# Contribution Analysis of Home Building on Long Island

October 2024

**PREPARED FOR:**

Long Island Builders Institute
1757-8 Veterans Memorial Highway
Islandia, NY 11749

camoin associates
www.camoinassociates.com

# ANNUAL CONTRIBUTION
## of Long Island's Home Building Sector


The Home Building Sector is comprised of industries that are directly related to the construction of residential properties (Primary Building Cluster) and other industries that supply essential goods and services required by the Primary Building Cluster (Supporting Cluster).

| | TOTAL IMPACTS | DIRECT IMPACTS (PRIMARY + SUPPORTING) |
|---|---|---|
| JOBS | **194,022**<br>**14%** of the Island's jobs | **114,906**<br>direct jobs |
| EARNINGS | **$15.4 billion**<br>**12%** of the Island's employee earnings | **$9.5 billion**<br>in direct earnings |
| SALES | **$41.7 billion**<br>Just over **9%** of the Island's total sales | **$24.8 billion**<br>in direct sales |

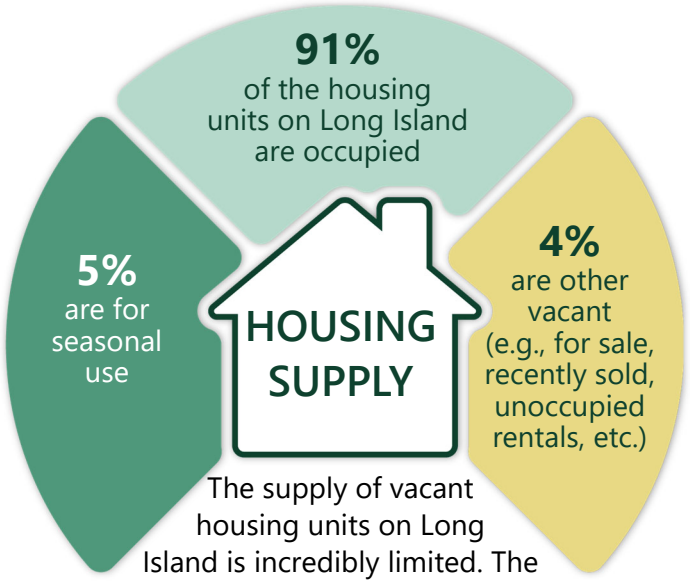
## FISCAL IMPACTS

| | Long Island | New York State |
|---|---|---|
| Sales Tax Contribution | $122.6 million | $138.5 million |
| Total Fiscal Impact<br>Sales Tax + Income Tax + Property Tax | $153.3 million | $729.4 million |

**$30.6 million**
in property taxes collected from new home and apartment construction

**$53.2 million***
total building permits and zoning fees collected by Long Island municipalities in 2022

** This number includes residential, industrial, and commercial permits.*




The supply of vacant housing units on Long Island is incredibly limited. The high demand mixed with the limited supply is directly contributing to the skyrocketing price of housing.

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# INTRODUCTION

Camoin Associates was retained by the Long Island Builders Institute (LIBI) to conduct a contribution analysis of Long Island's Home Building Sector. The analysis evaluates the annual economic and fiscal contributions of home building construction and related industries to Long Island's (Nassau and Suffolk counties) economy.

This report aims to assess the annual economic, employment, and fiscal contribution of home building to Long Island's economy. In addition to the contribution analysis, the following report also includes a profile of Long Island's Home Building Sector and an analysis of the costs associated with New York's Scaffolding Law (Labor Law 240(1)).

The primary tool used in this analysis is the input-output model developed by Lightcast. Primary data used in this study was obtained from LIBI, Lightcast, Redfin, and RS Means. The report was also informed by a series of interviews with developers and other industry professionals who are part of Long Island's home building ecosystem. Additional information on data and methodology can be found throughout the report.

The economic contributions are presented in four categories: direct contributions, indirect contributions, induced contributions, and total contributions. The indirect and induced contributions are commonly referred to as the "multiplier effect." For more information about multipliers, see Attachment A.

## STUDY INFORMATION

**Data Source:**
Long Island Builders Institute, Lightcast, Redfin, RS Means

**Geography:**
Long Island (Nassau and Suffolk counties)

**Study Period:**
2023

**Modeling Tool:**
Lightcast

### DIRECT EFFECTS

*Initial round of contributions generated as a result of spending by primary and supporting construction industries and of new employment generated as a result of ongoing operation.*

### INDIRECT EFFECTS

*Direct contributions have ripple effects through business-to-business spending. This spending results from the increase in demand for goods and services by industry sectors in the supply chain.*

### INDUCED EFFECTS

*Contributions that result from the spending by employees and employees of suppliers. Earnings of these employees enter the economy as paychecks are spent on food, clothing, and other goods and services.*

# ECONOMIC CONTRIBUTION ANALYSIS

Jobs related to the Home Building Sector's ongoing operations and developments are used as the direct input for the economic impact model. Camoin Associates uses the input-output model designed by Lightcast to calculate total economic impacts. Lightcast allows the analyst to input the amount of new direct economic activity (jobs) occurring within the region and uses the direct inputs to estimate the spillover effects that the net new spending has as these dollars circulate through the regional or local economy. This is captured in the indirect and induced impacts and is commonly referred to as the "multiplier effect." See Attachment A for more information on economic impact analysis.

## ECONOMIC CONTRIBUTION ASSUMPTIONS

Long Island's Home Building Sector makes an economic contribution to the Long Island economy on an annual basis through continued operations and new developments. The Home Building Sector is comprised of several industries that are directly related to the construction of residential properties (Primary Building Cluster) and other industries that supply essential goods and services required by the Primary Building Cluster (Supporting Cluster). Industries in the supporting cluster include legal services, engineering services, wholesalers, and retailers, among others.


**Industry Hierarchy Explained**

In this analysis, the Home Building Sector is broken down into the Primary Building Cluster and the Supporting Cluster. The Primary Building Cluster and the Supporting clusters are composed of a series of 6-Digit NAICS industries.

For this analysis, we attribute 100% of the jobs in the Primary Building Cluster to the Home Building Sector. In other words, we assume that without homebuilding, none of the jobs in the Primary Building Cluster would exist on Long Island. To calculate how many jobs in the Supporting Cluster can be attributed to the Home Building Sector, we used purchases and sales data from Lightcast. First, we determined the amount of purchases made by the Primary Building Cluster from each supporting industry. We then calculated the share of Primary Building Cluster purchases compared to the supporting industry's total in-region sales. This share was then applied to each of the supporting industries' total jobs. For example, the Primary Building Cluster was responsible for 76% of the total in-region sales made by Home Centers. Therefore, we attribute 76% of the jobs in the Home Centers industry to the Home Building Sector. See Attachment B for a complete list of industries in the Primary Building and Supporting Clusters. Using this methodology, we determined that a total of 114,906 jobs on Long Island can be attributed to the Home Building Sector.

| **Home Building Sector Jobs, Long Island, NY (2023)** | |
|---|---|
| Primary Building Cluster | 100,299 |
| Supporting Cluster | 14,607 |
| **Total Jobs** | **114,906** |

**Source:** Lightcast

# HOME BUILDING SECTOR'S ECONOMIC CONTRIBUTION

In addition to the direct jobs outlined above, spillover effects occur as the Home Building Sector purchases goods and services from other businesses and as both Home Building Sector employees and workers at local suppliers circulate their earnings throughout the local economy. This is captured in the indirect and induced impacts, commonly referred to as the "multiplier effect."

The adjacent table outlines the annual economic contribution of the Home Building Sector on Long Island. Including indirect and induced impacts, the sector annually supports **194,022 jobs**, over **$15.4 billion in earnings**, and more than **$41.7 billion in total sales** to the Long Island economy. This contribution accounts for 14% of the Island's jobs, 12% of employee earnings, and just over 9% of total sales.

### Economic Contribution - Primary Building Cluster

| | Jobs | Earnings | Sales |
|---|---|---|---|
| Direct | 100,299 | $8,470,732,668 | $21,780,536,813 |
| Indirect | 22,049 | $1,740,051,038 | $6,012,361,647 |
| Induced | 44,401 | $3,223,340,063 | $8,479,523,447 |
| **Total** | **166,750** | **$13,434,123,769** | **$36,272,421,907** |

### Economic Contribution - Supporting Cluster

| | Jobs | Earnings | Sales |
|---|---|---|---|
| Direct | 14,607 | $1,040,817,845 | $3,028,738,957 |
| Indirect | 5,435 | $363,153,551 | $979,740,286 |
| Induced | 7,230 | $549,615,611 | $1,447,311,750 |
| **Total** | **27,272** | **$1,953,587,007** | **$5,455,790,994** |

### Total Annual Economic Contribution of the Home Building Sector

| | Jobs | Earnings | Sales |
|---|---|---|---|
| **Total** (Primary + Supporting) | **194,022** | **$15,387,710,775** | **$41,728,212,900** |

**Source:** Lightcast, Camoin Associates

# FISCAL CONTRIBUTION ANALYSIS

In addition to the economic impacts, the Home Building Sector benefits Long Island through increases in sales tax, property tax revenues, and construction associated fees. These effects are outlined in the analysis below.

## SALES TAX

Long Island receives sales tax revenue resulting from employees associated with the Home Building Sector spending their earnings locally. Using the *Total Earnings* calculation from the economic impact analysis, we estimate that 75% of earnings will be spent on Long Island and 90% will be spent in New York State. Of this spending, we assume 25% will be taxable.[1] The calculation and sales tax revenue generated is outlined in the table below. This tax revenue recurs annually due to the home building industry's annual operations.

**Sales Tax Contribution from Employee Earnings (2023)**

| | Long Island | New York |
|---|---|---|
| Total Employee Earnings | $15,387,710,775 | $15,387,710,775 |
| Percent Spent in Geography | 75% | 90% |
| Amount Spent in Region (75%) | $11,540,783,082 | $13,848,939,698 |
| Amount Taxable (25%) | $2,885,195,770 | $3,462,234,924 |
| Sales Tax Rate | 4.25% | 4.00% |
| **Total Contribution of Sales Tax Revenue** | **$122,620,820** | **$138,489,397** |

**Note:** Nassau and Suffolk counties impose a 4.25% local sales tax

**Source:** Lightcast, Camoin Associates

Long Island communities also benefit from sales tax associated with builders, subcontractors and supporting industry members purchasing construction-related materials locally, however that is not captured in this analysis.

[1] Percentages of in-region spending are based on an analysis of available goods and services in the study areas (Source: Lightcast). It is assumed that the vast majority of spending will occur in New York State, with a portion reserved for travel or other out-of-state expenditures. Assumptions of the percent of purchases that are taxable are based on a breakdown of typical household spending (Source: BLS and Lightcast). Spending on services and groceries are some of the biggest categories of household expenditures and are non-taxable.

# PROPERTY TAX REVENUES

New homes increase a given property's taxable assessed value and contribute to local municipalities by increasing property tax revenue. However, identifying the property tax rate on Long Island can be challenging due to the various taxing jurisdictions and levels of government. A study by ATTOM Data Solutions found that in 2022, the effective tax rate for Suffolk County was 1.34% while the rate in Nassau County was approximately 1.48%. Results from this analysis are shown in the table below.

**Annual Property Tax Contribution from New Construction Homes**

| | Nassau County | Suffolk County Central | Suffolk County East End |
|---|---|---|---|
| New Homes | 525 | 279 | 125 |
| Average Price of New Homes | $1,666,380 | $956,824 | $3,414,978 |
| Property Tax Rate | 1.48% | 1.34% | 1.34% |
| Average Property Tax Per House | $24,662 | $12,821 | $45,761 |
| **Total Tax Contribution of New Homes** | **$12,947,772** | **$3,577,184** | **$5,720,087** |
| **Total Tax Contribution of New Homes on Long Island** | | | **$22,245,043** |

**Note:** New home sales shown for Sept. 2023-Sept. 2024. Town breakdowns are included in Attachment C

**Source:** OneKey MLS, ATTOM, Camoin Associates

In addition to new homes, new apartment complexes also increase property tax revenues. Data collected using CoStar provided the number of new apartment units as well as a per unit tax estimate. Details are outlined in the table below.[2]

**Property Tax Contribution from New Construction Apartments (2023)**

| | Nassau County | Suffolk County |
|---|---|---|
| New Apartment Units | 223 | 2,196 |
| Average Per Unit Tax | $3,479 | $3,479 |
| **Total** | **$775,719** | **$7,638,918** |
| **Total Tax Contribution of New Apartments** | | **$8,414,637** |

**Note:** Tax contributions from new construction apartments assumes the new units were built on previously undeveloped land.

**Source:** CoStar, Camoin Associates

[2] CoStar accounts for property tax exemptions, abatements, and incentives which can significantly impact the effective tax rate for certain properties.

### *Additional Apartment Considerations*

On Long Island, rental unit developments are typically built with the assistance of a Payment in Lieu of Taxes (PILOT) program. In these situations, PILOTs initially allow for lower per-unit tax rates, gradually increasing to the full market tax rate over a given number of years. Because this analysis is interested in the one-year impact of home building, the average apartment tax rate accounts for these initial lower tax rates. However, it is important to note that the annual apartment tax contributions of apartments built in 2023 will continue to increase until the PILOT program has expired. Currently, average real estate taxes on rental units in Suffolk County range between $4,000 and $6,000, while taxes in Nassau County range between $10,000 and $12,000 per unit. The adjacent table estimates the fully assessed tax contribution of new construction apartments using current tax rates.

**Fully Assessed Tax Contribution of Apartments Constructed in 2023**

| | Nassau County | Suffolk County |
|---|---|---|
| New Apartment Units | 62 | 2,196 |
| Average Per Unit Tax Range | $10,000-$12,000 | $4,000-$6,000 |
| **Total** | **$620,000-$744,000** | **$8,784,000-$13,176,000** |
| **Fully Assessed Tax Contribution (Current Rates)** | | **$9,404,000 - $13,920,000** |

**Source:** Camoin Associates, OneKey MLS, LIBI

# INCOME TAX REVENUE

Income tax revenue to New York State is estimated using total earnings. Workers in New York State pay an average of $34.84 in income tax on every $1,000 of earnings or 3.84%.[3] This tax rate was applied to total earnings to estimate income tax revenue attributed to Long Island's Home Building Sector.

**Annual Income Tax Revenue Attributable to Long Island Home Building Sector (2023)**

| | New York State |
|---|---|
| Earnings | $15,387,710,775 |
| NYS Average Income Tax Rate | 3.84% |
| **Total, Annual Income Tax Revenue** | **$590,888,094** |

**Source:** Camoin Associates, Empire Center for Public Policy

[3] Source: The Empire Center. Accessed July 2, 2024. https://www.empirecenter.org/publications/state-income-taxes-per-1000-of-personal-income/

# TOTAL FISCAL IMPACT

The total annual fiscal contribution of the Home Building Sector to Long Island and New York State is outlined in the table below.

**Annual Fiscal Contribution of the Home Building Sector to Long Island's Economy**

| | Long Island | New York State |
|---|---|---|
| Sales Tax Contribution from Employee Earnings | $122,620,820 | $138,489,397 |
| Income Tax Contribution from Employee Earnings | -- | $590,888,094 |
| Property Tax Contribution from New Construction Homes | $22,245,043 | -- |
| Property Tax Contribution from New Construction Apartments | $8,414,637 | -- |
| **Total Fiscal Contribution** | **$153,280,500** | **$729,377,491** |

**Source:** Camoin Associates

# OTHER BUILDING RELATED FISCAL IMPACTS

Builders on Long Island contribute to local municipalities through the payment of fees and the purchase of building permits. While not all building permits and zoning fees are directly related to home building, towns would not be able to collect these revenues without Long Island's building industry. Using town budgets, we determined the actual building permits and fees collected in 2022. The majority of towns had individual line items for zoning fees and building permits. For budgets that didn't include these line items, the closest alternative was included.

In 2022, Nassau County collected more than $27.5 million from zoning fees and building permit purchases. Suffolk County towns collected more than $25.7 million during the same one-year period. Overall, in 2022, towns on Long Island received approximately $53.2 million from building permit sales and zoning fees.

In addition to zoning and building permit fees outlined in the table, builders are also subject to additional county, town and village fees such as highway work permits, sewer connection fees, environmental fees, etc. These permits and associated fee requirements vary by project and location but they can be substantial. For example, the highway work permits and sewer connection fees for a larger multi-family development project can easily surpass $1 million.

**Building Permit and Zoning Fees Collected by Long Island Towns, 2022**

| Town/ County | Budget Item Name | Amount Collected |
|---|---|---|
| **Nassau County** | | |
| North Hempstead | | |
| | Zoning Fees | $186,050 |
| | Building Permits | $5,244,722 |
| Hempstead* | | |
| | Departmental Fees: Building Department | $12,875,000 |
| Oyster Bay | | |
| | Zoning Fees | $313,450 |
| | Building and Alteration Permits | $8,891,817 |
| **Nassau Total** | | **$27,511,039** |
| **Suffolk County** | | |
| Huntington* | | |
| | Building and Housing Workload | $4,081,618 |
| Babylon | | |
| | Plumbing and Permits, Other | $110,750 |
| Smithtown | | |
| | Building and Occupancy Permits | $2,099,838 |
| Islip | | |
| | Zoning Fees | $200,200 |
| | Building Permtis: Planning | $5,052,886 |
| Brookhaven | | |
| | Zoning Fees | $934,763 |
| | Building Department Fees | $7,641,623 |
| Riverhead | | |
| | Zoning Fees | $10,000 |
| | Site Plan Fees | $145,000 |
| Southampton | | |
| | Building Permit Fees | $3,231,728 |
| Southold | | |
| | Zoning Fees | $245,000 |
| | Permits | $515,300 |
| East Hampton | | |
| | Licenses, Permits and Fees | $911,083 |
| Shelter Island | | |
| | Zoning Fees | $17,560 |
| | Building Permits | $515,806 |
| **Suffolk Total** | | **$25,713,155** |
| **Total (Suffolk + Nassau)** | | **$53,224,194** |

* Zoning fees included in line item

**Source:** LIBI, Camoin Associates, RS Means, Redfin

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# WHAT WE HEARD: KEY THEMES FROM INTERVIEWS WITH LIBI MEMBERS

Camoin Associates spoke to 15 builders and associate members through 13 interviews. The goal of these interviews was to better understand Long Island's home building industry and identify its key challenges.

Interviewees agreed to speak with us on the promise of anonymity. Participants included builders of

- Single-Family Custom Homes
- Single-Family Community Developments
- Multi-Family Developments
- Affordable Housing
- 55+ Communities

Interviews were also conducted with associate members who work in the supporting industries. The following summary identifies the key themes and ideas that were echoed by multiple members throughout the interview process.

### *1. Land Costs and Land Availability Concerns*

The cost of land on Long Island is quite high, which drives up the price of new homes. This makes it difficult for builders to keep prices affordable while still hitting the minimum return necessary to attract the capital investment required to build these projects. Several interviewees emphasized the need for or their reliance on PILOT programs in order for projects to be "remotely feasible".

### *2. Municipal Delays*

Long Island has a patchwork of zoning laws and regulatory requirements that vary by municipality. This variation makes it challenging to apply for and receive the proper authorizations. Several builders mentioned that labor shortages at the town level contribute to this issue as new administrative personnel and inspectors take time to learn complex building codes and other requirements. Overall, this can lead to costly delays.

### *3. Permit and Approval Timelines*

At the municipal level, the timeline to pull even standard permits is often long and lacks consistency. For example, during one interview a participant claimed to have a good relationship with local municipalities and a firm understanding of the application process. This individual still cited a 2 1/2-month timeline to acquire a "basic plumbing permit". Likewise, an interviewee mentioned that a simple interior alteration project, adding partition walls, was a three-day construction job but had a three-month timeline due to "approval and inspection processes".

### *4. Rise in Community Opposition*

According to interviewees, community opposition to new developments, especially in established neighborhoods, often stems from concerns about impacts on local schools, increased traffic, and changes to the community. This "not in my backyard" (NIMBY) mentality was cited by many as a significant challenge. However, interviewees noted their belief that in larger development projects, the anticipated negative effects rarely materialize once the projects were completed.

### *5. Insurance Costs (Further explored in the Scaffold Law Analysis)*

The cost of construction insurance, including liability and workers' compensation, is high on Long Island. Builders mentioned turning away bids for simple landscaping jobs due to stringent insurance requirements. Additionally, Long Island is vulnerable to natural disasters like hurricanes, which can increase insurance premiums and add to the risk factors for builders.

### *6. Moving To and Exploring Markets Outside of Long Island*

Multiple interviewees mentioned they were actively looking for opportunities to move their business off

of Long Island. Other interviewees mentioned they were already in the process of making the move. These interviewees primarily cited land costs, insurance costs, community opposition, and the Island's complex regulatory requirements as reasons behind their desire to no longer build on Long Island.

### *7. No Room for the "Little Guy"*

All of the factors mentioned above ultimately result in increased costs. Only large, well-established developers can compete in this environment due to the large holding costs that the Long Island industry requires. Surprisingly, however, these barriers and the lengthy entitlement process also prevent large national developers from operating on the island.

### *8. Consistent Supply of Local Subcontractor's*

Several builders mentioned they have a reliable network of subcontractors to work with on Long Island. Interviewees also mentioned seeing significant growth in a lot of their subcontractors over the years.

### *9. Sentimental Feelings Toward Living and Developing on Long Island*

Several interviewees made it a point to mention that they consider Long Island to be their home. These interviewees also expressed a desire to improve their local communities through thoughtful, well-designed developments.

# LABOR LAW 240(1) "SCAFFOLD LAW" ANALYSIS

New York Labor Law 240(1), also known as the Scaffold Law, was examined using a two-pronged approach. First, through interviews with insurance companies, risk managers, and multi-state developers the Camoin Team gathered and compared actual cost figures that builders used when bidding on projects in New York and other states. Second, a team at Stony Brook's Real Estate Institute conducted a literature review that provides background information and examines current arguments supporting the law as well as arguments for legislative reform.

## BACKGROUND

New York's Scaffold Law (Labor Law 240(1)) holds owners, employers, and contractors fully liable for gravity-related accidents on construction sites, such as falls from scaffolding or objects falling from heights. Many U.S. states once had scaffold laws similar to New York's, but most repealed or reformed them during the 20th century with Illinois being the last state to repeal this type of legislation in 1995. New York remains the only state with a strict version still in place.

New York's Scaffold Law places significant financial burdens on taxpayers due to increased insurance premiums and legal costs tied to publically funded construction projects. Some of the more notable and heavily cited projects include the construction of the Tappan Zee Bridge (now Mario Cuomo Bridge) which saw an additional $200 to $400 million in costs due to the Scaffold Law. Similarly, the proposed Gateway Project, which involves replacing the Hudson River rail tunnel, could face $180 to $300 million in extra expenses.

While supporters of the law claim it increases worker safety, New York continually fails to receive high safety scores compared to other states. A 2024 study found that New York ranks 29th for construction worker safety.[4] More information on New York's Labor Law 240(1) is included in the literature review section of this report.

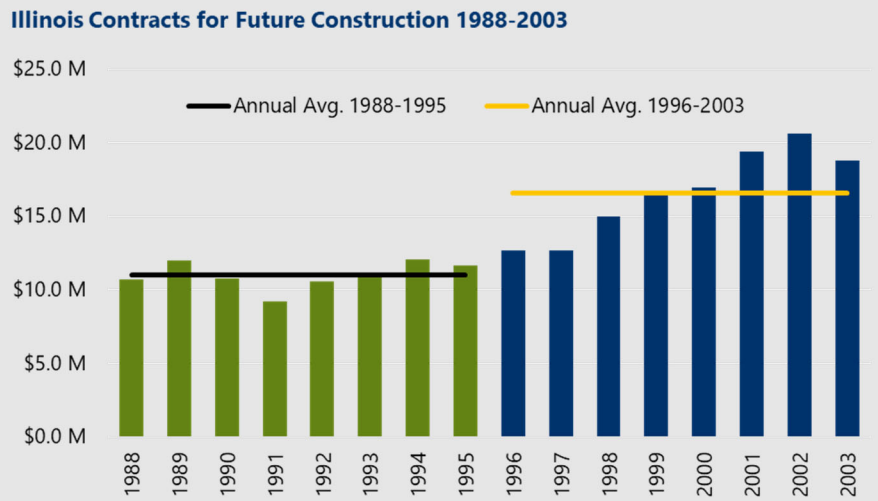
[4] https://www.onfocus.news/the-most-dangerous-states-for-construction-workers-ranked/

### *A Closer Look at Illinois*

After Illinois repealed its Structural Work Act (scaffold law) in 1995, several notable changes occurred in the state's construction industry:

**Construction-Related Fatalities**: In the years leading up to the repeal of Illinois' Structural Work Act (1993-1995), the three-year average for construction-related fatal falls was 20. Following the law's repeal, the three-year average (1996-1998) dropped to 17.[5] The nine-year average (1996-2004) following the removal of the law remained at 17.

**Construction Activity**: The chart illustrates Illinois Contracts for Future Construction before and after the repeal of the Structural Work Act. The pre-repeal trend (1988-1995) shows moderate fluctuation in the amount of contracts, with some years experiencing slight declines, suggesting that the Scaffolding Act may have contributed to stable but not substantial growth. Post-repeal trends (1995-2003) show a significant increase in the amount of contracts, indicating that the construction market in Illinois experienced a boost in contracts following the repeal of the act.




**Source:** : Illinois Department of Commerce and Economic Opportunity

**Balanced Responsibility**: The new system, based on comparative negligence, allowed for a more equitable distribution of liability. Workers, contractors, and property owners could all be held accountable based on their degree of fault in an accident, ensuring strong incentives for high safety measures on construction sites were still in place.

# INTERVIEW AND CASE STUDY ANALYSIS

Through a series of interviews with insurance companies, risk managers, and developers who regularly work in multiple states the Camoin team gathered actual insurance cost figures that builders considered when bidding on projects. Additionally, the team was able to gather information related to the actual costs paid for similar projects that took place on Long Island and in New Jersey. Like the interviews discussed in the What We Heard section, Scaffold Law interviews were also conducted with the promise of anonymity. The following case studies outline key findings from these interviews.

## Key Interview Findings

- Overall, participants who were interviewed for this analysis conservatively estimate that their insurance costs for any given project in New York are at least 50% higher than insurance costs they've encountered in other states.

[5] https://centerjd.org/system/files/ILConstrSafetyFinal.pdf

- Multiple risk managers and insurance providers repeatedly mentioned two problematic trends for construction insurance in New York State.
  1. The limited number of insurance companies who are willing write in New York. The few remaining insurance companies have a monopoly further increasing the price of insurance.
  2. Of the companies who are willing to write in New York, many have resorted to limiting their coverage to specifically exclude "Scaffold Law" claims. Due to the complexity of the insurance system, this second point leaves often leaves private contractors unknowingly open to bearing the entire burden of a "Scaffold Law" claim even though the contractor believes they are covered.

## Case Study 1

In 2023, a large New York based developer was interested in pursuing development projects estimated to cost around $100,000,000 at locations in New York and in Connecticut. Their risk assessment team generated the following estimates for insurance costs given the cost of the projects and their proposed locations.

**Insurance Cost Estimates for $100 Million Projects, 2023**

| | New York | Connecticut |
|---|---|---|
| Job Cost | $100,000,000 | $100,000,000 |
| General Liability Limit | $1,000,000 | $1,000,000 |
| General Liability Rate of Job Costs | $10/$1,000 of job costs | $3/$1,000 of job costs |
| General Liability Premium | $1,000,000 | $300,000 |
| Umbrella Premiums | | |
| Percentage for $5 million umbrella | 75% of General Liability Premium | 60% of General Liability Premium |
| $5 million umbrella premium | $750,000 | $180,000 |
| $5 m x $5 m umbrella percentage | 50% of General Liability Premium | 40% of General Liability Premium |
| $5 m x $5 m umbrella premium | $500,000 | $120,000 |
| $10 m x $10 m umbrella percentage | 25% of General Liability Premium | 20% of General Liability Premium |
| $10 m x $10 m umbrella premium | $250,000 | $60,000 |
| $5 m x $20 m umbrella percentage | 18% of General Liability Premium | 12% of General Liability Premium |
| $5 m x $20 m umbrella premium | $180,000 | $36,000 |
| **Total, Required Insurance Coverage** | **$2,680,000** | **$696,000** |

Insurance estimates for the New York project are almost triple estimates for the Connecticut project. General liability premium costs in New York exceed Connecticut's costs by 70%. Total insurance costs for the New York project are nearly $2 million or approximately 74% higher than estimates for the Connecticut project. It is also important to consider that the table above only shows insurance estimates for the primary developer, it does not account for the variation in insurance costs that will exist at the general contractor and subcontractor levels. As a result, total insurance cost discrepancies between the projects will actually be significantly higher than what is shown in the table above.

## Case Study 2

In 2022, a risk assessment team put together estimates for two $63 million projects taking place in New York City, NY and in Chicago, IL. At the time, liability rates in New York were approximately $9 for every $1,000 of job costs. In

Chicago liability rates were significantly lower at $1.50 per $1,000 of job costs. The table below breaks down the cost differences.

**General Liability Insurance Cost Estimates for $63 Million Projects, 2022**

| | New York City, NY | Chicago, IL |
|---|---|---|
| Job Cost | $63,000,000 | $63,000,000 |
| General Liability Rate of Job Costs | $9/$1,000 of job costs | $1.5/$1,000 of job costs |
| General Liability Premium | $567,000 | $94,500 |

## Case Study 3

Between 2022 and 2023, a developer on Long Island renovated hotel rooms at a location in Nassau County, NY and a location in Bergen County, NJ. The hotels provide comparable amenities and similar renovations were conducted. The same general contractor (GC) was used for both projects. To be eligible for the New York renovation, however, the contractor was required to purchase job specific insurance. While the GC's standard insurance provided coverage in more than 30 states, it did not provide adequate coverage in New York. This job specific insurance increased the GC's costs by $100,000. The difference in total renovation costs for the two projects is shown in the table below.

**Total Cost for Hotel Room Renovations, 2022-2023**

| | Nassau County, NY | Bergen County, NJ |
|---|---|---|
| Number of Keys | 153 | 167 |
| All In Cost Per Key | $1,200 | $750 |
| **Total** | **$183,600** | **$125,250** |

In total, the Bergen County renovation included 14 more rooms than the Nassau County project and was still 32% less expensive. Per key, the Nassau County Project was around 38% more expensive compared to the Bergen County project.

# LITERATURE REVIEW AND ANALYSIS

***The following literature review and analysis was conducted by the Real Estate Institute at Stony Brook University's College of Business. The "Reasonableness Checks" and related research were conducted by the team at Camoin Associates***

Attachment C includes a complete list of sources used in this analysis
Attachment D includes a summary of the sources used in this analysis

## Introduction and History of Labor Law 240

Labor Law 240(1), commonly known as the "Scaffold Law," was enacted in 1885 to protect construction workers from fall-related injuries. The law holds property owners, employers, and contractors 100% liable for any gravity-related injuries occurring on construction sites, leaving them virtually no defense against claims. Gravity-related injuries under this law are defined broadly, covering incidents involving scaffolding, hoists, stays, ladders, and other elevated work (Article 8). This can include a worker falling from an elevated height or an object falling on a worker from above.

As it stands, there are some parameters in place that protect contractors, agents, and their constituents, "Contractors, owners, and their agents cannot be liable when they provide the protections that are deemed necessary to protect the workers from every height-related risk associated with the work being performed. Therefore, "liability is contingent upon the existence of a hazard contemplated in 240(1) and the failure to use, or the inadequacy of, a safety device of the kind enumerated therein," and those general hazards associated with a construction site are not covered" (Article 8).

Reform proponents advocate for a shift to a shared liability framework, where responsibility is distributed based on each party's degree of fault. They argue this would lower insurance costs, stimulate economic growth, and minimize operational disruptions. However, such a change could compromise worker safety, lead to more legal disputes, and create staffing and project management challenges. This paper examines both sides of the debate, focusing on the potential unintended consequences that could arise from reforming the Scaffold Law.

## Arguments for Reform: Reducing Costs and Stimulating Development

### LOWERING INSURANCE COSTS

A key argument for reforming the Scaffold Law is the substantial financial burden it places on developers due to high insurance costs. The current absolute liability framework mandates that property owners and contractors are entirely liable for gravity-related injuries, even when a worker's actions—such as intoxication, distraction, or reckless behavior—contribute to an accident. As a result, insurance premiums have skyrocketed, and these costs are ultimately passed on to developers and consumers.

For example, a developer in Carle Place, Nassau, reported needing an additional insurance policy costing $100,000 to cover potential Scaffold Law claims. These elevated insurance premiums act as a barrier to entry, particularly for smaller developers, who struggle to absorb these costs in an already expensive market like Long Island, where land prices, taxes, and regulatory expenses are considerable.

*Reasonableness Check: While the Scaffold Law imposes significant costs on developers through increased insurance premiums, The New York Committee for Occupational Safety and Health (NYCOSH) does not believe the law should disincentives individuals from doing business in New York. Instead, NYCOSH believes the real problem lies with insurance companies and says "that insurance companies should open their books to the public so the public can determine if the premiums being charged to contractors are justified".*

### ENCOURAGING DEVELOPMENT AND ECONOMIC GROWTH

The existing Scaffold Law is often cited as a deterrent to new construction projects, particularly in the affordable housing sector and smaller developments. According to Rick Tannenbaum in *"Adding a Comparative Negligence Standard Balances Worker Safety and Skyrocketing Insurance Costs,"* New York's Scaffold Law increases the cost of building each home by an average of $10,000. This has impeded the state's capacity to provide affordable housing units and public schools. Reforming the law to a more balanced liability framework could reduce these financial barriers, making homebuilding more economically viable. This could incentivize developers to undertake new projects, increasing housing supply and driving economic growth. Similarly, reducing insurance costs would likely create jobs and stimulate related economic activities.

*Reasonableness Check: While reforming the Scaffold Law could lower costs for developers and potentially stimulate economic growth, it's essential to consider the broader implications for worker safety. The law's strict liability standard*

*serves as an incentive for property owners and contractors to maintain safe working conditions. Lowering these safety standards for the sake of economic growth could lead to more accidents.*

### MINIMIZING OPERATIONAL DISRUPTIONS

Under the current law, the potential for high liability often results in reduced transparency in project operations. For instance, developers may avoid hosting hard hat tours that are essential for investors and stakeholders to assess ongoing progress to avoid potential liability claims. Reforming the law to a shared liability standard could reduce these risks, encouraging more transparency in operations and enhancing market confidence.

*Reasonableness Check: While increased transparency in project operations is beneficial, reducing liability through reforming the Scaffold Law could have unintended consequences. Transparency should be achieved through improved safety protocols and clear communication. Hosting hard hat tours can still be done safely with proper precautions, without the need to dilute legal protections for workers.*

## Arguments Against Reform: Safeguarding Worker Safety and Ensuring Accountability

### COMPROMISING WORKER SAFETY

Opponents of reform emphasize that the Scaffold Law is critical in maintaining high safety standards on construction sites. By holding property owners and contractors strictly liable for fall-related injuries, the law provides a robust financial incentive to prioritize worker safety and invest in proper safety measures and equipment. A shift to a shared liability standard could weaken these incentives, as contractors and property owners might perceive a reduced threat of financial loss in the event of an accident. Labor unions and trial lawyers opposed to reform argue that any dilution of the current law would likely lead to cost-cutting on safety investments and a corresponding rise in workplace accidents.

*Reasonableness Check: According to the New York Committee for Occupational Safety and Health's 2024 Deadly Skyline report, "In 2022, construction deaths accounted for 22% of all worker deaths in New York City and 24% of all worker deaths in New York State, compared to 21% nationwide."[6] During the same period, the Union Labor Advisory Network "witnessed a consistent increase in construction-related injuries for the third consecutive year".[7] Is it fair to say the Scaffold Law provides superior protection for construction workers when death rates are above the national average and construction related injuries continue to increase?*

*Furthermore, the Scaffold Law does not actually include any type of workplace safety requirements. All construction sites in New York State are bound by federal Occupational Safety and Health Administration (OSHA) regulations. In other words, the Scaffold Law only covers who is at fault after a workplace accident has occurred, but it does not directly dictate requirements for running a safe construction site. Therefore, removing the Scaffold Law may in theory remove a safety incentive, but it will not change safety requirements for New York construction sites.*

### INCREASE IN LEGAL DISPUTES AND COSTS

Transitioning could result in a surge of legal disputes as parties argue over the degree of fault and seek to minimize their share of liability. This could lead to prolonged court battles, escalating legal costs, and potential delays in

[6] https://nycosh.org/resource/2024-deadly-skyline-report/

[7] https://www.ulanetwork.com/blog/nyc-construction-safety-report-2024-release

project timelines. The complexity of determining fault in construction-related accidents could create significant administrative burdens, potentially offsetting some of the anticipated savings from reduced insurance premiums. The uncertainty surrounding fault allocation could also dissuade developers, potentially weakening one of the main arguments for reform.

*Reasonableness Check: Under the current regulations, the private construction company is held liable for injuries even if they have taken all of the preventative measures. If an injury is determined to be gravity-related, the company's owner receives a summary judgment and is found guilty without the opportunity to defend themselves. While new regulations may shift the type of legal work required by builders and developers, is it reasonable to assume developers are better off receiving an immediate guilty verdict than they would be if they were allowed to argue their case?*

### STAFFING AND PROJECT MANAGEMENT CHALLENGES

Reforming the law could have unintended consequences on staffing decisions and site management practices. Contractors might become more cautious in hiring, avoiding workers with any history of negligent behavior to minimize the risk of liability disputes. This could result in a more selective hiring process, reducing job opportunities for certain workers and potentially leading to labor shortages. Additionally, increased legal ambiguity around shared negligence could pose more extensive safety documentation and monitoring, diverting time and resources from core construction activities and impacting overall productivity.

*Reasonableness Check: Under the current regulations, owners are incredibly cautious of the subcontractors they work with. More emphasis is placed on the subcontractor having complete and proper insurance coverage than is placed on their craftmanship. Is it reasonable to assume developers and subcontractors will care more about negligent employees in the workplace if the regulations shift to a shared liability model than they do now when they are 100% liable? And if that is the case, shouldn't we want to enact the shared liability model to improve worker welfare?*

### POTENTIAL INCREASE IN PROJECT COSTS AND DELAYS

While reform advocates highlight the potential for reduced insurance premiums, opponents argue that increased costs in other areas could offset these savings. Developers might need to allocate more resources for legal support, comprehensive safety documentation, and enhanced site supervision to mitigate shared liability risks. These additional measures could extend project timelines, increase administrative costs, and create unforeseen disruptions in the development process.

*Reasonableness Check: If removing the law would potentially increase site supervision and spur builders to create comprehensive safety plans and documentation, wouldn't that potentially create a safer workplace for construction laborers?*

## Conclusion

The debate over reforming New York's Scaffold Law to adopt a shared liability standard involves a complex assessment of both economic and social implications. While reform could potentially lower insurance costs, encourage new development, and create a fairer system of liability distribution, it could also lead to unintended consequences such as reduced worker safety, increased legal disputes, staffing challenges, and potential project delays. Policymakers must carefully evaluate these multifaceted arguments to ensure that any amendments to the Scaffold Law balance worker safety with accountability and economic growth. A nuanced approach is needed to address the concerns of all stakeholders involved in the construction industry, ensuring that both economic interests and the welfare of workers are safeguarded.

# HOME BUILDING INDUSTRY PROFILE

## HOUSING[8]

### Housing Units by Type, Long Island, NY (2022)

| Type | Number | % of Total |
|---|---|---|
| Single-Family | 874,211 | 83% |
| 2-4 Units | 66,216 | 6% |
| 5-9 Units | 21,468 | 2% |
| 10-19 Units | 24,193 | 2% |
| 20-49 Units | 20,762 | 2% |
| 50+ Units | 40,406 | 4% |
| Other (Mobile Homes, Boats, RV, Etc.) | 8,703 | 1% |
| **Total Units** | **1,055,959** | **100%** |

**Source:** Esri

On Long Island, single-family homes make up the majority of the housing stock, accounting for 83% of Long Island's total units. Only 16% of housing units are in multi-unit structures, 4% of which are considered large (structures with 50+ units).

Referring to the adjacent table, 91% of housing units on Long Island are permanently occupied. While 9% of units are considered vacant, 5% of these vacant units are considered seasonal or occasional use homes. In addition to units for rent, the "Other Vacant" category (4% of total) also includes unoccupied units that are for sale, rented, recently sold, and units utilized by migrant workers. Overall, available units for rent and unoccupied homes for sale make up less than 2% of Long Island's total housing stock.

### Occupancy and Seasonal Status of Units on Long Island, NY (2022)

| | Number | Percent |
|---|---|---|
| Occupied Housing Units | 968,113 | 91% |
| Vacant Housing Units | 91,791 | 9% |
| Seasonal Use | 47,164 | 5% |
| Other Vacant | 44,627 | 4% |
| **Total Housing Units** | **1,059,904** | **100%** |

**Source:** American Community Survey, 2022 5-Year Estimates

### Building Permits by Housing Unit Type, Long Island, NY

| Year | Total Units | Single-Family | Units in 2 to 4-Unit Structures | Units in 5+ Unit Structures | Total Multi-Family Units | Multi-Family % of Total Untis |
|---|---|---|---|---|---|---|
| 2013 | 2,176 | 1,659 | 24 | 493 | 517 | 24% |
| 2014 | 2,122 | 1,824 | 18 | 280 | 298 | 14% |
| 2015 | 2,304 | 1,736 | 14 | 554 | 568 | 25% |
| 2016 | 1,796 | 1,517 | 22 | 257 | 279 | 16% |
| 2017 | 2,625 | 1,785 | 52 | 788 | 840 | 32% |
| 2018 | 1,986 | 1,614 | 76 | 296 | 372 | 19% |
| 2019 | 2,324 | 1,417 | 44 | 863 | 907 | 39% |
| 2020 | 1,928 | 1,244 | 12 | 672 | 684 | 35% |
| 2021 | 2,824 | 2,011 | 15 | 798 | 813 | 29% |
| 2022 | 2,270 | 1,910 | 63 | 297 | 360 | 16% |
| 2023 | 2,364 | 1,561 | 35 | 768 | 803 | 34% |

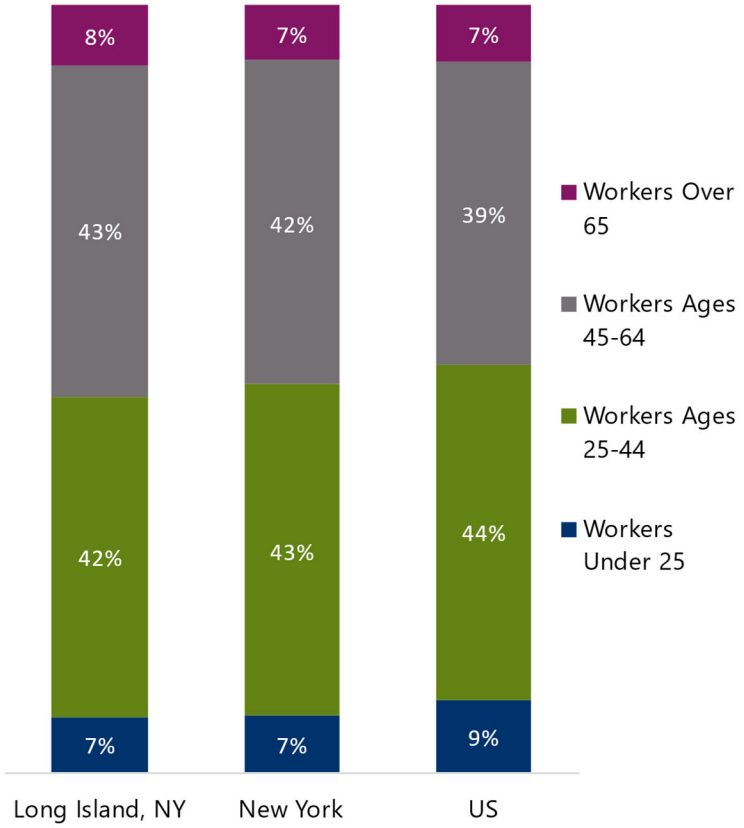
**Source:** SOCDS Building Permits Database

During the last 10 years, the majority of building permits issued on Long Island have been for single-family homes.

[8] Housing and permit totals will vary by data source

# INDUSTRY DEMOGRAPHICS

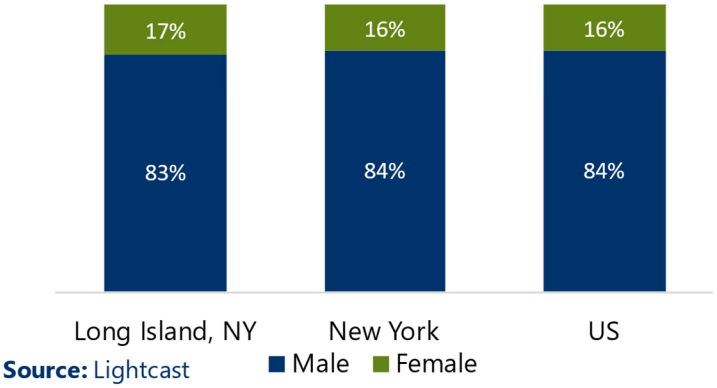
### Age Distribution of Workers in the Primary Building Cluster (2023)




**Source:** Lightcast

Compared to the state and the US, Long Island's Primary Home Building Cluster has a slightly larger share of workers ages 45+. Overall, the age distribution of workers in Long Island's Primary Home Building Cluster is in line with state and national trends.

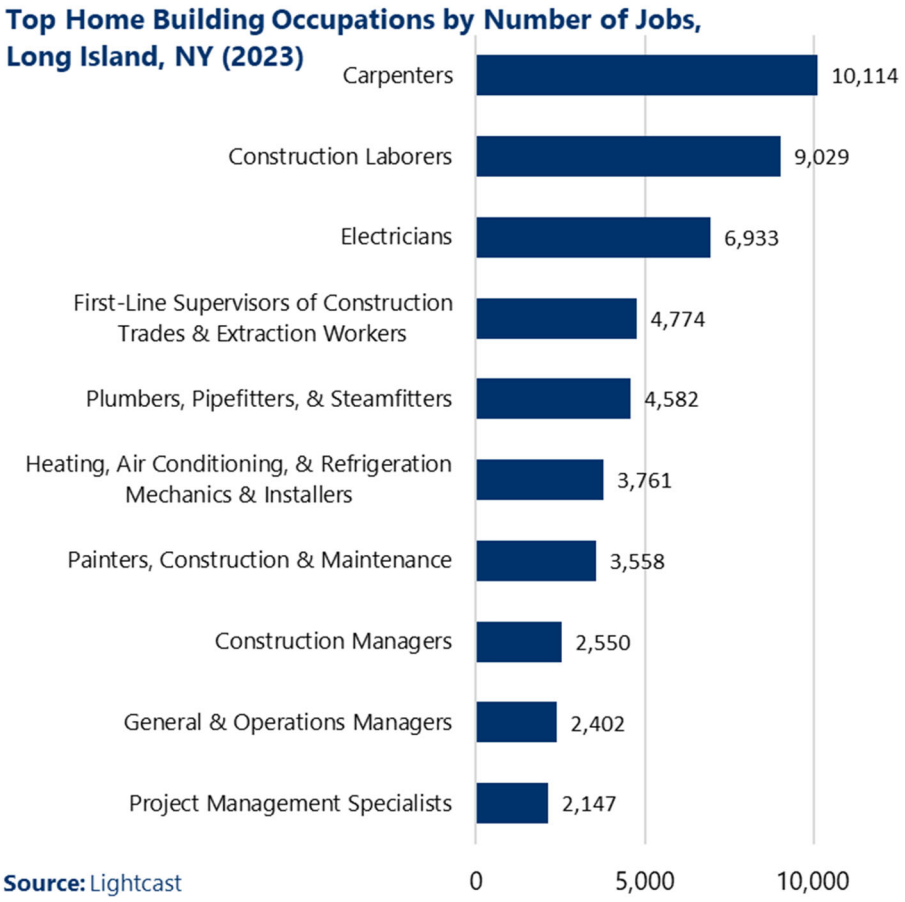
### Female vs Male Workers in the Primary Building Cluster (2023)




**Source:** Lightcast

The majority of jobs in the Primary Home Building Cluster are held by males across all three geographies. Compared to the state and nation, however, Long Island has a slightly larger proportion of female workers (17%).

# OCCUPATIONS




In 2023, top occupations within the Primary Home Building Cluster included Carpenters, Construction Labors, and Electricians. Between 2023 and 2028, these three occupations are also projected to experience the most job growth with Electricians increasing by approximately 750 jobs, Construction Labors increasing by around 700 jobs, and Carpenters increasing by around 400 jobs.

Of the top occupations, three require a bachelor's degree, while four occupations require an apprenticeship or long-term on-the-job training. Eight of the ten occupations provide some level of on-the-job training.

**Top Home Building Occupations by Number of Jobs, Long Island, NY (2023)**

| Description | Jobs | Education Required | Experience Required | On-The-Job Training |
|---|---|---|---|---|
| Carpenters | 10,114 | High school or equiv. | None | Apprenticeship |
| Construction Laborers | 9,029 | No formal education | None | Short-term |
| Electricians | 6,933 | High school or equiv. | None | Apprenticeship |
| First-Line Supervisors of Construction Trades and Extraction Workers | 4,774 | High school or equiv. | 5+ years | None |
| Plumbers, Pipefitters, and Steamfitters | 4,582 | High school or equiv. | None | Apprenticeship |
| Heating, Air Conditioning, and Refrigeration Mechanics and Installers | 3,761 | Postsecondary nondegree | None | Long-term |
| Painters, Construction and Maintenance | 3,558 | No formal education | None | Moderate |
| Construction Managers | 2,550 | Bachelor's | None | Moderate |
| General and Operations Managers | 2,402 | Bachelor's | 5+ years | None |
| Project Management Specialists | 2,147 | Bachelor's | None | None |

**Source:** Lightcast

# ATTACHMENT A: WHAT IS ECONOMIC IMPACT ANALYSIS?

An economic impact analysis describes how "new" money entering a region influences the local economy. This "new" money can be generated in two ways:

41 When an industry, event, or policy brings new revenue into the region that would otherwise not exist.

51 When an industry, event, or policy retains revenue that would have otherwise left the region.

Economic impact analyses can also assess the negative economic implications of "losing" a particular business, industry, or attraction, which results in money leaving the region.

Economic impacts do not occur when spending simply shifts from one business or industry to another because of a new facility. For example, town residents attending a game at a new football stadium instead of going to the local movie theater will not generate a new economic impact. However, if town leaders decide to host a concert series at the new football stadium, new visitation and spending related to the concert series would create an economic impact.

## Understanding Economic Impacts

Economic impacts are typically broken down into direct, indirect, and induced effects.

**Direct Effects** are the new activities under investigation.

- Example: The sale of RVs from a new manufacturer in Elkhart, IN, to the rest of the country

**Indirect Effects** reflect the extent of local supply chains for the activity being analyzed.

- Example: The steel, tires, and cabinets purchased by the RV manufacturer in Elkhart, IN, from local suppliers, the purchases made by those suppliers from their local suppliers, and so on

**Induced Effects** represent the actions of employees who are supported by direct and indirect activities.

- Example: An employee who works for the RV company's primary tire supplier in Elkhart, IN, purchases groceries at the local supermarket.

Traditionally, the three types of effects are evaluated in terms of jobs, labor income or earnings, industry output or sales, and value-added or gross regional product. The sum of the direct, indirect and induced effects is equal to the total economic impact.

## Estimating Economic Impacts

An input-output (I-O) model is used to estimate these effects. In the US, I-O models are derived from the Bureau of Economic Analysis' National Income and Product Accounts. These accounts provide the economic "recipe" each industry follows to produce its output. This includes the value of inputs purchased from other industries, as well as the contributions of labor, taxes paid, and a measure of profits.

I-O models also capture household spending patterns. All of these inputs are adjusted for each study area based on the estimated portion of goods and services that businesses and households purchase from local suppliers. Adjustments are also made for in-commuting by workers who then take their earnings home and spend them outside the region.

The resulting "multipliers" show, for each direct dollar spent in the region, how many additional dollars (or cents) are generated at local suppliers (indirect) and providers of goods and services to households (induced). For example, suppose an industry has a multiplier of 2.5, for every positive or negative change to that industry. In this case, the total effect on the regional economy will be 2.5 times the original change.

## Benefits of an Economic Impact Analysis

Economic impact analysis is a flexible tool that can be used to quantify the benefit/cost of a particular project, asset, or industry. To yield the most accurate results, studies of this nature rely heavily on high-quality data and research-based assumptions. A well-crafted economic impact analysis can be used by governments, businesses, and organizations to clearly tell a story about how a specific change will affect a given economic environment.

# ATTACHMENT B: HOME BUILDING SECTOR'S JOBS

**Home Budling Sector's Share of Industry Jobs, 2023**

| Cluster Group | NAICS | Description | Total In Region Sales | In Region Purchases by Primary Industry | % Attributable to Home Building | Home Building Jobs |
|---|---|---|---|---|---|---|
| Primary | 236115 | New Single-Family Housing Construction (except For-Sale Builders) | $184,098,619 | $155,366 | 100% | 4,494 |
| Primary | 236116 | New Multifamily Housing Construction (except For-Sale Builders) | $16,232,055 | $20,026 | 100% | 349 |
| Primary | 236117 | New Housing For-Sale Builders | $10,365,747 | $11,650 | 100% | 298 |
| Primary | 236118 | Residential Remodelers | $510,458,450 | $246,719 | 100% | 14,380 |
| Primary | 236210 | Industrial Building Construction | $9,569,769 | $8,818 | 100% | 262 |
| Primary | 236220 | Commercial and Institutional Building Construction | $456,217,598 | $374,453 | 100% | 7,225 |
| Primary | 237210 | Land Subdivision | $4,706,518 | $4,744 | 100% | 131 |
| Primary | 238110 | Poured Concrete Foundation and Structure Contractors | $167,865,937 | $129,505 | 100% | 3,084 |
| Primary | 238120 | Structural Steel and Precast Concrete Contractors | $57,013,510 | $52,267 | 100% | 903 |
| Primary | 238130 | Framing Contractors | $27,819,838 | $34,296 | 100% | 892 |
| Primary | 238140 | Masonry Contractors | $129,649,417 | $83,749 | 100% | 3,303 |
| Primary | 238150 | Glass and Glazing Contractors | $59,674,239 | $44,903 | 100% | 1,142 |
| Primary | 238160 | Roofing Contractors | $69,905,292 | $69,341 | 100% | 1,486 |
| Primary | 238170 | Siding Contractors | $24,994,467 | $24,622 | 100% | 847 |
| Primary | 238190 | Other Foundation, Structure, and Building Exterior Contractors | $36,825,408 | $30,398 | 100% | 692 |
| Primary | 238210 | Electrical Contractors and Other Wiring Installation Contractors | $685,867,968 | $475,436 | 100% | 13,361 |
| Primary | 238220 | Plumbing, Heating, and Air-Conditioning Contractors | $837,707,280 | $546,534 | 100% | 16,160 |
| Primary | 238290 | Other Building Equipment Contractors | $130,342,080 | $90,219 | 100% | 1,982 |
| Primary | 238310 | Drywall and Insulation Contractors | $194,597,795 | $134,531 | 100% | 3,661 |
| Primary | 238320 | Painting and Wall Covering Contractors | $149,979,243 | $140,841 | 100% | 4,167 |
| Primary | 238330 | Flooring Contractors | $57,195,800 | $66,118 | 100% | 1,613 |
| Primary | 238340 | Tile and Terrazzo Contractors | $45,541,006 | $42,951 | 100% | 1,313 |
| Primary | 238350 | Finish Carpentry Contractors | $204,870,843 | $124,780 | 100% | 5,495 |
| Primary | 238390 | Other Building Finishing Contractors | $40,523,571 | $47,426 | 100% | 941 |
| Primary | 238910 | Site Preparation Contractors | $189,096,805 | $165,649 | 100% | 4,278 |
| Primary | 238990 | All Other Specialty Trade Contractors | $305,632,831 | $205,346 | 100% | 7,840 |
| Supporting | 221320 | Sewage Treatment Facilities | $3,253,900 | $138,544 | 4% | 3 |
| Supporting | 337110 | Wood Kitchen Cabinet and Countertop Manufacturing | $27,984,637 | $30,273,022 | 100% | 897 |
| Supporting | 423310 | Lumber, Plywood, Millwork, and Wood Panel Merchant Wholesalers | $117,696,470 | $55,879,482 | 47% | 446 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Supporting | 423310 | Lumber, Plywood, Millwork, and Wood Panel Merchant Wholesalers | $117,696,470 | $55,879,482 | 47% | 446 |
| Supporting | 423320 | Brick, Stone, and Related Construction Material Merchant Wholesalers | $102,271,456 | $32,660,115 | 32% | 292 |
| Supporting | 423330 | Roofing, Siding, and Insulation Material Merchant Wholesalers | $50,276,475 | $22,921,443 | 46% | 181 |
| Supporting | 423390 | Other Construction Material Merchant Wholesalers | $32,287,638 | $16,537,964 | 51% | 176 |
| Supporting | 423620 | Household Appliances, Electric Housewares, and Consumer Electronics Merchant Wholesalers | $76,860,450 | $6,131,246 | 8% | 34 |
| Supporting | 424950 | Paint, Varnish, and Supplies Merchant Wholesalers | $37,116,868 | $1,639,898 | 4% | 15 |
| Supporting | 444110 | Home Centers | $276,540,144 | $209,483,089 | 76% | 5,695 |
| Supporting | 444140 | Hardware Retailers | $45,285,288 | $47,082,742 | 100% | 1,090 |
| Supporting | 524210 | Insurance Agencies and Brokerages | $1,837,647,696 | $1,374,755 | 0% | 16 |
| Supporting | 531110 | Lessors of Residential Buildings and Dwellings | $3,103,321,656 | $47,073,952 | 2% | 734 |
| Supporting | 541110 | Offices of Lawyers | $942,531,430 | $63,510,017 | 7% | 1,587 |
| Supporting | 541191 | Title Abstract and Settlement Offices | $58,169,763 | $2,326,384 | 4% | 63 |
| Supporting | 541320 | Landscape Architectural Services | $26,171,184 | $7,782,755 | 30% | 280 |
| Supporting | 541330 | Engineering Services | $361,525,888 | $148,232,472 | 41% | 2,571 |
| Supporting | 541350 | Building Inspection Services | $18,428,891 | $5,239,812 | 28% | 209 |
| Supporting | 541370 | Surveying and Mapping (except Geophysical) Services | $26,529,651 | $8,127,393 | 31% | 200 |
| Supporting | 541620 | Environmental Consulting Services | $51,627,125 | $1,270,046 | 2% | 39 |
| Supporting | 562111 | Solid Waste Collection | $207,079,762 | $6,585,913 | 3% | 68 |
| Supporting | 562991 | Septic Tank and Related Services | $38,543,297 | $996,091 | 3% | 11 |
| **Total, All Industries** | | | **$12,047,901,752** | **$718,597,820** | **6%** | **114,906** |

**Source:** Lightcast

# ATTACHMENT C: NEW HOMES AND PRICES BY TOWN

**New Homes and Prices by Town, Long Island Sept. 2023-Sept. 2024**

| Geography | Number | Average Closing Price | Total | County | East End |
|---|---|---|---|---|---|
| Hempstead Total | 224 | $1,307,013 | $292,770,984 | Nassau | NA |
| North Hempstead Tc | 101 | $2,393,290 | $241,722,328 | Nassau | NA |
| Oyster Bay | 200 | $1,701,781 | $340,356,155 | Nassau | NA |
| Babylon | 36 | $761,317 | $27,407,412 | Suffolk | No |
| Brookhaven Total | 119 | $712,686 | $84,809,613 | Suffolk | No |
| Huntington | 63 | $1,671,717 | $105,318,171 | Suffolk | No |
| Islip Total | 41 | $768,483 | $31,507,822 | Suffolk | No |
| Riverhead | 20 | $895,550 | $17,911,000 | Suffolk | No |
| East Hampton | 18 | $4,524,722 | $81,444,996 | Suffolk | Yes |
| Shelter Island | 2 | $2,812,600 | $5,625,200 | Suffolk | Yes |
| Smithtown | 14 | $1,210,271 | $16,943,794 | Suffolk | Yes |
| Southampton Total | 69 | $4,039,104 | $278,698,208 | Suffolk | Yes |
| Southold Total | 22 | $2,007,272 | $44,159,993 | Suffolk | Yes |
| **Nassau County** | **525** | **$1,666,380** | **$874,849,467** | | |
| **Central Suffolk County** | **279** | **$956,824** | **$266,954,018** | | |
| **East End Suffolk County** | **125** | **$3,414,978** | **$426,872,191** | | |
| **All Long Island** | **929** | **$1,688,564** | **$1,568,675,676** | | |

**Source:** OneKey MLS

# ATTACHMENT D: SOURCES USED IN THE LABOR LAW 240(1) "SCAFFOLD LAW ANALYSIS"


41 Alonso, Andrea M, and Kevin G Faley. "Tightening the Labor Law: Falling Objects and 240(1)." *Mdafp*, mdafp, 1 Oct. 2009.

51 Godosky & Gentile, et al. "Trial Attorneys State the Case for Scaffold Law Reform." *Www.Scaffoldlaw.Org*. Accessed 15 July 2024.

61 Hattery, Michael R. *The Costs of Labor Law 240 on New York's Economy and Public Infrastructure*, The Nelson A. Rockefeller Institute of Government, 31 Dec. 2013.

71 *Impact Fee Handbook*, DPFG, 2016.

81 "New York Scaffolding Law Reform: A Step Backward In Worker Safety." *Block, O'Toole & Murphy*. Accessed 20 Aug. 2024.

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# ATTACHMENT E: SUMMARY OF SOURCES USED IN THE LABOR LAW 240(1) "SCAFFOLD LAW ANALYSIS"

Article 1 - NAHB Impact Fee Handbook

Chapter 1: Introduction

- **What are Impact Fees?**: Fees charged on new developments to fund public infrastructure necessitated by the development.
- **Purpose**: Mitigate the fiscal stress on local governments due to rapid development and population growth.
- **Historical Context**: Emerged as a response to the fiscal constraints faced by local governments starting in the late 20th century.

Chapter 2: Legal Concepts of Impact Fees

- **Authority to Impose**: Municipalities need either explicit or implied authority from state laws to impose impact fees.
- **Unlawful Taxes**: Impact fees must not be disguised taxes.
- **Constitutional Issues**: Fees must comply with federal and state constitutional provisions, ensuring fairness and legal sufficiency.

Chapter 3: Economic Implications of Impact Fees

- **Market Impact**: Impact fees alter the housing market by increasing the cost of development, often passed on to homebuyers.
- **Housing Affordability**: Impact fees can price out potential buyers by increasing housing costs.
- **Necessity**: Discusses whether impact fees are essential given existing fees and taxes in metropolitan areas.

Chapter 4: A Closer Look at Impact Fees Technical Studies

- **Technical Studies**: Local governments typically prepare a detailed study to justify the need and amount of impact fees.
- **Components of Studies**: Methodology, population, and land use assumptions, levels of service, construction costs, and service areas.
- **Errors and Adjustments**: Identifies common mistakes and suggests revising state statutes to address jurisdictional overreach.

Chapter 5: Administrative Issues

- **Ordinance Implementation**: Local impact fee ordinances should define capital costs, use of fees, accounting, and administrative procedures.
- **Procedures**: Include fee payment schedules, independent fee calculation procedures, refunds, appeals, and exemptions.

- **Legal Requirements**: Ordinances must comply with state enabling statutes and relevant court decisions.

Chapter 6: Alternatives to Impact Fees

- **Infrastructure Financing Objectives**: Explores various methods to finance infrastructure without impact fees.
- **Alternative Methods**: Taxes, general obligation bonds, revenue bonds, user fees, special taxing districts, local improvement districts, special service districts, tax increment financing, and private exemptions.

Chapter 7: Public Affairs Strategies

- **Defeating Fee Proposals**: Strategies to oppose impact fee proposals.
- **When Fees are Inevitable**: Tactics to minimize their impact if they cannot be defeated.
- **Stakeholder Analysis**: Identifies groups likely to support or oppose impact fees.

Article 2 - Cost of Labor Law 240

Executive Summary

- Labor Law 240 imposes absolute liability on employers for height-related workplace injuries.
- Insurance costs related to the law are significant, impacting construction costs and public sector budgets.
- Reforming the law could potentially redirect funds from the legal and insurance sectors to construction, boosting economic output and employment.

Section 1: An Empirical Analysis of Effects of New York's Labor Law

- Scaffold law has seen increasing citations in court cases over the years. This increase in citations is indicative of growing legal activity
- Enforcement of Labor Law 240 relates to higher costs for employers due to increased insurance premiums and legal settlements
- The average Annual growth of Labor Law 240 cases has outpaced the growth of NY construction GDP, leading to significant burdens on the sector

Section 2: Public Infrastructure Investment and Municipal Liability Costs in New York State

- Public capital investment in New York State has been substantial but constrained by rising costs and competing fiscal demands.
- Municipal liability costs, including those from Labor Law 240 claims, add financial pressure on local governments.
- Estimates indicate that local government liability expenses are nearly one billion dollars per year, not including school districts and special districts

Section 3: Economic Impact Analysis of Labor Law 240 in New York State

- Estimated annual costs of Labor Law 240 include $800 million in public sector construction spending and $1.5 billion in private sector construction costs, primarily due to insurance premiums and legal fees.

- An estimated $110 million annually is spent on insurance claims and legal/administrative costs related to the law.
- Using an economic model, potential reforms to Labor Law 240 could result in a net gain of up to $150 million in output, approximately 12,000 jobs, and $480 million in labor income for New York State.

Conclusions

- Reforming Labor Law 240 could alleviate some financial burdens on both the public and private sectors.
- Redirecting funds from legal and insurance costs to infrastructure investment could stimulate economic growth and employment.
- Further research and data are needed to fully quantify the benefits and impacts of potential reforms.

Article 3 - One-of-a-Kind Labor Law

- Scaffold law has caused insurance premiums in NY to rise higher than those of others and also caused some major carriers to leave the market altogether
- According to this article NY Labor Law 240 was first enacted in 1885 and has seen revisions over the years since
- Labor Law 240 has a "companion" called Labor Law 241 that targets safety on the ground
- Trade contractors in NY may be paying 7%-10% of their revenue in insurance costs compared to a range of 3%-5% that others pay elsewhere in the US
- Excess carriers may be using the following costs regarding scaffold law cases
    - $2 million per occurrence
    - $4 million aggregate
    - $4 million products and completed operations coverage
- Insurance carriers who remain in the market have become highly selective about the risks they are willing to insure and are imposing more  coverage exclusions to limit the risk/exposure they take on
- To mitigate and reduce claims certain insurance carriers may start requiring full-time safety personnel on job sites
- Insurance carriers may also start requiring trade contractors to review the insurance coverage of the subcontractors they hire to make sure there is adequate coverage in the event of an accident

Article 4 - Labor Law Quick Facts

- Scaffold Law a.k.a (Labor Law 240) was first enacted in the 19th century
- It holds property owners, employers, & contractors 100% liable for "gravity-related injuries."
- These types of claims have virtually no defense from a lawsuit, regardless of the worker's negligence
- Parties with no supervisory control over the work are also held liable
- The annual cost of The Scaffold Law on NYC schools is equal to…
    - 2-3 new schools

    - 75 major renovations
    - 1000 teachers hired
- Scaffold law costs taxpayers $785 million annually
- More than half of the top 30 highest settlements resulted from scaffold law claims with 25% being against public entities
- Scaffold law added an estimated $200-$400 million in additional construction costs
- 33 county legislatures in NY (more than half the state) have passed scaffold law reform bills
- Scaffold law costs upstate schools $200 million annually
- The New York School Construction Authority (SCA) increased insurance costs are equivalent to 8-10 new schools over 3 years, as of the article publication, there was a shortage of nearly 50,000 pre-K seats in NYC
- Even though injury rates have decreased since 1990, scaffold law cases have increased by 500%
- Scaffold law costs the private sector $4.19 billion annually
- Scaffold law is associated with 670 additional construction injuries annually
- Scaffold law reform could potentially create over 27,000 jobs in the construction industry
- When the state of Illinois repealed its scaffold law in 1995, construction-related fatalities decreased by over 28% in the six years that followed

Article 5 - In Their Own Words, Trial Attorneys "State the Case"

- Injured workers in … accidents do not need to establish that the contractor/owner was at fault
- NY labor law favors the victim
- Regardless of the negligence of the worker, the contractor or property owner may be held liable for total compensatory damages paid to the worker
- The injured worker doesn't have to prove that the contractor/owner was at fault and the contractor/owner can't prove that they were negligent
- The law creates a liability/right of recovery where none would otherwise exist. Liability is assumed
- Due to scaffold law, the following comparison of incurred insurance claim costs on joint NY-NJ bridge projects is as such
    - NJ: $10.3 million
    - NY: $22.7 million

Article 6 - Adding a Comparative Negligence Standard

- A quote stating how the injured worker's behavior does not matter when a Scaffold Law claim is made "It doesn't matter if the worker was inebriated, distracted, engaged in horseplay, carelessness or behaved in a way that invited injury."
- The Gateway Rail Tunnel Project could have an additional $300 million added to construction costs as a result of the Scaffold Law

- Insurance costs on the Mario Cuomo Bridge topped over $200 million
- New York's Scaffold Law adds an average of $10,000 to the cost of every home built
- Scaffold law not only pertains to falls but also to falling objects
- There are no caps on liability and there are no workers comp limitations
- 5 of the top 20 verdicts in New York in 2016 were Scaffold Law cases, and these verdicts totaled $53.3 million
- ⅓ of the 50 highest reported mediated settlements involve scaffold law claims
- Habitat for Humanity has struggled to find insurance after Superstorm Sandy. The organization claims that Scaffold Law hinders its ability to work in NY

Article 7 - New decisions could bring big changes: Recent trends in New York labor law

[Decisions upheld in favor of defendants as of 9/20/2023]

1. "Falls from heights may be insufficient to substantiate a 240(1) violation"
    a. Using the example of the plumber who fell from this section, it was determined that another event/condition is what caused him to fall from the ladder, meaning that it was the electrocution that caused him to fall, not a deficiency on the part of the ladder that contributed to his injury
2. "Routine tasks do not constitute an enumerated activity"
    a. Any of these seven "enumerated activities" fall within the parameters set out under 240(1)
        i. Erection
        ii. Demolition
        iii. Repairing
        iv. Altering
        v. Painting
        vi. Cleaning
            1. A reference to a case mentioned in the article, Healy v. EST Downtown, LLC., 2022 N.Y. Slip Opp. (April 28, 2022). In short, the plaintiff was a property manager who fell from a ladder while removing a bird nest from a gutter
            2. As determined from a prior, unrelated, case Soto v. J.Crew, Inc., 21 N.Y.3d 562 (2013) classified tasks that don't classify as cleaning are "(1) are routine; (2) do not require specialized equipment or expertise; (3) generally involve insignificant elevation risks; and (4) are unrelated to ongoing construction, renovation, painting, operation, and/or repair."
            3. The final result of the case was that the plaintiff was performing a routine task, and the defendant was not guilty

4. Going forward the outcome of the Healy case affirms that to involve classifying the accident as "cleaning" the work at issue must relate to ongoing construction, renovation, painting, operation, or repair.

vii. Pointing of a structure

3. "Plaintiff's failure to properly set up a ladder may trigger a sole proximate cause defense"
    a. To establish a claim, plaintiffs are required to demonstrate "(1) that the statute was violated; and (2) that said violation was the proximate cause of his or her injury."
    b. In reference to the case, "Bonczar v. American Multi-Cinema, Inc., No. 2022-02835 (April 28, 2022)" mentioned in the article, the plaintiff was making a claim as a result of a fall from a ladder. The outcome of the case was in the defendant's favor. The decision was made based on the court's ruling that the fall occurred from the ladder due to the plaintiff's acts or omissions concerning the positioning of the ladder as the sole cause of the incident.
    c. Upon the case proceeding to trial, the court found that the plaintiff's failure to properly and adequately secure the subject ladder was the sole cause of the injury
    d. "The Fourth Department affirmed the verdict, which demonstrated that a Section 240(1) allegation may be overcome by showing that a defendant's actions were not the sole proximate cause of a given accident. The Court of Appeals then upheld the Fourth Department's decision."
4. Narrowing Scope of Labor Law 240(1) offenses
    a. The points above are an indication that New York State is starting to narrow the scope of what can be classified as a violation of Labor Law 240(1)
    b. Defendants now have greater grounds to defend their position
    c. Plaintiffs must now have to identify and provide evidence of a failure or shortcoming of devices/safety devices OR that the activity in which an injury resulted was being performed directly related to construction or construction-related tasks.

Article 8 - Tightening the Labor Law: Falling Objects & 240(1)

- New York's Labor Law 240(1) holds property owners and contractors liable for failing to provide proper safety devices, leading to worker injuries.
- Courts have narrowed its application to specific height-related risks, covering only injuries from falling objects or workers falling from heights.
- Recent cases emphasize that liability applies only if the object was inadequately secured and posed a foreseeable risk.
- The interpretation of what constitutes a "foreseeable risk" remains a key issue, influencing the scope of liability under the law.

Article 9 - New York Scaffolding Law Reform

- New York's Scaffold Law, enacted in 1885, is designed to protect construction workers from falls, a leading cause of death in the industry.

- Recent efforts to reform this law are criticized as a step backward for worker safety.
- Opponents argue that reform would benefit contractors at the expense of workers, who rely on these protections.
- Supporters of the law believe that safety standards and legal accountability are crucial to preventing accidents and protecting workers.

# ATTACHMENT F: DATA SOURCES

**Lightcast** (formerly Emsi Burning Glass) is a global leader in labor market analytics, offering a data platform that gives a comprehensive, nuanced, and up-to-date picture of labor markets at all scales from national to local. Key components of the platform include traditional labor market information, job postings analytics, talent profile data, compensation data, and skills analytics. Lightcast integrates government data with information from online job postings, talent profiles, and resumes to produce timely intelligence on the state of the labor market. Job and compensation data is available by industry, occupation, educational program, and skill type. Click to learn more.

**Esri ArcGIS Business Analyst** combines proprietary statistical models covering demographic, business, and spending data with map-based analytics to offer insights on market opportunities for industries, businesses, and sites. Business Analyst integrates datasets covering a wide range of topics including demographics, consumer spending, market potential, customer segmentation, business locations, traffic counts, and crime indexes, which can be overlaid spatially to produce customizable maps and uncover market intelligence. Data can be pulled for standard and custom geographies, allowing for valuable comparison between places. Click to learn more.

**CoStar** is a comprehensive source of commercial real estate intelligence, offering an inventory of over 6.4 million commercial properties spanning 135 billion square feet of space in 390 markets across the US. CoStar covers office, retail, industrial, hospitality, and multifamily markets. Property- and market-level data on absorption, occupancy, lease rates, tenants, listings, and transactions are researched and verified through calls to property managers, review of public records, visits to construction sites, and desktop research to uncover nearly real-time market changes. Click to learn more.

**RSMeans** data from Gordian provides up-to-date construction cost information for dozens of residential and commercial building types. Cost-per-square-foot data can be used to develop construction cost estimates for use in market analysis and financial feasibility analysis, incorporating estimates for material, labor, and equipment. National cost averages can be adjusted for 970+ specific geographies using location factors down to the city level, and historical cost indexes can be used to adjust costs over time. Click to learn more.

**Redfin** is a national real estate brokerage and analytics firm that offers access to its extensive for-sale residential property listings database. Data is aggregated from the hundreds of local multiple listings services (MLS) used by real estate agents in the markets where it operates. The data covers broker-listed homes from the MLS, homes in foreclosure, select for-sale by owner (FSBO) homes, and records of past sales. Redfin's downloadable data on market trends is released monthly and is available at the national, metro, state, county, city, ZIP code, and neighborhood level. Click here to learn more.

**Multiple Listings Services (MLS)** are individual private databases of for-sale residential property listings designed to consolidate property information and connect homebuyers and sellers. More than 500 MLSs exist in the US, covering different geographic regions and markets. Individual property listings are often publicly accessible, while aggregated data on sales prices and trends can typically only be accessed through direct cooperation with an MLS. Many MLSs also provide listing information to third-party aggregators such as Realtor.com or Zillow. Click here to learn more.

The **American Community Survey** (ACS) is an ongoing statistical survey by the US Census Bureau that gathers demographic and socioeconomic information on age, sex, race, family and relationships, income and benefits, health insurance, education, veteran status, disabilities, commute patterns, and other topics. Mandatory to fill out, the survey is sent to a small sample of the population on a rotating basis. The questions on the ACS are different than those asked on the decennial census and provide ongoing demographic updates of the nation down to the block group level. Click to learn more.

The **American Housing Survey** (AHS) is sponsored by the Department of Housing and Urban Development (HUD) and conducted by the U.S. Census Bureau. The AHS is a longitudinal housing unit survey conducted biennially in odd-numbered years, with samples redrawn in 1985 and 2015. The survey provides information about the quality and cost of housing in the United States and major metropolitan areas including the physical condition of homes and neighborhoods, the costs of financing and maintaining homes, and the characteristics of people who live in these homes. Click to learn more.

## Building Permits Survey | US Census Bureau

The US Census Bureau's **Building Permits Survey** collects data on permits for new privately-owned residential construction issued by 21,000 jurisdictions, at the state, county, metro, and permit-issuing jurisdiction levels. Monthly data are available for nearly 9,000 jurisdictions, with the remaining jurisdictions reporting annual data only. The building permits database can be accessed via the State of the Cities Data Systems (SOCDS) from HUD. Click to learn more.

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## The Project Team

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Tom Dworetsky
Senior Data and Research Advisor

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