



By James Collier

True costs of development

Somebody once said that no good deed goes unpunished. I discovered the truth of this adage a year ago when I put some land which my family has owned in Pawling into a conservancy.

Within three months, several of my neighbors announced plans to build a total of seven houses at the foot of my driveway. Distressed as I was personally, I saw that there was a greater question: what good is development of this kind for Pawling?

Most people can easily see that a lot of new houses going up near to them will raise noise levels, increase traffic, destroy views from their windows, strip away woods they've walked or hunted in since youth. These effects are painfully obvious.

But there is another consequence of development that most people in Pawling and the surrounding area do not understand, including many town officials. That is the cost of new houses in hard, cold cash.

Over the past few months I've been talking to experts, reading reports. One fact looms out of my research: it is not possible to get anywhere near enough tax revenue from new houses to cover the cost of educating the children who will live in them.

Here are the figures. According to professor David Listokin of the Bloustein School of Planning and Public Policy at Rutgers University, a town like Pawling, which has no disproportionate number of retired people, or a lot of second homes, can expect to see about 1.1 school age children in each new home - fifty or sixty kids in

schools had 1,457 students. Simple arithmetic gives a cost of \$14,966 per student. (This figure is a little higher than that for some other towns in the region, because Pawling, with higher than average incomes, gets somewhat less state aid.) Multiply this number by 1.1 and you get \$16,462 - the cost every year of educating the children expected to live in each new house.

How much of this money will we get back in taxes? Until recently the average price of a new home in Pawling was about \$326,000. With the run-up in real estate prices, it is now about \$500,000 - less for condos, more for single family homes. Sales prices of houses are public information and were compiled from the assessor's records by someone familiar with Pawling real estate.

How much school tax can we raise on such homes? Pawling's assessments are based on formulas required by the state and come reasonably close to sales prices, as is the case in neighboring towns. After calculating the mil rate and equalization percentage, the net result is that a new house will bring in just over \$1,500 for every \$100,000 of its selling price.

Thus, the school tax for a new house selling for \$300,000 will be about \$4,500, for one selling at \$500,000 about \$7,500, and so forth. (Figures for other towns with different mil rates will vary somewhat.)

These figures cannot be exact, but they are close enough to tell us that building new houses in Pawling and similar towns is an exceedingly costly proposition.

Do the simple math: school tax revenue from an average new house is \$7,500. The cost of educating the children in that house is about \$16,500. The net loss to the town is \$9,000. Thus, a 50-unit housing development, and at least two are currently proposed, will require a school tax increase of \$450,000 a year. Over ten years that development will add nearly \$5 million to Pawling's school costs. And

financially. Unfortunately, that is not true. First, a developer may well hope to build houses in the \$800,000 to a million dollar range, but if they find that they can't sell houses at these prices they'll build cheaper ones, and there's no way the town can require they build houses that they can't sell profitably.

Secondly, according to a survey done a few years back for the Oblong Conservancy, larger, more expensive homes often contain more children.

Most families can't afford to buy \$800,000 homes no matter how many children they have; but families with three or four children will push the budget as hard as they can to get that extra bedroom, the second family room.

According to the Oblong survey, these larger homes will average 1.3 children each. The loss is less but it is still about \$5,000 a year per home. Realistically, the town can make a profit only on homes costing well over a million dollars. There aren't many such homes being built in Pawling.

Developers will also argue, and have, that a town like Pawling can absorb new children because the land, the school buildings, the athletic equipment, the science labs, have already been paid for. It is true that, depending on circumstances, a town might be able to absorb 50 students this year, 50 the next, for awhile, without adding classrooms or buying expensive microscopes.

But sooner or later a tipping point is reached and suddenly the schools need a lot of new teachers, new fully-equipped science labs, a new gym and eventually new school buildings.

As it happens, Pawling is already at the tipping point: this year the schools had to acquire new space for its business offices so it could convert the old office space in school buildings to classrooms.

There is no free lunch. We cannot know exactly what sort of houses will be built in Pawling over the next few years, nor at what prices. The

The costs of development

Somebody once said that no good deed goes unpunished. I discovered the truth of this adage a year ago when I put some land which my family has owned in Pawling into a conservancy.

Within three months, several of my neighbors announced plans to build a total of seven houses at the foot of my driveway. Distressed as I was personally, I saw that there was a greater question: what good is development of this kind for Pawling?

Most people can easily see that a lot of new houses going up near to them will raise noise levels, increase traffic, destroy views from their windows, strip away woods they've walked or hunted in since youth. These effects are painfully obvious.

But there is another consequence of development that most people in Pawling and the surrounding area do not understand, including many town officials. That is the cost of new houses in hard, cold cash.

Over the past few months I've been talking to experts, reading reports. One fact looms out of my research: it is not possible to get anywhere near enough tax revenue from new houses to cover the cost of educating the children who will live in them.

Here are the figures. According to professor David Listokin of the Bloustein School of Planning and Public Policy at Rutgers University, a town like Pawling, which has no disproportionate number of retired people, or a lot of second homes, can expect to see about 1.1 school age children in each new home - fifty or sixty kids in a fifty house development.

What does it cost to educate these children? The current school tax bill shows that Pawling residents are paying \$21,805,617. This does not include what the state contributes.

As of Sept. 14, Pawling

multiply this number by 1.1 and you get \$16,462 - the cost every year of educating the children expected to live in each new house.

How much of this money will we get back in taxes? Until recently the average price of a new home in Pawling was about \$326,000. With the run-up in real estate prices, it is now about \$500,000 - less for condos, more for single family homes. Sales prices of houses are public information and were compiled from the assessor's records by someone familiar with Pawling real estate.

How much school tax can we raise on such homes? Pawling's assessments are based on formulas required by the state and come reasonably close to sales prices, as is the case in neighboring towns. After calculating the mil rate and equalization percentage, the net result is that a new house will bring in just over \$1,500 for every \$100,000 of its selling price.

Thus, the school tax for a new house house selling for \$300,000 will be about \$4,500, for one selling at \$500,000 about \$7,500, and so forth. (Figures for other towns with different mil rates will vary somewhat.)

These figures cannot be exact, but they are close enough to tell us that building new houses in Pawling and similar towns is an exceedingly costly proposition.

Do the simple math: school tax revenue from an average new house is \$7,500. The cost of educating the children in that house is about \$16,500. The net loss to the town is \$9,000. Thus, a 50-unit housing development, and at least two are currently proposed, will require a school tax increase of \$450,000 a year. Over ten years that development will add nearly \$5 million to Pawling's school costs. And that's over and above increased costs for special education, testing and much else that state and federal governments may require.

Developers will point out, and have pointed out, that if they build more expensive homes Pawling will benefit

town can require they build houses that they can't sell profitably.

Secondly, according to a survey done a few years back for the Oblong Conservancy, larger, more expensive homes often contain more children.

Most families can't afford to buy \$800,000 homes no matter how many children they have; but families with three or four children will push the budget as hard as they can to get that extra bedroom, the second family room.

According to the Oblong survey, these larger homes will average 1.3 children each. The loss is less but it is still about \$5,000 a year per home. Realistically, the town can make a profit only on homes costing well over a million dollars. There aren't many such homes being built in Pawling.

Developers will also argue, and have, that a town like Pawling can absorb new children because the land, the school buildings, the athletic equipment, the science labs, have already been paid for. It is true that, depending on circumstances, a town might be able to absorb 50 students this year, 50 the next, for awhile, without adding classrooms or buying expensive microscopes.

But sooner or later a tipping point is reached and suddenly the schools need a lot of new teachers, new fully-equipped science labs, a new gym and eventually new school buildings.

As it happens, Pawling is already at the tipping point: this year the schools had to acquire new space for its business offices so it could convert the old office space in school buildings to classrooms.

There is no free lunch. We cannot know exactly what sort of houses will be built in Pawling over the next few years, nor at what prices. The figures I have given may vary somewhat. But we do know that every new house that gets built will add substantially to our tax bills. And I ask myself: if new houses cost us a bundle, and worsen the quality of our lives in the bargain, why are we building them?