



L. FISCAL AND ECONOMIC

1. Existing Conditions

a) Current Taxes

The Project Site consists of seven separate tax parcels: 6262-04-723342, 6262-04-761394, 6262-04-749282, 6262-04-754298, 6262-04-758301, 6262-04-864243, and 6262-04-892195. These parcels cumulatively generate approximately \$130,000 in annual property taxes, including \$76,691 generated for the Arlington Central School District. The total 2017 assessed value for the seven lots combined is \$2,828,500. Table L-1 below shows the lot sizes and assessed value for each parcel and Table L-2 shows the current property taxes generated by each tax lot.

Table 3L-1 Lot Size and Assessed Value of Each Tax Lot

Tax Lots	723342	761394	749282	754298	758301	864243	892195	Total
Lot Size (acre)	11.19 ac.	8.8 ac.	0.66 ac.	0.438 ac.	0.5 ac.	36.41 ac.	2.75 ac.	60.748 ac.
Assessed Value	\$421,500	\$181,000	\$221,500	\$237,500	\$175,500	\$1,415,500	\$181,500	\$2,828,500

Table 3L-2 Current Property Taxes Generated by Parcel

Tax Lots	723342*	761394	749282	754298	758301	864243*	892195*	Total
Lot Size	11.19	8.8	0.66	0.438	0.5	36.41	2.75	60.748
Assessed Value	421,500	181,000	221,500	237,500	170,000	1,415,500	181,500	2,828,500
County Tax	1,507	647	792	769	628	5,061	649	10,053
Town Outside	2,081	881	1,078	1,046	854	13,558	1,738	21,236
Consolidated Light	88	37	46	44	36	522	67	840
Library District	382	162	198	193	157	2,270	291	3,653
Townwide Drain Imp.	24	21	7	13	7	80	8	160
Arlington Fire	2,616	1,124	1,375	1,335	1,089	8,786	1,127	17,452
Townwide Water Imp.	139	123	33	66	33	490	43	927
Arlington Central School District	9,920	4,241	5,190	5,037	4,112	42,715	5,477	76,691
Total Property Taxes	\$16,757	\$7,234	\$8,718	\$8,503	\$6,916	\$73,483	\$9,400	\$131,012

Source: Town of Poughkeepsie 2016 Town Tax Roll

*Non-homestead lots (note that lot 723342 is partially homestead (10.07 acres) and partially non-homestead (1.24 acres)).



b) Current Municipal Operating Budgets

The Town budget for 2016 was \$31,390,008 with a tax levy of \$22,667,722 (includes general fund A, general fund B and highway fund). The Arlington Fire District 2016 budget was \$17,337,525 with a tax levy of \$16,778,925. The Poughkeepsie Public Library District's 2016 budget was \$7,462,626, of which \$3,762,925 was appropriated through the Town of Poughkeepsie.

The Arlington Central School District budget for the year 2016/2017 was \$201,225,000, of which approximately 67%, or \$135,423,212, was paid through property taxes. A more detailed discussion of the School District, including costs per pupil, is provided in Chapter 3.K., Community Services.

2. Future without the Proposed Project

In the future without the Proposed Project, it is assumed that the Project Site would remain vacant and would continue to generate approximately \$130,000 in annual property taxes, with nominal increases each year. See Chapter 4, the No Action Alternative for more detailed information on the future without the Proposed Project.

3. Potential Impacts as a Result of the Proposed Project

a) Payment in Lieu of Taxes (PILOT) Program

The Applicant has entered into a Payment in Lieu of Taxes (PILOT) agreement with the Dutchess County Industrial Development Agency (IDA). The Town Board and the Board of Education of the Arlington Central School District have each passed resolutions in support of the PILOT. The purpose of the PILOT is to contribute to the economic feasibility of the Project in recognition of other public benefits of the Proposed Project such as construction and post-construction employment, preservation of open space, the creation of public recreation facilities, additional housing opportunities, and additional tax revenue after the PILOT agreement ceases.

The tax abatement of the PILOT will apply to the portions of the Project used for residential units, offices, mixed use business, and business-related uses and services. Portions of the Project that are used for retail or restaurants uses would not be included in the PILOT and full taxes would be paid on these uses. The PILOT does not apply to any special districts, and the full assessment of the special districts will continue to be paid by the Project. The special districts for the Project Site are Consolidated Light, Library District, Townwide Drainage Improvement, Townwide Water Improvement, and Arlington Fire District. These special districts would continue to receive full taxes for all uses on the Project Site.



The term of the PILOT agreement is 20 years and is phased in as the Project is developed with a scheduled tax abatement percentage as follows:

- 75% tax abatement for years 1-5
- 63% tax abatement for years 6-10
- 50% tax abatement for years 11-15
- 25% tax abatement for years 16-20

The PILOT agreement was drafted in early 2016. Therefore, the agreement is based on an earlier preliminary site plan and program envisioning approximately 288 residential rental units and 85,400 square feet of commercial space. The tax calculations were based on 2015 tax rates with the assumption that tax rates will increase annually at 2.0% and property assessment will increase annually at 1.0%. The estimated fair market value and assessed value were assumed to be \$27,150,000 based on estimated project income with a capitalization rate of 8.5% and an estimated equalized tax rate of 5.01%. Tax calculations were also based on the expectation that the project would be phased over five years, with each phase accounting for 20% buildout.

Given the above assumptions, under the PILOT agreement, the Project would generate approximately \$35,309,541 during the term of the PILOT, including \$20,067,560 for the Arlington Central School District and \$6,104,058 for the Town of Poughkeepsie, \$5,682,614 for the Arlington Fire District and \$2,462,570 for Dutchess County. Any additional residential units or commercial space as a result of the Project would only increase the amount of taxes and PILOT payments collected.

b) Tax Generation at Full Buildout¹

The method of calculating property taxes of residential rental units used by the Town of Poughkeepsie on projects of this nature is to use the income capitalization approach based on an assumption of income (rents) that the property owner would be expected to receive. Table 3L-4 below shows the potential residential rents for the development and Table 3L-5 shows potential non-residential rents. As the Development Program has evolved since the PILOT Application, the potential assessment of the project has been re-evaluated below.

¹ Unless otherwise noted, all valuations and revenues reflect present value at full build-out, following the expiration of the PILOT Program.



Table 3L-3 Expected Residential Rents

Building	Unit Type	Studio Units	Studio Rents	1BR Units	1BR Rents	2BR Units	2BR Rents	3BR Units	3BR Rents	Total Units	Total Rents
<i>Northwest Side</i>											
1	Center Corridor (Corner)	-	-	22	\$1,217	24	\$1,358	3	\$1,435	49	\$763,969
2	Center Corridor (Large)	-	-	16	\$1,223	18	\$1,363	2	\$1,440	36	\$563,788
3	Center Corridor (Small)	-	-	12	\$1,233	17	\$1,373	1	\$1,449	30	\$474,999
4	Townhouse	-	-	-	-	2	\$1,875	2	\$2,075	4	\$94,800
5	Townhouse	-	-	-	-	2	\$1,875	2	\$2,075	4	\$94,800
6	Townhouse	-	-	-	-	2	\$1,875	2	\$2,075	4	\$94,800
7	Breezeway Small	-	-	6	\$1,209	6	\$1,350	-	-	12	\$184,189
8	Breezeway	-	-	12	\$1,209	12	\$1,350	-	-	24	\$368,379
9	Breezeway Studio	6	\$1,006	12	\$1,209	9	\$1,350	-	-	27	\$392,225
10	Breezeway	-	-	12	\$1,209	12	\$1,350	-	-	24	\$368,379
	Over Commercial	-	-	10	\$1,135	13	\$1,635	4	\$1,948	27	\$484,740
<i>Southeast Side</i>											
11	Townhouse	-	-	-	-	2	\$1,875	2	\$2,075	4	\$94,800
12	Townhouse	-	-	-	-	2	\$1,875	2	\$2,075	4	\$94,800
13	Townhouse	-	-	-	-	2	\$1,875	2	\$2,075	4	\$94,800
14	Townhouse	-	-	-	-	2	\$1,875	2	\$2,075	4	\$94,800
15	Townhouse	-	-	-	-	2	\$1,875	2	\$2,075	4	\$94,800
16	Center Corridor (Large)	-	-	16	\$1,223	20	\$1,363	-	-	36	\$561,937
17	Center Corridor (Large)	-	-	16	\$1,223	20	\$1,363	-	-	36	\$561,937
18	Center Corridor (Small)	-	-	12	\$1,233	18	\$1,373	-	-	30	\$474,081
	Over Commercial	-	-	9	\$1,135	13	\$1,635	5	\$1,948	27	\$494,490
Gross Annual Residential Rents		6	\$72,420	155	\$2,248,498	198	\$3,418,235	31	\$712,359	390	\$6,451,513



Table 3L-4 Expected Non-Residential Rents

Use	Total Gross Square Feet	Average Rent per Square Feet	Average
Restaurant/Café/Food	15,000	\$23.50	\$352,500
General Retail	19,500	\$22.50	\$438,750
Service	11,000	\$22.50	\$247,500
Medical Office	18,000	\$27.50	\$495,000
General Office	18,500	\$25.00	\$462,500
Bank/Financial	3,500	\$47.50	\$166,250
Day Care	8,000	\$26.00	\$208,000
Garages	10,000	\$7.50	\$75,000
Community Center	6,000	n/a	n/a
Mail Building/Kids Center	1,600	n/a	n/a
Maintenance Office/Service Bldg	9,000	\$10.00	\$90,000
Pavilion in Open Space	2,000	n/a	n/a
Total	122,100		\$2,535,500

Based on expected income from these rents, it is assumed that the assessed value of the residential uses would be approximately \$29,261,026 and the assessed value for the nonresidential uses would be \$11,039,173. It is now estimated that the Proposed Project would generate approximately \$2,077,878 in annual property taxes, including \$386,076 for the Town of Poughkeepsie, \$250,264 for the Arlington Fire District, and \$1,216,260 for the Arlington School District. Table 3L-6 shows all applicable taxing jurisdictions and anticipated tax generation. The Project Site currently generates approximately \$130,000, in yearly taxes therefore, the Proposed Project would result in an approximately \$1,948,000 increase in annual tax revenue.

Table 3L-5 Potential Annual Property Tax Generation by Taxing Jurisdiction

Taxing Jurisdiction		Residential	Commercial	Total
		\$29,261,026 AV	\$11,039,173 AV	\$40,300,199 AV
County	\$3.58	\$104,754	\$39,520	\$144,275
Town Outside	\$9.58	\$280,321	\$105,755	\$386,076
Arlington Fire District	\$6.21	\$181,711	\$68,553	\$250,264
Consolidated Light District	\$0.37	\$10,827	\$4,084	\$14,911
Pok Library District	\$1.60	\$46,818	\$17,663	\$64,480
Townwide Drain Improvements	\$0.01	\$293	\$110	\$403
Townwide Water Improvements	\$0.03	\$878	\$331	\$1,209
Arlington Central School District	\$30.18	\$883,098	\$333,162	\$1,216,260
Total	\$51.56	\$1,508,699	\$569,180	\$2,077,878



As discussed further in Chapter 3K, Community Services, it is anticipated that the cost of public services, such as policing, fire protection, and road maintenance, would be offset by the property taxes generated by the Proposed Project. It is estimated that the \$1,216,260 annual taxes generated for the Arlington Central School District will result in an annual surplus of approximately \$528,600 (see Chapter 3K for additional details).

The Proposed Project will also generate sales taxes. Sales taxes will be generated at the proposed retail, restaurant and other food establishments based on statutory requirements. These uses would collect sales taxes for New York State and Dutchess County. Sales taxes are distributed to New York State (4%), Dutchess County (3.75%) and the Metropolitan Transportation Authority (0.375%), for a combined rate of 8.125%. Potential sales tax from the Proposed Project has not been estimated because specific tenants and retail types are not yet known.

c) Job Generation During Construction and at Full Build-Out

The total number of full-time jobs were estimated using standard planning multipliers, as shown in Table 3L-7. During the operational period, when construction has completed and the Project is fully operational, it is estimated that as many as 299 full-time jobs will be created. Most of these jobs will be related to retail, service and office uses.

Table 3L-6 Employment Generated During Operational Phase

Use	Square Feet/Units	Estimated Jobs
Retail/Service	30,500 sf	76
Restaurant/Café/Food	15,000 sf	38
Commercial Office and Bank	22,000 sf	66
Medical Office	18,000 sf	56
Residential	390 Units	16
Community Facilities	15,600 sf	47
Garages for Lease*	10,000 sf	0
Maintenance Office/Service Building*	9,000 sf	0
Pavilion in Open Space*	2,000 sf	0
Total	122,100 sf and 390 Residential Units	299

Source: *Development Impact Assessment Handbook*, Urban Land Institute, 1994.

* Property maintenance and service, garage and pavilion jobs are included in the residential and community facilities job estimations.



The Proposed Project will also generate a significant amount of construction jobs. Although temporary in nature, these jobs contribute to the overall regional and local economies. The total amount of construction workers that may be employed during the project's entire construction period of five years is 218 FTE construction jobs.

4. Proposed Mitigation

At full build-out, the Proposed Project would result in a net positive impact for the taxing districts, including the Arlington Central School District. The development is anticipated to generate a present value total of \$2,077,878 in annual property taxes at full build-out. According to the current PILOT agreement, the Project would generate approximately \$35,309,541 during the term of the PILOT, including \$20,067,560 for the Arlington Central School District and \$6,104,058 for the Town of Poughkeepsie, \$5,682,614 for the Arlington Fire District and \$2,462,570 for Dutchess County. Any additional residential units or commercial space as a result of the Project would only increase the amount of taxes and PILOT payments collected.

Using a methodology based solely on the portion of the school budget for student instruction compared to the calculated tax revenues to be generated, the estimated tax surplus from the Project at full build-out for the School District is approximately \$528,600 per year at present value following the expiration of the PILOT program. The economic benefits to the Town will include property tax revenues and other positive impacts to the local economy including temporary construction employment (estimated at as many as 218 full-time jobs) and permanent operational employment (estimated at as many as 299 full-time jobs generated by the commercial, institutional and residential components of the Project). It is expected that the increase in public services costs, including police and fire district costs, will be offset by property taxes generated by the development. Therefore, it is not anticipated that the Project will result in any significant adverse impacts to the taxing districts and no mitigation is proposed.