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Impact of Affordable Housing on Public Schools

At the request of Westchester Residential Opportunities, Inc. (WRO), I undertook the following analysis of the impact on school districts of public school students living in six affordable housing developments in Westchester County, which were selected to represent different geographic areas, municipalities, school districts, and tenure (rental or ownership). All were first occupied in the last 20 years, and all of the units in these developments are affordable. Two of the municipalities are on the Sound Shore; three are in Central Westchester; and one is in Northern Westchester. Three of the developments are located in Towns; two are located in Cities; and one is located in a Village. Four of the developments include rental apartments; one development includes owner-occupied townhouses; and one development includes a combination of tenures: owner-occupied townhouses with rental apartments. The attached Table I gives a detailed breakdown of each development.

The rental apartments have from 0.00 to 0.51 public school students per unit. The average generation rate for all non-senior rental apartments is 0.39 public school students per unit (24 South Kensico has 29 senior apartments). The owner-occupied three bedroom condos have from 0.64 to 1.22 public school students per unit. The average generation rate of the three bedroom condos is 0.87 public school students per unit. The owner-occupied two bedroom condos have 0.17 public school students per unit. Obviously, the number of bedrooms in a unit is correlated with household size.

In order to evaluate the fiscal impacts of an affordable housing development on a school district, I compared the amount of school property taxes paid to the estimated cost of educating the students living in these developments (see attached Table II). The 2013–14 school property tax rates were applied to each development’s assessed value from the local assessment roll to get the annual school property taxes for each development. It should be noted that the City of White

Plains granted a 15-year PILOT (Payment in Lieu of Taxes) to 24 South Kensico Avenue, which voluntarily reduced the school property taxes on the development.

In estimating the cost of educating the additional public school students, it is necessary to determine the amount of the total school budget funded by property taxes (the tax levy). In the six school districts, the tax levy ranges from 57% of the total school budget in the Hendrick Hudson Central School District to 90% of the total school budget in the Chappaqua Central School District and the Rye City Central School District. Dividing the total school tax levy by the total number of public school students in the school district yields the cost per public school student from the tax levy, which ranges from \$15,594 per public school student in the Hendrick Hudson Central School District to \$25,979 per public school student in the Chappaqua Central School District.

Particularly for the generation of a relatively small number of additional students, it is appropriate to do a marginal cost analysis. The marginal cost of educating an additional student is less than the average cost per student because many items in the school budget, such as current debt service, operation and maintenance, central administration, and insurance, are basically fixed and are not affected by a relatively small number of students. Using the portion of the budget allocated for instruction as the marginal cost factor (the amount of the budget potentially impacted by additional students), based on my past research, the marginal cost averages about 70% of the total school budget. In these six school districts, the marginal cost per student from the tax levy ranges from a low of \$10,916 in the Hendrick Hudson Central School District to a high of \$18,185 in the Chappaqua Central School District. Multiplying the marginal cost per student from the tax levy times the actual number of public school students in the affordable housing developments yields an estimated annual cost ranging from \$95,472 for 6 public school students in the White Plains Central School District to \$502,136 for 46 public school students in the Hendrick Hudson Central School District (it should be noted that 12 students were already enrolled in the district but are included in the 46). For each development, comparing the estimated marginal cost of educating its school children to the property tax revenue yields an annual deficit ranging from \$27,230 in the Chappaqua Central School District to \$379,432 in the Hendrick Hudson Central School District. In four cases, the deficit is less than one-tenth of 1

percent. For the Cottage Street townhouses, it is only one-fifth of 1 percent. For only Roundtop Commons does the deficit come close to 1 percent (0.927%) of the property tax levy.

However, the above analysis overstates the potential fiscal impact, and to evaluate accurately the actual fiscal impact on the school districts, two additional factors are relevant. First, it is necessary to look at the total number of public school students living in each affordable housing development: Hommocks Park: 11; Stone Creek: 11; Cottage Street: 11; South Kensico: 6; Roundtop Commons: 46; and Mount Airy Woods: 4. While these numbers represent a snapshot in time and the number of public school students living in these developments may vary over time, they are as valid as any other point in time. For example, previous data for Stone Creek townhouses from 2000 (10 public school students) was basically the same as the 2008 data (11 public school students). In all of these developments except Roundtop Commons, the total number of public school students represents less than one per grade and each grade includes several sections. It is unlikely that such a small number of students would actually create any additional costs to the school district (such as requiring the hiring of additional teachers), so there could actually be a surplus from the property taxes paid rather than a deficit. Second, it is important to determine if the school district is gaining or losing students. From the 2012–13 to the 2013–14 school year, Mamaroneck Union Free School District gained 18 public school students; Chappaqua Central School District lost 53 public school students; Rye City Central School District lost 10 public school students; White Plains Central School District gained 50 public school students; Hendrick Hudson Central School District lost 40 public school students; and Croton-Harmon Union Free School District lost 9 public school students. Therefore, the number of public school students living in the affordable housing developments analyzed is about the same or greater than the decrease in the public school student population in Rye City Central School District, Chappaqua Central School District, Hendrick Hudson Central School District, and Croton-Harmon Union Free School District.

In conclusion, except for Roundtop Commons, the affordable housing developments analyzed have a limited fiscal impact on the school districts in which they are located; the impact of Roundtop Commons is mitigated by the facts that 12 of the public school students were already enrolled in the district and the number of public school students in the Hendrick Hudson Central

School District is declining. However, to evaluate the fiscal impact of future affordable housing developments, it is best practice to analyze them individually using specific comparables from the applicable school districts rather than only applying the data from a small number of developments in other school districts.

TABLE I

**PUBLIC SCHOOL STUDENT GENERATION
AFFORDABLE HOUSING DEVELOPMENTS**

Note: PSS is short for public school student(s).

1. Hommocks Park Apartments (54 rental apartments); 1994
Town of Mamaroneck, Mamaroneck Union Free School District
8 one bedroom; 26 one bedroom with loft; 10 two bedroom; 16 two bedroom with loft

# OF BEDROOMS	# OF UNITS	# OF PUBLIC SCHOOL STUDENTS	# PSS/UNITS
1	8	1	0.13
1 + Loft	26	3	0.12
2	10	1	0.10
2 + Loft	10	6	0.60
Total	54	11	0.20

Source: Mamaroneck Union Free School District 2011

2. Stone Creek Townhouses (26 condos; 26 rental apartments); 1996
Town of New Castle; Chappaqua Central School District
26 one bedroom apartments; 12 two bedroom owner-occupied townhouses;
14 three bedroom owner-occupied townhouses

# OF BEDROOMS	# OF UNITS	# OF PUBLIC SCHOOL STUDENTS	# PSS/UNITS
1	26	0	0
2	12	2	0.17
3	14	9	0.64
Total	52	11	0.21

Source: Chappaqua Central School District 2008

3. Cottage Street Townhouses (9 condos); 2013
City of Rye; Rye City Central School District
9 three bedroom townhouses

# OF BEDROOMS	# OF UNITS	# OF PUBLIC SCHOOL STUDENTS	# PSS/UNITS
3	9	11	1.22

Source: Rye City Central School District 2013

4. South Kensico Apartments (42 rental apartments); 2007
City of White Plains; White Plains Central School District
33 one bedroom (29 senior); 9 two bedroom

# OF BEDROOMS	# OF UNITS	# OF PUBLIC SCHOOL STUDENTS	# PSS/UNITS
1 (4), 2 (9)	13 non-senior	6	0.46

Source: White Plains Central School District 2013

5. Roundtop Commons (91 rental apartments); 2012
 Town of Cortlandt; Hendrick Hudson Central School District
 46 one bedroom; 45 two bedroom

# OF BEDROOMS	# OF UNITS	# OF PUBLIC SCHOOL STUDENTS	# PSS/UNITS
1, 2	91	46 (12 already enrolled in district)	0.51

Source: Housing Action Council 2013

6. Mount Airy Woods (12 rental apartments); 1995
 Village of Croton-on-Hudson; Croton-Harmon Union Free School District
 6 one bedroom; 3 two bedroom; 3 three bedroom

# OF BEDROOMS	# OF UNITS	# OF PUBLIC SCHOOL STUDENTS	# PSS/UNITS
1, 2, 3	12	4	0.33

Source: Croton-Harmon Union Free School District 2013

TABLE II
FISCAL IMPACTS
AFFORDABLE HOUSING DEVELOPMENTS

Note: PSS is short for public school student(s).

1. Hommocks Park Apartments		
Current Annual School Property Tax		\$ 127,136
2013–14 School Property Tax Levy	\$ 113,281,115	
2013–14 # PSS	5,125	
Property Tax/PSS	\$ 22,104	
Marginal Cost/PSS	\$ 15,473	
Marginal Cost of 11 PSS		\$ 170,203
Surplus (Deficit)		(\$ 43,067)
% of Tax Levy		0.038%
2. Stone Creek		
Current Annual School Property Tax		\$ 172,805
2013–14 School Property Tax Levy	\$ 103,110,993	
2013–14 # PSS	3,969	
Property Tax/PSS	\$ 25,979	
Marginal Cost/PSS	\$ 18,185	
Marginal Cost of 11 PSS		\$ 200,035
Surplus (Deficit)		(\$ 27,230)
% of Tax Levy		0.026%
3. Cottage Street Townhouses		
Current Annual School Property Tax		\$ 20,966
2013–14 School Property Tax Levy	\$ 68,859,600	
2013–14 # PSS	3,200	
Property Tax/PSS	\$ 21,519	
Marginal Cost/PSS	\$ 15,063	
Marginal Cost of 11 PSS		\$ 165,693
Surplus (Deficit)		(\$ 144,727)
% of Tax Levy		0.210%

4. South Kensico Apartments		
Current Annual School Property Tax (PILOT)		\$ 30,618
2013–14 School Property Tax Levy	\$ 162,914,780	
2013–14 # PSS	7,167	
Property Tax/PSS	\$ 22,731	
Marginal Cost/PSS	\$ 15,912	
Marginal Cost of 6 PSS		\$ 95,472
Surplus (Deficit)		(\$ 64,854)
% of Tax Levy		0.040%
5. Roundtop Commons		
Current Annual School Property Tax		\$ 122,704
2013–14 School Property Tax Levy	\$ 40,935,310	
2013–14 # PSS	2,625	
Property Tax/PSS	\$ 15,594	
Marginal Cost/PSS	\$ 10,916	
Marginal Cost of 46 PSS		\$ 502,136
Surplus (Deficit)		(\$ 379,432)
% of Tax Levy		0.927%
6. Mount Airy Woods		
Current Annual School Property Tax		\$ 33,001
2013–14 School Property Tax Levy	\$ 37,252,720	
2013–14 # PSS	1,711	
Property Tax/PSS	\$ 21,772	
Marginal Cost/PSS	\$ 15,240	
Marginal Cost of 4 PSS		\$ 60,960
Surplus (Deficit)		(\$ 27,959)
% of Tax Levy		0.075%

Sources: School budgets and local assessment rolls