

**3.12 Fiscal Impact Analysis**

**3.12.1 Existing Conditions**

The project site consists of nine tax parcels, including the existing Raleigh Hotel parcel, and has a combined current assessed valuation of \$3,431,600 according to data published the Town of Fallsburg Tax Assessor’s office and the Town of Thompson Tax assessor’s office on TaxLookup.net. The parcels are located partially in the Fallsburg Central School District, and partially in the Monticello School District. The combined assessed valuation of the site with respect to school taxes is also \$3,431,600. The assessed value of the project site is based on the assessed value of the existing Raleigh Hotel on lot 60-1-56, in combination with the remainder of the lots which are largely undeveloped vacant land. Tax lot numbers and current assessed values of the parcels are summarized in Table 3.12-1.

<b>Table 3.12-1 Tax Lots and 2011 Assessed Value</b>		
	<b>Tax Lot</b>	<b>Assessed Value</b>
Town of Fallsburg	60-1-50	\$47,400
	60-1-56*	\$3,000,000*
	60-1-62.1	\$12,000
	60-1-62.4	\$125,000
	60-1-63	\$7,000
	60-1-64	\$7,000
	60-1-65	\$7,000
	60-1-66	\$7,000
Town of Thompson	15-1-28	\$219,200
<b>Total Assessed Value</b>		<b>\$3,431,600</b>
Source: Town of Fallsburg, Tax Lookup.net, 2011. Town of Thompson, Tax lookup.net, 2011 Table prepared by Tim Miller Associates, Inc., 2011. * Existing Raleigh Hotel Parcel		

Table 3.12-2 provides a summary of the taxes paid by the subject property in 2011 to the various taxing jurisdictions. Existing annual municipal property taxes are approximately \$101,325 according to 2011 tax bills. For the school districts, tax bills for the 2010-2011 school years total \$95,165. Thus the total property taxes paid are approximately \$196,490. The total municipal taxes paid by the existing Raleigh Hotel parcel are \$90,975; and the total school taxes paid to the Monticello School District are \$82,729. Thus the total taxes paid by the existing Raleigh Hotel are approximately \$173,704 annually.

<b>Table 3.12-2 2011 Property Tax Revenues</b>			
<b>Taxing Jurisdiction</b>	<b>Tax Rate</b>	<b>Total Property Tax Revenues</b>	<b>Hotel Parcel Property Tax Revenues (SBL 60-1-56)</b>
Sullivan County	<b>(per \$1,000 AV*)</b>	\$36,752	\$32,765
Town to Highway	\$6.652173	\$21,369	\$19,957
Town Highway No. 1	\$1.967873	\$6,322	\$5,904
Town General Fund	\$5.660756	\$18,185	\$16,982
Fallsburg Fire District	\$2.667423	\$8,569	\$8,002
Fallsburg Lighting District	\$0.735746	\$2,329	\$2,207
So Fallsburg Public Parking	\$0.378674	\$1,216	\$1,136
Solid Waste Fee**	\$300	\$1,200	\$300
Fallsburg Water	\$1.240620	\$3,927	\$3,722
Town of Thompson	\$13.7080	\$1,457	--
Fallsburg Central School	\$40.362528	\$7,442	--
Monticello School District	27.576182	\$87,722	\$82,729
<b>TOTAL</b>		<b>\$196,490</b>	<b>\$173,704</b>
Source: Town of Fallsburg Tax Collector; Tim Miller Associates, Inc., 2011.			
* AV = Assessed Value, Taxes have been rounded to the nearest dollar.			
** Solid Waste Fees are assessed per unit based upon land use.			

### Sullivan County

Sullivan County receives approximately \$36,752 annually in property tax revenues generated by the Raleigh and Heiden Properties development site. Of this total the existing Raleigh Hotel pays \$32,765 in property tax to Sullivan County.

### Town of Fallsburg

The Town of Fallsburg receives property tax revenues to pay for costs associated with the Town General Fund (outside village), the Town Highway Department, and Highway outside Village, Fire protection services, lighting, public parking, and water and sewer fees. The Town of Fallsburg receives a total of \$63,116 annually in property tax revenues. Of this total the existing Raleigh Hotel pays \$58,210 in property tax to the Town of Fallsburg.

### Town of Thompson

The southernmost parcel contained within the project site is located within the Town of Thompson. The Town receives a total of \$1,457 annually in property tax revenues from this parcel. No development is planned on this parcel with the exception of the widening one of the existing access roads. Due to the limited development proposed for this parcel the tax revenue to be generated by this parcel is expected to remain similar to existing conditions.

### School Districts

Approximately sixty percent of the land area, including the existing Raleigh Hotel is located in the Monticello School District. The remaining portion of the project site is located within the Fallsburg Central School district. During the 2010-2011 school year annual property tax revenues paid to the Monticello School District totaled approximately \$87,722; of this total the

existing Raleigh Hotel pays \$82,729 in property tax to the Monticello School District. Property tax revenues paid to the Fallsburg Central School District totaled approximately \$7,442.

#### Other Districts

Annual property taxes received from the Raleigh Heiden project site and paid to the Fallsburg Fire District totals \$8,569. The property also pays tax to the Fallsburg Lighting District and the South Fallsburg Public Parking District.

### **3.12.2 Potential Impacts**

For purposes of the analysis of fiscal impacts, projected annual property tax revenues were calculated by estimating the future assessed value of the proposed development applicable to each taxing jurisdiction and multiplying same by the tax rate applicable to each taxing jurisdiction. The project proposes to subdivide parcel 60-1-56 which contains the existing Raleigh Hotel. There will be no other change to the Hotel operations, thus the costs and revenues of the existing hotel will remain constant.

#### Projected Tax Revenues

Consistent with fiscal impact methodology<sup>1</sup>, the property tax revenues have been determined by considering what would be generated if the development were completed and occupied today. This approach recognizes that development often requires several years to be completed and that inflation would increase costs and revenues over time. It assumes that the rising costs of public services would be matched by an essentially comparable increase in revenues through increases in the tax rate, all other factors being held constant.

The Raleigh Heiden development would result in the conversion of vacant and partially developed land to residential development. The increased market value of the fully developed project site, with these improvements, would result in an increase in property tax revenues. In order to estimate the property tax revenues that would be generated by the Raleigh Heiden development, the market value (as determined by the income approach explained below) and the assessed value for the proposed housing development must be estimated. The revenue generated by the existing Raleigh Hotel will continue to be received by the various taxing jurisdictions.

The market value of the project site, with these improvements, would result in an increase in property tax revenues when compared to the revenues generated presently by the project site.

#### Projected Assessed Value

Table 3.12-3 provides a summary of the market and assessed value data for the proposed project. The dwellings would have a market value of approximately \$225,000 for both the four-bedroom single family dwellings and the four bedroom duplex units. The assessed value of each dwelling was determined by multiplying the market value by the Town equalization rate. The equalization rate, based upon the tax levy set for 2011, in the Town of Fallsburg is 55.65 percent.

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<sup>1</sup>The Fiscal Impact Handbook, Robert Burchell and David Listokin, 1978.

Table 3.12-3 provides the market value and the assessed value for the Raleigh Heiden residential development. The total assessed value for the residential development is projected to be \$29,409,912. For the purpose of this analysis the assessed value of the Raleigh Hotel property is projected to remain at the current assessed value of \$3,000,000. Thus the total assessed value of the project upon completion is projected to be \$32,409,912.

<b>Table 3.12-3 Total Market Value and Assessed Value</b>			
<b>Type of Unit</b>	<b>Number of Units</b>	<b>Market Value/unit</b>	<b>Assessed Value Completed Project</b>
Single Family Detached, 4-BR	58	\$225,000	\$7,617,372
Single Family Attached, 4-BR	178	\$225,000	\$21,792,540
<b>Total</b>	<b>236</b>		<b>\$29,409,912</b>
<b>Existing Raleigh Hotel</b>			<b>\$3,000,000</b>
<b>Total Assessed Value</b>			<b>\$32,409,912</b>
*The assessed value has been determined using the rental income approach. Source: Tim Miller Associates, Inc., 2011.			

The project sponsor proposes that all dwelling units would be in condominium ownership. In New York State, condominium units are assessed generally at a lower value than fee simple units. According to the New York State Real Property Service, Section 339-y of the Condominium Act requires that each condominium unit, together with its common interest, be assessed as one parcel, and provides that the sum of the assessments of all the units cannot exceed the valuation that the condominium as a whole would have if it were assessed as a single parcel. Thus, section 339-y places a ceiling on the aggregate value of the assessments of the units and requires assessors to value a condominium complex as a single entity to determine that ceiling. This ceiling provides a built-in assessment “cap” for all condominiums. Condominium units are assessed based on their anticipated rental value. Thus, the assessed values listed in Table 3.12-3 for the proposed residential component of the development were determined using the rental income approach.

Projected Property Tax Revenues

Table 3.12-4 summarizes the projected tax revenues for the Raleigh Heiden residential project. The overall tax revenue to be generated as a result of the proposed project equates to more than a ten fold increase in tax revenue to the various jurisdictions.

*Sullivan County*

Sullivan County would receive \$355,636 annually in property tax revenues.

*Town of Fallsburg*

The annual property tax projected to be generated by the proposed Raleigh Heiden residential development to the Town would be \$654,237 annually. The Town of Fallsburg General Fund would receive \$183,465 annually. The Fallsburg Highway Department is anticipated to receive an estimated \$215,596 in taxes from the proposed development. An additional \$63,779 would be generated to the “Highway Outside Town” budget.

Table 3.12-4 Projected Tax Revenues			
Taxing Jurisdiction	Tax Rate (per \$1,000 AV*)	Existing Property Tax Revenues	Projected Property Tax Revenues
Sullivan County	\$10.921587	\$36,752	\$355,636
Town to Highway Fallsburg	\$6.652173	\$21,369	\$215,596
Town Fallsburg Highway	\$1.967873	\$6,322	\$63,779
Town Fallsburg General Fund	\$5.660756	\$18,185	\$183,465
Fallsburg Fire District	\$2.667423	\$8,569	\$86,451
Fallsburg Lighting District	\$0.735746	\$2,329	\$23,845
So Fallsburg Public Parking	\$0.378674	\$1,216	\$12,273
Fallsburg Water	\$1.240620	\$3,927	\$40,208
Solid Waste Fee	Per unit Fee	\$1,200	\$28,620
Town of Thompson	\$13.7080	\$3,125	\$3,125
Monticello Central School	\$27.576182	\$87,722	\$473,319
Fallsburg Central School	\$40.362528	\$7,442	\$615,362
<b>TOTAL</b>		<b>\$196,490</b>	<b>\$2,100,010</b>
Source: Town of Fallsburg Tax Assessor; Town of Thompson Tax Assessor; Table prepared by Tim Miller Associates, Inc., 2011. AV = Assessed Value, Taxes have been rounded to the nearest dollar. Values include taxes from the existing Raleigh Hotel.			

Costs Associated with the Proposed Project

*Town of Fallsburg*

An approximate estimate of costs to the Town of Fallsburg associated with the proposed Raleigh Heiden residential development may be determined by obtaining a reasonable composite of current costs on a per capita basis and multiplying this amount by the anticipated population of the proposed project. The costs related to the operation of the existing Raleigh Hotel will remain stable with no change as a result of the proposed project.

Through a review of the Town's operating budget, the amount of expenditures can be derived and, by dividing the population into the amount of expenditures, the per capita cost can be determined. To estimate the portion of the per capita cost which is paid for by property tax revenues (as opposed to other forms of income to the Town), the per capita cost is multiplied by the proportion that property tax revenue comprises of the overall income stream.

In this instance, the adopted 2011 municipal budget for the Town of Fallsburg including the *General Town Fund, Highway Maintenance, Town to Highway, Water, Sewer, Lighting, and Public Parking and Fire Services* amounts to \$17,851,240<sup>2</sup>. Of this total approximately 55.9 percent is raised by the tax levy thus, the total amount to be raised by taxes is \$9,974,990<sup>3</sup>. The 2009 estimated service area population for the Town is 13,164 persons. Dividing the budget to be raised by taxes by the 2009 population results in a per capita municipal cost of \$758 per

<sup>2</sup>Town of Fallsburg Adopted Budget 2011.

<sup>3</sup>Town of Fallsburg Adopted Budget 2011.

person for municipal services. This represents a "worst-case" estimate of per capita costs, as the commercial and other land uses in the Town also place demand on the various Town and other governmental services which are not considered in deriving the per capita cost.

The proposed project would generate a total of 918 persons including 142 school age children, all of which are anticipated to be seasonal residents. However, In order to present a worse case scenario, for the purpose of this analysis, consistent with local housing trends, a minimum of at least 32.9 percent (302 persons) could be expected to be seasonal. Based on a per capita cost of \$758, the additional costs to the Town of Fallsburg are projected to be approximately \$466,928.

As presented in Table 3.12-5, the revenues to the Town from the proposed Raleigh and Heiden Properties residential development would amount to a total of \$654,237, compared to a cost of \$466,928. Thus, the impact to the Town of Fallsburg municipal budget is anticipated to be positive.

#### *School Districts*

It is anticipated that the Raleigh Heiden residential community would be inhabited by a religious seasonal population similar to several of the existing communities in the Town of Fallsburg. Based on the proposed number of residential units, a total of 142 school-age children would be projected to reside within the development. Due to the anticipated seasonal use of the proposed development, the proposed project is not expected to result in an increase to public school enrollment, thus any tax revenue derived from the proposed project will result in an annual net benefit to the local school districts

#### *Monticello School District*

Of the potential 142 total students, 68 students would reside in the Monticello School District. If this were not expected to be a seasonal religious community, this would equate to approximately a 2 percent increase in the student population for the District in the 2009/2010 school year.

According to the Monticello School District Business Administrator<sup>4</sup>, the School District's budget for the 2010-2011 school year totaled \$75,985,992, with approximately \$41,178,673 being raised by the tax levy of which approximately 72 percent is related directly to programming costs. The School District's enrollment for the 2009-2010 school year was 3,226 students. This results in a per student direct cost for programming derived from the tax levy of approximately \$9,191 per student. Assuming a minimum of 32.9 percent of the population is seasonal, and based on the per student cost, the development, when fully occupied, could introduce up to \$422,786 in annual costs to the Monticello School District. However, as discussed earlier, in light of the anticipated seasonal use of all residential dwellings, costs to the district are expected to be negligible.

The tax revenue to the Monticello School District as a result of this project is projected to be \$473,319, including the \$82,729 currently being received as a result of the tax assessment of the existing Raleigh Hotel, thus the effect on the school district budget, if students attended the schools, would be an annual net benefit of \$50,533.

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<sup>4</sup>Phone conversation with Daniel Grecco, Business Official on April 7, 2011.

*Fallsburg School District*

Of the potential 142 total students, 74 students would reside in the Fallsburg School District. If this were not expected to be a seasonal religious community, this would equate to approximately a 5.5 percent increase in the student population for the District in the 2009/2010 school year.

According to the Fallsburg School District Business Administrator<sup>5</sup>, the School District's budget for the 2010-2011 school year totaled \$35,579,068, with approximately \$17,789,534 being raised by the tax levy of which approximately 72 percent is related directly to programming costs. The School District's enrollment for the 2009-2010 school year was 1,350 students. This results in a per student direct cost for programming derived from the tax levy of approximately \$9,488 per student. Assuming a minimum of 32.9 percent of the population is seasonal, and based on the per student cost, the development, when fully occupied, could introduce up to \$474,400 in annual costs to the Fallsburg School District. However, as discussed earlier, in light of the anticipated seasonal use of all residential dwellings, costs to the district are expected to be negligible.

The tax revenue to the Fallsburg School District as a result of this project is projected to be \$615,362, thus the effect on the school district budget, if the students attended the schools, would be an annual net benefit of \$140,962.

Fiscal Impacts to Pleasure Lake Dam

Pleasure Lake Dam is located on the southern end of the Pleasure Lake on the Sheldrake Stream, a tributary of the Neversink River. It is owned and operated by the Fallsburg Fishing and Boating Club. The dam is approximately 30 feet high and 500 feet long, and impounds Pleasure Lake, which has a 2,600 acre-foot storage volume and 200-acre surface area at normal pool. The dam is classified as high hazard because of roads, residences, and businesses located downstream. Since the dam is already classified as high hazard, and since the proposed project is located downstream of the dam, there would be no change to the insurance rating of the dam as a result of the proposed project.

The Fallsburg Fishing and Boating Club, owner of the dam, has recently completed a 2.2 million dollar renovation of the dam. A new emergency spillway designed to increase discharge capacity was completed in July 2008, and is now fully functional.

The inundation map shown in Figure 3.11-2 indicates that the inundation area would be contained within the downstream flood plain of the Sheldrake Stream which is predominantly undeveloped wooded area thus minimizing the potential for damage to persons or property. There is a deep ravine in the vicinity of Route 42 in Thompsonville which could effectively contain flood waters, under moderate conditions, thus protecting the roadway.

In the event of a catastrophic dam failure, or other emergency event, a full Emergency Action Plan (EAP) has been developed for the Pleasure Lake Dam NYS ID NO. 163-1597. As owner of the dam, the Fallsburg Fishing and Boating Club, would establish a command center onsite and assign a team of maintenance and engineering personnel who would be responsible for coordinating emergency action procedures, provide assistance to emergency management

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<sup>5</sup>Phone conversation with Gladys Baxter on April 7, 2011.

agencies, and implement dam hazard reduction procedures to the extent possible. The EAP outlines the specific circumstances under which emergency evacuation and road closure procedures should be implemented. The Plan provides a chain of command and a notification list of emergency responders including contact information. As set forth in the EAP, the notification list is updated annually.

The recent storm events which occurred during the Summer and Fall of 2011 put the new dam infrastructure to the test. The rainfall amounts approached the parameters of the 50 and 100 year storms. The new infrastructure channeled the water in the inundation area to be contained within the downstream flood plain of the Sheldrake Stream successfully minimizing damage to persons or property. Even under these extreme conditions, it was not necessary to activate the Emergency Action Plan.

**3.12.3 Mitigation Measures**

As shown in Table 3.12-5, the proposed project is anticipated to result in an annual net benefit for the Town of Fallsburg. In addition, due to the anticipated seasonal use of the proposed development, the proposed project is not expected to result in an increase to public school enrollment. Any tax revenue derived from the proposed project will result in an annual net benefit to both the Monticello and the Fallsburg school districts, thus no mitigation is proposed.

<b>Table 3.12-5 Revenue &amp; Cost Summary: Raleigh Heiden Residential Development</b>			
<b>Jurisdiction</b>	<b>Projected Tax Revenue (\$)</b>	<b>Projected Costs (\$)</b>	<b>Net Benefit</b>
<i>Town of Fallsburg</i>	\$654,237	(\$466,928)	\$187,309
<i>Monticello Central Schools</i>	\$473,319	(\$422,786)	\$50,533
<i>Fallsburg Central Schools</i>	\$615,362	(\$474,400)	\$140,962
Source: Tim Miller Associates, Inc., 2011			

Since the proposed project is not expected to result in an increase in the insurance rating of the existing Pleasure Lake Dam; and since it is not anticipated the proposed project will result in additional expenses to the Fallsburg Fishing and Boating Club, no further mitigation is proposed.