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Sent: Saturday, October 24, 2020 4:46 PM

To: Chappaqua Forward <chappaquaforward@mynewcastle.org>

Subject: Form Based Code Comments

To the Town Board of New Castle,

After listening to the Town Board virtual public engagement sessions regarding the Form Based Code proposal, I have grown more concerned about the potentially irreparable economic and other effects this may have on our community and school district. As a former School Board member, I am most concerned about the potentially massive transfer of financial and other risks to our New Castle taxpayers and school district as the result of this proposed initiative.

When listening to the town's Director of Planning discuss the Form Based Code, it was explicitly clear that the plan and the high density 4- and 5-story zoning allowances are being driven by Return on Investment ("ROI") considerations for developers. While this may be great for maximizing sales values for our current downtown landowners, I believe it results in a serious misalignment of interests with New Castle residents as developers are incentivized to maximize the profitability profile of their investments through scale. Given this clear ROI incentive, we must assume that developers will seek to maximize apartment density in order to maximize ROI. Therefore, we must then reasonably assume the maximum build-out scenario will occur.

We have heard several times from the Town Board members that "market forces" will determine the ultimate construction development. I do not agree with this assertion. There are many firms like Conifer who utilize special purpose and government-financed subsidies that allow them to build dense developments at substantial profit without relying on market forces. Firms like Conifer will find the magnitude of this zoning change quite attractive for high-density development.

I believe the assumption of only 100 additional students enrolled in our school system dramatically understates the true economic risk of this permanent zoning action. Based on my experience on the Chappaqua School Board from 2008 to 2011 evaluating the various high-density apartment proposals at Chappaqua Crossing, I believe the appropriate estimate is closer to 1,000 students for approximately 1,000 additional apartments under the maximum-build plan. In 2010, the school district's special counsel retained an expert firm (Robert Charles Lesser & Co. or "RCLCO") to analyze the proposal at Chappaqua Crossing. As publicly reported in the local Patch publication in December of 2010, RCLCO estimated under its "Most Likely" scenario that 198 new students would be generated at Chappaqua Crossing based on the construction of a total of 198 apartments/townhomes. This implies a 1-to-1 ratio per apartment/town home developed and sold. If you extrapolate this for the current Factor-based proposal, you have 1,000 enrolled students as the result of this Form-Based Zoning initiative.

There are two simultaneous student enrollment generating forces at work. Our Town Supervisor repeated multiple times in the public engagement sessions that she is targeting apartment housing for young families and empty nesters looking to downsize and remain in Chappaqua. Both groups are substantial generators of incremental student enrollment. Young

families moving into the apartments will clearly have enrolled students, since many will most likely seek to move to Chappaqua given the currently strong reputation of our school district and the substantially lower tax burden for apartments. Second, empty nesters will be selling their New Castle single-family homes to younger families who will have school-aged children. Both forces compound student enrollment.

As publicly reported in 2010, the experts were able to access a broader set of Census Bureau's Public Use Microdata ("PUMs" data) that confirmed the average enrollment at local apartment/condominiums in nearby Byram Hills and Briarcliff Manor school districts was approximately 0.4 per students per household, which is well above the 0.1 estimate of this proposal. This one factor alone would result in 400 additional students enrolling just from the developed apartments. Given the strong reputation of our school district, it is not unreasonable to assume that we will exceed 0.4 per students as young families will have the opportunity enter our school district through rental apartments that will pay a small fraction of the school taxes paid by our single-family residents.

When empty nesters sell, the 2010 historical data based on "representative neighborhoods" such as Random Farms in New Castle showed that approximately 1.27 students per household enroll in the school district. This second generating force would result in new students enrolled in single-family homes where empty nesters have no children currently enrolled in the school district. As publicly reported in 2010, RCLCO assumed that this empty nester scenario would generate even more enrolled students to the district than those living in the developed apartments. This second empty nester enrollment generating force must be factored into the equation.

If you look at our latest 2020/21 school budget, you will see that the Chappaqua district was approved by the voters to spend \$128.2 million for 3,585 students or \$35,760 per student. For an additional 1,000 students, you would then be looking at an annual budget increase of approximately \$35 million per year which would need to be financed primarily through increases to the property taxes of current residents as rental apartments in New York State are required to pay a small fraction of the school tax rate paid by single-family homes.

If you net the current budget for any New York State aid and other revenues, the property tax levy for the 2020/21 school budget was approximately \$111.7 million. Therefore, a \$35 million spending increase would result in an effective 31% percent tax increase to the current school tax levy. Think about this. This is a potentially massive transfer of financial burden to our existing New Castle taxpayers.

In 2010, it was publicly reported that RCLCO projected under its "Most Likely" scenario a negative fiscal impact to the school district of \$101.1 million from 2010 to 2030. The Form-Based Code initiative is 5x the size of the 198-unit Chappaqua Crossing proposal if you assume the high-density apartment potential. This extrapolates to a \$500+ million negative fiscal impact to our schools over the next 20 years. That is a massive number.

Any expected revenue to the town from apartment developments would be a small fraction of the increase in school taxes as non-fee-simple apartments in New York State are taxed at the fraction

of the level of single-family homes, and that is before considering any increased costs for fire, infrastructure and other provided services.

During my tenure on the School Board, I discovered that nearly all the local apartment and town home developments serially grieved their taxes lower year after year through tax certiorari challenges while the school taxes for single-family homes continued to increase. In 2010, it was publicly reported that RCLCO confirmed this phenomenon and highlighted the risk. The current single-family school taxpayers that represents the very large majority of our taxpayers will be further on the hook in the future for this compounding tax shortfall.

I have read some comments where people believe that their school taxes will decrease with more students. THIS IS NOT TRUE! School district expenses are almost entirely variable for each student (i.e. teachers, supplies, books, computers, etc.). The expert agreed in the 2010 report that it is entirely appropriate to assume the current budget spending per student for each new student enrolled. School districts are not manufacturing facilities that increase economies of scale with increased student volume. There is a very small component of fixed property and administrative overhead to absorb increased enrollment. You cannot simply stuff new students into hallways and other existing spaces. Classrooms need teachers, supplies, books and the appropriate configurations to operate.

Increasing our enrollment by 1,000 students (would be a 28% increase based on current enrollment) with no tax revenue to support will undoubtedly result in redistricting students away from the east side of town, an increase in the number of buses and significantly extended bus travel times for students. Most importantly, there will most likely need to be increased class sizes and deleterious cuts to programs in order to deal with the substantial budgetary and tax shortfalls. Think about this – a 31% increase in taxes for a materially lower quality of education simply to subsidize this Form-Based Code. Our school system is the anchor of value for this community. Why would you ever undertake this massive transfer of financial risk for the taxpayer?

This past Saturday, I took any early morning drive across New Castle to drop off a package. The town looked so beautiful with the sunshine, trees and foliage. As I drove past the houses of my friends, I was reminded of my and their desires to leave the urban sprawl, noise and congestion of New York City for a higher quality of life with less traffic, tree-lined streets and our own green space and yards. Like all the friends I drove past, we all worked so hard to be able to acquire our homes and we all still need to work hard to maintain our homes given the high taxes and challenging economic environment.

Please do not underestimate how much the extensive hamlet construction project negatively impacted the quality of life for our residents and local merchants over the past few years. It would be such a shame to transform this community away from a place we love through seemingly endless development and construction activities that will serve to transform New Castle into the densely populated urban-style environment many here chose to leave.

Incremental Approach appears to offer a win-win opportunity

In a previous post, I compared the hurdles of this proposal to that of an Eminent Domain action. I am not suggesting this is an equivalent legal action to Eminent Domain. It is clearly not. However, I do believe a transformative land action with permanent legal implications should meet the high hurdles of exhaustive review and extensive community engagement you would see in Eminent Domain situations. There should be expert opinions from both sides, and ultimately, the Town Board should have the burden of proving the urgency to act.

This is where I am most struggling. I just don't understand the urgency given the clear economic and communication uncertainties to the community from Covid and the potential for massive financial risk being shifted to the taxpayers through substantial increases to our school enrollment and school taxes.

The reality is that the school system takes on disproportionate importance in New Castle versus most communities. In addition to the fact that school taxes make up 75% of the total tax burden, the school district remains the greatest draw, primary asset and the anchor of property values for this community. As the collector and primary guarantor of our school taxes, our Town Board has a fiduciary responsibility to protect the financial integrity, quality and future of our school district for our taxpayers even though a separate group of elected School Board trustees are primarily responsible for the day to day activities and operating budgets for the school district.

While I applaud the action orientation of the Town Board, the lenses initially used to evaluate this project concept from 2014 – 2017 may no longer be applicable. As with most else during this challenging Covid period, it seems prudent to re-evaluate all major initiatives in light of the continued uncertainties we all face.

We all would like to see our downtown enhanced, but why can't we do so incrementally by focusing on our current town properties on a limited basis as opposed to permanent re-zoning actions that have the potential to do irreparable harm to our taxpayers and community. Why can't we initially phase in local commercial solutions through greater flexibility, efficiencies and streamlined timetables from our current approval processes/committees in order to expedite our responses and focus community engagement and review? Under this approach, we could maintain meaningful control of our own future. I believe this type of incremental approach can provide the

Sincerely,

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