

H. Community Services and Economic Impact

1. Existing Services Impacts

The *Villages of Chestnut Ridge* (“*Chestnut Ridge*”) site includes 198.3 acres of land located in the Village of Bloomingburg, Town of Mamakating, Sullivan County, New York. It consists of a former farm and some other undeveloped property on the north and south sides of Winterton Road. Altogether, there are six existing parcels of land involved (combined into one parcel as of December 19, 2008). Applicable real property, sales and mortgage tax rates, equalization data and current assessments are detailed in the following table, which breaks down current tax contributions of the property.

CURRENT LOCAL TAX RATES AND ASSESSMENTS

Municipality	Real Property Tax Rate	State Equalization Rate	Effective RPT Tax Rate	Sales Tax Rate	Mortgage Tax Rate
Village of Bloomingburg	7.70%	45.90%	0.35%	N/A	N/A
Town of Mamakating	3.21%	45.90%	0.15%	N/A	N/A
Sullivan County	10.47%	45.90%	0.48%	4.00%	1.00%
Pine Bush School District	31.41%	45.90%	1.44%	N/A	N/A
Total	45.09%	N/A	2.07%	4.00%	1.00%

Property No. (s/b/l)	Real Property Class	Real Property Description	Acres	Current Assessed Valuation	Current Market Value
205-1-1	312	Res. Vacant	149.01	\$ 206,400	\$ 449,700
205-1-2	314	Rural Vacant	3.86	\$ 29,600	\$ 64,500
205-1-3	322	Rural Vacant	11.79	\$ 38,900	\$ 84,700
205-1-4	210	Residential	2.00	\$ 152,900	\$ 333,100
205-1-5.2	322	Rural Vacant	28.64	\$ 96,200	\$ 209,600
205-1-6	314	Rural Vacant	3.00	\$ 31,900	\$ 69,500
Totals			198.30	\$ 555,900	\$ 1,211,100

Current Annual Real Property Tax Revenue to Village of Bloomingburg	\$ 4,280
Current Annual Real Property Tax Revenue to Town of Mamakating	\$ 1,782
Current Annual Real Property Tax Revenue to Sullivan County	\$ 5,820
Current Annual Real Property Tax Revenue to Pine Bush School District	\$ 17,461
Total Current Annual Local Tax Revenue	\$ 25,063

Notes:

(1) Effective RPT Tax Rate is the rate of real property taxation as applied to theoretical current market value.

(2) Village real property tax rate is for 2007, most recently published data. All other rates are current.

Altogether, the *Chestnut Ridge* properties currently generate an estimated \$25,000 in local tax revenue, roughly \$17,500 going to the Pine Bush School District and the remainder being split among the Town, County and Village. The property generates no significant demands for services, being vacant except for one single-family home

due to be demolished. Assuming this home produces or could produce one student for the Pine Bush School District (the average household size for Sullivan County was only 2.5 persons and the average family size was 3.05 persons), the cost to the District is roughly \$8,800 (based on the 2008-2009 average cost per pupil and net of State aid), compared to \$17,500 of real property taxes generated. Town expenses average roughly \$250 per capita and Village expenses are about \$300 per capita, meaning this single household might be expected to generate total costs of \$625/year and \$750/year, respectively to these municipalities, compared to estimated tax revenues of \$1,782/year and \$4,280/year.

The property is located on Sullivan County Route 62 (Winterton Road) which suggests some portion of the maintenance cost associated with this highway may be fairly assigned to it. The County spends, based on its 2008 County Road Budget, about \$55,000 per mile on its roads, and it carries an estimated 1.360 of AADT. The existing home can be expected to generate roughly 10 AADT per day based on Institute of Transportation Engineers studies, suggesting the site is now responsible for 0.6% or less than \$200 per year, of the roughly \$27,500 it costs to maintain the 2,400 feet of Winterton Road that abuts the project site. County costs in total are about \$570 per capita in the Town of Mamakating, suggesting this property might cost the County \$1,425/year. This is well below the \$5,820 of annual tax revenue paid to the County.

Overall, the property, as is, certainly makes a positive fiscal contribution to all governmental entities involved. The total contribution is roughly \$16,000/year compared to \$25,000 of tax revenues generated.

2. Project Demands

A. Generally

The proposed *Chestnut Ridge* project will entail the construction of 395 townhouses averaging 2,000 square feet each in floor area. There will also be a new clubhouse with restaurant and community center, community park and swimming pool. Other improvements associated with the project will include the construction of a new central water system and a central sewer collection and conveyance system that will convey sewage from the project to the Village of Bloomingburg wastewater treatment facility.

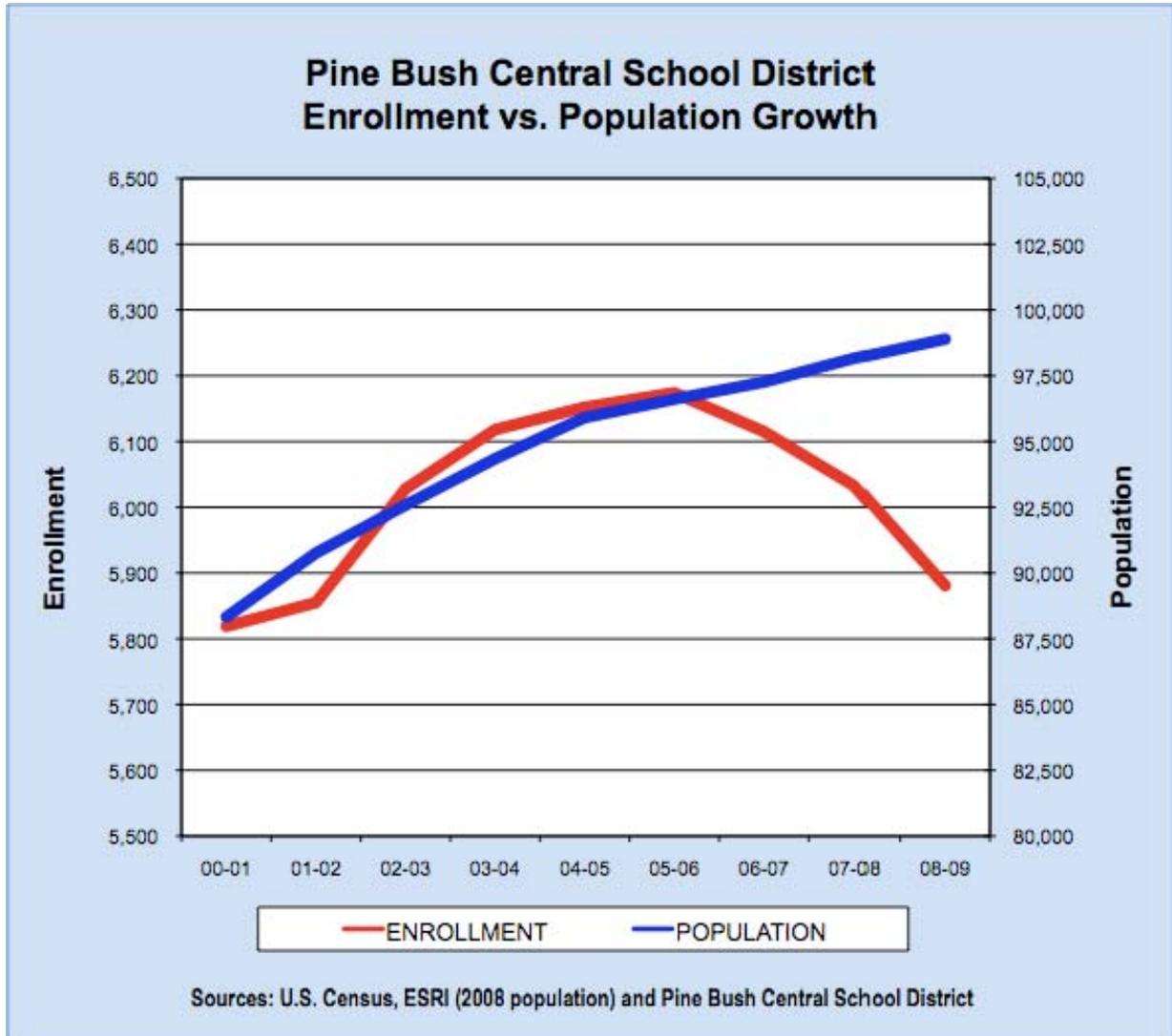
A good comparable for the *Chestnut Ridge project* may be found in the *Milford Landing* townhouse development, located near Matamoras, Pennsylvania, less than 20 miles away. That project, largely built out in the 1990's, provides an excellent basis

for evaluating *Chestnut Ridge*, the unit sizes and pricing both being of a very similar character. The 2000 Census data for the *Milford Landing* townhouse community indicates the 97 units then part of that project produced a total population of 199 persons or 2.05 persons per unit. Three units were in seasonal, recreational or occasional use and four were in the process of being rented or sold or otherwise vacant.

The small average household size found in *Milford Landing* is a function of the high proportion of active-adults (42.7% of the resident population is age 55+) and low number of children (only 13.6% being age 5 to 17). Assuming a similar occupancy pattern and the *Milford Landing* average household size per unit, *Chestnut Ridge* can be expected to have a permanent population of 810 persons, some 110 of whom can be expected to be ages 5 to 17 with an estimated 346 active-adults.

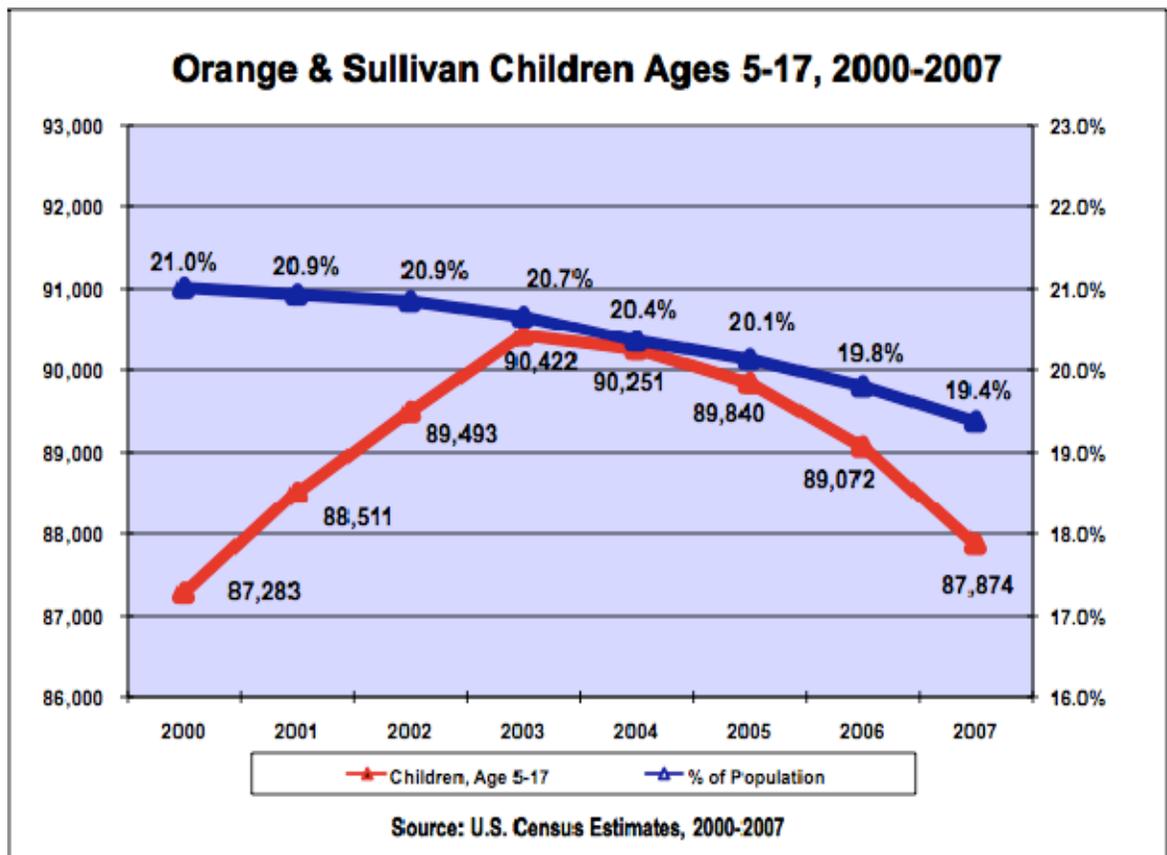
B. Schools

No significant effect on school enrollment is anticipated. *Chestnut Ridge* project is located in the Pine Bush Central School District which, in addition to part of the Town of Mamakating, encompasses portions of the Towns of Crawford, Gardiner, Mount Hope, Montgomery, Shawangunk and Wallkill. The following chart demonstrates how school enrollment is diverging from the population growth pattern. This is happening throughout the Catskills, Hudson Valley and Poconos as well as much of the Northeast United States.



The population of these seven towns increased from 88,326 in 2000 to an estimated 98,892 in 2008, according to Bureau of the Census and ESRI, a gain of 12.0%. Total school enrollment within the Pine Bush Central School District, over the same period, grew from 5,819 students in 2000-01 to 5,881 in 2008-2009, a 1.1% increase. More importantly, school enrollment peaked in 2005-2006 at 6,174 students and has declined by 293 students or 4.7% as of 2008-2009. This plateauing and decline pattern was predicted in school demographic studies conducted in 2001. It is attributable to an aging Northeast population with a low fertility rate. The number of children per household is falling faster than households are increasing. Population gains well above State and national rates are, therefore, resulting in falling enrollments. This pattern is likely to continue, the draw area for in-migrating households experiencing similar trends.

Locally, Orange and Sullivan County populations by age, estimated by the Census Bureau, exhibit declining numbers and percentages of children of ages 5 to 17 years. Children aged 5-17 in the two counties peaked in 2003 and have dropped by an estimated 2,548 persons or 2.8% since then, despite a 3.6% increase in total population. Given these patterns, which are consistent with those throughout many parts of the Northeast, the greatest threat faced by the Pine Bush School District over the long term is not continually increasing, but, rather, possible declining future enrollment absent new development projects.



While there are a number of new residential communities being proposed throughout the area, experience with developments such as *Milford Landing* (see above discussion) and others suggests few are likely to generate large numbers of schoolchildren and some may produce no public school students. These projects certainly haven't offset the general decline in school-age population throughout the area, as the above data illustrates. Moreover, growth patterns indicate modest numbers of new school-aged children are needed to support school infrastructure. Collapsing enrollments would have a devastating impact on the quality of education facilities and programming as well as the local tax burden. Indeed, other school districts in Sullivan County (e.g., Sullivan West) are already facing that dilemma and have had to close schools in which they only recently invested.

Chestnut Ridge, with an estimated 110 students when fully built out, will generate only a small part of the new school population required and less than half the decline experienced since just 2005-2006. The number of potential students varies tremendously depending on the type of community involved. Research published in September, 2004 by the National Association of Home Builders, and based upon the 2003 *American Housing Survey* by U.S. Census Bureau and the Department of Housing and Urban Development, for example, indicated new single-family attached housing could generate as many as 47.0 students per 100 units of housing. The New Hampshire Housing Finance Authority, in a 2005 study entitled *Housing and School Enrollment in New Hampshire: An Expanded View* suggested the typical new single family attached housing unit generates only 34 students per 100 units of housing. The latter number suggests *Chestnut Ridge* might produce 134 students, but various studies indicate numbers of children are much lower in the case of households moving into new units than existing, suggesting the *Milford landing* example is a better comparable

Regardless, 100-150 children added over several years of building out of the project should not be of major consequence to the Pine Bush Central School District, whose enrollment is now in decline. While it is far from certain enrollments will continue to decline over the long-term, it is a distinct possibility and other high growth areas such as the Poconos have also begun to experience this trend. If it continues to take place in Pine Bush, the impacts without new residential growth could be quite damaging. A February, 2006 report by the Rural School and Community Trust entitled *Breaking the Fall: Cushioning the Impact of Rural Declining Enrollment* states the following:

- ***By far, the most immediate and serious impact of declining enrollment is the loss of revenue for the affected districts and schools. Funding for education is usually allocated to districts and schools on a per-pupil basis. When enrollment falls, revenue decreases.***
- ***This revenue decline is occurring at the same time that many educational costs are dramatically rising. Increased costs for utilities, supplies, special education, and health insurance, are driving educational costs up. Also, current demands for improved academic outcomes often means more money spent on costly elements such as more professional development.***
- ***Declining enrollment almost always results in higher per-pupil costs, since many educational expenses are fixed or nearly fixed. Costs of essentials, such as heating the building, operating buses, providing a principal and insuring property do not***

necessarily drop when enrollment declines. Fixed expenses are then distributed over fewer students, driving per-pupil costs up.

- ***Thus declining enrollment generates severe financial distress. Schools need to operate with less revenue, while many costs are fixed or increasing. The result? Districts with persistent declining enrollment are forced to make deep cuts in existing staff, programs, and resources.***

Given the role of the proposed *Chestnut Ridge* development in helping to maintain a more stable enrollment, the project will clearly have a positive fiscal impact on the Pine Bush Central School District.

C. County Services

Effects on demand for services provided by Sullivan County will be minimal. The full-time population of the project at buildout in 2020 is projected at 810 persons, as indicated in the Introduction. This represents 1.1% of the total estimated County population of about 76,300. Most of the residents of *Chestnut Ridge* will, however, have higher incomes than the County as a whole. A typical unit will sell for a minimum of \$300,000, requiring a household with a minimum income of roughly \$75,000 as compared an ESRI estimated 2008 median household income of \$46,690 for the County. Only 27% of Sullivan County households now earn more than \$75,000/year.

Therefore, *Chestnut Ridge* buyers are likely to be in the upper income brackets for Sullivan County. They are very unlikely to create significant demand for social services such as housing assistance, transportation and senior services. The Sullivan County real property, sales and mortgage tax revenues generated from the proposed 395 homes in the project, most of which will be of relatively high value. The median residential sale price for Sullivan County was \$180,000 in 2007. Consequently, *Chestnut Ridge* units will have average values 67% higher than the typical Sullivan County dwellings. These higher values will easily support the minimal services required by these households.

There will be additional traffic on Winterton Road (C.R. No. 62) to reach the development but this is a very low volume highway (1,360 AADT) capable of taking much additional traffic. Additionally, the project borders the developed portion of the Village where Winterton Road intersects with Main Street, a short distance from New York State Route 17. Therefore, it will be affected for only a short distance. Most importantly, the burden of supporting this road will, following development of

Chestnut Ridge, be distributed among more taxpayers without adding any new mileage to the public road system.

D. Village and Town Services

Project roads will remain private and no maintenance will be required from the Village or Town. Most residential development within the Village of Bloomingburg, the Town of Mamakating and elsewhere on which costs of community services studies have been performed are served by municipal roads that provide access to individual homes. However, *Chestnut Ridge* project will be served by privately owned and maintained roads. *Chestnut Ridge* taxpayers will pay for their own roads while also contributing to the maintenance of existing roads, spreading the overhead costs while adding only marginally to operational costs. The *Costs of Sprawl - Revisited*, a report by the Transit Cooperative Research Program (Report H-10) takes note of this infill factor and its long-term beneficial effects on infrastructure costs.

All dwellings will be served by a privately operated central water system to be turned over to the *Chestnut Ridge* home owners association (HOA) and, therefore, operate without cost to the Village or Town. The Village of Bloomingburg will assume responsibility for a central sewer collection system that will convey sewage from the project to the Village wastewater treatment facility. Users of the *Chestnut Ridge* system will, therefore, become customers of the Village system, paying fees to support the service.

The development of *Chestnut Ridge* will also include an upgrade and expansion of the existing Village of Bloomingburg wastewater treatment facility to increase its permitted capacity from 70,000 gallons per day to 325,000 gallons per day. The expansion will be undertaken by the *Chestnut Ridge* and title will then be turned over to the Village of Bloomingburg upon its completion. This will be a major benefit to the Village. It will gain a new upgraded higher capacity treatment system. More importantly, the Village will also be able to alleviate a financial crisis resulting from Department of Environmental Conservation orders and penalties with respect to the operation of the existing malfunctioning treatment system.

4. Post-Development Project Costs and Revenues

A. Cost of Services Issues

Costs of services studies are often used to assert residential development will be a fiscal draw on a community. The *Sullivan 2020: Costs of Community Services Study* indicates, based on analysis of 2004 budget data, that residential land uses in the Town of Mamakating cost \$1.26 for every \$1.00 in tax and other revenue generated

(there is no separate analysis for the Village). This is a typical result, residential development generating a theoretical tax deficit in the case of all towns within the County, as it invariably does in all costs of services studies.

Notwithstanding this conclusion, costs of services studies are superficial at best. Indeed, some residences do generate fiscal gains, depending on their use and value, and the number of school children generated. However, residential land uses will always generate the bulk of community services costs as long as educational expenses are treated solely as a residential expense (a questionable practice, given that education benefits the business community as well as residents). Moreover, as long as non-residential land uses are available to help subsidize those costs, residential uses will have to pay less in taxes than the costs of services they generate. Finally, the larger the contribution of the non-residential tax base, the more subsidy is involved, further exaggerating the residential costs of services ratio.

The *Sullivan 2020: Costs of Community Services Study* analysis acknowledges this subsidy. It is the key underlying point of all such studies - residential development must be balanced with non-residential to achieve fiscal health. It is not a new insight but, rather, an added one into the importance of a balanced tax base. A town such as Mamakating with a moderately high ratio of residential services costs to taxes paid can be very healthy from a fiscal standpoint if it has a sufficient non-residential tax base. The level of subsidy is purely a function of the amount of non-residential land use available to help pay the education bill. A 100% bedroom community, for example, would have perfectly matched costs and revenues but the addition of one non-residential use that helped pay the school costs would suddenly make every residence a tax-loser. The amount of residential development is of no particular consequence except in relation to the amount of non-residential land use.

An additional factor in the Catskills is the impact of second and retirement homes. It is self-evident second homes, active-adult housing and similar residential uses that do not generate school costs will have much more favorable fiscal impacts than similar housing used for permanent occupancy by families with children. Nevertheless, there are few, if any, studies of the specific fiscal impacts of second and/or retirement homes. Much depends on value of the homes. Factors such as state school aid percentages can also have unpredictable effects in such circumstances.

These factors, taken as a whole, indicate *Chestnut Ridge* real estate tax revenues will clearly exceed costs of required services for two specific reasons:

- **The assessed value of the lots and homes in *Chestnut Ridge* will be significantly higher than the average in the area.** *Chestnut Ridge* townhouses will sell for an estimated average of \$300,000 or \$150+ per square foot. ESRI estimates the median owner-occupied home value for the Town of Mamakating in 2008 is \$181,175. The Village median is \$194,167 meaning *Chestnut Ridge* luxury housing will, typically, sell for more than \$105,000 above the value of a typical Village home and \$120,000 above the median Town home value. The value of the homes being constructed is, of course, a key factor in evaluating the fiscal contributions of residential land uses in costs of community services.
- **The higher incomes of residents within *Chestnut Ridge* and expected retirement use of some homes will minimize service demands.** *Chestnut Ridge* townhouses, assuming conventional financing (25% of income toward mortgage, 20% down, 30 year term and 6.5% interest) will only be affordable by households with incomes of roughly \$75,000/year. The median household income of the Village in 2000 was only \$38,407. The Town median was only \$41,938. ESRI estimates the Village median declined to \$37,332 and the Town grew to \$57,197 in 2008, about half to three-fourths that of buyers in *Chestnut Ridge*. Therefore, *Chestnut Ridge* buyers will not be disadvantaged, eligible for or demand services targeted at low to moderate income families. They will, rather, be subsidizing services by generating higher taxes per household than typical of Bloomingburg.

There is, for all services provided by the Village, Town, County and School District, a likelihood these municipalities will either break even or gain fiscally. *Chestnut Ridge* project will generate above average taxes and below average service expenses. It will also produce low cost road maintenance, utilities and recreation by providing for these on its own. Municipal costs for other services are unaffected by the size or type of land use. There are also fewer services requiring tax support due to the nature of local government in the area. The Village, for example, provides no municipal trash collection and is unlikely to do so in the foreseeable future, given the availability of private haulers.

B. Revenue Sources

Chestnut Ridge will produce three types of direct tax revenue; a) real property tax, b) sales tax and c) mortgage tax. There are also indirect revenues. Indirect sources of income to government include taxes generated from additional employment and associated multiplier effects that have not been considered in this instance so as to produce a conservative analysis. There will also be substantial fees associated with building permits, although this income is assumed, for purposes of this analysis, only to cover additional costs associated with the development.

REAL PROPERTY AND OTHER TAX REVENUE UPON BUILDOUT

	Sales Tax	Mortgage Tax	Annual Real Estate Tax				Total (2.07%)
			Village (0.35%)	Town (0.15%)	County (0.48%)	School (1.44%)	
Town Homes (395)	\$2,370,000	\$888,750	\$418,815	\$174,348	\$569,436	\$1,708,459	\$2,871,057
Totals	\$2,370,000	\$888,750	\$418,815	\$174,348	\$569,436	\$1,708,459	\$2,871,057

Assumptions:

- (1) Townhouses of 2,000 sq. feet at \$150.
- (2) Sales taxable materials are estimated at 50% of construction costs. County sales tax rate of 4% applied.
- (3) Mortgage tax of 1% applied against assumed 80% financing of each unit.

The potential real property and other tax revenue calculation for *Chestnut Ridge* offered above is based upon the planned construction of 395 townhouse units. These estimates of tax revenues generated by the project at buildout (estimated in 2020) are based on current tax rates and could change over time. Nonetheless, even at current rates, the Village of Bloomingburg would, upon buildout, annually collect \$418,815 in real estate taxes from the project, increasing total tax revenues from the property by nearly a hundredfold (the Village currently collects only \$4,280 in annual tax revenue from the parcels involved). The Village now raises roughly \$130,000 per year in real property taxes so this single project will roughly triple the revenue from this source. The Town will also collect \$174,348 annually, the County will collect \$569,436 and the School District will collect \$1,708,459. Dwelling units will pay an average of \$7,269 per year in Village, Town, County and School taxes.

C. Road Maintenance

All new roads within the *Chestnut Ridge* project will remain private. There are no Town roads involved and which connect to the project. One County road (County Route 62, Winterton Road) provides access to the larger highway system that includes Route 17. Roughly 2,400 feet of Winterton Road borders the project. It will receive all of the traffic from *Chestnut Ridge* and, in combination with New York State Route 17K and Bloomingburg's Main Street (County Route 171), carry the bulk of it to other points, including Route 17. County Route 62 carries 1,360 AADT based on traffic studies conducted by Reilly Associates. Main Street has an 8,700 AADT, while Route 17K has a volume of 4,990 AADT.

The traffic from *Chestnut Ridge* will clearly represent large increases to the volumes of all three sections of highway, but principally because the volumes are small at the outset, suggesting all three routes operate well under their capacities. The traffic analysis conducted by Reilly Associates indicates "the proposed development does not substantially increase the overall delay experienced at any of the intersections in

the study area.” All intersections are expected to continue to operate at either Level of Service A or B, both of which are considered more than acceptable.

Moreover, it is anticipated a new connecting roadway will be constructed from Winterton Road at a point approximately 760 feet south of the Main Street intersection to a new point on Main Street approximately 750 feet east of the Winterton Road and Main Street intersection. This road will act as a bypass to the Winterton Road and Main Street intersection, which should reduce the number of northbound right-turn movements and westbound left-turn movements experienced at that intersection, resulting in further improvements to the overall Levels of Service. Given these low impacts, no significant increases in the costs of maintaining Winterton Road or any of the other affected highways are anticipated.

The County spends, based on its 2008 County Road Budget, about \$55,000 per mile on its roads, suggesting the annual cost of maintaining the affected sections of County Routes 62 and 171 combined is roughly \$90,000. This less than 16% of the \$569,436 the project is expected to produce in revenues for the County at buildout. Once again, *Chestnut Ridge*, is clearly not responsible for all these but, even if it were responsible for all the costs, the revenues would dwarf the expenses.

D. Other County Services

The social and other general government services provided by Sullivan County are largely aimed at maintaining the basic health and welfare of individuals and families who are full-time residents of the County. These include senior services, Veteran’s support, jobs programs and various other human services. Many of the services provided by County agencies are linked to need, and given the anticipated high income levels of the full-time residents of *Chestnut Ridge*, there will be little increased demand or cost for County services based on financial need.

In the case of non-need based services provided by the County (including its public safety, extensive recording keeping and other general administrative services), the number of the full-time residents at buildout requiring such services will be small, especially when considered in terms of the total number of County residents served. Even if every dwelling were occupied by a full-time resident household, the project would still account for only 1.4% of all County households.

The County’s budget for 2008 includes \$43,183,452 in spending to be covered by real property, mortgage and sales tax revenues, an average of roughly \$1,500–\$1,600 per household. *Chestnut Ridge* will, at the current real property tax rate, generate an

average of \$1,442 per dwelling for the County from that source alone to support any required services before considering sales and mortgage tax revenue. These additional taxes amount to an estimated \$8,250 per dwelling unit. The sales tax is a one-time tax contribution but the mortgage tax recurs on a fairly regular basis as homes are resold. The typical owner-occupied home in Sullivan County turns over occupancy every 13 years, offering additional revenue to the County from time to time.

E. Village and Town Services

Residents of Bloomingburg receive services such police protection, recreation programs and code enforcement from both the Town of Mamakating and the Village. Sewage collection and treatment services are also provided but are self-supporting through fees charged to affected households. Town of Mamakating expenses average roughly \$250 per capita and Village of Bloomingburg expenses are about \$300 per capita, meaning the proposed 395 dwelling units might each be expected to generate total costs of \$202,500/year in total for the Town and \$243,000/year for the Village, compared to estimated tax revenues of \$174,348/year and \$418,815/year, respectively.

Importantly, Town expenses for Village residents are lower than expenses for Town residents outside the Village. The Town tax rate within the Village is only 63% of that outside the Village. Assuming expenses exhibit a similar pattern as taxes charged, *Chestnut Ridge* costs to the Town may be estimated at \$127,575/year, well below the \$174,348 collected in taxes. Second home and retirement home owners also pay for these services but use relatively few of them, which has the effect of lowering the average cost per household. However, such factors have not been considered in the case of *Chestnut Ridge*.

F. Education Services

The Pine Bush Central School District budget going forward will be impacted by two negative trends; declining school enrollments and declining State Aid. This suggests a higher annual average cost per student in future years. The 2008-2009 budget was just under \$100 million. State and Federal aid has been about 48% of the budget in recent years, meaning 52% of school funding (roughly \$8,850 per pupil) had to be obtained by a local real property tax levy. This outside aid is expected to drop significantly in 2009-2010, meaning the local share will have to increase. Assuming the total budget increases by 7% (same as in 2008-2009), State/Federal aid drops to \$45 million (as estimated by the State Department of Education) and enrollment

drops to 5,700 (continuing the recent decline), the local share would be \$10,877 per student (say \$11,000).

As discussed in a previous section, the buildout of the *Chestnut Ridge* project in 2020 could result approximately 110 children being added to total school enrollment, although there is the distinct possibility it will generate far fewer children based upon experience with other townhouse developments. The earlier referenced New Hampshire study, for example, noted projects with five or more dwelling units per structure typically produced only 21 students per 100 households, which would yield 83 students in the case *Chestnut Ridge*.

Regardless, the Pine Bush Central School District has lost 293 students since its peak in the 2005-2006 school year. The projected *Chestnut Ridge* student population of 110 children represents only 37% of this decline. It will, therefore, far from being a financial detriment, help the District avoid the serious problems resulting from falling enrollment. The marginal costs of adding students in the case of a school district facing declining enrollments is arguably negligible and far exceeded by the opportunities to spread fixed costs.

Moreover, laying aside the issue of school enrollment, the cost of educating all 110 potential students from *Chestnut Ridge*, at even an \$11,000 average local cost per pupil for Pine Bush, would be roughly \$1,210,000 per year as compared to the \$1,708,459 in real property taxes the Pine Bush School District can expect to collect annually from *Chestnut Ridge* community as a whole.

G. Combined Fiscal Impacts

The foregoing data is combined with other estimates in the *Combined Fiscal Impacts* table that follows. It is a very conservative analysis based on a 10-year buildout and amortization of the initial tax construction benefits in the form of sales and mortgage recording taxes.

COMBINED FISCAL IMPACTS AT BUILDOUT

Tax Revenues	Annualized Tax Revenues				
	Village	Town	County	School	Total
Real Property Tax	\$418,815	\$174,348	\$569,436	\$1,708,459	\$2,871,057
Sales Tax	\$0	\$0	\$154,050	\$0	\$154,050
Mortgage Recording Tax	\$0	\$0	\$57,769	\$0	\$57,769
Total Tax Revenue	\$418,815	\$174,348	\$781,255	\$1,708,459	\$3,082,876

Services	Annualized Cost of Services				
	Village	Town	County	School	Total
Village/Town Services	\$243,000	\$127,575	\$0	\$0	\$370,575
County Road Maintenance	\$0	\$0	\$90,000	\$0	\$90,000
County Services	\$0	\$0	\$612,250	\$0	\$612,250
Education	\$0	\$0	\$0	\$1,210,000	\$1,210,000
Total Cost of Services	\$243,000	\$127,575	\$702,250	\$1,210,000	\$2,282,825

Net Revenues	\$175,815	\$46,773	\$79,005	\$498,459	\$800,051
Revenues to Services Ratio	1.72	1.37	1.11	1.41	1.35

Assumptions:

- (1) Village and Town expenses estimated at \$300 and \$157.50 per year per capita, respectively, with buildout population of 810.
- (2) County expenses estimated at \$1,550 per household (assume all permanent) plus \$55,000/mile for road maintenance.
- (3) School expenses estimated at 11,000 per pupil net of State and Federal aid for 110 students.
- (4) Sales and mortgage tax revenues from startup annualized using 6.5% annual return from cash generated by these taxes.

The analysis slightly overstates certain County, Town and Village expenses by assuming the 395 dwellings will generate costs per dwelling at the same rate as permanent households when, based upon the *Milford Landing* comparable, 3-4% are expected to be second homes and a large portion are expected to be retirement homes. It also ignores the repeat effect of certain taxes such as the mortgage tax, which may accrue to a given property on multiple occasions through resales. Likewise, there are economic multiplier effects associated with construction that generate additional sales taxes, none of which have been assessed in the calculation of fiscal impact.

Chestnut Ridge project produces a positive 1.35 ratio of revenues to costs of community services when all factors are considered. The combination of reasonably high valued homes and high probability of small household sizes, make this a very good project from a community fiscal perspective. It will contribute an estimated \$800,000 in tax revenues annually above and beyond the costs of community services, subsidizing services at every level of government. One can, of course, argue the project, by introducing an element of gentrification, will raise property values and, therefore, property taxes on lower income households. However, any such effects are offset by the degree of subsidization involved, which has a countervailing impact on the need to raise revenues from such lower income households.