



Economic Trends in Nassau County

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Highlights

- Nassau had the nation's sixth-highest median household income in 2004 (\$78,762), in part because many residents commute to New York City for high-paying jobs.
- Personal income was the second-highest in the State and represented almost 10 percent of total New York State personal income.
- Nassau's economy added jobs between 2003 and 2005, but at a slower pace than surrounding areas. In 2005, total employment averaged nearly 595,000 jobs.
- The sectors of trade, transportation and utilities; education and health services; and professional and business services account for over half the jobs in Nassau.
- Nassau's unemployment rate in the first eight months of 2006 averaged 4 percent, well below the State's rate of 4.8 percent.
- In 2005, Nassau County's average salary of \$46,010 was the third-highest in the State. Average salaries in Nassau increased by 7.5 percent between 2003 and 2005.
- Almost 90 percent of all firms in Nassau employ fewer than 20 people and almost two thirds employ fewer than 5 people.
- Median home values in Nassau more than doubled between 1999 and 2005, and averaged \$475,000 in 2005—the third-highest value in the State.
- According to the FBI, Long Island is the safest large metropolitan area in the continental United States, and has a crime rate of less than half the U.S. rate.
- The population has remained stable, even though the birth rate exceeds the death rate, because more people are moving out of Nassau than are moving in.
- Nassau is the most densely populated county outside New York City in the downstate region—more than double the next downstate county.

Nassau County, one of the country's first suburbs, is among the wealthiest counties in the nation and has a stable and mature economy. In recent years, however, Nassau has faced new challenges as its population has aged, undeveloped land has become scarce, infrastructure has deteriorated, and the demand for affordable housing has outpaced supply. Despite these challenges, Nassau has many assets it can build upon for future growth, including its proximity to New York City, a well-educated workforce, and a high quality of life (low crime and excellent schools).

Nassau was severely affected by the recession of the early 1990s, which caused dramatic losses in the county's defense-related manufacturing sector. The county was further affected, though to a lesser extent, by a subsequent financial crisis and the more moderate recession of the early 2000s. While employment has not returned to its pre-recession levels, it has stayed relatively stable in recent years as Nassau continues to shift from an export-oriented economy (servicing customers and markets that extend outside the county) toward a more locally oriented economy.

The pace of growth in Nassau has been slower than in other downstate counties; however, Nassau is already more developed than neighboring suburbs. While this limits its opportunities for growth, Nassau's current population density is more than double the next densest county in the downstate region, and the county has one of the lowest rates of unemployment in the State.

The issues Nassau faces are not unique and are being experienced by many other "first suburbs." To address these challenges, Nassau officials have implemented a "New Suburbia" initiative to revitalize existing downtown districts, construct new housing, attract new businesses, and clean up abandoned brownfields. Senator Hillary Clinton and Congressman Peter King have also introduced legislation to set aside \$250 million to fund reinvestment projects in first suburbs nationwide.

A Brief History

The area that is now Nassau County was first claimed by the Dutch, though most of the Dutch settlements were concentrated further west, in today's Manhattan and Brooklyn. The English, arriving from Massachusetts and Connecticut, began to settle the eastern end of Long Island, and in 1644 the Dutch granted two Englishmen from Connecticut (John Carman and Robert Fordham) a patent for a settlement in Hempstead, making it the first European settlement in the center of Long Island. When the Treaty of Hartford divided Long Island between the English and the Dutch in 1650, modern-day Nassau was part of the Dutch portion. Dutch control in the area ended in 1664 when Peter Stuyvesant surrendered the colony to the English.

In 1683, the colony of New York was divided into 12 counties, with three on Long Island—Kings, Queens, and Suffolk. The towns of Hempstead and Oyster Bay were originally part of Queens. During the Revolutionary War, Hempstead was divided by tensions between Loyalists in the south and American sympathizers in the north. The northern portion of the town seceded, and eventually became the town of North Hempstead in 1784. When Kings and Queens became part of New York City in 1897, part of eastern Queens—the towns of North Hempstead, Oyster Bay, and most of Hempstead—formed Nassau County, taking the name from an early Dutch name for Long Island, “Nassaw,” drawn from the Dutch ruling House of Nassau-Orange.

Through the early part of the 20th century, Nassau was primarily rural, and agriculture was a major industry. Resort communities developed there for people seeking relief from summer heat in the City, and the wealthy built large estates in the northern part of the county. As the century progressed, Nassau played an important role in the advancement of aviation and space travel. The county was home to many aviation-related companies, most notably Grumman Aircraft, a major builder of U.S. Navy planes and later of the Apollo Lunar Landers, and for many years Long Island's largest private sector employer. Many of aviation's early flights took place at Roosevelt Field (now the site of a major shopping mall), including Charles Lindbergh's 1927 nonstop transatlantic flight.

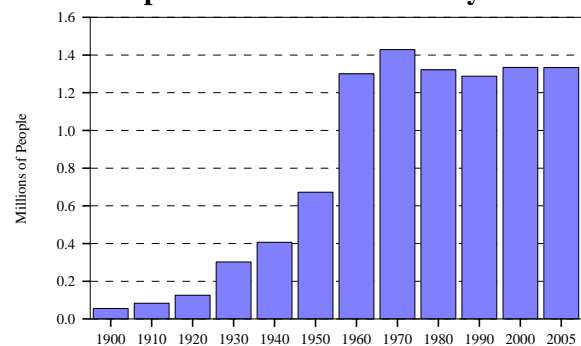
The end of World War II brought a tremendous shortage of housing for returning servicemen. In 1947, William Levitt began construction of a residential community of more than 17,000 standardized, partially prefabricated homes on former potato farms in the Island Trees section of Nassau. The homes were also affordable, costing \$7,990 in 1950. Ultimately renamed Levittown, this development was part of the vanguard of suburbanization that spread out from many major U.S. cities after the war.

These new suburbs had newer supporting infrastructures and consisted primarily of single-family homes. Population density stayed lower than in the cities, helped by zoning that spread development more widely and separated residential areas from commercial ones. In Nassau, mass transit was minimal, primarily oriented toward commuters traveling into New York City,¹ and automobiles were the preferred method of travel. Other communities developed in the wake of Levittown's success, and Nassau's population surged in the 1950s and 1960s.

Demographics

In 2005, the county's population totaled 1.3 million, which represents 6.9 percent of the total population in New York State. Nassau had the sixth-highest population among all counties in the State, following Brooklyn, Queens, Manhattan, Suffolk, and the Bronx.

Figure 1
Population of Nassau County



Source: U.S. Census Bureau

Since 1920, the population in Nassau County has grown rapidly, especially in the years following World War II (see Figure 1). Population peaked at 1.4 million in 1970 after increasing by 251 percent

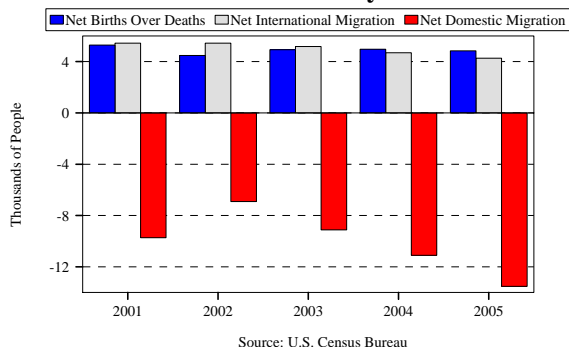
¹ The Long Island Rail Road, founded in 1834, is the largest commuter railroad in the nation. Approximately 11 percent of Nassau's working population uses the LIRR.

since 1940. Over the next decade, the population declined by 7.5 percent but has since remained stable. (Other downstate areas, however, have continued to grow.) Nassau’s high population density, the scarcity of available land, and the preponderance of single-family homes contribute to the stability of its population.

New York City is the only downstate area with greater population density than Nassau. Unlike the City—where many families live in high-rise, multiunit complexes—most families in Nassau live in single-family homes. In 2000, the population density in Nassau was 4,655 people per square mile—more than double the next downstate county, Westchester, and three times the population density of Suffolk.

Although the birth rate in Nassau County exceeds the death rate, and international immigrants continue to arrive, the overall population has not grown because more people are moving out of the county than are moving in (i.e., net domestic migration). As shown in Figure 2, during the first five years of this decade, the number of people moving out of Nassau exceeded the number moving in by over 50,000.

Figure 2
Components of Recent Population Change in Nassau County



Domestic migration tends to follow a pattern, with people moving from cities to closer suburbs and then to more distant suburbs or retirement locations. During 2004, the most recent year for which relocation data from the National Association of Realtors (NAR) are available, more than 82 percent of the households moving into Nassau came from elsewhere in New York State—about half of these families came from Queens.²

² The NAR reports relocation within counties from which ten or more households moved in or out. During 2004, 21,512 households moved to Nassau and 27,885 left.

For those households that moved out of Nassau in 2004, 62.2 percent relocated within New York State, and nearly half of those moved to Suffolk. Florida was the next most popular destination, favored by 12.9 percent of those who moved out.

Although Nassau’s population has remained stable over the past 25 years, it has become more diverse and better educated—and also older.

In 1980, the non-Hispanic white population represented 91.8 percent of Nassau’s population. Over the next two decades, the minority population grew by almost 156 percent, while the white population declined by 12.8 percent.³ Between 2000 and 2005 alone, the number of whites declined by 5.8 percent while the numbers of Hispanics or Latinos grew by 16.7 percent, blacks or African-Americans grew by 6.6 percent, and Asians grew by 34.4 percent.

By 2005, whites accounted for 70.1 percent of the county’s population, Hispanics or Latinos accounted for 11.7 percent, blacks or African-Americans accounted for 10.7 percent, and Asians accounted for 6.5 percent. Although Nassau is still not as diverse as New York City, its level of diversity parallels the nation as a whole, and it is more diverse than the City’s outer suburbs like Suffolk, Dutchess, and Putnam counties.

In 2005, 20 percent of Nassau’s population was foreign-born. This exceeds the level in the nation as a whole (12.4 percent) but is lower than in New York City (36.6 percent) and State (21.4 percent). Nearly half of Nassau’s foreign-born residents come from Latin America, and more than one quarter come from Asia—relatively comparable with the distribution in the nation and the downstate region.

Nassau County’s population is becoming better educated. The share of the population aged 25 and older who had earned at least a high school diploma increased to 90.3 percent in 2005 from 77.7 percent in 1980.⁴ The share of Nassau residents with at least a bachelor’s degree also increased, to 40 percent in 2005 from 23.6 percent in 1980.⁵ Among the downstate counties, only

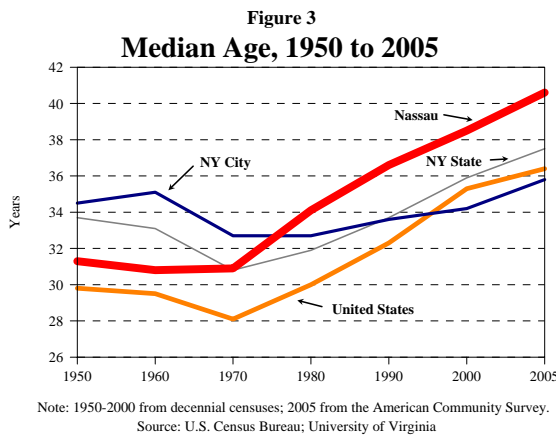
³ Census definitions of Hispanics or Latinos, who can be of any race, are only consistent for data beginning in 1980.

⁴ Statewide, the rate rose to 84.3 percent in 2005 from 66.3 percent in 1980.

⁵ Statewide, the share with a college education rose to 31.3 percent in 2005 from 17.9 percent in 1980.

Westchester had a higher concentration of college graduates (45.4 percent). A significant share of Nassau's population also had a graduate or professional degree (17.5 percent, compared with 13.4 percent Statewide and 22.7 percent in Westchester).

Although median ages are generally rising across the nation as the baby boomer population ages and family size decreases, Nassau's median age has increased more than in other areas (see Figure 3). In 2005, Nassau's median age—40.6 years—was the highest in the downstate region and was higher than in the State overall and in the nation.

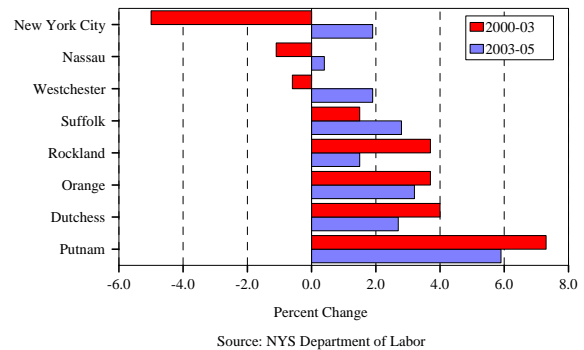


The overall aging of the population is also reflected in the change in the age distribution. In 1950, the number of people younger than age 45 accounted for 73.2 percent of Nassau's population. By 2000, the share of the population younger than age 45 had dropped to 60.9 percent for Nassau. Similarly, the percent of the population aged 65 or older had more than doubled, from 6 percent in 1950 to 15 percent in 2000.

Employment

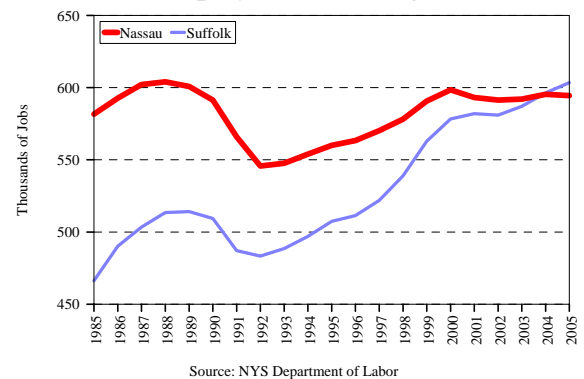
In 2005, total employment averaged nearly 595,000 jobs in Nassau, only slightly below the level in 2004. In both Nassau and New York City, the recent recession reduced employment levels, and although a recovery has begun, employment has yet to regain the pre-recession levels reached in 2000. In all other downstate areas the recession had little or no impact on employment levels, which continued to rise as the recovery began (see Figure 4).

Figure 4
Employment Changes in the Downstate Area



Employment in Nassau reached a historical peak of 604,000 jobs in 1988, but for the next five years the county shed nearly 10 percent of its jobs as it weathered a recession and a severe contraction in its defense-related manufacturing industries (see Figure 5). Employment growth resumed in 1993 and continued until 2000, when the latest (and less severe) recession began.

Figure 5
Total Employment in Long Island



Employment in the rest of Long Island also fell during the recession of the early 1990s, but—except for 2002—has consistently grown since then, and job levels reached new record levels in 2005. As a result, Nassau no longer accounts for the majority of jobs in Long Island. In 2005, employment in Suffolk County surpassed Nassau County by 9,000 jobs. Just five years earlier, in 2000, employment in Nassau exceeded employment in Suffolk by more than 20,000 positions.

Because of the steady decline in manufacturing employment since the mid-1980s, Nassau has shifted away from an export-oriented economy (servicing customers and markets that extend outside the county) toward a more locally oriented economy. In 2005, Nassau's largest employment

sector was trade, transportation, and utilities, which comprised 21.5 percent of total employment (see Figure 6). While some portions of this sector are export-oriented (such as transportation), almost two thirds of all jobs in the sector are in retail trade, a locally oriented industry. The next largest employment sector in Nassau is also locally oriented—education and health services, accounting for 18.5 percent of all county jobs. In general, the shift from export-oriented jobs to locally oriented ones also means a shift from relatively high-paying jobs to lower-paying ones.

Figure 6
Employment Distribution in Nassau County in 2005
(in thousands)

Sectors	Jobs in Nassau	Industry Share of Nassau Jobs	Jobs in L.I.	Nassau Share of L.I. Jobs
Mining & Agriculture	0.2	0.0%	2.9	7.3%
Construction	27.0	4.5%	64.1	42.2%
Manufacturing	27.4	4.6%	86.1	31.9%
Trade, Transportation, and Utilities	127.9	21.5%	260.2	49.1%
Information	14.2	2.4%	28.0	50.8%
Financial Activities	50.7	8.5%	80.1	63.3%
Professional and Business Services	74.4	12.5%	152.1	48.9%
Education and Health Services	109.8	18.5%	191.4	57.4%
Leisure and Hospitality	49.9	8.4%	93.9	53.2%
Other Services	26.4	4.4%	47.9	55.2%
Unclassified	3.8	0.6%	7.1	54.0%
Government	82.6	13.9%	184.2	44.8%
Total	594.5	100.0%	1,198.0	49.6%

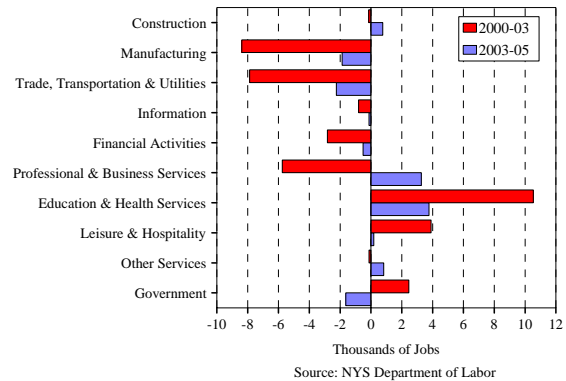
Source: NYS Department of Labor

Between 2003 and 2005, as the recovery from the most recent recession began, the largest job gains (3,800 jobs) occurred in the education and health services sector (see Figure 7), where both components experienced gains. Within the health services subsector, gains in nursing and residential care facilities and in social assistance services offset losses in ambulatory health care services and in hospitals. The business and professional services sector reported the second-highest employment gain during this period (3,300 jobs), with the biggest increases occurring in services to buildings and dwellings and in employment services. The largest employment loss during the same period occurred in the trade, transportation, and utilities sector (down 2,300 jobs), with the heaviest losses in wholesale trade.

Nassau's share of jobs in Long Island is also changing. In the professional and business services sector, the financial activities sector, and the trade, transportation, and utilities sector, recent job losses in Nassau relative to job gains in Suffolk have reduced Nassau's share of these jobs in Long Island as a whole. Although Nassau no longer has

the majority of professional and business services jobs in Long Island, it still remains the center for financial jobs and education and health services jobs (see Figure 6). The latter sector is the only major sector in which recent job growth in Nassau outpaced growth in Suffolk.

Figure 7
Jobs Gained and Lost in Nassau

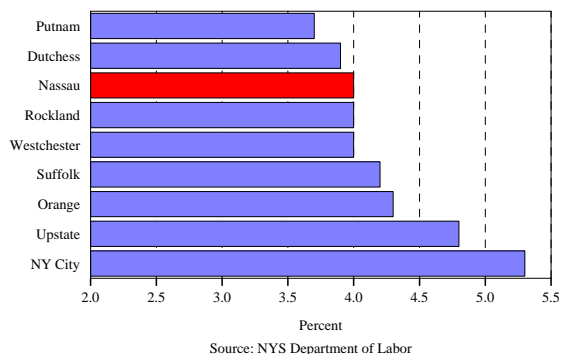


Source: NYS Department of Labor

Labor Force and Unemployment

Nassau's unemployment rate for the first eight months of 2006 was 4 percent, which was well below the State's unemployment rate (4.8 percent). Nassau's unemployment rate is comparable to or lower than the rates in other downstate areas (see Figure 8). Only six counties in the State had a lower unemployment rate than Nassau through the first eight months of 2006.

Figure 8
Unemployment Rates Through August 2006

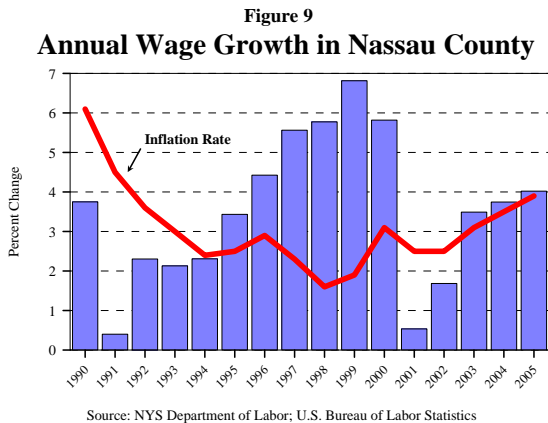


Source: NYS Department of Labor

During the most recent recession, Nassau's unemployment rate increased, rising from 3.3 percent in 2000 to 4.7 percent in 2002, but this was still lower than the State's rate (which peaked at 6.4 percent in 2003). Unemployment rates have fallen as the economy has recovered, but they have yet to return to pre-recession levels.

Wages and Salaries

Wages earned in Nassau County grew by 4 percent in 2005—the fastest growth since 2000 (see Figure 9)—and now total \$27.4 billion. When adjusted for inflation, wages grew in the last three years after two years of declines. The recent wage growth was only slightly greater than inflation.



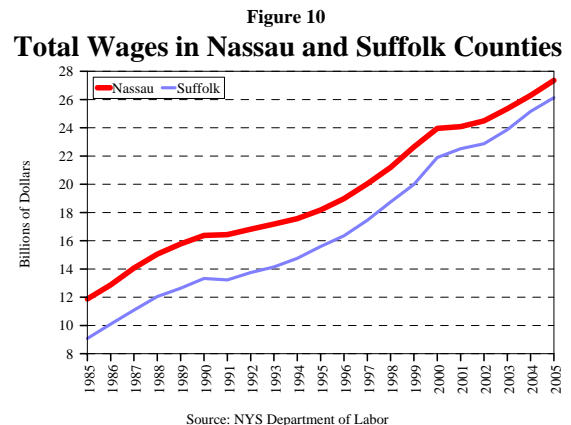
Wages grew in all industry sectors in 2005 except trade, transportation, and utilities (due to declines in trade). The fastest wage growth was in the information sector, where wages increased by 9.8 percent after two years of declines. Wage gains in the “old media” industries, particularly in cable broadcasting, more than offset losses in the “new media” industries, such as Internet service providers and telecommunications.

Wages in the professional and business services sector increased at the second-fastest rate (7.2 percent), after remaining virtually unchanged in 2004. Within the sector, wages grew by 18.9 percent in company management, where the average salary was \$81,682; the industry is small, however, accounting for slightly more than 7,000 jobs.

Wages in government grew by 5.7 percent, with higher gains in local government slightly offset by declines in federal and state government. In the financial activities sector, strong growth in banking helped wages grow for the fourth consecutive year (5.3 percent in 2005). The education and health services sector saw wage gains of 4.8 percent, as wage growth in nursing care facilities and social assistance has accelerated in recent years.

Nassau no longer accounts for the majority of jobs in Long Island, but the county continues to account for the bulk of wages earned—although the spread between Nassau and Suffolk has

narrowed in recent years (see Figure 10). This is not the result of a dramatic difference in job mix (the same sectors dominate in both counties), but rather of higher average salaries in almost all industries in Nassau compared to Suffolk. In fact, in 2005 average salaries in Nassau reached \$46,010 and ranked third in the State behind Manhattan (\$84,193) and Westchester (\$55,639).



The average salary across all industries in Nassau increased by 7.5 percent between 2003 and 2005 (see Figure 11). This was the same as the rate of increase in inflation during this period. The higher-paying sectors, however, generally lost jobs in this period. Professional and business services, the only sector that paid more than the countywide average and also gained jobs, had one of the smallest salary increases. Most job growth occurred in the lower-paying sectors. Overall, the average salary for all private sector industries that lost jobs in Nassau between 2003 and 2005 (\$48,418) exceeded the average salary for all industries that added jobs (\$44,060).

Figure 11
Average Salaries in Nassau County in 2005

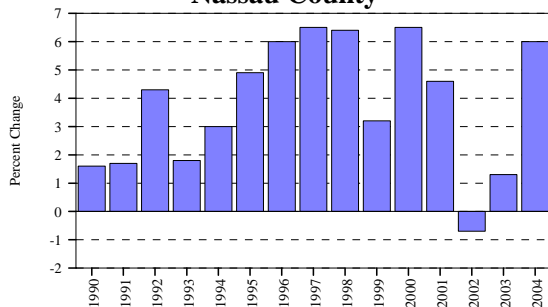
	Nassau	2003-05 Change	2003-05 Job Change
Information	\$75,203	9.3%	-130
Financial Activities	\$67,055	14.2%	-510
Government	\$55,735	11.3%	-1,630
Manufacturing	\$53,662	10.4%	-1,870
Construction	\$52,676	5.9%	760
Professional and Business Services	\$50,378	2.4%	3,270
Average All Industries	\$46,010	7.5%	2,470
Education and Health Services	\$41,999	7.5%	3,770
Trade, Transportation, and Utilities	\$39,387	3.9%	-2,250
Mining	\$35,533	-1.1%	-40
Unclassified	\$33,540	11.9%	90
Other Services	\$27,025	8.6%	830
Leisure and Hospitality	\$22,774	6.2%	180
Inflation Rate		7.5%	

Sources: NYS Department of Labor; U.S. Bureau of Labor Statistics

Personal and Household Income

Personal income in Nassau County reached \$70.8 billion in 2004 (the latest year for which county data are available). This was the second-highest level of personal income in New York State, surpassed only by Manhattan, and represented almost 10 percent of all New York State personal income. Although in 2002 Nassau's personal income declined slightly—the only decline since the current series began in 1969—by 2004 growth had recovered to 6 percent, which was comparable to gains in much of the 1990s (see Figure 12).

Figure 12
Change in Personal Income in Nassau County



Source: U.S. Department of Commerce, Bureau of Economic Analysis

Net earnings accounted for almost 70 percent of all personal income in Nassau in 2004.⁶ Net earnings have grown consistently throughout the current series, with a 5.9 percent increase in 2004. Transfer payments have also increased consistently—sometimes faster than net earnings—and as a result this component's share of Nassau's personal income grew to more than 11 percent in 2004. The final component of personal income—dividends, interest, and rent—has had more volatile growth. A sharp decline in this component in 2002 (due to the recession) contributed to the overall decline in personal income that year, but growth has since rebounded.

Households in Nassau are wealthy. The U.S. Census Bureau reported that in 2004 the median household income in Nassau was \$78,762, significantly greater than the State's \$47,349. This wealth, in part, is due to the many County residents who commute to New York City for

⁶ Because more Nassau residents work outside the county than do residents of other counties who work in Nassau, there is a net commuter benefit to income that amounted to over 26 percent of Nassau's earnings in 2004.

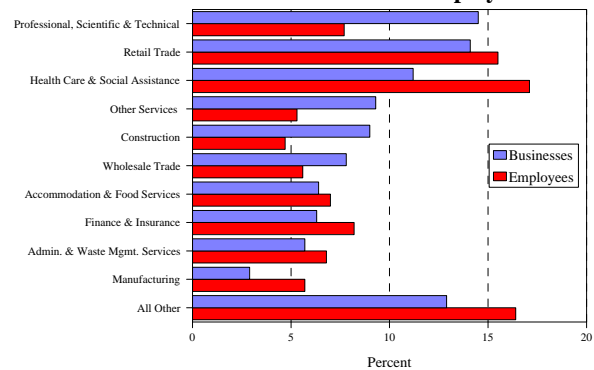
high-paying jobs. Nassau's median household income ranked sixth-highest in the nation, behind the income levels for counties from Virginia, New Jersey, and Maryland. After adjusting for inflation, real median household income in Nassau was 1.3 percent higher in 2004 than it was in 2000 before the last recession. This was a better performance than the 1.1 percent decline in the State's overall real median household income during the same period.

The percentage of individuals in Nassau with income below the poverty level was 5.2 percent in 2004, significantly lower than the 14.2 percent rate across New York State. Of the 236 areas in the nation for which the U.S. Census Bureau measured poverty in 2004, Nassau ranked 216th.

Businesses

More than 48,000 business establishments are located in Nassau. Almost 40 percent of firms are in professional, scientific, and technical services; retail trade; and health care and social assistance (see Figure 13). These same sectors account for just over 40 percent of the jobs in Nassau; professional firms tend to be small, while health service firms are generally larger.

Figure 13
Distribution of Businesses and Employees



Source: U.S. Census Bureau, 2004 County Business Patterns

Almost 90 percent of all firms in Nassau employ fewer than 20 people, while almost two thirds employ between 1 and 4 people. In 2004 Nassau had 34 companies that employ 1,000 or more people, with 15 of those in the education and health services sector, 6 in the professional and business services sector, and 5 in the financial services sector.

Some of the largest employers in Nassau are major hospitals, such as the North Shore-LIJ Health System and Catholic Health Services of Long Island (which includes St. Francis Hospital and

Mercy Medical Center). Major education employers include Hofstra University, Long Island University (C.W. Post Campus), the New York Institute of Technology, and Adelphi University. Other large employers include Cablevision Systems Corporation (cable television, voice, and Internet services), Systemax Incorporated (computer manufacturing and direct marketing), Pall Corporation (filtration technologies), Griffon Corporation (building materials manufacturing), Aeroflex Incorporated (electronics manufacturing), and Coinmach Service Corporation (laundry equipment and services).

Economic Development

Nassau County is making efforts to continue economic growth, while balancing the need for affordable housing and new business development with the desire to limit sprawl and maintain some open space for future development. In 2004, the State Comptroller issued a report on smart growth principles that highlighted the need for smart growth across New York State and discussed the financial impact of sprawl on local governments.⁷ Nassau has introduced a “New Suburbia” initiative aimed at revitalizing older downtowns, constructing new housing, attracting new businesses, and cleaning up abandoned brownfields. U.S. Senator Hillary Clinton and U.S. Congressman Peter King have also introduced legislation to set aside \$250 million to fund reinvestment projects in “first suburbs” (i.e., older suburbs) nationwide.

As part of this new vision, plans for the Nassau Hub Project have been announced. This project would develop the 77-acre area surrounding the Nassau Coliseum, using smart growth principles. The \$1.5 billion plan includes a minor league baseball stadium, residential and commercial buildings, and a trolley connecting the new stadium to the existing Coliseum, which would be renovated. A 60-story building, to include a hotel, restaurant, and condominiums, has also been proposed as part of the Hub plan.

Nassau would also make a massive investment in the public transportation system by introducing new transit alternatives aimed at improving connections throughout the system and reducing

traffic congestion around the hub area. The county is currently studying the feasibility of developing a light rail or a rapid bus transit system.

Several towns in Nassau are in the process of redeveloping their deteriorating downtown districts. The town of Westbury experienced a \$3.5 million revitalization project along its downtown Post Avenue business district. The village renovated storefronts and improved street appearances (e.g., by adding hanging plants outside shops and installing lampposts and benches) to attract new business activity to the commercial district. The six-year revitalization project has led to increased economic activity and the construction of 180 new housing units.

Nassau has announced a plan to revitalize several other historic downtown communities as part of the “Strategic Vision for Economic Development in Nassau County.” The towns of Baldwin, Roosevelt, Elmont, and Inwood would be the first to receive funding for renovations as part of this program.

New housing development continues, even as recent economic reports have indicated that the housing market has begun to soften. Along a six-mile stretch of Jericho Turnpike, through the towns of Woodbury, Syosset, and Jericho, new gated developments and townhouses have been constructed in areas that have traditionally been known for offices and shopping centers. The town of Westbury is home to two new residential projects: Archstone Westbury is a 396-unit rental apartment complex across from the Source Mall, and Meadowbrook Pointe, a development for people over 55, includes townhouses, villas, and apartments. The 720 homes are being constructed on 52 acres of the former Roosevelt Raceway harness track.

In the village of North Hills, plans have been announced to develop a condominium complex that will be run by the Ritz-Carlton Hotel. The new development, which has not yet received all necessary approvals, would include 244 condominiums in ten four-story buildings, a 600-car garage, and a clubhouse with a restaurant, spa, 24-hour gym, indoor swimming pool, meeting rooms, and screening room.

In Garden City, one of Nassau’s more upscale areas, the county has proposed to build at least 100 affordable housing units on a vacant, county-owned, 12-acre site. Also in Garden City, Adelphi

⁷ Office of the State Comptroller, Division of Local Government Services and Economic Development, *Smart Growth in New York State: A Discussion Paper*, May 2004.

University is again experiencing growth after enrollment plunged by 62 percent over a 12-year period. In the last few years, Adelphi has increased enrollment after building its first new dorm in 36 years and opening a new fine arts center. A \$113 million expansion is currently underway and will include a learning center for preschoolers, a performing arts center, and a sports complex, which will include a 2,200-seat arena.

Several other potentially major economic development projects in Nassau are still in the planning stages. Proposals for Hempstead would convert a former bus terminal on Main Street (in the center of the village's downtown district), into a mixed-use commercial and residential development. Two competing plans both propose condominium units that would be sold below and at market rate, and one plan also includes a performing arts center. In Oyster Bay, a shopping mall has been proposed for the 39-acre Cerro Wire & Cable Company site off the service road of the Long Island Expressway. The proposed shopping mall, to be anchored by Nordstrom and include Neiman Marcus, would create 2,000 jobs and provide the town and county with millions in tax dollars each year, according to the developer.

Donald Trump has partnered with Steven Carl, a Long Island restaurateur and the winning bidder to develop a restaurant at Jones Beach State Park. Their new restaurant, to be called Trump on the Ocean, would cover 36,000 square feet and include indoor and outdoor dining and a catering facility; it is projected to cost up to \$40 million. Pending final approval of the contract by the State, construction could begin in late 2006 and be completed by the summer of 2008.

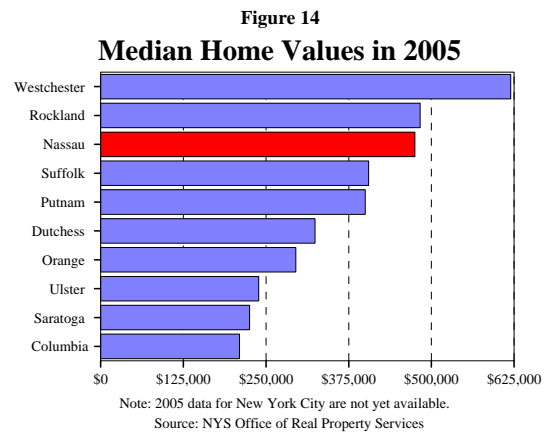
Housing

Although recent reports indicate that the housing market in Nassau (and throughout the country) has begun to soften,⁸ growth in home values remained strong in 2005. Data from the State Office of Real Property Services show that Nassau's median home value increased by 10.5 percent in 2005, but this was the lowest rate of growth during the 2000s. Between 1999 and 2005, the county's median home value more than doubled—increasing at an average annual rate of 12.5 percent, and reaching \$475,000, which is third-highest in the State following Westchester

⁸ *Newsday* reported that average home prices declined by 1 percent in July 2006 compared to July 2005.

and Rockland counties (see Figure 14). While good for home owners, these high values make it difficult for many to afford to live in the county.

Reflecting the high property values in Nassau relative to much of the State, county residents also face a high real property tax burden. In a recent report,⁹ the State Comptroller noted that the average tax levy per household in Nassau in 2005 (\$11,295) ranked second in the State behind Hamilton (\$13,230), which is the most sparsely populated county in the State. Nassau's average was more than twice the State's average (\$5,341).



In 2004, U.S. Census data show that 82.6 percent of Nassau's households owned their homes. When combined with Suffolk County, Long Island had the second-highest ownership rate among metropolitan areas in the nation, at 85.7 percent (the highest was Monmouth County in New Jersey, at 86.9 percent). The home ownership rate in Long Island has increased every year this decade, and is now at a record high.

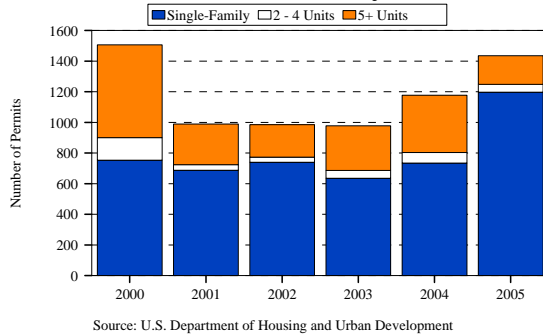
Housing is more expensive to rent in Long Island than in most other areas of the State. The current fair market rents in Long Island for 2006, estimated by the U.S. Department of Housing and Urban Development (HUD), range from \$938 a month for a studio apartment to \$1,851 per month for a four-bedroom apartment. Overall, these rents are the second-highest in the State (behind Westchester County). The rent for a two-bedroom apartment in Nassau ranks 14th for most expensive in the United States.

Households that rent their residences traditionally have lower incomes and cannot afford the high

⁹ Office of the State Comptroller, Division of Local Government Services and Economic Development, *Property Taxes in New York State*, April 2006.

costs of home ownership. Given the limited number of rental units in Nassau,¹⁰ this adds to the shortage of affordable housing in the county. Based on estimates from the National Low Income Housing Coalition—using data from the U.S. Census Bureau and HUD—the fair market rent for a two-bedroom apartment in Nassau was 105 percent of the median annual income for renters in 2005.

Figure 15
Housing Unit Building Permits in Nassau County



The most recent housing construction in Nassau has been of single-family homes. According to HUD data, of the 7,070 building permits that were issued in Nassau between 2000 and 2005, 67.2 percent were issued for the construction of units in buildings with two or more units (see Figure 15). The volume of this kind of construction, although seemingly large, was actually insignificant—it increased the inventory of rental apartments in Nassau by just over 2 percent and the inventory of rental single-family homes by a little more than 1 percent. By contrast, in the first eight months of 2006, 1,141 permits were issued for housing construction in Nassau, and 87.5 percent of these were for single-family housing. Reflecting the county’s rapid growth in the 1950s and 1960s, many of the housing units in Nassau are relatively old—in 2004, 85.3 percent of the units had been built prior to 1970—and only 4.2 percent were built after 1990.

Crime

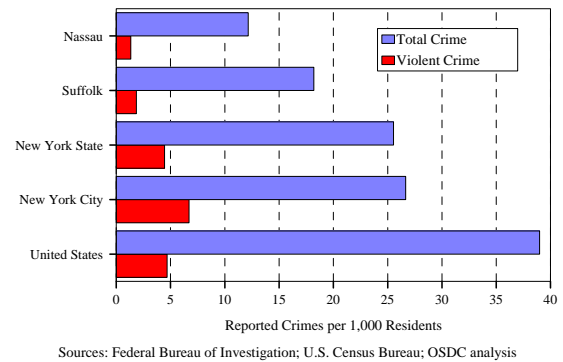
Nassau had the lowest crime rate of any large county in the nation in 2004, according to data compiled by the Federal Bureau of Investigation. Preliminary data for 2005 show Long Island is the safest large metropolitan area in the continental

¹⁰ In addition, vacancy rates for rental properties are low. The U.S. Census Bureau reports that the vacancy rate for rental properties in Nassau was 3.1 percent in 2004.

United States. Nassau has a lower crime rate than New York City, Suffolk, and the State, and very little violent crime—property crimes account for nearly 89 percent of all crimes in Nassau.¹¹

After adjustment for population differences, reported crimes in Nassau averaged 12.2 per 1,000 residents (see Figure 16)—less than half the average rate in the State, and less than one third the average rate in the nation.

Figure 16
Reported Crimes per 1,000 Residents in 2005



Of the property crimes in Nassau, three quarters are larcenies. In 2005, Nassau had 10.8 reported property crimes per 1,000 residents. Fewer than one eighth of all reported crimes in Nassau in 2005 were violent crimes (nearly 95 percent of these were robberies and aggravated assaults). With 1.3 violent crimes per 1,000 residents, the rate of violent crime in Nassau in 2005 was significantly below the rates for the nation, the State, and New York City.

Education

Nassau residents enjoy high-quality schools. The New York State Education Department recently released a list of schools and districts that were designated as higher-performing for the 2004-05 school year under the federal No Child Left Behind Act of 2001.¹²

In Nassau, 24.3 percent of the County’s schools and 45.2 percent of its school districts were

¹¹ The FBI data standardizes the reporting in several categories of crime. Preliminary county data for 2005 only reflects data from county police or sheriffs and excludes data from village or town police departments.

¹² To be so designated, schools or districts must meet certain student enrollment criteria (which mandate a minimum number of students enrolled by race, ethnic group, income level, and/or disability); meet all applicable State standards in English and mathematics; and meet federal performance criteria in English and mathematics for two consecutive years.

designated as higher-performing—including (but not limited to) Bellmore, Garden City, Great Neck, Herricks, Jericho, Malverne, Manhasset, Merrick, New Hyde Park, Syosset, Valley Stream, and Wantagh. Several other schools and districts in Nassau met the academic criteria to be designated as higher-performing, but did not meet enrollment criteria.

By several standards, schools in Nassau performed well above Statewide averages. A higher percentage of Nassau students in both the fourth and eighth grades met or exceeded standards for reading and mathematics compared to Statewide averages. For example, during the 2003-04 school year, 94 percent of fourth-graders in Nassau met or exceeded the math standard and 82 percent met or exceeded the reading standard—compared to Statewide rates of 79 percent and 62 percent, respectively. Additionally, 92.8 percent of Nassau students continued from high school to college, compared to 79.3 percent Statewide. Nassau's overall annual dropout rate was less than half the Statewide rate (1.8 percent compared to 4.3 percent).

Commuting Patterns

Census data show that in 2000, 58.1 percent of the employed residents of Nassau worked inside the county (slightly less than the 59.5 percent share in 1990). The most popular destinations for work outside the county included Manhattan (15.3 percent), Queens (10.7 percent), and Suffolk (8 percent). Many residents who commuted to Manhattan were drawn by better-paying jobs—23.1 percent of these commuters worked in the high-paying financial activities sector. Manhattan-bound commuters who had jobs in this sector earned twice the salaries of residents who had comparable jobs within the county.

Nearly two thirds of the jobs in Nassau were held by county residents in 2000, down slightly from the share in 1990. Workers who lived and worked in Nassau tended to work in sectors that primarily service the local economy, including education and health services, government, and retail trade. Among those who commuted from other counties to work in Nassau, the most came from Suffolk and Queens.

Three quarters of Nassau residents commute to work by automobile. In 2005, 68.6 percent of Nassau residents drove alone to work while another 8.2 percent carpooled—both percentages

were slightly higher than in 2000. Another 16.5 percent commuted to work using public transportation, including 10.7 percent by railroad—mostly Manhattan-bound commuters riding the LIRR.¹³ The remainder traveled to work on foot (2.5 percent) or by other means such as taxis or bicycles (1.3 percent)—or worked at home (2.9 percent).

On average, Nassau residents spent 33 minutes commuting to work in 2005 (slightly less than the 34.5 minutes spent in 2000). Among the downstate areas, this was the fourth-longest average commute behind New York City and Putnam and Orange counties. (Commutes for New York City residents are among the longest in the nation.) At the extremes, over 23 percent of Nassau residents had commutes of less than 15 minutes, and over 20 percent had commutes that exceeded one hour.

Nassau residents who worked within the county had much shorter commutes—21 minutes—and 85 percent used cars to get to work.¹⁴ Commutes to Suffolk averaged 32 minutes (96 percent by car), while commutes to Queens averaged 40 minutes (92 percent by car). Manhattan-bound commuters tended to use mass transit (71 percent) and had average commutes of 69 minutes.

To alleviate some of the transportation congestion in Nassau County, the LIRR has begun construction of the East Side Access project, which will use new tunnels from the main line tracks and a new passenger terminal under Grand Central Terminal to allow direct access from Long Island to the east side of Manhattan. The MTA estimates that the project will serve approximately 160,000 commuters daily and will reduce crowding at Penn Station. The project is in the final design stage and is currently projected to be finished by 2013. The cost of the project, however, has risen sharply—it is now estimated at \$6.3 billion—and it must compete with several other major transportation initiatives for funding.

¹³ More Long Islanders who commute to work in New York City live in Nassau (almost 200,000 in 2000) than in Suffolk (slightly more than 80,000). Thus Nassau has a slightly higher use of mass transit—and lower car usage—than Suffolk does.

¹⁴ Commuting data by work destination is for 2000.

The LIRR has also proposed the Main Line project, which includes a new third track on the main line corridor between Queens Village and Hicksville, elimination of five grade crossings, and improvements to bridges and stations. The additional track would allow the LIRR to relieve congestion during peak hours on the Main Line. The project would also help meet the rising need for reverse and intra-island commuting options, and accommodate increased services upon the completion of East Side Access. The project, with a total estimated cost of \$500 million, is still in the environmental impact study stage, but construction could start in 2009, with completion anticipated in 2016. Some community and business leaders have opposed the project, especially the third track addition, citing concerns about reduced business and residential property values (due to noise and vibrations from the construction and trains), the loss of parking spaces, and the use by freight trains.

Culture and Recreation

Nassau offers a wide selection of cultural and recreational activities for residents and tourists to enjoy. One event with worldwide recognition is the Belmont Stakes, the third and final horse race in the Triple Crown series, held at the 400-acre Belmont Park Racetrack.

Nassau's beaches and parks attract visitors from all over the metropolitan area. Jones Beach State Park provides ocean, bay, and pool swimming. Old Westbury Gardens features an English-style mansion and formal gardens, and hosts concert series, horticultural events, and festivals. The Planting Fields Arboretum State Historic Park holds concerts hosted by Friends of the Arts, and opens a 65-room mansion to the public.

Concerts are presented at spots across the county, including the 15,000-seat Tommy Hilfiger at Jones Beach Theater, located in Jones Beach State Park; the Nassau Veterans Memorial Coliseum & Exhibition Center, which is also home to the New York Islanders hockey team and the New York Dragons arena football team; and the Harry Chapin Lakeside Theatre in Eisenhower Park, which provides entertainment during the summer months. The Tilles Center for the Performing Arts, located on the C.W. Post Campus of Long Island

University, offers music, dance, and theater programs.

The Hillwood Art Museum, also located on the C.W. Post Campus, presents visual arts exhibitions ranging from historic to contemporary art. The Nassau County Museum of Art occupies the former estate of the Frick family above Roslyn Harbor. In addition to permanent and changing exhibits and educational programs, the museum maintains magnificent grounds with outdoor sculptures and formal gardens.

The county's other museums include the Cradle of Aviation Museum, which illustrates Long Island's role in the history of aviation; the Holocaust Memorial and Tolerance Center of Nassau County, which provides exhibits, seminars, and lectures to promote an understanding of the Holocaust; the Garvies Point Museum & Preserve, which focuses on the geology of Long Island and New York State and on Native American archeology; the Cold Spring Harbor Fish Hatchery & Aquarium, which presents educational programs related to the freshwater ecosystems of New York State; the Dolan DNA Learning Center, a unit of the Cold Spring Harbor Laboratory that provides genetics education; and the Long Island Children's Museum, a hands-on museum designed for kids.

Several historical sites also attract visitors. Sagamore Hill, built by Theodore Roosevelt in the 1880s, is open for tours and includes exhibitions about the President and his family. Old Bethpage Village Restoration displays a recreated mid-19th century village, including homes, farms, and businesses, across 209 acres. The village also hosts several events throughout the year, including the Old Time Baseball program and the Long Island Fair, a traditional agricultural fair held each October.

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