surrounding Residential Property Values.” 2015.

¹² Walking radius as established in the Economic Impact Analysis- Parking Garage Impact section.

Total Property Tax Revenue Changes Garage-Related Impact			
	Low	Medium	High
Change in Associated Property Tax Levy	\$ 101,403	\$ 354,910	\$ 608,417

For the purposes of being as conservative as possible, hereafter we assume the low end of the range, or \$101,403, in new annual property tax revenue associated with the development induced by the garage.

Total Garage Fiscal Benefit

Using the most conservative property tax estimates, the various taxing jurisdictions (Ulster County, City of Kingston, City of Kingston School District) will benefit from approximately \$134,010 in sales tax and property tax¹³ revenues attributable to the garage development.

Annual Fiscal Benefits Garage-Related	
Sales Tax	\$ 32,607
Property Tax	\$ 101,403
Total Fiscal Benefits	\$ 134,010

Furthermore, should the City of Kingston instead decide to build and fund the garage independently, there would be an associated cost to taxpayers. It is estimated that in this scenario, annual tax bills for a typical homeowner and a typical small business owner would increase by \$131 and \$457, respectively.

Taxpayer Cost of City of Kingston Building Garage				
	Rate: Homestead*	Rate: Non- Homestead	Homestead**	Non- Homestead***
Tax Estimates- No Garage	36.79	54.63	\$ 7,358	\$ 21,852
Tax Estimate- City Pays for Garage	37.44	55.77	\$ 7,488	\$ 22,309
Difference	0.65	1.14	\$ 131	\$ 457

Source: City of Kingston

*Rate includes school, city, county, lib, and lib debt 2018 tax bills

**\$200,000 taxable assessed value home

***\$400,000 taxable assessed value commercial property

¹³ Property tax revenues used are attributed to the “low” case estimate.

Summary of Fiscal Benefits

Construction Impacts

Based on the over \$19 million of earnings related to the construction phase of the Project Ulster County will generate one-time sales tax revenue of \$134,360 during the construction phase of the project.

One-Time County Sales Tax Revenue Construction Phase	
Total New Earnings	\$19,194,287
Amount Spent in Ulster County (70%)	\$ 13,436,001
Amount Taxable (25%)	\$ 3,359,000
County Sales Tax Rate	4.00%
New Ulster County Tax Revenue	\$ 134,360

Source: Ulster County, Camoin Associates

Operational Impacts

As a result of the net new economic activity generated by this Project, once the Project is built and operating there will be associated fiscal benefits for the City of Kingston, the local school district, and Ulster County in the form of new tax revenue, as shown in the table below.

Annual Fiscal Benefits Operational Impact	
Sales Tax	\$ 43,562
Property Tax	\$ 97,321
Occupancy Tax	\$ 24,031
Total Fiscal Benefits	\$ 164,914

Source: Camoin Associates

Fiscal benefits resulting from this development equal nearly \$165,000 dollars. Additional fiscal benefits in the form of a PILOT will further increase revenues.

Garage-Related Impacts

The development of the parking garage will have additional fiscal benefits, particularly given the positive impact that this piece of the development will have on businesses in the surrounding downtown Kingston area. New tax revenue generated as a result is shown in the table below.

Annual Fiscal Benefits Garage-Related	
Sales Tax	\$ 32,607
Property Tax	\$ 101,403
Total Fiscal Benefits	\$ 134,010

Source: Camoin Associates

Garage-related tax revenues will equal over \$134,000.

Combined Impacts

As shown below, the overall annual fiscal benefit of the Project will be nearly \$300,000. We note here again that these benefits do not include any property tax or PILOT payments the Project itself will make to the affected taxing jurisdictions, as those amounts are not yet known.

Overall Fiscal Benefit	
One-Time Construction Impact	\$ 134,360
Sales Tax	\$ 76,169
Property Tax	\$ 198,724
Occupancy Tax	\$ 24,031
Annual Fiscal Benefits	\$ 298,924

Source: Camoin Associates

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.

Attachment B: Data Sources

Proprietary Data Sources

Economic Modeling Specialists International (EMSI)

To analyze the industrial makeup of a study area, industry data organized by the North American Industrial Classification System (NAICS) is assessed. Camoin Associates subscribes to Economic Modeling Specialists Intl. (EMSI), a proprietary data provider that aggregates economic data from approximately 90 sources. EMSI industry data, in our experience, is more complete than most or perhaps all local data sources (for more information on EMSI, please see www.economicmodeling.com). This is because local data sources typically miss significant employment counts by industry because data on sole proprietorships and contractual employment (i.e. 1099 contractor positions) is not included and because certain employment counts are suppressed from BLS/BEA figures for confidentiality reasons when too few establishments exist within a single NAICS code.

Esri Business Analyst Online (BAO)

ESRI is the leading provider of location-driven market insights. It combines demographic, lifestyle, and spending data with map-based analytics to provide market intelligence for strategic decision-making. ESRI uses proprietary statistical models and data from the U.S. Census Bureau, the U.S. Postal Service, and various other sources to present current conditions and project future trends. Esri data are used by developers to maximize their portfolio, retailers to understand growth opportunities, and by economic developers to attract business that fit their community. For more information, visit www.esri.com.

STR

STR is the source for premium global hotel data benchmarking, analytics, and marketplace insights. Each month, STR collects performance data from over 58,000 hotels representing more than 7.9 million rooms globally. This data is sent to them from chain headquarters, management companies, owners and directly from independent hotels. The data is checked for accuracy and for adherence to their reporting guidelines.

Public Data Sources

American Community Survey (ACS), U.S. Census

The American Community Survey (ACS) is an ongoing statistical survey by the U.S. Census Bureau that gathers demographic and socioeconomic information on age, sex, race, family and relationships, income and benefits, health insurance, education, veteran status, disabilities, commute patterns, and other topics. The survey is mandatory to fill out, but the survey is only sent to a small sample of the population on a rotating basis. The survey is crucial to major planning decisions, like vital services and infrastructure investments, made by municipalities and cities. The questions on the ACS are different than those asked on the decennial census and provide ongoing demographic updates of the nation down to the block group level. For more information on the ACS, visit <http://www.census.gov/programs-surveys/acs/>