

MEMORANDUM

To: Village of Westbury
From: BJH Advisors, LLC
Date: 05/20/19
Re: Population and School-Age Children Projections

The analysis projected the number of school-aged children, the corresponding cost to the local school district, and the Payment in Lieu of Taxes (PILOT) resulting from the Proposed Action rezoning in the Village of Westbury. The following details the key assumptions and methodology used to derive the projections.

Development and Absorption Schedule

A Reasonable Worst-Case Development Scenario analysis was previously completed for the proposed rezoning. The analysis concluded that the rezoning would produce approximately 1,590 units (1,396,700 square feet) of new residential development if the rezoned area were developed to its maximum.

The school-age children projection relies on the Reasonable Worst-Case Development Scenario and assumes that the new development is built and absorbed over a 15-year period. 50% of the new development is absorbed at a constant rate over the first 6 years of build out, and the remaining 50% is absorbed at a constant rate over the last 9 years.

School-Aged Children

The analysis calculated a low, middle and high range for the number of school-aged children that the new development would generate. The low range, 43 children, is based on actual Long Island transit-oriented-development projects. The middle range, 105 children, is based on the 2018 Avalon at Rockville Centre project.¹ The high range, 189 children, is based on demographic multipliers for New York State.²

The analysis assumed that the school-aged children arrive in the school system according to the absorption schedule for both the low and high range projections. The analysis also assumes that all school-aged children associated with the development attend the local public schools, and once the children arrive in the school district, they remain enrolled throughout the 15-year build out. These assumptions are conservative, since some children would likely attend private schools, and some children would age out of the school system over the course of the 15-year build out.

Tables 1 and 2 below contains the multipliers and output values for the low, medium and high projections for school-age children associated with the development. Table 3 shows the absorption schedule and new school-aged children in each year over the 15-year build out for the low and high projections. This absorption schedule is used to arrive at a student count basis for a low and high projection on school expenditure.

¹ The low and middle projections are based on actual Long Island TOD surveyed by Vision Long Island (2017 report, updated 2019).

² The high projection uses multipliers from the 2006 Rutgers University New York State demographics study

Table 1: School-Age Children Projection, Low and Middle Range

Scenario	Total Units	School-Age Children Multiplier	School Children Projection
Low	1,590	0.026	43
Medium	1,590	0.066	105

Table 2: School-Age Children Projection, High Range

Own/ Rent	Bedrooms	Percent of Units	Total Units	Population Multiplier	Population Projection	School-Age Children Multiplier	School-Age Children Projection
Own	0-1	20.0%	318	1.77	563	0.14	45
	2-3	5.0%	80	1.88	150	0.14	12
Rent	0-1	60.0%	954	1.67	1,594	0.08	77
	2-3	15.0%	239	2.31	551	0.23	55
Total			1,590		2,858		189

Table 3: Absorption Schedule for Low and High Range Projections³

Year	Residential Units Absorption Assumption	School-Age Children Projection (Low)	Cumulative School-Age Children Projection (Low)	School-Age Children Projection (High)	Cumulative School-Age Children Projection (High)
1	133	3	3	16	16
2	133	4	7	16	32
3	133	4	11	15	47
4	133	3	14	16	63
5	133	4	18	16	79
6	133	4	22	16	95
7	88	2	24	10	105
8	88	2	26	11	116
9	88	3	29	10	126
10	88	2	31	11	137
11	88	2	33	10	147
12	88	3	36	11	158
13	88	2	38	10	168
14	88	3	41	11	179
15	88	2	43	10	189

³ Individual year projections are rounded. Total projections are rounded up.

School District Cost

The projections used a base cost per student of \$14,767. This represents the amount per student that the school district would pay.⁴ This amount was escalated by 3% annually over the 15-year build out.

PILOT Revenue

The analysis projected the PILOT revenue generated from new development that the school district would receive. It is assumed that all new development would benefit from a PILOT agreement that provides for a discount to full real property taxes that would otherwise be due on the following schedule. The PILOT is modeled as a percent of full taxes escalating to 100% of full taxes at a flat rate over a 15-year period. Table 4 below provides the schedule for the PILOT from year 1 to year 15 when it is equal to full taxes.

Table 4: PILOT Schedule

Year	Percent of Full Taxes
1	7%
2	13%
3	20%
4	27%
5	33%
6	40%
7	47%
8	53%
9	60%
10	67%
11	73%
12	80%
13	87%
14	93%
15	100%

Full taxes were calculated using the tax rates for the Village of Westbury, and BJH created a residual land value model to determine the Assessed Value for new development. All residential development is considered under tax class 2, and all commercial development is considered under tax class 4. Class 2 properties are taxed at 649% of their assessed value, and class 4 properties are taxed at 850% of their assessed value. The net school tax rate is 481% of assessed value for class 2 properties and 559% of assessed value for class 4 properties. The school district receives PILOT revenue proportional to the amount it would receive under a full tax. Full taxes are escalated by 3% annually.

Findings

The analysis projects that over the 15-year build out the *average annual cost* to the school district will range from \$475 thousand to \$2.2 million depending on the actual number of school-aged children. The average annual PILOT revenues received by the school district will be \$3.7 million, which is greater than the high range of the cost to the school board.

Due to the PILOT structure and absorption schedule, the cost to the school district is greater than the PILOT revenues over the first 6 years of build out in the high range estimate. The low range estimate for cost to the school district is lower in every year than the PILOT revenues. The chart

⁴ NYS Education Department, *Property Tax Report Card* (2018-19)

below illustrates the projected PILOT revenues and high and low range costs to the school board over the 15-year build out period. The subsequent table contains the underlying values as well as the school children and absorption projections.

Figure 1: School District Costs and PILOT Revenue

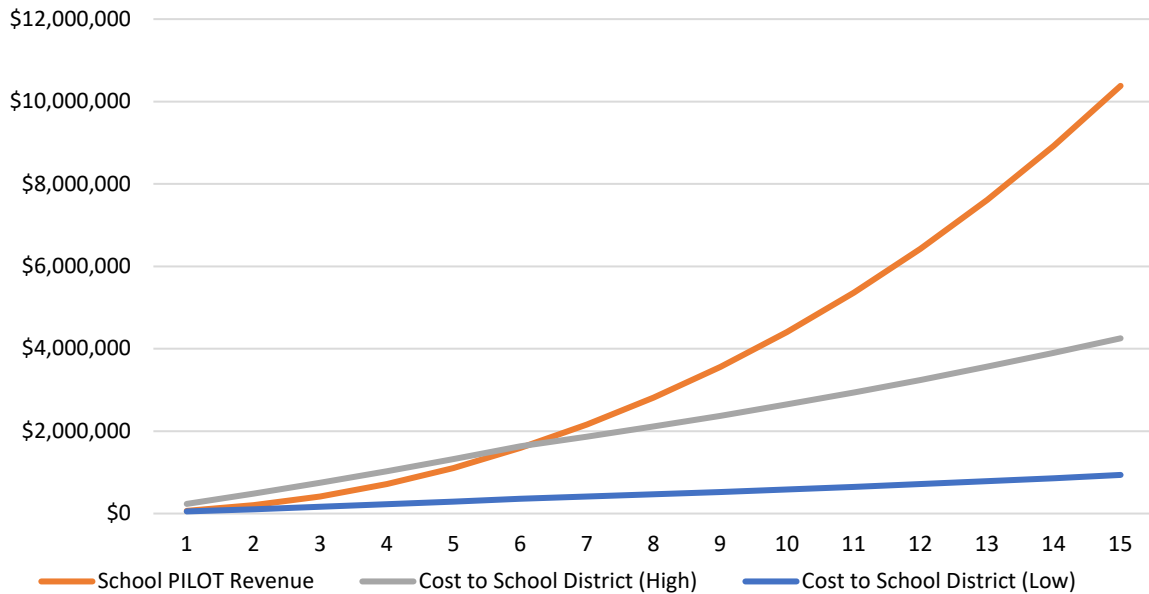


Table 5: Overall PILOT Assumptions and Cost to School District

Year	Residential Units Absorption	School Revenue from PILOT	Cumulative School-Age Children Projection (Low)	Cost to School District (Low)	Cumulative School-Age Children Projection (High)	Cost to School District (High)
1	133	\$65,357	3	\$51,647	16	\$235,562
2	133	\$201,953	7	\$106,393	32	\$485,258
3	133	\$416,022	11	\$164,378	47	\$749,723
4	133	\$714,172	14	\$225,746	63	\$1,029,620
5	133	\$1,103,395	18	\$290,647	79	\$1,325,636
6	133	\$1,591,096	22	\$359,240	95	\$1,638,486
7	88	\$2,159,091	24	\$411,130	105	\$1,875,156
8	88	\$2,813,322	26	\$465,811	116	\$2,124,552
9	88	\$3,560,058	29	\$523,402	126	\$2,387,223
10	88	\$4,405,917	31	\$584,029	137	\$2,663,744
11	88	\$5,357,879	33	\$647,823	147	\$2,954,706
12	88	\$6,423,307	36	\$714,919	158	\$3,260,729
13	88	\$7,609,960	38	\$785,458	168	\$3,582,455
14	88	\$8,926,017	41	\$859,586	179	\$3,920,549
15	88	\$10,380,094	43	\$937,454	189	\$4,275,704
Average Annual Value	105	\$3,718,222	3	\$475,178	13	\$2,167,274