

3.10 FISCAL ANALYSIS COMMENTS AND RESPONSES

Comment 3.10-1 (Letter #1: Clifford H. Schwartz, December 10, 2008): The second paragraph of the discussion of Schools on page 1-26 of the Executive Summary estimates that the Rock Hill Town Center would generate annual property tax revenues of \$4,183,245 at the end of the fifteen year build-out. The third paragraph estimates that the student population to be derived from Phases 1A and 1 of the project would result in increased costs to the school district of \$1,496,638. The DEIS then deducts the cost to the school district of Phases 1A and 1 and subtracts that amount from the revenues at full build-out to claim a net annual benefit of \$2,686,607. It is inconsistent to compare revenues at full build-out with costs associated with Phases 1 A and 1.

Response 3.10-1: At the request of the Town of Thompson, the proposed Residential Alternative assesses the townhouse development on fee simple lots which affects the projected assessed valuation. At full build out, the projected tax revenue to the school district is estimated at \$4,151,486. The projected cost to the school district is \$4,521,312. If 100 percent of the units are year round residents, a deficit of up to \$369,826 may result. The total assessed value of property in the Monticello School District is \$1,751,356,423. The potential deficit of \$369,826 would result in an increase of the tax rate of less than \$ 0.25 per \$1,000 of assessed valuation. For home valued at \$200,000 in the Monticello District, this increase would equate to a worse case increase of approximately \$36.00 per household, per year. This projection does not take into account any increase in commercial development in Rock Hill to support the needs of the new residents, nor does it take into account any seasonal or senior citizen residents who would have a reduced need for school district services. The impact of these additional factors would be to reduce the amount of money to be raised through property taxes. In light of these additional factors, it is not expected that the worse case scenario will ever be realized.

Comment 3.10-2 (Letter #1: Clifford H. Schwartz, December 10, 2008): Furthermore, funding of the \$369,465 deficit estimated at full build-out must be addressed in the context of Gov. David Paterson's proposed cuts in state aid to education, which will be announced next week after he releases his budget proposals.

Response 3.10-2: Future tax projections are made based upon existing conditions as this is the best source of factual information. The state has restored a significant percentage of the proposed cuts to state aid in education for the 2009-2010 school year.

Comment 3.10-3 (Letter #2: Steve Gottlieb, Rock Hill Fire District, December 10, 2008): With respect to the increased costs of providing fire protection, most costs would be covered by an increase in fire tax and therefore minimize the overall burden on taxpayers. However, by changing the plan to a 4 phase build-out, there are numerous costs that would have to be paid up front and a portion of those costs should be borne by the developer so that the current residents of the District do not see a drastic tax increase due to a partially built development.

Response 3.10-3: The current plan is divided into Phases 1, 2 and 3. The projected revenue to the Rock Hill Fire District upon completion of Phase 1 would be an increase of approximately is \$88,187 annually. The need for any increase in fire protection will be proportional to the increase in tax revenue as construction is completed.

Comment 3.10-4 (Letter #7: John Konefal, President, Wanaksink Lake Club, undated): Our third concern is in regard to the effects that this project will have on our community and the Hamlet of Rock Hill. While development and change are important for progress, it is important that the impacts on all parties be considered and that the long-term effects on taxpayers and existing businesses are taken into account. Changing the location of the Rock Hill business district to another area called Rock Hill Town Center, attracting large scale retailers that our local businesses would have difficulty competing with and erecting housing prematurely seems ill conceived.

Response 3.10-4: The project plan has been modified in part in response to comments of this nature. Commercial development has been reduced from 480,000 square feet of regional retail to 60,000 square feet of neighborhood retail to accommodate the local retail needs of the residential population residing at Rock Hill and in the town.

Comment 3.10-5 (Letter #7: John Konefal, President, Wanaksink Lake Club, undated): Every taxpayer has a stake in the success of the commercial aspect of this venture. If it fails all residents of the town and county will face an increase in school taxes to bear the burden of the residential portion of the development. Therefore, it is clear that the commercial component of the Rock Hill Town Center development needs to be established prior to development of the residential component, thereby balancing out the school tax burden of this new community. The increased tax burden should the business venture fail, is a huge risk to take with a community like ours that is already suffering economically.

Response 3.10-5: The proposed plan for as-of-right development includes construction of the proposed 60,000 square feet of neighborhood retail as part of Phase 1 of the project. The project has also been modified to build the townhouse units on fee simple lots, which affects the assessed value of the property. At full build out, the projected tax revenue to the school district is estimated at \$4,151,486. The projected cost to the school district is \$4,521,312. If 100 percent of the units are year round residents, a deficit of up to \$369,826 may result. For comparison purposes, under the existing demographic scenario where 70 percent of the units are expected to be in permanent year round use, the projected cost to the school district would be reduced to \$3,160,732, resulting in a difference of \$990,754. Given the nature of home ownership in the area it is reasonable to project that a good portion of the units will be occupied by seasonal residents.

The Proposed Action presented in the FEIS will provide 420,000 square feet less commercial development than proposed in the DEIS plan. This decrease in on-site commercial development will result in reduced tax revenues generated for the various taxing jurisdictions as compared to the DEIS plan. However this may be partially offset by anticipated expansion of existing businesses and establishment of new businesses in the Rock Hill hamlet to accommodate the increased population residing in the project that will require goods and services.

The proposed project has an increased number of residential units including a total of 1,012 townhouse units compared to 508 townhouse units as proposed in the DEIS. At the request of the Town of Thompson, the proposed Residential Alternative assesses the townhouse development on fee simple lots which impacts the projected assessed valuation and results in increased taxes to be paid by future townhouse residents.

A revised fiscal analysis of the proposed as-of-right Residential Alternative development plan indicates the Rock Hill Residential Development would result in the conversion of vacant land to a mixed use residential and commercial development. The increased

market value of the 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 Proposed Action, the market value and the assessed value for the proposed housing development must be estimated.

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.

The Table below summarizes the projected tax revenues for the Rock Hill Town Center project.

Rockhill Town Center Projected Tax Revenues		
	<i>Rate (per \$1,000 AV*)</i>	<i>Total Property Tax Revenues</i>
Taxing Jurisdiction		
Sullivan County	\$6.496040	\$1,566,099
Town General Fund (Outside Village)	\$0.031860	\$7,681
Town Highway	\$1.390969	\$335,342
Highway (Outside Village)	\$1.508657	\$363,715
Library	\$0.270344	\$65,176
Rock Hill Fire District	\$1.233522	\$297,384
Rock Hill Ambulance	\$0.222591	\$53,663
Monticello Central School District	\$17.2200	\$4,151,486
TOTAL		\$6,840,546
Source: Town of Thompson, Tax Receiver's Office; Tim Miller Associates, Inc.		
* Assessed Value. Values rounded to the nearest dollar.		
Note: The total projected property tax revenue does not include Rock Hill Light Tax for parcels: 32.-1-7 & 32.-1-10,		

Sullivan County would receive \$1,566,099 annually in property tax revenues.

The Table above estimates the annual property tax generated by the proposed Rock Hill Town Center residential and commercial development. The Town of Thompson General Fund would receive \$7,681 annually. The Thompson Highway Department is anticipated to receive an estimated \$699,057 in taxes from the proposed development.

Rock Hill Town Center would generate \$65,176 annually in revenues to the E.B. Crawford Memorial Library.

The Monticello School District would receive \$4,151,486 annually in property tax revenues.

Comment 3.10-6 (Susan Roth, Public Hearing, December 10, 2008): And as such, the commercial tax benefit generated by the new commercial center would be offset by a loss of the neighborhood businesses and existing development areas, existing development on Rock Hill Drive.

***Response 3.10-6:** First of all there was no evidence that new retail would cause vacancies in existing retail. However, that matter is moot. Commercial development in the as-of-right proposal has reduced the 480,000 square feet of regional retail originally proposed to 60,000 square feet of local retail. The new residents of the project site will bring a significant increase in disposable income. The proposed Rock Hill project could act as a catalyst for filling existing commercial space and may lead to expansion opportunities for existing local businesses.*