Scaffold Law Economic Impact

Prepared by HR&A Advisors, Inc. for the Building Trades Employers' Association (BTEA)

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Table of Contents

1. KEY FINDINGS 3

2. PURPOSE OF STUDY AND DEFINITIONS 6

3. METHODOLOGY 8

4. FINDINGS 10

5. APPENDIX 18

1. Key Findings

The analysis estimates the economic impacts of the Scaffold Law in nominal dollars, focusing on New York City as the study area. The results illustrate the magnitude of potential economic impact under a comparative negligence model, highlighting both historical data and potential project-specific savings scenarios for five major upcoming and current infrastructure projects.

- **2x-5x Higher Insurance Costs in New York:** Insurance costs in New York City account for 8–10% of total development costs, compared to 2–4% under a comparative negligence model (as reported in comparable states), resulting in costs that are 2 to 5 times higher in New York City.

- **1.4X Economic Multiplier:** For every $100 million saved under the comparative negligence model and then reinvested in additional construction activity in New York City, an estimated:
    - $140 million in economic output could occur in New York City – a 1.4x multiplier effect
    - 600 full-time jobs, including up to 450 direct jobs could be supported – a 1.3x multiplier effect
    - $55 million in labor income, including $40 million in direct labor income could be generated – a 1.4x multiplier effect

- **Housing Production:** Potential savings in residential development, if reinvested, have the potential to support 8-10% more affordable units per project, contributing significantly to the production of more affordable units in NYC.

- **Impact on Subcontractors:** The impact of insurance premiums varies significantly across trades, with sectors such as environmental, steel painting, and scaffolding reporting rates as high as 15–20% of total revenue.

Future Savings – Commercial & Infrastructure

HR&A applied the potential insurance savings from a comparative negligence model to three large infrastructure projects actively under development — Penn Station and Second Avenue Subway Phase 2. The analysis concluded that the potential savings, if the savings were reinvested into additional construction activity in New York City, could generate the following broader economic impacts:

	Penn Station	Second Avenue Subway Phase 2
Development or Construction Cost	**$7 Billion**	**$6.9 Billion**
Potential Savings	$280-$560 Million	$275-$550 Million
Employment (FTE)	970-1, 500	710-1,420
Wages	$135-$270 Million	$135-$270 Million
Economic Output	$360-$720 Million	$355-$710 Million

Future Savings – Multifamily

HR&A also applied potential insurance savings onto two prominent housing projects— Oak Street (also 57 West Street) and 45 West Street in the Greenpoint Waterfront and 484 Eight Avenue in Manhattan. In addition to analyzing broader economic impacts, potential insurance savings were translated into an estimate of how many housing units those savings could support. To develop this metric, HR&A benchmarked publicly available construction/development costs for large-scale affordable housing projects currently in the New York City pipeline and identified an average construction cost of approximately $600,000 per unit.[ii] Using this figure, HR&A divided the project savings by the per-unit cost to illustrate the scale of development activity that could be enabled under a comparative negligence model. This approach provides a tangible point of comparison in terms of the number of homes that could realistically be financed in New York City's current development environment.

	Greenpoint Waterfront 15 Oak Street (also 57 West Street) and 45 West Street	**484 Eight Avenue**
Construction Cost	**$636 Million**	**$350 Million**
Potential Savings	**$25-$50 Million**	**$14-$28 Million**
Additional Potential Units Supported	**40-80 Units**	**25-50 Units**
Employment (FTE)[i]	90-180	50-100
Wages	$13-$26 Million	$6.5-$13 Million
Economic Output	$34-$68 Million	$18.5-$37 Million

2. Purpose of Study and Definitions

Purpose of Study

Building Trades Employers' Association (BTEA) engaged HR&A Advisors (HR&A) to quantify the economic impact of New York's Scaffold Law when compared to peer states and explore what the economic impact could be if the incremental cost of insurance were spent differently under a comparative negligence model. The Scaffold Law (Labor Law § 240/241) establishes an absolute liability standard for property owners and contractors when workers are injured in gravity-related accidents, regardless of a worker's own negligence on site. In contrast, other states use a comparison negligence standard, where fault is allocated among the parties (worker, employer, and contractor) and liability is not automatic.

Following a rigorous process of data collection and validation, HR&A conducted a cost savings analysis comparing insurance costs—across both building and infrastructure projects—in New York to those in peer states.

Definitions

Absolute Liability Standard: Also known as New York's *Scaffold Law (Labor Law §240)*, it makes property owners and contractors fully liable for gravity-related injuries, regardless of worker fault.[iii]

Comparative Negligence Model: A system where liability is shared among parties based on their degree of fault, reducing damages if a worker is partly responsible.[iv]

Controlled Insurance Program (CIP): Also called wrap-up or wrap insurance, is an insurance package designed to cover all liability and losses during an entire construction project, or across multiple projects.[v]

Construction Cost: Costs directly associated with the physical building of a structure: including labor, materials, subcontractor work, site work, permits, and other on-site construction expenses. This does not include land acquisition, financing, design, pre- or post-construction soft costs, or other development-phase expenditures.[vi]

Contractor-Controlled Insurance Program (CCIP): Wrap policy purchased by the General Contractor to cover liability on a construction project, or across multiple, ongoing projects.[vii]

Development Cost: The total cost of bringing a real estate project from conception to completion. This includes all expenses related to land acquisition and site preparation, as well as the costs of design, engineering, and permitting. It also includes the full cost of construction and the financing, insurance, soft costs, and other fees incurred before, during, and immediately after construction.[viii]

Economic Output: IMPLAN defines Economic Output as the total value of production by an industry in a given region and time period. In IMPLAN, Output equals Intermediate Inputs — the goods and services purchased from other industries to support production — plus Value Added, which is the additional value created by the industry beyond its purchased inputs. Value Added consists of Labor Income, Other Property Income, and Taxes on Production & Imports.[ix]

Employment: IMPLAN defines employment as an industry-specific mix of full-time, part-time, and seasonal employment and follows the same definition used by the Bureau of Economic Analysis Regional Economic Accounts (BEA REA) and Bureau of Labor Statistics Census of Employment and Wages (BLS CEW) data.[x] HR&A's analysis converts IMPLAN's jobs to Full-Time Equivalent (FTE) jobs using IMPLAN's Employment/FTE Conversion Excel sheet, and provides all employment numbers as FTE jobs.[xi]

General Liability (GL) Loss Cost: The expected cost of claims per unit of exposure for General Liability insurance, based on historical loss data and actuarial analysis. It represents the pure premium—the portion of the rate needed to cover anticipated losses only, excluding expenses, taxes, and profit.[xii]

Insurance Premiums: Payments made to insurers for coverage against losses.[xiii]

Labor Income: IMPLAN defines Labor Income as the total employment-based income paid to households in a given region and time period as a result of an industry's production. It includes two components: (1) Employee Compensation, which consists of wages, salaries, benefits, and employer-paid payroll taxes, and (2) Proprietor Income, which consists of the income received by self-employed individuals and unincorporated business owners that is attributable to current production.[xiv]

Multiplier Effect: Measures how an initial change in spending (such as construction investment) generates additional indirect and induced economic impacts.[xv]

Owner-Controlled Insurance Program (OCIP): Wrap policy held by the property or project owner that provides comprehensive liability coverage on a project.[xvi]

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3. Methodology

New York City Multipliers

Total economic impact is measured by the sum of direct, indirect, and induced impacts. Together, these three impacts capture the regional multiplier effect of an organization or industry, showing how its activity expands or ripples through different layers of the economy. **HR&A is measuring direct, indirect, and induced impacts within New York City.**

- **Direct:** Immediate economic activity reinvested due to insurance costs saved.
    - *E.g., When a construction project hires a worker and pays their salary, that is considered direct spending.*
- **Indirect:** Economic activity generated by vendors that supply goods or services needed to support the ecosystem.
    - *E.g., When the construction project contracts with a provider and that company pays salaries to their employees, that is considered indirect spending.*
- **Induced:** Economic activity generated by household spending that results from new jobs supported by the increased spending by workers.
    - *E.g., When the construction worker or the provider employee goes to buy lunch at a nearby cafe, that is considered induced spending.*

About IMPLAN

IMPLAN (IMpact Analysis for PLANning), created by MIG, Inc. (formerly Minnesota IMPLAN Group, Inc.), is an industry standard input-output model used to conduct economic impact analyses by leading public and private sector organizations across the United States, including the federal government, New York State Department of Labor, and New York Office of the State Comptroller. IMPLAN traces the pattern of commodity purchases and sales between industries that are associated with each dollar's worth of a product or service sold to a customer, analyzing interactions among 546 industrial sectors within the geographies under study.

Data Collection

HR&A utilized data from several leading real estate developers, general contractors, and insurance firms to estimate the potential cost savings under a comparative negligence model. HR&A first developed an anonymous survey that was circulated among BTEA members in order to validate initial assumptions around premium costs in New York State compared to those without an absolute liability standard. HR&A then conducted various stakeholder interviews to confirm assumptions and gather data on actual development costs. Throughout the process, HR&A, supported by BTEA, gathered information from fifty-four stakeholders.

Industry Engagement

HR&A, in collaboration with BTEA, conducted interviews with stakeholders — ranging from insurance brokers to real estate developers and subcontractors to public infrastructure authorities to gather data and confirm assumptions.[xxiv] See appendix for a list of interviews held.

Survey Results

To validate initial assumptions around premium costs in New York State compared to states without an absolute liability standard, HR&A prepared an anonymous survey that was circulated among BTEA members, real estate developers, general contractors, and insurance companies.

- The survey received responses. from General Contractors made up the largest percentage of respondents (41%), followed by developers (22%).
- 44% responded that average annual premiums, as a percentage of total development cost, for construction projects in New York City over the past 5 years were between 8-10%. 22% said premiums made up between 5-8% of development costs, while 19% said insurance premiums made up over 10%.
- 44% indicated that insurance premiums in New York City were roughly 3x higher than comparable states without an absolute liability standard. A quarter (25%) of respondents reported premiums 5x higher, and 9% of participants reported premiums 4x higher.
- 85% of respondents observed similar average premiums between commercial and public infrastructure projects.

4. Findings

Estimated Savings

HR&A calculated projected economic impacts for three areas: **1) employment (FTE), 2) labor income, and 3) economic output.** All monetary values are reported in nominal dollars, and the analysis focuses on New York City as the study area.

The analysis modeled two scenarios reflecting the range of insurance cost differentials observed between New York City and peer states:

1. **Low-Spread Scenario:** Insurance costs in New York City represent 8% of total development costs (the lower end of the range reported), compared to 4% under a comparative negligence model (the upper end reported among comparable states)
2. **High-Spread Scenario:** Insurance costs in New York City represent 10% of total development costs (the highest rate reported) compared to 2% under a comparative negligence model (the lowest rate observed among peer states)

Table 1: General Insurance Cost Assumptions – Insurance as a Percentage of Development Costs

Category	Low Spread	High Spread
NY Insurance Cost	8%	10%
Comparative State Insurance Cost	4%	2%
Scale of NY Cost Differential Difference	**2x**	**5x**

Once the insurance rate assumptions were established, HR&A calculated the potential cost savings for each scenario by multiplying the total development cost of a project by the corresponding New York insurance percentage and then by the comparative state insurance percentage. The difference between these two calculations, representing the potential savings attributable to Scaffold Law reform, served as the input for IMPLAN modeling.

The findings presented in this analysis reflect the insurance cost structures of the firms that participated in our engagement process, including large contractors that utilize consolidated insurance programs such as Owner-Controlled Insurance Program (OCIP) and Contractor-Controlled Insurance Program (CCIP). These Controlled Insurance Programs (CIPs) reduce total insurance expenditures by centralizing coverage and leveraging economies of scale. Contractors without access to such mechanisms, particularly smaller firms, would be expected to experience insurance cost shares above 10 percent. Accordingly, the figures presented here should be understood as conservatively reflecting the lower bound of the cost impact observed across the industry.

Projected Economic Impacts

The resulting savings values were then entered into IMPLAN, a nationally recognized input-output model, to quantify the broader economic impacts that could result if those savings were reinvested in additional construction activity. IMPLAN traces the ripple effects of spending through the local economy, estimating direct, indirect, and induced impacts on jobs, labor income, and output.

To illustrate these effects, HR&A standardized its findings to report **impacts per $100 million in savings**, allowing for consistent comparison across project types and scales. This rate-based approach demonstrates how each $100 million in reduced insurance costs, if reinvested, translates into new jobs, higher wages, and expanded economic activity within New York City.

After standardizing findings per $100 million in savings, HR&A also analyzed historical impacts using NYCSCA's 2020-2023 construction value data, which aggregates total construction value over three years. HR&A's analysis first quantifies the cost savings across all projects in New York City under a comparative negligence model, and then uses IMPLAN to estimate how such savings would have broader economic effects if reinvested in additional construction.

Finally, HR&A applied this methodology to three major New York City infrastructure projects— *Penn Station Redevelopment* and *Second Avenue Subway Phase 2* — alongside two large-scale housing projects — O*ak Street (also 57 West Street) and 45 West Street in the Greenpoint Waterfront and 484 Eight Avenue in Manhattan.* These projects were selected due to the availability of reliable, publicly cited construction and development cost data (at least two sources per project) and their representation of large-scale public infrastructure currently under construction in New York City. The reported construction or development cost for the five illustrative New York City infrastructure projects are as follows:

- Penn Station: $7 billion[xxv] (development cost)
- Second Avenue Subway Station Phase 2: $6.9 billion[xxvi] (construction cost)
- Greenpoint Waterfront - 15 Oak Street (also 57 West Street) and 45 West Street: $636 million[xxvii] (construction cost)
- 484 Eight Avenue: $350 million[xxviii] (construction cost)

HR&A applied both the low- and high-spread insurance assumptions to the development costs to determine potential savings for each project. These estimated savings were then inputted into IMPLAN to measure the resulting economic activity that would be generated across New York City if those savings were reinvested

Historical Impacts

Using data from contractors, construction firms, and city and state agencies, HR&A evaluated the direct, indirect, and induced economic impacts of potential cost savings under a comparative negligence model.

Table 2: Economic Impact per $100 Million Saved on Insurance Costs Reinvested in New York City

Impact Category	Employment (FTE)	Labor Income	Economic Output
Direct	**450**	**$40 Million**	**$100 Million**
Multiplier	**150**	**$15 Million**	**40 Million**
Indirect	*70*	*$7.5 Million*	*$20 Million*
Induced	*80*	*$7.5 Million*	*$20 Million*
Total	**600**	**$55 Million**	**$140 Million**
Multiplier Effect	**1.3x**	**1.4x**	**1.4x**

HR&A then utilized New York School Construction Authority's 2020-2023 construction value data to evaluate the direct, indirect, and induced economic impacts of potential cost savings under a comparative negligence model across construction in New York City between 2020-2023. Per the NYCSCA's reporting, the public agency spent approximate $5.31 billion on school construction projects in New York City. **Under a comparative negligence model, and for illustrative purposes, NYCSCA could save between $210-420 million dollars.**

Table 3: Economic Impact of Total 2020-2023 NYCSCA Construction Reinvested in New York City

Impact Category	Employment (FTE)	Labor Income	Economic Output
Direct	**1,000-2,000**	**$80-160 Million**	**$210-$420 Million**
Multiplier	**300-600**	**$35-$70 Million**	**$90-180 Million**
Indirect	*140-280*	*$17.5-$35 Million*	*$50-$100 Million*
Induced	*160-320*	*$17.5-$35 Million*	*$40-$80 Million*
Total	**1,300-2,600**	**$115-$230 Million**	**$300-$600 Million**
Multiplier Effect	**1.3x**	**1.4x**	**1.4x**

Illustrative Impacts[xxix]

Penn Station Redevelopment

The redevelopment of Penn Station is being led by Amtrak in conjunction with the U.S. Department of Transportation (USDOT), following transfer of lead-agency responsibility from the Metropolitan Transportation Authority (MTA) in April 2025. The total investment is conservatively estimated at around **$7 billion**, with construction anticipated to begin at the end of 2027. Contracts for design and preliminary works have already been awarded.[xxx]

Under a comparative negligence model, this project could save between $280-$560 million in insurance costs.

Table 5: Economic Impact for the Redevelopment of Penn Station Under a Comparative Negligence Model

Impact Category	Employment (FTE)	Labor Income	Economic Output
Direct	**710-1,420**	**$105-210 Million**	**$280-$560 Million**
Multiplier	**260-520**	**$30-$60 Million**	**$80-$160 Million**
Indirect	*180-360*	*$22.5-$45 Million*	*$60-$120 Million*
Induced	*80-160*	*$7.5-$15 Million*	*$20-$40 Million*
Total	**970-1,940**	**$135-$270 Million**	**$360-$720 Million**

Note: HR&A assumed prevailing wage of $111/hour for public infrastructure and commercial projects.

Second Avenue Subway Phase 2

Phase 2 of the Second Avenue Subway will extend the Q-line from 96th Street north to 125th Street, adding new stations at 106th, 116th and 125th Streets. In August 2025 the MTA approved a tunneling contract valued at about $1.972 billion.[xxxi] The construction cost is estimated at about **$6.9 billion**, with design efficiencies aiming to reduce costs by more than US$1.3 billion. Key activities such as utility relocation, station-box excavation, and tunneling are entering full swing, with tunnel boring anticipated to commence in 2027.[xxxii]

Under a comparative negligence model, this project could save between $275-$550 million in insurance costs.

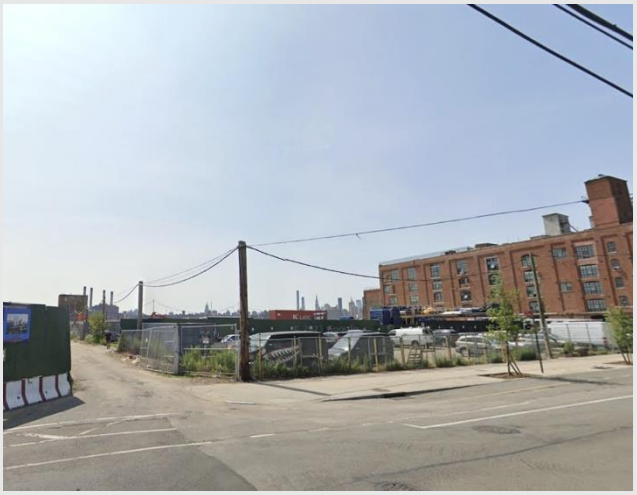
Table 7: Economic Impact for the Second Avenue Subway Phase 2 Under a Comparative Negligence Model

Impact Category	Employment (FTE)	Labor Income	Economic Output
Direct	**450-900**	**$105-$210 Million**	**$275-$550 Million**
Multiplier	**260-520**	**$30-$60 Million**	**$80-$160 Million**
Indirect	*180-360*	*$22.5-$45 Million*	*$60-$120 Million*
Induced	*80-160*	*$7.5-$15 Million*	*$20-$40 Million*
Total	**710-1,420**	**$135-$270 Million**	**$355-$710 Million**

Note: HR&A assumed prevailing wage of $111/hour for public infrastructure and commercial projects.

Greenpoint Waterfront Development

TF Cornerstone is advancing a major mixed-use residential project along the Greenpoint waterfront in Brooklyn. The development includes two new towers—one 13 stories with 268 units at 15 Oak Street and a 38-story tower with 792 units at 45 West Street—bringing more than 1,000 new homes to the neighborhood. The larger tower will feature ground-floor retail, parking, and recreation spaces,[xxxiii]



Under a comparative negligence model, this project could save between $25-$50 million in insurance costs, equivalent to supporting the development of 8% to 10% more units. In this case, reinvesting the savings could produce between 40-80 additional housing units.

Table 8: Economic Impact for Greenpoint Waterfront Under a Comparative Negligence Model

Impact Category	Employment (FTE)[xxxiv]	Labor Income	Economic Output
Direct	**65-130**	**$10-$20 Million**	**$25-$50 Million**
Multiplier	**25-50**	**$3-$6 Million**	**$9-$18 Million**
Indirect	*15-30*	*$2-$4 Million*	*$5.5-$11 Million*
Induced	*10-20*	*$1-$2 Million*	*$3.5-$7 Million*
Total	**90-180**	**$13-$26 Million**	**$34-$68 Million**

Note: HR&A used the wage requirements from New York State Real Property Tax Law ("RPTL") § 485-x ("Act") adopted Affordable Neighborhoods for New Yorkers Tax Incentive program ("ANNY Program Benefits"), for very large projects in Zone $72.45 /hour for residential examples.

484 Eight Avenue

Vornado Realty Trust is planning a major residential development at the northeast corner of West 34th Street and Eighth Avenue, as part of its broader Penn District transformation strategy. The project will deliver a 475-unit rental apartment tower, representing an estimated investment of **$350 million**. The project remains in the planning stage, with permits and timelines still forthcoming, and will play a key role in reshaping the area around Penn Station and Madison Square Garden into a more vibrant, residentially integrated district.[xxxv]

Under a comparative negligence model, this project could save between $14-$28 million in insurance costs, equivalent to supporting the development of 8% to 10% more units. In this case, reinvesting the savings could produce between 25-50 additional housing units.

Table 9: Economic Impact for 484 Eight Avenue Under a Comparative Negligence Model

Impact Category	Employment (FTE)[xxxvi]	Labor Income	Economic Output
Direct	**35-70**	**$5-$10 Million**	**$14-$28 Million**
Multiplier	**15-30**	**$1.5-$3 Million**	**$4.5-$9 Million**
Indirect	*9-18*	*$1-$2 Million*	*$3-$6 Million*
Induced	*6-12*	*$0.5-$1 Million*	*$1.5-$3 Million*
Total	**50-100**	**$6.5-$13 Million**	**$18.5-$37 Million**

Note: HR&A used the wage requirements from New York State Real Property Tax Law ("RPTL") § 485-x ("Act") adopted Affordable Neighborhoods for New Yorkers Tax Incentive program ("ANNY Program Benefits"), for very large projects in Zone $72.45 /hour for residential examples.

Impacts on Subcontractors

The impact of insurance premiums varies significantly across trades, with sectors such as concrete, steel painting, and scaffolding reporting rates as high as 15–20% of total revenue. To better understand these differences, HR&A, with support from American Global[xxxvii], consolidated data from the New York State Insurance Fund (NYSIF) on Workers' Compensation, ISO-based General Liability (GL) rate trends, and subcontractors to provide a transparent baseline for comparative assessment and benchmarking. This analysis combines filed manual rate data from NYSIF and ISO Division Six GL loss cost pages across eight states. [xxxviiixxxixxl]

General Liability (GL) Loss Cost

GL Loss Cost is the **expected cost of claims per unit of exposure** for General Liability insurance, based on historical loss data and actuarial analysis. It represents the **pure premium**—the portion of the rate needed to cover anticipated losses only, **excluding expenses, taxes, and profit**.

- **Who sets it?** Advisory organizations like ISO (Insurance Services Office) calculate loss costs for different class codes using industry-wide data.
- **How it's used?** Insurers apply a **Loss Cost Multiplier (LCM)** to the advisory loss cost to account for their own expenses and profit margin:
- **Final Insurance Rate = *GL* Loss Cost x LCM**

Across industry codes, New York's Loss Cost is significantly higher than comparison states:

Within the environmental contractors industry, New York's GL Loss Cost is roughly 2.6x higher than the next closest state (Pennsylvania) and over 12x higher than the lowest-cost state (Georgia).

The Iron or Steel Erection industry shows similar disparities between New York and other states. NY's GL Loss Cost is roughly 2.6x than the next closest state (Pennsylvania), and over 10x higher than the lowest-cost state (Georgia).

Figure 1: Environmental Contractors GL Code 91629 Loss Cost State Comparative Analysis

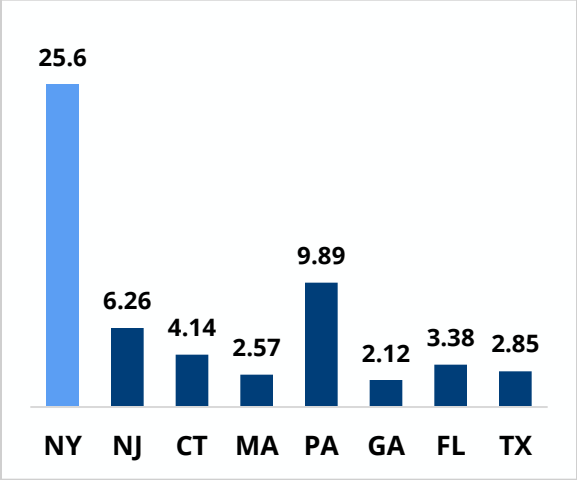
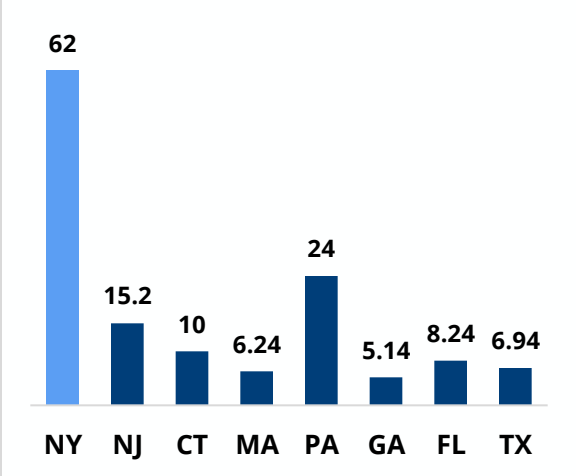


Figure 2: Iron or Steel Erection, Structure Contractors GL Code 97651 Loss Cost State Comparative Analysis



5. Appendix

General and Limiting Conditions

1. Any person who relies on or otherwise uses this Economic Impact Study ("The Study") is required to have first read, understood and accepted the disclosures, limitations and disclaimers herein, and will, by reason of such reliance or other use, be deemed to have read, understood and accepted the same.
2. HR&A Advisors, Inc. (HR&A) has been engaged and compensated by the Building Trades Employers' Association (BTEA) to prepare this Study. In preparing this Study, HR&A has used its independent professional judgment and skills in good faith, subject to the limitations, disclosures, and disclaimers herein.
3. This Study is based on data collected, assumptions and other information developed by HR&A and BTEA. Every reasonable effort has been made to ensure that the data contained in this Study are accurate as of the date of this Study; however, factors exist that are outside the control of HR&A and that may affect the estimates and/or projections noted herein. HR&A neither guarantees any results nor takes responsibility for their actual achievement or continuing applicability, as actual outcomes will depend on future events and circumstances beyond HR&A's control.
4. HR&A reviewed the information and projections provided by third parties using its independent professional judgment and skills in good faith, but assumes no liability resulting from errors, omissions, or any other inaccuracies with respect to the information provided by such third parties referenced in this Study.
5. HR&A also relied on data provided by or purchased from the U.S. Census, American Community Survey, IMPLAN, and discussions with several stakeholders and results from an anonymized survey and staff from BTEA. HR&A assumes no liability resulting from errors, omissions or any other inaccuracies with respect to the information provided by these parties.
6. In addition to relying on data, information, projections and forecasts of others as referred to above, HR&A has included in this Study estimates and assumptions made by HR&A that HR&A believes are appropriate, but HR&A makes no representation that there will be no variances between actual outcomes and such estimates and assumptions.
7. No opinion is intended to be expressed and no responsibility is assumed for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate consultant.
8. Many of the figures presented in this report will be rounded. HR&A disclaims any and all liability relating to rounding errors.
9. If the Study is referred to or included in any offering material or prospectus, the Study shall be deemed to have been included for informational purposes only and its use shall be subject to these General and Limiting Conditions. HR&A, its directors, officers and employees have no liability to recipients of any such offering material or prospectus. HR&A disclaims any and all liability to any party.
10. This Study is qualified in its entirety by, and should be considered in light of, these General and Limiting Conditions. By use of this Study, each party that uses this Study agrees to be bound by all of the General and Limiting Conditions stated herein.

Current Practice Impacts

Employment impacts are over twice as high under a comparative negligence model compared to a current practice. When elevated insurance costs remain within the insurance sector and are retained by insurers rather than being reinvested, every $100 million in premium supports only 290 FTE jobs, less than half the employment that could be generated if those savings were redirected into construction activity. This current practice also produces nearly three times fewer direct jobs — 160, compared to the up to 450 direct jobs supported under a reinvestment scenario.

HR&A's analysis uses IMPLAN code 427 – "Agencies, Brokerages, and Other Insurance Related Activities" to estimate the employment generated under the current practice, in which elevated insurance costs remain within the insurance sector rather than being reinvested in construction activity. This code corresponds to NAICS code 524210, which includes all businesses facilitating the sale of insurance products between insurers and customers, including but not limited to life insurance agencies, brokers' offices, and insurance brokerages.

Notes on Rounding

To improve readability and maintain consistency across tables, HR&A applied the following rounding conventions to economic impact figures:

- Dollar values under $100 million are rounded to the neatest $5 million
- Dollar values between $100 million and $1 billion are rounded to the nearest 10 million
- Employment (FTE) impacts were rounded to the nearest 100 jobs

Minor discrepancies in the tables and the narrative are due to rounding.

Notes on Dollar Year

HR&A presents all economic impacts in nominal dollars.

Notes on Average Labor Income

Average labor income for full-time construction workers under IMPLAN Code 50 is an estimated $85,000. While public datasets do not provide a single breakdown of this figure by union status, there is a substantial union wage premium in the NYC construction market. An analysis of CPS microdata for New York City finds that union construction workers' hourly wage is about 42% larger than non-union construction workers, based strictly on wages, excluding benefits.[xli] Per the 485-x Affordable Neighborhoods for New Yorkers (ANNY) Tax Incentive program, construction workers on eligible sites must receive a minimum wage that is the lesser of either $72.45/hour (increasing 2.5% annually), or 65% of the greatest prevailing rate of wages and supplements within a classification.[xlii] This hourly wage represents an annual full-time salary of $150,000/year.

IMPLAN Codes

HR&A used IMPLAN's current Industry Set for the U.S., which contains the 528 industries and their respective Commodities. HR&A's analysis uses IMPLAN code 50 – "Construction of new commercial structures, including farm structures" to calculate the economic impacts of saved insurance costs under a reinvestment scenario. IMPLAN construction Industries are classified by structure type (Census definitions) rather than NAICS codes, which means there is no correspondence between the NAICS 6-digit codes and IMPLAN Industries. IMPLAN code 50 includes both the hard and soft costs of the new construction of non-residential buildings (e.g., offices, warehouses, retail centers) and agricultural/farm structures. The output value represents the total construction budget — including labor, materials, soft costs (engineering/architectural/legal), profit and taxes on production — associated with delivering the new structure, regardless of the contractor's establishment type.[xliii] [xliv] It excludes land acquisition, maintenance or renovation of existing structures, and equipment/furnishings separate from the building itself.[xlv]

Impact of $100M Saved Under Prevailing Wage

Below is a range of the economic impacts per $100 Million Saved on Insurance Costs Reinvested in New York City, with the lower bound representing the job impacts if assuming the wage requirements from New York State Real Property Tax Law ("RPTL") § 485-x ("Act") adopted Affordable Neighborhoods for New Yorkers Tax Incentive program ("ANNY Program Benefits"), for very large projects in Zone $72.45 /hour.

Impact Category	Employment (FTE)	Labor Income	Economic Output
Direct	**250-450**	**$40 Million**	**$100 Million**
Multiplier	**120-150**	**$12-$15 Million**	**$30-40 Million**
Indirect	70	*$7.5 Million*	*$20 Million*
Induced	*50-80*	*$4.5- $7.5 Million*	*$10-$20 Million*
Total	**360-600**	**$52-$55 Million**	**$130-$140 Million**
Multiplier Effect	**1.3x**	**1.4x**	**1.3x**

Reinvesting Project Savings on Jobs

For illustrative purposes, reinvesting project savings into employment, and not total construction could generate the equivalent number of jobs. HR&A broke down equivalent jobs in terms of $100 million of project savings and for illustrative projects.

Table 10: Equivalent jobs from reinvesting $100 million of project savings into employment

Impact Category	485x Wage requirements	Prevailing Wage
Savings	**$100 Million**	**$100 Million**
Average Wages/hour	$72.45	$111
Equivalent jobs	**700**	**450**

Table 11: Equivalent jobs from reinvesting project savings into employment: Commercial & Infrastructure

Impact Category	Penn Station Redevelopment	Second Avenue Subway Phase 2
Savings	**$280-$560 Million**	**$275-$550 Million**
Average Wages/hour	$111	$111
Equivalent jobs	**1,200-2,400**	**1,200-2,400**

Table 11: Equivalent jobs from reinvesting project savings into employment: Multi-family

Impact Category	**Greenpoint Waterfront** 15 Oak Street (also 57 West Street) and 45 West Street	**484 Eight Avenue**
Savings	**$25-$50 Million**	**$14-$28 Million**
Average Wages/hour	$72.45	$72.45
Equivalent jobs	**170-340**	**90-180**

Interviews

Below is a sample of interviews held:

- Alliant
- American Global
- Hotaling
- Liberty Mutual
- Metropolitan Transportation Authority (MTA)
- New York City School Construction Authority (NYCSA, SCA)
- Rockrose
- Turner Construction
- Turner, Surety & Insurance Brokerage, Inc. (TSIB)
- Suffolk
- TF Cornerstone
- USI
- Vornado

Data Received

HR&A obtained data from multiple insurance brokers and real estate developers to support benchmarking and cost comparison analyses. Some participating firms provided insurance rate and claims data by project location, allowing for direct comparison of insurance costs in New York versus those in other states. The following examples illustrate the type of data collected and were used to validate key assumptions regarding relative insurance premiums.

State	Number of Projects	Total Construction Value	Average Rate
New York	13	$163,500,000	12.06%
New Jersey	14	$27,471,817	1.78%
Pennsylvania	9		
Illinois	2	$180,000,000	1.51%
Massachusetts	9	$153,000,000	1.58%
Florida	1	$159,344,615	2.15%
California	1	$154,144,193	2.15%
Texas	10	$750,000,000	1.31%
Tennessee	4		

Premium data acquired by BTEA provides general liability (GL) premiums compared to New York State, reinforcing the 5x assumption used in the model. The GL premium to fund one project in New York would fund five similar projects in California or Texas, and more than five in Florida or Illinois.

State	Standard Non-Residential Rate (Per every $1,000)	Relativity to NY GL Premiums

New York	$45.6057	100%
California	$9.1438	20%
Florida	$8.2938	18%
Illinois	$8.2938	18%
Massachusetts	$10.1938	22%
Texas	$9.1438	20%

Illustrative Projects

To estimate potential cost savings under a comparative negligence model, HR&A analyzed three large-scale public infrastructure projects currently underway in New York City — *Penn Station Redevelopment* and *Second Avenue Subway Phase 2*. HR&A also analyzed two prominent large-scale housing development in the pipeline in New York City — Greenpoint Waterfront and 484 Eight Avenue.

These projects were selected based on the availability of reliable, publicly cited development cost data and their significance as representative examples of complex, high-value construction in the city.

The table below summarizes the development costs used in the analysis and provides the primary public sources from which these figures were derived.

Table 10: Development Costs and Sources for Illustrative Projects

Project Name	Type of Cost	Cost	Source	Source #2
Penn Station Reconstruction	Development	$7,000,000,000	Empire State Development. *Penn Reconstruction, Expansion and Public Realm & Transit Improvements — Project Cost Assumptions (Draft 07/24/2022).* Albany, NY: Empire State Development, 2022.	Office of Governor Kathy Hochul. *Statement from Governor Kathy Hochul on USDOT Assuming Sole Responsibility Over Penn Station.* April 17, 2025.
Second Ave Subway Phase 2	Construction	$6,900,000,000	Office of Governor Kathy Hochul. "Governor Hochul Announces Second Avenue Subway Phase 2 Moving Forward With Award of Tunneling Contract." August 18, 2025.	Federal Transit Administration. *New York: Second Avenue Subway Phase 2 – New Starts Project Profile, FY 2024.* U.S. Department of Transportation, March 2023.
Greenpoint Waterfront	Development	$636,000,000	Lilah Burke, "TF Cornerstone plans 1K-unit Greenpoint development" *The Real Deal*, November 17, 2025,	Vanessa Londono, *"Permits Filed for 15 Oak Street in Greenpoint, Brooklyn"*, *YIMBY,* November 10, 2025
484 Eight Avenue	Development	$350,000,000	TRD Staff, *" Vornado eyes $350M Penn District rental tower," The Real Deal, September 8 2025*	Aaron Elstein, *"Vornado shares details for planned apartment building near Penn Station*" Crains New York Business, September 6, 2025.

[i] *The number of jobs associated with multifamily residential development in New York City may vary due to related wage requirements as part of accessing 485-x Affordable Neighborhoods for New Yorkers Tax Incentive program*

[ii] Aaron Elstein, *"Vornado shares details for planned apartment building near Penn Station*" Crains New York Business, September 6, 2025, link.

[iii] Justia Legal Dictionary, s.v. "absolute liability," accessed November 11, 2025, link.

[iv]Legal Information Institute, "Comparative Negligence," Wex, last reviewed July 2022, accessed November 11, 2025, link.

[v] CCIP & OCIP: A Guide to Controlled Insurance Programs in Construction. https://www.procore.com/, accessed December 7, 2025. link

[vi] Neumann Monson Architects, "Construction Costs vs. Project Costs – What Are Building Project Expenses?", NeumannMonson.com, accessed December 7, 2025, link.

[vii] CCIP & OCIP: A Guide to Controlled Insurance Programs in Construction. https://www.procore.com/, accessed December 7, 2025. link

[viii] "Construction and Development Costs," *LawInsider*, accessed December 7, 2025, link.

[ix] IMPLAN Support, "Understanding Output," accessed November 12, 2025, link.

[x] IMPLAN Support, "Employment in IMPLAN," accessed November 12, 2025, link.

[xi] IMPLAN Support, "IMPLAN to FTE & Income Conversions," accessed November 12, 2025, link.

[xii] International Risk Management Institute (IRMI). *Loss Costs,* link.

[xiii] Legal Information Institute, "Premium," Wex, accessed November 11, 2025, link

[xiv] IMPLAN Support, "Understanding Labor Income (LI): Employee Compensation (EC) and Proprietor Income (PI), link.

[xv] Federal Reserve Bank of St. Louis, "Meet the Multiplier Effect," link.

[xvi] CCIP & OCIP: A Guide to Controlled Insurance Programs in Construction. https://www.procore.com/, accessed December 7, 2025. link

[xvii] Justia Legal Dictionary, s.v. "absolute liability," accessed November 11, 2025, link.

[xviii]Legal Information Institute, "Comparative Negligence," Wex, last reviewed July 2022, accessed November 11, 2025, link.

[xix] IMPLAN Support, "Understanding Output," accessed November 12, 2025, link.

[xx] IMPLAN Support, "Employment in IMPLAN," accessed November 12, 2025, link.

[xxi] IMPLAN Support, "IMPLAN to FTE & Income Conversions," accessed November 12, 2025, link.

[xxii] Legal Information Institute, "Premium," Wex, accessed November 11, 2025, link

[xxiii] IMPLAN Support, "Understanding Labor Income (LI): Employee Compensation (EC) and Proprietor Income (PI), link.

[xxiv] MTA data based on publicly available information from MTA's MTA Board Meeting 6/23/2021, Staff Summary, Schedule H: Modifications to Personal Service & Miscellaneous Service Contracts; MTA Finance Committee Meeting 6/27/2022, Staff Summary Schedule F: Personal Service Contracts; MTA Special Board Meeting 8/18/2025. Staff Summary Schedule F: Personal Service Contracts

[xxv] Empire State Development. *Penn Reconstruction, Expansion and Public Realm & Transit Improvements — Project Cost Assumptions (Draft 07/24/2022),* link; Office of Governor Kathy Hochul. *Statement from Governor Kathy Hochul on USDOT Assuming Sole Responsibility Over Penn Station.* April 17, 2025, link

[xxvi] Office of Governor Kathy Hochul. "Governor Hochul Announces Second Avenue Subway Phase 2 Moving Forward With Award of Tunneling Contract." August 18, 2025, link; Federal Transit Administration. *New York: Second Avenue Subway Phase 2 – New Starts Project Profile, FY 2024.* U.S. Department of Transportation, March 2023, link.

[xxvii] Lilah Burke, "TF Cornerstone plans 1K-unit Greenpoint development" *The Real Deal*, November 17, 2025, link; Vanessa Londono, *"Permits Filed for 15 Oak Street in Greenpoint, Brooklyn"*, *YIMBY,* November 10, 2025 link.

[xxviii] TRD Staff, *" Vornado eyes $350M Penn District rental tower*," *The Real Deal, September 8 2025,* link; Aaron Elstein, *"Vornado shares details for planned apartment building near Penn Station*" Crains New York Business, September 6, 2025, link.

[xxix] For each illustrative project, HR&A used the wage requirements from New York State Real Property Tax Law ("RPTL") § 485-x ("Act") adopted Affordable Neighborhoods for New Yorkers Tax Incentive program ("ANNY Program Benefits"), for very large projects in Zone $72.45 /hr for residential examples and an assumed prevailing wage of $111/hr for public infrastructure and commercial projects.

[xxx] Empire State Development. *Penn Reconstruction, Expansion and Public Realm & Transit Improvements — Project Cost Assumptions (Draft 07/24/2022),* link; Office of Governor Kathy Hochul. *Statement from Governor Kathy Hochul on USDOT Assuming Sole Responsibility Over Penn Station.* April 17, 2025, link.

[xxxi] Mwaniki, Peter. "MTA Awards $1.97 B Tunnel-Boring Contract to Connect Plus Partners for Second Avenue Subway Phase 2." *Construction Review Online*, August 20 2025, link

[xxxii] Metropolitan Transportation Authority. *"Second Avenue Subway Phase 2."* Link.

[xxxiii] Lilah Burke, "TF Cornerstone plans 1K-unit Greenpoint development" *The Real Deal*, November 17, 2025, link

[xxxiv] *The number of jobs associated with multifamily residential development in New York City may vary due to related wage requirements as part of accessing 485-x Affordable Neighborhoods for New Yorkers Tax Incentive program*

[xxxv] TRD Staff, " *Vornado eyes $350M Penn District rental tower*," The Real Deal, September 8 2025, link.

[xxxvi] *The number of jobs associated with multifamily residential development in New York City may vary due to related wage requirements as part of accessing 485-x Affordable Neighborhoods for New Yorkers Tax Incentive program*

[xxxvii] American Global, Comparative Insurance Rate Analysis, October 2025.

[xxxviii] GL Loss Cost is the expected cost of claims per unit of exposure for General Liability insurance, based on historical loss data and actuarial analysis. It represents the pure premium. the portion of the rate needed to cover anticipated losses only, excluding expenses, taxes, and profit.

[xxxix] The methodology normalized rates by exposure units and aggregated class codes to ensure comparability across trades and geographies. The NYSIF table contains 550+ construction and related classification rates. The analysis includes key construction applicable codes. The analysis focuses exclusively on filed manual rates and loss costs, excluding underwriting, exposure, or pricing modifications to preserve neutrality and reproducibility.

[xl] Mordechai Kamenetsky, "What Is a Loss Cost Multiplier?" *Kickstand Insurance*, May 27, 2024, link.

[xli] Janelle Jones, "Diversity in the New York City Union and Nonunion Construction Sectors," *Economic Policy Institute*, July 19, 2017, link

[xlii] New York City Department of Housing Preservation and Development, "485-x: Affordable Neighborhoods for New Yorkers," NYC.gov, accessed December 1, 2025, link

[xliii] IMPLAN, "Special Industry Definitions," June 27, 2017, link.

[xliv] IMPLAN, "Construction: Building the Analysis," November 20, 2019, link.

[xlv] Ibid.