

Fiscal Analysis

Hamlet at Rhinebeck

Town of Rhinebeck, Dutchess County, New York

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1.0 Fiscal Analysis

1.1 Introduction

The Project Sponsor proposes to develop 80 units of Affordable Workforce Housing on a 23.3-acre site located along the eastern boundary of the Town adjacent to the Village, in the Town of Rhinebeck, Dutchess County, New York. The project is known as “The Hamlet at Rhinebeck”. The development site adjoins the existing Wells Manor Senior Apartments.

1.2 Project Description

As illustrated in Figure 1, the Hamlet at Rhinebeck residential plan includes 80 Workforce Housing rental units. All units would be affordable income rental units. A total of four 2-story multi-family buildings would be constructed, two in the northern portion of the site and two in the southern portion of the site.

1.3 Workforce Housing

Workforce housing is provided as a community benefit to provide housing for community service workers, i.e. fire, police, teachers, municipal workers etc. It also enables families starting out to remain in their community prior to purchasing a home and provides housing for others on a limited income.

Eligibility must be established, and is typically based upon the Income Limit guidelines as published by the Housing and Urban Development (HUD) annually. Income Limits are based upon a percentage of the Area Median Income or AMI. In Dutchess County, which is part of the Poughkeepsie Middletown Newburgh FMR Area, the 2021 AMI is \$100,500. The Income Limits vary depending upon housing size, calculations are done based on a family size of four persons and adjusted up or down as needed. Housing for a family of four at the 60% AMI level would need to be affordable for a household income of \$60,300.

The proposed workforce housing development is composed of 18 one-bedroom units, 44 two-bedroom units and 18 three-bedroom units. According to the NYS Housing and Community Renewal (HCR) funding guidelines the workforce units are projected to rent for \$1,131 to \$2,100 depending upon number of bedrooms, unit size and affordability criteria. The majority of the workforce units (78%) will be affordable to residents whose income does not exceed 60% of the Area Median Income (AMI), based upon family size, as established by the Department of Housing and Urban Development (HUD) on an annual basis.

Of the 80 units of affordable housing being proposed 62 of the units will be affordable to households whose income does not exceed 60% of the AMI. These units will rent for approximately \$1,131 to \$1,569 depending upon the number of bedrooms. A portion of the units (15%) will be affordable to residents whose income does not exceed 80% of the AMI, and an additional 7.5% will be affordable to residents whose income does not exceed 90% of the AMI.

The 2021 AMI for Dutchess County is set at \$100,500, thus a family of four that would be eligible for a unit restricted to a 60% AMI would have an income limit of about \$60,300.

1.4 Population

Demographic multipliers published by the Rutgers University Center for Urban Policy Research (CUPR) were used to project the future population of the proposed Hamlet at Rhinebeck community. Population projections are based upon the geographic region, type of unit, number of bedrooms, and the anticipated rental value. Although there are other published demographic multipliers, the CUPR multipliers are more specific because they are calculated based upon the specifics of geographic location, bedroom count and unit type. The researchers, Burchell and Listoken are considered the experts in demographic projections and the CUPR multipliers are considered the standard in this field of study. As shown in Table 1, based upon the nature of this development, the multipliers used to project the population are as follows; three-bedroom units house 3.81 persons per unit, two-bedroom units are 2.31 persons per unit and a one-bedroom unit is 1.67 persons per unit. By comparison, 2019 U.S. Census American Community Survey (ACS) data indicate that the average family size for all housing types in the Town of Rhinebeck is 2.85 persons.

As shown in Table 1, Based upon the CUPR residential multipliers, approximately 200 persons, including 30 school age children are projected to reside in the Hamlet at Rhinebeck.

Table 1 Population Projections					
Unit Size	Number of Units	Population Multiplier	Population	School Age Children Multiplier	School Age Population
Workforce Units			SAC		
1-BR	18	1.67	30	0.08	2
2-BR	44	2.31	102	0.23	10
3-BR	18	3.81	68	1.00	18
TOTAL	80		200		30
Source: Rutgers University Center for Urban Policy Research, June 2006. Table prepared by TMA, 2022.					

1.5 Current and Projected Assessed Value

The Hamlet at Rhinebeck development site is contained on the Town of Rhinebeck tax parcel 135089 6170-00-223336-0000.

The current assessed value of the total project site is \$184,800. According to a review of the 2022 tax bills for the subject parcel, the total annual property taxes generated by the project site and paid to the Town of Rhinebeck are \$358. The municipal taxes paid to Dutchess County are \$526. Thus, the total municipal taxes paid are \$884 while the annual property taxes paid to the Rhinebeck Central School District are \$2,567.

Based upon the income value of the affordable residences, the value of the affordable workforce rental apartments is estimated to be \$11,412,164. Using the current 2022 equalization rate of 100 percent, the total Assessed Value of the project used for this analysis is \$11,412,164.

Current and Projected Revenues

Table 2 compares the revenues generated currently by the property to the revenues to be generated after the Hamlet at Rhinebeck development is complete. Revenues are based on 2022 municipal tax rates and the 2021-2022 tax rate for the Rhinebeck Central School District.

According to the Town of Rhinebeck annual budget, the Town’s tax rate includes governmental services, Highway and street maintenance, Justice Court, public safety, refuse collection, recycling, and parks & recreation.

As presented in Table 2, at today’s tax rates, annual revenues to the Town of Rhinebeck from the Hamlet at Rhinebeck would be approximately \$25,569. The project-generated annual revenues to Dutchess County would be approximately \$32,512 annually.

Table 2 Current & Projected Taxes Generated by Hamlet at Rhinebeck Development			
Taxing Authority	Current Taxes (\$)	Hamlet at Rhinebeck Projected Taxes Total (\$)	Net Increase Between Current & Projected Taxes (\$)
Total Dutchess County	\$526	\$32,512	\$31,985
Total Town of Rhinebeck	\$358	\$25,569	\$24,685
Total Municipal	\$884	\$58,081	\$56,670
Rhinebeck Central School District	\$2,567	\$158,526	\$155,959
TOTAL	\$3,451	\$216,607	\$212,630
Notes:			
(1) Tax Rate per \$1,000 of Assessed Valuation.			
Municipal taxes are based upon Town of Rhinebeck 2022 Tax Rates.			
Rhinebeck Central School Taxes are for the 2021-2022 Budget.			

As stated earlier, annual revenues to the Rhinebeck Central School District would be approximately \$158,526. The net *increase* between the current tax revenues generated by the site and paid to the School District and the total future project-generated revenues to the school district are projected to be approximately \$155,959 annually.

Table 2 also indicates the combined net increase in revenues to each jurisdiction, which in total is projected to be more than \$200,000 annually.

1.6 Municipal Costs Associated with the Proposed Project

An approximate estimate of costs to the Town of Rhinebeck associated with the Hamlet at Rhinebeck 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.

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, an estimate of per capita costs can be determined. To calculate 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.

This generalized methodology overstates the overall costs. The incremental costs which would be applicable specifically to this project are anticipated to be substantially lower. Certain fixed costs would not actually be affected by an increase in population. For example, the Supervisor's salary or the cost of running Town Hall are expenses that are paid by the Town's Budget, but would not be expected to increase based on an increase in population. It is also noted that commercial and other land uses in the Town place demand on the various governmental services which contributes to the per capita costs being overstated. The majority of services provided by the Town would not be directly affected by an increase in population.

In this instance, the adopted 2022 municipal budget for the Town of Rhinebeck amounts to \$6,195,164. The total amount to be raised by taxes is \$3,108,706. The tax levy represents approximately 50 percent of the total municipal budget.

According to the U.S. Census American Community Survey (ACS) data, the 2019 estimated population for the Town is 7,772 persons. Dividing the budget to be raised by taxes by the population, results in an estimated impact to the Town budget of up to \$400 per capita. As stated above this figure is likely overstated and actual costs are anticipated to be closer to \$100 per capita.

As described earlier, the proposed project would add approximately 200 persons to the population of the Town. Based on a per capita expenditure of \$400, the additional costs to the Town of Rhinebeck are projected to be up to approximately \$80,000. As presented in Table 2, the revenues to the Town from the proposed Hamlet at Rhinebeck Development would amount to an

estimated \$25,569, thus, the project could result in a modest increase in cost to the Town. The projected expense of up to \$54,431 represents an increase of less than 1% of the Town's overall budget. The provision of affordable workforce housing is a benefit that needs to be supported by the community as a whole. The impact of this expense would be a maximum of less than \$17 dollars per household. If, as expected, municipal costs are closer to \$100 per capita, the Town's budget would result in a minimal net benefit of approximately \$5,000 annually.

1.7 Schools

Existing Conditions

The project site is served by the Rhinebeck Central School District. The District includes three schools, one grade school, (grades K, 1,2,3, 4, and 5), one middle school (grades 6, 7 and 8), and one high school. The Rhinebeck Central School District geographically includes the majority of the Town of Rhinebeck and portions of the municipalities of Clinton, Red Hook, Hyde Park, Stanford and Milan.

According to information provided by the School District¹, enrollments have been steadily decreasing for more than the past 5 years. As of October 2020, 951 students were enrolled in the District. Table 3 below summarizes the current 2020/2021 grade distributions and enrollments of the various schools within the District:

Table 3		
Rhinebeck Central School District (2020-2021 School Year)		
School	Grades Served	2021 Enrollment
Chancellor Livingston Elementary School	K-5	375
Bulkeley Middle School	6-8	253
Rhinebeck High School	9-12	323
TOTAL		951
Rhinebeck Central School District 2022.		

School District Costs Associated with the Proposed Project

The provision of workforce housing opportunities is a community benefit that meets the needs of community service workers, police, fire, teachers, nurses, municipal workers etc. It also meets the needs of young families starting out and seniors or others living on a limited income. A well-balanced community provides for the needs of a diversity in population.

Based upon the rental value of a workforce unit, the assessed valuation and thus the taxes generated by the unit are reduced compared to market rate residential development. The Hamlet at Rhinebeck is composed of all workforce affordable housing which may not pay the full burden of costs associated with development.

¹NYS Department of Education BEDS Enrollment Data for Rhinebeck Central School District 20/21.

As shown in Table 1, based upon demographic multipliers published by Rutgers University Center for Urban Policy Research, approximately 30 students are projected to reside in the Hamlet at Rhinebeck residential development. The addition of 30 students to a population of more than 950 students represents an increase of approximately 3 percent. Over the past five years the overall district enrollment has decreased by approximately 10 percent. Thus, the Rhinebeck CSD has availability in its existing infrastructure to accommodate this increase in student population.

The district budget for 2021-2022 school year for the Rhinebeck Central School District totals \$35,380,864. The portion of the budget to be raised through taxation is \$31,462,819 - approximately 89 percent of the budget is met through the property tax levy.

The anticipated increase in student population **will not** have a significant impact on administrative or capital needs of the district. As discussed above, a review of enrollment statistics demonstrates the district's existing facilities have capacity to more than handle the anticipated increase in students. Any costs to the School District would be related specifically to instructional programming, which is referred to as marginal cost. District wide, instructional program costs total \$25,817,801². The portion of the instructional program costs to be raised by the tax levy are estimated to total \$15,490,681.

An increase in residential development will result in an increase in assessed valuation of the School District, which translates into additional school tax revenues. Since the infrastructure and staff resources are already in place, the costs for new students associated with workforce housing would be minimal. It should also be noted that the ratio of students associated with multifamily housing is low compared to traditional single-family housing.

As listed in the NYSED Financial Transparency Report, the per-student marginal costs to be raised by the tax levy are calculated to be up to \$15,908. This full cost is likely overstated given the low percentage of new students compared to the existing student population in combination with the existing district infrastructure. Projected costs to the school district are likely to range from approximately \$150,000 to \$450,000 annually based on an estimated 30 students that would reside in the community.

At today's tax rates, the proposed Hamlet at Rhinebeck would generate a total of \$158,526 in annual property revenues to the school district. Thus, the overall impact on the district's budget is expected to range from a minimal surplus of approximately 8,500 to a cost of approximately \$295,000 after covering the cost of educating the students who reside at Hamlet at Rhinebeck. The proposed residential development will generate \$155,672 above current taxes.

Construction is projected to take a minimum of 18 months which is likely to be spread over two school years. The increased student population is also expected to be distributed throughout the grade levels.. The multi-year phasing and distribution of students will allow for an additional 30 students to be integrated to the local schools with minimal impact.

² Rhinebeck Central School District Adopted Budget 2021/2022.

1.8 Fiscal Summary

Table 4 presents a summary of the conservatively anticipated revenues compared to an estimate of costs of the proposed Hamlet at Rhinebeck development project. The combined revenues, after considering the generalized costs to the Town and the School District ranges from an annual net benefit of \$14,095 to an expense of \$361,465 to all taxing jurisdictions. These funds support the population who live in workforce affordable housing, enabling the provision of workforce services for the community.

Table 4			
Revenue & Cost Summary: Hamlet at Rhinebeck			
Jurisdiction	Projected Taxes (\$)	Projected Costs (\$)	Net Tax Revenue
<i>Town of Rhinebeck</i>	\$25,569	(\$20,000 to \$80,000)	\$5,569 to (\$54,431)
<i>Rhinebeck Central Schools</i>	\$158,526	(\$150,000 to \$465,560)	\$8,526 to (\$307,034)
Total	\$184,095	(\$170,000 to \$545,560)	\$14,095 to (\$361,465)

Source: Tim Miller Associates, Inc., 2022

1.9 Fiscal Benefits

The project will induce construction employment in the short term. In the long-term, the new resident population would introduce consumer demand for retail and service establishments located within the Town of Rhinebeck, as well as the larger commercial area within the region.

Short Term Employment Opportunities

The construction value of the proposed project would total approximately \$25 million. Construction of the project would require a commitment of person hours of labor, which can be viewed as beneficial to the community, the local economy, and the construction industry with respect to the generation of jobs. Based on labor hour estimates published by the Urban Land Institute, and accounting for secondary employment resulting from the construction, this project would generate 150 full time equivalent jobs in the various construction trades associated with this project.

It is anticipated that a number of construction workers would come from Dutchess County and nearby counties in the region. These workers are expected to have a positive impact on existing local businesses that provide such services as food convenience shopping, gasoline, etc.

Local Economy Spending

Future residents would utilize retail, personal service, and other commercial uses located in the project vicinity. Businesses within the project vicinity, especially those located within the Town, would benefit from new resident expenditures. Approximately 30 percent of household income is typically spent on retail goods and services.

A household income ranging from \$60,000 to \$90,000 annually, would be required to afford renting the proposed Workforce housing. Using a conservative household income of \$60,000, it is estimated that 80 households would spend more than \$1.4 million annually. A substantial portion of these expenditures would be made at supermarkets, local convenience stores, apparel stores, restaurants and service businesses such as gas stations and hair salons in the area.