

# Westwood Country Club Redevelopment

## Economic and Fiscal Impact

August, 2015



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# Westwood Country Club Redevelopment Economic and Fiscal Impact

August, 2015

**Prepared for:**

Mensch Capital Partners

**Prepared by:**

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Project Director



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# Summary

CGR was engaged by Mensch Capital Partners to estimate the economic and fiscal impact of the proposed Westwood County Club redevelopment in the Town of Amherst, NY. The developer proposes investing over \$238 million to redevelop the site that currently houses the Westwood Country Club.

This report details CGR's estimate of the impact of the proposed project plus a series of alternative site uses, as requested by the Town of Amherst, lead agency under the State Environmental Quality Review Act.

The redevelopment will have a short term impact during the construction phase of the project and an ongoing impact once operational. The impact will vary depending on which plan is selected. This report estimates the fiscal and economic impact of the redevelopment proposed for the Westwood Country Club in Amherst NY. Six plans have been studied and impacts estimated.

Using the project sponsor's preferred plan, we estimate that over the ten years modeled will result in about:

- 1,900 new residents to the Town of Amherst.
- 270 new students in the Williamsville Central School District.
- 2,200 jobs during the construction phase earning \$116 million.
- 320 new jobs once fully operational earning about \$16 million annually.
- \$25 to \$35 million net increase in property tax revenue (depending on the PILOT), consisting of an estimated \$27 million increase in cost offset by a \$52 million to \$63 million increase in revenue.
- \$14 to \$16 million net increase in state and local sales tax revenue.
- \$10 million net increase in NYS income tax revenue.
- \$2 million net increase in county occupancy tax revenue.

The fiscal impact to each of the taxing jurisdictions is summarized in the following tables.

### Town Fiscal Impact over Ten Year Period (dollars in millions)\*

|  | Total<br>Costs | Estimated<br>Revenue | Net<br>Revenue |
|--|----------------|----------------------|----------------|
| Preferred Plan - No PILOT  | \$5.1          | \$11.5               | \$6.4          |
| Condo Ownership Alternative                                      | \$5.1          | \$10.1               | \$5.0          |
| Preferred Plan - PILOT for Office Park                           | \$5.1          | \$10.0               | \$4.9          |
| Condo Ownership Alternative                                      | \$5.1          | \$8.7                | \$3.6          |
| Preferred Plan - PILOT for Office Park and Senior<br>Development | \$5.1          | \$9.5                | \$4.4          |
| Condo Ownership Alternative                                      | \$5.1          | \$8.2                | \$3.1          |
| Alternative 1 - Recreation Conservation Plan                     | \$0.4          | \$1.0                | \$0.6          |
| Alternative 2 - Community Facility Plan                          | \$3.6          | \$6.6                | \$2.9          |
| Alternative 3 - Residential Three Plan                           | \$2.0          | \$5.6                | \$3.6          |
| Condo Ownership Alternative                                      | \$2.0          | \$3.4                | \$1.4          |
| Alternative 4 - Transitional Residential Plan                    | \$3.5          | \$9.8                | \$6.3          |
| Condo Ownership Alternative                                      | \$3.5          | \$8.0                | \$4.5          |
| Alternative 5 - General Business Plan                            | \$3.5          | \$8.2                | \$4.7          |
| Alternative 6 - Office Building Plan                             | \$3.1          | \$15.3               | \$12.2         |

\* Summed over 10 years. Future years discounted at 2%

### County Fiscal Impact over Ten Year Period (dollars in millions)\*

|  | Total<br>Costs | Estimated<br>Revenue | Net<br>Revenue |
|--|----------------|----------------------|----------------|
| Preferred Plan - No PILOT  | \$1.9          | \$11.0               | \$9.1          |
| Condo Ownership Alternative                                      | \$1.9          | \$9.7                | \$7.8          |
| Preferred Plan - PILOT for Office Park                           | \$1.9          | \$9.6                | \$7.8          |
| Condo Ownership Alternative                                      | \$1.9          | \$8.3                | \$6.4          |
| Preferred Plan - PILOT for Office Park and Senior<br>Development | \$1.9          | \$9.1                | \$7.3          |
| Condo Ownership Alternative                                      | \$1.9          | \$7.8                | \$5.9          |
| Alternative 1 - Recreation Conservation Plan                     | \$0.1          | \$0.9                | \$0.8          |
| Alternative 2 - Community Facility Plan                          | \$1.2          | \$6.2                | \$5.0          |
| Alternative 3 - Residential Three Plan                           | \$0.8          | \$5.3                | \$4.6          |
| Condo Ownership Alternative                                      | \$0.8          | \$3.2                | \$2.5          |
| Alternative 4 - Transitional Residential Plan                    | \$1.6          | \$9.4                | \$7.8          |
| Condo Ownership Alternative                                      | \$1.6          | \$7.7                | \$6.1          |
| Alternative 5 - General Business Plan                            | \$1.5          | \$7.8                | \$6.4          |
| Alternative 6 - Office Building Plan                             | \$0.7          | \$14.9               | \$14.2         |

\* Summed over 10 years. Future years discounted at 2%

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**School District Fiscal Impact over Ten Year Period (dollars in millions)\***

|  | Total<br>Costs | Estimated<br>Revenue | Net<br>Revenue |
|--|----------------|----------------------|----------------|
| Preferred Plan - No PILOT  | \$20.2         | \$40.1               | \$19.9         |
| Condo Ownership Alternative                                      | \$20.2         | \$35.3               | \$15.1         |
| Preferred Plan - PILOT for Office Park                           | \$20.2         | \$35.1               | \$14.9         |
| Condo Ownership Alternative                                      | \$20.2         | \$30.3               | \$10.1         |
| Preferred Plan - PILOT for Office Park and Senior<br>Development | \$20.2         | \$33.3               | \$13.1         |
| Condo Ownership Alternative                                      | \$20.2         | \$28.5               | \$8.3          |
| Alternative 1 - Recreation Conservation Plan                     | \$0.0          | \$3.4                | \$3.4          |
| Alternative 2 - Community Facility Plan                          | \$0.0          | \$22.4               | \$22.4         |
| Alternative 3 - Residential Three Plan                           | \$16.7         | \$19.6               | \$2.9          |
| Condo Ownership Alternative                                      | \$16.7         | \$12.0               | -\$4.7         |
| Alternative 4 - Transitional Residential Plan                    | \$24.2         | \$34.4               | \$10.2         |
| Condo Ownership Alternative                                      | \$24.2         | \$28.2               | \$4.1          |
| Alternative 5 - General Business Plan                            | \$9.0          | \$28.4               | \$19.4         |
| Alternative 6 - Office Building Plan                             | \$0.0          | \$52.8               | \$52.8         |

\* Summed over 10 years. Future years discounted at 2%

## Acknowledgements

CGR would like to thank Brad Packard, Director of Development & Planning at Ciminelli Real Estate Corporation for providing information used in this report. We received additional information from the Town of Amherst Planning and Police departments and the Snyder Fire Department.

## Staff Team

Principal project support was provided by Mike Silva, Data Analyst. Mr. Silva handled draft reporting, data entry, primary analysis and provided methodological support.

Paul Bishop, Associate Principal, conducted interviews and performed analysis pertaining to anticipated police, fire and emergency medical service impacts.

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# Introduction

CGR was engaged by Mensch Capital Partners to estimate the change in costs and/or service demands plus revenue resulting from the land use changes anticipated in either the partners' preferred plan or the alternatives posed by the Town of Amherst.

Changing the Westwood site from a golf course to a residential/commercial site will change the number of residents and businesses. It is reasonable to expect changes in the costs of community services as a result of this development.

## Development Profiles

The proposed development will be at the site of the Westwood Country Club in Amherst, NY, a town northeast of Buffalo, NY. The development will transform the golf course into the following mix of residential and commercial space.

### Preferred Plan

1. **Mixed-Use Town Center Development (58.9 acres)** – This portion of the project is meant to serve as the commercial core of the site with primary access to Sheridan Drive.
2. **Mixed Use Town Center (22.2 acres- 352 residential units, 115,000 sq. ft. neighborhood business/office space)** – This site is planned to feature approximately 115,000 sq. ft. of neighborhood business and office space within the first floor of mixed use buildings focused around the central plaza and hotel space. The buildings in this space will consist of 2 and 3 story structures that include upper story residential development totaling 352 units.
3. **Lake Edge Townhome Development (4.8 acres, 37 units total)** – This site is planned to have 37 townhome units developed along the central Westwood Lake and adjacent to the Town Center.
4. **Office Development (15.2 acres)** – This project component will be directly adjacent to Sheridan Drive, offering the most direct access to interstate options within close proximity to the site. This area is planned to contain 2-story medical and professional office buildings with approximately 200,000 total square feet of available space.
5. **River Edge Townhome Development (11.6 acres)** – This portion of the project will feature 56 rental townhome units in close proximity to the historic clubhouse that will provide both indoor and outdoor opportunities for public events and gatherings.

6. **Clubhouse/Public Event Space (3.6 acres)** – The existing Country Club features a historic clubhouse facility that will serve as a space for community events and banquets. Directly adjacent to the clubhouse will be a public gathering space and open green approximately 1.2 acres in size for outdoor events.
7. **Hotel Development (1.5 acre site, 130 rooms)** – The project will feature a 4-story 130 room hotel designed to be central to the Town Center development.
8. **Single Family Residential Subdivision (46 acres, 160 lots)** – This subdivision is planned to include a mix of 113 patio home lots and 47 conventional single family lots to be serviced via new private roads that will be accessed off of the primary public right of way through the center of the development
9. **Condominium Townhome Development (27.6 acres)** – This portion of the project is intended to be developed adjacent to the single family subdivision and will feature 84 townhome units with a community center that can be accessed by both the single family subdivision and townhome residents.
10. **Creekside Conservation/Recreation Area (21.6 acres)** – This portion of the project will serve as the primary recreational opportunity for residents and adjacent neighbors. The park will include the Westwood Lake and Ellicott Creek corridor as significant natural features and will have a trail network extended and connected throughout the Westwood community.
11. **Senior Living Development (15 acres)** – This project component will feature a 200 room assisted living facility. In addition, the building will also contain 96 independent living apartment units, connected via building corridors to the central community services offered within the assisted living facility.

In addition to the proposed development we modeled the impact of some alternative land uses summarized below:

### **Alternative 1 – Recreation Conservation (“RC”) Plan**

1. **Nine Hole Golf Course and Clubhouse** – Retaining part of the existing country club.
2. **Indoor Recreation Center** – ninety thousand square foot privately owned recreation center.
3. **Church** – one hundred and thirty-seven thousand square foot church.

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## Alternative 2 – Community Facility (“CF”) Plan

4. **Senior Apartments** – 340 apartment units. 100 will be one bedroom and 240 will be two bedroom units, with a monthly rent of \$995 and \$1,200 respectively.
5. **Senior Living Development** – 575 room assisted living facility. In addition, there will be 262 independent living apartment units.
6. **Cemetery** – 17.5 acre cemetery.

## Alternative 3 – Residential Three (“R-3”) Plan

1. **Patio Home Subdivision** –185 two thousand square foot homes with a median price around \$250K.
2. **Single Family Home Subdivision** – 135 twenty-eight hundred square foot homes with a median price of \$325K.

## Alternative 4 – Transitional Residential (“TND”) Plan

1. **Mixed Use Town Center** – ninety-eight thousand square feet of neighborhood business and office space and 366 two bedroom residential units.
2. **Lake Edge Townhome Development** – 51 townhome units with a monthly rent around \$1,680.
3. **Office Development** – A little more than one hundred twenty thousand square feet of space.
4. **River Edge Townhome Development** – 56 rental townhome with a monthly rent around \$1,680.
5. **Hotel Development** – A 4-story 130 room hotel.
6. **Single Family Residential Subdivision** – This subdivision is planned to include a mix of 150 patio home lots and 47 conventional single family lots.
7. **Condominium Townhome Development** – 114 townhome units with a median sale price around \$180K.

## Alternative 5 – General Business (“GB”) Plan

1. **Multi-Family Town Home Development** – 252 units in total, half of which are two bedroom units and half three bedroom units. Monthly rent is \$1,680 and \$1,980 respectively.

2. **Student Housing** – 145 studio units, 145 one bedroom units and 150 two bedroom units. Monthly rent is \$990, \$1,650 and \$2,800 respectively.
3. **Retail Plaza/Out Parcels** – 435,000 square feet of commercial space divided primarily between retail, food service, and other commercial uses.

## Alternative 6 – Office Building (“OB”) Plan

Office Park Development – 1,212,500 square feet of office space.

## Condominium Ownership Alternative

CGR was asked to model a condominium ownership alternative. The patio home, town home and single family home subdivisions at the Westwood site might be developed as condominiums. NYS Real Property Law dictates that condominiums be assessed for real property purposes on the basis of income, not market value. CGR used the estimates prepared by Real Property Services, Inc. in a report provided by Mensch Capital Partners dated July 21, 2015.

This condominium ownership alternative impacts the modeling of the preferred, residential three and transitional residential plans. The assessed value of the condominiums is typically lower than market value assessment. All other assumptions (i.e. number of housing units, residential population estimates, etc.) are unchanged.

# Residential Population

## Housing Units

We estimated the population change by starting with the number of new housing units. These data were provided to us by Mensch Capital Partners. The following table summarizes the number of housing units under each of the plans:

## New Housing Units

|  | Total        | Rental Units by<br>Number of Bedrooms |            |            |            | Homes by Value<br>(\$1,000's) |            |            |
|--|--------------|---------------------------------------|------------|------------|------------|-------------------------------|------------|------------|
|  |              | 1*                                    | 2          | 3          | 4          | \$262                         | \$325      | \$415      |
| <b>Preferred Plan</b>                                | <b>985</b>   | <b>248</b>                            | <b>493</b> | <b>0</b>   | <b>0</b>   | <b>84</b>                     | <b>113</b> | <b>47</b>  |
| Mixed-Use Town Center                                | 445          |                                       | 445        |            |            |                               |            |            |
| Mixed-Use Apartments (2 BR)                          | 352          |                                       | 352        |            |            |                               |            |            |
| River's Edge Townhomes                               | 56           |                                       | 56         |            |            |                               |            |            |
| Lake Edge Townhomes                                  | 37           |                                       | 37         |            |            |                               |            |            |
| Single Family Residential Subdivision                | 160          |                                       |            |            |            |                               | 113        | 47         |
| Patio Home Lots                                      | 113          |                                       |            |            |            |                               | 113        |            |
| Conventional Single Family Home Lots                 | 47           |                                       |            |            |            |                               |            | 47         |
| Condominium Townhome Development                     | 84           |                                       |            |            |            | 84                            |            |            |
| Senior Living Development                            | 296          | 248                                   | 48         |            |            |                               |            |            |
| <b>Alternative 1 - Recreation Conservation Plan</b>  | <b>0</b>     | <b>0</b>                              | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>                      | <b>0</b>   | <b>0</b>   |
| <b>Alternative 2 - Community Facility Plan</b>       | <b>1,177</b> | <b>806</b>                            | <b>371</b> | <b>0</b>   | <b>0</b>   | <b>0</b>                      | <b>0</b>   | <b>0</b>   |
| Senior Apartments                                    | 340          | 100                                   | 240        |            |            |                               |            |            |
| Senior Living Development                            | 837          | 706                                   | 131        |            |            |                               |            |            |
| <b>Alternative 3 - Residential Three Plan</b>        | <b>320</b>   | <b>0</b>                              | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>                      | <b>185</b> | <b>135</b> |
| Patio Home Subdivision                               | 185          |                                       |            |            |            |                               | 185        |            |
| Single Family Home Subdivision                       | 135          |                                       |            |            |            |                               |            | 135        |
| <b>Alternative 4 - Transitional Residential Plan</b> | <b>784</b>   | <b>0</b>                              | <b>473</b> | <b>0</b>   | <b>0</b>   | <b>114</b>                    | <b>150</b> | <b>47</b>  |
| Mixed-Use Town Center                                | 473          |                                       | 473        |            |            |                               |            |            |
| Mixed-Use Apartments (2 BR)                          | 366          |                                       | 366        |            |            |                               |            |            |
| River's Edge Townhomes                               | 56           |                                       | 56         |            |            |                               |            |            |
| Lake Edge Townhomes                                  | 51           |                                       | 51         |            |            |                               |            |            |
| Single Family Residential Subdivision                | 197          |                                       |            |            |            |                               | 150        | 47         |
| Patio Home Lots                                      | 150          |                                       |            |            |            |                               | 150        |            |
| Conventional Single Family Home Lots                 | 47           |                                       |            |            |            |                               |            | 47         |
| Condominium Townhome Development                     | 114          |                                       |            |            |            | 114                           |            |            |
| <b>Alternative 5 - General Business Plan</b>         | <b>692</b>   | <b>145</b>                            | <b>271</b> | <b>126</b> | <b>150</b> | <b>0</b>                      | <b>0</b>   | <b>0</b>   |
| Multi-Family Town Home Development                   | 252          |                                       | 126        | 126        |            |                               |            |            |
| Student Housing                                      | 440          | 145                                   | 145        |            | 150        |                               |            |            |
| <b>Alternative 6 - Office Building Plan</b>          | <b>0</b>     | <b>0</b>                              | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>                      | <b>0</b>   | <b>0</b>   |

Note: \* Includes studios and assisted living facility units

Monthly rent for a one bedroom or studio unit are just under \$1,000 and the two bedroom apartments range from \$1,120 to \$1,680.

## Households

From these data we estimated the number of new households. We assume only one household will live in a housing unit and that once a housing unit is built it will be fully occupied. Thus the number of new households is equal to the number of new housing units.

The only exception to this assumption is the case of the senior living center. We assume that senior living center housing units will maintain a 95% occupancy rate.

## Population

We employed census data to estimate the number of people per household. This was done using the most recent Public Release Microdata Survey (PUMS) data for the American Community Survey (ACS) for the Buffalo-Niagara Falls Metropolitan Statistical Area.

Using the PUMS data we estimated the number of persons per household and the number of school-aged children per household. The PUMS data allowed us to break this out by housing characteristics (number of rooms for rental housing and the home value for owner occupied homes). The following table details the ratios:

### Census Bureau Population Demographics

| Housing Type                | Persons | School Aged Children |
|-----------------------------|---------|----------------------|
| <b>Renter Occupied Home</b> |         |                      |
| 2 Bedroom Unit              | 1.8     | 0.2                  |
| 3 Bedroom Unit              | 2.7     | 0.7                  |
| 4 Bedroom Unit              | 3.7     | 1.2                  |
| <b>Owner Occupied Home</b>  |         |                      |
| \$250,000 - \$299,999       | 3.2     | 0.7                  |
| \$300,000 - \$399,999       | 3.3     | 0.7                  |
| \$400,000 - \$499,999       | 3.2     | 0.7                  |

Source: Census Bureau 2007-11 PUMS (Buffalo MSA)

We applied the above ratios to the number of households we estimated to get the change in residents. In the case where there were one room units (senior living development) we assumed one person.

## School Age Children

To estimate the impact on the school district, we applied the average number of school aged children per housing unit as reported to the American Community Survey for the Buffalo Metro, based on the type of housing contemplated for the development.

The proposed plan would result in the following increase in a total of 689 housing units that potentially would have school age children. The following table summarizes the estimated number of children based on the Buffalo MSA PUMS assumptions detailed in the preceding table.

### Estimated School Age Children

|   | Housing Units | School Age Children |
|---|---------------|---------------------|
| <b>Renter Occupied Housing (all 2 BR dwellings)</b> |               |                     |
| 2 Bedroom   | 445           | 101                 |
| <b>Owner Occupied Housing</b>                       |               |                     |
| \$250,000 - \$299,999                               | 84            | 57                  |
| \$300,000 - \$399,999                               | 113           | 81                  |
| \$400,000 - \$499,999                               | 47            | 31                  |
| <b>Total</b>  | <b>689</b>    | <b>271</b>          |

Source: Census Bureau 2007-11 PUMS (Buffalo MSA)

This is one of the most important assumptions in the study. These estimates, combined with information on excess capacity in the school district (based on information provided by the district to the project sponsors) suggest that the development will not absorb the district's excess capacity and force the construction of a new building. It may require a change in attendance boundaries for individual schools, but this is a periodic need confronted by most school districts. While one-time costs may be incurred, redistricting does not generally cause a change in the ongoing per pupil cost of public education.

## Demographic Estimates

Combining the parameters of the project with parameters and estimates discussed above, we have developed estimates of the demographic impact of the preferred project and alternatives. See table below.

## Population Assumptions and Estimates

(Note: Despite the apparent precision of these figures, these are only estimates and should be treated accordingly)

|  | Households   | People per Household | New Residents | New Children |
|--|--------------|----------------------|---------------|--------------|
| <b>Preferred Plan</b>                                | <b>970</b>   | <b>N/A</b>           | <b>1,928</b>  | <b>271</b>   |
| Mixed-Use Town Center                                | 445          | N/A                  | 821           | 101          |
| <i>Mixed-Use Apartments (2 BR)</i>                   | 352          | 1.8                  | 649           | 80           |
| <i>River's Edge Townhomes</i>                        | 56           | 1.8                  | 103           | 13           |
| <i>Lake Edge Townhomes</i>                           | 37           | 1.8                  | 68            | 8            |
| Single Family Residential Subdivision                | 160          | N/A                  | 523           | 113          |
| <i>Patio Home Lots</i>                               | 113          | 3.3                  | 371           | 81           |
| <i>Conventional Single Family Home Lots</i>          | 47           | 3.2                  | 152           | 31           |
| Condominium Townhome Development                     | 84           | 3.2                  | 265           | 57           |
| Senior Living Development*                           | 281          | N/A                  | 320           | N/A          |
| <b>Alternative 1 - Recreation Conservation Plan</b>  | <b>0</b>     | <b>N/A</b>           | <b>0</b>      | <b>0</b>     |
| <b>Alternative 2 - Community Facility Plan</b>       | <b>1,135</b> | <b>N/A</b>           | <b>1,240</b>  | <b>0</b>     |
| Senior Apartments                                    | 340          | N/A                  | 340           | N/A          |
| Senior Living Development**                          | 795          | N/A                  | 900           | N/A          |
| <b>Alternative 3 - Residential Three Plan</b>        | <b>320</b>   | <b>N/A</b>           | <b>1,043</b>  | <b>223</b>   |
| Patio Home Subdivision                               | 185          | 3.3                  | 607           | 133          |
| Single Family Home Subdivision                       | 135          | 3.2                  | 436           | 90           |
| <b>Alternative 4 - Transitional Residential Plan</b> | <b>784</b>   | <b>N/A</b>           | <b>1,876</b>  | <b>324</b>   |
| Mixed-Use Town Center                                | 473          | N/A                  | 872           | 108          |
| <i>Mixed-Use Apartments (2 BR)</i>                   | 366          | 1.8                  | 675           | 83           |
| <i>River's Edge Townhomes</i>                        | 56           | 1.8                  | 103           | 13           |
| <i>Lake Edge Townhomes</i>                           | 51           | 1.8                  | 94            | 12           |
| Single Family Residential Subdivision                | 197          | N/A                  | 644           | 139          |
| <i>Patio Home Lots</i>                               | 150          | 3.3                  | 492           | 108          |
| <i>Conventional Single Family Home Lots</i>          | 47           | 3.2                  | 152           | 31           |
| Condominium Townhome Development                     | 114          | 3.2                  | 360           | 77           |
| <b>Alternative 5 - General Business Plan</b>         | <b>692</b>   | <b>N/A</b>           | <b>1,546</b>  | <b>121</b>   |
| Multi-Family Town Home Development                   | 252          | Multiple             | 579           | 121          |
| Student Housing                                      | 440          | Multiple             | 967           | N/A          |
| <b>Alternative 6 - Office Building Plan</b>          | <b>0</b>     | <b>N/A</b>           | <b>0</b>      | <b>0</b>     |

Note: \* The senior living development has 296 housing units but we estimated 277 household due to an assumed 95% occupancy rate. \*\* The senior living development has 837 housing units but we estimated 795 household due to the 95% occupancy rate. We assumed 100% occupancy rates for all other housing units.



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## Economic Impact

CGR was asked to model the economic impact of the preferred plan. The impact of this proposed development can be broken down into two parts. The first part is the construction phase. During the construction phase \$238 million will be invested in the site. This will be spent on labor and materials. It will provide temporary construction jobs and paychecks to the workers. The state will collect income tax, and there will be sales tax generated on the material spending. This impact will be temporary in nature, but will be substantial.

Once the site is fully operational, the development will create jobs and deliver paychecks to the workers, about one quarter of whom are assumed to be new to the region. There will be an increase in income tax, sales tax, occupancy tax and property tax revenues for local and state governments. There will also be an increase in government services demand, which will result in an increase in the costs for providing government services.

This report details these economic and fiscal impacts. CGR focuses on the Buffalo metropolitan area (Erie and Niagara counties) as the level of analysis in determining the economic impact. Throughout the report any reference to “the region” makes reference to the Buffalo metropolitan area. New York State is the level of analysis for estimation of the income and sales tax impact.

CGR used IMPLAN, a regional input-output modeling system, for estimating the spillover economic impact. IMPLAN is widely acknowledged to be a credible tool for estimating spillover economic activity. The IMPLAN database, created by MIG, Inc., consists of two major parts: 1) a national-level technology matrix and 2) estimates of sectorial activity for final demand, final payments, industry output and employment for each county in the U.S. along with state and national totals. Data are updated annually. IMPLAN estimates the direct, indirect and induced impacts of economic change through the use of multipliers, and estimates the impact of an increase in demand in a particular sector on 440 different industries/sectors of the local economy.

## Construction Phase Impact

During the construction phase there will be a substantial but temporary impact on the economy. The following table summarizes the economic impact during the construction phase:

## Temporary Construction Impact (dollars in millions)

|              | Direct | Spillover | Total   |
|--------------|--------|-----------|---------|
| Employment   | 1,600  | 700       | 2,200   |
| Labor Income | \$81.6 | \$34.1    | \$115.8 |

The project's construction spending will support about 1,600 yearlong FTE construction jobs. Spending by their suppliers will support an additional 700 jobs for a total impact of 2,200 jobs.

This project will result in an estimated \$116 million of income for workers. The construction workers themselves will be paid about \$82 million dollars in total. The spillover payroll sums to about \$34 million for the 700 workers.

## Operational Phase Impact

### Commercial Square Footage

After construction the amount of space available for businesses in the Town of Amherst will increase by the following amounts:

### New Commercial Square Footage

|  | Square Feet      |
|--|------------------|
| <b>Preferred Plan</b>                                | <b>537,200</b>   |
| Mixed-Use Town Center                                | 115,000          |
| Office Park  | 200,000          |
| Hotel  | 66,400           |
| Senior Living Center*                                | 155,800          |
| <b>Alternative 1 - Recreation Conservation Plan</b>  | <b>227,000</b>   |
| <b>Alternative 2 - Community Facility Plan</b>       | <b>N/A</b>       |
| <b>Alternative 3 - Residential Three Plan</b>        | <b>N/A</b>       |
| <b>Alternative 4 - Transitional Residential Plan</b> | <b>285,100</b>   |
| Mixed-Use Town Center                                | 98,000           |
| Office Park  | 120,700          |
| Hotel  | 66,400           |
| <b>Alternative 5 - General Business Plan</b>         | <b>435,000</b>   |
| Retail Plaza/Out Parcels                             | 435,000          |
| <b>Alternative 6 - Office Building Plan</b>          | <b>1,212,500</b> |
| Office Park  | 1,212,500        |

\* Note: 155,800 sq. ft. of Preferred Plan total New Commercial Square Footage is assigned to the assisted living housing units within the Senior Living Center

The cost of community services explained later in this report will draw upon these figures in estimating the costs for the new businesses.

## Employment

Employment estimates were supplied to CGR by the project sponsor for the senior living development and hotel. Employment for all other components were estimated applying average square footage per worker ratios developed by the U.S. Department of Energy's Commercial Buildings Energy Consumption Survey. The following table summarizes the square footage, the square footage per worker ratio and the estimated employment:

### Workers Estimated by Square Footage by Use

|              | Square Footage | Square Foot per Worker | Estimated Workers |
|--------------|----------------|------------------------|-------------------|
| <b>Total</b> | <b>537,200</b> | <b>N/A</b>             | <b>716</b>        |
| Food Sales   | 5,800          | 877                    | 7                 |
| Food Service | 17,300         | 528                    | 33                |
| Retail       | 46,000         | 1,246                  | 37                |
| Office       | 223,000        | 434                    | 514               |
| Service      | 23,000         | 1,105                  | 21                |
| Hotel*       | 66,400         | N/A                    | 32                |
| Senior Care* | 155,800        | N/A                    | 73                |

Source: U.S. Department of Energy and Mensch Capital Partners

Note: \*Estimate of direct employment was supplied by Mensch

We assumed that 25% of these jobs would be new to the region and 75% would be relocation from somewhere else in the region. We stress that this is a key assumption applied in this analysis. If the development serves as a catalyst for an expansion in regional economic activity and brings a larger proportion of new activity, the impacts will be greater. To the extent that the development simply displaces economic activity already taking place in the metro area, these impacts will be much smaller. The fiscal impacts for the Town of Amherst are more easily predicted, however, and are very likely to occur. The following table summarizes what the impact will be on an annual basis.

### Annual Permanent Impact (dollars in millions)

|              | Direct | Spillover | Total  |
|--------------|--------|-----------|--------|
| Employment   | 180    | 140       | 320    |
| Labor Income | \$9.8  | \$6.0     | \$15.9 |

Of the 700 jobs that are expected to be located on the Westwood project site, we are assuming that about 180 are new to the region. The spending by these companies

and their employees will spur on an additional 140 jobs in the local economy for a total impact of approximately 320 additional jobs.

Each year employees working at the site will earn in total around \$10 million. After adding in the spillover income of \$6 million, the region could expect an additional \$16 million in income each year.

## Fiscal Impact

### Revenue

#### Property Tax

We were asked to present property tax estimates for the preferred plan and alternatives. We were also asked to model two additional scenarios for the preferred plan: one where a PILOT agreement is applied to the office park component of the development; and one where the PILOT agreement is applied to both the office park plus the senior living development components of the development.

#### Assessed Value

The property tax revenue impact is driven by the expected taxable assessed value of the property after development.

We have adopted different assumptions for residential and nonresidential properties. The assessed values of the homes are assumed to be equal to their sale prices. For the nonresidential portions of the development, we used their construction costs to represent the assessment.

Since part of the recreation conservation alternative retains part of the current golf course we assumed two-thirds of the current assessed value to represent the assessed value of the smaller golf course.

For the condominium ownership alternative CGR drew upon the work of Donald A. Griebner, President of Real Property Services, LLC. Mr. Griebner was engaged by Mensch Capital Partners to estimate the assessment and taxation of the residential condominiums. The following table summarizes his conclusions:

#### Condominium Ownership Alternative Assessed Value Assumptions

|                                 | Income Approach | Market Value |
|---------------------------------|-----------------|--------------|
| Patio Home Units                | \$200,000       | \$325,000    |
| Single Family "Large Lot" Units | \$255,000       | \$415,000    |
| Condominium Townhome Units      | \$167,000       | \$262,000    |

CGR used these assessment assumptions in lieu of the sale price of the homes for the assessed value in the condominium alternative.

Ultimately the Town Assessor would determine these values, of course. Our approach permits some estimate of fiscal impact in advance of the detailed work of the assessor. The following table summarizes our findings:

### Estimated Assessed Value (dollars in millions)

|   |         |
|---|---------|
| Currently                                     | \$2.5   |
| Preferred Plan                                | \$239.9 |
| Condo Ownership Alternative                   | \$210.3 |
| Alternative 1 - Recreation Conservation Plan  | \$22.2  |
| Alternative 2 - Community Facility Plan       | \$135.8 |
| Alternative 3 - Residential Three Plan        | \$116.2 |
| Condo Ownership Alternative                   | \$71.4  |
| Alternative 4 - Transitional Residential Plan | \$203.8 |
| Condo Ownership Alternative                   | \$166.7 |
| Alternative 5 - General Business Plan         | \$170.4 |
| Alternative 6 - Office Building Plan          | \$327.4 |

### Estimated Property Taxes

The Westwood property owners are currently paying property tax. After development and the resulting increase in the assessed value, the amount that will come in to all taxing jurisdictions will increase. We use the taxable assessed values described above along with the tax rates that were developed as part of the cost of community service to estimate how much revenue would come in. The following tables present the increase property tax revenue that can be expected after the development:

### Annual Property Tax Revenues (dollars in millions)

|   | Town of Amherst | Williamsville School District | Erie County | Total |
|---|-----------------|-------------------------------|-------------|-------|
| Preferred Plan                                | \$1.3           | \$4.4                         | \$1.2       | \$6.8 |
| Condo Ownership Alternative                   | \$1.1           | \$3.8                         | \$1.1       | \$6.0 |
| Alternative 1 - Recreation Conservation Plan  | \$0.1           | \$0.4                         | \$0.1       | \$0.6 |
| Alternative 2 - Community Facility Plan       | \$0.7           | \$2.4                         | \$0.7       | \$3.8 |
| Alternative 3 - Residential Three Plan        | \$0.6           | \$2.1                         | \$0.6       | \$3.3 |
| Condo Ownership Alternative                   | \$0.4           | \$1.3                         | \$0.4       | \$2.0 |
| Alternative 4 - Transitional Residential Plan | \$1.1           | \$3.7                         | \$1.0       | \$5.8 |
| Condo Ownership Alternative                   | \$0.9           | \$3.1                         | \$0.8       | \$4.8 |
| Alternative 5 - General Business Plan         | \$0.9           | \$3.1                         | \$0.9       | \$4.8 |
| Alternative 6 - Office Building Plan          | \$1.7           | \$5.8                         | \$1.6       | \$9.1 |

## Property Tax Revenues over Ten Year Period (dollars in millions)\*

|   | Town of Amherst | Williamsville School District | Erie County | Total  |
|---|-----------------|-------------------------------|-------------|--------|
| Preferred Plan                                | \$11.5          | \$40.1                        | \$11.0      | \$62.6 |
| Condo Ownership Alternative                   | \$10.1          | \$35.3                        | \$9.7       | \$55.0 |
| Alternative 1 - Recreation Conservation Plan  | \$1.0           | \$3.4                         | \$0.9       | \$5.3  |
| Alternative 2 - Community Facility Plan       | \$6.6           | \$22.4                        | \$6.2       | \$35.2 |
| Alternative 3 - Residential Three Plan        | \$5.6           | \$19.6                        | \$5.3       | \$30.5 |
| Condo Ownership Alternative                   | \$3.4           | \$12.0                        | \$3.2       | \$18.6 |
| Alternative 4 - Transitional Residential Plan | \$9.8           | \$34.4                        | \$9.4       | \$53.5 |
| Condo Ownership Alternative                   | \$8.0           | \$28.2                        | \$7.7       | \$43.9 |
| Alternative 5 - General Business Plan         | \$8.2           | \$28.4                        | \$7.8       | \$44.4 |
| Alternative 6 - Office Building Plan          | \$15.3          | \$52.8                        | \$14.9      | \$83.0 |

\* Summed over 10 years. Future years discounted at 2%

## PILOT Calculations

CGR estimated PILOT revenue for the preferred plan under two scenarios: one where the PILOT is only granted for the office park and another where it is on the office park and elder care components. We used the Amherst IDA's ten year real property tax abatement for general office, multi-tenant facilities, facilities for the aging and commercial (office) projects in our estimation process. The abatement rates and revenue projections are summarized in the tables below:

## Amherst IDA Abatement Policy

| Project Tax Year | Tax on Value-Added Portion of the Assessed Valuation |
|------------------|--|
| 1                | 20%  |
| 2                | 25%  |
| 3                | 30%  |
| 4                | 35%  |
| 5                | 40%  |
| 6                | 45%  |
| 7                | 50%  |
| 8                | 55%  |
| 9                | 60%  |
| 10               | 60%  |

## Property Tax Revenues with PILOTS on Preferred Plan over Ten Year Period (dollars in millions)\*

|   | Town of Amherst | Williamsville School District | Erie County | Total  |
|---|-----------------|-------------------------------|-------------|--------|
| No PILOT  | \$11.5          | \$40.1                        | \$11.0      | \$62.6 |
| With PILOT for Office Park                        | \$10.0          | \$35.1                        | \$9.6       | \$54.8 |
| With PILOT for Office Park and Senior Development | \$9.5           | \$33.3                        | \$9.1       | \$52.0 |

\* Summed over 10 years. Future years discounted at 2%

Due to the substantial change in the taxable assessed value, the estimated increase in tax revenues will more than cover the additional costs of government services. This is the case even when some property tax revenue is given away in a PILOT agreement as illustrated in the table below:

## Estimated Net Revenue on Preferred Plan over Ten Year Period (dollars in millions)\*

|   | Town of Amherst | Williamsville School District | Erie County | Total  |
|---|-----------------|-------------------------------|-------------|--------|
| No PILOT  | \$6.4           | \$19.9                        | \$9.1       | \$35.4 |
| With PILOT for Office Park                        | \$4.9           | \$14.9                        | \$7.8       | \$27.6 |
| With PILOT for Office Park and Senior Development | \$4.4           | \$13.1                        | \$7.3       | \$24.8 |

\* Summed over 10 years. Future years discounted at 2%

CGR also estimated PILOT revenue and net revenue over the costs of government services for the office building plan (alternative 6). Applying the IDA abatement policy detailed above to the whole office park the revenue projections are summarized in the tables below:

## Property Tax Revenues with PILOTS on Office Building Plan (Alt. 6) over Ten Year Period (dollars in millions)\*

|            | Town of Amherst | Williamsville School District | Erie County | Total  |
|------------|-----------------|-------------------------------|-------------|--------|
| No PILOT   | \$15.3          | \$52.8                        | \$14.9      | \$83.0 |
| With PILOT | \$6.4           | \$21.9                        | \$6.2       | \$34.5 |

\* Summed over 10 years. Future years discounted at 2%

## Estimated Net Revenue on Office Building Plan over Ten Year Period (dollars in millions)\*

|            | Town of Amherst | Williamsville School District | Erie County | Total  |
|------------|-----------------|-------------------------------|-------------|--------|
| No PILOT   | \$12.2          | \$52.8                        | \$14.2      | \$79.2 |
| With PILOT | \$3.2           | \$21.9                        | \$5.5       | \$30.6 |

\* Summed over 10 years. Future years discounted at 2%

## Sales Tax

During the construction period, sales tax is earned both on construction materials and on sales-taxable spending by workers, both those being paid directly by the project directly and the spillover payroll that is associated with employee spending.

Sales tax revenue earned on an annual basis after the project has been completed is derived from the spending of employees on site and the spillover payroll that is associated with employee spending.

To estimate the sales tax revenue derived from payroll, we first determined what share of income is spent on sales taxable goods and services. This was done by dividing the region's sales taxable sales as reported by the New York Department of Taxation (about \$16 billion) by the Bureau of Economic Analysis's estimate of personal income (about \$47 billion), which equals 35%. We applied that share (35%) to the labor income estimates. Then we applied the sales tax rate (8.75% = 4% for NYS and 4.75% for local governments).

For the sales tax revenue from project spending we applied the sales tax rate to the estimated share of construction spending subject to sales tax (40%). Note that the sales tax due on construction materials is often waived as part of a PILOT agreement with the local industrial development agency (as the property becomes technically "owned" by the IDA, a tax exempt entity).

Sales tax revenue will be generated during both the construction and operational phases. The table below summarizes sales tax revenue totals by jurisdiction:

### Sales Tax Revenue (dollars in millions)

|  | NYS          | Total Local  | Total         | Estimated Amherst |
|--|--------------|--------------|---------------|-------------------|
| <b>Total Sales Tax Revenue</b>           | <b>\$5.6</b> | <b>\$6.7</b> | <b>\$12.3</b> | <b>\$0.38</b>     |
| Construction Phase ONLY                  | \$5.4        | \$6.4        | <b>\$11.9</b> | <i>\$0.37</i>     |
| Project Spending (subject to PILOT)      | \$1.1        | \$1.3        | \$2.4         | <i>\$0.07</i>     |
| Project Spending (not subject to PILOT)  | \$2.7        | \$3.2        | \$5.9         | <i>\$0.18</i>     |
| Employee Spending (not subject to PILOT) | \$1.6        | \$1.9        | \$3.5         | <i>\$0.11</i>     |
| Operational Phase (annual)               | \$0.2        | \$0.3        | <b>\$0.5</b>  | <i>\$0.01</i>     |

*NOTE: Amherst currently receives 5.7% of the local sales tax.*



## Sales Tax Revenues over Ten Year Period (dollars in millions)

|  | NYS          | Local        | Total         | Estimated Amherst |
|--|--------------|--------------|---------------|-------------------|
| <b>Total Sales Tax Revenue</b>           | <b>\$7.4</b> | <b>\$8.8</b> | <b>\$16.3</b> | <b>\$0.51</b>     |
| Construction Phase ONLY                  | \$5.4        | \$6.4        | \$11.9        | \$0.37            |
| Project Spending (subject to PILOT)      | \$1.1        | \$1.3        | \$2.4         | \$0.07            |
| Project Spending (not subject to PILOT)  | \$2.7        | \$3.2        | \$5.9         | \$0.18            |
| Employee Spending (not subject to PILOT) | \$1.6        | \$1.9        | \$3.5         | \$0.11            |
| Operational Phase*                       | \$2.0        | \$2.4        | \$4.4         | \$0.14            |

\* Summed over 10 years. Future years discounted at 2%

NOTE: Amherst currently receives 5.7% of the local sales tax.

Project spending on materials during the construction phase will result in an estimated \$8 million in sales tax revenue for the state and the local governments. As construction labor income is spent it will also generate about \$3 million in sales tax revenue. Construction spending on materials for the office park would generate about \$1.8 million in sales tax revenue. Approximately \$0.6 million comes from the senior living development construction spending. All other components make up the remaining \$5.6 million.

If a PILOT agreement is agreed to between the developer and the Amherst IDA, it would only affect the office park and senior living community, thus reducing sales tax receipts by \$2.4 million, of which about \$70,000 would flow to Amherst in absence of the PILOT.

Once operational, employee spending will have a continued fiscal impact. The present value of 10 years of additional sales tax revenue is estimated to be a little over \$4 million in total.

Due to the sales tax revenue sharing agreement that exists, we estimate that over a ten year period the Town of Amherst would receive around \$510,000 (net present value).

## Occupancy Tax

Once operational, the onsite hotel will collect occupancy tax which will benefit the County. We estimate the occupancy tax using occupancy rates and average daily room rate data provided by Mensch Capital Partners. We estimate annual occupancy tax revenues will total around \$0.2 million. We also estimate ten years of occupancy tax revenue to have the present value of about \$2 million.

## Income Tax

We estimate NYS income tax revenue by calculating the "effective" income tax rates from NYS Department of Taxation data reporting total tax liability and total taxable rate by income class. These figures allow CGR to estimate the effective average tax rate by

income class. We applied the effective tax rate for the Buffalo metropolitan area to the income estimates generated by our economic impact analysis. The following table summarizes the present value of the income tax receipts during the two phases.

### Annual Income Tax Revenue (dollars in millions)

|                                 | Direct       | Spillover    | Total        |
|---------------------------------|--------------|--------------|--------------|
| <b>Total Income Tax Revenue</b> | <b>\$3.4</b> | <b>\$1.5</b> | <b>\$4.9</b> |
| Construction Phase              | \$3.0        | \$1.3        | \$4.3        |
| Operational Phase               | \$0.4        | \$0.2        | \$0.6        |

### Income Tax Revenue over Ten Year Period (dollars in millions)

|                                 | Direct       | Spillover    | Total        |
|---------------------------------|--------------|--------------|--------------|
| <b>Total Income Tax Revenue</b> | <b>\$6.4</b> | <b>\$3.1</b> | <b>\$9.5</b> |
| Construction Phase              | \$3.0        | \$1.3        | \$4.3        |
| Operational Phase*              | \$3.3        | \$1.9        | \$5.2        |

\* Summed over 10 years. Future years discounted at 2%

A total of about \$4.3 million will result from the construction phase. 70% of it will come through the spending of the construction workers and the remaining 30% will be from the spending of supporting firms' workers.

Once operational, New York State will receive a new stream of income tax revenue from firms located on site that are new to the region. We estimate that the present value of ten years of the additional income tax revenue totals about \$5 million. An estimated \$3 million is due directly to the employees at the Westwood site. There will also be a corporate income tax benefit that will flow to New York State, though we are unable to estimate this impact without knowledge of what businesses will be located at the site.

## Revenue Summary

The development of the Westwood site is expected to spur a significant increase in tax revenue. Over the next ten years the present value of the revenue totals about \$85 million assuming no PILOT agreement. This is summarized below:

## Annual Revenue Summary (dollars in millions)

|                                    |               |
|------------------------------------|---------------|
| <b>Total Revenue</b>               | <b>\$20.4</b> |
| <b>Income Tax</b>                  | <b>\$4.9</b>  |
| Construction Phase                 | \$4.3         |
| Operational Phase                  | \$0.6         |
| <b>Sales Tax</b>                   | <b>\$8.5</b>  |
| Project Construction Spending      | \$4.5         |
| Employee Spending                  | \$4.0         |
| Construction Phase                 | \$3.5         |
| Operational Phase                  | \$0.5         |
| <b>Occupancy Tax</b>               | <b>\$0.2</b>  |
| <b>New Property Tax (No PILOT)</b> | <b>\$6.8</b>  |

## Estimated Revenue over Ten Year Period (dollars in millions)\*

|                               |               |
|-------------------------------|---------------|
| <b>Total Revenue</b>          | <b>\$86.4</b> |
| Income Tax                    | \$9.5         |
| Construction Phase            | \$4.3         |
| Operational Phase             | \$5.2         |
| Sales Tax                     | \$12.5        |
| Project Construction Spending | \$4.5         |
| Employee Spending             | \$7.9         |
| Construction Phase            | \$3.5         |
| Operational Phase             | \$4.4         |
| Occupancy Tax                 | \$1.9         |
| New Property Tax (No PILOT)   | \$62.5        |

\* Summed over 10 years. Future years discounted at 2%

## Cost of Community Service

The increase in residents and business will result in an increase in demand for government services. The increase demand will have an increase cost of providing these community services. The cost of community services were computed in two parts. The first part can be thought of as the incremental increase in the operational expenses.

We assume that the increase in demand can be met with only minor additional costs for most services. For example, the library may have to purchase more computers or hire an additional librarian but won't have to build a new library.

After allocating all benefits across specific lines we broke the costs into fixed and variable parts. The fixed costs would not change due to the increase in government services demand however the variable part would.

Because businesses have a different need and cost for governmental services than residents, we broke the variable cost out by residential and non-residential parts. We then created per capita or per housing unit costs figures for the residential side and per commercial square feet on the non-residential side. We did this across all funds and lines of the budget. From this we could estimate the cost impact of the development. Since the costs of community service on the residential side is tied to the number of residents, and this is assumed not to vary if the housing unit is developed as a condominium or not, the costs of community services under the condominium ownership alternatives are assumed to be the same

## Town of Amherst

The Town of Amherst is a large community with a history of professional management and an established structure for delivering public services. The Westwood Development will require an increase in the quantity of public services. The following table summarizes our estimates of the marginal expenses:

### Town of Amherst Cost of Community Service Assumptions

|                   | Added Costs<br>Per Each |
|-------------------|-------------------------|
| New Person        | \$24                    |
| New Housing Unit  | \$203                   |
| New Commercial SF | \$0.2                   |

### Changes in Community Service Demand Factors

|   | People | Housing<br>Units | Commercial<br>SF |
|---|--------|------------------|------------------|
| Preferred Plan                                | 1,928  | 985              | 537,168          |
| Alternative 1 - Recreation Conservation Plan  | 0      | 0                | 227,000          |
| Alternative 2 - Community Facility Plan       | 1,240  | 1,177            | 0                |
| Alternative 3 - Residential Three Plan        | 1,043  | 320              | 0                |
| Alternative 4 - Transitional Residential Plan | 1,876  | 784              | 285,068          |
| Alternative 5 - General Business Plan         | 1,546  | 692              | 435,000          |
| Alternative 6 - Office Building Plan          | 0      | 0                | 1,212,500        |

Multiplying the changes by the cost would result in the following additional costs for the Town of Amherst:

## Additional Costs of Community Services (dollars in thousands)

|  | People | Housing Units | Commercial SF | Total Costs  |
|--|--------|---------------|---------------|--------------|
| <b>Preferred Plan</b>                                | \$45   | \$199         | \$95          | <b>\$341</b> |
| <b>Alternative 1 - Recreation Conservation Plan</b>  | \$0    | \$0           | \$40          | <b>\$40</b>  |
| <b>Alternative 2 - Community Facility Plan</b>       | \$30   | \$238         | \$0           | <b>\$268</b> |
| <b>Alternative 3 - Residential Three Plan</b>        | \$25   | \$65          | \$0           | <b>\$90</b>  |
| <b>Alternative 4 - Transitional Residential Plan</b> | \$45   | \$159         | \$51          | <b>\$254</b> |
| <b>Alternative 5 - General Business Plan</b>         | \$37   | \$140         | \$77          | <b>\$254</b> |
| <b>Alternative 6 - Office Building Plan</b>          | \$0    | \$0           | \$215         | <b>\$215</b> |

## Public Parks

There are some costs that would result from the development that would be in addition to these incremental cost increases, such as public park space. There are over 4,500 acres dedicated to parks, recreation and open space in the Town of Amherst according to the Planning Department. We assume that the existing parks and recreational administrative staff could oversee the proposed 26.1 acre increase with minimal additional cost. Nonetheless, this would add a new park to the system. There will be some site costs associated with the park land. Estimating on an average cost per acre we assume that the new park space would cost the town about \$90,000 per year. This is based on the clubhouse remaining under private ownership.

This would be in addition to the estimated \$16,000 increase per year for the increase demand of the existing parks and recreation stock already figured in the model above as a result of the projected increase in population. These are generous assumptions. As was previously shown in the report the revenues accrued by the Town will be more than sufficient to cover the increase in the costs. The Project Sponsor has indicated they are willing to consider either a public park approach or maintaining the publicly accessible park area as privately held property that is maintained by the homeowners association at no cost to the Town.

## Fire Protection Costs

Based on our discussion with the Snyder Fire District any residential development of the Westwood site would require a new fire station as the current station is about 3 miles away. This is a significant capital cost outlay which is not represented by our marginal costs derived from the budget.

Based on our research the fire station will cost \$925,000 to build and equip. A light rescue vehicle will need to be acquired at a cost of \$55,000 including all necessary equipment. In addition to creating a substation, the fire company indicated that it might need to develop a water rescue capability to respond to events in the water

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features that would be created in the project. This will cost about \$10,000. In total there will be about a \$990,000 expense.

We assume that the fire district will bond these costs. We assume a 4.9% interest rate for the bond and a 10 year term. Based on this we would estimate a cost of about \$127,000 per year. These costs are not included in the above calculations. Once again it was shown earlier that the revenues will be more than sufficient to cover the increase in costs.

## **Police Costs**

We approached the increase in demand for police costs in two ways. First, we used the budget model and projected an increase in cost based on the increase in the number of housing units and commercial square feet. By this method the preferred development would increase costs by around \$130,000.

CGR also contacted the police department directly and studied current calls for service, estimating the possible increase in calls for service that would be expected from the development. This approach to modeling suggests that new calls for service generated by the completed development would be about 790 each year or about 2 calls per day.

It is possible that the Police Department could absorb the increase in calls from this development without additional staff. However, based on the increase in calls for service and the static staffing levels, the department believes that existing capacity would be strained and that the department might require an additional officer to adequately respond to the increased calls for service. The cost of an officer's salary is about \$71,000 plus an additional two thirds (\$47,000) for benefits leading to a total estimated cost for an additional officer of \$118,000, within the same order of magnitude as the sum derived by our other approach.

In the interest of providing the community with a more conservative figure, we have used the \$130,000 estimate in our modeling of the police costs to the Town. Once again, it was shown earlier that the increase in revenues will be sufficient to meet any increase in police costs.

## **Public Infrastructure Costs**

The Town of Amherst has special district funds (i.e. lighting, water, sewer, drainage, etc.) to manage their public infrastructure. Special districts will have to be established or extended to service the development. Since the public infrastructure is new we have no reason to expect any large public infrastructure outlays in the next 10 years. Usage fees rates will be set and will cover the costs of maintenance.

## Erie County

A similar approach was used for estimating the costs to Erie County. Its costs are summarized in the following tables:

### Erie County Cost of Community Services Assumptions

|                   | Added Costs<br>Per Each |
|-------------------|-------------------------|
| New Person        | \$66                    |
| New Housing Unit  | \$45                    |
| New Commercial SF | \$0.1                   |

### Additional Costs of Community Services (dollars in thousands)

|   | People | Housing<br>Units | Commercial<br>SF | Total<br>Costs |
|---|--------|------------------|------------------|----------------|
| <b>Preferred Plan</b>                         | \$127  | \$44             | \$34             | <b>\$205</b>   |
| Alternative 1 - Recreation Conservation Plan  | \$0    | \$0              | \$14             | <b>\$14</b>    |
| Alternative 2 - Community Facility Plan       | \$82   | \$53             | \$0              | <b>\$135</b>   |
| Alternative 3 - Residential Three Plan        | \$69   | \$14             | \$0              | <b>\$83</b>    |
| Alternative 4 - Transitional Residential Plan | \$124  | \$35             | \$18             | <b>\$177</b>   |
| Alternative 5 - General Business Plan         | \$102  | \$31             | \$27             | <b>\$160</b>   |
| Alternative 6 - Office Building Plan          | \$0    | \$0              | \$76             | <b>\$76</b>    |

The major cost centers for the county are social services and public safety. Since the Town of Amherst has its own police force, we do not anticipate a substantial increase in demand for the Erie County Sherriff's services.

We likewise do not expect a significant increase in social service demand for these new residents. According to census data, about 8% for the Town of Amherst residents are living in poverty. About two thirds of persons living in poverty in Erie County are residents of Buffalo.

### Persons Living in Poverty

|                    | Number | Share of Erie |
|--------------------|--------|---------------|
| <b>Erie County</b> | 80,686 | 100%          |
| <b>Buffalo</b>     | 52,285 | 65%           |
| <b>Suburbs</b>     | 28,400 | 35%           |
| <b>Amherst</b>     | 6,127  | 8%            |

Source: Census Bureau 2012 ACS 1-Year Estimates

If we assume that 8% of the new residents would be living in poverty and that social service costs are uniformly distributed among the population based on poverty status,

then the increase in population would result in the addition of 158 people needing social services. Based on these proportions, we estimate additional health and human services costs to total about \$176,000 per year, \$151,000 being specifically Department of Social Services. This figure is generous, however, as the home prices and rents of the proposed development are not likely to attract residents in need of support from Erie County Social Services.

## School District

The development will be located in the Williamsville Central School District. The incremental tax revenue to the school district per child is greater than the incremental cost of education, provided that existing buildings can accommodate the children without requiring an expansion. The Project Sponsor has met with the WCSD administration and has received confirmation that they have sufficient capacity within their existing facilities and staff to serve the anticipated increase in enrollment.

The cost per student, based off the difference between state aid per student and the spending per student, is \$8,142. Total annual school district costs are summarized in the following table:

### Estimated Annual School Costs (dollars in thousands)

|   | New Children | Total Costs |
|---|--------------|-------------|
| Preferred Plan                                | 271          | \$2,205     |
| Alternative 1 - Recreation Conservation Plan  | 0            | \$0         |
| Alternative 2 - Community Facility Plan       | 0            | \$0         |
| Alternative 3 - Residential Three Plan        | 223          | \$1,818     |
| Alternative 4 - Transitional Residential Plan | 324          | \$2,639     |
| Alternative 5 - General Business Plan         | 121          | \$983       |
| Alternative 6 - Office Building Plan          | 0            | \$0         |

## Cost Summary

CGR analyzed the budget impact on town services for both residential and commercial separately. We assume a portion of each line item of the budget to be variable based upon CGR's experience and best estimate of marginal impact when new people and/or houses come into the community. Each item of the budget is assumed to be impacted by residential development and commercial development. The following table summarizes the assumptions used to calculate the costs of community services:



## Total Annual Costs of Community Services (dollars in thousands)

|  | Town                |                  |          | Town Total | County | School District | Total          |
|--|---------------------|------------------|----------|------------|--------|-----------------|----------------|
|  | Marginal Cost Model | Additional Costs |          |            |        |                 |                |
|  |                     | Fire Protection  | New Park |            |        |                 |                |
| <b>Preferred Plan</b>                                | \$341               | \$128            | \$89     | \$558      | \$205  | \$2,205         | <b>\$2,968</b> |
| <b>Alternative 1 - Recreation Conservation Plan</b>  | \$40                |                  |          | \$40       | \$14   | \$0             | <b>\$55</b>    |
| <b>Alternative 2 - Community Facility Plan</b>       | \$268               | \$128            |          | \$396      | \$135  | \$0             | <b>\$530</b>   |
| <b>Alternative 3 - Residential Three Plan</b>        | \$90                | \$128            |          | \$217      | \$83   | \$1,818         | <b>\$2,118</b> |
| <b>Alternative 4 - Transitional Residential Plan</b> | \$254               | \$128            |          | \$382      | \$177  | \$2,639         | <b>\$3,197</b> |
| <b>Alternative 5 - General Business Plan</b>         | \$254               | \$128            |          | \$382      | \$160  | \$983           | <b>\$1,526</b> |
| <b>Alternative 6 - Office Building Plan</b>          | \$215               | \$128            |          | \$343      | \$76   | \$0             | <b>\$419</b>   |

The estimated cost of government services to support this new development is about \$0.5 to \$29 million annually depending on which plan is selected. The following table summarizes the ten year costs on a discounted present value basis (discounting at 2%):

## Total Costs of Community Services over Ten Year Period (dollars in millions)\*

|  | Town of Amherst | Williamsville School District | Erie County | Total  |
|--|-----------------|-------------------------------|-------------|--------|
| <b>Preferred Plan</b>                                | \$5.1           | \$20.2                        | \$1.9       | \$27.2 |
| <b>Alternative 1 - Recreation Conservation Plan</b>  | \$0.4           | \$0.0                         | \$0.1       | \$0.5  |
| <b>Alternative 2 - Community Facility Plan</b>       | \$3.6           | \$0.0                         | \$1.2       | \$4.9  |
| <b>Alternative 3 - Residential Three Plan</b>        | \$2.0           | \$16.7                        | \$0.8       | \$19.4 |
| <b>Alternative 4 - Transitional Residential Plan</b> | \$3.5           | \$24.2                        | \$1.6       | \$29.3 |
| <b>Alternative 5 - General Business Plan</b>         | \$3.5           | \$9.0                         | \$1.5       | \$14.0 |
| <b>Alternative 6 - Office Building Plan</b>          | \$3.1           | \$0.0                         | \$0.7       | \$3.8  |

\* Summed over 10 years. Future years discounted at 2%

## Conclusion

This report estimates the fiscal and economic impact of the redevelopment proposed for the Westwood Country Club in Amherst NY. The fiscal impact to each of the taxing jurisdictions is summarized in the following tables.

### Town Fiscal Impact over Ten Year Period (dollars in millions)\*

|   | Total Costs | Estimated Revenue | Net Revenue |
|---|-------------|-------------------|-------------|
| Preferred Plan - No PILOT                                     | \$5.1       | \$11.5            | \$6.4       |
| Condo Ownership Alternative                                   | \$5.1       | \$10.1            | \$5.0       |
| Preferred Plan - PILOT for Office Park                        | \$5.1       | \$10.0            | \$4.9       |
| Condo Ownership Alternative                                   | \$5.1       | \$8.7             | \$3.6       |
| Preferred Plan - PILOT for Office Park and Senior Development | \$5.1       | \$9.5             | \$4.4       |
| Condo Ownership Alternative                                   | \$5.1       | \$8.2             | \$3.1       |
| Alternative 1 - Recreation Conservation Plan                  | \$0.4       | \$1.0             | \$0.6       |
| Alternative 2 - Community Facility Plan                       | \$3.6       | \$6.6             | \$2.9       |
| Alternative 3 - Residential Three Plan                        | \$2.0       | \$5.6             | \$3.6       |
| Condo Ownership Alternative                                   | \$2.0       | \$3.4             | \$1.4       |
| Alternative 4 - Transitional Residential Plan                 | \$3.5       | \$9.8             | \$6.3       |
| Condo Ownership Alternative                                   | \$3.5       | \$8.0             | \$4.5       |
| Alternative 5 - General Business Plan                         | \$3.5       | \$8.2             | \$4.7       |
| Alternative 6 - Office Building Plan                          | \$3.1       | \$15.3            | \$12.2      |

\* Summed over 10 years. Future years discounted at 2%

### County Fiscal Impact over Ten Year Period (dollars in millions)\*

|   | Total Costs | Estimated Revenue | Net Revenue |
|---|-------------|-------------------|-------------|
| Preferred Plan - No PILOT                                     | \$1.9       | \$11.0            | \$9.1       |
| Condo Ownership Alternative                                   | \$1.9       | \$9.7             | \$7.8       |
| Preferred Plan - PILOT for Office Park                        | \$1.9       | \$9.6             | \$7.8       |
| Condo Ownership Alternative                                   | \$1.9       | \$8.3             | \$6.4       |
| Preferred Plan - PILOT for Office Park and Senior Development | \$1.9       | \$9.1             | \$7.3       |
| Condo Ownership Alternative                                   | \$1.9       | \$7.8             | \$5.9       |
| Alternative 1 - Recreation Conservation Plan                  | \$0.1       | \$0.9             | \$0.8       |
| Alternative 2 - Community Facility Plan                       | \$1.2       | \$6.2             | \$5.0       |
| Alternative 3 - Residential Three Plan                        | \$0.8       | \$5.3             | \$4.6       |
| Condo Ownership Alternative                                   | \$0.8       | \$3.2             | \$2.5       |
| Alternative 4 - Transitional Residential Plan                 | \$1.6       | \$9.4             | \$7.8       |
| Condo Ownership Alternative                                   | \$1.6       | \$7.7             | \$6.1       |
| Alternative 5 - General Business Plan                         | \$1.5       | \$7.8             | \$6.4       |
| Alternative 6 - Office Building Plan                          | \$0.7       | \$14.9            | \$14.2      |

\* Summed over 10 years. Future years discounted at 2%

## School District Fiscal Impact over Ten Year Period (dollars in millions)\*

|   | Total Costs | Estimated Revenue | Net Revenue |
|---|-------------|-------------------|-------------|
| Preferred Plan - No PILOT                                     | \$20.2      | \$40.1            | \$19.9      |
| Condo Ownership Alternative                                   | \$20.2      | \$35.3            | \$15.1      |
| Preferred Plan - PILOT for Office Park                        | \$20.2      | \$35.1            | \$14.9      |
| Condo Ownership Alternative                                   | \$20.2      | \$30.3            | \$10.1      |
| Preferred Plan - PILOT for Office Park and Senior Development | \$20.2      | \$33.3            | \$13.1      |
| Condo Ownership Alternative                                   | \$20.2      | \$28.5            | \$8.3       |
| Alternative 1 - Recreation Conservation Plan                  | \$0.0       | \$3.4             | \$3.4       |
| Alternative 2 - Community Facility Plan                       | \$0.0       | \$22.4            | \$22.4      |
| Alternative 3 - Residential Three Plan                        | \$16.7      | \$19.6            | \$2.9       |
| Condo Ownership Alternative                                   | \$16.7      | \$12.0            | -\$4.7      |
| Alternative 4 - Transitional Residential Plan                 | \$24.2      | \$34.3            | \$10.2      |
| Condo Ownership Alternative                                   | \$24.2      | \$28.2            | \$4.1       |
| Alternative 5 - General Business Plan                         | \$9.0       | \$28.4            | \$19.4      |
| Alternative 6 - Office Building Plan                          | \$0.0       | \$52.8            | \$52.8      |

\* Summed over 10 years. Future years discounted at 2%

The redevelopment will have a short term economic impact during the construction phase of the project and an ongoing economic impact once operational.

Using the project sponsor's preferred plan, we estimate that over the ten years modeled will result in about:

- 1,900 new residents to the Town of Amherst.
- 270 new students in the Williamsville Central School District.
- 2,200 jobs during the construction phase earning \$116 million.
- 320 new jobs once fully operational earning about \$16 million annually.
- \$25 to \$35 million net increase in property tax revenue (depending on the PILOT), consisting of an estimated \$27 million increase in cost offset by a \$52 million to \$63 million increase in revenue.
- \$14 to \$16 million net increase in state and local sales tax revenue.
- \$10 million net increase in NYS income tax revenue.
- \$2 million net increase in county occupancy tax revenue.

The six alternative development scenarios provide the town's Planning Department and the community with a perspective on the condominium ownership alternatives that can be physically placed within the site footprint. Although CGR has assessed the

fiscal costs and benefits associated with each of these scenarios, CGR has not determined whether these scenarios are economically feasible within the Amherst market.

The key conclusion to be drawn from this analysis is that the developer's preferred plan—which the developer's analysis has concluded is economically viable—would add substantially more to town, county and school district revenue than to the costs imposed upon these levels of government by the development proposed.