

## **APPENDIX K: FISCAL RESOURCES**

### **K.2 Discovery Land Company Supporting Documentation**

# FISCAL IMPACT ANALYSIS

## The Hills at Southampton Planned Development District (PDD)

East Quogue, New York

NP&V No. 05105

*Submitted to:* DLV Quogue, LLC  
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Scottsdale, Arizona 85260

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June 6, 2013



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ATTACHMENT A - NELSON, POPE & VOORHIS, LLC ECONOMIC QUALIFICATIONS

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### **1.0 INTRODUCTION AND PURPOSE**

Nelson, Pope & Voorhis, LLC has prepared this fiscal impact analysis as part of the Pre-Application submission for The Hills at Southampton Planned Development District (PDD). NP&V is a professional environmental and planning firm with qualifications and expertise to prepare fiscal impact analyses, and a track record of similar completed projects as well as economic impact analyses, residential and commercial market analysis and related economic development services to private and municipal clients. The fiscal impact analysis and related qualifications of the firm and personnel are provided in **Attachment A**.

The subject site consists of multiple tax parcels that total approximately 436 acres in size, and is located in the hamlet of East Quogue, within the Town of Southampton, Suffolk County, New York. The subject site is located north of the Long Island Rail Road (LIRR) right-of-way, from a point just north of the end of Old Country Road and extending northward to and beyond NYS Route 27. The proposed project includes a change of zone to Mixed Use Planned Development District (MUPDD) zoning.

There are a total of 82 residential units proposed for the site, of which 65 are second-home residences, and 17 (proposed as ten [10] Club Cottages and seven [7] Club Units) are associated with temporary use by golf course enthusiasts who seek to own a golf-related unit. All 82 residences will be sold for use by their owners; no rental units are proposed. In addition to the

82 residential units, the proposed project also includes a golf course and Clubhouse, in addition to substantial public open space retained through design. The nature of the project is such that the 82 residences would not be utilized by their owners as full-time residences, but would be “second home” units (or even third home or greater based on other comparable communities) that would not be occupied on a year-round basis.

The PDD is proposed to provide a high-quality, attractive, well-planned development that will create a desirable residential atmosphere and enjoyable environment for the golf course patrons. The proposed project will fulfill a significant need in the community by providing an appropriate and beneficial land use on the property. In addition, the proposed project meets Town goals for minimizing impact on services, providing recreational use, preserving habitat and ensuring a balance of aesthetic development and land preservation. Quality-of-life will be a focus of the project, and this emphasis will be evident in its use of thoughtful building design, appropriate landscaping, well-equipped private residential recreational spaces and installation of attractive site entrances. The use of an internal roadway linking the recreational and residential areas would enhance the vibrancy and unifying aesthetic of this community.

This analysis examines the beneficial fiscal impacts that will be generated by The Hills at Southampton PDD. The development will generate strong fiscal activity by providing a solid tax base, creating beneficial fiscal impacts throughout East Quogue, the Town of Southampton, Suffolk County, and the region as a whole. **Section 2.0** of this analysis outlines the methodology and the sources of data used to project the fiscal impacts generated in this analysis. **Section 3.0** presents an executive summary and key findings of the fiscal impact analysis. These include beneficial impacts to the local school district as well as the generation of annual property tax revenues allocated to each of the taxing jurisdictions located within the boundary of the site. **Section 4.0** outlines the references utilized in this analysis.

## 2.0 METHODOLOGY

Various data and information from state, local, and commercial data sources was used to analyze the projected fiscal impacts stemming from the proposed PDD.

Discovery Land Company supplied information regarding the proposed unit mix, construction costs, and estimated selling prices of the residential units. This information was used to project the assessed valuation of the proposed development.

The Town of Southampton provides information regarding current tax rates for the parcels that comprise the subject property. This tax information was used to project the taxes to be generated upon full build-out of the proposed development.

### 3.0 ANTICIPATED FISCAL IMPACTS

As noted in **Section 1.0**, this analysis examines the fiscal impacts that are associated with the proposed Hills at Southampton PDD. Fiscal impacts include the generation of property tax revenues and their distribution among local taxing jurisdictions.

A summary of findings is provided herein, with detailed methodologies and references provided in the subsequent sections of this analysis. This analysis was prepared using methods, data and information that are considered to be industry standard for such fiscal impact analyses.

#### ***Key Findings***

The Hills at Southampton PDD is proposed to provide a high-quality, attractive, well-planned development that will create a desirable residential atmosphere and enjoyable environment for the golf course patrons. The proposed project will fulfill a significant need in the community by providing an appropriate and beneficial land use on the property. In addition, the proposed project meets Town goals for minimizing impact on services, providing recreational use, preserving habitat and ensuring a balance of aesthetic development and land preservation.

The proposed development would provide a desirable alternative to a typical residential subdivision that would increase local school-age population and school enrollments; such an impact would not occur with the proposed Hills at Southampton PDD. The proposed development will increase the distribution of tax ratables throughout the East Quogue Union Free School District (UFSD), the Town of Southampton and Suffolk County, creating beneficial fiscal impacts to the region.

#### Fiscal Impacts

- Property owners residing in this part of the Town of Southampton are currently taxed at a rate of \$13.129 per \$1,000 of assessed valuation.
- For taxing purposes, the total estimated market valuation of the proposed PDD is approximately \$336.25 million. This is based upon the estimated selling prices of the residential units, as well as construction costs associated with the golf course, amenities and site infrastructure.<sup>1</sup>
- At full build-out, the proposed PDD is projected to generate over \$4.4 million in annual taxes.
- The proposed PDD will levy property taxes for the East Quogue UFSD in the amount of approximately \$3.5 million per year. This accounts for 79.0% of the total tax levy.<sup>2</sup>
- The proposed PDD will generate approximately \$106,000 in annual tax revenues to the East Quogue Library District, comprising 2.4% of the total revenues.<sup>3</sup>
  
- Suffolk County is projected to levy \$66,241, comprising 1.5% of the total generation.

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<sup>1</sup> Construction costs and a range of sales prices of the residential units were provided by Discovery Land Company in May 2013. For the purpose of this analysis, an average sales price of \$3.35 million was assumed.

<sup>2</sup> It is important to note that a small portion of the subject site is located within the boundaries of the Riverhead Central School District. This analysis presents a conservative tax projection that does not include taxes that may be levied to this district.

<sup>3</sup> It is important to note that a small portion of the subject site is located within the boundaries of the Riverhead Library District. This analysis presents a conservative tax projection that does not include taxes that may be levied to this district.

- The Town of Southampton is projected to generate over \$476,000 in annual property tax revenues under the proposed PDD, representing 10.8% of the tax generation. This reflects taxes paid to the General Town, Highway, Police, Emergency Dispatching – e911, Part-Town and Out of County Tuition funds.
- More than an additional \$277,000, or 6.3%, will be generated by the proposed PDD and distributed among the Town’s special taxing jurisdictions, including the New York State Real Property Tax Law, New York State MTA Tax, East Quogue Fire District and East Quogue Lighting District.<sup>4</sup>
- A total of 295 part-time residents are anticipated, of which 82 are expected to be school-age children (between the ages of 5 and 17 years). However, given the second-home nature of these residences, it is not expected that these school-age children would be present during the school year, and would not attend the East Quogue UFSD.
- The proposed project will levy property taxes for the East Quogue UFSD without imposing additional costs resulting from an increased enrollment. This net revenue – nearly \$3.5 million per academic year – could ease the district’s need to tap into additional fund balances, reduce their financial burden, and could also help alleviate an increased burden on other taxpayers throughout the district. These revenues are most crucial during a time of fiscal and economic hardships throughout Long Island, New York State and the nation.

A summary of key fiscal findings is provided in **Table 1**. The methodologies and full derivation of the facts and figures presented in the above summary are fully described in subsequent sections of this analysis.

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<sup>4</sup> It is important to note that a small portion of the subject site is located within the boundaries of the Flanders Fire District, Flanders Lighting District, Flanders Water District and Northampton Ambulance District. This analysis presents a conservative tax projection that does not include taxes that may be levied to these districts.



**Table 1**  
**SUMMARY OF KEY FISCAL FINDINGS**

Taxing Jurisdiction	Tax Rate (per \$1,000 Assessed Valuation)	Projected Tax Revenue	Percent of Total Taxes
<b>School Taxes</b>	<b>10.690</b>	<b>\$3,594,513</b>	<b>81.4%</b>
East Quogue School	10.375	\$3,488,594	79.0%
East Quogue Library	0.315	\$105,919	2.4%
<b>County Taxes</b>	<b>0.197</b>	<b>\$66,241</b>	<b>1.5%</b>
<b>Town Taxes</b>	<b>1.416</b>	<b>\$476,130</b>	<b>10.8%</b>
Southampton Town - General	0.397	\$133,491	3.0%
Highway	0.358	\$120,378	2.7%
Police	0.538	\$180,903	4.1%
Emergency Dispatching - e911	0.048	\$16,140	0.4%
Part-Town Outside of Villages	0.070	\$23,538	0.5%
Out of County Tuition	0.005	\$1,681	0.0%
<b>Other Taxes</b>	<b>0.826</b>	<b>\$277,743</b>	<b>6.3%</b>
New York State Real Property Tax	0.139	\$46,739	1.1%
New York State MTA Tax	0.007	\$2,354	0.1%
East Quogue Fire District	0.634	\$213,183	4.8%
East Quogue Lighting District	0.046	\$15,468	0.4%
<b>TOTAL: ALL TAXING JURISDICTIONS</b>	<b>13.129</b>	<b>\$4,414,626</b>	<b>100.0%</b>

Source: Town of Southampton Receiver of Taxes; Discovery Land Company; Analysis by Nelson, Pope & Voorhis, LLC.

#### 4.0 REFERENCES

Southampton Town Receiver of Taxes, Fiscal Year 2012. Consolidated Real Property Tax Bill. Southampton, New York, 2013. Accessed via Town of Southampton Property Tax Payment Portal.

**ATTACHMENT A**  
Nelson, Pope & Voorhis, LLC  
Fiscal Impact Analysis Qualifications

the site as depicted on project plans. The applicant expects to offer all or part of this land that lies north of Sunrise Highway (89.30± acres), which is in the CPA, as an open space dedication.

It should also be noted that the nature of the project is such that the 82 residences would not be utilized by their owners as full-time residences, but would be “second home” units (or even third home or greater based on other Discovery Land Company communities) that would not be occupied on a year-round basis. As shown in **Table 2**, nearly 99% of owners at Discovery Land Company’s five most recent communities are part-time residents. A similar part-time to full-time residential profile is expected to occur at the Hills at Southampton due to the seasonality caused by the resort and social trends of the area, climate, and the full-scale club operational and service programming offered during the summer peak season only. In addition, the affluent target buyer profile likely has other personal residences (including those at other resort destinations) that will limit its time spent on property.

**Table 2**  
**DISCOVERY COMMUNITY RESIDENT PROFILES**

Discovery Project	Full-Time Residents	Part-Time Residents
Kuki’o (Kailua-Kona, Hawaii)	3.5%	96.5%
El Dorado (Las Cabas, Mexico)	0	100%
The Madison Club (LaQuinta, California)	2.5	97.5%
Baker’s Bay Club (Abacos, Bahamas)	0	100%
Gozzer Ranch (Coeur d’Alene, Idaho)	0	100%
<b>Average</b>	<b>1.2%</b>	<b>98.8%</b>

Note: No full-time residents of the communities listed above have children enrolled in public schools.

It is anticipated that the residents of the Hills at Southampton will utilize their homes approximately 90 days per year, on average, for family summer vacation retreats to golf, enjoy the beach, attend social and business events, and seek city reprieve. This annual occupancy data is commensurate with the part-time residential stays at Discovery Land Company’s existing project on the West Coast, Gozzer Ranch on Lake Coeur d’Alene, as well as other Discovery Land Company communities. The Hills at Southampton exclusive nature will also limit use of the community’s facilities and overnight accommodations to non-residents and other non-family unaccompanied guests to further reduce the occupancy impact. The residential occupancy patterns and trends mentioned above are expected to result in minimal impacts on East Quogue and the Town of Southampton’s public services and infrastructure.

In addition, the 17 golf-related units would be occupied on a short-term basis by their owners when visiting the golf course. As a result, the 82 residential units represent a lower-intensity residential use than a standard residential subdivision. These units would not be expected to result in an enrollment impact on the local school district. In addition, as the occupants would not be employed locally, they would not participate in work-related traffic or commuting, and as a result, traffic impacts would be less, particularly during peak hours. These facts, along with the significant attention to natural habitat protection of the golf course (see Golf Course Component below) and the low-intensity use of land associated with the golf course (vacant at night and

during winter), are important factors in weighing the density of development for determining PDD benefits (see **Section 4.0**).

The project will feature attractive, coordinated architectural styling for the residential structures and common areas, as well as for all street furniture and amenities (e.g., lighting fixtures, signage, benches, trash receptacles, kiosks, etc.; see **Community Imagery**, *in a pouch at the end of this document*). It is intended and expected that the project’s architecture would, in coordination with landscaping, create a visually interesting and desirable environment for occupants and visitors, and will enhance the community in general. Quality-of-life will be a focus of the project, and this emphasis will be evident in its use of thoughtful building design, appropriate landscaping, well-equipped private residential recreational spaces and installation of attractive site entrances. The use of an internal roadway linking the recreational and residential areas would enhance the vibrancy and unifying aesthetic of this community.

The **Concept Master Plan** is consistent with the requirements for a PDD Pre-Application submission. **Table 3** provides a list of the proposed residences and recreational component features.

**Table 3  
PROPOSED PROJECT BREAKDOWN**

Component	Yield/Acreage
<i>Residential Units:</i>	
Village Estate Lots	16 lots
Woodland Estate Lots	8 lots
Village Lots	41 lots
Club Cottages	10 units
<b>Total Residential Area</b>	<b>10.1 acres</b>
<i>Golf Course:</i>	
Tees, Greens, Fairways, Rough	82.0 acres
Pond & Pond House	3.8 acres
Maintenance Area	0.5 acres
<b>Total Golf Course Area</b>	<b>86.3 acres</b>
<b>Clubhouse Area</b>	<b>2.8 acres</b>
Club Units	7 units
<i>Overall Site:</i>	
<b>Roads/Driveways</b>	<b>7.3 acres</b>
<b>Previously Cleared</b>	<b>2.8 acres</b>
<b>Natural to be Retained</b>	<b>326.55 acres</b>
<b>Overall Project Site</b>	<b>435.85 acres</b>

The applicant proposes to provide a high-quality, attractive, well-planned development that will create a desirable residential atmosphere and enjoyable environment for the golf course patrons. Quality-of-life will be a focus of the development and will be evident in outstanding architectural design, landscaping, recreational space and retention of a significant amount of natural area. Pouches at the end of this document contain examples of the types of golf and residential communities that the applicant has developed elsewhere. These examples are intended to

illustrate to the Town and community the type and quality of project that the applicant proposes for The Hills at Southampton PDD.

Finally, the proposed development will increase the distribution of tax ratables throughout the East Quogue UFSD, the Town of Southampton and Suffolk County, creating beneficial fiscal impacts to the region, as follows:

- For taxing purposes, the total estimated market valuation of the proposed PDD is approximately \$336.25 million. This is based upon the estimated selling prices of the residential units, as well as construction costs associated with the golf course, amenities and site infrastructure.<sup>2</sup>
- At full build-out, the proposed PDD is projected to generate over \$4.4 million in annual taxes.
- The proposed PDD will levy property taxes for the East Quogue UFSD in the amount of approximately \$3.5 million per year. This accounts for 79.0% of the total tax levy.<sup>3</sup>
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- Suffolk County is projected to levy \$66,241, comprising 1.5% of the total generation.
- The Town of Southampton is projected to generate over \$476,000 in annual property tax revenues under the proposed PDD, representing 10.8% of the tax generation. This reflects taxes paid to the General Town, Highway, Police, Emergency Dispatching – e911, Part-Town and Out of County Tuition funds.
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- The proposed project will levy property taxes for the East Quogue UFSD without imposing additional costs resulting from an increased enrollment. This net revenue – nearly \$3.5 million per academic year – could ease the district’s need to tap into additional fund balances, reduce their financial burden, and could also help alleviate an increased burden on other taxpayers throughout the district. These revenues are most crucial during a time of fiscal and economic hardships throughout Long Island, New York State and the nation.

A summary of key fiscal findings is provided in **Table 4**.

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<sup>2</sup> Construction costs and a range of sales prices of the residential units were provided by Discovery Land Company in May 2013. For the purpose of this analysis, an average sales price of \$3.35 million was assumed.

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Source: Town of Southampton Receiver of Taxes; Discovery Land Company; analysis by Nelson, Pope & Voorhis, LLC.

General Layout Description

As shown in the **Concept Master Plan**, the project site is divided unevenly into two parts, termed “North Parcel” and “South Parcel”. The North Parcel is north of NYS Route 27 (Sunrise Highway) and is 89.30± acres in size. The South Parcel is 346.55± acres in area and is south of NYS Route 27. As discussed below, the majority of the subject site is within the CPB; only a small (0.93± acres) portion of the South Parcel along the south side of the LIRR right-of-way is not within the CPB. The 434.92± acres in the CPB include lands in the CPA and CGA. As regulated by the Town Central Pine Barrens Overlay District, no development will occur within the CPA, while development in the CGA is strictly regulated. As a result of these limitations, all disturbance associated with The Hills at Southampton will take place in the CGA portion; no part of the proposed project will occur in the CPA portion. The 0.93 acres to the south of the LIRR right-of-way are inaccessible and so will not be disturbed.

Review of the **Concept Master Plan** shows that the layout of the project is dominated by the two proposed roadways: one is aligned in a north-south direction and connects the site vehicle access point on Lewis Road to the Clubhouse area, and the second is an “L”-shaped roadway whose two ends terminate in loops. These two roads meet in the front of the Clubhouse, and form a four-way intersection.

It is expected that an attractive, landscaped sign will be installed at the site vehicle access on Lewis Road (subtle lighting may also be installed here), and a manned gatehouse will be

# NELSON POPE & VOORHIS

## ABOUT NELSON, POPE & VOORHIS...

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**Nelson, Pope & Voorhis, LLC** was formed in 1997 and has grown in capabilities and size since that time. The merging of Charles Voorhis & Associates (13 year history) with Nelson & Pope (a 50-year tradition in engineering and related services) created an environmental planning firm with a wealth of experience to bring to complex environmental problem solving, planning and feasibility, resource assessment and site investigations.

**Nelson, Pope & Voorhis** serves governmental and private sector clients in preparing creative solutions in the specialized area of complex environmental project management and land use planning and analysis.

**Nelson, Pope & Voorhis** has the benefit of knowledge of local issues, local resources, and the passion to provide the very best solutions and strategies for the local area. This provides unparalleled knowledge of the application of the community planning process, comprehensive planning and SEQRA Administration. The result is a team of highly compatible land use professionals that will get the job done in a manner that ensures real and implementable solutions.

**Nelson, Pope & Voorhis** employees are recognized as experts in environmental, land use and planning issues and have provided consulting services to various municipalities. NP&V encourages continuing education through participation in conferences and seminars for all staff and holds regular training luncheons utilizing APA and other training packages.

**Nelson, Pope & Voorhis** has a capable staff of professionals, including planners and economic analysts, ecologists, hydrologists, wetlands specialists and environmental professionals. When integrated with technical staff of Nelson & Pope, the team is expanded to include civil, sanitary and transportation engineers and land surveyors.

**Nelson, Pope & Voorhis** would appreciate the opportunity to discuss how we can assist you in achieving your goals. We are committed to providing quality environmental, planning and consulting services to all clients. This statement of qualifications is an introduction to the many services we provide with a focus on municipal services; the following pages contain a more detailed presentation of services offered by **Nelson, Pope & Voorhis**, as well as a sampling of completed projects and key staff resumes.

Call us at (631) 427-5665. We welcome the opportunity to serve your environmental, planning and consulting needs.

