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LONG ISLAND CENTER FOR SOCIO-ECONOMIC POLICY

**THE SOCIO-ECONOMIC IMPACT
OF
LONG BEACH SUPERBLOCK**

**PREPARED FOR
SHORE ROAD-LONG BEACH SUPERBLOCK, LLC**

**PREPARED BY
DR. MARTIN R. CANTOR, CPA**

June 2014

**The Long Island Center for Socio-Economic Policy
Director, Dr. Martin R. Cantor, CPA
28 Woodmont Road
Melville, New York 11747
Tel: (631) 491-1388
Fax: (631) 491-6744
E-Mail: EcoDev1@aol.com
WEB SITE: WWW.MARTINCANTOR.COM**

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The Socio-Economic Impact
of
Long Beach Superblock
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June 2014

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ABSTRACT

The Superblock mixed use development will bring much-needed economic activity to the City of Long Beach, a community ravaged by the Great Recession and Hurricane Sandy. It will create 1,444 construction jobs with a direct payroll of nearly \$65 million, 758 secondary jobs with a payroll of \$22.7 million, and nearly \$4.8 million in sales tax revenues to Nassau County. The permanent and recurring direct economic activity from the residents of the Superblock will bring a minimum aggregate household income of over \$73.9 million to the City of Long Beach, which is over five percent of the 2012 gross household income. Simply put, the completion of this project will provide an immediate five percent boost to buying power in the City of Long Beach. This in turn will generate 312 primary jobs and 156 secondary jobs having a total primary and secondary economic impact on the City of Long Beach of over \$50.7 million and over \$1.8 million of new sales taxes for Nassau County.

The residents of the Superblock will bring positive growth back to the City of Long Beach after a decade of declining population. Long Beach's 5.9 percent population decrease between 2000 and 2012 contrasted sharply with the 0.31 percent growth in the population of Nassau County. Between 2000 and 2012, the number of households in the City of Long Beach decreased by 2.57 percent, over twice the Nassau County household decrease of 1.1 percent. Further, the average household size in the City of Long Beach decreased by 2.21 percent between 2000 and 2012, while Nassau County households increased by 1.37 percent.

In addition to the decrease in households, another demographic challenge confronting the City of Long Beach is the loss of young people. Those individuals between the ages of 5 and 34 decreased by 16.8 percent between 2000 and 2012, nearly four times the 4.27 percent decrease in Nassau County.

The construction and occupancy of the Superblock will directly and materially address each of these declines.

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INTRODUCTION

In support of the application for financial assistance from the Nassau County Industrial Development Agency, we have been retained by Shore Road-Long Beach Superblock, LLC to prepare a report on the projected economic impact generated in the City of Long Beach and the County of Nassau by the construction in the City of Long Beach of a 522 residential unit two 15-story building residential mixed use development. The mixed use development, on the vacant property known as the Superblock, will also include approximately 11,500 square feet of retail space which will be built on the same level as the boardwalk. The two buildings will be constructed over two levels of structured parking providing approximately 600 spaces, with additional surface parking of for another 337 spaces.

The proposed two phase-development of the Superblock in the City of Long Beach will begin in 2014 and be fully developed by 2018. The Superblock is 6.046 acres in size located between Broadway and the Boardwalk and Riverside Boulevard and Long Beach Boulevard.

The Superblock is considered a transit-oriented development due to its close proximity to the downtown area of the City of Long Beach, the Long Island Rail Road station and the buses which serve the area. As such, the redevelopment of the Superblock property conforms with the goal of the Nassau County Draft Master Plan. In part the central idea of the 2010-2030 Nassau County Master Plan, “is that Nassau should spur economic development by strengthening downtowns, revitalizing underutilized commercial properties, and redeveloping brownfields, while preserving the qualities of suburban life that residents love by protecting Nassau’s environmental, scenic and historic resources”. The Superblock’s potential socio-economic impact more than meets that standard.

The economic activity generated from the tenants of the Superblock mixed use development also adheres to the goal of the Urban Renewal Plan and related zoning controls adopted by the City of Long Beach in June 2002. The objectives of the adopted Urban Renewal Plan were to develop the waterfront area in a comprehensive manner and to eliminate vacant conditions that led to blight. These objectives included creating new jobs; attracting new businesses; generating a positive trend in neighborhood real estate values; creating new housing opportunities; developing vacant and underutilized properties for commercial and residential development along the oceanfront; generating additional local and school district tax revenues; and enhancing the aesthetics and improving the overall area environment.

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The Superblock meets the objectives of the adopted Urban Renewal Plan by providing a unified development for the vacant Superblock site and will provide economic development to the City of Long Beach while also benefiting the City’s image. The Superblock development will add an economic surge to the waterfront and to the City of Long Beach and support area businesses by the addition of the new tenants.

Shore-Road-Long Beach Superblock, LLC is prepared to invest \$280 million to construct a 522-unit residential community. The new residents of these units will provide a much-needed injection of economic activity to a post-Great Recession and Hurricane Sandy devastated City of Long Beach.

The Superblock mixed use development will be on a property which has lain vacant since 1985, and will bring socio-economic improvements to the City of Long Beach that are compatible with the waterfront neighborhood of the City. The Superblock development will provide needed housing for Long Island’s young professionals and active adults; create nearly 2,700 temporary construction and secondary jobs and permanent primary and secondary jobs; and generate millions of dollars of sales tax revenues for Nassau County and economic activity to the City of Long Beach. The Superblock mixed use development will also generate new property tax revenues for the City of Long Beach and Nassau County as well as new and permanent after tax income to the community.

The following analysis will show that the Superblock mixed-use development will benefit the community and add to the socio-economic quality of life of the City of Long Beach community and the County of Nassau.

POPULATION GROWTH: LONG BEACH CITY LAGS BEHIND NASSAU COUNTY

As illustrated in Table 1, Long Beach’s population decreased by 5.9 percent between 2000 and 2012, as compared to the 0.31 percent population growth of Nassau County

Table 1: Total Population Growth - 2000-2012

	<u>2000</u>	<u>2010</u>	<u>2012</u>	<u>Increase (Decrease)</u> <u>2000-2012</u>	
Nassau County	1,334,544	1,339,532	1,338,712	4,168	0.31%
Long Beach	35,462	33,275	33,356	(2,106)	(5.9)%

Source: U.S. Census 2000 Table DP1; Census 2010- Table DP1; Census 2012 American FactFinder Table DP05

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Further, as a percent of the Nassau County population, Long Beach’s population decreased from 2.7 percent in 2000 to 2.5 percent in 2012. Certainly, part of that decrease can be attributed to Hurricane Sandy, which wreaked such havoc on the City of Long Beach.

The Superblock development will stem the decrease in Long Beach’s population by attracting over 1,150 new residents to Long Beach, a community working diligently to overcome the devastation from Hurricane Sandy. Table 2 illustrates that the young professionals and active adults who would live in the Superblock mixed use development are just what Long Beach needs.

THE AGING OF LONG BEACH: LONG BEACH LOSES ITS YOUNG PEOPLE

As in Nassau County, the population of the City of Long Beach has aged without a corresponding influx of younger families. However Long Beach has aged to a greater degree, disproportionately to the remainder of the County. Table 2 illustrates that between 2000 and 2012 all population groups in Long Beach decreased, as compared to Nassau County’s population which experienced slower decrease in the younger age groups and growth in the 35 to 64 and over 65 years of age demographic. As a result, Long Beach’s middle class is eroding faster without the young population to replace it. Of course, the middle class is critical to the growth of a vibrant local and regional economy.

Table 2: Population By Age-2000-2012: Aging of Nassau County and City of Long Beach

<u>Age</u>	<u>Nassau County</u>		<u>City of Long Beach</u>		<u>% Increase (Decrease)</u>	
	<u>2000</u>	<u>2012</u>	<u>2000</u>	<u>2012</u>	<u>2000-2012</u>	
					<u>Nassau</u>	<u>Long Beach</u>
Total Pop.	1,334,544 :100%	1,338,712 :100%	35,462 :100%	33,356 :100%	.31	(5.94)
Under 5	86,628 :6.5%	73,326 :5.5%	1,734 :4.9%	1,354 :4.1%	(15.36)	(21.91)
5-19 Yrs	272,295 :20.4%	270,585 :20.3%	5,442 :15.3%	4,917 :14.7%	(.63)	(9.65)
20-34	230,766 :17.3%	222,376 :16.6%	7,596 :21.4%	7,054 :21.1%	(3.64)	(7.14)
35-64	544,014 :40.8%	566,334 :42.3%	14,779 :41.7%	14,568 :43.7%	4.10	(1.43)
Over 65	200,841 :15.0%	206,091 :15.3%	5,911 :16.7%	5,463 :16.4%	2.61	(7.58)
Median Age	38.5 Yrs Old	41.2 Yrs +7.0%	39.6 Yrs Old	43.1 Yrs +8.8%	7.0	8.8

Source: U.S. Census 2000 Table DP1; Census 2010- Table DP1; Census 2012 American FactFinder Table DP05

The 31.6 percent loss of young people from under 5 to 19 years of age in the City of Long Beach between 2000 and 2012 totaled nearly twice the 16 percent decrease of the similar Nassau County demographic. Furthermore, those between 20 and 65 years of age in the City of Long Beach decreased by 8.27 percent, while Nassau County remained basically unchanged at 0.46

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percent growth. Between 2000 and 2010, those over 65 years of age in Nassau County grew by 2.61 percent, as compared to the 7.58 percent decrease in this age group in the City of Long Beach.

Furthermore, the City of Long Beach median age of 43.1 increased by 8.8 percent from 39.6 years of age in 2000 as compared to the 7.0 percent median age increase from 38.5 years of age in 2000 to 41.2 years in 2012. The City of Long Beach's future, as Nassau County's, relies on attracting young families to the community. Countering the exodus of young people from Long Beach, the Superblock mixed-use development will make available residential housing in the community that will attract young persons and active adults to the City of Long Beach.

LONG BEACH HOUSEHOLD GROWTH: LAGGING BEHIND NASSAU COUNTY

As presented in Table 3, there has been a 2.57 percent decrease in City of Long Beach households from 14,938 in 2000 to 14,553 in 2012. This decrease aggregated more than twice the 1.10 percent decrease in Nassau County households. More dramatic was the 2.21 percent decrease in the size of Long Beach households between 2000 and 2012 as compared to a 1.37 percent increase in Nassau County household sizes.

However despite the decrease in the City of Long Beach household sizes, the 522 units of the Superblock mixed use development would add 1,150 new residents to Long Beach. This would eclipse the 385 person decrease in the City of Long Beach's population between 2000 and 2012, thereby bringing back positive population growth to the community.

Table 3: Households-Nassau County and the City of Long Beach 2000-2012.

<u>Total Occupied Households</u>	<u>Nassau County</u>		<u>City of Long Beach</u>		<u>Increase(Decrease) 2000-2012</u>	
	<u>2000</u>	<u>2012</u>	<u>2000</u>	<u>2012</u>	<u>Nassau</u>	<u>LongBeach</u>
Average Household Size	2.93	2.97	2.26	2.21	1.37%	(2.21)%
Total Households	447,803	442,869	14,938	14,553	(1.10)%	(2.57)%
H/H Increase 2000-2012		(1.10)%		(2.57)%		

Source: U.S.Census-2000 Table DP1; Census 2012 American Fact Finder Tables S1101 and DP04

CITY OF LONG BEACH: LOSING MIDDLE INCOME HOUSEHOLDS

Table 4 illustrates that between 2000 and 2012 the City of Long Beach has seen the loss of its middle class households in greater percentages than Nassau County. City of Long Beach households earning between \$35,000 and \$74,999 decreased at a rate more than one and a half times greater than the decrease in Nassau County households, with Long Beach households

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decreasing by 88.9 percent as compared to the 56.9 percent decrease in Nassau County households.

The Superblock residential units that are marketed to young adults will attract the middle class back to Long Beach.

Table 4: Household Income Brackets (1) - Nassau County and the City of Long Beach

Household Income	Nassau County 2000		Long Beach 2000		Nassau County 2012		Long Beach 2012		% Increase (Decrease) 2000-2012	
	Amount	%	Amount	%	Amount	%	Amount	%	Nassau	LBeach
Households	447,803	100%	14,938	100%	442,869	100%	14,553	100%	(1.1)	(2.6)
\$34,999 and under	95,869	21.4%	4,138	27.7	73,542	16.6%	3,272	22.5%	(23.3)	(20.9)
\$35,000 to \$49,999	50,414	11.3%	2,200	14.7	36,650	8.3%	1,001	6.9%	(27.3)	(54.5)
\$50,000 to \$74,999	86,575	19.3%	3,283	22.0	60,979	13.8%	2,155	14.8%	(29.6)	(34.4)
\$75,000 to \$99,999	70,246	15.7%	1,973	13.2	56,223	12.7%	2,243	15.4%	(19.9)	13.7
\$100,000 and up	144,699	32.3%	3,344	22.4	215,475	48.6%	5,882	40.4%	48.9	75.9
Median household income	72,030		56,289		97,049		81,688		34.7	45.1

Source: U.S.Census-2000 Table DP1; 2012 U. S. Census American Fact Finder Table DP03/ Inflation adjusted median Household Incomes expressed in year 2000 dollars and based on CPI 1982-84=100.

Note (1)-Nominal dollars, not adjusted for inflation.

SUPERBLOCK WILL BRING MUCH NEEDED ECONOMIC ACTIVITY TO THE CITY OF LONG BEACH

As presented in Table 5, the construction of the 522 residential units and the approximately 11,500 square feet of retail space will create 1,444 construction jobs with a direct payroll of \$64.9 million. These primary construction jobs will in turn generate 758 secondary jobs with a total payroll of \$22.7 million. Nassau County sales taxes generated from the payroll of the construction and secondary job payroll and secondary impact from material purchases during the two-year construction period will be nearly \$4.8 million.

Additionally, the permanent and recurring economic activity generated by the residents of the Superblock will bring back to the City of Long Beach much of the economic activity lost during the Great Recession and Hurricane Sandy. The residents of the Superblock will bring a minimum aggregate household income of nearly \$73.9 million to the City of Long Beach, exceeds over

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five percent of the 2012 City of Long Beach household income. The completion of this project will provide an immediate five percent boost to buying power in the City of Long Beach.

This in turn will generate 468 primary and secondary jobs and an associated \$21.1 million in permanent and recurring payroll. The consumer activity of the permanent residents of the Superblock and new jobs created by them will also generate over \$1.8 million in new annual sales taxes for Nassau County.

Table 5: Economic Activity From The Superblock Mixed Used Development

	Temporary Economic Activity		Recurring Economic Activity	
	From Construction Activity		From New Residents – Superblock	
	Primary	Secondary	Primary	Secondary
Jobs	1,444	758	312	156
Direct Payroll	\$64,980,000	\$22,743,000	\$14,041,283	\$7,021,560
Constr. Materials	\$69,293,100	\$34,646,550	-----	-----
Sales Taxes	\$ 2,103,728	\$ 2,662,928	\$ 1,335,804	\$ 489,689
Household Inc.	-----	-----	\$73,901,491	-----
Current H/H Inc.	-----	-----	\$1,464,366,519	-----

Note: Household income is gross earnings of Superblock tenants; Current H/H Income is based on total 2012 Long Beach households and 2012 mean household income; Sales taxes computed on Nassau County rate of 4.65%

CONCLUSION

The Superblock transit oriented mixed use residential development will generate much needed socio-economic activity for the City of Long Beach and Nassau County.

- 2,202 primary construction and secondary jobs as well as the 468 permanent primary and secondary jobs
- Approximately \$109 million of direct and secondary payroll
- Over \$119 million of new economic activity for the City of Long Beach
- Over \$4.8 million in new sales tax revenues for Nassau County
- A minimum of \$73.9 million in new household income to the City of Long Beach
- Boost the buying power in the City of Long Beach by five percent
- Bring to Long Beach new residents after a decade of declining population
- Reverse the erosion of the City of Long Beach middle class and loss of young people

Taking all these factors into consideration, the Superblock will be have a positive socio-economic impact on the City of Long Beach and the County of Nassau and is worthy of the full support available from Nassau County and the Nassau County Industrial Development Agency.

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Dr. MARTIN R. CANTOR, CPA
Long Island Center for Socio-Economic Policy

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28 Woodmont Road, Melville, New York 11747

www.martincantor.com

Tel: (631) 491-1388 - Fax: (631) 491-6744 - E-Mail: EcoDev1@aol.com

Martin R. Cantor has a Bachelor of Science Degree in Accounting from Brooklyn College of the City University of New York, a Master of Arts Degree in Interdisciplinary Studies from Hofstra University focusing on the socio-economic relationships between education, household income, community and workforce development, and a Doctor of Education Degree from Dowling College. He has served as Suffolk County Economic Development Commissioner (New York State's largest suburban county), brought Computer Associates to Suffolk County, and created over 23,000 jobs with an estimated \$1.4 billion annual payroll economic impact. He has served as: Chief Economist-New York State Assembly Subcommittee for the Long Island Economy; Senior Fellow at the White Plains, New York based Institute for Socioeconomic Studies - a public policy think tank concentrating on poverty in America and senior citizen quality of life; Chair and Chief Economist of the Long Island Development Corp; a building trades labor/management arbitrator; a consultant to the Nassau Interim Financial Authority; a faculty member in the Brooklyn College Department of Economics; Executive Director of the Patchogue Village Business Improvement District; and Director of Economic Development and Chief Economist for Sustainable Long Island, and the Long Island Fund for Sustainable Development, providing financial, technical assistance to businesses and not-for-profit organizations His work is included in the *National Tax Rebate-A New America With Less Government*, and has prepared downtown revitalization plans for Long Island and New York City neighborhoods featuring arts districts, economic restructuring, waterfront projects and community organizing. He was the architect of the Nassau County Comptroller's debt restructuring plan for resolving Nassau County's fiscal crisis; has been a Long Island Business Journal columnist; has authored: federal, state and local legislation; economic impact analyses; analysis of Long Island's economic, demographic, employment, tax, and educational bases; a convention center feasibility study; taxpayer cost of acquiring open space; and health care reform; and Director of Dowling College's Long Island Economic and Social Policy Institute; and an Adjunct Associate Professor of Economics

He is a Certified Public Accountant in private practice; Director of the Long Island Center for Socio-Economic Policy, a consulting economist and economic development consultant to public officials, counties, towns, villages, Industrial Development Agencies, and communities; Chief Economist for Destination LI; and Chairman of the Suffolk County Judicial Facilities Agency which financed the acquisition of the Cohalan State Court Complex and the construction of the Suffolk County Jail in Yaphank. He provides economic and business commentary on television and radio; was Co-host of Focus 55, a public affairs program on Channel 55, is a columnist for the Long Island Business News, Long Island's largest business weekly, and Networking Newspaper for Women, has appeared in the New York Times, Newsday, and LI Pulse, and has been syndicated nationally by Newsday, Bridge News and Knight-Ridder/Tribune News Service. He is an Honorary Member of Delta Mu Delta - The National Honor Society in Business Administration and has been recognized by the National Association of Counties for innovative uses of Industrial Revenue Bonds, for international trade promotion initiatives, for downtown revitalization policies, and for minority business incubator initiatives. He was invited by Dr. William Julius Wilson of Harvard University's John F. Kennedy School of Government to present his paper entitled *Race Neutral Sustainable Economic Development*. He is the author of the recently published *Long Island, The Global Economy and Race: The Aging of America's First Suburb*.