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*ADMITTED IN NEW YORK AND NEW JERSEY
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November 3, 2017

VIA EMAIL:

James C. Sheers, Chairman
City of Beacon Planning Board
1 Municipal Plaza
Beacon, NY 12508

Re: Edgewater Residential Development

Dear Chairman Sheers and Esteemed Members of the City of Beacon Planning Board:

Subject to a full reservation of the District's rights, on behalf of the Beacon City School District ("District"), we are submitting a response to the letter from the firm of Cuddy & Feder, LLP, which included a letter prepared by Cleary Consulting, regarding the Edgewater Project ("Project") owned by Scenic Beacon Developments, LLC ("Applicant"), both of which are dated October 25, 2017.

In addition to our comments, we request that this letter and our previous correspondences, be included as part of the official record of the Planning Board for the review of the Applicant's proposed Edgewater Project ("Project").

First, I take this opportunity to again confirm that our responses on behalf of the District to the information provided to the Planning Board concerning the impacts of the Edgewater Project on the Beacon City School District ("District") are not intended to impugn, criticize, or otherwise engage in a negative dialogue regarding the submittals of Cleary Consulting. Rather, the District is focused on ensuring that the information the District provides to the Planning Board accurately represents the potential impacts of this Project on the District residents.

1. PROJECTED SCHOOL CHILDREN GENERATED BY EDGEWATER:

a. School Children Attending Beacon City School District:

Cleary Consulting has provided the Planning Board with two charts: one purported to represent the actual number of school-age children residing in transit oriented developments (TOD), not located in our region and the other purported to represent the number of actual school-age children residing in “selected” comparable multi-family developments located in the City of Beacon¹. We note the following:

- Clearly Consulting does not identify the source of the data nor the year in which the data was derived.
- Two of the developments are condominiums that are owner occupied and not for rent – 1 East Main Street and 11 Creek Drive. The multipliers for housing that is owned versus rented are vastly different. Therefore, these 2 developments cannot be considered.
- The District does not have an application that definitive identifies students attending the District only by their address. The District does have limited information according to bus routes. However, the information is not an accurate accounting of student generation rates because just as Cleary Consulting’s numbers, this information does not account for students who walk, are transported by their parents, or drive themselves, or the District’s special needs students who are not attending District schools.

Town View (Vista View), Wappingers	73 students
Hudson View Park, Fishkill;	106 students
Mahopac Park Terrace, Fishkill.	11 students
Chelsea Ridge Apartments	138 students

b. Identifying the Appropriate Rutgers Study Multiplier for Edgewater Project:

The District and Cleary Consulting have relied on the industry standard, the Rutgers Study, to justify the calculations of the number of school-age children to be generated from this Project.

In our comments, we continue to note that in order to correctly use the Rutgers Study and identify the applicable multiplier requires knowing the parameters of the project those being:

¹ See, School Impact Study, page 9 and Cleary Consulting letter

type of housing, the number of bedrooms, and either the value for the housing (owned) or the dollar amount of the housing that is rental. In this case, we know that Edgewater is a rental project and we have been provided the breakdown of the number units and their bedroom count. However, the final parameter, the dollar amount of the rent is missing. The only information relative to the dollar amount of the rent was included in Cleary Consulting's October 25, 2017 letter. In this letter, Cleary Consulting justifies using the multiplier in the Rutgers Study for rental units that coincides with the highest rent value stating in each of the bedroom count categories - "the Edgewater Project will be a market-rate development."² Cleary Consulting does not define the term market-rate and the Rutgers Study does not include "market rate" as an acceptable parameter.

Given the Applicant's reticence to reveal the proposed dollar amount of the rent, the District had no choice, but to appropriately use the Rutgers Study multiplier consistent with not the lower, lowest (as asserted by Cleary Consulting), or even the highest rent value, but the **median** value to calculate the potential impact. I am sure that the Planning Board also noted that in our last submittal, in addition to using the median multiplier, we also provided an analysis using Cleary Consulting's highest multiplier resulting in a student generation rate of 47 children.

There is really a simple resolution to this issue; the Planning Board can simply direct the Applicant to provide the proposed dollar amount of the rents for each type of rental unit (studio, 2 bedroom, 3 bedroom). Once that information is provided, identify the correct multiplier and calculating the number of children is easy.

c. The David Listokin and Robert W. Burchell Unpublished October 2006, Power Point Presentation of Conclusions, Does Not Change or Refine Their Multipliers That They Developed in the Rutgers Study.

The David Listokin and Robert W. Burchell, only two of the six authors of the Rutgers study, Power Point Presentation at the October 2006 National Impact Fee Roundtable ("Presentation") has no impact on the validity of the New York Rutgers Study and what is the appropriate multiplier that the parties should rely on as the foundation in calculating the number of school children generated from this Project³.

From the outset, although cognizant of the Applicant's questions on the accuracy of the Rutgers Model, in formulating our responses, the District and we presume to some measure the Planning Board has relied on the Applicant's use of the Rutgers's Model to support their calculation of the generation rates for school age children. However, it now appears that in its October 25, 2017 letter, Cleary Consulting suggests that its reliance on the Rutgers Study to calculate the generation numbers of the children to be generated by this Project, as represented in its School Impact Study may have been flawed.

We initially shared Cleary Consulting's concerns, after reading that their explanation was based on a presentation made by David Listokin and Robert W. Burchell, only two of the six authors of the Rutgers study, at the National Impact Fee Roundtable ("Presentation").

² See, October 25, 2017 Cleary Consulting letter, Cleary comment, page 2, 2nd paragraph

³ See, The Edgewater – School Impact Study Section IV, Project Generated School Children, page 8 and Table 4.

Fortunately, our fears were allayed after we obtained and read the Listokin and Burchell Power Point Presentation cited by Cleary Consulting. We have attached a copy of that presentation for your review.⁴

As you will note, the Listokin/Burchell October 2006 power point presentation at the National Impact Fee Roundtable is not entirely self-explanatory. However, what we can glean from the presentation is that Listokin/Burchell included a number of conclusions regarding the use of multipliers in various scenarios.⁵

Turning to the residential multipliers and school children generation numbers, Listokin/Burchell do not assert that a variable in the calculation of the rest of the numbers, decreases the number of school children for New York or that the presentation replaces the New York Rutgers Study as the standard in calculating the amount of children generated by a residential project.⁶

The following are additional relevant facts from the Listokin and Burchell presentation:

1. In October 2006, Listokin/Burchell presented before the National Impact Fee Roundtable, 4 months after Listokin/Burchell and the other authors published the June 2006 Rutgers Multiplier study.
2. The Listokin/Burchell presentation has never been published and adopted as the standard, the replacement, or even the alternative to the Rutgers Multiplier.
3. The purpose of the Listokin/Burchell presentation was to: define what is a demographic multiplier, how they apply in emerging residential development, the variations associated with housing size, value, type, and tenure and their various conclusions. Included, in the presentation, Listokin/Burchell also provided a historical perspective of multipliers, including related literature; demonstrate the change in demographic multipliers between 1970 and 2000; provide a comparison of the residential multiplier findings employed by the Fannie Mae Foundation and that of their recently published Rutgers Study Residential Demographic Multipliers; and offered their conclusions.
4. Based on their prepared table of the demographic multipliers for the period of 1970 to 2000, in their power point, Listokin and Burchell, concluded, "there are generally significant decreases over time in household size and school children in most standard housing types."⁷ However, Listokin and Burchell's conclusion only applied to 4 bedroom single family homes and 3 bedroom town houses. In actuality, Listokin and Burchell acknowledged, that the number of

⁴ Demographic Multipliers: Recent National and State Findings Power point Presentation, October 2016, authors David Listokin and Robert Burchell ("Presentation")

⁵ Presentation

⁶ Rutgers Study Residential Demographic Multipliers New York (Rutgers Study).

⁷ Presentation

children generated from 2 bedroom garden apartments (multi-family housing) **increased** by .7%.⁸

Unfortunately, in its October 25, 2017 letter, Cleary Consulting misinterpreted this particular piece of data when it asserted that Listokin and Burchell's found that the overall lower trend in school-age children generation rates applied to rental units and therefore, this Project.

5. In fact comparing, the overall trend of multipliers from 1970 to 2000 with the applicable multipliers in the published Rutgers Study, it is clear that when Listokin and Burchell and all of the Rutgers Study authors arrived at the multipliers they accounted for this trend.
6. Cleary Consulting misinterpreted the presentation when it asserted that Listokin and Burchell's refined the multipliers and "acknowledged that the rent numbers used in their formula would change over time and offered a solution that is based on value percentiles. (i.e., 1st – 33rd percentile, 34th – 66th percentile, and 67th to 100th percentile.)" Listokin and Burchell and the other authors had already accounted for these percentiles when they developed the multipliers in the Rutgers Study.

In the published Rutgers Study, the authors, including Listokin and Burchell, added a page titled "Description, Definition, and Organization of Residential Demographic Multipliers."⁹ There, the authors identify the information that they relied on to derive the multipliers in the Rutgers Study, including acknowledging they did use the percentile value of rent as follows:

*"The demographic profiles by 2005 housing values and gross rents are organized following a four-tiered classification: **all value or rent housing**, and then housing arrayed by **terciles (thirds) of value or rent** (units at the 1st- 33rd percentile of value or rent; units at the 33rd through 66th percentile of value or rent; and units at the 67th – 100th percentile of value or rent)."*¹⁰

7. Additionally, the housing table presented by Cleary Consulting to illustrate their assertion that the generation numbers for school children generally and for this project should be greatly reduced,¹¹ in error, relies on selecting various multipliers from two completely different and distinct data bases of residential demographic multiplier findings: the percentile multipliers from the Fannie Mae Foundation multipliers of U. S. Averages included in the presentation and the dollar value or

⁸ Presentation Slide 6.

⁹ Rutgers Study page 2, last paragraph.

¹⁰ Rutgers Study page 2, last paragraph.

¹¹ See, October 25, 2017, Cleary Consulting Letter, Chart "5 + Units – Rent, 2 Bedrooms," page 3 and the Rutgers Study.

rent from actual Rutgers Study of New Jersey Averages (please note that the presentation did not include the multipliers from the Rutgers Study for rental units).¹²

The Listokin and Burchell's power point presentation appears to examine the multipliers for the Fannie Mae U.S. study as compared to those that the authors helped prepare for the New Jersey based Rutgers Study.¹³ It is also significant that the information from the Rutgers Study included in the power point presentation was limited to only single-family houses and low and moderate income family households.¹⁴

Further, in their presentation, Listokin and Burchell concluded that multipliers are affected by a number of factors:

"Conclusion: Variations in demographics associated with housing type, housing size, housing value, and housing tenure."

*"Variations in residential demographic multipliers have been associated with such characteristics as housing type, housing size, housing value, and housing tenure."*¹⁵

Based only on the information in the power point, one cannot conclude that the demonstration of those multipliers which were derived using different data bases can be interchanged or relied on to support Cleary's assertion that the generation of school children from this project should be lower.

8. In their presentation, Listokin and Burchell also never assert that the Fannie Mae Foundation Multipliers are correct. Rather, as authors of the published Rutgers Study, Listokin and Burchell rejected the Fannie Mae multipliers in favor of their residential multipliers.¹⁶
9. In their power point presentation, Listokin and Burchell also, never identified an alternate or refined multiplier to use when calculating the number of school-age children generated by a project.¹⁷

There has been no published industry accepted standard that replaces the multiplier data and the corresponding generation rates of the Rutgers Study.

The only appropriate way to deviate from the Rutgers Study multiplier, is for independent authors to engage in the same kind of data collection and analysis undertaken by the authors of the Rutgers Study, Mr. Listokin, Mr. Burchell, William Dolphin, Center for Urban Policy

¹² Presentation, Fannie Mae Foundation, slides 11 -12 and Rutgers Demographic Multipliers Study, slides 13-16.

¹³ Id.

¹⁴ Id.

¹⁵ Presentation Slides 11, 14, 19

¹⁶ Presentation

¹⁷ Id.

Research, Edward J. Bloustein School of Planning and Public Policy and Rutgers, State University of New Jersey. for the Housing.

Simply identifying the number of students living in a multifamily housing facility without examining all of the documented characteristics necessary to calculate accurate generation numbers is unreliable and of no substantive value.

2 **PROJECTED SCHOOL DISTRICT COSTS:**

a. **It is Not Appropriate to Eliminate the School Aid Revenue From Calculating the Cost to Educate A Student:**

At the last meeting the Planning Board Chairman asked for an explanation as to why school aid should not be deducted to determine the cost to educate a student.

State Aid is unpredictable and is based in some part on the whims of the Governor and Legislature. Calculating State Aid is formula driven and a complicated process explained in a 78 page handbook prepared by the New York State Department of Education.¹⁸ Furthermore, the annual amount of received by a school district, including Beacon City School District is not limited to offset student instructional costs. For example, school districts regularly receive state aid for capital construction, bus transportation, offsets for the educational costs for nonresident homeless children, smart schools, hazardous materials remediation and more.

But, even more importantly, the calculation of the annual tax rate is based on the final amount to be raised in taxes arrived at after deducting all of the revenues, including state aid. Therefore, including a deduction for state aid in calculating the cost to educate a student skews the formulas for calculating the projected tax income from this Project. Specifically, deducting state aid from the cost to educate a student doubles the amount of the state aid revenue deducted, first, in the student calculation and second for the tax rate. When those numbers are then used in the formulas to project tax revenue and District expenses (number of children x cost to educate a student versus the assessed value of project x tax rate), the resulting amount constitutes an actual deficit by the amount of the twice deducted revenue.

Straying from the accepted standards of calculating the cost to educate a student and the resulting tax consequences helps the Applicant, but does not accurately reflect the Project impact and unfairly shifts the burden of paying for any impact to the District residents and taxpayers.

b. **The Standard to Calculate the Cost to Educate a Student Is the Simple Formula of the Total District Budget Divided By the Number of Children.**

Again, as we have stated previously and above, in the State of New York, the standard to calculate the cost to educate a student includes the entire school budget and is not just limited to the instructional costs.

¹⁸ stateaid.nysed.gov/publications/handbooks/handbook_2017.pdf

Referring to our previous detailed explanation and citations to New York State Policy and Regulations, SED in the required Fiscal Accountability Summary, student costs are divided into two categories: instructional costs and the total cost to educate a student.

When calculating only instructional costs, SED does not simply rely on the instructional component of the budget, but includes a proration of the administrative component of the budget for building-level administrative instructional costs. Even more important, SED defines the total cost to educate a student as the number arrived at after dividing the entire school district's budget appropriation by the number of students.

For this Project and any residential development project it is the total cost to educate a student that is the foundation of determining the impact on the District.

If the Planning Board were to accept the flawed methodology to use student instructional cost's as the basis for calculating the impact, once again the result skews the outcome in favor of the Applicant at the expense of the taxpayer.

Specifically, as Cleary Consulting asserts that only \$0.74 of every \$1.00 is used for instructional cost; therefore, the remaining tax amount of \$0.26 would fund the remaining budget. Setting aside that Cleary Consulting improperly eliminated student transportation (5%) and tuition for our special needs students attending other schools (2%), as these items are included in the instructional component of the District's Budget, if Edgewater only pays the \$.74 on every \$1.00 for instructional costs, who picks up the tab to pay Edgewater's remaining tax burden of \$.26 of every \$1.00.

Again, rather than trying to alter the time accepted standard principles for the Applicant's benefit, we ask the Planning Board to apply the same standard and formula that is used for every other taxpayer in the District and the State to fairly and accurately calculate the impact and use the total cost to educate a student.

3. MARKET VALUE OF EDGEWATER PROJECT

First, as the Chairman noted in the last meeting, we had incorrectly calculated the tax consequences if the Edgewater project was valued at \$52 million. Although, it appears that the project will not have a valuation of \$52 million, we provide the corrected schedule as follows:

FISCAL IMPACT SUMMARY

	7 million	14 million	28 million	52 million	60 million
Number of students	47	47	47	47	47
Cost per student	\$23,116	\$23,116	\$23,116	\$23,116	\$23,116
Total Cost all New Students	\$1,086,452	\$1,086,452	\$1,086,452	\$1,086,452	\$1,086,452
Estimated School Tax	\$ 153,400	\$ 306,800	\$ 613,760	\$1,139,840	\$1,315,200
Net	(\$ 933,052)	(\$ 779,652)	(\$ 472,692)	\$53,388	\$228,748

Next, we agree with the Planning Board Chairperson, that the interchangeable use of the terms market value and assessed value when referring to the Project is not only confusing, but this information is critical in determining the impact of this Project.

In our October 12, 2017 correspondence to the Board, we previously used the term assessed/market value to refer to both the assessed value of the noted properties, and to acknowledge Cleary's repeated reference to market value.¹⁹

However, to clarify, in our October 12, 2017 letter, we provided the Planning Board with the actual assessed values of multi-family properties at 100% equalization rate located both in the City of Beacon and the Beacon City School District.

Property Name	Location	Units	Acreage	Market value
The Lofts at Beacon	City of Beacon	78 units (1, 2 bedroom)	3 acres	\$7,000,000
Chelsea Ridge	Wappingers	Combined 835 units (1, 2, 3 bedroom)	100 acres	\$57,110,000
Hudson View Park	Fishkill	500 units (studio, 1,2, 4 bedroom apt. and 4 bedroom townhouse	43 acres	\$34,700,000
Town View (Vista View)	Wappinger	288 units (1, 2, 3 bedroom)	40 acres	\$34,000,000
Mahopac Park Terrace	Fishkill	261 units (1, 2 bedroom)	60 acres	\$13,350,000

Turning to the Edgewater Property, after consultation with the City's Tax Assessor, Cleary Consulting represents that the new market value of the Project is between \$34 and \$40 million, a decrease of approximately \$20 to \$26 million. It is important to note that when Cleary Consulting provided the previous analysis of the impact of this Project using the previous market value of \$60 million it included the "land acquisition, carrying costs, and all project-related soft costs." By adding those costs, the market value was inflated and correspondingly, the estimated amount of generated school tax was significantly overestimated and created an artificial surplus to the District. We believe that the Planning Board shares the District's concern that it is critical to ensure that any calculation of the assessed valuation of this Project is correct.

Unfortunately, in its October 25, 2017 letter, Cleary Consulting continues to use the term "market value" (which cost included "land acquisition, carrying costs, and all project-related soft costs") when referring to the value of this Project. However, there is no confirmation or explanation from the City's Tax Assessor on the calculation of the new "market value," and whether the term "market value" is used to identify the potential assessed value of the Project.

¹⁹ School Impact Study

However, notwithstanding our understandable significant reservations as to the accuracy of the Project's market value of 34 million to \$40 million especially in light of the assessed valuations of comparable property's, and the use of term market value which previously included improper costs, we cautiously calculated the impacts of the Project using the undocumented market value provided by Cleary Consultants using the correct total cost to educate a student, Cleary Consulting's projected 47 students and the school tax rate of \$21.90 per \$1,000 of assessed valuation as follows.

FISCAL IMPACT SUMMARY EDGEWATER PROJECT

	34 million	35 million	36 million	38 million	40 million
Number of students	47	47	47	47	47
True cost to educate one student	\$23,116	\$23,116	\$23,116	\$23,116	\$23,116
Total Cost to educate all new students	\$1,086,452	\$1,086,452	\$1,086,452	\$1,086,452	\$1,086,452
Estimated School Tax	\$ 744,600	\$ 766,500	\$ 788,400	\$ 832,220	\$ 876,000
Net	(\$ 341, 852)	(\$ 319, 952)	(\$ 298, 052)	(\$ 254, 232)	(\$ 210, 452)

Using the appropriate cost to educate a student, even at the questionable valuation of between \$34 and \$40 million dollars, this Project will have an impact on the District.

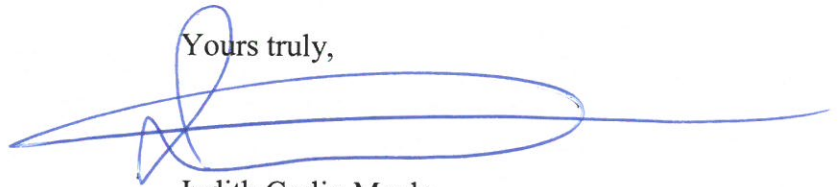
In order to minimize the impact of this Project on the District residents, the only alternative for the Applicant is if the Planning Board:

1. Ignores the standard multiplier of the Rutgers Study and adopts the Applicant's multiplier based on a flawed theory that Listokin and Burchell modified their multipliers in the Rutgers Study which is not supported by their 2006 unpublished presentation; and
2. Ignore the N.Y.S. standard on calculating the costs to educate a student and adopt the Applicant's unsupported theory that using the student instructional cost is correct.

Should the Planning Board adopt the Applicant's unproven assertions, we have no doubt that future Applicant's before the Planning Board will also reap the same benefits at the unfortunate cost to the residents.

We again thank the Planning Board for its kind courtesies and consideration. As always, the District representatives and our firm are available to answer your questions.

Yours truly,

A handwritten signature in blue ink, consisting of a large, stylized loop followed by a horizontal line extending to the right.

Judith Crelin Mayle

Enclosures

cc: Superintendent Dr. Matthew Landahl
President Anthony White