A COST OF COMMUNITY SERVICES STUDY FOR SULLIVAN COUNTY, N.Y.

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Abstract and Executive Summary

Using the American Farmland Trust Model, this paper assesses the fiscal impact of different land uses in the fifteen towns that comprise Sullivan County. This study is necessary to focus our efforts on critical strategies we need to implement via the Sullivan 2020 process in making Sullivan County a better place to live. The findings underscore the importance of mixed land uses with equal attention to fostering commercial development and preserving farmland and open space. For all towns these land uses yielded a positive fiscal contribution to municipalities while residential land uses by themselves were found to demand more in services than they contribute in revenues. Using the results as a point of departure, the analysis offers recommendations regarding land use planning.

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Introduction

In recent years, concerns among business and governmental officials in Sullivan County have increased about the financial impact of different land uses on local property taxes. The concern has been fueled by the gradual growth in the county's population coupled with the public's expectation of increased public services, which can place a significant financial burden on rural towns. The intent of this study is to look closely at this issue by assessing the fiscal impact of different land uses in the fifteen towns that comprise Sullivan County using a Cost of Community Services (COCS) methodology.

The Cost of Community Services (COCS) methodology is a way to determine the net fiscal contribution of different land uses to town budgets. In effect, town records are reorganized to assign the cost of local public services to farm, forest and open lands, as well as residential, commercial and industrial lands. The result is a series of ratios that compare annual revenues, or income, to the annual expenditures for different land uses. The section to follow discusses the methodology in more detail, and the third section presents the findings. The final section of this study explains the implications of the results.

Methodology and Data

Overview of the Cost of Services Methodology

The Cost of Community Services methodology used in this study conforms to the American Farmland Trust (AFT) model. Based on this model, the Cost of Services analysis involves five basic steps. These steps are as

follows: (1) operationally define land use categories to study (i.e., residential, commercial, farm and forest land, and open space); (2) collect budget data on local revenues and expenditures (i.e., towns, school districts, and county); (3) group revenues and allocate them to the land use categories identified in step 1; (4) group expenditures and allocate them to the land use categories identified in step 1; and (5) use the budget data in steps 3 and 4 to calculate revenue-to-expenditure ratios for each land use category. Ratios equal to 1 show that a land use is able to raise a dollar of revenue for every dollar of expenditure, or cost, of service required by that use. Land uses that exhibit ratios greater than 1 indicate that the cost of services is more than the amount of revenue generated in taxes, and ratios less than 1 for specific land uses reveal the converse.

Defining Land Uses

Land uses among the fifteen towns in Sullivan County were defined by using the Sullivan County Department of Real Property land use, or property type classification, codes.[1] Property type land use codes are used to describe the primary use of each parcel of real property in an assessment roll. As such, each of the 64,000 parcels in Sullivan County was assigned a property type use code by town and then they were grouped into the following land use categories for each town: (1) residential; (2) commercial; (3) agriculture; and (4) open space. Table 1 summarizes how the land use categories were defined using the property type use codes.

[1] The codes used by the Department of Real Property conform to the ***State of New York's Property Type Classification and Ownership Codes,*** which is part of the ***Assessor's Manual***, Volume 6, as Appendix-B of the Residential-Farm-Vacant section.

Upon establishing the land use groupings as shown in Table 1, we gathered assessed values on all properties in the fifteen towns that comprise Sullivan County from the real property tax files. The percentages of assessed valuations were then computed for each land use in the towns, which was used as a partial guide in allocating the revenues and expenditures to the four major land uses in Table 1. This procedure is discussed in more detail in the section to follow.

Table 1: Categorization of Tax Codes into Land Use Groupings
Agricultural
• Property used for the production of crops, livestock, aqui-culture, silviculture or fallow but ready for cultivation.
Residential
• Property used for human habitation (not including commercial residences such as hotels and motels).
Commercial/Industrial
• Property used for the sale of goods and services.
• Recreation and entertainment properties.
• Industrial properties used for the production and fabrication of durable and nondurable human-made goods.
• Vacant commercial, industrial, and public service land.
Open Space
• Wild, forested, conservation lands and public parks.
• Reforested lands, preserves, and provate hunting and fishing clubs.

Allocation of Revenues and Expenditures to Land Uses

The assignment of revenues and expenditures to the four land uses in Table 1 required a comprehensive analysis of each town budget for FY 2004. As such, the Division of Planning and Community Development obtained hard copies of each town budget document from either the town supervisor or town clerk during the summer and early fall of 2004. The line items for each budget were entered into an EXCEL database to assist with the assignment of revenues and expenditures to the difference land uses.

With the budgets in electronic format, the allocation revenues and expenditures to the four land uses was conducted in one of three methods: intent, land use percentage, or local knowledge and/or interviews. Intent was used where a budget item logically would be logically linked with a single land use. For example, such budget items as animal control and library services were assigned to the residential land use category on the assumption that animals are kept primarily in homes and families primarily consume library services. Where intent could not be used to assign revenues and expenditures, local knowledge of the town on the part of researcher and, in some cases, interviews with town officials were conducted determine the allocation of budget line items based on person-hours spent on the land use categories and/or service load for businesses, parks, and farms.

When neither of these approaches could be applied, budget allocations were made on the basis of the percentage of the land use category that comprised the total assessed taxable property in the towns. The procedure was accomplished via EXCEL by multiplying the percent land use assessed valuation by the dollar value of the line item. [2]

Calculating the Cost of Services Ratios

Upon the completing the allocations, the total revenues and expenditures were calculated for each land use group and a ratio between the two were generated for each town. The resulting ratios for all fifteen towns in Sullivan County appear in Table 2.

[2] Services that were provided through special taxing districts whose boundaries are conterminous with a town's are included in the analysis. A detailed appendix in an EXCEL format is available that shows how the ratios derived.

Findings

Table 2 presents the ratio of expenditures to revenues for the four different land uses in the fifteen towns of Sullivan County. As expected the results indicate that different land uses (property types) vary in their impacts on town finances.

The data reveal that the ratio of residential expenditures to revenues was greater than one for all the towns in the county. The Town of Neversink exhibits the highest cost burden for residential development where the cost of servicing this land use is $3.77 for every dollar generated by residential development in tax revenues. Indeed, the Town of Neversink is somewhat different from the other towns in Sullivan County in that the cost burden of residential land use is mostly underwritten with revenues from the New York City Watershed. Nevertheless, the results show that such development can be a net fiscal loss on the average.

Table 2: County of Sullivan Cost of Services by Town[3]

Town	Residential	Commercial	Agriculture	Open Space
Bethel	$1: $1.21	$1: $ .43	$1: $ .45	$1: $ .45
Callicoon	$1: $1.15	$1: $ .57	$1: $ .55	$1: $ .57
Cochecton	$1: $1.25	$1: $ .41	$1: $ .42	$1: $ .42
Delaware	$1: $1.28	$1: $ .54	$1: $ .53	$1: $ .52
Fallsburg	$1: $1.58	$1: $ .49	$1: $ .53	$1: $ .52
Forestburgh	$1: $1.57	$1: $ .44	$1: $ .41	$1: $ .43
Fremont	$1: $1.24	$1: $ .41	$1: $ .42	$1: $ .47
Highland	$1: $1.18	$1: $ .40	$ $0.00	$1: $ .39
Liberty	$1: $1.32	$1: $ .40	$1: $ .42	$1: $ .38
Lumberland	$1: $1.32	$1: $ .44	$ $0.00	$1: $ .37
Mamakating	$1: $1.26	$1: $ .42	$1: $ .45	$1: $ .41
Neversink	$1: $3.77	$1: $ .38	$1: $ .34	$1: $ .38
Rockland	$1: $1.30	$1: $ .51	$1: $ .52	$1: $ .53
Thompson	$1: $1.30	$1: $ .46	$1: $ .43	$1: $ .57
Tusten	$1: $1.27	$1: $ .45	$1: $ .49	$1: $ .44

[3] The ratios imply that for every $1 collected in taxes by a municipality it costs a proportion or more of a $1 to provide public services to a land use. For example, in Bethel, for every $1 collected in taxes it costs the town 43 cents to provide municipal services to commercial properties.

The Towns of Fallsburg and Forestburgh also reveal relatively high cost burdens for residential development in comparison to the other towns. Both towns spend over $1.56 to cover services for every dollar in revenue they generate. A somewhat similar trend is exhibited in the Towns of Liberty and Lumberland where these municipalities spend $1.32 to underwrite services for every dollar in revenue they collect from residential properties.

Data for the commercial, agriculture, and open space property types indicate that these land uses are positive contributors to town budgets. For these land uses the cost of services in all fifteen towns was less than the amount of revenue generated in taxes by these kinds of land uses. In Thompson, for example, the cost of servicing commercial activity was 29 cents; 36 cents in Neversink, and 44 cents in Bethel.

Implications and Recommendations

The implications of these results are that towns need to pursue a favorable balance of land uses to ensure the fiscal well-being of their communities. Towns facing growth and development pressures need to understand how local land uses impact their budget. The results presented here show that residential land uses, on the average, is demanding more in services than it is contributing in revenues. This fact should caution towns to think carefully about development proposals which will not only increase demand for services, but which may remove valuable farmland as well.

The results also underscore the positive fiscal contribution made by agriculture as a local economic endeavor and land use. As a business

enterprise, agriculture provides jobs, supports other businesses and produces necessary food and forage products. In effect, farmland, in addition to its many benefits (including food production, scenic vistas and wildlife habitat), provides towns a reasonable alternative to development that more that pays for itself.

The implications of the results yield the following recommendations:

- Towns should pursue mixed-use development to provide multi-benefits, both fiscal and non-fiscal. Emphasis should be placed on attracting commercial investment with existing residential development.
- Equally important, attention needs to be paid to the rate of commercial development because while this type of development can be a positive contributor to local budgets, increasing commercial development over time can lead to greater demands for services and, in turn, more residential development. As a result, equal emphasis needs to be placed on preserving farmland and open space.
- Zoning needs to focus development in compact areas by locating housing and shopping in mixed-use communities and/or hamlets.
- Transfer of development rights needs to be supported by voters and elected officials to preserve farmland. Equally important, more aggressive efforts should be made to strengthen the profitability of agricultural enterprises.

- Better land use planning is critical for towns to restrain the need for higher local taxes as well as making their communities more livable and attractive.

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