I. Fiscal Impacts, Including Taxes and Jobs

1. Existing Conditions

Tax Generation

The Project Site is currently Town-owned and, with the exception of some of the volunteer units on Blaisdell Road, is unoccupied. Therefore, no annual property, sales or school taxes are generated from this property.

Employment

The Project Site is currently Town-owned and currently supports no employment other than town services associated with maintenance of buildings and landscaped areas (e.g., mowing of open spaces).

2. Potential Impacts

The analysis of fiscal impacts focuses on tax generation to the Town, Pearl River School District and other taxing jurisdictions, and the likely costs to serve the Proposed Project. As a largely age-restricted development, the Project would result in significant tax benefits, which are described below.

Tax Generation

The Proposed Project would result in an estimated total of **$4,672,279** in net annual tax revenue for all taxing jurisdictions, and an estimated total of **$1,934,777** in one-time fees for the Town of Orangetown, Rockland County and New York State (see Table III.I-1). These calculations are based on a **10-percent reduction in unit selling price as compared to market prices provided by the Developer.** The annual tax revenue totals presented above are estimates based on current estimated unit sales prices at a 10% reduction; if unit sales prices were to decrease further, tax revenue would also decrease accordingly.

Revenues and costs are discussed in detail in the sections that follow.

Table III.I-1
Summary: Estimated Fiscal Revenues, Costs and Net Revenues

Jurisdiction	Estimated Revenue	Estimated Costs*	Net Tax Revenue
Annual Taxes (Property Taxes and Other Charges)			
Town of Orangetown (incl. Special Districts)	$ 1,864,506	$ 528,566*	$ 1,335,940
Rockland County (and State)	$ 307,558	$ 68,896**	$ 238,680
Pearl River School District	$ 3,315,144	$ 217,485	$ 3,097,659
Subtotal	**$ 5,487,208**	**$ 814,947**	**$ 4,672,279**
One Time Taxes (Real Estate Transfer Tax and Mortgage Tax)			
Town of Orangetown	$ 553,445	N/A	$ 553,445
Rockland County	$ 552,875	N/A	$ 552,875
New York State	$ 1,381,902	N/A	$ 1,381,902
Subtotal	**$ 1,934,777**		**$ 1,934,777**
		Total	**$ 6,607,056**

*Town costs based on per-capita cost analysis (see Table III.I-5 below)
**Assumes Rockland County Solid Waste charges equal costs of service.

Property Tax

Since the project is in an early stage of design and development, detailed market values have not yet been prepared by the Developer. The anticipated property tax generation from this project has therefore been estimated using adjusted market-rate values provided by the Developer. The price adjustment involved reducing the Developer's estimated selling prices by 10% to account for possible future market fluctuation. [1]

Estimated unit prices used in this fiscal analysis are provided below (and the Developer's estimated market-rate values are also provided in parentheses for comparison)**:**

- The **478 townhouses/condominium units** are assigned an estimated market value of **$502,035** per unit ($557,816 per unit).
- The **33 age-restricted single-family units** are assigned an estimated market value of **$570,110** per unit ($633,445 per unit).
- The **12 non-age-restricted single-family units** are assigned an estimated market value of **$766,421** per unit ($851,579 per unit).
- The **32 affordable age-restricted townhouses/condominium units** are assigned an estimated market value of **$255,288** per unit ($255,288 per unit).[2]

[1] Developer estimated unit market pricing provided by K. Hovnanian via Suzanne Barclay, Town of Orangetown, December 12, 2008.
[2] Sales prices for the 32 affordable units, as per regulations set forth in the proposed RPC-H District, is based on 3.3 times 80-percent of the median family income for a family of four for Rockland County, as

- The **20 volunteer units** are assumed tax exempt (and therefore no assessed values are assigned for tax revenue calculation purposes).

The total market value of the Proposed Project is estimated at $276,152,418 ($305,298,329).

For Town tax calculations, the total assessed value of the Proposed Project is estimated at $124,268,588. For Town tax calculations, the total assessed value was calculated as follows:

(Market Value) X (Equalization rate of 45%)

For County tax calculations, the total assessed value of the Proposed Project is estimated at $76,216,622. For Town tax calculations, the total assessed value was calculated as follows:

(Town Assessed Value) X (60% for condo status*)

> *Note: condominium status applies to the 478 townhouses/condominium units, the 33 age-restricted single-family units, and the 32 affordable townhouses/condominiums. This is a conservative estimate because the 33 age-restricted single-family units were calculated as condominium units, and not under fees simple ownership, which would increase the taxable assessment of these units.
>
> The condominium reduction does not apply to the Town tax calculations: Orangetown assesses fee-simple and condominium units at the same rate.

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established annually by the U.S. Department of Housing and Urban Development. At time of writing, HUD's 2008 80% AMI for Rockland County is $77,360.

For the Pearl River School District and Pearl River Library District tax calculations, the total assessed value of the Proposed Project is estimated at $93,434,078 due to assessment reductions allowable under New York State School Tax Relief (STAR) program.[3] The total assessed value was calculated as follows:

(Town Assessed Value) – (STAR Program reductions per unit)

STAR Program reductions calculated as follows:

Enhanced STAR assessment reduction ($56,130 per unit) applies to all age-restricted units: 478 townhouses/condominium units; 33 age-restricted single-family units; and 32 affordable age-restricted townhouses/condominium units. As noted previously, the 20 volunteer units are not included in this analysis as they are assumed to be tax exempt.

Basic STAR assessment reduction ($29,660) applies to all non-age-restricted units: 12 non-age-restricted single family units.

This is a very conservative methodology because the calculations assume that all units will take advantage of the STAR program. This is unlikely to be the case. Ultimately, however, any potential reductions in local school tax revenues do not factor into the school district's long term fiscal outlook because local school districts are reimbursed by the state for the revenue lost by their STAR exemptions. In order to fully calculate the benefits for the Pearl River School District the total amount of STAR exemptions must be added to the taxes received by the District's local property.

Table III.I-2 summarizes assessed values by Proposed Project component and taxing jurisdiction.

[3] The New York State's School Tax Relief (STAR) program provides partial exemption for owner-occupied, primary residences regardless of owners' age or income. STAR has two programs: 1) Basic STAR exempts the first $29,660 of the full value of a home from school taxes; and 2) Enhanced STAR for primary residences of senior citizens (age 65 and older) with incomes not exceeding statewide standard exempts the first $56,130 of full value of a home from school taxes.

Table III.I-2
Applicable Taxable Assessments by Project Component by Taxing Jurisdiction

Unit Type	A	B	C	D	E	F
	Number of Units	Market Value (Developer)	Adjusted Market Value (10% Reduction)	Town Assessed Value	County "Condo" Assessed Value	School District Assessed Value
			B*0.90	C*0.45	D*0.60	Explained Above
Townhouse/Condo, Age-Restricted	478	$557,816	$502,035	$225,916	$135,549	$169,786
Single-Family, Age-Restricted	33	$633,455	$570,110	$256,549	$153,930	$200,419
Single-Family	12	$851,579	$766,421	$344,889	n/a	$315,229
Townhouse/Condo, Age-Restricted, Affordable	32	$255,288	$255,288	$114,880	$ 68,928	$ 58,750
Volunteer Units (Apartment Rentals)*	20	n/a	n/a	n/a	n/a	n/a
TOTAL (taxable units)	**555**	**$305,928,329**	**$276,152,418**	**$124,268,588**	**$76,261,622**	**$93,434,078**

*Assumed Tax-exempt.

Table III.I-3 presents anticipated revenue for all taxing jurisdictions.

Table III.I-3
Total Annual Property Tax Generation for All Taxing Jurisdictions

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
Project Component (units)	**Estimated Market Value/unit (10% Reduction from Developer's Estimated Unit Prices)**	**Estimated Assessed TaxableValue/unit for Town and School District Tax Calculation Purposes (at 45% Evaluation Rate)**	**Cum. Tax Rate per $1000 of AV**	**Estimated Town Base Tax Per Unit**	**Estimated TOWN Cumulative User Fee Tax Charges (Per Unit)**	**Estimated Assessed Taxable Value/unit for County Condo Class [A]**	**Cum. Tax Rate per $1000 of AV (for County Base Tax only)**	**Estimated County Base Tax Per Unit**	**Estimated COUNTY Cumulative User Fee Tax Charges (Per Unit)**	**Estimated Assessed Taxable Value/unit for School District Tax Calculation Purposes Including STAR Reductions [B]**	**Cum. Tax Rate per $1000 of AV for School District Tax**	**Estimated School Tax Per Unit**	**Tax Rate per $1000 of AV for Pearl River Library Special District**	**Estimated Library Tax Per Unit**	**Total Estimated Tax Per Unit**	**Number of Units**	**Total Anticipated Tax Generation**
FORMULA		**A*0.45**		**(B/1000)*C**		**B*0.60**		**(F/1000)*G**		**(B-$56,260 for Enhanced STAR; B-$29,660 for Basic STAR)**		**(J/1000)*K**		**(J/1000)*M**	**SUM(D,E,H,I,L,N)**		**O*P**
Townhouse & Condo, Age-Restricted	$502,035	$225,916	$13.1850	$2,979	$162.00	$135,549	$3.5376	$480	$68.35	$169,786	$35.4811	$6.024	$1.4568	$247	$9,960	478	$4,760,922
Single-Family, Age-Restricted	$570,110	$256,549	$13.1850	$3,383	$162.00	$153,930	$3.5376	$545	$68.35	$200,419	$35.4811	$7,111	$1.4568	$292	$11,561	33	$ 381,498
Single-Family, Non-Age-Restricted	$766,421	$344,889	$13.1850	$4,557	$162.00	N/A	$3.5376	$1,220	$68.35	$315,229	$35.4811	$11,185	$1.4568	$459	$17,642	12	$ 211,701
Townhouse & Condo, Age-Restricted, Affordable	$255,288	$114,880	$13.1850	$1,515	$162.00	$68,928	$3.5376	$244	$68.35	$58,750	$35.4811	$2,085	$1.4568	$86	$4,159	32	$ 133,087
Volunteer Units (Apartment Rentals)[C]	$ 0	$ 0	$13.1850	$ 0	$162.00	$ 0	$3.5376	$ 0	$68.35	$ 0	$35.4811	$ 0	$1.4568	$ 0	$ 0	20	$ 0
															Total	**575**	**$5,487,208**

NOTES:

A) County/State tax calculated at rate shown based on 60% of assessed value for condo/townhomes component of Proposed Project to estimate assessment reduction for these types of units by county portion of property tax (per telephone conversation w/ Brian Kenney, Town Assessor on December 3, 2008).

B) Enhanced STAR for Condo and Age-Restricted Units; Basic STAR for Single-Family, Non-Age-Restricted Units.

C) Assumed Tax-exempt: Calculations do not include potential revenue from 20 volunteer units, which will be owned by Town of Orangetown and therefore deemed tax-exempt.

D) Shorthand tax calculations ("Column O" x "Column P") may differ slightly from totals presented in "Column Q" due to decimal place rounding reflected in "Column O."

TABLE SOURCES: Tax rates from 2009 (provided by Brian Kenney, Town Assessor and Suzanne Barclay, Executive Assistant on February 19, 2009).

Table III.I-4 identifies the anticipated breakdown of the total annual property tax revenue by taxing jurisdiction. This base shows that total annual tax revenues for the Project would be $5,487,208.

This total annual tax revenue is distributed as follows: The total for the Town of Orangetown would be $1,864,506; the total for the Pearl River School District would be $3,315,144; and the total for the County would be $307,558.

The annual tax revenue totals presented above are estimates based on current estimated unit sales prices at a 10% reduction; if unit sales prices were to decrease further, tax revenue would also decrease accordingly.

The tax generation estimates are calculated as follows (see Table III.I-4 below):

- For taxes based on assessed value: Multiply the tax rate (per $1000 of assessed value) provided in Table III.I-4 by the number of thousands in the Project's total taxable assessed value ($124,268,588). For example, to estimate tax revenue generated from taxes for Townwide Services, multiply the rate of $1.7768 per $1000 by $124,268,588 = $1.7768 x 124,268.588 = $220,800.

  For the County/State taxing purposes, the Project's assessed value is reduced from $124,268,588 to $76,216,622 due to the fact that County/State taxes are calculated at 60% of Town assessed taxable value for townhouse/condo units only (see Table III.I-2). Therefore, the estimated tax revenue for the County/State is estimated by multiplying the rate of $3.1316 per $1000 by $76,216,622 = $3.1316 x 76,216.622 = $238,680.

  For the Pearl River School District and the Pearl River Library Special District, the Project's taxable assessed value is reduced from $124,268,588 to $93,434,078 due to the fact that residential units are eligible to take advantage to the New York State's School Tax Relief (STAR) program. Therefore, the estimated tax revenue for the Pearl River School District was generated by multiplying the rate of $35.4811 per $1000 by $93,434,078 = $35.4811 x 93,434.078 = $3,097,659.

  The total tax benefit to the Pearl River School District is also noted with the inclusion of revenue that New York State will return to the District based on the total amount of STAR generated tax: $124,268,588 – $93,434,078 = $30,834,510/$1000 x $35.4811 = $1,094,042. In order to present as conservative estimate as possible, this amount is not included in the fiscal impact analysis presented but would be realized by the Pearl River School District upon STAR reimbursement from the State of New York.

- For taxes based on a per unit basis: Multiply the user fee provided in Table III.I-4 by the total number of taxable units (555). For example, to estimate the tax revenue generated from Sewer Operation and Maintenance charges, multiply the user fee of $162.00 by 555 = $162 x 555 = $89,910. The number of units, 555, is used instead of 575 because the 20 volunteer units are assumed tax exempt.

Table III.I-4
Anticipated Property Tax Generation by Taxing Jurisdiction

Tax and District	Tax Rate per $1,000 AV*	Tax Rate per Unit (User Fees)*	Percentage of Total Property Tax Bill	Tax Generation
Town-wide Services (homestead)	$1.7768	N/A	4.0%	$ 220,880
Town & Nyack Police	$5.6050	N/A	12.7%	$ 696,525
Town Building Services	$0.6395	N/A	1.4%	$ 79,470
Town Outside Highway	$1.3754	N/A	3.1%	$ 170,919
Orangeburg Fire District	$2.6548	N/A	6.0%	$ 329,908
Paramedic Services	$0.2691	N/A	0.6%	$ 33,441
Sewer Operation and Maintenance	N/A	$162.00	1.6%	$ 89,910
Sewer Debt Service	$0.6846	N/A	1.6%	$ 85,074
Pearl River Hydrant District	$0.1798	N/A	0.4%	$ 22,343
Pearl River Library District**	$1.4568	N/A	2.5%	$ 136,115
		TOWN Subtotal	**34.0%**	**$ 1,864,506**
County and State***	$3.1316	N/A	4.3%	$ 238,680
Rockland County Solid Waste	$0.4060	N/A	0.6%	$ 30,944
Green Waste Charge	N/A	$26.50	0.3%	$ 14,708
Hazardous Waste Charge	N/A	$ 5.80	0.1%	$ 3,219
Transfer Station Facility Charge	N/A	$ 10.40	0.1%	$ 5,772
Material Recovery Facility Charge	N/A	$ 11.45	0.1%	$ 6,335
COCO Charge	N/A	$14.20	0.1%	$ 7,881
		COUNTY Subtotal	**5.6%**	**$ 307,558**
Pearl River School District	$35.4811	N/A	60.4%	$ 3,315,144
		TOTAL REVENUES	**100.0%**	**$ 5,487,208**

*Source: Tax rates from 2009 (provided by Brian Kenney, Town Assessor and Suzanne Barclay, Executive Assistant on February 19, 2009).
** Pearl River Library District taxes calculated at School District valuation for Proposed Project.
*** County/State tax calculated at rate shown based on 60% of assessed value for condo/townhomes component of Proposed Project to estimate assessment reduction for these types of units by county portion of property tax (per telephone conversation w/ Brian Kenney, Town Assessor on December 3, 2008).
NOTE: Calculations do not include potential revenue from 20 volunteer units, which will be owned by Town of Orangetown and therefore deemed tax-exempt.

Per Capita Fiscal Analysis

The "per capita" approach is a commonly employed methodology to estimate fiscal impacts. The per capita methodology for fiscal analysis assumes that the marginal cost of providing services per person will increase linearly—i.e. that every new person added will impose a cost increment exactly equal to the cost that each existing resident currently pays.

In this approach, per capita cost is calculated by analyzing the Town budget costs (including Special Districts) ($23,245,501) that would likely be impacted as a result of the Proposed Project and dividing these costs by existing population (48,948) to arrive at a per capita cost ($475). Estimated "New Costs" are then calculated by multiplying this figure ($475) by the number of expected people generated by the Proposed Project (1,113). These new costs are then compared against expected property tax revenue from the Proposed Project in order to estimate a net annual tax surplus (if revenues are greater than costs) or deficit (if costs are greater than revenues). As Table III.I-5 shows, the total new costs to the Town as a result of the Proposed Project are estimated to be $528,566 compared to a revenue estimate of $1,864,506, resulting in a net annual tax revenue surplus of $1,335,940. This per capita analysis applies to Town costs and revenues only.

While the per capita methodology is the most commonly used and easily understood approach to fiscal impact analysis, it produces very conservative results. This is because the per capita methodology generally overestimates the shared costs associated with providing public services because it does not apportion service costs between residential and non-residential land uses and fails to account for available capacity within the public services under analysis.[4] The per capita methodology assumes that all community services will have to be replicated in order to accommodate projected new growth, and that each additional person who moves into Orangetown will cost the Town in terms of providing services exactly what it costs to provide each current resident. That is, each additional person served by a public service—police, fire, sewer, water, recreation, administration, other Town facilities, etc.—will increase the cost of providing these services by exactly the same amount that everyone is currently paying.

This will not be the case: As discussed in Chapter III.F of this DGEIS, there is available capacity in many of the Town's community services to accommodate the estimated growth from the Proposed Project. The Town will not have to hire more administrative personnel and the Pearl River School District will not have to hire more school teachers, staff or build a new school to accommodate the estimated 1,113 new persons and 15 new students associated with the Proposed Project. As also discussed in Chapter III.F, the Police Department has stated they anticipate needing additional police officers, and incurring additional maintenance and other costs associated with

[4] See "Chapter 8: Fiscal Impact Analysis" in *Development Impact Assessment Handbook* (Burchell, Robert W., David Listokin, et al. Washington, D.C.: ULI-the Urban Land Institute, 1994.)

the Department's vehicle fleet. It is anticipated that the annual $1,864,506 in additional tax revenues (of which $1,335,940, or 72% is estimated as surplus after accounting for additional per capita costs attributable to the project) would offset these costs to the Police Department (see Table III.I-4).

Further, in the per capita analysis presented in the Table III.I-5, while the 20 volunteer units are considered tax to be exempt (i.e. they do not generate tax revenue), the costs of Town serving these units are included in the calculation.

Therefore, the estimated net annual Town tax revenue surplus of $1,335,940 (as estimated above) should be considered a conservative estimation. With anticipated revenue of $1,864,506 in Town taxes per year, it is likely that the majority of the tax dollars would be a surplus in revenues. This was confirmed in a conversation with the Town tax assessor.[5] Additionally, all of the inputs into the per capita analysis as described throughout this chapter are intentionally conservative. It should also be noted, however, that these estimates are based on the anticipated selling prices of the residential units. As stated on page III.I-2 of this chapter, calculations used in this fiscal analysis, including the per capita approach discussed herein reduced the Developer's estimated unit sales prices by 10-percent.

Table III.I-5 presents the summary of the per capita fiscal impact analysis for Town services.

[5] Telephone conversation with Brian Kenney, Orangetown Tax Assessor on December 11, 2008.

Table III.I-5
Per Capita Annual Tax Costs and Revenue Analysis for Town Services

New Property Taxes	Amount
Estimated Town Taxable Assessed Value	$ 124,268,588
Estimated Town Taxable Assessed Value in $1,000s	124,269
Combined Town Services Tax Rate (per $1000 AV)[6]	13.185
Combined Additional Town Tax Charges (per unit)[7]	$ 162.00
Estimated Library Special District Taxable Assessed Value[8]	$ 93,434,078
Estimated Library Special District Taxable Assessed Value in $1,000s	93,434
Pearl River Library Special District Tax Rate (per $1,000 AV)	$ 1.4568
Number of Units (in Proposed Project)	575
Number of Taxable Units (in Proposed Project)	555
Estimated Property Tax Revenue (from Proposed Project)	$ 1,864,506
Average Tax Per New Unit (575)	$ 3,359
Average Persons Per Unit	1.9
Additional Population (from Proposed Project)	1,113
Property Taxes Per Capita (in Proposed Development)	$ 1,675
Town Budget Spending (Costs)	
Current Budget Spending (2009)	$ 60,987,532
Amount of Current Budget Spending Attributable to Project	$ 19,214,618
Percent of Current Budget Spending Attributable to Project	32%
Amount of Special District (Library) Spending Attributable to Project	$ 4,030,883
Total Spending (Town Budget and Special District) Attributable to Project	$ 23,245,501
Current Population	48,948
Current Budget Spending Per Capita	$ 475
Additional Population (from Proposed Project)	1,113
Estimated New Costs (to serve new residents)	$ 528,566
Estimated New Budget Spending as a Result of Project	$ 23,774,067
Estimate New Budget Spending Per Capita as a Result of Project	
Town Budget Revenues	
Current Budget Revenues (2009)	$ 60,987,532
Amount of Current Budget Revenues Attributable to Project	$ 19,214,618
Percent of Current Budget Revenues Attributable to Project	32%
Amount of Special District (Library) Revenues Attributable to Project	$ 4,030,883
Total Revenues (Town Budget and Special District) Attributable to Project	$ 23,245,501
Current Population	48,948
Current Budget Revenues Per Capita	$ 475
Additional Population (from Proposed Project)	1,113
Estimated New Revenues from Project	$ 1,864,506
Estimated Budget Revenues After Project	$ 25,110,007
Estimated Budget Revenues Per Capita After Project	$ 502
Town Tax Evaluation	
Estimated Cost of Serving New Residents (Spending)	$ 528,566
Estimated Property Tax Revenue (from Proposed Project)	$ 1,864,506
Surplus Tax Revenue (from Proposed Project)	**$ 1,335,940**
Source: Tax rates from 2009 (provided by Brian Kenney, Town Assessor and Suzanne Barclay, Executive Assistant on February 19, 2009).	

[6] Includes tax rates for Townwide Services (Homestead), Town & Nyack Police, Town Building Services, Town Outside Highway, Pearl River Fire District, Paramedic Services, Sewer Debt Service, and Pearl River Hydrant District

[7] Includes Sewer Operation and Maintenance

[8] Pearl River Library Special District

Real Estate Transfer Tax

The project will also generate one-time tax revenues to Rockland County and New York State in the form of real estate transfer taxes in the approximate sum of $1,104,610 (see Table III.I-6). This tax is calculated at a rate of $4.00 for each $1,000, and is based on estimated market selling price of units at a 10% reduction. Of the four dollars levied, three (or 75%) are retained by the State of New York and one (or 25% is retained by the County. Therefore, Rockland County can expect to receive approximately $276,152 in one-time real estate mortgage transfer tax revenues, while the state would receive approximately $828,457. These revenues would likely occur over the 3-year build out period of the Project. If the units were to sell for less, the estimated tax revenue would be reduced accordingly.

Table III.I-6
Anticipated Real Estate Transfer Tax Generation

Project Component (units)	Estimated Market Value/unit	Tax Rate per $1000	Tax per Unit	Number of Units	Anticipated Tax Generation
Townhouse/Condo, Age-Restricted	$502,035	$4.00	$2,008	478	$ 959,890
Single-Family, Age-Restricted	$570,110	$4.00	$2,280	33	$ 75,254
Single-Family	$766,421	$4.00	$3,066	12	$ 36,788
Townhouse/Condo, Age-Restricted, Affordable	$255,288	$4.00	$1,021	32	$ 32,677
Volunteer Units (Apartment Rentals)*	$ 0	$4.00	$ 0	20	$ 0
Total				575	$1,104,610

*Assumed Tax-exempt

Mortgage Tax

The project will also generate one-time tax revenues to the Town of Orangetown, Rockland County and New York State in the form of mortgage taxes in the approximate sum of $1,383,613 (see Table III.I-7). This tax is calculated at a rate of 1.25% of the mortgage on a property.

For the Proposed Project, this calculation assumes that half of the homes would carry a mortgage in the amount of 80% of the market selling price. This is a conservative estimate because it is likely that more than half of the residents will carry mortgages. The actual outcome would depend upon mortgage rates, which are currently near a historical low point: when rates are low, homeowners understand that they could maximize financial returns by assuming a mortgage, taking the federal mortgage interest deduction on their taxes, and investing additional capital in investment vehicles that return substantially higher rates than the residential real estate market.

Of the 1.25% tax levied, half-of-a-percentage-point (or 40%) is retained by the Town, half-of-a-percentage-point (or 40%) is retained by the state, and a quarter-of-a-percentage-point (or 20%) is retained by the county. Therefore the Town of Orangetown and the state can each expect to receive approximately $553,445, and Rockland County would receive approximately $276,723 in mortgage transfer tax revenues. These revenues would likely occur over the 3-year build out period of the Project. If the units were to sell for less, the tax revenue would be reduced accordingly.

Table III.I-7
Anticipated Total Mortgage Tax Generation

Project Component (units)	Estimated Market Value/unit	80% of Market Value	Tax Rate	Tax per Unit	Number of Units	Anticipated Tax Generation
Townhouse/Condo, Age-Restricted	$502,035	$401,628	1.25%	$5,020	239	$1,119,863
Single-Family, Age-Restricted	$570,110	$456,088	1.25%	$5,701	17	$ 96,919
Single-Family	$766,421	$613,137	1.25%	$7,664	6	$ 45,985
Townhouse/Condo, Age-Restricted, Affordable	$255,288	$204,230	1.25%	$2,553	16	$ 40,846
Volunteer Units (Apartment Rentals)*	$ 0	$ 0	1.25%	$ 0	10	$ 0
Total					288	$1,383,613

*Assumed Tax-exempt

School District Tax

The 2008-09 Pearl River School District budget is $55,589,238. Of this amount, approximately $45,063,169 (or 81%) is derived from local property taxes; the balance comes from state aid ($8,848,269 or 16%) and other revenue sources (including Fund Balance Application, PILOT payments, Interest, and Other Revenues) (see Table III.I-8).

Table III.I-8
Pearl River School District Revenues, 2008-09

Source	Amount	Percent of Total	Per Student (2,643 Students)
Local Taxes	$45,063,169	81%	$ 17,050
State and Federal	$ 8,848,269	16%	$ 3,348
Other	$ 1,677,800	3%	$ 635
Total Budget	**$55,589,238**	**100%**	$ 21,033
Source: Pearl River School District Data[9]			

Data acquired from the Pearl River School District indicate that its budget is comprised of three broad categories as follows:

Table III.I-9
Pearl River School District Spending, 2008-09

Budget Line Item	Budget Amount	Percent of Total	Cost Per Student (2,643 Students)
Program—teaching, transportation, benefits	$ 47,234,942	85%	$ 17,872
Capital—debt service, operations	$ 5,041,260	9%	$ 1,907
Administration—administrative costs and operations management	$ 3,313,036	6%	$ 1,254
Total	$ 55,589,238	100%	$ 21,033
Source: Pearl River School District Data[10]			

Annual program or instructional costs of approximately $47,234,942 is the largest component of the district budget, accounting for approximately 85% of the budget. This translates into an approximate program cost of $17,872 per student ($47,234,942/2,643 students).

The actual percentage of the budget dedicated to educating one additional student (i.e. the marginal costs per student) may be slightly lower because the "Program" costs above includes benefits, a line item not generally considered in marginal cost calculations (i.e. adding one additional student into a

[9]http://pearlriver.ny.schoolwebpages.com/education/sctemp/69c5e171929ff7d9748c7f36e8a8096c/1228160595/Rev_Exp_Summary_08-09.pdf
[10] Ibid.

teacher's classroom does not increase the cost of providing benefits to that teacher or school/district administrative staff).

Given these figures, a conservative estimate of $17,872 per student (or 85% of the total budget cost per student as presented in Table III.I-9) is used for calculating education costs for each additional student. This program amount excludes certain fixed costs (e.g. central administration, capital debt service, and operations) that would generally not vary significantly with the additional student population from a given project. It does, however, include transportation costs.

Given the approximate $17,900 per student estimate (rounded up from $17,872), the local property tax levy necessary for each new student in a proposed development must be at least $14,499 to cover educational expenses ($17,900 x 0.81—in accordance with the proportion of total budget revenues derived from local property taxes—see Table III.I-8).

<u>School District Revenues and Costs</u>

As discussed in Chapter III.F (Community Facilities), the concept plan for the proposed action is a residential community with 575 dwelling units. The breakdown for these units is: 543 age-restricted units for senior citizens; 12 non-age-restricted single-family homes; and 20 volunteer units. It is anticipated that the age-restricted homes would not generate school children.

The number of public school children generated by the 12 single family homes and 20 volunteer housing units were estimated using multipliers from "Residential Demographic Multipliers" by the Rutgers University, Center for Urban Policy Research. Multipliers from the categories of School-Age Children in Public School for single family, detached, 3-bedrooms homes (more than $194,500 value), and 5+ units for rent, 2-bedroom (all values) were utilized to estimate the potential number of public school children generated from the single family homes and volunteer housing units. It is estimated that approximately 15 public school students would be generated by the proposed project.

With the estimated yield of 15 public school students, the Pearl River School District would receive far more in revenues than it would cost to educate the estimated number of new students attributable to the Proposed Project. Applying the previously cited local tax levy needed for the annual education costs per student ($14,499) to the estimated 15 students results in $217,485 in additional annual costs to the School District. This figure compares with an estimated property tax of approximately $3,315,144 in school taxes generated annually by the project (see Table III.I-10 below).[11] The Proposed Project

[11] These calculations include adjusted property assessments for all units due to New York State Enhanced School Tax Relief (STAR) Program. This program provides partial exemption for owner-occupied, primary

produces an annual surplus of approximately $3,097,659 in school tax revenue ($3,315,144 — $217,485 = $3,097,659). Table III.I-10 summarizes the anticipated tax revenues and costs to the Pearl River School District.

This surplus, while large, is a conservative estimate for two reasons: 1) the calculations assume that all property owners/residents will utilize the Enhanced STAR program; and 2) any potential reductions in local school tax revenue as a result of STAR are reimbursed by the state to the school district.

Table III.I-10
Anticipated Total School Tax Generation

Project Component (units)	Estimated Taxable Assessed Value	Enhanced STAR Estimated Assessed Value/unit*	Tax Rate per $1,000 AV**	Number of Units	Anticipated Annual Tax Generation
Townhouse/Condo, Age-Restricted	$225,916	$169,786	$35.4811	478	$ 2,879,557
Single-Family, Age-Restricted	$256,549	$200,419	$35.4811	65	$ 234,666
Single-Family	$344,889	$315,229	$35.4811	12	$ 134,216
Townhouse/Condo, Age-Restricted, Affordable	$114,880	$ 58,750	$35.4811	32	$ 66,704
Volunteer Units (Apartment Rentals)***	n/a	n/a	$35.4811	20	$ 0
			Total	575	**$ 3,315,144**
Estimated Costs to Educate Expected Student Population					**$ 217,485**
Annual Surplus in Revenue					**$ 3,097,659**

* Enhanced STAR for all Age-Restricted Units; Basic STAR for Single-Family, Non-Age-Restricted Units
**Source: Pearl River School District Website (Accessed December 2, 2008)
http://www.pearlriver.org/education/components/scrapbook/default.php?sectiondetailid=185
***Assumed Tax-exempt

State School Aid

School district allocation of State Aid is also relevant to the discussion of potential impacts to district costs as a result of new development. At present, the Pearl River School District receives approximately $8.8 million annually (or 16-percent of its budget) from the State of New York. The methodology by which New York State calculates school aid distribution is difficult to determine at best. It is, most professionals agree, based on the basic factors of district property wealth, income wealth and number of pupils, but there are

residences regardless of owners' age or income. STAR has two programs: 1) Basic STAR exempts the first $29,660 of the full assessed value of a home from school taxes; and 2) Enhanced STAR for primary residences of senior citizens (age 65 and older with incomes not exceeding the statewide standard) exempts the first $56,130 of full assessed value of a home from school taxes. In order to provide as conservative an estimate as possible, our calculations assume that all units will take advantage of the STAR program. This is unlikely to be the case. Ultimately, however, any potential reductions in local school tax revenues do not factor into the school district's long term fiscal outlook because local school districts are reimbursed by the state for the revenue lost by their STAR exemptions.

significantly more variables involved. While the general guidelines on the aid distribution calculation are obtainable from the New York State Education Department, there are numerous variables in play that vary from year to year. Intuitively thinking, more students could potentially result in an increase of school aid, but as discussed above other variables, including district wealth are also a part of the state's calculus in school aid distribution. Generally, wealthier communities receive less state aid than do poorer communities. It unlikely, however, that the additional age-restricted population anticipated in the Proposed Project, representing only a 2.3-percent increase in Town population or the 15 additional students attributable to the Proposed Project would be enough to affect the school aid outcome one way or another. With this said, if any reduction in state aid was to occur as a result of the Proposed Project's impact on area property wealth, income, or student enrollment within the state's calculus of aid, it would be more than offset by the $3,097,659 projected net annual revenue school district surplus presented in Table III.I-10 above.

<u>Sales Tax</u>

The Proposed Project is residential in nature and therefore is not expected to result in a direct increase in the amount of commercial or retail sales tax revenues. Given the Project's proximity to the commercial properties surrounding the intersections of Van Wyck and Convent Roads and Eisenhower Court and Convent Road, it is likely that businesses in this area would experience greater patronage, and new businesses may be realized. Current commercial uses in the area include food service establishments (ice cream store, pizza restaurant, and an Italian restaurant), a convenience store/deli, a glass/mirror shop, and several automobile-oriented businesses. The estimated 1,113 new residents in the Proposed Project are anticipated to generate additional economic activity in this small commercial area.

<u>Proceeds from the Sale of Land</u>

The Proposed Project requires the sale of land by the Town. The estimated revenue from the sale of property for the site is $24 million. The land would be transferred to the Developer upon completion of the SEQRA process and the rezoning of the site to RPC-H.

<u>Building, Permitting and Recreation Fees</u>

The development of the Proposed Project requires review, approval, oversight and inspection by the Town. These include site plan review by the Planning Board and Architecture & Community Appearance Board, and plan review, building permit issuance, and on-site inspection by the Building Department, among others. In addition, the Town also has fees to ensure that it maintains adequate public facilities for recreation. Fees for project review, permitting and recreation will be sufficient to cover Town costs as per agreement with the Applicant.

Employment

Permanent Full Time Employment

The Proposed Project is residential in nature and therefore is not expected to result in a direct increase in the amount of permanent employment in the Town of Orangetown. It is probable that the homeowners' association would contract local landscape and grounds-keeping services, but this has not been determined at this early stage of the project.

One-Time Construction Period Impacts of the Proposed Project

To estimate the one-time economic impact resulting from the construction phase of the Proposed Project, this analysis relies on an estimated development budget of $169.3 million, which is approximately 70-percent of the total market value of $276.2 million for the Project minus $24 million for land costs. The costs for land acquisition are excluded because these expenditures do not contribute to new economic activity and only reflect transfer payments.

The estimated development budget of $169.3 million is comprised of hard costs (i.e. construction costs) and soft costs (i.e. costs associated with engineering, architecture, financial services, and other support services). For the purposes of this analysis, it is assumed that 75-percent of the estimated development budget would be allocated to hard costs and 25-percent of the estimated development budget would be allocated to soft costs. Therefore, hard costs are estimated at $127.0 million and soft costs are estimated at $42.3 million. This analysis considers only hard costs (i.e. construction jobs) associated with the Project; soft costs are not calculated into employment figures.

Further, hard costs are comprised of labor and materials portions. It is assumed for the purposes of this analysis that labor will consume 50-percent of the development budget hard costs, or $63.5 million. Average annual wages for construction workers is estimated to be approximately $55,300.

The construction phase of the Proposed Project is projected to support direct employment of approximately 1,148 full-time equivalent (FTE) construction jobs with associated wages of over $63.5 million (see Table III.I-11). This level of employment will be spread out over the development time horizon (4-years). For example, if development of the proposed Project is completed in four years, the annual employment level supported by the Project is estimated to be approximately 287 jobs with associated annual wages of approximately $15.8 million.

Table III.I-11
One-time Construction Period Direct Economic Impacts, Proposed Project

REF	Development Budget Line Item	Amount
A	Estimated Project Market Value	$ 276,152,418
B	Land Costs	$ 24,000,000
C	Estimated Development Budget [(A*0.70)-B]	$ 169,306,692
D	Estimated Hard Costs (75% of Development Budget)	$ 126,980,019
E	Estimated Soft Costs (25% of Development Budget)	$ 42,326,673
F	Estimated Cost of Materials (50% of Hard Costs)	$ 63,490,010
G	Estimated Cost of Labor (50% of Hard Costs)	$ 63,490,010
H	Estimated Average Salary of Typical Construction Worker	$ 55,300
I	Total Number of Full Time Equivalent (FTE) Construction Jobs [G÷H]	1,148
J	Total Amount of Associated Wages	$ 63,490,010
K	Estimated Time of Construction (Build Out) in Years	4.0
L	Annual Employment Level in Construction Jobs (through build out) [I÷K]	287
M	Total Annual Earnings from FTEs [J÷K]	$ 15,872,502

3. Mitigation Measures

Municipal Tax and Services

The proposed project would generate an approximately 2.3-percent increase in the total population of the Town of Orangetown and a 0.4-percent increase in total population in Rockland County. This minimal increase is not anticipated to have a significant impact on the delivery of Town and or County services. In addition, the project would generate substantial tax revenue to offset any incremental increased costs for the various local taxing jurisdictions. Conservatively, the Town is anticipated to receive approximately $1,335,940 annually in net property tax revenue (see Table III.I-1).

The Proposed Project would also alleviate the Town of the responsibility of maintaining and policing a large property comprised of empty buildings and open space. As a result, no further mitigation is recommended for potential fiscal impacts.

School District Tax

The number of public school children generated by the proposed project is expected to be modest as a result of the proposed program and target market. Age-restricted two- and three- bedroom townhouses and condominium units will dominate the residential mix, and, while the non-age restricted single-family detached units will certainly appeal to families, the Project includes only 12 of these units. In addition, the project would generate substantial tax revenue to offset any incremental increased costs for educating the anticipated 15 public school children. The school district is expected to enjoy a net annual positive fiscal impact of approximately $3.1 million. As a result, no further mitigation is recommended for potential fiscal impacts to the Pearl River School District (see Table III.I-1).

Employment

The Proposed Project is residential in nature and is therefore not expected to result in any direct increase in the amount of permanent employment in the Town of Orangetown. The project could result in a small increase in employment in the services such as landscaping and grounds keeping services, and increase business activity in the commercial area along Convent Road. No further mitigation is recommended.

The construction phase of the Proposed Project is projected to support direct employment of approximately 1,149 full-time equivalent (FTE) construction jobs with associated wages of over $63.5 million (see Table III.I-11). Assuming average tax rate of 6.85-percent, State taxes on these wages could be conservatively estimated to total over $4.3 million, providing approximately $1.1 million in state tax revenue over the estimated 4-year Project build out period. Therefore, no further mitigation is recommended.