

3.9 Fiscal Analysis

3.9.1 Existing Conditions

2010 Property Tax Revenues

The Project Site, in 2009, had a market value of \$10,349,021. Based on an equalization rate of 2.55, the total assessed valuation was \$263,900 for the 2009-2010 tax year. Tax lot numbers and current assessed values of the parcels are summarized in Table 3.9-1.

Table 3.9-1 Tax Parcels and 2010 Assessed Value		
	Tax Parcel ID	Assessed Value
West Side BVA	0512023	\$8,500
	0512021	\$13,900*
	0512017	\$22,000
	0512015	\$11,600
	0512013	\$10,500
	0512011	\$7,300
Trolley Barn	0512001	\$166,300
East Side BVA	0511024	\$7,800
	0511025	\$9,600
	0511027	\$6,400*
Total Assessed Value		\$263,900
<p>*Lots receiving a \$1,650 STAR exemption. The assessed value above is reduced by this amount when calculating taxes to the City of Yonkers and Yonkers School District. Source: City of Yonkers Assessor's Office, 2010. All lots are in Section 1 of the city tax roll. City of Yonkers GIS, 2010.</p>		

Table 3.9-2 provides a summary of the taxes paid by the subject property in 2009-2010. Existing annual property taxes are approximately \$200,779.

Table 3.9-2 2009-2010 Property Tax Revenues		
Taxing Jurisdiction	Tax Rate (per \$1,000 AV*) except where noted	Property Tax Revenues
Westchester County	\$122.15	\$32,235
County Waste Disposal	\$11.48	\$3,030
South County Sewer	\$17.41	\$4,594
City of Yonkers	\$162.23	\$42,277
CC001 - Frontage Fee	\$1.40 - unit charge	\$1,081
CC002 - Housing Unit Fee	\$3.00 - unit charge	\$159
CC004 - Safety Inspection Fee	Variable - unit charge	\$3,125
Yonkers City School District	\$438.52	\$114,278
	TOTAL	\$200,779
Source: City of Yonkers Tax Assessor's Office; Tim Miller Associates, Inc., 2010.		
* AV = Assessed Value.		

Westchester County

The County receives approximately \$39,859 in annual property tax revenues. Of this total, the majority of the revenues, or \$32,235, is used to fund general County expenditures. Approximately \$3,030 is used to pay costs associated with County refuse disposal. Another \$4,594 pays for county sewer service.

City of Yonkers

Property taxes that accrue to the City of Yonkers pays for general government, police, fire, recreation, social, and other services as set forth in the City's adopted budget. The property generated \$42,277 in annual property tax revenues in 2010.

The Bureau of Water Works collects a frontage tax (CC001) of \$1.40 a front foot annually on all real estate facing on a street or alley in which a water main is presently laid, or shall be laid (see City Charter, Section C9-14). The Project Site generated \$1,081 in frontage fees in 2010.

The City of Yonkers also charges a safety inspection fee (CC004) which amounted to \$3,125 in 2010. The fee is to pay for the City of Yonkers Fire and Building Safety Inspection Program (refer to Chapter 55 of the Code of the City of Yonkers).

A housing unit fee is also collected on all buildings with two or more dwellings. This amounted to \$159 in 2010.

Yonkers City School District

The Project Site generated \$114,278 in property tax revenues during the 2009-2010 fiscal school year.

Employment

The site is presently a mix of vacant industrial and commercial properties and residential properties except that the Trolley Barn is a mixed use building with 40 lofts and commercial space that fronts to Main Street. The apartment complex in the Trolley Barn employs two (2) persons. Based on an estimate provided by the Applicant, approximately 20 full- and part-time employees are employed by the nonresidential uses that front to Main Street. No other employment is generated by the Project Site.

Existing Costs

No unusual existing costs are generated by the Project Site. The site presently demands a conventional level of community services associated with the existing residential uses such as police, fire, governmental, and to a lesser degree - school services.

3.9.2 Potential Impacts

Consistent with fiscal impact methodology¹, future property tax revenues have been determined by considering the amount of taxes that would be generated if the development were complete and occupied today. This approach recognizes that development often requires several years to be completed and that inflation will 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 things being held constant.

Projected annual property tax revenues were calculated by estimating the future assessed value of the new development applicable to each taxing jurisdiction and multiplying same by the tax rate applicable to each taxing jurisdiction.

To determine local municipal costs, various local service providers were contacted and interviewed to determine what demand, if any, would be created by the new development. This is consistent with the "Case Study" method described in The Fiscal Impact Handbook. The method projects "future local costs based on specific future service demand determined by interviewing municipal department heads and school district administrators." Based on these interviews that are summarized in Section 3.7 of the DEIS, there should be no significant demand created by the development that would require a major expansion of service capacity or major capital investment. Thus, costs to serve the project are anticipated to be minimal, and the property tax revenues generated by the project will be adequate to address service demand.

Projected Tax Revenues

The estimated property tax revenues for the new apartment building have been calculated utilizing the income capitalization approach to establish the market value of a property that will produce rental income from its tenants. The income capitalization approach to market value is based on the premise that the value of a property is directly related to the income it will generate. The City Assessor analyzes both the property's ability to produce future

¹ The Fiscal Impact Handbook, Robert Burchell and David Listokin, 1978. The Handbook has been updated by the publication The New Practitioner's Guide to Fiscal Impact Analysis, Robert Burchell, David Listokin, and William R. Dolphin, 1985.

income and its expenses, and then estimates the property's value. The Assessor develops a capitalization rate by analyzing the sales of similar income generating properties and determining the relationship between the sales price and net income.

The steps in applying the income capitalization approach and determining net operating income are:

- Estimate potential gross income from all sources;
- Deduct income lost due to vacancies; and
- Deduct all direct and indirect expenses.

The resulting net operating income is capitalized by a market rate, which reflects the property type and effective date of valuation to produce an estimate of overall property value.

The Applicant, as owners of two existing rental buildings in close proximity to the site, used the data set forth in Table 3.9-3 to establishing the market value for the proposed apartment building. It is noted that these assumptions are comparable to those used in the SFC DEIS fiscal impact analysis. Also, note that a market value has not been assigned to the hydroponic garden. Thus, the market value described herein is considered somewhat conservative.

Vacancy Rate	5%
Average Rent per SF per Year	\$27.00
Expense Ratio	35%
Capitalization Ratio	10%
Rental Area	329,420 sf
Source: Teutonia Buena Vista, LLC, 2010. * AV = Assessed Value.	

Based on the foregoing, the market value of the new apartment building is estimated to be \$54,922,550. Applying the equalization rate of 2.55 percent to the market value results in an assessed value of \$1,400,525. Applicable tax rates identified in Table 3.9-2 are multiplied by the assessed value of the new apartment building which yields in the property tax revenues identified in Table 3.9-4.

Table 3.9-4		
Projected Annual Property Tax Revenues - New Apartment Building		
Taxing Jurisdiction	Tax Rate (per \$1,000 AV*) except where noted	Property Tax Revenues
Westchester County	\$122.15	\$171,074
County Waste Disposal	\$11.48	\$16,078
South County Sewer	\$17.41	\$24,383
City of Yonkers	\$162.23	\$211,535
Yonkers Public School District	\$438.52	\$614,158
CC001 - Frontage Fee	\$1.40 - unit charge	\$673
CC002 - Housing Unit Fee	\$3.00 - unit charge	\$1,233
CC004 - Safety Inspection Fee	Variable - unit charge	\$625
TOTAL		\$1,039,759
Source: City of Yonkers Tax Assessor's Office; Tim Miller Associates, Inc., 2010.		
* AV = Assessed Value.		

The property tax revenues generated presently by the properties on the east side of Buena Vista Avenue and by the Trolley Barn would remain the same. Total annual property tax revenues to be generated by the Buena Vista PUR are identified in Table 3.9-5. The taxes are calculated on a total assessed value of \$1,590,625.

Table 3.9-5		
Projected Annual Property Tax Revenues - Buena Vista PUR		
Taxing Jurisdiction	Tax Rate (per \$1,000 AV*) except where noted	Property Tax Revenues
Westchester County	\$122.15	\$332,427
County Waste Disposal	\$11.48	\$31,242
South County Sewer	\$17.41	\$47,381
City of Yonkers	\$162.23	\$257,779
Yonkers Public School District	\$438.52	\$696,797
CC001 - Frontage Fee	\$1.40 - unit charge	\$673
CC002 - Housing Unit Fee	\$3.00 - unit charge	\$1,356
CC004 - Safety Inspection Fee	Variable - unit charge	\$1,750
TOTAL		\$1,369,405
Source: City of Yonkers Tax Assessor's Office; Tim Miller Associates, Inc., 2010.		
* AV = Assessed Value.		

It is estimated that the Project will generate \$257,779 to the City of Yonkers annually, with an additional \$3,779 generated annually in miscellaneous fees. Westchester County and various county agencies would receive a total of \$411,050 annually. The Yonkers Public School District would receive approximately \$696,797 annually in property tax revenues. This represents a total net annual property tax revenue of \$1,168,626 compared to the existing condition.

The Project is not seeking any reduction in property tax revenues through a PILOT (payment in lieu of taxes) or other arrangement. Tax credits are not being sought for the hydroponic

garden. No reduction in taxes is anticipated from any action by the Yonkers IDA or other funding sources.

Municipal Revenues/Costs

As per the analyses described in Section 3.8., Community Services, of the DEIS, the project will add approximately 791 persons to the City of Yonkers population. Based on interviews with police, fire, and ambulance providers, it is not anticipated that the Project would create significant additional demand for the services these agencies provide. The apartment building will generate additional net property tax revenues of \$211,535 annually to offset any increase in municipal costs.

School District Revenues/Costs

It has been estimated by the District that its 2009-2010 enrollment is 25,532 students. The new apartment building would add approximately 56 students, increasing the District's enrollment by 0.3 percent. An additional 18 students in grade levels K through 2, 17 students in grade level 3 through 6, 12 students in grade level 7 through 9, and 9 students in grade levels 9 through 12, would be added to the District's enrollment. Based on an annual cost of \$8,572 per student to be raised in property taxes, educating the additional 56 students would cost \$480,032 to be raised in annual property tax revenues. As per discussions with the Executive Director of School Facilities Management², the district is operating at 95-96 percent of its capacity. Thus, there is sufficient capacity at this time to handle the demand of the additional students generated by the project.

The new apartment building would generate \$614,158 annually in property tax revenues to the School District. The addition of \$134,126 in net revenues over costs would be used to supplement the District's budget.

City of Yonkers Federal Empowerment Zone

As per the City of Yonkers website: *"Empowerment Zones (EZs) originated from the US Department of Housing and Urban Development's initiative to address high unemployment, crumbling infrastructure, minimal access to business capital and loss of hope in inner cities and distressed rural areas during the past few decades. The initiative assists in offering to residents and businesses of these areas opportunities and resources to overcome seemingly insurmountable problems. The objective is to form relationships between residents, private and public partners to effect positive changes in the community."*

Based on a review of the Empowerment Zone map available for review at the City of Yonkers website at <http://www.cityofyonkers.com/Modules/ShowDocument.aspx?documentid=173>, the project is not located in the federal empowerment zone.

City of Yonkers Empire Zone

The Project Site is located in the Yonkers Empire Zone (EZ). According to the Yonkers website, the empire zone consists of designated areas within the city that offer special incentives to encourage economic development, business investment and job creation. Certified

² Phone interview with Mr. John Carr, October 14, 2010.

businesses located within the Yonkers EZ are eligible to receive significant tax credits and benefits. Under the program, eligible businesses in these areas can qualify for property tax refunds, wage-based tax credits, state sales tax exemptions and reduced utility and telephone rates. A primary goal of the EZ program is to assist eligible companies which are committed to growing their labor forces. In exchange for creating new jobs these companies, known as Qualified Empire Zone Enterprises (QEZE), are given the opportunity to operate on an almost "tax free" basis for up to ten years, with additional savings available on a declining basis during years 11 through 15. QEZE within Yonkers' Empire Zone are eligible for state sales tax exemptions, as well as real property and business tax credits. The applicant is not seeking tax credits for the hydroponic garden. The residential development is not eligible for these credits. Thus, no reduction in property tax revenues is anticipated.

It is noted that the Brownfields Cleanup Program provides a credit based on property taxes or PILOT payments. However, this is an income tax credit, not a credit against property taxes. Property taxes are still paid to the local taxing authorities. Thus, there will be no effect on real property taxes generated by the project as a result of its inclusion in the Brownfields Cleanup program.

Temporary Construction Employment

For purposes of calculating construction employment, the construction cost must be estimated. Based on a per square foot cost of approximately \$250 per square foot, the construction cost for the new apartment building would be approximately \$131 million.³ It is estimated that 420 full-time equivalent on-site and 70 off-site construction jobs would be created. The methodology uses 9.2 labor hours per 1,000 construction and 1.5 labor hours for off-site construction. The full time equivalent construction jobs is estimated by dividing the total number of construction hours by 2,000.

Anticipated Long-Term Employment

It is estimated that approximately 5-10 full time jobs would be created by the hydroponic garden operation. These would range from highly skilled positions in greenhouse maintenance and operations to mid level employment in packaging and distribution. The entity selected to operate the hydroponic farm operation would work with the local Yonkers Employment Center to target local residents for job placement and training programs. Specifically, Carol Holman, Business Services Liaison, Yonkers Employment Center was contacted to discuss services offered by the agency. The Center maintains a database of thousands of individuals who are seeking jobs. At the time the operator of the hydroponic garden is ready to hire, a job order would be posted with the Center for each position type. The Center can screen prospective job applicants including selecting them by place of residence, e.g., City of Yonkers, and refer them to the employer who would then interview them for various positions.

The new apartment building would generate approximately 16 full-time equivalent jobs. Jobs would be created for building maintenance and office management, a concierge, and full-time leasing agents. The Yonkers Employment Center would be contacted for these job hires.

³ Development Impact Assessment Handbook, The Urban Land Institute, 199, Exhibit 7.2.

Affordable Housing Program

The Applicant proposes to voluntarily set aside approximately 20 percent of the dwelling units as affordable dwellings - rents would be targeted to be approximately one-half the monthly rental value of a comparable market rate rental dwelling. The 412 rental dwellings will consist of the following bedroom mix: 24 efficiencies, 266 one-bedroom dwellings, and 122 two-bedroom dwellings. The Applicant has provided the following rental data: the one-bedroom rentals would be rented at \$1,850 per month, the two-bedroom rentals at \$2,200 per month, and the studios at \$1,650 per month. Thus, the affordable rentals would be approximately \$925 per month for a one bedroom unit, \$1,100 per month for a two bedroom unit, and \$825 for a studio. These units are not being subsidized by any other affordable housing programs.

The U.S. Department of Housing and Urban Development (HUD) bases its income limits for a variety of housing programs on a standard called Area median Income (AMI). HUD estimates the median family income for each metropolitan statistical area. The maximum income by family size is then adjusted from the base number by a percentage determined by HUD - for more information, see:

[Http://www.westchestergov.com/pdfs/HOUSING_HUD_IncomeRentLimits.pdf](http://www.westchestergov.com/pdfs/HOUSING_HUD_IncomeRentLimits.pdf)

Housing cost limits by family size and AMI are available at the above referenced website. HUD also published HOME Rent limits for each metropolitan statistical area based on affordability for households with incomes at or below 60% AMI or 50% AMI. There are two levels of rents: the High HOME Rent for units targeted to 60% AMI units; and the Low HOME Rent for units targeted to 50% AMI units. The following are the HOME Program 2009⁴ Rent Limits:

Table 3.9-6			
Rental Unit Affordability - 2009 HOME Program Rent Limits			
Unit Size	Efficiency	1-Bedroom	2-Bedroom
High HOME	\$1,100	\$1,180	\$1,418
Low HOME	\$921	\$986	\$1,185
Proposed Affordable Rent Levels	\$825	\$925	\$1,100
<small>Source: Westchester County Department of Planning, 2010.</small>			

HUD does not publish separate AMI data for the City of Yonkers. According to the Mr. Frank Martinez, Housing Manager, Yonkers Bureau of Community Development, the most recent median income data is from the 2000 U.S. Census. The 2000 median income for a household of four (4) persons was \$44,663 in 2000.

Table 3.9-6 indicates that the proposes rental limits would be affordable to those earning approximately 60 percent AMI after netting the utility costs from the maximum high HOME rental limits. The Applicant will work with the City of Yonkers and/or Westchester County to develop appropriate arrangements or enroll in a program to ensure the units remain affordable. At this time, the Applicant has not established the details of the affordable housing program for the project. The details, including length of affordability, overseer, and









⁴ 2010 limits not available at the time this DEIS was submitted.

anticipated selection process will be determined after substantive comment is received on the DEIS, and the City has provided substantive comment with regard to the proposal.

3.9.3 Mitigation Measures

As the proposed project is not anticipated to have a significant impact on any service provider, no mitigation measures are proposed.

City of Yonkers Empire Zone # 29

- Legend**
-  Tract Boundaries
 -  Proposed Redesignation 1235.38 Acres
 -  EZ Boundaries 12/31/05
 -  Grandfathered
 -  Original to be Removed
 -  Contiguous
 -  Eligible
 -  Project Site Boundary

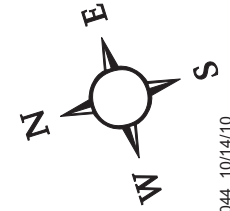


Figure 3.9-1: Empire Zones
Buena Vista Teutonia PUR
City of Yonkers, Westchester County, New York
Source: City of Yonkers Empire Zone Program
Approx. Scale: 1" = 3,500'