

## SECTION 7 GROWTH INDUCING AND SECONDARY IMPACTS OF THE PROPOSED ACTION

Appendix 4 contains the detailed analysis of growth inducing and secondary impacts of the proposed action.

This section evaluates the potential for secondary or indirect development in the study area as a result of the construction and operation of the proposed Belleayre Resort. New economic activity associated with the proposed project, as described in previous sections, would generate economic activity and changes to land use off of the project site.

### Effects of Visitor, Employee, and Resort Operations Spending

It is expected that the primary economic effects of the Resort within the study area would result from off-site spending generated by visitors to the Resort, and off-site spending from Resort-generated employment (direct and indirect). It is anticipated these effects would stimulate business activity, and that the bulk of this new economic activity would be largely absorbed occur within the existing stock of businesses now operating in the affected area.

### Resort Visitors

Resort visitors would not limit their spending solely to on-site Resort goods and services. Visitors would be expected to make numerous purchases of items from local vendors, as well as explore Phoenicia, Margaretville, Fleischmanns, Boiceville, and Pine Hill, and to make purchases, dine, service their automobiles, and purchase outdoor equipment. Similarly, it is expected that nearly all visitors would stop along Route 28 or visit one of the hamlets or towns along the way, potentially making purchases.

It is estimated that Resort visitors would spend approximately \$10.64 million per year in the Route 28 Corridor area, shopping for antiques, crafts, etc., restaurant meals, groceries, gas and oil, recreational fees for off-site amenities, and cultural attractions. The estimated on-site and off-site expenditures are detailed in the following table:

**Estimated On-Site and Off-Site Spending by Resort Visitors**

	<b>Total Visitor On-Site Expenditures</b>	<b>Non-Lodging On-Site Spending</b>	<b>Off-Site Visitor Spending</b>
Highmount Resort and Spa	\$27.21 million	\$12.76 million	\$4.25 million
Wildacres Resort	\$40.14 million	\$19.17 million	\$6.39 million
<b>Total</b>	<b>\$67.35 million</b>	<b>\$31.93 million</b>	<b>\$10.64 million</b>

The expected off-site spending amounting to an estimated \$10.64 million per year would occur throughout the NYS Route 28 corridor, most particularly in the village and hamlet locations where commerce now is centered, and where existing buildings and commercial spaces are available for business expansions and new business starts. In general, the projected demand is expected to stimulate existing businesses to expand their sales within their existing business locations. New business starts are expected to occupy existing vacant commercial space along

the Route 28 corridor, with most occurring within commercial districts of villages and hamlets where individual businesses benefit from the presence of complementary business activities.

The table below shows the anticipated primary industry and business sectors in which visitor spending is expected to occur.

**Belleayre Resort Visitors' Projected Off-Site Spending**

<b>Trip Spending Category</b>	<b>NAICS Industry Sector</b>	<b>Total</b>
Restaurants	Food Services & Drinking Places (NAICS 722)	\$2.76 million
Groceries	Food & Beverage Stores (NAICS 445)	\$2.02 million
Gas and Oil	Gasoline Stations (NAICS 447/4471)	\$1.60 million
Recreation Fees	Various	\$0.74 million
Shopping and Souvenirs	General Merchandise Stores (NAICS 452) and Miscellaneous Store Retailers (NAICS 453)	\$1.49 million
Other	Various	\$2.02 million
<b>Total</b>		<b>\$10.64 million</b>
<b>Sources:</b> Stynes, et. al., Univ. of Michigan, Golf Research Institute, Inc., Halcyon, Ltd., D. K. Shifflet Associates, AKRF, Inc.		

### Resort Employees

The Resort is expected to have about 771 direct (on-site) employees with a projected payroll of \$24.85 million, and support 264 indirect (off-site) employees, with salaries and wages of \$12.96 million. Based on the assumption that half of the direct wages and salaries would accrue to households within the NY Route 28 Corridor area, there would be an estimated \$12.43 million in new expenditure potential within the NY Route 28 Corridor area from Resort employees' wages and salaries. The analysis assumes that about 5 percent of indirect wages and salaries would be captured by residents living within the corridor, resulting in indirect employees generating an estimated \$650,000 of expenditure potential in the NY Route 28 Corridor area.

Expenditures generated by these employees would primarily be for household expenditures, mirroring the distribution of goods and services demanded by existing residents within the corridor.

### Resort Operations

The spending and purchases related to the Resort's operations would further contribute to the local economy. The analysis presented in Section 3.9 estimates a total economic output within the tri-county area of \$167.94 million per year. The businesses of the Route 28 Corridor area can be expected to capture a share of this off-site economic activity, such as the Resort's purchase of food or office materials. To estimate the corridor's share of this activity, the off-site activity was estimated proportionate to the corridor's share of retail sales within the tri-county area. This amount—about 2.4 percent based on ESRI Business Analyst estimates—was applied to the net economic activity after subtracting the indirect wages and salaries which was applied in a different and specific manner described above. Thus, the corridor's share of the Resort's operational expenditures is estimated at approximately \$1.05 million per year.

### Effects on Businesses

Based upon the inventory of existing businesses, a business survey completed by the applicant, and windshield surveys within the Route 28 Corridor and in Phoenicia, Margaretville, Fleischmanns, Boiceville, and Pine Hill, there appears to be sufficient capacity within existing businesses to accommodate the additional projected spending anticipated to occur within the Route 28 corridor. The increase in local spending would be expected to enable many businesses to increase sales, and extend operating hours or hire additional employees. Other businesses may also respond by increasing inventory and sales, modifying the product line to cater to different consumer tastes, or by adding nominal amounts of area to existing structures. The predominant response would be an increase in existing levels of business activity among existing business. It is also anticipated that there would be new business starts that would locate within and occupy existing structures within hamlets and villages.

While it is unlikely that new corridor spending would directly result in construction of new business structures, a conservative estimate was prepared of the potential impact of new Resort-related spending if it were considered as demand accommodated by all new construction. Projected spending in the corridor was converted to equivalent square feet using an industry standard revenue multiplier of \$326 of revenue per square foot. Applying this standard, approximately 39,400 square feet of new space is estimated as a result of \$12.85 million in new projected sales within the corridor.

It is reasonable to anticipate that new commercial establishments would endeavor to open in the Study Area as the Resort's spending potential enhances the region as a place to do business, and as the hamlet and village centers experience more vibrant economic activities. Due to environmental constraints, land use regulations, public land ownership, and high vacancy rates, it is expected that such new business starts would most likely locate in existing structures and buildings, and within the Corridor's hamlets or villages. For these reasons, new business starts are not expected to result in commercial construction on undeveloped sites along the Route 28 Corridor in any appreciable degree. Any new construction, regardless of its location, would have to comply with the rigorous land use and environmental regulations, as further discussed below.

### Effects on Seasonal Housing

In regard to housing effects, the Belleayre Resort is designed to capture much of the region's existing demand for seasonal residences, particularly those generated by the adjacent Belleayre Mountain Ski Center and Forest Preserve trails, and to deliberately capture the demand generated by its own recreational amenities, such as the golf course and spa facilities. The Resort is expected to generate little off-site seasonal home demand, and the same is true of off-site year-round residential demand.

### Effects of Year-Round Housing

Belleayre Resort is expected to have a negligible effect on year-round residential development in the study area. The vast majority of the jobs created by the Resort would be filled by existing

local residents or people within a commuting radius, so the demand for housing or rental units is not expected to increase as a result of new workers. Many current area non-homeowners (e.g., renters) are among the un- and under-employed and commuters to distant job markets who are in fact the workers most likely to seek stable and close-to-home jobs at the Resort.

Any new demand for year-round homes as a result of Resort operations is expected to be small, and would be the result of the few specialized employment positions (e.g., hotel management) that will likely be recruited from outside the existing regional labor pool. It is expected these new year-round residents will, to a large extent, be accommodated within the existing housing stock, with few new housing starts anticipated. The timeshare and hospitality industry workforce is highly mobile. Employees of this mobile nature are not likely candidates to construct homes from scratch, however, there remains the possibility that among the 16 to 20 individuals in this group there may be a very small number of whom, once their employment at the Resort is stable and considered long-term, may choose to build a permanent year-round residence.

### Potential Impacts from Induced Growth

Based upon the analyses of the environmental and regulatory constraints, an assessment of available land, an evaluation of existing businesses within the study area, as well as the projection of minimal new potential residential and commercial development that could be anticipated as a result of the Resort, the indication is that Resort-induced business growth would have an insignificant impact on land use in the study area. There appears to be adequate available capacity among existing businesses to accommodate new retail demands as would be generated by the Resort.

The land use and environmental effects of business upgrades would be expected to have a negligible impact on the region's infrastructure or natural or cultural resources. Attractive vacant buildings and storefronts, as well as attractive rents, would be expected to induce the redevelopment of existing underutilized spaces prior to the creation of new commercial space on undeveloped sites. The redevelopment or establishment of new businesses in existing space would not consume new land or create new impervious surfaces. It would, however, be expected to result in the generation of minor amounts of new wastewater flows.

Since the Resort is estimated to result in negligible new seasonal or year-round housing construction, the impacts are anticipated to be insignificant.

### Guiding New Development

The existing hamlets and villages of Phoenicia, Margaretville, Fleischmanns, Boiceville, and Pine Hill are the historic and current focus of commercial and economic activity throughout the Route 28 corridor, between Boiceville and Margaretville. Limited commercial development along Route 28 does exist between hamlet areas, but there is no concentration of "commercial strip" development except for the areas immediately adjacent to Boiceville and Margaretville. This pattern is likely to continue for a number of reasons but primarily due to local and New York City regulations governing new development, combined with environmental constraints and New York City and State land ownership along the Corridor.

The primary method for controlling the location, scale, appearance, and character of any new development is through local zoning codes. Environmental constraints within the Route 28 corridor are severe constraints to new development activities. Of specific relevance to potential new commercial development is the location of primary streams (including the Esopus Creek and East Branch of the Delaware River) alongside Route 28, the prevalence of floodplain and wetland areas in close proximity to the road, and the numerous locations where steep slopes are located immediately adjacent to the right-of-way. These environmental constraints also tend to focus development in already built-up places, including Margaretville, Fleischmanns, Boiceville, Phoenicia, and Pine Hill, or in areas immediately outside these hamlets and villages.

Based on the inventory of businesses and land uses within the NY Route 28 corridor, the natural direction for new economic activity would be in the hamlets and villages. The potential impact of induced commercial development is largely a function of how strongly local regulations and plans are enforced. The Towns of Shandaken and Middletown can determine how any additional growth can be directed to reinforce existing community character.